ASX Announcement

FY23 Results

For the year ended 30 June 2023[1]

Continued focus on customers, disciplined operational and strategic execution, strengthened balance sheet and improved financial outcomes.

Net profit after tax

$10,188m

Statutory NPAT[2]
- ↑ 5% on FY22
- ↓ 5% on 1H23

$10,164m

Cash NPAT[2]
- ↑ 6% on FY22
- ↓ 3% on 1H23

Net profit after tax (NPAT) increased, supported by growth in net interest income, partly offset by higher loan impairment expenses and operating costs.

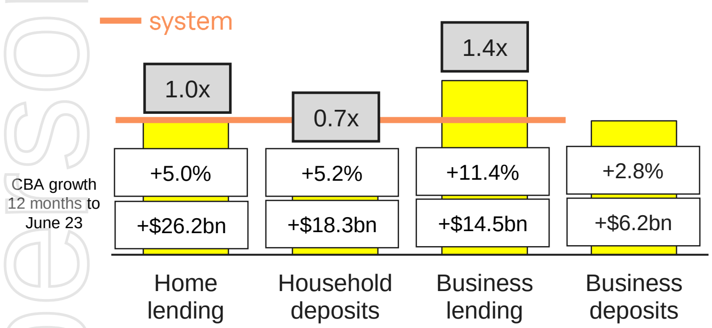
Pre-provision profit

$15,591m

Underlying performance[3]
- ↑ 19% on FY22
- ↓ 1% on 1H23

Our pre-provision profit is up 19% reflecting strong operational performance across our core businesses.

Volume growth in core businesses[4]



Net interest margin (NIM)

2.07%

- ↑ 17bpts on FY22 (↑ 20bpts excl. liquids)
- ↓ 5bpts on 1H23 (↓ 5bpts excl. liquids)

Margins increased year-on-year due to the rising interest rate environment, partly offset by the impact of increased competition, particularly in home lending. Monthly spot margins peaked in late 2022 and we continue to manage headwinds.

Common Equity Tier 1 (CET1) capital ratio

12.2%

APRA (Level 2)[5]
- ↑ 10bpts on 1H23[6]

The Bank maintained a strong capital position after returning ~$10 billion to shareholders via dividends and buy-backs. On an internationally comparable basis, CET1 capital ratio was 19.1%. With the previously announced $3 billion on-market share buy-back completed during the year, we are announcing our intention to conduct a further $1 billion on-market share buy-back[7].

Shareholder return

14.0%

Return on equity (ROE)
- ↑ 130bpts on FY22

$4.50

Dividend per share
- ↑ 17% on FY22

The Bank's return on equity improved by 130bps to 14.0% largely due to the impact of higher profits and lower share count. The final dividend was $2.40 per share, delivering a total dividend for the year of $4.50 per share, fully franked. The impact of the Dividend Reinvestment Plan (DRP) is expected to be neutralised.

For footnotes see page viii of this ASX Announcement.

Results overview

Strong results through supporting our customers Chief Executive Officer, Matt Comyn

Our results demonstrate our continued focus on supporting our customers, investing in our communities, and providing strength and stability for the broader economy.

It has been an increasingly challenging period for our customers, dealing with rising cost of living pressures. Our balance sheet resilience allows us to support our customers and deliver sustainable returns for shareholders. The Bank's portfolio quality has remained sound with arrears and impairments below long-term averages, supported by a strong labour market as well as savings and repayment buffers.

Our continued focus on customer relationships has underpinned strong MFI shares with 35% of Australian consumers and 25% of Australian businesses naming us their main financial institution.

Our operating performance reflected strong volume growth and an increase in the Group's net interest margin.

With tighter and rapidly changing financial conditions we have taken a prudent approach to managing risks including credit, interest rate, funding and liquidity risks.

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

Key financials

For the full year ended 30 June 2023.

