CBA Covered Bond Trust

ABN 63 954 593 219

Annual Report

for the year ended 30 June 2020

CommonwealthBank

Contents

The Directors of Securitisation Advisory Services Pty Limited ("the Manager") submit their report together with the General Purpose Financial Statements ("the Financial Statements") of CBA Covered Bond Trust ("the Trust"), for the financial year ended 30 June 2020.

Trust manager and Trustee

The Manager of the Trust for the reporting year was Securitisation Advisory Services Pty Limited.

The Trustee of the Trust for the reporting year was Perpetual Corporate Trust Limited.

Directors

The names of the Directors of the Manager holding office during the financial year and up to the date of this report are as follows:

J Ferguson
C McBride
V Hickey (appointed 23 June 2020)
K Robb (appointed 3 July 2019)
S R D Maidment (resigned 3 July 2019)

Secretaries

The names of the Secretaries of the Manager holding office during the financial year and up to the date of this report are as follows:

M Baker (appointed 16 October 2019)
R Di Cristoforo (resigned 15 September 2019)
V McKenzie (appointed 16 October 2019, resigned 9 April 2020)

Principal activities

The Trust's principal activities during the financial year were the holding of loan receivables from the Commonwealth Bank of Australia ("the Bank") and provision of guarantees and security over the issue of any covered bonds by the Bank. The Trust has a pool of economic assets available in providing these guarantees and security, including mortgage loan rights, and cash and cash equivalents.

There was no significant change in the nature of these activities during the financial year.

Review of operations

The Trust recorded a profit for the financial year of $73,859,000 (2019: loss $65,902,000). The main driver for the profit of $73,859,000 (2019: loss $65,902,000) for the year was due to change in the fair value of financial instruments and fair value hedge ineffectiveness partially offset by an increase in impairment expenses.

Review of operations (continued)

The requirement to fair value financial instruments through profit or loss as required by AASB 9 *Financial Instruments* ("AASB 9") will give rise to ongoing volatility in the Statement of Comprehensive Income of the Trust. The volatility due to the fair value movement in financial instruments does not affect the ability of the Trust to meet its debts as and when they fall due, the amount of any payment due to any investors or the timing of such payments.

Distribution

Distribution paid and payable to the income unitholder, the Bank, in accordance with the Trust Deed, was $nil for the financial year (2019: $nil).

Significant changes in the state of affairs

In early 2020 the spread of COVID-19 became a global pandemic, and the measures undertaken to contain it have resulted in a large decrease in global economic activity. There remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. There has not been a material impact on the Trust's results to date. Given the fluid nature of the current situation, the Trust's lending portfolios continue to be monitored closely, with detailed portfolio testing and analysis performed as the situation continues to evolve.

Likely developments and expected results of operations

Information as to likely developments in the operations of the Trust and the expected results of those operations in subsequent financial years have not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the Trust.

Environmental regulation

The Trust's operations are not subject to any particular or significant environmental regulations under Australian Commonwealth, State or Territory law.

Interests in units of the Trust

As at the date of this report, no Director has any interests in the units of the Trust.

Events subsequent to the balance sheet date

In early 2020 the spread of COVID-19 became a global pandemic, and the measures undertaken to contain it have resulted in a large decrease in global economic activity. There remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. In accordance with AASB 110 *Events after the Reporting Date*, the Trust considered whether events after the reporting period confirmed conditions existing up to the reporting date. There has not been a material impact on the Trust's results to date, furthermore, the Trust did not identify any subsequent events precipitated by COVID-19 related developments, which would require adjustment to the amounts or disclosures in the financial statements. Given the fluid nature of the current situation, the Trust will continue to regularly review the situation and its impact.

The Manager is not aware of any other matter or circumstance that has occurred since the end of the financial year that has significantly affected or may significantly affect the operations, the results of those operations or the state of affairs of the Trust in subsequent years.

Rounding of amounts

The amounts contained in this report and in the Financial Statements have been rounded to the nearest thousand dollars (where rounding is applicable).

Signed for and on behalf of Securitisation Advisory Services Pty Limited as Manager of the CBA Covered Bond Trust.

