A Brighter Future for all

2022 Annual Report

Contents

Front cover

Our cover tells a story about family, continuity and partnership.

Debra and David joined the Bank in 1972 and 1967, respectively. They are shown with their daughter Lauren (joined in 2012), son-in-law Jackson (also joined in 2012), and two grandchildren. Not shown is Lauren's grandfather, who joined us in 1947.

They are just a few of our many great people who have seen us grow, transform and adapt to meet new opportunities and challenges.

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

The release of this announcement was authorised by the Board.
Commonwealth Bank of Australia | ACN 123 123 124 | Commonwealth Bank Place South, Level 1, 11 Harbour Street, Sydney NSW 2000 | 10 August 2022 | 146/2022

We have been working together to transform the way we deliver for our customers and how we support our communities.

As the trusted financial partner in the lives of so many people and businesses, we have an important role to play in supporting them to build their brighter future – whether it be buying a home, saving for the future or growing a business. We also play a key role in helping Australia's economy become more modern, resilient and sustainable.

Our purpose reflects our ambition, and it inspires and connects us to the Bank's reason for being. It also conveys our hope and optimism for the future.

Together, we are building a brighter future for all.

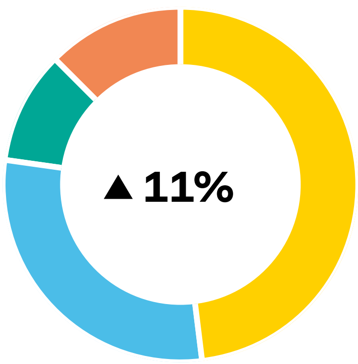
Acknowledgment of Country
We respectfully acknowledge the Traditional Owners of the Lands across Australia and pay our respect to their Elders past, present and emerging. Our registered office is located on the Lands of the Gadigal Peoples.

2022 highlights

Financial highlights

Group

Cash NPAT by business unit



Retail Banking Services
$4,929m

Business Banking
$3,001m

Institutional Banking and Markets
$1,050m

New Zealand
$1,265m

Statutory net profit after tax (NPAT)
$9,673m
▲ 9%

Cash net profit after tax (NPAT)
$9,595m
▲ 11%

Operating income
$24,896m
▲ 3%

Cost-to-income ratio
46.7%
▼ 30 basis points

Capital ratio
11.5%
CET1 (APRA, Level 2)
▼ 160 basis points

Value we create

Customer

Our targets

#1 Net Promoter Score (NPS) in consumer and business banking of major banks

Our progress

#1 mobile app NPS
#2 consumer NPS
#1 business NPS

16m+
customers served

$170bn
of lending for Australian home buyers

1m+
business transaction accounts

$280bn+
funding raised for Australian clients

Community

Our targets

Top quartile among peer companies for reputation improvement

RepTrak reputation score

63.3
Average of peer companies: 67.2

$4bn
tax expense – one of Australia's largest taxpayers

$30.0m
cash contributions

$2.8m
raised in donations and dollar matching for CanGive Flood Appeal

$30.6bn
sustainability funding

Our people

Our targets

Top 10% amongst global companies in our people engagement score

People engagement

80%
Global 90th percentile score: 83%

90%
of employees are proud to work at the Bank

$6.5bn
paid to our people in salaries and superannuation

#1
LinkedIn Top Company in Australia

43.1%
women in Executive Manager and above roles

Shareholders

Our targets

Top quartile TSR outperformance relative to peers

Total shareholder return (TSR)

180% 10-year
38% 5-year
-6% 1-year

870,000+
shareholders, 77% Australian owned

$3.85
dividend per share, fully franked

$13bn
returned to shareholders through dividends and share buy-backs

$3,030
dividend amount received by the average retail shareholder

Financials are presented on a continuing operations basis, except Common Equity Tier 1 (CET1) which includes discontinued operations. Comparative information has been restated. All figures relate to the full year ended 30 June 2022 and comparisons are to the year ended 30 June 2021, except for people engagement which is as at 31 March 2022. For data sources, see *Glossary* on pages 295–304.

Building a brighter future

The Bank's purpose – *building a brighter future for all* – conveys our fundamental optimism and the role we play in supporting economic growth, contributing to Australia's prosperity, and helping customers achieve their financial goals.

The past year has seen further challenges and uncertainty for many Australians as we began to learn to live with COVID-19. The year has also been wrought, yet again, by devastating floods across Australia, resulting in significant financial and social impacts to many thousands of people.

As the nation confronted these problems, we recognised the essential role we play in the lives of our customers, and in Australia's national interest, and the importance of the Bank being well-capitalised with a strong balance sheet.

The outlook for the year ahead is mixed. A strong economic recovery and historically low unemployment has been tempered by the rising cost of living, higher energy prices and supply chain pressures across a broad range of goods and services.

The Bank's renewed purpose – *building a brighter future for all* – 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.

Board priorities and strategy

Our evolved strategy is now firmly embedded and the Board continues to closely monitor progress against these priorities.

This includes maintaining our commitment to helping customers understand and reduce their environmental footprint.

We continue to focus on extending our leadership in technology and innovation, building trusted relationships, and developing differentiated products and services to create more value for our customers.

We have now divested almost all of our non-core businesses, having this financial year completed the divestment of a 55% shareholding in our superannuation business, Colonial First State to KKR, and sold a 10% shareholding in the Bank of Hangzhou in China.

This has reduced complexity and enabled focus on operational excellence in our retail, business and institutional banking activities. We also continued to ensure that our people are supported by the appropriate policies, systems and processes so they can spend more time on what matters.

Importantly, we reached the end of the Remedial Action Plan (RAP), initiated in 2018 in response to APRA's Prudential Inquiry. The RAP has embedded a strong culture across the organisation, one that is accountable and open to challenge. We will continue to ensure the outcomes achieved to date are sustained and continuously improved.

Commitment to sustainable practices

The Board regularly considers environmental and social (E&S) matters given their importance to our stakeholders and the Bank's long-term performance. We are committed to playing a leadership role in Australia's transition to a net zero emissions economy by 2050, a role that is centred on supporting our customers by lending to enable the transition to a sustainable economy.

This year we aligned our temperature ambition[1] to 1.5°C which informs our sector-level targets. We have strengthened our measurement and reporting of financed emissions, and developed and set sector-level targets in four priority sectors within our portfolio.

We have been disclosing our progress, performance and plans in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2018. This year CBA published its first standalone Climate Report, detailing alignment to the 11 TCFD recommendations.

We also partnered with Australia's national science agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), to develop Australia-specific transition pathways consistent with limiting global warming to 1.5°C.

1 See *Glossary* on page 295 for our definition of a '1.5°C temperature ambition'.

This work will help us set interim sector targets for a range of sectors and inform our sector-level transition strategies. The results of our partnership will also be made public to allow other organisations to shape their climate-related strategies and targets.

Business performance and capital management

The Bank performed well in the year to 30 June 2022, with strong financial and operational performance delivered through continued customer focus, disciplined execution and investment. Cash net profit after tax was 11% higher, reflecting strong operational performance, volume growth in core businesses and a loan impairment benefit.

A strong and conservative balance sheet, combined with prudent capital management, has delivered a number of benefits. These include the capacity to support customers through the pandemic and play a leading role in supporting the federal and state government initiatives to alleviate its impact across the economy; continued reinvestment in the Bank's core retail, business and institutional banking activities to deliver products and services to benefit customers, and provide capital for ongoing investment and transformation in key sectors of the economy; and strong returns to shareholders, including a $6.5 billion return of capital and a further $6.6 billion in dividends, including the final dividend for the 2022 financial year which will be paid in September.

A considered transition

I have been honoured to serve as Chairman since 2017, through a time when the Bank has addressed a number of complex challenges and subsequently rebuilt its reputation as an organisation that seeks to deliver positive outcomes for its customers, people and shareholders.

It has been a privilege to work with the Board, Chief Executive Officer, Matt Comyn, and his Executive Leadership Team. It is a tribute to the efforts of CBA's 53,000 people that CBA has transformed itself with a renewed commitment to place customer needs and expectations at the centre of everything we do.

The timing is now right for a smooth transition to the next Chairman to lead this ambitious agenda and guide the Bank through its next phase.

Your new Chairman, Paul O'Malley, has substantial board, executive leadership, and financial and operational experience. He has been a Board member since January 2019 and was the Chairman of the Board's People & Remuneration Committee until August 2022.

Paul, along with the whole Board, recognises that CBA has obligations to customers, employees and shareholders.

Looking ahead

Thank you to the people of the Commonwealth Bank, who have worked purposefully over the past five years to deliver significant programs of work that have transformed the organisation.

Thank you to my Board colleagues who have brought to the table their individual experience, expertise and perspectives to enrich the Board's collective decision making.

Today, CBA is a better bank with a more accountable culture, anchored in strong values and a renewed purpose. The Bank has a clear strategy for the future that places the organisation in good stead to face the challenges and opportunities ahead.

I thank all shareholders for your support and for being able to serve you as a Director and as Chairman for the past six years.

C.B. Livingstone

Catherine Livingstone AO
Chairman

Supporting our customers and communities

As Australia's largest bank, we have an important role to play in supporting our customers and communities build a brighter future.

Throughout the year, our refreshed purpose – *building a brighter future for all* – has continued to guide our actions. With customers and communities being impacted by floods and other natural disasters, the continuing disruption caused by COVID-19 and ongoing economic uncertainty, ensuring we are there in both the good times and when we are needed most, has never been more important.

To support flood recovery efforts, our $2 million Flood Relief Fund helped affected community organisations access grants of up to $10,000, while our customers' generosity, through our CanGive Flood Appeal, helped to raise $2.8 million through donations and matched CBA contributions.

We have also continued to support businesses with the ongoing impacts of COVID-19. Since the pandemic began, we have offered deferrals for over 80,000 business loans and written $4 billion in loans to over 25,000 customers under the Government's SME Loan Guarantee Scheme.

To raise awareness of the devastating impact of financial abuse, this year we launched the CommBank Next Chapter Commitment. As well as sharing access to a range of free tools, guidance and resources, and connecting people to support services, we hope that the commitment inspires Australians to come together and take action.

Strategic priorities

This year we have continued to execute our strategy to build tomorrow's bank today for our customers.

The Bank is fortunate to be the trusted financial partner in the lives of more than 16 million customers. Our scale puts us in the unique position of being able to play a significant role in helping Australia become 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. Since June 2020 we have provided more than $30 billion in sustainability funding, supporting growth in assets that can have a positive impact on our economy and environment. 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.

Business banking remains an important part of our strategy and we have continued to invest to differentiate our proposition and drive new solutions in this vitally important area of the economy.

This year, we have continued to reimagine banking for retail and business customers through new products and services that are based on global best digital technology. By deeply understanding and anticipating our customers' needs, we have been able to bring real value for our customers.

For our retail customers, we launched Unloan, a simple, fast and mobile-first digital home loan, and Kit, an earning-and-learning money app to help improve children's financial capability. For our business customers, we launched CommBank Smart Health, which enables real-time healthcare payments and claiming.

Through our CommBank app, we are connecting and integrating more and more features like shopping discounts and offers, loyalty and rewards, benefits and rebates. With close to 7 million active app customers, our CommBank app has been rated #1 by Canstar and Forrester for the 13th and sixth consecutive years, respectively.

We have made further progress to simplify the business with the completion of the sales of 55% of Colonial First State to KKR, and 10% holding in the Bank of Hangzhou. During the year, we also completed our Remedial Action Plan to improve governance, culture and accountability across the organisation. We are now very focused on sustaining and strengthening the changes that we have made.

Business and operating performance

The Bank has delivered a strong result this year. Our continued focus on our customers and disciplined execution has delivered another year of strong financial and operational performance.

We have focused on strengthening our relationships with our customers, which resulted in further growth in our deposit and lending volumes to household and business customers.

Our operating performance was higher as a result of this continued volume growth, and profitability was enhanced by sound portfolio credit quality and lower provisions.

A highlight of the result is our continued balance sheet strength and capital position. During the year, the Bank successfully completed the $6 billion off-market share buy-back and commenced the $2 billion on-market share buy-back announced in February 2022. Overall, we have returned $13 billion to our shareholders over the past 12 months through buy-backs and dividends.

The strength of our balance sheet means the Bank is well-positioned to continue supporting our customers and the broader Australian economy, while delivering consistent and sustainable returns to shareholders.

Our people

We are committed to creating a workplace where our people can deliver on our purpose, bring out the best in each other, and achieve their potential.

Our overall engagement remains high at 80%, and combined with record-high levels of pride across the organisation, it's clear our people can see the meaningful difference they make to their customers and communities. This was also reflected in the Bank being named as LinkedIn's Top Company in Australia for 2022.

Inclusion and diversity are integral to our culture, and this year we launched 'Respect Lives Here' as part of our continued focus on creating a workplace that is inclusive and safe for all of our people. We are also focused on building the critical skills and capabilities we need for the future by reimagining the way we identify, attract, develop and retain critical talent.

This year the CommBank Staff Foundation Community Grant Program awarded $3 million to local charities and community organisations nationwide. Directly nominated by our people, 300 community organisations benefited from $10,000 grants to support their important work.

Outlook

We remain focused on playing our part to support our customers, the broader economy, and our people in an uncertain environment.

Many Australian households are under pressure from the rising cost of living due to higher than expected inflation which in turn has impacted interest rates. This has created an uncertain and unfamiliar environment for many of our customers.

Australian households and businesses are in a strong position given low unemployment, a strong jobs market, and the strong rebound in economic growth. However, we do expect the impact of rising rates to be unevenly felt, and consumer demand to moderate as cost of living pressures rise.

While we are facing a period of economic uncertainty at the moment, we are optimistic about the medium to long-term opportunities for Australia that lie ahead, and as always remain committed to supporting our customers.

We will remain focused on our role in supporting the economy, promoting financial stability and encouraging growth.

Looking ahead, we will continue to invest in the Bank's core retail, business and institutional banking franchises, to reinforce our proposition and extend our digital leadership. We believe that strong customer engagement and deeper relationships will continue to underpin growth and performance.

Our people have again demonstrated our values of Care, Courage and Commitment when serving our customers and communities. I thank them for their dedication and commitment. I look forward to continue working with them to build a brighter future for all.

On behalf of everyone at the Commonwealth Bank I want to thank Catherine Livingstone AO for her unwavering commitment to our organisation, our customers and our shareholders. Under her leadership, we focused on our strategy to become a simpler, better bank for our customers and our people. We are a much better organisation as a result of her dedication and leadership.

Matt Comyn
Chief Executive Officer

Who we are

Our values – Care, Courage and Commitment – are our cultural foundation. We have worked hard to evolve our culture to support our strategic goals and live up to customer and community expectations.

Our purpose

The Bank's response to COVID-19 and recent natural disasters gave us an opportunity to reflect on why CBA exists and why our people come to work each day.

It also gave us the opportunity to support our customers when they most needed help, and play a leadership role in Australia's responses.

In 2021, we simplified our values and set a clear strategy to build tomorrow's bank today for our customers.

This year, we renewed our purpose, **building a brighter future for all**, to reflect the role we see ourselves playing in the years ahead and to focus on the impact we can make to people's lives. Our purpose reflects our ambition. It inspires and connects us to the Bank's reason for being, while conveying our hope and optimism for the future.

Our purpose is also more inclusive, grounded in our heritage as a bank for all. As the trusted financial partner in the lives of so many people and businesses, we have an important role to play in supporting them to build their brighter future – whether it be buying a home, saving for the future or growing a business. We also have a key role in helping Australia's economy become more modern, resilient and sustainable.

Together, we will build a brighter future for all.

Our People Promise is a shared commitment between CBA and its people. It is the experience our people can expect to have at the Bank, and what is expected from them in return.

Learn more about our People Promise on page 28.

Our values

We want to inspire our people to make a difference. Our values represent us when we are at our most purposeful.

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 culture

Culture requires a continuous and consistent focus to ensure the lived experience of our people aligns with our ambition.

We want our culture to instil the right behaviours and actions, allow reflection and encourage constructive challenge. A strong culture means our people share the same values, mindsets and behaviours regardless of role, background or experience. We understand that our culture is shaped by systems, policies, processes and structures, as well as 'environmental' factors such as symbols, stories and unwritten rules.

The Board plays a critical role in setting the cultural tone of the Bank and it guides the Bank's culture through the CEO and Executive Leadership Team. We constantly assess our organisational culture, both formally and informally, including the elements of everyday, risk and strategic mindsets.

We take a universal view, maintaining a sustained effort to improve and adapt our approach to assessing our efforts in achieving our culture ambitions. We consider alignment and monitor cultural change initiatives using data and insights such as employee surveys, strategic metrics and focus groups, as well as audit and whistleblower reports.

Our cultural foundations

Culture change within the Bank has been a significant focus over the last four years.

We focused on building the skills and behaviours of our people to deliver better customer and risk outcomes. We lifted leadership capability; embedded our Code of Conduct to guide our people on how to act and make decisions; developed a culture roadmap to uplift risk culture mindsets and behaviours; and made changes to incorporate risk considerations into the remuneration framework.

As a result, our culture became more accountable and open to challenge. The 'Should We?' test, the cornerstone of our Code of Conduct, provides all our people the opportunity to question and challenge to ensure the right behaviours and outcomes are achieved.

Our risk culture foundations put us in good stead to accelerate towards an aspirational culture – setting a wider focus to understand and actively manage our culture with a broader set of strategic objectives in mind. This includes adopting a strategic mindset that considers the Bank's strategic opportunities and risks, and fosters a deeper connection to our customers. It also means ensuring the lived experience of our people at all levels of the organisation aligns with our purpose, values and Code of Conduct.

We are now focused on energising the whole organisation behind our culture aspiration with deliberate processes to drive continuous improvement. Ensuring our senior leaders align behind our aspiration – through role-modelling and authentic communication – has been a priority to send consistent cultural cues. Significant focus and attention is also being given to constructive challenge, empowerment and judgement in decision making. We want to further enhance our people's confidence to use their judgement in uncertain situations and empower them to make decisions, particularly around prioritisation. This is supported by further clarifying individual and collective accountabilities.

Phase 1:
Design and implement

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

Phase 2 (we are here):
Define and embed

Embed and sustain the outcomes of our action plan, and accelerate culture change.

Phase 3:
Mature and evolve

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

How it all fits together

To support the delivery of our strategy, the Bank identified and developed an aspirational culture built on the foundation of our values. Our Organisational Culture Plan sets out the actions needed to achieve our aspirational culture.

Purpose

Building a brighter future for all

Values

CBA Code of Conduct and 'Should We?' Test

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

Strategy

Build tomorrow's bank today for our customers

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

Differentiating capabilities to execute strategy

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

Ways of working to execute strategy

- Structures
- Processes and frameworks
- Practices
- Metrics and scorecards

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

Our strategic priorities

Last year we refreshed our strategy and set a more ambitious agenda, to build tomorrow's bank today for our customers.

We remain focused on our strategic priorities and have made good progress.

Together, we are building a brighter future for all.

Leadership in Australia's recovery and transition

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

We are well placed to play a strong role in helping Australia's transition to a more modern, resilient and sustainable economy.

+ See pages 12–13

Reimagining banking

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

We aim to be the trusted centre of our customers' financial lives, using technology to build the best integrated and personalised digital experiences.

+ Reimagined products and services 15
+ Global best digital experiences and technology 17

Simpler, better foundations

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

The Bank has transformed itself over the past four years. These strong foundations underpin our ability to make a difference to our customers and ensure long-term performance and returns for shareholders.

+ See pages 18–19

Leadership in Australia's recovery and transition

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

$4.3bn

in SME Guarantee Scheme lending

2.7m

customers reached and offered natural disaster support assistance

$13.6bn

ESG bonds arranged[1]

Building the future economy

We are committed to helping Australia transition to a more modern, resilient and sustainable economy. We are taking action to reduce our own emissions, but understand one of our most important roles is helping our customers navigate the transition.

For business and institutional customers, this means lending to support the transformation of industries through innovative financing options like sustainability-linked loans, as well as the facilitation of Environmental, Social and Governance (ESG) bonds. This financial year, CBA acted as Joint Lead Manager on more ESG bond transactions in the Australian dollar market than any other bank. We have arranged $9.4 billion of Australian dollar ESG bonds across 17 issues, and $13.6 billion of ESG bonds globally.

For retail customers, we are developing new products and services that support them in reducing and offsetting their emissions, and help them save money on renewable energy. These include our partnerships with CoGo and Amber, which help customers understand their own emissions. Our Green Loan and Green Home Offer also give customers an affordable way to make their homes more energy efficient and incentivises taking actionable steps to reduce their carbon footprint.

Learn more about our commitment to support Australia's transition to a net zero emissions economy on pages 24–25.

1 See *Glossary* on pages 295–304 for source information.

Leading support for our customers and communities

As Australia's largest bank, we recognise the meaningful and essential role we play in the lives of our customers and in the broader national interest.

We continued to look for ways to provide assistance and benefits to our customers as we learned to live with COVID-19 and completed our COVID-related loan repayment deferral programs.

Through the Bank's Customer Engagement Engine, powered by artificial intelligence (AI) and CBA data, we have been able to proactively identify and offer financial assistance to customers in need – whether they were impacted by various COVID-19 restrictions or extreme weather events.

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.

Our Benefits finder tool continues to be a key feature in connecting retail customers with unclaimed grants and rebates. Over two million claims have been started with Benefits finder since launching in 2019. In 2021 we created Benefits finder for business to help small business owners. It has now helped over 19,000 Australian businesses initiate claims worth more than $215 million. In New Zealand, ASB Bank recently launched Support Finder to help its customers identify government benefits for which they may be eligible. To date, ASB customers using the tool have received approximately NZ$14.3 million in government support.

+ **Learn more about our how we are supporting our customers and communities on pages 32–37.**

Contributing to world-class partnerships

We believe in partnering with credible organisations to accelerate a coordinated and purposeful transition.

This year we partnered with Australia's national science agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO). We are funding the CSIRO's development of Australia-specific transition pathways consistent with limiting global warming to 1.5°C. The project builds on sector-level work already underway across Australia and globally, and will help us set interim sector targets for a range of sectors, including housing and commercial property, heavy industry and transport. CSIRO is also developing insights on key milestones to inform our sector-level transition strategies.

The results of our partnership with CSIRO, including the range of data underpinning the scenarios, will be made public to allow other organisations to shape their climate-related strategies and targets.

Building Australia's leading business bank

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.

Our business banking strategy is centred around the quality of our customer relationships and being their main financial institution. We are proud of the strong customer relationships we have developed through the strength of our transaction banking, business lending and merchant offerings. Our focus is to deepen these relationships by partnering with our customers and proactively meeting more of their needs. This, combined with our superior customer experience and leading physical and digital distribution, will allow us to exceed customer expectations and deliver sustainable growth and outperformance.

As Australia's largest payments and merchant provider, we want to remain at the forefront of how Australian businesses pay and get paid. Smart, our new EFTPOS terminal, has more apps, in-built features, greater connectivity and accessibility options to help business customers take payments in-store or on-the-go.

Using our digital reach and engagement, we are also helping businesses find new revenue streams by connecting them with over 11 million of our retail customers.

+ **Learn more about how we are creating value on pages 15–16.**

Faster access to working capital

Promo Gear is a growing promotional products supplier based in Brisbane. The last 18 months saw enormous demand for personal protective equipment, face masks, sanitiser and related products. Promo Gear was ahead of the market in anticipating the need for rapid antigen test kits and needed fast access to cash flow to lock in suppliers before demand spiked. It decided to use Stream Working Capital, our new digital lending solution, to get flexible credit based on its unpaid customer invoices. The self-service platform enabled Promo Gear to confidently secure suppliers and compete for larger business straight away.

Reimagining banking

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

8m

digitally active customers

#1

consumer mobile app NPS [1]

9 ventures

built, acquired or invested in

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. We are also creating opportunities for our retail and business customers to connect, creating real value and rewarding them for their relationship with CBA.

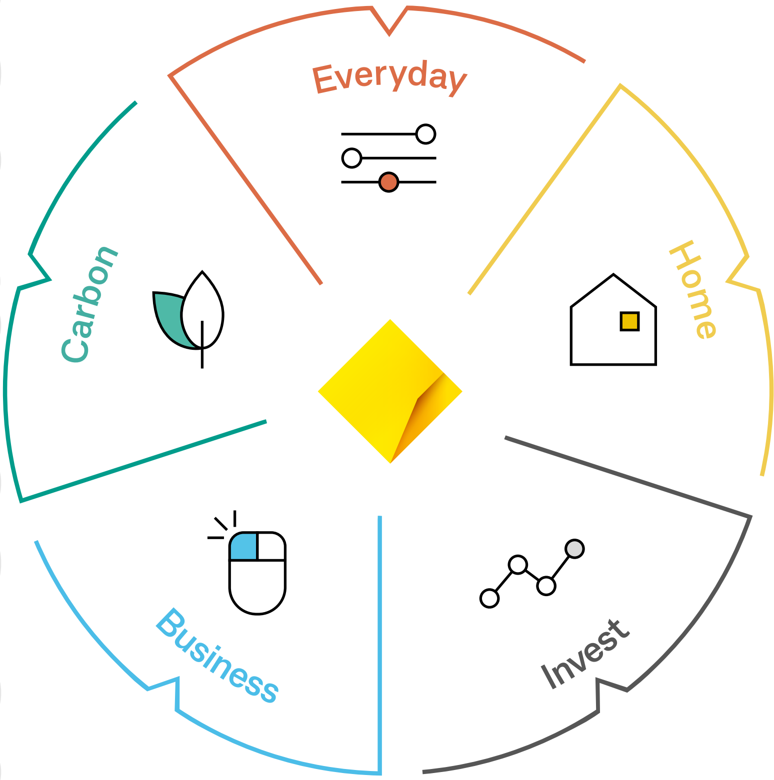
Through our venture-scaling entity, x15ventures, we can bring new propositions to market faster. We provide ventures with access to a technology stack, operating model and risk management approach that enables us to innovate more quickly and deliver more value for our customers. Ventures in market include Home-In (virtual home buying concierge), Cheddar (deal discovery app) and Kit (youth money app).

1 See *Glossary* on pages 295–304 for source information.

Reimagined products and services

We are creating a more differentiated proposition for both our retail and business customers by driving product innovation, building new ventures and partnerships.

Reinforcing our core proposition



Five areas of activity

Everyday
Giving customers more control and helping them save on everyday spending.

Home
Making it quick and easy for customers to finance and run their home, bringing them greater value.

Invest
Making it simpler and easier for our customers to invest across a range of investment options.

Business
Digitising transaction banking and differentiating our merchant proposition to better meet customers' needs.

Carbon
Helping our customers navigate the path to a net zero future.

Differentiating our proposition – in market examples

unloan BUILT BY x15ventures

Unloan is our reimagined digital home loan offering. It provides a simple low-rate and no-fee home loan. Customers also receive a loyalty discount that grows by 0.01% per annum every year. Applications can be submitted in as little as 10 minutes by removing process complexities seen in more traditional lending options.

CommBank Smart Health

CommBank Smart Health is our all-in-one health directory, payments and claims solution. Available on CBA's Smart terminals, Smart Health is simple and easy for patients to use. It helps healthcare practitioners save time, reduce administration and improve the payment experience – so they can spend more time with their patients.

CommSec Pocket

CommSec Pocket, our simple investing app, enables Australians to start investing with as little as $50 and gradually build a portfolio over time. Since launching in 2019, $1.3 billion has been invested. The most popular of the seven Exchange Traded Fund themes are Tech Savvy, Aussie Top 200, and Sustainability Leaders.

Anticipating changing customer needs

Customers want to be in control of their finances and make good financial decisions. They also want a relationship with the Bank that recognises their needs, their loyalty and how they like to interact with us.

We are focused on deeply understanding and anticipating our customers' needs now and into the future using data and AI. New functionality continues to be added to the CommBank app to help customers better match up their income and expenses and access personalised deals on shopping, electricity and broadband.

Hello, Yello

CommBank Yello, our new recognition program, is focused on recognising existing customers by providing them with personalised benefits and offers. Benefits including discounts, cash backs and additional services and tools will be tailored to customers depending on their products and tenure with the Bank. Each customer can access multiple benefits based on their eligibility, and the benefits will evolve over time to provide maximum relevance and value to customers. It is our way of thanking customers for continuing to bank with us.

We have built a range of tools to help customers better understand their spending and saving, while providing nudges and alerts to help them manage their finances. The new Money Plan section in the CommBank app brings together a range of tools so that customers can set category budgets, manage bills and payments, see cash flow and set savings goals – all in one convenient and easy to navigate place.

We are also looking for new ways to help customers with the rising cost of living through exclusive offers and savings on essential and ongoing bills, like internet costs. In partnership with More, we offered eligible pre-approved home loan customers access to a free National Broadband Network (NBN) plan for three years. We also offered our existing customers 30% off NBN plans for the first 12 months when they signed up using their CBA credit or debit card as their bill payment method.

Connecting business and retail customers

Small businesses are always looking for ways to grow and find new customers.

The opportunity to use the CommBank app to connect our nearly one million business customers with our 11 million retail customers is a core focus. Investments in Klarna and Little Birdie, as well as our work on Cheddar and the CommBank Rewards program, have enabled more than one-and-a-half million retail customers to take advantage of great offers, savings and cash backs on everyday spending, while bringing incremental growth to CBA business customers.

Smoothing income and expenses

To help customers with uneven or unexpected expenses, we have been building shorter-duration credit products in the CommBank app, like StepPay and AdvancePay. With a streamlined digital experience, customers are able to pay off a bill or purchase through instalments, or bring forward a portion of their pay check. We have also added new functionality to the CommBank app that enables home loan customers to match their repayments with their pay cycle. These new features and offerings give customers more control and helps them better manage their finances.

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 – equal to or better than any company globally.

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.

Building world-class engineering, data and AI capability

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.

We are continuing to build an AI and data-led organisation to offer leading digital propositions to our customers at greater pace and scale. We see a broad application for AI and machine learning technology across the organisation such as in operational process improvements, lending decisions, risk management, protecting customers from fraud, and providing emergency assistance.

Our Customer Engagement Engine allows us to deliver relevant and personalised experiences across a growing set of products and services. It also enables us to proactively identify and support customers in need.

To extend our leadership in technology and AI, we have invested in strategic partnerships that build on the Bank's data and analytics capabilities. Our partnership with world leading AI firm, H2O.ai, provides access to top talent and machine learning platforms that will enable us to build smarter products and accelerate AI capabilities across the Bank.

Delivering the best integrated digital experiences

Recognising that customers want to be able to manage all of their financial needs in one place, we are integrating more features and services into the CommBank app.

Shopping start up, Little Birdie, has been integrated into the For You section of the CommBank app, providing shopping offers and brand recommendations personalised to each individual customer.

CommSec, our digital stockbroking service, will also be available in the CommBank app. The first CommSec offering to be integrated is CommSec Pocket, which enables existing and new customers to access and transact on their investment accounts with one simple log-in.

Modernising our systems and digitising end-to-end

We are focused on delivering at a faster pace, with modern technology to create global best digital experiences. We are also investing to ensure our most critical systems are resilient.

As part of our strategy, we continue to simplify our technology landscape. This 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.

Digitising and automating our internal processes such as ID verification, Know-Your-Client and lending documentation enables us to respond to customers faster, while our investment in a single, secure data platform helps keep customer data safe.

Simpler, better foundations

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

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 focus now is to demonstrate that these changes are sustained. A continuous improvement mindset will ensure our efforts keep pace with internal and external factors that impact our operating environment. We continue to simplify our business, to reduce complexity and enable us to focus on operational excellence in our core banking businesses. We also maintain a disciplined and balanced approach to managing capital and look to reduce costs where possible as we simplify our business.

We are fostering a culture that instills the right behaviours and actions, allows self-reflection and encourages constructive challenge – while ensuring our people are supported by the right processes and tools, so they can spend more time on what matters.

Making banking more secure is a core priority. We are always improving the ways we safeguard customer data, enhance our monitoring systems and provide greater education to both our people and our customers.

Safe, sound and secure

To provide trusted and reliable support for customers when they need it most, we need safe, sound and secure systems. The Bank's Information Technology systems are subject to ever-increasing security risks and we continue to invest in protecting our customers' and our proprietary data. Our cyber security teams continually monitor the threat landscape and take action to mitigate vulnerabilities.

+ **Learn more about how we are keeping the bank safe, sound and secure on page 54.**

Driving operational excellence

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. BizExpress now funds more than 60% of small business loans, reducing the time to decision by a third. These quick and consistent decisions have enabled us to safely grow our home and business lending in a highly competitive market.

We are also evolving the way we work to deliver high-quality products and services, and solve problems faster and more consistently. This means continuing to simplify policies, eliminate unnecessary manual work and drive empowerment and accountability to make it easier for our people to get things done.

Disciplined capital management

We manage our capital with discipline to optimise growth, reinvestment and shareholder returns.

We take a prudent approach to ensure capital resilience and flexibility to withstand market impacts, macroeconomic events and new regulatory obligations.

We have 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. These divestments represent important milestones in the Bank's strategy of focusing on our core banking businesses and creating simpler and better foundations. Since the divestment program began in 2018, it has generated nearly $11 billion in capital.

In the 2022 financial year, we returned approximately $13 billion of capital to shareholders through dividends, a $6 billion off-market share buy-back and a further $468 million as part of a $2 billion on-market share buy-back.

Sustaining transparent and leading risk management

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 simplified and improved Risk and Controls Self-Assessment process focuses on risk outcomes over process. This means our people are using their judgement, considering risk as an integral part of decision making and asking 'Should We?' more readily than before. Good progress has also been made to simplify our risk frameworks and guidance documents.

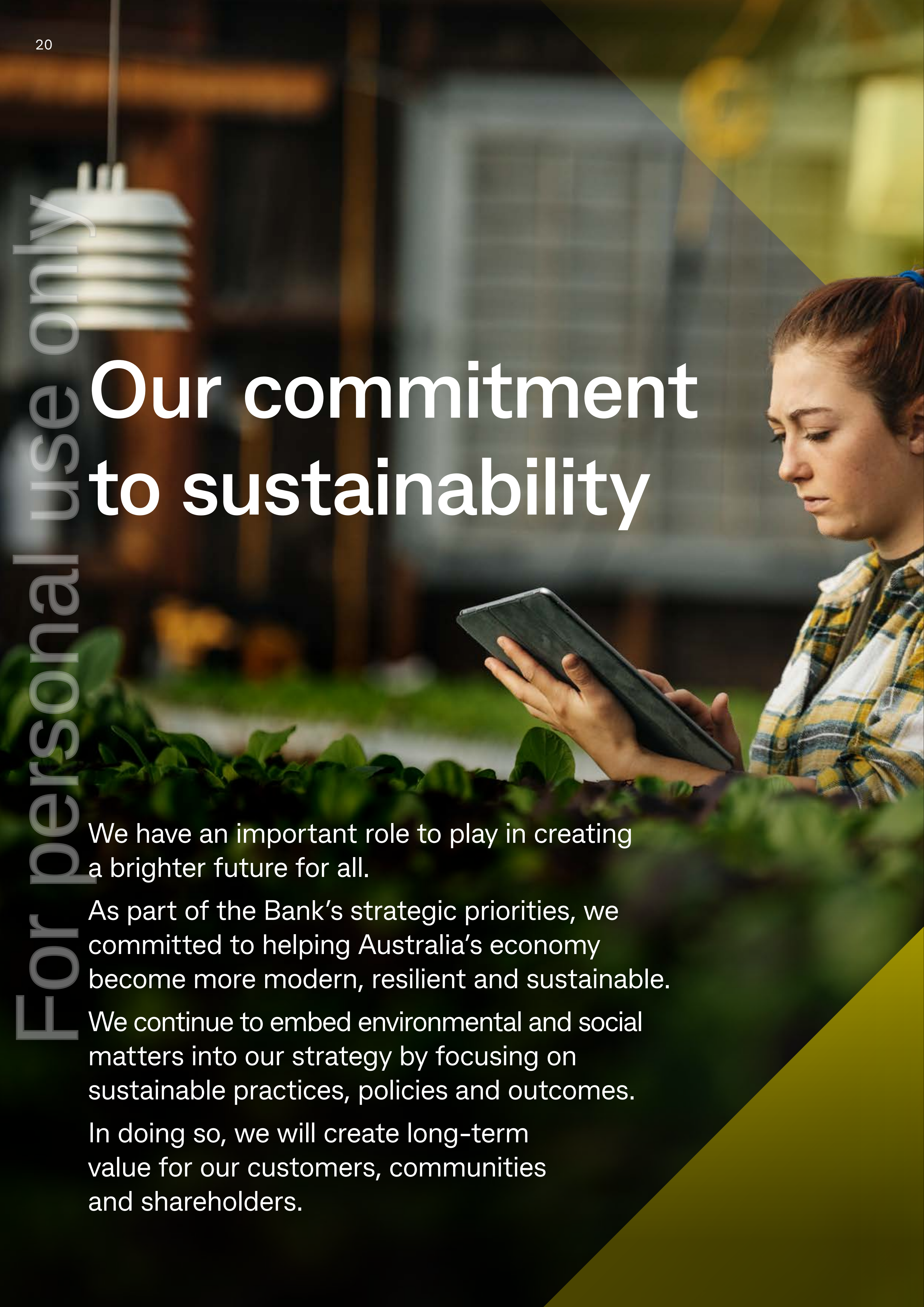
Our Performance and Remuneration Frameworks support disciplined risk management, and financial and non-financial outcomes including customer and reputation.

Building on our Remedial Action Plan

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.

CBA's Remedial Action Plan has been the most extensive of its kind undertaken by the Bank, and has led to fundamental changes in systems and processes. These changes allow our people to provide better service to customers, manage risk more effectively, meet compliance and regulatory obligations, and fulfil their individual and team accountabilities.

Our ongoing focus on better customer and risk outcomes is essential. It is part of who we are and critical to meet the expectations of our customers, communities and regulators. We will continue to ensure that the outcomes achieved to date are sustained and continuously improved.



Our commitment to sustainability

We have an important role to play in creating a brighter future for all.

As part of the Bank's strategic priorities, we committed to helping Australia's economy become more modern, resilient and sustainable.

We continue to embed environmental and social matters into our strategy by focusing on sustainable practices, policies and outcomes.

In doing so, we will create long-term value for our customers, communities and shareholders.

Environmental

Limiting the effects of climate change and preserving our natural capital is a shared national priority.

See pages 24–25

Social

Our position and scale means we have a key role to play in creating a brighter future for our people, our customers and communities.

See pages 26–37

Governance

Good governance is essential to delivering on our strategic and sustainability goals. It enables us to have a positive impact through the way we work and meet our obligations.

See pages 38–41

Our approach to ESG

We have taken a careful, deliberate and long-term approach to incorporating environmental, social and governance (ESG) issues across the organisation.

We continue to embed sustainability further into our business strategy and have strengthened our approach to managing risks.

This year, we renewed our purpose, building a brighter future for all. Our purpose reflects the role we see ourselves playing for our customers and communities, and the impact we can make in people's lives. To deliver on our purpose, we engage with a diverse range of stakeholders, consider their views, and conduct our business in a responsible way to drive positive commercial, environmental and social outcomes.

Our Environmental and Social (E&S) Framework and Policy provide a reference point for our people and stakeholders. They set out the minimum standards we seek to abide by, our targets and goals, and the governance and oversight in place to support our commitments.

We are committed to supporting Australia's transition to a more modern, resilient and sustainable economy. By playing a leadership role in supporting this transition we can help lower Australia's carbon emissions, protect our nation's biodiversity and ensure the needs of our customers and vulnerable communities are considered as we transition.

Effective governance underpins our approach in ensuring we have the right policies, systems and processes in place to deliver on our obligations. Given the significance of E&S issues, the Board has oversight of, and responsibility for, the social, ethical and environmental impacts of the Bank's activities. The Board holds the CEO and Executive Leadership Team accountable for the delivery of responsibilities outlined in our E&S policies, procedures and in accordance with our risk appetite set by the Board.

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

"I like working in ESG because the issues are interrelated, requiring innovative solutions that will benefit us all as we transition to a more sustainable future. My experience this year in a Jawun secondment has broadened my thinking on supplier diversity and I have been able to learn directly from the First Nations community."

Edward
Executive Manager Sustainability Strategy

Seeking and listening to feedback

Seeking and listening to the diverse needs of our stakeholders is a focus.

Our customer- and community-facing teams consistently obtain feedback from our customers and communities to understand their needs to help us adapt our products and services. We make it a priority to connect with our customers. Many of our business and retail customers joined our Virtual Retail and Business Customer CEO Forums, where customers' critical issues were discussed. These included innovation and technology, cryptocurrencies, branch closures and service availability, interest rates and the economic outlook for Australia. We continue to build constructive relationships with regulators across the markets in which we operate, whether it be about financial crime, market stability, climate change or the need for new regulation. Our government, regulatory, procurement and investor relations teams proactively engage with their stakeholders to hear the issues that matter to them and understand their expectations of us. We continue to explore ways to improve how we share stakeholder insights across the Bank and demonstrate how this process informs our strategy and actions.

Themes that matter

During the year we engaged with both internal and external subject matter experts and stakeholders on ESG issues. Through this process we heard about themes that mattered to them and were viewed as material matters for the Bank.

Climate change

Climate change continues to be front of mind for many of our stakeholders.

+ For more information on our climate ambition, see pages 24–25.

Engaged and supported workforce

Our future success requires having an engaged, capable and accountable workforce.

+ For more information, see pages 28–31.

Inclusive and accessible banking

We play an important role in promoting financial inclusion through offering inclusive and accessible banking products and services.

+ For more information, see pages 32–33.

Providing support in times of need

We are committed to providing financial assistance and supporting Australia through challenging times.

+ For more information, see pages 36–37.

Governance, culture and accountability

Good governance is essential to delivering on our strategic and sustainability goals.

+ For more information, see pages 38–41.

Global principles and policies

We are committed to transparent reporting. We continue to evolve our approach in line with global best practice and feedback from our stakeholders.

Aligned to society's goals

We are signatories to international programs of action.

UN environment programme finance initiative — Principles for Responsible Banking
GFANZ Glasgow Financial Alliance for Net Zero
Net-Zero Banking Alliance
EQUATOR PRINCIPLES

We are members of international programs of action.

RE100
CLIMATE GROUP EP100
TNFD Forum Member

Our policies and targets

We drive focus and progress on our commitments through our policies. Key policies and frameworks include:

- Code of Conduct
- Banking Code of Practice
- Environmental and Social Framework and Policy
- Group Whistleblower Policy
- Privacy Policy
- Group Inclusion and Diversity Policy
- Supplier Code of Conduct
- Workplace Health and Safety Policy

+ View our policies: commbank.com.au/policies

Transparently reporting progress

We report our progress in line with legislation, frameworks and certifications.

GRI
TCFD Task Force on Climate-related Financial Disclosures
SASB Sustainability Accounting Standards Board
CDP Disclosure Insight Action
Modern Slavery Act 2018
Reconciliation Australia
Climate Active Carbon Neutral Organisation
TOITŪ Carbon Zero

We calculate our reported metrics aligned with:

PCAF Partnership for Carbon Accounting Financials

+ View our performance reports: commbank.com.au/sustainabilityreporting

Relevant UN Sustainable Development Goals

1 No Poverty
5 Gender Equality
7 Affordable and Clean Energy
8 Decent Work and Economic Growth
10 Reduced Inequalities
11 Sustainable Cities and Communities
13 Climate Action
17 Partnerships for the Goals

Environmental

Limiting the effects of climate change and preserving our natural capital, while continuing to grow Australia's economic prosperity, is a shared national priority.

We aim to play an important role in leading the conversation to limit the impacts of climate change and supporting an inclusive transition.

Our 2022 Climate Report is available at commbank.com.au/climatereport

1.5°C

temperature ambition[1]

90%

reduction in our Scope 1 and 2 operational emissions since 2014[3]

1 See *Glossary* on pages 295–304 for source information, including our definition of a '1.5°C temperature ambition'.

2 Our estimate of the Bank's financed emissions as at 30 June 2020. Our calculations cover 87% of our drawn lending exposures, of which 80% is aligned with the PCAF Standard. For more information please see the 2022 Climate Report at commbank.com.au/climatereport

3 Comparison of FY14 location-based reporting to FY22 Australian market-based reporting reflects the benefit of 100% renewable electricity used for our Australian operations. Includes emissions from Australian data centres.

Our climate ambition

Addressing climate change is complex and requires a collaborative response by government, business and the community to manage both the risks and opportunities. We recognise the need to elevate our ambition in relation to climate change.

This year we aligned our temperature ambition[1] to 1.5°C, which informs our sector-level financed emissions targets, and joined the Net-Zero Banking Alliance. Building on our 2021 operational emissions reduction targets, we set financed emissions targets for four priority sectors – thermal coal mining, upstream oil extraction, upstream gas extraction and power generation. 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[2]. We aim to build leading climate risk management practices, and to provide effective governance and transparent disclosures.

Addressing our environmental footprint

We continue to address the environmental impact of our operations, and have made significant progress to become more energy efficient. Combined with our transition to renewable electricity, this has delivered a 90% reduction in our Scope 1 and 2 emissions (including Australian data centres) since 2014[3]. In line with our RE100 commitment, we use renewable electricity equivalent to 97% of our Group power needs, excluding ASB base building electricity. In the 2021 financial year, we expanded the domestic offsetting of residual emissions to include our global operations and achieve carbon neutrality.

We continue to modernise our offices, incorporating leading sustainable design principles across energy, water, indoor air quality and waste. We have been reporting on our water and waste usage since 2018. Our waste reduction strategies include repurposing fit-out items during office renovations, composting in our corporate offices and ongoing digitisation to remove paper and divert waste from landfill.

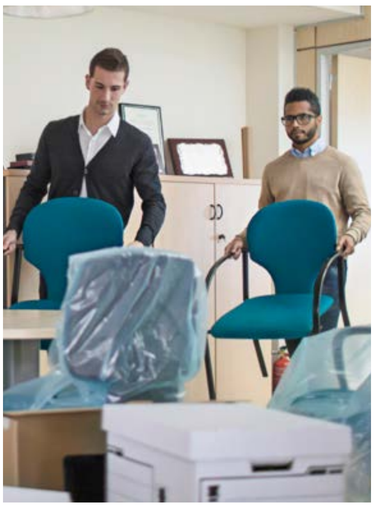
Recognising the impact of nature on climate

Our Environmental and Social Framework and Policy includes commitments related to biodiversity and natural capital.

We have seen 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.



Shifting towards a circular economy

We recognise the benefits of shifting towards a more circular economy.

In New Zealand, ASB Bank has partnered with All Heart NZ to divert waste from branch renovations. All Heart partners with organisations to repurpose unwanted items and support a circular economy.

Since the partnership began in 2021, 12.7 tonnes of waste has been repurposed and diverted from landfill.

Our climate report

As Australia's largest bank, our ambition is to support the transition to a more modern, resilient and sustainable economy. We see our role centering on lending to support the transition, helping our customers navigate the transition with new products, partnerships and services, and leading the transition conversation.

We have been disclosing our progress, performance and plans in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2018. This year, the Bank published its first standalone Climate Report aligned to the 11 TCFD recommendations.

The report outlines our position and approach to climate change, as well as our progress and commitments. It has six chapters, covering our climate positioning, governance, strategy, risk, metrics and targets, and appendices.

This year, we have strengthened our measurement and reporting on financed emissions to align with the Partnership for Carbon Accounting Financials (PCAF) Standard and updated our climate scenario analysis.

Our 2022 Climate Report is available at commbank.com.au/climatereport

Social

Our position and scale means we have a key role to play in creating a brighter future for our people, our customers and communities.

Our people

We want our people to be inspired to live our purpose and values every day. Having highly engaged, capable and accountable teams is essential to delivering the Bank's strategy, and delivers the greatest impact on our customers, communities and shareholders.

See pages 28–31

#1

LinkedIn Top Company in Australia[1]

90%

proud to work at the Bank

Customers

We aim to ensure all individuals and businesses have access to financial products and services that meet their needs. We also want to help them make good financial decisions.

See pages 32–35

60%

reduction in Direct Banking contact centre response times

17,000+

supported interactions with customers experiencing vulnerability[1]

Community

We are committed to making a positive contribution to the communities we serve and supporting Australia through challenging times.

See pages 36–37

$239m

total community investment

300,000+

blocked transactions with abusive language

1 See *Glossary* on pages 295–304 for source information.

Engaging our people

We want our people to be inspired to live our purpose and values every day. Having highly engaged, capable and accountable teams is essential to delivering the Bank's strategy, and delivers the greatest impact on our customers, communities and shareholders.

Our people promise

Over the past two years, we have learnt a lot about what we are capable of when we work together.

Our collective experience has inspired reflection as well as renewal. Last year, we reimagined the Bank's strategy to set out what we want to achieve and how. We refreshed and simplified our values to ensure they will resonate into the future. We renewed our brand to reflect the organisation our customers see in us. And most recently, we refreshed our purpose to clearly define why we exist and why we come to work every day. Combined, these components tell us about what it means to have impact at CBA.

We launched our People Promise to bring our purpose, values and strategy together to describe the experience our people can expect to have at the Bank – and what is expected in return. It is our way of expressing the reasons people join CBA, why people stay and what experience they want to have working at the Bank.

The People Promise is a two-way commitment that has been co-created with our people, for our people. It provides us with a strong framework to continue our progress towards our strategy and culture ambitions.

It focuses on the three elements that CBA employees value most and are important for us to deliver for our customers and communities: doing meaningful work, working with great people, and unleashing individual and collective potential.

Our commitment	Our people's commitment	Together we will
Inspire with work that makes a difference – see, hear and feel the impact made.	Live our values of Care, Courage and Commitment – deliver outcomes that have the greatest impact on our customers, communities and each other.	**Build a brighter future for all**
Surround with talented and accountable people that respect and value each other – do their best work together, supported with open and honest feedback.	Bring their best to solve challenges and innovate – be a trusted teammate for people seeking ideas, feedback and stretch.	**Bring out the best in each other**
Empower to grow personally and professionally – build new skills, have diverse experiences, and use talents and technology in new ways.	Own their development – embrace new ways of thinking, learning and working.	**Unleash our potential**

Our people's lived experience

We listen to our people and their experiences, and regularly review engagement, wellbeing and culture through our Your Voice surveys.

In our most recent March 2022 survey, people engagement was 80%. Our people's sense of pride in the organisation is at its strongest level at 90%, with impact on customers and communities and the support from leaders being the biggest contributing factors.

Our values – Care, Courage and Commitment – have resonated with our people and become a key reference point to explain what behaviours are aligned to our purpose. Our recognition programs celebrate colleagues who are living our values, and allow our people to nominate those who have gone above and beyond for Excellence Awards.

CBA was named #1 LinkedIn Top Company in Australia for 2022, further reflecting our commitment to creating a workplace where we bring out the best in each other and collectively build a brighter future for all.

+ Learn more about CBA's cultural foundations on pages 8–9.

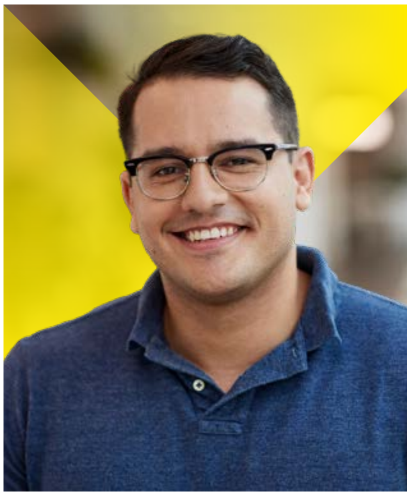
Embedding inclusion and diversity

We want our people to feel respected, safe and included at work. We are building an inclusive culture that embraces the diversity of our people, customers and communities, and role models reconciliation.

Our inclusion and diversity strategy is evidence-based and centres around three key 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 behaviour and decision-making. We do this by building an understanding of the behaviours that can make individuals feel excluded and promoting those that are inclusive and respectful. It also focuses on actions that influence our culture through policy, leadership, reporting, measurement and listening, transparency and education.

To support our leaders in making inclusive decisions, we run quarterly inclusion conversations where teams are informed about equity and equality in a safe place where they can speak up, and are encouraged to identify and implement actions together.

Our six employee-led networks – representing our diverse communities for gender equality, age and life-stage, sexual orientation and gender identity, accessibility and disability, cultural diversity and Aboriginal and Torres Strait Islander peoples and cultures – 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 our inclusion and diversity strategy and action plans, which includes partnering with community organisations and academic experts to inform our approach.



With a diverse understanding of community from my international experience as well as through my Indigenous heritage, I chose to work at CBA because we're a true representation of Australia and can change the financial wellbeing of our communities through the work we do every day."

Clark

Analyst Risk Delivery
Sustainability Strategy

#1 **LinkedIn Top Company in Australia**

OVERVIEW
HOW WE CREATE VALUE
DIRECTORS' REPORT
FINANCIAL REPORT
ADDITIONAL INFORMATION

Respect Lives Here

We introduced Respect Lives Here, a prevention initiative designed to help us build a shared understanding of respectful and disrespectful behaviours at work, the impacts they have, and the practical actions our people can take to be effective bystanders when they see or hear something that does not feel right.

Respect Lives Here was informed by our people's lived experiences, and draws on the evidenced-based work of Our Watch, Griffith University and the University of New South Wales. Through education and leader-led discussions, Respect Lives Here addresses the attitudes, behaviours and standards that enable our people to foster a positive team culture and prevent harmful behaviours, such as sexual harassment or marginalisation at work.

Our diversity goals and impact

We set goals to support our commitment to advance gender and cultural representation across leadership roles, and to achieve Indigenous employment parity.

Our Accessibility and Inclusion Plan outlines our commitment to improving accessibility and inclusion for people with disability, people who live in remote areas, older people and people with limited English.

By 2025, we aim to have 47–50% gender equality in Executive Manager and above roles, and for our senior leaders to match the cultural diversity of the Australian population. By 2026, we aim to achieve 3% Aboriginal and Torres Strait Islander representation in our domestic workforce to reflect parity with the Australian population.

Women in leadership

in Executive Manager and above roles

43.1% FY22

Goal

47–50% by 2025

Family Friendly Workplaces

Over half our people are navigating work and family caring responsibilities. As one of Australia's largest employers, we recognise the diversity of families across the Bank – and that the definition of family is broad and means different things for different people. Care needs and responsibilities are also diverse which is why it is important we consider how work and family come together and what a more family-friendly approach looks like.

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

> When people with diverse family needs feel supported in their workplace, not only do they benefit but their families and the broader community benefits too. We have an important role to play in fostering a culture of care, equality and respect so that our people can be at their best at work and at home."

Alan Docherty
Chief Financial Officer

New ways of working

CBA has a longstanding commitment to flexibility which has shaped our approach to hybrid working.

As we move toward a post-COVID environment, our hybrid model will continue to be an important way for some of our people to work. We recognise that greater flexibility in how, when and where people work can deliver great outcomes for our customers and people.

Our leaders are encouraged to discuss operating rhythms with their teams to empower them to deliver outcomes and support learning, while providing options for working flexibly. As an organisation we continue to experiment with new patterns of work that balance the needs of our customers, teams and people.

Mentally healthy workplace

We place a high value on our people's health and wellbeing. A mentally healthy workplace promotes a positive workplace culture, minimises workplace risks related to mental health, appropriately supports people with mental health conditions and prevents discrimination.

Our approach is to promote wellbeing by creating a work environment that supports our people to stay well, providing individuals with the tools and resources needed to build mental health capability; and training leaders to be alert to potential issues and build the skills needed to facilitate and engage in supportive conversations.

As a continuation of our mental health strategy, we appointed a Chief Mental Health Officer in 2021 to oversee our efforts and enhance the support we offer across the Bank. A key area of focus is addressing psychosocial risks – measuring work-related factors such as workload, timeframes for tasks, degree of autonomy and relationships – to understand how we can better prevent mental ill-health occurring as a result of the workplace and provide a safe environment that enables our people to keep well and thrive.

Skilling our workforce

We care about developing our people. While some of our roles require a specific skill set, we believe in giving people the chance to develop new skills and supporting those with the commitment to drive their careers forward. We offer role rotations and secondments for our people to experience another team and function, and discover different perspectives.

The need for our people to be skilled for the future has never been greater. The rate of internal and external change remains high, impacting roles across the Bank and requiring our people to continually upskill. To help meet the organisation's demand for talent, we are increasingly focusing on reskilling. Our reskilling programs' goals are to provide opportunities for our people to find new, sustainable career paths and to harness a vast pool of latent skills in our existing workforce. These programs are delivered by specialist educational providers and award recognised certifications. To date, we have delivered programs across five high demand areas, including Data and Analytics, and Agile Ways of Working.

From the frontline to data

Last year, Danielle from Retail Banking Services was seeking the next step in her career at CBA. After working in multiple branch roles and most recently as a Branch Manager for more than 14 years, she wanted to find new ways to help our customers. Danielle always maintained a passion for technology and data and after hearing about our Data and Analytics Reskilling program, she applied and was accepted to participate. Through the program, she undertook training, met with mentors and hiring managers, and presented projects. Danielle embraced this learning experience and was offered a role to become an Insights Analyst at the conclusion of the program.

The reskilling Data and Analytics program was one of the most challenging and rewarding things I have done in my 14 years at CBA. The learning was fast paced and pushed me out of my comfort zone. I am so grateful that I was given the opportunity and as a result, transition to tech."

Danielle

Analyst, Commercial Banking Operations

Supporting our customers

We aim to ensure all individuals and businesses have access to financial products and services that meet their needs. We also want to help them make good financial decisions.

Providing banking for all

As Australia's largest bank, we have a diverse customer base. We want to create products and services for all our customers – from people with disability and those who are older, to those in remote areas and multicultural communities.

This is why we are focused on identifying opportunities to enhance and protect customer and community outcomes. In doing so, we ensure our products and services are inclusive and accessible for all.

Removing barriers to banking

We are fortunate to operate in a country that welcomes people from different origins and backgrounds, while also being home to the world's oldest continuous living cultures, those of Aboriginal and Torres Strait Islander peoples.

We aim to be a trusted source of advice and support for all customers, including those new to Australia. We are committed to financial inclusion in our society and helping remove any barriers to banking they may come up against.

After extensive research to understand the obstacles our migrant communities face, including trust in financial institutions, we developed a presentation covering the basics of banking in Australia that can be translated into different languages and reflect different cultures. To support newly arrived refugees, we created a Financial Literacy Toolkit in partnership with Settlement Services International. The toolkit provides the skills and knowledge needed to become financially independent, such as how to budget and pay bills. In response to the Afghan and Ukrainian refugee crises we have translated this guide into Dari, Farsi, Ukrainian and Russian.

The Indigenous Customer Support Program was established to bring together work underway across the Bank to ensure all business and support units are working together to deliver better access and outcomes for Aboriginal and Torres Strait Islander customers. Branches are now able to order a replacement card for Aboriginal and Torres Strait Islander customers who have no fixed address or live in a remote community to a branch postal address. We also introduced the acceptance of Larrakia community identification cards to make banking more accessible for individuals who do not have standard government identification.

We are committed to supporting our customers and removing any barriers to banking they come up against."

Malini
Head of Community Engagement

Accessible banking

CBA plays an important role in promoting financial inclusion through accessible banking services, and helpful guidance and information.

Whether our customers choose to bank with us online or in a branch, we want to ensure our products and services are safe and accessible. We are committed to maintaining Australia's largest branch network, investing around $50 million each year in new branches and refurbishments. In all new and refurbished branches, we make our spaces inclusive and accessible through good design. This includes simplified signage, switching to matte surfaces to improve legibility, adding braille signage on our ATMs and outside our branches, incorporating hearing loops at both telling and customer service points, and ensuring there is wheelchair access throughout all customer and staff areas.

We consult with partners to make sure our products and experiences are meeting all of our customers' needs. Our new Smart EFTPOS terminal incorporates feedback from accessibility specialists and members from the blind and low vision community, resulting in us making a number of accessibility enhancements. These include a tactile guide, improving the PIN entry instructions and improving font size and letters. Text colour can also be adapted. CBA has a publicly available Accessibility and Inclusion Plan for the 2021 to 2023 period which outlines the actions we are taking to achieve our goal to be Australia's most accessible bank.

+ **Learn more at commbank.com.au/accessibility**

Helping customers and keeping them safe

We recognise an individual's circumstances can put them in a position of vulnerability either for a short while, a long period or permanently.

This can be caused by one or many contributing factors. We are committed to supporting customers in times of personal difficulty and strive to make sure our products and services meet our customers' needs during challenging times as well as good times. Our Community Wellbeing team is specifically trained to provide confidential support, secure banking and external resources and referrals for our customers, as well as specialist support to our frontline teams where required, across the spectrum of crisis to recovery. This year, they supported over 17,000 interactions with customers in vulnerable circumstances. We continue to improve the accessibility of support to customers in vulnerable circumstances, including those experiencing financial abuse, by providing options for customers to contact us safely and comfortably through their channel of choice such as our chatbot Ceba in the CommBank app.

+ **More information on our commitment to help end financial abuse is on page 37.**

Commitment to regional Australia

The Bank has been committed to regional Australia and regional businesses for more than 100 years.

We recently extended our Bank@Post partnership with Australia Post for another decade. With more than 3,500 locations across Australia, the partnership ensures our customers, especially those in rural and regional areas, continue to have access to face-to-face banking services.

Our Regional and Agribusiness Banking provides a comprehensive range of services to thousands of businesses located in regional Australia. We have over 500 staff in more than 70 locations across the country. Our people are an integral part of the communities in which they live and work, and each year we undertake a range of initiatives that demonstrate our commitment to supporting the resilience and wellbeing of regional communities.

Following the increase in demand for mental health and wellbeing services in regional areas in the wake of the pandemic, natural disasters and the pressure on rural health care provision in recent years, we partnered with Rural Aid. We donated $500,000 to enable it to expand its network with 10 new experienced counsellors, based in previously unserviced rural towns across the country. This followed a $500,000 donation to Lifeline earlier in the year to support Australians needing support due to the pandemic.

Protecting against cybercrime, fraud and scams

We continue to see a heightened threat environment when it comes to cyber security and the rise of fraud and scams. We are investing heavily in these areas to keep the bank safe and protect our customers.

Our fraud detection engine, driven by AI, is equipped with real-time decline and hold intervention capabilities. Behavioural Security is also being added to our existing security features to help detect irregularities and protect customers.

We have doubled the size of our anti-scams team to particularly focus on initiatives that help protect those in vulnerable circumstances. This included an initiative which looked out for elderly customers being targeted on high value payments, saving approximately $31 million dollars. In total, we believe we prevented or recovered more than $100 million in scams targeted at our customers in 2021.

We also encourage our customers to remain vigilant to help minimise the number of successful scam attempts. We have created awareness videos to help educate customers on ways to protect themselves and provide guides, available online and in-branch. We also work closely with IDCARE to provide free access to assistance from experts for those concerned about their identity or related cyber security.

Listening to improve customers' experiences

We are committed to listen, learn and act on our customers' feedback and support them in a fair, timely and transparent way.

We see complaints and Net Promoter Scores (NPS) as a means to better understand our customers' needs and implement changes based on what is important to them.

NPS is our primary measure of customer advocacy. We consistently rank #1 in NPS for both our mobile and internet banking, and are focused on improving our consumer and business customer scores. We currently rank #2 of the major banks in consumer NPS and #1 in business banking NPS. We have particularly focused on improving our retail customer complaints handling.

During the year, our customers told us our call centre wait times were too long. In response, we introduced a Concierge service in Direct Banking. Customers are connected with an agent quickly, who can then route their call to the correct specialist or support the customer to resolve their issue through messaging in the CommBank app. Since launch, the Concierge service has supported a 60% reduction in contact centre response times, while ensuring customers with urgent inquiries maintain priority access for support.

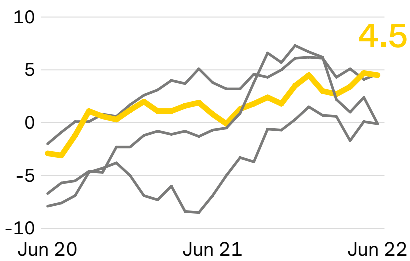
We look to identify, investigate and resolve systemic issues before they become widespread. New procedures, automation and training have been put in place for when customers' experiences are not as seamless as we would like – allowing issues to be recognised, escalated to the right team, and managed quickly and compassionately. Our complaints transformation program means customers are now receiving access to complaint investigations faster, as well as consistently fair and reasonable complaint outcomes.

Consumer NPS

Target: #1

Key — CBA — Peers (major banks)

▲ 3.7 on FY21



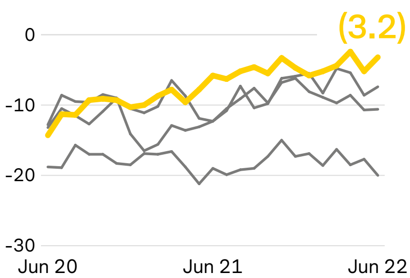
Business NPS

Target: #1

We are now ranked #1 in business NPS.

Key — CBA — Peers (major banks)

▲ 2.6 on FY21



Financial literacy and leadership on-the-go

We are committed to helping our customers build financial literacy and develop new skills.

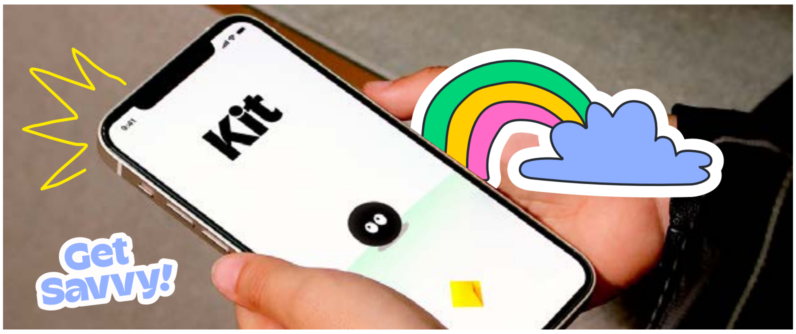
In partnership with media personality Matty J, we released a podcast series The Penny Drops to help demystify the world of finance for young people. The podcast discusses topics such as budgeting, setting financial goals, investing, and managing finances with a partner.

Our podcast, Leading Women, entered its third season in 2022. The podcast shares and celebrates the real and relatable stories of women in leadership with tips, tools and practical advice to ignite women's leadership and drive social change.

Meet Kit

In an increasingly cashless world, parents are seeking safe and convenient ways to teach their kids about money.

Kit is our new money app for young people to help them build financial capability. With their own Kit virtual account and prepaid card, kids can manage their earnings, savings, and spending through fun, experiential learning. Kids learn best by in-the-moment experiences, so our in-app character was designed to deliver nudges and bite-sized educational content to nurture positive behaviours. The app has been built with the help of kids and parents along with independent experts. 5,000 children and their parents across Australia are trialling this 'smart money sidekick' ahead of its release to the public later this year.



"Scams are everywhere and can target anyone. No one thinks it can happen to them until it does, so we are here to ensure our customers remain protected and ultimately have peace of mind."

Sherissa
Senior Manager Strategy and Execution, Group Fraud Management Services

Caring for our communities

We are committed to making a positive contribution to the communities we serve and supporting Australia through challenging times.

Providing support in times of need

Every year there are events that challenge our customers and communities. During these times, we recognise the important role we play in providing financial assistance or offering the support of our people and capabilities.

This year in flood-affected areas, we ensured communities were able to access financial services by opening pop-up branches in Lismore and Gympie. We proactively communicated with over 3,500 eligible business loan customers to inform them of our loan repayment deferral program. We also provided grants of up to $10,000 to support the relief and recovery efforts as a result of the floods. These grants have gone to over 200 organisations, including schools, not-for-profits, sports clubs and community facilities.

We also play an important role in connecting our customers with safe and convenient ways to donate. By activating CanGive – a feature in the CommBank app – we saw an overwhelming level of support from our customers. Together with dollar matching by the Bank, we were able to raise over $2.8 million to fund 17 organisations' recovery efforts and help communities get back on their feet. Our customers' generous donations were quickly deployed to organisations such as the Australian Red Cross, NSW and Queensland emergency services, Lifeline and Foodbank.

Giving back to the community

We empower our people to make a difference in the local communities in which they live and work.

We are proud our people support a range of initiatives and causes through fundraising and volunteering. Our workplace giving model enables our diverse workforce to provide support to the causes they care about most.

Through the CommBank Staff Foundation we provided $3 million in $10,000 Community Grants to organisations nominated by employees. The grants enable organisations to continue the important work they are doing to help communities in need and create a brighter future for all. Additional contributions were given to natural disaster relief in Australia and Tonga, and COVID-19 support in Indonesia.

Our Community Donation Program also donated over $350,000 to organisations within local communities across Australia, by providing every CBA branch and customer-facing team the opportunity to support an organisation of their choice with a $500 donation.

Our Reconciliation Action Plan

We committed to an Elevate Reconciliation Action Plan for 2020–2022, setting a number of ambitious targets over a three-year period to embed reconciliation throughout the organisation and advance the rights of First Nations peoples nationally.

Foundational to our reconciliation efforts is improving the cultural capability of our organisation. This year, more than 60% of our people have completed at least one form of cultural capability training.

To work towards First Nations employment parity, we set a goal of 3% Aboriginal and Torres Strait Islander representation across the Bank by 2026. We have exceeded last year's external hire rate with 124 hires, however representation has only increased to 0.9%. We also had 28 Indigenous university interns join our Summer Internship Program. We remain committed to creating tailored employment pathways for First Nations people at CBA.

Spend with First Nations suppliers increased year-on-year since 2019 to more than $7 million in 2022.

+ More information is available at commbank.com.au/reconciliation

A future free from financial abuse

We made a number of changes to our services, processes and procedures as part of our commitment to help end domestic violence and financial abuse.

The Financial Independence Hub, delivered in partnership with Good Shepherd, has provided one-on-one financial coaching and essential support to nearly 1,000 people since it was established in 2020. We implemented AI to detect and prevent abusive messages being sent through our banking platforms, and have blocked over 300,000 transactions with offensive language through the CommBank app and Netbank. We also added a 'quick exit' button to ensure safe browsing on the CommBank and Bankwest websites, and improved support from our Ceba chatbot in the CommBank app.

Victim-survivors of domestic violence rely on access to mobile phones to access support. We partnered with DV Safe Phone to coordinate the collection, repurposing and provision of old phones from across the Group. As of June 2022, over 1,300 mobile phones have been donated.

With services and partnerships in place, we are now focusing on promoting the support we provide to all Australians, no matter who they bank with.

Future-ready communities

We recognise our future depends on the success of the communities we operate in.

We are committed to supporting our communities' resilience and adaptability, so they can meet the challenges and opportunities of tomorrow. We have a role to play in inspiring our next generation about the possibilities in science, technology, engineering and cyber security – and work with community partners to provide these opportunities. Over the past six years, we have welcomed thousands of students into our offices to help them understand the diverse careers available to them in the innovation and technology sectors. We partnered with Telstra for our annual STEM education event, Girls in Tech, which aims to inspire young women to undertake STEM subjects in school and asserts the importance of diversity in the design and creation of technology.

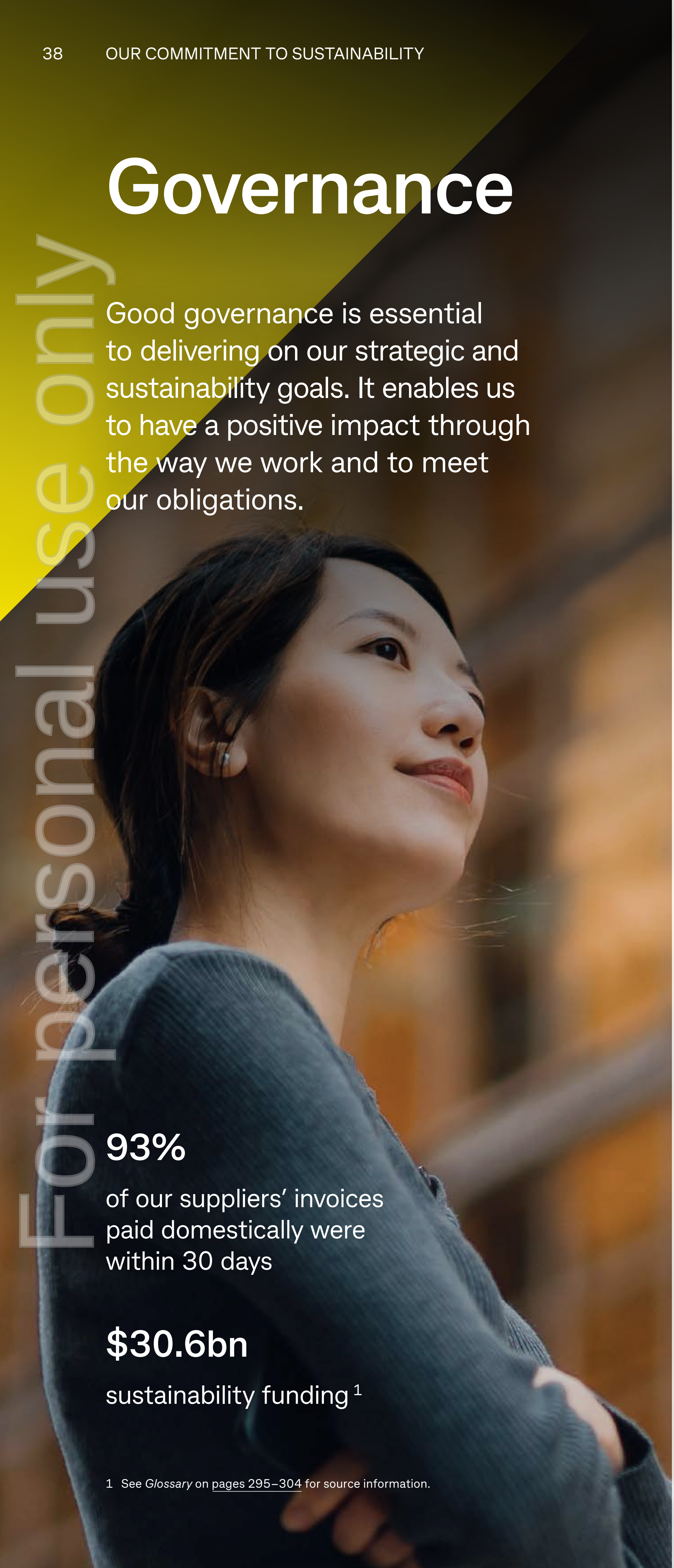
We come to work every single day with the goal of being a positive voice and change in our customers' journey."

Nicole
Team Manager
Customer Vulnerability

Providing language support

As part of our ongoing pandemic support and in partnership with NSW Health, we called for volunteers who are multilingual to provide increased low risk language support for non-English speaking members of the public who reached out to Sydney Local Health District's COVID-19 support line. Over 300 CBA employees, fluent in more than 40 languages, put their hand up to work alongside Sydney Local Health District staff to translate basic phone inquiries. Our people assisted with hundreds of calls in a variety of languages such as Mandarin, Korean, and Arabic – making a valuable contribution in the effort to keep our communities safe and informed during the COVID-19 pandemic.

OVERVIEW
HOW WE CREATE VALUE
DIRECTORS' REPORT
FINANCIAL REPORT
ADDITIONAL INFORMATION



Governance

Good governance is essential to delivering on our strategic and sustainability goals. It enables us to have a positive impact through the way we work and to meet our obligations.

93%

of our suppliers' invoices paid domestically were within 30 days

$30.6bn

sustainability funding [1]

1 See *Glossary* on pages 295–304 for source information.

How we conduct ourselves

Good governance underpins our culture and ensures our strategy is delivered effectively.

Bringing together policies, systems and processes, governance provides the framework for how our people behave and perform to achieve balanced and sustainable outcomes for stakeholders.

Our people understand the way we conduct our activities is as important as the outcomes we deliver. Our actions, not just our intent, matter.

Our Code of Conduct is the ultimate guide for how we do things. Where the right thing is not clear, we ask 'Should We?'.

Further information is available in the Corporate Governance Statement at commbank.com.au/corporategovernance

The right policies, systems and processes

We are focused on having the right policies, systems and processes in place to create long-term value.

At a minimum, governance helps our people understand the expectations on our business to meet employment standards, maintain a safe and healthy workplace, respect human rights and protect customers.

Policies, systems and processes need to empower our people to perform activities and resolve issues that are of critical importance to the Bank, our customers and communities. Our policies outline principles that govern decision making. We invest in systems that inform our decisions and make it easier for our people to perform their jobs. Our processes provide the steps for implementing in accordance with a policy. Together, our infrastructure promotes consistency in decision making and conduct.

Managing reputational, legal and regulatory issues

We value the responsibility that comes with being Australia's largest bank and recognise that failure to manage reputational and regulatory matters can overshadow strong operational performance.

Sustainability has been a priority area for international and domestic regulators. This year, we welcomed the opportunity to actively engage on APRA's Climate Vulnerability Assessment to provide insights into the risks of climate change on the financial system and economy.

In addition, CBA has been working with industry associations on responses to sustainability-related issues. These include the draft International Sustainability Standards Board disclosures, draft Basel Committee on Banking Supervision Climate Principles, relevant activities led by the Australian Accounting Standards Board, and the Climate Change Authority's work on international offsets.

We continue to invest in people, systems, processes and controls to respond to rapidly evolving regulatory environments and developments in financial crime. For example, the Russian invasion of Ukraine required the Bank to respond to frequent and sudden changes to Australian and international government requirements. Our Financial Crime Compliance teams have been updating systems and coordinating changes in the centralised screening of payments and customers, ensuring every business unit is aware of the rapidly evolving requirements and regulator guidance.

Stakeholder engagement

We engage with diverse groups of stakeholders in a structured and coordinated manner. We proactively seek to hear what issues matter to them and look to understand their views.

Through our engagement and subsequent actions, we aim to build constructive relationships with our stakeholders. We consider our stakeholders' diverse views and these inform our decisions and actions. Structured engagement programs are in place for customers, shareholders, regulators, government representatives, industry and community groups. We also build partnerships and seek various groups' views through forums such as our CEO Advisory Panel, Community Council and Indigenous Advisory Council, Aboriginal and Torres Strait Islander Community of Practice and the Next Chapter Community of Practice. Our Indigenous Advisory Council brings together internal CBA and external First Nations leaders who share their lived experience to guide our Reconciliation Action Plan and monitor implementation into the business.

Embedding accountability

Our people are accountable for actions and outcomes.

We want our culture to instil the right behaviours and actions, allow reflection and encourage constructive challenge. This is supported and reinforced by a clarity of roles and responsibilities, and effectively rewarding positive outcomes while delivering consequences for poor outcomes. We continue to strengthen our training for leaders on personal and collective accountability.

Learn more about CBA's cultural foundations on pages 8–9.

My team's purpose is to detect, deter and disrupt financial crime. I am proud to provide our people with access to best-in-class systems and tools, and utilise the power of technology, innovation and collaboration to positively impact our customers."

Taslim
Senior Manager
Systems Ownership

Designing and offering products and services responsibly

We pay attention to the fair treatment of customers across all products and services and embed a customer-at-the-centre approach into our culture, policies and processes.

The 'Should We?' test is used to design and inform distribution of products and services. Many of our business units have in place 'Should We?' committees to further embed good conduct.

Our Office of the Customer Advocate (OCA) operates a 'customer guardrail' within the product development and delivery lifecycle to ensure customers are heard, understood and treated fairly. The guardrail brings focus to respecting customer and community voices; managing customer vulnerability; ensuring inclusive design; meeting customer accessibility needs; and ensuring safety by design as we develop new products for our customers. The OCA also performs review and challenge sessions of existing products as part of ongoing product governance.

To make sure our financial products are safe and appropriate for all individuals regardless of age or circumstances, we are required by law to have Target Market Determinations (TMD). The TMD describes the cohort of customer that the product is designed for and any conditions around how the product is distributed.

For more information, please visit commbank.com.au/TMD

Respecting human rights

Respect for human rights underpins the way we do business.

We protect the rights set out in the International Bill of Human Rights and International Labour Organisation Declaration on Fundamental Principles and Rights at Work. We also, at a minimum, abide by the human rights-related laws of the countries where we operate. Our E&S Framework and Policy seek to align our approach to United Nations (UN) Guiding Principles on Business and Human Rights and UN Sustainable Development Goals. This means we continually assess our actual and potential impacts on people and communities.

To meet our commitments, we focus on four key areas: workplace culture and inclusion; Indigenous rights and reconciliation; accessible and inclusive banking; and modern slavery prevention. We assess and address the risks of modern slavery in our business operations, supply chains and lending decisions. We have been publicly reporting on modern slavery since 2016. In 2021, we expanded our ESG risk assessment tool for business lending between $1 million and $30 million. This tool includes a modern slavery focus area, and guidance for business bankers on identifying risks.

Learn more at commbank.com.au/sustainabilityreporting

Encouraging a 'speak up' culture

Fostering a culture where our people feel empowered to speak up is a core priority.

It is essential that our people and external partners can raise concerns if they see something that is not right, and know that they will be taken seriously. This helps the Bank to identify and address issues, improving our business and service for customers.

We continue to encourage speaking up by offering a SpeakUP service which is available 24/7 via telephone, email or online. During the year, 317 reports were made to SpeakUP, down from 335 in the 2021 financial year. Of the reports, 96 were whistleblower cases.

Our Group Whistleblower Policy provides clarity on the support and protection available, as well as the manner in which concerns can be raised and will be managed. This year we revised the policy, making it simpler and easier to read.

Learn more at commbank.com.au/policies

Protecting customer data and privacy

We take our responsibility to protect the personal information and privacy of our 16 million customers and 53,000 employees seriously.

We are trusted to use and look after customers' personal information to deliver the products, services and experiences they need. To protect our customers' privacy we apply strict security and privacy controls to the way we handle personal information. We also ensure our products and services are protected by appropriate cyber and data security systems to keep our customers' money secure and their information private. In the event of a personal information data breach, we take reasonable steps to mitigate any likelihood of serious harm to the affected individual, and ensure that we comply with our regulatory obligations to notify relevant regulators and the individual.

Approach with suppliers

We want to have a positive impact down supply chains and are committed to ensuring our supply chain reflects the communities in which we operate.

Last year we extended immediate payment to all our domestic suppliers. This change greatly improved the payment times and 93% of invoices for these suppliers were paid within 30 days. We also focused on improving outcomes for First Nations-owned businesses, continuing to increase our annual spend with First Nations-owned businesses year-on-year.