- **Statutory NPAT** was $10,188m, up 5%.
- **Cash NPAT** of $10,164 million was 6% higher reflecting strong operational performance, partly offset by higher loan impairment expenses and operating costs.
- **Operating income** was $27,237 million, up 13% driven by volume growth and higher net interest margin.
- **Net interest margin** was 2.07%, 17bpts higher due to the rising rate environment, partly offset by the pressure from home lending competition.
- **Operating expenses**[1] were $11,646 million, 5% higher due to inflation, additional technology spend to support the delivery of our strategic priorities and volume growth, partly offset by productivity initiatives.
- **Loan impairment expense** increased by $1,465 million reflecting ongoing cost of living pressures and rising interest rates, and the non-recurrence of COVID-19 related overlay releases in the prior year.
- **Deposit funding** increased to 75% of total funding, as the Bank continued to satisfy a significant portion of its funding requirements from retail, business and institutional customer deposits.
- **CET1** capital ratio of 12.2% (Level 2, APRA), well in excess of regulatory minimum capital requirements.
- **Final dividend** of $2.40 per share, fully franked, taking the total dividend for the year to $4.50 per share.

Outlook Chief Executive Officer, Matt Comyn

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

We are seeing consumer demand moderate and economic growth slow and we are closely monitoring the impact of reduced discretionary spend, particularly on our small and medium sized business customers.

The Australian banking system remains strong and has navigated rapidly changing and uncertain global financial conditions through sound liquidity risk management and strong capital regulation.

We are well provisioned for the changing financial conditions and our strong balance sheet underpins our ability to support our customers and manage headwinds while delivering sustainable returns for shareholders.

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

Operating performance

Our franchise has continued to perform well, delivering growth in home lending, business lending and deposits through customer focus and disciplined execution.

Operating income

Operating income[1]
(Underlying)

$27,237m

FY22 $24,173m ↑ 13%

Net interest margin

2.07% FY23

FY22 1.90% ↑ 17bpts
(excl. liquids ↑ 20bpts)

2.05% 2H23

1H23 2.10% ↓ 5bpts
(excl. liquids ↓ 5bpts)

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

Net interest margin (NIM) was up 17bpts due to the rising interest rate environment, partly offset by the impact of home lending competition.

Monthly spot margins peaked in late 2022. Next financial year we expect competition, customer deposit switching and higher wholesale funding costs to remain margin headwinds, partly offset by the benefit of higher average cash rates.

Other operating income decreased 11%. The key drivers were:

- Divestments, including CommInsure General Insurance and Bank of Hangzhou;
- Lower equity accounted profits; and
- Lower equities income due to reduced trading volumes.

These were partly offset by:

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

Operating expenses

Operating expenses[2]
(Underlying)

$11,646m

FY22 $11,039m ↑ 5%

Investment spend

$1,998m **(total spend)**

FY22 $1,878m ↑ 6%

Cost-to-income ratio[2]
(Underlying)

42.8%

FY22 45.7%

Operating expenses increased 5% driven by higher staff and information technology costs, partly offset by productivity benefits including lower occupancy & equipment expenses.

Staff expenses increased 9% mainly driven by wage inflation and increased FTE, partly offset by higher annual leave usage as COVID-19 restrictions eased, and productivity initiatives. The average FTE increased 5% primarily due to a reduced reliance on external vendors as we insource and enhance our IT and engineering capabilities.

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

Information technology expenses increased 3% primarily due to inflation, increased software licensing and infrastructure costs, including increased cloud computing volumes, partly offset by a reduction in third party service providers.

Other expenses decreased 2% primarily driven by productivity initiatives, partly offset by increased travel costs as COVID-19 restrictions eased, and higher marketing spend and scam costs.

Provisions and credit quality

Loan impairment expense

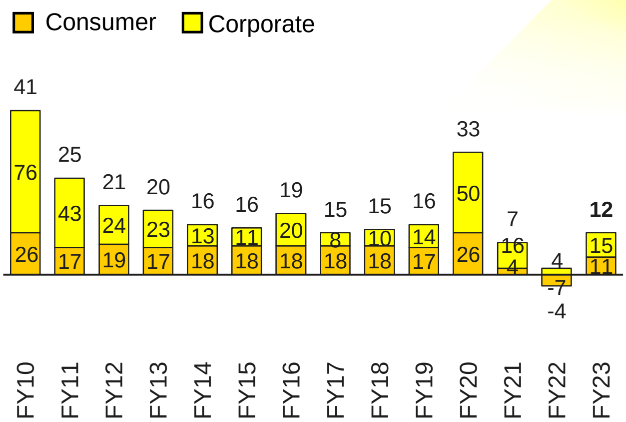
Loan impairment

$1,108m

FY22 $357m (benefit)

Loan impairment expense increased $1,465 million reflecting ongoing cost of living pressures and rising interest rates, and the non-recurrence of COVID-19 related overlay releases in the prior year.

