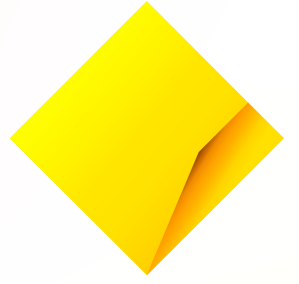


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# Profit Announcement

For the half year ended  
31 December 2023

Commonwealth Bank of Australia

**ASX Appendix 4D****Results for announcement to the market <sup>1</sup>****Report for the half year ended 31 December 2023**

	<b>\$M</b>	
Revenue from ordinary activities <sup>2,3</sup>	<b>13,578</b>	<b>down 3%</b>
Profit/(loss) from ordinary activities after tax attributable to Equity holders	<b>4,759</b>	<b>down 8%</b>
Net profit/(loss) for the period attributable to Equity holders	<b>4,759</b>	<b>down 8%</b>
Dividends (distributions)		
Interim dividend - fully franked (cents per share)		<b>215</b>
Record date for determining entitlements to the dividend		<b>22 February 2024</b>

1 Australian Securities Exchange (ASX) Listing Rule 4.2A.3.

2 Information has been presented on a continuing operations basis.

3 Represents total net operating income before operating expenses and impairment.

The release of this announcement was authorised by the Board.

Commonwealth Bank of Australia | Media Release 009/2024 | ACN 123 123 124 | Commonwealth Bank Place South, Level 1, 11 Harbour Street, Sydney, NSW 2000 | 14 February 2024.

This half year report is provided to the ASX under Rule 4.2A. Refer to Appendix 4.2 ASX Appendix 4D for disclosures required under ASX Listing Rules.

This report should be read in conjunction with the 30 June 2023 Annual Financial Report of the Commonwealth Bank of Australia and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Except where otherwise stated, all figures relate to the half year ended 31 December 2023. The term “prior comparative period” refers to the half year ended 31 December 2022, while the term “prior half” refers to the half year ended 30 June 2023.

## Important dates for shareholders

Half year results announcement	14 February 2024
Ex-dividend date	21 February 2024
Record date	22 February 2024
Interim dividend payment date	28 March 2024 <sup>1</sup>
Full Year Results Announcement	14 August 2024

## For further information contact

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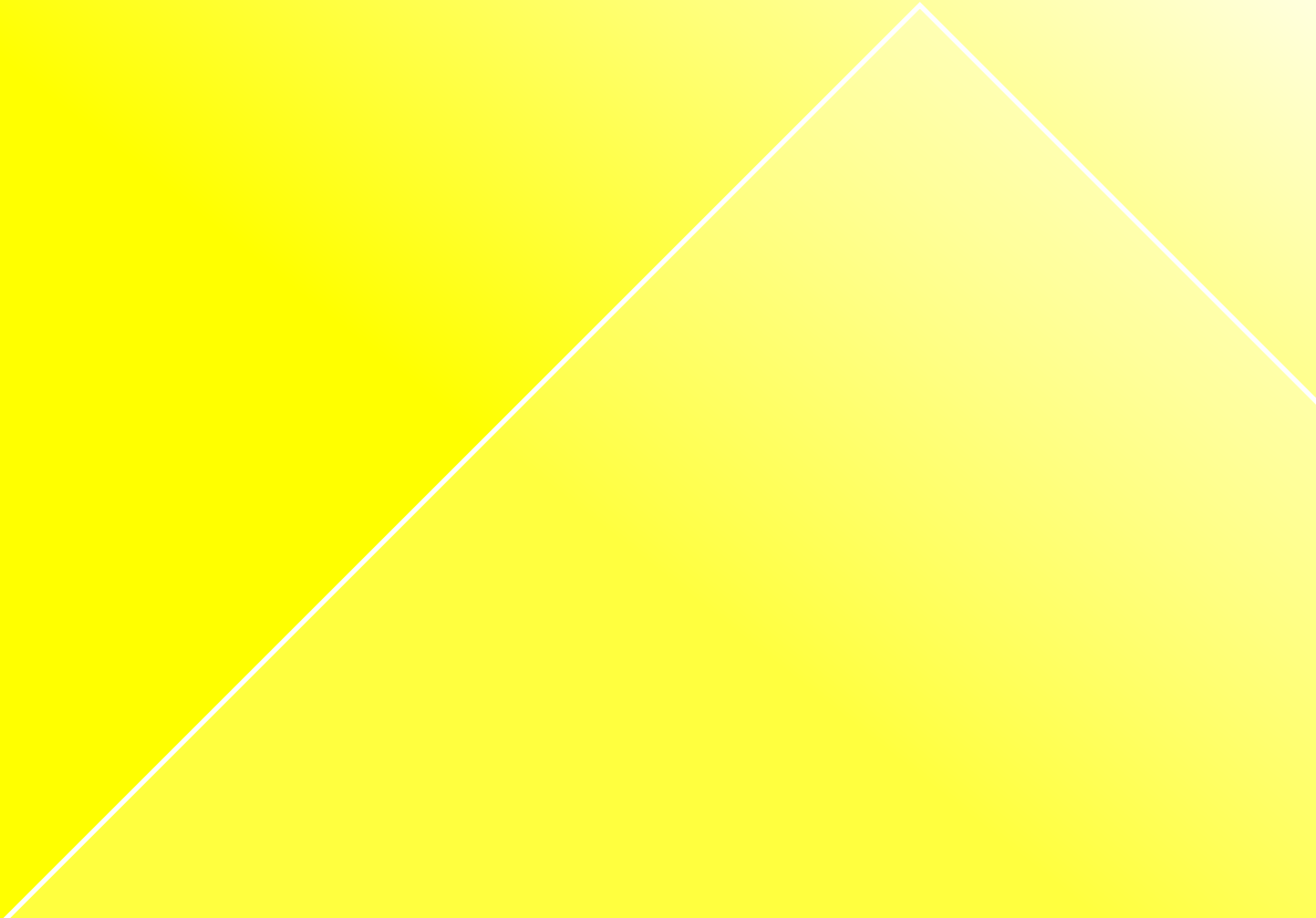
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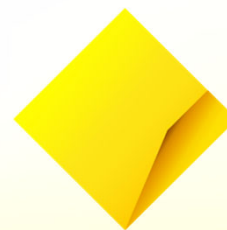
# **ASX Announcement**

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# 1H24 Results

For the half year ended 31 December 2023<sup>1</sup>



## ASX Announcement

By consistently supporting our customers and effectively executing our strategy, we have delivered solid results and positive outcomes for all our stakeholders.

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### Net profit after tax

**\$4,837m**

Statutory NPAT<sup>2</sup>  
↓ 8% on 1H23

Net profit after tax (NPAT) decreased, driven by flat operating income and higher operating expenses, partly offset by a lower loan impairment expense.

**\$5,019m**

Cash NPAT<sup>2</sup>  
↓ 3% on 1H23

### Pre-provision profit

**\$7,638m**

↓ 3% on 1H23

Our pre-provision profit is down 3% reflecting continued competitive pressure on margins and inflationary cost increases.

### Net interest margin (NIM)

**1.99%**

↓ 6bpts on 2H23  
↓ 11bpts on 1H23

Margins decreased by 11 basis points due to increased competition, unfavourable portfolio mix mainly from customers switching to higher yielding deposits, higher wholesale funding costs and a lower contribution from New Zealand.

### Dividend

**\$2.15**

Dividend per share  
↑ 2% on 1H23

The interim dividend was 2% higher at \$2.15 per share, fully franked. The dividend payout ratio is 72% of cash NPAT. The Dividend Reinvestment Plan (DRP) is expected to be satisfied through the on-market purchase of shares.

### Common Equity Tier 1 (CET1) Capital ratio

**12.3%**

APRA (Level 2)<sup>3</sup>  
↑ 10bpts on 2H23

The Bank maintained a strong capital position well above APRA's regulatory requirements. International CET1 Capital ratio was 19.0%.

### Shareholder return

**13.8%**

Return on equity (ROE), cash basis  
↑ 10bpts on 2H23  
↓ 40bpts on 1H23

The Bank's return on equity decreased due to the impact of lower cash profit partly offset by a decrease in average capital levels, reflecting the ongoing share buy-backs.

For footnotes see page viii of this ASX Announcement.





# Results overview

## Supporting our customers and delivering positive outcomes for all stakeholders Chief Executive Officer, Matt Comyn

Australian households continue to feel pressure in the current environment, with many cutting back to adjust. Throughout the half, we have continued to support our customers and communities, invest for the future, and provide strength and stability for the broader economy.

We have remained focused on deepening our customer relationships, which drives higher engagement, a better understanding of customer needs and the delivery of superior experiences. Our customer focus, coupled with consistent, disciplined operational and strategic execution, has delivered positive outcomes for all stakeholders.

Our lower cash profit reflects cost inflation and a competitive operating environment.

We further strengthened our balance sheet, with high levels of provision coverage, surplus capital and conservative funding metrics. This ensures that we are well positioned to support our customers, manage potential headwinds and deliver long-term sustainable returns to our shareholders.

The stability of our earnings and our balance sheet strength allows us to invest in products, services and experiences that our customers value and to keep our customers safe.

This half, we have announced a higher interim dividend of \$2.15 per share, fully franked, representing a payout ratio of 72%.

## Key financials

For the half year ended 31 December 2023.

- **Statutory NPAT** was \$4,837 million, down 8%.
- **Cash NPAT** of \$5,019 million was 3% lower reflecting flat operating income and higher operating expenses, offset by a decrease in loan impairment expense.
- **Operating income** was flat at \$13,649 million, supported by volume growth and higher volume-based fee income, offset by margin compression.
- **Net interest margin** was 1.99%, 6 basis points lower since 2H23 mainly due to increased deposit price competition and deposit switching.
- **Operating expenses** were \$6,011 million, 4% higher due to inflation and additional technology spend to support the delivery of our strategic priorities, partly offset by productivity initiatives.
- **Loan impairment expense** decreased by \$96 million driven mainly by lower collective provision charges reflecting ongoing portfolio resilience.
- **Deposit funding** remained at 75% of total funding, as the Bank continued to satisfy a significant portion of its funding requirements from retail, business and institutional customer deposits.
- **CET1 Capital ratio** of 12.3% (Level 2, APRA), remaining well in excess of regulatory minimum capital requirements.
- **Interim dividend** of \$2.15 per share, fully franked, representing a payout ratio of 72%.

## Outlook Chief Executive Officer, Matt Comyn

2023 was increasingly challenging for many of our customers who are finding it harder to absorb cost of living pressures. The economy has been fairly resilient, supported by a strong labour market, savings and repayment buffers, population growth and relatively high commodity prices. However, downside risks are building as slowing demand and persistent inflation impact Australian businesses. Ongoing geopolitical tensions also create uncertainty.

As cash rate increases have a lagged impact on households and business customers, we expect financial

strain to continue in 2024, with an uptick in our arrears and impairments. We remain well provisioned and capitalised, with capacity to navigate an uncertain economic environment. We will stay focused on our customers, offering personalised support and financial flexibility, and we will continue to invest in our franchise.

We remain optimistic about the outlook for the Australian economy and we remain focused on executing our strategy to deliver on our purpose.

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# Operating performance

We have continued to support more Australians through growth in home lending, business lending and deposits, while consistently managing our margin, costs and ongoing investment to deliver more value for all our stakeholders.

## Operating income

**Operating income**  
Cash basis

**\$13,649m**

1H23 \$13,623m ↑ 0.2%

**Net interest margin**

**1.99%** 1H24

1H23 2.10% ↓ 11bpts  
2H23 2.05% ↓ 6bpts

**Net interest income** decreased by 2%, driven by a decrease in net interest margin, partly offset by volume growth in home and business lending and increased non-lending interest earning assets.

**Net interest margin (NIM)** was down 11 basis points due to increased competition, unfavourable portfolio mix mainly from customers switching to higher yielding deposits, higher wholesale funding costs and a lower contribution from New Zealand.

**Other operating income** increased 13%. The key drivers were higher:

- Volume driven commissions and lending fee income; and
- Markets trading and sales income.

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## Operating expenses

**Operating expenses**  
Cash basis

**\$6,011m**

1H23 \$5,773m ↑ 4%

**Investment spend**

**\$988m** (total spend)

1H23 \$963m ↑ 3%

**Cost-to-income ratio**  
Cash basis

**44.0%**

1H23 42.4%

**Operating expenses** increased 4% driven by inflation, additional technology spend to support the delivery of our strategic priorities, and higher amortisation, partly offset by productivity initiatives and timing of leave usage.

**Staff expenses** increased 5% mainly driven by wage inflation and increased full-time equivalent staff (FTE), partly offset by 1 less working day, higher leave usage and productivity initiatives. The average number of FTE increased 1%, primarily due to insourcing to reduce reliance on external vendors, and enhancement of our technology and engineering capabilities including fraud and cyber security.

**Occupancy and equipment expenses** increased by 5% driven by inflation.

**Information technology expenses** increased by 8% primarily due to inflation, increased software licensing and cloud computing volumes, and higher amortisation, partly offset by productivity initiatives including reduction in use of third party service providers.

**Other expenses** decreased by 6%, primarily driven by lower remediation costs and productivity initiatives, partly offset by timing of marketing spend.

**Investment spend** increased by 3% mainly due to increased spend in productivity and growth initiatives and infrastructure and branch refurbishment.



# Provisions and credit quality

## Loan impairment expense

### Loan impairment

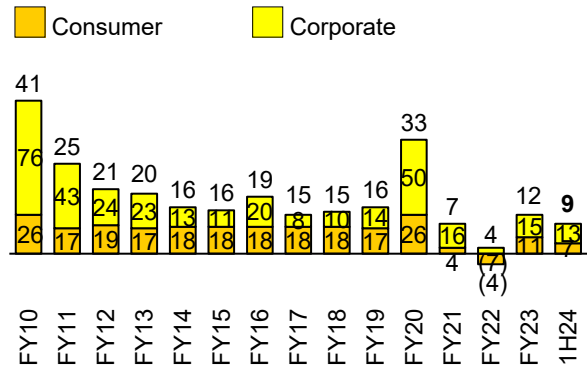
**\$415m**

1H23 \$511m

Loan impairment expense decreased \$96 million driven mainly by lower collective provision charges reflecting ongoing portfolio resilience.

The loan loss rate decreased to 9 basis points.

### Loan Loss Rate<sup>1</sup> (bpts)



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## Portfolio credit quality

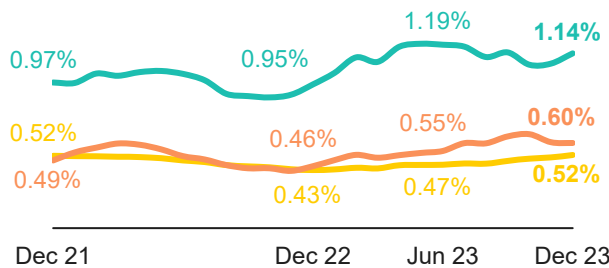
**Consumer arrears** have increased in recent months but remain historically low, reflecting ongoing pressures from higher interest rates and cost of living. Personal loans decreased reflecting improvements in origination quality.

### Consumer arrears<sup>2</sup> 90+ days

Personal loans   Credit cards   Home loans

#### Historic avg<sup>3</sup>:

1.25%	0.94%	0.65%
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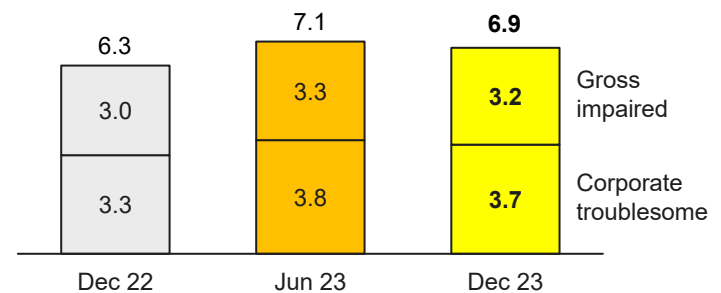
**Gross impaired assets** decreased by \$89 million to \$3.2 billion mainly driven by a reduction in restructures in the New Zealand home lending portfolio.

**Troublesome and impaired assets** decreased to \$6.9 billion from \$7.1 billion at 30 June 2023, primarily driven by upgrades and repayments across a small number of exposures.

### Troublesome and impaired assets (\$bn)

#### % of TCE:

0.46	0.51	0.49
------	------	------



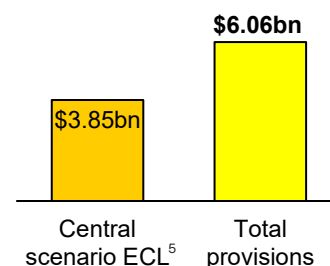
## Loan impairment provisions

Our total impairment provisions increased to \$6,063 million from \$5,950 million as at 30 June 2023, reflecting the impact from ongoing cost of living pressures and rising interest rates on both the consumer and corporate portfolios.

The Bank maintains a cautious approach to managing potential risks as financial conditions continue to tighten. Provision coverage to credit risk weighted assets remains strong at 1.64%. We maintain a provision buffer of ~\$2 billion relative to the losses expected under our central economic scenario.

### Provisioning<sup>4</sup> (\$bn)

#### Total Provisions vs Central ECL Dec 23





# Balance sheet strength

Our balance sheet strength means we are well positioned to support our customers and the broader economy. We continue to closely manage our capital, funding and liquidity settings to maintain flexibility in different economic environments.

## Capital

### Common Equity Tier 1 Capital ratio

**12.3%**

#### APRA (Level 2)

Jun 23 12.2%

The Bank has retained a strong capital position. The CET1 Capital ratio was 12.3% as at 31 December 2023, compared to 12.2% as at 30 June 2023, remaining well above APRA's regulatory requirements.

Key drivers of the change were:

- Capital generated from earnings; and
- Lower IRRBB and Traded Market Risk RWA.

This was partly offset by:

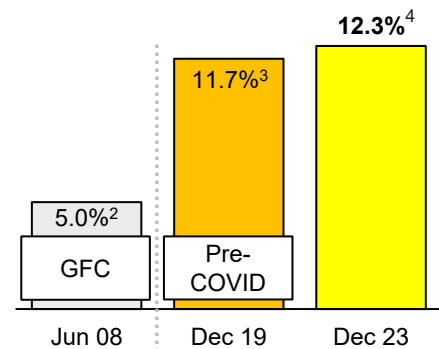
- Payment of the 2023 final dividend;
- Completion of \$154 million of the \$1 billion on-market share buy-back; and
- Other regulatory adjustments and movement in reserves.

On completion of the \$1 billion on-market share buy-back<sup>1</sup>, the Bank's CET1 Capital

ratio is expected to reduce by ~18 basis points.

The reduction in share count from buy-backs assists us to continue to deliver sustainable returns to shareholders.

#### CET1 (APRA, Level 2)



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## Funding and liquidity

### Deposit funding ratio

**75%**

Jun 23 75%

The Bank continued to satisfy a significant portion of its funding requirements from customer deposits, accounting for 75% of total funding, with increases primarily from retail customers. Customer deposits are considered the most stable source of funding.

The **net stable funding ratio (NSFR)** as at 31 December 2023 was 121%, well above the regulatory minimum of 100%.

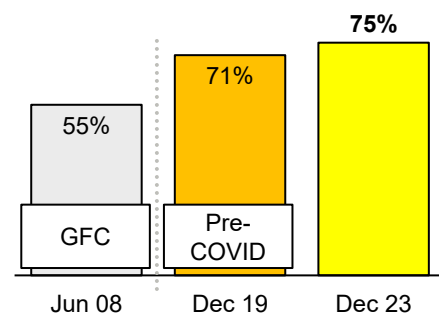
### Liquidity coverage ratio<sup>5</sup>

**136%**

Jun 23 131%

We have maintained a conservative funding position to provide flexibility as financial conditions tighten<sup>7</sup>. Long-term wholesale funding accounted for 70% of total wholesale funding and the average tenor of the long-term wholesale funding portfolio was 5.2 years (5.3 years excluding the RBA Term Funding Facility & RBNZ term lending facilities).

#### Deposit funding ratio (%)



### Net stable funding ratio<sup>6</sup>

**121%**

Jun 23 124%

The **liquidity coverage ratio (LCR)** for the half year ended 31 December 2023 was 136% which was well above the minimum regulatory requirement of 100%.



# Delivering for shareholders

We have increased our dividend payout ratio, improving shareholder returns and benefitting more than 12 million Australians who own CBA shares either directly or through their superannuation holdings.

## Dividend

An interim dividend of \$2.15 per share, fully franked, was determined, representing a payout ratio of 72% of the Bank's cash earnings.

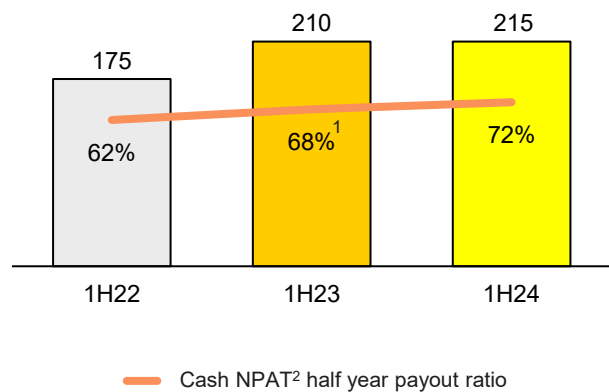
In line with our dividend policy, the Bank will continue to target a full year payout ratio of 70-80% of cash NPAT; maximise the use of our franking account by paying fully franked dividends; and pay sector leading cash dividends at sustainable levels.

The Dividend Reinvestment Plan (DRP) continues to be offered to shareholders. No discount will be applied to shares allocated under the plan for the interim dividend. The DRP is anticipated to be satisfied in full by an on-market purchase of shares.

The ex-dividend date is 21 February 2024, the record date is 22 February 2024, the interim DRP participation date is 23 February 2024 and the interim dividend will be paid on or around 28 March 2024.

## Sustainable returns

Dividend per share (cents)



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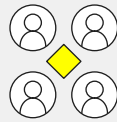
# How we contribute to Australia

## Supporting our customers, the community and the economy



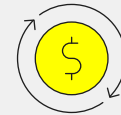
### Supporting customers and businesses to build a brighter future

- Supporting Australians' home ownership goals by helping more than 60,000 customers buy a new home;
- By lending \$18 billion to Australia's businesses in 1H24, we are helping them grow;
- Since inception, our *Benefits finder* tool has connected customers to ~\$1.2 billion in unclaimed benefits, rebates and concessions;
- We hold the largest share of household deposits in Australia, at over 26%<sup>1</sup>; and
- Customers have access to the largest branch network in the country and we have a three-year commitment to keep all regional CBA branches open until at least the end of 2026.



### How we contribute to our communities

- We employ over 53,000 people of which the majority work in either Australia or New Zealand; this equated to over \$7 billion in staff related expenses in FY23;
- We made NameCheck available to other organisations to help protect Australians and we have spent over \$750 million in the past year to protect our customers from fraud, scams, financial and cyber crime;
- We paid over \$2 million in grants to 201 community organisations through the CommBank Staff Foundation; and
- We provided emergency assistance to customers and communities impacted by Cyclone Jasper.



### Generating value for shareholders and contributing to Australia's economy

- The average retail shareholder will receive approximately \$1,680<sup>2</sup> in fully franked dividends;
- We have over 850,000 shareholders with 77% of our shares Australian owned; additionally over 12 million Australians benefit indirectly through their superannuation holdings;
- We continue our on-market share buy-back program<sup>3</sup> to reduce the number of shares on issue, which assists us to continue to deliver sustainable returns to shareholders; and
- We are one of Australia's largest corporate tax payers, paying over \$1.8 billion in Australian corporate income tax in 1H24.

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# Footnotes

## Page i

1. All information in this section is presented on a continuing operations basis, unless stated otherwise. Comparative information has been restated to conform to presentation in the current period.
2. For an explanation of and reconciliation between statutory and cash NPAT refer to page 3 of the Profit Announcement for the half year ended 31 December 2023.
3. Level 2 is the consolidated banking group including banking subsidiaries such as ASB Bank, PT Bank Commonwealth (Indonesia) and CBA Europe N.V.

## Page iv

1. Loan impairment expense as a percentage of average Gross loans and acceptances (bpts) annualised.
2. Group consumer arrears including New Zealand.
3. Historic average from August 2008 to June 2023.
4. The Group uses four alternative macroeconomic scenarios to reflect a range of possible future outcomes in estimating the Expected Credit Loss (ECL) for significant portfolios. Scenarios are updated based on changes in both the macroeconomic and geopolitical environment.
5. Central scenario is based on the Group's internal economic forecasts and market consensus as well as other assumptions used in business planning and forecasting. Assumes 100% weighting holding all assumptions including forward-looking adjustments constant and includes individually assessed provisions.

## Page v

1. The timing and actual number of shares purchased under the buy-back is subject to market conditions and other considerations. CBA reserves the right to vary, suspend or terminate the buy-back at any time.
2. Pro-forma CET1 under the capital framework effective up until 31 December 2022.
3. Capital framework effective up until 31 December 2022.
4. APRA's revised capital framework effective from 1 January 2023.
5. Quarterly average.
6. The Net Stable Funding Ratio excluding the impact of CBA's Term Facility Funding drawdowns was 118% as at 31 December 2023.
7. Including ~\$40 billion additional short-term wholesale funding capacity compared to historical average; plus excess liquidity invested in investment grade non-HQLA assets.

## Page vi

1. Comparative information has been restated to conform to presentation in the current period.
2. Cash NPAT inclusive of discontinued operations.

## Page vii

1. Source: APRA Monthly Authorised Deposit-taking Institution Statistics.
2. Retail shareholder calculation is based on the number of shareholders who hold less than 10,000 shares.
3. See footnote 1 on Page v above.

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This announcement has been authorised for release by the Board.



# Key financial information

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	Half year ended <sup>1</sup> ("cash basis")				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 v Jun 23	Dec 23 v Dec 22
	\$m	\$m	\$m	%	%
<b>Group performance summary (continuing operations)</b>					
Net interest income	11,404	11,419	11,637	–	(2)
Other operating income	2,245	2,093	1,986	7	13
<b>Total operating income</b>	<b>13,649</b>	<b>13,512</b>	<b>13,623</b>	<b>1</b>	<b>–</b>
Underlying operating expenses	(6,011)	(5,873)	(5,773)	2	4
<i>Restructuring and one-off item<sup>2</sup></i>	–	(212)	–	(large)	–
<b>Total operating expenses</b>	<b>(6,011)</b>	<b>(6,085)</b>	<b>(5,773)</b>	<b>(1)</b>	<b>4</b>
<b>Underlying operating performance</b>	<b>7,638</b>	<b>7,639</b>	<b>7,850</b>	<b>–</b>	<b>(3)</b>
<b>Operating performance</b>	<b>7,638</b>	<b>7,427</b>	<b>7,850</b>	<b>3</b>	<b>(3)</b>
Loan impairment expense	(415)	(597)	(511)	(30)	(19)
<b>Net profit before tax</b>	<b>7,223</b>	<b>6,830</b>	<b>7,339</b>	<b>6</b>	<b>(2)</b>
<b>NPAT from continuing operations</b>	<b>5,019</b>	<b>4,892</b>	<b>5,180</b>	<b>3</b>	<b>(3)</b>
<b>NPAT from discontinued operations<sup>3</sup></b>	<b>6</b>	<b>8</b>	<b>10</b>	<b>(25)</b>	<b>(40)</b>
<b>NPAT from continuing operations ("statutory basis")</b>	<b>4,837</b>	<b>4,853</b>	<b>5,243</b>	<b>–</b>	<b>(8)</b>
<b>Cash net profit after tax, by division (continuing operations)</b>					
Retail Banking Services <sup>4</sup>	2,687	2,666	2,876	1	(7)
Business Banking	1,893	1,846	1,778	3	6
Institutional Banking and Markets	589	589	459	–	28
New Zealand	623	620	700	–	(11)
Corporate Centre and Other	(773)	(829)	(633)	7	(22)
<b>NPAT from continuing operations</b>	<b>5,019</b>	<b>4,892</b>	<b>5,180</b>	<b>3</b>	<b>(3)</b>
<b>Shareholder ratios &amp; performance indicators (continuing operations unless otherwise stated)</b>					
Earnings per share – "cash basis" – basic (cents)	299.8	290.4	305.7	3	(2)
Return on equity – "cash basis" (%)	13.8	13.7	14.2	10bpts	(40)bpts
Dividends per share – fully franked (cents)	215	240	210	(10)	2
Dividend payout ratio – "cash basis" (%) <sup>5</sup>	72	82	68	(large)	400bpts
Average interest earning assets (\$m) <sup>6</sup>	1,140,693	1,122,667	1,100,027	2	4
Net interest margin (%)	1.99	2.05	2.10	(6)bpts	(11)bpts
Operating expenses to operating income (%)	44.0	45.0	42.4	(100)bpts	160bpts

1. Comparative information has been restated to conform to presentation in the current period.

2. Relates to the impact of \$212m of restructuring and one-off regulatory provisions in the prior half.

3. The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and reported as a single cash net profit after tax line item. Discontinued operations include Colonial First State (CFS) and associated transitional service agreements.

4. Retail Banking Services including General Insurance.

5. Includes discontinued operations.

6. Average interest earning assets are net of average mortgage offset balances.



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# Highlights



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## 2. Highlights

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# Highlights

## Group Performance Summary

	Half Year Ended <sup>1</sup> ("statutory basis")		Half Year Ended <sup>1</sup> ("cash basis")				
	31 Dec 23 \$M	Dec 23 vs Dec 22 %	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Group Performance Summary</b>							
Net interest income	11,404	(2)	11,404	11,419	11,637	–	(2)
Other operating income	2,174	(7)	2,245	2,093	1,986	7	13
<b>Total operating income</b>	<b>13,578</b>	<b>(3)</b>	<b>13,649</b>	<b>13,512</b>	<b>13,623</b>	<b>1</b>	<b>–</b>
Operating expenses	(6,098)	2	(6,011)	(6,085)	(5,773)	(1)	4
<b>Operating performance</b>	<b>7,480</b>	<b>(6)</b>	<b>7,638</b>	<b>7,427</b>	<b>7,850</b>	<b>3</b>	<b>(3)</b>
Loan impairment expense	(415)	(19)	(415)	(597)	(511)	(30)	(19)
<b>Net profit before tax</b>	<b>7,065</b>	<b>(5)</b>	<b>7,223</b>	<b>6,830</b>	<b>7,339</b>	<b>6</b>	<b>(2)</b>
Corporate tax expense	(2,228)	–	(2,204)	(1,938)	(2,159)	14	2
<b>Net profit after tax from continuing operations</b>	<b>4,837</b>	<b>(8)</b>	<b>5,019</b>	<b>4,892</b>	<b>5,180</b>	<b>3</b>	<b>(3)</b>
Net (loss)/profit after tax from discontinued operations <sup>2</sup>	(78)	(10)	6	8	10	(25)	(40)
<b>Net profit after tax</b>	<b>4,759</b>	<b>(8)</b>	<b>5,025</b>	<b>4,900</b>	<b>5,190</b>	<b>3</b>	<b>(3)</b>
Loss on acquisition, disposal, closure and demerger of businesses	n/a	n/a	(294)	(54)	(30)	(large)	(large)
Hedging and IFRS volatility	n/a	n/a	28	(20)	12	large	large
<b>Net profit after tax ("statutory basis")</b>	<b>4,759</b>	<b>(8)</b>	<b>4,759</b>	<b>4,826</b>	<b>5,172</b>	<b>(1)</b>	<b>(8)</b>
<b>Cash net profit after tax, by division</b>							
Retail Banking Services (excl. General Insurance)			2,687	2,666	2,915	1	(8)
General Insurance			–	–	(39)	–	large
Retail Banking Services			2,687	2,666	2,876	1	(7)
Business Banking			1,893	1,846	1,778	3	6
Institutional Banking and Markets			589	589	459	–	28
New Zealand			623	620	700	–	(11)
Corporate Centre and Other			(773)	(829)	(633)	7	(22)
<b>Net profit after tax from continuing operations ("cash basis")</b>			<b>5,019</b>	<b>4,892</b>	<b>5,180</b>	<b>3</b>	<b>(3)</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and are reported as a single cash net profit after tax line item. Discontinued operations mainly relates to transitional service agreement activities for divested entities such as CFS.

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## Highlights (continued)

### Non-Cash Items included in Statutory Profit

The Profit Announcement discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared in accordance with the Corporations Act and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Bank's operating results. It is not a measure based on cash accounting or cash flows. The items excluded from cash profit, such as hedging and IFRS volatility and gains or losses on acquisition, disposal, closure, capital repatriation and demerger of businesses are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from cash profit is provided in the table below.

	Half Year Ended				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Non-Cash Items Included in Statutory Profit</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>		
Loss on acquisition, disposal, closure and demerger of businesses	(294)	(54)	(30)	(large)	(large)
Hedging and IFRS volatility	28	(20)	12	large	large
<b>Total non-cash items (after tax)</b>	<b>(266)</b>	<b>(74)</b>	<b>(18)</b>	<b>(large)</b>	<b>(large)</b>

Non-cash items attributable to continuing and discontinued operations are set out below:

	Half Year Ended				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Non-Cash Items Included in Statutory Profit</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>		
(Loss)/gain on acquisition, disposal, closure and demerger of businesses <sup>1</sup>	(210)	(19)	51	(large)	(large)
Hedging and IFRS volatility	28	(20)	12	large	large
<b>Non-cash items (after tax) from continuing operations</b>	<b>(182)</b>	<b>(39)</b>	<b>63</b>	<b>(large)</b>	<b>(large)</b>
Loss on acquisition, disposal, closure and demerger of businesses <sup>2</sup>	(84)	(35)	(81)	(large)	(4)
<b>Non-cash items (after tax) from discontinued operations</b>	<b>(84)</b>	<b>(35)</b>	<b>(81)</b>	<b>(large)</b>	<b>(4)</b>
<b>Total non-cash items (after tax)</b>	<b>(266)</b>	<b>(74)</b>	<b>(18)</b>	<b>(large)</b>	<b>(large)</b>

<sup>1</sup> Includes gains and losses net of transaction and separation costs associated with the disposal of ComInsure General Insurance, Count Financial, PT Bank Commonwealth and other businesses.

<sup>2</sup> Includes gains and losses net of transaction and separation costs associated with the disposal of CFS and the deconsolidation of ComInsure Life.

# Highlights (continued)

## Key Performance Indicators

Key Performance Indicators <sup>2</sup>	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Group Performance from continuing operations</b>					
Statutory net profit after tax (\$M)	4,837	4,853	5,243	–	(8)
Cash net profit after tax (\$M)	5,019	4,892	5,180	3	(3)
Net interest margin (%)	1.99	2.05	2.10	(6)bpts	(11)bpts
Operating expenses to total operating income (%)	44.0	45.0	42.4	(100)bpts	160 bpts
Spot number of full-time equivalent staff (FTE)	48,930	49,454	48,538	(1)	1
Average number of FTE	49,216	49,219	48,942	–	1
Effective corporate tax rate (%)	30.5	28.4	29.4	210 bpts	110 bpts
Profit after capital charge (PACC) (\$M) <sup>3</sup>	2,925	2,840	3,084	3	(5)
Average interest earning assets (\$M) <sup>4</sup>	1,140,693	1,122,667	1,100,027	2	4
Assets under management (AUM) - average (\$M)	18,625	19,308	18,454	(4)	1
<b>Group Performance including discontinued operations</b>					
Statutory net profit after tax (\$M)	4,759	4,826	5,172	(1)	(8)
Cash net profit after tax (\$M)	5,025	4,900	5,190	3	(3)
Net interest margin (%)	1.99	2.05	2.10	(6)bpts	(11)bpts
Operating expenses to total operating income (%)	44.1	45.1	42.4	(100)bpts	170 bpts
Spot number of full-time equivalent staff (FTE)	48,930	49,454	48,538	(1)	1
Effective corporate tax rate (%)	30.5	28.4	29.4	210 bpts	110 bpts
Profit after capital charge (PACC) (\$M) <sup>3</sup>	2,933	2,851	3,096	3	(5)

1 Comparative information has been restated to conform to presentation in the current period.

2 Presented on a "cash basis" unless stated otherwise.

3 The Bank uses PACC as a key measure of risk-adjusted profitability. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments.

4 Average interest earning assets are net of average mortgage offset balances.

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# Highlights (continued)

## Key Performance Indicators (continued)

Key Performance Indicators	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Shareholder Returns from continuing operations</b>					
Earnings Per Share (EPS) (cents) <sup>2</sup>					
Statutory basis - basic	288.9	288.1	309.4	–	(7)
Cash basis - basic	299.8	290.4	305.7	3	(2)
Return on equity (ROE) (%) <sup>2</sup>					
Statutory basis	13.3	13.6	14.3	(30)bpts	(100)bpts
Cash basis	13.8	13.7	14.2	10 bpts	(40)bpts
<b>Shareholder Returns including discontinued operations</b>					
Earnings Per Share (EPS) (cents) <sup>2</sup>					
Statutory basis - basic	284.3	286.5	305.2	(1)	(7)
Cash basis - basic	300.1	290.9	306.3	3	(2)
Return on equity (ROE) (%) <sup>2</sup>					
Statutory basis	13.1	13.5	14.2	(40)bpts	(110)bpts
Cash basis	13.8	13.7	14.2	10 bpts	(40)bpts
Dividends per share - fully franked (cents)	215	240	210	(10)	2
Dividend cover - "cash basis" (times)	1.4	1.2	1.5	17	(7)
Dividend payout ratio (%) <sup>2</sup>					
Statutory basis	76	83	69	(large)	large
Cash basis	72	82	68	(large)	400 bpts
<b>Capital including discontinued operations</b>					
Common Equity Tier 1 (APRA) (%)	12.3	12.2	11.4	10 bpts	90 bpts
Risk weighted assets (RWA) (\$M)	463,644	467,992	504,380	(1)	(8)
Leverage Ratio (APRA) (%)	5.0	5.1	5.1	(10)bpts	(10)bpts
<b>Funding and Liquidity Metrics including discontinued operations</b>					
Liquidity Coverage Ratio (%) <sup>3</sup>	136	131	131	500 bpts	500 bpts
Weighted Average Maturity of Long-Term Debt (years) <sup>4</sup>	5.2	5.3	4.8	(0.1)years	0.4 years
Customer Deposit Funding Ratio (%)	75	75	75	–	–
Net Stable Funding Ratio (%)	121	124	129	(300)bpts	(large)
<b>Credit Quality Metrics including discontinued operations</b>					
Loan impairment expense annualised as a % of average GLAAs	0.09	0.13	0.11	(4)bpts	(2)bpts
Gross impaired assets as a % of GLAAs	0.35	0.36	0.33	(1)bpt	2 bpts
Credit risk weighted assets (RWA) (\$M)	368,735	362,869	402,017	2	(8)

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> For definitions refer to Appendix 4.6.

<sup>3</sup> Quarterly average.

<sup>4</sup> Represents the weighted average maturity (WAM) of outstanding long-term wholesale debt with a residual maturity greater than 12 months including drawdowns of the RBA Term Funding Facility (TFF) and the RBNZ term lending facilities.

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## Key Performance Indicators (continued)

Key Performance Indicators <sup>2</sup>	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Retail Banking Services <sup>3</sup></b>					
Cash net profit after tax (\$M)	2,687	2,666	2,915	1	(8)
Net interest margin (%)	2.54	2.62	2.79	(8)bpts	(25)bpts
Average interest earning assets (\$M) <sup>4</sup>	439,997	438,780	426,880	–	3
Operating expenses to total operating income (%)	37.1	35.5	34.6	160 bpts	250 bpts
Risk weighted assets (\$M) <sup>5</sup>	174,535	175,627	176,042	(1)	(1)
<b>Business Banking</b>					
Cash net profit after tax (\$M)	1,893	1,846	1,778	3	6
Net interest margin (%)	3.44	3.52	3.55	(8)bpts	(11)bpts
Average interest earning assets (\$M) <sup>4</sup>	216,364	209,160	201,141	3	8
Operating expenses to total operating income (%)	31.7	31.1	31.9	60 bpts	(20)bpts
Risk weighted assets (\$M)	139,358	133,239	151,480	5	(8)
<b>Institutional Banking and Markets</b>					
Cash net profit after tax (\$M)	589	589	459	–	28
Net interest margin (%)	0.82	0.91	0.87	(9)bpts	(5)bpts
Average interest earning assets (\$M)	170,383	160,437	163,881	6	4
Operating expenses to total operating income (%)	42.2	40.3	47.3	190 bpts	(510)bpts
Risk weighted assets (\$M)	72,963	74,805	90,194	(2)	(19)
<b>New Zealand</b>					
Cash net profit after tax (A\$M)	623	620	700	–	(11)
Net interest margin (ASB) (%) <sup>6</sup>	2.21	2.32	2.47	(11)bpts	(26)bpts
Average interest earning assets (ASB) (NZ\$M) <sup>6</sup>	126,081	125,110	121,350	1	4
Operating expenses to total operating income (ASB) (%) <sup>6</sup>	39.5	39.4	34.4	10 bpts	510bpts
Risk weighted assets - APRA basis (A\$M) <sup>7</sup>	59,926	61,958	58,471	(3)	2
Risk weighted assets - RBNZ basis (NZ\$M) <sup>8</sup>	70,673	70,780	69,491	–	2
AUM - average (ASB) (NZ\$M) <sup>6</sup>	20,150	20,876	20,353	(3)	(1)

1 Comparative information has been restated to conform to presentation in the current period.

2 Presented on a "cash basis".

3 Excludes General Insurance.

4 Net of average mortgage offset balances.

5 Includes General Insurance.

6 Key financial metrics represent ASB only and are calculated in New Zealand dollar terms.

7 Risk weighted assets (A\$M) calculated in accordance with APRA requirements.

8 Risk weighted assets (NZ\$M) calculated in accordance with RBNZ requirements.

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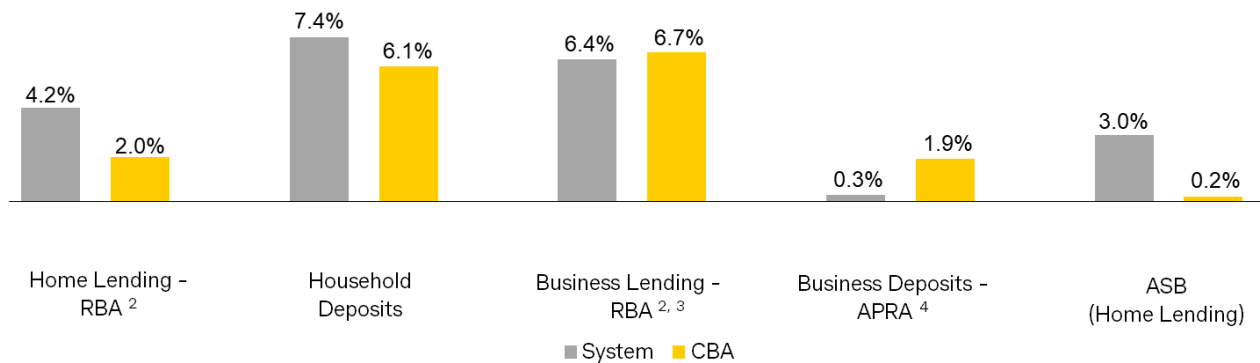
# Highlights (continued)

## Market Share

Market Share	As at <sup>1</sup>				
	31 Dec 23 %	30 Jun 23 %	31 Dec 22 %	Dec 23 vs Jun 23	Dec 23 vs Dec 22
Home loans - RBA <sup>2</sup>	<b>24.5</b>	25.1	25.1	(60)bpts	(60)bpts
Home loans - APRA <sup>3</sup>	<b>25.3</b>	25.8	25.8	(50)bpts	(50)bpts
Credit cards - APRA <sup>3</sup>	<b>29.0</b>	28.9	28.8	10 bpts	20 bpts
Other household lending - APRA <sup>3 4</sup>	<b>21.3</b>	20.5	19.5	80 bpts	180 bpts
Household deposits - APRA <sup>3</sup>	<b>26.6</b>	26.9	26.9	(30)bpts	(30)bpts
Business lending - RBA <sup>2</sup>	<b>17.1</b>	17.1	17.0	–	10 bpts
Business lending - APRA <sup>3 5</sup>	<b>18.2</b>	18.0	17.8	20 bpts	40 bpts
Business deposits - APRA <sup>3 5</sup>	<b>22.8</b>	22.8	22.4	–	40 bpts
Equities trading <sup>6</sup>	<b>3.3</b>	3.5	3.7	(20)bpts	(40)bpts
NZ home loans	<b>21.0</b>	21.5	21.6	(50)bpts	(60)bpts
NZ customer deposits	<b>18.6</b>	18.5	18.0	10 bpts	60 bpts
NZ business lending	<b>17.2</b>	17.3	16.8	(10)bpts	40 bpts

- Comparatives have been updated to reflect market restatements.
- System source: RBA Lending and Credit Aggregates.
- System source: APRA's Monthly Authorised Deposit-taking Institutions Statistics (MADIS) publication.
- Other Household Lending market share includes personal loans, margin loans and other forms of lending to individuals.
- Represents business lending to and business deposits by non-financial businesses under APRA definitions.
- Represents CommSec traded value as a percentage of total Australian Equities markets, on a 12 month rolling average basis.

### CBA growth against System <sup>1</sup> Balance growth - 12 months to December 23



- System and CBA Source: RBA/APRA/RBNZ.
- System source: RBA Lending and Credit Aggregates.
- System and CBA Source: APRA Deposits by non-financial businesses.
- CBA Domestic Business lending growth (including Institutional Lending but excludes Cash Management Pooling Facilities).

## Credit Ratings

Credit Ratings	Long-term	Short-term	Outlook
Fitch Ratings	A+	F1	Stable
Moody's Investors Service	Aa3	P-1	Stable
S&P Global Ratings	AA-	A-1+	Stable

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# Group Performance Analysis

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# Group Performance Analysis

## Financial Performance and Business Review

Comments are versus prior comparative period unless stated otherwise (continuing operations basis <sup>1</sup>).

The Bank's statutory net profit after tax (NPAT) from continuing operations for the half year ended 31 December 2023 decreased \$406 million or 8% on the prior comparative period to \$4,837 million. The Bank's statutory NPAT (including discontinued operations) decreased \$413 million or 8% on the prior comparative period to \$4,759 million.

Cash net profit after tax ("cash NPAT" or "cash profit") from continuing operations decreased \$161 million or 3% on the prior comparative period to \$5,019 million. The result was driven by flat operating income and a 4% increase in operating expenses, partly offset by a \$96 million decrease in loan impairment expense.

Operating income was flat on the prior comparative period. Key movements included:

- Net interest income (NII) decreased 2% primarily driven by an 11 basis point decrease in Net Interest Margin (NIM), partly offset by a 4% or \$41 billion increase in average interest earning assets (AIEA). NIM decreased by 11 basis points, primarily driven by the impact on lending margins from increased competition, unfavourable portfolio mix mainly from customers switching to higher yielding deposits, lower New Zealand earnings, reduced deposit earnings from competition, and increased wholesale funding costs, partly offset by higher earnings on replicated deposit products and capital hedges. The increase in AIEA was mainly due to growth in home and business loans, and increased non-lending interest earning assets including higher reverse sale and repurchase agreements.
- Other operating income increased 13%, primarily driven by higher Markets trading and sales income, volume driven commissions and lending fee income, and favourable derivative valuation adjustments, partly offset by reduced equities income due to lower trading volumes.

Operating expenses increased 4%, mainly driven by inflation, additional technology spend to support the delivery of our strategic priorities, and higher amortisation, partly offset by productivity initiatives and timing of leave usage.

Loan impairment expense (LIE) decreased \$96 million, primarily driven by lower collective provision charges reflecting ongoing portfolio resilience. Home loan 90+ day arrears were 0.52%, an increase of 5 basis points on the prior half, reflecting higher interest rates. Credit cards arrears were 0.60% an increase of 5 basis points on the prior half, reflecting continued cost of living pressures. Personal loan arrears were 1.14%, a decrease of 5 basis points on the prior half, driven by higher quality originations. Total provisions to CRWA is 1.64%, flat on the prior half, reflecting a modest increase in collective provisions.

CET1 was 12.3% as at 31 December 2023, compared to 12.2% at 30 June 2023, well above APRA's regulatory requirements. The movement was driven by capital generated from earnings and lower total RWA, partly offset by the payment of the 2023 final dividend, completion of \$0.2 billion of the \$1 billion on-market share buy-back, and other regulatory adjustments and movements in reserves.

Earnings per share ("cash basis") decreased 2% on the prior comparative period to 299.8 cents per share, primarily driven by the decrease in cash profit partly offset by the reduction in the number of shares on issue as a result of share buy-backs.

Return on equity ("cash basis") decreased 40 basis points to 13.8% due to the impact of lower cash profit (approximately 50 basis points) partly offset by a decrease in average capital levels (approximately 10 basis points), reflecting ongoing share buy-backs.

The interim dividend determined was \$2.15 per share, which is equivalent to 72% of the Bank's cash profit.

Balance sheet strength and resilience is a key priority for the Bank. The Bank has managed key balance sheet risks in a sustainable and conservative manner, and has made strategic decisions to ensure strength in capital, funding and liquidity. In particular, the Bank has:

- Satisfied a significant proportion of its funding requirements with customer deposits, accounting for 75% of total funding at 31 December 2023 (flat from 75% at 31 December 2022);
- Issued new long-term wholesale funding of \$17 billion, and maintained additional capacity to issue short-term wholesale funding in order to manage the maturity of the TFF. Including the TFF, the portfolio Weighted Average Maturity (WAM <sup>2</sup>) was 5.2 years (up from 4.8 years at 31 December 2022);
- Maintained its strong funding position, with long-term wholesale funding accounting for 70% of total wholesale funding (down 1% from 71% at 31 December 2022); and
- Appropriately managed the level of liquid assets and customer deposit growth to maintain our strong funding and liquidity positions, as illustrated by the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) being well above the regulatory minimum.

1 The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and are reported as a single cash net profit after tax line item. Discontinued operations mainly relates to transitional service agreement activities for divested entities such as CFS.

2 The portfolio WAM excluding the RBA TFF and RBNZ term lending facilities as at 31 December 2023 was 5.3 years (30 June 2023: 5.5 years; 31 December 2022: 5.8 years).



# Group Performance Analysis (continued)

## Financial Performance and Business Review (continued)

In order to present a transparent view of the business' performance, operating performance is shown both on an underlying and headline basis.