The Bank works collaboratively with suppliers to manage environmental and social risks, and to proactively identify opportunities to do business with diverse and underserved communities. We believe our suppliers should be assessing and addressing human rights and modern slavery risks, looking after their employees' health and safety, respecting their workforce and customers, and the environment. These are values embedded in our Supplier Code of Conduct. This year we uplifted our modern slavery process and worked closely with our highest residual risk suppliers to improve their operational and supply chain controls through bespoke supplier improvement plans. We also collaborated with Anti-Slavery Australia, a non-government organisation focused on eliminating modern slavery in Australia, to offer awareness training.

Sustainable Financing

We look to increase our support to industries whose operations can have positive impacts on the environment and our communities.

The Bank recognises the importance of incorporating the consideration of environmental and social risks into our financing decisions. Sustainable Financing is a key tool in helping Australian businesses and institutions build our future economy. Our new Sustainability Funding Target of $70 billion in cumulative funding by 2030 helps us finance more sustainable industries and asset types. This year, ASB endorsed a cumulative Sustainable Funding Target of NZ$6.5 billion by 2030.

Position on political donations and industry associations

The Bank belongs to a number of industry associations. We appreciate the opportunity to share our perspectives with, and to gain valuable insights from, these groups.

Our engagement policy precludes us from making political donations. However, we pay to attend political events and forums aimed at the business community. This year, we contributed $80,400 to the Australian Labor Party, $80,000 to the Liberal Party of Australia, and $14,475 to the Nationals. These payments will be disclosed in line with the requirements of Federal and State governments.

Our approach to tax

We recognise the important contribution taxes make to support critical government assets and services.

The Bank is one of Australia's largest tax payers, having paid over $2.8 billion in Australian corporate income tax this financial year. Our commitment is to comply with prevailing tax laws in all jurisdictions that we operate and to maintain transparent and collaborative relationships with tax authorities. We always act responsibly and transparently in respect to managing our tax affairs.

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

Sustainability performance

Environmental

Net zero emissions transition		30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Sustainability funding[1]	$bn	**30.6**	–	–	–	–
ESG bond arrangement[2]	$m	**13,570**	7,854	9,516	3,251	2,015

Operational greenhouse gas emissions	tCO_2-e	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Group[3]						
Market-based reporting[4,5]		**46,516**	39,622	–	–	–
– Scope 1 emissions		**6,667**	8,768	–	–	–
– Scope 2 emissions		**10,771**	8,479	–	–	–
– Scope 3 emissions		**29,078**	22,375	–	–	–
Location-based reporting[4]		**137,661**	151,861	173,508	185,960	181,771
– Scope 1 emissions		**6,667**	8,768	12,526	7,624	8,739
– Scope 2 emissions		**83,429**	95,514	103,528	78,756	87,278
– Scope 3 emissions		**47,565**	47,579	57,454	99,580	85,754

Operational greenhouse gas emissions	tCO_2-e	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Australia[3]						
Market-based reporting[4]		**27,372**	24,080	–	–	–
– Scope 1 emissions		**4,613**	6,095	–	–	–
– Scope 2 emissions		**–**	–	–	–	–
– Scope 3 emissions		**22,759**	17,985	–	–	–
Location-based reporting[4]		**118,517**	136,319	159,898	166,393	156,553
– Scope 1 emissions		**4,613**	6,095	9,992	6,983	7,257
– Scope 2 emissions		**72,658**	87,035	96,262	71,128	76,866
– Scope 3 emissions		**41,246**	43,189	53,644	88,282	72,430

Operational greenhouse gas emissions	tCO_2-e	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
New Zealand – location-based reporting						
Scope 1 emissions		**1,469**	2,189	2,046	82	733
Scope 2 emissions		**1,552**	1,564	1,614	1,938	2,462
Scope 3 emissions		**1,085**	959	1,266	4,259	5,834
Total		**4,106**	4,712	4,926	6,279	9,029
Other overseas[6] – location-based reporting						
Scope 1 emissions		**585**	484	488	559	750
Scope 2 emissions		**9,219**	6,915	5,652	5,690	7,949
Scope 3 emissions		**5,234**	3,431	2,544	7,039	7,490
Total		**15,038**	10,830	8,684	13,288	16,189

1 Reported for the first time in FY22. Refer to page 49 of 2022 Climate Report for more information.
2 In FY22 definition changed to align with Bloomberg classification of ESG bonds. Historical numbers have been restated.
3 Refer to the *Glossary* on pages 295–304 for further details on exclusions and reclassifications.
4 Market-based reporting reflects the emissions from electricity that companies have purchased. Reported for the first time in FY21. FY21 restated per Climate Active certification. Location-based reporting reflects the average emissions intensity of the grid where electricity is consumed. Prior period presentations are not available.
5 Group market-based reporting includes location-based totals for New Zealand and other overseas operations.
6 Increase in emissions due to 64% increase in staff employed by other overseas operations. See *FTEs* on page 44.

Energy – Australia	gigajoules	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Fuels – natural gas, diesel and transport		**67,624**	75,572	112,968	112,675	112,671
Purchased electricity – property portfolio		**213,567**	251,141	281,356	313,065	339,270
Purchased electricity – data centres		**122,869**	141,440	157,578	168,620	173,281
Electricity generated from on-site solar panels		**7,832**	7,219	6,106	4,059	2,775
Total energy consumption (including electricity and fuel)		**411,892**	475,372	558,008	598,419	627,997
Renewable electricity sources						
– Renewable energy via power purchase agreement or retail contracts		**336,436**	392,581	438,934	156,548	–
– Electricity generated from on-site solar panels		**7,832**	7,219	6,106	4,059	2,775
Renewable electricity consumption		**344,268**	399,800	445,040	160,607	2,775
Renewable electricity	%	**100**	100	100	33	1
Non-renewable energy consumption		**67,624**	75,572	112,968	437,812	625,222
Renewable energy	%	**84**	84	80	27	0

Water, waste and paper – Australia		30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Waste (commercial operations)	tonnes					
Landfill		**230**	470	988	1,167	1,088
Recycled		**205**	308	585	835	804
Secure paper recycled		**203**	414	580	896	999
Total waste		**638**	1,192	2,153	2,898	2,891
Water	kilolitres	**105,172**	129,494	177,047	216,102	172,134
Office paper usage (retail and commercial operations)	tonnes	**293**	343	483	570	629

Limited assurance report

PwC has provided limited assurance on these metrics on pages 42–47, for the year ended 30 June 2022, unless otherwise indicated.

The PwC Limited Assurance Report is provided on pages 48–49.

Social – Our people

Employees[1]		30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Total full-time equivalent (FTE)	#	**49,245**	46,189	43,585	45,165	45,753
– Australia		**38,483**	37,570	36,330	37,137	36,446
– New Zealand[2]		**5,879**	5,722	5,122	5,038	5,538
– Other[2]		**4,883**	2,897	2,133	2,990	3,769
Graduates		**241**	191	153	183	188
Headcount	#	**53,395**	50,278	48,167	50,482	51,371
Employee turnover – voluntary	%	**14.8**	11.0	10.1	11.3	11.8
Employee turnover – involuntary	%	**2.1**	1.9	4.2	4.0	4.2
Employment type (headcount)	#					
Full-time		**32,303**	31,112	32,178	33,125	–
Part-time		**6,858**	7,007	7,565	7,900	–
Casual		**266**	294	399	438	–
Safety and wellbeing						
Lost Time Injury Frequency Rate	rate	**0.36**	0.72	1.12	1.59	1.48
Absenteeism	days	**8.2**	7.5	7.8	7.2	6.0
Health, safety and wellbeing training[3]	#	**59,575**	51,926	49,385	49,977	–

People engagement and flexible working	%	Mar 22	Sep 21	Mar 21	Sep 20	Apr 20	Oct 19	Apr 19
People engagement index – CBA		**80**	80	78	80	81	72	68
Employees working flexibly		**–**	84.9	–	81.1	–	66.0	73.9
Employees with caring responsibilities		**–**	56.6	–	54.0	–	47.5	50.7

Parental leave		30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Employees who have accessed parental leave	#				
– Female employees		**1,300**	1,284	1,433	1,479
– Male employees		**890**	1,013	913	917
Employees who have returned to work and are still employed after 12 months[4]	%				
– Female employees		**89.4**	87.2	85.7	–
– Male employees		**88.5**	87.2	84.5	–

1 Includes discontinued operations.
2 Comparative information has been restated to conform to presentation in the current period.
3 The health, safety and wellbeing training number is higher than FTE as the training is assigned annually and to new employees.
4 Assured for the first time in FY22.

Employee training	hrs	30 Jun 22 Female	30 Jun 22 Male	30 Jun 22 Total	30 Jun 21 Female	30 Jun 21 Male	30 Jun 21 Total
Per employee							
Executive Managers and above roles		47.2	34.7	39.9	23.3	22.8	23.0
Others		34.5	28.4	31.5	30.0	27.1	28.6
Average per employee		35.0	28.8	31.9	29.7	26.8	28.3

	#	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
ESG training		2,911	6,240	1,560	4,043	3,577

Gender diversity	%	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Women in workforce		55.2	56.1	56.9	57.2	57.4
Women in Manager and above roles		45.5	45.2	45.0	45.0	44.6
Women in Executive Manager and above roles		43.1	41.7	41.2	39.1	37.6
Women in Senior Leadership (Group Executives)[1]		41.7	27.3	33.3	30.0	20.0

Gender pay equity (female to male base salary)	ratio	31 Mar 22	31 Mar 21	31 Mar 20	31 Mar 19	31 Mar 18
Executive General Manager		0.91	0.86	0.90	0.95	0.94
General Manager		0.99	0.99	1.00	0.97	0.99
Executive Manager		0.98	0.98	0.98	1.00	0.98
Manager/Professional		0.97	0.97	0.98	0.98	0.98
Team Member		1.01	1.00	1.00	1.00	1.00

Age diversity	%	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
<25 years		7.0	7.1	7.9	7.4	7.3
25–34 years		32.3	30.7	30.8	31.4	33.2
35–44 years		32.5	32.5	31.9	31.8	31.0
45–54 years		18.6	19.9	19.6	19.9	19.5
55–64 years		8.1	8.6	8.6	8.4	8.0
65+ years		1.0	1.1	1.0	0.9	0.8

Other diversity dimension	%	Sep 21	Sep 20	Oct 19	Apr 19	Apr 18
CBA Indigenous workforce (ancestry)[2]		0.9	0.8	1.5	0.9	1.0
Employees who identify as having a disability		7.1	6.5	8.7	10.5	11.9
Employees who identify as LGBTI and/or gender non-binary		4.8	4.9	3.3	3.4	3.4

Cultural diversity based on ancestry (Sep 2021)[3]	Cultural Diversity Index #	Australia, NZ, British, Irish %	Europe %	Asia %	Africa, Middle East %	Americas %	Indigenous, Pacific Islanders %
CBA overall	0.77	51	12	32	3	1	2
General Manager and above	0.56	71	14	9	3	2	1
Executive Manager and above	0.64	65	15	15	3	2	1
2016 Australian Census (ancestry)	0.59	69	12	14	4	1	1

1 Numbers are actuals, no assurance by PwC is provided.
2 Metric can be volatile due to small sample size. 2016 Australian Census (Aboriginal or Torres Strait Islander) was 2.8%.
3 Numbers may not sum to 100 due to rounding.

Social – Our customers

Total customers[1]	#m	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
CBA customers		**13.2**	13.3	13.9	14.2	13.9
Bankwest customers[2]		**1.3**	1.2	1.4	1.4	1.3
ASB customers[2]		**2.1**	2.1	2.0	2.0	1.9
Total[3]		**16.6**	16.6	17.3	17.6	17.1

Customer advocacy[4]	#	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Commonwealth Bank – Net Promoter Score						
Consumer NPS		**4.5**	0.8	(2.9)	(10.0)	(2.7)
– Rank		**2nd**	2nd	2nd	3rd	2nd
Business NPS		**(3.2)**	(5.8)	(14.3)	(22.4)	(19.6)
– Rank		**1st**	1st	3rd	3rd	4th
Online banking NPS[5]		**16.8**	19.0	17.2	12.6	–
– Rank		**1st**	1st	1st	2nd	–
Mobile banking app NPS[5]		**30.7**	30.0	28.6	24.5	–
– Rank		**1st**	1st	1st	1st	–
Bankwest – Net Promoter Score						
Consumer NPS		**19.5**	11.8	9.4	0.0	12.2
– Rank		**3rd**	4th	3rd	5th	4th
Business NPS		**(2.7)[6]**	23.8	12.1	6.6	9.5
– Rank		**5th[6]**	2nd	3rd	3rd	3rd
ASB – Net Promoter Score						
Consumer NPS[7]		**29.5**	32.5	32.0	–	–
– Rank		**3rd**	3rd	3rd	–	–
Business and rural banking NPS		**(7.4)**	4.0	4.2	3.7	9.2
– Rank		**1st**	1st	1st	1st	1st

Customer complaints	#	30 Jun 22	30 Jun 21	30 Jun 20
Received[8]		**984,493**	1,211,808	1,182,699
– Resolved within five days	%	**94**	96	96
Escalated to an external dispute resolution (EDR) scheme		**5,384**	5,419	6,455
– Privacy complaints[9]		**61**	123	–

1 Reported for the first time in FY22. Historical periods not assured by PwC.
2 Not assured by PwC.
3 Customers are not de-duplicated if they Bank with CBA, Bankwest or ASB.
4 Customer advocacy metrics have not been assured by PwC as they are sourced from independent third-party providers.
5 NPS methodology and service provider changed to DBM Atlas in 2020. Numbers prior to FY19 are not available.
6 Metric impacted by the announcement made on 17 February 2022 that Bankwest Business Bank will transition to CBA.
7 NPS methodology changed in 2019. Numbers prior to FY20 are not comparable.
8 In FY22, the definition was changed to 'Received' (instead of 'Resolved') and includes all complaints. This update was to align with the change in regulatory guidance on dispute resolution ASIC RG271 (commenced in October 2021) and related public reporting requirements. Historical numbers have been restated.
9 In FY22, the definition was changed to include privacy-related complaints escalated to the Australian Financial Complaints Authority. Historical numbers have been restated.

Social – Our communities

		30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Community investment	$m					
Total community investment		**239.0**	247.4	250.5	204.3	204.0
– Cash contributions[1]		**30.0**	37.5	57.5	41.6	55.5
– Time volunteering		**0.7**	1.2	0.7	1.1	1.1
– Forgone revenue		**188.2**	187.5	178.5	147.4	134.2
– Program implementation costs[1]		**20.1**	21.2	13.8	14.2	13.2
Community investment as a percentage of pre-tax profit[2]	%	**1.8**	2.0	2.4	1.8	1.6
Our commitment to end financial abuse[3]	#					
Financial Independence Hub (participants supported)[4]		**766**	188	–	–	–
Community Wellbeing (customer interactions)		**17,107**	–	–	–	–
Financial literacy programs[5]	#					
School banking students (active)		**18,825**	75,773	174,997	244,636	299,074
Start Smart students (booked)		**–**	291,548	377,214	427,527	568,649
Indigenous community support						
Indigenous cultural development (training completion rate)[6]	%	**62.3**	18.7	8.4	–	–
Indigenous Customer Assistance Line (calls received)	#	**184,927**	181,460	206,436	202,444	180,225
Australian Indigenous supplier spend – first tier	$'000	**7,028**	6,093	4,395	2,959	–

1 FY21 restated for reclassification of cash contributions to program implementation costs.
2 Cash net profit from continuing operations before tax.
3 Reported for the first time in FY22.
4 Not assured by PwC.
5 Financial literacy performance metrics will no longer be reported after FY22. Some state and territory governments no longer allow banks to deliver school banking programs. The CBA School Banking program accepted its final student deposit on 10 December 2021. The Start Smart program closed on 30 June 2021. Not assured by PwC.
6 Reported for the first time in FY22. Historical periods not assured by PwC.

Governance

		30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Board composition[1]	#					
Total Directors		**11**	10	9	10	10
– Female		**5**	4	5	5	4
– Male		**6**	6	4	5	6
Independent Non-Executive Directors		**10**	9	8	9	9
Female Directors on Board	%	**45**	40	56	50	40
Group compliance training[2]	%					
Training completion rate – Code of Conduct		**99.6**	99.5	99.6	96.7	99.4
Training completion rate – mandatory learning		**99.6**	99.5	99.5	99.5	98.7
Conduct and whistleblowing	#					
Substantiated misconduct cases		**1,071**	1,825	1,851	1,869	1,259
– Misconduct cases resulting in termination		**76**	105	136	187	–
SpeakUP Program cases		**317**	335	284	311	143
– Whistleblower cases		**96**	123	103	30	33

1 Numbers are actuals, no assurance by PwC is provided.
2 Training completion rates are not 100% as allocated training may be overdue. There are remuneration consequences for employees who do not meet their training obligations.

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

Independent assurance report on sustainability performance metrics

for the year ended 30 June 2022

Scope

In accordance with the terms of the engagement letter dated 2 June 2022, we were engaged by the Commonwealth Bank of Australia (the Group) to perform an independent limited assurance engagement in respect of the Sustainability Performance metrics (Environmental, Social and Governance metrics) (the Performance Metrics) for the Group for the year ended 30 June 2022, presented on pages 42 to 47 of the 2022 Annual Report. The definitions (the Criteria) against which we assessed the Performance Metrics are established by management and are presented on pages 295 to 304 of the 2022 Annual Report.

Management's responsibilities

The management of the Group is responsible for the Performance Metrics and for the preparation of the Performance Metrics in accordance with the Criteria.

Our Independence and Quality control

We have complied with relevant ethical requirements related to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* the firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

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

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Performance Metrics have not been prepared, in all material respects, in accordance with the Criteria, for the year ended 30 June 2022. The procedures we performed were based on our professional judgement and included:

- Enquiries of relevant staff responsible for preparing the Performance Metrics;
- Enquiries about the design of the internal controls and systems used to collect and process the Performance Metrics;
- Where applicable, enquiries of third parties responsible for the preparation of data included in the Performance Metrics;
- Enquiries about the design of the systems used by third parties to collect and process the Performance Metrics;
- Comparing the Performance Metrics to relevant underlying sources on a sample basis; and
- Reading the Performance Metrics to determine whether they are in line with our overall knowledge of, and experience with, the Sustainability performance.

PricewaterhouseCoopers, ABN 52 780 433 757

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

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

Use of report

This report was prepared for the Board of Directors of the Commonwealth Bank of Australia. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Board of Directors of the Commonwealth Bank of Australia or for any purpose other than that for which it was prepared.

Inherent limitations

Because of the inherent limitations of any assurance engagements due to the selective testing of the information examined, it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Performance Metrics with the Criteria, as it is limited primarily to making enquiries, of management, and applying analytical procedures. The limited assurance conclusion expressed in this report has been formed on the above basis.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Performance Metrics have not been prepared, in all material respects, in accordance with the Criteria for the year ended 30 June 2022.

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
10 August 2022

Managing our strategic risks

Our risk framework enables us to understand and adapt to the strategic challenges from our complex operating environment.

Our risk landscape is constantly evolving, with changes in the geopolitical landscape, economic conditions and social expectations creating complex and interrelated strategic risks. To manage these risks and support our customers and the community, we require innovative solutions and industry-leading risk management practices.

Our Risk Management Framework provides the mechanism for the Board and management to consider such matters. The strategic risks and opportunities we are prioritising include:

Complex geopolitical landscape

The COVID-19 pandemic, rising geopolitical tensions, and more recently the conflict in Ukraine, are creating uncertainty for some of our customers through supply chain disruptions, trade tariffs, new sanctions, and a global realignment of trading partners. The Board and management continually monitor these complex conditions, and maintain provisions and strong capital levels for a range of potential scenarios.

Cost of living pressures

Inflation has been steadily rising in Australia and globally. In response, the Reserve Bank of Australia has been raising interest rates to return inflation in Australia to target over time. We recognise this puts pressure on households and makes it harder for first home buyers to save for a deposit. We are focused on providing innovative tools and having conversations with our customers on available support options to help them better structure and manage their finances during this period of adjustment.

Competition for skills

The labour market has tightened, leading to the lowest unemployment rate in decades. Many smaller businesses are facing worker shortages and larger businesses, such as the Bank, are competing with local and global companies for scarce skills in engineering, technology, data and analytics. We continue to invest in our people value proposition to attract and retain talent, and are developing our people through reskilling initiatives. We have also entered into strategic partnerships to build the Bank's capabilities.

Supporting a purposeful transition

The transition to a net zero emissions economy presents opportunities and risks for the Bank, our customers and the community. The Bank has a fundamental role to play in supporting the economy's transition in a purposeful manner by lending to support the transformation of existing industries and development of new ones. We seek to understand the complexity of this task, and are focused on working with our customers to help them navigate the transition through Sustainable Financing solutions as well as new products to help them track and reduce their emissions.

Evolving financial services

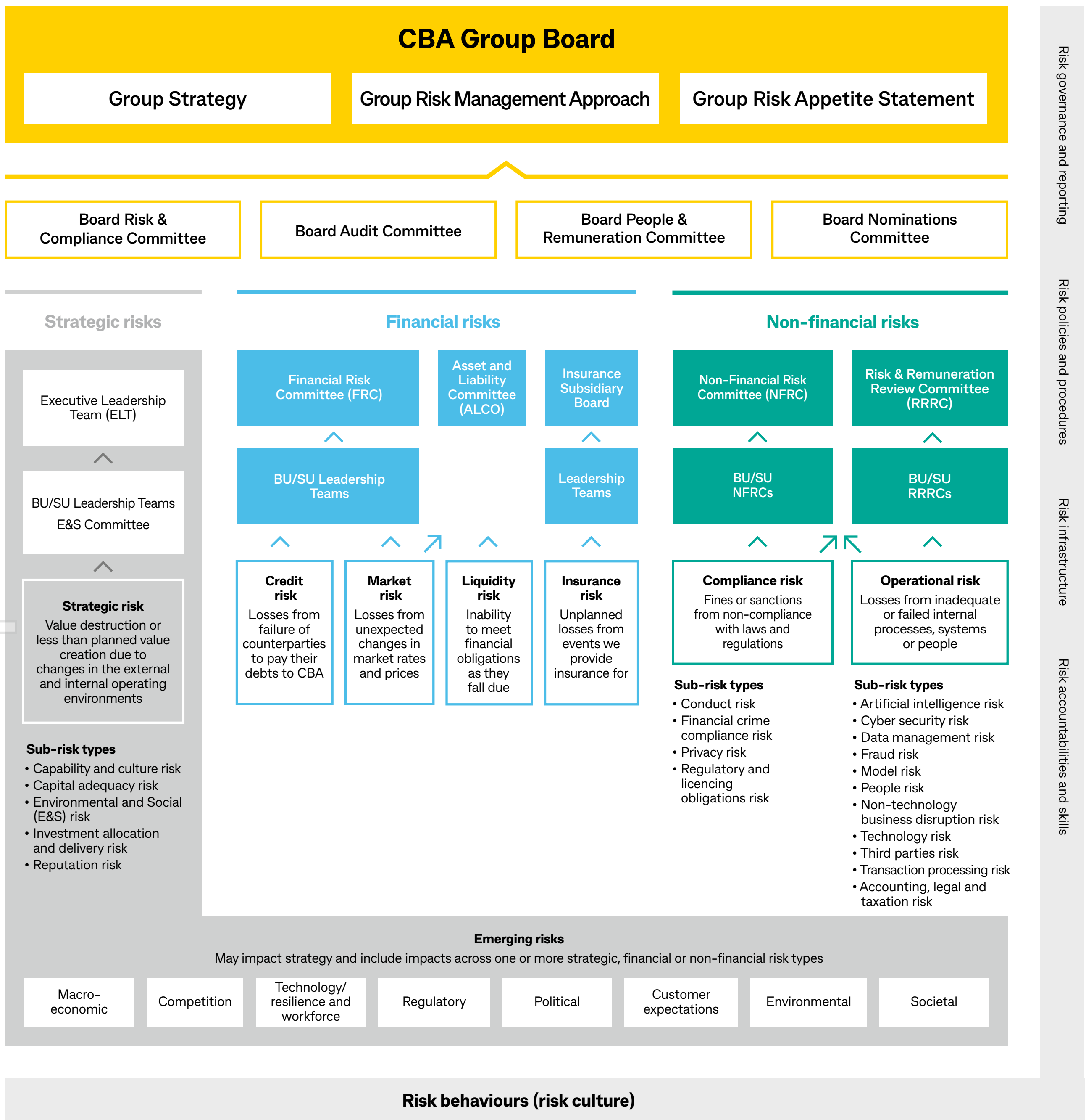
The financial services landscape is evolving, with a broad range of new entrants seeking to disrupt the industry by integrating banking services with shopping or investing products. A parallel decentralised finance system is also evolving around digital currencies, which are largely unregulated and present risks to consumers and financial system stability. The Bank is responding by investing in intuitive, customer-focused solutions to provide a personalised digital experience – equal to or better than global companies. We are also creating an ecosystem of services by entering into strategic partnerships.

Our risk framework

We govern risk through our Risk Management Framework (RMF) that is subject to an independent external review every three years. The diagram below outlines the Bank's RMF, including risk governance structures. We use it to manage material risk types, including financial, non-financial and strategic risks. The specific risks we manage within each of these types are either existing risks, or forward-looking emerging risks that require action now to minimise their impacts in the future.

The RMF is supported by four Group Risk Framework Enablers which are: governance and reporting, policies and procedures, infrastructure, and accountabilities and skills. These enablers allow the Bank to identify, assess, manage and report on our material risks, as well as allowing our people to adopt and apply good risk culture, behaviours and practices.

During the year, the Board formally recognised Artificial Intelligence (AI) as an Operational Risk sub-risk type in the Bank's risk taxonomy. This reflects its materiality to the Bank and the need for dedicated governance, policies and procedures, risk infrastructure and teams to manage it.



BU/SU: Business Units and Support Units

Our material risks

Capital adequacy

Adequate capital ensures the Bank can embrace strategic opportunities, cover exposures and withstand losses from extreme events. Capital adequacy may be affected by earnings, asset growth and quality, changes in exchange rates, regulatory requirements and strategic decisions – including acquisitions, divestments, investments and changes in capital-intensive businesses.

The current rapid rise in interest rates, removal of quantitative easing measures, large currency moves in some countries and market volatility create the need for the Bank to closely monitor its capital position.

Key actions

- The Bank operates an Internal Capital Adequacy Assessment Process to manage capital levels having regard to APRA's minimum requirements, and ensure sufficient capital to manage future growth.
- Forecasting and stress testing of various scenarios are performed to inform capital planning and management.
- Dividend management processes ensure dividend levels are sustainable, taking into account the outlook for profitability, capital requirements and the broader economic environment.
- The Bank issues capital securities to satisfy regulatory capital requirements and provide flexibility for future growth.

Capability and culture

The Bank seeks to attract, engage and retain talented people who find purpose in building a brighter future for all.

In addition to deep banking expertise, we require leaders, employees and partners with skills in engineering, technology, data and analytics. We look for people who can anticipate changing customer needs and use new technologies to develop and deliver value adding, global-leading products and services.

Competition for these skills is escalating from various industries, including from Big Tech and Fin Tech companies, at a time when local skills are already scarce.

Key actions

- A strategic workforce planning process informs the Bank on required capacity and capability needs.
- We have recruited over 800 engineers in the last year, and our CBA India team provides access to a broader pool of talent.
- Initiatives are in place to embed our culture of using good judgement and ensuring the voice of the customer remains strong.
- Reskilling programs support our people to be ready for the workforce of the future.
- We have entered into strategic partnerships, e.g. CSIRO, H2O.ai and others to boost our climate change and AI capabilities.

Environmental and social

More frequent and severe weather events and longer-term shifts in climate patterns could result in the Bank's assets, including those held as collateral, being impaired. Assets in certain industries could lose value from misalignment with the transition to new technologies, regulations or consumer trends.

The Bank's financial performance and reputation could also be impacted by insufficient climate commitments, insufficient financing of new opportunities in renewable industries, and financing or partnering with organisations that damage the environment or violate human rights.

Key actions

- The E&S Committee oversees the strategic approach to addressing E&S risks and opportunities, including directing capital towards transformation of businesses to support the economy's transition to net zero emissions by 2050.
- Our internal climate scenario analysis team continues to develop methodologies to assess climate risk exposures across key portfolios.
- Tools and approaches to manage E&S risk exposures across our lending and supplier processes continue to be enhanced.
- We continue to report on our approach to climate governance, strategy, risk, and metrics and targets in line with the recommendations of the TCFD.

The Board and management are focused on a combination of existing and emerging risks within our strategic, financial and non-financial risk types that could materially impact the Bank, our customers and the community.

Reputation

The Bank's reputation can be damaged through poor decisions, service disruptions, unfair treatment of customers or failure to meet customer, community or regulatory expectations.

We continue to invest in protecting the brand, but remain alert to heightened risks that could undermine the trust placed in us. Examples include the increasing expectations over the Bank's E&S commitments; service disruption or compromise of customer's privacy; and emerging categories of vulnerable customers from cost of living pressures and increasingly severe weather events.

Key actions

- Mandatory training on our Code of Conduct ensures staff clearly understand what it means to do the right thing.
- Leadership of risk culture and reputation issues are remuneration considerations for Group Executives.
- The Board and Executive Committees regularly consider reputation risks, and the institutional and business banking committees consider potential reputation risks of E&S transactions.
- The Bank is committed to providing relief measures for vulnerable customers and communities impacted by natural disasters and situations such as COVID-19.
- We have programs focused on remediating processes and compensating customers where we have not done the right thing.

Investment allocation and delivery

The Bank is investing significantly in innovation and technology to reimagine banking and deliver global-best digital experiences for our customers.

Ineffective allocation of capital and resources, or mismanagement of strategic and transformation programs could result in strategic opportunities being missed, or the Bank not delivering market-leading customer solutions quickly and safely.

The Bank may also not achieve the expected synergies from acquisitions or partnerships, and may experience disruptions to its existing businesses due to difficulties in integrating the systems and processes.

Key actions

- Our Enterprise Portfolio Management Office supports the governance of the Group's change portfolio to enable strategic alignment, prioritisation and capacity planning of initiatives.
- The Group Delivery Framework defines how change should be delivered and is supported by tools to facilitate aggregated project and program reporting.
- Due diligence is performed for acquisitions; x15ventures has been established to build the next generation of solutions through partnering with and investing in the tech and innovation community.
- The Bank has established an Operations Office to focus on our pursuit of consistent and disciplined operational execution.

Financial risks

The Bank's financial performance is closely linked to local and global economic performance. An economic downturn could impact borrowers' ability to repay their loans; and volatile markets can result in losses from adverse changes in interest rates, foreign exchange rates, and commodity and equity prices.

The Australian economy remains resilient, with strong labour demand, increased business investment and high household savings. However, we remain alert to the uncertainties from geopolitical instability, supply chain disruptions, volatile markets, and inflation negatively impacting household budgets.

Key actions

- The Bank's balance sheet settings remain strong with a high proportion of funding from deposits, significant excess liquidity and capital levels well above regulatory requirements.
- We undertake stress tests to prepare for a range of economic scenarios and regularly discuss the economic environment with regulators and government.
- Our loan loss provisions remain appropriate, and credit settings and pricing are routinely assessed in light of changing risks.
- Disciplined execution ensures we manage costs effectively and are able to develop and deploy new products and services aligned to the strategic priorities that support our customers.

Cybersecurity

A cyber-attack on the Bank or an external service provider can significantly disrupt customer banking services, compromise customer data privacy, and destabilise financial systems. In October 2021, the Reserve Bank of Australia's Financial Stability Review noted that cyber-attacks have increased and a successful cyber-attack on one of the nation's biggest banks is a serious threat.

Cyber criminals are becoming increasingly sophisticated, taking advantage of the adoption of digital channels and shift to remote working. Current geopolitical tensions also elevate this risk.

Key actions

The Bank's cyber security team is focused on defending against the evolving threat environment by:

- Aligning with the Australian Cyber Security Centre Essential Eight Maturity Model and enhancing detection and monitoring capabilities, secure configuration, network segmentation and strengthened authentication methods.
- Running regular simulations to improve the Bank's response capability during significant events, as well as improving the Bank's ability to recover from a crisis event.
- Educating staff on cybercrime risks and enhancing management of third parties to better understand and mitigate weaknesses in their cyber defence capabilities.
- Collaborating with government, community and industry bodies to educate and strengthen system-level resilience to reduce fraud and scams in the community.

Privacy and data management

As we seek to better anticipate customer needs, and offer new products and services, we are conscious of the trust placed in us by our customers to use their data in a manner consistent with our obligations and values.

The Bank manages a large volume of personal and sensitive data. We understand that failure to appropriately collect, handle and protect this data can materially impact the lives of individuals and lead to loss of trust, operational disruptions and regulatory penalties.

Key actions

- The Bank's privacy program continues to deliver improved privacy procedures and processes delivering greater capability and awareness to ensure compliance in all jurisdictions where we operate.
- We have enhanced our data leakage controls and introduced sophisticated authentication software on devices such as employee laptops.
- Our data management program of work continues to enhance our architecture, tools, standards and procedures across all business areas to ensure the quality and integrity of data throughout its lifecycle.

Financial crime compliance

The devastating human impacts of organised crime are a powerful reminder of our important role in protecting customers, the community, and the integrity of the financial system.

The Bank is required to comply with legislation targeting financial criminal activities globally: Sanctions, Anti-Money Laundering and Counter Terrorism Financing, Anti-Bribery & Corruption (AB&C), and Anti-Tax Evasion Facilitation.

The increasingly sophisticated use of technology by criminals targeting the financial system has heightened the focus on financial crime, and means we are continually working to remain compliant.

Key actions

The Bank's Financial Crime Program is focused on:

- Developing our team of experts and working closely with AUSTRAC and international regulators, law enforcement bodies and the Fintel Alliance.
- Investing in new technologies, including enhanced transaction monitoring systems.
- Enhancing risk assessment tools, data and processes to better understand money laundering and terrorist financing risks of customers, products and channels.
- Embedding the AB&C and Anti-Tax Evasion Facilitation control frameworks and tools.
- Education and training for staff aimed at highlighting the community impact of financial crime and how to detect and deter it.

Artificial intelligence

AI includes technologies that independently learn from data to generate outputs such as predictions, recommended actions, or decisions.

The Bank has begun using AI to better anticipate customer needs and deliver more personalised customer experiences.

However, mismanagement of AI (including the inability to understand AI decisions) by the Bank, or by third parties it relies upon, could deliver incorrect or biased results with material financial, regulatory, conduct and reputational consequences.

Key actions

- The Board recognised AI as a formal risk type in the Bank's risk taxonomy in December 2021.
- The Bank is building out a risk framework, including policies, procedures, risk tools and formal reporting to ensure the development, deployment and use of AI is appropriately governed.
- We have developed a standardised Analytics Workbench that enables data scientists to build, deploy and monitor AI models.
- Our partnership with global AI leader H20.ai will provide dedicated AI experts and product specialists to develop new AI solutions for the bank, including how we govern, explain and manage AI models.

Business disruption

The continuity and resilience of our operations are crucial for serving customers, upholding community trust and maintaining our reputation.

The Bank's complex technology infrastructure requires ongoing maintenance to ensure our network, software applications and hardware, including of external service providers, are resilient.

Technology infrastructure failures can materially impact customers and result in financial and reputational losses and regulatory penalties.

Disruption can also arise from natural disasters, pandemics, social unrest, cyber-attacks, skills shortages in key roles, and implementation risks from transition to cloud services.

Key actions

- We routinely monitor the health of all systems and perform business continuity planning for disruptions to critical systems and business processes.
- Our data centre upgrade and network modernisation has improved our technology infrastructure's security and resilience, and we continue to simplify our technology environment.
- Our operational resilience program regularly assesses our readiness to adapt to changing disruption scenarios.
- Supplier governance mechanisms enable management to identify and manage the risk of third-party disruptions.
- The Bank's Crisis Management Framework and Crisis Response Teams provide the structure to ensure a coordinated response to disruption incidents.

Regulatory

The Bank is required to comply with a large number of laws, regulations, rules, licence conditions, and statements of regulatory policy applicable to its business activities.

The increasing volume and complexity of these requirements, and the growing severity of financial penalties for breaches, could adversely impact the Bank's results and reputation.

Examples of significant regulatory reform under development include APRA's proposed revisions of the capital framework for ADIs, and payments system reforms currently in development may impact regulation and operation of payment systems and merchant services.

Key actions

- We consult with regulators to enable the Bank's perspective to be considered when regulators are drafting or amending regulations.
- Our regulatory engagement standard drives engagement with regulators in an open, honest and transparent manner.
- The regulatory change team works closely with the business to assess regulatory change impacts and embed requirements into systems and processes.
- Regulatory requirements are embedded into our obligation management system and linked to compliance arrangements and key controls to facilitate assurance testing.
- Mandatory online compliance training takes place for all employees to ensure awareness of key regulatory obligations.

Financial performance

Our results for the 2022 financial year reflect strong financial and operational performance through continued customer focus, disciplined execution and investment.[1]

Net profit after tax

$9,673m
Statutory NPAT
▲ 9% on FY21

$9,595m
Cash NPAT
▲ 11% on FY21

Net profit after tax (NPAT) was supported by strong operational performance and volume growth in core businesses as well as sound credit quality and the reversal of uncertainties associated with the impacts of the COVID-19 pandemic.

Dividend

$3.85
Per share, fully franked
▲ 10% on FY21

The full year dividend was supported by the Bank's continued capital and balance sheet strength. The final dividend was $2.10 per share, fully franked. The interim dividend was $1.75 per share, fully franked.

Volume growth in core business[2]

Home lending
+$36.4bn 0.9x system

Household deposits
+$40.9bn 1.0x system

Business lending
+$15.4bn 1.3x system

Net interest margin

1.90%
▼ 18bpts on FY21

Group NIM declined due to a large increase in low yielding liquid assets and lower home loan margins.

Common Equity Tier 1 (CET1) capital ratio

11.5%
APRA (Level 2)[3]
▼ 160bpts on FY21

The Group remains in a strong capital position and consistently well in excess of regulatory minimum capital requirements. On an internationally comparable basis, the CET1 capital ratio was 18.6%.

The reduction from FY21 reflects $6 billion of capital returned to shareholders through the off-market buy back and $468 million through the on-market buy back of ordinary shares.

Loan impairment and credit provisions

$357m benefit
FY21 $554m (expense)

1.36%
Provision coverage ratio[4]

Loan impairment benefit for the year reflects our continued sound portfolio credit quality and the reduced level of uncertainties associated with the impacts of the COVID-19 pandemic.

We have maintained a strong provision coverage ratio of 1.36% reflecting our cautious approach to managing emerging risks, including higher levels of inflation and interest rates.

1 All information in this section is presented on a continuing operations basis, unless stated otherwise. Comparative information has been restated. For further details refer to Note 1.1 in the *Financial report* on page 124.
2 As reported in RBA Lending and Credit Aggregates (Home Lending and Business Lending) and APRA Monthly ADI Statistics (Household Deposits). CBA Business Lending multiple estimate is based on Business Banking growth rate (excluding Institutional Banking and Markets) over published APRA and RBA Total Business Lending Data (excluding estimated Institutional Lending balances).
3 Includes discontinued operations.
4 Total provisions as a percentage of credit risk weighted assets.

Group financial performance

Our banking business continued to perform well, delivering growth in home lending, business lending and deposits through customer focus and disciplined execution. Volume growth supported operating income and offset the impact of lower home loan margins.

Group profit

Cash NPAT

$9,595m

FY21 $8,653m

Statutory NPAT

$9,673m

FY21 $8,843m

Cash NPAT was 11% higher reflecting strong operational performance and a loan impairment benefit.

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

For details and a reconciliation between statutory and cash NPAT, refer to page 81 in the *Directors' report*.

	FY22	FY21	% change
Net interest income	19,473	19,302	▲ 1%
Other operating income	5,423	4,854	▲ 12%
Total operating income	24,896	24,156	▲ 3%
Operating expenses	(11,635)	(11,359)	▲ 2%
Loan impairment benefit/(expense)	357	(554)	large
Net profit before tax	13,618	12,243	▲ 11%
Tax expense	(4,023)	(3,590)	▲ 12%
Net profit after tax – cash basis	9,595	8,653	▲ 11%

Operating income

Operating income

Cash basis

$24,896m

FY21 $24,156m

Net interest margin

1.90%

FY21 2.08%

Net interest income increased 1%, driven by volume growth in home and business lending, partly offset by a decrease in net interest margin.

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

NIM was down 18 basis points due to a large increase in low yielding liquid assets and lower home loan margins.

Other operating income excluding one-offs increased 1%. The key drivers were:

- Higher retail and business lending and retail deposit fee income due to volume growth; and
- Higher card and foreign exchange income driven by improved spend and transaction volumes.

Partly offset by:

- A reduction in equities trading income due to lower trading volumes; and
- Lower insurance income driven by higher weather event claims.

One-off items are disclosed separately due to their non-recurring nature.

	FY22	FY21	% change
Net interest income	19,473	19,302	▲ 1%
Other banking income	4,699	4,544	▲ 3%
Funds management income	135	165	▼ 18%
Insurance income	73	145	▼ 50%
Total operating income excluding one-offs – cash basis	24,380	24,156	▲ 1%
Gain on sale of Bank of Hangzhou	516	–	n/a
Total operating income – cash basis	24,896	24,156	▲ 3%

Operating expenses

Operating expenses

Cash basis

$11,635m

FY21 $11,359m

Full-time equivalent staff

49,245

FY21 44,375

Cost-to-income ratio

Cash basis

46.7%

FY21 47.0%

Operating expenses increased 2% to $11,635 million in FY22.

Staff expenses increased 9% as a result of the increase in full-time equivalent staff and wage inflation. The staff increases were due to:

- Additional resources to support increased operational and financial crime assessment volumes.
- Increased frontline and technology resources to help our customers and uplift our cyber security capabilities.
- Continued investment in the delivery of our strategic priorities.

Occupancy and equipment expenses decreased 16% primarily reflecting benefits from optimising our branch and ATM network, and exiting commercial office space as we continue to consolidate our property footprint.

Information technology expenses decreased 3% primarily driven by lower amortisation and business simplification initiatives. This was partly offset by increased IT infrastructure and maintenance costs including higher cloud computing and storage volumes, and higher software license costs.

Other expenses decreased 9% primarily driven by productivity initiatives.

Remediation costs include additional provisions for future payments to customers and associated remediation program costs primarily in relation to historical wealth management related issues.

One-off items include accelerated amortisation and write-offs of software, and provisions related to changes in the Group's operating model. These items are disclosed separately due to their non-recurring nature.

+ For more details on operating expenses refer to Note 2.4 on pages 136–137 in the *Financial report*.

+ For more details on remediation provisions refer to Note 7.1 on pages 188–191 in the *Financial report*.

	FY22	FY21	% change
Staff costs	6,532	5,985	▲ 9%
Occupancy and equipment	975	1,154	▼ 16%
Information technology	1,967	2,032	▼ 3%
Other expenses	1,465	1,613	▼ 9%
Operating expenses excluding remediation costs and one-offs – cash basis	10,939	10,784	▲ 1%
Remediation costs	251	575	▼ 56%
One-offs	445	–	n/a
Total operating expenses – cash basis	11,635	11,359	▲ 2%

Tax expense

Tax expense

Cash basis

$4,023m

FY21 $3,590m

Income tax expense for the year increased 12% mainly due to higher profits. The effective tax rate for the year was 29.5%. This is below the Australian company tax rate of 30% primarily as a result of profits earned by the offshore jurisdictions that have lower corporate tax rates.

+ For more details on tax expense refer to Note 2.5 on pages 138–140 in the *Financial report*.

Provisions and credit quality

Loan impairment

Loan impairment

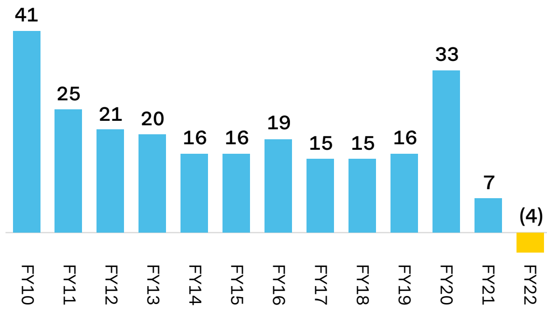
$357m benefit

FY21 $554m (expense)

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

Loan impairment benefit for the year was driven by continued sound portfolio credit quality and a reduction in COVID-19 related uncertainties.

Loan loss rate (bpts)



Portfolio credit quality

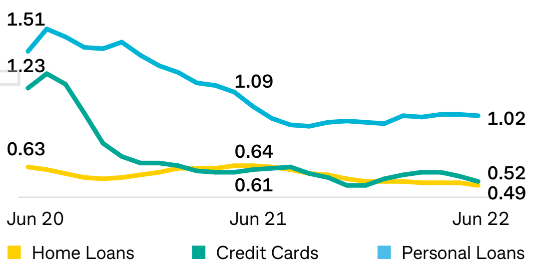
Consumer arrears show the proportion of our consumer credit portfolio where customers have fallen behind on their contractual loan repayments.

Home loan arrears remained low, influenced by sound origination quality and current economic conditions. Credit card and personal loan arrears remained low, again due to customer origination quality and current economic conditions.

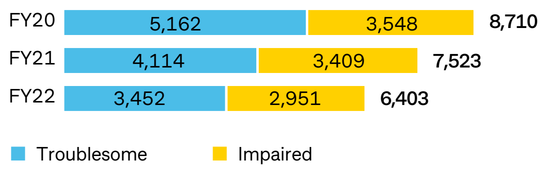
Troublesome and impaired assets include loans where customers are experiencing financial difficulties that could result in credit losses for the Group; loans to customers not meeting their repayment obligations, such as loans in default; and loans restructured on non-commercial terms.

The decrease in troublesome and impaired assets to $6,403 million from $7,523 million in FY21 was largely driven by refinancing, repayments and client upgrades supported by economic conditions.

Consumer arrears > 90 days (%)



Troublesome and impaired assets ($m)

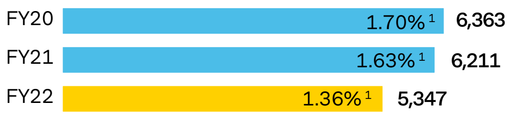


Loan impairment provisions

Our total impairment provisions decreased to $5,347 million from $6,211 million in FY21 reflecting sound portfolio credit quality and a reduction in COVID-19 related uncertainties.

The Group maintained a cautious approach to managing emerging risks, including rising interest rates, inflationary pressures and supply chain disruptions. Provision coverage remains strong with the provision coverage ratio at 1.36%.

Total impairment provisions ($m)



1 Ratio of total provisions to credit risk weighted assets.

Balance sheet strength

Balance sheet strength is critical to our ability to serve our customers, drive core business outcomes and deliver strong and sustainable returns for our shareholders. Our capital, liquidity and funding metrics remained strong during FY22. The strength of our balance sheet means the Bank is well positioned to continue supporting our customers, manage ongoing uncertainties and support business investment to build Australia's future economy.

Capital

Common Equity Tier 1 capital ratio

11.5%

APRA (Level 2)

FY21 13.1%

The Group has a strong capital position with a Common Equity Tier 1 (CET1) capital ratio of 11.5% as at 30 June 2022, consistently well in excess of regulatory minimum capital requirements.

During the year, the Group successfully completed the $6 billion off-market share buy-back and started implementing the previously announced $2 billion on-market share buy-back.

The Group's CET1 ratio was supported by:

- strong profit generation from the core banking business; and
- the benefits of the proceeds received from the sale of Colonial First State and Bank of Hangzhou.

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

The outstanding divestment of our General Insurance business is expected to provide further capital uplifts in FY23.

+ For more details on divestments refer to Note 11.3 on pages 265–267 in the *Financial report*.

Funding and liquidity

Deposit funding ratio

74%

FY21 73%

Liquidity coverage ratio

130%

FY21 129%

Net stable funding ratio

130%

FY21 129%

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

The Group continued to satisfy a significant portion of its funding requirements from customer deposits, accounting for 74% of total funding, with customers continuing to increase retail, business and institutional savings.

The **liquidity coverage ratio (LCR)** represents the level of high quality liquid assets available to meet short-term obligations in a liquidity stress scenario. The Group's average LCR for the quarter ended 30 June 2022 was 130% and remained well above the minimum regulatory requirement of 100%.

The **net stable funding ratio (NSFR)** shows to what extent our long-term assets are covered by stable sources of funding. The Group's NSFR as at 30 June 2022 was 130%, remaining well above the regulatory minimum of 100%.

Delivering for shareholders

Our aim is to deliver sector leading returns and a sustainable dividend. We achieve this by focusing on operating performance and capital generation. Many Australians rely on the dividends they receive to support their income, which is why it's important for us to deliver shareholder returns at strong and sustainable levels.

870,000+

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

77%

Australian ownership

52%

direct ownership by retail shareholders

$13.0bn

returned to shareholders via dividends and share buy-backs during FY22

$3,030

dividend amount received by the average retail shareholder

Dividends

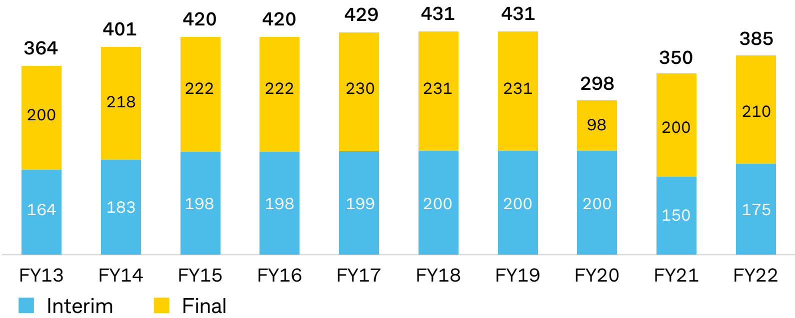
The final dividend of $2.10 per share reflects the Bank's strong capital position. Our aim is to deliver sector leading returns and a sustainable dividend. To deliver sustainable dividends we seek to:

- pay cash dividends at strong and sustainable levels;
- target a full year payout ratio of 70–80% of cash NPAT; and
- focus on maximising returns to shareholders by paying fully franked dividends.

The final dividend payout ratio was 68% of the Bank's cash earnings for the full financial year. Including the interim dividend of $1.75 per share, the full year dividend was $3.85 per share, fully franked.

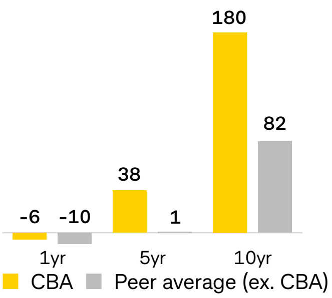
The Dividend Reinvestment Plan (DRP) continues to be offered to shareholders. No discount will be applied to shares allocated under the plan for the final dividend. The DRP is anticipated to be satisfied in full by an on-market purchase of shares.

Dividend per share (cents)



Total shareholder return (TSR)

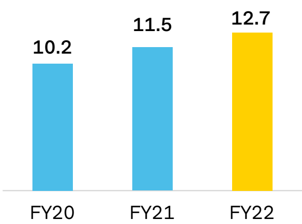
(%)



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

Return on equity (ROE)

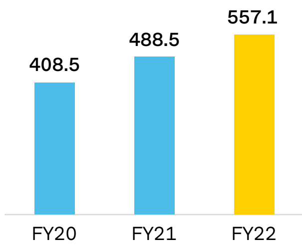
Cash, continuing operations (%)



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

Earnings per share (EPS)

Cash, continuing operations (cents)



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

Business unit performance

Retail Banking Services

Cash NPAT

$4,929m

FY21 $4,696m

Contribution to Group profit

51%

Net interest margin

2.39%

FY21 2.60%

Brands

Commonwealth Bank

bankwest

Retail Banking Services (RBS)[1] 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. RBS also includes the retail banking activities conducted under the Bankwest brand.

Financial performance

Cash net profit after tax was $4,929 million, an increase of $233 million or 5% on FY21. Excluding the impact of the Mortgage Broking and General Insurance businesses, cash net profit after tax was $4,963 million, an increase of $311 million or 7% on FY21[2]. This result was driven by strong home lending and deposit volumes, and lower loan impairment expense reflecting reduced COVID-19 uncertainties, partly offset by a lower home loan margin due to competition and unfavourable portfolio mix shifts. Costs increased, driven by inflation and additional staff to support higher operational and risk assessment volumes, partly offset by productivity initiatives including workforce and branch optimisation. Investment spend focused on risk and compliance, product and service innovation, digital enhancements, partnership integration, and home buying process optimisation.

Operating performance

RBS continued to focus on operational excellence, in particular to support home loan applications and approvals, with $170 billion of new home loans funded. This comprised of home loans to over 35,000 first home buyers, including those using the Government's First Home Loan Deposit Scheme.

RBS also saw strong growth in household deposits, with transaction account balances growing by 22% and more than 1,100,000 new transaction accounts opened by customers following the reopening of international borders. Personal loan and credit card activity increased in the second half of the year driven by higher spend and increased demand for unsecured lending products.

A key focus for the Bank remains supporting our customers, including those customers impacted by severe weather events. By leveraging our Customer Engagement Engine we were able to provide real-time, tailored alerts to our customers to offer them a range of support options under our emergency assistance packages. RBS continues to reimagine banking to anticipate our customers' needs and deliver more rewarding and personalised experiences. RBS' strategy is to broaden and deepen our distinct and highly differentiated proposition to give customers more reasons to bank with the Commonwealth Bank. This involves connecting to external services and building new solutions that reinforce our core proposition of home buying, investing and everyday banking.

1 On 21 June 2021, the Group entered into an agreement to sell its Australian general insurance business to Hollard Insurance Company Pty Ltd, which is expected to complete in the second half of calendar year 2022.

2 In order to provide an underlying view of performance, the commentary has been presented excluding the impact of the Mortgage Broking and General Insurance businesses.

Business Banking

Cash NPAT

$3,001m

FY21 $2,840m

Contribution to Group profit

31%

Net interest margin

3.00%

FY21 3.11%

Brands

Commonwealth Bank

CommSec

bankwest

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

Financial performance

Cash net profit after tax was $3,001 million, an increase of $161 million or 6% on FY21. The result was driven by higher business lending and deposits volumes and lower loan impairment expense. Income from increased volumes and higher business lending margins was offset by lower home lending and deposits margins. Cost growth reflects investment in product offerings and distribution capabilities, inflation, and other volume related spend; partly offset by lower remediation costs. Loan impairment expense decreased due to lower individually assessed provision charges and higher write-backs.

Operating performance

BB continues to gather momentum to become the leading business bank in Australia. This has been achieved by significant growth across the franchise, with a strong focus on reimagining our product and service offerings.

We have seen great results in customer advocacy and satisfaction with the Business Bank being #1 in NPS among the major banks for the majority of the year. Our Main Financial Institution (MFI) share increase by 60 basis points to 22%, coupled with leading market share in business deposits points to the strength of our franchise. We now hold over 1 million transaction accounts, growing 10% over the previous year, 35% of which were opened digitally.

BB has also continued to deliver strong volume growth in lending, with an increase of $14.1 billion, growing at a rate of 14% on the prior year. Our targeted industry approach is showing strong outcomes across a range of sectors, including property, agriculture and health.

We have made great strides in reimagining our product and service offerings, such as the development of the Smart terminal with market leading connectivity options, and the expansion of industry solutions through the terminal's App marketplace (for example Smart Health and Doshii). Businesses are also now able to unlock the value of their receivables through our working capital solutions, such as Stream Working Capital.

Faster access to funding is an important factor for borrowers, and a key focus for BB. We have expanded coverage of customers eligible for BizExpress, our digital lending facility, which can provide lending in under 12 minutes. Over 90% of our loan documents are executed digitally, leading to an average of 14 days improvement to our time taken to fund.

Institutional Banking and Markets

Cash NPAT

$1,050m

FY21 $926m

Contribution to Group profit

11%

Net interest margin

1.12%

FY21 1.11%

Brands

Commonwealth Bank

Institutional Banking and Markets (IB&M) serves the commercial and wholesale banking needs of large corporate, institutional and government clients across a full range of banking services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.

Financial performance

Cash net profit after tax was $1,050 million, an increase of $124 million or 13% on FY21 driven by a $207 million decrease in loan impairment expense. Income growth was flat on the prior year with an improved net interest margin reflecting a favourable asset mix, higher institutional lending margins and higher structured asset finance revenue, offset by lower deposits income due to reduced margins from the low interest rate environment and lower global markets income. Operating expenses increased 1% due to higher risk and compliance spend, partly offset by lower amortisation and continued productivity initiatives.

Operating performance

Lending volumes have increased, as the underlying loan market activity remains strong with the M&A cycle continuing. The institutional lending business continues to improve its capital efficiency with improved margins and lower risk weighted assets. Deposit balances continued to grow, driven by customer preference for at-call deposits, however margins remain a challenge due to the low-rate environment during the year.

With the global economy transitioning to a new economic cycle, it has been a challenging period for global markets. IB&M has been well positioned to provide ongoing support for institutional, corporate and government debt issuances. As a result, CBA is ranked #1 in the Debt Capital Markets League table at year end.

IB&M continued to focus on supporting Australia's, and our clients', transition to a modern and sustainable economy to ensure their business and operations are fit for the future. IB&M has increased its involvement in key global carbon markets, and invested in Xpansiv Ltd to build trading infrastructure and grow Australia's voluntary carbon market. IB&M has also facilitated the issuance of $13.6 billion ESG bonds, in line with the Bank's strategy of helping to build Australia's future economy.

New Zealand

Cash NPAT

$1,265m

FY21 $1,161m

Contribution to Group profit

13%

Net interest margin[1]

2.22%

FY21 2.22%

Brands

ASB

New Zealand includes the banking and funds management businesses operating in New Zealand 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.

Financial performance

Cash net profit after tax was $1,265 million, an increase of $104 million or 9% on FY21. The result was driven by higher income from growth in lending and deposit volumes along with an increase due to the gain on sale of the management rights of the ASB Superannuation Master Trust. Costs increased as a result of increased investment in customer experience initiatives and continued investment in people and enhancing technology platforms. Loan impairment expense was driven by higher collective provisioning reflecting uncertainty in the economic outlook.

Operating performance

ASB continued to deliver balanced growth in core lending markets. Home lending grew by 6% for the year and supported nearly 10,000 first home buyers. Business lending increased by 6% for the 12 months to 30 June 2022.

ASB continued to play its role in supporting New Zealanders through economic and social challenges. This included supporting businesses and corporates with free online workshops that provide financial and non-financial guidance and advice. ASB also reduced, rebated, or removed almost $50 million in fees to further support its customers' financial goals, as well as doubling its community bankers' service to achieve better nationwide reach for customers who need extra support.

ASB committed to a $5.7 billion programme of purpose-led discounted lending to support a more resilient New Zealand, linked to the Reserve Bank of New Zealand's Funding for Lending Programme, which commenced in December 2020. It included over $4 billion of support to customers building a new home which represents nearly 6,000 new home projects. There was a further $1.7 billion in lending committed to businesses investing in infrastructure and sustainability projects, which included more than $240 million in low-cost lending to improve sustainability in the rural sector.

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

Our approach to corporate governance

Our approach to corporate governance sets the foundation for the way we conduct our business and deliver outcomes. We are committed to the highest level of governance to underpin living our purpose and values.

Effective corporate governance is key to the Bank's ability to deliver on our purpose and strategy. The Board recognises the importance of balancing new strategic initiatives with core business performance. Over the past financial year, the Board focused on:

Culture

The Board recognises that, together with management, it has a critical role in setting the cultural tone of the Bank. CBA's culture is anchored in our values of Care, Courage and Commitment, and, combined with the Bank's renewed purpose, building a brighter future for all, provides a strong sense of direction.

Following the formal closure of the Bank's Remedial Action Plan and the commencement of an ongoing program of work to further embed and sustain improvements to our governance, culture and accountability, the Board continued to allocate time to reviewing our risk culture and mindset. In addition, supporting our people's wellbeing, promoting engagement, and embedding inclusion and diversity were viewed as critically important given the significant shift in ways of working over the past two years.

The Board actively monitors the Bank's culture and cultural change initiatives, seeking to ensure that the lived experience throughout the Bank aligns with our purpose and values. It does this by leveraging data and insights provided from a range of resources, including employee surveys, strategic metrics and focus groups, as well as audit and compliance reports.

Strategy and risk management

The Board regularly tests the relevance and effectiveness of the Bank's strategy in the context of current and potential future conditions. This is to ensure we remain well-positioned to perform for shareholders over the long term and support customers in times of need.

This year more time was spent on reviewing the Bank's strategy in light of changes in the geopolitical landscape, higher domestic and global inflation leading to rising interest rates, and the evolving financial services landscape. The Board focused on the continued support for customers and the economy through the challenges of transitioning to living with COVID-19 and extreme weather events. The Board reviewed management progress in bringing new innovations to market to differentiate our customer proposition and create more value.

The Board also prioritised monitoring the Bank's climate commitments and the progress of the environmental and social (E&S) work program against its strategic objectives.

Smooth transition to a new Chairman

The Board Nominations Committee continues to review the Board Skills Matrix to ensure that it delivers the appropriate diversity of skills, experience and strategic thinking required to lead Australia's largest bank and be at the forefront of digital banking. Our Non-Executive Directors all have significant experience across multiple areas of the Board Skills Matrix, and contribute to all elements of strategic and risk oversight. This ensures that the prescribed skills and experience remain present as the Board composition evolves.

Chairman Catherine Livingstone AO announced her retirement effective 10 August 2022. Under her leadership, the Board focused on our strategy to become a simpler, better bank for our customers and our people and also addressed significant issues arising from the Prudential Inquiry and Royal Commission. The timing is now right for a smooth transition to a new Chairman. The Board elected Non-Executive Director Paul O'Malley as successor. The Chairman-elect's considerable executive leadership experience during a period of industry disruption is well suited to leading the Board for the next phase of our more ambitious agenda, to build tomorrow's bank today for our customers.

+ For more information on the key areas of Board discussion see pages 69–70.

Our corporate governance framework

Our key corporate governance principles are accountability, effective delegation and adequate oversight to support sound decision-making.

CBA Board

Sets the strategic objectives and risk appetite of CBA, and oversees management.

Audit Committee
Oversees financial reporting, the audit process and internal controls

Nominations Committee
Oversees Board and Committee composition, renewal and succession planning

Risk & Compliance Committee
Oversees current and emerging risk management

People & Remuneration Committee
Oversees the people and remuneration framework, policies and practices

Independent assurance and advice
Including internal and external audit

CEO

Accountable for the day-to-day management of CBA and execution of our strategic priorities.

Executive Leadership Team

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.

Our people

Responsible for adhering to the standards of behaviour, actions and decisions set out in the Code of Conduct and delivering for our customers.

The Board is responsible for setting the strategic objectives and risk appetite of the Bank. The Board approves the Bank's Code of Conduct which outlines the standards of behaviour, actions and decisions expected by the Board.

The Board delegates certain powers to Board Committees to help it fulfil its roles and responsibilities. Strategically significant matters which could impact the Group's strategy – such as future competition, digital innovation, and environmental and social issues – are the responsibility of the Board and remain at the Board level.

Board governance changes from the Bank's Remedial Action Plan transitioned more oversight into the Committees to create time for the Board to look at long-term issues and consider the Bank's strategic pillars and foundations. Committees support the Board by undertaking work to facilitate sound decision-making. For example, the Risk & Compliance Committee (RCC) is responsible for monitoring and reporting to the Board on new and emerging sources of risk, and the controls and mitigation measures put in place to deal with those risks. Committees meet to consider and discuss specific matters in detail and, where appropriate, make recommendations to the Board for resolution. The Bank's four standing committees – Audit, Nominations, RCC, and People & Remuneration – have Charters to clearly define and delineate their roles and responsibilities. These Charters are reviewed annually. The Board may also form committees to undertake specific duties as required.

Further, the Board has put in place processes to ensure that information flows between Committees are effective and timely. These measures provide the Board with clear oversight of matters through to resolution.

With the exception of matters specifically reserved to the Board or its Committees, the Board delegates management responsibilities to the CEO. The CEO may further delegate powers and responsibilities to the Executive Leadership Team (ELT).

The CEO is accountable to the Board for the exercise of the authority delegated to him, for those powers which he delegates to others, and for management's performance overall.

Board planning and agenda setting

Board meetings are an important part of setting the Board's expectations of management and providing the Board with oversight of the Bank's strategy and operations. Each year there are six multi-day Board and Committee meetings with structured, standing agendas. In most of the alternate months, shorter supplementary Board meetings are held by video conference. In these meetings, key reports are provided to the Board on business performance and significant developments. A one-week strategy session is also held, usually offshore.

Comprehensive planning and agenda-setting ensure the Board's time is used efficiently. At the beginning of each year, the Board reviews its key objectives and priorities to inform the forward planner. The forward planner sets the framework and agenda for each Board meeting. It balances regulatory and legal obligations and allows sufficient time to discuss strategic and other matters. Recurring agenda items include strategy, customer and community, organisation and people, business performance, financial reporting, financial and non-financial risks, legal and regulatory, and governance and policy.

Agendas are reviewed by respective Board and Committee Chairmen in consultation with the CEO and ELT, and adjusted to reflect the Bank's priorities. The Board also retains flexibility for ad hoc matters to be raised and discussed where appropriate.

During the 2022 financial year, more time was allocated for open discussions at Board meetings to facilitate greater focus on the Bank's strategy, increased informal engagement with management, and continued engagement with stakeholders.

Approach to Board education

The Bank operates in a complex and dynamic macroeconomic, legal and regulatory environment. No one director assumes responsibility for a singular topic. The Board collectively exercises its responsibilities through understanding banking and the complexity of issues that impact on strategy, risk and operations.

The Bank has an induction program for new Directors, tailored to their skills and experience, and providing insight into the Bank's culture. There is also an annual program to ensure all Directors receive appropriate and targeted education. This education is delivered by technical experts and policy owners in an interactive format, ensuring Board members can seek further clarification and information as desired. In the reporting period, topics included information security, financial crimes compliance, and E&S risk. Additional educational programs are also scheduled on an ad hoc basis.

Twice yearly, the Board meets for offsite education and strategy sessions, which provide a deeper understanding of emerging issues and the implications for the Bank's strategy. Focus areas for the 2022 financial year included the Bank's progress on its climate strategy and the future of the financial system – including digital currencies, customer-centred design and regulation of the digital economy.

Approach to stakeholder engagement

Our diverse stakeholder groups hold a range of views on the issues that impact our business, and we know that listening to these offers valuable insights. Stakeholder engagement is a critical aspect of Board decision-making. The Board carries out an annual engagement program to better understand external perspectives and share knowledge with stakeholders, including customers, shareholders and regulators.

The Board regularly engages with regulators such as the Reserve Bank of Australia, the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission, the Australian Transaction Reports and Analysis Centre, Australian Financial Complaints Authority, and the Banking Code Compliance Committee. Regulators present at Board meetings throughout the year which provides the opportunity to discuss key industry issues. The Chairman also meets with institutional investors throughout the year.

In 2022, Directors had the opportunity to meet face-to-face with customers to better understand their needs and experiences. Engagement also included visiting CBA's Indian operations. This provided an opportunity to meet internal and external stakeholders, and obtain a detailed understanding of the local opportunities and risks.

List of stakeholders:

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

Learn more about our approach to stakeholder engagement in our Corporate Governance Statement available at commbank.com.au/corporategovernance

Key areas of Board discussion during 2022

Strategy and business performance

At each Board meeting, Directors receive reports from the CEO and CFO on the Bank's operating performance and progress against strategic priorities. Key activities included:

- Monitoring progress through the Group Strategy Scorecard.
- Discussing and reviewing the proposed Group FY23–25 Business Plan.
- Conducting deep dives into the Bank's operating context, selected international operations, product categories and program delivery.
- Reviewing strategic initiatives, including technology transformation, handling of data, partnership strategy, customer experience, workforce capability and workforce planning.

Spotlight

Positioning for the future

The Bank is investing in partnerships, innovation and technology to build the best integrated and personalised customer experiences. The Board oversees the allocation of capital and resources to ensure expected outcomes are delivered. This included approving the strategic relationship with leading AI firm H20.ai to help advance the Bank's AI capabilities and provide access to top talent and technology.

Key Stakeholders:

Customers Investors Community

Financial oversight

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

- Monitoring the Bank's operating performance.
- Approving the FY21 full year and FY22 half year financial results.
- Approving the FY21 final dividend and the FY22 interim dividend.
- Discussing and approving the Bank's capital management strategy.
- Receiving regular reports in relation to the Bank's funding and liquidity positions.
- Approving off-market and on-market share buy-back programs.
- Noting and discussing simplification and cost strategies.

Spotlight

Returning capital to shareholders

The Board considered a range of options for returning surplus capital to shareholders. After consideration, the Board determined share buy-backs were the most efficient and value-enhancing strategy to distribute the Bank's surplus capital from divestments.

In the 2022 financial year, the Board approved the return of approximately $13 billion of capital to shareholders through dividends, a $6 billion off-market share buy-back and a further $468 million as part of a $2 billion on-market share buy-back.

Key Stakeholders:

Investors Government and regulators

Risk management

During the 2022 financial year the Board focused on COVID-related risks, the management of cyber and technology, environmental and social risks, as well as geopolitical risks. Key activities included:

- Overseeing the Bank's Risk Management Framework and its operation by management, receiving regular reports from the Group Chief Risk Officer and Non-Financial Risk Committee.
- Approving the Bank's Risk Management Approach, supporting risk frameworks and policies for managing financial and non-financial risks.
- Monitoring and assessing the Bank's risk culture.
- Noting the outcome of the renewal of the Bank's insurance program.

Spotlight

Overseeing strategic and emerging risks

The RCC meets six times per year to consider complex risk issues before making recommendations to the Board. From time-to-time, specific risk issues are referred by the RCC to the Audit Committee for further review. The Board, RCC and the Group Chief Risk Officer work together to facilitate effective management of risks. Management of technology, cyber security and data risks were a high priority.

Key Stakeholders:

Customers Investors Community

Government and regulators

Key areas of Board discussion during 2022 continued

People and culture

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

- Extensive time spent discussing, assessing and addressing risk culture, everyday behaviours and strategic mindset.
- Monitoring health, safety and wellbeing reports and supporting initiatives such as implementing rapid antigen testing for frontline employees and return to work and vaccination policies.
- Conducting an annual review of the Code of Conduct.
- Approving the Bank's simplified Whistleblower Policy.
- Receiving updates on the evolution of talent and succession plans among the ELT and senior management.
- Receiving updates in relation to the Bank's SpeakUp program, Your Voice survey and the annual culture review.

Spotlight

Attracting and retaining talent

The Board considers culture, talent management and succession planning in the context of the Bank's strategy. This year, the People & Remuneration Committee conducted a deep dive to ensure appropriate initiatives were in place to retain and attract top talent, and approved the Bank's Organisational Culture Plan to embed the positive culture changes achieved over the past four years.

Key Stakeholders:

Our people Customers Investors

Regulatory and legal considerations

The Board considers a diverse range of legal and regulatory issues. Key activities included:

- Receiving regular reports on key legal and regulatory matters, including investigations, disputes and customer remediation.
- Receiving updates on the impact on the business of the proposed Financial Accountability Regime.
- Discussing international and domestic emerging risks and trends in regulation.
- Monitoring progress towards the Prudential Inquiry's transition period objectives.
- Meeting with regulators throughout the year to obtain feedback on policy and supervision priorities, expectations and proposed reforms.

Spotlight

Protecting against financial crime

The Board has ongoing responsibility for the oversight of the Anti-Money Laundering and Counter Terrorism Financing Program. The RCC receives a Financial Crime Compliance Report at each Committee meeting, which outlines the financial crime risk across the Group, including key trends and any material breaches of the Group Anti-Bribery and Corruption Policy.

Key Stakeholders:

Government and regulators Investors

Customers Our people

Suppliers Community

Environmental and social

The Board regularly considers E&S matters given their importance to our stakeholders and the Bank's long-term performance. Key activities included:

- Advancing the Bank's E&S program, which outlines the Group's commitment to managing E&S risks, including climate change, human rights and modern slavery.
- Discussing the priorities and scope of the Group's social impact program in the context of the evolving external environment.
- Resolving to join the Net-Zero Banking Alliance (NZBA) and to support Australia's transition to net zero emissions by 2050.
- Reviewing and approving the 2021 Modern Slavery and Human Trafficking Statement.

Spotlight

Supporting the transition

This year, the Board resolved to align the Bank's temperature ambition[1] to 1.5°C and join the NZBA. This decision was informed after reviewing the Australian policy context, feasibility of achieving 2030 interim targets for key lending portfolios, and the global emissions trajectory for three hard to abate sectors (cement, iron and steel, and aviation).

Key Stakeholders:

Customers Investors Our people

Community Government and regulators

Suppliers

1 See *Glossary* on page 295 for our definition of a '1.5°C temperature ambition'.

Board performance, composition and renewal

To support sound decision making, it is important the Bank has Non-Executive Directors who are independent, collectively have relevant skills and experience, and represent a diverse range of views and thinking.

As at 30 June 2022, the Board had 11 Directors: 10 independent Non-Executive Directors and the Chief Executive Officer.

With the assistance of the Nominations Committee, the Board regularly reviews its size and composition and considers a number of factors. The Board recognises the importance of continuously monitoring and improving its performance and the performance of its Committees. The Board assesses its performance annually, including having an independent, external performance review of the Board and its Committees every three years. The assessment focuses on a range of factors, including roles and responsibilities, effectiveness, behaviour, reporting and engagement.

Skills and experience

Frequent and deliberate consideration is given to diversity of thought, background, experience and skills. The Board Skills Matrix sets out the skills and experience considered essential for effective decision-making and guides the ongoing Board renewal process. New adjacencies are considered and created as required to reflect the Bank's operating environment.

Tenure

The Board contains a mix of longer- and shorter-term Directors. Average tenure across the Board to 10 August 2022 was approximately four years, with a range from 11 months to eight years. This wide range combines knowledge and history of the Group with fresh insights from more recent appointees.

Independence

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. The Board considers that all Non-Executive Directors were independent during the 2022 financial year.

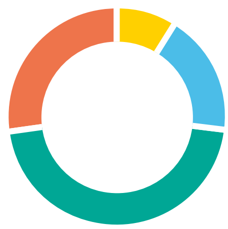
Diversity

The Board recognises the value of diversity. The Board's Directors represent a range of ages, nationalities and backgrounds. The Board has a gender target of 40% female, 40% male and 20% of any gender that hold the relevant skills and experience. As at 30 June 2022, 45% of the Board were female and 55% were male.

Board diversity

Female	45%
Male	55%

Board tenure



0–1 years	9%
1–3 years	18%
3–6 years	46%
6–9 years	27%

Further information is available in the Corporate Governance Statement at commbank.com.au/corporategovernance

Board renewal

Board renewal and orderly transitions are important for ensuring effective Board performance.

After more than six years on the Board, Catherine Livingstone AO retired as Chairman on 10 August 2022. The Board has elected current Non-Executive Director Paul O'Malley to be Catherine Livingstone AO's successor as Chairman. Paul O'Malley has substantial board, executive leadership and operational experience. He served as Managing Director and Chief Executive Officer of BlueScope Steel Ltd for 10 years until 2017.

Julie Galbo was appointed to the Board effective 1 September 2021. She brings more than 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 RCC.

Board skills and experience

The Board Skills Matrix sets out the skills and experience considered essential to the effectiveness of the Board and its Committees. The Matrix is reviewed annually by the Nominations Committee to ensure the prescribed skills and experience address the Bank's evolving strategy and current operating environment. The Matrix is also used to guide the identification of potential director candidates as part of the ongoing Board renewal process.

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

Board of Directors

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

Catherine Livingstone AO

BA Hons (Accounting), FCA, FTSE, FAICD, FAA

Chairman and Independent Non-Executive Director

Appointed: Non-Executive Director from 1 March 2016, Chairman from 1 January 2017

Board Committees: Nominations (Chairman), Audit, Risk & Compliance and People & Remuneration

Age: 66 years **Residence:** Sydney, Australia

Contribution to the Board

Catherine has extensive business, finance and executive leadership experience and has contributed to the development of Australia's banking, telecommunications, science, technology and innovation sectors. Catherine has held a number of senior roles, including as Chairman of Telstra Corporation Ltd and of the CSIRO, and as Managing Director and Chief Executive Officer of Cochlear Ltd. Catherine has also served on the boards of Worley Ltd, Macquarie Group Ltd, and is a former President of the Business Council of Australia, the Australian Museum and Chief Executive Women.

Other current external appointments

Chancellor of the University of Technology Sydney, member of the Steering Committee for the CSIRO Australia Telescope National Facility, and Director of Saluda Medical Pty Ltd, and The Australian Ballet Board.

Directorships of other listed entities in the last three years

Worley Ltd (July 2007–October 2019).

Matt Comyn

BAv, MCom, EMBA, GMP

Managing Director and Chief Executive Officer

Appointed: 9 April 2018

Board Committees: Nil

Age: 46 years **Residence:** Sydney, Australia

Contribution to the Board

Matt has over 21 years' experience in banking across business, institutional and retail and has held a number of senior leadership roles since joining the Bank in 1999. From 2012, until Matt's appointment as Chief Executive Officer, he was Group Executive Retail Banking Services, the Bank's largest operating division, which accounts for more than half of the Bank's profit and also leads the development of digital products and services for the Bank. Between 2006 and 2010, Matt was Managing Director of the Bank's biggest digital business, CommSec, overseeing a significant modernisation of its technology platform and growing market share and profitability.

Other current external appointments

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

Directorships of other listed entities in the last three years

Nil.

Catherine Livingstone AO retired from the Board as Chairman and Independent Non-Executive Director on 10 August 2022 after the finalisation of the financial statements and accounts for the 2022 financial year.

Shirish Apte

ACA, BCom, MBA

Independent Non-Executive Director

Appointed: 10 June 2014

Board Committees: Audit and Risk & Compliance

Age: 69 years **Residence:** Singapore

Contribution to the Board

Shirish has more than three decades of international banking experience at Citi, where he focused on corporate, investment banking, risk management and managed commercial and retail banking businesses at a country and regional level. Shirish has held a number of roles, including Co-Chairman of Citi Asia Pacific Banking, Chief Executive Officer of Citi Asia Pacific, Co-Chief Executive Officer of Europe, Middle East and Africa, and Country Manager and Deputy Chairman of Citi Handlowy, Poland.

Other current external appointments

Aviva Sing Life Holdings.

Directorships of other listed entities in the last three years

IHH Healthcare Bhd (September 2014–May 2021), Fortis Healthcare Ltd (January 2019–July 2021), Citi Handlowy (Member of the Supervisory Board) (March 2016–December 2020), Standard Chartered Plc and Standard Chartered Bank (May 2022–present), and Keppel Corporation Limited (1 July 2021–present).

Genevieve Bell AO

PhD, MA, MPhil, BA, FTSE, FAHA

Independent Non-Executive Director

Appointed: 1 January 2019

Board Committees: Nominations and People & Remuneration

Age: 55 years **Residence:** Canberra, Australia

Contribution to the Board

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

Other current external appointments

Distinguished Professor, Director of the School of Cybernetics and Director of the 3A Institute at the College of Engineering and Computer Science at the Australian National University, the university's inaugural Florence Violet McKenzie Chair, member of the National Science and Technology Council, and Engelbart Distinguished Fellow of SRI International.

Directorships of other listed entities in the last three years

Nil.

Julie Galbo

LLM, Executive Management Program (INSEAD)

Independent Non-Executive Director

Appointed: 1 September 2021

Board Committees: Nil

Age: 51 years **Residence:** Copenhagen, Denmark

Contribution to the Board

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

Other current external appointments

Member of faculty of the Board Academy at Copenhagen Business School, the advisory council of the International Association of Credit Portfolio Managers, the advisory board of Prometeia (an Italian consultancy firm) and a member of Bestyrelsesforeningen (Danish Institute of Company Directors).

Directorships of other listed entities in the last three years

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

Peter Harmer

Harvard Advanced Management Program

Independent Non-Executive Director

Appointed: 1 March 2021

Board Committees: Audit and People & Remuneration

Age: 61 years **Residence:** Sydney, Australia

Contribution to the Board

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

Other current external appointments

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

Directorships of other listed entities in the last three years

Insurance Australia Group Ltd (November 2015–November 2020), IAG Finance (New Zealand) Ltd (December 2015–December 2019), Nib holdings Ltd (July 2021–present), and AUB Group Limited (July 2021–present).

Paul O'Malley

BCom, M.App Finance, ACA

Chairman-elect and Independent Non-Executive Director

Appointed: 1 January 2019

Board Committees: People & Remuneration (Chairman) and Risk & Compliance

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

Contribution to the Board

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

Other current external appointments

Nil.

Directorships of other listed entities in the last three years

Coles Group Limited (October 2020–present).

Simon Moutter

BSc, BE (Hons), ME

Independent Non-Executive Director

Appointed: 1 September 2020

Board Committees: Risk & Compliance

Age: 62 years **Residence:** Auckland, New Zealand

Contribution to the Board

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

Other current external appointments

Chairman of four privately owned businesses – Smart Environmental Group Ltd, Taconic Midco Ltd, Les Mills International Ltd and Designer Wardrobe Ltd. He is also an Operating Partner to Intellihub Ltd.

Directorships of other listed entities in the last three years

Spark New Zealand Limited (August 2012–June 2019).

Paul O'Malley was elected by the Board as Chairman and Catherine Livingstone's AO successor. He assumed his new position on 10 August 2022.

Mary Padbury

BA LLB (Hons), GAICD

Independent Non-Executive Director

Appointed: 14 June 2016

Board Committees: Nominations and People & Remuneration

Age: 63 years **Residence:** Melbourne, Australia

Contribution to the Board

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

Other current external appointments

Chairman of the Macfarlane Burnet Institute for Medical Research and Public Health Ltd, member of Chief Executive Women and Board member of the Brandenburg Ensemble (Australian Brandenburg Orchestra).

Directorships of other listed entities in the last three years

Nil.

Anne Templeman-Jones

BCom, EMBA, MRM, CA, FAICD

Independent Non-Executive Director

Appointed: 5 March 2018

Board Committees: Audit (Chairman) and Risk & Compliance

Age: 61 years **Residence:** Sydney, Australia

Contribution to the Board

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

Other current external appointments

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

Directorships of other listed entities in the last three years

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

Rob Whitfield AM

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

Independent Non-Executive Director

Appointed: 4 September 2017

Board Committees: Risk & Compliance (Chairman), Nominations and Audit

Age: 57 years **Residence:** Sydney, Australia

Contribution to the Board

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

Other current external appointments

Nil.

