Basel III Pillar 3

Capital Adequacy and Risk Disclosures as at 31 March 2024

Commonwealth Bank of Australia

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

Contents

1 Introduction

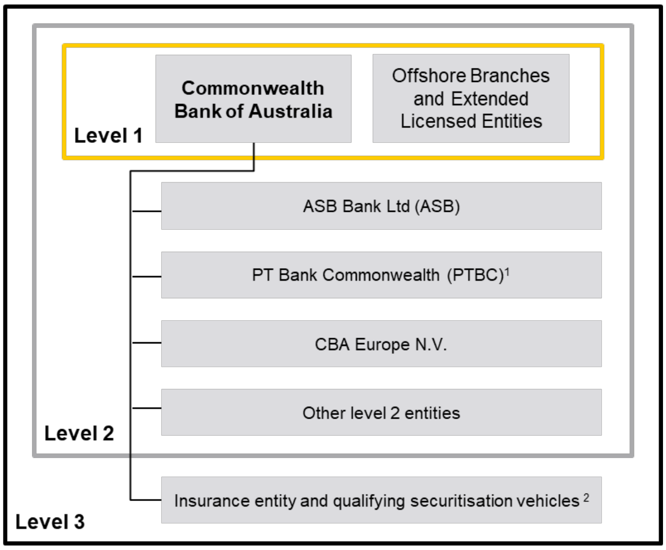
The Commonwealth Bank of Australia (CBA) is an Authorised Deposit-taking Institution (ADI) regulated by the Australian Prudential Regulation Authority (APRA) under the authority of the Banking Act 1959.

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 an insurance entity and certain entities through which securitisation of Group assets is conducted.

APS 330 reporting structure



1 On 16 November 2023, the Group announced that it entered into a binding agreement to sell its 99% shareholding in its Indonesian banking subsidiary, PT Bank Commonwealth (PTBC), to PT Bank OCBC NISP Tbk (OCBC Indonesia), a subsidiary of Oversea-Chinese Banking Corporation Limited (OCBC) for an upfront cash consideration of approximately $220 million. The sale completed on 1 May 2024.

2 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.

Capital Position

As at 31 March 2024, the Group's Basel III Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios were 11.9%, 14.2% and 20.5%, respectively.

The Group's CET1 ratio increased 30 basis points in the quarter after allowing for the impact of the 2024 interim dividend (-76 basis points). This increase was primarily driven by capital generated from earnings (+52 basis points), partly offset by a net increase in total RWAs (-20 basis points), continued progress on the $1 billion on-market share buy-back (-1 basis point) and other items (-1 basis point).

Further details on the movements in RWA are provided on pages 5-6.

The CET1 Capital ratio for Level 1 as at 31 March 2024 was 12.0%.

Summary Group Capital Adequacy Ratios (Level 2)	31 Mar 24 %	31 Dec 23 %
Common Equity Tier 1	**11.9**	12.3
Additional Tier 1	**2.3**	2.4
Tier 1	**14.2**	14.7
Tier 2	**6.3**	5.8
Total Capital	**20.5**	20.5

Group Regulatory Capital Position	31 Mar 24 $M	31 Dec 23 $M
Common Equity Tier 1 Capital	**55,991**	57,231
Additional Tier 1 Capital	**10,862**	10,862
Tier 1 Capital	**66,853**	68,093
Tier 2 Capital	**29,732**	27,147
Total Capital	**96,585**	95,240
Risk Weighted Assets	**471,375**	463,644

Capital Initiatives

The following significant capital initiatives were undertaken during the quarter ended 31 March 2024:

Common Equity Tier 1 Capital

- The Dividend Reinvestment Plan (DRP) in respect of the 2024 interim dividend was satisfied in full by the on-market purchase of shares. The participation rate for the DRP was 13.4%; and
- Completed a further $44 million of the previously announced $1 billion share buy-back. As at 8 May 2024, the Group has completed $250 million[1] of the $1 billion share buy-back.

Tier 2 Capital

- In March 2024, the Group issued a USD1,250 million Basel III compliant subordinated note.

In April 2024 the Group redeemed $1,590 million of Commbank PERLS XI Capital Notes, which are Basel III compliant Additional Tier 1 Capital.

