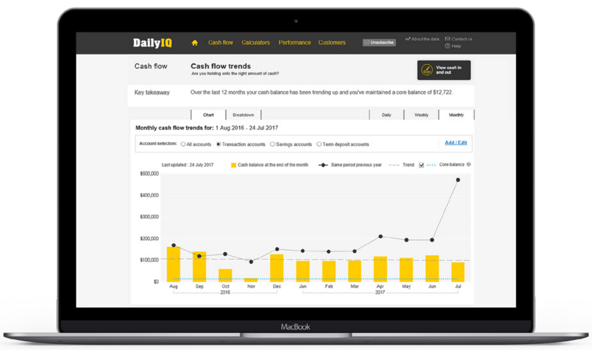
Optimise your cash flow with Daily IQ

The Cash Flow tools can help you:

- Identify opportunities to make your cash work harder for you, as well as potential risks, by comparing trends and changes in your cash flow balance over time and optimising your cash across your different account types.
- Explore what's driving changes in your cash balance. Compare your incomings to your outgoings over time, including the past year.
- Assess the cash impact of collecting cash from your customers faster, managing creditors more efficiently, and reducing the time it takes to convert inventory into sales.
- Explore how you could potentially increase your cash on hand by changing how you make and receive payments.

Understanding the data

- The data contains transactions for account(s) linked to your CommBiz or NetBank service and is only provided to CommBiz and NetBank business customers.
- It does not include personal accounts linked to your NetBank service.
- The data currently excludes some types of accounts such as loans, corporate credit cards and foreign currency accounts.
- This module leverages the current account permissions on CommBiz. You are only able to view cash flow for accounts that you've been given permission to view or access.
- The data is updated by 9.00am daily.



Definitions

Annual cost of sales: Your cost of sales for the last 12 months.

Annual sales: Your total sales revenue for the last 12 months.

Average cost of sales per day: Your *Annual cost of sales* divided by 365 days.

Average sales per day: Your *Annual sales* divided by 365 days.

Balance: The net balance of all your accounts, or selected accounts, for the period of time selected.

Cash in: Payments made into your accounts.

Cash out: Payments made from your accounts.

Core balance: The core balance is calculated based on 75% of the minimum *end of month* account balance over the previous 24 months. As it is based on the *end of month* balance, it does not take into account decreases that may have occurred during the month, and as such is indicative only.

Days inventory outstanding (DIO): The average number of days it takes to convert inventory into sales. Calculated by dividing your *Inventory balance* by your *Annual cost of sales*, multiplied by 365 days.

Days payable outstanding (DPO): The average number of days it takes to pay creditors after incurring an expense.Calculated by dividing your *Payables balance* by your **Annual cost of sales**, multiplied by 365 days.

Days sales outstanding (DSO): The average number of days between recording a sale and collecting the cash.Calculated by dividing your *Receivables balance* by your *Annual sales*, multiplied by 365 days.

Inventory: The balance of raw materials, work in progress and finished products.

Payables: Your current accounts payable balance.

Receivables: Your current accounts receivables balance.