Directorships of other listed entities in the last three years

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

Executive Leadership Team

Pascal Boillat

Group Executive, Technology and Group Chief Information Officer

Appointed: October 2018

Priorities: Pascal is responsible for information technology, technology infrastructure and digital delivery for all divisions across CBA. He is also responsible for security across Commonwealth Bank, including cyber, fraud, physical security and business resilience.

Experience: Pascal has more than 30 years' international experience in financial services. Prior to joining the Bank, Pascal was Group Chief Information Officer at Deutsche Bank, with accountability for technology strategy and delivery of IT. He also held technology-focused executive roles at Fannie Mae, Citibank and Credit Suisse.

David Cohen

Deputy Chief Executive Officer

Appointed: November 2018

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

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

Alan Docherty

Group Executive, Financial Services and Chief Financial Officer

Appointed: October 2018

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

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

Andrew Hinchliff

Group Executive, Institutional Banking and Markets

Appointed: August 2018

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

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

Sian Lewis

Group Executive, Human Resources

Appointed: August 2018

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

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

Monique Macleod

Group Executive, Marketing and Corporate Affairs

Appointed: September 2021

Priorities: Monique is responsible for bringing together the Bank's marketing and corporate affairs functions, including branding, customer insights, government relations, communications and social impact. Monique's priorities include building the brand, guiding how we engage with customers, communicate with stakeholders and the broader community, and manage reputational issues. She also oversees the social-related aspects of the Bank's E&S work program.

Experience: Prior to joining the Bank in 2011, Monique held roles at advertising agencies, McCann Erickson WorldGroup and DDB Australia, where she was responsible for the successful execution of advertising and communication strategies for major clients.

Carmel Mulhern

Group General Counsel and Group Executive, Legal & Group Secretariat

Appointed: January 2020

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

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

Vittoria Shortt

Chief Executive and Managing Director, ASB Bank Ltd

Appointed: February 2018

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

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

Angus Sullivan

Group Executive, Retail Banking Services

Appointed: July 2018

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

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

Sinead Taylor

Chief Operations Officer

Appointed: October 2021

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

Experience: Prior to her current role, Sinead was Executive General Manager of Bankwest, having led the business since 2019 following six years in leadership roles across the business and retail bank. Prior to Bankwest, Sinead held a variety of Executive roles at Commonwealth Bank in Global Markets, Strategy, Marketing, Business and Corporate Banking.

Mike Vacy-Lyle

Group Executive, Business Banking

Appointed: February 2020

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

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

Nigel Williams

Group Chief Risk Officer

Appointed: November 2018

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

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

Scott Wharton ceased as Group Executive, Program Delivery effective 30 June 2022.

Directors' report

The Directors of the Commonwealth Bank of Australia present their report, together with the Financial report of the Commonwealth Bank of Australia (the Bank) and of the Group, being the Bank and its controlled entities, for the year ended 30 June 2022.

Principal activities

We are one of the leading banks in Australia. We serve more than 16 million customers with a focus on providing retail and commercial banking services predominantly in Australia, and in New Zealand through our subsidiary ASB. Our products and services are provided through our divisions, Retail Banking Services, Business Banking, Institutional Banking and Markets, and ASB New Zealand.

+ **A review of the divisional operations and their results for the financial year ended 30 June 2022 can be found on pages 62–65.**

Building simpler, better foundations

We have undertaken and completed a number of transactions that are consistent with our strategy to focus on our core banking business and to create a simpler and better bank. Those transactions that were executed or completed in the past two financial years are set out below.

On 1 November 2019, the Group announced the implementation of a joint cooperation agreement (JCA) which resulted in the full economic interests associated with CommInsure Life being transferred to AIA Group Limited (AIA), and AIA obtaining direct management and control of the business (excluding the Group's 37.5% equity interest in BoCommLife Insurance Company Limited (BoCommLife)). As a result, CommInsure Life (excluding BoCommLife) was deconsolidated and derecognised on 1 November 2019. The sale was completed via a statutory asset transfer on 1 April 2021.

On 28 April 2020, the Group announced the sale of its subsidiary, Australian Investment Exchange Limited (AUSIEX), to Nomura Research Institute (NRI). The sale completed on 3 May 2021.

On 10 December 2020, the Group completed the sale of its 37.5% equity interest in BoCommLife to MS&AD Insurance Group Holdings, Inc., the ultimate parent company of Mitsui Sumitomo Insurance Co.

On 16 December 2020, the Group announced that it had entered into an agreement to merge Aussie Home Loans with Lendi Pty Ltd (Lendi). The transaction completed on 3 May 2021.

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 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 to retain its remaining shareholding in HZB of approximately 5.6% until at least 28 February 2025. The sale completed on 30 June 2022.

CFS has been 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.

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

+ **For further details, refer to Note 1.1 and Note 11.3 in the *Financial* report on pages 123 and 265–267, respectively.**

Operating and financial review [1]

Group profit

The Group's statutory net profit after tax for the financial year ended 30 June 2022 was $10,771 million, an increase of $590 million or 6% on the prior year. Statutory net profit after tax from continuing operations for the financial year ended 30 June 2022 was $9,673 million, an increase of $830 million or 9% on the prior year. The increase was driven by a 3% increase in total operating income, a 3% increase in operating expenses and a loan impairment benefit for the year of $357 million, which was a $911 million decrease on the prior year.

Statutory net profit after tax from discontinued operations for the financial year ended 30 June 2022 was $1,098 million, a decrease of $240 million or 18% on the prior year. This was predominantly driven by lower gains on disposals of businesses net of transaction and separation costs.

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

The Group's cash net profit after tax including discontinued operations for the year ended 30 June 2022 was $9,708 million, an increase of $907 million or 10% on the prior year. Excluding discontinued operations, cash net profit after tax for the year ended 30 June 2022 was $9,595 million, an increase of $942 million or 11% on the prior year. For further detail on the drivers of cash net profit after tax, refer to the *Financial performance* section on pages 56–65.

Cash to statutory profit reconciliation

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

	Continuing operations		Total including discontinued operations	
	FY22	FY21	FY22	FY21
Net profit after tax – cash basis	9,595	8,653	9,708	8,801
(Loss)/gain on acquisition, disposal, closure and demerger of businesses and associates (classified as discontinued operations)	(30)	183	955	1,373
Hedging and IFRS volatility	108	7	108	7
Net profit after tax – statutory basis	9,673	8,843	10,771	10,181

Non-cash items include:

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

1 This Operating and Financial review includes the information below and the information in the *Overview* section (pages 2–7) and the *How we create value* section (pages 8–79).

Directors' report (continued)

Assets and liabilities

Home loans increased $42 billion or 7%, reflecting higher new business volumes and a continued focus on credit decisioning turn-around times. Australian home loan balance growth of 7% was broadly in line with market growth.

Business and corporate loans increased $25 billion or 11%, primarily driven by domestic business lending growth across the property, agriculture and health sector, and growth in institutional lending balances primarily across the structured, corporate lending and funds financing portfolios.

Other assets (including held for sale) increased $57 billion or 21%, primarily driven by the increase in liquid asset balances due to strong customer deposit growth.

Deposits increased $91 billion or 12%, primarily driven by continued growth in transaction, savings, investments and other demand deposits. The growth in deposits was driven by increased domestic money supply and growth in mortgage offset accounts.

Debt issues increased $14 billion or 13%, reflecting higher wholesale funding requirements due to lending volume growth.

Term funding from central banks increased $3 billion, primarily driven by additional drawdown of funds under the RBNZ lending facilities.

	As at		
Total Group assets and liabilities ($m)	**30 Jun 22**	**30 Jun 21[1]**	**% change**
Home loans	**621,993**	579,756	7%
Consumer finance	**16,494**	16,997	(3%)
Business and corporate loans	**244,380**	219,653	11%
Total Group lending	**882,867**	816,406	8%
Other assets (including held for sale)	**332,393**	275,569	21%
Total assets	**1,215,260**	1,091,975	11%
Deposits	**855,931**	764,502	12%
Debt issues	**116,902**	103,003	13%
Term funding from central banks	**54,807**	51,856	6%
Other liabilities (including held for sale)	**114,782**	93,926	22%
Total liabilities	**1,142,422**	1,013,287	13%

1 Comparative information has been restated. For further details, refer to Note 1.1 in the *Financial report* on page 124.

Further information and analysis of the financial performance of the Group for the financial year ended 30 June 2022 can be found in the *Financial performance* section on pages 56-65 of this Annual Report. Details on our risk management framework, material risk types and approach to managing them, including a description of the material trends in our current external operating context and more information on our business strategies can be found in the *Overview* (pages 2–7), *How we create value* section (pages 8–79), including the *Managing our strategic risks* section (pages 50–55) of this Annual Report.

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

Dividends

Details of dividends paid and dividends determined are outlined in Note 8.4 in the *Financial report* on pages 204–205.

Litigation and regulatory matters

There continues to be a number of litigation and regulatory proceedings against the Group. The proceedings include:

- The defence of eleven class actions. These include two separate shareholder class action proceedings, three class action claims in relation to superannuation products, a class action that was commenced by Bankwest customers, a class action in relation to consumer credit insurance for credit cards and personal loans, two class actions related to financial advice, 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;
- Three ASIC civil penalty proceedings against CBA or a Group entity (two of which have been heard with judgment reserved);
- One civil penalty proceeding brought against CBA and a Group entity by the Fair Work Ombudsman; and
- One ASIC criminal proceeding brought against CBA which has been heard with judgment reserved.

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. The Group is also party to four enforceable undertakings with a regulator and continues to receive various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews.

In addition to possible regulatory actions and reviews, there may also be financial exposure to claims by customers, third parties and shareholders and this could include further class actions, customer remediation or claims for compensation. The outcomes and total costs associated with such regulatory actions and reviews, and possible claims remain uncertain.

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

For further information about some of the more significant litigation and regulatory matters referred to above, refer to Note 7.1 in the *Financial report* on pages 188–195.

Change in state of affairs

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

- Changes in the nature of principal activities outlined in the *Building simpler, better foundations* section on page 80.
- Changes to the Board as outlined in the *Our approach to corporate governance* section on pages 66–79.

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

Events subsequent to reporting date

The Bank expects the Dividend Reinvestment Plan (DRP) for the final dividend for the year ended 30 June 2022 will be satisfied in full by an on-market purchase of shares of approximately $600 million.

The Group invested an additional $47 million into Klarna as part of their US$800 million capital raise executed on 11 July 2022.

The Directors are not aware of any other matter or circumstance that has occurred since 30 June 2022, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Environmental reporting

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

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

For more information on our voluntary environmental reporting, see the *Environmental* section on pages 24–25 and our *Environmental metrics* on pages 42–43. For further detail on our approach to climate change, refer to our 2022 Climate Report.

Modern slavery reporting

We are subject to Australia's *Modern Slavery Act 2018* (Cth) and as required by that legislation, we published our second Modern Slavery Statement (statement) during the 2022 financial year. This statement details the actions taken in the 2021 financial year to identify, manage and mitigate the risk of exposing people to modern slavery in our supply chain and our business operations. This disclosure builds upon our annual reporting for the UK Modern Slavery Act 2015, having published our first modern slavery and human trafficking statement in 2016.

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

Directors' report (continued)

Directors and Directors' meetings

The Board of the Commonwealth Bank of Australia met 13 times during the year ended 30 June 2022. In addition, Directors attended Board strategy sessions and special purpose committee meetings during the year.

The following table includes:

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

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

	Board				Committees									
	Scheduled meetings		Unscheduled meetings[1]		Risk & Compliance		Audit		People & Remuneration		Nominations		Concurrent	
	Held[2]	Attended	Held[3]	Attended	Held[2]	Attended	Held[2]	Attended	Held[2]	Attended	Held[2]	Attended	Held[4]	Attended
Director														
Catherine Livingstone AO	11	11	2	1	6	6	6	6	7	6	7	7	2	2
Matt Comyn	11	11	2	1										
Shirish Apte	11	11	2	2	6	6	6	6					2	2
Genevieve Bell AO	11	11	2	2					7	7	7	7	2	2
Julie Galbo[5]	9	9	2	2										
Peter Harmer[6]	11	11	2	2			5	5	6	6			2	2
Simon Moutter[7]	11	11	2	2	5	5							2	2
Paul O'Malley	11	11	2	2	6	6			7	7			2	2
Mary Padbury	11	11	2	2					7	7	7	7	2	2
Anne Templeman-Jones	11	11	2	2	6	6	6	6					2	2
Rob Whitfield AM	11	11	2	2	6	6	6	6			7	7	2	2

1 Out of cycle Board meetings typically called for a special purpose that do not form part of the Board approved yearly planner. The Chairman and the CEO recused themselves from the unscheduled Board meeting which focused on Chairman succession matters.
2 The number of scheduled meetings held during the time the Director was a member of the Board or of the relevant committee.
3 The number of unscheduled meetings held during the time the Director was a member of the Board.
4 The number of concurrent meetings of the four Board committees held during the time the Director was a member of the relevant committee.
5 Julie Galbo was appointed as a Director on 1 September 2021.
6 Peter Harmer was appointed as a member of the Audit and People and Remuneration Committees on 1 September 2021.
7 Simon Moutter was appointed as a member of the Risk & Compliance Committee on 1 September 2021.

+ Details of current Directors, their experience, qualifications, directorships of other listed entities and any special responsibilities (including Board Committee memberships) and other external appointments, are set out in the *Our approach to corporate governance* section on pages 66–79.

Options and share rights outstanding

There are no options over Bank shares on issue as at the date of this report. As at the date of this report, there are 1,153,154 share rights outstanding in relation to Bank ordinary shares and no employee options. Holders of outstanding share rights in relation to the Bank's ordinary shares do not have any rights under the share rights to participate in any share issue or interest of the Bank.

Directors' interests in contracts

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

Directors' and officers' indemnity and insurance

Constitution

The Directors, as named on pages 73–76 of this report, and the Company Secretaries of the Bank, referred to below, are indemnified under the Constitution of the Commonwealth Bank of Australia (the Constitution), as are all current or former Directors or Executive Officers of the Bank.

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

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

Deeds of indemnity

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

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

The Deed Poll has been executed by the Bank in favour of each:

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

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

Indemnity arrangements for off-shore subsidiaries are determined by local laws and practices.

Insurance

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

Proceedings on behalf of the Bank

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

Rounding and presentation of amounts

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

Company secretaries

Carmel Mulhern was appointed Company Secretary of the Bank on 10 December 2020. Carmel is also the Bank's Group General Counsel and Group Executive, Legal & Group Secretariat and her experience is set out on page 78.
Qualifications: BA, LLB, LLM, FGIA

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

Suzannah Fletcher was also appointed as a Company Secretary of the Bank, effective 18 July 2022. Suzannah has broad listed company experience. Prior to joining the Bank, Suzannah held senior company secretary and corporate governance roles at Westpac Banking Corporation, Allianz Australia Limited and ANZ Wealth Australia Limited.
Qualifications: BA, LLB, LLM, Grad. Dip. Legal Practice, Grad. Dip. Corp. Gov, FGIA, GAICD, FCIS

Remuneration report

Dear Shareholder

The Group has performed strongly for our stakeholders in the 2022 financial year, driven by our purpose of building a brighter future for all.

In this section

On behalf of the Board, I am pleased to present the 2022 Remuneration Report.

The Board and Executive Leadership Team (ELT) are guided by our values of Care, Courage and Commitment to build tomorrow's bank today for our customers. We are doing this by focusing on executing against our strategy, investing in technologies and people, and delivering sound risk management underpinned by a strong capital position.

The Group has performed strongly for our stakeholders in the 2022 financial year. We know that our customers and communities are looking ahead with caution at the economic uncertainty. Just as our strong operational performance enabled us to support Australian families, individuals and businesses affected by COVID-19 and recent natural disasters, we will continue to lead in supporting Australia's recovery, growth, prosperity and sustainability.

Culture, accountability and remuneration

Our remuneration framework and practices are designed to embed our values expectations and risk accountability frameworks, including consequence for instances when expectations are not met. This reinforces the Group's commitment to do the right thing for our customers, communities, people and shareholders.

The executive remuneration framework considers behaviours and outcomes across values, risk management and individual and collective (financial and non-financial) performance outcomes. These dimensions are thoroughly reviewed in semi-annual concurrent meetings of the People & Remuneration (PRC), Audit, Risk & Compliance and Nominations Committees.

Our people understand the importance of risk management and are accountable for their risk responsibilities. Our approach to risk, and consequences when expectations are not met, has resulted in a significant improvement over time in the number of our people fully meeting the Group's risk expectations, with more employees also being recognised for exceptionally managing risk.

+ Further details can be found on page 108.

Environmental and social issues and remuneration

The Board has environmental and social (E&S) priorities which are integral to our purpose and aligned to our strategy.

The assessment of leadership and strategy impacts the outcomes of both short-term variable remuneration (STVR) and long-term alignment remuneration (LTAR), with customer outcomes also a significant consideration for STVR.

The Bank will continue to review our performance and remuneration policy and frameworks to ensure our practices remain fit for purpose, support the Group's strategy, and deliver sustainable performance in line with our strategic goals, including E&S commitments.

Performance and remuneration outcomes for the 2022 financial year

Performance is assessed across core financial and non-financial outcomes, considering both individual and collective accountabilities. The Board's determination of ELT's remuneration outcomes for the 2022 financial year reflects the following critical performance areas, and indicators of sustainable shareholder value:

- Above target financial performance with cash net profit after tax (NPAT) of $9,708 million and profit after capital charge (PACC) of $3,942 million.
- Strengthening customer advocacy results in our business and consumer segments and positive momentum across our institutional customers.
- Continued constructive engagement with regulators, with improvements in risk culture acknowledged by the Australian Prudential Regulation Authority (APRA).
- Significant progress on sustainability, launching multiple partnerships to increase our capabilities.
- Continued high levels of people engagement at 80%, and further progress made against our gender diversity targets.
- Steady flow of innovative new products and services, including digital leadership with data-driven personalisation for customers.

+ **Additional details on our performance outcomes can be found on page 95.**

In the 2022 financial year, all of our ELT were assessed as 'fully met' on their risk scorecards, which assess risk culture and leadership, risk strategy and appetite, incidents and issues, and the risk and control environment. The Board reflected on the CEO and Group Executives' performance against overall system growth, comparative performance, regulator assessments, and market expectations, and was satisfied that holistic performance inclusive of risk management met or exceeded expectations. As a result, the Board determined that no downward discretion would be applied to remuneration outcomes for this financial year.

Based on performance, the Board approved:

- FY22 STVR outcomes that ranged between 79% and 88% of maximum.
- FY22 LTAR grants, awarded with no downward adjustment, following consideration of leadership and strategy execution.
- FY19 LTVR vesting outcome of 100%, which reflects strong performance across Employee Engagement, Trust & Reputation and Total Shareholder Returns over the long term.

+ **A full breakdown of remuneration outcomes can be found on page 91.**

Fixed remuneration is regularly reviewed for Executives to ensure it is sufficiently competitive and reflects role scope and accountabilities. In the 2022 financial year, fixed remuneration increases averaged 3.6% and were received by five of the ten Executive Key Management Personnel (KMP), including the Chief Executive Officer, as reported to shareholders in the 2021 Notice of Meeting.

Non-Executive Director fees

The Board determined to increase fees for the Board Chairman and certain Committee Chairman and member fees, effective 1 January 2022, to reflect increased regulatory requirements, governance oversight and time commitment. This was the first increase to Non-Executive Director fees since 2015.

+ **Full details of the fees are provided on page 109.**

Future focus

During the 2022 financial year, pay confidentiality obligations were removed from our employment contracts and waived for all current Australia-based employees. We will build on this as part of our commitment to improve transparency and to identify and address any pay equity issues.

In August 2021, APRA released the final standard on remuneration (CPS 511). In recent years, CBA has implemented and embedded significant changes to governance, risk and remuneration, and we are well progressed to meet all requirements by the commencement dates.

In line with the final standard CPS 511, we are making changes to our executive remuneration framework for the 2023 financial year, including the introduction of an assessment before vesting of the LTAR and a reduction in long-term variable remuneration (LTVR) holding periods. These changes will meet the requirements of CPS 511, further strengthen our focus on non-financial outcomes, maintain the assessment of and accountability for risk over the long term, including through clawback, and balance the interests of all our stakeholders.

With the announcement of Catherine Livingstone's retirement, I am honoured to be stepping into the role of Board Chairman effective 10 August 2022. I would like to acknowledge Catherine's significant contribution to the Bank during her time serving as Board Chairman. It has been a privilege to serve as Chairman of the PRC and I am proud of the combined efforts across the Bank to successfully deliver our Remedial Action Plan (RAP) over the past four years. Together, we have transformed the Bank – building the right capabilities and behaviours to deliver better customer and risk outcomes. We will continue to sustain and embed the changes we have made, and build on our simpler, better foundations in the coming years. I am pleased to hand over to Simon Moutter, who will be commencing as Chairman of the PRC from 10 August 2022.

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

Paul O'Malley
People & Remuneration Committee Chairman

Our Executive remuneration framework

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

Our remuneration principles

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

Fixed Remuneration (FR)

Purpose

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

Description

Base remuneration and superannuation, reviewed annually against relevant comparator group remuneration benchmarks.

+ For further information please see page 97.

Mix

FR: 30%	STVR	LTAR	LTVR

Instrument and deferral

CEO

Cash 100%

Year 1

Group Executives and CEO ASB

Cash 100%

Year 1

Short-Term Variable Remuneration (STVR)

Purpose

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

Description

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

+ For further information please see page 97.

Mix

FR	CASH: 14%	SHARES: 14%	LTAR	LTVR

CEO

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

Group Executives and CEO ASB

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

Subject to in-year adjustments, malus and clawback. Refer to page 97.

Mandatory shareholding requirement (MSR)

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

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

+ **Further details on Executive shareholdings are provided on page 104.**

MSR as proportion of FR

Group CEO	3x
Group Executive and CEO ASB	2x

Long-Term Alignment Remuneration (LTAR)

Purpose

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

Description

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

+ **For further information please see page 98.**

Mix

FR	STVR	LTAR: 21%	LTVR

CEO

Restricted share units

50%	50%
Year 4	Year 5

Group Executives and CEO ASB

Restricted share units

100%
Year 4

Long-Term Variable Remuneration (LTVR)

Purpose

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

Description

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

+ **For further information please see page 100.**

Mix

FR	STVR	LTAR	LTVR: 21%

CEO

Performance rights

50%	50%
Year 6	Year 7

Group Executives and CEO ASB

Performance rights

50%	50%
Year 5	Year 6

Subject to malus and clawback. Refer to pages 98 and 100.

Remuneration governance

CBA's remuneration governance framework

CBA Board

Board Committees

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

People & Remuneration Committee

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

Risk & Compliance Committee

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

Audit Committee

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

Nominations Committee

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

Risk & Remuneration Review Committee

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

Independent Remuneration Consultant

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

People & Remuneration Committee and Board oversight

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

The People & Remuneration Committee met formally six times during the 2022 financial year with the following members (as at 30 June 2022): Paul O'Malley (Chairman), Catherine Livingstone AO, Peter Harmer, Mary Padbury and Genevieve Bell AO.

The responsibilities of the People & Remuneration Committee are outlined in its Charter, which is reviewed annually.

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

As part of the performance and risk review, and to support the determination of remuneration outcomes for the CEO and Group Executives, the People & Remuneration Committee met concurrently with the Risk & Compliance, Audit, and Nominations Committees in February and June 2022. These concurrent meetings provided an opportunity for the Committees to review and discuss relevant risk and audit matters that may warrant consideration in the People & Remuneration Committee's determination of remuneration outcomes, including any in-year or malus adjustments or clawback for the CEO and Group Executives (including former Group Executives) and the determination of the Group-wide STVR pool.

Information provided to the concurrent meetings supports determination of collective and/or individual remuneration impacts and includes risk scorecards for the CEO and Group Executives, details of material risk matters, outcomes of internal audit reviews conducted during the year, and consideration of the quality of CBA's financial results.

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

External advisors

During the 2022 financial year, external advisors were engaged to provide information to the People & Remuneration Committee to assist with making remuneration decisions. The People & Remuneration Committee did not seek or receive any remuneration recommendations from external advisors in the 2022 financial year.

Group performance

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

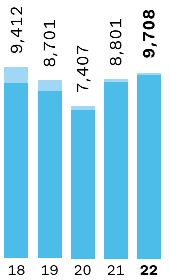
Measures

Financial

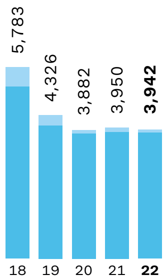
Continued strong performance in a challenging external environment demonstrates disciplined management and execution, returning value to shareholders with strong TSR and dividend outcomes.

Financial targets are set by the Board considering Group strategic priorities, the economic environment and market expectations.

Group Cash NPAT[1] ($m)



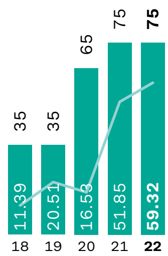
Group PACC[1] ($m)



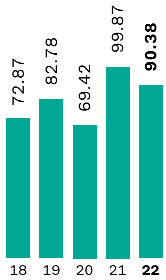
Continuing Cash NPAT and PACC
Discontinued Cash NPAT and PACC

1 Restated as disclosed in Note 1.1 in the financial statements.

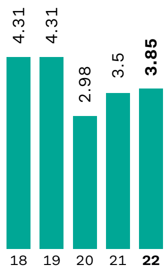
Relative TSR[2]**: Four-year period to 30 Jun** (%)



Share price[3] **as at 30 Jun** ($)



Dividends per share ($)



Percentile ranking
Absolute TSR %

2 Percentile ranking relative to general ASX peer group.
3 CBA opening share price 3 July 2017 was $82.83.

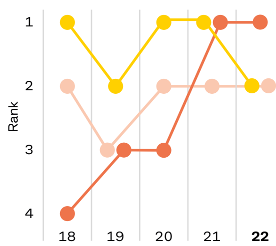
Non-Financial

Executive remuneration is variable with consideration of non-financial outcomes in the areas of customer, leadership, strategy execution, risk and reputation, and values.

Our non-financial performance supports alignment with shareholders' interests as we advance our strategic priorities to create sustainable shareholder value and strong outcomes for our customers and people.

Further details can be found on page 95.

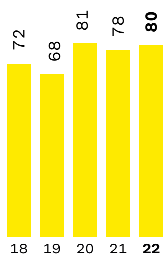
Customers (NPS rank)[1]



IB&M
Consumer NPS
Business NPS

1 Represents June NPS outcome for the relevant year.

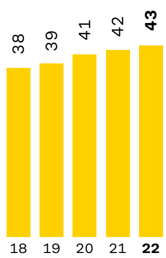
People (%)[2]



People Engagement Index (PEI)

2 Represents Group PEI March/April outcome for the relevant year.

Diversity (%)



Women in Executive Manager and above roles

FY22 outcomes

Short-term variable remuneration (STVR)

CEO remuneration

STVR % of maximum **87%**

Total remuneration received **$6.97m**

Group Executives (GE) and CEO ASB remuneration

STVR % of maximum **79% to 88%**

Long-term alignment remuneration (LTAR)

100% of LTAR was granted[1] following the pre-grant assessment for FY22

Long-term variable remuneration (LTVR)

FY19 LTVR reached the end of its performance period on 30 June 2022

100%

of the award vested

Remuneration outcomes	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22
Fixed remuneration (FR) increase[2] (average %)	0.7%	0%	1.3%	5.1%[3]	3.6%
STVR outcome (average % of maximum)	19%[4]	44%	60%	85%[5]	85%
LTVR vesting outcome (% of maximum)	24%	24%	84%	87.5%	100%

1 Awards will vest for GEs and CEO ASB in 2025 and the CEO in 2025 and 2026 subject to continuous service and a malus review prior to vesting. 2 Average increases for key management personnel (KMP) excluding promotions. 3 Increased FR in combination with the reduced total remuneration opportunity and rebalanced pay-mix. Underlying FR average increase 1.4%. 4 As a consequence of the APRA Prudential Inquiry Report (PI Report), the Board applied a 20% downward adjustment to the 2018 financial year performance scorecard outcomes for each Executive and assessed individual risk outcomes as partially met to reflect collective accountability for the PI Report findings. Further downward risk adjustments to STVR outcomes were also made in respect of certain individual Executives to reflect individual accountability for other risk and reputation matters separate from the PI Report findings. 5 Maximum STVR opportunity reduced from 150% to 125% of target for 2021 financial year impacting year-on-year comparisons of STVR outcome as a % of maximum.

Executive KMP remuneration snapshot

Key Management Personnel (KMP) are defined as persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity. The Executive KMP remuneration snapshot provides details of remuneration received during the financial years ended

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

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTAR	LTVR	Total
2022 remuneration[1] received	2,500	1,021	1,360		2,087	6,968
2021 remuneration received	2,300	940	333		1,601	5,174

Progress of minimum shareholding requirement
Meets

510% Current shareholding

300% Shareholding requirement

Pascal Boillat Group Chief Information Officer ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTAR	LTVR	Total
2022 remuneration[1,2] received	1,560	580	677			2,817
2021 remuneration[1,2] received	1,560	556	158			2,274

Progress of minimum shareholding requirement
Meets

483% Current shareholding

200% Shareholding requirement

David Cohen Deputy Chief Executive Officer ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTAR	LTVR	Total
2022 remuneration[1] received	1,250	491	565		2,372	4,678
2021 remuneration[1] received	1,250	502	281		1,820	3,853

Progress of minimum shareholding requirement
Meets

747% Current shareholding

200% Shareholding requirement

Alan Docherty Group Chief Financial Officer ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTAR	LTVR	Total
2022 remuneration[1] received	1,150	469	625			2,244
2021 remuneration[1] received	1,065	419	255			1,739

Progress of minimum shareholding requirement
Meets

350% Current shareholding

200% Shareholding requirement

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

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTAR	LTVR	Total
2022 remuneration[1] received	1,090	451	703			2,244
2021 remuneration[1] received	1,090	442	417			1,949

Progress of minimum shareholding requirement
Meets

418% Current shareholding

200% Shareholding requirement

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

1 Both 2022 and 2021 refer to relevant financial year, and include fixed remuneration received, STVR cash portion paid, and equity awards which have vested during the year, including deferred STVR and LTVR awards. 2 Prior year vested awards exclude sign-on awards.

30 June 2022 and 30 June 2021. This differs to the statutory remuneration table on pages 102 and 103, which presents remuneration in accordance with accounting standards (i.e. on an accruals basis). The basis of preparation is noted on page 94, excluding sign-on awards. All remuneration presented in this report is in Australian dollars.

Sian Lewis Group Executive, Human Resources ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2022 remuneration received[1]	950	371	541		1,862
2021 remuneration received[1]	885	352	248		1,485

Progress of minimum shareholding requirement
Meets
300% Current shareholding
200% Shareholding requirement

Vittoria Shortt Chief Executive Officer, ASB ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2022 remuneration received[1]	1,050	432	471	1,704	3,657
2021 remuneration received[1]	996	396	179	1,307	2,878

Progress of minimum shareholding requirement
Meets
669% Current shareholding
200% Shareholding requirement

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

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2022 remuneration received[1]	1,300	509	776		2,585
2021 remuneration received[1]	1,300	536	306		2,142

Progress of minimum shareholding requirement
Meets
379% Current shareholding
200% Shareholding requirement

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

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2022 remuneration received[1,2]	1,225	503	152		1,880
2021 remuneration received[1,2]	1,145	483			1,628

Progress of minimum shareholding requirement
Meets
292% Current shareholding
200% Shareholding requirement

Nigel Williams Group Chief Risk Officer ($000)

Term as KMP: full year

	FR	STVR – Cash	STVR – Deferred	LTVR	Total
2022 remuneration received[1,2]	1,450	541	574		2,565
2021 remuneration received[1,2]	1,450	547	123		2,120

Progress of minimum shareholding requirement
Meets
355% Current shareholding
200% Shareholding requirement

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

1 Both 2022 and 2021 refer to relevant financial year, and include fixed remuneration received, STVR cash portion paid, and equity awards which have vested during the year, including deferred STVR and LTVR awards. 2 Prior year vested awards exclude sign-on awards.

Remuneration report (continued)

Remuneration received during the year by Executives

The remuneration outcomes table below provides a summary of the remuneration received by the current Executives in their KMP roles during the financial year ended 30 June 2022. This information provides shareholders with greater clarity and transparency of Executive remuneration. It complements the Executive KMP remuneration snapshots on pages 92 and 93, which presents remuneration received, and is prepared in accordance with the basis of preparation noted below, including any sign-on awards. All remuneration presented in this report is in Australian dollars.

		Fixed remuneration a	Cash STVR b	Total cash payments c = a + b	Deferred equity awards[1] d	Total remuneration received e = c + d	Previous years' awards forfeited or lapsed f
CEO							
Matt Comyn	**30 Jun 22**	**2,500,000**	**1,021,428**	**3,521,428**	**3,447,407**	**6,968,835**	**(298,156)**
	30 Jun 21	2,300,000	940,125	3,240,125	1,933,851	5,173,976	(258,688)
Group Executives and CEO ASB							
Pascal Boillat	**30 Jun 22**	**1,560,000**	**580,329**	**2,140,329**	**2,782,752**	**4,923,081**	**–**
	30 Jun 21	1,560,000	555,458	2,115,458	1,317,261	3,432,719	–
David Cohen	**30 Jun 22**	**1,250,000**	**490,789**	**1,740,789**	**2,937,579**	**4,678,368**	**(338,880)**
	30 Jun 21	1,250,000	501,563	1,751,563	2,100,734	3,852,297	(293,987)
Alan Docherty	**30 Jun 22**	**1,150,000**	**468,775**	**1,618,775**	**624,771**	**2,243,546**	**–**
	30 Jun 21	1,065,000	419,344	1,484,344	254,786	1,739,130	–
Andrew Hinchliff	**30 Jun 22**	**1,090,000**	**451,059**	**1,541,059**	**703,144**	**2,244,203**	**–**
	30 Jun 21	1,090,000	442,241	1,532,241	416,902	1,949,143	–
Sian Lewis	**30 Jun 22**	**950,000**	**371,218**	**1,321,218**	**540,864**	**1,862,082**	**–**
	30 Jun 21	885,000	351,788	1,236,788	247,902	1,484,690	–
Vittoria Shortt[2]	**30 Jun 22**	**1,049,964**	**431,880**	**1,481,844**	**2,174,800**	**3,656,644**	**(243,408)**
	30 Jun 21	996,108	395,953	1,392,061	1,485,914	2,877,975	(211,207)
Angus Sullivan	**30 Jun 22**	**1,300,000**	**508,620**	**1,808,620**	**776,386**	**2,585,006**	**–**
	30 Jun 21	1,300,000	536,250	1,836,250	305,625	2,141,875	–
Mike Vacy-Lyle	**30 Jun 22**	**1,225,000**	**502,685**	**1,727,685**	**1,202,853**	**2,930,538**	**–**
	30 Jun 21	1,145,000	483,047	1,628,047	719,279	2,347,326	–
Nigel Williams	**30 Jun 22**	**1,450,000**	**541,031**	**1,991,031**	**834,189**	**2,825,220**	**–**
	30 Jun 21	1,450,000	546,469	1,996,469	797,143	2,793,612	–

1 For Pascal Boillat, Mike Vacy-Lyle and Nigel Williams, this also represents the portion of their sign-on awards which vested in the 2022 financial year.
2 Vittoria Shortt has an additional payment of $12,956 of KiwiSaver payable on her cash STVR component. FY21 amount was $11,879.

Basis of preparation

Cash payments	(a)	**Fixed remuneration:** Base remuneration plus superannuation paid for the period as KMP. For the CEO ASB, contributions are made in line with the KiwiSaver employer contribution requirements.
	(b)	**Cash STVR:** • For 2022: 50% of the 2022 financial year STVR (relates to performance during the 12 months to 30 June 2022). • For 2021: 50% of the 2021 financial year STVR (relates to performance during the 12 months to 30 June 2021).
Vesting of prior year awards	(d)	**Deferred equity awards:** The value of all equity awards that vested during the period as KMP. The value shown is based on the volume weighted average closing price (VWACP) of the Group's ordinary shares over the five trading days preceding the vesting date. For the 2022 financial year, the awards vested values include: • the portion of deferred STVR from the 2020, 2019 and 2018 financial years; • the 2018 LTVR award; and • sign-on equity.
Awards forfeited or lapsed	(f)	**Previous years' awards forfeited or lapsed:** The value of all unvested deferred equity awards that were forfeited or lapsed during the 2022 financial year as the performance, risk and reputation conditions were not met. The value shown is based on VWACP of the Group's ordinary shares over the five trading days preceding the date of forfeiture or lapse.

1. Variable remuneration outcomes for the financial year ended 30 June 2022

CEO short-term variable remuneration (STVR) performance outcomes

Measure, rationale and commentary	Weight	Scorecard result: Threshold 50%	Scorecard result: Target 100%	Scorecard result: Above Expectations 125%	% of STVR maximum
Shareholder Disciplined capital management and operational excellence have resulted in strong overall performance during a period of economic uncertainty. Above system growth achieved in core markets through effective execution of strategy. • Group cash NPAT – above expectations (Actual: $9,708 million).	15%	8,457	8,831	9,205	15%
• Group underlying PACC – at target (Actual: $3,942 million).	15%	3,486	3,908	4,329	12%
Customer NPS outcomes for consumer, business and IB&M customers, with reference to complaints remediation: • Business & IB&M NPS ranked #1 for the majority of the 2022 financial year, with Consumer NPS results improving during the year. • Strong focus on listening to and supporting our customers with our complaints transformation program improving resolution speeds and resolving systemic issues for fair and reasonable outcomes.	10%				8%
Leadership • People engagement remains strong, with pride in the organisation reaching its highest level in five years. • Attracting and developing talent in critical capability areas supported by reskilling, career pathways and our commitment to inclusion and diversity. • Refreshed our purpose and launched our People Promise.	10%				9%
Strategy Execution Embedding and sustaining improvements in governance, culture and accountability following completion of the program of work arising from the 2018 APRA Prudential Inquiry. Continued improvement in risk priority areas to keep the bank safe, sound and secure.	20%				16%
Strong progress on the delivery of Group strategic priorities: • Continued leadership in building a more modern, resilient and sustainable Australian economy. • Launching reimagined products and services to create more value for our customers. • Digital leadership and strong innovation pipeline to meet customer needs. • Advancing our environment and social commitments, reducing our operational emissions and launching multiple partnerships to increase our climate capability.	30%				27%
Overall CEO scorecard STVR outcome					87%
Risk and reputation assessment • Leadership of risk management and risk culture • Risk and Reputation: RepTrak Score			Fully met		No adjustment
Values assessment • Demonstrated all individual and leadership expectations within the Group's Values • Continued industry leadership			Exceptionally demonstrated		No adjustment
Overall CEO STVR outcome					**87%**

Remuneration report (continued)

Executive short-term variable remuneration (STVR) performance outcomes

The following table provides the 2022 financial year STVR outcomes for Executives for the period they were KMP.
The minimum potential outcome is zero.

			STVR actual				
	STVR target $	STVR maximum $	Total $	Cash[1] $	Deferred $	STVR actual as a % of STVR target[2] %	STVR actual as a % of STVR maximum[2] %
CEO							
Matt Comyn	1,875,000	2,343,750	2,042,856	1,021,428	1,021,428	109%	87%
Group Executives and CEO ASB							
Pascal Boillat	1,170,000	1,462,500	1,160,658	580,329	580,329	99%	79%
David Cohen	937,500	1,171,875	981,578	490,789	490,789	105%	84%
Alan Docherty	862,500	1,078,125	937,550	468,775	468,775	109%	87%
Andrew Hinchliff	817,500	1,021,875	902,118	451,059	451,059	110%	88%
Sian Lewis	712,500	890,625	742,436	371,218	371,218	104%	83%
Vittoria Shortt	787,473	984,341	863,759	431,880	431,879	110%	88%
Angus Sullivan	975,000	1,218,750	1,017,240	508,620	508,620	104%	83%
Mike Vacy-Lyle	918,750	1,148,438	1,005,370	502,685	502,685	109%	88%
Nigel Williams	1,087,500	1,359,375	1,082,062	541,031	541,031	99%	80%

1 Cash amounts will be paid in or around September 2022 for Australian-based Executives.

2 The percentage of 2022 financial year STVR forfeited (as a % of STVR target and maximum respectively): Matt Comyn 0% and 13%, Pascal Boillat 1% and 21%, David Cohen 0% and 16%, Alan Docherty 0% and 13%, Andrew Hinchliff 0% and 12%, Sian Lewis 0% and 17%, Vittoria Shortt 0% and 12%, Angus Sullivan 0% and 17%, Mike Vacy-Lyle 0% and 12%, Nigel Williams 1% and 20%.

Long-term alignment remuneration (LTAR) pre-grant assessment outcomes

The 2022 financial year LTAR awards were granted at 100% of the award value. The CEO LTAR is subject to a four and five-year restriction period ending 30 June 2025 and 30 June 2026 respectively. The LTAR for Group Executives and CEO ASB is subject to a four-year restriction period ending 30 June 2025.

The following table outlines the pre-grant assessment.

Pre-grant assessment	Outcome
Forward-looking financial considerations	Met
Threshold level individual non-financial performance	Met
Board discretion to adjust grant value downwards	No adjustment required
Pre-grant assessment outcome	100%

Detailed information on the LTAR pre-grant assessment is available on page 99.

Long-term variable remuneration (LTVR) performance outcomes

The 2019 financial year LTVR award reached the end of its four-year performance period on 30 June 2022 and vested at 100%. The positive TSR gateway was met for non-financial performance measures; CBA's absolute TSR for the four-year performance period to 30 June 2022 was 59.32%.

Performance measure	Percentage of award	Performance outcome	Vesting outcome
Relative TSR	75%	75th percentile ranking relative to TSR peer group	100%
Relative Trust and Reputation[1]	12.5%	93.75rd percentile ranking relative to the peer group	100%
Employee Engagement[2] (absolute)	12.5%	100% vesting at Employee Engagement score of 82%	100%

1 Trust and Reputation is measured against the independent RepTrak® Pulse Score survey. The peer group is made up of the 16 largest consumer-facing ASX companies by market capitalisation (excluding resources companies, companies that do not have a base level of familiarity with the general public, companies that do not operate nationally and CBA).

2 Employee Engagement is measured via an employee survey conducted by an external provider and presented as an index. Employee Engagement is based on the proportion of employees responding that they 'Strongly Agree' or 'Agree' with the four questions relating to Satisfaction, Commitment, Advocacy and Pride (each of which is equally weighted).

2. Executive remuneration framework in detail

Fixed remuneration

Fixed remuneration (FR) comprises base remuneration (i.e. cash salary) and superannuation (KiwiSaver for the CEO ASB).

FR is delivered in accordance with contractual terms and conditions of employment and is reviewed annually against relevant comparator group remuneration benchmarks.

Short-term variable remuneration (STVR)

The table below outlines key features of the 2022 financial year STVR award for the CEO and all Executives. Refer to page 107 for treatment of STVR on cessation of employment.

Features	Approach
Purpose	Varies remuneration outcomes in line with annual performance achievement, with material weighting to financial and non-financial outcomes across customer, leadership, strategy execution and shareholder measures, incorporating both risk scorecard and values assessments. Recognises both the "what" and the "how" of performance.
Participants	CEO, Group Executives and CEO ASB
Opportunity	Target STVR: 75% of FR Maximum STVR: 94% of FR (125% of target STVR)
Performance measures and weightings	Individual STVR outcomes are determined on the basis of Group (or ASB for the CEO ASB) performance and individual performance through a balanced scorecard. The performance measures comprise a mix of financial and non-financial metrics linked to Group and business unit targets, aligned to the Group's strategy. The weightings vary by role. More information on the CEO's STVR scorecard can be found on page 95.

	Financial	Non-financial (including customer, leadership and strategy)[1]
CEO, Group Executives and CEO ASB (excluding Deputy CEO and Group CRO)	30%	70%
Deputy CEO	20%	80%
Group CRO	10%	90%

Features	Approach
Risk and values assessment	Performance outcomes determined through assessment of the balanced scorecard are subject to the following assessments (gate/modifiers): • **Risk and Reputation:** the Board[2] has discretion to adjust Executive STVR outcomes through the Executive risk scorecard[3], where appropriate. The Risk and Reputation modifier also includes consideration of Trust and Reputation outcomes that may warrant an adjustment to the Risk and Reputation results. • **Values:** the Board[2] has the discretion to adjust Executive STVR outcomes on the basis of an assessment of behaviours aligned with our Group values, where appropriate.
Calculation of awards	STVR awards for all Executives are calculated as follows: Opportunity: Fixed remuneration $ x Target STVR opportunity % x Scorecard outcome: Performance result %[4] x Risk and Reputation and Values assessment: Risk and Reputation result[5] x Values result = Final outcome: Value of adjusted STVR award $
Deferral	50% of the STVR award is deferred and delivered in deferred shares that vest in equal tranches over one and two years. Deferred shares have rights to dividends paid during the deferral period. All deferred STVR awards are subject to applicable Board[2] risk and reputation review prior to vesting and continuous service.

1 Strategic initiatives include 20% scorecard weighting required by APRA to be allocated to maintain sustainability practices defined through the RAP, delivery of the RAP Transition Period Plan and to address Risk Management Declaration areas of qualification for Australian-based Executives.

2 "Board" is to be read as ASB Board in respect of discretion for the CEO ASB's STVR outcomes.

3 Executive risk scorecard assessments include: risk culture and leadership; risk strategy/appetite; incidents and issues; and risk and control environment.

4 The Board retains discretion to adjust scorecard outcomes.

5 Also subject to Risk and Reputation review.

Long-term alignment remuneration (LTAR)

The table below outlines key features of the 2022 financial year LTAR for the Executives. Refer to page 107 for treatment of LTAR on cessation of employment.

Features	Approach
Purpose	Drives collective focus on increasing the value of CBA over time, and individual focus on leadership and strategy execution.
Participants	CEO, Group Executives and CEO ASB
Opportunity	Maximum opportunity of 70% of fixed remuneration (FR). The minimum potential outcome value is zero.
Restriction period	CEO: Subject to a four and five-year restriction period, 50% from 1 July 2021 to 30 June 2025 and 50% to 30 June 2026 respectively. Group Executives and CEO ASB: Subject to a four-year restriction period from 1 July 2021 to 30 June 2025.
Pre-grant assessment	The LTAR award value is subject to a pre-grant assessment with downward adjustments applied to reflect material issues. The assessment considers future financial factors and individual non-financial performance of leadership and strategy execution and operates in conjunction with malus and clawback.
Instrument	The LTAR award is granted as restricted share units (RSUs). Each RSU entitles the participant to receive one CBA share (or cash equivalent as determined by the Board) subject to continuous service and a malus review prior to vesting.
Maximum face value allocation approach	The number of RSUs granted is calculated as follows for the Executives: FR $ (at time of grant) x 70% ÷ Share price $ (no discount applied) = Number of RSUs The share price used was the volume weighted average price of CBA's ordinary shares over the five trading days up to 1 July 2021.
Dividends and/or Dividend equivalents	For every RSU that ultimately vests following the end of the restriction period, the Executive will receive a payment equal to dividends paid by CBA over the restriction period/s in relation to the vested RSUs. Participants will not receive any franking credits or value in lieu of franking credits.
Board discretion	The Board has discretion to determine that some or all of the award will lapse in certain circumstances (malus), including where, in the opinion of the Board: • The vesting of RSUs is not justified or supportable, having regard to the Executive's performance and/or conduct, the performance of the business unit or function (as relevant having regard to the participant's accountability or role), or overall Group performance. • A significant failure of financial or non-financial risk management, breach of accountability, fitness and propriety or compliance obligations. • The vesting of RSUs will impact on the financial soundness of the Group or a member of the Group. • The Group is required or entitled to reclaim remuneration or reduce an Executive's remuneration outcome under law, regulation or Group policy. • A significant unexpected or unintended consequence or outcome has occurred, including where original expected performance outcomes have not been realised. The Board also has discretion to apply clawback to vested LTAR awards for serious and material matters as determined by the Board, including in relation to responsibility for financial losses; material misstatement of financial statements, or other criteria on which the LTAR grant or vesting was based; material breach of compliance obligations including in relation to misconduct risk, or failure of accountability or fitness and propriety.

OVERVIEW
HOW WE CREATE VALUE
DIRECTORS' REPORT
FINANCIAL REPORT
ADDITIONAL INFORMATION

LTAR – pre-grant assessment

The following diagram illustrates the LTAR pre-grant assessment process to support robust decision making when granting LTAR awards to Executives.

Step 1 | Step 2 | Step 3

Forward-looking financial considerations

Determine if any adjustment required as a result of forward-looking financial considerations.

- Non-formulaic trigger to Board discretion
- Likely to impact all participants

Elements for consideration

Key financial metrics are used to determine the forward-looking financial assessment for the LTAR award, and may include, but are not limited to, share price, dividend forecast, capital and other shareholder measures as set out in the CEO scorecard (refer to page 95).

Assessment outcomes	Impact
If no issues identified	No adjustment
If potential issues identified	Consider whether LTAR grant should be adjusted downwards

Step 1 | **Step 2** | Step 3

Threshold level individual non-financial performance

Determine if adjustment required as a result of individual contribution to non-financial performance outcomes relating to strategy and leadership.

- Formulaic trigger to consider if Board discretion is warranted
- Review on an individual level

Elements for consideration

- Leadership performance outcome for prior year's STVR scorecard
- Strategy Execution performance outcomes for prior year's STVR scorecard
- Thresholds set based on historical analysis, triggering discretionary overlay where outcomes are poor

STVR scorecard outcomes for Leadership or Strategy (non-financial)	Impact
Outcome >70% of Target	No adjustment
Outcome between 50% and 70% of Target	Consider whether LTAR grant should be adjusted downwards by up to 20%
Outcome <50% of Target (i.e. Below Threshold)	Consider whether LTAR grant should be made

Step 1 | Step 2 | **Step 3**

Board discretion to adjust grant value downwards based on Steps 1 and 2

Board to undertake assessment and apply judgement based on Steps 1 and 2.

- Non-formulaic Board determination
- May apply to select or all participants

Elements for consideration

Non-exhaustive list of issues for Board consideration and application of discretion may include:

- Broader assessment of non-financial performance not captured by STVR scorecard triggers
- Relevant context for prior year performance
- Historical and potential future performance
- Whether performance outcome is already appropriately impacting other elements of remuneration (e.g. STVR and LTVR)

Long-term variable remuneration (LTVR)

The table below outlines key features of the 2022 financial year LTVR for the Executives. Refer to page 107 for treatment of LTVR on cessation of employment.

Features	Approach
Purpose	Varies remuneration outcome in line with longer-term performance achievement, with a focus on relative shareholder returns to support sustainable long-term shareholder value.
Participants	CEO, Group Executives and CEO ASB
Opportunity	The maximum face value of LTVR that can be granted for the Executives is 70% of fixed remuneration (FR). The minimum potential outcome value is zero.
Performance period	Subject to relative Total Shareholder Return (TSR) performance over four years from 1 July 2021 to 30 June 2025.
Holding period	CEO: 50% of performance rights remaining on foot after performance testing will be subject to a further two-year holding period, and the remaining 50% subject to a three-year holding period (to 30 June 2027 and 30 June 2028 respectively). Group Executives and CEO ASB: 50% of performance rights remaining on foot after performance testing will be subject to a further one-year holding period, and remaining 50% subject to a two-year holding period (to 30 June 2026 and 30 June 2027 respectively).
Performance measures and weightings	• 50% measured against a ASX general peer group. • 50% measured against a financial services peer group.
Instrument	Performance rights – each right entitles the participant to receive one CBA share (or cash equivalent at the Board's discretion), subject to vesting conditions.
Maximum face value allocation approach	The number of performance rights granted to Executives is calculated as follows: **FR $ (at time of grant)** x **70%** ÷ **Share price $** = **Number of performance rights** The share price used was the volume weighted average price of CBA's ordinary shares over the five trading days up to 1 July 2021.
Dividends and/or dividend equivalents	For every performance right that ultimately vests, the participant will receive a payment equal to dividends paid by CBA (not including the value of franking credits) over the relevant holding period in relation to the vested rights. Performance rights do not receive dividends (or dividend equivalent payments) in relation to the performance period.
Board discretion	The Board has discretion to determine that some or all of the award will lapse in certain circumstances (malus), including where, in the opinion of the Board: • The vesting of rights is not justified or supportable, having regard to the Executive's performance and/or conduct, the performance of the business unit or function (as relevant having regard to the participant's accountability or role), or overall Group performance. • A significant failure of financial or non-financial risk management, breach of accountability, fitness and propriety or compliance obligations. • The vesting of rights will impact on the financial soundness of the Group or a member of the Group. • The Group is required or entitled to reclaim remuneration or reduce an Executive's remuneration outcome under law, regulation or Group policy. • A significant unexpected or unintended consequence or outcome has occurred, including where original expected performance outcomes have not been realised. The Board also has discretion to apply clawback to vested LTVR awards for serious and material matters as determined by the Board, including in relation to responsibility for financial losses; material misstatement of financial statements, or other criteria on which the LTVR grant or vesting was based; material breach of compliance obligations including in relation to misconduct risk; or failure of accountability or fitness and propriety.

Performance measures	Approach
Relative TSR	

Relative TSR

- Relative TSR provides a robust and easily quantifiable financial performance measure with strong alignment to shareholder value.
- TSR measures share price movement, dividends paid and any return of capital over a specific period.
- Relative TSR compares the ranking of CBA's TSR over the performance period with the TSR of other companies in a peer group.

Performance measure framework

Under the LTVR, performance rights are tested at year four but subject to a holding restriction and vest after the holding period has expired subject to vesting conditions.

Peer group ranking	Percent retained subject to holding period
At the 75th percentile or higher	100%
Between the median and 75th percentile	Pro-rata vesting from 50% to 100%
At the median	50%
Below the median	0%

Calculation of results

Each company in the peer group will be given a percentile ranking based on the growth in its TSR over the four-year performance period. TSR outcomes are calculated by an external provider.

TSR relative to a general ASX peer group

- The peer group is made up of the 20 largest companies on the ASX by market capitalisation at the beginning of the performance period, excluding resources companies and CBA. This cross-industry peer group has been chosen as it represents the typical portfolio of companies in which CBA's shareholders invest, and so provides relevant benchmarks for measuring CBA's TSR.
- The peer group at the beginning of the performance period for the relative TSR performance hurdle comprised (in alphabetic order):
  - Afterpay Limited [1]
  - Aristocrat Leisure Limited
  - Australia and New Zealand Banking Group Limited
  - Brambles Limited
  - Cochlear Limited
  - Coles Group Limited
  - CSL Limited
  - Goodman Group
  - James Hardie Industries PLC
  - Macquarie Group Limited
  - National Australia Bank Limited
  - QBE Insurance Group Limited
  - REA Group Ltd
  - Sonic Healthcare Limited
  - Telstra Corporation Limited
  - Transurban Group
  - Wesfarmers Limited
  - Westpac Banking Corporation
  - Woolworths Group Limited
  - Xero Limited

A reserve bench company will be substituted (in order of market capitalisation as at the beginning of the performance period) into the peer group, when a peer group company ceases to be listed on the ASX as a result of an acquisition, merger or other relevant corporate action or delisting. The reserve bench (in order of market capitalisation) comprised: Sydney Airport, Reece Limited, ASX Limited, Ramsay Health Care Limited, and Suncorp Group Limited.

TSR relative to a financial services peer group

- The peer group is made up of the eight most comparable financial services companies listed on the ASX at the beginning of the performance period.
- The financial services peer group at the beginning of the performance period for the relative TSR performance hurdle comprised:
  - AMP Limited
  - Australia and New Zealand Banking Group Limited
  - Bank of Queensland Limited
  - Bendigo and Adelaide Bank Limited
  - Macquarie Group Limited
  - National Australia Bank Limited
  - Suncorp Group Limited
  - Westpac Banking Corporation

There is no reserve bench for this peer group.

1 During the 2022 financial year, Afterpay Limited ceased to be listed on the ASX and was replaced by Sydney Airport which also ceased to be listed and was subsequently replaced by Reece Limited.

3. Executive statutory remuneration

Executive statutory remuneration accounting expense

The following statutory table details the statutory accounting expense of all remuneration-related items for Executive KMP. This includes remuneration costs in relation to both the 2021 and 2022 financial years. The table is different from the remuneration outcomes table on page 94, which shows the remuneration received in the 2022 financial year rather than the accrual accounting amounts determined in accordance with the Australian Accounting Standards. The table has been prepared and audited against the relevant Australian Accounting Standards. Refer to the footnotes below the table for more detail on each remuneration component.

		Fixed remuneration[1]		Other short-term benefits		
		Base remuneration[2] $	Superannuation $	Non-monetary[3] $	Cash STVR (at risk)[4] $	Other[5] $
CEO						
Matt Comyn	**30 Jun 22**	**2,476,432**	**23,568**	**78,740**	**1,021,428**	**70,539**
	30 Jun 21	2,278,306	21,694	67,584	940,125	92,214
Group Executives and CEO ASB						
Pascal Boillat	**30 Jun 22**	**1,536,432**	**23,568**	**16,032**	**580,329**	**674,880**
	30 Jun 21	1,538,306	21,694	16,107	555,458	701,464
David Cohen	**30 Jun 22**	**1,226,432**	**23,568**	**17,717**	**490,789**	**46,812**
	30 Jun 21	1,228,306	21,694	17,878	501,563	29,080
Alan Docherty	**30 Jun 22**	**1,126,432**	**23,568**	**17,717**	**468,775**	**(26,623)**
	30 Jun 21	1,043,306	21,694	17,878	419,344	(4,049)
Andrew Hinchliff	**30 Jun 22**	**1,066,432**	**23,568**	**17,857**	**451,059**	**16,281**
	30 Jun 21	1,068,306	21,694	17,878	442,241	(21,428)
Sian Lewis	**30 Jun 22**	**926,432**	**23,568**	**14,767**	**371,218**	**(23,359)**
	30 Jun 21	863,306	21,694	16,668	351,788	(1,050)
Vittoria Shortt[6]	**30 Jun 22**	**1,019,382**	**49,248**	**10,690**	**431,880**	**26,664**
	30 Jun 21	967,095	46,369	10,356	395,953	31,180
Angus Sullivan	**30 Jun 22**	**1,276,432**	**23,568**	**6,428**	**508,620**	**18,155**
	30 Jun 21	1,278,306	21,694	9,633	536,250	59,321
Mike Vacy-Lyle	**30 Jun 22**	**1,201,432**	**23,568**	**16,032**	**502,685**	**40,600**
	30 Jun 21	1,123,306	21,694	16,818	483,047	31,227
Nigel Williams	**30 Jun 22**	**1,426,432**	**23,568**	**17,857**	**541,031**	**21,835**
	30 Jun 21	1,428,306	21,694	17,878	546,469	7,157

1 FR comprises base remuneration and superannuation (post-employment benefit). Superannuation contributions for Vittoria Shortt are made in line with the KiwiSaver employer contribution requirements (this includes the additional payment of $18,667 payable on her cash STVR component and deferred STVR awards).
2 Total cost of salary, including cash salary, short-term compensated absences and any salary sacrificed benefits.
3 Cost of car parking (including associated fringe benefits tax). For Matt Comyn, this also includes costs in relation to a motor vehicle benefit.
4 KiwiSaver is payable on the CEO ASB's cash STVR.
5 Includes company-funded benefits (including associated fringe benefits tax where applicable) and the net change in accrued annual leave. For Pascal Boillat, this also includes costs in relation to a housing allowance.
6 For Vittoria Shortt, remuneration was paid in New Zealand dollars. The value shown was impacted by movements in exchange rates.

Long-term benefits	Share-based payments			
Long-term[7] $	Deferred equity (at risk)[8] $	LTAR equity (at risk) $	LTVR equity (at risk)[9,10] $	Total statutory remuneration[11] $
99,856	**1,019,690**	**777,777**	**1,411,583**	**6,979,613**
147,538	982,474	392,142	1,371,573	6,293,650
13,313	**1,187,005**	**562,904**	**1,017,027**	**5,611,490**
26,892	1,603,723	295,523	802,659	5,561,826
34,875	**487,033**	**451,040**	**717,930**	**3,496,196**
47,510	452,590	236,798	879,940	3,415,359
72,942	**449,463**	**398,859**	**702,904**	**3,234,037**
41,994	429,009	201,746	548,407	2,719,329
18,072	**438,418**	**393,308**	**688,005**	**3,113,000**
42,404	433,827	206,477	539,725	2,751,124
29,855	**365,842**	**330,475**	**567,647**	**2,606,445**
39,667	358,975	167,644	440,940	2,259,632
31,051	**463,487**	**370,946**	**416,428**	**2,819,776**
29,463	467,707	192,229	347,705	2,488,057
43,924	**541,173**	**469,078**	**746,991**	**3,634,369**
107,519	542,108	246,260	576,967	3,378,058
10,871	**529,153**	**426,884**	**556,755**	**3,307,980**
12,262	1,179,376	216,907	413,068	3,497,705
14,711	**557,630**	**523,229**	**863,117**	**3,989,410**
22,543	643,359	274,682	671,724	3,633,812

7 Long service leave entitlements accrued during the year as well as the impact of changes to long service leave valuation assumptions, which are determined in line with Australian Accounting Standards.
8 The value of deferred equity awards are allocated from the start of the performance period to vesting date. Deferred 2022 financial year STVR is expensed over the vesting period commencing 1 July 2021.
9 2022 financial year expense for the 2018, 2019, 2020, 2021 and 2022 financial year LTVR awards.
10 The value of LTVR awards are allocated over each year in the performance period.
11 The percentage of 2022 financial year remuneration related to performance was: Matt Comyn 61%, Pascal Boillat 60%, David Cohen 61%, Alan Docherty 62%, Andrew Hinchliff 63%, Sian Lewis 63%, Vittoria Shortt 60%, Angus Sullivan 62%, Mike Vacy-Lyle 61%, Nigel Williams 62%.

Movement in Executive shares and other securities during the 2022 financial year

The table below details the value and number of all equity awards that were granted or vested to or forfeited by Executives during their time in a KMP role in the 2022 financial year. It also shows the number of previous years' awards that vested, forfeited or lapsed, and the movement in ordinary shareholdings for each individual during the 2022 financial year.

		Balance 1 Jul 21	Acquired/granted as remuneration during the 2022 financial year[2]		Awards vested during 2022 financial year[3]		Net change other[4]	Balance 30 Jun 22
	Equity Class[1]	Units	Units	$	Units	$	Units	Units
CEO								
Matt Comyn	Ordinary	61,996	–	–	33,611	–	(13,520)	82,087
	Deferred STVR shares	22,241	9,345	940,200	13,520	1,360,209	–	18,066
	LTAR restricted share units	23,394	17,586	1,713,932	–	–	–	40,980
	LTVR performance rights	148,676	17,586	946,654	20,091	2,087,198	(2,870)	143,301
Group Executives and CEO ASB								
Pascal Boillat	Ordinary	52	–	–	29,051	–	–	29,103
	Deferred STVR shares	11,194	5,521	555,468	6,733	677,388	–	9,982
	LTAR restricted share units	15,867	10,974	1,069,526	–	–	–	26,841
	LTVR performance rights	85,630	10,974	590,730	–	–	–	96,604
	Sign-on equity	39,677	–	–	22,318	2,105,364	–	17,359
David Cohen	Ordinary	53,847	–	–	28,454	–	(8,880)	73,421
	Deferred STVR shares	9,000	4,986	501,641	5,618	565,211	–	8,368
	LTAR restricted share units	12,714	8,793	856,966	–	–	–	21,507
	LTVR performance rights	94,621	8,792	473,273	22,836	2,372,368	(3,262)	77,315
Alan Docherty	Ordinary	11,758	–	–	6,210	–	–	17,968
	Deferred STVR shares	9,634	4,169	419,443	6,210	624,771	–	7,593
	LTAR restricted share units	10,832	8,090	788,451	–	–	–	18,922
	LTVR performance rights	58,505	8,090	435,485	–	–	–	66,595
Andrew Hinchliff	Ordinary	17,531	–	–	6,989	–	–	24,520
	Deferred STVR shares	9,787	4,396	442,282	6,989	703,144	–	7,194
	LTAR restricted share units	11,086	7,668	747,323	–	–	–	18,754
	LTVR performance rights	58,684	7,668	412,768	–	–	–	66,352
Sian Lewis	Ordinary	9,590	–	–	5,376	–	(5,376)	9,590
	Deferred STVR shares	8,124	3,497	351,833	5,376	540,864	–	6,245
	LTAR restricted share units	9,001	6,683	651,325	–	–	–	15,684
	LTVR performance rights	47,915	6,682	359,692	–	–	–	54,597
Vittoria Shortt[5]	Ordinary	34,371	–	–	19,178	–	(8,200)	45,349
	Deferred STVR shares	13,608	3,936	396,001	2,776	279,286	–	14,768
	Deferred STVR rights	1,904	–	–	1,904	191,556	–	–
	LTAR restricted share units	10,321	7,335	714,869	–	–	–	17,656
	LTVR performance rights	50,113	7,334	394,789	16,402	1,703,958	(2,343)	38,702
Angus Sullivan	Ordinary	14,597	–	–	7,717	–	–	22,314
	Deferred STVR shares	12,228	5,330	536,251	7,717	776,386	–	9,841
	LTAR restricted share units	13,222	9,145	891,272	–	–	–	22,367
	LTVR performance rights	63,146	9,144	492,222	–	–	–	72,290
Mike Vacy-Lyle	Ordinary	11,056	–	–	11,719	–	(9,775)	13,000
	Deferred STVR shares	3,026	4,802	483,129	1,513	152,219	–	6,315
	LTAR restricted share units	11,646	8,618	839,910	–	–	–	20,264
	LTVR performance rights	35,624	8,618	463,907	–	–	–	44,242
	Sign-on equity	10,206	–	–	10,206	1,050,634	–	–
Nigel Williams	Ordinary	42,302	–	–	8,295	–	(28,010)	22,587
	Deferred STVR shares	9,639	5,432	546,514	5,708	574,266	–	9,363
	LTAR restricted share units	14,748	10,201	994,189	–	–	–	24,949
	LTVR performance rights	70,945	10,200	549,066	–	–	–	81,145
	Sign-on equity	2,587	–	–	2,587	259,923	–	–

1 Ordinary shares include all CBA shares held by the Executive's related parties (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power). Deferred STVR shares/rights represents STVR previously awarded under the Group Executive or Executive General Manager arrangements in prior years. LTVR performance rights are subject to performance hurdles. Deferred shares/rights, LTAR restricted share units, LTVR performance rights and sign-on equity are unvested as at 30 June 2022. The maximum potential outcome for unvested awards are subject to CBA share price at time of vesting.
2 Represents the maximum number of equity awards that may vest to each Executive in respect of their time as KMP. The values represent the fair value at grant date. The minimum potential outcome for the equity awards is zero. Approval was given for the issue of the CEO's 2022 financial year LTAR and LTVR awards under ASX Listing Rule 10.14 at the 2021 Annual General Meeting.
3 Awards that vested include the 2018 financial year LTVR award (granted 17 November 2017), deferred STVR awards (vested in full) (tranches granted 1 September 2018, 1 September 2019, and 1 September 2020) and sign-on awards (granted 1 October 2018, 5 November 2018 and 31 January 2020) that vested during time in KMP role. The value of the awards vested is calculated using VWACP for the five trading days preceding the vesting date. Executives receive one ordinary share in respect of each right that vests during the financial year.
4 Net change other incorporates changes resulting from purchases (sales) of ordinary shares or forfeitures of performance rights during the year. This includes the portion of the 2018 financial year LTVR award (12.5%) that did not meet the performance hurdle and lapsed.
5 Opening balance has been restated from 44,884 to 34,371 to include a correction to CBA ordinary shares.

Overview of unvested equity awards

All awards are subject to continued employment, Board risk and reputation review, and malus and clawback provisions. Details of minimum and maximum of the potential values of the awards granted in respect of previous years can be found in CBA's previous remuneration reports which are available at commbank.com.au/about-us/investors/annual-reports.

Equity plan		Performance measures/vesting conditions
FY19 STVR (CEO ASB) **Grant date:** 1 Sep 19 **Start date**[1]**:** 1 Jul 18 **End date:** 1 Sep 23		One tranche vesting four years after grant date.
FY20 STVR **Grant date:** 1 Sep 20 **Start date**[1]**:** 1 Jul 19 **End date:** 1 Sep 22	**FY21 STVR** **Grant date:** 1 Sep 21 **Start date**[1]**:** 1 Jul 20 **End date:** 1 Sep 23	Two tranches vesting equally one and two years after grant date.
FY20 LTVR **Grant date:** 18 Nov 19 and 18 Feb 20 **Start date:** 1 Jul 19 **End date:** 30 Jun 23		Three tranches vesting after four years being: • 75% TSR ranking relative to general ASX peer group • 12.5% trust and reputation (relative to peer group) • 12.5% employee engagement The non-financial measures are subject to a positive TSR vesting gateway.
FY20 LTVR (CEO ASB) **Grant date:** 18 Feb 20 **Start date:** 1 Jul 19 **End date:** 30 Jun 23		Three tranches vesting after four years being: • 50% TSR ranking relative to general ASX peer group • 25% ASB trust and reputation (relative to peer group) • 25% ASB employee engagement The non-financial measures are subject to a positive TSR vesting gateway.
FY21 LTVR **Grant date:** 16 Nov 20 **Start date:** 1 Jul 20 **End date:** 30 Jun 24	**FY22 LTVR** **Grant date:** 18 Nov 21 **Start date:** 1 Jul 21 **End date:** 30 Jun 25	Two tranches with performance measured after four years being: • 50% TSR ranking relative to general ASX peer group • 50% TSR ranking relative to financial services peer group A further holding period of two and three years is applied for the CEO, and one and two years for the Group Executives and CEO ASB.
FY21 LTAR (CEO) **Grant date:** 16 Nov 20 **Start date:** 1 Jul 20 **End date:** 30 Jun 25	**FY22 LTAR (CEO)** **Grant date:** 18 Nov 21 **Start date:** 1 Jul 21 **End date:** 30 Jun 26	Two tranches vesting equally four and five years after start date.
FY21 LTAR (GE & CEO ASB) **Grant date:** 16 Nov 20 **Start date:** 1 Jul 20 **End date:** 30 Jun 24	**FY22 LTAR (GE & CEO ASB)** **Grant date:** 18 Nov 21 **Start date:** 1 Jul 21 **End date:** 30 Jun 25	One tranche vesting four years after start date.
Pascal Boillat sign-on equity **Grant date:** 1 Oct 18 **Start date:** n/a **End date:** 1 Mar 23		One tranche remaining with vesting subject to service.

1 Start date refers to performance start date.

Remuneration report (continued)

Details for awards granted in the 2022 financial year

In the 2022 financial year, a face value allocation approach was used to determine the number of performance rights granted under the LTVR (refer to page 104) and restricted share units granted under the LTAR (refer to page 104). The table below is provided in accordance with statutory requirements. The fair value of LTVR grants has been calculated using a Monte Carlo simulation method. No amount is payable by Executives on the issue or vesting of the restricted share units and performance rights of the LTAR or LTVR awards respectively. As these awards are automatically exercised, they do not have an expiry date.

Equity plan	Performance measure	Grant date	Fair value $	Weighting	Performance period end/final vesting date	End of holding period
FY21 STVR deferred shares	Service	1 Sep 21	100.61	100%	1 Sep 23	n/a
FY22 LTAR restricted share units (CEO)	Service	18 Nov 21	97.46	50%	30 Jun 25	n/a
				50%	30 Jun 26	n/a
FY22 LTAR restricted share units (Group Executives and CEO ASB)	Service	18 Nov 21	97.46	100%	30 Jun 25	n/a
FY22 LTVR performance rights (CEO)	Relative TSR (General ASX peer group)	18 Nov 21	52.80	50%	30 Jun 25	30 Jun 27 and 28
	Relative TSR (Financial Services peer group)		54.86	50%		
FY22 LTVR performance rights (Group Executives and CEO ASB)	Relative TSR (General ASX peer group)	18 Nov 21	52.80	50%	30 Jun 25	30 June 26 and 27
	Relative TSR (Financial Services peer group)		54.86	50%		

Hedging policy

Employees are prohibited from hedging, or otherwise limiting, their economic exposure to equity price risk in relation to unvested equity-linked remuneration issued under any Group equity arrangement. Any breach of this requirement will result in disciplinary actions, including the forfeiture of unvested awards. Further details of hedging restrictions are set out in the Group Securities Trading Policy.

+ The Group Securities Trading Policy is available at commbank.com.au/corporategovernance

Executive employment arrangements

The table below provides the employment arrangements for Executives.

Contract term	CEO	Group Executives	CEO ASB
Contract type[1]	Permanent	Permanent	Permanent
Notice period	12 months	Six months	Six months
Severance	n/a[2]	n/a[2]	12 months[2]
STVR treatment on termination	In general, unless otherwise determined by the Board (or ASB Board in respect of the CEO ASB) and subject to law: • In the case of resignation or summary termination before the end of the restriction period, any restricted shares will be forfeited. • Where an Executive's exit is related to any other reason (e.g. retrenchment, retirement or death), the Executive remains eligible (unless the Board determines otherwise) to be considered for an STVR award with regard to actual performance against performance measures (as determined by the Board in the ordinary course following the end of the performance period). • Where an Executive's exit is related to any other reason (e.g. retrenchment, retirement or death), unvested deferred STVR awards will remain on foot and will vest in the ordinary course, subject to the terms and condition of the award other than those relating to continuity of employment.		
LTAR treatment on termination	In general, unless otherwise determined by the Board and subject to law: • In the case of resignation or summary termination before the end of the restriction period, any restricted share units will lapse. • Where an Executive's exit is related to any other reason (e.g. retrenchment, retirement or death), the restricted share units will remain on foot and will vest in the ordinary course subject to the terms and conditions (other than those relating to continuity of employment).		
LTVR treatment on termination	In general, unless otherwise determined by the Board: • In the case of resignation or summary termination before the vesting date for the 2019 and 2020 financial year LTVR awards and the end of the performance period for the 2021 and 2022 financial year award, any performance rights will lapse. • Where an Executive's exit is related to any other reason (e.g. retrenchment, retirement or death), any unvested LTVR awards continue on-foot with performance measured at the end of the performance period related to each award (and with the award otherwise remaining subject to all terms and conditions other than those relating to continuity of employment). For the 2022 financial year LTVR award, Executives who are dismissed during the holding period will forfeit all performance rights subject to the holding period. Where an Executive ceases for any other reason during the holding period, outstanding performance rights will remain on-foot over their original holdings periods.		

1 Contracts for permanent employment continue until notice is given by either party.

2 Contractual severance pay is no longer offered in the CEO and Group Executive employment arrangements. The CEO and Group Executives remain entitled to statutory redundancy pay if retrenched. Those on grandfathered arrangements, subject to law, are eligible for severance payments of six months' base remuneration if their employment is terminated by the Group, other than for misconduct or unsatisfactory performance. For the CEO ASB, contractual severance allows for minimum 12 months' base salary (inclusive of notice) or a maximum of 64 weeks in accordance with ASB Policy.

4. Risk and remuneration consequences

The Board is mindful of the increasing focus of regulators and shareholders on ensuring risk-related matters that come to light subsequent to remuneration being awarded are appropriately factored into remuneration decisions. Enhancements to CBA's risk assessment processes and remuneration framework through guidance, procedures and governance continue to be a priority for the Board, including reinforcing the Board's expectations for managing risks in support of a positive risk culture.

The remuneration adjustments made in the 2021 and 2020 financial years provided below includes employees eligible for a performance review. There were no risk-related adjustments to the Executive Leadership Team STVR outcomes in the 2022 financial year. Remuneration adjustments for remaining employees in relation to the 2022 financial year will be finalised in September 2022 in line with the CBA-wide annual remuneration review process and will be outlined in the 2023 Remuneration Report.

	2021 financial year	2020 financial year
Employees rated 'exceptionally managed' for risk	463 employees	451 employees
Employees rated 'partially met' or 'not met' for risk	2,255 employees (including 22 General Managers and above)	2,612 employees (including 34 General Managers and above)

During the 2022 financial year, CBA's consequence management framework was further embedded with 1,071 instances of substantiated misconduct, with 76 resulting in termination (of which, eight were senior leaders (General Managers and Executive General Managers)).

Risk assessment in performance and remuneration

CBA's performance and remuneration frameworks support and promote the mitigation of risk by holding employees individually and collectively accountable for managing role-related risks and non-compliant to the Group's Code of Conduct, including policies such as Group Mandatory Learning.

Group-wide risk assessment guidance including examples is continually enhanced to help people leaders consistently assess risk behaviours and outcomes, determine the appropriate level of STVR adjustments for not fully meeting expectations, and document the reasons for their assessment.

Executive risk assessments continue to be supported by comprehensive reporting, independent assessment by the Chief Risk Officer, and concurrent meetings as part of the interim and annual performance assessment processes.

STVR outcomes have been reduced by a minimum of 10% for 'partially met' ratings since the 2019 financial year and ranged up to 100% for 'not met' ratings.

Malus adjustments have also been made to unvested deferred variable remuneration in relation to poor risk outcomes and/or misconduct. In the 2021 financial year, impacted employees received malus adjustments ranging from 50% to 100% as a result of poor risk outcomes.

Comprehensive reporting is provided to the Board to support its oversight of risk assessment and STVR outcomes and to inform the Board's guidance for the 2022 performance and remuneration review.

Risk culture

Variable remuneration and consequences management structures
Designed to clearly articulate and reinforce behaviours supporting the disciplined management of risks as aligned to our target risk culture. The maturity of our risk culture continues to be assessed via the annual Board Risk Culture Assessment. The process, design and application of variable remuneration and consequences are an important influence on employee mindset and behaviours towards managing risk.

Recognition Award
CBA recognises and rewards a cohort of employees within those rated 'exceptionally managed' for risk, who have managed risk in a way that brings our purpose and values to life. In 2021, 40 employees received CEO recognition and an additional reward to acknowledge their exceptional influence on the risk culture of the Group. During the 2022 financial year, everyday risk recognition was incorporated in the Group-wide recognition platform, providing our people with the ability to recognise positive risk behaviour.

Malus and clawback

- Malus (the ability to reduce, and/or lapse granted variable remuneration before it has vested) and clawback (the recovery of variable remuneration that has been paid or vested) are embedded within our consequence management framework and are applicable across CBA.
- Our policy on clawback will be reviewed to meet the new regulatory requirements under APRA's CPS 511.

5. Non-Executive Director arrangements

The table below outlines the Non-Executive Directors for the financial year ended 30 June 2022. From 1 July 2019, Non-Executive Directors are required to hold CBA shares equivalent to 100% of Board Chairman fees for the Chairman and 100% of Board member fees for Non-Executive Directors. This is to be accumulated within five years commencing the later of 1 July 2019 or date of appointment, valued with reference to the prevailing CBA share price at the relevant accumulation commencement date. This will also be the starting date for compliance with the revised MSR within five years. Progress against the MSR for each individual is shown in the table below.

Name	Position	Term as KMP	Current shareholding[1]	Progress against MSR and deadline
Chairman				
Catherine Livingstone AO[2]	Chairman	Full year	81%	On track, 1 July 2024
Current Non-Executive Directors				
Shirish Apte	Director	Full year	256%	Meets
Genevieve Bell AO	Director	Full year	57%	On track, 1 July 2024
Julie Galbo[3]	Director	Part year	17%	On track, 1 September 2026
Peter Harmer	Director	Full year	32%	On track, 1 March 2026
Simon Moutter	Director	Full year	115%	Meets
Paul O'Malley	Director	Full year	182%	Meets
Mary Padbury	Director	Full year	74%	On track, 1 July 2024
Anne Templeman-Jones	Director	Full year	65%	On track, 1 July 2024
Rob Whitfield AM	Director	Full year	93%	On track, 1 July 2024

1 The percentage shown represents the individual's percentage of CBA shares as a proportion of their individual base fees.
2 Catherine Livingstone's retirement has been announced at the time of this report being released. Catherine's retirement is effective 10 August 2022.
3 Julie Galbo was appointed as Non-Executive Director effective 1 September 2021.

Non-Executive Director fees

Non-Executive Directors receive fees as compensation for their work on the Board and the associated Committees on which they serve. Non-Executive Directors do not receive any performance-related remuneration. The total amount of Non-Executive Directors' fees is capped at a maximum fee pool that is approved by shareholders. The current fee pool is $4.75 million, which was approved by shareholders at CBA's 2015 Annual General Meeting on 17 November 2015.

During the 2022 financial year, a fee review was conducted to ensure competitiveness against fees paid to board members of other major Australian banks and ASX20 general market. As a result of the fee review, it was determined, effective 1 January 2022, fees would increase for the Board Chairman, Board Audit, Risk & Compliance and People & Remuneration Committee Chairs and members, and Nominations Committee members. Fees are reviewed and recommended to the Board at least every two years. The last increase to the Board and Board Committee fees for CBA's Non-Executive Directors was made in January 2015. Fees are inclusive of base fees and statutory superannuation. The Chairman does not receive separate Committee fees.

The following table outlines the Non-Executive Directors' fees for the Board and the Committees for the periods 1 July 2021 to 31 December 2021 and 1 January 2022 to 30 June 2022.

	Fees effective 1 July 2021		Fees effective 1 January 2022	
Board/Committee	Chairman $	Member $	Chairman $	Member $
Board	870,000	242,000	890,000	242,000
Audit Committee	65,000	32,500	70,000	35,000
Risk & Compliance Committee	65,000	32,500	70,000	35,000
People & Remuneration Committee	60,000	30,000	70,000	35,000
Nominations Committee[1]	–	11,600	–	12,500
United Kingdom Remuneration Assurance Committee (UK RAC)[2]	30,000	18,000	30,000	18,000

1 The Chairman of the Board is also the Chairman of the Nominations Committee. The Chairman does not receive an additional Chairman fee for the Nominations Committee.
2 Board members who also serve as members of the UK RAC receive fees in relation to this service, and these fees are set appropriately below fees for UK RAC independent members given a small portion of UK RAC matters overlap with People & Remuneration Committee matters.