Leverage Ratio

The Group's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 4.9% as at 31 March 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 138% in the March 2024 quarter (136% in the December 2023 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). Factors prescribed by APRA are used to determine the stable funding requirement of assets and the stability of alternative sources of funding. The Group's NSFR was 120% as at 31 March 2024 (121% as at 31 December 2023).

1 As at 31 March 2024, $198 million of shares have been purchased under the on-market share buy-back with a further $52 million of shares purchased during the quarter settling after 31 March 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)

	Risk Weighted Assets		Change in RWA for 31 March 2024 quarter	
	31 Mar 24	31 Dec 23		
Asset Category	$M	$M	$M	%
Credit risk				
Subject to AIRB approach [1]				
Corporate (incl. SME corporate) [2]	**85,059**	83,483	1,576	1.9
SME retail	**10,594**	10,235	359	3.5
Residential mortgage [3]	**144,905**	143,896	1,009	0.7
Qualifying revolving retail	**5,454**	5,336	118	2.2
Other retail	**8,946**	8,746	200	2.3
Total RWA subject to AIRB approach	**254,958**	251,696	3,262	1.3
Subject to FIRB approach [1]				
Corporate - large [2]	**25,820**	26,216	(396)	(1.5)
Sovereign	**2,421**	2,349	72	3.1
Financial institution	**13,031**	12,633	398	3.2
Total RWA subject to FIRB approach	**41,272**	41,198	74	0.2
Specialised lending	**3,687**	3,514	173	4.9
Subject to standardised approach				
Corporate (incl. SME corporate)	**954**	779	175	22.5
SME retail	**601**	642	(41)	(6.4)
Sovereign	**259**	227	32	14.1
Residential mortgage	**6,944**	6,885	59	0.9
Other retail	**523**	519	4	0.8
Other assets	**6,744**	8,298	(1,554)	(18.7)
Total RWA subject to standardised approach	**16,025**	17,350	(1,325)	(7.6)
Securitisation	**3,263**	3,247	16	0.5
Credit valuation adjustment	**2,977**	2,846	131	4.6
Central counterparties	**147**	165	(18)	(10.9)
RBNZ regulated entities [1]	**48,071**	48,719	(648)	(1.3)
Total RWA for credit risk exposures	**370,400**	368,735	1,665	0.5
Traded market risk	**10,933**	9,627	1,306	13.6
Interest rate risk in the banking book	**45,067**	40,307	4,760	11.8
Operational risk	**44,975**	44,975	–	0.0
Total risk weighted assets	**471,375**	463,644	7,731	1.7

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 31 March 2024 and 31 December 2023.
3 As a condition of APRA's approval of the Residential Mortgage LGD model, a $7.4 billion RWA overlay has been applied as at 31 March 2024 and 31 December 2023.

Risk Weighted Assets (continued)

Risk Weighted Assets

Total RWA increased by $7.7 billion or 1.7% on the prior quarter to $471.4 billion, driven by increases in IRRBB RWA, credit risk RWA and traded market risk RWA.

Credit Risk RWA

Credit Risk RWA increased $1.7 billion or 0.5% on the prior quarter to $370.4 billion, primarily driven by:

- Volume growth (increase of $2.3 billion) across commercial portfolios, domestic residential mortgages and unsecured retail portfolios; partly offset by lower New Zealand portfolios and other assets;
- Credit quality[1] (decrease of $0.4 billion), primarily driven by improvements in collateral valuations across retail and business lending, and lower risk weights in relation to excess liquidity held in investment grade non-HQLA assets; and
- Foreign currency and other movements (decrease of $0.2 billion).

Traded Market Risk RWA

Traded market risk RWA increased by $1.3 billion or 14% on the prior quarter to $10.9 billion. This was mainly due to client activity in interest rates and commodities.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA increased by $4.8 billion or 11.8% on the prior quarter to $45.1 billion, driven by higher basis risk, repricing and yield curve risks.

Operational Risk RWA

As required by APS 115, operational risk RWA as at 31 March 2024 and 31 December 2023 were determined based on the annual average value of the relevant components of the Group's net income over the years ended 30 June 2023, 2022 and 2021. Operational risk RWA are flat to December 2023.

