

Commonwealth Bank of Australia

Recent Developments

The information set forth below is not complete and should be read in conjunction with the information contained on the “Supplementary business and financial disclosure” page of the U.S. investor website of the Commonwealth Bank of Australia (“CBA” or the “Bank”) at <https://www.commbank.com.au/about-us/investors/us-investors.html> (the “U.S. Investor Website”). References in this “Recent Developments” release to the “Group” refer to the Bank and its subsidiaries on a consolidated basis. This “Recent Developments” release supplements and, to the extent inconsistent with any information previously included on the U.S. Investor Website, amends and supersedes such information.

This “Recent Developments” release contains certain forward-looking statements which involve known and unknown risks and uncertainties. Such forward-looking statements, including economic forecasts and assumptions and business and financial projections, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. See “Special Note Regarding Forward-Looking Statements” in the Group’s Annual U.S. Disclosure Document for the year ended June 30, 2024 included on the U.S. Investor Website (the “2024 Annual U.S. Disclosure Document”).

References to “\$” are to Australian Dollars.

Trading Update for the Quarter Ended September 30, 2024

All financial results are presented on a “continuing operations” basis, consistent with the financial disclosures in the 2024 Annual U.S. Disclosure Document. For more information on the Group’s discontinued operations, see pages 4-5 of the 2024 Annual U.S. Disclosure Document and Note 11.3 to the Group’s consolidated financial statements for the year ended June 30, 2024 included on the U.S. Investor Website (the “2024 Financial Report”).

Unless otherwise noted, all comparisons against the results for the quarter ended September 30, 2024 (the “quarter”, “Sep 24” or “1Q25”) are to the simple average of the results from the quarter ended March 31, 2024 and the quarter ended June 30, 2024 (the “2H24 Quarterly Average”). All comparisons of the quarter to the 2H24 Quarterly Average are not comparable to, and should not be taken to be comparable to, comparisons to the quarter ended June 30, 2024. References to “2H24” mean the second fiscal half year ended June 30, 2024. References to the prior comparative quarter refer to the quarter ended September 30, 2023.

The unaudited net profit after tax (“statutory basis”) and unaudited net profit after tax (“cash basis”) figures presented have been rounded to the nearest \$100 million.

The sources for the volume growth statistics presented are the Reserve Bank of Australia’s (“RBA”) Lending and Credit Aggregates (Home and Business Lending excluding Institutional Banking and Markets) and the Australian Prudential Regulatory Authority’s (“APRA”) Monthly Authorised Deposit Taking Institution (“ADI”) Statistics (Household Deposits). The related CBA business lending system multiple estimate is based on the Group’s Business Banking growth rate (excluding Institutional

Banking and Markets) over published APRA and RBA Total Business Lending data (excluding estimated Institutional Lending balances).

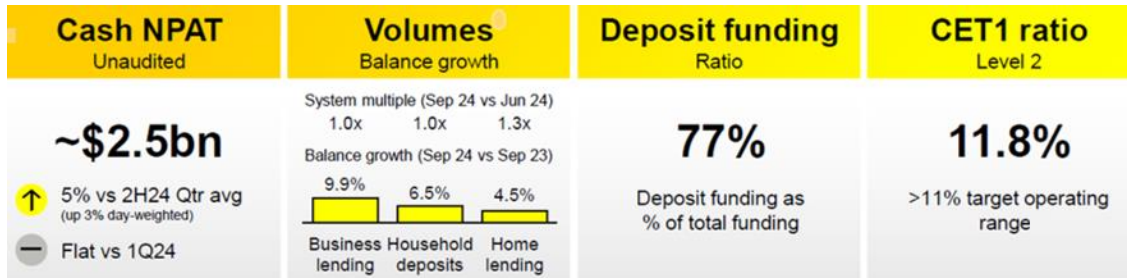
Refer to Annex A for a reconciliation of key financials.

Summary

On November 13, 2024, the Group advised of the following results for the quarter:

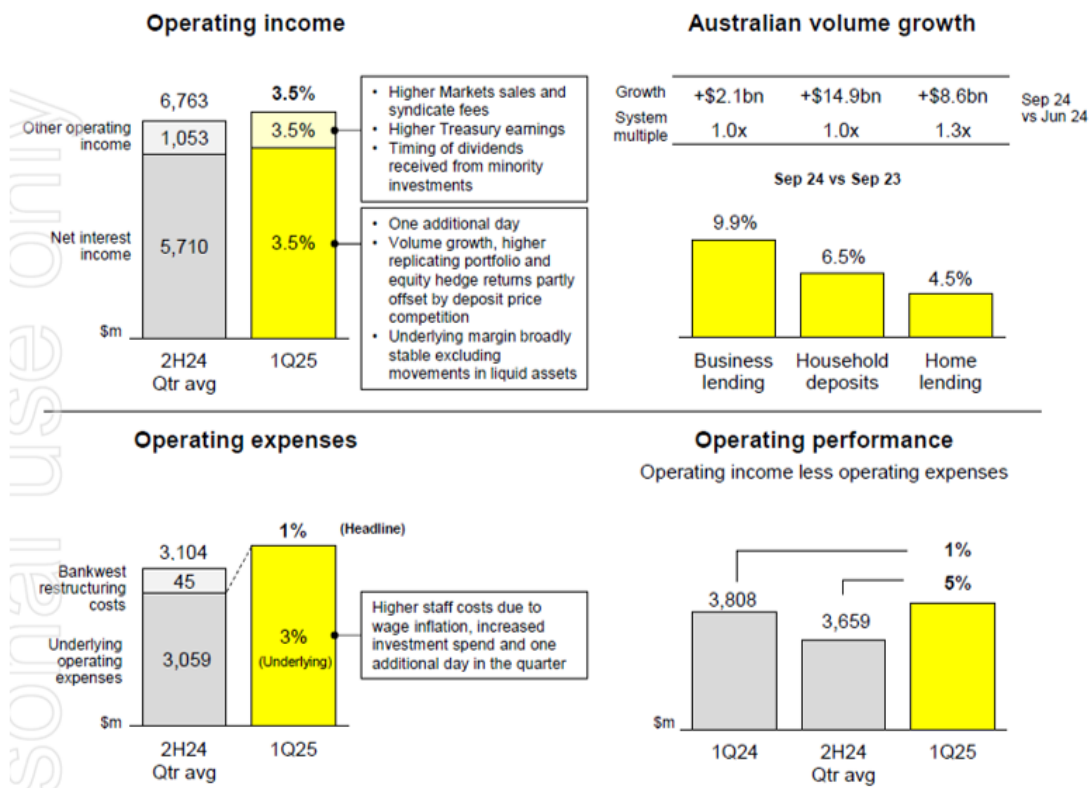
- Unaudited net profit after tax (“statutory basis”) was approximately \$2.5 billion.
- Unaudited net profit after tax (“cash basis”)¹ was approximately \$2.5 billion, an increase of 5% on the 2H24 Quarterly Average (up 3% on a day-weighted basis) and flat on the prior comparative quarter.
- Operating income increased 3.5% (up 2% on a day-weighted basis) driven by one additional day in the quarter, profitable volume growth across core lending and deposit products, and timing of dividends received from minority investments.
- Operating expenses (excluding \$89 million in Bankwest restructuring costs in 2H24) increased 3% due to wage inflation, increased investment spend and one additional day in the quarter.
- Operating performance (operating income less operating expenses) increased 5% on the 2H24 Quarterly Average (up 4% on a day-weighted basis), up 1% on the prior comparative quarter.
- Loan impairment expense was \$160 million, with collective provisions slightly higher. Portfolio credit quality remained sound. Home lending arrears remained stable, with modest improvement in unsecured consumer arrears in line with seasonal trends, and troublesome and impaired assets were marginally higher.
- Strong balance sheet settings were maintained, with a customer deposit funding ratio of 77%, Net Stable Funding Ratio (“NSFR”) of 115% and Liquidity Coverage Ratio (“LCR”) of 131%.
- \$11 billion of new long-term wholesale funding has been issued this financial year to date across multiple markets and products.
- Common Equity Tier 1 (“CET1”) (Level 2) ratio of 11.8% as at September 30, 2024, up 29 basis points before the payment of \$4.2 billion in 2H24 dividends to approximately 830,000 shareholders, with \$2.0 billion of organically generated capital.

