2023
Annual Report

Commonwealth Bank of Australia

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This is an interactive PDF designed to enhance your experience. The best way to view this report is with Adobe Reader. Click on the links and use the home button in the footer to navigate the report.

Acknowledgment of Country

We respectfully acknowledge the Traditional Owners of the Lands across Australia and pay our respect to their Elders past and present. Our registered office is located on the Lands of the Gadigal Peoples.

The release of this announcement was authorised by the Board.

Commonwealth Bank of Australia

ACN 123 123 124

Commonwealth Bank Place South, Level 1, 11 Harbour Street, Sydney NSW 2000

9 August 2023 111/2023

We have been working to better understand our customers so that we can deliver a superior seamless experience, while supporting them through uncertain times.

We aim to be the trusted financial partner in the lives of all of our customers. In times of rising costs and interest rates, CBA remains well positioned to continue reimagining banking and to help Australia's economy become more digital, resilient and sustainable. Our purpose is more relevant than ever, building a brighter future for all – we are ready to support.

About this report

Our corporate reporting suite contains detailed information on CBA's strategic priorities, risk management and corporate governance frameworks, as well as our financial, non-financial and sustainability performance. Transparent reporting is essential in communicating to our shareholders and other key stakeholders. We continually evolve our reporting to align with best practice, feedback from our stakeholders, and legislation and frameworks.

+ Access our full reporting suite online at commbank.com.au/investors

Our reporting suite

Climate Report
+ commbank.com.au/2023climatereport

Corporate Governance Statement
+ commbank.com.au/corporategovernance

Profit Announcement
+ commbank.com.au/results

Pillar 3 Report
+ commbank.com.au/results

Investor Discussion Pack
+ commbank.com.au/results

Sustainability Appendix
+ commbank.com.au/reporting

Global principles and policies

We are signatories or members of programs that align with our values and sustainability goals.

We are members of international programs of action.

We provide transparent reporting on our progress in line with legislation and seek to align to industry recognised standards.

We document our principles in our policies, procedures and frameworks.

+ View our public policies at commbank.com.au/policies

2023 highlights

Financial

$10,188m

Statutory NPAT

↑ 5%

$27,237m

Operating income

↑ 10%

43.5%

Cost-to-income ratio

↓ 2.8%

12.2%

Capital ratio

CET1 (APRA, Level 2)

↑ 70 basis points

$4.50

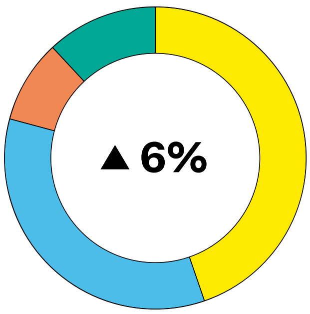
Dividend per share, fully franked

$10,164m

Cash net profit after tax (NPAT)

↑ 6%

Group cash NPAT by business unit



Retail Banking Services

$5,158m

Business Banking

$3,973m

Institutional Banking and Markets

$1,031m

New Zealand

$1,356m

Non-financial

#1

Net Promoter Score® (NPS) Retail, Business and Institutional banking

35%

of retail customers consider CBA their main financial institution (MFI)

79%

people engagement

860,000+

shareholders, 78% Australian owned

Total shareholder return (TSR)

142% 10-year
72% 5-year
16% 1-year

Financials are presented on a continuing operations basis, except the Common Equity Tier 1 (CET1) capital ratio which includes discontinued operations. Comparative information has been restated. All figures relate to the full year ended 30 June 2023 and comparisons are to the year ended 30 June 2022, except for people engagement which is as at March 2023. For data sources, see *Glossary* on pages 290–303.

How we create value

Our value drivers

Highly engaged and capable team

Talented and accountable teams deliver the Bank's strategy and have the greatest impact on our customers, communities and shareholders.

Strength of customer relationships and franchise

Largest bank in Australia, with strong customer relationships and engagement.

Technology leader, history of innovation

Leadership position in digital banking through considered investment in digital infrastructure, artificial intelligence and innovation.

Organic capital generation, strong balance sheet and risk management

Disciplined capital management, balance sheet strength and leading risk management practices create flexibility for us to support customers while managing economic headwinds.

Commitment to sustainability

Focused on sustainable practices, policies and decisions to create long-term value for all stakeholders.

Our business

Retail banking

+ Learn more on page 56.

Business banking

+ Learn more on page 57.

Institutional banking

+ Learn more on page 58.

ASB

ASB New Zealand

+ Learn more on page 59.

Our purpose

Building a brighter future for all

Living our values of

Care Courage Commitment

+ See *Engaging our people and evolving our culture* on pages 25–29.

What makes us unique

1

Strong customer relationships

CBA's trusted brand attracts a leading share of customers, and its distinct propositions result in a deeper customer engagement.

2

Better understanding of customer needs and risk

These strong relationships provide the foundation for understanding and meeting more of our customers' needs, as well as better managing risk.

3

Superior customer experience and insights

A deeper understanding of our customers and their needs means we can deliver distinct propositions that create value for customers and builds stronger customer relationships.

Value created

Shareholders

$10bn

returned to shareholders via dividends and share buy-backs during FY23

$3,532

dividend amount received by average retail shareholder

+ See *Delivering for shareholders* on page 51.

Our people

89%

of employees are proud to work for CBA

44%

women in Executive Manager and above roles

+ See *Engaging our people and evolving our culture* on pages 25–29.

Customers and communities

#1

Net Promoter Score (NPS) Retail, Business and Institutional banking

66.3

RepTrak reputation score

+ See how we are supporting our customers and communities on pages 30–35.

Environmental and social

$44.7bn

of sustainability funding since June 2020

4,478

Financial Independence Hub (participants supported, since inception)

+ See *Our commitment to sustainability* on pages 18–39.

Our strategy

Build tomorrow's bank today for our customers

+ See *Delivering on our strategic priorities* on pages 8–17.

Supporting our customers in all the ways we can

Our strategy reflects a bolder ambition and our commitment to use the strength of CBA to support our customers, invest in our communities and provide strength and stability for the broader economy.

We recognise that many Australians are feeling under pressure in the current environment. As the nation's largest bank, we will continue to help and support our customers. This includes helping them save on everyday expenses, navigate a changing economic environment and plan for the future.

For our retail and home loan customers, we introduced flexible features to make it easier to manage repayments and save on interest. We also increased the rates on a number of our savings products and provided budgeting and spending tools in the CommBank app. For our business banking customers, we helped maximise cash flow with a new short notice deposit account and made it easier for them to obtain funding through digital investment and process improvements. We remain ready to help our customers with financial assistance for those who need it.

We have also prioritised combatting the rise in scams and fraud, helping customers stay safe through early detection and prevention. We announced two new initiatives to protect customers from scams: NameCheck, designed to help customers avoid mistaken payments; and CallerCheck, which allows customers to verify a caller and identify themselves safely through the CommBank app. Since launch, NameCheck has helped more than 11,000 customers avoid potential mistaken payments through flagging unrecognised account details. We recognise that the system is only as safe as its weakest link, so we are planning to make the NameCheck technology available to government organisations and other trusted partners, encouraging a broader national approach to fight scams and fraud.

Executing our strategy

We continue to execute our strategy of building tomorrow's bank today for our customers. Our strategy reflects a bolder ambition and our commitment to use the strength of CBA to support our customers, invest in our communities and provide strength and stability for the broader economy.

With 35% of Australian consumers and 25% of Australian businesses naming us their main financial institution, deep customer relationships are a key differentiator. Our considered multi-decade investment in technology, data and analytics capabilities has resulted in high customer engagement – enabling us to better understand their needs and provide the best banking experience.

The Bank's Customer Engagement Engine, powered by artificial intelligence (AI), is one of the key tools we are using to deliver more personalised and relevant experiences to our customers digitally, and empower our customer-facing teams to do the same. With 7.8 million customers using our CommBank app, AI-enabled features like Bill Sense and Benefits finder are playing an important role in giving customers greater visibility and control of their money to help tackle cost of living challenges. We recently launched a new version of the CommBank app, app 5.0, which provides dynamic navigation, more personalisation and further integration with CommSec. It has also been built to enable us to offer customers more enhancements at a faster pace in the future.

CBA's strategic investment in business banking, and focus on strengthening customer relationships, has resulted in growing our customer base to over one million customers. We continue to work towards being a leading business bank, and are focused on delivering superior customer experiences for both our retail and business customers.

+ **Learn more about our strategic priorities on pages 8–17.**

Beyond the APRA Prudential Inquiry Remedial Action Plan

We made significant progress under CBA's Australian Prudential Regulation Authority (APRA) Prudential Inquiry Remedial Action Plan, focused on improving our governance, culture and accountability. Importantly, we reset our cultural foundations including the Bank's purpose and values.

The changes represent an evolution in the way we want to deliver outcomes for our customers, communities, our people and shareholders.

In recognition of this progress, the remaining operational risk capital overlay of $500 million imposed on the Bank was released by APRA in September 2022. We are focused on sustaining this progress and continuously improving and strengthening the changes made to live our purpose and values, in particular instilling a strong culture that encourages the right mindsets and behaviours.

This approach continues to resonate with our people, and overall engagement remains high at 79%, with continuing high levels of pride across the organisation.

+ Learn more about our culture ambitions on pages 25–26.

Progressing our sustainability agenda

We continue to embed our sustainability commitments and priorities into the Bank's strategy and risk management practices to create long-term value for our stakeholders. This year we reviewed our Environmental and Social (E&S) policy settings and updated our E&S Framework. We also performed an environmental, social and governance materiality assessment to identify stakeholder priorities for us to consider and support decision making.

We welcome legislative and policy initiatives that help guide industry and communities to meet Australia's ambitious climate targets and encourage investment to support Australia's transition to a net zero economy. We are committed to working closely with communities, businesses, industry leaders and governments to encourage a holistic approach to emissions reductions. By bringing stakeholders together, we can share knowledge and collectively address the challenges associated with the transition to a more sustainable future.

+ Read our 2023 Climate Report.

Ensuring good governance

Upholding a high standard of governance is essential in delivering on both our strategic and sustainability goals. Our approach sets the foundation for the way we conduct business and deliver outcomes.

The Board and management are focused on testing CBA's strategic settings to ensure they remain appropriate in our current context. We look for ways to improve customer experiences and advocacy, by investing in key areas such as cyber security and scams and fraud.

+ Learn more about our corporate governance practices on pages 66–73.

Strong results

Our results demonstrate our continued focus on supporting our customers, investing in our communities, and providing strength and stability for the broader economy. Our operating performance reflected strong volume growth and an increase in the Group's net interest margin. With tighter and rapidly changing financial conditions we have taken a prudent approach to managing risks including credit, interest rate, funding and liquidity risks.

Our conservative balance sheet is a highlight of our result and provides flexibility to navigate uncertainty and support our customers while delivering sustainable returns. We declared a final dividend of $2.40 per share, fully franked, resulting in a full year dividend of $4.50.

Outlook

The Australian economy has been resilient with the tailwinds of a recovery in population growth, relatively high commodity prices and low unemployment. However there are signs of downside risks building as rising interest rates have a lagged impact on mortgage customers and other cost of living pressures become a financial strain for more Australians.

We will continue to invest in our business and execute on our strategy to deliver our purpose of building a brighter future for all.

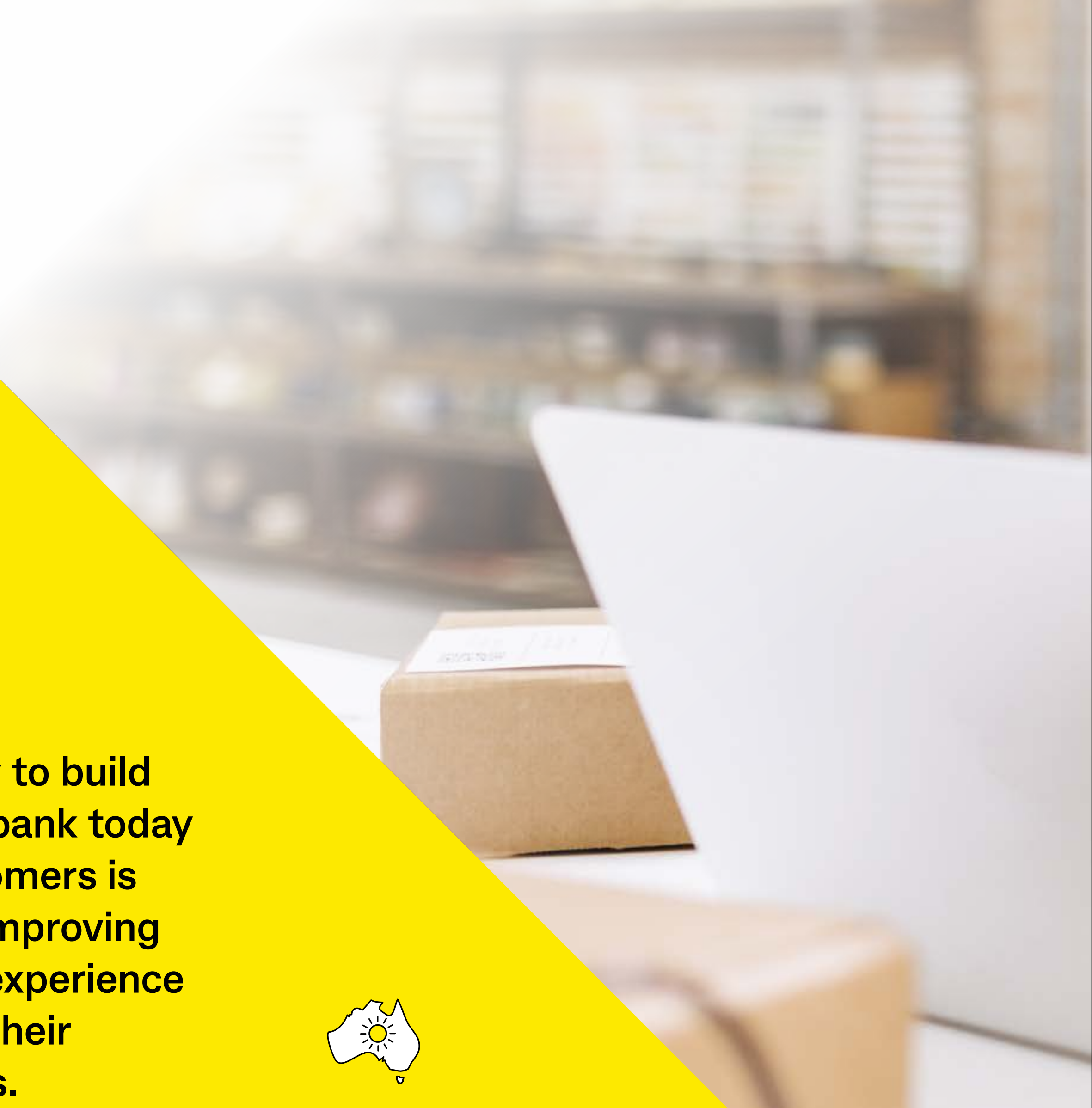
On behalf of all the Board and Executive Leadership Team, we would like to thank all our people for their hard work and commitment – and to you, our shareholders, for your ongoing support.

Paul O'Malley
Chair

Matt Comyn
Chief Executive Officer

OVERVIEW
CREATING VALUE
DIRECTORS' REPORT
FINANCIAL REPORT
ADDITIONAL INFORMATION

Delivering on our strategic priorities



Our strategy to build tomorrow's bank today for our customers is centred on improving customers' experience and solving their unmet needs.

We continue to invest in our technology and businesses to offer customers a superior, personalised and highly relevant experience.

Leadership in Australia's recovery and transition

Supporting our customers and the nation to help build a brighter, more sustainable future, together.

See pages 10–11

Reimagining banking

Reimagining what it means to be a bank and building trusted relationships to create more value for our customers.

Reimagined products and services 12–14
Global best digital experiences and technology 15

Simpler, better foundations

Keeping the Bank strong and safe, making it easier for our people to get things done.

See pages 16–17

Leadership in Australia's recovery and transition

Supporting our customers and the nation to help build a brighter, more sustainable future, together.

Millions of Australians trust CBA with their savings, and we aim to be their trusted financial partner. At a time when many are feeling the strain of higher interest rates and the rising cost of living, we remain committed to supporting our customers financially impacted by the current environment.

We proactively contacted customers whose fixed-rate home loans were maturing to discuss their needs and help them understand their options. Through targeted communications we were able to provide personalised support, flexibility and financial assistance. We also increased interest rates across a number of our savings products and helped customers better manage their finances through tips and guidance, as well as budgeting and spending tools in the CommBank app. Benefits finder is one of a number of digital tools to help customers offset the rising cost of living. Since inception, it has connected customers to over $1 billion in benefits, rebates and concessions. In New Zealand, ASB scaled-up their use of behavioural nudges to help customers make positive changes and feel more in control of their finances. Over 220,000 ASB customers have taken positive actions to improve their financial wellbeing as a result of these nudges.

CBA's continued balance sheet strength and conservative approach to funding means we are well placed to support our customers as financial conditions tighten, while still delivering sustainable returns to shareholders.

Learn more about how we are supporting our customers and communities on pages 30–35.

17.1m

customers served[1]

$1bn+

in savings through Benefits finder

$200m+

protected for customers through our scams prevention and detection program

1 See *Glossary* on pages 290–303 for source information.

Extending our retail and business banking leadership

Strong customer relationships form the foundation of our retail bank. With 35% of all Australians naming CBA as their main financial institution, our strategy is centred on deepening and strengthening customer relationships through superior experiences and better personalisation. We have also applied this focus in our business bank, strengthening business banking relationships and growing our business customer base to over one million customers.

The Bank's strategic investments in business banking over the past three years have resulted in strong customer engagement, deepening relationships and earnings growth. One in four businesses now consider CBA to be their main financial institution. Our business banking approach is relationship-led with business transaction accounts and payments at the centre of that relationship. From these relationships, we gain unique customer insights and can build deeper customer relationships through our product and service offerings.

With transaction banking at the core of the business banking relationship, continually evolving our payments and merchant acquiring offerings remains a focus. This year we launched a range of new smart terminals – including the Smart Mini (portable tap'n'go solution) and Smart Integrated (point-of-sale integrated solution) – with over 70,000 devices currently in market. These new devices allow us to build bespoke industry solutions, with a particular focus on health care and hospitality. We also released an end-to-end ecommerce proposition, PowerBoard, to provide merchants with access to multiple payment methods through a simple solution that will help them start, run and grow their business online.

We recognise cash flow is key for our business customers, especially in the current economic environment. The Capital Growth Account, our new short notice deposit account, will help business customers maximise their cash flow by allowing them to earn interest at the same time as being able to withdraw funds, with just 48 hours or seven days' notice.

For both our retail and business customers, we are focused on fixing service issues that lead to poor customer experiences and reimagining our critical customer processes. We aim for each customer interaction to be exceptional – whether it be digital, in branch, through a contact centre or relationship manager.

Learn more about how we are creating value for customers on pages 12–14.

Helping build Australia's future economy

We remain committed to helping Australia transition to a more digital, resilient and sustainable economy. We do this by lending to support the transformation of industries, as well as to support key sectors such as agriculture, manufacturing, transport, healthcare, retail and wholesale trade. We also provide a range of innovative products, services and solutions that reward our customers for making more environmentally sustainable choices.

We are focused on supporting customers as they transition their business models to deliver on their decarbonisation goals and net zero by 2050 commitments. Nature-based emissions reduction solutions are expected to play an important role in Australia's transition to a net zero economy by 2050. Our carbon markets team enables financing and risk management solutions across global carbon markets that support our customers to achieve their climate goals.

Learn more about our commitment to support Australia's transition to a net zero economy on pages 22–23.

Combatting cybercrime, scams and fraud in the Australian community

There is always more to do to protect and educate our customers, given the rising volume and fast changing nature of scams and fraud. We are committed to playing our part to address this national priority alongside leading businesses, government, and the broader community. For more information on how we are helping protect customers, their data and our systems, see:

- Our strategy – pages 12–17.
- Our customers – page 30–33.
- Governance – pages 36–39.

Assisting with nature-based solutions

More agribusinesses are exploring opportunities to advance their environmental goals while improving farm assets, productivity and profitability. This year, we supported future carbon credits that will be generated by a carbon credit project in Western Australia. The transaction supports the purchase of pastoral leases for cattle stations, to help the properties remain productive while also seeking to deliver better carbon and environmental outcomes. The Australian Carbon Credit Units will be delivered over a five-year period, further supporting a growing Australian carbon market.

Learn more about carbon markets at commbank.com.au/carbonmarkets

Reimagining banking

Reimagining what it means to be a bank, and building trusted relationships to create more value for our customers.

A key differentiator and core strength of CBA is our deep customer relationships. We continually look to strengthen these relationships, by reimagining banking to deliver superior and more personalised customer experiences.

Our ambition is to deliver a superior digital experience, beyond just digital banking – equal to or better than any other. The Bank's sustained investment in technology underpins our digital leadership and supports our ambition. We continue to grow digital engagement with 8.7 million digitally active customers – over a million more than two years ago – and our digital transactions account for 75% of total transactions by value. This strong engagement provides unique insights that help us better understand our customers and how we can support them.

We look to build deeper, more trusted customer relationships, better understand customer needs and risk, and deliver a superior experience by advancing and uplifting our existing infrastructure and people.

8.7m

digitally active customers[1]

#1

banking app in Australia[1]

#1

consumer mobile app NPS[1]

1 See *Glossary* on pages 290–303 for source information.

Reimagined products and services

We aim to give customers more value from their banking relationship with us. Through personalisation and distinct propositions, we look to keep meeting the needs of our retail and business customers as they evolve over time.

CommBank app 5.0

The CommBank app is central to our customer approach. With 7.8 million users, it is the #1 banking app in Australia – and for many customers, continues to be their preferred channel. Harnessing bank data and insights on what customers want from a digital banking experience, app 5.0 provides dynamic navigation, more personalisation and further integration with CommSec. It has also been built to enable us to deliver more enhancements to customers at a faster pace in the future.

Key features include:

Automatic login

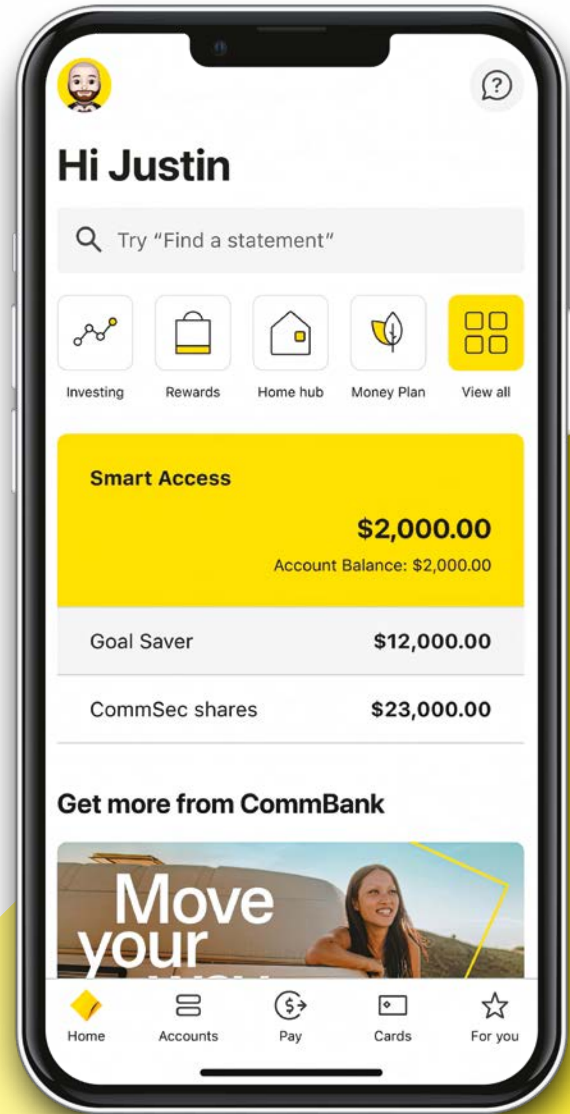
Faster experience by securely logging in as soon as the app opens.

Quick links

Personalised navigation tiles based on customer's in-app behaviour (e.g. frequently visited).

App library and enhanced search

Simplified catalogue of app features, products and services, as well as improved app-wide search functionality.



Business profile switching

Switch option allows business customers to easily toggle between business and personal accounts.

New investing functionality

Enables users to browse and invest in Australian shares and Exchange Traded Funds (ETFs).

Expanded simple balances

Ability to see current balance of up to three accounts on homepage.

+ Learn more about the CommBank app 5.0 at commbank.com.au/app

Enabling customers to achieve their financial goals

We know our customers are looking for ways to save money and manage their finances. CBA's Behavioural Science Centre of Excellence specialises in analysing data, working with research partners and developing new tools and services to help customers achieve their financial goals.

Money Plan, Spend Tracker, Bill Sense and Goal Tracker in the CommBank app can help customers stay on top of their financial decisions, understand where their money is being spent, see upcoming bills and set and reach their savings goals. Data from our app shows that 3.2 million customers use one or more of our money management tools in the app each month – 51% higher than the same time last year. We are making these tools even easier for customers to find in the new version of the app.

We are also helping customers put money back in their pockets with shopping offers and cashback, and through the use of tools like Fuel finder and Benefits finder. Building on our AI and machine learning capabilities, we are improving customer engagement and value by increasing the level of personalisation.

Creating more value by differentiating our customer proposition

In response to customers' shifting needs and expectations, we continue to evolve and improve our offerings – through personal banking, business banking and investing.

We recognise the importance of providing a consistent experience for customers no matter which part of the Bank they are dealing with. Our new profile switch option in the app allows small business customers to easily toggle between their business and personal accounts. With the majority of our small business customers also being personal customers of CBA, profile switching will give them a much clearer view of their business banking products, while also enabling us to provide them with a range of in-app insights specific to their business. Similarly, the integration of CommSec into the app provides investors with a seamless investment experience, giving customers the ability to manage their investments alongside their banking.

We also continue to offer customers more value through strategic relationships. Our telecommunications referral relationship with fast-growing broadband provider More, gives customers access to broadband offers.

Helping customers stay safe online

We are continuing our investment in technology to protect our customers, as well as providing the tools and resources to empower Australians to stay safe online.

New security features

This year we launched a new app feature, CallerCheck, which allows customers to verify whether a caller claiming to be from CBA is legitimate. By triggering a security message, customers can confirm who is calling them and quickly identify themselves before sharing sensitive information.

We also introduced NameCheck in NetBank, the CommBank app and progressively to CommBiz payments. The feature uses AI to search account details and check if the customer is paying the intended recipient, helping reduce false billing scams and mistaken payments. Since launch, NameCheck has prevented over $11 million in mistaken payments. The NameCheck capability will be offered to government organisations and other trusted partners to support a broader national approach to combat scams and fraud.

Joining forces to better protect customers

In partnership with Telstra, we have been piloting Scam Indicator to help protect joint CBA and Telstra customers from phone scams. Using a machine-learning scams detection model, the tool is designed to detect certain high-risk scam situations in real time, enabling us to try to contact the customer or put in additional checks. Scam Indicator is expected to be made available to customers later this year.

Global best digital experiences and technology

We are using data, AI, technology and world-class engineering to enable better personalisation and provide a differentiated customer proposition.

Building world-class engineering, data and AI capability

Technology plays a critical role in anticipating and solving unmet customer needs. For more than a decade, we have been driving personalisation and improving customer experiences and processes.

Becoming an AI-first bank

Since 2016 our Customer Engagement Engine has transformed the way we engage with customers. With over 1,000 machine learning models and using 157 billion data points, it helps serve our customers with next best conversations and service across all channels – including the CommBank app. Our partnership with H2O.ai has further accelerated how we design, build, test, deploy and govern AI models across the Bank. It provides CBA with access to exceptional world-leading talent and is helping us empower those who are serving customers every day with better tools and capability.

We want to ensure every team across the bank has AI capability embedded, to help deliver more personalised experiences for our customers. By embedding AI across CBA, our employees will benefit from a reduced administrative burden and our customers will benefit from the enhanced personalisation it delivers. We are creating a world-class engineering environment with improved tools, education and innovation opportunities. Training has been provided to more than 300 employees to make sure we are safely and securely deploying AI across the organisation. This year we hired over 1,400 engineers and 219 technology graduates. We also have Technology Hubs in Melbourne, Brisbane, Adelaide and Perth to help attract domestic talent.

Over the last year, we have leveraged our AI capabilities to enhance scams and fraud detection and prevention – improving our detection of card-not-present fraud by 35%, which we anticipate will prevent an additional $10 million of fraud losses for our customers every year.

Modernising our systems and digitising end-to-end

CBA's technology capabilities facilitate the effective delivery of our strategy by driving velocity, availability, efficiency and security. We are continuously improving how we work to deliver improved products and services better and faster, while being supported by modern technology and infrastructure. As part of our technology simplification and to keep up with the pace of change, we continue to upgrade, replace and modernise legacy platforms. Ongoing automation of our Application Programming Interfaces also drives efficiencies and strengthens our security environment.

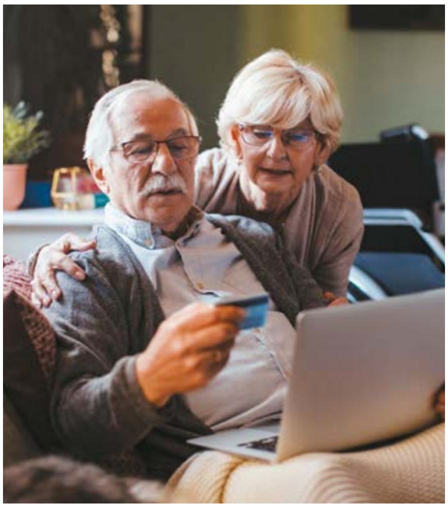
Above all else, the security of our systems and data is integral to delivering on our promises. System resilience is central to retaining our customer's trust and we continue to focus on ensuring our systems operate securely and seamlessly.

Using AI responsibly

Our focus has always been on making sure we safely and responsibly scale the use of AI across CBA. In 2019 we were one of a small number of organisations that partnered with the Australian Government to help draft the Australian AI Ethics Principles, which informed our own AI policies and frameworks.

Our AI policy builds on CBA's 'Should We?' test and introduces six AI principles: Human, social & environmental wellbeing; Fairness; Transparency; Privacy & security; Reliability & safety; and Accountability. We spend considerable time with regulators to test how we identify, assess and manage risk – AI being one of these risk types. Importantly, where we implement AI, the Bank needs to assess that the model or the automated process is significantly better than the model or the task it replaces.

We see opportunity for AI and machine learning to help us do better. Making sure we are safely and securely deploying AI across the organisation every day, is central to our technology strategy.



Simpler, better foundations

Keeping the Bank strong and safe, and making it easier for our people to get things done.

We manage the organisation conservatively to ensure that we are well prepared for a wide range of economic scenarios to support the Australian and New Zealand economy, and our customers and communities.

Our prudent approach to managing credit, interest rate, funding and liquidity risks – and our continued balance sheet strength and capital position – creates flexibility to provide support and manage potential economic headwinds. We remain focused on maintaining capital and pricing discipline, while looking to reduce costs where possible and optimise growth, reinvestment and returns.

Our efforts have been centred on uplifting our risk management capability to ensure we are delivering the right customer experience and always asking 'Should We?'. To deliver an even better end-to-end customer experience, we are focused on simplifying our processes and safeguarding our digital systems.

Driving operational excellence

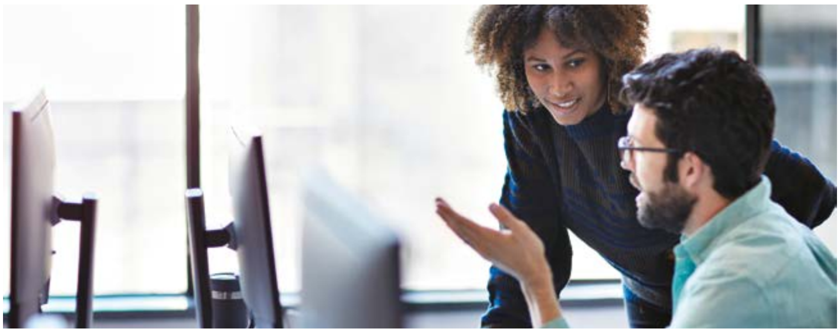
Building trust requires that we put our customers' interests first, are easy to deal with and provide relevant and secure services.

Our customers' expectations are constantly evolving. Operational excellence is key to serving our customers well every day, and meeting their needs now and into the future. It requires ongoing focus to not only get the basics right, but to ensure we deliver a seamless experience end-to-end, by identifying and fixing complex or time consuming processes related to our services or operations. Fixes may include reducing rework rates, improving time-to-decisions or challenging existing policies to simplify our processes.

We know customers are impacted by downtime or security threats, both of which negatively impact their experience. The resilience and availability of our systems – as well as the ability to recover from any incident rapidly – is vital. While we continue to enhance our resilience strategy, we also need to sustain change and remain relevant for our customers.

Simplification is centred on streamlining, standardising and digitising our most important processes. It incorporates a wide range of activities, including product rationalisation, policy simplification, end-to-end technology simplification and process design excellence. These activities remove complexity that makes it difficult for customers and our people to get things done. For example, we enhanced our Know Your Customer (KYC) process, to enable better digital fulfilment and remove the need to visit a branch or receive outbound calls.

+ **Learn more about how we are providing better end-to-end experiences on page 32.**



Sustaining leading risk management

Transparent and leading risk management is about understanding different perspectives and using appropriate judgement to mitigate risk and deliver better outcomes for shareholders and customers. Through the completion of our program of work arising from the 2018 Australian Prudential Regulation Authority (APRA) Prudential Inquiry into CBA, we have made significant progress in improving and sustaining our governance, accountability and risk culture frameworks and practices. In recognition of this progress, the remaining operational risk capital overlay of $500 million was released by APRA in September 2022. We are focused on sustaining this progress and continuously improving on and strengthening the changes made.

CBA's Risk Management Approach sets out the Board and Executive Leadership Team's expectations regarding how we identify, measure, monitor and respond to our risks. Our risk behaviours in particular require us to support constructive debate and challenge of our risks and controls, adhere to the Code of Conduct, including asking 'Should We?', and share our learnings so that we can deliver better customer outcomes. The Board Risk Culture Assessment allows the Board to form a view of the Group's risk culture and identify desirable changes that will instil an appropriate risk culture.

+ **Learn more about our approach to managing risk on pages 60–65.**

Committing to cyber security

Safeguarding our customers' personal information through strong cyber security has never been more important.

Australians, many of them CBA customers, are concerned about the safety of their personal details following the recent cyber attacks on large organisations. We have an obligation to keep customer and sensitive information secure and protected. We continue to educate our customers about cyber risks and are dedicated to keeping our systems safe, sound and secure.

Cyber security is changing and involves working collaboratively and innovatively to prepare for potential attacks and combat them when they arise. To keep up with the advancement of cyber threats, we consult global experts, run regular internal exercises and participate in industry-wide exercises, coordinating with a number of government and regulatory stakeholders. We also recently provided a comprehensive response to the Federal Government's 2023–2030 Cyber Security Strategy discussion paper to help Australia's national cyber response.

During the year, we have taken several actions to further improve our cyber security capability and ability to manage cyber security-related risks. This includes expanding our capabilities to defend against malware and assess the security of our system configurations, strengthening our management of system access, and enhancing the threat protection to CBA's network.

Cyber security objectives

- Right people, right access
- Defending our systems
- Protecting our people and customers' information

+ **Learn more about cyber security and data privacy on page 38.**

Our commitment to sustainability

Our position and scale means we have a key role to play in creating a brighter future for all.

As we deliver on our purpose and strategy, we aim to create long-term sustainable value for our people, customers, communities and shareholders.

Environmental

We aim to support Australia's climate change goals and help finance a secure, affordable energy transition.

See pages 22–23

Social

We seek to create a brighter future for all, through the support we give to our people, customers and communities.

+ See pages 24–35

Governance

We aim to conduct our business responsibly and uphold a high standard of governance to meet our obligations.

+ See pages 36–39

Our approach to ESG

Our position and scale means we have a key role to play in creating a brighter future for all.

We continue to embed sustainability into our strategy and risk management practices, and we are evolving our policies, systems and processes around our sustainability commitments and priorities. This year we reviewed our Environmental and Social (E&S) Framework to update our position and commitments relating to financing of certain sectors after engaging with stakeholders.

We also performed an environmental, social and governance (ESG) materiality assessment to identify stakeholder priorities for us to consider in how we conduct business. The results of this assessment will support focused decision making and allow us to deliver on our purpose of building a brighter future for all our stakeholders. It also enables us to better understand how we can align with and positively deliver on the UN Sustainability Development Goals (SDGs).

+ See our E&S Framework at commbank.com.au/policies

Engaging with stakeholders

We recognise the importance of building trusted relationships with stakeholders to achieve our purpose. Our diverse stakeholder groups provide valuable insight through their different perspectives. CBA's stakeholder engagement approach ensures our engagement is conducted responsibly when we interact with customers, communities, government, political parties, industry associations, regulators, investors and suppliers.

We engage with our customers and the community through feedback channels, surveys and workshops, customer representative bodies, and community visits and programs. This year we sought customer feedback on the development of the refreshed CommBank app, which helped inform a number of improvements and new features – including the ability to trade shares directly through the app. We also used feedback to identify and fix customer service issues.

Our dedicated Customer and Community Advocacy team represents the voice of the customer and community at the Bank, helping us find and fix negative impacts and improve our products and services. We engage with them through our Community Council and regular community visits.

CBA's government, regulatory, procurement and investor relations teams proactively engage with their stakeholders to build constructive relationships and understand their issues and expectations.

We continue to explore ways to improve how we share stakeholder insights across the Bank and demonstrate how this process informs our strategy and actions. This year, detailed materiality assessment findings were shared with internal teams for consideration.

Identifying our material themes

Our materiality assessment enables us to engage with stakeholders and identify topics with the potential to most impact the Australian people, community and environment. It also helps us better understand the Bank's ability to influence these impacts – directly or indirectly. Our process draws on external frameworks and resources, such as the Global Reporting Initiative, Sustainability Accounting Standards Board, and the International Integrated Reporting Framework.

The material themes identified this year are aligned to the themes we reported in 2022. In 2023, key changes in topics included the rising cost of living pressures; increases in cybercrime, scams and fraud; and the ongoing need to provide excellent customer experiences.

Our materiality assessment follows a multi-step process – including issue identification through desk research and interviews, stakeholder identification, and topic validation and prioritisation. This year's information sources included engagement with key internal and external stakeholders, as well as consideration of political and regulatory developments and global research reports.

Our materiality process

1 Identifying ESG topics

- Creating a topic list by reviewing key stakeholder sources.
- Identifying key stakeholders for engagement.
- Understanding which topics matter most through qualitative interviews with internal and external stakeholders.
- Analysing and shortlisting topics, using frequency of mention in identification of topics.

2 Analysing, validating and prioritising topics

- Validating and prioritising shortlisted topics with guidance from internal subject matter experts.
- Rating topics with consideration of their potential to impact on the Australian people, community and environment; and whether CBA could influence the impact, positively or negatively.

3 Disclosure and review

- Grouping similar topics into material themes and sharing findings with internal teams. The material themes guide reporting and decision making, ensuring that we address the stakeholder topics that matter most.
- The materiality process will continue to evolve over time as we gain a better understanding of our stakeholders.

+ Our material themes are mapped to the material risks on pages 62–65.

Our material themes	Related topics	Raised by	Relevant SDGs	Read more on our response
Customer support and experience	• Rising cost of living (including interest rates and inflation) • Scams and fraud • Fair treatment of customers • Vulnerable customers • Customer experience and support • Customer complaint process • Inclusive and accessible banking (including financial literacy and financial wellbeing)	• Customers • Community • CBA management	5 GENDER EQUALITY 10 REDUCED INEQUALITIES	See pages 30–33
Engaged and supported workforce	• Employee wellbeing and mental health • Talent attraction and retention • Ways of working • Workplace culture • Employee development • Diversity, equity and inclusion	• Employees • Investors • Community • CBA management	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	See pages 25–29
Governance, culture and accountability	• Corporate governance • Ethical conduct, business ethics and corporate behaviour • Accountability • Risk management • Regulation • Legal and compliance risk	• Employees • Investors • Community • Regulators • Suppliers • CBA management	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	See pages 36–39 See pages 66–73
Cyber security and data privacy	• Cyber security • Data security and privacy	• Customers • Investors • Suppliers • Community • Government • CBA management	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	See page 38
Digitisation, innovation and emerging technology	• Digitisation • Digital innovation • Emerging technologies (such as AI, cryptocurrency and blockchain)	• Customers • Government • CBA management	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	See pages 12–15
Climate transition	• Climate change and transition • Sustainable finance • Fossil fuel financing • Natural capital	• Investors • Suppliers • Government • CBA management	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	See pages 22–23

Environmental

Understanding how environmental issues could impact our business and how our business activities can impact the environment, helps inform us on how to make a positive change.

Our position on climate change

Climate change is a collective global challenge requiring coordinated action to limit global warming to 1.5°C. Our net zero by 2050 ambition is to transition our operational and financed emissions to align with pathways to net zero by 2050. We are progressively setting operational and sector-level financed emissions targets in line with pathways that aim to limit global warming to 1.5°C. We remain committed to managing the risks and opportunities of climate change and supporting our customers.

Australia's electricity grid remains reliant on coal-fired electricity generation. Rapidly replacing this generation with renewables is one of our nation's greatest medium-term transition challenges and opportunities. Reducing the emissions intensity of the electricity grid is also a key driver to lower emissions in other sectors, including the largest sector in our portfolio – Australian housing. Australia's electricity grid is key to achieving the nation's and our own emission reduction ambitions.

Our role is to support the financing of a secure, affordable energy transition. Our lending portfolio will continue to be influenced by the production and energy mix of Australia's grid as it changes over time.

+ For definitions of key words and phrases used in this section, such as financed emissions, see *Glossary* on pages 290–303.

Our climate strategy

Last year, we released our inaugural Climate Report reaffirming our support for Australia's transition to net zero emissions by 2050. We also outlined our transition roadmap for progressively setting sector-level targets on our financed emissions. This year, we have made progress against our transition roadmap, including setting new sector-level targets for Australian housing and heavy industry, using scenarios which are aligned to limiting global warming to 1.5°C.

Strategy

We aim to support Australia's climate change goals and help finance a secure, affordable energy transition. This includes lending to sectors and businesses that will be integral to Australia's energy transition. To help direct our lending and financing activities, we apply our E&S Framework, set sector-level financed emissions targets and strategies aligned to 1.5°C scenarios, and have a Sustainability Funding Target (SFT). We want to help our customers navigate to a net zero economy by 2050 and build resilience. We aim to do this by developing new products and services, and partnering with others.

Governance

Providing effective governance of environmental issues enables the Board to monitor the Bank's management of climate-related risks and opportunities for our stakeholders. The Board is responsible for the strategic consideration of the E&S impact of the Bank's activities, and holds the CEO and Executive Leadership Team (ELT) accountable for the delivery of E&S responsibilities. During the year, we updated our E&S Framework and refined our approach to assessing certain Clients' Transition Plans. In March, we established a new transaction-level committee in our Institutional Bank which reviews certain transactions in fossil fuel sectors.

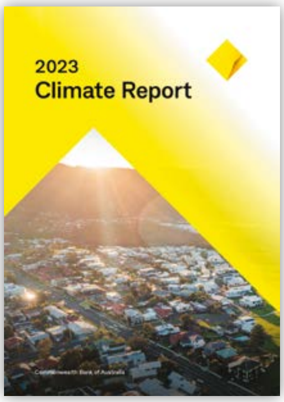
Risk

Climate-related risks can have different impacts on our customers, people, communities and the Bank. Our risk management approach seeks to ensure we understand and address the risks to our operations and strategy. We have a range of tools and processes to help us do this, and will continue to manage and monitor these risks as they evolve. This year, we finalised the stranded asset Risk Appetite Statement indicator for the agriculture portfolio and the non-retail institutional banking portfolio.

Metrics and targets

We set targets and track progress related to our climate strategy. We measure and report our financed emissions, aligned to the Partnership for Carbon Accounting Financials Standard. Our SFT of $70 billion in cumulative funding by 2030 helps us as we seek to support sustainable industries and asset types. As at 30 June 2023, we provided $44.7 billion in cumulative funding towards our target.

+ For more information see our 2023 Climate Report.



Our own operations

We aim to reduce our operational emissions to address the environmental impacts of our operations.

We have made significant progress to reduce the impacts of our operational footprint with a 95% reduction in our Scope 1 and 2 emissions compared to 2014. We also purchased the equivalent of 100% renewable electricity for our Group-wide operations in 2022. This year the increase in our Scope 3 emissions is primarily attributable to increased emissions from business travel, as operating conditions normalised post-COVID-19; and the inclusion of new Scope 3 emissions categories, such as employees commuting to work.

We aim to incorporate leading sustainable design principles across energy, water, indoor air quality and waste in our office refurbishments. For example, to reduce our impact we use recycled water and limit chemical usage at our main Sydney corporate offices.

Understanding natural capital

We recognise the importance of taking action to maintain, enhance and restore biodiversity. This year, we used the ENCORE platform to deepen our understanding of potential nature-related impacts and dependencies in our business and corporate lending portfolio. Agriculture and mining are our priority natural capital sectors due to their high dependency and impact on natural resources.

Our priority remains to prepare for increased environmental reporting. The barriers to reporting remain high due to data limitations, nascent methodologies and customer confidentiality considerations. We welcome the Australian Government's Nature Positive Plan's commitment to establish national environmental standards to guide decision making.

Social

We seek to create a brighter future for all, through the support we give to our people, customers and communities.

Our people

Engaged and energised employees, aligned with our values, provide superior customer experiences and help us deliver on our purpose and strategy.

See pages 25–29

Customers

We prioritise serving our customers and are dedicated to improving their experience with us.

See pages 30–33

Communities

We are committed to supporting our communities, and seek to contribute in ways that produce positive outcomes for society.

See pages 34–35

Engaging our people and evolving our culture

Engaged and energised employees, aligned with our values, provide superior customer experiences and help us deliver on our purpose and strategy.

Our culture ambitions

We remain focused on instilling a strong culture and encouraging the right mindsets and behaviours.

We made significant progress under CBA's APRA Prudential Inquiry Remedial Action Plan to reset our cultural foundations – renewing the Bank's purpose, values and risk foundations, and embedding them throughout the organisation. The changes represent an evolution in the way we want to deliver outcomes for customers, communities and each other.

This year, we prioritised strengthening mindsets, behaviours, processes and practices that put our customers at the centre of everything we do.

To create a strong culture, we recognise that change needs to occur simultaneously at three levels: organisational (ways of working, systems and structures), team (practices and social norms), and individual (mindsets and behaviours).

Our Organisational Culture Plan harnesses programs of work to drive culture change, including risk culture, at all three levels. These include making it easier for our people to deliver the highest impact work for our customers, by supporting all teams to understand the impact of their work on our customers' experience; helping people strive for simpler, better solutions by continually adapting and learning; and embedding a new way to lead.

Our Leadership Principles are a key element of our culture plan, describing both what to prioritise and what is required to lead successfully at CBA. Embedded throughout the organisation, the principles are intentionally aspirational and aimed at provoking fundamental shifts to mindsets and behaviours.

Key phases of our approach to organisational culture development

Phase 1:
Design and implement

Embraced the APRA Prudential Inquiry Report's cultural recommendations and developed an action plan to build a better bank.

Phase 2:
Define and embed

Embedded and sustained the outcomes of our action plan, while accelerating culture change.

Phase 3 (we are here):
Evolve and mature

Continue to mature, assess and evolve our culture to ensure we keep pace with CBA's changing internal and external context.

Assessing our culture

Our aspirational culture is adaptive to align with CBA's changing internal and external context. The Board plays a critical role in setting the cultural tone of the Bank and it guides culture through the CEO and ELT.

Culture change initiatives are continually monitored using insights from employee surveys, strategic metrics and focus groups, as well as audit and whistleblower reports. Our culture assessments include the Organisational Culture Assessment, Board Risk Culture Assessment, targeted risk culture reviews and business unit self-reflections. This enables a cyclical process of assessment, action planning, implementation and re-assessment to support a customer-focused culture that delivers on our strategy and purpose.

Evolving our culture to deliver on our purpose and strategy

CBA's culture is built on the foundation of our refreshed Code of Conduct, which includes our values and 'Should We?' test. Our Leadership Principles assist in embedding our aspirational culture. We seek to build and strengthen mindsets, behaviours, processes and practices that put our customers at the centre.

Purpose — **Building a brighter future for all**

Values — CBA Code of Conduct and 'Should We?' test

Care	Courage	Commitment
We care about our customers and each other – we serve with humility and transparency	We have the courage to step in, speak up and lead by example	We are unwavering in our commitment – we do what is right and we work together to get things done

Strategy — Build tomorrow's bank today for our customers

Leadership in Australia's recovery and transition	Reimagined products and services	Global best digital experiences and technology	Simpler, better foundations

Differentiating capabilities to execute strategy

Data and analytics	Engineering	**Leadership**	Banking and commercial judgement	Risk management	Change and delivery

Culture
A pattern of shared values, beliefs and behaviours, which shape and are shaped by various environmental factors

Our Leadership Principles

CBA's Leadership Principles are designed to help leaders understand what is required to lead successfully at the Bank.

Obsess over customers

- Prioritise the customer above all else
- Relentlessly improve our customers' experience
- Anticipate and solve unmet customer needs

Lead as an owner

- Create clarity, remove complexity and build alignment
- Apply good judgement to take smart risks and focus on value
- Seek out obstacles and find solutions

Be curious and humble

- Seek feedback, reflect and improve
- Ask questions and never stop learning
- Set ambitious goals and persevere

Create exceptional teams

- Attract and develop great people and unleash their potential
- Inspire confidence, openness and trust
- Deliver better outcomes, sooner and safer

Our people's experience

We look to deepen our understanding of our people's engagement, wellbeing and energy at work to enable them to deliver the greatest impact for our customers, communities and shareholders.

Employee engagement remains strong at 79% from our most recent Your Voice survey. The results support a continued focus on CBA's values and purpose; diversity, equity and inclusion; and flexible working options as drivers of engagement and our people's experience. Important factors in delivering CBA's strategic priorities included stopping least impactful work, supporting our people's wellbeing at work, and providing new skilling opportunities. These factors have been shared across the Bank to ensure ongoing improvement.

We encourage employees to have regular, motivating and development-focused conversations with their leaders. Check-in conversations occur quarterly to regularly reflect on performance, reset goals, and establish meaningful development opportunities for the next quarter.

Our recognition programs celebrate colleagues who are living our values, and allow our people to nominate those who have gone above and beyond for Excellence Awards, including a People's Choice Award. This year's People's Choice Award 'Backing Good Judgement' was selected to recognise those who exemplify our values by demonstrating the ability and willingness to apply careful judgement and take on the right risks that prioritise good customer outcomes.

Helping through challenging times

With the rising cost of living, we are committed to looking after the financial wellbeing of our people.

CBA's Wellbeing Hub contains resources to help employees better manage their finances, such as our workbook – Financial Wellbeing for Our People. The workbook provides simple steps and tools to help build confidence in managing money. Monthly webinars cover topics such as budgeting, saving, using employee benefits, controlling debt, and estate planning.

We provide several employee benefits which can help reduce expenses. For example, staff deals offering discounts on retail products and services; pay advance options for employees struggling to meet everyday expenses; and other savings and benefits. Our Financial Assistance Solutions team can help tailor personalised solutions for our customers and employees. Our Employee Assistance Program also has financial coaches to help those experiencing or anticipating financial difficulty.

Prioritising mental health and wellness

We are committed to creating a positive and supportive workplace which helps our people be their best. This includes creating a mentally healthy workplace where our culture is supportive for those experiencing mental ill-health and provides our people opportunities to thrive.

We provide employees with tools and resources to support their physical and mental wellbeing. This includes health, nutrition and fitness sessions, money management tools, mental health guides and access to professional support. We also run an annual Wellness Awareness Week to encourage positive habits.

To better understand and support the mental health and wellbeing of CBA's workforce, we conducted our first Leading Mentally Healthy Workplaces Survey, led by the Corporate Mental Health Alliance Australia. The insights from this survey will be used to inform employee programs and offerings. We continue to improve our health and safety systems to better identify and manage psychosocial risk, work-related factors that can impact the psychological health and safety of employees, including how work is designed, organised and managed.

Embedding diversity, equity and inclusion

We want everyone to feel respected, safe and included at work. It is an important part of how we live our values and support each other to be our best.

With a strategic focus on diversity, equity and inclusion, we are working towards ensuring that employees who are at risk of exclusion feel safe and are able to access the support they need, when they need it, harmful behaviours are prevented and addressed at work and everyone feels valued and has opportunities to grow.

We continue to embed Respect Lives Here, our key initiative to strengthen respect and prevent harmful behaviours at work, by educating our people on the impact of these behaviours and how to be an active bystander. Quarterly Inclusion Conversations encourage senior leaders to reflect on equitable decision-making and help our people to succeed. In addition, our six employee-led networks play a vital role in creating an inclusive culture, by elevating the voices of our people to ensure their experience at work is heard.

As one of the first organisations to be certified as a Family Friendly Workplace, we are proud to be recognised for the depth and breadth of support options we provide for families and carers. This includes a diversity of leave options, such as Sorry Business leave, workplace support for domestic and family violence, resources for LGBTI+ families, aged caring support, wellbeing guides for new and single parents, and guides to assist with navigating miscarriage, stillbirth and infant loss.

Our diversity goals and impact

We continue to make progress on our diversity goals. We aim for 47–50% gender equality in Executive Manager and above roles, and for our senior leaders to match the cultural diversity of the Australian population by 2025. We also target 3% Aboriginal and/or Torres Strait Islander representation in our domestic workforce, to reflect parity with the Australian population.

We are proud to be included in the global 2023 Bloomberg Gender-Equality Index (GEI), which recognises our commitment to transparency in gender reporting. The GEI is our primary gender equality benchmarking source to measure our performance against global best practice in five areas: leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies, and external brand.

Women in leadership

44%
in Executive Manager and above roles

47–50%
2025 goal

Indigenous workforce (ancestry)

1%
of domestic workforce

3%
2026 goal

Affirming our ways of working

We know how important it is for our people to maintain flexibility in where and how they work. This must also be balanced with the important role the workplace plays in facilitating connection, innovation, learning, wellbeing and career development.

To support our people to deliver and achieve the right balance of connection, learning and flexibility; we have a Group-wide approach to provide consistency and clarity for all our people who work in our corporate offices. Employees are expected to be in the office for 50% of their work time.

We're operating in different sectors requiring a wide variety of skills and abilities and therefore are able to offer different careers which you would not normally associate with a bank."

Sian Lewis
Group Executive, Human Resources

Building a skilled workforce

Our focus is to maximise the development of capability across the organisation through a culture where people want to continually learn and develop.

Our approach to upskilling and reskilling focuses on the technical, behavioural and leadership skills required to deliver on our strategy and ensure our people are ready for the future of work.

We recognise that the way people learn has changed, so we continue to evolve how our people grow and build new skills through a variety of digital, face-to-face, on the job and peer-to-peer learning modalities. In addition to upskilling initiatives that build breadth and depth of skills within roles, reskilling has continued to be a focus this year – allowing our people to find new, sustainable career paths and evolve skills in our existing workforce. These programs include recognised certification and building internal talent pipelines, largely within high demand areas such as data and analytics. Since inception, over half of those who have attended a program have successfully secured a new role.

Expanding our technology graduate program

We are significantly expanding our technology graduate intake and have hired 219 new technology graduates in 2023 – more than 280% higher compared to our 2020 intake. 38% of these graduates are based in our technology hubs outside of Sydney. The program is designed to build the technical capability and core career skills for the future, with a focus on three key technology pathways: cyber security, data science and engineering.

You x CommBank

As part of our new talent attraction campaign, You x CommBank, we are inviting successful candidates to become our partners. A career with us means being more than just an employee. We are committed to providing opportunities for our people to grow professionally and develop their skills.

Find more information at commbank.com.au/careers

It's been great to work on many varied and challenging projects while developing my technical skills. I have been able to gain practical experience in a supportive environment, and the mentoring and training I'm getting is helping me grow both personally and professionally."

Sanjeda Raheem
Technology graduate

60
people supported from across the Bank to become data analysts through reskilling, with almost 30% from our branch network

47%
of our data analytics vacancies are filled internally

OVERVIEW
CREATING VALUE
DIRECTORS' REPORT
FINANCIAL REPORT
ADDITIONAL INFORMATION

Supporting our customers

We prioritise serving our customers and are dedicated to improving their experience with us.

Helping customers when they need it

We understand that our customers are impacted by rising costs and interest rates. We are committed to supporting those customers that need assistance and providing a series of tools, tips and guidance to help with managing finances.

Lessons learned from the financial impacts of COVID-19 have helped us better understand our customers, and segment and tailor our approach for different needs. This helps us identify changes that may signal financial distress, and assess how to best engage and support them. We have a number of solutions to assist customers experiencing financial difficulty, including interest rate concessions on home and personal loans, interest only payments, loan term extensions and loan combination service options to support customers through difficult times and decisions. We are also using behavioural and data insights to better understand and support our customers' savings behaviour.

We are taking steps to ensure our people provide the right care for those experiencing vulnerability. In 2023 we implemented a Group-wide procedure for supporting customers in vulnerable circumstances, which guides all of our people on the roles, responsibilities, accountabilities and processes around vulnerability. The procedure helps employees understand what vulnerability is, how it may impact our customers, and how we can all help minimise the harm our customers may experience. Our specialised Next Chapter (available to individuals experiencing domestic and family violence and financial abuse) and Extra Care teams are trained to provide additional empathetic support, resources and referrals to both internal and external experts for customers.

In addition to ensuring our people understand vulnerability and how it may prevent a customer from receiving equitable outcomes, our processes and procedures are designed to embed fairness for the customer in all decision making. We use regular quality assurance and controls, and additional fairness reviews to assess customer cases to make sure decisions are in the customer's best interests. For acute and sensitive cases, senior stakeholders across the Bank collaborate to create personalised solutions for our customers in highly vulnerable or sensitive circumstances.

Commitment to inclusive banking

The impacts of financial exclusion can be varied and significant for customers. As Australia's largest bank, we look to support financial inclusion and deliver a positive impact.

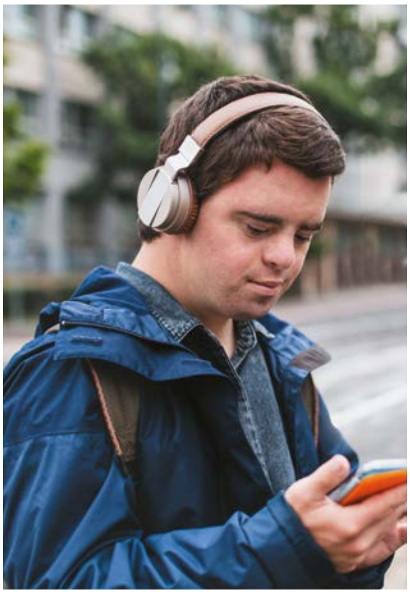
The Indigenous Customer Support Program, established in 2021, continued to bring efforts underway across the Bank together to support First Nations customers. This year we completed community visits to APY Lands (SA), Mornington Island, Palm Island (QLD), Djarindjin, Ardyaloon, Beagle Bay, and Bidyadanga (WA) to deliver remote banking support. These visits will inform our future remote banking support.

We partnered with First Nations Foundation in 2022 to run a financial literacy program pilot called My Money Dream. The program was available across a selection of remote branches for First Nations customers, to support positive money habits and build financial prosperity.

We understand the importance of building strong financial awareness and habits in children, to help them become financially resilient in the digital economy. Our earning-and-learning app, Kit, is being used by thousands of families in Australia. The app and prepaid card are designed with kids in mind, while still providing oversight for parents and carers. A recent Money Matters Report found families using Kit were more likely to save money, earn money on their own and apply positive spending strategies when purchasing an item.

We have chosen to play a role in addressing the significant impacts of financial abuse and improving outcomes for victim-survivors. Our Next Chapter program continues to provide ongoing and tailored support to customers and communities impacted by financial abuse.

+ **Find out more about our Next Chapter program and progress on page 34.**



Making banking accessible for all Australians

We continue our ambition to improve our accessibility, helping to remove barriers for customers with temporary, situational or permanent disabilities. CBA's Accessibility and Inclusion Plan guides how we are making our products, technology and workplaces accessible for all.

This year, we launched Equal Access Toolkits into all branches to make it easier for our customers with different accessibility requirements to bank with us. Each toolkit includes items to support an array of accessibility requirements when customers visit us and help them complete tasks. These include communication cards, high contrast keyboards and pens, headphones, and magnifying tools. We also provided guidance and training for branch and specialist centre employees to respectfully offer these options to those who may need them.

+ Learn more at commbank.com.au/accessibility

Prioritising our customers

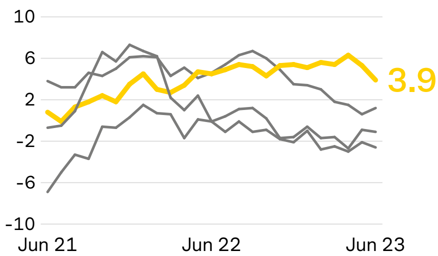
Consumer NPS

Target: #1

#1 among major banks for 8 months

Key CBA — Peers (major banks)

↓ 0.6 on FY22



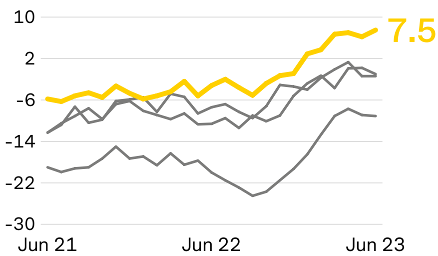
Business NPS

Target: #1

#1 among major banks for 17 months

Key CBA — Peers (major banks)

↑ 10.7 on FY22



Our customers' expectations of our products and services are higher than ever, and their view of a great customer experience is increasingly being defined by experiences with other companies and industries.

We continually seek customer feedback to help us improve customer experiences, and identify and respond to their unmet needs. Our Net Promoter Score (NPS) is key to how we measure and understand what our customers expect of us. Listening to and improving the customer experience has delivered positive movements in NPS across all of our business activities. We are currently ranked #1 across major banks in all business units, and have held this ranking for seven months. However, we recognise that we still have more to learn from and improve for customers.

Creating better end-to-end customer experiences

In order to deliver better customer outcomes, we need to understand their full experience when interacting with us. We focus on identifying and fixing areas which are contributing to poor customer experiences, particularly related to our service, process or operations. These are identified by listening to the voice of the customer through complaints, employee feedback and NPS, and are grounded in data to help track the impact of our continuous improvement. We have seen positive impacts from many of the actions we have already taken to fix complex or problematic areas.

For customers experiencing difficulty, we removed barriers in the hardship application process to help them access solutions quickly when they need it most. Customers can now apply for hardship assistance through the CommBank app or by phone, and we have reduced the complexity and requirements to provide excessive proof and budgeting documents for simple requests. This change has resulted in an increase of customers in hardship undertaking responsible payment arrangements, with better long-term outcomes, and a decrease in hardship complaints.

In response to feedback about long wait times related to business corporate cards, we enhanced CommBank app messaging capabilities, reviewed our procedures and increased contact centre recruitment to better meet demand. These actions led to a 27% reduction in Business Banking call centre wait times and 84% reduction in wait time complaints.

Bankwest home lending and digital teams introduced the ability to provide rate reviews via messaging, helping reduce caller wait times and improving customer retention. By sending a message such as "please review my rate", Bankwest customers receive a reply with a new rate offer if available, and the new rate is applied almost immediately. Since November, many customers have requested and received a better home loan rate, with an average 87% customer satisfaction score for the solution.

Educating our customers on scams and fraud

With $3.1 billion stolen from Australians due to scams in 2022, as reported by the Australian Competition and Consumer Commission, the threat of cybercrime continues to increase. We recognise the critical role we have to play in supporting and protecting customers, as well as leading the national conversation across the industry.

We have a range of technologies to keep customer information secure, but are equally focused on helping customers learn how to protect themselves. The security check-up in the CommBank app walks customers through key steps to keep accounts and cards secure, from activating location-based security and setting up alerts, to applying card blocks and limits. Customers can also check and protect their credit score in-app with SavvyShield from Credit Savvy.

In 2022, the cost of scams in Australia totalled

$3.1 billion

Cybercrime directed at small-to-medium enterprises

43%

Building business defence against cybercrime

According to the Australian Cyber Security Centre's (ACSC) Annual Cyber Threat report, the average cost of cybercrime to Australian businesses has risen by 14% from financial year 2021 to 2022. On average, there is a cyber attack every 7 minutes in Australia, with 43% of these attacks targeting small-to-medium enterprises.

In response, we created an online business security hub to give specialised advice to businesses – empowering them to keep themselves and their customers safe and secure. We are also forming partnerships to help build small businesses' defence against cybercrime, scams and fraud. Our Small Business Cyber Security Guide, created with the ACSC, provides guidance on understanding and combatting the latest cyber security threats. Together with Telstra, we partnered with the Council of Small Business Organisations Australia (COSBOA) to support small businesses in completing the COSBOA Cyber Wardens pilot program. The program is based on the ACSC's Essential Eight model, equipping Australian small businesses with the tools to safely engage with an increasingly digital world.

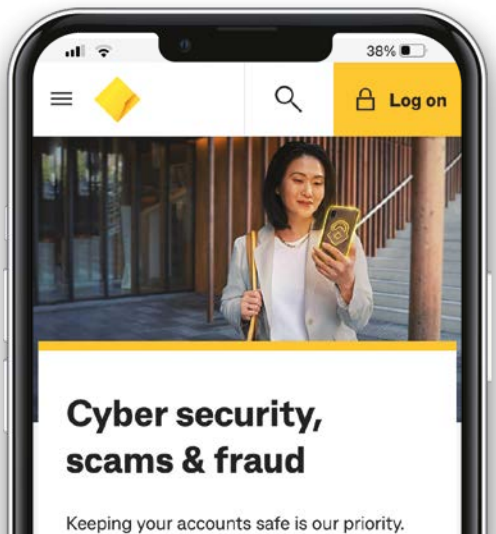
Empowering our customers through learning

Education is key to minimising the number of successful scam attempts. We provide a series of awareness videos, webinars, guides and research online and in-app to help our customers identify the signs of and protect themselves from a scam.

+ Learn more at commbank.com.au/safe

Understanding how scams work

Our podcast series, Anatomy of a Scam, uses real stories to expose how scammers target people – with advice from cyber security and law enforcement experts.



Strengthening our communities

We are committed to supporting our communities, and seek to contribute in ways that produce positive outcomes for society.

Providing support in times of need

Natural disasters have continued to severely affect our customers and communities. Throughout the year, we provided Emergency Assistance during weather-related events in many parts of Australia and New Zealand.

Using the power of our Customer Engagement Engine we are able to proactively connect with those who may be impacted by a natural disaster, with offers of support that align to their needs, such as deferring a loan or providing an emergency overdraft. In New Zealand, ASB provided disaster relief to customers and communities following major flooding in Auckland. ASB also offered a one-off payment of NZ$2,000 for customers hardest hit by the impacts of Cyclone Gabrielle, and donated NZ$2 million to the New Zealand Red Cross. ASB further provided NZ$180 million in low-cost lending to support heavily impacted corporate, business and rural customers.

Through the CommBank Staff Foundation, our employees can participate in workplace giving, with the Bank making an additional annual $2 million donation. The Foundation's annual Community Grants program awards 200 community organisations with a $10,000 donation. This year, the grants came after another turbulent year for community organisations, with many facing rising costs while still recovering from the pandemic. The grants program helps relieve these cost pressures from organisations nationwide working across key areas of the community including mental health, cancer research, the arts, Indigenous support and homelessness.

Ongoing support for domestic violence and financial abuse

We remain committed to helping victim-survivors of domestic violence and financial abuse by continuing our support for customers, employees and communities through CommBank Next Chapter.

Since inception of CommBank Next Chapter in 2020, the program has supported 52,277 interactions with people impacted by domestic and family violence and provided free confidential support and referrals to help rebuild financial independence. This includes 4,478 participants supported by the Financial Independence Hub, delivered in partnership with Good Shepherd. The Hub is delivering positive outcomes for participants including increased optimism for the future, steps towards financial recovery and independence, and increased financial resilience, no matter who they bank with. We have aspirations to support over 10,000 people by the end of the 2024 financial year as they move towards long-term recovery and financial independence. We are focused on increasing the understanding of our employees of financial abuse and its impacts. This year we continued to educate our people on how to respond to and prevent financial abuse.

The Group Customer Advocate also conducted a review into coercive relationship debt, a highly sensitive form of financial abuse, which often goes unrecognised by customers until acute impacts are felt. The review produced a number of recommendations that are being implemented throughout the Bank. These include tailored hardship support, employee and customer education, and updates to our processes.

Importantly, we want to ensure customers feel safe when banking with us. CBA's AI model enables us to proactively identify instances of technology-facilitated abuse, a targeted form of domestic and family violence. The AI model complements the Bank's automatic block filter to stop transaction descriptions that include threatening, harassing or abusive language. The use of AI to help us address technology-facilitated abuse, demonstrates how we can use innovative technology to create a safer banking experience for all customers, especially for those in vulnerable circumstances. We are currently working to make our pre-trained model available to other financial institutions domestically and globally.

Empowering First Nations voices

CBA's Elevate status from Reconciliation Australia recognises our leadership role in driving reconciliation, both within CBA and nationally. We released our 2023-2025 Elevate Reconciliation Action Plan (RAP), setting out an ambitious plan which focuses on improving access to our products and services, and helping remove barriers to employment, business and supplier opportunities.

We are committed to supporting self-determination and we believe it is critical that Aboriginal and Torres Strait Islander voices inform our approaches and decisions. To assist us in achieving this, the Indigenous Leadership Team (ILT) was established in 2022. The ILT is an internal group made up of a diverse range of First Nations CBA employees across different roles and business units representing the Indigenous Employee Network. The ILT is underpinned by strong cultural concepts of leadership and has a responsibility to amplify the strengths of Aboriginal and Torres Strait Islander ways of knowing and being. They act as an internal collective voice on matters which impact Aboriginal and Torres Strait Islander employees, customers, businesses and communities aligned to and beyond our RAP commitments.

As the nation continues discussion about Indigenous constitutional recognition, we maintain our long standing support of the Uluru Statement from the Heart, including the Indigenous Voice to Parliament. In reaching our position and approach, we have sought advice from the ILT and CBA's Indigenous Advisory Council, and reflected on our positive experiences and improved outcomes as a result of listening to First Nations voices. We have also supported a number of organisations working towards Indigenous constitutional recognition, including Uphold & Recognise, Australians for Indigenous Constitutional Recognition and the Uluru Dialogues. We acknowledge and respect that our people and customers will have a variety of views about the Voice, and are focused on encouraging respectful conversations about what can be done to improve economic, social and health outcomes for First Nations people.

Promoting equality and inclusiveness in Australian sport

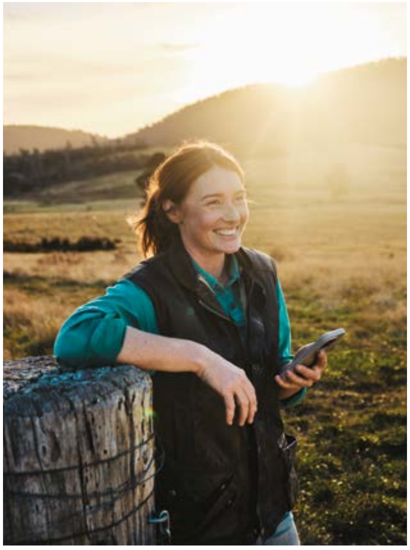
With women under-represented in organised sport in Australia, we aim to promote equality and inclusiveness for women's sport, including football.

CBA is proud to be working with Football Australia, who aim to make football the first sport to reach gender parity in community participation. As an Official Supporter of the FIFA Women's World Cup 2023™ and partner of the CommBank Matildas, we are committed to helping players of all ages and abilities participate in one of the country's favourite sports.

Supporting regional Australia's growth

Our Regional Movers Index continues to show strong population movement to Australia's regional areas in the past year – drawn by employment and business opportunities across a diverse range of sectors.

CBA has supported regional communities and businesses for over 100 years, by providing regional and agricultural businesses with specialist expertise. This year we were proud to partner with Newcastle Airport as sole financier for a $240 million package to support their expansion. The project will significantly increase the airport's capacity, improve connectivity and support future growth and opportunity in the Hunter Region.



750+

CBA people across regional Australia to support regional and agribusiness customers

75+

Locations across Australia with dedicated business bankers offering tailored banking solutions to regional businesses

Governance

We aim to conduct our business responsibly and uphold a high standard of governance to meet our obligations.

This is essential in delivering on our strategic goals.

190
Average monthly phishing sites taken down

19%
Increase in our Indigenous supplier spend year-on-year

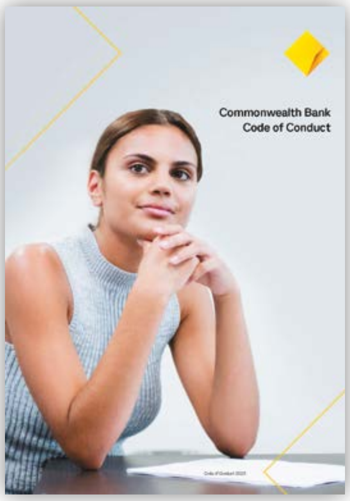
For further details on our approach to corporate governance, see pages 66–73.

Governing ESG

Effective governance underpins our approach in ensuring we have the right policies, systems and processes in place to deliver on our E&S obligations. Given the significance of E&S issues, the Board has oversight and responsibility for E&S-related risks and opportunities. The Board considers the social, ethical and environmental impact of the Group's activities and approves the CBA E&S Framework.

The ELT E&S Committee was established to oversee detailed implementation of our E&S work program and provide governance of E&S risks and opportunities.

For more information on our E&S Framework and other policies, see commbank.com.au/policies



Evolving our Code of Conduct

CBA's Code of Conduct sets out expectations for how we act, solve problems and make decisions. It is regularly reviewed to ensure it remains current to our business needs, and is aligned with customer and community expectations.

This year, the Code was updated to clarify and reinforce our responsibilities in relation to the responsible use of customer information and data. The 'Should We?' test remains fundamental to our Code, helping us focus on the right outcomes when making difficult decisions.

Making it safe to speak up

We support our people and external partners to raise concerns when something does not feel right.

The Bank's SpeakUP service is available 24/7 for our people and external partners who do not feel comfortable raising concerns through other channels, or want to remain anonymous. Individuals who raise concerns assessed as whistleblower disclosures receive support and protection under the Group Whistleblower Policy and applicable Australian whistleblower laws. During the 2023 financial year, 331 reports were made to the SpeakUP program, up from 317 in 2022. Of these reports, 81 were whistleblower cases.

Learn more at commbank.com.au/policies

Building on our human rights commitments

With a continued focus on respecting human rights, we support the United Nations Guiding Principles on Business and Human Rights.

Addressing modern slavery risk remains a critical focus for the Bank. Our Annual Modern Slavery Statements outline the actions taken by the Bank to identify, assess and mitigate modern slavery and human trafficking risks in our operations and supply chain. In line with the annual reporting requirement under the Modern Slavery Act, we published our latest Modern Slavery and Human Trafficking Statement in December 2022.

We recognise the importance of engaging with external experts to support appropriate responses to human rights issues, and through our Social Impact Program we continue to engage formal advisory bodies, including our Modern Slavery Advisory Council and IAC.

Supported by the Bank's IAC and ILT, we launched a Human Rights of First Nations Stakeholders Grievance Process Framework. The process seeks to provide an avenue for First Nations stakeholders to raise directly with us genuine concerns regarding possible human rights impacts connected with CBA's business lending activity to Clients. Prior to the launch of the grievance process, we received and responded to one grievance relating to the resources sector.

Learn more on page 51 in our 2023 Climate Report.

Safeguarding our information

We know the personal information we hold makes us an attractive target for cyber security attacks. The increase in cyber attacks on companies in Australia and abroad has increased our focus on cyber security resilience, minimising disruptions and improving the protection of customer and employee information.

Our policy frameworks

Cyber security

CBA's Information Security Policy Framework comprises of a suite of policies and procedures which outline how we manage cyber and information security risk; and includes clear and detailed cyber security policies and standards. We are committed to complying with all relevant regulatory obligations, and aligning to industry frameworks, best practice and standards. These include ISO27001 Information Security Management Systems, ISO27002 Code of Practice for Information Security Controls, APRA Prudential Standard CPS 234 Information Security, NIST Cyber Security Framework, and the ACSC's Essential Eight mitigation strategies. CBA regularly reviews and uplifts internal policy documents and continuously develops and maintains a compliance framework. These are embedded in our behaviours and the way we conduct our business, maintaining a secure design of our systems and processes.

Data privacy

The Bank's Privacy Statement sets out how we collect and handle personal information, and how individuals may exercise their privacy rights. The principles of good privacy compliance contained in the *Privacy Act 1988* (Cth) are embedded in our internal Group Privacy Policy, Standard and Procedures and guide how we comply with privacy obligations and respond to privacy requests.

Accordingly, we seek to be transparent about the types of personal information we collect, how we use it, and who we may share it with. Similarly, we aim to keep personal information protected and destroy or de-identify it once it is no longer needed. We also have processes in place to enable individuals to exercise their privacy rights as set out in the *Privacy Act*.

+ **See our Privacy Statement at commbank.com.au/policies**

Test, review and prevent

Cyber security

We maintain a range of internal and external mechanisms to assess our information security capability. Our internal audit teams periodically report to the Board, and Board Risk and Compliance Committee, on cyber security controls and capabilities.

CBA's cyber security team is focused on maintaining our defences against the evolving threat environment, running regular simulations to improve the Bank's response and recovery capability in case of significant events. When significant cyber security breaches occur at other organisations, we conduct internal assessments to test CBA's controls and processes against similar threats. As these increase and consequences magnify, our testing and review cycles are more frequent to ensure new vulnerabilities and risks are understood and managed by our controls.

In addition, we participate in external and regulatory body reviews which help us identify areas for improvement and benchmark ourselves against best-in-class and industry peers. Following APRA's 2022 Technology Resilience Prudential Review, there were no adverse findings specific to cyber security for CBA. In the last year, we conducted two external reviews to assess CBA's cyber program against international best practice benchmarks, ensuring its alignment with global standards. We were also one of the nine pilot entities included in APRA's first CPS 234 tripartite assessment, where our domestic and international operations were externally assessed in 2021 and 2022 respectively. These findings aligned with our self-identified areas for improvements, and we have closed all findings for CBA and ASB. PT Bank Commonwealth is progressing efforts to close out remaining findings.

Data privacy

We regularly review our data privacy processes and controls. CBA's Information Security Identity and Access Management Standard outlines access requirements such as multi-factor authentication and segregation of duties so that only relevant roles are able to access systems and information. CBA has implemented software and controls to monitor email, USB and web traffic. This safeguard is known as Data Loss Prevention and plays an important role in keeping Bank and customer data secure.

Training, awareness and oversight

All employees at CBA undertake annual mandatory privacy training. The Bank also maintains an information security training and awareness program that involves participation from employees to reinforce the information security roles and responsibilities of our employees and contractors. This program includes online training completed when joining the Bank, and thereafter on an annual basis. The mandatory training is based on regulatory guidance and best practices to ensure our people know how to prevent, detect and escalate cyber risks appropriately. Non-completion of mandatory training may result in disciplinary action, including termination. This training is further supported through information security awareness initiatives including simulated exercises and intranet articles and newsletters, which promote secure practices across key topics such as 'phishing' and 'spear phishing' attacks, password security, and secure information transfer and storage.

Designing products for better customer outcomes

Ensuring fair and equitable outcomes for customers is a key priority, and informs our responsible product design, marketing and communication approach. We also embed regular reviews of products, services and communications to understand where they may not deliver good outcomes for some customers, and where we can improve.

The Bank's policies and procedures set out our commitment to providing information and marketing materials that are clear, accurate, and when targeted, relevant to the customer. We provide direct communication to customers in agreed timeframes and through their preferred communication methods. We will reasonably honour prices advertised and comply with all regulatory requirements. Any material that does not meet these standards, is incorrect or is expired, is revoked or rectified as soon as practicable.

We look to meet genuine customer needs or demands when developing and distributing products, as well as ensuring alignment with CBA's business risk appetite and strategy. We are required by law to have Target Market Determinations which describe the particular cohort of customer the product is intended for – taking into account their circumstances, financial literacy, potential vulnerability or hardship and accessibility requirements. This helps reduce the risk of customer harm from the development and distribution of our products.

For more information on Target Market Determinations, see commbank.com.au/TMD

Focusing on our customer outcomes assessment

The Group Customer Advocate has developed new resources to support product teams across the Bank. These help instil a deeper understanding of the needs and circumstances of the customers for each product we design and manage. CBA's customer outcomes assessment areas include:

- Respecting and elevating the customer voice
- Asking 'Should We?'
- Delivering accessible and inclusive products, services and experiences
- Designing products with vulnerability in mind
- Designing safe products.

Our approach with suppliers

CBA has a complex and diverse supply chain made up of over 4,300 suppliers.

We recognise that diversity in our supply chain drives flexibility, responsiveness and innovation. We seek to engage and support Indigenous-owned businesses and social enterprises though our direct (first tier) and directed (second tier) suppliers. This year we appointed an Indigenous Supplier Relationship Manager to ensure an Indigenous perspective when engaging with Indigenous suppliers. Through our 2023-2025 RAP, we have targeted increasing our spend with Indigenous businesses by 10% year-on-year, this year achieving an 19% increase. In the 2023 financial year, we also increased the number of Indigenous suppliers with whom we spend by 18%, including three regional and remote suppliers.

Position on political donations

The Bank's political donations policy precludes us from making political donations.

However, we pay to attend political events and forums. This year, we spent $62,100 with the Australian Labor Party, $62,000 with the Liberal Party of Australia, and $12,825 with the National Party of Australia. These payments are disclosed to the Australian Electoral Commission in line with State and Federal regulation.

Our approach to tax

CBA is one of the largest taxpayers in Australia. We recognise the important contribution taxes make to support government assets and services.

Our approach to managing our tax affairs is in accordance with CBA's values, purpose and strategy. Our commitment is to comply with prevailing tax laws in all jurisdictions that we operate in, and to maintain transparent and collaborative relationships with tax authorities.

More information is available in our Tax Transparency Code at commbank.com.au/sustainabilityreporting

Sustainability performance

Environmental

Sustainable financing		30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Sustainability funding (cumulative)	$bn	**44.7**	30.6	–	–	–
ESG bond arrangement	$m	**8,642**	13,570	7,854	9,516	3,251

Operational greenhouse gas emissions	tCO_2-e	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Group[1]						
Market-based reporting[2]		**68,600**	35,745	32,955	–	–
– Scope 1 emissions		**7,891**	6,667	8,768	–	–
– Scope 2 emissions[3]		**12**	0	1,812	–	–
– Selected Scope 3 emissions[4]		**60,697**	29,078	22,375	–	–
Location-based reporting[2,5]		**158,835**	137,481	152,109	174,413	185,960
– Scope 1 emissions		**7,891**	6,667	8,768	12,757	7,624
– Scope 2 emissions		**74,577**	83,249	95,762	103,818	78,756
– Selected Scope 3 emissions[4]		**76,367**	47,565	47,579	57,838	99,580

Operational greenhouse gas emissions	tCO_2-e	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Australia[1]						
Market-based reporting[2]		**51,876**	27,372	24,080	–	–
– Scope 1 emissions		**5,165**	4,613	6,095	–	–
– Scope 2 emissions[3]		**0**	0	0	–	–
– Selected Scope 3 emissions[4]		**46,711**	22,759	17,985	–	–
Location-based reporting[2]		**129,912**	118,517	136,319	159,898	166,393
– Scope 1 emissions		**5,165**	4,613	6,095	9,992	6,983
– Scope 2 emissions		**62,366**	72,658	87,035	96,262	71,128
– Selected Scope 3 emissions[4]		**62,381**	41,246	43,189	53,644	88,282

Operational greenhouse gas emissions	tCO_2-e	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
New Zealand						
Market-based reporting[2]		**4,780**	2,554	4,960	–	–
– Scope 1 emissions		**1,807**	1,469	2,189	–	–
– Scope 2 emissions[3]		**12**	0	1,812	–	–
– Selected Scope 3 emissions[4]		**2,961**	1,085	959	–	–
Location-based reporting[2,5]		**5,883**	3,926	4,960	5,831	6,279
– Scope 1 emissions		**1,807**	1,469	2,189	2,277	82
– Scope 2 emissions		**1,115**	1,372	1,812	1,904	1,938
– Selected Scope 3 emissions[4]		**2,961**	1,085	959	1,650	4,259

+ For definitions of metrics in this section, see *Glossary* on pages 290–303.