	Half Year Ended <sup>1</sup>				
	("cash basis")				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs	Dec 23 vs
	\$M	\$M	\$M	Jun 23 %	Dec 22 %
<b>Group Performance Summary</b>					
<b>Total operating income</b>	<b>13,649</b>	13,512	13,623	1	–
<b>Operating expenses</b>	<b>(6,011)</b>	(5,873)	(5,773)	2	4
<i>Restructuring and one-off item <sup>2</sup></i>	–	(212)	–	(large)	–
<b>Total operating expenses</b>	<b>(6,011)</b>	(6,085)	(5,773)	(1)	4
<b>Underlying operating performance</b>	<b>7,638</b>	7,639	7,850	–	(3)
<b>Operating performance</b>	<b>7,638</b>	7,427	7,850	3	(3)
Loan impairment expense	(415)	(597)	(511)	(30)	(19)
<b>Net profit before tax</b>	<b>7,223</b>	6,830	7,339	6	(2)
Corporate tax expense	(2,204)	(1,938)	(2,159)	14	2
<b>Net profit after tax from continuing operations ("cash basis")</b>	<b>5,019</b>	4,892	5,180	3	(3)
Non-cash items - continuing operations <sup>3</sup>	(182)	(39)	63	(large)	(large)
<b>Net profit after tax from continuing operations ("statutory basis")</b>	<b>4,837</b>	4,853	5,243	–	(8)
Net profit after tax from discontinued operations ("cash basis")	6	8	10	(25)	(40)
Non-cash items - discontinued operations <sup>3</sup>	(84)	(35)	(81)	(large)	(4)
<b>Net profit after tax ("statutory basis")</b>	<b>4,759</b>	4,826	5,172	(1)	(8)

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> Relates to the impact of restructuring and one-off regulatory provision of \$212 million in the prior half.

<sup>3</sup> Refer to page 3 for further information.

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## Net Interest Income (continuing operations basis)

	Half Year Ended				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Net interest income - "cash basis"</b>	<b>11,404</b>	11,419	11,637	–	(2)
<b>Average interest earning assets</b>					
Home loans <sup>1</sup>	<b>573,706</b>	572,660	557,840	–	3
Consumer finance	<b>17,061</b>	16,912	16,455	1	4
Business and corporate loans	<b>259,482</b>	257,928	251,585	1	3
Total average lending interest earning assets	<b>850,249</b>	847,500	825,880	–	3
Non-lending interest earning assets (excl. liquid assets)	<b>91,618</b>	77,229	77,636	19	18
<b>Total average interest earning assets (excl. liquid assets)</b>	<b>941,867</b>	924,729	903,516	2	4
Liquid assets <sup>2</sup>	<b>198,826</b>	197,938	196,511	–	1
<b>Total average interest earning assets</b>	<b>1,140,693</b>	1,122,667	1,100,027	2	4
Net interest margin (%)	<b>1.99</b>	2.05	2.10	(6)bpts	(11)bpts

1 Net of average mortgage offset balances of \$73,120 million (half year ended 30 June 2023: \$70,794 million; half year ended 31 December 2022: \$68,658 million). While these balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the Group's net interest margin.

2 Average non-lending interest earning assets held by the Group for liquidity purposes and included in LCR liquid assets.

### Half Year Ended December 2023 versus December 2022

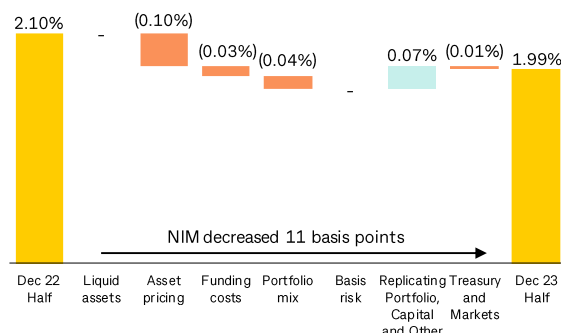
Net interest income was \$11,404 million, a decrease of \$233 million or 2% on the prior comparative period. The result was driven by an 11 basis point decrease in net interest margin to 1.99%, partly offset by a \$41 billion or 4% increase in average interest earning assets to \$1,141 billion. Excluding the impact of higher liquid assets in the current half, average interest earning assets increased by \$38 billion or 4%.

#### Average Interest Earning Assets

Average interest earning assets increased \$41 billion or 4% on the prior comparative period.

- Home loan average balances increased \$16 billion or 3% on the prior comparative period to \$574 billion. Proprietary mix for CBA and Unloan branded home loans increased from 58% to 67% of new business flows;
- Consumer finance average balances increased by \$1 billion or 4% on the prior comparative period to \$17 billion, driven by growth in personal loans from higher new business volumes, and increased credit card accounts and spend;
- Business and corporate loan average balances increased \$8 billion or 3% on the prior comparative period to \$259 billion, driven by growth in Business Banking lending across a number of industries;
- Non-lending interest earning asset (excl. liquids) average balances increased \$14 billion or 18% on the prior comparative period to \$92 billion, primarily driven by higher reverse sale and repurchase agreements in Institutional Banking and Markets; and
- Liquid asset average balances increased \$2 billion or 1% on the prior comparative period to \$199 billion.

### NIM movement since December 2022



### Net Interest Margin

The Bank's net interest margin decreased 11 basis points on the prior comparative period to 1.99%. The key drivers of the movement were:

**Asset pricing:** Decreased margin by 10 basis points driven by home lending pricing and lower consumer finance margins. Home lending pricing reduced margin by 9 basis points mainly due to the impact of increased competition. Lower consumer finance margins (down 1 basis point) reflecting the impact of higher cash rates and a reduction in the proportion of interest earning credit card balances.

**Funding costs:** Decreased margin by 3 basis points driven by increased deposit price competition and higher wholesale funding costs, partly offset by higher earnings on deposits in a rising interest rate environment.

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# Group Performance Analysis (continued)

## Net Interest Income (continued)

**Portfolio Mix:** Decreased margin by 4 basis points driven by unfavourable deposit mix as customers switch to higher yielding deposits (down 7 basis points), partly offset by favourable lending mix from an increase in business lending and reduction in lower margin pooled facilities (up 3 basis point).

**Basis Risk:** Basis risk arises from the spread between 3 month bank bill swap rate and the 3 month overnight index swap rate. Impact on the Bank's margin was flat reflecting an ongoing low spread.

**Replicating Portfolio, Capital and other:** Increased margin by 7 basis points driven by higher earnings on replicating portfolio and capital hedges (up 9 basis points), partly offset by reduced contribution from New Zealand (down 2 basis points) reflecting increased competition.

**Treasury and Markets:** Decreased margin by 1 basis point.

### Half Year Ended December 2023 versus June 2023

Net interest income decreased \$15 million on the prior half, driven by a 6 basis point decrease in net interest margin, partly offset by an \$18 billion or 2% increase in average interest earning assets and the benefit of three additional calendar days in the current half.

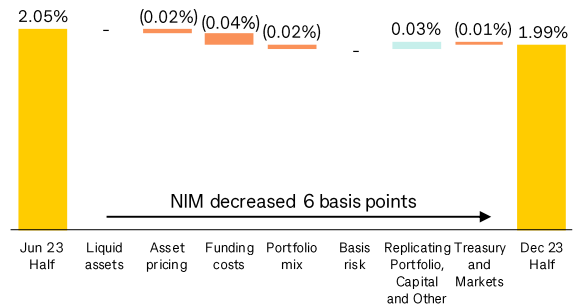
#### Average Interest Earning Assets

Average interest earning assets increased \$18 billion or 2% on the prior half.

- Home loan average balances increased \$1 billion on the prior half. Proprietary mix for CBA and Unloan branded home loans increased from 61% to 67% of new business flows;
- Consumer finance average balances increased by 1% on the prior half, driven by growth in personal loans from higher new business volumes, and increased credit card accounts and spend;
- Business and corporate loan average balances increased \$2 billion or 1% on the prior half, driven by growth in Business Banking lending across a number of industries;
- Non-lending interest earning asset (excl. liquids) average balances increased \$14 billion or 19% on the prior half, primarily driven by higher reverse sale and repurchase agreements in Institutional Banking and Markets; and
- Liquid asset average balances increased \$1 billion on the prior half.

For further details on the balance sheet movements refer to the 'Group Assets and Liabilities' on page 20.

**NIM movement since June 2023**



## Net Interest Margin

The Bank's net interest margin decreased 6 basis points on the prior half. The key drivers of the movement were:

**Asset pricing:** Decreased margin by 2 basis points driven by lower consumer finance and home loan margins as cash rates increased faster than customer rates.

**Funding costs:** Decreased margin by 4 basis points driven by increased deposit price competition and higher wholesale funding costs, partly offset by higher earnings on deposits in a rising interest rate environment.

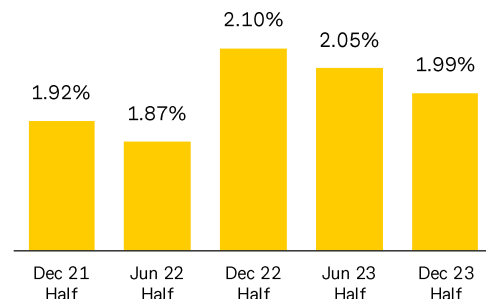
**Portfolio Mix:** Decreased margin by 2 basis points driven by unfavourable deposit mix as customers switch to higher yielding deposits (down 3 basis points), partly offset by favourable asset mix from an increase in business lending and reduction in lower margin pooled facilities (up 1 basis point).

**Basis Risk:** Basis risk arises from the spread between 3 month bank bill swap rate and the 3 month overnight index swap rate. Impact on the Bank's margin was flat reflecting an ongoing low spread.

**Replicating Portfolio, Capital and other:** Increased margin by 3 basis points driven by higher earnings on replicating portfolio and capital hedges (up 4 basis points), partly offset by reduced contribution from New Zealand (down 1 basis points) reflecting increased competition.

**Treasury and Markets:** Decreased margin by 1 basis point.

**NIM (Half Year Ended)**



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# Group Performance Analysis (continued)

## Other Operating Income (continuing operations basis)

	Half Year Ended <sup>1 2</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs	Dec 23 vs
	\$M	\$M	\$M	Jun 23 %	Dec 22 %
Commissions	1,047	967	1,013	8	3
Lending fees	404	396	357	2	13
Trading income	609	582	513	5	19
Funds management and insurance income	55	54	28	2	96
Other income	130	94	75	38	73
<b>Other operating income</b>	<b>2,245</b>	<b>2,093</b>	<b>1,986</b>	<b>7</b>	<b>13</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 Presented on a "cash basis".

### Half Year Ended December 2023 versus December 2022

Other operating income was \$2,245 million, an increase of \$259 million or 13% on the prior comparative period.

**Commissions** increased by \$34 million or 3% to \$1,047 million, mainly due to higher volume driven foreign exchange, cards and deposit income, and an increase in institutional fees reflecting higher client activity, partly offset by lower equities income from reduced trading volumes and lower merchants revenue due to a reduction in scheme margins and turnover.

**Lending fees** increased by \$47 million or 13% to \$404 million, mainly due to higher volume driven retail, institutional and business lending fees.

**Trading income** increased by \$96 million or 19% to \$609 million, mainly driven by higher trading gains and sales volumes in Markets and favourable derivative valuation adjustments, partly offset by lower gains from Treasury risk management activities.

**Funds management and insurance income** increased by \$27 million or 96% to \$55 million, due to the non-recurrence of weather-related insurance losses in the prior comparative period. The General Insurance business was sold on 30 September 2022.

**Other income** increased by \$55 million or 73% to \$130 million, mainly due to non-recurrence of losses on assets held at fair value in the prior comparative period and higher operating lease income in the Structured Asset Finance aircraft lease portfolio, partly offset by lower Treasury income.

### Half Year Ended December 2023 versus June 2023

Other operating income increased by \$152 million or 7% on the prior half.

**Commissions** increased by \$80 million or 8%, mainly due to higher volume driven foreign exchange, cards and deposit income, partly offset by lower equities income from reduced trading volumes and lower merchants income mainly due to lower scheme margins.

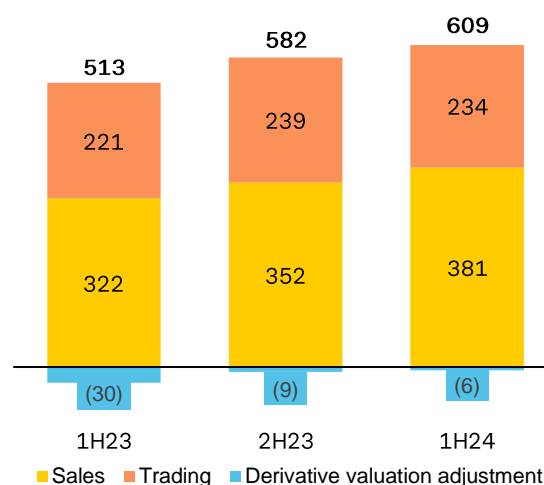
**Lending fees** increased by \$8 million or 2%, mainly due to higher volume driven retail and business lending fees.

**Trading income** increased by \$27 million or 5%, mainly due to higher trading gains and sales volumes in Markets, partly offset by lower gains from Treasury risk management activities.

**Funds management and insurance income** increased by \$1 million or 2%.

**Other income** increased by \$36 million or 38%, mainly due to timing of dividend income from minority investments and higher Treasury income, partly offset by lower Structured Asset Finance revenue mainly from non-recurrence of asset sales in the prior half.

### Trading Income (\$M)



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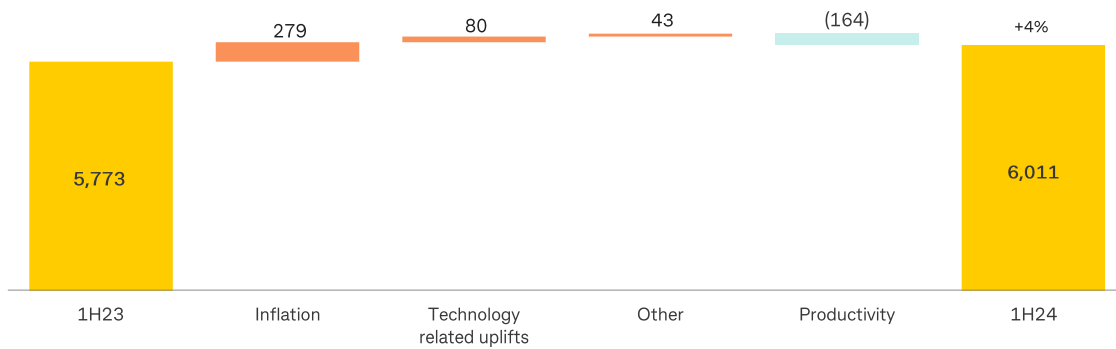
# Group Performance Analysis (continued)

## Operating Expenses (continuing operations basis)

	Half Year Ended <sup>1 2</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Staff expenses	3,719	3,640	3,537	2	5
Occupancy and equipment expenses	501	471	479	6	5
Information technology services expenses	1,106	1,010	1,026	10	8
Other expenses	685	752	731	(9)	(6)
<b>Underlying operating expenses</b>	<b>6,011</b>	<b>5,873</b>	<b>5,773</b>	<b>2</b>	<b>4</b>
<i>Restructuring and one-off item <sup>3</sup></i>	-	212	-	(large)	-
<b>Total operating expenses</b>	<b>6,011</b>	<b>6,085</b>	<b>5,773</b>	<b>(1)</b>	<b>4</b>
Underlying operating expenses to underlying operating income (%)	44.0	43.5	42.4	50 bpts	160 bpts
Operating expenses to total operating income (%)	44.0	45.0	42.4	(100)bpts	160 bpts
Average number of full-time equivalent staff (FTE)	49,216	49,219	48,942	-	1
Spot number of full-time equivalent staff (FTE)	48,930	49,454	48,538	(1)	1

- 1 Comparative information has been restated to conform to presentation in the current period.
- 2 Presented on a "cash basis".
- 3 Relates to restructuring and one-off regulatory provision of \$212m in the prior half.

### Operating Expenses



### Half Year Ended December 2023 versus December 2022

Underlying operating expenses were \$6,011 million, an increase of \$238 million or 4% on the prior comparative period.

**Staff expenses** increased by \$182 million or 5% to \$3,719 million, mainly driven by wage inflation and increased full-time equivalent staff (FTE), partly offset by 1 fewer working day, higher leave usage and productivity initiatives. The average number of FTE increased by 274 or 1% from 48,942 to 49,216, primarily due to insourcing to reduce reliance on external vendors, and enhancement of our technology and engineering capabilities including fraud and cyber security.

**Occupancy and equipment expenses** increased by \$22 million or 5% to \$501 million, primarily driven by inflation.

**Information technology services expenses** increased by \$80 million or 8% to \$1,106 million, primarily due to inflation, increased software licensing and cloud computing volumes, and higher amortisation, partly offset by productivity initiatives including reduction in use of third party service providers.

**Other expenses** decreased by \$46 million or 6% to \$685 million, primarily driven by lower remediation costs and productivity initiatives, partly offset by timing of marketing spend.

**Underlying operating expenses to underlying operating income ratio** increased 160 basis points from 42.4% to 44.0%.

# Group Performance Analysis (continued)

## Operating Expenses (continued)

### Half Year Ended December 2023 versus June 2023

Underlying operating expenses increased \$138 million or 2% on the prior half.

**Staff expenses** increased by \$79 million or 2%, mainly driven by wage inflation and seasonally lower leave usage, partly offset by the impact of higher discount rates on employee entitlements and productivity initiatives. The average number of FTE decreased by 3 from 49,219 to 49,216.

**Occupancy and equipment expenses** increased by \$30 million or 6%, primarily driven by inflation.

**Information technology services expenses** increased by \$96 million or 10%, primarily due to inflation, increased software licensing and cloud computing volumes, and higher amortisation, partly offset by productivity initiatives including reduction in use of third party service providers.

**Other expenses** decreased by \$67 million or 9%, primarily driven by lower remediation costs and timing of marketing spend, partly offset by travel and volume related expenses.

**Underlying operating expenses to underlying operating income ratio** increased 50 basis points from 43.5% to 44.0%.

## Investment Spend (continuing operations basis)

	Half Year Ended				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
	\$M	\$M	\$M		
Expensed investment spend <sup>1</sup>	492	506	484	(3)	2
Capitalised investment spend <sup>2</sup>	496	529	479	(6)	4
<b>Investment spend</b>	<b>988</b>	<b>1,035</b>	<b>963</b>	<b>(5)</b>	<b>3</b>
<b>Comprising:</b>					
Productivity and growth	454	487	437	(7)	4
Risk and compliance	302	324	306	(7)	(1)
Infrastructure and branch refurbishment	232	224	220	4	5
<b>Investment spend</b>	<b>988</b>	<b>1,035</b>	<b>963</b>	<b>(5)</b>	<b>3</b>

<sup>1</sup> Included within the operating expenses disclosure on page 15.

<sup>2</sup> Includes software capitalised investment spend and non-software capitalised investment spend, primarily related to branch refurbishments and the development of the corporate and supporting offices.

### Half Year Ended December 2023 versus December 2022

The Bank has continued to invest in our purpose of building a brighter future for all with \$988 million of investment spend incurred in the half year ended 31 December 2023, an increase of \$25 million or 3% on the prior comparative period. This is mainly driven by an increase of \$17 million in productivity and growth initiatives and an increase of \$12 million in infrastructure and branch refurbishment, partly offset by a \$4 million reduction in risk and compliance spend.

In the current half, productivity and growth initiatives accounted for 46% of investment spend, an increase of 1% from 45% in the prior comparative period. The Bank has increased its focus on strengthening capabilities and extending our leadership in digital, technology and customer-centric product offerings through the ongoing modernisation of our platforms and interfaces to provide integrated and personalised experiences for our customers. The Bank is also continuing to focus on initiatives to simplify and enhance our systems, automate and digitise processes, and uplift internal engineering capabilities.

Risk and compliance projects accounted for 31% of investment spend, a decrease of 1% from 32% in the prior comparative period. Risk and compliance initiatives remain a priority for the Bank as we continue to build simpler and better foundations.

Infrastructure and branch refurbishment initiatives accounted for 23% of investment spend, with the Bank continuing to uplift cyber security and enhance IT infrastructure.

Key areas of investment across each of the categories are outlined below.

#### Productivity and Growth

The Bank has continued to invest in the following:

- Ongoing development and personalisation of CommBank applications, digital channels to improve the customer service experience and continuously innovate in digital banking and equity trading;
- Simplifying and automating manual back-end processes and systems to improve customer experience, reduce operating costs and digitise end-to-end processes;
- Commercial lending systems to simplify the end-to-end process for loan origination and maintenance, and improve business customer experiences;
- Reducing reliance on external vendors by bringing more functions in-house, and delivering cost savings while enhancing quality by building world-class engineering capabilities; and
- Ongoing modernisation and simplification of the technology stack to accelerate migration to cloud, in order to reduce the cost of IT ownership, reduce risk and improve delivery agility for faster response to changing customer needs.

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# Group Performance Analysis (continued)

## Investment Spend (continued)

### Risk and Compliance

The Bank has continued to increase Group wide capability in the management of financial and non-financial risks, including:

- Strengthening the Bank's operating model and processes for monitoring, managing, reporting and controlling financial crime across its operations, including continuing to upgrade technology, uplift capabilities, and how the Bank engages with AUSTRAC and other regulators;
- Upgrading processes and systems for additional functionality, automation of controls, protecting against privacy breaches, reducing scam losses and ensuring compliance with regulations including Open Banking, Basel III capital reforms and various Markets related regulatory reform requirements such as the Fundamental Review of the Trading Book; and
- Enhancing Customer Risk Assessment capability and strengthening data controls and processes.

### Infrastructure and Branch Refurbishment

The Bank has continued to invest in the following:

- Protecting customers and the Bank against cyber security risks and data breaches;
- Improving the resilience and simplicity of the Bank's IT infrastructure and data centres;
- Retail branch design, refurbishment and technology upgrades to reflect evolving changes in customer preferences; and
- Refurbishment of commercial office spaces including the replacement of an existing office as the lease expires.

## Capitalised Software

	Half Year Ended				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
	\$M	\$M	\$M		
Opening Balance	1,912	1,643	1,409	16	36
Additions	467	481	417	(3)	12
Amortisation and write-offs	(314)	(212)	(183)	48	72
Reclassified to assets held for sale	(30)	–	–	n/a	n/a
<b>Closing balance</b>	<b>2,035</b>	<b>1,912</b>	<b>1,643</b>	<b>6</b>	<b>24</b>

### Half Year Ended December 2023 versus December 2022

Capitalised software balance increased \$392 million or 24% to \$2,035 million.

**Additions** increased by \$50 million or 12% to \$467 million, due to higher capitalised investment spend, reflecting increased productivity and growth and IT infrastructure related spend as the Bank continues to enhance its product offering and customer experiences, strengthen its digital capabilities, modernise and uplift its technology platforms and innovate for future growth.

**Amortisation and write-offs** increased by \$131 million or 72% to \$314 million, mainly driven by higher capitalised software balances.

**Reclassified to assets held for sale** of \$30 million due to the reclassification of capitalised software in PT Bank Commonwealth (PTBC) to assets held for sale, following the announced sale to PT Bank OCBC NISP Tbk (OCBC Indonesia), a subsidiary of Oversea-Chinese Banking Corporation Limited (OCBC).

### Half Year Ended December 2023 versus June 2023

Capitalised software balance increased \$123 million or 6% on the prior half.

**Additions** decreased by \$14 million or 3% to \$467 million, mainly due to lower capitalised spend in the half year ended December 2023.

**Amortisation and write-offs** increased by \$102 million or 48% to \$314 million, mainly driven by higher capitalised software balances.

**Reclassified to assets held for sale** of \$30 million due to the reclassification of capitalised software in PTBC to assets held for sale, following the announced sale to OCBC Indonesia.

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# Group Performance Analysis (continued)

## Loan Impairment Expense (continuing operations basis)

	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
	\$M	\$M	\$M		
Retail Banking Services	216	347	240	(38)	(10)
Business Banking	207	232	260	(11)	(20)
Institutional Banking and Markets	(37)	3	(39)	(large)	5
New Zealand	9	14	45	(36)	(80)
Corporate Centre and Other	20	1	5	large	large
<b>Loan impairment expense/(benefit)</b>	<b>415</b>	<b>597</b>	<b>511</b>	<b>(30)</b>	<b>(19)</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

### Half Year Ended December 2023 versus December 2022

Loan impairment expense was \$415 million, a decrease of \$96 million on the prior comparative period. This was driven by:

- A decrease in Business Banking of \$53 million to an expense of \$207 million, driven by lower specific provision charges due to an increase in the number of write-backs;
- A decrease in New Zealand of \$36 million to an expense of \$9 million, driven by lower home lending provisioning predominantly reflecting an improvement in economic outlook compared to the prior comparative period, partly offset by higher individually assessed provision charges in the business portfolio; and
- A decrease in Retail Banking Services of \$24 million to an expense of \$216 million, driven by lower collective provisions reflecting higher house prices, partly offset by ongoing cost of living pressures and higher interest rates; partly offset by
- An increase in Corporate Centre and Other of \$15 million to an expense of \$20 million, driven by higher collective provisions in PT Bank Commonwealth (PTBC); and
- An increase in Institutional Banking and Markets of \$2 million to a benefit of \$37 million, driven by lower collective provision releases in the current period, partly offset by lower individually assessed provisions.

Loan impairment expense annualised as a percentage of average gross loans and acceptances (GLAAs) decreased 2 basis points to 9 basis points.

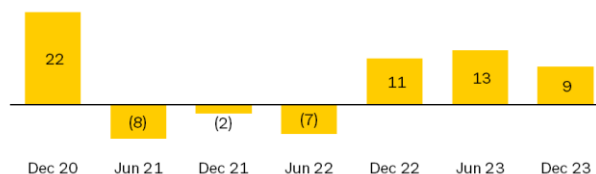
### Half Year Ended December 2023 versus June 2023

Loan impairment expense decreased \$182 million on the prior half. This was driven by:

- A decrease in Retail Banking Services of \$131 million, driven by lower collective provision charges reflecting higher house prices, partly offset by ongoing cost of living pressures and higher interest rates;
- A decrease in Institutional Banking and Markets of \$40 million, driven by higher collective provision releases reflecting ratings upgrades for a number of clients and writebacks;
- A decrease in Business Banking of \$25 million, driven by lower specific provision charges due to fewer customer downgrades, partly offset by higher collective provisions; and
- A decrease in New Zealand of \$5 million, driven by lower home lending collective provisioning reflecting improved house prices, partly offset by lower consumer finance provisioning in the prior half; partly offset by
- An increase in Corporate Centre and Other of \$19 million, driven by higher individually assessed provisions in PTBC.

Loan impairment expense annualised as a percentage of average gross loans and acceptances (GLAAs) decreased 4 basis points.

**Half Year Loan Impairment Expense  
annualised as a percentage of average GLAAs (bpts)**



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# Group Performance Analysis (continued)

## Taxation Expense (continuing operations basis)

	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
	\$M	\$M	\$M		
Corporate tax expense (\$M)	2,204	1,938	2,159	14	2
Effective tax rate - "cash basis" (%)	30.5	28.4	29.4	210 bpts	110 bpts

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

### Half Year Ended December 2023 versus December 2022

Corporate tax expense for the half year ended 31 December 2023 was \$2,204 million, an increase of \$45 million or 2% on the prior comparative period, reflecting a 30.5% effective tax rate.

The increase in effective tax rate from 29.4% to 30.5% was due to an increase in hybrid capital distributions that are non-deductible for tax purposes and the repeal of the offshore banking unit tax concession from 1 July 2023.

### Half Year Ended December 2023 versus June 2023

Corporate tax expense increased \$266 million or 14% on the prior half.

The 210 basis point increase in effective tax rate from 28.4% to 30.5% was primarily due to a one-off impact in the prior half relating to the finalisation of prior year tax matters.

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# Group Performance Analysis (continued)

## Group Assets and Liabilities

	As at <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
	\$M	\$M	\$M		
<b>Total Group Assets and Liabilities</b>					
<b>Interest earning assets</b>					
Home loans <sup>2</sup>	650,461	652,218	639,326	–	2
Consumer finance	17,482	17,042	16,974	3	3
Business and corporate loans	258,629	261,512	254,242	(1)	2
<b>Loans and other receivables <sup>3</sup></b>	<b>926,572</b>	<b>930,772</b>	<b>910,542</b>	<b>–</b>	<b>2</b>
Non-lending interest earning assets <sup>4</sup>	289,317	272,007	267,103	6	8
<b>Total interest earning assets</b>	<b>1,215,889</b>	<b>1,202,779</b>	<b>1,177,645</b>	<b>1</b>	<b>3</b>
Other assets <sup>3</sup>	58,689	49,639	54,533	18	8
Assets held for sale <sup>5</sup>	1,391	5	3	large	large
<b>Total assets</b>	<b>1,275,969</b>	<b>1,252,423</b>	<b>1,232,181</b>	<b>2</b>	<b>4</b>
<b>Interest bearing liabilities</b>					
Transaction deposits <sup>6</sup>	185,429	196,617	193,500	(6)	(4)
Savings deposits <sup>6</sup>	283,677	276,518	266,765	3	6
Investment deposits	243,836	225,502	206,893	8	18
Other demand deposits	48,196	46,183	52,001	4	(7)
<b>Total interest bearing deposits</b>	<b>761,138</b>	<b>744,820</b>	<b>719,159</b>	<b>2</b>	<b>6</b>
Debt issues	139,275	122,267	118,843	14	17
Term funding from central banks <sup>7</sup>	36,591	54,220	56,011	(33)	(35)
Other interest bearing liabilities <sup>4</sup>	102,048	97,785	86,560	4	18
<b>Total interest bearing liabilities</b>	<b>1,039,052</b>	<b>1,019,092</b>	<b>980,573</b>	<b>2</b>	<b>6</b>
Non-interest bearing transaction deposits	110,820	118,475	130,542	(6)	(15)
Other non-interest bearing liabilities	52,113	43,223	48,745	21	7
Liabilities held for sale <sup>5</sup>	1,145	–	–	n/a	n/a
<b>Total liabilities</b>	<b>1,203,130</b>	<b>1,180,790</b>	<b>1,159,860</b>	<b>2</b>	<b>4</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 Home loans are presented gross of \$75,112 million of mortgage offset balances (30 June 2023: \$69,136 million; 31 December 2022: \$70,190 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.

3 Loans and other receivables exclude provisions for impairment which are included in other assets.

4 Non-lending interest earning assets include reverse sale and repurchase agreements. Other interest bearing liabilities include sale and repurchase agreements.

5 Current period balances have been impacted by the announced divestment of PT Bank Commonwealth. For details on the Group's discontinued operations and business held for sale, refer to Note 7.3.

6 Transaction and savings deposits includes \$75,112 million of mortgage offset balances (30 June 2023: \$69,136 million; 31 December 2022: \$70,190 million).

7 Term funding from central banks includes the drawn balances of the RBA Term Funding Facility and the RBNZ Funding for Lending Programme and Term Lending Facility.

## Half Year Ended December 2023 versus December 2022

Total assets were \$1,276 billion, an increase of \$44 billion or 4% on the prior comparative period, driven by growth in non-lending interest earning assets, home loans, business and corporate loans, other assets and consumer finance balances.

Total liabilities were \$1,203 billion, an increase of \$43 billion or 4% on the prior comparative period, driven by growth in deposits, debt issues, and other interest bearing liabilities, partly offset by a decrease in non-interest bearing transaction deposits and term funding from central banks.

The Bank continued to fund a significant portion of lending growth from customer deposits. Customer deposits represented 75% of total funding (31 December 2022: 75%).

### Home loans

Home loan balances increased \$11 billion to \$650 billion, a 2% increase on the prior comparative period. The increase was driven by Retail Banking Services and Business Banking. Domestic home loan growth of 2% was below system growth. Proprietary mix for CBA and Unloan branded home loans increased from 58% to 67% of new business flows.

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# Group Performance Analysis (continued)

## Group Assets and Liabilities (continued)

Australian home loans amount to \$582 billion (31 December 2022: \$570 billion) of which 70% were owner occupied, 29% were investment home loans and 1% were lines of credit (31 December 2022: 71% were owner occupied, 28% were investment home loans and 1% were lines of credit).

### Consumer Finance

Consumer finance balances were \$17 billion, a 3% increase on the prior comparative period, while system growth declined. The growth was driven by higher new business volumes in personal loans, and increased credit card accounts and spend.

### Business and corporate loans

Business and corporate loans increased \$4 billion to \$259 billion, a 2% increase on the prior comparative period. This was driven by a \$13 billion or 11% increase in Business Banking (above system growth) reflecting diversified lending across a number of industries, with the largest growth in the Agriculture, Hospitality and Business Services sectors. Institutional lending balances declined by \$9 billion or 9% primarily driven by a decrease in pooled facilities from government sector clients utilising excess funds from prior periods, together with reductions in the funds finance portfolio as a result of subdued global M&A activity. New Zealand business and rural lending increased \$1 billion or 3% (excluding the impact of FX).

### Non-lending interest earning assets

Non-lending interest earning assets increased \$22 billion to \$289 billion, an 8% increase on the prior comparative period. This was mainly driven by higher reverse sale and repurchase agreements in Global Markets.

### Other assets

Other assets, including derivative assets, property, plant and equipment and intangibles, increased \$4 billion to \$59 billion, an 8% increase on the prior comparative period, mainly driven by an increase in derivative assets due to movements in foreign currency and interest rates and higher commodities inventory balances in Institutional Banking and Markets.

### Total interest bearing deposits

Total interest bearing deposits increased \$42 billion to \$761 billion, a 6% increase on the prior comparative period. Growth was driven by a \$37 billion or 18% increase in investment deposits and a \$17 billion or 6% increase in savings deposits, partly offset by an \$8 billion or 4% decrease in transaction deposits reflecting customer switching to higher yielding deposits and a decrease in pooled facilities.

Domestic household deposits grew at 6%, below system growth.

### Debt issues

Debt issues increased \$20 billion to \$139 billion, a 17% increase on the prior comparative period, to meet the Group's funding requirements following maturities of the RBA Term Funding Facility.

Refer to pages 33-34 for further information on debt programs and issuance for the half year ended 31 December 2023.

### Term funding from central banks

Term funding from central banks includes the drawn balance of the RBA Term Funding Facility and the RBNZ Funding for Lending Programme and Term Lending Facility. Term funding from central banks decreased \$19 billion to \$37 billion, a 35% decrease on the prior comparative period, as the drawdowns on the RBA Term Funding Facility matured and were repaid.

### Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, increased \$15 billion to \$102 billion, an 18% increase on the prior comparative period. The increase was mainly driven by higher sale and repurchase agreements in Global Markets, and the issuances of additional Tier 2 Capital instruments and PERLS XVI.

### Non-interest bearing transaction deposits

Non-interest bearing transaction deposits decreased \$20 billion to \$111 billion, a 15% decrease on the prior comparative period. The decrease was driven by customer switching to higher yielding deposits.

### Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, increased \$3 billion or 7% on the prior comparative period. The increase was mainly driven by higher derivative liabilities due to movements in foreign currency and interest rates.

## Half Year Ended December 2023 versus June 2023

Total assets increased \$24 billion or 2% on the prior half, mainly driven by growth in non-lending interest earning assets and other assets, partly offset by business and corporate loans and home loans.

Total liabilities increased \$22 billion or 2% on the prior half, reflecting growth in debt issues, deposits, other non-interest bearing liabilities, and other interest bearing liabilities, partly offset by a decrease in term funding from central banks and non-interest bearing transaction deposits.

Customer deposits represented 75% of total funding (30 June 2023: 75%).

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# Group Performance Analysis (continued)

## Group Assets and Liabilities (continued)

### Home loans

Home loan balances declined \$2 billion on the prior half, driven by declines in Retail Banking Services and Business Banking, reflecting ongoing competition and a disciplined approach to managing margins to deliver sustainable returns. Domestic home loan balances were flat, below system growth. Proprietary mix for CBA and Unloan branded home loans increased from 61% to 67% of new business flows.

### Consumer finance

Consumer finance balances increased 3%, driven by growth in personal loans from higher new business volumes, and increased credit card accounts and spend (while system declined).

### Business and corporate loans

Business and corporate loans declined \$3 billion or 1% on the prior half, driven by a \$7 billion or 8% decline in Institutional lending balances due to a decrease in pooled facilities from government sector clients utilising excess funds from prior periods, together with reductions in the funds finance portfolio as a result of subdued global M&A activity, partly offset by growth in trade finance and structured lending portfolios. Business Banking balances grew by \$5 billion or 4% (above system growth) reflecting diversified lending across a number of industries, with the largest growth in the Wholesale, Business Services and Hospitality sectors. New Zealand business and rural lending decreased 1% on the prior half (excluding the impact of FX).

### Non-lending interest earning assets

Non-lending interest earning assets increased \$17 billion or 6% on the prior half. This was mainly driven by an increase in reverse sale and repurchase agreements.

### Other assets

Other assets, including derivative assets, property, plant and equipment and intangibles, increased \$9 billion or 18% on the prior half driven by higher commodities inventory balances in Institutional Banking and Markets and an increase in derivative assets due to movements in foreign currency and interest rates.

### Total interest bearing deposits

Total interest bearing deposits increased \$16 billion or 2% on the prior half. Growth was driven by an \$18 billion or 8% increase in investment deposits and \$7 billion or 3% increase in savings deposits, partly offset by an \$11 billion or 6% decline in transaction deposits reflecting customer switching to higher yielding deposits.

Domestic household deposits grew at 4%, below system growth.

### Debt issues

Debt issues increased \$17 billion or 14% on the prior half, to meet the Group's funding and liquidity requirements.

Refer to pages 33-34 for further information on debt programs and issuance for the half year ended 31 December 2023.

### Term funding from central banks

Term funding from central banks decreased \$18 billion or 33% on the prior half, as the initial drawdowns on the RBA Term Funding Facility matured and were repaid.

### Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, increased \$4 billion or 4% on the prior half. The increase was primarily driven by higher sale and repurchase agreements in Global Markets, and the issuances of additional Tier 2 Capital instruments.

### Non-interest bearing transaction deposits

Non-interest bearing transaction deposits decreased \$8 billion or 6% on the prior half, mainly driven by customer switching to higher yielding term deposits.

### Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, increased \$9 billion or 21% on the prior half. The increase was mainly driven by an increase in derivative liabilities due to movements in foreign currency and interest rates.

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# Group Operations & Business Settings



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# Contents

## 4. Group Operations & Business Settings

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# Group Operations & Business Settings

## Loan Impairment Provisions and Credit Quality Provisions for Impairment

	As at				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Provisions for impairment losses</b>					
Collective provisions	5,330	5,196	4,900	3	9
Individually assessed provisions	733	754	641	(3)	14
<b>Total provisions for impairment losses</b>	<b>6,063</b>	<b>5,950</b>	<b>5,541</b>	<b>2</b>	<b>9</b>
Less: Provision for off Balance Sheet exposures	(157)	(159)	(137)	(1)	15
<b>Total provisions for loan impairment</b>	<b>5,906</b>	<b>5,791</b>	<b>5,404</b>	<b>2</b>	<b>9</b>

### Half Year Ended December 2023 versus December 2022

Total provisions for impairment losses as at 31 December 2023 were \$6,063 million, an increase of \$522 million or 9% on the prior comparative period.

#### Collective provisions

- Consumer collective provisions increased \$332 million or 12% to \$3,004 million. This mainly reflects the impact of ongoing cost of living pressures and higher interest rates.
- Corporate collective provisions increased \$98 million or 4% to \$2,326 million. This reflects the impact on corporate profits of ongoing inflationary pressures, higher interest rates and an expected reduction in consumer discretionary spend.

#### Individually assessed provisions

- Corporate individually assessed provisions increased \$90 million or 17% to \$615 million. This was mainly driven by the impairment of a small number of exposures across various industry sectors.
- Consumer individually assessed provisions increased \$2 million or 2% to \$118 million, reflecting increasing arrears in the Australian and New Zealand home lending portfolios.

### Half Year Ended December 2023 versus June 2023

Total provisions for impairment losses increased \$113 million or 2% on the prior half.

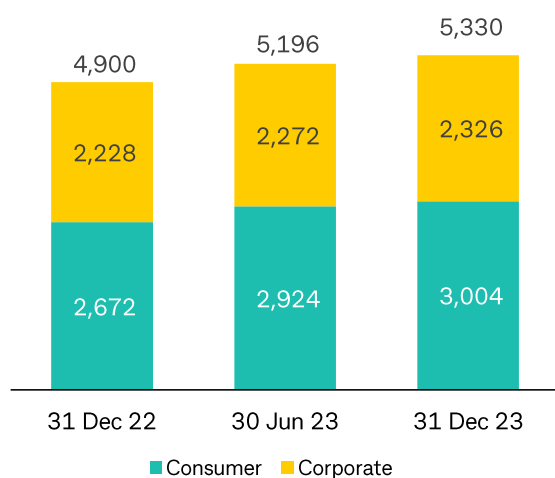
#### Collective provisions

- Consumer collective provisions increased \$80 million or 3%. This mainly reflects the impact of ongoing cost of living pressures and higher interest rates.
- Corporate collective provisions increased \$54 million or 2%. This reflects the impact on corporate profits of ongoing inflationary pressures, higher interest rates and an expected reduction in consumer discretionary spend.

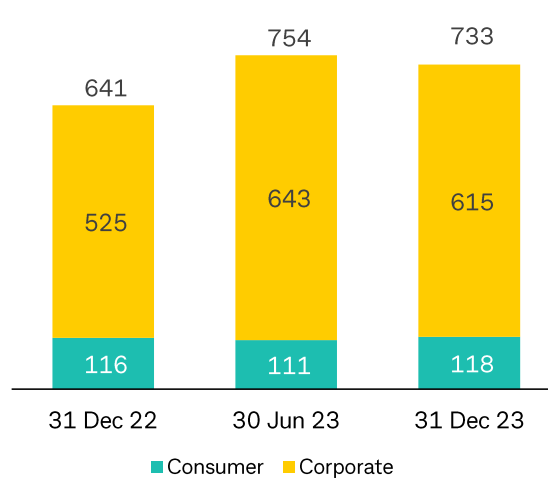
#### Individually assessed provisions

- Corporate individually assessed provisions decreased \$28 million or 4%. This was mainly driven by the write-off for a small number of exposures.
- Consumer individually assessed provisions increased \$7 million or 6%, reflecting increasing arrears in the Australian and New Zealand home lending portfolios.

Collective Provisions (\$M)



Individually Assessed Provisions (\$M)



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# Group Operations & Business Settings (continued)

## Loan Impairment Provisions and Credit Quality (continued)

### Credit Quality

Credit Quality Metrics	Half Year Ended				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Gross loans and acceptances (GLAA) (\$M)	929,609	933,251	912,835	–	2
Credit RWA (\$M)	368,735	362,869	402,017	2	(8)
Gross impaired assets (\$M)	3,237	3,326	3,036	(3)	7
Net impaired assets (\$M)	2,154	2,219	2,084	(3)	3
<b>Provision Ratios</b>					
Collective provision as a % of credit RWA <sup>1</sup>	1.45	1.43	1.22	2 bpts	23 bpts
Total provisions as a % of credit RWA <sup>1</sup>	1.64	1.64	1.38	–	26 bpts
Total provisions for impaired assets as a % of gross impaired assets	33.46	33.28	31.36	18 bpts	210 bpts
Total provisions for impaired assets as a % of gross impaired assets (corporate)	55.24	54.89	51.42	35 bpts	382 bpts
Total provisions for impaired assets as a % of gross impaired assets (consumer)	19.90	19.28	18.87	62 bpts	103 bpts
Total provisions for impairment losses as a % of GLAAs	0.65	0.64	0.61	1 bpt	4 bpts
<b>Asset Quality Ratios</b>					
Gross impaired assets as a % of GLAAs	0.35	0.36	0.33	(1)bpt	2 bpts
Loans 90+ days past due but not impaired as a % of GLAAs	0.35	0.33	0.30	2 bpts	5 bpts
Loan impairment expense annualised as a % of average GLAAs	0.09	0.13	0.11	(4)bpts	(2)bpts
Net write-offs annualised as a % of GLAAs	0.07	0.05	0.08	2 bpts	(1)bpt
Non-retail total committed exposures rated investment grade (%) <sup>2</sup>	67.72	69.27	71.03	(155)bpts	(331)bpts
Troublesome and impaired assets as a % of total committed exposures	0.49	0.51	0.46	(2)bpts	3 bpts
<b>Australian Home Loan Portfolio</b>					
Portfolio dynamic LVR (%) <sup>3</sup>	44.54	44.86	44.26	(32)bpts	28 bpts
Customers in advance (%) <sup>4</sup>	79.11	77.95	77.63	116 bpts	148 bpts

1 31 December 2023 and 30 June 2023 ratios are prepared in accordance with APRA's revised capital framework effective from 1 January 2023. 31 December 2022 ratios are prepared in accordance with the previous APRA framework that was effective up until 31 December 2022.

2 Investment grades based on CBA grade in S&P equivalent.

3 Loan to value ratio (LVR) defined as current balance as a percentage of the current valuation on Australian home loan portfolio.

4 Any amount ahead of monthly minimum repayment (including offset facilities).

### Provision Ratios and Impaired Assets

As at 31 December 2023, total provisions as a proportion of credit RWA was flat on the prior half at 1.64%, reflecting a proportionate increase in collective provisions and credit RWAs.

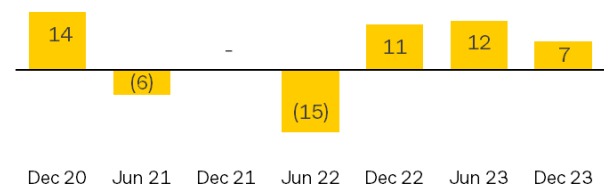
Gross impaired assets were \$3,237 million, a decrease of \$89 million or 3% on the prior half mainly driven by a reduction in restructures in the New Zealand home lending portfolio. Gross impaired assets as a proportion of GLAAs were 0.35%, a decrease of 1 basis point on the prior half.

Provision coverage for the impaired asset portfolio was 33.46%, an increase of 18 basis points on the prior half, driven by a reduction in New Zealand home loan impairments partly offset by the write-off of a small number of exposures in the corporate portfolio.

### Retail Portfolio Asset Quality

Consumer loan impairment expense (LIE) as a percentage of average gross loans and acceptances (GLAAs) was 7 basis points, a decrease of 5 basis points on the prior half, driven by higher collective provision charges in the prior half reflecting higher forward looking adjustments to reflect the expected impact of cost of living pressures and rising interest rates.

#### Consumer LIE Half Year Loan Impairment Expense annualised as percentage of average GLAAs (bpts)



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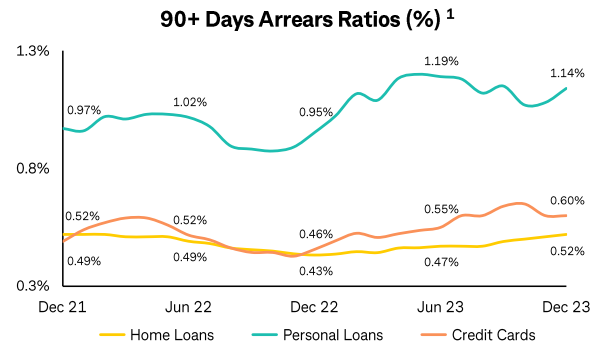
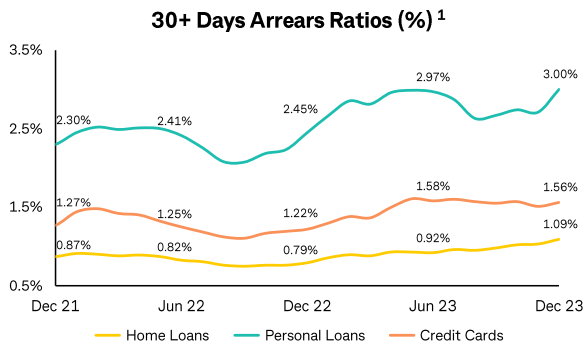
# Group Operations & Business Settings (continued)

## Loan Impairment Provisions and Credit Quality (continued)

### Retail Portfolio Asset Quality (continued)

Home loan 90+ days arrears were 0.52%, an increase of 5 basis points on the prior half, reflecting ongoing pressures from higher interest rates and cost of living. Credit cards 90+ days arrears were 0.60%, an increase of 5 basis points on the prior half, reflecting cost of living pressures. Personal loans 90+ days arrears were 1.14%, a decrease of 5 basis points, reflecting improvements in origination quality.

The home loan dynamic LVR was 44.54%, a decrease of 32 basis points on the prior half. The home lending book remains well secured and the majority of home lending customers remain in advance of scheduled repayments.



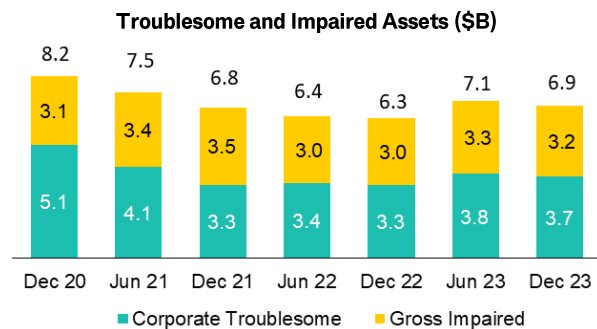
<sup>1</sup> Includes retail portfolios of Retail Banking Services, Business Banking and New Zealand.

### Corporate Portfolio Asset Quality

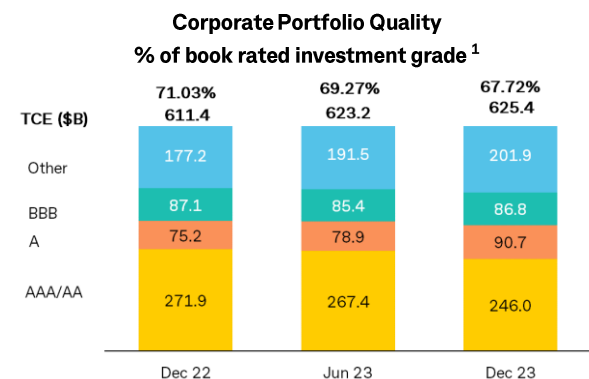
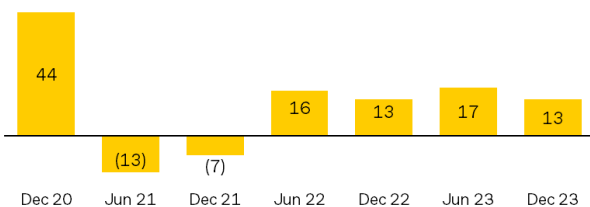
Corporate troublesome exposures were \$3.7 billion, a decrease of \$0.1 billion or 3% on the prior half, mainly driven by upgrades and repayments across a small number of exposures.

Investment grade rated exposures decreased 155 basis points on the prior half to 67.72% of overall portfolio risk rated counterparties, principally due to a reduction in exposure to institutional grade counterparties.

Corporate LIE as a percentage of gross loans and acceptances was 13 basis points, a decrease of 4 basis points on the prior half, mainly driven by lower individual provision charges in the current half.



**Corporate LIE**  
**Half Year Loan Impairment Expense**  
**annualised as percentage of average GLAA (bpts)**



<sup>1</sup> CBA grades in S&P equivalents.

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# Group Operations & Business Settings (continued)

## Loan Impairment Provisions and Credit Quality (continued)

### Industry Exposure and Asset Quality

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half.