¹ Except as expressly noted, this update is based on the Group’s net profit after tax (“cash basis”), which is prepared on a different basis than Australian equivalents to International Financial Reporting Standards (“IFRS”). It is not a measure based on cash accounting or cash flows. Net profit after tax (“cash basis”) is used by management of the Group to present a view of the Group’s underlying operating results, excluding items that management believes introduce volatility and/or one-off distortions of the Group’s current period performance. These items, such as hedging and IFRS volatility, and gains or losses associated with the acquisition, disposal, closure, capital repatriation and demerger of businesses, are calculated consistently period on period and do not discriminate between positive and negative adjustments. For a more detailed description of these items, refer to page 9 of the 2024 Annual U.S. Disclosure Document.



Note regarding CET 1 ratio: CBA expects to operate with a post-dividend CET1 ratio of greater than 11.0%, except in circumstances of unexpected capital volatility.

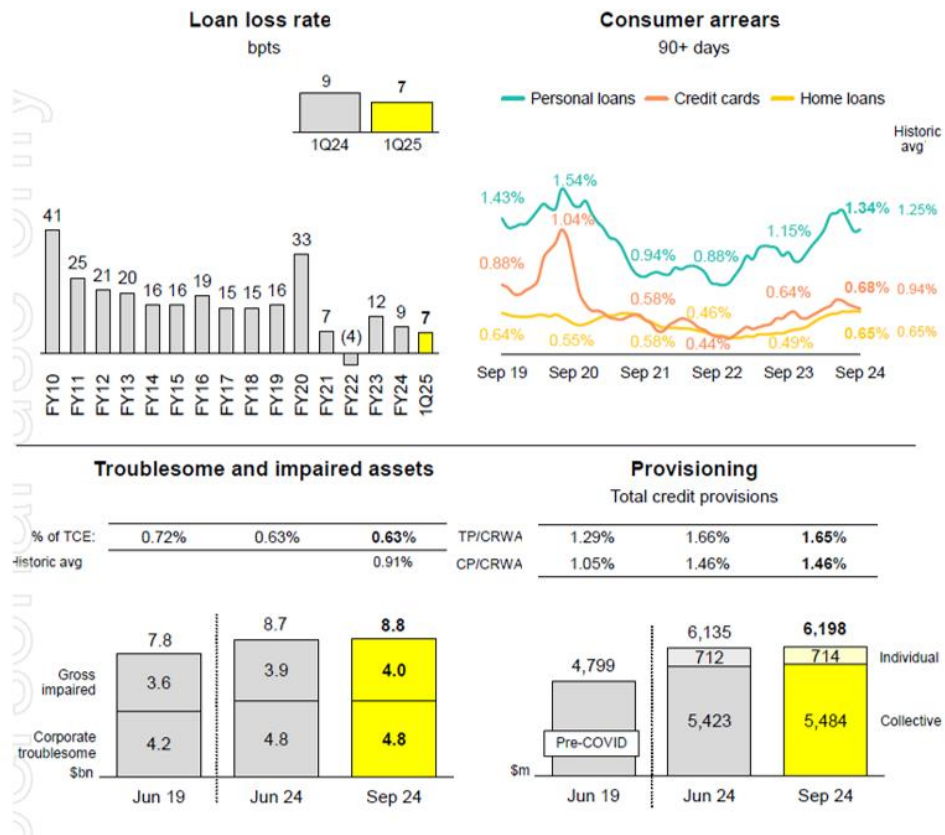
Operating Performance



- Operating income was 3.5% higher in the quarter (up 2% on a day-weighted basis), with higher net interest income and other operating income.
- Net interest income was 3.5% higher (up approximately 2.5% on a day-weighted basis), with one additional day, volume growth, and earnings on replicating portfolio and equity hedges, partly offset by deposit price competition. The large build-up of liquid assets to fully repay the RBA Term Funding Facility in 2H24 caused volatility in the headline margin. Excluding liquids, the underlying margin was broadly stable in the quarter.
- Other operating income was 3.5% higher (up approximately 2.5% on a day-weighted basis), primarily driven by higher Markets sales income and syndicate fees, higher Treasury earnings and timing of dividends received from minority investments.

- Improved momentum in volume growth was delivered across home lending and household deposits in the quarter. In the Retail Bank transaction accounts have continued to grow with an increase of approximately 121,000 accounts in the quarter driven by continued non-migrant and migrant account openings. Home loans grew \$8.6 billion in the quarter with continued focus on retaining existing customers in a highly competitive market and improved acquisition volumes. Proprietary mix for home loans represented 66% of new business flows for the quarter, excluding Bankwest and Residential Mortgage Group. Household deposits grew \$14.9 billion in the quarter.
- We have continued to grow our Business Bank franchise in the quarter through a focus on gaining transaction banking relationships. We have delivered strong growth in business transaction accounts which increased approximately 29,000 in the quarter, and now have over 1.27 million accounts, an increase of 9% on the prior comparative period. Business lending also grew in the quarter, with diversified growth across sectors.
- Operating expenses (excluding prior period one-off Bankwest restructuring costs of \$89 million in 2H24) increased by 3% mainly due to wage inflation, increased investment spend, and one additional day in the quarter.
- Operating performance was 5% higher than the 2H24 quarterly average (up 4% on a day-weighted basis), and 1% higher than the prior comparative quarter.

Provisions and Credit Quality



Note regarding loan loss rate: Loan impairment expense as a percentage of average gross loans and acceptances annualized.

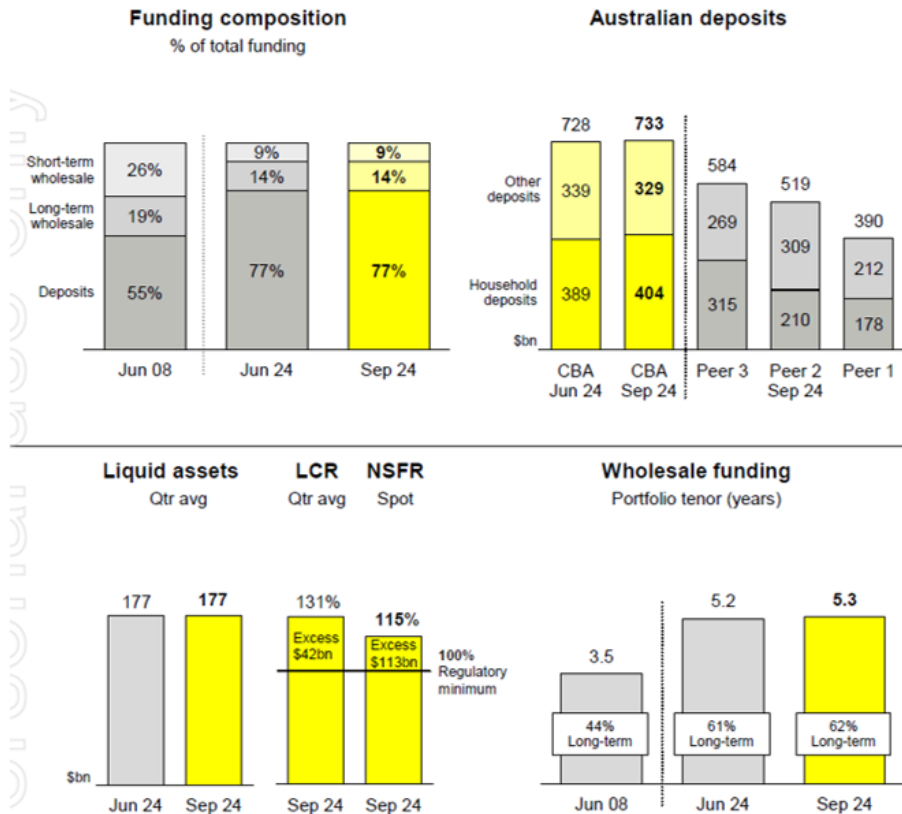
Note regarding consumer arrears: Group consumer arrears including New Zealand.

Note regarding historic average: Historic average from August 2008 to June 2023.

Note regarding TP, CRWA and CP: Total Provisions (“TP”) as a ratio of Credit Risk Weighted Assets (“CRWA”) and Collective Provisions (“CP”) as a ratio of CRWA. CRWA on Basel III basis. June 2024 and September 2024 represents CRWA based on revised APRA capital framework effective from January 1, 2023.

