Commonwealth Bank of Australia
U.S. Disclosure Document
For the Full Year ended 30 June 2022

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Disclosures

Introduction

Certain material information about the Group, including information regarding the Group's risk management policies and procedures, use of derivative financial instruments and the market risk attributable to such instruments, liquidity and capital resources and other important information, is included in the Group's 2022 Financial Report and 2021 Financial Report (each as defined below). In particular, Note 9.1 of the 2022 Financial Report (Note 9.1 of the 2021 Financial Report) describes certain aspects of the Group's risk management policies and procedures. In addition, the Group prepares the Basel III Pillar 3 Capital Adequacy and Risk Disclosures report, which includes certain information about the Group's capital and assets. As a result, this Annual U.S. Disclosure Document for the Full Year ended 30 June 2022 (this "Document") should be read in conjunction with:

- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2022, which contains the Financial Statements for the years ended 30 June 2020, 2021 and 2022 and as at 30 June 2021 and 2022 (the "2022 Financial Report");
- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2021, which contains the Financial Statements for the years ended 30 June 2019, 2020 and 2021 and as at 30 June 2020 and 2021 (the "2021 Financial Report"); and
- The Commonwealth Bank of Australia Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at 30 June 2022 (the "2022 Pillar 3 Report").

In each case, these are found on the U.S. Investor Website located at www.commbank.com.au/usinvestors (the "U.S. Investor Website").

Except as otherwise stated, references within this Document to the "Financial Report" or "Notes to the Financial Statements" are to the 2022 Financial Report and references to the "Financial Reports" are to the 2022 Financial Report and the 2021 Financial Report.

Except as otherwise stated, all figures herein relate to the financial year ended 30 June 2022 and comparatives for the Balance Sheet and Income Statement are to the financial year ended 30 June 2021, "$" and "AUD" refer to Australian dollars, "USD" refers to U.S. dollars, references to "CBA" refer to the Commonwealth Bank of Australia and references to the "Bank", the "Group", "our," "us" or "we" refer to the Bank and its subsidiaries on a consolidated basis. The Group's financial years end on 30 June of each year. References to the 2022 financial year or to the "current year" are to the financial year ended 30 June 2022, references to the 2021 financial year are to the financial year ended 30 June 2021, references to the 2020 financial year are to the financial year ended 30 June 2020, references to the "prior year" are to the Group's prior financial year and references to the "prior half" are to the half year ended 31 December 2021.

Segment Disclosure

The Group conducts its businesses through five segments: Retail Banking Services; Business Banking; Institutional Banking and Markets; New Zealand; and Corporate Centre and Other. The businesses previously presented separately as International Financial Services and Corporate Centre segment are now presented through the Corporate Centre and Other segment and are included in the results for that segment for the 2022 financial year, 2021 financial year and the 2020 financial year.

Balances disclosed in "Divisional Performance", are spot balances, unless otherwise stated. For an overview of each segment, see "Divisional Performance" in this Document and Note 2.7 of the 2022 Financial Report.

Special Note Regarding Forward-Looking Statements

Certain statements under the captions “Highlights”, “Risk Factors”, “Group Performance Analysis”, “Retail Banking Services”, “Business Banking”, “Institutional Banking and Markets”, “New Zealand”, “Corporate Centre and Other”, “Group Operations and Business Settings” and elsewhere in this Document constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, with respect to the financial condition, operations and business of the Group and certain plans and objectives of the management of the Group. Such forward looking statements, including economic forecasts and assumptions and business and financial projections, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include a downturn in the macroeconomic environment, an earlier than anticipated rise in interest rates, extensive regulation and political scrutiny, competition and digital disruption, environmental and social risks, organisational capability and culture risks, failure to maintain capital adequacy requirements, damage to the Group’s reputation, sub-optimal investment allocation and delivery risks, including through acquisitions or divestments of businesses, credit risk exposures, operational risks, cyber-security risks, data management risks, third party risks, transaction processing risks, non-technology business disruption risks, risks arising from the increased prevalence of artificial intelligence, modelling risks, fraud risks, employment risks, accounting, legal and taxation risks, compliance risks, legal liability or regulatory action against the Group, inappropriate conduct of the Group’s staff, failure to comply with financial crime legislation or privacy legislation, liquidity and funding risks, adverse financial and credit market conditions, failure to maintain adequate levels of liquidity and funding, failure to maintain credit ratings, failure to hedge effectively against market risks (including adverse fluctuations in exchange rates), insurance risk and various other factors, many of which may be beyond the Group's control. Given these risks, uncertainties and other factors, potential investors are cautioned not to place undue reliance on such forward-looking statements.

Risk factors applicable to the Group are detailed on pages 17 to 28 of this Document.

Financial Information Definitions

Basis of preparation

The consolidated Financial Statements of the Group for the years ended 30 June 2022, 30 June 2021 and 30 June 2020 included in the Financial Reports comply with International Financial Reporting Standards ("IFRS").

This Document and the Financial Reports are presented in Australian Dollars, unless otherwise stated.

During the current year, the Group adopted 'AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*'. The amendments only apply to those changes to financial instruments and hedging relationships that are a direct consequence of Interbank Offered Rate ("IBOR") reform and where cash flows are amended on an economically equivalent basis. The key changes arising from the adoption of the amendments include the following:

- A practical expedient for changes in contractual cash flows required by the reform – the Group does not have to derecognise or adjust the carrying amount of financial instruments for these changes, but instead updates the effective interest rate to reflect the change to the alternative benchmark rate;
- Hedge accounting – the Group does not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets all the other hedge accounting criteria; and
- Additional disclosures – the Group is required to disclose information, as contained in Note 1.1 to the Financial Statements, about new risks arising from the reform as well as how the Group manages the transition to alternative benchmark rates.

Note 1.1 of the 2022 Financial Report outlines the nature of these changes. Other than the above, the accounting policies and methods of computation adopted in the preparation of the 2022 Financial Report are consistent with the 2021 Financial Report.

Change in Comparatives

Unless otherwise stated, all 2021 financial year and 2020 financial year figures presented in this Document have not been restated. In some cases, comparative information has been restated to reflect change in accounting policy and to conform to the presentation in the current year. Such restatements have been footnoted throughout this Document.

In order to provide a meaningful comparison to the Group's historical operations, certain "Restated" figures are presented for the 2021 financial year and "As reported" figures are presented for the 2021 financial year and 2020 financial year.

Changes to the presentation of discontinued operations

In line with accounting standards, the comparative results of discontinued operations are presented separately as a single line item 'net profit after tax from discontinued operations' for both Group and divisional results. Assets and liabilities of discontinued operations are presented separately as held for sale on the Balance Sheet, however in line with accounting standards prior periods remain unadjusted. Group Key Performance Indicators are presented on both a continuing operations basis and discontinued operations basis.

For the year ended 30 June 2022, 30 June 2021 and 30 June 2020, discontinued operations included:

- CBA's Life insurance businesses in Australia ("CommInsure Life") and New Zealand ("Sovereign");
- BoCommLife Insurance Company Limited ("BoCommLife");
- Commonwealth Bank of South Africa (Holding Company) Limited ("TymeDigital SA");
- Colonial First State ("CFS");
- Colonial First State Global Asset Management ("CFSGAM"); and
- PT Commonwealth Life ("PTCL") and its subsidiary.

Prior period restatements

During the year ended 30 June 2022, the Group implemented certain changes that were applied retrospectively and impacted the prior years' financial statements. Appendix C and Note 1.1 of the 2022 Financial Report provides further detail on the prior period restatements.

Discontinued operations and transaction update

CFS is classified as a discontinued operation in the Group's financial statements for the year ended 30 June 2022. The assets and liabilities of CommInsure General Insurance are classified as held for sale as at 30 June 2022.

On 21 June 2021, the Group announced the sale of CommInsure General Insurance to Hollard Insurance Company Pty Ltd (Hollard). Regulatory approvals have been received and the sale is expected to complete in the second half of calendar year 2022.

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. On 26 October 2021, the Group announced its intent to close the remaining CFP business. The transfer was completed on 30 November 2021.

On 1 December 2021, the Group completed the sale of a 55% interest in Colonial First State (CFS) to KKR.

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 of HZB was completed on 30 June 2022.

For further information on these transactions please refer to Note 11.3 of the 2022 Financial Report.

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

Non-GAAP Financial Measures

In addition to its statutory financial results reported in this Document and the Financial Reports in accordance with IFRS, the Group reports and describes certain "non-GAAP financial measures" (as defined in U.S. Securities and Exchange Commission's Regulation G) of the financial performance and results of the Group. These non-GAAP financial measures are not calculated in accordance with IFRS. This Document contains reconciliations of these non-GAAP financial measures to the Group's financial results prepared in accordance with IFRS.

Net Profit after Tax

The management discussion and analysis in this Document presents Net profit after tax on both a "statutory basis" and a "cash basis".

Net profit after tax ("statutory basis") is prepared in accordance with the Corporations Act 2001 (the "Corporations Act") and the Australian Accounting Standards, which comply with IFRS. References to "statutory profit", "statutory net profit after tax" or "statutory earnings" in this Document have the same meaning as "Net profit after tax ("statutory basis")".

Net profit after tax ("cash basis") is a non-GAAP financial measure that is defined by management as net profit after tax and non-controlling interests before non-cash items including, hedging and IFRS volatility, Bankwest non-cash items, treasury shares valuation adjustments, and losses or gains on acquisition, disposal, closure and demerger of businesses. Net profit after tax ("cash basis") is management's preferred measure of the Bank's financial performance. This measure is used by management to present what it believes to be a clear view of the Group's underlying operating results, excluding certain items that the Group believes introduce volatility and/or one-off distortions of the Group's performance. These items, such as hedging and IFRS volatility, are calculated consistently period on period and do not discriminate between positive and negative adjustments. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report. A list of items excluded from Net profit after tax ("cash basis") and their description is set out on page 10 of this Document. References to "cash profit" or "cash earnings" in this Document have the same meaning as "Net profit after tax ("cash basis")".

Other Non-GAAP Financial Measures

Other non-GAAP financial measures included in this Document are:

- Earnings per share ("cash basis") – the Group presents its earnings per share on both a statutory and a cash basis. Earnings per share ("cash basis") is defined by management as Net profit after tax ("cash basis") as described above, divided by the weighted average number of the Group's ordinary shares ("cash basis") over the relevant period. The weighted average number of shares ("cash basis") incorporates an adjustment for the bonus element of any rights issue and excludes treasury shares related to investments in the Bank's shares held to settle employee share schemes; and
- The dividend payout ratio and dividend cover are presented on both a statutory and cash basis. The dividend payout ratio ("statutory basis") is calculated by dividing the dividends paid on the Group's ordinary shares by the Net profit after tax ("statutory basis"), net of dividends on other equity instruments. The dividend payout ratio ("cash basis") is calculated by dividing the dividends paid on the Group's ordinary shares by Net profit after tax ("cash basis"), net of dividends on other equity instruments. "Dividend cover – statutory" is calculated as Net profit after tax ("statutory basis") net of dividends on other equity instruments, divided by dividends on the Group's ordinary shares for the applicable period. "Dividend cover – cash" is calculated as Net profit after tax ("cash basis") net of dividends on other equity instruments, divided by dividends on the Group's ordinary shares for the applicable period. These ratios are provided on both a statutory and cash basis because Net profit after tax, the primary component of these ratios, is also presented on a statutory and cash basis, for the reasons described above.

Impact of Coronavirus ("COVID-19")

During the current year we have seen the continuation of the COVID-19 pandemic. Uncertainty remains regarding the duration and severity of COVID-19 and the associated disruption to the Australian and New Zealand domestic and global economies.

The impact of COVID-19 on our historical results and the expected impact of COVID-19 on our operations going forward is discussed further in the 2022 Financial Report and throughout this Document. In particular, refer to Note 1.1 of the 2022 Financial Report.

Impact of Foreign Currency Movements

The Group's consolidated financial results are presented in Australian dollars. In order to prepare the Group's consolidated financial results, the financial results of any reporting entities of the Group with a functional currency other than Australian dollars are translated into Australian dollars for each reporting period. As foreign exchange rates are subject to change, the Group's financial results can be affected by the prevailing rate of the Australian dollar at the time of such translations. The effects of these translations on various segments of the Group's business are noted throughout this Document.

The movement of the Australian dollar against the following currencies is highlighted in the table below.

		As at [1]		
Exchange Rates Utilised [2]	**Currency**	**30 Jun 22**	30 Jun 21	30 Jun 20
AUD 1.00 =	USD	**0. 6879**	0. 7521	0. 6854
	EUR	**0. 6576**	0. 6319	0. 6114
	GBP	**0. 5666**	0. 5431	0. 5584
	NZD	**1. 1073**	1. 0740	1. 0705
	JPY	**93. 8510**	83. 1173	73. 8002

		Average rates [1]		
Exchange Rates Utilised [3]	**Currency**	**30 Jun 22**	30 Jun 21	30 Jun 20
AUD 1.00 =	USD	**0. 7257**	0. 7467	0. 6715
	EUR	**0. 6441**	0. 6260	0. 6071
	GBP	**0. 5455**	0. 5546	0. 5330
	NZD	**1. 0667**	1. 0742	1. 0544
	JPY	**85. 1439**	79. 5463	72. 6127

1 Rate rounded to four decimal places. Actual rate used for translation throughout the Document for the 30 June 2022 period is US$0.687867 = A$1.00.
2 Unless noted otherwise, rates are sourced from Bloomberg and are End of day rate (Sydney time).
3 Unless noted otherwise, rates are sourced from Bloomberg, and are the twelve month period average of End of day rate (Sydney time).

The Group hedges foreign currency exposures on debt issues and significant foreign currency earnings exposures in offshore locations.

For further information regarding the composition of the Group's income by location please refer to Note 2.7 of the 2022 Financial Report.

Disclosures (continued)

Non-cash Items included in Statutory Profit

	Full Year Ended				
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	Jun 22 vs Jun 21 %	Jun 21 vs Jun 20 %
Gain/(loss) on acquisition, disposal, closure and demerger of businesses	**955**	1,373	2,092	(30)	(34)
Hedging and IFRS volatility	**108**	7	93	large	(92)
Total non-cash items (after tax)	**1,063**	1,380	2,185	(23)	(37)

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

	Full Year Ended				
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	Jun 22 vs Jun 21 %	Jun 21 vs Jun 20 %
(Loss)/gain on acquisition, disposal, closure and demerger of businesses [1]	**(30)**	183	70	(large)	large
Hedging and IFRS volatility	**108**	7	93	large	(92)
Non-cash items (after tax) from continuing operations	**78**	190	163	(59)	17
Gain/(loss) on acquisition, disposal, closure and demerger of businesses [2]	**985**	1,190	2,022	(17)	(41)
Non-cash items (after tax) from discontinued operations	**985**	1,190	2,022	(17)	(41)
Total non-cash items (after tax)	**1,063**	1,380	2,185	(23)	(37)

1 Includes gains and losses net of transaction and separation costs associated with disposal of AUSIEX, Aussie Home Loans, CommInsure General Insurance, Count Financial and other businesses, and the dilution of the Group's interest in Bank of Hangzhou.

2 Includes 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 associated with the disposal of BoCommLife, CFS, CFSGAM, PT Commonwealth Life and other businesses, and the deconsolidation of CommInsure Life.

Non-cash items are excluded from Net profit after tax ("cash basis"), which is management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or are not considered representative of the Group's ongoing financial performance. The impact of these items on the Group's Net profit after tax ("statutory basis") is outlined below and treated consistently with prior comparative period and prior half disclosures. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 to the 2022 Financial Report.

(Loss)/gain on acquisition, disposal, closure and demerger of businesses

Losses and gains on these transactions are inclusive of foreign exchange impacts, impairments, restructuring, separation and transactions costs and cover both controlled businesses and associates.

Hedging and IFRS volatility

Hedging and IFRS volatility represents timing differences between fair value movements on qualifying economic hedges and the underlying exposure. Hedging and IFRS volatility does not affect the Group's performance over the life of the hedge relationship and are recognised over the life of the hedged transaction. To qualify as an economic hedge the terms and / or risk profile must match or be substantially the same as the underlying exposure.

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2. Highlights

Highlights

Group Performance Summary

Group Performance Summary	Full Year Ended ("statutory basis")				Full Year Ended ("cash basis")			
		Restated [1]	As reported			Restated [1]	As reported	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 21 $M	30 Jun 20 $M	**30 Jun 22 $M**	30 Jun 21 $M	30 Jun 21 $M	30 Jun 20 $M
Net interest income	**19,473**	19,302	18,839	18,610	**19,473**	19,302	18,839	18,610
Other banking income	**5,462**	4,802	5,265	5,002	**5,215**	4,544	5,007	4,837
Total banking income	**24,935**	24,104	24,104	23,612	**24,688**	23,846	23,846	23,447
Funds management income	**135**	165	165	173	**135**	165	165	173
Insurance income	**73**	145	145	141	**73**	145	145	141
Total operating income	**25,143**	24,414	24,414	23,926	**24,896**	24,156	24,156	23,761
Operating expenses	**(11,816)**	(11,485)	(11,485)	(11,030)	**(11,635)**	(11,359)	(11,359)	(10,996)
Loan impairment benefit/(expense)	**357**	(554)	(554)	(2,518)	**357**	(554)	(554)	(2,518)
Net profit before tax	**13,684**	12,375	12,375	10,378	**13,618**	12,243	12,243	10,247
Corporate tax expense	**(4,011)**	(3,532)	(3,532)	(2,990)	**(4,023)**	(3,590)	(3,590)	(3,022)
Net profit after tax from continuing operations	**9,673**	8,843	8,843	7,388	**9,595**	8,653	8,653	7,225
Net profit after tax from discontinued operations [2]	**1,098**	1,338	1,338	2,204	**113**	148	148	182
Net profit after tax	**10,771**	10,181	10,181	9,592	**9,708**	8,801	8,801	7,407
Gain on acquisition, disposal, closure and demerger of businesses [3]	**n/a**	n/a	n/a	n/a	**955**	1,373	1,373	2,092
Hedging and IFRS volatility [3]	**n/a**	n/a	n/a	n/a	**108**	7	7	93
Net profit after tax ("statutory basis")	**10,771**	10,181	10,181	9,592	**10,771**	10,181	10,181	9,592
Statutory net profit after tax, by division								
Retail Banking Services	**4,799**	4,883	4,993	4,183				
Business Banking	**3,021**	2,905	2,823	2,458				
Institutional Banking and Markets	**1,050**	928	924	633				
Wealth Management	**1,077**	945	945	2,064				
New Zealand	**729**	1,094	1,092	943				
Corporate Centre and Other	**95**	(574)	(596)	(689)				
Net profit after tax ("statutory basis")	**10,771**	10,181	10,181	9,592				

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer also to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and are reported as a single cash net profit after tax line item. Discontinued operations includes CFS, CommInsure Life, BoCommLife, CFSGAM and PTCL and non-controlling interests related to discontinued operations.

3 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 10 of this Document for further details. Non-cash items are excluded from Net profit after tax ("cash basis"), which is management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or not considered representative of the Group's ongoing financial performance. The items for the period include a $955 million gain on disposal, closure and demerger of businesses and a $108 million unrealised gain related to hedging and IFRS volatility. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

Highlights (continued)

Key Performance Indicators

Key Performance Indicators	Full Year Ended			
		Restated [1]	As reported	
	30 Jun 22	30 Jun 21	30 Jun 21	30 Jun 20
Group Performance from continuing operations				
Statutory net profit after tax ($M)	**9,673**	8,843	8,843	7,388
Cash net profit after tax ($M)	**9,595**	8,653	8,653	7,225
Net interest margin (%)	**1. 90**	2. 08	2. 03	2. 07
Statutory operating expenses to total operating income (%)	**47. 0**	47. 0	47. 0	46. 1
Spot number of full-time equivalent staff (FTE)	**49,245**	44,375	44,375	41,778
Average number of FTE	**47,354**	42,940	42,940	41,051
Effective corporate tax rate ("statutory basis") (%)	**29. 3**	28. 5	28. 5	28. 8
Average interest earning assets ($M) [2]	**1,026,910**	929,846	929,846	897,409
Average interest bearing liabilities ($M) [2]	**841,695**	776,967	776,967	771,982
Assets Under Management (AUM) - average ($M)	**20,278**	18,872	18,872	16,941
Group Performance including discontinued operations				
Statutory net profit after tax ($M)	**10,771**	10,181	10,181	9,592
Cash net profit after tax ($M)	**9,708**	8,801	8,801	7,407
Net interest margin (%)	**1. 90**	2. 08	2. 03	2. 08
Statutory operating expenses to total operating income (%)	**46. 6**	47. 3	47. 3	43. 0
Spot number of full-time equivalent staff (FTE)	**49,245**	46,189	46,189	43,585
Assets Under Management (AUM) - average ($M) [3]	**20,278**	18,872	18,872	235,743

1 Comparative information has been restated to conform to the presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Average interest earning assets are net of average mortgage and other offset balances. Average interest bearing liabilities exclude average mortgage and other offset balances.

3 Average AUM has been calculated using the average for the period the Group owned CFSGAM up until 2 August 2019.

Highlights (continued)

Key Performance Indicators (continued)

Key Performance Indicators	Full Year Ended 30 Jun 22	30 Jun 21	30 Jun 20
Shareholder Returns from continuing operations			
Earnings Per Share (EPS) (cents) [1]			
Statutory basis - basic	**561. 7**	499. 2	417. 8
Return on equity (ROE) (%) [1]			
Statutory basis	**12. 8**	11. 8	10. 4
Cash basis	**12. 7**	11. 5	10. 2
Shareholder Returns including discontinued operations			
Earnings Per Share (EPS) (cents) [1]			
Statutory basis - basic	**625. 4**	574. 8	542. 4
Return on equity (ROE) (%) [1]			
Statutory basis	**14. 3**	13. 5	13. 5
Dividends per share - fully franked (cents)	**385**	350	298
Dividend cover - "statutory basis" (times)	**1. 6**	1. 6	1. 8
Dividend payout ratio (%) [1]			
Statutory basis	**61**	61	55
Capital including discontinued operations			
Common Equity Tier 1 (Internationally Comparable) (%) [2]	**18. 6**	19. 4	17. 4
Common Equity Tier 1 (APRA) (%)	**11. 5**	13. 1	11. 6
Risk weighted assets (RWA) ($M)	**497,892**	450,680	454,948
Leverage Ratio including discontinued operations			
Leverage Ratio (Internationally Comparable) (%) [2]	**5. 9**	6. 9	6. 7
Leverage Ratio (APRA) (%)	**5. 2**	6. 0	5. 9
Funding and Liquidity Metrics including discontinued operations			
Liquidity Coverage Ratio (%) [3]	**130**	129	155
Weighted Average Maturity of Long Term Debt (years) [4]	**4. 7**	5. 1	5. 3
Customer Deposit Funding Ratio (%)	**74**	73	74
Net Stable Funding Ratio (%)	**130**	129	120
Credit Quality Metrics including discontinued operations			
Loan impairment expense annualised as a % of average GLAAs	**(0. 04)**	0. 07	0. 33
Gross impaired assets as a % of GLAAs	**0. 33**	0. 42	0. 45
Credit risk weighted assets (RWA) ($M)	**393,647**	381,550	374,194

1 For definitions refer to Appendix B.
2 Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".
3 Quarterly average.
4 Represents the weighted average maturity (WAM) of outstanding long-term wholesale debt with a residual maturity greater than 12 months including drawdown of the RBA Term Funding Facility (TFF). WAM as at 30 June 2022 excluding the TFF drawdown is 6.3 years (30 June 2021: 6.4 years, 30 June 2020: 5.3 years).

Highlights (continued)

Key Performance Indicators (continued)

Key Performance Indicators	Full Year Ended			
		Restated [1]	As reported	
	30 Jun 22	30 Jun 21	30 Jun 21	30 Jun 20
Retail Banking Services				
Statutory net profit after tax ($M)	**4,799**	4,883	4,993	4,183
Net interest margin (%)	**2. 39**	2. 60	2. 60	2. 63
Average interest earning assets (AIEA) ($M) [2]	**403,301**	375,522	381,229	368,342
Statutory operating expenses to total operating income (%)	**41. 9**	40. 5	40. 0	40. 4
Risk weighted assets ($M)	**167,765**	156,927	169,084	167,205
Business and Private Banking				
Statutory net profit after tax ($M)	**3,021**	2,905	2,823	2,458
Net interest margin (%)	**3. 00**	3. 11	2. 98	3. 10
Average interest earning assets ($M) [2]	**194,597**	179,707	173,986	170,526
Statutory operating expenses to total banking income (%)	**38. 3**	38. 0	38. 5	36. 6
Risk weighted assets ($M)	**146,098**	136,006	140,023	136,288
Institutional Banking and Markets				
Statutory net profit after tax ($M)	**1,050**	928	924	633
Net interest margin (%)	**1. 12**	1. 11	1. 00	0. 98
Average interest earning assets ($M) [2]	**137,509**	137,994	138,018	140,547
Statutory operating expenses to total banking income (%)	**43. 1**	42. 3	42. 6	44. 9
Risk weighted assets ($M)	**80,031**	82,171	84,928	93,325
New Zealand				
Statutory net profit after tax ($M)	**729**	1,094	1,092	943
Risk weighted assets - APRA basis ($M) [3]	**51,916**	53,311	53,390	50,812
Net interest margin (ASB) (%) [4]	**2. 22**	2. 22	2. 18	2. 12
Average interest earning assets (ASB) (NZ$M) [4]	**116,397**	107,522	107,522	100,582
Statutory operating expenses to total operating income (ASB) (%) [4]	**36. 5**	38. 7	38. 8	41. 0
AUM - average (ASB) (NZ$M) [4]	**21,647**	20,227	20,227	17,886

1 Comparative information has been restated to conform to the presentation in the current period. Refer to “Disclosures – Financial Information Definitions – Change in Comparatives” and Appendix C of this Document for further details.
2 Net of average mortgage offset balances.
3 Risk weighted assets (A$M) calculated in accordance with APRA requirements.
4 Key financial metrics represent ASB only and are calculated in New Zealand dollar terms.

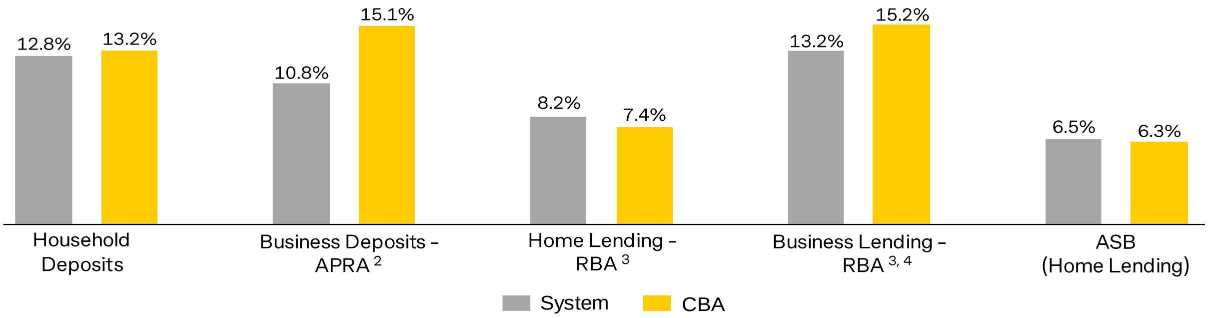
Highlights (continued)

Market Share

Market Share	30 Jun 22 %	31 Dec 21 %	30 Jun 21 %	Jun 22 vs Dec 21	Jun 22 vs Jun 21
	As at [1]				
Home loans - RBA [2]	**25.1**	25.4	25.3	(30)bpts	(20)bpts
Home loans - APRA [3]	**25.8**	26.1	26.0	(30)bpts	(20)bpts
Credit cards - APRA [3]	**28.5**	28.2	27.4	30 bpts	110 bpts
Other household lending - APRA [3, 4]	**18.5**	18.1	18.6	40 bpts	(10)bpts
Household deposits - APRA [3]	**27.5**	27.6	27.4	(10)bpts	10 bpts
Business lending - RBA [2]	**15.8**	15.6	15.6	20 bpts	20 bpts
Business lending - APRA [3, 5]	**17.8**	17.7	17.7	10 bpts	10 bpts
Business deposits - APRA [3, 5]	**22.6**	22.1	21.8	50 bpts	80 bpts
Equities trading [6]	**4.2**	4.9	5.4	(70)bpts	(120)bpts
NZ home loans [7]	**21.6**	21.4	21.6	20 bpts	–
NZ customer deposits [7]	**18.3**	18.3	18.2	–	10 bpts
NZ business lending [7]	**16.9**	17.0	17.3	(10)bpts	(40)bpts

1 Comparative information has been updated to reflect market restatements. For further details on each Market Share category, refer to "Market Share Definitions" in Appendix B.
2 System source: RBA Lending and Credit Aggregates.
3 System source: APRA's Monthly Authorised Deposit-taking Institution Statistics (MADIS) publication.
4 Other Household Lending market share includes personal loans, margin loans and other forms of lending to individuals.
5 Represents business lending to and business deposits by non-financial businesses under APRA definitions.
6 Represents CommSec traded value (excluding AUSIEX) as a percentage of total Australian Equities markets, on a 12 month rolling average basis.
7 System source: RBNZ.

CBA growth against System [1]
Balance growth – 12 months to June 22



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

Credit Ratings

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

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency. Ratings should be evaluated independently of any other information.

Risk Factors

This section describes the principal risk factors that could materially affect the Group's businesses, its revenues, operating income, net income, net assets, liquidity, funding, reputation and capital resources. These risk factors should not be regarded as a complete and comprehensive statement of all of the potential risks and uncertainties that the Group faces. Additional risks that may emerge in the future, or that the Group currently considers to be immaterial, may also become important risks that affect the Group. If any of the listed or unlisted risks actually occur, the Group's business, financial condition, liquidity, operations, prospects or reputation could be materially and adversely affected. The risk factors below should be considered in connection with the "Special Note Regarding Forward-Looking Statements" on page 5 of this Document. Notes 9.1 through 9.4 of the 2022 Financial Statements provide details on how the Group manages its credit, market and liquidity and funding risks.

Strategic Risk

The Group's results could be adversely impacted by key strategic risks arising from changes in the Group's external and internal operating environment

Strategic risk is the risk of material value destruction or less than planned value creation, due to changes in the Group's external and internal operating environment. Dynamically evolving current or emerging risks, such as the COVID-19 pandemic, the competitive landscape, emerging technologies, macroeconomic conditions and the regulatory and political environment can challenge the business model and profitability assumptions underlying the Group's strategy. While the Board regularly monitors and discusses the Group's operating environment, strategic objectives and implementation of major strategic initiatives, there can be no assurance that such objectives and initiatives will be successful or that they will not adversely impact the Group.

The Group may be adversely impacted by a downturn in the macroeconomic environment, particularly in the Australian or New Zealand economies

As the Group's businesses are primarily located in Australia and New Zealand, its performance is largely dependent on the state of their economies, customer and investor confidence, and the prevailing market conditions in these two countries, which in turn are impacted by events in the global economy.

By the nature of its operations in various financial markets, the Group has previously been adversely impacted, both directly and indirectly, by difficult business, economic and market conditions. The financial system(s) within which the Group operates may experience systemic shock due to market volatility, political or economic instability or catastrophic events. A shock to, or deterioration in, the global economy could result in currency and interest rate fluctuations and operational disruptions that negatively impact the Group. For example, global economic conditions may deteriorate to the extent that counterparties default on their debt obligations, countries re-denominate their currencies, introduce capital controls, one or more major economies collapse, or global financial markets cease to operate or cease to operate efficiently. Sovereign defaults may adversely impact the Group directly, through adversely impacting the value of the Group's assets, or indirectly through destabilizing global financial markets, adversely impacting the Group's liquidity, financial performance or ability to access capital.

A material downturn in the Australian or New Zealand economies could adversely impact the Group's future results by reducing customers' demand for the Group's products and borrowers' ability to repay their loans to the Group (i.e. credit risk). In particular, given the Group's concentration of earnings from home loans, a significant or sustained decrease in the Australian and New Zealand housing markets or property valuations, including from external factors, could adversely affect the Group's home and commercial loans portfolio, result in a decrease in the amount of new lending that the Group can underwrite and/or increase the losses that the Group may experience from existing loans. These factors could adversely affect the Group's business, financial condition, operations and prospects.

The demand for residential property may also decline due to buyer concerns about decreases in value, regulatory or tax changes or concerns about rising interest rates, which could impact demand for the Group's home lending products. If regulators impose supervisory measures that impact the Group's mortgage lending practices or if Australian housing price growth significantly subsides or property valuations decline, the demand for the Group's home lending products may decrease and loan defaults could increase due to declining collateral values. This would adversely affect the Group's business, operations and financial condition.

A material decline in residential housing prices could also cause increased losses from the Group's exposures to residential property developers, particularly if such developers' customers that are pre-committed to purchase the completed dwellings are unable or unwilling to complete their contracts and the Group is forced to sell these dwellings for less than the pre-committed contract price.

The Group's portfolio of commercial property loans may be susceptible to asset price deflation, tenancy risk (comprising of underlying income generation from tenancy mix and vacancy levels), delivery risk and settlement risk, which may result in higher credit losses, refinancing risk and deteriorating security values. Adverse impacts on the Group's commercial loan portfolio could emanate from lower levels of new origination activity and increased losses due to deteriorating security values and a less active refinancing market. A significant decrease in commercial property valuations or a significant slowdown in the commercial real estate markets in Australia or New Zealand, or specific regions or sectors (such as New South Wales), could result in a decrease in lending growth.

The strength of the Australian economy is influenced by the value of the Australian dollar. Significant movements in the value of the Australian dollar may adversely impact parts of the Australian economy and, in turn, the Group's results of operations. See "Failure to hedge effectively against market risks (including adverse fluctuations in exchange rates) could negatively impact the Group's results of operations" below for more information.

Risk Factors (continued)

COVID-19 resulted in governments worldwide, including in Australia and New Zealand, enacting emergency measures to combat the spread of the virus. These emergency measures included wide ranging restrictions on, suspensions of, or advice against, regional and international travel, gatherings of groups of people, as well as prolonged closures of workplaces and many other normal activities. Substantial and costly monetary and fiscal interventions designed to stabilise the significant increase in volatility experienced in sovereign nations and financial markets were undertaken.

Although some nations, including Australia, have rolled out vaccination programs and no longer have wide ranging restrictions, the volatile regional and global economic conditions stemming from the pandemic, as well as reactions to future pandemics or resurgences of COVID-19, could cause a reduction in demand for the Group's products and services and/or an increase in loan and other credit defaults, bad debts and impairments and/or an increase in the cost of the Group's operations. Should these occur, it is likely that they will result in a material adverse effect on the Group's business, results of operations, financial condition and prospects, and also precipitate or aggravate the other risk factors described below.

The Russian military invasion of Ukraine has led to, and may lead to additional, sanctions and other penalties being levied by Australia, the United States, European Union and other countries against Russia, Belarus, the Crimea Region of Ukraine and the two separatist republics in the Donetsk and Luhansk regions of Ukraine, including expansive ban on imports and exports of products to and from Russia. The extent and duration of the ongoing military conflict, which is resulting in elevated geopolitical instability; trade restrictions; disruptions to global supply chains; increases in energy prices with consequential global inflationary impacts; increases in cyberattacks; and an adverse impact on markets, cannot be predicted.

The combined impacts of the COVID-19 pandemic, rising geopolitical tensions, and the conflict in Ukraine have resulted in elevated energy prices; consumer demand spikes; wage inflation from labour shortages due to lower immigration levels; supply shortages from global production disruptions due to COVID-19 outbreaks and production limits in certain countries to meet emission targets. This has led to persistently high inflation levels which have resulted in a higher and earlier than anticipated rise in interest rates globally and within Australia and New Zealand.

The sharp rise in interest rates is expected to lead to lower household consumption in Australia, slower economic growth, and a fall in Australian and New Zealand house prices over the next 18 months. It could also lead to increased credit losses from business insolvencies; increased mortgage stress and defaults from higher leveraged borrowers; a potential adverse impact on markets; and a potential downturn in the global economy. This could in turn have an adverse impact on the Group's business and operations.

China is one of Australia's major trading partners and a significant driver of commodity demand and prices in many of the markets in which the Group and its customers operate. Any geopolitical tension or other event that adversely affects China's economic growth or Australia's economic relationship with China, including the implementation of tariffs or other protectionist trade policies, could adversely affect Australian economic activity and, as a result, the Group's business, financial condition, operations and prospects. In particular, China is currently at risk of an economic slowdown due to a potential property development downturn arising from large corporate failures, such as Evergrande, extended COVID-19 pandemic lockdowns, supply chain disruptions that connect China's manufacturing base to the rest of the world and production impacts due to electricity shortages as it adjusts to a lower emissions economy.

Tensions between the United States and China remain high, particularly around issues such as China's trade and technology policies, and the sovereignty of Taiwan and the Hong Kong Special Administrative Region. An escalation in these tensions, or in the conflict between Russia and Ukraine, could lead to increased protectionist policies and further global re-alignment of trading partners by nations. This would result in further trade and supply chain instability which would dampen consumer confidence, suppress business earnings and growth prospects, and increase the volatility of global economic conditions. This could in turn have an adverse impact on the Group's business and operations.

While the future impact of the economic disruption caused by the Russian military invasion of Ukraine, COVID-19 pandemic, and high geopolitical tensions, remain uncertain, the Group may be materially adversely affected by a protracted downturn in economic conditions globally and, in particular, in Australia and New Zealand, which may arise as a result of these impacts.

The Group is subject to extensive regulation and operates in an environment subject to political scrutiny, which could adversely impact its operations and financial condition

The Group and its businesses are subject to extensive regulation in Australia by multiple regulatory bodies as well as by other regulators in jurisdictions in which the Group operates or obtains funding, including New Zealand, the UK, the United States, China, Japan, Europe, Singapore, Hong Kong and Indonesia.

Key domestic regulators include APRA, ASIC, the Australian Transaction Reports and Analysis Centre ("AUSTRAC"), the Office of the Australian Information Commissioner (the "OAIC"), the Australian Competition and Consumer Commission (the "ACCC"), the Australian Financial Complaints Authority, the RBA and the Australian Securities Exchange (the "ASX").

APRA is the Australian regulator responsible for the prudential supervision of ADIs, of which the Bank is one. As the Group's prudential regulator in Australia, APRA has very wide powers under the Banking Act, including in limited circumstances to direct banks (including the Bank) not to make payments on its securities.

Risk Factors (continued)

In addition to its key Australian regulators, a range of international regulators and authorities supervise and regulate the Group in respect of, among other areas, capital adequacy, liquidity levels, funding, provisioning, insurance, compliance with prudential regulation and standards, accounting standards, remuneration, data access, stock exchange listing requirements and the Group's compliance with relevant financial crime, sanctions, privacy, taxation, competition, consumer protection and securities trading laws. The Group and the wider financial services industry are facing increased regulation and scrutiny in many of these areas and jurisdictions and changes or new regulation in one part of the world could lead to changes elsewhere.

Any change in law, regulation, accounting standards, policy or practice of regulators, or failure to comply with laws, regulations or policy, may adversely affect the Group's business, financial condition, liquidity, operations, prospects and reputation and its ability to execute its strategy, either in the short or long-term. The potential impacts of regulatory change are wide-ranging and could include increasing the levels and types of capital that the Group is required to hold and restricting the way the Group can conduct its business and the nature of that business, such as the types of products that it can offer to customers.

The COVID-19 pandemic or similar pandemics could impact the Group's ability to manage regulatory change. The response to the COVID-19 pandemic has seen new legislation and regulation, which may increase compliance risks.

The Group may also be adversely affected if the pace or extent of regulatory change exceeds its ability to adapt to such changes and embed appropriate compliance processes adequately. The pace of regulatory change has accelerated in recent years. The fast paced nature of this change means that the regulatory context in which the Group operates is often uncertain and complex.

Regulatory reforms

Examples of significant regulatory reform under development in Australia include the following:

- From January 1, 2023, APRA will implement its revisions to the ADI capital framework. The objective of these revisions is to increase the risk sensitivity within the capital framework, to enhance the ability of ADIs to respond flexibly to future stress events and to improve the comparability of the Australian framework with international standards. The finalization of these capital reforms will result in changes to the calculation and presentation of capital ratios. APRA has stated that the new ADI capital framework does not require banks to raise additional capital.
- APRA confirmed that the Australian loss absorbing capacity regime will be established under the existing capital framework. For domestic systemically important banks ("D-SIBs"), such as the Bank, APRA will require an additional total capital requirement of 4.5% of risk-weighted assets ("RWA") based on the new ADI capital framework, effective from January 1, 2026, and an interim requirement of 3% of RWA, effective January 1, 2024. The combination of revisions to the ADI capital framework and the loss-absorbing capital requirement will result in a minimum total capital requirement of 16.75% and 18.25% from January 1, 2024 and January 1, 2026, respectively.

Outside Australia there have also been a series of other regulatory initiatives from authorities in the various jurisdictions in which the Group operates, or obtains funding that would result in significant regulatory changes for financial institutions. As an example, the RBNZ published the finalized Banking Prudential Requirements ("BPR") following a comprehensive review of the capital adequacy framework applying to registered banks in New Zealand. The revised framework results in an increase in the minimum Tier 1 capital requirement for banks which are deemed systemically important to 16% of RWA (currently 8.5%), of which 13.5% must be in the form of Common Equity Tier 1 ("CET1") capital. Tier 2 capital will remain in the framework and can contribute up to 2% of the 18% minimum total capital ratio. Existing Additional Tier 1 and Tier 2 contingent instruments issued by New Zealand banks will no longer be eligible under the RBNZ's new capital criteria. Phased implementation commenced on October 1, 2021 with full implementation on July 1, 2028. It is possible that the implementation of these new requirements could impact the Bank's capital minimums and targets.

The Group is subject to competition and digital disruption which may adversely affect its business and financial results

The Group faces competition in all of its primary areas of operation. Competition is expected to increase, especially from non-Australian financial services providers who continue to expand in Australia, and from new non-bank entrants or smaller providers who may be unregulated or subject to lower or different prudential and regulatory standards than the Group, allowing them to operate more efficiently. These entrants may seek to disrupt the financial services industry by offering bundled propositions and utilizing new technologies such as blockchain and digital currencies.

The emergence, adoption and evolution of new technologies, including distributed ledgers, such as digital currencies and blockchain, may require the Group to invest resources to adapt its existing products and services and may increase the Group's compliance and regulatory costs. The possibility of the RBA and/or the RBNZ issuing a Central Bank Digital Currency and technologies, such as digital currencies, that do not require intermediation, could also significantly disrupt payments processing and other financial services. Regulatory limitations on the Group's involvement in products and platforms involving technologies such as digital currencies may not apply equally or, in some cases, at all to certain of the Group's competitors. The Group may not be as timely or successful in developing or integrating, or even able to develop or integrate, new products and technologies, such as digital currencies, into its existing products and services, adapting to changes in consumer preferences or achieving market acceptance of the Group's products and services, any of which could affect the Group's ability to attract or retain clients, cause the Group to lose market share or result in service disruptions and in turn reduce the Group's revenues or otherwise adversely affect the Group.

If poorly implemented or managed in areas such as lending decisions, the use of these technologies could also create data privacy concerns or deliver incorrect results with potentially poor financial, regulatory, conduct or reputational outcomes.

Given the importance of a functioning and competitive banking sector, it is anticipated that over the longer-term, the level of competition in financial services will remain a focus area for the Australian Government. Possible future policy reform in this area may result in increased competitive pressure in the Group's key markets, which may adversely affect the Group's business, results of operations, financial condition and prospects.

Risk Factors (continued)

Additionally, the Group relies on deposits to fund a significant portion of its balance sheet. The Group competes with banks and other financial services firms for such deposits. Increased competition for deposits may increase the Group's cost of funding. To the extent that the Group is not able to successfully compete for deposits, the Group would be forced to rely more heavily on other, less stable or more expensive forms of funding, or to reduce lending. This may adversely affect the Group's business, financial condition, operations, prospects and liquidity.

If the Group is unable to compete effectively in its various businesses and markets, its market share may decline and increased competition may also adversely affect the Group's results by diverting business to competitors or creating pressure to lower margins to maintain market share.

The Bank is routinely exposed to, and manages, a number of sub-risks of the Strategic Risk type

These risks primarily support or drive strategic decisions that could impact the Bank's profitability or business model assumptions, and are impacted by, or drive decisions resulting in impacts across other risk types, and are managed more routinely through their own dedicated governance, policies and procedures, infrastructure and teams.

The Group could suffer losses due to environmental and social risks

The Group could be exposed to financial losses or brand damage from the impacts of environmental issues, such as climate change, or from not understanding or meeting community or regulatory expectations in relation to environmental and social issues. Climate change is systemic in nature, and is a significant long-term driver of financial, non-financial and strategic risk to the Group. A failure to respond adequately to the potential and expected impacts of climate change will affect the Group's long-term performance and can be expected to have wide-ranging impacts for the Group in its lending (retail and business), procurement and investment portfolios.

Parts of Australia are prone to, and have recently experienced, physical climate events such as severe flooding in 2021 and 2022. The impact of extreme weather events can be widespread, extending beyond primary producers to customers of the Group who are suppliers to the agricultural sector, and to those who reside in, and operate businesses within, impacted communities. There is an increasing risk that the Group's assets, including those held as collateral or investments, could become impaired where customers are unable to secure adequate insurance cover against permanent damage arising from more frequent and severe weather events and longer-term shifts in climate patterns. The impact of these losses on the Group may be exacerbated by a decline in the value and liquidity of assets held as collateral, which may impact the Group's ability to recover its funds when loans default. In particular, there is a risk of the home lending portfolio accumulating an increased exposure to high risk assets over time, if appropriate action is not taken in the shorter term. Permanent damage to assets of customers could affect their ability to repay loans, leading to potential reputational risk from increased hardships. It could also impact the probability of default and losses arising from defaults, valuations and collateral as well as portfolio performance.

Disruption is also likely to occur from the adjustment to a low-carbon economy. This may be due to the nature and volume of regulatory policy, market, technological or community-led transition requirements and changing expectations. Local and global regulators have increased their focus on climate change, increasing the risk of compliance breaches or litigation risk (including class actions). The Group's assets in certain industries and/or locations, or those held in investment portfolios, could become less valuable as a result of being misaligned with low-carbon policy or community expectations. Further, the failure or perceived failure to manage climate change appropriately may increase the risk that third parties commence litigation against the Group, with this type of climate related litigation becoming more common in certain jurisdictions. Any such litigation has the potential to adversely impact the Group's reputation and therefore the Group's financial performance

The physical impacts of climate change and the transition to a low carbon economy have the potential to increase wealth inequality through: house value declines and insurance affordability issues in higher risk zones; inflation increases from higher energy prices as nations seek to meet emission targets; unemployment in regions or industries previously dependent on high emitters; and customers impacted by severe weather events. This is expected to increase the number of vulnerable customers and hardship cases to be managed by the Group.

The financial performance of the Group could also be impacted if revenue foregone from carbon intense customers is not offset by financing opportunities in new 'green' or renewable industries. Any actual, or perceived inadequate climate commitments by Australia, could result in loss of, or increased cost of capital or funding, carbon border adjustment taxes and exclusion of Australian businesses (including the Group's customers) from the significant future global transition economy.

Social risk may increase as community expectations shift in relation to how the financial sector interacts with people in vulnerable circumstances and marginalized members of the community. Further, inadequate management of environmental and social governance risk by the Group or its customers may expose the Group to other potential risks across risk categories, such as liquidity credit, operational, compliance and market risk.

The Group's reputation could be impacted by: continuing to finance certain industries or customers that are carbon intense or environmentally unfriendly; setting portfolio emission reduction targets and strategies that do not meet community expectations; failing to reduce the Group's own emissions or manage its own environmental footprint; or failing to meet regulatory and reporting requirements, or adhere to public commitments. The Group's reputation could also be impacted by financing or partnering with organizations that violate human rights and the right of indigenous peoples; engage in modern slavery or have modern slavery in their supply chains; or have corrupt, unethical or weak governance practices.

Risk Factors (continued)

Organizational capability and culture risks may adversely affect the Group's business, operations and financial condition

The Group may be unable to execute effectively on its strategy due to inadequate skills and capabilities and a misaligned organizational culture.

The Group's ability to attract and retain qualified and skilled executives, employees and Board members is an important factor in achieving the strategic objectives of the Bank and its subsidiaries. The Chief Executive Officer, the management team of the Chief Executive Officer and the Board all have skills that are critical to setting the strategic direction, driving an appropriate organizational culture, successfully managing growth of the Group and whose loss due to resignation, retirement, death or illness may adversely affect the Group's business, operations and financial condition.

The progression of new technologies, such as artificial intelligence ("AI"), changing macroeconomic conditions and increasing regulatory expectations, requires leaders with new and different skill sets (particularly engineering, technology and analytics), and deep banking expertise to deliver the performance expected by shareholders. These skills may become more difficult to attract and retain, particularly with the emergence of new non-traditional technology competitors who aim to compete directly in the banking sector.

The Group's business, operations and financial condition could be adversely affected if it has difficulty driving the appropriate organizational culture necessary to achieve its strategy, retaining or attracting highly qualified people for important roles, including key executives and Board members, particularly in times of strategic change. International border closures due to the COVID-19 pandemic have also reduced the available pool of skilled candidates migrating into Australia.

Failure to maintain capital adequacy requirements would adversely affect the Group's financial condition

Capital adequacy risk is the risk that the Group does not hold sufficient capital and reserves to capitalize on strategic opportunities, cover exposures and withstand losses from extreme events. The Group must satisfy substantial capital requirements, subject to qualitative and quantitative review and assessment by its regulators. Regulatory capital requirements influence how the Group uses its capital and can restrict its ability to manage capital across the entities in the Group, to pay dividends and Additional Tier 1 distributions, or to make stock repurchases, or require the Group to raise more capital, or restrict balance sheet growth. The Group's capital ratios may be affected by a number of factors, including earnings, asset growth and quality, movements in the Group's RWA, changes in the value of the Australian dollar against other currencies in which the Group conducts its business, changes in regulatory requirements and changes in business strategy (including acquisitions, divestments, investments and changes in capital intensive businesses). Additionally, if the information, models, or the assumptions upon which the Group's capital requirements are assessed prove to be inaccurate, this may adversely impact the Group's operations, financial performance and financial position.

The Group operates an Internal Capital Adequacy Assessment Process (the "ICAAP") to manage its capital levels and to maintain them above the minimum levels approved by the Board (which are currently set to exceed regulatory requirements). The ICAAP includes forecasting and stress testing of capital levels, which guides the Group in selecting any capital management initiatives it may undertake. Should the ICAAP forecasts or stress tests prove to be ineffective, the Group may not be holding sufficient capital and may need to raise capital to manage balance sheet growth and/or stress.

The recent and ongoing rapid rise in interest rates, removal of quantitative easing measures, large shifts in the value of currencies due to exchange rate movements in some countries and market volatility have created the need for the Bank to closely monitor its capital position.

Damage to the Group's reputation could undermine the trust of stakeholders, erode the Group's brand and harm its business, financial condition, operations and prospects

The Group's reputation is a valuable asset and a key contributor to the support that it receives from the community for its business initiatives and its ability to raise funding or capital. Damage to the Group's reputation may arise where there are differences between stakeholder expectations and the Group's actual or perceived practices and performance. The risk of reputational damage may also be a secondary outcome of other sources of risk.

Various issues, including a number of the risks described herein, may give rise to reputational damage and cause harm to the Group's business, financial condition, operations and prospects. These issues include the conduct of the Group (for example, inadequate sales and trading practices, inappropriate management of conflicts of interest inappropriate management of emerging categories of vulnerable customers from cost of living pressures and increasingly severe weather events, and other ethical issues), breaches of legal and regulatory requirements (such as money laundering, counter-terrorism financing, trade sanctions, privacy and anti-hawking laws), technology and information security failures, unsuccessful strategies or strategies that are not in line with community expectations (such as financing or partnering with companies that engage in modern slavery or have modern slavery in their supply chains) and non- compliance with internal policies and procedures. The Group's reputation may also be adversely affected by community perception of the broader financial services industry, or from the actions of its competitors, customers, suppliers or companies in which the Group holds strategic investments.

Risk Factors (continued)

The Group has in the past, and may in the future, be challenged on its strategy by shareholders, including institutional shareholders, and special interest groups. Areas that have attracted investor activism in Australia include making socially responsible investments and avoiding financing or interacting with businesses that do not demonstrate responsible management of environmental and social issues. The prevalence of investor activism could impact management's decision-making and implementation of the Group's initiatives, which in turn could adversely affect its financial results. Reputational damage could also arise from the Group's failure to effectively manage risks, enforcement or supervisory action by regulators, adverse findings from regulatory reviews and failure or perceived failure to adequately respond to community, environmental, social and ethical issues.

Failure, or perceived failure, to address these issues appropriately could also give rise to additional legal or regulatory risk, subjecting the Group to regulatory enforcement actions, fines and penalties, or further damage the Group's reputation and integrity among its stakeholders including customers, investors and the community.

The Group's performance and financial position may be adversely affected by sub-optimal investment allocation and delivery risks, including through its acquisitions or divestments of businesses

The Group routinely manages a large number of strategic and transformation programs. There is the risk of expected outcomes not being achieved, or strategic opportunities being missed due to ineffective management of these initiatives, for example, due to operational complexity or the pace of execution being too fast for processes, people and systems to work as they need to, or too slow to keep pace with the changing environment.

There is also the risk of ineffective allocation and balancing of the Group's resources that could result in missed strategic opportunities or the inability to effectively deliver on strategic objectives.

As part of focusing on its core business in Australia and New Zealand, the Group has undertaken a number of divestments in recent years, and continues to explore potential divestments of other non-core businesses or investments. For further information on businesses held for sale, refer to Note 11.3 to the 2022 Financial Statements.

There is a risk that the cost and pace of executing divestments, including as a result of external approvals, may cause the Group to experience disruptions in the divestment, transition or wind-down process, including for existing businesses, which may cause customers to remove their business from the Group or have other adverse impacts on the Group. The Group may also be subject to risks associated with ongoing liabilities and indemnities under the relevant sale agreements.

From time to time, the Group evaluates and undertakes acquisitions of other businesses. There is a risk that completed acquisitions may not perform as anticipated and there can be no assurance that all relevant information will be identified and its implications understood from the diligence process undertaken by the Group. Failure to identify pre-existing issues through due diligence, or to obtain adequate contractual protections, may reduce acquisition success. In addition, there is a risk that the Group may not achieve the expected synergies from the acquisition, and may experience disruptions to its existing businesses due to difficulties in integrating the systems and processes of the acquired business. These risks may also cause the Group to lose customers and market share and incur financial losses.

Multiple divestments and/or acquisitions at the same time may exacerbate these risks.

Credit Risk

The Group may incur losses associated with credit risk exposures

The Group assumes counterparty risk in connection with its lending, trading, derivatives, insurance and other businesses as it relies on the ability of its counterparties to satisfy their financial obligations to the Group on a timely basis. For example, customers may default on their home, personal and business loans and trades may fail to settle due to non-payment by a counterparty or a systems failure by clearing agents, exchanges or other financial intermediaries. This risk also arises from the Group's exposure to lenders' mortgage insurance and re-insurance providers. There is also a risk that the Group's rights against counterparties may not be enforceable in certain circumstances.

Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, as well as the occurrence of events such as natural disasters or pandemics, could cause customers or counterparties to fail to meet their obligations in accordance with agreed terms.

Counterparties may default on their obligations due to insolvency, lack of liquidity, operational failure or other reasons. This risk may be increased by a deterioration in economic conditions and a sustained high level of unemployment. In assessing whether to extend credit or enter into other transactions, the Group makes complex and subjective judgments and relies on counterparties providing information that is accurate and not misleading, including financial statements and other financial information. The Group's financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading.

The current persistently high inflation levels which have resulted in higher and earlier than anticipated interest rates rises globally and within Australia and New Zealand, could lead to increased credit losses from business insolvencies, and increased mortgage stress and defaults from higher leveraged borrowers. Unexpected credit losses could have a significant adverse effect on the Group's business, financial condition, operations and prospects.

Risk Factors (continued)

Operational Risk

The Group may incur losses from operational risks associated with being a large financial institution

Operational risk is defined as the risk of economic gain or loss resulting from (i) inadequate or failed internal processes and methodologies; (ii) people; (iii) systems and models used in making business decisions; or (iv) external events. The continuity and resilience of the Group's operations is crucial for serving its customers, upholding community trust and maintaining its reputation.

The Group is exposed to operational risk through a number of specific risk types that require specific skills, infrastructure, procedures and governance to ensure their effective oversight and management. The Group may also be adversely impacted by failures in the efficacy, adequacy or implementation of these risk-management strategies, frameworks and processes. The emergence of unexpected risks or unanticipated impacts of identified risks may result in financial or reputational losses for the Group.

The Group may be adversely affected by cyber-security risks

The Group's information technology systems, including those supplied by external service providers, are subject to information security risks. Cyber-attacks have the potential to cause financial system instability and could result in serious disruption to customer banking services, or compromise customer data privacy.

Information security risks for the Group have increased in recent years, in part because of: (i) the pervasiveness of technology to conduct financial transactions; (ii) the evolution and development of new technologies; (iii) the Group's increasing usage of digital channels; (iv) customers' increasing use of personal devices that are beyond the Group's control systems; and (v) increased remote working by CBA's employees; and (vi) the increased sophistication and broadened activities of cyber-criminals. Although the Group takes protective measures and endeavors to modify these protective measures as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorized access, misuse, denial-of-service attacks, phishing attacks, ransomware attacks, computer viruses or other malicious code and other events. These threats could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Group, its employees, customers or third parties or otherwise adversely impact network access or business operations.

In December 2021, the Security Legislation Amendment (Critical Infrastructure) Act 2021 came into effect, which extends the application of the Security of Critical Infrastructure Act 2008 to other sectors including the financial services and markets sector. It also introduces 'last resort' powers for the Australian Government to direct an entity to take a particular action and to authorize the Australian Signals Directorate to intervene against cyber-attacks and imposes registration and reporting requirements for critical infrastructure assets and cyber incidents. The Security Legislation Amendment (Critical Infrastructure Protection) Bill 2022 was passed in March 2022 introducing reforms related to cyber-security, including positive security obligations for critical infrastructure assets (including a risk management program) to be delivered through sector-specific requirements, and enhanced cyber-security obligations for systems of national significance. The Group is considering the impact of these regulatory changes as more detail is released. Implementation of the legislation could increase the Group's compliance costs, and may give rise to regulatory enforcement proceedings, which may in turn, have an adverse impact on the Group's business and operations. Additionally, there has been a global increase in cybercrime during the COVID-19 pandemic, including cybercrime targeting the Group, as cyber-criminals seek to gain financially from people's vulnerability. The current sanctions placed on Russia due to its invasion of Ukraine have also increased the risk of state-sanctioned cyber-attacks on Australian companies, including the Group. These sanctions include restrictions on the export or supply of certain goods; the import, purchase or transport of certain goods; certain commercial activities; the provisions of certain services; providing assets to designated persons or entities; dealing with assets of designated persons or entities and travel bans on designated persons. An information security failure (including the impact of any cyber-attack), or more general mishandling of data, could have serious consequences for the Group, including operational disruption, financial losses, a loss of customer or business opportunities, litigation, regulatory penalties or intervention, reputational damage, theft of intellectual property, loss or theft of customer data and could result in violations of applicable privacy laws.

The Group may be adversely affected by technology risks

The Group's businesses are highly dependent on its information technology systems, including those supplied by external service providers, to securely process, store, keep private and transmit information.

The Group provides numerous services to customers through a complex technology infrastructure that requires ongoing update, maintenance and configuration to ensure its network, software applications and hardware, including those supplied by external service providers, are resilient and not disrupted by physical damage, malicious or unintentional acts, or ineffective change management processes.

Disruption to business systems from failure of technology infrastructure can materially impact customers, result in significant financial and reputational losses for the Bank, and result in material fines and penalties.

The Group may be adversely affected by data management risks

The Group manages a large volume of personal and sensitive data. There is a risk that poor decisions may be made due to data quality issues or failing to appropriately manage and maintain the Group's data. This includes the capture, processing, distribution, retention and disposal of data. Failure to appropriately manage and maintain the Group's data, including use of data in a manner inconsistent with the Group's obligations and values, or not complying with data management regulatory obligations may result in a loss of trust, operational disruptions, financial losses, or regulatory action against the Group.

Risk Factors (continued)

The Group may be adversely affected by third party risks

The Group's use of third party suppliers and third party partnerships, especially those where they supply the Group with critical services such as key technology systems or support, expose it to operational risks, including the potential for a materially detrimental event at a third party impacting the Group. The COVID-19 pandemic and current geopolitical tensions has led to, and may continue to lead to, general uncertainty over the stability of global supply chains and the potential impact on third-party suppliers to the Group.