+ A more complete set of metrics is available for download at commbank.com.au/sustainabilityreporting

Operational greenhouse gas emissions	tCO_2-e	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Other overseas						
Market-based reporting[2]		**11,944**	5,819	3,915	–	–
– Scope 1 emissions		**919**	585	484	–	–
– Scope 2 emissions[3]		**0**	0	0	–	–
– Selected Scope 3 emissions[4]		**11,025**	5,234	3,431	–	–
Location-based reporting[2]		**23,040**	15,038	10,830	8,684	13,288
– Scope 1 emissions		**919**	585	484	488	559
– Scope 2 emissions		**11,096**	9,219	6,915	5,652	5,690
– Selected Scope 3 emissions[4]		**11,025**	5,234	3,431	2,544	7,039

Renewable electricity procurement	%	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Australia		**100**	100	100	100	33
New Zealand[6]		**99**	100	–	–	–
Other overseas		**100**	100	100	–	–

Energy consumption – Australia	gigajoules	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Total fuel consumption		**66,110**	67,624	75,572	112,968	112,675
– Natural gas[7]		**2,104**	2,396	2,534	4,235	6,451
– Diesel stationary[7]		**1,994**	3,089	4,396	2,059	1,717
– Transport[7]		**62,012**	62,139	68,642	106,674	104,507
Electricity consumption – property		**332,563**	344,268	399,800	445,040	485,744
Total renewable energy consumption		**332,563**	344,268	399,800	445,040	160,607
– Renewable electricity purchased		**325,988**	336,436	392,581	438,934	156,548
– Electricity generated from on-site solar panels		**6,575**	7,832	7,219	6,106	4,059
Total energy consumption (including electricity and fuel)		**398,673**	411,892	475,372	558,008	598,419

Water, waste and paper – Australia		30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Waste (commercial operations)	tonnes					
Landfill[8]		**335**	230	470	988	1,167
Recycled[8]		**303**	205	308	585	835
Secure paper recycled		**143**	203	414	580	896
Total waste		**781**	638	1,192	2,153	2,898
Water[8]	kilolitres	**152,791**	105,172	129,494	177,047	216,102
Office paper usage (retail and commercial operations)	tonnes	**284**	293	343	483	570

1 From FY20 onwards CBA assumed operational control of two data centres. Emissions from these locations have been reclassified from Scope 3 to Scope 1 or 2 emissions, depending on source.
2 Market-based reporting reflects the emissions from electricity that companies have purchased. Reported from FY21 onwards. Location-based reporting reflects the average emissions intensity of the grid where electricity is consumed.
3 Pending acquittal of energy attribute certificates for the reporting year. ASB offsite ATMs reclassified as Scope 2 in FY23. Renewable Energy Certificates (REC) could not be purchased due to metering limitations.
4 Refers to reporting of selected Scope 3 emissions categories under the GHG Protocol. Increase in emissions due to business travel and new reporting of emissions from Australian employee commuting. Refer to definitions for changes.
5 New Zealand's FY20, FY21 and FY22 location-based emissions have been restated.
6 ASB offsite ATMs were reclassified as Scope 2 in FY23. RECs could not be purchased due to metering limitations. New Zealand data excludes base building electricity consumption.
7 Not assured by PwC.
8 In FY23, invoiced amounts contributed to 90% of waste to landfill data, 88% of waste recycled data and 76% of water usage. The remainder is estimated based on average tonnes per m² of net lettable area.

Limited assurance report

PwC has provided limited assurance on these metrics on pages 40–46, for the year ended 30 June 2023, unless otherwise indicated.

+ **The PwC Limited Assurance Report is provided on pages 47–49.**

Social – Our people

Employees[1]		30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Total full-time equivalent (FTE)	#	**49,454**	48,906	45,833	43,585	45,165
– Australia[2, 3]		**36,697**	38,153	37,245	36,330	37,137
– New Zealand (ASB)[2, 3]		**6,016**	5,879	5,634	5,122	5,038
– India[3, 4]		**4,721**	2,854	–	–	–
– Other[2, 3]		**2,020**	2,020	2,954	2,133	2,990
Graduates		**343**	241	191	153	183
Headcount[2]	#	**53,754**	53,056	49,922	48,167	50,482
Employee turnover – voluntary	%	**11.2**	14.8	11.0	10.1	11.3
Employee turnover – involuntary	%	**2.4**	2.1	1.9	4.2	4.0
Employment type (headcount)	#					
Full-time		**32,228**	32,303	31,112	32,178	33,125
Part-time		**6,656**	6,858	7,007	7,565	7,900
Casual		**529**	266	294	399	438
Safety and wellbeing						
Lost time injury frequency rate	rate	**0.42**	0.51	0.72	1.12	1.59
Absenteeism[5]	days	**9.2**	8.7	7.8	8.4	8.0
Health, safety and wellbeing training[6]	#	**56,814**	59,575	51,926	49,385	49,977

People engagement and flexible working	%	Mar 23	Sep 22	Mar 22	Sep 21	Mar 21	Sep 20	Apr 20
People engagement index – CBA		**79**	81	80	80	78	80	81
Employees working flexibly		**–**	84.9	–	84.9	–	81.1	–
Employees with caring responsibilities		**–**	59.4	–	56.6	–	54.0	–

Parental leave		30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Employees who have accessed parental leave	#					
– Female employees		**1,345**	1,300	1,284	1,433	1,479
– Male employees		**978**	890	1,013	913	917
Employees who have returned from parental leave and are still employed after 12 months	%					
– Female employees		**87.5**	89.4	87.2	85.7	–
– Male employees		**86.4**	88.5	87.2	84.5	–

1 Includes discontinued operations.
2 Comparative information has been restated to conform to presentation in the current period.
3 Not assured by PwC.
4 Reported for the first time in FY23, India-based employees reported under 'other' for periods prior to FY22.
5 In FY23 the methodology to calculate FTE changed. Prior years restated. FY23 assured by PwC.
6 The health, safety and wellbeing training number is higher than FTE as the training is assigned annually and to new employees.

Employee training	hrs per employee	30 Jun 23 Total	30 Jun 23 Female	30 Jun 23 Male	30 Jun 22 Total	30 Jun 22 Female	30 Jun 22 Male
Executive Managers and above roles		**22.5**	**24.4**	**21.1**	39.9	47.2	34.7
Others		**25.0**	**27.4**	**22.6**	31.5	34.5	28.4
Average per employee		**24.9**	**27.3**	**22.5**	31.9	35.0	28.8

	#	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
ESG training completed (headcount)		**13,552**	2,911	6,240	1,560	4,043

Gender diversity	%	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Women in workforce		**54.4**	55.2	56.1	56.9	57.2
Women in Manager and above roles		**45.1**	45.5	45.2	45.0	45.0
Women in Executive Manager and above roles		**44.0**	43.1	41.7	41.2	39.1
Women in Senior Leadership (Group Executives)[1]		**41.7**	41.7	27.3	33.3	30.0

Gender pay equity (female to male base salary)	ratio	31 Mar 23	31 Mar 22	31 Mar 21	31 Mar 20	31 Mar 19
Executive General Manager		**0.93**	0.91	0.86	0.90	0.95
General Manager		**0.98**	0.99	0.99	1.00	0.97
Executive Manager		**0.99**	0.98	0.98	0.98	1.00
Manager/Professional		**0.98**	0.97	0.97	0.98	0.98
Team Member		**1.01**	1.01	1.00	1.00	1.00

Age diversity[3]	%	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
<25 years		**6.5**	7.0	7.1	7.9	7.4
25–34 years		**32.9**	32.3	30.7	30.8	31.4
35–44 years		**32.9**	32.5	32.5	31.9	31.8
45–54 years		**18.2**	18.6	19.9	19.6	19.9
55–64 years		**8.2**	8.1	8.6	8.6	8.4
65+ years		**1.1**	1.0	1.1	1.0	0.9

Other diversity dimension	%	Sep 22	Sep 21	Sep 20	Oct 19	Apr 19
CBA Indigenous workforce (ancestry)[2]		**1.0**	0.9	0.8	1.5	0.9
Employees living with disability		**7.6**	7.1	6.5	8.7	10.5
Employees who identify as LGBTI and/or gender non-binary		**5.1**	4.8	4.9	3.3	3.4

Cultural diversity based on ancestry (Sep 2022)[3]	Cultural Diversity Index #	Australia, NZ, British, Irish %	Europe %	Asia %	Africa, Middle East %	Americas %	Indigenous, Pacific Islanders %
CBA overall	0.78	48	12	33	4	1	3
General Manager and above	0.60	68	15	11	4	2	1
Executive Manager and above	0.65	65	14	16	3	1	1
2021 Australian Census (ancestry)	0.65	64	11	16	4	1	4

1 Not assured by PwC.
2 Metric can be volatile due to small sample size. Prior to FY23, figure was calculated as a proportion of employees in all included locations. In FY23, we provided localised response options to participants based in India. As such, the methodology changed to reflect the proportion of Australia-based participants who selected any of the Indigenous response options. 2021 Australian Census (Aboriginal or Torres Strait Islander) was 3.2%.
3 Numbers may not sum to 100 due to rounding.

Social – Our customers

Customers	#m	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Total customers[1]		**17.1**	16.6	16.7	17.3	17.6
– CBA customers		**13.8**	13.2	13.3	13.9	14.2
– Bankwest customers[1]		**1.2**	1.3	1.3	1.4	1.4
– ASB customers[1]		**2.1**	2.1	2.1	2.0	2.0

	#m	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19
Digitally active customers[1]		**8.7**	8.0	7.6	7.4	7.0
– CommBank app customers		**7.8**	6.9	6.4	6.1	5.6

Customer advocacy[2]	#	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Commonwealth Bank – Net Promoter Score						
Consumer NPS		**3.9**	4.5	0.8	(2.9)	(10.0)
– Rank		**1st**	2nd	2nd	2nd	3rd
Online banking NPS		**11.1**	16.8	19.0	17.2	12.6
– Rank		**1st**	1st	1st	1st	2nd
Mobile banking app NPS		**26.2**	30.7	30.0	28.6	24.5
– Rank		**1st**	1st	1st	1st	1st
Business NPS		**7.5**	(3.2)	(5.8)	(14.3)	(22.4)
– Rank		**1st**	1st	1st	3rd	3rd
Bankwest – Net Promoter Score[3]						
Consumer NPS		**12.8**	19.5	11.8	9.4	0.0
– Rank		**3rd**	3rd	4th	3rd	5th
ASB – Net Promoter Score						
Consumer NPS[4]		**23.6**	29.5	32.5	32.0	–
– Rank		**3rd**	3rd	3rd	3rd	–
Business and rural banking NPS[5]		**(0.5)**	(7.4)	4.0	4.2	3.7
– Rank		**1st**	1st	1st	1st	1st

Customer complaints		30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20
Received	#	**921,855**	984,493	1,211,808	1,182,699
– Resolved within five days	%	**93**	94	96	96
Escalated to an external dispute resolution (EDR) scheme	#	**6,871**	5,384	5,419	6,455
– Privacy complaints	#	**98**	61	123	–

1 Not assured by PwC.
2 Customer advocacy metrics have not been assured by PwC as they are sourced from independent third-party providers.
3 Bankwest Business NPS and rank is not reported in FY23 as Bankwest Business Bank transitioned to CBA.
4 NPS methodology changed in 2019. Numbers prior to FY20 are not comparable.
5 NPS methodology changed in 2022. Prior years are not comparable.

Social – Our communities

		30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Community investment	$m					
Total community investment		**264.0**	239.0	247.4	250.5	204.3
– Cash contributions		**27.1**	30.0	37.5	57.5	41.6
– Value of time volunteering		**2.5**	0.7	1.2	0.7	1.1
– Forgone revenue		**210.5**	188.2	187.5	178.5	147.4
– Program management costs		**23.9**	20.1	21.2	13.8	14.2
Total community investment as a percentage of cash net profit before tax	%	**1.8**	1.8	2.0	2.4	1.8
Our commitment to end financial abuse	#					
Financial Independence Hub (participants supported)[1]		**1,598**	1,440	1,440	–	–
Next Chapter and Community Wellbeing (customer interactions)[2]		**20,560**	17,107	–	–	–
Indigenous community support						
Indigenous cultural development (training completion rate)[3]	%	**44.2**	62.3	18.7	8.4	–
Indigenous Customer Assistance Line (calls received)	#	**198,504**	184,927	181,460	206,436	202,444
Australian Indigenous supplier spend	$'000	**9,078**	7,028	6,093	4,395	2,959
– Direct spend[4]		**8,338**	7,028	6,093	4,395	2,959
– Directed spend[5]		**740**	–	–	–	–

1 FY23 includes a broader range of meaningful support provided to participants by the Financial Independence Hub. Prior years have been restated to ensure comparable year-on-year data. Metric is not assured by PwC.

2 In FY22, 72 interactions covering outbound contacts made for the purpose of supporting customers in receipt of potentially abusive transaction descriptions were also included. This channel was excluded in FY23 due to a change in information handling. Of the total 20,560 interactions, 16,260 were assured by PwC. 875 internal vulnerability referrals received by the Community Wellbeing team were also excluded from the limited assurance engagement due to a change in information handling. 3,425 interactions related to the asynchronous chat channel, were unable to be assured due to the nature of the third party data that was able to be provided as part of the assurance.

3 The 'Providing banking services to First Nations customers' e-learning was completed and launched in the second half of FY22 and is mandatory for targeted teams in the retail and business banks and is recommended for all other employees. The roll out of this mandatory learning drove the increase between FY21 to FY22. As employees are not expected to complete this training every year, the overall training completion rate is lower in FY23.

4 Does not include identified corporate credit card spend of $98,577 with Indigenous suppliers. Credit Card spend is not assured by PwC.

5 Reported for the first time in FY23.

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Governance

		30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Board composition[1]	#					
Total Directors		**10**	11	10	9	10
– Female		**5**	5	4	5	5
– Male		**5**	6	6	4	5
Independent Non-Executive Directors		**9**	10	9	8	9
Female Directors on Board	%	**50**	45	40	56	50
Group compliance training[2]	%					
Training completion rate – Code of Conduct		**99.8**	99.6	99.5	99.6	96.7
Training completion rate – mandatory learning		**99.8**	99.6	99.5	99.5	99.5
Conduct and whistleblowing	#					
Substantiated misconduct cases		**1,122**	1,071	1,825	1,851	1,869
– Misconduct cases resulting in termination		**119**	76	105	136	187
SpeakUP Program cases		**331**	317	335	284	311
– Whistleblower cases		**81**	96	123	103	30

1 Numbers are actuals, not assured by PwC.
2 Training completion rates are not 100% as allocated training may be overdue. There are remuneration consequences for employees who do not meet their training obligations.

To: The Board of Directors of the Commonwealth Bank of Australia

Independent limited assurance report on Selected Sustainability Information for the Commonwealth Bank of Australia (the Bank) and its controlled entities (together the Group) in its 2023 Annual Report for the year ended 30 June 2023

The Board of Directors of the Commonwealth Bank of Australia engaged us to perform an independent limited assurance engagement in respect of the Selected Sustainability Information, presented on pages 40 to 46 in the 2023 Annual Report for the year ended 30 June 2023 (the **Selected Sustainability Information**).

Selected Sustainability Information and Criteria

We assessed the Selected Sustainability Information against the Criteria. The Selected Sustainability Information needs to be read and understood together with the Criteria.

The Criteria used by the Group to prepare the Selected Sustainability Information is set out on pages 290 to 303 in the 2023 Annual Report (**the Criteria**).

The maintenance and integrity of the Group's website is the responsibility of the Group's management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Sustainability Information or Criteria when presented on the Group's website.

Our assurance conclusion was with respect to the year ended 30 June 2023 and does not extend to information in respect of earlier periods or to any other information included in, or linked from, the 2023 Annual Report.

Responsibilities of Management

Management of the Group is responsible for the preparation of the Selected Sustainability Information in accordance with the Criteria. This responsibility includes:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring, evaluating and preparing the underlying Selected Sustainability Information;
- ensuring that those Criteria are relevant and appropriate to the Group and the intended users;
- designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the Selected Sustainability Information, which is free from material misstatement, whether due to fraud or error, against the Criteria.

Our Independence and Quality control

We have complied with the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Australian Standard on Quality Management ASQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE) 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. Those standards require that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Selected Sustainability Information has not been prepared, in all material respects, in accordance with the Criteria, for the year ended 30 June 2023.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

The procedures we performed were based on our professional judgement and included:

- Reading the Selected Sustainability Information to determine whether it is in line with our overall knowledge of, and experience with, the Sustainability performance;
- Enquiring of management responsible for preparing the Selected Sustainability Information;
- Enquiries regarding the processes and controls for capturing, collating, calculating and reporting the Selected Sustainability Information;
- Assessing the appropriateness of estimates, assumptions and methodologies applied by management in the preparation of the Selected Sustainability Information;
- Calculating the arithmetic accuracy of a sample of calculations of the Selected Sustainability Information;
- Assessing the appropriateness of the greenhouse gas emission factors and methodologies applied in calculating the Selected Sustainability Information;
- Undertaking analytical procedures over the performance data utilised within the calculations and preparation of the Selected Sustainability Information; and
- Comparing the Selected Sustainability Information to relevant underlying sources on a sample basis.

The Selected Sustainability Information includes a deduction from the Group's emissions for the year of 90,235 tonnes of CO_2-e relating to offsets. We have performed procedures as to whether these offsets were acquired during the year and arrangements are in place for their surrender, as well as procedures over the calculation of net emissions. We have not, however, performed any procedures regarding the external providers of these offsets, and express no conclusion about whether the offsets have resulted, or will result, in a reduction of 90,235 tonnes of CO_2-e.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Selected Sustainability Information with the Criteria, as it is limited primarily to making enquiries of Management and applying analytical procedures.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities over time.

The limited assurance conclusion expressed in this report has been formed on the above basis.

Our limited assurance conclusion

Based on the procedures we have performed, as described under 'Our responsibilities' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Sustainability Information has not been prepared, in all material respects, in accordance with the Criteria for the year ended 30 June 2023.

Emphasis of matter – Estimation of 'Selected Scope 3 emissions'

The estimation of 'Selected Scope 3 emissions' reported by the Group comprises selected sources of operational Scope 3 emissions only.

We draw attention to the Glossary of terms on pages 295 to 296 which sets out these assumptions and data sources for different Scope 3 emissions sources. Our conclusion is not qualified in respect of this matter.

Use and distribution of our report

We were engaged by the Board of Directors of the Commonwealth Bank of Australia to prepare this independent assurance report having regard to the criteria specified by the Group and set out in this report. This report was prepared solely for the Board of Directors of the Commonwealth Bank of Australia for the purpose of providing limited assurance on the Selected Sustainability Information and may not be suitable for any other purpose.

We accept no duty, responsibility or liability to anyone other than the Group in connection with this report or to the Group for the consequences of using or relying on it for a purpose other than that referred to above. We make no representation concerning the appropriateness of this report for anyone other than the Group and if anyone other than the Group chooses to use or rely on it they do so at their own risk.

This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute and even if we consent to anyone other than the Group receiving or using this report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Elizabeth O'Brien

Elizabeth O'Brien
Partner

Sydney
9 August 2023

Financial performance

Our results for the 2023 financial year reflect our continued focus on customers, disciplined operational and strategic execution, strengthened balance sheet and improved financial outcomes.[1]

Net profit after tax

$10,188m
Statutory NPAT
↑ 5% on FY22

$10,164m
Cash NPAT
↑ 6% on FY22

Net profit after tax (NPAT) was supported by strong operational performance and volume growth in core businesses, partly offset by the impact of inflationary increases in our operating expenses and a higher loan impairment expense.

Dividend

$4.50
Per share, fully franked
↑ 17% on FY22

The full year dividend was supported by the Group's continued capital and balance sheet strength. The final dividend was $2.40 per share, fully franked. The interim dividend was $2.10 per share, fully franked.

Volume growth in core business[2]

Home lending	+$26.2bn	1.0x system
Household deposits	+$18.3bn	0.7x system
Business lending	+$14.5bn	1.4x system

Net interest margin (NIM)

2.07%
↑ 17bpts on FY22

Group NIM increased due to the rising interest rate environment, partly offset by the intensifying competition for home loans.

Common Equity Tier 1 (CET1) capital ratio

12.2%
APRA (Level 2)
↑ 70bpts on FY22

The Group returned $10 billion to shareholders via dividends and buy-backs and remains in a strong capital position and well in excess of the minimum regulatory requirements. With the previously announced $3 billion on-market share buy-back completed during the year, the Group has announced an intention to conduct a further $1 billion on-market share buy-back[3].

Loan impairment and credit provisions

$1,108m
↑ $1,465m on FY22

1.64%
Provision coverage ratio[4]

Loan impairment expense increased reflecting ongoing inflationary pressures, rising interest rates and a decline in housing prices.

We have maintained a strong provision coverage ratio of 1.64% reflecting our cautious approach to managing risks as financial conditions continue to tighten.

1 All information in this section is presented on a continuing operations basis, unless stated otherwise. Comparative information has been restated. For further details refer to Note 1.1 in the *Financial report* on pages 127–128.
2 As reported in RBA Lending and Credit Aggregates (Home Lending and Business Lending) and APRA Monthly ADI Statistics (Household Deposits). CBA Business Lending multiple estimate is based on Business Banking growth rate (excluding Institutional Banking and Markets) over published APRA Total Business Lending Data (excluding estimated Institutional Lending balances).
3 The timing and actual number of shares purchased under the buy-back will depend on market conditions, available trading windows and other considerations. CBA reserves the right to vary, suspend or terminate the buy-back at any time.
4 Total provisions as a percentage of credit risk weighted assets.

Delivering for shareholders

We seek to deliver sustainable dividends for our shareholders. We know that many Australians rely on the dividends and related franking credits that they receive to support their income. By focusing on our operating performance and capital generation through different economic environments, we can achieve sustainable dividends over the long-term. We support the Australian economy by providing sustainable returns to our shareholders as well as indirectly to more than 12 million Australians through their superannuation.

860,000+

shareholders hold CBA shares directly, millions more hold CBA shares through their superannuation

78%

Australian ownership

52%

direct ownership by retail shareholders

$10bn

returned to shareholders via dividends and buy-backs

$3,532

dividend amount received by the average retail shareholder

Dividends

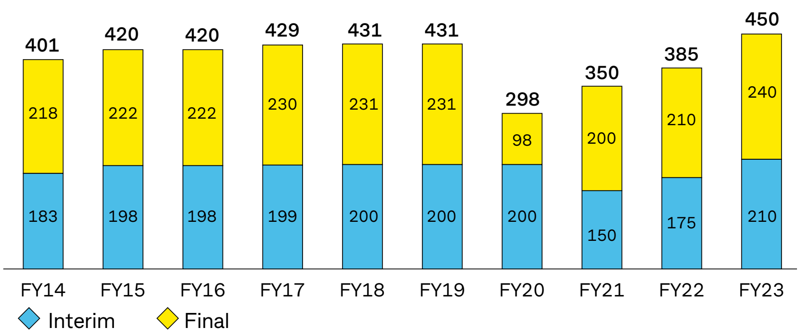
The final dividend of $2.40 per share reflects the Bank's strong capital position. Our aim is to deliver sector leading returns and a sustainable dividend. To deliver sustainable dividends we seek to:

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

The final dividend payout ratio was 74% of the Bank's cash earnings for the full financial year. Including the interim dividend of $2.10 per share, the full year dividend was $4.50 per share, fully franked.

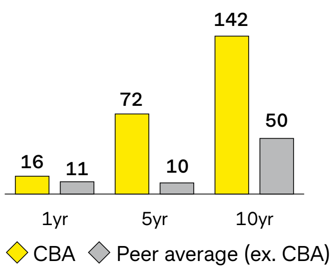
The Dividend Reinvestment Plan (DRP) continues to be offered to shareholders. No discount will be applied to shares allocated under the plan for the final dividend. The DRP is anticipated to be satisfied in full by an on-market purchase of shares.

Dividend per share (cents)



Total shareholder return (TSR)

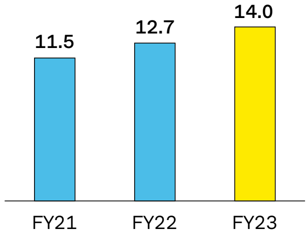
(%)



TSR combines both share price appreciation and dividends paid. It shows the total return to shareholders over time.

Return on equity (ROE)

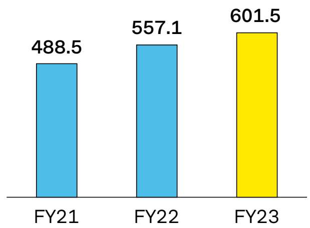
Cash, continuing operations (%)



ROE measures the Bank's profitability. It represents the net profit generated as a percentage of the equity shareholders have invested.

Earnings per share (EPS)

Cash, continuing operations (cents)



EPS measures the Bank's earnings growth. It is calculated by dividing net profit after tax by the number of shares on issue.

Group financial performance

Our banking businesses continued to perform well with strong operational execution delivering growth in home lending, business lending and deposits through customer focus and disciplined execution in a competitive environment. Strong volume growth supported operating income and offset the impact of intense home loan competition.

Group profit

Cash NPAT

$10,164m

FY22 $9,595m

Statutory NPAT

$10,188m

FY22 $9,673m

Cash NPAT was 6% higher reflecting a strong contribution from operational performance, partly offset by higher operating expenses and loan impairment expense.

Cash NPAT is management's preferred measure of the Group's financial performance. It excludes non-cash items that are non-recurring in nature and not considered representative of the Group's ongoing financial performance.

Statutory NPAT includes non-cash items.

For details and a reconciliation between statutory and cash NPAT, refer to page 82 in the *Directors' report*.

	FY23	FY22	% change
Net interest income	23,056	19,473	▲ 18%
Other operating income	4,181	5,216	▼ 20%
Total operating income	27,237	24,689	▲ 10%
Operating expenses	(11,858)	(11,428)	▲ 4%
Loan impairment (expense)/benefit	(1,108)	357	▲ lge
Net profit before tax	14,271	13,618	▲ 5%
Tax expense	(4,107)	(4,023)	▲ 2%
Net profit after tax – cash basis	10,164	9,595	▲ 6%

Operating income

Operating income

Cash basis

$27,237m

FY22 $24,689

Net interest margin

2.07%

FY22 1.90%

Net interest income increased 18%, driven by volume growth in home and business lending and an increase in net interest margin.

Net interest margin (NIM) is an important measure of our financial performance. It represents the return on our interest earning assets (e.g. home loans) after accounting for the costs of funding these assets (e.g. deposits).

NIM increased 17 basis points due to the rising interest rate environment, partly offset by the intensifying competition for home loans.

Other operating income excluding the impact of the gain on sale of the Bank of Hangzhou in the prior year decreased 11%. The key drivers were:

- Impact from divestments, including CommInsure General Insurance and Bank of Hangzhou;
- Lower income from minority investments; and
- Lower equities income due to reduced trading volumes.

Partly offset by:

- Increased foreign exchange and deposit fee income due to higher transaction volumes;
- Improved markets trading income; and
- Higher income from the carbon and commodities portfolio.

	FY23	FY22	% change
Net interest income	23,056	19,473	▲ 18%
Underlying other operating income	4,181	4,700	▼ 11%
Underlying operating income – cash basis	27,237	24,173	▲ 13%
Gain on sale of Bank of Hangzhou	–	516	▼ lge
Total operating income – cash basis	27,237	24,689	▲ 10%

Operating expenses

Operating expenses

Cash basis

$11,858m

FY22 $11,428m

Full-time equivalent staff

49,454

FY22 48,906

Cost-to-income ratio

Cash basis

43.5%

FY22 46.3%

Operating expenses increased 4% to $11,858 million in FY23.

Staff expenses increased 9% driven by wage inflation and higher average full-time equivalent staff. The staff increases were due to additional resources to support the delivery of our strategic priorities while we continued to reduce reliance on external vendors as we enhance our internal engineering capabilities.

Occupancy and equipment expenses decreased 3% primarily reflecting benefits from optimising our digital, branch and ATM network, and exiting commercial office space as we continue to consolidate our property footprint.

Information technology expenses increased 3% primarily due to inflation, increased software licensing and infrastructure costs, including increased cloud computing volumes.

Other expenses decreased 2% primarily driven by productivity initiatives, partly offset by increased travel and marketing costs.

+ For more details on operating expenses refer to Note 2.4 on pages 138–139 in the *Financial report*.

	FY23	FY22	% change
Staff costs	7,177	6,582	▲ 9%
Occupancy and equipment	950	978	▼ 3%
Information technology	2,036	1,970	▲ 3%
Other expenses	1,483	1,509	▼ 2%
Underlying operating expenses – cash basis	11,646	11,039	▲ 5%
Restructuring, accelerated software amortisation and one-off[1]	212	389	▼ 46%
Total operating expenses – cash basis	11,858	11,428	▲ 4%

1 FY23 includes restructuring costs and a one-off regulatory level of $212 million. FY22 includes $389 million accelerated software amortisation.

Tax expense

Tax expense

Cash basis

$4,107m

FY22 $4,023m

Income tax expense for the year increased 2% mainly due to higher profits. The effective tax rate for the year was 28.8%. This is below the Australian company tax rate of 30% primarily as a result of profits earned by the offshore jurisdictions that have lower corporate tax rates.

+ For more details on tax expense refer to Note 2.5 on pages 140–142 in the *Financial report*.

Provisions and credit quality

Loan impairment

Loan impairment

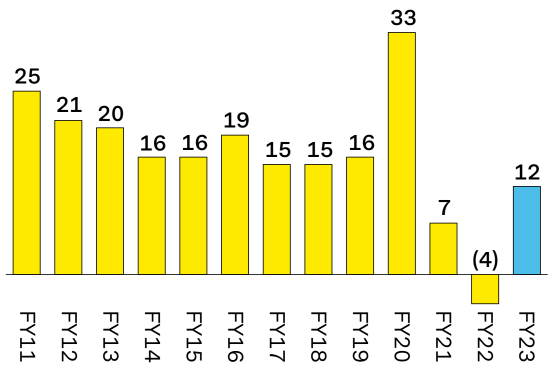
$1,108m

FY22 $357m (benefit)

Loan impairment reflects changes in our estimates of expected loan losses, as well as bad debts incurred during the year net of any recoveries. The loan loss rate measures loan impairment as a percentage of average gross loans and acceptances.

Loan impairment expense increased $1,465 million reflecting ongoing inflationary pressures, rising interest rates and a decline in house prices.

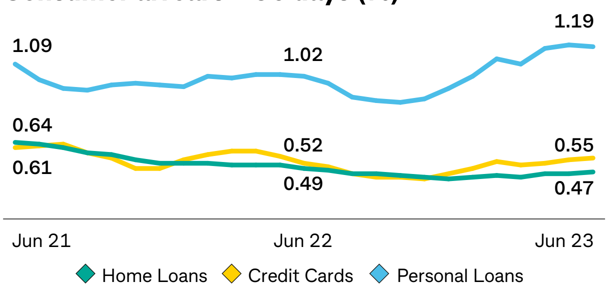
Loan loss rate (bpts) as a percentage of lending



Portfolio credit quality

Consumer arrears show the proportion of our consumer credit portfolio where customers have fallen behind on their contractual loan repayments. Home loan arrears remained low, reflecting low levels of unemployment and consumer savings buffers. Credit card and personal loan arrears began to deteriorate reflecting increased cost of living pressures.

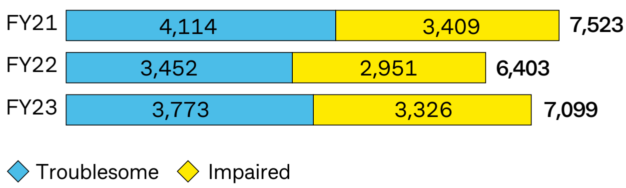
Consumer arrears > 90 days (%)



Troublesome and impaired assets include loans where customers are experiencing financial difficulties that could result in credit losses for the Group, loans to customers not meeting their repayment obligations such as loans in default and loans restructured on non-commercial terms.

The increase in troublesome and impaired assets to $7,099 million from $6,403 million in FY22, was primarily driven by increases in the construction, retail trade and commercial property sectors.

Troublesome and impaired assets ($m)



Loan impairment provisions

Our total impairment provisions increased to $5,950 million from $5,347 million in FY22 reflecting ongoing inflationary pressures, rising interest rates and a decline in house prices.

The Group maintains a cautious approach to managing potential risks as financial conditions continue to tighten. Provisioning coverage remains strong with the provision coverage ratio at 1.64%.

Total impairment provisions ($m)

1 Ratio of total provisions to credit risk weighted assets.

Balance Sheet strength

Balance Sheet strength is critical to our ability to serve our customers, drive core business outcomes and deliver sustainable returns for our shareholders. Our liquidity, funding and capital metrics remained strong. The strength of our balance sheet means the Bank is well positioned to continue supporting our customers while delivering sustainable returns to our shareholders.

Capital

Common Equity Tier 1 capital ratio

12.2% [1]

APRA (Level 2)

FY22 11.5%

The Group has a strong capital position with a Common Equity Tier 1 (CET1) capital ratio of 12.2% as at 30 June 2023, well in excess of regulatory minimum capital requirement of 10.25%. This represents a $9 billion of capital surplus to the minimum regulatory requirement.

The Bank's CET1 ratio was supported by strong organic capital generation from earnings, the removal of the remaining $500 million of APRA operational risk capital add-on, and the divestment of our CommInsure General Insurance business.

As at 30 June 2023, the Group has successfully completed its previously announced $3 billion on-market share buy-back.

The strong capital position and our progress on executing our strategy means that we are well placed to continue to support our customers, manage ongoing uncertainties and continue returning excess capital to shareholders.

On 9 August 2023, the Group announced its intention to undertake a further $1 billion on-market share buy-back. [2]

The Bank is an Authorised Deposit-taking Institution (ADI) regulated by APRA. To ensure banks hold sufficient capital to protect deposit holders against unexpected losses, APRA sets minimum capital requirements for ADIs based on the Basel Committee on Banking Supervision guidelines. These requirements influence the Bank's ability to pay dividends.

For more details on divestments refer to Note 11.3 on pages 259–260 in the *Financial report*.

Funding and liquidity

Deposit funding ratio

75%

FY22 74%

Liquidity coverage ratio

131%

FY22 130%

Net stable funding ratio

124%

FY22 130%

The **deposit funding ratio** represents the proportion of total funding made up of customer deposits. Customer deposits are considered the most stable source of funding. The strength of our banking business has allowed us to maintain the highest share of stable household deposits in Australia. Ensuring we are well funded has been critical to our ability to continue supporting our customers and the Australian economy.

The Group continued to satisfy a significant portion of its funding requirements from customer deposits, accounting for 75% of total funding, with customers continuing to increase retail, business and institutional deposits.

The **liquidity coverage ratio (LCR)** represents the level of high quality liquid assets available to meet short-term obligations in a liquidity stress scenario. The Group's average LCR for the quarter ended 30 June 2023 was 131% which was significantly above the minimum regulatory requirement of 100%.

The **net stable funding ratio (NSFR)** shows to what extent our long-term assets are covered by stable sources of funding. The Group's NSFR as at 30 June 2023 was 124%, remaining well above the regulatory minimum of 100%.

1 The adoption of APRA revised capital framework on 1 January 2023 led to an increase in CET1 ratio from 11.4% on 31 December 2022 to 12.1% on 1 January 2023.

2 The timing and actual number of shares purchased under the buy-back will depend on market conditions, available trading windows and other considerations. CBA reserves the right to vary, suspend or terminate the buy-back at any time.

Business unit performance

Retail Banking Services

Cash NPAT

$5,158m

FY22 $4,913m

Contribution to Group profit

51%

Net interest margin

2.64%

FY22 2.40%

Brands

Commonwealth Bank

bankwest

unloan BUILT BY

Retail Banking Services (RBS)[1] provides simple, convenient 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. RBS also includes the retail banking activities conducted under the Bankwest and Unloan brands.

Financial performance

Cash net profit after tax was $5,158 million, an increase of $245 million or 5% on FY22. The result was driven by improved deposit margins and volume growth in lending and deposits, partly offset by lower home lending margins reflecting increased competition, and higher loan impairment charges reflecting increased cost of living pressures, rising interest rates and a decline in housing prices. Costs increased, driven by inflation, higher IT spend and amortisation, additional resources to support increased call centre volumes and strategic initiatives, and increased scams and fraud related losses, partly offset by productivity initiatives including workforce and branch optimisation. Investment spend focused on strategic growth and productivity initiatives including product and service innovation, digital enhancements, partnership integration, and home buying process optimisation.

Operating performance

RBS' strategy to broaden and deepen relationships with our customers has allowed for strong customer advocacy scores – being #1 in NPS among major banks for a majority of the year, increased Main Financial Institution (MFI) share, and leading market share in both home lending and household deposits.

RBS' continued focus on operational excellence and the launch of our new digital-only proprietary offering, Unloan, resulted in $149 billion of new home loans funded. Over 30,000 of these home loans were to first home buyers, including those using the Government's First Home Loan Deposit Scheme.

RBS also saw strong growth in household deposits with more than 1.5 million new transaction accounts opened by customers. This included significant new migrant transaction account openings, which were ~50% higher than pre-COVID levels.

A key focus area remains supporting our customers, including customers impacted by scams and fraud, and customers experiencing mortgage stress given the increasing interest rate environment. We provide tips on staying safe on our website and have introduced safety and security features, including NameCheck and CallerCheck, to help prevent scams and fraud. Financial assistance and temporary hardship relief is available to customers struggling to make card and loan repayments.

1 On 30 September 2022, CBA completed the sale of its Australian General Insurance business to Hollard Group (Hollard).

Business Banking

Cash NPAT

$3,973m

FY22 $3,010m

Contribution to Group profit

39%

Net interest margin

3.60%

FY22 2.97%

Brands

Commonwealth Bank

CommSec

bankwest

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

Financial performance

Cash net profit after tax was $3,973 million, an increase of $963 million or 32% on FY22. The result was driven by improved deposit margins from the rising interest rate environment and continued lending volume growth, partly offset by lower lending margins. Costs were flat reflecting lower remediation costs, productivity initiatives and higher leave usage partly offset by inflation and higher IT spend. Loan impairment expense increased driven by higher individual and collective provisions reflecting the impact of ongoing inflationary pressures and rising interest rates.

Operating performance

Our continued focus on reimagining our products and services, enhancing customer experiences, and simplifying how we do things has resulted in our higher customer advocacy scores. We are now leading among major banks, in business banking customer advocacy scores. More than one in four Australian businesses now call us their main bank, according to our MFI share.

BB delivered strong performance across core business banking products with loan growth of $14 billion.

In response to our customers needs, we continue to develop tailored industry solutions for ecommerce, digital Medicare and insurance claiming, cash flow management and sustainability. PowerBoard, our new ecommerce solution, provides businesses with flexibility in taking payments online and CommBank Health is a digital claiming solution. These complement our revamped Smart terminal fleet, which cover a wide range of use cases and integrations to satisfy a broad range of business needs. Our new short notice deposit account, the Capital Growth Account, helps customers maximise their cash flows.

Institutional Banking and Markets

Cash NPAT

$1,031m

FY22 $1,058m

Contribution to Group profit

10%

Net interest margin[1]

1.39%

FY22 1.49%

Brands

Commonwealth Bank

Institutional Banking and Markets (IB&M) provides domestic and global financing and banking services to large corporate, institutional and government clients, through dedicated product and industry specialists. This includes access to debt capital markets, transaction banking, sustainable finance, capital structuring solutions, tailored research and analytics.

Financial performance

Cash net profit after tax was $1,031 million, a decrease of $27 million or 3% on FY22. Higher income from improved margins on deposits due to the rising interest rate environment, increased Markets trading income and gains on asset sales in Structured Asset Finance were partly offset by a decrease in lending margins and unfavourable derivative valuation adjustments. Operating expenses increased due to inflation, investment in capabilities, higher IT spend, unfavourable foreign exchange and increased volume driven operational costs.

Operating performance

Lending volumes have increased driven by higher commitments and increased utilisation of facilities, particularly in strategic sectors, while maintaining an efficient risk weighted asset profile. Margins remain under pressure given the challenging cost of funding environment.

Deposit balances continue to grow due to customer preference for term investment products, and beneficial margins due to the rising rate environment.

Despite ongoing market volatility, Global Markets has delivered a solid performance particularly in trading, and remains well positioned to support clients in a continuing challenging macro environment.

Aligned to the bank's commitment to support Australia's climate change goals and help reduce our clients' emissions, CBA assisted on 64 sustainable finance transactions across loans, bonds and trade finance, totalling $15 billion, and continues to invest in carbon capabilities in line with IB&M's strategy.

IB&M ended the year with a net promoter score of 52.3 in the greater than $300 million customer category.

1 Net interest margin in Institutional Banking and Markets excludes Markets.

New Zealand

Cash NPAT

$1,356m

FY22 $1,265m

Contribution to Group profit

13%

Net interest margin[1]

2.44%

FY22 2.22%

Brands

ASB

New Zealand includes ASB Bank which provides a range of banking and investment products and services to its personal, business and rural customers in New Zealand.

Financial performance

Cash net profit after tax was $1,356 million, an increase of $91 million or 7% on FY22. Total operating income increased driven by an increase in net interest margins, while operating expenses increased reflecting continued investment in our people, technology, and regulatory compliance. Loan impairment expense increased due to the impact of inflationary and interest rate pressures, and a decline in house prices.

Operating performance

ASB continued to deliver balanced growth in core lending markets. Home lending grew by 3% for the year reflecting customer preference for fixed rate loans. Business lending grew 5% reflecting above system growth in its medium and large business lending, and rural lending grew 6%. Total customer deposits grew 3%, with customer preference for higher interest deposit products in the rising rate environment.

ASB lending margins declined primarily reflecting the impact on home lending of higher swap rates and heightened pricing competition, while customer deposit margins increased in the rising interest rate environment. Fee income declined as ASB continued to reduce or remove fees across a range of accounts and services.

ASB further supported financial wellbeing with 'tools' such as Support Finder, to help New Zealanders access government support, and Card Tracker a digital service that gives customers visibility of what subscriptions are being charged to their Visa debit or credit cards.

1 Net interest margin is ASB Bank only and is calculated in New Zealand dollars.

Managing our risks

CBA's embedded risk framework, together with a stronger culture, empowers our people to confidently manage risks and opportunities.

The Bank's operating environment is complex and dynamic. This introduces new risks and opportunities, and affects our current risk priorities. The Group Risk Management Framework enables the Board, Executive Leadership Team (ELT) and our people to make informed risk decisions to support the delivery of our strategy.

Key considerations for risk management this year:

Macroeconomic pressures and rising cost of living

The Bank's financial performance is closely linked to local and global economic performance. Economic growth in Australia and New Zealand is slowing as the impact of higher interest rates takes effect and consumer spending softens. Many customers are under financial strain due to higher loan repayments, rising costs of electricity, and other household expenses. In addition, the majority of fixed-rate home loans will transition to variable rates by the end of 2024, which will further impact some households and their ability to meet their financial commitments. The Bank seeks to carefully manage credit risk, while also providing support to households and businesses who are financially impacted by economic conditions.

Global banking instability

The recent bank failures in the United States and Europe highlighted the importance of maintaining bank stability for customer confidence. A global banking crisis could potentially reduce the availability of credit to banks globally and increase the cost of funding. Australian banks have benefited from conservative regulatory settings and vigilant oversight by APRA. Our banking system capital requirements are well above international requirements, with strong liquidity rules. Our balance sheet resilience and prudent capital and liquidity management, informed by stress testing, enable us to continue to support our customers and the Australian economy.

Escalating scams, fraud and cybercrime

Australians lost a record $3.1 billion to scams in 2022, as reported by the ACCC. Scams are becoming more sophisticated, resulting in millions of people experiencing a range of financial and non-financial harms. Current geopolitical tensions also elevate cyber security concerns. Cyber attacks on Australian companies are increasing in frequency and scale as cyber criminals use more advanced techniques. The Bank provides educational tools and resources to help customers stay safe, and continues to invest in the latest technological capabilities. We are focused on initiatives to detect, prevent and recover losses from scams and fraud on our customers.

Environmental expectations

Regulatory and societal pressures continue for organisations to develop robust strategies and to accelerate progress associated with the transition to net zero. We have a role to play in lending to support the transition, and helping our customers to transition and build resilience through our products and services. Our approach to climate change is detailed in our 2023 Climate Report.

Competition intensity

Competition continues to intensify from both existing and new competitors, including non-traditional competitors. Digital disruption in payments and banking service offerings, as well as increasing customer expectations for integrated and personalised digital experiences, requires us to continue innovating to deliver superior customer experiences.

Capability and culture

The progression of new technologies such as AI, changing customer expectations and rapidly evolving risks such as cybercrime, requires leaders, employees and partners to have new and different skill sets, particularly in engineering, technology, environmental, data and analytics. In recent years, we have transformed our culture to take measured risks we understand and can manage, ask 'Should We?' when making decisions, and encourage challenge of the status quo to ensure that we prioritise positive outcomes for our customers.

Our risk management process

Our Risk Management Framework (RMF) outlines the Bank's key risk processes. The Board approved Risk Appetite Statement (RAS) sets the risk limits the Bank operates within to deliver our strategy. The RMF includes a number of risk types (Strategic, Financial and Non-financial), each with their own specific frameworks to identify, assess, govern and manage their unique risks. Our material risks are those the Bank is placing extra focus on mitigating, due to their potential to materially impact the Bank, our customers, shareholders and the community, now or in the future.

+ For more detailed information on the Group RMF and risk types, refer to Note 9 in the *Financial report* on pages 204–245.

Group strategy and business plans

Risk Appetite Statement

The Board approved RAS is set at a level that the Board expects management to operate within, to achieve desired business outcomes:

- Preserving capital adequacy
- Maintaining liquidity
- Achieving targeted performance
- Protecting our franchise value

Identify and assess risks

The Bank uses multiple techniques to identify and measure the risks it is exposed to such as:

- Stress and scenario analysis
- Risk and Control Self-Assessments
- Emerging risk assessment
- Systems and models to quantify risks and identify risk exceptions

Risk management process

Manage and control risks

We implement measures to manage and control risks within appetite, such as:

- Detective and preventative controls
- Limits, delegated authorities and review and approval processes
- Policies and procedures
- Issue and incident management

Govern and monitor

The Board and its committees:

- Oversee the Group's system of internal controls and compliance
- Review regular reports on the measurement of risk, and the adequacy and effectiveness of the Group's risk management and internal control systems

Material risks

- Financial risk
- Cyber security
- Scams and fraud
- Environmental and social
- Capability and culture
- Privacy and data management
- Artificial intelligence
- Financial crime compliance
- Investment allocation and delivery
- Business disruption
- Regulatory compliance

+ For more detailed information on material risks see pages 62–65.

Risk types

Strategic

The risk of value destruction or less than planned value creation, due to changes in the internal or external operating environment.

Financial

Risks typically arising from financial transactions – credit, market and liquidity risks.

Non-financial

Risks arising from inadequate or failed internal processes, people or systems, including failure to act in accordance with laws and regulations.

Emerging Risks, that are driven by changes in the external operating environment with potential to materially impact our risk profile in the medium to longer term (>12 months).

Material risks

The Board and management are placing extra focus on mitigating a number of our material strategic, financial and non-financial risk types, due to their potential to have a material impact to the Bank, our customers, shareholders and the community, now or in the future.

Risk description		Key actions
Financial risk Risk type: F Material themes:	Macroeconomic pressures and the rising cost of living negatively impact financial risk. The expected slowdown in economic growth could lead to market volatility, increased unemployment and an increase in the number of borrowers' unable to meet their financial commitments with the Bank.	• We ensure that the Bank's balance sheet settings remain conservative, with a high proportion of funding from deposits and excess liquidity. We perform stress tests to ensure we are well prepared for a range of economic scenarios. • Credit settings and pricing are routinely assessed in light of changing risks. Our loan loss provisions are carefully managed to ensure that these provisions are appropriate. + **Learn more on how we are supporting customers on pages 30–33.** + **Learn more about our financial risk management on pages 204–245 of Note 9 in the *Financial report*.**
Cyber security Risk type: N Material themes:	Cyber attacks are expected to escalate due to more well-organised and resourced cyber criminals. A cyber attack on the Bank could significantly disrupt customer banking services, compromise customer data privacy, and destabilise financial systems.	• We invest in the latest technology and capabilities to defend our systems against cyber attacks. • We are strengthening system-level resilience through collaboration with industry bodies and the Government's newly established Office of the National Cyber Director. • By running regular simulations, we can improve the Bank's response and recovery capability during crisis events. + **Learn more about our approach to cyber security on pages 17 and 38.**
Scams and fraud Risk type: N Material themes:	The acceleration of new technologies in recent years has allowed for more innovation and digitisation, but has also been leveraged by criminals to perpetrate increasingly sophisticated scams and fraud against customers.	• Initiatives across the Bank are focused on enhancing our ability to detect, prevent and recover losses from scams and fraud on CBA customers. Examples of key initiatives and features include CallerCheck, NameCheck, and our partnership with Telstra to help protect customers from phone scams. • Our CommBank Safe webpage provides education and awareness tools to help customers protect themselves from scams and fraud. • We have prevented and/or recovered over $200 million for our customers this financial year through our scams and fraud program. + **Learn more about how we are helping customers protect themselves on page 33.**

Risk type:

- F Financial
- N Non-financial
- S Strategic

Material themes:

- Customer support and experience
- Engaged and supported workforce
- Governance, culture and accountability
- Cyber security and data privacy
- Digitisation, innovation and emerging technology
- Climate transition

+ **For more detailed information on material themes please see pages 20–21.**
+ **For more detailed information on all of the Bank's material risks, refer to Note 9 in the *Financial report* on pages 204–245.**

Risk description | **Key actions**

Environmental and social

Risk type: S

Material themes:

More frequent and severe weather events and longer-term shifts in climate patterns could result in the Bank's assets, including those held as collateral, being impaired. Assets in certain industries could also lose value from not aligning with the transition to new technologies, regulations or consumer trends. Our reputation could also be impacted by inadequate environmental and social commitments, including financing or engaging with organisations with poor climate, nature, or social practices (such as those who engage in modern slavery).

Key actions:

- The Board and ELT oversee the strategic approach to addressing environmental & social (E&S) risks and opportunities. We continue to enhance tools and approaches to manage E&S risk exposures across our lending and supplier processes.
- Our internal climate scenario analysis team continues to develop methodologies to assess climate-related risk exposures across key portfolios, and the identification and assessment of E&S risks is performed through formal Risk and Control Self-Assessments across the Bank.

+ **Learn more about our sustainability initiatives on pages 22–35, and our climate risk management on pages 36–51 of the 2023 Climate Report.**

Capability and culture

Risk type: S

Material themes:

We require people with the right skills and values to deliver exceptional customer experiences and effectively execute on our strategy. Competition for these skills remains high as they are sought after in various industries, locally and globally.

Key actions:

- A strategic workforce planning process informs our required capability needs and with our targeted development programs, we aim to build a workforce for the future. We also continue to leverage strategic partnerships, such as our partnership with H2O.ai, to boost our capabilities.
- As part of our diversity, equity and inclusion strategy, we set goals to advance gender and cultural representation across leadership roles, and to achieve 3% First Nations representation in our domestic workforce, to reflect parity with the Australian population.
- Initiatives are in place to further embed our culture of using good judgement and ensuring the voice of the customer remains strong.

+ **Learn more about capability and culture on pages 25–29.**

Privacy and data management

Risk type: N

Material themes:

We are conscious of the trust our customers place in us to collect, process, use, retain and dispose of their personal data in a manner consistent with our obligations. Quality data is critical in enabling us to support our customers' needs and make business decisions.

We anticipate that reforms following recent corporate cyber attacks will increase the expectations on our privacy and data management.

Key actions:

- Through the Bank's privacy risk management framework we continue to improve privacy processes and capability across the Bank to ensure compliance in all jurisdictions where we operate.
- Through our data management program, we are simplifying, enhancing and embedding data management processes and tools across the Bank.
- We have policies and standards to manage customer records and the safeguarding of customers' personal information.

+ **Learn more about our approach to data privacy on page 38.**

Material risks continued

Risk description | **Key actions**

Artificial intelligence

Risk type: N

Material themes:

CBA is taking a leadership role in the use of responsible AI to efficiently solve problems, better anticipate customer expectations, and deliver more timely and personalised customer experiences. Recent advances in AI could enable significant enhancements to customer experience and process simplification, but we are mindful of the need to appropriately manage potential risks.

- We continue to mature our suite of risk policies, procedures, tools and reporting to ensure the development and use of AI is appropriately governed.
- When AI is used in our operations, all existing risk management practices for technology-enabled business processes continue to apply.
- CBA has been appointed to the National AI Centre's Responsible AI think tank, which brings together experts, regulatory bodies, training organisations, and practitioners to focus on responsible AI solutions for Australia.

+ **Learn more about our approach to AI on page 15.**

Financial crime compliance

Risk type: N

Material themes:

Banks have a critical role in protecting our customers, the community, and the integrity of the financial system from financial crimes. The Bank is required to comply with legislation targeting financial crime activities globally, including: Sanctions, Anti-Money Laundering and Counter Terrorism Financing (AML/CTF), Anti-Bribery & Corruption (AB&C), and Anti-Tax Evasion Facilitation.

- The Bank continues to address the AML/CTF failings that resulted in AUSTRAC commencing enforcement action in 2017. The Bank has invested, and continues to invest in risk assessment tools, data and processes to better understand and detect financial crime risks.
- We work closely with AUSTRAC and international regulators, law enforcement bodies and the Fintel Alliance to detect and deter financial crimes.
- We have initiatives to build capability on the front lines to help in identifying criminal activity.

Risk type:

- F Financial
- N Non-financial
- S Strategic

Material themes:

- Customer support and experience
- Engaged and supported workforce
- Governance, culture and accountability
- Cyber security and data privacy
- Digitisation, innovation and emerging technology
- Climate transition

+ **For more detailed information on material themes please see pages 20–21.**
+ **For more detailed information on all of the Bank's material risks, refer to Note 9 in the *Financial report* on pages 204–245.**

Risk description		Key actions
Investment allocation and delivery Risk type: S Material themes:	The Bank continues to invest to reimagine our products and services, and deliver global best digital experiences for our customers. Ineffective change and delivery practices can result in inefficient allocation of capital and resources; missed opportunities; not achieving expected synergies from partnerships or acquisitions; or not meeting customer expectations which are increasingly defined by their experience with other industries and companies.	• The Group Portfolio Management Office supports the Board and ELT with the governance of our investment portfolio to enable strategic alignment, prioritisation of investment decisions and capacity planning of initiatives. • The Group Delivery Framework defines how change should be delivered and is supported by tools to facilitate aggregated project and program reporting. • We are improving the way we work across the Bank by introducing a new approach to planning and prioritisation, to deliver outcomes sooner and with better managed risk. • Prior to acquisition, targets are reviewed for strategic alignment and due diligence is performed before execution. x15ventures provides a vehicle to build, buy and invest in emerging digital businesses for the benefit of the Group and its customers.
Business disruption Risk type: N Material themes:	The Bank operates across a range of locations, supported by a complex technology infrastructure. Disruptions to our operations can occur from both technological failures and non-technological causes such as supply chain disruptions, vendor failures, skills shortages, weather events, and cyber attacks. These disruptions can materially impact customers, damage our reputation, and result in financial losses and regulatory penalties.	• We monitor the health of systems and perform security risk reviews, threat monitoring, and business continuity planning for disruptions to critical systems and business processes. • Supplier governance mechanisms enable management to identify and manage the risk of third party disruptions. • The Bank's crisis management framework and crisis response teams provide the structure to ensure a coordinated response to disruption incidents. • We are assessing and revising processes to ensure compliance with the new APRA Prudential Standard CPS 230 Operational Risk Management (effective 1 July 2025) which will include updated requirements for Operational Risk, Business Continuity and Service Provider Management.
Regulatory compliance Risk type: N Material themes:	The Bank is required to comply with the increasing volume, complexity and global reach of laws, regulations, rules, licence conditions, industry standards and/or codes, and statements of regulatory policy. Failure to comply can result in severe penalties and adversely impact the Bank's results and reputation.	• Our regulatory engagement standard drives engagement with regulators in an open, honest and transparent manner. • The regulatory change team works closely with the business to assess regulatory change impacts and embed requirements into systems and processes. • Mandatory online compliance training takes place for all employees to ensure awareness of key regulatory obligations. • Regulatory requirements are linked to compliance arrangements and key controls to facilitate assurance testing.

Our approach to corporate governance

Introduction from the Chair

It was a privilege to have become Chair of CBA last August. My focus over the past year has been to build on the Bank's strong foundations, helping steer the organisation through its next strategic phase.

As a key contributor to the Australian economy, CBA plays a meaningful role in the lives of its customers and in the country's national interest. We are relied upon to support economic growth and to provide support to our customers and communities – particularly in the current environment.

Board and strategic priorities

Globally we are facing a period of economic uncertainty, with many Australians feeling the strain of cost of living pressures and rising interest rates. The role of the Board is to oversee management and test the appropriateness of the Bank's strategic priorities over the long term. It is critical that the Board listens to a broad range of stakeholders to inform our decisions. This year the Board spent considerable time on customer experience, cyber and information security, technology investment, climate change, and balance sheet resilience.

With customer interests at the centre of CBA's purpose and strategy, the Board continued to actively monitor how the Bank is handling complaints as well as its progress in improving customers' experiences. Focus areas included ensuring fairness and transparency in the support we provide, delivering seamless end-to-end experiences, and continuing to offer relevant and secure services that meet customer needs.

As cyber threats continue to escalate, the Board considered CBA's cyber risk management approach and focused on building strong cyber resilience across the organisation. This included having two external reviews on the Bank's cyber security and participating in the 2022 Technology Resilience Prudential Review, where there were no adverse findings specific to cyber security for CBA. We recognise the critical importance of management accountabilities for responsible data management and information security. We will continue to consult with our regulators to keep abreast of expectations and upcoming standards. We also continue to oversee processes implemented to reduce customer susceptibility to scams and fraud.

We have been focused on providing more personalised digital experiences for our customers for over a decade. AI has been a key enabler in executing our strategy. The Board is committed to ensuring it is used safely under existing and new governance. This year, the Board reviewed CBA's new AI Policy with a focus on how to safely scale the use of AI.

There continues to be considerable interest from stakeholders on our climate-related progress and how we are managing the risks and opportunities as well as balancing competing factors. Our actions need to align with our purpose – building a brighter future for all – and support an inclusive transition.

For further information on the Bank's climate strategy, see pages 22–23.

The Board sets both the strategic objectives and risk appetite of the Bank. As part of our annual Risk Management Declaration to APRA, the Board performs a rigorous assessment of the maturity of each key risk type of the Bank and ensures the Risk Management Framework is appropriate for our external context, business plan and strategic priorities. We take this declaration seriously as it provides the Board with time to reflect on CBA's framework assurances and make any required enquiries so that we are confident the Framework is effective and appropriate for the Group.

More information on CBA's approach to managing risk is on pages 60–65.

Importantly, in order to execute our strategy and deliver for both our customers and shareholders, we need to maintain disciplined capital allocation and balance sheet resilience. Managing the organisation conservatively ensures the Bank is prepared for a wide range of economic scenarios and market conditions. Our cautious approach to balance sheet settings allows an orderly execution of our funding plans in uncertain environments, while maintaining flexibility. Delivering stable earnings contributes to the strength of Australia's banking system, helping to provide confidence and stability for businesses and consumers.

For more information on our approach to stakeholder engagement and key areas of Board consideration, see pages 69–71.

Governance and culture

The Board plays a critical role in setting the cultural tone of the Bank and is supportive of management's focus on encouraging the right mindsets and behaviours. We are particularly focused on ensuring progress made under CBA's Remedial Action Plan is sustained, while remaining adaptive to the Bank's changing internal and external context.

CBA has a highly regarded management team that has delivered consistently strong operational performance, and significant cultural change. We also have a highly engaged and diverse workforce who we need to support and develop. We continue to monitor initiatives to further embed inclusion, equity and diversity across the organisation. The Board is focused on ensuring we continue to attract and retain our talent – both at the executive level and broader workforce – ensuring the depth of skills reflect what is needed to execute our strategy.

Equally, we are focused on ensuring our people remain accountable for their actions and outcomes – effectively rewarding positive outcomes and enforcing consequences for poor outcomes. As part of the Bank's performance and risk review, each February and June, the People & Remuneration Committee members meet concurrently with the Risk & Compliance, Audit, and Nominations Committee members. These meetings provide an opportunity for the Committee members to assess executive performance against strategic priorities, risk management and living our values – and supports the determination of collective and individual remuneration consequences.

For further information on the Bank's executive remuneration, see pages 88–116.

Board effectiveness

I am committed to ensuring the Board continues to operate effectively. It is important for directors to spend the right amount of time on the right issues. When setting the forward planners, we keep all strategically significant matters which could impact the Group's strategy – such as digital transformation, environmental and social issues, and global competition – at the Board level. Committees continue to support the Board by undertaking work to facilitate sound decision making, which creates time for the Board to focus on long-term issues and constructively challenge management where appropriate.

I am also focused on ensuring that all Directors have significant experience across multiple areas of the Board Skills Matrix, and contribute to all elements of strategic and risk oversight. As we look forward, we will continue to ensure the Board has the best mix of skills and experiences to provide the long-term focus required on banking, technology and customer experience.

Detailed information about Board composition and renewal is on page 72.

Closing

I would like to thank all who have contributed to the Bank's success – including my fellow Directors for their commitment to ensuring the Bank is well positioned for the future, our people who work hard each day to deliver for our customers, our customers and communities for trusting us to serve their financial needs, and our shareholders for their ongoing support.

Paul O'Malley
Chair

Our Board in action

Board planning and agenda setting

The primary purpose of the Board is to ensure sound and prudent management of the Bank, providing leadership and strategic guidance, and overseeing the effective delivery of our purpose. Board meetings are core to fulfilling these duties. In the 2023 financial year, the Board held 10 meetings. These included six multi-day Board and Committee meetings with structured, standing agendas, and four shorter supplementary Board meetings by video conference. Two strategy sessions were also held.

To ensure the Board's time is used efficiently and discussions reflect the Bank's priorities, Board agendas are reviewed by respective Board and Committee Chairs, in consultation with the Group Company Secretary and CEO. Importantly, the Board also retains flexibility for ad hoc matters to be raised and discussed where appropriate. This year, the Board spent time reviewing assumptions that underpin the Bank's strategy to ensure they remain appropriate. They sought to increase informal engagement with management with a particular focus on constructive challenge, as well as continued engagement with stakeholders.

+ **Learn more about the key areas of Board consideration on pages 70–71.**

Board education and training

The Nominations Committee oversees the induction program for new Directors which is tailored to their skills and experience. Given the Bank's complex and dynamic operating environment, they also ensure there are appropriate continuing education opportunities for Directors to develop and maintain the skills and knowledge required to perform their role. Board education sessions for the 2023 financial year included cyber-related risks, Respect at Work, director's duties and responsible AI.

Board activities

The Board has extensive discussions which cover a range of topics. When planning Board meetings, regulatory and legal obligations are balanced to allow sufficient time to discuss strategy and other matters. Significant agenda items at the six multi-day Board meetings in the 2023 financial year are included in the table below. Agenda items and sub-topics consist of a number of consolidated issues which the Board considers.

		Board meetings					
Main agenda item	**Sub-topic**	**Aug 22**	**Oct 22**	**Dec 22**	**Feb 23**	**Apr 23**	**Jun 23**
Strategy	Strategic matters	●	●	●	●	●	●
	Mergers & acquisitions	●	●	●	●	●	●
	Business plan	●					●
Customer & communities	Complaints		●		●		●
	Environmental & social	●		●	●	●	●
	Trust, reputation & brand	●			●		
	Customer remediation						●
Organisation & people	Health, safety and wellbeing	●	●	●	●	●	●
	Capability & culture			●		●	●
External	Macroeconomic	●	●	●	●	●	●
	Investor Relations		●	●		●	●
Business performance	Management reports	●	●	●	●	●	●
Financial risks & reporting	Dividend recommendation and capital	●			●		
	Funding & liquidity	●	●	●	●	●	●
	Capital adequacy		●	●		●	●
Non-financial risks	Non-Financial Risks Committee report	●	●	●	●	●	●
	Insurance program				●		
Legal & regulatory	Regulatory and legal	●	●	●	●	●	●
	Meetings with regulators	●	●			●	●
Governance & policy	Board evaluation and Charter	●			●		●
	Policies	●	●		●		
	Corporate Governance	●	●	●	●	●	●

The table broadly reflects the topics considered by the Board during financial year 2023 but is not exhaustive.

Committee matters						
Committee updates, reports and recommendations	●	●	●	●	●	●
Concurrent meeting – remuneration outcomes and values review				●		●

Approach to stakeholder engagement

Stakeholder engagement is a critical aspect of Board decision-making. Meeting with internal and external stakeholders builds better understanding of diverse views and needs, and helps identify areas of opportunity and risk for the Bank.

Stakeholders		Board activities
Customers	The Board has an ongoing commitment to ensuring the customer experience is central in decision-making, and that customer needs are being met through the Bank's strategy.	• The Board completed various customer visits to help deepen relationships and gain insights into key trends and issues faced across different regions and industries.
Our people	The Board actively monitors the Bank's culture, seeking to ensure the lived experience of our people aligns with CBA's purpose and values, and that they are supported and skilled for the future.	• The Board approved updates to the Code of Conduct and reviewed CBA's people strategy and progress in building capability, long-term careers and reskilling opportunities. • Board members attended an event with customer-facing team members thanking them for their work.
Investors	The Board places high importance on overseeing the Bank's operations and understanding what impacts investor sentiment, to ensure we remain well-positioned to perform for shareholders over the long term.	• The Board heard relevant views on investor sentiment from an external investor perspective. • To better understand key themes ahead of CBA's 2022 AGM, the Chair met with over 40 investors through one-on-one and group meetings, and also met with Proxy and ESG advisors.
Community	The Board recognises that in order to deliver long-term sustainable outcomes for our stakeholders, we must understand the expectations of, and impact on, the communities in which we operate.	• The Board considered and discussed various external perspectives on CBA's brand, reputation and level of trust in the community. • Board members heard a variety of perspectives from our Indigenous Advisory Council and other advisors on how best to encourage discussion on reconciliation.
Government and regulators	The Board is focused on ensuring meaningful engagement with both governments and regulators, to continue building constructive relationships.	• The Board regularly engages with regulators such as the APRA, AUSTRAC and the Australian Financial Complaints Authority to discuss key industry issues.
Partners and suppliers	The Board recognises the important role suppliers play in helping us deliver our strategy, and support CBA's investment in strategic partnerships.	• The Board visited a number of suppliers and partners in the financial year to discuss topics including payments, cyber security and customer experience.

Hearing directly from our customers

As part of the Board's ongoing commitment to better understand customer needs, they met with customers in Tasmania to seek views and hear first hand about their unique experiences and challenges.

In December 2022, the Board visited Hobart to engage with business customers across the agricultural sector including livestock and cropping, horticulture, aquaculture and viticulture operators, and advanced manufacturing.

The Board learned about the quality and innovative nature of their operations, as well as current challenges such as labour and skills shortages, supply chain disruptions, inflationary pressures and technological innovation.

Selected areas of Board consideration during 2023

Fair treatment of customers

The Board actively monitored a range of customer-related topics and initiatives this financial year. Key activities included:

- Receiving regular reports on customer complaints and the actions underway to improve complaint handling and prevention, including trends in complaint volumes and complaint classification.
- Monitoring progress of customer remediation initiatives.
- Reviewing reporting on Trust, Reputation and Brand, including insights into customer perceptions of fairness, ethics and transparency.
- Considering management's detailed review of the deceased estates customer experience and areas for improvement.

Spotlight

Customer complaints

The Board receives regular reports on customer complaints and the Bank's progress in improving customers' experience. This financial year the Board considered and discussed actions underway to improve both complaint handling and prevention. This included reviewing complaint volumes and trends over time, considering enhancements to CBA's complaints platform and the establishment of a dedicated scams complaints response team. The Board also monitored programs which support consistency and quality of customer outcomes, to ensure fairness and transparency.

Key stakeholders:

Customers · Our people · Government and regulators

People and culture

The Board regularly addresses a range of people and culture-related topics and issues. Key activities included:

- Approving changes to the Code of Conduct.
- Receiving updates on volume and trends of the Bank's whistleblower channel, SpeakUP, as well as incidents of workplace misconduct.
- Reviewing talent and succession plans among the Executive Leadership Team (ELT) and senior management.
- Reviewing the Group's remuneration strategies and remuneration outcomes for the CEO, the CEO's direct reports and other specified roles.
- Considering and discussing reports related to health, safety and wellbeing, including incident trends and material investigations.

Spotlight

Beyond the APRA Prudential Inquiry (PI) Remedial Action Plan

This year the Board Risk and Compliance Committee (RCC) completed its annual risk culture assessment to determine the extent to which the Bank's culture supports the management of risk within the Group's risk appetite, and to identify any required changes. These changes are designed to ensure improvements delivered through the Bank's APRA PI Remedial Action Plan are sustained and continuously improved as the operating environment changes. CBA's 2023 Organisational Culture Plan was updated to address opportunities highlighted by both the Board risk culture assessment and the biennial deep-dive organisational culture review. The plan's priorities and actions were approved by the Board.

Key stakeholders:

Our people · Government and regulators

Strategy and business performance

Strategy is a standing agenda item on each multi-day Board meeting. Key activities included:

- Considering and approving the proposed FY23–25 Business Plan.
- Reviewing key strategic initiatives such as the Bank's data, cloud and technology strategies, climate strategy, and CBA ways of working.
- Discussing the Bank's strategic focus on uplifting and differentiating the customer experience.
- Receiving regular updates on merger and acquisition activity.
- Attending two Board Strategy sessions.

Spotlight

Accelerating AI capabilities

As a key enabler in delivering the Bank's strategy, the Board discussed and considered CBA's technology strategy, including the use of AI to accelerate and enable business plan execution. The Board noted and discussed the use of AI models across many business areas, including model design and controls, as well as considerations for regulation, consent and privacy. The Board also discussed CBA's AI Policy with a focus on the responsible use of AI.

Key stakeholders:

Customers · Investors · Community

Financial oversight

The Board remains focused on operational excellence and driving growth in its core banking businesses, as well as prudent balance sheet and capital management. Key activities included:

- Monitoring the Bank's operating performance.
- Approving the FY22 full year and FY23 half year financial results.
- Approving the FY22 final dividend and the FY23 interim dividend.
- Receiving and considering regular reports from management in relation to the Bank's funding, capital management and liquidity positions.
- Noting and discussing simplification and cost strategies.

Spotlight

Balance sheet resilience

This year the RCC supported the Board in its focus on capital adequacy and balance sheet resilience, to ensure the Bank is prepared for a wide range of economic scenarios. The Board received regular reports from management outlining the Group's funding, capital and liquidity risks and balance sheet considerations in the current economic environment, as well as reviewing and approving the Group's capital policies.

Key stakeholders:

Customers | Investors | Government and regulators

Risk management

This year, the Board's focus included the management of technology, cyber security and data management risks, environmental and social risks, capital adequacy risk and financial crime compliance risk. Key activities included:

- Approving the Bank's Risk Management Approach.
- Overseeing the Bank's Risk Management Framework and its operation by management, including receiving regular reports on financial and non-financial risk.
- Monitoring and assessing the Bank's risk culture.
- Noting the outcome of the renewal of the Bank's insurance program.

Spotlight

Scams and fraud

Given the escalating harm being caused by scams and fraud, the Board received and considered reports regarding processes implemented to reduce customer susceptibility to scams, and steps taken to respond to the increased incidents of scam-related complaints. This included the introduction of online tools and resources to help keep customers safe, a streamlined digital complaints experience and dedicated scams complaint response team, and a partnership with Telstra to combat phone-based scams.

Key stakeholders:

Customers | Investors | Community | Government and regulators

Environmental and social

The Board is responsible for considering the environmental and social impact of the Group's activities, and overseeing adherence to the Environmental & Social Framework and other climate-related policies. Key activities included:

- Receiving regular reports on the Bank's Environmental & Social (E&S) program of work, including the roadmap developed by management to meet CBA's climate-related targets.
- Reviewing and providing feedback on proposed changes to CBA's E&S Framework.
- Discussing and approving new financed emissions targets for the Bank's Australian housing and heavy industry portfolios.
- Considering CBA's assurance plan for E&S risk.

Spotlight

Australia's transition pathways

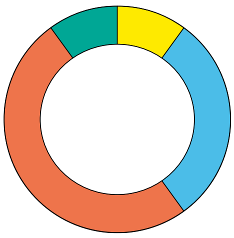
The RCC reviews and recommends changes to the Group Risk Appetite Statement (RAS) to the Board for approval. This year, the RCC reviewed recommendations from management to enhance the monitoring of transition risk in the Institutional Bank lending portfolio. The RCC discussed the proposal and recommended the Board change the E&S risk indicators in the Group RAS, which was approved.

Key stakeholders:

Customers | Investors | Our people | Community | Government and regulators | Suppliers

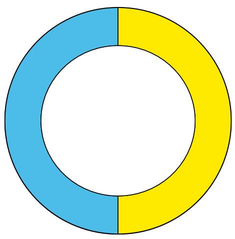
Board performance, composition and renewal

Board tenure



0–1 years	10%
1–3 years	30%
3–6 years	50%
6–9 years	10%

Board diversity



Female	50%
Male	50%

The Board recognises the value of diversity to support sound decision making.

As at 30 June 2023, the Board had 10 Directors: nine independent Non-Executive Directors and the CEO. With the assistance of the Nominations Committee, the Board regularly reviews its size and composition and considers a number of factors including independence, skills, experience and diversity of views.

Skills and experience

Frequent and deliberate consideration is given to diversity of thought, background, experience and skills. Each year the Directors, including the Chair, self-assess their individual skills and experience. This assessment informs the Board Skills Matrix (Matrix), which sets out the skills and experience considered essential for effective decision-making.

The self-assessment ratings and Matrix are reviewed and discussed by the Nominations Committee and approved by the Board. The Matrix is considered in the context of CBA's external environment and strategic priorities, and is used to inform areas of Board continuing education as well as guide the ongoing Board renewal process.

In the 2023 financial year, the Board agreed to revise the Digital and Technology category to better address emerging issues such as the use of data and analytics, digital transformation, cyber security and other technology risks. This reflects the Board's focus on cyber-related topics in education sessions.

Board performance

The Board recognises the importance of continuously monitoring and improving its performance and the performance of its Committees. The Board internally assesses its performance annually, with an independent external review of the Board and its Committees every three years.

The results of the 2022 internal review were made available to the Board in August 2022. It concluded that while both the Board and ELT see the relationship as respectful, constructive and well-balanced, more informal engagement between the Board and ELT was an area of opportunity. Other areas of future focus included more time for unstructured discussion and more opportunity for education and study, contributing to knowledge and understanding of each other's strengths, skills and experience.

Board renewal

Following Paul O'Malley's appointment as Board Chair on 10 August 2022, he retired as Chair of the People & Remuneration Committee, becoming the Chair of the Nominations Committee and a member of the Audit Committee. Simon Moutter became Chair of the People & Remuneration Committee and Julie Galbo became a member of the Audit Committee and Risk & Compliance Committee.

Lyn Cobley was appointed to the Board on 1 October 2022. She brings over 30 years' experience in senior positions at Australian and global banks, with deep experience in financial risk management, leadership and culture, and navigating complexity in a highly regulated environment.

+ Further information is available at commbank.com.au/corporategovernance

Board skills and experience

The Board Skills Matrix sets out the skills and experience considered essential to the effectiveness of the Board and its Committees.

Skills and experience		Relevance to CBA
Leadership 9 · 1	Held senior leadership role such as CEO or similar position in an organisation of significant size or complexity.	Setting strategy and evaluating the performance of senior leaders.
Financial services 6 · 4	Experience in the financial services sector and regulation, including retail and commercial banking services and adjacent sectors.	Appreciation of the operational landscape, opportunities and challenges in the sector.
Financial acumen 7 · 1 · 2	Proficiency in financial accounting and reporting, capital management and/or actuarial experience.	Assessing complex financial and capital management initiatives.
Strategy and global perspective 10	Experience in leading, developing or executing strategic business objectives, including bringing to bear a global perspective.	Reviewing and setting the organisational strategy in a global context.
Governance 7 · 3	Experience as a Non-Executive Director of a listed entity (Australia or overseas) and/or understanding of legal and regulatory frameworks underpinning corporate governance principles.	Understanding local and offshore legal and regulatory frameworks to effectively perform the role of Director.
Risk management 7 · 3	Experience in identifying, assessing and monitoring systemic, existing and emerging financial and non-financial risks.	Monitoring risk appetite, assessing the overall risk profile and adapting to emerging trends.
Digital and technology 3 · 5 · 2	Experience in technology, use of data and analytics, digital transformation and innovation and their impacts on customer experience and cyber security and other technology risks.	Supporting the Bank's digital strategy.
Enhanced customer outcomes 7 · 3	Understanding of the changing needs of customers with a focus on improving their financial wellbeing and enhancing their experience.	Providing constructive challenge to ensure customer needs are met.
Stakeholder engagement 8 · 2	Experience in building and maintaining trusted and collaborative relationships with governments, regulators and/or community partners.	Ensuring an effective engagement program with regulators and other stakeholders is in place.
People and culture 9 · 1	Understanding organisational culture, succession planning, and remuneration and reward frameworks.	Overseeing the culture of the Group and upholding the Code of Conduct.
Environment and social 4 · 6	Understanding the potential risks and opportunities from an environmental and social perspective.	Influencing sustainable practices, policies and decisions that support environmental and social outcomes.

High competency, knowledge and experience · Practised/direct experience · Awareness

Board of Directors

A strong, diverse team with a broad and complementary mix of skills and experience.

Paul O'Malley

BCom, M.App Finance, ACA

Chair and Independent Non-Executive Director

Appointed: 1 January 2019, Chair from 10 August 2022

Board Committees: ◆◆◆◆

Age: 59 years **Residence:** Melbourne, Australia

Contribution to the Board

Paul has broad executive leadership and operational experience. He served as Managing Director and Chief Executive Officer of BlueScope Steel Ltd for 10 years, after joining the company as Chief Financial Officer. Previously, he was the Chief Executive Officer of TXU Energy, a subsidiary of TXU Corp based in Dallas, Texas. Paul has a strong background in finance and accounting, having worked in investment banking and audit. Paul is a former Director of the Worldsteel Association, Chair of its Nominating Committee, and Trustee of the Melbourne Cricket Ground Trust.

Other current external appointments

Nil.

Directorships of other listed entities in the last three years

Coles Group Limited (October 2020–present).

Matt Comyn

BAv, MCom, EMBA, GMP

Managing Director and Chief Executive Officer

Appointed: 9 April 2018

Age: 47 years **Residence:** Sydney, Australia

Contribution to the Board

Matt has over 22 years' experience in banking across business, institutional and retail and has held a number of senior leadership roles since joining the Bank in 1999. From 2012, until Matt's appointment as Chief Executive Officer, he was Group Executive Retail Banking Services and led the development of digital products and services for the Bank. Between 2006 and 2010, Matt was Managing Director of the Bank's online share trading business, CommSec, overseeing a significant modernisation of its technology platform and growing market share and profitability.

Other current external appointments

Director of the Business Council of Australia and Financial Markets Foundation for Children.

Directorships of other listed entities in the last three years

Nil.

Committees

◆ Nominations ◆ Audit ◆ Risk & Compliance ◆ People & Remuneration ◇ Committee Chair

Catherine Livingstone retired as Chairman and a Non-Executive Director on 10 August 2022. **Shirish Apte** retired as a Non-Executive Director on 12 October 2022.

Genevieve Bell AO

PhD, MA, MPhil, BA, FTSE, FAHA

Independent Non-Executive Director

Appointed: 1 January 2019

Board Committees:

Age: 56 years **Residence:** Canberra, Australia

Contribution to the Board

Genevieve is a cultural anthropologist, technologist and futurist with deep knowledge and understanding of technology in society and business. She is adept at bringing together social science, design, computing and engineering to enhance customer experiences. Genevieve is also an experienced business executive, having spent 18 years working at Intel Corporation in Silicon Valley, including as Vice President. She remains a Senior Fellow at Intel Labs.

Other current external appointments

Founding Director of the School of Cybernetics, Distinguished Professor at the Australian National University and the university's inaugural Florence Violet McKenzie Chair, member of the Prime Minister's Science and Technology Council, and the Artificial Intelligence Council at the Centre for Strategic & International Studies (USA).

Directorships of other listed entities in the last three years

Nil.

Lyn Cobley

BEc, GAICD

Independent Non-Executive Director

Appointed: 1 October 2022

Board Committees: Nil

Age: 60 years **Residence:** Sydney, Australia

Contribution to the Board

Lyn is an experienced banking and financial services leader with over 30 years' experience in senior positions at Australian and global banks. Lyn has deep experience in financial risk management, leadership and culture, and navigating complexity in a highly regulated environment. Lyn also has experience with sustainability financing. During her career, Lyn was the CEO of Westpac Institutional Bank, Group Treasurer of Commonwealth Bank of Australia as well as holding senior positions at Barclays Capital and Citibank Limited. In these roles, Lyn developed extensive knowledge of financial markets, managing through uncertainty, and creating greater balance sheet strength and resilience to support customers and stakeholders.

Other current external appointments

Council member and Chair of the finance and facilities committee at Macquarie University, member of Chief Executive Women.

Directorships of other listed entities in the last three years

Nil.

Julie Galbo

LLM, Executive Management Program (INSEAD)

Independent Non-Executive Director

Appointed: 1 September 2021

Board Committees:

Age: 52 years **Residence:** Copenhagen, Denmark

Contribution to the Board

Julie is an experienced financial services professional with substantial banking, strategy, risk and regulatory experience. She brings more than 20 years' experience as an Executive and a Director in major European financial services organisations. Julie held a number of leadership positions with Nordea Bank Abp, including the role of Group Chief Risk Officer. She served with the Danish Financial Services Authority, as Deputy Director General, and served on the Management Board of the European Securities and Markets Authority. Julie is the former Chairman of the board of Fundamental Fondsmæglerselskab A/S.

Other current external appointments

Member of faculty of the Board Academy at Copenhagen Business School, the advisory council of the International Association of Credit Portfolio Managers, the advisory board of Prometeia (an Italian consultancy firm), and a Senior Advisor to the European Union Global AML/CFT Facility.

Directorships of other listed entities in the last three years

Trifork AG (November 2020–present), Velliv A/S (March 2021–March 2023), and DNB Bank (June 2020–present).

Peter Harmer

Harvard Advanced Management Program

Independent Non-Executive Director

Appointed: 1 March 2021

Board Committees: ◆◆

Age: 62 years **Residence:** Sydney, Australia

Contribution to the Board

Peter brings a diversity of thought in the areas of risk, customer perspectives and environmental, social and governance practices. He has significant experience in customer service and innovation within the insurance segment and financial services, and a deep understanding of environmental principles. Peter was previously Managing Director and Chief Executive Officer of Insurance Australia Group Ltd (IAG). Peter joined IAG in 2010 and held a number of senior roles. During his time at IAG he led initiatives for driving digital innovation across IAG and its brands. Prior to IAG he was Chief Executive Officer of AON Ltd UK and a member of AON's Global Executive Committee.

Other current external appointments

Director of Lawcover Insurance Pty Limited, Executive Mentor with Merryck & Co ANZ and a member of the Bain Advisory Council.

Directorships of other listed entities in the last three years

Insurance Australia Group Ltd (November 2015–November 2020), nib holdings Ltd (July 2021–present), and AUB Group Limited (July 2021–present).

Simon Moutter

BSc, BE (Hons), ME

Independent Non-Executive Director

Appointed: 1 September 2020

Board Committees: ◈◆

Age: 63 years **Residence:** Auckland, New Zealand

Contribution to the Board

Simon has extensive leadership experience in technology, process effectiveness and business strategy. Simon was Managing Director of Spark New Zealand, where he held this position for seven years until 2019. He is also a former Chief Executive Officer of Auckland International Airport and has previously held senior management roles in telecommunications and energy companies.

Other current external appointments

Chairman of three privately owned businesses – Smart Environmental Group Ltd, Les Mills International Ltd and Designer Wardrobe Ltd.

Directorships of other listed entities in the last three years

Nil.

Mary Padbury

BA LLB (Hons), GAICD

Independent Non-Executive Director

Appointed: 14 June 2016

Board Committees: ◆◆

Age: 64 years **Residence:** Melbourne, Australia

Contribution to the Board

Mary is an intellectual property and trade practices lawyer with over 35 years' international legal, governance and technology experience. Mary served as the Chairman of Ashurst Australia before its full merger with Ashurst LLP, and was the global Vice Chairman of the post-merger firm. She retired as a Partner of Ashurst at the end of April 2018.

Other current external appointments

Chairman of the Macfarlane Burnet Institute for Medical Research and Public Health Ltd, member of Chief Executive Women, Board member of the Brandenburg Ensemble (Australian Brandenburg Orchestra), the Richmond Football Club and its wholly owned subsidiary, Aligned Leisure Pty Ltd.

Directorships of other listed entities in the last three years

Nil.

Anne Templeman-Jones

BCom, EMBA, MRM, CA, FAICD

Independent Non-Executive Director

Appointed: 5 March 2018

Board Committees:

Age: 62 years **Residence:** Sydney, Australia

Contribution to the Board

Anne is an experienced listed company director with substantial financial, operational risk, regulatory, governance and strategy experience in banking and financial services, engineering services in the energy sector, consumer goods and manufacturing. Anne brings insights from managing transformation on ESG in the energy sector, changing business models with consumers, operational risk, cyber security and Next Gen IT. During her 30-year executive career, Anne has held senior leadership positions in corporate and private banking with domestic and offshore banks, including Westpac Banking Corporation, Australia and New Zealand Banking Group Ltd and Bank of Singapore. She is the former Chairman of Commonwealth Bank's financial advice companies and has served on the boards of Cuscal Ltd, HT&E Ltd, Pioneer Credit Ltd, TAL Superannuation Fund, Notre Dame University and HBF's private and general insurance companies.

Other current external appointments

Non-Executive Director of the Cyber Security Research Centre Ltd and New South Wales Treasury Corporation.

Directorships of other listed entities in the last three years

Worley Ltd (November 2017–present), Trifork AG (April 2022–present), Blackmores Ltd (Chair: October 2020–November 2022) G.U.D. Holdings Ltd (August 2015–31 August 2021) and The Citadel Group Ltd (September 2017–May 2020).

Rob Whitfield AM

BCom, Grad Dip Banking, Grad Dip Fin, AMP, SF Fin, FAICD

Independent Non-Executive Director

Appointed: 4 September 2017

Board Committees:

Age: 58 years **Residence:** Sydney, Australia

Contribution to the Board

Rob has extensive leadership experience across banking, finance and risk in both the private and public sectors. During Rob's 30-year executive career with Westpac Banking Corporation he held a number of senior leadership positions, including Chief Executive Officer of the Institutional Bank, Chief Risk Officer, Group Treasurer and Chairman of the Asia Advisory Board. In these roles, Rob developed a deep knowledge of equity and capital markets and was instrumental in developing Westpac's risk management function and strategies.

Other current external appointments

Nil.

Directorships of other listed entities in the last three years

GPT Group (May 2020–present) and Transurban Ltd (November 2020–present).

Executive Leadership Team

David Cohen

Deputy Chief Executive Officer

Appointed: November 2018

Priorities: David's key priority is supporting the Chief Executive Officer on Group-wide initiatives to build tomorrow's bank today for our customers. He also has responsibility for Customer and Community Advocacy, Customer Remediation and Licensee Management, Mergers and Acquisitions, SpeakUP, BEAR Supervisory, PT Bank Commonwealth in Indonesia and oversees the team supporting separation of divested businesses.