- Loan impairment expense was \$160 million in the quarter, or 7 basis points (“bpts”) of average Gross Loans and Acceptances (“GLAA”).
- Consumer arrears have been favorably impacted by seasonal trends and supported by higher average tax refunds in the 2024 financial year and changes to income tax rates and thresholds. Home loan arrears were stable at 0.65%, in line with the historic average. Credit card and personal loan arrears decreased during the quarter (-6bpts and -16bpts respectively).
- Troublesome and impaired assets (“TIA”) were marginally higher at \$8.8 billion or 0.63% of total committed exposures (“TCE”) driven by higher impaired home loans primarily relating to well-secured restructures. TIAs as a percentage of TCE remain well below the historic average.
- Total credit provisions were \$6.2 billion, with a slight increase in collective provisions to \$5.5 billion broadly in line with portfolio volume growth, and individual provisions flat at \$0.7 billion.
- Strong provision coverage was maintained with total provision coverage ratio of 1.65%.

Funding and Liquidity

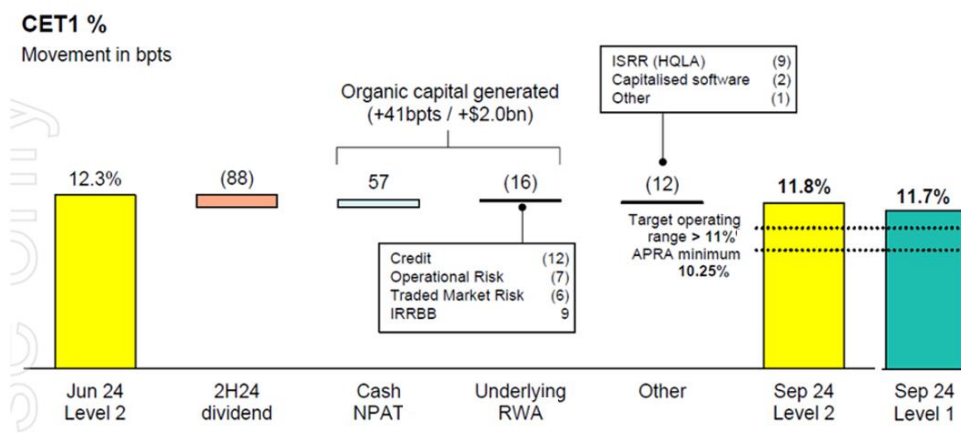


Note regarding Australian deposits: Source: APRA monthly ADI Statistics for peer information. Total residential deposits (excluding negotiable certificates of deposit). As at September 30, 2024.

Note regarding liquid assets: High Quality Liquid Assets as defined in APS210 (“HQLA”).

- Balance sheet settings remained strong in the quarter. Customer deposit funding represented 77% of total funding and household deposits grew \$14.9 billion in the quarter. Reduction in other deposits of \$10.2 billion in the quarter primarily driven by the migration of institutional pooled lending and deposit facilities reported on a gross basis, to a Group Limit Facility² product which requires reporting on a net basis. The proportion of short-term wholesale funding remained well below historic levels.
- The Bank’s long-term wholesale funding position remained conservatively positioned, accounting for 62% of total wholesale funding with a weighted average portfolio tenor of 5.3 years. We have made good progress on our 2025 financial year funding requirements, with approximately \$11 billion of new long-term wholesale funding issued this financial year to date across multiple markets and products against \$25 billion of 2025 financial year maturities.
- The Bank’s LCR and NSFR remained well above regulatory minimums.

Capital



- Note regarding rounding:** Due to rounding, numbers presented in this section may not sum precisely to the totals provided.
- Note regarding 2H24 Dividend:** Includes the on-market purchase of shares in respect of the Dividend Reinvestment Plan.
- Note regarding Cash NPAT:** Excludes equity accounted profits/losses and impairments from investments, which are neutral from a regulatory capital perspective due to the offsetting increase in capital deductions.
- Note regarding Underlying RWA:** Excludes impact of foreign exchange (“FX”) movements on Credit Risk Weighted Assets (“RWA”) which is included in ‘Other’.
- Note regarding Other:** Other includes the impact of revaluation of the HQLA portfolio, increase in capitalized software, FX impact on Credit RWA and movements in reserves and other regulatory adjustments including equity investments.
- Note regarding APRA Minimum:** Inclusive of 1% default countercyclical capital buffer which may be varied by APRA in the range of 0% to 3.5%.

- The Bank maintained a strong capital position with a CET1 (Level 2) ratio of 11.8% as at September 30, 2024, well above APRA’s minimum regulatory requirement of 10.25%. In the quarter, CET1 (Level 2) ratio increased 29 bpts after allowing for the impact of the 2H24 dividend (-88bpts), with capital generated from earnings (+57bpts) partly offset by an increase in total RWA (-16bpts), and other items (-12bpts). Other items included the impact of revaluation

² Group Limit Facility One Account allows customers to notionally group multiple business transaction accounts into one single obligation by offsetting credit and debit balances, applying interest to the net balance and accessing shared limits.

losses on the HQLA portfolio, higher capitalized software and other regulatory adjustments.

- The Bank has completed the purchase of more than \$750 million of shares on market to neutralize the impact of the 2H24 Dividend Reinvestment Plan, reflecting strong participation at 18.1%.
- Credit RWA (excluding FX) increased by \$4.6 billion (-12bpts) in the quarter primarily driven by volume growth. Operational Risk RWA increased \$2.6 billion (-7bpts) reflecting higher operating income over the three year rolling period of the standardized calculation approach. Traded Market Risk RWA increased by \$2.1 billion (-6bpts) mainly driven by Stressed VaR from client activity. Interest Rate in the Banking Book RWA decreased by \$3.4 billion (+9bpts) driven by lower long-term swap rates in Australia and New Zealand.
- CBA's Level 2 Tier 1 and Total Capital ratios as at September 30, 2024 were 13.7% and 20.1%, respectively.
- CBA's CET1 (Level 1) ratio as at September 30, 2024 was 11.7%, marginally lower than CET1 (Level 2) ratio reflecting the impact of the payment of 2H24 final dividend in the quarter and lower ASB dividends in preparation for higher RBNZ capital requirements.

Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at September 30, 2024

On November 13, 2024, the Group released its Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at September 30, 2024. That release is attached as Annex B hereto.

Partial Divestment of CBA's Shareholding in VIB

On October 29, 2024 CBA announced that it sold approximately 10% of the shares on issue in Vietnam International Commercial Joint Stock Bank ("VIB") via the Ho Chi Minh Stock Exchange (the "Transaction"). The Transaction was executed on October 29, 2024 and settlement occurred on October 31, 2024.

Total gross proceeds received by CBA from the Transaction were approximately A\$320 million. The Transaction is expected to deliver a pro forma uplift to the Group's CET1 ratio of approximately 7 basis points on an Australian Prudential Regulation Authority basis, based on the Group's risk weighted assets as of June 30, 2024. For more information on the Group's CET1 ratio, see page 57 of the 2024 Annual U.S. Disclosure Document.

The Transaction is consistent with the Group's strategy to focus on its banking businesses in Australia and New Zealand. Following settlement of the Transaction, CBA retains approximately 5% of the shares on issue in VIB. For more information on CBA's holding in VIB, see Note 11.1 to the 2024 Financial Report.

Sales of shares in VIB that CBA executed in the lead up to this Transaction led to the recognition of a gain of approximately A\$50 million in the quarter ended September 30, 2024, from both the disposal of shares and subsequent reclassification of the remaining holding from Investment in Associate to Fair Value through Other Comprehensive Income. This is expected to be materially offset by losses from this Transaction that are expected to be recognized in the quarter ended December 31, 2024.

CBA Enters into Enforceable Undertaking with ACMA

On October 17, 2024, CBA announced it had entered into an amended Enforceable Undertaking (“EU”) with the Australian Communications and Media Authority (the “ACMA”) and paid a \$7.5m fine for breaches of certain provisions of the Spam Act 2003 (Cth) (the “Spam Act”). For more information on CBA’s original EU with ACMA, see page 120 of the 2024 Annual U.S. Disclosure Document and Note 7.1 to the 2024 Financial Report.

CBA acknowledged and accepted the findings of the ACMA’s investigation into CBA’s compliance with certain provisions of the Spam Act. CBA cooperated fully with the ACMA’s investigation. The investigation found that between November 2022 and April 2024 CBA incorrectly classified a significant number of electronic customer messages, which led to those messages being sent without a functional unsubscribe facility, or without consent.

CBA is continuing to review and strengthen its systems, processes, and controls to support ongoing compliance with the Spam Act. An independent consultant will make recommendations for improvements CBA’s procedures, policies, training, and systems relevant to CBA’s compliance with the Spam Act. CBA has committed to implementing the independent consultant’s recommendations.