Loan Loss Rate[1] (bpts)



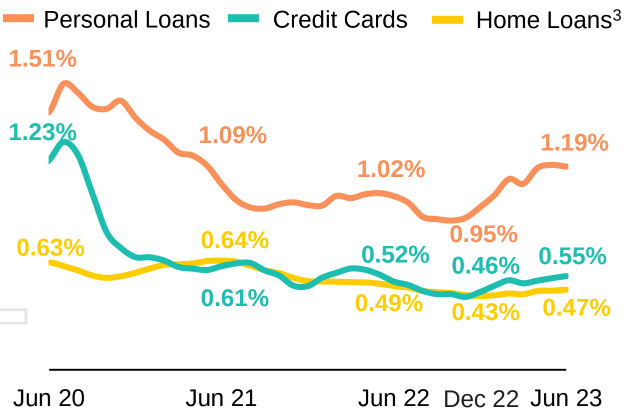
Portfolio credit quality

Consumer arrears have increased in recent months but remain historically low, reflecting low levels of unemployment, and high levels of consumer savings and repayment buffers.

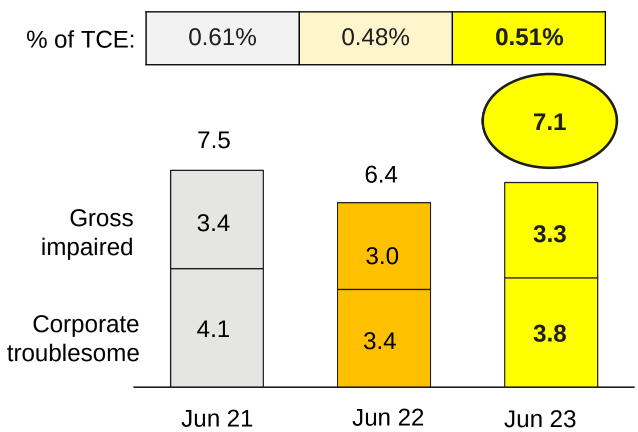
Troublesome and impaired assets increased to $7.1 billion from $6.4 billion in FY22, primarily driven by increases in the construction and commercial property sectors.

Gross impaired assets increased by $0.3 billion to $3.3 billion mainly driven by higher corporate impaired assets and increased restructures within the New Zealand home lending portfolio.

Consumer arrears[2] > 90 days (%)



Troublesome and impaired assets ($bn)



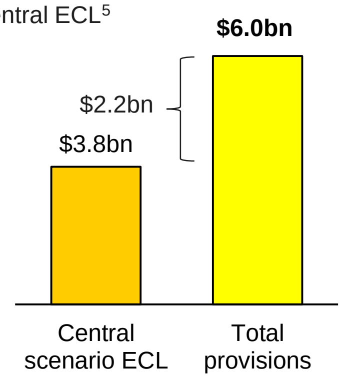
Loan impairment provisions

Our total impairment provisions increased to $5,950 million from $5,347 million as at June 22 reflecting the impact from ongoing cost of living pressures and rising interest rates on both the consumer and corporate portfolios.

The Group maintains a cautious approach to managing potential risks as financial conditions continue to tighten. Provisioning coverage to credit risk weighted assets remains strong at 1.64%. We maintain a provision buffer of ~$2 billion relative to the losses expected under our central economic scenario.

Provisioning[4] ($bn)

Total Provisions vs Central ECL[5]



Balance sheet strength

Our liquidity, funding and capital metrics remained strong during FY23. The strength of our balance sheet means the Bank is well positioned to continue supporting our customers, and the broader Australian economy, while delivering sustainable returns to our shareholders.

Capital

Common Equity Tier 1 capital ratio

12.2%

APRA (Level 2)

FY22 11.5%

The Bank has retained a strong capital position post the implementation of APRA's revised capital framework on 1 January 2023. The CET1 capital ratio was 12.2% as at 30 June 2023, approximately $9 billion in excess of the regulatory minimum capital requirement of 10.25%. We expect to operate with a post-dividend CET1 capital ratio of >11%, except in circumstances of unexpected capital volatility.