Experience: David joined the Bank in 2008 and has held a number of senior roles, including Group General Counsel, Group Executive Corporate Affairs and Chief Risk Officer. Previously, he was General Counsel for AMP and a partner with Allens Arthur Robinson for 12 years.

Alan Docherty

Group Executive, Financial Services and Chief Financial Officer

Appointed: October 2018

Priorities: Alan is responsible for the Group's finance, treasury, tax, investor relations, environmental strategy, property and procurement functions. His priorities are ensuring his teams provide accurate, independent and objective analysis to drive sound decision making and performance; managing balance sheet settings in a sustainable and conservative manner; and delivering capital generation that supports better outcomes for all stakeholders.

Experience: Alan joined the Bank in 2003 and has held numerous senior roles within finance and treasury. He started his career with PwC's Financial Services practice in the UK before joining Arthur Andersen in Australia. Alan is a member of the Institute of Chartered Accountants of Scotland.

Andrew Hinchliff

Group Executive, Institutional Banking and Markets

Appointed: August 2018

Priorities: Andrew is responsible for serving the banking and finance needs of large corporates, governments and institutions in Australia and select international markets, by providing a full range of financial markets, capital raising, sustainable finance, transactional banking and risk management solutions and services. His priority is to ensure that IB&M leverages its network, capital, capabilities, data and analytics to help clients build Australia's future economy.

Experience: Andrew joined the Bank in 2015 as Executive General Manager, Global Markets. His career in investment banking spans more than 20 years having held various leadership positions with Goldman Sachs and Credit Suisse First Boston in London, New York and Australia.

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Sian Lewis

Group Executive, Human Resources

Appointed: August 2018

Priorities: Sian is focused on helping the Bank ensure our people and communities are skilled for the future; that we offer the very best experiences for employees; and that CBA's culture is anchored in our values of Care, Courage and Commitment. She is also committed to promoting employee wellbeing and strengthening and supporting a diverse and inclusive workforce.

Experience: Sian joined the Bank in 2014 and was Executive General Manager, Direct Channels prior to her current role. Previously, Sian spent nine years at Westpac, in retail and commercial banking, marketing and call centre teams. Sian also spent 10 years in senior HR consulting roles in the UK and two years in Australia consulting to APRA.

Monique Macleod

Group Executive, Marketing and Corporate Affairs

Appointed: September 2021

Priorities: Monique is responsible for bringing together the bank's marketing, branding, stakeholder insights, government relations, communications and corporate social responsibility functions. Her priorities are to guide how we engage with customers, communicate with stakeholders and the broader community, and manage reputational issues.

Experience: Monique joined the Bank in 2011 and was the Chief Marketing Officer prior to her current role. Monique has more than 20 years' experience building brands for global clients through her career at leading communication agencies McCann-Erickson WorldGroup, DDB and Ogilvy and Mather.

Carmel Mulhern

Group General Counsel and Group Executive, Legal & Group Secretariat

Appointed: January 2020

Priorities: Carmel is responsible for the Group's legal and corporate governance functions and advises the Chief Executive Officer and the Board. Her priorities are to ensure the fair and efficient resolution of the Group's legal matters and to support the effectiveness of the Board.

Experience: Carmel has over 25 years' legal experience. Prior to joining the Bank in 2020, she was the Group General Counsel and Group Executive Legal & Corporate Affairs at Telstra. Carmel has also held the positions of General Counsel Finance and Company Secretary, both at Telstra. Carmel is a Fellow of the Governance Institute of Australia.

Carmel Mulhern will retire as Group Executive Legal & Group Secretariat effective 31 August 2023.

Executive leadership team continued

Gavin Munroe

Group Chief Information Officer

Appointed: November 2022

Priorities: Gavin is responsible for the Group's technology strategy and its implementation. This includes ownership of digital delivery, data and analytics, technology and technology infrastructure, as well as safeguarding the Bank. His priority is to provide the best digital banking services so that we can deliver seamlessly to our customers.

Experience: Gavin has over 20 years' experience in financial services. Prior to joining the Bank in 2022, he was Global Chief Information Officer for Wealth and Personal Banking at HSBC. He has held other senior roles at Bank of America, Merril Lynch, Synechron, Wachovia and Saxon.

Vittoria Shortt

Chief Executive and Managing Director, ASB Bank Ltd

Appointed: February 2018

Priorities: Vittoria is responsible for leading the Group's New Zealand banking business, operating under the ASB brand. Her priorities are to provide leading customer experiences and outcomes, harnessing new technology to provide innovative solutions, and delivering programs that have a significant positive impact for New Zealanders.

Experience: Vittoria joined the Bank in 2002 and has held various executive and senior leadership positions, including Group Executive Marketing and Strategy, Chief Marketing Officer of CBA, and Chief Executive Retail at Bankwest. Vittoria started her career in corporate finance and mergers and acquisitions with Deloitte and Carter Holt Harvey.

Angus Sullivan

Group Executive, Retail Banking Services

Appointed: July 2018

Priorities: Angus is responsible for providing market-leading services to the retail customers of CBA and Bankwest. His priorities are to deliver exceptional customer service and outcomes, global best digital experiences, technology and innovation in retail products and services.

Experience: Angus joined the Bank in 2012 as Executive General Manager, Group Strategy and has held a number of senior positions in the retail bank across products, payments and the branch network. Previously, he was a Partner at McKinsey & Co. in New York, specialising in retail and commercial banking, wealth management, payments and general insurance.

Sinead Taylor

Chief Operations Officer

Appointed: October 2021

Priorities: Sinead is responsible for all banking, markets and Group regulatory operations across CBA. Her priorities are to deliver great customer outcomes through operational excellence.

Experience: Prior to taking on her current role in 2021, Sinead was Executive General Manager of Bankwest having led the business since 2019, following six years in leadership roles across the business and retail bank. Prior to Bankwest, Sinead held a variety of Executive roles at CBA in Global Markets, Strategy, Marketing, Business and Corporate Banking. She has also managed strategy and marketing teams for a number of top tier professional service firms in the UK and Australia, as well as working in senior roles in publishing, radio production and broadcasting.

Mike Vacy-Lyle

Group Executive, Business Banking

Appointed: February 2020

Priorities: Mike is responsible for serving the banking needs of business, corporate and agribusiness customers, and for the Bank's online equities trading platform, CommSec. Mike's focus is on extending the Bank's business banking and payments capabilities, and on making banking simpler and better for customers by providing market-leading service, products and technology.

Experience: Prior to joining the Bank in 2020, Mike was Chief Executive Officer of FNB Commercial Banking in South Africa. He spent almost 20 years working at FNB Commercial Banking holding various roles across finance, pricing, product, capital management, sales and relationship management.

Nigel Williams

Group Chief Risk Officer

Appointed: November 2018

Priorities: Nigel is focused on ensuring our people manage risk well to maintain the trust placed in the Group by our customers, shareholders and the community. He is accountable for ensuring the effective governance and management of all risk types – including credit risk, operational risk, compliance, liquidity, financial crime and insurance.

Experience: Nigel has over 35 years of international banking experience, having held Directorships and executive business and risk management leadership roles. Prior to joining the Bank in 2018, Nigel was the Chief Risk Officer at Australia and New Zealand Banking Group (ANZ).

Directors' report

The Directors of the Commonwealth Bank of Australia present their report, together with the Financial report of the Commonwealth Bank of Australia (the Bank) and of the Group, being the Bank and its controlled entities, for the year ended 30 June 2023.

Principal activities

We are one of the leading banks in Australia. We serve more than 17 million customers with a focus on providing retail and commercial banking services predominantly in Australia, and in New Zealand through our subsidiary ASB. Our products and services are provided through our divisions, Retail Banking Services, Business Banking, Institutional Banking and Markets, and ASB New Zealand.

+ A review of the divisional operations and their results for the financial year ended 30 June 2023 can be found on pages 56–59.

Simpler, better foundations

We have undertaken and completed a number of transactions that are consistent with our strategy to focus on our core banking business.

On 21 June 2021, the Group announced the sale of CommInsure General Insurance to Hollard Insurance Company Pty Ltd (Hollard). The sale completed on 30 September 2022.

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

+ For further details, refer to Note 1.1 and Note 11.3 in the *Financial report* on pages 127 and 259, respectively.

Operating and financial review

The Operating and financial review section includes the information below as well as the information in the *Overview* section on pages 2–7, *Creating Value* section on pages 8–81 and *Financial performance* section on pages 50–59.

Group profit

The Group's statutory net profit after tax for the financial year ended 30 June 2023 was $10,090 million, a decrease of $681 million or 6% on the prior year. Statutory net profit after tax from continuing operations for the financial year ended 30 June 2023 was $10,188 million, an increase of $515 million or 5% on the prior year. The increase was driven by a 10% increase in total operating income, partly offset by a 4% increase in operating expenses and a $1,465 million increase in loan impairment expense.

Statutory net loss after tax from discontinued operations for the financial year ended 30 June 2023 was $98 million, compared to the net profit of $1,098 million in the prior year. This was predominantly driven by gains on completion of significant business divestments in the prior year.

Statutory net profit after tax complies with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and International Financial Reporting Standards (IFRS). The cash net profit after tax is management's preferred measure of the Group's financial performance. It excludes items that are non-recurring in nature and are not considered representative of the Group's ongoing financial performance (non-cash items). We use the cash net profit after tax to present a clear and consistent view of our financial performance from period to period.

The Group's cash net profit after tax including discontinued operations for the year ended 30 June 2023 was $10,182 million, an increase of $474 million or 5% on the prior year. Excluding discontinued operations, cash net profit after tax for the year ended 30 June 2023 was $10,164 million, an increase of $569 million or 6% on the prior year. For further detail on the drivers of cash net profit after tax, refer to the *Financial performance* section on pages 50–59.

Cash to statutory profit reconciliation

Statutory net profit after tax includes the following non-cash items:

	Continuing operations		Total including discontinued operations	
	FY23	FY22	FY23	FY22
Net profit after tax – cash basis	**10,164**	9,595	**10,182**	9,708
Gain/(loss) on acquisition, disposal, closure and demerger of businesses and associates (classified as discontinued operations)	**32**	(30)	**(84)**	955
Hedging and IFRS volatility	**(8)**	108	**(8)**	108
Net profit after tax – statutory basis	**10,188**	9,673	**10,090**	10,771

Non-cash items include:

- **Gain/(loss) on acquisition, disposal, closure and demerger of businesses and associates (classified as discontinued operations):** Gains and losses on these transactions are inclusive of foreign exchange impacts, impairments, restructuring, separation and transaction costs and cover both controlled businesses and associates classified as discontinued operations.
- **Hedging and IFRS volatility:** Hedging and IFRS volatility represents timing differences between fair value movements on qualifying economic hedges and the underlying exposure. To qualify as an economic hedge, the terms and/or risk profile must match or be substantially the same as the underlying exposure.

Assets and liabilities

Home loans increased $30 billion or 5%, reflecting our focus on retaining existing customers in a highly competitive market coupled with strong growth in our new digital-only proprietary offering Unloan. Australian home loan growth of 5% was in line with market growth.

Business and corporate loans increased $17 billion or 7%, driven by business lending growth across a number of industries.

Deposits increased $41 billion or 5%, primarily driven by continued growth in savings, investments and transaction deposits. The growth in deposits was driven by greater demand for higher yielding deposits.

Debt issues increased $5 billion or 5%, reflecting higher wholesale funding requirements due to lending volume growth.

	As at		
Total Group assets and liabilities ($m)	**30 Jun 23**	**30 Jun 22**	**% change**
Home loans	**652,218**	621,993	5%
Consumer finance	**17,042**	16,494	3%
Business and corporate loans	**261,512**	244,380	7%
Total Group lending	**930,772**	882,867	5%
Other assets	**322,073**	332,393	(3%)
Total assets	**1,252,845**	1,215,260	3%
Deposits	**896,440**	855,931	5%
Debt issues	**122,267**	116,902	5%
Term funding from central banks	**54,220**	54,807	(1%)
Other liabilities	**107,913**	114,782	(6%)
Total liabilities	**1,180,840**	1,142,422	3%

Further information and analysis of the financial performance of the Group for the financial year ended 30 June 2023 can be found in the *Financial performance* section on pages 50–59 of this Annual Report. Details on our risk management processes, material risks and approach to managing them, including a description of the material trends in our current external operating context and more information on our business strategies can be found in the *Overview* (pages 2–7), *Creating Value* section (pages 8–81), including the *Managing our risks* section (pages 60–65) of this Annual Report.

With the transition out of the pandemic, COVID-19 is no longer considered a material business risk to the Group. Through the ongoing operation of the Group's Risk Management Framework, any residual impacts of the pandemic are considered through the assessment and management of the Group's existing risk types. The Group however still retains $54.2 billion in funding facilities from the RBA and RBNZ that will mature over the next few years, and has $609 million in loans outstanding under the SME Loan Guarantee Scheme.

Other than the information included in the operating and financial review and throughout this Annual Report by cross reference, information on other likely developments, business strategies and prospects for future financial years of the Group's operations has not been included in this report as it would be likely to result in unreasonable prejudice to the Group.

Dividends

Details of dividends paid and dividends determined are outlined in Note 8.4 in the *Financial report* on pages 202–203.

Directors' report (continued)

Litigation and regulatory matters

A number of litigation and regulatory proceedings against the Group are continuing. The proceedings include:

- The defence of ten class actions. These include two separate shareholder class action proceedings (which have proceeded to trial and now await judgment), three class action claims in relation to superannuation products (one of which has settled, subject to Court approval), a class action that was commenced by Bankwest customers (which has settled, subject to Court approval), a class action in relation to consumer credit insurance for credit cards and personal loans (which has settled, subject to Court approval), two class actions related to financial advice, as well as a class action commenced in New Zealand against ASB Bank regarding disclosure of loan variations;
- One ASIC civil penalty proceeding against CBA and a Group entity (ASIC's appeal in respect of which has been heard with judgment reserved);
- One civil penalty proceeding brought against CBA and a Group entity by the Fair Work Ombudsman; and
- One criminal proceeding brought against two Group entities by the Wage Inspectorate Victoria.

There are also ongoing matters where regulators are investigating whether CBA or a Group entity has breached legal or regulatory obligations. Where a breach has occurred, regulators may impose, or apply to a Court for, fines and/or other sanctions. The Group is also party to five enforceable undertakings and one compliance program with a regulator and continues to receive various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews.

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. The outcomes and total costs associated with such regulatory actions and reviews, and possible claims remain uncertain.

The Board continues to monitor each of these proceedings and investigations. CBA also continues to engage with its regulators in relation to the matters under investigation.

+ **For further information about some of the more significant litigation and regulatory matters referred to above, refer to Note 7.1 in the *Financial report* on pages 190–193.**

Change in state of affairs

Significant changes in the state of affairs of the Group during the financial year include:

- Changes in the nature of principal activities outlined in the *Simpler, better foundations* section on page 82.
- Changes to the Board as outlined in the *Our approach to corporate governance* section on pages 66–81.

Other than the changes outlined above, there have been no other significant changes in the state of affairs during the financial year.

Events subsequent to reporting date

The Directors have determined a fully franked final dividend of 240 cents per share amounting to $4,023 million. The Bank expects the Dividend Reinvestment Plan (DRP) for the final dividend for the year ended 30 June 2023 will be satisfied in full by an on-market purchase of shares of approximately $700 million.

On 9 August 2023, following the completion of the previously announced $3 billion on-market share buy-back, the Bank announced its intention to undertake a further $1 billion on-market share buy-back. The Bank reserves the right to vary, suspend or terminate the buy-back at any time.

The Directors are not aware of any other matter or circumstance that has occurred since 30 June 2023, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Environmental reporting

We are subject to the Federal Government's National Greenhouse and Energy Reporting (NGER) scheme. The scheme makes it mandatory for controlling corporations to report annually on greenhouse gas emissions, energy production and energy consumption, if they exceed certain threshold levels. Our NGER submission is independently audited and submitted before the deadline to ensure that the Group meets the NGER requirements.

We do not believe that we are subject to any other significant environmental reporting regulations under the law of the Commonwealth or of a State or Territory of Australia.

+ **For more information on our voluntary environmental reporting, see the *Environmental* section on pages 22–23 and our *Sustainability performance* on pages 40–41. For further detail on our approach to climate change, refer to our 2023 Climate Report.**

Modern slavery reporting

We are subject to Australia's *Modern Slavery Act 2018* (Cth) and as required by that legislation, we published our 2022 Modern Slavery Statement (Statement) in December 2022. The Statement outlines the actions taken by the Group to identify, assess and mitigate modern slavery and human trafficking risks in our operations and supply chain, over the financial year ended 30 June 2022. We remain focused on this critical issue and will continue to report in line with the Modern Slavery Act requirements. This disclosure builds upon our annual reporting for the *UK Modern Slavery Act 2015*, having published our first Modern Slavery and Human Trafficking Statement in 2016.

+ **For further detail on our disclosures, refer to our Modern Slavery and Human Trafficking statement at commbank.com.au/sustainabilityreporting**

Directors and Directors' meetings

The Board of the Commonwealth Bank of Australia met 10 times during the year ended 30 June 2023. In addition, Directors attended Board strategy sessions and special purpose committee meetings during the year.

The following table includes:

- names of the Directors holding office at any time during, or since the end of, the financial year; and
- the number of scheduled and unscheduled Board and Board Committee meetings held during the financial year for which each Director was a member of the Board or relevant Board Committee and eligible to attend, and the number of meetings attended by each Director.

All Directors may attend Board Committee meetings (with the exception of the Nominations Committee) even if they are not a member of the relevant Committee. The table below excludes the attendance of those Directors who attended meetings of Board Committees of which they are not a member.

	Board Committees				Committees									
	Scheduled meetings		Unscheduled meetings[1]		Risk & Compliance		Audit		People & Remuneration		Concurrent		Nominations	
	Held[2]	Attended	Held[3]	Attended	Held[2]	Attended	Held[2]	Attended	Held[2]	Attended	Held[4]	Attended	Held[2]	Attended
Director														
Paul O'Malley[5]	9	9	1	1	6	6	6	6	7	7	2	2	5	5
Matt Comyn	9	9	1	1										
Shirish Apte[6]	2	2	1	1	2	2	3	3						
Genevieve Bell AO	9	9	1	1					7	7	2	2	6	6
Lyn Cobley[7]	8	8												
Julie Galbo[8]	9	9	1	1	5	5	6	6			2	2		
Peter Harmer	9	9	1	1			8	8	7	7	2	2		
Catherine Livingstone AO[9]	1	1			1	1	2	2	1	1			1	1
Simon Moutter[10]	9	9	1	1	6	6			6	6	2	2		
Mary Padbury	9	9	1	1					7	7	2	2	6	6
Anne Templeman-Jones	9	9	1	1	6	6	8	8			2	2		
Rob Whitfield AM	9	9	1	1	6	6	8	8			2	2	6	6

1 Out of cycle Board meetings typically called for a special purpose that do not form part of the Board approved yearly planner.
2 The number of scheduled meetings held during the time the Director was a member of the Board or of the relevant committee.
3 The number of unscheduled meetings held during the time the Director was a member of the Board.
4 The People & Remuneration Committee holds a number of concurrent meetings attended by all CBA Board and other Committee members. The number of concurrent meetings of the four Board committees held during the time the Director was a member of the relevant committee.
5 Paul O'Malley was appointed Chair of the Board, Chair of the Nominations Committee and a member of the Audit Committee effective 10 August 2022. Paul retired as Chair of the People & Remuneration Committee effective 10 August 2022.
6 Shirish Apte retired effective 12 October 2022.
7 Lyn Cobley was appointed as a Director on 1 October 2022.
8 Julie Galbo was appointed as a member of the Audit and Risk & Compliance Committees on 1 September 2022.
9 Catherine Livingstone AO retired effective 10 August 2022.
10 Simon Moutter was appointed Chair of the People & Remuneration Committee on 10 August 2022.

Details of current Directors, their experience, qualifications, directorships of other listed entities and any special responsibilities (including Board Committee memberships) and other external appointments, are set out in the *Our approach to corporate governance* section on pages 66–81.

Options and share rights outstanding

There are no options over Bank shares on issue as at the date of this report. As at the date of this report, there are 1,124,835 share rights outstanding in relation to Bank ordinary shares and no employee options. Holders of outstanding share rights in relation to the Bank's ordinary shares do not have any rights under the share rights to participate in any share issue or interest of the Bank.

Directors' report (continued)

Directors' interests in contracts

A number of Directors have given written notices stating that they hold office in specified companies and accordingly are to be regarded as having an interest in any contract or proposed contract that may be made between the Group and any of those companies.

Directors' and officers' indemnity and insurance

Constitution

The Directors, as named on pages 74–77 of this report, and the Company Secretaries of the Bank, referred to below, are indemnified under the Constitution of the Commonwealth Bank of Australia (the Constitution), as are all current and former Directors and Executive Officers of the Bank (as defined in the Constitution).

The indemnity extends to such other officers or former officers of the Bank, or of its related bodies corporate, as the CBA Board in each case determines (each, including the Directors and Company Secretaries, is defined as an 'Officer' for the purpose of this section).

The Officers are indemnified by the Bank on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the Officer as an officer of the Bank or of a related body corporate.

Deeds of indemnity

An individual deed of indemnity, on substantially the same terms as those provided in the Constitution, has been provided to each Director and Company Secretary of the Bank, the Australian based non-executive directors and company secretaries of CBA subsidiaries and to each Group Executive.

The Bank has also executed an indemnity deed poll, which provides indemnification to certain other officers on substantially the same terms as those provided in the Constitution. The Bank's Directors, and other individuals described in the preceding paragraph, rely on the terms of their individual deed of indemnity and not the indemnity deed poll.

The deed poll has been executed by the Bank in favour of each:

- secretary and senior manager of the Bank;
- director, secretary or senior manager of a related body corporate of the Bank;
- person who, at the request of the Bank or a related body corporate, acts as director, secretary or senior manager of a body corporate which is not a related body corporate of the Bank (in which case the indemnity operates only in excess of protection provided by that body corporate); and
- person who, at the request of a related body corporate of the Bank, acts as a member of the compliance committee of a registered scheme for which the related body corporate of the Bank is the responsible entity.

In the case of a subsidiary or partly-owned subsidiary of the Bank, where a director, company secretary or a senior manager of that entity holds such a position as a nominee of or due to being nominated by an entity which is not a related body corporate of the Bank, the indemnity deed poll will not apply to that person unless the Bank's CEO has certified that the indemnity will apply to that person.

Insurance

The Bank has, during the financial year, paid an insurance premium in respect of a Directors' and Officers' liability and company reimbursement insurance policy for the benefit of the Bank and persons defined in the insurance policy who include Directors, Company Secretaries, Officers and certain employees of the Bank and related bodies corporate. The insurance is appropriate pursuant to section 199B of the *Corporations Act 2001* (Cth). In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

Proceedings on behalf of the Bank

No application has been made under section 237 of the *Corporations Act 2001* (Cth) in respect of the Bank, and there are no proceedings that a person has brought or intervened in on behalf of the Bank under that section.

Rounding and presentation of amounts

Commonwealth Bank is an entity to which *ASIC Corporations Instrument 2016/191* (Instrument) dated 24 March 2016, relating to the rounding of amounts in directors' reports and financial reports, applies. Pursuant to this Instrument, amounts in this Directors' report and the accompanying financial report have been rounded to the nearest million dollars, unless indicated otherwise.

Company secretaries

Carmel Mulhern was appointed Company Secretary of the Bank on 10 December 2020. Carmel is also the Bank's Group General Counsel and Group Executive, Legal & Group Secretariat and her experience is set out on page 79.
Qualifications: BA, LLB, LLM, FGIA.

Vicki Clarkson was appointed Company Secretary of the Bank on 3 March 2022. Vicki has extensive listed company experience. Prior to joining the Bank, Vicki held senior legal, corporate governance and company secretary roles at Bank of Queensland, Aurizon Holdings Limited, Flight Centre Limited and Shine Corporate Ltd. Vicki is a member of the Governance Institute of Australia's Legislative Review Committee.
Qualifications: BA, LLB, Grad. Dip. Legal Practice, Grad. Dip. Corp. Gov, FGIA, GAICD, FCIS.

Remuneration report

Dear Shareholder

The Group delivered strong performance in the 2023 financial year while remaining focused on doing the right thing for our customers, shareholders, people and communities.

In this section

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On behalf of the Board, I am pleased to present the 2023 Remuneration Report following my first year chairing the People & Remuneration Committee.

We acknowledge community and stakeholder expectations that the remuneration of Executives should be commensurate and closely aligned to balanced financial and non-financial performance outcomes, appropriately governed, and support sustainable long-term value creation. This has been our strong focus as a Board and it is pleasing that the Group has continued to build on our robust risk management foundations and demonstrate our values of Care, Courage and Commitment to progress our strategy of building tomorrow's bank today for our customers. Our focus on sustainable performance has underpinned another year of good outcomes for our customers and stakeholders and that is reflected in executive remuneration outcomes.

Financial performance and target setting

The Group overall and the Executive Leadership Team (ELT) have performed strongly this year. Cash Net Profit After Tax (NPAT) was $10,182 million, up 5%, and the Bank's capital position remains strong.

These results demonstrate disciplined execution of our strategic priorities, and growth in a challenging and competitive market. Total Shareholder Return (TSR) over the period 1 July 2019 to 30 June 2023 was above peers and dividends returned to shareholders were higher than the prior year.

As the Board monitored Executives' performance during the financial year, it became apparent that rapidly changing macroeconomic factors, in particular central bank interest rate increases, differed from our assumptions at the start of the year. This warranted a mid-year review of the financial targets.

The Board therefore exercised its discretion to increase the Group NPAT and Profit after Capital Charge (PACC) targets mid-year, an action that was considered to be fair to our shareholders and our Executives given the extraordinary market conditions. Through excellent financial management and operational execution, Group NPAT and PACC results materially exceeded these more challenging targets, a good outcome for our shareholders.

Non-financial performance and remuneration

As Australia's largest bank, we have a responsibility to the people we serve: our customers, people, communities, and shareholders. Consistent with Australian Prudential Regulatory Authority (APRA), the Board firmly believes that non-financial measures

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are leading indicators of sustainable future performance and value creation and fully endorses the need to assess and reward executives for non-financial as well as financial outcomes. These measures reflect our values, leadership principles, strategy, customer outcomes and environmental, social and governance (ESG) priorities, and have been part of our remuneration framework for a number of years.

We ended the year ranked first relative to the other major peer banks in customer advocacy as measured by net promoter score (NPS). We have many opportunities to improve further and are encouraging and supporting our people to deliver exceptional customer experiences.

We recognise that some customers are under pressure in the current environment. We remain focused on proactively supporting those customers with enhanced procedures, assistance measures, and tools and training for our people, to provide the right support when customers need it most, including keeping them safe from cyber security threats, frauds and scams.

Our ESG obligations and ambitions are prioritised as they are integral to our purpose to build a brighter future for all, critical to our overarching strategy, and are incorporated in executive performance scorecards and risk milestones.

The Bank has continued to make progress towards achievement of its gender diversity goals, and has maintained high levels of employee engagement. Our corporate reputation, as measured independently by RepTrak, is the highest among our peers.

Financial and non-financial performance are considerations for short-term variable remuneration (STVR) outcomes. Leadership and strategy outcomes also determine whether long-term alignment remuneration (LTAR) awards are granted and, consistent with new APRA requirements, final vesting outcomes, a change to our executive remuneration framework implemented from this year.

+ **Additional detail on our performance outcomes can be found on page 99.**

Culture, accountability and remuneration

Our remuneration framework, including consequences for when expectations are not met, supports the Group's commitment to do the right thing for our customers, people, communities, and shareholders.

FY23 outcomes are inclusive of STVR risk adjustments applied to three Executives, including roles not defined as Key Management Personnel (KMP), applying the risk and reputation modifier. Two Executives received a downward adjustment to their STVR as a result of risk related matters and one received an upward adjustment for risk and reputation considerations.

Risk management is a core element of our approach to performance, from setting expectations to assessing outcomes. Our people understand the importance of managing risk to deliver better outcomes for customers. Over time the proportion of our people fully meeting the Group's risk expectations has improved. This reflects the impact of our programs of work aimed at improving risk management, together with the impact of consequences when expectations are not met.

It is encouraging to see more of our people also being recognised for managing risk well.

+ **Additional detail on consequences and remuneration adjustments can be found on page 112.**

Performance and remuneration outcomes

The Board considered performance outcomes both in the context of FY23 and over a multi-year period and approved:

- In the 2023 financial year, fixed remuneration remained unchanged for eight of the 10 Executive KMP, including the Chief Executive Officer (CEO). Increases were received by the other Executive KMP. The average FR increase across the KMP was 1.3%.
- FY23 STVR outcomes between 73% and 100% of maximum, a direct reflection of Group financial performance and strong non-financial outcomes for both individual and collective measures.
- FY23 LTAR grant awarded with no reduction, consistent with the design and objective to reinforce individual leadership and strategy execution. Final outcomes will be assessed prior to vesting as part of the new pre-vest assessment introduced for FY23.
- FY20 long-term variable remuneration (LTVR) vesting outcome of 92.5%, which reflects TSR performance of 70th percentile and strong performance across employee engagement and trust and reputation over the long term.
- FY23 realised remuneration for the CEO and six Executives incorporates the FY19 LTVR vesting at 100% on the basis of strong outcomes on relative TSR, trust and reputation, and employee engagement over the four-year performance period, ending 30 June 2022. The face value of the award at vesting was 39% higher than at the time of grant due to the increase in share price during the period (from $72.84 to $101.52). The TSR over this same period was 59%, reflecting strong return for our shareholders.

Non-Executive Director Fees

There was no change to Directors' fees or the fee pool.

+ **Additional detail on the Directors' fees are provided on page 113.**

Our future and an invitation

Looking ahead we are focused on relentlessly improving our customers' lived experience and the best way to do this is with an engaged and skilled workforce. Our priorities as a People & Remuneration Committee are to ensure that our people and remuneration strategy, frameworks and practices continue to support the Group's strategic priorities and cultural ambitions, are future fit, and are compliant with all applicable local and global regulatory requirements.

From 1 July 2023, changes to our remuneration framework have been implemented in full to meet the requirements of APRA Prudential Standard CPS 511 Remuneration. This will further strengthen our governance, remuneration and accountability practices, with regular effectiveness reviews to consider outcomes for our Executives as well as the broader workforce.

We continue to enhance our performance assessment approach through simplification, clarity, and appropriate alignment of KPIs in scorecards. These changes aim to further strengthen variable remuneration linkage in line with individual and collective performance.

I invite you to read the Remuneration Report and welcome your feedback.

Simon Moutter
People & Remuneration Committee Chair

Our Executive remuneration framework

Designed to attract and retain exceptional talent, align with and deliver sustainable shareholder returns and meet regulatory requirements.

Our remuneration principles

- Aligned with shareholder value creation
- Market competitive to attract and retain exceptional talent
- Reward sustainable outperformance and discourage poor performance
- Recognise the role of non-financial drivers in longer-term value creation
- Simple and transparent
- Reflect the Group's strategy and values

Fixed Remuneration (FR)

Purpose

Provides market competitive remuneration to attract and retain high quality talent while reflecting role scope and accountabilities.

Description

Base remuneration and superannuation (or KiwiSaver for the CEO ASB), reviewed annually against relevant comparator group remuneration benchmarks.

+ For further information please see page 101.

Mix

FR: 30%	STVR	LTAR	LTVR

Instrument and deferral

CEO

Cash
100%

Year 1

Group Executives and CEO ASB

Cash
100%

Year 1

Short-Term Variable Remuneration (STVR)

Purpose

Varies remuneration outcomes in line with annual performance achievement, with material weighting to financial and non-financial outcomes across customer, leadership, strategy execution and shareholder measures.

Description

Target opportunity of 75% of FR with maximum opportunity of 94% of FR, based on balanced performance scorecard, risk scorecard and values assessment.

+ For further information please see page 101.

Mix

FR	CASH: 14%	SHARES: 14%	LTAR	LTVR

CEO

Cash 50%	Deferred shares 25%	25%
Year 1	Year 2	Year 3

Group Executives and CEO ASB

Cash 50%	Deferred shares 25%	25%
Year 1	Year 2	Year 3

Subject to in-year adjustments, malus and clawback. Refer to page 101.

Mandatory shareholding requirement (MSR)

Our MSR promotes alignment of the interests of the CEO and Group Executives with those of shareholders and supports sustained long-term value creation for the Group.

The CEO must accumulate CBA shares equal to 300% of FR, and Group Executives and the CEO ASB must accumulate shares equal to 200% of FR. All Executives have a five-year period from the date of their appointment to their respective roles, or from the date their FR increases by 15% or greater, to meet their MSR.

+ Further details on Executive shareholdings are provided on page 108.

MSR as a proportion of FR

Group CEO	3x
Group Executive and CEO ASB	2x

Long-Term Alignment Remuneration (LTAR)

Purpose

Drives collective focus on increasing the value of CBA over time, and individual focus on leadership and strategy execution.

Description

Maximum opportunity of 70% of FR (subject to pre-grant and pre-vest assessments, and restriction period) which considers future financial factors and individual non-financial performance of leadership and strategy execution.

+ For further information please see page 102.

Mix

FR	STVR	LTAR: 21%	LTVR

CEO

Restricted share units

50% Year 4 ◇ 50% Year 5 ◇

Group Executives and CEO ASB

Restricted share units

100% Year 4 ◇

Long-Term Variable Remuneration (LTVR)

Purpose

Varies remuneration outcomes in line with longer-term performance measures, with a focus on relative shareholder returns to support sustainable long-term shareholder value.

Description

Maximum opportunity of 70% of FR. Assessed on relative TSR, measured against two equally-weighted comparator groups: a general ASX peer group and a financial services peer group, subject to a holding period after a four-year performance period.

+ For further information please see page 104.

Mix

FR	STVR	LTAR	LTVR: 21%

CEO

Performance rights

100% Year 6

Group Executives and CEO ASB

Performance rights

100% Year 5

Subject to malus and clawback. Refer to pages 102 and 104.

◇ Pre-vest assessment.

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Our Executive Key Management Personnel

The table below outlines the Executives who were Key Management Personnel (KMP) for the year ended 30 June 2023, including each individual's appointment and cessation date where applicable. KMP are defined as persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

Name	Position	Appointment Date	Cessation Date	Term as KMP
CEO				
Matt Comyn	Managing Director and Chief Executive Officer	9 April 2018	–	Full year
Current Group Executives and CEO ASB				
David Cohen	Deputy Chief Executive Officer	5 November 2018	–	Full year
Alan Docherty	Group Chief Financial Officer	15 October 2018	–	Full year
Andrew Hinchliff	Group Executive, Institutional Banking and Markets	1 August 2018	–	Full year
Sian Lewis	Group Executive, Human Resources	1 August 2018	–	Full year
Gavin Munroe	Group Chief Information Officer	14 November 2022	–	Part year
Vittoria Shortt	Chief Executive Officer, ASB	3 February 2018	–	Full year
Angus Sullivan	Group Executive, Retail Banking Services	1 July 2018	–	Full year
Mike Vacy-Lyle	Group Executive, Business Banking	31 January 2020	–	Full year
Nigel Williams	Group Chief Risk Officer	5 November 2018	–	Full year
Former Group Executive				
Pascal Boillat	Group Chief Information Officer	1 October 2018	13 November 2022	Part year

Executive appointment arrangements

Gavin Munroe was appointed as Group Chief Information Officer, responsible for oversight and management of all aspects of technology services for the Group.

- Gavin's leadership of transformational change was particularly notable in leading complex, technological and organisational change mandates, to deliver sustainable solutions, risk and regulatory demands.
- The Board approved Gavin's fixed and variable remuneration opportunities in line with the executive remuneration framework. Relocation benefits were provided to support Gavin's relocation to Australia.
- A one-off award [1] was provided in compensation for awards foregone from his previous employer. This includes a cash award of $601,787 and an equity award in deferred shares [2] of $601,889 each vesting 40% in May 2023 and 60% in five equal tranches between 2024 and 2028. The cash award is subject to satisfactory achievement of KPI outcomes, appropriate demonstration of the Group's values, and Board risk and reputation review. Both the cash and equity awards are subject to continued employment, and malus and clawback provisions.

More information on the remuneration package and relocation benefits are provided on pages 106 and 107.

1 The one-off award was considered along with variable remuneration granted in FY23 for compliance with Banking Executive Accountability Regime (BEAR).
2 Deferred shares are eligible for dividends paid during the deferral period. Details of vesting schedule is provided on page 109.

Executive exit arrangements

Pascal Boillat's exit arrangements were in accordance with his employment contract, law and Group Remuneration Policy. No payments were made in lieu of notice of termination.

- Pascal's FY22 STVR deferral is in cash and aligned to the requirements of the Banking Executive Accountability Regime (BEAR) [1]. No awards were granted with respect to the 2023 financial year. As a good leaver, unvested deferred awards remain on-foot [2] to be vested per the original vesting schedule to allow for the review of, and adjustment for, risk in the future if required, subject to Board discretion.

1 In line with the BEAR, for any payment determined and paid in ordinary course (subject to performance and Board risk and reputation review), 60% will be paid in cash and remaining 40% deferred as cash, vesting at least four years after the decision is made to make the relevant award.
2 No accelerated or automatic vesting upon ceasing employment. The on-foot deferred awards will be assessed in the ordinary course at the end of the vesting period related to each award (as applicable). Final deferred award outcomes will be subject to performance, and Board risk and reputation review.

Remuneration governance

CBA's remuneration governance framework

CBA Board

Board Committees

Concurrent meetings are held to determine CEO and Group Executive risk, performance and remuneration outcomes.

People & Remuneration Committee

Oversees CBA's remuneration framework and assists the Board to ensure the Group's remuneration strategy and policy are appropriate and effective.

Risk & Compliance Committee

Advises the People & Remuneration Committee of material risk matters which may impact collective and/or individual remuneration outcomes.

Audit Committee

Assesses and advises the People & Remuneration Committee of any audit matters which may impact collective and/or individual remuneration outcomes.

Nominations Committee

Considers and reviews matters relevant to evaluating the performance of the CEO and reports the evaluation to the People & Remuneration Committee and the Board.

Risk & Remuneration Review Committee

Management committee that advises the Group CRO on material risk matters, including any that may impact remuneration outcomes for Executive General Managers and below levels.

Independent Remuneration Consultant

The People & Remuneration Committee may engage external advisors to provide information to assist the Committee in making remuneration decisions.

People & Remuneration Committee and Board oversight

The People & Remuneration Committee is the governing body for developing, monitoring and assessing the remuneration strategy and framework across CBA on behalf of the Board, ensuring that these are appropriate and effective. The role of the People & Remuneration Committee is to review, challenge, assess and, as appropriate, endorse the recommendations made by management for Board approval. The Board reviews, challenges, applies judgement and, as appropriate, approves the People & Remuneration Committee's recommendations.

The People & Remuneration Committee met formally seven times during the 2023 financial year with the following members (as at 30 June 2023): Simon Moutter (Chair), Genevieve Bell AO, Peter Harmer, Paul O'Malley and Mary Padbury. The responsibilities of the People & Remuneration Committee are outlined in its Charter, which is reviewed annually.

+ **The Charter is available at commbank.com.au/peopleandremuneration**

As part of the performance and risk review, and to support the determination of remuneration outcomes for the CEO and Group Executives, the People & Remuneration Committee meets concurrently with the Risk & Compliance, Audit, and Nominations Committees in February and June. These concurrent meetings provide an opportunity for the Committees to review and discuss relevant risk and audit matters that may warrant consideration in the People & Remuneration Committee's determination of remuneration outcomes, including any in-year or malus adjustments or clawback for the CEO and Group Executives (including former Group Executives) and the determination of the Group-wide short-term variable remuneration (STVR) pool. Information provided to the concurrent meetings supports determination of collective and/or individual remuneration impacts and includes risk scorecards for the CEO and Group Executives, details of material risk matters, outcomes of internal audit reviews conducted during the year, and consideration of the quality of CBA's financial results.

The Risk & Remuneration Review Committee, a management committee that advises the Group CRO, oversees assessment of accountability for material risk matters, including those impacting CBA's reputation, and application of remuneration adjustments as appropriate for employees at and below the Executive General Manager level.

In line with New Zealand regulatory requirements, the performance and remuneration arrangements and outcomes for the CEO ASB, are determined and approved by the Board of ASB.

External advisors

During the 2023 financial year, external advisors were engaged to provide information to the People & Remuneration Committee to assist with making remuneration decisions. The People & Remuneration Committee did not seek or receive any remuneration recommendations from external advisors in the 2023 financial year.

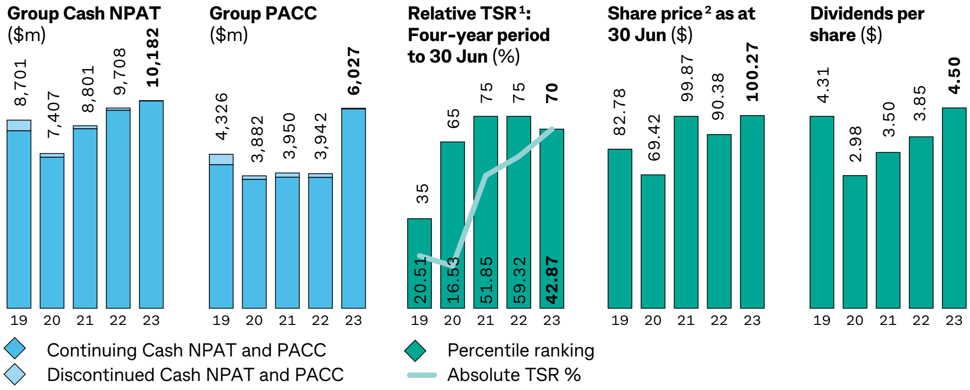
Group performance and remuneration

Our remuneration outcomes, including STVR, LTAR and LTVR, reflect sustained strong performance across both financial and non-financial measures. The graphs and table below illustrate the relationship between Executive remuneration outcomes and the Group's performance over the past five financial years.

Measures

Financial

Executive remuneration outcomes reflect consideration of strong financial performance over time, consistent operational execution and delivering value for shareholders. Financial targets are set by the Board considering Group strategic priorities, the economic environment and market expectations.



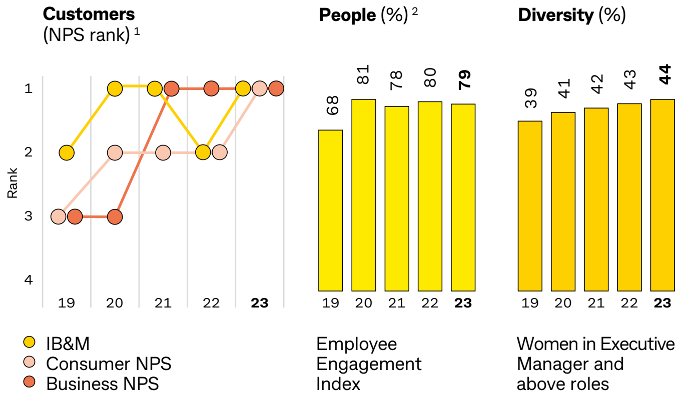
1 Percentile ranking relative to general ASX peer group.
2 CBA opening share price 2 July 2018 was $72.70.

Non-financial

Executive remuneration outcomes reflect non-financial performance in customer, leadership, strategy execution, risk and reputation and values.

Targets are set to achieve or maintain a leading position relative to peers or global benchmarks. This supports alignment with shareholder interests as we advance our strategic priorities and create sustainable value for our customers, people and shareholders.

Further details can be found on page 99.



1 Represents June NPS outcome for the relevant year.

2 Represents Group Employee Engagement Index March/April outcome for the relevant year.

KMP remuneration

Remuneration outcomes	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23
Fixed remuneration (FR) increase[1] (average %)	0%	1.3%	5.1%[2]	3.6%	1.3%
STVR outcome (average % of maximum)	44%	60%	85%[3]	85%	88%
LTVR vesting outcome (% of maximum)	24%	84%	87.5%	100%	92.5%

1 Average increases for key management personnel (KMP) excluding promotions.
2 Increased FR in combination with the reduced total remuneration opportunity and rebalanced pay-mix. Underlying FR average increase 1.4%.
3 Maximum STVR opportunity reduced from 150% to 125% of target for 2021 financial year impacting year-on-year comparisons of STVR outcome as a % of maximum.

FY23 remuneration at a glance

CEO remuneration

Matt Comyn was appointed to the CEO role effective 9 April 2018. For the 2023 financial year, the CEO:

- Did not receive an increase to fixed remuneration.
- Received variable remuneration relating to performance over the five-year period from 1 July 2018 to 30 June 2023.

Variable remuneration		Outcome[1]	Performance Period
Cash STVR	50% of FY23 Award	94%	1 July 2022 to 30 June 2023
Deferred STVR	25% of FY21 Award	87%	1 July 2020 to 30 June 2021
	25% of FY20 Award	73%	1 July 2019 to 30 June 2020
LTVR	100% of FY19 Award	100%	1 July 2018 to 30 June 2022

- Outcomes reflect performance (as a % of maximum) against financial and non-financial measures.
- The FY19 LTVR award is the first award granted and vested to Mr Comyn following his appointment as CEO.
- FY23 total received remuneration is $10.43 million with 76% ($7.93 million) of total remuneration relating to performance, including awards deferred into equity from prior performance periods. See page 98 for further detail.
- Share price growth on deferred awards contributed $1.79 million or 17% of FY23 total remuneration received[2].
- FY23 statutory remuneration is $7.34 million, which reflects the accounting value of Mr Comyn's awards prepared in line with Australian Accounting Standards. See page 106–107 for further detail.

1 STVR outcome reflects % of maximum performance opportunity. LTVR outcome reflects % of maximum vesting opportunity.

2 Face value of FY21 deferred STVR at grant was $100.61 and $97.38 at vesting. Face value of FY20 deferred STVR at grant was $69.38 and $97.38 at vesting. Face value of FY19 LTVR at grant was $72.84 and $101.52 at vesting.

FY23 outcomes

Short-term variable remuneration (STVR)

CEO remuneration
STVR % of maximum **94%**

Group Executives (GE) and CEO ASB remuneration
STVR % of maximum
73% to **100%**

Long-term alignment remuneration (LTAR)

LTAR was granted[1] following the pre-grant assessment for FY23, subject to a pre-vest assessment prior to vesting

Long-term variable remuneration (LTVR)

FY20 LTVR reached the end of its performance period on 30 June 2023

92.5% **(CEO ASB 92.12%)**
of the award vested

1 Awards will vest for GEs and CEO ASB in 2026 and the CEO in 2026 and 2027 subject to continuous service, a pre-vest assessment and a malus review prior to vesting.

Executive KMP remuneration snapshot

The Executive KMP remuneration snapshot provides details of remuneration received[1] during the financial years ended 30 June 2023 and 30 June 2022. This differs to the statutory remuneration table on pages 106 and 107, which presents remuneration in accordance with accounting standards (i.e. on an accruals basis). The basis of preparation is noted on page 98, excluding any one-off awards.

Matt Comyn Managing Director and Chief Executive Officer ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2023 remuneration received[1,2]	2,500	1,103	1,304	5,519	**10,426**
2022 remuneration received[1,3]	2,500	1,021	1,360	2,087	**6,968**

Progress of minimum shareholding requirement
Meets

686% Current shareholding

300% Shareholding requirement

David Cohen Deputy Chief Executive Officer ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2023 remuneration received[1]	1,250	430	572	3,010	**5,262**
2022 remuneration received[1]	1,250	491	565	2,372	**4,678**

Progress of minimum shareholding requirement
Meets

1,080% Current shareholding

200% Shareholding requirement

Alan Docherty Group Chief Financial Officer ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2023 remuneration received[1,2]	1,150	483	536	2,571	**4,740**
2022 remuneration received[1]	1,150	469	625		**2,244**

Progress of minimum shareholding requirement
Meets

609% Current shareholding

200% Shareholding requirement

Andrew Hinchliff Group Executive, Institutional Banking and Markets ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2023 remuneration received[1,2]	1,200	496	487	2,508	**4,691**
2022 remuneration received[1]	1,090	451	703		**2,244**

Progress of minimum shareholding requirement
Meets

495% Current shareholding

200% Shareholding requirement

Sian Lewis Group Executive, Human Resources ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2023 remuneration received[1,2]	950	385	438	2,070	**3,843**
2022 remuneration received[1]	950	371	541		**1,862**

Progress of minimum shareholding requirement
Meets

339% Current shareholding

200% Shareholding requirement

Key FR | STVR – Cash | STVR – Deferred | LTVR

1 Both 2023 and 2022 refer to relevant financial year, and include fixed remuneration received, STVR cash portion paid, and equity awards which have vested during the year, including deferred STVR and LTVR awards. For 2023 this relates to the 2019 LTVR and for 2022 it relates to the 2018 LTVR.

2 Executive received first vesting of LTVR since their appointment to role.

3 FY18 LTVR award was granted in role as Group Executive RBS.

2023 remuneration received includes vesting of the FY19 LTVR grant. As reported in 2022, the FY19 LTVR grant vested in full reflecting sustained strong financial and non-financial performance for the period 1 July 2018 and 30 June 2022 being: relative TSR at the 75th percentile, Employee Engagement of 82% and RepTrak score of 93.75 percentile. For six Executive KMP, including the CEO, this is the first LTVR vesting since appointment to their roles.

Gavin Munroe Group Chief Information Officer ($000)

Term as KMP: part year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2023 remuneration[1] received	753	308			1,061

Progress of minimum shareholding requirement
On track

87% Current shareholding

200% Shareholding requirement

Vittoria Shortt Chief Executive Officer, ASB ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2023 remuneration[1,3] received	1,056	420	462		1,938
2022 remuneration[1,3] received	1,050	432	471	1,704	3,657

Progress of minimum shareholding requirement
Meets

811% Current shareholding

200% Shareholding requirement

Angus Sullivan Group Executive, Retail Banking Services ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2023 remuneration[1,2] received	1,300	542	699	2,634	5,175
2022 remuneration[1] received	1,300	509	776		2,585

Progress of minimum shareholding requirement
Meets

404% Current shareholding

200% Shareholding requirement

Mike Vacy-Lyle Group Executive, Business Banking ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2023 remuneration[1] received	1,225	574	381		2,180
2022 remuneration[1] received	1,225	503	152		1,880

Progress of minimum shareholding requirement
Meets

402% Current shareholding

200% Shareholding requirement

Nigel Williams Group Chief Risk Officer ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2023 remuneration[1,2] received	1,450	571	647	3,031	5,699
2022 remuneration[1] received	1,450	541	574		2,565

Progress of minimum shareholding requirement
Meets

583% Current shareholding

200% Shareholding requirement

Key FR | STVR – Cash | STVR – Deferred | LTVR

1 Both 2023 and 2022 refer to relevant financial year, and include fixed remuneration received, STVR cash portion paid, and equity awards which have vested during the year, including deferred STVR and LTVR awards. For 2023 this relates to the 2019 LTVR and for 2022 it relates to the 2018 LTVR.

2 Executive received first vesting of LTVR since their appointment to role.

3 New Zealand dollar amounts have been converted to Australian dollars.

Remuneration report (continued)

Remuneration received during the year by Executives

The remuneration outcomes table below provides a summary of the remuneration received by the Executives in their KMP roles during the financial year ended 30 June 2023. This information provides shareholders with greater clarity and transparency of Executive remuneration. It complements the Executive KMP remuneration snapshots on pages 96 and 97, which present remuneration received, and is prepared in accordance with the basis of preparation noted below, including any one-off awards. All remuneration presented in this report is in Australian dollars.

		Fixed remuneration a	Cash STVR b	Total cash payments c = a + b	Deferred awards[1] d	Total remuneration received e = c + d	Previous years' awards forfeited or lapsed f
CEO							
Matt Comyn	**30 Jun 23**	**2,500,000**	**1,102,500**	**3,602,500**	**6,823,244**	**10,425,744**	**–**
	30 Jun 22	2,500,000	1,021,428	3,521,428	3,447,407	6,968,835	(298,156)
Current Group Executives and CEO ASB							
David Cohen	**30 Jun 23**	**1,250,000**	**430,313**	**1,680,313**	**3,582,379**	**5,262,692**	**–**
	30 Jun 22	1,250,000	490,789	1,740,789	2,937,579	4,678,368	(338,880)
Alan Docherty	**30 Jun 23**	**1,150,000**	**483,000**	**1,633,000**	**3,107,769**	**4,740,769**	**–**
	30 Jun 22	1,150,000	468,775	1,618,775	624,771	2,243,546	–
Andrew Hinchliff	**30 Jun 23**	**1,200,000**	**496,350**	**1,696,350**	**2,994,968**	**4,691,318**	**–**
	30 Jun 22	1,090,000	451,059	1,541,059	703,144	2,244,203	–
Sian Lewis	**30 Jun 23**	**950,000**	**384,750**	**1,334,750**	**2,507,407**	**3,842,157**	**–**
	30 Jun 22	950,000	371,218	1,321,218	540,864	1,862,082	–
Gavin Munroe[2]	**30 Jun 23**	**752,877**	**307,739**	**1,060,616**	**465,937**	**1,526,553**	
Vittoria Shortt[3]	**30 Jun 23**	**1,055,838**	**419,696**	**1,475,534**	**462,068**	**1,937,602**	**–**
	30 Jun 22	1,049,964	431,880	1,481,844	2,174,800	3,656,644	(243,408)
Angus Sullivan	**30 Jun 23**	**1,300,000**	**542,100**	**1,842,100**	**3,332,837**	**5,174,937**	**–**
	30 Jun 22	1,300,000	508,620	1,808,620	776,386	2,585,006	–
Mike Vacy-Lyle	**30 Jun 23**	**1,225,000**	**574,219**	**1,799,219**	**381,145**	**2,180,364**	**–**
	30 Jun 22	1,225,000	502,685	1,727,685	1,202,853	2,930,538	–
Nigel Williams	**30 Jun 23**	**1,450,000**	**570,938**	**2,020,938**	**3,678,469**	**5,699,407**	**–**
	30 Jun 22	1,450,000	541,031	1,991,031	834,189	2,825,220	–
Former Group Executive							
Pascal Boillat[4]	**30 Jun 23**	**581,260**	**–**	**581,260**	**4,466,122**	**5,047,382**	**–**
	30 Jun 22	1,560,000	580,329	2,140,329	2,782,752	4,923,081	–

1 For Gavin Munroe this represents the portion of his cash and equity one-off awards which vested in the 2023 financial year.
2 Gavin Munroe commenced as KMP on 14 November 2022, remuneration reflects time in role.
3 Vittoria Shortt has an additional payment of $12,591 of KiwiSaver payable on her cash STVR component. FY22 amount was $12,956.
4 Pascal Boillat ceased being KMP on 13 November 2022 and his remuneration reflects the time he was KMP.

Basis of preparation

Cash payments	(a) **Fixed remuneration:** Base remuneration plus superannuation paid for the period as KMP. For the CEO ASB, contributions are made in line with the KiwiSaver employer contribution requirements. (b) **Cash STVR:** • For 2023: 50% of the 2023 financial year STVR (relates to performance during the 12 months to 30 June 2023). • For 2022: 50% of the 2022 financial year STVR (relates to performance during the 12 months to 30 June 2022).
Vesting of prior year awards	**(d)** **Deferred awards:** The value of all deferred awards that vested during the period as KMP. The value for equity awards shown is based on the volume weighted average closing price (VWACP) of the Group's ordinary shares over the five trading days preceding the vesting date. For the 2023 financial year, the awards vested values include: • the portion of deferred STVR from the 2021 and 2020 financial years; • the 2019 LTVR award; and • one-off equity and one-off cash.
Awards forfeited or lapsed	**(f)** **Previous years' awards forfeited or lapsed:** The value of all unvested deferred equity awards that were forfeited or lapsed during the 2022 financial year as the performance or risk and reputation conditions were not met. The value shown is based on VWACP of the Group's ordinary shares over the five trading days preceding the date of forfeiture or lapse.

1. Variable remuneration outcomes for the financial year ended 30 June 2023

CEO short-term variable remuneration (STVR) performance outcomes

Measure and commentary	Weight	Scorecard result: Threshold 50%	Scorecard result: Target 100%	Scorecard result: Above Expectations 125%	% of STVR maximum
Shareholder Delivery of robust financial performance due to our continued focus on and the successful execution of the Group's strategic priorities in a challenging economic landscape: • Group cash NPAT – above expectations (Actual: $10,182 million)	20%	9,432	9,798	10,163	20%
• Group underlying PACC – above target (Actual: $6,027 million)	20%	5,072	5,585	6,097	19.5%
Customer NPS outcomes for Consumer, Business and IB&M customers, with reference to complaints remediation: • Business NPS ranked #1 for all 12 months of the 2023 financial year, with Consumer and IB&M ranked #1 consecutively for eight and seven months, respectively, for the 2023 financial year	15%				13.2%
People & Leadership Group Leadership measure results: • Employee engagement remains strong • Women in leadership increased to 44% representation at Executive Manager and above level • Strengthening succession talent pools, with focus on attraction, development and retention of key leadership roles and critical capabilities • Embedding Leadership Principles in key business and people processes to increase velocity of strategic delivery and to strengthen our culture	15%				13.8%
Strategy Execution Refinement of the Group's three-year strategy with focus on customer, commercial, technology and risk priorities. Ongoing delivery of priority risk initiatives to strengthen our operating environment with greater data automation, simplification and risk capability. Progress on the delivery of Group strategic priorities: • Reimagining products and services for our customers, enhancing functionality, the digital experience and loyalty program • Strong growth in business bank with enhanced customer propositions • Increased support for customers, including scam prevention, reducing financial abuse and cost of living support • Strong progress towards our sustainability agenda, including the release of the Group's first Climate Report and development of key partnerships	30%				27.6%
Overall CEO scorecard STVR outcome					94%

Risk and reputation assessment • Leadership of risk culture • Risk and Reputation: RepTrak Score	Fully met	No adjustment
Values assessment • Demonstrated all individual and leadership guidelines within the Group's Values • Continued to provide industry leadership and demonstration of our Values nationally	Exceptionally Demonstrated	No adjustment
Overall CEO STVR outcome		**94%**

Remuneration report (continued)

Executive short-term variable remuneration (STVR) performance outcomes

The following table provides the 2023 financial year STVR outcomes for Executives for the period they were KMP. The minimum potential outcome is zero.

			STVR actual				
	STVR target $	STVR maximum $	Total $	Cash[1] $	Deferred $	STVR actual as a % of STVR target[2] %	STVR actual as a % of STVR maximum[2] %
CEO							
Matt Comyn	1,875,000	2,343,750	2,205,000	1,102,500	1,102,500	118%	94%
Current Group Executives and CEO ASB							
David Cohen	937,500	1,171,875	860,625	430,313	430,312	92%	73%
Alan Docherty	862,500	1,078,125	966,000	483,000	483,000	112%	90%
Andrew Hinchliff	900,000	1,125,000	992,700	496,350	496,350	110%	88%
Sian Lewis	712,500	890,625	769,500	384,750	384,750	108%	86%
Gavin Munroe[3]	564,658	705,822	615,477	307,739	307,738	109%	87%
Vittoria Shortt	791,879	989,848	839,391	419,696	419,695	106%	85%
Angus Sullivan	975,000	1,218,750	1,084,200	542,100	542,100	111%	89%
Mike Vacy-Lyle	918,750	1,148,438	1,148,438	574,219	574,219	125%	100%
Nigel Williams	1,087,500	1,359,375	1,141,875	570,938	570,937	105%	84%

1 Cash amounts will be paid in or around September 2023 for Australian-based Executives.

2 The percentage of 2023 financial year STVR forfeited (as a % of STVR target and maximum respectively): Matt Comyn 0% and 6%, David Cohen 8% and 27%, Alan Docherty 0% and 10%, Andrew Hinchliff 0% and 12%, Sian Lewis 0% and 14%, Gavin Munroe 0% and 13%, Vittoria Shortt 0% and 15%, Angus Sullivan 0% and 11%, Mike Vacy-Lyle 0% and 0%, Nigel Williams 0% and 16%.

3 Gavin Munroe commenced as KMP on 14 November 2022, remuneration reflects time in role.

Long-term alignment remuneration (LTAR) pre-grant assessment outcomes

The 2023 financial year LTAR awards were granted at 100% of the award value. The CEO LTAR is delivered in two equal tranches and is subject to a pre-vest assessment at the end of a four and five-year restriction period ending 30 June 2026 and 30 June 2027 respectively. The LTAR for Group Executives and CEO ASB is subject to a pre-vest assessment at the end of a four-year restriction period ending 30 June 2026.

The following table outlines the pre-grant assessment.

Pre-grant assessment	Outcome
Forward-looking financial considerations	Met
Threshold level individual non-financial performance	Met
Board discretion to adjust grant value downwards	No adjustment
Pre-grant assessment outcome	100%

+ **Detailed information on the LTAR pre-grant assessment is available on page 103.**

Long-term variable remuneration (LTVR) performance outcomes

The 2020 financial year LTVR award reached the end of its four-year performance period on 30 June 2023. The award vested at 92.5% for the CEO and Group Executives, and 92.12% for the CEO ASB. The positive TSR gateway was met for non-financial performance measures; CBA's absolute TSR for the four-year performance period to 30 June 2023 was 42.87%.

	Percentage of award		Performance outcome			
Performance measure	CBA	ASB	CBA	ASB	CBA Vesting outcome	ASB CEO Vesting outcome
Relative TSR	75%	50%	70th percentile ranking relative to TSR peer group		90%	
Relative Trust and Reputation[1]	12.5%	25%	100th percentile ranking relative to the peer group	69.23th percentile ranking relative to the peer group	100%	88.46%
Employee Engagement[2] (absolute)	12.5%	25%	100% vesting at Employee Engagement score of 81%	100% vesting at Employee Engagement score of 8.48	100%	100%

1 CBA Trust and Reputation is measured against the independent RepTrak® Pulse Score survey. The peer group is made up of the 16 largest consumer-facing ASX companies by market capitalisation (excluding resources companies, companies that do not have a base level of familiarity with the general public, companies that do not operate nationally and CBA). For the CEO ASB, ASB's Trust and Reputation is assessed against a peer group made up of the four largest financial institutions in NZ excluding ASB together with the 9 largest companies based on revenue on the Deloitte Top 200 Index that are consumer facing.

2 CBA Employee Engagement is measured via an employee survey conducted by an external provider and presented as an index. Employee Engagement is based on the proportion of employees responding that they 'Strongly Agree' or 'Agree' with the four questions relating to Satisfaction, Commitment, Advocacy and Pride (each of which is equally weighted). For the CEO ASB, performance is assessed against ASB's Employee Engagement score.

2. Executive remuneration framework in detail

Fixed remuneration

Fixed remuneration (FR) comprises base remuneration (i.e. cash salary) and superannuation (KiwiSaver for the CEO ASB).

FR is delivered in accordance with contractual terms and conditions of employment and is reviewed annually against relevant comparator group remuneration benchmarks.

Short-term variable remuneration (STVR)

The table below outlines key features of the 2023 financial year STVR award for the CEO and all Executives. Refer to page 111 for treatment of STVR on cessation of employment.

Features	Approach
Purpose	Varies remuneration outcomes in line with annual performance achievement, with material weighting to financial and non-financial outcomes across customer, leadership, strategy execution and shareholder measures, incorporating both risk scorecard and values assessments. Recognises both the "what" and the "how" of performance.
Participants	CEO, Group Executives and CEO ASB
Opportunity	Target STVR: 75% of FR Maximum STVR: 94% of FR (125% of target STVR)
Performance measures and weightings	Individual STVR outcomes are determined on the basis of Group (or ASB for the CEO ASB) performance and individual performance through a balanced scorecard. The performance measures comprise a mix of financial and non-financial metrics linked to Group and business unit targets, aligned to the Group's strategy with the weightings varied by role. For the CEO and Group Executives (excluding the Group CRO and CEO ASB) the financial weighting increased to 40% for 2023 financial year. More information on the CEO's STVR scorecard can be found on page 99.
Risk and values assessment	Performance outcomes determined through assessment of the balanced scorecard are subject to the following gate/modifiers: • **Risk and Reputation**[1]**:** the Board[2] has discretion where appropriate to adjust Executive STVR outcomes through the Executive risk scorecard[3]. The Risk and Reputation modifier also includes consideration of Trust and Reputation outcomes that may warrant an adjustment to the Risk and Reputation assessment. • **Values:** the Board[2] has the discretion to adjust Executive STVR outcomes on the basis of an assessment of behaviours aligned with our Group values, where appropriate.
Calculation of awards	STVR awards for all Executives are calculated as follows:
Deferral	50% of the STVR award is deferred and delivered in deferred shares that vest in equal tranches over one and two years. Deferred STVR shares have rights to dividends paid during the deferral period. All deferred STVR awards are subject to Board[2] risk and reputation review prior to vesting and continuous service.

Performance measures and weightings:

	Financial	Non-financial (including customer, leadership and strategy)
CEO, Group Executives (excluding Group CRO and CEO ASB)	40%	60%
Group CRO	10%	90%
CEO ASB	30%	70%

Calculation of awards:

Opportunity				Scorecard outcome		Risk and Reputation and Values assessment				Final outcome
Fixed remuneration $	x	Target STVR opportunity %	x	Performance result %[4]	x	Risk and Reputation result	x	Values result	=	Value of adjusted STVR award $

1 For the CEO ASB reputation is not included in the modifier as it is contained in the Customer measures of the scorecard.

2 "Board" is to be read as ASB Board in respect of discretion for the CEO ASB's STVR outcomes.

3 Executive risk scorecard assessments include consideration of: risk culture and leadership; risk strategy/appetite; incidents and issues; the risk and control environment; and risk milestones.

4 The Board retains discretion to adjust scorecard outcomes.

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Long-term alignment remuneration (LTAR)

The table below outlines key features of the 2023 financial year LTAR for the Executives. Refer to page 111 for treatment of LTAR on cessation of employment.

Feature	Approach
Purpose	Drives collective focus on increasing the value of CBA over time, and individual focus on sustained leadership and strategy execution performance. The LTAR pre-grant and pre-vest assessments are designed to focus the Executives on non-financial performance, in particular leadership and strategy.
Participants	CEO, Group Executives and CEO ASB
Opportunity	Maximum opportunity of 70% of fixed remuneration (FR). The minimum potential outcome value is zero.
Restriction period	CEO: Subject to a four and five-year restriction period, 50% from 1 July 2022 to 30 June 2026 and 50% to 30 June 2027 respectively. Group Executives and CEO ASB: Subject to a four-year restriction period from 1 July 2022 to 30 June 2026.
Pre-grant assessment	The LTAR award value is subject to a pre-grant assessment with downward adjustments applied to reflect material issues. The assessment considers future financial factors and individual non financial performance of leadership and strategy execution.
Pre-vest assessment	LTAR awards granted from FY23 are subject to a pre-vest assessment with downward adjustments applied based on an assessment over the restriction period. The assessment considers leadership and strategy performance and adjustments will be made for significant failures resulting in adverse material impacts and the participants' actions or response to any matters identified.
Instrument	The LTAR award is granted as restricted share units (RSUs). Each RSU entitles the participant to receive one CBA share (or cash equivalent as determined by the Board) subject to continuous service, a pre-vest assessment and a malus review prior to vesting.
Maximum face value allocation approach	The number of RSUs granted is calculated as follows for the Executives: FR $ (at time of grant) x 70% ÷ Share price $ (no discount applied) = Number of RSUs The share price used was the volume weighted average closing price of CBA's ordinary shares over the five trading days up to 1 July 2022.
Dividends and/or dividend equivalents	For every RSU that ultimately vests following the end of the restriction period and pre-vest assessment, the Executive will receive a payment equal to dividends paid by CBA over the restriction period/s in relation to the vested RSUs. Participants will not receive any franking credits or value in lieu of franking credits.
Board discretion	The Board has discretion to determine that some or all of the award will lapse in certain circumstances (malus), including where, in the opinion of the Board: • The vesting of RSUs is not justified or supportable, having regard to the Executive's performance and/or conduct, the performance of the business unit or function (as relevant having regard to the participant's accountability or role), or overall Group performance. • A significant failure of financial or non-financial risk management, breach of accountability, fitness and propriety or compliance obligations. • The vesting of RSUs will impact on the financial soundness of the Group or a member of the Group. • The Group is required or entitled to reclaim remuneration or reduce an Executive's remuneration outcome under law, regulation or Group policy. • A significant unexpected or unintended consequence or outcome has occurred which impacts the Group, including where original expected performance outcomes have not been realised. The Board also has discretion to apply clawback to vested LTAR awards for serious and material matters as determined by the Board, including in relation to responsibility for financial losses; material misstatement of financial statements, or other criteria on which the LTAR grant or vesting was based; material breach of compliance obligations including in relation to misconduct risk, or failure of accountability or fitness and propriety.

LTAR – performance assessments

The following diagram illustrates the LTAR pre-grant and pre-vest assessments process to support robust decision making when granting and vesting LTAR awards to Executives.

Step 1 | Step 2 | Step 3 | Step 4

Forward-looking financial considerations

Determine if any adjustment required as a result of material forward-looking financial considerations.

- Non-formulaic trigger to Board discretion
- Likely to impact all participants

Elements for consideration

Key financial metrics are used to determine the forward-looking financial assessment for the LTAR award, and may include, but are not limited to, share price, dividend forecast, capital and other shareholder measures as set out in the CEO scorecard (refer to page 99).

Assessment outcomes	Impact
If no material issues identified	No adjustment
If potential material issues identified	Consider whether LTAR grant should be adjusted downwards

Step 1 | **Step 2** | Step 3 | Step 4

Threshold level individual non-financial performance

Determine if adjustment required as a result of individual contribution to non-financial performance outcomes relating to strategy and leadership.

- Formulaic trigger to consider if Board discretion is warranted
- Review on an individual level

Elements for consideration

- Leadership performance outcome for prior year's STVR scorecard
- Strategy Execution performance outcomes for prior year's STVR scorecard
- Thresholds set based on historical analysis, triggering discretionary overlay where outcomes are poor

STVR scorecard outcomes for Leadership or Strategy (non-financial)	Impact
Outcome >70% of Target	No adjustment
Outcome between 50% and 70% of Target	Consider whether LTAR grant should be adjusted downwards by up to 20%
Outcome <50% of Target (i.e. Below Threshold)	Consider whether LTAR grant should be made

Step 1 | Step 2 | **Step 3** | Step 4

Board discretion to adjust grant value downwards based on Steps 1 and 2

Board to undertake assessment and apply judgement based on Steps 1 and 2.

- Non-formulaic Board determination
- May apply to select or all participants

Elements for consideration

- Non-exhaustive list of issues for Board consideration and application of discretion may include:
- Broader assessment of non-financial performance not captured by STVR scorecard triggers
- Relevant context for prior year performance
- Historical and potential future performance
- Whether performance outcome is already appropriately impacting other elements of remuneration (e.g. STVR and LTVR)

Step 1 | Step 2 | Step 3 | **Step 4**

Pre-vest assessment

Determine if any adjustments required based on a look-back over the LTAR restricted period.

- Non-formulaic Board determination
- Review on an individual level

Elements for consideration

- Significant failures and resultant material adverse impacts in Leadership and Strategy
- Relevant context including the Board-endorsed strategy and leadership expectations
- Executive actions and/or response to any matters identified in Step 4, with consideration of external/internal operating context
- Adequate reflection of matters across the remuneration framework (e.g. STVR, LTAR pre-grant, deferred awards) over the relevant period

Inputs to support Board discretionary assessment

- Pre-grant LTAR assessments over the relevant period
- Board strategy reviews
- Indicators of People & Leadership
- Any other inputs as relevant

Long-term variable remuneration (LTVR)

The table below outlines key features of the 2023 financial year LTVR for the Executives. Refer to page 111 for treatment of LTVR on cessation of employment.

Features	Approach
Purpose	Varies remuneration outcomes in line with longer-term performance achievement, with a focus on relative shareholder returns to support sustainable shareholder value over time.
Participants	CEO, Group Executives and CEO ASB
Opportunity	The maximum face value of LTVR that can be granted for the Executives is 70% of fixed remuneration (FR). The minimum potential outcome value is zero.
Performance period	Subject to relative Total Shareholder Return (TSR) performance over four years from 1 July 2022 to 30 June 2026.
Holding period	CEO: performance rights remaining on foot after performance testing will be subject to a further two-year holding period (to 30 June 2028). Group Executives and CEO ASB: performance rights remaining on foot after performance testing will be subject to a further one-year holding period (to 30 June 2027).
Performance measures and weightings	• 50% measured against a general ASX peer group. • 50% measured against a financial services peer group.
Instrument	Performance rights – each right entitles the participant to receive one CBA share (or cash equivalent at the Board's discretion), subject to vesting conditions.
Maximum face value allocation approach	The number of performance rights granted to Executives is calculated as follows: **FR $ (at time of grant)** x **70%** ÷ **Share price $ (no discount applied)** = **Number of performance rights** The share price used was the volume weighted average closing price of CBA's ordinary shares over the five trading days up to 1 July 2022.
Dividends and/or dividend equivalents	For every performance right that ultimately vests, the participant will receive a payment equal to dividends paid by CBA (not including the value of franking credits) over the relevant holding period in relation to the vested rights. Performance rights do not receive dividends (or dividend equivalent payments) in relation to the performance period.
Board discretion	The Board has discretion to determine that some or all of the award will lapse in certain circumstances (malus), including where, in the opinion of the Board: • The vesting of rights is not justified or supportable, having regard to the Executive's performance and/or conduct, the performance of the business unit or function (as relevant having regard to the participant's accountability or role), or overall Group performance. • A significant failure of financial or non-financial risk management, breach of accountability, fitness and propriety or compliance obligations. • The vesting of rights will impact on the financial soundness of the Group or a member of the Group. • The Group is required or entitled to reclaim remuneration or reduce an Executive's remuneration outcome under law, regulation or Group policy. • A significant unexpected or unintended consequence or outcome has occurred which impacts the Group, including where original expected performance outcomes have not been realised. The Board also has discretion to apply clawback to vested LTVR awards for serious and material matters as determined by the Board, including in relation to responsibility for financial losses; material misstatement of financial statements, or other criteria on which the LTVR grant or vesting was based; material breach of compliance obligations including in relation to misconduct risk; or failure of accountability or fitness and propriety.

Performance measures	Approach
Relative TSR • Relative TSR provides a robust and easily quantifiable performance measure with strong alignment to shareholder value. • TSR measures share price movement, dividends paid and any return of capital over a specific period. • Relative TSR compares the ranking of CBA's TSR over the performance period with the TSR of other companies in a peer group.	See below

Performance measure framework

Under the LTVR, performance rights are tested at year four but subject to a holding restriction and vest after the holding period has expired subject to vesting conditions.

Peer group ranking	Percent retained subject to holding period
At the 75th percentile or higher	100%
Between the median and 75th percentile	Pro-rata vesting from 50% to 100%
At the median	50%
Below the median	0%

Calculation of results

Each company in the peer group will be given a percentile ranking based on the growth in its TSR over the four-year performance period. TSR outcomes are calculated by an external provider.

TSR relative to a general ASX peer group

- The peer group is made up of the 20 largest companies on the ASX by market capitalisation at the beginning of the performance period, excluding resources companies and CBA. This cross-industry peer group has been chosen as it represents the typical portfolio of companies in which CBA's shareholders invest, and so provides relevant benchmarks for measuring CBA's TSR.
- The peer group at the beginning of the performance period for the relative TSR performance measure comprised (in alphabetic order):
  - ANZ Group Holdings Limited
  - Aristocrat Leisure Limited
  - ASX Limited
  - Brambles Limited
  - Coles Group Limited
  - Computershare Limited
  - CSL Limited
  - Goodman Group
  - James Hardie Industries PLC
  - Macquarie Group Limited
  - National Australia Bank Limited
  - QBE Insurance Group Limited
  - Ramsay Health Care Limited
  - REA Group Ltd
  - Sonic Healthcare Limited
  - Telstra Group Limited
  - Transurban Group
  - Wesfarmers Limited
  - Westpac Banking Corporation
  - Woolworths Group Limited

A reserve bench company will be substituted (in order of market capitalisation as at the beginning of the performance period) into the peer group when a peer group company ceases to be listed on the ASX as a result of an acquisition, merger or other relevant corporate action or delisting. The reserve bench (in order of market capitalisation) comprised: Suncorp Group Limited, Amcor PLC, Endeavour Group Limited, Scentre Group and APA Group.

TSR relative to a financial services peer group

- The peer group is made up of the eight most comparable financial services companies listed on the ASX at the beginning of the performance period.
- The financial services peer group at the beginning of the performance period for the relative TSR performance hurdle comprised:
  - AMP Limited
  - ANZ Group Holdings Limited
  - Bank of Queensland Limited
  - Bendigo and Adelaide Bank Limited
  - Macquarie Group Limited
  - National Australia Bank Limited
  - Suncorp Group Limited
  - Westpac Banking Corporation

There is no reserve bench for this peer group. The companies comprising each peer group are subject to change at the Board's discretion.

Remuneration report (continued)

3. Executive statutory remuneration

Executive statutory remuneration accounting expense

The following statutory table details the statutory accounting expense of all remuneration-related items for Executive KMP. This includes remuneration costs in relation to both the 2022 and 2023 financial years. The table is different from the remuneration outcomes table on page 98, which shows the remuneration received in the 2023 financial year rather than the accrual accounting amounts determined in accordance with the Australian Accounting Standards. The table has been prepared and audited against the relevant Australian Accounting Standards. Refer to the footnotes below the table for more detail on each remuneration component.

		Short-term benefits				
		Base remuneration [1, 2] $	Non-monetary [3] $	Cash STVR (at risk) [4] $	Deferred STVR (at risk) [5] $	Other [6] $
CEO						
Matt Comyn	**30 Jun 23**	**2,474,708**	**70,526**	**1,102,500**	**–**	**9,031**
	30 Jun 22	2,476,432	78,740	1,021,428	–	70,539
Current Group Executives and CEO ASB						
David Cohen	**30 Jun 23**	**1,224,708**	**16,654**	**430,313**	**–**	**(9,672)**
	30 Jun 22	1,226,432	17,717	490,789	–	46,812
Alan Docherty	**30 Jun 23**	**1,124,708**	**16,654**	**483,000**	**–**	**8,599**
	30 Jun 22	1,126,432	17,717	468,775	–	(26,623)
Andrew Hinchliff	**30 Jun 23**	**1,174,708**	**18,431**	**496,350**	**–**	**(16,208)**
	30 Jun 22	1,066,432	17,857	451,059	–	16,281
Sian Lewis	**30 Jun 23**	**924,708**	**14,277**	**384,750**	**–**	**(7,134)**
	30 Jun 22	926,432	14,767	371,218	–	(23,359)
Gavin Munroe [7]	**30 Jun 23**	**752,876**	**1,684**	**307,739**	**–**	**660,474**
Vittoria Shortt [8]	**30 Jun 23**	**1,025,086**	**10,697**	**419,696**	**–**	**28,010**
	30 Jun 22	1,019,382	10,690	431,880	–	(24,306)
Angus Sullivan	**30 Jun 23**	**1,274,708**	**6,691**	**542,100**	**–**	**(90,641)**
	30 Jun 22	1,276,432	6,428	508,620	–	18,155
Mike Vacy-Lyle	**30 Jun 23**	**1,199,708**	**16,654**	**574,219**	**–**	**(26,605)**
	30 Jun 22	1,201,432	16,032	502,685	–	40,600
Nigel Williams	**30 Jun 23**	**1,424,708**	**18,431**	**570,938**	**–**	**(30,131)**
	30 Jun 22	1,426,432	17,857	541,031	–	21,835
Former Group Executive						
Pascal Boillat [9, 10]	**30 Jun 23**	**571,836**	**6,042**	**–**	**354,776**	**347,225**
	30 Jun 22	1,536,432	16,032	580,329	–	674,880

1 Base remuneration together with superannuation (post-employment benefit) comprise Fixed Remuneration.
2 Total cost of salary, including cash salary, short-term compensated absences and any salary sacrificed benefits.
3 Cost of car parking (including associated fringe benefits tax). For Matt Comyn, this also includes costs in relation to a motor vehicle benefit.
4 KiwiSaver is payable on the CEO ASB's cash STVR.
5 The deferred portion of Pascal Boillat's 2022 STVR was deferred into cash in line with the Banking Executive Accountability Regime (BEAR) requirements.
6 Includes company-funded benefits (including associated fringe benefits tax where applicable) and the net change in accrued annual leave. For Gavin Munroe this also includes costs relating to a housing allowance and the FY23 expense for his one-off cash award. For Pascal Boillat, this also includes costs in relation to a housing allowance.
7 Gavin Munroe commenced as KMP on 14 November 2022 and remuneration reflects time he was KMP. Gavin has elected to receive cash in lieu of employer superannuation contributions as criteria has been met per the terms of his visa.
8 For Vittoria Shortt, remuneration was paid in New Zealand dollars. The value shown was impacted by movements in exchange rates. Vittoria's FY22 total statutory remuneration has been restated due to a correction in her annual leave accrual.
9 Pascal Boillat ceased as KMP on 13 November 2022 and remuneration reflects time he was KMP.
10 The equity values for Pascal Boillat reflect the disclosable accruals for all previously granted awards that remain unvested following cessation of employment up to the end of each vesting period. This means that up to three years of each unvested award expense has been brought forward and disclosed in total for the 2023 financial year, including those amounts which would have otherwise been included in future year disclosures and that may not vest.

Post-employment benefits	Long-term benefits	Share-based payments			
Superannuation[11] $	Long-term[12] $	Deferred equity (at risk)[13] $	LTAR equity (at risk) $	LTVR equity (at risk)[14, 15] $	Total statutory remuneration[16] $
25,292	**72,192**	**1,042,000**	**1,225,609**	**1,320,015**	**7,341,873**
23,568	99,856	1,019,690	777,777	1,411,583	6,979,613
25,292	**31,740**	**468,851**	**699,836**	**695,477**	**3,583,199**
23,568	34,875	487,033	451,040	717,930	3,496,196
25,292	**29,886**	**464,801**	**627,732**	**611,202**	**3,391,874**
23,568	72,942	449,463	398,859	702,904	3,234,037
25,292	**52,103**	**465,288**	**632,142**	**619,741**	**3,467,847**
23,568	18,072	438,418	393,308	688,005	3,113,000
25,292	**36,959**	**372,977**	**519,556**	**505,922**	**2,777,307**
23,568	29,855	365,842	330,475	567,647	2,606,445
–	**3,633**	**415,344**	**149,837**	**140,058**	**2,431,645**
43,343	**38,101**	**540,269**	**586,172**	**596,076**	**3,287,450**
49,248	31,051	463,487	370,946	416,428	2,768,806
25,292	**27,942**	**530,182**	**727,809**	**684,812**	**3,728,895**
23,568	43,924	541,173	469,078	746,991	3,634,369
25,292	**13,741**	**520,007**	**670,686**	**747,434**	**3,741,136**
23,568	10,871	529,153	426,884	556,755	3,307,980
25,292	**23,440**	**553,852**	**811,817**	**759,642**	**4,157,989**
23,568	14,711	557,630	523,229	863,117	3,989,410
9,424	**14,958**	**332,969**	**1,393,190**	**1,056,981**	**4,087,401**
23,568	13,313	1,187,005	562,904	1,017,027	5,611,490

11 Superannuation contributions for Vittoria Shortt are made in line with the KiwiSaver employer contribution requirements (this includes the additional payment of $12,591 payable on her cash STVR component.

12 Long service leave entitlements accrued during the year as well as the impact of changes to long service leave valuation assumptions, which are determined in line with Australian Accounting Standards.

13 The value of deferred equity awards are allocated from the start of the performance period to vesting date. Deferred 2023 financial year STVR is expensed over the vesting period commencing 1 July 2022. For Gavin Munroe and Pascal Boillat this also includes the expense for their one-off equity awards.

14 2023 financial year expense for the 2019, 2020, 2021, 2022 and 2023 financial year LTVR awards.

15 The value of LTVR awards are allocated over each year in the performance period.

16 The percentage of 2023 financial year remuneration related to performance was: Matt Comyn 64%, David Cohen 64%, Alan Docherty 64%, Andrew Hinchliff 64%, Sian Lewis 64%, Gavin Munroe 42%, Vittoria Shortt 65%, Angus Sullivan 67%, Mike Vacy-Lyle 67%, Nigel Williams 65%, and Pascal Boillat 77%.

Remuneration report (continued)

Movement in Executive shares and other securities during the 2023 financial year

The table below details the value and number of all equity awards that were granted or vested to or forfeited by Executives during their time in a KMP role in the 2023 financial year. It also shows the number of previous years' awards that vested, forfeited or lapsed, and the movement in ordinary shareholdings for each individual during the 2023 financial year.