CBA Announces Changes to Executive Leadership Team

On October 2, 2024, CBA announced changes to its Executive Leadership Team. The changes to the Executive Leadership Team are as follows:

Group Chief Risk Officer

Nigel Williams, Group Chief Risk Officer, will retire from CBA on February 16, 2025. Nigel will remain a director of ASB, the Group’s New Zealand banking and funds management businesses.

Andrew Hinchliff has been appointed Group Chief Risk Officer. Andrew has been with CBA since 2015 and was promoted into his current role of Group Executive Institutional Banking & Markets in August 2018. Prior to joining CBA, Andrew had an 18-year career in investment banking in London, New York and Australia.

Chief People Officer

Sian Lewis, Group Executive Human Resources, will retire from CBA on February 16, 2025.

Kiersten Robinson has been appointed Chief People Officer, subject to regulatory approval. Kiersten has had a 28-year career with the Ford Motor Company spanning HR and business leadership positions across Australia, Europe and the US. She was most recently President, Ford of Mexico and Canada and General Manager, Family Vehicles Portfolio. Prior to this role, Kiersten was Ford’s Chief People Officer and Employee Experience Officer, leading the people strategy across all business segments, supporting nearly 250,000 employees in 125 countries.

Group Executive Institutional Banking and Markets

With Andrew Hinchliff appointed to Group Chief Risk Officer, Sinead Taylor has been appointed Group Executive Institutional Banking and Markets. Sinead has been with CBA for more than 20 years and was promoted to Chief Operations Officer in October 2021 with responsibility for all banking,

markets and group regulatory operations across CBA. Prior to this, Sinead was Executive General Manager of Bankwest, having led the business since 2019.

Chief Operations Officer

With Sinead Taylor appointed to Group Executive Institutional Banking and Markets, Emma Bunnell has been appointed Chief Operations Officer, subject to regulatory approval. Emma joins CBA from HSBC UK where she worked closely with banking regulators and serving business, retail, wealth management and private banking customers. Previously she was the Chief Operating Officer for HSBC UK where she held responsibility for financial crime operations, as well as the technology, operations and fraud functions. Prior to that, Emma was a Partner and Managing Director at the Boston Consulting Group, where she spent 14 years providing strategic, operational and technology advice to the financial services sector.

These new appointments will be effective February 17, 2025, subject to regulatory approvals. From February 17, 2025 the full Executive Leadership Team, led by Chief Executive Officer Matt Comyn, will be as follows:

- Emma Bunnell, Chief Operations Officer
- Alan Docherty, Chief Financial Officer
- Andrew Hinchliff, Group Chief Risk Officer
- Monique Macleod, Group Executive Marketing and Corporate Affairs
- Stuart Munro, Group Executive Group Strategy
- Gavin Munroe, Group Chief Information Officer
- Karen O’Flynn, Group General Counsel
- Kiersten Robinson, Chief People Officer
- Vittoria Shortt, Chief Executive ASB
- Angus Sullivan, Group Executive Retail Banking Services
- Sinead Taylor, Group Executive Institutional Banking and Markets
- Mike Vacy-Lyle, Group Executive Business Banking

Board Renewal

On September 3, 2024, Chairman of the CBA Board, Paul O’Malley, announced the appointment of Kate Howitt to CBA’s Board as an Independent Non-Executive Director with effect from October 1, 2024, subject to regulatory requirements.

Kate is currently a Member of the Finance & Strategy Committee and Investments Subcommittee of the University of New South Wales, the Investment Committee of the Australian Indigenous Education Foundation and the Investment Committee of River Capital, a multi-asset boutique fund manager. She is also a Director of The Hunger Project Australia. During her executive career, Kate held senior roles with Fidelity International, AMP Capital, AMP Limited and The Boston Consulting Group.

CBA also announced that Anne Templeman-Jones, Independent Non-Executive Director of the CBA Board, retired from the Board on October 16, 2024. During her tenure on the CBA Board, Anne was the Chair of the Board Audit Committee and a Member of the Board Risk & Compliance Committee. In light of Anne’s departure, Peter Harmer commenced as the Chair of the Board Audit Committee on October 16, 2024.

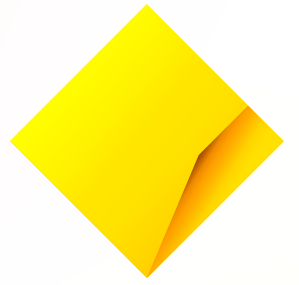
The Board remains focused on ongoing Board renewal and succession and proposes to appoint another Non-Executive Director in the next twelve months.

Annex A

Key financials reconciliation	2H24 \$m	2H24 Qtr avg \$m	Movement 1Q25 vs 1Q24	Movement 1Q25 vs 2H24 Qtr avg
Total operating income	13,525	6,763	2%	3.5%
Operating expenses ex. restructuring costs	(6,118)	(3,059)	4%	3%
<i>Bankwest restructuring costs</i>	(89)	(45)	<i>n/a</i>	<i>n/a</i>
Total operating expenses	(6,207)	(3,104)	4%	1%
Operating performance	7,318	3,659	1%	5%
Loan impairment expense	(387)	(194)	(19%)	(18%)
Cash NPAT from continuing operations	4,817	2,409	Flat	5%

Annex B

Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at September 30, 2024



Basel III Pillar 3

Capital Adequacy and Risk Disclosures
as at 30 September 2024

For further information contact:

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The release of this announcement was authorised by the Continuous Disclosure Committee.

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11 Harbour Street, Sydney NSW 2000 | 13 November 2024

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1 Introduction

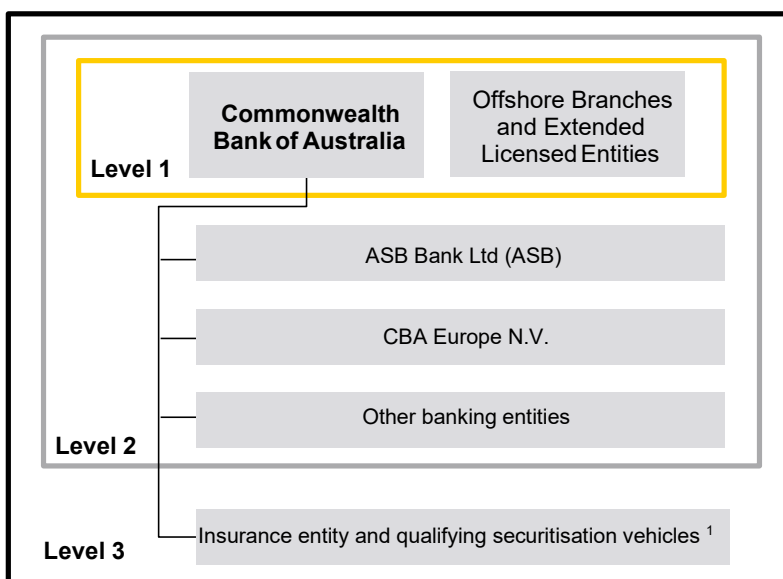
The Commonwealth Bank of Australia (CBA) is an Authorised Deposit-taking Institution (ADI) regulated by the Australian Prudential Regulation Authority (APRA) under the authority of the Banking Act 1959.

This document is prepared for CBA and its subsidiaries (the Group) in accordance with a Board approved policy and quarterly reporting requirements set out in APRA Prudential Standard (APS) APS 330 *Public Disclosure* (APS 330). It presents information on the Group's capital adequacy and Risk Weighted Assets (RWA) calculations for credit risk including securitisation, traded market risk, Interest Rate Risk in the Banking Book (IRRBB) and operational risk.

This document also presents information on the Group's leverage and liquidity ratios in accordance with prescribed methodologies.

The Group is required to report its assessment of capital adequacy on a Level 2 basis. Level 2 is defined as the Consolidated Banking Group excluding the insurance entity and certain entities through which securitisation of the Group's assets is conducted.

APS 330 reporting structure



¹ Securitisation that meets APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation* (APS 120).

The Group is predominantly accredited to use the Advanced Internal-Ratings Based (AIRB) approach for credit risk and the Standardised Measurement Approach for operational risk. The Group is also required to assess its traded market risk and IRRBB requirements under Pillar 1 of the Basel capital framework.

This document is unaudited and has been prepared consistent with information that has been supplied to APRA.

The Group's Pillar 3 documents are available on the Group's corporate website: commbank.com.au/regulatorydisclosures.

Introduction (continued)

Capital Position

As at 30 September 2024, the Group's Basel III Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios were 11.8%, 13.7% and 20.1%, respectively.