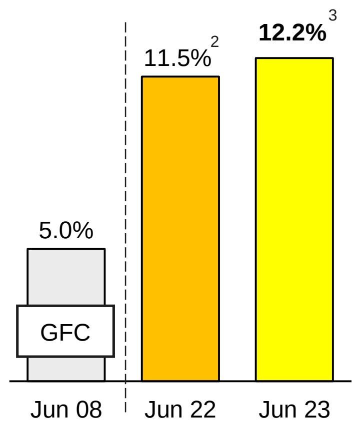
The Bank's CET1 capital ratio was supported during the year by strong organic capital generation from earnings, the removal of the remaining $500 million of APRA operational risk capital add-on and the divestment of our CommInsure General Insurance business.

We have successfully completed the $3 billion on-market share buy-back during FY23.

In light of our strong capital position, we intend to conduct a further $1 billion on-market share buy-back across FY24 subject to market conditions[1]. On completion, the Bank's CET1 capital ratio is expected to reduce by approximately 20 basis points.

The reduction in share count from buy-backs assists us to continue to deliver sustainable returns to shareholders.

CET1 (APRA, Level 2)



Funding and liquidity

Deposit funding ratio

75%

FY22 74%

Liquidity coverage ratio[4]

131%

FY22 130%

Net stable funding ratio[5]

124%

FY22 130%

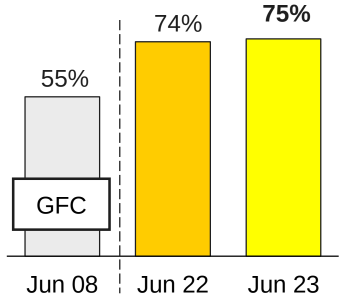
The Bank continued to satisfy a significant portion of its funding requirements from customer deposits, accounting for 75% of total funding, with increases from retail, business and institutional customers. Customer deposits are considered the most stable source of funding.

We have maintained a conservative funding position to provide flexibility as financial conditions tighten. Long-term wholesale funding accounted for 74% of total wholesale funding and the average tenor of the long-term wholesale funding portfolio was 5.3 years (5.5 years excluding the RBA Term Funding Facility & RBNZ term lending facilities).

The **liquidity coverage ratio (LCR)** for the quarter ended 30 June 2023 was 131% which was well above the minimum regulatory requirement of 100%. The LCR ratio now excludes the Committed Liquidity Facility (CLF), which was fully phased out during the year.

The **net stable funding ratio (NSFR)** as at 30 June 2023 was 124%, well above the regulatory minimum of 100%.

Deposit Funding Ratio (%)



Delivering for shareholders

Dividend

The Bank's capital position and disciplined execution continue to support sustainable returns to shareholders.

A final dividend of $2.40 per share, fully franked, was determined, taking the full year dividend to $4.50. The final dividend payout ratio was 74% of the Bank's cash earnings.

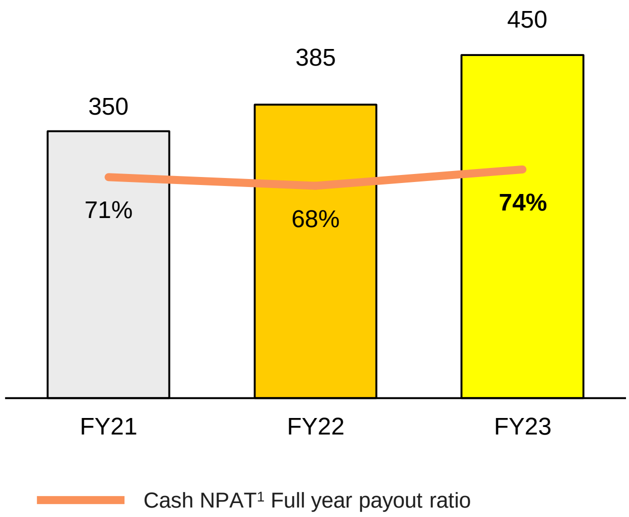
In line with our dividend policy, the Bank will continue to target a full year payout ratio of 70-80% of cash NPAT; maximise the use of our franking account by paying fully franked dividends; and pay sector leading cash dividends at sustainable levels.