The Group may be adversely affected by transaction processing risks

The Group's businesses are highly dependent on their ability to process and monitor a very large number of transactions, many of which are highly complex, across multiple markets and in many currencies. The Group's financial, accounting, record keeping, data processing or other operating systems, processes and facilities may fail to function properly or may become disabled as a result of events that are wholly or partially beyond its control, such as a spike in transaction volumes, damage to critical utilities, environmental hazards, natural disaster, or a failure of a vendor's systems.

The Group may be adversely affected by non-technology business disruption risks

The Bank is exposed to the risk of disruption to business processes from non-technological causes. This includes disruptions from natural disasters or pandemics, violence, social unrest, skills shortages in key roles, or terrorist events and property disruptions.

The COVID-19 pandemic, and future outbreaks of other communicable diseases or pandemics, have the potential to introduce new and elevated risks to the resilience of the Group's operations. These include, safety risks to employees working in offices and branches, disruptions to operations arising from remote working and reprioritization of teams to service increased customer queries and hardship requests. There is an increased risk of complaints, reputational damage and conduct implications if increased volumes of customer requests for relief measures are not appropriately managed. Disruptions also increase the risk of potential non-compliance with ongoing regulatory obligations and commitments.

The Group may be exposed to risks arising from the increased prevalence of artificial intelligence

AI includes technologies that independently learn from data to generate outputs such as predictions, recommended actions, or decisions. AI includes technologies such as machine learning (involving the identification of patterns and relationships in data, including supervised, unsupervised and reinforcement learning), dynamic or adaptive models, speech recognition, natural language processing and computer image recognition. AI is being used more often in banking across a range of business processes, including lending, customer service and financial modelling. For example, the Group has integrated AI within its Customer Engagement Engine to better anticipate customer needs and deliver more personalized customer experiences, such as connecting customers with relevant benefits and rebates, and proactively identifying instances of technology-facilitated abuse, a targeted form of domestic and family violence. Inadequate adoption and management of AI in business processes by the Group, or by third parties it relies upon (including the inability to understand or explain AI decisions), can result in unwanted financial and non-financial consequences, such as decisions deemed unethical or not in line with the Group's policies, data privacy concerns or the delivery of incorrect results with potentially poor financial, regulatory or reputational outcomes.

The Group may be adversely affected by modelling risks

As a large financial institution, the Group relies on a number of models for material business decisions. Incorrect model design or improper model implementation, maintenance and application can result in incorrect business decisions. This risk is increasing with the use of emerging technologies such as AI, which require new capabilities and model risk management approaches.

Changing circumstances require rapid updates to models which increases the risk of reporting errors. This increases the risk of not disclosing to the market appropriately as circumstances change, or of failing to comply with the Group's continuous disclosure obligations.

The Group may be adversely affected by fraud risks

The Group is routinely exposed to the risk of fraud from third party suppliers, customers, or by an internal or external party. This can include the theft of funds, unauthorized trading or the theft of assets and non-electronic information.

A global increase in cybercrime, including cybercrime targeting the Group, has been observed during the COVID-19 pandemic, as a result of ongoing geopolitical tensions between China, the United States and other countries (including Australia) and following the military invasion by Russia of Ukraine. The increase in cybercrime may continue and the Group may be adversely affected as a result.

The Group may be adversely affected by employment risks

The Group employs a large workforce and is therefore exposed to the risk of breaches of employment legislation, mismanagement of employee relations and physical or mental injury or death of employees or people on Group premises where the Group is liable, which may adversely affect the Group's results of operations.

Due to the size and complexity of the Group's workforce, adverse developments or decisions in labor law may have an impact on the Group's employment arrangements, including a loss of flexibility in the use of the Group's workforce or the labor cost base, any of which may have an adverse impact on the Group's financial performance and reputation. In addition, if employees take industrial action, the Group could be exposed to loss to the extent the industrial action impairs the Group's ability to provide services or causes disruptions to the Group's operations.

The Group may be adversely affected by accounting, legal and taxation risks

The Group may be exposed to risks from not meeting statutory and regulatory reporting, tax payment and filing requirements or from execution errors in legal procedures and processes. This includes the potential for losses due to incorrectly recording the impairment of assets, including software, goodwill and other intangible assets.

Risk Factors (continued)

Management must exercise judgment in selecting and applying the Group's accounting policies so that not only do they comply with generally accepted accounting principles but that they also reflect the most appropriate manner in which to record and report on the financial position and results of operations of the Group. Inappropriate application of and changes to accounting policies may adversely impact the Group's results.

Compliance Risk

The Group is subject to compliance risks, which could adversely impact the Group's results and reputation

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or loss of reputation that the Group may suffer as a result of its failure to comply, or perceived failure to comply, with the requirements of relevant laws, regulatory bodies, industry standards and codes. Compliance risk may also arise where the Group interprets its obligations differently from regulators or a court.

Increasing volume, complexity and global reach of such requirements, and the increased propensity for sanctions and the level of financial penalties for breaches of requirements, could adversely impact the Group's results and reputation.

This includes for example, financial crime related obligations such as anti-money laundering and counter-terrorism financing laws, anti-bribery and corruption laws, modern slavery laws and economic and trade sanctions laws in the jurisdictions in which the Group operates. The number and wide reach of these obligations, combined with the increasing global focus on compliance with and enforcement of these obligations, presents a risk of adverse impacts on the Group, including to its reputation.

Substantial legal liability or regulatory action against the Group may adversely affect the Group's business, financial condition, operations, prospects and reputation

Due to the nature of the Group's business, it is involved in litigation, arbitration and regulatory proceedings, principally in Australia and New Zealand. Such matters are subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. If the Group is ordered to pay money (for example, damages, fines, penalties or legal costs), has orders made against its assets (for example, a charging order or writ of execution), is ordered to carry out actions which adversely affect its business operations or reputation (for example, corrective advertising) or is otherwise subject to adverse outcomes of litigation, arbitration and regulatory proceedings, the Group's business, financial condition, operations, prospects and reputation may be adversely affected.

The Group is defending two shareholder class action proceedings alleging breaches of CBA's continuous disclosure obligations and misleading or deceptive conduct in relation to the subject matter of the civil proceedings commenced by AUSTRAC against CBA in September 2017, three class action claims in relation to superannuation products in the Federal Court of Australia, a class action that was commenced by Bankwest customers, two class actions related to financial advice, a class action in relation to consumer credit insurance for credit cards and personal loans, a class action commenced in the United States relating to the BBSW benchmark (which has settled in principle, subject to Court approval), as well as a class action commenced in New Zealand against ASB Bank regarding disclosure of loan variations. The fourth superannuation class action was recently settled and the settlement has been approved by the Court. In addition, there are currently three civil penalty proceedings commenced by ASIC against the Group in the Federal Court of Australia (two of which have been heard with judgment reserved). These relate to alleged contraventions of the conflicted remuneration provisions in the Corporations Act relating to the arrangements between Colonial First State Investments Limited (CFSIL) and CBA for the distribution of a MySuper product issued by CFSIL, a number of issues regarding the actions of Commonwealth Securities Limited (CommSec) and Australian Investment Exchange Limited (AUSIEX) (CBA has assumed carriage of the proceedings relating to AUSIEX), and a number of compliance issues and errors by CBA where monthly account fee waivers were not applied to accounts for certain customers. There is currently one civil penalty proceeding commenced by the Fair Work Ombudsman against CBA and CommSec in the Federal Court of Australia alleging contraventions of the Fair Work Act. There is currently one criminal proceeding commenced by ASIC against the Group in the Federal Court of Australia which has been heard with judgment reserved. This relates to false or misleading representations made to 165 customers in contravention of the ASIC Act in relation to consumer credit insurance policies. The Wage Inspectorate Victoria has commenced criminal proceedings against each of CommSec and BWA Group Services Pty Ltd in the Magistrates' Court of Victoria. This relates to alleged underpayments of long service leave (LSL) entitlements for 20 former employees of those entities, and alleged non-compliance with a regulatory notice. Further details about each of these claims can be found in the "Description of Business Environment – Legal Proceedings and Investigations" section of this Document and Note 7.1 of the 2022 Financial Report (other than the LSL matter, commencement of which was notified to the Group after the 2022 Financial Report).

Furthermore, in recent years there have been significant increases in the number and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. The nature of these investigations and reviews can be wide ranging, and may require the Group to incur significant compliance costs. 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 are likely to impose, or apply to a Court for, fines and/or other sanctions, which could include an enforceable undertaking or court ordered compliance program whereby CBA or a Group entity commits to achieving specific outcomes.

Highlights (continued)

Risk Factors (continued)

The Group is also party to four enforceable undertakings with a regulator. These include two enforceable undertakings with ASIC related to wholesale spot foreign exchange trading and conduct in the BBSW market, one enforceable undertaking with APRA related to the implementation of the Remedial Action Plan and one enforceable undertaking with the Office of Australian Information Commissioner. Further details about each of these enforceable undertakings can be found in the "Description of Business Environment – Legal Proceedings and Investigations" section of this Document and Note 7.1 of the 2022 Financial Report. Although the Group is currently in compliance with each of these enforceable undertakings, if the regulator determines the Group is no longer in compliance additional sanctions could be levied. The Group also continues to receive various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews. The Group continues to address the underlying causes of the Anti-Money Laundering and Counter-Terrorism Financing Act failings that resulted in AUSTRAC commencing enforcement action against the Bank in 2017. The Group provides updates to AUSTRAC on its Anti-Money Laundering and Counter-Terrorism Financing Program and related enhancements. 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.

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 Group has incurred operating expenses for customer refunds and program costs in relation to remediation issues impacting customers of our wealth management and banking businesses, including Aligned Advice remediation and banking and other wealth customer remediation. As at 30 June 2022, the provision held by the Group in relation to Aligned Advice remediation was \$894 million (30 June 2021: \$1,018 million) and the provision held by the Group for Banking and other Wealth customer remediation programs was \$174 million (30 June 2021: \$191 million). For more details on these remediation costs, see page 125 of this Document and Note 7.1 of the 2022 Financial Report. Although the Group believes these provisions are sufficient to provide all necessary customer remediation, it is possible further provisions may be required.

Additionally, investigations, actions, claims and proceedings may harm the Group's business and results by negatively impacting the Group's reputation among the Group's customers, investors and other stakeholders. Reputational harm could result in the loss of customers or restrict the Group's ability to access the capital markets on favorable terms, which could have a material adverse effect on the Group's business, financial condition, operations, prospects and reputation.

The Group may incur losses as a result of the inappropriate conduct of its staff

The Group could be adversely affected if an employee, contractor or external service provider does not act in accordance with regulations or its policies and procedures, engages in inappropriate or fraudulent conduct, or unintentionally fails to meet a professional obligation to specific clients. Examples are inadequate or defective financial advice, product defects and unsuitability, market manipulation, insider trading, privacy or data security breaches and misleading or deceptive conduct in advertising. As a result, the Group could incur losses, financial penalties and reputational damage and could be subject to legal or regulatory action.

The Group may incur losses as a result of not complying with financial crime legislation

Banks have a critical role to play in combating financial crime and protecting the integrity of the financial system. The Group is required to comply with legislation targeting financial criminal activities globally. This includes legislation relating to sanctions, anti-money laundering, counter-terrorism financing, anti-bribery and corruption and anti-tax evasion facilitation. Not detecting or preventing financial crimes can have a significant impact on the Group's customers and the community and can result in significant fines and penalties for the Group. A global increase in financial crimes has been observed as a result of the COVID-19 pandemic and the military invasion by Russia of Ukraine and their associated impacts and this may continue and the Group may be adversely affected as a result.

The Bank may incur losses as a result of not complying with privacy legislation

The Bank collects and manages a large volume of personal and sensitive information of individuals. Failure to adequately collect and secure this data in line with local and international privacy laws can expose the Bank to material reputational damage, fines and penalties. For example, in June 2019 the Australian Information Commissioner accepted an Enforceable Undertaking offered by the Bank, which requires further enhancements to the management and retention of customers' personal information within the Bank and certain subsidiaries.

The EU addresses 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 unauthorized internal user access to certain systems and applications containing customers' personal information. The Bank found no evidence that its customers' personal information was compromised by the incident reported in 2016, and has found no evidence to date that there have been any instances of unauthorized access by the Bank's employees or third parties as a result of the incident reported in 2018. Accordingly, it has now closed all of its internal investigations.

Risk Factors (continued)

Liquidity Risk

The Group's results may be adversely affected by liquidity and funding risks

The Group is subject to liquidity and funding risks, which could adversely impact the Group's future results. Liquidity risk is the risk of being unable to meet financial obligations as and when they fall due. Funding risk is the risk of over-reliance on a funding source to the extent that a change or increased competition in that funding source could increase overall funding costs or cause difficulty in raising funds.

Further information on liquidity and funding risk is outlined in Note 9.4 of the 2022 Financial Statements which provides an overview of the Group's liquidity and funding risk management framework.

Adverse financial and credit market conditions may significantly affect the Group's ability to access international debt markets, on which it relies for a substantial amount of its wholesale funding

While the majority of the Group's funding comes from deposits, it remains reliant on offshore wholesale funding markets to source a significant amount of its wholesale funding and to grow its business.

Global market volatility may adversely impact the cost and the Group's ability to access wholesale funding markets and may also result in increased competition for, and therefore the cost of, deposits in Australia.

The COVID-19 pandemic and the military invasion by Russia of Ukraine are having, and are expected to continue to have, a significant impact on the global economy and global markets. Fiscal and monetary stimulus and liquidity measures have impacted the availability of funding during the COVID-19 pandemic. The tapering off of these stimulus measures may result in increased competition for deposits and other funding sources, and therefore increased funding costs.

If the Group is unable to pass its increased funding costs on to its customers, its financial performance will decline due to lower net interest margins. If the Group is forced to seek alternative sources of funding, the availability of such alternative funding and the terms on which it may be available will depend on a variety of factors, including prevailing financial and credit market conditions. Even if available, the cost of these alternatives may be more expensive or they may only be available on unfavorable terms, which may adversely impact the Group's cost of borrowing and the Group's ongoing operations and funding.

If the Group is unable to source appropriate and timely funding, it may also be forced to reduce its lending or consider selling assets.

The Group may not be able to maintain adequate levels of liquidity and funding, which would adversely affect the Group's business, financial condition, operations and prospects

The Group's liquidity and funding policies are designed to ensure that it will meet its debts and other obligations as and when they fall due. Although the Group actively monitors and manages its liquidity and funding positions, there are factors outside of its control which could adversely affect these positions, for example, if financial markets are closed for an extended period of time, or if there is a change in customer behavior driven by low, zero or negative interest rates, which leads to an outflow of deposits.

In addition to APRA's Liquidity Coverage Ratio ("LCR") requirements (effective January 1, 2015), the Group must comply with the Net Stable Funding Ratio ("NSFR") requirements, which came into effect from January 1, 2018. If the Group fails to maintain adequate levels of liquidity and funding, it would adversely affect the Group's business, financial condition, operations and prospects.

Failure to maintain credit ratings could adversely affect the Group's cost of funds, liquidity, access to debt and capital markets, and competitive position

The Bank's credit ratings (which are strongly influenced by Australia's sovereign credit rating) affect the cost and availability of its funding from debt and other funding sources. Credit ratings could be used by potential customers, lenders and investors in deciding whether to transact with or invest in the Group.

A downgrade to the Bank's credit ratings, or the ratings of the Commonwealth of Australia, could adversely affect the Group's cost of funds, liquidity, access to debt and capital markets, collateralization requirements and competitive position.

The economic impacts of the COVID-19 pandemic affected the Bank's credit rating and may do so in the future.

Market Risk

Failure to hedge effectively against market risks (including adverse fluctuations in exchange rates) could negatively impact the Group's results of operations

The Group is exposed to market risks, including the potential for losses arising from adverse changes in interest rates (including potential for negative interest rates), foreign exchange rates, commodity and equity prices, credit spreads, basis risk, and implied volatility levels for assets and liabilities. This exposure is split between traded market risks, primarily through providing services to customers on a global basis, and non-traded market risks, predominantly interest rate risk in the Group's banking book.

Changes in market factors such as potential developments or future changes in the administration of financial benchmark interest rates, could result in adverse consequences to the return on, value of and market for, securities and other instruments whose returns are linked to any such benchmark, including those securities or other instruments issued by the Group. If the Group was to suffer substantial losses due to any market volatility, it may adversely affect the Group's financial performance or financial condition.

Additionally, a significant proportion of the Group's wholesale funding and some of its profits and investments are in commodities and currencies other than the Australian dollar, primarily the U.S. dollar and the Euro. This exposes the Group to exchange rate risk on these activities, as the Group's functional and financial reporting currency is the Australian dollar. These activities are hedged where appropriate; however there are also risks associated with hedging. For example, a hedge counterparty may default on its obligations to the Group. For a description of these specific risks, refer to Note 9.3 to the 2022 Financial Statements. There can be no assurance that the Group's exchange rate hedging arrangements or hedging policy will be sufficient or effective. The Group's results of operations may be adversely affected if its hedges are not effective to mitigate exchange rate risks, if the Group is inappropriately hedged or if a hedge provider defaults on its obligations under the Group's hedging agreements.

Risk Factors (continued)

Insurance Risk

The Group may be adversely impacted by insurance risk

Events that the Group has provided insurance against may occur more frequently or with greater severity than anticipated, which could adversely impact the Group. In the Group's general insurance business, this risk is mainly driven by weather related incidents (such as storms, floods or bushfires) and other catastrophes, which are unpredictable, and it is possible that pricing and reserving may not be adequate to cover the cost of claims that may arise.

Highlights (continued)

Financial Review

Selected Consolidated Income Statement Data ("statutory basis")	30 Jun 22 USD$M [3]	30 Jun 22	2021 [1]	2020 [1]	2019 [2]	2018 [2]
		Full Year Ended 30 June (AUD$ millions, except where indicated)				
Interest income:						
Effective interest income	**16,500**	**23,987**	24,804	30,053	34,089	33,643
Other	**210**	**306**	317	514	620	629
Interest expense	**(3,315)**	**(4,820)**	(5,819)	(11,552)	(16,485)	(15,807)
Net interest income	**13,395**	**19,473**	19,302	19,015	18,224	18,465
Impairment expense	**246**	**357**	(554)	(2,518)	(1,201)	(1,079)
Non-interest income	**3,900**	**5,670**	5,112	4,911	5,281	5,854
Operating expenses	**(8,128)**	**(11,816)**	(11,485)	(11,030)	(10,995)	(10,687)
Net profit before tax	**9,413**	**13,684**	12,375	10,378	11,309	12,553
Corporate tax expense	**(2,759)**	**(4,011)**	(3,532)	(2,990)	(3,255)	(3,811)
Net profit after tax	**6,654**	**9,673**	8,843	7,388	8,054	8,742
Non-controlling interests	**–**	**–**	–	–	(12)	(13)
Net profit attributable to equity holders of the Bank from continuing operations	**6,654**	**9,673**	8,843	7,388	8,042	8,729
Dividend declared [4]	**4,512**	**6,559**	6,209	5,275	7,630	7,570
Weighted average number of shares (basic) (M)	**1,722**	**1,722**	1,771	1,768	1,765	1,746
Earnings per share, basic (cents)	**430. 2**	**625. 4**	574. 8	542. 4	485. 3	534. 3
Earnings per share, fully diluted (cents)	**413. 7**	**601. 4**	539. 7	521. 0	468. 3	517. 7
Dividends per share (cents)	**265**	**385**	350	298	431	431
Dividend payout ratio (%) [5]	**61**	**61**	61	55	89	81

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Comparative information has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

3 USD translated from AUD using the 30 June 2022 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" below.

4 Represents final dividend declared for each respective year ended 30 June.

5 Dividends paid on ordinary shares divided by statutory earnings (earnings are net of dividends on other equity instruments).

Exchange Rates

For each of the Bank's financial years indicated, as well as for July and August (to date) of 2022, the period end and average exchange rates are set out below, together with the high, low and month end rates (unless otherwise indicated) for recent months. All rates referred to are sourced from Bloomberg, using the End of day rate (Sydney time).

To calculate the USD figures provided herein for comparison purposes as at and for the year ended 30 June 2022, the 30 June 2022 period end rate has been used.

	Full Year Ended 30 June [1]				
	2022	2021	2020	2019	2018
	(expressed in USD$ per AUD$1.00)				
Period End	**0. 6879**	0. 7521	0. 6854	0. 7013	0. 7399
Average Rate	**0. 7257**	0. 7467	0. 6715	0. 7154	0. 7741

	Month Ended 2022 [1]					
	August [2]	July	June	May	April	March
	(expressed in USD$ per AUD$1.00)					
High	**0. 7121**	0. 7017	0. 7256	0. 7225	0. 7614	0. 7528
Low	**0. 6930**	0. 6722	0. 6879	0. 6882	0. 7118	0. 7176
Month End Noon Buying Rates	**0. 7121**	0. 7017	0. 6879	0. 7185	0. 7147	0. 7485

1 Rate rounded to four decimal places. Actual rate used for translation throughout the Document for the 30 June 2022 period is US$0.687867 = A$1.00.

2 Represents the most current August 2022 exchange rate data ended 12 August 2022.

Highlights (continued)

Financial Review (continued)

Consolidated Balance Sheet Data	30 Jun 22 USD$M [3]	30 Jun 22	2021 [1]	2020 [1]	2019 [2]	2018 [2]
	Full Year Ended 30 June		(AUD$ millions, except where indicated)			
Assets						
Cash and liquid assets	**110,853**	**161,154**	100,041	44,165	29,387	36,417
Receivables from financial institutions	**4,708**	**6,845**	5,085	8,547	8,093	9,222
Assets at fair value through Income Statement	**17,413**	**25,315**	36,970	46,545	33,677	32,884
Derivative assets	**24,582**	**35,736**	21,449	30,285	25,215	32,133
Investment securities:						
At amortised cost	**2,213**	**3,217**	4,278	5,173	7,355	–
At fair value through other comprehensive income	**54,401**	**79,086**	86,560	79,549	78,912	–
Available-for-sale investments	**–**	**–**	–	–	–	82,240
Assets held for sale	**909**	**1,322**	1,201	1,770	16,551	15,654
Loans, bills discounted and other receivables	**604,535**	**878,854**	811,356	772,980	756,553	743,744
Property, plant and equipment	**3,362**	**4,887**	5,284	5,602	2,383	2,576
Investments in associates and joint ventures	**1,927**	**2,801**	3,941	3,034	3,001	2,842
Intangible assets	**4,746**	**6,899**	6,942	6,891	7,965	9,090
Deferred tax assets	**2,183**	**3,173**	2,080	2,091	1,689	1,439
Other assets	**4,107**	**5,971**	6,788	8,839	7,115	6,924
Total Assets	**835,937**	**1,215,260**	1,091,975	1,015,471	977,896	975,165
Liabilities						
Deposits and other public borrowings	**589,905**	**857,586**	766,381	703,432	637,420	622,234
Payables to financial institutions	**17,920**	**26,052**	19,059	14,929	23,370	20,899
Liabilities at fair value through Income Statement	**5,001**	**7,271**	8,381	4,397	8,520	10,247
Derivative liabilities	**23,318**	**33,899**	18,486	31,347	22,777	28,472
Current tax liabilities	**181**	**263**	135	795	326	952
Deferred tax liabilities	**103**	**150**	228	30	–	–
Liabilities held for sale	**814**	**1,183**	405	594	15,796	14,900
Provisions	**2,501**	**3,636**	3,776	3,461	2,798	1,860
Insurance poilcy liabilities	**–**	**–**	–	–	–	451
Term funding from central banks	**37,700**	**54,807**	51,856	1,500	–	–
Debt issues	**80,413**	**116,902**	103,003	142,503	164,022	172,673
Bills payable and other liabilities	**8,706**	**12,656**	12,217	13,188	10,285	11,625
	766,562	**1,114,405**	983,927	916,176	885,314	884,313
Loan capital [4]	19,272	**28,017**	29,360	27,357	22,966	22,992
Total liabilities	785,834	**1,142,422**	1,013,287	943,533	908,280	907,305
Net Assets	**50,103**	**72,838**	78,688	71,938	69,616	67,860
Shareholders' Equity						
Ordinary share capital	**25,084**	**36,467**	38,420	38,131	38,020	n/a
Reserves	**(316)**	**(460)**	3,249	2,666	3,092	n/a
Retained profits	**25,331**	**36,826**	37,014	31,136	28,449	n/a
Shareholders' Equity attributable to equity holders of the Bank	**50,099**	**72,833**	78,683	71,933	69,561	n/a
Non-controlling interests	**3**	**5**	5	5	55	n/a
Total Shareholders' Equity	**50,103**	**72,838**	78,688	71,938	69,616	67,860

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Comparative information has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

3 USD translated from AUD using the 30 June 2022 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 29 of this Document).

4 Represents interest bearing liabilities qualifying as regulatory capital.

Financial Review (continued)

Consolidated Ratios and Operating Data	2022 USD$M [3]	2022	2021 [1]	2020 [1]	2019 [2]	2018 [2]
	Full Year Ended 30 June (AUD$ millions, except where indicated)					
Profitability from continuing operations						
Net interest margin (%) [4]		**1. 90**	2. 08	2. 12	2. 09	2. 14
Interest spread (%) [5]		**1. 80**	1. 95	1. 91	1. 81	1. 90
Return on average Shareholders' Equity (%) [6]		**12. 8**	11. 8	10. 4	11. 8	13. 4
Return on average total assets (%) [6]		**0. 8**	0. 9	0. 7	0. 8	0. 9
Profitability including discontinued operations						
Net interest margin (%) [4]		**1. 90**	2. 08	2. 12	2. 10	2. 15
Interest spread (%) [5]		**1. 80**	1. 95	1. 91	1. 83	1. 91
Return on average Shareholders' Equity (%) [6]		**14. 3**	13. 5	13. 5	12. 6	14. 3
Return on average total assets (%) [6]		**0. 9**	1. 0	1. 0	0. 9	1. 0
Productivity from continuing operations						
Total operating income per full-time staff equivalent	**347,754**	**505,554**	544,361	568,744	568,744	587,729
Employee expense/Total operating income (%) [7]		**26. 4**	25. 0	24. 2	24. 2	21. 8
Total operating expenses/Total operating income (%) [7]		**46. 7**	47. 0	46. 3	46. 2	44. 2
Productivity including discontinued operations						
Total operating income per full-time staff equivalent	**353,076**	**513,291**	539,749	568,361	568,449	585,033
Employee expense/Total operating income (%) [7]		**26. 4**	25. 2	24. 5	25. 4	23. 0
Total operating expenses/Total operating income (%) [7]		**46. 9**	47. 8	47. 4	47. 6	45. 2
Capital Adequacy (at year end)						
Basel III						
Risk weighted assets	**342,483**	**497,892**	450,680	454,948	452,762	458,612
Tier 1 capital	**46,471**	**67,558**	70,874	63,392	57,355	56,365
Tier 2 capital	**13,752**	**19,992**	18,472	16,429	12,750	12,579
Total capital [8]	**60,223**	**87,550**	89,346	79,821	70,105	68,944
Tier 1 capital/risk weighted assets (%)		**13. 6**	15. 7	13. 9	12. 7	12. 3
Tier 2 capital/risk weighted assets (%)		**4. 0**	4. 1	3. 6	2. 8	2. 7
Total capital/risk weighted assets (%)		**17. 6**	19. 8	17. 5	15. 5	15. 0
Average Shareholders' Equity/Average total assets (%)		**6. 6**	7. 2	7. 1	7. 0	6. 7

1 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
2 Comparative information has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
3 USD translated from AUD using the 30 June 2022 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 29 of this Document).
4 Net interest income divided by average interest earning assets for the year.
5 Difference between the average interest rate earned and the average interest rate paid on funds.
6 Calculations based on net profit after tax ("statutory basis"), net of dividends on other equity investments, divided by average shareholders' equity and average total assets respectively.
7 Total operating income represents net interest income before deducting loan impairment expense plus non-interest income.
8 Represents Tier 1 capital and Tier 2 capital, less deductions under statutory guidelines imposed by APRA. Refer to "Group Operations and Business Settings" for further details.

Highlights (continued)

Financial Review (continued)

Consolidated Ratios and Operating Data	2022 USD$M[1]	2022	2021	2020	2019	2018
	Full Year Ended 30 June					
		(AUD$ millions, except where indicated)				
Asset Quality Data [2]						
Non-accrual loans [3]	**1,016**	**1,477**	2,228	2,535	2,567	2,507
Gross impaired assets [4]	**2,030**	**2,951**	3,409	3,548	3,622	3,179
Individually assessed provisions for impairment	**506**	**736**	900	967	895	870
Collective provisions for impairment	**3,172**	**4,611**	5,311	5,396	3,904	2,763
Net impaired assets	**1,326**	**1,928**	2,250	2,293	2,435	2,111
Total provisions for impairment/average credit risk (%) [5]		**0. 4**	0. 5	0. 5	0. 4	0. 3
Loan impairment expense/average credit risk (%) [5]		**–**	–	0. 2	0. 1	0. 1
Gross impaired assets/credit risk (%) [6]		**0. 2**	0. 3	0. 3	0. 3	0. 3
Net impaired assets/total Shareholders' Equity (%)		**2. 6**	2. 9	3. 2	3. 5	3. 1
Collective provisions for impairment/ credit risk weighted assets (%)		**1. 2**	1. 4	1. 4	1. 0	0. 7

1 USD translated from AUD using the 30 June 2022 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 29 of this Document).
2 All impaired asset balances and ratios are net of interest reserved.
3 Non-accrual loans comprise any credit risk exposure where a specific provision for impairment has been raised, or is maintained on a cash basis because of significant deterioration in the financial position of the borrower, or where loss of principal or interest is anticipated.
4 Gross impaired assets comprise non-accrual loans, restructured loans, other real estate owned assets and other assets acquired through security enforcement.
5 Average credit risk is based on gross credit risk. Averages are based on current and previous year-end balances.
6 Gross impaired assets as a percentage of credit risk.

Summary Cash Flows Data

Further details of the Bank's cash flows are found in the 2022 Financial Report and Notes to the Financial Statements.

Summary Cash Flows	30 Jun 22 USD$M[1]	30 Jun 22	2021	2020	2019	2018
	Full Year Ended 30 June					
		(AUD$ millions, except where indicated)				
Net Cash (used in)/provided by operating activities	**15,986**	**23,240**	41,312	37,307	18,086	1,109
Net Cash (used in)/provided by investing activities	**1,836**	**2,669**	871	3,749	983	(1,002)
Net Cash (used in)/provided by financing activities [2]	**4,172**	**6,066**	17,846	(30,715)	(25,064)	(219)
Net (decrease)/increase in cash and cash equivalents	**21,994**	**31,975**	60,029	10,341	(5,995)	(112)
Cash and cash equivalents at beginning of period	**60,106**	**87,380**	27,351	17,010	23,005	23,117
Cash and cash equivalents at end of period	**82,100**	**119,355**	87,380	27,351	17,010	23,005

1 USD translated from AUD using the 30 June 2022 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 29 of this Document).
2 Includes the balance 'Effect of foreign exchange rates on cash and cash equivalents' as disclosed in the 2022 Financial Report.

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Contents

3. Group Performance Analysis

Group Performance Analysis

Financial Performance and Business Review

Performance Overview – Comments are versus prior year unless stated otherwise (continuing operations basis [1]).

The Bank's statutory net profit after tax (NPAT) from continuing operations for the full year ended 30 June 2022 increased $830 million or 9% on the prior year to $9,673 million. The Bank's statutory NPAT (including discontinued operations) for the full year ended 30 June 2022 increased $590 million or 6% on the prior year to $10,771 million.

Cash net profit after tax ("cash NPAT" or "cash profit") from continuing operations increased $942 million or 11% on the prior year to $9,595 million. The result was driven by a 1% increase in operating income [2], a 1% decrease in operating expenses [2] and a $911 million decrease in loan impairment expense.

Operating income [2] increased 1% on the prior year. Key movements included:

- Net interest income increased 1%, primarily driven by a 10% or $97 billion increase in average interest earning assets (AIEA), from growth in home and business loans, and higher liquid assets. Excluding the increase in liquid assets, AIEA increased by 7%. This was partly offset by an 18 basis point reduction in Net Interest Margin (NIM). Excluding the 8 basis point reduction in margin from increased lower yielding liquid assets, NIM decreased by 10 basis points, primarily driven by continued pressure on home lending margins from the impact of swap and cash rates rising, customers switching to lower margin fixed rate loans, and competition, as well as the impact from the low-rate environment which existed for most of the current year, partly offset by the benefit of deposit repricing and favourable portfolio mix;
- Other banking income increased 3%, primarily driven by higher volume driven fees and commissions from retail and business products including lending, foreign exchange, deposits and cards, partly offset by lower equities income due to reduced trading volumes, and decreased merchant income mainly from lower margins and COVID-19 fee waivers to support our customers;
- Funds management and Insurance income decreased $102 million primarily driven by lower Insurance income due to higher weather related claims experience net of reinsurance recoveries.

Operating expenses [2] decreased 1%. Excluding remediation costs [3], operating expenses increased 1%, due to higher staff costs mainly driven by inflation, additional resources to support higher operational and financial crime assessment volumes and the delivery of strategic investment initiatives, as well as increased frontline staff to help our customers, partly offset by productivity initiatives.

Loan impairment expense (LIE) decreased $911 million, primarily driven by lower collective provisions reflecting reduced COVID-19 uncertainties and lower individually assessed provision charges.

CET1 decreased 30 basis points from 31 December 2021 to 11.5%, well above APRA's 'unquestionably strong' benchmark of 10.5%. The decrease was primarily driven by the FY22 interim dividend payment (-61bps), higher RWAs (-76bps) mainly due to increased IRRBB RWAs from higher interest rates, and other movements (-21bps) including the impact from the partial completion of the announced on-market share buy-back. This was partly offset by capital generated from earnings (+93bps) and the benefits from the divestment of shareholding in Bank of Hangzhou (+35bps).

Earnings per share ("cash basis") was up 14% on the prior year at 557 cents per share, primarily due to the increase in cash profit and reduction in share count post buy-backs.

Return on equity ("cash basis") increased 120 basis points to 12.7% due to the impact of higher profit with broadly flat capital levels.

The final dividend determined was $2.10 per share, bringing the total for the year to $3.85 which is equivalent to 68% of the Bank's cash profit.

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

- Satisfied a significant proportion of its funding requirements from customer deposits, accounting for 74% of total funding at 30 June 2022 (up 1% from 73% at 30 June 2021);
- Issued new long-term wholesale funding of $39 billion. Including the TFF, the portfolio WAM [4] was 4.7 years (down from 5.1 years at 30 June 2021);
- Maintained its strong funding position, with long-term wholesale funding accounting for 69% of total wholesale funding (down from 74% at 30 June 2021); and
- Managed the level of liquid assets and customer deposit growth to maintain our strong funding and liquidity positions, as illustrated by the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) being well above the regulatory minimum.

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

2 Excluding impact from FY22 one-off items. Operating income excludes $516 million relating to the gain on sale of ~10% shareholding in Bank of Hangzhou. Operating expenses excludes $389 million relating to the acceleration of amortisation on certain software assets and other provisions of $56 million relating to changes in the Group's operating model.

3 For further details on remediation costs and other refer to page 125 of this Document.

4 The portfolio WAM excluding the TFF was 6.3 years (As at 30 June 2021: 6.4 years).

Group Performance Analysis (continued)

Financial Performance and Business Review (continued)

Performance Overview (continued)

The Bank's financial result was impacted by one-off income and expenses items, and remediation and other costs. In order to present a transparent view of the business' performance, operating income and expenses are shown both before and after these items.

	Full Year Ended [1]			Half Year Ended		
	30 Jun 22	30 Jun 21	Jun 22 vs	**30 Jun 22**	31 Dec 21	Jun 22 vs
Group Performance Summary	**$M**	$M	Jun 21 %	**$M**	$M	Dec 21 %
Operating income excluding one-off item	**24,380**	24,156	1	**12,175**	12,205	–
Gain on sale of HZB shares [2]	**516**	–	n/a	**516**	–	n/a
Total operating income	**24,896**	24,156	3	**12,691**	12,205	4
Operating expenses excluding remediation costs and other	**(10,939)**	(10,784)	1	**(5,444)**	(5,495)	(1)
Remediation costs [3]	**(251)**	(575)	(56)	**(158)**	(93)	70
Operating expenses excluding one-off items	**(11,190)**	(11,359)	(1)	**(5,602)**	(5,588)	–
Accelerated software amortisation and other [4]	**(445)**	–	n/a	**(445)**	–	n/a
Total operating expenses	**(11,635)**	(11,359)	2	**(6,047)**	(5,588)	8
Operating performance	**13,261**	12,797	4	**6,644**	6,617	–
Loan impairment benefit/(expense)	**357**	(554)	(large)	**282**	75	(large)
Net profit before tax	**13,618**	12,243	11	**6,926**	6,692	3
Corporate tax expense	**(4,023)**	(3,590)	12	**(2,077)**	(1,946)	7
Net profit after tax from continuing operations ("cash basis")	**9,595**	8,653	11	**4,849**	4,746	2
Non-cash items - continuing operations [5]	**78**	190	(59)	**83**	(5)	large
Net profit after tax from continuing operations ("statutory basis")	**9,673**	8,843	9	**4,932**	4,741	4
Net profit after tax from discontinued operations ("cash basis")	**113**	148	(24)	**13**	100	(87)
Non-cash items - discontinued operations [5]	**985**	1,190	(17)	**(44)**	1,029	(large)
Net profit after tax ("statutory basis")	**10,771**	10,181	6	**4,901**	5,870	(17)

1 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Represents the pre-tax gain on sale of 10% shareholding in Bank of Hangzhou of $516 million.

3 The full year ended 30 June 2022 includes $127 million for Banking, other Wealth and employee related remediation and litigation costs (full year ended 30 June 2021: $249 million) and $124 million of additional costs, including provisions, for historical Aligned Advice remediation issues and associated program costs (full year ended 30 June 2021: $326 million).

4 Represents the impact of accelerated amortisation on certain capitalised software of $389 million, and other provisions of $56 million relating to changes in the Group's operating model.

5 Refer to page 10 for further information.

Group Performance Analysis (continued)

Net Interest Income (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 22	30 Jun 21	Jun 22 vs	30 Jun 21	30 Jun 20	Jun 21 vs
	$M	$M	Jun 21 %	$M	$M	Jun 20 %
Net interest income - "statutory basis"	**19,473**	19,302	1	18,839	18,610	1
Average interest earning assets						
Home loans [2]	**538,122**	501,825	7	501,825	484,553	4
Personal loans	**16,319**	17,156	(5)	17,156	20,497	(16)
Business and corporate loans	**230,101**	216,347	6	216,347	217,961	(1)
Total average lending interest earning assets	**784,542**	735,328	7	735,328	723,011	2
Non-lending interest earning assets	**62,484**	57,768	8	194,518	174,398	12
Total average interest earning assets (excl. liquid assets)	**847,026**	793,096	7	929,846	897,409	4
Liquid assets [3]	**179,884**	136,750	32	n/a	n/a	n/a
Total average interest earning assets	**1,026,910**	929,846	10	929,846	897,409	4
Net interest margin (%) - "statutory basis"	**1. 90**	2. 08	(18)bpts	2. 03	2. 07	(4)bpts

1 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Net of average mortgage and other offset balances. Gross average home loans balance, excluding mortgage offset accounts was $602,875 million for the full year ended 30 June 2022 ($558,500 million for the full year ended 30 June 2021). While these balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the calculation of the Bank's net interest margin.

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

Year Ended June 2022 versus Restated June 2021

Net interest income ("statutory basis") was $19,473 million, an increase of $171 million or 1% on the prior year. The result was driven by a $97 billion or 10% increase in average interest earning assets to $1,027 billion, partly offset by an 18 basis point or 9% decrease in net interest margin to 1.90%. Excluding the impact of higher liquid assets in the current year, average interest earning assets increased by $54 billion or 7%, and the net interest margin reduced by 10 basis points on the prior year.

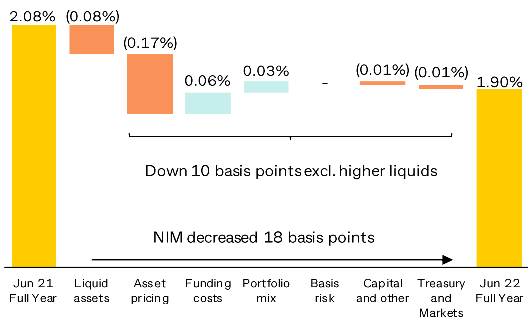
Average Interest Earning Assets

Average interest earning assets increased $97 billion or 10% on the prior year to $1,027 billion.

- Home loan average balances increased $36 billion or 7% on the prior year to $538 billion, reflecting strong new business application volumes and continued focus on credit decisioning turnaround times. Proprietary mix for CBA branded home loans decreased from 60% to 59% of new business flows, although increased during the second half of the current year;
- Consumer finance average balances decreased $1 billion or 5% on the prior year to $16 billion, driven by lower consumer demand for unsecured lending;
- Business and corporate loan average balances increased $14 billion or 6% on the prior year to $230 billion, driven by growth in Business Banking business lending across a number of industries;
- Non-lending interest earning asset (excl. liquids) average balances increased $5 billion or 8% on the prior year, primarily driven by higher reverse sale and repurchase agreements in Institutional Banking and Markets; and
- Liquid asset average balances increased $43 billion or 32% on the prior year due to strong customer deposit growth.

For further details on the balance sheet movements refer to the 'Group Assets and Liabilities' on page 51.

NIM Movement since June 2021



Net Interest Margin

The Bank's net interest margin decreased 18 basis points on the prior year to 1.90%. Excluding an 8 basis point reduction in margin from increased lower yielding liquid assets, net interest margin reduced by 10 basis points. The key drivers of the movement were:

Asset pricing: Decreased margin by 17 basis points mainly driven by reduced home and business lending pricing, and lower consumer finance margins. Decreased home lending pricing (down 15 basis points) reflects the impact of rising swap and cash rates (down 5 basis points), unfavourable portfolio mix from customers switching to lower margin fixed rate loans (down 6 basis points), and increased competition (down 6 basis points), partly offset by repricing (up 2 basis points). Lower business lending pricing (down 1 basis point) reflects changes in customer mix. Lower consumer finance margins (down 1 basis point) reflects a reduction in the proportion of interest earning credit card balances.

Funding costs: Increased margin by 6 basis points driven by higher earnings on deposits mainly from rising cash and swap rates (up 7 basis points), and lower wholesale funding costs (up 1 basis point), partly offset by reduced earnings from the Replicating Portfolio (down 2 basis points).

For more information on the Replicating Portfolio see *"Appendix B – Definitions"*.

Net Interest Income (continued)

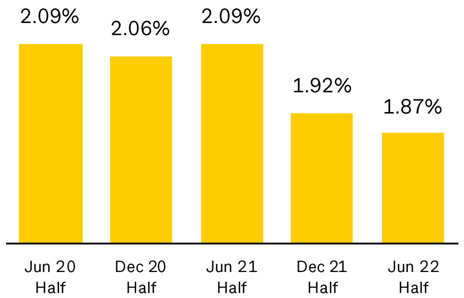
Portfolio mix: Increased margin by 3 basis points driven by favourable funding mix (up 2 basis points) due to strong growth in at-call deposits and drawdown of the RBA Term Funding Facility (TFF), and favourable asset mix from a reduction in lower margin institutional lending (up 1 basis point).

Basis risk: Basis risk arises from the spread between the 3 month bank bill swap rate and the 3 month overnight index swap rate. The average spread and exposure remained broadly flat on the prior year.

Capital and other: Decreased margin by 1 basis point driven by lower earnings on capital.

Treasury and Markets: Decreased margin by 1 basis point due to lower income in Global Markets from the Fixed Income & Rates portfolio.

NIM (Half Year Ended)



As Reported Year Ended June 2021 versus June 2020

Net interest income ("statutory basis") was $18,839 million, an increase of $229 million or 1% on the 2020 financial year. The result was driven by a $32 billion or 4% increase in average interest earning assets to $930 billion, partly offset by a 4 basis point decrease in net interest margin to 2.03%.

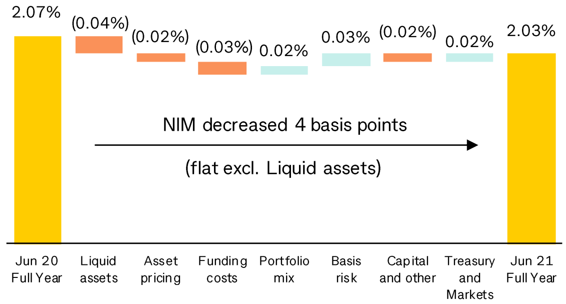
Average Interest Earning Assets

Average interest earning assets increased $32 billion or 4% on the 2020 financial year to $930 billion.

- Home loan average balances increased $17 billion or 4% on the 2020 financial year to $502 billion. Proprietary mix for CBA branded home loans increased from 58% to 59% of new business flow, with higher new business application volumes and continued focus on credit decisioning turnaround times;
- Consumer finance average balances decreased $3 billion or 16% on the 2020 financial year to $17 billion, driven by lower consumer demand for unsecured lending, lower spend due to COVID-19, and increased customer repayments following fiscal and regulatory income support measures;
- Business and corporate loan average balances decreased $2 billion or 1% on the 2020 financial year to $216 billion, driven by an $8 billion decline in institutional lending balances mainly due to a continued focus on risk-adjusted returns in a highly liquid capital market, partly offset by a $6 billion increase in Business Banking business lending across a number of industries; and
- Non-lending interest earning asset average balances increased $20 billion or 12% on the 2020 financial year to $195 billion, driven by a $17 billion increase in average liquid asset balances mainly due to strong customer deposit growth, and a $3 billion increase in average trading asset balances mainly in Global Markets due to higher commodities financing balances and increased government bond holdings.

For further details on the balance sheet movements refer to the 'Group Assets and Liabilities' on page 51.

NIM Movement since June 2020



Net Interest Margin

The Bank's net interest margin decreased 4 basis points on the 2020 financial year to 2.03%. The key drivers of the movement were:

Liquid assets: Decreased margin by 4 basis points driven by increased lower yielding non-lending interest earning assets, including liquid assets.

Asset pricing: Decreased margin by 2 basis points driven by lower business lending margins (down 1 basis point) from repricing actions to support businesses during COVID-19, and lower consumer finance margins (down 1 basis point) from a reduction in the proportion of interest earning credit card balances. Home lending margins were flat, reflecting repricing (up 9 basis points), offset by the impact of customers switching from higher margin loans to lower margin loans, particularly from variable rate to fixed rate loans (down 5 basis points) and increased competition (down 4 basis points).

Funding costs: Decreased margin by 3 basis points, reflecting lower earnings on transaction and savings deposits mainly due to decreases in the cash rate (down 7 basis points), partly offset by higher benefits from the Replicating Portfolio (up 2 basis points) and lower wholesale funding costs (up 2 basis points). For more information on the Replicating Portfolio, see *"Appendix B – Definitions"*.

Portfolio mix: Increased margin by 2 basis points driven by a higher average deposit funding ratio (30 June 2021: 77%; 30 June 2020: 71%) due to strong growth in transaction and savings deposits, customers switching to at-call deposits, and the drawdown of the TFF (up 4 basis points), partly offset by an unfavourable impact from asset mix (down 2 basis points), mainly due to a decline in higher margin consumer finance balances.

Basis risk: Basis risk arises from the spread between the 3 month bank bill swap rate and the 3 month overnight index swap rate. The Bank's margin increased 3 basis points reflecting a decrease in the average spread notwithstanding a structural reduction in exposure to basis risk due to strong growth in cash rate linked deposits and a mix shift towards fixed rate home loans.

Net Interest Income (continued)

Capital and other: Decreased margin by 2 basis points driven by lower earnings on Group capital due to the falling interest rate environment (down 3 basis points), partly offset by increased contribution from New Zealand (up 1 basis point), reflecting lower wholesale funding costs and favourable portfolio mix, partly offset by the impact from RBNZ cash rate cuts.

Treasury and Markets: Increased margin by 2 basis points driven by higher bonds and commodities financing income in Global Markets.

Other Banking Income (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 22 $M	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %
Commissions	**2,309**	2,564	(10)	2,564	2,557	–
Lending fees	**736**	665	11	1,128	986	14
Trading income	**806**	852	(5)	852	940	(9)
Other income	**848**	463	83	463	354	31
Other banking income excluding one-off item - "cash basis"	**4,699**	4,544	3	5,007	4,837	4
One-off item						
Gain on sale of HZB shares [2]	**516**	–	n/a	n/a	n/a	n/a
Other banking income - "cash basis"	**5,215**	4,544	15	5,007	4,837	4
Hedging and IFRS volatility	**175**	16	large	16	136	(88)
Gain on disposal and acquisition of controlled entities	**72**	242	(70)	242	29	large
Other banking income - "statutory basis" [3]	**5,462**	4,802	14	5,265	5,002	5

1 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 For further details on the one-off item refer to page 36.

3 For further details refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 of this Document. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

Year Ended June 2022 versus Restated June 2021

Other banking income ("statutory basis") was $5,462 million, an increase of $660 million or 14% on the prior year.

Commissions decreased by $255 million or 10% to $2,309 million, mainly due to the divestment of Aussie Home Loans (AHL) and AUSIEX on 3 May 2021, lower equities income from reduced trading volumes, and decreased merchants income mainly due to lower margins and COVID-19 fee waivers, partly offset by higher foreign exchange, cards and deposit fee income from increased volumes.

Lending fees increased by $71 million or 11% to $736 million, mainly driven by volume growth in retail and business lending.

Trading income decreased by $46 million or 5% to $806 million, mainly driven by lower Global Markets trading gains from precious metal inventory financing and the Fixed Income and Rates portfolios.

Other income increased by $385 million or 83% to $848 million, mainly driven by higher Treasury income and the reversal of impairment of aircraft operating leases, partly offset by lower net profits from minority investments including the non-recurrence of gains from the reversal of historical impairments in the prior year.

Gain on disposal and acquisition of entities net of transaction costs decreased by $170 million or 70% to $72 million, mainly driven by the non-recurrence of gains associated with previously announced divestments and closures in the prior year.

Hedging and IFRS volatility increased by $159 million to $175 million, primarily driven by gains on non-trading derivatives that are held for risk management purposes.

As Reported Year Ended June 2021 versus June 2020

Other banking income ("statutory basis") was $5,265 million, an increase of $263 million or 5% on the 2020 financial year, primarily driven by a $142 million increase in lending fees and $109 million increase in other income, partly offset by an $88 million decrease in trading income.

Commissions increased by $7 million to $2,564 million, mainly driven by higher equities income from increased trading volumes and an increase in active customer numbers. This was partly offset by lower retail foreign exchange, deposit and credit card income due to a decline in spend and transaction volumes mainly as a result of the restrictions due to COVID-19.

Lending fees increased by $142 million or 14% to $1,128 million, mainly driven by higher institutional lending commitment and line fees reflecting lower client utilisation levels, and higher retail and business lending fee income reflecting volume growth.

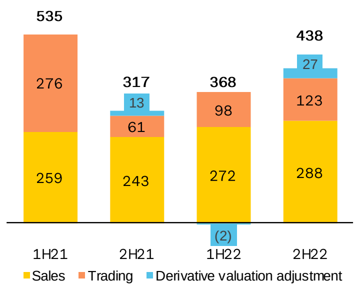
Trading income decreased by $88 million or 9% to $852 million, mainly driven by lower Global Markets sales income from reduced client demand for hedging activities in the low-rate environment (offset by higher sales income recognised in net interest income), partly offset by favourable derivative valuation adjustments.

Other income increased by $109 million or 31% to $463 million, mainly driven by higher net profits from minority investments including a reversal of historical impairment, partly offset by upfront break costs on the buyback of term debt.

Gain on disposal and acquisition of entities net of transaction costs increased by $213 million to $242 million, mainly driven by gains and losses net of transaction and separation costs associated with AUSIEX, Aussie Home Loans, CommInsure General Insurance, Count Financial and other businesses, and the dilution of the Group's interest in Bank of Hangzhou.

Hedging and IFRS volatility decreased by $120 million to $16 million, primarily driven by an unrealised gain on the Group's hedge of New Zealand earnings.

Trading Income ($M)



Funds Management Income (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 22 $M	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %
Retail Banking Services [2]	**10**	32	(69)	31	67	(54)
New Zealand & Other	**125**	133	(6)	134	106	26
Funds management income - "statutory basis" [3]	**135**	165	(18)	165	173	(5)
Funds Under Administration (FUA) - average ($M) [4]	**–**	–	–	–	15,332	(large)
Assets Under Administration (AUM) - average ($M) [5]	**20,278**	18,872	7	18,872	16,941	11

1 Comparative information has been restated to conform to the presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Retail Banking Services incorporates the results of Commonwealth Financial Planning.

3 For further details refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 of this Document. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

4 Average FUA has been calculated using the average for the period the Group owned Aegis up until 2 December 2019. All average FUA balances relate to New Zealand.

5 All average AUM balances relate to New Zealand.

Year Ended June 2022 versus Restated June 2021

Funds management income ("statutory basis") was $135 million, a decrease of $30 million or 18% on the prior year. The key drivers were:

- A decrease in Retail Banking Services of $22 million or 69% to $10 million, due to the wind-down and closure of the Commonwealth Financial Planning (CFP) business; and
- A decrease in New Zealand & Other of $8 million or 6% to $125 million, mainly driven by the removal of administration fees on KiwiSaver accounts, partly offset by higher average AUM (up 7%) reflecting net inflows and market performance, and improved margins.

As Reported Year Ended June 2021 versus June 2020

Funds management income ("statutory basis") was $165 million, a decrease of $8 million or 5% on the 2020 financial year. The key drivers were:

- A decrease in Retail Banking Services of $36 million or 54% to $31 million, mainly due to the wind-down of the Aligned Advice businesses; partly offset by
- An increase in New Zealand of $4 million or 3% to $140 million, driven by higher average AUM (up 11%) reflecting favourable investment markets and net inflows, partly offset by lower income due to the sale of the Aegis business on 2 December 2019.

Insurance Income (continuing operations basis)

	Full Year Ended				
	30 Jun 22 $M	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 20 $M	Jun 21 vs Jun 20 %
Insurance income ("statutory basis")	**73**	145	(50)	141	3

Year Ended June 2022 versus June 2021

Insurance income ("statutory basis") was $73 million, a decrease of $72 million or 50% on the prior year. This result was driven by higher claims experience net of reinsurance recoveries, due to increased weather related claims and higher average claims size driven by supply chain disruptions.

Year Ended June 2021 versus June 2020

Insurance income ("statutory basis") was $145 million, an increase of $4 million or 3% on the 2020 financial year. This result was driven by lower claims experience net of reinsurance recoveries, mainly due to fewer weather related events.

Operating Expenses (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 22 $M	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %
Staff expenses	**6,532**	5,985	9	5,985	5,731	4
Occupancy and equipment expenses	**975**	1,154	(16)	1,154	1,087	6
Information technology services expenses	**1,967**	2,032	(3)	2,046	2,020	1
Other expenses	**1,465**	1,613	(9)	1,599	1,697	(6)
Operating expenses excluding remediation costs and one-off items - "cash basis"	**10,939**	10,784	1	10,784	10,535	2
Separation and transaction costs	**181**	126	44	126	34	large
Operating expenses excluding remediation costs and one-off items - "statutory basis"	**11,120**	10,910	2	10,910	10,569	3
Remediation costs [2]	**251**	575	(56)	575	461	25
Operating expenses including remediation costs and excluding one-off items - "statutory basis"	**11,371**	11,485	(1)	11,485	11,030	4
One-off items						
Accelerated software amortisation and other [3]	**445**	–	n/a	n/a	n/a	n/a
Operating expenses including remediation costs and one-off items - "statutory basis" [4]	**11,816**	11,485	3	11,485	11,030	4
Operating expenses to total operating income (%) - "statutory basis"	**47. 0**	47. 0	–	47. 0	46. 1	90 bpts
Spot number of full-time equivalent staff (FTE)	**49,245**	44,375	11	44,375	41,778	6

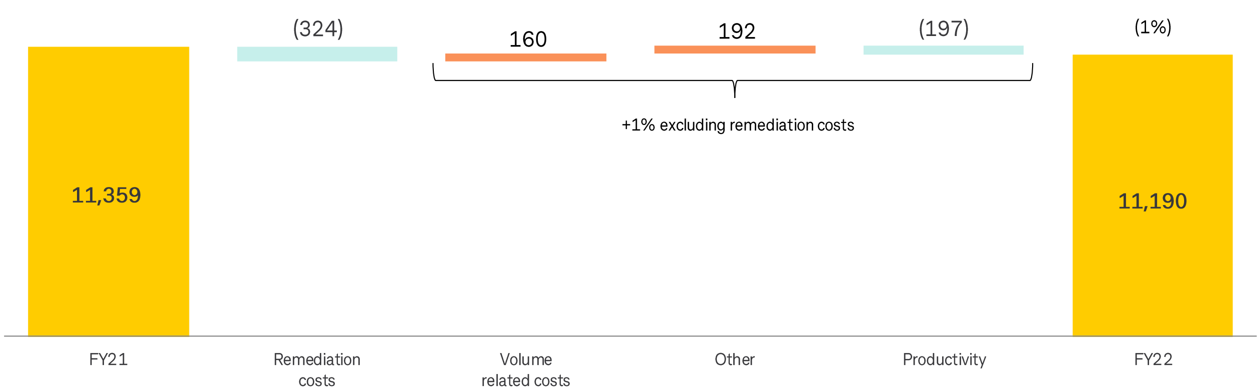
1 Comparative information has been restated to conform to the presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 The full year ended 30 June 2022 includes $127 million for Banking, other Wealth and employee related remediation and litigation costs (full year ended 30 June 2021: $249 million) and $124 million of additional costs, including provisions, for historical Aligned Advice remediation issues and associated program costs (full year ended 30 June 2021: $326 million).

3 Represents the impact of accelerated amortisation on certain capitalised software of $389 million, and other provisions of $56 million relating to changes in the Group's operating model.

4 For further details refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 of this Document. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

Operating Expenses excluding one-off items ("statutory basis")



Operating Expenses (continued)

Year Ended June 2022 versus Restated June 2021

Operating expenses ("statutory basis") was $11,816 million an increase of $331 million or 3% on the prior year.

Operating expenses ("cash basis") excluding remediation costs and one-off items were $10,939 million, an increase of $155 million or 1% on the prior year.

Staff expenses increased by $547 million or 9% to $6,532 million, mainly driven by increased full-time equivalent staff (FTE) and wage inflation. The average number of FTE increased by 4,414 or 10% from 42,940 to 47,354, primarily to support increased operational and financial crime assessment volumes, and the delivery of our strategic investment priorities, while reducing the reliance on external vendors as we enhance our internal engineering capabilities. In addition, the Bank has increased its frontline and technology resources to help our customers, uplift our cyber security capabilities and improve system resiliency, partly offset by productivity initiatives.

Occupancy and equipment expenses decreased by $179 million or 16% to $975 million, primarily driven by the benefits from the consolidation of our commercial property footprint, and branch and ATM optimisation.

Information technology services expenses decreased by $65 million or 3% to $1,967 million, primarily due to lower amortisation and productivity initiatives. This was partly offset by higher software licensing and infrastructure costs including increased cloud computing volumes, and investment in cyber security capabilities and system resiliency.

Other expenses decreased by $148 million or 9% to $1,465 million, primarily driven by productivity initiatives.

Separation and transaction costs increased $55 million or 44% to $181 million, primarily due to the write-down of customer receivables and employee redundancy payments provision related to the partial transfer of Commonwealth Financial Planning to AIA and closure of the remaining CFP business, partly offset by higher CommInsure General Insurance transaction and separation related costs in the prior comparative period.

Group expense to income ratio was flat at 47.0%.

Operating expenses to total operating income ratio excluding one-off items ("cash basis") decreased 110 basis points from 47.0% to 45.9%.

As Reported Year Ended June 2021 versus June 2020

Operating expenses ("statutory basis") was $11,485 million an increase of $455 million or 4% on the 2020 financial year.

Operating expenses ("cash basis") excluding remediation costs were $10,784 million, an increase of $249 million or 2% on the 2020 financial year.

Staff expenses increased by $254 million or 4% to $5,985 million, mainly driven by increased full-time equivalent staff (FTE) and wage inflation. The average number of FTE increased by 1,889 or 5% from 41,051 to 42,940. The increase is primarily due to additional resources to deliver on our strategic investment priorities, and to support increased loan application processing and financial crime assessment volumes within our critical service areas. In addition, the bank has also increased its financial assistance staff, frontline retail lenders and business bankers to help our customers, partly offset by business simplification initiatives.

Occupancy and equipment expenses increased by $67 million or 6% to $1,154 million, primarily driven by concurrent rent expenses in the 2021 financial year as we vacated commercial office space and consolidated our property footprint, as well as inflation linked to annual rental reviews.