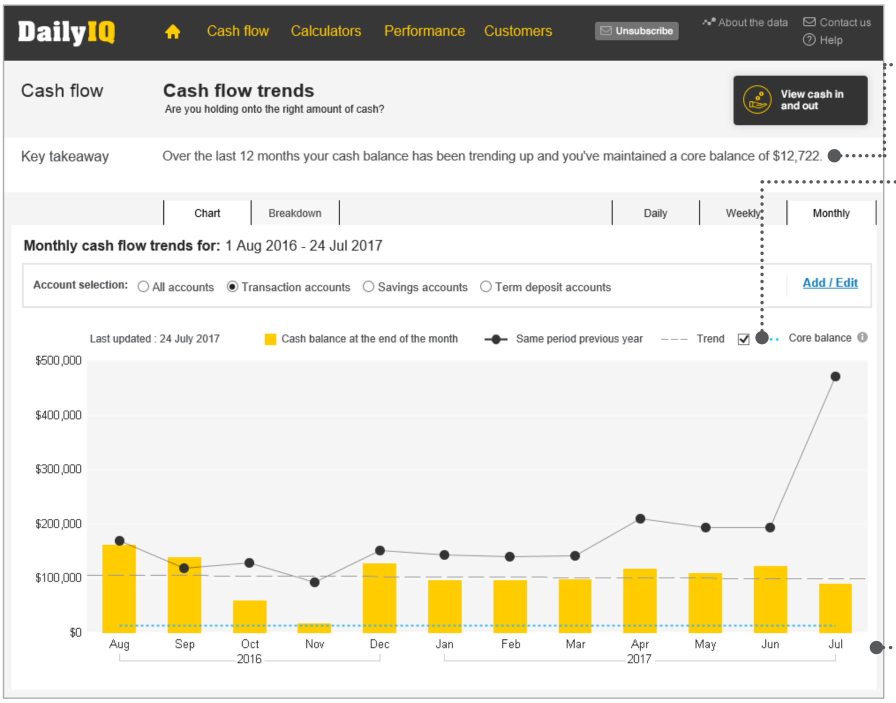
Cash flow trends & Cash in and out

How is your cash trending over time? How do your incomings compare to your outgoings?

- Explore whether your cash flow is trending up or down.
- Compare you cash balance to the same period last year.
- Review your core balance across different account types.
- Compare you cash in and out by day, month and year, and to the same period last year.
- See how your cash balance has changed over time.

Examples of what you can do with these insights

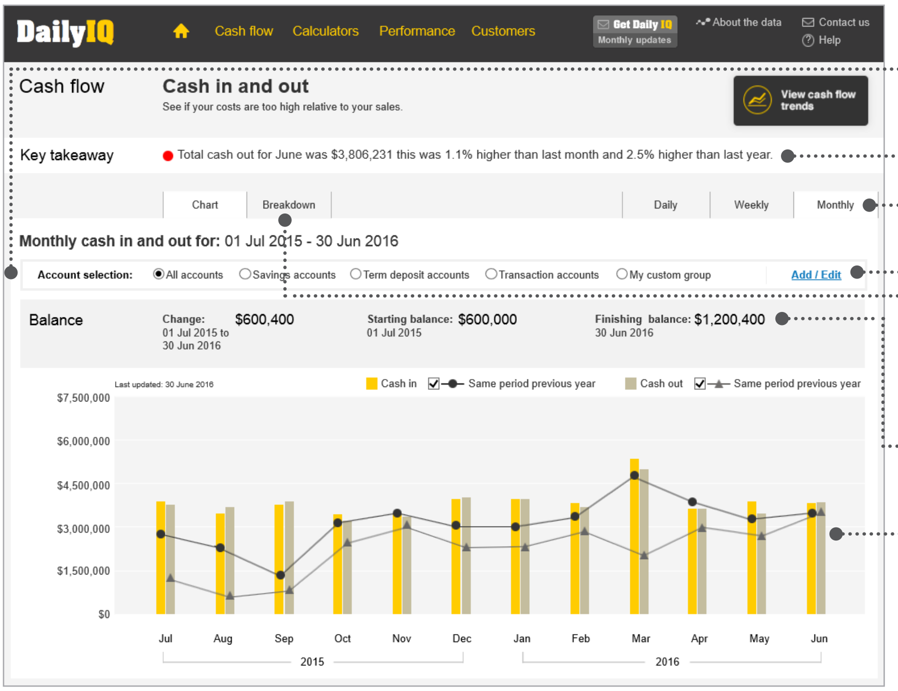
- Optimise your cash balance across your different account types.
- Identify potential opportunities to invest surplus funds.
- Identify potential risks to ensure you can meet upcoming obligations.
- Consider how costs could be controlled or sales increased to optimise your cash flow.
- Identify seasonal impacts and plan around them.



Key takeaway: an insight about your cash flow

Display the core balance

See your cash flow trend. Is it going up or down?



Choose from the pre-set account groups

Key takeaway: how your net cash flow last month compared to the same period last year

View different time periods

Add/Edit custom groups

View a breakdown of your cash in and out including your cash balance and net cash flow

See a quick view of your cash balance

Click on the bars to see a breakdown of cash inflows/outflows for the time period selected

Payments and inventory

Can you increase your cash flow by adjusting your payment and inventory cycle?