Remuneration report (continued)

Non-Executive Director statutory remuneration

The statutory table below details individual statutory remuneration for the Non-Executive Directors for both the 2021 and 2022 financial years. The table has been prepared and audited against the relevant Australian Accounting Standards. Refer to the footnotes below the table for more detail on each remuneration component.

	Short-term benefits	Post-employment benefits	Share-based payments	
	Cash[1] $	Superannuation[2] $	Non-Executive Directors' Share Plan[3] $	Total statutory remuneration $
Chairman				
Catherine Livingstone AO				
30 Jun 22	**877,728**	**23,568**	**–**	**901,296**
30 Jun 21	866,723	21,694	–	888,417
Current Non-Executive Directors				
Shirish Apte				
30 Jun 22	**309,551**	**23,568**	**–**	**333,119**
30 Jun 21	302,320	21,694	–	324,014
Genevieve Bell AO				
30 Jun 22	**222,466**	**23,568**	**41,686**	**287,720**
30 Jun 21	213,280	21,694	40,092	275,066
Julie Galbo[4]				
30 Jun 22	**219,209**	**16,847**	**–**	**236,056**
Peter Harmer				
30 Jun 22	**275,188**	**22,809**	**–**	**297,997**
30 Jun 21	74,562	7,121	–	81,683
Simon Moutter[5]				
30 Jun 22	**247,842**	**22,711**	**–**	**270,553**
30 Jun 21	184,567	17,296	–	201,863
Paul O'Malley				
30 Jun 22	**336,609**	**23,568**	**–**	**360,177**
30 Jun 21	330,934	21,694	–	352,628
Mary Padbury				
30 Jun 22	**224,615**	**23,568**	**39,537**	**287,720**
30 Jun 21	248,762	21,694	13,320	283,776
Anne Templeman-Jones				
30 Jun 22	**294,713**	**23,568**	**26,368**	**344,649**
30 Jun 21	308,119	21,694	9,897	339,710
Rob Whitfield AM				
30 Jun 22	**282,341**	**23,568**	**50,834**	**356,743**
30 Jun 21	279,431	21,694	50,193	351,318

1 Cash includes Board and Committee fees received as cash, as well as the provision of additional benefits (including associated fringe benefits tax).
2 Superannuation contributions are capped at the superannuation maximum contributions base as prescribed under the Superannuation Guarantee legislation.
3 The values shown in the tables represent the post-tax portion of fees received as shares under the Non-Executive Directors Share Plan (NEDSP). The NEDSP facilitates the pre-tax (to a maximum of $5,000 p.a.) and/or post-tax application of fees to the acquisition of shares. Shares under the NEDSP are granted on current share price at grant date.
4 Julie Galbo was appointed as Non-Executive Director effective 1 September 2021, therefore remuneration reflects time in the role.
5 Simon Moutter has provided consulting services to the ASB Banking Limited Technology Advisory Group (ASB TAG) during the year. He received payment ($50,000NZD per annum) for these additional services, however, these amounts have not been included in the table above as they were not related to his role as a Director of the Commonwealth Bank of Australia.

Shares and other securities held by Non-Executive Directors

Details of the shareholdings and other securities as well as interests in registered schemes made available by CBA, or a related body corporate of CBA held by Non-Executive Directors (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power) are set out below relating to time in KMP role. All shares were acquired by Non-Executive Directors on normal terms and conditions or through the Non-Executive Directors' Share Plan (NEDSP). Other securities acquired by Non-Executive Directors were on normal terms and conditions.

	Class	Balance 1 Jul 2021	Acquired [1]	Net change other[2]	Balance 30 Jun 2022
Chairman					
Catherine Livingstone AO	Ordinary	8,537	–	–	8,537
	PERLS[3]	–	600	–	600
Current Non-Executive Directors					
Shirish Apte	Ordinary	7,500	–	–	7,500
Genevieve Bell AO	Ordinary	1,121	539	–	1,660
	PERLS[3]	1,020	–	–	1,020
Julie Galbo	Ordinary	–	410	–	410
Peter Harmer	Ordinary	948	–	–	948
Simon Moutter	Ordinary	4,000	–	–	4,000
Paul O'Malley	Ordinary	5,330	–	–	5,330
Mary Padbury	Ordinary	1,594	580	–	2,174
	PERLS[3]	1,600	–	–	1,600
Anne Templeman-Jones	Ordinary	1,561	357	–	1,918
Rob Whitfield AM	Ordinary	2,064	647	–	2,711

1 Incorporates shares and other securities acquired during the year. In the 2022 financial year, under the NEDSP, Genevieve Bell AO acquired 539 shares, Julie Galbo acquired 410 shares, Mary Padbury acquired 580 shares, Anne Templeman-Jones acquired 357 and Rob Whitfield AM acquired 647 shares. Catherine Livingstone acquired 600 PERLS.
2 Net change other incorporates changes resulting from other transfers of securities.
3 Includes cumulative holdings of PERLS securities issued by the Group.

6. Loans and other transactions

Loans to KMP

All loans to KMP (including close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of those family members or entities held significant voting power) have been made in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees, including the term of the loan, security required and the interest rate (which may be fixed or variable). No loans were written down during the period.

Total loans to KMP

	$
Opening balance (1 Jul 21)[1]	10,917,167
Closing balance (30 Jun 22)[2]	15,540,818
Interest charged (during 2022 financial year)	349,790

1 Opening balance at 1 July 2021 has been restated due to transactions being adjusted during the reporting period.
2 The aggregate loan amount at the end of the reporting period includes loans issued to 10 KMP and their related parties.

Loans to KMP exceeding $100,000 in aggregate during the 2022 financial year

	Balance 1 Jul 2021[1] $	Interest charged $	Interest not charged $	Write-off $	Balance 30 Jun 2022 $	Highest balance in period[2] $
Alan Docherty	1,047,285	34,457	–	–	1,641,720	1,704,596
Angus Sullivan	5,358,669	135,188	–	–	7,053,970	7,331,295
Mike Vacy-Lyle	22,389	60,957	–	–	2,955,784	4,258,200
Sian Lewis	779,672	18,450	–	–	513,646	819,008
Vittoria Shortt	3,578,790	94,918	–	–	3,316,312	3,762,626
Total	**10,786,804**	**343,971**	**–**	**–**	**15,481,433**	**17,875,725**

1 Opening balances at 1 July 2021 have been restated due to transactions being adjusted during the reporting period.
2 Represents the sum of highest balances outstanding at any point during the 2022 financial year for each individual loan held by the KMP and their related parties.

Other transactions of KMP

Financial instrument transactions

Financial instrument transactions (other than loans and shares disclosed within this report) with KMP, their close family members and entities controlled or significantly influenced by them, occur in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees.

All such financial instrument transactions that have occurred between entities within the Group and KMP, their close family members and entities controlled or significantly influenced by them, were in the nature of normal personal banking and deposit transactions.

Transactions other than financial instrument transactions

All other transactions with KMP, their close family members, related entities and other related parties are conducted in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees and customers. These transactions principally involve the provision of financial and investment services by entities not controlled by the Group.

Directors' report (continued)

Non-audit services

Amounts paid or payable to PricewaterhouseCoopers (PwC) for audit, review, assurance and non-audit services provided during the year, are set out in Note 12.3 to the *Financial report* on page 270.

Auditor's Independence Declaration

We have obtained an independence declaration from our external auditor as presented on page 114.

Auditor independence

The operation of the Group External Auditor Services Policy assists in ensuring the independence of the Group's external auditor.

The Audit Committee has considered the provision, during the year, of non-audit services by PwC, and has concluded that the provision of those services did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth).

The Audit Committee is satisfied that the provision of the non-audit services by PwC during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

The Directors are satisfied that the provision of the non-audit services by PwC during the year is compatible with the general standard of independence for auditors and did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth). The reasons for this are as follows:

- the effective operation of the Group External Auditor Services Policy during the year to restrict the nature of non-audit services engagements, to prohibit certain services and to require Audit Committee pre-approval for all such engagements; and
- the relative quantum of fees paid for non-audit services compared to the quantum for audit, and audit-related services was appropriate.

The above Directors' statements are in accordance with the advice received from the Audit Committee.

Incorporation of additional material

The following sections form part of this report and should be read in conjunction:

- the *Our approach to corporate governance* section on pages 66–79;
- information on Directors' shareholdings, share rights and options on pages 102 and 109;
- the *Remuneration report* can be found on pages 86–112;
- dividend information can be found in Note 8.4 to the *Financial report* on pages 204–205;
- non-audit services information can be found in Note 12.3 to the *Financial report* on page 270; and
- the external auditor's independence declaration on page 114.

This Directors' report is made in accordance with a resolution of the Directors.

C.B. Livingstone

Catherine Livingstone AO
Chairman

Matt Comyn
Managing Director and Chief Executive Officer

10 August 2022

Auditor’s Independence Declaration

As lead auditor for the audit of the Commonwealth Bank of Australia for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
10 August 2022

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Financial report contents

Financial statements

Notes to the financial statements

Additional information 282

Income Statements

For the year ended 30 June 2022

	Note	Group[1] 30 Jun 22 $M	Group[1] 30 Jun 21 $M	Group[1] 30 Jun 20 $M	Bank[1] 30 Jun 22 $M	Bank[1] 30 Jun 21 $M
Interest income:						
Effective interest income	2.1	**23,987**	24,804	30,053	**21,186**	22,128
Other interest income	2.1	**306**	317	514	**326**	344
Interest expense	2.1	**(4,820)**	(5,819)	(11,552)	**(4,633)**	(5,551)
Net interest income		**19,473**	19,302	19,015	**16,879**	16,921
Other banking income [2]	2.3	**5,462**	4,802	4,597	**9,748**	4,721
Net banking operating income		**24,935**	24,104	23,612	**26,627**	21,642
Net funds management operating income	2.3	**135**	165	173	**–**	–
Net insurance operating income	2.3	**73**	145	141	**–**	–
Total net operating income before operating expenses and impairment		**25,143**	24,414	23,926	**26,627**	21,642
Operating expenses	2.4	**(11,816)**	(11,485)	(11,030)	**(13,218)**	(10,520)
Loan impairment benefit/(expense)	3.2	**357**	(554)	(2,518)	**397**	(525)
Net profit before income tax		**13,684**	12,375	10,378	**13,806**	10,597
Income tax expense	2.5	**(4,011)**	(3,532)	(2,990)	**(3,432)**	(2,688)
Net profit after income tax from continuing operations		**9,673**	8,843	7,388	**10,374**	7,909
Net profit after income tax from discontinued operations	11.3	**1,098**	1,338	2,207	**–**	–
Non-controlling interests in net profit after income tax from discontinued operations	11.3	**–**	–	(3)	**–**	–
Net profit attributable to equity holders of the Bank		**10,771**	10,181	9,592	**10,374**	7,909

1 Comparative information has been restated to reflect the prior period adjustments detailed in Note 1.1.
2 Other banking income is presented net of directly associated depreciation and impairment charges.

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

Earnings per share for profit attributable to equity holders of the Bank during the year:

	Group 30 Jun 22	Group 30 Jun 21	Group 30 Jun 20
	Cents per share		
Earnings per share from continuing operations:			
Basic	**561.7**	499.2	417.8
Diluted	**541.5**	470.6	404.8
Earnings per share:			
Basic	**625.4**	574.8	542.4
Diluted	**601.4**	539.7	521.0

Statements of Comprehensive Income

For the year ended 30 June 2022

	Group			Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Net profit after income tax for the period from continuing operations	**9,673**	8,843	7,388	**10,374**	7,909
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit/(loss):					
Foreign currency translation reserve net of tax	**(240)**	(212)	(186)	**92**	(177)
(Losses)/gains on cash flow hedging instruments net of tax	**(1,326)**	(1,046)	726	**(1,771)**	(1,055)
(Losses)/gains on debt investment securities at fair value through Other Comprehensive Income net of tax	**(503)**	522	(199)	**(456)**	513
Total of items that may be reclassified	**(2,069)**	(736)	341	**(2,135)**	(719)
Items that will not be reclassified to profit/(loss):					
Actuarial gains/(losses) from defined benefit superannuation plans net of tax	**76**	(95)	116	**76**	(95)
(Losses)/gains on equity investment securities at fair value through Other Comprehensive Income net of tax	**(1,627)**	1,521	34	**(1,617)**	1,502
Revaluation of properties net of tax	**30**	18	19	**30**	19
Total of items that will not be reclassified	**(1,521)**	1,444	169	**(1,511)**	1,426
Other comprehensive (expense)/income net of income tax from continuing operations	**(3,590)**	708	510	**(3,646)**	707
Total comprehensive income for the period from continuing operations	**6,083**	9,551	7,898	**6,728**	8,616
Net profit after income tax for the period from discontinued operations	**1,098**	1,338	2,207	**–**	–
Other comprehensive income/(expense) for the period from discontinued operations net of income tax	**–**	33	(56)	**–**	–
Total comprehensive income for the period	**7,181**	10,922	10,049	**6,728**	8,616
Total comprehensive income for the period is attributable to:					
Equity holders of the Bank	**7,181**	10,922	10,046	**6,728**	8,616
Non-controlling interests	**–**	–	3	**–**	–
Total comprehensive income net of tax	**7,181**	10,922	10,049	**6,728**	8,616

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

		Group		
		30 Jun 22	30 Jun 21	30 Jun 20
	Note	Cents per share		
Dividends per share attributable to shareholders of the Bank:				
Ordinary shares	8.4	**385**	350	298

Balance Sheets

As at 30 June 2022

		Group [1,2]		Bank [1]	
	Note	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Assets					
Cash and liquid assets	5.1	161,154	100,041	150,974	96,759
Receivables from financial institutions	5.2	6,845	5,085	6,071	4,553
Assets at fair value through Income Statement	5.3	25,315	36,970	25,249	36,602
Derivative assets	5.4	35,736	21,449	37,774	21,444
Investment securities:					
At amortised cost	5.5	3,217	4,278	3,217	4,278
At fair value through Other Comprehensive Income	5.5	79,086	86,560	72,191	78,701
Assets held for sale	11.3	1,322	1,201	28	1
Loans, bills discounted and other receivables	3.1	878,854	811,356	773,042	708,505
Shares in and loans to controlled entities	11.2	–	–	56,719	58,102
Property, plant and equipment	6.1	4,887	5,284	3,627	3,953
Investments in associates and joint ventures	11.1	2,801	3,941	1,407	1,527
Intangible assets	6.2	6,899	6,942	3,883	3,939
Deferred tax assets	2.5	3,173	2,080	3,069	1,774
Other assets	6.3	5,971	6,788	5,387	5,684
Total assets		1,215,260	1,091,975	1,142,638	1,025,822
Liabilities					
Deposits and other public borrowings	4.1	857,586	766,381	783,701	693,197
Payables to financial institutions	5.2	26,052	19,059	25,321	18,468
Liabilities at fair value through Income Statement	4.2	7,271	8,381	6,097	2,721
Derivative liabilities	5.4	33,899	18,486	35,002	21,483
Due to controlled entities		–	–	41,433	44,850
Current tax liabilities		263	135	75	3
Deferred tax liabilities	2.5	150	228	82	–
Liabilities held for sale	11.3	1,183	405	–	–
Provisions	7.1	3,636	3,776	3,370	3,079
Term funding from central banks	4.4	54,807	51,856	51,137	51,137
Debt issues	4.3	116,902	103,003	89,940	77,840
Bills payable and other liabilities	7.2	12,656	12,217	12,347	11,655
		1,114,405	983,927	1,048,505	924,433
Loan capital	8.2	28,017	29,360	28,009	28,976
Total liabilities		1,142,422	1,013,287	1,076,514	953,409
Net assets		72,838	78,688	66,124	72,413
Shareholders' Equity					
Ordinary share capital	8.3	36,467	38,420	36,491	38,430
Reserves	8.3	(460)	3,249	(544)	3,201
Retained profits	8.3	36,826	37,014	30,177	30,782
Shareholders' Equity attributable to equity holders of the Bank		72,833	78,683	66,124	72,413
Non-controlling interests		5	5	–	–
Total Shareholders' Equity		72,838	78,688	66,124	72,413

1 Comparative information has been restated to reflect the prior period adjustments detailed in Note 1.1.

2 Current year balances have been impacted by the completed sales of a 10% interest in Bank of Hangzhou Co., Ltd (HZB) and 55% interest in Colonial First State (CFS), and the announced divestment of CommInsure General Insurance. For details on the Group's discontinued operations and business held for sale, refer to Note 11.3.

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

Statements of Changes in Equity

For the year ended 30 June 2022

	Group					
	Ordinary share capital $M	Reserves $M	Retained profits $M	Total $M	Non-controlling interests $M	Total Shareholders' Equity $M
As at 30 June 2020	38,131	2,666	31,136	**71,933**	5	**71,938**
Prior period restatements [1]	–	–	(30)	**(30)**	–	**(30)**
Restated opening balance	38,131	2,666	31,106	**71,903**	5	**71,908**
Net profit after income tax from continuing operations	–	–	8,843	**8,843**	–	**8,843**
Net profit after income tax from discontinued operations	–	–	1,338	**1,338**	–	**1,338**
Net other comprehensive income from continuing operations	–	803	(95)	**708**	–	**708**
Net other comprehensive income from discontinued operations	–	33	–	**33**	–	**33**
Total comprehensive income for the period	–	836	10,086	**10,922**	–	**10,922**
Transactions with equity holders in their capacity as equity holders:						
Dividends paid on ordinary shares	–	–	(4,396)	**(4,396)**	–	**(4,396)**
Dividend reinvestment plan (net of issue costs)	264	–	–	**264**	–	**264**
Share-based payments	–	(35)	–	**(35)**	–	**(35)**
Purchase of treasury shares	(59)	–	–	**(59)**	–	**(59)**
Sale and vesting of treasury shares	84	–	–	**84**	–	**84**
Other changes [2]	–	(218)	218	**–**	–	**–**
As at 30 June 2021	38,420	3,249	37,014	**78,683**	5	**78,688**
Net profit after income tax from continuing operations	–	–	9,673	**9,673**	–	**9,673**
Net profit after income tax from discontinued operations	–	–	1,098	**1,098**	–	**1,098**
Net other comprehensive (expense)/income from continuing operations	–	(3,666)	76	**(3,590)**	–	**(3,590)**
Total comprehensive income for the period	–	(3,666)	10,847	**7,181**	–	**7,181**
Transactions with equity holders in their capacity as equity holders:						
Share buy-back [3]	(1,937)	–	(4,534)	**(6,471)**	–	**(6,471)**
Dividends paid on ordinary shares	–	–	(6,535)	**(6,535)**	–	**(6,535)**
Dividend reinvestment plan (net of issue costs)	(1)	–	–	**(1)**	–	**(1)**
Share-based payments	–	(9)	–	**(9)**	–	**(9)**
Purchase of treasury shares	(76)	–	–	**(76)**	–	**(76)**
Sale and vesting of treasury shares	61	–	–	**61**	–	**61**
Other changes	–	(34)	34	**–**	–	**–**
As at 30 June 2022	36,467	(460)	36,826	**72,833**	5	**72,838**

1 Comparative information has been restated to reflect the prior period adjustments detailed in Note 1.1.

2 Includes $207 million reclassification from foreign currency translation reserve to retained profits related to a historical restructuring where the Group no longer holds exposure to foreign exchange risk.

3 On 4 October 2021, the Group announced the successful completion of its $6 billion off-market buy-back of CBA ordinary shares. 67,704,807 ordinary shares were bought back at $88.62 per share, and comprised a fully franked dividend component of $66.96 per share ($4,534 million) and a capital component of $21.66 per share ($1,466 million). On 9 February 2022, the Group announced its intention to conduct an on-market share buy-back of up to $2 billion. As at 30 June 2022, the Group has bought back a total of 4,853,197 ordinary shares ($468 million) at an average price of $96.42. The Group recognised $3 million transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

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

Statements of Changes in Equity (continued)

For the year ended 30 June 2022

	Bank			
	Ordinary share capital $M	Reserves $M	Retained profits $M	Total Shareholders' Equity $M
As at 30 June 2020	38,180	2,444	27,384	**68,008**
Prior period restatement [1]	–	–	(30)	**(30)**
Restated opening balance	38,180	2,444	27,354	**67,978**
Net profit after income tax from continuing operations	–	–	7,909	**7,909**
Net other comprehensive income from continuing operations	–	802	(95)	**707**
Total comprehensive income for the period	–	802	7,814	**8,616**
Transactions with equity holders in their capacity as equity holders:				
Dividends paid on ordinary shares	–	–	(4,396)	**(4,396)**
Dividend reinvestment plan (net of issue costs)	264	–	–	**264**
Share-based payments	–	(35)	–	**(35)**
Purchase of treasury shares	(59)	–	–	**(59)**
Sale and vesting of treasury shares	45	–	–	**45**
Other changes	–	(10)	10	**–**
As at 30 June 2021	38,430	3,201	30,782	**72,413**
Net profit after income tax from continuing operations	–	–	10,374	**10,374**
Net other comprehensive (expense)/income from continuing operations	–	(3,722)	76	**(3,646)**
Total comprehensive income for the period	–	(3,722)	10,450	**6,728**
Transactions with equity holders in their capacity as equity holders:				
Share buy-back [2]	(1,937)	–	(4,534)	**(6,471)**
Dividends paid on ordinary shares	–	–	(6,535)	**(6,535)**
Dividend reinvestment plan (net of issue costs)	(1)	–	–	**(1)**
Share-based payments	–	(9)	–	**(9)**
Purchase of treasury shares	(60)	–	–	**(60)**
Sale and vesting of treasury shares	59	–	–	**59**
Other changes	–	(14)	14	**–**
As at 30 June 2022	36,491	(544)	30,177	**66,124**

1 Comparative information has been restated to reflect the prior period adjustments detailed in Note 1.1.

2 On 4 October 2021, the Group announced the successful completion of its $6 billion off-market buy-back of CBA ordinary shares. 67,704,807 ordinary shares were bought back at $88.62 per share, and comprised a fully franked dividend component of $66.96 per share ($4,534 million) and a capital component of $21.66 per share ($1,466 million). On 9 February 2022, the Group announced its intention to conduct an on-market share buy-back of up to $2 billion. As at 30 June 2022, the Group has bought back a total of 4,853,197 ordinary shares ($468 million) at an average price of $96.42. The Group recognised $3 million transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

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

Statements of Cash Flows

For the year ended 30 June 2022

	Note	Group[1,2] 30 Jun 22 $M	Group[1,2] 30 Jun 21 $M	Group[1,2] 30 Jun 20 $M	Bank[1] 30 Jun 22 $M	Bank[1] 30 Jun 21 $M
Cash flows from operating activities						
Interest received		**24,744**	25,203	30,920	**21,827**	22,564
Interest paid		**(4,432)**	(6,424)	(11,932)	**(4,228)**	(5,903)
Other operating income received		**3,562**	4,775	5,237	**2,779**	3,535
Expenses paid		**(11,027)**	(9,886)	(9,802)	**(9,835)**	(8,865)
Income taxes paid		**(3,530)**	(3,672)	(3,171)	**(3,086)**	(3,261)
Insurance business:						
Investment income		**(6)**	–	198	**–**	–
Premiums received[3]		**698**	695	1,135	**–**	–
Policy payments and commission expense[3]		**(620)**	(550)	(2,087)	**–**	–
Cash flows from operating activities before changes in operating assets and liabilities		**9,389**	10,141	10,498	**7,457**	8,070
Changes in operating assets and liabilities arising from cash flow movements						
Movement in investment securities:						
Purchases		**(34,472)**	(37,045)	(42,088)	**(33,041)**	(32,778)
Proceeds		**34,957**	29,528	44,358	**32,847**	26,222
Net decrease/(increase) in assets at fair value through Income Statement (excluding insurance)		**14,587**	(911)	(4,009)	**10,463**	(2,753)
Net increase in loans, bills discounted and other receivables		**(68,250)**	(39,858)	(20,439)	**(62,550)**	(31,200)
Net (increase)/decrease in receivables from financial institutions		**(1,747)**	3,567	(584)	**(1,607)**	3,803
Net (increase)/decrease in securities purchased under agreements to resell		**(29,888)**	4,272	(4,126)	**(29,991)**	3,890
Insurance business:						
Purchase of insurance assets at fair value through Income Statement		**–**	–	(903)	**–**	–
Proceeds from sales and maturities of insurance assets at fair value through Income Statement		**–**	–	1,415	**–**	–
Net (increase)/decrease in other assets		**(795)**	185	(1,560)	**(536)**	(118)
Net increase in deposits and other public borrowings		**79,739**	61,189	69,267	**77,068**	58,476
Net increase/(decrease) in payables to financial institutions		**7,425**	4,041	(8,470)	**7,269**	4,490
Net increase/(decrease) in securities sold under agreements to repurchase		**13,846**	2,441	(2,222)	**13,878**	2,283
Net (decrease)/increase in other liabilities at fair value through Income Statement		**(1,516)**	4,100	(4,312)	**3,233**	(1,134)
Net (decrease)/increase in other liabilities		**(35)**	(338)	482	**(478)**	(6)
Changes in operating assets and liabilities arising from cash flow movements		**13,851**	31,171	26,809	**16,555**	31,175
Net cash provided by operating activities	12.2 (a)	**23,240**	41,312	37,307	**24,012**	39,245

1 It should be noted that the Group does not use these accounting Statements of Cash Flows in the internal management of its liquidity positions.
2 Includes discontinued operations. For the cash flows from discontinued operations refer to Note 11.3.
3 Represents gross premiums and policy payments before splitting between policyholders and shareholders.

Statements of Cash Flows (continued)

For the year ended 30 June 2022

		Group [1,2]			Bank [1]	
		30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 22	30 Jun 21
	Note	$M	$M	$M	$M	$M
Cash flows from investing activities						
Cash outflows from acquisitions of controlled entities (net of cash acquired)		**–**	(61)	–	**–**	(61)
Cash inflows from disposals of associates and joint ventures		**1,789**	892	–	**1,789**	1
Cash outflows from acquisitions of associates and joint ventures		**(256)**	(60)	(18)	**(254)**	(55)
Cash inflows from disposal of controlled entities (net of cash disposed of)		**1,975**	682	5,011	**–**	124
Dividends received		**30**	128	95	**3,456**	1,311
Net amounts paid to controlled entities [3]		**–**	–	–	**(3,674)**	384
Proceeds from sales of property, plant and equipment		**108**	57	200	**76**	46
Purchases of property, plant and equipment		**(231)**	(235)	(910)	**(189)**	(182)
Purchases of intangible assets		**(746)**	(532)	(629)	**(642)**	(541)
Net cash provided by investing activities		**2,669**	871	3,749	**562**	1,027
Cash flows from financing activities						
Share buy-backs		**(6,471)**	–	–	**(6,471)**	–
Dividends paid (excluding Dividend Reinvestment Plan)		**(6,535)**	(4,132)	(7,629)	**(6,535)**	(4,132)
Proceeds from issuance of debt securities		**61,921**	17,802	37,630	**53,854**	15,096
Redemption of debt securities		**(45,879)**	(49,558)	(64,661)	**(41,049)**	(43,941)
Proceeds from drawing on term funding from central banks		**2,951**	50,357	1,500	**–**	49,638
Purchases of treasury shares		**(76)**	(71)	(65)	**(60)**	(71)
Sales of treasury shares		**48**	5	93	**50**	–
Proceeds from issuance of loan capital		**6,815**	6,791	5,849	**6,832**	6,791
Redemption of loan capital		**(6,540)**	(2,608)	(2,871)	**(6,165)**	(2,608)
Payments for the principal portion of lease liabilities		**(523)**	(428)	(463)	**(477)**	(395)
Other		**–**	153	(115)	**–**	41
Net cash provided by/(used in) financing activities		**5,711**	18,311	(30,732)	**(21)**	20,419
Net increase in cash and cash equivalents		**31,620**	60,494	10,324	**24,553**	60,691
Effect of foreign exchange rates on cash and cash equivalents		**355**	(465)	17	**429**	(432)
Cash and cash equivalents at beginning of year		**87,380**	27,351	17,010	**84,268**	24,010
Cash and cash equivalents at end of year	12.2 (b)	**119,355**	87,380	27,351	**109,250**	84,269

1 It should be noted that the Group does not use these accounting Statements of Cash Flows in the internal management of its liquidity positions.
2 Includes discontinued operations. For the cash flows from discontinued operations refer to Note 11.3.
3 Amounts paid to controlled entities are presented in line with how they are managed and settled.

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2022

1. Overview

1.1 General information, basis of accounting, changes in accounting policies and future accounting developments

General information

The Financial Report of the Commonwealth Bank of Australia (the Bank) and the Bank and its subsidiaries (the Group) for the year ended 30 June 2022, was approved and authorised for issue by the Board of Directors on 10 August 2022. The Directors have the power to amend and reissue the financial statements.

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

The Financial Report includes the consolidated and standalone financial statements of the Group and the Bank, respectively. Notes accompanying the financial statements and the Directors' declaration form part of the Financial Report.

On 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 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 completed on 30 June 2022.

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. For details of the Group's discontinued operations and businesses held for sale refer to Note 11.3.

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

Basis of accounting

The Financial Report:

- is a general purpose financial report;
- has been prepared in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth);
- is presented in Australian dollars, which is the Bank's functional and presentation currency, with all values rounded to the nearest million dollars ($M) in accordance with ASIC Corporations Instrument 2016/191 unless otherwise indicated;
- includes foreign currency transactions that are translated into the functional currency, using the exchange rates prevailing at the date of each transaction;
- has been prepared on a going concern basis using a historical cost basis, except for certain assets and liabilities (including derivative instruments) measured at fair value;
- presents assets and liabilities on the face of the Balance Sheets in decreasing order of liquidity;
- where required, presents restated comparative information for consistency with the current year's presentation in the Financial Report; and
- contains accounting policies that have been consistently applied to all periods presented, unless otherwise stated.

Impact of coronavirus (COVID-19)

The Group has carefully considered the impact of COVID-19 in preparing its financial statements for the year ended 30 June 2022, including the application of critical estimates and judgements. The key impacts on the financial statements are as follows:

- Provisions for impairment (Refer to Note 3.2.)
- Assessment of impairment of non-financial assets.

The Group has assessed Property, plant and equipment, Right of use assets, and Assets held as lessor for indicators of impairment. Due to the recoveries by the global aviation and shipping industries from the impacts of COVID-19, an impairment reversal of $68 million was recognised during the year ended 30 June 2022 (30 June 2021: $112 million impairment loss; 30 June 2020: $81 million impairment loss). In determining the value in use of the aircraft, the Group incorporates the cash inflows over the lease term, and the expected selling price on expiry of the lease. The ongoing recovery from disruption across the aviation industry resulted in a partial recovery in the assets' expected recoverable values during the year ended 30 June 2022.

Notes to the financial statements

For the year ended 30 June 2022

1.1 General information, basis of accounting, changes in accounting policies and future accounting developments (continued)

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 adjustments

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 (Note 3.1) and uninsured deposits (Note 4.1).

Notes to the financial statements
For the year ended 30 June 2022

1.1 General information, basis of accounting, changes in accounting policies and future accounting developments (continued)

Adoption of new accounting standards and future accounting developments

Interest Rate Benchmark Reform

Background

Interbank Offered Rates (IBORs), such as the London Interbank Offered Rate (LIBOR), play a critical role in global financial markets, serving as reference rates for derivatives, loans and securities, and as parameters in the valuation of financial instruments. In March 2021, the UK Financial Conduct Authority (FCA) announced LIBOR cessation dates, after which representative LIBOR rates will no longer be available. The cessation date for all tenors of GBP, CHF, EUR and JPY LIBOR and the one week and two-month tenors for USD LIBOR was 31 December 2021. The cessation date for the remaining USD LIBOR tenors is 30 June 2023. Market-led working groups in respective jurisdictions have recommended alternative risk-free reference rates (RFRs). IBORs such as the AUD Bank Bill Swap Rate (BBSW), Euro Interbank Offered Rate (EURIBOR) and NZ Bank Bill Market (BKBM) are not expected to be directly impacted by the interest rate benchmark reform (IBOR reform) and are not expected to be discontinued.

The Group has been exposed to LIBOR through various financial instruments including loans, investment and trading securities, derivatives, debt issues, and deposits. Existing LIBOR-referencing contracts that mature beyond their respective LIBOR cessation dates are to be replaced with new contracts or are to be amended to either reference an alternative RFR or include legal provisions that offer an unambiguous and predetermined path to interest rate benchmark replacement (fallback provisions). Parties can also decide to leave contracts unchanged where the contracts are to mature while the relevant synthetic LIBOR will be available. Amongst the matters considered in the contractual transition are the fundamental differences between LIBORs and RFRs. RFRs are overnight rates, while LIBOR is available in multiple tenors. LIBOR also incorporates a bank credit risk premium while RFRs do not. Because of these differences, both term and spread adjustments to the applicable fallback RFRs are required to ensure that contracts that reference LIBOR transition on an economically equivalent basis.

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.

IBOR reform program

In October 2018, the Group formed the Interest Rate Benchmark Reform Program (the Program) which has been tasked with addressing the impact to the Group resulting from the transition from IBORs to RFRs. The Program includes a formal governance structure to ensure clear accountability for all decisions, and incorporates the requisite risk, treasury, finance, legal, business, and support functions.

The transition from IBORs to RFRs has resulted in various risks to the Group, including operational, financial, legal, compliance and conduct risks. These risks have stemmed from, amongst others, the need for new products that incorporate RFRs, the impact of IBOR related changes on customers and financial instrument counterparties, as well as the need for different system and process capabilities. The Group under direction of the Program, has applied various means of eliminating and managing these risks, while ensuring that customer outcomes are appropriate and any disruption to business is minimised. No material changes have been made to the Group's risk management strategy because of IBOR reform.

The Group has been actively engaged in industry working groups and IBOR reform forums, which has ensured the implementation has been consistent with the market and compliant to date.

The use of LIBOR in new products has been phased out in accordance with industry and supervisory guidance.

Notes to the financial statements

For the year ended 30 June 2022

1.1 General information, basis of accounting, changes in accounting policies and future accounting developments (continued)

Financial instruments impacted by IBOR reform

The table below provides the Group's remaining material exposure to interest rate benchmarks that are subject to IBOR reform. More specifically, the table provides financial instrument exposures that currently mature after the relevant LIBOR cessation date and that are yet to transition to an alternative RFR. The vast majority of non-cleared derivatives are now subject to the ISDA Fallbacks Protocol for converting LIBOR to RFRs upon the occurrence of an index cessation event. Cleared derivatives transition in accordance with the clearing house rulebook. In addition, the Group has been engaging with customers and counterparties in respect of non-derivative financial instruments to transition to an alternative RFR or include appropriate fallback provisions.

	Gross carrying value at 30 Jun 22 of financial instruments yet to transition to RFRs		
	USD LIBOR $M	GBP LIBOR [1] $M	Total $M
Non-derivative financial assets [2]	8,528	–	**8,528**
Non-derivative financial liabilities	954	–	**954**
Derivative assets	9,669	–	**9,669**
Derivative liabilities	7,288	7	**7,295**
Loan commitments	8,349	–	**8,349**

1 Financial Instruments are yet to transition where they reference GBP LIBOR, mature after 31 December 2022 (when synthetic GBP LIBOR is no longer available), and have not yet been restructured to transition to an alternative RFR on the next reset date which falls after the relevant LIBOR cessation date.

2 Excludes provisions for expected credit losses.

Future accounting developments

Standards, amendments to standards and interpretations issued by the AASB and the IASB that are not yet effective are not expected to result in significant changes to the Group's accounting policies.

Notes to the financial statements
For the year ended 30 June 2022

2. Our performance

OVERVIEW

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

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

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

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

2.1 Net interest income

	Group [1]			Bank [1]	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Interest income					
Effective interest income:					
Loans and bills discounted	**23,173**	24,275	28,471	**20,424**	21,557
Other financial institutions	**20**	16	110	**16**	13
Cash and liquid assets	**254**	59	356	**211**	49
Investment securities:					
At amortised cost	**49**	48	114	**49**	48
At fair value through Other Comprehensive Income	**491**	406	1,002	**392**	353
Controlled entities	**–**	–	–	**94**	108
Total effective interest income	**23,987**	24,804	30,053	**21,186**	22,128
Other:					
Assets at fair value through Income Statement	**201**	210	436	**201**	210
Controlled entities	**–**	–	–	**27**	31
Other	**105**	107	78	**98**	103
Total other interest income	**306**	317	514	**326**	344
Total interest income	**24,293**	25,121	30,567	**21,512**	22,472
Interest expense					
Deposits	**2,420**	3,641	7,304	**1,880**	2,799
Other financial institutions	**94**	57	391	**91**	56
Liabilities at fair value through Income Statement	**105**	37	74	**81**	25
Term funding from central banks	**99**	43	–	**80**	43
Debt issues	**997**	960	2,529	**536**	603
Loan capital	**687**	661	825	**683**	650
Lease liabilities	**75**	82	71	**66**	72
Bank levy	**343**	338	358	**343**	338
Controlled entities	**–**	–	–	**873**	965
Total interest expense	**4,820**	5,819	11,552	**4,633**	5,551
Net interest income	**19,473**	19,302	19,015	**16,879**	16,921

1 Comparative information has been restated to reflect the prior period adjustments detailed in Note 1.1.

2.1 Net interest income (continued)

ACCOUNTING POLICIES

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

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

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

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

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

Notes to the financial statements
For the year ended 30 June 2022

2.2 Average balances and related interest

The following tables have been produced using statutory Balance Sheet and Income Statement categories. The tables list the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for each of the full years ended 30 June 2022, 30 June 2021 and 30 June 2020. Interest is accounted for based on product yield. Where assets or liabilities are hedged, the amounts are shown net of the hedge, but individual items not separately hedged may be affected by movements in exchange rates and interest rates. The overseas component comprises overseas branches of the Bank and overseas domiciled controlled entities. Non-accrual loans are included in interest earning assets under Loans, bills discounted and other receivables. During the year ended 30 June 2022, the official cash rate in Australia increased by 75 basis points on a spot basis, while the official cash rate in New Zealand increased by 175 basis points on a spot basis (30 June 2021: 15 basis points decrease for Australia and the official cash rate in New Zealand remained unchanged; 2020: 100 basis points decrease for Australia and 125 basis points decrease for New Zealand).

	Group [1]								
	30 Jun 22			30 Jun 21			30 Jun 20		
Interest earning assets	**Average balance $M**	**Interest $M**	**Average rate %**	**Average balance $M**	**Interest $M**	**Average rate %**	**Average balance $M**	**Interest $M**	**Average rate %**
Cash and liquid assets									
Australia	**95,587**	**103**	**0. 1**	34,057	38	0. 1	23,468	244	1. 0
Overseas	**32,004**	**151**	**0. 5**	23,271	21	0. 1	22,539	112	0. 5
Receivables from financial institutions									
Australia	**2,617**	**(5)**	**(0. 2)**	2,287	(3)	(0. 1)	2,461	38	1. 5
Overseas	**3,197**	**25**	**0. 8**	4,401	19	0. 4	6,420	72	1. 1
Assets at fair value through Income Statement									
Australia	**20,610**	**205**	**1. 0**	35,215	209	0. 6	34,237	422	1. 2
Overseas	**3,618**	**(4)**	**(0. 1)**	4,392	1	–	2,070	14	0. 7
Investment Securities:									
At amortised cost									
Australia	**3,938**	**49**	**1. 2**	4,443	48	1. 1	6,272	114	1. 8
Overseas	**–**	**–**	**–**	2	–	0. 2	6	–	0. 6
At fair value through OCI									
Australia	**64,453**	**345**	**0. 5**	66,473	320	0. 5	56,929	716	1. 3
Overseas	**16,344**	**146**	**0. 9**	19,977	86	0. 4	19,996	286	1. 4
Loans, bills discounted and other receivables [2]									
Australia [3]	**667,934**	**19,460**	**2. 9**	627,669	20,645	3. 3	614,980	23,922	3. 9
Overseas	**116,608**	**3,818**	**3. 3**	107,659	3,737	3. 5	108,031	4,627	4. 3
Total interest earning assets and interest income	**1,026,910**	**24,293**	**2. 4**	929,846	25,121	2. 7	897,409	30,567	3. 4

1 Comparative information has been restated to reflect the prior period adjustments detailed in Note 1.1 and to conform to presentation in the current year.
2 Loans, bills discounted and other receivables include bank acceptances.
3 Net of average mortgage and other offset balances that are included in Non-interest earning assets. Average mortgage offset balance for the year ended 30 June 2022 was $64,748 million (30 June 2021: $56,675 million; 30 June 2020: $48,807 million). While the balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the Group's net interest margin.

Notes to the financial statements
For the year ended 30 June 2022

2.2 Average balances and related interest (continued)

	Group [1]		
	30 Jun 22	30 Jun 21	30 Jun 20
	Average balance	Average balance	Average balance
Non-interest earning assets	**$M**	**$M**	**$M**
Property, plant and equipment			
Australia	**4,468**	4,846	4,577
Overseas	**486**	537	597
Other assets			
Australia [2]	**109,849**	100,604	87,461
Overseas	**9,728**	8,061	10,236
Provisions for impairment			
Australia	**(4,032)**	(4,139)	(4,561)
Overseas	**(724)**	(870)	(613)
Total non-interest earning assets	**119,775**	109,039	97,697
Assets held for sale			
Australia	**2,094**	1,457	5,383
Overseas	**–**	–	691
Total assets	**1,148,779**	1,040,342	1,001,180
Percentage of total assets applicable to overseas operations (%)	**15. 8**	16. 1	17. 0

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

2 For the purpose of reconciling of total average assets, other assets include average mortgage and other offset balances as these balances were excluded from average loans and interest earning assets. Average mortgage offset balance for the year ended 30 June 2022 was $64,748 million (30 June 2021: $56,675 million; 30 June 2020: $48,807 million).

Notes to the financial statements
For the year ended 30 June 2022

2.2 Average balances and related interest (continued)

	Group								
	30 Jun 22			30 Jun 21			30 Jun 20		
Interest bearing liabilities	**Average balance $M**	**Interest $M**	**Average rate %**	**Average balance $M**	**Interest $M**	**Average rate %**	**Average balance $M**	**Interest $M**	**Average rate %**
Time deposits									
Australia [1]	**157,909**	**1,061**	**0. 7**	166,816	1,979	1. 2	192,668	3,896	2. 0
Overseas	**59,344**	**597**	**1. 0**	48,903	723	1. 5	56,599	1,589	2. 8
Savings deposits									
Australia [1]	**202,729**	**299**	**0. 1**	191,923	441	0. 2	159,732	950	0. 6
Overseas	**23,040**	**106**	**0. 5**	20,290	186	0. 9	15,655	146	0. 9
Other demand deposits									
Australia	**157,998**	**293**	**0. 2**	151,957	230	0. 2	126,657	601	0. 5
Overseas	**13,955**	**64**	**0. 5**	12,241	82	0. 7	9,910	122	1. 2
Payables to financial institutions									
Australia	**12,221**	**36**	**0. 3**	7,555	17	0. 2	10,640	164	1. 5
Overseas	**10,000**	**58**	**0. 6**	6,961	40	0. 6	14,258	227	1. 6
Liabilities at fair value through Income Statement									
Australia	**3,834**	**96**	**2. 5**	2,891	26	0. 9	5,090	66	1. 3
Overseas	**4,255**	**9**	**0. 2**	3,553	11	0. 3	700	8	1. 1
Term funding from central banks									
Australia	**51,137**	**80**	**0. 2**	18,449	43	0. 2	19	–	–
Overseas	**2,016**	**19**	**0. 9**	197	–	–	–	–	–
Debt issues [2]									
Australia	**94,418**	**703**	**0. 7**	98,397	756	0. 8	129,461	2,106	1. 6
Overseas	**16,651**	**294**	**1. 8**	16,534	204	1. 2	23,499	423	1. 8
Loan capital									
Australia	**24,329**	**557**	**2. 3**	20,693	500	2. 4	18,066	608	3. 4
Overseas	**4,861**	**130**	**2. 7**	6,446	161	2. 5	6,439	217	3. 4
Lease liabilities									
Australia	**2,707**	**64**	**2. 4**	2,828	71	2. 5	2,232	60	2. 7
Overseas	**291**	**11**	**3. 8**	333	11	3. 3	357	11	3. 1
Bank levy									
Australia	**–**	**343**	**–**	–	338	–	–	358	–
Overseas	**–**	**–**	**–**	–	–	–	–	–	–
Total interest bearing liabilities and interest expense	**841,695**	**4,820**	**0. 6**	776,967	5,819	0. 7	771,982	11,552	1. 5

1 Net of average mortgage and other offset balances that are included in Non-interest bearing liabilities.
2 Debt issues include bank acceptances.

Notes to the financial statements
For the year ended 30 June 2022

2.2 Average balances and related interest (continued)

	Group [1]		
	30 Jun 22	30 Jun 21	30 Jun 20
Non-interest bearing liabilities	Average balance $M	Average balance $M	Average balance $M
Deposits not bearing interest			
Australia [2]	**184,771**	141,038	106,664
Overseas	**12,370**	9,421	6,301
Other liabilities			
Australia	**24,968**	27,986	29,181
Overseas	**8,508**	9,100	11,193
Total non-interest bearing liabilities	**230,617**	187,545	153,339
Liabilities held for sale			
Australia	**1,071**	658	4,515
Overseas	**–**	–	502
Total liabilities	**1,073,383**	965,170	930,338
Shareholders' Equity	**75,396**	75,172	70,842
Total liabilities and Shareholders' Equity	**1,148,779**	1,040,342	1,001,180
Percentage of total liabilities applicable to overseas operations (%)	**14. 5**	13. 9	15. 6

1 Comparative information has been restated to conform to presentation in the current year.
2 Includes average mortgage and other offset balances.

Changes in Net interest income: volume and rate analysis

The following tables show the movement in interest income and expense due to changes in volume and interest rates. Volume variances reflect the change in interest from the prior year due to movement in the average balance. Rate variances reflect the change in interest from the prior year due to changes in interest rates. Volume and rate variance for total interest earning assets and interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

	June 2022 vs June 2021			June 2021 vs June 2020 [1]		
Changes in net interest income: Volume and rate analysis	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Interest earning assets						
Cash and liquid assets						
Australia	**66**	**(1)**	**65**	12	(218)	(206)
Overseas	**41**	**89**	**130**	1	(92)	(91)
Receivables from financial institutions						
Australia	**(1)**	**(1)**	**(2)**	–	(41)	(41)
Overseas	**(9)**	**15**	**6**	(9)	(44)	(53)
Assets at fair value through Income Statement						
Australia	**(145)**	**141**	**(4)**	6	(219)	(213)
Overseas	**1**	**(6)**	**(5)**	1	(14)	(13)
Investment securities:						
At amortised cost						
Australia	**(6)**	**7**	**1**	(20)	(46)	(66)
Overseas	**–**	**–**	**–**	–	–	–
At fair value through OCI						
Australia	**(11)**	**36**	**25**	46	(442)	(396)
Overseas	**(32)**	**92**	**60**	–	(200)	(200)
Loans, bills discounted and other receivables						
Australia	**1,173**	**(2,358)**	**(1,185)**	417	(3,694)	(3,277)
Overseas	**293**	**(212)**	**81**	(13)	(877)	(890)
Changes in interest income	**2,296**	**(3,124)**	**(828)**	876	(6,322)	(5,446)

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

Notes to the financial statements
For the year ended 30 June 2022

2.2 Average balances and related interest (continued)

Changes in net interest income: Volume and rate analysis	June 2022 vs June 2021 Volume $M	Rate $M	Total $M	June 2021 vs June 2020 [1] Volume $M	Rate $M	Total $M
Interest bearing liabilities and loan capital						
Time deposits						
Australia	**(60)**	**(858)**	**(918)**	(307)	(1,610)	(1,917)
Overseas	**105**	**(231)**	**(126)**	(114)	(752)	(866)
Savings deposits						
Australia	**16**	**(158)**	**(142)**	74	(583)	(509)
Overseas	**13**	**(93)**	**(80)**	42	(2)	40
Other demand deposits						
Australia	**11**	**52**	**63**	38	(409)	(371)
Overseas	**8**	**(26)**	**(18)**	16	(56)	(40)
Payables to financial institutions						
Australia	**14**	**5**	**19**	(7)	(140)	(147)
Overseas	**18**	**–**	**18**	(42)	(145)	(187)
Liabilities at fair value through Income Statement						
Australia	**24**	**46**	**70**	(20)	(20)	(40)
Overseas	**1**	**(3)**	**(2)**	9	(6)	3
Term funding from centrals banks						
Australia	**51**	**(14)**	**37**	43	–	43
Overseas	**17**	**2**	**19**	–	–	–
Debt issues						
Australia	**(30)**	**(23)**	**(53)**	(239)	(1,111)	(1,350)
Overseas	**2**	**88**	**90**	(86)	(133)	(219)
Loan capital						
Australia	**83**	**(26)**	**57**	64	(172)	(108)
Overseas	**(42)**	**11**	**(31)**	–	(56)	(56)
Lease liabilities						
Australia	**(3)**	**(4)**	**(7)**	15	(4)	11
Overseas	**(2)**	**2**	**–**	(1)	1	–
Bank levy						
Australia	**–**	**5**	**5**	–	(20)	(20)
Overseas	**–**	**–**	**–**	–	–	–
Changes in interest expense	**371**	**(1,370)**	**(999)**	37	(5,770)	(5,733)
Changes in net interest income	**1,841**	**(1,670)**	**171**	673	(386)	287

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

2.3 Other operating income

	Group [1]			Bank [1]	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Other banking income					
Commissions	**2,309**	2,564	2,557	**1,834**	2,053
Lending fees	**736**	665	581	**694**	633
Trading income	**806**	852	940	**702**	743
Net gain/(loss) on non-trading financial instruments [2]	**420**	23	139	**333**	(322)
Net gain/(loss on sale of property, plant and equipment	**12**	(4)	32	**12**	(4)
Net gain/(loss) from hedging ineffectiveness	**4**	39	(14)	**(53)**	32
Dividends – Controlled entities	**–**	–	–	**3,427**	1,185
Dividends – Other	**–**	2	3	**28**	66
Share of profit from associates and joint ventures net of impairment [3]	**1,012**	599	170	**2,401**	6
Other [4,5]	**163**	62	189	**370**	329
Total other banking income	**5,462**	4,802	4,597	**9,748**	4,721
Funds management income	**154**	180	196	**–**	–
Claims, policyholder liability and commission expense	**(19)**	(15)	(23)	**–**	–
Net funds management operating income	**135**	165	173	**–**	–
Net insurance operating income					
Premiums from insurance contracts	**698**	695	698	**–**	–
Investment (loss)/revenue	**(6)**	–	2	**–**	–
Claims, policyholder liability and commission expense from insurance contracts	**(619)**	(550)	(559)	**–**	–
Net insurance operating income	**73**	145	141	**–**	–
Total other operating income	**5,670**	5,112	4,911	**9,748**	4,721

1 Comparative information has been restated to reflect the prior period adjustments detailed in Note 1.1.
2 Includes gains/(losses) on non-trading derivatives that are held for risk management purposes.
3 Current year includes a pre-tax gain of $516 million for the Group (Bank: $2,358 million), arising from the partial disposal of a 10% interest in Bank of Hangzhou and reclassification of the retained 5.6% interest to Investment securities at fair value through other comprehensive income.
4 Includes depreciation of $61 million in relation to assets held for lease as lessor by the Group (30 June 2021: $75 million; 30 June 2020: $83 million). Includes depreciation of $3 million in relation to assets held for lease as lessor by the Bank (30 June 2021: $6 million; 30 June 2020: $6 million).
5 Current year includes a $68 million reversal of impairment loss (30 June 2021: $112 million impairment loss; 30 June 2020: $81 million impairment loss) recognised by the Group in relation to certain aircraft owned by the Group and leased to various airlines. The impairment loss and subsequent recovery were driven by the impact of COVID-19 on the aviation sector.

Notes to the financial statements

For the year ended 30 June 2022

2.3 Other operating income (continued)

ACCOUNTING POLICIES

Lending fees and commission income are accounted for as follows:

- facility fees earned for managing and administering credit and other facilities for customers are generally charged to the customer on a monthly or annual basis and are recognised as revenue over the service period. Annual fees are deferred on the Balance Sheet in Bills payable and other liabilities and recognised on a straight-line basis over the year. Transaction based fees are charged and recognised at the time of the transaction;
- commitment fees and fees in relation to guarantee arrangements are deferred and recognised over the life of the contractual arrangements;
- fee income is earned for providing advisory or arrangement services, placement and underwriting services. These fees are recognised and charged when the related service is completed which is typically at the time of the transaction.

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

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

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

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

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

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

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

General insurance premiums received and receivable are recognised as revenue when they are earned, based on actuarial assessment of the likely pattern in which risk will emerge. The portion not yet earned based on the pattern assessment is recognised as an unearned premium liability. Claims are recognised as an expense when the liability is established.

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

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

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

Notes to the financial statements

For the year ended 30 June 2022

2.4 Operating expenses

	Group [1]			Bank [1]	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Staff expenses					
Salaries and related on-costs	**5,955**	5,506	5,248	**5,358**	4,983
Share-based compensation	**111**	100	103	**111**	102
Superannuation	**516**	442	409	**501**	433
Total staff expenses	**6,582**	6,048	5,760	**5,970**	5,518
Occupancy and equipment expenses					
Lease expenses [2]	**141**	166	165	**132**	166
Depreciation of property, plant and equipment	**640**	756	726	**563**	671
Other occupancy expenses	**197**	236	167	**187**	202
Total occupancy and equipment expenses	**978**	1,158	1,058	**882**	1,039
Information technology services					
System development and support	**990**	973	832	**955**	1,020
Infrastructure and support	**335**	336	300	**313**	332
Communications	**156**	174	192	**141**	159
Amortisation and write-offs of software assets [3]	**761**	422	762	**683**	345
IT equipment depreciation	**117**	129	133	**96**	111
Total information technology services	**2,359**	2,034	2,219	**2,188**	1,967
Other expenses					
Postage and stationery	**131**	136	148	**126**	127
Transaction processing and market data	**141**	138	135	**123**	122
Fees and commissions:					
Professional fees	**535**	528	404	**513**	505
Other	**116**	244	262	**77**	78
Advertising, marketing and loyalty	**401**	412	424	**320**	315
Amortisation of intangible assets (excluding software and merger related amortisation)	**–**	5	5	**–**	–
Non-lending losses	**292**	509	563	**277**	455
Impairment of investments in subsidiaries	**–**	–	–	**1,835**	–
Other	**100**	147	18	**118**	163
Total other expenses	**1,716**	2,119	1,959	**3,389**	1,765
Operating expenses before separation and transaction costs	**11,635**	11,359	10,996	**12,429**	10,289
Separation and transaction costs	**181**	126	34	**789**	231
Total operating expenses [4]	**11,816**	11,485	11,030	**13,218**	10,520

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

2 Current year includes rentals of $59 million in relation to short-term leases and low value leases (30 June 2021: $87 million; 30 June 2020: $86 million), and variable lease payments based on usage or performance of $11 million (30 June 2021: $50 million; 30 June 2020: $44 million).

3 Current year includes $389 million of accelerated amortisation and software write-offs (30 June 2021: $9 million; 30 June 2020: $234 million).

4 Current year includes $127 million for Banking, other Wealth and employee related remediation, and litigation provisions (30 June 2021: $249 million; 30 June 2020: $161 million), and $124 million of additional costs, including provisions, for historical Aligned Advice remediation issues and associated program costs (30 June 2021: $326 million; 30 June 2020: $300 million).

Notes to the financial statements
For the year ended 30 June 2022

2.4 Operating expenses (continued)

ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

Critical accounting judgements and estimates

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

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

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

2.5 Income tax expense

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

	Group			Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Profit before income tax	**13,684**	12,375	10,378	**13,806**	10,597
Prima facie income tax at 30%	**4,105**	3,713	3,113	**4,142**	3,179
Effect of amounts which are non-deductible/(assessable) in calculating taxable income:					
Taxation offsets and other dividend adjustments	**–**	–	–	**(1,037)**	(375)
Offshore tax rate differential	**(47)**	(43)	(16)	**(7)**	(10)
Offshore banking unit	**(47)**	(2)	(19)	**(26)**	(14)
Effect of changes in tax rates	**17**	11	–	**(6)**	10
Income tax (over)/under provided in previous years	**(40)**	24	(53)	**(36)**	20
Gain/(loss) on disposals	**60**	(122)	(74)	**–**	(191)
Other	**(37)**	(49)	39	**402**	69
Total income tax expense	**4,011**	3,532	2,990	**3,432**	2,688
Effective tax rate (%)	**29. 3**	28. 5	28. 8	**24. 9**	25. 4

	Group			Bank	
Income tax expense attributable to profit from ordinary activities	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Australia					
Current tax expense	**3,045**	3,122	3,005	**2,944**	2,713
Deferred tax expense/(benefit)	**213**	(119)	(572)	**363**	(177)
Total Australia	**3,258**	3,003	2,433	**3,307**	2,536
Overseas					
Current tax expense	**727**	568	577	**117**	185
Deferred tax expense/(benefit)	**26**	(39)	(20)	**8**	(33)
Total Overseas	**753**	529	557	**125**	152
Income tax expense attributable to profit from ordinary activities	**4,011**	3,532	2,990	**3,432**	2,688

Notes to the financial statements
For the year ended 30 June 2022

2.5 Income tax expense (continued)

	Group [1]			Bank [1]	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Deferred tax asset balances comprise temporary differences attributable to:					
Amounts recognised in the Income Statement:					
Lease liability	**894**	977	952	**836**	906
Provision for employee benefits	**561**	522	501	**505**	450
Provisions for impairment on loans, bills discounted and other receivables	**1,500**	1,729	1,758	**1,349**	1,572
Other provisions not tax deductible until expense incurred	**779**	928	674	**759**	726
Defined benefit superannuation plan	**385**	371	360	**385**	371
Unearned income	**172**	206	221	**172**	206
Intangible assets	**240**	179	199	**240**	179
Other	**164**	228	216	**100**	156
Total amount recognised in the Income Statement	**4,695**	5,140	4,881	**4,346**	4,566
Amounts recognised directly in Other Comprehensive Income:					
Cash flow hedge reserve	**431**	133	117	**474**	4
Other reserves	**78**	59	176	**91**	79
Total amount recognised directly in Other Comprehensive Income	**509**	192	293	**565**	83
Total deferred tax assets (before set off)	**5,204**	5,332	5,174	**4,911**	4,649
Set off to tax	**(2,031)**	(3,252)	(3,070)	**(1,842)**	(2,875)
Net deferred tax assets	**3,173**	2,080	2,104	**3,069**	1,774
Deferred tax liability balances comprise temporary differences attributable to:					
Amounts recognised in the Income Statement:					
Right-of-use assets	**783**	880	875	**732**	815
Lease financing relating to lessor activities	**155**	135	137	**79**	89
Intangible assets	**56**	56	66	**56**	56
Financial instruments	**15**	4	13	**5**	6
Investments in associates	**315**	202	170	**258**	–
Other	**48**	301	257	**36**	49
Total amount recognised in the Income Statement	**1,372**	1,578	1,518	**1,166**	1,015
Amounts recognised directly in Other Comprehensive Income:					
Revaluation of properties	**94**	88	84	**99**	93
Foreign currency translation reserve	**12**	25	28	**–**	–
Cash flow hedge reserve	**46**	321	787	**5**	309
Defined benefit superannuation plan	**546**	513	502	**546**	513
Investment securities revaluation reserve	**111**	955	181	**108**	945
Total amount recognised directly in Other Comprehensive Income	**809**	1,902	1,582	**758**	1,860
Total deferred tax liabilities (before set off)	**2,181**	3,480	3,100	**1,924**	2,875
Set off to tax	**(2,031)**	(3,252)	(3,070)	**(1,842)**	(2,875)
Net deferred tax liabilities	**150**	228	30	**82**	–

1 Comparative information has been restated to reflect the prior period adjustments detailed in Note 1.1.

2.5 Income tax expense (continued)

As at 30 June 2022, the Group had unrecognised deferred tax assets relating to unused tax losses of $51 million (30 June 2021: $39 million) and the Bank $48 million (30 June 2021: $33 million). The Group had unrecognised deferred tax assets relating to unrealised capital losses of $58 million (30 June 2021: nil). Deferred tax assets have not been recognised in respect of these losses because it is not considered probable that future taxable profit will be available against which they can be realised.

Tax consolidation

The Bank recognised a tax contribution to the wholly-owned tax consolidated entity of $96 million during the year ended 30 June 2021.

The amount receivable by the Bank under the tax funding agreement was $202 million as at 30 June 2022 (30 June 2021: $200 million). This balance is included in “Other assets” in the Bank’s separate Balance Sheet.

ACCOUNTING POLICIES

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

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

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

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

The Group recognised and disclosed separate deferred tax assets and deferred tax liabilities arising from arrangements where the Group is lessee. Deferred tax assets and liabilities are offset where they relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities within the same taxable group.

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

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

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

Critical accounting judgements and estimates

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

Notes to the financial statements
For the year ended 30 June 2022

2.6 Earnings per share

Earnings per ordinary share [2]	Group [1]		
	30 Jun 22	30 Jun 21	30 Jun 20
	Cents per share		
Earnings per share from continuing operations:			
Basic	**561. 7**	499. 2	417. 8
Diluted	**541. 5**	470. 6	404. 8
Earnings per share:			
Basic	**625. 4**	574. 8	542. 4
Diluted	**601. 4**	539. 7	521. 0

1 The difference between earnings per share from continuing operations and earnings per share represents earnings per share from discontinued operations.
2 EPS calculations are based on actual amounts prior to rounding to the nearest million.

Reconciliation of earnings from continuing operations used in calculation of earnings per share	Group		
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M
Profit after income tax from continuing operations	**9,673**	8,843	7,388
Continuing operations earnings used in calculation of basic earnings per share	**9,673**	8,843	7,388
Add: Profit impact of assumed conversions of loan capital	**252**	260	290
Continuing operations earnings used in calculation of fully diluted earnings per share	**9,925**	9,103	7,678
Reconciliation of earnings used in calculation of earnings per share			
Continuing operations earnings used in calculation of basic earnings per share	**9,673**	8,843	7,388
Discontinued operations earnings used in calculation of basic earnings per share	**1,098**	1,338	2,204
Earnings used in calculation of basic earnings per share	**10,771**	10,181	9,592
Add: Profit impact of assumed conversions of loan capital	**252**	260	290
Earnings used in calculation of fully diluted earnings per share	**11,023**	10,441	9,882

	Number of shares (in millions)		
	30 Jun 22	30 Jun 21	30 Jun 20
Weighted average number of ordinary shares used in calculation of basic earnings per share	**1,722**	1,771	1,768
Effect of dilutive securities – executive share plans and convertible loan capital instruments	**111**	163	127
Weighted average number of ordinary shares used in calculation of fully diluted earnings per share	**1,833**	1,934	1,895

ACCOUNTING POLICIES

Basic earnings per share (EPS) amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares on issue during the year, adjusted for any bonus element included in ordinary shares issued and excluding treasury shares held.

Diluted EPS is basic EPS adjusted for the impact of all securities on issue that can convert to CBA ordinary shares and would dilute basic EPS on conversion. It is calculated by dividing net profit attributable to ordinary equity holders of the Bank (after adding back interest on the convertible redeemable loan capital instruments) by the weighted average number of ordinary shares outstanding during the year (as calculated under basic earnings per share adjusted for the effects of dilutive convertible non-cumulative redeemable loan capital instruments and shares issuable under executive share plans).

Notes to the financial statements

For the year ended 30 June 2022

2.7 Financial reporting by segments

The principal activities of the Group are carried out in the business segments described below. These segments are based on the distribution channels through which customer relationships are managed.

During the year ended 30 June 2022, there were re-segmentations, allocations and reclassifications, including refinements to the allocation of support units and other costs. These changes have not impacted the Group's net profit, but have resulted in changes to the presentation of the Income Statement and the Balance Sheet of the affected segments. These changes have been applied retrospectively.

The Group's primary sources of revenue are interest and fee income (Retail Banking Services, Business Banking, Institutional Banking and Markets, New Zealand), insurance premiums (Retail Banking Services) and funds management income (Retail Banking Services, New Zealand).

Revenues and expenses occurring between segments are subject to transfer pricing arrangements. All intra-group transactions are eliminated on consolidation.

Business segments are managed on the basis of net profit after income tax ("cash basis"). Management uses "cash basis" to assess performance and it provides the basis for the determination of the Bank's dividends. The "cash basis" presents the Group's underlying operating results, excluding a number of items that introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently year on year and do not discriminate between positive and negative adjustments.

(i) Retail Banking Services

Retail Banking Services provides banking and general insurance products and services to personal customers, and banking and advisory services for high net worth individuals. Retail Banking Services also includes the financial results of retail banking activities provided under the Bankwest brand. On 21 June 2021, the Group announced the sale of CommInsure General Insurance to Hollard Insurance Company Pty Ltd (Hollard).The transaction is expected to complete in the second half of calendar year 2022.

(ii) Business Banking

Business Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions. It also provides equities trading and margin lending services through the CommSec business. Business Banking also includes the financial results of business banking activities conducted under the Bankwest brand.

(iii) Institutional Banking and Markets

Institutional Banking and Markets serves the commercial and wholesale banking needs of large corporate, institutional and government clients across a full range of financial services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.

(iv) Wealth Management

Wealth Management provides superannuation, investment and retirement products. The Group classified Wealth Management as a discontinued operation following the announcement of the sale of a 55% interest in CFS to KKR on 13 May 2020. The sale completed on 1 December 2021.

(v) New Zealand

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

(vi) 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.

Centrally held minority investments and subsidiaries include the Group's offshore minority investments in China (Bank of Hangzhou and Qilu Bank), Vietnam (Vietnam International Bank), as well as its Indonesian banking subsidiary (PT Bank Commonwealth). They also include domestically held minority investments in Lendi Group Pty Limited, Superannuation and Investments Hold Co Pty Limited as well as the strategic investments in x15ventures. On 1 March 2022, the Group announced the sale of a 10% shareholding in centrally held Bank of Hangzhou Co., Ltd. As a result of the sale, the Group agreed to retain its remaining shareholding in HZB of approximately 5.6%. The sale completed on 30 June 2022.

Treasury is primarily focused on the management of the Bank's interest rate risk, funding and liquidity requirements, and management of the Bank's capital.

Notes to the financial statements
For the year ended 30 June 2022

2.7 Financial reporting by segments (continued)

	30 Jun 22						
	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre and Other $M	Wealth Management $M	Total $M
Net interest income	9,636	5,829	1,534	2,334	140	–	**19,473**
Other banking income:							
Commissions	1,039	827	144	265	34	–	**2,309**
Lending fees	206	251	242	37	–	–	**736**
Trading and other income	126	224	375	118	1,327	–	**2,170**
Total 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 operating 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 income 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/(loss) after tax – "cash basis" [1]	4,929	3,001	1,050	1,265	(633)	96	**9,708**
(Loss)/gain on disposal of entities net of transaction costs	(130)	20	–	–	84	981	**955**
Hedging and IFRS volatility	–	–	–	(536)	644	–	**108**
Net profit after tax – "statutory basis"	4,799	3,021	1,050	729	95	1,077	**10,771**
Additional information							
Amortisation and depreciation	(103)	(119)	(46)	(137)	(1,113)	–	**(1,518)**
Balance Sheet							
Total assets	480,561	219,260	191,520	109,943	213,976	–	**1,215,260**
Total liabilities	339,620	222,678	234,074	100,258	245,792	–	**1,142,422**

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

Notes to the financial statements
For the year ended 30 June 2022

2.7 Financial reporting by segments (continued)

	30 Jun 21 [1]						
	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre and Other $M	Wealth Management $M	Total $M
Net interest income	9,767	5,597	1,532	2,150	256	–	**19,302**
Other banking income:							
Commissions	1,146	983	153	266	16	–	**2,564**
Lending fees	188	212	228	37	–	–	**665**
Trading and other income	205	181	391	91	447	–	**1,315**
Total other banking income	1,539	1,376	772	394	463	–	**4,544**
Total banking income	11,306	6,973	2,304	2,544	719	–	**23,846**
Funds management income	32	–	–	140	(7)	–	**165**
Insurance income	146	–	–	–	(1)	–	**145**
Total operating income	11,484	6,973	2,304	2,684	711	–	**24,156**
Operating expenses	(4,644)	(2,669)	(976)	(1,071)	(1,999)	–	**(11,359)**
Loan impairment (expense)/benefit	(139)	(228)	(96)	5	(96)	–	**(554)**
Net profit/(loss) before income tax	6,701	4,076	1,232	1,618	(1,384)	–	**12,243**
Corporate tax (expense)/benefit	(2,005)	(1,236)	(306)	(457)	414	–	**(3,590)**
Net profit/(loss) after tax from continuing operations – "cash basis"	4,696	2,840	926	1,161	(970)	–	**8,653**
Net profit after tax from discontinued operations	–	–	–	–	14	134	**148**
Net profit/(loss) after tax – "cash basis" [2]	4,696	2,840	926	1,161	(956)	134	**8,801**
Gain on disposal of entities net of transaction costs	187	65	2	3	305	811	**1,373**
Hedging and IFRS volatility	–	–	–	(70)	77	–	**7**
Net profit/(loss) after tax – "statutory basis"	4,883	2,905	928	1,094	(574)	945	**10,181**
Additional information							
Amortisation and depreciation	(138)	(143)	(59)	(137)	(826)	–	**(1,303)**
Balance Sheet							
Total assets	444,380	201,727	153,830	105,121	185,096	1,821	**1,091,975**
Total liabilities	302,724	197,264	179,699	97,899	227,319	8,382	**1,013,287**

1 Information has been restated to conform to presentation in the current year and to reflect the prior period adjustments detailed in Note 1.1.

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

Notes to the financial statements
For the year ended 30 June 2022

2.7 Financial reporting by segments (continued)

	30 Jun 20 [1]						
	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre and Other $M	Wealth Management $M	Total $M
Net interest income	9,556	5,667	1,496	1,980	316	–	**19,015**
Other banking income	1,698	1,247	783	329	375	–	**4,432**
Total banking income	11,254	6,914	2,279	2,309	691	–	**23,447**
Funds management income	68	–	–	136	(31)	–	**173**
Insurance income	144	–	–	–	(3)	–	**141**
Total operating income	11,466	6,914	2,279	2,445	657	–	**23,761**
Operating expenses	(4,666)	(2,469)	(1,021)	(1,032)	(1,808)	–	**(10,996)**
Loan impairment expense	(1,042)	(776)	(353)	(292)	(55)	–	**(2,518)**
Net profit/(loss) before income tax	5,758	3,669	905	1,121	(1,206)	–	**10,247**
Corporate tax (expense)/benefit	(1,729)	(1,099)	(270)	(312)	388	–	**(3,022)**
Net profit/(loss) after tax from continuing operations	4,029	2,570	635	809	(818)	–	**7,225**
Net profit after tax from discontinued operations	–	–	–	–	16	166	**182**
Net profit/(loss) after tax – "cash basis" [2]	4,029	2,570	635	809	(802)	166	**7,407**
Gain/(loss) on disposal of entities net of transaction costs	41	(16)	–	8	161	1,898	**2,092**
Hedging and IFRS volatility	–	–	–	126	(33)	–	**93**
Net profit/(loss) after tax – "statutory basis"	4,070	2,554	635	943	(674)	2,064	**9,592**

1 Information has been restated to conform to presentation in the current year and to reflect the prior period adjustments detailed in Note 1.1.
2 This balance excludes non-cash items, such as unrealised gains and losses relating to hedging and IFRS volatility, and gains and losses on previously announced divestments including post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency translation reserve recycling), and transaction and separation costs.

Notes to the financial statements

For the year ended 30 June 2022

2.7 Financial reporting by segments (continued)

	Group					
	30 Jun 22		30 Jun 21		30 Jun 20	
Financial performance and position	**$M**	**%**	**$M**	**%**	**$M**	**%**
Income						
Australia	**21,281**	**84. 6**	20,944	85. 8	20,391	85. 2
New Zealand	**3,016**	**12. 0**	2,711	11. 1	2,504	10. 5
Other locations [1]	**846**	**3. 4**	759	3. 1	1,031	4. 3
Total Income	**25,143**	**100. 0**	24,414	100. 0	23,926	100. 0
Non-current assets [2]						
Australia	**13,610**	**93. 3**	15,117	93. 5	14,445	93. 0
New Zealand	**753**	**5. 2**	806	5. 0	846	5. 5
Other locations [1]	**224**	**1. 5**	244	1. 5	236	1. 5
Total non-current assets	**14,587**	**100. 0**	16,167	100. 0	15,527	100. 0

1 Other locations include: United Kingdom, Netherlands, United States, Japan, Singapore, Malta, Hong Kong, Indonesia, China and India.

2 Non-current assets include Property, plant and equipment, Investments in associates and joint ventures, and Intangibles.

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

ACCOUNTING POLICIES

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

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

Notes to the financial statements
For the year ended 30 June 2022

3. Our lending activities

OVERVIEW

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

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

3.1 Loans, bills discounted and other receivables

		Group [1]		Bank [1]	
		30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21
	Note	$M	$M	$M	$M
Australia					
Overdrafts		**24,170**	21,466	**24,170**	21,466
Home loans [2,3]		**556,499**	516,217	**547,906**	508,406
Credit card outstandings		**8,711**	8,640	**8,711**	8,640
Lease financing		**3,297**	3,731	**2,928**	3,275
Term loans and other lending		**176,960**	155,541	**176,860**	155,541
Total Australia		**769,637**	705,595	**760,575**	697,328
Overseas					
Overdrafts		**1,006**	1,255	**149**	226
Home loans [2,3]		**65,494**	63,539	**137**	176
Credit card outstandings		**838**	909	**–**	–
Lease financing		**–**	1	**–**	1
Term loans and other lending		**47,988**	46,967	**17,715**	17,066
Total overseas		**115,326**	112,671	**18,001**	17,469
Gross loans, bills discounted and other receivables		**884,963**	818,266	**778,576**	714,797
Less					
Provisions for loan impairment:	3.2				
Collective provisions		**(4,494)**	(5,200)	**(4,019)**	(4,732)
Individually assessed provisions		**(736)**	(900)	**(668)**	(782)
Unearned income:					
Term loans		**(680)**	(622)	**(680)**	(619)
Lease financing		**(199)**	(188)	**(167)**	(159)
		(6,109)	(6,910)	**(5,534)**	(6,292)
Net loans, bills discounted and other receivables		**878,854**	811,356	**773,042**	708,505

1 Comparative information has been restated to conform to presentation in the current year.
2 Home loans balance includes residential mortgages that have been assigned to securitisation vehicles and covered bond trusts. Further details on these residential mortgages are disclosed in Note 4.5.
3 These balances are presented gross of mortgage offset balances as required under accounting standards.

Based on behavioural terms and current market conditions, the amounts expected to be repaid within 12 months of the Balance Sheet date are $200,296 million (30 June 2021: $182,384 million) for the Group, and $181,473 million (30 June 2021: $162,622 million) for the Bank.

Notes to the financial statements

For the year ended 30 June 2022

3.1 Loans, bills discounted and other receivables (continued)

Finance lease receivables

The Group and the Bank provide finance leases to a broad range of clients to support financing needs in acquiring transportation assets such as trains, aircraft, ships and major production and manufacturing equipment.

Finance lease receivables are included within Loans, bills discounted and other receivables.

	Group					
	30 Jun 22			30 Jun 21		
	Gross investment in finance lease receivable $M	Unearned income $M	Present value of minimum lease payment receivable $M	Gross investment in finance lease receivable $M	Unearned income $M	Present value of minimum lease payment receivable $M
Not later than one year	**1,351**	**(98)**	**1,253**	1,563	(95)	1,468
One to two years	**991**	**(55)**	**936**	947	(51)	896
Two to three years	**495**	**(25)**	**470**	699	(26)	673
Three to four years	**228**	**(11)**	**217**	277	(6)	271
Four to five years	**166**	**(6)**	**160**	110	(5)	105
Over five years	**66**	**(4)**	**62**	136	(5)	131
	3,297	**(199)**	**3,098**	3,732	(188)	3,544

	Bank					
	30 Jun 22			30 Jun 21		
	Gross investment in finance lease receivable $M	Unearned income $M	Present value of minimum lease payment receivable $M	Gross investment in finance lease receivable $M	Unearned income $M	Present value of minimum lease payment receivable $M
Not later than one year	**1,269**	**(83)**	**1,186**	1,359	(80)	1,279
One to two years	**768**	**(47)**	**721**	884	(42)	842
Two to three years	**474**	**(21)**	**453**	542	(21)	521
Three to four years	**224**	**(10)**	**214**	267	(9)	258
Four to five years	**157**	**(4)**	**153**	105	(4)	101
Over five years	**36**	**(2)**	**34**	119	(3)	116
	2,928	**(167)**	**2,761**	3,276	(159)	3,117

ACCOUNTING POLICIES

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

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

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

Critical accounting judgements and estimates

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

Notes to the financial statements
For the year ended 30 June 2022

3.1 Loans, bills discounted and other receivables (continued)

Contractual maturity tables

	Group				
	Maturity Period at 30 June 2022 [1]				
Industry/sector	Maturing 1 year or less $M	Maturing between 1 and 5 years $M	Maturing between 5 and 15 years $M	Maturing after 15 years $M	Total $M
Australia					
Sovereign	18,482	800	328	281	19,891
Agriculture	3,548	10,666	305	38	14,557
Bank and other financial	13,137	6,392	54	35	19,618
Construction	1,528	3,827	665	138	6,158
Consumer	22,268	70,835	190,520	286,064	569,687
Other commercial and industrial	38,794	93,130	6,340	1,462	139,726
Total Australia	97,757	185,650	198,212	288,018	769,637
Overseas					
Sovereign	170	–	–	–	170
Agriculture	4,580	3,922	647	202	9,351
Bank and other financial	5,005	4,182	11	15	9,213
Construction	215	264	94	175	748
Consumer	5,751	8,907	22,062	31,132	67,852
Other commercial and industrial	17,021	6,792	2,716	1,463	27,992
Total overseas	32,742	24,067	25,530	32,987	115,326
Gross loans, bills discounted and other receivables	130,499	209,717	223,742	321,005	884,963

Interest rate	Maturing 1 year or less $M	Maturing between 1 and 5 years $M	Maturing between 5 and 15 years $M	Maturing after 15 years $M	Total $M
Australia	83,779	154,179	129,147	175,000	542,105
Overseas	28,805	15,790	4,010	3,413	52,018
Total variable interest rates	112,584	169,969	133,157	178,413	594,123
Australia	13,978	31,471	69,065	113,018	227,532
Overseas	3,937	8,277	21,520	29,574	63,308
Total fixed interest rates [2]	17,915	39,748	90,585	142,592	290,840
Gross loans, bills discounted and other receivables	130,499	209,717	223,742	321,005	884,963

1 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 maturity buckets which have been applied prospectively.
2 For fixed interest rate loans, the information is presented on the basis of contractual maturity rather than the expiry of the fixed rate period.

Notes to the financial statements
For the year ended 30 June 2022

3.1 Loans, bills discounted and other receivables (continued)

	Group			
	Maturity Period at 30 June 2021 [1]			
Industry/ sector	Maturing 1 year or less $M	Maturing between 1 and 5 years $M	Maturing after 5 years $M	Total $M
Australia				
Sovereign	16,338	757	525	17,620
Agriculture	3,483	8,331	322	12,136
Bank and other financial	7,069	5,733	1,084	13,886
Construction	1,459	3,103	440	5,002
Consumer	20,393	66,465	445,299	532,157
Other commercial and industrial	36,443	79,817	8,534	124,794
Total Australia	85,185	164,206	456,204	705,595
Overseas				
Sovereign	138	–	–	138
Agriculture	4,456	4,357	962	9,775
Bank and other financial	2,483	4,284	25	6,792
Construction	207	223	253	683
Consumer	5,985	9,799	50,271	66,055
Other commercial and industrial	16,286	8,086	4,856	29,228
Total Overseas	29,555	26,749	56,367	112,671
Gross loans, bills discounted and other receivables	114,740	190,955	512,571	818,266

Interest rate	Maturing 1 year or less $M	Maturing between 1 and 5 years $M	Maturing after 5 years $M	Total $M
Australia	73,399	137,741	310,141	521,281
Overseas	24,132	18,327	7,971	50,430
Total variable interest rates	97,531	156,068	318,112	571,711
Australia	11,786	26,465	146,063	184,314
Overseas	5,423	8,422	48,396	62,241
Total fixed interest rates [2]	17,209	34,887	194,459	246,555
Gross loans, bills discounted and other receivables	114,740	190,955	512,571	818,266

1 Comparative information has been restated to conform to presentation in the current year.
2 For fixed interest rate loans, the information is presented on the basis of contractual maturity rather than the expiry of the fixed rate period.

Notes to the financial statements

For the year ended 30 June 2022

3.2 Loan impairment expense and provisions for impairment

	Group			Bank	
Loan impairment expense	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Net collective provision funding	**(506)**	287	2,043	**(542)**	289
Net new and increased individual provisioning	**321**	496	658	**300**	434
Write-back of individually assessed provisions	**(172)**	(229)	(183)	**(155)**	(198)
Total loan impairment (benefit)/expense	**(357)**	554	2,518	**(397)**	525

Movement in provisions for impairment and credit exposures by ECL stage

The tables below provide movements in the Group's and the Bank's impairment provisions and credit exposures by expected credit loss (ECL) stage for the years ended 30 June 2022, 2021 and 2020.