The Group's CET1 ratio increased 29 basis points in the quarter after allowing for the impact of the 2024 final dividend (-88 basis points). This increase was primarily driven by capital generated from earnings (+57 basis points), partly offset by a net increase in total RWAs (-16 basis points) and other items (-12 basis points). Other items primarily include the impact of revaluation losses on the HQLA portfolio and higher capitalised software.

Further details on the movements in RWA are provided on pages 4-5.

The CET1 Capital ratio for Level 1 as at 30 September 2024 was 11.7%.

Summary Group Capital Adequacy Ratios (Level 2)	30 Sep 24	30 Jun 24
	%	%
Common Equity Tier 1	11.8	12.3
Additional Tier 1	1.9	2.0
Tier 1	13.7	14.3
Tier 2	6.4	6.6
Total Capital	20.1	20.9

Group Regulatory Capital Position	30 Sep 24	30 Jun 24
	\$M	\$M
Common Equity Tier 1 Capital	55,618	57,691
Additional Tier 1 Capital	9,272	9,272
Tier 1 Capital	64,890	66,963
Tier 2 Capital	30,249	30,828
Total Capital	95,139	97,791
Risk Weighted Assets	473,197	467,551

Capital Initiatives

The following significant capital initiatives were undertaken during the quarter ended 30 September 2024:

Common Equity Tier 1 Capital

The Dividend Reinvestment Plan (DRP) in respect of the 2024 final dividend was satisfied in full by the on-market purchase of shares. The participation rate for the DRP was 18.1%.

Leverage Ratio

The Group's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 4.8% as at 30 September 2024.

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) requires Australian ADIs to hold sufficient liquid assets to meet 30 day Net Cash Outflows (NCO) projected under an APRA prescribed stress scenario. The Group maintained an average LCR of 131% in the September 2024 quarter (136% in the June 2024 quarter).

Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) is the ratio of the amount of Available Stable Funding (ASF) to the amount of Required Stable Funding (RSF) over a one year horizon. The ASF and RSF are calculated by applying factors prescribed by APRA, to liabilities, assets and off Balance Sheet commitments. The Group's NSFR was 115% as at 30 September 2024 (116% as at 30 June 2024).

2 Risk Weighted Assets

RWA are calculated using the AIRB approach for the majority of the Group's credit risk exposures, and using the Foundation or Standardised approach as required under the Australian prudential standards. For CBA's New Zealand Subsidiary, ASB, RWA are calculated using the Reserve Bank of New Zealand's prudential rules subject to certain APRA-prescribed adjustments. The Group must use the External Ratings-based Approach where a securitisation exposure is externally rated by an External Credit Assessment Institution (ECAI) or for which an inferred rating is available. Where the Group cannot use the External Ratings-based Approach, the Group must use the Supervisory Formula Approach.

APS 330 Table 3a to 3e – Basel III Capital Requirements (RWA)

Asset Category	Risk Weighted Assets		Change in RWA for 30 September 2024 quarter	
	30 Sep 24 \$M	30 Jun 24 \$M	\$M	%
Credit risk				
Subject to AIRB approach ¹				
Corporate (incl. SME corporate) ^{2 3}	87,382	86,125	1,257	1.5
SME retail	10,943	10,819	124	1.1
Residential mortgage ⁴	144,753	145,229	(476)	(0.3)
Qualifying revolving retail	5,428	5,372	56	1.0
Other retail	9,129	9,105	24	0.3
Total RWA subject to AIRB approach	257,635	256,650	985	0.4
Subject to FIRB approach ¹				
Corporate - large ^{2 3}	27,864	27,048	816	3.0
Sovereign	2,453	2,378	75	3.2
Financial institution	10,838	10,184	654	6.4
Total RWA subject to FIRB approach	41,155	39,610	1,545	3.9
Specialised lending	3,841	3,660	181	4.9
Subject to standardised approach				
Corporate (incl. SME corporate)	798	1,023	(225)	(22.0)
SME retail	666	628	38	6.1
Sovereign	1	1	–	–
Residential mortgage	7,129	6,953	176	2.5
Other retail	266	237	29	12.2
Other assets	6,606	6,686	(80)	(1.2)
Total RWA subject to standardised approach	15,466	15,528	(62)	(0.4)
Securitisation	3,280	3,214	66	2.1
Credit valuation adjustment	3,148	2,873	275	9.6
Central counterparties	167	160	7	4.4
RBNZ regulated entities ¹	49,984	48,749	1,235	2.5
Total RWA for credit risk exposures	374,676	370,444	4,232	1.1
Traded market risk	10,626	8,488	2,138	25.2
Interest rate risk in the banking book	40,271	43,644	(3,373)	(7.7)
Operational risk	47,624	44,975	2,649	5.9
Total risk weighted assets	473,197	467,551	5,646	1.2

1 Pursuant to APRA requirements, RWA amounts derived from the risk weighted functions of AIRB, FIRB and the advanced portfolio of RBNZ regulated entities have been multiplied by a scaling factor of 1.10.

2 Includes Corporate PD model overlays of \$4.2 billion as at 30 September 2024 and 30 June 2024.

3 Includes IPRE risk weight floor top-up of \$3.0 billion as at 30 September 2024 and \$1.8 billion as at 30 June 2024.

4 As a condition of APRA approval of the residential mortgage LGD model, a \$7.4 billion RWA overlay was applied by the Group at 30 June 2024. The overlay was released in September 2024 quarter following regulatory approval of the new residential mortgage LGD model.

Risk Weighted Assets (continued)

Risk Weighted Assets

Total RWA increased by \$5.6 billion or 1.2% on the prior quarter to \$473.2 billion, driven by increases in credit risk RWA, operational risk RWA and traded market risk RWA, partly offset by lower IRRBB RWA.

Credit Risk RWA

Credit Risk RWA increased \$4.2 billion or 1.1% on the prior quarter to \$374.7 billion, primarily driven by:

- Volume growth (increase of \$7.6 billion) across domestic residential mortgages, commercial portfolios, financial institutions, New Zealand portfolios and derivatives; partly offset by
- Credit quality (decrease of \$1.4 billion), driven by improvement in loan-to-valuation ratios for domestic residential mortgages and upgrades in corporate lending;
- Foreign currency movements (decrease of \$0.3 billion); and
- Data & methodology (decrease of \$1.7 billion), relating to regulatory approval of the new residential mortgage LGD model.

Traded Market Risk RWA

Traded market risk RWA increased by \$2.1 billion or 25% on the prior quarter to \$10.6 billion, primarily as a result of increased business activity.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA decreased by \$3.4 billion or 7.7% on the prior quarter to \$40.3 billion, driven by lower interest rates in Australia and New Zealand, partly offset by higher basis risks.

Operational Risk RWA

As required by APS115, operational risk RWA as at September 2024 have been determined based on the annual average value of the relevant components of the Group's net income over the financial years ended 30 June 2024, 2023 and 2022. Operational risk RWA as at June 2024 were determined based on the annual average value of the relevant components of the Group's net income over the financial years ended 30 June 2023, 2022 and 2021. The increase in operational risk RWA by \$2.6 billion or 5.9% on the prior quarter to \$47.6 billion was primarily driven by a higher average net interest income over the years ended 30 June 2024, 2023 and 2022 as a result of rising interest rate environment and lending growth.

3 Credit Risk

3.1 Credit Risk Exposures

The following tables detail credit risk exposures subject to AIRB, FIRB and standardised approaches.