Movements in troublesome and impaired assets (TIA) were mixed across sectors, as total TIA decreased \$209 million on the prior half to \$6,890 million.

TIA as a percentage of total committed exposures (TCE) was 0.49%, a decrease of 2 basis points on the prior half.

The decrease in TIA over the half is concentrated in:

- Commercial Property (down 27 basis points or \$241 million) driven by repayments across a small number of exposures.
- Electricity, Gas & Water (down 81 basis points or \$110 million) driven by upgrade of a single name exposure.
- Retail Trade (down 79 basis points or \$110 million) driven by partial repayment of a large single name exposure and reduced exposures to a number of small TIA exposures.

Which was partly offset by increase in TIA in:

- Agriculture & Forestry (up 39 basis points or \$150 million) due to falling sheep and cattle prices in Australia and weaker dairy prices in New Zealand.
- Construction (up 32 basis points or \$79 million) due to cost escalations and the level of fixed price contracts, which have affected liquidity, as well as labour shortage.

Management is closely monitoring sectors of continued or potential increased stress, including Agriculture & Forestry, Construction, Commercial Property, Retail Trade and Entertainment, Leisure & Tourism.

Sector	Total Committed Exposures (TCE)		Troublesome and Impaired Assets (TIA)		TIA % of TCE	
	31 Dec 23	30 Jun 23	31 Dec 23	30 Jun 23	31 Dec 23	30 Jun 23
	%	%	\$M	\$M	%	%
Consumer	55.4	55.5	1,995	2,018	0.26	0.26
Government, Admin. & Defence	14.8	16.5	–	–	–	–
Finance & Insurance	8.1	7.0	89	98	0.08	0.10
Commercial Property	6.7	6.6	646	887	0.69	0.96
Agriculture & Forestry	2.2	2.1	787	637	2.52	2.13
Transport & Storage	1.9	1.8	202	208	0.78	0.84
Manufacturing	1.5	1.4	401	368	1.96	1.91
Entertainment, Leisure & Tourism	1.2	1.1	361	373	2.18	2.33
Wholesale Trade	1.2	1.1	390	394	2.30	2.48
Retail Trade	1.1	1.1	300	410	1.87	2.66
Health & Community Service	1.1	1.0	376	337	2.44	2.30
Business Services	1.1	1.0	228	237	1.48	1.62
Electricity, Water & Gas	1.1	1.0	8	118	0.05	0.86
Construction	0.9	0.8	728	649	5.82	5.50
Mining	0.5	0.5	33	63	0.49	0.86
Media & Communications	0.4	0.4	73	58	1.32	1.01
Education	0.3	0.3	47	18	1.30	0.49
Personal & Other Services	0.2	0.2	67	33	2.01	1.00
Other	0.3	0.6	159	193	2.97	3.24
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>6,890</b>	<b>7,099</b>	<b>0.49</b>	<b>0.51</b>

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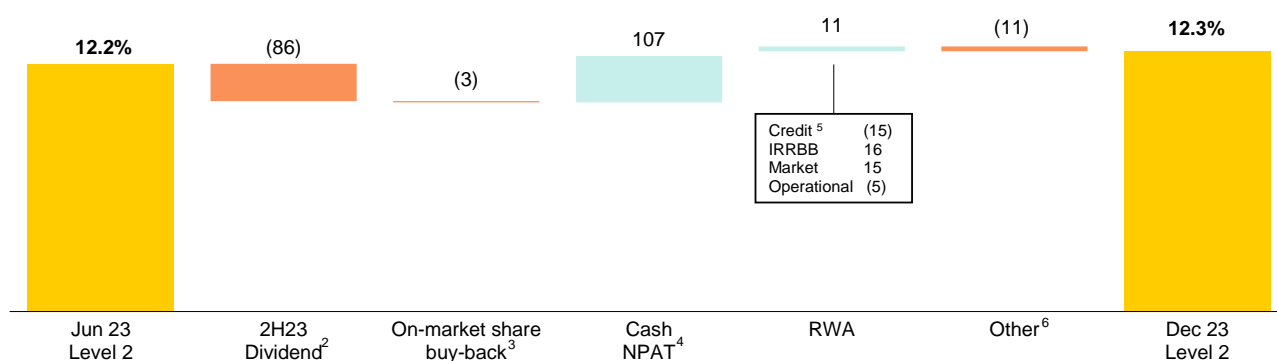
# Group Operations and Business Settings (continued)

## Capital

Summary Group Capital Adequacy Ratios	As at <sup>1</sup>				
	31 Dec 23 %	30 Jun 23 %	31 Dec 22 %	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Common Equity Tier 1	12.3	12.2	11.4	10 bpts	90 bpts
Additional Tier 1	2.4	2.3	1.9	10 bpts	50 bpts
Tier 1	14.7	14.5	13.3	20 bpts	140 bpts
Tier 2	5.8	5.5	4.5	30 bpts	130 bpts
<b>Total Capital (APRA)</b>	<b>20.5</b>	<b>20.0</b>	<b>17.8</b>	<b>50 bpts</b>	<b>270 bpts</b>

<sup>1</sup> 31 December 2023 and 30 June 2023 ratios are prepared in accordance with APRA's revised capital framework effective from 1 January 2023. 31 December 2022 ratios are prepared in accordance with the previous APRA framework that was effective up until 31 December 2022.

### Capital – CET1 (APRA)<sup>1</sup>



- Due to rounding, numbers presented in this section may not sum precisely to the totals provided.
- The 2023 final dividend included the on-market purchase of \$727 million of shares (CET1 impact of -16 bpts) in respect of the Dividend Reinvestment Plan.
- On 9 August 2023, the Group announced its intention to conduct a further on-market share buy-back of up to \$1 billion of CBA ordinary shares, with 1,517,388 ordinary shares bought back at \$101.49 in the half year ended 31 December 2023.
- Excludes equity accounted profits/losses from investments as it is capital neutral with offsetting changes in capital deductions.
- Excludes impact of foreign exchange movements which is included in 'Other'.
- Includes the impact of intangibles, FX impact on Credit RWA, equity accounted profits/losses from associates, movements in reserves and other regulatory adjustments.

### Capital Position

The Group's CET1 ratio was 12.3% as at 31 December 2023, compared with 12.2% as at 30 June 2023. The CET1 ratio was well above APRA's regulatory requirement at all times throughout the half year ended 31 December 2023.

Key drivers of the change in CET1 for the 6 months ended 31 December 2023 were:

- Capital generated from earnings;
- Lower total RWA from decreases in IRRBB and Traded Market Risk RWA, partly offset by higher Credit Risk and Operational Risk RWA; partly offset by
- The payment of the 2H23 dividend;
- Completion of \$0.2 billion of the \$1 billion on-market share buy-back; and
- Other regulatory adjustments and movement in reserves.

Further details on the movements in RWA are provided on page 29.

### Capital Initiatives

In addition to the on-market share buy-back, the following significant capital initiatives were undertaken during the half year ended 31 December 2023:

#### Common Equity Tier 1 Capital

The Dividend Reinvestment Plan (DRP) in respect of the 2023 final dividend was satisfied in full by the on-market purchase of shares. The participation rate for the DRP was 18.1%.

#### Tier 2 Capital

The Group issued the following Basel III compliant subordinated notes:

- AUD85 million in September 2023;
- Two subordinated notes in October 2023, AUD550 million and AUD700 million respectively; and
- AUD300 million in December 2023.

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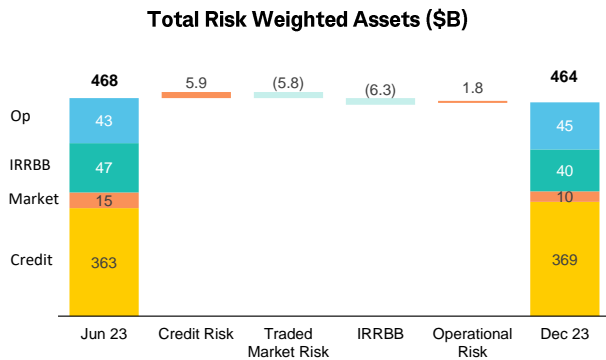
# Group Operations and Business Settings (continued)

## Capital (continued)

### Risk Weighted Assets (RWA) <sup>1</sup>

#### Total Group Risk Weighted Assets

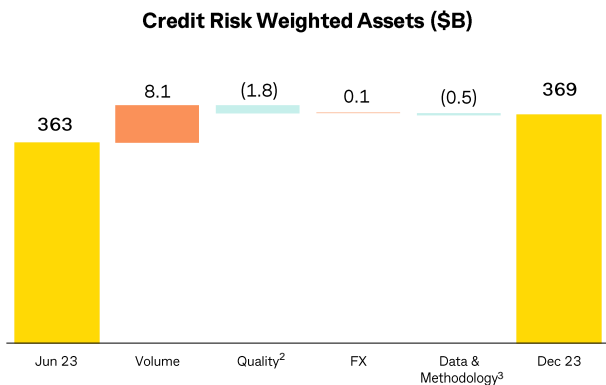
Total RWA decreased \$4.4 billion or 1.0% on the prior half to \$463.6 billion, driven by decreases in Interest Rate Risk in the Banking Book RWA and Traded Market Risk RWA; partly offset by higher Credit Risk and Operational Risk RWA.



#### Credit Risk Weighted Assets

Credit Risk RWA increased \$5.9 billion or 2% on the prior half to \$368.7 billion. Key drivers include:

- Volume growth (increase of \$8.1 billion) across commercial portfolios, financial institutions, unsecured retail portfolios, standardised exposures and derivatives; partly offset by lower domestic residential mortgages; and
- Foreign currency movements (increase of \$0.1 billion); partly offset by
- Credit quality (decrease of \$1.8 billion), primarily driven by improvements in retail, commercial and institutional portfolios; and
- Data and methodology (decrease of \$0.5 billion), primarily relating to residential mortgages.



- 1 Due to rounding, numbers presented in this section may not sum precisely to the totals provided.
- 2 Credit quality includes portfolio mix.
- 3 Includes data and methodology, credit risk estimates changes and regulatory treatments.

#### Traded Market Risk Weighted Assets

Traded Market Risk RWA decreased \$5.8 billion or 37% on the prior half to \$9.6 billion, driven by the implementation of a new APRA accredited market risk engine on 3 July 2023.

#### Interest Rate Risk Weighted Assets

IRRBB RWA decreased \$6.3 billion or 13% on the prior half to \$40.3 billion. This was driven by lower embedded losses due to lower swap rates.

#### Operational Risk Weighted Assets

Operational Risk RWA increased \$1.8 billion or 4% on the prior half to \$45.0 billion. This was primarily driven by higher average net interest income over the past 3 years under the new standardised measurement approach.

#### Regulatory Framework

On 1 January 2023, APRA implemented revisions to the capital framework for Authorised Deposit-taking Institutions (ADIs), to increase the risk sensitivity within the capital framework, to enhance the ability of ADIs to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards.

Currently, the APRA prudential standards prescribe a minimum CET1 Capital ratio of 10.25% for Internal Ratings-based (IRB) ADIs such as CBA, comprising of a minimum Prudential Capital Requirement (PCR) of 4.5% and a capital conservation buffer (CCB) of 5.75%, which includes a Domestic Systemically Important Bank (D-SIB) buffer of 1% and a baseline countercyclical capital buffer (CCyB) <sup>4</sup> set at 1%. The CCyB, which may be varied by APRA in the range of 0%-3.50%, can be released in times of systemic stress and post-stress recovery.

The Group expects to operate with a post-dividend CET1 Capital ratio of greater than 11%, compared to the APRA minimum of 10.25%, except in circumstances of unexpected capital volatility.

The Tier 1 and Total Capital ratio requirements as at 31 December 2023 were 11.75% and 13.75%, respectively.

Under APRA's loss-absorbing capacity requirements, the minimum Total Capital ratio requirement for D-SIBs, including CBA, has increased to 16.75% effective from 1 January 2024. From 1 January 2026, the requirement will increase to 18.25%.

- 4 In December 2023, APRA announced that the CCyB for Australian exposures will remain at 1%. The Group has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed.

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# Group Operations and Business Settings (continued)

## Capital (continued)

### Regulatory Developments

#### IRRBB Consultation

On 12 December 2023, APRA released an updated draft APS 117 “Capital Adequacy: Interest Rate Risk in the Banking Book”, which sets out the requirements that an ADI must meet in managing its Interest Rate Risk in the Banking Book (IRRBB), in response to the November 2022 consultation on proposed changes to the standard. APRA intends to finalise the consultation by mid-2024 ahead of implementation on 1 October 2025.

#### Traded Market Risk and Counterparty Credit Risk

APRA is expected to commence consultation on revisions to APS 116 “Capital Adequacy: Market Risk”, and APS 180 “Capital Adequacy: Counterparty Credit Risk” in 2024 with revisions to both standards expected to be implemented in 2026.

#### New Zealand bank capital adequacy requirements

The Reserve Bank of New Zealand’s revisions to bank capital adequacy requirements are being implemented in stages during a transition period from October 2021 to July 2028. By the end of the transition period, the minimum Tier 1 and Total capital requirements for banks deemed systemically important, including ASB, will increase to 16% and 18% of RWA respectively, of which 13.5% must be in the form of CET1 capital while Tier 2 capital can contribute up to a maximum of 2% of the Total capital requirement.

As at 31 December 2023, the CET1, Tier 1 and Total capital ratio requirements for ASB were 9%, 10.5% and 12.5%, respectively.

#### Resolution Planning

On 18 May 2023, APRA released its final Prudential Standard CPS 900 “Resolution Planning”, which aims to ensure that an APRA-regulated entity can be managed by APRA in an orderly manner where that entity is unable to, or is likely to be unable to, meet its obligations or suspends, or is likely to suspend, payments. In such circumstances, the aim of the resolution is to protect beneficiaries, minimise disruption to the financial system and provide continuity of functions that are critical for the economy. CPS 900 came into effect on 1 January 2024.

#### Prudential framework for groups

On 24 October 2022, APRA released a letter to all APRA regulated entities indicating that it is reviewing the prudential framework for groups operating in the Australian banking sector to ensure it caters for the increasing array of new groups and it is consistently applied across different structures. APRA is yet to formally consult on any revisions to the relevant standards.

#### Recovery and Exit Planning

On 1 December 2022, APRA released its final Prudential Standard CPS 190 “Recovery and Exit Planning”, aimed at reinforcing the resilience of the financial system. The new standard aims to ensure that APRA regulated entities are better prepared to manage periods of severe financial stress. CPS 190 came into effect on 1 January 2024 for banks.

#### APRA Discussion Paper: “Enhancing Bank Resilience: Additional Tier 1 Capital in Australia”

On 21 September 2023, APRA released a discussion paper outlining potential options for, and seeking feedback from stakeholders on, the effectiveness of Additional Tier 1 Capital in Australia. APRA intends to follow this process with a formal consultation in 2024 on any proposed amendments to prudential standards.

#### Targeted changes to ADI liquidity and capital standards

On 15 November 2023, APRA commenced consultation on proposed targeted revisions to ADIs’ liquidity and capital requirements with the aim to ensure that ADIs have strong crisis preparedness, prudently value their liquid assets and minimise potential contagion risks. APRA intends to finalise the consultation in the first half of 2024, ahead of implementation from 1 January 2025.

#### Pillar 3 Disclosures

Details on the Bank’s market disclosures required under Pillar 3, per APRA Prudential Standard APS 330 “Public Disclosure”, are provided on the Bank’s website at:

[www.commbank.com.au/regulatorydisclosures](http://www.commbank.com.au/regulatorydisclosures)

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# Group Operations and Business Settings (continued)

## Leverage Ratio

Summary Group Leverage Ratio	As at <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Tier 1 Capital (\$M)	68,093	67,771	66,864	–	2
Total Exposures (\$M) <sup>2</sup>	1,362,098	1,334,426	1,318,783	2	3
<b>Leverage Ratio (APRA) (%)</b>	<b>5.0</b>	5.1	5.1	(10)bpts	(10)bpts

- 31 December 2023 and 30 June 2023 are prepared in accordance with APRA's revised capital framework effective from 1 January 2023. 31 December 2022 is prepared in accordance with the previous APRA framework that was effective up until 31 December 2022.
- Total exposures are the sum of on Balance Sheet exposures, derivatives, Securities Financing Transactions (SFTs), and off Balance Sheet exposures, net of any Tier 1 regulatory deductions, as outlined in APS 110 "Capital Adequacy".

The Group's leverage ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.0% at 31 December 2023. The ratio reduced by 10 basis points on the prior half with an increase in exposures and payment of the 2H23 dividend, partly offset by capital generated from earnings.

Under APRA's revised capital framework effective 1 January 2023, the minimum leverage ratio requirement for IRB banks, such as CBA, is 3.5%.

## Dividends

### Interim dividend for the Half Year Ended 31 December 2023

The interim dividend determined was \$2.15 per share, an increase of 5 cents on the prior comparative period. The dividend payout ratio ("cash basis") for the half year ended 31 December 2023 was 72%.

The interim dividend will be fully franked and will be paid on or around 28 March 2024 to owners of ordinary shares at the close of business on 22 February 2024 (record date). Shares will be quoted ex-dividend on 21 February 2024.

### Dividend Reinvestment Plan (DRP)

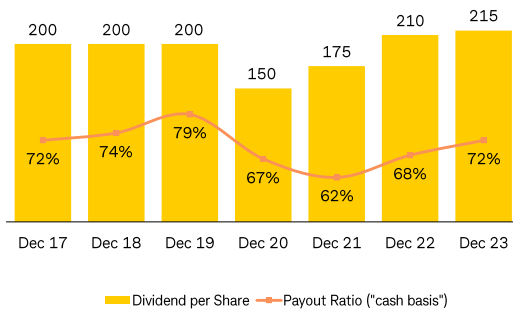
The DRP will continue to be offered to shareholders, and no discount will be applied to shares allocated under the plan for the interim dividend. The DRP for the 2024 interim dividend is anticipated to be satisfied in full by an on-market purchase of shares.

### Dividend Policy

The Bank will seek to:

- Pay cash dividends at a sustainable level;
- Target a full year payout ratio of 70% to 80%; and
- Maximise the use of its franking account by paying fully franked dividends.

Interim Dividend History (cents per share) <sup>1</sup>



- Comparative information has been restated to conform to presentation in the current period.

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# Group Operations and Business Settings (continued)

## Liquidity

Level 2	Quarterly Average Ended <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Liquidity Coverage Ratio (LCR) Liquid Assets</b>					
High Quality Liquid Assets (HQLA) <sup>2</sup>	186,738	189,419	185,465	(1)	1
Committed Liquidity Facility (CLF) <sup>3</sup>	–	–	7,500	–	(large)
<b>Total LCR liquid assets</b>	<b>186,738</b>	<b>189,419</b>	<b>192,965</b>	<b>(1)</b>	<b>(3)</b>
<b>Net Cash Outflows (NCO)</b>					
Customer deposits	104,953	108,871	111,862	(4)	(6)
Wholesale funding	12,868	17,828	16,178	(28)	(20)
Other net cash outflows <sup>4</sup>	19,310	17,958	19,049	8	1
<b>Total NCO</b>	<b>137,131</b>	<b>144,657</b>	<b>147,089</b>	<b>(5)</b>	<b>(7)</b>
<b>Liquidity Coverage Ratio (%)</b>	<b>136</b>	<b>131</b>	<b>131</b>	<b>500 bpts</b>	<b>500 bpts</b>
<b>LCR Surplus</b>	<b>49,607</b>	<b>44,762</b>	<b>45,876</b>	<b>11</b>	<b>8</b>

1 The averages presented are calculated as simple averages of daily observations over the quarter. Spot LCR for 31 December 2023 was 130% (30 June 2023: 128%; 31 December 2022: 130%).

2 Includes all repo-eligible securities with the Reserve Bank of New Zealand. The amount of open-repo of Internal Residential Mortgage-Backed Securities and Exchange Settlement Account (ESA) cash balance held by the Reserve Bank of Australia to facilitate intra-day cash flows is shown net.

3 Committed Liquidity Facility (CLF) was phased out by 1 January 2023 (31 December 2022: \$7.5 billion).

4 Includes cash inflows.

### Liquidity Coverage Ratio (LCR)

The Group holds high quality, well diversified liquid assets to meet Balance Sheet liquidity needs, and regulatory requirements, including APRA's Liquidity Coverage Ratio (LCR). The LCR requires Australian Authorised Deposit-taking Institutions (ADIs) to hold sufficient liquid assets to meet 30 day Net Cash Outflows (NCOs) projected under a prescribed stress scenario. LCR liquid assets consist of High Quality Liquid Assets (HQLA) in the form of cash, deposits with central banks, and government securities.

The Group's December 2023 quarterly average LCR was 136%, an increase of 5% compared to quarterly averages ended 30 June 2023 and 31 December 2022. The LCR remains well above the regulatory minimum of 100%.

Compared to the quarterly average ended 30 June 2023, the Group's LCR liquid assets decreased \$2.7 billion or 1%, primarily driven by cash management activities over the quarter ended 31 December 2023. 30 day modelled NCOs decreased \$7.5 billion or 5%, due to a reduction in cash flows from wholesale funding maturities and customer deposit switching to higher yield term deposits.

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# Group Operations and Business Settings (continued)

## Funding

	As at				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Group Funding <sup>1</sup></b>					
<b>Customer deposits</b>	<b>824,575</b>	818,974	799,608	1	3
Short-term wholesale funding <sup>2</sup>	<b>81,206</b>	71,087	77,709	14	5
Long-term wholesale funding - less than or equal to one year residual maturity <sup>3</sup>	<b>48,684</b>	67,683	36,941	(28)	32
Long-term wholesale funding - more than one year residual maturity <sup>3</sup>	<b>147,185</b>	138,409	158,542	6	(7)
IFRS MTM and derivative FX revaluations	<b>(6,456)</b>	(8,828)	(8,334)	(27)	(23)
<b>Total wholesale funding</b>	<b>270,619</b>	268,351	264,858	1	2
Short-term collateral deposits <sup>4</sup>	<b>(586)</b>	4,871	585	(large)	(large)
<b>Total funding</b>	<b>1,094,608</b>	1,092,196	1,065,051	-	3

1 Shareholders' equity is excluded from this view of funding sources.

2 Short-term wholesale funding includes debt with an original maturity or call date of less than or equal to 12 months, and consists of certificates of deposit and bank acceptances, debt issued under the Euro Medium Term Note (EMTN) programme and the domestic, Euro and US commercial paper programmes of Commonwealth Bank of Australia and ASB. Short-term wholesale funding also includes deposits from banks and central banks as well as net securities that are not classified as high quality liquid assets sold or purchased under repurchase agreements.

3 Long-term wholesale funding includes debt with an original maturity or call date of greater than 12 months and the Group's drawn TFF allowance.

4 Short-term collateral deposits includes net collateral received, Vostro balances, and other net repurchase agreements not reported above, including the amount pledged with the Reserve Bank to facilitate intra-day cash flows in the Exchange Settlement Account (ESA).

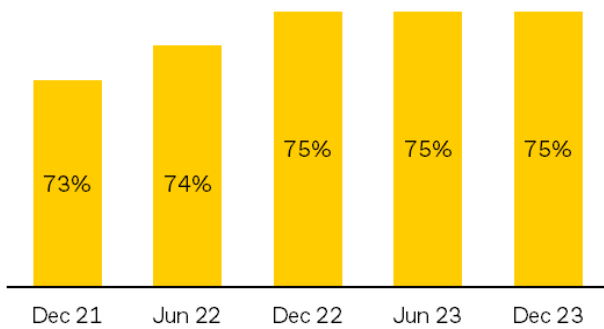
### Customer Deposits

Customer deposits accounted for 75% of total funding at 31 December 2023 (30 June 2023: 75%, 31 December 2022: 75%). The Group satisfied a significant proportion of its funding requirements from retail, business, and institutional customer deposits.

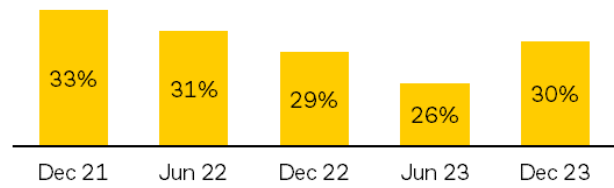
### Short-Term Wholesale Funding

Short-term wholesale funding accounted for 30% of total wholesale funding at 31 December 2023 (30 June 2023: 26%, 31 December 2022: 29%). The Group continues to maintain a conservative funding mix.

Customers Deposits to Total Funding Ratio



Short-Term to Total Wholesale Funding Ratio



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# Group Operations and Business Settings (continued)

## Funding (continued)

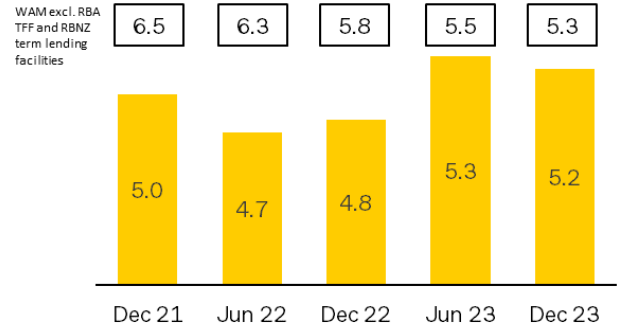
### Long-Term Wholesale Funding

Long-term wholesale funding (including IFRS MTM and derivative FX revaluations) accounted for 70% of total wholesale funding at 31 December 2023 (30 June 2023: 74%, 31 December 2022: 71%).

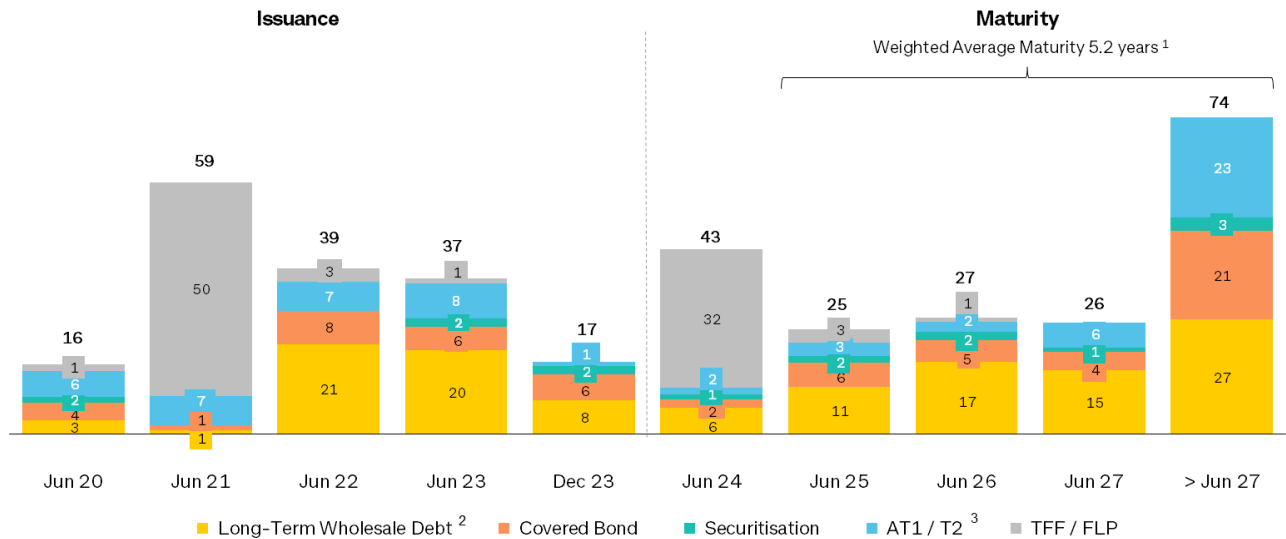
During the half year to 31 December 2023, the Group raised \$17 billion of long-term wholesale funding across various instruments. The Group will be actively managing the maturity profile of the TFF across the 2024 financial year through a range of funding sources.

The Weighted Average Maturity (WAM) of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 31 December 2023 was 5.2 years (5.3 years excluding the RBA TFF and RBNZ term lending facilities).

### Weighted Average Maturity of Long-Term Wholesale Debt (years) <sup>1</sup>



### Long-Term Wholesale Funding Profile (\$B)



- 1 Represents the weighted average maturity of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 31 December 2023 including the RBA TFF and RBNZ term lending facilities drawdowns.
- 2 Includes Senior Bonds and Structured MTN.
- 3 Additional Tier 1 and Tier 2 Capital.

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# Group Operations and Business Settings (continued)

## Net Stable Funding Ratio (NSFR)

Level 2	As at <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Required Stable Funding</b>					
Residential Mortgages <sup>2 3</sup>	268,853	258,869	333,121	4	(19)
Other Loans	376,895	369,159	266,835	2	41
Liquid and Other Assets	77,146	65,425	63,008	18	22
<b>Total Required Stable Funding</b>	<b>722,894</b>	<b>693,453</b>	<b>662,964</b>	<b>4</b>	<b>9</b>
<b>Available Stable Funding</b>					
Capital	110,945	108,987	104,848	2	6
Retail and SME Deposits	520,766	500,416	492,420	4	6
Wholesale Funding and Other	242,586	251,596	258,195	(4)	(6)
<b>Total Available Stable Funding</b>	<b>874,297</b>	<b>860,999</b>	<b>855,463</b>	<b>2</b>	<b>2</b>
<b>Net Stable Funding Ratio (NSFR) (%)</b>	<b>121</b>	<b>124</b>	<b>129</b>	<b>(300)bpts</b>	<b>(large)</b>

### Net Stable Funding Ratio (NSFR)

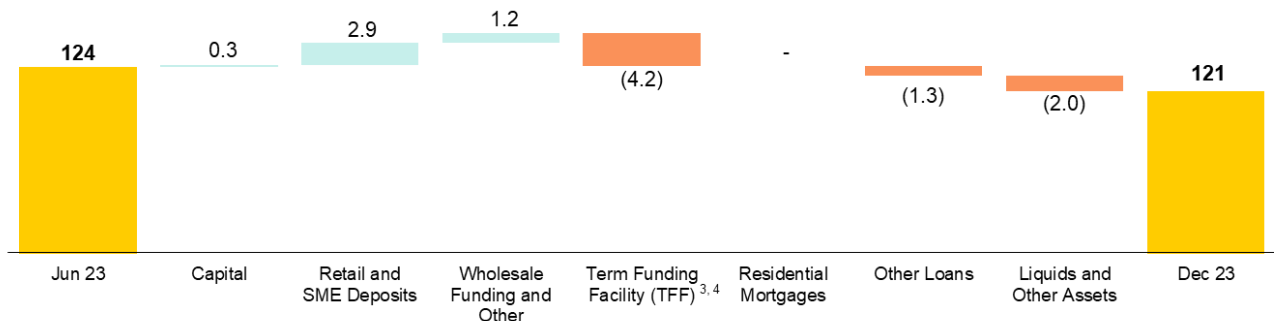
The Net Stable Funding Ratio (NSFR) requirement is designed to encourage stable funding of core assets. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding sources.

The Group's NSFR was 121% at 31 December 2023, a decrease of 3% from 124% at 30 June 2023 and a decrease of 8% from 129% at 31 December 2022. The NSFR remains well above the regulatory minimum of 100%.

The 4% increase in Required Stable Funding (RSF) over the half is primarily due to an increase in security holdings and an increase in RSF factor applied to residential mortgage securities previously utilised as collateral for TFF drawings <sup>3</sup>.

The 2% increase in Available Stable Funding (ASF) over the half was mainly driven by growth in Retail and SME deposits, partly offset by decreases in Wholesale Funding and Other.

NSFR Movement (%)



- Comparative information has been restated to conform to presentation in the current period.
- Primarily relate to unencumbered residential mortgages that are subject to application of the 65% RSF factor when calculating NSFR. 30 June 2023 balances were impacted by APRA's revised capital framework from 1 January 2023, which narrowed the scope of residential mortgages that qualified for the application of the 65% RSF factor. The residential mortgages that no longer qualify for the 65% RSF factor are now included in Other Loans.
- Residential mortgages that have been pledged as collateral for the TFF received a lower RSF factor. The repayment of the initial allowance resulted in an increased RSF factor for these mortgages (as they are no longer pledged as collateral) and therefore increased the RSF, reducing NSFR.
- All TFF balances will mature within 6 months and receives a zero percent ASF factor as at 31 December 2023.

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# Divisional Performance



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# Divisional Performance

## Divisional Summary

Half Year Ended 31 December 2023						
Divisional Summary	Retail Banking Services \$M	Business Banking \$M	Institutional Banking and Markets \$M	New Zealand \$M	Corporate Centre and Other \$M	Total \$M
Net interest income	5,617	3,745	706	1,253	83	11,404
Other operating income	848	522	580	219	76	2,245
<b>Total operating income</b>	<b>6,465</b>	<b>4,267</b>	<b>1,286</b>	<b>1,472</b>	<b>159</b>	<b>13,649</b>
Operating expenses	(2,401)	(1,354)	(543)	(601)	(1,112)	(6,011)
Loan impairment (expense)/benefit	(216)	(207)	37	(9)	(20)	(415)
<b>Net profit/(loss) before tax</b>	<b>3,848</b>	<b>2,706</b>	<b>780</b>	<b>862</b>	<b>(973)</b>	<b>7,223</b>
Corporate tax (expense)/benefit	(1,161)	(813)	(191)	(239)	200	(2,204)
<b>Net profit/(loss) after tax from continuing operations - "cash basis"</b>	<b>2,687</b>	<b>1,893</b>	<b>589</b>	<b>623</b>	<b>(773)</b>	<b>5,019</b>

Half Year Ended 31 December 2023 vs Half Year Ended 31 December 2022 <sup>1</sup>						
	Retail Banking Services <sup>2</sup> %	Business Banking %	Institutional Banking and Markets %	New Zealand %	Corporate Centre and Other %	Total %
Net interest income	(6)	4	(2)	(6)	large	(2)
Other operating income	17	1	42	(5)	(49)	13
<b>Total operating income</b>	<b>(4)</b>	<b>4</b>	<b>14</b>	<b>(6)</b>	<b>18</b>	<b>-</b>
Operating expenses	3	3	2	8	8	4
Loan impairment expense	(10)	(20)	5	(80)	large	(19)
<b>Net profit before tax</b>	<b>(7)</b>	<b>6</b>	<b>23</b>	<b>(11)</b>	<b>(8)</b>	<b>(2)</b>
Corporate tax expense	(6)	7	9	(11)	26	2
<b>Net profit after tax from continuing operations - "cash basis"</b>	<b>(8)</b>	<b>6</b>	<b>28</b>	<b>(11)</b>	<b>(22)</b>	<b>(3)</b>

Half Year Ended 31 December 2023 vs Half Year Ended 30 June 2023 <sup>1</sup>						
	Retail Banking Services %	Business Banking %	Institutional Banking and Markets %	New Zealand %	Corporate Centre and Other %	Total %
Net interest income	(1)	3	(2)	(2)	30	-
Other operating income	13	2	1	13	17	7
<b>Total operating income</b>	<b>-</b>	<b>2</b>	<b>(1)</b>	<b>-</b>	<b>23</b>	<b>1</b>
Operating expenses	5	4	4	-	(19)	(1)
Loan impairment expense	(38)	(11)	(large)	(36)	large	(30)
<b>Net profit before tax</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>22</b>	<b>6</b>
Corporate tax expense	1	3	6	-	53	14
<b>Net profit after tax from continuing operations - "cash basis"</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>3</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> Retail Banking Services excluding General Insurance.

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# Divisional Performance (continued)

## Retail Banking Services

### Overview

Retail Banking Services provides simple, convenient, sustainable and affordable banking products and services to personal and private bank customers, helping them manage their everyday banking needs, buy a home or invest for the future. We support our customers through an extensive network of approximately 700 branches and 1,900 ATMs, Australian-based customer call centres, leading online services and the most popular app, as well as mobile banking specialists, private bankers and support teams. Retail Banking Services also include the financial results of retail banking activities conducted under the Bankwest and Unloan brands.

On 30 September 2022, CBA completed the sale of its Australian general insurance business (CommInsure General Insurance) to Hollard Group (Hollard). As CommInsure General Insurance does not constitute a major line of the Group's business, the financial results of CommInsure General Insurance are treated as continuing operations and included separately as an account line of Retail Banking Services' performance.

	Half Year Ended <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Net interest income	5,617	5,701	5,996	(1)	(6)
Other operating income	848	749	724	13	17
Total operating income	6,465	6,450	6,720	–	(4)
Operating expenses	(2,401)	(2,289)	(2,326)	5	3
Loan impairment expense	(216)	(347)	(240)	(38)	(10)
Net profit before tax	3,848	3,814	4,154	1	(7)
Corporate tax expense	(1,161)	(1,148)	(1,239)	1	(6)
<b>Cash net profit after tax</b>	<b>2,687</b>	<b>2,666</b>	<b>2,915</b>	<b>1</b>	<b>(8)</b>
Cash net loss after tax from General Insurance	–	–	(39)	–	large
<b>Total cash net profit after tax</b>	<b>2,687</b>	<b>2,666</b>	<b>2,876</b>	<b>1</b>	<b>(7)</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

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# Divisional Performance (continued)

## Retail Banking Services (continued)

	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Income analysis (excl. General Insurance)</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>		
<b>Net interest income</b>					
Home loans	2,341	2,455	2,671	(5)	(12)
Consumer finance & other <sup>2</sup>	463	451	479	3	(3)
Deposits	2,813	2,795	2,846	1	(1)
<b>Total net interest income</b>	<b>5,617</b>	<b>5,701</b>	<b>5,996</b>	<b>(1)</b>	<b>(6)</b>
<b>Other operating income</b>					
Home loans	133	137	133	(3)	–
Consumer finance <sup>3</sup>	211	153	175	38	21
Deposits	273	244	242	12	13
Distribution & other <sup>4</sup>	231	215	174	7	33
<b>Total other operating income</b>	<b>848</b>	<b>749</b>	<b>724</b>	<b>13</b>	<b>17</b>
<b>Total operating income</b>	<b>6,465</b>	<b>6,450</b>	<b>6,720</b>	<b>–</b>	<b>(4)</b>

	As at <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Balance Sheet (excl. General Insurance)</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>		
Home loans <sup>5</sup>	487,346	487,995	476,772	–	2
Consumer finance <sup>3</sup>	12,468	11,969	11,679	4	7
Other interest earning assets	4,266	3,726	3,732	14	14
<b>Total interest earning assets</b>	<b>504,080</b>	<b>503,690</b>	<b>492,183</b>	<b>–</b>	<b>2</b>
Other assets	7,812	6,955	7,039	12	11
<b>Total assets</b>	<b>511,892</b>	<b>510,645</b>	<b>499,222</b>	<b>–</b>	<b>3</b>
Transaction deposits <sup>6</sup>	60,708	56,311	57,025	8	6
Savings deposits <sup>6</sup>	180,958	174,671	168,437	4	7
Investment deposits & other	86,419	81,059	74,631	7	16
<b>Total interest bearing deposits</b>	<b>328,085</b>	<b>312,041</b>	<b>300,093</b>	<b>5</b>	<b>9</b>
Non-interest bearing transaction deposits	47,418	50,473	55,481	(6)	(15)
Other non-interest bearing liabilities	6,534	6,763	5,831	(3)	12
<b>Total liabilities</b>	<b>382,037</b>	<b>369,277</b>	<b>361,405</b>	<b>3</b>	<b>6</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> Consumer finance and other includes personal loans, credit cards, business lending and margin lending.

<sup>3</sup> Consumer finance includes personal loans and credit cards.

<sup>4</sup> Distribution includes income associated with the sale of foreign exchange and wealth products. Other includes merchants, business lending and CommSec brokerage.

<sup>5</sup> Home loans are presented gross of \$61,223 million of mortgage offset balances (30 June 2023: \$57,101 million; 31 December 2022: \$57,025 million). These balances are required to be grossed up under accounting standards but are netted down for the calculation of customer interest payments.

<sup>6</sup> Transaction and Savings deposits includes \$61,223 million of mortgage offset balances (30 June 2023: \$57,101 million; 31 December 2022: \$57,025 million).

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# Divisional Performance (continued)

## Retail Banking Services (continued)

Key Financial Metrics (excl. General Insurance)	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Performance indicators</b>					
Net interest margin (%)	2.54	2.62	2.79	(8)bpts	(25)bpts
Return on assets (%)	1.0	1.1	1.2	(10)bpts	(20)bpts
Operating expenses to total operating income (%)	37.1	35.5	34.6	160 bpts	250 bpts
Impairment expense annualised as a % of average GLAAs (%)	0.09	0.14	0.10	(5)bpts	(1)bpt
<b>Other information</b>					
Average interest earning assets (\$M) <sup>2</sup>	439,997	438,780	426,880	–	3
Risk weighted assets (\$M) <sup>3</sup>	174,535	175,627	176,042	(1)	(1)
90+ days home loan arrears (%)	0.52	0.46	0.45	6 bpts	7 bpts
90+ days consumer finance arrears (%)	0.80	0.80	0.64	–	16 bpts
Spot number of full-time equivalent staff (FTE)	16,123	16,597	16,301	(3)	(1)

1 Comparative information has been restated to conform to presentation in the current period.

2 Average interest earning assets are presented net of mortgage offset balances, which reduce customer interest payments. Average interest earning assets are also used in the calculation of divisional net interest margin.

3 Includes General Insurance.

## Financial Performance and Business Review <sup>1</sup> Half Year Ended December 2023 versus December 2022

Retail Banking Services cash net profit after tax for the half year ended 31 December 2023 was \$2,687 million, a decrease of \$228 million or 8% on the prior comparative period. The result reflected a 4% decrease in operating income, a 3% increase in operating expenses and a 10% decrease in loan impairment expense.

### Net Interest Income

Net interest income was \$5,617 million, a decrease of \$379 million or 6% on the prior comparative period. This was driven by a 25 basis point decrease in net interest margin, partly offset by a 3% increase in average interest earning assets.

Net interest margin decreased by 25 basis points on the prior comparative period, reflecting:

- Lower home lending margins reflecting increased competition;
- Lower deposit margins due to unfavourable mix as customers switch to higher yielding savings and term deposits, partly offset by the benefit from the rising interest rate environment;
- Lower consumer finance margins reflecting cash rates increasing faster than customer rates; and
- Higher wholesale funding costs; partly offset by
- Higher earnings on equity; and
- Favourable portfolio mix primarily due to the benefit of strong growth in deposits relative to assets.

### Other Operating Income

Other operating income was \$848 million, an increase of \$124 million or 17% on the prior comparative period, reflecting increased volume driven foreign exchange, credit card, deposit and lending fee income.

### Operating Expenses

Operating expenses were \$2,401 million, an increase of \$75 million or 3% on the prior comparative period. This was primarily driven by inflation, higher staff costs including investment in call centre and scam management resources, higher technology spend and amortisation, and higher fraud and operational losses, partly offset by productivity initiatives including workforce and branch optimisation.

The number of full-time equivalent staff (FTE) decreased by 178 FTE or 1% on the prior comparative period, from 16,301 to 16,123. This was driven by workforce optimisation including fewer branch, home loan processing and head office resources, partly offset by additional resources to support increased call centre and scam volumes, and investment in lenders.

Investment spend focused on strategic growth and productivity initiatives including product and service innovation, digital enhancements, the Yello loyalty program and home buying process optimisation. We have also continued to invest in risk and compliance initiatives such as upgrading processes to reduce scam losses and to comply with regulations including Open Banking.

The operating expenses to operating income ratio was 37.1%, an increase of 250 basis points on the prior comparative period, reflecting lower operating income and higher operating expenses.

1 In order to provide an underlying view of performance, the commentary below has been presented excluding the impact of the General Insurance businesses for which commentary has been provided separately.

# Divisional Performance (continued)

## Retail Banking Services (continued)

### Financial Performance and Business Review (continued)

#### Loan Impairment Expense

Loan impairment expense was \$216 million, a decrease of \$24 million or 10% on the prior comparative period. The result was driven by lower collective provisions reflecting higher house prices, partly offset by ongoing cost of living pressures and higher interest rates.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 1 basis point on the prior comparative period to 0.09%.

Home loan 90+ days arrears increased by 7 basis points from 0.45% to 0.52%, as higher interest rates have impacted borrowers. Arrears remain low relative to historical averages, supported by a strong labour market.

Consumer finance 90+ days arrears increased by 16 basis points from 0.64% to 0.80%, as customers continue to be impacted by cost of living pressures.

#### Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of \$10.6 billion or 2%, below system growth of 4%, reflecting ongoing competition and a disciplined approach to managing margins to deliver sustainable returns. Proprietary mix for CBA and Unloan branded home loans increased from 58% to 67% of new business flows;
- Consumer finance growth of \$0.8 billion or 7%, driven by growth in personal loans from higher new business volumes and increased credit card accounts and spend; and
- Total deposits growth of \$19.9 billion or 6% (interest and non-interest bearing). Growth was driven by investment deposits (up 16%) and savings deposits (up 7%), partly offset by decline in transaction deposits (down 4% including non-interest bearing balances) reflecting customer switching to higher yielding deposits.

#### Risk Weighted Assets

Risk weighted assets were \$174.5 billion, a decrease of \$1.5 billion or 1% on the prior comparative period. This was primarily due to reductions in home loan risk weightings due to rising house prices and increased levels of prepayment.

#### General Insurance

Cash net profit after tax was nil following the sale of the General Insurance business on 30 September 2022.

#### Half Year Ended December 2023 versus June 2023

Cash net profit after tax increased \$21 million or 1% on the prior half. The result was driven by a 38% decrease in loan impairment expense and a 5% increase in operating expenses.

#### Net Interest Income

Net interest income decreased \$84 million or 1% on the prior half. This was driven by an 8 basis point decrease in net interest margin whilst average interest earning assets remained flat, partly offset by the impact of three more calendar days in the current half.

Net interest margin decreased by 8 basis points on the prior half, reflecting:

- Lower deposit margins mainly due to unfavourable mix as customers shift to higher yielding savings and term deposits, partly offset by the benefit from the rising interest rate environment;
- Lower consumer finance and home loan margins reflecting cash rates increasing faster than customer rates; and
- Higher wholesale funding costs; partly offset by
- Higher earnings on equity; and
- Favourable portfolio mix due to the benefit of strong growth in deposits relative to assets.

#### Other Operating Income

Other operating income increased \$99 million or 13% on the prior half, reflecting increased volume driven foreign exchange, credit card, deposit and lending fee income.

#### Operating Expenses

Operating expenses increased \$112 million or 5% on the prior half. This was primarily driven by inflation, higher staff costs including investment in call centre and scam management resources, seasonally lower leave usage and higher amortisation and technology spend, partly offset by productivity initiatives including workforce and branch optimisation.

The number of FTE decreased by 474 FTE or 3% on the prior half, from 16,597 to 16,123. This was driven by workforce optimisation including fewer branch, home loan processing and head office resources, partly offset by additional resources to support increased call centre and scam volumes.

The operating expenses to total operating income ratio increased by 160 basis points on the prior half, driven by higher operating expenses.

# Divisional Performance (continued)

## Retail Banking Services (continued)

### Financial Performance and Business Review (continued)

#### Loan Impairment Expense

Loan impairment expense decreased \$131 million or 38% on the prior half. The result was driven by lower collective provisions reflecting higher house prices, partly offset by ongoing cost of living pressures and higher interest rates.

Loan impairment expense as a percentage of average gross loans and acceptances decreased by 5 basis points on the prior half.

Home loan 90+ days arrears increased by 6 basis points from 0.46% to 0.52%, as higher interest rates have impacted borrowers. Arrears remain low relative to historical averages, supported by a strong labour market.

Consumer finance 90+ days arrears remained flat at 0.80%.

#### Balance Sheet

Key spot balance sheet movements included:

- Home loan reduction of \$0.6 billion, below system growth of 2%, reflecting ongoing competition and a disciplined approach to managing margins to deliver sustainable returns. Proprietary mix for CBA and Unloan branded home loans increased from 61% to 67% of new business flows;
- Consumer finance growth of \$0.5 billion or 4%, driven by growth in personal loans from higher new business volumes and increased credit card accounts and spend; and
- Total deposits growth of \$13.0 billion or 4% (interest and non-interest bearing). The increase was driven by investment deposits (up 7%), savings deposits (up 4%) and transaction deposits (up 1% including non-interest bearing balances) due to higher offset balances partly offset by customer switching to higher yielding deposits.

#### Risk Weighted Assets

Risk weighted assets decreased \$1.1 billion or 1% on the prior half. This was primarily due to reductions in home loan risk weightings due to rising house prices and increased levels of prepayment.

Retail Banking Services generated \$2,820 million of organic capital <sup>1</sup> for the Group in the current half. This contributed 60 basis points to the Group's CET1 ratio.

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<sup>1</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends.

# Divisional Performance (continued)

## Business Banking

### Overview

Business Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions. We also provide Australia's leading equities trading and margin lending services through our CommSec business. Business Banking includes the financial results of business banking activities conducted under the Bankwest brand.