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

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

	Group [1]							
	Stage 1 [2] Collectively assessed		Stage 2 [3] Collectively assessed		Stage 3 [4] Collectively and individually assessed		Total	
	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions [5] $M
Opening balance as at 1 July 2019	**748,510**	**905**	**164,916**	**2,519**	**6,712**	**1,375**	**920,138**	**4,799**
Transfers to/(from)								
Stage 1	95,568	1,384	(95,462)	(1,372)	(106)	(12)	–	–
Stage 2	(182,152)	(605)	186,096	980	(3,944)	(375)	–	–
Stage 3	(788)	(8)	(7,135)	(413)	7,923	421	–	–
Net re-measurement on transfers between stages	–	(1,079)	–	1,645	–	535	–	1,101
Net financial assets originated	75,238	345	(49,058)	(765)	(2,351)	(188)	23,829	(608)
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	399	–	399
Movements due to risk parameters and other changes	–	618	–	736	–	272	–	1,626
Loan impairment expense for the year		655		811		1,052		2,518
Write-offs	–	–	–	–	(1,207)	(1,207)	(1,207)	(1,207)
Recoveries	–	–	–	–	–	185	–	185
Foreign exchange and other movements	(429)	9	(66)	16	(77)	43	(572)	68
Closing balance as at 30 June 2020	**735,947**	**1,569**	**199,291**	**3,346**	**6,950**	**1,448**	**942,188**	**6,363**

Notes to the financial statements
For the year ended 30 June 2022

3.2 Loan impairment expense and provisions for impairment (continued)

	Group [1]							
	Stage 1 [2] Collectively assessed		Stage 2 [3] Collectively assessed		Stage 3 [4] Collectively and individually assessed		Total	
	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions [5] $M
Opening balance as at 1 July 2020	**735,947**	**1,569**	**199,291**	**3,346**	**6,950**	**1,448**	**942,188**	**6,363**
Transfers to/(from)								
Stage 1	163,851	1,678	(163,747)	(1,672)	(104)	(6)	–	–
Stage 2	(165,012)	(763)	168,665	1,338	(3,653)	(575)	–	–
Stage 3	(885)	(16)	(6,766)	(497)	7,651	513	–	–
Net re-measurement on transfers between stages	–	(1,010)	–	875	–	571	–	436
Net financial assets originated	118,814	374	(55,557)	(956)	(2,205)	(224)	61,052	(806)
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	152	–	152
Movements due to risk parameters and other changes	–	(227)	–	484	–	515	–	772
Loan impairment expense for the year		36		(428)		946		554
Write-offs	–	–	–	–	(859)	(859)	(859)	(859)
Recoveries	–	–	–	–	–	131	–	131
Foreign exchange and other movements	(3,348)	9	(2,162)	18	(67)	(5)	(5,577)	22
Closing balance as at 30 June 2021	**849,367**	**1,614**	**139,724**	**2,936**	**7,713**	**1,661**	**996,804**	**6,211**
Transfers to/(from)								
Stage 1	100,834	1,476	(100,713)	(1,466)	(121)	(10)	–	–
Stage 2	(145,484)	(714)	149,141	1,136	(3,657)	(422)	–	–
Stage 3	(1,063)	(21)	(5,639)	(549)	6,702	570	–	–
Net re-measurement on transfers between stages	–	(894)	–	1,091	–	386	–	583
Net financial assets originated	112,847	309	(40,360)	(696)	(2,513)	(243)	69,974	(630)
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	113	–	113
Movements due to risk parameters and other changes	–	(463)	–	73	–	(33)	–	(423)
Loan impairment expense for the year		(307)		(411)		361		(357)
Write-offs	–	–	–	–	(685)	(685)	(685)	(685)
Recoveries	–	–	–	–	–	127	–	127
Foreign exchange and other movements	(1,618)	6	(336)	13	23	32	(1,931)	51
Closing balance as at 30 June 2022	**914,883**	**1,313**	**141,817**	**2,538**	**7,462**	**1,496**	**1,064,162**	**5,347**

1 Refer to Note 9.2 for further analysis of provisions for impairment and credit exposures.

2 Movements in credit exposures exclude Cash and liquid assets and Receivables from financial institutions. Movements in provisions for impairment losses include provisions in relation to Cash and liquid assets and Receivables from financial institutions. As at 30 June 2022, collective provisions in Stage 1 include $15 million in relation to these financial assets (30 June 2021: $15 million; 30 June 2020: $12 million).

3 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risks at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 62% of Stage 2 credit exposures for the Group as at 30 June 2022 (30 June 2021: 62%; 30 June 2020: 65%).

4 As at 30 June 2022, Stage 3 includes $6,019 million of collectively assessed credit exposures (30 June 2021: $5,742 million; 30 June 2020: $4,608 million) and $1,443 million of individually assessed credit exposures (30 June 2021: $1,971 million; 30 June 2020: $2,342 million). Stage 3 provisions for impairment include $760 million of collective provisions (30 June 2021: $761 million; 30 June 2020: $481 million) and $736 million of individually assessed provisions (30 June 2021: $900 million; 30 June 2020: $967 million).

5 As at 30 June 2022, total provisions include $117 million in relation to financial guarantees and other off Balance Sheet instruments (30 June 2021: $111 million; 30 June 2020: $119 million).

Notes to the financial statements
For the year ended 30 June 2022

3.2 Loan impairment expense and provisions for impairment (continued)

	Bank [1]							
	Stage 1 [2]		Stage 2 [3]		Stage 3 [4]		Total	
	Collectively assessed		Collectively assessed		Collectively and individually assessed			
	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions $M	Gross exposure $M	Provisions [5] $M
Opening balance as at 1 July 2020	**653,181**	**1,418**	**175,790**	**2,969**	**5,784**	**1,305**	**834,755**	**5,692**
Transfers to/(from)								
Stage 1	154,925	1,621	(154,846)	(1,616)	(79)	(5)	–	–
Stage 2	(158,804)	(729)	161,803	1,256	(2,999)	(527)	–	–
Stage 3	(493)	(14)	(5,943)	(463)	6,436	477	–	–
Net re-measurement on transfers between stages	–	(976)	–	863	–	508	–	395
Net financial assets originated	111,220	361	(57,206)	(937)	(1,997)	(188)	52,017	(764)
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	136	–	136
Movements due to risk parameters and other changes	–	(230)	–	592	–	396	–	758
Loan impairment expense for the year		33		(305)		797		525
Write-offs	–	–	–	–	(736)	(736)	(736)	(736)
Recoveries	–	–	–	–	–	118	–	118
Foreign exchange and other movements	(3,088)	8	(2,143)	19	(11)	(9)	(5,242)	18
Closing balance as at 30 June 2021	**756,941**	**1,459**	**117,455**	**2,683**	**6,398**	**1,475**	**880,794**	**5,617**
Transfers to/(from)								
Stage 1	89,360	1,409	(89,273)	(1,401)	(87)	(8)	–	–
Stage 2	(136,284)	(671)	139,196	1,053	(2,912)	(382)	–	–
Stage 3	(497)	(20)	(5,186)	(523)	5,683	543	–	–
Net re-measurement on transfers between stages	–	(853)	–	1,080	–	327	–	554
Net financial assets originated	104,187	292	(38,647)	(692)	(2,162)	(216)	63,378	(616)
Movement in existing IAP (including IAP write-backs)	–	–	–	–	–	115	–	115
Movements due to risk parameters and other changes	–	(472)	–	57	–	(35)	–	(450)
Loan impairment expense for the year		(315)		(426)		344		(397)
Write-offs	–	–	–	–	(593)	(593)	(593)	(593)
Recoveries	–	–	–	–	–	111	–	111
Foreign exchange and other movements	1,125	13	40	12	(1)	32	1,164	57
Closing balance as at 30 June 2022	**814,832**	**1,157**	**123,585**	**2,269**	**6,326**	**1,369**	**944,743**	**4,795**

1 Refer to Note 9.2 for further analysis of provisions for impairment and credit exposures.

2 Movements in credit exposures exclude Cash and liquid assets and Receivables from financial institutions. Movements in provisions for impairment losses include provisions in relation to Cash and liquid assets and Receivables from financial institutions. As at 30 June 2022, collective provisions in Stage 1 include $14 million in relation to these financial assets (30 June 2021: $14 million).

3 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risks at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 61% of Stage 2 credit exposures for the Bank as at 30 June 2022 (30 June 2021: 60%).

4 As at 30 June 2022, Stage 3 includes $5,183 million of collectively assessed credit exposures (30 June 2021: $4,858 million) and $1,143 million of individually assessed credit exposures (30 June 2021: $1,540 million). Stage 3 provisions for impairment include $701 million of collective provisions (30 June 2021: $693 million) and $668 million of individually assessed provisions (30 June 2021: $782 million).

5 As at 30 June 2022, total provisions include $108 million in relation to financial guarantees and other off Balance Sheet instruments (30 June 2021: $103 million).

3.2 Loan impairment expense and provisions for impairment (continued)

	Group			Bank	
	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 22	30 Jun 21
Provision ratios	%	%	%	%	%
Total provisions for impaired assets as a % of gross impaired assets [1]	**34. 67**	33. 99	35. 37	**39. 37**	39. 98
Total provisions for impairment losses as a % of gross loans and acceptances	**0. 60**	0. 76	0. 82	**0. 62**	0. 79

1 Gross impaired assets include non-performing facilities, restructured facilities and unsecured retail managed facilities 90 days or more past due. For impaired assets classification refer to Note 9.2.

Of the total $685 million loans written-off by the Group during the year ended 30 June 2022 (30 June 2021: $859 million), $332 million remain subject to enforcement activity (30 June 2021: $700 million). Of the total $593 million loans written-off by the Bank during the year ended 30 June 2022 (30 June 2021: $736 million), $276 million remain subject to enforcement activity (30 June 2021: $581 million).

ACCOUNTING POLICIES

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

A description of the key components of the Group's impairment methodology is provided below.

Expected credit loss (ECL) model

The ECL model applies to all financial assets measured at amortised cost, debt securities measured at fair value through other comprehensive income, finance lease receivables, loan commitments and financial guarantee contracts not measured at fair value through profit or loss (FVTPL). The model uses a three-stage approach to recognition of expected credit losses. Financial assets migrate through these stages based on changes in credit risk since origination:

- **Stage 1 – 12 months ECL – Performing loans**

  On origination, an impairment provision equivalent to 12 months ECL is recognised. 12 months ECL is the credit losses expected to arise from defaults occurring over the next 12 months.

- **Stage 2 – Lifetime ECL – Performing loans that have experienced a significant increase in credit risk (SICR)**

  Financial assets that have experienced a SICR since origination are transferred to Stage 2 and an impairment provision equivalent to lifetime ECL is recognised. Lifetime ECL is the credit losses expected to arise from defaults occurring over the remaining life of financial assets. If credit quality improves in a subsequent period such that the increase in credit risk since origination is no longer considered significant the exposure is reclassified to Stage 1 and the impairment provision reverts to 12 months ECL.

- **Stage 3 – Lifetime ECL – Non-performing loans**

  Financial assets in default are transferred to Stage 3 and an impairment provision equivalent to lifetime ECL is recognised. This includes assets that are considered impaired as well as assets that are considered to be in default but are not impaired because, for example, no loss is expected based on the security position.

Credit losses for financial assets in Stage 1 and Stage 2 are assessed for impairment collectively, whilst those in Stage 3 are subjected to either collective or individual assessment of ECL.

Significant increase in credit risk (SICR)

SICR is assessed by comparing the risk of default occurring over the expected life of the financial asset at reporting date to the corresponding risk of default at origination. The Group considers all available qualitative and quantitative information that is relevant to assessing SICR.

For non-retail portfolios, such as the corporate risk rated portfolio and the asset finance portfolio, the risk of default is defined using the existing Risk Rated Probability of Default (PD) Masterscale. The PD Masterscale is used in internal credit risk management and includes 23 risk grades that are assigned at a customer level using rating tools reflecting customer specific financial and non-financial information and management's experienced credit judgement. Internal credit risk ratings are updated regularly on the basis of the most recent financial and non-financial information.

The Group uses a Retail Masterscale in the ECL measurement on personal loans, credit cards and home loans. The Retail Masterscale has 15 risk grades that are assigned to retail accounts based on their credit quality scores determined through a credit quality scorecard. SME retail portfolios use a similar approach and are mapped to SME Retail pools. Risk grades and pools are updated monthly as credit quality scorecards are recalculated based on new behavioural information.

For significant portfolios, the primary indicator of SICR is a significant deterioration in an exposure's internal credit rating grade between origination and reporting date. Application of the primary SICR indicator uses a sliding threshold such that an exposure with a higher credit quality at origination would need to experience a more significant downgrade compared to a lower credit quality exposure before SICR is triggered. The level of downgrade required to trigger SICR for each origination grade has been defined for each significant portfolio.

The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risks at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 62% of Stage 2 exposures for the Group and 61% for the Bank as at 30 June 2022 (30 June 2021: 62% for the Group and 60% for the Bank).

Notes to the financial statements
For the year ended 30 June 2022

3.2 Loan impairment expense and provisions for impairment (continued)

The Group also uses secondary SICR indicators as backstops in combination with the primary SICR indicator, including:

- arrears status that incorporates a rebuttable presumption of 30 days past due;
- a retail exposure entering a financial hardship status;
- a non-retail exposure's referral to Group Credit Structuring.

For a number of small portfolios, which are not considered significant individually or in combination, the Group applies simplified provisioning approaches that differ from the description above. 30 days past due is used as a primary indicator of SICR on exposures in these portfolios.

Definition of default, impaired and write-offs

The definition of default used in measuring ECL is aligned to the definition used for internal credit risk management purposes across all portfolios. Default occurs when there are indicators that a borrower is unlikely to meet contractual credit obligations to the Group in full, or the exposure is 90 days past due. Facilities are classified as impaired where there is doubt as to whether the full amounts due, including interest and other payments, will be received in a timely manner.

Loans are written off when there is no reasonable expectation of recovery. Unsecured retail loans are generally written off when repayments become 180 days past due. Secured loans are generally written off when assets pledged to the Group have been realised and there are no further prospects of additional recovery.

ECL measurement

ECL is a probability weighted expected credit loss estimated by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

The Group uses the following collective provisioning models in calculating ECL for significant portfolios:

- **Retail lending:** Personal Loans model, Credit Cards model, Home Loans model;
- **Non-retail lending:** Corporate Risk Rated model, Asset Finance model, Retail SME model.

For each significant portfolio ECL is calculated as a product of the following credit risk factors at a facility level:

- **Probability of default (PD):** The likelihood that a borrower will be unable to pay its obligations in full without having to take actions such as realising security or that the borrower will become 90 days overdue on an obligation or contractual commitment;
- **Exposure at default (EAD):** The expected Balance Sheet exposure at default. The Group generally calculates EAD as the higher of the drawn balance and total credit limit, except for the credit cards portfolio, for which the EAD calculation also takes into account the probability of unused limits being drawn down; and
- **Loss given default (LGD):** The amount that is not expected to be recovered following default.

Secured retail exposures and defaulted non retail exposures are assessed for impairment through an Individually Assessed Provisions (IAP) process if expected losses are in excess of $20,000. Impairment provisions on these exposures are calculated directly as the difference between the defaulted asset's carrying value and the present value of expected future cash flows including cash flows from realisation of collateral, where applicable.

Lifetime of an exposure

For exposures in Stage 2 and Stage 3 impairment provisions are determined as a lifetime expected loss. The Group uses a range of approaches to estimate expected lives of financial instruments subject to ECL requirements:

- **Non-revolving products in corporate portfolios**: Expected life is determined as a maximum contractual period over which the Group is exposed to credit risk;
- **Non-revolving retail products**: For fixed term products such as personal loans and home loans, expected life is determined using behavioural term analysis and does not exceed the maximum contractual period; and
- **Revolving products in corporate and retail portfolios**: For revolving products that include both a loan and an undrawn commitment, such as credit cards and corporate lines of credit, the Group's contractual ability to cancel the undrawn limits and demand repayments does not limit the exposure to credit losses to the contractual notice period. For such products, ECL is measured over the behavioural life.

Forward-looking information

Credit risk factors of PD and LGD used in the ECL calculation are point-in-time estimates based on current conditions and adjusted to include the impact of multiple probability-weighted future forecast economic scenarios.

Forward looking PD and LGD factors are modelled for each significant portfolio based on macroeconomic factors that are most closely correlated with credit losses in the relevant portfolios. Each of the four scenarios (refer below) includes a forecast of relevant macroeconomic variables which differ by portfolio:

- **Retail portfolios:** Cash rate, unemployment rate, GDP per capita and house price index.
- **Non-retail lending:** Unemployment rate, business investment index, disposable income, ASX 200 and the AUD/USD exchange rate.

New Zealand equivalents of a subset of the above macroeconomic variables are used for credit exposures originated in New Zealand.

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

- **Central scenario:** This scenario considers economists' and Central Bank forecasts as well as the Group's base case assumptions used in business planning and forecasting.

3.2 Loan impairment expense and provisions for impairment (continued)

- **Downside scenario:** This scenario contemplates the potential impact of possible, but less likely, adverse macroeconomic conditions, resulting from significant inflationary pressures exacerbated by supply chain disruptions, shortages of goods and labour, and heightened energy prices compounded by geopolitical risks.
- **Upside scenario:** This scenario is included to account for the potential impact of remote, more favourable macroeconomic conditions. Relative to the Central scenario, the Upside scenario features stronger growth in economic output, further improvement in labour market conditions and higher interest rates. In addition to this, the scenario features a stronger exchange rate, stronger growth in house prices, business investment, disposable income and the share market.
- **Severe downside scenario:** This scenario contemplates the potentially severe impact of remote, extremely adverse macroeconomic conditions. Relative to the Downside scenario, this scenario features a sharper contraction with a slower recovery in economic output, heightened and prolonged weakness in the labour market, and more severe declines in house prices and the share market. In addition to this, the scenario features a more severe and prolonged contraction in business investment and a weaker exchange rate, while interest rates remain accommodative.

The table below provides a summary of macroeconomic variables used in the Central and Downside scenarios as at 30 June 2022.

	Central Calendar year			Downside Calendar year		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**
GDP (annual % change)	2.3	2.2	2.5	(4.7)	(0.8)	2.0
Unemployment rate (%) [1]	3.8	4.4	4.4	8.0	9.3	8.0
Cash rate (%) [1]	2.1	1.6	1.5	3.5	4.8	4.8
House prices (annual % change)	(5.6)	(8.2)	2.0	(7.5)	(12.5)	(3.5)
Business investment (annual % change)	6.2	3.6	2.5	(1.5)	(8.1)	1.5
AUD/USD exchange rate [1]	0.80	0.74	0.74	0.65	0.65	0.65
Disposable income (annual % change)	(2.5)	0.8	0.8	(3.7)	(1.3)	2.0
ASX 200 (annual % change)	(0.6)	3.4	3.6	(9.3)	(7.0)	1.7
NZ unemployment rate (%) [1]	3.3	4.0	4.5	5.0	8.0	7.0
NZ cash rate (%) [1]	3.5	3.5	2.5	3.5	5.5	5.5
NZ house prices (annual % change)	(9.7)	(0.4)	6.7	(7.5)	(6.5)	(5.3)

1 Spot rate at December of each year, unless otherwise stated.

The requirement to probability-weight possible future outcomes captures the uncertainty inherent in the credit outlook, and changes in that uncertainty over time. Weights are assigned to each scenario based on management's best estimate of the proportion of potential future loss outcomes that each scenario represents. The same economic scenarios and probability weights apply across all portfolios. The following probability weights applied at 30 June 2022 and 2021:

	Combined weighting	
Scenario	**30 Jun 22**	**30 Jun 21**
Central and Upside	**52.5%**	67.5%
Downside and Severe Downside	**47.5%**	32.5%

The Group's Central scenario in the prior year was broadly in line with the RBA baseline forecast and reflected broad consensus among economists about the negative impact of COVID-19 on the domestic and global economy. During the current year, macroeconomic scenarios were revised for the improved economic conditions resulting from the strong and rapid recovery from the COVID-19 pandemic. These changes led to a significant reduction in the estimates of ECL under the Central and Upside scenarios. In order to reflect the increased uncertainties due to new emerging risks relating to inflationary pressures, higher interest rates, supply chain disruptions and geopolitical issues, the Group decreased the combined weighting of the Central and Upside scenarios from 67.5% to 52.5%. This led to a commensurate increase in the combined weighting of the Downside and Severe Downside scenario from 32.5% to 47.5%. In addition, the ECL attributable to forward looking adjustments and overlays has decreased over the year ended 30 June 2022.

The Group's assessment of SICR also incorporates the impact of multiple probability-weighted future forecast economic scenarios on exposures' internal risk grades using the same four forecast macroeconomic scenarios as described above.

In estimating impairment provisions on individually significant defaulted exposures, the Group generally applies prudent assumptions in estimating recovery cash flows. Incorporating multiple forecast economic scenarios in estimates is not expected to significantly affect the level of impairment provisions on these credit exposures.

Incorporation of experienced credit judgement

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

Notes to the financial statements

For the year ended 30 June 2022

3.2 Loan impairment expense and provisions for impairment (continued)

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

As at 30 June 2021, the Group held $906 million of overlays for customers impacted by the cessation of liquidity support measures, the emergence of new COVID-19 variants and the impacts of travel restrictions, particularly on the aviation sector. This included $285 million in relation to the Group's non-retail lending portfolios and $621 million in relation to retail portfolios. The amount of overlays held by the Group reduced during the year ended 30 June 2022 as a result of the reversal of uncertainties associated with the impact of COVID-19. As at 30 June 2022, the Group held $571 million overlays for emerging risks, including the potential impacts of higher interest rates and inflationary pressures, and the residual risks associated with the impacts of COVID-19. The overlays included $87 million in relation to the Group's non-retail lending portfolio and $484 million in relation to retail portfolios.

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

Sensitivity of provisions for impairment to changes in forward looking assumptions

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

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

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Reported probability-weighted ECL	**5,347**	6,211	**4,795**	5,617
100% Central scenario	**3,591**	4,119	**3,190**	3,688
100% Downside scenario	**6,117**	9,000	**5,503**	8,209

Sensitivity of provisions for impairment to SICR assessment criteria

If 1% of Stage 1 credit exposures as at 30 June 2022 was included in Stage 2, provisions for impairment would increase by approximately $151 million for the Group and $138 million for the Bank (30 June 2021: $162 million for the Group and $158 million for the Bank).

If 1% of Stage 2 credit exposures as at 30 June 2022 was included in Stage 1, provisions for impairment would decrease by approximately $23 million for the Group and $21 million for the Bank (30 June 2021: $27 million for the Group and $25 million for the Bank).

Notes to the financial statements
For the year ended 30 June 2022

3.2 Loan impairment expense and provisions for impairment (continued)

	Group				
Individually assessed provisions by industry/sector classification	**30 Jun 22 $M**	**30 Jun 21 $M**	**30 Jun 20 $M**	**30 Jun 19 $M**	**30 Jun 18 $M**
Australia					
Sovereign	**–**	–	–	–	–
Agriculture	**31**	52	54	51	56
Bank and other financial	**3**	3	4	14	16
Construction	**33**	37	40	76	21
Consumer	**109**	159	210	249	242
Other commercial and industrial	**340**	411	346	379	359
Total Australia	**516**	662	654	769	694
Overseas					
Sovereign	**–**	–	–	–	–
Agriculture	**16**	21	19	46	25
Bank and other financial	**–**	–	–	–	–
Construction	**–**	2	1	–	1
Consumer	**2**	10	8	7	5
Other commercial and industrial	**202**	205	285	73	145
Total overseas	**220**	238	313	126	176
Total individually assessed provisions	**736**	900	967	895	870

Notes to the financial statements
For the year ended 30 June 2022

3.2 Loan impairment expense and provisions for impairment (continued)

	Group				
Loans written off by industry/sector classification	**30 Jun 22 $M**	**30 Jun 21 $M**	**30 Jun 20 $M**	**30 Jun 19 $M**	**30 Jun 18 $M**
Australia					
Sovereign	**–**	–	–	–	–
Agriculture	**25**	14	1	59	28
Bank and other financial	**1**	–	1	1	3
Construction	**7**	9	35	44	13
Consumer	**330**	521	772	921	890
Other commercial and industrial	**170**	107	240	143	202
Total Australia	**533**	651	1,049	1,168	1,136
Overseas					
Sovereign	**–**	–	–	–	–
Agriculture	**1**	2	36	2	3
Bank and other financial	**4**	4	4	5	5
Construction	**2**	1	2	2	1
Consumer	**37**	56	65	72	67
Other commercial and industrial	**108**	145	51	152	207
Total overseas	**152**	208	158	233	283
Gross loans written off	**685**	859	1,207	1,401	1,419
Less recovery of amounts previously written off:					
Australia	**111**	118	172	190	187
Overseas	**16**	13	13	16	14
Total amounts recovered	**127**	131	185	206	201
Net loans written off	**558**	728	1,022	1,195	1,218

Notes to the financial statements
For the year ended 30 June 2022

3.2 Loan impairment expense and provisions for impairment (continued)

	Group				
Loans recovered by industry/sector classification	**30 Jun 22 $M**	**30 Jun 21 $M**	**30 Jun 20 $M**	**30 Jun 19 $M**	**30 Jun 18 $M**
Australia					
Sovereign	**–**	–	–	–	–
Agriculture	**–**	–	4	–	–
Bank and other financial	**2**	–	–	–	1
Construction	**–**	–	1	1	–
Consumer	**105**	115	156	173	167
Other commercial and industrial	**4**	3	11	16	19
Total Australia	**111**	118	172	190	187
Overseas					
Sovereign	**–**	–	–	–	–
Agriculture	**–**	–	–	–	–
Bank and other financial	**–**	–	–	–	–
Construction	**–**	–	–	–	1
Consumer	**13**	12	13	12	11
Other commercial and industrial	**3**	1	–	4	2
Total overseas	**16**	13	13	16	14
Total loans recovered	**127**	131	185	206	201

Notes to the financial statements
For the year ended 30 June 2022

4. Our deposits and funding activities

OVERVIEW

Stable and well diversified funding sources are critical to the Group's ability to fund its lending and investing activities, and support growing its business.

Our main sources of funding include customer deposits, term funds raised in domestic and offshore wholesale markets via issuing debt securities and loan capital, and term funding from central banks. The Group also relies on repurchase agreements as a source of short-term wholesale funding. Refer to Note 9.4 for the Group's management of liquidity and funding risk.

4.1 Deposits and other public borrowings

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Australia				
Certificates of deposit	**27,081**	29,890	**27,081**	29,890
Term deposits	**131,155**	118,958	**131,155**	118,958
On-demand and short-term deposits	**440,500**	406,481	**440,499**	406,484
Deposits not bearing interest	**131,828**	103,510	**131,805**	103,489
Securities sold under agreements to repurchase	**14,097**	12,634	**14,179**	12,684
Total Australia	**744,661**	671,473	**744,719**	671,505
Overseas				
Certificates of deposit	**18,536**	14,532	**15,930**	10,944
Term deposits	**27,980**	28,106	**3,329**	3,773
On-demand and short-term deposits	**35,414**	34,680	**626**	234
Deposits not bearing interest	**11,928**	10,906	**30**	57
Securities sold under agreements to repurchase	**19,067**	6,684	**19,067**	6,684
Total overseas	**112,925**	94,908	**38,982**	21,692
Total external deposits and other public borrowings	**857,586**	766,381	**783,701**	693,197

The majority of the amounts are due to be settled within 12 months of the Balance Sheet date.

Uninsured deposits

Uninsured deposits refer to accounts or products that are deemed ineligible for compensation, or balances in excess of the threshold for compensation, under the deposit guarantee schemes for the country in which the deposits are held. For the Group, this primarily relates to deposit balances in excess of the threshold for compensation or deemed ineligible under the Australian Government's Financial Claim Scheme. As at 30 June 2022, $496,306 million of the Group's deposit balances were ineligible for government based deposit insurance schemes in their relevant country of jurisdiction.

The contractual maturity of uninsured certificates of deposit and term deposits as at 30 June 2022 is presented below:

	Group At 30 June 2022				
	Maturing 3 months or less $M	Maturing between 3 and 6 months $M	Maturing between 6 and 12 months $M	Maturing after 12 months $M	Total $M
Australia					
Certificates of deposit	15,500	10,667	844	70	**27,081**
Term deposits	48,805	15,866	18,040	6,261	**88,972**
Total Australia	**64,305**	**26,533**	**18,884**	**6,331**	**116,053**
Overseas					
Certificates of deposit	6,936	5,549	6,034	17	**18,536**
Term deposits	12,642	8,139	5,448	1,740	**27,969**
Total overseas	**19,578**	**13,688**	**11,482**	**1,757**	**46,505**
Total uninsured certificates of deposits and term deposits	**83,883**	**40,221**	**30,366**	**8,088**	**162,558**

Notes to the financial statements
For the year ended 30 June 2022

4.1 Deposits and other public borrowings (continued)

ACCOUNTING POLICIES

Deposits from customers include certificates of deposit, term deposits, savings deposits and other demand deposits. Deposits are initially recognised at their fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost. Interest incurred is recognised within net interest income using the effective interest method.

Securities sold under repurchase agreements are retained on the Balance Sheet where substantially all the risks and rewards of ownership remain with the Group. A liability for the agreed repurchase amount is recognised within Deposits and other public borrowings.

4.2 Liabilities at fair value through Income Statement

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Debt instruments	**1,174**	5,660	**–**	–
Trading liabilities	**6,097**	2,721	**6,097**	2,721
Total liabilities at fair value through Income Statement	**7,271**	8,381	**6,097**	2,721

The majority of the amounts are expected to be settled within 12 months of the Balance Sheet date.

The amount that would be contractually required to be paid at maturity to the holders of the financial liabilities designated at fair value through Income Statement for the Group is $7,271 million (30 June 2021: $8,385 million) and for the Bank is $6,097 million (30 June 2021: $2,721 million).

ACCOUNTING POLICIES

The Group designates certain liabilities at fair value through the Income Statement on origination when doing so eliminates or reduces an accounting mismatch, or where the liabilities contain embedded derivatives which must otherwise be separated and carried at fair value. Trading liabilities are incurred principally for the purpose of repurchasing or settling in the near term and are measured at fair value through the Income Statement.

Subsequent to initial recognition, liabilities are measured at fair value. Changes in fair value, excluding those due to changes in the Group's own credit risk in relation to liabilities designated at fair value through the Income Statement on origination, are recognised in Other banking income. Changes in fair value relating to the Group's own credit risk in relation to liabilities designated at fair value through the Income Statement on origination are recognised in Other Comprehensive Income. Interest incurred is recognised within Net interest income on a contractual rate basis, including amortisation of any premium/ discount.

Notes to the financial statements
For the year ended 30 June 2022

4.3 Debt issues

		Group		Bank	
	Note	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Medium-term notes		**61,271**	58,260	**48,918**	46,760
Commercial paper		**19,306**	2,061	**15,576**	2,061
Securitisation notes	4.5	**7,473**	9,721	**–**	–
Covered bonds	4.5	**28,852**	32,961	**25,446**	29,019
Total debt issues [1]		**116,902**	103,003	**89,940**	77,840
Short-term debt issues by currency					
USD		**19,231**	2,061	**15,500**	2,061
AUD		**575**	–	**575**	–
GBP		**709**	860	**709**	860
Other currencies		**76**	4	**76**	4
Total short-term debt issues		**20,591**	2,925	**16,860**	2,925
Long-term debt issues by currency [2]					
USD [3]		**34,395**	26,180	**29,533**	21,955
EUR		**25,650**	29,664	**19,050**	22,164
AUD		**23,019**	30,165	**15,340**	20,203
GBP		**3,796**	4,549	**3,812**	4,415
NZD		**3,063**	2,275	**183**	92
JPY		**1,259**	1,283	**1,232**	1,253
Other currencies		**5,129**	5,962	**3,930**	4,833
Total long-term debt issues		**96,311**	100,078	**73,080**	74,915
Maturity distribution of debt issues [4]					
Less than twelve months		**36,876**	29,454	**29,773**	24,787
Greater than twelve months		**80,026**	73,549	**60,167**	53,053
Total debt issues		**116,902**	103,003	**89,940**	77,840

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.

The Group's long-term debt issues include notes issued under the: USD70 billion Euro Medium Term Note Programme; the USD50 billion US Medium Term Note Programme; USD40 billion Covered Bond Programme; Unlimited Domestic Debt Programme; Unlimited ASB Domestic Medium Term Note Programme; USD25 billion CBA New York Branch Medium Term Note Programme; EUR7 billion ASB Covered Bond Programme; USD10 billion ASB US Medium Term Note Programme and other applicable debt documentation. Notes issued under debt programmes are both fixed and variable rate. Interest rate risk associated with the notes is incorporated within the Bank's interest rate risk framework. The Bank, from time to time, as part of its Balance Sheet management, may consider opportunities to repurchase outstanding long-term debt pursuant to open-market purchases or other means. Such repurchases help manage the Bank's debt maturity profile, overall funding costs and assist in meeting regulatory changes and requirements.

Notes to the financial statements
For the year ended 30 June 2022

4.3 Debt issues (continued)

Short-term borrowings by commercial paper programme [1]	Group 30 Jun 22	Group 30 Jun 21	Group 30 Jun 20
	$M (except where indicated)		
Total			
Outstanding at year end [2]	**19,306**	2,061	12,468
Maximum amount outstanding at any month end	**19,806**	11,112	19,937
Average amount outstanding	**13,681**	5,969	16,546
US Commercial Paper Programme			
Outstanding at year end [2]	**19,231**	2,061	12,406
Maximum amount outstanding at any month end	**19,806**	11,112	19,683
Average amount outstanding	**13,676**	5,958	16,392
Weighted average interest rate on:			
Average amount outstanding	**0. 4%**	0. 3%	1. 9%
Outstanding at year end	**0. 9%**	0. 2%	0. 8%
Euro Commercial Paper Programme			
Outstanding at year end [2]	**76**	–	62
Maximum amount outstanding at any month end	**76**	58	390
Average amount outstanding	**4**	11	154
Weighted average interest rate on:			
Average amount outstanding	**0. 7%**	0. 4%	0. 9%
Outstanding at year end	**0. 7%**	–	0. 4%

1 Short-term borrowings include callable medium-term notes of $1,285 million (30 June 2021: $860 million; 30 June 2020: $5,149 million) which have been excluded from the table above.
2 The amount outstanding at year end is measured at amortised cost.

Exchange rates utilised [1]	Currency	As at 30 Jun 22	As at 30 Jun 21
AUD 1.00 =	USD	**0. 6879**	0.7521
	EUR	**0. 6576**	0.6319
	GBP	**0. 5666**	0.5431
	NZD	**1. 1073**	1.0740
	JPY	**93. 8510**	83.1173

1 End of day, Sydney time.

ACCOUNTING POLICIES

Debt issues include short and long-term debt issues of the Group and consist of commercial paper, securitisation notes, covered bonds and medium-term notes.

Debt issues are initially measured at fair value and subsequently measured at amortised cost.

Interest, as well as premiums, discounts and associated issue expenses are recognised in the Income Statement using the effective interest method from the date of issue, to ensure the carrying value of securities equals their redemption value by maturity date. Any profits or losses arising from redemption prior to maturity are taken to the Income Statement in the period in which they are realised.

The Group hedges interest rate and foreign currency rate risk on certain debt issues. When fair value hedge accounting is applied to fixed rate debt issues, the carrying values are adjusted for changes in fair value related to the hedged risks.

Notes to the financial statements

For the year ended 30 June 2022

4.4 Term funding from central banks

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Term Funding Facility with the RBA	**51,137**	51,137	**51,137**	51,137
Term funding facilities with RBNZ	**3,670**	719	**–**	–
Term funding from central banks	**54,807**	51,856	**51,137**	51,137

The Term Funding Facility (TFF) was announced by the RBA in March 2020 as a part of a package of measures to support the Australian economy. Under the TFF, the RBA offered three-year funding to authorised deposit taking institutions through repurchase transactions. Prior to 4 November 2020, TFF funding was provided at a fixed pricing of 0.25% p.a. From 4 November 2020, TFF funding was provided at a fixed rate of 0.1% p.a.

Term funding facilities with RBNZ include Term Lending Facility (TLF) and Funding for Lending Programme (FLP) which were introduced to provide liquidity to the banking system in New Zealand. Under these facilities, banks in New Zealand have access to funding at low variable rates of interest and durations between one and three years for the FLP and one and five years for the TLF.

ACCOUNTING POLICIES

The term funding liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

4.5 Securitisation, covered bonds and transferred assets

The Group enters into transactions in the normal course of business that transfers financial assets to counterparties or to Special Purpose Vehicles (SPVs). Transferred financial assets that do not qualify for derecognition are typically associated with repurchase agreements and our covered bonds and securitisation programmes. The underlying assets remain on the Group's Balance Sheet.

At the Balance Sheet date, transferred financial assets that did not qualify for derecognition and their associated liabilities are as follows:

	Group					
	Repurchase agreements		Covered bonds		Securitisation [1]	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Carrying amount of transferred assets	**39,326**	20,310	**36,771**	37,402	**8,144**	10,631
Carrying amount of associated liabilities [2]	**36,754**	19,318	**28,852**	32,961	**7,473**	9,721
For those liabilities that have recourse only to the transferred assets:						
Fair value of transferred assets					**8,073**	10,634
Fair value of associated liabilities					**7,441**	9,870
Net position					**632**	764

	Bank					
	Repurchase agreements		Covered bonds		Securitisation [3,4]	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Carrying amount of transferred assets	**39,408**	20,360	**32,009**	32,383	**8,144**	10,631
Carrying amount of associated liabilities [2]	**36,836**	19,368	**25,447**	29,019	**7,984**	10,104
For those liabilities that have recourse only to the transferred assets:						
Fair value of transferred assets					**8,073**	10,634
Fair value of associated liabilities					**7,984**	10,104
Net position					**89**	530

1 Securitisation liabilities of the Group include RMBS notes issued by securitisation SPVs and held by external investors.
2 Carrying amounts of associated liabilities for repurchase agreements are presented before the effect of balance sheet netting.
3 Securitisation liabilities of the Bank include borrowings from securitisation SPVs, recognised on transfer of residential mortgages by the Bank. The carrying amounts of associated liabilities from securitisation SPVs are recorded under loans due to controlled entities.
4 Securitisation assets exclude $161,277 million of assets (30 June 2021: $117,107 million), where the Bank holds all of the issued instruments of the securitisation vehicle.

Notes to the financial statements
For the year ended 30 June 2022

4.5 Securitisation, covered bonds and transferred assets (continued)

ACCOUNTING POLICIES

Repurchase agreements

Securities sold under agreement to repurchase are retained on the Balance Sheet when substantially all the risks and rewards of ownership remain with the Group, and the counterparty liability is included separately on the Balance Sheet when cash consideration is received.

Securitisation programmes

The Group pools and equitably assigns residential mortgages as securities to investors through a series of wholly controlled securitisation vehicles. Where the Group retains substantially all of the risks and rewards associated with the mortgages, it continues to recognise the mortgages on the Balance Sheet. The Group is entitled to any residual income of the securitisation programmes after all payments due to investors have been met, where the Group is the income unitholder. The investors have recourse only to the pool of mortgages in the SPV they have invested in.

Covered bonds programmes

To complement existing wholesale funding sources, the Group has established two global covered bond programmes for the Bank and ASB. Certain residential mortgages have been assigned to SPV's associated with covered bond programmes to provide security on the payments to investors. The Group is entitled to any residual income after all payments due to covered bond investors have been met. As the Group retains substantially all of the risks and rewards associated with the mortgages, it continues to recognise the mortgages on the Balance Sheet. The covered investors have dual recourse to the Bank and the covered pool assets.

Critical accounting judgements and estimates

The Group exercises judgement to assess whether a structured entity should be consolidated based on the Bank's power over the relevant activities of the entity and the significance of its exposure to variable returns of the structured entity. Such assessments are predominantly required for the Group's securitisation programmes, and structured transactions such as covered bond programmes.

Notes to the financial statements
For the year ended 30 June 2022

5. Our investing, trading and other banking activities

OVERVIEW

In addition to loans, the Group holds other assets to support its activities. Cash and liquid assets, Receivables from financial institutions, trading assets and investment securities are held for liquidity purposes, to generate returns and to meet customer demand. The mix and nature of assets is driven by multiple factors including the Board's risk appetite, regulatory requirements, customer demand and the generation of shareholder returns.

The Group also transacts derivatives to meet customer demand and to manage its financial risks (interest rate, foreign currency, commodity and credit risks).

Refer to Note 9.1 for additional information relating to the Group's approach to managing financial risks through the use of derivatives.

5.1 Cash and liquid assets

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Notes, coins, cash at banks and money at short call	**119,355**	87,375	**109,250**	84,269
Securities purchased under agreements to resell	**41,799**	12,666	**41,724**	12,490
Total cash and liquid assets	**161,154**	100,041	**150,974**	96,759

ACCOUNTING POLICIES

Cash and liquid assets include cash at branches, cash at banks, nostro balances, money at call with an original maturity of three months or less and securities purchased under agreements to resell. Cash and liquid assets are initially recognised at fair value and subsequently measured at amortised cost. Interest is recognised in the Income Statement using the effective interest method.

Securities, including bonds and equities, purchased under agreements to resell are not recognised in the financial statements where substantially all the risks and rewards of ownership remain with the counterparty. An asset for the agreed resale amount by the counterparty is recognised within Cash and liquid assets.

5.2 Receivables from and payables to financial institutions

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Collateral placed	**5,885**	4,165	**5,507**	4,013
Other receivables	**960**	920	**564**	540
Receivables from financial institutions	**6,845**	5,085	**6,071**	4,553
Collateral received	**7,948**	4,358	**7,566**	4,056
Other payables	**18,104**	14,701	**17,755**	14,412
Payables to financial institutions	**26,052**	19,059	**25,321**	18,468

As at 30 June 2022 and 2021, receivables and payables from financial institutions are expected to be settled within 12 months of the Balance Sheet date.

ACCOUNTING POLICIES

Receivables from and payables to financial institutions include cash collateral, short-term deposits and other balances. Cash collateral includes initial and variation margins in relation to derivative transactions and varies based on trading activities. Receivables from and payables to financial institutions are initially recognised at fair value and subsequently measured at amortised cost.

5.3 Assets at fair value through Income Statement

	Group		Bank	
Assets at fair value through Income Statement	**30 Jun 22 $M**	**30 Jun 21 $M**	**30 Jun 22 $M**	**30 Jun 21 $M**
Trading				
Government bonds, notes and securities	**8,595**	13,987	**8,590**	13,981
Corporate and financial institution bonds, notes and securities	**3,812**	2,955	**3,812**	2,955
Commodities	**2,916**	9,489	**2,916**	9,489
Total trading assets	**15,323**	26,431	**15,318**	26,425
Other				
Commodities financing and other lending	**9,930**	10,177	**9,930**	10,177
Receivables from corporate and financial institutions	**–**	229	**–**	–
Government securities	**–**	106	**–**	–
Shares and equity investments	**62**	27	**1**	–
Total other assets at fair value through Income Statement	**9,992**	10,539	**9,931**	10,177
Total assets at fair value through Income Statement	**25,315**	36,970	**25,249**	36,602
Maturity distribution of assets at fair value through Income Statement				
Less than twelve months	**23,829**	33,093	**23,792**	32,785
More than twelve months	**1,486**	3,877	**1,457**	3,817
Total assets at fair value through Income Statement	**25,315**	36,970	**25,249**	36,602

ACCOUNTING POLICIES

Assets at fair value through Income Statement include financial assets held for trading, commodity financing transactions, and other financial assets designated at fair value through profit or loss. Trading assets are those acquired principally for sale in the near term. Commodity inventories are measured at fair value less costs to sell in accordance with the broker trader exemption under AASB 102 *Inventories*. Commodity financing and other lending are mandatorily recognised at fair value through profit or loss, because the contractual cash flows are not solely payments of principal and interest. Other financial assets are measured at fair value through profit or loss, because they are managed with the objective of realising cash flows through sale. Assets at fair value through Income Statement are measured at fair value with changes in fair value recognised in Other banking income.

Notes to the financial statements
For the year ended 30 June 2022

5.4 Derivative financial instruments and hedge accounting

Derivative financial instruments are contracts whose values are derived from one or more underlying prices, indexes or other variables. Derivatives are classified as "held for trading" or "held for hedging". Held for trading derivatives are contracts entered into in order to meet customers' needs, to undertake market making and positioning activities, or for risk management purposes that are not designated in hedge accounting relationships. Held for hedging derivatives are instruments held for risk management purposes, which meet the criteria for hedge accounting.

	Group			
	30 Jun 22		30 Jun 21	
Derivative assets and liabilities	**Fair value asset $M**	**Fair value liability $M**	**Fair value asset $M**	**Fair value liability $M**
Derivatives held for trading	**30,020**	**(30,490)**	17,584	(16,248)
Hedging derivatives	**5,716**	**(3,409)**	3,865	(2,238)
Total derivative assets/(liabilities)	**35,736**	**(33,899)**	21,449	(18,486)

	Bank			
	30 Jun 22		30 Jun 21	
Derivative assets and liabilities	**Fair value asset $M**	**Fair value liability $M**	**Fair value asset $M**	**Fair value liability $M**
Derivatives held for trading	**31,395**	**(32,186)**	18,184	(18,464)
Hedging derivatives	**6,379**	**(2,816)**	3,260	(3,019)
Total derivative assets/(liabilities)	**37,774**	**(35,002)**	21,444	(21,483)

Trading derivatives

The fair value of derivative financial instruments held for trading are set out in the following tables:

	Group			
	30 Jun 22		30 Jun 21	
Derivative assets and liabilities	**Fair value asset $M**	**Fair value liability $M**	**Fair value asset $M**	**Fair value liability $M**
Held for trading				
Foreign exchange rate related contracts:				
Forwards	**15,718**	**(13,778)**	6,622	(5,065)
Swaps	**9,253**	**(8,844)**	4,100	(6,598)
Options	**435**	**(351)**	274	(238)
Total foreign exchange rate related contracts	**25,406**	**(22,973)**	10,996	(11,901)
Interest rate related contracts:				
Swaps	**1,712**	**(4,683)**	5,044	(2,856)
Futures	**236**	**(22)**	118	(1)
Options	**1,312**	**(1,594)**	888	(773)
Total interest rate related contracts	**3,260**	**(6,299)**	6,050	(3,630)
Credit related swaps	**19**	**(9)**	21	(84)
Equity related contracts:				
Swaps	**–**	**–**	7	–
Options	**–**	**(7)**	–	(7)
Total equity related contracts	**–**	**(7)**	7	(7)
Commodity related contracts:				
Swaps	**1,198**	**(1,044)**	356	(516)
Options	**57**	**(131)**	93	(52)
Total commodity related contracts	**1,255**	**(1,175)**	449	(568)
Identified embedded derivatives	**80**	**(27)**	61	(58)
Total derivative assets/(liabilities) held for trading	**30,020**	**(30,490)**	17,584	(16,248)

Held for trading derivatives are expected to be recovered or due to be settled within 12 months of the Balance Sheet date.

Notes to the financial statements
For the year ended 30 June 2022

5.4 Derivative financial instruments and hedge accounting (continued)

	Bank			
	30 Jun 22		30 Jun 21	
Derivative assets and liabilities	Fair value asset $M	Fair value liability $M	Fair value asset $M	Fair value liability $M
Held for trading				
Foreign exchange rate related contracts:				
Forwards	**15,567**	**(13,723)**	6,515	(5,030)
Swaps	**10,166**	**(9,623)**	4,762	(7,251)
Options	**426**	**(349)**	272	(235)
Derivatives held with controlled entities	**631**	**(1,076)**	147	(1,645)
Total foreign exchange rate related contracts	**26,790**	**(24,771)**	11,696	(14,161)
Interest rate related contracts:				
Swaps	**1,702**	**(4,573)**	4,940	(2,812)
Futures	**235**	**(22)**	117	(1)
Options	**1,312**	**(1,594)**	889	(773)
Derivatives held with controlled entities	**2**	**(8)**	4	–
Total interest rate related contracts	**3,251**	**(6,197)**	5,950	(3,586)
Credit related swaps	**19**	**(9)**	21	(84)
Equity related contracts:				
Swaps	**–**	**–**	7	–
Options	**–**	**(7)**	–	(7)
Total equity related contracts	**–**	**(7)**	7	(7)
Commodity related contracts:				
Swaps	**1,198**	**(1,044)**	356	(516)
Options	**57**	**(131)**	93	(52)
Total commodity related contracts	**1,255**	**(1,175)**	449	(568)
Identified embedded derivatives	**80**	**(27)**	61	(58)
Total derivative assets/(liabilities) held for trading	**31,395**	**(32,186)**	18,184	(18,464)

Held for trading derivatives are expected to be recovered or due to be settled within 12 months of the Balance Sheet date.

ACCOUNTING POLICIES

Derivatives held for trading purposes are initially recognised at fair value. Subsequent to initial recognition, gains or losses on derivatives are recognised in the Income Statement.

Notes to the financial statements
For the year ended 30 June 2022

5.4 Derivative financial instruments and hedge accounting (continued)

Hedging instruments

The following tables provide details of the Group's and the Bank's hedging instruments by the type of hedge relationship in which they are designated and the type of hedged risk.

		Group					
		30 Jun 22					
		Notional amounts				Fair Value	
	Hedged risk	Due within 1 year $M	Due from 1 to 5 years $M	Due beyond 5 years $M	Total $M	Derivative Asset $M	Derivative Liability $M
Fair value hedges	Interest rate	9,467	34,997	32,398	**76,862**	20	(479)
	Interest rate and foreign exchange	4,826	13,584	14,454	**32,864**	3,661	(2,570)
Total fair value hedges		14,293	48,581	46,852	**109,726**	3,681	(3,049)
Cash flow hedges	Interest rate	160,476	218,263	7,618	**386,357**	11	(24)
	Foreign exchange	4,839	2,367	5,954	**13,160**	1,968	(330)
	Commodity price	6	28	30	**64**	38	–
Total cash flow hedges		165,321	220,658	13,602	**399,581**	2,017	(354)
Net investment hedges	Foreign exchange	532	–	–	**532**	18	(6)
Total hedging derivative assets/(liabilities)		180,146	269,239	60,454	**509,839**	5,716	(3,409)

		Group					
		30 Jun 21					
		Notional amounts				Fair Value	
	Hedged risk	Due within 1 year $M	Due from 1 to 5 years $M	Due beyond 5 years $M	Total $M	Derivative Asset $M	Derivative Liability $M
Fair value hedges	Interest rate	10,316	38,949	38,519	**87,784**	261	(434)
	Interest rate and foreign exchange	12,867	13,651	15,478	**41,996**	2,878	(1,476)
Total fair value hedges		23,183	52,600	53,997	**129,780**	3,139	(1,910)
Cash flow hedges	Interest rate	146,513	233,013	6,874	**386,400**	54	(108)
	Foreign exchange	2,173	2,828	5,376	**10,377**	668	(197)
	Commodity price	6	27	38	**71**	–	(21)
Total cash flow hedges		148,692	235,868	12,288	**396,848**	722	(326)
Net investment hedges	Foreign exchange	414	–	–	**414**	4	(2)
Total hedging derivative assets/(liabilities)		172,289	288,468	66,285	**527,042**	3,865	(2,238)

Notes to the financial statements
For the year ended 30 June 2022

5.4 Derivative financial instruments and hedge accounting (continued)

		Bank					
		30 Jun 22					
		Notional amounts				Fair Value	
	Hedged risk	Due within 1 year $M	Due from 1 to 5 years $M	Due beyond 5 years $M	Total $M	Derivative Asset [1] $M	Derivative Liability [1] $M
Fair value hedges	Interest rate	7,207	24,269	26,204	**57,680**	31	(468)
	Interest rate and foreign exchange	7,468	10,471	14,241	**32,180**	4,436	(2,000)
Total fair value hedges		14,675	34,740	40,445	**89,860**	4,467	(2,468)
Cash flow hedges	Interest rate	145,634	180,571	7,301	**333,506**	7	(20)
	Foreign exchange	2,183	3,274	6,660	**12,117**	1,850	(322)
	Commodity price	6	28	30	**64**	38	–
Total cash flow hedges		147,823	183,873	13,991	**345,687**	1,895	(342)
Net investment hedges	Foreign exchange	532	–	–	**532**	17	(6)
Total hedging derivative assets/(liabilities)		163,030	218,613	54,436	**436,079**	6,379	(2,816)

1 Derivative assets include $1,998 million of derivatives held with controlled entities, derivative liabilities include $408 million of derivatives held with controlled entities.

		Bank					
		30 Jun 21					
		Notional amounts				Fair Value	
	Hedged risk	Due within 1 year $M	Due from 1 to 5 years $M	Due beyond 5 years $M	Total $M	Derivative Asset [1] $M	Derivative Liability [1] $M
Fair value hedges	Interest rate	8,576	27,558	34,034	**70,168**	246	(475)
	Interest rate and foreign exchange	10,398	11,950	13,691	**36,039**	2,090	(2,289)
Total fair value hedges		18,974	39,508	47,725	**106,207**	2,336	(2,764)
Cash flow hedges	Interest rate	123,295	207,768	6,563	**337,626**	30	(99)
	Foreign exchange	3,117	3,785	5,376	**12,278**	890	(133)
	Commodity price	6	27	38	**71**	–	(21)
Total cash flow hedges		126,418	211,580	11,977	**349,975**	920	(253)
Net investment hedges	Foreign exchange	414	–	–	**414**	4	(2)
Total hedging derivative assets/(liabilities)		145,806	251,088	59,702	**456,596**	3,260	(3,019)

1 Derivative assets include $375 million of derivatives held with controlled entities, derivative liabilities include $1,493 million of derivatives held with controlled entities.

The Bank will be required to post collateral on derivatives with securitisation and covered bond trusts it controls, or novate the derivatives to other appropriately rated counterparties in the event that the Bank's credit rating falls below specified thresholds. The thresholds for collateral posting vary between two and three notches from the current rating, depending on the ratings agency. The thresholds for novation vary between four and six notches from the current rating, depending on the ratings agency. The fair value of funding these collateral arrangements has been recognised by the Bank as a funding valuation adjustment. The adjustment did not have a material impact on the Bank's Income Statement for the year. As the arrangement is between the Bank and the trusts, the fair value is eliminated on consolidation and will only be recognised by the Group if the trusts are deconsolidated.

As at 30 June 2022, the weighted average fixed interest rate of interest rate swaps hedging interest rate risk was 1.14% (30 June 2021: 1.11%). The major currency pairs of cross currency swaps designated in hedge relationships are receive USD/pay AUD and receive EUR/pay USD with weighted average foreign currency rates of: AUD/USD 0.78 and USD/EUR 0.84 (30 June 2021: AUD/USD 0.81, USD/EUR 0.83).

In addition to derivative instruments used to hedge foreign currency risk, the Group and the Bank designate debt issues as hedging instruments of certain foreign exchange risk exposures. The carrying value of debt issues designated as cash flow hedging instruments as at 30 June 2022 was $899 million with average maturity of 5 years for the Group (30 June 2021: $940 million with average maturity of six years) and nil for the Bank (30 June 2021: $44 million with average maturity of one year).

Notes to the financial statements
For the year ended 30 June 2022

5.4 Derivative financial instruments and hedge accounting (continued)

Hedged items in fair value hedges

The tables below provides details of the Group's and the Bank's hedged items designated in fair value hedge relationships by the type of hedged risk.

		Group			
		30 Jun 22		30 Jun 21	
Hedged items	Hedged risk	Carrying amount $M	Fair value adjustment [1,2] $M	Carrying amount $M	Fair Value adjustment [1,2] $M
Investment securities at fair value through Other Comprehensive Income	Interest rate	44,814	(2,364)	58,338	3,499
Investment securities at fair value through Other Comprehensive Income	Interest rate and foreign exchange	6,407	(284)	5,526	331
Loans, bills discounted and other receivables	Interest rate	745	1	1,154	57
Deposits and other public borrowings	Interest rate	(1,475)	12	(55)	(5)
Deposits and other public borrowings	Interest rate and foreign exchange	–	–	(77)	(2)
Debt issues	Interest rate	(12,416)	773	(17,434)	(958)
Debt issues	Interest rate and foreign exchange	(58,806)	3,329	(48,557)	(1,910)
Loan capital	Interest rate	(8,339)	1,594	(11,412)	(308)
Loan capital	Interest rate and foreign exchange	(8,876)	509	(8,153)	(126)

		Bank			
		30 Jun 22		30 Jun 21	
Hedged items	Hedged risk	Carrying amount $M	Fair value adjustment [1,2] $M	Carrying amount $M	Fair value adjustment [1,2] $M
Investment securities at fair value through Other Comprehensive Income	Interest rate	38,894	(1,891)	52,190	3,593
Investment securities at fair value through Other Comprehensive Income	Interest rate and foreign exchange	6,407	(284)	4,814	331
Loans, bills discounted and other receivables	Interest rate	686	1	1,055	54
Shares in and loans to controlled entities	Interest rate	759	(9)	1,515	47
Shares in and loans to controlled entities	Interest rate and foreign exchange	19,949	(1,621)	17,783	786
Deposits and other public borrowings	Interest rate	(1,475)	12	(55)	(5)
Deposits and other public borrowings	Interest rate and foreign exchange	–	–	(77)	(2)
Debt issues	Interest rate	(10,402)	692	(10,233)	(799)
Debt issues	Interest rate and foreign exchange	(36,084)	2,387	(31,040)	(1,371)
Loan capital	Interest rate	(8,306)	1,589	(11,036)	(305)
Loan capital	Interest rate and foreign exchange	(7,160)	509	(8,153)	(126)

1 Represents the accumulated amount of the fair value adjustment included in the carrying amount. The cumulative amount that is related to ceased hedge relationships where the risk being hedged was interest rate and foreign exchange risk is nil.
2 Changes in fair value of the hedged item used as a basis to determine effectiveness. The changes in fair value of the hedged items are recognised in Other banking income.

Notes to the financial statements

For the year ended 30 June 2022

5.4 Derivative financial instruments and hedge accounting (continued)

Hedged items in cash flow hedges and net investment hedges

The tables below provides details of the Group's and the Bank's hedged items designated in cash flow and net investment hedge relationships by the type of hedged risk.

		Group			
		30 Jun 22		30 Jun 21	
Hedged items	Hedged risk	Cash flow hedge reserve [1] $M	Foreign currency translation reserve [2] $M	Cash flow hedge reserve [1] $M	Foreign currency translation reserve [2] $M
Cash flow hedges					
Investment securities at fair value through Other Comprehensive Income	Foreign exchange	(7)	–	46	–
Loans, bills discounted and other receivables	Interest rate	(7,546)	–	1,925	–
Loans, bills discounted and other receivables	Foreign exchange	(86)	–	5	–
Deposits and other public borrowings	Interest rate	6,087	–	(769)	–
Debt issues	Interest rate	35	–	(23)	–
Debt issues	Foreign exchange	114	–	(468)	–
Loan capital	Interest rate	–	–	–	–
Loan capital	Foreign exchange	158	–	(86)	–
Highly probable forecast transactions [3]	Foreign exchange	(31)	–	38	–
Highly probable forecast transactions	Commodity price	30	–	(16)	–
Net investment hedges					
Foreign operations	Foreign exchange	–	12	–	(6)
Total		**(1,246)**	**12**	652	(6)

1 Represents the accumulated effective amount of the hedging instrument deferred to Cash flow hedge reserve. The cumulative amount related to ceased hedge relationships where the risk being hedged was interest rate and foreign exchange risk is a loss of $27 million (30 June 2021: $71 million gain). A cumulative gain of $21 million related to ceased hedge relationships was amortised to Income Statement during the period (30 June 2021: $53 million gain).

2 Represents the accumulated effective amount of the hedging instrument deferred to Foreign currency translation reserve. The cumulative amount related to ceased hedge relationships where the risk being hedged was foreign exchange risk is nil (30 June 2021: nil).

3 A $2 million loss was reclassified to the Income Statement during the period as a result of highly probable forecast transactions no longer meeting the required criteria (30 June 2021: nil).

Notes to the financial statements
For the year ended 30 June 2022

5.4 Derivative financial instruments and hedge accounting (continued)

		Bank			
		30 Jun 22		30 Jun 21	
Hedged items	Hedged risk	Cash flow hedge reserve [1] $M	Foreign currency translation reserve [2] $M	Cash flow hedge reserve [1] $M	Foreign currency translation reserve [2] $M
Cash flow hedges					
Investment securities at fair value through Other Comprehensive Income	Foreign exchange	(7)	–	46	–
Loans, bills discounted and other receivables	Interest rate	(6,815)	–	1,924	–
Loans, bills discounted and other receivables	Foreign exchange	(86)	–	5	–
Shares in and loans to controlled entities	Interest rate	–	–	1	–
Shares in and loans to controlled entities	Foreign exchange	(97)	–	175	–
Deposits and other public borrowings	Interest rate	5,126	–	(765)	–
Debt issues	Interest rate	34	–	(20)	–
Debt issues	Foreign exchange	132	–	(246)	–
Loan capital	Interest rate	–	–	–	–
Loan capital	Foreign exchange	156	–	(86)	–
Highly probable forecast transactions	Commodity price	30	–	(16)	–
Net investment hedges					
Foreign operations	Foreign exchange	–	12	–	(6)
Total		**(1,527)**	**12**	1,018	(6)

1 Represents the accumulated effective amount of the hedging instrument deferred to Cash flow hedge reserve. The cumulative amount related to ceased hedge relationships where the risk being hedged was interest rate and foreign exchange risk is a loss of $30 million (30 June 2021: $76 million gain). A cumulative gain of $21 million related to ceased hedge relationships was amortised to Income Statement during the period (30 June 2021: $48 million gain).

2 Represents the accumulated effective amount of the hedging instrument deferred to Foreign currency translation reserve. The cumulative amount related to ceased hedge relationships where the risk being hedged was foreign exchange risk is nil (30 June 2021: nil).

Notes to the financial statements

For the year ended 30 June 2022

5.4 Derivative financial instruments and hedge accounting (continued)

Hedge effectiveness

The tables below details effectiveness of the Group's and the Bank's hedges by the type of hedge relationship and the type of hedged risk.

	Group					
	30 Jun 22			30 Jun 21		
	Change in value of hedged item [1] $M	Change in value of hedging instrument $M	Hedge ineffectiveness recognised in Income Statement [2] $M	Change in value of hedged item [1] $M	Change in value of hedging instrument $M	Hedge ineffectiveness recognised in Income Statement [2] $M
Fair value hedges						
Interest rate	(2,697)	2,683	(14)	(350)	387	37
Interest rate and foreign exchange	5,449	(5,427)	22	3,257	(3,254)	3
Foreign exchange	–	–	–	(24)	24	–
Total fair value hedges	2,752	(2,744)	8	2,883	(2,843)	40
Cash flow hedges and net investment hedges						
Interest rate	2,564	(2,575)	(11)	1,219	(1,218)	1
Foreign exchange	(2,307)	2,309	2	(21)	20	(1)
Commodity prices	(45)	50	5	(28)	27	(1)
Total cash flow hedges and net investment hedges	212	(216)	(4)	1,170	(1,171)	(1)

1 Changes in value of the hedged item for Fair value hedges is recognised in Other banking income. Changes in value of the hedged item for Cash flow hedges are not recognised in the financial statements and are only used as a basis for calculating ineffectiveness. During the year, the unrealised losses deferred to the Cash flow hedge reserve were $213 million (30 June 2021: unrealised losses of $1,161 million) and a gain recognised in the Foreign currency translation reserve was $1 million (30 June 2021: unrealised losses of $9 million).

2 Hedge ineffectiveness is recognised in Other banking income.

	Bank					
	30 Jun 22			30 Jun 21		
	Change in value of hedged item [1] $M	Change in value of hedging instrument $M	Hedge ineffectiveness recognised in Income Statement [2] $M	Change in value of hedged item [1] $M	Change in value of hedging instrument $M	Hedge ineffectiveness recognised in Income Statement [2] $M
Fair value hedges						
Interest rate	(2,338)	2,327	(11)	(355)	392	37
Interest rate and foreign exchange	1,351	(1,388)	(37)	950	(951)	(1)
Foreign exchange	–	–	–	–	–	–
Total fair value hedges	(987)	939	(48)	595	(559)	36
Cash flow hedges and net investment hedges						
Interest rate	2,793	(2,805)	(11)	1,259	(1,261)	(2)
Foreign exchange	(1,749)	1,751	2	(202)	201	(1)
Commodity prices	(45)	50	5	(28)	27	(1)
Total cash flow hedges and net investment hedges	999	(1,004)	(4)	1,029	(1,033)	(4)

1 Changes in value of the hedged item for Fair value hedges is recognised in Other banking income. Changes in value of the hedged item for Cash flow hedges are not recognised in the financial statements and are only used as a basis for calculating ineffectiveness. During the year, the unrealised losses deferred to the Cash flow hedge reserve were $1 billion (30 June 2021: unrealised losses of $1,020 million), and a gain was recognised in the Net investment hedge reserve was $1 million (30 June 2021: unrealised losses of $9 million).

2 Hedge ineffectiveness is recognised in Other banking income.

Notes to the financial statements

For the year ended 30 June 2022

5.4 Derivative financial instruments and hedge accounting (continued)

ACCOUNTING POLICIES

Derivatives transacted for hedging purposes

Derivatives are initially measured at fair value. Subsequent to initial recognition, gains or losses on derivatives are recognised in the Income Statement, unless they are entered into for hedging purposes and designated in a cash flow hedge.

Hedging strategy and hedge accounting

The Group risk management strategy (refer to notes 9.1 and 9.3) is to manage market risks within risk limits to minimise profit and capital volatility. The use of derivative and other hedging instruments for hedging purposes gives rise to potential volatility in the Income Statement because of mismatches in the accounting treatment between derivatives and other hedging instruments and the underlying exposures being hedged. The Group and the Bank apply hedge accounting to reduce volatility in the Income Statement from hedging activities undertaken.

Fair value hedges

Fair value hedges are used by the Group to manage exposure to changes in the fair value of an asset, liability or unrecognised firm commitment, predominantly associated with investment securities, debt issues and loan capital. Changes in fair values can arise from fluctuations in interest or foreign exchange rates. The Group principally uses interest rate swaps, cross currency swaps and futures to protect against such fluctuations.

Changes in the value of fair value hedges are recognised in the Income Statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. All gains and losses associated with the ineffective portion of fair value hedge relationships are recognised immediately as Other banking income.

If the hedge relationship no longer meets the criteria for hedge accounting, it is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the Income Statement from the date of discontinuation over the period to maturity of the previously designated hedge relationship based on a recalculated effective interest rate. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the Income Statement.

Cash flow hedges

Cash flow hedges are used by the Group to manage exposure to variability in future cash flows, which could affect profit or loss and may result from fluctuations in interest and exchange rates or in commodity prices on financial assets, financial liabilities or highly probable forecast transactions, predominantly associated with floating rate domestic loans and deposits. The Group principally uses interest rate swaps, cross currency swaps, futures and commodity related swaps to protect against such fluctuations.

Changes in fair value associated with the effective portion of a cash flow hedge are recognised through other comprehensive income in the Cash flow hedge reserve within equity. Ineffective portions are recognised immediately in the Income Statement. Amounts deferred in equity are transferred to the Income Statement in the period in which the hedged forecast transaction takes place.

When a hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified to profit or loss in the period in which the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recycled immediately to the Income Statement. Where it is appropriate, non-derivative financial assets and liabilities are also designated as hedging instruments in cash flow hedge relationships.

Net investment hedges

The Group holds investments in foreign operations, where changes in net assets resulting from changes in foreign currency rates are recognised in the Foreign currency translation reserve and results in volatility in shareholders' equity. To protect against the foreign currency risk, the Group enters into foreign currency forwards that are designated as hedging instruments in net investment hedges. Gains and losses on derivative contracts relating to the effective portion of the net investment hedge are recognised in the Foreign currency translation reserve in equity. Ineffective portions are recognised immediately in the Income Statement. Gains and losses accumulated in equity are included in the Income Statement when the foreign subsidiary or branch is disposed of.

Risk components

In some hedging relationships, the Group and the Bank designate risk components of hedged items as follows:

- benchmark interest rate risk as a component of interest rate risk, such as the Bank Bill Benchmark Rate component; and
- spot exchange rate risk as a component of foreign currency risk for foreign currency financial assets and liabilities.

Hedging the benchmark interest rate risk or spot exchange rate risk components results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship.

Economic relationships and hedge effectiveness

The Group performs both prospective and retrospective tests to determine the economic relationship between the hedged item and the hedging instrument, and to assess hedge effectiveness. At inception of the hedge relationship, prospective testing is performed on a matched terms basis. This test checks that the critical terms are matched between the hedging instrument and the hedged item. At the same time a hedging ratio is established by matching the notional of the derivatives with the principal of the portfolio or financial instruments being hedged, in most cases the ratio is 100%. Retrospective testing for each reporting period uses a regression model, which compares the change in the fair value of the hedged item and the change in the fair value of the hedging instrument. For a hedge to be deemed effective, the change in fair values should be within 80% to 125% of each other. Should the result fall outside this range the hedge would be deemed ineffective and recognised immediately through the Income Statement in line with each hedge relationship policy above.

5.4 Derivative financial instruments and hedge accounting (continued)

Sources of hedge ineffectiveness affecting hedge accounting are:

- differences in discounting between the hedged item and the hedging instrument. Collateralised derivatives are discounted using Overnight Indexed Swaps (OIS) discount curves, which are not applied to the hedged item;
- change in the credit risk of the hedging instrument; and
- mismatches between the contractual terms of the hedged item and the hedging instrument.

No other sources of hedge ineffectiveness have arisen during the year.

Embedded derivatives

In certain instances, a derivative may be embedded within a financial liability host contract. It is accounted for separately as a stand-alone derivative at fair value, where:

- the host contract is not carried at fair value through the Income Statement; and
- the economic characteristics and risks of the embedded derivative are not closely related to the host contract.

Notes to the financial statements

For the year ended 30 June 2022

5.5 Investment securities

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Investment securities at fair value through OCI				
Government bonds, notes and securities	**60,386**	61,897	**57,492**	57,875
Corporate and financial institution bonds, notes and securities	**8,269**	12,340	**6,567**	10,557
Covered bonds, mortgage backed securities and SSA [1]	**8,821**	9,533	**6,547**	7,519
Shares and equity investments	**1,610**	2,790	**1,585**	2,750
Total investment securities at fair value through OCI	**79,086**	86,560	**72,191**	78,701
Investment securities at amortised cost				
Mortgage backed securities	**3,217**	4,278	**3,217**	4,278
Total investment securities at amortised cost	**3,217**	4,278	**3,217**	4,278
Total investment securities	**82,303**	90,838	**75,408**	82,979

1 Supranational, Sovereign and Agency Securities (SSA).

As at 30 June 2022, investment securities at fair value through other comprehensive income expected to be recovered within 12 months of the Balance Sheet date were $12,108 million (30 June 2021: $7,220 million) for the Group, and $10,069 million (30 June 2021: $6,543 million) for the Bank. As at 30 June 2022, investment securities at amortised cost amounts expected to be recovered within 12 months of the Balance Sheet date were $1,124 million (30 June 2021: $1,309 million) for the Group and the Bank.

Maturity distribution and yield analysis

	Group Maturity period at 30 June 2022									
	0 to 1 year $M	%	1 to 5 years $M	%	5 to 10 years $M	%	10 or more years $M	%	Non-maturing $M	Total $M
Investment securities at fair value through OCI										
Government bonds, notes and securities	6,137	1. 75	24,370	2. 94	23,838	3. 55	6,041	4. 35	–	**60,386**
Corporate and financial institution bonds, notes and securities	3,141	2. 43	5,004	4. 05	124	4. 40	–	–	–	**8,269**
Covered bonds, mortgage backed securities and SSA	2,005	2. 99	4,590	2. 98	1,426	2. 64	800	2. 29	–	**8,821**
Shares and equity investments	–	–	–	–	–	–	–	–	1,610	**1,610**
Total investment securities at fair value through OCI	**11,283**		**33,964**		**25,388**		**6,841**		**1,610**	**79,086**
Investment securities at amortised cost										
Mortgage backed securities	–	–	29	2. 92	–	–	3,188	4. 59	–	**3,217**
Total investment securities	**11,283**		**33,993**		**25,388**		**10,029**		**1,610**	**82,303**

5.5 Investment securities (continued)

ACCOUNTING POLICIES

Investment securities primarily include publicly traded debt securities held as part of the Group's liquidity portfolio.

Investment securities at fair value through other comprehensive income

Debt securities

This category includes debt securities held within the business model whose objective is achieved by both collecting contractual cash flows and selling the assets. The contractual cash flows on these financial assets comprise payments of principal and interest only. These securities are initially recognised at their fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value through other comprehensive income.

Interest income and foreign exchange gains and losses on these securities are recognised in the Income Statement. The securities are assessed for impairment using the expected credit loss approach described in Note 3.2. Impairment is recognised in the Loan impairment expense line in the Income Statement.

When debt securities at fair value through other comprehensive income are derecognised, the cumulative gain or loss recognised in other comprehensive income is reclassified to the Other banking income line in the Income Statement.

Equity securities

This category also includes non-traded equity instruments designated at fair value through other comprehensive income. Fair value gains and losses and foreign exchange gains and losses on these equity instruments are recognised in other comprehensive income and are not reclassified to the Income Statement on derecognition.

Investment securities at amortised cost

This category includes debt securities held within the business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual cash flows on these financial assets comprise the payment of principal and interest only. These securities are initially recognised at their fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method and are presented net of provisions for impairment. For the accounting policy on provisions for impairment, refer to Note 3.2.

Notes to the financial statements
For the year ended 30 June 2022

6. Other assets

OVERVIEW

The Group's other assets comprise of assets not included in its lending, investing, trading and other banking activities. Other assets include right-of-use assets and Property, plant and equipment held for own use and for lease through our asset finance businesses. Other assets also include software, brand names and goodwill. These assets support the Group's business activities.

6.1 Property, plant and equipment

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Right-of-use assets				
At cost	**4,202**	4,048	**3,861**	3,711
Accumulated depreciation	**(1,535)**	(1,056)	**(1,399)**	(970)
Closing balance	**2,667**	2,992	**2,462**	2,741
Land and buildings				
At 30 June valuation	**481**	491	**448**	450
Total land and buildings	**481**	491	**448**	450
Leasehold improvements				
At cost	**1,490**	1,522	**1,316**	1,341
Accumulated depreciation	**(1,040)**	(1,058)	**(921)**	(944)
Closing balance	**450**	464	**395**	397
Equipment				
At cost	**1,797**	1,940	**1,308**	1,368
Accumulated depreciation	**(1,404)**	(1,450)	**(1,060)**	(1,080)
Closing balance	**393**	490	**248**	288
Total right-of-use assets and property, plant and equipment held for own use	**3,991**	4,437	**3,553**	3,876
Assets held as lessor				
At cost	**1,294**	1,227	**108**	108
Accumulated depreciation and impairment	**(398)**	(380)	**(34)**	(31)
Closing balance	**896**	847	**74**	77
Total property, plant and equipment	**4,887**	5,284	**3,627**	3,953

Notes to the financial statements

For the year ended 30 June 2022

6.1 Property, plant and equipment (continued)

Reconciliation of movements in the carrying amount of Property, plant and equipment is set out below:

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Right-of-use assets				
Carrying amount at the beginning of the year	**2,992**	2,984	**2,741**	2,725
Additions	**186**	599	**177**	525
Disposals	**(20)**	(10)	**(20)**	(7)
Depreciation	**(490)**	(554)	**(437)**	(499)
Reclassification to assets held for sale	**–**	(20)	**–**	–
Foreign currency translation adjustment	**(1)**	(7)	**1**	(3)
Carrying amount at the end of the period	**2,667**	2,992	**2,462**	2,741
Land and buildings				
Carrying amount at the beginning of the year	**491**	438	**450**	394
Additions	**16**	83	**7**	83
Disposals	**(36)**	(12)	**(23)**	(11)
Net revaluations	**42**	21	**43**	23
Depreciation	**(22)**	(39)	**(20)**	(39)
Reclassification to assets held for sale	**(9)**	–	**(9)**	–
Foreign currency translation adjustment	**(1)**	–	**–**	–
Carrying amount at the end of the year	**481**	491	**448**	450
Leasehold improvements				
Carrying amount at the beginning of the year	**464**	536	**397**	466
Additions	**97**	63	**97**	42
Disposals	**(10)**	(11)	**(10)**	(10)
Depreciation	**(100)**	(119)	**(89)**	(101)
Reclassification to assets held for sale	**–**	(5)	**–**	–
Foreign currency translation adjustment	**(1)**	–	**–**	–
Carrying amount at the end of the year	**450**	464	**395**	397
Equipment				
Carrying amount at the beginning of the year	**490**	500	**288**	367
Additions	**107**	88	**78**	57
Disposals	**(7)**	(9)	**(5)**	(5)
Depreciation	**(145)**	(173)	**(113)**	(143)
Other transfers [1]	**(50)**	72	**–**	–
Foreign currency translation adjustment	**(2)**	12	**–**	12
Carrying amount at the end of the year	**393**	490	**248**	288
Assets held as lessor				
Carrying amount at the beginning of the year	**847**	1,144	**77**	99
Additions	**16**	–	**–**	–
Disposals	**(24)**	(38)	**–**	(16)
Other transfers [1]	**50**	(72)	**–**	–
Impairment reversal/(losses) [2]	**68**	(112)	**–**	–
Depreciation	**(61)**	(75)	**(3)**	(6)
Carrying amount at the end of the year	**896**	847	**74**	77
Total property, plant and equipment	**4,887**	5,284	**3,627**	3,953

1 During the year ended 30 June 2021, $72 million of assets under leases were transferred to the equipment category as a result of repossession or lease expiry. During the year ended 30 June 2022, $50 million of assets were leased out and transferred from equipment to assets under lease.

2 During the year ended 30 June 2022, due to the recoveries by the global aviation and shipping industries from the impacts of COVID-19, an impairment reversal of $68 million was recognised in Other banking income relating to aircraft which are owned by the Group and leased to various airlines (30 June 2021: $112 million impairment loss).

Notes to the financial statements
For the year ended 30 June 2022

6.1 Property, plant and equipment (continued)

ACCOUNTING POLICIES

The Group measures its land and buildings at fair value, based on annual independent market valuations performed during the year. These fair values fall under the Level 3 category of the fair value hierarchy as defined in Note 9.5. Revaluation adjustments are reflected in the Asset revaluation reserve, except to the extent they reverse a revaluation decrease of the same asset previously recognised in the Income Statement. Upon disposal, realised amounts in the Asset revaluation reserve are transferred to Retained profits.

Other property, plant and equipment assets are stated at cost, including direct and incremental acquisition costs less accumulated depreciation and impairment if required. Subsequent costs are capitalised where it enhances the asset. Depreciation is calculated using the straight-line method over the asset's estimated useful economic life.

The useful lives of major depreciable asset categories are as follows:

Right-of-use assets	Unexpired lease term
Land	Indefinite, not depreciated
Buildings	Up to 30 years
Equipment	3–25 years
Leasehold improvements	Lower of unexpired lease term or lives as above
Assets held as lessor:	
Aircraft	25 years
Rail	35–40 years
Ships	25–40 years

Leases are entered into to meet the business needs of entities in the Group. Leases are primarily over commercial and retail premises and plant and equipment. Where the Group is a lessee, all leases will be recognised on the Balance Sheet as a lease liability and right-of-use asset, unless the underlying asset is of low value or the lease has a term of 12 months or less. Rentals of leases with low value underlying assets or where the lease term is 12 months or less are recognised over the lease term as Operating expenses in the Income Statement.

Right-of-use assets are initially measured at cost comprising the following:

- the initial amount of the lease liability measured at the present value of the future lease payments;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- an estimate of the costs to be incurred upon disassembling or restoring the underlying asset to the condition required by the terms of the lease.

The right-of-use asset is depreciated over the lease term on a straight-line basis within Operating expenses in the Income Statement.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the Income Statement if the carrying amount of the right-of-use asset has been fully written down.

Critical accounting judgements and estimates

Judgement has been applied by the Group in assessing which arrangements contain a lease, the period over which the lease exists and the variability of future cash flows when recognising right-of-use assets. The Group assesses at each Balance Sheet date useful lives and residual values and whether there is any objective evidence of impairment.

In determining the value in use of assets held as lessor, the Group incorporates the cash inflows over the lease term, as well as the expected selling price on expiry of the lease. Market disruption, lower demand for assets, decline in asset prices as well as credit events specific to individual lessees can result in a reduction of the asset's recoverable values.

If an asset's carrying amount is greater than its recoverable amount, the carrying amount is immediately written down to its recoverable amount.

6.2 Intangible assets

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Goodwill				
Purchased goodwill at cost	**5,295**	5,317	**2,504**	2,522
Closing balance	**5,295**	5,317	**2,504**	2,522
Computer software costs				
Cost	**4,568**	4,236	**3,824**	3,716
Accumulated amortisation	**(3,159)**	(2,809)	**(2,633)**	(2,485)
Closing balance	**1,409**	1,427	**1,191**	1,231
Brand names [1]				
Cost	**186**	186	**186**	186
Closing balance	**186**	186	**186**	186
Other intangibles				
Cost	**9**	50	**2**	38
Accumulated amortisation	**–**	(38)	**–**	(38)
Closing balance	**9**	12	**2**	–
Total intangible assets	**6,899**	6,942	**3,883**	3,939

1 Brand names include the value of royalty costs foregone by the Group through acquiring the Bankwest brand name. The royalty costs that would have been incurred by an entity using the Bankwest brand name are based on an annual percentage of income generated by Bankwest. The Bankwest brand name has an indefinite useful life, as there is no foreseeable limit to the period over which the brand name is expected to generate cash flows. The brand name is not subject to amortisation, but requires annual impairment testing. No impairment was recognised during the year.

Impairment tests for goodwill and intangible assets with indefinite lives

To assess whether goodwill and other assets with indefinite useful lives are impaired, the carrying amount of a cash-generating unit or a group of cash-generating units are compared to the recoverable amount. The recoverable amount is determined based on fair value less cost to sell, primarily using an earnings multiple applicable to that type of business. The category of this fair value is Level 3 as defined in Note 9.5.

Earnings multiples relating to the Group's banking cash-generating units are sourced from publicly available data associated with Australian businesses displaying similar characteristics to those cash-generating units, and are applied to current earnings. The key assumption is the Price-Earnings (P/E) multiple observed for these businesses, which for the banking businesses were in the range of 9.9x–11.6x (30 June 2021: 13.1x–14.8x).