Information technology services expenses increased by $26 million or 1% to $2,046 million. This was primarily due to higher IT infrastructure costs including higher cloud computing volumes, and increased investment spend, partly offset by lower amortisation and business simplification initiatives.

Other expenses decreased by $98 million or 6% to $1,599 million, primarily driven by business simplification initiatives and lower credit card loyalty redemptions.

Separation and transaction costs (previously reported as "Loss on acquisition, disposal, closure and demerger of businesses") increased by $92 million to $126 million, primarily due to increased transaction and separation costs from the sale of CommInsure General Insurance.

Group expense to income ratio increased 90 basis points from 46.1% to 47.0% primarily driven by an increase in operating income.

Operating expenses to total operating income ratio excluding remediation costs and other ("cash basis") increased 30 basis points from 44.3% to 44.6%.

Staff Numbers

	Full Year Ended		
Full-Time Equivalent Staff including discontinued operations	**30 Jun 22**	30 Jun 21	30 Jun 20
Australia	**38,483**	37,570	36,330
Total	**49,245**	46,189	43,585

Group Performance Analysis (continued)

Operating Expenses (continuing operations basis)

The following table sets out the Bank's operating expenses for financial years 2022, 2021 and 2020.

	Full Year Ended			
		Restated [1]	As reported	
	30 Jun 22	30 Jun 21	30 Jun 21	30 Jun 20
	$M	$M	$M	$M
Staff Expenses				
Salaries and related on-costs	**5,955**	5,506	5,506	5,248
Share-based compensation	**111**	100	100	103
Superannuation	**516**	442	442	409
Total staff expenses	**6,582**	6,048	6,048	5,760
Occupancy and Equipment Expenses				
Operating lease expenses [2]	**141**	166	166	165
Depreciation of property, plant and equipment	**640**	756	756	726
Other occupancy expenses	**197**	236	236	167
Total occupancy and equipment expenses	**978**	1,158	1,158	1,058
Information Technology Services				
System development and support	**990**	973	870	662
Infrastructure and support	**335**	336	n/a	n/a
Data processing	**n/a**	n/a	187	182
Desktop	**n/a**	n/a	149	118
Communications	**156**	174	174	192
Amortisation and write-offs of software assets [3]	**761**	422	n/a	n/a
Amortisation of software assets [4]	**n/a**	n/a	530	918
Software write-offs	**n/a**	n/a	9	14
IT equipment depreciation	**117**	129	129	133
Total information technology services	**2,359**	2,034	2,048	2,219
Other Expenses				
Postage and stationery	**131**	136	136	148
Transaction processing and market data	**141**	138	138	135
Fees and commissions:				
Professional fees	**535**	528	528	404
Other	**116**	244	244	262
Advertising, marketing and loyalty	**401**	412	412	424
Amortisation of intangible assets	**–**	5	5	5
Non-lending losses	**292**	509	509	563
Other	**100**	147	133	18
Total other expenses	**1,716**	2,119	2,105	1,959
Operating expenses before separation and transaction costs	**11,635**	11,359	11,359	10,996
Separation and transaction costs	**181**	126	126	34
Total operating expenses -"statutory basis" [5]	**11,816**	11,485	11,485	11,030

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 The full year ended 30 June 2022 includes rentals of $59 million in relation to short-term and low value leases (full year ended 30 June 2021: $87 million), and variable lease payments based on usage or performance of $11 million (full year ended 30 June 2021: $50 million).

3 The full year ended 30 June 2022 includes $389 million one-off impact of accelerated amortisation.

4 The year ended 30 June 2021 includes $117 million of amortisation of prepaid software licences (30 June 2020: $170 million). The year ended 30 June 2020 includes approximately a $220 million one-off impact of accelerated amortisation following a review of the amortisation method and useful life of certain technology assets.

5 The full year ended 30 June 2022 includes $127 million for Banking, other Wealth and employee related remediation and litigation costs (full year ended 30 June 2021: $249 million) and $124 million of additional costs, including provisions, for historical Aligned Advice remediation issues and associated program costs (full year ended 30 June 2021: $326 million). The full year ended 30 June 2022 also includes $56 million of one-off other provisions relating to changes in the Group's operating model.

Group Performance Analysis (continued)

Investment Spend (continuing operations basis)

	Full Year Ended				
	30 Jun 22 $M	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 20 $M	Jun 21 vs Jun 20 %
Expensed investment spend [1]	**987**	1,026	(4)	831	23
Capitalised investment spend [2]	**891**	783	14	606	29
Investment spend	**1,878**	1,809	4	1,437	26
Comprising:					
Productivity and growth	**771**	568	36	301	89
Risk and compliance	**696**	838	(17)	746	12
Infrastructure and branch refurbishment	**411**	403	2	390	3
Investment spend	**1,878**	1,809	4	1,437	26

1 Included within the operating expenses disclosure on page 43.

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

Year Ended June 2022 versus June 2021

The Bank has continued to invest in our strategy of building a brighter future for all with $1,878 million of investment spend incurred in the full year ended 30 June 2022, an increase of $69 million or 4% on the prior year. This is mainly driven by an increase of $203 million in productivity and growth initiatives, partly offset by a $142 million reduction in risk and compliance spend.

In the 2022 financial year, productivity and growth initiatives accounted for 41% of investment spend, an increase of 10% from 31% in the 2021 financial year. The Bank has increased focus on strengthening our capabilities in digital, technology and customer-centric product offerings through the ongoing modernisation of our platforms to provide integrated and personalised experiences for our customers. The Bank is also continuing to innovate for future growth through initiatives such as the simplification of our technology platforms, uplifting our payment capabilities, and ongoing advancement of the digital interface for our home loan and everyday banking customers.

Risk and compliance projects accounted for 37% of investment spend, a decrease of 10% from 47% in the 2021 financial year. Risk and compliance initiatives remain a priority for the Bank as we continued to build simpler and better foundations.

Infrastructure and branch refurbishment initiatives accounted for 22% of investment spend, with the Bank continuing to uplift cyber security and enhance IT infrastructure.

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

Productivity and Growth

In the 2022 financial year, the Bank invested in the following:

- Ongoing development of CommBank applications and digital channels designed to improve the customer service experience in digital banking;
- Commercial lending system upgrades to simplify the end-to-end process for loan origination and maintenance, and improve business customer experiences;
- Enhancing technology and customer insights to assist merchant customers, including launching a self-service merchant portal and deploying the next generation Smart EFTPOS terminal;
- Reducing reliance on external vendors and providers by bringing more functions in-house, and delivering cost savings while enhancing quality by building engineering capabilities;
- Ongoing modernisation and simplification of the technology stack to accelerate migration to cloud, in order to reduce the cost of IT ownership, reduce risk and improve delivery agility for faster response to changing customer needs; and
- Simplifying and automating manual back-end processes and systems to improve customer experience, reduce operating costs and digitise end-to-end processes.

Risk and Compliance

In the 2022 financial year, the Bank continued to invest in increasing Group wide capability in the management of financial and non-financial risks, including:

- Anti-money laundering and counter-terrorism financing (AML/CTF) compliance, by upgrading AML/CTF technology, updating policies and procedures, investing in further capability and improving training of our personnel;
- Strengthening the Bank's operating model and processes for monitoring, managing, reporting and controlling financial crime across all of its operations, including how the Bank engages with and informs AUSTRAC and other regulators;
- Enhancing Customer Risk Assessment capability and strengthening data controls and processes;
- Embedding the Prudential Inquiry Remedial Action Plan, with all recommendations assessed as closed; and
- Upgrading processes and systems for additional functionality, automation of controls, protecting against privacy breaches, and ensuring compliance with regulations including Open Banking, Comprehensive Credit Reporting Regime, Banking Code of Practice, Basel III capital reforms and Product Design and Distribution Obligations.

Investment Spend (continued)

Infrastructure and Branch Refurbishment

In the 2022 financial year, the Bank invested in the following:

- Protecting customers and the Bank against cyber security risks and data breaches;
- Improving the resilience and simplicity of the Bank's IT infrastructure and data centres;
- Retail branch design and refurbishment to reflect evolving changes in customer preferences; and
- Refurbishment and relocation of our head office to a sustainably designed 6 star "Green Star" building that better connects our people, partners and customers.

Year Ended June 2021 versus June 2020

The Bank has continued to invest in our strategy of building tomorrow's bank today for our customers with $1,809 million of investment spend incurred in the full year ended 30 June 2021, an increase of $372 million or 26% on the 2020 financial year. This was mainly driven by an increase of $267 million in productivity and growth initiatives.

In the 2021 financial year, productivity and growth initiatives accounted for 31% of investment spend, an increase of 10%, from 21% in the 2020 financial year. The Bank has increased focus on strengthening its capabilities and extending its leadership in digital, technology and customer centric product offerings through the ongoing modernisation of our platforms to provide integrated and personalised experiences for our customers. The Bank is also innovating for future growth through initiatives such as x15ventures, the New Payments Platform, and ongoing advancement of the digital interface for our home loan and everyday banking customers.

Risk and compliance projects accounted for 47% of investment spend, a decrease of 5%, from 52% in the 2020 financial year. Risk and compliance initiatives remain a priority for the Bank, with total spend increasing 12% on the 2020 financial year, as we continued to build simpler and better foundations.

Infrastructure and branch refurbishment initiatives accounted for 22% of investment spend, with the Bank continuing to uplift cyber security and enhance IT infrastructure.

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

Risk and Compliance

In the 2021 financial year, the Bank continued to invest in increasing Group wide capability in the management of financial and non-financial risks, including:

- Anti-money laundering and counter-terrorism financing (AML/CTF) compliance, including upgrading AML/CTF technology, updating policies and procedures, investing in further capability and improving training of our personnel;
- Strengthening the Bank's operating model and processes for monitoring, managing, reporting and controlling financial crime across all of its operations, including how the Bank engages with and informs AUSTRAC and other regulators;
- Enhancing Customer Risk Assessment capability, and strengthening data controls and processes; and
- Improving processes and systems for additional functionality, improved operational excellence, protection against privacy breaches, and compliance with new regulations including the Comprehensive Credit Reporting Regime, Banking Code of Practice and Open Banking.

Productivity and Growth

In the 2021 financial year, the Bank invested in the following:

- Ongoing development of CommBank applications and digital channels to improve the customer service experience;
- Commercial lending systems to upgrade and simplify the end-to-end process for loan origination and maintenance, to improve business customer experiences and build Australia's leading business bank;
- Enhancing technology and customer insights to assist merchant customers, including developing a self-service merchant portal and deploying the next generation smart payment device offering;
- Ongoing modernisation of the technology stack to accelerate migration to cloud, in order to reduce the cost of IT ownership, reduce risk and improve delivery agility for faster response to customers;
- Simplifying and automating manual back-end processes and systems to improve customer experience, reduce operating costs and digitise end-to-end processes;
- Differentiating our customer proposition through collaboration with our partners in initiatives that create additional features for our core products and our customer experience; and
- Reducing reliance on external vendors and providers by bringing more functions in-house, delivering cost savings while enhancing quality and capabilities.

Infrastructure and Branch Refurbishment

In the 2021 financial year, the Bank invested in the following:

- Protecting customers and the Bank against cyber security risks and data breaches;
- Improving the resilience and simplicity of the Bank's IT infrastructure and data centres;
- Retail branch refurbishment as our branch design is constantly evolving to reflect changes in customer preferences; and
- Consolidation into two sustainably designed, 6 Star "Green Star" corporate office buildings, as existing leases expire.

Capitalised Software

	Full Year Ended				
	30 Jun 22 $M	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 20 $M	Jun 21 vs Jun 20 %
Opening Balance	**1,427**	1,296	10	1,712	(24)
Additions	**743**	553	34	347	59
Amortisation and write-offs	**(761)**	(422)	80	(762)	(45)
Reclassification to assets held for sale	**–**	–	–	(1)	large
Closing balance	**1,409**	1,427	(1)	1,296	10

Year Ended June 2022 versus June 2021

Capitalised software balance decreased $18 million or 1% on the prior year to $1,409 million.

Additions increased by $190 million or 34% to $743 million, due to higher capitalised investment spend, which is largely a function of the increased mix of value-accretive productivity and growth initiatives as the Bank continues to enhance its product offering and customer experiences, strengthen its digital capabilities, modernise technology platforms and innovate for future growth.

Amortisation and write-offs increased by $339 million to $761 million, mainly driven by the accelerated amortisation of certain capitalised software during the period.

Year Ended June 2021 versus June 2020

Capitalised software balance increased $131 million or 10% to $1,427 million.

Additions increased by $206 million or 59% to $553 million, due to higher capitalised investment spend, particularly in relation to productivity and growth initiatives as the Bank continued to enhance its product offering and customer experiences, strengthen its digital capabilities, modernise technology platforms and innovate for future growth.

Amortisation and write-offs decreased by $340 million or 45% to $422 million, driven by the non-recurrence of the accelerated amortisation of certain capitalised software balances in the 2020 financial year, and lower average capitalised software balances in the 2021 financial year.

Loan Impairment Expense (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 22 $M	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %
Retail Banking Services	**(401)**	139	(large)	134	1,034	(87)
Business Banking	**110**	228	(52)	233	784	(70)
Institutional Banking and Markets	**(111)**	96	(large)	96	353	(73)
New Zealand	**37**	(5)	large	(5)	292	(large)
Corporate Centre and Other	**8**	96	(92)	96	55	75
Loan impairment (benefit)/expense - ("statutory basis")	**(357)**	554	(large)	554	2,518	(78)

1 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

Year Ended June 2022 versus Restated June 2021

Loan impairment expense ("statutory basis") decreased $911 million on the prior year to a benefit of $357 million. This was driven by:

- A decrease in Retail Banking Services of $540 million to a benefit of $401 million, driven by lower collective provisions reflecting reduced COVID-19 uncertainties, partly offset by increased forward-looking adjustments for emerging risks, including inflationary pressures and rising interest rates;
- A decrease in Institutional Banking and Markets of $207 million to a benefit of $111 million, mainly driven by lower collective provisions reflecting a decrease in forward-looking adjustments for the aviation sector and reduced COVID-19 uncertainties, partly offset by a lower level of write-backs;
- A decrease in Business Banking of $118 million to an expense of $110 million, driven by lower individually assessed provision charges and higher write-backs; and
- A decrease in Corporate Centre and Other of $88 million to an expense of $8 million, mainly driven by the non-recurrence of prior year COVID-19 related collective provision charges in PTBC; partly offset by
- An increase in New Zealand of $42 million to an expense of $37 million, driven by higher collective provision charges reflecting emerging risks, including inflationary pressures and rising interest rates, partly offset by lower write-offs.

Loan impairment expense as a percentage of average gross loans and acceptances (GLAAs) decreased 11 basis points to -4 basis points.

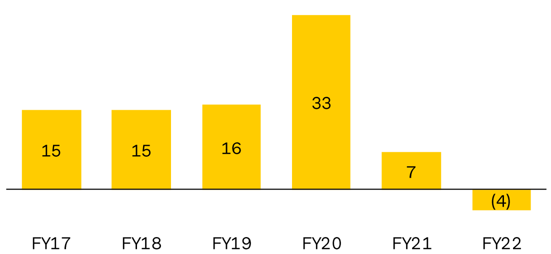
As Reported Year Ended June 2021 versus June 2020

Loan impairment expense ("statutory basis") was $554 million, a decrease of $1,964 million or 78% on the 2020 financial year. This was driven by:

- A decrease in Retail Banking Services of $900 million or 87% to $134 million, driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and reduced consumer finance balances in the 2021 financial year;
- A decrease in Business Banking of $551 million or 70% to $233 million, driven by lower collective provision charges reflecting an improvement in economic conditions and outlook;
- A decrease in New Zealand of $297 million to a benefit of $5 million, driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and lower individual provisions in the 2021 financial year; and
- A decrease in Institutional Banking and Markets of $257 million or 73% to $96 million, driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and lower individual provisions in the 2021 financial year; partly offset by
- An increase in Corporate Centre and Other of $41 million or 75% to $96 million, driven by higher collective provision charges in PTBC, mainly reflecting a deterioration in credit quality and the economic outlook in Indonesia due to COVID-19.

Loan impairment expense as a percentage of average gross loans and acceptances (GLAAs) decreased 26 basis points to 7 basis points.

Full Year Loan Impairment Expense as a percentage of average GLAA (bpts)



Taxation Expense (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 22	30 Jun 21	Jun 22 vs	30 Jun 21	30 Jun 20	Jun 21 vs
Income Tax	**$M**	$M	Jun 21 %	$M	$M	Jun 20 %
Retail Banking Services	**2,094**	2,005	4	2,041	1,763	16
Business and Banking	**1,287**	1,236	4	1,200	1,064	13
Institutional Banking and Markets	**368**	306	20	303	269	13
New Zealand	**487**	457	7	456	312	46
Corporate Centre and Other	**(213)**	(414)	(49)	(410)	(386)	6
Total income tax expense - "cash basis"	**4,023**	3,590	12	3,590	3,022	19
Non-cash tax expense [2]	**(12)**	(58)	(79)	(58)	(32)	81
Total income tax expense - "statutory basis" [2]	**4,011**	3,532	14	3,532	2,990	18

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 22	30 Jun 21	Jun 22 vs	30 Jun 21	30 Jun 20	Jun 21 vs
Effective Tax Rate	**$M**	$M	Jun 21 %	$M	$M	Jun 20 %
Retail Banking Services	**29. 8**	28. 7	110 bpts	28. 6	28. 8	(20)bpts
Business and Banking	**29. 6**	29. 5	10 bpts	29. 5	30. 1	(60)bpts
Institutional Banking and Markets	**26. 0**	24. 9	110 bpts	24. 7	29. 8	(large)
New Zealand	**27. 5**	28. 2	(70)bpts	28. 2	28. 0	20 bpts
Effective tax rate - "statutory basis"	**29. 3**	28. 5	80 bpts	28. 5	28. 8	(30)bpts

1 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

Year Ended June 2022 versus Restated June 2021

Income tax expense ("statutory basis") was $4,011 million, an increase of $479 million or 14% on the prior year, reflecting a 29.3% effective tax rate.

The rate is below the Australian company tax rate of 30% primarily as a result of the profit earned by the offshore jurisdictions that have lower corporate tax rates, and profits of associates which is reflected on an after tax basis.

The 80 basis points increase in effective tax rate ("statutory basis") from 28.5% to 29.3% was primarily due to the tax impact from disposals in the current period and prior period.

As Reported Year Ended June 2021 versus June 2020

Income tax expense ("statutory basis") was $3,532 million, an increase of $542 million or 18% on the 2020 financial year, reflecting a 28.5% effective tax rate.

The rate is below the Australian company tax rate of 30% primarily as a result of the profit earned by the offshore jurisdictions that have lower corporate tax rates, and profits of associates which is reflected on an after tax basis.

The 30 basis points decrease in the effective tax rate ("statutory basis") from 28.8% to 28.5% was primarily due to higher net profits from offshore minority investments.

Group Assets and Liabilities

Total Group Assets and Liabilities	30 Jun 22 $M	Restated[1] 30 Jun 21 $M	Restated[1] Jun 22 vs Jun 21 %	As reported 30 Jun 21 $M	As reported 30 Jun 20 $M	As reported Jun 21 vs Jun 20 %
Interest earning assets						
Home loans[2]	**621,993**	579,756	7	579,756	542,881	7
Consumer Finance	**16,494**	16,997	(3)	16,997	18,217	(7)
Business and corporate loans	**244,380**	219,653	11	220,703	218,126	1
Loans, bills discounted and other receivables[3]	**882,867**	816,406	8	817,456	779,224	5
Non-lending interest earning assets[4]	**269,827**	219,473	23	219,473	178,806	23
Total interest earning assets	**1,152,694**	1,035,879	11	1,036,929	958,030	8
Other assets[3, 4]	**61,244**	54,895	12	53,832	55,671	(3)
Assets held for sale[4]	**1,322**	1,201	10	1,201	1,770	(32)
Total assets	**1,215,260**	1,091,975	11	1,091,962	1,015,471	8
Interest bearing liabilities						
Transaction deposits[5]	**188,917**	173,626	9	173,626	146,446	19
Savings deposits[5]	**275,997**	259,244	6	259,244	236,652	10
Investment deposits	**169,401**	154,252	10	154,252	181,473	(15)
Other demand deposits	**79,513**	64,843	23	64,843	61,940	5
Total interest bearing deposits	**713,828**	651,965	9	651,965	626,511	4
Debt issues	**116,902**	103,003	13	103,003	142,503	(28)
Term funding from central banks[6]	**54,807**	51,856	6	51,856	1,500	large
Other interest bearing liabilities	**64,251**	59,945	7	59,945	49,764	20
Total interest bearing liabilities	**949,788**	866,769	10	866,769	820,278	6
Non-interest bearing transaction deposits	**142,103**	112,537	26	112,537	74,335	51
Other non-interest bearing liabilities[4]	**49,348**	33,576	47	33,533	48,326	(31)
Liabilities held for sale[4]	**1,183**	405	large	405	594	(32)
Total liabilities	**1,142,422**	1,013,287	13	1,013,244	943,533	7

1 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Home loans are presented gross of $64,998 million of mortgage offset balances (30 June 2021: $57,813 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.

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

4 On 1 December 2021, CBA completed the sale of a 55% interest in Colonial First State (CFS) to KKR. The assets and liabilities held for sale in relation to this business have therefore been deconsolidated during the six months ended 31 December 2021, resulting in a decrease in the assets held for sale of $1,199 million and a decrease in the liabilities held for sale of $405 million.

On 21 June 2021, CBA announced that it has entered into an agreement to sell its Australian general insurance business (CommInsure General Insurance) to Hollard Group. The sale is subject to Australian regulatory approvals and other conditions, and is expected to complete in the first half of financial year 2023. As at 30 June 2022, $420 million of non-lending interest earning assets and $891 million of other assets have been reclassified to assets held for sale, and $1,183 million in other non-interest bearing liabilities have been reclassified to liabilities held for sale in relation to this business.

5 Transaction and savings deposits includes $64,998 million of mortgage offset balances (30 June 2021: $57,813 million).

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

Year Ended June 2022 versus Restated June 2021

Total assets were $1,215 billion, an increase of $123 billion or 11% on the prior year, driven by an increase in non-lending interest earning assets, home loans, business and corporate loans and other assets, partly offset by lower consumer finance balances.

Total liabilities were $1,142 billion, an increase of $129 billion or 13% on the prior year, driven by an increase in deposits, debt issues, term funding from central banks, other interest bearing liabilities and other non-interest bearing liabilities.

The Bank continued to fund a significant portion of lending growth from customer deposits. Customer deposits represented 74% of total funding (30 June 2021: 73%).

Home loans

Home loan balances increased $42 billion to $622 billion, a 7% increase on the prior year. The increase was driven by Retail Banking Services, Business Banking and New Zealand. Domestic home loan growth of 7% was broadly in line with system[1] growth. Proprietary mix for CBA branded home loans decreased from 60% to 59% of new business flows, although increased during the second half of the current year.

Australian home loans amount to $556 billion (30 June 2021: $516 billion) of which 71% were owner occupied, 28% were investment home loans and 1% were lines of credit (30 June 2021: 70% were owner occupied, 28% were investment home loans and 2% were lines of credit).

1 System source: RBA/APRA.

Group Assets and Liabilities (continued)

Consumer Finance

Consumer finance balances decreased $1 billion to $16 billion, a 3% decrease on the prior year, broadly in line with system[1] decline. The decrease was driven by lower consumer demand for personal loans, partly offset by growth in credit cards from a recovery in spend.

Business and corporate loans

Business and corporate loans increased $25 billion to $244 billion, an 11% increase on the prior year. This was driven by a $14 billion or 14% increase in Business Banking (above system[1] growth) reflecting diversified lending across a number of industries with the largest growth in Property, Agriculture and Health sectors. Institutional lending balances increased by $10 billion or 12% primarily due to growth across the structured, corporate lending and funds financing portfolios. New Zealand business and rural lending increased $1 billion or 4% (excluding the impact of FX).

Domestic business lending (excluding institutional lending) increased 14%, above system[1] growth.

Non-lending interest earning assets

Non-lending interest earning assets increased $50 billion to $270 billion, a 23% increase on the prior year. This was mainly driven by an increase in liquid asset balances due to strong customer deposit growth, and higher reverse sale and repurchase agreements in Global Markets, partly offset by a decline in trading assets mainly in Government securities.

Other assets

Other assets, including derivative assets, property, plant and equipment and intangibles, increased $6 billion to $61 billion, a 12% increase on the prior year, mainly driven by an increase in derivative assets due to volatility and movements in foreign currency and interest rates, partly offset by lower commodities inventory balances in Institutional Banking and Markets, and the sale of a 10% shareholding in the Bank of Hangzhou.

Total Interest bearing deposits

Total interest bearing deposits increased $62 billion, across all product types, to $714 billion, a 9% increase on the prior year. Growth in transaction and savings deposits was driven by increased domestic money supply, growth in mortgage offsets, and increased demand for at-call deposits in the low-rate environment which existed for most of the current year. Growth in investment deposits was primarily from offshore institutional banking clients, while growth in other demand deposits was mainly driven by higher sale and repurchase agreements.

Domestic household deposits grew at 13%, in line with system[1] growth.

Debt issues

Debt issues increased $14 billion to $117 billion, a 13% increase on the prior year, to meet the Group's future funding and liquidity requirements.

Deposits satisfied the majority of the Bank's funding requirements, however strong access was maintained to both domestic and international wholesale debt markets.

Refer to pages 71-72 for further information on debt programs and issuance for the year ended 30 June 2022.

Term funding from central banks

Term funding from central banks includes the drawn balance of the RBA Term Funding Facility and the RBNZ Funding for Lending Programme and Term Lending Facility. Refer to Note 4.4 of the 2022 Financial Report for further details on these term funding facilities. Term funding from central banks increased $3 billion on the prior year, driven by additional drawdown of the RBNZ Funding for Lending Programme and Term Lending Facility.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, increased $4 billion to $64 billion, a 7% increase on the prior year. The increase was mainly driven by the issuance of additional Tier 2 Capital instruments and PERLS XIV, and growth in central bank and foreign currency term deposits.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits increased $30 billion to $142 billion, a 26% increase on the prior year. The growth was driven by increased domestic money supply and higher demand for at-call deposits in the low-rate environment which existed for most of the current year.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, increased $16 billion to $49 billion, a 47% increase on the prior year. The increase was mainly driven by higher derivative liabilities primarily due to volatility and movements in foreign currency and interest rates.

As Reported Year Ended June 2021 versus June 2020

Total assets were $1,092 billion, an increase of $76 billion or 8% on the 2020 financial year, driven by an increase in non-lending interest earning assets, home loans, and business and corporate loans, partly offset by lower other assets and consumer finance balances.

Total liabilities were $1,013 billion, an increase of $70 billion or 7% on the 2020 financial year, driven by an increase in transaction and savings deposits, term funding from central banks, other interest bearing liabilities and other demand deposits, partly offset by a decrease in debt issues, investment deposits, and other non-interest bearing liabilities.

The Bank continued to fund a significant portion of lending growth from customer deposits. Customer deposits represented 73% of total funding (30 June 2020: 74%).

1 System source: RBA/APRA.

Group Assets and Liabilities (continued)

Home loans

Home loan balances increased $37 billion to $580 billion, reflecting a 7% increase on the 2020 financial year. The increase was driven by Retail Banking Services, Business Banking and New Zealand. Domestic home loan growth of 7% was above system[1] growth. Proprietary mix for CBA branded home loans increased from 58% to 59% of new business flows, with higher new business application volumes and continued focus on credit decisioning turnaround times.

Domestic home loans amount to $516 billion (30 June 2020: $485 billion) of which 70% were owner occupied, 28% were investment home loans and 2% were lines of credit (30 June 2020: 68% were owner occupied, 30% were investment home loans and 2% were lines of credit).

Consumer finance

Consumer finance balances decreased $1 billion to $17 billion, a 7% decrease on the 2020 financial year, in line with system[1]. The decrease was driven by lower consumer demand for unsecured lending, lower spend due to COVID-19, and increased customer repayments following fiscal and regulatory income support measures.

Business and corporate loans

Business and corporate loans increased $3 billion to $221 billion, a 1% increase on the 2020 financial year. This was driven by an $11 billion or 12% increase in Business Banking (above system[1] growth) reflecting growth primarily across the Property, Agriculture and Health industries, while continuing to support Australian businesses with 12,600 additional loans funded under the Government's SME Guarantee Scheme. New Zealand business lending increased $2 billion or 9% and New Zealand rural lending increased 2% (excluding the impact of FX). Growth in Business Banking and New Zealand was partly offset by a $10 billion or 11% decline in institutional lending balances primarily due to a continued focus on risk adjusted returns, a highly liquid capital market, and a reduction in pooled facilities.

Domestic business lending (excluding institutional lending) increased 11%, above system[1] growth.

Non-lending interest earning assets

Non-lending interest earning assets increased $41 billion to $219 billion, a 23% increase on the 2020 financial year. This was mainly driven by an increase in liquid asset balances due to strong customer deposit growth.

Other assets

Other assets, including derivative assets, property, plant and equipment and intangibles, decreased $2 billion to $54 billion, a 3% decline on the 2020 financial year. The decrease was driven by lower derivative assets due to foreign currency and interest rate movements, partly offset by higher commodities inventory balances in Institutional Banking and Markets.

Total interest bearing deposits

Total interest bearing deposits increased $25 billion to $652 billion, a 4% increase on the 2020 financial year. This was primarily driven by growth in transaction and savings deposits, partly offset by lower investment deposits. The growth in transaction and savings deposits was driven by increased domestic money supply, growth in mortgage offsets, and increased demand for at-call deposits in the low-rate environment. The reduction in investment deposits reflects higher demand for at-call deposits.

Domestic household deposits grew at 11%, above system[1] growth of 10%.

Debt issues

Debt issues decreased $40 billion to $103 billion, a 28% decrease on the 2020 financial year, reflecting lower wholesale funding requirements due to growth in customer deposit funding and additional drawdown of the RBA's Term Funding Facility (TFF).

Deposits satisfied the majority of the Bank's funding requirements, however strong access was maintained to both domestic and international wholesale debt markets.

Term funding from central banks

Term funding from central banks includes the drawn balance of the RBA Term Funding Facility and the RBNZ Funding for Lending Programme. Term funding from central banks increased $50 billion on the 2020 financial year, predominately driven by additional drawdown of the RBA Term Funding Facility during the year.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, increased $10 billion to $60 billion, a 20% increase on the 2020 financial year. The increase was mainly driven by the issuance of additional Tier 2 Capital instruments and PERLS XIII, growth in foreign currency term deposits and deposits from other banks.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits increased $38 billion to $113 billion, a 51% increase on the 2020 financial year. The growth was driven by increased domestic money supply and higher demand for at-call deposits in the low-rate environment.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, decreased $15 billion to $34 billion, a 31% decrease on the 2020 financial year. The decrease was mainly driven by lower derivative liabilities primarily due to foreign currency and interest rate movements.

1 System source: RBA/APRA.

Contents

4. Group Operations & Business Settings

Group Operations and Business Settings

Loan Impairment Provisions and Credit Quality

Provisions for Impairment

	As at				
	30 Jun 22	30 Jun 21	30 Jun 20	Jun 22 vs	Jun 21 vs
	$M	$M	$M	Jun 21 %	Jun 20 %
Provisions for impairment losses					
Collective provisions	**4,611**	5,311	5,396	(13)	(2)
Individually assessed provisions	**736**	900	967	(18)	(7)
Total provisions for impairment losses	**5,347**	6,211	6,363	(14)	(2)
Less: Provisions for Off Balance Sheet exposures	**(117)**	(111)	(119)	5	(7)
Total provisions for loan impairment	**5,230**	6,100	6,244	(14)	(2)

Year Ended June 2022 versus June 2021

Total provisions for impairment losses as at 30 June 2022 were $5,347 million, a decrease of $864 million or 14% on the prior year.

Collective provisions

- Consumer collective provisions decreased $612 million or 20% to $2,417 million. This reflects reduced COVID-19 uncertainties, partly offset by increased forward-looking adjustments for emerging risks, including inflationary pressures and rising interest rates.
- Corporate collective provisions decreased $88 million or 4% to $2,194 million. This reflects reduced COVID-19 uncertainties, partly offset by increased forward-looking adjustments for emerging risks, including inflationary pressures, supply chain disruptions and rising interest rates.

Individually assessed provisions

- Corporate individually assessed provisions decreased $99 million or 14% to $612 million. This was mainly driven by write-backs and write-offs across various industry sectors, partly offset by increased provisions for a small number of large exposures.
- Consumer individually assessed provisions decreased $65 million or 34% to $124 million. This was mainly driven by lower arrears in the Australian home lending portfolio and growth in house prices over the period.

Year Ended June 2021 versus June 2020

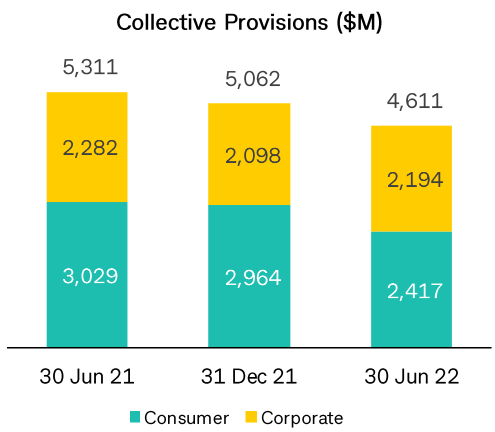
Total provisions for impairment losses as at 30 June 2021 were $6,211 million, a decrease of $152 million or 2% on the 2020 financial year. The decrease was driven by:

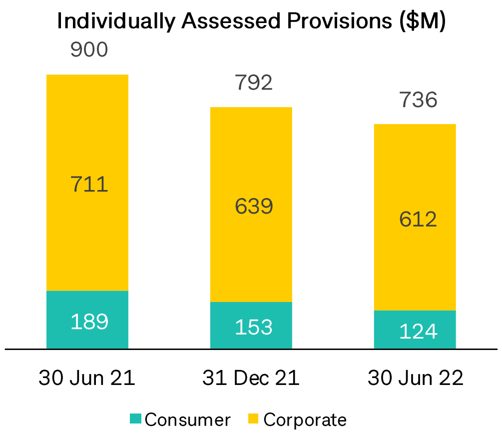
Collective provisions

- Consumer collective provisions decreased by $160 million or 5% to $3,029 million. This reflects an improvement in the economic outlook, and lower consumer finance balances with reduced arrears, partly offset by increased forward looking adjustments, mainly due to the impact of COVID-19.
- Corporate collective provisions increased by $75 million or 3% to $2,282 million. This was driven by increased forward looking adjustments, in particular for the aviation sector, mainly due to the ongoing impact of COVID-19 related travel restrictions.

Individually assessed provisions

- Consumer individually assessed provisions decreased by $51 million or 21% to $189 million. This was mainly driven by lower impairments in the Australian home lending portfolio reflecting the impacts of government stimulus, repayment deferrals and growth in house prices over the period.
- Corporate individually assessed provisions decreased by $16 million or 2% to $711 million. This was mainly due to write-backs and write-offs across various industry sectors, partly offset by the impairment of a small number of large exposures.





Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

	Full Year Ended					Half Year Ended		
	30 Jun 22	30 Jun 21	Jun 22 vs	30 Jun 20	Jun 21 vs	**30 Jun 22**	31 Dec 21	Jun 22 vs
Credit Quality Metrics	**$M**	$M	Jun 21 %	$M	Jun 20 %	**$M**	$M	Dec 21 %
Gross loans and acceptances (GLAA) ($M)	**884,963**	818,266	8	780,108	5	**884,963**	850,509	4
Risk weighted assets (RWA) ($M)	**497,892**	450,680	10	454,948	(1)	**497,892**	471,927	6
Credit RWA ($M)	**393,647**	381,550	3	374,194	2	**393,647**	390,687	1
Gross impaired assets ($M)	**2,951**	3,409	(13)	3,548	(4)	**2,951**	3,482	(15)
Net impaired assets ($M)	**1,928**	2,250	(14)	2,293	(2)	**1,928**	2,435	(21)
Provision Ratios								
Collective provisions as a % of credit RWA	**1.17**	1. 39	(22)bpts	1. 44	(5)bpts	**1.17**	1. 30	(13)bpts
Total provisions as a % of credit RWA	**1.36**	1. 63	(27)bpts	1. 70	(7)bpts	**1.36**	1. 50	(14)bpts
Total provisions for impaired assets as a % of gross impaired assets	**34.67**	33. 99	68 bpts	35. 37	(138)bpts	**34.67**	30. 07	460 bpts
Total provisions for impaired assets as a % of gross impaired assets (corporate)	**58.80**	49. 52	large	46. 62	290 bpts	**58.80**	47. 99	large
Total provisions for impaired assets as a % of gross impaired assets (consumer)	**20.74**	22. 04	(130)bpts	26. 18	(414)bpts	**20.74**	17. 71	303 bpts
Total provisions for impairment losses as a % of GLAAs	**0.60**	0. 76	(16)bpts	0. 82	(6)bpts	**0.60**	0. 69	(9)bpts
Asset Quality Ratios								
Gross impaired assets as a % of GLAAs	**0.33**	0. 42	(9)bpts	0. 45	(3)bpts	**0.33**	0. 41	(8)bpts
Loans 90+ days past due but not impaired as a % of GLAAs	**0.35**	0. 46	(11)bpts	0. 43	3 bpts	**0.35**	0. 39	(4)bpts
Loan impairment expense annualised as a % of average GLAAs	**(0.04)**	0. 07	(11)bpts	0. 33	(26)bpts	**(0.07)**	(0. 02)	(5)bpts
Net write-offs annualised as a % of GLAAs	**0.07**	0. 09	(2)bpts	0. 13	(4)bpts	**0.05**	0. 08	(3)bpts
Non-retail total committed exposures rated investment grade (%) [1]	**69.70**	68. 30	140 bpts	66. 30	200 bpts	**69.70**	68. 97	73 bpts
Australian Home Loan Portfolio								
Portfolio dynamic LVR (%) [2]	**44.02**	48. 96	(494)bpts	52. 69	(373)bpts	**44.02**	46. 22	(220)bpts
Customers in advance (%) [3]	**77.95**	78. 49	(54)bpts	80. 12	(163)bpts	**77.95**	78. 31	(36)bpts

1 Investment grades based on CBA grade in S&P equivalent.
2 Loan to value ratio (LVR) defined as current balance as a percentage of the current valuation on Australian home loan portfolio.
3 Any amount ahead of monthly minimum repayment (including offset facilities).

COVID-19 Customer Support Measures

The Group's customer support measures, including the temporary loan deferral programs, concluded during the year ended 30 June 2022, with the vast majority of customers participating in the loan deferral programs returning to regular repayments on their loans.

Provision Ratios and Impaired Assets

Half year ended 30 June 2022 vs Half year ended 31 December 2021

As at 30 June 2022, total provisions as a proportion of credit RWA decreased 14 basis points on the prior half to 1.36%. This was driven by lower collective provisions, reflecting reduced COVID-19 uncertainties, partly offset by increased forward-looking adjustments for emerging risks, including inflationary pressures, supply chain disruptions and rising interest rates, and lower individually assessed provisions reflecting write-backs and write-offs across various industry sectors.

Group Operations and Business Settings (continued)

Loan Impairment Provisions and Credit Quality (continued)

Gross impaired assets were $2,951 million, a decrease of $531 million or 15% on the prior half, mainly driven by lower corporate impaired assets due to repayments and upgrades across a small number of large exposures and lower impaired assets in ASB due to a reduction of home loans in hardship. Gross impaired assets as a proportion of GLAAs were 0.33%, a decrease of 8 basis points on the prior half, and provision coverage for the impaired asset portfolio was 34.67%, an increase of 460 basis points on the prior half, both driven by a decrease in gross impaired assets.

Half year ended 31 December 2021 vs Half year ended 30 June 2021

As at 31 December 2021, total provisions as a proportion of credit RWA decreased 13 basis points on the half year ended 30 June 2021 to 1.50%. This was driven by lower collective provisions, mainly reflecting an improvement in the economic outlook, and lower individually assessed provisions, reflecting corporate write-offs and write-backs, and lower Australian home lending impairments.

Gross impaired assets were $3,482 million, an increase of $73 million or 2% on the half year ended 30 June 2021, mainly driven by an increase in restructured home loans within ASB and the impairment of a small number of single name exposures in the corporate portfolio. Gross impaired assets as a proportion of GLAAs were 0.41%, a decrease of 1 basis point on the half year ended 30 June 2021. Provision coverage for the impaired asset portfolio was 30.07%, a decrease of 392 basis points on the half year ended 30 June 2021, mainly driven by an increase in gross impaired assets and a reduction in individually assessed provisions, primarily reflecting write-offs and write-backs across various industry sectors and growth in house prices over the period.

Retail Portfolio Asset Quality

Half year ended 30 June 2022 vs Half year ended 31 December 2021

Consumer loan impairment expense (LIE) as a percentage of average gross loans and acceptances was -15 basis points, a decrease of 15 basis points on the prior half, driven by lower collective provisions mainly reflecting reduced COVID-19 uncertainties, partly offset by increased forward-looking adjustments for emerging risks, including inflationary pressures and rising interest rates.

Home loan 90+ days arrears were 0.49%, a decrease of 3 basis points on the prior half, primarily driven by origination quality and balance growth. Credit cards and Personal loans 90+ days arrears were 0.52% and 1.02% respectively, an increase of 3 basis points and 5 basis points on the prior half, as arrears rates start to normalise towards pre-pandemic levels.

The home loan dynamic LVR was 44.02%, a decrease of 220 basis points on the prior half, driven by growth in house prices over the period. The home lending book remains well secured and the majority of home lending customers remain in advance of scheduled repayments.

Half year ended 31 December 2021 vs Half year ended 30 June 2021

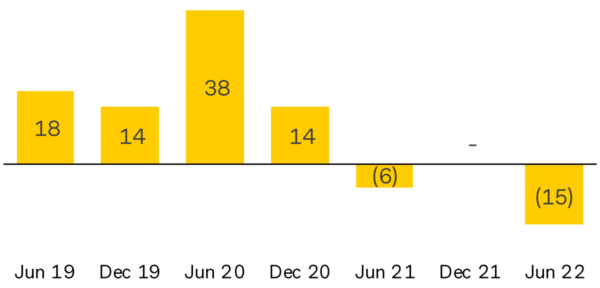
Consumer loan impairment expense (LIE) as a percentage of average gross loans and acceptances (GLAAs) was nil, an increase of 6 basis points on the half year ended 30 June 2021, mainly reflecting higher collective provision releases in the half year ended 30 June 2021 and increased forward looking adjustments reflecting uncertainties due to COVID-19.

Home loan 90+ days arrears were 0.52%, a decrease of 12 basis points on the half year ended 30 June 2021, mainly driven by an improvement in economic conditions and customer origination quality, and balance growth. Credit cards and Personal loans 90+ days arrears were 0.49% and 0.97% respectively, a decrease of 12 basis points for both on the half year ended 30 June 2021, driven by an improvement in customer origination quality and economic conditions.

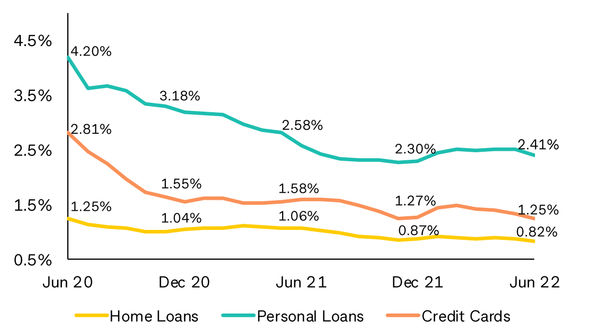
The home loan dynamic LVR was 46.22%, a decrease of 274 basis points on the half year ended 30 June 2021, driven by growth in house prices over the period. The home lending book remained well secured and the majority of home lending customers remained in advance of scheduled repayments.

Consumer LIE

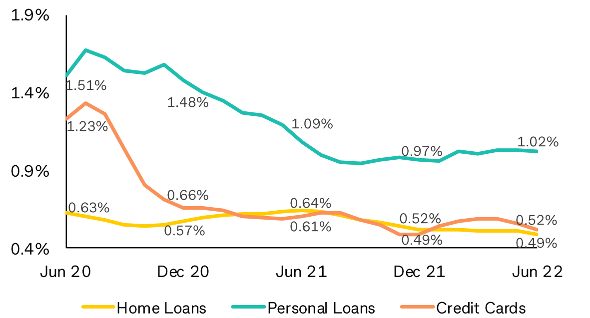
Half Year Loan impairment expense annualised as percentage of average GLAAs (bpts)



30+ Days Arrears Ratios (%) [1]



90+ Days Arrears Ratio (%) [1]



1 Includes retail portfolios of Retail Banking Services, Business Banking and New Zealand.

Loan Impairment Provisions and Credit Quality (continued)

Corporate Portfolio Asset Quality

Half year ended 30 June 2022 vs Half year ended 31 December 2021

Corporate troublesome exposures were $3.4 billion, an increase of $0.1 billion or 3% on the prior half mainly due to the downgrade of a small number of larger exposures into the troublesome portfolio across a range of sectors.

Investment grade rated exposures increased 70 basis points on the prior half to 69.7% of overall portfolio risk graded counterparties, reflecting increased exposures to the government sector.

Corporate LIE as a percentage of average gross loans and acceptances was 16 basis points, an increase of 23 basis points on the prior half, primarily driven by the non-recurrence of prior half collective provision releases related to the aviation sector and increased forward-looking adjustments for emerging risks, including inflationary pressures, supply chain disruptions and rising interest rates.

Half year ended 31 December 2021 vs Half year ended 30 June 2021

Corporate troublesome exposures were $3.3 billion, a decrease of $0.8 billion or 20% on the half year ended 30 June 2021, mainly driven by refinancing, repayments and upgrades supported by improved economic conditions, partly offset by the downgrade of a small number of larger exposures into the troublesome portfolio across a range of sectors.

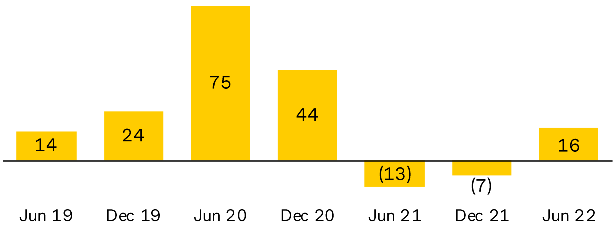
Investment grade rated exposures increased 70 basis points on the half year ended 30 June 2021 to 69.0% of overall portfolio risk graded counterparties, reflecting the impact of upgrades and increased exposures to the government sector.

Corporate LIE as a percentage of gross loans and acceptances was -7 basis points, an increase of 6 basis points on the half year ended 30 June 2021, mainly reflecting higher collective provision releases in the half year ended 30 June 2021.

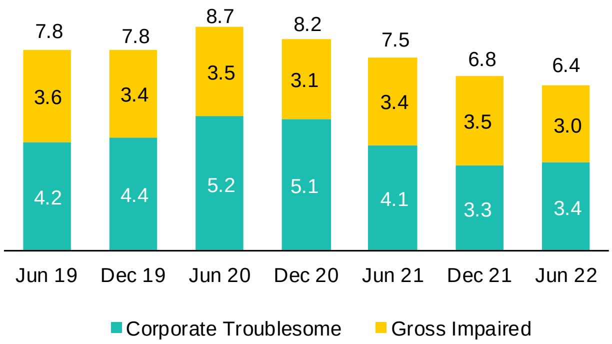
Corporate LIE

Half Year Loan impairment expense

annualised as percentage of average GLAA (bpts)

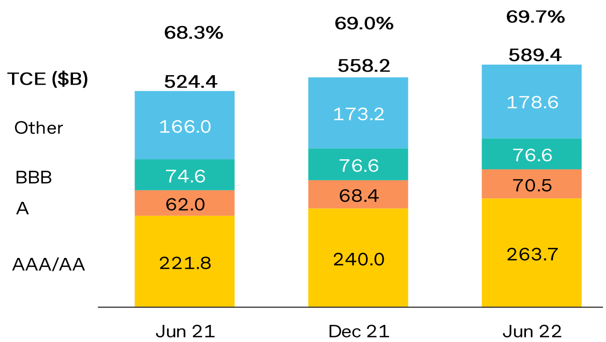


Troublesome and Impaired Assets ($B)



Corporate Portfolio Quality

% of book rated investment grade [1]



1 CBA grades in S&P equivalents.

Loan Impairment Provisions and Credit Quality (continued)

Industry Exposure and Asset Quality

Half year ended 30 June 2022 vs Half year ended 31 December 2021

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half. The largest movement was an increase of 110 basis points in the Government, Administration & Defence sector, from 15.9% to 17.0% of the Bank's total committed exposures, driven by an increase in central bank cash holdings as the Bank re-weighted its portfolio as part of ongoing liquidity management activities.

Movements in troublesome and impaired assets (TIA) were mixed across sectors, as total TIA decreased $428 million on the prior half to $6,403 million.

TIA as a percentage of total committed exposures (TCE) was 0.48%, a decrease of 5 basis points on the prior half reflecting:

- Entertainment, Leisure & Tourism (down 170 basis points) driven by the refinancing, upgrades and repayments of a small number of large exposures;
- Personal & Other Services (down 118 basis points) driven by impaired exposure reductions;
- Business Services (down 67 basis points) driven by impaired exposure reductions and refinancing across a small number of large exposures;
- Electricity, Water & Gas (down 61 basis points) driven by impaired exposure reductions; and
- Manufacturing (down 36 basis points) driven by impaired exposure reductions, refinancing and repayments across a small number of large exposures; partly offset by
- Wholesale Trade (up 87 basis points) driven by the downgrade of a small number of large exposures, partly offset by the repayment of a large exposure;
- Construction (up 74 basis points) driven by the downgrade of a small number of large exposures; and
- Health & Community Services (up 50 basis points) driven by the downgrade of a small number of large exposures.

Half year ended 31 December 2021 vs Half year ended 30 June 2021

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half year ended 30 June 2021. The largest movement was an increase in the Government, Administration & Defence sector of 60 basis points, from 15.3% to 15.9% of the Bank's total committed exposure, driven by an increase in central bank cash holdings as the Bank re-weighted its portfolio as part of ongoing liquidity management activities.

Movements in troublesome and impaired assets (TIA) were mixed across sectors, as total TIA decreased $692 million on the half year ended 30 June 2021 to $6,831 million.

TIA as a percentage of total committed exposures (TCE) was 0.53%, a decrease of 8 basis points on the half year ended 30 June 2021 reflecting:

- Entertainment, Leisure & Tourism (down 202 basis points) mainly driven by the refinancing of a small number of single name exposures;
- Personal & Other Services (down 116 basis points) driven by the reduction of a single name impaired exposure;
- Transport & Storage (down 92 basis points) mainly driven by the refinancing and upgrade of a small number of single name exposures;
- Retail Trade (down 83 basis points) mainly driven by the upgrade of a single name exposure;
- Manufacturing (down 74 basis points) mainly driven by the write-off of a single name exposure;
- Electricity, Water & Gas (down 70 basis points) mainly driven by the upgrade of a single name exposure;
- Agriculture & Forestry (down 63 basis points) driven by refinancing, repayments and upgrade of a small number of single name exposures;
- Education (down 37 basis points) mainly driven by the upgrade of a small number of single name exposures;
- Business Services (down 32 basis points) mainly driven by the upgrade of a single name exposure; and
- Construction (down 31 basis points) mainly driven by the reduction of a single name impaired exposure; partly offset by
- Health & Community Services (up 116 basis points) mainly driven by the downgrade of a single name exposure; and
- Mining, Oil & Gas (up 64 basis points) mainly driven by the downgrade of a single name exposure.

Loan Impairment Provisions and Credit Quality (continued)

Industry Exposure and Asset Quality (continued)

	Total Committed Exposures (TCE)			Troublesome and Impaired Assets (TIA)			TIA % of TCE		
	30 Jun 22	31 Dec 21	30 Jun 21	**30 Jun 22**	31 Dec 21	30 Jun 21	**30 Jun 22**	31 Dec 21	30 Jun 21
Sector	**%**	%	%	**$M**	$M	$M	**%**	%	%
Consumer	**55. 9**	56. 9	57. 5	**1,887**	2,082	1,982	**0. 25**	0. 28	0. 28
Government, Admin. & Defence	**17. 0**	15. 9	15. 3	**–**	–	–	**–**	–	–
Finance & Insurance	**6. 8**	6. 7	6. 5	**65**	51	16	**0. 07**	0. 06	0. 02
Commercial Property	**6. 5**	6. 5	6. 5	**574**	537	653	**0. 66**	0. 64	0. 82
Agriculture & Forestry	**2. 1**	2. 1	2. 1	**651**	677	797	**2. 35**	2. 51	3. 14
Transport & Storage	**1. 8**	2. 0	2. 1	**409**	453	714	**1. 67**	1. 77	2. 69
Manufacturing	**1. 3**	1. 3	1. 3	**356**	421	512	**2. 12**	2. 48	3. 22
Entertainment, Leisure & Tourism	**1. 0**	1. 1	1. 0	**468**	704	914	**3. 34**	5. 04	7. 06
Retail Trade	**1. 0**	1. 0	1. 0	**238**	261	345	**1. 75**	1. 95	2. 78
Health & Community Services	**1. 0**	1. 0	0. 9	**307**	225	74	**2. 35**	1. 85	0. 69
Business Services	**1. 0**	1. 0	0. 9	**261**	330	348	**2. 04**	2. 71	3. 03
Wholesale Trade	**1. 0**	0. 9	0. 9	**400**	257	238	**3. 05**	2. 18	2. 23
Electricity, Water & Gas	**0. 9**	0. 9	1. 0	**5**	77	172	**0. 04**	0. 65	1. 35
Construction	**0. 8**	0. 8	0. 8	**370**	279	295	**3. 31**	2. 57	2. 88
Mining, Oil & Gas	**0. 6**	0. 6	0. 7	**94**	108	66	**1. 21**	1. 40	0. 76
Media & Communications	**0. 4**	0. 4	0. 4	**68**	70	72	**1. 24**	1. 27	1. 32
Education	**0. 3**	0. 2	0. 3	**16**	16	27	**0. 47**	0. 49	0. 86
Personal & Other Services	**0. 2**	0. 3	0. 3	**31**	71	111	**1. 01**	2. 19	3. 35
Other	**0. 4**	0. 4	0. 5	**203**	212	187	**3. 86**	3. 96	3. 25
Total	**100. 0**	100. 0	100. 0	**6,403**	6,831	7,523	**0. 48**	0. 53	0. 61

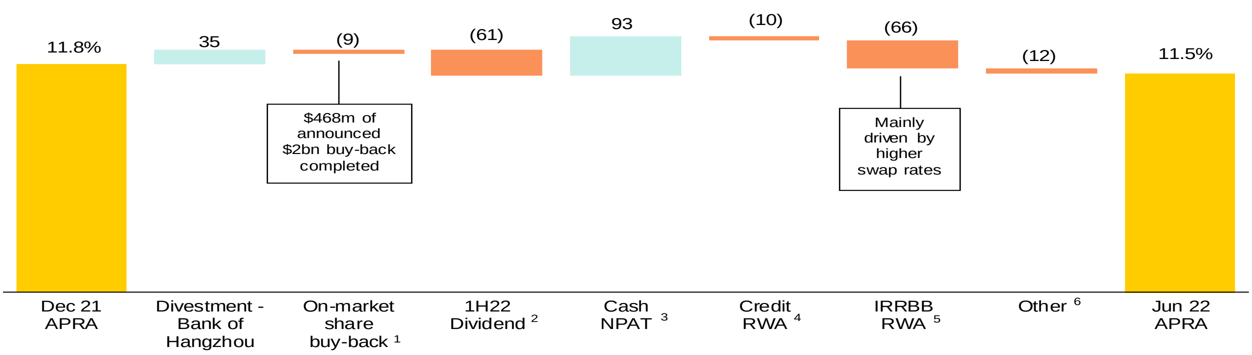
Group Operations and Business Settings (continued)

Capital

Summary Group Capital Adequacy Ratios	30 Jun 22 %	31 Dec 21 %	30 Jun 21 %	Jun 22 vs Dec 21 %	Jun 22 vs Jun 21 %
	As at				
Common Equity Tier 1	**11. 5**	11. 8	13. 1	(30)bpts	(160)bpts
Tier 1	**13. 6**	14. 0	15. 7	(40)bpts	(210)bpts
Tier 2	**4. 0**	4. 0	4. 1	–	(10)bpts
Total Capital (APRA)	**17. 6**	18. 0	19. 8	(40)bpts	(220)bpts
Common Equity Tier 1 (Internationally Comparable) [1]	**18. 6**	18. 4	19. 4	20 bpts	(80)bpts

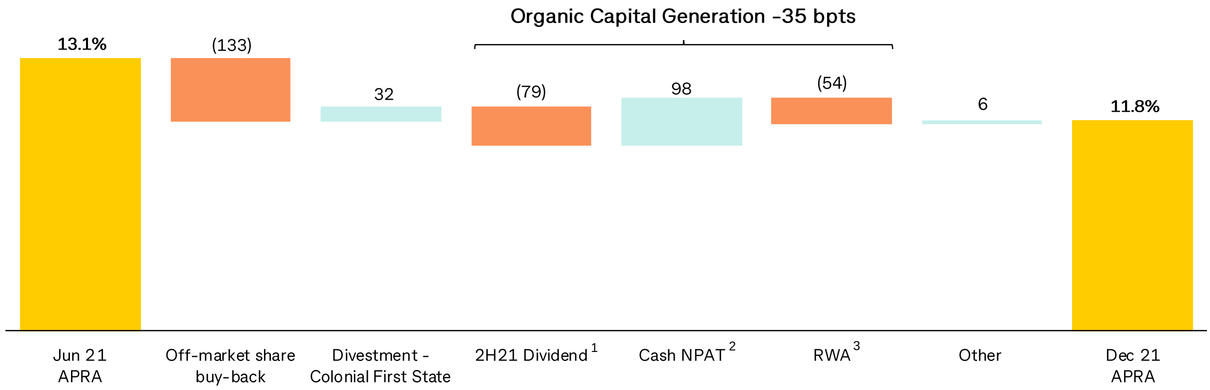
1 Aligns with the 13 July 2015 APRA study titled "International capital comparison study".

Capital – CET1 (APRA)
-30bpts in 2H22



1 Partial completion of previously announced $2 billion on-market share buy-back with 4,853,197 shares purchased at an average price of $96.42, resulting in a reduction of $468 million in CET1 as at 30 June 2022.
2 The 2022 interim dividend included the on-market purchase of $501 million of shares (CET1 impact of 10 basis points) in respect of the Dividend Reinvestment Plan.
3 Excludes net equity accounted profits from associates as they are capital neutral with offsetting increases in regulatory capital deductions.
4 Excludes impact of FX movements.
5 Excludes impact from change in hedge accounting treatment for swaps no longer deemed effective, which is capital neutral with offsetting increases in regulatory capital deductions.
6 Includes the impact of intangibles, movements in reserves and equity investments.

Capital – CET1 (APRA)
-130bpts in 1H22



1 The 2021 final dividend included the on-market purchase of $570 million of shares (CET1 impact of 12 basis points) in respect of the Dividend Reinvestment Plan.
2 Excludes net equity accounted profits from associates as they are capital neutral with offsetting increases in regulatory capital deductions.
3 Excludes impact of FX movements.

Group Operations and Business Settings (continued)

Capital Position

Half year ended 30 June 2022 vs Half year ended 31 December 2021

The Group's CET1 ratio (APRA) was 11.5% as at 30 June 2022, a decrease of 30 basis points from 31 December 2021 and a decrease of 160 basis points from 30 June 2021. The CET1 ratio was above APRA's 'unquestionably strong' benchmark of 10.5% and consistently well in excess of regulatory minimum capital adequacy requirements at all times throughout the full year ended 30 June 2022.

Key drivers of the change in CET1 for the 6 months ended 30 June 2022 were:

- Higher total RWA (-76 basis points, mainly driven by increased IRRBB);
- The 2022 interim dividend (-61 basis points) in which the DRP was satisfied in full by the on-market purchase of shares;
- Other regulatory adjustments (-12 basis points); and
- $468 million of the announced $2 billion on-market share buy-back completed (-9 basis points); partly offset by
- Capital generated from earnings (+93 basis points); and
- Completion of the sale of a 10% shareholding in the Bank of Hangzhou (+35 basis points).

Half year ended 31 December 2021 vs Half year ended 30 June 2021

The Group's CET1 ratio (APRA) was 11.8% as at 31 December 2021, a decrease of 130 basis points from 30 June 2021 and a decrease of 80 basis points from 31 December 2020. The CET1 ratio was above APRA's 'unquestionably strong' benchmark of 10.5% and consistently well in excess of regulatory minimum capital adequacy requirements at all times throughout the half year ended 31 December 2021.