		Balance 1 Jul 22	Acquired/granted as remuneration during the 2023 financial year[2]		Awards vested during 2023 financial year[3]		Net change other[4]	Balance 30 Jun 23[5]
	Equity Class[1]	Units	Units	$	Units	$	Units	Units
CEO								
Matt Comyn	Ordinary	82,087	–	–	67,757		(54,000)	95,844
	Deferred STVR shares	18,066	10,490	1,021,516	13,393	1,304,210	–	15,163
	LTAR restricted share units	40,980	19,032	1,990,367	–	–	–	60,012
	LTVR performance rights	143,301	19,032	1,167,328	54,364	5,519,033	–	107,969
Current Group Executives and CEO ASB								
David Cohen	Ordinary	73,421	–	–	35,527		(12,844)	96,104
	Deferred STVR shares	8,368	5,040	490,795	5,875	572,108	–	7,533
	LTAR restricted share units	21,507	9,516	995,183	–	–	–	31,023
	LTVR performance rights	77,315	9,516	583,664	29,652	3,010,271	–	57,179
	PERLS	–	–	–	–	–	626	626
Alan Docherty	Ordinary	17,968	–	–	30,837		(13,535)	35,270
	Deferred STVR shares	7,593	4,814	468,787	5,508	536,369	–	6,899
	LTAR restricted share units	18,922	8,754	915,493	–	–	–	27,676
	LTVR performance rights	66,595	8,754	536,927	25,329	2,571,400	–	50,020
Andrew Hinchliff	Ordinary	24,520	–	–	29,705		(29,705)	24,520
	Deferred STVR shares	7,194	4,632	451,064	4,996	486,510	–	6,830
	LTAR restricted share units	18,754	9,135	955,338	–	–	–	27,889
	LTVR performance rights	66,352	9,134	560,234	24,709	2,508,458	–	50,777
Sian Lewis	Ordinary	9,590	–	–	24,882		(30,832)	3,640
	Deferred STVR shares	6,245	3,813	371,310	4,496	437,820	–	5,562
	LTAR restricted share units	15,684	7,232	756,323	–	–	–	22,916
	LTVR performance rights	54,597	7,232	443,575	20,386	2,069,587	–	41,443
Gavin Munroe	Ordinary	n/a			2,301		(1,082)	1,219
	LTAR restricted share units	n/a	5,731	599,348	–	–	–	5,731
	LTVR performance rights	n/a	9,134	560,234	–	–	–	9,134
	Deferred one–off shares	n/a	5,752	601,889	2,301	225,222	–	3,451
Vittoria Shortt	Ordinary	45,349	–	–	4,745		(5,000)	45,094
	Deferred STVR shares	14,768	4,435	431,880	4,745	462,068	–	14,458
	LTAR restricted share units	17,656	8,232	860,903	–	–	–	25,888
	LTVR performance rights	38,702	8,232	504,910	–	–	–	46,934
Angus Sullivan	Ordinary	22,314	–	–	33,122		(43,194)	12,242
	Deferred STVR shares	9,841	5,224	508,713	7,176	698,799	–	7,889
	LTAR restricted share units	22,367	9,896	1,034,924	–	–	–	32,263
	LTVR performance rights	72,290	9,896	606,971	25,946	2,634,038	–	56,240
Mike Vacy–Lyle	Ordinary	13,000	–	–	3,914		(5,000)	11,914
	Deferred STVR shares	6,315	5,163	502,773	3,914	381,145	–	7,564
	LTAR restricted share units	20,264	9,325	975,209	–	–	–	29,589
	LTVR performance rights	44,242	9,324	571,888	–	–	–	53,566
Nigel Williams	Ordinary	22,587	–	–	36,505		(19,092)	40,000
	Deferred STVR shares	9,363	5,556	541,043	6,647	647,285	–	8,272
	LTAR restricted share units	24,949	11,038	1,154,354	–	–	–	35,987
	LTVR performance rights	81,145	11,038	677,016	29,858	3,031,184	–	62,325
Former Group Executive								
Pascal Boillat[6]	Ordinary	29,103	–	–	44,287		(44,287)	n/a
	Deferred STVR shares	9,982	–	–	7,221	703,181	–	n/a
	LTAR restricted share units	26,841	–	–	–	–	–	n/a
	LTVR performance rights	96,604	–	–	37,066	3,762,940	–	n/a
	Deferred one–off shares	17,359	–	–	–	–	–	n/a

1 Ordinary shares include all CBA shares held by the Executive's related parties (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power). Deferred STVR shares represents STVR previously awarded under the Executive arrangements in prior years. LTVR performance rights are subject to performance hurdles. LTAR restricted share units granted from 2023 Financial Year are subject to a pre–vest assessment. The maximum potential outcome for unvested awards are subject to CBA share price at time of vesting.
2 Represents the maximum number of equity awards that may vest to each Executive in respect of their time as KMP. The values represent the fair value at grant date. The minimum potential outcome for the equity awards is zero. Approval was given for the issue of the CEO's 2023 financial year LTAR and LTVR awards under ASX Listing Rule 10.14 at the 2022 Annual General Meeting.
3 Awards that vested include the 2019 financial year LTVR award (granted 12 November 2018), deferred STVR awards (vested in full) (tranches granted 1 September 2020 and 1 September 2021) and one–off awards (vested in full) (granted 14 November 2022) that vested during time in KMP role. The value of the awards vested is calculated using VWACP for the five trading days preceding the vesting date. Executives received one ordinary share in respect of each LTVR performance right that vested during the financial year.
4 Net change other incorporates changes resulting from purchases (sales) of ordinary shares or forfeitures of performance rights during the year.
5 Deferred STVR shares, LTAR restricted share units, LTVR performance rights and deferred one–off shares are unvested as at 30 June 2023.
6 Share movements for Pascal Boillat reflect the duration of the year that he was KMP.

Overview of unvested equity awards

All awards are subject to continued employment, Board risk and reputation review, and malus and clawback provisions. Details of minimum and maximum of the potential values of the awards granted in respect of previous years can be found in CBA's previous remuneration reports which are available at commbank.com.au/about-us/investors/annual-reports.

Equity plan			Performance measures/vesting conditions
FY19 STVR (CEO ASB) **Grant date:** 1 Sep 19 **Start date** [1]**:** 1 Jul 18 **End date:** 1 Sep 23			One tranche vesting four years after grant date.
FY21 STVR **Grant date:** 1 Sep 21 **Start date** [1]**:** 1 Jul 20 **End date:** 1 Sep 23	**FY22 STVR** **Grant date:** 1 Sep 22 **Start date** [1]**:** 1 Jul 21 **End date:** 1 Sep 24		Two tranches vesting equally one and two years after grant date.
FY21 LTVR **Grant date:** 16 Nov 20 Start date: 1 Jul 20 End date: 30 Jun 24	**FY22 LTVR** Grant date: 18 Nov 21 Start date: 1 Jul 21 End date: 30 Jun 25		Two tranches with performance measured after four years being: • 50% TSR ranking relative to general ASX peer group • 50% TSR ranking relative to financial services peer group A further holding period of two and three years is applied for the CEO, and one and two years for the Group Executives and CEO ASB.
FY23 LTVR **Grant date:** 16 Nov 22 **Start date:** 1 Jul 22 **End date:** 30 Jun 26			Two tranches with performance measured after four years being: • 50% TSR ranking relative to general ASX peer group • 50% TSR ranking relative to financial services peer group A further holding period of two years is applied for the CEO, and one year for the Group Executives and CEO ASB.
FY21 LTAR (CEO) **Grant date:** 16 Nov 20 **Start date:** 1 Jul 20 **End date:** 30 Jun 25	**FY22 LTAR (CEO)** **Grant date:** 18 Nov 21 **Start date:** 1 Jul 21 **End date:** 30 Jun 26	**FY23 LTAR (CEO)** **Grant date:** 16 Nov 22 **Start date:** 1 Jul 22 **End date:** 30 Jun 27	Two tranches vesting equally four and five years after start date.
FY21 LTAR (GE & CEO ASB) **Grant date:** 16 Nov 20 **Start date:** 1 Jul 20 **End date:** 30 Jun 24	**FY22 LTAR (GE & CEO ASB)** **Grant date:** 18 Nov 21 **Start date:** 1 Jul 21 **End date:** 30 Jun 25	**FY23 LTAR (GE & CEO ASB)** **Grant date:** 16 Nov 22 **Start date:** 1 Jul 22 **End date:** 30 Jun 26	One tranche vesting four years after start date.
Gavin Munroe one-off equity **Grant date:** 14 Nov 22 **Start date:** n/a **End date:** 8 Mar 28			Five tranches remaining with vesting subject to service.

1 Start date refers to performance start date.

Details for awards granted in the 2023 financial year

In the 2023 financial year, a face value allocation approach was used to determine the number of restricted share units granted under the LTAR (refer to page 108) and performance rights granted under the LTVR (refer to page 108). The table below is provided in accordance with statutory requirements. The fair value of LTVR grants has been calculated using a Monte Carlo simulation method. No amount is payable by Executives on the issue or vesting of the restricted share units and performance rights of the LTAR or LTVR awards respectively. As these awards are automatically exercised, they do not have an expiry date.

Equity plan	Performance measure	Grant date	Fair value $	Weighting	Performance period end/final vesting date	End of holding period
FY22 STVR deferred shares	Service	1 Sep 22	97.38	100%	1 Sep 24	n/a
FY23 LTAR restricted share units (CEO)	Service	16 Nov 22	104.58	50%	30 Jun 26	n/a
				50%	30 Jun 27	n/a
FY23 LTAR restricted share units (Group Executives and CEO ASB)	Service	16 Nov 22	104.58	100%	30 Jun 26	n/a
FY23 LTVR performance rights (CEO)	Relative TSR (General ASX peer group)	16 Nov 22	65.37	50%	30 Jun 26	30 Jun 28
	Relative TSR (Financial Services peer group)		57.30	50%		
FY23 LTVR performance rights (Group Executives and CEO ASB)	Relative TSR (General ASX peer group)	16 Nov 22	65.37	50%	30 Jun 26	30 Jun 27
	Relative TSR (Financial Services peer group)		57.30	50%		
One-off award (deferred shares) – Gavin Munroe	Service	14 Nov 22	104.64	100%	8 Mar 28	n/a

Hedging policy

Employees are prohibited from hedging, or otherwise limiting, their economic exposure to equity price risk in relation to unvested equity-linked remuneration issued under any Group equity arrangement. Any breach of this requirement will result in disciplinary actions, including the forfeiture of unvested awards. Further details of hedging restrictions are set out in the Group Securities Trading Policy.

+ **The Group Securities Trading Policy is available at commbank.com.au/corporategovernance**

Executive employment arrangements

The table below provides the employment arrangements for Executives.

Contract term	CEO	Group Executives	CEO ASB
Contract type[1]	Permanent	Permanent	Permanent
Notice period	12 months	Six months	Six months
Severance	n/a[2]	n/a[2]	12 months[2]

STVR treatment on termination

In general, unless otherwise determined by the Board (or ASB Board in respect of the CEO ASB) and subject to law:

- In the case of resignation or termination for cause before the end of the restriction period, any deferred shares will be forfeited and the Executive will not be eligible to be considered for an STVR award for that year.
- Where an Executive's exit is related to any other reason (i.e. retrenchment, retirement, ill-health separation, mutual agreement or death), the Executive remains eligible (unless the Board determines otherwise) to be considered for an STVR award with regard to actual performance against performance measures (as determined by the Board in the ordinary course following the end of the performance period).
- Where an Executive's exit is related to any other reason (e.g. retrenchment, retirement, ill-health separation, mutual agreement or death), unvested deferred STVR shares will remain on foot and will vest in the ordinary course, subject to the terms and conditions of the award other than those relating to continuity of employment.

LTAR treatment on termination

In general, unless otherwise determined by the Board and subject to law:

- In the case of resignation or termination for cause before the end of the restriction period, any restricted share units will lapse.
- Where an Executive's exit is related to any other reason (i.e. retrenchment, retirement, ill-health separation, mutual agreement or death), the restricted share units will remain on foot and will vest in the ordinary course subject to the terms and conditions (other than those relating to continuity of employment).

LTVR treatment on termination

In general, unless otherwise determined by the Board:

- In the case of resignation or termination for cause before the vesting date for the 2020 financial year LTVR awards and the end of the performance period for awards granted from the 2021 financial year, any performance rights will lapse.
- Where an Executive's exit is related to any other reason (i.e. retrenchment, retirement, ill-health separation, mutual agreement or death), any unvested LTVR awards continue on-foot with performance measured at the end of the performance period related to each award (and with the award otherwise remaining subject to all terms and conditions other than those relating to continuity of employment).

For LTVR awards granted from the 2021 financial year, Executives who are dismissed during the holding period will forfeit all performance rights subject to the holding period. Where an Executive ceases for any other reason during the holding period, outstanding performance rights will continue to remain on foot for the original holding period(s).

1 Contracts for permanent employment continue until notice is given by either party.

2 Contractual severance pay is no longer offered in the CEO and Group Executive employment arrangements. The CEO and Group Executives remain entitled to statutory redundancy pay if retrenched. Those on grandfathered arrangements, subject to law, are eligible for severance payments of six months' base remuneration if their employment is terminated by the Group, other than for misconduct or unsatisfactory performance. For the CEO ASB, contractual severance allows for minimum 12 months' base salary (inclusive of notice) or a maximum of 64 weeks in accordance with ASB Policy.

4. Risk and remuneration consequences

CBA's risk assessment processes and remuneration framework are designed to drive accountability for managing risks and adopting behaviours that assist the Group to respond to new and emerging risks and better support our customers.

The remuneration adjustments made in the 2022 and 2021 financial years provided below include employees eligible for a performance review. There were two downward risk-related adjustments to the Executive Leadership Team STVR outcomes in the 2023 financial year. Remuneration adjustments for remaining employees in relation to the 2023 financial year will be finalised in September 2023 in line with the CBA-wide annual remuneration review process and will be outlined in the 2024 Remuneration Report.

	2022 financial year	2021 financial year
Employees rated 'exceptionally managed' for risk	588 employees	463 employees
Employees rated 'partially met' or 'not met' for risk	1,918 employees (including 20 General Managers and above)	2,255 employees (including 22 General Managers and above)

CBA recognises and rewards a cohort of employees rated 'exceptionally managed' for managing risk in a way that brings our purpose and values to life. Everyday risk recognition continues to be incorporated in the Group-wide recognition platform, providing our people with the ability to recognise positive risk behaviours.

In the 2022 financial year, 93.8% of employees were assessed as fully meeting risk expectations in their roles (92.7% in 2021).

STVR outcomes have been reduced by a minimum of 10% for 'partially met' ratings since the 2019 financial year and ranged up to 100% for 'not met' ratings.

During the 2023 financial year, CBA's consequence management framework was further embedded with 1,122 instances of substantiated misconduct, with 119 resulting in termination (of which, one was a senior leader (General Manager or Executive General Manager).

Risk assessment in performance and remuneration

CBA's performance and remuneration frameworks support and promote the mitigation of risk by holding employees individually and collectively accountable for managing role-related risks and non-compliance to the Group's Code of Conduct, including policies such as Group Mandatory Learning.

Group-wide risk assessment guidance including examples is continually enhanced to set clear expectations of managing risks for both employees and managers, and to help people leaders consistently assess risk behaviours and outcomes, determine the appropriate level of STVR adjustments for not fully meeting expectations, and document the reasons for their assessment.

Executive risk assessments continue to be supported by comprehensive reporting, independent assessment by the Chief Risk Officer, and concurrent committee meetings as part of the interim and annual performance assessment processes.

Comprehensive reporting is provided to the Board to support its oversight of risk assessment and STVR outcomes and to inform the Board's guidance for the annual performance and remuneration review.

Malus and clawback

- Malus (the ability to reduce, and/or lapse granted variable remuneration before it has vested) and clawback (the recovery of variable remuneration that has been paid or vested) are embedded within our consequence management framework.
- Malus adjustments have been made to unvested deferred variable remuneration in relation to poor risk outcomes and/or misconduct. In the 2022 financial year, impacted employees received malus adjustments ranging from 21% to 100% as a result of poor risk outcomes.
- To the extent in-year or malus adjustments are insufficient to satisfy remuneration consequences determined by the Board, clawback may be applied to the variable remuneration awarded to the CEO, GEs, and other regulated roles of the Group in line with prudential requirements.
- The time horizon of application has also been aligned to the latest APRA regulatory obligation, i.e in general, the Board may exercise clawback in relation to applicable roles for at least two years from the date of payment or vesting, including where the employment or engagement of the person has ceased.

5. Non-Executive Director arrangements

The table below outlines the Non-Executive Directors for the financial year ended 30 June 2023. From 1 July 2019, Non-Executive Directors are required to hold CBA shares equivalent to 100% of Board Chair fees for the Chair and 100% of Board member fees for Non-Executive Directors. This is to be accumulated within five years commencing the later of 1 July 2019 or date of appointment, valued with reference to the prevailing CBA share price at the relevant accumulation commencement date. This is also the starting date for compliance with the revised MSR within five years. Progress against the MSR for each individual is shown in the table below.

Name	Position	Term as KMP	Current shareholding [1]	Progress against MSR and deadline
Chair				
Paul O'Malley	Chair	Full year	87%	On track, 10 August 2027
Current Non-Executive Directors				
Genevieve Bell AO	Director	Full year	71%	On track, 1 July 2024
Lyn Cobley [2]	Director	Part year	116%	Meets
Julie Galbo	Director	Full year	42%	On track, 1 September 2026
Peter Harmer	Director	Full year	100%	Meets
Simon Moutter	Director	Full year	115%	Meets
Mary Padbury	Director	Full year	147%	Meets
Anne Templeman-Jones	Director	Full year	86%	On track, 1 July 2024
Rob Whitfield AM	Director	Full year	110%	Meets
Former Chair and Non-Executive Director				
Catherine Livingstone AO [3]	Chair	Part year	n/a	n/a
Shirish Apte [4]	Director	Part year	n/a	n/a

1 The percentage shown represents the individual's percentage of CBA shares as a proportion of their individual base fees.
2 Lyn Cobley was appointed as Non-Executive Director effective 1 October 2022.
3 Catherine Livingstone retired as Chair of the CBA Board and Non-Executive Director on 10 August 2022.
4 Shirish Apte retired as Non-Executive Director on 12 October 2022.

Non-Executive Director fees

Non-Executive Directors receive fees as compensation for their work on the Board and the associated Committees on which they serve. Non-Executive Directors do not receive any performance-related remuneration. The total amount of Non-Executive Directors' fees is capped at a maximum fee pool that is approved by shareholders. The current fee pool is $4.75 million, which was approved by shareholders at CBA's 2015 Annual General Meeting on 17 November 2015.

Fees are reviewed and recommended to the Board at least every two years. The last fee review was undertaken in the 2022 financial year. No changes to fees were made in the 2023 financial year. Fees are inclusive of base fees and statutory superannuation. The Chair does not receive separate Committee fees.

The following table outlines the Non-Executive Directors' fees for the Board and the Committees for the periods 1 July 2022 to 30 June 2023.

Board/Committee	Chair $	Member $
Board	890,000	242,000
Audit Committee	70,000	35,000
Risk & Compliance Committee	70,000	35,000
People & Remuneration Committee	70,000	35,000
Nominations Committee [1]	–	12,500
United Kingdom Remuneration Assurance Committee (UK RAC) [2]	30,000	18,000

1 The Chair of the Board is also the Chair of the Nominations Committee, no additional fee is paid for this.
2 Board members who also serve as members of the UK RAC receive fees in relation to this service, and these fees are set appropriately below fees for UK RAC independent members given a small portion of UK RAC matters overlap with People & Remuneration Committee matters.

Remuneration report (continued)

Non-Executive Director statutory remuneration

The statutory table below details individual statutory remuneration for the Non-Executive Directors for both the 2022 and 2023 financial years. The table has been prepared and audited against the relevant Australian Accounting Standards. Refer to the footnotes below the table for more detail on each remuneration component.

	Short-term benefits	Post-employment benefits	Share-based payments	
	Cash [1] $	Superannuation [2] $	Non-Executive Directors' Share Plan [3] $	Total statutory remuneration $
Chair				
Paul O'Malley [4]				
30 Jun 23	**823,826**	**25,292**	**–**	**849,118**
30 Jun 22	336,609	23,568	–	360,177
Current Non-Executive Directors				
Genevieve Bell AO				
30 Jun 23	**222,676**	**25,292**	**41,739**	**289,707**
30 Jun 22	222,466	23,568	41,686	287,720
Lyn Cobley [5]				
30 Jun 23	**163,800**	**17,203**	**–**	**181,003**
Julie Galbo [6]				
30 Jun 23	**279,231**	**24,788**	**48,023**	**352,042**
30 Jun 22	219,209	16,847	–	236,056
Peter Harmer				
30 Jun 23	**286,931**	**25,292**	**–**	**312,224**
30 Jun 22	275,188	22,809	–	297,997
Simon Moutter [7]				
30 Jun 23	**330,518**	**25,292**	**–**	**355,810**
30 Jun 22	247,842	22,711	–	270,553
Mary Padbury				
30 Jun 23	**224,829**	**25,292**	**39,586**	**289,707**
30 Jun 22	224,615	23,568	39,537	287,720
Anne Templeman-Jones				
30 Jun 23	**295,916**	**25,292**	**26,440**	**347,648**
30 Jun 22	294,713	23,568	26,368	344,649
Rob Whitfield AM				
30 Jun 23	**283,441**	**25,292**	**51,024**	**359,757**
30 Jun 22	282,341	23,568	50,834	356,743
Former Chair and Non-Executive Director				
Catherine Livingstone AO [8]				
30 Jun 23	**94,464**	**6,323**	**–**	**100,787**
30 Jun 22	877,728	23,568	–	901,296
Shirish Apte [9]				
30 Jun 23	**87,319**	**7,915**	**–**	**95,234**
30 Jun 22	309,551	23,568	–	333,119

1 Cash includes Board and Committee fees received as cash, as well as the provision of additional benefits (including associated fringe benefits tax).
2 Superannuation contributions are capped at the superannuation maximum contributions base as prescribed under the Superannuation Guarantee legislation.
3 The values shown in the table represent the post-tax portion of fees received as shares under the Non-Executive Directors' Share Plan (NEDSP). The NEDSP facilitates the pre-tax (to a maximum of $5,000 p.a.) and/or post-tax application of fees to the acquisition of shares. Shares under the NEDSP are granted on current share price at grant date.
4 Paul O'Malley was appointed as Chair effective 10 August 2022.
5 Lyn Cobley was appointed as Non-Executive Director effective 1 October 2022, therefore remuneration reflects time in the role.
6 Julie Galbo was appointed as Non-Executive Director effective 1 September 2021, therefore remuneration for FY22 reflects time in the role.
7 Simon Moutter has provided consulting services to the ASB Banking Limited Technology Advisory Group (ASB TAG) during the year. He received payment ($50,000NZD per annum) for these additional services, however, these amounts have not been included in the table above as they were not related to his role as a Director of the Commonwealth Bank of Australia.
8 Catherine Livingstone retired as Chair of the CBA Board and Non-Executive Director on 10 August 2022.
9 Shirish Apte retired as Non-Executive Director on 12 October 2022.

Shares and other securities held by Non-Executive Directors

Details of the shareholdings and other securities as well as interests in registered schemes made available by CBA, or a related body corporate of CBA held by Non-Executive Directors (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power) are set out below relating to time in KMP role. All shares were acquired by Non-Executive Directors on normal terms and conditions or through the Non-Executive Directors' Share Plan (NEDSP). Other securities acquired by Non-Executive Directors were on normal terms and conditions.

	Class	Balance 1 Jul 2022	Acquired [1]	Net change other [2]	Balance 30 Jun 2023
Chair					
Paul O'Malley	Ordinary	5,330	2,300	–	7,630
Current Non-Executive Directors					
Genevieve Bell AO	Ordinary	1,660	426	–	2,086
	PERLS [3]	1,020	1,020	(1,020)	1,020
Lyn Cobley	Ordinary	n/a	3,040	–	3,040
	PERLS [3]	n/a	3,504	(600)	2,904
Julie Galbo	Ordinary	410	610	–	1,020
Peter Harmer	Ordinary	948	1,985	–	2,933
Simon Moutter	Ordinary	4,000	–	–	4,000
Mary Padbury	Ordinary	2,174	2,133	–	4,307
	PERLS [3]	1,600	–	(1,600)	–
Anne Templeman-Jones	Ordinary	1,918	588	–	2,506
Rob Whitfield AM	Ordinary	2,711	510	–	3,221
Former Chair and Non-Executive Director					
Catherine Livingstone AO	Ordinary	8,537	–	–	n/a
	PERLS [3]	600	–	–	n/a
Shirish Apte	Ordinary	7,500	–	–	n/a

1 Incorporates shares and other securities acquired during the year. In the 2023 financial year, under the NEDSP, Genevieve Bell AO acquired 426 shares, Julie Galbo acquired 340 shares, Mary Padbury acquired 407 shares, Anne Templeman-Jones acquired 288 and Rob Whitfield AM acquired 510 shares. Genevieve Bell AO acquired 1,020 PERLS. Lyn Cobley acquired 3,504 PERLS, of which 600 were held by a related party prior to her appointment as a Director. These 600 PERLS were later disposed during the year.

2 Net change other incorporates changes resulting from other transfers of securities.

3 Includes cumulative holdings of PERLS securities issued by the Group.

Remuneration report (continued)

6. Loans and other transactions

Loans to KMP

All loans to KMP (including close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of those family members or entities held significant voting power) have been made in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees, including the term of the loan, security required and the interest rate (which may be fixed or variable). No loans were written down during the period.

Total loans to KMP

	$
Opening balance (1 Jul 22)[1]	16,064,682
Closing balance (30 Jun 23)[2]	16,606,713
Interest charged (during 2023 financial year)	499,778

1 Opening balance at 1 July 2022 has been restated due to transactions being adjusted during the reporting period and correction to a loan amount.
2 The aggregate loan amount at the end of the reporting period includes loans issued to 15 KMP and their related parties.

Loans to KMP exceeding $100,000 in aggregate during the 2023 financial year

	Balance 1 Jul 2022[1] $	Interest charged $	Interest not charged $	Write-off $	Balance 30 Jun 2023 $	Highest balance in period[2] $
Alan Docherty	1,641,720	63,156	–	–	2,567,204	2,626,536
Andrew Hinchliff	42,606	77,668	–	–	4,266,654	4,406,285
Angus Sullivan	7,527,887	146,603	–	–	3,834,762	9,745,590
Mike Vacy-Lyle	2,955,784	83,608	–	–	3,862,085	4,137,895
Sian Lewis	513,646	–	–	–	15,112	528,015
Vittoria Shortt	3,316,312	126,975	–	–	1,918,120	3,416,306
Total	**15,997,956**	**498,009**	**–**	**-**	**16,463,937**	**24,860,627**

1 Opening balances at 1 July 2022 have been restated due to transactions being adjusted during the reporting period and correction to a loan amount.
2 Represents the sum of highest balances outstanding at any point during the 2023 financial year for each individual loan held by the KMP and their related parties.

Other transactions of KMP

Financial instrument transactions

Financial instrument transactions (other than loans and shares disclosed within this report) with KMP, their close family members and entities controlled or significantly influenced by them, occur in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees.

All such financial instrument transactions that have occurred between entities within the Group and KMP, their close family members and entities controlled or significantly influenced by them, were in the nature of normal personal banking and deposit transactions.

Transactions other than financial instrument transactions

All other transactions with KMP, their close family members, related entities and other related parties are conducted in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees and customers. These transactions principally involve the provision of financial and investment services by entities not controlled by the Group.

Directors’ report (continued)

Non-audit services

Amounts paid or payable to PricewaterhouseCoopers (PwC) for audit, review, assurance and non-audit services provided during the year, are set out in Note 12.3 to the *Financial report* on page 263.

Auditor’s Independence Declaration

We have obtained an independence declaration from our external auditor as presented on page 118.

Auditor independence

The operation of the Group External Auditor Services Policy assists in ensuring the independence of the Group’s external auditor.

The Audit Committee has considered the provision, during the year, of non-audit services by PwC, and has concluded that the provision of those services did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth).

The Audit Committee is satisfied that the provision of the non-audit services by PwC during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

The Directors have considered the provision of non-audit services by PwC for the year ending 30th June 2023 and are satisfied that, in accordance with the advice received from the Board Audit Committee, such services are compatible with the general standard of independence for auditors and did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth). The reasons for this are as follows:

- the effective operation of the Group External Auditor Services Policy during the year to restrict the nature of non-audit services engagements, to prohibit certain services and to require Board Audit Committee pre-approval for all such engagements; and
- the relative quantum of fees paid for non-audit services compared to the quantum for audit, and audit-related services was appropriate.

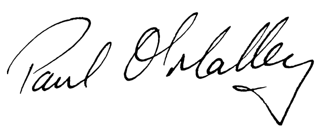
The above Directors’ statements are in accordance with the advice received from the Audit Committee.

Incorporation of additional material

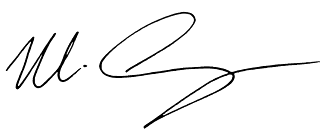
The following sections form part of this report and should be read in conjunction:

- the Our approach to corporate governance section on pages 66–81;
- information on Directors’ shareholdings, share rights and options on pages 106, 107 and 113;
- the Remuneration report can be found on pages 88–116;
- dividend information can be found in Note 8.4 to the Financial report on pages 202–203;
- non-audit services information can be found in Note 12.3 to the Financial report on page 263; and
- the external auditor’s independence declaration on page 118.

This Directors’ report is made in accordance with a resolution of the Directors.



Paul O’Malley
Chairman



Matt Comyn
Managing Director and Chief Executive Officer

9 August 2023

Auditor's Independence Declaration

As lead auditor for the audit of the Commonwealth Bank of Australia for the year ended 30 June 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Elizabeth O'Brien
Partner
PricewaterhouseCoopers

Sydney
9 August 2023

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Income Statements

For the year ended 30 June 2023

		Group [1]			Bank [1]	
	Note	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Interest income:						
Effective interest income	2.1	**43,182**	23,987	24,804	**38,954**	21,186
Other interest income	2.1	**1,293**	306	317	**1,332**	326
Interest expense	2.1	**(21,419)**	(4,820)	(5,819)	**(20,270)**	(4,633)
Net interest income		**23,056**	19,473	19,302	**20,016**	16,879
Net other operating income [2]	2.3	**4,474**	5,463	4,904	**4,812**	9,588
Total net operating income before operating expenses and impairment		**27,530**	24,936	24,206	**24,828**	26,467
Operating expenses	2.4	**(12,079)**	(11,609)	(11,277)	**(11,072)**	(13,058)
Loan impairment (expense)/benefit	3.2	**(1,108)**	357	(554)	**(1,021)**	397
Net profit before income tax		**14,343**	13,684	12,375	**12,735**	13,806
Income tax expense	2.5	**(4,155)**	(4,011)	(3,532)	**(3,455)**	(3,432)
Net profit after income tax from continuing operations		**10,188**	9,673	8,843	**9,280**	10,374
Net (loss)/profit after income tax from discontinued operations	11.3	**(98)**	1,098	1,338	**–**	–
Net profit attributable to equity holders of the Bank		**10,090**	10,771	10,181	**9,280**	10,374

1 Comparative information has been revised to reflect the changes in presentation 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 Income Statements should be read in conjunction with the accompanying notes.

Earnings per share for profit attributable to equity holders of the Bank during the year:

	Group		
	30 Jun 23	30 Jun 22	30 Jun 21
	Cents per share		
Earnings per share from continuing operations:			
Basic	**603.0**	561.7	499.2
Diluted	**589.3**	541.5	470.6
Earnings per share:			
Basic	**597.2**	625.4	574.8
Diluted	**583.8**	601.4	539.7

Statements of Comprehensive Income

For the year ended 30 June 2023

	Group			Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Net profit after income tax for the period from continuing operations	**10,188**	9,673	8,843	**9,280**	10,374
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit/(loss):					
Foreign currency translation reserve net of tax	**191**	(240)	(212)	**33**	92
Losses on cash flow hedging instruments net of tax	**(961)**	(1,326)	(1,046)	**(896)**	(1,771)
(Losses)/gains on debt investment securities at fair value through Other Comprehensive Income net of tax	**(230)**	(503)	522	**(203)**	(456)
Total of items that may be reclassified	**(1,000)**	(2,069)	(736)	**(1,066)**	(2,135)
Items that will not be reclassified to profit/(loss):					
Actuarial (losses)/gains from defined benefit superannuation plans net of tax	**(12)**	76	(95)	**(12)**	76
(Losses)/gains on equity investment securities at fair value through Other Comprehensive Income net of tax	**(264)**	(1,627)	1,521	**(246)**	(1,617)
Revaluation of properties net of tax	**19**	30	18	**24**	30
Total of items that will not be reclassified	**(257)**	(1,521)	1,444	**(234)**	(1,511)
Other comprehensive (expense)/income net of income tax from continuing operations	**(1,257)**	(3,590)	708	**(1,300)**	(3,646)
Total comprehensive income for the period from continuing operations:	**8,931**	6,083	9,551	**7,980**	6,728
Net (loss)/profit after income tax from discontinued operations	**(98)**	1,098	1,338	**–**	–
Other comprehensive income net of income tax from discontinued operations	**–**	–	33	**–**	–
Total comprehensive income for the period attributable to equity holders of the Bank	**8,833**	7,181	10,922	**7,980**	6,728

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

		Group		
		30 Jun 23	30 Jun 22	30 Jun 21
	Note	Cents per share		
Dividends per share attributable to shareholders of the Bank:				
Ordinary shares	8.4	**450**	385	350

Balance Sheets

As at 30 June 2023

		Group		Bank	
	Note	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Assets					
Cash and liquid assets	5.1	**116,619**	161,154	**108,367**	150,974
Receivables from financial institutions	5.2	**6,079**	6,845	**5,422**	6,071
Assets at fair value through Income Statement	5.3	**67,627**	25,315	**67,641**	25,249
Derivative assets	5.4	**23,945**	35,736	**25,585**	37,774
Investment securities:					
At amortised cost	5.5	**2,032**	3,217	**2,032**	3,217
At fair value through Other Comprehensive Income	5.5	**84,072**	79,086	**77,232**	72,191
Assets held for sale	11.3	**5**	1,322	**5**	28
Loans and other receivables	3.1	**926,082**	878,854	**816,140**	773,042
Shares in and loans to controlled entities	11.2	**–**	–	**54,636**	56,719
Property, plant and equipment	6.1	**4,950**	4,887	**3,549**	3,627
Investments in associates and joint ventures	11.1	**2,848**	2,801	**1,430**	1,407
Intangible assets	6.2	**7,393**	6,899	**4,340**	3,883
Deferred tax assets	2.5	**3,811**	3,173	**3,640**	3,069
Other assets	6.3	**7,382**	5,971	**6,799**	5,387
Total assets		**1,252,845**	1,215,260	**1,176,818**	1,142,638
Liabilities					
Deposits and other public borrowings	4.1	**864,995**	857,586	**786,267**	783,701
Payables to financial institutions	5.2	**21,910**	26,052	**21,266**	25,321
Liabilities at fair value through Income Statement	4.2	**40,103**	7,271	**39,148**	6,097
Derivative liabilities	5.4	**25,347**	33,899	**26,728**	35,002
Due to controlled entities		**–**	–	**42,586**	41,433
Current tax liabilities		**671**	263	**442**	75
Deferred tax liabilities	2.5	**138**	150	**64**	82
Liabilities held for sale	11.3	**–**	1,183	**–**	–
Provisions	7.1	**3,013**	3,636	**2,818**	3,370
Term funding from central banks	4.4	**54,220**	54,807	**49,637**	51,137
Debt issues	4.3	**122,267**	116,902	**95,893**	89,940
Bills payable and other liabilities	7.2	**15,578**	12,656	**14,932**	12,347
		1,148,242	1,114,405	**1,079,781**	1,048,505
Loan capital	8.2	**32,598**	28,017	**32,587**	28,009
Total liabilities		**1,180,840**	1,142,422	**1,112,368**	1,076,514
Net assets		**72,005**	72,838	**64,450**	66,124
Shareholders' Equity					
Ordinary share capital	8.3	**33,913**	36,467	**33,949**	36,491
Reserves	8.3	**(1,710)**	(460)	**(1,838)**	(544)
Retained profits	8.3	**39,797**	36,826	**32,339**	30,177
Shareholders' Equity attributable to equity holders of the Bank		**72,000**	72,833	**64,450**	66,124
Non-controlling interests		**5**	5	**–**	–
Total Shareholders' Equity		**72,005**	72,838	**64,450**	66,124

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

Statements of Changes in Equity

For the year ended 30 June 2023

	Group					
	Ordinary share capital $M	Reserves $M	Retained profits $M	Total $M	Non-controlling interests $M	Total Shareholders' Equity $M
As at 30 June 2021	38,420	3,249	37,014	**78,683**	5	**78,688**
Net profit after income tax from continuing operations	–	–	9,673	**9,673**	–	**9,673**
Net profit after income tax from discontinued operations	–	–	1,098	**1,098**	–	**1,098**
Other comprehensive (expense)/income net of income tax from continuing operations	–	(3,666)	76	**(3,590)**	–	**(3,590)**
Total comprehensive income for the period	–	(3,666)	10,847	**7,181**	–	**7,181**
Transactions with equity holders in their capacity as equity holders:						
Share buy-back [1]	(1,937)	–	(4,534)	**(6,471)**	–	**(6,471)**
Dividends paid on ordinary shares	–	–	(6,535)	**(6,535)**	–	**(6,535)**
Dividend reinvestment plan (net of issue costs)	(1)	–	–	**(1)**	–	**(1)**
Share-based payments	–	(9)	–	**(9)**	–	**(9)**
Purchase of treasury shares	(76)	–	–	**(76)**	–	**(76)**
Sale and vesting of treasury shares	61	–	–	**61**	–	**61**
Other changes	–	(34)	34	**–**	–	**–**
As at 30 June 2022	36,467	(460)	36,826	**72,833**	5	**72,838**
Net profit after income tax from continuing operations	–	–	10,188	**10,188**	–	**10,188**
Net loss after income tax from discontinued operations	–	–	(98)	**(98)**	–	**(98)**
Other comprehensive expense net of income tax from continuing operations	–	(1,245)	(12)	**(1,257)**	–	**(1,257)**
Total comprehensive income for the period	–	(1,245)	10,078	**8,833**	–	**8,833**
Transactions with equity holders in their capacity as equity holders:						
Share buy-back [2]	(2,533)	–	–	**(2,533)**	–	**(2,533)**
Dividends paid on ordinary shares	–	–	(7,117)	**(7,117)**	–	**(7,117)**
Dividend reinvestment plan (net of issue costs)	–	–	–	**–**	–	**–**
Share-based payments	–	5	–	**5**	–	**5**
Purchase of treasury shares	(101)	–	–	**(101)**	–	**(101)**
Sale and vesting of treasury shares	80	–	–	**80**	–	**80**
Other changes	–	(10)	10	**–**	–	**–**
As at 30 June 2023	33,913	(1,710)	39,797	**72,000**	5	**72,005**

1 On 4 October 2021, the Group announced the successful completion of its $6 billion off-market buy-back of CBA ordinary shares. 67,704,807 ordinary shares were bought back at $88.62 per share, and comprised a fully franked dividend component of $66.96 per share ($4,534 million) and a capital component of $21.66 per share ($1,466 million). On 9 February 2022, the Group announced its intention to conduct an on-market share buy-back of up to $2 billion. As at 30 June 2022, the Group bought back a total of 4,853,197 ordinary shares ($468 million) at an average price of $96.42. The Group recognised $3 million transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

2 On 15 February 2023, the Group announced its intention to undertake an on-market share buy-back of up to $1 billion of CBA ordinary shares in addition to the $2 billion announcement on 9 February 2022. During the year ended 30 June 2023, the Group completed the previously announced $3 billion on-market buy backs and bought back a total of 25,369,084 ordinary shares ($2,532 million) at an average price of $99.81. The Group recognised $1 million in transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

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

Statements of Changes in Equity (continued)

For the year ended 30 June 2023

	Bank			
	Ordinary share capital $M	**Reserves $M**	**Retained profits $M**	**Total Shareholders' Equity $M**
As at 30 June 2021	38,430	3,201	30,782	**72,413**
Net profit after income tax from continuing operations	–	–	10,374	**10,374**
Other comprehensive (expense)/income net of income tax from continuing operations	–	(3,722)	76	**(3,646)**
Total comprehensive income for the period	–	(3,722)	10,450	**6,728**
Transactions with equity holders in their capacity as equity holders:				
Share buy-back [1]	(1,937)	–	(4,534)	**(6,471)**
Dividends paid on ordinary shares	–	–	(6,535)	**(6,535)**
Dividend reinvestment plan (net of issue costs)	(1)	–	–	**(1)**
Share-based payments	–	(9)	–	**(9)**
Purchase of treasury shares	(60)	–	–	**(60)**
Sale and vesting of treasury shares	59	–	–	**59**
Other changes	–	(14)	14	**–**
As at 30 June 2022	36,491	(544)	30,177	**66,124**
Net profit after income tax from continuing operations	–	–	9,280	**9,280**
Other comprehensive expense net of income tax from continuing operations	–	(1,288)	(12)	**(1,300)**
Total comprehensive income for the period	–	(1,288)	9,268	**7,980**
Transactions with equity holders in their capacity as equity holders:				
Share buy-back [2]	(2,533)	–	–	**(2,533)**
Dividends paid on ordinary shares	–	–	(7,117)	**(7,117)**
Dividend reinvestment plan (net of issue costs)	–	–	–	**–**
Share-based payments	–	5	–	**5**
Purchase of treasury shares	(64)	–	–	**(64)**
Sale and vesting of treasury shares	55	–	–	**55**
Other changes	–	(11)	11	**–**
As at 30 June 2023	33,949	(1,838)	32,339	**64,450**

1 On 4 October 2021, the Group announced the successful completion of its $6 billion off-market buy-back of CBA ordinary shares. 67,704,807 ordinary shares were bought back at $88.62 per share, and comprised a fully franked dividend component of $66.96 per share ($4,534 million) and a capital component of $21.66 per share ($1,466 million). On 9 February 2022, the Group announced its intention to conduct an on-market share buy-back of up to $2 billion. As at 30 June 2022, the Group bought back a total of 4,853,197 ordinary shares ($468 million) at an average price of $96.42. The Group recognised $3 million transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

2 On 15 February 2023, the Group announced its intention to undertake an on-market share buy-back of up to $1 billion of CBA ordinary shares in addition to the $2 billion announcement on 9 February 2022. During the year ended 30 June 2023, the Group completed the previously announced $3 billion on-market buy backs and bought back a total of 25,369,084 ordinary shares ($2,532 million) at an average price of $99.81. The Group recognised $1 million in transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

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

Statements of Cash Flows

For the year ended 30 June 2023

	Note	Group [1,2] 30 Jun 23 $M	Group 30 Jun 22 $M	Group 30 Jun 21 $M	Bank [1] 30 Jun 23 $M	Bank 30 Jun 22 $M
Cash flows from operating activities						
Interest received		**43,286**	24,744	25,203	**39,016**	21,827
Interest paid		**(18,212)**	(4,432)	(6,424)	**(17,561)**	(4,228)
Other operating income received		**3,240**	3,562	4,775	**2,737**	2,779
Expenses paid		**(11,207)**	(11,027)	(9,886)	**(10,245)**	(9,835)
Income taxes paid		**(3,871)**	(3,530)	(3,672)	**(3,332)**	(3,086)
Insurance business:						
Investment income		**–**	(6)	–	**–**	–
Premiums received [3]		**183**	698	695	**–**	–
Policy payments and commission expense [3]		**(208)**	(620)	(550)	**–**	–
Cash flows from operating activities before changes in operating assets and liabilities		**13,211**	9,389	10,141	**10,615**	7,457
Changes in operating assets and liabilities arising from cash flow movements						
Movement in investment securities:						
Purchases		**(34,641)**	(34,472)	(37,045)	**(31,963)**	(33,041)
Proceeds		**30,050**	34,957	29,528	**27,256**	32,847
Net (increase)/decrease in assets at fair value through Income Statement (excluding insurance)		**(36,874)**	14,587	(911)	**(36,344)**	10,463
Net increase in loans and other receivables		**(46,102)**	(68,250)	(39,858)	**(43,598)**	(62,550)
Net decrease/(increase) in receivables from financial institutions		**1,230**	(1,747)	3,567	**1,116**	(1,607)
Net decrease/(increase) in securities purchased under agreements to resell at amortised cost		**34,690**	(29,888)	4,272	**34,431**	(29,991)
Net (increase)/decrease in other assets		**(943)**	(795)	185	**(624)**	(536)
Net increase in deposits and other public borrowings		**38,385**	79,739	61,189	**35,157**	77,068
Net (decrease)/increase in payables to financial institutions		**(5,258)**	7,425	4,041	**(5,126)**	7,269
Net (decrease)/increase in securities sold under agreements to repurchase at amortised cost		**(34,996)**	13,846	2,441	**(35,019)**	13,878
Net increase/(decrease) in other liabilities at fair value through Income Statement		**32,814**	(1,516)	4,100	**33,098**	3,233
Net increase/(decrease) in other liabilities		**44**	(35)	(338)	**24**	(478)
Changes in operating assets and liabilities arising from cash flow movements		**(21,601)**	13,851	31,171	**(21,592)**	16,555
Net cash (used in)/provided by operating activities	12.2 (a)	**(8,390)**	23,240	41,312	**(10,977)**	24,012

1 It should be noted that the Group does not use these accounting Statements of Cash Flows in the internal management of its liquidity positions.
2 Comparative information includes discontinued operations. For the cash flows from discontinued operations, refer to Note 11.3.
3 Represents gross premiums and policy payments before splitting between policyholders and shareholders.

Statements of Cash Flows (continued)

For the year ended 30 June 2023

	Note	Group [1,2] 30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	Bank [1] 30 Jun 23 $M	30 Jun 22 $M
Cash flows from investing activities						
Cash outflows from acquisitions of controlled entities (net of cash acquired)		**–**	–	(61)	**–**	–
Cash inflows from disposals of associates and joint ventures		**–**	1,789	892	**–**	1,789
Cash outflows from acquisitions of associates and joint ventures		**(41)**	(256)	(60)	**(37)**	(254)
Cash inflows from disposal of controlled entities (net of cash disposed of)		**567**	1,975	682	**–**	–
Dividends received		**95**	30	128	**1,233**	3,456
Net amounts received from/(paid to) controlled entities [3]		**–**	–	–	**3,292**	(3,674)
Proceeds from sales of property, plant and equipment		**74**	108	57	**41**	76
Purchases of property, plant and equipment		**(683)**	(231)	(235)	**(349)**	(189)
Purchases of intangible assets		**(885)**	(746)	(532)	**(769)**	(642)
Net cash (used in)/provided by investing activities		**(873)**	2,669	871	**3,411**	562
Cash flows from financing activities						
Share buy-backs		**(2,533)**	(6,471)	–	**(2,533)**	(6,471)
Dividends paid (excluding Dividend Reinvestment Plan)		**(7,117)**	(6,535)	(4,132)	**(7,117)**	(6,535)
Proceeds from issuance of debt securities		**51,833**	61,921	17,802	**43,462**	53,854
Redemption of debt securities		**(49,329)**	(45,879)	(49,558)	**(39,641)**	(41,049)
(Maturity of)/proceeds from term funding from central banks		**(598)**	2,951	50,357	**(1,500)**	–
Purchases of treasury shares		**(101)**	(76)	(71)	**(64)**	(60)
Sales of treasury shares		**–**	48	5	**–**	50
Proceeds from issuance of loan capital		**7,665**	6,815	6,791	**7,673**	6,832
Redemption of loan capital		**(3,043)**	(6,540)	(2,608)	**(3,043)**	(6,165)
Payments for the principal portion of lease liabilities		**(525)**	(523)	(428)	**(470)**	(477)
Other		**–**	–	153	**–**	–
Net cash (used in)/provided by financing activities		**(3,748)**	5,711	18,311	**(3,233)**	(21)
Net (decrease)/increase in cash and cash equivalents		**(13,011)**	31,620	60,494	**(10,799)**	24,553
Effect of foreign exchange rates on cash and cash equivalents		**828**	355	(465)	**279**	429
Cash and cash equivalents at beginning of year		**119,355**	87,380	27,351	**109,250**	84,268
Cash and cash equivalents at end of year	12.2 (b)	**107,172**	119,355	87,380	**98,730**	109,250

1 It should be noted that the Group does not use these accounting Statements of Cash Flows in the internal management of its liquidity positions.
2 Comparative information includes discontinued operations. For the cash flows from discontinued operations, refer to Note 11.3.
3 Amounts received from/(paid to) controlled entities are presented in line with how they are managed and settled.

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2023

1. Overview

1.1 General information, basis of accounting, changes in accounting policies and future accounting developments

General information

The Financial Report of the Commonwealth Bank of Australia (the Bank) and the Bank and its subsidiaries (the Group) for the year ended 30 June 2023, was approved and authorised for issue by the Board of Directors on 9 August 2023. The Directors have the power to amend and reissue the financial statements.

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, NSW 2000, Australia.

The Financial Report includes the consolidated and standalone financial statements of the Group and the Bank, respectively. Notes accompanying the financial statements and the Directors' declaration form part of the Financial Report.

On 30 September 2022, the Group completed the sale of CommInsure General Insurance to Hollard Insurance Company Pty Ltd.

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

Basis of accounting

The Financial Report:

- is a general purpose financial report;
- has been prepared in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth);
- is presented in Australian dollars, which is the Bank's functional and presentation currency, with all values rounded to the nearest million dollars ($M) in accordance with *ASIC Corporations Instrument 2016/191* unless otherwise indicated;
- includes foreign currency transactions that are translated into the functional currency, using the exchange rates prevailing at the date of each transaction;
- has been prepared on a going concern basis using a historical cost basis, except for certain assets and liabilities (including derivative instruments) measured at fair value;
- presents assets and liabilities on the face of the Balance Sheets in decreasing order of liquidity;
- where required, presents restated comparative information for consistency with the current year's presentation in the Financial Report; and
- contains accounting policies that have been consistently applied to all periods presented, unless otherwise stated.

Changes in comparatives

Discontinued operations

The financial results of businesses reclassified as discontinued operations are excluded from the results of the continuing operations and are presented as a single line item Net profit/(loss) after income tax from discontinued operations in the Income Statement, and Other Comprehensive Income/(expense) net of income tax from discontinued operations in the Statement of Comprehensive Income.

The Income Statements and the Statements of Comprehensive Income for comparative periods are also restated. Assets and liabilities of discontinued operations subject to disposal have been presented on the Balance Sheet separately as assets and liabilities held for sale. The Balance Sheet is not restated when a business is reclassified as a discontinued operation.

Re-segmentation

During the year ended 30 June 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.

Notes to the financial statements

For the year ended 30 June 2023

1.1 General information, basis of accounting, changes in accounting policies and future accounting developments (continued)

Changes in Income Statement presentation

During the year ended 30 June 2023, the Group revised presentation of fee and commission expenses directly attributable to revenue generation, such as credit card loyalty fees, card processing expenses, other volume related expenses, and certain other items. These expenses have been reclassified from Operating expenses to Net other operating income and included together with commissions income in the net commissions income line to provide more relevant information about the net margin generated by the Group through certain business activities.

These changes have been applied retrospectively and impacted the prior periods financial statements of the Group and the Bank as follows:

- The Group's Operating expenses and Net other operating income for the years ended 30 June 2022 and 30 June 2021 decreased by $207 million and $208 million, respectively.
- The Bank's Operating expenses and Net other operating income for the year ended 30 June 2022 decreased by $160 million.

The Group's and the Bank's Net other operating income includes $293 million and $241 million of commission expenses as a result of this change, respectively.

The Group has also included Net funds management operating income (30 June 2022: $135 million; 30 June 2021: $165 million) and Net insurance operating income (30 June 2022: $73 million; 30 June 2021: $145 million) that were presented separately in prior periods within Net other operating income. This change has 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 year ended 30 June 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.

Interest Rate Benchmark Reform

Background

Interbank Offered Rates (IBORs), such as the London Interbank Offered Rate (LIBOR), play a critical role in global financial markets, serving as reference rates for derivatives, loans and securities, and as parameters in the valuation of financial instruments. In March 2021, the UK Financial Conduct Authority (FCA) announced LIBOR cessation dates, after which representative LIBOR rates will no longer be available.

IBOR reform program

In October 2018, the Group formed the Interest Rate Benchmark Reform Program (the Program) which was tasked with addressing the impact to the Group resulting from the transition from IBORs to risk-free reference rates (RFRs). The Program includes a formal governance structure to ensure clear accountability for all decisions, and incorporates the requisite risk, treasury, finance, legal, business, and support functions.

The transition from IBORs to RFRs resulted in various risks to the Group, including operational, financial, legal, compliance and conduct risks. These risks stemmed from, amongst others, the need for new products that incorporate RFRs, the impact of IBOR related changes on customers and financial instrument counterparties, as well as the need for different system and process capabilities. The Group under direction of the Program, applied various means of eliminating and managing these risks, while ensuring that customer outcomes are appropriate and any disruption to business is minimised. No material changes were made to the Group's risk management strategy because of IBOR reform and the use of LIBOR in new products was phased out in accordance with industry and supervisory guidance.

Financial instruments impacted by IBOR reform

The cessation date for all tenors of GBP, CHF, EUR and JPY LIBOR and the one week and two-month tenors for USD LIBOR was 31 December 2021. The cessation date for the remaining USD LIBOR tenors was 30 June 2023. USD LIBOR exposures that have not transitioned by 30 June 2023 may rely on synthetic LIBOR rates, where available.

The Group's LIBOR-referencing contracts maturing beyond their respective LIBOR cessation dates are replaced with new contracts or are amended to reference an alternative RFR. Both term and spread adjustments are required to be made to the applicable replacement RFRs to ensure that contracts referencing LIBOR transition on an economically equivalent basis.

The table below provides the Group's remaining exposure to interest rate benchmarks that are subject to IBOR reform. It reflects the limited number of contracts that will transition ahead of the next interest rate reset date or will rely on synthetic LIBOR until they either mature or are transitioned ahead of the synthetic LIBOR cessation date of 30 September 2024.

The gross carrying values of financial instruments yet to transition to RFRs as at 30 June 2023 are presented below.

	USD LIBOR $M
Non-derivative financial assets [1]	702
Non-derivative financial liabilities	27
Derivative assets	68
Derivative liabilities	35
Loan commitments	51

1 Excludes provisions for expected credit losses.

Notes to the financial statements

For the year ended 30 June 2023

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 incurred 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.

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.

2.1 Net interest income

	Group			Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Interest income					
Effective interest income:					
Loans and bills discounted	**35,820**	23,173	24,275	**31,416**	20,424
Other financial institutions	**206**	20	16	**197**	16
Cash and liquid assets	**4,115**	254	59	**3,794**	211
Investment securities:					
At amortised cost	**101**	49	48	**101**	49
At fair value through Other Comprehensive Income	**2,940**	491	406	**2,620**	392
Controlled entities	**–**	–	–	**826**	94
Total effective interest income	**43,182**	23,987	24,804	**38,954**	21,186
Other:					
Assets at fair value through Income Statement	**1,190**	201	210	**1,190**	201
Controlled entities	**–**	–	–	**48**	27
Other	**103**	105	107	**94**	98
Total other interest income	**1,293**	306	317	**1,332**	326
Total interest income	**44,475**	24,293	25,121	**40,286**	21,512
Interest expense					
Deposits	**12,726**	2,420	3,641	**11,493**	1,880
Other financial institutions	**844**	94	57	**784**	91
Liabilities at fair value through Income Statement	**634**	105	37	**645**	81
Term funding from central banks	**257**	99	43	**80**	80
Debt issues	**4,873**	997	960	**3,574**	536
Loan capital	**1,615**	687	661	**1,616**	683
Lease liabilities	**77**	75	82	**67**	66
Bank levy	**393**	343	338	**393**	343
Controlled entities	**–**	–	–	**1,618**	873
Total interest expense	**21,419**	4,820	5,819	**20,270**	4,633
Net interest income	**23,056**	19,473	19,302	**20,016**	16,879

Notes to the financial statements

For the year ended 30 June 2023

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 drawdown 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 premium/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.

Notes to the financial statements
For the year ended 30 June 2023

2.2 Average balances and related interest

The following tables have been produced using statutory Balance Sheet and Income Statement categories. The 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 full years ended 30 June 2023, 30 June 2022 and 30 June 2021. Interest is accounted for based on product yield. Where assets or liabilities are hedged, the amounts are shown net of the hedge, but individual items not separately hedged may be affected by movements in exchange rates and interest rates. The overseas component comprises overseas branches of the Bank and overseas domiciled controlled entities. Non-accrual loans are included in interest earning assets under Loans and other receivables. During the year ended 30 June 2023, the official cash rate in Australia increased by 325 basis points while the official cash rate in New Zealand increased by 350 basis points on a spot basis (30 June 2022: 75 basis points increase for Australia and a 175 basis point increase for New Zealand; 30 June 2021: 15 basis points decrease for Australia and the official cash rate in New Zealand remained unchanged).

	Group								
	30 Jun 23			30 Jun 22			30 Jun 21		
Interest earning assets	**Average balance $M**	**Interest $M**	**Average rate %**	**Average balance $M**	**Interest $M**	**Average rate %**	**Average balance $M**	**Interest $M**	**Average rate %**
Cash and liquid assets									
Australia	**103,720**	**2,942**	**2.8**	95,587	103	0.1	34,057	38	0.1
Overseas	**38,346**	**1,173**	**3.1**	32,004	151	0.5	23,271	21	0.1
Receivables from financial institutions									
Australia	**2,590**	**49**	**1.9**	2,617	(5)	(0.2)	2,287	(3)	(0.1)
Overseas	**4,793**	**157**	**3.3**	3,197	25	0.8	4,401	19	0.4
Assets at fair value through Income Statement									
Australia	**27,956**	**831**	**3.0**	20,610	205	1.0	35,215	209	0.6
Overseas	**13,609**	**359**	**2.6**	3,618	(4)	(0.1)	4,392	1	–
Investment securities:									
At amortised cost									
Australia	**2,601**	**101**	**3.9**	3,938	49	1.2	4,443	48	1.1
Overseas	**–**	**–**	**–**	–	–	–	2	–	0.2
At fair value through OCI									
Australia	**64,014**	**2,211**	**3.5**	64,453	345	0.5	66,473	320	0.5
Overseas	**17,024**	**729**	**4.3**	16,344	146	0.9	19,977	86	0.4
Loans and other receivables [1]									
Australia [2]	**720,419**	**30,160**	**4.2**	667,934	19,460	2.9	627,669	20,645	3.3
Overseas	**116,182**	**5,763**	**5.0**	116,608	3,818	3.3	107,659	3,737	3.5
Total interest earning assets and interest income	**1,111,254**	**44,475**	**4.0**	1,026,910	24,293	2.4	929,846	25,121	2.7

1 Loans and other receivables include bank acceptances.
2 Net of average mortgage offset balances that are included in Non-interest earning assets. Average mortgage offset balances for the year ended 30 June 2023 was $69,717 million (30 June 2022: $64,748 million; 30 June 2021: $56,675 million). While the 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.

Notes to the financial statements

For the year ended 30 June 2023

2.2 Average balances and related interest (continued)

	Group		
	30 Jun 23	30 Jun 22	30 Jun 21
	Average balance	Average balance	Average balance
Non-interest earning assets	$M	$M	$M
Property, plant and equipment			
Australia	**4,431**	4,468	4,846
Overseas	**426**	486	537
Other assets			
Australia [1]	**101,117**	109,849	100,604
Overseas	**21,663**	9,728	8,061
Provisions for impairment			
Australia	**(4,748)**	(4,032)	(4,139)
Overseas	**(652)**	(724)	(870)
Total non-interest earning assets	**122,237**	119,775	109,039
Assets held for sale			
Australia	**466**	2,094	1,457
Overseas	**–**	–	–
Total assets	**1,233,957**	1,148,779	1,040,342
Percentage of total assets applicable to overseas operations (%)	**17. 1**	15. 8	16. 1

1 For the purpose of reconciling of total average assets, other assets include average mortgage offset balances as these balances were excluded from average loans and interest earning assets. Average mortgage offset balances for the year ended 30 June 2023 was $69,717 million (30 June 2022: $64,748 million; 30 June 2021: $56,675 million).

Notes to the financial statements
For the year ended 30 June 2023

2.2 Average balances and related interest (continued)

	Group								
	30 Jun 23			30 Jun 22			30 Jun 21		
Interest bearing liabilities	**Average balance $M**	**Interest $M**	**Average rate %**	**Average balance $M**	**Interest $M**	**Average rate %**	**Average balance $M**	**Interest $M**	**Average rate %**
Time deposits									
Australia [1]	**189,801**	**4,172**	**2. 2**	157,909	1,061	0. 7	166,816	1,979	1. 2
Overseas	**67,262**	**2,776**	**4. 1**	59,344	597	1. 0	48,903	723	1. 5
Savings deposits									
Australia [1]	**210,296**	**2,625**	**1. 2**	202,729	299	0. 1	191,923	441	0. 2
Overseas	**20,350**	**162**	**0. 8**	23,040	106	0. 5	20,290	186	0. 9
Other demand deposits									
Australia	**166,953**	**2,806**	**1. 7**	157,998	293	0. 2	151,957	230	0. 2
Overseas	**13,078**	**185**	**1. 4**	13,955	64	0. 5	12,241	82	0. 7
Payables to financial institutions									
Australia	**10,542**	**410**	**3. 9**	12,221	36	0. 3	7,555	17	0. 2
Overseas	**12,657**	**434**	**3. 4**	10,000	58	0. 6	6,961	40	0. 6
Liabilities at fair value through Income Statement									
Australia	**10,510**	**370**	**3. 5**	3,834	96	2. 5	2,891	26	0. 9
Overseas	**11,797**	**264**	**2. 2**	4,255	9	0. 2	3,553	11	0. 3
Term funding from central banks									
Australia	**51,118**	**80**	**0. 2**	51,137	80	0. 2	18,449	43	0. 2
Overseas	**4,481**	**177**	**4. 0**	2,016	19	0. 9	197	–	–
Debt issues [2]									
Australia	**96,999**	**4,077**	**4. 2**	94,418	703	0. 7	98,397	756	0. 8
Overseas	**20,475**	**796**	**3. 9**	16,651	294	1. 8	16,534	204	1. 2
Loan capital									
Australia	**28,305**	**1,562**	**5. 5**	24,329	557	2. 3	20,693	500	2. 4
Overseas	**1,252**	**53**	**4. 2**	4,861	130	2. 7	6,446	161	2. 5
Lease liabilities									
Australia	**2,530**	**65**	**2. 6**	2,707	64	2. 4	2,828	71	2. 5
Overseas	**260**	**12**	**4. 6**	291	11	3. 8	333	11	3. 3
Bank levy									
Australia	**–**	**393**	**–**	–	343	–	–	338	–
Overseas	**–**	**–**	**–**	–	–	–	–	–	–
Total interest bearing liabilities and interest expense	**918,666**	**21,419**	**2. 3**	841,695	4,820	0. 6	776,967	5,819	0. 7

1 Net of average mortgage offset balances that are included in Non-interest bearing liabilities.
2 Debt issues include bank acceptances.

2.2 Average balances and related interest (continued)

	Group		
	30 Jun 23	30 Jun 22	30 Jun 21
	Average balance	Average balance	Average balance
Non-interest bearing liabilities	$M	$M	$M
Deposits not bearing interest			
Australia [1]	**191,151**	184,771	141,038
Overseas	**10,891**	12,370	9,421
Other liabilities			
Australia	**23,770**	24,968	27,986
Overseas	**16,598**	8,508	9,100
Total non-interest bearing liabilities	**242,410**	230,617	187,545
Liabilities held for sale			
Australia	**419**	1,071	658
Overseas	**–**	–	–
Total liabilities	**1,161,495**	1,073,383	965,170
Shareholders' Equity	**72,462**	75,396	75,172
Total liabilities and Shareholders' Equity	**1,233,957**	1,148,779	1,040,342
Percentage of total liabilities applicable to overseas operations (%)	**15. 4**	14. 5	13. 9

1 Includes average mortgage offset balances.

Changes in Net interest income: volume and rate analysis

The following tables show the movement in interest income and expense due to changes in volume and interest rates. Volume variances reflect the change in interest from the prior year due to movement in the average balance. Rate variances reflect the change in interest from the prior year due to changes in interest rates. Volume and rate variance for total interest earning assets and interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

	June 2023 vs June 2022			June 2022 vs June 2021		
Changes in net interest income:	Volume	Rate	Total	Volume	Rate	Total
Volume and rate analysis	$M	$M	$M	$M	$M	$M
Interest earning assets						
Cash and liquid assets						
Australia	**231**	**2,608**	**2,839**	66	(1)	65
Overseas	**194**	**828**	**1,022**	41	89	130
Receivables from financial institutions						
Australia	**(1)**	**55**	**54**	(1)	(1)	(2)
Overseas	**52**	**80**	**132**	(9)	15	6
Assets at fair value through Income Statement						
At amortised cost						
Australia	**218**	**408**	**626**	(145)	141	(4)
Overseas	**264**	**99**	**363**	1	(6)	(5)
Investment securities:						
At amortised cost						
Australia	**(52)**	**104**	**52**	(6)	7	1
Overseas	**–**	**–**	**–**	–	–	–
At fair value through OCI						
Australia	**(15)**	**1,881**	**1,866**	(11)	36	25
Overseas	**29**	**554**	**583**	(32)	92	60
Loans and other receivables						
Australia	**2,197**	**8,503**	**10,700**	1,173	(2,358)	(1,185)
Overseas	**(21)**	**1,966**	**1,945**	293	(212)	81
Changes in interest income	**3,376**	**16,806**	**20,182**	2,296	(3,124)	(828)

Notes to the financial statements
For the year ended 30 June 2023

2.2 Average balances and related interest (continued)

Changes in net interest income: Volume and rate analysis	June 2023 vs June 2022 Volume $M	Rate $M	Total $M	June 2022 vs June 2021 Volume $M	Rate $M	Total $M
Interest bearing liabilities and loan capital						
Time deposits						
Australia	**701**	**2,410**	**3,111**	(60)	(858)	(918)
Overseas	**327**	**1,852**	**2,179**	105	(231)	(126)
Savings deposits						
Australia	**94**	**2,232**	**2,326**	16	(158)	(142)
Overseas	**(21)**	**77**	**56**	13	(93)	(80)
Other demand deposits						
Australia	**151**	**2,362**	**2,513**	11	52	63
Overseas	**(12)**	**133**	**121**	8	(26)	(18)
Payables to financial institutions						
Australia	**(65)**	**439**	**374**	14	5	19
Overseas	**91**	**285**	**376**	18	–	18
Liabilities at fair value through Income Statement						
Australia	**235**	**39**	**274**	24	46	70
Overseas	**169**	**86**	**255**	1	(3)	(2)
Term funding from centrals banks						
Australia	**–**	**–**	**–**	51	(14)	37
Overseas	**97**	**61**	**158**	17	2	19
Debt issues						
Australia	**108**	**3,266**	**3,374**	(30)	(23)	(53)
Overseas	**149**	**353**	**502**	2	88	90
Loan capital						
Australia	**219**	**786**	**1,005**	83	(26)	57
Overseas	**(153)**	**76**	**(77)**	(42)	11	(31)
Lease liabilities						
Australia	**(5)**	**6**	**1**	(3)	(4)	(7)
Overseas	**(1)**	**2**	**1**	(2)	2	–
Bank levy						
Australia	**–**	**50**	**50**	–	5	5
Overseas	**–**	**–**	**–**	–	–	–
Changes in interest expense	**1,795**	**14,804**	**16,599**	371	(1,370)	(999)
Changes in Net interest income	**1,750**	**1,833**	**3,583**	1,841	(1,670)	171

Notes to the financial statements

For the year ended 30 June 2023

2.3 Net other operating income

	Group [1]			Bank [1]	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Commission income	**2,297**	2,309	2,564	**1,826**	1,834
Commission expense [2]	**(317)**	(231)	(229)	**(265)**	(184)
Net commission income	**1,980**	2,078	2,335	**1,561**	1,650
Lending fees	**753**	736	665	**719**	694
Trading income	**1,095**	806	852	**989**	702
Net gain on non-trading financial instruments [3]	**268**	420	23	**11**	333
Net (loss)/gain on sale of property, plant and equipment	**(4)**	12	(4)	**(4)**	12
Net gain/(loss) from hedging ineffectiveness	**1**	4	39	**38**	(53)
Dividends – Controlled entities	**–**	–	–	**1,139**	3,427
Dividends – Other	**25**	–	2	**94**	28
Share of profit from associates and joint ventures net of impairment [4]	**113**	1,012	599	**(8)**	2,401
Net insurance and funds management income [5]	**82**	208	310	**–**	–
Other [6,7]	**161**	187	83	**273**	394
Total net other operating income	**4,474**	5,463	4,904	**4,812**	9,588

1 Comparative information has been revised to reflect the change in presentation 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 on non-trading derivatives that are held for risk management purposes and gains/(losses) on disposal of businesses not classified as discontinued operations. For details on businesses held for sale, refer to Note 11.3.

4 The year ended 30 June 2022 includes a pre-tax gain of $516 million for the Group (Bank: $2,358 million), arising from the partial disposal of a 10% interest in Bank of Hangzhou and reclassification of the retained 5.6% interest to Investment securities at fair value through Other Comprehensive Income.

5 The year ended June 2023 includes net funds management income of $107 million (30 June 2022: $135 million; 30 June 2021: $165 million) and net insurance expense of $25 million (30 June 2022: net insurance income of $73 million; 30 June 2021: net insurance income of 145 million). Net funds management income includes funds management income of $126 million (30 June 2022: $154 million; 30 June 2021: $180 million) net of claims, policyholder liability and commission expense of $19 million (30 June 2022: $19 million; 30 June 2021: $15 million). Net insurance expense includes premiums from insurance contracts of $183 million (30 June 2022: $698 million; 30 June 2021: $695 million) net of claims, policy holder liability and commission expense of $208 million (30 June 2022: $619 million; 30 June 2021: $550 million).

6 The year ended June 2023 includes depreciation of $63 million in relation to assets held for lease as lessor by the Group (30 June 2022: $61 million; 30 June 2021: $75 million). Includes depreciation of $3 million in relation to assets held for lease as lessor by the Bank (30 June 2022: $3 million; 30 June 2021: $6 million).

7 The year ended June 2023 includes an impairment loss of $6 million (30 June 2022: $68 million impairment reversal; 30 June 2021: $112 million impairment loss) recognised by the Group in relation to certain aircraft owned by the Group and leased to various airlines. The impairment loss and subsequent recovery were driven by the impact of COVID-19 on the aviation sector.

Notes to the financial statements

For the year ended 30 June 2023

2.3 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.

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

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.

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.

Notes to the financial statements

For the year ended 30 June 2023

2.4 Operating expenses

	Group [1]			Bank [1]	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Staff expenses					
Salaries and related on-costs	**6,563**	5,955	5,506	**5,760**	5,358
Share-based compensation	**123**	111	100	**122**	111
Superannuation	**553**	516	442	**525**	501
Total staff expenses	**7,239**	6,582	6,048	**6,407**	5,970
Occupancy and equipment expenses					
Lease expenses [2]	**159**	141	166	**151**	132
Depreciation of property, plant and equipment	**602**	640	756	**522**	563
Other occupancy expenses	**189**	197	236	**177**	187
Total occupancy and equipment expenses	**950**	978	1,158	**850**	882
Information technology services					
System development and support	**1,068**	990	973	**988**	955
Infrastructure and support	**331**	335	336	**304**	313
Communications	**129**	156	174	**115**	141
Amortisation and write-offs of software assets [3]	**395**	761	422	**308**	683
IT equipment depreciation	**113**	117	129	**91**	96
Total information technology services	**2,036**	2,359	2,034	**1,806**	2,188
Other expenses					
Postage and stationery	**138**	131	136	**130**	126
Transaction processing and market data	**93**	94	94	**73**	80
Fees and commissions:					
Professional fees	**454**	538	531	**414**	516
Other	**92**	127	252	**82**	88
Advertising and marketing	**262**	227	237	**217**	189
Amortisation of other intangible assets	**–**	–	5	**–**	–
Non-lending losses	**274**	292	509	**277**	277
Impairment of investments in subsidiaries	**–**	–	–	**103**	1,835
Other	**320**	100	147	**372**	118
Total other expenses	**1,633**	1,509	1,911	**1,668**	3,229
Operating expenses before separation and transaction costs [4]	**11,858**	11,428	11,151	**10,731**	12,269
Separation and transaction costs	**221**	181	126	**341**	789
Total operating expenses	**12,079**	11,609	11,277	**11,072**	13,058

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

2 The year ended 30 June 2023 includes rentals of $56 million in relation to short-term leases and low value leases (30 June 2022: $59 million; 30 June 2021: $87 million), and variable lease payments based on usage or performance of $5 million (30 June 2022: $11 million; 30 June 2021: $50 million).

3 The year ended 30 June 2022 includes $389 million of accelerated amortisation and software write-offs (30 June 2021: $9 million).

4 The year ended 30 June 2023 includes $212 million impact of restructuring and regulatory provision.

Notes to the financial statements

For the year ended 30 June 2023

2.4 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, 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.

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

Notes to the financial statements

For the year ended 30 June 2023

2.5 Income tax expense

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

	Group [1]			Bank [1]	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Profit before income tax	**14,343**	13,684	12,375	**12,735**	13,806
Prima facie income tax at 30%	**4,303**	4,105	3,713	**3,821**	4,142
Effect of amounts which are non-deductible/(assessable) in calculating taxable income:					
Taxation offsets and other dividend adjustments	**–**	–	–	**(362)**	(1,037)
Offshore tax rate differential	**(63)**	(47)	(43)	**(25)**	(7)
Offshore banking unit	**(52)**	(47)	(2)	**(33)**	(26)
Effect of changes in tax rates	**(6)**	17	11	**(6)**	(6)
Income tax (over)/under provided in previous years	**(178)**	(40)	24	**(150)**	(36)
Gain/(loss) on disposals	**19**	60	(122)	**6**	–
Hybrid capital distributions	**112**	53	48	**112**	53
Other	**20**	(90)	(97)	**92**	349
Total income tax expense	**4,155**	4,011	3,532	**3,455**	3,432
Effective tax rate (%)	**29. 0**	29. 3	28. 5	**27. 1**	24. 9

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

	Group			Bank	
Income tax expense attributable to profit from ordinary activities	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Australia					
Current tax expense	**3,583**	3,045	3,122	**3,436**	2,944
Deferred tax (benefit)/expense	**(118)**	213	(119)	**(109)**	363
Total Australia	**3,465**	3,258	3,003	**3,327**	3,307
Overseas					
Current tax expense	**697**	727	568	**116**	117
Deferred tax (benefit)/expense	**(7)**	26	(39)	**12**	8
Total Overseas	**690**	753	529	**128**	125
Income tax expense attributable to profit from ordinary activities	**4,155**	4,011	3,532	**3,455**	3,432

Notes to the financial statements

For the year ended 30 June 2023

2.5 Income tax expense (continued)

	Group			Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Deferred tax asset balances comprise temporary differences attributable to:					
Amounts recognised in the Income Statement:					
Lease liabilities	**841**	894	977	**781**	836
Provision for employee benefits	**575**	561	522	**529**	505
Provisions for impairment on loans and other receivables	**1,729**	1,500	1,729	**1,563**	1,349
Other provisions not tax deductible until expense incurred	**579**	779	928	**542**	759
Defined benefit superannuation plan	**364**	385	371	**364**	385
Unearned income	**147**	172	206	**147**	172
Intangible assets	**219**	240	179	**219**	240
Other	**148**	164	228	**72**	100
Total amount recognised in the Income Statement	**4,602**	4,695	5,140	**4,217**	4,346
Amounts recognised directly in Other Comprehensive Income:					
Cash flow hedge reserve	**859**	431	133	**842**	474
Other reserves	**271**	78	59	**271**	91
Total amount recognised directly in Other Comprehensive Income	**1,130**	509	192	**1,113**	565
Total deferred tax assets (before set off)	**5,732**	5,204	5,332	**5,330**	4,911
Set off to tax	**(1,921)**	(2,031)	(3,252)	**(1,690)**	(1,842)
Net deferred tax assets	**3,811**	3,173	2,080	**3,640**	3,069
Deferred tax liability balances comprise temporary differences attributable to:					
Amounts recognised in the Income Statement:					
Right-of-use assets	**729**	783	880	**676**	732
Lease financing relating to lessor activities	**103**	155	135	**75**	79
Intangible assets	**57**	56	56	**56**	56
Financial instruments	**22**	15	4	**8**	5
Investments in associates	**155**	315	202	**87**	258
Other	**88**	48	301	**38**	36
Total amount recognised in the Income Statement	**1,154**	1,372	1,578	**940**	1,166
Amounts recognised directly in Other Comprehensive Income:					
Revaluation of properties	**99**	94	88	**104**	99
Foreign currency translation reserve	**8**	12	25	**–**	–
Cash flow hedge reserve	**81**	46	321	**2**	5
Defined benefit superannuation plan	**546**	546	513	**546**	546
Investment securities revaluation reserve	**171**	111	955	**162**	108
Total amount recognised directly in Other Comprehensive Income	**905**	809	1,902	**814**	758
Total deferred tax liabilities (before set off)	**2,059**	2,181	3,480	**1,754**	1,924
Set off to tax	**(1,921)**	(2,031)	(3,252)	**(1,690)**	(1,842)
Net deferred tax liabilities	**138**	150	228	**64**	82

2.5 Income tax expense (continued)

Unrecognised deferred tax assets and liabilities

As at 30 June 2023, the Group had unrecognised deferred tax assets relating to unused tax losses of $58 million (30 June 2022: $51 million) and the Bank had unrecognised deferred tax assets of $58 million (30 June 2022: $48 million). As at 30 June 2022, the Group had unrecognised deferred tax assets relating to unrealised capital losses of $58 million. Deferred tax assets have not been recognised in respect of these losses because it is not considered probable that future taxable profit would be available against which they can be realised.

As at 30 June 2023, the Group had unrecognised deferred tax liabilities relating to undistributed profits of subsidiaries of $6 million (30 June 2022: $2 million).

Tax consolidation

The amount receivable by the Bank under the tax funding agreement was $190 million as at 30 June 2023 (30 June 2022: $202 million). This balance is included in “Other assets” in the Bank’s Balance Sheet.

ACCOUNTING POLICIES

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.

The Group recognised and disclosed separate deferred tax assets and deferred tax liabilities arising from arrangements where the Group is lessee. 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.

Notes to the financial statements
For the year ended 30 June 2023

2.6 Earnings per share

Earnings per ordinary share[2]	Group[1]		
	30 Jun 23	30 Jun 22	30 Jun 21
	Cents per share		
Earnings per share from continuing operations:			
Basic	**603. 0**	561. 7	499. 2
Diluted	**589. 3**	541. 5	470. 6
Earnings per share:			
Basic	**597. 2**	625. 4	574. 8
Diluted	**583. 8**	601. 4	539. 7

1 The difference between earnings per share from continuing operations and earnings per share represents earnings per share from discontinued operations.
2 EPS calculations are based on actual amounts prior to rounding to the nearest million.

Reconciliation of earnings from continuing operations used in calculation of earnings per share	Group		
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M
Profit after income tax from continuing operations	**10,188**	9,673	8,843
Continuing operations earnings used in calculation of basic earnings per share	**10,188**	9,673	8,843
Add: Profit impact of assumed conversions of loan capital	**418**	252	260
Continuing operations earnings used in calculation of fully diluted earnings per share	**10,606**	9,925	9,103
Reconciliation of earnings used in calculation of earnings per share			
Continuing operations earnings used in calculation of basic earnings per share	**10,188**	9,673	8,843
Discontinued operations earnings used in calculation of basic earnings per share	**(98)**	1,098	1,338
Earnings used in calculation of basic earnings per share	**10,090**	10,771	10,181
Add: Profit impact of assumed conversions of loan capital	**418**	252	260
Earnings used in calculation of fully diluted earnings per share	**10,508**	11,023	10,441

	Number of shares (in millions)		
	30 Jun 23	30 Jun 22	30 Jun 21
Weighted average number of ordinary shares used in calculation of basic earnings per share	**1,690**	1,722	1,771
Effect of dilutive securities – executive share plans and convertible loan capital instruments	**110**	111	163
Weighted average number of ordinary shares used in calculation of fully diluted earnings per share	**1,800**	1,833	1,934

ACCOUNTING POLICIES

Basic earnings per share (EPS) amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares on issue during the year, adjusted for any bonus element included in ordinary shares issued and excluding treasury shares held.

Diluted EPS is basic EPS adjusted for the impact of all securities on issue that can convert to CBA ordinary shares and would dilute basic EPS on conversion. It is calculated by dividing net profit attributable to ordinary equity holders of the Bank (after adding back interest on the convertible redeemable loan capital instruments) by the weighted average number of ordinary shares outstanding during the year (as calculated under basic earnings per share adjusted for the effects of dilutive convertible non-cumulative redeemable loan capital instruments and shares issuable under executive share plans).

2.7 Financial reporting by segments

The principal activities of the Group are carried out in the business segments described below. These segments are based on the distribution channels through which customer relationships are managed.

During the year ended 30 June 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.

The Group's primary sources of revenue are interest and fee income (Retail Banking Services, Business Banking, Institutional Banking and Markets, New Zealand) and funds management income (New Zealand).

Revenues and expenses occurring between segments are subject to transfer pricing arrangements. All intra-group transactions are eliminated on consolidation.

Business segments are managed on the basis of net profit after income tax ("cash basis"). Management uses "cash basis" to assess performance and it provides the basis for the determination of the Bank's dividends. The "cash basis" presents the Group's underlying operating results, excluding a number of items that introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently year on year and do not discriminate between positive and negative adjustments.

(i) Retail Banking Services

Retail Banking Services provides banking products and services to personal customers, and banking and advisory services for high net worth individuals. Retail Banking Services also includes the financial results of retail banking activities provided under the Bankwest brand. On 21 June 2021, the Group announced the sale of CommInsure General Insurance to Hollard Insurance Company Pty Ltd (Hollard). The sale completed on 30 September 2022.

(ii) Business Banking

Business Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions. It also provides equities trading and margin lending services through the CommSec business. Business Banking also includes the financial results of business banking activities conducted under the Bankwest brand.

(iii) 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.

(iv) New Zealand

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

(v) Corporate Centre and Other

Corporate Centre and Other include 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. Corporate Centre and Other also includes Wealth Management including superannuation, investment and retirement products.

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 Pty Limited, Superannuation and Investments Hold Co Pty Limited as well as the strategic investments in x15ventures.

Treasury is primarily focused on the management of the Bank's interest rate risk, funding and liquidity requirements, and management of the Bank's capital.

Notes to the financial statements
For the year ended 30 June 2023

2.7 Financial reporting by segments (continued)

	30 Jun 23					
	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	11,235	7,666	1,415	2,668	72	**23,056**
Other operating income:						
Commissions	1,042	533	196	220	(11)	**1,980**
Lending fees	201	317	205	29	1	**753**
Trading and other income	66	307	575	175	325	**1,448**
Total other operating income	1,309	1,157	976	424	315	**4,181**
Total operating income	12,544	8,823	2,391	3,092	387	**27,237**
Operating expenses	(4,600)	(2,653)	(1,046)	(1,154)	(2,405)	**(11,858)**
Loan impairment (expense)/benefit	(583)	(496)	36	(59)	(6)	**(1,108)**
Net profit/(loss) before income tax	7,361	5,674	1,381	1,879	(2,024)	**14,271**
Corporate tax (expense)/benefit	(2,203)	(1,701)	(350)	(523)	670	**(4,107)**
Net profit/(loss) after tax from continuing operations – "cash basis"	5,158	3,973	1,031	1,356	(1,354)	**10,164**
Net profit after tax from discontinued operations	–	–	–	–	18	**18**
Net profit/(loss) after tax – "cash basis" [1]	5,158	3,973	1,031	1,356	(1,336)	**10,182**
Gain/(loss) on disposal of entities net of transaction costs	181	–	–	–	(265)	**(84)**
Hedging and IFRS volatility	–	–	–	(204)	196	**(8)**
Net profit after tax – "statutory basis"	5,339	3,973	1,031	1,152	(1,405)	**10,090**
Additional information						
Amortisation and depreciation	(165)	(75)	(46)	(140)	(684)	**(1,110)**
Balance Sheet						
Total assets	501,847	238,361	189,875	116,686	206,076	**1,252,845**
Total liabilities	358,059	230,389	242,862	104,575	244,955	**1,180,840**

1 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
For the year ended 30 June 2023

2.7 Financial reporting by segments (continued)

	30 Jun 22 [1]					
	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre and Other [2] $M	Total $M
Net interest income	9,603	5,845	1,547	2,334	144	**19,473**
Other operating income:						
Net commission income	931	724	172	218	33	**2,078**
Lending fees	204	286	209	37	–	**736**
Trading and other income	233	222	376	242	1,329	**2,402**
Total other operating income	1,368	1,232	757	497	1,362	**5,216**
Total operating income	10,971	7,077	2,304	2,831	1,506	**24,689**
Operating expenses	(4,377)	(2,661)	(986)	(1,042)	(2,362)	**(11,428)**
Loan impairment benefit/(expense)	406	(115)	111	(37)	(8)	**357**
Net profit/(loss) before income tax	7,000	4,301	1,429	1,752	(864)	**13,618**
Corporate tax (expense)/benefit	(2,087)	(1,291)	(371)	(487)	213	**(4,023)**
Net profit/(loss) after tax from continuing operations – "cash basis"	4,913	3,010	1,058	1,265	(651)	**9,595**
Net profit after tax from discontinued operations	–	–	–	–	113	**113**
Net profit/(loss) after tax – "cash basis" [3]	4,913	3,010	1,058	1,265	(538)	**9,708**
(Loss)/gain on disposal of entities net of transaction costs	(130)	20	–	–	1,065	**955**
Hedging and IFRS volatility	–	–	–	(536)	644	**108**
Net profit after tax – "statutory basis"	4,783	3,030	1,058	729	1,171	**10,771**
Additional information						
Amortisation and depreciation	(132)	(119)	(46)	(137)	(1,084)	**(1,518)**
Balance Sheet						
Total assets	477,168	222,439	191,862	109,943	213,848	**1,215,260**
Total liabilities	338,987	223,335	234,081	100,258	245,761	**1,142,422**

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

2 Includes Wealth Management.

3 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
For the year ended 30 June 2023

2.7 Financial reporting by segments (continued)

	30 Jun 21 [1]					
	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre and Other [2] $M	Total $M
Net interest income	9,740	5,612	1,544	2,150	256	**19,302**
Other operating income:						
Net commission income	1,088	910	149	224	16	**2,387**
Lending fees	188	212	228	37	–	**665**
Trading and other income	362	181	391	221	439	**1,594**
Total other operating income	1,638	1,303	768	482	455	**4,646**
Total operating income	11,378	6,915	2,312	2,632	711	**23,948**
Operating expenses	(4,539)	(2,619)	(975)	(1,019)	(1,999)	**(11,151)**
Loan impairment (expense)/benefit	(141)	(226)	(96)	5	(96)	**(554)**
Net profit/(loss) before income tax	6,698	4,070	1,241	1,618	(1,384)	**12,243**
Corporate tax (expense)/benefit	(2,005)	(1,234)	(308)	(457)	414	**(3,590)**
Net profit/(loss) after tax from continuing operations – "cash basis"	4,693	2,836	933	1,161	(970)	**8,653**
Net profit after tax from discontinued operations	–	–	–	–	148	**148**
Net profit/(loss) after tax – "cash basis" [3]	4,693	2,836	933	1,161	(822)	**8,801**
Gain on disposal of entities net of transaction costs	187	65	2	3	1,116	**1,373**
Hedging and IFRS volatility	–	–	–	(70)	77	**7**
Net profit after tax – "statutory basis"	4,880	2,901	935	1,094	371	**10,181**

1 Comparative information has been revised to reflect the change in presentation detailed in Note 1.1.
2 Includes Wealth Management.
3 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
For the year ended 30 June 2023

2.7 Financial reporting by segments (continued)

	Group [1,2]					
	30 Jun 23		30 Jun 22		30 Jun 21	
Financial performance and position	$M	%	$M	%	$M	%
Income						
Australia	**23,137**	**84. 1**	21,121	84. 7	20,780	85. 9
New Zealand	**3,367**	**12. 2**	2,969	11. 9	2,667	11. 0
Other locations [3]	**1,026**	**3. 7**	846	3. 4	759	3. 1
Total income	**27,530**	**100. 0**	24,936	100. 0	24,206	100. 0
Non-current assets [4]						
Australia	**13,738**	**90. 4**	13,610	93. 3	15,117	93. 5
New Zealand	**776**	**5. 1**	753	5. 2	806	5. 0
Other locations [3]	**677**	**4. 5**	224	1. 5	244	1. 5
Total non-current assets	**15,191**	**100. 0**	14,587	100. 0	16,167	100. 0

1 Comparative information has been revised to reflect the change in presentation detailed in Note 1.1.
2 Information is presented on a continuing operations basis.
3 Other locations include: United Kingdom, the Netherlands, United States, Japan, Singapore, Hong Kong, Indonesia, China and India.
4 Non-current assets include Property, plant and equipment, Investments in associates and joint ventures, and Intangibles.