Goodwill allocation to cash generating units

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Retail Banking Services	**3,768**	3,803	**2,005**	2,023
Business Banking	**1,241**	1,220	**499**	499
New Zealand	**255**	263	**–**	–
Corporate Centre and Other	**31**	31	**–**	–
Total	**5,295**	5,317	**2,504**	2,522

Notes to the financial statements

For the year ended 30 June 2022

6.2 Intangible assets (continued)

Reconciliation of the carrying amounts of Intangible assets is set out below:

	Group [1]		Bank [1]	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Goodwill				
Opening balance	**5,317**	5,284	**2,522**	2,522
Additions	**21**	54	**–**	–
Reclassification to assets held for sale	**(35)**	(24)	**(18)**	–
Transfers/disposals/other adjustments	**(8)**	3	**–**	–
Closing balance	**5,295**	5,317	**2,504**	2,522
Computer software costs				
Opening balance	**1,427**	1,296	**1,231**	1,110
Additions [2]	**743**	553	**643**	466
Amortisation and write-offs [3]	**(761)**	(422)	**(683)**	(345)
Reclassification to assets held for sale	**–**	–	**–**	–
Closing balance	**1,409**	1,427	**1,191**	1,231
Brand names				
Opening balance	**186**	201	**186**	186
Reclassification to assets held for sale	**–**	(15)	**–**	–
Closing balance	**186**	186	**186**	186
Other intangibles				
Opening balance	**12**	20	**–**	–
Additions	**2**	12	**2**	–
Disposals/other adjustments	**(5)**	–	**–**	–
Amortisation and impairment	**–**	(5)	**–**	–
Reclassification to assets held for sale	**–**	(15)	**–**	–
Closing balance	**9**	12	**2**	–
Total intangible assets	**6,899**	6,942	**3,883**	3,939

1 Comparative information has been restated to conform to presentation in the current year
2 Primarily relates to internal development costs.
3 Current year includes $389 million of accelerated amortisation and write-offs of software assets.

Notes to the financial statements
For the year ended 30 June 2022

6.2 Intangible assets (continued)

ACCOUNTING POLICIES

Intangible assets are identifiable non-monetary assets without physical substance. They are recognised only if it is probable the asset will generate future benefits for the Group. Those assets with an indefinite useful life are tested for impairment annually. All intangible assets must be tested for impairment when there is an indication that its carrying amount may be greater than its recoverable amount.

Goodwill

Goodwill arises on the acquisition of a business and represents the excess of the consideration paid over the fair value of the net assets and liabilities acquired. Goodwill is tested for impairment annually through allocation to a group of Cash Generating Units (CGUs). The CGUs' recoverable amount is then compared to the carrying amount of the CGUs including goodwill and an impairment is recognised for any excess carrying value.

Computer software costs

Certain internal and external costs directly incurred in acquiring and developing software, are capitalised and amortised over the estimated useful life on a straight-line basis. The majority of software projects are amortised over three to five years. Software maintenance is expensed as incurred.

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

Brand names

Brand names include the Bankwest brand name acquired in a business combination and initially recognised at fair value. The Bankwest brand name has an indefinite useful life as there is no foreseeable limit to the period over which it is expected to generate cash flows.

Other intangibles

Other intangibles predominantly comprise customer relationships and software licences. Customer relationships acquired as part of a business combination are initially measured at fair value. They are subsequently measured at cost less accumulated amortisation and any impairment losses. Amortisation is calculated based on the timing of projected cash flows associated with those relationships.

Critical accounting judgements and estimates

Goodwill is allocated to CGUs whose recoverable amount is calculated for the purpose of impairment testing. The recoverable amount calculation relies primarily on publicly available earnings multiples, which are disclosed on page 184.

Notes to the financial statements

For the year ended 30 June 2022

6.3 Other assets

		Group		Bank	
		30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21
	Note	$M	$M	$M	$M
Accrued interest receivable		**1,990**	1,689	**1,955**	1,727
Accrued fees and reimbursements receivable [1]		**235**	826	**240**	204
Securities sold not delivered		**1,729**	2,946	**1,299**	2,399
Intragroup current tax receivable		**–**	–	**202**	200
Current tax assets		**7**	123	**4**	108
Prepayments		**490**	465	**438**	355
Defined benefit superannuation plan surplus	10.2	**580**	521	**580**	521
Other [2]		**940**	218	**669**	170
Total other assets		**5,971**	6,788	**5,387**	5,684

1 Accrued fees and reimbursements receivable as at 30 June 2022 include trail commission receivable of $36 million for the Group (30 June 2021: $149 million).
2 As at 30 June 2022, other assets include $256 million of proceeds receivable in relation to divestments of businesses (30 June 2021: $47 million).

Except for the defined benefits superannuation plan surplus, the majority of the above amounts are expected to be recovered within 12 months of the Balance Sheet date.

ACCOUNTING POLICIES

Other assets include interest and fee receivables, current tax assets, prepayments, receivables on unsettled trades and the surplus within defined benefit plans. Interest receivables are recognised on an accruals basis, fees and reimbursements receivable are recognised once the service is provided and trade date accounted securities sold not delivered, consistent with the Group's policy for all financial assets measured at fair value through profit or loss or at fair value through other comprehensive income, are recognised between trade execution and final settlement. The remaining other assets are recognised on an accrual or service performed basis and amortised over the period in which the economic benefits from these assets are received. Further defined benefit plan details are provided in Note 10.2.

7. Other liabilities

OVERVIEW

Other liabilities include provisions, interest payable, fees and bills payable and unsettled trades. Provisions principally cover annual leave and long service leave employee entitlements, customer remediation, compliance and regulation programs, litigations and restructuring. It also includes provisions for impairment losses on financial guarantees and other off Balance Sheet instruments issued by the Group.

Certain provisions involve significant judgement to determine the likely outcome of events as well as a reliable estimate of the outflow. Where future events are uncertain, or where the outflow cannot be reliably determined, these are disclosed as contingent liabilities. Contingent liabilities are not recognised on the Group's Balance Sheet but are disclosed in Note 12.1. Contingent liabilities, and in Note 7.1, in respect of litigation, investigations and reviews.

7.1 Provisions

		Group [1]		Bank [1]	
	Note	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Employee entitlements		**1,086**	1,183	**955**	993
General insurance claims		**–**	391	**–**	–
Customer remediation		**1,068**	1,209	**1,020**	1,175
Dividends	8.4	**118**	114	**118**	114
Compliance and regulation		**99**	183	**55**	123
Divestments and restructuring		**920**	362	**917**	362
Off Balance Sheet instruments		**117**	111	**108**	103
Other		**228**	223	**197**	209
Total provisions		**3,636**	3,776	**3,370**	3,079

Maturity distribution of provisions

	Group [1]		Bank [1]	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Less than twelve months	**3,223**	2,869	**2,971**	2,271
More than twelve months	**413**	907	**399**	808
Total provisions	**3,636**	3,776	**3,370**	3,079

1 Comparative information has been restated to reflect the prior period adjustments detailed in Note 1.1 and to conform to presentation in the current year.

Notes to the financial statements

For the year ended 30 June 2022

7.1 Provisions (continued)

	Group [1]		Bank [1]	
Reconciliation	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
General insurance claims:				
Opening balance	**391**	338	**–**	–
Movement in reinsurance and other recoveries on outstanding claims	**–**	(31)	**–**	–
Net claims incurred	**–**	558	**–**	–
Movement in prior year claims	**–**	(9)	**–**	–
Amounts utilised during the year	**–**	(465)	**–**	–
Reclassification to liabilities held for sale	**(391)**	–	**–**	–
Closing balance	**–**	391	**–**	–
Customer remediation:				
Opening balance	**1,209**	1,031	**1,175**	1,034
Additional provisions	**326**	483	**308**	449
Amounts utilised during the year	**(460)**	(289)	**(456)**	(292)
Release of provisions	**(7)**	(16)	**(7)**	(16)
Closing balance	**1,068**	1,209	**1,020**	1,175
Compliance and regulation:				
Opening balance	**183**	188	**123**	188
Additional provisions	**39**	148	**35**	88
Amounts utilised during the year	**(99)**	(136)	**(79)**	(136)
Release of provisions	**(24)**	(17)	**(24)**	(17)
Closing balance	**99**	183	**55**	123
Divestments and restructuring:				
Opening balance	**362**	324	**362**	321
Additional provisions	**782**	264	**776**	261
Amounts utilised during the year	**(224)**	(222)	**(221)**	(216)
Release of provisions	**–**	(4)	**–**	(4)
Closing balance	**920**	362	**917**	362
Off Balance sheet instruments:				
Opening balance	**111**	119	**103**	113
Additional provisions	**6**	1	**5**	–
Release of provisions	**–**	(9)	**–**	(10)
Closing balance	**117**	111	**108**	103
Other:				
Opening balance	**223**	248	**209**	227
Additional provisions	**63**	5	**45**	2
Amounts utilised during the year	**(58)**	(30)	**(57)**	(20)
Closing balance	**228**	223	**197**	209

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

ACCOUNTING POLICIES

Provisions are recognised for present obligations arising from past events where a payment to settle the obligation is probable and can be reliably estimated. Where the effect of the time value of money is material, the amount of the provision is measured as the present value of expenditures required to settle the obligation, based on a market observable rate. Where a payment to settle an obligation is not probable or cannot be reliably estimated, no provision is recognised. Such obligations are disclosed as contingent liabilities.

Notes to the financial statements

For the year ended 30 June 2022

7.1 Provisions (continued)

Provisions for employee entitlements (such as long service leave, annual leave and other employee benefits)

This provision is calculated based on expected payments. Where the payments are expected to be more than one year in the future, it factors in the expected period of service by employees, as well as salary increases. These future obligations are discounted using a market observable rate.

General insurance claims

This provision is to cover future claims on general insurance contracts in CommInsure General Insurance that have been incurred but not reported and reinsurance arrangements. The provision will be realised upon settlement of claims whose maturities were uncertain at the reporting date. During the year end of 30 June 2022, the provision was reclassified to liabilities held for sale.

Customer remediation

This provision covers customer remediation costs and related program costs.

Dividends

This provision relates to dividends for prior periods which have not been settled at the balance sheet date.

Compliance and regulation

This provision relates to litigation, project and other administrative costs associated with certain compliance and regulatory programs of the Group.

Divestments and restructuring

This provision includes expenses arising from changes in the scope of the Group's business relating primarily to divestment transactions including related warranties and indemnities. The provision includes costs, which are both necessarily entailed by the divestment and are not associated with the ongoing activities of the Group. A provision for restructuring costs is only recognised when the Group has a detailed formal restructuring plan and the restructuring has either commenced or has been publicly announced.

Other provisions

Other provisions include self-insurance provisions, make-good provisions in relation to property leases, and provisions for certain other costs.

Critical accounting judgements and estimates

Provisions are held in respect of a range of future obligations, some of which involve significant judgement about the likely outcome of various events and estimated future cash flows.

Customer remediation

Provisions for customer remediation require significant levels of estimation and judgement. The amount raised depends on a number of different assumptions, such as the number of years impacted, the forecast refund rate and the average cost per case. The Group is committed to comprehensively and efficiently addressing the full range of remediation issues impacting customers of the Banking and former Wealth Management businesses. Significant resources have been committed to a comprehensive program of work, to ensure that all issues are identified and addressed.

Aligned Advice remediation – 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.

Notes to the financial statements

For the year ended 30 June 2022

7.1 Provisions (continued)

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.

Litigation, investigations and reviews

The Group is party to a number of legal proceedings, and the subject of various investigations and reviews. Provisions have been raised in accordance with the principles outlined in the accounting policy section of this note.

Litigation

The main litigated claims against the Group as at 30 June 2022 are summarised below.

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.

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.

7.1 Provisions (continued)

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

Notes to the financial statements

For the year ended 30 June 2022

7.1 Provisions (continued)

Regulatory enforcement proceedings

Commonwealth Essential Super proceedings

On 22 June 2020, the Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings against CFSIL and CBA in the Federal Court of Australia for alleged contraventions of the conflicted remuneration provisions in the Corporations Act relating to the 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.

7.1 Provisions (continued)

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.

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 Australasia (Sydney) Pty Ltd (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.

Notes to the financial statements

For the year ended 30 June 2022

7.1 Provisions (continued)

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 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.

Notes to the financial statements
For the year ended 30 June 2022

7.2 Bills payable and other liabilities

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Bills payable	**478**	699	**405**	629
Accrued interest payable	**1,478**	1,134	**1,433**	1,062
Accrued fees, employee incentives and other items payable [1]	**3,958**	2,029	**3,673**	1,749
Securities purchased not delivered	**2,304**	3,257	**1,848**	2,719
Unearned income [2]	**912**	1,439	**818**	919
Lease liabilities	**2,930**	3,173	**2,715**	2,922
Other	**596**	486	**1,455**	1,655
Total bills payable and other liabilities	**12,656**	12,217	**12,347**	11,655

1 During the year ended 30 June 2022, the Group revised its accounting treatment of trail commission and recognised payables to mortgage brokers reflecting the present value of commission payments expected over the behavioural life of home loans. For further details refer to Note 1.1. Accrued fees payable as at 30 June 2022 include trail commissions payable of $2,215 million.

2 Unearned income includes annual facility fees, commitment fees and upfront fees that are deferred and recognised over the service periods. Of the unearned income recognised at the beginning of the period, the Group and the Bank has recognised $554 million and $546 million, respectively, as income for the period ended 30 June 2022 (30 June 2021: $569 million for the Group and $535 million for the Bank).

ACCOUNTING POLICIES

Bills payable and other liabilities include accrued interest payable, accrued incentives payable, accrued fees payable, lease liabilities and unearned income. Bills payable and other liabilities are measured at the contractual amount payable. As most payables are short-term in nature, the contractual amount payable approximates fair value.

Where the Group is a lessee, all leases are recognised on the Balance Sheet as a lease liability and right-of-use asset, unless the underlying asset is of low value or the lease has a term of 12 months or less. Rentals of leases with low value underlying assets or where the lease term is 12 months or less are recognised over the lease term as Operating expenses in the Income Statement. Lease liabilities are initially measured at the net present value of fixed and variable contractual lease payments as well as expected payments associated with residual value guarantees/purchase option or early lease termination.

Lease liabilities are remeasured when there is a change in future lease payments. When lease liabilities are remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the Income Statement if the carrying amount of the right-of-use asset has been fully written down. Lease liabilities are measured at amortised cost using the effective interest method.

Critical accounting judgements and estimates

The measurement of trail commission liabilities is dependent on assumptions about the behavioural life and future outstanding balances of the underlying transactions. A provision for trail commissions is only recognised to the extent that the Group can reliably estimate the future cash flows arising from a past event.

8. Our capital, equity and reserves

OVERVIEW

The Group maintains a strong capital position in order to satisfy regulatory capital requirements, provide financial security to its depositors and creditors and adequate return to its shareholders. The Group's shareholders' equity includes issued ordinary shares, retained earnings and reserves.

This section provides analysis of the Group's shareholders' equity including changes during the period.

8.1 Capital adequacy

The Bank is an Authorised Deposit-taking Institution (ADI) regulated by APRA under the authority of the *Banking Act 1959*. APRA has set minimum regulatory capital requirements for banks based on the Basel Committee on Banking Supervision (BCBS) guidelines.

The Basel III measurement and monitoring of capital has been effective from 1 January 2013. APRA has adopted a more conservative approach than the minimum standards published by the BCBS and also adopted an accelerated timetable for implementation. The requirements define what is acceptable as capital and provide methods of measuring the risks incurred by the Bank.

The regulatory capital requirements are measured for the Extended Licenced Entity Group (known as "Level 1", comprising the Bank and APRA approved subsidiaries) and for the Bank and all of its banking subsidiaries, which includes ASB Bank (known as "Level 2" or the "Group").

All entities which are consolidated for accounting purposes are included within the Group capital adequacy calculations except for:

- the insurance and funds management operating subsidiaries; and
- certain entities through which securitisation of Group assets are conducted where such entities meet APRA's capital relief requirements.

Regulatory capital is divided into Common Equity Tier 1 (CET1), Additional Tier 1 Capital and Tier 2 Capital. CET1 primarily consists of shareholders' equity, less goodwill and other prescribed adjustments. Additional Tier 1 Capital is comprised of high quality capital providing a permanent and unrestricted commitment of funds, is freely available to absorb losses, ranks behind the claims of depositors and other more senior creditors and provides for fully discretionary capital distributions. Tier 1 capital is the aggregate of CET1 and Additional Tier 1 Capital. Tier 2 Capital is hybrid and debt instruments that fall short of necessary conditions to qualify as Additional Tier 1 to APRA. Total Capital is the aggregate of Tier 1 and Tier 2 Capital.

The tangible component of the investment in the insurance and funds management operations are deducted 100% from CET1.

Capital adequacy is measured by means of risk based capital ratios. The capital ratios reflect capital (CET1, Additional Tier 1, Tier 2 and Total Capital) as a percentage of total Risk Weighted Assets (RWA). RWA represents an allocation of risks associated with the Group's assets and other related exposures.

The Group has a range of instruments and methodologies available to effectively manage capital. These include share issues and buybacks, dividend and DRP policies, hybrid capital raising and subordinated loan capital issuances. All major capital related initiatives require approval of the Board.

The Group's capital position is monitored on a continuous basis and reported monthly to the Executive Leadership Team, Asset and Liability Committee and at regular intervals throughout the year to the Board.

The Group's capital ratios throughout the 2020, 2021 and 2022 financial years were in compliance with both APRA minimum capital adequacy requirements and the Board approved minimums. The Group is required to inform APRA immediately of any breach or potential breach of its minimum prudential capital adequacy requirements, including details of remedial action taken or planned to be taken.

Notes to the financial statements
For the year ended 30 June 2022

8.2 Loan capital

		Currency amount (M)	Endnotes	Group 30 Jun 22 $M	Group 30 Jun 21 $M	Bank 30 Jun 22 $M	Bank 30 Jun 21 $M
Tier 1 loan capital							
Undated	FRN	USD 100	1	**–**	133	**–**	133
Undated	PERLS VII	AUD 3,000	2	**3,000**	2,994	**3,000**	2,994
Undated	PERLS VIII	AUD 1,450	2	**–**	1,449	**–**	1,449
Undated	PERLS IX	AUD 1,640	2	**–**	1,637	**–**	1,637
Undated	PERLS X	AUD 1,365	2	**1,361**	1,359	**1,358**	1,356
Undated	PERLS XI	AUD 1,590	2	**1,585**	1,583	**1,584**	1,581
Undated	PERLS XII	AUD 1,650	2	**1,640**	1,638	**1,638**	1,636
Undated	PERLS XIII	AUD 1,180	2	**1,172**	1,171	**1,171**	1,170
Undated	PERLS XIV	AUD 1,750	2	**1,734**	–	**1,733**	–
Total Tier 1 loan capital				**10,492**	11,964	**10,484**	11,956
Tier 2 loan capital							
AUD denominated			3	**5,536**	2,690	**5,536**	2,690
USD denominated			4	**12,096**	10,400	**12,096**	10,400
JPY denominated			5	**472**	882	**472**	882
NZD denominated			6	**–**	372	**–**	–
EUR denominated			7	**1,519**	2,514	**1,519**	2,514
Other currencies denominated			8	**–**	104	**–**	104
Total Tier 2 loan capital				**19,623**	16,962	**19,623**	16,590
Fair value hedge adjustments				**(2,098)**	434	**(2,098)**	430
Total loan capital [1]				**28,017**	29,360	**28,009**	28,976

1 Loan capital includes a $1,564 million decrease from unrealised movements due to fair value hedge adjustments partly offset by foreign exchange losses (30 June 2021: unrealised movements of $1,902 million due to foreign exchange gains and fair value hedge adjustments).

As at 30 June 2022 and 2021, there were no securities issued by the Group and the Bank that were contractually due for redemption in the next 12 months. The Group has the right to call some securities before the contractual maturity.

1. USD100 million floating rate notes

On 15 October 1986, the State Bank of Victoria issued USD125 million of floating rate notes, the current outstanding balance is USD100 million. The floating rate notes are perpetual but were able to be redeemed from October 1991. They were assigned to the Bank on 1 January 1991. The Bank entered into an agreement with the Commonwealth of Australia on 31 December 1991 which provides that, if certain events occur, the Bank may either issue CBA ordinary shares to the Commonwealth of Australia, or (with the consent of the Commonwealth of Australia) conduct a renounceable rights issue for CBA ordinary shares to all shareholders. The capital raised must be used to pay any amounts due and payable on the floating rate notes. The floating rate notes were issued into the international markets and are subject to English law. They qualified as Additional Tier 1 Capital of the Bank under the Basel III transitional arrangements for capital instruments as implemented by APRA until 1 January 2022 and were subsequently reclassified to Debt Issues.

2. PERLS VII, PERLS VIII, PERLS IX, PERLS X, PERLS XI, PERLS XII, PERLS XIII, PERLS XIV

On 1 October 2014, the Bank issued $3,000 million of CommBank PERLS VII Capital Notes (PERLS VII). On 30 March 2016, the Bank issued $1,450 million of CommBank PERLS VIII Capital Notes (PERLS VIII) which were redeemed in full for cash on 15 October 2021. On 31 March 2017, the Bank issued $1,640 million of CommBank PERLS IX Capital Notes (PERLS IX) which were redeemed in full for cash on 31 March 2022. On 6 April 2018, the Bank issued $1,365 million of CommBank PERLS X Capital Notes (PERLS X). On 17 December 2018, the Bank issued $1,590 million of CommBank PERLS XI Capital Notes (PERLS XI). On 14 November 2019, the Bank issued $1,650 million of CommBank PERLS XII Capital Notes (PERLS XII). On 1 April 2021, the Bank issued $1,180 million of CommBank PERLS XIII Capital Notes (PERLS XIII). On 31 March 2022, the Bank issued $1,750 million of CommBank PERLS XIV Capital Notes (PERLS XIV). PERLS VII, PERLS X, PERLS XI, PERLS XII, PERLS XIII and PERLS XIV are subordinated, unsecured notes. PERLS VII, PERLS X, PERLS XI, PERLS XII, PERLS XIII and PERLS XIV are listed on the ASX and are subject to New South Wales law. They qualify as Additional Tier 1 Capital of the Bank under Basel III as implemented by APRA.

3. AUD denominated Tier 2 loan capital issuances

- $25 million subordinated floating rate notes, issued April 1999, due April 2029 (qualified as a Tier 2 instrument until 1 January 2022 and subsequently reclassified to Debt Issues);
- $1,400 million subordinated notes issued September 2020, due September 2030;

Notes to the financial statements
For the year ended 30 June 2022

8.2 Loan Capital (continued)

- $1,500 million subordinated notes issued August 2021, due August 2031;
- $700 million subordinated notes issued April 2022, due April 2032;
- $400 million subordinated notes issued April 2022, due April 2032;
- $100 million subordinated Euro Medium Term Notes (EMTN) issued September 2019, due September 2034;
- $280 million subordinated EMTN issued March 2020, due March 2035;
- $210 million subordinated EMTN issued May 2020, due May 2035;
- $205 million subordinated EMTN issued August 2020, due August 2040;
- $200 million subordinated EMTN issued August 2020, due August 2050;
- $270 million subordinated EMTN issued December 2020, due December 2040;
- $135 million subordinated EMTN issued August 2021, due August 2041; and
- $136 million subordinated EMTN issued September 2021, due September 2041.

4. USD denominated Tier 2 loan capital issuances

- USD1,250 million subordinated notes issued December 2015 (USD597 million outstanding following the buy-back in March 2021), due December 2025;
- USD750 million subordinated EMTN issued October 2016, and redeemed in October 2021;
- USD1,250 million subordinated notes issued January 2018, due in January 2048;
- USD1,250 million subordinated Medium Term Notes (MTN) issued September 2019, due September 2034;
- USD1,250 million subordinated MTN issued September 2019, due in September 2039;
- USD1,500 million subordinated MTN issued March 2021, due March 2031;
- USD1,250 million subordinated MTN issued March 2021, due in March 2041; and
- USD1,250 million subordinated MTN issued March 2022, due in March 2032.

5. JPY denominated Tier 2 loan capital issuances

- JPY20 billion perpetual subordinated EMTN, issued February 1999 (qualified as a Tier 2 instrument until 1 January 2022 and subsequently reclassified to Debt Issues);
- JPY40 billion subordinated EMTNs issued December 2016 (three tranches JPY20 billion, JPY10 billion and JPY10 billion), and redeemed in December 2021;
- JPY13.3 billion subordinated EMTN issued March 2017, and redeemed in March 2022;
- JPY14 billion subordinated EMTN issued September 2021, due September 2031; and
- JPY30.5 billion subordinated EMTN issued May 2022, due May 2032.

6. NZD denominated Tier 2 loan capital issuances

- NZD400 million subordinated, unsecured notes, issued November 2016, and redeemed in December 2021.
- On 30 November 2016, ASB Bank Limited issued NZD400 million subordinated, unsecured notes (ASB Notes 2) with a face value of NZD1 each. ASB Notes 2 are listed on the New Zealand Stock Exchange (NZX) debt market and are subject to New South Wales and New Zealand law. They qualified as Tier 2 Capital of the Group and ASB under Basel III as implemented by APRA and the RBNZ and redeemed in December 2021.

7. EUR denominated Tier 2 loan capital issuances

- EUR1,250 million subordinated notes issued April 2015, with EUR 660 million bought back in March 2021 and the remaining EUR 590 million redeemed in April 2022.
- EUR1,000 million subordinated EMTN, issued October 2017, due October 2029.

8. Other foreign currency denominated Tier 2 loan capital issuances

- HKD608 million subordinated EMTN issued March 2017, and redeemed in March 2022.

All Tier 2 Capital securities issued prior to 1 January 2013 qualified as Tier 2 Capital of the Bank under the Basel III transitional arrangements for capital instruments as implemented by APRA up until 1 January 2022. All Tier 2 Capital securities issued after 1 January 2013 qualify as Tier 2 Capital of the Bank under Basel III as implemented by APRA.

PERLS VII, PERLS X, PERLS XI, PERLS XII, PERLS XIII, and PERLS XIV, and all Tier 2 Capital securities issued after 1 January 2013, are subject to Basel III, under which these securities must be exchanged for a variable number of CBA ordinary shares or written down if a capital trigger event (PERLS VII, PERLS X, PERLS XI, PERLS XII, PERLS XIII and PERLS XIV only) or a non-viability trigger event (all securities) occurs. Any exchange will occur as described in the terms of the applicable instrument documentation.

ACCOUNTING POLICIES

Loan capital consists of instruments issued by the Group, which qualify as regulatory capital under the Prudential Standards set by the Australian Prudential Regulation Authority (APRA) and the Reserve Bank of New Zealand (RBNZ). Loan capital is initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Interest expense incurred is recognised in Net interest income.

8.3 Shareholders' equity

	Group		Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Ordinary share capital				
Shares on issue:				
Opening balance	**38,546**	38,282	**38,544**	38,280
Share buy-backs [1]	**(1,937)**	–	**(1,937)**	–
Dividend reinvestment plan (net of issue costs) [2]	**(1)**	264	**(1)**	264
	36,608	38,546	**36,606**	38,544
Less treasury shares:				
Opening balance	**(126)**	(151)	**(114)**	(100)
Purchase of treasury shares [3]	**(76)**	(59)	**(60)**	(59)
Sale and vesting of treasury shares [3]	**61**	84	**59**	45
	(141)	(126)	**(115)**	(114)
Closing balance	**36,467**	38,420	**36,491**	38,430

	Group		Bank	
Number of shares on issue	30 Jun 22 Shares	30 Jun 21 Shares	30 Jun 22 Shares	30 Jun 21 Shares
Opening balance (excluding treasury shares deduction)	**1,774,096,410**	1,770,239,507	**1,774,096,410**	1,770,239,507
Share buy-backs				
Off-market share buy-back [1]	**(67,704,807)**	–	**(67,704,807)**	–
On-market share buy-back [1]	**(4,853,197)**	–	**(4,853,197)**	–
Dividend reinvestment plan issues:				
2019/2020 Final dividend fully paid ordinary shares $68.53 [2]	**–**	3,856,903	**–**	3,856,903
2020/2021 Interim dividend fully paid ordinary shares $85.25 [4]	**–**	–	**–**	–
2020/2021 Final dividend fully paid ordinary shares $101.00 [4]	**–**	–	**–**	–
2021/2022 Interim dividend fully paid ordinary shares $97.95 [4]	**–**	–	**–**	–
Closing balance (excluding treasury shares deduction)	**1,701,538,406**	1,774,096,410	**1,701,538,406**	1,774,096,410
Less: treasury shares [3]	**(1,600,415)**	(1,665,028)	**(1,325,524)**	(1,489,718)
Closing balance	**1,699,937,991**	1,772,431,382	**1,700,212,882**	1,772,606,692

1 On 4 October 2021, the Group announced the successful completion of its $6 billion off-market buy-back of CBA ordinary shares. 67,704,807 ordinary shares were bought back at $88.62 per share, and comprised a fully franked dividend component of $66.96 per share ($4,534 million) and a capital component of $21.66 per share ($1,466 million). On 9 February 2022, the Group announced its intention to conduct an on-market share buy-back of up to $2 billion. As at 30 June 2022, the Group has bought back a total of 4,853,197 ordinary shares ($468 million) at an average price of $96.42. The Group recognised $3 million transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

2 The DRP in respect of the final 2019/2020 dividend was satisfied by the issue of 3,856,903 shares at $68.53. The total value of shares issued net of issue costs was $264 million.

3 Movement in treasury shares includes 762,958 shares acquired at an average price of $99.13 for satisfying the Company's obligations under various equity settled share plans (30 June 2021: 742,179 shares acquired at an average price of $80.07). Other than shares purchased as part of the Non-Executive Director fee sacrifice arrangements disclosed in Note 10.3, shares purchased were not on behalf of or initially allocated to a director.

4 The DRP in respect of the interim 2021/2022, final 2020/2021 and interim 2020/2021 dividends were satisfied in full through the on-market purchase and transfer of 5,107,902 shares at $97.95, 5,618,474 shares at $101.00, and 4,869,634 shares at $85.25, respectively, to participating shareholders.

Ordinary shares have no par value and the Company does not have a limited amount of share capital.

Ordinary shares entitle holders to receive dividends payable to ordinary shareholders and to participate in the proceeds available to ordinary shareholders on winding up of the Company in proportion to the number of fully paid ordinary shares held. On a show of hands every holder of fully paid ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll one vote for each share held.

Notes to the financial statements
For the year ended 30 June 2022

8.3 Shareholders' equity (continued)

	Group		Bank	
	30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21
Retained profits	$M	$M	$M	$M
Opening balance	**37,014**	31,136	**30,782**	27,384
Prior period restatement [1]	**–**	(30)	**–**	(30)
Restated opening balance	**37,014**	31,106	**30,782**	27,354
Actuarial gains/(losses) from defined benefit superannuation plans	**76**	(95)	**76**	(95)
Net profit attributable to equity holders of the Bank	**10,771**	10,181	**10,374**	7,909
Total available for appropriation	**47,861**	41,192	**41,232**	35,168
Transfers from investment securities revaluation reserve	**9**	–	**–**	–
Transfer from foreign currency revaluation reserve [2]	**–**	207	**–**	–
Transfers from asset revaluation reserve	**25**	11	**14**	10
Off-market share buy-back – dividend component [3]	**(4,534)**	–	**(4,534)**	–
Interim dividend – cash component	**(2,486)**	(2,243)	**(2,486)**	(2,243)
Interim dividend – dividend reinvestment plan [4]	**(501)**	(418)	**(501)**	(418)
Final dividend – cash component	**(2,978)**	(1,471)	**(2,978)**	(1,471)
Final dividend – dividend reinvestment plan [4,5]	**(570)**	(264)	**(570)**	(264)
Closing balance	**36,826**	37,014	**30,177**	30,782

1 Comparative information has been restated to reflect the change in accounting policy and the prior period adjustments detailed in Note 1.1.
2 Relates to a historical Group restructure where the Group no longer holds exposure to foreign exchange risk.
3 On 4 October 2021, the Group announced the successful completion of its $6 billion off-market buy-back of CBA ordinary shares. 67,704,807 ordinary shares were bought back at $88.62 per share, and comprised a fully franked dividend component of $66.96 per share ($4,534 million) and a capital component of $21.66 per share ($1,466 million).
4 The DRP in respect of the interim 2021/2022, final 2020/2021 and interim 2020/2021 dividends were satisfied in full through the on-market purchase and transfer of 5,107,902 shares at $97.95, 5,618,474 shares at $101.00, and 4,869,634 shares at $85.25, respectively, to participating shareholders.
5 The DRP in respect of the final 2019/2020 dividend was satisfied by the issue of 3,856,903 shares at $68.53. The total value of shares issued net of issue costs was $264 million.

Notes to the financial statements
For the year ended 30 June 2022

8.3 Shareholders' equity (continued)

Reserves	Group 30 Jun 22 $M	Group 30 Jun 21 $M	Bank 30 Jun 22 $M	Bank 30 Jun 21 $M
Asset revaluation reserve				
Opening balance	**264**	257	**236**	227
Revaluation of properties	**42**	21	**43**	23
Transfer to retained profits	**(25)**	(11)	**(14)**	(10)
Income tax effect	**(12)**	(3)	**(13)**	(4)
Closing balance	**269**	264	**252**	236
Foreign currency translation reserve				
Opening balance	**257**	678	**74**	251
Transfer to retained profits [1]	**–**	(207)	**–**	–
Currency translation adjustments of foreign operations	**(261)**	(225)	**83**	(185)
Currency translation on net investment hedge	**9**	8	**9**	8
Income tax effect	**12**	3	**–**	–
Closing balance	**17**	257	**166**	74
Cash flow hedge reserve				
Opening balance	**467**	1,513	**712**	1,767
Gains/(losses) on cash flow hedging instruments:				
Recognised in Other Comprehensive Income	**555**	(734)	**(9)**	(218)
Transferred to Income Statement:				
Interest income	**(1,779)**	(2,294)	**(1,812)**	(2,229)
Interest expense	**1,095**	1,865	**906**	1,427
Other banking income	**(1,769)**	(363)	**(1,630)**	(498)
Income tax effect	**572**	480	**774**	463
Closing balance	**(859)**	467	**(1,059)**	712
Employee compensation reserve				
Opening balance	**103**	138	**103**	138
Current period movement	**(9)**	(35)	**(9)**	(35)
Closing balance	**94**	103	**94**	103
Investment securities revaluation reserve				
Opening balance	**2,158**	80	**2,076**	61
Transfer to retained profits on sale of equity securities	**(9)**	–	**–**	–
Net (losses)/gains on revaluation of investment securities	**(2,804)**	2,998	**(2,805)**	2,910
Net losses on investment securities transferred to Income Statement on disposal	**(182)**	(25)	**(115)**	(25)
Income tax effect	**856**	(895)	**847**	(870)
Closing balance	**19**	2,158	**3**	2,076
Total reserves	**(460)**	3,249	**(544)**	3,201
Shareholders' Equity attributable to equity holders of the Bank	**72,833**	78,683	**66,124**	72,413
Shareholders' Equity attributable to non-controlling interests	**5**	5	**–**	–
Total Shareholders' Equity	**72,838**	78,688	**66,124**	72,413

1 The amount relates to a historical Group restructure where the Group no longer holds exposure to foreign exchange risk.

Notes to the financial statements
For the year ended 30 June 2022

8.3 Shareholders' equity (continued)

ACCOUNTING POLICIES

Shareholders' equity includes Ordinary share capital, Retained profits and Reserves. Policies for each component are set out below:

Ordinary share capital

Ordinary shares are recognised at the amount paid up per ordinary share, net of directly attributable issue costs. Where the Bank or entities within the Group purchase shares in the Bank, the consideration paid is deducted from total shareholders' equity and the shares are treated as treasury shares until they are subsequently sold, reissued or cancelled. Where such shares are sold or reissued, any consideration received is included in shareholders' equity.

Retained profits

Retained profits includes the accumulated profits for the Group including certain amounts recognised directly in retained profits less dividends paid.

Reserves

Asset revaluation reserve

The Asset revaluation reserve is used to record revaluation adjustments on the Group's property assets. Where an asset is sold or disposed of, any balance in the reserve in relation to the asset is transferred directly to Retained profits.

Foreign currency translation reserve

Exchange differences arising on translation of the Group's foreign operations are accumulated in the Foreign currency translation reserve. Specifically assets and liabilities are translated at the prevailing exchange rate at Balance Sheet date; revenue and expenses are translated at the transaction date; and all resulting exchange differences are recognised in the Foreign currency translation reserve.

When a foreign operation is disposed of, exchange differences are reclassified to the Income Statement.

Cash flow hedge reserve

The Cash flow hedge reserve is used to record fair value gains or losses associated with the effective portion of designated cash flow hedging instruments. Amounts are reclassified to the Income Statement when the hedged transaction impacts profit or loss.

Employee compensation reserve

The Employee compensation reserve is used to recognise the fair value of shares and other equity instruments issued to employees under the employee share plans and bonus schemes.

Investment securities revaluation reserve

The Investment securities revaluation reserve includes changes in the fair value of Investment securities measured at fair value through other comprehensive income. For debt securities, these changes are reclassified to the Income Statement when the asset is derecognised. For equity securities, these changes are not reclassified to the Income Statement when derecognised.

Notes to the financial statements

For the year ended 30 June 2022

8.4 Dividends

		Group			Bank	
	Note	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Ordinary shares						
Interim ordinary dividend (fully franked) (2022: 175 cents; 2021: 150 cents; 2020: 200 cents)						
Interim ordinary dividend paid – cash component only		**2,486**	2,243	3,021	**2,486**	2,243
Interim ordinary dividend paid – Dividend Reinvestment Plan [1]		**501**	418	519	**501**	418
Total dividend paid		**2,987**	2,661	3,540	**2,987**	2,661
Other provision carried		**118**	114	121	**118**	114
Dividend proposed and not recognised as a liability (fully franked) (2022: 210 cents: 2021: 200 cents; 2020: 98 cents) [2]		**3,573**	3,548	1,735	**3,573**	3,548
Provision for dividends						
Opening balance		**114**	121	119	**114**	121
Provision made during the year [3]		**6,535**	4,396	7,630	**6,535**	4,396
Provision used during the year [3]		**(6,531)**	(4,403)	(7,628)	**(6,531)**	(4,403)
Closing balance	7.1	**118**	114	121	**118**	114

1 The DRP in respect of the interim 2021/2022, interim 2020/2021 and interim 2019/2020 dividends were satisfied in full through the on-market purchase and transfer of 5,107,902 shares at $97.95, 4,869,634 shares at $85.25, and 7,080,363 shares at $73.37, respectively, to participating shareholders.

2 The final 2021/2022 dividend will be satisfied by cash disbursements with the DRP anticipated to be satisfied by the on-market purchase of shares. The final 2020/2021 dividend was satisfied by cash disbursement with the DRP satisfied in full through the on-market purchase and transfer of 5,618,474 shares at $101.00. The final 2019/2020 dividend was satisfied by cash disbursements and $264 million being reinvested by the participants through the DRP.

3 Provisions made and used during the year ended 30 June 2022 do not include $4,534 million dividend component of the $6 billion off-market share buy-back.

Final dividend

The Directors have determined a fully franked (30%) final dividend of 210 cents per share amounting to $3,573 million. The dividend will be payable on or around 29 September 2022 to shareholders on the register at 5pm AEST on 18 August 2022. The ex-dividend date is 17 August 2022.

Dividend policy

In determining the dividend, the Board considers a range of factors in accordance with Bank's dividend policy including:

- paying cash dividends at strong and sustainable levels;
- targeting a full-year payout ratio of 70–80%; and
- maximising returns to shareholders by paying fully franked dividends.

Australian franking credits

The franking credits available to the Group as at 30 June 2022, after allowing for Australian tax payable in respect of the current and prior reporting period's profit, are estimated to be $1,635 million (30 June 2021: $3,709 million).

New Zealand imputation credits

The New Zealand imputation credits available to CBA as at 30 June 2022 are estimated to be NZ$896 million (30 June 2021: NZ$874 million). This is calculated on the same basis as the Australian franking credits but using the New Zealand current tax liability.

Notes to the financial statements
For the year ended 30 June 2022

8.4 Dividends (continued)

Dividend history

Half year ended	Cents per share	Payment date	Half year payout ratio [1] %	Full year payout ratio [1] %	DRP price $	DRP participation rate [2] %
31 December 2019	200	31/03/2020	57. 5	–	73. 37	14. 7
30 June 2020	98	30/09/2020	50. 6	55. 0	68. 53	15. 2
31 December 2020	150	30/03/2021	54. 7	–	85. 25	15. 7
30 June 2021	200	29/09/2021	66. 8	61. 0	101. 00	16. 1
31 December 2021	175	30/03/2022	50. 9	–	97. 95	16. 8
30 June 2022 [3]	210	29/09/2022	72. 9	60. 9	–	–

1 Dividend payout ratio: dividends divided by statutory earnings (earnings are net of dividends on other equity instruments).
2 DRP participation rate: the percentage of total issued share capital participating in the DRP.
3 The dividend will be payable on or around 29 September 2022 to shareholders.

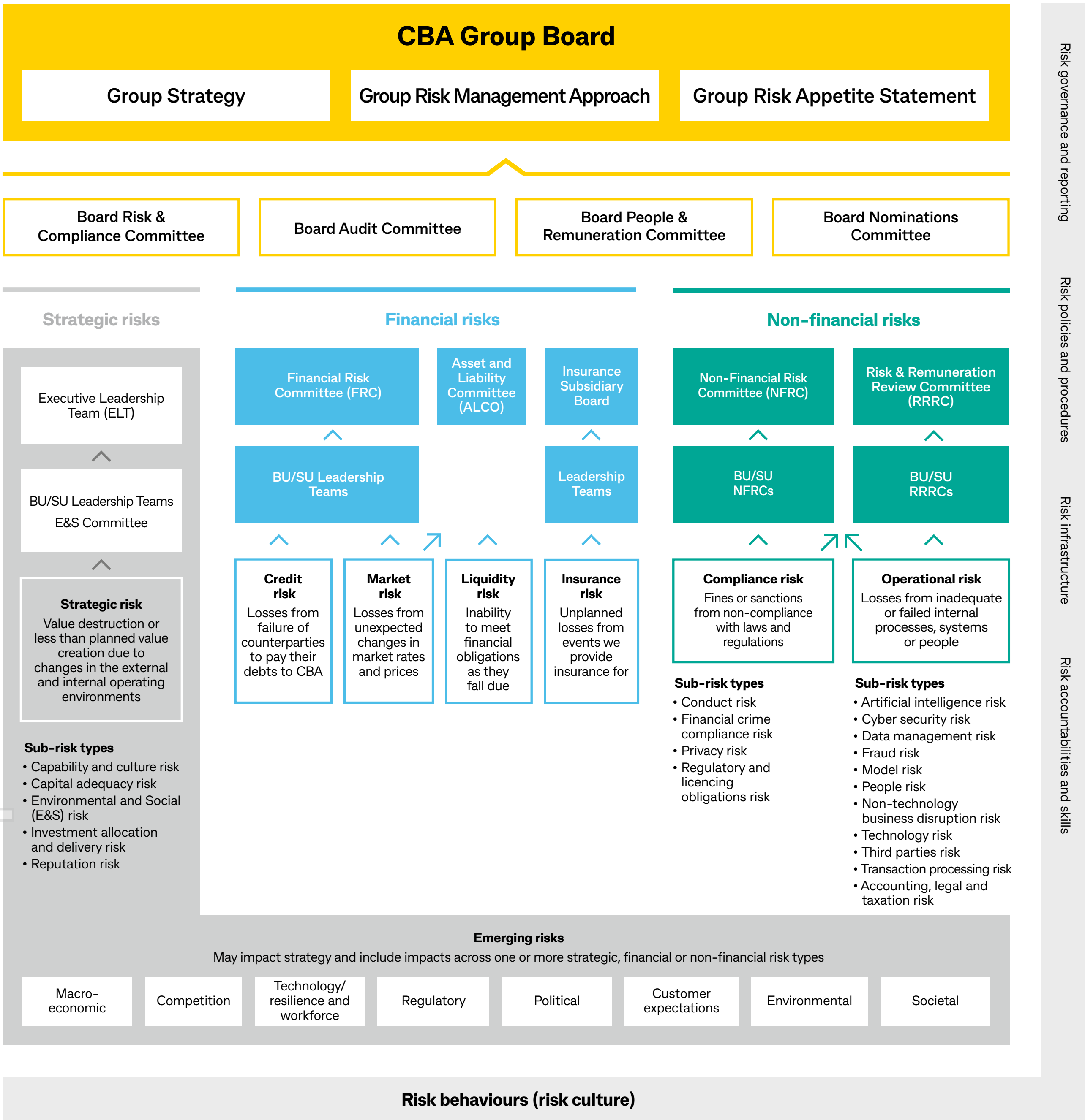
ACCOUNTING POLICIES

Dividends represent a distribution of profits that holders of ordinary shares receive from time to time. Dividends determined by the Board of the Bank are recognised with a corresponding reduction of retained earnings on the dividend payment date. The Board takes into consideration factors including the Group's relative capital strength and the Group's existing dividend payout ratio guidelines in determining the amount of dividends to be paid.

9. Risk management

OVERVIEW

The Group is exposed to financial 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.



BU/SU: Business Units and Support Units

Further details on each of the material risks, and how the Group manages them, are outlined in this note.

Notes to the financial statements
For the year ended 30 June 2022

9.1 Risk management framework

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 and 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**.

Notes to the financial statements
For the year ended 30 June 2022

9.1 Risk management framework (continued)

Risk culture and conduct risk

Risk culture is the beliefs, values and behaviours within the Group that determine how risks are identified, measured, governed, and acted upon. A positive risk culture drives the right risk decisions and helps the Group make sound judgements in new and unfamiliar circumstances. The risk behaviours that demonstrate a positive risk culture and are expected of employees by the Board, senior management, customers, communities, shareholders and regulators, are underpinned by our CBA values of Care, Courage and Commitment.

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.

Notes to the financial statements

For the year ended 30 June 2022

9.1 Risk management framework (continued)

Material risk types

Description	Governing Policies and Key Management Committees	Key controls and risk mitigation strategies
Credit risk		
Credit risk is the potential for loss arising from the failure of a counterparty to meet their contractual obligations to the Group. The Group is primarily exposed to credit risk through: • Residential mortgage lending; • Unsecured retail lending; • Commercial lending; and • Large corporate (institutional) lending and markets exposures.	**Governing Policies:** • Group and BU 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 appropriate credit quality assessments; • Applications assessed by credit decisioning models, with more complex or higher risk applications referred to credit authority holders who exercise expert judgement; • Taking collateral where appropriate; • Pricing appropriately for the risks the Group is taking; • Credit concentration frameworks that set exposure limits to counterparties, groups of related counterparties, industry sectors and countries; • Regular monitoring of credit quality, concentrations, arrears, policy exceptions and policy breaches; • Working with customers in financial difficulty, or those in danger of becoming so, to help them rehabilitate their financial positions; and • Stress testing, both at a counterparty and portfolio level.
Market risk		
Market risk is the risk that market rates and prices will change and that this may have an adverse effect on the profitability and/or net worth of the Group. The Group is primarily exposed to market risk through: • Traded Market Risk; • 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.

Notes to the financial statements
For the year ended 30 June 2022

9.1 Risk management framework (continued)

Description	Governing Policies and Key Management Committees	Key controls and risk mitigation strategies
Liquidity risk		
Liquidity risk is the combined risks of not being able to meet financial obligations as they fall due (funding liquidity risk), and that liquidity in financial markets, such as the market for debt securities, may reduce significantly (market liquidity risk). The Group is exposed to liquidity risk primarily through: • The funding mismatch between the Group's loans, investments and sources of funding.	**Governing Policies:** • 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.

Notes to the financial statements

For the year ended 30 June 2022

9.1 Risk management framework (continued)

Description	Governing Policies and Key Management Committees	Key controls and risk mitigation strategies
Operational risk		
Operational risk is the risk of loss arising from inadequate or failed internal processes, systems or people, or from external events. The Group is exposed to operational risk primarily through: • Accounting, 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.

Notes to the financial statements

For the year ended 30 June 2022

9.1 Risk management framework (continued)

Description	Governing Policies and Key Management Committees	Key controls and risk mitigation strategies
Compliance risk		
Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that the Group may incur as a result of its failure to comply with its obligations. The Group is exposed to compliance risk primarily through: • Laws, regulations, rules, licence conditions, and statements of regulatory policy; • Privacy laws and regulations regarding the collection, handling and protection of personal information of individuals; • Financial crime (regulation relating to Anti Money Laundering (AML), Counter Terrorism Financing (CTF), Anti-Bribery and Corruption, 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.

Notes to the financial statements
For the year ended 30 June 2022

9.1 Risk management framework (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 business	• 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.

9.1 Risk management framework (continued)

Description	Governing Policies and Key Management Committees	Key controls and risk mitigation strategies
Strategic risk		
Strategic risk is the risk of material stakeholder value destruction or less than planned value creation. The strategic risk type also includes the following sub-risk types that support or drive strategic decisions but are managed more routinely through their own dedicated governance, policies and procedures, infrastructure and teams: • **Capital Adequacy Risk**: Inability to capitalise on strategic opportunities or withstand extreme events due to insufficient or inefficient use of capital. • **Capability and Culture Risk**: Inability to execute effectively on strategy due to inadequate organisational skills and capabilities and a misaligned organisational culture. • **Environmental & Social Risk:** 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.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk

Credit risk management principles and portfolio standards

The Group has clearly defined credit policies for the approval and management of credit risk. Credit policies apply to all credit risks, with specific Industry Credit standards applying to all major lending areas. These set the minimum requirements in assessing the integrity and ability of borrowers to meet their contracted financial obligations for repayment, acceptable forms of collateral and security and the frequency of credit reviews.

The Group's credit policies and frameworks include concentration limits, which are designed to achieve portfolio outcomes that are consistent with the Group's risk appetite and risk/return expectations.

The Credit Portfolio Assurance unit, part of Group Operational Risk, Assurance & Models, reviews credit portfolios and business unit compliance with credit policies, frameworks, application of credit risk ratings and other key practices on a regular basis.

The credit risk portfolio has two major segments:

(i) Retail managed segment

This segment has sub-segments covering housing loans, credit cards, personal loans, and personal overdrafts. It also covers most non-retail lending where the aggregated credit exposure to a group of related borrowers is less than $1 million.

Auto-decisioning is used to approve credit applications for eligible borrowers in this segment. Auto-decisioning uses a scorecard approach based on a combination of factors, which may include the Group's historical experience on similar applications, information from a credit reference bureau, the Group's existing knowledge of a borrower's behaviour and updated information provided by the borrower.

Loan applications that do not meet scorecard auto-decisioning requirements may be referred to a Personal Credit Approval Authority (PCAA) for manual decisioning.

After loan origination, these portfolios are managed using behavioural scoring systems and a delinquency band approach. This includes different actions taken when loan repayments are greater than 30 days past due compared to when they are greater than 60 days past due. Loans past due are reviewed by the relevant Arrears Management or Financial Assistance Team.

(ii) Risk-rated segment

This segment comprises non-retail exposures, including bank and sovereign exposures. Each exposure is assigned an internal Credit Risk-Rating (CRR) based on Probability of Default (PD) and Loss Given Default (LGD).

Either a PD Rating Model or expert judgement is used to determine the PD rating for customers in this segment. Expert judgement is used where the complexity of the transaction and/or the borrower is such that it is inappropriate to rely completely on a statistical model. External ratings may be used for benchmarking in the expert judgement assessment.

The CRR is designed to:

- aid in assessing changes to borrower credit quality;
- influence decisions on approval, management and pricing of individual credit facilities; and
- provide the basis for reporting details of the Group's credit portfolio.

Credit risk-rated exposures are generally reviewed on an individual basis, at least annually, and fall within the following categories:

- "Pass" – these credit facilities qualify for approval of new or increased exposure on normal commercial terms; and
- "Troublesome or Defaulted Assets (TDAs)" – these credit facilities are not eligible for new or increased exposure, unless it facilitates rehabilitation to "pass grade" or protects or improves the Group's position by maximising recovery prospects. Where a borrower is in default the facility is classified as non-performing. Restructured facilities, where the original contractual arrangements have been modified outside commercial terms to provide concessions for the customer's financial difficulties, are also classified as non-performing.

Default is recorded with one or more of the following:

- the customer is 90 days or more overdue on a scheduled credit repayment; or
- the customer is unlikely to repay their credit obligation to the Group in full without taking action, such as realising on available security.

From 1 January 2022 the Group adopted APRA's revised APS 220 *Credit Risk Management*. The revised standard no longer includes requirements in relation to impaired assets, specific provisions or the General Reserve for Credit Losses (GRCL). In addition, the Group introduced a new classification "TDAs" which aligns the default definition in the revised APS 220 and mainly differs to Troublesome and Impaired Assets (TIAs) by including facilities which are 90 days or more overdue where no loss is expected.

Credit risk measurement

The measurement of credit risk uses analytical PD rating models to calculate both: (i) Expected, and (ii) Unexpected Loss probabilities for the credit portfolio. The use of analytical tools is governed by the Model Risk Governance Committee.

(i) Expected loss

Expected loss (EL) is the product of:

- PD;
- Exposure at Default (EAD); and
- LGD.

The PD, expressed as a percentage, is the estimate of the proportion of the population of customers assigned that PD grade that will default within the next 12 months.

9.2 Credit risk (continued)

(i) Expected loss (continued)

EAD is the estimate of the amount of a facility that will be outstanding in the event of default. Estimates are based on a downturn in economic conditions. The estimate is based on the actual amount outstanding, plus the undrawn amount multiplied by a credit conversion factor (CCF). The CCF represents the potential rate of conversion from undrawn 12 months prior to default to drawn at default. For most committed facilities, the Group applies a CCF of 100% to the undrawn amount.

For uncommitted facilities, the EAD will generally be the drawn balance only. For defaulted facilities, it is the actual amount outstanding at default. For retail exposures, a modelling approach can be used based on factors including limit usage, arrears and loan type to segment accounts into homogeneous pools to calculate EAD.

LGD, expressed as a percentage of EAD, is the estimate of a facility likely to be lost in the event of default. LGD is impacted by:

- The level of security cover and the type of collateral held;
- liquidity and volatility of collateral;
- carrying costs (effectively the costs of providing a facility that is not generating an interest return); and
- realisation costs.

Various factors are considered when calculating PD, EAD and LGD. Considerations include the potential for default by a borrower due to economic, management, industry, other risks, and the mitigating benefits of any collateral held as security.

(ii) Unexpected loss

In addition to EL, a more stressed loss amount is calculated. This Unexpected Loss estimate directly affects the calculation of regulatory and internal economic capital requirements. Refer to Note 8.1 for information relating to regulatory capital.

Climate related risk

Climate risk is a risk for the Group. The impacts of climate change have the potential to affect our customers' ability to service and repay their loans, and the value of collateral the Group holds to secure loans. These impacts include long-term changes in climatic conditions, extreme weather events, and the action taken by governments, regulators or society more generally to transition to a low carbon economy.

The Group is a major provider of non-retail loans. A key step in credit risk due-diligence for non-retail lending is the assessment of potential transactions for Environmental, Social and Governance (ESG) risks, including climate risk, through our ESG Risk Assessment Tool. All institutional bank loans, as well as large loans in other business units, are evaluated through the Group's ESG risk assessment process. The risk of climate change is assessed at origination and during the annual review process for Institutional Bank loans. Exposures with medium or high risk profile are subject to additional due diligence. During the year ended 30 June 2022, the Group established provisions for expected credit losses of $37 million reflecting the impact of extreme weather events on the credit quality of the Group's loan portfolio (30 June 2021: $50 million).

Credit risk mitigation, collateral and other credit enhancements

The Group has policies and procedures in place setting out the acceptable collateral for mitigating credit risks. These include valuation parameters, review frequency and independence of valuation.

The general nature of collateral that may be taken, and the balances held, are summarised below by financial asset classes.

Cash and liquid assets

Collateral is not usually sought on the majority of Cash and liquid asset balances as these types of exposures are generally considered low risk. However, securities purchased under agreement to resell are collateralised by highly liquid debt securities. The collateral related to agreements to resell has been legally transferred to the Group subject to an agreement to return them for a fixed price.

The Group's Cash and liquid asset balance included $115,245 million (30 June 2021: $85,161 million) deposited with Central Banks and is considered to carry less credit risk.

Receivables from other financial institutions

Collateral is usually not sought on these balances as exposures are generally considered to be of low risk. The exposures are mainly short-term, to investment grade banks and include collateral posted by the Group.

Trading assets at fair value through Income Statement and investment securities at fair value through OCI

These assets are carried at fair value, which accounts for the credit risk. Investment securities at amortised cost are measured at amortised cost and presented net of provisions for impairment. Collateral is not generally sought from the issuer or borrower but collateral may be implicit in the terms of the instrument (such as an asset-backed security).

Other assets at fair value through Income Statement

These assets are carried at fair value, which accounts for the credit risk.

Notes to the financial statements

For the year ended 30 June 2022

9.2 Credit risk (continued)

Derivative assets

The Group's use of derivative contracts is outlined in Note 5.4. The Group is exposed to counterparty credit risk on derivative contracts. The counterparty credit risk is affected by the nature of the trades, the counterparty, netting, and collateral arrangements. Credit risk from derivatives is mitigated where possible (typically for financial institution counterparties, but less frequently for corporate or government counterparties) through netting agreements, whereby derivative assets and liabilities with the same counterparty can be offset and cleared with Central Counterparties (CCPs). The International Swaps and Derivatives Association (ISDA) Master Agreement (or other derivative agreements) are used by the Group as an agreement for documenting Over-the-Counter (OTC) derivatives.

The fair value of collateral held and the potential effect of offset obtained by applying master netting agreements are disclosed in Note 9.7.

Due from controlled entities

Collateral is generally not taken on these intergroup balances.

Credit commitments and contingent liabilities

The Group applies fundamentally the same risk management policies for off Balance Sheet risks as it does for its on Balance Sheet risks. Collateral may be sought depending on the strength of the borrower and the nature of the transaction. Of the Group's off Balance Sheet exposures $120,468 million (30 June 2021: $121,587 million) are secured.

Loans, bills discounted and other receivables

The principal collateral types for loans and receivable balances are:

- mortgages over residential and commercial real estate; and
- charges over business assets such as cash, shares, inventory, fixed assets and accounts receivable.

Collateral security is generally taken except for government, bank and corporate borrowers that are often externally risk-rated and of strong financial standing. Longer term consumer finance, such as housing loans, are generally secured against real estate, while short-term revolving consumer credit is generally not secured by formal collateral.

The collateral mitigating credit risk of the key lending portfolios is addressed in the table 'Collateral held against Loans, bills discounted and other receivables' within this note.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

Maximum exposure to credit risk by industry/sector and asset class before collateral held or other credit enhancements

	Group 30 Jun 22							
	Sovereign $M	Agricul-ture $M	Bank and other financial $M	Con-struction $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	85,563	–	25,770	–	–	–	–	111,333
Receivables from financial institutions	–	–	2,977	–	–	–	–	2,977
Assets at fair value through Income Statement:								
Trading	5,045	–	556	–	–	5,995	–	11,596
Other	–	–	1	–	–	9,822	135	9,958
Derivative assets	2,886	85	14,282	27	–	5,125	–	22,405
Investment securities:								
At amortised cost	–	–	3,217	–	–	–	–	3,217
At fair value through Other Comprehensive Income	54,246	–	7,401	–	–	–	–	61,647
Assets held for sale	218	–	507	–	–	–	597	1,322
Loans, bills discounted and other receivables [1]	19,891	14,557	19,618	6,158	569,687	139,726	–	769,637
Other assets	396	8	2,525	1	422	103	–	3,455
Total on Balance Sheet Australia	168,245	14,650	76,854	6,186	570,109	160,771	732	997,547
Credit risk exposures relating to off Balance Sheet assets:								
Guarantees	18	23	935	174	436	2,834	–	4,420
Loan commitments	570	2,744	9,451	2,411	103,912	43,362	–	162,450
Other commitments	98	7	686	1,746	–	4,248	–	6,785
Total Australia	168,931	17,424	87,926	10,517	674,457	211,215	732	1,171,202
Overseas								
Credit risk exposures relating to on Balance Sheet assets:								
Cash and liquid assets	29,834	–	19,987	–	–	–	–	49,821
Receivables from financial institutions	424	–	3,444	–	–	–	–	3,868
Assets at fair value through Income Statement:								
Trading	3,550	–	90	–	–	87	–	3,727
Other	–	–	–	–	–	34	–	34
Derivative assets	370	7	10,163	–	–	2,791	–	13,331
Investment securities:								
At amortised cost	–	–	–	–	–	–	–	–
At fair value through Other Comprehensive Income	13,567	–	2,261	–	–	–	–	15,828
Loans, bills discounted and other receivables [1]	170	9,351	9,213	748	67,852	27,992	–	115,326
Other assets	55	–	397	2	8	43	–	505
Total on Balance Sheet overseas	47,970	9,358	45,555	750	67,860	30,947	–	202,440
Credit risk exposures relating to off Balance Sheet assets:								
Guarantees	128	2	216	69	19	341	–	775
Loan commitments	467	869	6,518	231	10,060	6,824	–	24,969
Other commitments	1	–	307	2	1	820	–	1,131
Total overseas	48,566	10,229	52,596	1,052	77,940	38,932	–	229,315
Total gross credit risk	217,497	27,653	140,522	11,569	752,397	250,147	732	1,400,517
Other [2]	–	–	–	–	–	1,611	19,771	21,382
Total assets	217,497	27,653	140,522	11,569	752,397	251,758	20,503	1,421,899

1 Loans, bills discounted and other receivables is presented gross of provisions for impairment and unearned income in line with Note 3.1.

2 For the purpose of reconciling to the Balance Sheet, "Other" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in associates and joint ventures, Equity investments at fair value through other comprehensive income, Intangible assets, Deferred tax assets and Other assets.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

	Group [1] 30 Jun 21							
	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	66,416	–	10,845	–	–	–	–	77,261
Receivables from financial institutions	–	–	2,590	–	–	–	–	2,590
Assets at fair value through Income Statement:								
Trading	9,893	–	779	–	–	11,270	–	21,942
Other	106	21	229	–	–	10,128	30	10,514
Derivative assets	817	86	13,061	10	–	4,744	–	18,718
Investment securities:								
At amortised cost	–	–	4,278	–	–	–	–	4,278
At fair value through Other Comprehensive Income	53,079	–	11,595	–	–	–	–	64,674
Assets held for sale	–	–	–	–	–	–	1,200	1,200
Loans, bills discounted and other receivables [2]	17,620	12,136	13,886	5,002	532,157	124,794	–	705,595
Other assets	652	39	3,870	–	9	451	–	5,021
Total on Balance Sheet Australia	148,583	12,282	61,133	5,012	532,166	151,387	1,230	911,793
Credit risk exposures relating to off Balance Sheet assets:								
Guarantees	398	20	977	197	–	3,179	–	4,771
Loan commitments	778	2,328	6,008	2,553	104,045	41,073	–	156,785
Other commitments	64	13	1,165	1,602	–	3,647	–	6,491
Total Australia	149,823	14,643	69,283	9,364	636,211	199,286	1,230	1,079,840
Overseas								
Credit risk exposures relating to on Balance Sheet assets:								
Cash and liquid assets	16,000	–	6,780	–	–	–	–	22,780
Receivables from financial institutions	75	–	2,420	–	–	–	–	2,495
Assets at fair value through Income Statement:								
Trading	4,094	–	199	–	–	196	–	4,489
Other	–	–	–	–	–	25	–	25
Derivative assets	218	12	1,657	–	–	844	–	2,731
Investment securities:								
At amortised cost	–	–	–	–	–	–	–	–
At fair value through Other Comprehensive Income	17,079	–	2,016	–	–	–	–	19,095
Assets held for sale	–	–	–	–	–	–	1	1
Loans, bills discounted and other receivables [2]	138	9,775	6,792	683	66,055	29,228	–	112,671
Other assets	25	–	297	1	10	30	–	363
Total on Balance Sheet overseas	37,629	9,787	20,161	684	66,065	30,323	1	164,650
Credit risk exposures relating to off Balance Sheet assets:								
Guarantees	95	1	415	63	–	343	–	917
Loan commitments	459	901	8,938	231	10,737	9,521	–	30,787
Other commitments	1	–	52	1	–	716	–	770
Total overseas	38,184	10,689	29,566	979	76,802	40,903	1	197,124
Total gross credit risk	188,007	25,332	98,849	10,343	713,013	240,189	1,231	1,276,964
Other [3]	–	–	–	–	–	2,791	19,651	22,442
Total assets	188,007	25,332	98,849	10,343	713,013	242,980	20,882	1,299,406

1 Comparative information has been restated to conform to presentation in the current year and to reflect the prior period adjustments detailed in Note 1.1.

2 Loans, bills discounted and other receivables is presented gross of provisions for impairment and unearned income in line with Note 3.1.

3 For the purpose of reconciling to the Balance Sheet, "Other" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in associates and joint ventures, Equity investments at fair value through other comprehensive income, Intangible assets, Deferred tax assets and Other assets.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

Large exposures

Concentrations of exposure to any counterparty or counterparty group are controlled by a large credit exposure policy, which defines a graduated limit framework that restricts credit limits based on the internally assessed CRR, 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 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):

	Group	
	30 Jun 22 Number	30 Jun 21 Number
5% to less than 10% of the Group's capital resources	–	–
10% to less than 15% of the Group's capital resources	–	–

The Group has a high quality, well diversified credit portfolio, with 63% of the gross loans and other receivables in domestic mortgage loans and a further 7% in overseas mortgage loans, primarily in New Zealand. Overseas loans account for 13% of loans, bills discounted and other receivables.

Distribution of financial assets by credit classification

When doubt arises as to the collectability of a credit facility, the financial instrument is classified and reported as impaired. Provisions for impairment are raised where there is objective evidence of impairment and for an amount adequate to cover assessed credit related losses. The Group regularly reviews its financial assets and monitors adherence to contractual terms. Credit risk-rated exposures are assessed, at least at each Balance Sheet date, to determine whether the financial asset is impaired.

Distribution of financial instruments by credit quality

The tables on pages 221 to 228 provide information about the gross carrying amount of the Group's and the Bank's loans, bills discounted and other receivables by credit rating grade and ECL stage.

This segmentation of loans in retail and risk-rated portfolios is based on the benchmarking of a borrower's internally assessed PD to S&P Global ratings, reflecting a borrower's ability to meet their credit obligations. In particular, retail PD pools have been aligned to the Group's PD grades which are consistent with rating agency views of credit quality segmentation.

Credit grade	S&P rating equivalent
Investment	AAA to BBB-
Pass	BB+ to B-
Weak	CCC and below, in default

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

Distribution of financial instruments by credit quality

	Group 30 Jun 22				
	Stage 1 collectively assessed $M	Stage 2 [1] collectively assessed $M	Stage 3 collectively assessed $M	Stage 3 individually assessed $M	Total $M
Loans, bills discounted and other receivables					
Credit grade					
Investment	431,913	15,875	–	–	**447,788**
Pass	327,519	91,912	–	–	**419,431**
Weak	2,799	6,845	5,894	1,327	**16,865**
Gross carrying amount	**762,231**	**114,632**	**5,894**	**1,327**	**884,084**
Undrawn credit commitments					
Credit grade					
Investment	100,114	6,161	–	–	**106,275**
Pass	39,282	14,355	–	–	**53,637**
Weak	225	348	85	19	**677**
Total undrawn credit commitments	**139,621**	**20,864**	**85**	**19**	**160,589**
Total credit exposures	**901,852**	**135,496**	**5,979**	**1,346**	**1,044,673**
Impairment provision	**(1,295)**	**(2,443)**	**(756)**	**(736)**	**(5,230)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**12. 6**	**54. 7**	**0. 5**
Financial guarantees and other off Balance Sheet instruments					
Credit grade					
Investment	9,275	768	–	–	**10,043**
Pass	3,700	5,331	–	–	**9,031**
Weak	56	222	40	97	**415**
Total financial guarantees and other off Balance Sheet instruments	**13,031**	**6,321**	**40**	**97**	**19,489**
Impairment provision	**(18)**	**(95)**	**(4)**	**–**	**(117)**
Provisions to credit exposure, %	**0. 1**	**1. 5**	**10. 0**	**–**	**0. 6**
Total credit exposures					
Credit grade					
Investment	541,302	22,804	–	–	**564,106**
Pass	370,501	111,598	–	–	**482,099**
Weak	3,080	7,415	6,019	1,443	**17,957**
Total credit exposures	**914,883**	**141,817**	**6,019**	**1,443**	**1,064,162**
Total impairment provision	**(1,313)**	**(2,538)**	**(760)**	**(736)**	**(5,347)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**12. 6**	**51. 0**	**0. 5**

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

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

	Group 30 Jun 22				
	Stage 1 collectively assessed $M	Stage 2 [1] collectively assessed $M	Stage 3 collectively assessed $M	Stage 3 individually assessed $M	Total $M
Retail secured					
Credit grade					
Investment	392,973	2,948	–	–	**395,921**
Pass	283,279	16,364	–	–	**299,643**
Weak	1,692	3,216	4,491	407	**9,806**
Total retail secured	**677,944**	**22,528**	**4,491**	**407**	**705,370**
Impairment provision	**(361)**	**(527)**	**(445)**	**(124)**	**(1,457)**
Provisions to credit exposure, %	**0. 1**	**2. 3**	**9. 9**	**30. 5**	**0. 2**
Retail unsecured					
Credit grade					
Investment	14,132	1,814	–	–	**15,946**
Pass	10,157	1,102	–	–	**11,259**
Weak	839	645	158	2	**1,644**
Total retail unsecured	**25,128**	**3,561**	**158**	**2**	**28,849**
Impairment provision	**(492)**	**(442)**	**(150)**	**–**	**(1,084)**
Provisions to credit exposure, %	**2. 0**	**12. 4**	**94. 9**	**–**	**3. 8**
Non-retail					
Credit grade					
Investment	134,197	18,042	–	–	**152,239**
Pass	77,065	94,132	–	–	**171,197**
Weak	549	3,554	1,370	1,034	**6,507**
Total non-retail	**211,811**	**115,728**	**1,370**	**1,034**	**329,943**
Impairment provision	**(460)**	**(1,569)**	**(165)**	**(612)**	**(2,806)**
Provisions to credit exposure, %	**0. 2**	**1. 4**	**12. 0**	**59. 2**	**0. 9**
Total credit exposures					
Credit grade					
Investment	541,302	22,804	–	–	**564,106**
Pass	370,501	111,598	–	–	**482,099**
Weak	3,080	7,415	6,019	1,443	**17,957**
Total credit exposures	**914,883**	**141,817**	**6,019**	**1,443**	**1,064,162**
Total impairment provision	**(1,313)**	**(2,538)**	**(760)**	**(736)**	**(5,347)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**12. 6**	**51. 0**	**0. 5**

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

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

	Group 30 Jun 21				
	Stage 1 collectively assessed $M	Stage 2 [1] collectively assessed $M	Stage 3 collectively assessed $M	Stage 3 individually assessed $M	Total $M
Loans, bills discounted and other receivables					
Credit grade					
Investment	418,125	18,771	–	–	**436,896**
Pass	273,680	86,623	–	–	**360,303**
Weak	3,236	9,508	5,628	1,885	**20,257**
Gross carrying amount	**695,041**	**114,902**	**5,628**	**1,885**	**817,456**
Undrawn credit commitments					
Credit grade					
Investment	97,622	7,647	–	–	**105,269**
Pass	43,571	10,696	–	–	**54,267**
Weak	237	339	89	41	**706**
Total undrawn credit commitments	**141,430**	**18,682**	**89**	**41**	**160,242**
Total credit exposures	**836,471**	**133,584**	**5,717**	**1,926**	**977,698**
Impairment provision	**(1,592)**	**(2,851)**	**(757)**	**(900)**	**(6,100)**
Provisions to credit exposure, %	**0. 2**	**2. 1**	**13. 2**	**46. 7**	**0. 6**
Financial guarantees and other off Balance Sheet instruments					
Credit grade					
Investment	9,002	1,348	–	–	**10,350**
Pass	3,843	4,452	–	–	**8,295**
Weak	51	340	25	45	**461**
Total financial guarantees and other off Balance Sheet instruments	**12,896**	**6,140**	**25**	**45**	**19,106**
Impairment provision	**(22)**	**(85)**	**(4)**	**–**	**(111)**
Provisions to credit exposure, %	**0. 2**	**1. 4**	**16. 0**	**–**	**0. 6**
Total credit exposures					
Credit grade					
Investment	524,749	27,766	–	–	**552,515**
Pass	321,094	101,771	–	–	**422,865**
Weak	3,524	10,187	5,742	1,971	**21,424**
Total credit exposures	**849,367**	**139,724**	**5,742**	**1,971**	**996,804**
Total impairment provision	**(1,614)**	**(2,936)**	**(761)**	**(900)**	**(6,211)**
Provisions to credit exposure, %	**0. 2**	**2. 1**	**13. 3**	**45. 7**	**0. 6**

1 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risk at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 62% of Stage 2 credit exposures for the Group as at 30 June 2021.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

	Group 30 Jun 21				
	Stage 1 collectively assessed $M	Stage 2 [1] collectively assessed $M	Stage 3 collectively assessed $M	Stage 3 individually assessed $M	Total $M
Retail secured					
Credit grade					
Investment	393,239	5,718	–	–	**398,957**
Pass	234,468	21,050	–	–	**255,518**
Weak	2,113	4,929	4,351	672	**12,065**
Total retail secured	**629,820**	**31,697**	**4,351**	**672**	**666,540**
Impairment provision	**(726)**	**(577)**	**(435)**	**(189)**	**(1,927)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**10. 0**	**28. 1**	**0. 3**
Retail unsecured					
Credit grade					
Investment	14,283	1,061	–	–	**15,344**
Pass	11,035	1,721	–	–	**12,756**
Weak	767	709	158	2	**1,636**
Total retail unsecured	**26,085**	**3,491**	**158**	**2**	**29,736**
Impairment provision	**(500)**	**(644)**	**(147)**	**–**	**(1,291)**
Provisions to credit exposure, %	**1. 9**	**18. 4**	**93. 0**	**–**	**4. 3**
Non–retail					
Credit grade					
Investment	117,227	20,987	–	–	**138,214**
Pass	75,591	79,000	–	–	**154,591**
Weak	644	4,549	1,233	1,297	**7,723**
Total non-retail	**193,462**	**104,536**	**1,233**	**1,297**	**300,528**
Impairment provision	**(388)**	**(1,715)**	**(179)**	**(711)**	**(2,993)**
Provisions to credit exposure, %	**0. 2**	**1. 6**	**14. 5**	**54. 8**	**1. 0**
Total credit exposures					
Credit grade					
Investment	524,749	27,766	–	–	**552,515**
Pass	321,094	101,771	–	–	**422,865**
Weak	3,524	10,187	5,742	1,971	**21,424**
Total credit exposures	**849,367**	**139,724**	**5,742**	**1,971**	**996,804**
Total impairment provision	**(1,614)**	**(2,936)**	**(761)**	**(900)**	**(6,211)**
Provisions to credit exposure, %	**0. 2**	**2. 1**	**13. 3**	**45. 7**	**0. 6**

1 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risk at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 62% of Stage 2 credit exposures for the Group as at 30 June 2021.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

	Bank 30 Jun 22				
	Stage 1 collectively assessed $M	Stage 2[1] collectively assessed $M	Stage 3 collectively assessed $M	Stage 3 individually assessed $M	Total $M
Loans, bills discounted and other receivables					
Credit grade					
Investment	411,132	13,979	–	–	**425,111**
Pass	259,510	77,750	–	–	**337,260**
Weak	2,709	6,453	5,074	1,122	**15,358**
Gross carrying amount	**673,351**	**98,182**	**5,074**	**1,122**	**777,729**
Undrawn credit commitments					
Credit grade					
Investment	94,416	5,949	–	–	**100,365**
Pass	34,201	13,131	–	–	**47,332**
Weak	225	335	72	15	**647**
Total undrawn credit commitments	**128,842**	**19,415**	**72**	**15**	**148,344**
Total credit exposures	**802,193**	**117,597**	**5,146**	**1,137**	**926,073**
Impairment provision	**(1,140)**	**(2,180)**	**(698)**	**(668)**	**(4,686)**
Provisions to credit exposure, %	**0. 1**	**1. 9**	**13. 6**	**58. 8**	**0. 5**
Financial guarantees and other off Balance Sheet instruments					
Credit grade					
Investment	9,067	750	–	–	**9,817**
Pass	3,516	5,031	–	–	**8,547**
Weak	56	207	37	6	**306**
Total financial guarantees and other off Balance Sheet instruments	**12,639**	**5,988**	**37**	**6**	**18,670**
Impairment provision	**(17)**	**(89)**	**(3)**	**–**	**(109)**
Provisions to credit exposure, %	**0. 1**	**1. 5**	**8. 1**	**–**	**0. 6**
Total credit exposures					
Credit grade					
Investment	514,615	20,678	–	–	**535,293**
Pass	297,227	95,912	–	–	**393,139**
Weak	2,990	6,995	5,183	1,143	**16,311**
Total credit exposures	**814,832**	**123,585**	**5,183**	**1,143**	**944,743**
Total impairment provision	**(1,157)**	**(2,269)**	**(701)**	**(668)**	**(4,795)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**13. 5**	**58. 4**	**0. 5**

1 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risk at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 61% of Stage 2 credit exposures for the Bank as at 30 June 2022.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

	Bank 30 Jun 22				
	Stage 1 collectively assessed $M	Stage 2 [1] collectively assessed $M	Stage 3 collectively assessed $M	Stage 3 individually assessed $M	Total $M
Retail secured					
Credit grade					
Investment	377,348	2,720	–	–	**380,068**
Pass	223,719	12,625	–	–	**236,344**
Weak	1,663	3,167	3,753	361	**8,944**
Total retail secured	**602,730**	**18,512**	**3,753**	**361**	**625,356**
Impairment provision	**(299)**	**(482)**	**(403)**	**(113)**	**(1,297)**
Provisions to credit exposure, %	**–**	**2. 6**	**10. 7**	**31. 3**	**0. 2**
Retail unsecured					
Credit grade					
Investment	13,356	1,775	–	–	**15,131**
Pass	8,572	962	–	–	**9,534**
Weak	838	632	128	–	**1,598**
Total retail unsecured	**22,766**	**3,369**	**128**	**–**	**26,263**
Impairment provision	**(459)**	**(414)**	**(126)**	**–**	**(999)**
Provisions to credit exposure, %	**2. 0**	**12. 3**	**98. 4**	**–**	**3. 8**
Non–retail					
Credit grade					
Investment	123,911	16,183	–	–	**140,094**
Pass	64,936	82,325	–	–	**147,261**
Weak	489	3,196	1,302	782	**5,769**
Total non-retail	**189,336**	**101,704**	**1,302**	**782**	**293,124**
Impairment provision	**(399)**	**(1,373)**	**(172)**	**(555)**	**(2,499)**
Provisions to credit exposure, %	**0. 2**	**1. 3**	**13. 2**	**71. 0**	**0. 9**
Total credit exposures					
Credit grade					
Investment	514,615	20,678	–	–	**535,293**
Pass	297,227	95,912	–	–	**393,139**
Weak	2,990	6,995	5,183	1,143	**16,311**
Total credit exposures	**814,832**	**123,585**	**5,183**	**1,143**	**944,743**
Total impairment provision	**(1,157)**	**(2,269)**	**(701)**	**(668)**	**(4,795)**
Provisions to credit exposure, %	**0. 1**	**1. 8**	**13. 5**	**58. 4**	**0. 5**

1 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risk at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 61% of Stage 2 credit exposures for the Bank as at 30 June 2022.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

	Bank 30 Jun 21				
	Stage 1 collectively assessed $M	Stage 2 [1] collectively assessed $M	Stage 3 collectively assessed $M	Stage 3 individually assessed $M	Total $M
Loans, bills discounted and other receivables					
Credit grade					
Investment	386,621	14,669	–	–	**401,290**
Pass	223,832	71,823	–	–	**295,655**
Weak	2,726	8,066	4,772	1,511	**17,075**
Gross carrying amount	**613,179**	**94,558**	**4,772**	**1,511**	**714,020**
Undrawn credit commitments					
Credit grade					
Investment	93,875	7,328	–	–	**101,203**
Pass	37,123	9,415	–	–	**46,538**
Weak	211	301	67	20	**599**
Total undrawn credit commitments	**131,209**	**17,044**	**67**	**20**	**148,340**
Total credit exposures	**744,388**	**111,602**	**4,839**	**1,531**	**862,360**
Impairment provision	**(1,439)**	**(2,603)**	**(690)**	**(782)**	**(5,514)**
Provisions to credit exposure, %	**0. 2**	**2. 3**	**14. 3**	**51. 1**	**0. 6**
Financial guarantees and other off Balance Sheet instruments					
Credit grade					
Investment	8,867	1,336	–	–	**10,203**
Pass	3,635	4,201	–	–	**7,836**
Weak	51	316	19	9	**395**
Total financial guarantees and other off Balance Sheet instruments	**12,553**	**5,853**	**19**	**9**	**18,434**
Impairment provision	**(20)**	**(80)**	**(3)**	**–**	**(103)**
Provisions to credit exposure, %	**0. 2**	**1. 4**	**15. 8**	**–**	**0. 6**
Total credit exposures					
Credit grade					
Investment	489,363	23,333	–	–	**512,696**
Pass	264,590	85,439	–	–	**350,029**
Weak	2,988	8,683	4,858	1,540	**18,069**
Total credit exposures	**756,941**	**117,455**	**4,858**	**1,540**	**880,794**
Total impairment provision	**(1,459)**	**(2,683)**	**(693)**	**(782)**	**(5,617)**
Provisions to credit exposure, %	**0. 2**	**2. 3**	**14. 3**	**50. 8**	**0. 6**

1 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risk at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 60% of Stage 2 credit exposures for the Bank as at 30 June 2021.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

	Bank 30 Jun 21				
	Stage 1 collectively assessed $M	Stage 2 [1] collectively assessed $M	Stage 3 collectively assessed $M	Stage 3 individually assessed $M	Total $M
Retail secured					
Credit grade					
Investment	366,422	4,241	–	–	**370,663**
Pass	192,343	16,432	–	–	**208,775**
Weak	1,676	3,896	3,628	622	**9,822**
Total retail secured	**560,441**	**24,569**	**3,628**	**622**	**589,260**
Impairment provision	**(666)**	**(534)**	**(404)**	**(174)**	**(1,778)**
Provisions to credit exposure, %	**0. 1**	**2. 2**	**11. 1**	**28. 0**	**0. 3**
Retail unsecured					
Credit grade					
Investment	14,283	1,061	–	–	**15,344**
Pass	8,384	1,581	–	–	**9,965**
Weak	750	678	132	–	**1,560**
Total retail unsecured	**23,417**	**3,320**	**132**	**–**	**26,869**
Impairment provision	**(457)**	**(616)**	**(123)**	**–**	**(1,196)**
Provisions to credit exposure, %	**2. 0**	**18. 6**	**93. 2**	**–**	**4. 5**
Non-retail					
Credit grade					
Investment	108,658	18,031	–	–	**126,689**
Pass	63,863	67,426	–	–	**131,289**
Weak	562	4,109	1,098	918	**6,687**
Total non-retail	**173,083**	**89,566**	**1,098**	**918**	**264,665**
Impairment provision	**(336)**	**(1,533)**	**(166)**	**(608)**	**(2,643)**
Provisions to credit exposure, %	**0. 2**	**1. 7**	**15. 1**	**66. 2**	**1. 0**
Total credit exposures					
Credit grade					
Investment	489,363	23,333	–	–	512,696
Pass	264,590	85,439	–	–	350,029
Weak	2,988	8,683	4,858	1,540	18,069
Total credit exposures	**756,941**	**117,455**	**4,858**	**1,540**	**880,794**
Total impairment provision	**(1,459)**	**(2,683)**	**(693)**	**(782)**	**(5,617)**
Provisions to credit exposure, %	**0. 2**	**2. 3**	**14. 3**	**50. 8**	**0. 6**

1 The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risk at an industry, geographic location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 60% of Stage 2 credit exposures for the Bank as at 30 June 2021.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

Impaired assets by classification

Assets in risk rated credit portfolios and retail managed portfolios are assessed for objective evidence that the financial asset is impaired.