	Half Year Ended <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Net interest income	3,745	3,653	3,595	3	4
Other operating income	522	513	516	2	1
<b>Total operating income</b>	<b>4,267</b>	<b>4,166</b>	<b>4,111</b>	<b>2</b>	<b>4</b>
Operating expenses	(1,354)	(1,296)	(1,310)	4	3
Loan impairment expense	(207)	(232)	(260)	(11)	(20)
Net profit before tax	2,706	2,638	2,541	3	6
Corporate tax expense	(813)	(792)	(763)	3	7
<b>Cash net profit after tax</b>	<b>1,893</b>	<b>1,846</b>	<b>1,778</b>	<b>3</b>	<b>6</b>
<b>Income analysis</b>					
<b>Net interest income</b>					
Small Business Banking	1,558	1,535	1,517	1	3
Commercial Banking	1,010	982	963	3	5
Regional and Agribusiness	516	503	497	3	4
Major Client Group	552	519	511	6	8
CommSec	109	114	107	(4)	2
<b>Total net interest income</b>	<b>3,745</b>	<b>3,653</b>	<b>3,595</b>	<b>3</b>	<b>4</b>
<b>Other operating income</b>					
Small Business Banking	187	180	184	4	2
Commercial Banking	130	124	120	5	8
Regional and Agribusiness	59	61	54	(3)	9
Major Client Group	92	89	88	3	5
CommSec	54	59	70	(8)	(23)
<b>Total other operating income</b>	<b>522</b>	<b>513</b>	<b>516</b>	<b>2</b>	<b>1</b>
<b>Total operating income</b>	<b>4,267</b>	<b>4,166</b>	<b>4,111</b>	<b>2</b>	<b>4</b>
<b>Income by product</b>					
Business products	3,066	2,906	2,769	6	11
Retail products	1,124	1,178	1,248	(5)	(10)
Equities and margin lending	77	82	94	(6)	(18)
<b>Total operating income</b>	<b>4,267</b>	<b>4,166</b>	<b>4,111</b>	<b>2</b>	<b>4</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

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# Divisional Performance (continued)

## Business Banking (continued)

Balance Sheet	As at <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Home loans <sup>2</sup>	94,589	95,823	93,652	(1)	1
Business loans <sup>3</sup>	135,375	130,359	122,396	4	11
Margin loans	1,067	1,147	1,284	(7)	(17)
Consumer finance	1,665	1,658	1,690	–	(1)
Total lending interest earning assets	232,696	228,987	219,022	2	6
Non-lending interest earning assets	75	53	48	42	56
Other assets	1,161	1,161	1,063	–	9
<b>Total assets</b>	<b>233,932</b>	<b>230,201</b>	<b>220,133</b>	<b>2</b>	<b>6</b>
Transaction deposits <sup>3 4</sup>	36,320	35,385	34,999	3	4
Savings deposits <sup>4</sup>	72,093	69,871	66,908	3	8
Investment deposits and other	54,581	51,637	47,342	6	15
Total interest bearing deposits	162,994	156,893	149,249	4	9
Non-interest bearing transaction deposits	53,336	57,982	63,267	(8)	(16)
Other non-interest bearing liabilities	2,682	2,361	2,028	14	32
<b>Total liabilities</b>	<b>219,012</b>	<b>217,236</b>	<b>214,544</b>	<b>1</b>	<b>2</b>

Key Financial Metrics	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Performance indicators</b>					
Net interest margin (%)	3.44	3.52	3.55	(8)bpts	(11)bpts
Return on assets (%)	1.6	1.6	1.6	–	–
Operating expenses to total operating income (%)	31.7	31.1	31.9	60 bpts	(20)bpts
Impairment expense annualised as a % of average GLAAs (%)	0.18	0.21	0.24	(3)bpts	(6)bpts
<b>Other information</b>					
Average interest earning assets (\$M) <sup>5</sup>	216,364	209,160	201,141	3	8
Risk weighted assets (\$M)	139,358	133,239	151,480	5	(8)
Troublesome and impaired assets (\$M) <sup>6</sup>	4,092	4,151	3,629	(1)	13
Troublesome and impaired assets as a % of TCE (%) <sup>6</sup>	2.36	2.48	2.30	(12)bpts	6 bpts
Spot number of full-time equivalent staff (FTE)	5,659	5,563	5,611	2	1

1 Comparative information has been restated to conform to presentation in the current period.

2 Home loans are presented gross of \$13,887 million of mortgage offset balances (30 June 2023: \$12,032 million; 31 December 2022: \$13,161 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.

3 Business loans include \$339 million of Cash Management Pooling Facilities (CMPF) (30 June 2023: \$306 million; 31 December 2022: \$331 million). Transaction deposits include \$1,018 million of CMPF liabilities (30 June 2023: \$1,273 million; 31 December 2022: \$904 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments and risk weighted assets.

4 Transaction and Savings deposits include \$13,887 million of mortgage offset balances (30 June 2023: \$12,032 million; 31 December 2022: \$13,161 million).

5 Average interest earning assets are presented net of mortgage offset balances, which reduce customer interest payments. Average interest earning assets are also used in the calculation of divisional net interest margin.

6 Commercial troublesome and impaired assets only.

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# Divisional Performance (continued)

## Business Banking (continued)

### Financial Performance and Business Review

#### Half Year Ended December 2023 versus December 2022

Business Banking cash net profit after tax for the half year ended 31 December 2023 was \$1,893 million, an increase of \$115 million or 6% on the prior comparative period. The result was driven by a 4% increase in total operating income, a 3% increase in operating expenses and a 20% decrease in loan impairment expense.

#### Net Interest Income

Net interest income was \$3,745 million, an increase of \$150 million or 4% on the prior comparative period. This was driven by an 8% increase in average interest earning assets, partly offset by an 11 basis point decrease in net interest margin.

Net interest margin decreased 11 basis points on the prior comparative period, reflecting:

- Lower home lending margins due to increased competition and the impact of higher cash and swap rates on pricing;
- Lower business lending margins due to competitive pricing; and
- Lower consumer finance margins reflecting cash rates increasing faster than customer rates; partly offset by
- Higher deposit margins including earnings on replicated products due to the rising interest rate environment, partly offset by unfavourable portfolio mix as customers shift to higher yielding deposits; and
- Higher earnings on equity.

#### Other Operating Income

Other operating income was \$522 million, an increase of \$6 million or 1% on the prior comparative period, reflecting:

- Higher business lending fee income reflecting volume growth; partly offset by
- Lower equities income due to lower trading volumes and lower average brokerage per trade; and
- Lower merchants revenue due to a reduction in scheme margins and turnover.

#### Operating Expenses

Operating expenses were \$1,354 million, an increase of \$44 million or 3% on the prior comparative period. This was primarily driven by inflation, technology spend, and higher remediation costs, partly offset from the impact of one fewer working day.

The number of full-time equivalent staff (FTE) increased by 48 or 1% on the prior comparative period, from 5,611 to 5,659 due to additional staff supporting new product offerings.

Investment spend was primarily focused on further enhancing the customer experience through reimagining products and services, system modernisation, digitisation and automation. We have also continued to invest in regulatory, risk and compliance initiatives.

The operating expenses to total operating income ratio was 31.7%, a decrease of 20 basis points on the prior comparative period, mainly driven by higher operating income.

#### Loan Impairment Expense

Loan impairment expense was \$207 million, a decrease of \$53 million or 20% on the prior comparative period driven by lower specific provision charges due to an increase in the number of write-backs.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 6 basis points to 0.18%.

Troublesome and impaired assets as a percentage of total committed exposure increased 6 basis points to 2.36%. This was driven by an increase in troublesome and impaired assets from rising interest rates and inflationary pressures.

#### Balance Sheet

Key spot balance sheet movements included:

- Business loans growth of \$13.0 billion or 11%, above system growth, reflecting diversified lending across a number of industries;
- Home loans growth of \$0.9 billion or 1%, below system growth, reflecting growth in investor loans; and
- Total deposits growth (interest and non-interest bearing) of \$3.8 billion or 2%. Growth was driven by higher Investment deposits (up 15%) and Savings deposits (up 8%), partly offset by a decrease in Transaction deposits (down 9% including non-interest bearing balances), reflecting greater demand for higher yielding deposits.

#### Risk Weighted Assets

Risk weighted assets were \$139.4 billion, a decrease of \$12.1 billion or 8% on the prior comparative period.

- Credit risk weighted assets decreased by \$18.6 billion or 14%, primarily driven by implementation of APRA's revision to the capital framework on 1 January 2023; partly offset by lending volume growth and recalibration of non-retail PD models;
- Operational risk weighted assets increased \$3.7 billion or 34% primarily driven by the adoption of the standardised measurement approach in line with APRA's revised capital framework; and
- IRRBB risk weighted assets increased \$2.8 billion or 51%.

# Divisional Performance (continued)

## Business Banking (continued)

### Financial Performance and Business Review (continued)

#### Half Year Ended December 2023 versus June 2023

Cash net profit after tax increased \$47 million or 3% on the prior half. The result was driven by a 2% increase in total operating income, a 4% increase in operating expenses and a 11% decrease in loan impairment expense.

#### Net Interest Income

Net interest income increased \$92 million or 3% on the prior half. This was driven by a 3% increase in average interest earning assets and 3 additional days in the current half, partly offset by an 8 basis point decrease in net interest margin.

Net interest margin decreased 8 basis points, reflecting:

- Lower deposit margins due to unfavourable portfolio mix as customers switch to higher yielding deposits, partly offset by the rising interest rate environment; and
- Lower business and home lending margins reflecting competitive pricing; partly offset by
- Higher earnings on equity.

#### Other Operating Income

Other operating income increased \$9 million or 2% on the prior half, driven by:

- Higher business lending fee income reflecting volume growth; partly offset by
- Lower equities income due to lower trading volumes and lower average brokerage per trade; and
- Lower merchants revenue due to lower scheme margins.

#### Operating Expenses

Operating expenses increased \$58 million or 4% on the prior half. This was primarily driven by inflation, technology spend, volume related expenses and seasonally lower leave usage.

The number of FTE increased by 96 or 2% on the prior half, from 5,563 to 5,659 due to additional staff supporting new product offerings and customer facing staff.

The operating expenses to total operating income ratio was 31.7%, an increase of 60 basis points on the prior half, though remains close to historical lows.

#### Loan Impairment Expense

Loan impairment expense was \$207 million, a decrease of \$25 million on the prior half.

This was driven by lower specific provision charges due to fewer customer downgrades, partly offset by higher collective provisions. The increase in collective provisions reflects the impact of rising interest rates and ongoing inflationary pressures on industries of concern, including those exposed to consumer discretionary spend.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 3 basis points to 0.18%.

Troublesome and impaired assets as a percentage of total committed exposure decreased 12 basis points to 2.36%.

#### Balance Sheet

Key spot balance sheet movements included:

- Business loans growth of \$5.0 billion or 4%, above system growth, reflecting diversified lending across a number of industries;
- Home loans decrease of \$1.2 billion or 1%, below system growth, reflecting a reduction in owner occupied loans; and
- Total deposits growth (interest and non-interest bearing) of \$1.5 billion or 1%. Growth was driven by Investment deposits (up 6%) and Savings deposits (up 3%), partly offset by a decrease in Transaction deposits (down 4% including non-interest bearing balances), reflecting customers switching to higher yielding deposits.

#### Risk Weighted Assets

Risk weighted assets increased \$6.1 billion or 5% on the prior half.

- Credit risk weighted assets increased \$4.1 billion or 4%, primarily driven by lending volume growth;
- IRRBB risk weighted assets increased \$1.4 billion or 20%; and
- Operational risk weighted assets increased \$0.6 billion or 4% under the standardised measurement approach primarily driven by higher revenues.

Business Banking generated \$1,146 million of organic capital<sup>1</sup> for the Group in the current half. This contributed 25 basis points to the Group's CET1 ratio.

<sup>1</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends.

# Divisional Performance (continued)

## Institutional Banking and Markets

### Overview

Institutional Banking & Markets (IB&M) provides a full range of domestic and global financing and banking services to large corporate, institutional and government clients. These services include debt capital markets, risk management, transaction banking, sustainable finance, structured capital solutions and working capital delivered through dedicated product and industry specialists, as well as tailored research and data analytics to help our clients.

	Half Year Ended <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Net interest income	706	722	721	(2)	(2)
Other operating income	580	573	408	1	42
<b>Total operating income</b>	<b>1,286</b>	<b>1,295</b>	<b>1,129</b>	<b>(1)</b>	<b>14</b>
Operating expenses	(543)	(522)	(534)	4	2
Loan impairment benefit/(expense)	37	(3)	39	(large)	5
Net profit before tax	780	770	634	1	23
Corporate tax expense	(191)	(181)	(175)	6	9
<b>Cash net profit after tax</b>	<b>589</b>	<b>589</b>	<b>459</b>	<b>–</b>	<b>28</b>
<b>Income analysis</b>					
<b>Net interest income</b>					
Institutional Banking	727	709	702	3	4
Markets	(21)	13	19	(large)	(large)
<b>Total net interest income</b>	<b>706</b>	<b>722</b>	<b>721</b>	<b>(2)</b>	<b>(2)</b>
<b>Other operating income</b>					
Institutional Banking	246	257	207	(4)	19
Markets	334	316	201	6	66
<b>Total other operating income</b>	<b>580</b>	<b>573</b>	<b>408</b>	<b>1</b>	<b>42</b>
<b>Total operating income</b>	<b>1,286</b>	<b>1,295</b>	<b>1,129</b>	<b>(1)</b>	<b>14</b>
<b>Income by product</b>					
Institutional products	901	850	828	6	9
Asset leasing	72	116	81	(38)	(11)
Markets (excluding derivative valuation adjustments)	321	333	248	(4)	29
<b>Total operating income excluding derivative valuation adjustments</b>	<b>1,294</b>	<b>1,299</b>	<b>1,157</b>	<b>–</b>	<b>12</b>
Derivative valuation adjustments <sup>2</sup>	(8)	(4)	(28)	(large)	71
<b>Total operating income</b>	<b>1,286</b>	<b>1,295</b>	<b>1,129</b>	<b>(1)</b>	<b>14</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 Derivative valuation adjustments include both net interest income and other operating income adjustments.

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# Divisional Performance (continued)

## Institutional Banking and Markets (continued)

	As at <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Balance Sheet</b>					
Interest earning lending assets <sup>2</sup>	89,574	96,945	98,339	(8)	(9)
Non-lending interest earning assets	81,090	68,079	62,051	19	31
Other assets <sup>3</sup>	31,738	25,603	28,007	24	13
<b>Total assets</b>	<b>202,402</b>	<b>190,627</b>	<b>188,397</b>	<b>6</b>	<b>7</b>
Transaction deposits <sup>2</sup>	81,379	97,188	93,161	(16)	(13)
Savings deposits	8,896	10,633	7,990	(16)	11
Investment deposits and other	63,118	56,288	53,255	12	19
Total interest bearing deposits	153,393	164,109	154,406	(7)	(1)
Due to other financial institutions	16,270	15,022	15,015	8	8
Other interest bearing liabilities <sup>4</sup>	53,494	43,716	36,094	22	48
Non-interest bearing liabilities <sup>3</sup>	25,285	21,934	26,257	15	(4)
<b>Total liabilities</b>	<b>248,442</b>	<b>244,781</b>	<b>231,772</b>	<b>1</b>	<b>7</b>

	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Key Financial Metrics</b>					
<b>Performance indicators</b>					
Net interest margin (%)	0.82	0.91	0.87	(9)bpts	(5)bpts
Net interest margin excl. markets (%)	1.55	1.47	1.37	8 bpts	18 bpts
Return on assets (%)	0.6	0.6	0.5	–	10 bpts
Operating expenses to total operating income (%)	42.2	40.3	47.3	190 bpts	(510)bpts
Impairment expense annualised as a % of average GLAAs (%)	(0.08)	0.01	(0.08)	(9)bpts	–
<b>Other information</b>					
Average interest earning assets (\$M)	170,383	160,437	163,881	6	4
Average interest earning assets excl. markets (\$M)	93,229	97,596	101,609	(4)	(8)
Risk weighted assets (\$M)	72,963	74,805	90,194	(2)	(19)
Troublesome and impaired assets (\$M)	94	198	187	(53)	(50)
Total committed exposures rated investment grade (%)	90.7	91.5	91.4	(80)bpts	(70)bpts
Spot number of full-time equivalent staff (FTE)	1,526	1,487	1,543	3	(1)

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> Interest earning lending assets include \$13,218 million of Cash Management Pooling Facilities (CMPF) (30 June 2023: \$22,105 million; 31 December 2022: \$18,324 million). Transaction deposits include \$25,804 million of CMPF liabilities (30 June 2023: \$42,826 million; 31 December 2022: \$38,021 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments and risk weighted assets.

<sup>3</sup> Other assets include intangible assets and derivative assets. Non-interest bearing liabilities include derivative liabilities.

<sup>4</sup> Other interest bearing liabilities include sale and repurchase agreements and liabilities at fair value.

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# Divisional Performance (continued)

## Institutional Banking and Markets (continued)

### Financial Performance and Business Review

#### Half Year Ended December 2023 versus December 2022

Institutional Banking and Markets cash net profit after tax for the half year ended 31 December 2023 was \$589 million, an increase of \$130 million or 28% on the prior comparative period. The result was driven by a 14% increase in total operating income (12% increase excluding derivative valuation adjustments), a 2% increase in operating expenses and a 5% decrease in loan impairment benefit.

#### Net Interest Income

Net interest income was \$706 million, a decrease of \$15 million or 2% on the prior comparative period. Excluding the Markets business, net interest income was \$727 million, an increase of \$25 million or 4% on the prior comparative period. The result excluding Markets was driven by an 18 basis point increase in net interest margin, partly offset by an 8% decrease in average interest earning assets.

Excluding the Markets business, net interest margin increased 18 basis points, reflecting:

- Favourable portfolio mix from a decrease in lower margin pooled facilities;
- Higher earnings on equity; and
- Higher deposit earnings reflecting the rising interest rate environment; partly offset by
- Lower institutional lending margins due to higher funding costs; and
- Lower Structured Asset Finance revenue mainly from the strategic run-off of the shipping lease portfolio.

#### Other Operating Income

Other operating income was \$580 million, an increase of \$172 million or 42% on the prior comparative period, reflecting:

- Higher trading income across Commodities and Carbon (more than offsetting increased funding costs in net interest income), and Foreign Exchange, as well as increased sales volumes in Fixed Income, partly offset by lower trading revenue in Fixed Income and Rates;
- Favourable derivative valuation adjustments;
- Higher commissions and lending fees from increased syndication activity and greater volumes of lending facilities; and
- Higher Structured Asset Finance revenue mainly from rental income in the aircraft lease portfolio.

#### Operating Expenses

Operating expenses were \$543 million, an increase of \$9 million or 2% on the prior comparative period. This was mainly driven by inflation, higher amortisation, technology and regulatory costs, partly offset by productivity initiatives.

The number of full-time equivalent staff (FTE) decreased by 17 or 1% on the prior comparative period, from 1,543 to 1,526 FTE, primarily driven by workforce optimisation initiatives.

Investment spend focused on continuing to strengthen the operational risk, compliance and regulatory framework and strategic initiatives.

The operating expenses to total operating income ratio was 42.2%, a decrease of 510 basis points on the prior comparative period, driven by higher operating income.

#### Loan Impairment Expense

Loan impairment benefit decreased \$2 million or 5% on the prior comparative period to \$37 million. This was driven by lower collective provision releases in the current period, partly offset by lower individually assessed provisions.

Loan impairment expense as a percentage of average gross loans and acceptances was in line with the prior comparative period at -0.08%.

Asset quality of the portfolio has reduced slightly, with the percentage of the book rated as investment grade decreasing 70 basis points to 90.7%.

#### Balance Sheet

Key spot balance sheet movements included:

- Lending balance decrease of \$8.8 billion or 9%, primarily driven by a decrease in pooled facilities from government sector clients utilising excess funds from prior periods, together with reductions in the funds finance portfolio as a result of subdued global M&A activity;
- Non-lending interest earning assets increase of \$19.0 billion or 31%, driven by growth in reverse sale and repurchase agreements in Global Markets reflecting greater client demand;
- Other assets increase of \$3.7 billion or 13% and non-interest bearing liabilities decrease of \$1.0 billion or 4% respectively, mainly driven by the revaluation of derivative assets and derivative liabilities due to foreign currency and interest rate volatility, and timing of unsettled trades. Derivative assets and derivative liabilities are required to be grossed up under accounting standards. Other assets growth was also driven by an increase in commodities inventory;
- Total interest bearing deposits decrease of \$1.0 billion or 1% mainly driven by lower Transaction deposits (including pooled facilities), partly offset by higher Investment deposits reflecting greater customer demand for higher yield deposits;
- Due to other financial institutions increase of \$1.3 billion or 8% mainly due to higher deposits from other banks; and
- Other interest bearing liabilities increase of \$17.4 billion or 48% primarily driven by an increase in sale and repurchase agreements in Global Markets to fund higher non-lending interest earning assets.

#### Risk Weighted Assets

Risk weighted assets were \$73.0 billion, a decrease of \$17.2 billion or 19% on the prior comparative period.

- Credit risk weighted assets decreased \$14.2 billion or 21%, primarily driven by the implementation of APRA's revision to the capital framework on 1 January 2023;
- Traded market risk weighted assets decreased \$4.1 billion or 33%, mainly driven by the implementation of a new market risk engine; and
- Operational risk weighted assets decreased \$1.4 billion or 26%, primarily driven by the adoption of the standardised measurement approach in line with APRA's revised capital framework; partly offset by
- IRRBB risk weighted assets increased \$2.5 billion or 51%.

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# Divisional Performance (continued)

## Institutional Banking and Markets (continued)

### Financial Performance and Business Review (continued)

#### Half Year Ended December 2023 versus June 2023

Cash net profit after tax was flat on the prior half. The result was driven by a 1% decrease in total operating income (flat excluding derivative valuation adjustments), a 4% increase in operating expenses, and a \$40 million decrease in loan impairment expense.

#### Net Interest Income

Net interest income decreased \$16 million or 2% on the prior half. Excluding the Markets business, net interest income increased \$18 million or 3% on the prior half. The result excluding Markets was driven by an 8 basis point increase in net interest margin and the impact of three additional calendar days in the current half, partly offset by a 4% decrease in average interest earning assets.

Excluding the Markets business, net interest margin increased 8 basis points, reflecting:

- Favourable assets mix from a decrease in lower margin pooled facilities; and
- Higher equity earnings; partly offset by
- Lower institutional lending margins due to higher funding costs; and
- Lower Structured Asset Finance revenue mainly from the strategic run-off of the shipping lease portfolio.

#### Other Operating Income

Other operating income increased \$7 million or 1% on the prior half, reflecting:

- Higher trading income in Commodities (more than offsetting increased funding costs in net interest income), Foreign Exchange, and Rates as well as increased sales volumes in Fixed Income, partly offset by lower trading revenue in Fixed Income and Carbon; and
- Higher lending fees driven by increased volume of lending facilities; partly offset by
- Lower Structured Asset Finance revenue mainly from non-recurrence of gains from asset sales in the prior half, partly offset by higher rental income in the aircraft lease portfolio; and
- Lower syndication fees due to decreased market activity.

#### Operating Expenses

Operating expenses increased \$21 million or 4% on the prior half. This was driven by higher staff costs, mainly from inflation, as well as higher IT, amortisation and volume driven operations costs, partly offset by productivity initiatives.

The number of FTE increased by 39 or 3% on the prior half, from 1,487 to 1,526 FTE, primarily driven by higher frontline and operational resources.

The operating expenses to total operating income ratio increased 190 basis points on the prior half to 42.2%, driven by higher operating expenses and lower total operating income.

#### Loan Impairment Expense

Loan impairment expense decreased \$40 million on the prior half to a benefit of \$37 million. This was driven by higher collective provision releases reflecting ratings upgrades for a number of clients and writebacks.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 9 basis points on the prior half to -0.08%.

Asset quality of the portfolio has reduced slightly, with the percentage of the book rated as investment grade decreasing 80 basis points to 90.7%.

#### Balance Sheet

Key spot balance sheet movements included:

- Lending balance decrease of \$7.4 billion or 8%, primarily driven by a decrease in pooled facilities from government sector clients utilising excess funds from prior periods, together with reductions in the funds finance portfolio as a result of subdued global M&A activity, partly offset by growth in the trade finance and structured lending portfolios;
- Non-lending interest earning assets growth of \$13.0 billion or 19%, primarily driven by higher reverse sale and repurchase agreements and an increase in carbon trading assets;
- Other assets and non-interest bearing liabilities increase of \$6.1 billion or 24% and \$3.4 billion or 15% respectively, mainly driven by the revaluation of derivative assets and derivative liabilities due to foreign currency and interest rate volatility, and timing of unsettled trades. Other assets growth was also driven by an increase in commodities inventory;
- Total interest bearing deposits decrease of \$10.7 billion or 7% mainly driven by lower Transaction (including pooled facilities) and Savings deposits, partly offset by growth in Investment deposits reflecting greater customer demand for higher yield deposits;
- Due to other financial institutions increase of \$1.2 billion or 8% mainly due to higher deposits from other banks; and
- Other interest bearing liabilities increase of \$9.8 billion or 22% primarily driven by growth in sale and repurchase agreements in Global Markets to fund higher non-lending interest earning assets.

#### Risk Weighted Assets

Risk weighted assets decreased \$1.8 billion or 2% on the prior half.

- Traded market risk weighted assets decreased \$5.7 billion or 41%, mainly driven by the implementation of a new market risk engine; partly offset by
- Credit risk weighted assets increased \$2.5 billion or 5%, primarily driven by higher derivative exposures;
- IRRBB risk weighted assets increased \$1.2 billion or 20%, primarily driven by changes in interest rate risk management positions; and
- Operational risk weighted assets increased by \$0.2 billion or 4% under the standardised measurement approach, primarily driven by higher revenues.

Institutional Banking and Markets generated \$769 million of organic capital<sup>1</sup> for the Group in the current half. This contributed 16 basis points to the Group's CET1 ratio.

<sup>1</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (excluding impact of FX movements on Credit RWAs as they are capital neutral with offsetting impact in Foreign Currency Translation Reserves) used to generate those profits. Amounts quoted exclude the payment of dividends.

# Divisional Performance (continued)

## New Zealand

### Overview

New Zealand primarily includes the banking and funds management businesses operating under the ASB brand. ASB provides a range of banking, wealth and insurance products and services to its personal, business and rural customers in New Zealand.

ASB serves the financial needs of its customers across multiple channels including an extensive network of branches, ATMs, contact centres, digital platforms and relationship managers.

New Zealand (A\$M)	Half Year Ended <sup>1</sup>				
	31 Dec 23 A\$M	30 Jun 23 A\$M	31 Dec 22 A\$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Net interest income	1,253	1,279	1,338	(2)	(6)
Other operating income <sup>2</sup>	219	193	231	13	(5)
Total operating income	1,472	1,472	1,569	–	(6)
Operating expenses	(601)	(599)	(555)	–	8
Loan impairment expense	(9)	(14)	(45)	(36)	(80)
Net profit before tax	862	859	969	–	(11)
Corporate tax expense	(239)	(239)	(269)	–	(11)
<b>Cash net profit after tax</b>	<b>623</b>	<b>620</b>	<b>700</b>	<b>–</b>	<b>(11)</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> Other operating income disclosed in AUD includes realised gains or losses associated with the hedging of New Zealand operations earnings. The hedging of the New Zealand operations has ceased, and the hedges were fully matured in February 2023.

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# Divisional Performance (continued)

## New Zealand (continued)

New Zealand (NZ\$M)	Half Year Ended <sup>1</sup>				
	31 Dec 23 NZ\$M	30 Jun 23 NZ\$M	31 Dec 22 NZ\$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Net interest income	1,353	1,390	1,464	(3)	(8)
Other operating income	237	213	263	11	(10)
Total operating income	1,590	1,603	1,727	(1)	(8)
Operating expenses	(648)	(650)	(611)	–	6
Loan impairment expense	(10)	(15)	(49)	(33)	(80)
Net profit before tax	932	938	1,067	(1)	(13)
Corporate tax expense	(260)	(261)	(299)	–	(13)
<b>Cash net profit after tax</b>	<b>672</b>	<b>677</b>	<b>768</b>	<b>(1)</b>	<b>(13)</b>
<b>Represented by:</b>					
ASB	707	710	803	–	(12)
Other <sup>2</sup>	(35)	(33)	(35)	6	–
<b>Cash net profit after tax</b>	<b>672</b>	<b>677</b>	<b>768</b>	<b>(1)</b>	<b>(13)</b>

Key Financial Metrics <sup>3</sup>	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Performance indicator</b>					
Operating expenses to total operating income (%)	40.8	40.5	35.4	30 bpts	large

- Comparative information has been restated to conform to presentation in the current period.
- Other includes ASB funding entities and elimination entries between New Zealand segment entities.
- Key financial metrics are calculated in New Zealand dollar terms.

## Financial Performance and Business Review

### Half Year Ended December 2023 versus December 2022

New Zealand cash net profit after tax <sup>1</sup> for the half year ended 31 December 2023 was NZD672 million, a decrease of NZD96 million or 13% on the prior comparative period. The result was driven by an 8% decrease in total operating income, a 6% increase in operating expenses and an 80% decrease in loan impairment expense.

### Half Year Ended December 2023 versus June 2023

New Zealand cash net profit after tax <sup>1</sup> decreased NZD5 million or 1% on the prior half. The result was driven by a 1% decrease in total operating income and a 33% decrease in loan impairment expense.

New Zealand generated AUD934 million of organic capital <sup>2</sup> for the Group in the current half. This contributed 19 basis points to the Group's CET1 ratio.

- The New Zealand result incorporates ASB and CBA cost allocations including capital charges and funding costs. The CBA Branch results relating to the Institutional Banking and Markets business in New Zealand are not included.
- Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (excluding impact of FX movements on Credit RWAs as they are capital neutral with offsetting impact in Foreign Currency Translation Reserves) used to generate those profits. Amounts quoted exclude the payment of dividends.

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# Divisional Performance (continued)

## New Zealand (continued)

ASB (NZ\$M)	Half Year Ended <sup>1</sup>				
	31 Dec 23 NZ\$M	30 Jun 23 NZ\$M	31 Dec 22 NZ\$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Net interest income	1,403	1,437	1,513	(2)	(7)
Other operating income	237	213	263	11	(10)
Total operating income	1,640	1,650	1,776	(1)	(8)
Operating expenses	(648)	(650)	(611)	–	6
Loan impairment expense	(10)	(15)	(49)	(33)	(80)
Net profit before tax	982	985	1,116	–	(12)
Corporate tax expense	(275)	(275)	(313)	–	(12)
<b>Cash net profit after tax</b>	<b>707</b>	<b>710</b>	<b>803</b>	<b>–</b>	<b>(12)</b>

Balance Sheet (NZ\$M)	As at				
	31 Dec 23 NZ\$M	30 Jun 23 NZ\$M	31 Dec 22 NZ\$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Home loans	73,621	74,093	73,438	(1)	–
Business lending	21,376	21,484	21,068	(1)	1
Rural lending	11,526	11,695	10,976	(1)	5
Other interest earning assets	1,682	1,662	1,678	1	–
Total lending interest earning assets	108,205	108,934	107,160	(1)	1
Non-lending interest earning assets	16,637	16,099	15,922	3	4
Other assets	1,570	1,752	1,327	(10)	18
<b>Total assets</b>	<b>126,412</b>	<b>126,785</b>	<b>124,409</b>	<b>–</b>	<b>2</b>
Interest bearing customer deposits	71,185	67,876	65,062	5	9
Debt issues	19,010	21,186	20,216	(10)	(6)
Other deposits <sup>2</sup>	7,551	8,992	9,227	(16)	(18)
Other interest bearing liabilities	2,826	2,755	3,188	3	(11)
Total interest bearing liabilities	100,572	100,809	97,693	–	3
Non-interest bearing customer deposits	10,397	10,490	12,083	(1)	(14)
Other non-interest bearing liabilities	2,483	2,562	2,531	(3)	(2)
<b>Total liabilities</b>	<b>113,452</b>	<b>113,861</b>	<b>112,307</b>	<b>–</b>	<b>1</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> Other deposits include certificates of deposit, repurchase agreements and funding from RBNZ Funding for Lending Programme and Term Lending Facility.

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# Divisional Performance (continued)

## New Zealand (continued)

ASB Key Financial Metrics <sup>2</sup>	Half Year Ended <sup>1</sup>				
	31 Dec 23	30 Jun 23	31 Dec 22	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Performance indicators</b>					
Net interest margin (%)	2.21	2.32	2.47	(11)bpts	(26)bpts
Return on assets (%)	1.1	1.1	1.3	–	(20)bpts
Operating expenses to total operating income (%)	39.5	39.4	34.4	10 bpts	510 bpts
Impairment expense annualised as a % of average GLAAs (%)	0.02	0.03	0.09	(1)bpt	(7)bpts
<b>Other information</b>					
Average interest earning assets (NZ\$M)	126,081	125,110	121,350	1	4
Risk weighted assets (NZ\$M) <sup>3</sup>	70,673	70,780	69,491	–	2
Risk weighted assets (A\$M) <sup>4</sup>	59,926	61,958	58,471	(3)	2
AUM - average (NZ\$M) <sup>5</sup>	20,150	20,876	20,353	(3)	(1)
AUM - spot (NZ\$M) <sup>5</sup>	20,189	21,307	20,212	(5)	–
90+ days home loan arrears (%)	0.41	0.34	0.22	7 bpts	19 bpts
90+ days consumer finance arrears (%)	0.83	0.49	0.51	34 bpts	32 bpts
Spot number of full-time equivalent staff (FTE)	5,929	6,016	5,898	(1)	1

1 Comparative information has been restated to conform to presentation in the current period.

2 Key financial metrics are calculated in New Zealand dollar terms unless otherwise stated.

3 Risk weighted assets calculated in accordance with RBNZ requirements.

4 Risk weighted assets (A\$M) calculated in accordance with APRA requirements.

5 On 11 February 2022, ASB sold the management rights of ASB Superannuation Master Trust ("SMT") to Smartshares Limited. The sale included a transition period where ASB continued to provide investment management and administration services until the transition was completed on 28 August 2023. The AUM balances related to SMT were included in the ASB AUM balance up until the transition date.

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# Divisional Performance (continued)

## New Zealand (continued)

### Financial Performance and Business Review

#### Half Year Ended December 2023 versus December 2022

ASB cash net profit after tax for the half year ended 31 December 2023 was NZD707 million, a decrease of NZD96 million or 12% on the prior comparative period. The result was driven by an 8% decrease in total operating income, a 6% increase in operating expenses and an 80% decrease in loan impairment expense.

#### Net Interest Income

Net interest income was NZD1,403 million, a decrease of NZD110 million or 7% on the prior comparative period. This was driven by a 26 basis point decrease in net interest margin, partly offset by a 4% growth in average interest earning assets.

Net interest margin decreased 26 basis points, reflecting:

- Lower lending margins mainly from home loan pricing competition;
- Lower deposit margins due to customer switching to higher yielding deposits, partly offset by higher deposit earnings from the higher interest rate environment;
- Lower income from Treasury related activities; and
- Higher wholesale funding costs; partly offset by
- Higher earnings on equity.

#### Other Operating Income

Other operating income was NZD237 million, a decrease of NZD26 million or 10% on the prior comparative period, reflecting:

- Lower Treasury and Markets earnings;
- Lower service fees due to fee removals and reductions on transaction accounts; and
- Lower domestic interchange fees from the introduction of a new payments system regulation; partly offset by
- Higher insurance commission income.

#### Operating Expenses

Operating expenses were NZD648 million, an increase of NZD37 million or 6% on the prior comparative period. The increase was primarily driven by increased investment spend, higher technology costs from higher amortisation and software licensing, and higher staff costs from wage inflation and increased full-time equivalent staff (FTE).

The number of FTE increased by 31 or 1% on the prior comparative period from 5,898 to 5,929 to support investment in financial crime, fraud prevention, and strategic priorities.

Investment spend continues to focus on regulatory compliance, customer experience initiatives and enhancing technology platforms.

The operating expenses to total operating income ratio for ASB was 39.5%, an increase of 510 basis points on the prior comparative period driven by lower operating income and higher operating expenses.

#### Loan Impairment Expense

Loan impairment expense was NZD10 million, a decrease of NZD39 million or 80% on the prior comparative period. This was mainly driven by lower home lending provisioning predominantly reflecting an improvement in the economic outlook compared to the prior comparative period, partly offset by higher individually assessed provision charges in the business portfolio.

Home loan 90+ days arrears increased 19 basis points to 0.41% and consumer finance 90+ days arrears increased 32 basis points to 0.83%, as cost of living and interest rate pressures increased.

#### Balance Sheet

Key spot balance sheet movements included:

- Home loans were broadly flat, below system growth of 3% in a highly competitive environment;
- Business loan growth of NZD0.3 billion or 1%, above flat system growth;
- Rural loan growth of NZD0.6 billion or 5%, above system growth of 1%;
- Non-lending interest earning assets growth of NZD0.7 billion or 4% mainly driven by increased liquid assets; and
- Total customer deposit growth of NZD4.4 billion or 6% (interest bearing and non-interest bearing), above system growth<sup>1</sup> of 3%, with greater customer demand for higher yielding deposits.

#### Risk Weighted Assets<sup>2</sup>

Risk weighted assets were NZD70.7 billion, an increase of NZD1.2 billion or 2% on the prior comparative period.

- Credit risk weighted assets increased NZD0.6 billion or 1% predominantly driven by lending volume growth;
- Market risk weighted assets increased NZD0.3 billion or 11% primarily due to an increase in interest rate risk positions; and
- Operational risk weighted assets increased NZD0.3 billion or 4% predominantly due to increased lending volumes.

1 RBNZ system data includes institutional deposits which are excluded from the ASB division Balance Sheet.

2 Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.

# Divisional Performance (continued)

## New Zealand (continued)

### Financial Performance and Business Review (continued)

#### Half Year Ended December 2023 versus June 2023

ASB cash net profit after tax decreased NZD3 million on the prior half. The result was driven by a 1% decrease in operating income, and a 33% decrease in loan impairment expense.

#### Net Interest Income

Net interest income decreased NZD34 million or 2% on the prior half. This result was driven by a 11 basis point decrease in net interest margin, partly offset by the benefit from three additional calendar days in the current half and a 1% growth in average interest earning assets.

Net interest margin decreased 11 basis points, reflecting:

- Lower deposit earnings due to customer switching to higher yielding deposits and lower term deposit margins;
- Lower lending margins reflecting increased competition; and
- Lower income from treasury related activities; partly offset by
- Higher earnings on equity.

#### Other Operating Income

Other operating income increased NZD24 million or 11% on the prior half, reflecting:

- Higher Markets and Treasury earnings;
- Higher volume driven cards income; and
- Higher insurance commission income.

#### Operating Expenses

Operating expenses decreased NZD2 million on the prior half. The decrease was primarily driven by timing of investment spend, increased leave usage and productivity, partly offset by increased technology costs from higher software licensing and development costs.

The number of FTE decreased by 87 or 1% on the prior half from 6,016 to 5,929.

The operating expenses to total operating income ratio increased 10 basis points on the prior half driven by lower operating income.

#### Loan Impairment Expense

Loan impairment expense decreased NZD5 million or 33% on the prior half. This was primarily driven by lower home lending collective provisioning reflecting improved house prices, partly offset by lower consumer finance provisioning in the prior half.

Home loan 90+ days arrears increased 7 basis points to 0.41% and consumer finance 90+ days arrears increased 34 basis points to 0.83%, as cost of living and interest rate pressures increased.

#### Balance Sheet

Key spot balance sheet movements included:

- Home loan decline of NZD0.5 billion or 1%, below system growth of 2%, in a highly competitive environment;
- Business loan decline of NZD0.1 billion or 1%, below system growth of 1%;
- Rural loan decline of NZD0.2 billion or 1%, in line with system decline; and
- Total customer deposit growth of NZD3.2 billion or 4% (interest bearing and non-interest bearing), above system growth<sup>1</sup> of 3%, with greater customer demand for higher yielding deposits.

#### Risk Weighted Assets<sup>2</sup>

Risk weighted assets decreased NZD0.1 billion on the prior half.

- Market risk weighted assets decreased NZD0.4 billion or 11% primarily due to a decrease in interest rate risk positions; partly offset by
- Operational risk weighted assets increased NZD0.2 billion or 3% predominantly due to increased lending volumes; and
- Credit risk weighted assets increased NZD0.1 billion.

ASB generated AUD966 million of organic capital<sup>3</sup> for the Group in the current half. This contributed 20 basis points to the Group's CET1 ratio.

- 1 RBNZ system data includes institutional deposits which are excluded from the ASB division Balance Sheet.
- 2 Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.
- 3 Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (excluding impact of FX movements on Credit RWAs as they are capital neutral with offsetting impact in Foreign Currency Translation Reserves) used to generate those profits. Amounts quoted exclude the payment of dividends.

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# Divisional Performance (continued)

## Corporate Centre and Other

### Overview

Corporate Centre and Other includes the results of the Group's centrally held minority investments and subsidiaries, Group-wide remediation costs, investment spend including enterprise-wide infrastructure and other strategic projects, employee entitlements, and unallocated revenue and expenses relating to the Bank's support functions including Investor Relations, Group Strategy, Marketing, Legal & Group Secretariat, Treasury and Bank-wide elimination entries arising on consolidation.

Treasury is responsible for the management of interest rate risk and foreign exchange risk inherent the Group's balance sheet. Treasury also manages the Group's wholesale funding, and the Group's prudential liquidity and capital requirements. Treasury's earnings are primarily sourced from managing the Group's Australian balance sheet, including interest rate risk.

Centrally held minority investments and subsidiaries include the Group's offshore minority investments in China (Bank of Hangzhou and Qilu Bank), Vietnam (Vietnam International Bank), as well as its Indonesian banking subsidiary (PT Bank Commonwealth). They also include domestically held minority investments in Lendi Group and CFS as well as the strategic investments in x15ventures.

On 16 November 2023, the Group announced that it entered into a binding agreement to sell its 99% shareholding in its Indonesian banking subsidiary, PT Bank Commonwealth (PTBC), to PT Bank OCBC NISP Tbk (OCBC Indonesia), a subsidiary of Oversea-Chinese Banking Corporation Limited (OCBC) for an upfront cash consideration of approximately \$220 million. Completion of the transaction is subject to a number of conditions including regulatory approvals from the Indonesian Financial Services Authority and the Monetary Authority of Singapore. The completion of the transaction is expected by the third quarter of calendar year 2024. The Group reclassified \$1,388 million of PTBC's assets and \$1,145 million of liabilities to assets and liabilities held for sale as at 31 December 2023. PTBC is not classified as a discontinued operation.

Corporate Centre and Other (continuing operations, including eliminations)	Half Year Ended <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Net interest income	83	64	(13)	30	large
Other operating income	76	65	148	17	(49)
Total operating income	159	129	135	23	18
Underlying operating expenses	(1,112)	(1,167)	(1,034)	(5)	8
<i>Restructuring and one-off item <sup>2</sup></i>	–	(212)	–	(large)	–
Total operating expenses	(1,112)	(1,379)	(1,034)	(19)	8
Loan impairment expense	(20)	(1)	(5)	large	large
Net loss before tax	(973)	(1,251)	(904)	(22)	8
Corporate tax benefit	200	422	271	(53)	(26)
<b>Cash net loss after tax</b>	<b>(773)</b>	<b>(829)</b>	<b>(633)</b>	<b>(7)</b>	<b>22</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> Refer to page 11 for further information.

# Divisional Performance (continued)

## Corporate Centre and Other (continued)

### Financial Performance and Business Review

#### Half Year Ended December 2023 versus December 2022

Corporate Centre and Other cash net loss after tax for the half year ended 31 December 2023 was \$773 million, an increase of \$140 million or 22% on the prior comparative period. The result was primarily driven by an 18% increase in total operating income, an 8% increase in operating expenses and a \$15 million increase in loan impairment expense.

#### Net Interest Income

Net interest income was \$83 million, an increase of \$96 million on the prior comparative period. This was primarily driven by higher Treasury earnings from interest rate risk management activities.

#### Other Operating Income

Other operating income was \$76 million, a decrease of \$72 million or 49% on the prior comparative period. This was mainly driven by lower Treasury gains from market positioning activities, lower gains from sale of Treasury liquid assets and a reduction in equity accounted profits.

#### Operating Expenses

Operating expenses were \$1,112 million, an increase of \$78 million or 8% on the prior comparative period. This was primarily driven by inflation, IT and other spend to deliver enterprise-wide infrastructure and other strategic priorities, partly offset by productivity initiatives.

#### Loan Impairment Expense

Loan impairment expense was \$20 million, an increase of \$15 million on the prior comparative period. This was primarily driven by higher collective provisions in PTBC.

#### Risk Weighted Assets

Risk weighted assets were \$16.9 billion, a decrease of \$11.3 billion or 40% on the prior comparative period.

- IRRBB risk weighted assets decreased \$12.1 billion or 59%, primarily driven by lower embedded losses.
- Operational risk weighted assets decreased by \$1.7 billion or 79%, primarily driven by the adoption of the standardised measurement approach in line with APRA's revised capital framework.
- Credit risk weighted assets increased by \$2.5 billion or 47%.

#### Half Year Ended December 2023 versus June 2023

Cash net loss after tax decreased \$56 million or 7% on the prior half. The result was primarily driven by a 23% increase in total operating income, a 19% decrease in operating expenses (5% decrease excluding one-off items) and a \$19 million increase in loan impairment expense.

#### Net Interest Income

Net interest income increased \$19 million or 30% on the prior half. This was primarily driven by higher Treasury earnings mainly from interest rate risk management activities.

#### Other Operating Income

Other operating income increased \$11 million or 17% on the prior half. This was mainly driven by the timing of dividend income from Bank of Hangzhou and Qilu Bank.

#### Operating Expenses <sup>1</sup>

Operating expenses decreased \$55 million or 5% on the prior half. This was primarily driven by the revaluation of employee entitlement obligations due to changes in discount rates and lower remediation related costs.

#### Loan Impairment Expense

Loan impairment expense increased \$19 million on the prior half. This was mainly due to higher individually assessed provisions in PTBC.

#### Risk Weighted Assets

Risk weighted assets decreased \$5.5 billion or 25% on the prior half.

- IRRBB risk weighted assets decreased by \$7.5 billion or 48%, primarily driven by lower embedded losses.
- Credit risk weighted assets increased by \$2.0 billion or 36%.

Corporate Centre consumed \$3,954 million of organic capital <sup>2</sup> for the Group in the current half, largely due to the payment of dividends. This impacted the Group's CET1 ratio by 88 basis points.

<sup>1</sup> Presented on an underlying basis.

<sup>2</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (excluding impact of FX movements on Credit RWAs as they are capital neutral with offsetting impact in Foreign Currency Translation Reserves) used to generate those profits.

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# Financial Statements



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# Directors' Report

The Directors of the Commonwealth Bank of Australia present their report, together with the financial statements of the Commonwealth Bank of Australia and its controlled entities (collectively referred to as 'the Group') for the half year ended 31 December 2023.

## Directors

The names of the Directors holding office at any time during or since the end of the half year were:

Paul O'Malley	Chairman
Matt Comyn	Managing Director and Chief Executive Officer
Genevieve Bell AO	Director (retired 31 October 2023)
Lyn Cobley	Director
Julie Galbo	Director
Peter Harmer	Director
Simon Moutter	Director
Mary Padbury	Director
Anne Templeman-Jones	Director
Rob Whitfield AM	Director

## Review and Results of Operations

The Group's statutory net profit after tax for the half year ended 31 December 2023 was \$4,759 million, a decrease of \$413 million or 8% on the prior comparative period. The decrease was driven by the non-recurrence of the net gain on sale of CommInsure General Insurance, a loss on the reclassification of PT Bank Commonwealth (PTBC) as a business held for sale and an increase in operating expenses, partly offset by an increase in operating income and a reduction in loan impairment expense.

On 16 November 2023, the Group announced that it entered into a binding agreement to sell its 99% shareholding in its Indonesian banking subsidiary, PTBC, to PT Bank OCBC NISP Tbk (OCBC Indonesia), a subsidiary of Oversea-Chinese Banking Corporation Limited (OCBC) for an upfront cash consideration of approximately \$220 million. Completion of the transaction is subject to a number of conditions including regulatory approvals from the Indonesian Financial Services Authority and the Monetary Authority of Singapore. The completion of the transaction is expected by the third quarter of calendar year 2024. The Group's interest in PTBC has been classified as held for sale as at 31 December 2023.

There have been no other significant changes in the nature of the principal activities of the Group during the half year.

The performance of the Group's business segments for the half year ended 31 December 2023 was as follows:

- The statutory net profit after tax from Retail Banking Services was \$2,687 million, a decrease of \$387 million or 13% on the prior comparative period. The decrease was driven by lower operating income, the non-recurrence of the gain on sale of CommInsure General Insurance and an increase in operating expenses, partly offset by lower loan impairment expense.
- The statutory net profit after tax from Business Banking was \$1,893 million, an increase of \$115 million or 6% on the prior comparative period. The increase was driven by an increase in operating income and lower loan impairment expense, partly offset by higher operating expenses.
- The statutory net profit after tax from Institutional Banking and Markets was \$589 million, an increase of \$130 million or 28% on the prior comparative period. The increase was driven by an increase in operating income, partly offset by higher operating expenses.
- The statutory net profit after tax from New Zealand was \$813 million, an increase of \$332 million or 69% on the prior comparative period. The increase was driven by hedging and IFRS volatility gains and lower loan impairment expense, partly offset by a decrease in operating income and higher operating expenses.

- The statutory net loss after tax including discontinued operations from Corporate Centre and Other was \$1,223 million, an increase of \$603 million on the prior comparative period. The increase was primarily driven by hedging and IFRS volatility losses, and the loss on reclassification of PTBC as a business held for sale.

Additional analysis of operations for the half year ended 31 December 2023 is set out in the Highlights and Group and Divisional Performance Analysis sections.

The Board has received written statements from the Chief Executive Officer and Chief Financial Officer that the accompanying Financial Statements have been prepared in accordance with Australian Accounting Standards, Corporations Regulations 2001 and Corporations Act.

### Material Business risks

The Group recognises that risk is inherent in business and that effective risk management is a key component of sound corporate governance and is essential in delivering our business objectives.

The Group's risk management framework, material risk types and approach to managing them during the period are described in the 2023 Annual Report on pages 60-65 and in Note 9.1 of the Financial report on pages 205-211.

In addition, commentary on the Group's ongoing litigations, investigations and reviews for the half year ended 31 December 2023 is included in Note 7.2 of the Financial Statements.

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# Directors' Report

## Rounding and Presentation of Amounts

Unless otherwise indicated, the Group has rounded off amounts in this Directors' Report and the accompanying financial statements to the nearest million dollars in accordance with ASIC Corporations Instrument 2016/191.

## Auditor's Independence Declaration

A copy of the auditor's independence declaration has been obtained from the Group's auditor, PricewaterhouseCoopers and is set out on page 63.

Signed in accordance with a resolution of the Directors.



Paul O'Malley  
Chairman  
14 February 2024



Matt Comyn  
Managing Director and Chief Executive Officer  
14 February 2024

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# Auditor's Independence Declaration



## Auditor's Independence Declaration

As lead auditor for the review of the Commonwealth Bank of Australia for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of the Commonwealth Bank of Australia and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Elizabeth O'Brien'.

Elizabeth O'Brien  
Partner  
PricewaterhouseCoopers

Sydney  
14 February 2024

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# Financial Statements

## Consolidated Income Statement

For the half year ended 31 December 2023

	Note	Half Year Ended <sup>1</sup>		
		31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M
Interest income:				
Effective interest income	2.1	27,574	23,881	19,301
Other interest income	2.1	1,734	969	324
Interest expense	2.1	(17,904)	(13,431)	(7,988)
Net interest income		11,404	11,419	11,637
Net other operating income <sup>2</sup>	2.2	2,174	2,031	2,341
<b>Total net operating income before operating expenses and impairment</b>		<b>13,578</b>	<b>13,450</b>	<b>13,978</b>
Operating expenses	2.3	(6,098)	(6,087)	(5,992)
Loan impairment expense	3.2	(415)	(597)	(511)
<b>Net profit before income tax</b>		<b>7,065</b>	<b>6,766</b>	<b>7,475</b>
Income tax expense	2.5	(2,228)	(1,913)	(2,232)
<b>Net profit after income tax from continuing operations</b>		<b>4,837</b>	<b>4,853</b>	<b>5,243</b>
Net loss after income tax from discontinued operations		(78)	(27)	(71)
<b>Net profit after income tax</b>		<b>4,759</b>	<b>4,826</b>	<b>5,172</b>

1 Comparative information has been revised to reflect the change detailed in Note 1.1.

2 Net other operating income is presented net of directly attributable fees and commission expenses, depreciation and impairment charges.