1 Quality includes portfolio mix.

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

	31 March 2024						
		Off Balance Sheet					
	On Balance Sheet	Non-market related	Market related	Total	Average exposure for March 2024 quarter [1]	Change in exposure for March 2024 quarter [2]	
Portfolio Type	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**%**
Subject to AIRB approach							
Corporate (incl. SME corporate)	141,593	17,801	1,471	**160,865**	159,094	3,542	2.3
SME retail	13,130	6,253	5	**19,388**	19,310	156	0.8
Residential mortgage	566,507	73,463	–	**639,970**	637,522	4,897	0.8
Qualifying revolving retail	8,264	14,983	–	**23,247**	23,309	(124)	(0.5)
Other retail	6,905	1,290	–	**8,195**	8,063	263	3.3
Total AIRB approach	736,399	113,790	1,476	**851,665**	847,298	8,734	1.0
Subject to FIRB approach							
Corporate - large	30,325	13,871	4,717	**48,913**	48,866	94	0.2
Sovereign	155,805	546	16,709	**173,060**	173,370	(619)	(0.4)
Financial institution	39,035	7,302	14,402	**60,739**	58,820	3,837	6.7
Total FIRB approach	225,165	21,719	35,828	**282,712**	281,056	3,312	1.2
Specialised lending	3,434	1,146	64	**4,644**	4,521	246	5.6
Subject to standardised approach							
Corporate (incl. SME corporate)	648	353	1	**1,002**	917	170	20.4
SME retail	486	299	15	**800**	828	(55)	(6.4)
Sovereign	516	–	–	**516**	488	56	12.2
Residential mortgage	15,681	1,479	–	**17,160**	17,021	278	1.6
Other retail	398	125	–	**523**	520	5	1.0
Other assets [3]	11,847	1,032	48	**12,927**	14,273	(2,692)	(17.2)
Central counterparties	–	–	3,258	**3,258**	3,060	396	13.8
Total standardised approach	29,576	3,288	3,322	**36,186**	37,107	(1,842)	(4.8)
RBNZ regulated entities	114,611	12,967	2,416	**129,994**	130,888	(1,787)	(1.4)
Total credit exposures [4]	1,109,185	152,910	43,106	**1,305,201**	1,300,870	8,663	0.7

1 The simple average of balances as at 31 December 2023 and 31 March 2024
2 The difference between exposures as at 31 December 2023 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 $13.9 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)

	31 December 2023						
		Off Balance Sheet					
	On Balance Sheet	Non-market related	Market related	Total	Average exposure for December 2023 quarter [1]	Change in exposure for December 2023 quarter [2]	
Portfolio Type	$M	$M	$M	$M	$M	$M	%
Subject to AIRB approach							
Corporate (incl. SME corporate)	138,385	17,308	1,630	**157,323**	156,842	963	0.6
SME retail	12,937	6,282	13	**19,232**	19,112	240	1.3
Residential mortgage	562,209	72,864	–	**635,073**	632,906	4,334	0.7
Qualifying revolving retail	8,362	15,009	–	**23,371**	23,419	(96)	(0.4)
Other retail	6,645	1,287	–	**7,932**	7,739	386	5.1
Total AIRB approach	728,538	112,750	1,643	**842,931**	840,018	5,827	0.7
Subject to FIRB approach							
Corporate - large	29,694	14,039	5,086	**48,819**	46,983	3,672	8.1
Sovereign	156,260	613	16,806	**173,679**	180,295	(13,232)	(7.1)
Financial institution	36,598	7,566	12,738	**56,902**	51,720	10,364	22.3
Total FIRB approach	222,552	22,218	34,630	**279,400**	278,998	804	0.3
Specialised lending	3,287	993	118	**4,398**	4,352	93	2.2
Subject to standardised approach							
Corporate (incl. SME corporate)	546	282	4	**832**	662	341	69.5
SME retail	520	319	16	**855**	975	(239)	(21.8)
Sovereign	459	1	–	**460**	455	10	2.2
Residential mortgage	15,318	1,564	–	**16,882**	17,156	(548)	(3.1)
Other retail	403	115	–	**518**	544	(52)	(9.1)
Other assets [3]	14,348	1,014	257	**15,619**	14,528	2,182	16.2
Central counterparties	–	–	2,862	**2,862**	2,744	236	9.0
Total standardised approach	31,594	3,295	3,139	**38,028**	37,063	1,930	5.3
RBNZ regulated entities	116,070	13,148	2,563	**131,781**	131,892	(222)	(0.2)
Total credit exposures [4]	1,102,041	152,404	42,093	**1,296,538**	1,292,322	8,432	0.7

1 The simple average of balances as at 30 September 2023 and 31 December 2023.
2 The difference between exposures as at 30 September 2023 and 31 December 2023.
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 $15.8 billion of exposures in relation to Securities Financing Transactions (SFTs).