APS 330 Table 4a – Credit risk exposures by portfolio type and modelling approach

30 September 2024							
Off Balance Sheet							
Portfolio Type	On Balance Sheet	Non-market related	Market related	Total	Average exposure for September 2024 quarter ¹	Change in exposure for September 2024 quarter ²	
	\$M	\$M	\$M	\$M	\$M	\$M	%
Subject to AIRB approach							
Corporate (incl. SME corporate)	147,905	16,591	1,749	166,245	164,793	2,903	1.8
SME retail	13,360	6,205	13	19,578	19,578	1	–
Residential mortgage	584,829	76,295	–	661,124	655,369	11,510	1.8
Qualifying revolving retail	8,037	14,875	–	22,912	23,038	(253)	(1.1)
Other retail	7,468	1,260	–	8,728	8,650	157	1.8
Total AIRB approach	761,599	115,226	1,762	878,587	871,428	14,318	1.7
Subject to FIRB approach							
Corporate - large	33,088	14,219	4,648	51,955	50,806	2,298	4.6
Sovereign	126,015	933	3,922	130,870	132,551	(3,362)	(2.5)
Financial institution	23,031	7,438	14,527	44,996	44,448	1,096	2.5
Total FIRB approach	182,134	22,590	23,097	227,821	227,805	32	–
Specialised lending	3,592	1,132	108	4,832	4,709	245	5.3
Subject to standardised approach							
Corporate (incl. SME corporate)	606	241	2	849	965	(233)	(21.5)
SME retail	545	325	17	887	862	51	6.1
Sovereign	2	–	–	2	2	1	100.0
Residential mortgage	15,938	1,538	–	17,476	17,295	362	2.1
Other retail	118	147	–	265	251	28	11.8
Other assets ³	11,744	1,018	39	12,801	12,020	1,561	13.9
Central counterparties	–	–	3,492	3,492	3,304	377	12.1
Total standardised approach	28,953	3,269	3,550	35,772	34,699	2,147	6.4
RBNZ regulated entities	114,959	13,593	2,472	131,024	130,275	1,498	1.2
Total credit exposures ⁴	1,091,237	155,810	30,989	1,278,036	1,268,916	18,240	1.4

¹ The simple average of balances as at 30 September 2024 and 30 June 2024.

² The difference between exposures as at 30 September 2024 and 30 June 2024.

³ Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

⁴ Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures. Off Balance Sheet market related exposures include \$4.2 billion of exposures in relation to Securities Financing Transactions (SFTs).

Credit Risk (continued)

APS 330 Table 4a – Credit risk exposures by portfolio type and modelling approach (continued)

Portfolio Type	30 June 2024				Average exposure for June 2024 quarter ¹	Change in exposure for June 2024 quarter ²	
	Off Balance Sheet			Total		\$M	%
	On Balance Sheet	Non-market related	Market related				
	\$M	\$M	\$M	\$M	\$M		
Subject to AIRB approach							
Corporate (incl. SME corporate)	145,885	16,203	1,254	163,342	162,104	2,477	1.5
SME retail	13,500	6,073	4	19,577	19,483	189	1.0
Residential mortgage	576,086	73,528	–	649,614	644,792	9,644	1.5
Qualifying revolving retail	8,242	14,923	–	23,165	23,206	(82)	(0.4)
Other retail	7,291	1,280	–	8,571	8,383	376	4.6
Total AIRB approach	751,004	112,007	1,258	864,269	857,967	12,604	1.5
Subject to FIRB approach							
Corporate - large	30,669	14,511	4,477	49,657	49,285	744	1.5
Sovereign	129,184	875	4,173	134,232	153,646	(38,828)	(22.4)
Financial institution	22,069	7,033	14,798	43,900	52,320	(16,839)	(27.7)
Total FIRB approach	181,922	22,419	23,448	227,789	255,251	(54,923)	(19.4)
Specialised lending	3,444	1,084	59	4,587	4,616	(57)	(1.2)
Subject to standardised approach							
Corporate (incl. SME corporate)	826	228	28	1,082	1,042	80	8.0
SME retail	519	294	23	836	818	36	4.5
Sovereign	1	–	–	1	259	(515)	(99.8)
Residential mortgage	15,605	1,509	–	17,114	17,137	(46)	(0.3)
Other retail	100	137	–	237	380	(286)	(54.7)
Other assets ³	10,200	997	43	11,240	12,084	(1,687)	(13.1)
Central counterparties	–	–	3,115	3,115	3,187	(143)	(4.4)
Total standardised approach	27,251	3,165	3,209	33,625	34,906	(2,561)	(7.1)
RBNZ regulated entities	114,031	13,002	2,493	129,526	129,760	(468)	(0.4)
Total credit exposures ⁴	1,077,652	151,677	30,467	1,259,796	1,282,499	(45,405)	(3.5)

¹ The simple average of balances as at 30 June 2024 and 31 March 2024.

² The difference between exposures as at 30 June 2024 and 31 March 2024.

³ Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

⁴ Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures. Off Balance Sheet market related exposures include \$3.9 billion of exposures in relation to Securities Financing Transactions (SFTs).

Credit Risk (continued)

3.2 Non-performing Exposures and Provisions

The Group assesses its provisioning for impairment in accordance with AASB 9 *Financial Instruments* (AASB 9) and APS220 *Credit Risk Management*, and recognises both individually and collectively assessed provisions.

Reconciliation of Australian Accounting Standards, APS 220 *Credit Risk Management* based credit provisions and APS 330 Table 4c – Provisions held against performing exposures

	30 September 2024		
	General provision ¹	Specific provision ¹	Total provisions
	\$M	\$M	\$M
Collective provision ²	4,607	877	5,484
Individual provisions ²	–	714	714
Total regulatory provisions	4,607	1,591	6,198

1 Specific provision balance includes accounting collective provisions on non-performing exposures, general provision balance includes collective provisions on performing exposures.

2 Provisions according to Australian Accounting Standards.

	30 June 2024		
	General provision ¹	Specific provision ¹	Total provisions
	\$M	\$M	\$M
Collective provision ²	4,589	834	5,423
Individual provisions ²	–	712	712
Total regulatory provisions	4,589	1,546	6,135

1 Specific provision balance includes accounting collective provisions on non-performing exposures, general provision balance includes collective provisions on performing exposures.

2 Provisions according to Australian Accounting Standards.

Credit Risk (continued)

3.2 Non-performing Exposures and Provisions (continued)

The following tables provide a summary of the Group's financial losses by portfolio type.

APS 330 Table 4b – Non-performing, specific provisions and write-offs charged by portfolio

Portfolio ⁴	30 September 2024			
	Non performing exposures	Specific provision balance ¹	Net quarter charges for specific provisions ²	Quarter ended actual losses ³
	\$M	\$M	\$M	\$M
Corporate (Inc. Large and SME Corp.)	1,846	540	56	17
Sovereign	–	–	–	–
Financial Institution	1	1	–	–
SME Retail	299	111	20	12
Residential Mortgage	5,720	446	(13)	3
Qualifying Revolving Retail	67	53	28	31
Other Retail	100	74	47	53
Specialised Lending	114	104	–	–
Other Assets	17	14	(1)	–
Central Counterparties	–	–	–	–
RBNZ Regulated Entities	1,764	248	22	11
Total	9,928	1,591	159	127

1 Specific provision balance includes accounting collective provisions on non-performing loans.

2 Includes charges for accounting collective provisions on non-performing exposures for the quarter ended 30 September 2024.

3 Actual losses equal write-offs from individual provisions and write-offs directly from collective provisions less recoveries of amounts previously written off for the quarter ended 30 September 2024.

4 Losses stemming from lower risk IPRE lending and overall losses from IPRE lending are less than 0.3% and 0.5% of outstanding IPRE exposures, respectively, in each of the past three years to 30 September 2024.

Portfolio ⁴	30 June 2024			
	Non performing exposures	Specific provision balance ¹	Net quarter charges for specific provisions ²	Quarter ended actual losses ³
	\$M	\$M	\$M	\$M
Corporate (Inc. Large and SME Corp.)	1,863	505	46	73
Sovereign	–	–	–	–
Financial Institution	1	1	–	–
SME Retail	276	103	2	17
Residential Mortgage	5,483	459	135	21
Qualifying Revolving Retail	74	56	21	21
Other Retail	105	79	70	60
Specialised Lending	115	105	–	2
Other Assets	6	2	–	–
Central Counterparties	–	–	–	–
RBNZ Regulated Entities	1,695	236	41	23
Total	9,618	1,546	315	217

1 Specific provision balance includes accounting collective provisions on non-performing loans.

2 Includes charges for accounting collective provisions on non-performing exposures for the quarter ended 30 June 2024.

3 Actual losses equal write-offs from individual provisions and write-offs directly from collective provisions less recoveries of amounts previously written off for the quarter ended 30 June 2024.

4 Losses stemming from lower risk IPRE lending and overall losses from IPRE lending are less than 0.3% and 0.5% of outstanding IPRE exposures, respectively, in each of the past three years to 30 June 2024.