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

ACCOUNTING POLICIES

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.

Notes to the financial statements
For the year ended 30 June 2023

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

		Group		Bank	
		30 Jun 23	30 Jun 22	30 Jun 23	30 Jun 22
	Note	$M	$M	$M	$M
Australia					
Overdrafts		**26,218**	24,170	**26,218**	24,170
Home loans [1,2]		**583,827**	556,499	**576,057**	547,906
Credit card outstandings		**9,052**	8,711	**9,052**	8,711
Lease financing		**3,451**	3,297	**3,266**	2,928
Term loans and other lending		**193,446**	176,960	**193,389**	176,860
Total Australia		**815,994**	769,637	**807,982**	760,575
Overseas					
Overdrafts		**1,044**	1,006	**135**	149
Home loans [1,2]		**68,391**	65,494	**130**	137
Credit card outstandings		**880**	838	**–**	–
Term loans and other lending		**46,942**	47,988	**14,442**	17,715
Total overseas		**117,257**	115,326	**14,707**	18,001
Gross loans and other receivables		**933,251**	884,963	**822,689**	778,576
Less					
Provisions for loan impairment:	3.2				
Collective provisions		**(5,037)**	(4,494)	**(4,519)**	(4,019)
Individually assessed provisions		**(754)**	(736)	**(677)**	(668)
Unearned income:					
Term loans		**(1,089)**	(680)	**(1,088)**	(680)
Lease financing		**(289)**	(199)	**(265)**	(167)
		(7,169)	(6,109)	**(6,549)**	(5,534)
Net loans and other receivables		**926,082**	878,854	**816,140**	773,042

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.

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

Based on behavioural terms and current market conditions, the amounts expected to be repaid within 12 months of the Balance Sheet date are $217,835 million (30 June 2022: $200,296 million) for the Group, and $198,545 million (30 June 2022: $181,473 million) for the Bank.

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Notes to the financial statements

For the year ended 30 June 2023

3.1 Loans and other receivables (continued)

Finance lease receivables

The Group and the Bank provide finance leases to a broad range of clients to support financing needs in acquiring transportation assets such as trains, aircraft, ships and major production and manufacturing equipment.

Finance lease receivables are included within Loans and other receivables.

	Group					
	30 Jun 23			30 Jun 22		
	Gross investment in finance lease receivable $M	Unearned income $M	Present value of minimum lease payment receivable $M	Gross investment in finance lease receivable $M	Unearned income $M	Present value of minimum lease payment receivable $M
Not later than one year	**1,361**	**(118)**	**1,243**	1,351	(98)	1,253
One to two years	**837**	**(79)**	**758**	991	(55)	936
Two to three years	**555**	**(47)**	**508**	495	(25)	470
Three to four years	**370**	**(26)**	**344**	228	(11)	217
Four to five years	**196**	**(11)**	**185**	166	(6)	160
Over five years	**132**	**(8)**	**124**	66	(4)	62
	3,451	**(289)**	**3,162**	3,297	(199)	3,098

	Bank					
	30 Jun 23			30 Jun 22		
	Gross investment in finance lease receivable $M	Unearned income $M	Present value of minimum lease payment receivable $M	Gross investment in finance lease receivable $M	Unearned income $M	Present value of minimum lease payment receivable $M
Not later than one year	**1,273**	**(107)**	**1,166**	1,269	(83)	1,186
One to two years	**807**	**(73)**	**734**	768	(47)	721
Two to three years	**539**	**(45)**	**494**	474	(21)	453
Three to four years	**355**	**(23)**	**332**	224	(10)	214
Four to five years	**174**	**(9)**	**165**	157	(4)	153
Over five years	**118**	**(8)**	**110**	36	(2)	34
	3,266	**(265)**	**3,001**	2,928	(167)	2,761

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.

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 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.

Notes to the financial statements
For the year ended 30 June 2023

3.1 Loans and other receivables (continued)

Contractual maturity tables

	Group				
	Maturity Period at 30 June 2023				
Industry/sector	Maturing 1 year or less $M	Maturing between 1 and 5 years $M	Maturing between 5 and 15 years $M	Maturing after 15 years $M	Total $M
Australia					
Sovereign	23,149	644	466	277	24,536
Agriculture	4,297	11,378	255	33	15,963
Bank and other financial	16,055	4,539	56	48	20,698
Construction	1,523	4,141	349	140	6,153
Consumer	20,681	58,499	177,525	340,127	596,832
Other commercial and industrial	42,123	101,179	6,609	1,901	151,812
Total Australia	107,828	180,380	185,260	342,526	815,994
Overseas					
Sovereign	501	–	–	–	501
Agriculture	5,129	4,220	614	223	10,186
Bank and other financial	5,176	2,181	13	13	7,383
Construction	224	289	96	196	805
Consumer	5,281	7,486	21,106	37,001	70,874
Other commercial and industrial	16,727	6,733	2,536	1,512	27,508
Total overseas	33,038	20,909	24,365	38,945	117,257
Gross loans and other receivables	140,866	201,289	209,625	381,471	933,251

Interest rate	Maturing 1 year or less $M	Maturing between 1 and 5 years $M	Maturing between 5 and 15 years $M	Maturing after 15 years $M	Total $M
Australia	94,718	156,023	137,429	247,684	635,854
Overseas	29,432	13,515	3,880	3,195	50,022
Total variable interest rates	124,150	169,538	141,309	250,879	685,876
Australia	13,110	24,357	47,831	94,842	180,140
Overseas	3,606	7,394	20,485	35,750	67,235
Total fixed interest rates [1]	16,716	31,751	68,316	130,592	247,375
Gross loans and other receivables	140,866	201,289	209,625	381,471	933,251

1 For fixed interest rate loans, the information is presented on the basis of contractual maturity rather than the expiry of the fixed rate period.

Notes to the financial statements
For the year ended 30 June 2023

3.1 Loans and other receivables (continued)

	Group				
	Maturity Period at 30 June 2022				
Industry/ sector	Maturing 1 year or less $M	Maturing between 1 and 5 years $M	Maturing between 5 and 15 years $M	Maturing after 15 years $M	Total $M
Australia					
Sovereign	18,482	800	328	281	19,891
Agriculture	3,548	10,666	305	38	14,557
Bank and other financial	13,137	6,392	54	35	19,618
Construction	1,528	3,827	665	138	6,158
Consumer	22,268	70,835	190,520	286,064	569,687
Other commercial and industrial	38,794	93,130	6,340	1,462	139,726
Total Australia	97,757	185,650	198,212	288,018	769,637
Overseas					
Sovereign	170	–	–	–	170
Agriculture	4,580	3,922	647	202	9,351
Bank and other financial	5,005	4,182	11	15	9,213
Construction	215	264	94	175	748
Consumer	5,751	8,907	22,062	31,132	67,852
Other commercial and industrial	17,021	6,792	2,716	1,463	27,992
Total Overseas	32,742	24,067	25,530	32,987	115,326
Gross loans and other receivables	130,499	209,717	223,742	321,005	884,963

Interest rate	Maturing 1 year or less $M	Maturing between 1 and 5 years $M	Maturing between 5 and 15 years $M	Maturing after 15 years $M	Total $M
Australia	83,779	154,179	129,147	175,000	542,105
Overseas	28,805	15,790	4,010	3,413	52,018
Total variable interest rates	112,584	169,969	133,157	178,413	594,123
Australia	13,978	31,471	69,065	113,018	227,532
Overseas	3,937	8,277	21,520	29,574	63,308
Total fixed interest rates [1]	17,915	39,748	90,585	142,592	290,840
Gross loans and other receivables	130,499	209,717	223,742	321,005	884,963

1 For fixed interest rate loans, the information is presented on the basis of contractual maturity rather than the expiry of the fixed rate period.

Notes to the financial statements
For the year ended 30 June 2023

3.2 Loan impairment expense and provisions for impairment

	Group			Bank	
	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 23	30 Jun 22
Loan impairment expense	$M	$M	$M	$M	$M
Net collective provision funding	**795**	(506)	287	**733**	(542)
Net new and increased individual provisioning	**470**	321	496	**418**	300
Write-back of individually assessed provisions	**(157)**	(172)	(229)	**(130)**	(155)
Total loan impairment expense/(benefit)	**1,108**	(357)	554	**1,021**	(397)

Movement in provisions for impairment and credit exposures by ECL stage

The tables below provide movements in the Group's and the Bank's impairment provisions and credit exposures by expected credit loss (ECL) stage for the years ended 30 June 2023, 2022 and 2021.

Movements in credit exposures and provisions for impairment in the tables below represent the sum of monthly movements over the year 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.

	Group							
	Stage 1 Performing		Stage 2 [1,2] Performing		Stage 3 Non-performing		Total	
	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions [3] $M
Opening balance as at 1 July 2020	**735,947**	**1,569**	**199,291**	**3,346**	**6,950**	**1,448**	**942,188**	**6,363**
Transfers to/(from)								
Stage 1	163,851	1,678	(163,747)	(1,672)	(104)	(6)	–	–
Stage 2	(165,012)	(763)	168,665	1,338	(3,653)	(575)	–	–
Stage 3	(885)	(16)	(6,766)	(497)	7,651	513	–	–
Net re-measurement on transfers between stages	–	(1,010)	–	875	–	571	–	436
Net financial assets originated	118,814	374	(55,557)	(956)	(2,205)	(224)	61,052	(806)
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	152	–	152
Movements due to risk parameters and other changes	–	(227)	–	484	–	515	–	772
Loan impairment expense for the year		36		(428)		946		554
Write-offs	–	–	–	–	(859)	(859)	(859)	(859)
Recoveries	–	–	–	–	–	131	–	131
Foreign exchange and other movements	(3,348)	9	(2,162)	18	(67)	(5)	(5,577)	22
Closing balance as at 30 June 2021	**849,367**	**1,614**	**139,724**	**2,936**	**7,713**	**1,661**	**996,804**	**6,211**

Notes to the financial statements
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3.2 Loan impairment expense and provisions for impairment (continued)

	Group							
	Stage 1 Performing		Stage 2 [1,2] Performing		Stage 3 Non-performing		Total	
	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions [3] $M
Opening balance as at 1 July 2021	**849,367**	**1,614**	**139,724**	**2,936**	**7,713**	**1,661**	**996,804**	**6,211**
Transfers to/(from)								
Stage 1	100,834	1,476	(100,713)	(1,466)	(121)	(10)	–	–
Stage 2	(145,484)	(714)	149,141	1,136	(3,657)	(422)	–	–
Stage 3	(1,063)	(21)	(5,639)	(549)	6,702	570	–	–
Net re-measurement on transfers between stages	–	(894)	–	1,091	–	386	–	583
Net financial assets originated	112,847	309	(40,360)	(696)	(2,513)	(243)	69,974	(630)
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	113	–	113
Movements due to risk parameters and other changes	–	(463)	–	73	–	(33)	–	(423)
Loan impairment expense for the year		(307)		(411)		361		(357)
Write-offs	–	–	–	–	(685)	(685)	(685)	(685)
Recoveries	–	–	–	–	–	127	–	127
Foreign exchange and other movements	(1,618)	6	(336)	13	23	32	(1,931)	51
Closing balance as at 30 June 2022	**914,883**	**1,313**	**141,817**	**2,538**	**7,462**	**1,496**	**1,064,162**	**5,347**
Transfers to/(from)								
Stage 1	124,546	1,920	(124,340)	(1,904)	(206)	(16)	–	–
Stage 2	(211,946)	(815)	214,905	1,053	(2,959)	(238)	–	–
Stage 3	(1,336)	(21)	(5,124)	(386)	6,460	407	–	–
Net re-measurement on transfers between stages	–	(1,454)	–	2,379	–	360	–	1,285
Net financial assets originated	88,153	384	(40,188)	(815)	(2,325)	(232)	45,640	(663)
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	218	–	218
Movements due to risk parameters and other changes	–	372	–	4	–	(108)	–	268
Loan impairment expense for the year		386		331		391		1,108
Write-offs	–	–	–	–	(684)	(684)	(684)	(684)
Recoveries	–	–	–	–	–	108	–	108
Foreign exchange and other movements	7,265	10	804	20	29	41	8,098	71
Closing balance as at 30 June 2023	**921,565**	**1,709**	**187,874**	**2,889**	**7,777**	**1,352**	**1,117,216**	**5,950**

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 remain 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 risks 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 (30 June 2022: 62%; 30 June 2021: 62%).

3 As at 30 June 2023, total provisions include $159 million in relation to financial guarantees and other off Balance Sheet instruments (30 June 2022: $117 million; 30 June 2021: $111 million).

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For the year ended 30 June 2023

3.2 Loan impairment expense and provisions for impairment (continued)

	Bank							
	Stage 1 Performing		Stage 2 [1,2] Performing		Stage 3 Non-performing		Total	
	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions [3] $M
Opening balance as at 1 July 2021	**756,941**	**1,459**	**117,455**	**2,683**	**6,398**	**1,475**	**880,794**	**5,617**
Transfers to/(from)								
Stage 1	89,360	1,409	(89,273)	(1,401)	(87)	(8)	–	–
Stage 2	(136,284)	(671)	139,196	1,053	(2,912)	(382)	–	–
Stage 3	(497)	(20)	(5,186)	(523)	5,683	543	–	–
Net re-measurement on transfers between stages	–	(853)	–	1,080	–	327	–	554
Net financial assets originated	104,187	292	(38,647)	(692)	(2,162)	(216)	63,378	(616)
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	115	–	115
Movements due to risk parameters and other changes	–	(472)	–	57	–	(35)	–	(450)
Loan impairment expense for the year		(315)		(426)		344		(397)
Write-offs	–	–	–	–	(593)	(593)	(593)	(593)
Recoveries	–	–	–	–	–	111	–	111
Foreign exchange and other movements	1,125	13	40	12	(1)	32	1,164	57
Closing balance as at 30 June 2022	**814,832**	**1,157**	**123,585**	**2,269**	**6,326**	**1,369**	**944,743**	**4,795**
Transfers to/(from)								
Stage 1	119,052	1,860	(118,857)	(1,845)	(195)	(15)	–	–
Stage 2	(199,960)	(766)	202,326	952	(2,366)	(186)	–	–
Stage 3	(558)	(18)	(4,431)	(347)	4,989	365	–	–
Net re-measurement on transfers between stages	–	(1,419)	–	2,353	–	257	–	1,191
Net financial assets originated	84,070	364	(39,221)	(799)	(2,048)	(201)	42,801	(636)
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	212	–	212
Movements due to risk parameters and other changes	–	352	–	43	–	(141)	–	254
Loan impairment expense for the year		373		357		291		1,021
Write-offs	–	–	–	–	(634)	(634)	(634)	(634)
Recoveries	–	–	–	–	–	95	–	95
Foreign exchange and other movements	5,420	10	647	19	1	44	6,068	73
Closing balance as at 30 June 2023	**822,856**	**1,540**	**164,049**	**2,645**	**6,073**	**1,165**	**992,978**	**5,350**

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 remain 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 risks 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 Bank as at 30 June 2023 (30 June 2022: 61%).

3 As at 30 June 2023, total provisions include $154 million in relation to financial guarantees and other off Balance Sheet instruments (30 June 2022: $108 million).

Notes to the financial statements

For the year ended 30 June 2023

3.2 Loan impairment expense and provisions for impairment (continued)

Write-offs

Write-offs net of recoveries to average loans and other receivables	Group 30 Jun 23 %	Group 30 Jun 22 %
Home loans	**0. 00**	0. 01
Other consumer	**1. 40**	1. 31
Non-retail	**0. 12**	0. 13
Total	**0. 06**	0. 07

Of the total $684 million loans written-off by the Group during the year ended 30 June 2023 (30 June 2022: $685 million), $355 million remain subject to enforcement activity (30 June 2022: $332 million). Of the total $634 million loans written-off by the Bank during the year ended 30 June 2023 (30 June 2022: $593 million), $331 million remain subject to enforcement activity (30 June 2022: $276 million).

ACCOUNTING POLICIES

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 below.

Expected credit loss (ECL) model

The ECL model applies to all financial assets measured at amortised cost, debt securities measured at fair value through Other Comprehensive Income, finance lease receivables, loan commitments and financial guarantee contracts not measured at fair value through profit or loss (FVTPL). The model uses a three-stage approach to recognition of expected credit losses. Financial assets migrate through these stages based on changes in credit risk since origination:

- **Stage 1 – 12 months ECL – Performing loans**

  On origination, an impairment provision equivalent to 12 months ECL is recognised. 12 months ECL is the credit losses expected to arise from defaults occurring over the next 12 months.
- **Stage 2 – Lifetime ECL – Performing loans that have experienced a significant increase in credit risk (SICR)**

  Financial assets that have experienced a SICR since origination are transferred to Stage 2 and an impairment provision equivalent to lifetime ECL is recognised. Lifetime ECL is the credit losses expected to arise from defaults occurring over the remaining life of financial assets. If credit quality improves in a subsequent period such that the increase in credit risk since origination is no longer considered significant the exposure is reclassified to Stage 1 and the impairment provision reverts to 12 months ECL.
- **Stage 3 – Lifetime ECL – Non-performing loans**

  Financial assets in default and assets restructured due to the borrower's financial difficulty or hardship are transferred to Stage 3 and an impairment provision equivalent to lifetime ECL is recognised.

Credit losses for financial assets in Stage 1 and Stage 2 are assessed for impairment collectively, whilst those in Stage 3 are subjected to either collective or individual assessment of ECL.

Significant increase in credit risk (SICR)

SICR is assessed by comparing the risk of default occurring over the expected life of the financial asset at reporting date to the corresponding risk of default at origination. The Group considers all available qualitative and quantitative information that is relevant to assessing SICR.

For non-retail portfolios, such as the corporate risk rated portfolio and the asset finance portfolio, the risk of default is defined using the existing Risk Rated Probability of Default (PD) Masterscale. The PD Masterscale is used in internal credit risk management and includes 24 risk grades that are assigned at a customer level using rating tools reflecting customer specific financial and non-financial information and management's experienced credit judgement. Internal credit risk ratings are updated regularly on the basis of the most recent financial and non-financial information.

The Group uses a Retail Masterscale in the ECL measurement on personal loans, credit cards and home loans. The Retail Masterscale has 16 risk grades that are assigned to retail accounts based on their credit quality scores determined through a credit quality scorecard. SME retail portfolios use a similar approach and are mapped to SME Retail pools. Risk grades and pools are updated monthly as credit quality scorecards are recalculated based on new behavioural information.

For significant portfolios, the primary indicator of SICR is a significant deterioration in an exposure's internal credit rating grade between origination and reporting date. Application of the primary SICR indicator uses a sliding threshold such that an exposure with a higher credit quality at origination would need to experience a more significant downgrade compared to a lower credit quality exposure before SICR is triggered. The level of downgrade required to trigger SICR for each origination grade has been defined for each significant portfolio.

The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risks 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 exposures for the Group and 62% for the Bank as at 30 June 2023 (30 June 2022: 62% for the Group and 61% for the Bank).

Notes to the financial statements
For the year ended 30 June 2023

3.2 Loan impairment expense and provisions for impairment (continued)

The Group also uses secondary SICR indicators as backstops in combination with the primary SICR indicator, including:

- arrears status that incorporates a rebuttable presumption of 30 days past due;
- a retail exposure entering a financial hardship status; and
- a non-retail exposure's referral to Group Credit Structuring.

For a number of small portfolios, which are not considered significant individually or in combination, the Group applies simplified provisioning approaches that differ from the description above. 30 days past due is used as a primary indicator of SICR on exposures in these portfolios.

Definition of default, non-performing assets and write-offs

The definition of default used in measuring ECL is aligned to the definition used for internal credit risk management purposes across all portfolios. Default occurs when there are indicators that a borrower is unlikely to meet contractual credit obligations to the Group in full, or the exposure is 90 days past due. Non-performing credit exposures include exposures that are in default and exposures that have been restructured due to the borrower's financial difficulty or hardship.

Loans are written off when there is no reasonable expectation of recovery. Unsecured retail loans are generally written off when repayments become 180 days past due. Secured loans are generally written off when assets pledged to the Group have been realised and there are no further prospects of additional recovery.

ECL measurement

ECL is a probability weighted expected credit loss estimated by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

The Group uses the following collective provisioning models in calculating ECL for significant portfolios:

- **Retail lending:** Personal Loans model, Credit Cards model, Home Loans model; and
- **Non-retail lending:** Corporate Risk Rated model, Asset Finance model, Retail SME model.

For each significant portfolio ECL is calculated as a product of the following credit risk factors at a facility level:

- **Probability of default (PD):** The likelihood that a borrower will be unable to pay its obligations in full without having to take actions such as realising security or that the borrower will become 90 days overdue on an obligation or contractual commitment;
- **Exposure at default (EAD):** The expected Balance Sheet exposure at default. The Group generally calculates EAD as the higher of the drawn balance and total credit limit, except for the credit cards portfolio, for which the EAD calculation also takes into account the probability of unused limits being drawn down; and
- **Loss given default (LGD):** The amount that is not expected to be recovered following default.

Secured retail exposures and defaulted non-retail exposures are assessed for impairment through an Individually Assessed Provisions (IAP) process if expected losses are in excess of $20,000. Impairment provisions on these exposures are calculated directly as the difference between the defaulted asset's carrying value and the present value of expected future cash flows including cash flows from realisation of collateral, where applicable.

Lifetime of an exposure

For exposures in Stage 2 and Stage 3 impairment provisions are determined as a lifetime expected loss. The Group uses a range of approaches to estimate expected lives of financial instruments subject to ECL requirements:

- **Non-revolving products in corporate portfolios**: Expected life is determined as a maximum contractual period over which the Group is exposed to credit risk;
- **Non-revolving retail products**: For fixed term products such as personal loans and home loans, expected life is determined using behavioural term analysis and does not exceed the maximum contractual period; and
- **Revolving products in corporate and retail portfolios**: For revolving products that include both a loan and an undrawn commitment, such as credit cards and corporate lines of credit, the Group's contractual ability to cancel the undrawn limits and demand repayments does not limit the exposure to credit losses to the contractual notice period. For such products, ECL is measured over the behavioural life.

Forward-looking information

Credit risk factors of PD and LGD used in the ECL calculation are point-in-time estimates based on current conditions and adjusted to include the impact of multiple probability-weighted future forecast economic scenarios.

Forward looking PD and LGD factors are modelled for each significant portfolio based on macroeconomic factors that are most closely correlated with credit losses in the relevant portfolios. Each of the four scenarios (refer below) includes a forecast of relevant macroeconomic variables which differ by portfolio:

- **Retail portfolios:** Interest rates, unemployment rate, GDP per capita and house price index; and
- **Non-retail lending:** Unemployment rate, GDP, Business Investment, Disposable Income and exchange rates.

New Zealand equivalents of a subset of the above macroeconomic variables are used for retail credit exposures originated in New Zealand.

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;

Notes to the financial statements

For the year ended 30 June 2023

3.2 Loan impairment expense and provisions for impairment (continued)

- **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 key macroeconomic variables used in the Central and Downside scenarios as at 30 June 2023.

	Central Financial year		Downside Financial year	
	2024	**2025**	**2024**	**2025**
GDP (annual % change)	1. 4	1. 7	(5. 5)	(2. 0)
Unemployment rate (%) [1]	4. 4	4. 5	8. 5	8. 9
Cash rate (%) [1]	4. 4	4. 1	5. 4	5. 4
House prices (annual % change)	1. 0	3. 0	(25. 7)	(5. 0)
CPI (annual % change) [2]	3. 8	2. 5	8. 0	6. 0
AUD/USD exchange rate [1]	0. 67	0. 67	0. 60	0. 60
NZ unemployment rate (%) [1]	4. 7	4. 6	8. 0	8. 5
NZ cash rate (%) [1]	5. 3	3. 5	7. 5	7. 5
NZ house prices (annual % change)	1. 1	14. 3	(20. 0)	(5. 0)

1 Spot rate at 30 June.
2 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 30 June 2023 and 2022:

	Combined weighting	
Scenario	**30 Jun 23**	**30 Jun 22**
Central and Upside	**57. 5%**	52. 5%
Downside and Severe Downside	**42. 5%**	47. 5%

During the year ended 30 June 2023, macroeconomic scenarios were revised for the current weaker economic conditions, including higher interest rates and slower growth. In order to reflect the increased likelihood of the weaker Central and Upside scenarios, the Group increased the combined weighting of the Central and Upside scenarios from 52.5% to 57.5%. This led to a commensurate decrease in the combined weighting of the Downside and Severe Downside scenarios from 47.5% to 42.5%.

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.

In estimating impairment provisions on individually significant defaulted exposures, the Group generally applies prudent assumptions in estimating recovery cash flows. Incorporating multiple forecast economic scenarios in estimates is not expected to significantly affect the level of impairment provisions on these credit exposures.

Notes to the financial statements
For the year ended 30 June 2023

3.2 Loan impairment expense and provisions for impairment (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 30 June 2022, the Group held $571 million of overlays for emerging risks, including the potential impacts of higher interest rates, inflationary pressures, and the residual risks associated with the impacts of COVID-19. This included $87 million in relation to the Group's non-retail lending portfolios and $484 million in relation to retail portfolios. The amount of overlays held by the Group reduced during the year ended 30 June 2023 as a result of the reversal of uncertainties associated with the impact of COVID-19. As at 30 June 2023, the Group held $525 million overlays for emerging risks, including the potential impacts of higher interest rates and inflationary pressures. The overlays included $25 million in relation to the Group's non-retail lending portfolio and $500 million in relation to retail portfolios.

The Group also applies additional overlays and forward-looking adjustments for other 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 for the Group and the Bank 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.

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Reported probability-weighted ECL	**5,950**	5,347	**5,350**	4,795
100% Central scenario	**3,832**	3,591	**3,232**	3,190
100% Downside scenario	**7,893**	6,117	**7,293**	5,503

Sensitivity of provisions for impairment to SICR assessment criteria

If 1% of Stage 1 credit exposures as at 30 June 2023 was included in Stage 2, provisions for impairment would increase by approximately $125 million for the Group and $117 million for the Bank (30 June 2022: $151 million for the Group and $138 million for the Bank).

If 1% of Stage 2 credit exposures as at 30 June 2023 was included in Stage 1, provisions for impairment would decrease by approximately $25 million for the Group and $23 million for the Bank (30 June 2022: $23 million for the Group and $21 million for the Bank).

Notes to the financial statements

For the year ended 30 June 2023

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 its business growth.

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 for the Group's management of liquidity and funding risk.

4.1 Deposits and other public borrowings

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Australia				
Certificates of deposit	**28,870**	27,081	**28,870**	27,081
Term deposits	**171,348**	131,155	**171,348**	131,155
On-demand and short-term deposits	**457,127**	440,500	**457,127**	440,499
Deposits not bearing interest	**110,045**	131,828	**110,019**	131,805
Securities sold under agreements to repurchase [1]	**36**	14,097	**36**	14,179
Total Australia	**767,426**	744,661	**767,400**	744,719
Overseas				
Certificates of deposit	**15,914**	18,536	**12,517**	15,930
Term deposits	**39,748**	27,980	**5,137**	3,329
On-demand and short-term deposits	**31,777**	35,414	**718**	626
Deposits not bearing interest	**9,656**	11,928	**21**	30
Securities sold under agreements to repurchase [1]	**474**	19,067	**474**	19,067
Total overseas	**97,569**	112,925	**18,867**	38,982
Total deposits and other public borrowings	**864,995**	857,586	**786,267**	783,701

1 During the 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.

The majority of the amounts are due to be settled within 12 months of the Balance Sheet date.

Uninsured deposits

Uninsured deposits refer to accounts or products that are deemed ineligible for compensation, or balances in excess of the threshold for compensation, under the deposit guarantee schemes for the country in which the deposits are held. For the Group, this primarily relates to deposit balances in excess of the threshold for compensation or deemed ineligible under the Australian Government's Financial Claim Scheme. As at 30 June 2023, $526,450 million of the Group's deposit balances were ineligible for government based deposit insurance schemes in their relevant country of jurisdiction (30 June 2022: $496,306 million).

The contractual maturity of uninsured certificates of deposit and term deposits as at 30 June 2023 is presented below:

	Group At 30 June 2023				
	Maturing 3 months or less $M	Maturing between 3 and 6 months $M	Maturing between 6 and 12 months $M	Maturing after 12 months $M	Total $M
Australia					
Certificates of deposit	21,095	5,919	1,806	50	**28,870**
Term deposits	56,552	26,349	31,090	4,211	**118,202**
Total Australia	**77,647**	**32,268**	**32,896**	**4,261**	**147,072**
Overseas					
Certificates of deposit	5,337	5,141	5,114	322	**15,914**
Term deposits	17,349	11,875	8,182	2,261	**39,667**
Total overseas	**22,686**	**17,016**	**13,296**	**2,583**	**55,581**
Total uninsured certificates of deposits and term deposits	**100,333**	**49,284**	**46,192**	**6,844**	**202,653**

Notes to the financial statements
For the year ended 30 June 2023

4.1 Deposits and other public borrowings (continued)

ACCOUNTING POLICIES

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.

4.2 Liabilities at fair value through Income Statement

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Securities sold under agreements to repurchase [1]	**32,671**	–	**32,841**	–
Debt instruments	**1,125**	1,174	**–**	–
Trading liabilities	**6,307**	6,097	**6,307**	6,097
Total liabilities at fair value through Income Statement	**40,103**	7,271	**39,148**	6,097

1 During the 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.

The majority of the amounts are expected to be settled within 12 months of the Balance Sheet date.

The amount that would be contractually required to be paid at maturity to the holders of the financial liabilities designated at fair value through Income Statement for the Group is $40,167 million (30 June 2022: $7,271 million) and for the Bank is $39,240 million (30 June 2022: $6,097 million).

ACCOUNTING POLICIES

The Group designates certain liabilities at fair value through the Income Statement on origination when doing so eliminates or reduces an accounting mismatch, when the liabilities are managed and their performance is evaluated on a fair value basis or where the liabilities contain embedded derivatives which must otherwise be separated and carried at fair value. Trading liabilities are incurred principally for the purpose of repurchasing or settling in the near term and are measured at fair value through the Income Statement.

Subsequent to initial recognition, liabilities are measured at fair value. Changes in fair value, excluding those due to changes in the Group's own credit risk in relation to liabilities designated at fair value through the Income Statement on origination, are recognised in Net other operating income. Changes in fair value relating to the Group's own credit risk in relation to liabilities designated at fair value through the Income Statement on origination are recognised in Other Comprehensive Income. Interest incurred is recognised within Net interest income on a contractual rate basis, including amortisation of any premium/ discount.

This category includes a portfolio of repurchase transactions which is managed and for which performance is evaluated on a fair value basis.

4.3 Debt issues

		Group		Bank	
		30 Jun 23	30 Jun 22	30 Jun 23	30 Jun 22
	Note	$M	$M	$M	$M
Medium-term notes		**74,855**	61,271	**59,829**	48,918
Commercial paper		**7,800**	19,306	**7,197**	15,576
Securitisation notes	4.5	**7,241**	7,473	**–**	–
Covered bonds	4.5	**32,371**	28,852	**28,867**	25,446
Total debt issues [1]		**122,267**	116,902	**95,893**	89,940
Short-term debt issues by currency					
USD		**7,855**	19,231	**7,252**	15,500
AUD		**900**	575	**900**	575
GBP		**2,551**	709	**2,551**	709
Other currencies		**870**	76	**870**	76
Total short-term debt issues		**12,176**	20,591	**11,573**	16,860
Long-term debt issues by currency [2]					
USD [3]		**39,335**	34,395	**32,748**	29,533
EUR		**25,077**	25,650	**17,454**	19,050
AUD		**29,302**	23,019	**21,906**	15,340
GBP		**4,404**	3,796	**4,531**	3,812
NZD		**2,822**	3,063	**189**	183
JPY		**1,602**	1,259	**1,576**	1,232
Other currencies		**7,549**	5,129	**5,916**	3,930
Total long-term debt issues		**110,091**	96,311	**84,320**	73,080
Maturity distribution of debt issues [4]					
Less than twelve months		**28,540**	36,876	**23,047**	29,773
Greater than twelve months		**93,727**	80,026	**72,846**	60,167
Total debt issues		**122,267**	116,902	**95,893**	89,940

1 Debt issues include a $2,128 million increase from unrealised movements due to foreign exchange losses partly offset by fair value hedge adjustments (30 June 2022: $1,520 million decrease from unrealised movements due to fair value hedge adjustments partly offset by foreign exchange losses).
2 Long-term debt disclosed relates to debt issues which have a maturity at inception of greater than 12 months.
3 Includes US$600 million notes issued by the Group in June 2022 through ASB, its New Zealand subsidiary. While the issuance qualifies as Tier 2 capital under Reserve Bank of New Zealand requirements, it does not qualify for inclusion in the Group's Tier 2 capital due to the lack of contractual features that give rise to conversion or write-off at the point of non-viability.
4 Represents the remaining contractual maturity of the underlying instrument.

The Group's long-term debt issues include notes issued under the: USD70 billion Euro Medium Term Note Programme; the USD50 billion US Medium Term Note Programme; USD40 billion Covered Bond Programme; Unlimited Domestic Debt Programme; Unlimited ASB Domestic Medium Term Note Programme; USD25 billion CBA New York Branch Medium Term Note Programme; EUR7 billion ASB Covered Bond Programme; USD10 billion ASB US Medium Term Note Programme and other applicable debt documentation. Notes issued under debt programmes are both fixed and variable rate. Interest rate risk associated with the notes is incorporated within the Bank's interest rate risk framework. The Bank, from time to time, as part of its Balance Sheet management, may consider opportunities to repurchase outstanding long-term debt pursuant to open-market purchases or other means. Such repurchases help manage the Bank's debt maturity profile, overall funding costs and assist in meeting regulatory changes and requirements.

ACCOUNTING POLICIES

Debt issues include short and long-term debt issues of the Group and consist of commercial paper, securitisation notes, covered bonds and medium-term notes.

Debt issues are initially measured at fair value and subsequently measured at amortised cost.

Interest, as well as premiums, discounts and associated issue expenses are recognised in the Income Statement using the effective interest method from the date of issue, to ensure the carrying value of securities equals their redemption value by maturity date. Any profits or losses arising from redemption prior to maturity are taken to the Income Statement in the period in which they are realised.

The Group hedges interest rate and foreign currency rate risk on certain debt issues. When fair value hedge accounting is applied to fixed rate debt issues, the carrying values are adjusted for changes in fair value related to the hedged risks.

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For the year ended 30 June 2023

4.4 Term funding from central banks

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Term Funding Facility with the RBA	**49,637**	51,137	**49,637**	51,137
Term Funding Facilities with the RBNZ	**4,583**	3,670	**–**	–
Term funding from central banks	**54,220**	54,807	**49,637**	51,137

The Term Funding Facility (TFF) was announced by the RBA in March 2020 as a part of a package of measures to support the Australian economy during the COVID-19 pandemic. Under the TFF, the RBA offered three-year funding to authorised deposit taking institutions through repurchase transactions. Prior to 4 November 2020, TFF funding was provided at a fixed pricing of 0.25% p.a. From 4 November 2020, TFF funding was provided at a fixed rate of 0.1% p.a. Funding was drawn down between May 2020 and June 2021 when the facility closed to new drawdowns. Of the total $49,637 million outstanding TFF balance, $47,347 million will mature within 12 months of the Balance Sheet date, and $2,290 million will mature after 12 months.

Term funding facilities with RBNZ include the Term Lending Facility (TLF) and Funding for Lending Programme (FLP) which were introduced to provide liquidity to the banking system in New Zealand during the COVID-19 pandemic. FLP funding was available until 6 December 2022 and provides funding at a floating rate, equal to Official Cash Rate (OCR), for a term of three years. TLF funding was available until 28 July 2021 at a fixed rate based on the prevailing OCR at the time of the transaction, for a duration of one year with the option to renew annually up to a maximum period of five years. Of the total $4,583 million outstanding TLF and FLP balances, $450 million will mature within 12 months of Balance Sheet date, and $4,133 million will mature after 12 months.

ACCOUNTING POLICIES

The term funding liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

4.5 Securitisation, covered bonds and transferred assets

The Group enters into transactions in the normal course of business that transfers financial assets to counterparties or to Special Purpose Vehicles (SPVs). Transferred financial assets that do not qualify for derecognition are typically associated with repurchase agreements and our covered bonds and securitisation programmes. The underlying assets remain on the Group's Balance Sheet.

At the Balance Sheet date, transferred financial assets that did not qualify for derecognition and their associated liabilities are as follows:

	Group					
	Repurchase agreements		Covered bonds		Securitisation [1]	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Carrying amount of transferred assets	**41,378**	39,326	**38,982**	36,771	**7,889**	8,144
Carrying amount of associated liabilities [2]	**41,299**	36,754	**32,371**	28,852	**7,241**	7,473
For those liabilities that have recourse only to the transferred assets:						
Fair value of transferred assets					**7,839**	8,073
Fair value of associated liabilities					**7,233**	7,441
Net position					**606**	632

	Bank					
	Repurchase agreements		Covered bonds		Securitisation [3,4]	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Carrying amount of transferred assets	**41,549**	39,408	**34,171**	32,009	**7,889**	8,144
Carrying amount of associated liabilities [2]	**41,469**	36,836	**28,867**	25,447	**7,689**	7,984
For those liabilities that have recourse only to the transferred assets:						
Fair value of transferred assets					**7,839**	8,073
Fair value of associated liabilities					**7,689**	7,984
Net position					**150**	89

1 Securitisation liabilities of the Group include RMBS notes issued by securitisation SPVs and held by external investors.

2 Carrying amounts of associated liabilities for repurchase agreements are presented before the effect of Balance Sheet netting.

3 Securitisation liabilities of the Bank include borrowings from securitisation SPVs, recognised on transfer of residential mortgages by the Bank. The carrying amounts of associated liabilities from securitisation SPVs are recorded under loans due to controlled entities.

4 Securitisation assets exclude $133,621 million of assets (30 June 2022: $161,277 million), where the Bank holds all of the issued instruments of the securitisation vehicle.

Notes to the financial statements
For the year ended 30 June 2023

4.5 Securitisation, covered bonds and transferred assets (continued)

ACCOUNTING POLICIES

Repurchase agreements

Securities sold under agreement to repurchase are retained on the Balance Sheet when substantially all the risks and rewards of ownership remain with the Group, and the counterparty liability is included separately on the Balance Sheet when cash consideration is received.

Securitisation programmes

The Group pools and equitably assigns residential mortgages as securities to investors through a series of wholly controlled securitisation vehicles. Where the Group retains substantially all of the risks and rewards associated with the mortgages, it continues to recognise the mortgages on the Balance Sheet. The Group is entitled to any residual income of the securitisation programmes after all payments due to investors have been met, where the Group is the income unitholder. The investors have recourse only to the pool of mortgages in the SPV they have invested in.

Covered bonds programmes

To complement existing wholesale funding sources, the Group has established two global covered bond programmes for the Bank and ASB. Certain residential mortgages have been assigned to SPV's associated with covered bond programmes to provide security on the payments to investors. The Group is entitled to any residual income after all payments due to covered bond investors have been met. As the Group retains substantially all of the risks and rewards associated with the mortgages, it continues to recognise the mortgages on the Balance Sheet. The covered investors have dual recourse to the Bank and the covered pool assets.

Critical accounting judgements and estimates

The Group exercises judgement to assess whether a structured entity should be consolidated based on the Bank's power over the relevant activities of the entity and the significance of its exposure to variable returns of the structured entity. Such assessments are predominantly required for the Group's securitisation programmes, and structured transactions such as covered bond programmes.

5. Our investing, trading and other banking activities

OVERVIEW

In addition to loans, the Group holds other assets to support its activities. Cash and liquid assets, Receivables from financial institutions, trading assets and investment securities are held for liquidity purposes, to generate returns and to meet customer demand. The mix and nature of assets is driven by multiple factors including the Board's risk appetite, regulatory requirements, customer demand and the generation of shareholder returns.

The Group also transacts derivatives to meet customer demand and to manage its financial risks (interest rate, foreign currency, commodity and credit risks).

Refer to Note 9.1 for additional information relating to the Group's approach to managing financial risks through the use of derivatives.

5.1 Cash and liquid assets

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Notes, coins, cash at banks and money at short call	**107,172**	119,355	**98,730**	109,250
Securities purchased under agreements to resell [1]	**9,447**	41,799	**9,637**	41,724
Total cash and liquid assets	**116,619**	161,154	**108,367**	150,974

1 During the 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. Reverse repurchase transactions entered into during the year and included in this portfolio are presented in Assets at fair value through Income Statement.

ACCOUNTING POLICIES

Cash and liquid assets include cash at branches, cash at banks, nostro balances, money at call with an original maturity of three months or less and securities purchased under agreements to resell. Cash and liquid assets are initially recognised at fair value and subsequently measured at amortised cost. Interest is recognised in the Income Statement using the effective interest method.

Securities, including bonds and equities, purchased under agreements to resell are not recognised in the financial statements where substantially all the risks and rewards of ownership remain with the counterparty. An asset for the agreed resale amount by the counterparty is recognised within Cash and liquid assets. Reverse repurchase transactions that are managed on a fair value basis are presented within Assets at fair value through Income Statement.

5.2 Receivables from and payables to financial institutions

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Collateral placed	**5,243**	5,885	**4,908**	5,507
Other receivables	**836**	960	**514**	564
Receivables from financial institutions	**6,079**	6,845	**5,422**	6,071
Collateral received	**5,802**	7,948	**5,567**	7,566
Other payables	**16,108**	18,104	**15,699**	17,755
Payables to financial institutions	**21,910**	26,052	**21,266**	25,321

As at 30 June 2023 and 2022, receivables and payables from financial institutions are expected to be settled within 12 months of the Balance Sheet date.

ACCOUNTING POLICIES

Receivables from and payables to financial institutions include cash collateral, short-term deposits and other balances. Cash collateral includes initial and variation margins in relation to derivative transactions and varies based on trading activities. Receivables from and payables to financial institutions are initially recognised at fair value and subsequently measured at amortised cost.

Notes to the financial statements
For the year ended 30 June 2023

5.3 Assets at fair value through Income Statement

	Group		Bank	
	30 Jun 23	30 Jun 22 [1]	30 Jun 23	30 Jun 22 [1]
Assets at fair value through Income Statement	$M	$M	$M	$M
Trading				
Government bonds, notes and securities	**14,728**	8,595	**14,721**	8,590
Corporate and financial institution bonds, notes and securities	**5,729**	3,812	**5,729**	3,812
Commodities	**2,042**	2,916	**2,042**	2,916
Total trading assets	**22,499**	15,323	**22,492**	15,318
Other				
Securities purchased under agreements to resell [2]	**38,999**	–	**39,069**	–
Commodities financing and other lending	**6,079**	9,930	**6,079**	9,930
Shares and equity investments	**50**	62	**1**	1
Total other assets at fair value through Income Statement	**45,128**	9,992	**45,149**	9,931
Total assets at fair value through Income Statement	**67,627**	25,315	**67,641**	25,249
Maturity distribution of assets at fair value through Income Statement				
Less than twelve months	**65,499**	23,767	**65,606**	23,791
More than twelve months	**2,078**	1,486	**2,034**	1,457
Maturity undefined	**50**	62	**1**	1
Total assets at fair value through Income Statement	**67,627**	25,315	**67,641**	25,249

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

2 During the 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.

ACCOUNTING POLICIES

Assets at fair value through Income Statement include financial assets held for trading, commodity financing transactions, and other financial assets designated at fair value through profit or loss. This category includes a portfolio of reverse repurchase transactions which is managed and for which performance is evaluated on a fair value basis.

Trading assets are those acquired principally for sale in the near term. Commodity inventories are measured at fair value less costs to sell in accordance with the broker trader exemption under AASB 102 *Inventories*.

Commodity financing and other lending are mandatorily recognised at fair value through profit or loss, because the contractual cash flows are not solely payments of principal and interest. Other financial assets are measured at fair value through profit or loss, because they are managed with the objective of realising cash flows through sale. Assets at fair value through Income Statement are measured at fair value with changes in fair value recognised in Net other operating income.

5.4 Derivative financial instruments and hedge accounting

Derivative financial instruments are contracts for which values are derived from one or more underlying prices, indexes or other variables. Derivatives are classified as “held for trading” or “held for hedging”. Held for trading derivatives are contracts entered into in order to meet customers’ needs, to undertake market making and positioning activities, or for risk management purposes that are not designated in hedge accounting relationships. Held for hedging derivatives are instruments held for risk management purposes, which meet the criteria for hedge accounting.

	Group			
	30 Jun 23		30 Jun 22	
Derivative assets and liabilities	Fair value asset $M	Fair value liability $M	Fair value asset $M	Fair value liability $M
Derivatives held for trading	**20,862**	**(21,899)**	30,020	(30,490)
Hedging derivatives	**3,083**	**(3,448)**	5,716	(3,409)
Total derivative assets/(liabilities)	**23,945**	**(25,347)**	35,736	(33,899)

	Bank			
	30 Jun 23		30 Jun 22	
Derivative assets and liabilities	Fair value asset $M	Fair value liability $M	Fair value asset $M	Fair value liability $M
Derivatives held for trading	**22,068**	**(23,619)**	31,395	(32,186)
Hedging derivatives	**3,517**	**(3,109)**	6,379	(2,816)
Total derivative assets/(liabilities)	**25,585**	**(26,728)**	37,774	(35,002)

Trading derivatives

The fair value of derivative financial instruments held for trading are set out in the following tables:

Held for trading derivatives are expected to be recovered or due to be settled within 12 months of the Balance Sheet date.

	Group			
	30 Jun 23		30 Jun 22 [1]	
Derivative assets and liabilities	Fair value asset $M	Fair value liability $M	Fair value asset $M	Fair value liability $M
Foreign exchange rate related contracts:				
Forwards	**9,713**	**(9,512)**	15,718	(13,778)
Swaps	**7,020**	**(5,185)**	9,253	(8,844)
Options	**187**	**(211)**	435	(351)
Total foreign exchange rate related contracts	**16,920**	**(14,908)**	25,406	(22,973)
Interest rate related contracts:				
Swaps	**1,771**	**(5,059)**	1,712	(4,683)
Futures	**1**	**–**	7	(22)
Options	**1,391**	**(1,678)**	1,312	(1,594)
Total interest rate related contracts	**3,163**	**(6,737)**	3,031	(6,299)
Credit related swaps	**26**	**(49)**	19	(9)
Equity related contracts:				
Options	**–**	**(4)**	–	(7)
Total equity related contracts	**–**	**(4)**	–	(7)
Commodity related contracts:				
Swaps	**576**	**(158)**	1,198	(1,044)
Futures	**109**	**–**	229	–
Options	**14**	**(22)**	57	(131)
Total commodity related contracts	**699**	**(180)**	1,484	(1,175)
Identified embedded derivatives	**54**	**(21)**	80	(27)
Total derivative assets/(liabilities) held for trading	**20,862**	**(21,899)**	30,020	(30,490)

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

Notes to the financial statements

For the year ended 30 June 2023

5.4 Derivative financial instruments and hedge accounting (continued)

	Bank			
	30 Jun 23		30 Jun 22 [1]	
Derivative assets and liabilities	Fair value asset $M	Fair value liability $M	Fair value asset $M	Fair value liability $M
Foreign exchange rate related contracts:				
Forwards	**9,640**	**(9,498)**	15,567	(13,723)
Swaps	**7,739**	**(6,014)**	10,166	(9,623)
Options	**180**	**(209)**	426	(349)
Derivatives held with controlled entities	**606**	**(1,070)**	631	(1,076)
Total foreign exchange rate related contracts	**18,165**	**(16,791)**	26,790	(24,771)
Interest rate related contracts:				
Swaps	**1,731**	**(4,886)**	1,702	(4,573)
Futures	**1**	**–**	7	(22)
Options	**1,391**	**(1,678)**	1,312	(1,594)
Derivatives held with controlled entities	**1**	**(11)**	2	(8)
Total interest rate related contracts	**3,124**	**(6,575)**	3,023	(6,197)
Credit related swaps	**26**	**(49)**	19	(9)
Equity related contracts:				
Options	**–**	**(4)**	–	(7)
Total equity related contracts	**–**	**(4)**	–	(7)
Commodity related contracts:				
Swaps	**576**	**(157)**	1,198	(1,044)
Futures	**109**	**–**	228	–
Options	**14**	**(22)**	57	(131)
Total commodity related contracts	**699**	**(179)**	1,483	(1,175)
Identified embedded derivatives	**54**	**(21)**	80	(27)
Total derivative assets/(liabilities) held for trading	**22,068**	**(23,619)**	31,395	(32,186)

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

Held for trading derivatives are expected to be recovered or due to be settled within 12 months of the Balance Sheet date.

ACCOUNTING POLICIES

Derivatives held for trading purposes are initially recognised at fair value. Subsequent to initial recognition, gains or losses on derivatives are recognised in the Income Statement.

Notes to the financial statements
For the year ended 30 June 2023

5.4 Derivative financial instruments and hedge accounting (continued)

Hedging instruments

The following tables provide details of the Group's and the Bank's hedging instruments by the type of hedge relationship in which they are designated and the type of hedged risk.

		Group					
		30 Jun 23					
		Notional amounts				Fair Value	
	Hedged risk	Due within 1 year $M	Due from 1 to 5 years $M	Due beyond 5 years $M	Total $M	Derivative Asset $M	Derivative Liability $M
Fair value hedges	Interest rate	13,437	31,035	29,751	**74,223**	10	(600)
	Interest rate and foreign exchange	3,201	13,750	13,411	**30,362**	2,052	(2,724)
Total fair value hedges		16,638	44,785	43,162	**104,585**	2,062	(3,324)
Cash flow hedges	Interest rate	434,917	180,738	9,037	**624,692**	8	(5)
	Foreign exchange	3,473	5,988	3,738	**13,199**	960	(78)
	Commodity price	5	30	24	**59**	20	–
Total cash flow hedges		438,395	186,756	12,799	**637,950**	988	(83)
Net investment hedges	Foreign exchange	5,281	–	–	**5,281**	33	(41)
Total hedging derivative assets/(liabilities)		460,314	231,541	55,961	**747,816**	3,083	(3,448)

		Group					
		30 Jun 22					
		Notional amounts				Fair Value	
	Hedged risk	Due within 1 year $M	Due from 1 to 5 years $M	Due beyond 5 years $M	Total $M	Derivative Asset $M	Derivative Liability $M
Fair value hedges	Interest rate	9,467	34,997	32,398	**76,862**	20	(479)
	Interest rate and foreign exchange	4,826	13,584	14,454	**32,864**	3,661	(2,570)
Total fair value hedges		14,293	48,581	46,852	**109,726**	3,681	(3,049)
Cash flow hedges	Interest rate	160,476	218,263	7,618	**386,357**	11	(24)
	Foreign exchange	4,839	2,367	5,954	**13,160**	1,968	(330)
	Commodity price	6	28	30	**64**	38	–
Total cash flow hedges		165,321	220,658	13,602	**399,581**	2,017	(354)
Net investment hedges	Foreign exchange	532	–	–	**532**	18	(6)
Total hedging derivative assets/(liabilities)		180,146	269,239	60,454	**509,839**	5,716	(3,409)

Notes to the financial statements
For the year ended 30 June 2023

5.4 Derivative financial instruments and hedge accounting (continued)

	Hedged risk	Bank 30 Jun 23 Notional amounts Due within 1 year $M	Due from 1 to 5 years $M	Due beyond 5 years $M	Total $M	Fair Value Derivative Asset [1] $M	Derivative Liability [1] $M
Fair value hedges	Interest rate	12,865	28,144	25,208	**66,217**	24	(580)
	Interest rate and foreign exchange	4,730	16,924	14,886	**36,540**	2,565	(2,389)
Total fair value hedges		17,595	45,068	40,094	**102,757**	2,589	(2,969)
Cash flow hedges	Interest rate	416,123	146,289	8,449	**570,861**	3	(6)
	Foreign exchange	3,473	5,866	4,500	**13,839**	872	(121)
	Commodity price	5	30	24	**59**	20	–
Total cash flow hedges		419,601	152,185	12,973	**584,759**	895	(127)
Net investment hedges	Foreign exchange	3,032	–	–	**3,032**	33	(13)
Total hedging derivative assets/(liabilities)		440,228	197,253	53,067	**690,548**	3,517	(3,109)

1 Derivative assets include $1,451 million of derivatives held with controlled entities, derivative liabilities include $745 million of derivatives held with controlled entities.

	Hedged risk	Bank 30 Jun 22 Notional amounts Due within 1 year $M	Due from 1 to 5 years $M	Due beyond 5 years $M	Total $M	Fair Value Derivative Asset [1] $M	Derivative Liability [1] $M
Fair value hedges	Interest rate	7,207	24,269	26,204	**57,680**	31	(468)
	Interest rate and foreign exchange	7,468	10,471	14,241	**32,180**	4,436	(2,000)
Total fair value hedges		14,675	34,740	40,445	**89,860**	4,467	(2,468)
Cash flow hedges	Interest rate	145,634	180,571	7,301	**333,506**	7	(20)
	Foreign exchange	2,183	3,274	6,660	**12,117**	1,850	(322)
	Commodity price	6	28	30	**64**	38	–
Total cash flow hedges		147,823	183,873	13,991	**345,687**	1,895	(342)
Net investment hedges	Foreign exchange	532	–	–	**532**	17	(6)
Total hedging derivative assets/(liabilities)		163,030	218,613	54,436	**436,079**	6,379	(2,816)

1 Derivative assets include $1,998 million of derivatives held with controlled entities, derivative liabilities include $408 million of derivatives held with controlled entities.

The Bank will be required to post collateral on derivatives with securitisation and covered bond trusts it controls, or novate the derivatives to other appropriately rated counterparties in the event that the Bank's credit rating falls below specified thresholds. The thresholds for collateral posting vary between two and three notches from the current rating, depending on the ratings agency. The thresholds for novation vary between four and six notches from the current rating, depending on the ratings agency. The fair value of funding these collateral arrangements has been recognised by the Bank as a funding valuation adjustment. The adjustment did not have a material impact on the Bank's Income Statement for the year. As the arrangement is between the Bank and the trusts, the fair value is eliminated on consolidation and will only be recognised by the Group if the trusts are deconsolidated.

As at 30 June 2023, the weighted average fixed interest rate of interest rate swaps hedging interest rate risk was 2.93% (30 June 2022: 1.14%). The major currency pairs of cross currency swaps designated in hedge relationships are receive USD/pay AUD and receive EUR/pay USD with weighted average foreign currency rates of: AUD/USD 0.76 and USD/EUR 0.83 (30 June 2022: AUD/USD 0.78, USD/EUR 0.84).

In addition to derivative instruments used to hedge foreign currency risk, the Group and the Bank designate debt issues as hedging instruments of certain foreign exchange risk exposures. The carrying value of debt issues designated as cash flow hedging instruments as at 30 June 2023 was $1,008 million with average maturity of 6 years for the Group (30 June 2022: $899 million with average maturity of five years) and nil for the Bank (30 June 2022: nil).

Notes to the financial statements
For the year ended 30 June 2023

5.4 Derivative financial instruments and hedge accounting (continued)

Hedged items in fair value hedges

The tables below provides details of the Group's and the Bank's hedged items designated in fair value hedge relationships by the type of hedged risk.

		Group			
		30 Jun 23		30 Jun 22	
Hedged items	Hedged risk	Carrying amount $M	Fair value adjustment [1,2] $M	Carrying amount $M	Fair Value adjustment [1,2] $M
Investment securities at fair value through Other Comprehensive Income	Interest rate	**52,040**	**(2,871)**	44,814	(2,364)
Investment securities at fair value through Other Comprehensive Income	Interest rate and foreign exchange	**5,325**	**(474)**	6,407	(284)
Loans and other receivables	Interest rate	**411**	**(3)**	745	1
Deposits and other public borrowings	Interest rate	**(5,567)**	**23**	(1,475)	12
Deposits and other public borrowings	Interest rate and foreign exchange	**–**	**–**	–	–
Debt issues	Interest rate	**(28,011)**	**1,434**	(12,416)	773
Debt issues	Interest rate and foreign exchange	**(55,134)**	**4,972**	(58,806)	3,329
Loan capital	Interest rate	**(5,129)**	**1,083**	(8,339)	1,594
Loan capital	Interest rate and foreign exchange	**(11,542)**	**1,752**	(8,876)	509

		Bank			
		30 Jun 23		30 Jun 22	
Hedged items	Hedged risk	Carrying amount $M	Fair value adjustment [1,2] $M	Carrying amount $M	Fair value adjustment [1,2] $M
Investment securities at fair value through Other Comprehensive Income	Interest rate	**46,216**	**(2,462)**	38,894	(1,891)
Investment securities at fair value through Other Comprehensive Income	Interest rate and foreign exchange	**5,325**	**(474)**	6,407	(284)
Loans and other receivables	Interest rate	**378**	**(3)**	686	1
Shares in and loans to controlled entities	Interest rate	**753**	**(15)**	759	(9)
Shares in and loans to controlled entities	Interest rate and foreign exchange	**21,514**	**(2,447)**	19,949	(1,621)
Deposits and other public borrowings	Interest rate	**(5,567)**	**23**	(1,475)	12
Deposits and other public borrowings	Interest rate and foreign exchange	**–**	**–**	–	–
Debt issues	Interest rate	**(8,939)**	**1,019**	(10,402)	692
Debt issues	Interest rate and foreign exchange	**(44,398)**	**3,798**	(36,084)	2,387
Loan capital	Interest rate	**(4,225)**	**1,083**	(8,306)	1,589
Loan capital	Interest rate and foreign exchange	**(11,542)**	**1,752**	(7,160)	509

1 Represents the accumulated amount of the fair value adjustment included in the carrying amount. The cumulative amount that is related to ceased hedge relationships where the risk being hedged was interest rate and foreign exchange risk is nil.

2 Changes in fair value of the hedged item used as a basis to determine effectiveness. The changes in fair value of the hedged items are recognised in Net other operating income.

Notes to the financial statements
For the year ended 30 June 2023

5.4 Derivative financial instruments and hedge accounting (continued)

Hedged items in cash flow hedges and net investment hedges

The tables below provides details of the Group's and the Bank's hedged items designated in cash flow and net investment hedge relationships by the type of hedged risk.

		Group			
		30 Jun 23		30 Jun 22	
Hedged items	Hedged risk	Cash flow hedge reserve [1] $M	Foreign currency translation reserve [2] $M	Cash flow hedge reserve [1] $M	Foreign currency translation reserve [2] $M
Cash flow hedges					
Investment securities at fair value through Other Comprehensive Income	Foreign exchange	**(4)**	**–**	(7)	–
Loans and other receivables	Interest rate	**(6,928)**	**–**	(7,546)	–
Loans and other receivables	Foreign exchange	**(23)**	**–**	(86)	–
Deposits and other public borrowings	Interest rate	**4,072**	**–**	6,087	–
Debt issues	Interest rate	**131**	**–**	35	–
Debt issues	Foreign exchange	**(41)**	**–**	114	–
Loan capital	Interest rate	**–**	**–**	–	–
Loan capital	Foreign exchange	**233**	**–**	158	–
Highly probable forecast transactions [3]	Foreign exchange	**(51)**	**–**	(31)	–
Highly probable forecast transactions	Commodity price	**13**	**–**	30	–
Net investment hedges					
Foreign operations	Foreign exchange	**–**	**(20)**	–	12
Total		**(2,598)**	**(20)**	(1,246)	12

1 Represents the accumulated effective amount of the hedging instrument deferred to Cash flow hedge reserve. The cumulative amount related to ceased hedge relationships where the risk being hedged was interest rate and foreign exchange risk is a gain of $32 million (30 June 2022: $27 million loss). A cumulative gain of $46 million related to ceased hedge relationships was amortised to Income Statement during the period (30 June 2022: $21 million gain).

2 Represents the accumulated effective amount of the hedging instrument deferred to Foreign currency translation reserve. The cumulative amount related to ceased hedge relationships where the risk being hedged was foreign exchange risk is nil (30 June 2022: nil).

3 A $1 million loss was reclassified to the Income Statement during the period as a result of highly probable forecast transactions no longer meeting the required criteria (30 June 2022: $2 million loss).

Notes to the financial statements

For the year ended 30 June 2023

5.4 Derivative financial instruments and hedge accounting (continued)

		Bank			
		30 Jun 23		30 Jun 22	
Hedged items	Hedged risk	Cash flow hedge reserve [1] $M	Foreign currency translation reserve [2] $M	Cash flow hedge reserve [1] $M	Foreign currency translation reserve [2] $M
Cash flow hedges					
Investment securities at fair value through Other Comprehensive Income	Foreign exchange	**(4)**	**–**	(7)	–
Loans and other receivables	Interest rate	**(6,206)**	**–**	(6,815)	–
Loans and other receivables	Foreign exchange	**(23)**	**–**	(86)	–
Shares in and loans to controlled entities	Interest rate	**–**	**–**	–	–
Shares in and loans to controlled entities	Foreign exchange	**(69)**	**–**	(97)	–
Deposits and other public borrowings	Interest rate	**3,177**	**–**	5,126	–
Debt issues	Interest rate	**9**	**–**	34	–
Debt issues	Foreign exchange	**117**	**–**	132	–
Loan capital	Interest rate	**–**	**–**	–	–
Loan capital	Foreign exchange	**191**	**–**	156	–
Highly probable forecast transactions	Commodity price	**13**	**–**	30	–
Net investment hedges					
Foreign operations	Foreign exchange	**–**	**(10)**	–	12
Total		**(2,795)**	**(10)**	(1,527)	12

1 Represents the accumulated effective amount of the hedging instrument deferred to Cash flow hedge reserve. The cumulative amount related to ceased hedge relationships where the risk being hedged was interest rate and foreign exchange risk is a loss of $18 million (30 June 2022: $30 million loss). A cumulative loss of $3 million related to ceased hedge relationships was amortised to Income Statement during the period (30 June 2022: $21 million gain).

2 Represents the accumulated effective amount of the hedging instrument deferred to Foreign currency translation reserve. The cumulative amount related to ceased hedge relationships where the risk being hedged was foreign exchange risk is nil (30 June 2022: nil).

Notes to the financial statements
For the year ended 30 June 2023

5.4 Derivative financial instruments and hedge accounting (continued)

Hedge effectiveness

The tables below details effectiveness of the Group's and the Bank's hedges by the type of hedge relationship and the type of hedged risk.

	Group					
	30 Jun 23			30 Jun 22		
	Change in value of hedged item [1] $M	Change in value of hedging instrument $M	Hedge ineffectiveness recognised in Income Statement [2] $M	Change in value of hedged item [1] $M	Change in value of hedging instrument $M	Hedge ineffectiveness recognised in Income Statement [2] $M
Fair value hedges						
Interest rate	**(133)**	**106**	**(27)**	(2,697)	2,683	(14)
Interest rate and foreign exchange	**(558)**	**578**	**20**	5,449	(5,427)	22
Foreign exchange	**–**	**–**	**–**	–	–	–
Total fair value hedges	**(691)**	**684**	**(7)**	2,752	(2,744)	8
Cash flow hedges and net investment hedges						
Interest rate	**1,297**	**(1,296)**	**1**	2,564	(2,575)	(11)
Foreign exchange	**(1,267)**	**1,275**	**8**	(2,307)	2,309	2
Commodity prices	**17**	**(18)**	**(1)**	(45)	50	5
Total cash flow hedges and net investment hedges	**47**	**(39)**	**8**	212	(216)	(4)

1 Changes in value of the hedged item for Fair value hedges is recognised in Net other operating income. Changes in value of the hedged item for Cash flow hedges are not recognised in the financial statements and are only used as a basis for calculating ineffectiveness. During the year, the unrealised losses deferred to the Cash flow hedge reserve were $7 million (30 June 2022: unrealised losses of $213 million) and a loss recognised in the Foreign currency translation reserve was $32 million (30 June 2022: $1 million gain).

2 Hedge ineffectiveness is recognised in Net other operating income.

	Bank					
	30 Jun 23			30 Jun 22		
	Change in value of hedged item [1] $M	Change in value of hedging instrument $M	Hedge ineffectiveness recognised in Income Statement [2] $M	Change in value of hedged item [1] $M	Change in value of hedging instrument $M	Hedge ineffectiveness recognised in Income Statement [2] $M
Fair value hedges						
Interest rate	**(284)**	**255**	**(29)**	(2,338)	2,327	(11)
Interest rate and foreign exchange	**707**	**(644)**	**63**	1,351	(1,388)	(37)
Foreign exchange	**10**	**(10)**	**–**	–	–	–
Total fair value hedges	**433**	**(399)**	**34**	(987)	939	(48)
Cash flow hedges and net investment hedges						
Interest rate	**1,367**	**(1,369)**	**(2)**	2,793	(2,805)	(11)
Foreign exchange	**(1,187)**	**1,194**	**7**	(1,749)	1,751	2
Commodity prices	**17**	**(18)**	**(1)**	(45)	50	5
Total cash flow hedges and net investment hedges	**197**	**(193)**	**4**	999	(1,004)	(4)

1 Changes in value of the hedged item for Fair value hedges is recognised in Net other operating income. Changes in value of the hedged item for Cash flow hedges are not recognised in the financial statements and are only used as a basis for calculating ineffectiveness. During the year, the unrealised losses deferred to the Cash flow hedge reserve were $171 million (30 June 2022: unrealised losses of $1,000 million), and a loss recognised in the Net investment hedge reserve was $22 million (30 June 2022: $1 million gain).

2 Hedge ineffectiveness is recognised in Net other operating income.

Notes to the financial statements

For the year ended 30 June 2023

5.4 Derivative financial instruments and hedge accounting (continued)

ACCOUNTING POLICIES

Derivatives transacted for hedging purposes

Derivatives are initially measured at fair value. Subsequent to initial recognition, gains or losses on derivatives are recognised in the Income Statement, unless they are entered into for hedging purposes and designated in a cash flow hedge.

Hedging strategy and hedge accounting

The Group risk management strategy (refer to notes 9.1 and 9.3) is to manage market risks within risk limits to minimise profit and capital volatility. The use of derivative and other hedging instruments for hedging purposes gives rise to potential volatility in the Income Statement because of mismatches in the accounting treatment between derivatives and other hedging instruments and the underlying exposures being hedged. The Group and the Bank apply hedge accounting to reduce volatility in the Income Statement from hedging activities undertaken.

Fair value hedges

Fair value hedges are used by the Group to manage exposure to changes in the fair value of an asset, liability or unrecognised firm commitment, predominantly associated with investment securities, debt issues and loan capital. Changes in fair values can arise from fluctuations in interest or foreign exchange rates. The Group principally uses interest rate swaps, cross currency swaps and futures to protect against such fluctuations.

Changes in the value of fair value hedges are recognised in the Income Statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. All gains and losses associated with the ineffective portion of fair value hedge relationships are recognised immediately as Net other operating income.

If the hedge relationship no longer meets the criteria for hedge accounting, it is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the Income Statement from the date of discontinuation over the period to maturity of the previously designated hedge relationship based on a recalculated effective interest rate. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the Income Statement.

Cash flow hedges

Cash flow hedges are used by the Group to manage exposure to variability in future cash flows, which could affect profit or loss and may result from fluctuations in interest and exchange rates or in commodity prices on financial assets, financial liabilities or highly probable forecast transactions, predominantly associated with floating rate domestic loans and deposits. The Group principally uses interest rate swaps, cross currency swaps, futures and commodity related swaps to protect against such fluctuations.

Changes in fair value associated with the effective portion of a cash flow hedge are recognised through Other Comprehensive Income in the Cash flow hedge reserve within equity. Ineffective portions are recognised immediately in the Income Statement. Amounts deferred in equity are transferred to the Income Statement in the period in which the hedged forecast transaction takes place.

When a hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified to profit or loss in the period in which the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recycled immediately to the Income Statement. Where it is appropriate, non-derivative financial assets and liabilities are also designated as hedging instruments in cash flow hedge relationships.

Net investment hedges

The Group holds investments in foreign operations, where changes in net assets resulting from changes in foreign currency rates are recognised in the Foreign currency translation reserve and result in volatility in shareholders' equity. To protect against the foreign currency risk, the Group enters into foreign currency forwards that are designated as hedging instruments in net investment hedges. Gains and losses on derivative contracts relating to the effective portion of the net investment hedge are recognised in the Foreign currency translation reserve in equity. Ineffective portions are recognised immediately in the Income Statement. Gains and losses accumulated in equity are included in the Income Statement when the foreign subsidiary or branch is disposed of.

Risk components

In some hedging relationships, the Group and the Bank designate risk components of hedged items as follows:

- benchmark interest rate risk as a component of interest rate risk, such as the Bank Bill Benchmark Rate component; and
- spot exchange rate risk as a component of foreign currency risk for foreign currency denominated financial assets and liabilities.

Hedging the benchmark interest rate risk or spot exchange rate risk components results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship.

Economic relationships and hedge effectiveness

The Group performs both prospective and retrospective tests to determine the economic relationship between the hedged item and the hedging instrument, and to assess hedge effectiveness. At inception of the hedge relationship, prospective testing is performed on a matched terms basis. This test checks that the critical terms are matched between the hedging instrument and the hedged item. At the same time a hedging ratio is established by matching the notional of the derivatives with the principal of the portfolio or financial instruments being hedged. In most cases the ratio is 100%. Retrospective testing for each reporting period uses a regression model, which compares the change in the fair value of the hedged item and the change in the fair value of the hedging instrument. For a hedge to be deemed effective, the change in fair values should be within 80% to 125% of each other. Should the result fall outside this range the hedge would be deemed ineffective and recognised immediately through the Income Statement in line with each hedge relationship policy above.

Notes to the financial statements
For the year ended 30 June 2023

5.4 Derivative financial instruments and hedge accounting (continued)

Sources of hedge ineffectiveness affecting hedge accounting are:

- differences in discounting between the hedged item and the hedging instrument. Collateralised derivatives are discounted using Overnight Indexed Swaps (OIS) discount curves, which are not applied to the hedged item;
- change in the credit risk of the hedging instrument; and
- mismatches between the contractual terms of the hedged item and the hedging instrument.

No other sources of hedge ineffectiveness have arisen during the year.

Embedded derivatives

In certain instances, a derivative may be embedded within a financial liability host contract. It is accounted for separately as a stand-alone derivative at fair value through the Income Statement, where:

- the host contract is not carried at fair value through the Income Statement; and
- the economic characteristics and risks of the embedded derivative are not closely related to the host contract.

Notes to the financial statements
For the year ended 30 June 2023

5.5 Investment securities

	Group 30 Jun 23 $M	Group 30 Jun 22 $M	Bank 30 Jun 23 $M	Bank 30 Jun 22 $M
Investment securities at fair value through OCI				
Government bonds, notes and securities	**65,865**	60,386	**63,161**	57,492
Corporate and financial institution bonds, notes and securities	**7,723**	8,269	**6,141**	6,567
Covered bonds, mortgage backed securities and SSA [1]	**9,084**	8,821	**6,537**	6,547
Shares and equity investments	**1,400**	1,610	**1,393**	1,585
Total investment securities at fair value through OCI	**84,072**	79,086	**77,232**	72,191
Investment securities at amortised cost				
Mortgage backed securities	**2,032**	3,217	**2,032**	3,217
Total investment securities at amortised cost	**2,032**	3,217	**2,032**	3,217
Total investment securities	**86,104**	82,303	**79,264**	75,408

1 Supranational, Sovereign and Agency Securities (SSA).

As at 30 June 2023, investment securities at fair value through Other Comprehensive Income expected to be recovered within 12 months of the Balance Sheet date were $12,154 million (30 June 2022: $12,108 million) for the Group, and $10,551 million (30 June 2022: $10,069 million) for the Bank. As at 30 June 2023, investment securities at amortised cost amounts expected to be recovered within 12 months of the Balance Sheet date were $1,671 million (30 June 2022: $1,124 million) for the Group and the Bank.

Maturity distribution and yield analysis

Group
Maturity period at 30 June 2023

	0 to 1 year $M	%	1 to 5 years $M	%	5 to 10 years $M	%	10 or more years $M	%	Non-maturing $M	Total $M
Investment securities at fair value through OCI										
Government bonds, notes and securities	5,559	3. 81	23,380	4. 44	26,296	4. 45	10,630	4. 80	–	**65,865**
Corporate and financial institution bonds, notes and securities	5,144	4. 47	2,456	5. 08	123	4. 72	–	–	–	**7,723**
Covered bonds, mortgage backed securities and SSA	1,426	5. 25	5,301	4. 95	1,288	4. 87	1,069	5. 59	–	**9,084**
Shares and equity investments	–	–	–	–	–	–	–	–	1,400	**1,400**
Total investment securities at fair value through OCI	**12,129**		**31,137**		**27,707**		**11,699**		**1,400**	**84,072**
Investment securities at amortised cost										
Mortgage backed securities	–	–	–	–	–	–	2,032	5. 66	–	**2,032**
Total investment securities	**12,129**		**31,137**		**27,707**		**13,731**		**1,400**	**86,104**

Notes to the financial statements
For the year ended 30 June 2023

5.5 Investment securities (continued)

ACCOUNTING POLICIES

Investment securities primarily include publicly traded debt securities held as part of the Group's liquidity portfolio.

Investment securities at fair value through Other Comprehensive Income

Debt securities

This category includes debt securities held within the business model whose objective is achieved by both collecting contractual cash flows and selling the assets. The contractual cash flows on these financial assets comprise payments of principal and interest only. These securities are initially recognised at their fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value through Other Comprehensive Income.

Interest income and foreign exchange gains and losses on these securities are recognised in the Income Statement. The securities are assessed for impairment using the expected credit loss approach described in Note 3.2. Impairment is recognised in the Loan impairment expense line in the Income Statement.

When debt securities at fair value through Other Comprehensive Income are derecognised, the cumulative gain or loss recognised in Other Comprehensive Income is reclassified to the Net other operating income line in the Income Statement.

Equity securities

This category also includes non-traded equity instruments designated at fair value through Other Comprehensive Income. Fair value gains and losses and foreign exchange gains and losses on these equity instruments are recognised in Other Comprehensive Income and are not reclassified to the Income Statement on derecognition.

Investment securities at amortised cost

This category includes debt securities held within the 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 securities are initially recognised at their fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method and are presented net of provisions for impairment. For the accounting policy on provisions for impairment, refer to Note 3.2.

6. Other assets

OVERVIEW

The Group's other assets comprise of assets not included in its lending, investing, trading and other banking activities. Other assets include right-of-use assets and Property, plant and equipment held for own use and for lease through our asset finance businesses. Other assets also include software, brand names and goodwill. These assets support the Group's business activities.

6.1 Property, plant and equipment

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Right-of-use assets				
At cost	**4,473**	4,202	**4,073**	3,861
Accumulated depreciation	**(1,993)**	(1,535)	**(1,805)**	(1,399)
Closing balance	**2,480**	2,667	**2,268**	2,462
Land and buildings				
At 30 June valuation	**480**	481	**457**	448
Total land and buildings	**480**	481	**457**	448
Leasehold improvements				
At cost	**1,507**	1,490	**1,319**	1,316
Accumulated depreciation	**(1,004)**	(1,040)	**(872)**	(921)
Closing balance	**503**	450	**447**	395
Equipment				
At cost	**1,649**	1,797	**1,244**	1,308
Accumulated depreciation	**(1,229)**	(1,404)	**(945)**	(1,060)
Closing balance	**420**	393	**299**	248
Total right-of-use assets and property, plant and equipment held for own use	**3,883**	3,991	**3,471**	3,553
Assets held as lessor				
At cost	**1,592**	1,294	**116**	108
Accumulated depreciation and impairment	**(525)**	(398)	**(38)**	(34)
Closing balance	**1,067**	896	**78**	74
Total Property, plant and equipment	**4,950**	4,887	**3,549**	3,627

Notes to the financial statements
For the year ended 30 June 2023

6.1 Property, plant and equipment (continued)

Reconciliation of movements in the carrying amount of Property, plant and equipment is set out below:

	Group		Bank	
	30 Jun 23	30 Jun 22	30 Jun 23	30 Jun 22
	$M	$M	$M	$M
Right-of-use assets				
Carrying amount at the beginning of the year	**2,667**	2,992	**2,462**	2,741
Additions	**294**	186	**232**	177
Disposals	**(21)**	(20)	**(21)**	(20)
Depreciation	**(467)**	(490)	**(407)**	(437)
Foreign currency translation adjustment	**7**	(1)	**2**	1
Carrying amount at the end of the period	**2,480**	2,667	**2,268**	2,462
Land and buildings				
Carrying amount at the beginning of the year	**481**	491	**448**	450
Additions	**15**	16	**11**	7
Disposals	**(22)**	(36)	**(11)**	(23)
Net revaluations	**25**	42	**29**	43
Depreciation	**(25)**	(22)	**(25)**	(20)
Reclassification to assets held for sale	**5**	(9)	**5**	(9)
Foreign currency translation adjustment	**1**	(1)	**–**	–
Carrying amount at the end of the year	**480**	481	**457**	448
Leasehold improvements				
Carrying amount at the beginning of the year	**450**	464	**395**	397
Additions	**154**	97	**143**	97
Disposals	**(11)**	(10)	**(11)**	(10)
Depreciation	**(92)**	(100)	**(81)**	(89)
Foreign currency translation adjustment	**2**	(1)	**1**	–
Carrying amount at the end of the year	**503**	450	**447**	395
Equipment				
Carrying amount at the beginning of the year	**393**	490	**248**	288
Additions	**187**	107	**153**	78
Disposals	**(2)**	(7)	**(2)**	(5)
Depreciation	**(131)**	(145)	**(100)**	(113)
Other transfers [1]	**(29)**	(50)	**–**	–
Foreign currency translation adjustment	**2**	(2)	**–**	–
Carrying amount at the end of the year	**420**	393	**299**	248
Assets held as lessor				
Carrying amount at the beginning of the year	**896**	847	**74**	77
Additions	**246**	16	**7**	–
Disposals	**(35)**	(24)	**–**	–
Other transfers [1]	**29**	50	**–**	–
Impairment (losses)/reversals [2]	**(6)**	68	**–**	–
Depreciation	**(63)**	(61)	**(3)**	(3)
Carrying amount at the end of the year	**1,067**	896	**78**	74
Total Property, plant and equipment	**4,950**	4,887	**3,549**	3,627

1 During the year ended 30 June 2023, $29 million of assets were leased out and transferred from equipment to assets under lease as a result of a sublease arrangement. (30 June 2022: $50 million were leased out and transferred from equipment to assets under lease).

2 During the year ended 30 June 2023, the Group recognised $6 million impairment loss on leased assets (30 June 2022: $68 million impairment reversal).

6.1 Property, plant and equipment (continued)

ACCOUNTING POLICIES

The Group measures its land and buildings at fair value, based on annual independent market valuations performed during the year. These fair values fall under the Level 3 category of the fair value hierarchy as defined in Note 9.5. Revaluation adjustments are reflected in the Asset revaluation reserve, except to the extent they reverse a revaluation decrease of the same asset previously recognised in the Income Statement. Upon disposal, realised amounts in the Asset revaluation reserve are transferred to Retained profits.

Other property, plant and equipment assets are stated at cost, including direct and incremental acquisition costs less accumulated depreciation and impairment if required. Subsequent costs are capitalised where it enhances the asset. Depreciation is calculated using the straight-line method over the asset's estimated useful economic life.

The useful lives of major depreciable asset categories are as follows:

Right-of-use assets	Unexpired lease term
Land	Indefinite, not depreciated
Buildings	Up to 30 years
Equipment	3–25 years
Leasehold improvements	Lower of unexpired lease term or lives as above
Assets held as lessor:	
Aircraft	25 years
Rail	35–40 years
Ships	25–40 years

Leases are entered into to meet the business needs of entities in the Group. Leases are primarily over commercial and retail premises and plant and equipment. Where the Group is a lessee, all leases will be recognised on the Balance Sheet as a lease liability and right-of-use asset, unless the underlying asset is of low value or the lease has a term of 12 months or less. Rentals of leases with low value underlying assets or where the lease term is 12 months or less are recognised over the lease term as Operating expenses in the Income Statement.

Right-of-use assets are initially measured at cost comprising the following:

- the initial amount of the lease liability measured at the present value of the future lease payments;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- an estimate of the costs to be incurred upon disassembling or restoring the underlying asset to the condition required by the terms of the lease.

The right-of-use asset is depreciated over the lease term on a straight-line basis within Operating expenses in the Income Statement.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the Income Statement if the carrying amount of the right-of-use asset has been fully written down.

Critical accounting judgements and estimates

Judgement has been applied by the Group in assessing which arrangements contain a lease, the period over which the lease exists and the variability of future cash flows when recognising right-of-use assets. The Group assesses at each Balance Sheet date useful lives and residual values and whether there is any objective evidence of impairment.

In determining the value in use of assets held as lessor, the Group incorporates the cash inflows over the lease term, as well as the expected selling price on expiry of the lease. Market disruption, lower demand for assets, decline in asset prices as well as credit events specific to individual lessees can result in a reduction of the asset's recoverable values.

If an asset's carrying amount is greater than its recoverable amount, the carrying amount is immediately written down to its recoverable amount.

Notes to the financial statements
For the year ended 30 June 2023

6.2 Intangible assets

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Goodwill				
Purchased goodwill at cost	**5,295**	5,295	**2,501**	2,504
Closing balance	**5,295**	5,295	**2,501**	2,504
Computer software costs				
Cost	**4,430**	4,568	**3,551**	3,824
Accumulated amortisation	**(2,518)**	(3,159)	**(1,898)**	(2,633)
Closing balance	**1,912**	1,409	**1,653**	1,191
Brand names [1]				
Cost	**186**	186	**186**	186
Closing balance	**186**	186	**186**	186
Other intangibles				
Cost	**–**	9	**–**	2
Closing balance	**–**	9	**–**	2
Total intangible assets	**7,393**	6,899	**4,340**	3,883

1 Brand names include 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 year.

Impairment tests for goodwill and intangible assets with indefinite lives

To assess whether goodwill and other assets with indefinite useful lives are impaired, the carrying amount of a cash-generating unit or a group of cash-generating units are compared to the recoverable amount. The recoverable amount is determined based on fair value less cost to sell, primarily using an earnings multiple applicable to that type of business. The category of this fair value is Level 3 as defined in Note 9.5.

Earnings multiples relating to the Group's banking cash-generating units are sourced from publicly available data associated with Australian businesses displaying similar characteristics to those cash-generating units, and are applied to current earnings. The key assumption is the Price-Earnings (P/E) multiple observed for these businesses, which for the banking businesses were in the range of 11.1x-12.4x (30 June 2022: 9.9x–11.6x).

Goodwill allocation to cash generating units

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Retail Banking Services	**3,763**	3,768	**2,002**	2,005
Business Banking	**1,241**	1,241	**499**	499
New Zealand	**259**	255	**–**	–
Corporate Centre and Other	**32**	31	**–**	–
Total	**5,295**	5,295	**2,501**	2,504

Notes to the financial statements
For the year ended 30 June 2023

6.2 Intangible assets (continued)

Reconciliation of the carrying amounts of Intangible assets is set out below:

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Goodwill				
Opening balance	**5,295**	5,317	**2,504**	2,522
Additions	**–**	21	**–**	–
Reclassification to assets held for sale	**(5)**	(35)	**(3)**	(18)
Transfers/disposals/other adjustments	**5**	(8)	**–**	–
Closing balance	**5,295**	5,295	**2,501**	2,504
Computer software costs				
Opening balance	**1,409**	1,427	**1,191**	1,231
Additions [1]	**898**	743	**770**	643
Amortisation and write-offs [2]	**(395)**	(761)	**(308)**	(683)
Closing balance	**1,912**	1,409	**1,653**	1,191
Brand names				
Opening balance	**186**	186	**186**	186
Closing balance	**186**	186	**186**	186
Other intangibles				
Opening balance	**9**	12	**2**	–
Additions	**–**	2	**–**	2
Disposals/other adjustments	**(9)**	(5)	**(2)**	–
Closing balance	**–**	9	**–**	2
Total intangible assets	**7,393**	6,899	**4,340**	3,883

1 Primarily relates to internal software development costs.
2 The year ended 30 June 2022, includes $389 million of accelerated amortisation and write-offs of software assets.

Notes to the financial statements
For the year ended 30 June 2023

6.2 Intangible assets (continued)

ACCOUNTING POLICIES

Intangible assets are identifiable non-monetary assets without physical substance. They are recognised only if it is probable the asset will generate future benefits for the Group. Those assets with an indefinite useful life are tested for impairment annually. All intangible assets must be tested for impairment when there is an indication that its carrying amount may be greater than its recoverable amount.

Goodwill

Goodwill arises on the acquisition of a business and represents the excess of the consideration paid over the fair value of the net assets and liabilities acquired. Goodwill is tested for impairment annually through allocation to a group of Cash Generating Units (CGUs). The CGUs' recoverable amount is then compared to the carrying amount of the CGUs including goodwill and an impairment is recognised for any excess carrying value.

Computer software costs

Certain internal and external costs directly incurred in acquiring and developing software are capitalised and amortised over the estimated useful life on a straight-line basis. The majority of software projects are amortised over three to five years. Software maintenance is expensed as incurred.

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 generally recognised as operating expenses when the services are received. Some of these costs incurred are for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems and meets the recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

Brand names

Brand names include the Bankwest brand name acquired in a business combination and initially recognised at fair value. The Bankwest brand name has an indefinite useful life as there is no foreseeable limit to the period over which it is expected to generate cash flows.