Key drivers of the change in CET1 for the 6 months ended 31 December 2021 were the completion of the $6 billion off-market share buy-back in October 2021 (-133 basis points), the 2021 final dividend (-79 basis points) in which the DRP was satisfied in full by the on-market purchase of shares and higher total RWA (-54 basis points), partly offset by capital generated from earnings (+98 basis points), the completion of the majority sale of Colonial First State (CFS) (+32 basis points) on 1 December 2021 and other regulatory adjustments (+6 basis points).

Capital Initiatives

In addition to the share buy-backs, the following significant capital initiatives were undertaken during the year ended 30 June 2022:

Common Equity Tier 1 Capital

- The DRP in respect of the 2021 final dividend was satisfied in full by the on-market purchase of shares. The participation rate for the final DRP was 16.1%; and
- The DRP in respect of the 2022 interim dividend was satisfied in full by the on-market purchase of shares. The participation rate for the interim DRP was 16.8%.

Additional Tier 1 Capital

- In October 2021, the Bank redeemed $1,450 million of CommBank PERLS VIII Capital Notes that are Basel III compliant Additional Tier 1 capital; and
- In March 2022, the Bank concurrently issued $1,750 million of CommBank PERLS XIV Capital Notes and redeemed $1,640 million of CommBank PERLS IX Capital Notes, both of which are Basel III compliant Additional Tier 1 capital.

Tier 2 Capital

The Group issued the following Basel III compliant subordinated notes:

- AUD1,500 million and AUD135 million in August 2021;
- AUD136 million and JPY14 billion in September 2021;
- USD1,250 million in March 2022;
- AUD700 million and AUD400 million in April 2022; and
- JPY30.5 billion in May 2022.

The Group redeemed the following Basel III compliant subordinated notes:

- USD750 million in October 2021;
- JPY20 billion and two JPY10 billion notes in December 2021;
- ASB redeemed NZD400 million in December 2021;
- JPY13.3 billion and HKD608 million in March 2022; and
- EUR590 million in April 2022.

Group Operations and Business Settings (continued)

Capital (continued)

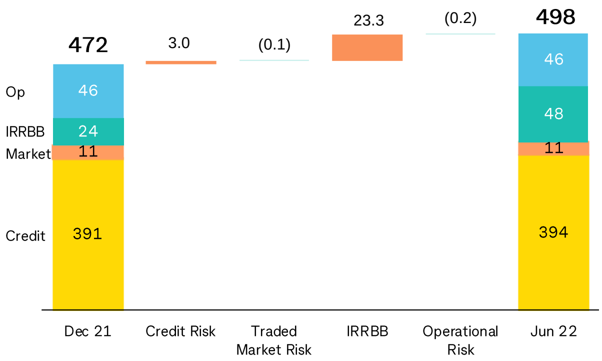
Risk Weighted Assets (RWA)

Total Group Risk Weighted Assets

Half year ended 30 June 2022 vs Half year ended 31 December 2021

Total RWA increased $26.0 billion or 6% on the prior half to $497.9 billion mainly driven by increases in Interest Rate Risk in the Banking Book (IRRBB) RWA and Credit Risk RWA.

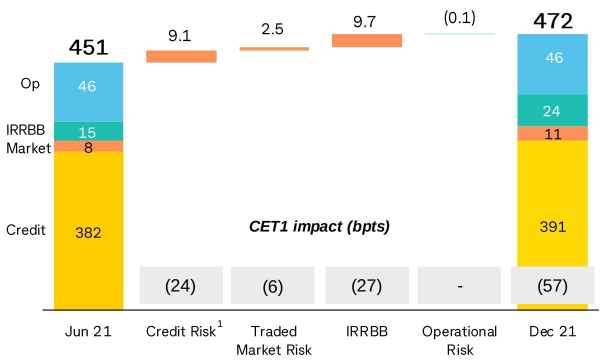
Total Risk Weighted Assets ($B)



Half year ended 31 December 2021 vs Half year ended 30 June 2021

Total RWA increased $21.2 billion or 5% on the half year ended 30 June 2021 to $471.9 billion driven by growth in Interest Rate Risk in the Banking Book (IRRBB) RWA, Credit Risk RWA and Traded Market Risk RWA.

Total Risk Weighted Assets ($B)



1 Includes -3 basis points impact from FX movement, which is capital neutral with offsetting impact in regulatory capital deductions.

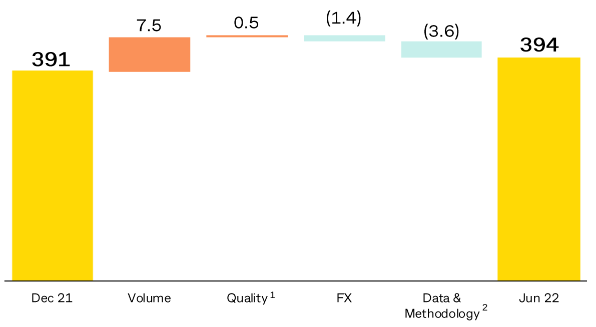
Credit Risk Weighted Assets

Half year ended 30 June 2022 vs Half year ended 31 December 2021

Credit Risk RWA increased $3.0 billion or 1% on the prior half to $393.6 billion. Key drivers include:

- Volume growth (increase of $7.5 billion) across residential mortgages, commercial portfolios and standardised exposures, partly offset by a reduction in unsecured retail portfolios; and
- Credit quality movement (increase of $0.5 billion) driven by an increase in residential mortgage risk weights, partly offset by improvements primarily across non-retail portfolios; partly offset by
- Foreign currency movements (decrease of $1.4 billion); and
- Data and methodology:
  - Credit risk estimates and regulatory treatments movements (decrease of $2.1 billion), primarily driven by regulators' approval of an ASB credit cards model; and
  - Data, methodology and other changes (decrease of $1.5 billion).

Credit Risk Weighted Assets ($B)



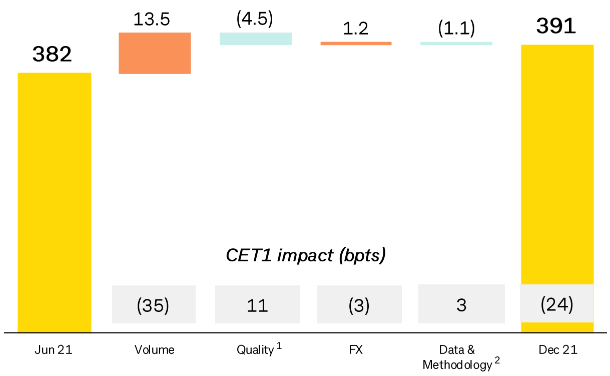
1 Credit quality includes portfolio mix.
2 Includes data and methodology, credit risk estimates changes and regulatory treatments.

Half year ended 31 December 2021 vs Half year ended 30 June 2021

Credit Risk RWA increased $9.1 billion or 2% on the half year ended 30 June 2021 to $390.7 billion. Key drivers include:

- Volume growth (increase of $13.5 billion) across commercial portfolios, residential mortgages, sovereign and securitisation exposures, partly offset by a reduction in unsecured retail portfolios, bank exposures and derivatives; and
- Foreign currency movements (increase of $1.2 billion); partly offset by
- Credit quality movement (decrease of $4.5 billion) driven by improvements across non-retail portfolios, partly offset by an increase in residential mortgage risk weights due to lower proportion of customers in advance; and
- Data and methodology, credit risk estimates and other changes (decrease of $1.1 billion).

Credit Risk Weighted Assets ($B)



1 Credit quality includes portfolio mix.
2 Includes data and methodology, credit risk estimates changes and regulatory treatments.

Capital (continued)

Traded Market Risk Weighted Assets

Half year ended 30 June 2022 vs Half year ended 31 December 2021

Traded Market Risk RWA decreased $0.1 billion or 1% on the prior half to $10.7 billion.

Half year ended 31 December 2021 vs Half year ended 30 June 2021

Traded Market Risk RWA increased $2.5 billion or 30% on the half year ended 30 June 2021 to $10.8 billion. This was driven by an APRA capital overlay to be held until modelling work is completed by the Group and approved by APRA in relation to the revised Risks-Not-In-VaR (RNIV) framework.

Interest Rate Risk Weighted Assets

Half year ended 30 June 2022 vs Half year ended 31 December 2021

IRRBB RWA increased $23.3 billion on the prior half to $47.6 billion. In order to avoid significant earnings volatility through a rate cycle, the Group's equity is invested over a three year investment term (known as "the duration of equity"). Due to the increased market rate volatility in the current half, in particular the significant increase in market swap rates, the amount of IRRBB capital recognised has increased, mainly reflecting the valuation differences to equity invested over a one year term.

Half year ended 31 December 2021 vs Half year ended 30 June 2021

IRRBB RWA increased $9.7 billion or 67% on the half year ended 30 June 2021 to $24.4 billion. In order to avoid significant earnings volatility through a rate cycle, the Group's equity is invested over a three year investment term (known as "the duration of equity"). Due to the increased market rate volatility in the half year ended 31 December 2021, in particular the significant increase in two and three year market swap rates, the amount of IRRBB capital recognised has increased, mainly reflecting the valuation differences to equity invested over a one year term.

Operational Risk Weighted Assets

Half year ended 30 June 2022 vs Half year ended 31 December 2021

Operational Risk RWA decreased $0.2 billion on the prior half to $45.9 billion. As at 30 June 2022, the Operational Risk RWA includes a $6.25 billion add-on required by APRA.

The Group regularly reviews and updates its operational risk RWA to reflect material changes in its operational risk profile in accordance with the Operational Risk Management Framework and governance processes.

Half year ended 31 December 2021 vs Half year ended 30 June 2021

Operational Risk RWA decreased $0.1 billion on the half year ended 30 June 2021 to $46.1 billion. As at 31 December 2021, the Operational Risk RWA includes a $6.25 billion add-on required by APRA.

Basel Regulatory Framework

Background

APRA has implemented a set of capital, liquidity and funding reforms based on the Basel Committee on Banking Supervision (BCBS) "Basel III" framework. The objectives of the reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk. The APRA prudential standards require a minimum CET1 ratio or Prudential Capital Requirement (PCR) of 4.5%. An additional CET1 capital conservation buffer (CCB) of 3.5%, inclusive of a Domestic Systemically Important Bank (D-SIB) requirement of 1% and a countercyclical capital buffer (CCyB)[1] of 0%, brings the minimum CET1 ratio requirement to 8%. Under the revised regulatory capital framework to be implemented by APRA from 1 January 2023, a number of revisions have been made including a 2.25% increase in the CCB, inclusive of a 1% CCyB, bringing the total CET1 requirement to 10.25%.

Unquestionably Strong Capital Ratios

In July 2017, APRA released an information paper establishing the quantum of additional capital required for the Australian banking sector to have capital ratios that are unquestionably strong.

Under the existing capital framework, APRA's expectation is that the Australian major banks will operate for the majority of the year with a CET1 ratio of 10.5% or more. As at 30 June 2022, the Group's CET1 ratio was 11.5%, and was above the 10.5% benchmark for the entire 2022 financial year.

In November 2021, APRA finalised the revisions to the overall design of the capital framework, to be implemented on 1 January 2023. These revisions will result in changes to the calculation of RWA and will therefore result in changes to the presentation of bank capital ratios. APRA expects that capital ratios will increase, as the amount of RWA will likely fall.

Refer to "Regulatory Reforms" section for further detail.

COVID-19 Customer Support Measures

The Group's customer support measures, including the temporary loan deferral programs, concluded during the year ended 30 June 2022, with the vast majority of customers participating in the loan deferral programs returning to regular repayments on their loans.

Pillar 3 Disclosures

Details on the market disclosures required under Pillar 3, per APRA Prudential Standard APS 330 "Public Disclosure", are provided on the U.S. Investor Website.

1 In December 2021, APRA announced that the CCyB for Australian exposures will remain at 0%. The Bank has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed.

Capital (continued)

Regulatory Reforms

APRA

Implementation of revised regulatory capital framework

From 1 January 2023, APRA will implement its revisions to the ADI capital framework. The objectives of these revisions are to increase the risk sensitivity within the capital framework, to enhance the ability of ADIs to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards.

APRA's revisions, which were finalised in November 2021, include the following changes with respect to major Internal Ratings-based (IRB) ADIs such as CBA:

- A minimum CET1 Capital Ratio of 10.25%, which is comprised of a minimum PCR of 4.5% and a CCB of 5.75%, which includes a D-SIB buffer of 1% and a baseline CCyB set at 1%. The CCyB, which may be varied by APRA in the range of 0-350 basis points, can be released in times of systemic stress and post-stress recovery;
- Enhancing risk sensitivity in the residential mortgage and commercial property portfolio, through greater allowance of an ADI's own models to measure credit risk capital, and higher capital requirements for high-risk segments such as interest only and investor mortgages;
- Replacing the operational AMA with a standardised approach across the industry;
- Implementing a 72.5% output floor to limit the gap in capital requirements between standardised and IRB ADIs; and
- Further aligning the RWA of New Zealand banking subsidiaries at the consolidated group level by adopting a revised version of the RBNZ capital framework.

Other APRA Revisions

In January 2022, APRA changed its approach on equity exposures to banking and insurance subsidiaries of ADIs under the revised APS 111 "Capital Adequacy: Measurement of Capital". The revised standard requires each individual equity exposure to be risk-weighted at 250% up to 10% of the ADI's Level 1 CET1 capital, with any excess above that threshold to be deducted from Level 1 CET1 capital. The revision resulted in an increase to the Group's Level 1 CET1 capital ratio of 20 basis points. There is no impact to the Group's Level 2 CET1 capital ratio.

On 1 January 2022, the APRA requirements released under the final APS 222 "Associations with Related Entities" came into effect. The revised standard is intended to strengthen the ability of ADIs to monitor, limit and control risk arising from transactions and other associations with related entities.

On 1 January 2022, the APRA requirements released under the final APS 220 "Credit Risk Management" came into effect. The revised standard is broader in application covering credit standards as well as the ongoing monitoring and management of credit portfolios.

From 1 January 2024, D-SIBs, including CBA, will be required to hold an additional Total Capital requirement of 3% of RWA to satisfy APRA's loss-absorbing capital requirements. This will increase to 4.5% from 1 January 2026.

In January 2024, changes to APS 117 "Capital Adequacy: Interest Rate Risk in the Banking Book" will be implemented by APRA. This is expected to be followed by changes to APS 116 "Capital Adequacy: Market Risk", also known as the Fundamental Review of the Trading Book, and APS 180 "Capital Adequacy: Counterparty Credit Risk" in 2025. APRA is yet to commence consultation on the changes to APS 116 and APS 180.

Reserve Bank of New Zealand (RBNZ)

In June 2021, the RBNZ finalised its bank capital adequacy requirements. These requirements include the RWA of New Zealand internal ratings-based (IRB) banks, such as ASB Bank Limited, increasing to approximately 90% of that required under a standardised approach. In addition, for those banks deemed systemically important, including ASB, the Tier 1 capital requirement will increase to 16% of RWA, of which 13.5% must be in the form of CET1 capital. Tier 2 capital will remain in the framework, and can contribute up to 2% of the 18% minimum Total Capital ratio. Existing Additional Tier 1 and Tier 2 instruments issued by New Zealand banks will no longer be eligible under RBNZ's new capital criteria.

These reforms have been phased in from 1 October 2021 with full implementation on 1 July 2028.

Capital (continued)

The tables below show the APRA Basel III capital adequacy calculation at 30 June 2022 together with prior period comparatives.

	As at		
	30 Jun 22	31 Dec 21	30 Jun 21
	$M	$M	$M
Ordinary share capital and treasury shares			
Ordinary share capital	**36,467**	36,949	38,420
Treasury shares	**26**	9	12
Ordinary share capital and treasury shares	**36,493**	36,958	38,432
Reserves	**(460)**	2,848	3,249
Retained earnings and current period profits			
Retained earnings and current period profits	**36,826**	34,861	37,014
Retained earnings adjustment from non-consolidated subsidiaries [1]	**(131)**	(125)	(486)
Net retained earnings	**36,695**	34,736	36,528
Non-controlling interests			
Non-controlling interests [2]	**5**	5	5
Less other non-controlling interests not eligible for inclusion in regulatory capital	**(5)**	(5)	(5)
Non-controlling interests	**–**	–	–
Common Equity Tier 1 Capital before regulatory adjustments	**72,728**	74,542	78,209

1 Cumulative current period profit and retained earnings adjustments for subsidiaries not consolidated for regulatory purposes.

2 Non-controlling interests predominantly comprise of external equity interests of subsidiaries.

Capital (continued)

	As at		
	30 Jun 22	31 Dec 21	30 Jun 21
	$M	$M	$M
Common Equity Tier 1 regulatory adjustments			
Goodwill [1]	**(5,330)**	(5,330)	(6,017)
Other intangibles (including software) [2]	**(1,548)**	(1,722)	(1,570)
Capitalised costs and deferred fees	**(1,056)**	(984)	(865)
Defined benefit superannuation plan surplus [3]	**(406)**	(325)	(364)
Deferred tax asset	**(3,016)**	(2,353)	(2,496)
Cash flow hedge reserve	**859**	41	(467)
Employee compensation reserve	**(94)**	(55)	(103)
Equity investments [4]	**(4,651)**	(8,017)	(6,782)
Equity investments in non-consolidated subsidiaries [5]	**(242)**	(217)	(545)
Shortfall of provisions to expected losses [6]	**(18)**	(14)	–
Unrealised fair value adjustments [7]	**(131)**	(25)	(10)
Other	**(72)**	(77)	(124)
Common Equity Tier 1 regulatory adjustments	**(15,705)**	(19,078)	(19,343)
Common Equity Tier 1	**57,023**	55,464	58,866
Additional Tier 1 Capital			
Basel III complying instruments [8]	**10,535**	10,425	11,875
Basel III non-complying instruments net of transitional amortisation [9]	**–**	138	133
Total Additional Tier 1 Capital	**10,535**	10,563	12,008
Total Tier 1 Capital	**67,558**	66,027	70,874
Tier 2 Capital			
Basel III complying instruments [10]	**19,491**	17,127	16,644
Basel III non-complying instruments net of transitional amortisation [11]	**–**	264	266
Holding of Tier 2 Capital [12]	**(519)**	(37)	(34)
Prudential general reserve for credit losses [13]	**1,020**	1,574	1,596
Total Tier 2 Capital	**19,992**	18,928	18,472
Total Capital	**87,550**	84,955	89,346

1 Includes goodwill from discontinued operations.

2 Other intangibles (including capitalised software costs), net of any associated deferred tax liability.

3 Represents the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability.

4 Represents the Group's non-controlling interest in other entities. Reduction in the half year ended 30 June 2022 primarily driven by the completion of the sale of a 10% shareholding in Bank of Hangzhou and the revaluation of Klarna.

5 Non-consolidated subsidiaries consist of the insurance and fund management entities, and qualifying securitisation vehicles that meets APRA's operational requirement for regulatory capital relief under APS 120 "Securitisation". Reduction in the half year ended 31 December 2021 attributable to the completion of the majority sale of Colonial First State Group on 1 December 2021.

6 Represents the shortfall between the regulatory Expected Losses (EL) and Eligible Provisions (EP) with respect to credit portfolios which are subject to the AIRB approach. The adjustment is assessed separately for both defaulted and non-defaulted exposures. Where there is an excess of EL over EP in either assessments, the difference must be deducted from CET1. For non-defaulted exposures, where the EL is lower than the EP, this may be included in Tier 2 Capital up a maximum of 0.6% of total credit RWAs.

7 Includes gains due to changes in the Group's credit risk on fair valued liabilities and other prudential valuation adjustments.

8 As at 30 June 2022, comprises PERLS XIV $1,750 million (March 2022), PERLS XIII $1,180 million (April 2021), PERLS XII $1,650 million (November 2019), PERLS XI $1,590 million (December 2018), PERLS X $1,365 million (April 2018), and PERLS VII $3,000 million (October 2014).

9 Represents APRA Basel III non-compliant Additional Tier 1 Capital Instruments that were eligible for Basel III transitional relief up until 1 January 2022.

10 In the half year ended 30 June 2022, the Group issued a USD1,250 million, an AUD700 million, an AUD400 million and a JPY30.5 billion subordinated note, that were Basel III compliant. In the half year ended 31 December 2021, the Group issued an AUD1,500 million, an AUD136 million, an AUD135 million and a JPY14 billion subordinated note that were Basel III complaint.

11 Represents APRA Basel III non-compliant Tier 2 capital instruments that were eligible for inclusion in regulatory capital up until 1 January 2022 as part of the Basel III transitional relief arrangements.

12 Includes the Group's holdings of other banks' Total Loss Absorbing Capacity (TLAC) instruments which are required to be deducted from the Group's Tier 2 Capital under the revised APS111 Capital Adequacy: Measurement of Capital effective 1 January 2022.

13 Represents the collective provision and general reserve for credit losses for exposures in the Group which are measured for capital purposes under the Standardised approach to credit risk.

Capital (continued)

Risk Weighted Assets (RWA)	30 Jun 22 $M	31 Dec 21 $M	30 Jun 21 $M
	As at		
Credit Risk			
Subject to AIRB approach [1]			
Corporate	**69,621**	68,406	66,664
SME Corporate	**29,671**	30,141	29,845
SME retail	**5,797**	5,730	5,935
SME retail secured by residential mortgage	**2,725**	2,789	2,947
Sovereign	**2,249**	2,463	2,466
Bank	**4,194**	4,359	5,379
Residential mortgage	**171,819**	167,999	159,758
Qualifying revolving retail	**5,022**	5,031	5,466
Other retail	**8,815**	10,804	11,177
Total RWA subject to AIRB approach	**299,913**	297,722	289,637
Specialised lending exposures subject to slotting criteria	**67,078**	65,825	63,705
Subject to Standardised approach			
Corporate	**506**	1,289	1,234
SME corporate	**573**	641	805
SME retail	**2,169**	2,291	2,500
Sovereign	**322**	348	289
Bank	**50**	48	52
Residential mortgage	**6,429**	6,380	6,523
Other retail	**1,078**	971	938
Other assets	**8,276**	8,028	8,013
Total RWA subject to Standardised approach	**19,403**	19,996	20,354
Securitisation	**3,439**	3,486	3,106
Credit valuation adjustment	**3,136**	3,110	4,157
Central counterparties	**678**	548	591
Total RWA for Credit Risk Exposures	**393,647**	390,687	381,550
Traded market risk	**10,683**	10,803	8,307
Interest rate risk in the banking book	**47,640**	24,356	14,619
Operational risk	**45,922**	46,081	46,204
Total risk weighted assets	**497,892**	471,927	450,680

1 Pursuant to APRA requirements, RWA amounts derived from AIRB risk weight functions have been multiplied by a scaling factor of 1.06.

Group Operations and Business Settings (continued)

Leverage Ratio

Summary Group Leverage Ratio	As at 30 Jun 22	31 Dec 21	30 Jun 21	Jun 22 vs Dec 21 %	Jun 22 vs Jun 21 %
Tier 1 Capital ($M)	**67,558**	66,027	70,874	2	(5)
Total Exposures ($M) [1]	**1,295,368**	1,240,349	1,178,061	4	10
Leverage Ratio (APRA) (%)	**5. 2**	5. 3	6. 0	(10)bpts	(80)bpts
Leverage Ratio (Internationally Comparable) (%) [2]	**5. 9**	6. 2	6. 9	(30)bpts	(100)bpts

1 Total exposures is the sum of on Balance Sheet exposures, derivatives, Securities Financing Transactions (SFTs), and off Balance Sheet exposures, net of any Tier 1 regulatory deductions, as outlined in APS 110 "Capital Adequacy".

2 The Tier 1 Capital included in the calculation of the internationally comparable leverage ratio aligns with the 13 July 2015 APRA study titled "International capital comparison study", and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

The Group's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.2% at 30 June 2022 on an APRA basis. The ratio decreased 10 basis points from 31 December 2021, driven by a 4% increase in exposures due to higher lending volumes and liquid assets, partly offset by a 2% increase in Tier 1 Capital. The leverage ratio was 5.9% at 30 June 2022 on an internationally comparable basis.

In November 2021, APRA released final prudential standards, which included changes to the definition of exposures related to derivatives and off Balance Sheet items and a minimum leverage ratio requirement of 3.5% for IRB banks, applicable from 1 January 2023.

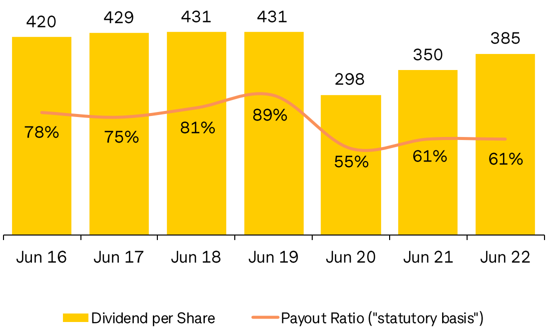
Dividends

Final dividend for the Year Ended 30 June 2022

The final dividend determined was $2.10 per share, bringing the total dividend for the year ended 30 June 2022 to $3.85, an increase of 35 cents compared to the prior full year dividend. The dividend payout ratio ("statutory basis") for the full year ended 30 June 2022 was 61% and for the half year ended 30 June 2022 was 73%.

The final dividend will be fully franked and is expected to be paid on or around 29 September 2022 to owners of ordinary shares at the close of business on 18 August 2022 (record date). Shares were quoted ex-dividend on 17 August 2022.

Full Year Dividend History (cents per share)



Dividend Reinvestment Plan (DRP)

The DRP will continue to be offered to shareholders, and no discount will be applied to shares allocated under the plan for the final dividend. The DRP for the 2022 final dividend is anticipated to be satisfied in full by an on-market purchase of shares.

Dividend Policy

The Bank will seek to:

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

Liquidity

	Quarterly Average Ended [1]				
	30 Jun 22	30 Jun 21	30 Jun 20	Jun 22 vs	Jun 22 vs
Level 2	**$M**	$M	$M	Jun 21 %	Jun 20 %
Liquidity Coverage Ratio (LCR) Liquid Assets					
High Quality Liquid Assets (HQLA) [2]	**174,138**	126,827	121,889	37	43
Committed Liquidity Facility (CLF) [3]	**17,277**	48,650	68,931	(64)	(75)
Total LCR Liquid Assets	**191,415**	175,477	190,820	9	–
Net Cash Outflows (NCO)					
Customer deposits	**110,616**	102,915	93,759	7	18
Wholesale funding	**16,265**	11,631	11,869	40	37
Other net cash outflows [4]	**20,916**	21,424	17,935	(2)	17
Total NCO	**147,797**	135,970	123,563	9	20
Liquidity Coverage Ratio (%)	**130**	129	155	100 bpts	(large)
LCR Surplus	**43,618**	39,507	67,257	10	(35)

1 The averages presented are calculated as simple averages of daily observations over the quarter. Spot LCR for 30 June 2022 was 127% (30 June 2021: 127%; 30 June 2020: 145%).

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

3 Committed Liquidity Facility (CLF) includes CLF of $15 billion as at 30 June 2022 (30 June 2021: $30 billion; 30 June 2020: $45.8 billion) and the Group's average undrawn TFF allowance of nil (30 June 2021: $18.7 billion; 30 June 2020: $45.8 billion) as per APRA guidance.

4 Includes cash inflows.

Liquidity Coverage Ratio (LCR)

Year Ended 30 June 2022 vs Year Ended 30 June 2021

The Group holds what management believes to be high quality, well diversified liquid assets to meet Balance Sheet liquidity needs, and regulatory requirements, including APRA's Liquidity Coverage Ratio (LCR). The LCR requires Australian Authorised Deposit-taking Institutions (ADIs) to hold sufficient liquid assets to meet 30 day Net Cash Outflows (NCOs) projected under a prescribed stress scenario. LCR liquid assets consist of High Quality Liquid Assets (HQLA) in the form of cash, deposits with central banks, government securities, and other repo-eligible securities with the Reserve Bank of Australia (RBA) under the Committed Liquidity Facility (CLF). Given the limited amount of government securities in Australia, the RBA provides participating ADIs access to contingent liquidity on a secured basis via the CLF.

In March 2020, the RBA announced the establishment of a three-year Term Funding Facility (TFF) offered to eligible ADIs to support lending to Australian businesses with fixed rate funding (0.25% for drawdowns up to 4 November 2020, and 0.10% for new drawdowns from 4 November 2020 onwards). Access to drawdown of the facility ended on 30 June 2021, with the Group having fully drawn on its total available TFF allocation of $51.1 billion, comprised of $19.1 billion of Initial Allowance, $13.0 billion of Supplementary Allowance and $19.0 billion of Additional Allowance.

In September 2021, APRA announced a sector-wide phased reduction in the reliance on the CLF to zero by the end of calendar year 2022, subject to financial market conditions, as APRA and the RBA expect there will be sufficient HQLA for ADIs to meet their LCR requirements without the need to utilise the CLF. The Group's access to CLF reduced by $15 billion in the current half to $15 billion as at 30 June 2022 (31 December 2021: $30 billion; 30 June 2021 $30 billion).

The Group's June 2022 quarterly average LCR was 130%, a decrease of 4% compared to the quarterly average ended December 2021, and an increase of 1% from the quarterly average ended June 2021. The LCR remains well above the regulatory minimum of 100%.

Compared to the December 2021 quarterly average, the Group's LCR liquid assets decreased by $8.3 billion or 4% due to a $12.7 billion decrease in the Group's CLF, partly offset by $4.4 billion in HQLA. The Group's 30 day modelled NCOs decreased by $1.8 billion or 1% due to a reduction in other net cash outflows.

Compared to the June 2021 quarterly average, the Group's LCR liquid assets and 30 day modelled NCOs increased by $15.9 billion and $11.8 billion respectively, driven by the strong growth in customer deposits.

Year Ended 30 June 2021 vs Year Ended 30 June 2020

The Group's June 2021 quarterly average LCR was 129%, a decrease of 26% from the June 2020 quarterly average. LCR liquid assets decreased by $15.3 billion or 8% due to a decrease in the Group's CLF partly offset by an increase in the total undrawn TFF allowance. The Group's 30 day modelled NCOs increased by $12.4 billion or 10% as a result of strong growth in at-call customer deposits.

Group Operations and Business Settings (continued)

Debt Issues

Debt Issues	As at 30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M
Medium-term notes	**61,271**	58,260	80,877
Commercial paper	**19,306**	2,061	12,468
Securitisation notes	**7,473**	9,721	11,677
Covered bonds	**28,852**	32,961	37,456
Bank Acceptances	**–**	–	25
Total debt issues [1]	**116,902**	103,003	142,503
Short-Term Debt Issues by currency			
USD	**19,231**	2,061	12,410
AUD	**575**	–	29
GBP	**709**	860	5,175
Other currencies	**76**	4	28
Total short-term debt issues	**20,591**	2,925	17,642
Long-Term Debt Issues by currency [2]			
USD [3]	**34,395**	26,180	39,568
EUR	**25,650**	29,664	33,556
AUD	**23,019**	30,165	34,912
GBP	**3,796**	4,549	4,938
NZD	**3,063**	2,275	3,351
JPY	**1,259**	1,283	1,730
Other currencies	**5,129**	5,962	6,806
Total long-term debt issues	**96,311**	100,078	124,861
Maturity Distribution of Debt Issues [4]			
Less than twelve months	**36,876**	29,454	36,406
Greater than twelve months	**80,026**	73,549	106,097
Total debt issues	**116,902**	103,003	142,503

1 Debt issues include a $1,520 million decrease from unrealised movements due to fair value hedge adjustments partly offset by foreign exchange losses (30 June 2021: a decrease of $7,734 million from unrealised movements due to fair value hedge adjustments and foreign exchange gains).

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.

For further information on the Bank's Debt Issues please see Note 4.3 of the 2022 Financial Report.

An analysis of our borrowings and outstandings from existing debt programs and issuing shelves including the maturity profile, currency and interest rate structure can be found in Notes 4.3 and 8.2 of the 2022 Financial Report.

Debt Issues (continued)

The following table details the current debt programmes along with size as at 30 June 2022. Access in a timely and flexible manner to a diverse range of debt markets and investors is provided by the following programmes.

Debt Programmes

Programme	Programme Type
Australia	
Unlimited	Domestic Debt Issuance Programme
Euro Market	
EUR 7 billion	ASB Covered Bond Programme [1]
USD 7 billion	ASB Euro Commercial Paper Programme [1]
USD 15 billion	CBA Euro Commercial Paper and Certificate of Deposit Programme
USD 70 billion	Euro Medium Term Note Programme [2]
New Zealand	
Unlimited	ASB Domestic Medium-Term Note Programme [3]
Unlimited	ASB Registered Certificate of Deposit Programme [3]
United States	
USD 7 billion	ASB US Commercial Paper Programme [1]
USD 10 billion	ASB US Rule 144A/Regulation S Medium-Term Note Programme [3]
USD 35 billion	CBA US Commercial Paper Programme
USD 50 billion	CBA U.S. Rule 144A/Regulation S Medium-Term Note Programme
USD 40 billion	CBA Covered Bond Programme
USD 25 billion	CBA 3(a)(2) Medium-Term Note Programme

1 ASB Finance Limited is the issuer under these programs. Issuances are unconditionally and irrevocably guaranteed by ASB Bank Limited.

2 This is a joint program between CBA and ASB Finance Limited. Issuances by ASB Finance Limited under the program are unconditionally and irrevocably guaranteed by ASB Bank Limited.

3 ASB Bank Limited is the issuer under these programs.

Funding

Group Funding [1]	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	Jun 22 vs Jun 21 %	Jun 22 vs Jun 20 %
	As at				
Customer deposits	**777,763**	702,215	642,402	11	21
Short-term wholesale funding [2]	**82,239**	64,228	70,373	28	17
Long-term wholesale funding - less than or equal to one year residual maturity [3]	**24,696**	35,129	22,147	(30)	12
Long-term wholesale funding - more than one year residual maturity [3]	**161,427**	143,086	125,563	13	29
IFRS MTM and derivative FX revaluations	**(5,684)**	3,445	7,241	(large)	(large)
Total wholesale funding	**262,678**	245,888	225,324	7	17
Short-term collateral deposits [4]	**6,316**	13,436	4,436	(53)	42
Total funding	**1,046,757**	961,539	872,162	9	20

1 Shareholders' equity is excluded from this view of funding sources.
2 Short-term wholesale funding includes debt with an original maturity or call date of less than or equal to 12 months, and consists of certificates of deposit and bank acceptances, debt issued under the Euro Medium Term Note (EMTN) program and the domestic, Euro and US commercial paper programs of Commonwealth Bank of Australia and ASB. Short-term wholesale funding also includes deposits from banks and central banks as well as net securities that are not classified as high quality liquid assets sold or purchased under repurchase agreements.
3 Long-term wholesale funding includes debt with an original maturity or call date of greater than 12 months and the Group's drawn TFF allowance.
4 Short-term collateral deposits includes net collateral received, Vostro balances, and other net repurchase agreements not reported above, including the amount pledged with the Reserve Bank to facilitate intra-day cash flows in the Exchange Settlement Account (ESA).

Year Ended 30 June 2022 vs Year Ended 30 June 2021

Customer Deposits

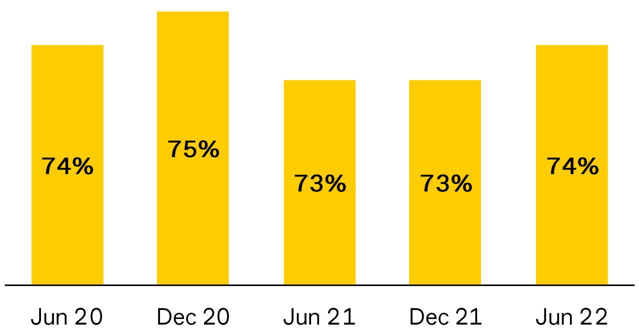
Customer deposits accounted for 74% of total funding at 30 June 2022, an increase of 1% from 73% at both 31 December 2021 and 30 June 2021. The Group satisfied a significant proportion of its funding requirements from retail, business, and institutional customer deposits.

Short-Term Wholesale Funding

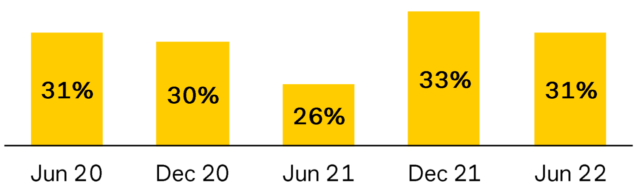
Short-term wholesale funding includes debt with an original maturity or call date of less than 12 months, and consists of Certificates of Deposit and Bank Acceptances, as well as debt issued under domestic, Euro and US Commercial paper programs by the Bank and ASB.

Short-term wholesale funding accounted for 31% of total wholesale funding at 30 June 2022, a decrease of 2% from 33% at 31 December 2021 and an increase of 5% from 26% at 30 June 2021. The Group continues to maintain what it believes to be a conservative funding mix.

Customers Deposits to Total Funding Ratio



Short-Term to Total Wholesale Funding Ratio



Funding (continued)

Long-Term Wholesale Funding

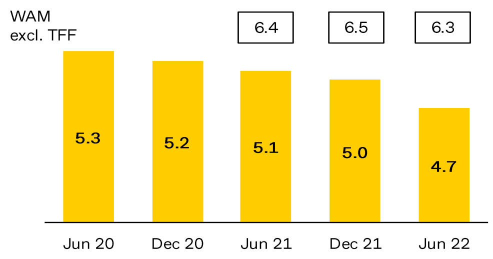
Long-term wholesale funding includes debt with an original maturity or call date greater than 12 months.

Long-term wholesale funding (including IFRS MTM and derivative FX revaluations) accounted for 69% of total wholesale funding at 30 June 2022 (31 December 2021: 67%, 30 June 2021: 74%).

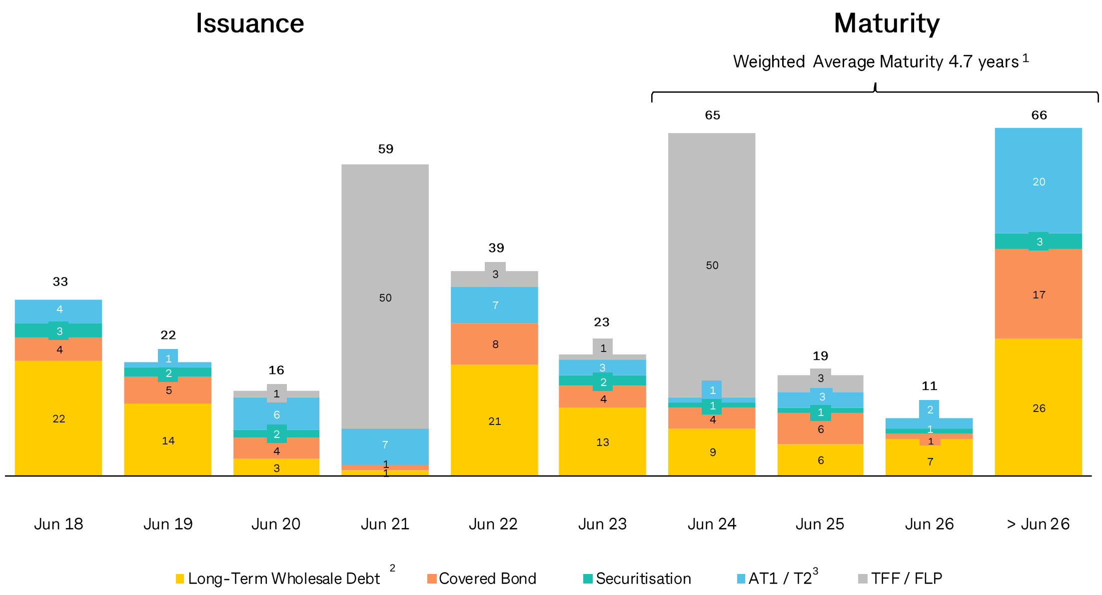
During the full year to 30 June 2022, the Group raised $39 billion of long-term wholesale funding across various instruments. The Group will be actively managing the maturity profile of the TFF across the 2023 – 2025 financial years through a range of funding sources.

The Weighted Average Maturity (WAM) of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2022 was 4.7 years (6.3 years excluding the TFF).

Weighted Average Maturity of Long-Term Wholesale Debt (years) [1]



Long-Term Wholesale Funding Profile ($B)



1 Represents the weighted average maturity of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2022 including the TFF drawdown.

2 Includes Senior Bonds and Structured MTN.

3 Additional Tier 1 and Tier 2 Capital.

Year Ended 30 June 2021 vs Year Ended 30 June 2020

Customer Deposits

Customer deposits accounted for 73% of total funding at 30 June 2021, a decrease of 2% from 75% at 31 December 2020 and a decrease of 1% from 74% at 30 June 2020. The Group satisfied a significant proportion of its funding requirements from retail, business, and institutional customer deposits.

Short-Term Wholesale Funding

Short-term wholesale funding accounted for 26% of total wholesale funding at 30 June 2021, a decrease of 4% from 30% at 31 December 2020 and a decrease of 5% from 31% at 30 June 2020. The Group continued to maintain what it believes to be a conservative funding mix.

Long-Term Wholesale Funding

Long-term wholesale funding (including IFRS MTM and derivative FX revaluations) accounted for 74% of total wholesale funding at 30 June 2021, an increase of 4% from 70% at 31 December 2020 and an increase of 5% from 69% at 30 June 2020.

During the full year to 30 June 2021, the Group raised $9.0 billion of long-term wholesale funding, primarily in capital instruments. In addition, the Group drew down on $49.6 billion of its TFF allowance taking the total long-term funding for the 12 months to 30 June 2021 to $59.1 billion.

The Weighted Average Maturity (WAM) of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2021 was 5.1 years (6.4 years excluding the TFF).

Net Stable Funding Ratio (NSFR)

	Full Year Ended				
	30 Jun 22	31 Dec 21	30 Jun 21	Jun 22 vs	Jun 22 vs
Level 2	**$M**	$M	$M	Dec 21 %	Jun 21 %
Required Stable Funding					
Residential Mortgages ≤35% [1]	**318,209**	295,637	275,208	8	16
Other Loans	**258,189**	251,753	249,616	3	3
Liquid and other assets	**62,826**	71,856	69,408	(13)	(9)
Total Required Stable Funding	**639,224**	619,246	594,232	3	8
Available Stable Funding					
Capital	**103,255**	104,034	108,719	(1)	(5)
Retail and SME deposits	**477,365**	467,757	430,483	2	11
Wholesale funding & other	**252,689**	240,777	226,408	5	12
Total Available Stable Funding	**833,309**	812,568	765,610	3	9
Net Stable Funding Ratio (NSFR) (%)	**130**	131	129	(100)bpts	100 bpts

1 This represents residential mortgages with a risk weighting of less than or equal to 35% under APRA standard APS 112 “Capital Adequacy: Standardised Approach to Credit Risk”.

Net Stable Funding Ratio (NSFR)

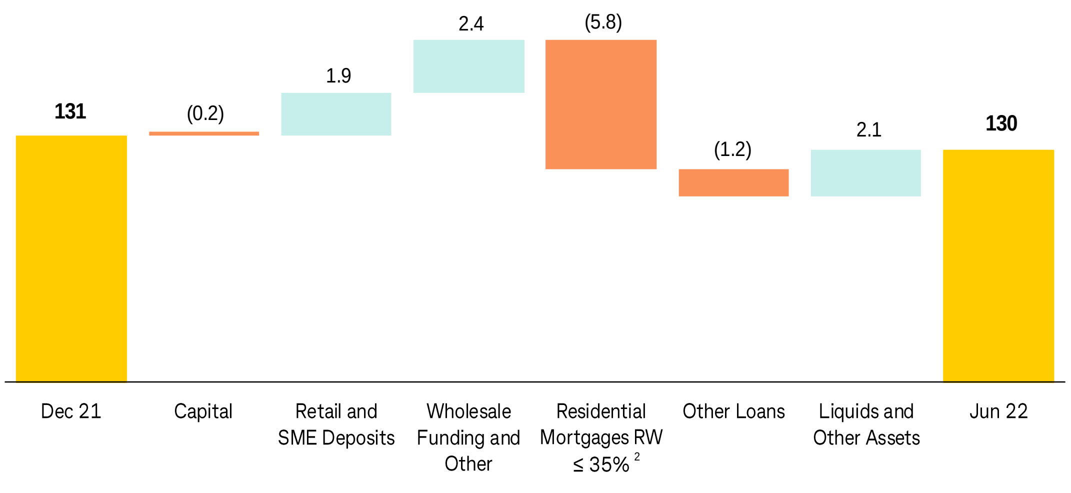
The Net Stable Funding Ratio (NSFR) requirement is designed to encourage stable funding of core assets. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding sources.

The Group’s NSFR was 130% at 30 June 2022, a decrease of 1% from 131% at 31 December 2021 and an increase of 1% from 129% at 30 June 2021. The NSFR remains well above the regulatory minimum of 100%.

The 3% increase in Required Stable Funding (RSF) over the half primarily reflects strong growth in residential mortgages and business lending.

The 3% increase in Available Stable Funding (ASF) over the half was driven by the strong growth in Retail and SME deposits, and an increase in wholesale funding issuances. This was partly offset by a reduction in capital, following the payment of the FY22 interim dividend and the partial completion of the on-market share buy-back.

NSFR Movement (%)



2 Primarily reflecting the impact on NSFR from volume growth in mortgages.

Contents

5. Divisional Performance

Divisional Performance

Divisional Summary

Divisional Summary	Retail Banking Services[1] M	Business Business M	Institutional Banking and Markets M	New Zealand M	Corporate Centre and Other M	Wealth Management M	Total M
	Full Year Ended 30 June 2022						
Net interest income	9,636	5,829	1,534	2,334	140	–	**19,473**
Other banking income	1,371	1,302	761	420	1,361	–	**5,215**
Total banking income	11,007	7,131	2,295	2,754	1,501	–	**24,688**
Funds management income	10	–	–	139	(14)	–	**135**
Insurance income	73	–	–	–	–	–	**73**
Total income	11,090	7,131	2,295	2,893	1,487	–	**24,896**
Operating expenses	(4,468)	(2,733)	(988)	(1,104)	(2,342)	–	**(11,635)**
Loan impairment benefit/(expense)	401	(110)	111	(37)	(8)	–	**357**
Net profit/(loss) before tax	7,023	4,288	1,418	1,752	(863)	–	**13,618**
Corporate tax (expense)/benefit	(2,094)	(1,287)	(368)	(487)	213	–	**(4,023)**
Net profit/(loss) after tax from continuing operations ("cash basis")	4,929	3,001	1,050	1,265	(650)	–	**9,595**
Net profit after tax from discontinued operations	–	–	–	–	17	96	**113**
Net profit after tax ("cash basis")	4,929	3,001	1,050	1,265	(633)	96	**9,708**
(Loss)/gain on disposal and acquisition of entities net of transaction costs	(130)	20	–	–	84	981	**955**
Hedging and IFRS volatility	–	–	–	(536)	644	–	**108**
Net profit after tax - "statutory basis"[2]	4,799	3,021	1,050	729	95	1,077	**10,771**

	Retail Banking Services[1] %	Business Business %	Institutional Banking and Markets %	New Zealand %	Corporate Centre and Other %	Wealth Management %	Total %
	Full Year Ended 30 June 2022 vs Full Year Ended 30 June 2021[3]						
Net interest income	(1)	4	–	9	(45)	–	**1**
Other banking income	(11)	(5)	(1)	7	large	–	**15**
Total banking income	(3)	2	–	8	large	–	**4**
Funds management income	(69)	–	–	(1)	(large)	–	**(18)**
Insurance income	(50)	–	–	–	large	–	**(50)**
Total income	(3)	2	–	8	large	–	**3**
Operating expenses	(4)	2	1	3	17	–	**2**
Loan impairment expense	(large)	(52)	large	large	(92)	–	**(large)**
Net profit/(loss) before tax	5	5	15	8	(38)	–	**11**
Corporate tax expense	4	4	20	7	(49)	–	**12**
Net profit/(loss) after tax from continuing operations ("cash basis")	5	6	13	9	(33)	–	**11**
Net profit after tax from discontinued operations	–	–	–	–	21	(28)	**(24)**
Net profit after tax ("cash basis")	5	6	13	9	(34)	(28)	**10**
Gain/(loss) on disposal and acquisition of entities net of transaction costs	(large)	(69)	(large)	(large)	(72)	21	**(30)**
Hedging and IFRS volatility	–	–	–	(large)	large	–	**large**
Net profit after tax - "statutory basis"[2]	(2)	4	13	(33)	large	14	**6**

1 Retail Banking Services including Mortgage Broking and General Insurance.

2 Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

3 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

Retail Banking Services

Overview

Retail Banking Services provides simple, convenient and affordable banking and general insurance products and services to personal and private bank customers, helping them manage their everyday banking needs, buy a home, protect their assets, or invest for the future. We support our customers through an extensive network of more than 800 branches and 2,000 ATMs, Australian-based customer call centres, leading online services and apps, as well as mobile banking specialists, private bankers and support teams. Retail Banking Services also include the financial results of retail banking activities conducted under the Bankwest brand.

On 3 May 2021, CBA completed the merger of Aussie Home Loans (AHL) with Lendi Pty Ltd (Lendi) resulting in AHL being deconsolidated from the Group. As AHL did not in itself constitute a major line of the Group's business, the financial results of AHL up until 3 May 2021 were treated as continuing operations and were included in the account lines of Retail Banking Services' performance. The Group retains approximately a 40% shareholding of the combined business, with existing Lendi shareholders holding the remaining 60%. From May 2021, the results of the combined entity have been equity accounted within the Corporate Centre division.

On 21 June 2021, the Group announced it had entered into an agreement to sell its Australian general insurance business (CommInsure General Insurance) to Hollard Group (Hollard). Regulatory approvals have been received and the sale is expected to complete in the second half of calendar year 2022. As CommInsure General Insurance does not constitute a major line of the Group's business, the financial results of CommInsure General Insurance are treated as continuing operations and included in the account lines of Retail Banking Services' performance.

On 26 October 2021, the Group announced it will close the remaining Commonwealth Financial Planning (CFP) business, after a partial transfer to AIA Financial Services Limited was announced on 28 July 2021. The Group ceased to provide financial advice services under the CFP licence on 30 November 2021. This component of CFP does not constitute a major line of the Group's business, and as such the financial results are treated as continuing operations and included in the account lines of Retail Banking Services' performance.

	Full Year Ended						
	Excluding Mortgage Broking and General Insurance						Total RBS [1]
		Restated [2]		As reported			
	30 Jun 22 $M	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 22 $M
Net interest income	**9,634**	9,769	(1)	9,897	9,697	2	**9,636**
Other banking income	**1,405**	1,309	7	1,316	1,443	(9)	**1,371**
Total banking income	**11,039**	11,078	–	11,213	11,140	1	**11,007**
Funds management income	**10**	32	(69)	31	67	(54)	**10**
Insurance income	**–**	–	–	–	–	–	**73**
Total operating income	**11,049**	11,110	(1)	11,244	11,207	–	**11,090**
Operating expenses	**(4,378)**	(4,333)	1	(4,321)	(4,335)	–	**(4,468)**
Loan impairment benefit/(expense)	**401**	(139)	(large)	(134)	(1,034)	(87)	**401**
Net profit before tax	**7,072**	6,638	7	6,789	5,838	16	**7,023**
Corporate tax expense	**(2,109)**	(1,986)	6	(2,024)	(1,743)	16	**(2,094)**
Net profit after tax excluding Mortgage Broking and General Insurance	**4,963**	4,652	7	4,765	4,095	16	**4,929**
Cash net (loss)/profit after tax from Mortgage Broking and General Insurance	**(34)**	44	(large)	41	47	(13)	**n/a**
Net profit after tax ("statutory basis")	**4,929**	4,696	5	4,806	4,142	16	**4,929**
(Loss)/gain on acquisition, disposal, closure and demerger of businesses	**(130)**	187	(large)	187	41	large	**(130)**
Total net profit after tax ("statutory basis") [3]	**4,799**	4,883	(2)	4,993	4,183	19	**4,799**

1 RBS including Mortgage Broking and General Insurance.

2 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

3 Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

Divisional Performance (continued)

Retail Banking Services (continued)

	Full Year Ended						
	Excluding Mortgage Broking and General Insurance						Total RBS [1]
		Restated [2]		As reported			
	30 Jun 22	30 Jun 21	Jun 22 vs	30 Jun 21	30 Jun 20	Jun 21 vs	30 Jun 22
Income analysis	$M	$M	Jun 21 %	$M	$M	Jun 20 %	$M
Net interest income							
Home loans	**6,036**	6,370	(5)	6,465	5,639	15	**6,036**
Consumer finance & other [3]	**1,108**	1,236	(10)	1,248	1,586	(21)	**1,110**
Deposits	**2,490**	2,163	15	2,184	2,472	(12)	**2,490**
Total net interest income	**9,634**	9,769	(1)	9,897	9,697	2	**9,636**
Other banking income							
Home loans	**282**	258	9	275	275	–	**282**
Consumer finance [4]	**421**	433	(3)	434	475	(9)	**421**
Deposits	**459**	417	10	425	371	15	**459**
Distribution & other [5]	**243**	201	21	182	322	(43)	**209**
Total other banking income	**1,405**	1,309	7	1,316	1,443	(9)	**1,371**
Total banking income	**11,039**	11,078	–	11,213	11,140	1	**11,007**

	As at					
		Restated [2]		As reported		
Balance Sheet (excl. Mortgage Broking and	30 Jun 22	30 Jun 21	Jun 22 vs	30 Jun 21	30 Jun 20	Jun 21 vs
General Insurance)	$M	$M	Jun 21 %	$M	$M	Jun 20 %
Home loans [6]	**460,033**	423,113	9	429,420	400,921	7
Consumer finance [4]	**11,071**	11,172	(1)	11,274	12,262	(8)
Other interest earning assets	**2,254**	1,902	19	1,914	1,739	10
Total interest earning assets	**473,358**	436,187	9	442,608	414,922	7
Other assets	**5,591**	6,778	(18)	6,757	4,170	62
Total assets	**478,949**	442,965	8	449,365	419,092	7
Transaction deposits [7]	**51,946**	44,963	16	45,545	38,882	17
Savings deposits [7]	**159,865**	143,818	11	144,590	128,783	12
Investment deposits & other	**63,804**	64,422	(1)	65,367	78,366	(17)
Total interest bearing deposits	**275,615**	253,203	9	255,502	246,031	4
Non-interest bearing transaction deposits	**57,377**	44,598	29	45,267	33,882	34
Other non-interest bearing liabilities	**5,464**	4,009	36	4,032	3,327	21
Total liabilities	**338,456**	301,810	12	304,801	283,240	8

1. RBS including Mortgage Broking and General Insurance.
2. Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
3. Consumer finance and other includes personal loans, credit cards and business lending.
4. Consumer finance includes personal loans and credit cards.
5. Distribution includes income associated with the sale of foreign exchange and wealth products. Other includes asset finance, merchants and business lending.
6. Home loans are presented gross of $52,714 million of mortgage offset balances (30 June 2021: $46,566 million). These balances are required to be grossed up under accounting standards but are netted down for the calculation of customer interest payments.
7. Transaction and Savings deposits includes $52,714 million of mortgage offset balances (30 June 2021: $46,566 million).

Divisional Performance (continued)

Retail Banking Services (continued)

Key Financial Metrics (excl. Mortgage Broking and General Insurance)	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 22	30 Jun 21	Jun 22 vs Jun 21 %	30 Jun 21	30 Jun 20	Jun 21 vs Jun 20 %
Performance indicators						
Net interest margin (%)	**2. 39**	2. 60	(21)bpts	2. 60	2. 63	(3)bpts
Return on assets (%)	**1. 0**	1. 1	(10)bpts	1. 1	1. 0	10 bpts
Statutory operating expenses to total operating income (%)	**39. 6**	39. 0	60 bpts	38.4	38.7	(30)bpts
Statutory impairment expense annualised as a % of average GLAAs (%)	**(0. 09)**	0. 03	(12)bpts	0. 03	0. 26	(23)bpts
Other information						
Average interest earning assets ($M) [2]	**403,301**	375,522	7	381,229	368,342	3
Risk weighted assets ($M) [3]	**167,765**	156,927	7	169,084	167,205	1
90+ days home loan arrears (%)	**0. 51**	0. 68	(17)bpts	0. 68	0. 63	5 bpts
90+ days consumer finance arrears (%)	**0. 70**	0. 82	(12)bpts	0. 82	1. 34	(52)bpts
Number of full-time equivalent staff (FTE)	**16,333**	16,053	2	14,020	14,184	(1)

1 Comparative information has been restated to conform to presentation in the current period. Refer to “Disclosures – Financial Information Definitions – Change in Comparatives” and Appendix C of this Document for further details.

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

3 Includes Mortgage Broking and General Insurance.

Divisional Performance (continued)

Retail Banking Services (continued)

Financial Performance and Business Review [1]

Year Ended June 2022 versus Restated June 2021

Retail Banking Services net profit after tax ("statutory basis") for the full year ended 30 June 2022 was $4,799 million, a decrease of $84 million or 2% on the prior year. The result reflected a 1% decrease in operating income, a 1% increase in operating expenses and was partly offset by a $540 million decrease in loan impairment expense.

Net Interest Income

Net interest income was $9,634 million, a decrease of $135 million or 1% on the prior year. This was driven by an 8% decrease in net interest margin, partly offset by a 7% increase in average interest earning assets.

Net interest margin decreased by 21 basis points on the prior year, reflecting:

- Lower home lending margins (down 31 basis points) reflecting the impact of swap and cash rates on pricing (down 10 basis points), unfavourable home loan portfolio mix (down 13 basis points) with a shift to lower margin loans (primarily variable to fixed), and increased competition (down 11 basis points), partly offset by repricing (up 3 basis points);
- Lower earnings on equity (down 2 basis points);
- Unfavourable portfolio mix (down 1 basis point) due to a reduction in higher margin consumer finance balances, partly offset by the benefit from strong growth in at-call deposits; and
- Lower consumer finance margins due to a reduction in the proportion of credit card balances earning interest (down 1 basis point); partly offset by
- Improved deposit margins (up 8 basis points) mainly due to benefits from interest rates rising during the second half, partly offset by lower earnings on deposit hedges; and
- Lower wholesale funding costs (up 6 basis points).

Other Banking Income

Other banking income was $1,405 million, an increase of $96 million or 7% on the prior year, reflecting:

- Higher foreign exchange income following the removal of international travel restrictions;
- Higher home loan wealth package fees due to strong volumes; and
- Volume driven growth in deposit and cards fee income.

Funds Management Income

Funds management income was $10 million, a decrease of $22 million or 69% on the prior year. This was driven by the wind-down and closure of the Commonwealth Financial Planning (CFP) business.

Operating Expenses

Operating expenses were $4,378 million, an increase of $45 million or 1% on the prior year. This was primarily driven by inflation and additional resources to support increased operational and risk assessment volumes, partly offset by productivity initiatives including workforce and branch optimisation.

The number of full-time equivalent staff (FTE) increased by 280 FTE or 2% on the prior year, from 16,053 to 16,333. This was driven by additional resources to support increased call centre and loan application processing volumes, delivery of strategic initiatives and investment in lenders, partly offset by decreased financial assistance resourcing and frontline optimisation.

Investment spend focused on productivity and growth initiatives including product and service innovation, digital enhancements, partnership integration, and home buying process optimisation. We have also continued to invest in risk and compliance initiatives.

The operating expenses to operating income ratio was 39.6%, an increase of 60 basis points on the prior year, driven by both lower operating income and higher operating expenses.

Loan Impairment Expense

Loan impairment expense was a benefit of $401 million, a decrease of $540 million on the prior year. The result was mainly driven by lower collective provisions reflecting reduced COVID-19 uncertainties, partly offset by increased forward-looking adjustments for emerging risks, including inflationary pressures and rising interest rates.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 12 basis points on the prior year to -0.09%.

Home loan and consumer finance 90+ days arrears decreased by 17 basis points to 0.51% and 12 basis points to 0.70%, respectively on the prior year, driven by the improving economic environment and strong origination quality.

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of $36.9 billion or 9% broadly in line with system[2], reflecting strong new business application volumes and a continued focus on credit decisioning turn-around times. Proprietary mix for CBA branded home loans has decreased over the year from 60% to 59% of new business flows, although increased during the second half of the financial year;
- Consumer finance decrease of $0.1 billion or 1%, driven by lower consumer demand for personal loans, partly offset by growth in credit cards from recovery in spend; and
- Total deposits growth of $35.2 billion or 12% (interest and non-interest bearing). Growth was driven by transaction deposits (up 22% including non-interest bearing balances) and savings deposits (up 11%), partly offset by a decline in investment deposits (down 1%), reflecting increased domestic money supply and greater demand for at-call deposits in the low-rate environment which existed for most of the current year.