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

### Earnings per share attributable to equity holders of the Bank:

	Half Year Ended <sup>1</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	Cents per Share		
Earnings per share from continuing operations:			
Basic	288.9	288.1	309.4
Diluted	286.5	285.6	300.2
Earnings per share:			
Basic	284.3	286.5	305.2
Diluted	282.1	284.1	296.3

1 Comparative information has been revised to reflect the change detailed in Note 1.1.

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# Financial Statements (continued)

## Consolidated Statement of Comprehensive Income For the half year ended 31 December 2023

	Half Year Ended <sup>1</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Net profit after income tax for the period from continuing operations</b>	<b>4,837</b>	4,853	5,243
<b>Other comprehensive income/(expense):</b>			
<b>Items that may be reclassified subsequently to profit/(loss):</b>			
Foreign currency translation reserve net of tax	(15)	(85)	314
Gains/(losses) on cash flow hedging instruments net of tax	884	(584)	(377)
(Losses)/gains on debt investment securities at fair value through Other Comprehensive Income net of tax	(202)	20	(249)
<b>Total of items that may be reclassified</b>	<b>667</b>	(649)	(312)
<b>Items that will not be reclassified to profit/(loss):</b>			
Actuarial (losses)/gains from defined benefit superannuation plans net of tax	(90)	8	(20)
Gains/(losses) on equity investment securities at fair value through Other Comprehensive Income net of tax	71	(158)	(272)
Revaluation of properties net of tax	-	19	-
<b>Total of items that will not be reclassified</b>	<b>(19)</b>	(131)	(292)
<b>Other comprehensive income/(expense) net of income tax from continuing operations</b>	<b>648</b>	(780)	(604)
<b>Total comprehensive income for the period from continuing operations</b>	<b>5,485</b>	4,073	4,639
Net loss after income tax for the period from discontinued operations	(78)	(27)	(71)
<b>Total comprehensive income for the period</b>	<b>5,407</b>	4,046	4,568

<sup>1</sup> Comparative information has been revised to reflect the change detailed in Note 1.1.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Half Year Ended		
	31 Dec 23	30 Jun 23	31 Dec 22
	Cents per Share		
Dividends per share attributable to shareholders of the Bank:			
Ordinary shares	215	240	210

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# Financial Statements (continued)

## Consolidated Balance Sheet As at 31 December 2023

	Note	As at <sup>1</sup>		
		31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M
<b>Assets</b>				
Cash and liquid assets		91,534	116,619	156,140
Receivables from financial institutions		7,906	6,079	7,598
Assets at fair value through Income Statement		82,649	67,627	24,885
Derivative assets		30,603	23,945	29,668
Investment securities:				
At amortised cost		1,623	2,032	2,581
At fair value through Other Comprehensive Income		112,760	84,671	80,858
Assets held for sale	7.3	1,391	5	3
Loans and other receivables	3.1, 3.2	921,372	926,082	906,324
Property, plant and equipment		4,783	4,950	5,068
Investments in associates and joint ventures		1,774	1,827	1,840
Intangible assets		7,510	7,393	7,136
Deferred tax assets		3,318	3,811	3,283
Other assets		8,746	7,382	6,797
<b>Total assets</b>		<b>1,275,969</b>	<b>1,252,423</b>	<b>1,232,181</b>
<b>Liabilities</b>				
Deposits and other public borrowings	4.1	873,299	864,995	879,152
Payables to financial institutions		20,544	21,910	19,863
Liabilities at fair value through Income Statement		44,740	40,103	7,015
Derivative liabilities		33,624	25,347	33,194
Current tax liabilities		266	671	305
Deferred tax liabilities		77	88	104
Liabilities held for sale	7.3	1,145	–	–
Provisions		2,772	3,013	3,163
Term funding from central banks		36,591	54,220	56,011
Debt issues		139,275	122,267	118,843
Bills payable and other liabilities		16,686	15,578	13,314
		<b>1,169,019</b>	<b>1,148,192</b>	<b>1,130,964</b>
Loan capital		34,111	32,598	28,896
<b>Total liabilities</b>		<b>1,203,130</b>	<b>1,180,790</b>	<b>1,159,860</b>
<b>Net assets</b>				
<b>Shareholders' Equity</b>				
Ordinary share capital	5.1	33,774	33,913	35,140
Reserves	5.1	(1,583)	(2,295)	(1,540)
Retained profits	5.1	40,643	40,010	38,716
<b>Shareholders' Equity attributable to equity holders of the Bank</b>		<b>72,834</b>	<b>71,628</b>	<b>72,316</b>
Non-controlling interests	5.1	5	5	5
<b>Total Shareholders' Equity</b>		<b>72,839</b>	<b>71,633</b>	<b>72,321</b>

1 Comparative information has been revised to reflect the change detailed in Note 1.1.

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

# Financial Statements (continued)

## Consolidated Statement of Changes in Equity For the half year ended 31 December 2023

	Ordinary share capital \$M	Reserves \$M	Retained profits \$M	Total \$M	Non- controlling interests \$M	Total Shareholders' Equity \$M
<b>As at 30 June 2022</b>	36,467	(460)	36,826	<b>72,833</b>	5	<b>72,838</b>
Prior period change <sup>1</sup>	–	(458)	305	<b>(153)</b>	–	<b>(153)</b>
<b>Revised opening balance</b>	36,467	(918)	37,131	<b>72,680</b>	5	<b>72,685</b>
Net profit after income tax from continuing operations <sup>1</sup>	–	–	5,243	<b>5,243</b>	–	<b>5,243</b>
Net loss after income tax from discontinued operations	–	–	(71)	<b>(71)</b>	–	<b>(71)</b>
Net other comprehensive income from continuing operations <sup>1</sup>	–	(584)	(20)	<b>(604)</b>	–	<b>(604)</b>
Total comprehensive income for the period <sup>1</sup>	–	(584)	5,152	<b>4,568</b>	–	<b>4,568</b>
Transactions with Equity holders in their capacity as Equity holders:						
Share buy-backs <sup>2</sup>	(1,331)	–	–	<b>(1,331)</b>	–	<b>(1,331)</b>
Dividends paid on ordinary shares	–	–	(3,571)	<b>(3,571)</b>	–	<b>(3,571)</b>
Share-based payments	–	(34)	–	<b>(34)</b>	–	<b>(34)</b>
Purchase of treasury shares	(69)	–	–	<b>(69)</b>	–	<b>(69)</b>
Sale and vesting of treasury shares	73	–	–	<b>73</b>	–	<b>73</b>
Other changes	–	(4)	4	–	–	–
<b>As at 31 December 2022</b>	35,140	(1,540)	38,716	<b>72,316</b>	5	<b>72,321</b>
Net profit after income tax from continuing operations <sup>1</sup>	–	–	4,853	<b>4,853</b>	–	<b>4,853</b>
Net loss after income tax from discontinued operations	–	–	(27)	<b>(27)</b>	–	<b>(27)</b>
Net other comprehensive income from continuing operations <sup>1</sup>	–	(788)	8	<b>(780)</b>	–	<b>(780)</b>
Total comprehensive income for the period <sup>1</sup>	–	(788)	4,834	<b>4,046</b>	–	<b>4,046</b>
Transactions with Equity holders in their capacity as Equity holders:						
Share buy-backs <sup>2</sup>	(1,202)	–	–	<b>(1,202)</b>	–	<b>(1,202)</b>
Dividends paid on ordinary shares	–	–	(3,546)	<b>(3,546)</b>	–	<b>(3,546)</b>
Share-based payments	–	39	–	<b>39</b>	–	<b>39</b>
Purchase of treasury shares	(32)	–	–	<b>(32)</b>	–	<b>(32)</b>
Sale and vesting of treasury shares	7	–	–	<b>7</b>	–	<b>7</b>
Other changes	–	(6)	6	–	–	–
<b>As at 30 June 2023</b>	33,913	(2,295)	40,010	<b>71,628</b>	5	<b>71,633</b>
Net profit after income tax from continuing operations	–	–	4,837	<b>4,837</b>	–	<b>4,837</b>
Net loss after income tax from discontinued operations	–	–	(78)	<b>(78)</b>	–	<b>(78)</b>
Net other comprehensive income from continuing operations	–	738	(90)	<b>648</b>	–	<b>648</b>
Total comprehensive income for the period	–	738	4,669	<b>5,407</b>	–	<b>5,407</b>
Transactions with Equity holders in their capacity as Equity holders:						
Share buy-backs <sup>3</sup>	(154)	–	–	<b>(154)</b>	–	<b>(154)</b>
Dividends paid on ordinary shares	–	–	(4,023)	<b>(4,023)</b>	–	<b>(4,023)</b>
Share-based payments	–	(39)	–	<b>(39)</b>	–	<b>(39)</b>
Purchase of treasury shares	(66)	–	–	<b>(66)</b>	–	<b>(66)</b>
Sale and vesting of treasury shares	81	–	–	<b>81</b>	–	<b>81</b>
Other changes	–	13	(13)	–	–	–
<b>As at 31 December 2023</b>	33,774	(1,583)	40,643	<b>72,834</b>	5	<b>72,839</b>

<sup>1</sup> Comparative information has been revised to reflect the change detailed in Note 1.1.

<sup>2</sup> As at 30 June 2023, the Group completed the \$3 billion on-market share buy-back previously announced on 9 February 2022 and 15 February 2023, with 12,244,847 ordinary shares bought back at an average price of \$98.17 per share (\$1,202 million) in the half year ended 30 June 2023 and 13,124,237 ordinary shares were bought back at an average price of \$101.33 per share (\$1,330 million) in the half year ended 31 December 2022. The Group recognised transaction costs of \$1 million during the half year ended 31 December 2022 in relation to the capital returns. The shares bought back were subsequently cancelled.

<sup>3</sup> On 9 August 2023, the Group announced its intention to conduct a further on-market share buy-back of up to \$1 billion of CBA ordinary shares, with 1,517,388 ordinary shares bought back at \$101.49 (\$154 million) in the half year ended 31 December 2023. The shares bought back were subsequently cancelled.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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# Financial Statements (continued)

## Condensed Consolidated Statement of Cash Flows For the half year ended 31 December 2023

	Half Year Ended <sup>1</sup>		
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M
Cash flows from operating activities before changes in operating assets and liabilities	5,092	7,498	5,713
Changes in operating assets and liabilities arising from cash flow movements	(30,137)	(14,806)	(6,795)
<b>Net cash used in operating activities</b>	<b>(25,045)</b>	<b>(7,308)</b>	<b>(1,082)</b>
Net proceeds from disposal of entities and businesses (net of cash and cash equivalents disposed)	–	–	567
Cash flows from other investing activities	(664)	(595)	(845)
<b>Net cash used in investing activities</b>	<b>(664)</b>	<b>(595)</b>	<b>(278)</b>
Share buy-backs	(154)	(1,202)	(1,331)
Dividends paid <sup>2</sup>	(4,023)	(3,546)	(3,571)
Proceeds from issuance of debt securities	31,031	23,484	28,349
Redemption of issued debt securities	(14,010)	(22,745)	(26,584)
(Maturity of)/proceeds from term funding from central banks	(17,642)	(1,824)	1,226
Cash flows from other financing activities	1,307	3,046	950
<b>Net cash used in financing activities</b>	<b>(3,491)</b>	<b>(2,787)</b>	<b>(961)</b>
Net decrease in cash and cash equivalents	(29,200)	(10,690)	(2,321)
Effect of foreign exchange rates on cash and cash equivalents	(621)	345	483
Cash and cash equivalents at beginning of period	107,172	117,517	119,355
<b>Cash and cash equivalents at end of period</b>	<b>77,351</b>	<b>107,172</b>	<b>117,517</b>

<sup>1</sup> It should be noted that the Group does not use this accounting Statement of Cash Flows in the internal management of its liquidity positions.

<sup>2</sup> Includes the dividend reinvestment plan (DRP) satisfied by on-market purchase and transfer of shares.

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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# Notes to the Financial Statements

## 1. Overview

### 1.1 General Information, Basis of Accounting, Adoption of Amended Accounting Standards and Future Accounting Developments

#### General Information

The financial report of the Commonwealth Bank of Australia (the Bank) and its subsidiaries (the Group) for the half year ended 31 December 2023, were approved and authorised for issue by the Board of Directors on 14 February 2024. The Directors have the power to amend and reissue the financial statements.

The financial report includes the condensed consolidated financial statements of the Group, accompanying notes, Directors' Declaration and the Independent Auditor's Review Report.

The Bank is a for-profit entity incorporated and domiciled in Australia. It is a company limited by shares that are publicly traded on the Australian Securities Exchange. The registered office is Commonwealth Bank Place South, Level 1, 11 Harbour Street, Sydney, NSW 2000, Australia.

On 16 November 2023, the Group announced that it entered into a binding agreement to sell its 99% shareholding in its Indonesian banking subsidiary, PT Bank Commonwealth (PTBC), to PT Bank OCBC NISP Tbk (OCBC Indonesia), a subsidiary of Oversea-Chinese Banking Corporation Limited (OCBC) for an upfront cash consideration of approximately \$220 million. Completion of the transaction is subject to a number of conditions including regulatory approvals from the Indonesian Financial Services Authority and the Monetary Authority of Singapore. The completion of the transaction is expected by the third quarter of calendar year 2024.

There have been no other significant changes in the nature of the principal activities of the Group during the half year.

#### Basis of Accounting

The general purpose financial report for the half year ended 31 December 2023 has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)* and AASB 134 *Interim Financial Reporting* which ensures compliance with IAS 34 *Interim Financial Reporting*. The Group is a for-profit entity for the purpose of preparing this report.

This half year financial report does not include all notes of the type normally included within an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial position and financial performance of the Group as that given by the Annual Financial Report.

As a result, this half year financial report should be read in conjunction with the 2023 Annual Report of the Group and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)* and the ASX Listing Rules.

The amounts contained in this half year financial report are presented in Australian dollars and rounded to the nearest million dollars unless otherwise stated, under the option available under *ASIC Corporations Instrument 2016/191*. For the purpose of this half year financial report, the half year has been treated as a discrete reporting period.

Except as discussed below, the accounting policies adopted in the preparation of the half year financial report are consistent with those adopted by the Group and disclosed in the 2023 Annual Report.

Where necessary, comparative information has been revised to conform to presentation in the current period. All changes have been footnoted throughout the financial statements. Discontinued operations are excluded from the results of the continuing operations and are presented as a single line item "net profit after tax from discontinued operations" in the Consolidated Income Statement.

#### Changes in comparatives

##### Re-segmentation

During the half year ended 31 December 2023, the Group made a number of allocations and reclassifications including refinements to the allocation of support units and other costs. These changes have not impacted the Group's net profit but have resulted in changes to the presentation of the Income Statement and the Balance Sheet of the affected segments. These changes have been applied retrospectively.

#### Adoption of new or amended accounting standards and future accounting developments

##### New and future accounting developments

New and revised standards and interpretations issued by the AASB and the IASB that are effective for the half year ended 31 December 2023 did not result in significant changes to the Group's accounting policies. There are no new accounting standards or amendments to existing standards that are not yet effective, which are expected to have a material impact on the Group.

# Notes to the Financial Statements (continued)

## 1.1 General Information, Basis of Accounting, Adoption of Amended Accounting Standards and Future Accounting Development (continued)

### Prior period adjustments

During the half year ended 31 December 2023, management reassessed the classification of the Group's investment in Qilu Bank in accordance with AASB 128 *Investments in Associates and Joint Ventures* and concluded that the Group lost significant influence over financial and operating policy decision making at the time of the Qilu Bank Initial Public Offering in June 2021.

This change has been applied retrospectively and prior period comparative information has been revised as follows:

- A decrease in investments in associates as at 30 June 2023, 31 December 2022 and 30 June 2022 of \$1,021 million, \$911 million and \$957 million, respectively;
- An increase in Investments at fair value through Other Comprehensive Income as at 30 June 2023, 31 December 2022 and 30 June 2022 of \$599 million, \$656 million and \$779 million, respectively;
- A decrease in deferred tax liabilities as at 30 June 2023, 31 December 2022 and 30 June 2022 of \$50 million, \$33 million and \$25 million, respectively;
- A decrease in net other operating income for the half year ended 30 June 2023 of \$132 million, and an increase for the half year ended 31 December 2022 of \$30 million;
- A decrease in income tax expense for the half year ended 30 June 2023 of \$13 million, and an increase for the half year ended 31 December 2022 of \$3 million;
- A decrease in investment securities revaluation reserve as at 30 June 2023, 31 December 2022 and 30 June 2022 of \$535 million, \$485 million and \$370 million, respectively;
- A decrease in foreign currency translation reserve as at 30 June 2023, 31 December 2022 and 30 June 2022 of \$50 million, \$69 million and \$88 million, respectively;
- An increase in opening retained earnings as at 1 July 2022 of \$305 million;
- A decrease in basic earnings per share for the half year ended 30 June 2023 of 7 cents per share, and an increase for the half year ended 31 December 2022 of 1.6 cents per share;
- A decrease in basic earnings per share from continuing operations for the half year ended 30 June 2023 of 7 cents per share, and an increase for the half year ended 31 December 2022 of 1.6 cents per share;
- A decrease in diluted earnings per share for the half year ended 30 June 2023 of 6.6 cents per share, and an increase for the half year ended 31 December 2022 of 1.5 cents per share; and
- A decrease in diluted earnings per share from continuing operations for the half year ended 30 June 2023 of 6.7 cents per share, and an increase for the half year ended 31 December 2022 of 1.5 cents per share.

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# Notes to the Financial Statements (continued)

## 2. Our Performance

### Overview

The Group earns its returns from providing a broad range of banking products and services to retail and wholesale customers in Australia, New Zealand and other jurisdictions.

Lending and deposit taking are the Group's primary business activities with Net interest income being the main contributor to the Group's results. Net interest income is derived from the difference between interest earned on lending and investment assets and interest paid on customer deposits and wholesale debt raised to fund these assets.

The Group further generates income from lending fees and commissions and trading activities. It also incurs costs associated with running the business such as staff, occupancy and technology related expenses.

Our Performance section provides details of the main contributors to the Group's returns and analysis of its financial performance by business segments and geographic regions.

### 2.1 Net Interest Income

	Half Year Ended		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Interest Income</b>			
Effective interest income:			
Loans and other receivables	22,629	19,665	16,155
Other financial institutions	160	62	144
Cash and liquid assets	2,296	2,336	1,779
Investment securities:			
At amortised cost	47	51	50
At fair value through Other Comprehensive Income	2,442	1,767	1,173
<b>Total effective interest income</b>	<b>27,574</b>	<b>23,881</b>	<b>19,301</b>
Other interest income:			
Assets at fair value through Income Statement	1,681	916	274
Other	53	53	50
<b>Total other interest income</b>	<b>1,734</b>	<b>969</b>	<b>324</b>
<b>Total interest income</b>	<b>29,308</b>	<b>24,850</b>	<b>19,625</b>
<b>Interest Expense</b>			
Deposits	11,314	8,070	4,656
Term funding from central banks	147	151	106
Other financial institutions	628	512	332
Liabilities at fair value through Income Statement	946	552	82
Debt issues	3,495	2,983	1,890
Loan capital	1,125	933	682
Lease liabilities	40	39	38
Bank levy	209	191	202
<b>Total interest expense</b>	<b>17,904</b>	<b>13,431</b>	<b>7,988</b>
<b>Net interest income</b>	<b>11,404</b>	<b>11,419</b>	<b>11,637</b>

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# Notes to the Financial Statements (continued)

## 2.1 Net Interest Income (continued)

### ACCOUNTING POLICIES

Interest income and interest expense on financial assets and liabilities measured at amortised cost, and debt financial assets measured at fair value through OCI, are recognised using the effective interest method. Interest income recognition for these categories of financial assets depends on the expected credit losses (ECL) stage they are allocated to in accordance with the Group's ECL methodology. For financial assets classified within Stage 1 and Stage 2 interest income is calculated by applying the effective interest rate to the gross carrying amount of the assets. Interest income on financial assets in Stage 3 is recognised by applying the effective interest rate to the gross carrying amount net of provisions for impairment. For details on the Group's ECL methodology refer to Note 3.2.

Fees, transaction costs and issue costs integral to financial assets and liabilities are capitalised and included in the interest recognised over the expected life of the instrument. This includes establishment fees for providing a loan or a lease arrangement. Facility and line fees in relation to commitments made under credit facilities where draw down is assessed as probable are considered an integral part of effective interest rate and recognised in Net interest income.

Interest income on finance leases is recognised progressively over the life of the lease, consistent with the outstanding investment and unearned income balance.

Interest income and expense on financial assets and liabilities that are classified at fair value through the Income Statement are accounted for on a contractual rate basis and include amortisation of premiums/discounts.

Interest expense also includes payments made under a liquidity facility arrangement with the Reserve Bank of Australia, the Major Bank Levy (Bank Levy) expense and other financing charges.

## 2.2 Net Other Operating Income

	Half Year Ended <sup>1</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
Commission income	1,208	1,117	1,180
Commission expense <sup>2</sup>	(161)	(150)	(167)
Net commission income	1,047	967	1,013
Lending fees	404	396	357
Trading income	609	582	513
Net gain/(loss) on non-trading financial instruments <sup>3</sup>	1	(75)	343
Net gain/(loss) on sale of property, plant and equipment	1	–	(4)
Net (loss)/gain from hedging ineffectiveness	(42)	7	(6)
Dividends	55	–	55
Share of results of associates and joint ventures net of impairment	(42)	(4)	(15)
Net insurance and funds management income	55	54	28
Other <sup>4 5</sup>	86	104	57
<b>Total net other operating income</b>	<b>2,174</b>	<b>2,031</b>	<b>2,341</b>

1 Comparative information has been revised to reflect the change detailed in Note 1.1.

2 Includes expenses directly attributable to commission income generation such as credit card loyalty programs, card processing and certain other volume related expenses.

3 Includes gains/(losses) on non-trading derivatives that are held for risk management purposes and gains/(losses) on disposal of businesses not classified as discontinued operations. For detail on businesses held for sale, refer to Note 7.3.

4 The half year ended 31 December 2023 includes depreciation of \$32 million in relation to assets held for lease as lessor by the Group (30 June 2023: \$31 million; 31 December 2022: \$32 million).

5 The half year ended 30 June 2023 includes a \$10 million impairment loss in relation to certain aircraft owned by the Group and leased to various airlines; 31 December 2022 includes \$4 million impairment reversal.



# Notes to the Financial Statements (continued)

## 2.2 Net Other Operating Income (continued)

### ACCOUNTING POLICIES

Lending fees and commission income are accounted for as follows:

- facility fees earned for managing and administering credit and other facilities for customers are generally charged to the customer on a monthly or annual basis and are recognised as revenue over the service period. Annual fees that are not an integral part of the effective interest rate are deferred on the Balance Sheet in Bills payable and other liabilities and recognised on a straight-line basis over the year. Transaction based fees are charged and recognised at the time of the transaction;
- commitment fees and fees in relation to guarantee arrangements are deferred and recognised over the life of the contractual arrangements;
- fee income is earned for providing advisory or arrangement services, placement and underwriting services. These fees are recognised and charged when the related service is completed which is typically at the time of the transaction;
- the Group assesses whether the nature of the arrangement with its customer is as a principal provider or an agent of another party. Where the Group acts as an agent for another party, the income earned by the Group is the net consideration received. As an agent, the net consideration represents fee income for facilitating the transaction between the customer and the third party provider with primary responsibility for fulfilling the contract; and
- commission income is presented net of directly attributable incremental external costs. Directly attributable incremental costs are the costs that would not have been incurred if a specific service had not been provided to a customer. These costs include the costs associated with credit card loyalty programs which are recognised as an expense when the services are provided on the redemption of points, cards processing expenses and certain other volume related expenses.

Establishment fees on financing facilities are deferred and amortised to interest income over the expected life of the loan and are not recognised when the commitment is issued.

Trading income represents both realised and unrealised gains and losses from changes in the fair value of trading assets, liabilities and derivatives, which are recognised in the period in which they arise.

Net gain/(loss) on non-trading financial instruments includes realised and unrealised gains and losses from non-trading financial assets and liabilities, as well as realised and unrealised gains and losses on non-trading derivatives that are held for risk management purposes.

Net gain/(loss) on the disposal of property, plant and equipment is the difference between proceeds received and its carrying value.

Net hedging ineffectiveness is measured on fair value, cash flow and net investment hedges.

Dividends received on non-trading equity investments are recognised on the ex-dividend date or when the right to receive payment is established.

The Group equity accounts for its share of the profits or losses of associate or joint venture investments, net of impairment recognised. Dividends received are recognised as a reduction in the carrying amount of the investment.

Funds management fees and net insurance income are recognised over the service period as the performance obligations are met and when it is probable that the revenue will be received.

Other income includes rental income on operating leases which is recognised on a straight-line basis over the lease term. This income is presented net of depreciation and impairment expense on the associated operating lease assets held by the Group.

Other income also includes the impact of foreign currency revaluations for foreign currency monetary assets and liabilities. These assets and liabilities are retranslated at the spot rate at the Balance Sheet date. Exchange differences arising upon settling or translating monetary items at different rates to those at which they were initially recognised or previously reported, are recognised in the Income Statement.

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# Notes to the Financial Statements (continued)

## 2.3 Operating Expenses

	Half Year Ended		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Staff expenses</b>			
Salaries and related on-costs	3,360	3,363	3,200
Share-based compensation	61	60	63
Superannuation	298	279	274
<b>Total staff expenses</b>	<b>3,719</b>	<b>3,702</b>	<b>3,537</b>
<b>Occupancy and equipment expenses</b>			
Lease expenses	73	78	81
Depreciation of property, plant and equipment	322	295	307
Other occupancy expenses	106	98	91
<b>Total occupancy and equipment expenses</b>	<b>501</b>	<b>471</b>	<b>479</b>
<b>Information technology services</b>			
System development and support	507	515	553
Infrastructure and support	164	160	171
Communications	59	63	66
Amortisation and write-offs of software assets	314	212	183
IT equipment depreciation	62	60	53
<b>Total information technology services</b>	<b>1,106</b>	<b>1,010</b>	<b>1,026</b>
<b>Other expenses</b>			
Postage and stationery	72	71	67
Transaction processing and market data	52	44	49
Fees and commissions			
Professional fees	186	223	231
Other	48	51	41
Advertising and marketing	132	144	118
Non-lending losses	94	136	138
Other	101	233	87
<b>Total other expenses</b>	<b>685</b>	<b>902</b>	<b>731</b>
<b>Operating expenses before separation and transaction costs <sup>1</sup></b>	<b>6,011</b>	<b>6,085</b>	<b>5,773</b>
Separation and transaction costs	87	2	219
<b>Total operating expenses</b>	<b>6,098</b>	<b>6,087</b>	<b>5,992</b>

<sup>1</sup> The half year ended 30 June 2023 includes \$212 million impact of restructuring and regulatory provision.

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# Notes to the Financial Statements (continued)

## 2.3 Operating Expenses (continued)

### ACCOUNTING POLICIES

Salaries and related on-costs include annual leave, long service leave, employee incentives and relevant taxes. Staff expenses are recognised over the period the employee renders the service. Long service leave is discounted to present value using assumptions relating to staff departures, leave utilisation and future salary.

Share-based compensation includes plans which may be cash or equity settled. Cash settled share-based remuneration is recognised as a liability and re-measured to fair value until settled. The changes in fair value are recognised as staff expenses. Equity settled remuneration is fair valued at the grant date and amortised to staff expenses over the vesting period, with a corresponding increase in the Employee compensation reserve.

Superannuation expense includes expenses relating to defined contribution and defined benefit superannuation plans. Defined contribution expense is recognised in the period the service is provided, whilst the defined benefit expense, which measures current and past service costs, is determined by an actuarial calculation.

Occupancy and equipment expenses include depreciation which is calculated using the straight-line method over the asset's estimated useful life. Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset, with the depreciation presented within depreciation of Property, plant and equipment.

IT services expenses are recognised as incurred when the related services are delivered, unless they qualify for capitalisation as computer software because they are identifiable and controlled in a way that allows future economic benefits to be obtained and others' access to those benefits can be restricted. Capitalised computer software assets are amortised over their estimated useful life.

SaaS arrangements are service contracts providing the Group with the right to access the provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the provider's application software, are recognised as operating expenses when the services are received. Some of these costs are incurred for the development of software code that enhances, modifies or creates additional capability to existing on-premises systems and meets the recognition criteria for an intangible asset.

The Group assesses, at each Balance Sheet date, useful lives and residual values of capitalised software assets and Property, plant and equipment and whether there is any objective evidence of impairment. If an asset's carrying value is greater than its recoverable amount, the carrying amount is written down immediately to its recoverable amount.

Other expenses are recognised as the relevant service is rendered. Operating expenses related to provisions are recognised for present obligations arising from past events where a payment to settle the obligation is probable and can be reliably estimated.

### Critical accounting judgements and estimates

Actuarial valuations of the Group's defined benefit superannuation plans' obligations are dependent on a series of assumptions set out in Note 10.2 in the 2023 Annual Report, including inflation rates, discount rates and salary growth rates. Changes in these assumptions impact the fair value of the plans' obligations, assets, superannuation expense and actuarial gains and losses recognised in other comprehensive income.

Measurements of the Group's share-based compensation is dependent on assumptions, including grant date fair values. Information on these is set out in Note 10.1 in the 2023 Annual Report.

Refer to Note 6.2 in the 2023 Annual Report for more information on the judgements and estimates associated with goodwill.

## 2.4 Financial Reporting by Segments

The principal activities of the Group are carried out in the business segments below. These segments are based on the distribution channels through which customer relationships are managed. Business segments are managed on the basis of net profit after tax ("cash basis").

During the half year ended 31 December 2023, there were re-segmentations, allocations and reclassifications, including refinements to the allocation of support units and other costs. These changes have not impacted the Group's net profit, but have resulted in changes to the presentation of the Income Statement and the Balance Sheet of the affected segments. These changes have been applied retrospectively.

# Notes to the Financial Statements (continued)

## 2.4 Financial Reporting by Segments (continued)

Half Year Ended 31 December 2023

	Retail Banking Services \$M	Business Banking \$M	Institutional Banking and Markets \$M	New Zealand \$M	Corporate Centre and Other \$M	Total \$M
Net interest income	5,617	3,745	706	1,253	83	11,404
Other operating income:						
Net commission income	642	188	107	113	(3)	1,047
Lending fees	112	164	112	14	2	404
Trading and other income	94	170	361	92	77	794
Total other operating income	848	522	580	219	76	2,245
<b>Total operating income</b>	6,465	4,267	1,286	1,472	159	13,649
Operating expenses	(2,401)	(1,354)	(543)	(601)	(1,112)	(6,011)
Loan impairment (expense)/benefit	(216)	(207)	37	(9)	(20)	(415)
<b>Net profit/(loss) before tax</b>	3,848	2,706	780	862	(973)	7,223
Corporate tax (expense)/benefit	(1,161)	(813)	(191)	(239)	200	(2,204)
<b>Net profit/(loss) after tax from continuing operations - "cash basis"</b>	2,687	1,893	589	623	(773)	5,019
Net profit after tax from discontinued operations	–	–	–	–	6	6
<b>Net profit/(loss) after tax - "cash basis" <sup>1</sup></b>	2,687	1,893	589	623	(767)	5,025
Gain/(loss) on disposal of entities net of transaction costs	–	–	–	–	(294)	(294)
Hedging and IFRS volatility	–	–	–	190	(162)	28
<b>Net profit/(loss) after tax - "statutory basis"</b>	2,687	1,893	589	813	(1,223)	4,759
<b>Additional information</b>						
Amortisation and depreciation	(117)	(53)	(24)	(76)	(428)	(698)
<b>Balance Sheet</b>						
Total assets	511,892	233,932	202,402	117,669	210,074	1,275,969
Total liabilities	382,037	219,012	248,442	105,394	248,245	1,203,130

<sup>1</sup> This balance excludes non-cash items, such as unrealised gains and losses relating to hedging and IFRS volatility, and gains and losses on previously announced divestments including post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency translation reserve recycling), and transaction and separation costs.

# Notes to the Financial Statements (continued)

## 2.4 Financial Reporting by Segments (continued)

Half Year Ended 30 June 2023 <sup>1</sup>

	Retail Banking Services \$M	Business Banking \$M	Institutional Banking and Markets \$M	New Zealand \$M	Corporate Centre and Other \$M	Total \$M
Net interest income	5,701	3,653	722	1,279	64	11,419
Other operating income:						
Net commission income	570	195	110	101	(9)	967
Lending fees	109	156	117	14	–	396
Trading and other income	70	162	346	78	74	730
Total other operating income	749	513	573	193	65	2,093
<b>Total operating income</b>	<b>6,450</b>	<b>4,166</b>	<b>1,295</b>	<b>1,472</b>	<b>129</b>	<b>13,512</b>
Operating expenses	(2,289)	(1,296)	(522)	(599)	(1,379)	(6,085)
Loan impairment (expense)/benefit	(347)	(232)	(3)	(14)	(1)	(597)
<b>Net profit/(loss) before tax</b>	<b>3,814</b>	<b>2,638</b>	<b>770</b>	<b>859</b>	<b>(1,251)</b>	<b>6,830</b>
Corporate tax (expense)/benefit	(1,148)	(792)	(181)	(239)	422	(1,938)
<b>Net profit/(loss) after tax from continuing operations - "cash basis"</b>	<b>2,666</b>	<b>1,846</b>	<b>589</b>	<b>620</b>	<b>(829)</b>	<b>4,892</b>
Net profit after tax from discontinued operations	–	–	–	–	8	8
<b>Net profit/(loss) after tax - "cash basis" <sup>2</sup></b>	<b>2,666</b>	<b>1,846</b>	<b>589</b>	<b>620</b>	<b>(821)</b>	<b>4,900</b>
Gain/(loss) on disposal of entities net of transaction costs	(17)	–	–	–	(37)	(54)
Hedging and IFRS volatility	–	–	–	15	(35)	(20)
<b>Net profit/(loss) after tax - "statutory basis"</b>	<b>2,649</b>	<b>1,846</b>	<b>589</b>	<b>635</b>	<b>(893)</b>	<b>4,826</b>
<b>Additional information</b>						
Amortisation and depreciation	(82)	(38)	(24)	(72)	(351)	(567)
<b>Balance Sheet</b>						
Total assets	510,645	230,201	190,627	116,686	204,264	1,252,423
Total liabilities	369,297	217,236	244,781	104,575	244,901	1,180,790

<sup>1</sup> Comparative information has been restated to reflect the change detailed in Note 1.1.

<sup>2</sup> This balance excludes non-cash items, such as unrealised gains and losses relating to hedging and IFRS volatility, and gains and losses on previously announced divestments including post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency translation reserve recycling), and transaction and separation costs.

# Notes to the Financial Statements (continued)

## 2.4 Financial Reporting by Segments (continued)

Half Year Ended 31 December 2022 <sup>1</sup>

	Retail Banking Services \$M	Business Banking \$M	Institutional Banking and Markets \$M	New Zealand \$M	Corporate Centre and Other \$M	Total \$M
Net interest income	5,996	3,595	721	1,338	(13)	11,637
Other operating income:						
Net commission income	586	220	90	119	(2)	1,013
Lending fees	97	155	89	14	2	357
Trading and other income	–	141	229	98	148	616
Total other operating income	683	516	408	231	148	1,986
<b>Total operating income</b>	6,679	4,111	1,129	1,569	135	13,623
Operating expenses	(2,340)	(1,310)	(534)	(555)	(1,034)	(5,773)
Loan impairment (expense)/benefit	(240)	(260)	39	(45)	(5)	(511)
<b>Net profit/(loss) before tax</b>	4,099	2,541	634	969	(904)	7,339
Corporate tax (expense)/benefit	(1,223)	(763)	(175)	(269)	271	(2,159)
<b>Net profit/(loss) after tax from continuing operations - "cash basis"</b>	2,876	1,778	459	700	(633)	5,180
Net profit after tax from discontinued operations	–	–	–	–	10	10
<b>Net profit/(loss) after tax - "cash basis" <sup>2</sup></b>	2,876	1,778	459	700	(623)	5,190
Gain/(loss) on disposal of entities net of transaction costs	198	–	–	–	(228)	(30)
Hedging and IFRS volatility	–	–	–	(219)	231	12
<b>Net profit/(loss) after tax - "statutory basis"</b>	3,074	1,778	459	481	(620)	5,172
<b>Additional information</b>						
Amortisation and depreciation	(83)	(37)	(22)	(68)	(333)	(543)
<b>Balance Sheet</b>						
Total assets	499,229	220,133	188,397	116,373	208,049	1,232,181
Total liabilities	361,405	214,544	231,772	104,826	247,313	1,159,860

<sup>1</sup> Comparative information has been restated to reflect the change detailed in Note 1.1.

<sup>2</sup> This balance excludes non-cash items, such as unrealised gains and losses relating to hedging and IFRS volatility, and gains and losses on previously announced divestments including post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency translation reserve recycling), and transaction and separation costs.

# Notes to the Financial Statements (continued)

## 2.4 Financial Reporting by Segments (continued)

Geographical Information Financial Performance and Position	Half Year Ended <sup>1</sup>					
	31 Dec 23	31 Dec 23	30 Jun 23	30 Jun 23	31 Dec 22	31 Dec 22
	\$M	%	\$M	%	\$M	%
<b>Income</b>						
Australia	11,173	82.3	11,268	83.8	11,767	84.2
New Zealand	1,737	12.8	1,635	12.1	1,732	12.4
Other locations <sup>2</sup>	668	4.9	547	4.1	479	3.4
<b>Total Income</b>	<b>13,578</b>	<b>100.0</b>	<b>13,450</b>	<b>100.0</b>	<b>13,978</b>	<b>100.0</b>
<b>Non-Current Assets <sup>3</sup></b>						
Australia	12,741	90.6	12,717	89.7	13,029	92.8
New Zealand	764	5.4	776	5.5	779	5.5
Other locations <sup>2</sup>	562	4.0	677	4.8	236	1.7
<b>Total non-current assets</b>	<b>14,067</b>	<b>100.0</b>	<b>14,170</b>	<b>100.0</b>	<b>14,044</b>	<b>100.0</b>

<sup>1</sup> Comparative information has been revised to reflect the change detailed in Note 1.1.

<sup>2</sup> Other locations include: United Kingdom, the Netherlands, United States, Japan, Singapore, Hong Kong, Indonesia, China and India.

<sup>3</sup> Non-current assets include Property, plant and equipment, Investments in associates and joint ventures, and Intangible assets.

The geographical segment represents the location in which the transaction was recognised.

### ACCOUNTING POLICY

Operating segments are reported based on the Group's organisational and management structures. Senior management review the Group's internal reporting based around these segments, in order to assess performance and allocate resources.

All transactions between segments are conducted on an arm's length basis, with inter-segment revenue and costs being eliminated in the 'Corporate Centre and Other' segment.

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# Notes to the Financial Statements (continued)

## 2.5 Income Tax Expense

The income tax expense for the half year is determined from the profit before income tax as follows:

	Half Year Ended <sup>1</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Profit before income tax</b>	<b>7,065</b>	6,766	7,475
Prima facie income tax at 30%	<b>2,119</b>	2,030	2,243
<b>Effect of amounts which are non-deductible/(non-assessable) in calculating taxable income:</b>			
Offshore tax rate differential	<b>(50)</b>	(37)	(26)
Offshore banking unit	<b>–</b>	(6)	(46)
Effect of change in tax rates	<b>–</b>	(6)	–
Income tax over provided in previous years	<b>(2)</b>	(159)	(19)
Impact of divestments	<b>76</b>	(1)	20
Hybrid capital distributions	<b>83</b>	65	47
Other	<b>2</b>	27	13
<b>Total income tax expense</b>	<b>2,228</b>	1,913	2,232
<b>Effective tax rate (%)</b>	<b>31.5</b>	28.3	29.9

<sup>1</sup> Comparative information has been revised to reflect the change detailed in Note 1.1.

### ACCOUNTING POLICY

Income tax on the profit or loss for the period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the Balance Sheet method where temporary differences are identified by comparing the carrying amounts of assets and liabilities for financial reporting purposes to their tax bases.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities (i.e. through use or through sale), using tax rates which are expected to apply when the Deferred tax asset is realised or the Deferred tax liability is settled.

Deferred tax assets and liabilities are offset where they relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities within the same taxable group.

The Bank and its wholly owned Australian subsidiaries elected to be treated as a single entity ("the tax consolidated group") under the tax consolidation regime from 1 July 2002. The members of the tax consolidated group have entered into tax funding and tax sharing agreements, which set out the funding obligations and members.

Any current tax liabilities/assets and deferred tax assets from unused tax losses from subsidiaries in the tax consolidated group are recognised by the Bank legal entity and funded in line with the tax funding arrangement.

The measurement and disclosure of deferred tax assets and liabilities have been performed on a modified stand-alone basis under UIG 1052 *Tax Consolidation Accounting*.

### Critical accounting judgements and estimates

Provisions for taxation require significant judgement with respect to outcomes that are uncertain. For such uncertainties, the Group has estimated the tax provisions based on the expected outcomes. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available for it to be used against.

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# Notes to the Financial Statements (continued)

## 3. Our Lending Activities

### Overview

Lending is the Group's primary business activity, generating most of its net interest income and lending fees. The Group satisfies customers' needs for borrowed funds by providing a broad range of lending products in Australia, New Zealand and other jurisdictions. As a result of its lending activities, the Group assumes credit risk arising from the potential that it will not receive the full amount owed.

This section provides details of the Group's lending portfolio by type of product and geographic region, analysis of the credit quality of the Group's lending portfolio and the related impairment provisions.

### 3.1 Loans and Other Receivables

	As at		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Australia</b>			
Overdrafts	16,579	26,218	22,130
Home loans <sup>1 2</sup>	581,965	583,827	570,427
Credit card outstandings	9,332	9,052	9,045
Lease financing	3,846	3,451	3,230
Term loans and other lending	200,375	193,446	190,269
<b>Total Australia</b>	<b>812,097</b>	<b>815,994</b>	<b>795,101</b>
<b>New Zealand</b>			
Overdrafts	868	991	970
Home loans <sup>1 2</sup>	68,396	68,054	68,546
Credit card outstandings	911	880	922
Term loans and other lending	32,616	32,550	32,661
<b>Total New Zealand</b>	<b>102,791</b>	<b>102,475</b>	<b>103,099</b>
<b>Other Overseas</b>			
Overdrafts	–	53	84
Home loans	99	337	353
Term loans and other lending	13,820	14,392	14,198
<b>Total Other Overseas</b>	<b>13,919</b>	<b>14,782</b>	<b>14,635</b>
<b>Gross loans and other receivables</b>	<b>928,807</b>	<b>933,251</b>	<b>912,835</b>
<b>Less:</b>			
Provisions for Loan Impairment:			
Collective provisions	(5,141)	(5,037)	(4,763)
Individually assessed provisions	(684)	(754)	(641)
Unearned income:			
Term loans	(1,241)	(1,089)	(868)
Lease financing	(369)	(289)	(239)
	<b>(7,435)</b>	<b>(7,169)</b>	<b>(6,511)</b>
<b>Net loans and other receivables</b>	<b>921,372</b>	<b>926,082</b>	<b>906,324</b>

1 Home loans balance includes residential mortgages that have been assigned to securitisation vehicles and covered bond trusts. Further details on these residential mortgages are disclosed in Note 4.5 in the 2023 Annual Report.

2 These balances are presented gross of mortgage offset balances as required under accounting standards.

# Notes to the Financial Statements (continued)

## 3.1 Loans and Other Receivables (continued)

### ACCOUNTING POLICIES

Loans and other receivables include overdrafts, home loans, credit cards, other personal lending and term loans. These financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual cash flows on these financial assets comprise the payment of principal and interest only. These instruments are accordingly measured at amortised cost.

Loans and other receivables, consistent with the Group's policy for all financial assets measured at amortised cost, are recognised on settlement date, when funding is advanced to the borrowers. They are initially recognised at their fair value plus directly attributable transaction costs such as broker fees and commissions. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method and are presented net of provisions for impairment. The accounting policy for provisions for impairment is provided in Note 3.2. For information on the Group's management of credit risk, refer to Note 9.2 of the 2023 Annual Report.

Finance leases, where the Group acts as lessor, are also included in Loans and other receivables. Finance leases are those where substantially all the risks and rewards of the lease asset have been transferred to the lessee. Lease receivables are recognised at an amount equal to the net investment in the lease. Finance lease income reflects a constant periodic return on this net investment and is recognised within Other interest income in the Consolidated Income Statement.

### Critical accounting judgements and estimates

When applying the effective interest method, the Group has estimated the behavioural term of each loan portfolio by reference to historical prepayment rates and the contractual maturity.

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality

The following table provides information about movements in the Group's provision for impairment losses.

	Half Year Ended		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Provision for impairment losses</b>			
<b>Collective provisions</b>			
Opening balance	5,196	4,900	4,611
Net collective provision funding	307	438	357
Impairment losses written off	(236)	(193)	(161)
Impairment losses recovered	52	44	64
Reclassified to assets held for sale <sup>1</sup>	(32)	–	–
Other	11	7	29
<b>Closing balance</b>	<b>5,298</b>	<b>5,196</b>	<b>4,900</b>
<b>Individually assessed provisions</b>			
Opening balance	754	641	736
Net new and increased individual provisioning	216	253	217
Write-back of provisions no longer required	(108)	(94)	(63)
Discount unwind to interest income	(7)	(6)	(7)
Impairment losses written off	(140)	(63)	(267)
Reclassified to assets held for sale <sup>1</sup>	(49)	–	–
Other	18	23	25
<b>Closing balance</b>	<b>684</b>	<b>754</b>	<b>641</b>
<b>Total provisions for impairment losses</b>	<b>5,982</b>	<b>5,950</b>	<b>5,541</b>
Less: Provision for Off Balance Sheet exposures	(157)	(159)	(137)
<b>Total provisions for loan impairment</b>	<b>5,825</b>	<b>5,791</b>	<b>5,404</b>

<sup>1</sup> Includes provisions for impairment in relation to the loan portfolio of PTBC which has been reclassified to assets held for sale. Refer to Note 7.3 for further details.

# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

	Group		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Loan impairment expense</b>			
Net collective provision funding	307	438	357
Net new and increased individual provisioning	216	253	217
Write-back of individually assessed provisions	(108)	(94)	(63)
<b>Total loan impairment expense</b>	<b>415</b>	<b>597</b>	<b>511</b>

	As at		
	31 Dec 23	30 Jun 23	31 Dec 22
	%	%	%
<b>Provision ratios</b>			
Total provisions for impaired assets as a % of gross impaired assets <sup>1</sup>	33.46	33.28	31.36
Total provisions for impairment losses as a % of gross loans and acceptances <sup>2</sup>	0.65	0.64	0.61

1 Includes \$63 million of impaired assets and \$51 million of provisions for impairment in relation to the loan portfolio of PTBC which have been reclassified to assets held for sale. Refer to Note 7.3 for further details.

2 Includes \$802 million of gross loans and acceptances and \$81 million of provisions for impairment in relation to the loan portfolio of PTBC which have been reclassified to assets held for sale. Refer to Note 7.3 for further details.

### Movement in provisions for impairment and credit exposures by ECL stage

The following table provides movements in the Group's impairment provisions and credit exposures by expected credit loss (ECL) stage for the half years ended 31 December 2023, 30 June 2023 and 31 December 2022.

Movements in credit exposures and provisions for impairment in the following tables represent the sum of monthly movements over the half-year periods and are attributable to the following items:

- **Transfers to/(from):** movements due to transfers of credit exposures between Stage 1, Stage 2 and Stage 3. Excludes the impact of re-measurements of provisions for impairment between 12 months and lifetime ECL;
- **Net re-measurement on transfers between stages:** movements in provisions for impairment due to re-measurement between 12 months and lifetime ECL as a result of transfers of credit exposures between stages;
- **Net financial assets originated:** net movements in credit exposures and provisions for impairment due to new financial assets originated as well as changes in existing credit exposures due to maturities, repayments or credit limit changes;
- **Movements in existing IAP (including IAP write-backs):** net movements in existing Individually Assessed Provisions (IAP) excluding write-offs;
- **Movement due to risk parameters and other changes:** movements in provisions for impairment due to changes in credit risk parameters, forward looking economic scenarios or other assumptions as well as other changes in underlying credit quality that do not lead to transfers between Stage 1, Stage 2 and Stage 3;
- **Write-offs:** derecognition of credit exposures and provisions for impairment upon write-offs;
- **Recoveries:** increases in provisions for impairment due to recoveries of loans previously written off; and
- **Foreign exchange and other movements:** other movements in credit exposures and provisions for impairment including the impact of changes in foreign exchange rates.

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# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

	Group <sup>1</sup>							
	Stage 1		Stage 2 <sup>2 3</sup>		Stage 3		Total	
	Performing		Performing		Non-performing			
	Gross exposure	Provisions	Gross exposure	Provisions	Gross exposure	Provisions	Gross exposure	Provisions <sup>4</sup>
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Opening balance as at 1 July 2022</b>	<b>914,883</b>	<b>1,313</b>	<b>141,817</b>	<b>2,538</b>	<b>7,462</b>	<b>1,496</b>	<b>1,064,162</b>	<b>5,347</b>
Transfers to/(from)								
Stage 1	51,593	762	(51,530)	(757)	(63)	(5)	–	–
Stage 2	(73,043)	(346)	74,526	462	(1,483)	(116)	–	–
Stage 3	(593)	(9)	(2,305)	(200)	2,898	209	–	–
Net re-measurement on transfers between stages	–	(529)	–	839	–	144	–	454
Net financial assets originated	45,654	193	(23,522)	(354)	(1,178)	(125)	<b>20,954</b>	<b>(286)</b>
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	114	–	114
Movements due to risk parameters and other changes	–	342	–	(91)	–	(22)	–	229
<b>Loan impairment expense for the period</b>		413		(101)		199		511
Write-offs	–	–	–	–	(428)	(428)	<b>(428)</b>	<b>(428)</b>
Recoveries	–	–	–	–	–	64	–	64
Foreign exchange and other commitments	7,818	10	1,017	15	46	22	<b>8,881</b>	<b>47</b>
<b>Closing balance as at 31 December 2022</b>	<b>946,312</b>	<b>1,736</b>	<b>140,003</b>	<b>2,452</b>	<b>7,254</b>	<b>1,353</b>	<b>1,093,569</b>	<b>5,541</b>
Transfers to/(from)								
Stage 1	72,953	1,158	(72,810)	(1,147)	(143)	(11)	–	–
Stage 2	(138,903)	(469)	140,379	591	(1,476)	(122)	–	–
Stage 3	(743)	(12)	(2,819)	(186)	3,562	198	–	–
Net re-measurement on transfers between stages	–	(925)	–	1,540	–	216	–	831
Net financial assets originated	42,499	191	(16,666)	(461)	(1,147)	(107)	<b>24,686</b>	<b>(377)</b>
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	104	–	104
Movements due to risk parameters and other changes	–	30	–	95	–	(86)	–	39
<b>Loan impairment expense for the period</b>		(27)		432		192		597
Write-offs	–	–	–	–	(256)	(256)	<b>(256)</b>	<b>(256)</b>
Recoveries	–	–	–	–	–	44	–	44
Foreign exchange and other commitments	(553)	–	(213)	5	(17)	19	<b>(783)</b>	<b>24</b>
<b>Closing balance as at 30 June 2023</b>	<b>921,565</b>	<b>1,709</b>	<b>187,874</b>	<b>2,889</b>	<b>7,777</b>	<b>1,352</b>	<b>1,117,216</b>	<b>5,950</b>
Transfers to/(from)								
Stage 1	55,653	698	(55,623)	(696)	(30)	(2)	–	–
Stage 2	(94,585)	(384)	96,359	504	(1,774)	(120)	–	–
Stage 3	(977)	(32)	(3,149)	(178)	4,126	210	–	–
Net re-measurement on transfers between stages	–	(492)	–	848	–	236	–	592
Net financial assets originated	31,408	61	(27,635)	(675)	(1,712)	(159)	<b>2,061</b>	<b>(773)</b>
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	93	–	93
Movements due to risk parameters and other changes	–	188	–	231	–	84	–	503
<b>Loan impairment expense for the period</b>		39		34		342		415
Write-offs	–	–	–	–	(376)	(376)	<b>(376)</b>	<b>(376)</b>
Recoveries	–	–	–	–	–	52	–	52
Foreign exchange and other commitments	630	5	376	5	20	12	<b>1,026</b>	<b>22</b>
Reclassified to assets held for sale <sup>5</sup>	(791)	(9)	(53)	(21)	(63)	(51)	<b>(907)</b>	<b>(81)</b>
<b>Closing balance as at 31 December 2023</b>	<b>912,903</b>	<b>1,744</b>	<b>198,149</b>	<b>2,907</b>	<b>7,968</b>	<b>1,331</b>	<b>1,119,020</b>	<b>5,982</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 The assessment of significant increase in credit risk (SICR) includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risks at an industry, geographic location or particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 62% of Stage 2 exposures as at 31 December 2023 (30 June 2023: 62%; 31 December 2022: 59%).