Use the Payments and inventory calculator to analyse your *Days sales outstanding* (DSO), *Days payments outstanding* (DPO), *Days inventory outstanding* (DIO).

Days Payable Outstanding (DPO) – Assess the cash impact of managing your creditors more effectively

DPO is the average number of days it takes to pay creditors after incurring an expense. A higher DPO means that a business prefers to receive cash before paying it out, providing flexibility in decision-making and opportunity to generate interest revenue.

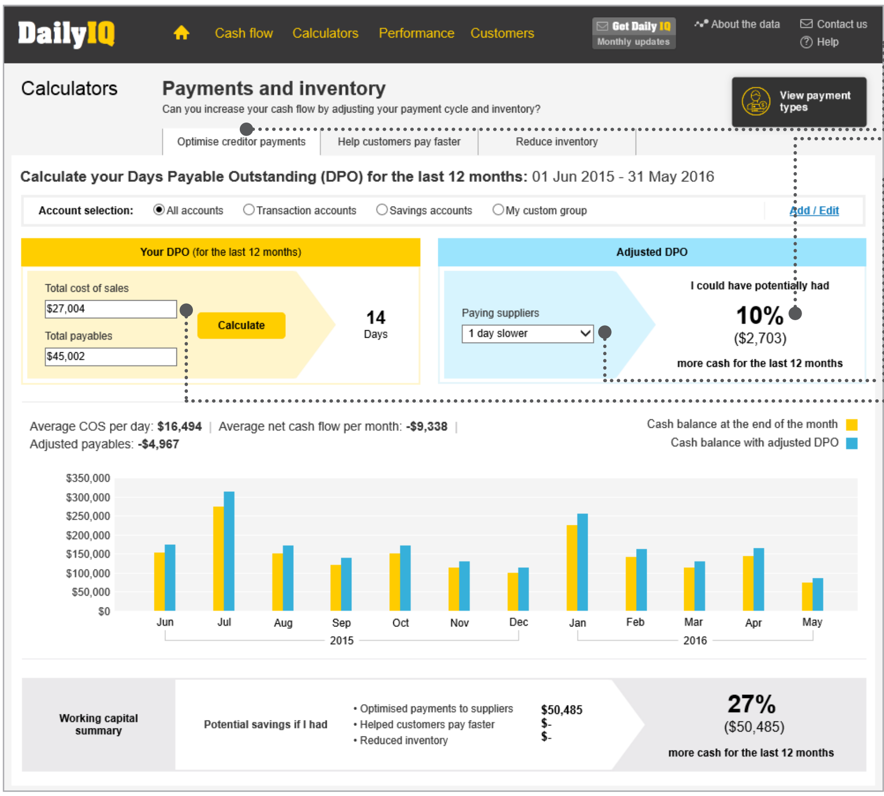
To calculate your current DPO enter: *Annual cost of sales* and *Payables balance* for the last 12 months.

To see the cash impact of adjusting your DPO: Select from the *Paying suppliers* dropdown menu to assess the cash impact of increasing or decreasing the time it takes to pay your creditors.

The rest is calculated for you: *Average cost of sales per day, Adjusted payables and Adjusted monthly cash balance.*

Consider these options to improve your DPO

- Consolidate your business with fewer suppliers to improve bargaining power and improve terms of trade.
- Centralise procurement so purchasing power is leveraged.
- Cut paperwork and simplify expense management with electronic payment solutions such as BPAY or direct entry.
- Review and negotiate your payment terms with suppliers carefully.
- Ask for better payments terms or a discount and check if early agreed payment discounts are being used.
- Prevent duplicated payments.
- Compare the payment terms that you have agreed with both your customers and suppliers – check you're not paying your bills too fast while your customers pay you slowly.
- Use CommBiz to create templates and scheduled payment files, simplifying or automating recurring payments.
- Consider the risk to the supply chain if payment terms are extended too long.



Select this tab to calculate your DPO

See your potential cash in hand

Adjust the number of days it takes to pay creditors

Input your cost of sales and payables

Days Sales Outstanding (DSO) – Assess the cash impact of shortening the time between making a sale and collecting the cash from your customers

DSO is the average number of days between recording a sale and collecting the cash. An increase in DSO means it is taking longer to convert sales into cash, which could mean there is a problem with the quality of your business' debtors.