Other intangibles

Other intangibles predominantly comprise customer relationships and software licences. Customer relationships acquired as part of a business combination are initially measured at fair value. They are subsequently measured at cost less accumulated amortisation and any impairment losses. Amortisation is calculated based on the timing of projected cash flows associated with those relationships.

Critical accounting judgements and estimates

Goodwill is allocated to CGUs whose recoverable amount is calculated for the purpose of impairment testing. The recoverable amount calculation relies primarily on publicly available earnings multiples, which are disclosed on page 183.

Notes to the financial statements
For the year ended 30 June 2023

6.3 Other assets

		Group		Bank	
		30 Jun 23	30 Jun 22	30 Jun 23	30 Jun 22
	Note	$M	$M	$M	$M
Accrued interest receivable		**3,811**	1,990	**3,817**	1,955
Accrued fees and reimbursements receivable [1]		**359**	235	**285**	240
Securities sold not delivered		**1,422**	1,729	**1,063**	1,299
Intragroup current tax receivable		**–**	–	**190**	202
Current tax assets		**8**	7	**6**	4
Prepayments		**545**	490	**472**	438
Defined benefit superannuation plan surplus	10.2	**648**	580	**648**	580
Other [2]		**589**	940	**318**	669
Total other assets		**7,382**	5,971	**6,799**	5,387

1 Accrued fees and reimbursements receivable as at 30 June 2023 include trail commission receivable of $26 million for the Group (30 June 2022: $36 million).
2 As at 30 June 2023, other assets include $231 million of proceeds receivable in relation to divestments of businesses (30 June 2022: $256 million).

Except for the defined benefits superannuation plan surplus, the majority of the above amounts are expected to be recovered within 12 months of the Balance Sheet date.

ACCOUNTING POLICIES

Other assets include interest and fee receivables, current tax assets, prepayments, receivables on unsettled trades and the surplus within defined benefit plans. Interest receivables are recognised on an accruals basis, fees and reimbursements receivable are recognised once the service is provided and trade date accounted securities sold not delivered, consistent with the Group's policy for all financial assets measured at fair value through profit or loss or at fair value through Other Comprehensive Income, are recognised between trade execution and final settlement. The remaining other assets are recognised on an accrual or service performed basis and amortised over the period in which the economic benefits from these assets are received. Further defined benefit plan details are provided in Note 10.2.

Notes to the financial statements

For the year ended 30 June 2023

7. Other liabilities

OVERVIEW

Other liabilities include provisions, interest payable, fees and bills payable and unsettled trade liabilities. Provisions principally cover annual leave and long service leave employee entitlements, customer remediation, compliance and regulation programs, litigations and restructuring. It also includes provisions for impairment losses on financial guarantees and other off Balance Sheet instruments issued by the Group.

Certain provisions involve significant judgement to determine the likely outcome of events as well as a reliable estimate of the outflow. Where future events are uncertain, or where the outflow cannot be reliably determined, these are disclosed as contingent liabilities. Contingent liabilities are not recognised on the Group's Balance Sheet but are disclosed in Note 12.1 Contingent liabilities, and in Note 7.1, in respect of litigation, investigations and reviews.

7.1 Provisions

		Group		Bank	
	Note	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Employee entitlements		**1,077**	1,086	**962**	955
Customer remediation		**346**	1,068	**311**	1,020
Dividends	8.4	**191**	118	**191**	118
Compliance and regulation		**98**	99	**84**	55
Divestments and restructuring		**844**	920	**836**	917
Off Balance Sheet instruments		**159**	117	**154**	108
Other		**298**	228	**280**	197
Total provisions		**3,013**	3,636	**2,818**	3,370

Maturity distribution of provisions

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Less than twelve months	**2,621**	3,223	**2,454**	2,971
More than twelve months	**392**	413	**364**	399
Total provisions	**3,013**	3,636	**2,818**	3,370

7.1 Provisions (continued)

	Group		Bank	
Reconciliation	**30 Jun 23 $M**	**30 Jun 22 $M**	**30 Jun 23 $M**	**30 Jun 22 $M**
Customer remediation:				
Opening balance	**1,068**	1,209	**1,020**	1,175
Additional provisions	**404**	326	**403**	308
Amounts utilised during the year	**(1,106)**	(460)	**(1,092)**	(456)
Release of provisions	**(20)**	(7)	**(20)**	(7)
Closing balance	**346**	1,068	**311**	1,020
Compliance and regulation:				
Opening balance	**99**	183	**55**	123
Additional provisions	**77**	39	**77**	35
Amounts utilised during the year	**(75)**	(99)	**(45)**	(79)
Release of provisions	**(3)**	(24)	**(3)**	(24)
Closing balance	**98**	99	**84**	55
Divestments and restructuring:				
Opening balance	**920**	362	**917**	362
Additional provisions	**178**	782	**168**	776
Amounts utilised during the year	**(254)**	(224)	**(249)**	(221)
Closing balance	**844**	920	**836**	917
Off Balance Sheet instruments:				
Opening balance	**117**	111	**108**	103
Additional provisions	**42**	6	**46**	5
Closing balance	**159**	117	**154**	108
Other:				
Opening balance	**228**	223	**197**	209
Additional provisions	**105**	63	**103**	45
Amounts utilised during the year	**(35)**	(58)	**(20)**	(57)
Closing balance	**298**	228	**280**	197

ACCOUNTING POLICIES

Provisions are recognised for present obligations arising from past events where a payment to settle the obligation is probable and can be reliably estimated. Where the effect of the time value of money is material, the amount of the provision is measured as the present value of expenditures required to settle the obligation, based on a market observable rate. Where a payment to settle an obligation is not probable or cannot be reliably estimated, no provision is recognised. Such obligations are disclosed as contingent liabilities.

Notes to the financial statements
For the year ended 30 June 2023

7.1 Provisions (continued)

Provisions for employee entitlements (such as long service leave, annual leave and other employee benefits)

This provision is calculated based on expected payments. Where the payments are expected to be more than one year in the future, it factors in the expected period of service by employees, as well as salary increases. These future obligations are discounted using a market observable rate.

Customer remediation

This provision covers customer remediation costs and related program costs.

Dividends

This provision relates to dividends for prior periods which have not been settled at the Balance Sheet date.

Compliance and regulation

This provision relates to litigation, project and other administrative costs associated with certain compliance and regulatory programs of the Group.

Divestments and restructuring

This provision includes expenses arising from changes in the scope of the Group's business relating primarily to divestment transactions including related warranties and indemnities. The provision includes costs, which are both necessarily entailed by the divestment and are not associated with the ongoing activities of the Group. A provision for restructuring costs is only recognised when the Group has a detailed formal restructuring plan and the restructuring has either commenced or has been publicly announced.

Other provisions

Other provisions include self-insurance provisions, make-good provisions in relation to property leases, and provisions for certain other costs.

Critical accounting judgements and estimates

Provisions are held in respect of a range of future obligations, some of which involve significant judgement about the likely outcome of various events and estimated future cash flows.

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 not employed by the Group but were representatives 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 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 commissions, and other remediation matters. For details on the reimbursement agreements and the indemnity deed, refer to Note 11.2.

During the year ended 30 June 2023, the Group recognised an increase in the provision for Aligned Advice remediation issues and program costs of $299 million (including $163 million for ongoing service fees remediation, $91 million for other remediation matters and $45 million for program costs). In addition, the Group paid $838 million customer refunds for ongoing service fees, $2 million other remediation matters and utilised $108 million of program costs during the year ended 30 June 2023. As at 30 June 2023, the provision held by the Group in relation to Aligned Advice remediation was $262 million (30 June 2022: $911 million). This provision includes $67 million for customer fee refunds (30 June 2022: $446 million) and $71 million for interest on fees subject to refunds (30 June 2022: $367 million) for ongoing service fees, $95 million on other remediation matters (30 June 2022: $6 million) and $29 million for program costs (30 June 2022: $92 million).

As at 30 June 2023, the Group had materially completed all assessments for ongoing service fees and commissions. For offers not finalised, an increase/(decrease) in the refund rate by 1% would result in an increase/(decrease) in the provision by approximately $1 million (30 June 2022: $20 million). The Aligned Advice remediation provision of $262 million held as at 30 June 2023 includes $75 million in relation to offers that have not been finalised. The Group continues to engage with ASIC in relation to remediation programs.

7.1 Provisions (continued)

Banking and other Wealth customer remediation

As at 30 June 2023, the provision held by the Group in relation to Banking and other Wealth Management customer remediation programs was $84 million (30 June 2022: $157 million). The provision for Banking remediation includes an estimate of customer refunds (including interest) relating to business and retail banking products (including bank guarantees, merchants billing and certain other lending products), and the related program costs. The wealth remediation provision includes an estimate of customer refunds (including interest) relating to certain superannuation and 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 the accounting policy section of this note.

Litigation

The main litigated claims against the Group as at 30 June 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 is subject to Court approval. The Group has provided for the legal costs expected to be incurred in this matter. The Group does not expect to incur a 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 judgement is reserved. It is currently not possible to determine the ultimate impact of these claims, if any, on the Group.

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 14 June 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.

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. The Court has ordered that mediation occur by 6 December 2023.

Notes to the financial statements
For the year ended 30 June 2023

7.1 Provisions (continued)

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.

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 contraventions. A trial date is fixed for March 2024.

Count Financial was a wholly owned subsidiary of CBA until 1 October 2019, when it was acquired by CountPlus 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.

It is currently not possible to determine the ultimate impact of these claims, if any, on the Group. The Group has provided for legal costs expected to be incurred in the defence of these claims.

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 alleges 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 is alleged that some customers were excluded from claiming certain benefits under the policies and the insurance was therefore unsuitable or of no value. Allegations are also made in relation to the manner in which the insurance was sold. CBA, CMLA and AIAA deny 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 and is subject to Court approval. The Court approval hearing is set down for 4 August 2023.

The Group has provided for the legal costs expected to be incurred in this matter and the agreed settlement amount.

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 outcome of that appeal is not yet known.

The plaintiffs' proposed class definition covers all 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. The Group has provided for legal costs expected to be incurred in the defence of this claim.

Notes to the financial statements
For the year ended 30 June 2023

7.1 Provisions (continued)

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 and was issued by CFSIL.

CBA and CFSIL deny the allegations and are defending 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 is appealing the Federal Court's decision to dismiss the proceedings. The hearing of ASIC's appeal concluded on 23 February 2023 and judgment has been reserved by the Full Court.

It is currently not possible to determine the ultimate impact of this claim, if any, on the Group.

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 have cooperated fully with FWO and have entered into a statement of agreed facts and admissions with FWO. A hearing has been listed for 12 September 2023 to determine penalties. It is currently not possible to determine the ultimate impact of this claim on the Group. The Group has provided for legal costs expected to be incurred in relation to this matter and the potential penalty amount.

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 on the proposed remediation action.

Provisions have been recognised by the Group where the criteria outlined in the accounting policy section of this note 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 are investigating whether CBA or a Group entity has breached laws or regulatory obligations. Where a breach has occurred, regulators may impose, or apply to a Court for, fines and/or other sanctions. 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.

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.

Prudential inquiry into CBA and enforceable undertaking to APRA

On 28 August 2017, APRA announced it would establish an independent prudential inquiry (the Inquiry) into the Group focusing on the governance, culture and accountability frameworks and practices within the Group. The final report of the Inquiry was released on 1 May 2018 (the Final Report). The Final Report made a number of findings regarding the complex interplay of organisational and cultural factors within the Group and the need for enhanced management of non-financial risks.

In response to the Final Report, the Group acknowledged that it would implement all of the recommendations and agreed to adjust its minimum operational risk capital requirements by an additional $1 billion (an impact to risk weighted assets of $12.5 billion) until such time as the recommendations are implemented to APRA's satisfaction. CBA entered into an EU under which CBA's remedial action (Remedial Action Plan) in response to the Final Report was agreed and monitored regularly by APRA.

On 20 November 2020, APRA reduced the operational risk capital overlay imposed on CBA from $1 billion to $500 million. Effective 30 September 2022, APRA announced CBA has met its obligations under the EU and released the remaining operational risk capital overlay of $500 million imposed on CBA. CBA is committed to ensuring the improvements made to governance, culture and accountabilities are continuously improved and sustained.

Notes to the financial statements
For the year ended 30 June 2023

7.1 Provisions (continued)

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 (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 all aspects of financial crime (including AML/CTF, sanctions anti-bribery and corruption and tax evasion).

The Group provides updates to AUSTRAC on its Anti-Money Laundering and Counter-Terrorism Financing Program and related enhancements and remediation activities.

However, there is no assurance that AUSTRAC or the Group's 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. Although the Group is not currently aware of any other enforcement action by other domestic or foreign regulators in respect of its financial crime compliance, the Group regularly engages with such regulators (including in respect of compliance matters) 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

On 25 October 2022, the Federal Court of Australia handed down its decision in proceedings which ASIC commenced against Commonwealth Securities Limited (CommSec). CommSec did not defend the proceedings. In addition to ordering a penalty of $20 million, the Federal Court ordered CommSec to undertake a compliance program (the terms of which were agreed with ASIC at the commencement of proceedings). 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 and effectiveness of its systems and controls. The independent expert will conduct an initial review and CommSec is required to address any recommendations. The compliance program contemplates a potential further review by the independent expert of CommSec's response to the recommendations, depending on the outcome of the initial review.

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. The three-year EU requires CBA to appoint an independent expert 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 expert's recommendations, providing ongoing compliance reports to ACMA and training relevant personnel under 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.

7.2 Bills payable and other liabilities

	Group		Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Bills payable	**399**	478	**337**	405
Accrued interest payable	**5,382**	1,478	**4,871**	1,433
Accrued fees, employee incentives and other items payable [1]	**4,339**	3,958	**4,029**	3,673
Securities purchased not delivered	**1,197**	2,304	**861**	1,848
Unearned income [2]	**872**	912	**779**	818
Lease liabilities	**2,728**	2,930	**2,506**	2,715
Other	**661**	596	**1,549**	1,455
Total Bills payable and other liabilities	**15,578**	12,656	**14,932**	12,347

1 As at 30 June 2023, accrued fees payable include trail commissions payable of $2,375 million (30 June 2022: $2,215 million).

2 Unearned income includes annual facility fees, commitment fees and upfront fees that are deferred and recognised over the service periods. Of the unearned income recognised at the beginning of the period, the Group and the Bank has recognised $558 million and $552 million, respectively, as income for the period ended 30 June 2023 (30 June 2022: $554 million for the Group and $546 million for the Bank).

ACCOUNTING POLICIES

Bills payable and other liabilities include accrued interest payable, accrued incentives payable, accrued fees payable, lease liabilities and unearned income. Bills payable and other liabilities are measured at the contractual amount payable. As most payables are short-term in nature, the contractual amount payable approximates fair value.

Where the Group is a lessee, all leases are recognised on the Balance Sheet as a lease liability and right-of-use asset, unless the underlying asset is of low value or the lease has a term of 12 months or less. Rentals of leases with low value underlying assets or where the lease term is 12 months or less are recognised over the lease term as Operating expenses in the Income Statement. Lease liabilities are initially measured at the net present value of fixed and variable contractual lease payments as well as expected payments associated with residual value guarantees/purchase option or early lease termination.

Lease liabilities are remeasured when there is a change in future lease payments. When lease liabilities are remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the Income Statement if the carrying amount of the right-of-use asset has been fully written down. Lease liabilities are measured at amortised cost using the effective interest method.

Critical accounting judgements and estimates

The measurement of trail commission liabilities is dependent on assumptions about the behavioural life and future outstanding balances of the underlying transactions. A provision for trail commissions is only recognised to the extent that the Group can reliably estimate the future cash flows arising from a past event.

Notes to the financial statements

For the year ended 30 June 2023

8. 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.

8.1 Capital adequacy

The Bank is an Authorised Deposit-taking Institution (ADI) regulated by APRA under the authority of the *Banking Act 1959*. APRA has set minimum regulatory capital requirements for banks based on the Basel Committee on Banking Supervision (BCBS) guidelines.

The Basel III measurement and monitoring of capital has been effective from 1 January 2013. APRA adopted a more conservative approach than the minimum standards published by the BCBS and adopted an accelerated timetable for implementation.

These requirements were revised by APRA, effective 1 January 2023, in order to increase the risk sensitivity within the capital framework, enhance the ability of ADIs to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards.

The requirements define what is acceptable as capital and provide methods of measuring the risks incurred by the Bank.

The regulatory capital requirements are measured for the Extended Licenced Entity Group (known as "Level 1", comprising the Bank and APRA approved subsidiaries) and for the Bank and all of its banking subsidiaries, which includes ASB Bank (known as "Level 2" or the "Group").

All entities which are consolidated for accounting purposes are included within the Group capital adequacy calculations except for:

- insurance subsidiaries; and
- certain entities through which securitisation of Group assets are conducted where such entities meet APRA's capital relief requirements.

Regulatory capital is divided into Common Equity Tier 1 (CET1), Additional Tier 1 Capital and Tier 2 Capital. CET1 primarily consists of shareholders' equity, less goodwill and other prescribed adjustments. Additional Tier 1 Capital is comprised of certain securities with features as described in APRA's prudential standard APS 111 "Capital Adequacy: Measurement of Capital". Tier 1 capital is the aggregate of CET1 and Additional Tier 1 Capital. Tier 2 Capital is hybrid and debt instruments that fall short of necessary conditions to qualify as Additional Tier 1 to APRA. Total Capital is the aggregate of Tier 1 and Tier 2 Capital.

Capital adequacy is measured by means of risk based capital ratios. The capital ratios reflect capital (CET1, Additional Tier 1, Tier 2 and Total Capital) as a percentage of total Risk Weighted Assets (RWA). RWA represents an allocation of risks associated with the Group's assets and other related exposures.

The Group has a range of instruments and methodologies available to effectively manage capital. These include share issues and buy-backs, dividend and DRP policies, hybrid capital raising and subordinated loan capital issuances. All major capital related initiatives require approval of the Board.

The Group's capital position is monitored on a continuous basis and reported monthly to the Executive Leadership Team, Asset and Liability Committee and at regular intervals throughout the year to the Board.

The Group's capital ratios throughout the 2021, 2022 and 2023 financial years were in compliance with both APRA minimum capital adequacy requirements and the Board approved minimums. The Group is required to inform APRA immediately of any breach or potential breach of its minimum prudential capital adequacy requirements, including details of remedial action taken or planned to be taken.

8.2 Loan capital

		Currency amount (M)	Endnotes	Group 30 Jun 23 $M	Group 30 Jun 22 $M	Bank 30 Jun 23 $M	Bank 30 Jun 22 $M
Tier 1 loan capital							
Undated	PERLS VII	AUD 3,000	1	**–**	3,000	**–**	3,000
Undated	PERLS X	AUD 1,365	1	**1,362**	1,361	**1,360**	1,358
Undated	PERLS XI	AUD 1,590	1	**1,588**	1,585	**1,587**	1,584
Undated	PERLS XII	AUD 1,650	1	**1,642**	1,640	**1,640**	1,638
Undated	PERLS XIII	AUD 1,180	1	**1,174**	1,172	**1,172**	1,171
Undated	PERLS XIV	AUD 1,750	1	**1,736**	1,734	**1,734**	1,733
Undated	PERLS XV	AUD 1,777	1	**1,757**	–	**1,755**	–
Undated	PERLS XVI	AUD 1,550	1	**1,531**	–	**1,531**	–
Total Tier 1 loan capital				**10,790**	10,492	**10,779**	10,484
Tier 2 loan capital							
AUD denominated			2	**9,586**	5,536	**9,586**	5,536
USD denominated			3	**12,558**	12,096	**12,558**	12,096
JPY denominated			4	**672**	472	**672**	472
EUR denominated			5	**1,638**	1,519	**1,638**	1,519
Other currencies denominated			6	**189**	–	**189**	–
Total Tier 2 loan capital				**24,643**	19,623	**24,643**	19,623
Fair value hedge adjustments				**(2,835)**	(2,098)	**(2,835)**	(2,098)
Total loan capital [1]				**32,598**	28,017	**32,587**	28,009

1 Loan capital includes a $168 million decrease from unrealised movements due to fair value hedge adjustments partly offset by foreign exchange losses (30 June 2022: $1,564 million decrease from unrealised movements due to fair value hedge adjustments partly offset by foreign exchange losses).

As at 30 June 2023 and 2022, there were no securities issued by the Group and the Bank that were contractually due for redemption in the next 12 months. The Group has the right to call some securities before the contractual maturity.

1. PERLS VII, PERLS X, PERLS XI, PERLS XII, PERLS XIII, PERLS XIV, PERLS XV and PERLS XVI

On 1 October 2014, the Bank issued $3,000 million of CommBank PERLS VII Capital Notes (PERLS VII), with $1,577 million redeemed on 15 November 2022 and the remaining $1,423 million redeemed on 15 December 2022. On 6 April 2018, the Bank issued $1,365 million of CommBank PERLS X Capital Notes (PERLS X). On 17 December 2018, the Bank issued $1,590 million of CommBank PERLS XI Capital Notes (PERLS XI). On 14 November 2019, the Bank issued $1,650 million of CommBank PERLS XII Capital Notes (PERLS XII). On 1 April 2021, the Bank issued $1,180 million of CommBank PERLS XIII Capital Notes (PERLS XIII). On 31 March 2022, the Bank issued $1,750 million of CommBank PERLS XIV Capital Notes (PERLS XIV). On 15 November 2022, the Bank issued $1,777 million of CommBank PERLS XV Capital Notes (PERLS XV). On 9 June 2023, the Bank issued $1,550 million of CommBank PERLS XVI Capital Notes (PERLS XVI). PERLS X, PERLS XI, PERLS XII, PERLS XIII, PERLS XIV, PERLS XV and PERLS XVI are subordinated, unsecured notes listed on the ASX and are subject to New South Wales law. They qualify as Additional Tier 1 Capital of the Bank under Basel III as implemented by APRA.

2. AUD denominated Tier 2 loan capital issuances

- $1,400 million subordinated notes issued September 2020, due September 2030;
- $1,500 million subordinated notes issued August 2021, due August 2031;
- $700 million subordinated notes issued April 2022, due April 2032;
- $400 million subordinated notes issued April 2022, due April 2032;
- $300 million subordinated notes issued September 2022, due September 2037;
- $900 million subordinated notes issued November 2022, due November 2032;
- $1,100 million subordinated notes issued November 2022, due November 2032;
- $1,750 million subordinated notes issued March 2023, due March 2038;
- $100 million subordinated Euro Medium Term Notes (EMTN) issued September 2019, due September 2034;
- $280 million subordinated EMTN issued March 2020, due March 2035;
- $210 million subordinated EMTN issued May 2020, due May 2035;
- $205 million subordinated EMTN issued August 2020, due August 2040;
- $200 million subordinated EMTN issued August 2020, due August 2050;
- $270 million subordinated EMTN issued December 2020, due December 2040;
- $135 million subordinated EMTN issued August 2021, due August 2041; and
- $136 million subordinated EMTN issued September 2021, due September 2041.

Notes to the financial statements
For the year ended 30 June 2023

8.2 Loan capital (continued)

3. USD denominated Tier 2 loan capital issuances

- USD1,250 million subordinated notes issued December 2015 (USD597 million outstanding following the buy-back in March 2021), due December 2025;
- USD1,250 million subordinated notes issued January 2018, due January 2048;
- USD1,250 million subordinated Medium Term Notes (MTN) issued September 2019, due September 2034;
- USD1,250 million subordinated MTN issued September 2019, due September 2039;
- USD1,500 million subordinated MTN issued March 2021, due March 2031;
- USD1,250 million subordinated MTN issued March 2021, due March 2041; and
- USD1,250 million subordinated MTN issued March 2022, due March 2032.

4. JPY denominated Tier 2 loan capital issuances

- JPY14 billion subordinated EMTN issued September 2021, due September 2031;
- JPY30.5 billion subordinated EMTN issued May 2022, due May 2032; and
- JPY20 billion subordinated EMTN issued October 2022, due October 2032.

5. EUR denominated Tier 2 loan capital issuances

- EUR1,000 million subordinated EMTN, issued October 2017, due October 2029.

6. Other currencies denominated Tier 2 loan capital issuances

- HKD400 million subordinated EMTN issued September 2022, due September 2032; and
- HKD580 million subordinated EMTN issued April 2023, due April 2033.

All Tier 2 Capital securities qualify as Tier 2 Capital of the Bank under Basel III as implemented by APRA.

PERLS X, PERLS XI, PERLS XII, PERLS XIII, PERLS XIV, PERLS XV, and PERLS XVI, and all Tier 2 Capital securities are subject to Basel III, under which these securities must be exchanged for a variable number of CBA ordinary shares or written down if a capital trigger event (PERLS X, PERLS XI, PERLS XII, PERLS XIII, PERLS XIV, PERLS XV and PERLS XVI only) or a non-viability trigger event (all securities) occurs. Any exchange will occur as described in the terms of the applicable instrument documentation.

ACCOUNTING POLICIES

Loan capital consists of instruments issued by the Group, which qualify as regulatory capital under the Prudential Standards set by the Australian Prudential Regulation Authority (APRA). Loan capital is initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Interest expense incurred is recognised in Net interest income.

Notes to the financial statements
For the year ended 30 June 2023

8.3 Shareholders' equity

	Group		Bank	
	30 Jun 23	30 Jun 22	30 Jun 23	30 Jun 22
	$M	$M	$M	$M
Ordinary share capital				
Shares on issue:				
Opening balance	**36,608**	38,546	**36,606**	38,544
Share buy-backs [1,2]	**(2,533)**	(1,937)	**(2,533)**	(1,937)
Dividend reinvestment plan (net of issue costs)	**–**	(1)	**–**	(1)
	34,075	36,608	**34,073**	36,606
Less treasury shares:				
Opening balance	**(141)**	(126)	**(115)**	(114)
Purchase of treasury shares [3]	**(101)**	(76)	**(64)**	(60)
Sale and vesting of treasury shares [3]	**80**	61	**55**	59
	(162)	(141)	**(124)**	(115)
Closing balance	**33,913**	36,467	**33,949**	36,491

	Group		Bank	
	30 Jun 23	30 Jun 22	30 Jun 23	30 Jun 22
Number of shares on issue	Shares	Shares	Shares	Shares
Opening balance (excluding treasury shares deduction)	**1,701,538,406**	1,774,096,410	**1,701,538,406**	1,774,096,410
Share buy-backs				
Off-market share buy-back [1]	**–**	(67,704,807)	**–**	(67,704,807)
On-market share buy-back [2]	**(25,369,084)**	(4,853,197)	**(25,369,084)**	(4,853,197)
Dividend reinvestment plan issues:				
2020/2021 Final dividend fully paid ordinary shares $101.00 [4]	**–**	–	**–**	–
2021/2022 Interim dividend fully paid ordinary shares $97.95 [4]	**–**	–	**–**	–
2021/2022 Final dividend fully paid ordinary shares $96.44 [4]	**–**	–	**–**	–
2022/2023 Interim dividend fully paid ordinary shares $97.37 [4]	**–**	–	**–**	–
Closing balance (excluding treasury shares deduction)	**1,676,169,322**	1,701,538,406	**1,676,169,322**	1,701,538,406
Less: treasury shares [3]	**(1,649,931)**	(1,600,415)	**(1,264,801)**	(1,325,524)
Closing balance	**1,674,519,391**	1,699,937,991	**1,674,904,521**	1,700,212,882

1 On 4 October 2021, the Group announced the successful completion of its $6 billion off-market buy-back of CBA ordinary shares. 67,704,807 ordinary shares were bought back at $88.62 per share, and comprised a fully franked dividend component of $66.96 per share ($4,534 million) and a capital component of $21.66 per share ($1,466 million). On 9 February 2022, the Group announced its intention to conduct an on-market share buy-back of up to $2 billion. As at 30 June 2022, the Group bought back a total of 4,853,197 ordinary shares ($468 million) at an average price of $96.42. The Group recognised $3 million transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

2 On 15 February 2023, the Group announced its intention to increase the on-market share buy-back by $1 billion of CBA ordinary shares, in addition to the $2 billion announcement on 9 February 2022. During the year ended 30 June 2023, the Group completed the $3 billion on-market buy-back and bought back a total of 25,369,084 ordinary shares ($2,532 million) at an average price of $99.81. The Group recognised $1 million in transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

3 Movement in treasury shares includes 981,727 shares acquired at an average price of $103.26 for satisfying the Company's obligations under various equity settled share plans (30 June 2022: 762,958 shares acquired at an average price of $99.13). Other than shares purchased as part of the Non-Executive Director fee sacrifice arrangements disclosed in Note 10.3, shares purchased were not on behalf of or initially allocated to a director.

4 The DRP in respect of the interim 2022/2023, final 2021/2022, interim 2021/2022 and final 2020/2021 dividends were satisfied in full through the on-market purchase and transfer of 6,115,897 shares at $97.37, 6,201,070 shares at $96.44, 5,107,902 shares at $97.95 and 5,618,474 shares at $101.00, respectively, to participating shareholders.

Ordinary shares have no par value and the Company does not have a limited amount of share capital.

Ordinary shares entitle holders to receive dividends payable to ordinary shareholders and to participate in the proceeds available to ordinary shareholders on winding up of the Company in proportion to the number of fully paid ordinary shares held. On a show of hands every holder of fully paid ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll one vote for each share held.

Notes to the financial statements
For the year ended 30 June 2023

8.3 Shareholders' equity (continued)

	Group		Bank	
	30 Jun 23	30 Jun 22	30 Jun 23	30 Jun 22
Retained profits	$M	$M	$M	$M
Opening balance	**36,826**	37,014	**30,177**	30,782
Actuarial (losses)/gains from defined benefit superannuation plans	**(12)**	76	**(12)**	76
Net profit attributable to equity holders of the Bank	**10,090**	10,771	**9,280**	10,374
Total available for appropriation	**46,904**	47,861	**39,445**	41,232
Transfers from investment securities revaluation reserve	**–**	9	**–**	–
Transfers from asset revaluation reserve	**10**	25	**11**	14
Off-market share buy-back – dividend component [1]	**–**	(4,534)	**–**	(4,534)
Interim dividend – cash component	**(2,950)**	(2,486)	**(2,950)**	(2,486)
Interim dividend – dividend reinvestment plan [2]	**(596)**	(501)	**(596)**	(501)
Final dividend – cash component	**(2,973)**	(2,978)	**(2,973)**	(2,978)
Final dividend – dividend reinvestment plan [2]	**(598)**	(570)	**(598)**	(570)
Closing balance	**39,797**	36,826	**32,339**	30,177

1 On 4 October 2021, the Group announced the successful completion of its $6 billion off-market buy-back of CBA ordinary shares. 67,704,807 ordinary shares were bought back at $88.62 per share, and comprised a fully franked dividend component of $66.96 per share ($4,534 million) and a capital component of $21.66 per share ($1,466 million).

2 The DRP in respect of the interim 2022/2023, final 2021/2022, interim 2021/2022 and final 2020/2021 dividends were satisfied in full through the on-market purchase and transfer of 6,115,897 shares at $97.37, 6,201,070 shares at $96.44, 5,107,902 shares at $97.95 and 5,618,474 shares at $101.00, respectively, to participating shareholders.

Notes to the financial statements
For the year ended 30 June 2023

8.3 Shareholders' equity (continued)

	Group		Bank	
	30 Jun 23	30 Jun 22	30 Jun 23	30 Jun 22
Reserves	**$M**	**$M**	**$M**	**$M**
Asset revaluation reserve				
Opening balance	**269**	264	**252**	236
Revaluation of properties	**24**	42	**29**	43
Transfer to retained profits	**(10)**	(25)	**(11)**	(14)
Income tax effect	**(5)**	(12)	**(5)**	(13)
Closing balance	**278**	269	**265**	252
Foreign currency translation reserve				
Opening balance	**17**	257	**166**	74
Currency translation adjustments of foreign operations	**224**	(261)	**56**	83
Currency translation on net investment hedge	**(38)**	9	**(23)**	9
Income tax effect	**5**	12	**–**	–
Closing balance	**208**	17	**199**	166
Cash flow hedge reserve				
Opening balance	**(859)**	467	**(1,059)**	712
Gains/(losses) on cash flow hedging instruments:				
Recognised in Other Comprehensive Income	**565**	555	**454**	(9)
Transferred to Income Statement:				
Interest income	**2,214**	(1,779)	**1,728**	(1,812)
Interest expense	**(2,772)**	1,095	**(2,361)**	906
Net other operating income	**(1,361)**	(1,769)	**(1,089)**	(1,630)
Income tax effect	**393**	572	**372**	774
Closing balance	**(1,820)**	(859)	**(1,955)**	(1,059)
Employee compensation reserve				
Opening balance	**94**	103	**94**	103
Current period movement	**5**	(9)	**5**	(9)
Closing balance	**99**	94	**99**	94
Investment securities revaluation reserve				
Opening balance	**19**	2,158	**3**	2,076
Transfer to retained profits on sale of equity securities	**–**	(9)	**–**	–
Net losses on revaluation of investment securities	**(621)**	(2,804)	**(567)**	(2,805)
Net losses on investment securities transferred to Income Statement on disposal	**(5)**	(182)	**(5)**	(115)
Income tax effect	**132**	856	**123**	847
Closing balance	**(475)**	19	**(446)**	3
Total reserves	**(1,710)**	(460)	**(1,838)**	(544)
Shareholders' Equity attributable to equity holders of the Bank	**72,000**	72,833	**64,450**	66,124
Shareholders' Equity attributable to non-controlling interests	**5**	5	**–**	–
Total Shareholders' Equity	**72,005**	72,838	**64,450**	66,124

Notes to the financial statements
For the year ended 30 June 2023

8.3 Shareholders' equity (continued)

ACCOUNTING POLICIES

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.

8.4 Dividends

	Note	Group			Bank	
		30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Ordinary shares						
Interim ordinary dividend (fully franked) (2023: 210 cents; 2022: 175 cents; 2021: 150 cents)						
Interim ordinary dividend paid – cash component only		**2,950**	2,486	2,243	**2,950**	2,486
Interim ordinary dividend paid – Dividend Reinvestment Plan [1]		**596**	501	418	**596**	501
Total dividend paid		**3,546**	2,987	2,661	**3,546**	2,987
Other provision carried		**191**	118	114	**191**	118
Dividend proposed and not recognised as a liability (fully franked) (2023: 240 cents; 2022: 210 cents: 2021: 200 cents) [2]		**4,023**	3,573	3,548	**4,023**	3,573
Provision for dividends						
Opening balance		**118**	114	121	**118**	114
Provision made during the year [3]		**7,117**	6,535	4,396	**7,117**	6,535
Provision used during the year [3]		**(7,044)**	(6,531)	(4,403)	**(7,044)**	(6,531)
Closing balance	7.1	**191**	118	114	**191**	118

1 The DRP in respect of the interim 2022/2023, interim 2021/2022 and interim 2020/2021 dividends were satisfied in full through the on-market purchase and transfer of 6,115,897 shares at $97.37, 5,107,902 shares at $97.95 and 4,869,634 shares at $85.25, to participating shareholders.

2 The final 2022/2023 dividend will be satisfied by cash disbursements with the DRP anticipated to be satisfied by the on-market purchase of shares. The final 2021/2022 and final 2020/2021 dividends were satisfied by cash disbursement with the DRP satisfied in full through the on-market purchase and transfer of 6,201,070 shares at $96.44 and 5,618,474 shares at $101.00.

3 Provisions made and used during the year ended 30 June 2022 do not include $4,534 million dividend component of the $6 billion off-market share buy-back.

Final dividend

The Directors have determined a fully franked (30%) final dividend of 240 cents per share amounting to $4,023 million. The dividend will be payable on or around 28 September 2023 to shareholders on the register at 5pm AEST on 17 August 2023. The ex-dividend date is 16 August 2023.

Dividend policy

In determining the dividend, the Board considers a range of factors in accordance with Bank's dividend policy including:

- paying cash dividends at sustainable levels;
- targeting a full-year payout ratio of 70-80%; and
- maximising the use of its franking account by paying fully franked dividends.

Australian franking credits

The franking credits available to the Group as at 30 June 2023, after allowing for Australian tax payable in respect of the current and prior reporting period's profit, are estimated to be $1,928 million (30 June 2022: $1,635 million).

New Zealand imputation credits

The New Zealand imputation credits available to CBA as at 30 June 2023 are estimated to be NZ$865 million (30 June 2022: NZ$896 million). This is calculated on the same basis as the Australian franking credits but using the New Zealand current tax liability.

Notes to the financial statements

For the year ended 30 June 2023

8.4 Dividends (continued)

Dividend history

Half year ended	Cents per share	Payment date	Half year payout ratio [1] %	Full year payout ratio [1] %	DRP price $	DRP participation rate [2] %
31 December 2020	150	30/03/2021	54. 7	–	85. 25	15. 7
30 June 2021	200	29/09/2021	66. 8	61. 0	101. 00	16. 1
31 December 2021	175	30/03/2022	50. 9	–	97. 95	16. 8
30 June 2022	210	29/09/2022	72. 9	60. 9	96. 44	16. 8
31 December 2022	210	30/03/2023	68. 9	–	97. 37	16. 8
30 June 2023 [3]	240	28/09/2023	81. 4	75. 0	–	–

1 Dividend payout ratio: dividends divided by statutory earnings (earnings are net of dividends on other equity instruments).
2 DRP participation rate: the percentage of total issued share capital participating in the DRP.
3 The dividend will be payable on or around 28 September 2023 to shareholders.

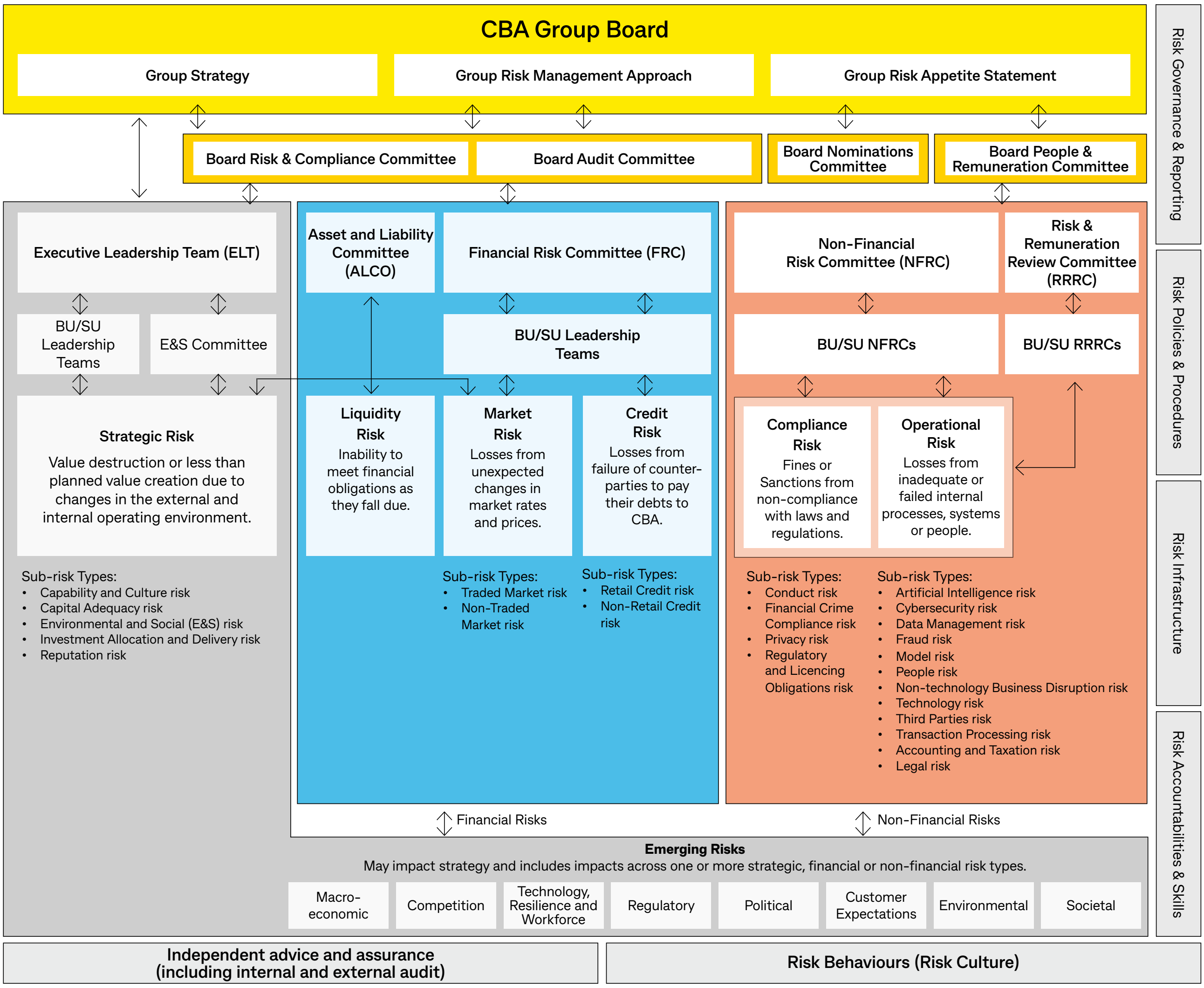
ACCOUNTING POLICIES

Dividends represent a distribution of profits that holders of ordinary shares receive from time to time. Dividends determined by the Board of the Bank are recognised with a corresponding reduction of retained earnings on the dividend payment date. The Board takes into consideration factors including the Group's relative capital strength and the Group's existing dividend payout ratio guidelines in determining the amount of dividends to be paid.

9. Risk management

OVERVIEW

The Group is exposed to financial, non-financial and strategic risks through the products and services it offers. The Group manages these risks through its Risk Management Framework, which evolves to accommodate changes in the business operating environment, better risk practices, and regulatory and community expectations. The components of the Risk Management Framework are illustrated below, including the governance that enables executive and Board oversight of these risks.



Further details on each of the material risks, and how the Group manages them, are outlined in this note.

Notes to the financial statements

For the year ended 30 June 2023

9.1 Risk management framework

The Risk Management Framework comprises the systems, structures, policies, processes and people that identify, measure, evaluate, control, monitor and report on, both internal and external sources of material risk. It incorporates three key documents:

- **The Group's Business Plan** (consisting of the Group Strategy and the Financial Plan) sets out the approach to implement the Group's strategic objectives;
- **The Group Risk Appetite Statement (RAS)** that establishes the type and degree of risk the Board is prepared to accept and the maximum level of risk that the Group must operate within; and
- **The Group Risk Management Approach (RMA)** that sets out the Board and the Executive Leadership Team's expectations regarding the Group's approach to managing risk and the key elements of the Risk Management Framework that give effect to this approach.

The Risk Management Framework is underpinned by the following Risk Framework Enablers that allow the Group to effectively identify, measure, evaluate, control, monitor and report on, both internal and external sources of material risk.

Risk governance and reporting

The Group is committed to ensuring that its risk management practices reflect a high standard of governance. This enables management to undertake, in an effective manner, prudent risk-taking activities. The Board operates as the highest level of the Group's risk governance. The Board Risk and Compliance Committee oversees the Risk Management Framework and helps formulate the Group's risk appetite for consideration by the Board. In particular it:

- Monitors the Group's risk profile (including identification of emerging risks); and
- Reviews regular reports from management on the measurement of risk and the adequacy and effectiveness of the Group's risk management and internal control systems.

At management level, risk governance is undertaken by a structured hierarchy of personal delegations, management committees and forums across the Group and within the BUs and Support Units (SUs).

Regular management information is produced that allows financial, strategic and non-financial risk positions to be monitored against approved risk appetite and policy limits. At Board level, the majority of risk reporting is provided to the Board Risk and Compliance Committee, although select matters are reported directly to the Board as required. Controls reporting is provided to the Board Audit Committee. The Chairs of the Board Risk & Compliance and Audit Committee report to the Board following each Committee meeting.

Risk policies and procedures

Risk policies and procedures provide guidance to the business on the management of each material risk. They support the Risk Management Framework by:

- Summarising the principles and practices to be used by the Group in identifying and assessing its material risks; and
- Quantifying the operating tolerances for material risks.

Risk infrastructure

The Risk Management Framework is supported by key infrastructure systems and processes that together provide the infrastructure for the management of the Group's Material Risk Types.

- **Risk processes** to identify, assess, escalate, monitor and manage risks and issues;
- **Management information systems** to measure and aggregate risks across the Group; and
- **Risk models and tools**, including significant calculators.

Risk accountabilities and skills

The Group operates a Three Lines of Accountability (3LoA) model that places the accountability for risk ownership with the Line 1 BUs and SUs, while focusing the mandate of Line 2 Risk teams on risk appetite and the Risk Management Framework, assurance, approval or acceptance of risk decisions of Line 1 and advice. Line 3 Internal Audit provides independent assurance to the Board, regulators and other stakeholders on the effectiveness of risk management, internal controls and governance. The Risk Stewards (senior leaders in Line 1 or Line 2) complement the 3LoA model, by providing a view on the aggregated risk profile and adequacy of the Group's Risk Management Framework for each of our Risk Types, including design of key controls and policies, mitigation strategies and the capabilities needed to manage the Risk Type.

The effective management of the Group's material risks requires appropriate resourcing of skilled employees within each of the Group's 3LoA. It is important for all Group employees to have an awareness of their risk accountabilities, the Risk Management Framework, and the role our Values play in helping us manage risk. This awareness is developed through:

- **Communication of the Group RAS and RMA -** Following approval by the Board, the updated RAS and RMA are made available to all employees;
- **Performance and remuneration frameworks** are designed to drive accountability for managing risks and adopting risk behaviours that assist the Group to respond to new and emerging risks and to better support our customers and communities. Each year employees are assessed on how they met the risk management expectations of their role as part of the annual performance review;
- **Group Mandatory Learning modules** that provide foundational knowledge of the Risk Management Framework and Risk Management Approach for all Group employees;
- **Risk Management Capability Framework** enabling the education, experience and exposure to build risk skills and judgment effectively within the Group; and
- **Induction and ongoing learning** to support employees in gaining the knowledge, skills and behaviours required to work effectively across the Group.

Notes to the financial statements
For the year ended 30 June 2023

9.1 Risk management framework (continued)

Risk culture and conduct risk

Risk culture is the beliefs, values and behaviours within the Group that determine how risks are identified, measured, governed, and acted upon. A positive risk culture drives the right risk decisions and helps the Group make sound judgements in new and unfamiliar circumstances. The risk behaviours that demonstrate a positive risk culture and are expected of employees by the Board, senior management, customers, communities, shareholders and regulators, are underpinned by our CBA Values of Care, Courage and Commitment.

In relation to conduct risk, the Group requires behaviours and business practices that are fair to customers, protect the fair and efficient operation of the market and engender confidence in our products and services. Annually, the Board forms a view of the Group's risk culture and identifies desirable changes. Action plans are initiated and monitored to improve and sustain risk culture.

Notes to the financial statements
For the year ended 30 June 2023

9.1 Risk management framework (continued)

Material risk types

Description	Governing Policies and Key Management Committees	Key controls and risk mitigation strategies
Credit risk		
Credit risk is the potential for loss arising from the failure of a counterparty to meet their contractual obligations to the Group. The Group is primarily exposed to credit risk through: **Retail Credit Risk** • Residential mortgage lending; and • Unsecured retail lending. **Non-Retail Credit Risk** • Commercial lending; and • Large corporate (institutional) lending and markets exposures.	**Governing Policies:** • Group Credit Risk Policies and Standards, Principles, Framework and Governance **Key Management Committee:** • Financial Risk Committee • BU/SU Financial Risk Committees	• Defined credit risk indicators set in the Group RAS; • Transacting with counterparties that demonstrate the ability and willingness to service their obligations through performance of due diligence and appropriate credit quality assessments; • Applications assessed by credit decisioning models, with more complex or higher risk applications referred to credit authority holders who exercise expert judgement; • Taking collateral where appropriate; • Pricing appropriately for the risks the Group is taking; • Credit concentration frameworks that set exposure limits to counterparties, groups of related counterparties, industry sectors and countries; • Regular monitoring of credit quality, concentrations, arrears, policy exceptions and policy breaches; • Working with customers in financial difficulty, or those in danger of becoming so, to help them rehabilitate their financial positions; and • Stress testing, both at a counterparty and portfolio level.
Market risk		
Market risk is the risk that market rates and prices will change and that this may have an adverse effect on the profitability and/or net worth of the Group. The Group is primarily exposed to market risk through: • Traded Market Risk; • Non-Traded Market Risk; • Interest Rate Risk in the Banking Book (IRRBB); • Structural Foreign Exchange Risk; • Lease Residual Value Risk; and • Non-Traded Equity Risk.	**Governing Policies:** • Group Market Risk Policy **Key Management Committee:** • Financial Risk Committee and IB&M Financial Risk Committee (Oversight of traded market risk) • Asset and Liability Committee (ALCO) (Oversight of Non-Traded Market Risk, including IRRBB)	• Defined market risk indicators set in the Group RAS; • Minimal appetite for proprietary trading; • Conservative market risk limits with granular concentration limits at a position level including currency/index, tenor and product type; • Pricing appropriately for risk; • Back-testing of Value-at-Risk (VaR) models against hypothetical profit and loss; • Daily monitoring and attribution of traded market risk exposures including risk sensitivities, VaR and stress testing; • Weekly monitoring of VaR and stress test measures for derivative valuation adjustments (XVAs); • Monthly monitoring of residual value risk exposures versus limits; • Managing the Balance Sheet with a view to balancing Net interest income profit volatility and market value; • Regular monitoring of IRRBB market risk exposures against limits including risk sensitivities, credit spread risk, value at risk, net interest earning at risk and stress testing; • Appropriate transfer pricing for interest rate risk; • Regular monitoring of structural foreign exchange risk versus limits; and • Regular monitoring of Group Super funding level versus limits, accounting valuations and value at risk.

Notes to the financial statements

For the year ended 30 June 2023

9.1 Risk management framework (continued)

Description	Governing Policies and Key Management Committees	Key controls and risk mitigation strategies
Liquidity risk		
Liquidity risk is the combined risks of not being able to meet financial obligations as they fall due (funding liquidity risk), and that liquidity in financial markets, such as the market for debt securities, may reduce significantly (market liquidity risk).	**Governing Policies:** • Group Liquidity Policy • Group Liquidity Management Standard **Key Management Committee:** • ALCO	• Defined liquidity risk indicators in the Group RAS; • The Annual Funding Strategy (the Group's wholesale funding strategy based on a three year funding plan); • Maintaining a diverse, yet stable, pool of potential funding sources across different currencies, geographies, entities and products; • Maintaining sufficient liquidity buffers and short-term funding capacity to withstand periods of disruption in long-term wholesale funding markets and unanticipated changes in the Balance Sheet funding gap; • Limiting the portion of wholesale funding sourced from offshore; • Conservatively managing the mismatch between asset and liability maturities; • Maintaining a conservative mix of readily saleable or repo-eligible liquid assets; • Daily monitoring of liquidity risk exposures, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR); • Market and idiosyncratic stress test scenarios; and • The Contingency Funding Plan providing strategies for addressing liquidity shortfalls in a crisis situation.

Notes to the financial statements
For the year ended 30 June 2023

9.1 Risk management framework (continued)

Description	Governing Policies and Key Management Committees	Key controls and risk mitigation strategies
Operational risk		
Operational risk is the risk of loss arising from inadequate or failed internal processes, systems or people, or from external events. The Group is exposed to operational risk primarily through: • Accounting and Taxation risks; • Artificial Intelligence risks; • Cyber security risks; • Data management risks; • Fraud risks (external and internal); • Legal risks; • Model risks; • Non-technology business disruption risks; • People risks (employment practices and workplace safety); • Technology risks (disruptions from hardware or software failures); • Third party risks; and • Transaction processing risks.	**Governing Policies:** • Operational Risk Management Framework (ORMF) • Group Artificial Intelligence Policy • Group Information Security (IS) Policy • Group Data Management Policy • Group Fraud Management Policy • Group Whistleblower Policy • Group Model Policy • Group Policy on Business Continuity Management • Group Protective Security Policy • Group IT Service Support and Management Policy • Group Supplier Lifecycle Policy **Key Management Committee:** • Non-Financial Risk Committee • BU/SU Non-Financial Risk Committees • Model Risk Governance Committee (MRGC)	• Defined operational risk indicators in the Group RAS; • Implementation of controls to prevent, detect, and mitigate specific operational risks that the Group is exposed to; • Regular Risk and Control Self-Assessment (RCSA) to assess key risks and controls for each BU/SU; • Routine Controls Assurance Program tests to assess whether controls are designed and operating effectively to maintain risk exposures within acceptable levels; • Incident management processes to identify, assess, record, report and manage actual operational or compliance events that have occurred. This data is used to guide management to strengthen processes and controls; • Issue management processes to identify, assess, record, report and manage weaknesses or gaps in controls; • Risk in Change process to effectively understand and manage the risks from changes to the business through projects or initiatives; • Establishment of Key Risk Indicators to monitor movements in risk exposures over time; and • Assurance undertaken by Line 2 Risk teams to assess that operational risks are appropriately identified and managed across the Group.

9.1 Risk management framework (continued)

Description	Governing Policies and Key Management Committees	Key controls and risk mitigation strategies
Compliance risk		
Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that the Group may incur as a result of its failure to comply with its obligations. The Group is exposed to compliance risk primarily through: • Laws, regulations, rules, licence conditions, and statements of regulatory policy; • Privacy laws and regulations regarding the collection, handling and protection of personal information of individuals; • Financial crime (regulation relating to Anti Money Laundering (AML), Counter Terrorism Financing (CTF), Anti-Bribery and Corruption, Anti Tax Evasion Facilitation and Sanctions); and • Poor conduct (product design and distribution, market conduct and employee misconduct).	**Governing Policies:** • Group Compliance Management Framework (CMF) and Policies • Group and BU Compliance Policies and Standards • Group Privacy Policy • AML/CTF Group Program • Anti-Bribery & Corruption Policy • Group Economic Trade Sanctions Policy • Code of Conduct • Product Development and Distribution Policy **Key Management Committee:** • Executive Financial Crime Risk Committee • Non-Financial Risk Committee • BU/SU Non-Financial Risk Committees	• Compliance and Privacy risk indicators included in the Group RAS; • Mandatory online Compliance and Privacy training for all employees; • Regulatory change management to establish compliant business practices; • Maintenance of obligation registers; • Compliance and Privacy risk profiling through the RCSA process; • Group-wide minimum standards in key compliance areas; • Co-operative and transparent relationships with regulators; • Board and management governance and reporting; • Pre-employment due diligence on the Group's employees and enhanced screening for high risk roles; • Training and awareness sessions to staff highlighting the community impact of financial crime and the Group's role to detect, deter and disrupt money laundering, terrorist financing and other serious crime; • Customer on-boarding processes to meet AML/CTF identification and screening requirements; • Ongoing customer due diligence to ensure information the Group maintains on customers is accurate; • Risk assessments of customers, products and channels to ensure the Group understands the money laundering and terrorist financing risks; • Enhanced customer due diligence on high risk segments; • Monitoring customer payments, trade and all transactions to manage the AML/CTF and sanctions risks identified; • Undertake statutory reporting requirements including International Funds Transfer Instructions, Threshold Transaction Reports and Suspicious Matter Reports; • Controls to prevent corruption of public officials and private sector individuals by employees, representatives, suppliers or third party agents, including disclosure and approval of gifts and entertainment, charitable donations and sponsorships; • Controls to prevent the facilitation of tax evasion by employees, representatives and other third parties who are Associated Persons of the Group, including risk assessments (third party, product/channel and enterprise-wide risk assessment), employee due diligence and ongoing staff training and awareness; • Conduct Risk strategy and Code of Conduct, supported by mandatory training for all staff; • Ongoing Conduct Risk profiling, including use of the Conduct Risk Steward Guides and controls taxonomy to manage and address Conduct Risks; • Measurement and governance of Conduct Risk exposures through RAS metrics and NFRC/Board reporting; • Assurance and monitoring to better identify Conduct Risk Exposures and control weaknesses; • Enhancement of Code of Conduct related policies with changes in understanding of conduct obligations and expectations; and • Consistently applying the Code of Conduct and the 'Should We?' test to deliver the right outcome for customers.

Notes to the financial statements
For the year ended 30 June 2023

9.1 Risk management framework (continued)

Description	Governing Policies and Key Management Committees	Key controls and risk mitigation strategies
Strategic risk		
Strategic risk is the risk of material stakeholder value destruction or less than planned value creation. The strategic risk type also includes the following sub-risk types that support or drive strategic decisions but are managed more routinely through their own dedicated governance, policies and procedures, infrastructure and teams: • **Capital Adequacy Risk**: Inability to capitalise on strategic opportunities or withstand extreme events due to insufficient or inefficient use of capital. • **Capability and Culture Risk**: Inability to execute effectively on strategy due to inadequate organisational skills and capabilities and a misaligned organisational culture. • **Environmental & Social Risk:** Not understanding or failing to take appropriate action to mitigate the impacts of the physical and transition risks related to climate change and nature loss; or from practices that result in negative social impacts. • **Reputation Risk**: Business practices, behaviours or events negatively impact the Group's reputation. • **Investment Allocation and Delivery Risk**: Expected outcomes not achieved or missed strategic opportunities due to variations in the delivery (scope, timing and quality) of change initiatives.	**Governing Policies:** • Group Strategic Risk Management Policy • Stress Testing Policy • Risk Adjusted Performance Measurement Policy • Group Remuneration Policy • Group Environmental & Social Policy • Group Continuous Disclosure Policy • Group Public Disclosure of Prudential Information Policy • Group External Engagement and Communication Policy • Group Policy on Publicly Issued Documents and Marketing Materials • Group Delivery Framework and Policy **Key Management Committee:** • Executive Leadership Team (ELT) • ELT Environmental & Social Committee • Asset and Liability Committee (ALCO) • Non-Financial Risk Committee • ELT Risk and Remuneration Review Committee (RRRC)	**Strategic Risk Management Framework** The Strategic Risk Management Framework considers the impact to the Group's strategy of dynamically evolving material current and emerging risks arising from changes in areas such as: the competitive landscape, emerging technologies, macroeconomic conditions, the regulatory and political environment, and changes in social expectations. The Group assesses, monitors and responds to strategic risk throughout its processes of: • Strategy development, approval and review; • Identifying and monitoring changes and potential changes to the operating environment; and • Monitoring execution progress of strategies. **Capital Adequacy Risk** • Capital advice for projects and funding deals; • Dividend decision and management processes; • Capital monitoring, reporting and forecasting; • Internal Capital Adequacy Assessment Process (ICAAP); • Group, portfolio and risk type stress testing; and • Ratings agency interactions. **Capability and Culture Risk** • Talent acquisition processes; • Leadership development initiatives; • Organisational culture development initiatives; • Performance and remuneration processes; • Inclusion & Diversity initiatives; • Capability development and training; • Accountability frameworks; and • Strategic Workforce Planning. **Environmental & Social Risk** • Defined E&S Risk Indicators in the Group RAS; • Target financed emissions Glidepaths for priority sectors; • Scenario analyses and stress testing to understand the physical and transition risks of climate change; • E&S Risk embedded in the Group and BUs/SUs business profiles; • Client and supplier E&S due diligence process; • Development of new pilot products and services that support reduced emissions; • Environmental, Social & Governance (ESG) lending tool applied to certain lending decisions; • Corporate Responsibility programs; and • Supplier Code of Conduct to ensure adherence to CBA's Environmental & Social (E&S) standards. **Reputation Risk** • Media management, marketing and branding standards, processes and protocols; • Community investment initiatives; • Government and political affairs protocols; and • Strategic decisions to address actual or perceived material conduct risks. **Investment Allocation and Delivery Risk** • Group and BU Change Investment Process; • Group Delivery Framework development and maintenance; and • Project / program reporting and governance.

Notes to the financial statements
For the year ended 30 June 2023

9.2 Credit risk

Credit risk management principles and portfolio standards

The Group has a Credit Risk Management Framework with clearly defined credit policies and standards for the approval and management of credit risk and specific Industry Credit standards applying to all major lending areas. These set the minimum requirements for assessing the integrity and ability of borrowers to meet their contractual obligations for repayment, acceptable forms of collateral and security and the frequency of credit reviews.

The Group's credit risk framework policies and standards include concentration limits, which are designed to achieve portfolio outcomes that are consistent with the Group's risk appetite and risk/return expectations.

The Credit Portfolio Assurance unit, part of Group Operational Risk, Assurance & Models, reviews credit portfolios and business unit compliance with credit policies and standards, frameworks, application of credit risk ratings and other key practices on a regular basis.

The credit risk portfolio has two major segments:

(i) Retail managed segment

This segment has sub-segments covering housing loans, credit cards, personal loans, and personal overdrafts. It also covers most non-retail lending where the aggregated credit exposure to a group of related borrowers is less than $1.5 million.

Auto-decisioning is used to approve credit applications for eligible borrowers in this segment. Auto-decisioning uses a scorecard approach based on a combination of factors, which may include the Group's historical experience on similar applications, information from a credit reference bureau, the Group's existing knowledge of a borrower's behaviour and updated information provided by the borrower.

Loan applications that do not meet scorecard auto-decisioning requirements may be referred to a Personal Credit Approval Authority (PCAA) for manual decisioning.

After loan origination, these portfolios are managed using behavioural scoring systems and a delinquency band approach. This includes different actions taken when loan repayments are greater than 30 days past due compared to when they are greater than 60 days past due. Loans past due are reviewed by the relevant Arrears Management or Financial Assistance Team.

(ii) Risk-rated segment

This segment comprises non-retail exposures, including financial institution and sovereign exposures. Each exposure is assigned an internal Credit Risk-Rating (CRR) based on Probability of Default (PD) and Loss Given Default (LGD).

Either a PD Rating Model, approved PD Rating Method or expert judgement is used to determine the PD rating for customers in this segment. Expert judgement is used where the complexity of the transaction and/or the borrower is such that it is inappropriate to rely completely on a statistical model. External ratings may be used for benchmarking in the expert judgement assessment.

The CRR is designed to:

- aid in assessing changes to borrower credit quality;
- influence decisions on approval, management and pricing of individual credit facilities; and
- provide the basis for reporting details of the Group's credit portfolio.

Credit risk-rated exposures are generally reviewed on an individual basis, at least annually, and fall within the following categories:

- "Pass" – these credit facilities qualify for approval of new or increased exposure on normal commercial terms; and
- "Troublesome or Non Performing Assets (TNPAs)" – these credit facilities are not eligible for new or increased exposure, unless it facilitates rehabilitation to "pass grade" or protects or improves the Group's position by maximising recovery prospects. Where a borrower is in default the facility is classified as non-performing. Restructured facilities, where the original contractual arrangements terms have been modified to non-commercial terms due to the customer's financial difficulties, are also classified as non-performing.

Default is recorded with one or more of the following:

- the customer is 90 days or more overdue on a scheduled credit repayment; or
- the customer is unlikely to repay their credit obligation to the Group in full without taking action, such as realising on available security.

Credit risk measurement

The measurement of credit risk uses analytical PD rating models to calculate both: (i) Expected, and (ii) Unexpected Loss probabilities for the credit portfolio. The use of analytical tools is governed by the Model Risk Governance Committee.

(i) Expected loss

Expected loss (EL) is the product of:

- PD;
- Exposure at Default (EAD); and
- LGD.

The PD, expressed as a percentage, is the estimate of the proportion of the population of customers assigned that PD grade that will default within the next 12 months.

Notes to the financial statements

For the year ended 30 June 2023

9.2 Credit risk (continued)

(i) Expected loss (continued)

EAD is the estimate of the amount of a facility that will be outstanding in the event of default. Estimates are based on a downturn in economic conditions. For committed facilities, the estimate is based on the actual amount outstanding, plus the undrawn amount multiplied by a credit conversion factor (CCF). The CCF represents the potential rate of conversion from undrawn 12 months prior to default to drawn at default. For committed non-retail facilities, the Group applies a supervisory credit conversion factor to the undrawn amount, ranging from 0% to 100%.

For uncommitted facilities, the EAD will generally be the drawn balance only. For defaulted facilities, it is the actual amount outstanding at default. For retail exposures, a modelling approach can be used based on factors including limit usage, arrears and loan type to segment accounts into homogeneous pools to calculate EAD.

LGD, expressed as a percentage of EAD, is the estimate of a facility likely to be lost in the event of default. LGD is impacted by:

- the level of security cover and the type of collateral held;
- liquidity of and volatility in the value of collateral;
- carrying costs (effectively the costs of providing a facility that is not generating an interest return); and
- realisation costs.

Various factors are considered when calculating PD, EAD and LGD. Considerations include the potential for default by a borrower due to economic, management, industry, other risks, and the mitigating benefits of any collateral held as security.

(ii) Unexpected loss

In addition to EL, a more stressed loss amount is calculated. This Unexpected Loss estimate directly affects the calculation of regulatory and internal economic capital requirements. Refer to Note 8.1 for information relating to regulatory capital.

Climate related risk

The Group uses climate scenario analysis to understand its exposure to risks arising from climate change and how these risks may impact its strategy and risk management decisions. The Group uses a range of plausible, but severe physical and transition scenarios developed by globally recognised providers including the International Panel on Climate Change (IPCC), Network for Greening the Financial System (NGFS) and International Energy Agency (IEA). When conducting climate scenario analysis these global scenarios are downscaled to the regions of our portfolios. The results of climate scenario analysis can be assessed to determine the modelled impact on expected credit loss outcomes. Significant model uncertainty exists within these scenarios which requires an understanding of the limitations of the data and methodologies applied in order to interpret the climate scenario analysis outcomes.

Climate risk drivers have the potential to significantly reduce customers' capacity to repay a loan and house or other asset prices within a region, and ultimately affect customers' probability of default (PD) and loss given default (LGD). These include an increase in frequency and/or severity of acute perils, rising sea levels, long-term changes in weather patterns such as drought, changes in the availability/affordability of general insurance, and changes in unemployment in regions or industries that are economically dependent on industries impacted by the transition to a low carbon economy. While these risk drivers are important to measure, monitor and mitigate where possible, a severe deterioration in house or asset prices and increase in unemployment scenario is already considered within the Group's expected credit loss framework. Additionally, the Group notes that under current credible climate scenarios, the various climate risk scenarios and the possible economic impacts are expected to mostly occur beyond the average behavioural life of the Group's credit exposures.

As a result, the Group has concluded that no adjustments for climate risk are required to provisions for impairment as at 30 June 2023.

Climate change and the measurement thereof is evolving and will develop over time. The Group continues to conduct climate scenario analysis and assess the impact this may have on its business.

Credit risk mitigation, collateral and other credit enhancements

The Group has policies, standards and procedures in place setting out the acceptable collateral for mitigating credit risks. These include valuation parameters, review frequency and independence of valuation.

The general nature of collateral that may be taken, and the balances held, are summarised below by financial asset classes.

Cash and liquid assets

Collateral is not usually sought on the majority of Cash and liquid asset balances as these types of exposures are generally considered low risk. However, securities purchased under agreement to resell are collateralised by highly liquid debt securities. The collateral related to agreements to resell has been legally transferred to the Group subject to an agreement to return them for a fixed price.

The Group's Cash and liquid asset balance included $104,770 million (30 June 2022: $115,245 million) deposited with Central Banks and is considered to carry less credit risk.

Receivables from other financial institutions

Collateral is usually not sought on these balances as exposures are generally considered to be of low risk. The exposures are mainly short-term, to investment grade banks and include collateral posted by the Group.

Trading assets at fair value through Income Statement and investment securities at fair value through OCI

These assets are carried at fair value, which accounts for the credit risk. Investment securities at amortised cost are measured at amortised cost and presented net of provisions for impairment. Collateral is not generally sought from the issuer or borrower but collateral may be implicit in the terms of the instrument (such as an asset-backed security).

Notes to the financial statements
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9.2 Credit risk (continued)

Other assets at fair value through Income Statement
These assets are carried at fair value, which accounts for the credit risk.

Derivative assets
The Group's use of derivative contracts is outlined in Note 5.4. The Group is exposed to counterparty credit risk on derivative contracts. The counterparty credit risk is affected by the nature of the trades, the counterparty, netting, and collateral arrangements. Counterparty credit risk is mitigated where possible (typically for financial institution counterparties, but less frequently for corporate or government counterparties) through netting agreements, to the extent that if an event of default occurs, all amounts with the same counterparty are terminated and settled on a net basis. The International Swaps and Derivatives Association (ISDA) Master Agreement (or other derivative agreements) are used by the Group as an agreement for documenting Over-the-Counter (OTC) derivatives.

The fair value of collateral held and the potential effect of offset obtained by applying master netting agreements are disclosed in Note 9.7.

Due from controlled entities
Collateral is generally not taken on these intergroup balances.

Credit commitments and contingent liabilities
The Group applies fundamentally the same credit risk management policies and standards for off Balance Sheet exposure as it does for its on Balance Sheet exposures. Collateral may be sought depending on the strength of the borrower and the nature of the transaction. Of the Group's off Balance Sheet exposures $121,059 million (30 June 2022: $120,468 million) are secured.

Loans and other receivables
The principal collateral types for loans and receivable balances are:

- mortgages over residential and commercial real estate; and
- charges over business assets such as cash, shares, inventory, fixed assets and accounts receivable.

Collateral security is generally taken except for government, financial institution and corporate borrowers that are often externally rated and of strong financial standing. Longer term consumer finance, such as housing loans, are generally secured against real estate, while short-term revolving consumer credit is generally not secured by formal collateral.

The collateral mitigating credit risk of the key lending portfolios is addressed in the table 'Collateral held against Loans and other receivables' within this note.

Notes to the financial statements

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9.2 Credit risk (continued)

Maximum exposure to credit risk by industry/sector and asset class before collateral held or other credit enhancements

	Group 30 Jun 23							
	Sovereign $M	Agriculture $M	Bank and other financial $M	Construction $M	Consumer $M	Other Comm and Indust. $M	Other $M	Total $M
Australia								
Credit risk exposures relating to on Balance Sheet assets:								
Cash and liquid assets	77,898	–	7,946	–	–	–	–	85,844
Receivables from financial institutions	–	–	2,350	–	–	–	–	2,350
Assets at fair value through Income Statement:								
Trading	11,611	–	1,872	–	–	5,454	–	18,937
Other	1,161	75	21,571	–	–	1,931	220	24,958
Derivative assets	2,478	45	7,330	28	–	33	–	9,914
Investment securities:								
At amortised cost	–	–	2,032	–	–	–	–	2,032
At fair value through Other Comprehensive Income	59,365	–	6,567	–	–	–	–	65,932
Assets held for sale	–	–	–	–	–	1	–	1
Loans and other receivables [1]	24,536	15,963	20,698	6,153	596,832	151,812	–	815,994
Other assets	902	50	4,625	1	359	514	–	6,451
Total on Balance Sheet Australia	177,951	16,133	74,991	6,182	597,191	159,745	220	1,032,413
Credit risk exposures relating to off Balance Sheet assets:								
Guarantees	88	6	1,084	112	450	1,180	–	2,920
Loan commitments	531	2,746	10,333	1,810	104,133	42,663	–	162,216
Other commitments	179	48	1,968	2,496	–	10,265	–	14,956
Total Australia	178,749	18,933	88,376	10,600	701,774	213,853	220	1,212,505
Overseas								
Credit risk exposures relating to on Balance Sheet assets:								
Cash and liquid assets	26,872	–	3,903	–	–	–	–	30,775
Receivables from financial institutions	–	–	3,729	–	–	–	–	3,729
Assets at fair value through Income Statement:								
Trading	3,117	–	69	–	–	376	–	3,562
Other	818	–	19,352	–	–	–	–	20,170
Derivative assets	397	–	7,939	–	–	5,695	–	14,031
Investment securities:								
At amortised cost	–	–	–	–	–	–	–	–
At fair value through Other Comprehensive Income	14,401	–	2,337	–	–	2	–	16,740
Assets held for sale	–	–	–	–	–	4	–	4
Loans and other receivables [1]	501	10,186	7,383	805	70,874	27,508	–	117,257
Other assets	14	–	883	1	4	29	–	931
Total on Balance Sheet overseas	46,120	10,186	45,595	806	70,878	33,614	–	207,199
Credit risk exposures relating to off Balance Sheet assets:								
Guarantees	57	2	233	64	19	335	–	710
Loan commitments	599	871	7,130	197	9,766	8,051	–	26,614
Other commitments	8	–	772	–	–	787	1	1,568
Total overseas	46,784	11,059	53,730	1,067	80,663	42,787	1	236,091
Total gross credit risk	225,533	29,992	142,106	11,667	782,437	256,640	221	1,448,596
Other [2]	–	–	–	–	–	1,400	19,002	20,402
Total assets	225,533	29,992	142,106	11,667	782,437	258,040	19,223	1,468,998

1 Loans and other receivables are presented gross of provisions for impairment and unearned income in line with Note 3.1.

2 For the purpose of reconciling to the Balance Sheet, "Other" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in associates and joint ventures, Equity investments at fair value through Other Comprehensive Income, Intangible assets, Deferred tax assets and Other assets.

Notes to the financial statements
For the year ended 30 June 2023

9.2 Credit risk (continued)

	Group [1] 30 Jun 22							
	Sovereign	Agricul-ture	Bank and other financial	Con-struction	Consumer	Other comm and indust.	Other	Total
	$M	$M	$M	$M	$M	$M	$M	$M
Australia								
Credit risk exposures relating to on Balance Sheet assets:								
Cash and liquid assets	85,563	–	25,770	–	–	–	–	111,333
Receivables from financial institutions	–	–	2,977	–	–	–	–	2,977
Assets at fair value through Income Statement:								
Trading	5,045	–	556	–	–	5,995	–	11,596
Other	–	–	1	–	–	9,822	135	9,958
Derivative assets	2,886	85	14,282	27	–	5,125	–	22,405
Investment securities:								
At amortised cost	–	–	3,217	–	–	–	–	3,217
At fair value through Other Comprehensive Income	54,246	–	7,401	–	–	–	–	61,647
Assets held for sale	218	–	507	–	–	–	597	1,322
Loans and other receivables [2]	19,891	14,557	19,618	6,158	569,687	139,726	–	769,637
Other assets	396	8	2,525	1	422	103	–	3,455
Total on Balance Sheet Australia	168,245	14,650	76,854	6,186	570,109	160,771	732	997,547
Credit risk exposures relating to off Balance Sheet assets:								
Guarantees	11	5	1,020	170	436	971	–	2,613
Loan commitments	511	2,738	9,097	1,769	103,912	42,025	–	160,052
Other commitments	164	31	955	2,394	–	7,446	–	10,990
Total Australia	168,931	17,424	87,926	10,519	674,457	211,213	732	1,171,202
Overseas								
Credit risk exposures relating to on Balance Sheet assets:								
Cash and liquid assets	29,834	–	19,987	–	–	–	–	49,821
Receivables from financial institutions	424	–	3,444	–	–	–	–	3,868
Assets at fair value through Income Statement:								
Trading	3,550	–	90	–	–	87	–	3,727
Other	–	–	–	–	–	34	–	34
Derivative assets	370	7	10,163	–	–	2,791	–	13,331
Investment securities:								
At amortised cost	–	–	–	–	–	–	–	–
At fair value through Other Comprehensive Income	13,567	–	2,261	–	–	–	–	15,828
Loans and other receivables [2]	170	9,351	9,213	748	67,852	27,992	–	115,326
Other assets	55	–	397	2	8	43	–	505
Total on Balance Sheet overseas	47,970	9,358	45,555	750	67,860	30,947	–	202,440
Credit risk exposures relating to off Balance Sheet assets:								
Guarantees	128	2	193	70	20	381	–	794
Loan commitments	467	869	6,442	231	10,060	6,821	–	24,890
Other commitments	1	–	406	1	–	783	–	1,191
Total overseas	48,566	10,229	52,596	1,052	77,940	38,932	–	229,315
Total gross credit risk	217,497	27,653	140,522	11,571	752,397	250,145	732	1,400,517
Other [3]	–	–	–	–	–	1,611	19,771	21,382
Total assets	217,497	27,653	140,522	11,571	752,397	251,756	20,503	1,421,899

1 Comparative information has been restated to conform to presentation in the current period.
2 Loans and other receivables are presented gross of provisions for impairment and unearned income in line with Note 3.1.
3 For the purpose of reconciling to the Balance Sheet, “Other” predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in associates and joint ventures, Equity investments at fair value through Other Comprehensive Income, Intangible assets, Deferred tax assets and Other assets.

Notes to the financial statements

For the year ended 30 June 2023

9.2 Credit risk (continued)

Large exposures

Concentrations of exposure to any counterparty or counterparty group are controlled by a large credit exposure policy, which defines a graduated limit framework that restricts credit limits based on the PD Rating and the type of counterparty. All exposures outside the policy limits require approval by the Executive Credit Authority and are reported to the Board.

The Group has a high quality, well diversified credit portfolio, with 63% of the gross loans and other receivables in domestic mortgage loans and a further 7% in overseas mortgage loans, primarily in New Zealand. Overseas loans account for 13% of loans and other receivables.

Excessive risk concentrations to countries and particular industries or sectors are managed through the Country Risk Exposure Policy and Industry Sector Concentration Policy.

Distribution of financial assets by credit classification

Where a borrower is in default or facility is restructured, the financial asset is classified and reported as non-performing. Provisions for non-performing financial assets are raised where there is objective evidence of non-performance and for an amount adequate to cover assessed credit related losses. The Group regularly reviews its financial assets and monitors adherence to contractual terms. Credit risk-rated exposures are assessed, at least at each Balance Sheet date, to determine whether the financial asset is non-performing.

Distribution of financial instruments by credit quality

The tables on pages 218 to 225 provide information about the gross carrying amount of the Group's and the Bank's loans and other receivables by credit rating grade and ECL stage.

This segmentation of loans in retail and risk-rated portfolios is based on the benchmarking of a borrower's internally assessed PD to S&P Global ratings, reflecting a borrower's ability to meet their credit obligations. In particular, retail PD pools are aligned to the Group's PD grades which are consistent with rating agency views of credit quality segmentation.

Credit grade	S&P rating equivalent
Investment	AAA to BBB-
Pass	BB+ to B-
Weak	CCC and below, in default

Notes to the financial statements
For the year ended 30 June 2023

9.2 Credit risk (continued)

Distribution of financial instruments by credit quality

	Group 30 Jun 23			
	Stage 1 Performing $M	Stage 2 [1,2] Performing $M	Stage 3 Non-performing $M	Total $M
Loans and other receivables				
Credit grade:				
Investment	475,766	16,786	–	**492,552**
Pass	286,938	137,230	–	**424,168**
Weak [3]	1,050	6,666	7,437	**15,153**
Gross carrying amount	**763,754**	**160,682**	**7,437**	**931,873**
Undrawn credit commitments				
Credit grade:				
Investment	106,912	6,223	–	**113,135**
Pass	34,742	14,060	–	**48,802**
Weak	209	481	173	**863**
Total undrawn credit commitments	**141,863**	**20,764**	**173**	**162,800**
Total credit exposures	**905,617**	**181,446**	**7,610**	**1,094,673**
Impairment provision	**(1,684)**	**(2,764)**	**(1,343)**	**(5,791)**
Provisions to credit exposure, %	**0. 2**	**1. 5**	**17. 6**	**0. 5**
Financial guarantees and other off Balance Sheet instruments				
Credit grade:				
Investment	11,816	1,045	–	**12,861**
Pass	4,115	5,035	–	**9,150**
Weak	17	348	167	**532**
Total financial guarantees and other off Balance Sheet instruments	**15,948**	**6,428**	**167**	**22,543**
Impairment provision	**(25)**	**(125)**	**(9)**	**(159)**
Provisions to credit exposure, %	**0. 2**	**1. 9**	**5. 4**	**0. 7**
Total credit exposures				
Credit grade:				
Investment	594,494	24,054	–	**618,548**
Pass	325,795	156,325	–	**482,120**
Weak	1,276	7,495	7,777	**16,548**
Total credit exposures	**921,565**	**187,874**	**7,777**	**1,117,216**
Total impairment provision	**(1,709)**	**(2,889)**	**(1,352)**	**(5,950)**
Provisions to credit exposure, %	**0. 2**	**1. 5**	**17. 4**	**0. 5**

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 remain 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.

Notes to the financial statements
For the year ended 30 June 2023

9.2 Credit risk (continued)

	Group 30 Jun 23			
	Stage 1 Performing $M	Stage 2 [1,2] Performing $M	Stage 3 Non-performing $M	Total $M
Retail secured				
Credit grade:				
Investment	426,240	6,148	–	**432,388**
Pass	237,053	52,747	–	**289,800**
Weak [3]	175	878	5,028	**6,081**
Total retail secured	**663,468**	**59,773**	**5,028**	**728,269**
Impairment provision	**(834)**	**(601)**	**(395)**	**(1,830)**
Provisions to credit exposure, %	**0. 1**	**1. 0**	**7. 9**	**0. 3**
Retail unsecured				
Credit grade:				
Investment	13,026	3,013	–	**16,039**
Pass	9,528	2,326	–	**11,854**
Weak	780	857	189	**1,826**
Total retail unsecured	**23,334**	**6,196**	**189**	**29,719**
Impairment provision	**(431)**	**(644)**	**(130)**	**(1,205)**
Provisions to credit exposure, %	**1. 8**	**10. 4**	**68. 8**	**4. 1**
Non-retail				
Credit grade:				
Investment	155,228	14,893	–	**170,121**
Pass	79,214	101,252	–	**180,466**
Weak	321	5,760	2,560	**8,641**
Total non-retail	**234,763**	**121,905**	**2,560**	**359,228**
Impairment provision	**(444)**	**(1,644)**	**(827)**	**(2,915)**
Provisions to credit exposure, %	**0. 2**	**1. 3**	**32. 3**	**0. 8**
Total credit exposures				
Credit grade:				
Investment	594,494	24,054	–	**618,548**
Pass	325,795	156,325	–	**482,120**
Weak	1,276	7,495	7,777	**16,548**
Total credit exposures	**921,565**	**187,874**	**7,777**	**1,117,216**
Total impairment provision	**(1,709)**	**(2,889)**	**(1,352)**	**(5,950)**
Provisions to credit exposure, %	**0. 2**	**1. 5**	**17. 4**	**0. 5**

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 remain 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.

Notes to the financial statements
For the year ended 30 June 2023

9.2 Credit risk (continued)

	Group 30 Jun 22			
	Stage 1 Performing $M	Stage 2 [1] Performing $M	Stage 3 Non-performing $M	Total $M
Loans, bills discounted and other receivables				
Credit grade:				
Investment	431,913	15,875	–	**447,788**
Pass	327,519	91,912	–	**419,431**
Weak	2,799	6,845	7,221	**16,865**
Gross carrying amount	**762,231**	**114,632**	**7,221**	**884,084**
Undrawn credit commitments				
Credit grade:				
Investment	100,114	6,161	–	**106,275**
Pass	39,282	14,355	–	**53,637**
Weak	225	348	104	**677**
Total undrawn credit commitments	**139,621**	**20,864**	**104**	**160,589**
Total credit exposures	**901,852**	**135,496**	**7,325**	**1,044,673**
Impairment provision	**(1,295)**	**(2,443)**	**(1,492)**	**(5,230)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**20. 4**	**0. 5**
Financial guarantees and other off Balance Sheet instruments				
Credit grade:				
Investment	9,275	768	–	**10,043**
Pass	3,700	5,331	–	**9,031**
Weak	56	222	137	**415**
Total financial guarantees and other off Balance Sheet instruments	**13,031**	**6,321**	**137**	**19,489**
Impairment provision	**(18)**	**(95)**	**(4)**	**(117)**
Provisions to credit exposure, %	**0. 1**	**1. 5**	**2. 9**	**0. 6**
Total credit exposures				
Credit grade:				
Investment	541,302	22,804	–	**564,106**
Pass	370,501	111,598	–	**482,099**
Weak	3,080	7,415	7,462	**17,957**
Total credit exposures	**914,883**	**141,817**	**7,462**	**1,064,162**
Total impairment provision	**(1,313)**	**(2,538)**	**(1,496)**	**(5,347)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**20. 0**	**0. 5**

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 62% of Stage 2 credit exposures for the Group as at 30 June 2022.

Notes to the financial statements
For the year ended 30 June 2023

9.2 Credit risk (continued)

	Group 30 Jun 22			
	Stage 1 Performing $M	Stage 2 [1] Performing $M	Stage 3 Non-performing $M	Total $M
Retail secured				
Credit grade:				
Investment	392,973	2,948	–	**395,921**
Pass	283,279	16,364	–	**299,643**
Weak	1,692	3,216	4,898	**9,806**
Total retail secured	**677,944**	**22,528**	**4,898**	**705,370**
Impairment provision	**(361)**	**(527)**	**(569)**	**(1,457)**
Provisions to credit exposure, %	**0. 1**	**2. 3**	**11. 6**	**0. 2**
Retail unsecured				
Credit grade:				
Investment	14,132	1,814	–	**15,946**
Pass	10,157	1,102	–	**11,259**
Weak	839	645	160	**1,644**
Total retail unsecured	**25,128**	**3,561**	**160**	**28,849**
Impairment provision	**(492)**	**(442)**	**(150)**	**(1,084)**
Provisions to credit exposure, %	**2. 0**	**12. 4**	**93. 8**	**3. 8**
Non–retail				
Credit grade:				
Investment	134,197	18,042	–	**152,239**
Pass	77,065	94,132	–	**171,197**
Weak	549	3,554	2,404	**6,507**
Total non-retail	**211,811**	**115,728**	**2,404**	**329,943**
Impairment provision	**(460)**	**(1,569)**	**(777)**	**(2,806)**
Provisions to credit exposure, %	**0. 2**	**1. 4**	**32. 3**	**0. 9**
Total credit exposures				
Credit grade:				
Investment	541,302	22,804	–	**564,106**
Pass	370,501	111,598	–	**482,099**
Weak	3,080	7,415	7,462	**17,957**
Total credit exposures	**914,883**	**141,817**	**7,462**	**1,064,162**
Total impairment provision	**(1,313)**	**(2,538)**	**(1,496)**	**(5,347)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**20. 0**	**0. 5**

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 62% of Stage 2 credit exposures for the Group as at 30 June 2022.