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

2 System source: RBA/APRA.

Retail Banking Services (continued)

Financial Performance and Business Review (continued)

Risk Weighted Assets

Risk weighted assets were $167.8 billion, an increase of $10.8 billion or 7% on the prior year.

- Credit risk weighted assets increased $11.0 billion or 8% primarily driven by home loan volume growth; partly offset by
- Operational risk weighted assets decreased $0.2 billion or 1%.

General Insurance and Mortgage Broking

Cash net profit after tax decreased by $78 million on the prior year to a loss of $34 million. The result was mainly driven by the General Insurance business, with higher claims experience net of reinsurance recoveries, due to increased weather related claims and higher average claims size driven by supply chain disruptions.

As Reported Year Ended June 2021 versus June 2020

Retail Banking Services net profit after tax ("statutory basis") for the full year ended 30 June 2021 was $4,993 million, an increase of $810 million or 19% on the 2020 financial year. The result reflected flat operating income, flat operating expenses and an 87% decrease in loan impairment expense.

Net Interest Income

Net interest income was $9,897 million, an increase of $200 million or 2% on the 2020 financial year. This was driven by a 3% growth in average interest earning assets, partly offset by a 1% decrease in net interest margin.

Net interest margin decreased by 3 basis points on the 2020 financial year, reflecting:

- Lower deposit margins due to reduced earnings on transaction and savings balances reflecting decreases in the cash rate (down 6 basis points);
- Unfavourable portfolio mix (down 3 basis points) due to a reduction in higher margin consumer finance balances, more than offsetting the mix benefit from customers switching to at-call deposits from investment deposits;
- Lower earnings on equity due to the falling interest rate environment (down 3 basis points); and
- Lower consumer finance margins due to a reduction in the proportion of credit card balances earning interest (down 1 basis point); partly offset by
- Higher home lending margins (up 1 basis point) reflecting repricing (up 20 basis points), partly offset by unfavourable home loan portfolio mix (down 10 basis points) with a shift to lower margin loans (variable to fixed and interest only to principal and interest), and increased competition (down 9 basis points);
- Lower basis risk arising from a decrease in the spread between the three month bank bill swap rate and the three month overnight index swap rate, notwithstanding the reduced exposure to basis risk due to strong growth in cash rate linked deposits and a mix shift towards fixed rate home loans (up 8 basis points); and
- Lower wholesale funding costs (up 1 basis point).

Other Banking Income

Other banking income was $1,316 million, a decrease of $127 million or 9% on the 2020 financial year, reflecting:

- Lower foreign exchange income from international travel restrictions due to COVID-19;
- Lower AIA partnership payments driven by one additional milestone occurring in the prior year; and
- Lower credit card income from reduced international transaction volumes and loyalty redemptions, mainly driven by the impact of COVID-19, as well as lower customer fees; partly offset by
- Higher deposit income from improved domestic spend volumes and higher volume based fees, partly offset by reduced international volumes due to COVID-19.

Funds Management Income

Funds management income was $31 million, a decrease of $36 million or 54% on the 2020 financial year. This was driven by the wind-down of the Aligned Advice businesses.

Operating Expenses

Operating expenses were $4,321 million, a decrease of $14 million on the 2020 financial year. This was primarily driven by productivity initiatives including workforce and branch optimisation, and lower amortisation, partly offset by increased home loan processing and financial assistance volumes, inflation and higher investment spend.

The number of full-time equivalent staff (FTE) decreased by 164 FTE on the 2020 financial year, from 14,184 to 14,020. This was driven by frontline and head office optimisation, partly offset by investment in lenders, private bankers, and increased call centre and financial assistance resourcing.

Investment spend increased on the 2020 financial year, driven by productivity and growth initiatives including digital transformation and ongoing enhancements to the home buying digital interface, and risk and compliance initiatives including Program of Action, Privacy and Open Banking.

The statutory operating expenses to operating income ratio was 38.4%, a decrease of 30 basis points on the 2020 financial year.

Loan Impairment Expense

Loan impairment expense was $134 million, a decrease of $900 million or 87% on the 2020 financial year. This was driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and reduced consumer finance balances in the current year.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 23 basis points on the 2020 financial year to 0.03%.

Home loan 90+ days arrears increased by 5 basis points on the 2020 financial year from 0.63% to 0.68%, primarily driven by deferral program exits.

Consumer finance 90+ days arrears decreased by 52 basis points from 1.34% to 0.82%, driven by an improvement in customer origination quality, government support initiatives and improving economic conditions.

Retail Banking Services (continued)
Financial Performance and Business Review (continued)

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of $28.5 billion or 7%, above system [1] growth of 5%. Proprietary mix for CBA branded home loans has increased from 58% to 59% of new business flows, with higher new business application volumes and continued focus on credit decisioning turn-around times;
- Consumer finance decrease of $1.0 billion or 8%, broadly in line with system [1]. The decrease in balances was driven by lower consumer demand for unsecured lending, lower spend due to COVID-19, and increased customer repayments following fiscal and regulatory income support measures; and
- Total deposits growth of $20.9 billion or 7% (interest and non-interest bearing). Growth was driven by transaction deposits (up 25% including non-interest bearing balances) primarily in existing customer balances and mortgage offset accounts, and savings deposits (up 12%), partly offset by a decline in investment deposits (down 17%), reflecting increased domestic money supply and higher demand for at-call deposits in the low-rate environment.

Risk Weighted Assets

Risk weighted assets were $169.1 billion, an increase of $1.9 billion or 1% on the 2020 financial year.

- Credit risk weighted assets increased $6.3 billion or 5% driven by home loan volume growth, partly offset by improved credit quality and a reduction in consumer finance volumes; and
- IRRBB risk weighted assets increased $2.9 billion or 42%, mainly due to the increased size of the Replicating Portfolio from growth in cash rate linked deposits and changes in interest rate risk management positions; partly offset by
- Operational risk weighted assets decreased $7.3 billion or 26%, mainly driven by the 50% reduction in APRA's operational risk regulatory capital add-on.

Mortgage Broking and General Insurance

Cash net profit after tax was $41 million, a decrease of $6 million or 13% on the 2020 financial year. This result was driven by the General Insurance business, with higher investment related operating expenses, partly offset by lower claims experience net of reinsurance recoveries, mainly due to fewer weather event related claims in the current period.

1 System source: RBA/APRA.

Divisional Performance (continued)

Business Banking

Overview

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

On 3 May 2021, CBA completed the sale of its subsidiary, Australian Investment Exchange Limited (AUSIEX), to Nomura Research Institute (NRI), resulting in AUSIEX being deconsolidated from the Group. As AUSIEX did not in itself constitute a major line of the Group's business, the financial results of AUSIEX were treated as continuing operations and were included in the account lines of Business Banking's performance up until 3 May 2021.

	Full Year Ended					
	Restated [1]			As reported		
	30 Jun 22 $M	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %
Net interest income	**5,829**	5,597	4	5,193	5,291	(2)
Other banking income	**1,302**	1,376	(5)	1,647	1,489	11
Total banking income	**7,131**	6,973	2	6,840	6,780	1
Operating expenses	**(2,733)**	(2,669)	2	(2,649)	(2,458)	8
Loan impairment expense	**(110)**	(228)	(52)	(233)	(784)	(70)
Net profit before tax	**4,288**	4,076	5	3,958	3,538	12
Corporate tax expense	**(1,287)**	(1,236)	4	(1,200)	(1,064)	13
Net profit after tax ("cash basis")	**3,001**	2,840	6	2,758	2,474	11
Gain/(loss) on disposal and acquisition of controlled entities	**20**	65	(69)	65	(16)	large
Net profit after tax ("statutory basis") [2]	**3,021**	2,905	4	2,823	2,458	15
Income analysis						
Net interest income						
Small Business Banking	**2,492**	2,512	(1)	2,408	2,515	(4)
Commercial Banking	**1,614**	1,508	7	1,421	1,441	(1)
Regional and Agribusiness	**847**	786	8	748	746	–
Major Client Group	**694**	603	15	429	387	11
CommSec	**182**	188	(3)	187	202	(7)
Total net interest income	**5,829**	5,597	4	5,193	5,291	(2)
Other banking income						
Small Business Banking	**448**	450	–	455	440	3
Commercial Banking	**260**	234	11	305	319	(4)
Regional and Agribusiness	**104**	90	16	137	126	9
Major Client Group	**126**	112	13	257	237	8
CommSec	**364**	490	(26)	493	367	34
Total other banking income	**1,302**	1,376	(5)	1,647	1,489	11
Total banking income	**7,131**	6,973	2	6,840	6,780	1
Income by product						
Business products	**4,328**	4,020	8	4,000	4,050	(1)
Retail products	**2,355**	2,375	(1)	2,263	2,276	(1)
Equities and margin lending	**448**	578	(22)	577	454	27
Total banking income	**7,131**	6,973	2	6,840	6,780	1

1 Comparative information has been restated to conform to presentation in the current period. Refer also to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 10 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

Business Banking (continued)

Balance Sheet	As at 30 Jun 22 $M	Restated[1] 30 Jun 21 $M	Restated[1] Jun 22 vs Jun 21 %	As reported 30 Jun 21 $M	As reported 30 Jun 20 $M	As reported Jun 21 vs Jun 20 %
Home loans[2]	**96,447**	93,077	4	86,749	84,752	2
Business loans[3]	**117,516**	103,371	14	103,386	92,259	12
Margin loans	**2,261**	2,383	(5)	2,383	2,322	3
Consumer finance	**1,780**	1,854	(4)	1,763	1,916	(8)
Total interest earning assets	**218,004**	200,685	9	194,281	181,249	7
Non-lending interest earning assets	**62**	73	(15)	73	133	(45)
Other assets	**1,194**	969	23	971	1,298	(25)
Total assets	**219,260**	201,727	9	195,325	182,680	7
Transaction deposits[3, 4]	**36,958**	34,411	7	33,523	34,449	(3)
Savings deposits[4]	**75,310**	70,290	7	69,262	60,554	14
Investment deposits and other	**36,345**	34,218	6	33,139	30,987	7
Total interest bearing deposits	**148,613**	138,919	7	135,924	125,990	8
Debt issues	**–**	–	–	–	25	(large)
Non-interest bearing transaction deposits	**72,453**	56,976	27	56,386	33,198	70
Other non-interest bearing liabilities	**1,612**	1,369	18	1,344	1,753	(23)
Total liabilities	**222,678**	197,264	13	193,654	160,966	20

Key Financial Metrics	Full Year Ended 30 Jun 22	Restated[1] 30 Jun 21	Restated[1] Jun 22 vs Jun 21 %	As reported 30 Jun 21	As reported 30 Jun 20	As reported Jun 21 vs Jun 20 %
Performance indicators						
Net interest margin (%)	**3. 00**	3. 11	(11)bpts	2. 98	3. 10	(12)bpts
Return on assets (%)	**1. 4**	1. 4	–	1. 4	1. 4	–
Statutory operating expenses to total banking income (%)	**38. 3**	38. 3	–	38. 5	36. 6	190 bpts
Statutory impairment expense annualised as a % of average GLAAs (%)	**0. 05**	0. 12	(7)bpts	0. 13	0. 44	(31)bpts
Other information						
Average interest earning assets ($M)[5]	**194,597**	179,707	8	173,986	170,526	2
Risk weighted assets ($M)	**146,098**	136,006	7	140,023	136,288	3
Troublesome and impaired assets ($M)[6]	**3,439**	3,947	(13)	3,947	4,677	(16)
Troublesome and impaired assets as a % of TCE (%)[6]	**2. 28**	2. 98	(70)bpts	2. 98	3. 89	(91)bpts
Number of full-time equivalent staff (FTE)	**5,637**	5,316	6	4,799	4,410	9

1 Comparative information has been restated to conform to presentation in the current period. Refer also to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Home loans are presented gross of $12,285 million of mortgage offset balances (30 June 2021: $11,247 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.

3 Business loans include $266 million of Cash Management Pooling Facilities (CMPF) (30 June 2021: $234 million). Transaction Deposits include $1,127 million of CMPF liabilities (30 June 2021: $1,253 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments and risk weighted assets.

4 Transaction and Savings deposits include $12,285 million of mortgage offset balances (30 June 2021: $11,247 million).

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

6 Commercial troublesome and impaired assets only.

Business Banking (continued)

Financial Performance and Business Review

Year Ended June 2022 versus Restated June 2021

Business Banking net profit after tax ("statutory basis") for the full year ended 30 June 2022 was $3,021 million, an increase of $116 million or 4% on the prior year. The result was driven by a 2% increase in total banking income and a 52% decrease in loan impairment expense, partly offset by a 2% increase in operating expenses.

Net Interest Income

Net interest income was $5,829 million, an increase of $232 million or 4% on the prior year. This was driven by an 8% increase in average interest earning assets, partly offset by a 4% decline in net interest margin.

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

- Lower home lending margins (down 11 basis points) from the impact of swap rates on fixed rate loans and increased competition (down 7 basis points), and unfavourable home loan portfolio mix (down 5 basis points), with a shift to lower margin loans (variable to fixed), partly offset by repricing (up 1 basis point);
- Reduced earnings on equity (down 4 basis points); and
- Lower deposit margins (down 2 basis points) reflecting decreased earnings on deposit hedges, partly offset by the benefits of rising interest rates during the second half; partly offset by
- Favourable portfolio mix (up 5 basis points) from strong growth in business lending and at-call deposits, partly offset by a decline in higher margin consumer finance balances; and
- Higher business lending margins (up 1 basis point) reflecting lower wholesale funding costs net of repricing, partly offset by change in customer mix resulting in a shift towards higher fee based products, with increased benefits recognised in lending fee income.

Other Banking Income

Other banking income was $1,302 million, a decrease of $74 million or 5% on the prior year, reflecting:

- Lower equities income due to lower trading volumes and the divestment of AUSIEX on 3 May 2021; and
- Decreased merchant income mainly due to reduced margins and COVID-19 fee waivers to support our customers; partly offset by
- Higher business lending fee income reflecting volume growth; and
- Increased foreign exchange income mainly reflecting higher transaction volumes, partly offset by lower margins due to price competition.

Operating Expenses

Operating expenses were $2,733 million, an increase of $64 million or 2% on the prior year. This was primarily driven by continued investment in Business Banking product offerings and distribution capabilities, inflation, and other volume related spend, partly offset by lower remediation costs.

The number of full-time equivalent staff (FTE) increased by 321 or 6% on the prior year, from 5,316 to 5,637, primarily driven by investment in product and customer facing staff.

Investment spend was primarily focused on further enhancing the customer experience through reimagining products and services, system modernisation, digitisation and automation, as well as investment in regulatory, risk and compliance initiatives.

The operating expenses to total banking income ratio was 38.3%, flat on the prior year.

Loan Impairment Expense

Loan impairment expense was $110 million, a decrease of $118 million or 52% on the prior year. This was primarily driven by lower individually assessed provision charges and higher write-backs.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 7 basis points to 0.05%.

Troublesome and impaired assets as a percentage of total committed exposure decreased 70 basis points to 2.28% driven by improving economic conditions, good quality volume growth and active management of troublesome and impaired assets.

Balance Sheet

Key spot balance sheet movements included:

- Business loan growth of $14.1 billion or 14%, above system [1] growth, reflecting diversified lending across a number of industries, with the largest growth in the Property, Agriculture and Health sectors;
- Home loan growth of $3.4 billion or 4%, below system [1] growth, reflecting growth in owner occupied loans and subdued investor loan growth; and
- Total deposits growth (interest and non-interest bearing) of $25.2 billion or 13%. Growth was driven by higher transaction (up 20% including non-interest bearing balances) and savings (up 7%) deposits reflecting increased domestic money supply. Investment deposits also increased (up 6%), due to customer preference for higher yields.

Risk Weighted Assets

Risk weighted assets were $146.1 billion, an increase of $10.1 billion or 7% on the prior year.

- Credit risk weighted assets increased $10.4 billion or 9% primarily driven by lending volume growth, partly offset by improved credit quality; partly offset by
- Operational risk weighted assets decreased $0.3 billion or 3%.

1 System source: RBA/APRA.

Business Banking (continued)

Financial Performance and Business Review (continued)

As Reported Year Ended June 2021 versus June 2020

Business Banking net profit after tax ("statutory basis") for the full year ended 30 June 2021 was $2,823 million, an increase of $365 million or 15% on the 2020 financial year. The result was driven by a 1% increase in total banking income, an 8% increase in operating expenses and a 70% decrease in loan impairment expense.

Net Interest Income

Net interest income was $5,193 million, a decrease of $98 million or 2% on the 2020 financial year. This was driven by a 4% decline in net interest margin, partly offset by a 2% increase in average interest earning assets.

Net interest margin decreased 12 basis points on the 2020 financial year, reflecting:

- Lower deposit margins due to reduced earnings on transaction and savings deposits reflecting decreases in the cash rate (down 13 basis points);
- Lower business lending margins reflecting a 125 basis point pricing reduction in loans linked to the cash rate to support our customers in response to COVID-19 (down 10 basis points);
- Lower earnings on equity due to the falling interest rate environment (down 5 basis points); and
- Lower consumer finance margins due to a reduction in the proportion of credit card balances earning interest (down 1 basis point); partly offset by
- Favourable portfolio mix (up 8 basis points) from strong growth in transaction and savings deposits, partly offset by a decline in higher margin consumer finance balances;
- Lower wholesale funding costs (up 7 basis points); and
- Higher home lending margin (up 2 basis points) reflecting repricing, partly offset by increased competition and unfavourable home loan portfolio mix with a shift to lower margin loans (variable to fixed).

Other Banking Income

Other banking income was $1,647 million, an increase of $158 million or 11% on the 2020 financial year, reflecting:

- Higher equities income from increased trading volumes and an increase in active customers; and
- Higher business lending fee income reflecting volume growth.

Operating Expenses

Operating expenses were $2,649 million, an increase of $191 million or 8% on the 2020 financial year. This was primarily driven by continued investment in Business Banking product offerings and distribution capabilities, inflation, and higher remediation provisions, partly offset by productivity initiatives.

The number of full-time equivalent staff (FTE) increased by 389 or 9% on the prior year, from 4,410 to 4,799 FTE, primarily driven by investment in frontline business bankers and higher project related FTE.

Investment was primarily focused on further enhancing the customer experience with investment in digitisation and automation, improving the end-to-end processes for key products, and simplifying the product offering for business customers, as well as investment in risk and compliance initiatives.

The statutory operating expenses to total banking income ratio was 38.5%, an increase of 190 basis points on the 2020 financial year mainly driven by higher operating expenses.

Loan Impairment Expense

Loan impairment expense was $233 million, a decrease of $551 million or 70% on the 2020 financial year. This was driven by lower collective provision charges reflecting an improvement in the economic conditions and outlook.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 31 basis points to 0.13%.

Troublesome and impaired assets as a percentage of total committed exposure decreased 91 basis points to 2.98% driven by a combination of good quality volume growth and active management of troublesome and impaired assets.

Balance Sheet

Key spot balance sheet movements included:

- Business loan growth of $11.1 billion or 12%, above system [1], reflecting growth primarily across the Property, Agriculture and Health industries, while continuing to support Australian businesses with 12,600 additional loans funded under the Government's SME Guarantee Scheme;
- Home loan growth of $2.0 billion or 2%, below system [1] growth of 5%, reflecting growth in owner occupied home loans, partly offset by lower investor loans; and
- Total deposits growth (interest and non-interest bearing) of $33.1 billion or 21%, above system [1] growth. Growth was driven by higher transaction (up 33%), savings (up 14%) and investment deposits (up 7%), reflecting increased domestic money supply and higher demand for at-call deposits in the low-rate environment.

Risk Weighted Assets

Risk weighted assets were $140.0 billion, an increase of $3.7 billion or 3% on the 2020 financial year.

- Credit risk weighted assets increased $4.3 billion or 4% mainly driven by business lending volume growth, partly offset by improved credit quality and methodology changes; and
- IRRBB risk weighted assets increased $1.9 billion or 46%, mainly due to the increased size of the Replicating Portfolio from growth in cash rate linked deposits and changes in interest rate risk management positions; partly offset by
- Operational risk weighted assets decreased $2.5 billion or 16%, mainly driven by the 50% reduction in APRA's operational risk regulatory capital add-on.

1 System source: RBA/APRA.

Divisional Performance (continued)

Institutional Banking and Markets

Overview

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.

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 22 $M	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %
Net interest income	**1,534**	1,532	–	1,380	1,383	–
Other banking income	**761**	772	(1)	924	893	3
Total banking income	**2,295**	2,304	–	2,304	2,276	1
Operating expenses	**(988)**	(976)	1	(983)	(1,021)	(4)
Loan impairment benefit/(expense)	**111**	(96)	(large)	(96)	(353)	(73)
Net profit before tax	**1,418**	1,232	15	1,225	902	36
Corporate tax expense	**(368)**	(306)	20	(303)	(269)	13
Net profit after tax ("cash basis")	**1,050**	926	13	922	633	46
Gain on acquisition, disposal, closure and demerger of businesses	**–**	2	(large)	2	–	n/a
Net profit after tax ("statutory basis") [2]	**1,050**	928	13	924	633	46
Income analysis						
Net interest income [3]						
Institutional Banking	**1,297**	1,240	5	1,010	1,135	(11)
Markets	**237**	292	(19)	370	248	49
Total net interest income	**1,534**	1,532	–	1,380	1,383	–
Other banking income [3]						
Institutional Banking	**369**	289	28	411	361	14
Markets	**392**	483	(19)	513	532	(4)
Total other banking income	**761**	772	(1)	924	893	3
Total banking income	**2,295**	2,304	–	2,304	2,276	1
Income by product						
Institutional products [3]	**1,507**	1,460	3	1,352	1,431	(6)
Asset leasing [3]	**159**	69	large	69	65	6
Markets (excluding derivative valuation adjustments) [3]	**611**	771	(21)	879	837	5
Total banking income excluding derivative valuation adjustments	**2,277**	2,300	(1)	2,300	2,333	(1)
Derivative valuation adjustments [4]	**18**	4	large	4	(57)	large
Total banking income	**2,295**	2,304	–	2,304	2,276	1

1 Comparative information has been restated to conform to presentation in the current period. Refer also to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 10 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

3 From January 2022, in order to better align with evolving client demands, Institutional Banking and Markets restructured the business resulting in a number of portfolios moving out from the Global Markets business into the Institutional products businesses.

4 Derivative valuation adjustments include both net interest income and other banking income adjustments.

Divisional Performance (continued)

Institutional Banking and Markets (continued)

Balance Sheet	30 Jun 22 $M	Restated [1] 30 Jun 21 $M	Jun 22 vs Jun 21 %	As reported 30 Jun 21 $M	As reported 30 Jun 20 $M	Jun 21 vs Jun 20 %
	As at					
Interest earning lending assets [2]	**95,109**	84,755	12	85,804	96,163	(11)
Non-lending interest earning assets	**63,029**	41,949	50	41,949	48,014	(13)
Other assets [3]	**33,382**	27,126	23	26,097	28,815	(9)
Total assets	**191,520**	153,830	25	153,850	172,992	(11)
Transaction deposits [2]	**91,455**	84,186	9	84,492	64,943	30
Savings deposit	**16,078**	15,270	5	15,342	21,741	(29)
Investment deposits	**42,841**	30,281	41	30,227	38,724	(22)
Certificates of deposit and other	**30,223**	15,215	99	15,584	23,227	(33)
Total interest bearing deposits	**180,597**	144,952	25	145,645	148,635	(2)
Due to other financial institutions	**17,004**	14,057	21	14,057	9,618	46
Debt issues and other [4]	**6,783**	2,805	large	2,805	3,868	(27)
Non-interest bearing liabilities [3]	**29,690**	17,885	66	17,805	25,209	(29)
Total liabilities	**234,074**	179,699	30	180,312	187,330	(4)

Key Financial Metrics	30 Jun 22 $M	Restated [1] 30 Jun 21 $M	Jun 22 vs Jun 21 %	As reported 30 Jun 21 $M	As reported 30 Jun 20 $M	Jun 21 vs Jun 20 %
	Full Year Ended					
Performance indicators						
Net interest margin (%)	**1.12**	1. 11	1 bpt	1. 00	0. 98	2 bpts
Return on assets (%)	**0. 5**	0. 6	(10)bpts	0.6	0.4	20 bpts
Statutory operating expenses to total banking income (%)	**43. 1**	42. 4	70 bpts	42. 6	44. 9	(230)bpts
Statutory impairment expense annualised as a % of average GLAAs (%)	**(0. 13)**	0. 11	(24)bpts	0. 11	0. 36	(25)bpts
Other information						
Average interest earning assets ($M)	**137,509**	137,994	–	138,018	140,547	(2)
Risk weighted assets ($M)	**80,031**	82,171	(3)	84,928	93,325	(9)
Troublesome and impaired assets ($M)	**477**	890	(46)	890	1,346	(34)
Total committed exposures rated investment grade (%)	**89. 4**	88. 0	140 bpts	87. 0	86. 5	50 bpts
Number of full-time equivalent staff (FTE)	**1,439**	1,431	1	1,186	1,169	1

1 Comparative information has been restated to conform to presentation in the current period. Refer also to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Interest earning lending assets include $20,156 million of Cash Management Pooling Facilities (CMPF) (30 June 2021: $17,814 million). Transaction deposits include $37,718 million of CMPF liabilities (30 June 2021: $43,462 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments and risk weighted assets.

3 Other assets include intangible assets and derivative assets. Non-interest bearing liabilities include derivative liabilities.

4 Debt issues and other includes bank acceptances and liabilities at fair value.

Institutional Banking and Markets (continued)

Financial Performance and Business Review

Year Ended June 2022 versus Restated June 2021

Institutional Banking and Markets net profit after tax ("statutory basis") for the full year ended 30 June 2022 was $1,050 million, an increase of $122 million or 13% on the prior year. The result was driven by flat total banking income and a $207 million decrease in loan impairment expense, partly offset by a 1% increase in operating expenses.

Net Interest Income

Net interest income was $1,534 million, an increase of $2 million on the prior year. The result was driven by a 1% increase in net interest margin and flat interest earning assets.

Net interest margin increased 1 basis point, reflecting:

- Favourable asset mix from the reduction of lower margin pooled facilities (up 6 basis points);
- Higher Institutional lending margins (up 4 basis points) due to lower funding costs; and
- Higher Structured Asset Finance revenue driven by a gain in the residual value of shipping vessels under finance leases (up 2 basis points); partly offset by
- Lower net interest income from the High Grade Bonds portfolio as a result of wider spreads and lower inventory (down 4 basis points);
- Lower deposit revenue reflecting the impact from the low-rate environment which existed for most of the current year (down 4 basis points); and
- Lower earnings on equity (down 3 basis points).

Other Banking Income

Other banking income was $761 million, a decrease of $11 million or 1% on the prior year, reflecting:

- Lower Global Markets trading income from precious metal inventory financing, and the Fixed Income and Rates portfolios, partly offset by higher trading gains in Foreign Exchange; partly offset by
- Higher Structured Asset Finance revenue including gains from reversal of prior year impairments of aircraft operating leases; and
- Higher lending fees due to repricing and increased volumes.

Operating Expenses

Operating expenses were $988 million, an increase of $12 million or 1% on the prior year. This was primarily driven by higher risk and compliance spend, partly offset by productivity initiatives.

The number of full-time equivalent staff (FTE) increased by 8 or 1% on the prior year, from 1,431 to 1,439.

Investment spend focused on continuing to strengthen the operational risk and compliance framework, upgrading system infrastructure, responding to new regulatory requirements, and strategic initiatives.

The operating expenses to total banking income ratio was 43.1%, an increase of 70 basis points on the prior year, driven by higher operating expenses.

Loan Impairment Expense

Loan impairment expense was a benefit of $111 million, a decrease of $207 million on the prior year. This was driven by lower collective provisions reflecting a decrease in forward-looking adjustments for the aviation sector and reduced COVID-19 uncertainties, partly offset by a lower level of write-backs.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 24 basis points on the prior year to -0.13%.

Asset quality of the book has improved, with the percentage of the book rated as investment grade increasing 140 basis points to 89.4%.

Balance Sheet

Key spot balance sheet movements included:

- Lending balance increase of $10.4 billion or 12%, primarily driven by growth across pooled facilities, warehouse facilities, corporate lending, and funds financing portfolios;
- Non-lending interest earning assets increase of $21.1 billion or 50%, mainly driven by higher reverse sale and repurchase agreements in the Securities Financing portfolio reflecting increased client demand;
- Other assets and Non-interest bearing liabilities increase of $6.3 billion or 23% and $11.8 billion or 66% respectively, mainly driven by the revaluation of derivative assets and derivative liabilities due to foreign currency and interest rate movements. Derivative assets and derivative liabilities are required to be grossed up under accounting standards. Other assets growth was partly offset by reduced commodities inventory; and
- Total interest bearing deposits increase of $35.6 billion or 25%, driven by higher sale and repurchase agreements in Global Markets to fund higher non-lending interest earning assets, growth in investment deposits primarily from offshore clients, and increased at-call deposit balances.

Risk Weighted Assets

Risk weighted assets were $80.0 billion, a decrease of $2.1 billion or 3% on the prior year.

- Credit risk weighted assets decreased $4.6 billion or 7%, primarily driven by improved credit quality and data and methodology changes; partly offset by
- Traded market risk weighted assets increased $2.4 billion or 33%, driven by an APRA capital overlay to be held until modelling work is completed by the Group and approved by APRA in relation to the revised Risks-Not-In-VaR (RNIV) framework; and
- Operational risk weighted assets increased $0.1 billion or 2%.

Institutional Banking and Markets (continued)

Financial Performance and Business Review (continued)

As Reported Year Ended June 2021 versus June 2020

Institutional Banking and Markets net profit after tax ("statutory basis") for the full year ended 30 June 2021 was $924 million, an increase of $291 million or 46% on the 2020 financial year. The result was driven by a 1% increase in total banking income, a 4% decrease in operating expenses and a 73% decrease in loan impairment expense.

Net Interest Income

Net interest income was $1,380 million, a decrease of $3 million on the 2020 financial year. The result was driven by a 2% decrease in average interest earning assets, offset by a 2% increase in net interest margin.

Net interest margin increased 2 basis points, reflecting:

- Higher Global Markets income from lower funding costs mainly from a fall in short-end AUD interest rates, an increase in commodities margins, and higher capital markets sales income (up 9 basis points); partly offset by
- Lower earnings on equity due to the falling interest rate environment (down 4 basis points); and
- Reduced deposit revenue reflecting decreases in the cash rate (down 3 basis points).

Other Banking Income

Other banking income was $924 million, an increase of $31 million or 3% on the 2020 financial year, reflecting:

- Higher Commodities income from precious metal inventory financing;
- Higher Institutional lending commitment and line fees due to lower client utilisation levels; and
- Favourable derivative valuation adjustments; partly offset by
- Lower Global Markets sales performance driven by reduced client demand for hedging activities in the low-rate environment (offset by higher sales income recognised in net interest income).

Operating Expenses

Operating expenses were $983 million, a decrease of $38 million or 4% on the 2020 financial year. This was driven by productivity initiatives, lower business travel expenses due to COVID-19 restrictions, and lower amortisation, partly offset by higher investment spend.

The number of full-time equivalent staff (FTE) increased by 17 or 1% on the 2020 financial year, from 1,169 to 1,186 FTE. The increase was driven by higher project related FTE, partly offset by productivity initiatives.

Investment spend focused on further strengthening the operational risk and compliance framework, upgrading system infrastructure, responding to new regulatory requirements, and strategic initiatives.

The statutory operating expenses to total banking income ratio was 42.6%, a decrease of 230 basis points on the 2020 financial year, driven by lower operating expenses and higher total banking income.

Loan Impairment Expense

Loan impairment expense was $96 million, a decrease of $257 million or 73% on the 2020 financial year. This was driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and lower individual provisions in the current year, partly offset by increased forward looking adjustments to sectors of stress, including aviation and student accommodation due to ongoing uncertainty as a result of COVID-19.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 25 basis points on the 2020 financial year to 0.11%.

Total committed exposures rated as investment grade increased by 50 basis points to 87.0%, due to the reduction of lower quality exposures from Transport & Storage, Mining Oil and Gas, and Business Services sectors.

Balance Sheet

Key spot balance sheet movements included:

- Lending balance decrease of $10.4 billion or 11%, primarily driven by lower institutional lending due to a continued focus on risk adjusted returns in a highly liquid capital market, and a reduction in pooled facilities;
- Non-lending interest earning assets decrease of $6.1 billion or 13%, driven by a reduction in inventory of high grade bonds, partly offset by higher commodities financing balances in the Global Markets business;
- Other assets and Non-interest bearing liabilities decline of $2.7 billion or 9% and $7.4 billion or 29% respectively, mainly driven by the revaluation of derivative assets and derivative liabilities due to foreign currency and interest rate movements. The decrease in Other assets was partly offset by higher commodities inventory balances. Derivative assets and derivative liabilities are required to be grossed up under accounting standards;
- Total interest bearing deposits decrease of $3.0 billion or 2%, reflecting lower sale and repurchase agreements in the Global Markets business due to lower funding requirements for government securities, and lower balances in savings and investment deposits, offset by higher transaction deposits reflecting higher demand for at-call deposits in the low-rate environment; and
- Due to other financial institutions increase of $4.4 billion or 46%, mainly driven by higher foreign currency term deposits and deposits from other banks.

Risk Weighted Assets

Risk weighted assets were $84.9 billion, a decrease of $8.4 billion or 9% on the prior year.

- Traded market risk weighted assets decreased $4.3 billion or 38%, driven by changes in risk positioning and reduced exposure to changes in Funding Valuation Adjustments;
- Credit risk weighted assets decreased $3.0 billion or 4% driven by foreign currency movements; and
- Operational risk weighted assets decreased $1.9 billion or 22%, mainly driven by the 50% reduction in APRA's operational risk regulatory capital add-on; partly offset by
- IRRBB risk weighted assets increased $0.8 billion or 46%, driven by changes in interest rate risk management positions.

New Zealand

Overview

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

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

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 22	30 Jun 21	Jun 22 vs	30 Jun 21	30 Jun 20	Jun 21 vs
New Zealand (A$M)	**A$M**	A$M	Jun 21 %	A$M	A$M	Jun 20 %
Net interest income	**2,334**	2,150	9	2,117	1,934	9
Other banking income [2]	**420**	394	7	424	375	13
Total banking income	**2,754**	2,544	8	2,541	2,309	10
Funds management income	**139**	140	(1)	140	136	3
Total operating income	**2,893**	2,684	8	2,681	2,445	10
Operating expenses	**(1,104)**	(1,071)	3	(1,071)	(1,032)	4
Loan impairment (expense)/benefit	**(37)**	5	large	5	(292)	large
Net profit before tax	**1,752**	1,618	8	1,615	1,121	44
Corporate tax expense	**(487)**	(457)	7	(456)	(312)	46
Net profit after tax ("cash basis")	**1,265**	1,161	9	1,159	809	43
Gain on acquisition, disposal, closure and demerger of businesses	**–**	3	(large)	3	8	(63)
Hedging and IFRS volatility (after tax)	**(536)**	(70)	large	(70)	126	large
Net profit after tax ("statutory basis") [3, 4]	**729**	1,094	(33)	1,092	943	16

1 Comparative information has been restated to conform to presentation in the current period. Refer also to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Other banking income disclosed in AUD includes realised gains or losses associated with the hedging of New Zealand operations earnings.

3 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 10 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 202 Financial Report.

4 The CBA branch results related to the Institutional Banking and Markets business in New Zealand are not included.

New Zealand (continued)

New Zealand (NZ$M)	30 Jun 22 NZ$M	Restated [1] 30 Jun 21 NZ$M	Jun 22 vs Jun 21 %	As reported 30 Jun 21 NZ$M	As reported 30 Jun 20 NZ$M	Jun 21 vs Jun 20 %
Net interest income	**2,499**	2,307	8	2,273	2,046	11
Other banking income	**443**	412	8	444	460	(3)
Total banking income	**2,942**	2,719	8	2,717	2,506	8
Funds management income	**149**	150	(1)	150	143	5
Total operating income	**3,091**	2,869	8	2,867	2,649	8
Operating expenses	**(1,179)**	(1,148)	3	(1,148)	(1,089)	5
Loan impairment (expense)/benefit	**(41)**	5	large	5	(306)	large
Net profit before tax	**1,871**	1,726	8	1,724	1,254	37
Corporate tax expense	**(518)**	(487)	6	(486)	(352)	38
Net profit after tax ("cash basis")	**1,353**	1,239	9	1,238	902	37
Gain on acquisition, disposal, closure and demerger of businesses	**–**	3	(large)	3	(29)	large
Hedging and IFRS volatility (after tax)	**35**	10	large	10	(3)	large
Net profit after tax ("statutory basis") [2, 3]	**1,388**	1,252	11	1,251	870	44
Represented by :				-	-	
ASB	**1,453**	1,309	11	1,308	933	40
Other [4]	**(65)**	(57)	14	(57)	(63)	(10)
Net profit after tax ("statutory basis") [2, 3]	**1,388**	1,252	11	1,251	870	44

Key Financial Metrics (continuing operations) [5]	30 Jun 22	Restated [1] 30 Jun 21	Jun 22 vs Jun 21 %	As reported 30 Jun 21	As reported 30 Jun 20	Jun 21 vs Jun 20 %
Performance indicator						
Statutory operating expenses to total operating income (%)	**37. 5**	39. 7	(220)bpts	39. 8	42. 3	(250)bpts

1 Comparative information has been restated to conform to presentation in the current period. Refer also to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 10 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

3 The CBA branch results related to the Institutional Banking and Markets business in New Zealand are not included.

4 Other includes ASB funding entities and elimination entries between New Zealand segment entities.

5 Key financial metrics are calculated in New Zealand dollar terms.

Financial Performance and Business Review

Year Ended June 2022 versus Restated June 2021

New Zealand [1] net profit after tax [2] ("statutory basis") for the full year ended 30 June 2022 was NZD1,388 million, an increase of NZD136 million or 11% on the prior year. The result was driven by an 8% increase in total operating income, partly offset by a 3% increase in operating expenses and a NZD46 million increase in loan impairment expense.

The Australian dollar equivalent line item growth rates are impacted by the depreciation of the New Zealand dollar and the mark-to-market movements in foreign exchange hedges relating to New Zealand earnings.

As Reported Year Ended June 2021 versus June 2020

New Zealand [1] net profit after tax [2] ("statutory basis") for the full year ended 30 June 2021 was NZD1,251 million, an increase of NZD381 million or 44% on the 2020 financial year. The result was driven by an 8% increase in total operating income and a NZD311 million decrease in loan impairment expense, partly offset by a 5% increase in operating expenses.

1 The New Zealand result incorporates ASB and allocated CBA capital charges and costs. The CBA Branch results relating to the Institutional Banking and Markets business in New Zealand are not included.

2 Includes allocated capital charges and other CBA costs.

Divisional Performance (continued)

New Zealand (continued)

ASB (NZ$M)	30 Jun 22 NZ$M	Restated[1] 30 Jun 21 NZ$M	Jun 22 vs Jun 21 %	As reported 30 Jun 21 NZ$M	As reported 30 Jun 20 NZ$M	Jun 21 vs Jun 20 %
	Full Year Ended					
Net interest income	**2,589**	2,383	9	2,349	2,130	10
Other banking income	**443**	412	8	444	460	(3)
Total banking income	**3,032**	2,795	8	2,793	2,590	8
Funds management income	**149**	150	(1)	150	143	5
Total operating income	**3,181**	2,945	8	2,943	2,733	8
Operating expenses	**(1,179)**	(1,148)	3	(1,148)	(1,089)	5
Loan impairment expense	**(41)**	5	large	5	(306)	large
Net profit before tax	**1,961**	1,802	9	1,800	1,338	35
Corporate tax expense	**(543)**	(506)	7	(505)	(373)	35
Net profit after tax ("cash basis")	**1,418**	1,296	9	1,295	965	34
Gain on acquisition, disposal, closure and demerger of businesses	**–**	3	(large)	3	(29)	n/a
Hedging and IFRS volatility (after tax)	**35**	10	large	10	(3)	large
Net profit after tax ("statutory basis") [2]	**1,453**	1,309	11	1,308	933	40

Balance Sheet (NZ$M)	30 Jun 22 NZ$M	Restated[1] 30 Jun 21 NZ$M	Jun 22 vs Jun 21 %	As reported 30 Jun 21 NZ$M	As reported 30 Jun 20 NZ$M	Jun 21 vs Jun 20 %
	As at					
Home loans	**72,055**	67,679	6	67,679	60,336	12
Business Lending	**20,538**	19,311	6	19,311	17,680	9
Rural Lending	**11,045**	11,146	(1)	11,146	10,900	2
Other interest earning assets	**1,611**	1,758	(8)	1,758	1,895	(7)
Total lending interest earning assets	**105,249**	99,894	5	99,894	90,811	10
Non-lending interest earning assets	**14,299**	11,188	28	11,188	12,029	(7)
Other assets	**1,904**	1,509	26	1,509	2,362	(36)
Total assets	**121,452**	112,591	8	112,591	105,202	7
Interest bearing customer deposits	**62,664**	59,929	5	64,555	63,874	1
Debt issues	**22,607**	22,936	(1)	22,936	19,408	18
Other demand deposits [3]	**6,950**	4,626	50	n/a	n/a	n/a
Other interest bearing liabilities	**2,502**	1,491	68	1,491	2,251	(34)
Total interest bearing liabilities	**94,723**	88,982	6	88,982	85,533	4
Non-interest bearing deposits	**13,175**	11,651	13	11,651	8,123	43
Other non-interest bearing liabilities	**1,955**	997	96	997	1,183	(16)
Total liabilities	**109,853**	101,630	8	101,630	94,839	7

1 Comparative information has been restated to conform to presentation in the current period. Refer also to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 10 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2022 Financial Report.

3 Other demand deposits include certificate of deposits, repurchase agreements and funding from RBNZ Funding for Lending Programme and Term Lending Facility.

Divisional Performance (continued)

New Zealand (continued)

ASB Key Financial Metrics [2]	30 Jun 22	Restated [1] 30 Jun 21	Jun 22 vs Jun 21 %	As reported 30 Jun 21	As reported 30 Jun 20	Jun 21 vs Jun 20 %
	Full Year Ended					
Performance indicators						
Net interest margin (%)	**2. 22**	2. 22	–	2. 18	2. 12	6 bpts
Statutory return on assets (%)	**1. 2**	1. 2	–	1. 2	0. 9	30 bpts
Statutory operating expenses to total operating income (%)	**36. 5**	38. 7	(220)bpts	38. 8	41. 0	(220)bpts
Statutory impairment expense annualised as a % of average GLAAs (%)	**0. 04**	(0. 0)	5 bpts	(0. 0)	0. 34	(35)bpts
Other information				-	-	
Average interest earning assets (NZ$M)	**116,397**	107,522	8	107,522	100,582	7
Risk weighted assets (NZ$M) [3]	**68,301**	61,252	12	61,252	59,550	3
Risk weighted assets (A$M) [4]	**51,916**	53,311	(3)	53,390	50,812	5
AUM - average (NZ$M) [5]	**21,647**	20,227	7	20,227	17,886	13
AUM - spot (NZ$M) [5]	**19,980**	21,750	(8)	21,750	18,500	18
90+ days home loan arrears (%)	**0. 19**	0. 18	1 bpt	0. 18	0. 23	(5)bpts
90+ days consumer finance arrears (%)	**0. 49**	0. 36	13 bpts	0. 36	1. 10	(74)bpts
Number of full-time equivalent staff (FTE)	**5,879**	5,722	3	5,634	5,122	10

1 Comparative information has been restated to conform to presentation in the current period. Refer also to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

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

3 Risk weighted assets calculated in accordance with RBNZ requirements.

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

5 On 11 February 2022, ASB sold the management rights of the ASB Superannuation Master Trust (SMT) to Smartshares Limited. The sale includes a transition period where ASB continues to provide investment management and administration services until the transition is complete, and therefore the AUM balances related to SMT remain included in the ASB AUM balance at 30 June 2022.

New Zealand (continued)

Financial Performance and Business Review

ASB Bank: Year Ended June 2022 versus Restated June 2021

ASB net profit after tax ("statutory basis") for the full year ended 30 June 2022 was NZD1,453 million, an increase of NZD144 million or 11% on the prior year. The result was driven by an 8% increase in total operating income, partly offset by a 3% increase in operating expenses and a NZD46 million increase in loan impairment expense.

Net Interest Income

Net interest income was NZD2,589 million, an increase of NZD206 million or 9% on the prior year. The increase was driven by an 8% growth in average interest earning assets and a flat net interest margin.

Net interest margin was flat on the prior year, reflecting:

- Higher deposit margins (up 16 basis points) mainly due to increases in swap and cash rates;
- Lower wholesale funding costs (up 2 basis points); and
- Favourable portfolio mix (up 1 basis point) driven by strong growth in transaction and savings deposits (up 4 basis points), partly offset by unfavourable lending mix driven by a higher proportion of lower margin home loan balances relative to higher margin consumer finance and business lending balances (down 3 basis points); partly offset by
- Unfavourable lending margins (down 16 basis points) mainly from the impact of swap rates on home loan pricing; and
- Lower income from Treasury related activities (down 3 basis points).

Other Banking Income

Other banking income was NZD443 million, an increase of NZD31 million or 8% on the prior year, reflecting:

- The gain on sale of the management rights of the ASB Superannuation Master Trust; and
- Higher gains from the sale of government securities.

Funds Management Income

Funds management income was NZD149 million, a decrease of NZD1 million or 1% on the prior year, mainly driven by the removal of administration fees on KiwiSaver accounts, partly offset by higher average Assets Under Management (AUM) (up 7%) reflecting favourable net inflows and market performance, and improved margins.

Operating Expenses

Operating expenses were NZD1,179 million, an increase of NZD31 million or 3% on the prior year. The increase was primarily driven by higher staff costs due to increased full-time equivalent staff (FTE), wage inflation and lower annual leave usage due to the impact of COVID-19, growth in investment spend to deliver strategic priorities, and higher IT costs, partly offset by a release of the provision relating to historical holiday pay.

The number of FTE increased by 157 or 3% on the prior year from 5,722 to 5,879, mainly driven by growth to support investment in technology.

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

The operating expenses to total operating income ratio ("statutory basis") for ASB was 36.5%, a decrease of 220 basis points on the prior year driven by growth in total operating income.

Loan Impairment Expense

Loan impairment expense was NZD41 million, an increase of NZD46 million on the prior year. This was mainly driven by higher collective provisions reflecting emerging risks, including inflationary pressures and rising interest rates, partly offset by lower write-offs.

Home loan 90+ days arrears increased 1 basis point, from 0.18% to 0.19%, and consumer finance 90+ days arrears increased 13 basis points, from 0.36% to 0.49%, as arrears rates start to return towards pre-COVID-19 levels.

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of NZD4.4 billion or 6%, in line with system[1] growth, with continued customer preference for fixed rate loans in a competitive market;
- Business loan growth of NZD1.2 billion or 6%, below system[1] growth of 9%, driven by an increase in commercial lending, partly offset by a decline in small business lending;
- Rural loan decline of NZD0.1 billion or 1%; and
- Total customer deposit growth of NZD4.3 billion or 6% (interest bearing and non-interest bearing), above system[1] growth of 5%[2], with a customer preference for at-call deposits.

Risk Weighted Assets [3]

Risk weighted assets were NZD68.3 billion, an increase of NZD7.0 billion or 12% on the prior year.

- Credit risk weighted assets increased NZD6.8 billion or 13% predominately driven by the implementation of the RBNZ 85% Standardised output floor from 1 January 2022, partly offset by modelling changes in credit cards; and
- Operational risk weighted assets increased NZD1.4 billion or 23% predominately due to a change in methodology; partly offset by
- Market risk weighted assets decreased NZD1.2 billion or 32% primarily due to methodology changes and a reduction in interest rate risk positions.

1 System source: RBNZ.
2 RBNZ system data includes institutional deposits which are excluded from the ASB Management Balance Sheet.
3 Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.

New Zealand (continued)

Financial Performance and Business Review (continued)

ASB Bank: As Reported Year Ended June 2021 versus June 2020

ASB net profit after tax ("statutory basis") for the year ended 30 June 2021 was NZD1,308 million, an increase of NZD375 million or 40% on the 2020 financial year. The result was driven by an 8% increase in total operating income and a NZD311 million decrease in loan impairment expense, partly offset by a 5% increase in operating expenses.

Net Interest Income

Net interest income was NZD2,349 million, an increase of NZD219 million or 10% on the 2020 financial year. The increase was driven by a 7% growth in average interest earning assets and a 3% increase in net interest margin.

Net interest margin increased 6 basis points, reflecting:

- Lower wholesale funding costs (up 15 basis points);
- Favourable portfolio mix (up 8 basis points) driven by strong growth in transaction and savings deposits (up 11 basis points), partly offset by unfavourable lending mix driven by proportionally more lower margin home loan balances relative to higher margin consumer finance and business lending balances (down 3 basis points); and
- Favourable lending margins (up 4 basis points) reflecting higher business and rural lending margins (up 3 basis points), and home loan margins (up 1 basis point); partly offset by
- Lower deposit margins due to reduced earnings on transactions and savings deposits reflecting the lower cash rate (down 16 basis points); and
- Lower earnings on equity due to the lower interest rate environment (down 5 basis points).

Other Banking Income

Other banking income was NZD444 million, a decrease of NZD16 million or 3% on the 2020 financial year, reflecting:

- Lower insurance commission income; and
- Lower Markets income due to lower trading gains.

Funds Management Income

Funds management income was NZD150 million, an increase of NZD7 million or 5% on the 2020 financial year, driven by:

- Higher average Assets Under Management (AUM) (up 13%), reflecting net inflows and favourable investment markets; partly offset by
- Lower income due to the completion of the sale of Aegis on 2 December 2019.

Operating Expenses

Operating expenses were NZD1,148 million, an increase of NZD59 million or 5% on the 2020 financial year. The increase was primarily driven by higher investment spend, IT costs, and increased staff expenses primarily due to continued investment in risk and compliance, partly offset by lower provision charges relating to historical holiday pay.

The number of FTE increased by 512 or 10% on the 2020 financial year from 5,122 to 5,634 FTE primarily driven by growth in project related FTE to support investment spend.

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

The operating expenses to total operating income ratio ("statutory basis") for ASB was 38.8%, a decrease of 220 basis points on the 2020 financial year mainly driven by growth in total operating income.

Loan Impairment Expense

Loan impairment expense was a benefit of NZD5 million, a decrease of NZD311 million on the 2020 financial year. This was driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and lower individual provisions in the current year.

Home loan 90+ days arrears decreased 5 basis points, from 0.23% to 0.18%, and consumer finance 90+ days arrears decreased 74 basis points, from 1.10% to 0.36%, reflecting an improvement in economic conditions.

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of NZD7.3 billion or 12%, in line with system [1], with continued customer preference for fixed rate loans;
- Business loan growth of NZD1.6 billion or 9%, above system[1] decline of 1% [2], driven by strong growth in commercial property lending;
- Rural loan growth of NZD0.2 billion or 2%, above system [1] decline of 1% [2]; and
- Deposit growth primarily driven by customer deposit growth of NZD3.0 billion or 4%, below system [1] growth of 5% [3], with a higher demand for at-call deposits.

Risk Weighted Assets [4]

Risk weighted assets were NZD61.3 billion, an increase of NZD1.7 billion or 3% on the 2020 financial year.

- Operational risk weighted assets increased NZD1.7 billion or 39% following changes in the operational risk profile; and
- Market risk weighted assets increased NZD0.5 billion or 16% primarily due to an increase in NZD interest rate risk; partly offset by
- Credit risk weighted assets decreased NZD0.5 billion or 1% driven by an improvement in credit risk estimates, partly offset by an increase in lending volumes.

1 System source: RBNZ.
2 System growth rates have been normalised to exclude the impact of ANZ's sale of UDC Finance Limited in September 2020.
3 RBNZ system data includes institutional deposits which are excluded from the ASB Management Balance Sheet.
4 Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.

Divisional Performance (continued)

Corporate Centre and Other

Overview

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

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[1] and CFS[1] as well as the strategic investments in x15ventures.

On 1 March 2022, CBA announced the sale of a 10% equity interest in the Bank of Hangzhou Co., Ltd (HZB) to Hangzhou Urban Construction & Investment Group Co., Ltd and Hangzhou Communications Investment Group Co., Ltd, which are entities majority-owned by the Hangzhou Municipal Government. The transaction was completed on 30 June 2022, with the remaining 5.6% investment in HZB now treated as a strategic equity investment, with gains and losses recognised within the Statement of Comprehensive Income. As a result the Group will no longer recognise its share of profits from HZB as an associate within other banking income.

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.

The Treasury function includes: Portfolio Management: manages the interest rate risk of the Bank's non-traded Balance Sheet using transfer pricing to consolidate risk into Treasury, and hedging the residual mismatch between assets and liabilities using swaps, futures and options; Group Funding and Liquidity: manages the Bank's long-term and short-term wholesale funding requirements, and the Bank's prudent liquidity requirements; and Capital and Regulatory Strategy: manages the Bank's capital requirements.

	Full Year Ended					
		Restated [2]		As reported		
Corporate Centre and Other (including eliminations)	**30 Jun 22 $M**	30 Jun 21 $M	Jun 22 vs Jun 21 %	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %
Net interest income	**140**	256	(45)	**254**	306	(17)
Other banking income	**845**	463	83	**466**	375	24
Total banking income	**985**	719	37	**720**	681	6
Funds management income	**(14)**	(7)	(large)	**(6)**	(30)	80
Insurance income	**–**	(1)	large	**(1)**	(3)	(67)
Operating income excluding one-off item	**971**	711	37	**713**	648	10
One-off item - *Gain on sale of HZB shares* [3]	**516**	–	n/a	**n/a**	n/a	n/a
Operating income including one-off item	**1,487**	711	large	**713**	648	10
Operating expenses excluding one-off items	**(1,897)**	(1,999)	(5)	**(2,019)**	(1,812)	11
One-off items - *Accelerated software amortisation and other* [3]	**(445)**	–	n/a	**n/a**	n/a	n/a
Total operating expenses including one-off items	**(2,342)**	(1,999)	17	**(2,019)**	(1,812)	11
Loan impairment (expense)/benefit	**(8)**	(96)	(92)	**(96)**	(55)	75
Net loss before tax	**(863)**	(1,384)	(38)	**(1,402)**	(1,219)	15
Corporate tax benefit	**213**	414	(49)	**410**	386	6
Cash net loss after tax from continuing operations	**(650)**	(970)	(33)	**(992)**	(833)	19
Cash net profit after tax from discontinued operations [4]	**17**	14	21	**14**	16	(13)
Cash net loss after tax	**(633)**	(956)	(34)	**(978)**	(817)	20
Gain on disposal and acquisition of entities net of transaction costs	**84**	305	(72)	**305**	161	89
Hedging and IFRS volatility	**644**	77	large	**77**	(33)	large
Net profit/(loss) after tax ("statutory basis") [5]	**95**	(574)	(large)	**(596)**	(689)	(13)

1 Lendi Group represents the Group's ~40% holding in the business after the completion of the merger between Aussie Home Loans and Lendi Pty Ltd on 3 May 2021. CFS represents the Group's 45% minority interest in Superannuation and Investments HoldCo Pty Limited, the parent entity of the Colonial First State (CFS) business, which was a subsidiary of the Group until the disposal of a 55% interest on 1 December 2021.

2 Comparative information has been restated to conform to presentation in the current period. Refer also to "Disclosures - Financial Information Definitions - Change in Comparatives" and Appendix C of this Document for further details.

3 Refer to detail on page 36 of this Document.

4 Discontinued operations includes Colonial First State (CFS), CommInsure Life, BoCommLife, Colonial First State Global Asset Management (CFSGAM), PT Commonwealth Life, and unallocated revenue and expenses from the transaction services agreements, and eliminations associated with our discontinued businesses.

5 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 10 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 202 Financial Report.

Corporate Centre and Other (continued)

Financial Performance and Business Review

Year Ended June 2022 versus Restated June 2021[1]

Corporate Centre and Other net profit after tax ("statutory basis") for the full year ended 30 June 2022 was $95 million, an increase of $669 million on the prior year. The result was primarily driven by a 37% increase in total operating income, a 5% decrease in operating expenses and an $88 million decrease in loan impairment expense. One-off items were largely offsetting in the period.

Net Interest Income

Net interest income was $140 million, a decrease of $116 million or 45% on the prior year. This was mainly driven by lower Treasury income from reduced earnings on the liquids portfolio and interest rate risk management activities.

Other Banking Income

Other banking income was $845 million, an increase of $382 million or 83% on the prior year. This was mainly driven by the non-recurrence of upfront costs related to the Group's term debt buyback program in the prior year and higher gains from the sale of Treasury liquid assets.

Operating Expenses

Operating expenses were $1,897 million, a decrease of $102 million or 5% on the prior year. This was primarily driven by lower Aligned Advice related remediation costs and reduced occupancy expenses including the cessation of concurrent rent as we consolidate our property footprint, partly offset by wage inflation and increased resourcing to deliver centrally held technology and strategic related investment spend.

Loan Impairment Expense

Loan impairment expense decreased $88 million on the prior year to an expense of $8 million. This was mainly due to the non-recurrence of prior year COVID-19 related collective provision charges in PTBC.

Risk Weighted Assets

Risk weighted assets were $52.1 billion, an increase of $29.8 billion on the prior year.

- IRRBB risk weighted assets increased $31.0 billion, mainly due to APRA's required IRRBB capital increase to reflect the impact of the recent interest rate volatility on the Group's equity investment; and
- Operational risk weighted assets increased $0.1 billion or 4%; partly offset by
- Credit risk weighted assets decreased $1.3 billion or 16%.

As Reported Year Ended June 2021 versus June 2020

Corporate Centre and Other net loss after tax ("statutory basis") for the year ended 30 June 2021 was $596 million, a decrease of $93 million or 13% on the 2020 financial year. The result was primarily driven by a 10% increase in total operating income, an 11% increase in operating expenses and a 75% increase in loan impairment expense.

Net Interest Income

Net interest income was $254 million, a decrease of $52 million or 17% on the 2020 financial year. This was driven by lower earnings on equity in the low-rate environment, and a reduction in lending balances in PTBC reflecting active portfolio management, the impacts of COVID-19, and unfavourable FX.

Other Banking Income

Other banking income was $466 million, an increase of $91 million or 24% on the 2020 financial year. This was mainly driven by higher net profits from minority investments including a reversal of historical impairment, partly offset by the upfront costs related to the Group's term debt buyback program.

Operating Expenses

Operating expenses were $2,019 million, an increase of $207 million or 11% on the 2020 financial year. This was primarily driven by higher centrally held investment spend including the Group's strategic investments in x15ventures, technology, simplification and productivity initiatives, increased occupancy expenses from concurrent rent expenses in the current year as we vacate commercial office space and consolidate our property footprint, and higher Aligned Advice related remediation costs.

Loan Impairment Expense

Loan impairment expense increased $41 million on the 2020 financial year to $96 million. This was due to higher collective provision charges in PTBC, reflecting deterioration in credit quality and economic outlook in Indonesia due to COVID-19.

Risk Weighted Assets

Risk weighted assets were $3.2 billion, a decrease of $3.9 billion or 54% on the 2020 financial year.

- IRRBB risk weighted assets decreased $2.6 billion or 51%, driven by changes in interest rate risk management positions; and
- Credit risk weighted assets decreased $1.3 billion or 14%.

1 In order to provide an underlying view of performance, the commentary below has been presented excluding the impact of the one-off operating income and expense items.