3 During the half year ended 31 December 2023, the Group recalibrated the capital model for the large corporate portfolio which resulted in a higher proportion of exposures allocated to Stage 2 as at 31 December 2023. This change did not have a significant impact on provisioning levels as the Group recognised an increase in provisions for the expected impact of model recalibration in the prior period.

4 As at 31 December 2023, total provisions included \$157 million in relation to financial guarantees and other off Balance Sheet instruments (30 June 2023: \$159 million, 31 December 2022: \$137 million).

5 Includes credit exposures and provisions for impairment in relation to PTBC which have been reclassified to assets held for sale. Refer to Note 7.3 for further detail.

# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

### ACCOUNTING POLICY

By providing loans to customers, the Group bears the risk that the future circumstances of customers might change, including their ability to repay their loans in part or in full. While the Group's credit and responsible lending policies aim to minimise this risk, there will always be instances where the Group will not receive the full amount owed and hence a provision for impaired loans will be necessary.

A description of the key components of the Group's impairment methodology is provided in Note 3.2 of the 2023 Annual Report.

### Forward-looking information

The Group uses the following four alternative macroeconomic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL for significant portfolios:

- **Central scenario:** This scenario is based on the Group's internal economic forecasts and market consensus as well as other assumptions used in business planning and forecasting;
- **Downside scenario:** This scenario contemplates the potential impact of possible, but less likely, adverse macroeconomic conditions, resulting from significant inflationary pressures exacerbated by supply chain disruptions, shortages of goods and heightened energy prices compounded by geopolitical risks;
- **Upside scenario:** This scenario is included to account for the potential impact of remote, more favourable macroeconomic conditions. Relative to the Central scenario, the Upside scenario features stronger growth in economic output, further improvement in labour market conditions, lower interest rates and a stronger housing market; and
- **Severe downside scenario:** This scenario contemplates the potentially severe impact of remote, extremely adverse macroeconomic conditions. Relative to the Downside scenario, this scenario features a sharper contraction with a slower recovery in economic output, heightened and prolonged weakness in the labour market, and more severe declines in house prices, while interest rates are reduced to accommodative levels.

The table below provides a summary of macroeconomic variables used in the Central and Downside scenarios as at 31 December 2023.

	Central		Downside	
	Calendar year		Calendar year	
	2024	2025	2024	2025
GDP	1.8	2.3	(5.5)	(2.0)
Unemployment rate (%) <sup>1</sup>	4.6	4.5	8.5	8.9
Cash rate (%) <sup>1</sup>	3.85	3.10	5.35	5.35
House prices (annual % change)	5.0	4.5	(25.0)	0.0
CPI (annual % change) <sup>2</sup>	3.0	2.5	8.0	6.0
AUD/USD exchange rate <sup>1</sup>	0.65	0.65	0.60	0.60
NZ unemployment rate (%) <sup>1</sup>	5.1	5.2	8.0	8.5
NZ cash rate (%) <sup>1</sup>	5.50	3.75	7.50	7.50
NZ house prices (annual % change)	7.2	16.2	(15.0)	0.0

<sup>1</sup> Spot rate at 31 December.

<sup>2</sup> CPI is not a variable used in ECL models, however, it is considered by the Group in deriving forecast macroeconomic variables used in ECL models.

The requirement to probability-weight possible future outcomes captures the uncertainty inherent in the credit outlook, and changes in that uncertainty over time. Weights are assigned to each scenario based on management's best estimate of the proportion of potential future loss outcomes that each scenario represents. The same economic scenarios and probability weights apply across all portfolios. The following probability weights applied at 31 December 2023, 30 June 2023 and 31 December 2022:

	Combined Weighting		
	31 Dec 23	30 Jun 23	31 Dec 22
Central and Upside	57.5%	57.5%	52.5%
Downside and Severe downside	42.5%	42.5%	47.5%

During the current half year, macroeconomic scenarios were revised for the current economic conditions, including lower interest rates, stronger house prices and higher unemployment.

The Group's assessment of SICR also incorporates the impact of multiple probability-weighted future forecast economic scenarios on exposures' internal risk grades using the same four forecast macroeconomic scenarios as described above. There were no changes to scenario weights during the current period.

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# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

### Incorporation of experienced credit judgement

Management exercises credit judgement in assessing if an exposure has experienced SICR and in determining the amount of impairment provisions at each reporting date. Where applicable, credit risk factors (PD and LGD) are adjusted upwards to incorporate reasonable and supportable forward looking information about known or expected risks for specific segments of portfolios that would otherwise not have been considered in the modelling process. Credit judgement is used to determine the degree of adjustment to be applied and considers information such as emerging risks at an industry, geographic and portfolio segment level.

The Group also applies overlays which are determined based on a range of techniques including stress testing, benchmarking, scenario analysis and expert judgement. Overlays are subject to internal governance and applied as an incremental ECL top-up amount to the impacted portfolio segments.

As at 31 December 2023, the Group held \$598 million (30 June 2023: \$525 million; 31 December 2022: \$493 million) of overlays for emerging risks, including potential impacts of high interest rates and cost of living pressures. The overlays contain \$4 million (30 June 2023: \$25 million; 31 December 2022: \$57 million) in relation to the Group's non-retail lending portfolio and \$594 million (30 June 2023: \$500 million; 31 December 2022: \$436 million) in relation to retail portfolios.

The Group also applies overlays for model risk and other external factors that cannot be adequately accounted for through the ECL models.

### Sensitivity of provisions for impairment to changes in forward looking assumptions

As described above, the Group applies four alternative macroeconomic scenarios (Central, Upside, Downside and Severe downside scenarios) to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL.

The table below provides approximate levels of provisions for impairment under the Central and Downside scenarios assuming 100% weighting was applied to each scenario and holding all other assumptions constant. As noted above, these scenarios and their associated weights have been selected based on the expected range of potential future loss outcomes.

	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
Reported probability - weighted ECL	5,982	5,950	5,541
100% Central scenario	3,769	3,832	3,505
100% Downside scenario	7,934	7,893	6,872

### Sensitivity of provisions for impairment to SICR assessment criteria

If 1% of Stage 1 credit exposures as at 31 December 2023 was included in Stage 2, provisions for impairment would increase by approximately \$116 million (30 June 2023: \$125 million; 31 December 2022: \$148 million).

If 1% of Stage 2 credit exposures as at 31 December 2023 was included in Stage 1, provisions for impairment would decrease by approximately \$25 million (30 June 2023: \$25 million; 31 December 2022: \$22 million).

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# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

### Asset Quality

The tables below provide information about the credit quality of the Group's assets.

	As at 31 December 2023			
	Home Loans	Other Personal <sup>1</sup>	Other Commercial Industrial	Total <sup>2</sup>
	\$M	\$M	\$M	\$M
<b>Loans which were past due but not impaired <sup>3</sup></b>				
Past due 1 - 29 days	10,285	401	1,757	12,443
Past due 30 - 59 days	2,306	146	386	2,838
Past due 60 - 89 days	1,138	83	165	1,386
Past due 90 - 179 days	1,376	–	120	1,496
Past due 180 days or more	1,343	–	390	1,733
<b>Total loans past due but not impaired</b>	<b>16,448</b>	<b>630</b>	<b>2,818</b>	<b>19,896</b>

	As at 30 June 2023			
	Home Loans	Other Personal <sup>1</sup>	Other Commercial Industrial	Total
	\$M	\$M	\$M	\$M
<b>Loans which were past due but not impaired <sup>3</sup></b>				
Past due 1 - 29 days	9,584	375	1,785	11,744
Past due 30 - 59 days	1,863	124	291	2,278
Past due 60 - 89 days	910	87	168	1,165
Past due 90 - 179 days	1,154	–	245	1,399
Past due 180 days or more	1,261	–	392	1,653
<b>Total loans past due but not impaired</b>	<b>14,772</b>	<b>586</b>	<b>2,881</b>	<b>18,239</b>

	As at 31 December 2022			
	Home Loans	Other Personal <sup>1</sup>	Other Commercial Industrial	Total
	\$M	\$M	\$M	\$M
<b>Loans which were past due but not impaired <sup>3</sup></b>				
Past due 1 - 29 days	8,183	330	1,986	10,499
Past due 30 - 59 days	1,448	100	236	1,784
Past due 60 - 89 days	668	57	146	871
Past due 90 - 179 days	932	–	120	1,052
Past due 180 days or more	1,322	–	395	1,717
<b>Total loans past due but not impaired</b>	<b>12,553</b>	<b>487</b>	<b>2,883</b>	<b>15,923</b>

1 Included in these balances are credit card facilities and other unsecured portfolio managed facilities up to 90 days past due. At 90 days past due all unsecured portfolio managed facilities are classified as impaired.

2 The half year ended 31 December 2023 includes loans which were past due but not impaired for PTBC of \$36 million. These balances are included in assets held for sale as at 31 December 2023.

3 Includes assets in Stage 3 that have defaulted, but have not been classified as credit impaired as the loans are well secured and expected to be recovered.

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# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

The following tables provide information about the Group's impaired assets.

	Half Year Ended		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Movement in gross impaired assets</b>			
Gross impaired assets - opening balance	3,326	3,036	2,951
New and increased	1,154	1,519	1,060
Balances written off	(320)	(213)	(395)
Returned to performing or repaid	(1,086)	(1,160)	(685)
Portfolio managed - new/increased/return to performing/repaid	163	144	105
<b>Gross impaired assets - closing balance <sup>1 2 3</sup></b>	<b>3,237</b>	<b>3,326</b>	<b>3,036</b>

	As at		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Impaired assets by size of asset</b>			
Less than \$1 million	1,816	1,881	1,744
\$1 million to \$10 million	736	682	626
Greater than \$10 million	685	763	666
<b>Gross impaired assets <sup>1 2</sup></b>	<b>3,237</b>	<b>3,326</b>	<b>3,036</b>
Less total provisions for impaired assets <sup>4 5</sup>	(1,083)	(1,107)	(952)
<b>Net impaired assets</b>	<b>2,154</b>	<b>2,219</b>	<b>2,084</b>

1 As at 31 December 2023, includes \$63 million of exposures related to PTBC. These balances are included in assets held for sale as at 31 December 2023.

2 As at 31 December 2023, impaired assets include those assets in Stage 3 that are considered impaired, as well as \$139 million of non-performing restructured assets in Stage 3 (30 June 2023: \$144 million; 31 December 2022: \$216 million). Stage 3 assets include impaired assets and those that are defaulted but not impaired as they are well secured.

3 Includes \$3,181 million of loans and advances and \$56 million of other financial assets (30 June 2023: \$3,257 million of loans and advances and \$69 million of other financial assets; 31 December 2022: \$2,988 million of loans and advances and \$48 million of other financial assets).

4 Includes \$733 million of individually assessed provisions and \$348 million of collective provisions (30 June 2023: \$754 million of individually assessed provisions and \$353 million of collective provisions; 31 December 2022: \$641 million of individually assessed provisions and \$311 million of collective provisions).

5 The half year ended 31 December 2023 includes provisions for impairment of \$51 million in relation to the loan portfolio of PTBC which have been reclassified to assets held for sale.

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# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

### Distribution of financial instruments by credit quality

The following tables provide information about the gross carrying amount of the Group's credit exposures by credit grade and ECL stage. For the definition of the Group's credit grades refer to Note 9.2 of the 2023 Annual Report.

	As at 31 December 2023			
	Stage 1 Performing	Stage 2 <sup>1 2</sup> Performing	Stage 3 Non- performing	Total
	\$M	\$M	\$M	\$M
<b>Loans and other receivables</b>				
<b>Credit Grade</b>				
Investment	476,197	20,924	–	497,121
Pass	277,173	137,805	–	414,978
Weak	945	6,392	7,760	15,097
<b>Gross carrying amount</b>	<b>754,315</b>	<b>165,121</b>	<b>7,760</b>	<b>927,196</b>
<b>Undrawn credit commitments</b>				
<b>Credit grade</b>				
Investment	108,641	9,549	–	118,190
Pass	34,088	15,400	–	49,488
Weak	154	427	120	701
<b>Total undrawn credit commitments</b>	<b>142,883</b>	<b>25,376</b>	<b>120</b>	<b>168,379</b>
<b>Total credit exposures</b>	<b>897,198</b>	<b>190,497</b>	<b>7,880</b>	<b>1,095,575</b>
<b>Impairment provision</b>	<b>(1,721)</b>	<b>(2,782)</b>	<b>(1,322)</b>	<b>(5,825)</b>
<b>Provisions to credit exposure, %</b>	<b>0.2</b>	<b>1.5</b>	<b>16.8</b>	<b>0.5</b>
<b>Financial guarantees and other off Balance Sheet instruments</b>				
<b>Credit grade</b>				
Investment	11,526	1,678	–	13,204
Pass	4,161	5,595	–	9,756
Weak	18	379	88	485
<b>Total financial guarantees and other off Balance Sheet instruments</b>	<b>15,705</b>	<b>7,652</b>	<b>88</b>	<b>23,445</b>
<b>Impairment provision</b>	<b>(23)</b>	<b>(125)</b>	<b>(9)</b>	<b>(157)</b>
<b>Provisions to credit exposure, %</b>	<b>0.2</b>	<b>1.6</b>	<b>10.2</b>	<b>0.7</b>
<b>Total credit exposures</b>				
<b>Credit grade</b>				
Investment	596,364	32,151	–	628,515
Pass	315,422	158,800	–	474,222
Weak	1,117	7,198	7,968	16,283
<b>Total credit exposures</b>	<b>912,903</b>	<b>198,149</b>	<b>7,968</b>	<b>1,119,020</b>
<b>Total impairment provision</b>	<b>(1,744)</b>	<b>(2,907)</b>	<b>(1,331)</b>	<b>(5,982)</b>
<b>Provision to credit exposure, %</b>	<b>0.2</b>	<b>1.5</b>	<b>16.7</b>	<b>0.5</b>

1 During the half year ended 31 December 2023, the Group recalibrated the capital model for the large corporate portfolio which resulted in a higher proportion of exposures allocated to Stage 2 as at 31 December 2023. This change did not have a significant impact on provisioning levels as the Group recognised an increase in provisions for the expected impact of model recalibration in the prior period.

2 The assessment of SICR includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risks at an industry, geographic location or particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 62% of Stage 2 exposures as at 31 December 2023.

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# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

	As at 31 December 2023			
	Stage 1 Performing	Stage 2 <sup>1 2</sup> Performing	Stage 3 Non- performing	Total
	\$M	\$M	\$M	\$M
<b>Retail secured</b>				
<b>Credit Grade</b>				
Investment	432,509	5,911	–	438,420
Pass	236,172	46,720	–	282,892
Weak	158	871	5,361	6,390
<b>Total retail secured</b>	<b>668,839</b>	<b>53,502</b>	<b>5,361</b>	<b>727,702</b>
<b>Impairment provision</b>	<b>(994)</b>	<b>(509)</b>	<b>(430)</b>	<b>(1,933)</b>
<b>Provisions to credit exposure, %</b>	<b>0.1</b>	<b>1.0</b>	<b>8.0</b>	<b>0.3</b>
<b>Retail unsecured</b>				
<b>Credit grade</b>				
Investment	12,433	3,861	–	16,294
Pass	9,469	2,411	–	11,880
Weak	675	841	197	1,713
<b>Total retail unsecured</b>	<b>22,577</b>	<b>7,113</b>	<b>197</b>	<b>29,887</b>
<b>Impairment provision</b>	<b>(374)</b>	<b>(663)</b>	<b>(136)</b>	<b>(1,173)</b>
<b>Provisions to credit exposure, %</b>	<b>1.7</b>	<b>9.3</b>	<b>69.0</b>	<b>3.9</b>
<b>Non-retail</b>				
<b>Credit grade</b>				
Investment	151,422	22,379	–	173,801
Pass	69,781	109,669	–	179,450
Weak	284	5,486	2,410	8,180
<b>Total non-retail</b>	<b>221,487</b>	<b>137,534</b>	<b>2,410</b>	<b>361,431</b>
<b>Impairment provision</b>	<b>(376)</b>	<b>(1,735)</b>	<b>(765)</b>	<b>(2,876)</b>
<b>Provisions to credit exposure, %</b>	<b>0.2</b>	<b>1.3</b>	<b>31.7</b>	<b>0.8</b>
<b>Total credit exposure</b>				
<b>Credit grade</b>				
Investment	596,364	32,151	–	628,515
Pass	315,422	158,800	–	474,222
Weak	1,117	7,198	7,968	16,283
<b>Total credit exposures</b>	<b>912,903</b>	<b>198,149</b>	<b>7,968</b>	<b>1,119,020</b>
<b>Impairment provision</b>	<b>(1,744)</b>	<b>(2,907)</b>	<b>(1,331)</b>	<b>(5,982)</b>
<b>Provision to credit exposure, %</b>	<b>0.2</b>	<b>1.5</b>	<b>16.7</b>	<b>0.5</b>

1 During the half year ended 31 December 2023, the Group recalibrated the capital model for the large corporate portfolio which resulted in a higher proportion of exposures allocated to Stage 2 as at 31 December 2023. This change did not have a significant impact on provisioning levels as the Group recognised an increase in provisions for the expected impact of model recalibration in the prior period.

2 The assessment of SICR includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risks at an industry, geographic location or particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 62% of Stage 2 exposures as at 31 December 2023.

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# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

	As at 30 June 2023			
	Stage 1 Performing	Stage 2 <sup>1 2</sup> Performing	Stage 3 Non- performing	Total
	\$M	\$M	\$M	\$M
<b>Loans and other receivables</b>				
<b>Credit Grade</b>				
Investment	475,766	16,786	–	492,552
Pass	286,938	137,230	–	424,168
Weak <sup>3</sup>	1,050	6,666	7,437	15,153
<b>Gross carrying amount</b>	<b>763,754</b>	<b>160,682</b>	<b>7,437</b>	<b>931,873</b>
<b>Undrawn credit commitments</b>				
<b>Credit grade</b>				
Investment	106,912	6,223	–	113,135
Pass	34,742	14,060	–	48,802
Weak	209	481	173	863
<b>Total undrawn credit commitments</b>	<b>141,863</b>	<b>20,764</b>	<b>173</b>	<b>162,800</b>
<b>Total credit exposures</b>	<b>905,617</b>	<b>181,446</b>	<b>7,610</b>	<b>1,094,673</b>
<b>Impairment provision</b>	<b>(1,684)</b>	<b>(2,764)</b>	<b>(1,343)</b>	<b>(5,791)</b>
<b>Provisions to credit exposure, %</b>	<b>0.2</b>	<b>1.5</b>	<b>17.6</b>	<b>0.5</b>
<b>Financial guarantees and other off Balance Sheet instruments</b>				
<b>Credit grade</b>				
Investment	11,816	1,045	–	12,861
Pass	4,115	5,035	–	9,150
Weak	17	348	167	532
<b>Total financial guarantees and other off Balance Sheet instruments</b>	<b>15,948</b>	<b>6,428</b>	<b>167</b>	<b>22,543</b>
<b>Impairment provision</b>	<b>(25)</b>	<b>(125)</b>	<b>(9)</b>	<b>(159)</b>
<b>Provisions to credit exposure, %</b>	<b>0.2</b>	<b>1.9</b>	<b>5.4</b>	<b>0.7</b>
<b>Credit grade</b>				
Investment	594,494	24,054	–	618,548
Pass	325,795	156,325	–	482,120
Weak	1,276	7,495	7,777	16,548
<b>Total credit exposures</b>	<b>921,565</b>	<b>187,874</b>	<b>7,777</b>	<b>1,117,216</b>
<b>Total impairment provision</b>	<b>(1,709)</b>	<b>(2,889)</b>	<b>(1,352)</b>	<b>(5,950)</b>
<b>Provision to credit exposure, %</b>	<b>0.2</b>	<b>1.5</b>	<b>17.4</b>	<b>0.5</b>

1 Following the adoption of APRA's revised capital framework from 1 January 2023, the Group implemented a number of new models for the domestic home lending portfolio, including new provisioning models which resulted in a higher proportion of exposures allocated to Stage 2 as at 30 June 2023, closer to industry averages. These exposures remained performing and well secured resulting in a low likelihood of loss and no significant change in total provisioning levels.

2 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risk at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 62% of Stage 2 credit exposures for the Group as at 30 June 2023.

3 During the year ended 30 June 2023, APRA approved a revised residential mortgage PD model, which led to movements in PD bands and a reduction in exposures in the "weak" category.

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# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

	As at 30 June 2023			
	Stage 1 Performing	Stage 2 <sup>1 2</sup> Performing	Stage 3 Non- performing	Total
	\$M	\$M	\$M	\$M
<b>Retail secured</b>				
<b>Credit Grade</b>				
Investment	426,240	6,148	–	432,388
Pass	237,053	52,747	–	289,800
Weak <sup>3</sup>	175	878	5,028	6,081
<b>Total retail secured</b>	<b>663,468</b>	<b>59,773</b>	<b>5,028</b>	<b>728,269</b>
<b>Impairment provision</b>	<b>(834)</b>	<b>(601)</b>	<b>(395)</b>	<b>(1,830)</b>
<b>Provisions to credit exposure, %</b>	<b>0.1</b>	<b>1.0</b>	<b>7.9</b>	<b>0.3</b>
<b>Retail unsecured</b>				
<b>Credit grade</b>				
Investment	13,026	3,013	–	16,039
Pass	9,528	2,326	–	11,854
Weak	780	857	189	1,826
<b>Total retail unsecured</b>	<b>23,334</b>	<b>6,196</b>	<b>189</b>	<b>29,719</b>
<b>Impairment provision</b>	<b>(431)</b>	<b>(644)</b>	<b>(130)</b>	<b>(1,205)</b>
<b>Provisions to credit exposure, %</b>	<b>1.8</b>	<b>10.4</b>	<b>68.8</b>	<b>4.1</b>
<b>Non-retail</b>				
<b>Credit grade</b>				
Investment	155,228	14,893	–	170,121
Pass	79,214	101,252	–	180,466
Weak	321	5,760	2,560	8,641
<b>Total non-retail</b>	<b>234,763</b>	<b>121,905</b>	<b>2,560</b>	<b>359,228</b>
<b>Impairment provision</b>	<b>(444)</b>	<b>(1,644)</b>	<b>(827)</b>	<b>(2,915)</b>
<b>Provisions to credit exposure, %</b>	<b>0.2</b>	<b>1.3</b>	<b>32.3</b>	<b>0.8</b>
<b>Total credit exposure</b>				
<b>Credit grade</b>				
Investment	594,494	24,054	–	618,548
Pass	325,795	156,325	–	482,120
Weak	1,276	7,495	7,777	16,548
<b>Total credit exposures</b>	<b>921,565</b>	<b>187,874</b>	<b>7,777</b>	<b>1,117,216</b>
<b>Impairment provision</b>	<b>(1,709)</b>	<b>(2,889)</b>	<b>(1,352)</b>	<b>(5,950)</b>
<b>Provision to credit exposure, %</b>	<b>0.2</b>	<b>1.5</b>	<b>17.4</b>	<b>0.5</b>

1 Following the adoption of APRA's revised capital framework from 1 January 2023, the Group implemented a number of new models for the domestic home lending portfolio, including new provisioning models which resulted in a higher proportion of exposures allocated to Stage 2 as at 30 June 2023, closer to industry averages. These exposures remained performing and well secured resulting in a low likelihood of loss and no significant change in total provisioning levels.

2 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risk at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 62% of Stage 2 credit exposures for the Group as at 30 June 2023.

3 During the year ended 30 June 2023, APRA approved a revised residential mortgage PD model, which led to movements in PD bands and a reduction in exposures in the "weak" category.

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# Notes to the Financial Statements (continued)

## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

	As at 31 December 2022			
	Stage 1 Performing	Stage 2 <sup>1</sup> performing	Stage 3 Non- performing	Total
	\$M	\$M	\$M	\$M
<b>Loans and other receivables</b>				
<b>Credit Grade</b>				
Investment	451,894	14,397	–	466,291
Pass	335,729	91,939	–	427,668
Weak	2,659	8,203	6,907	17,769
<b>Gross carrying amount</b>	<b>790,282</b>	<b>114,539</b>	<b>6,907</b>	<b>911,728</b>
<b>Undrawn credit commitments</b>				
<b>Credit grade</b>				
Investment	102,696	5,141	–	107,837
Pass	38,103	13,767	–	51,870
Weak	212	453	184	849
<b>Total undrawn credit commitments</b>	<b>141,011</b>	<b>19,361</b>	<b>184</b>	<b>160,556</b>
<b>Total credit exposures</b>	<b>931,293</b>	<b>133,900</b>	<b>7,091</b>	<b>1,072,284</b>
<b>Impairment provision</b>	<b>(1,713)</b>	<b>(2,342)</b>	<b>(1,349)</b>	<b>(5,404)</b>
<b>Provisions to credit exposure, %</b>	<b>0.2</b>	<b>1.7</b>	<b>19.0</b>	<b>0.5</b>
<b>Financial guarantees and other off Balance Sheet instruments</b>				
<b>Credit grade</b>				
Investment	11,145	1,147	–	12,292
Pass	3,828	4,733	–	8,561
Weak	46	223	163	432
<b>Total financial guarantees and other off Balance Sheet instruments</b>	<b>15,019</b>	<b>6,103</b>	<b>163</b>	<b>21,285</b>
<b>Impairment provision</b>	<b>(23)</b>	<b>(110)</b>	<b>(4)</b>	<b>(137)</b>
<b>Provisions to credit exposure, %</b>	<b>0.2</b>	<b>1.8</b>	<b>2.5</b>	<b>0.6</b>
<b>Credit grade</b>				
Investment	565,735	20,685	–	586,420
Pass	377,660	110,439	–	488,099
Weak	2,917	8,879	7,254	19,050
<b>Total credit exposures</b>	<b>946,312</b>	<b>140,003</b>	<b>7,254</b>	<b>1,093,569</b>
<b>Total impairment provision</b>	<b>(1,736)</b>	<b>(2,452)</b>	<b>(1,353)</b>	<b>(5,541)</b>
<b>Provision to credit exposure, %</b>	<b>0.2</b>	<b>1.8</b>	<b>18.7</b>	<b>0.5</b>

1 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risk at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 59% of Stage 2 credit exposures as at 31 December 2022.

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## 3.2 Loan Impairment Expense, Provisions for Impairment and Asset Quality (continued)

	As at 31 December 2022			
	Stage 1 Performing	Stage 2 <sup>1</sup> Performing	Stage 3 Non- performing	Total
	\$M	\$M	\$M	\$M
<b>Retail secured</b>				
<b>Credit Grade</b>				
Investment	392,596	3,460	–	396,056
Pass	292,262	18,165	–	310,427
Weak	1,719	3,297	4,608	9,624
<b>Total retail secured</b>	<b>686,577</b>	<b>24,922</b>	<b>4,608</b>	<b>716,107</b>
<b>Impairment provision</b>	<b>(800)</b>	<b>(368)</b>	<b>(549)</b>	<b>(1,717)</b>
<b>Provisions to credit exposure, %</b>	<b>0.1</b>	<b>1.5</b>	<b>11.9</b>	<b>0.2</b>
<b>Retail unsecured</b>				
<b>Credit grade</b>				
Investment	14,364	1,773	–	16,137
Pass	9,954	1,550	–	11,504
Weak	818	689	147	1,654
<b>Total retail unsecured</b>	<b>25,136</b>	<b>4,012</b>	<b>147</b>	<b>29,295</b>
<b>Impairment provision</b>	<b>(458)</b>	<b>(498)</b>	<b>(115)</b>	<b>(1,071)</b>
<b>Provisions to credit exposure, %</b>	<b>1.8</b>	<b>12.4</b>	<b>78.2</b>	<b>3.7</b>
<b>Non-retail</b>				
<b>Credit grade</b>				
Investment	158,775	15,452	–	174,227
Pass	75,444	90,724	–	166,168
Weak	380	4,893	2,499	7,772
<b>Total non-retail</b>	<b>234,599</b>	<b>111,069</b>	<b>2,499</b>	<b>348,167</b>
<b>Impairment provision</b>	<b>(478)</b>	<b>(1,586)</b>	<b>(689)</b>	<b>(2,753)</b>
<b>Provisions to credit exposure, %</b>	<b>0.2</b>	<b>1.4</b>	<b>27.6</b>	<b>0.8</b>
<b>Total credit exposure</b>				
<b>Credit grade</b>				
Investment	565,735	20,685	–	586,420
Pass	377,660	110,439	–	488,099
Weak	2,917	8,879	7,254	19,050
<b>Total credit exposures</b>	<b>946,312</b>	<b>140,003</b>	<b>7,254</b>	<b>1,093,569</b>
<b>Impairment provision</b>	<b>(1,736)</b>	<b>(2,452)</b>	<b>(1,353)</b>	<b>(5,541)</b>
<b>Provision to credit exposure, %</b>	<b>0.2</b>	<b>1.8</b>	<b>18.7</b>	<b>0.5</b>

1 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risk at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 59% of Stage 2 credit exposures as at 31 December 2022.

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# Notes to the Financial Statements (continued)

## 4. Our Deposits and Funding Activities

### Overview

Stable and well diversified funding sources are critical to the Group's ability to fund its lending and investing activities, and support growing its business.

Our main sources of funding include customer deposits, term funds raised in domestic and offshore wholesale markets via issuing debt securities and loan capital, and term funding from central banks. The Group also relies on repurchase agreements as a source of short-term wholesale funding. Refer to Note 9.4 of the 2023 Annual Report for the Group's management of liquidity and funding risk.

### 4.1 Deposits and Other Public Borrowings

	As at		
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M
<b>Australia</b>			
Certificates of deposit	30,772	28,870	27,168
Term deposits	179,676	171,348	160,136
On-demand and short-term deposits	459,968	457,127	439,408
Deposits not bearing interest	102,403	110,045	120,719
Securities sold under agreements to repurchase <sup>1</sup>	301	36	14,726
<b>Total Australia</b>	<b>773,120</b>	<b>767,426</b>	<b>762,157</b>
<b>New Zealand</b>			
Certificates of deposit	2,110	3,397	3,422
Term deposits	37,645	33,935	29,576
On-demand and short-term deposits	30,880	30,552	32,813
Deposits not bearing interest	9,659	9,635	11,278
Securities sold under agreements to repurchase	–	–	295
<b>Total New Zealand</b>	<b>80,294</b>	<b>77,519</b>	<b>77,384</b>
<b>Other overseas</b>			
Certificates of deposit	11,721	12,517	15,587
Term deposits	5,019	5,813	5,366
On-demand and short-term deposits	436	1,225	1,115
Deposits not bearing interest	26	21	25
Securities sold under agreements to repurchase <sup>1</sup>	2,683	474	17,518
<b>Total Other Overseas</b>	<b>19,885</b>	<b>20,050</b>	<b>39,611</b>
<b>Total deposits and other public borrowings</b>	<b>873,299</b>	<b>864,995</b>	<b>879,152</b>

<sup>1</sup> During the half year ended 30 June 2023, the Group established a new portfolio of repurchase transactions. This portfolio is managed and its performance is evaluated on a fair value basis. Repurchase transactions entered into during the year and included in this portfolio are presented in Liabilities at fair value through Income Statement.

### ACCOUNTING POLICY

Deposits from customers include certificates of deposit, term deposits, savings deposits and other demand deposits. Deposits are initially recognised at their fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost. Interest incurred is recognised within Net interest income using the effective interest method.

Securities sold under repurchase agreements are retained on the Balance Sheet where substantially all the risks and rewards of ownership remain with the Group. A liability for the agreed repurchase amount is recognised within Deposits and other public borrowings. Repurchase transactions that are managed on a fair value basis are presented within Liabilities at fair value through Income Statement.

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# Notes to the Financial Statements (continued)

## 5. Our Capital, Equity and Reserves

### Overview

The Group maintains a strong capital position in order to satisfy regulatory capital requirements, provide financial security to its depositors and creditors and adequate return to its shareholders. The Group's shareholders' equity includes issued ordinary shares, retained earnings and reserves.

This section provides analysis of the Group's shareholders' equity including changes during the period.

### 5.1 Shareholders' Equity

	Half Year Ended		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Ordinary share capital</b>			
Shares on issue:			
Opening balance	34,075	35,277	36,608
Share buy-backs <sup>1 2</sup>	(154)	(1,202)	(1,331)
	33,921	34,075	35,277
Less treasury shares:			
Opening balance	(162)	(137)	(141)
Purchase of treasury shares <sup>3</sup>	(66)	(32)	(69)
Sale and vesting of treasury shares <sup>3</sup>	81	7	73
<b>Total treasury shares</b>	<b>(147)</b>	<b>(162)</b>	<b>(137)</b>
<b>Closing balance</b>	<b>33,774</b>	<b>33,913</b>	<b>35,140</b>
<b>Retained profits</b>			
Opening balance	40,010	38,716	36,826
Prior period change <sup>4</sup>	–	–	305
Revised opening balance	40,010	38,716	37,131
Actuarial (losses)/gains from defined benefit superannuation plans	(90)	8	(20)
Net profit attributable to equity holders of the Bank <sup>4</sup>	4,759	4,826	5,172
<b>Total available for appropriation</b>	<b>44,679</b>	<b>43,550</b>	<b>42,283</b>
Transfers from asset revaluation reserve	1	6	4
Transfer from investment securities revaluation reserve	5	–	–
Transfers from employee compensation reserve	(19)	–	–
Interim dividend - cash component	–	(2,950)	–
Interim dividend - dividend reinvestment plan <sup>5</sup>	–	(596)	–
Final dividend - cash component	(3,296)	–	(2,973)
Final dividend - dividend reinvestment plan <sup>5</sup>	(727)	–	(598)
<b>Closing balance</b>	<b>40,643</b>	<b>40,010</b>	<b>38,716</b>

1 As at 30 June 2023, the Group had completed the \$3 billion on-market share buy-back previously announced on 9 February 2022 and 15 February 2023, with 12,244,847 ordinary shares bought back at an average price of \$98.17 per share (\$1,202 million) in the half year ended 30 June 2023 and 13,124,237 ordinary shares were bought back at an average price of \$101.33 per share (\$1,330 million) in the half year ended 31 December 2022. The Group recognised transaction costs of \$1 million during the half year ended 31 December 2022 in relation to the capital returns. The shares bought back were subsequently cancelled.

2 On 9 August 2023, the Group announced its intention to conduct a further on-market share buy-back of up to \$1 billion of CBA ordinary shares, with 1,517,388 ordinary shares bought back at \$101.49 (\$154 million) in the half year ended 31 December 2023. The shares bought back were subsequently cancelled.

3 Relates to the movements in treasury shares held within the employee share scheme plans.

4 Comparative information has been revised to reflect the change detailed in Note 1.1.

5 The DRP in respect of the final 2022/2023, interim 2022/2023 and final 2021/2022 dividends were satisfied in full through the on-market purchase and transfer of 7,183,122 shares at \$101.10, 6,115,897 shares at \$97.37 and 6,201,070 shares at \$96.44, respectively, to participating shareholders.



# Notes to the Financial Statements (continued)

## 5.1 Shareholders' Equity (continued)

	Half Year Ended <sup>1</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Reserves</b>			
<b>Asset revaluation reserve</b>			
Opening balance	278	265	269
Revaluation of properties	–	24	–
Transfer to retained profits	(1)	(6)	(4)
Income tax effect	–	(5)	–
<b>Closing balance</b>	<b>277</b>	<b>278</b>	<b>265</b>
<b>Foreign currency translation reserve</b>			
Opening balance	158	243	(71)
Currency translation adjustments of foreign operations	–	(107)	373
Currency translation of net investment hedge	(15)	21	(59)
Income tax effect	–	1	–
<b>Closing balance</b>	<b>143</b>	<b>158</b>	<b>243</b>
<b>Cash flow hedge reserve</b>			
Opening balance	(1,820)	(1,236)	(859)
Gains/(losses) on cash flow hedging instruments:			
Recognised in Other Comprehensive Income	610	714	(149)
Transferred to Income Statement:			
Interest income	1,734	1,441	773
Interest expense	(1,514)	(1,706)	(1,066)
Other operating income/(expense)	439	(1,260)	(101)
Income tax effect	(385)	227	166
<b>Closing balance</b>	<b>(936)</b>	<b>(1,820)</b>	<b>(1,236)</b>
<b>Employee compensation reserve</b>			
Opening balance	99	60	94
Current period movement	(39)	39	(34)
Transfer to retained earnings	19	–	–
<b>Closing balance</b>	<b>79</b>	<b>99</b>	<b>60</b>
<b>Investment securities revaluation reserve</b>			
Opening balance	(1,010)	(872)	(351)
Transfer to retained profits on sale of equity securities	(5)	–	–
Net losses on revaluation of investment securities	(221)	(157)	(648)
Net (gains)/losses on debt investment securities transferred to Income Statement on disposal	(9)	12	(17)
Income tax effect	99	7	144
<b>Closing balance</b>	<b>(1,146)</b>	<b>(1,010)</b>	<b>(872)</b>
<b>Total Reserves</b>	<b>(1,583)</b>	<b>(2,295)</b>	<b>(1,540)</b>
<b>Shareholders' Equity attributable to Equity holders of the Bank</b>	<b>72,834</b>	<b>71,628</b>	<b>72,316</b>
<b>Shareholders' Equity attributable to Non-controlling interests</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Total Shareholders' Equity</b>	<b>72,839</b>	<b>71,633</b>	<b>72,321</b>

1 Comparative information has been revised to reflect the change detailed in Note 1.1.

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# Notes to the Financial Statements (continued)

## 5.1 Shareholders' Equity (continued)

### ACCOUNTING POLICY

Shareholders' equity includes Ordinary share capital, Retained profits and Reserves. Policies for each component are set out below:

#### Ordinary share capital

Ordinary shares are recognised at the amount paid up per ordinary share, net of directly attributable issue costs. Where the Bank or entities within the Group purchase shares in the Bank, the consideration paid is deducted from total shareholders' equity and the shares are treated as treasury shares until they are subsequently sold, reissued or cancelled. Where such shares are sold or reissued, any consideration received is included in shareholders' equity.

#### Retained profits

Retained profits includes the accumulated profits for the Group including certain amounts recognised directly in retained profits less dividends paid.

#### Reserves

##### Asset revaluation reserve

The Asset revaluation reserve is used to record revaluation adjustments on the Group's property assets. Where an asset is sold or disposed of, any balance in the reserve in relation to the asset is transferred directly to Retained profits.

##### Foreign currency translation reserve

Exchange differences arising on translation of the Group's foreign operations are accumulated in the Foreign currency translation reserve. Specifically, assets and liabilities are translated at the prevailing exchange rate at Balance Sheet date; revenue and expenses are translated at the transaction date; and all resulting exchange differences are recognised in the Foreign currency translation reserve.

When a foreign operation is disposed of, exchange differences are reclassified to the Income Statement.

##### Cash flow hedge reserve

The Cash flow hedge reserve is used to record fair value gains or losses associated with the effective portion of designated cash flow hedging instruments. Amounts are reclassified to the Income Statement when the hedged transaction impacts profit or loss.

##### Employee compensation reserve

The Employee compensation reserve is used to recognise the fair value of shares and other equity instruments issued to employees under the employee share plans and bonus schemes.

##### Investment securities revaluation reserve

The Investment securities revaluation reserve includes changes in the fair value of Investment securities measured at fair value through Other Comprehensive Income. For debt securities, these changes are reclassified to the Income Statement when the asset is derecognised. For equity securities, these changes are not reclassified to the Income Statement when derecognised.

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# Notes to the Financial Statements (continued)

## 6. Fair Values

### Overview

The Group holds a range of financial instruments as a result of its lending, investing and funding activities. Some of the financial instruments are actively traded on stock exchanges or in over-the-counter markets whilst others do not have liquid markets. This section provides information about fair values of the Group's financial instruments including a description of valuation methodologies used, the classification of financial instruments according to liquidity and the observability of inputs used in deriving the fair values.

### 6.1 Disclosures about Fair Values

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost.

#### (a) Fair Value Information for Financial Instruments not measured at Fair Value

The estimated fair values of the Group's financial instruments not measured at fair value are presented below. Fair values of financial assets and liabilities not included in the table below approximate their carrying values.

#### Disclosures about Fair Value of Financial Instruments not measured at fair value

	31 Dec 23		30 Jun 23	
	Carrying Value \$M	Fair Value \$M	Carrying Value \$M	Fair Value \$M
<b>Financial assets</b>				
Investment securities at amortised cost	1,623	1,621	2,032	2,018
Loans and other receivables	921,372	918,070	926,082	920,035
<b>Financial liabilities</b>				
Deposits and other public borrowings	873,299	873,169	864,995	864,679
Debt issues	139,275	139,303	122,267	122,330
Loan capital	34,111	34,543	32,598	32,451

#### (b) Fair Value Hierarchy for Financial Assets and Liabilities measured at Fair Value

The classification in the fair value hierarchy of the Group's financial assets and liabilities measured at fair value is presented in the table below. An explanation of how fair values are calculated and the levels in the fair value hierarchy are included in the accounting policy within this note.

	Fair Value as at 31 December 2023				Fair Value as at 30 June 2023 <sup>1</sup>			
	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
<b>Financial assets measured at fair value on a recurring basis</b>								
Assets at fair value through Income Statement:								
Trading <sup>2</sup>	16,524	8,338	5	24,867	14,919	7,544	36	22,499
Other	–	57,514	268	57,782	–	44,907	221	45,128
Derivative assets	24	30,544	35	30,603	122	23,761	62	23,945
Investment securities at fair value through Other Comprehensive Income	81,599	30,265	896	112,760	69,939	14,138	594	84,671
Assets held for sale	290	43	–	333	–	–	–	–
<b>Total financial assets measured at fair value</b>	98,437	126,704	1,204	226,345	84,980	90,350	913	176,243
<b>Financial liabilities measured at fair value on a recurring basis</b>								
Liabilities at fair value through Income Statement	5,547	39,193	–	44,740	6,176	33,927	–	40,103
Derivative liabilities	36	33,556	32	33,624	26	25,257	64	25,347
<b>Total financial liabilities measured at fair value</b>	5,583	72,749	32	78,364	6,202	59,184	64	65,450

<sup>1</sup> Comparative information has been revised to reflect the change detailed in Note 1.1.

<sup>2</sup> Comparative information has been revised to conform to presentation in the current period.

# Notes to the Financial Statements (continued)

## 6.1 Disclosures about Fair Values (continued)

At 31 December 2023 PTBC's assets and liabilities held for sale measured at fair value on a non-recurring basis included \$1,055 million of assets and \$1,145 million of liabilities in Level 3.

### (c) Analysis of Movements between Fair Value Hierarchy Levels

The table below summarises movements in Level 3 balances during the half year. Transfers have been reflected as if they had taken place at the end of the reporting periods. Transfers in and out of Level 3 were due to changes in the observability of inputs.

#### Level 3 Movement Analysis for the half year ended 31 December 2023

	Financial Assets			Financial Liabilities
	Derivative Assets	Investment Securities at Fair Value through OCI	Assets at Fair Value through Income Statement	Derivative Liabilities
	\$M	\$M	\$M	\$M
<b>As at 30 June 2023</b>	62	594	257	(64)
Purchases	14	94	77	(7)
Sales/settlements	(4)	(5)	(58)	14
Gains/(losses) in the period:				
Recognised in the Income Statement	(18)	–	18	15
Recognised in the Statement of Comprehensive Income	(9)	213	–	–
Transfers in	–	–	–	–
Transfers out	(10)	–	(21)	10
Reclassified to held for sale	–	–	–	–
<b>As at 31 December 2023</b>	<b>35</b>	<b>896</b>	<b>273</b>	<b>(32)</b>
<b>Gains/(losses) recognised in the Income Statement for financial instruments held as at 31 December 2023</b>	(14)	–	(3)	4

## ACCOUNTING POLICY

### Valuation

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. On initial recognition, the transaction price generally represents the fair value of the financial instrument, unless there is observable information from an active market that provides a more appropriate fair value.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. Assets and long positions are measured at a quoted bid price. Liabilities and short positions are measured at a quoted asking price. Where the Group has positions with offsetting market risks, mid-market prices are used to measure the offsetting risk positions and a quoted bid or asking price adjustment is applied only to the net open position as appropriate.

Non-market quoted financial instruments are mostly valued using valuation techniques based on observable inputs except where observable market data is unavailable. Where market data is unavailable the financial instrument is initially recognised at the transaction price, which is generally the best indicator of fair value. This may differ from the value obtained from the valuation model. The timing of the recognition in the Income Statement of this initial difference in fair value depends on the individual facts and circumstances of each transaction, but is never later than when the market data becomes observable. The difference may be either amortised over the life of the transaction, recognised when the inputs become observable or on derecognition of the instrument, as appropriate.

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# Notes to the Financial Statements (continued)

## 6.1 Disclosures about Fair Values (continued)

### ACCOUNTING POLICY (continued)

The fair value of Over-the-Counter (OTC) derivatives includes Credit Valuation Adjustments (CVA) for derivative assets to reflect the credit worthiness of the counterparty. The fair value of uncollateralised derivative assets and uncollateralised derivative liabilities incorporates Funding Valuation Adjustments (FVA) to reflect funding costs and benefits to the Group. These adjustments are applied after considering any relevant collateral or master netting arrangements.

#### Fair value hierarchy

The Group utilises various valuation techniques and applies a hierarchy for valuation inputs that maximise the use of observable market data, if available.

Under AASB 13 *Fair Value Measurement* all financial and non-financial assets and liabilities measured or disclosed at fair value are categorised into one of the following three fair value hierarchy levels:

#### Quoted prices in active markets – Level 1

This category includes assets and liabilities for which the valuation is determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Financial instruments included in this category are liquid government bonds, listed equities and exchange traded derivatives.

#### Valuation technique using observable inputs – Level 2

This category includes assets and liabilities that have been valued using inputs other than quoted prices as described for Level 1, but which are observable for the asset or liability, either directly or indirectly. The valuation techniques include the use of discounted cash flow analysis, option pricing models and other market accepted valuation models.

Financial instruments included in this category are financial institution and corporate bonds, certificates of deposit, bank bills, commercial papers, mortgage-backed securities and OTC derivatives including interest rate swaps, cross currency swaps and FX options.

#### Valuation technique using significant unobservable inputs – Level 3

This category includes assets and liabilities where the valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally derived and extrapolated from observable inputs to match the risk profile of the financial instrument, and are calibrated against current market assumptions, historic transactions and economic models, where available. These inputs may include the timing and amount of future cash flows, rates of estimated credit losses, discount rates and volatility. Financial instruments included in this category for the Group are certain exotic OTC derivatives, loans measured at fair value and unlisted equity instruments.

As at 31 December 2023, the Group held an unlisted equity investment in Klarna Bank AB (Klarna) measured on a recurring basis at fair value through other comprehensive income of \$677 million (30 June 2023: \$419 million, 31 December 2022: \$402 million). The valuation of the investment is based on a methodology which considers revenue multiples of market listed comparable companies as well as any recent market transactions. Comparable listed companies are included based on industry, size, development stage and/or strategy. A revenue multiple is derived for each comparable company identified and then discounted for considerations such as illiquidity. The Group adopted an adjusted revenue multiple of 5.0x in its valuation as at 31 December 2023 (30 June 2023: 4.1x; 31 December 2022: 3.9x).

#### Critical accounting judgements and estimates

Valuation techniques are used to estimate the fair value of securities. When using valuation techniques the Group makes maximum use of market inputs and relies as little as possible on entity specific inputs. It incorporates all factors that the Group believes market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Data inputs that the Group relies upon when valuing debt financial instruments relate to counterparty credit risk, volatility, correlation and extrapolation.

Periodically, the Group calibrates its valuation techniques and tests them for validity using prices from any observable current market transaction in the same instruments (i.e. without modification or repackaging) and any other available observable market data.

# Notes to the Financial Statements (continued)

## 7. Other Information

### 7.1 Contingent Liabilities, Contingent Assets and Commitments arising from the banking business

Details of contingent liabilities and off Balance Sheet instruments are presented below and in Note 7.2, in relation to litigation, investigations and reviews. The face value represents the maximum amount that could be lost if the counterparty fails to meet its financial obligations. The credit equivalent amounts are a measure of potential loss to the Group in the event of non-performance by the counterparty. The credit commitments shown in the table below also constitute contingent assets. These commitments would be classified as loans and other receivables in the Balance Sheet should they be drawn upon by the customer.