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

	31 March 2024		
	General provision [1] $M	Specific provision [1] $M	Total provisions $M
Collective provision [2]	4,708	700	**5,408**
Individual provisions [2]	–	741	**741**
Total regulatory provisions	4,708	1,441	**6,149**

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.

	31 December 2023		
	General provision [1] $M	Specific provision [1] $M	Total provisions $M
Collective provision [2]	4,681	649	**5,330**
Individual provisions [2]	–	733	**733**
Total regulatory provisions	4,681	1,382	**6,063**

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)

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

	31 March 2024			
	Non performing exposures	Specific provision balance [1]	Net quarter charges for specific provisions [2]	Quarter ended actual losses [3]
Portfolio [4]	**$M**	**$M**	**$M**	**$M**
Corporate (Inc. Large and SME Corp.)	2,015	533	30	33
Sovereign	–	–	–	–
Financial Institution	1	1	–	–
SME Retail	257	93	24	11
Residential Mortgage	5,007	344	(4)	7
Qualifying Revolving Retail	74	56	34	31
Other Retail	97	68	61	51
Specialised Lending	139	100	1	1
Other Assets	41	29	–	–
Central Counterparties	–	–	–	–
RBNZ Regulated Entities	1,576	217	25	3
Total	**9,207**	**1,441**	**170**	**137**

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 31 March 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 31 March 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 31 March 2024.

	31 December 2023			
	Non performing exposures	Specific provision balance [1 2]	Net quarter charges for specific provisions [1 3]	Quarter ended actual losses [1 4]
Portfolio [5]	**$M**	**$M**	**$M**	**$M**
Corporate (Inc. Large and SME Corp.)	1,780	497	12	61
Sovereign	–	–	–	–
Financial Institution	1	1	–	–
SME Retail	227	85	10	16
Residential Mortgage	4,290	353	21	2
Qualifying Revolving Retail	69	54	42	42
Other Retail	84	58	42	44
Specialised Lending	131	93	(1)	43
Other Assets	49	45	–	–
Central Counterparties	–	–	–	–
RBNZ Regulated Entities	1,473	196	15	11
Total	**8,104**	**1,382**	**141**	**219**

1 Comparative information has been restated to conform to presentation in current period.
2 Specific provision balance includes accounting collective provisions on non-performing loans.
3 Includes charges for accounting collective provisions on non-performing exposures for the quarter ended 31 December 2023.
4 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 31 December 2023.
5 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 31 December 2023.

Credit Risk (continued)

3.3 Securitisation

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

	Quarter ended 31 March 2024	
Underlying Asset	**Total exposures securitised $M**	**Recognised gain or loss on sale $M**
Residential mortgage	1,103	–
Credit cards and other personal loans	–	–
Auto and equipment finance	4	–
Commercial loans	–	–
Other	–	–
Total	**1,107**	**–**

	Quarter ended 31 December 2023	
Underlying Asset	**Total exposures securitised $M**	**Recognised gain or loss on sale $M**
Residential mortgage	2,443	–
Credit cards and other personal loans	–	–
Auto and equipment finance	–	–
Commercial loans	–	–
Other	–	–
Total	**2,443**	**–**

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

	As at 31 March 2024		
Securitisation Facility Type	**On Balance Sheet $M**	**Off Balance Sheet $M**	**Total exposures $M**
Liquidity support facilities	–	186	**186**
Warehouse facilities	11,532	5,073	**16,605**
Derivative facilities	–	112	**112**
Holdings of securities	2,949	–	**2,949**
Other	–	11	**11**
Total securitisation exposures	14,481	5,382	**19,863**

	As at 31 December 2023		
Securitisation Facility Type	**On Balance Sheet $M**	**Off Balance Sheet $M**	**Total exposures $M**
Liquidity support facilities	–	171	**171**
Warehouse facilities	11,666	4,931	**16,597**
Derivative facilities	–	186	**186**
Holdings of securities	2,778	–	**2,778**
Other	–	11	**11**
Total securitisation exposures	14,444	5,299	**19,743**

4 Leverage Ratio

The Group's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 4.9% as at 31 March 2024. The decline in the Leverage Ratio for the quarter is driven by the impact of the 2024 interim dividend.