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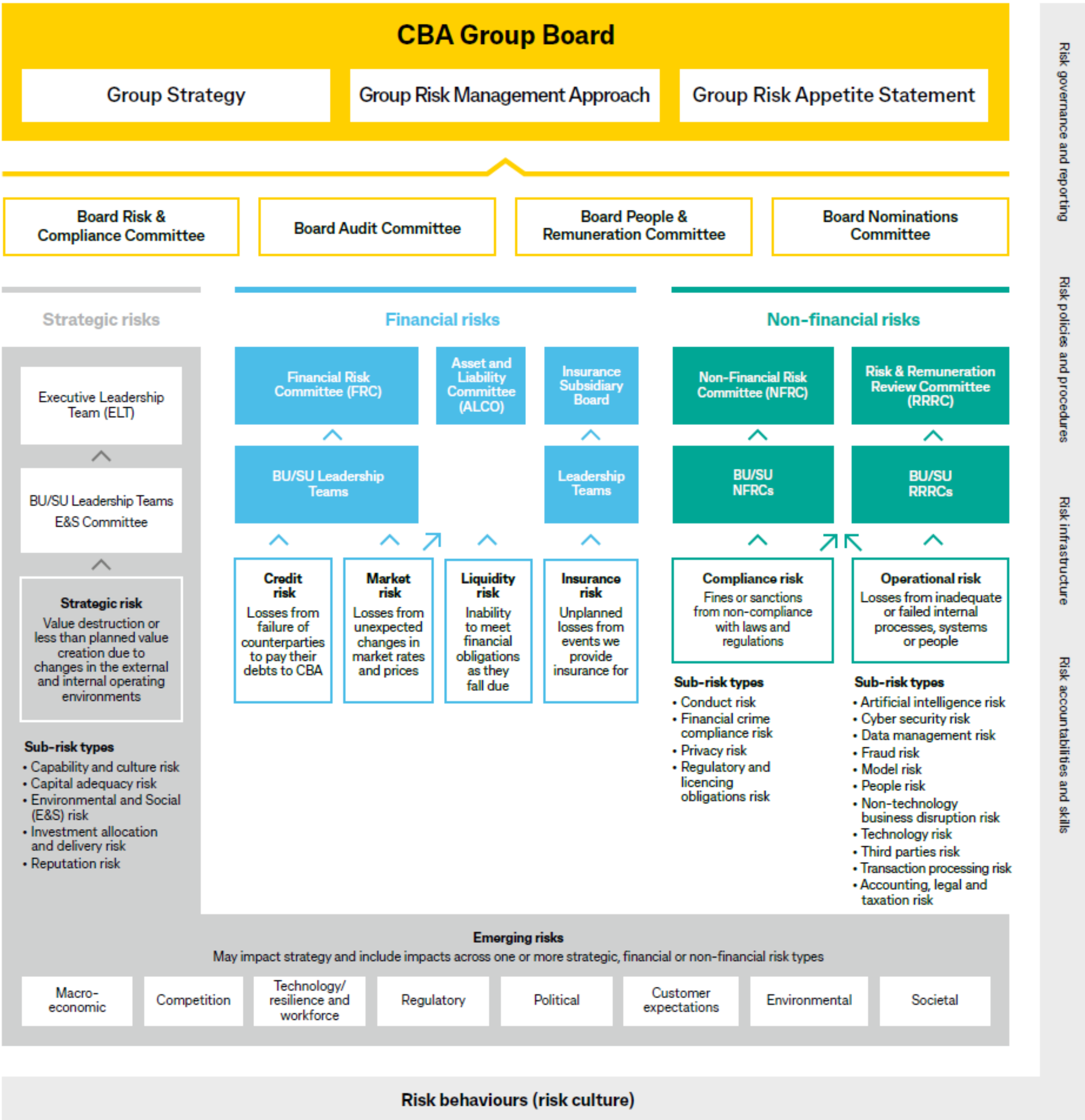
Contents

6. Other Information

Other Information

Risk Management

The Group is exposed to financial risks, non-financial risks and strategic risks arising from its operations. The Group manages these risks through its Risk Management Framework (the Framework), which evolves to accommodate changes in the business operating environment, better practice approaches, and regulatory and community expectations. The components of the 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 section.

Other information (continued)

Risk Management (continued)

The Framework enables the appropriate development and implementation of strategies, policies and procedures to manage risk. The Framework incorporates the requirements of APRA Prudential Standard CPS 220 *Risk Management* supported by the three key documentary components:

- **The Group Risk Appetite Statement (RAS)** articulates the type and degree of risk the Board is prepared to accept and the level of risk that the Group must operate within;
- **The Group Risk Management Approach (RMA)** describes the Group's approach to ensure management of its material risks in support of achieving its strategic goals and objectives; and
- **The Group Strategy** outlines the Group's approach to the implementation of its strategic objectives. The Strategy has a rolling three year duration and reflects material risks to the Group.

The Framework is underpinned by the following Risk Framework enablers that allow the Group to effectively identify, record, manage and monitor risks.

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 is responsible for the oversight and governance of risks impacting the Group. It oversees the design, implementation and operation of the 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 and management committees and forums across the Group and within the BUs and Support Units (SUs).

Regular management information is produced that allows financial 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.

Risk Policies & Procedures

Risk policies and procedures provide guidance to the business on the management of each material risk. They support the 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 Management Infrastructure

The Framework is supported by key infrastructure systems and processes for the management of the Group's material risks.

The key risk management systems and processes in place include:

- **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.**

Risk accountabilities and skills

The Group operates a Three Lines of Accountability 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 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 effective management of the Group's material risks requires appropriate resourcing of skilled employees within each of the Group's Three Lines of Accountability. It is important for all Group employees to have an awareness of their risk accountabilities in relation to their role, the Framework, and the need to adopt the CBA Risk Behaviours to ensure a positive Group risk culture. This awareness is developed through:

- **Communication of the Group RAS and the Group 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 lead to appropriate outcomes for all stakeholders. 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;**
- **The Operational Risk and Compliance Training program;** and
- **Induction and ongoing learning**.

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.

The Group's RAS in relation to conduct risk requires 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 regarding the effectiveness of the Group's risk culture in keeping risk-taking within appetite. Action plans are initiated and monitored to drive positive risk culture changes in areas of need.

Risk Management (continued)

Material Risk Types

Description	Governing Policies and Key Management Committees	Key Controls and Risk Mitigation Strategies
Credit Risk (Refer to Note 9.2 of the 2022 Financial Report)		
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: ▪ Residential mortgage lending; ▪ Unsecured retail lending; ▪ Commercial lending; and ▪ Large corporate (institutional) lending and markets exposures.	**Governing Policies:** ▪ Group Credit Risk Policies, 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 thorough credit quality assessments; ▪ Applications assessed by credit decisioning models, with more complex or higher risk applications referred to credit authority holders; ▪ 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 or portfolio level.
Market Risk including Equity Risk (Refer to Note 9.3 of the 2022 Financial Report)		
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; ▪ 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 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; ▪ Daily monitoring of IRRBB market risk exposures including risk sensitivities, credit spread risk, VaR and stress testing; ▪ Monthly monitoring of net interest earnings at Risk versus limits; and ▪ Transfer pricing for risk.

Risk Management (continued)

Material Risk Types (continued)

Description	Governing Policies and Key Management Committees	Key Controls and Risk Mitigation Strategies
Liquidity and Funding Risk (Refer to Note 9.4 of the 2022 Financial Report)		
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). The Group is exposed to liquidity risk primarily through: ▪ The funding mismatch between the Group's loans, investments and sources of funding.	**Governing Policy:** ▪ Group Liquidity Policy **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 LCR and NSFR; ▪ Market and idiosyncratic stress test scenarios; and ▪ The Contingency Funding Plan provides strategies for addressing liquidity shortfalls in a crisis situation.
Operational Risk		
Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. The Group is exposed to operational risk primarily through: ▪ Accounting, Legal and Taxation risks; ▪ Artificial Intelligence risks; ▪ Cyber security risks; ▪ Data management risks; ▪ Fraud risks (external and internal); ▪ 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 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 manual and automated 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; ▪ Quantitative Risk Assessments are scenarios conducted to provide an understanding of potential unexpected losses; ▪ 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.

Risk Management (continued)

Material Risk Types (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, 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:** ▪ 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 by employees, representatives, suppliers or third party agents, including disclosure and approval of gifts and entertainment, charitable donations and sponsorships; and ▪ Conduct Risk strategy and Code of Conduct, supported by mandatory training for all staff.

Risk Management (continued)

Material Risk Types (continued)

Description	Governing Policies and Key Management Committees	Key Controls and Risk Mitigation Strategies
Insurance Risk		
Insurance risk is the risk of loss due to the potential for events the Group has provided insurance for, occurring more frequently or with greater severity than anticipated. The Group is primarily exposed to insurance risk through home and motor events through a wholly-owned subsidiary in Australia.	**Governing Policies:** ▪ Product Development and Distribution Policy ▪ Underwriting Policy ▪ Pricing Policy ▪ Claims Management Policy ▪ Reinsurance Management Policy **Key Management Committee:** ▪ Executive Committees of insurance writing businesses	▪ Defined insurance risk indicators set in the Group RAS; ▪ Sound product design and pricing to ensure that customers understand the extent of their cover and that premiums are sufficient to cover the risk involved; ▪ Limits, standards and underwriting authorities to ensure acceptance of appropriate risks; ▪ Regular monitoring of loss ratios, aggregations and concentrations; ▪ Catastrophe modelling and stress testing; ▪ Actuarial review of claims provisions; ▪ Controls to ensure valid claims are paid without undue delay; and ▪ Reinsurance to manage the volatility of insurance risk and limit exposure to significant, individual or aggregate risks or risk concentrations.

Risk Management (continued)

Material Risk Types (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:** from the physical impacts of climate change or not understanding or meeting community or regulatory expectations in relation to environmental and social issues. - **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; and - Accountability frameworks. **Environmental and Social Risk** - Scenario analyses to understand the physical and transition risks of climate change; - 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.

Cross-Border Outstandings

Cross-border outstandings are based on the country of domicile of the borrower or guarantor of the ultimate risk. Outstandings include loans, acceptances and other monetary assets. Local currency activities with local residents by foreign branches and controlled entities of the Group are excluded. Mark-to-market derivative exposures (which are a subset of other monetary assets) are included in outstandings by the country of the borrower's domicile irrespective of currency.

CBA's cross-border outstandings to borrowers in countries that individually exceeded 0.75% of Group total assets as at 30 June 2022 and 30 June 2021 respectively are as follows:

	As at 30 June 2022				
	Government and Official Institutions	Banks	Other (primarily Commercial and Industrial)	Total	% of Group Total Assets
	$M	$M	$M	$M	%
United States	6,631	3,047	14,981	24,659	2. 03

	As at 30 June 2021				
	Government and Official Institutions	Banks	Other (primarily Commercial and Industrial)	Total	% of Group Total Assets
	$M	$M	$M	$M	%
United States	11,012	4,254	15,846	31,112	2. 85

Other information (continued)

Off-Balance Sheet Arrangements

The Group is a full service financial institution that offers a range of On-Balance Sheet and Off-Balance Sheet arrangements and commitments to customers in the normal course of business. In addition, the Group has a number of other arrangements that form part of its day-to-day business operations. Such activities include traditional Off-Balance Sheet credit risk related instruments, lease commitments, long-term debt issues, provision of liquidity facilities to securitisation programs and other contractual arrangements. These transactions combine varying levels of credit, interest rate, foreign exchange and liquidity risk. Risk Concentrations are managed by a combination of risk policies which limit exposures to individual counterparties, countries, industries, markets and liquidity risk.

Consolidated Entities

The Group is involved with a number of special purpose entities in the ordinary course of business which serves as a source of funding for the Group's activities. Under accounting standards these entities are consolidated in the Financial Statements if they meet the definition of control. The definition of control depends upon substance rather than form and, accordingly, determination of the existence of control involves management judgement. The Group assesses, at inception and periodically, where a Special Purpose Vehicle ("SPV") should be consolidated based on the Group's power over the relevant activities of the entity and the significance of its exposure to variable returns.

Special Purpose Entities

The Group enters into transactions in the normal course of business that transfers financial assets to counterparties or 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 programs.

Securitisation Programs

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 programs 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 Programs

To complement existing wholesale funding sources, the Group has established two global covered bond programs for the Bank and ASB. Certain residential mortgages have been assigned to SPV's associated with covered bond programs 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.

For further information on the Group's exposures to unconsolidated structured entities, refer to Note 4.5 and Note 11.1 of the 2022 Financial Report.

	Full Year Ended		
	2022	2021	2020
Group Arrangements with Issuers	**$M**	$M	$M
Liquidity facilities available to Issuers [1]	**4,768**	5,395	3,542

1 Relates to undrawn facilities to unconsolidated SPVs.

Off-Balance Sheet Arrangements (continued)

Credit Risk Related Instruments

The Group is party to a range of financial instruments that give rise to contingent and/or future liabilities. These transactions are a consequence of the Group's normal course of business to meet the financing needs of its customers. These financial instruments include guarantees, letters of credit, bill endorsements and other commitments to provide credit. The face (contract) value represents the maximum potential amount that could be lost if the counterparty fails to meet its financial obligations.

As these items are contingent upon the clients default or drawdown of the commitment, the potential funded exposure is expected to be significantly less than the face value.

In accordance with Bank policy, exposure to any of these transactions (net of collateral) is not carried at a level that would have material adverse effect on the financial condition of the Bank and its controlled entities.

The only material category of commitments is the $187 billion of commitments to provide credit (2021: $188 billion). These are committed but undrawn facilities, available to borrowers at call. The commitment to provide cash under these instruments is managed within the Group's liquidity and funding policies under current APRA Prudential Standards.

Details of contingent liabilities and Off-Balance Sheet instruments are set out in Note 12.1 of the 2022 Financial Report - Contingent liabilities, contingent assets and commitments arising from the banking business.

		Face Value			Group Credit Equivalent	
	2022	2021	2020	**2022**	2021	2020
Credit risk related instruments	**$M**	$M	$M	**$M**	$M	$M
Financial guarantees	**5,750**	5,909	6,720	**4,124**	3,982	5,244
Performance related contingencies	**5,932**	5,401	5,071	**2,966**	2,700	2,535
Commitments to provide credit	**187,419**	187,572	168,537	**173,480**	176,397	159,761
Other commitments	**1,429**	1,639	2,015	**1,423**	1,631	2,005
Total credit risk related instruments	**200,530**	200,521	182,343	**181,993**	184,710	169,545

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.

Performance-related contingencies are undertakings that oblige the Group to pay third parties should a customer fail to fulfil a contractual non-monetary 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. As facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

Other commitments to provide credit include commitments with certain drawdowns, standby letters of credit and bill endorsements.

Refer to Note 12.1 to the 2022 Financial Report -Contingent Liabilities, Contingent Assets and Commitments arising from the banking business.

These transactions are categorised and credit equivalents calculated under APRA guidelines for the risk-based measurement of capital adequacy. The credit equivalent amounts are a measure of potential loss to the Group in the event of non-performance by the counterparty.

Under the Basel III advanced internal ratings based approach for credit risk, the credit equivalent amount is the face value of the transaction, on the basis that at default the exposure is the amount fully advanced. Only when approved by APRA may an exposure less than the fully-advanced amount be used as the credit equivalent exposure amount.

As the potential loss depends on counterparty performance, the Group utilises the same credit policies in making commitments and conditional obligations as it does for on-Balance Sheet instruments. The Group takes collateral where it is considered necessary to support Off-Balance Sheet financial instruments with credit risk. If an event has occurred that gives rise to a present obligation and it is probable a loss will eventuate, then provisions are raised.

The carrying value for Guarantees is set out by term in the table on page 112.

Off-Balance Sheet Arrangements (continued)

Credit Risk Related Instruments (continued)

	Carrying Value		
	2022	2021	2020
	$M	$M	$M
Financial guarantees	**50**	45	58
Performance related contingencies	**45**	28	34
Other Commitments	**22**	38	27
Total	**117**	111	119

Securitisation of Assets

The Group conducts a Loan Securitisation program as described under "Special Purpose Entities" on page 110 of this Document.

The outstanding balance of securitised loans at 30 June 2022 was $8,144 million (2021: $10,631 million).

Interest rate swaps and liquidity facilities are provided at arm's length to the program by the Group in accordance with APRA Prudential Guidelines.

Liquidity facilities are disclosed in Note 9.4 of the 2022 Financial Report. These commitments are considered minor in the totality of the Group's business.

For further information on the Group's securitisation activities refer to Note 4.5 and Note 11.1 of the 2022 Financial Report.

Other Information (continued)

Commitments

This "Commitments" section contains certain forward-looking statements. See *"Disclosures – Special Note Regarding Forward-Looking Statements"* on page 5 of this Document. At the end of financial years 2022 and 2021, the Group had commitments for capital expenditure and lease commitments (see Note 12.1 of the 2022 Financial Report).

Contractual Obligations

The Group also had various monetary contractual liabilities, such as deposits and other public borrowings, loan capital lease liabilities, and other monetary liabilities. Refer to Note 9.4 of the 2022 Financial Report for the maturity distribution of these monetary contractual liabilities. Details of certain monetary liabilities of the Group's contractual obligations are set out in the table below.

	Payments due by period at 30 June FY22				
	Total $M	Less than 1 year $M	1 to 5 years $M	Over 5 years $M	Not specified $M
On-Balance Sheet [1]					
Debt Issues	155,925	42,019	67,947	45,959	–
Deposits and other Public Borrowings	859,079	847,832	11,197	50	–
Lease Liabilities	3,286	489	1,137	1,660	–
Total On-Balance Sheet	1,018,290	890,340	80,281	47,669	–
Off-Balance Sheet credit risk related instruments [2]	187,419	187,419	–	–	–

1 Contractual On-Balance Sheet obligations also include contractual interest; refer to Note 9.4 of the 2022 Financial Report.

2 Credit risk related instruments, see page 111 of this Document.

Failure to Settle Risk

The Group is subject to a credit risk exposure in the event that another financial institution fails to settle for its payments clearing activities, in accordance with the regulations and procedures of the following clearing systems of the Australian Payments Network Limited: The Australian Paper Clearing System, The Bulk Electronic Clearing System, The Issuers and Acquirers Community and the High Value Clearing System (only if operating in fallback mode"). This credit risk exposure is unquantifiable in advance, but is well understood, and is extinguished upon settlement following each exchange during the business day or at 9am next business day.

Services Agreements

The maximum contingent liability for termination benefits in respect of service agreements with the Chief Executive Officer and other Group Key Management Personnel at 30 June 2022 was $1,867,840 (2021: $1,804,424).

Transactions in Own Shares

The Group had the following employee share plans in place during the year ended 30 June 2022:

- Group Leadership Reward Plan ("GLRP");
- Employee Share Acquisition Plan ("ESAP");
- International Employee Share Acquisition Plan ("IESAP");
- Employee Salary Sacrifice Share Plan ("ESSSP");
- Group Rights Plan ("GRP");
- Employee Equity Plan ("EEP"); and
- Non-Executive Directors Share Plan ("NEDSP").

For further information regarding compensation arrangements and agreements with Group Key Management Personnel, see the Remuneration Report in the 2022 Financial Report.

Description of Business Environment

Our Purpose

This year, we renewed our purpose – building a brighter future for all – to reflect the role we see ourselves playing for our customers and communities, and the impact we can make in people's lives. Our renewed purpose conveys our fundamental optimism for the future and the role we play in supporting economic growth, contributing to Australia's prosperity, and helping customers achieve their financial goals.

Our strategic priorities

Last year we refreshed our strategy and set a more ambitious agenda, to build tomorrow's bank today for our customers. This year we have continued to execute our strategy which has four strategic priorities:

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

Our strategy

Building tomorrow's bank today for our customers

Our purpose	Building a brighter future for all			
Our priorities	Leadership in Australia's recovery and transition	Reimagined products and services	Global best digital experiences and technology	Simpler, better foundations
	Build Australia's leading business bank	Anticipate changing customer needs	Deliver the best integrated digital experiences	Deliver consistent operational excellence
	Help build Australia's future economy	Differentiate our customer proposition	Build world-class engineering capability	Sustain transparent and leading risk management
	Lead in the support we provide to customers and communities	Connect to external services and build new ventures	Modernise systems and digitise end-to-end	Reduce operating costs and manage capital with discipline
Our culture	Living our values of care, courage and commitment			
	Care We care about our customers and each other – we serve with humility and transparency	Courage We have the courage to step in, speak up and lead by example	Commitment We are unwavering in our commitment – we do what's right and we work together to get things done	

Leadership in Australia's recovery and transition

We are well placed to play a strong role in helping Australia's transition to a more modern, resilient and sustainable economy.

This year we released our first Climate Report, outlining our position and approach to climate change, as well as our progress and commitments. We also provide innovative financing options like sustainability-linked loans, green bonds and social bonds.

At the household level, we have developed partnerships, products and services that help and incentivise customers to understand and reduce their own carbon footprints and to save money on renewable energy.

During the year we contacted over two million retail and business customers impacted by natural disasters to offer support. We also alerted nearly five million customers to the various government benefits and rebates they could be eligible for based on their personal situation and finances.

Australian businesses are key to building the country's future economy. We are focused on continuing to differentiate our transaction and merchant banking propositions, and digitising our business banking experience.

Reimagined products and services

We aim to be the trusted centre of our customers' financial lives, using technology to build the best integrated and personalised digital experiences. Our strategy is to innovate around our most important customer experiences, redefining what it means to be a bank in an increasingly digital economy and the ways in which we can anticipate and meet our customers' needs.

To do this, we are focusing activity around five key themes – everyday banking, home, investing, business and carbon. Differentiating our customer proposition in these areas helps us put the customer at the centre of everything we do, and enables us to retain and build engagement.

Through our venture-scaling entity, x15ventures, we can bring new propositions to the market faster. We provide ventures with access to a technology stack, operating model and risk management approach that enables us to innovate more quickly and deliver more value for our customers. Ventures in market include Home-In (virtual home buying concierge), Cheddar (deal discovery app) and Kit (youth money app).

Description of Business Environment (continued)

Global best digital experiences and technology

Our focus is to use intuitive, purposeful technology to give customers a digital experience that is highly relevant, timely and personalised.

We are focused on modernising our systems. As part of our strategy, we continue to simplify our technology landscape which includes retiring legacy technology and migrating to the public cloud. We are using cloud-native capabilities, delivery patterns and engineering tools to drive faster releases in a safe and secure way.

We see the CommBank app as the trusted centre of our customers' financial lives. It continues to deliver more convenience, value and security. With close to seven million active app customers, we are seeing a steady increase in the frequency and ways that customers are engaging with our app. Each time they visit the app, we want to create a more rewarding experience.

To meet these ambitions, we need to continually grow a world-class engineering capability to modernise how we think about, build and evolve technology. We are focused on embedding engineers at the right places in the organisation and helping our teams develop the right skills.

Simpler, better foundations

The Bank has transformed itself over the past four years. These strong foundations underpin our ability to achieve balanced outcomes for our stakeholders, make a difference to our customers and communities, and ensure long-term performance and returns for our shareholders.

Our positive risk culture drives better decisions and outcomes for stakeholders. We continue to simplify and strengthen the way we manage risk, and ensure that changes in our business are delivered safely to meet customer and community expectations.

The completion in September 2021 of our program of work arising from the 2018 APRA Prudential Inquiry into CBA was an important milestone – marking the progress we have made to improve our governance, culture and accountability. The changes allow our people to provide better service to our customers, manage risk more effectively, meet compliance and regulatory obligations, and fulfil their individual and team accountabilities.

We have also made further progress in simplifying the business, completing our divestments of a 55% shareholding in Colonial First State and a 10% shareholding in Bank of Hangzhou.

We remain focused on serving our customers well every day. This means getting the basics right, simplifying our processes and putting our customers first. Operational excellence is the key to delivering seamless customer experiences. We are focused on being better and faster when it comes to making decisions. Over 60% of proprietary home loan applications are auto-decisioned on the same day, and 85% within one day. Businesses are also getting faster access to funding with solutions such as Stream Working Capital and BizExpress.

Our culture

Our values – Care, Courage and Commitment – are our cultural foundation. We want our culture to instil the right behaviours and actions, allow reflection and encourage constructive challenge.

Over the last four years, there has been a significant focus on cultural change within the Bank to drive greater accountability and openness to challenge. We are now focused on energising the whole organisation behind our culture aspiration with deliberate processes to drive continuous improvement. Significant focus and attention is being given to constructive challenge, empowerment and judgement in decision making.

To measure our progress, we will continue to monitor a balanced set of metrics. We have set ourselves the following goals:

- #1 Net Promoter Score in consumer [1] and business [2] banking of major banks;
- Top quartile among peer companies for reputation improvement;
- Top 10% amongst global companies in our people engagement score; and
- Top quartile total shareholder returns outperformance relative to peers.

1 DBM Consumer Main Financial Institution Net Promoter Score.
2 DBM Business Main Financial Institution Net Promoter Score.

History and Ownership

Commonwealth Bank of Australia was incorporated as a public company on 17 April 1991 in the Australian Capital Territory after being established in 1911 by a Commonwealth Act of Parliament. Commonwealth Bank is governed by, and operates in accordance with, its Constitution, the Corporations Act and the Listing Rules of the Australian Securities Exchange (which constitute the corporate governance regime of Australia), and certain provisions of the Commonwealth Banks Act 1959 of the Commonwealth of Australia.

The Commonwealth Bank was fully privatised in three stages from July 1991 to July 1996.

On 13 June 2000, Commonwealth Bank and Colonial Limited completed their merger.

On 22 August 2000, Commonwealth Bank purchased the 25 percent non-controlling interest in ASB Holdings Limited in New Zealand giving Commonwealth Bank a 100 percent interest in ASB Bank Limited and its subsidiaries.

Commonwealth Bank became the successor in law to the State Bank of New South Wales (known as Colonial State Bank) and to all the assets and liabilities of State Bank of New South Wales effective on 4 June 2001 pursuant to legislation.

On 19 December 2008, the Bank acquired 100 percent of Bank of Western Australia Ltd (Bankwest) from HBOS plc.

Other Information (continued)

Description of Business Environment (continued)

Australia

Australia has an open, market-based economy. The financial sector plays a vital role in supporting the Australian economy to facilitate sustainable growth in the economy by meeting the financial needs of its users.

Financial Services

Australia has a sophisticated financial services sector with financial services providers offering a wide range of products and services across retail, business and institutional banking, funds management, insurance, risk management and equities trading. The Australian financial system consists of the arrangements covering the borrowing and lending of funds and the transfer of ownership of financial claims in Australia, comprising:

- Authorised Deposit-taking Institutions ("ADIs") or financial institutions, comprising banks, credit unions and building societies;
- General Insurance;
- Financial markets – debt, equity and derivative markets; and
- Payment systems – cash, cheques, electronic payments, funds transfers settlements and other high-value payment systems.

New Zealand

The Group's banking activities in New Zealand are conducted by ASB Bank and also by the New Zealand branch of CBA.

Competition

Competitive Landscape

The Australian domestic competitive landscape includes four large domestic banks, mid-tier banks, non-bank financial institutions, foreign banks, investment banks, fund managers, insurance companies, brokers and third party distributors.

The four largest domestic banks in the sector are the Australian banks ANZ, CBA, NAB and Westpac. The major Australian banks are known as the "big four" and are referred to as the pillars of Australia's financial system. The Government's Four Pillars Policy prohibits mergers between the big four. The major Australian banks each offer a full range of financial products and services through branch networks, digital channels and third party intermediaries across Australia. Other participants in the financial services industry offer focused products and services or service specific customer segments.

Technology is providing opportunities for both new entrants and existing participants. However the major Australian banks invest extensively in customer-focused innovation that brings together technology and service to exceed customer expectations. This also increases efficiency in the Australian banking system.

Financial Strength

Our expertise in financial and risk management ensures we continue to support individuals, businesses, our shareholders, and the communities in which we operate.

We strive to build and defend a strong and dependable franchise, and closely manage the business for superior financial and operational outcomes. As at 30 June 2022, we are one of the largest companies (by market capitalisation) on the ASX.

We aim to provide our shareholders with stable returns, which are achieved through a resilient balance sheet and rigorous management of capital, funding and liquidity levels. As one of Australia's largest employers and corporate taxpayers, and with Australians owning nearly 80% of the Bank, we are proud of the contribution we make to the Australian economy.

Description of Business Environment (continued)

Financial System Regulation in Australia

The pace of regulatory reform has moderated in recent months, with the majority of the Royal Commission reforms now implemented and policymakers being focused more on supporting the economy and community during the COVID-19 pandemic. Industry has continued to implement and embed regulatory reform preceding this period, including the product design and distribution obligations, remuneration reforms, and increased breach reporting to ASIC.

A notable exception is APRA, which has continued with a constant reform agenda – with significant reforms including those related to recovery and resolution planning, Basel III capital reforms and a new operational risk standard.

Regulators have demonstrated an interest in maintaining momentum with regulatory/supervision that may have been delayed during 2021 as a result of lockdowns, and this includes an increased focus on the treatment of vulnerable customers.

Australia is internationally recognised as a high quality financial system, which aims to regulate financial products and services consistently, regardless of the type of financial institutions providing them. It also aims to protect the community from serious and organised crime by establishing reporting requirements on financial institutions.

The main regulators of financial services in Australia are the RBA, APRA, ASIC, AUSTRAC, Australian Financial Complaints Authority (“AFCA”), the Office of the Australian Information Commissioner (“OAIC”), and Australian Competition and Consumer Commission (“ACCC”).

Each agency has system-wide responsibilities for the different objectives of government oversight of the financial system. A description of these agencies and their general responsibilities and functions is set out below.

The RBA is responsible for monetary policy, financial system stability and regulation of the payments system.

APRA has responsibility for the prudential supervision of banks, building societies and credit unions, private health, life and general insurance companies, friendly societies, private health insurers, reinsurance companies and superannuation funds (pension funds). Unless an institution is authorised under the Banking Act or exempted by APRA, it is prohibited from engaging in the general business of deposit-taking. Under the legislation that APRA administers, it is responsible for protecting the interests of depositors, policyholders and superannuation fund members.

ASIC is Australia's integrated corporate, markets, financial services and consumer credit regulator, and carries out most of its work under the Corporations Act. ASIC’s role is to maintain, facilitate and improve the performance of the financial system and entities in it; promote confident and informed participation by investors and consumers in the financial system; administer the law effectively and with minimal procedural requirements; receive, process and store, efficiently and quickly, information received; make information about companies and other bodies available to the public as soon as practicable; and take whatever action they can, and which is necessary, to enforce and give effect to the law.

AUSTRAC (Australian Transaction Reports and Analysis Centre) is the Australian Government agency responsible for detecting, deterring and disrupting criminal abuse of the financial system to protect the community from serious and organised crime. It has a dual function as Australia’s financial intelligence agency and anti-money laundering and counter-terrorism financing regulator.

The Australian Financial Complaints Authority or AFCA was founded in November 2018, and acts as an external dispute resolution scheme for consumers who are unable to resolve complaints with member financial services organisations. AFCA has a broad membership including Australian banks, insurers, credit providers, financial advisers and planners, debt collection agencies, superannuation members and other businesses that provide financial products and services. Determinations made by AFCA are binding on institutions.

The OAIC regulates and enforces the Privacy Act 1988, the principal piece of Australian federal privacy legislation. Among other things, the Privacy Act regulates how an individual's personal information is collected, used, disclosed and secured. The OAIC also co-regulates the Consumer Data Right scheme with the ACCC.

The ACCC promotes competition and fair trade to benefit consumers, business and the community through the administration of the Competition and Consumer Protection Act 2010.

Description of Business Environment (continued)

Financial System Regulation in the United States

We have elected to be treated as a Financial Holding Company ("FHC") by the Board of Governors of the Federal Reserve System in the United States ("FRB"). The FRB is the "umbrella" supervisor with jurisdiction over FHCs, including us. A FHC is allowed to engage, or acquire companies engaged, in the United States in activities that are determined by the FRB and the Secretary of the Treasury to be financial in nature or incidental thereto, and, with FRB approval, activities that are determined by the FRB to be complementary to financial activities.

Under the Bank Holding Company Act of 1956 ("BHC Act"), the activities of a FHC are subject to restrictions if it is determined that the FHC (in our case, at the Group level) ceases to be "well managed" or "well capitalized" or is the subject of an enforcement action requiring it to maintain a specific level of capital.

We are subject to U.S. federal laws and regulations, including the International Banking Act of 1978 ("IBA"). Under the IBA, all branches and agencies of foreign banks in the United States are subject to reporting and examination requirements similar to those imposed on domestic banks that are owned or controlled by U.S. bank holding companies. As a federally licensed branch regulated primarily by the Office of the Comptroller of the Currency in the United States (the "OCC"), the Group's New York branch can engage in activities permissible for national banks, with the exception that the Group's New York branch may not accept retail deposits. The New York branch does not accept retail deposits (only institutional and corporate deposits) and thus is not subject to the supervision of the Federal Deposit Insurance Corporation ("FDIC").

Under the IBA, the FRB has the authority to impose reserve requirements on deposits maintained by U.S. branches and agencies of foreign banks, including the Group's New York branch. The Group's New York branch must maintain its accounts and records separate from those of the Group generally and must comply with such additional requirements as may be prescribed by the OCC. The IBA and the BHC Act also affect the Group's ability to engage in non-banking activities in the United States.

Under the IBA, a federal branch of a non-U.S. bank is subject to receivership by the OCC to the same extent as a national bank. The OCC may take possession of the business and property of a federal branch. The OCC has at its disposal a wide range of supervisory and enforcement tools for addressing violations of laws and regulations, and breaches of safety and soundness, which can be imposed upon federal branches. The OCC may remove federal branch management and assess civil money penalties. In certain circumstances, the OCC may also terminate a federal branch license at its own initiative or at the recommendation of the FRB.

The Group is subject to certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"). Dodd-Frank regulates many aspects of the business of banking in the United States and internationally.

Section 13 of the BHC Act and its implementing regulations, commonly referred to as the "Volcker Rule," among other things, generally prohibit banks and their affiliates from engaging in certain "proprietary trading" (but allows certain activities such as underwriting, market making-related and risk-mitigating hedging activities) and limits the sponsorship of, and investment in, certain private funds (including private equity funds and hedge funds), subject to certain important exceptions and exemptions.

Other Dodd-Frank regulations impose minimum margin requirements on uncleared swaps and security-based swaps, require the central execution and clearing of standardized over-the-counter ("OTC") derivatives on regulated trading platforms and clearing houses, set limits on the size of positions in certain types of derivatives, require the reporting of transaction data to regulated swap and security-based swap data repositories and provide for registration and heightened supervision and regulation of dealers and major market participants in the derivatives markets. We are a provisionally registered swap dealer under the U.S. Commodity Exchange Act and Commodity Futures Trading Commission ("CFTC") regulations. In addition, other affiliated entities within the Group could become subject to swap dealer registration, depending on the level of their swap dealing activities with counterparties that are U.S. persons and with certain counterparties whose swap obligations are guaranteed by U.S. persons. Even if not required to be registered with the CFTC, such entities are potentially subject to certain of the CFTC's regulatory requirements in connection with transactions that they enter into with counterparties that are U.S. persons and certain other categories of counterparties. Although we are not a registered security-based swap dealer with the U.S. Securities and Exchange Commission ("SEC"), we may register at such time as we are required or consider appropriate. In addition, as is the case with respect to CFTC rules, certain of the SEC's requirements for security-based swap transactions will apply to our transactions regardless of whether we are registered as a security-based swap dealer.

In 2020, the CFTC adopted rules regarding cross-border transactions which, among other things, permit "substituted compliance" by swap dealers located in non-U.S. jurisdictions with regulatory schemes determined by the CFTC to be comparable to its own. The CFTC had previously made such a determination with respect to certain aspects of Australian law and regulation pursuant to guidance issued by the CFTC prior to its adoption of the cross-border rules, and that determination remains in effect under the new rules. Pursuant to that determination, we are able to rely on substituted compliance with certain Australian rules in lieu of compliance with corresponding CFTC rules.

As part of the Dodd-Frank regulatory regime, the FRB, Farm Credit Administration, FDIC, Federal Housing Finance Agency and the OCC (collectively, referred to as the prudential regulators) have adopted rules imposing initial and variation margin requirements on transactions in uncleared swaps and security-based swaps entered into by registered swap dealers subject to prudential regulation. As we are supervised by the FRB and operate a New York Branch that is supervised by the OCC, we are subject to these rules, and must comply with the requirements thereunder to collect and post initial and variation margin in respect of in-scope trading with in-scope counterparties. The margin rules of the prudential regulators exclude non-U.S. swap dealers, such as us, from the requirements of the U.S. margin rules with respect to certain categories of transactions and counterparties. In addition, similar to the CFTC's cross border rules, the prudential regulators' margin rules allow non-U.S. swap dealers, such as us, to comply with the applicable laws of non-U.S. jurisdictions in lieu of compliance with their margin rules, but only if the prudential regulators make determinations of comparability with respect to the non-U.S. regimes.

Description of Business Environment (continued)

Financial System Regulation in the United States (continued)

We are also subject to “enhanced prudential regulations” under Reg. YY, Subpart N, which was adopted pursuant to Dodd-Frank Section 165, and which requires quarterly and annual certification of compliance with the capital adequacy and risk oversight requirements thereof. Dodd-Frank also requires us to submit U.S. resolution plans to the FRB and FDIC. In October 2019, the FRB and the FDIC issued final rules that apply tailored requirements on resolution planning and modify the enhanced prudential standards applicable to foreign banking organizations, depending on the size of their U.S. operations and their risk profile. Under the final rules, we continue to be a triennial reduced filer as of June 30, 2022. We submitted our most recent reduced resolution plan in June 2022. If we remain a triennial reduced filer, we will be required to submit our next reduced resolution plan on or before July 1, 2025.

We conduct our debt capital markets activities in the United States through Commonwealth Australia Securities, LLC (“CAS”). CAS is a broker-dealer licensed by the SEC and supervised by the SEC and the Financial Industry Regulatory Authority (“FINRA”). CAS is also licensed in the states and territories where it does business.

The SEC and FINRA have extensive compliance requirements that apply to CAS, including record-keeping, transaction and communications monitoring, supervision of CAS staff, internal policies and procedures, and many others that govern the day-to-day business of CAS. CAS is subject to periodic reviews of its operations by the SEC and FINRA.

The U.S. Foreign Account Tax Compliance Act (“FATCA”) requires financial institutions to undertake specific customer due diligence and provide information on account holders (including substantial owners for certain entities) who are U.S. citizens or tax residents to the United States Federal tax authority, the Internal Revenue Service, either directly or via local tax authorities. If the required customer data collection due diligence and provision of account holder information is not undertaken and provided in a manner and form meeting the applicable requirements, the Group and/or persons owning assets in accounts with Group members may be subjected to a 30% withholding tax on certain amounts. While such withholding may currently apply only to certain payments derived from sources within the United States, no such withholding will be imposed on any payments derived from sources outside the United States that are made prior to the date that is two years after the date on which final U.S. regulations defining the term “foreign passthru payment” are enacted. There is currently no proposed or final definition of “foreign passthru payment” (though legislative requirements and timeframes may be subject to change) and it is therefore impossible to know whether certain payments could possibly be treated as foreign passthru payments.

The discussion above reflects proposed U.S. regulations that eliminate withholding on certain gross proceeds payments and delay the effective date for withholding on payments from sources outside the United States. The U.S. Treasury Department has indicated that taxpayers may rely on the proposed regulations. The discussion assumes that the regulations will be finalized in their current form and will be effective retroactively.

In addition to FATCA, the U.S. may require the Group in certain circumstances to provide certain information to U.S. payers (withholding agents, custodians, etc.), and the Group and/or its customers may face withholding if the Group does not provide such information in compliance with the applicable rules and regulations. Moreover, even if the Group does provide the required information, withholding may still be applicable to certain U.S. source payments.

In the event that any country in which we operate does not have or enforce an Intergovernmental Agreement with the United States, and that country has local law impediments preventing compliance with FATCA, the Group may also be subject to broader compliance issues, significant withholding exposure and other operational impacts.

A major focus of U.S. governmental policies affecting financial institutions has been combatting money laundering, terrorist financing and violations of U.S. sanctions. The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “Patriot Act”) substantially broadened the scope of U.S. anti-money laundering laws by imposing significant compliance and due diligence obligations, identifying crimes and stipulating penalties and expanding the extra-territorial jurisdiction of the U.S. The U.S. Treasury Department has issued a number of regulations implementing various requirements of the Patriot Act, and other U.S. laws with respect to sanctions, that apply to U.S. financial institutions, including subsidiaries and branches of foreign banks such as our U.S. broker-dealer subsidiary and our New York branch.

Those regulations require financial institutions operating in the United States to maintain appropriate policies, procedures and controls to detect, prevent, and report money laundering and terrorist financing and to verify the identity of their customers. They also require financial institutions in the United States to operate in compliance with U.S. sanctions regimes. In addition, the U.S. bank regulatory agencies have imposed heightened standards and U.S. law enforcement authorities have been taking a more active role, resulting in intensified enforcement of such matters. Recent resolutions of enforcement actions involving other global financial institutions have involved the payment of substantial penalties, agreements with respect to future operation of their businesses and actions with respect to relevant personnel. Failure of a financial institution to maintain and implement adequate policies and procedures to combat money laundering and terrorist financing, and to comply with U.S. sanctions regimes, could have serious legal and reputational consequences for the financial institution, as well as result in the imposition of civil, monetary and criminal penalties.

In January 2021, the Anti-Money Laundering Act of 2020 (“AMLA”) was enacted in the United States. The AMLA is intended to comprehensively reform and modernize U.S. anti-money laundering laws. Among other things, the AMLA codifies a risk-based approach to anti-money laundering compliance for financial institutions; requires the development of standards by the U.S. Department of the Treasury for evaluating technology and internal processes for anti-money laundering compliance; and expands enforcement- and investigation-related authority, including a significant expansion in the available sanctions for certain violations. Many of the statutory provisions in the AMLA will require additional rulemakings, reports and other measures, and the effects of the AMLA will depend on, among other things, rulemaking and implementation guidance.

Description of Business Environment (continued)

Supervisory Arrangements

The Bank is an ADI under the Banking Act and is subject to prudential regulation by APRA.

In carrying out its prudential responsibilities, APRA closely monitors the operations of banks to ensure that they operate within the prudential framework and that sound management practices are followed.

APRA's broader supervision program includes a combination of on-site thematic reviews, regular engagement with the Board and senior management of individual institutions, prudential consultations and reviews of regular statistical returns reported by individual institutions.

In addition, APRA has established arrangements under which each bank's external auditor reports to APRA regarding observance of Prudential Standards and other supervisory requirements.

The prudential framework applied by APRA is embodied in a series of Prudential Standards and other requirements including:

(i) Capital, Funding and Liquidity

The Group is predominantly accredited to use the Advanced Internal Ratings Based ("AIRB") approach for credit risk and Advanced Measurement Approach ("AMA") for operational risk. The Group is also required to assess its traded market risk and IRRBB requirements under Pillar 1 of the Basel capital framework.

Details of the Group's regulatory capital position and capital management activities are disclosed in Note 8.1 of the 2022 Financial Report.

APRA's prudential guidance for liquidity risk management requires ADIs to maintain a liquidity risk management policy, governance and management framework and funding strategy that complies with the requirement to prudently manage all liquidity risks. The Group's liquidity risk management policy requires an appropriate level of high quality liquid assets be held to support cash outflows in both business as usual and stress conditions.

The Group has three categories of liquid assets within its liquid assets portfolio. The first includes cash, government and Australian semi-government securities. The second includes Negotiable Certificates of Deposit, bank term securities, supranational bonds and Australian Residential Mortgage-backed Securities ("RMBS"), and other securities that meet RBA criteria for purchases under repurchase agreements. The final category is internal RMBS, being mortgages that have been securitised but retained by the Bank, that are repo-eligible with the RBA.

The Group has been required to meet a LCR ("Liquidity Coverage Ratio") since 1 January 2015 and revised definitions of eligible High Quality Liquid Asset holding requirements within these changes.

Additionally, the Net Stable Funding Ratio ("NSFR") was introduced on 1 January 2018. This ratio is designed to encourage stable funding of core assets by applying prescribed factors to determine the stable funding requirement of assets and the stability of sources of funding.

More details on the Group's liquidity and funding risks are provided in Note 9.4 of the 2022 Financial Report.

(ii) Large Exposures

APRA requires banks to ensure that, other than in exceptional circumstances, exposures to a counterparty or a group of connected counterparties do not exceed 25% of the bank's Tier 1 Capital, except (i) exposures to foreign governments or central banks that receive a zero percent risk weight, which must not exceed 50% of the bank's Tier 1 Capital and (ii) domestic systemically important banks which are restricted to 20% of the bank's Tier 1 Capital. Prior approval must be obtained from APRA if a bank intends to exceed these thresholds. For information on the Group's large exposures refer to Note 9.2 of the 2022 Financial Report.

(iii) Ownership and Control

In pursuit of transparency and risk minimisation, the Financial Sector (Shareholdings) Act 1998 embodies the principle that regulated financial institutions should maintain widespread ownership. The Act applies a common 20% shareholding limit for ADIs, authorised insurance companies and their respective holding companies.

The Commonwealth Treasurer has the power to approve acquisitions of a stake of more than 20% in Australian financial sector companies. The Treasurer may also delegate approval powers to APRA where one financial institution seeks to acquire another.

The Government's present policy is that mergers among the four major banks will not be permitted until the Government is satisfied that competition from new and established participants in the financial industry has increased sufficiently.

Proposals for foreign acquisition of Australian banks are subject to approval by the Treasurer under the Foreign Acquisitions and Takeovers Act 1975.

(iv) Banks' Association with Related Entities

There are formal guidelines (including maximum exposure limits) that control investments and dealings with subsidiaries and associates. In August 2019, APRA confirmed that, among other changes, it will reduce the limits for Australian ADI's exposures to related entities from 50% of Level 1 Total capital to 25% of Level 1 Tier 1 capital effective from 1 January 2022.

(v) Fit and Proper and Governance

ADIs are subject to APRA's "Fit and Proper" and "Governance" Prudential Standards. ADIs are required to maintain a board approved Fit and Proper policy relating to the fitness and propriety of their responsible persons, which include the Directors and designated members of senior management. ADIs also have to comply with APRA's "Governance" Prudential Standard, which sets out requirements for board size and composition, independence of directors, remuneration policy and other governance matters.

(vi) Supervision of Non-Bank Group Entities

The Australian general insurance company subsidiaries also come within the supervisory review of APRA. For further details please refer to "General Insurance Regulation" below.

Description of Business Environment (continued)

General Insurance Regulation

The Group conducts its general insurance business through its Retail Banking Services division. The Group's general insurance business is required to comply with relevant legislations including the Insurance Act 1973. They are also required to comply with APRA's Prudential Standards. These standards cover, amongst others, capital adequacy, governance and risk management and reporting standards.

The Group's continuing Non-Bank businesses are also governed by the Corporations Act 2001, which is administered by ASIC.

The Group determines capital requirements for its general insurance business in accordance with APRA Prudential Standards.

Legal Proceedings and Investigations

Other than as disclosed elsewhere in this Document, the Group is not engaged in any litigation or claim which is likely to have an adverse effect on the Group's business, reputation, results of operations or financial condition.

Provisions have been recognised by the Group where the criteria outlined in the accounting policy section of Note 7.1 of the 2022 Financial Report is 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.

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 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 the claims. A mediation is due in September 2022 and a trial is due to commence on 7 November 2022.

Superannuation class actions

The Group is also defending three class action claims in relation to superannuation products. The fourth superannuation class action was recently settled and the settlement has been approved by the Court.

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 13 October 2023.

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 is defending the proceedings. Mediation in this matter is likely in the first quarter of 2023 and a trial is set to commence on 7 August 2023.

On 24 October 2019, a third class action was filed against CFSIL and a former executive director of CFSIL in the Federal Court of Australia, relating to alleged contraventions of statutory obligations under superannuation law and trustee breaches in the period between 2013 and 2017. The class action relates to the transfer of certain default balances held by members of FirstChoice Employer Super to a MySuper product. The key allegation is that members should have been transferred to a MySuper product earlier than they were, and that the alleged failure to effect the transfer as soon as reasonably practicable caused affected members to pay higher fees and receive lower investment returns during the period of delay. The settlement of the class action, which was achieved at mediation, was approved by the Federal Court of Australia on 20 June 2022. In resolving the litigation, CFSIL and its former director made no admissions of liability or wrongdoing.

Description of Business Environment (continued)

Superannuation class actions (continued)

On 22 January 2020, a fourth 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.

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 four 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), Financial Wisdom Limited (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 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 Limited (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.

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 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.

US BBSW class action

In 2016, a class action was commenced in the United States District Court in New York against CBA, other banks and two brokers, claiming a conspiracy among competitors to manipulate the BBSW benchmark for mutual gain. The claims include allegations that United States racketeering and antitrust legislation have been contravened.

On 11 December 2021, CBA entered into a settlement agreement with the plaintiffs to settle the action (following an earlier in-principle agreement being reached on 21 March 2021). The settlement was made without admission of liability and is subject to Court approval. The final approval hearing is scheduled to occur on 1 November 2022.

The Group has provided for legal costs expected to be incurred in the matter and the agreed settlement sum.

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 and are defending the proceedings. The Court has ordered that mediation occur by 12 October 2022. The matter has been listed for trial commencing in June 2023.

It is currently 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.

ASB class action

Proceedings were served on CBA subsidiary ASB Bank Limited (ASB) on 29 September 2021 by plaintiffs seeking to bring a representative action on behalf of a class of plaintiffs against ASB in the High Court of New Zealand, Auckland Registry. These proceedings relate to ASB's variation disclosure obligations under the Credit Contracts and Consumer Finance Act 2003. On 29 July 2022, the Court granted leave for the plaintiffs to bring the action against ASB as an opt out representative action on behalf of a class, being customers who had a home or personal loan with ASB between 6 June 2015 and 18 June 2019 and who requested a variation to such loan during such time period. The plaintiffs are seeking a range of relief including that ASB is not entitled to retain costs of borrowing and fees for the period during which the plaintiffs allege that ASB did not provide requisite disclosure under the Act. ASB is defending the proceedings.

It is currently 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

Description of Business Environment (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 arrangements between CFSIL and CBA for the distribution of Commonwealth Essential Super. Commonwealth Essential Super is a MySuper product issued by CFSIL.

CBA filed its defence to the proceedings on 24 August 2020 and CFSIL filed its defence on 25 August 2020. CBA and CFSIL deny the allegations and are defending the proceedings. The hearing on the question of liability concluded on 6 May 2022 with judgment reserved.

It is currently 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 relation to this matter.

CommSec/AUSIEX proceedings

On 1 March 2021, ASIC commenced proceedings against Commonwealth Securities Limited (CommSec) and Australian Investment Exchange Limited (AUSIEX) in the Federal Court of Australia. The proceedings relate to a number of issues including regulatory data requirements, trade confirmations requirements, client monies and brokerage issues. The hearing to determine penalties concluded on 3 March 2022 with judgment reserved. CommSec and AUSIEX did not defend the proceedings. CommSec and AUSIEX have also agreed to enter into a court-ordered compliance program.

AUSIEX was a subsidiary of the CBA Group until 3 May 2021. CBA has assumed carriage of the proceedings on AUSIEX's behalf.

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 and the potential penalty in relation to this matter.

Monthly Account Fees proceedings

On 31 March 2021, ASIC commenced proceedings against CBA in the Federal Court of Australia. The proceedings relate to errors by CBA between 1 June 2010 and 11 September 2019 where monthly account fee waivers were not applied to accounts for certain customers. ASIC is alleging contraventions of certain misleading and deceptive conduct provisions of the ASIC Act and breaches of the general obligations under the Corporations Act. CBA does not accept the way the alleged contraventions have been formulated in the proceedings and is defending the proceedings. A hearing on the question of liability has been listed for 4 October 2022.

It is currently 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 relation to this matter.

CCI proceedings

On 16 September 2021, ASIC commenced criminal proceedings against CBA in the Federal Court of Australia.

A sentencing hearing was held on 29 October 2021 where CBA pleaded guilty to the 30 charges. The proceedings relate to false or misleading representations made to 165 customers from 2011 to 2015 in contravention of the ASIC Act when CBA did not adequately disclose to those customers at the point of sale that they were not eligible for certain benefits under the CCI policies because of their employment status.

The penalty amount is to be decided by the Court. It is currently not possible to determine the ultimate impact of this claim 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). The proceedings follow an investigation by FWO of the Group's employee entitlement review (EER) and potential breaches by CBA and its related entities, including CommSec, of the Group's current and previous enterprise agreements and of the Fair Work Act. CBA self-disclosed these matters in the EER to the FWO.

CBA and CommSec have cooperated fully with the FWO's investigation. 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.

CBA's broad remediation review of employee entitlements for current and former employees is substantially completed. We continue to update the FWO on the status of review. The Group holds a provision for remediation and program costs related to the EER.

Long Service Leave (LSL) proceedings

In August 2022, the Wage Inspectorate Victoria (WIV) commenced criminal proceedings against each of CommSec and BWA Group Services Pty Ltd 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 program and remediation under the EER is substantially complete.

CBA and CommSec cooperated fully with the WIV's investigation. 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.

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 are likely to 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.

Description of Business Environment (continued)

Other regulatory matters

The following matters were significant regulatory investigations and reviews, which have been completed, but have resulted in ongoing action required by the Group.

Enforceable undertaking to ASIC (foreign exchange)

In December 2016, CBA provided an enforceable undertaking (EU) to ASIC arising from an investigation into wholesale spot foreign exchange (FX) trading between 2008 and 2013. ASIC accepted a variation to the EU on 16 October 2020. The EU included the engagement of an independent expert, to review and assess the changes we have made to our trading operating model in recent years, including in training, procedures and oversight.

The EU also included a voluntary contribution of $2.5 million to support the further development of financial literacy education relating to changes to delivery of care in the aged care sector. CBA continues to implement the terms of the varied EU.

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. The Remedial Action Plan provided a detailed program of change outlining how CBA would improve the way it runs its business, manages risk, and works with regulators. The Remedial Action Plan also provided a comprehensive assurance framework, with Promontory Australia, a Business Unit of IBM Consulting (Promontory) having been appointed as the independent reviewer, which was required to report to APRA on the Group's progress against committed milestones quarterly.

On 12 October 2021 CBA released the thirteenth and final Promontory report. Promontory noted that as at September 2021 all milestones had been assessed as complete and effective and all recommendations closed. CBA continues to be focussed on sustaining and continuously improving Remedial Action Plan outcomes.

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.

Recognising the crucial role that the Group plays in fighting financial crime, it continues to invest significantly in its financial crime 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 and anti-bribery and corruption).

The Group provides updates to AUSTRAC on its Anti-Money Laundering and Counter-Terrorism Financing Program and related enhancements.

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 ASIC (BBSW)

On 21 June 2018, the Federal Court approved an agreement between CBA and ASIC to resolve proceedings concerning alleged market manipulation and unconscionable conduct in respect of the bank bill market. CBA paid a civil penalty of $5 million and a community benefit payment of $15 million to Financial Literacy Australia. It also agreed to pay ASIC's costs of the investigation and legal costs. The Group provided for these costs in an earlier period.

As part of the settlement CBA also entered into an EU with ASIC under which CBA undertook to engage an independent expert to assess changes it has made (and will make) to its policies, procedures, controls systems, training, guidance and framework for the monitoring and supervision of employees and trading in Prime Bank Bills and CBA's BBSW-referenced product businesses. CBA has developed and implemented an enhanced control framework as part of this program of work. CBA continues to implement the terms of the EU.

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.

The Group has provided for certain costs associated with implementation and compliance with the EU provided to the Commissioner.

Other Information (continued)

Description of Business Environment (continued)

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.

Remediation Costs

The Group incurred operating expenses for customer refunds and program costs in relation to remediation issues impacting customers of our wealth management and banking businesses, including Aligned Advice remediation and banking and other wealth customer remediation. These are referred to within this Document as "remediation costs".

Aligned Advice remediation – ongoing service fees

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 CountPlus Limited (CountPlus) 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 CountPlus, to cover potential remediation of past issues including ongoing service fees charged where no service was provided. For details on the reimbursement agreements and the indemnity deed, refer to Note 11.2.

During the year ended 30 June 2022, the Group recognised an increase in the provision for Aligned Advice remediation issues and program costs of $53 million, including ongoing service fees charged where no service was provided. In addition, the Group paid $104 million customer refunds and utilised $73 million of program costs during the year ended 30 June 2022. As at 30 June 2022, the provision held by the Group in relation to Aligned Advice remediation was $894 million (30 June 2021: $1,018 million). The provision includes $446 million for customer fee refunds (30 June 2021: $468 million), $367 million for interest on fees subject to refunds (30 June 2021: $423 million) and $81 million for costs to implement the remediation program (30 June 2021: $127 million).

The Group's estimate of the proportion of fees to be refunded is based on sample testing and allows for a threshold below which customers will be automatically refunded without a detailed assessment. It assumes an average gross refund rate across the licensees of 42% (30 June 2021: 39%). This compares to a refund rate of 22%, which was paid for our salaried advisors. An increase/(decrease) in the refund rate by 1% would result in an increase/(decrease) in the provision of approximately $20 million. The Group continues to engage with ASIC in relation to its remediation approach.

Banking and other Wealth customer remediation

As at 30 June 2022, the provision held by the Group in relation to Banking and other Wealth Management customer remediation programs was $174 million (30 June 2021: $191 million). The provision for Banking remediation includes an estimate of customer refunds (including interest) relating to business and retail banking products (including bank guarantees, cash deposit accounts, 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 advice quality, the Consumer Credit Insurance products, certain superannuation and other products, and the related program costs.

Critical Accounting Policies and Estimates

Where applicable, each note in the 2022 Financial Report discloses the accounting policy for the transactions and balances, which provides information to assist in the understanding of how the numbers are measured, recognised and disclosed. The application of the Group's accounting policies requires the use of judgement, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and are reviewed on an ongoing basis. Actual results may differ from these estimates, which could impact the Group's net assets and profit.

Any critical accounting judgements and estimates applied by the Group in determining the numbers are also disclosed in each note in the 2022 Financial Report where applicable.

Remuneration of Auditors

Disclosure of the Remuneration of Auditors is set out in Note 12.3 to the 2022 Financial Report.

Addressing Climate Change

Addressing climate change is complex and requires a collaborative response by government, business and the community. This year we aligned our temperature ambition, which informs our sector-level financed emissions targets, to the maximum global temperature change target of 1.5°C above pre-industrial levels by 2100. We also joined the Net-Zero Banking Alliance (NZBA). Building on our 2021 operational emissions reduction targets, we set financed emissions targets for four priority sectors[1]. We are developing sector-level strategies to support the delivery of those targets. By 2025, we intend to have targets on sectors that account for more than 75% of our 2020 financed emissions.

Our actions are informed by science

We acknowledge that the work undertaken by the Intergovernmental Panel on Climate Change[2] (IPCC) concludes that human influence on the warming of the atmosphere, ocean and land is "unequivocal". The IPCC finds material benefit to limiting temperature rise to 1.5°C instead of 2°C[3]. The IPCC report[4] highlights Australian natural capital is at risk, including degradation of coral reefs and associated biodiversity as well as potential disruption to agricultural production. The Bank believes purposeful action is needed and we continue to make progressive steps to reduce our emissions and help our customers navigate the transition.

Preserving Australia's natural capital

Our Environmental and Social (E&S) Framework and Policy includes commitments related to climate change, as well as biodiversity and natural capital. There is increased interest from customers, regulators, government and investors on the Bank's approach to climate change, biodiversity and natural capital. Declining natural capital can increase the risks related to climate change. An emerging challenge for Australia is how to balance population growth and economic activity without overusing our natural assets such as soil, air, water and natural habitats.

Our ESG risk assessment tool, with two pathways, guides business and institutional bankers to consider environmental impacts, supporting them in considering these factors in corporate lending decisions. This year, we joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum and designed a high-level roadmap to guide our approach to natural capital. In the coming year we aim to set our priorities related to natural capital and explore metrics to measure our progress.

Our Approach to governance

Our E&S Framework and Policy establishes Board responsibility for overseeing the management of E&S risks and opportunities. The Board holds the CEO and the Executive Leadership Team (ELT) accountable for the delivery of E&S responsibilities outlined in our policies, procedures and in accordance with the risk appetite set by the Board.

Board responsibility

The Board is responsible for the strategic consideration of the E&S impact of the Bank's activities. The CEO and the ELT are accountable for the delivery of E&S responsibilities.

The Board approves the E&S Framework and Policy and certain associated climate-related disclosures. Our Board charter highlights the role the Board plays in setting the risk appetite of the Bank, including E&S risk appetite metrics. E&S risk was formally established as a material strategic risk type for the Bank in 2021.

The Board regularly considers E&S matters given their importance to our stakeholders and the Bank's long-term performance. At a minimum, E&S is on the agenda at each main Board meeting (six times per year). The Board has monitored the E&S work program, including the roadmap developed by management to meet CBA's climate change targets. Management uses a range of tools to identify and assess climate-related risks, taking a risk-based approach to prioritise those that are most material, and discussing with the Board as required.

This year, the Board resolved to align the Bank's temperature ambition to 1.5°C, which informs our sector-level financed emissions targets, and join the NZBA. This decision was informed after reviewing the Australian policy context, feasibility of achieving 2030 interim targets for certain lending portfolios, and the global emissions trajectory for three hard to abate sectors (cement, iron and steel, and aviation).

1 Thermal coal mining, upstream oil extraction, upstream gas extraction and power generation.

2 IPCC, 2021: Summary for Policymakers. In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Page 4.

3 IPCC, 2018: Summary for Policymakers. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty.

4 IPCC, 2022: IPCC Sixth Assessment Report. Working Group II – Impacts, Adaptation & Vulnerability, Australasia Factsheet.

Addressing Climate Change (continued)

Our Environmental and Social governance framework

Board

Oversees the management of E&S-related (including climate) risks and opportunities

Impact
Considers E&S impact of activities

Policy
Approves the E&S Framework and Policy

Opportunities
Endorses climate-related opportunities within strategic and business units

Risk management
Approves the approach to managing E&S-related risks

Disclosure
Approves climate-related disclosure in external reports

Board Risk & Compliance Committee

Monitors the Bank's climate-related risk profile (including emerging risks).
Receives and reviews climate-related risk reports from management.

