1H24 Results

For the half year ended 31 December 2023[1]

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[2]

↓ 8% on 1H23

$5,019m

Cash NPAT[2]

↓ 3% 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.

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)[3]

↑ 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.

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.

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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.

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

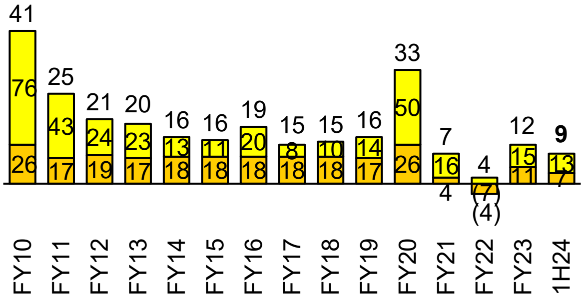
$415m

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[1] (bpts)



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.

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.

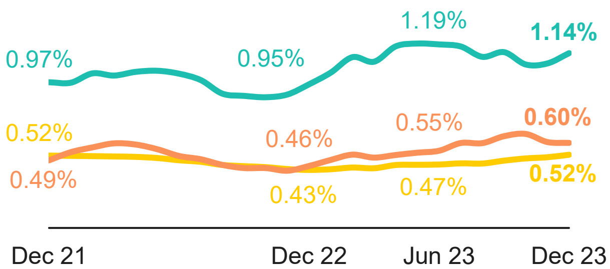
Troublesome and impaired assets decreased to $6.9 billion from $7.1 billion at 30 June 2023, primarily driven by upgrades and repayments across a small number of exposures.

Consumer arrears[2] 90+ days

Personal loans — Credit cards — Home loans

Historic avg[3]:

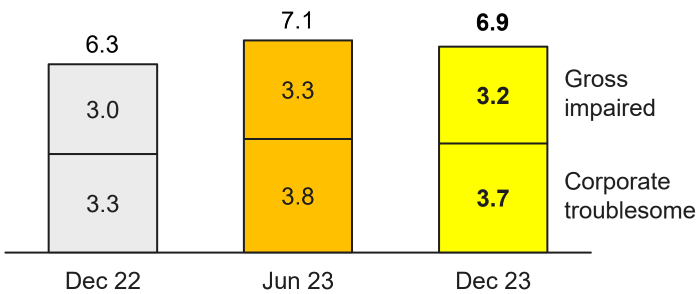
1.25%	0.94%	0.65%



Troublesome and impaired assets ($bn)

% of TCE:

0.46	0.51	**0.49**



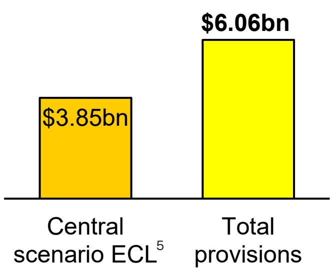
Loan impairment provisions

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[4] ($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.

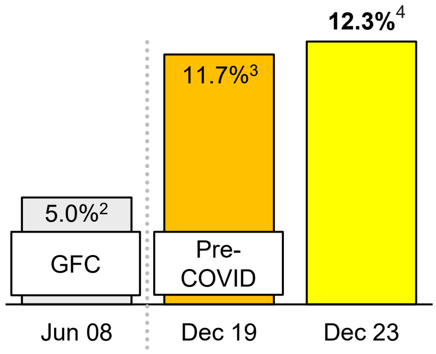
This was partly offset by:

- 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[1], 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)



Funding and liquidity

Deposit funding ratio

75%

Jun 23 75%

Liquidity coverage ratio[5]

136%

Jun 23 131%

Net stable funding ratio[6]

121%

Jun 23 124%

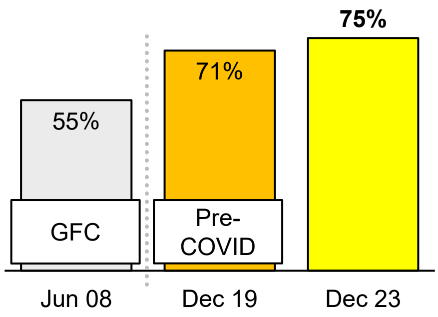
The Bank continued to satisfy a significant portion of its funding requirements from customer deposits, accounting for 75% of total funding, with increases primarily from retail customers. Customer deposits are considered the most stable source of funding.

We have maintained a conservative funding position to provide flexibility as financial conditions tighten[7]. 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).

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%.

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

Deposit funding ratio (%)



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.

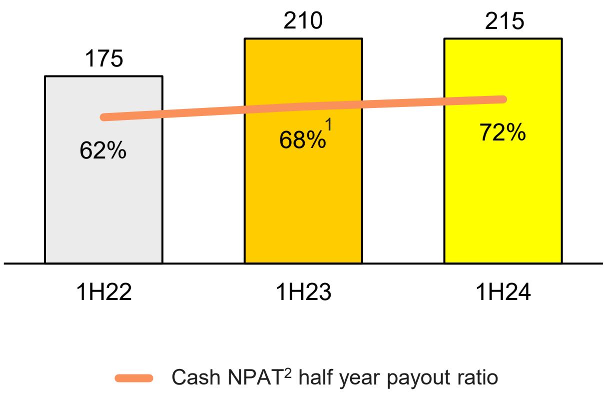
In line with our dividend policy, the Bank will continue to target a full year payout ratio of 70-80% of cash NPAT; maximise the use of our franking account by paying fully franked dividends; and pay sector leading cash dividends at sustainable levels.

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)



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%[1]; 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[2] 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[3] 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

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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.

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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.

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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.

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

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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

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