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	31 Mar 24	31 Dec 23	30 Sep 23	30 Jun 23	31 Mar 23
Tier 1 Capital ($M)	**66,853**	68,093	66,359	67,771	66,005
Total Exposures ($M) [1]	**1,369,458**	1,362,098	1,347,663	1,334,426	1,351,297
Leverage Ratio (%)	**4.9**	5.0	4.9	5.1	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 March 2024 quarter, excess liquid assets averaged $52.9 billion and the average LCR increased from 136% to 138%. The increase in average LCR was due to balance sheet positioning around the repayment of the first tranche of the RBA Term Funding Facility. On a spot basis, the LCR was between 126% and 148% 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 increased over the quarter due to balance sheet positioning.

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. Average NCO decreased over the quarter due to a reduction in deposit NCO, partly due to the shift in deposits from at-call to term.

Table 20 – LCR disclosure template

		31 March 2024		31 December 2023	
		Total unweighted value (average) [1] $M	Total weighted value (average) [1] $M	Total unweighted value (average) [1] $M	Total weighted value (average) [1] $M
Liquid assets, of which:					
1	High-quality liquid assets (HQLA)		190,341		186,615
2	Alternative liquid assets (ALA)		–		–
3	Reserve Bank of New Zealand (RBNZ) securities		627		123
Cash outflows					
4	Retail deposits and deposits from small business customers, of which:	**448,306**	**36,573**	**447,000**	**36,356**
5	Stable deposits	264,542	13,227	264,994	13,250
6	Less stable deposits	183,764	23,346	182,006	23,106
7	Unsecured wholesale funding, of which:	**180,111**	**77,738**	**179,702**	**78,045**
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	85,963	20,562	85,272	20,713
9	Non-operational deposits (all counterparties)	84,889	47,917	84,982	47,884
10	Unsecured debt	9,259	9,259	9,448	9,448
11	Secured wholesale funding		**2,896**		**3,420**
12	Additional requirements, of which:	**177,667**	**27,953**	**177,304**	**28,164**
13	Outflows related to derivatives exposures and other collateral requirements	8,833	8,833	9,257	9,257
14	Outflows related to loss of funding on debt products	–	–	–	–
15	Credit and liquidity facilities	168,834	19,120	168,047	18,907
16	Other contractual funding obligations	**–**	**–**	**–**	**–**
17	Other contingent funding obligations	**97,459**	**13,790**	**96,399**	**11,909**
18	**Total cash outflows**		**158,950**		**157,894**
Cash inflows					
19	Secured lending	39,768	3,566	34,063	3,212
20	Inflows from fully performing exposures	13,675	9,102	15,801	11,225
21	Other cash inflows	8,242	8,242	6,326	6,326
22	**Total cash inflows**	**61,685**	**20,910**	**56,190**	**20,763**
23	**Total liquid assets**		190,968		186,738
24	**Total net cash outflows**		138,040		137,131
25	**Liquidity Coverage Ratio (%)**		138		136
Number of data points used (Business Days)			62		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. From 1 January 2023, 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.
APRA's Revised Capital Framework	Refers to APRA's revision to the ADI Capital Framework implemented from 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 *Financial Instruments*).
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 *Associations with Related Entities.*
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, the 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 *Financial Instruments*).
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 *Financial Instruments*). 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 paid), 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 2023 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), offshore branches (the Bank) and APRA approved Extended Licensed Entities.

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 an insurance business 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	An exposure that is in default.
Operational Risk under the Standardised Measurement Approach	From 1 January 2023, 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 classed 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 *Financial Instruments*).
Stage 1	On origination, 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 *Capital Adequacy* (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.