Impaired assets are split into the following categories:

- non-performing facilities;
- restructured facilities; and
- unsecured retail managed facilities 90 days or more past due.

Non-performing facilities are facilities against which an individually assessed provision for impairment has been raised and/or facilities where loss of principal or interest is anticipated. Interest income on these facilities is reserved and taken to the Income Statement only if paid in cash or if a recovery is made.

Restructured facilities are facilities where the original contractual terms have been modified to non-commercial terms due to financial difficulties of the borrower. Interest on these facilities is taken to the Income Statement. Failure to comply fully with the modified terms will result in immediate reclassification to non-performing.

Unsecured retail products 90 days or more past due include credit cards, personal loans and other unsecured retail products such as personal overdrafts. These loans are collectively provided for.

The Group does not manage credit risk based solely on arrears categorisation, but also uses credit risk rating principles as described earlier in this note.

	Group				
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 19 $M	30 Jun 18 $M
Australia					
Non-performing assets:					
Gross balances	**1,087**	1,637	1,845	2,217	1,711
Less provisions for impairment	**(579)**	(737)	(695)	(826)	(694)
Net non-performing assets	**508**	900	1,150	1,391	1,017
Restructured assets:					
Gross balances	**763**	418	363	428	264
Less provisions for impairment	**(37)**	(33)	(4)	(13)	(4)
Net restructured assets	**726**	385	359	415	260
Unsecured retail products 90 days or more past due:					
Gross balances	**106**	123	208	245	254
Less provisions for impairment	**(101)**	(94)	(185)	(199)	(161)
Net unsecured retail products 90 days or more past due	**5**	29	23	46	93
Net Australia impaired assets	**1,239**	1,314	1,532	1,852	1,370
Overseas					
Non-performing assets:					
Gross balances	**420**	640	824	518	695
Less provisions for impairment	**(250)**	(250)	(326)	(126)	(176)
Net non-performing assets	**170**	390	498	392	519
Restructured assets:					
Gross balances	**560**	579	278	196	242
Less provisions for impairment	**(41)**	(33)	(15)	(6)	(20)
Net restructured assets	**519**	546	263	190	222
Unsecured retail products 90 days or more past due:					
Gross balances	**15**	12	30	18	13
Less provisions for impairment	**(15)**	(12)	(30)	(17)	(13)
Net unsecured retail products 90 days or more past due	**–**	–	–	1	–
Net overseas impaired assets	**689**	936	761	583	741
Total net impaired assets	**1,928**	2,250	2,293	2,435	2,111

9.2 Credit risk (continued)

Impaired assets by size

	Group					
Impaired assets by size	**Australia 30 Jun 22 $M**	**Overseas 30 Jun 22 $M**	**Total 30 Jun 22 $M**	**Australia 30 Jun 21 $M**	**Overseas 30 Jun 21 $M**	**Total 30 Jun 21 $M**
Less than $1 million	**1,210**	**527**	**1,737**	1,190	643	1,833
$1 million to $10 million	**469**	**154**	**623**	566	233	799
Greater than $10 million	**278**	**313**	**591**	422	355	777
Total [1,2]	**1,957**	**994**	**2,951**	2,178	1,231	3,409

Movement in impaired assets

	Group				
Movement in gross impaired assets	**30 Jun 22 $M**	**30 Jun 21 $M**	**30 Jun 20 $M**	**30 Jun 19 $M**	**30 Jun 18 $M**
Gross impaired assets – opening balance	**3,409**	3,548	3,622	3,179	3,187
New and increased	**2,192**	2,160	2,631	2,289	2,136
Balances written off	**(601)**	(741)	(1,054)	(1,245)	(1,196)
Returned to performing or repaid	**(2,266)**	(1,876)	(2,221)	(1,328)	(1,666)
Portfolio managed – new/increased/return to performing/repaid	**217**	318	570	727	718
Gross impaired assets – closing balance [1,2]	**2,951**	3,409	3,548	3,622	3,179

1 As at 30 June 2022, impaired assets include those assets in Stage 3 that are considered impaired, as well as $77 million of restructured assets in Stage 3 (30 June 2021: $148 million). Stage 3 assets include impaired assets and those that are defaulted but not impaired as they are well secured.

2 Includes $2,921 million of loans and advances and $30 million of other financial assets (30 June 2021: $3,360 million of loans and advances and $49 million of other financial assets).

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

Impaired assets by industry/sector and status

	Group 30 Jun 22						
Industry/sector	Total balance $M	Gross impaired assets $M	Total provisions for impaired assets [1] $M	Net impaired assets $M	Write-offs [2] $M	Recoveries [2] $M	Net Write-offs [2] $M
Loans – Australia							
Sovereign	19,892	–	–	–	–	–	–
Agriculture	14,557	72	(31)	41	25	–	25
Bank and other financial	19,617	27	(3)	24	1	(2)	(1)
Construction	6,156	69	(33)	36	7	–	7
Consumer	569,685	1,312	(287)	1,025	330	(105)	225
Other commercial and industrial	139,730	452	(363)	89	170	(4)	166
Total loans – Australia	769,637	1,932	(717)	1,215	533	(111)	422
Loans – Overseas							
Sovereign	169	–	–	–	–	–	–
Agriculture	9,351	88	(16)	72	1	–	1
Bank and other financial	9,212	3	–	3	4	–	4
Construction	747	2	–	2	2	–	2
Consumer	67,852	559	(88)	471	37	(13)	24
Other commercial and industrial	27,995	337	(202)	135	108	(3)	105
Total loans – Overseas	115,326	989	(306)	683	152	(16)	136
Total loans	884,963	2,921	(1,023)	1,898	685	(127)	558
Other balances – Australia							
Off Balance Sheet instruments	173,655	24	–	24	–	–	–
Derivatives	22,405	–	–	–	–	–	–
Total other balances – Australia	196,060	24	–	24	–	–	–
Other balances – Overseas							
Off Balance Sheet instruments	26,875	6	–	6	–	–	–
Derivatives	13,330	–	–	–	–	–	–
Total other balances – Overseas	40,205	6	–	6	–	–	–
Total other balances	236,265	30	–	30	–	–	–
Total	1,121,228	2,951	(1,023)	1,928	685	(127)	558

1 Includes $736 million of individually assessed provisions and $287 million of collective provisions.

2 Write-off, recoveries and net write-offs are not recognised against credit commitments or derivatives as these exposures are closed out and converted to loans and receivables on impairment. Write-offs and recoveries take place subsequent to this conversion.

Notes to the financial statements

For the year ended 30 June 2022

9.2 Credit risk (continued)

	Group 30 Jun 21						
Industry/sector	Total balance $M	Gross impaired assets $M	Total provision for impaired assets [1] $M	Net impaired assets $M	Write-offs [2] $M	Recoveries [2] $M	Net Write-offs [2] $M
Loans – Australia							
Sovereign	17,620	–	–	–	–	–	–
Agriculture	12,136	106	(52)	54	14	–	14
Bank and other financial	13,886	4	(3)	1	–	–	–
Construction	5,002	78	(37)	41	9	–	9
Consumer	532,157	1,313	(338)	975	521	(115)	406
Other commercial and industrial	124,794	643	(434)	209	107	(3)	104
Total loans – Australia	705,595	2,144	(864)	1,280	651	(118)	533
Loans – Overseas							
Sovereign	138	–	–	–	–	–	–
Agriculture	9,775	130	(21)	109	2	–	2
Bank and other financial	6,792	1	–	1	4	–	4
Construction	683	10	(2)	8	1	–	1
Consumer	66,055	613	(67)	546	56	(12)	44
Other commercial and industrial	29,228	462	(205)	257	145	(1)	144
Total loans – Overseas	112,671	1,216	(295)	921	208	(13)	195
Total loans	818,266	3,360	(1,159)	2,201	859	(131)	728
Other balances – Australia							
Off Balance Sheet instruments	168,047	33	–	33	–	–	–
Derivatives	18,718	1	–	1	–	–	–
Total other balances – Australia	186,765	34	–	34	–	–	–
Other balances – Overseas							
Off Balance Sheet instruments	32,474	4	–	4	–	–	–
Derivatives	2,731	11	–	11	–	–	–
Total other balances – Overseas	35,205	15	–	15	–	–	–
Total other balances	221,970	49	–	49	–	–	–
Total	1,040,236	3,409	(1,159)	2,250	859	(131)	728

1 Includes $900 million of individually assessed provisions and $259 million of collective provisions.
2 Write-off, recoveries and net write-offs are not recognised against credit commitments or derivatives as these exposures are closed out and converted to loans and receivables on impairment. Write-offs and recoveries take place subsequent to this conversion.

Notes to the financial statements
For the year ended 30 June 2022

9.2 Credit risk (continued)

Collateral held against loans, bills discounted and other receivables

	Group 30 Jun 22			
	Home loans	Other consumer	Other lending	Total [1]
Maximum exposure ($M)	713,669	37,842	320,871	**1,072,382**
Collateral classification:				
Secured (%)	99. 3	5. 8	55. 9	**83. 0**
Partially secured (%)	0. 7	–	14. 6	**4. 8**
Unsecured (%)	–	94. 2	29. 5	**12. 2**

1 As at 30 June 2022, total exposures in ECL Stage 3 were $7,462 million. 67% of these exposures were secured, 22% partially secured and 11% unsecured.

	Group 30 Jun 21			
	Home loans	Other consumer	Other lending	Total [1]
Maximum exposure ($M)	673,148	39,846	292,844	**1,005,838**
Collateral classification:				
Secured (%)	99. 2	5. 9	54. 9	**82. 6**
Partially secured (%)	0. 8	–	14. 7	**4. 8**
Unsecured (%)	–	94. 1	30. 4	**12. 6**

1 As at 30 June 2021, total exposures in ECL Stage 3 were $7,713 million. 63% of these exposures were secured, 26% partially secured and 11% unsecured.

	Bank 30 Jun 22			
	Home loans	Other consumer	Other lending	Total [1]
Maximum exposure ($M)	628,446	35,265	285,293	**949,004**
Collateral classification:				
Secured (%)	99. 4	6. 1	55. 9	**82. 8**
Partially secured (%)	0. 6	–	13. 6	**4. 5**
Unsecured (%)	–	93. 9	30. 5	**12. 7**

1 As at 30 June 2022, total exposures in ECL Stage 3 were $6,326 million. 73% of these exposures were secured, 17% partially secured and 10% unsecured.

	Bank 30 Jun 21			
	Home loans	Other consumer	Other lending	Total [1]
Maximum exposure ($M)	590,748	36,281	256,733	**883,762**
Collateral classification:				
Secured (%)	99. 2	6. 3	55. 1	**82. 6**
Partially secured (%)	0. 8	–	13. 1	**4. 3**
Unsecured (%)	–	93. 7	31. 8	**13. 1**

1 As at 30 June 2021, total exposures in ECL Stage 3 were $6,398 million. 71% of these exposures were secured, 18% partially secured and 11% unsecured.

For the purposes of the collateral classification above, home loans are classified as secured unless they are defaulted in which case they are classified as partially secured. For other types of credit exposures, a facility is determined to be secured where its ratio of exposure to the estimated value of collateral (adjusted for lending margins) is less than or equal to 100%. A facility is deemed to be partly secured when this ratio exceeds 100% but not more than 250%, and unsecured when either no security is held (e.g. can include credit cards, personal loans, small business loans, and exposures to highly rated corporate entities), or where the secured loan to estimated value of collateral exceeds 250%.

Notes to the financial statements

For the year ended 30 June 2022

9.2 Credit risk (continued)

Collateral held against loans, bills discounted and other receivables (continued)

Home loans

Home loans are generally secured by fixed charges over borrowers' residential properties. In limited circumstances, collateral in the form of cash or commercial property may be provided in addition to residential property. With the exception of some relatively small portfolios, for loans with a Loan to Valuation Ratio (LVR) of higher than 80% either a Low Deposit Premium or margin is levied, or Lenders Mortgage Insurance (LMI) is taken out to cover the difference between the principal plus interest owing and the net amount received from selling the collateral post default.

Other consumer

Other consumer category includes credit card and personal loans which are predominantly unsecured, whilst margin lending is secured.

Other lending

The Group's main collateral types for other lending consists of secured rights over specified assets of the borrower in the form of: commercial property; land rights; cash (usually in the form of a charge over a deposit) and other liquid assets (e.g. bonds, shares, investment funds); guarantees by company Directors; fixed and floating charges over a company's assets (including debtors, stock and work in progress); or a charge over assets being financed (e.g. vehicles, equipment). In other instances, a client's facilities may be secured by collateral with value less than the carrying amount of the credit exposure. These facilities are deemed partly secured or unsecured.

Notes to the financial statements
For the year ended 30 June 2022

9.3 Market risk

Market risk measurement

The Group uses Value-at-Risk (VaR) as one of the measures of traded and non-traded market risk. VaR measures potential loss using historically observed market movements and correlation between different markets.

VaR is modelled at a 99.0% confidence level. This means that there is a 99.0% probability that the loss will not exceed the VaR estimate on any given day.

The VaR measured for traded market risk uses two years of daily movement in market rates. The VaR measure for non-traded banking book market risk uses six years of daily movement in market rates.

A 10-day holding period is used for trading book positions. A 20-day holding period is used for interest rate risk in the banking book.

VaR is driven by historical observations and is not an estimate of the maximum loss that the Group could experience from an extreme market event. As a result of this limitation, management also uses stress testing to measure the potential for economic loss at confidence levels significantly higher than 99.0%. Management then uses these results in decisions to manage the economic impact of market risk positions.

Total market risk VaR (10-day 99.0% confidence)	Average June 2022 [1] $M	As at June 2022 $M	Average June 2021 [1] $M	As at June 2021 $M
Traded market risk	**73. 0**	**78. 2**	75. 7	72. 7
Non-traded interest rate risk [2]	**282. 9**	**299. 4**	410. 5	243. 0

1 Average VaR calculated for each 12 month period.
2 The risk of these exposures has been represented in this table using a 10-day holding period. In practice, however, these “non-traded” exposures are managed to a longer holding period.

Traded market risk

Traded market risk is generated through the Group’s participation in financial markets to service its customers. The Group trades and distributes interest rate, foreign exchange, debt, equity and commodity products, and provides treasury, capital markets and risk management services to its customers globally.

The Group maintains access to markets by quoting bid and offer prices with other market makers and carries an inventory of treasury, capital market and risk management instruments, including a broad range of securities and derivatives.

Traded market risk VaR (10-day 99.0% confidence)	Average June 2022 [1] $M	As at June 2022 $M	Average June 2021 [1] $M	As at June 2021 $M
Interest rate risk	**29. 6**	**42. 8**	31. 1	31. 3
Foreign exchange risk	**6. 5**	**6. 4**	7. 0	3. 7
Equities risk	**0. 3**	**–**	0. 6	–
Commodities risk	**23. 0**	**28. 5**	16. 0	30. 0
Credit spread risk	**32. 0**	**13. 0**	30. 6	42. 6
Other market risk [2]	**24. 6**	**23. 0**	19. 6	21. 1
Diversification benefit	**(61. 9)**	**(55. 3)**	(45. 8)	(72. 5)
Total general market risk	**54. 1**	**58. 4**	59. 1	56. 2
Undiversified risk	**17. 3**	**18. 4**	12. 9	15. 8
Other [3]	**1. 6**	**1. 4**	3. 7	0. 7
Total	**73. 0**	**78. 2**	75. 7	72. 7

1 Average VaR calculated for each 12 month period.
2 Includes volatility risk and basis risk.
3 Includes ASB, PTBC and Europe.

9.3 Market risk (continued)

Non-traded market risk

Interest rate risk in the banking book

Interest rate risk is the current and prospective impact to the Group's financial condition due to adverse changes in interest rates to which the Group's Balance Sheet is exposed. The maturity transformation activities of the Group create mismatches in the repricing terms of asset and liability positions. These mismatches may have undesired earnings and value outcomes depending on the interest rate movements. The Group's objective is to manage interest rate risk to achieve stable and sustainable net interest income in the long-term.

The Group measures and manages the impact of interest rate risk in two ways:

(a) Next 12 months' earnings

Interest rate risk from an earnings perspective is the impact based on changes to the Net interest income over the next 12 months.

The risk to Net interest income over the next 12 months from changes in interest rates is measured on a monthly basis.

Earnings risk is measured through sensitivity analysis, which applies an instantaneous 100 basis point parallel shock in interest rates across the yield curve.

The prospective change to the Net interest income is measured by using an Asset and Liability Management simulation model which incorporates both existing and anticipated new business in its assessment. The change in the Balance Sheet product mix, growth, funding and pricing strategies is incorporated.

Assets and liabilities that reprice directly from observable market rates are measured based on the full extent of the rate shock that is applied.

Products that are priced based on Group administered or discretionary interest rates and that are impacted by customer behaviour are measured by taking into consideration the historic repricing strategy of the Group and repricing behaviours of customers. In addition to considering how the products have been repriced in the past the expected change in price based on both the current and anticipated competitive market forces are also considered in the sensitivity analysis.

Net interest earnings at risk [1]	June 2022 $M	June 2021 [2] $M
Average monthly exposure	**1,625. 2**	2,012. 3
High monthly exposure	**1,849. 7**	2,646. 2
Low monthly exposure	**1,106. 3**	1,075. 9
As at balance date	**1,106. 3**	1,325. 1

1 Exposures over a 12 month period. The scope of the internal model for net interest earnings at risk has been expanded to include all currencies across the balance sheet.

2 The scope of the internal model for net interest earnings at risk has been expanded to include all currencies across the balance sheet. Prior periods show combined AUD and NZD exposure and have been restated to conform to presentation in the current year.

(b) Economic value

Interest rate risk from the economic value perspective is based on a 20-day 99.0% VaR measure.

Measuring the change in the economic value of equity is an assessment of the long-term impact to the earnings potential of the Group present valued to the current date. The Group assesses the potential change in its economic value of equity through the application of the VaR methodology.

A 20-day 99.0% VaR measure is used to capture the net economic value impact over the long-term or total life of all Balance Sheet assets and liabilities to adverse changes in interest rates.

The impact of customer prepayments on the contractual cash flows for fixed rate products is included in the calculation. Cash flows for discretionary priced products are behaviourally adjusted and repriced at the resultant profile.

The figures in the following table represent the net present value of the expected change in the Group's future earnings in all future periods for the remaining term of all existing assets and liabilities.

Notes to the financial statements

For the year ended 30 June 2022

9.3 Market risk (continued)

Non-traded interest rate risk VaR (20-day 99.0% confidence)	June 2022 [1] $M	June 2021 [1] $M
Average daily exposure	**400. 1**	580. 5
High daily exposure	**520. 4**	743. 0
Low daily exposure	**326. 8**	332. 5
As at balance date	**423. 4**	343. 7

1 Average VaR calculated for each 12 month period.

Structural foreign exchange risk

Structural foreign exchange risk is the risk that movements in foreign exchange rates may have an adverse effect on the Group's Australian dollar earnings and economic value when the Group's foreign currency denominated earnings and capital are translated into Australian dollars. The Group's only material exposure to this risk arises from its operations in New Zealand, Asia, USA and the Netherlands.

Lease residual value risk

The Group takes lease residual value risk on assets such as industrial, mining, rail, aircraft, marine, and other equipment. A lease residual value guarantee exposes the Group to a potential fall in prices of these assets below the guarantee level at lease expiry.

Commonwealth Bank Group Super Fund

The Commonwealth Bank Group Super Fund (the Fund) has a defined benefit portion that creates market risk for the Group.

Risk management provides oversight of the market risks associated with the assets invested on behalf of the CBA employees receiving defined benefits including pensioners (refer to Note 10.2). Monthly updates are provided to the Fund Trustee and a committee chaired by Human Resources.

9.4 Liquidity and funding risk

OVERVIEW

The Group's liquidity and funding policies are designed to ensure it will meet its obligations as and when they fall due by ensuring it is able to issue debt on an unsecured or secured basis, has sufficient liquid assets to borrow against under repurchase agreements or sell to raise immediate funds without adversely affecting the Group's net asset value.

The Group's liquidity policies are designed to ensure it maintains sufficient cash balances and liquid asset holdings to meet its obligations to customers, in both ordinary market conditions and during periods of extreme stress. These policies are intended to protect the value of the Group's operations during periods of unfavourable market conditions.

The Group's funding policies are designed to achieve diversified sources of funding by product, term, maturity date, investor type, investor location, currency and concentration, on a cost effective basis. This objective applies to the Group's wholesale and retail funding activities.

Liquidity and funding risk management framework

The CBA Board is ultimately responsible for the sound and prudent management of liquidity risk across the Group. The Group's liquidity and funding policies, structured under a formal Group Liquidity and Funding Risk Management Framework, are approved by the Board and agreed with APRA. The Group Asset and Liability Committee (ALCO) charter includes reviewing the management of assets and liabilities, reviewing liquidity and funding policies and strategies, as well as regularly monitoring compliance with those policies across the Group. Group Treasury manages the Group's liquidity and funding positions in accordance with the Group's Liquidity Policy and supporting standards, and has ultimate authority to execute liquidity and funding decisions should the Group Contingency Funding Plan be activated. Risk Management provides oversight of the Group's liquidity and funding risks, compliance with Group policies and manages the Group's relationship with prudential regulators.

Subsidiaries within the Group apply their own liquidity and funding strategies to address their specific needs. The Group's New Zealand banking subsidiary, ASB, manages its own domestic liquidity and funding needs in accordance with its own liquidity policy and the policies of the Group. ASB's liquidity policy is also overseen by the RBNZ.

Liquidity and funding policies and management

The Group's liquidity and funding policies provide that:

- an excess of liquid assets over the minimum prescribed under APRA's LCR requirement is maintained. Australian ADIs are required to meet a 100% LCR, calculated as the ratio of high quality liquid assets to 30 day net cash outflows projected under a prescribed stress scenario;
- a surplus of stable funding from various sources, as measured by APRA's Net Stable Funding Ratio (NSFR), is maintained. The NSFR is calculated by applying factors prescribed by APRA to assets and liabilities to determine a ratio of required stable funding to available stable funding which must be greater than 100%;
- additional funding and liquidity metrics are calculated and stress tests additional to the LCR are run;
- short and long-term wholesale funding limits are established, monitored and reviewed regularly;
- the Group's wholesale funding market capacity is regularly assessed and used as a factor in funding strategies;
- liquid assets are held in Australian dollar and foreign currency denominated securities in accordance with expected requirements;
- the Group has three categories of liquid assets within its domestic 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, 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 either using the Committed Liquidity Facility (CLF) or under the Exceptional Liquidity Assistance (ELA) arrangements. The CLF will be phased out by the end of calendar year 2022 and the Group has increased its levels of internal RMBS to meet APRA's new requirements with regards to holdings of contingent liquidity for periods of stress; and
- offshore branches and subsidiaries adhere to liquidity policies and hold appropriate foreign currency liquid assets to meet required regulations. Material banking subsidiaries are required to maintain an LCR of at least 100%.

The Group's key funding tools include:

- consumer retail funding base, which includes a wide range of retail transaction accounts, savings accounts and term deposits for individual consumers;
- small business customer and institutional deposit base;
- wholesale domestic and international funding programmes, which include Australian dollar Negotiable Certificates of Deposit, US and Euro Commercial Paper programmes, Australian dollar Domestic Debt Programme, US Medium-Term Note Programmes, Euro Medium-Term Note Programme, multi-jurisdiction Covered Bond programme and Medallion securitisation programmes; and
- access to the RBA Term Funding Facility (TFF) and RBNZ term lending facilities.

Notes to the financial statements
For the year ended 30 June 2022

9.4 Liquidity and funding risk (continued)

The Group's key liquidity tools include:

- a liquidity management model that implements the established prudential liquidity requirements. This model is calibrated with a series of "stress" liquidity crisis scenarios, incorporating both systemic and idiosyncratic crisis assumptions, such that the Group will have sufficient liquid assets available to ensure it meets all of its obligations as and when they fall due;
- an additional liquidity management model that allows forecasting of liquidity needs on a daily basis;
- a regulatory liquidity management reporting system delivering granular customer and product type information to inform business decision making, product development and resulting in a greater awareness of the liquidity risk-adjusted value of banking products;
- Holdings of HQLA, alternative liquid assets and internal RMBS which are eligible for repurchase with the Central Bank that provide the Group with the ability to borrow funds on a secured basis, even when normal funding markets are unavailable; and
- a robust Contingency Funding Plan that is regularly tested so that it can be quickly activated when required.

Maturity analysis of monetary liabilities

Amounts shown in the tables below are based on contractual undiscounted cash flows for the remaining contractual maturities.

	Group Maturity period as at 30 June 2022				
	0 to 3 months $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total $M
Monetary liabilities					
Deposits and other public borrowings [1]	751,835	95,997	11,197	50	859,079
Payables to financial institutions	21,590	4,521	–	–	26,111
Liabilities at fair value through Income Statement	7,291	–	–	–	7,291
Derivative financial instruments:					
Held for trading	30,490	–	–	–	30,490
Held for hedging purposes (net-settled)	35	36	210	296	577
Held for hedging purposes (gross-settled):					
Outflows	2,450	4,021	19,433	24,423	50,327
Inflows	(1,321)	(4,092)	(18,674)	(22,361)	(46,448)
Liabilities held for sale	19	–	–	–	19
Term funding from central banks	45	1,782	53,115	–	54,942
Debt issues and loan capital	15,115	26,904	67,947	45,959	155,925
Lease liabilities	128	361	1,137	1,660	3,286
Other monetary liabilities	4,633	813	1,243	857	7,546
Total monetary liabilities	832,310	130,343	135,608	50,884	1,149,145
Guarantees [2]	5,195	–	–	–	5,195
Loan commitments [2]	187,419	–	–	–	187,419
Other commitments [2]	7,916	–	–	–	7,916
Total off Balance Sheet items	200,530	–	–	–	200,530
Total monetary liabilities and off Balance Sheet items	1,032,840	130,343	135,608	50,884	1,349,675

1 Includes deposits that are contractually at call, customer savings and cheque accounts. These accounts provide a stable source of long-term funding.
2 All off Balance Sheet items are included in the 0 to 3 months maturity band to reflect their earliest possible maturity.

Notes to the financial statements

For the year ended 30 June 2022

9.4 Liquidity and funding risk (continued)

	Group				
	Maturity period as at 30 June 2021 [1]				
	0 to 3 months $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total $M
Monetary liabilities					
Deposits and other public borrowings [2]	674,831	86,458	5,618	92	766,999
Payables to financial institutions	14,218	4,852	–	–	19,070
Liabilities at fair value through Income Statement	5,140	3,400	–	–	8,540
Derivative financial instruments:					
Held for trading	16,248	–	–	–	16,248
Held for hedging purposes (net-settled)	86	132	266	72	556
Held for hedging purposes (gross-settled):					
Outflows	1,916	11,152	20,511	25,975	59,554
Inflows	(1,444)	(10,179)	(19,718)	(23,548)	(54,889)
Liabilities held for sale	190	–	–	–	190
Term funding from central banks	–	254	51,843	–	52,097
Debt issues and loan capital	11,282	23,182	53,014	52,850	140,328
Lease liabilities	127	365	1,536	1,549	3,577
Other monetary liabilities	5,905	506	143	32	6,586
Total monetary liabilities	728,499	120,122	113,213	57,022	1,018,856
Guarantees [3]	5,688	–	–	–	5,688
Loan commitments [3]	187,572	–	–	–	187,572
Other commitments [3]	7,261	–	–	–	7,261
Total off Balance Sheet items	200,521	–	–	–	200,521
Total monetary liabilities and off Balance Sheet items	929,020	120,122	113,213	57,022	1,219,377

1 Comparative information has been restated to conform to presentation in the current year.
2 Includes deposits that are contractually at call, customer savings and cheque accounts. These accounts provide a stable source of long-term funding.
3 All off Balance Sheet items are included in the 0 to 3 months maturity band to reflect their earliest possible maturity.

Notes to the financial statements
For the year ended 30 June 2022

9.4 Liquidity and funding risk (continued)

	Bank				
	Maturity period as at 30 June 2022				
	0 to 3 months $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total $M
Monetary liabilities					
Deposits and other public borrowings [1]	693,073	82,394	9,440	–	784,907
Payables to financial institutions	20,857	4,521	–	–	25,378
Liabilities at fair value through Income Statement	6,116	–	–	–	6,116
Derivative financial instruments:					
Held for trading	32,186	–	–	–	32,186
Held for hedging purposes (net-settled)	38	35	199	296	568
Held for hedging purposes (gross-settled):					
Outflows	2,564	4,670	22,319	22,742	52,295
Inflows	(1,456)	(4,560)	(21,400)	(20,884)	(48,300)
Term funding from central banks	20	1,560	49,674	–	51,254
Debt issues and loan capital	12,662	21,853	52,595	40,387	127,497
Due to controlled entities	6,827	5,153	20,795	8,658	41,433
Lease liabilities	111	326	1,017	1,585	3,039
Other monetary liabilities	4,881	692	1,155	778	7,506
Total monetary liabilities	777,879	116,644	135,794	53,562	1,083,879
Guarantees [2]	4,631	–	–	–	4,631
Loan commitments [2]	170,414	–	–	–	170,414
Other commitments [2]	7,701	–	–	–	7,701
Total off Balance Sheet items	182,746	–	–	–	182,746
Total monetary liabilities and off Balance Sheet items	960,625	116,644	135,794	53,562	1,266,625

1 Includes deposits that are contractually at call, customer savings and cheque accounts. These accounts provide a stable source of long-term funding.
2 All off Balance Sheet items are included in the 0 to 3 months maturity band to reflect their earliest possible maturity.

Notes to the financial statements
For the year ended 30 June 2022

9.4 Liquidity and funding risk (continued)

	Bank				
	Maturity period as at 30 June 2021 [1]				
	0 to 3 months $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total $M
Monetary liabilities					
Deposits and other public borrowings [2]	615,965	74,039	3,642	42	693,688
Payables to financial institutions	13,694	4,852	–	–	18,546
Liabilities at fair value through Income Statement	2,874	–	–	–	2,874
Derivative financial instruments:					
Held for trading	18,464	–	–	–	18,464
Held for hedging purposes (net-settled)	86	153	294	72	605
Held for hedging purposes (gross-settled):			–		
Outflows	2,866	9,572	17,172	28,670	58,280
Inflows	(2,445)	(9,054)	(17,033)	(27,400)	(55,932)
Term funding from central banks	–	–	51,375	–	51,375
Debt issues and loan capital	9,576	19,564	38,041	46,521	113,702
Due to controlled entities	10,554	5,278	20,791	8,227	44,850
Lease liabilities	117	336	1,336	1,527	3,316
Other monetary liabilities	6,264	450	121	32	6,867
Total monetary liabilities	678,015	105,190	115,739	57,691	956,635
Guarantees [3]	5,193	–	–	–	5,193
Loan commitments [3]	170,014	–	–	–	170,014
Other commitments [3]	7,106	–	–	–	7,106
Total off Balance Sheet items	182,313	–	–	–	182,313
Total monetary liabilities and off Balance Sheet items	860,328	105,190	115,739	57,691	1,138,948

1 Comparative information has been restated to conform to presentation in the current year.
2 Includes deposits that are contractually at call, customer savings and cheque accounts. These accounts provide a stable source of long-term funding.
3 All off Balance Sheet items are included in the 0 to 3 months maturity band to reflect their earliest possible maturity.

Notes to the financial statements
For the year ended 30 June 2022

9.5 Disclosures about fair values

Fair value hierarchy for financial assets and liabilities measured at fair value

The classification in the fair value hierarchy of the Group's and the Bank's financial assets and liabilities measured at fair value is presented in the tables below. An explanation of how fair values are calculated and the levels in the fair value hierarchy, is included in the accounting policy within this note.

	Group							
	Fair value as at 30 June 2022				Fair value as at 30 June 2021			
	Level 1 $M	Level 2 $M	Level 3 $M	Total $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Financial assets measured at fair value on a recurring basis								
Assets at fair value through Income Statement:								
Trading	9,922	5,359	42	**15,323**	19,764	6,556	111	26,431
Other	–	9,745	247	**9,992**	106	10,311	122	10,539
Derivative assets	331	35,331	74	**35,736**	153	21,242	54	21,449
Investment securities at fair value through Other Comprehensive Income	64,249	14,221	616	**79,086**	64,629	19,171	2,760	86,560
Assets held for sale	218	202	–	**420**	–	301	–	301
Total financial assets measured at fair value	74,720	64,858	979	**140,557**	84,652	57,581	3,047	145,280
Financial liabilities measured at fair value on a recurring basis								
Liabilities at fair value through Income Statement	5,984	1,287	–	**7,271**	2,645	5,736	–	8,381
Derivative liabilities	7	33,757	135	**33,899**	9	18,454	23	18,486
Total financial liabilities measured at fair value	5,991	35,044	135	**41,170**	2,654	24,190	23	26,867

	Bank							
	Fair value as at 30 June 2022				Fair value as at 30 June 2021			
	Level 1 $M	Level 2 $M	Level 3 $M	Total $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Financial assets measured at fair value on a recurring basis								
Assets at fair value through Income Statement:								
Trading	9,918	5,358	42	**15,318**	19,760	6,554	111	26,425
Other	–	9,745	186	**9,931**	–	10,082	95	10,177
Derivative assets	331	37,369	74	**37,774**	153	21,237	54	21,444
Investment securities at fair value through Other Comprehensive Income	58,867	12,733	591	**72,191**	58,284	17,657	2,760	78,701
Total financial assets measured at fair value	69,116	65,205	893	**135,214**	78,197	55,530	3,020	136,747
Financial liabilities measured at fair value on a recurring basis								
Liabilities at fair value through Income Statement	5,985	112	–	**6,097**	2,645	76	–	2,721
Derivative liabilities	6	34,861	135	**35,002**	9	21,451	23	21,483
Total financial liabilities measured at fair value	5,991	34,973	135	**41,099**	2,654	21,527	23	24,204

Notes to the financial statements

For the year ended 30 June 2022

9.5 Disclosures about fair values (continued)

Analysis of movements between fair value hierarchy levels

The tables below summarise movements in Level 3 balance during the year. Transfers have been reflected as if they had taken place at the end of the reporting periods. Transfers in and out of Level 3 were due to changes in the observability of inputs.

Level 3 movement analysis for the year ended 30 June 2022

	Group			
	Financial Assets			Financial Liabilities
	Derivative assets $M	Investment securities at fair value through OCI $M	Assets at fair value through Income Statement $M	Derivative liabilities $M
As at 1 July 2020	127	565	53	(30)
Purchases	–	49	168	–
Sales/settlements	(41)	(3)	–	–
Gains/(losses) in the year:				
Recognised in the Income Statement	(13)	–	(3)	(3)
Recognised in the Statement of Comprehensive Income	–	2,146	–	10
Transfers in	–	3	15	–
Transfers out	(19)	–	–	–
As at 30 June 2021	54	2,760	233	(23)
Losses recognised in the Income Statement for financial instruments held as at 30 June 2021	(34)	–	(3)	(3)
As at 1 July 2021	54	2,760	233	(23)
Purchases	–	148	171	(58)
Sales/settlements	(9)	(19)	(112)	–
Gains/(losses) in the year:				
Recognised in the Income Statement	(25)	–	(4)	(47)
Recognised in the Statement of Comprehensive Income	54	(2,273)	–	–
Transfers in	–	–	1	(7)
Transfers out	–	–	–	–
As at 30 June 2022	74	616	289	(135)
Gains/(losses) recognised in the Income Statement for financial instruments held as at 30 June 2022	6	–	(7)	(47)

Notes to the financial statements
For the year ended 30 June 2022

9.5 Disclosures about fair values (continued)

	Bank			
	Financial assets			Financial liabilities
	Derivative assets $M	Investment securities at fair value through OCI $M	Assets at fair value through Income Statement $M	Derivative liabilities $M
As at 1 July 2020	127	565	53	(30)
Purchases	–	49	153	–
Sales/settlements	(41)	(3)	–	–
Gains/(losses) in the period:				
Recognised in the Income Statement	(13)	–	–	(3)
Recognised in the Statement of Comprehensive Income	–	2,146	–	10
Transfers in	–	3	–	–
Transfers out	(19)	–	–	–
As at 30 June 2021	54	2,760	206	(23)
Losses recognised in the Income Statement for financial instruments held as at 30 June 2021	(34)	–	–	(3)
As at 1 July 2021	54	2,760	206	(23)
Purchases	–	123	130	(58)
Sales/settlements	(9)	(19)	(112)	–
Gains/(losses) in the period:				
Recognised in the Income Statement	(25)	–	3	(47)
Recognised in the Statement of Comprehensive Income	54	(2,273)	–	–
Transfers in	–	–	1	(7)
Transfers out	–	–	–	–
As at 30 June 2022	74	591	228	(135)
Gains/(losses) recognised in the Income Statement for financial instruments held as at 30 June 2022	6	–	–	(47)

9.5 Disclosures about fair values (continued)

Fair value information for financial instruments not measured at fair value

The estimated fair values and fair value hierarchy of the Group's and the Bank's financial instruments not measured at fair value are presented below. Fair values of financial assets and liabilities not included in the table below approximate their carrying values.

	30 Jun 22					30 Jun 21				
	Carrying value	Fair value				Carrying value	Fair value			
	Total	Level 1	Level 2	Level 3	Total	Total	Level 1	Level 2	Level 3	Total
Group	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Financial assets										
Investment securities at amortised cost	**3,217**	**–**	**3,195**	**–**	**3,195**	4,278	–	4,313	–	4,313
Loans, bills discounted and other receivables	**878,854**	**–**	**–**	**867,722**	**867,722**	811,356	–	–	813,503	813,503
Financial liabilities										
Deposits and other public borrowings	**857,586**	**–**	**463,484**	**393,824**	**857,308**	766,381	–	766,618	–	766,618
Debt issues	**116,902**	**–**	**117,005**	**–**	**117,005**	103,003	–	104,403	–	104,403
Loan capital	**28,017**	**10,489**	**17,296**	**–**	**27,785**	29,360	12,266	17,529	–	29,795
Bank										
Financial assets										
Investment securities at amortised cost	**3,217**	**–**	**3,195**	**–**	**3,195**	4,278	–	4,313	–	4,313
Loans, bills discounted and other receivables	**773,042**	**–**	**–**	**763,727**	**763,727**	708,505	–	–	710,644	710,644
Financial liabilities										
Deposits and other public borrowings	**783,701**	**–**	**389,674**	**393,824**	**783,498**	693,197	–	693,361	–	693,361
Debt issues	**89,940**	**–**	**90,201**	**–**	**90,201**	77,840	–	79,462	–	79,462
Loan capital	**28,009**	**10,501**	**17,298**	**–**	**27,799**	28,976	12,276	17,150	–	29,426

Notes to the financial statements
For the year ended 30 June 2022

9.5 Disclosures about fair values (continued)

ACCOUNTING POLICIES

Valuation

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. On initial recognition, the transaction price generally represents the fair value of the financial instrument, unless there is observable information from an active market that provides a more appropriate fair value.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. Assets and long positions are measured at a quoted bid price, liabilities and short positions are measured at a quoted asking price. Where the Group has positions with offsetting market risks, mid-market prices are used to measure the offsetting risk positions and a quoted bid or asking price adjustment is applied only to the net open position as appropriate.

Non-market quoted financial instruments are mostly valued using valuation techniques based on observable inputs except where observable market data is unavailable. Where market data is unavailable the financial instrument is initially recognised at the transaction price, which is generally the best indicator of fair value. This may differ from the value obtained from the valuation model. The timing of the recognition in the Income Statement of this initial difference in fair value depends on the individual facts and circumstances of each transaction, but is never later than when the market data becomes observable. The difference may be either amortised over the life of the transaction, recognised when the inputs become observable or on derecognition of the instrument, as appropriate.

The fair value of Over-the-Counter (OTC) derivatives includes credit valuation adjustments (CVA) for derivative assets to reflect the credit worthiness of the counterparty. Fair value of uncollateralised derivative assets and uncollateralised derivative liabilities incorporate funding valuation adjustments (FVA) to reflect funding costs and benefits to the Group. These adjustments are applied after considering any relevant collateral or master netting arrangements.

Fair value hierarchy

The Group utilises various valuation techniques and applies a hierarchy for valuation inputs that maximise the use of observable market data, if available.

Under AASB 13 *Fair Value Measurement* all financial and non-financial assets and liabilities measured or disclosed at fair value are categorised into one of the following three fair value hierarchy levels:

Quoted prices in active markets – Level 1

This category includes assets and liabilities for which the valuation is determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Financial instruments included in this category are liquid government bonds, listed equities and exchange traded derivatives.

Valuation technique using observable inputs – Level 2

This category includes assets and liabilities that have been valued using inputs other than quoted prices as described for Level 1, but which are observable for the asset or liability, either directly or indirectly. The valuation techniques include the use of discounted cash flow analysis, option pricing models and other market accepted valuation models.

Financial instruments included in this category are financial institution and corporate bonds, certificates of deposit, bank bills, commercial papers, mortgage-backed securities and OTC derivatives including interest rate swaps, cross currency swaps and FX options.

Valuation technique using significant unobservable inputs – Level 3

This category includes assets and liabilities where the valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally derived and extrapolated from observable inputs to match the risk profile of the financial instrument, and are calibrated against current market assumptions, historic transactions and economic models, where available. These inputs may include the timing and amount of future cash flows, rates of estimated credit losses, discount rates and volatility. Financial instruments included in this category for the Group and Bank are certain exotic OTC derivatives and unlisted equity instruments.

As at 30 June 2022, the Group held an unlisted equity investment in Klarna Bank AB (Klarna) measured on a recurring basis at fair value through other comprehensive income of $408 million (30 June 2021: $2,701 million). The valuation of the investment as at 30 June 2022 was based on a methodology leveraging inputs relating to a private equity capital raise executed by Klarna on 11 July 2022, in which CBA participated. The revenue multiple implied in the price of the capital raise was 4x.

The valuation as at 30 June 2021 was based on a private equity capital raise on 10 June 2021, in which CBA did not participate, as well as revenue multiples of market listed comparable companies and significant unobservable inputs including adjustments for market volatility and liquidity. Comparable listed companies were included based on industry, size, developmental stage and/or strategy. A revenue multiple was derived for each comparable company identified and then discounted for considerations such as illiquidity and differences between the comparable companies and Klarna based on company-specific facts and circumstances. The range of implied revenue multiples applied by the Group in assessing the fair value was 29-36x. The Group adopted a revenue multiple of 32x in its valuation as at 30 June 2021. The $2,293m reduction in valuation from 30 June 2021 to 30 June 2022 was driven by changes in the valuation implied from each private equity capital raise, as well as the reduction in revenue multiples of market listed comparable companies.

9.5 Disclosures about fair values (continued)

Critical accounting judgements and estimates

Valuation techniques are used to estimate the fair value of securities. When using valuation techniques the Group makes maximum use of market inputs and relies as little as possible on entity specific inputs. It incorporates all factors that the Group believes market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Data inputs that the Group relies upon when valuing financial instruments relate to counterparty credit risk, volatility, correlation and extrapolation.

Periodically, the Group calibrates its valuation techniques and tests them for validity using prices from any observable current market transaction in the same instruments (i.e. without modification or repackaging) and any other available observable market data.

9.6 Collateral arrangements

Collateral accepted as security for assets

The Group takes collateral where it is considered necessary to support both on and off Balance Sheet financial instruments. The Group evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral taken, if deemed necessary, is based on management's credit evaluation of the counterparty. The Group has the right to sell, re-pledge, or otherwise use some of the collateral received. At Balance Sheet date the carrying value of cash accepted as collateral (and recognised on the Group's and the Bank's Balance Sheets) and the fair value of securities accepted as collateral (but not recognised on the Group's or the Bank's Balance Sheets) were as follows:

	Group		Bank	
	30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21
	$M	$M	$M	$M
Cash	**9,000**	4,778	**8,619**	4,477
Securities	**41,799**	12,666	**41,724**	12,490
Collateral held	**50,799**	17,444	**50,343**	16,967
Collateral held which is re-pledged or sold	**24,985**	4,260	**24,985**	4,260

Assets pledged

As part of standard terms of transactions with other banks, the Group has provided collateral to secure liabilities. At Balance Sheet date, the carrying value of assets pledged as collateral to secure liabilities were as follows:

	Group		Bank	
	30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21
	$M	$M	$M	$M
Cash	**6,755**	5,502	**6,377**	5,350
Securities [1]	**36,814**	21,210	**36,896**	21,260
Assets pledged	**43,569**	26,712	**43,273**	26,610
Asset pledged which can be re-pledged or re-sold by counterparty	**36,814**	21,210	**36,896**	21,260

1 These balances include assets sold under repurchase agreements. The liabilities related to these repurchase agreements are disclosed in Note 4.1.

The Group and the Bank have pledged collateral as part of entering into repurchase and derivative agreements. These transactions are governed by standard industry agreements.

Notes to the financial statements

For the year ended 30 June 2022

9.7 Offsetting financial assets and financial liabilities

The table below identifies amounts that have been offset on the Balance Sheet and amounts covered by enforceable netting arrangements or similar agreements that do not qualify for set off. Cash settled derivatives that trade on an exchange are deemed to be economically settled and therefore outside the scope of these disclosures.

	Group 30 Jun 22							
	Subject to enforceable master netting or similar agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial instruments	Gross Balance Sheet amounts $M	Amount offset [1] $M	Reported on the Balance Sheet $M	Financial instruments [2] $M	Financial collateral (received)/ pledged [2] $M	Net amount $M	Not subject to netting agreements $M	Total Balance Sheet amount $M
Derivative assets	100,505	(65,539)	34,966	(20,709)	(7,483)	6,774	770	**35,736**
Securities purchased under agreements to resell [3]	45,390	(3,591)	41,799	(8,432)	(33,345)	22	–	**41,799**
Equity securities sold not delivered	1,052	(644)	408	–	–	408	5	**413**
Total financial assets	146,947	(69,774)	77,173	(29,141)	(40,828)	7,204	775	**77,948**
Derivative liabilities	(99,155)	66,981	(32,174)	20,709	4,364	(7,101)	(1,725)	**(33,899)**
Securities sold under agreements to repurchase [3]	(36,755)	3,591	(33,164)	8,432	24,732	–	–	**(33,164)**
Equity securities purchased not delivered	(1,055)	644	(411)	–	–	(411)	(20)	**(431)**
Total financial liabilities	(136,965)	71,216	(65,749)	29,141	29,096	(7,512)	(1,745)	**(67,494)**

1 The net offset balance of $1,442 million relates to variation margin netting reflected on other Balance Sheet lines.

2 For the purpose of this disclosure, the related amounts of financial instruments and financial collateral not set off on the Balance Sheet have been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/(liabilities) reported on the Balance Sheet, i.e. over collateralisation, where it exists, is not reflected in the tables. As a result, the above collateral balances will not correspond to the tables in Note 9.6.

3 During the year ended 30 June 2022, the Group revised its accounting treatment of offsetting practices applied to repurchase and reverse repurchase agreement settled through specific CSD's. For further details refer to Note 1.1.

	Group 30 Jun 21							
	Subject to enforceable master netting or similar agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial instruments	Gross Balance Sheet amounts $M	Amount offset [1] $M	Reported on the Balance Sheet $M	Financial instruments [2] $M	Financial collateral (received)/ pledged [2] $M	Net amount $M	Not subject to netting agreements $M	Total Balance Sheet amount $M
Derivative assets	39,876	(20,340)	19,536	(11,517)	(4,171)	3,848	1,913	**21,449**
Securities purchased under agreements to resell	12,666	–	12,666	(2,680)	(9,970)	16	–	**12,666**
Equity securities sold not delivered	734	(242)	492	–	–	492	–	**492**
Total financial assets	53,276	(20,582)	32,694	(14,197)	(14,141)	4,356	1,913	**34,607**
Derivative liabilities	(38,075)	20,278	(17,797)	11,517	3,634	(2,646)	(689)	**(18,486)**
Securities sold under agreements to repurchase	(19,318)	–	(19,318)	2,680	16,638	–	–	**(19,318)**
Equity securities purchased not delivered	(704)	242	(462)	–	–	(462)	–	**(462)**
Total financial liabilities	(58,097)	20,520	(37,577)	14,197	20,272	(3,108)	(689)	**(38,266)**

1 The net offset balance of $62 million relates to variation margin netting reflected on other Balance Sheet lines.

2 For the purpose of this disclosure, the related amounts of financial instruments and financial collateral not set off on the Balance Sheet have been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/(liabilities) reported on the Balance Sheet, i.e. over collateralisation, where it exists, is not reflected in the tables. As a result the above collateral balances will not correspond to the tables in Note 9.6.

9.7 Offsetting financial assets and financial liabilities (continued)

Bank
30 Jun 22

	Subject to enforceable master netting or similar agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial instruments	**Gross Balance Sheet amounts $M**	**Amount offset [1] $M**	**Reported on the Balance Sheet $M**	**Financial instruments [2] $M**	**Financial collateral (received)/ pledged [2] $M**	**Net amount $M**	**Not subject to netting agreements $M**	**Total Balance Sheet amount $M**
Derivative assets	103,093	(65,539)	37,554	(21,998)	(7,179)	8,377	220	**37,774**
Securities purchased under agreements to resell [3]	45,315	(3,591)	41,724	(8,432)	(33,270)	22	–	**41,724**
Total financial assets	148,408	(69,130)	79,278	(30,430)	(40,449)	8,399	220	**79,498**
Derivative liabilities	(100,245)	66,981	(33,264)	21,998	4,277	(6,989)	(1,738)	**(35,002)**
Securities sold under agreements to repurchase [3]	(36,837)	3,591	(33,246)	8,432	24,814	–	–	**(33,246)**
Total financial liabilities	(137,082)	70,572	(66,510)	30,430	29,091	(6,989)	(1,738)	**(68,248)**

1 The net offset balance of $1,442 million relates to variation margin netting reflected on other Balance Sheet lines.

2 For the purpose of this disclosure, the related amounts of financial instruments and financial collateral not set off on the Balance Sheet have been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/(liabilities) reported on the Balance Sheet, i.e. over collateralisation, where it exists, is not reflected in the tables. As a result the above collateral balances will not correspond to the tables in Note 9.6.

3 During the year ended 30 June 2022, the Group revised its accounting treatment of offsetting practices applied to repurchase and reverse repurchase agreement settled through specific CSD's. For further details refer to Note 1.1.

Bank
30 Jun 21

	Subject to enforceable master netting or similar agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial instruments	**Gross Balance Sheet amounts $M**	**Amount offset [1] $M**	**Reported on the Balance Sheet $M**	**Financial instruments [2] $M**	**Financial collateral (received)/ pledged [2] $M**	**Net amount $M**	**Not subject to netting agreements $M**	**Total Balance Sheet amount $M**
Derivative assets	39,905	(20,340)	19,565	(12,517)	(3,846)	3,202	1,879	**21,444**
Securities purchased under agreements to resell	12,490	–	12,490	(2,680)	(9,794)	16	–	**12,490**
Total financial assets	52,395	(20,340)	32,055	(15,197)	(13,640)	3,218	1,879	**33,934**
Derivative liabilities	(41,087)	20,278	(20,809)	12,517	3,704	(4,588)	(674)	**(21,483)**
Securities sold under agreements to repurchase	(19,368)	–	(19,368)	2,680	16,688	–	–	**(19,368)**
Total financial liabilities	(60,455)	20,278	(40,177)	15,197	20,392	(4,588)	(674)	**(40,851)**

1 The net offset balance of $62 million relates to variation margin netting reflected on other Balance Sheet lines.

2 For the purpose of this disclosure, the related amounts of financial instruments and financial collateral not set off on the Balance Sheet have been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/(liabilities) reported on the Balance Sheet, i.e. over collateralisation, where it exists, is not reflected in the tables. As a result the above collateral balances will not correspond to the tables in Note 9.6.

Notes to the financial statements
For the year ended 30 June 2022

9.7 Offsetting financial assets and financial liabilities (continued)

Related amounts not set off on the Balance Sheet

Derivative assets and liabilities

The "Financial Instruments" column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement. All outstanding transactions with the same counterparty can be offset and close-out netting applied if an event of default or other predetermined events occur. Financial collateral refers to cash and non-cash collateral obtained to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Repurchase and reverse repurchase agreements and security lending agreements

The "Financial Instruments" column identifies financial assets and liabilities that are subject to set off under netting agreements, such as global master repurchase agreements, global master securities lending agreements and agreements settled through specific Central Security Depositories. Under these netting agreements, all outstanding transactions with the same counterparty can be offset and close-out netting applied if an event of default or other predetermined events occur. Financial collateral typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

ACCOUNTING POLICIES

Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

10. Employee benefits

OVERVIEW

The Group employs over 50,000 people across multiple jurisdictions and remunerates its employees through both fixed and variable arrangements. This section outlines details of the share-based payment and superannuation components of employee remuneration and provides an overview of key management personnel arrangements.

10.1 Share-based payments

The Group operates a number of cash and equity settled share plans as detailed below.

Long Term Variable Remuneration (LTVR)

The Group's LTVR awards to the CEO, Group Executives and CEO of ASB have been made under the Employee Equity Plan (EEP) since the 2019 financial year award (2020 financial year for CEO ASB). The 2018 financial year LTVR award was made under the Group Leadership Reward Plan (GLRP). LTVR focuses efforts on longer-term performance achievement, including with a focus on relative shareholder returns to support creation of sustainable long-term shareholder value.

Participants are awarded a maximum number of performance rights, which may convert into CBA shares on a one-for-one basis. The Board has discretion to apply a cash equivalent.

The rights granted up to the 2020 financial year award may vest at the end of a performance period of four years subject to the satisfaction of performance measures as follows:

For awards made from the 2019 to 2020 financial year to the CEO and Group Executives:

- 75% of the award is assessed against Total Shareholder Return (TSR) compared the 20 largest companies listed on the ASX (by market capitalisation) at the beginning of each respective performance period, excluding resource companies and CBA;
- 12.5% of the award is assessed against a Relative Trust and Reputation measure; and
- 12.5% of the award is assessed against an Absolute Employee Engagement measure.

For the 2020 financial year award made to the CEO of ASB:

- 50% of the award is assessed against TSR compared the 20 largest companies listed on the ASX (by market capitalisation) at the beginning of each respective performance period, excluding resource companies and CBA;
- 25% of the award is assessed against an ASB Relative Trust and Reputation measure; and
- 25% of the award is assessed against an ASB Absolute Employee Engagement measure.

For the 2019 and 2020 financial year awards (including the CEO ASB 2020 financial year award), a positive TSR gateway applies to the Trust and Reputation and Employee Engagement measures.

For awards made in the 2021 and 2022 financial years to the CEO, Group Executives and CEO of ASB, the performance rights will be tested against the following performance measures at the end of four years and the number of performance rights will be adjusted accordingly:

- 50% of the award is assessed against TSR compared the 20 largest companies listed on the ASX (by market capitalisation) at the beginning of the performance period, excluding resource companies and CBA (ASX General).
- 50% of the award is assessed against TSR compared to a peer group of 8 financial services companies determined by the Board (Financial Services).

Any performance rights that remain on foot after the performance test will be subject to a further holding period in two equal tranches of two and three years for the CEO, and one and two years for other participants. Refer to the Remuneration Report for further details on LTVR.

The following table provides details of outstanding awards of performance rights granted under LTVR awards.

Period	Outstanding 1 July	Granted	Vested	Forfeited	Outstanding 30 June	Expense ($'000)
2022	**899,292**	**120,622**	**(128,511)**	**(18,357)**	**873,046**	**9,207**
2021	951,413	161,458	(129,727)	(83,852)	899,292	6,807

The fair value at the grant date was $52.80 for the ASX General TSR tranche and $54.86 for the Financial Services TSR tranche (2021: $38.43 for the ASX General TSR tranche and $39.08 for the Financial Services TSR tranche). The fair value of the performance rights granted during the period has been independently calculated at grant date using a Monte Carlo pricing model based on market information and excluding the impact of non-market performance conditions. The assumptions included in the valuations of the 2022 financial year awards include a share price of $97.46, a risk-free interest rate of 1.46%, a 3.53% dividend yield on the Bank's ordinary shares and a volatility in the Bank share price of 25%.

Notes to the financial statements

For the year ended 30 June 2022

10.1 Share-based payments (continued)

Long-Term Alignment Remuneration (LTAR)

The Group's LTAR awards to the CEO, Group Executives and CEO of ASB are made under the Employee Equity Plan (EEP), with the first grant being made in the 2021 financial year.

The LTAR award is granted as restricted share units which are entitlements to fully paid ordinary CBA shares (or cash equivalent as determined by the Board) with a payment equivalent to dividends paid during the restriction period only made on restricted share units that vest, subject to service conditions. The restricted share unit service period is:

- CEO: 50% of the CEO's LTAR award will vest after four years, and 50% after five years;
- Group Executives and the CEO ASB: 100% of the LTAR award will be restricted for four years.

The following table provides details of outstanding awards of restricted share units granted under LTAR awards.

Period	Outstanding 1 July	Granted	Vested	Forfeited	Outstanding 30 June	Expense ($'000)
2022	**161,462**	**118,646**	**–**	**–**	**280,108**	**6,734**
2021	–	161,462	–	–	161,462	3,467

The fair value at grant date of the LTAR awards issued during the year was $97.46 (2021: $74.50).

Group Rights Plan (GRP) and Employee Equity Plan (EEP)

The GRP and EEP facilitate mandatory short-term variable remuneration deferral, sign-on and retention awards. Participants are awarded rights or restricted shares that vest provided the participant remains in employment of the Group until vesting and subject to risk and malus review. The following table provides details of outstanding awards of rights and restricted shares granted under the GRP and EEP.

Period	Outstanding 1 July	Granted	Vested	Forfeited	Outstanding 30 June	Expense ($'000)
2022	**1,490,075**	**716,911**	**(795,877)**	**(85,585)**	**1,325,524**	**59,215**
2021	1,835,620	876,946	(1,154,392)	(68,099)	1,490,075	58,524

The weighted average fair value at grant date of the awards issued during the year was $100.30 (2021: $68.04).

Employee Share Acquisition Plan (ESAP)

Under the ESAP eligible employees have the opportunity to receive up to $1,000 worth of shares each year.

The number of shares a participant receives is calculated by dividing the award amount by the average price paid for CBA shares purchased during the purchase period preceding the grant date. Shares granted are restricted from sale until the earlier of three years or until such time as the participant ceases employment with the Group. Participants receive full dividend entitlements and voting rights attached to those shares.

During the financial year ended 30 June 2022 the Board approved an award of $1,000 to each eligible employee to recognise their contribution through-out the year.

The following table provides details of shares granted under the ESAP.

Period	Allocation date	Participants	Number of shares allocated per participant	Total number of shares allocated	Issue price $	Total fair value ($'000)
2022	**23 Sep 2021**	**32,099**	**9**	**288,891**	**101.00**	**29,178**
2021	20 Nov 2020	32,017	13	416,221	75.82	31,558

It is estimated that approximately $32 million of CBA shares will be awarded under the 2022 grant.

EEP cash-settled equity awards

EEP cash-settled equity awards are provided to certain employees based overseas to facilitate mandatory short-term variable remuneration deferral, sign-on and retention awards.

The following table provides a summary of the movement in cash-settled awards during the year.

Period	Outstanding 1 July	Granted	Vested/exercised	Forfeited	Outstanding 30 June	Expense [1] ($'000)
2022	**241,699**	**79,006**	**(130,006)**	**(7,021)**	**183,678**	**7,965**
2021	342,304	142,985	(186,231)	(57,359)	241,699	6,900

1 Comparative information has been restated to reflect prior period adjustments.

The weighted average fair value at grant date of the awards issued during the year was $99.20 (2021: $65.38).

Notes to the financial statements

For the year ended 30 June 2022

10.1 Share-based payments (continued)

Salary sacrifice arrangements

The Group facilitates the purchase of CBA shares via salary sacrifice as follows:

Type	Arrangements
Salary sacrifice	• Australian based employees and Non-Executive Directors can elect to sacrifice between $2,000 and $5,000 p.a. of their fixed remuneration and/or annual STVR or fees (in the case of Non-Executive Directors). • Restricted from sale for a minimum of two years and a maximum of seven years or earlier, if the employee ceases employment with the Group (or retires from the Group in the case of Non-Executive Directors).
Non-Executive Directors	• Non-Executive Directors can elect to apply a percentage of after-tax fees towards the acquisition of CBA shares.

Shares are purchased on market at the prevailing market price at that time and receive full dividend entitlements and voting rights. The following table provides details of shares granted under the Employee Salary Sacrifice Share Plan and Non-Executive Director Share Plans (voluntary fee sacrifice).

Period	Participants	Number of shares purchased	Average purchase price $	Total purchase consideration ($'000)
2022	**1,543**	**50,170**	**100.36**	**5,035**
2021	1,272	60,271	75.16	4,530

During the year four (2021: four) Non-Executive Directors applied $206,508.25 in fees (2021: $87,561.58) to purchase 2,056 shares (2021: 1,151 shares).

10.2 Retirement benefit obligations

Name of Plan	Type	Form of Benefit	Date of Last Actuarial Assessment of the Fund
Commonwealth Bank Group Super	Defined benefits and accumulation[1]	Indexed pension and lump sum	30 June 2021
Commonwealth Bank of Australia (UK) Staff Benefits Scheme (CBA (UK) SBS)	Defined benefits and accumulation[1]	Indexed pension and lump sum	30 June 2019

1 The defined benefit formulae are generally based on final salary, or final average salary, and service.

Regulatory framework

Both plans operate under trust law with the assets of the plans held separately in trust. The plans are managed and administered on behalf of the members in accordance with the terms of each trust deed and relevant legislation. The funding of the plans complies with regulations in Australia and the UK respectively.

Funding and contributions

Commonwealth Bank Group Super

An actuarial assessment as at 30 June 2021 showed Commonwealth Bank Group Super remained in funding surplus. The Bank agreed to increase contributions from $25 million to $30 million effective from December 2021. Employer contributions paid to the plan are subject to tax at the rate of 15% in the plan.

The Group's expected contributions to Commonwealth Bank Group Super for the year ended 30 June 2023 are $360 million.

CBA (UK) SBS

On 17 June 2021, the trustees of CBA (UK) SBS executed a GBP426.6 million bulk annuity insurance policy. The insurance policy was purchased using the existing assets of the Scheme. The transaction secured an insurance asset that fully matches the remaining pension liabilities of the Scheme, and is therefore measured at an amount that matches the scheme liabilities. The Group has no further obligation to make payments into the Scheme but retains responsibility for the benefits provided to the Scheme members. In accordance with AASB 119 *Employee Benefits*, the impact of this transaction was to record a remeasurement loss of GBP62 million in other comprehensive income for the year ended 30 June 2021.

Notes to the financial statements
For the year ended 30 June 2022

10.2 Retirement benefit obligations (continued)

Defined benefit superannuation plan

	Note	Commonwealth Bank Group Super 30 Jun 22 $M	Commonwealth Bank Group Super 30 Jun 21 $M	CBA (UK) SBS 30 Jun 22 $M	CBA (UK) SBS 30 Jun 21 $M	Total 30 Jun 22 $M	Total 30 Jun 21 $M
Present value of funded obligations		**(2,419)**	(3,023)	**(468)**	(675)	**(2,887)**	(3,698)
Fair value of plan assets		**2,957**	3,497	**510**	722	**3,467**	4,219
Net pension assets as at 30 June		**538**	474	**42**	47	**580**	521
Amounts in the Balance Sheet:							
Assets	6.3	**538**	474	**42**	47	**580**	521
Net assets		**538**	474	**42**	47	**580**	521
The amounts recognised in the Income Statement are as follows:							
Current service cost		**(30)**	(37)	**–**	(4)	**(30)**	(41)
Net interest income		**12**	11	**1**	4	**13**	15
Total included in superannuation plan expense		**(18)**	(26)	**1**	–	**(17)**	(26)
The amounts recognised in the Statement of Comprehensive Income are as follows:							
Return on plan assets (excluding interest income) [1]		**(446)**	242	**(174)**	(187)	**(620)**	55
Actuarial gain/(loss) from changes in assumptions		**783**	(260)	**178**	7	**961**	(253)
Actuarial (loss)/gain due to experience		**(227)**	55	**(5)**	7	**(232)**	62
Total included in Other comprehensive income		**110**	37	**(1)**	(173)	**109**	(136)
Member contributions		**5**	5	**–**	–	**5**	5
Employer contributions		**285**	275	**1**	11	**286**	286
Employer financed benefits within accumulation division [2]		**(313)**	(286)	**–**	–	**(313)**	(286)

1 The return on plan assets of $55 million for the year ended 30 June 2021 includes a loss of $113 million (GBP62 million) representing the difference between the cost of the insurance policy and the accounting value of the liabilities in CBA (UK) SBS secured through the insurance transaction described above.
2 Represents superannuation contributions made by the Bank to meet its obligations to members of the defined contribution division of Commonwealth Bank Group Super.

Significant assumptions

	Commonwealth Bank Group Super 30 Jun 22	Commonwealth Bank Group Super 30 Jun 21	CBA (UK) SBS 30 Jun 22	CBA (UK) SBS 30 Jun 21
The above calculations were based on the following assumptions:				
Discount rate, %	**5. 4**	3. 3	**3. 8**	1. 9
Inflation rate, %	**2. 3**	2. 1	**3. 5**	3. 4
Rate of increases in salary, %	**3. 1**	2. 9	**4. 5**	4. 4
Life expectancy of a 60 year old male (years)	**29. 3**	29. 0	**28. 4**	28. 4
Life expectancy of a 60 year old female (years)	**31. 4**	31. 3	**30. 3**	30. 2

10.2 Retirement benefit obligations (continued)

Sensitivity to changes in assumptions

The table below sets out the sensitivities of the present value of defined benefit obligations for Commonwealth Bank Group Super to changes in the principal actuarial assumptions:

	Commonwealth Bank Group Super	
	30 Jun 22	30 Jun 21
Impact of change in assumptions on liabilities (increase)	%	%
0.25% increase in discount rate	**(4. 4)**	(3. 5)
0.25% increase in inflation rate	**3. 2**	3. 1
0.25% increase to the rate of increases in salary	**0. 4**	0. 4
Longevity increase of one year	**5. 5**	5. 2

CBA (UK) SBS has a low level of risk due to the insurance policy, whereby the present value of the Scheme liabilities is fully matched by the fair value of the insurance asset.

Average duration

The average duration of defined benefit obligation at 30 June is as follows:

	Commonwealth Bank Group Super	CBA (UK) SBS	Commonwealth Bank Group Super	CBA (UK) SBS
	30 Jun 22	30 Jun 22	30 Jun 21	30 Jun 21
	Years	Years	Years	Years
Average duration at balance date	**12. 9**	**15. 0**	12. 9	19. 0

Risk management

The pension plans expose the Group to longevity risk, currency risk, interest rate risk, inflation risk and market risk. The trustees perform Asset-Liability Matching (ALM) exercises to ensure the plan assets are well matched to the nature and maturities of the defined benefit obligations.

Inflation and interest rate risks are partly mitigated by investing in long dated fixed interest securities which better match the average duration of liabilities and entering into inflation and interest rate swaps.

The allocation of assets backing the defined benefit portion of the Commonwealth Bank Group Super is as follows:

	Commonwealth Bank Group Super			
	30 Jun 22		30 Jun 21	
	Fair value	% of plan	Fair value	% of plan
Asset allocations	$M	asset	$M	asset
Cash	**130**	**4. 4**	115	3. 3
Equities – Australian [1]	**177**	**6. 0**	224	6. 4
Equities – Overseas [1]	**413**	**14. 0**	567	16. 2
Bonds – Commonwealth Government [1]	**984**	**33. 3**	1,224	35. 0
Bonds – Semi-Government [1]	**734**	**24. 8**	851	24. 3
Bonds – Corporate and other [1]	**48**	**1. 6**	59	1. 7
Real Estate and Infrastructure [2]	**305**	**10. 3**	296	8. 5
Derivatives	**(8)**	**(0. 3)**	(28)	(0. 8)
Other [3]	**174**	**5. 9**	189	5. 4
Total fair value of plan assets	**2,957**	**100. 0**	3,497	100. 0

1 Values based on prices or yields quoted in an active market.
2 This includes listed and unlisted property and infrastructure investments.
3 These are alternative investments which are not included in the traditional asset classes of equities, fixed interest securities, real estate and cash. They include multi-asset investments, liquid alternative investments and hedge funds.

The Australian equities fair value includes $5.1 million (30 June 2021: $11.6 million) of Commonwealth Bank shares. The real estate fair value includes $0.5 million (30 June 2021: $1 million) of property assets leased to the Bank. The bonds – corporate and other fair value includes $1.3 million (30 June 2021: $4.7 million) of Commonwealth Bank debt securities.

Notes to the financial statements

For the year ended 30 June 2022

10.3 Key management personnel

Detailed remuneration disclosures by Key Management Personnel (KMP) are provided in the Remuneration Report of the Directors' Report on pages 86 to 112.

Key management personnel compensation	Group 30 Jun 22 $'000	Group 30 Jun 21 $'000	Bank 30 Jun 22 $'000	Bank 30 Jun 21 $'000
Short-term benefits [1]	**23,020**	22,025	**21,532**	20,620
Post-employment benefits	**489**	424	**439**	377
Long-term benefits	**369**	518	**338**	488
Share-based payments	**18,590**	16,230	**17,339**	15,222
Total	**42,468**	39,197	**39,648**	36,707

1 Short-term benefits includes termination benefits of Nil (30 June 2021: Nil).

Security holdings

Details of the aggregate security holdings of KMP are set out below.

	Equity Class [1]	Balance 1 July 21 [2]	Acquired/ Granted as remuneration	Previous years awards vested [3]	Net change other [4]	Balance 30 June 22 [5]
Non-Executive Directors	Ordinary [6]	32,655	**2,533**	**–**	**–**	**35,188**
	PERLS	2,620	**600**	**–**	**–**	**3,220**
Executives	Ordinary	257,100	**–**	**156,600**	**(73,761)**	**339,939**
	LTVR performance rights	713,859	**95,088**	**(59,329)**	**(8,475)**	**741,143**
	LTAR restricted share units	132,831	**95,093**	**–**	**–**	**227,924**
	Deferred STVR shares	108,481	**51,414**	**(62,160)**	**–**	**97,735**
	Deferred STVR rights	1,904	**–**	**(1,904)**	**–**	**–**
	Sign-on equity	52,470	**–**	**(35,111)**	**–**	**17,359**

1 LTVR performance rights are subject to performance hurdles. Deferred STVR shares/rights represent the STVR previously awarded under Executive or Executive General Manager arrangements in prior years, as well as the CEO ASB's 2019 financial year STVR award. Sign-on equity includes sign-on awards received as deferred shares. PERLS include cumulative holdings of all PERLS securities issued by the Group.
2 Comparative information has been restated to reflect prior period adjustments.
3 LTVR performance rights, LTAR restricted share units, deferred STVR shares and deferred STVR rights become ordinary shares or are cash settled upon vesting.
4 Net change other incorporates changes resulting from purchases, sales, forfeitures and other transfers of securities, including changes to the KMP population during the year.
5 30 June 2022 balances represent aggregate shareholdings of all KMP at balance date.
6 Non-Executive Directors are required to hold CBA shares equivalent to 100% of Board Chairman fees for the Chairman and 100% of Board member fees for Non-Executive Directors. This is to be accumulated over five years commencing on the later of 1 July 2019 or the date of appointment, valued with reference to the prevailing CBA share price at the relevant accumulation commencement date.

Loans to KMP

All loans to KMP (including close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of those family members or entities held significant voting power) have been made in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees and customers, including the term of the loan, security required and the interest rate (which may be fixed or variable). There has been no write down of loans during the period.

Details of aggregate loans to KMP are set out below:

	30 Jun 22 $'000	30 Jun 21 $'000
Loans	**15,541**	10,955
Interest charged	**350**	234

10.3 Key management personnel (continued)

Other transactions of KMP

Financial instrument transactions

Financial instrument transactions (other than loans and shares disclosed within this report) of KMP occur in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees and customers.

Disclosure of financial instrument transactions regularly made as part of normal banking operations is limited to disclosure of such transactions with KMP and entities controlled or significantly influenced by them.

All such financial instrument transactions that have occurred between entities within the Group and their KMP have been trivial or domestic in nature and were in the nature of normal personal banking and deposit transactions.

Transactions other than financial instrument transactions of banks

All other transactions with KMP and their related entities and other related parties are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions. These transactions principally involve the provision of financial and investment services by entities not controlled by the Group.

Services agreements

The maximum contingent liability for termination benefits in respect of service agreements with the Chief Executive Officer and other KMP at 30 June 2022 was $1,867,840 (30 June 2021: $1,804,424).

Notes to the financial statements
For the year ended 30 June 2022

11. Group structure

OVERVIEW

The Group structure includes the Bank legal entity and its interests in operating and special purpose subsidiaries, joint ventures and associates. These entities were either acquired or established and their classification is driven by the Bank's level of control or influence.

The operating activities of these entities include banking, advice, funds management, specialised customer financing and asset backed financing across multiple jurisdictions.

11.1 Investments in subsidiaries and other entities

Subsidiaries

The key subsidiaries of the Bank are:

Entity name	Entity name
Australia	
(a) Banking	
CBA Covered Bond Trust	Medallion Trust Series 2015-2
Commonwealth Securities Limited	Medallion Trust Series 2016-1
Medallion Trust Series 2008-1R	Medallion Trust Series 2016-2
Medallion Trust Series 2012-1	Medallion Trust Series 2017-1
Medallion Trust Series 2013-1	Medallion Trust Series 2017-1P
Medallion Trust Series 2013-2	Medallion Trust Series 2017-2
Medallion Trust Series 2014-1	Medallion Trust Series 2018-1
Medallion Trust Series 2014-1P	Medallion Trust Series 2018-1P
Medallion Trust Series 2014-2	Medallion Trust Series 2019-1
Medallion Trust Series 2015-1	Residential Mortgage Group Pty Ltd
(b) Insurance and funds management	
Capital 121 Pty Limited	
Colonial Holding Company Limited	
Commonwealth Insurance Holdings Limited	
Commonwealth Insurance Limited	

All the above subsidiaries are 100% owned and incorporated in Australia.

Entity name	Extent of beneficial interest if not 100%	Incorporated in
New Zealand and other overseas		
Banking		
ASB Bank Limited		New Zealand
ASB Covered Bond Trust		New Zealand
ASB Finance Limited		New Zealand
ASB Holdings Limited		New Zealand
ASB Term Fund		New Zealand
Medallion NZ Series Trust 2009-1R		New Zealand
Commonwealth Bank of Australia (Europe) N.V.		Netherlands
PT Bank Commonwealth	99%	Indonesia

Notes to the financial statements
For the year ended 30 June 2022

11.1 Investments in subsidiaries and other entities (continued)

Critical accounting judgements and estimates

Control and voting rights

Determining whether the Group has control is generally straightforward based on ownership of the majority of the voting rights. Holding more than 50% of an entity's voting rights typically indicates that the Group has control over the entity. Significant judgement is involved where either the Group is deemed to control an entity despite holding less than 50% of the voting rights, or where the Group does not control an entity despite holding more than 50% of the voting rights.

Agent or principal

The Group is deemed to have power over an investment fund when it holds either the responsible entity (RE) and/or the manager function of that fund. Whether that power translates to control depends on whether the Group is deemed to act as an agent or a principal of that fund. Management have determined that the Group acts as a principal and controls a fund when it cannot be easily removed as a manager or RE by investors and when its economic interest in that fund is substantial compared to the economic interest of other investors. In all other cases the Group acts as agent and does not control the fund.

Significant restrictions

On 2 April 2020, RBNZ announced a freeze on the distribution of dividends by banks in New Zealand due to COVID-19. On 31 March 2021, RBNZ removed the freeze and allowed the banks to distribute up to 50% of their earnings as dividends. These restrictions have been lifted from 1 July 2022.

There were no other significant restrictions on the ability to transfer cash or other assets, pay dividends or other capital distributions, provide or repay loans and advances between the entities within the Group. There were also no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group resulting from protective rights of non-controlling interests.

Associates and joint ventures

There were no individually significant investments in associates or joint ventures held by the Group as at 30 June 2022 and 30 June 2021. In addition, there were no significant restrictions on the ability of associates or joint ventures to transfer funds to the Bank or its subsidiaries in the form of cash dividends or to repay loans or advances made.

The Group's investments in associates and joint ventures are shown in the table below.

	Group						
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 Ownership interest %	30 Jun 21 Ownership interest %	Principal activities	Country of incorporation	Balance date
Qilu Bank Co., Ltd	**957**	817	**16**	16	Commercial banking	China	31-Dec
Superannuation & Investment HoldCo. [1]	**515**	–	**45**	100	Wealth Management	Australia	30-Jun
Vietnam International Commercial Joint Stock Bank (VIB)	**482**	333	**20**	20	Commercial banking	Vietnam	31-Dec
Lendi Group Pty Ltd	**393**	393	**42**	42	Mortgage broking	Australia	30-Jun
PEXA Group Limited	**317**	118	**24**	19	Property Settlement	Australia	30-Jun
Bank of Hangzhou Co., Ltd [2]	**–**	2,171	**6**	16	Commercial banking	China	31-Dec
Other	**137**	109	**Various**	Various	Various	Various	Various
Carrying amount of investments in associates and joint ventures	**2,801**	3,941					

	Group	
Share of associates' and joint ventures profits	30 Jun 22 $M	30 Jun 21 $M
Operating profits before income tax	**516**	436
Income tax expense	**(67)**	(60)
Operating profits after income tax [3]	**449**	376

1 On 1 December 2021, the Group completed the sale of a 55% interest in Colonial First State (CFS) to KKR. The Group retained a 45% interest in the parent entity of the CFS business, Superannuation and Investments HoldCo Pty Limited, which was reclassified as an investment in a joint venture upon the completion of the sale.

2 On 30 June 2022, the Group completed 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 retained interest in HZB was reclassified as Investments at fair value through Other Comprehensive Income upon the completion of the sale.

3 This amount is recognised net of impairment in the share of profits of associates and joint ventures within Other banking income.

Notes to the financial statements

For the year ended 30 June 2022

11.1 Investments in subsidiaries and other entities (continued)

Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated structured entities

The Group has the following contractual arrangements which require it to provide financial support to its structured entities.

Securitisation structured entities

The Group provides liquidity facilities to Medallion and Medallion NZ structured entities. The liquidity facilities can only be drawn to cover cash flow shortages relating to mismatches in timing of cash inflows due from securitised asset pools and cash outflows due to note holders. These "timing mismatch" facilities rank pari passu with other senior secured creditors. The facilities limit is $1,487 million (30 June 2021: $1,494 million). This includes $1,225 million (30 June 2021: $1,255 million) in relation to the structured entity where the Bank holds all of the issued instruments.

The Group has no contractual obligations to purchase assets from its securitisation structured entities.

Covered bonds trust

The Group provides funding and support facilities to CBA Covered Bond Trust and ASB Covered Bond Trust (the 'Trusts'). The Trusts are bankruptcy remote SPVs that guarantee any debt obligations owing under the US$40 billion CBA Covered Bond Programme and the EUR7 billion ASB Covered Bond Programme, respectively. The funding facilities allow the Trusts to hold sufficient residential mortgage loans to support the guarantees provided to the Covered Bonds. The Group also provides various swaps to the Trusts to hedge any interest rate and currency mismatches. The Group, either directly or via its wholly owned subsidiaries, Securitisation Advisory Services Pty Limited and Securitisation Management Services Limited, provides various services to the Trusts including servicing and monitoring of the residential mortgages.

Structured asset finance structured entities

The Group has no contractual obligation to provide financial support to any of its structured asset finance structured entities.

During the year ended 30 June 2022, the Bank entered into a debt forgiveness arrangement with four wholly owned structured entities for a total of $69 million (30 June 2021: $85 million). The financial impact of the debt forgiveness was fully eliminated on consolidation.

Unconsolidated structured entities

The Group has exposure to various securitisation vehicles via Residential Mortgage-backed Securities (RMBS) and Asset-backed Securities (ABS). The Group may also provide derivatives and other commitments to these vehicles. The Group also has exposure to investment funds and other financing vehicles.

Securitisations

Securitisations involve transferring assets into an entity that sells beneficial interests to investors through the issue of debt and equity notes with varying levels of subordination. The notes are collateralised by the assets transferred to these vehicles and pay a return based on the returns of those assets, with residual returns paid to the most subordinated investor.

The Group may trade or invest in RMBS and ABS, which are backed by Commercial Properties, Consumer Receivables, Equipment and Auto Finance. The Group may also provide lending, derivatives, liquidity and commitments to these securitisation entities.

Other financing

Asset-backed entities are used to provide tailored lending for the purchase or lease of assets transferred by the Group or its clients. The assets are normally pledged as collateral to the lenders. The Group engages in raising finance for assets such as aircraft, trains, vessels and other infrastructure. The Group may also provide lending, derivatives, liquidity and commitments to these entities.

Investment funds

The Group conducts investment management and other fiduciary activities as responsible entity, trustee, custodian, advisor or manager for investment funds and trusts, including superannuation and approved deposit funds, wholesale and retail trusts. The Group's exposure to investment funds includes holding units in the investment funds and trusts, providing lending facilities, derivatives and receiving fees for services.