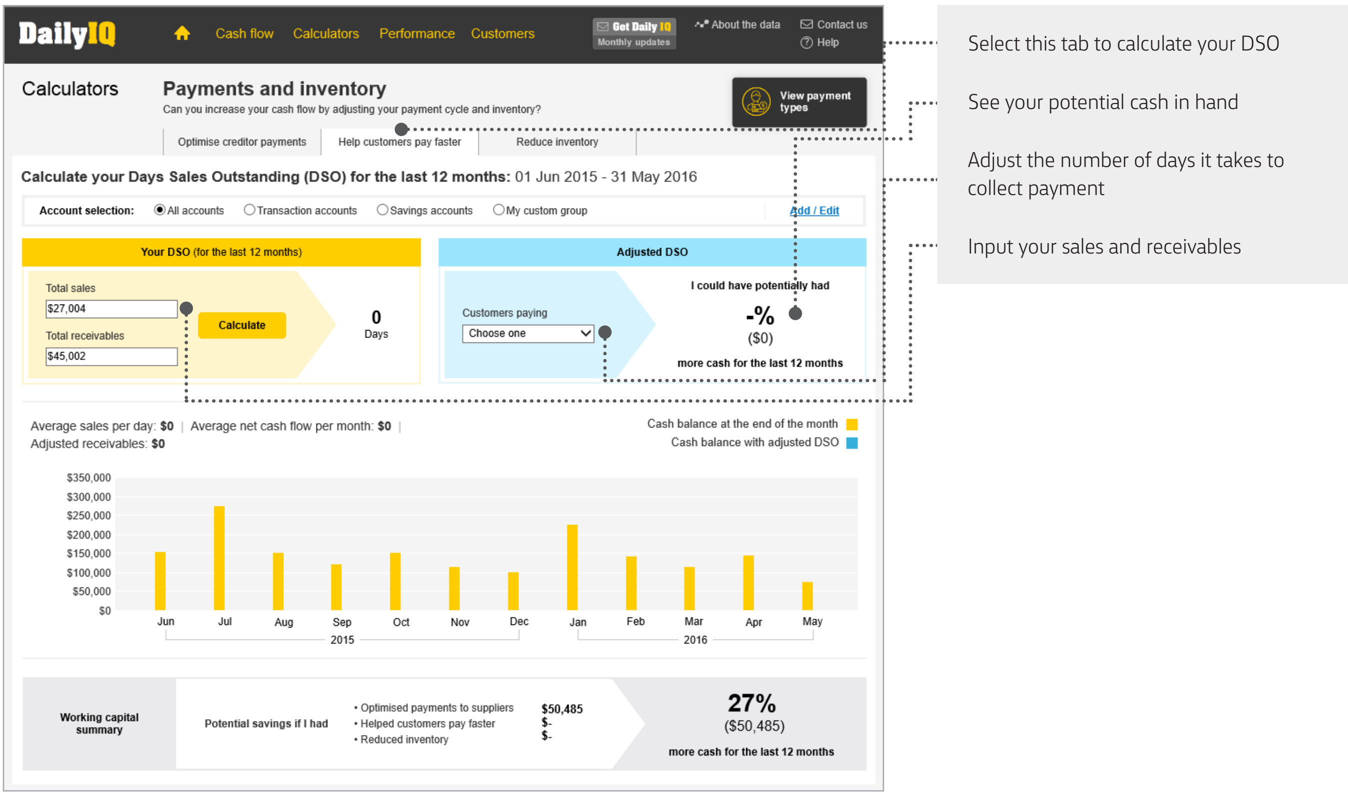
To calculate your current DSO enter: *Annual Sales* and *Receivables* balance for the last 12 months.

To see the cash impact of adjusting your DSO: Select from the *Customers paying* dropdown menu to assess the cash impact of increasing or decreasing the time it takes to collect payment from your customers.