Executive Leadership Team (ELT)

Accountable for making specific recommendations to the CEO and agreeing common actions addressing:
strategy, business performance, people leadership and culture, and risk and compliance management and control.

ELT E&S Committee

Chaired by CEO and responsible for directing the development and implementation of the Bank's E&S Framework and Policy.
Meets monthly to direct and oversee the Bank's implementation of the E&S strategy, governance, priorities for implementation, and disclosures.
Oversees progress, performance and reporting on climate-related initiatives.

Business E&S Action Group

Chaired by CFO, with representatives from all relevant business and support units. Meets monthly to support the ELT E&S Committee.

BU Action Groups

Retail | Business | Institutional | ASB

Executing key E&S initiatives; focused on supporting our customers.

Addressing Climate Change (continued)

Our approach to climate risk

The impacts of climate change, such as increasing frequency and severity of flood and bushfire events, have affected many Australian communities. Changing societal expectations, technological innovation and increased regulatory focus could challenge both our customers' and our own business models.

E&S risk is recognised as a material strategic risk in the Bank's Risk Management Framework (RMF). This acknowledges that E&S risks, which include the physical and transition risks of climate change, represent drivers of material financial, non-financial and strategic risk to the Bank.

This year, we have continued to mature our approach to assessing the risk of climate change by investing in climate risk management tools, processes and capabilities. We have conducted climate scenario analysis to stress test physical and transition risks. To better understand transition plans and key risks experienced by our customers, we also reviewed the transition readiness of our most carbon intensive institutional customers and engaged with the majority of them.

Further progress in assessing transition readiness will allow us to continue developing quantitative metrics to assess our credit exposure to physical and transition risks, some of which have been incorporated into our risk monitoring. This includes establishing a risk appetite statement (RAS) indicator for our home loan portfolio that seeks to measure our exposure to potential stranded assets.

In line with all our material risk types, climate change risk is subject to higher levels of governance, reporting and oversight by executive committees and the Board. This focus supports us to deliver on our strategy to play a leadership role in Australia's transition to a more modern, resilient and sustainable economy.

As a large bank, CBA is exposed to both the physical and transition risks associated with climate change:

- Physical risks – risks arising from damages or reduced asset values caused by extreme weather events such as floods, bushfires, storms and cyclones (acute risk), and longer-term shifts in climate patterns (chronic risk).
- Transition risks – risks arising from transitioning to a net zero emissions economy due to changes in domestic and international policy and regulation, technological innovation, social adaptation and market changes.

Mapping climate risk drivers to other risk

We recognise the compounding effect climate risk may have on our other material risks. In line with APRA's recently released practice guide CPG 229 Climate Change Financial Risks, the table below outlines the potential direct and indirect impacts that these transition and physical climate risk drivers can have on the Bank's material risk types, including the time horizons of their expected time to impact.

We are focused on integrating the identification, assessment and management of E&S risks into the management of each material risk type. This will minimise the financial and non-financial risks to the Bank, our customers, and the community, as well as help us achieve our climate strategy. This involves development and enhancement of E&S tools, risk processes, governance and capabilities for each risk type across the business.

Addressing Climate Change (continued)

Risk type	Climate risk drivers	Potential impacts	Time horizon to impact
Strategic			
Environmental and social	**Transition** – reputation **Physical** – acute and chronic	• Potential decline in financial performance. • Revenue from new sustainability products and services does not offset revenue from carbon intensive products and services. • Increased cost of capital or funding and carbon border adjustment taxes.	◑
Capital adequacy	**Physical** – acute and chronic	• Risk of insufficient capital to withstand impacts of climate events.	◔ ◑
Reputation	**Transition** – policy and legal and reputation	• The Bank's E&S Framework and Policy, emission reduction strategies (including financed emissions) or continued financing of carbon intensive or non-environmentally friendly industries could fail to meet stakeholder expectations.	◔
Financial			
Credit – default	**Physical** – acute and chronic	• Defaults on loans by businesses and households. • Potential for assets used as collateral to decline in value.	◔
Credit – stranded asset	**Transition** – policy and legal and reputation **Physical** – acute and chronic	• Inability to repay loans to the Bank due to physical and transition risks impacting the viability of existing business models.	◑ ◕
Market	**Transition** – market	• Value of securities held is negatively affected.	◔
Liquidity	**Physical** – acute and chronic	• Increased demand for liquidity in response to extreme weather events.	◑ ◕
Non-financial			
Compliance – conduct	**Transition** – policy and legal and technology **Physical** – acute and chronic	• Increased number of vulnerable customers and hardship cases. • Access to financial products and services. • Potentially inadvertent unfair treatment of customers.	◔
Compliance – regulatory and licencing	**Transition** – policy and legal	• Failure to comply with current and emerging climate risk regulations.	◔
Operational – third party	**Transition** – policy and legal	• Third parties performing services for, or on behalf of, the Bank failing to comply with current and emerging climate risk regulations or Bank policies.	◔
Litigation	**Transition** – policy and legal and reputation	• Potential legal action or penalties arising from strategies, policies, actions or decisions not being aligned to public disclosures or commitments.	◔
Operational – business disruption	**Physical** – acute and chronic	• Higher risk of business disruption to various services in these areas.	◔

◔ Short-term – up to five years ◑ Medium-term – five to 10 years ◕ Long-term – more than 10 years

Addressing Climate Change (continued)

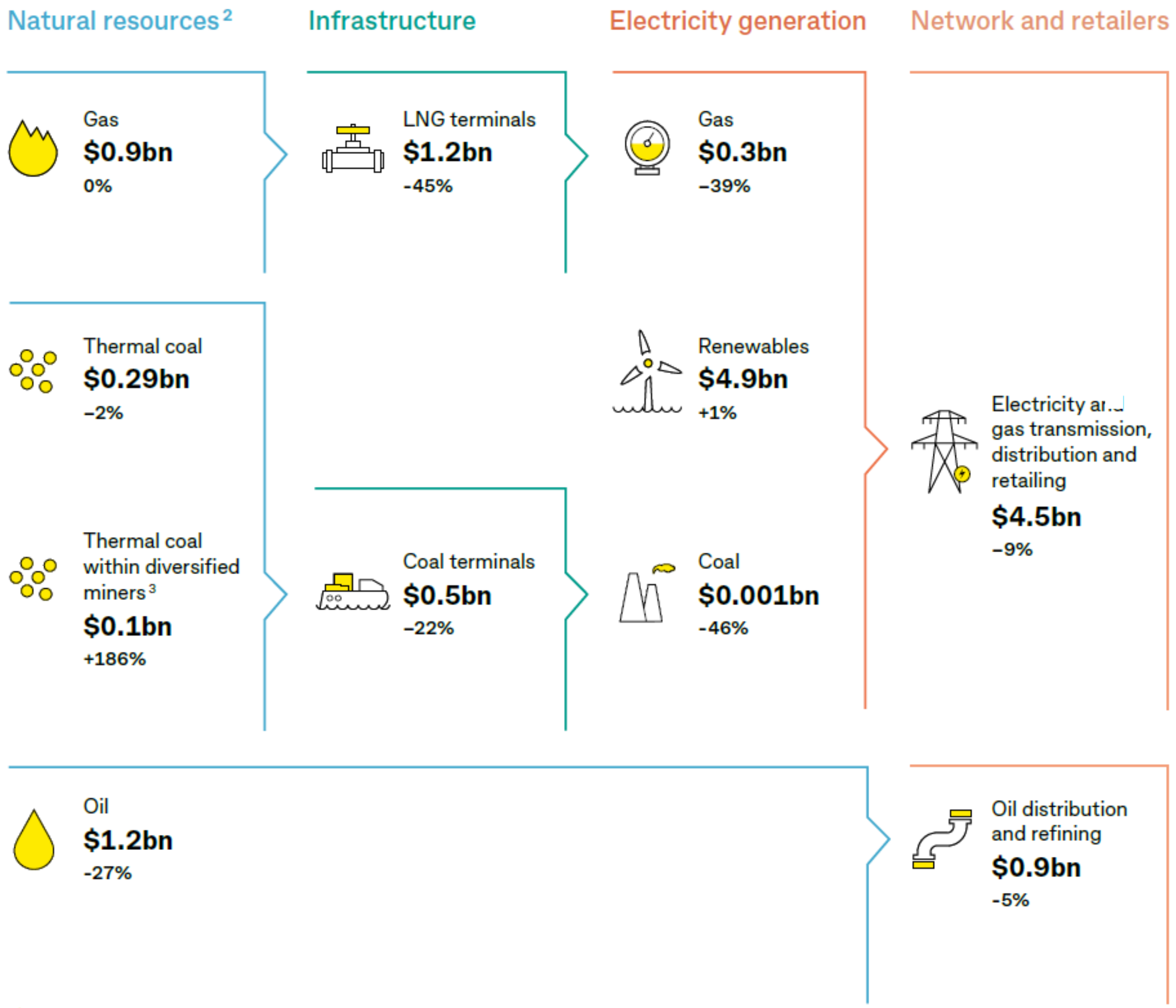
Energy Value Chain

The Energy Value Chain describes our exposure to energy-related assets. This includes all exposures under our total committed exposures. Our total committed exposure to all non-renewable energy assets has reduced this year while our exposure to renewables has increased by 1% to $4.9 billion.

Going forward, we will continue to align our financed emissions methodology and reporting with PCAF as data and methodologies evolve. As a result, the disclosure below will be superseded.

Energy Value Chain exposures as at 30 June 2022 [1]

Key: +/- change since FY21



1 All figures are Total Committed Exposures (TCE) excluding Commitment at Offer and trading securities exposures as at 30 June 2022. Figures represented have been specifically derived based on material client exposures, and have not been netted off against any insurance or guarantees that mitigate the Group's risk exposure to clients. Not included are 'Other energy-related' exposures $0.2 billion which comprise smaller loans and exposure to energy trading entities.

2 Exposures to metallurgical coal mining $0.01 billion, and metallurgical coal mining within diversified miners $0.02 billion not included.

3 Due to high coal prices in 2022, the percentage EBITDA contribution of thermal coal to diversified mining clients has increased. This has led to a large increase in the exposure attributed to this category. Thermal coal exposure within each diversified miner is calculated as the Group's exposure to the miner, excluding exposure to thermal coal subsidiaries, multiplied by the percentage EBITDA contribution of thermal coal in its latest annual financial statements. Excluded from the exposures are exposures to thermal coal subsidiaries of diversified miners, i.e. subsidiaries whose business activities are predominantly related to thermal coal mining. These are allocated to thermal coal.

Other Information (continued)

Corporate Governance

The Commonwealth Bank of Australia is committed to our strategy to build tomorrow's bank today for our customers and to fulfil our purpose of improving the financial wellbeing of our customers and communities. Effective governance is key to the Bank's ability to deliver on our purpose and strategy.

The Commonwealth Bank of Australia (CBA or Bank) is committed to continuously improving our governance practices and ensuring that they are aligned with our business and stakeholders' needs. The Board's role is to represent shareholders by setting the Bank's strategic direction and instilling a culture that is reflective, risk aware and accountable to achieve stakeholder outcomes that are fair and balanced.

This Document describes the key governance arrangements and practices of the Bank and its related bodies corporate (Group). CBA has followed the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX 4th Edition) for the reporting period ending 30 June 2022. The Group must comply with the *Corporations Act 2001* (Cth) (Corporations Act), the *Banking Act 1959* (Cth) including Part IIAA of the Banking Executive Accountability Regime (BEAR) amongst other laws, and, as an authorised deposit-taking institution, with governance requirements prescribed by the Australian Prudential Regulation Authority (APRA) and Prudential Standard CPS 510 Governance. The Group's main business activities are also subject to industry codes of practice, such as the Australian Banking Association Banking Code of Practice.

The Board regularly reviews and refines its corporate governance arrangements and practices in light of new laws and regulations, evolving stakeholder expectations and the dynamic environment in which the Group operates.

Catherine Livingstone AO
Chairman and Independent Non-Executive Director

Matt Comyn
Managing Director and Chief Executive Officer

Shirish Apte
Independent Non-Executive Director

Genevieve Bell AO
Independent Non-Executive Director

Julie Galbo
Independent Non-Executive Director

Peter Harmer
Independent Non-Executive Director

Paul O'Malley
Chairman-elect and Independent Non-Executive Director

Simon Moutter
Independent Non-Executive Director

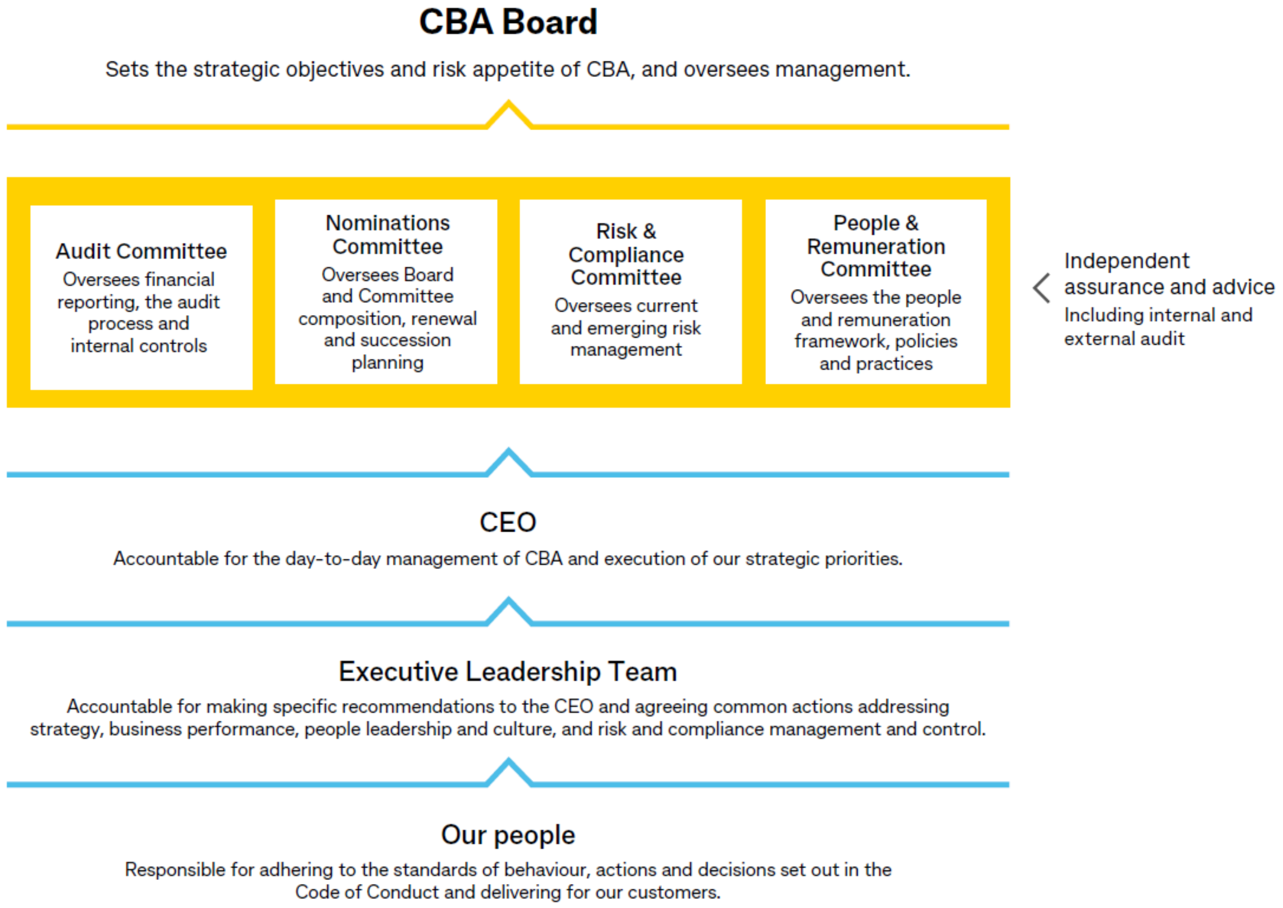
Mary Padbury
Independent Non-Executive Director

Anne Templeman-Jones
Independent Non-Executive Director

Rob Whitfield AM
Independent Non-Executive Director

Corporate Governance (continued)

Corporate Governance Framework



The Bank's Governance Framework is based on accountability, effective delegation and adequate oversight to support sound decision-making.

The Board is responsible for setting the strategic objectives and risk appetite of the Bank, and approves the Group's Code of Conduct, to set the Board's expectations for the Group's values and desired culture.

The Board delegates certain powers to Board Committees to help it fulfil its roles and responsibilities. The Board also appoints the Chief Executive Officer (CEO). The Board has delegated the management of the Bank to the CEO, except for those matters specifically reserved to the Board or its Committees. The CEO, in turn, may, and has, delegated some of these powers to Group Executives and other officers under instruments of delegation. The CEO is accountable to the Board for the exercise of the delegated powers and management's performance.

The key functions of the Board and its Board Committees are outlined in this section.

The Board may form other committees, at its discretion, to undertake specific duties from time to time.

Culture

The Bank remains focused on shaping an evolving culture that supports the achievement of business strategies, including sustaining our focus on risk culture to enable better outcomes for our customers and stakeholders. The Board acknowledges that community confidence and trust in the Bank continues to depend on this, and this has been particularly apparent during the Bank's response to the COVID-19 pandemic, and more recently, the east coast floods.

The Board recognises that, together with management, it has a critical role in setting the cultural tone of the Bank, and it guides the Bank's culture through the CEO. Our culture, anchored in our values of Care, Courage and Commitment, is instilled and reinforced by the Executive Leadership Team.

Culture is specifically assessed on a stand-alone basis. Risk culture assessment and overall organisational culture assessment are reviewed as part of strategy discussions. In addition, the Board monitors culture and cultural change initiatives by leveraging data and insights provided from a range of resources including employee culture and engagement surveys, strategic metrics and focus groups, as well as audit reports, compliance reports and whistleblower reports.

Other Information (continued)

Corporate Governance (continued)

Our Purpose and Values

The Bank's purpose is to build a brighter future for all.

We are guided by our values of Care, Courage and Commitment:

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's right and we work together to get things done

Our purpose and values are reinforced across the Bank through various communication channels, policies, processes and learning and development initiatives. Conduct is formally assessed with respect to the Bank's values, risk and key performance indicators during employee performance reviews.

During the 2022 financial year, other mechanisms to reinforce the Bank's purpose and values included:

- launching and embedding our new purpose through regular targeted employee communications and experiences;
- a continued focus on senior leader role-modelling and authentic communication to send consistent cultural cues through tone, language, expectations and behaviour;
- a focus on unifying, empowering, developing and connecting leaders across the Bank through an ongoing series of quarterly and bi-annual leader forums;
- providing broader context on the Bank's strategy, operations and external environment through the CEO's fortnightly CommBank Live online interview and question and answer sessions available to all employees;
- performing a progress check assessment of our organisational culture (including risk culture) to ensure continued alignment to the strategy and our values; and
- amplifying values stories and examples through employee recognition programs, both through our everyday Legends Program and through quarterly and annual Excellence Awards.

Policies

Policies play a vital role in guiding decision-making and conduct across the Group. The Bank remains focused on enhancing the Group's policy framework to ensure our policies and supporting procedures are fit for purpose.

Code of Conduct

The Group's Code of Conduct (Code) sets the standards of behaviour, actions and decisions expected of our people when engaging with, and balancing the interests of, the Bank's stakeholders. The Code connects our purpose and values with a 'Should We?' test, to help deliver the right outcomes for all stakeholders. Following the Code is mandatory and applies to everyone in the Group, including Board members, employees and contractors. The Code guides our decision-making, sets clear boundaries, and provides a roadmap for getting help when we run into unanticipated challenges. Material breaches of the Code are reported to the relevant Committee. Consequences for staff not complying with the Code may include termination of employment.

Whistleblower Protection

The Group is committed to fostering a culture where our people and others feel safe to speak up on matters or conduct that concerns them. The Group Whistleblower Policy provides clarity on how the Group will support and protect our people and others to express their concerns, as well as the manner in which concerns can be raised and will be managed.

The Group has:

- a Whistleblower Protection Officer whose role includes overseeing the protection of whistleblowers, including their wellbeing;
- SpeakUP services (including online and independently provided telephone and email services) that provide avenues for individuals to raise concerns, including anonymously; and
- a Misconduct Governance Committee that oversees the effectiveness of the whistleblower program.

The Audit Committee is provided with regular reporting on the operation of the whistleblower program, including material matters reported under the Group Whistleblower Policy. The reporting takes into account legislative constraints surrounding both whistleblower protection and confidentiality.

Anti-Bribery and Corruption

The Group is committed to embedding a zero appetite culture for bribery, corruption and facilitation payments. An Anti-Bribery & Corruption (AB&C) framework, comprising a Group AB&C Policy and Standard, has been created to:

- formally acknowledge the serious nature of bribery and corruption;
- prohibit the giving, receiving or offering of bribes, facilitation payments or other improper benefits to/from another person, including public officials;
- identify potential risks and appropriate controls relating to key bribery and corruption risk areas such as the offering or accepting of gifts and entertainment; sponsorships and donations; hiring opportunities as well as the engagement of third party service providers who may act for, or on behalf of, the Group;
- require all parts of the Group to identify and understand the bribery and corruption risks relevant to their operations, and implement appropriate controls; and
- outline the requirements for escalating and reporting Group AB&C Policy breaches.

Material breaches of the policy must be reported to the Risk & Compliance Committee and will be reported to the Audit Committee if the matter is raised under the SpeakUP Program.

Other Information (continued)

Corporate Governance (continued)

Inclusion and Diversity

The Group Inclusion and Diversity Policy outlines our approach and commitment to inclusion and diversity. The policy states the principles our employees and senior leaders are expected to work towards to deliver a workplace that is safe, accessible and inclusive, where everyone feels valued and respected.

Under the policy, and in accordance with the Board Charter, the Board is responsible for approving the Group's Inclusion and Diversity Policy, and setting, and annually assessing, measurable objectives in relation to diversity and progress against achieving them (in conjunction with the Nominations and People & Remuneration Committees).

Conflicts Management

The Group Conflicts Management Policy is designed to ensure that actual, perceived or potential conflicts of interest are identified, managed or prevented. The policy and associated procedures outline the organisational and administrative arrangements in place to support the identification and management of conflicts of interest.

Fit and Proper

The Group Fit and Proper Policy addresses the requirements of APRA's Prudential Standards CPS 520 Fit and Proper and SPS 520 Fit and Proper. The Policy requires all persons appointed to a Responsible Person role (including CBA Directors) to satisfy the fit and proper requirements prior to their initial appointment, and to be re-assessed regularly, or at any time when information that may affect their fit and proper status becomes known.

Securities Trading

The Group Securities Trading Policy sets out when our people and their associates may deal in securities, including Group securities. The policy prohibits dealing in securities when in possession of inside information. It also prohibits certain specified persons and their associates from dealing in Group securities except during limited 'trading windows'.

The policy also sets out the Bank's prohibition on hedging or otherwise limiting economic exposure to equity price risk in relation to unvested equity-linked remuneration issued under any Group equity arrangement.

Environmental and Social Policy

The Group's Environmental and Social Policy outlines our commitment to managing Environmental and Social responsibilities, including climate change, human rights and modern slavery. During the 2022 financial year, the Group further embedded our revised Environmental and Social Policy, which came into effect in August 2021.

The Group regularly assesses and discloses our Climate-related progress, performance and the Group's plans in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This includes climate-related governance, strategy, risk management, metrics and targets.

In addition, we outline our progress and commitments against social objectives including through our annual Modern Slavery and Human Trafficking Statement and our Reconciliation Action Plan and associated reporting.

Entity Governance

The Board has adopted a suite of entity governance policies and associated documents which includes the following:

1. Group Board Appointment, Renewal and Performance Policy, which sets out the standards for the appointment, renewal, evaluation, performance and removal of Directors to the Board and other boards within the Group;
2. Group Policy Framework Policy, which sets out the requirements for the development and maintenance of policies, standards and procedures across the Group, to ensure these documents are clear, consistent, fit for purpose, operationalised and well governed;
3. Group Subsidiary Governance Policy, which outlines the corporate governance practices and principles that apply to Group Subsidiaries and other entities nominated by the Board, including director and officer responsibilities, and board governance and information flow; and
4. Minority Interests Policy, which sets out the approach for the management and governance of Minority Interests (entities in which the Group has a minority, non-controlling interest).

Risk Management and Assurance

The Group monitors and manages its exposure to financial, non-financial and strategic risks, and is committed to having risk management policies, processes and practices that support a high standard of risk governance whilst enabling management to undertake prudent risk-taking activities.

Risk Management Framework

The Group's Risk Management function designs and oversees the Group Risk Management Framework for managing the Group's material risk types.

The Group Risk Management Framework covers the systems, structures, policies, processes and people that identify, measure, evaluate, monitor, report and control or mitigate both internal and external sources of material risk. It incorporates three key documents:

- Group Strategy, which articulates the Group's approach to implementing its strategic objectives through the Business Plan;
- Group Risk Appetite Statement (RAS), which articulates 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
- Group Risk Management Approach (RMA), which describes the Group's approach to ensuring comprehensive management of its risks in support of achieving its strategic goals and objectives.

The Board is ultimately responsible for the Group Risk Management Framework and for overseeing its operation by management. As required under APRA's Prudential Standard CPS 220 Risk Management, the Board:

- approves the Group RAS and the Group RMA, and requires consistency of developed policies and processes;
- ensures that the Group Risk Management Framework is subject to external review every three years;
- receives regular management reporting to monitor that material risks are managed within approved appetite;
- forms a view on the risk culture of the Group and oversees relevant improvement action plans; and

Other Information (continued)

Corporate Governance (continued)

- makes an annual Risk Management Declaration (RMD) to APRA that is signed by the Chairs of the Board and the Risk & Compliance Committee on the adequacy of design and operating effectiveness of the Group Risk Management Framework.

As part of its consideration of the RMD, the Board regularly makes appropriate enquiries to satisfy itself that in all material respects the Group Risk Management Framework is effective and appropriate to the Group. The most recent RMD was provided to APRA in October 2021.

Remedial Action Plan

In May 2018, APRA's Prudential Inquiry released a report outlining shortcomings in governance, culture and accountability at the Bank. The report was constructive and fair and the Bank accepted all of the 35 recommendations. APRA endorsed the Bank's comprehensive Remedial Action Plan in 2018. The plan outlined the actions we would take to improve risk management capability and deliver better outcomes for our customers.

Addressing the findings of the Inquiry Report was a key focus of the Board and management. As at 30 September 2021, all Prudential Inquiry Remedial Action Plan milestones have been assessed as complete and effective and all recommendations as closed.

The independent reviewer, Promontory has said:

- There is now clear and committed leadership from the top in managing non-financial risk;
- The shift in the Bank's thinking on customer outcomes was little short of transformative;
- Accountabilities have been sharpened;
- There has been considerable improvement in the ownership and understanding of non-financial risk by business units and support units;
- There is much clearer and stronger focus on ensuring good customer outcomes and the 'Should We?' question has become an integral part of the Bank's everyday conversations; and
- Challenge is not only a constant feature of meetings and forums, it is welcomed.

Completing the Remedial Action Plan was a significant milestone. Promontory reflected that, it was 'one of the most comprehensive, if not the most comprehensive, reforms of corporate culture in recent Australian memory'. Our strategy – building tomorrow's bank today for our customers – will continue to drive our focus to sustain the changes made. Monitoring these changes has been instrumental in identifying improvement and simplification opportunities. Our focus remains on building upon commitments and the progress we have made to date.

Internal Audit

Group Audit & Assurance (GA&A) is the Internal Audit function of the Group, also called the 3rd Line of Accountability (3LoA or Line 3). Its role is to provide independent and objective assurance and related consulting services to management, as well as the Audit, Nominations, Risk & Compliance, and People & Remuneration Committees.

GA&A is structured to be independent of management, with the most senior GA&A executive, the Group Auditor, reporting directly to the Audit Committee Chair. The Audit Committee holds regular discussions with the Group Auditor in the absence of management. The Group Auditor may only be appointed or dismissed with the Audit Committee's approval. The Group Auditor has free and unrestricted access to all of the Group's information, people, property and records to discharge GA&A's role. In major offshore subsidiary entities, local audit teams operate with a direct reporting line to local Board committees.

GA&A operates under a separate Charter approved by the Audit Committee, conducts its activities in line with local accounting and regulatory standards and adheres to the Institute of Internal Auditors' International Professional Practice Framework, including the Core Principles for the Professional Practice of Internal Auditing and the Definition of Internal Auditing. GA&A is also subject to external review every three years.

GA&A's responsibilities include:

- developing a risk-based annual Group internal audit plan for the Audit Committee's approval and adjusting that plan where necessary to reflect current and emerging risks;
- executing the audit plan in line with approved audit methodologies and reporting the results of its work to management, the Audit Committee and, where appropriate, to the Risk & Compliance Committee; and
- escalating to management, and the Audit Committee or Risk & Compliance Committee, as appropriate, instances where GA&A believes that management has accepted a level of risk in excess of the business area's approved risk appetite. The Group Auditor also monitors and reports on progress in addressing significant control and risk issues.

External Auditor

PricewaterhouseCoopers (PwC) was appointed as the Group's External Auditor (External Auditor) at the 2007 Annual General Meeting (AGM). The External Auditor provides an independent opinion on whether, among other things, the Group's financial report provides a true and fair view of the Group's financial position and performance.

Matthew Lunn, was appointed as the lead audit partner effective from 1 July 2017. In line with legislation promoting auditor independence, the Group requires rotation of PwC's lead audit partner after the audit of five successive financial years. Elizabeth O'Brien assumed the lead audit role on 1 July 2022.

The lead audit partner holds regular discussions with the Audit Committee without management present. The External Auditor attends the AGM and is available to respond to shareholder questions on any matter that concerns them in their capacity as auditor. The Group and its External Auditor must comply with Australian and United States auditor independence requirements. United States Securities and Exchange Commission rules apply to various activities the Group undertakes in the United States, even though the Bank is not registered under the US Exchange Act. A statement of the Board's satisfaction that the non-audit services provided by PwC did not compromise the auditor independence requirements is provided in the Directors' Report, within the 2022 Financial Report.

Corporate Governance (continued)

CEO and CFO Declarations

Before the Board approved the Group's half-year and full-year financial statements for 2022, the CEO and CFO provided the Board with written declarations that, in their opinion:

- the Group's financial records have been properly maintained in accordance with the Corporations Act;
- the financial statements and notes comply with the accounting standards and give a true and fair view of the Group's financial position and performance; and
- the declarations are formed on the basis of a sound system of risk management and internal control, which is operating effectively.

Stakeholders

The Bank works closely and constructively with our wide range of stakeholders which allows us to understand the issues that matter most to them. We build partnerships and seek the views of various groups through forums such as our CEO Advisory Panel, Community Council, Indigenous Advisory Council, Aboriginal and Torres Strait Islander Community of Practice, and Next Chapter Community of Practice (which focusses on our work to end domestic and financial abuse in Australia). We also work collaboratively with government representatives and industry groups, for example the Australian Sustainable Finance Institute (ASFI), Australian Climate Leaders Coalition (CLC), Net-Zero Banking Alliance (NZBA), Partnership for Carbon Accounting Financials, Business Council of Australia (BCA), UN Global Compact Network Australia and the Australian Banking Association (ABA) to consider societal issues and drive systemic change.

Customers

The Bank has a dedicated Customer and Community Advocacy team. This team represents the voice of the customer and community within the Bank to improve customer outcomes. They do this by working with the business to:

- improve accessibility and financial inclusion by removing barriers to banking;
- find-and-fix issues that could have a negative impact on customers, including by identifying and eliminating systemic issues/themes;
- provide a helping hand to customers in vulnerable circumstances and being an escalation point for frontline staff;
- improve customer advocacy in decision-making; and
- restore relationships between our people, our customers and our community, particularly through complaint resolution.

The Bank engages with our customers and the community through feedback channels, surveys and workshops, customer representative bodies, and community-based engagement.

Community

We are committed to making a positive contribution to the communities in which we serve, live and work.

To deliver sustainable outcomes and financial wellbeing for our stakeholders, first we must understand the expectations of the communities in which we operate.

We have a program of regular and ongoing engagement with members of the community, through a variety of channels, and use the insights we gain to improve our products and services. This in turn allows us to deliver better outcomes for our customers. During the 2022 financial year, the Bank made cash contributions of $30 million into the community.

We are committed to supporting our local communities through challenging times, and in response to flooding across Australia's east coast, we raised $2.8 million through donations and dollar matching for the CanGive Flood Appeal. We also provided over 200 grants of up to $10,000 each to a range of schools, not for profits, sports clubs and community facilities to support relief and recovery efforts.

We also empower our people to make a difference to the local communities in which they live and work. Through the Commbank Staff Foundation, one of Australia's largest workplace giving programs, we provided $3 million in $10,000 community grants to organisations that our employees care about the most.

Our People

The People & Remuneration Committee assists the Board to discharge its responsibilities on matters relating to organisational culture, inclusion and diversity, and the health, safety and wellbeing of our people.

The Bank is committed to:

- building an inclusive and diverse culture;
- supporting flexible work practices;
- providing our people, regardless of their gender, age, sexual orientation, ethnicity or other identities, characteristics or experiences, with access to paid leave and other support to assist them with caring and family responsibilities; and
- rewarding our people appropriately.

Corporate Governance (continued)

Building an Inclusive and Diverse Culture

The Bank is building an inclusive culture that embraces the diversity of our people, customers and communities and role models reconciliation. We want our people to feel respected, safe and included at work.

The Bank's Inclusion and Diversity strategy is evidence-based and centres around three pillars: foster care, equality and respect; strengthen courageous, inclusive decision-making; and amplify impact and deliver on our commitments. The strategy is grounded in prevention and addresses the stereotypes and assumptions inherent in behaviours and decision-making by promoting inclusive and respectful behaviours. It focuses on actions that influence our culture through policy, leadership, reporting, measurement and listening, transparency and education.

Gender Diversity

The Nominations Committee assists the Board with setting and approving measurable objectives for gender diversity in the composition of the Board and the boards of key operating subsidiaries. The People & Remuneration Committee assists the Board with setting measurable objectives for gender diversity applicable to the workforce more broadly, including senior executives.

The measurable objective for the composition of the Board is to maintain at least 40% female membership, 40% male membership and 20% of any gender that holds the relevant skills and experience. As at 30 June 2022, women represented 45% of the Board.

The measurable objective set for the composition of the Bank's workforce generally is to maintain no less than 50% female representation. As at 30 June 2022, women represented 55.2% of the Bank's workforce overall.

We expect our People Leaders to build diverse teams and this is reflected in their (Board approved) Key Performance Indicators to drive positive action towards our gender equality goals. Quarterly inclusion conversations are one of the ways in which our General Managers and above regularly review gender diversity for their teams and identify actions for improvement. To inform these conversations we equip them with data insights including the gender ratios at each role level and the gender breakdown of new hires and departures from the Group. The Group's Inclusion Forum, monitors the Group's progress towards achieving our gender equality goals, informs the development of inclusion conversations and discusses outcomes from those conversations. The Inclusion Forum is co-chaired by two Group Executives and includes other senior leaders of the Bank.

We participate in the Bloomberg Gender-Equality Index as our primary benchmark for tracking our progress in advancing gender equality for our people, our customers, and the community. This year, we were one of 418 companies worldwide to be included in the 2022 Bloomberg Gender-Equality Index.

The measurable objective set for the composition of our Senior Executive[1] role levels is to achieve 47–50% female representation by 2025. To support leadership accountability for this measurable objective, progress is evaluated against internal milestones set at a Business Unit level. As at 30 June 2022, women represented 43.1% of Senior Executives.

1 For the purposes of reporting against our measurable objectives, Senior Executives is defined as roles at the level of Executive Manager and above. This is 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. Headcount captures permanent headcount (full-time, part-time, job share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group, excluding ASB.

Corporate Governance (continued)

Cultural Diversity

The People & Remuneration Committee assists the Board with setting measurable objectives for cultural diversity. Our progress is measured through our Cultural Diversity Index (CDI).

Employee Networks

The Bank's employee-led networks play a vital role in creating an inclusive culture. They do this by elevating the voices of our people to ensure their experience at work is heard, promoting respect and inclusion on days of significance, and supporting the Group Inclusion and Diversity strategy and action plans, which includes partnering with community organisations and academic experts to inform our approach. The six employee-led networks include: WeCAN (gender equality), Advantage (life-stage and age), Yana Budjari (Aboriginal and Torres Strait Islander peoples and cultures), Unity (sexual orientation and gender identity), Mosaic (cultural diversity) and Enable (accessibility and inclusion for people with a disability).

Flexible Work Practices

As we build a brighter future for all, we continue to refine our patterns of working while finding the right balance for our customers, for teams and for individuals.

We recognise that flexible working comes in many forms and includes both location and time. We want to create an environment where everyone (regardless of gender, location, career aspiration or life stage), feels supported in the choices they make to achieve their optimal work performance and personal responsibilities.

The COVID-19 pandemic, amongst other significant impacts, abruptly disrupted and then reset both how and where our people perform our work and saw a larger proportion of our people working remotely to prioritise their safety, health and wellbeing.

As we returned to the workplace, many of our teams adopted hybrid working, where we complement coming into the workplace with working remotely. We have empowered our leaders to determine how they create safe environments where our people can enjoy their work, collaborate with their colleagues, support our customers and deliver on our strategy.

Supporting Working Parents

We recognise that the sharing of caring responsibilities for families promotes workforce participation. With this in mind, we have been working to ensure that our approach to parental leave and support for carers is gender inclusive, particularly to increase men's access to parental leave.

The Bank offers gender-neutral paid parental leave entitlements with up to 52 weeks superannuation payments for primary carers, 13 weeks paid parental leave and a return-to-work payment.

In the 2022 financial year, 40.6% [1] of employees who commenced a period of parental leave were men. Over half our people are navigating work and family responsibilities, so we are proud to be certified as a Family Friendly Workplace by UNICEF Australia and Parents At Work.

Executive Remuneration and Performance

The People & Remuneration Committee assists the Board to discharge its responsibilities on matters relating to:

- the Group's remuneration strategies, recognition programs, and effectiveness of the Group Remuneration Policy and other people-related policies; and
- remuneration arrangements for non-executive directors of the CBA Board, the CEO and the CEO's direct reports [2]

and Accountable Persons and Responsible Persons of the Bank and Regulated Subsidiaries.

In carrying out its role, the People & Remuneration Committee seeks to ensure that the Bank's people and remuneration practices and recognition programs are aligned to the Group's Remuneration Policy and principles, have regard to performance and financial soundness, satisfy governance, legal and regulatory requirements, encourage behaviours which appropriately mitigate against operational, financial, non-financial, regulatory and reputational risks, and do not reward conduct that is contrary to the Group's values, culture or risk appetite.

The Bank has a formal process for evaluating the performance of the CEO and the CEO's direct reports[2] at least twice every reporting period. During the financial year, a preliminary review was undertaken in February and June by the concurrent meeting of the People & Remuneration, Audit, Risk & Compliance and Nominations Committees which evaluated the CEO's performance and his assessment of the CEO's direct reports' performance[3]. The final assessments were then recommended by the People & Remuneration Committee to the Board for approval in August 2022. The basis on which individuals' performance was evaluated, and remuneration outcomes determined, is summarised in the Remuneration Report on pages [12–38] of the 2022 Financial Report.

The CEO and the CEO's direct reports[2] have written executive employment agreements which set out the terms and conditions of their employment. The Group undertakes background checks prior to appointing senior executives, and the Group Fit and Proper Policy requires fit and proper assessments for persons appointed to a Responsible Person role.

1 This metric represents the proportion of male employees who commenced a period of parental leave in the 2022 financial year, compared to all employees who commenced parental leave during the same period. This excludes ASB.2022 Workplace Gender Equality Agency public report for the CBA submission group, which includes Commonwealth Bank of Australia, BWA Group Services Pty Ltd (Bankwest), Commonwealth Securities Limited and Commonwealth Insurance Limited.

2 'CEO's direct reports' refers to all Group Executives (GEs) and excludes those direct reports of the CEO that are not GEs.

3 The ASB Board assessed the performance of the CEO ASB.

Corporate Governance (continued)

Gender Pay Equity

We seek to achieve gender pay equity. We continue to have a pay gap between what we pay men and women at similar career levels. During the 2022 financial year, the gender pay gap has reduced at Executive General Manager level and remained the same at the General Manager, Executive Manager and Manager levels. We review pay equity throughout the year and as part of our annual remuneration review process.

Shareholders

The Bank seeks to provide shareholders with information that is timely, of high quality and relevant to their investments.

Our investor relations program facilitates two-way communication between the Bank and shareholders. We are committed to listening and responding to shareholder queries, feedback and surveys. Regular updates are provided to the Board so that it has a good understanding of current shareholder views. The Chairman, CEO, CFO and Group Executives meet with domestic and offshore institutional investors throughout the year. We also engage directly with buy-and sell-side analysts, proxy advisors, the Australian Shareholders' Association and retail stockbrokers.

Shareholders have the opportunity to ask questions and hear directly from the Board at the Bank's Annual General Meeting.

Shareholders are also able to send us communications directly or via our share registry, Link Market Services. Shareholders can contact CBA Investor Relations directly through multiple channels including a dedicated telephone line, by email and post.

Other Information (continued)

Corporate Governance (continued)

Corporate Reporting

The Audit Committee assists the Board to discharge its responsibilities on matters relating to the external reporting of financial information for the Group.

The Group Publicly Issued Documents and Marketing Materials Policy establishes the principles for an approval process for public documents and marketing materials including periodic corporate reports such as the Annual Report, profit announcements, quarterly trading updates and Pillar 3 reports. The policy seeks to ensure:

- that the information included in the relevant document is not inaccurate, false, misleading or deceptive;
- that there are no material omissions in public documents;
- that there are no material omissions in marketing materials which may prevent existing or potential clients or customers from making informed decisions;
- compliance with relevant legislation, regulations, industry codes and standards and the Group's policy framework;
- compliance with our Code of Conduct;
- that a heightened degree of validation of certain public documents and marketing materials is performed; and
- that appropriate approvals are obtained for publicly issued documents and marketing materials in accordance with the policy.

Under the policy, periodic corporate reports require a verification schedule as a means of verifying the accuracy and completeness of the content. The verification schedule allocates the statements within the relevant document to a responsible person, and records the sign-off of that person against the principles stated above. The verification is then provided to an appropriate approver to sign off on the accuracy and completeness of the information.

The CEO and CFO also provide the Board with written declarations in relation to the half-year and full-year financial statements.

Continuous Disclosure

The Bank is committed to promoting investor confidence in the markets for its shares and debt securities by complying with its disclosure obligations in a way that provides investors with equal access to timely, balanced and effective disclosures.

All market sensitive information is released to ASX in compliance with the Bank's continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

The Group Continuous Disclosure Policy provides the framework for dealing with market sensitive information and seeks to ensure that the Group complies with its continuous disclosure obligations. Subject to the matters reserved for Board approval, the Disclosure Committee is responsible for determining whether an announcement is released to ASX, or any other foreign securities exchange, and approving the form of the announcement.

The Board receives copies of all material market announcements promptly after release.

The Bank releases copies of new and substantive investor or analyst presentation materials to ASX ahead of the presentation being given.

In addition, the Bank posts all information released to ASX via the Investor Centre on our website.

Annual General Meeting

The Bank recognises the importance of shareholder participation at our AGM.

The 2022 AGM will be held on Wednesday, 12 October 2022. Shareholders are encouraged to attend and participate. For shareholders wishing to attend, the AGM will be held at the Melbourne Cricket Ground.

Shareholders are encouraged to submit questions ahead of the AGM. These can provide useful insights into shareholder concerns and areas of interest, enabling the Chairman and CEO to provide relevant feedback on these to the meeting, where consistent themes are raised in advance. Shareholders also have the opportunity to ask questions at the meeting.

The Bank offers direct voting which allows shareholders who are unable to participate in the AGM to vote on resolutions in advance, without needing to appoint a proxy to vote on their behalf. It is the Bank's practice to conduct voting on all resolutions by poll, in line with the Corporations Act.

The AGM is webcast live, and a recording of the AGM is made available after the meeting on our website for shareholders who are unable to attend.

Electronic Communications and Payments

Shareholders are strongly encouraged to provide the Bank's share registry, Link Market Services, with their email address so that the Bank can communicate important information efficiently.

Payments are made electronically except where it is not possible to make electronic payments.

Roles and Responsibilities

Summaries of the roles and responsibilities of the Board, the Chairman, each Board Committee, and the CEO are set out below.

The Board

The Board recognises the importance of balancing new strategic initiatives with core business performance.

The Board and Board Committee Charters are reviewed annually to confirm the role, responsibilities and accountabilities of the Board and each Board Committee.

The Board Charter outlines the role, responsibilities and composition of the Board and the manner in which it discharges its responsibilities. The Charter also sets out the respective roles and responsibilities of the Board and management, those matters expressly reserved to the Board and those delegated to management.

The primary purpose of the Board is to ensure sound and prudent management of the Group, provide leadership and strategic guidance, and delivery of the Group's purpose.

The Board:

- sets the strategic objectives and risk appetite of the Bank, and approves the Group's Code of Conduct to set the Board's expectations for the Group's values and desired culture;

Corporate Governance (continued)

The Board (continued)

- endorses the strategic and business plans, and approves the financial plans to be implemented by management;
- approves capital management initiatives;
- oversees the business of the Group by approving major corporate initiatives, new business ventures, and capital expenditure for certain investments and divestments;
- oversees the Group's Risk Management Framework and its operation by management;
- approves the Group's RAS, RMA and any key risk frameworks and policies for managing financial and non-financial risks reserved for the Board;
- oversees the Group's efforts to improve the experience and outcomes of the Group's customers;
- approves the Group's half and full-year financial statements and reports, the half and full-year financial reports required by APRA and the quarterly trading updates, and oversees the integrity of the Group's accounting and corporate reporting systems;
- oversees the Group's continuous disclosure process and approves the Group Continuous Disclosure Policy;
- considers the social and environmental impact of the Group's activities and approves the Group Environmental & Social Framework and Policy, and the associated corporate responsibility and climate related disclosures;
- assesses the performance and succession planning of the CEO and the CEO's direct reports (in conjunction with the People & Remuneration Committee);
- approves the remuneration arrangements for the CEO and the CEO's direct reports, including remuneration deferrals and breach consequences under the Group BEAR Policy and Procedures, performance scorecard measures and outcomes, and termination payments as required;
- approves new, or material amendments to, performance management frameworks, variable remuneration plans, employee equity plans, employee superannuation and pensions;
- determines the fees payable to CBA non-executive directors within the shareholder approved fee pool limit;
- approves the Group's Inclusion and Diversity Policy, and measurable diversity objectives and metrics (in conjunction with the Nominations and People & Remuneration Committees);
- oversees and monitors relevant corporate governance frameworks for the Group; and
- approves relevant Work, Health & Safety (WHS) policies and monitors WHS matters.

The Chairman

- Fosters open and inclusive discussion and debate by the Board;
- maintains a regular, open and constructive dialogue with the CEO and management, serving as the primary link between the Board and management;
- represents the views of the Board and the Group to stakeholders, including shareholders, regulators and the community;
- liaises with the Group Company Secretary in relation to the Board's information requirements to assist the Board with effective decision-making; and
- sets the Board agenda together with the CEO and the Group Company Secretary, ensuring that appropriate time and attention is devoted to matters within the responsibilities of the Board.

The CEO

- Leads the senior executive team including instilling the Group's Code of Conduct, culture and values;
- implements the strategic, business and financial objectives and/or plan, exercising delegations as appropriate;
- analyses the impact on strategic objectives and financial position when allocating resources or capital, approving expenditure or making financial decisions;
- assesses reputational consequences of decisions or actions taken;
- implements processes, policies and systems together with appropriate controls to effectively manage the operations and risk of the Group;
- ensures the timely preparation, presentation, adequacy and integrity of information provided to the Board, to enable the Board to carry out its responsibilities; and
- is responsible for external engagement with stakeholders, including shareholders, government, regulators and the community.

Board Committees

The Board has four principal Committees that assist it in carrying out its responsibilities. These are the:

- Audit Committee;
- Nominations Committee;
- People & Remuneration Committee; and
- Risk & Compliance Committee.

The roles, responsibilities and composition requirements of each Board Committee are detailed in its respective Charter, and are summarised in the following table. The following table also includes a summary of each Committee's priorities over the past financial year.

Corporate Governance (continued)

Board Committees (continued)

Audit Committee	Assists the Board on matters relating to external reporting of financial information for the Group, the internal control framework for the Group, the Group Auditor, internal Audit function and External Auditor, and (in conjunction with the Risk & Compliance Committee) the Group's Risk Management Framework.	Must: [1] ▪ have at least three independent Non-Executive Directors (NEDs); ▪ include the Risk & Compliance Committee Chair; and ▪ not be chaired by the Board Chair. 2022 focus areas: ▪ Reviewing significant accounting and financial reporting processes and issues. ▪ Reporting on the Group's internal control environment. ▪ Progress with the remediation of audit findings, and reporting from the Group Audit and Assurance function. ▪ Oversight of entity structure hygiene, including incorporation and deregistration. ▪ Overseeing reporting on the SpeakUp Program including matters being investigated, themes and trends. ▪ Reviewing key audit findings and insights.	Members as at 30 June 2022: ▪ Anne Templeman- Jones (Committee Chairman) ▪ Shirish Apte ▪ Peter Harmer ▪ Catherine Livingstone AO ▪ Rob Whitfield AM
Nominations Committee	Assists the Board on matters relating to Board and Board committee composition, appointment, election and re-election of NEDs, Director induction programs, Director independence assessments, performance review processes for the Board and Board committees, succession planning for, and performance of, the CEO, diversity of the Board and boards of nominated subsidiaries, and Subsidiary Governance Policy and policies for overseeing the appointment to, and performance of, boards of key operating subsidiaries.	Must: [1] ▪ have at least three independent NEDs; and ▪ be chaired by the Board Chair. 2022 focus areas: ▪ Board renewal ▪ Entity Governance – a continued focus on enhancing entity governance, including monitoring the progress of material subsidiaries adopting the Group's core governance policies. ▪ Diversity – including measuring progress against the Board gender diversity target across key operating subsidiary boards and revising the target set.	Members as at 30 June 2022: ▪ Catherine Livingstone AO (Committee Chairman) ▪ Genevieve Bell AO ▪ Mary Padbury ▪ Rob Whitfield AM

1 All Board Committees are chaired by an independent Non-Executive Director.

Corporate Governance (continued)

Board Committees (continued)

People & Remuneration Committee	Assists the Board on matters relating to organisational culture, inclusion and diversity, health, safety and wellbeing, the Group's remuneration strategies, recognition programs, Group Remuneration Policy and other people-related policies; and remuneration arrangements for NEDs of the Board and nominated subsidiaries, the CEO, direct reports to the CEO [4], accountable persons under the BEAR and other individuals including those in regulated roles as described in the Committee Charter.	Must: [1] ▪ have at least four independent NEDs; ▪ include a Risk & Compliance Committee member; and ▪ not be chaired by the Board Chair. 2022 focus areas: ▪ Reporting on the health, safety and wellbeing of employees. ▪ Reviewing talent, development and succession plans for senior leaders and other critical roles. ▪ Reviewing the deep dive on the Group's approach to preventing workplace sexual harassment and an update on the 'Respect Lives Here' initiative. ▪ Reviewing remuneration and recognition strategy, frameworks and effectiveness. ▪ Reviewing inclusion and diversity policies and measurable diversity objectives. ▪ Overseeing continued enhancements to remuneration governance through clearer application of accountability and remuneration consequence.	Members as at 30 June 2022: ▪ Paul O'Malley [3] (Committee Chairman) ▪ Genevieve Bell AO ▪ Peter Harmer ▪ Catherine Livingstone AO ▪ Mary Padbury
Risk & Compliance Committee[2]	Assists the Board on matters relating to oversight and governance of risks impacting the Group, the design, implementation and operation of the Group's Risk Management Framework, Risk Appetite Statement and the Group's Risk Management Approach, monitoring risk appetite and assessing the overall risk profile of the Group, monitoring the effectiveness of the compliance management framework and risk culture.	Must: [1] ▪ have at least four independent NEDs; ▪ include the Audit Committee Chair and a People & Remuneration Committee member. 2022 focus areas: ▪ Reviewing the management of material risks including around technology, infrastructure and cyber security. ▪ Reviewing the Risk Management Declaration (as required by APRA) and following through on focus areas. ▪ Monitoring financial crime risks and improvements underway through the Bank's Financial Crime Compliance Program of Action. ▪ Monitoring emerging risks, residential mortgage portfolio, business lending, and stress testing. ▪ Reviewing climate change risk and vulnerability. ▪ Reviewing risk culture, including the annual risk culture assessment.	Members as at 30 June 2022: ▪ Rob Whitfield AM (Committee Chairman) ▪ Shirish Apte ▪ Catherine Livingstone AO ▪ Simon Moutter ▪ Paul O'Malley ▪ Anne Templeman-Jones

1 All Board Committees are chaired by an independent Non-Executive Director.
2 The CEO, Chief Risk Officer (CRO), CFO and Group Auditor may attend all Risk & Compliance Committee meetings. The Committee meets periodically with the CRO and bi-annually with the Chief Compliance Officer, without management present.
3 In accordance with the People & Remuneration Committee Charter, Paul O'Malley retired as Chairman on 10 August 2022.
4 'Direct reports to the CEO' refers to all Group Executives (GEs) and excludes those direct reports of the CEO that are not GEs.

From time to time, other special purpose Committees are established to assist the Board, or to exercise a delegated authority of the Board.

Unless a conflict arises, all Directors have access to Board Committee papers, may attend Committee meetings (other than Nominations Committee meetings), and receive minutes of Committee meetings even if they are not a member of the relevant Committee. Board Committee Chairs provide verbal reports on Committee business at the next relevant Board meeting.

Corporate Governance (continued)

Company Secretaries

As at 30 June 2022, the Board had appointed two Company Secretaries – Carmel Mulhern and Vicki Clarkson. Suzannah Fletcher was also appointed as a Company Secretary, effective 18 July 2022.

The Group Company Secretary is accountable directly to the Board, through the Chairman, on all matters relating to the proper functioning of the Board.

All Directors have access to the Group Company Secretary.

Board Composition and Effectiveness

The Board is committed to renewal and to continually improving its practices so that it can effectively discharge its role and responsibilities. An overview of the Board's composition and key corporate governance practices follows.

Board Members

The Bank's Directors for the 2022 financial year were as follows:

Current Directors	Appointed	Length of Service [1]
Catherine Livingstone AO [2]	March 2016	6 years 5 months
Matt Comyn (CEO)	April 2018	4 years 4 months
Shirish Apte	June 2014	8 years 2 months
Genevieve Bell AO	January 2019	3 year 7 months
Julie Galbo	September 2021	11 months
Peter Harmer	March 2021	1 year 5 months
Paul O'Malley	January 2019	3 year 7 months
Simon Moutter	September 2020	1 year 11 months
Mary Padbury	June 2016	6 years 2 months
Anne Templeman-Jones	March 2018	4 years 5 months
Rob Whitfield AM	September 2017	4 years 11 months

Catherine Livingstone AO retired from the Board on 10 August 2022 immediately following the finalisation of the Financial Statements and accounts for the 2022 financial year.

Board Composition

It is essential that Non-Executive Directors are independent, that collectively they have the relevant skills and experience, and that they represent a diverse range of views and thinking. This supports sound decision-making and assists the Board to effectively discharge its responsibilities.

The Board has adopted Independence Standards to assess whether a Director qualifies as an independent Non-Executive Director upon appointment, and to consider the ongoing independence of Non-Executive Directors. These Independence Standards are aligned to Recommendation 2.3 of the ASX 4th Edition.

Each Non-Executive Director must disclose all Interests [3] that may affect the exercise of their unfettered and independent judgement as a Director prior to their appointment or election and promptly as and when circumstances change. Disclosure extends to include relevant Interests of associates such as close family members and family companies.

The Nominations Committee assesses the independence of each Director candidate and Non-Executive Director against the Independence Standards based on their disclosure of Interests and/or on the annual Non-Executive Director declaration.

In accordance with those Independence Standards, the Board considers a Non-Executive Director to be independent where they are independent of management and free of any Interests that could materially interfere (or could reasonably be perceived to interfere) with the exercise of unfettered and independent judgement, and ability to act in the best interests of the Group as a whole rather than in the interests of an individual security holder or other party.

The Board considers that all of its Non-Executive Directors, including the Chairman, were independent during the 2022 financial year and continue to be independent as at the date of this Document.

The Board's Corporate Governance Guidelines provide that any Director with a material personal interest in a matter being considered by the Board or a Board Committee will not usually:

- receive a copy of any paper dealing with the matter (or may receive a redacted version of the paper);
- be present when the matter is being discussed; or
- vote on the matter.

1 As at the date of this Document.
2 Chairman from 1 January 2017.
3 Contracts, interests, positions, associations and relationships.

Other Information (continued)

Corporate Governance (continued)

Board Members (continued)

The Directors on the Board represent a range of ages, nationalities and backgrounds. During the financial year, the Board confirmed its objective for the Board and the boards of all key operating subsidiaries to maintain at least 40% female membership, 40% male membership and 20% of any gender that holds the relevant skills and experience. As at 30 June 2022, there was 45% female representation on the Board. For all other Group subsidiaries, board diversity must be considered on incorporation, director renewal and director rotation with the intention of ensuring that at least 40% female membership is achieved.

The Board composition includes longer-serving Directors who have a deeper knowledge of the Group's operations and history, and newer Directors who bring fresh perspectives and enquiry.

Board diversity

Female	45%
Male	55%

Board tenure [1]

0–1 years	9%
1–3 years	18%
3–6 years	46%
6–9 years	27%

The Board uses a Skills Matrix (Matrix) which sets out the skills and experience considered essential to the effectiveness of the Board and its Committees. It is reviewed annually to ensure the prescribed skills and experience address CBA's existing and emerging strategic, business and governance issues. The Matrix is also used to guide the identification of potential director candidates as part of the ongoing Board renewal process.

Individual skills matrices have also been developed for each of the Board Committees.

Performance Evaluation

The Board recognises the importance of continuously monitoring and improving its performance and the performance of its Committees and individual directors. Under its Charter the Board is required to annually assess its performance, and the performance of its directors, which was completed in August 2022. An independent external performance evaluation of the Board and its Committees is conducted every three years, or as otherwise determined by the Board. This was held in 2020 and the results made available to the Board in August 2020.

In addition to this formal evaluation process, the Board has been monitoring its performance during the 2022 financial year to identify areas for improvement. In February 2022, the Board received a progress report on the opportunities for improvement arising from the 2021 Board Performance Review as a checkpoint to confirm these were being actioned. A formal review is undertaken in February each year to ensure follow through on the prior year's Performance Report.

Chairman Transition

After serving more than 6 years on the Board, Catherine Livingstone AO retired as Chairman following the finalisation of the financial statements and accounts for the 2022 financial year on 10 August 2022. The Board has elected Director Paul O'Malley as Ms Livingstone's successor as Chairman. Mr O'Malley has substantial board, executive leadership and operational experience and has been a CBA Non-Executive Director since January 2019 as well as Chair of the People & Remuneration Committee from January 2020 to August 2022. Mr O'Malley served as Managing Director and Chief Executive Officer of BlueScope Steel Ltd for 10 years until 2017.

Board Renewal

Board renewal and orderly transitions are important for ensuring effective Board performance.

The Board skills matrix frames the ongoing Board renewals process, ensuring that the prescribed skills and experience are present within the Board and address the Bank's existing and emerging business and governance issues.

Julie Galbo was appointed to the Board effective 1 September 2021. She brings over 20 years' experience in financial services, risk management and compliance, and change management. She is also an experienced leader in strategy and implementation.

Also with effect from 1 September 2021, Peter Harmer was appointed as a member of the Audit and People & Remuneration Committees and Simon Moutter was appointed as a member of the Risk & Compliance Committee.

1 Calculated as at 10 August 2022. The numbers have been rounded to ensure that the total adds to 100%.

Corporate Governance (continued)

Board Skills Matrix

Skills and experience			Relevance to CBA
Leadership	10 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 1 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	8 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	11	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	8 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 4	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	4 4 3	Experience in technology and innovation and the impact on customer experience.	Supporting the Bank's digital strategy.
Enhanced customer outcomes	5 6	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 3	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	7 4	Understanding organisational culture, succession planning, and remuneration and reward frameworks.	Overseeing the culture of the Group and upholding the Code of Conduct and attracting and retaining talent.
Environment and social	5 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

Corporate Governance (continued)

Director Appointment and Re-Election

The Board, with the assistance of the Nominations Committee, conducts a formal selection process before appointing new Non-Executive Directors.