Notes to the financial statements
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9.2 Credit risk (continued)

	Bank 30 Jun 23			
	Stage 1 Performing $M	Stage 2 [1,2] Performing $M	Stage 3 Non-performing $M	Total $M
Loans and other receivables				
Credit grade:				
Investment	456,491	15,241	–	**471,732**
Pass	219,342	117,254	–	**336,596**
Weak [3]	1,050	6,079	5,879	**13,008**
Gross carrying amount	**676,883**	**138,574**	**5,879**	**821,336**
Undrawn credit commitments				
Credit grade:				
Investment	100,685	5,992	–	**106,677**
Pass	29,652	12,847	–	**42,499**
Weak	209	468	132	**809**
Total undrawn credit commitments	**130,546**	**19,307**	**132**	**149,985**
Total credit exposures	**807,429**	**157,881**	**6,011**	**971,321**
Impairment provision	**(1,517)**	**(2,523)**	**(1,156)**	**(5,196)**
Provisions to credit exposure, %	**0. 2**	**1. 6**	**19. 2**	**0. 5**
Financial guarantees and other off Balance Sheet instruments				
Credit grade:				
Investment	11,508	1,038	–	**12,546**
Pass	3,902	4,783	–	**8,685**
Weak	17	347	62	**426**
Total financial guarantees and other off Balance Sheet instruments	**15,427**	**6,168**	**62**	**21,657**
Impairment provision	**(23)**	**(122)**	**(9)**	**(154)**
Provisions to credit exposure, %	**0. 1**	**2. 0**	**14. 5**	**0. 7**
Total credit exposures				
Credit grade:				
Investment	568,684	22,271	–	**590,955**
Pass	252,896	134,884	–	**387,780**
Weak	1,276	6,894	6,073	**14,243**
Total credit exposures	**822,856**	**164,049**	**6,073**	**992,978**
Total impairment provision	**(1,540)**	**(2,645)**	**(1,165)**	**(5,350)**
Provisions to credit exposure, %	**0. 2**	**1. 6**	**19. 2**	**0. 5**

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 remain 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 Bank 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.

Notes to the financial statements
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9.2 Credit risk (continued)

	Bank 30 Jun 23			
	Stage 1 Performing $M	Stage 2 [1,2] Performing $M	Stage 3 Non-performing $M	Total $M
Retail secured				
Credit grade:				
Investment	410,896	5,951	–	**416,847**
Pass	176,098	48,295	–	**224,393**
Weak [3]	174	864	3,798	**4,836**
Total retail secured	**587,168**	**55,110**	**3,798**	**646,076**
Impairment provision	**(762)**	**(565)**	**(291)**	**(1,618)**
Provisions to credit exposure, %	**0. 1**	**1. 0**	**7. 7**	**0. 3**
Retail unsecured				
Credit grade:				
Investment	12,148	2,975	–	**15,123**
Pass	7,985	2,152	–	**10,137**
Weak	780	843	163	**1,786**
Total retail unsecured	**20,913**	**5,970**	**163**	**27,046**
Impairment provision	**(406)**	**(625)**	**(115)**	**(1,146)**
Provisions to credit exposure, %	**1. 9**	**10. 5**	**70. 6**	**4. 2**
Non–retail				
Credit grade:				
Investment	145,640	13,345	–	**158,985**
Pass	68,813	84,437	–	**153,250**
Weak	322	5,187	2,112	**7,621**
Total non-retail	**214,775**	**102,969**	**2,112**	**319,856**
Impairment provision	**(372)**	**(1,455)**	**(759)**	**(2,586)**
Provisions to credit exposure, %	**0. 2**	**1. 4**	**35. 9**	**0. 8**
Total credit exposures				
Credit grade:				
Investment	568,684	22,271	–	**590,955**
Pass	252,896	134,884	–	**387,780**
Weak	1,276	6,894	6,073	**14,243**
Total credit exposures	**822,856**	**164,049**	**6,073**	**992,978**
Total impairment provision	**(1,540)**	**(2,645)**	**(1,165)**	**(5,350)**
Provisions to credit exposure, %	**0. 2**	**1. 6**	**19. 2**	**0. 5**

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 remain 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 Bank 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.

Notes to the financial statements
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9.2 Credit risk (continued)

	Bank 30 Jun 22			
	Stage 1 Performing $M	Stage 2 [1] Performing $M	Stage 3 Non-performing $M	Total $M
Loans and other receivables				
Credit grade:				
Investment	411,132	13,979	–	**425,111**
Pass	259,510	77,750	–	**337,260**
Weak	2,709	6,453	6,196	**15,358**
Gross carrying amount	**673,351**	**98,182**	**6,196**	**777,729**
Undrawn credit commitments				
Credit grade:				
Investment	94,416	5,949	–	**100,365**
Pass	34,201	13,131	–	**47,332**
Weak	225	335	87	**647**
Total undrawn credit commitments	**128,842**	**19,415**	**87**	**148,344**
Total credit exposures	**802,193**	**117,597**	**6,283**	**926,073**
Impairment provision	**(1,140)**	**(2,180)**	**(1,366)**	**(4,686)**
Provisions to credit exposure, %	**0. 1**	**1. 9**	**21. 7**	**0. 5**
Financial guarantees and other off Balance Sheet instruments				
Credit grade:				
Investment	9,067	750	–	**9,817**
Pass	3,516	5,031	–	**8,547**
Weak	56	207	43	**306**
Total financial guarantees and other off Balance Sheet instruments	**12,639**	**5,988**	**43**	**18,670**
Impairment provision	**(17)**	**(89)**	**(3)**	**(109)**
Provisions to credit exposure, %	**0. 1**	**1. 5**	**7. 0**	**0. 6**
Total credit exposures				
Credit grade:				
Investment	514,615	20,678	–	**535,293**
Pass	297,227	95,912	–	**393,139**
Weak	2,990	6,995	6,326	**16,311**
Total credit exposures	**814,832**	**123,585**	**6,326**	**944,743**
Total impairment provision	**(1,157)**	**(2,269)**	**(1,369)**	**(4,795)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**21. 6**	**0. 5**

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 61% of Stage 2 credit exposures for the Bank as at 30 June 2022.

Notes to the financial statements
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9.2 Credit risk (continued)

	Bank 30 Jun 22			
	Stage 1 Performing $M	Stage 2 [1] Performing $M	Stage 3 Non-performing $M	Total $M
Retail secured				
Credit grade:				
Investment	377,348	2,720	–	**380,068**
Pass	223,719	12,625	–	**236,344**
Weak	1,663	3,167	4,114	**8,944**
Total retail secured	**602,730**	**18,512**	**4,114**	**625,356**
Impairment provision	**(299)**	**(482)**	**(516)**	**(1,297)**
Provisions to credit exposure, %	**–**	**2. 6**	**12. 5**	**0. 2**
Retail unsecured				
Credit grade:				
Investment	13,356	1,775	–	**15,131**
Pass	8,572	962	–	**9,534**
Weak	838	632	128	**1,598**
Total retail unsecured	**22,766**	**3,369**	**128**	**26,263**
Impairment provision	**(459)**	**(414)**	**(126)**	**(999)**
Provisions to credit exposure, %	**2. 0**	**12. 3**	**98. 4**	**3. 8**
Non-retail				
Credit grade:				
Investment	123,911	16,183	–	**140,094**
Pass	64,936	82,325	–	**147,261**
Weak	489	3,196	2,084	**5,769**
Total non-retail	**189,336**	**101,704**	**2,084**	**293,124**
Impairment provision	**(399)**	**(1,373)**	**(727)**	**(2,499)**
Provisions to credit exposure, %	**0. 2**	**1. 3**	**34. 9**	**0. 9**
Total credit exposures				
Credit grade:				
Investment	514,615	20,678	–	**535,293**
Pass	297,227	95,912	–	**393,139**
Weak	2,990	6,995	6,326	**16,311**
Total credit exposures	**814,832**	**123,585**	**6,326**	**944,743**
Total impairment provision	**(1,157)**	**(2,269)**	**(1,369)**	**(4,795)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**21. 6**	**0. 5**

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 61% of Stage 2 credit exposures for the Bank as at 30 June 2022.

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9.2 Credit risk (continued)

Collateral held against loans and other receivables

	Group 30 Jun 23			
	Home loans	Other consumer	Other lending	Total [1]
Maximum exposure ($M)	740,569	41,036	340,476	**1,122,081**
Collateral classification:				
Secured (%)	99. 2	11. 9	49. 5	**81. 1**
Partially secured (%)	0. 8	–	17. 2	**5. 7**
Unsecured (%)	–	88. 1	33. 3	**13. 2**

1 As at 30 June 2023, total exposures in ECL Stage 3 were $7,777 million. 63% of these exposures were secured, 27% partially secured and 10% unsecured.

	Group [1] 30 Jun 22			
	Home loans	Other consumer	Other lending	Total [2]
Maximum exposure ($M)	713,669	37,842	318,394	**1,069,905**
Collateral classification:				
Secured (%)	99. 3	5. 8	56. 1	**83. 1**
Partially secured (%)	0. 7	–	14. 6	**4. 8**
Unsecured (%)	–	94. 2	29. 3	**12. 1**

1 Comparative information has been restated to conform to presentation in the current period.
2 As at 30 June 2022, total exposures in ECL Stage 3 were $7,462 million. 67% of these exposures were secured, 22% partially secured and 11% unsecured.

	Bank 30 Jun 23			
	Home loans	Other consumer	Other lending	Total [1]
Maximum exposure ($M)	662,610	38,308	303,239	**1,004,157**
Collateral classification:				
Secured (%)	99. 5	12. 7	47. 2	**80. 6**
Partially secured (%)	0. 5	–	16. 7	**5. 3**
Unsecured (%)	–	87. 3	36. 1	**14. 1**

1 As at 30 June 2023, total exposures in ECL Stage 3 were $6,073 million. 70% of these exposures were secured, 20% partially secured and 10% unsecured.

	Bank [1] 30 Jun 22			
	Home loans	Other consumer	Other lending	Total [2]
Maximum exposure ($M)	628,446	35,265	282,816	**946,527**
Collateral classification:				
Secured (%)	99. 4	6. 1	56. 1	**82. 9**
Partially secured (%)	0. 6	–	13. 6	**4. 5**
Unsecured (%)	–	93. 9	30. 3	**12. 6**

1 Comparative information has been restated to conform to presentation in the current period.
2 As at 30 June 2022, total exposures in ECL Stage 3 were $6,326 million. 73% of these exposures were secured, 17% partially secured and 10% unsecured.

For the purposes of the collateral classification above, home loans are classified as secured when the ratio of exposure to the estimated value of collateral is 100% or below, and partially secured when the ratio of exposure to the estimated value of collateral is greater than 100%. For other types of exposures, a facility is deemed to be secured when the ratio of exposure to the estimated value of collateral is less than or equal to 100%. A facility is deemed to be partially secured when the ratio is greater than 100% but does not exceed 250%, and unsecured when there is no security held (e.g. credit cards, unsecured personal loans, exposures to highly rated corporate entities), or where the secured loan exposure to the estimated value of collateral exceeds 250%.

Notes to the financial statements
For the year ended 30 June 2023

9.2 Credit risk (continued)

Collateral held against loans and other receivables (continued)

Home loans

Home loans are generally secured by fixed charges over borrowers' residential properties. In limited circumstances, collateral in the form of cash or commercial property may be provided in addition to residential property. With the exception of some relatively small portfolios, for loans with a Loan to Valuation Ratio (LVR) of higher than 80% either a Low Deposit Premium or margin is levied, or Lenders Mortgage Insurance (LMI) is taken out to cover the difference between the principal plus interest owing and the net amount received from selling the collateral post default.

Other consumer

Other consumer category includes credit card and personal loans which are predominantly unsecured, whilst margin lending is secured.

Other lending

The Group's main collateral types for other lending consists of secured rights over specified assets of the borrower in the form of: commercial property; land rights; cash (usually in the form of a charge over a deposit) and other liquid assets (e.g. bonds, shares, investment funds); guarantees by company Directors; fixed and floating charges over a company's assets (including debtors, stock and work in progress); or a charge over assets being financed (e.g. vehicles, equipment). In other instances, a client's facilities may be secured by collateral with value less than the carrying amount of the credit exposure. These facilities are deemed partially secured or unsecured.

9.3 Market risk

Market risk measurement

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.

The VaR measured for traded market risk uses two years of daily movement in market rates. The VaR measure for non-traded banking book market risk uses six years of daily movement in market rates.

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.

VaR is driven by historical observations and is not an estimate of the maximum loss that the Group could experience from an extreme market event. As a result of this limitation, management also uses stress testing to measure the potential for economic loss at confidence levels significantly higher than 99.0%. Management then uses these results in decisions to manage the economic impact of market risk positions.

Total market risk VaR (10-day 99.0% confidence)	Average June 2023 [1] $M	As at June 2023 $M	Average June 2022 [1] $M	As at June 2022 $M
Traded market risk	**98. 2**	**115. 0**	73. 0	78. 2
Non-traded interest rate risk [2]	**378. 2**	**380. 1**	282. 9	299. 4

1 Average VaR calculated for each 12 month period.

2 The risk of these exposures has been represented in this table using a 10-day holding period. In practice, however, these "non-traded" exposures are managed to a longer holding period.

Traded market risk

Traded market risk is generated through the Group's participation in financial markets to service its customers. The Group trades and distributes interest rate, foreign exchange, debt, equity and commodity products, and provides treasury, capital markets and risk management services to its customers globally.

The Group maintains access to markets by quoting bid and offer prices with other market makers and carries an inventory of treasury, capital market and risk management instruments, including a broad range of securities and derivatives.

Traded market risk VaR (10-day 99.0% confidence)	Average June 2023 [1] $M	As at June 2023 $M	Average June 2022 [1] $M	As at June 2022 $M
Interest rate risk	**59. 8**	**63. 5**	29. 6	42. 8
Foreign exchange risk	**13. 5**	**7. 3**	6. 5	6. 4
Equities risk	**–**	**–**	0. 3	–
Commodities risk	**31. 1**	**30. 1**	23. 0	28. 5
Credit spread risk	**18. 1**	**25. 8**	32. 0	13. 0
Other market risk [2]	**22. 4**	**20. 4**	24. 6	23. 0
Diversification benefit	**(68. 2)**	**(55. 1)**	(61. 9)	(55. 3)
Total general market risk	**76. 7**	**92. 0**	54. 1	58. 4
Undiversified risk	**20. 0**	**21. 4**	17. 3	18. 4
Other [3]	**1. 5**	**1. 6**	1. 6	1. 4
Total	**98. 2**	**115. 0**	73. 0	78. 2

1 Average VaR calculated for each 12 month period.

2 Includes volatility risk and basis risk.

3 Includes ASB, PTBC and CBA Europe.

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9.3 Market risk (continued)

Non-traded market risk

Interest rate risk in the banking book

Interest rate risk is the current and prospective impact to the Group's financial condition due to adverse changes in interest rates to which the Group's Balance Sheet is exposed. The maturity transformation activities of the Group create mismatches in the repricing terms of asset and liability positions. These mismatches may have undesired earnings and value outcomes depending on the interest rate movements. The Group's objective is to manage interest rate risk to achieve stable and sustainable Net interest income in the long-term.

The Group measures and manages the impact of interest rate risk in two ways:

(a) Next 12 months' earnings

Interest rate risk from an earnings perspective is the impact based on changes to the Net interest income over the next 12 months.

The risk to Net interest income over the next 12 months from changes in interest rates is measured on a monthly basis.

Earnings risk is measured through sensitivity analysis, which applies an instantaneous 100 basis point parallel shock in interest rates across the yield curve.

The prospective change to the Net interest income is measured by using an Asset and Liability Management simulation model which incorporates both existing and anticipated new business in its assessment. The change in the Balance Sheet product mix, growth, funding and pricing strategies is incorporated.

Assets and liabilities that reprice directly from observable market rates are measured based on the full extent of the rate shock that is applied.

Products that are priced based on Group administered or discretionary interest rates and that are impacted by customer behaviour are measured by taking into consideration the historic repricing strategy of the Group and repricing behaviours of customers. In addition to considering how the products have been repriced in the past the expected change in price based on both the current and anticipated competitive market forces are also considered in the sensitivity analysis.

Following the increase in interest rates during the year, the Group's sensitivity to a 100bps interest rate shock reduced.

Net interest earnings at risk	June 2023 [1] $M	June 2022 $M
Average monthly exposure	**751. 1**	1,625. 2
High monthly exposure	**1,660. 1**	1,849. 7
Low monthly exposure	**415. 4**	1,106. 3
As at balance date	**591. 5**	1,106. 3

1 Net interest earnings at risk estimates for the year ended 30 June 2023 are based on modelled outcomes restated to reflect assumptions that applied at 30 June 2023.

(b) Economic value

Interest rate risk from the economic value perspective is based on a 20-day 99.0% VaR measure.

Measuring the change in the economic value of equity is an assessment of the long-term impact to the earnings potential of the Group present valued to the current date. The Group assesses the potential change in its economic value of equity through the application of the VaR methodology.

A 20-day 99.0% VaR measure is used to capture the net economic value impact over the long-term or total life of all Balance Sheet assets and liabilities to adverse changes in interest rates.

The impact of customer prepayments on the contractual cash flows for fixed rate products is included in the calculation. Cash flows for discretionary priced products are behaviourally adjusted and repriced at the resultant profile.

The figures in the following table represent the net present value of the expected change in the Group's future earnings in all future periods for the remaining term of all existing assets and liabilities.

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9.3 Market risk (continued)

Non-traded interest rate risk VaR (20-day 99.0% confidence)	June 2023 [1] $M	June 2022 [1] $M
Average daily exposure	**534. 8**	400. 1
High daily exposure	**629. 6**	520. 4
Low daily exposure	**428. 5**	326. 8
As at balance date	**537. 6**	423. 4

1 Average VaR calculated for each 12 month period.

Structural foreign exchange risk

Structural foreign exchange risk is the risk that movements in foreign exchange rates may have an adverse effect on the Group's Australian dollar earnings and economic value when the Group's foreign currency denominated retained earnings and capital are translated into Australian dollars. The Group's material risk exposures to this risk arise from the following currencies: New Zealand Dollar, US Dollar, Euro and British Pound Sterling.

Lease residual value risk

The Group takes lease residual value risk on assets such as industrial, mining, rail, aircraft, marine, and other equipment. A lease residual value guarantee exposes the Group to a potential fall in prices of these assets below the guarantee level at lease expiry.

Commonwealth Bank Group Super Fund

The Commonwealth Bank Group Super Fund (the Fund) has a defined benefit portion that creates market risk for the Group.

Risk management provides oversight of the net asset position associated with the defined benefit portion of the Group Super Fund (refer to Note 10.2). Monthly updates are provided to the Fund Trustee and a committee chaired by Human Resources.

Notes to the financial statements
For the year ended 30 June 2023

9.4 Liquidity and funding risk

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, 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 assets to meet its obligations to customers, in both ordinary market conditions and during periods of extreme stress. These policies are intended to protect the value of 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, maturity date, investor type, investor location, currency and concentration, on a cost effective basis. This objective applies to the Group's wholesale and retail funding activities.

Liquidity and funding risk management framework

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 and agreed with APRA. 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, compliance with Group policies and manages the Group's relationship with prudential regulators.

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 under APRA's Liquidity Coverage Ratio (LCR) requirement 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 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 highly liquid assets to meet liquidity requirements under a range of market conditions. The liquid asset portfolio includes cash and liquid assets, including government and Australian semi-government securities, meeting APRA's High Quality Liquid Asset (HQLA) definition and other highly liquid assets which are repo-eligible with the Reserve Bank of Australia (RBA);
- 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 Group net cash outflows as defined under the LCR), 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 an 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. Additionally, 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.

Notes to the financial statements
For the year ended 30 June 2023

9.4 Liquidity and funding risk (continued)

Contingency Funding Plan

The Group maintains a Contingency Funding Plan 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, and 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.

Maturity analysis of monetary liabilities

Amounts shown in the tables below are based on contractual undiscounted cash flows for the remaining contractual maturities.

	Group Maturity period as at 30 June 2023				
	0 to 3 months $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total $M
Monetary liabilities					
Deposits and other public borrowings [1]	723,448	137,043	11,183	55	871,729
Payables to financial institutions	17,596	4,532	–	–	22,128
Liabilities at fair value through Income Statement	36,765	3,462	169	–	40,396
Derivative financial instruments:					
Held for trading	21,899	–	–	–	21,899
Held for hedging purposes (net-settled)	51	159	1,132	1,711	3,053
Held for hedging purposes (gross-settled):					
Outflows	1,624	4,440	36,163	25,585	67,812
Inflows	(920)	(4,020)	(34,070)	(23,104)	(62,114)
Liabilities held for sale	–	–	–	–	–
Term funding from central banks	15,036	32,799	6,423	–	54,258
Debt issues and loan capital	8,822	26,931	96,661	48,682	181,096
Lease liabilities	137	340	1,126	1,466	3,069
Other monetary liabilities	3,849	907	1,227	805	6,788
Total monetary liabilities	828,307	206,593	120,014	55,200	1,210,114
Guarantees [2]	3,630	–	–	–	3,630
Loan commitments [2]	188,830	–	–	–	188,830
Other commitments [2]	16,524	–	–	–	16,524
Total off Balance Sheet items	208,984	–	–	–	208,984
Total monetary liabilities and off Balance Sheet items	1,037,291	206,593	120,014	55,200	1,419,098

1 Includes deposits that are contractually at call, customer savings and cheque accounts. These accounts provide a stable source of long-term funding.
2 All off Balance Sheet items are included in the 0 to 3 months maturity band to reflect their earliest possible maturity.

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9.4 Liquidity and funding risk (continued)

	Group [1] Maturity period as at 30 June 2022				
	0 to 3 months $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total $M
Monetary liabilities					
Deposits and other public borrowings [2]	751,835	95,997	11,197	50	859,079
Payables to financial institutions	21,590	4,521	–	–	26,111
Liabilities at fair value through Income Statement	7,291	–	–	–	7,291
Derivative financial instruments:					
Held for trading	30,490	–	–	–	30,490
Held for hedging purposes (net-settled)	35	36	210	296	577
Held for hedging purposes (gross-settled):					
Outflows	2,450	4,021	19,433	24,423	50,327
Inflows	(1,321)	(4,092)	(18,674)	(22,361)	(46,448)
Liabilities held for sale	19	–	–	–	19
Term funding from central banks	45	1,782	53,115	–	54,942
Debt issues and loan capital	15,115	26,904	67,947	45,959	155,925
Lease liabilities	128	361	1,137	1,660	3,286
Other monetary liabilities	4,633	813	1,243	857	7,546
Total monetary liabilities	832,310	130,343	135,608	50,884	1,149,145
Guarantees [3]	3,407	–	–	–	3,407
Loan commitments [3]	184,942	–	–	–	184,942
Other commitments [3]	12,181	–	–	–	12,181
Total off Balance Sheet items	200,530	–	–	–	200,530
Total monetary liabilities and off Balance Sheet items	1,032,840	130,343	135,608	50,884	1,349,675

1 Comparative information has been restated to conform to presentation in the current period.
2 Includes deposits that are contractually at call, customer savings and cheque accounts. These accounts provide a stable source of long-term funding.
3 All off Balance Sheet items are included in the 0 to 3 months maturity band to reflect their earliest possible maturity.

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9.4 Liquidity and funding risk (continued)

	Bank				
	Maturity period as at 30 June 2023				
	0 to 3 months $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total $M
Monetary liabilities					
Deposits and other public borrowings [1]	666,970	116,075	8,751	–	791,796
Payables to financial institutions	16,949	4,532	–	–	21,481
Liabilities at fair value through Income Statement	35,926	3,164	168	–	39,258
Derivative financial instruments:					
Held for trading	23,619	–	–	–	23,619
Held for hedging purposes (net-settled)	279	287	1,327	1,885	3,778
Held for hedging purposes (gross-settled):					
Outflows	3,480	5,794	41,649	26,023	76,946
Inflows	(2,656)	(5,317)	(39,486)	(23,581)	(71,040)
Term funding from central banks	15,019	32,365	2,290	–	49,674
Debt issues and loan capital	6,889	22,575	79,032	43,318	151,814
Due to controlled entities	7,253	5,416	21,172	8,745	42,586
Lease liabilities	119	291	994	1,411	2,815
Other monetary liabilities	4,176	871	1,135	790	6,972
Total monetary liabilities	778,023	186,053	117,032	58,591	1,139,699
Guarantees [2]	3,146	–	–	–	3,146
Loan commitments [2]	173,782	–	–	–	173,782
Other commitments [2]	16,307	–	–	–	16,307
Total off Balance Sheet items	193,235	–	–	–	193,235
Total monetary liabilities and off Balance Sheet items	971,258	186,053	117,032	58,591	1,332,934

1 Includes deposits that are contractually at call, customer savings and cheque accounts. These accounts provide a stable source of long-term funding.
2 All off Balance Sheet items are included in the 0 to 3 months maturity band to reflect their earliest possible maturity.

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9.4 Liquidity and funding risk (continued)

	Bank [1]				
	Maturity period as at 30 June 2022				
	0 to 3 months $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total $M
Monetary liabilities					
Deposits and other public borrowings [2]	693,073	82,394	9,440	–	784,907
Payables to financial institutions	20,857	4,521	–	–	25,378
Liabilities at fair value through Income Statement	6,116	–	–	–	6,116
Derivative financial instruments:					
Held for trading	32,186	–	–	–	32,186
Held for hedging purposes (net-settled)	38	35	199	296	568
Held for hedging purposes (gross-settled):					
Outflows	2,564	4,670	22,319	22,742	52,295
Inflows	(1,456)	(4,560)	(21,400)	(20,884)	(48,300)
Term funding from central banks	20	1,560	49,674	–	51,254
Debt issues and loan capital	12,662	21,853	52,595	40,387	127,497
Due to controlled entities	6,827	5,153	20,795	8,658	41,433
Lease liabilities	111	326	1,017	1,585	3,039
Other monetary liabilities	4,881	692	1,155	778	7,506
Total monetary liabilities	777,879	116,644	135,794	53,562	1,083,879
Guarantees [3]	2,804	–	–	–	2,804
Loan commitments [3]	167,937	–	–	–	167,937
Other commitments [3]	12,005	–	–	–	12,005
Total off Balance Sheet items	182,746	–	–	–	182,746
Total monetary liabilities and off Balance Sheet items	960,625	116,644	135,794	53,562	1,266,625

1 Comparative information has been restated to conform to presentation in the current period.
2 Includes deposits that are contractually at call, customer savings and cheque accounts. These accounts provide a stable source of long-term funding.
3 All off Balance Sheet items are included in the 0 to 3 months maturity band to reflect their earliest possible maturity.

Notes to the financial statements

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9.5 Disclosures about fair values

Fair value hierarchy for financial assets and liabilities measured at fair value

The classification in the fair value hierarchy of the Group's and the Bank's financial assets and liabilities measured at fair value is presented in the tables below. An explanation of how fair values are calculated and the levels in the fair value hierarchy, is included in the accounting policy within this note.

	Group							
	Fair value as at 30 June 2023				Fair value as at 30 June 2022			
	Level 1 $M	Level 2 $M	Level 3 $M	Total $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Financial assets measured at fair value on a recurring basis								
Assets at fair value through Income Statement:								
Trading	13,149	9,314	36	**22,499**	9,922	5,359	42	15,323
Other	–	44,907	221	**45,128**	–	9,745	247	9,992
Derivative assets	122	23,761	62	**23,945**	331	35,331	74	35,736
Investment securities at fair value through Other Comprehensive Income	69,340	14,138	594	**84,072**	64,249	14,221	616	79,086
Assets held for sale	–	–	–	**–**	218	202	–	420
Total financial assets measured at fair value	82,611	92,120	913	**175,644**	74,720	64,858	979	140,557
Financial liabilities measured at fair value on a recurring basis								
Liabilities at fair value through Income Statement	6,176	33,927	–	**40,103**	5,984	1,287	–	7,271
Derivative liabilities	26	25,257	64	**25,347**	7	33,757	135	33,899
Total financial liabilities measured at fair value	6,202	59,184	64	**65,450**	5,991	35,044	135	41,170

	Bank							
	Fair value as at 30 June 2023				Fair value as at 30 June 2022			
	Level 1 $M	Level 2 $M	Level 3 $M	Total $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Financial assets measured at fair value on a recurring basis								
Assets at fair value through Income Statement:								
Trading	13,143	9,313	36	**22,492**	9,918	5,358	42	15,318
Other	–	44,977	172	**45,149**	–	9,745	186	9,931
Derivative assets	122	25,401	62	**25,585**	331	37,369	74	37,774
Investment securities at fair value through Other Comprehensive Income	64,058	12,587	587	**77,232**	58,867	12,733	591	72,191
Total financial assets measured at fair value	77,323	92,278	857	**170,458**	69,116	65,205	893	135,214
Financial liabilities measured at fair value on a recurring basis								
Liabilities at fair value through Income Statement	5,888	33,260	–	**39,148**	5,985	112	–	6,097
Derivative liabilities	26	26,638	64	**26,728**	6	34,861	135	35,002
Total financial liabilities measured at fair value	5,914	59,898	64	**65,876**	5,991	34,973	135	41,099

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9.5 Disclosures about fair values (continued)

Analysis of movements between fair value hierarchy levels

The tables below summarise movements in Level 3 balances during the 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 year ended 30 June 2023

	Group			
	Financial Assets			Financial Liabilities
	Derivative assets $M	Investment securities at fair value through OCI $M	Assets at fair value through Income Statement $M	Derivative liabilities $M
As at 1 July 2021	54	2,760	233	(23)
Purchases	–	148	171	(58)
Sales/settlements	(9)	(19)	(112)	–
Gains/(losses) in the year:				
Recognised in the Income Statement	(25)	–	(4)	(47)
Recognised in the Statement of Comprehensive Income	54	(2,273)	–	–
Transfers in	–	–	1	(7)
Transfers out	–	–	–	–
As at 30 June 2022	74	616	289	(135)
Gains/(losses) recognised in the Income Statement for financial instruments held as at 30 June 2022	6	–	(7)	(47)
As at 1 July 2022	74	616	289	(135)
Purchases	2	70	93	(7)
Sales/settlements	(2)	–	(67)	70
Gains/(losses) in the year:				
Recognised in the Income Statement	5	–	(58)	8
Recognised in the Statement of Comprehensive Income	(17)	(97)	–	–
Transfers in	–	5	–	–
Transfers out	–	–	–	–
As at 30 June 2023	62	594	257	(64)
Gains/(losses) recognised in the Income Statement for financial instruments held as at 30 June 2023	27	–	(58)	(22)

9.5 Disclosures about fair values (continued)

	Bank			
	Financial assets			Financial liabilities
	Derivative assets $M	Investment securities at fair value through OCI $M	Assets at fair value through Income Statement $M	Derivative liabilities $M
As at 1 July 2021	54	2,760	206	(23)
Purchases	–	123	130	(58)
Sales/settlements	(9)	(19)	(112)	–
Gains/(losses) in the period:				
Recognised in the Income Statement	(25)	–	3	(47)
Recognised in the Statement of Comprehensive Income	54	(2,273)	–	–
Transfers in	–	–	1	(7)
Transfers out	–	–	–	–
As at 30 June 2022	74	591	228	(135)
Gains/(losses) recognised in the Income Statement for financial instruments held as at 30 June 2022	6	–	–	(47)
As at 1 July 2022	74	591	228	(135)
Purchases	2	70	93	(7)
Sales/settlements	(2)	–	(67)	70
Gains/(losses) in the period:				
Recognised in the Income Statement	5	–	(46)	8
Recognised in the Statement of Comprehensive Income	(17)	(79)	–	–
Transfers in	–	5	–	–
Transfers out	–	–	–	–
As at 30 June 2023	62	587	208	(64)
Gains/(losses) recognised in the Income Statement for financial instruments held as at 30 June 2023	27	–	(46)	(22)

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For the year ended 30 June 2023

9.5 Disclosures about fair values (continued)

Fair value information for financial instruments not measured at fair value

The estimated fair values and fair value hierarchy of the Group's and the Bank'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.

	Group									
	30 Jun 23					30 Jun 22				
	Carrying value	Fair value				Carrying value	Fair value			
	Total $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M	Total $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Financial assets										
Investment securities at amortised cost	**2,032**	**–**	**2,018**	**–**	**2,018**	3,217	–	3,195	–	3,195
Loans and other receivables	**926,082**	**–**	**–**	**920,035**	**920,035**	878,854	–	–	867,722	867,722
Financial liabilities										
Deposits and other public borrowings	**864,995**	**–**	**448,327**	**416,352**	**864,679**	857,586	–	463,484	393,824	857,308
Debt issues	**122,267**	**–**	**122,330**	**–**	**122,330**	116,902	–	117,005	–	117,005
Loan capital	**32,598**	**10,920**	**21,531**	**–**	**32,451**	28,017	10,489	17,296	–	27,785

	Bank									
	30 Jun 23					30 Jun 22				
	Carrying value	Fair value				Carrying value	Fair value			
	Total $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M	Total $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Financial assets										
Investment securities at amortised cost	**2,032**	**–**	**2,018**	**–**	**2,018**	3,217	–	3,195	–	3,195
Loans and other receivables	**816,140**	**–**	**–**	**811,426**	**811,426**	773,042	–	–	763,727	763,727
Financial liabilities										
Deposits and other public borrowings	**786,267**	**–**	**369,619**	**416,352**	**785,971**	783,701	–	389,674	393,824	783,498
Debt issues	**95,893**	**–**	**95,947**	**–**	**95,947**	89,940	–	90,201	–	90,201
Loan capital	**32,587**	**10,936**	**21,531**	**–**	**32,467**	28,009	10,501	17,298	–	27,799

9.5 Disclosures about fair values (continued)

ACCOUNTING POLICIES

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.

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. Fair value of uncollateralised derivative assets and uncollateralised derivative liabilities incorporate 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 and unlisted equity instruments.

As at 30 June 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 $419 million (30 June 2022: $408 million). The valuation of the investment as at 30 June 2023 was based on a methodology leveraging revenue multiples of market listed comparable companies. Comparable listed companies were included based on industry, size, developmental stage and/or strategy. A revenue multiple was derived for each comparable company identified and then discounted for considerations such as illiquidity. The Group adopted an adjusted revenue multiple of 4.1x in its valuation as at 30 June 2023.

The valuation of the investment as at 30 June 2022 was based on a methodology leveraging inputs related to a private equity capital raise executed on 11 July 2022, close to the Balance Sheet date, in which CBA participated. The revenue multiple implied at 30 June 2022 for the price of the capital raise was 4.1x.

Notes to the financial statements
For the year ended 30 June 2023

9.5 Disclosures about fair values (continued)

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 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.

9.6 Collateral arrangements

Collateral accepted as security for assets

The Group takes collateral where it is considered necessary to support both on and off Balance Sheet financial instruments. The Group evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral taken, if deemed necessary, is based on management's credit evaluation of the counterparty. The Group has the right to sell, re-pledge, or otherwise use some of the collateral received. At Balance Sheet date the carrying value of cash accepted as collateral (and recognised on the Group's and the Bank's Balance Sheets) and the fair value of securities accepted as collateral (but not recognised on the Group's or the Bank's Balance Sheets) were as follows:

	Group [1]		Bank [1]	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Cash	**6,838**	9,000	**6,603**	8,619
Securities	**56,129**	45,321	**56,389**	45,245
Collateral held	**62,967**	54,321	**62,992**	53,864
Collateral held which is re-pledged or sold	**28,660**	24,985	**28,660**	24,985

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

Assets pledged

As part of standard terms of transactions with other banks, the Group has provided collateral to secure liabilities. At Balance Sheet date, the carrying value of assets pledged as collateral to secure liabilities were as follows:

	Group [1]		Bank [1]	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Cash	**6,205**	6,755	**5,870**	6,377
Securities [2]	**41,378**	39,217	**41,549**	39,299
Assets pledged	**47,583**	45,972	**47,419**	45,676
Asset pledged which can be re-pledged or re-sold by counterparty	**41,378**	39,217	**41,549**	39,299

1 Comparative information has been restated to conform to presentation in the current period.
2 These balances include assets sold under repurchase agreements. The liabilities related to these repurchase agreements are disclosed in Note 4.1 and 4.2.

The Group and the Bank have pledged collateral as part of entering into repurchase and derivative agreements. These transactions are governed by standard industry agreements.

Notes to the financial statements

For the year ended 30 June 2023

9.7 Offsetting financial assets and financial liabilities

The table below identifies amounts that have been offset on the Balance Sheet and amounts covered by enforceable netting arrangements or similar agreements that do not qualify for set off. Cash settled derivatives that trade on an exchange are deemed to be economically settled and therefore outside the scope of these disclosures.

	Group 30 Jun 23							
	Subject to enforceable master netting or similar agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial instruments	**Gross Balance Sheet amounts $M**	**Amount offset [1] $M**	**Reported on the Balance Sheet $M**	**Financial instruments [2] $M**	**Financial collateral (received)/ pledged [2] $M**	**Net amount $M**	**Not subject to netting agreements $M**	**Total Balance Sheet amount $M**
Derivative assets	94,730	(71,044)	23,686	(12,894)	(5,567)	5,225	259	**23,945**
Securities purchased under agreements to resell:								
At amortised cost	13,144	(3,697)	9,447	(810)	(8,432)	205	–	**9,447**
At fair value through income statement	43,420	(4,421)	38,999	(7,357)	(31,536)	106	–	**38,999**
Equity securities sold not delivered	860	(521)	339	–	–	339	4	**343**
Total financial assets	152,154	(79,683)	72,471	(21,061)	(45,535)	5,875	263	**72,734**
Derivative liabilities	(99,170)	76,034	(23,136)	12,894	4,321	(5,921)	(2,211)	**(25,347)**
Securities sold under agreements to repurchase:								
At amortised cost	(3,513)	3,003	(510)	415	95	–	–	**(510)**
At fair value through income statement	(37,786)	5,115	(32,671)	7,752	24,919	–	–	**(32,671)**
Equity securities purchased not delivered	(831)	521	(310)	–	–	(310)	(11)	**(321)**
Total financial liabilities	(141,300)	84,673	(56,627)	21,061	29,335	(6,231)	(2,222)	**(58,849)**

1 The net offset balance of $4,990 million relates to variation margin netting reflected on other Balance Sheet lines.

2 For the purpose of this disclosure, the related amounts of financial instruments and financial collateral not set off on the Balance Sheet have been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/(liabilities) reported on the Balance Sheet, i.e. over collateralisation, where it exists, is not reflected in the tables. As a result, the above collateral balances will not correspond to the tables in Note 9.6.

Notes to the financial statements
For the year ended 30 June 2023

9.7 Offsetting financial assets and financial liabilities (continued)

	Group 30 Jun 22							
	Subject to enforceable master netting or similar agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial instruments	**Gross Balance Sheet amounts $M**	**Amount offset [1] $M**	**Reported on the Balance Sheet $M**	**Financial instruments [2] $M**	**Financial collateral (received)/ pledged [2] $M**	**Net amount $M**	**Not subject to netting agreements $M**	**Total Balance Sheet amount $M**
Derivative assets	100,505	(65,539)	34,966	(20,709)	(7,483)	6,774	770	**35,736**
Securities purchased under agreements to resell								
At amortised cost	45,390	(3,591)	41,799	(8,432)	(33,345)	22	–	**41,799**
Equity securities sold not delivered	1,052	(644)	408	–	–	408	5	**413**
Total financial assets	146,947	(69,774)	77,173	(29,141)	(40,828)	7,204	775	**77,948**
Derivative liabilities	(99,155)	66,981	(32,174)	20,709	4,364	(7,101)	(1,725)	**(33,899)**
Securities sold under agreements to repurchase								
At amortised cost	(36,755)	3,591	(33,164)	8,432	24,732	–	–	**(33,164)**
Equity securities purchased not delivered	(1,055)	644	(411)	–	–	(411)	(20)	**(431)**
Total financial liabilities	(136,965)	71,216	(65,749)	29,141	29,096	(7,512)	(1,745)	**(67,494)**

1 The net offset balance of $1,442 million relates to variation margin netting reflected on other Balance Sheet lines.
2 For the purpose of this disclosure, the related amounts of financial instruments and financial collateral not set off on the Balance Sheet have been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/(liabilities) reported on the Balance Sheet, i.e. over collateralisation, where it exists, is not reflected in the tables. As a result, the above collateral balances will not correspond to the tables in Note 9.6.

Notes to the financial statements

For the year ended 30 June 2023

9.7 Offsetting financial assets and financial liabilities (continued)

	Bank 30 Jun 23							
	Subject to enforceable master netting or similar agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial instruments	**Gross Balance Sheet amounts $M**	**Amount offset [1] $M**	**Reported on the Balance Sheet $M**	**Financial instruments [2] $M**	**Financial collateral (received)/ pledged [2] $M**	**Net amount $M**	**Not subject to netting agreements $M**	**Total Balance Sheet amount $M**
Derivative assets	96,398	(71,044)	25,354	(14,559)	(5,341)	5,454	231	**25,585**
Securities purchased under agreements to resell:								
At amortised cost	13,334	(3,697)	9,637	(911)	(8,521)	205	–	**9,637**
At fair value through income statement	43,490	(4,421)	39,069	(7,427)	(31,536)	106	–	**39,069**
Total financial assets	153,222	(79,162)	74,060	(22,897)	(45,398)	5,765	231	**74,291**
Derivative liabilities	(100,590)	76,034	(24,556)	14,559	4,172	(5,825)	(2,172)	**(26,728)**
Securities sold under agreements to repurchase:								
At amortised cost	(3,513)	3,003	(510)	415	95	–	–	**(510)**
At fair value through income statement	(37,956)	5,115	(32,841)	7,922	24,919	–	–	**(32,841)**
Total financial liabilities	(142,059)	84,152	(57,907)	22,896	29,186	(5,825)	(2,172)	**(60,079)**

1 The net offset balance of $4,990 million relates to variation margin netting reflected on other Balance Sheet lines.

2 For the purpose of this disclosure, the related amounts of financial instruments and financial collateral not set off on the Balance Sheet have been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/(liabilities) reported on the Balance Sheet, i.e. over collateralisation, where it exists, is not reflected in the tables. As a result, the above collateral balances will not correspond to the tables in Note 9.6.

	Bank 30 Jun 22							
	Subject to enforceable master netting or similar agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial instruments	**Gross Balance Sheet amounts $M**	**Amount offset [1] $M**	**Reported on the Balance Sheet $M**	**Financial instruments [2] $M**	**Financial collateral (received)/ pledged [2] $M**	**Net amount $M**	**Not subject to netting agreements $M**	**Total Balance Sheet amount $M**
Derivative assets	103,093	(65,539)	37,554	(21,998)	(7,179)	8,377	220	**37,774**
Securities purchased under agreements to resell								
At amortised cost	45,315	(3,591)	41,724	(8,432)	(33,270)	22	–	**41,724**
Total financial assets	148,408	(69,130)	79,278	(30,430)	(40,449)	8,399	220	**79,498**
Derivative liabilities	(100,245)	66,981	(33,264)	21,998	4,277	(6,989)	(1,738)	**(35,002)**
Securities sold under agreements to repurchase								
At amortised cost	(36,837)	3,591	(33,246)	8,432	24,814	–	–	**(33,246)**
Total financial liabilities	(137,082)	70,572	(66,510)	30,430	29,091	(6,989)	(1,738)	**(68,248)**

1 The net offset balance of $1,442 million relates to variation margin netting reflected on other Balance Sheet lines.

2 For the purpose of this disclosure, the related amounts of financial instruments and financial collateral not set off on the Balance Sheet have been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/(liabilities) reported on the Balance Sheet, i.e. over collateralisation, where it exists, is not reflected in the tables. As a result, the above collateral balances will not correspond to the tables in Note 9.6.

Notes to the financial statements

For the year ended 30 June 2023

9.7 Offsetting financial assets and financial liabilities (continued)

Related amounts not set off on the Balance Sheet

Derivative assets and liabilities

The "Financial Instruments" column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement. All outstanding transactions with the same counterparty can be offset and close-out netting applied if an event of default or other predetermined events occur. Financial collateral refers to cash and non-cash collateral obtained to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Repurchase and reverse repurchase agreements and security lending agreements

The "Financial Instruments" column identifies financial assets and liabilities that are subject to set off under netting agreements, such as global master repurchase agreements, global master securities lending agreements and agreements settled through specific Central Security Depositories. Under these netting agreements, all outstanding transactions with the same counterparty can be offset and close-out netting applied if an event of default or other predetermined events occur. Financial collateral typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

ACCOUNTING POLICIES

Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

10. Employee benefits

OVERVIEW

The Group employs over 50,000 people across multiple jurisdictions and remunerates its employees through both fixed and variable arrangements. This section outlines details of the share-based payment and superannuation components of employee remuneration and provides an overview of key management personnel arrangements.

10.1 Share-based payments

The Group operates a number of cash and equity settled share plans as detailed below.

Long Term Variable Remuneration (LTVR)

The Group's LTVR awards to the CEO, Group Executives and CEO of ASB have been made under the Employee Equity Plan (EEP) since the 2019 financial year award (2020 financial year for CEO ASB). LTVR focuses efforts on longer-term performance achievement, including relative shareholder returns to support creation of sustainable long-term shareholder value.

Participants are awarded a maximum number of performance rights, which may convert into CBA shares on a one-for-one basis (or a cash equivalent as determined by the Board).

The rights granted up to the 2020 financial year may vest at the end of a performance period of four years subject to the satisfaction of performance measures as follows:

For awards made in the 2019 and the 2020 financial years to the CEO and Group Executives:

- 75% of the award is assessed against Total Shareholder Return (TSR) compared to the 20 largest companies listed on the ASX (by market capitalisation) at the beginning of the performance period, excluding resource companies and CBA;
- 12.5% of the award is assessed against a relative Trust and Reputation measure; and
- 12.5% of the award is assessed against an absolute Employee Engagement measure.

For the 2020 financial year award made to the CEO of ASB:

- 50% of the award is assessed against TSR compared to the 20 largest companies listed on the ASX (by market capitalisation) at the beginning of the performance period, excluding resource companies and CBA;
- 25% of the award is assessed against an ASB relative Trust and Reputation measure; and
- 25% of the award is assessed against an ASB absolute Employee Engagement measure.

For the 2019 and 2020 financial year awards (including the CEO ASB 2020 financial year award), a positive TSR gateway applies to the Trust and Reputation and Employee Engagement measures.

For awards made from the 2021 financial year to the CEO, Group Executives and CEO of ASB, the performance rights will be tested against the following performance measures at the end of four years and the number of performance rights will be adjusted accordingly:

- 50% of the award is assessed against TSR compared to the 20 largest companies listed on the ASX (by market capitalisation) at the beginning of the performance period, excluding resource companies and CBA (General ASX).
- 50% of the award is assessed against TSR compared to a peer group of 8 financial services companies determined by the Board (Financial Services).

Any performance rights that remain on foot after the performance test will be subject to a further holding period, for the:

- 2021 and 2022 financial year awards in two equal tranches of two and three years for the CEO, and one and two years for other participants; and
- 2023 financial year award, of two years for the CEO and one year for other participants.

Refer to the Remuneration Report for further details on LTVR.

The following table provides details of outstanding awards of performance rights granted under LTVR.

Period	Outstanding 1 July	Granted	Vested	Forfeited	Outstanding 30 June	Expense ($'000)
2023	**873,046**	**121,882**	**(268,683)**	**–**	**726,245**	**8,776**
2022	899,292	120,622	(128,511)	(18,357)	873,046	9,207

The fair value at the grant date was $65.37 for the ASX General TSR tranche and $57.30 for the Financial Services TSR tranche (2022: $52.80 for the ASX General TSR tranche and $54.86 for the Financial Services TSR tranche). The fair value of the performance rights granted during the period has been independently calculated at grant date using a Monte Carlo pricing model based on market information. The assumptions included in the valuations of the 2023 financial year awards include a share price of $104.58, a risk-free interest rate of 3.77%, a 3.62% dividend yield on the Bank's ordinary shares and a volatility in the Bank share price of 25%.

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For the year ended 30 June 2023

10.1 Share-based payments (continued)

Long-Term Alignment Remuneration (LTAR)

The Group's LTAR awards to the CEO, Group Executives and CEO of ASB are made under the Employee Equity Plan (EEP), with the first grant being made in the 2021 financial year.

The LTAR award is granted as restricted share units which are entitlements to fully paid ordinary CBA shares (or cash equivalent as determined by the Board) with a payment equivalent to dividends paid during the restriction period only made on restricted share units that vest, subject to service conditions and a pre-test assessment for the 2023 financial year award. The restricted share unit service period is:

- CEO: 50% of the CEO's LTAR award will vest after four years, and 50% after five years;
- Group Executives and the CEO ASB: 100% of the LTAR award will vest after four years.

The following table provides details of outstanding awards of restricted share units granted under LTAR.

Period	Outstanding 1 July	Granted	Vested	Forfeited	Outstanding 30 June	Expense ($'000)
2023	**280,108**	**118,482**	**–**	**–**	**398,590**	**9,188**
2022	161,462	118,646	–	–	280,108	6,734

The fair value at grant date of the LTAR awards issued during the year was $104.58 (2022: $97.46).

Employee Equity Plan (EEP)

The EEP facilitates mandatory short-term variable remuneration deferral, sign-on and retention awards. Participants are awarded restricted shares that vest provided the participant remains in employment of the Group until vesting and subject to risk and malus review. The following table provides details of outstanding awards of restricted shares granted under the EEP.

Period	Outstanding 1 July	Granted	Vested	Forfeited	Outstanding 30 June	Expense ($'000)
2023	**1,325,524**	**714,452**	**(706,372)**	**(68,803)**	**1,264,801**	**64,584**
2022	1,490,075	716,911	(795,877)	(85,585)	1,325,524	59,215

The weighted average fair value at grant date of the awards issued during the year was $96.34 (2022: $100.30).

Employee Share Acquisition Plan (ESAP)

Under the ESAP eligible employees have the opportunity to receive up to $1,000 worth of shares each year.

The number of shares a participant receives is calculated by dividing the award amount by the average price paid for CBA shares purchased during the purchase period preceding the grant date. Shares granted are restricted from sale until the earlier of three years or until such time as the participant ceases employment with the Group. Participants receive full dividend entitlements and voting rights attached to those shares.

During the financial year ended 30 June 2023 the Board approved an award of $1,000 to each eligible employee to recognise their contribution during the year.

The following table provides details of shares granted under the ESAP.

Period	Allocation date	Participants	Number of shares allocated per participant	Total number of shares allocated	Issue price $	Total fair value ($'000)
2023	16 Sep 2022	**31,034**	**10**	**310,340**	**96.44**	**29,929**
2022	23 Sep 2021	32,099	9	288,891	101.00	29,178

It is estimated that approximately $32 million of CBA shares will be awarded under the 2023 grant.

EEP cash-settled equity awards

EEP cash-settled equity awards are provided to certain employees based overseas to facilitate mandatory short-term variable remuneration deferral, sign-on and retention awards.

The following table provides a summary of the movement in cash-settled awards during the year.

Period	Outstanding 1 July	Granted	Vested/exercised	Forfeited	Outstanding 30 June	Expense ($'000)
2023	**183,678**	**89,754**	**(94,327)**	**(12,592)**	**166,513**	**8,209**
2022	241,699	79,006	(130,006)	(7,021)	183,678	7,965

The weighted average fair value at grant date of the awards issued during the year was $95.73 (2022: $99.20).

Notes to the financial statements
For the year ended 30 June 2023

10.1 Share-based payments (continued)

Salary sacrifice arrangements

The Group facilitates the purchase of CBA shares via salary sacrifice as follows:

Type	Arrangements
Salary sacrifice	• Australian based employees and Non-Executive Directors can elect to sacrifice between $2,000 and $5,000 p.a. of their fixed remuneration and/or annual STVR or fees (in the case of Non-Executive Directors). • Restricted from sale for a minimum of two years and a maximum of seven years or earlier, if the employee ceases employment with the Group (or retires from the Group in the case of Non-Executive Directors).
Non-Executive Directors	• Non-Executive Directors can elect to apply a percentage of after-tax fees towards the acquisition of CBA shares.

Shares are purchased on market at the prevailing market price at that time and receive full dividend entitlements and voting rights. The following table provides details of shares granted under the Employee Salary Sacrifice Share Plan and Non-Executive Director Share Plans (voluntary fee sacrifice).

Period	Participants	Number of shares purchased	Average purchase price $	Total purchase consideration ($'000)
2023	**1,676**	**59,448**	**101.92**	**6,059**
2022	1,543	50,170	100.36	5,035

During the year five (2022: four) Non-Executive Directors applied $200,618.09 in fees (2022: $206,508.25) to purchase 1,971 shares (2022: 2,056 shares).

10.2 Retirement benefit obligations

Name of Plan	Type	Form of Benefit	Date of Last Actuarial Assessment of the Fund
Commonwealth Bank Group Super	Defined benefits and accumulation[1]	Indexed pension and lump sum	30 June 2021
Commonwealth Bank of Australia (UK) Staff Benefits Scheme (CBA (UK) SBS)	Defined benefits and accumulation[1]	Indexed pension and lump sum	30 June 2019

1 The defined benefit formulae are generally based on final salary, or final average salary, and service.

Regulatory framework

Both plans operate under trust law with the assets of the plans held separately in trust. The plans are managed and administered on behalf of the members in accordance with the terms of each trust deed and relevant legislation. The funding of the plans complies with regulations in Australia and the UK respectively.

Funding and contributions

Commonwealth Bank Group Super

An actuarial assessment as at 30 June 2021 showed Commonwealth Bank Group Super remained in funding surplus. The Bank agreed to increase contributions from $25 million to $30 million effective from December 2021. Employer contributions paid to the plan are subject to tax at the rate of 15% in the plan.

The Group's expected contributions to Commonwealth Bank Group Super for the year ended 30 June 2024 are $360 million.

CBA (UK) SBS

On 17 June 2021, the trustees of CBA (UK) SBS executed a GBP426.6 million bulk annuity insurance policy. The insurance policy was purchased using the existing assets of the Scheme. The transaction secured an insurance asset that fully matches the remaining pension liabilities of the Scheme, and is therefore measured at an amount that matches the scheme liabilities. The Group has no further obligation to make payments into the Scheme but retains responsibility for the benefits provided to the Scheme members.

Notes to the financial statements
For the year ended 30 June 2023

10.2 Retirement benefit obligations (continued)

Defined benefit superannuation plan

	Note	Commonwealth Bank Group Super 30 Jun 23 $M	Commonwealth Bank Group Super 30 Jun 22 $M	CBA (UK) SBS 30 Jun 23 $M	CBA (UK) SBS 30 Jun 22 $M	Total 30 Jun 23 $M	Total 30 Jun 22 $M
Present value of funded obligations		**(2,453)**	(2,419)	**(435)**	(468)	**(2,888)**	(2,887)
Fair value of plan assets		**3,058**	2,957	**478**	510	**3,536**	3,467
Net pension assets as at 30 June		**605**	538	**43**	42	**648**	580
Amounts in the Balance Sheet:							
Assets	6.3	**605**	538	**43**	42	**648**	580
Net assets		**605**	538	**43**	42	**648**	580
The amounts recognised in the Income Statement are as follows:							
Current service cost		**(17)**	(30)	**(2)**	–	**(19)**	(30)
Net interest income		**25**	12	**1**	1	**26**	13
Total included in superannuation plan expense		**8**	(18)	**(1)**	1	**7**	(17)
The amounts recognised in the Statement of Comprehensive Income are as follows:							
Return on plan assets (excluding interest income)		**67**	(446)	**(60)**	(174)	**7**	(620)
Actuarial gain from changes in assumptions		**34**	783	**92**	178	**126**	961
Actuarial (loss)/gain due to experience		**(99)**	(227)	**(34)**	(5)	**(133)**	(232)
Total included in Other comprehensive income		**2**	110	**(2)**	(1)	**–**	109
Member contributions		**5**	5	**–**	–	**5**	5
Employer contributions		**357**	285	**–**	1	**357**	286
Employer financed benefits within accumulation division [1]		**(300)**	(313)	**–**	–	**(300)**	(313)

1 Represents superannuation contributions made by the Bank to meet its obligations to members of the defined contribution division of Commonwealth Bank Group Super.

Significant assumptions

	Commonwealth Bank Group Super 30 Jun 23	Commonwealth Bank Group Super 30 Jun 22	CBA (UK) SBS 30 Jun 23	CBA (UK) SBS 30 Jun 22
The above calculations were based on the following assumptions:				
Discount rate, %	**5. 7**	5. 4	**5. 3**	3. 8
Inflation rate, %	**2. 5**	2. 3	**3. 5**	3. 5
Rate of increases in salary, %	**3. 3**	3. 1	**4. 5**	4. 5
Life expectancy of a 60 year old male (years)	**29. 3**	29. 3	**28. 6**	28. 4
Life expectancy of a 60 year old female (years)	**31. 5**	31. 4	**30. 4**	30. 3

Notes to the financial statements
For the year ended 30 June 2023

10.2 Retirement benefit obligations (continued)

Sensitivity to changes in assumptions

The table below sets out the sensitivities of the present value of defined benefit obligations for Commonwealth Bank Group Super to changes in the principal actuarial assumptions:

	Commonwealth Bank Group Super	
	30 Jun 23	30 Jun 22
Impact of change in assumptions on liabilities increase/(decrease)	%	%
0.25% increase in discount rate	**(3. 1)**	(4. 4)
0.25% increase in inflation rate	**2. 6**	3. 2
0.25% increase to the rate of increases in salary	**0. 4**	0. 4
Longevity increase of one year	**4. 6**	5. 5

CBA (UK) SBS has a low level of risk due to the insurance policy, whereby the present value of the Scheme liabilities is fully matched by the fair value of the insurance asset.

Average duration

The average duration of defined benefit obligation at 30 June is as follows:

	Commonwealth Bank Group Super	CBA (UK) SBS	Commonwealth Bank Group Super	CBA (UK) SBS
	30 Jun 23	30 Jun 23	30 Jun 22	30 Jun 22
	Years	Years	Years	Years
Average duration at balance date	**10. 8**	**13. 0**	12. 9	15. 0

Risk management

The pension plans expose the Group to longevity risk, currency risk, interest rate risk, inflation risk and market risk. The trustees perform Asset-Liability Matching (ALM) exercises to ensure the plan assets are well matched to the nature and maturities of the defined benefit obligations.

Inflation and interest rate risks are partly mitigated by investing in long dated fixed interest securities which better match the average duration of liabilities and entering into inflation and interest rate swaps.

The allocation of assets backing the defined benefit portion of the Commonwealth Bank Group Super is as follows:

	Commonwealth Bank Group Super			
	30 Jun 23		30 Jun 22	
	Fair value	% of plan	Fair value	% of plan
Asset allocations	$M	asset	$M	asset
Cash	**148**	**4. 8**	130	4. 4
Equities – Australian [1]	**181**	**5. 9**	177	6. 0
Equities – Overseas [1]	**449**	**14. 7**	413	14. 0
Bonds – Commonwealth Government [1]	**1,054**	**34. 5**	984	33. 3
Bonds – Semi-Government [1]	**743**	**24. 3**	734	24. 8
Bonds – Corporate and other [1]	**38**	**1. 2**	48	1. 6
Real Estate and Infrastructure [2]	**307**	**10. 0**	305	10. 3
Derivatives	**–**	**–**	(8)	(0. 3)
Other [3]	**138**	**4. 6**	174	5. 9
Total fair value of plan assets	**3,058**	**100. 0**	2,957	100. 0

1 Values based on prices or yields quoted in an active market.
2 This includes listed and unlisted property and infrastructure investments.
3 These are alternative investments which are not included in the traditional asset classes of equities, fixed interest securities, real estate and cash. They include multi-asset investments, liquid alternative investments and hedge funds.

The Australian equities fair value includes $4.8 million (30 June 2022: $5.1 million) of Commonwealth Bank shares. The real estate fair value includes $0.5 million (30 June 2022: $0.5 million) of property assets leased to the Bank. Corporate and other bonds at 30 June 2023 does not include Commonwealth Bank debt securities (30 June 2022: $1.3 million).

Notes to the financial statements

For the year ended 30 June 2023

10.3 Key management personnel

Detailed remuneration disclosures by Key Management Personnel (KMP) are provided in the Remuneration Report of the Directors' Report on pages 88 to 116.

Key management personnel compensation	Group 30 Jun 23 $'000	Group 30 Jun 22 [1] $'000	Bank 30 Jun 23 $'000	Bank 30 Jun 22 [1] $'000
Short-term benefits [2]	**23,001**	22,969	**21,518**	21,531
Post-employment benefits	**488**	489	**445**	439
Long-term benefits	**345**	369	**307**	338
Share-based payments	**21,695**	18,590	**19,973**	17,339
Total	**45,529**	42,417	**42,243**	39,647

1 Comparative information has been restated to reflect prior period adjustments.
2 Short-term benefits includes termination benefits of Nil (30 June 2022: Nil).

Security holdings

Details of the aggregate security holdings of KMP are set out below.

	Equity Class [1]	Balance 1 July 22	Acquired/ Granted as remuneration	Previous years awards vested [2]	Net change other [3]	Balance 30 June 23 [4]
Non-Executive Directors	Ordinary [5]	35,188	**11,592**	**–**	**(16,037)**	**30,743**
	PERLS	3,220	**4,524**	**–**	**(3,820)**	**3,924**
Executives	Ordinary	339,939	**–**	**313,582**	**(287,674)**	**365,847**
	PERLS	–	**–**	**–**	**626**	**626**
	LTVR performance rights	741,143	**101,292**	**(247,310)**	**(59,538)**	**535,587**
	LTAR restricted share units	227,924	**97,891**	**–**	**(26,841)**	**298,974**
	Deferred STVR shares	97,735	**49,167**	**(63,971)**	**(2,761)**	**80,170**
	Deferred STVR rights	–	**–**	**–**	**–**	**–**
	Sign-on equity	17,359	**5,752**	**(2,301)**	**(17,359)**	**3,451**

1 LTVR performance rights are subject to performance hurdles. Deferred STVR shares represent the STVR previously awarded under Executive arrangements in prior years, as well as the CEO ASB's 2019 financial year STVR award. One-off equity includes one-off awards received as deferred shares. PERLS include cumulative holdings of all PERLS securities issued by the Group.
2 LTVR performance rights, LTAR restricted share units and deferred STVR shares become ordinary shares or are cash settled upon vesting.
3 Net change other includes purchases, sales, forfeitures and other transfers of securities, including changes to the KMP population during the year.
4 30 June 2023 balances represent aggregate shareholdings of all KMP at balance date. This does not include KMP who ceased during the 2023 financial year.
5 Non-Executive Directors are required to hold CBA shares equivalent to 100% of Board Chair fees for the Chair and 100% of Board member fees for Non-Executive Directors. This is to be accumulated over five years commencing on the later of 1 July 2019 or the date of appointment, valued with reference to the prevailing CBA share price at the relevant accumulation commencement date.

Loans to KMP

All loans to KMP (including close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of those family members or entities held significant voting power) have been made in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees and customers, including the term of the loan, security required and the interest rate (which may be fixed or variable). There has been no write down of loans during the period.

Details of aggregate loans to KMP are set out below:

	30 Jun 23 $'000	30 Jun 22 [1] $'000
Loans	**16,607**	16,065
Interest charged	**500**	356

1 Comparative information has been restated to reflect prior period adjustments.

Notes to the financial statements

For the year ended 30 June 2023

10.3 Key management personnel (continued)

Other transactions of KMP

Financial instrument transactions

Financial instrument transactions (other than loans and shares disclosed within this report) of KMP occur in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees and customers.

Disclosure of financial instrument transactions regularly made as part of normal banking operations is limited to disclosure of such transactions with KMP and entities controlled or significantly influenced by them.

All such financial instrument transactions that have occurred between entities within the Group and their KMP have been trivial or domestic in nature and were in the nature of normal personal banking and deposit transactions.

Transactions other than financial instrument transactions of banks

All other transactions with KMP and their related entities and other related parties are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions. These transactions principally involve the provision of financial and investment services by entities not controlled by the Group.

Services agreements

The maximum contingent liability for termination benefits in respect of service agreements with the Chief Executive Officer and other KMP at 30 June 2023 was $1,873,998 (30 June 2022: $1,867,840).

Notes to the financial statements
For the year ended 30 June 2023

11. Group structure

OVERVIEW

The Group structure includes the Bank legal entity and its interests in operating and special purpose subsidiaries, joint ventures and associates. These entities were either acquired or established and their classification is driven by the Bank's level of control or influence.

The operating activities of these entities include banking, advice, funds management, specialised customer financing and asset backed financing across multiple jurisdictions.

11.1 Investments in subsidiaries and other entities

Subsidiaries

The key subsidiaries of the Bank are:

Entity name	Entity name
Australia	
Banking	
CBA Covered Bond Trust	Medallion Trust Series 2015-2
Commonwealth Securities Limited	Medallion Trust Series 2016-1
Medallion Trust Series 2008-1R	Medallion Trust Series 2016-2
Medallion Trust Series 2012-1	Medallion Trust Series 2017-1
Medallion Trust Series 2013-1	Medallion Trust Series 2017-1P
Medallion Trust Series 2013-2	Medallion Trust Series 2017-2
Medallion Trust Series 2014-1	Medallion Trust Series 2018-1
Medallion Trust Series 2014-1P	Medallion Trust Series 2018-1P
Medallion Trust Series 2014-2	Medallion Trust Series 2019-1
Medallion Trust Series 2015-1	Medallion Trust Series 2023-1
Residential Mortgage Group Pty Ltd	

All the above subsidiaries are 100% owned and incorporated in Australia.

Entity name	Extent of beneficial interest if not 100%	Incorporated in
New Zealand and other overseas		
Banking		
ASB Bank Limited		New Zealand
ASB Covered Bond Trust		New Zealand
ASB Holdings Limited		New Zealand
ASB Term Fund		New Zealand
Medallion NZ Series Trust 2009-1R		New Zealand
Commonwealth Bank of Australia (Europe) N.V.		Netherlands
PT Bank Commonwealth	99%	Indonesia

Notes to the financial statements

For the year ended 30 June 2023

11.1 Investments in subsidiaries and other entities (continued)

Critical accounting judgements and estimates

Control and voting rights

Determining whether the Group has control is generally straightforward based on ownership of the majority of the voting rights. Holding more than 50% of an entity's voting rights typically indicates that the Group has control over the entity. Significant judgement is involved where either the Group is deemed to control an entity despite holding less than 50% of the voting rights, or where the Group does not control an entity despite holding more than 50% of the voting rights.

Agent or principal

The Group is deemed to have power over an investment fund when it holds either the responsible entity (RE) and/or the manager function of that fund. Whether that power translates to control depends on whether the Group is deemed to act as an agent or a principal of that fund. Management have determined that the Group acts as a principal and controls a fund when it cannot be easily removed as a manager or RE by investors and when its economic interest in that fund is substantial compared to the economic interest of other investors. In all other cases the Group acts as agent and does not control the fund.

Significant restrictions

There were no significant restrictions on the ability to transfer cash or other assets, pay dividends or other capital distributions, provide or repay loans and advances between the entities within the Group. There were also no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group resulting from protective rights of non-controlling interests.

Associates and joint ventures

There were no significant restrictions on the ability of associates or joint ventures to transfer funds to the Bank or its subsidiaries in the form of cash dividends or to repay loans or advances made.

The Group's investments in associates and joint ventures are shown in the table below.

	Group						
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 Ownership interest %	30 Jun 22 Ownership interest %	Principal activities	Country of incorporation	Balance date
Qilu Bank Co., Ltd	**1,020**	957	**16**	16	Commercial banking	China	31-Dec
Superannuation & Investment HoldCo Pty Limited	**419**	515	**45**	45	Wealth Management	Australia	30-Jun
Vietnam International Commercial Joint Stock Bank	**584**	482	**20**	20	Commercial banking	Vietnam	31-Dec
Lendi Group Pty Ltd	**366**	393	**42**	42	Mortgage broking	Australia	30-Jun
PEXA Group Limited	**321**	317	**24**	24	Property Settlement	Australia	30-Jun
Other	**138**	137	**Various**	Various	Various	Various	Various
Carrying amount of investments in associates and joint ventures	**2,848**	2,801					

Share of associates' and joint ventures profits	Group 30 Jun 23 $M	Group 30 Jun 22 $M
Operating profits before income tax	**118**	516
Income tax benefit/(expense)	**12**	(67)
Operating profits after income tax [1]	**130**	449

1 This amount is recognised net of impairment in the share of profits of associates and joint ventures within Net other operating income.

Notes to the financial statements
For the year ended 30 June 2023

11.1 Investments in subsidiaries and other entities (continued)

Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated structured entities

The Group has the following contractual arrangements which require it to provide financial support to its structured entities.

Securitisation structured entities

The Group provides liquidity facilities to Medallion and Medallion NZ structured entities. The liquidity facilities can only be drawn to cover cash flow shortages relating to mismatches in timing of cash inflows due from securitised asset pools and cash outflows due to note holders. These "timing mismatch" facilities rank pari passu with other senior secured creditors. The facilities limit is $1,498 million (30 June 2022: $1,487 million). This includes $1,225 million (30 June 2022: $1,225 million) in relation to the structured entity where the Bank holds all of the issued instruments and $1,372 million (30 June 2022; $1,350 million) where the Group holds all of the issued instruments.

The Group has no contractual obligations to purchase assets from its securitisation structured entities.

Covered bonds trust

The Group provides funding and support facilities to CBA Covered Bond Trust and ASB Covered Bond Trust (the 'Trusts'). The Trusts are bankruptcy remote SPVs that guarantee any debt obligations owing under the US$40 billion CBA Covered Bond Programme and the EUR7 billion ASB Covered Bond Programme, respectively. The funding facilities allow the Trusts to hold sufficient residential mortgage loans to support the guarantees provided to the Covered Bonds. The Group also provides various swaps to the Trusts to hedge any interest rate and currency mismatches. The Group, either directly or via its wholly owned subsidiaries, Securitisation Advisory Services Pty Limited and Securitisation Management Services Limited, provides various services to the Trusts including servicing and monitoring of the residential mortgages.

Structured asset finance structured entities

The Group has no contractual obligation to provide financial support to any of its structured asset finance structured entities.

During the year ended 30 June 2023, the Bank entered into a debt forgiveness arrangement with four wholly owned structured entities for a total of $55 million (30 June 2022: $69 million). The financial impact of the debt forgiveness was fully eliminated on consolidation.

Unconsolidated structured entities

The Group has exposure to various securitisation vehicles via Residential Mortgage-backed Securities (RMBS) and Asset-backed Securities (ABS). The Group may also provide derivatives and other commitments to these vehicles. The Group also has exposure to investment funds and other financing vehicles.

Securitisations

Securitisations involve transferring assets into an entity that sells beneficial interests to investors through the issue of debt and equity notes with varying levels of subordination. The notes are collateralised by the assets transferred to these vehicles and pay a return based on the returns of those assets, with residual returns paid to the most subordinated investor.

The Group may trade or invest in RMBS and ABS, which are backed by Commercial Properties, Consumer Receivables, Equipment and Auto Finance. The Group may also provide lending, derivatives, liquidity and commitments to these securitisation entities.

Other financing

Asset-backed entities are used to provide tailored lending for the purchase or lease of assets transferred by the Group or its clients. The assets are normally pledged as collateral to the lenders. The Group engages in raising finance for assets such as aircraft, trains, vessels and other infrastructure. The Group may also provide lending, derivatives, liquidity and commitments to these entities.

Investment funds

The Group conducts investment management and other fiduciary activities as responsible entity, trustee, custodian, adviser or manager for investment funds and trusts, including superannuation and approved deposit funds, wholesale and retail trusts. The Group's exposure to investment funds includes holding units in the investment funds and trusts, providing lending facilities, derivatives and receiving fees for services.

The nature and extent of the Group's interests in these entities are summarised below. Interests do not include derivatives and other positions where the Group creates rather than absorbs variability of the structured entity, for example deposits the funds place with the Group. These have been excluded from the tables on pages 256 to 257.

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For the year ended 30 June 2023

11.1 Investments in subsidiaries and other entities (continued)

Exposures to unconsolidated structured entities	30 Jun 23 RMBS $M	ABS $M	Other financing $M	Investment funds $M	Total $M
Investment securities	3,000	114	–	–	**3,114**
Loans and other receivables	7,827	3,214	2,438	4,486	**17,965**
Total on Balance Sheet exposures	**10,827**	**3,328**	**2,438**	**4,486**	**21,079**
Total notional amounts of off Balance Sheet exposures [1]	4,888	776	1,119	5,699	**12,482**
Total maximum exposure to loss	**15,715**	**4,104**	**3,557**	**10,185**	**33,561**
Total assets of the entities [2]	**43,442**	**13,094**	**10,946**	**29,559**	**97,041**

1 Relates to undrawn facilities.
2 Size of the entities is generally the total assets of the entities, except for Real Estate Investment Trusts where the size is based on the Group's credit exposure of $10,169 million.

Exposures to unconsolidated structured entities	30 Jun 22 RMBS $M	ABS $M	Other financing $M	Investment funds $M	Total $M
Investment securities	3,914	129	–	–	**4,043**
Loans and other receivables	8,324	2,844	2,990	5,064	**19,222**
Total on Balance Sheet exposures	**12,238**	**2,973**	**2,990**	**5,064**	**23,265**
Total notional amounts of off Balance Sheet exposures [1]	3,517	964	287	4,453	**9,221**
Total maximum exposure to loss	**15,755**	**3,937**	**3,277**	**9,517**	**32,486**
Total assets of the entities [2]	**51,325**	**12,153**	**13,086**	**27,345**	**103,909**

1 Relates to undrawn facilities.
2 Size of the entities is generally the total assets of the entities, except for Real Estate Investment Trusts where the size is based on the Group's credit exposure of $9,500 million.

The Group's exposure to loss depends on the level of subordination of the interest, which indicates the extent to which other parties are obliged to absorb credit losses before the Group. An overview of the Group's interests, relative ranking and external credit rating, for vehicles that have credit subordination in place, is summarised in the table below, and includes securitisation vehicles and other financing.

Ranking and credit rating of exposures to unconsolidated structured entities	30 Jun 23 RMBS $M	ABS $M	Other financing $M	Total $M
Senior [1]	15,707	4,100	3,557	**23,364**
Mezzanine [2]	8	4	–	**12**
Total maximum exposure to loss	15,715	4,104	3,557	**23,376**

1 All ABS and RMBS exposures and $2,541 million of other financing exposures are rated investment grade. $1,016 million of other financing exposures are sub-investment grade.
2 All RMBS exposures are rated investment grade.

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11.1 Investments in subsidiaries and other entities (continued)

Ranking and credit rating of exposures to unconsolidated structured entities	30 Jun 22 RMBS $M	ABS $M	Other financing $M	Total $M
Senior [1]	15,718	3,930	3,277	**22,925**
Mezzanine [2]	37	7	–	**44**
Total maximum exposure to loss	15,755	3,937	3,277	**22,969**

1 All ABS and RMBS exposures and $2,062 million of other financing exposures are rated investment grade. $1,215 million of other financing exposures are sub-investment grade.
2 All RMBS exposures are rated investment grade.

Sponsored unconsolidated structured entities

For the purposes of this disclosure, the Group sponsors an entity when it manages or advises the entity's program, places securities into the market on behalf of the entity, provides liquidity and/or credit enhancements to the entity, or the Group's name appears in the Structured Entity.

As at 30 June 2023, the Group has not sponsored any unconsolidated structured entities.

ACCOUNTING POLICIES

Subsidiaries

The consolidated financial report comprises the financial report of the Bank and its subsidiaries. Subsidiaries are entities (including structured entities) over which the Bank has control. The Bank controls an entity when it has:

- power over the relevant activities of the entity, for example through voting or other rights;
- exposure to, or rights to, variable returns from the Bank's involvement with the entity; and
- the ability to use its power over the entity to affect the Bank's returns from the entity.

Consolidation of structured entities

The Group exercises judgement at inception and periodically thereafter, to assess whether that structured entity should be consolidated based on the Bank's power over the relevant activities of the entity and the significance of its exposure to variable returns of the structured entity. Such assessments are predominately required for the Group's securitisation program, structured transactions and involvement with investment funds.

Transactions between subsidiaries in the Group are eliminated. Non-controlling interests and the related share of profits in subsidiaries are shown separately in the consolidated Income Statement, Statement of Comprehensive Income, and Balance Sheet. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated when control ceases. Subsidiaries are accounted for at cost less accumulated impairments at the Bank level.

Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, the cost of the business is the fair value of the purchase consideration, measured as the aggregate of the fair values of assets transferred, equity instruments issued, or liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at fair value on the acquisition date. Goodwill represents the excess of the fair value of the purchase consideration over the fair value of the Group's share of assets acquired and liabilities and contingent liabilities assumed on the date of acquisition. If there is a deficit instead, this discount on acquisition is recognised directly in the consolidated Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Investments in associates and joint ventures

Associates and joint ventures are entities over which the Group has significant influence or joint control, but not control. In the consolidated financial report, they are equity accounted. They are initially recorded at cost and adjusted for the Group's share of the associates' and joint ventures' post-acquisition profits or losses and Other Comprehensive Income, less any dividends received. At the Bank level, they are accounted for at cost less accumulated impairments.

The Group assesses, at each Balance Sheet date, whether there is any objective evidence of impairment. If there is an indication that an investment may be impaired, then the entire carrying amount of the investment in associate or joint venture is tested for impairment by comparing the recoverable amount (higher of value in use and fair value less disposal costs) with the carrying amount. Impairment losses recognised in the Income Statement are subsequently reversed through the Income Statement if there has been a change in the estimates used to determine recoverable amount since the impairment loss was recognised.

11.2 Related party disclosures

Banking transactions are entered into with related parties in the normal course of business on an arm's length basis. These include loans, deposits and foreign currency transactions, upon which some fees and commissions may be earned. Details of amounts paid or received from related parties, in the form of interest or dividends, are set out in Notes 2.1 and 2.3.

The Bank's aggregate investments in, and loans to controlled entities are disclosed in the table below. Amounts due to controlled entities are disclosed in the Balance Sheet of the Bank.

	Bank	
	30 Jun 23 $M	30 Jun 22 $M
Shares in controlled entities	**8,623**	7,857
Loans to controlled entities at amortised cost	**45,377**	48,009
Loans to controlled entities at fair value through Income Statement	**636**	853
Total shares in and loans to controlled entities	**54,636**	56,719

As at 30 June 2023, loans to controlled entities at amortised cost in the table above are presented net of $11 million provisions for impairment (30 June 2022: $1 million).

One of the Bank's subsidiaries issued a professional indemnity insurance policy to the Group's controlled entities holding an Australian Financial Services or Australian Credit licence. The total amount insured under this policy as at 30 June 2023 was up to $124 million (30 June 2022: $174 million). The subsidiary also issues a comprehensive crime and professional indemnity insurance policy to the Group. The total amount insured under this policy as at 30 June 2023 was up to $150 million (30 June 2022: $163 million).

As at 30 June 2023, the Bank had reimbursement arrangements in place totalling $82 million (30 June 2022: $535 million), for Aligned Advice remediation with its subsidiaries Financial Wisdom Limited, and Commonwealth Financial Planning Limited including the Pathways business (CFP-Pathways), to cover potential remediation of ongoing service failures to customers, inappropriate advice and other matters. The Group and the Bank have provided for these costs.

As at 30 June 2023, the Bank has an indemnity deed in place with Count Financial and Count Limited (previously known as CountPlus) with a $520 million limit (30 June 2022: $300 million), to cover potential remediation of ongoing service failures to customers, inappropriate advice and other matters. The Group and the Bank have provided for these costs.

The Bank is the head entity of the tax consolidated group and has entered into tax funding and tax sharing agreements with its eligible Australian resident subsidiaries. The details of these agreements are set out in Note 2.5. The amount receivable by the Bank under the tax funding agreement with the tax consolidated entities is $190 million as at 30 June 2023 (30 June 2022: $202 million). This balance is included in 'Other assets' in the Bank's separate Balance Sheet.

All transactions between Group entities are eliminated on consolidation.

ACCOUNTING POLICIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or a separate party controls both. The definition includes subsidiaries, associates, joint ventures, pension plans as well as other persons.

Notes to the financial statements
For the year ended 30 June 2023

11.3 Discontinued operations and businesses held for sale

The Group completed the following business divestments during the years ended 30 June 2023 and 30 June 2022:

Commonwealth Financial Planning

On 28 July 2021, the Group entered into an agreement with AIA Australia for a partial transfer of the Commonwealth Financial Planning (CFP) business to AIA Financial Services Limited. The transaction completed on 30 November 2021. On 26 October 2021, the Group announced the closure of the remaining CFP business effective from 30 November 2021. During the year ended 30 June 2022, the Group recognised a post-tax loss of $73 million mainly related to the write-down of customer receivables and the provision for employee redundancy payments.

Colonial First State

On 13 May 2020, the Group entered into an agreement to sell a 55% interest in Colonial First State (CFS) to KKR. The sale completed on 1 December 2021, resulting in a post-tax gain of $840 million (net of transaction and separation costs). Post-tax transaction and separation costs of $47 million and $137 million were recognised during the years ended 30 June 2021 and 30 June 2020, respectively. The Group has retained a 45% interest in the parent entity of the CFS business, Superannuation and Investments HoldCo Pty Limited, which is accounted for as an investment in a joint venture.

Bank of Hangzhou

On 1 March 2022, the Group announced the sale of a 10% shareholding in Bank of Hangzhou Co., Ltd (HZB) to Hangzhou Urban Construction and Investment Group Co., Ltd and Hangzhou Communications Investment Group Co., Ltd, which are entities majority owned by the Hangzhou Municipal Government. As part of this sale, the Group agreed with HZB to retain its remaining shareholding in HZB of approximately 5.6% until at least 28 February 2025. The sale completed on 30 June 2022, resulting in a post-tax gain of $299 million (net of transaction and separation costs and including the gain on reclassification of the retained 5.6% interest from Investment in Associates to Investments at fair value through Other Comprehensive Income). Post-tax transaction and separation costs of $22 million were recognised during the year ended 30 June 2022.

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 year ended 30 June 2023, and post-tax transaction and separation costs of $46 million and $67 million recognised during the years ended 30 June 2022 and 2021, respectively.

Financial impact of discontinued operations on the Group

	Full year ended [1]		
	30 Jun 23	30 Jun 22	30 Jun 21
	$M	$M	$M
Net other operating income	**71**	381	762
Operating expenses	**(45)**	(217)	(551)
Net profit before income tax	**26**	164	211
Income tax expense	**(8)**	(51)	(63)
Net profit after income tax and before transaction and separation costs	**18**	113	148
(Losses)/gains on disposals of businesses net of transaction and separation costs [2]	**(116)**	985	1,190
Net (loss)/profit after income tax from discontinued operations attributable to equity holders of the Bank	**(98)**	1,098	1,338

1 Income Statement for discontinued operations includes CFS.
2 Includes post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency transaction reserve recycling), and transaction and separation costs associated with previously announced divestments.

Notes to the financial statements

For the year ended 30 June 2023

11.3 Discontinued operations and businesses held for sale (continued)

Earnings per share for (loss)/profit from discontinued operations attributable to equity holders of the Bank

	Full year ended		
	30 Jun 23	30 Jun 22	30 Jun 21
	Cents per Share		
Earnings per share from discontinued operations:			
Basic	**(5. 8)**	63. 7	75. 6
Diluted	**(5. 5)**	59. 9	69. 1

Cash flow statement

	Full year ended [1]		
	30 Jun 23	30 Jun 22	30 Jun 21
	$M	$M	$M
Net cash used in operating activities	–	(53)	132
Net cash used in investing activities	–	(79)	(39)
Net cash used in financing activities	–	(228)	(5)
Net cash (outflows)/inflows from discontinued operations	–	(360)	88

1 Represents cash flows from the underlying businesses classified as discontinued operations and excludes proceeds from disposal, post-completion adjustments, and transaction and separation costs.

Balance Sheet

	As at [1]	
	30 Jun 23	30 Jun 22
Assets held for sale	$M	$M
Assets at fair value through Income Statement	–	420
Intangible assets	–	35
Deferred tax assets	–	9
Other assets	–	847
Total assets [2]	–	1,311
Liabilities held for sale		
Other liabilities	–	1,183
Total liabilities	–	1,183

1 Comparative periods include the assets and liabilities of CommInsure General Insurance.

2 In addition to assets of businesses held for sale, the Group's total assets held for sale include $5 million of properties held for sale (30 June 2022: $11 million) which are not included in the table above.

ACCOUNTING POLICIES

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 coordinated 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.

Notes to the financial statements
For the year ended 30 June 2023

12. Other

OVERVIEW

This section includes other information required to provide a more complete view of our business. It includes customer related commitments and contingencies that arise in the ordinary course of business. In addition, it covers the impact of adopting new accounting standards, notes to the Statement of Cash Flows, remuneration of auditors, and details of events that have taken place subsequent to the Balance Sheet date.

12.1 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 7.1, 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 assets in the Balance Sheet should they be drawn upon by the customer.

	Group [1]			
	Face value		Credit equivalent	
Credit risk related instruments	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Financial guarantees	**4,098**	3,562	**3,553**	3,336
Performance related contingencies	**12,722**	11,139	**7,011**	6,732
Commitments to provide credit	**188,830**	184,942	**144,347**	171,043
Other commitments	**3,334**	887	**2,058**	882
Total credit risk related instruments	**208,984**	200,530	**156,969**	181,993

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

	Bank [1]			
	Face value		Credit equivalent	
Credit risk related instruments	30 Jun 23 $M	30 Jun 22 $M	30 Jun 23 $M	30 Jun 22 $M
Financial guarantees	**3,407**	2,951	**2,937**	2,729
Performance related contingencies	**12,722**	11,139	**7,011**	6,732
Commitments to provide credit	**173,782**	167,937	**131,003**	155,530
Other commitments	**3,324**	719	**2,048**	714
Total credit risk related instruments	**193,235**	182,746	**142,999**	165,705

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

ACCOUNTING POLICIES

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. Performance related contingencies are performance guarantees and do not meet the definition of a financial guarantee. Performance guarantees are recognised when it is probable that an obligation has arisen. The amount of any provision is the best estimate of the amount required to fulfil the obligation;
- **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. As facilities 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; and
- **Other commitments** to provide credit include commitments with certain drawdowns, standby letters of credit and bill endorsements. The details of the Group's accounting policies and critical judgements and estimates involved in calculating impairment provisions are provided in Note 3.2.