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

The ex-dividend date is 16 August 2023, the record date is 17 August 2023, the final DRP participation date is 18 August 2023 and the final dividend will be paid on or around 28 September 2023.

Sustainable returns

Dividend per share (cents)



How we contribute to Australia

Supporting our customers, the community and the economy

Supporting customers and businesses to build a brighter future

- Supporting Australians' home ownership goals by funding $149 billion in new lending during FY23;
- We are helping Australia's businesses by providing $35 billion in new business lending in FY23;
- Since inception, our *Benefits finder* tool has connected customers to over $1 billion in unclaimed benefits, rebates and concessions;
- We hold the largest share of household deposits in Australia, at over 25%; and
- Customers have access to the largest branch network in the country.

How we contribute to our communities

- We employ over 53,000 people of which, ~90% work in either Australia or New Zealand, which equates to over $7 billion in staff related expenses in FY23;
- We launched NameCheck and CallerCheck to help protect our customers from scams and fraud;
- We support 200 community organisations right across Australia through our CommBank Staff Foundational Community Grants program; and
- We have mobilised Emergency Assistance support during weather-related events, including disaster relief packages and one-off payments for ASB customers impacted by flooding in Auckland and Cyclone Gabrielle.

Generating value for shareholders and contributing to Australia's economy

- The average retail shareholder received approximately $3,532 in fully franked dividends;
- We have over 860,000 shareholders with 78% of our shares Australian owned; additionally we support over 12 million Australians indirectly through their superannuation holdings;
- We completed the previously announced $3 billion on-market share buy-back, which assists us to continue to deliver sustainable returns to shareholders;
- We are one of Australia's largest corporate tax payers, paying over $3 billion in Australian corporate income tax in FY23.

Footnotes

Page i

1. All information in this section is presented on a continuing operations basis, unless stated otherwise. Comparative information has been restated to conform to presentation in the current period.
2. For an explanation of and reconciliation between statutory and cash NPAT refer to page 3 of the Profit Announcement for the year ended 30 June 2023.
3. Excludes the following items (FY23 operating expenses: $212 million of restructuring and one-off regulatory provisions, FY22 operating income: $516 million gain on sale of ~10% HZB shareholding and FY22 operating expenses: $389 million of accelerated software amortisation).
4. Home lending source: RBA Lending and Credit Aggregates. Business including select financial businesses. From April 2023 RBA Lending and credit aggregates excludes lending to warehouse trusts. Historical RBA data has been restated to reflect this change. CBA excludes Cash Management Pooling Facilities. Household deposits source: APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS). 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). Business deposits: FY23 spot balance growth of total interest bearing and non-interest bearing deposits.
5. Level 2 is the consolidated banking group including banking subsidiaries such as ASB Bank, PT Bank Commonwealth (Indonesia) and CBA Europe N.V.
6. After allowing for the 70 basis point uplift in the CET1 capital ratio from the implementation of the new capital framework on 1 January 2023.
7. The timing and actual number of shares purchased under the buy-back will depend on market conditions, available trading windows and other considerations. CBA reserves the right to vary, suspend or terminate the buy-back at any time.

Page ii

1. Presented on an underlying basis, excluding items listed per note 3 above.

Page iii

1. Presented on a cash basis, underlying operating income excludes a $516 million (pre-tax) gain on sale of ~10% shareholding in Bank of Hangzhou in FY22.
2. Presented on a cash basis, underlying operating expense excludes $212 million of restructuring and regulatory provisions in FY23 and $389 million of accelerated software amortisation in FY22.

Page iv

1. Loan Impairment Expense as a percentage of average Gross Loans and Acceptances (GLAA) (bpts) annualised.
2. Group consumer arrears including New Zealand.
3. Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.
4. The Group uses four alternative macroeconomic scenarios to reflect a range of possible future outcomes in estimating the Expected Credit Loss (ECL) for significant portfolios. Scenarios are updated based on changes in both the macroeconomic and geopolitical environment.
5. Central Scenario is based on the Group's internal economic forecasts and market consensus as well as other assumptions used in business planning and forecasting. Assumes 100% weighting holding all assumptions including forward-looking adjustments constant and includes individually assessed provisions.