Upon a recommendation of the Nominations Committee, the Board evaluates Director candidates having regard to Director Appointment Criteria as set out in the Group Board Appointment, Renewal and Performance Policy.

Professional consultants are engaged as required to identify prospective Director candidates.

The Group undertakes appropriate checks before appointing a person as a Non-Executive Director or recommending that person to the Group's shareholders as a Non-Executive Director. Those checks include criminal record and bankruptcy checks, and checks of the person's educational qualifications and employment history. In addition, as all Non-Executive Directors are considered Responsible Persons by APRA, they must be assessed in accordance with the Group's Fit & Proper Policy before commencing as a Non-Executive Director.

Non-Executive Directors are registered by the Group with APRA as 'Accountable Persons', as required under the BEAR.

All persons appointed as Non-Executive Directors of the Bank must stand for election at the next AGM following their appointment. In addition, Non-Executive Directors must not hold office without re-election beyond the third AGM following the meeting at which the director was last elected or re-elected.

Board support for a Director's election or re-election is subject to the Board performance review outcomes and any other matters the Board considers relevant.

The Board will provide shareholders with full and fair disclosure of all material information relevant for a shareholder to make a properly informed decision to elect a Director at an AGM, including a recommendation on that Director's election.

Each Non-Executive Director has a written agreement with the Bank setting out the terms of their appointment.

Director Induction and Continuing Development

Non-Executive Directors joining the Board are given a copy of the Board's Corporate Governance Guidelines, which outline the key corporate governance practices along with the operational policies and procedures relevant to Directors in governing the Group.

All new Non-Executive Directors participate in an induction program to assist them in understanding the Group's structure, operations, strategic planning process and competitive and regulatory environments.

A continuing education program is incorporated into the Board calendar, which ensures that Directors, individually and collectively, develop and maintain skills and knowledge required for the Board to fulfil its role and responsibilities.

Annual Directors' duties training is provided to the Board and all directors of Group subsidiaries.

The Directors are subject to the Group Mandatory Learning Policy, under which they are required to complete training relating to Group policies. In the 2022 financial year, this included topics such as Code of Conduct, Conflicts of Interest, Whistleblower Policy and Environmental & Social Risk.

The Board also attended a number of targeted education sessions during the 2022 financial year. Directors gained insights and a deeper level of knowledge on topics such as artificial intelligence, cyber security, digital currency, the future of banking and the management of geo-political risk.

Board Access to Information and Independent Advice

The Board has free and unfettered access to senior management, and any other relevant internal and external party and information, and may make any enquiries to fulfil its responsibilities.

Directors are entitled to seek independent professional advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts. Where independent advice is sought at the Bank's expense, the Chairman's prior consent (which must not be unreasonably withheld) must be sought. The fee payable to the adviser must be reasonable in the circumstances and notified to the Chairman before the adviser is formally engaged.

Five Year Financial Summary

	2022 $M	2021[1] $M	2020[1] $M	2019[2] $M	2018[2] $M
Net interest income	**19,473**	19,302	19,015	18,224	18,465
Other operating income	**5,423**	4,854	4,746	5,355	5,646
Total operating income	**24,896**	24,156	23,761	23,579	24,111
Operating expenses	**(11,635)**	(11,359)	(10,996)	(10,891)	(10,653)
Loan impairment benefit/(expense)	**357**	(554)	(2,518)	(1,201)	(1,079)
Net profit before tax	**13,618**	12,243	10,247	11,487	12,379
Income tax expense	**(4,023)**	(3,590)	(3,022)	(3,301)	(3,779)
Non-controlling interests	**–**	–	–	(12)	(13)
Net profit after tax from continuing operations ("cash basis")	**9,595**	8,653	7,225	8,174	8,587
Net profit after tax from discontinued operations	**113**	148	182	527	825
Net profit after tax ("cash basis")	**9,708**	8,801	7,407	8,701	9,412
Treasury shares valuation adjustment	**–**	–	–	6	2
Hedging and IFRS volatility	**108**	7	93	(79)	101
Gain/(loss) on disposal of controlled entities/investments	**955**	1,373	2,092	(61)	(183)
Bankwest non-cash items	**–**	–	–	(1)	(3)
Net profit after income tax attributable to equity holders of the Bank "statutory basis"	**10,771**	10,181	9,592	8,566	9,329
Contributions to profit (after tax)					
Retail Banking Services	**4,929**	4,696	4,029	4,043	4,465
Business Banking	**3,001**	2,840	2,570	2,765	3,134
Institutional Banking and Markets	**1,050**	926	635	1,090	1,226
New Zealand	**1,265**	1,161	809	1,059	975
Corporate Centre and Other	**(650)**	(970)	(818)	(783)	(1,213)
Net profit after tax from continuing operations ("cash basis")	**9,595**	8,653	7,225	8,174	8,587
Balance Sheet					
Loans, bills discounted and other receivables	**878,854**	811,356	772,980	756,553	743,744
Total assets	**1,215,260**	1,091,975	1,015,484	977,896	975,165
Deposits and other public borrowings	**857,586**	766,381	703,432	637,420	622,234
Total liabilities	**1,142,422**	1,013,287	943,576	908,280	907,305
Shareholders' Equity	**72,838**	78,688	71,908	69,616	67,860
Net tangible assets (including discontinued operations)	**65,899**	71,041	64,307	59,547	56,844
Risk weighted assets - Basel III (APRA)	**497,892**	450,680	454,948	452,762	458,612
Average interest earning assets	**1,026,910**	929,846	897,409	871,418	861,884
Average interest bearing liabilities	**841,695**	776,967	771,982	761,115	759,583
Assets (on Balance Sheet) - Australia	**1,012,494**	926,909	856,651	826,045	811,491
Assets (on Balance Sheet) - New Zealand	**112,433**	110,104	103,523	99,661	94,622
Assets (on Balance Sheet) - Other	**90,333**	54,962	55,310	52,190	69,052

1 Comparative information for 2021 and 2020 has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Comparative information for 2019 and 2018 has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

Five Year Financial Summary (continued)

		2022	2021 [1]	2020 [1]	2019 [2]	2018 [2]
Shareholder summary from continuing operations						
Earnings per share						
Basic						
Statutory	(cents)	**561. 7**	499. 2	417. 8	455. 6	500. 0
Cash basis	(cents)	**557. 1**	488. 5	408. 5	462. 8	491. 5
Fully diluted						
Statutory	(cents)	**541. 5**	470. 6	404. 8	440. 7	485. 5
Cash basis	(cents)	**537. 3**	460. 7	396. 1	447. 4	477. 5
Shareholder summary including discontinued operations						
Earnings per share						
Basic						
Statutory	(cents)	**625. 4**	574. 8	542. 4	485. 3	534. 3
Cash basis	(cents)	**563. 7**	496. 9	418. 8	492. 7	538. 8
Fully diluted						
Statutory	(cents)	**601. 4**	539. 7	521. 0	468. 3	517. 7
Cash basis	(cents)	**543. 4**	468. 4	405. 7	475. 2	522. 0
Dividends per share - fully franked	(cents)	**385**	350	298	431	431
Dividend cover - statutory	(times)	**1. 6**	1. 6	1. 8	1. 1	1. 2
Dividend cover - cash	(times)	**1. 5**	1. 4	1. 4	1. 1	1. 2
Dividend payout ratio						
Statutory	(%)	**61**	61	55	89	81
Cash basis	(%)	**68**	71	71	88	80
Net tangible assets per share including discontinued operations	($)	**38. 7**	40. 0	36. 3	33. 6	32. 3
Weighted average number of shares (statutory basic)	(M)	**1,722**	1,771	1,768	1,765	1,746
Weighted average number of shares (statutory fully diluted)	(M)	**1,833**	1,934	1,895	1,897	1,852
Weighted average number of shares (cash basic)	(M)	**1,722**	1,771	1,769	1,766	1,747
Weighted average number of shares (cash fully diluted)	(M)	**1,833**	1,934	1,896	1,898	1,853
Number of shareholders [3]		**873,764**	871,514	888,214	831,655	851,539
Share prices for the year						
Trading high	($)	**110.19**	106. 57	91. 05	83. 99	85. 12
Trading low	($)	**86.98**	62. 64	53. 44	65. 23	67. 22
End (closing price)	($)	**90.38**	99. 87	69. 42	82. 78	72. 87

1 Comparative information for 2021 and 2020 has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to “Disclosures – Financial Information Definitions – Change in Comparatives” and Appendix C of this Document for further details.

2 Comparative information for 2019 and 2018 has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to “Disclosures – Financial Information Definitions – Change in Comparatives” and Appendix C of this Document for further details.

3 This includes employees.

Other Information (continued)

Five Year Financial Summary (continued)

		2022	2021 [1]	2020 [1]	2019 [2]	2018 [2]
Performance ratios (%) from continuing operations						
Return on average Shareholders' Equity						
Statutory	(%)	**12.8**	11.8	10.4	11.8	13.4
Cash basis	(%)	**12.7**	11.5	10.2	12.0	13.1
Return on average total assets						
Statutory	(%)	**0.8**	0.9	0.7	0.8	0.9
Cash basis	(%)	**0.8**	0.8	0.7	0.8	0.9
Net interest margin	(%)	**1.90**	2.08	2.12	2.09	2.14
Performance ratios (%) including discontinued operations						
Return on average Shareholders' Equity						
Statutory	(%)	**14.3**	13.5	13.5	12.6	14.3
Cash basis	(%)	**12.9**	11.7	10.5	12.8	14.4
Return on average total assets						
Statutory	(%)	**0.9**	1.0	1.0	0.9	1.0
Cash basis	(%)	**0.8**	0.8	0.7	0.9	1.0
Capital adequacy - Common Equity Tier 1 - Basel III (APRA)	(%)	**11.5**	13.1	11.6	10.7	10.1
Capital adequacy - Tier 1 - Basel III (APRA)	(%)	**13.6**	15.7	13.9	12.7	12.3
Capital adequacy - Tier 2 - Basel III (APRA)	(%)	**4.0**	4.1	3.6	2.8	2.7
Capital adequacy - Total - Basel III (APRA)	(%)	**17.6**	19.8	17.5	15.5	15.0
Leverage Ratio Basel III (APRA)	(%)	**5.2**	6.0	5.9	5.6	5.5
Liquidity Coverage Ratio - "Spot Basis"	(%)	**130**	129	145	129	131
Net interest margin	(%)	**1.90**	2.08	2.12	2.10	2.15
Other information (numbers)						
Full-time equivalent employees from continuing operations		**49,245**	44,375	41,778	41,458	41,024
Full-time equivalent employees including discontinued operations		**49,245**	46,189	43,585	45,165	45,753
Branches/services centres (Australia)		**807**	875	967	1,014	1,082
Agencies (Australia)		**3,526**	3,535	3,547	3,560	3,589
ATMs		**2,095**	2,492	3,542	3,963	4,253
EFTPOS terminals (active)		**189,977**	203,938	190,118	217,608	219,245
Productivity from continuing operations [3]						
Total operating income per full-time (equivalent) employee	($)	**505,554**	544,361	568,744	568,744	587,729
Employee expense/Total operating income	(%)	**26.4**	25.0	24.2	24.2	21.8
Total operating expenses/Total operating income ("cash basis")	(%)	**46.7**	47.0	46.3	46.2	44.2
Productivity including discontinued operations [3]						
Total operating income per full-time (equivalent) employee	($)	**513,291**	539,749	568,361	568,449	585,033
Employee expense/Total operating income	(%)	**26.4**	25.2	24.5	25.4	23.0
Total operating expenses/Total operating income ("cash basis")	(%)	**46.9**	47.8	47.4	47.6	45.2

1 Comparative information for 2021 and 2020 has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Comparative information for 2019 and 2018 has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

3 The productivity metrics have been calculated on a cash basis.

Contents

7. Appendices

Appendices

Appendix A – Additional Historical Information

For the purposes of providing investors with a thorough understanding of the Group's performance, this Appendix provides relevant financial year 2020, 2019 and 2018 information not provided within the 2022 Financial Report and 2021 Financial Report.

The following information presented in Appendix A has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2022 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

Provisions for Impairment

Provisions for impairment losses	2019 $M	2018 $M
Collective provision		
Opening balance	2,763	2,747
Change on adoption of AASB 9	1,055	
Net collective provision funding	724	716
Impairment losses written off	(901)	(871)
Impairment losses recovered	206	201
Other	57	(30)
Closing balance	3,904	2,763
Individually assessed provisions		
Opening balance	870	980
Net new and increased individual provisioning	619	625
Write-back of provisions no longer required	(142)	(262)
Discount unwind to interest income	(23)	(25)
Impairment losses written off	(500)	(548)
Other	71	100
Closing balance	895	870
Total provisions for impairment losses	4,799	3,633
Less: Provision for Off Balance Sheet exposures	(84)	(28)
Total provisions for loan impairment	4,715	3,605

Provision ratios	2019 %	2018 %
Total provisions for impaired assets as a % of gross impaired assets	32. 77	33. 60
Total provisions for impairment losses as a % of gross loans and acceptances	0. 63	0. 49

Appendix A – Additional Historical Information (continued)

Credit Risk Management

The following tables set out the Group's impaired asset position by industry and asset class as at 30 June 2020, 2019 and 2018.

							2020
Industry	Total Balance $M	Gross Impaired Assets $M	Total Provisions or Impaired Assets $M	Net Impaired Assets $M	Write-offs $M	Recoveries $M	Net Write-offs $M
Loans - Australia							
Sovereign	23,480	2	-	2	-	-	-
Agriculture	10,512	103	(54)	49	1	(4)	(3)
Bank and other financial	13,260	6	(4)	2	1	-	1
Construction	5,045	71	(42)	29	35	(1)	34
Consumer	503,490	1,611	(423)	1,188	772	(156)	616
Other commercial and industrial	118,691	595	(361)	234	240	(11)	229
Total loans - Australia	674,478	2,388	(884)	1,504	1,049	(172)	877
Loans - Overseas							
Sovereign	14	-	-	-	-	-	-
Agriculture	9,726	155	(19)	136	36	-	36
Bank and other financial	6,730	-	-	-	4	-	4
Construction	658	3	(1)	2	2	-	2
Consumer	58,961	335	(66)	269	65	(13)	52
Other commercial and industrial	29,541	501	(285)	216	51	-	51
Total loans - overseas	105,630	994	(371)	623	158	(13)	145
Total loans	780,108	3,382	(1,255)	2,127	1,207	(185)	1,022

Appendix A – Additional Historical Information (continued)

Credit Risk Management (continued)

							2019
Industry	Total Balance $M	Gross Impaired Assets $M	Total Provisions or Impaired Assets $M	Net Impaired Assets $M	Write-offs $M	Recoveries $M	Net Write-offs $M
Loans - Australia							
Sovereign	22,404	-	-	-	-	-	-
Agriculture	9,140	114	(52)	62	59	-	59
Bank and other financial	11,952	6	(15)	(9)	1	-	1
Home loans	467,361	1,596	(272)	1,324	134	(4)	130
Construction	3,194	82	(84)	(2)	44	(1)	43
Other personal	21,508	276	(202)	74	787	(169)	618
Asset financing	10,471	78	(10)	68	17	(2)	15
Other commercial and industrial	106,991	626	(403)	223	126	(14)	112
Total loans - Australia	653,021	2,778	(1,038)	1,740	1,168	(190)	978
Loans - Overseas							
Sovereign	82	-	-	-	-	-	-
Agriculture	10,612	298	(46)	252	2	-	2
Bank and other financial	5,774	10	-	10	5	-	5
Home loans	55,581	204	(10)	194	2	(1)	1
Construction	573	1	-	1	2	-	2
Other personal	1,924	16	(20)	(4)	70	(11)	59
Asset financing	722	2	-	2	-	-	-
Other commercial and industrial	32,724	145	(73)	72	152	(4)	148
Total loans - overseas	107,992	676	(149)	527	233	(16)	217
Total loans	761,013	3,454	(1,187)	2,267	1,401	(206)	1,195

Appendix A – Additional Historical Information (continued)

Credit Risk Management (continued)

							2018
Industry	Total Balance $M	Gross Impaired Assets $M	Total Provisions or Impaired Assets $M	Net Impaired Assets $M	Write-offs $M	Recoveries $M	Net Write-offs $M
Loans - Australia							
Sovereign	16,823	-	-	-	-	-	-
Agriculture	8,998	94	(56)	38	28	-	28
Bank and other financial	12,951	7	(16)	(9)	3	(1)	2
Home loans	451,367	1,256	(236)	1,020	126	(2)	124
Construction	3,028	16	(21)	(5)	13	-	13
Other personal	23,658	289	(171)	118	764	(165)	599
Asset financing	8,581	63	(16)	47	23	(5)	18
Other commercial and industrial	118,681	426	(343)	83	179	(14)	165
Total loans - Australia	644,087	2,151	(859)	1,292	1,136	(187)	949
Loans - Overseas							
Sovereign	1,571	-	-	-	-	-	-
Agriculture	9,930	365	(25)	340	3	-	3
Bank and other financial	7,075	9	-	9	5	-	5
Home loans	50,298	89	(5)	84	2	(1)	1
Construction	638	1	(1)	-	1	(1)	-
Other personal	1,844	11	(33)	(22)	65	(10)	55
Asset financing	457	4	-	4	-	-	-
Other commercial and industrial	32,129	407	(145)	262	207	(2)	205
Total loans - overseas	103,942	886	(209)	677	283	(14)	269
Total loans	748,029	3,037	(1,068)	1,969	1,419	(201)	1,218

Appendix A – Additional Historical Information (continued)

Credit Risk Management (continued)

The following tables set out the Group's credit risk by industry and asset class as at 30 June 2020, 2019 and 2018.

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

	At 30 June 2020							
	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	8,611	-	14,113	-	-	-	-	22,724
Receivables from financial institutions	-	-	2,127	-	-	-	-	2,127
Assets at fair value through Income Statement:								
Trading	28,071	-	842	-	-	5,759	-	34,672
Other	77	105	1,188	-	-	6,708	44	8,122
Derivative assets	1,268	76	22,649	26	-	4,801	-	28,820
Investment securities:								
At amortised cost	9	-	5,159	-	-	-	-	5,168
At fair value through Other Comprehensive Income	47,601	-	12,366	-	-	570	-	60,537
Loans, bills discounted and other receivables [1]	23,480	10,512	13,260	5,045	503,490	118,691	-	1,768
Other assets [2]	637	1	5,844	1	23	189	-	674,478
Assets held for sale	-	-	772	-	-	12	984	6,695
Total on Balance Sheet Australia	109,754	10,694	78,320	5,072	503,513	136,730	1,028	845,111
Credit risk exposures relating to off Balance Sheet assets:								
Guarantees	493	20	1,466	259	-	3,065	-	5,303
Loan commitments	593	1,969	6,575	2,355	92,659	38,541	-	142,692
Other commitments	70	9	1,163	1,521	-	3,763	-	6,526
Total Australia	110,910	12,692	87,524	9,207	596,172	182,099	1,028	999,632
Overseas								
Credit risk exposures relating to on Balance Sheet assets:								
Cash and liquid assets	13,937	-	7,504	-	-	-	-	21,441
Receivables from financial institutions	61	-	6359	-	-	-	-	6,420
Assets at fair value through Income Statement:								
Trading	3184	-	274	-	-	293	-	3,751
Other	-	-	-	-	-	-	-	-
Derivative assets	128	22	939	-	-	376	-	1,465
Investment securities:								
At amortised cost	5	-	-	-	-	-	-	5
At fair value through Other Comprehensive Income	17,068	-	1,944	-	-	-	-	19,012
Loans, bills discounted and other receivables [1]	14	9,726	6,730	658	58,961	29,541	-	105,630
Other assets [2]	24	-	19	1	9	351	-	404
Assets held for sale	-	-	-	-	-	-	2	2
Total on Balance Sheet overseas	34,421	9,748	23,769	659	58,970	30,561	2	158,130
Credit risk exposures relating to off Balance Sheet assets:								
Guarantees	-	2	754	52	-	337	-	1,145
Loan commitments	340	804	6,300	234	9,949	8,218	-	25,845
Other commitments	1	1	243	1	-	586	-	832
Total overseas	34,762	10,555	31,066	946	68,919	39,702	2	185,952
Total gross credit risk	145,672	23,247	118,590	10,153	665,091	221,801	1,030	1,185,584

1 Loans, bills discounted and other receivables is presented gross of provisions for impairment and unearned income.

2 For the purpose of reconciling to the Balance Sheet, "Other assets" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in associates and joint ventures, Intangible assets, Deferred tax assets and Other assets.

Appendix A – Additional Historical Information (continued)

Credit Risk Management (continued)

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

At 30 June 2019	Sovereign $M	Agriculture $M	Bank and other financial $M	Home loans $M	Construction $M	Other personal $M	Asset financing $M	Other comm and indust. $M	Other $M	Total $M
Australia										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	4,575	-	11,930	-	-	-	-	-	-	16,505
Receivables from financial institutions		-	3,037	-	-	-	-	-	-	3,037
Assets at fair value through Income Statement:										
Trading	21,354	-	941	-	-	-	-	2,454	-	24,749
Other	81	-	434	-	-	-	-	7,268	242	8,025
Derivative assets	1,414	64	18,550	-	4	-	-	1,150	-	21,182
Investment securities:										
At amortised cost	9	-	7,341	-	-	-	-	-	-	7,350
At fair value through Other Comprehensive Income	43,540	-	16,893	-	-	-	-	67	-	60,500
Loans, bills discounted and other receivables [1]	22,404	9,140	11,952	467,361	3,194	21,508	10,471	106,991	-	653,021
Other assets [2]	488	3	5,496	-	-	10	-	230	14,175	20,402
Assets held for sale	1,423	-	5,633	-	-	-	-	3,943	4,211	15,210
Total on Balance Sheet Australia	95,288	9,207	82,207	467,361	3,198	21,518	10,471	122,103	18,628	829,981
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	36	20	1,584	-	324	-	-	3,195	-	5,159
Loan commitments	605	1,975	7,675	67,874	2,331	21,207	-	34,156	-	135,823
Other commitments	58	11	1,362	-	1,390	214	12	2,963	-	6,010
Total Australia	95,987	11,213	92,828	535,235	7,243	42,939	10,483	162,417	18,628	976,973
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	9,952	-	2,930	-	-	-	-	-	-	12,882
Receivables from financial institutions	-	-	5,056	-	-	-	-	-	-	5,056
Assets at fair value through Income Statement:										
Trading	602	-	251	-	-	-	-	50	-	903
Other	-	-	-	-	-	-	-	-	-	-
Derivative assets	169	12	2,110	-	-	-	-	1,742	-	4,033
Investment securities:										
At amortised cost	5	-	-	-	-	-	-	-	-	5
At fair value through Other Comprehensive Income	16,092	-	2,320	-	-	-	-	-	-	18,412
Loans, bills discounted and other receivables [1]	82	10,612	5,774	55,581	573	1,924	722	32,724	-	107,992
Other assets [2]	30	-	338	-	-	4	8	49	1,308	1,737
Assets held for sale	683	-	469	-	-	-	-	23	166	1,341
Total on Balance Sheet overseas	27,615	10,624	19,248	55,581	573	1,928	730	34,588	1,474	152,361
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	-	10	949	-	54	-	-	334	-	1,347
Loan commitments	419	834	5,034	7,875	222	2,098	48	9,849	-	26,379
Other commitments	-	-	473	-	3	-	-	612	-	1,088
Total overseas	28,034	11,468	25,704	63,456	852	4,026	778	45,383	1,474	181,175
Total gross credit risk	124,021	22,681	118,532	598,691	8,095	46,965	11,261	207,800	20,102	1,158,148

1 Loans, bills discounted and other receivables is presented gross of provisions for impairment and unearned income.

2 For the purpose of reconciling to the Balance Sheet, "Other assets" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in associates and joint ventures, Intangible assets, Deferred tax assets and Other assets.

Appendix A – Additional Historical Information (continued)

Credit Risk Management (continued)

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

	At 30 June 2018									
	Sovereign	Agricul-ture	Bank and other financial	Home loans	Con-struction	Other personal	Asset financing	Other comm and indust.	Other	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	4,461	-	10,974	-	-	-	-	-	-	15,435
Receivables due from other financial institutions	-	-	2,644	-	-	-	-	-	-	2,644
Assets at fair value through Income Statement:										
Trading	15,917	-	2,780	-	-	-	-	10,223	-	28,920
Other	49	-	209	-	-	-	-	-	-	258
Derivative assets	1,371	45	20,865	-	4	-	-	1,736	-	24,021
Available-for-sale investments	39,906	-	26,525	-	-	-	-	298	-	66,729
Loans, bills discounted and other receivables [1]	16,823	8,998	12,951	451,367	3,028	23,658	8,581	118,681	-	644,087
Bank acceptances	-	2	-	-	2	-	-	35	-	39
Other assets [2]	1,030	4	4,272	-	1	7	-	237	15,100	20,651
Assets held for sale	1,521	-	4,585	-	-		-	4,172	3,136	13,414
Total on Balance Sheet Australia	81,078	9,049	85,805	451,367	3,035	23,665	8,581	135,382	18,236	816,198
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	44	18	991	6	307	-	-	3,059	-	4,425
Loan commitments	907	1,750	7,837	66,483	2,439	21,783	-	34,995	-	136,194
Other commitments	54	22	736	1	1,357	-	10	3,021	-	5,201
Total Australia	82,083	10,839	95,369	517,857	7,138	45,448	8,591	176,457	18,236	962,018
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	16,688	-	4,294	-	-	-	-	-	-	20,982
Receivables due from other financial institutions	-	-	6,578	-	-	-	-	-	-	6,578
Assets at fair value through Income Statement:										
Trading	2,161	-	1,085	-	-	-	-	88	-	3,334
Insurance	358	-	14	-	-	-	-	-	-	372
Other	-	-	-	-	-	-	-	-	-	-
Derivative assets	348	16	4,586	-	-	-	-	3,162	-	8,112
Available-for-sale investments	12,515	-	2,995	-	-	-	-	1	-	15,511
Loans, bills discounted and other receivables [1]	1,571	9,930	7,075	50,298	638	1,844	457	32,129	-	103,942
Bank acceptances	-	-	-	-	-	-	-	340	-	340
Other assets [2]	30	-	798	2	-	3	10	43	1,334	2,220
Assets held for sale	-	-	1,788	-	-	-	-	-	452	2,240
Total on Balance Sheet overseas	33,671	9,946	29,213	50,300	638	1,847	467	35,763	1,786	163,631
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	1	9	1,486	-	40	-	-	304	-	1,840
Loan commitments	349	1,007	4,266	7,268	230	1,977	-	10,799	-	25,896
Other commitments	9	5	607	-	1	-	-	1,018	-	1,640
Total overseas	34,030	10,967	35,572	57,568	909	3,824	467	47,884	1,786	193,007
Total gross credit risk	116,113	21,806	130,941	575,425	8,047	49,272	9,058	224,341	20,022	1,155,025

1 Loans, bills discounted and other receivables is presented gross of provisions for impairment and unearned income.

2 For the purpose of reconciling to the Balance Sheet, "Other assets" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in associates and joint ventures, Intangible assets, Deferred tax assets and Other assets.

Appendix A – Additional Historical Information (continued)

Credit Risk Management (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 internally assessed risk of the client, the type of client and facility tenor. All exposures outside the policy limits require approval by the Executive Credit Authority.

The following table shows the aggregated number of the Group's non-retail (excluding banks and sovereign) aggregated counterparty exposures (including direct and contingent exposures), which individually were greater than 5% of the Group's capital resources (Tier 1 and Tier 2 capital):

	2020	2019	2018
	Number	Number	Number
5% to less than 10% of the Group's capital resources	-	-	-
10% to less than 15% of the Group's capital resources	-	-	-

Appendix A – Additional Historical Information (continued)

Asset Quality

	Australia 2020 $M	Overseas 2020 $M	Total 2020 $M	Australia 2019 $M	Overseas 2019 $M	Total 2019 $M
Non-Performing Loans by Size of Loan						
Less than $1 million	1,460	386	1,846	1,698	266	1,964
$1 million to $10 million	603	187	790	628	147	775
Greater than $10 million	353	559	912	564	319	883
Total	2,416	1,132	3,548	2,890	732	3,622

	Australia 2018 $M	Overseas 2018 $M	Total 2018 $M
Non-Performing Loans by Size of Loan			
Less than $1 million	1,418	139	1,557
$1 million to $10 million	569	197	766
Greater than $10 million	242	614	856
Total	2,229	950	3,179

Average Balances and Related Interest

			2020			2019
	Avg Bal	Income	Yield	Avg Bal	Income	Yield
Net interest margin	$M	$M	%	$M	$M	%
Total interest earning assets	897,409	30,162	3. 36	871,418	34,709	3. 98
Total interest bearing liabilities	771,982	11,552	1. 50	761,115	16,485	2. 17
Net interest income and interest spread		18,610	1. 86		18,224	1. 81
Benefit of free funds			0. 21			0. 28
Net interest margin			2. 07			2. 09

Appendix A – Additional Historical Information (continued)

Loans, Bills Discounted and Other Receivables

	2020 $M	2019 $M	2018 $M
Australia			
Overdrafts	27,593	26,297	25,217
Home loans [1]	485,795	467,361	451,367
Credit card outstandings	9,005	11,271	11,877
Lease financing	4,073	4,410	4,318
Bills discounted	354	1,955	4,280
Term loans and other lending	146,225	141,727	147,028
Total Australia	673,045	653,021	644,087
Overseas			
Overdrafts	1,481	1,842	1,657
Home loans [1]	57,085	55,581	50,298
Credit card outstandings	911	1,069	993
Lease financing	6	8	25
Term loans and other lending	46,147	49,492	50,969
Total overseas	105,630	107,992	103,942
Gross loans, bills discounted and other receivables	778,675	761,013	748,029
Less			
Provisions for Loan Impairment:			
Collective provision	(5,277)	(3,820)	(2,735)
Individually assessed provisions	(967)	(895)	(870)
Unearned income:			
Term loans	(627)	(739)	(692)
Lease financing	(257)	(386)	(367)
	(7,128)	(5,840)	(4,664)
Net loans, bills discounted and other receivables	771,547	755,173	743,365

1 Home loans balance includes residential mortgages that have been assigned to securitisation vehicles and covered bond trusts.

Finance Leases	2020 $M	2019 $M	2018 $M
Minimum lease payments receivable:			
Not later than one year	1,454	1,489	1,544
Later than one year but not later than five years	2,233	2,433	2,265
Later than five years	135	110	167
Total finance leases	3,822	4,032	3,976

Appendices (continued)

Appendix A – Additional Historical Information (continued)

Deposits and other public borrowings

	2020 $M	2019 $M
Australia		
Certificates of deposit	30,126	30,924
Term deposits	129,338	148,313
On demand and short term deposits	371,165	308,299
Deposits not bearing interest	69,143	49,274
Securities sold under agreements to repurchase	14,717	19,099
Total Australia	614,489	555,909
Overseas		
Certificates of deposit	13,669	12,144
Term deposits	35,408	39,147
On demand and short term deposits	28,496	23,491
Deposits not bearing interest	7,777	5,349
Securities sold under agreements to repurchase	2,160	-
Total overseas	87,510	80,131
Total deposits and other public borrowings	701,999	636,040

Appendices (continued)

Appendix B – Definitions

Glossary of Terms

Term	Description
Aligned Advice	The financial planning businesses comprising Financial Wisdom, Count Financial and CFP Pathways.
Assets under management	Assets Under Management (AUM) represents the market value of assets for which the Group acts as an appointed manager.
Bankwest	Bankwest is active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products. The retail banking activities conducted under the Bankwest brand are consolidated into Retail Banking Services, and the business banking activities conducted under the Bankwest brand are consolidated into Business Banking.
Business Banking	Business Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions, as well as providing equities trading and margin lending services through the CommSec business. Business Banking includes the financial results of business banking activities conducted under the Bankwest brand.
Corporate Centre and Other	Corporate Centre and Other 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.
Corporations Act 2001	*Corporations Act 2001* (Cth).
Dividend payout ratio ("cash basis")	Dividends paid on ordinary shares divided by net profit after tax ("cash basis").
Dividend payout ratio ("statutory basis")	Dividends paid on ordinary shares divided by net profit after tax ("statutory basis").
DPS	Dividend per share.
DRP	Dividend reinvestment plan.
DRP participation	The percentage of total issued capital participating in the dividend reinvestment plan.
Earnings per share (EPS) (basic)	Basic earnings per share is the net profit attributable to ordinary equity holders of the Bank, divided by the weighted average number of ordinary shares on issue during the year per the requirements of relevant accounting standards.
Earnings per share (EPS) (diluted)	Diluted earnings per share adjusts the net profit attributable to ordinary equity holders of the Bank and the weighted average number of ordinary shares on issue used in the calculation of basic earnings per share, for the effects of dilutive potential ordinary shares per the requirements of relevant accounting standards.
Funds under administration (FUA)	Funds Under Administration (FUA) represents the market value of funds administered by the Group and excludes AUM.
Institutional Banking and Markets	Institutional Banking and Markets serves the commercial and wholesale banking needs of large corporate, institutional and government clients across a full range of financial services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.
Interest rate risk in the banking book (IRRBB)	Interest Rate Risk in the Banking Book is the risk that the Bank's profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted by changes in interest rates. This is measured from two perspectives: quantifying the change in the net present value of the Balance Sheet's future earnings potential, and the anticipated change to the Net Interest Income earned over 12 months. This calculation is driven by APRA regulations with further detail outlined in the Group's Basel III Pillar 3 report.
Net profit after tax ("cash basis")	Represents net profit after tax and non-controlling interests before non-cash items including hedging and IFRS volatility, and gains or losses on acquisitions, disposal, closure, capital repatriation and demerger of controlled businesses, or associates that are not discontinued operations. This is management's preferred measure of the Group's financial performance.

Appendix B – Definitions (continued)

Term	Description
Net profit after tax ("statutory basis")	Represents net profit after tax and non-controlling interests, calculated in accordance with Australian Accounting Standards. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank".
Net Promoter Score	This is an industry standard metric that measures a customer's willingness to recommend a brand's product and services to their friends, family and colleagues. In consumer Atlas, Advocacy is measured on a scale of 0 to 10, with 0 being "Not at all likely" and 10 being "Extremely likely" to recommend. Net Promoter Score ("NPS") is a derived measure by subtracting Detractors (those who selected 0-6) from Promoters (9-10). Those who have selected 7-8 are known as Passives. In Roy Morgan advocacy measures the likelihood of individual retail customers who identified CBA as their main financial institution, recommending CBA to others. It is based on a scale of 10 to 10, with 1 being 'very unlikely' to recommend and 10 being 'very likely' to recommend. The Net Promoter Score ("NPS") is calculated by subtracting the percentage of 'Detractors (score 106) from the percentage of 'Promoters' (score 9-10). The metric is reported as a 6 month rolling average, based on the Australian population aged 14 and over, surveyed by Roy Morgan. ®Net Promoter Score ("NPS") is a trademark of Bain and Company, Inc., Satmetrix Systems, Inc., and Mr. Frederick Reichheld. We introduced the Net Promoter Score as our way of measuring more than just customer satisfaction, but also looking at customer advocacy. NPS helps us understand our customers experiences, positive or negative. It helps us to identify and focus on the root cause of those perceptions, giving us the opportunity to directly address issues and continue to build on strengths.
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.
Operating expenses to total operating income	Represents operating expenses as a percentage of total operating income. The ratio is a key efficiency measure.
Other Overseas	Represents amounts booked in branches and controlled entities outside Australia and New Zealand.
Profit after capital charge (PACC)	The Group uses PACC, a risk-adjusted measure, as a key measure of financial performance. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments.
Replicating Portfolio	The Replicating Portfolio is designed to stabilise the net interest earnings of the bank through interest rate cycles. It comprises a portfolio of interest rate swaps acting as a partial economic hedge for assets and liabilities that have an imperfect correlation between the cash rate and the product interest rate (e.g. if the cash rate increases or decreases, non-interest bearing deposits cannot be re-priced to match the change in the cash rate).
Retail Banking Services	Retail Banking Services provides banking and general insurance products and services to personal and private bank customers. Retail Banking Services also include the financial results of retail banking activities conducted under the Bankwest brand. The sale of the Australian general insurance business that was announced in June 2021 is expected to be completed in the first half of financial year 2023.
Return on equity–cash basis	Based on net profit after tax ("cash basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
Return on equity – statutory basis	Based on net profit after tax ("statutory basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
Total Committed Exposure (TCE)	Total Committed Exposure is defined as the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes settlement exposures on derivatives.
Weighted average number of shares	The calculation incorporates the bonus element of any rights issue, discount element of any DRP and excludes "Treasury Shares" related to investment in the Bank's shares held for future issuance at vesting of related share based payment awards.

Appendix B – Definitions (continued)

Market Share Definitions

Retail Banking Services	
Home loans (APRA)	CBA Loans to individuals that are Owner Occupied and Investment Home Loans as per APRA monthly ADI Statistics, **divided by** APRA Monthly ADI Statistics back series.
Home loans (RBA)	CBA Loans to individuals that are Owner Occupied and Investment Home Loans as per APRA monthly ADI Statistics + separately reported subsidiaries: Wallaby Trust, Residential Mortgage Group P/L, **divided by** RBA Financial Aggregates Owner Occupied and Investor Home Lending (includes ADIs and RFCs).
Credit Card (APRA)	CBA Personal Credit Card Lending (APRA), **divided by** Loans to Households: Credit Cards (APRA Monthly ADI Statistics back series).
Consumer finance (other household lending)	CBA Lending to individuals which includes: Personal Loans, Margin Lending, Personal Leasing, Revolving Credit, Overdrafts, and Home Loans for personal purposes, **divided by** Loans to Households: Other (APRA Monthly ADI Statistics back series).
Household deposits	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for Households (individuals) excluding Self-Managed Super Funds (as per deposit balances submitted to APRA in ARF720.2A Deposits), **divided by** Deposits from Households (APRA Monthly ADI Statistics back series).
Business Banking	
Business lending (APRA)	CBA Total Loans to residents as reported under APRA definitions for the Non-Financial Businesses sector (as per lending balances submitted to APRA in ARF720.1A ABS/RBA Loans and Finance Leases) (this includes some Housing Loans to businesses), **divided by** Loans to Non-Financial Businesses (APRA Monthly ADI Statistics back series).
Business lending (RBA)	CBA Business Lending and Credit: specific “business lending” categories in lodged APRA returns – ARF720.1A ABS/RBA Loans and Finance Leases, ARF720.7 ABS/RBA Bill Acceptances and Endorsements, excluding sub-categories of RBA, ADIs, RFCs and Central Borrowing Authorities, and the category of General Government, **divided by** RBA Total Business Lending (adjusted for series breaks).
Business deposits (APRA)	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for the Non-Financial Businesses sector (as per deposit balances submitted to APRA in ARF720.2A Deposits), **divided by** Deposits from Non-Financial Businesses (from APRA Monthly ADI Statistics back series).
Equities trading	Twelve months rolling average of Australian equities traded value (CommSec excluding AUSIEX), **divided by** Twelve months rolling average of total Australian equities market traded value.

Appendices (continued)

Appendix B – Definitions (continued)

Market Share Definitions

New Zealand	
Home loans	All ASB residential mortgages for owner occupier and residential investor property use, **divided by** Total New Zealand residential mortgages for owner occupier and residential investor property use of all New Zealand registered banks (from RBNZ).
Customer deposits	All resident and non-resident deposits on ASB Balance Sheet, **divided by** Total resident and non-resident deposits of all New Zealand registered banks (from RBNZ).
Business lending	All New Zealand Dollar loans for business use on ASB Balance Sheet excluding agriculture loans, **divided by** Total New Zealand Dollar loans for business use of all New Zealand registered banks excluding agriculture loans (from RBNZ).

Appendix C - Disclosure Changes

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 tax from discontinued operations in the Income Statement, and Other comprehensive income/(expense) 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 2022, the Group made a number of allocations and reclassifications across operating segments including the transfer of some customers between Retail Banking Services, Business Banking and Institutional Banking and Markets as well as 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.

Prior period restatements

During the year ended 30 June 2022, the Group implemented the following changes that were applied retrospectively and impacted the prior periods' financial statements:

- The Group performed a review of the corporate and business credit limits utilisation data and identified products for which drawdowns were considered probable. Facility and line fees on these products were reclassified from Other banking income to Net interest income.
- As part of its continued broad review of employee entitlements, the Group finalised remediation amounts required to be paid to impacted employees in relation to a number of historic employee entitlements calculations.

The impacts of these changes on the prior period financial statements of the Group and the Bank were as follows:

- an increase in the Group's Net interest income and a decrease in Other banking income for the years ended 30 June 2021 and 30 June 2020 of $463 million and $405 million, respectively (Bank: an increase in Net interest income and a decrease in Other banking income for the year ended 30 June 2021 of $431 million);
- an increase in Provisions as at 30 June 2021 of $43 million;
- an increase in Deferred tax assets as at 30 June 2021 and 30 June 2020 of $13 million; and
- a decrease in Retained profits as at 1 July 2020 of $30 million.

Where relevant, comparative information has been restated and changes have been footnoted throughout the financial statements.

Other changes implemented during the year

During the year ended 30 June 2022, the Group implemented the following changes that were applied prospectively and impacted the current periods' financial statements:

- The Group revised its accounting treatment of ongoing trail commission payable to mortgage brokers. The Group recognised a liability within Bills payable and other liabilities equal to the present value of expected future trail commission payments and a corresponding increase in the underlying loan balances.
- The Group reviewed its offsetting practices applied to repurchase and reverse repurchase agreements settled through specific Central Securities Depositories (CSDs). The Group concluded that it has the intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. As a result, receivables and payables from these arrangements are presented on a net basis where the applicable netting requirements of AASB 132 *Financial Instruments: Presentation* have been met.

During the year ended 30 June 2022, the Group adopted the revised disclosure requirements for foreign registrants by the United States Securities and Exchange Commission. This includes more detailed disclosures of loans by contractual maturities (see Note 3.1 to the 2022 Financial Report) and uninsured deposits (see Note 4.1 to the 2022 Financial Report).

Adoption of new accounting standards and future accounting developments

Accounting amendments and the impact on financial reporting

In 2018, in response to the uncertain long-term viability of interest rate benchmarks, and LIBOR in particular, the International Accounting Standards Board (IASB) commenced a review of the financial reporting implications associated with IBOR reform. Resulting amendments to accounting standards were subsequently issued in two phases.

AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* was issued by the Australian Accounting Standards Board (AASB) in October 2019 and amended hedge accounting requirements to provide relief from the potential effects of uncertainty caused by IBOR reform. The Group early adopted the amendments for the year ended 30 June 2020.

AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* was issued by the AASB in September 2020. The amendments apply only to those changes to financial instruments and hedging relationships that are a direct consequence of IBOR reform and where cash flows are amended on an economically equivalent basis. The Group adopted these amendments during the current reporting period. The key changes include the following:

- A practical expedient for changes in contractual cash flows required by the reform – the Group does not have to derecognise or adjust the carrying amount of financial instruments for these changes, but instead updates the effective interest rate to reflect the change to the alternative benchmark rate;
- Hedge accounting – the Group does not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets all the other hedge accounting criteria; and
- Additional disclosures – the Group is required to disclose information, as contained in this note, about new risks arising from the reform as well as how the Group manages the transition to alternative benchmark rates.

Appendix C - Disclosure Changes (continued)

The impact of these changes on each segment's Net profit after tax ("statutory basis"), Balance Sheet and cost to income ratios for the comparative periods is set out below:

Segment Statutory NPAT (impact by adjustment type) – Including Discontinued Operations

	Full Year Ended 30 June 2021						
	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre and Other $M	Wealth Manage-nt $M	Group $M
Stat NPAT (incl. disc ops) - as reported	4,993	2,823	924	1,092	(596)	945	**10,181**
Restatements in the current half:							
Re-segmentations and allocations	(110)	82	4	2	22	-	**-**
Total restatements	(110)	82	4	2	22	-	**-**
Stat NPAT (incl. disc ops) - as restated	**4,883**	**2,905**	**928**	**1,094**	**(574)**	**945**	**10,181**

Segment Statutory NPAT (impact by P&L line item) – Including Discontinued Operations

	Full Year Ended 30 June 2021						
	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre and Other $M	Wealth Manage-nt $M	Group $M
Stat NPAT (incl. disc ops) - as reported	4,993	2,823	924	1,092	(596)	945	**10,181**
Restatements:							
Increase/(decrease) in Operating income	(134)	133	-	3	(2)	-	-
(Increase)/decrease in Operating expenses	(7)	(20)	7	-	20	-	-
(Increase)/decrease in Loan impairment expense	(5)	5	-	-	-	-	-
(Increase)/decrease in Corporate tax expense	36	(36)	(3)	(1)	4	-	-
Total restatements	(110)	82	4	2	22	-	**-**
Stat NPAT (incl. disc ops) - as restated	**4,883**	**2,905**	**928**	**1,094**	**(574)**	**945**	**10,181**

Appendix C - Disclosure Changes (continued)

Segment Statutory Cost to Income Ratios

	Full Year Ended 30 June 2021						
	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre and Other $M	Wealth Manage-nt $M	Group $M
Operating expenses to total operating income (%) - as reported	40%	39%	43%	40%	283%	n/a	**47%**
Operating expenses to total operating income (%) - as reported	40%	38%	42%	40%	281%	n/a	**47%**

1 Metrics calculated in New Zealand dollar terms.

Group Performance Summary

	30 Jun 21	
	As Restated $M	As Repoted $M
Net interest income	19,302	18,839
Other banking income:		
Commissions	2,564	2,564
Lending fees	665	1,128
Trading and other income	1,315	1,315
Total other banking income	4,544	5,007
Total banking income	**23,846**	**23,846**
Funds management income	165	165
Insurance income	145	145
Total operating income	**24,156**	**24,156**
Operating expenses	(11,359)	(11,359)
Loan impairment expense	(554)	(554)
Net profit before income tax	**12,243**	**12,243**
Corporate tax expense	(3,590)	(3,590)
Net profit after tax from continuing operations - "cash basis"	**8,653**	**8,653**
Net profit after tax from discontinued operations	148	148
Net profit after tax - "cash basis" [1]	**8,801**	**8,801**
Gain on disposal of entities net of transaction costs	1,373	1,373
Hedging and IFRS volatility	7	7
Net profit after tax - "statutory basis"	**10,181**	**10,181**

Appendix D - Shareholder information

Top 20 holders of fully paid ordinary shares as at 1 July 2022

Rank	Name of holder	Number of shares	%
1	HSBC Custody Nominees	378,954,475	22. 27%
2	J P Morgan Nominees Australia Limited	242,237,957	14. 24%
3	Citicorp Nominees Pty Limited	102,282,340	6. 01%
4	BNP Paribas Noms Pty Ltd	53,441,540	3. 14%
5	National Nominees Limited	40,051,338	2. 35%
6	Australian Foundation Investment	7,900,000	0. 47%
7	Netwealth Investments Limited	6,029,534	0. 35%
8	Bond Street Custodians Limited	4,226,215	0. 25%
9	Australian Executor Trustees Limited	3,108,683	0. 18%
10	Argo Investments Limited	2,753,731	0. 16%
11	Navigator Australia	2,623,539	0. 15%
12	Milton Corporation Limited	1,940,470	0. 12%
13	Invia Custodian Pty Limited	1,920,744	0. 11%
14	Mutual Trust Pty Ltd	1,858,253	0. 11%
15	Mr Barry Martin Lambert	1,643,613	0. 10%
16	Nulis Nominees (Australia)	1,609,474	0. 09%
17	McCusker Holdings Pty Ltd	1,370,000	0. 08%
18	BNP Paribas Noms (NZ) Ltd	1,145,196	0. 07%
19	Custodial Services Limited	1,109,966	0. 07%
20	Joy Wilma Lambert	1,068,250	0. 06%

The top 20 shareholders hold 857,275,318 shares which is equal to 50.38% of the total shares on issue.

Substantial shareholding

As at 9 August 2022 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]	86,834,100	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 20 July 2022, as per notice lodged on 25 July 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 Australian Securities Exchange ASX under the trade symbol of CBA. The Bank is not currently in the market conducting an on market buy-back of its shares.

Range of shares (fully paid ordinary shares and employee shares) as at 1 July 2022

Ranges	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of issued capital	Number of rights holders [1]
1 – 1,000	669,564	76. 62	180,651,406	10. 62	386
1,001 – 5,000	177,044	20. 26	370,780,139	21. 79	60
5,001 – 10,000	19,156	2. 19	130,126,303	7. 65	2
10,001 – 100,000	7,933	0. 91	148,275,947	8. 71	14
100,001 – over	136	0. 02	871,704,611	51. 23	3
Total	873,833	100. 00	1,701,538,406	100. 00	465
Less than marketable parcel of $500 [2]	15,231	1. 74	43,018	0. 00	–

1 The total number of rights on issue is 1,345,352 rights which carry no entitlement to vote.
2 Based on a closing price of $90.70 on 1 July 2022.

Appendix D - Shareholder 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 VII Capital Notes ("PERLS VII") as at 1 July 2022

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	2,338,133	7. 79%
2	Citicorp Nominees Pty Limited	1,701,473	5. 67%
3	BNP Paribas Noms Pty Ltd	1,647,588	5. 49%
4	J P Morgan Nominees Australia Limited	953,436	3. 18%
5	Netwealth Investments Limited	750,433	2. 50%
6	Berne No 132 Nominees Pty Ltd	501,491	1. 67%
7	Australian Executor Trustees Limited	300,308	1. 00%
8	Bond Street Custodians Limited	213,353	0. 71%
9	National Nominees Limited	192,877	0. 64%
10	Mutual Trust Pty Ltd	178,217	0. 60%
11	Navigator Australia	177,014	0. 59%
12	Nulis Nominees (Australia)	174,828	0. 58%
13	Invia Custodian Pty Limited	170,409	0. 57%
14	Marrosan Investments Pty Ltd	84,286	0. 28%
15	Royal Freemasons Benevolent Institution	82,000	0. 27%
16	Tsco Pty Ltd	80,000	0. 27%
17	Seymour Group Pty Ltd	73,700	0. 25%
18	Willimbury Pty Ltd	70,673	0. 24%
19	Cordale Holdings Pty Ltd	69,000	0. 23%
20	Limeburner Investments Pty Ltd	67,245	0. 22%

The top 20 PERLS VII security holders hold 9,826,464 securities which is equal to 32.75% of the total securities on issue.

Stock exchange listing

PERLS VII are subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPD.

Range of securities (PERLS VII) as at 1 July 2022

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	24,215	86. 32	8,336,581	27. 79
1,001 – 5,000	3,411	12. 16	6,878,596	22. 93
5,001 – 10,000	222	0. 79	1,574,374	5. 25
10,001 – 100,000	190	0. 68	4,479,787	14. 93
100,001 – over	15	0. 05	8,730,662	29. 10
Total	28,053	100. 00	30,000,000	100. 00
Less than marketable parcel of $500 [1]	23	0. 08	61	0. 00

1 Based on a closing price of $99.94 on 1 July 2022.

Appendix D - Shareholder information (continued)

Voting Rights

PERLS VII 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 page 171 for the Bank's ordinary shares.

Top 20 holders of CommBank PERLS X Capital Notes ("PERLS X") as at 1 July 2022

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	1,423,832	10. 43%
2	HSBC Custody Nominees	1,145,007	8. 39%
3	Citicorp Nominees Pty Limited	984,594	7. 21%
4	J P Morgan Nominees Australia Limited	198,398	1. 45%
5	Netwealth Investments Limited	160,553	1. 18%
6	Navigator Australia	125,634	0. 92%
7	Invia Custodian Pty Limited	105,212	0. 77%
8	National Nominees Limited	104,040	0. 76%
9	Dimbulu Pty Ltd	100,000	0. 73%
10	Marrosan Investments Pty Ltd	80,000	0. 59%
11	Australian Executor Trustees Limited	79,420	0. 58%
12	Bond Street Custodians Limited	73,869	0. 54%
13	Federation University Australia	59,620	0. 44%
14	Mutual Trust Pty Ltd	54,347	0. 40%
15	Nulis Nominees (Australia)	52,552	0. 38%
16	Eastcote Pty Ltd	50,000	0. 37%
17	Harriette & Co Pty Ltd	50,000	0. 37%
18	Selsey Holdings Pty Ltd	47,000	0. 34%
19	Mr Roni G Sikh	40,492	0. 30%
20	Taverners No 11 Pty Ltd	38,710	0. 28%

The top 20 PERLS X security holders hold 4,973,280 securities which is equal to 36.43% 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 1 July 2022

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	12,404	88. 66	4,208,704	30. 83
1,001 – 5,000	1,406	10. 05	3,058,997	22. 41
5,001 – 10,000	108	0. 77	798,666	5. 85
10,001 – 100,000	65	0. 46	1,777,322	13. 02
100,001 – over	8	0. 06	3,806,311	27. 89
Total	13,991	100. 00	13,650,000	100. 00
Less than marketable parcel of $500 [1]	8	0. 06	15	0. 00

1 Based on a closing price of $101.80 on 1 July 2022.

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 page 171 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS XI Capital Notes ("PERLS XI") as at 1 July 2022

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,328,858	8. 36%
2	Citicorp Nominees Pty Limited	1,082,334	6. 81%
3	BNP Paribas Noms Pty Ltd	467,971	2. 94%
4	Netwealth Investments Limited	312,574	1. 97%
5	J P Morgan Nominees Australia Limited	255,072	1. 60%
6	Australian Executor Trustees Limited	246,627	1. 55%
7	National Nominees Limited	194,526	1. 22%
8	Dimbulu Pty Ltd	150,000	0. 94%
9	Bond Street Custodians Limited	143,943	0. 91%
10	Invia Custodian Pty Limited	123,771	0. 78%
11	Navigator Australia	105,119	0. 66%
12	Eastcote Pty Limited	100,000	0. 63%
13	G Harvey Investments Pty Ltd	100,000	0. 63%
14	Nulis Nominees (Australia)	96,752	0. 61%
15	Pamdale Investments	89,578	0. 56%
16	V S Access Pty Ltd	80,000	0. 50%
17	Taverners No 11 Pty Ltd	53,440	0. 34%
18	Mutual Trust Pty Ltd	50,638	0. 32%
19	Edgelake Proprietary Limited	49,267	0. 31%
20	Margen Biggs Pty Limited	36,000	0. 22%

The top 20 PERLS XI security holders hold 5,066,470 securities which is equal to 31.86% 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 IX) as at 1 July 2022

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	15,808	88. 56	5,454,708	34. 31
1,001 – 5,000	1,825	10. 22	3,730,247	23. 46
5,001 – 10,000	135	0. 76	995,155	6. 26
10,001 – 100,000	72	0. 40	1,866,595	11. 74
100,001 – over	11	0. 06	3,853,295	24. 23
Total	17,851	100. 00	15,900,000	100. 00
Less than marketable parcel of $500 [1]	11	0. 06	17	0. 00

1 Based on a closing price of $102.32 on 1 July 2022.

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 page 171 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS XII Capital Notes ("PERLS XII") as at 1 July 2022

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,357,864	8. 23%
2	Citicorp Nominees Pty Limited	1,111,677	6. 74%
3	BNP Paribas Noms Pty Ltd	594,313	3. 60%
4	Netwealth Investments Limited	430,839	2. 61%
5	J P Morgan Nominees Australia Limited	218,675	1. 33%
6	Australian Executor Trustees Limited	210,768	1. 28%
7	Royal Freemasons Benevolent Institution	202,500	1. 23%
8	Dimbulu Pty Ltd	200,000	1. 21%
9	Tandom Pty Ltd	120,000	0. 73%
10	National Nominees Limited	113,371	0. 69%
11	Invia Custodian Pty Limited	103,517	0. 63%
12	Diocese Development Fund - Catholic Diocese Of Parramatta	101,472	0. 61%
13	Bond Street Custodians Limited	100,587	0. 61%
14	Navigator Australia	69,685	0. 42%
15	Nulis Nominees (Australia)	66,043	0. 40%
16	QM Financial Services	53,500	0. 32%
17	Tsco Pty Ltd	48,650	0. 29%
18	Brujan Assets Pty Limited	45,000	0. 27%
19	Mutual Trust Pty Ltd	40,848	0. 25%
20	Taverners No 11 Pty Ltd	40,329	0. 24%

The top 20 PERLS XII security holders hold 5,229,638 securities which is equal to 31.69% 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 1 July 2022

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	14,937	87. 40	5,510,020	33. 39
1,001 – 5,000	1,932	11. 30	3,978,120	24. 11
5,001 – 10,000	141	0. 82	1,027,486	6. 23
10,001 – 100,000	66	0. 39	1,499,064	9. 09
100,001 – over	15	0. 09	4,485,310	27. 18
Total	17,091	100. 00	16,500,000	100. 00
Less than marketable parcel of $500 [1]	9	0. 05	21	0. 00

1 Based on a closing price of $99.80 on 1 July 2022.

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 page 171 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS XIII Capital Notes ("PERLS XIII") as at 1 July 2022

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,302,947	11. 04%
2	Citicorp Nominees Pty Limited	1,041,525	8. 83%
3	J P Morgan Nominees Australia Limited	887,280	7. 52%
4	BNP Paribas Noms Pty Ltd	534,835	4. 53%
5	Netwealth Investments Limited	256,112	2. 17%
6	Mutual Trust Pty Ltd	156,300	1. 32%
7	National Nominees Limited	152,800	1. 29%
8	Leda Holdings Pty Ltd	111,000	0. 94%
9	Dimbulu Pty Ltd	100,000	0. 85%
10	Royal Freemasons Benevolent Institution	100,000	0. 85%
11	Nothman Pty Ltd	88,700	0. 75%
12	Herbert St Investments Pty Ltd	84,000	0. 71%
13	Valtellina Properties Pty Ltd	70,844	0. 60%
14	Taverners No 11 Pty Ltd	60,000	0. 51%
15	Australian Executor Trustees Limited	55,155	0. 47%
16	Federation University Australia	35,430	0. 30%
17	Invia Custodian Pty Limited	34,846	0. 30%
18	Bond Street Custodians Limited	32,343	0. 28%
19	MFIC Securities Pty Ltd	32,101	0. 27%
20	Sarina Aged Care Ltd	30,760	0. 26%

The top 20 PERLS XIII security holders hold 5,166,978 securities which is equal to 43.79% 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 1 July 2022

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	9,463	89. 19	3,303,068	27. 99
1,001 – 5,000	1,004	9. 46	2,184,501	18. 51
5,001 – 10,000	78	0. 74	552,297	4. 68
10,001 – 100,000	54	0. 51	1,411,405	11. 96
100,001 – over	11	0. 10	4,348,729	36. 86
Total	10,610	100. 00	11,800,000	100. 00
Less than marketable parcel of $500 [1]	3	0. 03	12	0. 00

1 Based on a closing price of $97.99 on 1 July 2022.

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 page 171 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS XIV Capital Notes (“PERLS XIV”) as at 1 July 2022

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	3,867,650	22. 10%
2	HSBC Custody Nominees	1,541,688	8. 81%
3	Citicorp Nominees Pty Limited	929,676	5. 31%
4	J P Morgan Nominees Australia Limited	575,626	3. 28%
5	Netwealth Investments Limited	238,405	1. 36%
6	Dimbulu Pty Ltd	220,000	1. 26%
7	John E Gill Trading Pty Ltd	142,343	0. 81%
8	National Nominees Limited	135,081	0. 77%
9	Elmore Super Pty Ltd	120,000	0. 69%
10	Mutual Trust Pty Ltd	114,440	0. 65%
11	Taverners No 11 Pty Ltd	99,634	0. 57%
12	Navigator Australia	91,973	0. 53%
13	Invia Custodian Pty Limited	87,370	0. 50%
14	Bond Street Custodians Limited	87,243	0. 50%
15	Fibora Pty Ltd	64,740	0. 37%
16	Pamdale Investments	52,150	0. 30%
17	Marrosan Nominees Pty Ltd	50,000	0. 29%
18	Sir Moses Montefiore Jewish Home	40,010	0. 23%
19	Tandom Pty Ltd	38,659	0. 22%
20	Resthaven Incorporated	34,524	0. 20%

The top 20 PERLS XIV security holders hold 8,531,212 securities which is equal to 48.75% 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 1 July 2022

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	12,120	87. 38	4,218,888	24. 11
1,001 – 5,000	1,532	11. 05	3,129,028	17. 88
5,001 – 10,000	142	1. 02	1,021,559	5. 84
10,001 – 100,000	64	0. 46	1,459,807	8. 34
100,001 – over	12	0. 09	7,670,718	43. 83
Total	13,870	100. 00	17,500,000	100. 00
Less than marketable parcel of $500 [1]	4	0. 03	12	0. 00

1 Based on a closing price of $95.90 on 1 July 2022.

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 page 171 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) and the New Zealand Exchange (NZX).