The nature and extent of the Group's interests in these entities are summarised below. Interests do not include derivatives and other positions where the Group creates rather than absorbs variability of the structured entity, for example deposits the funds place with the Group. These have been excluded from the tables on pages 262-263.

Notes to the financial statements
For the year ended 30 June 2022

11.1 Investments in subsidiaries and other entities (continued)

	30 Jun 22				
Exposures to unconsolidated structured entities	RMBS $M	ABS $M	Other financing $M	Investment funds $M	Total $M
Investment securities	3,914	129	–	–	**4,043**
Loans, bills discounted and other receivables	8,324	2,844	2,990	5,064	**19,222**
Assets held for sale	–	–	–	–	**–**
Total on Balance Sheet exposures	**12,238**	**2,973**	**2,990**	**5,064**	**23,265**
Total notional amounts of off Balance Sheet exposures [1]	3,517	964	287	4,453	**9,221**
Total maximum exposure to loss	**15,755**	**3,937**	**3,277**	**9,517**	**32,486**
Total assets of the entities [2]	**51,325**	**12,153**	**13,086**	**27,345**	**103,909**

1 Relates to undrawn facilities.
2 Size of the entities is generally the total assets of the entities, except for Real Estate Investment Trusts where the size is based on the Group's credit exposure of $9,500 million.

	30 Jun 21				
Exposures to unconsolidated structured entities	RMBS $M	ABS $M	Other financing $M	Investment funds $M	Total $M
Investment securities	4,918	121	–	–	**5,039**
Loans, bills discounted and other receivables	4,375	2,350	3,322	7,998	**18,045**
Assets held for sale	–	–	–	414	**414**
Total on Balance Sheet exposures	**9,293**	**2,471**	**3,322**	**8,412**	**23,498**
Total notional amounts of off Balance Sheet exposures [1]	4,027	946	422	4,621	**10,016**
Total maximum exposure to loss	**13,320**	**3,417**	**3,744**	**13,033**	**33,514**
Total assets of the entities [2]	**50,581**	**11,846**	**12,046**	**184,859**	**259,332**

1 Relates to undrawn facilities.
2 Size of the entities is generally the total assets of the entities, except for Real Estate Investment Trusts where the size is based on the Group's credit exposure of $9,990 million.

The Group's exposure to loss depends on the level of subordination of the interest, which indicates the extent to which other parties are obliged to absorb credit losses before the Group. An overview of the Group's interests, relative ranking and external credit rating, for vehicles that have credit subordination in place, is summarised in the table below, and includes securitisation vehicles and other financing.

	30 Jun 22			
Ranking and credit rating of exposures to unconsolidated structured entities	RMBS $M	ABS $M	Other financing $M	Total $M
Senior [1]	15,718	3,930	3,277	**22,925**
Mezzanine [2]	37	7	–	**44**
Total maximum exposure to loss	15,755	3,937	3,277	**22,969**

1 All ABS and RMBS exposures and $2,062 million of other financing exposures are rated investment grade. $1,215 million of other financing exposures are sub-investment grade.
2 All RMBS exposures are rated investment grade.

Notes to the financial statements
For the year ended 30 June 2022

11.1 Investments in subsidiaries and other entities (continued)

Ranking and credit rating of exposures to unconsolidated structured entities	30 Jun 21 RMBS $M	ABS $M	Other financing $M	Total $M
Senior [1]	13,216	3,407	3,744	**20,367**
Mezzanine [2]	104	10	–	**114**
Total maximum exposure to loss	13,320	3,417	3,744	**20,481**

1 All ABS and RMBS exposures and $2,094 million of other financing exposures are rated investment grade. $1,650 million of other financing exposures are sub-investment grade.
2 All RMBS exposures are rated investment grade.

Sponsored unconsolidated structured entities

For the purposes of this disclosure, the Group sponsors an entity when it manages or advises the entity's program, places securities into the market on behalf of the entity, provides liquidity and/or credit enhancements to the entity, or the Group's name appears in the Structured Entity.

As at 30 June 2022, the Group has not sponsored any unconsolidated structured entities.

ACCOUNTING POLICIES

Subsidiaries

The consolidated financial report comprises the financial report of the Bank and its subsidiaries. Subsidiaries are entities (including structured entities) over which the Bank has control. The Bank controls an entity when it has:

- power over the relevant activities of the entity, for example through voting or other rights;
- exposure to, or rights to, variable returns from the Bank's involvement with the entity; and
- the ability to use its power over the entity to affect the Bank's returns from the entity.

Consolidation of structured entities

The Group exercises judgement at inception and periodically thereafter, to assess whether that structured entity should be consolidated based on the Bank's power over the relevant activities of the entity and the significance of its exposure to variable returns of the structured entity. Such assessments are predominately required for the Group's securitisation program, structured transactions and involvement with investment funds.

Transactions between subsidiaries in the Group are eliminated. Non-controlling interests and the related share of profits in subsidiaries are shown separately in the consolidated Income Statement, Statement of Comprehensive Income, and Balance Sheet. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated when control ceases. Subsidiaries are accounted for at cost less accumulated impairments at the Bank level.

Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, the cost of the business is the fair value of the purchase consideration, measured as the aggregate of the fair values of assets transferred, equity instruments issued, or liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at fair value on the acquisition date. Goodwill represents the excess of the fair value of the purchase consideration over the fair value of the Group's share of assets acquired and liabilities and contingent liabilities assumed on the date of acquisition. If there is a deficit instead, this discount on acquisition is recognised directly in the consolidated Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Investments in associates and joint ventures

Associates and joint ventures are entities over which the Group has significant influence or joint control, but not control. In the consolidated financial report, they are equity accounted. They are initially recorded at cost and adjusted for the Group's share of the associates' and joint ventures' post-acquisition profits or losses and Other Comprehensive Income (OCI), less any dividends received. At the Bank level, they are accounted for at cost less accumulated impairments.

The Group assesses, at each Balance Sheet date, whether there is any objective evidence of impairment. If there is an indication that an investment may be impaired, then the entire carrying amount of the investment in associate or joint venture is tested for impairment by comparing the recoverable amount (higher of value in use and fair value less disposal costs) with the carrying amount. Impairment losses recognised in the Income Statement are subsequently reversed through the Income Statement if there has been a change in the estimates used to determine recoverable amount since the impairment loss was recognised.

11.2 Related party disclosures

Banking transactions are entered into with related parties in the normal course of business on an arm's length basis. These include loans, deposits and foreign currency transactions, upon which some fees and commissions may be earned. Details of amounts paid or received from related parties, in the form of interest or dividends, are set out in Notes 2.1 and 2.3.

The Bank's aggregate investments in, and loans to controlled entities are disclosed in the table below. Amounts due to controlled entities are disclosed in the Balance Sheet of the Bank.

	Bank	
	30 Jun 22 $M	30 Jun 21 $M
Shares in controlled entities	**7,857**	7,697
Loans to controlled entities at amortised cost	**48,009**	49,523
Loans to controlled entities at fair value through Income Statement	**853**	882
Total shares in and loans to controlled entities	**56,719**	58,102

As at 30 June 2022, loans to controlled entities at amortised cost in the table above are presented net of $1 million provisions for impairment (30 June 2021: $1 million).

One of the Bank's subsidiaries issued a professional indemnity insurance policy to the Group's controlled entities holding an Australian Financial Services or Australian Credit licence. The total amount insured under this policy as at 30 June 2022 was up to $174 million. (30 June 2021: $174 million). The subsidiary also issues a comprehensive crime and professional indemnity insurance policy to the Group. The total amount insured under this policy as at 30 June 2022 was up to $163 million.

As at 30 June 2022, the Bank had reimbursement arrangements in place totalling $535 million (30 June 2021: $597 million), for Aligned Advice remediation with its subsidiaries, Financial Wisdom Limited and Commonwealth Financial Planning Limited for the Pathways business (CFP-Pathways), to cover potential remediation of ongoing service failures to customers, inappropriate advice and other matters. The Group and the Bank have provided for these costs.

As at 30 June 2022, the Bank also had an Indemnity Deed with Count Financial and CountPlus with a $300 million limit (30 June 2021: $300 million), to cover potential remediation of ongoing service failures to customers, inappropriate advice and other matters.

The Bank is the head entity of the tax consolidated group and has entered into tax funding and tax sharing agreements with its eligible Australian resident subsidiaries. The details of these agreements are set out in Note 2.5. The amount receivable by the Bank under the tax funding agreement with the tax consolidated entities is $202 million as at 30 June 2022 (30 June 2021: $200 million receivable). This balance is included in 'Other assets' in the Bank's separate Balance Sheet.

All transactions between Group entities are eliminated on consolidation.

ACCOUNTING POLICIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or a separate party controls both. The definition includes subsidiaries, associates, joint ventures, pension plans as well as other persons.

Notes to the financial statements
For the year ended 30 June 2022

11.3 Discontinued operations and businesses held for sale

The Group continues to deliver on its strategic priority to create simpler, better foundations through divestments of wealth management and other non-core businesses. A summary of divestments completed during the years ended 30 June 2022 and 30 June 2021, as well as ongoing divestments is provided below.

Completed transactions

BoCommLife

On 23 May 2018, the Group announced the sale of its 37.5% equity interest in BoCommLife Insurance Company Limited (BoCommLife) to MS&AD Insurance Group Holdings (MS&AD), the ultimate parent company of Mitsui Sumitomo Insurance Co.

The sale of BoCommLife completed on 10 December 2020, resulting in a post-tax gain of $369 million (net of transaction costs) recognised during the half year ended 31 December 2020.

Life insurance business in Australia

On 21 September 2017, the Group entered into an agreement to sell 100% of its life insurance businesses in Australia (CommInsure Life) to AIA Group Limited (AIA).

On 1 November 2019, the Group announced the implementation of a joint cooperation agreement (JCA) which resulted in the full economic interests associated with CommInsure Life being transferred to AIA and AIA obtaining direct management and control of the business (excluding in relation to the Group's 37.5% equity interest in BoCommLife). As a result, CommInsure Life (excluding BoCommLife) was deconsolidated and derecognised on 1 November 2019.

The Group recognised a total post-tax loss of $316 million on the deconsolidation of CommInsure Life. This includes a $116 million post-tax loss on deconsolidation, net of transaction and separation costs recognised during the half year ended 31 December 2019. Post-tax transaction and separation costs of $82 million and $118 million were recognised during the years ended 30 June 2019 and 30 June 2018, respectively.

The sale was completed via a statutory asset transfer on 1 April 2021, and all proceeds have been received.

Australian Investment Exchange

On 28 April 2020, the Group announced the sale of its subsidiary, Australian Investment Exchange Limited (AUSIEX), to Nomura Research Institute (NRI). AUSIEX trades under the brand name CommSec Advisor Services. The sale completed on 3 May 2021, resulting in a post-tax gain of $49 million (net of transaction and separation costs). This includes $23 million of transaction and separation costs recognised during the year ended 30 June 2020. As AUSIEX did not constitute a major line of the Group's business, it was not classified as a discontinued operation.

Aussie Home Loans

On 16 December 2020, the Group entered into an agreement to merge Aussie Home Loans with Lendi, an online home loan platform. The sale completed on 3 May 2021, resulting in a post-tax gain of $253 million (net of transaction and separation costs). Upon completion, the Group retained a 44% shareholding in the combined business. Subsequently, on 7 May 2021, the Group sold a portion of its investment, reducing its shareholding to 42%. As Aussie Home Loans did not constitute a major line of the Group's business, it was not classified as a discontinued operation.

Commonwealth Financial Planning

On 28 July 2021, the Group entered into an agreement with AIA Australia for a partial transfer of the Commonwealth Financial Planning (CFP) business to AIA Financial Services Limited. The transaction completed on 30 November 2021. On 26 October 2021, the Group announced the closure of the remaining CFP business effective from 30 November 2021. During the year ended 30 June 2022, the Group recognised a post-tax loss of $73 million mainly related to the write-down of customer receivables and the provision for employee redundancy payments.

Colonial First State

On 13 May 2020, the Group entered into an agreement to sell a 55% interest in Colonial First State (CFS) to KKR. The sale completed on 1 December 2021, resulting in a post-tax gain of $840 million (net of transaction and separation costs). Post-tax transaction and separation costs of $47 million and $137 million were recognised during the years ended 30 June 2021 and 30 June 2020. The Group has retained a 45% interest in the parent entity of the CFS business, Superannuation and Investments HoldCo Pty Limited, which is accounted for as an investment in a joint venture.

Bank of Hangzhou

On 1 March 2022, the Group announced the sale of a 10% shareholding in Bank of Hangzhou Co., Ltd (HZB) to Hangzhou Urban Construction and Investment Group Co., Ltd and Hangzhou Communications Investment Group Co., Ltd, which are entities majority owned by the Hangzhou Municipal Government. As part of this sale, the Group agreed with HZB to retain its remaining shareholding in HZB of approximately 5.6% until at least 28 February 2025. The sale completed on 30 June 2022, resulting in a post-tax gain of $299 million (net of transaction and separation costs and including the gain on reclassification of the retained 5.6% interest from Investment in Associates to investments at fair value through Other Comprehensive Income).

11.3 Discontinued operations and businesses held for sale (continued)

Ongoing transactions

CommInsure General Insurance

On 21 June 2021, the Group announced the sale of CommInsure General Insurance to Hollard Insurance Company Pty Ltd (Hollard). As part of the sale, the Group established an exclusive 15-year strategic alliance with Hollard for the distribution of home and motor vehicle insurance products. On completion, the Group is expected to receive proceeds of approximately $625 million, subject to completion adjustments, together with deferred business milestone payments and additional investment from Hollard throughout the 15-year strategic alliance. Regulatory approvals have been received and the sale is expected to complete in the second half of calendar year 2022. As CommInsure General Insurance did not constitute a major line of the Group's business, it was not classified as a discontinued operation. The assets and liabilities of the business were reclassified to held for sale as at 31 December 2021.

Financial impact of discontinued operations on the Group

The performance and net cash flows of CFS are set out in the tables below. Comparative periods also include the performance and net cash flows of CommInsure Life, CFSGAM, PTCL and the Group's interests in BoCommLife.

	Full year ended [1]		
	30 Jun 22	**30 Jun 21**	**30 Jun 20**
	$M	**$M**	**$M**
Net interest income	**–**	–	6
Other banking income	**66**	57	41
Net banking operating income	**66**	57	47
Funds management income	**323**	724	999
Investment revenue	**–**	–	141
Claims, policyholder liability and commission expense	**(8)**	(19)	(265)
Net funds management operating income	**315**	705	875
Premiums from insurance contracts	**–**	–	459
Investment revenue	**–**	–	81
Claims, policyholder liability and commission expense from insurance contracts	**–**	–	(451)
Net insurance operating income	**–**	–	89
Total net operating income before operating expenses	**381**	762	1,011
Operating expenses	**(217)**	(551)	(733)
Net profit before income tax	**164**	211	278
Income tax expense	**(51)**	(63)	(79)
Policyholder tax	**–**	–	(14)
Net profit after income tax and before transaction and separation costs	**113**	148	185
Gains on disposals of businesses net of transaction and separation costs [2]	**985**	1,190	2,022
Non-controlling interests	**–**	–	(3)
Net profit after income tax from discontinued operations attributable to equity holders of the Bank	**1,098**	1,338	2,204

1 The year ended 30 June 2020 includes the performance of PTCL until 4 June 2020, the performance of CommInsure Life until 1 November 2019, and the performance of CFSGAM until 2 August 2019.
2 Includes post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency transaction reserve recycling), and transaction and separation costs associated with previously announced divestments.

Notes to the financial statements
For the year ended 30 June 2022

11.3 Discontinued operations and businesses held for sale (continued)

Earnings per share for profit from discontinued operations attributable to equity holders of the Bank:

	Full year ended		
	30 Jun 22	30 Jun 21	30 Jun 20
	Cents per Share		
Earnings per share from discontinued operations:			
Basic	**63. 7**	75. 6	124. 6
Diluted	**59. 9**	69. 1	116. 2

Cash flow statement

	Full year ended [1,2]		
	30 Jun 22	30 Jun 21	30 Jun 20
	$M	$M	$M
Net cash used in operating activities	**(53)**	132	(553)
Net cash (used in)/from investing activities	**(79)**	(39)	942
Net cash used in financing activities	**(228)**	(5)	(236)
Net cash (outflows)/inflows from discontinued operations	**(360)**	88	153

1 Represents cash flows from the underlying businesses classified as discontinued operations and excludes proceeds from disposals.
2 The year ended 30 June 2020 includes cash flows for PTCL until 4 June 2020, cash flows of CommInsure Life until 1 November 2019, and cash flows of CFSGAM until 2 August 2019.

Balance Sheet

The Balance Sheet of CommInsure General Insurance is set out in the table below. Comparative period includes assets and liabilities of CFS.

	As at	
	30 Jun 22	30 Jun 21
Assets held for sale	$M	$M
Cash and liquid assets	**–**	5
Assets at fair value through Income Statement	**420**	301
Intangible assets	**35**	700
Deferred tax assets	**9**	69
Other assets	**847**	124
Total assets [1]	**1,311**	1,199
Liabilities held for sale		
Other liabilities	**1,183**	405
Total liabilities	**1,183**	405

1 In addition to assets of businesses held for sale, the Group's total assets held for sale include $11 million of properties held for sale (30 June 2021: $2 million).

OVERVIEW
HOW WE CREATE VALUE
DIRECTORS' REPORT
FINANCIAL REPORT
ADDITIONAL INFORMATION

12. Other

OVERVIEW

This section includes other information required to provide a more complete view of our business. It includes customer related commitments and contingencies that arise in the ordinary course of business. In addition, it covers the impact of adopting new accounting standards, notes to the Statement of Cash Flows, remuneration of auditors, and details of events that have taken place subsequent to the Balance Sheet date.

12.1 Contingent liabilities, contingent assets and commitments arising from the banking business

Details of contingent liabilities and off Balance Sheet instruments are presented below and in Note 7.1, in relation to litigation, investigations and reviews. The face value represents the maximum amount that could be lost if the counterparty fails to meet its financial obligations. The credit equivalent amounts are a measure of potential loss to the Group in the event of non-performance by the counterparty. The credit commitments shown in the table below also constitute contingent assets. These commitments would be classified as loans and other assets in the Balance Sheet should they be drawn upon by the customer.

	Group			
	Face value		Credit equivalent	
Credit risk related instruments	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Financial guarantees	**5,750**	5,909	**4,124**	3,982
Performance related contingencies	**5,932**	5,401	**2,966**	2,700
Commitments to provide credit	**187,419**	187,572	**173,480**	176,397
Other commitments	**1,429**	1,639	**1,423**	1,631
Total credit risk related instruments	**200,530**	200,521	**181,993**	184,710

	Bank			
	Face value		Credit equivalent	
Credit risk related instruments	30 Jun 22 $M	30 Jun 21 $M	30 Jun 22 $M	30 Jun 21 $M
Financial guarantees	**5,130**	5,343	**3,506**	3,420
Performance related contingencies	**5,932**	5,401	**2,966**	2,700
Commitments to provide credit	**170,414**	170,014	**157,968**	160,519
Other commitments	**1,270**	1,555	**1,265**	1,546
Total credit risk related instruments	**182,746**	182,313	**165,705**	168,185

ACCOUNTING POLICIES

The types of instruments included in this category are:

- **Financial guarantees** are unconditional undertakings given to support the obligations of a customer to third parties. They include documentary letters of credit which are undertakings by the Group to pay or accept drafts drawn by a supplier of goods against presentation of documents in the event of payment default by a customer. Financial guarantees are recognised within other liabilities and are initially measured at their fair value, equal to the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Income Statement and the expected credit losses. Any increase in the liability relating to financial guarantees is recorded in the Income Statement. The premium received is recognised in the Income Statement in other operating income on a straight-line basis over the life of the guarantee.
- **Performance related contingencies** are undertakings that oblige the Group to pay third parties should a customer fail to fulfil a contractual non-monetary obligation. Performance related contingencies are performance guarantees and do not meet the definition of a financial guarantee. Performance guarantees are recognised when it is probable that an obligation has arisen. The amount of any provision is the best estimate of the amount required to fulfil the obligation.
- **Commitments to provide credit** include obligations on the part of the Group to provide credit facilities against which clients can borrow money under defined terms and conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions. As facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements. Loan commitments must be measured with reference to expected credit losses required to be recognised. In the case of undrawn loan commitments, the inherent credit risk is managed and monitored by the Group together with the drawn component as a single credit exposure. The exposure at default on the entire facility is used to calculate the cumulative expected credit losses.
- **Other commitments** to provide credit include commitments with certain drawdowns, standby letters of credit and bill endorsements. The details of the Group's accounting policies and critical judgements and estimates involved in calculating impairment provisions are provided in Note 3.2.

Notes to the financial statements
For the year ended 30 June 2022

12.2 Notes to the Statements of Cash Flows

(a) Reconciliation of net profit after income tax to net cash provided by operating activities

	Group			Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Net profit after income tax [1]	**10,771**	10,181	9,595	**10,374**	7,909
(Increase)/decrease in interest receivable	**(162)**	213	523	**(228)**	253
Increase/(decrease) in interest payable	**316**	(591)	(984)	**349**	(329)
Net gain on sale of controlled entities and associates	**(2,079)**	(840)	(2,092)	**(2,371)**	(48)
Net (gain)/loss on sale of property, plant and equipment	**(12)**	4	(32)	**(12)**	4
Equity accounting profit	**(500)**	(580)	(142)	**(49)**	2
Loan impairment (benefit)/expense	**(357)**	554	2,518	**(397)**	525
Depreciation and amortisation (including asset write downs)	**1,518**	1,426	1,861	**1,342**	1,244
(Decrease)/increase in other provisions	**(121)**	145	529	**283**	(109)
Increase/(decrease) in income taxes payable	**97**	(755)	679	**(23)**	(368)
(Decrease)/increase in deferred tax liabilities	**(65)**	307	374	**82**	(29)
(Increase)/decrease in deferred tax assets	**(1,075)**	(70)	(298)	**(1,295)**	235
(Increase)/decrease in accrued fees/reimbursements receivable	**(45)**	(118)	276	**(34)**	11
(Decrease)/increase in accrued fees and other items payable	**(346)**	445	(711)	**(52)**	314
Decrease in life insurance contract policy liabilities	**–**	–	(905)	**–**	–
Cash flow hedge ineffectiveness	**4**	1	9	**4**	4
Fair value hedge ineffectiveness	**(8)**	(40)	5	**48**	(36)
Dividend received – controlled entities and associates	**–**	–	–	**(3,456)**	(1,251)
Changes in operating assets and liabilities arising from cash flow movements	**13,851**	31,171	26,809	**16,555**	31,175
Other	**1,453**	(141)	(707)	**2,892**	(261)
Net cash provided by operating activities	**23,240**	41,312	37,307	**24,012**	39,245

1 Includes non-controlling interest.

(b) Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash includes cash and money at short call.

	Group			Bank	
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M	30 Jun 22 $M	30 Jun 21 $M
Notes, coins and cash at banks	**119,355**	87,338	27,350	**109,250**	84,256
Other short-term liquid assets	**–**	42	1	**–**	13
Cash and cash equivalents at end of year	**119,355**	87,380	27,351	**109,250**	84,269

(c) Non-cash financing and investing activities

	Group		
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M
Shares issued under the Dividend Reinvestment Plan	**–**	264	–

(d) Disposal of controlled entities

	Group		
	30 Jun 22 $M	30 Jun 21 $M	30 Jun 20 $M
Net assets	**472**	224	3,686
Cash consideration received	**1,990**	124	5,946
Cash and cash equivalents held in disposed entities	**15**	96	935

Notes to the financial statements

For the year ended 30 June 2022

12.3 Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by the auditor of the Group and the Bank, and its network firms:

	Group		Bank	
	30 Jun 22 $'000	30 Jun 21 $'000	30 Jun 22 $'000	30 Jun 21 $'000
Audit and review services				
Audit and review of financial statements – Group	**19,895**	22,579	**19,568**	22,500
Audit and review of financial statements – controlled entities	**5,857**	6,069	**575**	857
Total remuneration for audit and review services	**25,752**	28,648	**20,143**	23,357
Other statutory assurance services	**3,924**	3,275	**3,682**	3,133
Other assurance services	**6,105**	6,327	**4,619**	4,659
Total remuneration for assurance services	**10,029**	9,602	**8,301**	7,792
Total remuneration for audit, review and assurance services	**35,781**	38,250	**28,444**	31,149
Other non-audit services				
Taxation advice and tax compliance services	**498**	145	**411**	24
Other services	**439**	1,163	**437**	1,069
Total remuneration for other non-audit services	**937**	1,308	**848**	1,093
Total remuneration for audit, review, assurance and other services [1]	**36,718**	39,558	**29,292**	32,242

1 An additional amount of $1,276,357 (30 June 2021: $7,501,643) was paid to PricewaterhouseCoopers by way of fees for entities not consolidated into the financial statements. Of this amount, $1,122,520 (30 June 2021: $6,473,561) relates to audit, review and assurance services.

The Audit Committee has considered the non-audit services provided by PricewaterhouseCoopers and is satisfied that the services and the level of fees are compatible with maintaining auditors' independence. All such services were approved by the Audit Committee in accordance with pre-approved policies and procedures.

Other statutory assurance services relate to engagements required under prudential standards and other legislative or regulatory requirements. Other assurance services include assurance and attestation relating to Pillar 3 and sustainability reporting, comfort letters over financing programmes as well as reviews of internal control systems.

Taxation services include assistance with tax software configuration, design and effectiveness assessments of tax processes as well as advice regarding tax returns and submissions, and tax legislation.

Other services include quality assurance and methodology reviews as well as benchmarking and process reviews.

Notes to the financial statements
For the year ended 30 June 2022

12.4 Subsequent events

Dividend Reinvestment Plan (DRP)

The Bank expects the DRP for the final dividend for the year ended 30 June 2022 will be satisfied in full by an on-market purchase of shares of approximately $600 million.

Investment in Klarna

The Group invested an additional $47 million into Klarna as part of their US$800 million capital raise executed on 11 July 2022.

Directors' declaration

The Directors of the Commonwealth Bank of Australia declare that:

In the opinion of the Directors, the financial statements and notes for the year ended 30 June 2022, as set out on pages 116 to 271, are in accordance with the *Corporations Act 2001* (Cth), including:

i. complying with the Australian Accounting Standards and any further requirements in the *Corporations Regulations 2001*; and

ii. giving a true and fair view of the Commonwealth Bank of Australia and the Group's financial position as at 30 June 2022 and their performance for the year ended 30 June 2022;

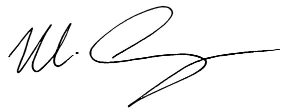
In the opinion of the Directors, there are reasonable grounds to believe that the Commonwealth Bank of Australia will be able to pay its debts as and when they become due and payable.

Note 1.1 of the financial statements includes a statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* (Cth) for the year ended 30 June 2022.

This declaration is made in accordance with a resolution of the Directors.

Catherine Livingstone AO
Chairman
10 August 2022



Matt Comyn
Managing Director and Chief Executive Officer
10 August 2022

Independent auditor's report

To the members of the Commonwealth Bank of Australia

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Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of the Commonwealth Bank of Australia (the Bank) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Bank's and the Group's financial positions as at 30 June 2022 and of their financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Bank and Group financial report comprises:

- the Bank and Group Balance Sheets as at 30 June 2022
- the Bank and Group Income Statements for the year then ended
- the Bank and Group Statements of Comprehensive Income for the year then ended
- the Bank and Group Statements of Changes in Equity for the year then ended
- the Bank and Group Statements of Cash Flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the Directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Bank and the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

Bank and Group audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Bank and the Group, their accounting processes and controls and the industries in which they operate.

Our audit focused on where the Bank and the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In designing the scope of our audit, we considered the structure of the Group which includes five continuing business segments being Retail Banking Services (RBS), Business Banking (BB), Institutional Banking and Markets (IB&M), New Zealand (NZ), and Corporate Centre and Other. We also considered one significant business activity within these segments, being Group Treasury. These business segments and the significant business activity are considered to be components as the Group prepares financial information for them for inclusion in the financial report.

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Independent auditor's report (continued)

The nature, timing and extent of audit work performed for each component was determined by each components' risk characteristics and financial significance to the Group and consideration of whether sufficient evidence had been obtained for our opinion on the financial report as a whole. This involved either:

- an audit of the financial information of a component (full scope);
- an audit of one or more of the component's account balances, classes of transactions or disclosures (specified scope); or
- analytical procedures performed at the Group level and/or audit procedures at a Group level, including over the consolidation of the Group's components and the preparation of the financial report (other procedures).

Number of components by scope

Set out in the following diagram is a high-level overview of how our audit scope aligns to the identified components and our audit report.

Scoping and performance of procedures

Component	Audit scope
RBS	Full scope
BB	Full scope
IB&M	Full scope
NZ [1]	Full scope
Group Treasury	Full scope
Corporate Centre and Other [2]	Other procedures

Reporting

Key Audit Matters	Auditor's report
Areas in our professional judgement which were of most significance in our audit	*Opinion on the financial report as a whole*

1 Full scope audit procedures were also performed for the purposes of the standalone legal entity statutory financial report for this entity.
2 This excludes Group Treasury.

As part of our audit, we also considered the potential impact of climate change on our risk assessment. We made enquiries of management to develop an understanding of the process that they adopted to assess the extent of the potential impact of climate change risk on the financial report. In particular, we considered their assessment of the impact on the determination of loan impairment provisions, including the disclosures set out on page 216 of the annual report.

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Bank and Group audit materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Bank and Group materiality for the financial report, which we have set out in the table below:

Overall Bank and Group Materiality	$675 million (2021: $500 million)
How we determined it	Approximately 5% of 2022 financial year net profit before income tax (PBT) for the Group (2021: approximately 5% of 2021 financial year net PBT for the Bank). As the Group has a lower PBT in the year ended 30 June 2022, we calculated materiality based on the Group PBT and applied this during the audit of both the Bank and the Group.
Rationale for the materiality benchmark applied	We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose net profit before income tax because, in our view, it is the metric against which the performance of the Bank and the Group is most commonly measured and is a generally accepted benchmark. We performed our audit over both the Bank and the Group financial information concurrently. We applied the lower materiality calculated based on the Bank or the Group PBT in order to avoid duplication of work. We utilised a 5% threshold based on our professional judgement, noting that it is within the range of commonly acceptable thresholds.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current year. We describe each key audit matter and include a summary of the principal audit procedures we performed to address those matters in the table below.

The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. The key audit matters identified below relate to both the Bank and the Group audit, unless otherwise stated below. We communicated the key audit matters to the Audit Committee.

Independent auditor's report (continued)

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Key audit matter	How our audit addressed the key audit matter

Loan impairment provisions

AASB 9 *Financial Instruments* requires a provision for expected credit losses (ECL) to be recognised against the value of the Bank's and the Group's lending assets, the measurement of which is required to incorporate reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The Bank and the Group utilise complex models to calculate ECL on a collective basis. These models incorporate internal and external data as well as a number of assumptions such as the probability of default, loss given default and exposure at default, as well as the impact of forward-looking assumptions and multiple economic scenarios and other assumptions such as defining a significant increase in credit risk.

Individually assessed provisions are recognised by the Bank and the Group for lending assets that are known to be impaired at the reporting date and exceed specific monetary thresholds. These provisions are measured using probability weighted scenarios, which consider a range of reasonably possible outcomes in terms of estimated future cash repayments and proceeds expected to be recovered from the realisation of the value of collateral held by the Bank and the Group in respect of the impaired lending assets.

We considered the provision for ECL a key audit matter due to the inherent estimation uncertainty in its determination, specifically due to the inherent subjectivity and extent of judgement used by the Bank and the Group in recognising impairment provisions including:

- Models used to calculate ECL (ECL models) are inherently complex and judgement is applied in determining the appropriate construct of each model;
- Multiple assumptions are made by the Bank and the Group concerning the inputs to the ECL models and how inputs correlate with one another;
- Determining the need for and quantifying post-model adjustments; and
- Determining the valuation of individually assessed provisions for impaired non-retail borrowers.

Additional subjectivity and judgement has been introduced into the measurement of ECL due to the heightened uncertainty associated with the impact of the current economic outlook, climate change and the COVID-19 pandemic to the Bank's and the Group's customers.

Specifically, this includes judgements regarding the impact of these factors to internal credit ratings, the valuation of collateral held as security, forward-looking information including macroeconomic scenarios and their associated weightings, and the use of model adjustments and overlays in the calculation of ECL.

Relevant references in the financial report
Refer to notes 1.1, 3.2 and 9.2 for further information.

We developed an understanding of the control activities relevant to our audit over the Bank's and the Group's provision for ECL and assessed whether they were appropriately designed and were operating effectively throughout the year on a sample basis, including:

- Completeness and accuracy of inputs to and outputs from the ECL calculations;
- Reliability and accuracy of certain critical data elements used in ECL calculations; and
- Review and approval of forward-looking assumptions, post-model adjustments and the ECL provisions by the Bank's and the Group's Loan Loss Provisioning Committee (LLPC).

In addition to controls testing we, along with PwC credit risk modelling experts and PwC economics experts, performed the following substantive procedures, amongst others, on a sample basis:

- Assessed the ongoing appropriateness of the ECL model methodology applied by the Bank and the Group for a selection of the Bank's and the Group's loan portfolios, with particular consideration to the results of model monitoring performed, including back-testing of observed losses against predicted losses;
- Recalculated ECL to assess the accuracy of the modelled outputs for a selection of the Bank's and the Group's loan portfolios;
- Assessed the appropriateness of certain forward-looking assumptions incorporated into the ECL models, including the macroeconomic scenarios developed, underlying forecasts and probability weightings applied;
- Tested the completeness and accuracy of a sample of certain critical data elements used as inputs to the ECL models to relevant source documentation;
- Assessed the appropriateness of certain model adjustments and overlays identified by the Bank and the Group against internal and external supporting information where available;
- Considered the impact of relevant events occurring after the end of the financial year until the date of signing the auditor's report on the provision for ECL; and
- Tested the reasonableness of individually assessed provisions recognised by the Bank and the Group for a selection of loan assets identified to be impaired as at the reporting date, by assessing the appropriateness of expected cashflow forecasts and other significant judgements, against external information where available. Where applicable, we considered the competency, capabilities, objectivity and nature of the work of certain experts used by the Bank and the Group to assist in the development of significant assumptions used in determining the provision.

We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Judgemental valuation of financial instruments	
The Bank and the Group have material holdings in financial instruments measured at fair value. Australian Accounting Standards provide a hierarchy of observability to gauge the relative uncertainty of the financial instrument valuations. At 30 June 2022, the value of Level 2 fair value financial assets (excluding assets held for sale) and financial liabilities (i.e. where key inputs to the valuation are based on observable market data) held by the Group is $64,656m and $35,044m, respectively. The Bank also holds material Level 2 fair value financial assets and liabilities of $65,205m and $34,973m, respectively. The Level 2 financial instruments held at fair value include: • Derivative assets and liabilities; • Investment securities at fair value through Other Comprehensive Income; • Trading assets and liabilities at fair value through the Income Statement; and • Other assets at fair value through the Income Statement. We considered the financial instruments measured at fair value a key audit matter due to the financial significance of the Level 2 holdings. Additionally, the valuation of these instruments requires judgement by the Bank and the Group in relation to the application of appropriate models and assumptions, including fair value adjustments. The non-equity Level 3 financial instruments where the valuation is dependent on unobservable inputs remain immaterial. Further details on the Bank's and the Group's material Level 3 equity investment is set out below under *'Judgemental valuation of Klarna Bank AB'.* ***Relevant references in the financial report*** Refer to notes 4.2, 5.3, 5.4, 5.5 and 9.5 for further information.	We developed an understanding and performed testing in relation to the following areas relevant to our audit over the Bank's and the Group's valuation of financial instruments: • Management's assessment of valuation models at their inception and on an ongoing basis; • Reliability and accuracy of key market data used in the Bank's and the Group's valuation models; • Trade confirmations; and • Financial instrument position and settlement reconciliations. Additionally, together with PwC valuation experts, we tested the Bank's and the Group's fair value measurement. This involved, for a sample of financial instruments, sourcing inputs from market data providers and using our own valuation models to assess the appropriateness of the Bank's and the Group's calculations. We considered the results to assess whether there was evidence of systemic bias in the Bank's and the Group's valuation of the financial instruments by investigating the root cause for material variances. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Judgemental valuation of Klarna Bank AB	
The Bank and the Group have an equity investment in Klarna Bank AB (Klarna) which is measured at fair value through Other Comprehensive Income. We considered the equity investment in Klarna to be a key audit matter due to the financial significance of the fair value movement in the year. ***Relevant references in the financial report*** Refer to note 9.5 for further information.	We performed the following audit procedures, amongst others, over the valuation of the equity investment in Klarna: • Together with PwC valuation experts, we assessed the appropriateness of the methodology used in determining the fair value; • Assessed the appropriateness of certain inputs used in determining the fair value. This involved sourcing inputs from a private equity capital raise completed by Klarna on 11 July 2022; and • Tested the mathematical accuracy of the fair value model calculation. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.
Provision for Ongoing Service Fees charged by Aligned Advisors	
The Bank and the Group have recognised a provision in relation to its remediation of Ongoing Service Fees charged by Aligned Advisors. We considered the valuation of the provision to be a key audit matter due to its financial significance and the inherent estimation uncertainty in its determination. ***Relevant references in the financial report*** Refer to note 7.1 for further information.	We developed an understanding of the control activities relevant to our audit over the Bank's and the Group's provision for Ongoing Service Fees charged by Aligned Advisors and assessed whether they were appropriately designed. On a sample basis, we assessed whether they were operating effectively throughout the year. We performed the following audit procedures, amongst others, over the valuation of the provision for Ongoing Service Fees charged by Aligned Advisors: • Assessed the appropriateness of the methodology applied to determine the proportion of fees to be refunded; • Assessed the appropriateness of certain inputs used in the determination of the provision, including the fee population and the time value of money; • Where applicable, we considered the competency, capabilities, objectivity and nature of the work of certain experts used by the Bank and the Group to assist in the development of certain inputs used in determining the provision; and • Considered the impact of relevant events occurring after the end of the financial year until the date of signing our auditor's report on the provision. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.

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Key audit matter	How our audit addressed the key audit matter
Provisions for ongoing class actions	
There are a number of class actions that have been brought against the Bank and the Group. Significant judgement is required to determine whether a provision is required with regard to the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Where a provision has been recognised, there is a high degree of estimation uncertainty. We consider the determination and valuation of these provisions to be a key audit matter due to the level of judgement required in determining whether a provision is required, and the inherent estimation uncertainty in calculating the appropriate amount of a provision, where required. ***Relevant references in the financial report*** Refer to note 7.1 for further information.	We developed an understanding of the control activities relevant to our audit over the Bank's and the Group's provisions for ongoing class actions and evaluated their design effectiveness. We performed the following audit procedures, amongst others, over the determination and valuation of the provisions for class actions: • Made enquiries of management and in-house legal counsel in relation to the status of the class actions at the end of the financial year; • Inspected certain board and other committee meeting minutes for any material developments in relation to the class actions; • Inspected legal representation letters from external legal counsel for certain matters; • Evaluated the Bank's and the Group's assessments as to whether a provision was required with regard to the requirements of Australian Accounting Standards; and • Tested the valuation of the provisions recognised. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.

Key audit matter

How our audit addressed the key audit matter

Operation of financial reporting Information Technology (IT) systems and controls

Key audit matter

The Bank's and the Group's operations and financial reporting processes are heavily dependent on IT systems for the processing and recording of a significant volume of transactions. Due to this, we consider the operation of financial reporting IT systems and controls to be a key audit matter.

In particular, in common with all banks, access rights to technology are important because they are intended to ensure that changes to applications and data are appropriately authorised. Ensuring that only appropriate staff have access to IT systems, that the level of access itself is appropriate, and that access is periodically monitored, are key controls in mitigating the potential for fraud or error as a result of a change to an application or underlying data.

The Bank and the Group have an ongoing multi-year strategic program to address controls related to access management for systems and data relevant to financial reporting.

How our audit addressed the key audit matter

For material financial statement balances, we developed an understanding of the business processes, IT systems used to generate and support those balances and associated IT application controls and IT dependencies in manual controls. Our procedures included evaluating and testing the design and operating effectiveness of certain control activities over the continued integrity of the material IT systems that are relevant to financial reporting. This involved assessing, where relevant to the audit:

- Change management: The processes and controls used to develop, test and authorise changes to the functionality and configurations within systems;
- System development: The project disciplines which ensure that significant developments or implementation are appropriately tested before implementation and that data is converted and transferred completely and accurately;
- Security: The access controls designed to enforce segregation of duties, govern the use of generic and privileged accounts or ensure that data is only changed through authorised means; and
- IT operations: The controls over operations are used to ensure that any issues that arise are managed appropriately.

Within the scope of our audit where technology services are provided by a third party, we considered assurance reports from the third party's auditor on the design and operating effectiveness of controls.

We also carried out tests, on a sample basis, of IT application controls and IT dependencies in manual controls that were key to our audit testing in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls.

Where we identified design and operating effectiveness matters relating to IT systems or application controls relevant to our audit, we performed alternative audit procedures. We also considered mitigating controls in order to respond to the impact on our overall audit approach.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of our limited assurance report over the Sustainability Performance metrics as detailed in pages 42 to 47 of the annual report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Bank are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Bank and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration report

Our opinion on the Remuneration report

We have audited the Remuneration report included in pages 86 to 112 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration report of the Commonwealth Bank of Australia for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Bank are responsible for the preparation and presentation of the Remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
10 August 2022

Additional information contents

Additional information

Security holder 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 ASX under the trade symbol of CBA. The Bank is currently in the market conducting an on-market buyback 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.

Security holder information (continued)

Voting rights

Under the Bank's Constitution, shareholders entitled to vote at a general meeting may vote in person, directly or by proxy, attorney or representative, depending on whether the shareholder is an individual or a company.

Subject to any rights or restrictions attaching to shares, each ordinary shareholder present at a general meeting has, on a poll, one vote for each fully paid share. If shares are not fully paid, on a poll the number of votes attaching to the shares is pro-rated accordingly. In accordance with the Corporations Act, the provision in the Constitution providing for one vote on a show of hands is no longer relevant, as general meeting resolutions will be conducted by a poll.

If a person at a general meeting represents personally or by proxy, attorney or official representative more than one shareholder, on a show of hands the person is entitled to one vote only even though he or she represents more than one shareholder.

Where a shareholder appoints two proxies or attorneys to vote at the same general meeting:

- If the appointment does not specify the proportion or number of the shareholder's votes each proxy or attorney may exercise, each proxy or attorney may exercise half the shareholder's votes;
- On a show of hands, neither proxy or attorney may vote if more than one proxy or attorney attends; and
- On a poll, each proxy or attorney may only exercise votes in respect of those shares or voting rights the proxy or attorney represents.

Top 20 holders of CommBank PERLS 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 perpetual 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.

Security holder 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 pages 283 and 284 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 pages 283 and 284 for the Bank's ordinary shares.

Security holder 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 XI) 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 pages 283 and 284 for the Bank's ordinary shares.

Security holder 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 pages 283 and 284 for the Bank's ordinary shares.

Security holder 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 pages 283 and 284 for the Bank's ordinary shares.

Security holder 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 pages 283 and 284 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).

Five-year financial summary

	30 Jun 22 $M	30 Jun 21 [1] $M	30 Jun 20 [1] $M	30 Jun 19 $M	30 Jun 18 $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 entities net of transaction costs	**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 prior period adjustments detailed in Note 1.1.

Five-year financial summary (continued)

		30 Jun 22	30 Jun 21 [1]	30 Jun 20 [1]	30 Jun 19	30 Jun 18
Shareholder summary from continuing operations						
Earnings per share (cents)						
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	($)	**38. 7**	40. 0	36. 3	33. 6	32. 3
Weighted average number of shares (statutory basis)	(M)	**1,722**	1,771	1,768	1,765	1,746
Weighted average number of shares (statutory fully diluted)	(M)	**1,833**	1,934	1,895	1,897	1,852
Weighted average number of shares (cash basis)	(M)	**1,722**	1,771	1,769	1,766	1,747
Weighted average number of shares (cash fully diluted)	(M)	**1,833**	1,934	1,896	1,898	1,853
Number of shareholders [2]		**873,764**	871,514	888,214	831,655	851,539
Share prices for the year						
Trading high	($)	**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 prior period adjustments detailed in Note 1.1.
2 Includes employees.

Five-year financial summary (continued)

		30 Jun 22	30 Jun 21 [1]	30 Jun 20 [1]	30 Jun 19	30 Jun 18
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						
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 [2]						
Total operating income per full-time equivalent employee	($)	**505,554**	544,361	568,744	568,744	587,729
Employee expense/total operating income	(%)	**26.4**	25.0	24.2	24.2	21.8
Total operating expenses/total operating income ("cash basis")	(%)	**46.7**	47.0	46.3	46.2	44.2
Productivity including discontinued operations [2]						
Total operating income per full-time equivalent employee	($)	**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 prior period adjustments detailed in Note 1.1.
2 The productivity metrics have been calculated on a cash basis.

Profit reconciliation

	Full year ended 30 June 2022			
Profit reconciliation	**Net profit after tax "cash basis" $M**	**Gain/(loss) on disposal and acquisition of controlled entities [1] $M**	**Hedging and IFRS volatility $M**	**Net profit after tax "statutory basis" $M**
Group				
Interest income [2]	**24,293**	–	–	**24,293**
Interest expense	**(4,820)**	–	–	**(4,820)**
Net interest income	**19,473**	–	–	**19,473**
Other banking income	**5,215**	72	175	**5,462**
Total banking income	**24,688**	72	175	**24,935**
Funds management income	**135**	–	–	**135**
Insurance income	**73**	–	–	**73**
Total operating income	**24,896**	72	175	**25,143**
Operating expenses	**(11,635)**	(181)	–	**(11,816)**
Loan impairment benefit	**357**	–	–	**357**
Net profit before tax	**13,618**	(109)	175	**13,684**
Income tax (expense)/benefit	**(4,023)**	79	(67)	**(4,011)**
Net profit after income tax from continuing operations	**9,595**	(30)	108	**9,673**
Net profit after income tax from discontinued operations [3]	**113**	985	–	**1,098**
Net profit after income tax	**9,708**	955	108	**10,771**

1 These amounts include post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency reserves recycling), and transaction and separation costs associated with the previously announced divestments.
2 Interest income includes total Effective interest income and Other interest income.
3 Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.

Profit reconciliation (continued)

Profit reconciliation	Full year ended 30 June 2021 [1] Net profit after tax "cash basis" $M	Gain/(loss) on disposal and acquisition of controlled entities [2] $M	Hedging and IFRS volatility $M	Net profit after tax "statutory basis" $M
Group				
Interest income [3]	25,121	–	–	25,121
Interest expense	(5,819)	–	–	(5,819)
Net interest income	19,302	–	–	19,302
Other banking income	4,544	242	16	4,802
Total banking income	23,846	242	16	24,104
Funds management income	165	–	–	165
Insurance income	145	–	–	145
Total operating income	24,156	242	16	24,414
Operating expenses	(11,359)	(126)	–	(11,485)
Loan impairment expense	(554)	–	–	(554)
Net profit before tax	12,243	116	16	12,375
Income tax (expense)/benefit	(3,590)	67	(9)	(3,532)
Net profit after income tax from continuing operations	8,653	183	7	8,843
Net profit after income tax from discontinued operations [4]	148	1,190	–	1,338
Net profit after income tax	8,801	1,373	7	10,181

1 Information has been restated to conform to presentation in the current year and to reflect the prior period adjustments detailed in Note 1.1.
2 These amounts include post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency reserves recycling), and transaction and separation costs associated with the previously announced divestments.
3 Interest income includes total Effective interest income and Other interest income.
4 Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.

Glossary of terms

Term	Definition
1.5˚C temperature ambition	Our 1.5˚C temperature ambition refers to the maximum global temperature change target which informs our sector-level financed emissions targets. In line with our NZBA commitments, our strategy is to set, by 2025, sector-level financed emissions targets for sectors that account for at least 75% of the Bank's 2020 financed emissions using transition scenarios that see maximum global average temperature rises of 1.5˚C above pre-industrial levels by 2100.
Absenteeism	Absenteeism refers to the average number of sick leave days (and carer's leave days for CommSec employees) per Australia-based full-time equivalent employee. Bankwest is included from FY19. Colonial First State is included from 1 July – 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Age diversity	Percentage of permanent employees (full-time, part-time, job share or on extended leave), casuals, employees on international assignment and those contractors paid directly by the Group, by age group as at 30 June. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
APRA	Australian Prudential Regulation Authority.
Assets Under Management	Assets Under Management (AUM) represents the market value of assets for which the Group acts as an appointed manager.
Australian Indigenous supplier spend	Refers to direct (first tier) supplier spend with Indigenous businesses in Australia. It includes any approved invoice (including grants) from an Indigenous business registered or certified by Supply Nation or the Office of the Registrar of Indigenous Corporations or is a member of an Indigenous Chamber of Commerce. Accompanying sustainability performance metric assured by PwC.
Board	The Board of Directors of the Group.
Cash contributions	Total donations contributed by the Group (excluding Aussie Home Loans) through charitable gifts, community partnerships and matched giving. Matched giving excludes staff contributions. Colonial First State is included from 1 July – 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Chairman	A person chosen to preside over a meeting.
Common Equity Tier 1 Capital (CET1)	The highest quality of capital available to the Group reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises Ordinary share capital, Retained earnings and Reserves less prescribed deductions.
Community investment as a percentage of pre-tax profit	Total community investment as a percentage of the Group's cash net profit from continuing operations before tax as at 30 June. Accompanying sustainability performance metric assured by PwC.
Community Wellbeing (customer interactions)	The total number of interactions with customers in Vulnerable situations, supported by the Community Wellbeing team across four channels. The channels are: calls answered; vulnerability referrals; asynchronous chat opened conversations via the CommBank App; and outbound contacts made for the purpose of supporting customers in receipt of potentially abusive transaction descriptions. Excludes ASB businesses in New Zealand. Note that the metric may include some non-CBA customers who have called into the Community Wellbeing team. Of the total 17,107 interactions, 15,929 were assured by PWC. The remaining 1,178 interactions related to the asynchronous chat channel were unable to be assured due to the nature of the third party data that was able to be provided as part of the audit.
Corporations Act	*Corporations Act 2001* (Cth)
Cultural diversity index (CDI)	The concentration mix of all cultures of the Group's employees resulting in an index between 0 and 1, where the higher the score, the more diverse the population. CDI is calculated using demographic information disclosed in the Group's biannual people and culture survey and benchmarked against the ancestry question in the 2016 Australian Census. Participation and disclosure in the survey is voluntary and can vary from year to year. The CDI excludes ASB businesses in New Zealand, and businesses in Indonesia. This metric includes data for the now divested CFS business covering the period 1 July 2021 to 30 November 2021 (divestment date). These records pertain to workers that were employed by CBA at the time, and CBA retains some legal obligations as an employer for that period. Accompanying sustainability performance metric assured by PwC.

Glossary of terms (continued)

Term	Definition
Customer complaints – received	The number of complaints received by the Group during the reporting period, as recorded in the Firstpoint feedback management system (Firstpoint), managed via our Internal Dispute Resolution (IDR) process. Resolution timeliness reports on proportion of complaints resolved within five working days. Includes Bankwest and CBA/Colonial First State (CFS) comingled complaints or complaints related to the sale and distribution of CFS products. Excludes ASB businesses in New Zealand and other overseas operations. Accompanying sustainability performance metric assured by PwC.
Deferred shares	Awarded from the 2019 financial year, deferred shares are ordinary shares in CBA, which are restricted until vesting and used for deferred STVR arrangements and sign-on awards. These equity awards are subject to forfeiture if the Executive ceases to be employed by the Group prior to the vesting date as a result of resignation or serious misconduct, Board risk and reputation review and malus provisions.
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	Dividends per share.
DRP	Dividend reinvestment plan.
DRP participation	The percentage of total issued capital participating in the dividend reinvestment plan.
Earnings per share (EPS) (basic)	Basic earnings per share is the net profit attributable to ordinary equity holders of the Bank, divided by the weighted average number of ordinary shares on issue during the year per the requirements of relevant accounting standards.
Earnings per share (EPS) (diluted)	Diluted earnings per share adjusts the net profit attributable to ordinary equity holders of the Bank and the weighted average number of ordinary shares on issue used in the calculation of basic earnings per share, for the effects of dilutive potential ordinary shares per the requirements of relevant accounting standards.
Electricity generated from on-site solar panels	Electricity generated during the reporting period from photovoltaic solar panels installed on approximately 91 bank branches. Electricity may be used on site or returned to the grid. Accompanying sustainability performance metric assured by PwC.
Employee turnover – involuntary	Refers to all involuntary exits of permanent employees as a percentage of the average permanent headcount paid directly by the Group (full-time, part-time, job share or on extended leave), excluding ASB businesses in New Zealand. Involuntary exits include redundancies and terminations for disciplinary reasons. Accompanying sustainability performance metric assured by PwC.
Employee turnover – voluntary	Refers to all voluntary exits of permanent employees as a percentage of the average permanent headcount paid directly by the Group (full-time, part-time, job share or on extended leave), excluding non-permanent employees and ASB businesses in New Zealand. Voluntary exits are determined to be resignations and retirements. Accompanying sustainability performance metric assured by PwC.
Employees who have accessed parental leave	Number of employees eligible for parental leave benefit who had started primary or secondary carer parental leave during the reporting period, as recorded in the Group’s human resources system. Excludes ASB businesses in New Zealand and employees of discontinued operations. Accompanying sustainability performance metric assured by PwC.
Employees who have returned from parental leave and are still employed after 12 months	The proportion of employees who returned from a period of primary or secondary carer parental leave in the prior year and were still employed after 12 months within the reporting period, as recorded in the Group’s human resources system. Excludes employees that returned to a major business or subsidiary that is now a discontinued operation. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Employees who identify as having a disability	The proportion of employees that have confirmed they have a disability, chronic illness or other medical condition in the Group’s biannual people and culture survey. Not all questions are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year to year. Bankwest and businesses in Indonesia included from September 2020. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Employees who identify as LGBTI and/or gender non-binary	The proportion of employees that identify as Lesbian, Gay, Bisexual, Transgender, Intersex (LGBTI), gender-non binary or other, by nominating one or more of the options in the Group’s biannual people and culture survey. Not all questions are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year to year. Bankwest included from September 2020. Businesses in China and Singapore included from September 2021. Excludes ASB businesses in New Zealand, and

Glossary of terms (continued)

Term	Definition
	businesses in Indonesia. Accompanying sustainability performance metric assured by PwC.
Employees with caring responsibilities	The proportion of employees that have selected one or more of the caring responsibility options (including, but not limited to, caring for elderly, children, people with chronic conditions, etc.) in the Group's biannual people and culture survey. Not all questions are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year to year. Bankwest is included from September 2020. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Employees working flexibly	The proportion of employees that indicated they used one or more of the flexible work options in the previous 12 months in the Group's biannual people and culture survey. Not all questions are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year to year. Bankwest and businesses in China are included from September 2020. Businesses in Indonesia are included from September 2021. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Employment type	The number of Australian employees as at 30 June who are permanent employees working in full-time, part-time or casual positions, including job share or on extended leave. It excludes ASB businesses in New Zealand, fixed contractors and contingent workers. Accompanying sustainability performance metric assured by PwC.
Environmental, Social and Governance (ESG) training	Number of employees who have completed ESG learning modules, as recorded in CBA's learning management system (PeopleLink) as at 30 June, measured by headcount. Excludes Bankwest and ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Escalated complaints to an external dispute resolution (EDR) scheme	Number of complaints escalated to an EDR scheme for the Group. This includes complaints that have been through the Bank's Internal Dispute Resolution (IDR) process and have escalated to an EDR scheme. These complaints are recorded in Firstpoint and managed by Group Customer Relations/Customer Care team. EDR schemes include, but are not limited to, the Australian Financial Complaints Authority (AFCA) and the Office of the Australian Information Commissioner (OAIC). Includes Bankwest and CBA/Colonial First State (CFS) comingled complaints or complaints related to the sale and distribution of CFS products. Excludes ASB businesses in New Zealand and other overseas operations. Accompanying sustainability performance metric assured by PwC.
ESG bond arrangement	The full value of all Green, Social, Sustainability, Sustainability-linked and Transition bonds arranged during the 12 months ended 30 June, in which CBA acted as Global Coordinator, Manager/Bookrunner or Lead Arranger. The roles and bond classification have been defined and confirmed by Bloomberg. Private placements aligned with International Captial Market Association principles are included. Accompanying sustainability performance metric assured by PwC.
ESG bond arrangement (Australian market)	The full value of all AUD denominated Green, Social, Sustainability, Sustainability-linked and Transition bonds arranged during the 12 months ended 30 June, in which CBA acted as Global Coordinator, Manager/Bookrunner or Lead Arranger. The roles and bond classification have been defined and confirmed by Bloomberg.
Executives	Collective term referring to the individuals in the following Executive groups: CEO, Group Executives and CEO ASB.
Executive Leadership Team (ELT)	The group comprises of the CEO and individuals in the following Executive groups: Group Executives and CEO ASB.
Expense to income ratio	Represents operating expenses as a percentage of total operating income. The ratio is a key efficiency measure.
Financial Independence Hub (participants supported)	An individual who has received one or more services from the Financial Independence Hub (FIH). These services include but are not limited to free one-on-one financial coaching, referrals to other services, or support with tasks. A client can receive one or more services.
Forgone revenue	Forgone revenue consists of the aggregate value of fee-free or discounted CBA products and services during the reporting period to a range of customers; including, young customers, students, Government benefit recipients, not-for-profit organisations and the elderly. It relates to monthly account fee and transaction fees only and does not include discounts on interest rates. This metric does not include revenue forgone as part of CBA's Emergency Assistance Packages. Accompanying sustainability performance metric assured by PwC.
Fuels – natural gas, diesel and transport	Energy from the use of natural gas and diesel in data centres, retail and commercial operations, and transport fuels, under CBA's operational control during the reporting period. Accompanying sustainability performance metric assured by PwC.
Full-time equivalent	Total FTE of the Group by geographical work locations as at 30 June. FTE includes full-

Glossary of terms (continued)

Term	Definition
employees (FTE) (page 44)	time, part-time, job share employees, employees on extended leave and contractors. One full-time role is equal to 38 working hours per week. Accompanying sustainability performance metric assured by PwC.
Full-time equivalent staff	Includes all permanent full-time staff, part-time staff equivalents and external contractors employed through third-party agencies.
Funding for Australian clients	Represents total deal volume where CBA acted as manager/book runner on syndicated loans, debt capital markets and securitisation issuance for Australian clients.
Funds Under Administration	Funds Under Administration (FUA) represents the market value of funds administered by the Group and excludes AUM.
Gender pay equity – female to male base salary comparison	Gender pay equity is defined as the ratio of weighted average base salary of males and females for Australia-based employees of the Group, as at 31 March. The data reflects roles in similar functions, role scope and responsibilities. The data refers to permanent employees who are full-time, part-time, job sharing or on extended leave. It excludes the CEO, Board members, contractors, casual employees, seconded employees and employees who have not responded with a defined gender. Accompanying sustainability performance metric assured by PwC.
Graduates	The number of graduates who accepted and commenced in a graduate position with CBA or Bankwest under the Talent Acquisition program. Graduate positions commence in February each year. Accompanying sustainability performance metric assured by PwC.
Greenhouse gas emissions:	
Exclusions and reclassifications	From FY19 onwards: 1. Scope 3 includes emissions from base buildings and paper use. From FY20 onwards: 1. CBA assumed operational control of two data centres. Emissions from these locations have been reclassified from scope 3 to scope 1 or 2 emissions, depending on source. 2. Scope 1 includes refrigerant emissions. 3. Scope 3 includes additional emissions from waste, water, work from home and couriers. For FY22: 1. Aussie Home Loans data is excluded due to divestment. 2. From November 2021, Colonial First State data is excluded due to divestment.
Location-based emissions reporting	Reflects the average emissions intensity of the grid where electricity is consumed by the Group.
Scope 1 emissions	Relates to the consumption of natural gas, stationary fuel and refrigerants used in retail, commercial and data centre properties under the Group's operational control, and business use of Tool of Trade vehicles. Emissions are calculated using the relevant emissions factors noted in the regional definitions below. Accompanying sustainability performance metric assured by PwC.
Scope 2 emissions	Emissions from the electricity used by ATMs, retail, commercial, residential and data centre properties under the Group's operational control. Emissions are calculated using the relevant emission factors noted in the regional definitions below. Accompanying sustainability performance metric assured by PwC.
Scope 3 emissions	Indirect greenhouse gas emissions as a result of sources outside the Group's operational control, but support the Group's business activities. It includes rental car and taxi use, business use of private vehicles, business flights, hotel accommodation, water, waste, couriers, emissions associated with employees working from home and emissions associated with electricity at data centres not under CBA's operational control, base building emissions and annual report production. Emissions are calculated using the relevant emission factors noted in the regional definitions below. Accompanying sustainability performance metric assured by PwC.
Scope 2 emissions (market based emissions)	Market-based reporting reflects the emissions from electricity that companies have purchased. For CBA this is emissions from the electricity used by ATMs, retail, commercial, residential and data centre properties under the Group's operational control. Emissions based on greenhouse gas emissions emitted by the generators from which CBA has contractually purchased electricity bundled with Large Generation Certificates (LGCs). Accompanying sustainability performance metric assured by PwC.

Glossary of terms (continued)

Term	Definition
Scope 1, 2 and 3 emissions – Australia	Australian emissions are based on emission factors sourced from Climate Active Carbon Neutral Standard (2022), National Greenhouse Accounts Factors (NGA) (2021) and DEFRA (2021). Accompanying sustainability performance metric assured by PwC.
Scope 1, 2 and 3 emissions – New Zealand	New Zealand emissions are based on emission factors sourced from Ministry for Environment NZ, Measuring Emissions: A Guide for Organisations (2022) and BEIS (2022). In FY20, ASB reclassified leased fleet fuel usage under its direct control from Scope 3 emissions to Scope 1 emissions. Comparative information for FY19 and FY18 has not been reclassified. FY18 includes Sovereign which was sold by CBA in FY19. Accompanying sustainability performance metric assured by PwC.
Scope 1, 2 and 3 emissions – Other overseas	Other overseas emissions are estimated by multiplying the Australian emissions per FTE as at 30 June by the number of FTEs of all the Group's other overseas offices. Accompanying sustainability performance metric assured by PwC.
Scope 1 and 2 greenhouse gas emissions reduction	The Scope 1 and 2 target is based on a 1.5 degree trajectory, requiring 4.2% annual linear contraction. Emissions relate to the consumption of Natural Gas, Stationary Fuel, Refrigerant and Electricity used in retail, commercial and data centre properties under the Group's operational control, and business use of tool of trade vehicles. Australian electricity emissions are zero as the equivalent of 100% of our Australian operational electricity needs have been sourced from renewable sources. Only electricity is included in other overseas emissions due to data limitations.
Group	Commonwealth Bank of Australia and its subsidiaries.
Group Executive (GE)	Members of the Executive Leadership Team (excludes the CEO and the CEO ASB).
Headcount	Total number of employees, including permanent headcount (full-time, part-time, job share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group as at 30 June. Excludes contingent workers and ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Health, safety and wellbeing training	Number of employees who completed health, safety and wellbeing training, as recorded in the Group's learning management system (PeopleLink) as at 30 June, measured by headcount. Excludes Bankwest and ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Indigenous cultural development (training completion rate)	Percentage of employees who have completed Indigenous cultural development, as recorded in the Group's learning management system (PeopleLink) as at 30 June. Indigenous cultural development programs included are: Indigenous cultural awareness e-learning; providing banking services to First Nations customers e-learning; or BlackCard Cultural Learning Program. Includes CBA and Bankwest domestic employees. Excludes ASB Businesses in New Zealand and other overseas operations. Accompanying sustainability performance metric assured by PwC.
Indigenous Customer Assistance Line (calls received)	Number of calls received via the dedicated Indigenous Customer Assistance Line (ICAL) during the 12 months to 30 June. It excludes calls that were abandoned by customers. Accompanying sustainability performance metric assured by PwC.
Indigenous workforce	Represents the proportion of employees that have indicated they most strongly identify with Australian Aboriginal and/or Torres Strait Islander ancestry in the Group's biannual people and culture survey. Not all questions are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year to year. Bankwest included from September 2020. Excludes ASB businesses in New Zealand, and businesses in Indonesia. Aboriginal and Torres Strait Islander representation in Australia is based on the 2016 Australian Census. Accompanying sustainability performance metric assured by PwC.
Interest Rate Risk in the Banking Book (IRRBB)	Interest Rate Risk in the Banking Book is the risk that the Bank's profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted by changes in interest rates. This is measured from two perspectives: 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.
Key Management Personnel (KMP)	Persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.
Lending for Australian home buyers	Home lending includes RBS internal refinancing, excludes Viridian Line of Credit (VLOC), includes Bankwest fixed splits of existing variable loans and excludes all other Bankwest internal refinancing.
LinkedIn Top Company	LinkedIn Top Companies is a ranking of the 25 companies that are investing in their talent and helping people build careers that will set them up for long-term success. The ranking uses LinkedIn data to rank companies based on seven pillars that have been shown to lead

Glossary of terms (continued)

Term	Definition
	to career progression: ability to advance; skills growth; company stability; external opportunity; company affinity; gender diversity and educational background. Only parent companies rank on the list; majority-owned subsidiaries and data about those subsidiaries are incorporated into the parent company score. The methodology time frame is January 1 2021 to December 31 2021.
Long-Term Alignment Remuneration (LTAR)	Remuneration that is subject to a pre-grant assessment and vests subject to vesting conditions after a period of four and five years for the CEO, and four years for Group Executives.
Long-Term Variable Remuneration (LTVR)	Variable remuneration subject to service conditions and performance measures over four-years. From FY21, LTVR awards that remain on foot following satisfaction of service conditions and performance measures are restricted until completion of a risk and compliance review after a further holding period of two and three years for the CEO and one and two years for the Group Executives and CEO ASB.
Lost Time Injury Frequency Rate (LTIFR)	LTIFR is the reported number of occurrences of lost time arising from injury or disease that have resulted in an accepted workers compensation claim, for each million hours worked by Australia and New Zealand employees. The metric captures claims relating to permanent, casual and contractors paid directly by the Group. It is reported using the information available as at 30 June. Prior year numbers have been re-stated due to claims received after year-end reporting date. This metric includes data for the now divested CFS business covering the period 1 July 2021 to 30 November 2021 (divestment date). These records pertain to workers that were employed by CBA at the time, and CBA retains some legal obligations as an employer for that period. Accompanying sustainability performance metric assured by PwC.
Misconduct breaches resulting in termination	Represents closed substantiated misconduct cases which resulted in termination and were managed in Australia by the Workplace Relations and Group Investigations teams. Various policies within the Group govern staff conduct obligations, including the 'Code of Conduct' which is the guiding framework for the Group. It excludes incidents reported by local associates and joint ventures. Colonial First State is included from 1 July – 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
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.
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 (NPS)	For the major banks, NPS is reported for main brand only. NPS is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld. NPS refers to customer likelihood to recommend their MFI using a scale from 0-10 (where 0 is 'Not at all likely' and 10 is 'Extremely likely) and NPS is calculated by subtracting the percentage of Detractors (scores 0-6) from the percentage of Promoters (scores 9-10).
NPS – Institutional	DBM Institutional $300M+ Business MFI Net Promoter Score. Based on Australian business with an annual revenue of $300M or more for the previous financial year rating their MFI for Business Banking. NPS results are shown as a twelve-month rolling average.
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.
Non-Executive Director	Key Management Personnel who are not Executives.
NPS – ASB – Business and rural banking	Business Finance Monitor (BFM) Net Promoter Score measures the net likelihood of recommendation to others of the business or rural customer's main financial institution. Using a scale of 1 to 10 (1 means 'extremely unlikely' and 10 means 'extremely likely'),

Glossary of terms (continued)

Term	Definition
	the 1–6 raters (detractors) are deducted from the 9–10 raters (promoters). Four quarter rolling average data is used. The ranking refers to ASB's position relative to the other three main New Zealand banks.
NPS – ASB – Consumer	Retail Market Monitor (RMM) measures the net likelihood of recommendation to others of the customer's main financial institution. Using a scale of 1 to 10 (1 means 'extremely unlikely' and 10 means 'extremely likely'), the 1–6 raters (detractors) are deducted from the 9–10 raters (promoters). 12 month rolling average data is used. The ranking refers to ASB's position relative to the other four main New Zealand banks.
NPS – Bankwest – Business	DBM Business Main Financial Institution (MFI) Net Promoter Score. Australian businesses rating their Main Financial Institution for Business Banking. Net Promoter Score refers to customer likelihood to recommend their MFI using a scale from 0-10 (where 0 is 'Extremely unlikely' and 10 is 'Extremely likely') and NPS is calculated by subtracting the percentage of Detractors (scores 0-6) from the percentage of Promoters (scores 9-10). NPS results are shown as a 6 month rolling average. NPS is reported for each brand, therefore CBA excludes Bankwest, and Westpac excludes St George. Bankwest ranking is based on the following 9 banks: CBA, ANZ, WBC, NAB, BEN/ADB, SUN, BWA, BOQ, STG.
NPS – Bankwest – Consumer	DBM Consumer Main Financial Institution (MFI) Net Promoter Score. Australian Population 14+ (from Jan 17; 18+ for data prior). Refers to customers' likelihood to recommend their MFI using a scale from 0-10 (where 0 is 'Not at all likely' and 10 is 'Extremely likely') and is calculated by subtracting the percentage of Detractors (scores 0-6) from the percentage of Promoters (scores 9-10). Note that percentage signs are not used to report. NPS results are shown as a 6 month rolling average. NPS is reported for each brand, therefore CBA excludes Bankwest, and Westpac excludes St George. Bankwest ranking is based on the following 9 banks: CBA, ANZ, WBC, NAB, BEN/ADB, SUN, BWA, BOQ, STG.
NPS – CBA – Business	DBM Business Main Financial Institution (MFI) Net Promoter Score. Australian businesses rating their Main Financial Institution for Business Banking. Net Promoter Score refers to customer likelihood to recommend their MFI using a scale from 0–10 (where 0 is 'Extremely unlikely' and 10 is 'Extremely likely') and NPS is calculated by subtracting the percentage of Detractors (scores 0–6) from the percentage of Promoters (scores 9–10). NPS results are shown as a six month rolling average. NPS is reported for main brand only.
NPS – CBA – Consumer	DBM Consumer Main Financial Institution (MFI) Net Promoter Score. Australian Population 14+ (from Jan 17; 18+ for data prior). Refers to customers' likelihood to recommend their MFI using a scale from 0–10 (where 0 is 'Not at all likely' and 10 is 'Extremely likely') and is calculated by subtracting the percentage of Detractors (scores 0–6) from the percentage of Promoters (scores 9–10). Note that percentage signs are not used to report NPS. NPS results are shown as a six month rolling average. NPS is reported for main brand only.
NPS – CBA – Consumer mobile banking app	DBM Consumer Main Financial Institution (MFI) Mobile Banking Net Promoter Score. Based on Main Financial Institution (MFI) customers rating their likelihood to recommend their MFI Mobile Banking App used in the last 4 weeks. NPS refers to customer likelihood to recommend their MFI's Mobile Banking App using a scale from 0–10 (where 0 is 'Not at all likely' and 10 is 'Extremely likely') and NPS is calculated by subtracting the percentage of Detractors (scores 0–6) from the percentage of Promoters (scores 9–10). NPS results are shown as a six month rolling average. NPS is reported for main brand only.
NPS – CBA – Consumer online banking	DBM Consumer Main Financial Institution (MFI) Online Banking Net Promoter Score. Based on Main Financial Institution (MFI) customers rating their likelihood to recommend their MFI Online Banking used in the last 4 weeks. NPS refers to customer likelihood to recommend their MFI's Online Banking using a scale from 0–10 (where 0 is 'Not at all likely' and 10 is 'Extremely likely') and NPS is calculated by subtracting the percentage of Detractors (scores 0–6) from the percentage of Promoters (scores 9–10). NPS results are shown as a six month rolling average. NPS is reported for main brand only.
Office paper usage (retail and commercial operations)	A3 and A4 office paper used in retail and commercial operations under the Group's operational control. Invoiced reams of paper used to estimate usage as a weight. Excludes operations outside Australia. Accompanying sustainability performance metric assured by PwC.
Other overseas	Represents amounts booked in branches and controlled entities outside Australia and New Zealand.
People engagement index – CBA	The People Engagement Index (PEI) measures how engaged our people are including their connection, motivation and commitment to the organisation. The PEI was refreshed in September 2020 from a four item metric to a five item metric to include items relating to discretionary effort and work involvement and the removal of work satisfaction as a predictor of engagement. PEI is calculated based on the proportion of employees replying with a score of 4 or 5 to five engagement questions in the Group's biannual people and culture survey. These questions relate to pride, advocacy, intent to stay, discretionary effort and work involvement on a scale of 1–5 (where 1 is 'Strongly Disagree' and 5 is 'Strongly

Glossary of terms (continued)

Term	Definition
	Agree'). Not all metrics are surveyed during the survey period. Participation and disclosure in the survey is voluntary and can vary from year to year. Bankwest included from September 2020. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Performance Rights	Performance rights to ordinary shares in CBA granted under LTVR award and subject to performance conditions.
Privacy complaints	Number of privacy related complaints escalated to the Office of the Australian Information Commissioner (OAIC) or Australian Financial Complaints Authority (AFCA) (privacy related) for the Group. This includes complaints that have been through the Bank's Internal Dispute Resolution (IDR) process and have escalated to an EDR scheme. These complaints are recorded in Firstpoint and are managed by Group Customer Relations/Customer Care team. Includes Bankwest and CBA/Colonial First State (CFS) comingled complaints or complaints related to the sale and distribution of CFS products. Excludes ASB businesses in New Zealand and other overseas operations. Accompanying sustainability performance metric assured by PwC.
Profit after capital charge (PACC)	The Group uses PACC, a risk-adjusted measure, as a key measure of financial performance. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments.
Program implementation costs	Total costs incurred by the Group to implement and manage community investment programs including the Indigenous Customer Assistance Line call centre, Next Chapter, Women in Focus, school programs as well as other not-for-profit activities. These costs include salary and wages, occupancy, IT and other administration costs. Accompanying sustainability performance metric assured by PwC.
Purchased electricity	Purchased electricity used in Australian retail and commercial properties under operational control, two data centres under operational control and two data centres outside operational control. Accompanying sustainability performance metric assured by PwC.
Renewable energy via power purchase agreements or retail contracts	Energy value of purchased electricity that has been sourced through power purchase agreements or renewable electricity retail contracts. Accompanying sustainability performance metric assured by PwC.
RepTrak score	The RepTrak Company (formerly Reputation Institute), June 2022. CBA reputation score, and the average of 16 selected ASX customer-facing companies.
Restricted Share Units (RSU)	Rights to ordinary shares in CBA, or a cash equivalent, granted under the LTAR and subject to vesting conditions.
Return on equity – cash basis	Based on net profit after tax ("cash basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
Return on equity – statutory basis	Based on net profit after tax ("statutory basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
School banking students (active)	The number of active students who participated in the Commonwealth Bank's School Banking program during the 12 months to 30 June. Active students are those who banked at least once during the 12 month period through the School Banking Portal through the School Banking program. The School Banking program closed on 10 December 2021.
Short-Term Variable Remuneration (STVR)	Variable remuneration paid, subject to the achievement of predetermined performance hurdles over one financial year. STVR is received as cash and deferred shares.
SpeakUP Program cases	Number of cases recorded in the Group's SpeakUP Program during the 12 months to 30 June. The reports include both whistleblower and non-whistleblower disclosures. Colonial First State disclosures are included from 1 July – 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Start Smart students (booked)	Number of students booked to attend the Commonwealth Bank's Start Smart financial education programs during the 12 months to 30 June. Start Smart sessions cover a range of topics and the same student may be booked to attend a number of sessions. Includes face-to-face and online delivery. The Start Smart program closed on 30 June 2021.
Substantiated misconduct cases	Represents closed substantiated misconduct cases managed in Australia by the Workplace Relations and Group Investigations teams. Various policies within the Group govern staff conduct obligations, including the 'Code of Conduct' which is the Group's guiding framework. It excludes incidents reported by local associates and joint ventures. Colonial First State is included from 1 July – 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.

Glossary of terms (continued)

Term	Definition
Sustainability Funding Target	For the full definition, including definitions of each asset category, refer to pages 71–74 of the 2022 Climate Report. Accompanying sustainability performance metric assured by PwC.
Time volunteering	Total estimated cost of volunteering hours contributed by Australia-based CBA and Bankwest employees through volunteering activities as captured in the Group's leave management system (WorkDay) and by volunteering managers. Average hourly rates are calculated using Australia-based permanent employees' salaries as at 30 June, excluding the salaries of the Board, the CEO, Group Executives and offshore employees. In FY21, the methodology for calculating the employee hourly rate changed. FY20, FY19 and FY18 have not been restated. Colonial First State is included from 1 July – 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Total customers	
ASB customers	The number of customers who have a relationship with ASB New Zealand, as at 30 June. A customer is defined as anyone who holds an open account. Includes, retail and non-retail customers and deceased estates.
Bankwest customers	The number of customers who have a relationship with Bankwest, as at 30 June. A customer is defined as anyone who holds an open account. Includes, retail and non-retail customers and deceased estates
CBA customers	The number of customers who have a relationship with the Commonwealth Bank of Australia, as at 30 June. A customer is defined as anyone who holds an open account. Includes, retail and non-retail customers and deceased estates. Accompanying sustainability performance metric assured by PwC.
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.
Training completion rates – Code of Conduct	Percentage of employees who have been assigned or completed the 'Code of Conduct' learning module recorded in the Group's learning management system (PeopleLink) as at 30 June. It includes employees who have a learning due date after 30 June. Excludes the training completion rates of the employees of ASB Businesses in New Zealand. Numbers prior to FY19 are for completion of 'Our Commitments' training. Accompanying sustainability performance metric assured by PwC.
Training completion rates – mandatory learning	Percentage of employees who have been assigned or completed the Group mandatory learning modules recoded in the Group's learning management system (PeopleLink) as at 30 June. It includes employees who have a learning due date after 30 June. Excludes the training completion rates of the employees of ASB Businesses in New Zealand. The Group's mandatory learning modules are Code of Conduct; Conflicts of Interest; Valuing Privacy; Health, Safety and Wellbeing; Workplace Conduct (which includes Sexual Harassment); Group Securities Insider Trading; Financial Crime (which includes Anti-Bribery and Corruption, Anti-Money Laundering and Counter-Terrorism Financing); Fraud; Resolving Customer Complaints; Information Security; and The Group Risk Management Approach. Accompanying sustainability performance metric assured by PwC.
Training hours per employee	Average completed training hours per employee recorded in CBA's learning management system (PeopleLink) as at 30 June, measured by headcount. Training hours are allocated to each training item including face-to-face or online training, excludes external training and video training. Executive Managers, General Managers, Executive General Managers and the Chief Executive Officer are included in 'Executive Managers and above' and 'Others' includes team managers and team members. This metric excludes the training completion rates of the employees of Bankwest and ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Waste (commercial operations) – landfill	Tonnes of waste to landfill generated per annum from CBA and Bankwest commercial buildings under our operational control in Australia. As at 30 June 2022, 80% of waste to landfill data is based on invoiced amounts, the remainder is estimated based on an average tonnes per m^2 of net lettable area (NLA). Invoiced amounts are estimated by the total number of bin lifts using density conversion factors or actual weighed amounts where available. Accompanying sustainability performance metric assured by PwC.
Waste (commercial operations) – recycled	Tonnes of recycled waste generated per annum from CBA and Bankwest buildings under our operational control in Australia. 72% of waste recycled data is based on invoiced amounts, the remainder is estimated based on an average tonnes per m^2 of NLA. Invoiced amounts are estimated by the total number of bin lifts using density conversion factors or actual weighed amounts where available. Accompanying sustainability performance metric assured by PwC.

Term	Definition
Waste (commercial operations) – secure paper recycled	Tonnes of secured paper waste collected from CBA and Bankwest commercial buildings under CBA's operational control, and shredded and recycled in a secure process to protect privacy. Based on invoiced volumes which are estimated based on an average weight per bin collected. In FY22, the process changed to also include onsite volumetric measurement at selected sites. Accompanying sustainability performance metric assured by PwC.
Water	Water consumption includes tenanted usage from CBA and Bankwest commercial buildings and data centres under CBA's operational control in Australia. As at 30 June 2022, 71% of water usage is based on invoiced amounts, the remainder is estimated based on an average usage per m^2 of net lettable area. It includes invoiced water use for the two data centres that are under the Group's operational control. Accompanying sustainability performance metric assured by PwC.
Weighted average number of shares	The calculation incorporates the bonus element of any rights issue, discount element of any DRP and excludes "Treasury Shares" related to investment in the Bank's shares held for future issuance at vesting of related share based payment awards.
Whistleblower cases	Number of whistleblower cases on-boarded into the Group's SpeakUP Program during the 12 months to 30 June. Colonial First State cases are included from 1 July – 1 December 2021, after which time our divestment from the business was complete. Accompanying sustainability performance metric assured by PwC.
Women in Executive Manager and above roles	The percentage of roles at the level of Executive Manager and above filled by women, in relation to the total headcount at these levels as at 30 June. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Women in Manager and above roles	The percentage of roles at the level of Manager and above (including Branch Managers) filled by women, in relation to the total headcount at this level as at 30 June. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.
Women in Senior Leadership (Group Executives)	The percentage of executive roles that are currently filled by women as at 30 June. These roles are direct reports of the Chief Executive Officer with authority and responsibility for planning, directing and controlling the Group's activities. Prior to FY19 the role of Chief Executive and Managing Director, ASB Ltd was not determined to be Key Management Personnel. FY18 is not comparable. For the list of current executives, refer to pages 77-79.
Women in workforce	The percentage of roles filled by women, in relation to the total headcount as at 30 June. Excludes ASB businesses in New Zealand. Accompanying sustainability performance metric assured by PwC.

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We have committed to prioritising the purchase of Australian carbon credit units to offset the emissions from our Annual Reports. All emissions associated with the design, printing, distribution and disposal of our 2022 Annual Report will be included in our Climate Active carbon neutrality certification.

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