The rest is calculated for you: *Average sales per day*, *Adjusted receivables* and *Adjusted monthly cash balance.*

Consider these options to improve your DSO

- Give your customers easier ways to pay you on time – offer a range of options.
- Invoice quickly and actively manage unpaid accounts.
- Use CommBiz to keep track of your cash inflows across all your Commonwealth Bank accounts and download daily electronic reconciliation files to your preferred accounting package.
- Ask to be paid by credit card or electronic funds transfer, so that you don't spend time waiting for cheques to clear.
- Ensure your invoices are accurate – incorrect invoices can delay payment.
- Resolve invoice disputes or issues prior to due date.
- Improve reporting and monitoring of your customers' payment terms and identify persistent late payers.



Days Inventory Outstanding (DIO)

DIO is the average number of days it takes for a business to raise a sale for its inventory items, whether raw materials of finished stock. A lower DIO means that a company is selling goods faster and hence releasing cash value sooner.

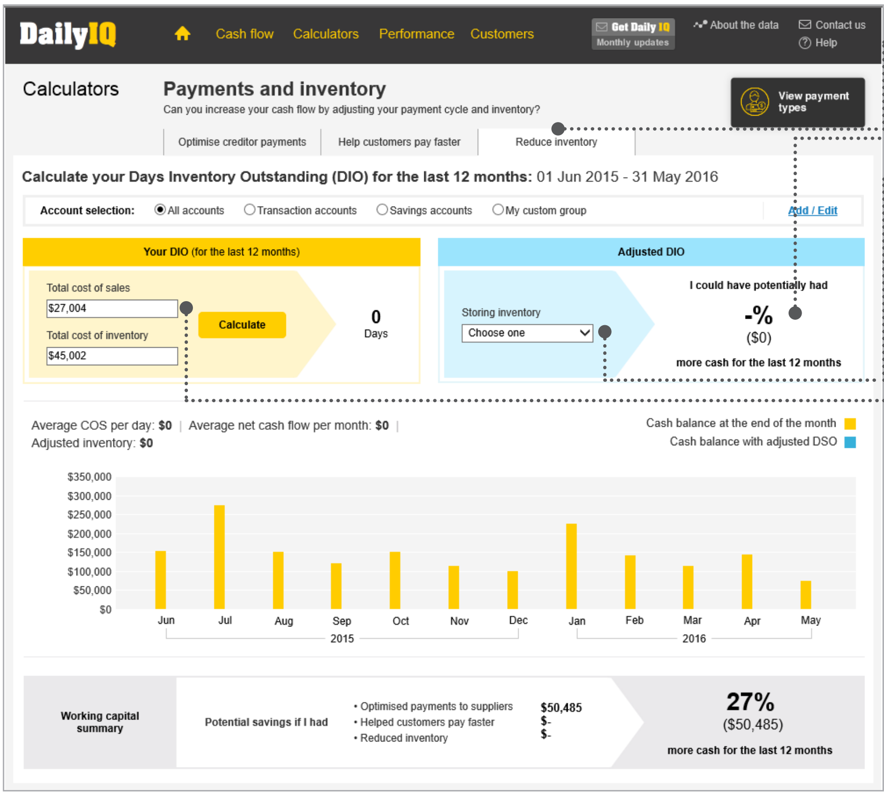
To calculate your current DIO enter: *Annual cost of sales* and *Inventory* for the last 12 months.

To see the cash impact of adjusting your DIO: Select from the *Storing inventory* dropdown menu to assess the cash impact of increasing or decreasing how long you store inventory for.

The rest is calculated for you: *Average cost of sales per day, Adjusted inventory* and *Adjusted monthly cash balance.*

Consider these options to improve your DIO

- Closely monitor anticipated sales to help minimise inventory costs while satisfying customer demand.
- Review your purchasing and inventory management processes.
- Negotiate the best price and buy in bulk when appropriate.



Select this tab to calculate your DIO

See your potential cash in hand

Adjust the number of days you store inventory for

Input your cost of sales and inventory

For more information email dailyiq@cba.com.au

Customer confidentiality and privacy

CommBank is bound by confidentiality and privacy obligations in respect of customer data. We will not disclose information for concentrated industries or locations or names of individual customers. All information is provided at an aggregated level only.