Notes to the financial statements
For the year ended 30 June 2023

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12.2 Notes to the Statements of Cash Flows

(a) Reconciliation of net profit after income tax to net cash provided by operating activities

	Group			Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Net profit after income tax [1]	**10,090**	10,771	10,181	**9,280**	10,374
(Increase)/decrease in interest receivable	**(1,795)**	(162)	213	**(1,833)**	(228)
Increase/(decrease) in interest payable	**3,876**	316	(591)	**3,416**	349
Net (gain)/loss on sale of controlled entities and associates	**(291)**	(2,079)	(840)	**19**	(2,371)
Net loss/(gain) on sale of property, plant and equipment	**4**	(12)	4	**4**	(12)
Equity accounting profit	**(113)**	(500)	(580)	**8**	(49)
Loan impairment expense/(benefit)	**1,108**	(357)	554	**1,031**	(397)
Depreciation and amortisation (including asset write downs)	**1,110**	1,518	1,426	**922**	1,342
(Decrease)/increase in other provisions	**(708)**	(121)	145	**(671)**	283
Increase/(decrease) in income taxes payable	**400**	97	(755)	**217**	(23)
(Decrease)/increase in deferred tax liabilities	**(17)**	(65)	307	**(32)**	82
Increase in deferred tax assets	**(627)**	(1,075)	(70)	**(555)**	(1,295)
Increase in accrued fees/reimbursements receivable	**(143)**	(45)	(118)	**(44)**	(34)
Increase/(decrease) in accrued fees and other items payable	**549**	(346)	445	**402**	(52)
Cash flow hedge ineffectiveness	**(8)**	4	1	**(4)**	4
Fair value hedge ineffectiveness	**7**	(8)	(40)	**(34)**	48
Dividend received – controlled entities and associates	**–**	–	–	**(1,233)**	(3,456)
Changes in operating assets and liabilities arising from cash flow movements	**(21,601)**	13,851	31,171	**(21,592)**	16,555
Other	**(231)**	1,453	(141)	**(278)**	2,892
Net cash (used)/provided by operating activities	**(8,390)**	23,240	41,312	**(10,977)**	24,012

1 Includes non-controlling interest.

(b) Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash includes cash and money at short call.

	Group			Bank	
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 23 $M	30 Jun 22 $M
Notes, coins and cash at banks	**107,172**	119,355	87,338	**98,730**	109,250
Other short-term liquid assets	**–**	–	42	**–**	–
Cash and cash equivalents at end of year	**107,172**	119,355	87,380	**98,730**	109,250

(c) Non-cash financing and investing activities

	Group		
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M
Shares issued under the Dividend Reinvestment Plan	**–**	–	264

(d) Disposal of controlled entities

	Group		
	30 Jun 23 $M	30 Jun 22 $M	30 Jun 21 $M
Net assets	**333**	472	224
Cash consideration received	**567**	1,990	124
Cash and cash equivalents held in disposed entities	**–**	15	96

Notes to the financial statements
For the year ended 30 June 2023

12.3 Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by the auditor of the Group and the Bank, and its network firms:

	Group		Bank	
	30 Jun 23 $'000	30 Jun 22 $'000	30 Jun 23 $'000	30 Jun 22 $'000
Audit and review services				
Audit and review of financial statements – Group	**22,583**	19,895	**22,583**	19,568
Audit and review of financial statements – Controlled entities	**6,026**	5,857	**1,146**	575
Total remuneration for audit and review services	**28,609**	25,752	**23,729**	20,143
Other statutory assurance services	**4,173**	3,924	**4,001**	3,682
Other assurance services	**8,005**	6,105	**6,715**	4,619
Total remuneration for assurance services	**12,178**	10,029	**10,716**	8,301
Total remuneration for audit, review and assurance services	**40,787**	35,781	**34,445**	28,444
Other non-audit services				
Taxation advice and tax compliance services	**377**	498	**231**	411
Other services	**38**	439	**2**	437
Total remuneration for other non-audit services	**415**	937	**233**	848
Total remuneration for audit, review, assurance and other services [1]	**41,202**	36,718	**34,678**	29,292

1 An additional amount of $1,577,288 (30 June 2022: $1,276,357) was paid to PricewaterhouseCoopers by way of fees for entities not consolidated into the financial statements. Of this amount, $1,326,549 (30 June 2022: $1,122,520) relates to audit, review and assurance services.

The Audit Committee has considered the non-audit services provided by PricewaterhouseCoopers and is satisfied that the services and the level of fees are compatible with maintaining auditors' independence. All such services were approved by the Audit Committee in accordance with pre-approved policies and procedures.

Other statutory assurance services relate to engagements required under prudential standards and other legislative or regulatory requirements. Other assurance services include assurance and attestation relating to Pillar 3 and sustainability reporting, comfort letters over financing programmes as well as agreed upon procedures.

Taxation services include assistance with tax return submissions, advice on tax legislation as well as design and effectiveness assessments of tax processes.

Other services include quality assurance and methodology reviews as well as benchmarking and process reviews.

Notes to the financial statements
For the year ended 30 June 2023

12.4 Subsequent events

The Directors have determined a fully franked final dividend of 240 cents per share amounting to $4,023 million.

Dividend Reinvestment Plan (DRP)

The Bank expects the DRP for the final dividend for the year ended 30 June 2023 will be satisfied in full by an on-market purchase of shares of approximately $700 million based on historical DRP participation rate.

Share buy-back

On 9 August 2023, following the completion of the previously announced $3 billion on-market share buy-back, the Bank announced its intention to undertake a further $1 billion on-market share buy-back. The Bank reserves the right to vary, suspend or terminate the buy-back at any time.

Directors’ declaration

The Directors of the Commonwealth Bank of Australia declare that:

In the opinion of the Directors, the financial statements and notes for the year ended 30 June 2023, as set out on pages 120 to 264, 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 Commonwealth Bank of Australia and the Group’s financial position as at 30 June 2023 and their performance for the year ended 30 June 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.

Note 1.1 of the financial statements includes a statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* (Cth) for the year ended 30 June 2023.

This declaration is made in accordance with a resolution of the Directors.

Paul O’Malley
Chairman
9 August 2023

Matt Comyn
Managing Director and Chief Executive Officer
9 August 2023

Independent auditor's report

To the members of the Commonwealth Bank of Australia

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of the Commonwealth Bank of Australia (the Bank) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Bank's and the Group's financial positions as at 30 June 2023 and of their financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Bank and Group financial report comprises:

- the Bank and Group Balance Sheets as at 30 June 2023
- the Bank and Group Income Statements for the year then ended
- the Bank and Group Statements of Comprehensive Income for the year then ended
- the Bank and Group Statements of Changes in Equity for the year then ended
- the Bank and Group Statements of Cash Flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the Directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank and 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

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Our audit approach

Bank and Group audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Bank and the Group, their accounting processes and controls and the industries in which they operate.

Our audit focused on where the Bank and the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In designing the scope of our audit, we considered the structure of the Group which includes five continuing business segments being Retail Banking Services (RBS), Business Banking (BB), Institutional Banking and Markets (IB&M), New Zealand (NZ), and Corporate Centre and Other. We also considered one significant business activity within these segments, being Group Treasury. These business segments and the significant business activity are considered to be components as the Group prepares financial information for them for the inclusion in the financial report.

The nature, timing and extent of audit work performed for each component was determined by each components' risk characteristics and financial significance to the Group and consideration of whether sufficient evidence had been obtained for our opinion on the financial report as a whole. This involved either:

- an audit of the financial information of a component (full scope);
- an audit of one or more of the component's account balances, classes of transactions or disclosures (specified scope); or
- analytical procedures performed at the Bank and Group level and/or audit procedures performed at the Bank and Group level, including over the consolidation of the Bank and Group's components and the preparation of the financial report (other procedures).

Set out in the following diagram is an overview of how our audit scope aligns to the identified components and our audit report.

Scoping and performance of procedures

Component	Audit scope
RBS	Full scope
BB	Full scope
IB&M	Full scope
NZ	Full scope
Group Treasury	Full scope
Corporate Centre and Other[1]	Other procedures

Reporting

Key Audit Matters	Auditor's report
Areas in our professional judgement which were of most significance in our audit	*Opinion on the financial report as a whole*

1 This excludes Group Treasury.

Bank and Group audit materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Bank and Group materiality for the financial report, which we have set out in the table below.

Overall Bank and Group Materiality	**$635 million (2022: $675 million)**
How we determined it	Approximately 5% of 2023 financial year net profit before income tax (PBT) for the Bank (2022: approximately 5% of 2022 financial year net PBT for the Group). As the Bank has a lower PBT in the year ended 30 June 2023, we calculated materiality based on the Bank PBT and applied this during the audit of both the Bank and the Group.
Rationale for the materiality benchmark applied	We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose PBT because, in our view, it is the metric against which the performance of the Bank and the Group is most commonly measured and is a generally accepted benchmark. We performed our audit over both the Bank and the Group financial information concurrently. We applied the lower materiality calculated based on the Bank PBT in order to avoid duplication of work. We utilised a 5% threshold based on our professional judgement, noting that it is within the range of commonly acceptable thresholds.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current year. We describe each key audit matter and include a summary of the principal audit procedures we performed to address those matters in the table below.

The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. The key audit matters identified below relate to both the Bank and the Group audit, unless otherwise stated below. We communicated the key audit matters to the Audit Committee.

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Key audit matter	How our audit addressed the key audit matter
Provisions for loan impairment	

AASB 9 *Financial Instruments* requires the recognition of a Provision for Expected Credit Losses (ECL) against the gross carrying value of the Bank's and the Group's loans and other receivables, the measurement of which is required to incorporate reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The Bank and the Group utilise complex models to calculate ECL on a collective basis. These models have been developed using internal historical default data and incorporate various forward-looking assumptions, such as forecasts of future economic conditions across multiple economic scenarios.

Individually assessed provisions are also recognised by the Bank and the Group for loans and other receivables that are known to be impaired at the reporting date. These provisions are measured using probability weighted scenarios which are intended to reflect a range of reasonably possible outcomes, and incorporate assumptions such as estimated future cash repayments and proceeds expected to be recovered from the realisation of the value of collateral held by the Bank and the Group in respect of the impaired lending assets.

We considered the provision for ECL a key audit matter due to the significant audit effort required and the inherent estimation uncertainty present in its determination, which is specifically due to the complexity, subjectivity and extent of judgement used by the Bank and the Group in its recognition and measurement. Specific drivers of this uncertainty include the following:

- The models which are used to calculate ECL (ECL models) are inherently complex and judgement is applied in determining the appropriate construct of each model;
- Multiple assumptions are made by the Bank and the Group concerning the future occurrence of events and conditions, as well as their probabilities, for which there is inherently heightened levels of estimation uncertainty given the forward-looking nature of these assumptions;

We developed an understanding of the control activities relevant to our audit over Bank's and the Group's Provision for ECL, and for certain control activities, assessed whether they were appropriately designed and were operating effectively, on a sample basis, throughout the year ended 30 June 2023. This included control activities relevant to:

- Completeness and accuracy of certain inputs to and outputs from the ECL models;
- Reliability and accuracy of certain critical data elements used in ECL models; and
- Review and approval of forward-looking assumptions, post-model adjustments, in-model adjustments and overall adequacy of total Provisions for ECL by the Bank's and the Group's Loan Loss Provisioning Committee (LLPC).

In addition to controls testing we, along with PwC credit risk modelling experts and PwC economics experts, performed the following procedures, amongst others, to assess the reasonableness of the Bank's and the Group's Provision for ECL as at 30 June 2023:

- Assessed the appropriateness of the ECL model methodology applied by the Bank and the Group for a selection of the Bank's and the Group's loan portfolios, with particular consideration to the results of model monitoring performed for existing models, including back-testing of observed losses against predicted losses, and model validation for newly implemented models;
- Recalculated ECL to assess the accuracy of the modelled outputs for a targeted sample of the Bank's and the Group's loan portfolios;
- Assessed the appropriateness of certain forward-looking assumptions incorporated into the ECL models, including the macroeconomic scenarios developed, underlying forecasts and probability weightings applied;
- Tested the completeness and accuracy of a sample of certain critical data elements used as inputs to the ECL models to relevant source documentation;

Independent auditor's report (continued)

Key audit matter	How our audit addressed the key audit matter
Provisions for loan impairment (continued)	
• The determination of the need for and quantification of adjustments to modelled assumptions and model outputs; and • The valuation of individually assessed provisions for impaired non-retail borrowers. Additional subjectivity and judgement has been introduced into the measurement of ECL for the year ended 30 June 2023 due to the heightened uncertainty associated with the impact of the current economic outlook, in particular, the impact of rising interest rates, climate change and inflation to the Bank's and the Group's customers. This includes the impact of these factors to customer loan serviceability, internal credit ratings, the valuation of collateral held as security, forward-looking information including macroeconomic scenarios and their associated weightings, and the use of model adjustments and overlays in the calculation of ECL. **Relevant references in the financial report** Refer to notes 1.1, 3.2 and 9.2 for further information.	• Assessed the appropriateness of certain model adjustments and overlays identified by the Bank and the Group; • Tested the appropriateness of individually assessed provisions recognised by the Bank and the Group for a selection of loan assets identified to be impaired as at the reporting date, by assessing the appropriateness of expected cashflow forecasts and other significant judgements made in their measurement; and • Considered the impact of relevant events occurring after the end of the financial year until the date of signing the auditor's report on the Provision for ECL. Where applicable, we also considered the competency, capabilities, objectivity and nature of the work of certain experts used by the Bank and the Group to assist in the development of significant assumptions used in determining the Provision for ECL. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Judgemental valuation of financial instruments	
The Bank and the Group have material holdings in financial instruments measured at fair value. Australian Accounting Standards provide a hierarchy of observability to gauge the relative uncertainty of financial instrument valuations. At 30 June 2023, the value of Level 2 fair value financial assets and financial liabilities held by the Group are $92,120m and $59,184m, respectively, and by the Bank are $92,278m and $59,898m, respectively. The Level 2 financial instruments held at fair value include: • Derivative assets and liabilities; • Assets and liabilities at fair value through the Income Statement • Investment securities at fair value through Other Comprehensive Income We considered the financial instruments measured at fair value a key audit matter due to the magnitude of the Level 2 holdings, the significant audit effort required and the judgement applied by the Bank and the Group in their selection and application of appropriate valuation models, external market rates and assumptions. The non-equity Level 3 financial instruments where the valuation is dependent on unobservable inputs remain immaterial. **Relevant references in the financial report** Refer to notes 4.2, 5.3, 5.4, 5.5 and 9.5 for further information.	We developed an understanding of the control activities relevant to our audit over the Bank's and the Group's financial instruments measured at fair value, and for certain control activities assessed whether they were appropriately designed and were operating effectively on a sample basis, throughout the year ended 30 June 2023. We performed testing in relation to the following areas, amongst others, over the valuation of financial instruments measured at fair value: • Management's assessment of valuation models at their inception and on an ongoing basis; • Reliability and accuracy of key market rates used in the Bank and the Group's valuation models; • Trade confirmations; and • Financial instrument position and settlement reconciliations. Additionally, together with PwC valuation experts, we tested the Bank and the Group's fair value measurement of financial instruments. This involved, for a sample of financial instruments, developing our own independent valuation and comparing it to management's valuation. We considered the aggregate results of this assessment to form a view on whether there was evidence of systemic bias in the Bank and the Group's valuation of financial instruments by investigating the root cause of any significant variances. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Provisions for ongoing class actions	
There are a number of class actions that have been brought against the Bank and the Group. Significant judgement is required to determine whether a provision is required with regard to the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Where a provision has been recognised, there is a high degree of estimation uncertainty. We consider the determination, valuation and disclosure of these provisions to be a key audit matter due to the level of judgement required in determining whether a provision is required, the inherent estimation uncertainty in calculating the appropriate amount of a provision, where required, and the related disclosures within the financial report. **Relevant references in the financial report** Refer to note 7.1 for further information.	We developed an understanding of the control activities relevant to our audit over the Bank's and the Group's provisions for ongoing class actions, and for certain control activities assessed whether they were appropriately designed and were operating effectively on a sample basis, throughout the year ended 30 June 2023. We performed testing in relation to the following areas, amongst others, over the determination, valuation and disclosure of the provisions for class actions: • Made inquiries of management and in-house legal counsel in relation to the status of the class actions at the end of the financial year; • Inspected certain Board and other committee meeting minutes and papers for any material developments in relation to the class actions; • Inspected legal representation letters from external legal counsel for certain matters; • Evaluated the Bank's and the Group's assessments as to whether a provision was required with regard to the requirements of Australian Accounting Standards; and • Tested the valuation of the provisions recognised. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Operation of financial reporting Information Technology (IT) systems and controls	
The Bank's and the Group's operations and financial reporting processes are heavily dependent on IT systems for the processing and recording of a significant volume of transactions. Due to this, we consider the operation of financial reporting IT systems and controls to be a key audit matter. In particular, in common with all banks, access rights to technology are important because they are intended to ensure that changes to applications and data are appropriately authorised. Ensuring that only appropriate staff have access to IT systems, that the level of access itself is appropriate, and that access is periodically monitored, are key controls in mitigating the potential for fraud or error as a result of a change to an application or underlying data. The Bank and the Group have an ongoing multi-year strategic program to address controls related to access management for systems and data relevant to financial reporting.	For material financial statement balances, we developed an understanding of the business processes, IT systems used to generate and support those balances and associated IT application controls and IT dependencies in manual controls. Our procedures included evaluating and testing the design and operating effectiveness of certain control activities over the continued integrity of the material IT systems that are relevant to financial reporting. This involved assessing, where relevant to the audit: • Change management: The processes and controls used to develop, test and authorise changes to the functionality and configurations within systems; • System development: The project disciplines which ensure that significant developments or implementation are appropriately tested before implementation and that data is converted and transferred completely and accurately; • Security: The access controls designed to enforce segregation of duties, govern the use of generic and privileged accounts or ensure that data is only changed through authorised means; and • IT operations: The controls over operations are used to ensure that any issues that arise are managed appropriately. Within the scope of our audit where technology services are provided by a third party, we considered assurance reports from the third party's auditor on the design and operating effectiveness of controls. We also carried out tests, on a sample basis, of IT application controls and IT dependencies in manual controls that were key to our audit testing in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls. Where we identified design and operating effectiveness matters relating to IT systems or application controls relevant to our audit, we performed alternative audit procedures. We also considered mitigating controls in order to respond to the impact on our overall audit approach.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of our limited assurance report on Selected Sustainability Information as detailed in pages 40 to 46 of the annual report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Bank are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Bank and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration report

Our opinion on the Remuneration report

We have audited the Remuneration report included in pages 88 to 116 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration report of the Commonwealth Bank of Australia for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Bank are responsible for the preparation and presentation of the Remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Elizabeth O'Brien

Elizabeth O'Brien
Partner

Sydney
9 August 2023

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Security holder information

Top 20 holders of fully paid ordinary shares as at 30 June 2023

Rank	Name of holder	Number of shares	%
1	HSBC Custody Nominees	371,539,949	22. 17%
2	J P Morgan Nominees Australia Limited	237,995,921	14. 20%
3	Citicorp Nominees Pty Limited	106,888,611	6. 38%
4	BNP Paribas Noms Pty Ltd	51,177,405	3. 05%
5	National Nominees Limited	37,460,541	2. 23%
6	Australian Foundation Investment	7,809,000	0. 47%
7	Netwealth Investments Limited	6,676,769	0. 40%
8	Bond Street Custodians Limited	4,012,526	0. 24%
9	Australian Executor Trustees Limited	2,881,580	0. 17%
10	Argo Investments Limited	2,753,731	0. 16%
11	Navigator Australia	2,655,612	0. 16%
12	Mutual Trust Pty Ltd	1,786,585	0. 11%
13	Invia Custodian Pty Limited	1,716,107	0. 10%
14	Mr Barry Martin Lambert	1,643,613	0. 10%
15	Nulis Nominees (Australia)	1,501,601	0. 09%
16	McCusker Holdings Pty Ltd	1,370,000	0. 08%
17	UBS Nominees Pty Ltd	1,200,557	0. 07%
18	Custodial Services Limited	1,128,780	0. 07%
19	Joy Wilma Lambert	1,068,250	0. 06%
20	Washington H Soul Pattinson And Company Limited	1,006,477	0. 06%

The top 20 shareholders hold 844,273,615 shares which is equal to 50.37% of the total shares on issue.

Substantial shareholding

As at 8 August 2023 the following organisations have disclosed a substantial shareholding notice to the Australian Securities Exchange (ASX).

Name	Number of shares	Percentage of voting power
BlackRock Group [1]	106,300,321	6
State Street Corporation [2]	89,958,857	5
Vanguard Group [3]	85,093,294	5

1 Substantial shareholding as at 6 March 2020, as per notice lodged on 10 March 2020.
2 Substantial shareholding as at 9 August 2022, as per notice lodged on 11 August 2022.
3 Substantial shareholding as at 22 July 2022, as per notice lodged on 28 July 2022.

Stock exchange listing

The shares of the Commonwealth Bank of Australia (Bank) are listed on the ASX under the trade symbol of CBA.

Range of shares (fully paid ordinary shares and employee shares) as at 30 June 2023

Ranges	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of issued capital	Number of rights holders [1]
1 – 1,000	660,833	76. 70	176,476,460	10. 53	–
1,001 – 5,000	173,871	20. 18	364,696,258	21. 76	–
5,001 – 10,000	18,931	2. 20	128,836,425	7. 69	–
10,001 – 100,000	7,860	0. 91	147,356,610	8. 79	15
100,001 – over	141	0. 01	858,803,569	51. 23	1
Total [2]	861,636	100. 00	1,676,169,322	100. 00	16
Less than marketable parcel of $500 [3]	11,042	1. 28	21,965	0. 00	–

1 The total number of rights on issue is 1,124,835 rights which carry no entitlement to vote.
2 During the year ended 30 June 2023, 1,374,957 shares were purchased on market at an average share price of $101.58 for the purpose of various CBA equity settled share plans.
3 Based on a closing price of $100.27 on 30 June 2023.

Security holder information (continued)

Voting rights

Under the Bank's Constitution, shareholders entitled to vote at a general meeting may vote in person, directly or by proxy, attorney or representative, depending on whether the shareholder is an individual or a company.

Subject to any rights or restrictions attaching to shares, each ordinary shareholder present at a general meeting has, on a poll, one vote for each fully paid share. If shares are not fully paid, on a poll the number of votes attaching to the shares is pro-rated accordingly. In accordance with the Corporations Act, the provision in the Constitution providing for one vote on a show of hands is no longer relevant, as general meeting resolutions will be conducted by a poll.

If a person at a general meeting represents personally or by proxy, attorney or official representative more than one shareholder, on a show of hands the person is entitled to one vote only even though he or she represents more than one shareholder.

Where a shareholder appoints two proxies or attorneys to vote at the same general meeting:

- If the appointment does not specify the proportion or number of the shareholder's votes each proxy or attorney may exercise, each proxy or attorney may exercise half the shareholder's votes;
- On a show of hands, neither proxy or attorney may vote if more than one proxy or attorney attends; and
- On a poll, each proxy or attorney may only exercise votes in respect of those shares or voting rights the proxy or attorney represents.

Top 20 holders of CommBank PERLS X Capital Notes ("PERLS X") as at 30 June 2023

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	1,457,517	10. 68%
2	HSBC Custody Nominees	1,104,762	8. 09%
3	Citicorp Nominees Pty Limited	699,255	5. 12%
4	Netwealth Investments Limited	194,129	1. 42%
5	Navigator Australia	111,100	0. 81%
6	Invia Custodian Pty Limited	108,675	0. 80%
7	Australian Executor Trustees Limited	104,714	0. 77%
8	Dimbulu Pty Ltd	100,000	0. 73%
9	Mutual Trust Pty Ltd	93,064	0. 68%
10	Bond Street Custodians Limited	86,572	0. 63%
11	Marrosan Investments Pty Ltd	75,000	0. 55%
12	J P Morgan Nominees Australia Limited	66,943	0. 49%
13	Nulis Nominees (Australia)	63,515	0. 47%
14	Federation University Australia	59,620	0. 44%
15	Eastcote Pty Ltd	50,000	0. 37%
16	Harriette & Co Pty Ltd	50,000	0. 37%
17	Selsey Holdings Pty Ltd	47,000	0. 34%
18	Mr Roni G Sikh	40,492	0. 30%
19	Pamdale Investments	36,000	0. 26%
20	Ainsley Heath Investments Pty Ltd	35,500	0. 26%

The top 20 PERLS X security holders hold 4,583,858 securities which is equal to 33.58% of the total securities on issue.

Stock exchange listing

PERLS X are perpetual subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPG.

Range of securities (PERLS X) as at 30 June 2023

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	12,421	87. 94	4,295,796	31. 47
1,001 – 5,000	1,506	10. 66	3,261,669	23. 90
5,001 – 10,000	125	0. 89	919,961	6. 74
10,001 – 100,000	66	0. 47	1,929,131	14. 13
100,001 – over	6	0. 04	3,243,443	23. 76
Total	14,124	100. 00	13,650,000	100. 00
Less than marketable parcel of $500 [1]	7	0. 05	11	0. 00

1 Based on a closing price of $102.18 on 30 June 2023.

Security holder information (continued)

Voting rights

PERLS X do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 277 and 278 for the Bank's ordinary shares.

Top 20 holders of CommBank PERLS XI Capital Notes ("PERLS XI") as at 30 June 2023

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,321,172	8. 31%
2	Citicorp Nominees Pty Limited	949,996	5. 97%
3	Netwealth Investments Limited	349,013	2. 20%
4	BNP Paribas Noms Pty Ltd	269,593	1. 70%
5	Australian Executor Trustees Limited	231,969	1. 46%
6	Bond Street Custodians Limited	157,472	0. 99%
7	Dimbulu Pty Ltd	150,000	0. 94%
8	National Nominees Limited	112,561	0. 71%
9	Invia Custodian Pty Limited	109,596	0. 69%
10	Eastcote Pty Limited	100,000	0. 63%
11	Nulis Nominees (Australia)	98,616	0. 62%
12	Diocese Development Fund - Catholic Diocese Of Parramatta	98,000	0. 62%
13	Pamdale Investments	97,831	0. 62%
14	Navigator Australia	88,203	0. 55%
15	J P Morgan Nominees Australia Limited	84,994	0. 53%
16	V S Access Pty Ltd	80,000	0. 50%
17	Mutual Trust Pty Ltd	63,546	0. 40%
18	Edgelake Proprietary Limited	49,267	0. 31%
19	Certane Ct Pty Ltd	44,654	0. 28%
20	Margen Biggs Pty Limited	36,000	0. 23%

The top 20 PERLS XI security holders hold 4,492,483 securities which is equal to 28.25% of the total securities on issue.

Stock exchange listing

PERLS XI are perpetual subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPH.

Range of securities (PERLS XI) as at 30 June 2023

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	15,721	87. 64	5,510,530	34. 66
1,001 – 5,000	1,983	11. 05	4,071,180	25. 60
5,001 – 10,000	147	0. 82	1,074,638	6. 76
10,001 – 100,000	80	0. 45	2,153,158	13. 54
100,001 – over	8	0. 04	3,090,494	19. 44
Total	17,939	100. 00	15,900,000	100. 00
Less than marketable parcel of $500 [1]	12	0. 07	22	0. 00

1 Based on a closing price of $101.79 on 30 June 2023.

Voting rights

PERLS XI do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 277 and 278 for the Bank's ordinary shares.

Security holder information (continued)

Top 20 holders of CommBank PERLS XII Capital Notes ("PERLS XII") as at 30 June 2023

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,310,225	7. 94%
2	Citicorp Nominees Pty Limited	960,890	5. 82%
3	BNP Paribas Noms Pty Ltd	647,220	3. 92%
4	Netwealth Investments Limited	496,256	3. 01%
5	Royal Freemasons Benevolent Institution	202,500	1. 23%
6	Dimbulu Pty Ltd	200,000	1. 21%
7	Australian Executor Trustees Limited	192,512	1. 17%
8	Tandom Pty Ltd	120,000	0. 73%
9	Mutual Trust Pty Ltd	111,479	0. 68%
10	Bond Street Custodians Limited	110,008	0. 67%
11	Diocese Development Fund - Catholic Diocese Of Parramatta	101,472	0. 61%
12	Invia Custodian Pty Limited	85,137	0. 52%
13	Nulis Nominees (Australia)	79,849	0. 48%
14	Navigator Australia	72,988	0. 44%
15	QM Financial Services	53,500	0. 32%
16	J P Morgan Nominees Australia Limited	51,333	0. 31%
17	Tsco Pty Ltd	48,650	0. 29%
18	Brujan Assets Pty Limited	45,000	0. 27%
19	Mr Roni G Sikh	38,527	0. 23%
20	V S Access Pty Ltd	35,394	0. 21%

The top 20 PERLS XII security holders hold 4,962,940 securities which is equal to 30.08% of the total securities on issue.

Stock exchange listing

PERLS XII are perpetual subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPI.

Range of securities (PERLS XII) as at 30 June 2023

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	15,657	87. 48	5,745,626	34. 82
1,001 – 5,000	2,027	11. 33	4,147,317	25. 14
5,001 – 10,000	134	0. 75	978,362	5. 93
10,001 – 100,000	64	0. 36	1,467,305	8. 89
100,001 – over	15	0. 08	4,161,390	25. 22
Total	17,897	100. 00	16,500,000	100. 00
Less than marketable parcel of $500 [1]	5	0. 03	10	0. 00

1 Based on a closing price of $100.91 on 30 June 2023.

Voting rights

PERLS XII do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 277 and 278 for the Bank's ordinary shares.

Security holder information (continued)

Top 20 holders of CommBank PERLS XIII Capital Notes ("PERLS XIII") as at 30 June 2023

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,091,229	9. 25%
2	Citicorp Nominees Pty Limited	982,297	8. 32%
3	BNP Paribas Noms Pty Ltd	750,805	6. 36%
4	Netwealth Investments Limited	298,353	2. 53%
5	Mutual Trust Pty Ltd	115,360	0. 98%
6	Leda Holdings Pty Ltd	111,000	0. 94%
7	J P Morgan Nominees Australia Limited	105,485	0. 89%
8	Dimbulu Pty Ltd	100,000	0. 85%
9	Royal Freemasons Benevolent Institution	100,000	0. 85%
10	Nothman Pty Ltd	88,700	0. 75%
11	Herbert St Investments Pty Ltd	84,000	0. 71%
12	Valtellina Properties Pty Ltd	70,844	0. 60%
13	Australian Executor Trustees Limited	63,031	0. 53%
14	Bond Street Custodians Limited	38,935	0. 33%
15	Federation University Australia	35,430	0. 30%
16	Sarina Aged Care Ltd	30,760	0. 26%
17	Beverley Joyce Campbell	28,640	0. 24%
18	Kids Staff Agency Pty Ltd	27,721	0. 23%
19	The Trust Company (Australia) Limited	27,650	0. 23%
20	Nulis Nominees (Australia)	25,056	0. 21%

The top 20 PERLS XIII security holders hold 4,175,296 securities which is equal to 35.38% of the total securities on issue.

Stock exchange listing

PERLS XIII are perpetual subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPJ.

Range of securities (PERLS XIII) as at 30 June 2023

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	10,889	88. 97	3,899,830	33. 05
1,001 – 5,000	1,193	9. 75	2,564,102	21. 73
5,001 – 10,000	93	0. 76	649,449	5. 50
10,001 – 100,000	53	0. 43	1,367,827	11. 59
100,001 – over	11	0. 09	3,318,792	28. 13
Total	12,239	100. 00	11,800,000	100. 00
Less than marketable parcel of $500 [1]	1	0. 01	2	0. 00

1 Based on a closing price of $100.59 on 30 June 2023.

Voting rights

PERLS XIII do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 277 and 278 for the Bank's ordinary shares.

Security holder information (continued)

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Top 20 holders of CommBank PERLS XIV Capital Notes ("PERLS XIV") as at 30 June 2023

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	4,147,599	23. 70%
2	HSBC Custody Nominees	1,292,889	7. 39%
3	Citicorp Nominees Pty Limited	707,431	4. 04%
4	Netwealth Investments Limited	314,166	1. 80%
5	Dimbulu Pty Ltd	220,000	1. 26%
6	Mutual Trust Pty Ltd	165,721	0. 95%
7	Elmore Super Pty Ltd	120,000	0. 69%
8	John E Gill Trading Pty Ltd	112,110	0. 64%
9	Navigator Australia	88,219	0. 50%
10	Bond Street Custodians Limited	86,848	0. 50%
11	Fibora Pty Ltd	64,740	0. 37%
12	Invia Custodian Pty Limited	64,531	0. 37%
13	J P Morgan Nominees Australia Limited	64,038	0. 37%
14	Australian Executor Trustees Limited	63,043	0. 36%
15	Pamdale Investments	52,150	0. 30%
16	National Nominees Limited	50,970	0. 29%
17	Limeburner Investments Pty Ltd	50,063	0. 29%
18	Marrosan Investments Pty Ltd	50,000	0. 29%
19	Nulis Nominees (Australia)	47,539	0. 27%
20	Sir Moses Montefiore Jewish Home	40,010	0. 23%

The top 20 PERLS XIV security holders hold 7,802,067 securities which is equal to 44.58% of the total securities on issue.

Stock exchange listing

PERLS XIV are perpetual subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPK.

Range of securities (PERLS XIV) as at 30 June 2023

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	12,007	86. 26	4,607,529	26. 33
1,001 – 5,000	1,697	12. 19	3,440,349	19. 66
5,001 – 10,000	142	1. 02	1,021,003	5. 83
10,001 – 100,000	64	0. 46	1,598,197	9. 13
100,001 – over	10	0. 07	6,832,922	39. 05
Total	13,920	100. 00	17,500,000	100. 00
Less than marketable parcel of $500 [1]	3	0. 02	3	0. 00

1 Based on a closing price of $99.19 on 30 June 2023.

Voting rights

PERLS XIV do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 277 and 278 for the Bank's ordinary shares.

Security holder information (continued)

Top 20 holders of CommBank PERLS XV Capital Notes ("PERLS XV") as at 30 June 2023

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	1,758,671	9. 89%
2	HSBC Custody Nominees	1,702,068	9. 58%
3	Citicorp Nominees Pty Limited	451,245	2. 54%
4	Netwealth Investments Limited	410,443	2. 31%
5	Megt (Australia) Ltd	124,800	0. 70%
6	Bond Street Custodians Limited	117,030	0. 66%
7	National Nominees Limited	100,351	0. 56%
8	Mutual Trust Pty Ltd	95,720	0. 54%
9	Invia Custodian Pty Limited	92,547	0. 52%
10	Marrosan Investments Pty Ltd	90,000	0. 51%
11	Limeburner Investments Pty Ltd	85,753	0. 48%
12	Royal Freemasons Benevolent Institution	82,000	0. 46%
13	Willimbury Pty Ltd	70,673	0. 40%
14	Navigator Australia	62,709	0. 35%
15	Eastcote Pty Limited	59,300	0. 33%
16	Pamdale Investments	56,441	0. 32%
17	Cordale Holdings Pty Ltd	55,000	0. 31%
18	Mifare Pty Ltd	55,000	0. 31%
19	Nulis Nominees (Australia)	52,759	0. 30%
20	Jamber Investments Pty Ltd	50,000	0. 28%

The top 20 PERLS XV security holders hold 5,572,510 securities which is equal to 31.35% of the total securities on issue.

Stock exchange listing

PERLS XV are perpetual subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPL.

Range of securities (PERLS XV) as at 30 June 2023

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	13,958	85. 63	5,186,787	29. 18
1,001 – 5,000	2,086	12. 80	4,186,775	23. 56
5,001 – 10,000	135	0. 83	956,164	5. 38
10,001 – 100,000	112	0. 68	2,939,189	16. 54
100,001 – over	10	0. 06	4,504,875	25. 34
Total	16,301	100. 00	17,773,790	100. 00
Less than marketable parcel of $500 [1]	3	0. 02	9	0. 00

1 Based on a closing price of $100.49 on 30 June 2023.

Voting rights

PERLS XV do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 277 and 278 for the Bank's ordinary shares.

Security holder information (continued)

Top 20 holders of CommBank PERLS XVI Capital Notes ("PERLS XVI") as at 30 June 2023

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	2,127,162	13. 72%
2	BNP Paribas Noms Pty Ltd	588,460	3. 80%
3	Netwealth Investments Limited	349,757	2. 26%
4	Citicorp Nominees Pty Limited	203,538	1. 31%
5	J P Morgan Nominees Australia Limited	180,578	1. 17%
6	Tandom Pty Ltd	150,000	0. 97%
7	Bond Street Custodians Limited	138,042	0. 89%
8	Dimbulu Pty Ltd	100,000	0. 65%
9	Mr John William Cunningham	95,970	0. 62%
10	Higham Hill Pty Ltd	70,000	0. 45%
11	Leda Holdings Pty Ltd	70,000	0. 45%
12	Mutual Trust Pty Ltd	65,942	0. 43%
13	Parkyn Capital Pty Ltd	50,000	0. 32%
14	National Nominees Limited	45,626	0. 29%
15	Kadoo Pty Limited	44,140	0. 28%
16	Certane Ct Pty Ltd	43,700	0. 28%
17	Mr Bradley Vincent Hellen + Mr Sean Patrick Mcmahon	42,500	0. 27%
18	John E Gill Trading Pty Ltd	42,128	0. 27%
19	Colonial First State Inv Ltd	40,550	0. 26%
20	Anglicare Sa Ltd	40,000	0. 26%

The top 20 PERLS XVI security holders hold 4,488,093 securities which is equal to 28.96% of the total securities on issue.

Stock exchange listing

PERLS XVI are perpetual subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPM.

Range of securities (PERLS XVI) as at 30 June 2023

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	12,052	84. 90	4,433,663	28. 60
1,001 – 5,000	1,864	13. 13	4,060,284	26. 20
5,001 – 10,000	181	1. 28	1,330,054	8. 58
10,001 – 100,000	92	0. 65	2,219,455	14. 32
100,001 – over	7	0. 04	3,456,544	22. 30
Total	14,196	100. 00	15,500,000	100. 00
Less than marketable parcel of $500 [1]	3	0. 02	9	0. 00

1 Based on a closing price of $100.58 on 30 June 2023.

Voting rights

PERLS XVI do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 277 and 278 for the Bank's ordinary shares.

Relevant exchanges

In addition to the ASX, the Group has securities quoted on the London Stock Exchange (LSE), Swiss Exchange (SIX), Indonesian Stock Exchange (IDX) and the New Zealand Exchange (NZX).

Five-year financial summary

	30 Jun 23 $M	30 Jun 22 [1] $M	30 Jun 21 [1] $M	30 Jun 20 $M	30 Jun 19 $M
Net interest income	**23,056**	19,473	19,302	19,015	18,224
Other operating income	**4,181**	5,216	4,646	4,746	5,355
Total operating income	**27,237**	24,689	23,948	23,761	23,579
Operating expenses	**(11,858)**	(11,428)	(11,151)	(10,996)	(10,891)
Loan impairment (expense)/benefit	**(1,108)**	357	(554)	(2,518)	(1,201)
Net profit before tax	**14,271**	13,618	12,243	10,247	11,487
Income tax expense	**(4,107)**	(4,023)	(3,590)	(3,022)	(3,301)
Non-controlling interests	**–**	–	–	–	(12)
Net profit after tax from continuing operations ("cash basis")	**10,164**	9,595	8,653	7,225	8,174
Net profit after tax from discontinued operations	**18**	113	148	182	527
Net profit after tax ("cash basis")	**10,182**	9,708	8,801	7,407	8,701
Treasury shares valuation adjustment	**–**	–	–	–	6
Hedging and IFRS volatility	**(8)**	108	7	93	(79)
(Loss)/gain on disposal of entities net of transaction costs	**(84)**	955	1,373	2,092	(61)
Bankwest non-cash items	**–**	–	–	–	(1)
Net profit after income tax attributable to equity holders of the Bank "statutory basis"	**10,090**	10,771	10,181	9,592	8,566
Contributions to profit (after tax)					
Retail Banking Services	**5,158**	4,913	4,693	4,029	4,043
Business Banking	**3,973**	3,010	2,836	2,570	2,765
Institutional Banking and Markets	**1,031**	1,058	933	635	1,090
New Zealand	**1,356**	1,265	1,161	809	1,059
Corporate Centre and Other	**(1,354)**	(651)	(970)	(818)	(783)
Net profit after tax from continuing operations ("cash basis")	**10,164**	9,595	8,653	7,225	8,174
Balance Sheet					
Loans and other receivables	**926,082**	878,854	811,356	772,980	756,553
Total assets	**1,252,845**	1,215,260	1,091,975	1,015,484	977,896
Deposits and other public borrowings	**864,995**	857,586	766,381	703,432	637,420
Total liabilities	**1,180,840**	1,142,422	1,013,287	943,576	908,280
Shareholders' Equity	**72,005**	72,838	78,688	71,908	69,616
Net tangible assets (including discontinued operations)	**64,607**	65,899	71,041	64,307	59,547
Risk weighted assets – Basel III (APRA)	**467,992**	497,892	450,680	454,948	452,762
Average interest earning assets	**1,111,254**	1,026,910	929,846	897,409	871,418
Average interest bearing liabilities	**918,666**	841,695	776,967	771,982	761,115
Assets (on Balance Sheet) – Australia	**1,044,823**	1,012,494	926,909	856,651	826,045
Assets (on Balance Sheet) – New Zealand	**118,192**	112,433	110,104	103,523	99,661
Assets (on Balance Sheet) – Other	**89,830**	90,333	54,962	55,310	52,190

1 Comparative information for 2022 and 2021 has been revised to reflect the change in presentation detailed in Note 1.1.

Five-year financial summary (continued)

		30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Shareholder summary from continuing operations						
Earnings per share (cents)						
Basic						
Statutory	(cents)	**603.0**	561.7	499.2	417.8	455.6
Cash basis	(cents)	**601.5**	557.1	488.5	408.5	462.8
Fully diluted						
Statutory	(cents)	**589.3**	541.5	470.6	404.8	440.7
Cash basis	(cents)	**587.9**	537.3	460.7	396.1	447.4
Shareholder summary including discontinued operations						
Earnings per share						
Basic						
Statutory	(cents)	**597.2**	625.4	574.8	542.4	485.3
Cash basis	(cents)	**602.6**	563.7	496.9	418.8	492.7
Fully diluted						
Statutory	(cents)	**583.8**	601.4	539.7	521.0	468.3
Cash basis	(cents)	**588.9**	543.4	468.4	405.7	475.2
Dividends per share – fully franked	(cents)	**450**	385	350	298	431
Dividend cover – statutory	(times)	**1.3**	1.6	1.6	1.8	1.1
Dividend cover – cash	(times)	**1.3**	1.5	1.4	1.4	1.1
Dividend payout ratio						
Statutory	(%)	**75**	61	61	55	89
Cash basis	(%)	**74**	68	71	71	88
Net tangible assets per share including discontinued operations	($)	**38.5**	38.7	40.0	36.3	33.6
Weighted average number of shares (statutory basis)	(M)	**1,690**	1,722	1,771	1,768	1,765
Weighted average number of shares (statutory fully diluted)	(M)	**1,800**	1,833	1,934	1,895	1,897
Weighted average number of shares (cash basis)	(M)	**1,690**	1,722	1,771	1,769	1,766
Weighted average number of shares (cash fully diluted)	(M)	**1,800**	1,833	1,934	1,896	1,898
Number of shareholders [1]		**861,636**	873,764	871,514	888,214	831,655
Share prices for the year						
Trading high	($)	**111.43**	110.19	106.57	91.05	83.99
Trading low	($)	**89.66**	86.98	62.64	53.44	65.23
End (closing price)	($)	**100.27**	90.38	99.87	69.42	82.78

1 Includes employees.

Five-year financial summary (continued)

		30 Jun 23	30 Jun 22 [1]	30 Jun 21 [1]	30 Jun 20	30 Jun 19
Performance ratios from continuing operations						
Return on average Shareholders' Equity						
Statutory	(%)	**14. 1**	12. 8	11. 8	10. 4	11. 8
Cash basis	(%)	**14. 0**	12. 7	11. 5	10. 2	12. 0
Return on average total assets						
Statutory	(%)	**0. 8**	0. 8	0. 9	0. 7	0. 8
Cash basis	(%)	**0. 8**	0. 8	0. 8	0. 7	0. 8
Net interest margin	(%)	**2. 07**	1. 90	2. 08	2. 12	2. 09
Performance ratios including discontinued operations						
Return on average Shareholders' Equity						
Statutory	(%)	**13. 9**	14. 3	13. 5	13. 5	12. 6
Cash basis	(%)	**14. 1**	12. 9	11. 7	10. 5	12. 8
Return on average total assets						
Statutory	(%)	**0. 8**	0. 9	1. 0	1. 0	0. 9
Cash basis	(%)	**0. 8**	0. 8	0. 8	0. 7	0. 9
Capital adequacy – Common Equity Tier 1 – Basel III (APRA)	(%)	**12. 2**	11. 5	13. 1	11. 6	10. 7
Capital adequacy – Tier 1 – Basel III (APRA)	(%)	**14. 5**	13. 6	15. 7	13. 9	12. 7
Capital adequacy – Tier 2 – Basel III (APRA)	(%)	**5. 5**	4. 0	4. 1	3. 6	2. 8
Capital adequacy – Total – Basel III (APRA)	(%)	**20. 0**	17. 6	19. 8	17. 5	15. 5
Leverage Ratio Basel III (APRA)	(%)	**5. 1**	5. 2	6. 0	5. 9	5. 6
Liquidity Coverage Ratio – "Quarterly average"	(%)	**131**	130	129	155	132
Net interest margin	(%)	**2. 07**	1. 90	2. 08	2. 12	2. 10
Other information						
Full-time equivalent employees from continuing operations		**49,454**	48,906	44,019	41,778	41,458
Full-time equivalent employees including discontinued operations		**49,454**	48,906	45,833	43,585	45,165
Branches/services centres (Australia)		**741**	807	875	967	1,014
Agencies (Australia)		**3,491**	3,526	3,535	3,547	3,560
ATMs		**1,956**	2,095	2,492	3,542	3,963
EFTPOS terminals (active)		**206,188**	189,977	203,938	190,118	217,608
Productivity from continuing operations [2]						
Total operating income per full-time equivalent employee	($)	**550,754**	504,826	544,038	568,744	568,744
Employee expense/total operating income	(%)	**26. 6**	26. 7	25. 3	24. 2	24. 2
Total operating expenses/total operating income ("cash basis")	(%)	**43. 5**	46. 3	46. 6	46. 3	46. 2
Productivity including discontinued operations [2]						
Total operating income per full-time equivalent employee	($)	**552,190**	512,616	539,131	568,361	568,449
Employee expense/total operating income	(%)	**26. 5**	26. 6	25. 4	24. 5	25. 4
Total operating expenses/total operating income ("cash basis")	(%)	**43. 6**	46. 5	47. 4	47. 4	47. 6

1 Comparative information for 2022 and 2021 has been revised to reflect the change in presentation detailed in Note 1.1.
2 The productivity metrics have been calculated on a cash basis.

Profit reconciliation

	Full year ended 30 June 2023			
Profit reconciliation	**Net profit after tax "cash basis" $M**	**Gain/(loss) on disposal and acquisition of controlled entities [1] $M**	**Hedging and IFRS volatility $M**	**Net profit after tax "statutory basis" $M**
Group				
Interest income [2]	**44,475**	–	–	**44,475**
Interest expense	**(21,419)**	–	–	**(21,419)**
Net interest income	**23,056**	–	–	**23,056**
Other operating income	**4,181**	292	1	**4,474**
Total operating income	**27,237**	292	1	**27,530**
Operating expenses	**(11,858)**	(221)	–	**(12,079)**
Loan impairment benefit	**(1,108)**	–	–	**(1,108)**
Net profit before tax	**14,271**	71	1	**14,343**
Income tax (expense)/benefit	**(4,107)**	(39)	(9)	**(4,155)**
Net profit after income tax from continuing operations	**10,164**	32	(8)	**10,188**
Net profit after income tax from discontinued operations [3]	**18**	(116)	–	**(98)**
Net profit after income tax	**10,182**	(84)	(8)	**10,090**

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 interest

Profit reconciliation (continued)

Profit reconciliation	Net profit after tax "cash basis" $M	Gain/(loss) on disposal and acquisition of controlled entities [2] $M	Hedging and IFRS volatility $M	Net profit after tax "statutory basis" $M
	Full year ended 30 June 2022 [1]			
Group				
Interest income [3]	24,293	–	–	24,293
Interest expense	(4,820)	–	–	(4,820)
Net interest income	19,473	–	–	19,473
Other operating income	5,216	72	175	5,463
Total operating income	24,689	72	175	24,936
Operating expenses	(11,428)	(181)	–	(11,609)
Loan impairment benefit	357	–	–	357
Net profit before tax	13,618	(109)	175	13,684
Income tax (expense)/benefit	(4,023)	79	(67)	(4,011)
Net profit after income tax from continuing operations	9,595	(30)	108	9,673
Net profit after income tax from discontinued operations [4]	113	985	–	1,098
Net profit after income tax	9,708	955	108	10,771

1 Information has been revised to reflect the change in presentation detailed in Note 1.1.
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 interest.

Glossary of terms

Term	Definition
#1 banking app in Australia	Commonwealth Bank of Australia was named the overall digital experience leader (for the 6th year in a row) among mobile apps in Australia in Forrester's proprietary Digital Experience Review™ – Australian Mobile Banking Apps, Q2 2022. Forrester Research does not endorse any company included in any Digital Experience Review™ report and does not advise any person or organisation to select the products or services of any particular company based on the ratings included in such reports. Received August 2022.
Absenteeism	Absenteeism refers to the average number of sick leave days taken (and carer's leave days for CommSec employees) per Australia-based full-time equivalent employee. Bankwest is included from FY19. Colonial First State is included up to 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Age diversity	Percentage of permanent employees (full-time, part-time, job share or on extended leave), casuals, employees on international assignment and contractors paid directly by the Group, by age group as at 30 June. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
ASB customers	The number of customers who have a relationship with ASB New Zealand, as at 30 June. A customer is defined as anyone who holds an open account. Includes retail and non-retail customers and deceased estates.
Assets under management (AUM)	Assets under management represent the market value of assets for which the Group acts as an appointed manager.
Australian Indigenous supplier spend (Direct)	Direct (first tier) supplier spend (GST inclusive) includes any approved invoice (including grants) from an Indigenous enterprise. To meet the definition of an Indigenous enterprise, the enterprise must be at least 50% Indigenous owned. It includes any approved invoices from an Indigenous enterprise that is; registered or certified by Supply Nation, listed by the Office of the Registrar of Indigenous Corporations, listed by an Indigenous Chamber of Commerce, that provides a Certificate of Indigeneity or a Statutory Declaration that the business is 50% or more Indigenous owned. Accompanying sustainability performance metric assured by PwC.
Australian Indigenous supplier spend (Directed)	Directed Indigenous Supplier Spend for FY23 includes spend with three Indigenous enterprises through a first tier non-Indigenous supplier (agents) where the Bank has requested spend with the Indigenous supplier (principal) and the transaction can be verified. This metric is calculated based on the actual amount (GST inclusive) spent with the Indigenous supplier (principal). To meet the definition of an Indigenous enterprise, the enterprise must be at least 50% Indigenous owned. It includes any approved invoices from an Indigenous enterprise that is registered or certified by Supply Nation, listed by the Office of the Registrar of Indigenous Corporations, listed by an Indigenous Chamber of Commerce, that provides a Certificate of Indigeneity or a Statutory Declaration that the business is 50% or more Indigenous owned. Accompanying sustainability performance metric assured by PwC.
Bankwest customers	The number of customers who have a relationship with Bankwest, as at 30 June. A customer is defined as anyone who holds an open account. Includes, retail and non-retail customers and deceased estates.
Board	The Board of Directors of the Commonwealth Bank of Australia.
Cash contributions	Total funds contributed by the Group (excluding Aussie Home Loans) through donations, charitable gifts, community partnerships and matched giving. Matched giving excludes staff contributions. All amounts are verified transactions, inclusive of GST where applicable, with the exception of donations and charitable gift transactions which are exempt from GST. Colonial First State is included to 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.

Term	Definition
CBA customers	The number of customers who have a relationship with the Commonwealth Bank of Australia, as at 30 June. A customer is defined as anyone who is currently associated with an open account as either the owner, joint owner, trustee or primary cardholder. Includes retail, non-retail customers and deceased estates. Accompanying sustainability performance metric assured by PwC.
Client	A customer who is relationship managed by the Group's Institutional or Business Bank with financing transactions $5 million or greater.
CommBank app customers	The total number of customers that have logged into the CommBank mobile app at least once in the month of June, for years 2019-2023.
Common Equity Tier 1 Capital (CET1)	The highest quality of capital available to the Group reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary share capital, retained earnings and reserves less prescribed deductions.
Community investment as a percentage of cash net profit before tax	Total community investment as a percentage of the Group's cash net profit from continuing operations before tax as at 30 June. Accompanying sustainability performance metric assured by PwC.
Corporations Act	*Corporations Act 2001* (Cth).
Cost-to-income ratio	Represents operating expenses as a percentage of total operating income. The ratio is a key efficiency measure.
Cultural diversity index (CDI)	The concentration mix of all cultures of the Group's employees resulting in an index between 0 and 1, where the higher the score, the more diverse the population. CDI is calculated using demographic information disclosed in the Group's biannual people and culture survey and benchmarked against the ancestry question in the 2021 Australian Census. Participation and disclosure in the survey is voluntary and can vary from year-to-year. The CDI excludes ASB businesses in New Zealand, and businesses in Indonesia. Accompanying sustainability performance metric assured by PwC.
Customer complaints – received	The number of complaints received by the Group during the reporting period, as recorded in the FirstPoint feedback management system, managed via our Internal Dispute Resolution process. Resolution timeliness reports on proportion of complaints resolved within five working days. Includes Bankwest and CBA/Colonial First State (CFS) or Commonwealth Insurance Limited (CIL) comingled complaints or complaints related to the sale and distribution of CFS/CIL products. Excludes ASB businesses in New Zealand and other overseas operations. Accompanying sustainability performance metric assured by PwC.
Deferred shares	Awarded from the 2019 financial year, deferred shares are ordinary shares in CBA, which are restricted until vesting and used for deferred STVR arrangements and sign-on awards. These equity awards are subject to forfeiture if the Executive ceases to be employed by the Group prior to the vesting date as a result of resignation or serious misconduct, Board risk and reputation review and, malus and clawback provisions.
Digitally active customers	The total number of customers who have logged into a core digital asset (NetBank or CommBank mobile app, excludes CommBiz) at least once in the month of June for the years 2019-2023.
Dividend payout ratio ("statutory basis")	Dividends paid on ordinary shares divided by net profit after tax ("statutory basis").
Dividend payout ratio ("cash basis")	Dividends paid on ordinary shares divided by net profit after tax ("cash basis").

Glossary of terms (continued)

Term	Definition
DPS	Dividends 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.
Electricity generated from on-site solar panels	Comprised of solar energy consumed in the generation of electricity from solar photovoltaic panels installed on CBA and Bankwest branches in Australia that is equal to the amount generated. In FY23 there were approximately 88 branches with solar panels installed. Accompanying sustainability performance metric assured by PwC.
Employee training	Average completed training hours per employee recorded in CBA's learning management system (PeopleLink) as at 30 June, measured by headcount. Training hours are allocated to each training item including face-to-face or online training and excludes external training and video training. Executive Managers, General Managers, Executive General Managers and the Chief Executive Officer are included in 'Executive Managers and above' and 'Others' includes team managers and team members. This metric excludes the training completion rates of the employees of ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Employee turnover – involuntary	Refers to all involuntary exits of permanent employees as a percentage of the average permanent headcount paid directly by the Group (full-time, part-time, job share or on extended leave), excluding ASB businesses in New Zealand. Involuntary exits include redundancies and terminations for disciplinary reasons. Accompanying sustainability performance metric assured by PwC.
Employee turnover – voluntary	Refers to all voluntary exits of permanent employees as a percentage of the average permanent headcount paid directly by the Group (full-time, part-time, job share or on extended leave), excluding non-permanent employees and ASB businesses in New Zealand. Voluntary exits are determined to be resignations and retirements. Accompanying sustainability performance metric assured by PwC.
Employees living with disability	The proportion of employees who disclosed that they are currently living with disability, chronic illness or other medical condition in the Group's biannual people and culture survey. Not all questions are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year-to-year. Bankwest and businesses in Indonesia are included from September 2020. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Employees who have accessed parental leave	Number of employees eligible for parental leave benefits who had started primary or secondary carer parental leave during the reporting period, as recorded in the Group's human resources system. Excludes ASB businesses in New Zealand and employees of discontinued operations. Accompanying sustainability performance metric assured by PwC.

Term	Definition
Employees who have returned from parental leave and are still employed after 12 months	The proportion of employees who returned to work from a period of primary or secondary carer parental leave in the prior year and were still employed after 12 months within the reporting period, as recorded in the Group's human resources system. Excludes employees that returned to a major business or subsidiary that is now a discontinued operation. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Employees who identify as LGBTI and/or gender non-binary	The proportion of employees who disclosed that they identify as Lesbian, Gay, Bisexual, Transgender, Intersex (LGBTI), gender-non binary or other, in the Group's biannual people and culture survey. Not all questions are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year-to-year. Bankwest is included from September 2020. Businesses in China and Singapore are included from September 2021. Excludes ASB businesses in New Zealand, and businesses in Indonesia. Accompanying sustainability performance metric assured by PwC.
Employees with caring responsibilities	The proportion of employees who selected one or more of the caring responsibility options (including, but not limited to, caring for elderly, children, people with disability, chronic conditions, etc.) in the Group's biannual people and culture survey. Not all questions are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year-to-year. Bankwest is included from September 2020. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Employees working flexibly	The proportion of employees who disclosed that they used one or more of the flexible work options in the previous 12 months in the Group's biannual people and culture survey. Not all questions are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year-to-year. Bankwest and businesses in China are included from September 2020. Businesses in Indonesia are included from September 2021. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Employment type (headcount)	The number of Australian employees as at 30 June who are permanent employees working in full-time, part-time or casual positions, including job share or on extended leave. It excludes ASB businesses in New Zealand, fixed contractors and contingent workers. Accompanying sustainability performance metric assured by PwC.
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure is a tool to help users better understand and visualise the impact of environmental change on the economy. ENCORE was developed by the Natural Capital Finance Alliance in partnership with the United Nations Environment Programme World Conservation Monitoring Centre.
Energy consumption	Energy consumption is the consumption of natural gas, diesel stationary and electricity for properties under the Group's operational control; including two data centres under non-operational control. Energy consumption is associated with fuel combusted for the business use of tool-of-trade vehicles, hire cars and fuel expensed. Accompanying sustainability performance metric assured by PwC.
Escalated complaints to an external dispute resolution (EDR) scheme	Number of complaints escalated to an EDR scheme for the Group. This includes complaints that have been through the Bank's Internal Dispute Resolution (IDR) process, then escalated to an EDR scheme. These complaints are recorded in FirstPoint and managed by the Group Customer Relations and/or Customer Care teams. EDR schemes include, but are not limited to the Australian Financial Complaints Authority (AFCA) and the Office of the Australian Information Commissioner (OAIC). Includes Bankwest and CBA/ Colonial First State (CFS) or Commonwealth Insurance Limited (CIL) comingled complaints or complaints related to the sale and distribution of CFS/CIL products. Excludes ASB businesses in New Zealand and other overseas operations. Accompanying sustainability performance metric assured by PwC.
ESG	Environmental, social and governance.

Glossary of terms (continued)

Term	Definition
ESG bond arrangement	The full value of all Green, Social, Sustainability, Sustainability-Linked and Transition Bonds arranged during the 12 months ended 30 June, in which CBA acted as Global Coordinator, Manager/Bookrunner or Lead Arranger. The roles and bond classification have been defined and confirmed by Bloomberg. Private placements aligned with International Capital Market Association principles are included. Accompanying sustainability performance metric assured by PwC.
ESG training completed (headcount)	The number of CBA and Bankwest employees who have completed ESG training modules, measured by headcount, as recorded in the Bank's learning management system (PeopleLink) as at 30 June. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Executive Leadership Team (ELT)	The team comprises of the CEO and individuals in the following executive groups: Group Executives and CEO ASB.
Executives	Collective term referring to the individuals in the following executive groups: CEO, Group Executives and CEO ASB.
Financed emissions	The emissions financed by a financial institution's loans and/or investments. They are estimated based on an attributed proportion of the financial institution's customers' emissions. These financed emissions are part of the financial institution's Scope 3, Category 15 emissions.
Financial Independence Hub (participants supported)	An individual who has received meaningful support, interactions or assistance within the Financial Independence program. This might include, but is not limited to, financial coaching, financial counselling, providing advice, information or education on domestic and family violence and/or financial abuse, referrals to other services within Good Shepherd or to external agencies, or support with tasks. A participant can receive one or more services.
Forgone revenue	Forgone revenue consists of the aggregate value of fee-free or discounted CBA products and services related to transacting accounts during the reporting period, to a range of customers including youth, students, young adults, government benefit recipients, not-for-profit organisations and older people. This metric relates to monthly account fee and transaction fees and contains some assumptions to estimate the number of active accounts with forgone revenue. This metric does not include discounts on interest rates or revenue forgone as part of CBA's Emergency Assistance Packages. Certain transaction fee waivers are excluded from forgone revenue estimates. Accompanying sustainability performance metric assured by PwC.
Fuels – natural gas, diesel and transport	Energy from the use of natural gas and diesel in data centres, retail and commercial operations. Includes energy from the use of fuels such as petrol, diesel and ethanol for transport, under CBA's operational control during the reporting period. Accompanying sustainability performance metric assured by PwC.
Full-time equivalent employees (FTE) (page 42)	Total FTE of the Group by geographical work locations as at 30 June. FTE includes full-time, part-time, job share employees, employees on extended leave and contractors. One full-time role is equal to 38 working hours per week. New Zealand category refers to ASB employees only. CBA staff based in New Zealand are captured under 'Other'. India FTE prior to FY22 are captured under 'Other'. Total FTE sustainability performance metric assured by PwC.
Full-time equivalent staff	Includes all permanent full-time staff, part-time staff equivalents and external contractors employed through third-party agencies.
Funds under Administration (FUA)	Funds under administration represents the market value of funds administered by the Group and excludes AUM.

Term	Definition
Gender pay equity – female to male base salary comparison	Gender pay equity is defined as the ratio of the weighted average base salary of males and females for Australia-based employees of the Group, as at 31 March. The data reflects roles in similar functions, role scope and responsibilities. The data refers to permanent employees who are full-time, part-time, job sharing or on extended leave. It excludes the CEO, Board members, contractors, casual employees, seconded employees and employees who have not responded with a defined gender. Accompanying sustainability performance metric assured by PwC.
Graduates	The number of graduates who accepted and commenced in a graduate position with CBA or Bankwest under the Talent Acquisition program. Graduate positions commence in February each year. Accompanying sustainability performance metric assured by PwC.
Greenhouse gases (GHGs)	Greenhouse gases (GHGs) are the six gases listed in the Kyoto Protocol being carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).
Greenhouse Gas Protocol	The Greenhouse Gas Protocol is a collection of comprehensive global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions.
Greenhouse gas emissions:	
Exclusions and reclassifications	From FY19 onwards: 1. Selected Scope 3 includes emissions from base buildings and paper use. From FY20 onwards: 1. CBA assumed operational control of two data centres. Emissions from these locations have been reclassified from Scope 3 to Scope 1 or 2 emissions, depending on source. 2. Scope 1 includes refrigerant emissions. 3. Selected Scope 3 includes additional emissions from waste, water, work from home and couriers. From FY22 onwards: 1. Aussie Home Loans data is excluded due to divestment. 2. From December 2021, Colonial First State data is excluded due to divestment. 3. Selected Scope 3 includes additional emissions from the production of annual reports. From FY23 onwards: 1. Selected Scope 3 includes additional emissions from CBA's Annual General Meeting and employee commuting.
Location-based emissions reporting	Reflects the average emissions intensity of the grid where electricity is consumed by the Group.
Scope 1 emissions	Relates to the consumption of natural gas, stationary fuel and refrigerants used in retail, commercial and data centre properties under the Group's operational control, and business use of tool-of-trade vehicles. The consumption data is based on a combination of invoiced amounts and estimates based on historical information or pro-rata consumption. Emissions are calculated using the relevant emissions factors noted in the 'Scope 1, Scope 2 and selected Scope 3 emissions' regional definitions. Accompanying sustainability performance metric assured by PwC.
Scope 2 emissions	Emissions from the electricity used by ATMs, retail, commercial, residential and data centre properties under the Group's operational control. The consumption data is based on a combination of invoiced amounts and estimates based on historical information or pro-rata consumption. Emissions are calculated using the relevant emission factors noted in the regional definitions below. Accompanying sustainability performance metric assured by PwC.

Glossary of terms (continued)

Term	Definition
Scope 2 emissions (market-based emissions)	Market-based reporting reflects the emissions from electricity that companies have purchased. For the Group, this is emissions from the electricity used by ATMs, retail, commercial, residential and data centre properties under the Group's operational control. Market-based emissions are determined by contractually purchased electricity bundled with Large Generation Certifications, New Zealand Energy Certificate System, and Renewable Energy Certificates for Australian, NZ and Other overseas operations respectively. Accompanying sustainability performance metric assured by PwC.
Selected Scope 3 emissions	Indirect greenhouse gas emissions as a result of sources outside the Group's operational control, but support the Group's business activities. The consumption/activity data is based on a combination of invoiced amounts and estimates based on historical information or pro-rata consumption/activity. Emissions are calculated using the relevant emission factors noted in the regional definitions below. Selected Scope 3 emissions currently do not cover all categories of the GHG Protocol; however, it is the Bank's intention to align in the future with the Protocol and disclose relevant categories. Accompanying sustainability performance metric assured by PwC.
Scope 1, Scope 2 and selected Scope 3 emissions – Australia	Australian emissions are based on emission factors sourced from the Climate Active Carbon Neutral Standard (2023), National Greenhouse Accounts Factors (2022) and the Department for Environment, Food and Rural Affairs (United Kingdom) (2022). Scope 3 emissions sources for Australia included hire car and taxi use, fuel expensed, business flights, hotel accommodation, water, waste, couriers, office paper, emissions associated with employees working from home, employees commuting, emissions associated with electricity at data centres not under CBA's operational control, base building emissions, annual report production and CBA's Annual General Meeting. Accompanying sustainability performance metric assured by PwC.
Scope 1, Scope 2 and selected Scope 3 emissions – New Zealand	New Zealand emissions are based on emission factors sourced from the Ministry for Environment NZ, Measuring Emissions: A Guide for Organisations (2022) and the Department for Business, Energy and Industrial Strategy (2022). In FY20, ASB reclassified leased fleet fuel usage under its direct control from Scope 3 emissions to Scope 1 emissions. Comparative information for FY19 and FY18 has not been reclassified. FY18 includes Sovereign which was sold by CBA in FY19. Scope 3 emissions sources for New Zealand included hire car and taxi use, fuel expensed, business flights, hotel accommodation, water, waste, couriers, office paper, emissions associated with employees working from home. Accompanying sustainability performance metric assured by PwC.
Scope 1, Scope 2 and selected Scope 3 emissions – Other overseas	Other overseas emissions are estimated by multiplying the Australian emissions per FTE as at 30 June by the number of FTEs of all the Group's other overseas offices. Accompanying sustainability performance metric assured by PwC.
Scope 1 and 2 greenhouse gas emissions reduction target	The Scope 1 and 2 target is based on a 1.5˚C trajectory, requiring 4.2% annual linear contraction. Emissions relate to the consumption of natural gas, stationary fuel, refrigerant and electricity used in retail, commercial and data centre properties under the Group's operational control, and business use of tool-of-trade vehicles. Australian electricity emissions are zero as the equivalent of 100% of our Australian operational electricity needs have been sourced from renewable sources. Market-based reporting is used for New Zealand and Other overseas electricity. Only electricity is included in other overseas emissions due to data limitations.
Scope 3 greenhouse gas (GHG) emissions (excluding financed emissions) reduction target	The Scope 3 target is based on a well below 2˚C trajectory, requiring a 2.5% annual linear contraction. To ensure the baseline is representative of a typical year, Scope 3 Business Travel emissions are adjusted to FY19 values to normalise for the impacts of the COVID-19 pandemic. Includes indirect greenhouse gas emissions as a result of sources outside the Group's operational control, but support the Group's business activities. Base building, business use of private vehicles and work from home emissions are excluded. Due to data limitations New Zealand emissions exclude upstream stationary and transport fuels, and courier emissions. Only flight emissions are included for Other overseas due to data limitations.

Term	Definition
Group	Commonwealth Bank of Australia and its subsidiaries.
Group Executive (GE)	Members of the Executive Leadership Team (excludes the CEO and the CEO ASB).
Headcount	Total number of employees, including permanent headcount (full-time, part-time, job share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group as at 30 June. Excludes contingent workers. Accompanying sustainability performance metric assured by PwC.
Health, safety and wellbeing training	Number of employees who completed health, safety and wellbeing training, as recorded in the Group's learning management system (PeopleLink) as at 30 June, measured by headcount. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Indigenous cultural development (training completion rate)	Percentage of employees who have completed Indigenous cultural development, as recorded in the Group's learning management system (PeopleLink) as at 30 June. Indigenous cultural development programs included are: Indigenous cultural awareness e-learning; Providing banking services to First Nations customers e-learning; or BlackCard Cultural Learning Program. Includes CBA and Bankwest domestic employees. Excludes ASB businesses in New Zealand and other overseas operations. Accompanying sustainability performance metric assured by PwC.
Indigenous Customer Assistance Line (calls received)	Number of calls received via the dedicated Indigenous Customer Assistance Line (ICAL) to 30 June. It excludes calls that were abandoned by customers. Accompanying sustainability performance metric assured by PwC.
Indigenous workforce (ancestry)	Represents the proportion of employees who disclosed that they most strongly identify with Australian Aboriginal and/or Torres Strait Islander ancestry in the Group's biannual people and culture survey. Not all questions are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year-to-year. Bankwest included from September 2020. From September 2022, the data represents the proportion of Australia-based employees only. Aboriginal and Torres Strait Islander representation in Australia is based on the 2021 Australian Census. Accompanying sustainability performance metric assured by PwC.
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.
Long-term alignment remuneration (LTAR)	Remuneration that is subject to pre-grant and pre-vest assessments and vests subject to service conditions after a period of four and five years for the CEO, and four years for Group Executives and CEO ASB.
Long-term variable remuneration (LTVR)	Variable remuneration subject to service conditions and performance measures over four years. From FY23, LTVR awards that remain on foot following satisfaction of service conditions and performance measures are restricted until completion of a risk and compliance review after a further holding period of two years for the CEO and one year for Group Executives and CEO ASB.

Glossary of terms (continued)

Term	Definition
Lost time injury frequency rate (LTIFR)	LTIFR is the reported number of occurrences of lost time arising from injury or disease that have resulted in an accepted workers compensation claim, for each million hours worked by Australia and New Zealand employees. The metric captures claims relating to permanent, casual and contractors paid directly by the Group. It is reported using the information available as at 30 June. Prior year numbers have been restated due to claims received after year-end reporting date. This metric includes data for the now divested Colonial First State business covering the period up to 30 November 2021. These records pertain to workers that were employed by CBA at the time, and CBA retains some legal obligations as an employer for that period. Accompanying sustainability performance metric assured by PwC.
Misconduct cases resulting in termination	This metric represents closed substantiated misconduct cases which resulted in termination and were managed in Australia by the Workplace Relations team, SpeakUP team and/or Group Investigations team. The metric excludes incidents reported by local associates and joint ventures. There are various internal policies within the Group that govern staff conduct obligations, such as the 'Code of Conduct' which is the guiding framework at CBA. Colonial First State is included up to 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Natural capital	The stock of renewable and non-renewable natural resources (e.g., plants, animals, air, water, soils and minerals) that combine to yield a flow of benefits to people, organisations (including financial institutions) and the environment.
Nature	The natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment.
Net profit after tax (NPAT) ("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 businesses, or associates that are not discontinued operations. This is management's preferred measure of the Group's financial performance.
Net profit after tax (NPAT) ("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".
Net Promoter Score (NPS)	For the major banks, NPS is reported for main brand only. "Net Promoter®, NPS®, NPS Prism®, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. Net Promoter ScoreSM and Net Promoter SystemSM are service marks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld." NPS refers to customer likelihood to recommend their main financial institution using a scale from 0–10 (where 0 is 'Not at all likely' and 10 is 'Extremely likely) and NPS is calculated by subtracting the percentage of Detractors (scores 0–6) from the percentage of Promoters (scores 9–10).
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, rural and corporate customers in New Zealand.

Term	Definition
Next Chapter and Community Wellbeing (customer interactions)	The total number of interactions with customers in vulnerable circumstances, supported by the Next Chapter and Community Wellbeing teams. The channels are: calls answered; internal and external vulnerability referrals; and asynchronous chat opened conversations via the CommBank App. Excludes ASB businesses in New Zealand. Note that the metric may include some non-CBA customers who have called into the Next Chapter and Community Wellbeing teams.
NPS – ASB – Business and rural banking	Business Finance Monitor NPS measures the net likelihood of recommendation to others of the business or rural customer's main financial institution. Using a scale of 1 to 10 (1 means 'extremely unlikely' and 10 means 'extremely likely'), the 1–6 raters (detractors) are deducted from the 9–10 raters (promoters). Four-quarter rolling average data is used. The ranking refers to ASB's position relative to the other three main New Zealand banks.
NPS – ASB – Consumer	Retail Market Monitor NPS measures the net likelihood of recommendation to others of the customer's main financial institution. Using a scale of 1 to 10 (1 means 'extremely unlikely' and 10 means 'extremely likely'), the 1–6 raters (detractors) are deducted from the 9–10 raters (promoters). Twelve-month rolling average data is used. The ranking refers to ASB's position relative to the other four main New Zealand banks.
NPS – Bankwest – Consumer	RFI-DBM Atlas Consumer Main Financial Institution (MFI) NPS (refer to definition for Net Promoter Score). Based on Australian population aged 14+ years old, rating their likelihood to recommend their MFI. NPS results are shown as a six-month rolling average. NPS is reported for each brand, therefore Commonwealth Bank of Australia excludes Bankwest, and Westpac excludes St George, BankSA and Bank of Melbourne. Bankwest ranking is based on the following nine banks: CBA, ANZ, Westpac, NAB, Adelaide/Bendigo Bank, Suncorp, Bankwest, Bank of Queensland and St George. NPS ranks are based on absolute scores among reported banks and not statistically significant differences.
NPS – CBA – Business	RFI-DBM Atlas Business Main Financial Institution (MFI) NPS (refer to definition for Net Promoter Score). Based on Australian businesses rating their likelihood to recommend their MFI for Business Banking. NPS results are shown as a six-month rolling average. NPS ranks are based on absolute scores, or simple comparisons of incidences among major banks, not statistically significant differences.
NPS – CBA – Consumer	RFI-DBM Atlas Consumer Main Financial Institution (MFI) NPS (refer to definition for Net Promoter Score). Based on Australian population aged 14+ years old rating their likelihood to recommend their MFI. NPS results are shown as a six-month rolling average. NPS ranks are based on absolute scores, or simple comparisons of incidences among major banks, not statistically significant differences.
NPS – CBA – Consumer mobile banking app	RFI-DBM Atlas Consumer Main Financial Institution (MFI) Mobile Banking App NPS (refer to definition for Net Promoter Score). Based on MFI customers rating their likelihood to recommend their MFI Mobile Banking App used in the last 4 weeks. NPS results are shown as a six-month rolling average. NPS ranks are based on absolute scores, or simple comparisons of incidences among major banks, not statistically significant differences.
NPS – CBA – Consumer online banking	RFI-DBM Atlas Consumer Main Financial Institution (MFI) Online Banking NPS (refer to definition for Net Promoter Score) based on MFI customers rating their likelihood to recommend their MFI Online Banking used in the last 4 weeks. NPS results are shown as a six-month rolling average. NPS ranks are based on absolute scores, or simple comparisons of incidences among major banks, not statistically significant differences.
NPS – Institutional	RFI-DBM Atlas Institutional $300m+ Business Main Financial Institution (MFI) NPS (refer to definition for Net Promoter Score). Based on Australian businesses with an annual revenue of $300m or more for the previous financial year rating their likelihood to recommend their MFI for Business Banking. NPS results are shown as a twelve-month rolling average.

Glossary of terms (continued)

Term	Definition
Office paper usage (retail and commercial operations)	Office paper used in retail and commercial operations under the Group's operational control. Invoiced reams of paper are used to estimate usage by weight. Accompanying sustainability performance metric assured by PwC.
Operational emissions	Scope 1, 2 and selected Scope 3 emissions (excluding financed emissions) resulting from the operations of our business for the Commonwealth Bank of Australia Group, including ASB Bank Limited and other overseas operations.
Other overseas	Represents amounts booked in branches and controlled entities outside Australia and New Zealand.
People engagement index – CBA	The People Engagement Index (PEI) measures how engaged our people are, including their connection, motivation and commitment to the organisation. The PEI was refreshed in September 2020 from a four item metric to a five item metric to include items relating to discretionary effort and work involvement and the removal of work satisfaction as a predictor of engagement. PEI is calculated based on the proportion of employees replying with a score of 4 or 5 to five engagement questions in the Group's biannual people and culture survey. These questions relate to pride, advocacy, intent to stay, discretionary effort and work involvement on a scale of 1–5 (where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree'). Not all metrics are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year-to-year. Bankwest included from September 2020. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Performance rights	Performance rights to ordinary shares in CBA granted under the LTVR and subject to the satisfaction of performance measures and service conditions.
Privacy complaints	Number of privacy related complaints escalated to the Office of the Australian Information Commissioner (OAIC) or Australian Financial Complaints Authority (AFCA) for the Group. This includes complaints that have been through the Bank's Internal Dispute Resolution (IDR) process and have escalated to an External Dispute Resolution (EDR)scheme. These complaints are recorded in FirstPoint and are managed by the Group Customer Relations and/or Customer Care team. Includes Bankwest and CBA/Colonial First State (CFS) or Commonwealth Insurance Limited (CIL) comingled complaints or complaints related to the sale and distribution of CFS/CIL products. Excludes ASB businesses in New Zealand and other overseas operations. Accompanying sustainability performance metric assured by PwC.
Production	The amount of output – in the relevant unit (e.g., barrels of oil, megawatt hours) – the counterparty has produced.
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.
Program management costs	Total costs incurred by the Group to implement and manage community investment programs including the Indigenous Customer Assistance Line (ICAL) call centre, Next Chapter, Women in Focus, school programs as well as other not-for-profit activities. These costs include salary and wages, occupancy, IT and other expenditure. Amounts include approved invoices (including grants) to a registered Australian Indigenous business – refer to Australian Indigenous supplier spend. All amounts are verified transactions, inclusive of GST where applicable, with the exception of transactions which are exempt from GST. Accompanying sustainability performance metric assured by PwC.
RAP	Reconciliation Action Plan.

Term	Definition
Renewable electricity procurement	The usage of electricity for operations within Australia, New Zealand and Other Overseas generated via renewable sources in compliance with CBA's RE100 commitment. Addressed through the procurement of Large Generation Certificates (LGCs) or Renewable Energy Certificates (RECs) in local and or regional jurisdictions for the reporting period. Accompanying sustainability performance metric assured by PwC.
Renewable electricity purchased	Comprised of renewable electricity purchased via power purchase agreements or retail contracts and renewable energy certificates (including small-scale technology certificates (STCs) and Large-scale generation certificates (LGCs) surrendered in connection with electricity consumed during the reporting period. Accompanying sustainability performance metric assured by PwC.
RepTrak score	The RepTrak Company, June 2023. CBA and Major Bank Peer reputation scores. Source: RepTrak, The RepTrak Company. Data is reported on a quarterly basis.
Restricted share units (RSU)	Rights to ordinary shares in CBA or a cash equivalent, granted under the LTAR and subject to a pre-grant and pre-vest assessment (from the FY23 award onward), and service conditions.
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.
Short-term variable remuneration (STVR)	Variable remuneration paid, subject to the achievement of predetermined performance hurdles over one financial year. STVR is received as cash and deferred shares.
SpeakUP program cases	Number of cases recorded in the Group's SpeakUP program to 30 June. The reports include both whistleblower and non-whistleblower disclosures. Colonial First State disclosures are included up to 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Substantiated misconduct cases	This metric represents closed substantiated misconduct cases managed in Australia by the Workplace Relations team, SpeakUP team and/or Group Investigations team. The metric excludes incidents reported by local associates and joint ventures. There are various internal policies within the Group that govern staff conduct obligations, such as the 'Code of Conduct' which is the guiding framework at CBA. Colonial First State is included up to 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Sustainability Funding Target (SFT)	The Group's target to provide $70 billion of cumulative sustainability funding by 2030. For the full definition, including definitions of each asset category, refer to pages 78–80 of the 2023 Climate Report.
Sustainability funding (cumulative)	The cumulative funding provided to 30 June tracked against the Group's SFT. For the full definition, including definitions of each asset category, refer to pages 78–80 of the 2023 Climate Report. Accompanying sustainability performance metric assured by PwC.
Total customers	The combined number of customers who have a relationship with the Group, as at 30 June. A customer is defined as anyone who holds an open account. Includes retail and non-retail customers and deceased estates. Customers who have a relationship with more than one entity (CBA, Bankwest and/or ASB) may be counted more than once.

Glossary of terms (continued)

Term	Definition
Training completion rates – Code of Conduct	Percentage of employees who have been assigned or completed the 'Code of Conduct' learning module recorded in the Group's learning management system (PeopleLink) as at 30 June. It includes employees who have a learning due date after 30 June. Excludes the training completion rates of the employees of ASB businesses in New Zealand. Numbers prior to FY19 are for completion of 'Our Commitments' training. Accompanying sustainability performance metric assured by PwC.
Training completion rates – mandatory learning	Percentage of employees who have been assigned or completed the Group mandatory learning modules recorded in the Group's learning management system (PeopleLink) as at 30 June. It includes employees who have a learning due date after 30 June. Excludes the training completion rates of the employees of ASB businesses in New Zealand. The Group's mandatory learning modules are: Code of Conduct; Conflicts of Interest; Valuing Privacy; Health, Safety and Wellbeing; Workplace Conduct (which includes Sexual Harassment); Group Securities Insider Trading; Financial Crime (which includes Anti-Bribery and Corruption, Anti-Money Laundering and Counter-Terrorism Financing); Fraud; Resolving Customer Complaints; Information Security; and The Group Risk Management Approach. Accompanying sustainability performance metric assured by PwC.
Transition Plan	A plan that, at a minimum: • contains a time-bound decarbonisation plan which is aligned to the goal of the Paris Agreement to limit global warming to well below 2 degrees above pre-industrial levels; and • includes the Client's Scope 1, 2 and 3 emissions. CBA will engage a third-party to assess applicable Clients' Transition Plans against the above two requirements.
Value of time volunteering	Total estimated dollar value of volunteering hours contributed by Australia-based CBA and Bankwest employees, excluding terminated employees. Volunteering activities include pro bono (skilled) and general (unskilled) volunteering, as captured in the Group's leave management system (Workday) and by volunteering managers. Average hourly rates are calculated using Australia-based permanent employees' salaries as at 30 June, excluding the salaries of the Board, the CEO, Group Executives and offshore employees. In FY21, the methodology for calculating the employee hourly rate changed. FY20 and FY19 have not been restated. Colonial First State is included up to 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Waste (commercial operations) – landfill	Tonnes of waste to landfill generated per annum from CBA and Bankwest commercial buildings under the Group's operational control in Australia. Waste to landfill data is based on combination of invoiced amounts and estimates based on an average tonnes per m^2 of net lettable area. Invoiced amounts are estimated by the total number of bin lifts using density conversion factors or actual weighed amounts where available. Accompanying sustainability performance metric assured by PwC.
Waste (commercial operations) – recycled	Tonnes of recycled waste generated per annum from CBA and Bankwest buildings under the Group's operational control in Australia. Recycled waste data is a combination of invoiced amounts and estimates based on an average tonnes per m^2 of net lettable area. Invoiced amounts are estimated by the total number of bin lifts using density conversion factors or actual weighed amounts where available. Accompanying sustainability performance metric assured by PwC.
Waste (commercial operations) – secure paper recycled	Tonnes of secured paper waste collected from CBA and Bankwest commercial buildings under the Group's operational control in Australia. Secured paper waste is shredded and recycled in a secure process to protect privacy. Based on invoiced volumes which are estimated using average weight per bin collected. In FY22, the process changed to also include onsite volumetric measurement at selected sites. Accompanying sustainability performance metric assured by PwC.

Term	Definition
Water	Water consumption includes tenanted usage from CBA and Bankwest commercial buildings and data centres under Group's operational control in Australia. Water usage is based on a combination of invoiced amounts and estimates based on an average usage per m^2 of net lettable area. It includes invoiced water use for the two data centres that are under the Group's operational control. Accompanying sustainability performance metric assured by PwC.
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.
Whistleblower cases	Number of whistleblower cases on-boarded into the Group's SpeakUP Program to 30 June. Colonial First State cases are included up to 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Women in Executive Manager and above roles	The percentage of roles at the level of Executive Manager and above filled by women, in relation to the total headcount at these levels as at 30 June. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Women in Manager and above roles	The percentage of roles at the level of Manager and above (including Branch Managers) filled by women, in relation to the total headcount at these levels as at 30 June. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Women in Senior Leadership (Group Executives)	The percentage of executive roles that are filled by women as at 30 June. These roles are direct reports of the Chief Executive Officer with authority and responsibility for planning, directing and controlling the Group's activities. For the list of current executives, refer to pages 78–81.
Women in workforce	The percentage of roles filled by women, in relation to the total headcount as at 30 June. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.

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American Depository Receipt (ADR) program

CBA ADRs are negotiable securities issued by BNY Mellon, with one ADR representing one CBA ordinary share. They are traded under the symbol CMWAY and are classified as Level 1. They are not listed on any exchange and are only traded over-the-counter via brokers.

ADR Investors who hold ADRs via a broker should contact their US broker directly for queries relating to their holdings.

Registered ADR Holders – held via Computershare – should contact the registry directly:

BNY Mellon Shareowner Services
P. O. Box 43006
Providence RI 02940-3078
USA

U.S. Toll Free Telephone: 1-888-BNY-ADRS (1-888-269-2377)
Telephone for International Callers: 1-201-680-6825
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We have committed to prioritising the purchase of Australian carbon credit units to offset the emissions from our annual reporting. All emissions associated with the design, printing, distribution and disposal of our 2023 Annual Report will be included in our Climate Active carbon neutral certification.

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Commonwealth Bank