Director

Sydney
16 October 2020

	Notes	**2020 $'000**	2019 $'000
Revenue from continuing operations	2	**782,800**	962,918
Finance costs	3	**(657,796)**	(952,844)
Impairment expense on loans and other receivables	4	**(35,741)**	(4,148)
Operating expenses	5	**(9,908)**	(88,738)
Profit/(loss) before income tax		**79,355**	(82,812)
Income tax expense		**-**	-
Profit/(loss) for the year		**79,355**	(82,812)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	14	**(5,496)**	16,910
Other comprehensive (loss)/income, net of tax		**(5,496)**	16,910
Total comprehensive income/(loss) attributable to unitholders of the Trust		**73,859**	(65,902)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	**2020 $'000**	2019 $'000
Assets			
Cash and cash equivalents	18(a)	**2,252,742**	887,546
Loans and other receivables	7	**35,388,228**	32,679,828
Derivative assets	9	**4,717,890**	3,990,868
Other assets	8	**761,203**	644,297
Total assets		**43,120,063**	38,202,539
Liabilities			
Trade and other payables	10	**312,747**	373,749
Derivative liabilities	9	**148,189**	530
Interest bearing liabilities	11	**42,841,842**	38,084,834
Total liabilities		**43,302,778**	38,459,113
Net liabilities attributable to unitholders of the Trust		**(182,715)**	(256,574)
Trust capital			
Trust corpus*	13	**-**	-
Cash flow hedge reserve	14	**(157,084)**	(151,588)
Retained earnings		**(25,631)**	(104,986)
Total trust capital attributable to unitholders of the Trust		**(182,715)**	(256,574)

* Trust corpus of $200 has been rounded to $nil.

The above Balance Sheet should be read in conjunction with the accompanying notes.

	Trust corpus* $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2018	-	(168,498)	1,090	(167,408)
Change on adoption of AASB 9	-	-	(23,264)	(23,264)
Restated opening balance at 1 July 2018	-	**(168,498)**	**(22,174)**	**(190,672)**
Loss for the year	-	-	(82,812)	(82,812)
Other comprehensive income	-	16,910	-	16,910
Total comprehensive income/(loss) attributable to unitholders of the Trust	-	16,910	(82,812)	(65,902)
Balance at 30 June 2019	-	**(151,588)**	**(104,986)**	**(256,574)**
Balance at 1 July 2019	-	(151,588)	(104,986)	(256,574)
Profit for the year	-	-	79,355	79,355
Other comprehensive loss	-	(5,496)	-	(5,496)
Total comprehensive (loss)/income attributable to unitholders of the Trust	-	**(5,496)**	**79,355**	**73,859**
Balance at 30 June 2020	-	**(157,084)**	**(25,631)**	**(182,715)**

* Trust corpus of $200 has been rounded to $nil.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Notes	**2020 $'000**	2019 $'000
Cash flows from operating activities			
Interest received from ultimate parent entity		**632,802**	960,353
Fee income received		**8,573**	7,032
Finance costs paid		**(675,523)**	(956,938)
Manager fees paid to related party		**(7,824)**	(7,575)
Trustee fees paid		**(256)**	(256)
Other expenses paid		**(1,419)**	(2,372)
Net cash (outflow)/inflow from operating activities	18(b)	**(43,647)**	244
Cash flows from investing activities			
Payment for acquisition of securitised mortgages		**(8,922,708)**	(7,873,654)
Receipts on loans to ultimate parent entity		**6,031,615**	5,144,794
Net cash outflow from investing activities		**(2,891,093)**	(2,728,860)
Cash flows from financing activities			
Proceeds from loans from ultimate parent entity	18(c)	**4,718,699**	6,503,951
Repayment of loans to ultimate parent entity	18(c)	**(418,763)**	(4,535,998)
Net cash inflow from financing activities		**4,299,936**	1,967,953
Net increase/(decrease) in cash and cash equivalents		**1,365,196**	(760,663)
Cash and cash equivalents at the beginning of the financial year		**887,546**	1,648,209
Cash and cash equivalents at the end of the financial year	18(a)	**2,252,742**	887,546

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

(a) General information

The General Purpose Financial Statements ("the Financial Statements") of CBA Covered Bond Trust ("the Trust") for the financial year ended 30 June 2020 were approved and authorised for issue by the Board of Directors of Securitisation Advisory Services Pty Limited ("the Manager") on 16 October 2020. The Directors of the Manager have the power to amend and reissue the Financial Statements.