Credit Risk (continued)

3.3 Securitisation

APS 330 Table 5a – Total securitisation activity for the reporting period

Underlying Asset	Quarter ended 30 September 2024	
	Total exposures securitised \$M	Recognised gain or loss on sale \$M
Residential mortgage	436	–
Credit cards and other personal loans	–	–
Auto and equipment finance	966	–
Commercial loans	100	–
Other	–	–
Total	1,502	–

Underlying Asset	Quarter ended 30 June 2024	
	Total exposures securitised \$M	Recognised gain or loss on sale \$M
Residential mortgage	517	–
Credit cards and other personal loans	51	–
Auto and equipment finance	62	–
Commercial loans	–	–
Other	–	–
Total	630	–

APS 330 Table 5b – Summary of total securitisation exposures retained or purchased

Securitisation Facility Type	As at 30 September 2024		
	On Balance Sheet \$M	Off Balance Sheet \$M	Total exposures \$M
	Liquidity support facilities	–	156
Warehouse facilities	12,593	3,631	16,224
Derivative facilities	–	133	133
Holdings of securities	3,395	–	3,395
Other	–	10	10
Total securitisation exposures	15,988	3,930	19,918

Securitisation Facility Type	As at 30 June 2024		
	On Balance Sheet \$M	Off Balance Sheet \$M	Total exposures \$M
	Liquidity support facilities	–	156
Warehouse facilities	10,797	5,250	16,047
Derivative facilities	–	85	85
Holdings of securities	3,334	–	3,334
Other	–	11	11
Total securitisation exposures	14,131	5,502	19,633

4 Leverage Ratio

The Group's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 4.8% as at 30 September 2024. The decrease in the Leverage Ratio for the quarter is driven by the impact of the 2024 final dividend payment and higher exposures.

Under APRA's revised capital framework effective 1 January 2023, the minimum leverage ratio requirement for IRB banks, such as CBA, is 3.5%

Summary Group Leverage Ratio	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23	30 Sep 23
Tier 1 Capital (\$M)	64,890	66,963	66,853	68,093	66,359
Total Exposures (\$M) ¹	1,366,087	1,339,175	1,369,458	1,362,098	1,347,663
Leverage Ratio (%)	4.8	5.0	4.9	5.0	4.9

¹ Total exposures are the sum of on balance sheet exposures, derivatives, securities financing transactions (SFTs), and off balance sheet exposures, net of any Tier 1 regulatory deductions, as outlined in APS 110 Capital Adequacy.

5 Liquidity Risk

Liquidity Coverage Ratio

The Group calculates its LCR position on a daily basis, ensuring a buffer is maintained over the minimum regulatory requirement of 100% and the Board's risk appetite. Over the September 2024 quarter, excess liquid assets averaged \$42.2 billion and the average LCR decreased from 136% to 131%. The decrease in average LCR was primarily driven by an increase in average net cash outflows of \$4.4 billion, mainly due to the final FY24 dividend, in addition to lower cash inflows reflecting lower liquidity management activities following the repayment of the final tranche of the RBA Term Funding Facility in June 2024.

On a spot basis the LCR was between 124% and 139% over the quarter.

The Group's mix of liquid assets consists of HQLA, such as cash, deposits with central banks, Australian semi-government and Commonwealth government securities. Liquid assets also include securities classified as liquid assets by the RBNZ. Liquid assets are distributed across the Group to support regulatory and internal requirements and are consistent with the distribution of liquidity needs by currency. Average liquid assets remained broadly flat over the quarter supported by the return of HQLA securities previously pledged as collateral for the Term Funding Facility.

NCO are modelled under an APRA prescribed 30 day severe liquidity stress scenario. The Group manages modelled NCO by maintaining a large base of low LCR outflow customer deposits and actively managing its wholesale funding maturity profile as part of its overall liquidity management strategy.

Table 20 – LCR disclosure template

	30 September 2024		30 June 2024	
	Total unweighted value (average) ¹	Total weighted value (average) ¹	Total unweighted value (average) ¹	Total weighted value (average) ¹
	\$M	\$M	\$M	\$M
Liquid assets, of which:				
1 High-quality liquid assets (HQLA)		176,076		175,961
2 Alternative liquid assets (ALA)		–		–
3 Reserve Bank of New Zealand (RBNZ) securities		1,359		1,270
Cash outflows				
4 Retail deposits and deposits from small business customers, of which:	460,244	37,610	451,777	36,982
5 Stable deposits	271,246	13,562	266,513	13,326
6 Less stable deposits	188,998	24,048	185,264	23,656
7 Unsecured wholesale funding, of which:	181,978	77,419	177,778	75,653
8 Operational deposits (all counterparties) and deposits in networks for cooperative banks	91,283	21,894	88,224	21,093
9 Non-operational deposits (all counterparties)	82,933	47,763	82,967	47,973
10 Unsecured debt	7,762	7,762	6,587	6,587
11 Secured wholesale funding		3,517		7,659
12 Additional requirements, of which:	179,592	26,979	178,261	26,963
13 Outflows related to derivatives exposures and other collateral requirements	8,065	8,065	8,134	8,134
14 Outflows related to loss of funding on debt products	–	–	–	–
15 Credit and liquidity facilities	171,527	18,914	170,127	18,829
16 Other contractual funding obligations	–	–	–	–
17 Other contingent funding obligations	100,578	13,342	96,138	11,940
18 Total cash outflows		158,867		159,197
Cash inflows				
19 Secured lending	55,904	5,509	48,539	5,322
20 Inflows from fully performing exposures	14,728	10,487	15,101	10,485
21 Other cash inflows	7,684	7,684	12,637	12,637
22 Total cash inflows	78,316	23,680	76,277	28,444
23 Total liquid assets		177,435		177,231
24 Total net cash outflows		135,187		130,753
25 Liquidity Coverage Ratio (%)		131		136
Number of data points used (Business Days)		65		62

¹ The averages presented are calculated as simple averages of daily observations over the previous quarter.

Glossary

Term	Definition
Additional Tier 1 Capital (AT1)	Additional Tier 1 Capital is a concept defined by APRA and consists of high quality capital that essentially provides a permanent and unrestricted commitment of funds, is freely available to absorb losses, ranks behind the claims of depositors and other senior creditors in the event of a wind-up, and provides for fully discretionary capital distributions.
Advanced Internal Ratings-based (AIRB) Approach	This approach is used to measure credit risk in accordance with the Group's Basel III accreditation. This allows the Group to use internal estimates of PD and LGD (excluding senior unsecured and subordinated corporate exposures), with supervisory estimates to be used for EAD for the purposes of calculating regulatory capital.
Alternative Liquid Assets (ALA)	Assets that qualify for inclusion in the numerator of the LCR in jurisdictions where there is insufficient supply of HQLA. No ALA are recognised in the LCR following the reduction of the Committed Liquidity Facility to zero on 1 January 2023.
ASB	ASB Bank Limited – a subsidiary of the Commonwealth Bank of Australia that is regulated by the RBNZ.
Australian Accounting Standards	The Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB).
Australian Prudential Regulation Authority (APRA)	The Australian Prudential Regulation Authority is an independent statutory authority that supervises institutions across banking, insurance and superannuation, and is accountable to the Australian parliament. The regulator of banks, insurance companies and superannuation funds, credit unions, building societies and friendly societies in Australia.
Authorised Deposit-taking Institution (ADI)	ADIs are corporations that are authorised under the Banking Act 1959 to carry on banking business in Australia.
Banking Book	The banking book is a term for assets on a bank's Balance Sheet that are expected to be held to maturity, usually consisting of customer loans to, and deposits from retail and corporate customers. The banking book can also include those derivatives that are used to hedge exposures arising from the banking book activity, including interest rate risk.
Basel III	Refers to the Basel Committee on Banking Supervision's framework for more resilient banks and banking systems issued in December 2010 (revised in June 2011), Capital requirements for bank exposures to central counterparties (July 2012), and the subsequent Basel III reforms finalised in December 2017.
CBA	Commonwealth Bank of Australia – the head entity of the Group.
Central Counterparty (CCP)	A clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, thereby ensuring the future performance of open contracts.
Collective Provision	All loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. The Collective Provision is maintained to reduce the carrying value of the portfolio of loans to their estimated recoverable amounts. These provisions are reported in the Group's Financial Statements in accordance with Australian Accounting Standards (AASB 9 <i>Financial Instruments</i>).
Commercial Property	Basel asset class – a property exposure that is not a residential property or a land acquisition, development and construction exposure.
Common Equity Tier 1 (CET1) Capital	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.