	Face Value		Credit Equivalent	
	31 Dec 23	30 Jun 23	31 Dec 23	30 June 23
	\$M	\$M	\$M	\$M
<b>Credit risk related instruments</b>				
Financial guarantees <sup>1</sup>	4,029	3,823	3,721	3,553
Performance related contingencies	12,948	12,722	7,161	7,011
Commitments to provide credit and other commitments <sup>1</sup>	187,560	185,302	146,626	146,405
<b>Total credit risk related instruments</b>	<b>204,537</b>	<b>201,847</b>	<b>157,508</b>	<b>156,969</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

#### ACCOUNTING POLICY

The types of instruments included in this category are:

- **Financial guarantees** are unconditional undertakings given to support the obligations of a customer to third parties. They include documentary letters of credit which are undertakings by the Group to pay or accept drafts drawn by a supplier of goods against presentation of documents in the event of payment default by a customer. Financial guarantees are recognised within other liabilities and are initially measured at their fair value, equal to the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Income Statement and the expected credit losses. Any increase in the liability relating to financial guarantees is recorded in the Income Statement. The premium received is recognised in the Income Statement in other operating income on a straight-line basis over the life of the guarantee.
- **Performance related contingencies** are undertakings that oblige the Group to pay third parties should a customer fail to fulfil a contractual non-monetary obligation. Customers are obliged to reimburse the Group if any payment to a third party is required. Performance related contingencies are performance guarantees and do not meet the definition of a financial guarantee. These guarantees are recognised on the balance sheet when called upon, however, a provision for impairment is recognised when it is probable that the resulting asset will be less than the amount called upon.
- **Commitments to provide credit** include obligations on the part of the Group to provide credit facilities against which clients can borrow money under defined terms and conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions. Commitments to provide credit also include commitments with certain drawdowns, standby letters of credit and bill endorsements. As commitments to provide credit include facilities that may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements. Loan commitments must be measured with reference to expected credit losses required to be recognised. In the case of undrawn loan commitments, the inherent credit risk is managed and monitored by the Group together with the drawn component as a single credit exposure. The exposure at default on the entire facility is used to calculate the cumulative expected credit losses. The details of the Group's accounting policies and critical judgements and estimates involved in calculating impairment provisions are provided in Note 3.2.

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# Notes to the Financial Statements (continued)

## 7.2 Customer Remediation, Litigation, Investigations and reviews, other matters

### Customer remediation

Provisions for customer remediation require significant levels of estimation and judgement. The amount raised depends on a number of different assumptions, such as the number of years impacted, the forecast refund rate and the average cost per case. The Group is committed to comprehensively and efficiently addressing the full range of remediation issues impacting customers of the Banking and former Wealth Management businesses. Significant resources have been committed to a comprehensive program of work, to ensure that all issues are identified and addressed.

### Aligned Advice remediation

Aligned advisors were representatives of the Group authorised to provide financial advice under the licences of the Group's subsidiaries, Financial Wisdom Limited (FWL), Count Financial Limited (Count Financial) and Commonwealth Financial Planning Limited-Pathways (CFP-Pathways). The Group completed the sale of Count Financial to Count Limited (Count) on 1 October 2019, and ceased providing licensee services through CFP-Pathways and Financial Wisdom in March and June 2020, respectively. The Bank has entered into reimbursement agreements with Financial Wisdom and CFP-Pathways, and an indemnity deed with Count, to cover potential remediation of past issues including ongoing service fees and other remediation matters.

During the half year ended 31 December 2023, the Group recognised an increase in the provision for Aligned Advice remediation issues and program costs of \$7 million. In addition, the Group paid \$133 million customer refunds for ongoing service fees, \$41 million customer refunds for other remediation matters and utilised \$19 million of program costs during the half year ended 31 December 2023.

As at 31 December 2023, the provision held by the Group in relation to Aligned Advice remediation was \$76 million (30 June 2023: \$262 million; 31 December 2022: \$519 million). The provision includes \$2 million for customer fee refunds (30 June 2023: \$67 million; 31 December 2022: \$194 million) and \$3 million for interest on fees subject to refunds (30 June 2023: \$71 million; 31 December 2022: \$206 million) for ongoing service fees, \$61 million on other remediation matters (30 June 2023: \$95 million, 31 December 2022: \$57 million) and \$10 million for project costs (30 June 2023: \$29 million, 31 December 2022: \$62 million).

As at 31 December 2023, the Group has completed all assessments and made all offers in relation to ongoing service fees. The Aligned Advice remediation provision of \$76 million held as at 31 December 2023 includes \$54 million in relation to other Aligned Advice remediation where offers have not been finalised. The Group continues to engage with ASIC in relation to remediation programs.

### Banking customer remediation

As at 31 December 2023, the provision held by the Group in relation to Banking customer remediation programs was \$74 million (30 June 2023: \$84 million; 31 December 2022: \$174 million). The provision includes an estimate of customer refunds (including interest) relating to business and retail banking products (including bank guarantees, merchants billing and certain other products), and the related program costs.

### Litigation, investigations and reviews

The Group is party to a number of legal proceedings, and the subject of various investigations and reviews. Provisions have been raised in accordance with the principles outlined in Note 7.1 of the 2023 Annual Report.

#### Litigation

The main litigated claims against the Group as at 31 December 2023 are summarised below.

#### Bankwest class action

In 2016, class action proceedings were filed against CBA in the Supreme Court of NSW. The plaintiffs allege that in the period from 19 December 2008 to 1 October 2012, following the acquisition of Bankwest from HBOS in 2008, Bankwest implemented a system (involving a review of loan files) to enable it to identify, remove and write-off commercial loans, notwithstanding that the loans were performing loans at the time. This is alleged to have amounted to unconscionable conduct and breach of contract (including of the Code of Banking Practice).

Following a mediation in March 2023, a settlement was reached with no admissions as to liability. The settlement was approved by the Court on 15 December 2023. The Group has provided for the legal costs expected to be incurred in this matter. The Group will not incur any loss as a result of the settlement.

#### Shareholder class actions

In October 2017 and June 2018, two separate shareholder class action proceedings were filed against CBA in the Federal Court of Australia, alleging breaches of CBA's continuous disclosure obligations and misleading and deceptive conduct in relation to the subject matter of the civil penalty proceedings brought against CBA by the Australian Transaction Reports and Analysis Centre (AUSTRAC). The AUSTRAC proceedings concerned contraventions of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)*.

The resolution of the AUSTRAC civil penalty proceedings was approved by the Federal Court on 20 June 2018 with CBA paying a penalty of \$700 million and legal costs. It is alleged in the class actions that CBA shareholders who acquired an interest in CBA shares between 16 June 2014 and 3 August 2017 suffered losses as a result of the alleged conduct. The two class actions are being case managed together, with a single harmonised statement of claim. CBA denies the allegations made against it, and is defending the proceedings. A trial took place in November and December 2022 and judgment is reserved. It is currently not possible to determine the ultimate impact of these claims, if any, on the Group.

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# Notes to the Financial Statements (continued)

## 7.2 Customer Remediation, Litigation, Investigations and reviews, other matters (continued)

### Superannuation class actions

The Group is also defending three class actions in relation to superannuation products.

On 9 October 2018, a class action was filed against Colonial First State Investments Limited (CFSIL) and CBA in the Federal Court of Australia. The claim initially related to investment in cash and deposit options (which are cash and deposit products provided by CBA) in the Colonial First State First Choice Superannuation Trust (FirstChoice Fund) and Commonwealth Essential Super and later expanded to join Avanteos Investments Limited (AIL) as a party in respect of claims regarding the FirstWrap Pooled Cash Account.

The main claims are that members that invested in these cash and deposit options received lower interest rates than they could have received had CFSIL/AIL offered similar products made available in the market by another bank with comparable risk and that CFSIL/AIL retained the margin that arises through the internal transfer pricing process in respect of deposits made with CBA, for their own benefit. It is claimed CFSIL/AIL breached their duties as a trustee of the funds, CFSIL breached its duties as a Responsible Entity of the underlying managed investment schemes and that CBA was involved in CFSIL/AIL's breaches. CBA, CFSIL and AIL deny the allegations and are defending the proceedings. The Court has ordered that mediation occur by 22 November 2024.

On 18 October 2019, a second class action was commenced against CFSIL in the Federal Court of Australia. The claim relates to certain fees charged to members of the FirstChoice Fund. It is alleged that CFSIL breached its duties as trustee and acted unconscionably because it failed, between 2013 and 2019, to take steps to avoid the payment of grandfathered commissions to financial advisers, which would have resulted in a reduction of the fees paid by members in respect of whom those commissions were paid. CFSIL denies the allegations and was defending the proceedings. Following a mediation in June 2023, a settlement was reached with no admissions as to liability. The settlement is subject to Court approval, which is expected to be sought on 3 June 2024.

On 22 January 2020, a further class action was filed against CFSIL and The Colonial Mutual Life Assurance Society Limited (CMLA) in the Federal Court of Australia. On 22 October 2021, AIA Australia Limited (AIAA), who from 1 April 2021 was liable for and assumed certain liabilities of CMLA under a life insurance scheme pursuant to *Part 9 of the Life Insurance Act 1995 (Cth)* (Part 9 Scheme), was joined as a third respondent to the class action. The class action alleges that CFSIL did not act in the best interests of members and breached its trustee duties when taking out group insurance policies obtained from CMLA. The key allegation is that CFSIL entered into and maintained insurance policies with CMLA on terms that were less favourable to members than would have reasonably been available in the market. It is alleged that CMLA was knowingly involved in CFSIL's contraventions as trustee and profited from those contraventions. CFSIL, CMLA and AIAA deny the allegations and are defending the proceedings. A mediation took place in December 2023 which did not result in an agreement being reached, and the Court has ordered that a further mediation occur by 28 June 2024. The class action has been provisionally listed for a three week trial commencing 4 August 2025.

On 1 December 2021, the Group completed the sale of a 55% interest in Colonial First State (CFS) to KKR. CBA has assumed carriage of the superannuation class actions proceedings on CFSIL's and AIL's behalf subject to the terms of a conduct indemnity deed between CBA, CFSIL and AIL. The Group has provided for certain legal and other costs associated with its obligations under the indemnity deed.

### Advice class actions

On 21 August 2020, a class action was filed in the Federal Court of Australia against Commonwealth Financial Planning Limited (CFP), FWL and CMLA. The claim relates to certain CommInsure (CMLA) life insurance policies recommended by financial advisers appointed by CFP and FWL during the period from 21 August 2014 to 21 August 2020. On 16 November 2021, AIAA (who from 1 April 2021 was liable for and assumed certain liabilities of CMLA under the Part 9 Scheme) was joined as a fourth respondent to the class action. The key allegations include that CFP and FWL or their financial advisers breached their fiduciary duties to their clients, breached their duty to act in the best interest of their clients, and had prioritised their own interests (and the interests of CFP, FWL and CMLA) over the interest of their clients, in recommending certain CMLA life insurance policies in preference to substantially equivalent or better policies available at lower premiums from third party insurers. It is also alleged that CMLA knew the material facts giving rise to the breaches of fiduciary duty. CFP, FWL, CMLA and AIAA deny the allegations and are defending the proceedings. It is currently not possible to determine the ultimate impact of this claim, if any, on the Group.

On 24 August 2020 a class action was commenced against Count Financial in the Federal Court of Australia. The proceeding relates to commissions paid to Count Financial and its authorised representative financial advisers in respect of financial products (including insurance) and certain obligations of its financial advisers to provide ongoing advice in the period from 21 August 2014 to 21 August 2020. The claim also includes allegations (related to the receipt of commissions) that Count Financial engaged in misleading or deceptive conduct, and that Count Financial and its authorised representatives breached fiduciary duties owed to the applicant and group members. The claim seeks compensation and damages from Count Financial, including any profits resulting from the alleged contraventions. A pre-trial mediation will take place on 20 February 2024. An initial trial is fixed for March 2024.

Count Financial was a wholly owned subsidiary of CBA until 1 October 2019, when it was acquired by Count Limited. CBA has assumed the conduct of the defence in this matter on Count Financial's behalf. Count Financial denies the allegations made against it and is defending the proceedings. The Group has provided for certain legal and other costs associated with any indemnity obligations.

### Consumer credit insurance (CCI) class action

On 10 June 2020, a class action was commenced against CBA and CMLA in the Federal Court of Australia. The claim relates to consumer credit insurance for credit cards and personal loans that was sold between 1 January 2010 and 7 March 2018. On 1 April 2022, AIAA (who from 1 April 2021 was liable for and assumed certain liabilities of CMLA under the Part 9 Scheme) was joined as a third respondent to the class action. The class action alleged that CBA and CMLA engaged in unconscionable and misleading or deceptive conduct, failed to act in the best interests of customers and provided them with inappropriate advice. In particular, it was alleged that some customers were excluded from claiming certain benefits under the policies and the insurance was therefore unsuitable or of no value. Allegations were also made in relation to the manner in which the insurance was sold. CBA, CMLA and AIAA denied the allegations.

On 18 October 2022, the parties attended a Court ordered mediation following which they entered into a settlement agreement to resolve the proceedings. The settlement was made without admission of liability. On 15 September 2023, the Court approved the settlement.

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# Notes to the Financial Statements (continued)

## 7.2 Customer Remediation, Litigation, Investigations and reviews, other matters (continued)

### ASB class action

Proceedings were served on CBA subsidiary ASB Bank Limited (ASB) on 29 September 2021 by plaintiffs seeking to bring a representative (class action) proceeding against ASB in the High Court of New Zealand. These proceedings relate to ASB's compliance with parts of the *Credit Contracts and Consumer Finance Act 2003* (CCCFA) which requires variation disclosure to be issued when customers and ASB make agreed changes to loan agreements captured under the CCCFA.

On 11 and 12 July 2023, the New Zealand Court of Appeal heard ASB's appeal from an earlier High Court decision permitting the plaintiffs to pursue their claims as an opt-out representative proceeding. The Court has since indicated that the appeal will need to be re-heard on 23 and 24 April 2024.

The plaintiffs' proposed class definition covers customers who had a home or personal loan with ASB between 6 June 2015 and 18 June 2019 covered by the CCCFA and who were not provided with compliant variation disclosure. Given this definition and the fact that issues raised in the claim have not been determined by the Courts before, the size of the proposed class is unknown. However, the proposed class and the allegations made in the proceedings would potentially cover hundreds of thousands of loans. ASB is appealing the lower court's decision and does not consider that this is an appropriate case to proceed as an opt-out representative proceeding.

In their claim, the plaintiffs argue that ASB is not entitled to retain any interest or fees paid by any class member for the period during which it is alleged that ASB did not provide, and has not provided, compliant variation disclosure under the CCCFA. ASB denies that the relief sought by the plaintiffs is available to them and is vigorously defending the proceedings.

It is not possible to determine the ultimate impact of this claim, if any, on the Group.

### Regulatory enforcement proceedings

#### Commonwealth Essential Super proceedings

On 22 June 2020, the Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings against CFSIL and CBA in the Federal Court of Australia for alleged contraventions of the conflicted remuneration provisions in the Corporations Act relating to the arrangement between CFSIL and CBA for the distribution of Commonwealth Essential Super. Commonwealth Essential Super is a MySuper product formerly issued by CFSIL.

CBA and CFSIL denied the allegations and defended the proceedings. On 29 September 2022, the Federal Court of Australia dismissed ASIC's proceedings, finding that the payments made under the distribution arrangement were not conflicted remuneration. On 26 October 2022, ASIC served a Notice of Appeal indicating that ASIC would be appealing the Federal Court's decision to dismiss the proceedings. On 17 August 2023, the Full Federal Court dismissed ASIC's appeal. ASIC was ordered to pay the costs of CBA and CFSIL. ASIC has determined not to appeal the matter further, which means the proceedings have been brought to a close.

#### Fair Work Ombudsman (FWO) proceedings

In October 2021, the Fair Work Ombudsman (FWO) commenced civil penalty proceedings in the Federal Court of Australia against CBA and CommSec, alleging contraventions of the *Fair Work Act 2009 (Cth)* (Fair Work Act), and of the Group's 2014 and 2016 enterprise agreements. The proceedings follow an investigation by FWO of the Group's employee entitlement review (EER). CBA self-disclosed these matters in the EER to the FWO.

CBA and CommSec cooperated fully with FWO and agreed a statement of agreed facts and admissions with FWO. The penalty hearing took place on 12 September 2023 and judgment will be handed down on 15 February 2024. It is currently not possible to determine the ultimate impact of this claim on the Group. The Group has provided for legal costs and the potential penalty amount in relation to this matter.

CBA's broad remediation review of employee entitlements for current and former employees is complete. Ongoing remediation will be carried out under "business as usual" processes.

#### Long Service Leave (LSL) proceedings

In August 2022, the Wage Inspectorate Victoria commenced criminal proceedings against each of CommSec and BWA Group Services Pty Ltd (BWA) in the Magistrates' Court of Victoria. The proceedings relate to alleged underpayments of approximately \$70,000 in long service leave (LSL) entitlements for 20 former employees of those entities (8 CommSec and 12 BWA), and alleged non-compliance with a regulatory notice. LSL underpayments are included in the Group's EER described above. It is currently not possible to determine the ultimate impact of this claim on the Group.

### Ongoing regulatory investigations and reviews

The Group undertakes ongoing compliance activities, including breach reporting, reviews of products, advice, conduct and services provided to customers, as well as interest, fees and premiums charged. Some of these activities have resulted in remediation programs and where required the Group consults with the relevant regulator and other bodies on the proposed remediation action.

Provisions have been recognised by the Group where the criteria outlined in the accounting policy section in Note 7.1 of the 2023 Annual Report are satisfied. Contingent liabilities exist with respect to these matters where it is not possible to determine the extent of any obligation to remediate or the potential liability cannot be reliably estimated.

There are also ongoing matters where regulators or other bodies are investigating whether CBA or a Group entity has breached laws, regulatory or other obligations. Where a breach has occurred, or obligations have not been met, regulators or other bodies may impose, or apply to a Court for, fines and/or other sanctions or may require remediation. These matters include investigations of a number of issues which were notified to, or identified by, regulators.

In addition to possible regulatory actions and reviews, there may also be financial exposure to claims by customers, third parties and shareholders and this could include further class actions, customer remediation or claims for compensation or other remedies. The outcomes and total costs associated with such regulatory actions and reviews, and possible claims remain uncertain.

# Notes to the Financial Statements (continued)

## 7.2 Customer Remediation, Litigation, Investigations and reviews, other matters (continued)

### Other regulatory matters

The following matters were significant regulatory investigations and reviews, which have been completed, but have resulted in ongoing action required by the Group.

#### Financial crime compliance

As noted above, in 2018 the Group resolved the AUSTRAC proceedings relating to contraventions of anti-money laundering/counter-terrorism financing (AML/CTF) laws. CBA continues to address the underlying causes of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* (AML/CTF Act) failings that resulted in AUSTRAC commencing its proceedings.

Recognising the crucial role that the Group plays in fighting financial crime, it continues to invest significantly in its financial crime disruption capabilities, including in its central AML/CTF Compliance team, its business unit-led risk teams, regulatory and control operations team and through the Program of Action, with coverage across financial crime (including AML/CTF, sanctions, anti-bribery and corruption and anti-tax evasion facilitation).

We also continue to invest in people, systems, processes and controls to respond to rapidly evolving regulatory environments, developments in financial crime and other changes in the landscape in which we operate, such as the increasingly sophisticated use of technology by criminals targeting the financial system, and the increase of scams, fraud, ransomware and cyber-attacks.

The Group continues to review and remediate a number of known AML/CTF compliance issues. As this work progresses, further compliance issues may be identified and reported to AUSTRAC or other regulators, and additional enhancements of systems and processes may be required.

The Group provides updates to AUSTRAC and other regulators on its Anti-Money Laundering and Counter-Terrorism Financing Program and other financial crime compliance capabilities, related enhancements and remediation activities.

However, there is no assurance that AUSTRAC or other regulators will agree that the Group's enhancements to its financial crime compliance capabilities, including through the multi-year Program of Action, are adequate or will effectively enhance the Group's financial crime compliance programs across its business units and the jurisdictions in which it operates. There is also a risk of undetected failure of internal controls, or the ineffective remediation of compliance issues which could lead to breaches of AML/CTF, sanctions, anti-bribery and corruption and anti-tax evasion facilitation obligations, resulting in potentially significant monetary and regulatory penalties.

Although the Group is not currently aware of any enforcement action being commenced by any domestic or foreign regulators in respect of its financial crime compliance, the Group regularly engages with such regulators, including in respect of compliance issues, and there can be no assurance that the Group will not be subject to such enforcement actions in the future.

#### Enforceable undertaking to the Office of Australian Information Commissioner (OAIC)

In June 2019, the Australian Information and Privacy Commissioner (Commissioner) accepted an EU offered by CBA, which requires further enhancements to the management and retention of customer personal information within CBA and certain subsidiaries.

The EU follows CBA's work to address two incidents: one relating to the disposal by a third party of magnetic data tapes containing historical customer statements and the other relating to potential unauthorised internal user access to certain systems and applications containing customer personal information. CBA reported the incidents to the Commissioner in 2016 and 2018 respectively and has since addressed these incidents. CBA found no evidence that as a result of these incidents, its customers' personal information was compromised or that there have been any instances of unauthorised access by CBA employees or third parties.

#### CommSec Compliance Program

As part of the proceedings ASIC commenced against CommSec in October 2022, the Federal Court ordered CommSec to undertake a compliance program. As required by the program, CommSec has appointed an independent expert to review the adequacy and effectiveness of its remediation of the issues in the proceedings and their root causes, as well as the adequacy of its systems and controls. The independent expert has prepared an initial report and CommSec has agreed a remedial action plan with ASIC, to address the recommendations made in the report. The independent expert will conduct a final review once all the actions from the remedial action plan have been implemented.

#### Enforceable undertaking to the Australian Communications and Media Authority (ACMA)

In connection with breaches of certain provisions of the Spam Act 2003, CBA has paid ACMA a fine of \$3.55 million and on 2 June 2023, entered into an EU with ACMA. The issues the subject of ACMA's investigation resulted in some customers receiving messages from CBA after they had unsubscribed and others receiving messages without a functioning unsubscribe mechanism. As required by the EU, CBA has appointed an independent consultant to review its current procedures, policies, training and systems relating to CBA's compliance with the Spam Act. CBA has committed to implementing the independent consultant's recommendations, providing ongoing compliance reports to ACMA and training relevant personnel under the EU. The independent consultant has provided its initial report under the EU, and will conduct further reviews, as set out in the EU.

### Other matters

#### Exposures to divested businesses

The Group has potential exposures to divested businesses, including through the provision of services, warranties and indemnities. These exposures may have an adverse impact on the Group's financial performance and position. The Group has recognised provisions where payments in relation to the exposures are probable and reliably measurable.

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# Notes to the Financial Statements (continued)

## 7.3 Discontinued Operations and Businesses Held for Sale

The Group continues to deliver on its strategic priority to create simpler, better foundations through divestments of wealth management and other non-core businesses. A summary of divestments entered into and completed during the half year ended 31 December 2023, 30 June 2023 and 31 December 2022 are set out below.

### CommInsure General Insurance

On 21 June 2021, the Group announced the sale of CommInsure General Insurance to Hollard Insurance Company Pty Ltd (Hollard). As part of the sale, the Group established an exclusive 15-year strategic alliance with Hollard for the distribution of home and motor vehicle insurance products. The sale of CommInsure General Insurance to Hollard completed on 30 September 2022, resulting in a post-tax gain of \$66 million net of transaction and separation costs. This includes a \$179 million post-tax gain recognised during the half year ended 31 December 2022, and post-tax transaction and separation costs of \$46 million and \$67 million recognised during the years ended 30 June 2022 and 2021, respectively.

### PT Bank Commonwealth

On 16 November 2023, the Group announced that it entered into a binding agreement to sell its 99% shareholding in its Indonesian banking subsidiary, PT Bank Commonwealth (PTBC), to PT Bank OCBC NISP Tbk (OCBC Indonesia), a subsidiary of Oversea-Chinese Banking Corporation Limited (OCBC) for an upfront cash consideration of approximately \$220 million. Completion of the transaction is subject to a number of conditions including regulatory approvals from the Indonesian Financial Services Authority and the Monetary Authority of Singapore. The completion of the transaction is expected by the third quarter of calendar year 2024.

As at 31 December 2023, the assets and liabilities of PTBC of \$1,388 million and \$1,145 million, respectively, have been reclassified as held for sale. During the half year ended 31 December 2023, the Group recognised a pre-tax loss of \$117 million on remeasurement of PTBC's assets to fair value in net other operating income. During the half year ended 31 December 2023, the Group also recognised pre-tax transaction and separation costs of \$53 million in operating expenses. PTBC is not classified as a discontinued operation.

### ACCOUNTING POLICY

Non-current assets (including disposal groups) are classified as held for sale if they will be recovered primarily through sale rather than through continuing use. Non-current assets which are to be abandoned, or businesses which are to be closed, are not classified as held for sale, since the carrying amount will be recovered principally through continuing use. A discontinued operation is a component of an entity that has been sold, or classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

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## 7.4 Subsequent Events

The Directors have determined a fully franked interim dividend of 215 cents per share amounting to \$3,601 million.

### Dividend Reinvestment Plan (DRP)

The Bank expects the DRP for the interim dividend for the half year ended 31 December 2023 will be satisfied in full by an on-market purchase of shares of approximately \$650 million based on historical DRP participation rate.

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# Directors' Declaration

The Directors of the Commonwealth Bank of Australia declare that:

In the opinion of the Directors, the consolidated financial statements and notes for the half year ended on 31 December 2023, as set out on pages 64-108, are in accordance with the *Corporations Act 2001 (Cth)*, including:

- i. complying with the Australian Accounting Standards and any further requirements in the *Corporations Regulations 2001*; and
- ii. giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the six months ended 31 December 2023;

In the opinion of the Directors, there are reasonable grounds to believe that the Commonwealth Bank of Australia will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Paul O'Malley

Chairman

14 February 2024



Matt Comyn

Managing Director and Chief Executive Officer

14 February 2024

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# ***Independent auditor's review report to the members of the Commonwealth Bank of Australia***

## **Report on the half-year financial report**

### ***Conclusion***

We have reviewed the half-year financial report of the Commonwealth Bank of Australia (the Bank) and the entities it controlled during the half-year (together the Group), which comprises the Consolidated Balance Sheet as at 31 December 2023, the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the half-year ended on that date, material accounting policy information and selected explanatory notes and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Commonwealth Bank of Australia does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### ***Basis for conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### ***Responsibilities of the directors for the half-year financial report***

The directors of the Bank are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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### **Auditor's responsibilities for the review of the half-year financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Elizabeth O'Brien*

Elizabeth O'Brien  
Partner

Sydney  
14 February 2024

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# Appendices

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# Appendices

## 1. Our Performance

### Overview

The Group earns its returns from providing a broad range of banking and wealth management products and services to retail and wholesale customers in Australia, New Zealand and other jurisdictions.

Lending and deposit taking are the Group's primary business activities with net interest income being the main contributor to the Group's results. Net interest income is derived from the difference between interest earned on lending and investment assets and interest incurred on customer deposits and wholesale debt raised to fund these assets.

The Group further generates income from lending fees and commissions, general insurance products and trading activities. It also incurs costs associated with running the business such as staff, occupancy and technology related expenses.

The Performance section provides details of the main contributors to the Group's returns and analysis of its financial performance by business segments and geographical regions.

### 1.1 Net Interest Margin (continuing operations basis)

	Half Year Ended		
	31 Dec 23	30 Jun 23	31 Dec 22
	%	%	%
<b>Australia</b>			
Interest spread <sup>1 2</sup>	1.43	1.54	1.76
Benefit of interest-free liabilities, provisions and equity <sup>3</sup>	0.52	0.48	0.32
<b>Net interest margin <sup>2 4</sup></b>	<b>1.95</b>	<b>2.02</b>	<b>2.08</b>
<b>New Zealand</b>			
Interest spread <sup>1 2</sup>	1.54	1.74	2.05
Benefit of interest-free liabilities, provisions and equity <sup>3</sup>	0.60	0.50	0.33
<b>Net interest margin <sup>2 4</sup></b>	<b>2.14</b>	<b>2.24</b>	<b>2.38</b>
<b>Other Overseas</b>			
Interest spread <sup>1 2</sup>	0.69	0.56	0.56
Benefit of interest-free liabilities, provisions and equity <sup>3</sup>	0.04	–	–
<b>Net interest margin <sup>2 4</sup></b>	<b>0.73</b>	<b>0.56</b>	<b>0.56</b>
<b>Total Group</b>			
Interest spread <sup>1</sup>	1.42	1.56	1.78
Benefit of interest-free liabilities, provisions and equity <sup>3</sup>	0.57	0.49	0.32
<b>Net interest margin <sup>4</sup></b>	<b>1.99</b>	<b>2.05</b>	<b>2.10</b>

1 Difference between the average interest rate earned and the average interest rate paid on funds.

2 Interest spread and margin calculations have been adjusted to include intragroup borrowings to more appropriately reflect the overseas cost of funds.

3 A portion of the Group's interest earning assets is funded by net interest-free liabilities and shareholders' equity. The benefit to the Group of these interest-free funds is the amount it would cost to replace them at the average cost of funds.

4 Net interest income divided by average interest earning assets for the half year annualised.

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# Appendices (continued)

## 1.2 Average Balances and Related Interest (continuing operations basis)

The following tables list the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for each of the half years ended 31 December 2023, 30 June 2023 and 31 December 2022. Averages used were predominantly daily averages. Interest is accounted for based on product yield.

Where assets or liabilities are hedged, the interest amounts are shown net of the hedge, however individual items not separately hedged may be affected by movements in exchange rates.

The New Zealand and Other Overseas components comprise overseas branches of the Group and overseas domiciled controlled entities.

Non-accrual loans are included in interest earning assets under loans and other receivables.

During the half year ended 31 December 2023, the official cash rate in Australia increased 25 basis points on a spot basis, while in New Zealand the official cash rate has remained flat on a spot basis.

	Half Year Ended 31 Dec 23			Half Year Ended 30 Jun 23 <sup>1</sup>			Half Year Ended 31 Dec 22 <sup>1</sup>		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
<b>Interest Earning Assets</b>									
Home loans <sup>2</sup>	573,706	15,467	5.36	572,660	13,091	4.61	557,840	10,711	3.81
Consumer finance <sup>3</sup>	17,061	882	10.28	16,912	833	9.93	16,455	803	9.68
Business and corporate loans <sup>4</sup>	259,482	6,333	4.85	257,928	5,794	4.53	251,585	4,691	3.70
<b>Loans and other receivables</b>	<b>850,249</b>	<b>22,682</b>	<b>5.31</b>	<b>847,500</b>	<b>19,718</b>	<b>4.69</b>	<b>825,880</b>	<b>16,205</b>	<b>3.89</b>
Cash and other liquid assets	117,638	2,368	4.00	128,039	2,164	3.41	131,164	1,504	2.27
Assets at fair value through Income Statement <sup>5</sup>	76,494	1,769	4.60	62,114	1,150	3.73	60,696	693	2.26
Investment Securities:									
At fair value through Other Comprehensive Income	94,476	2,442	5.14	82,665	1,767	4.31	79,438	1,173	2.93
At amortised cost	1,836	47	5.09	2,349	51	4.38	2,849	50	3.48
<b>Non-lending interest earning assets</b>	<b>290,444</b>	<b>6,626</b>	<b>4.54</b>	<b>275,167</b>	<b>5,132</b>	<b>3.76</b>	<b>274,147</b>	<b>3,420</b>	<b>2.47</b>
<b>Total interest earning assets<sup>6</sup></b>	<b>1,140,693</b>	<b>29,308</b>	<b>5.11</b>	<b>1,122,667</b>	<b>24,850</b>	<b>4.46</b>	<b>1,100,027</b>	<b>19,625</b>	<b>3.54</b>
Non-interest earning assets <sup>2</sup>	121,513			117,187			126,699		
Assets held for sale	266			–			925		
<b>Total average assets</b>	<b>1,262,472</b>			<b>1,239,854</b>			<b>1,227,651</b>		

1 Comparative information has been restated to conform to presentation in the current period.

2 Home loans are reported net of average mortgage offset balances for the half year ended 31 December 2023 of \$73,120 million (half year ended 30 June 2023: \$70,794 million; half year ended 31 December 2022: \$68,658 million), which are included in non-interest earning assets. While these balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the calculation of the Group's net interest margin.

3 Consumer finance includes personal loans, credit cards and margin loans.

4 Interest and yield impacted by hedge accounting of interest rate swaps embedded in the replicating portfolio.

5 Comparatives for Assets at fair value through the Income Statement include reverse sale and repurchase agreements carried at amortised cost in Cash and other liquid assets.

6 Used for calculating net interest margin.

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# Appendices (continued)

## 1.2 Average Balances and Related Interest (continued)

	Half Year Ended 31 Dec 23			Half Year Ended 30 Jun 23 <sup>1</sup>			Half Year Ended 31 Dec 22 <sup>1</sup>		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
<b>Interest Bearing Liabilities</b>									
Transaction deposits <sup>2</sup>	123,743	1,839	2.96	130,129	1,479	2.29	133,974	847	1.25
Savings deposits <sup>2</sup>	275,251	3,484	2.52	266,160	2,249	1.70	262,398	978	0.74
Investment deposits	236,009	5,032	4.24	218,487	3,704	3.42	191,577	2,014	2.09
Certificates of deposit and other	48,521	892	3.66	49,460	456	1.86	52,598	475	1.79
<b>Total interest bearing deposits</b>	<b>683,524</b>	<b>11,247</b>	<b>3.27</b>	<b>664,236</b>	<b>7,888</b>	<b>2.39</b>	<b>640,547</b>	<b>4,314</b>	<b>1.34</b>
Payables to financial institutions	24,947	628	5.01	22,195	512	4.65	24,185	332	2.72
Liabilities at fair value through Income Statement <sup>3</sup>	43,648	1,013	4.62	38,892	734	3.81	36,632	424	2.30
Term funding from central banks	42,659	147	0.69	55,920	151	0.54	55,284	106	0.38
Debt issues	134,315	3,495	5.18	121,050	2,983	4.97	113,956	1,890	3.29
Loan capital	32,989	1,125	6.78	30,538	933	6.16	28,593	682	4.73
Lease liabilities	2,624	40	3.03	2,723	39	2.89	2,856	38	2.64
Bank levy	–	209	–	–	191	–	–	202	–
<b>Total interest bearing liabilities</b>	<b>964,706</b>	<b>17,904</b>	<b>3.69</b>	<b>935,554</b>	<b>13,431</b>	<b>2.90</b>	<b>902,053</b>	<b>7,988</b>	<b>1.76</b>
Non-interest bearing liabilities <sup>2</sup>	225,320			232,323			252,264		
Liabilities held for sale	210			–			831		
<b>Total average liabilities</b>	<b>1,190,236</b>			<b>1,167,877</b>			<b>1,155,148</b>		

	Half Year Ended 31 Dec 23			Half Year Ended 30 Jun 23			Half Year Ended 31 Dec 22		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
<b>Net Interest Margin</b>									
Total interest earning assets	1,140,693	29,308	5.11	1,122,667	24,850	4.46	1,100,027	19,625	3.54
Total interest bearing liabilities	964,706	17,904	3.69	935,554	13,431	2.90	902,053	7,988	1.76
<b>Net interest income and interest spread</b>		<b>11,404</b>	<b>1.42</b>		<b>11,419</b>	<b>1.56</b>		<b>11,637</b>	<b>1.78</b>
Benefit of free funds			<b>0.57</b>			<b>0.49</b>			<b>0.32</b>
<b>Net interest margin</b>			<b>1.99</b>			<b>2.05</b>			<b>2.10</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> Transaction and savings deposits exclude average mortgage offset balances for the half year ended 31 December 2023 of \$73,120 million (half year ended 30 June 2023: \$70,794 million; half year ended 31 December 2022: \$68,658 million), which are included in non-interest bearing liabilities.

<sup>3</sup> Comparatives for Liabilities at fair value through Income Statement include sale and repurchase agreements carried at amortised cost in Certificates of deposit and other.

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# Appendices (continued)

## 1.2 Average Balances and Related Interest (continued)

Geographical Analysis of Key Categories <sup>2</sup>	Half Year Ended 31 Dec 23			Half Year Ended 30 Jun 23 <sup>1</sup>			Half Year Ended 31 Dec 22 <sup>1</sup>		
	Avg Bal \$M	Interest \$M	Yield %	Avg Bal \$M	Interest \$M	Yield %	Avg Bal \$M	Interest \$M	Yield %
<b>Loans and other receivables</b>									
Australia	732,671	19,049	5.17	730,635	16,579	4.58	710,369	13,581	3.79
New Zealand	102,594	3,036	5.89	102,055	2,614	5.17	99,408	2,217	4.42
Other Overseas	14,984	597	7.93	14,810	525	7.15	16,103	407	5.01
<b>Total</b>	<b>850,249</b>	<b>22,682</b>	<b>5.31</b>	<b>847,500</b>	<b>19,718</b>	<b>4.69</b>	<b>825,880</b>	<b>16,205</b>	<b>3.89</b>
<b>Non-lending interest earning assets</b>									
Australia	205,780	4,550	4.40	198,607	3,646	3.70	203,118	2,488	2.43
New Zealand	15,954	478	5.96	15,235	396	5.24	13,834	248	3.56
Other Overseas	68,710	1,598	4.63	61,325	1,090	3.58	57,195	684	2.37
<b>Total</b>	<b>290,444</b>	<b>6,626</b>	<b>4.54</b>	<b>275,167</b>	<b>5,132</b>	<b>3.76</b>	<b>274,147</b>	<b>3,420</b>	<b>2.47</b>
<b>Interest bearing deposits</b>									
Australia	588,147	9,341	3.16	571,599	6,555	2.31	553,009	3,484	1.25
New Zealand	74,979	1,323	3.51	71,894	856	2.40	67,668	532	1.56
Other Overseas	20,398	583	5.69	20,743	477	4.64	19,870	298	2.98
<b>Total</b>	<b>683,524</b>	<b>11,247</b>	<b>3.27</b>	<b>664,236</b>	<b>7,888</b>	<b>2.39</b>	<b>640,547</b>	<b>4,314</b>	<b>1.34</b>
<b>Other interest bearing liabilities</b>									
Australia	210,789	4,860	4.59	208,919	4,109	3.97	200,796	2,799	2.77
New Zealand	24,675	832	6.71	26,194	785	6.04	26,629	537	4.00
Other Overseas	45,718	965	4.20	36,205	649	3.61	34,081	338	1.97
<b>Total</b>	<b>281,182</b>	<b>6,657</b>	<b>4.71</b>	<b>271,318</b>	<b>5,543</b>	<b>4.12</b>	<b>261,506</b>	<b>3,674</b>	<b>2.79</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 The New Zealand and Other Overseas components comprise overseas branches of the Group and overseas domiciled controlled entities.

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# Appendices (continued)

## 1.3 Interest Rate and Volume Analysis (continuing operations basis)

The following tables show the movement in interest income and expense due to changes in volume and interest rates from prior periods. Volume variances reflect the change in interest due to movements in the average balance. Rate variances reflect the change in interest due to changes in interest rates. When the change cannot be isolated to either volume or rate, it has been allocated to volume.

	Half Year Ended Dec 23 vs Jun 23			Half Year Ended Dec 23 vs Dec 22		
	Volume \$M	Rate \$M	Total \$M	Volume \$M	Rate \$M	Total \$M
<b>Interest Earning Assets <sup>1</sup></b>						
Home loans	238	2,138	2,376	387	4,369	4,756
Consumer finance	20	29	49	29	50	79
Business and corporate loans	124	415	539	176	1,466	1,642
<b>Loans and other receivables</b>	<b>381</b>	<b>2,583</b>	<b>2,964</b>	<b>590</b>	<b>5,887</b>	<b>6,477</b>
Cash and other liquid assets	(174)	378	204	(280)	1,144	864
Assets at fair value through Income Statement	352	267	619	361	715	1,076
Investment securities:						
At fair value through Other Comprehensive Income	334	341	675	383	886	1,269
At amortised cost	(12)	8	(4)	(26)	23	(3)
<b>Non-lending interest earning assets</b>	<b>434</b>	<b>1,060</b>	<b>1,494</b>	<b>355</b>	<b>2,851</b>	<b>3,206</b>
<b>Total interest earning assets</b>	<b>856</b>	<b>3,602</b>	<b>4,458</b>	<b>967</b>	<b>8,716</b>	<b>9,683</b>

	Half Year Ended Dec 23 vs Jun 23			Half Year Ended Dec 23 vs Dec 22		
	Volume \$M	Rate \$M	Total \$M	Volume \$M	Rate \$M	Total \$M
<b>Interest Bearing Liabilities <sup>1</sup></b>						
Transaction deposits	(69)	429	360	(158)	1,150	992
Savings deposits	161	1,074	1,235	154	2,352	2,506
Investment deposits	437	891	1,328	936	2,082	3,018
Certificates of deposit and other	(5)	441	436	(78)	495	417
<b>Interest bearing deposits</b>	<b>466</b>	<b>2,893</b>	<b>3,359</b>	<b>678</b>	<b>6,255</b>	<b>6,933</b>
Payables to financial institutions	77	39	116	18	278	296
Liabilities at fair value through Income Statement	123	156	279	161	428	589
Term funding from central banks	(43)	39	(4)	(44)	85	41
Debt issues	388	124	512	522	1,083	1,605
Loan capital	98	94	192	147	296	443
Lease liabilities	(1)	2	1	(4)	6	2
Bank levy	3	15	18	-	7	7
<b>Total interest bearing liabilities</b>	<b>777</b>	<b>3,696</b>	<b>4,473</b>	<b>1,117</b>	<b>8,799</b>	<b>9,916</b>

	Half Year Ended	
	Dec 23 vs Jun 23 Increase/(Decrease) \$M	Dec 23 vs Dec 22 Increase/(Decrease) \$M
<b>Change in Net Interest Income</b>		
Due to changes in average volume of interest earning assets	178	376
Due to changes in interest margin	(348)	(609)
Due to variation in time period	155	-
<b>Change in net interest income</b>	<b>(15)</b>	<b>(233)</b>

<sup>1</sup> "Rate" reflects the change due to movements in yield assuming average volume is consistent across the two periods. "Volume" reflects the change due to balance growth assuming the average rate is consistent across the two periods. When the change cannot be isolated to either volume or rate, it has been allocated to volume. The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).



# Appendices (continued)

## 1.3 Interest Rate and Volume Analysis (continued)

Geographical Analysis of Key Categories <sup>1</sup>	Half Year Ended Dec 23 vs Jun 23			Half Year Ended Dec 23 vs Dec 22		
	Volume	Rate	Total	Volume	Rate	Total
	\$M	\$M	\$M	\$M	\$M	\$M
<b>Loans and other receivables</b>						
Australia	311	2,159	2,470	529	4,939	5,468
New Zealand	57	365	422	86	733	819
Other Overseas	15	57	72	(46)	236	190
<b>Total</b>	<b>381</b>	<b>2,583</b>	<b>2,964</b>	<b>590</b>	<b>5,887</b>	<b>6,477</b>
<b>Non-lending interest earning assets</b>						
Australia	218	686	904	47	2,015	2,062
New Zealand	28	54	82	62	168	230
Other Overseas	191	317	508	264	650	914
<b>Total</b>	<b>434</b>	<b>1,060</b>	<b>1,494</b>	<b>355</b>	<b>2,851</b>	<b>3,206</b>
<b>Interest bearing deposits</b>						
Australia	386	2,400	2,786	534	5,323	5,857
New Zealand	72	395	467	126	665	791
Other Overseas	(2)	108	106	14	271	285
<b>Total</b>	<b>466</b>	<b>2,893</b>	<b>3,359</b>	<b>678</b>	<b>6,255</b>	<b>6,933</b>
<b>Other interest bearing liabilities</b>						
Australia	109	642	751	218	1,843	2,061
New Zealand	(39)	86	47	(68)	363	295
Other Overseas	211	105	316	244	383	627
<b>Total</b>	<b>321</b>	<b>793</b>	<b>1,114</b>	<b>449</b>	<b>2,534</b>	<b>2,983</b>

1 "Rate" reflects the change due to movements in yield assuming average volume is consistent across the two periods. "Volume" reflects the change due to balance growth assuming the average rate is consistent across the two periods. When the change cannot be isolated to either volume or rate, it has been allocated to volume. The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

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# Appendices (continued)

## 1.4 Other Operating Income (continuing operations basis)

	Half Year Ended <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Net commissions	1,047	967	1,013	8	3
Lending fees	404	396	357	2	13
Trading income	609	582	513	5	19
Net gain/(loss) on non-trading financial instruments <sup>2</sup>	1	(75)	343	large	(large)
Net gain/(loss) on sale of property, plant and equipment	1	–	(4)	n/a	large
Net (loss)/gain from hedging ineffectiveness	(42)	7	(6)	(large)	(large)
Dividends	55	–	55	n/a	–
Share of profit of associates and joint ventures net of impairment	(42)	(4)	(15)	(large)	(large)
Net insurance and funds management income	55	54	28	2	96
Other <sup>3 4</sup>	86	104	57	(17)	51
<b>Total net other operating income - "statutory basis"</b>	<b>2,174</b>	<b>2,031</b>	<b>2,341</b>	<b>7</b>	<b>(7)</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> Includes gains/(losses) on non-trading derivatives that are held for risk management purposes.

<sup>3</sup> The half year ended 31 December 2023 includes depreciation of \$32 million in relation to assets held for lease as lessor by the Group (30 June 2023: \$31 million; 31 December 2022: \$32 million).

<sup>4</sup> The half year ended 30 June 2023 includes a \$10 million impairment loss in relation to certain aircraft owned by the Group and leased to various airlines; 31 December 2022 includes \$4 million impairment reversal.

### Other Operating Income – Reconciliation of Cash and Statutory Basis

The table below sets out various accounting impacts arising from the application of AASB 139 *Financial Instruments: Recognition and Measurement* to the Group's derivative hedging activities and other non-cash items.

	Half Year Ended <sup>1</sup>				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
<b>Net other operating income - "cash basis"</b>	<b>2,245</b>	<b>2,093</b>	<b>1,986</b>	<b>7</b>	<b>13</b>
Revenue hedge of New Zealand operations - unrealised	–	5	8	(large)	(large)
Hedging and IFRS volatility	33	(39)	27	large	22
(Loss)/gain on disposal and acquisition of entities net of transaction costs	(104)	(28)	320	(large)	(large)
<b>Net other operating income - "statutory basis"</b>	<b>2,174</b>	<b>2,031</b>	<b>2,341</b>	<b>7</b>	<b>(7)</b>

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

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# Appendices (continued)

## 2. Risk Management

### Overview

The Group is exposed to financial risks, non-financial risks and strategic risks arising from its operations. The Group manages these risks through its Risk Management Framework (the Framework), which evolves to accommodate changes in the business operating environment, better practice approaches, and regulatory and community expectations. The Group's key risk types are credit, market, liquidity, operational, compliance and strategic. The framework is discussed in Note 9.1 in the 2023 Annual Report.

### 2.1 Integrated Risk Management

The Group's approach to risk management is described within Note 9 of the Financial Statements in the 2023 Annual Report. Further disclosures in respect of capital adequacy and risk are provided in the Group's annual Pillar 3 document.

#### Credit Risk

The Group uses a portfolio approach for the management of its credit risk, of which a key element is a well-diversified portfolio. The Group uses various portfolio management tools to assist in diversifying the credit portfolio.

Below is a breakdown of the Group's committed exposures across industry sector, region and commercial credit quality.

By Sector	As at <sup>1</sup>		
	31 Dec 23 %	30 Jun 23 %	31 Dec 22 %
Consumer	55.4	55.5	55.6
Government, Admin. & Defence	14.8	16.5	17.0
Finance & Insurance	8.1	7.0	6.8
Commercial Property	6.7	6.6	6.5
Agriculture & Forestry	2.2	2.1	2.1
Transport & Storage	1.9	1.8	1.8
Manufacturing	1.5	1.4	1.4
Entertainment, Leisure & Tourism	1.2	1.1	1.1
Wholesale Trade	1.2	1.1	1.0
Retail Trade	1.1	1.1	1.1
Health & Community Services	1.1	1.0	1.0
Business Services	1.1	1.0	1.0
Electricity, Water & Gas	1.1	1.0	0.9
Construction	0.9	0.8	0.9
Mining, Oil & Gas	0.5	0.5	0.5
Media & Communications	0.4	0.4	0.4
Education	0.3	0.3	0.3
Personal & Other Services	0.2	0.2	0.2
Other	0.3	0.6	0.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Committed exposures by industry sector, region and commercial credit quality are disclosed on a gross basis (calculated before collateralisation).

## Appendices (continued)

### 2.1 Integrated Risk Management (continued)

	As at		
	31 Dec 23	30 Jun 23	31 Dec 22
<b>By Region <sup>1</sup></b>	%	%	%
Australia	80.6	82.2	81.9
New Zealand	9.8	9.7	10.0
Americas	3.4	3.5	3.4
Europe	3.2	2.2	2.6
Asia	3.0	2.4	2.1
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

	As at		
	31 Dec 23	30 Jun 23	31 Dec 22
<b>Commercial Portfolio Quality <sup>1</sup></b>	%	%	%
AAA/AA	39.3	42.9	44.5
A	14.5	12.7	12.3
BBB	13.9	13.7	14.2
Other	32.3	30.7	29.0
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Committed exposures by region and commercial credit quality are disclosed on a gross basis (calculated before collateralisation).

As a measure of individually risk-rated commercial portfolio exposure (including finance and insurance), the Group has 67.7% (June 2023: 69.3%; December 2022: 71.0%) of commercial exposures at investment grade quality.

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# Appendices (continued)

## 2.1 Integrated Risk Management (continued)

### Market Risk

Market risk in the Balance Sheet is discussed within Note 9.3 of the 2023 Annual Report.

### Value at Risk (VaR)

The Group uses Value at Risk (VaR) as one of the measures of Traded and Non-Traded market risk. VaR measures potential loss using historically observed market movements and correlation between different markets.

VaR is modelled at a 99.0% confidence level. This means that there is a 99.0% probability that the loss will not exceed the VaR estimate on any given day.

A 10-day holding period is used for trading book positions. A 20-day holding period is used for interest rate risk in the banking book.

Where VaR is deemed not to be an appropriate method of risk measurement, other risk measures have been used as specified by the heading or accompanying footnotes of the tables provided.

	Average VaR <sup>1 2 3</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Traded Market Risk</b>			
<b>Risk Type</b>			
Interest rate risk <sup>4</sup>	23.6	91.2	66.9
Foreign exchange risk	4.5	11.0	15.9
Equities risk	–	–	–
Commodities risk	17.5	32.5	29.9
Credit spread risk	23.2	20.3	16.1
Volatility risk	6.2	2.9	3.6
Diversification benefit	(44.8)	(66.5)	(70.0)
Total general market risk	30.2	91.4	62.4
Undiversified risk	19.4	21.6	18.4
Other <sup>5</sup>	1.3	1.4	1.6
<b>Total</b>	<b>50.9</b>	<b>114.4</b>	<b>82.4</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 Average VaR is at 10 day 99% confidence and is calculated for each 6 month period.

3 Average VaR decrease primarily driven by the APRA accredited implementation of a new market risk engine on 3 July 2023.

4 Includes basis risk.

5 Includes ASB, PTBC and CBA Europe.

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# Appendices (continued)

## 2.1 Integrated Risk Management (continued)

### Interest rate risk in the banking book

Interest rate risk in the banking book is discussed within Note 9.3 of the 2023 Annual Report.

#### (a) Next 12 Months' Earnings

The figures in the following table represent the potential unfavourable change to the Group's net interest earnings during the year based on a 100 basis point parallel rate shock.