Page v

1. Refer to footnote 7 under page i above.
2. APRA's capital framework effective up until 31 December 2022.
3. APRA's revised capital framework effective 1 January 2023.
4. Quarterly average.
5. The Net Stable Funding Ratio excluding the impact of CBA's Term Facility Funding drawdowns was 117% as at 30 June 2023.

Page vi

1. Cash NPAT inclusive of discontinued operations.

Investor Relations

Melanie Kirk
02 9118 7113
CBAInvestorRelations@cba.com.au

Media Relations

Danny John
02 9118 6919
media@cba.com.au

Investor Centre

For more information:
commbank.com.au/results

This announcement has been authorised for release by the Board.

Key financial information

	Full year ended[1] ("cash basis")			Half year ended ("cash basis")		
Group performance summary (continuing operations)	30 Jun 23 $m	30 Jun 22 $m	Jun 23 v Jun 22 %	30 Jun 23 $m	31 Dec 22 $m	Jun 23 v Dec 22 %
Net interest income	**23,056**	19,473	18	**11,419**	**11,637**	(2)
Other operating income	**4,181**	4,700	(11)	**2,225**	1,956	14
Underlying total operating income	**27,237**	24,173	13	**13,644**	13,593	-
Gain on sale of HZB shares[2]	**-**	*516*	*n/a*	**-**	-	-
Total operating income	**27,237**	24,689	10	**13,644**	13,593	–
Underlying operating expenses	**(11,646)**	(11,039)	5	**(5,873)**	(5,773)	2
Restructuring, accelerated amortisation and one-off item[3]	**(212)**	(389)	(46)	**(212)**	–	n/a
Total operating expenses	**(11,858)**	(11,428)	4	**(6,085)**	(5,773)	5
Underlying operating performance	**15,591**	13,134	19	**7,771**	7,820	(1)
Operating performance	**15,379**	13,261	16	**7,559**	7,820	(3)
Loan impairment (expense) / benefit	**(1,108)**	357	large	**(597)**	(511)	17
Net profit before tax	**14,271**	13,618	5	6,962	7,309	(5)
NPAT from continuing operations	**10,164**	9,595	6	**5,011**	5,153	(3)
NPAT from discont'd operations[4]	**18**	113	(84)	**8**	10	(20)
NPAT from continuing operations ("statutory basis")	**10,188**	9,673	5	**4,972**	5,216	(5)
Cash net profit after tax, by division (continuing operations)						
Retail Banking Services[5]	**5,158**	4,913	5	**2,467**	2,691	(8)
Business Banking	**3,973**	3,010	32	**2,001**	1,972	1
Institutional Banking and Markets	**1,031**	1,058	(3)	**578**	453	28
New Zealand	**1,356**	1,265	7	**638**	718	(11)
Corporate Centre and Other	**(1,354)**	(651)	(large)	**(673)**	(681)	1
NPAT from continuing operations	**10,164**	9,595	6	**5,011**	5,153	(3)
Shareholder ratios & performance indicators (continuing operations unless otherwise stated)						
Earnings per share – "cash basis" – basic (cents)	**601.5**	557.1	8	**297.5**	304.1	(2)
Return on equity – "cash basis" (%)	**14.0**	12.7	130bpts	**14.0**	14.1	(10)bpts
Dividends per share – fully franked (cents)	**450**	385	17	**240**	210	14
Dividend payout ratio – "cash basis" (%)[6]	**74**	68	large	**80**	69	large
Average interest earning assets ($m)[7]	**1,111,254**	1,026,910	8	**1,122,667**	1,100,027	2
Net interest margin (%)	**2.07**	1.90	17bpts	**2.05**	2.10	(5)bpts
Operating expenses to operating income (%)	**43.5**	46.3	(280)bpts	**44.6**	42.5	210bpts

1. Comparative information has been restated to conform to presentation in the current period.
2. Represents the pre-tax gain on sale of ~10% shareholding in Bank of Hangzhou of $516 million in FY22.
3. Relates to the impact of $212m of restructuring and one-off regulatory provisions in FY23, and $389m of accelerated software amortisation in FY22.
4. The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and reported as a single cash net profit after tax line item. Discontinued operations include Colonial First State (CFS) and associated transitional service agreements.
5. Retail Banking Services including General Insurance.
6. Includes discontinued operations.
7. Average interest earning assets are net of average mortgage offset balances.