Glossary (continued)

Term	Definition
Corporate	Basel asset class – includes commercial credit risk where annual revenues are greater than or equal to \$75 million but less than \$750 million.
Corporate - Large	Basel asset class – applies to commercial credit risk where annual revenues are more than \$750 million.
Credit Valuation Adjustment (CVA) Risk	The risk of mark-to-market losses related to deterioration in the credit quality of a derivative counterparty.
Domestic Public Sector Entity	Basel asset class – exposures that do not meet the definition of Sovereign exposures, but have a level of control or ownership by any level of the Australian Government or the RBA, including those which do not have specific revenue-raising powers.
Exposure at Default (EAD)	The extent to which the Group may be exposed upon default of an obligor.
Extended Licenced Entity (ELE)	An Extended Licensed Entity is comprised of an ADI and each subsidiary of an ADI as specified in any approval granted by APRA in accordance with Prudential Standard APS 222 <i>Associations with Related Entities</i> .
External Credit Assessment Institution (ECAI)	For example: Moody's Investor Services, S&P Global Ratings or Fitch Ratings.
Financial Institution	Basel asset class – primarily includes exposures which relate to: banking, management of financial assets, lending, factoring, leasing, provision of credit enhancements, securitisation, investments, financial custody, central counterparty services, and proprietary trading.
Foundation Internal Ratings-based (FIRB) Approach	This approach is used to measure credit risk in accordance with the Group's Basel III accreditation that allows the Group to use internal estimates of PD and rely on supervisory estimates for LGD and EAD for the purposes of calculating regulatory capital.
General Provisions	Collective Provisions classified as Stage 1 and Stage 2 in accordance with Australian Accounting Standards (AASB 9 <i>Financial Instruments</i>). All Stage 2 provisions are held on a purely forward-looking basis for future losses presently unidentified; hence all Stage 2 provisions (together with Stage 1) are classified as General Provisions.
Group	Commonwealth Bank of Australia and its subsidiaries.
High Quality Liquid Assets (HQLA)	Assets are considered to be high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value.
Individual provisions	Provisions made against individual facilities where there is objective evidence of impairment and full recovery of principal and interest is considered doubtful. These provisions are as reported in the Group's Financial Statements in accordance with the Australian Accounting Standards (AASB 9 <i>Financial Instruments</i>). Also known as individually assessed provisions or IAP.
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 incurred), in current and future periods, is adversely impacted by changes in interest rates. This is measured from two perspectives: firstly by quantifying the change in the net present value of the Balance Sheet's future earnings potential, and secondly as the anticipated change to Net Interest Income earned over 12 months. This calculation is driven by APRA regulations with further detail outlined in the Group's 30 June 2024 Basel III Pillar 3 report.
Land Acquisition Development or Construction (ADC)	Basel asset class – exposures secured by land acquired for development and construction purposes, or development and construction of any residential or commercial property.
Level 1	The Parent Bank (Commonwealth Bank of Australia), including offshore branches and APRA approved Extended Licensed Entities.

Glossary (continued)

Term	Definition
Level 2	The level at which the Group reports its capital adequacy to APRA, being the Consolidated Banking Group comprising the ADI and all of its subsidiary entities other than its insurance entity and certain entities through which securitisation of Group assets is conducted. This is the basis on which this report has been produced.
Level 3	The conglomerate group including the Group's insurance entity and qualifying securitisation entities.
Leverage Ratio	Tier 1 Capital divided by total exposures, expressed as a percentage.
Liquidity Coverage Ratio (LCR)	The LCR is a quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 January 2015. It requires Australian ADIs to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.
Loss Given Default (LGD)	An estimate of the expected severity of loss for a credit exposure following a default event. LGD represents the fraction of EAD that is not expected to be recovered following default.
Net Cash Outflows (NCO)	Net cash outflows in the LCR are calculated by applying prescribed run-off factors on liabilities and various off Balance Sheet exposures that can generate a cash outflow in the next 30 days.
Net Stable Funding Ratio (NSFR)	The NSFR more closely aligns the behaviour term 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 ADI's 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.
Non-performing exposure	An exposure which is in default, meaning it is 90 days or more past-due or it is considered unlikely the borrower will repay the exposure in full without recourse to actions such as realising security.
Operational Risk under the Standardised Measurement Approach	The methodology used to measure operational risk, utilising an APRA prescribed formulaic approach which is largely dependent on profit or loss from ordinary banking activities.
Other Assets	Basel asset class – primarily includes cash items, investments in related entities, fixed assets, lease assets and margin lending.
Other Retail	Basel asset class – primarily includes retail credit exposures not otherwise classified as a residential mortgage, SME retail or a qualifying revolving retail asset.
Past Due	Facilities are past due when a contracted amount, including principal or interest, has not been met when due, or when it is otherwise outside contracted arrangements.
Probability of Default (PD)	The PD reflects a borrower's ability to generate sufficient cash flows in the future to meet the terms of all of its credit obligations to the Group.
Prudential Capital Requirement (PCR)	The regulatory minimum CET1, Tier 1 and Total Capital ratios that the Group is required to maintain at all times.
Qualifying Revolving Retail (QRR)	Basel asset class – represents revolving exposures less than \$0.1 million to individuals, unsecured and unconditionally cancellable by the Group. Only Australian retail credit cards qualify for this asset class.
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
RBNZ regulated entities	All references to RBNZ regulated entities refer to RBNZ regulated subsidiaries and include ASB exposures for which RWA are calculated using the RBNZ's prudential rules subject to certain APRA-prescribed adjustments.
Residential Mortgage	Basel asset class – retail exposures secured by residential mortgage property.

Glossary (continued)

Term	Definition
Risk Weighted Assets (RWA)	The value of the Group's on and off Balance Sheet assets are adjusted by risk weights calculated according to various APRA prudential standards.
Scaling Factor	In order to broadly maintain the aggregate level of capital in the global financial system post implementation of Basel II, the Basel Committee on Banking Supervision applies a scaling factor to the RWA amounts for credit risk under the IRB Retail, AIRB and FIRB approaches of 1.10. This is also applied to advanced exposures within RBNZ regulated entities.
Securities Financing Transactions (SFT)	APRA defines securities financing transactions as transactions such as repurchase agreements, reverse repurchase agreements, security lending and borrowing, and margin lending transactions, where the value of the transactions depends on the market valuation of securities and the transactions are typically subject to margin agreements.
Securitisation	Basel asset class – Group originated securitised exposures and the provision of facilities to customers in relation to securitisation activities.
SME Corporate	Basel asset class – Small and Medium Enterprise (SME) commercial credit risk where annual revenues are less than \$75 million.
SME Retail	Basel asset class – Small and Medium Enterprise (SME) commercial credit risk where annual revenues are less than \$75 million and exposures are less than \$1.5 million.
Sovereign	Basel asset class – primarily claims on Australian and foreign governments, central banks (including the RBA), international banking agencies and regional development banks.
Specialised Lending	Basel asset classes subject to the supervisory slotting approach which include: object finance, project finance and commodity finance.
Specific Provisions	All provisions, both collectively and individually assessed, classified as Stage 3 in accordance with Australian Accounting Standards (AASB 9 <i>Financial Instruments</i>).
Stage 1	On origination of financial assets, an impairment provision equivalent to 12 months expected credit losses (ECL) is recognised, reflecting the credit losses expected to arise from defaults occurring over the next 12 months.
Stage 2	Financial assets that have experienced a significant increase in credit risk (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	Non-performing (defaulted) financial assets are transferred to Stage 3 and an impairment provision equivalent to lifetime ECL is recognised.
Standardised Approach	An alternate approach to the assessment of credit, operational and traded market risk whereby an ADI uses external ratings agencies to assist in assessing credit risk and/or the application of specific values provided by regulators to determine RWA.
Stressed Value-at-Risk (SVaR)	Stressed Value-at-Risk uses the same methodology as VaR except that the historical data used is taken from a one year observation period of significant market volatility as seen during the Global Financial Crisis.
Tier 1 Capital	Comprises CET1 and Additional Tier 1 Capital.
Tier 2 Capital	Capital items that fall short of the necessary conditions to qualify as Tier 1 Capital.

Glossary (continued)

Term	Definition
Total Capital	Comprises CET1, Additional Tier 1 Capital and Tier 2 Capital.
Total Exposures (as used in the leverage ratio)	The sum of on Balance Sheet items, derivatives, securities financing transactions (SFTs), and off Balance Sheet items, net of any Tier 1 regulatory deductions that are already included in these items, as outlined in APS 110 <i>Capital Adequacy</i> (APS 110) Attachment D.
Trading Book	Exposures, including derivative products and other off Balance Sheet instruments that are held either with a trading intent or to hedge other elements of the trading book.
Value-at-Risk (VaR)	Value-at-Risk is a measure of potential loss using historically observed market volatility and correlation between different markets.