	Half Year Ended		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Net Interest Earnings at Risk <sup>1</sup></b>			
Average monthly exposure	441.3	548.7	953.4
High monthly exposure	526.4	642.8	1,660.1
Low monthly exposure	351.3	415.4	523.1

<sup>1</sup> Exposures over a 6 month period. Net interest earnings at risk decreased during the period due to increases in the official cash rate in both Australia and New Zealand which reduced the impact of interest rate floors on deposit balances.

#### (b) Economic Value

A 20-day 99.0% VaR measure is used to capture the economic impact of adverse changes in interest rates on all banking book assets and liabilities.

	Half Year Ended		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Non-Traded Interest Rate Risk VaR (20-day 99.0% confidence) <sup>1</sup></b>			
Average daily exposure	571.2	566.5	504.1
High daily exposure	655.2	629.6	585.6
Low daily exposure	518.4	471.7	428.5

<sup>1</sup> Exposures over a 6 month period.

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# Appendices (continued)

## 2.1 Integrated Risk Management (continued)

### Funding Sources

The following table provides the funding sources for the Group including customer deposits, and short-term and long-term wholesale funding. Shareholders' equity is excluded from this view of funding sources.

	As at				
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Dec 23 vs Jun 23 %	Dec 23 vs Dec 22 %
Transaction deposits <sup>1</sup>	185,429	196,617	193,500	(6)	(4)
Savings deposits	283,677	276,518	266,765	3	6
Investment deposits	243,836	225,502	206,893	8	18
Other customer deposits <sup>1 2</sup>	111,633	120,337	132,450	(7)	(16)
<b>Total customer deposits</b>	<b>824,575</b>	<b>818,974</b>	<b>799,608</b>	<b>1</b>	<b>3</b>
<b>Wholesale funding</b>					
<b>Short-term</b>					
Certificates of deposit <sup>3</sup>	44,019	44,273	44,571	(1)	(1)
US commercial paper programme	10,885	8,409	15,050	29	(28)
Central Bank deposits	15,127	13,066	13,796	16	10
Other <sup>4</sup>	11,175	5,339	4,292	large	large
<b>Total short-term wholesale funding</b>	<b>81,206</b>	<b>71,087</b>	<b>77,709</b>	<b>14</b>	<b>5</b>
<b>Total short-term collateral deposits <sup>5</sup></b>	<b>(586)</b>	<b>4,871</b>	<b>585</b>	<b>(large)</b>	<b>(large)</b>
<b>Total long-term funding - less than or equal to one year residual maturity <sup>6</sup></b>	<b>48,684</b>	<b>67,683</b>	<b>36,941</b>	<b>(28)</b>	<b>32</b>
<b>Long-term - greater than one year residual maturity</b>					
Domestic debt program	19,980	15,107	12,577	32	59
Offshore medium-term note programme <sup>7</sup>	47,230	46,541	42,282	1	12
Covered bond programme	34,724	30,859	27,472	13	26
Securitisation	6,630	5,675	4,720	17	40
Loan capital	33,486	33,884	31,768	(1)	5
RBA Term Funding Facility (TFF)	-	-	31,990	-	(large)
Other	5,135	6,343	7,733	(19)	(34)
<b>Total long-term funding - greater than one year residual maturity</b>	<b>147,185</b>	<b>138,409</b>	<b>158,542</b>	<b>6</b>	<b>(7)</b>
<b>IFRS MTM and derivative FX revaluations</b>	<b>(6,456)</b>	<b>(8,828)</b>	<b>(8,334)</b>	<b>27</b>	<b>23</b>
<b>Total funding</b>	<b>1,094,608</b>	<b>1,092,196</b>	<b>1,065,051</b>	<b>-</b>	<b>3</b>
<b>Reported as</b>					
Deposits and other public borrowings	873,299	864,995	879,152	1	(1)
Payables to financial institutions	20,544	21,910	19,863	(6)	3
Liabilities at fair value through Income Statement <sup>8</sup>	44,740	40,103	7,015	12	large
Term funding from central banks <sup>9</sup>	36,591	54,220	56,011	(33)	(35)
Debt issues	139,275	122,267	118,843	14	17
Loan capital	34,111	32,598	28,896	5	18
Loans and other receivables - collateral posted	(1,073)	(962)	(1,012)	(12)	(6)
Receivables due from other financial institutions - collateral posted	(5,959)	(3,735)	(5,210)	(60)	(14)
Securities purchased under agreements to resell	(46,920)	(39,200)	(38,507)	(20)	(22)
<b>Total funding</b>	<b>1,094,608</b>	<b>1,092,196</b>	<b>1,065,051</b>	<b>-</b>	<b>3</b>

1 Transaction deposits exclude non-interest bearing deposits (included in other customer deposits).

2 Other customer deposits primarily consist of non-interest bearing transaction deposits and deposits held at fair value through the Income Statement.

3 Includes Bank acceptances.

4 Includes net non-HQLA securities sold or purchased under repurchase agreements and interbank borrowings.

5 Includes other repurchase agreements not reported above and Vostro balances.

6 Residual maturity of long-term wholesale funding (included in Debt issues and Loan capital and the Group's drawn TFF allowance) is the earlier of the next call date or final maturity.

7 Includes notes issued under the Bank's 3(a)(2) programme.

8 From 30 June 2023, liabilities at fair value through Income Statement include sale and repurchase agreements.

9 Includes drawings from the TFF, RBNZ Funding for Lending Programme (FLP) and Term Lending Facility (TLF).

# Appendices (continued)

## 2.1 Integrated Risk Management (continued)

### Overview

The Group's liquidity and funding policies are designed to ensure it will meet its obligations as and when they fall due by ensuring it is able to raise funding on an unsecured or secured basis, and has sufficient liquid assets to borrow against under repurchase agreements or sell to raise immediate funds without adversely affecting the Group's net asset value.

The Group's liquidity policies are designed to ensure it maintains sufficient holdings of cash and liquid asset to meet its obligations to customers and other stakeholders, in both ordinary market conditions and during periods of severe stress. These policies are intended to protect the Group's operations during periods of unfavourable market conditions.

The Group's funding policies are designed to achieve diversified sources of funding by product, term, currency, investors and concentration on a cost effective basis. This objective applies to the Group's wholesale and retail funding activities.

### Liquidity Risk Management Framework and Risk Management Practices

The CBA Board is responsible for the sound and prudent management of liquidity risk across the Group. The Group's liquidity and funding policies, structured under a formal Group Liquidity and Funding Risk Management Framework, are approved by the Board. The Group Asset and Liability Committee's (ALCO) responsibilities include asset and liability management, reviewing liquidity and funding policies and strategies and monitoring compliance with those policies across the Group. Group Treasury manages the Group's liquidity and funding positions in accordance with the Group's Liquidity Policy and supporting standards, and has ultimate authority to execute liquidity and funding decisions should the Group Contingency Funding Plan be activated. Risk Management provides oversight of the Group's liquidity and funding risks, and compliance with Group policies.

Subsidiaries within the Group apply their own liquidity and funding strategies to address their specific needs. The Group's New Zealand banking subsidiary, ASB, manages its own domestic liquidity and funding needs in accordance with its own liquidity policy and the policies of the Group. ASB's liquidity policy is also overseen by the RBNZ.

### Liquidity and Funding Policies and Management

The Group's liquidity and funding policies provide that:

- An excess of liquid assets over the minimum prescribed requirement under APRA's Liquidity Coverage Ratio (LCR) is maintained. Australian ADIs are required to meet a 100% LCR, calculated as the ratio of high-quality liquid assets to 30 day net cash outflows projected under a prescribed stress scenario;
- A surplus of stable funding from various sources, as measured by APRA's Net Stable Funding Ratio (NSFR), is maintained. The NSFR is calculated by applying factors prescribed by APRA to assets and liabilities to determine a ratio of required stable funding to available stable funding which must be greater than 100%;
- Scenario analysis is central to the Group's liquidity risk management framework and the Group undertakes additional stress testing including market specific and idiosyncratic scenarios over and above the regulatory defined scenarios;

- Additional funding and liquidity metrics are calculated and monitored as early warning indicators of a potential stress event;
- Short and long-term wholesale funding limits are established, monitored and reviewed regularly;
- The Group's wholesale funding market capacity is regularly assessed and used as a factor in funding strategies;
- Group Treasury maintains a portfolio of high-quality liquid assets (HQLA) to meet liquidity requirements under a range of market conditions. The liquid assets portfolio includes cash, deposits with central banks, Australian government and semi-government securities and foreign sovereign securities;
- Liquid assets are held in Australian dollar and foreign currency denominated securities in accordance with expected requirements;
- In line with APRA's requirements to hold adequate levels of self-securitised assets, the Group also holds internal RMBS (minimum value of 30% of LCR net cash outflows), which are mortgages that have been securitised but retained by the Bank, that are repo-eligible with the RBA under the Exceptional Liquidity Assistance (ELA) arrangement; and
- Offshore branches and subsidiaries adhere to liquidity policies and hold appropriate foreign currency liquid assets to meet required regulations. Material banking subsidiaries are required to maintain a LCR of at least 100%.

The Group's key funding tools include:

- Consumer retail funding base, which includes a wide range of retail transaction accounts, savings accounts and term deposits for individual consumers;
- Small business customer and institutional deposit base; and
- Wholesale domestic and international funding programmes, which include Australian dollar Negotiable Certificates of Deposit, US and Euro Commercial Paper programmes, Australian dollar Domestic Debt Programme, US Medium-Term Note Programmes, Euro Medium-Term Note Programme, multi-jurisdiction Covered Bond programme and Medallion securitisation programmes. The Group has accessed the RBA's Term Funding Facility (TFF) and RBNZ term lending facilities.

Liquidity modelling and forecasting is undertaken on a daily basis to ensure the Group meets its internal and regulatory liquidity requirements at all times. A regulatory liquidity management reporting system models and reports regulatory liquidity outcomes. Additionally, a comprehensive Funds Transfer Pricing framework is in place to attribute the cost of funding and liquidity to business units and to provide appropriate incentives to inform business decision making.

### Contingency Funding Plan

The Group maintains a Contingency Funding Plan (CFP) which details how the Group would respond to a liquidity stress event. The plan includes details of roles and responsibilities including the committee of responsible executives, early warning indicators and trigger events, potential contingent funding actions that could be undertaken to manage the Group's liquidity position as well as a communications strategy. The plan is regularly tested and is approved by the Board on an annual basis.



# Appendices (continued)

## 2.2 Counterparty and Other Credit Risk Exposures

### Leveraged Finance

The Group provides leveraged finance to companies. This can include companies acquired or owned by private equity sponsors which can be highly leveraged, primarily domiciled in Australia and New Zealand and exhibit stable and established earnings providing the ability to reduce borrowing levels. The Group's exposure to firms owned by private equity sponsors is diversified across industries and private equity sponsors. Leveraged debt facilities provided to private equity sponsors are typically senior with first ranking security over the cash flows and assets of the businesses.

### Hedge Funds

There were no material movements in exposures to hedge funds during the current half and these exposures are not considered to be material.

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# Appendices (continued)

## 3. Our Capital, Equity and Reserves

### Overview

The Group maintains a strong capital position in order to satisfy regulatory capital requirements, provide financial security to its depositors and creditors and adequate return to its shareholders. The Group's shareholders' equity includes issued ordinary shares, retained earnings and reserves.

This section provides analysis of the Group's shareholders' equity including changes during the period.

### 3.1 Capital

The tables below show the APRA Basel III capital adequacy calculation as at 31 December 2023 and 30 June 2023 under the revised capital framework effective from 1 January 2023. The 31 December 2022 calculation is prepared in accordance with the previous APRA framework that was effective up until 31 December 2022.

Risk Weighted Capital Ratios	As at		
	31 Dec 23	30 Jun 23	31 Dec 22
	%	%	%
Common Equity Tier 1	12.3	12.2	11.4
Tier 1	14.7	14.5	13.3
Tier 2	5.8	5.5	4.5
<b>Total Capital</b>	<b>20.5</b>	<b>20.0</b>	<b>17.8</b>

	As at <sup>1</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Ordinary share capital and treasury shares</b>			
Ordinary share capital	33,774	33,913	35,140
Treasury shares <sup>2</sup>	147	162	137
<b>Ordinary share capital and treasury shares</b>	<b>33,921</b>	<b>34,075</b>	<b>35,277</b>
<b>Reserves</b>	<b>(1,583)</b>	<b>(2,295)</b>	<b>(1,540)</b>
<b>Retained earnings and current period profits</b>			
Retained earnings and current period profits	40,643	40,010	38,716
Retained earnings adjustment from non-consolidated subsidiaries <sup>3</sup>	(45)	(45)	(28)
<b>Net retained earnings</b>	<b>40,598</b>	<b>39,965</b>	<b>38,688</b>
<b>Non-controlling interests</b>			
Non-controlling interests <sup>4</sup>	5	5	5
Less other non-controlling interests not eligible for inclusion in regulatory capital	(5)	(5)	(5)
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Common Equity Tier 1 Capital before regulatory adjustments</b>	<b>72,936</b>	<b>71,745</b>	<b>72,425</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 Represents eligible employee share scheme arrangements and includes treasury shares held by both trust arrangements and shares held directly by the Bank.

3 Cumulative current period profit and retained earnings adjustments for subsidiaries not consolidated for regulatory purposes.

4 Non-controlling interests include external equity interests in the Group's subsidiary.

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# Appendices (continued)

## 3.1 Capital (continued)

	As at <sup>1</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Common Equity Tier 1 regulatory adjustments</b>			
Goodwill <sup>2</sup>	(5,289)	(5,295)	(5,299)
Other intangibles (including software) <sup>3</sup>	(2,165)	(2,042)	(1,782)
Capitalised costs and deferred fees	(1,239)	(1,230)	(1,155)
Defined benefit superannuation plan surplus <sup>4</sup>	(367)	(453)	(411)
Deferred tax asset	(3,155)	(3,331)	(2,995)
Cash flow hedge reserve	936	1,820	1,236
Employee compensation reserve	(79)	(99)	(60)
Equity investments <sup>5</sup>	(4,046)	(3,947)	(4,127)
Equity investments in non-consolidated subsidiaries <sup>6</sup>	(89)	(89)	(89)
Unrealised fair value adjustments <sup>7</sup>	(48)	(89)	(94)
Shortfall of provisions to expected losses <sup>8</sup>	–	–	(6)
Other	(164)	(81)	(91)
<b>Common Equity Tier 1 regulatory adjustments</b>	<b>(15,705)</b>	<b>(14,836)</b>	<b>(14,873)</b>
<b>Common Equity Tier 1 Capital</b>	<b>57,231</b>	<b>56,909</b>	<b>57,552</b>
<b>Additional Tier 1 Capital</b>			
Basel III complying instruments <sup>9</sup>	10,862	10,862	9,312
<b>Total Additional Tier 1 Capital</b>	<b>10,862</b>	<b>10,862</b>	<b>9,312</b>
<b>Total Tier 1 Capital</b>	<b>68,093</b>	<b>67,771</b>	<b>66,864</b>
<b>Tier 2 Capital</b>			
Basel III complying instruments <sup>10</sup>	25,371	24,320	22,161
Holding of Tier 2 Capital	(386)	(467)	(399)
Prudential general reserve for credit losses <sup>11</sup>	2,162	2,156	1,127
<b>Total Tier 2 Capital</b>	<b>27,147</b>	<b>26,009</b>	<b>22,889</b>
<b>Total Capital</b>	<b>95,240</b>	<b>93,780</b>	<b>89,753</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 Includes goodwill from discontinued operations.

3 Other intangibles (including capitalised software costs), net of any associated deferred tax liability.

4 Represents the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability.

5 Represents the Group's non-controlling interest in other entities.

6 Non-consolidated subsidiaries include the Group's insurance entity and qualifying securitisation vehicles that meet APRA's operational requirement for regulatory capital relief under APS 120 "Securitisation".

7 Includes gains due to changes in the Group's credit risk on fair valued liabilities and other prudential valuation adjustments.

8 Represents the shortfall between the regulatory Expected Losses (EL) and Eligible Provisions (EP) with respect to credit portfolios which are subject to the AIRB approach. The adjustment is assessed separately for both defaulted and non-defaulted exposures. Where there is an excess of EL over EP in either assessments, the difference must be deducted from CET1. For non-defaulted exposures where the EL is lower than the EP, this may be included in Tier 2 capital up to a maximum of 0.6% of total credit RWAs.

9 As at 31 December 2023, comprises PERLS XVI \$1,550 million (June 2023), PERLS XV \$1,777 million (November 2022), PERLS XIV \$1,750 million (March 2022), PERLS XIII \$1,180 million (April 2021), PERLS XII \$1,650 million (November 2019), PERLS XI \$1,590 million (December 2018) and PERLS X \$1,365 million (April 2018).

10 In the half year ended 31 December 2023, the Group issued AUD85 million, AUD550 million, AUD700 million and AUD300 million subordinated notes, all of which were Basel III compliant.

11 Represents the collective provision and general reserve for credit losses for exposures in the Group which are measured for capital purposes under the Standardised approach to credit risk.

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# Appendices (continued)

## 3.1 Capital (continued)

	As at <sup>1</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Risk Weighted Assets (RWA)</b>			
<b>Credit Risk</b>			
<b>Subject to AIRB approach <sup>2</sup></b>			
Corporate (incl. SME corporate)	83,483	80,251	105,755
SME retail	10,235	10,189	8,601
Sovereign	n/a	n/a	2,311
Bank	n/a	n/a	3,218
Residential mortgage <sup>3</sup>	143,896	147,716	171,742
Qualifying revolving retail	5,336	5,584	5,050
Other retail	8,746	8,554	9,170
<b>Total RWA subject to AIRB approach</b>	<b>251,696</b>	<b>252,294</b>	<b>305,847</b>
<b>Subject to FIRB approach <sup>2</sup></b>			
Corporate - large	26,216	22,466	n/a
Sovereign	2,349	2,173	n/a
Financial Institution	12,633	10,857	n/a
<b>Total RWA subject to FIRB approach</b>	<b>41,198</b>	<b>35,496</b>	<b>n/a</b>
<b>Specialised lending</b>	<b>3,514</b>	<b>3,868</b>	<b>70,865</b>
<b>Subject to Standardised approach</b>			
Corporate (incl. SME corporate)	779	530	864
SME retail	642	937	2,112
Sovereign	227	261	294
Residential mortgage	6,885	7,046	6,680
Other retail	519	604	1,152
Other assets	8,298	8,303	8,352
<b>Total RWA subject to Standardised approach</b>	<b>17,350</b>	<b>17,681</b>	<b>19,454</b>
Securitisation	3,247	3,316	3,585
Credit valuation adjustment	2,846	2,226	2,119
Central counterparties	165	101	147
RBNZ regulated entities	48,719	47,887	n/a
<b>Total RWA for Credit Risk Exposures</b>	<b>368,735</b>	<b>362,869</b>	<b>402,017</b>
Traded market risk	9,627	15,390	13,773
Interest rate risk in the banking book	40,307	46,578	47,850
Operational risk <sup>4</sup>	44,975	43,155	40,740
<b>Total risk weighted assets</b>	<b>463,644</b>	<b>467,992</b>	<b>504,380</b>

1 31 December 2023 and 30 June 2023 are prepared in accordance with APRA's revised capital framework effective from 1 January 2023. 31 December 2022 is prepared in accordance with the previous APRA framework that was effective up until 31 December 2022.

2 Pursuant to APRA requirements, RWA amounts at 31 December 2023 and 30 June 2023 derived from the risk weighted functions of AIRB, FIRB and the advanced portfolio of RBNZ regulated entities have been multiplied by a scaling factor of 1.10 and RWA amounts at 31 December 2022 derived from AIRB risk weight functions have been multiplied by a scaling factor of 1.06.

3 As a condition of APRA's approval of the Residential Mortgage LGD model, a \$7.4 billion RWA overlay has been applied at 30 June 2023 for regulatory capital purposes.

4 Operational risk RWA as at 31 December 2023 and 30 June 2023 are determined under the standardised measurement approach in accordance with APS 115 effective from 1 January 2023. Prior to 1 January 2023 operational risk RWA were determined in accordance with the advanced measurement approach.

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# Appendices (continued)

## 3.2 Share Capital

	Half Year Ended		
	31 Dec 23	30 Jun 23	31 Dec 22
Shares on Issue	Shares	Shares	Shares
Opening balance (excluding Treasury Shares deduction)	1,676,169,322	1,688,414,169	1,701,538,406
Share buy-backs			
On-market buy-back <sup>1 2</sup>	(1,517,388)	(12,244,847)	(13,124,237)
Dividend reinvestment plan issues:			
2021/2022 Final dividend fully paid ordinary shares \$96.44 <sup>3</sup>	–	–	–
2022/2023 Interim dividend fully paid ordinary shares \$97.37 <sup>3</sup>	–	–	–
2022/2023 Final dividend fully paid ordinary shares \$101.10 <sup>3</sup>	–	–	–
Closing balance (excluding Treasury Shares deduction)	1,674,651,934	1,676,169,322	1,688,414,169
Less: Treasury Shares <sup>4</sup>	(1,431,186)	(1,649,931)	(1,421,454)
<b>Closing balance</b>	<b>1,673,220,748</b>	<b>1,674,519,391</b>	<b>1,686,992,715</b>

- As at 30 June 2023, the Group had completed the \$3 billion on-market share buy-back previously announced on 9 February 2022 and 15 February 2023, with 12,244,847 ordinary shares bought back at an average price of \$98.17 per share (\$1,202 million) in the half year ended 30 June 2023 and 13,124,237 ordinary shares were bought back at an average price of \$101.33 per share (\$1,330 million) in the half year ended 31 December 2022. The shares bought back were subsequently cancelled.
- On 9 August 2023, the Group announced its intention to conduct a further on-market share buy-back of up to \$1 billion, with 1,517,388 ordinary shares bought back at an average price of \$101.49 per share (\$154 million) in the half year ended 31 December 2023. The shares bought back were subsequently cancelled.
- The DRP in respect of the final 2022/2023, interim 2022/2023 and final 2021/2022 dividends were satisfied in full through the on-market purchase and transfer of 7,183,122 shares at \$101.10, 6,115,897 shares at \$97.37 and 6,201,070 shares at \$96.44, respectively, to participating shareholders.
- Relates to the movements in treasury shares held within the employee share scheme plans.

### Dividend Franking Account

#### Australian Franking Credits

The franking credits available to the Group at 31 December 2023, after allowing for Australian tax payable in respect of the current and prior reporting period's profit, are estimated to be \$1,688 million (30 June 2023: \$1,928 million; 31 December 2022: \$1,645 million).

#### New Zealand Imputation Credits

The New Zealand imputation credits available to CBA at 31 December 2023 are estimated to be NZ\$1,040 million (30 June 2023: NZ\$865 million; 31 December 2022: NZ\$896 million). This is calculated on the same basis as the Australian franking credits but using the New Zealand current tax liability.

### Dividends

The Directors have determined a fully franked interim dividend of 215 cents per share amounting to \$3,601 million. There is no foreign conduit income attributed to the interim dividend. The dividend will be payable on or around 28 March 2024 to shareholders on the register at 5:00pm AEDT on 22 February 2024.

The Board determines the dividend per share based on net profit after tax ("cash basis") per share, having regard to a range of factors including:

- Current and expected rates of business growth and the mix of business;
- Capital needs to support economic, regulatory and credit ratings requirements;
- Investments and/or divestments to support business development;
- Competitors comparison and market expectations; and
- Earnings per share growth.

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# Appendices (continued)

## 3.2 Share Capital (continued)

### Dividend Reinvestment Plan

The Group has a Dividend Reinvestment Plan (DRP) that is available to shareholders in Australia and certain other jurisdictions. Shareholders can elect to participate to acquire fully paid ordinary shares instead of receiving a cash dividend payment. Shares issued under DRP rank equally with ordinary shares on issue. The DRP for the 2023 final, 2023 interim and 2022 final dividends were satisfied in full by the on-market purchase and transfer of shares, and had participation rates of 18.1%, 16.8% and 16.8% respectively.

### Record Date

The record date for determination of interim dividend entitlement is 22 February 2024. The date for notifying a change to participation in the DRP for the interim dividend is 23 February 2024.

### Ex-Dividend Date

The ex-dividend date for the interim dividend is 21 February 2024.

### Share Buy-Back

As at 30 June 2023, the Group had completed the \$3 billion on-market share buy-back previously announced on 9 February 2022 and 15 February 2023, with 12,244,847 ordinary shares bought back at an average price of \$98.17 per share (\$1,202 million) in the half year ended 30 June 2023 and 13,124,237 ordinary shares were bought back at an average price of \$101.33 per share (\$1,330 million) in the half year ended 31 December 2022.

On 9 August 2023, the Group announced its intention to conduct a further on-market share buy-back of up to \$1 billion, with 1,517,388 ordinary shares were bought back at an average price of \$101.49 per share (\$154 million) in the half year ended 31 December 2023.

The ordinary shares bought back were subsequently cancelled.

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# Appendices (continued)

## 4. Other Information

### 4.1 Intangible Assets

	As at		
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M
<b>Goodwill</b>			
Purchased goodwill at cost	5,289	5,295	5,299
<b>Closing balance</b>	<b>5,289</b>	<b>5,295</b>	<b>5,299</b>
<b>Computer Software Costs</b>			
Net carrying value	2,035	1,912	1,643
<b>Closing balance</b>	<b>2,035</b>	<b>1,912</b>	<b>1,643</b>
<b>Brand Names <sup>1</sup></b>			
Cost	186	186	186
<b>Closing balance</b>	<b>186</b>	<b>186</b>	<b>186</b>
<b>Other Intangibles</b>			
Cost	–	–	8
<b>Closing Balance</b>	<b>–</b>	<b>–</b>	<b>8</b>
<b>Total intangible assets</b>	<b>7,510</b>	<b>7,393</b>	<b>7,136</b>

1 Brand names predominantly represent the value of royalty costs foregone by the Group through acquiring the Bankwest brand name. The royalty costs that would have been incurred by an entity using the Bankwest brand name are based on an annual percentage of income generated by Bankwest. The Bankwest brand name has an indefinite useful life, as there is no foreseeable limit to the period over which the brand name is expected to generate cash flows. The brand name is not subject to amortisation, but requires annual impairment testing. No impairment was recognised during the period.

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# Appendices (continued)

## 4.2 ASX Appendix 4D

<b>Cross Reference Index</b>	<b>Page</b>
Details of Reporting Period and Previous Period (Rule 4.2A.3 Item No. 1)	Inside Front Cover
Results for Announcement to the Market (Rule 4.2A.3 Item No. 2)	Inside Front Cover
Net Tangible Assets per Security (Rule 4.2A.3 Item No. 3)	141
Details of entities over which control was gained and lost during the period (Rule 4.2A.3 Item No.4)	134
Dividends (Rule 4.2A.3 Item No. 5)	131
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Dividend Reinvestment Plan (Rule 4.2A.3 Item No. 6)	132
Details of Associates and Joint Ventures (Rule 4.2A.3 Item No. 7)	134
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Independent auditor's review report subject to a modified opinion, emphasis of matter or other matter (Rule 4.2A.3 Item No.9)	134

### Details of entities over which control was gained and lost during the period (Rule 4.2A.3 Item No.4)

On 3 October 2023, the Group gained control over Waddle (Australia) Holdings Pty Limited, Waddle Holdings Pty Ltd, Waddle Servicing Pty Ltd and Waddle IP Pty. Ltd.

### Details of Associates and Joint Ventures (Rule 4.2A.3 Item No. 7)

<b>As at 31 December 2023</b>	<b>Ownership Interest Held</b>
Funding No.1 Pty Limited <sup>1</sup>	100%
Superannuation and Investments HoldCo Pty Limited	45%
Lendi Group Pty Ltd	42%
Count Limited	37%
Nindethana Seed Service Pty Ltd	33%
More Telecom Pty Ltd	30%
Tangerine Telecom Pty Ltd	30%
Amber Electric Pty Ltd	27%
Payble Pty Ltd	26%
PEXA Group Limited	24%
Carousale Pty Ltd	23%
Gift Card Co Pty Ltd	22%
Trade Window Holdings Limited	21%
Vietnam International Commercial Joint Stock Bank	20%
Australian Business Growth Fund Pty Ltd	19%
Payments NZ Limited	19%
Silicon Quantum Computing Pty Ltd	18%
A.C.N. 633 568 411 Pty Ltd	16%

<sup>1</sup> The Group holds 100% of the issued shares of Funding No.1 Pty Limited but does not consolidate the company as the Group does not have the majority of the decision making rights over its relevant activities.

### Foreign Entities (Rule 4.2A.3 Item No.8)

Not applicable.

### Independent auditor's review report subject to a modified opinion, emphasis of matter or other matter (Rule 4.2A.3 Item No.9)

Not applicable.



# Appendices (continued)

## 4.3 Profit Reconciliation

Non-cash items are excluded from net profit after tax ("cash basis"), which is management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or are not considered representative of the Group's ongoing financial performance. The impact of these items on the Group's net profit after tax ("statutory basis") is outlined below and treated consistently with the prior financial year. A description of these items is provided below.

	Half Year Ended 31 December 2023			
	Net profit after tax "cash basis"	Gain/(loss) on disposal and acquisition of controlled entities <sup>1</sup>	Hedging and IFRS volatility	Net profit after tax "statutory basis"
	\$M	\$M	\$M	\$M
<b>Profit Reconciliation</b>				
<b>Group</b>				
Interest income <sup>2</sup>	29,308	–	–	29,308
Interest expense	(17,904)	–	–	(17,904)
Net interest income	11,404	–	–	11,404
Other operating income	2,245	(104)	33	2,174
<b>Total operating income</b>	<b>13,649</b>	<b>(104)</b>	<b>33</b>	<b>13,578</b>
Operating expenses	(6,011)	(87)	–	(6,098)
Loan impairment expense	(415)	–	–	(415)
<b>Net profit before tax</b>	<b>7,223</b>	<b>(191)</b>	<b>33</b>	<b>7,065</b>
Corporate tax expense	(2,204)	(19)	(5)	(2,228)
<b>Net profit after income tax from continuing operations</b>	<b>5,019</b>	<b>(210)</b>	<b>28</b>	<b>4,837</b>
Net profit after income tax from discontinued operations <sup>3</sup>	6	(84)	–	(78)
<b>Net profit after income tax</b>	<b>5,025</b>	<b>(294)</b>	<b>28</b>	<b>4,759</b>

- 1 These amounts include post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency reserves recycling), and transaction and separation costs associated with the previously announced divestments.
- 2 Interest income includes total Effective interest income and Other interest income.
- 3 Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.

### Gain/(loss) on disposal and acquisition of controlled entities

Gains and losses on these transactions are inclusive of foreign exchange impacts, impairments, restructuring, separation and transactions costs and cover both controlled businesses and associates.

### Hedging and IFRS volatility

Hedging and IFRS volatility represents timing differences between fair value movements on qualifying economic hedges and the underlying exposure. They do not affect the Group's performance over the life of the hedge relationship, and are recognised over the life of the hedged transaction. To qualify as an economic hedge the terms and/or risk profile must match or be substantially the same as the underlying exposure.

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# Appendices (continued)

## 4.3 Profit Reconciliation (continued)

	Half Year Ended 30 June 2023 <sup>1</sup>			
	Net profit after tax "cash basis"	Gain/(loss) on disposal and acquisition of controlled entities <sup>2</sup>	Hedging and IFRS volatility	Net profit after tax "statutory basis"
<b>Profit Reconciliation</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Group</b>				
Interest income <sup>3</sup>	24,850	–	–	24,850
Interest expense	(13,431)	–	–	(13,431)
Net interest income	11,419	–	–	11,419
Other operating income	2,093	(28)	(34)	2,031
<b>Total operating income</b>	<b>13,512</b>	<b>(28)</b>	<b>(34)</b>	<b>13,450</b>
Operating expenses	(6,085)	(2)	–	(6,087)
Loan impairment expense	(597)	–	–	(597)
<b>Net profit before tax</b>	<b>6,830</b>	<b>(30)</b>	<b>(34)</b>	<b>6,766</b>
Corporate tax expense	(1,938)	11	14	(1,913)
<b>Net profit after income tax from continuing operations</b>	<b>4,892</b>	<b>(19)</b>	<b>(20)</b>	<b>4,853</b>
Net profit after income tax from discontinued operations <sup>4</sup>	8	(35)	–	(27)
<b>Net profit after income tax</b>	<b>4,900</b>	<b>(54)</b>	<b>(20)</b>	<b>4,826</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 These amounts include post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency reserves recycling), and transaction and separation costs associated with the previously announced divestments.

3 Interest income includes total Effective interest income and Other interest income.

4 Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.

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## 4.3 Profit Reconciliation (continued)

	Half Year Ended 31 December 2022 <sup>1</sup>			
	Net profit after tax "cash basis"	Gain/(loss) on disposal and acquisition of controlled entities <sup>2</sup>	Hedging and IFRS volatility	Net profit after tax "statutory basis"
<b>Profit Reconciliation</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Group</b>				
Interest income <sup>3</sup>	19,625	–	–	19,625
Interest expense	(7,988)	–	–	(7,988)
Net interest income	11,637	–	–	11,637
Other operating income	1,986	320	35	2,341
<b>Total operating income</b>	<b>13,623</b>	<b>320</b>	<b>35</b>	<b>13,978</b>
Operating expenses	(5,773)	(219)	–	(5,992)
Loan impairment expense	(511)	–	–	(511)
<b>Net profit before tax</b>	<b>7,339</b>	<b>101</b>	<b>35</b>	<b>7,475</b>
Corporate tax expense	(2,159)	(50)	(23)	(2,232)
<b>Net profit after income tax from continuing operations</b>	<b>5,180</b>	<b>51</b>	<b>12</b>	<b>5,243</b>
Net profit after income tax from discontinued operations <sup>4</sup>	10	(81)	–	(71)
<b>Net profit after income tax</b>	<b>5,190</b>	<b>(30)</b>	<b>12</b>	<b>5,172</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 These amounts include post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency reserves recycling), and transaction and separation costs associated with the previously announced divestments.

3 Interest income includes total Effective interest income and Other interest income.

4 Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.

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## 4.4 Analysis Template

	Half Year Ended <sup>1 2</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
<b>Ratios - Output Summary (continuing operations basis)</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Earnings Per Share (EPS)</b>			
Net profit after tax - "cash basis"	5,019	4,892	5,180
Average number of shares (M) - "cash basis"	1,674	1,685	1,695
<b>Earnings Per Share basic - "cash basis" (cents)</b>	<b>299.8</b>	<b>290.4</b>	<b>305.7</b>
Net profit after tax - "statutory basis"	4,837	4,853	5,243
Average number of shares (M) - "statutory basis"	1,674	1,685	1,695
<b>Earnings Per Share basic - "statutory basis" (cents)</b>	<b>288.9</b>	<b>288.1</b>	<b>309.4</b>
Interest expense (after tax) - PERLS	286	225	193
<b>Profit impact of assumed conversions (after tax)</b>	<b>286</b>	<b>225</b>	<b>193</b>
Weighted average number of shares - PERLS (M)	112	91	114
Weighted average number of shares - Employee share plans (M)	2	2	2
<b>Weighted average number of shares - dilutive securities (M)</b>	<b>114</b>	<b>93</b>	<b>116</b>
Net profit after tax - "cash basis"	5,019	4,892	5,180
Add back profit impact of assumed conversions (after tax)	286	225	193
Adjusted diluted profit for EPS calculation	5,305	5,117	5,373
Average number of shares (M) - "cash basis"	1,674	1,685	1,695
Add back weighted average number of shares (M)	114	93	116
Diluted average number of shares (M)	1,788	1,778	1,811
<b>Earnings Per Share diluted - "cash basis" (cents)</b>	<b>296.7</b>	<b>287.8</b>	<b>296.7</b>
Net profit after tax - "statutory basis"	4,837	4,853	5,243
Add back profit impact of assumed conversions (after tax)	286	225	193
Adjusted diluted profit for EPS calculation	5,123	5,078	5,436
Average number of shares (M) - "statutory basis"	1,674	1,685	1,695
Add back weighted average number of shares (M)	114	93	116
Diluted average number of shares (M)	1,788	1,778	1,811
<b>Earnings Per Share diluted - "statutory basis" (cents)</b>	<b>286.5</b>	<b>285.6</b>	<b>300.2</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 Calculations are based on actual numbers prior to rounding to the nearest million.

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# Appendices (continued)

## 4.4 Analysis Template (continued)

Ratios - Output Summary (including discontinued operations)	Half Year Ended <sup>1 2</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Earnings Per Share (EPS)</b>			
Net profit after tax - "cash basis"	5,025	4,900	5,190
Average number of shares (M) - "cash basis"	1,674	1,685	1,695
<b>Earnings Per Share basic - "cash basis" (cents)</b>	<b>300.1</b>	290.9	306.3
Net profit after tax - "statutory basis"	4,759	4,826	5,172
Average number of shares (M) - "statutory basis"	1,674	1,685	1,695
<b>Earnings Per Share basic - "statutory basis" (cents)</b>	<b>284.3</b>	286.5	305.2
Interest expense (after tax) - PERLS	286	225	193
<b>Profit impact of assumed conversions (after tax)</b>	<b>286</b>	225	193
Weighted average number of shares - PERLS (M)	112	91	114
Weighted average number of shares - Employee share plans (M)	2	2	2
<b>Weighted average number of shares - dilutive securities (M)</b>	<b>114</b>	93	116
Net profit after tax - "cash basis"	5,025	4,900	5,190
Add back profit impact of assumed conversions (after tax)	286	225	193
Adjusted diluted profit for EPS calculation	5,311	5,125	5,383
Average number of shares (M) - "cash basis"	1,674	1,685	1,695
Add back weighted average number of shares (M)	114	93	116
Diluted average number of shares (M)	1,788	1,778	1,811
<b>Earnings Per Share diluted - "cash basis" (cents)</b>	<b>297.0</b>	288.2	297.3
Net profit after tax - "statutory basis"	4,759	4,826	5,172
Add back profit impact of assumed conversions (after tax)	286	225	193
Adjusted diluted profit for EPS calculation	5,045	5,051	5,365
Average number of shares (M) - "statutory basis"	1,674	1,685	1,695
Add back weighted average number of shares (M)	114	93	116
Diluted average number of shares (M)	1,788	1,778	1,811
<b>Earnings Per Share diluted - "statutory basis" (cents)</b>	<b>282.1</b>	284.1	296.3

1 Comparative information has been restated to conform to presentation in the current period.

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## 4.4 Analysis Template (continued)

	Half Year Ended <sup>1 2</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
<b>Dividends Per Share (DPS)</b>			
<b>Dividends (including discontinued operations)</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Dividends per share (cents) - fully franked	215	240	210
No. of shares at end of period excluding Treasury shares deduction (M)	1,675	1,676	1,688
Total dividends (\$M) <sup>3</sup>	3,601	4,022	3,546
<b>Dividend payout ratio - "cash basis"</b>			
Net profit after tax - attributable to ordinary shareholders (\$M)	5,025	4,900	5,190
Total dividends (\$M) <sup>3</sup>	3,601	4,022	3,546
Payout ratio - "cash basis" (%)	71.7	82.1	68.3
<b>Dividend cover</b>			
Net profit after tax - attributable to ordinary shareholders (\$M)	5,025	4,900	5,190
Total dividends (\$M) <sup>3</sup>	3,601	4,022	3,546
Dividend cover - "cash basis" (times)	1.4	1.2	1.5

1 Comparative information has been restated to conform to presentation in the current period.

2 Calculations are based on actual numbers prior to rounding to the nearest million.

3 Total dividends and payout ratio are calculated based on the closing number of shares for the respective periods.

	Half Year Ended <sup>1 2</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
<b>Ratios - Output Summary (continuing operations basis)</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Return on Equity (ROE)</b>			
<b>Return on Equity - "cash basis"</b>			
Average net assets	72,236	71,977	72,503
Less:			
Average non-controlling interests	(5)	(5)	(5)
Net average equity	72,231	71,972	72,498
Net profit after tax - "cash basis"	5,019	4,892	5,180
ROE - "cash basis" (%)	13.8	13.7	14.2
<b>Return on Equity - "statutory basis"</b>			
Average net assets	72,236	71,977	72,503
Less:			
Average non-controlling interests	(5)	(5)	(5)
Net average equity	72,231	71,972	72,498
Net profit after tax - "statutory basis"	4,837	4,853	5,243
ROE - "statutory basis" (%)	13.3	13.6	14.3

1 Comparative information has been restated to conform to presentation in the current period.

2 Calculations are based on actual numbers prior to rounding to the nearest million.

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# Appendices (continued)

## 4.4 Analysis Template (continued)

	Half Year Ended <sup>1 2</sup>		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
<b>Ratios - Output Summary (including discontinued operations)</b>			
<b>Return on Equity (ROE)</b>			
<b>Return on Equity - "cash basis"</b>			
Average net assets	72,236	71,977	72,503
Less:			
Average non-controlling interests	(5)	(5)	(5)
Net average equity	72,231	71,972	72,498
Net profit after tax - "cash basis"	5,025	4,900	5,190
ROE - "cash basis" (%)	13.8	13.7	14.2
<b>Return on Equity - "statutory basis"</b>			
Average net assets	72,236	71,977	72,503
Less:			
Average non-controlling interests	(5)	(5)	(5)
Net average equity	72,231	71,972	72,498
Net profit after tax - "statutory basis"	4,759	4,826	5,172
ROE - "statutory basis" (%)	13.1	13.5	14.2
<b>Net Tangible Assets per share</b>			
Net assets	72,839	71,633	72,321
Less:			
Intangible assets	(7,510)	(7,393)	(7,136)
Non-controlling interests	(5)	(5)	(5)
Total net tangible assets	65,324	64,235	65,180
No. of shares at end of period excluding treasury shares deduction (M)	1,675	1,676	1,688
<b>Net Tangible Assets per share (\$)</b>	<b>39.01</b>	<b>38.32</b>	<b>38.60</b>

1 Comparative information has been restated to conform to presentation in the current period.

2 Calculations are based on actual numbers prior to rounding to the nearest million.

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## 4.5 Foreign Exchange Rates

Exchange Rates Utilised <sup>1</sup>	Currency	As at		
		31 Dec 23	30 Jun 23	31 Dec 22
AUD 1.00 =	USD	<b>0. 6839</b>	0. 6627	0. 6779
	EUR	<b>0. 6183</b>	0. 6102	0. 6364
	GBP	<b>0. 5362</b>	0. 5253	0. 5625
	NZD	<b>1. 0764</b>	1. 0887	1. 0714
	JPY	<b>96. 7806</b>	95. 8254	89. 9702

1 End of day, Sydney time.

Average Exchange Rates Utilised	Currency	Half Year Ended		
		31 Dec 23	30 Jun 23	31 Dec 22
AUD 1.00 =	USD	<b>0. 6529</b>	0. 6763	0. 6705
	EUR	<b>0. 6033</b>	0. 6258	0. 6613
	GBP	<b>0. 5207</b>	0. 5486	0. 5704
	NZD	<b>1. 0804</b>	1. 0830	1. 1019
	JPY	<b>95. 4224</b>	91. 2070	93. 6745

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# Appendices (continued)

## 4.6 Definitions

### Glossary of Terms

Term	Description
Assets Under Management (AUM)	Assets Under Management represents the market value of assets for which the Group acts as an appointed manager.
Bankwest	Bankwest is active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products. The retail banking activities conducted under the Bankwest brand are consolidated into Retail Banking Services, and the business banking activities conducted under the Bankwest brand are consolidated into Business Banking.
Business Banking	Business Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions, as well as providing equities trading and margin lending services through the CommSec business. Business Banking includes the financial results of business banking activities conducted under the Bankwest brand.
Corporate Centre and Other	Corporate Centre and Other includes the results of the Group's centrally held minority investments and subsidiaries, Group-wide remediation costs, investment spend including enterprise-wide infrastructure and other strategic projects, employee entitlements, and unallocated revenue and expenses relating to the Bank's support functions including Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs and Bank-wide elimination entries arising on consolidation.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Dividend payout ratio ("cash basis")	Dividends paid on ordinary shares divided by net profit after tax ("cash basis").
Dividend payout ratio ("statutory basis")	Dividends paid on ordinary shares divided by net profit after tax ("statutory basis").
DPS	Dividend per share.
DRP	Dividend reinvestment plan.
DRP participation	The percentage of total issued capital participating in the dividend reinvestment plan.
Earnings per share (EPS) (basic)	Basic earnings per share is the net profit attributable to ordinary equity holders of the Bank, divided by the weighted average number of ordinary shares on issue during the year per the requirements of relevant accounting standards.
Earnings per share (EPS) (diluted)	Diluted earnings per share adjusts the net profit attributable to ordinary equity holders of the Bank and the weighted average number of ordinary shares on issue used in the calculation of basic earnings per share, for the effects of dilutive potential ordinary shares per the requirements of relevant accounting standards.
Institutional Banking and Markets	Institutional Banking and Markets serves the commercial and wholesale banking needs of large corporate, institutional and government clients across a full range of financial services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.
Interest rate risk in the banking book (IRRBB)	Interest Rate Risk in the Banking Book is the risk that the Bank's profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted by changes in interest rates. This is measured from two perspectives: firstly by quantifying the change in the net present value of the Balance Sheet's future earnings potential, and secondly as the anticipated change to Net Interest Income earned over 12 months. This calculation is driven by APRA regulations with further detail outlined in the Group's Basel III Pillar 3 report.
Net profit after tax ("cash basis")	Represents net profit after tax and non-controlling interests before non-cash items including hedging and IFRS volatility, and gains or losses on acquisitions, disposal, closure, capital repatriation and demerger of controlled business, or associates that are not discontinued operations. This is management's preferred measure of the Group's financial performance.
Net profit after tax ("statutory basis")	Represents net profit after tax and non-controlling interests, calculated in accordance with Australian Accounting Standards. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank".

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## 4.6 Definitions (continued)

Term	Description
Net Stable Funding Ratio (NSFR)	The NSFR more closely aligns the behaviour terms of assets and liabilities. It is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF). ASF is the portion of an Authorised Deposit-taking Institution's (ADI) capital and liabilities expected to be a reliable source of funds over a one year time horizon. RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off Balance Sheet activities.
Net tangible assets per share	Net assets excluding intangible assets, non-controlling interests and other equity instruments divided by ordinary shares on issue at the end of the period (excluding Treasury Shares deduction). Right of use assets are included in net tangible assets per share.
New Zealand	New Zealand includes the banking and funds management businesses operating under the ASB brand. ASB provides a range of banking, wealth and insurance products and services to personal, business and rural customers in New Zealand.
Operating expenses to total operating income	Represents operating expenses as a percentage of total operating income. The ratio is a key efficiency measure.
Other Overseas	Represents amounts booked in branches and controlled entities outside Australia and New Zealand.
Profit after capital charge (PACC)	The Group uses PACC, a risk-adjusted measure, as a key measure of financial performance. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments.
Retail Banking Services	Retail Banking Services provides banking products and services to personal and private bank customers. Retail Banking Services also includes the financial results of retail banking activities conducted under the Bankwest brand and Unloan brand. The sale of the Australian general insurance business (CommInsure General Insurance) was completed on 30 September 2022.
Return on equity ("cash basis")	Based on net profit after tax ("cash basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
Return on equity ("statutory basis")	Based on net profit after tax ("statutory basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
Total Committed Exposure (TCE)	Total Committed Exposure is defined as the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes settlement exposures on derivatives.
Weighted average number of shares	The calculation incorporates the bonus element of any rights issue, discount element of any DRP and excludes "Treasury Shares" related to investment in the Bank's shares held for future issuance at vesting of related share based payment awards.

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# Appendices (continued)

## 4.6 Definitions (continued)

### Market Share Definitions

#### Retail Banking Services

Home loans (APRA)	CBA Loans to individuals that are Owner Occupied and Investment Home Loans as per APRA monthly ADI Statistics, <b>divided by</b> APRA Monthly ADI Statistics back series.
Home Loans (RBA)	CBA Loans to individuals that are Owner Occupied and Investment Home Loans as per APRA monthly ADI Statistics + separately reported subsidiaries: Wallaby Trust, Residential Mortgage Group P/L, <b>divided by</b> RBA Financial Aggregates Owner Occupied and Investor Home Lending (includes ADIs and RFCs).
Credit cards (APRA)	CBA Personal Credit Card Lending (APRA), <b>divided by</b> Loans to Households: Credit Cards (APRA Monthly ADI Statistics back series).
Consumer finance (other household lending)	CBA Lending to individuals which includes: Personal Loans, Margin Lending, Personal Leasing, Revolving Credit, Overdrafts, and Home Loans for personal purposes, <b>divided by</b> Loans to Households: Other (APRA Monthly ADI Statistics back series).
Household deposits	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for Households (individuals) excluding Self-Managed Super Funds (as per deposit balances submitted to APRA in ARF720.2A Deposits), <b>divided by</b> Deposits from Households (APRA Monthly ADI Statistics back series).
<b>Business Banking</b>	
Business lending (APRA)	CBA Total Loans to residents as reported under APRA definitions for the Non-Financial Businesses sector (as per lending balances submitted to APRA in ARF720.1A ABS/RBA Loans and Finance Leases) (this includes some Housing Loans to businesses), <b>divided by</b> Loans to Non-Financial Businesses (APRA Monthly ADI Statistics back series).
Business lending (RBA)	CBA Business Lending and Credit: specific "business lending" categories in lodged APRA returns – ARF720.1A ABS/RBA Loans and Finance Leases, ARF720.7 ABS/RBA Bill Acceptances and Endorsements, excluding sub-categories of RBA, ADIs, RFCs and Central Borrowing Authorities, and the category of General Government, <b>divided by</b> RBA Total Business Lending (adjusted for series breaks).
Business deposits (APRA)	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for the Non-Financial Businesses sector (as per deposit balances submitted to APRA in ARF720.2A Deposits), <b>divided by</b> Deposits from Non-Financial Businesses (from APRA Monthly ADI Statistics back series).
Equities trading	Twelve months rolling average of Australian equities traded value by CommSec, <b>divided by</b> Twelve months rolling average of total Australian equities market traded value.

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ASX Announcement

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Group Performance Analysis

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Appendices

# Appendices (continued)

## 4.6 Definitions (continued)

### Market Share Definitions

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#### New Zealand

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Home loans	All ASB residential mortgages for owner occupier and residential investor property use, <b>divided by</b> Total New Zealand residential mortgages for owner occupier and residential investor property use of all New Zealand registered banks (from RBNZ).
Customer deposits	All resident and non-resident customer deposits on ASB Balance Sheet, <b>divided by</b> Total resident and non-resident deposits of all New Zealand registered banks (from RBNZ).
Business lending	All New Zealand Dollar loans for business use on ASB Balance Sheet excluding agriculture loans, <b>divided by</b> Total New Zealand Dollar loans for business use of all New Zealand registered banks excluding agriculture loans (from RBNZ).
Rural lending	All New Zealand Dollar loans for agricultural business use on ASB Balance Sheet, <b>divided by</b> Total New Zealand Dollar business loans to the agriculture industry (excluding loans for residential investor property use) of all New Zealand registered banks (from RBNZ).

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