The Trust was constituted and commenced operations in accordance with the Establishment Deed on 13 November 2011 ("the Programme Date") for the purpose of acquiring mortgage loan rights from the Commonwealth Bank of Australia ("the Bank") with monies borrowed from the Bank to fund such acquisitions, including the granting of guarantees and security in respect of any covered bonds issued by the Bank in connection with the covered bonds programme. The Trustee of the Trust is Perpetual Corporate Trust Limited.

The *Banking Act 1959* ("the Banking Act") allows Australian banks to issue covered bonds for funding purposes.

Covered bonds are secured, senior, soft or hard bullet securities that provide investors with recourse to both the issuing institution and an underlying, revolving collateral pool. Covered bond noteholders rank pari passu with other senior secured noteholders of the issuing bank.

The Trust will continue until, and will terminate on, the Vesting Date. The Vesting Date means the earliest of the following dates to occur:

(i) the date which is 80 years after the date of the constitution of the Trust;

(ii) the date on which the Trust terminates by operation of law or in accordance with the Establishment Deed;

(iii) following the occurrence of a Covered Bond Guarantor Event of Default, the date on which the Security Trustee has notified the Covered Bond Guarantor in writing that it has enforced the security and has distributed all of the amounts, which it is required to distribute under the Security Deed.

The Trust is domiciled in Australia. The address of its principal office is Ground Floor, Tower 1, 201 Sussex Street, Sydney NSW 2000, Australia.

The ultimate parent entity of the Manager and the Trust is the Commonwealth Bank of Australia ACN 123 123 124.

The principal accounting policies applied in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated. The Financial Statements cover the Trust as an individual entity.

(b) Basis of preparation

The Financial Statements have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB"). The Trust is a for-profit entity for the purpose of preparing the Financial Statements.

1 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

The Financial Statements of the Trust also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The amounts contained in the Financial Statements have been rounded to the nearest thousand dollars (where rounding is applicable).

The functional and presentation currency of the Trust has been determined to be Australian Dollars (AUD) as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Trust.

The Financial Statements have been prepared using a historical cost basis, except for certain assets and liabilities (including derivative instruments) measured at fair value.

As at 30 June 2020, the Trust was in a net deficit position as its total liabilities exceeded total assets by $182,715,000 (2019: $256,574,000) and has recognised a profit of $73,859,000 (2019: loss $65,902,000) which represents unrealised losses from fair value movement of financial instruments during the financial year and changes in the loan impairment provision.

The adoption of AASB 9 *Financial Instruments* ("AASB 9") on 1 July 2018 resulted in a transition adjustment to the opening retained earnings and a corresponding provision recognised on the Balance Sheet. Holders of covered bonds issued by the Bank and guaranteed by the Trust have dual recourse to the securitised home loans represented by the intra-group loans receivable by the Trust from the Bank, as well as to the Bank itself. The Bank is obliged to repay the Trust for any payments the Trust has to make under its guarantee to covered bond holders. Additionally, there is a committed over-collateralisation of approximately 107.5% collateral in the cover pool of securitised assets, represented by the Demand Loan from the Bank to the Trust. The intra-group loans are repaid from cash flows from the loans receivable, and if these collections are insufficient to fully repay the loans, then the losses are borne by the lender (the Bank) and not by the Trust. The gain from write-off of the loans can only be recognised on the winding down of the Trust. This results in a timing mismatch which causes a decrease in the net assets of the Trust. This timing mismatch will reverse when the Trust reaches its Termination Date, and has no impact on the Trust's operations.

Therefore the Manager has determined that it is appropriate to prepare the Financial Statements on a going concern basis.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are discussed further in Note 1 (o).

1 Summary of significant accounting policies (continued)

(c) New Accounting Standards and Future Accounting Developments

Adoption of new accounting standards

AASB 16 - *Leases*

On 1 July 2019, the Trust adopted AASB 16 *Leases* ("AASB 16") replacing AASB 117 *Leases* ("AASB 117"). AASB 16 amends the accounting for leases. Lessees are required to bring both operating and finance leases onto the Balance Sheet as a right of use asset along with the associated lease liability. Interest expense will be recognised in profit or loss using the effective interest rate method (i.e. drop 'rate'), and the right of use asset will be depreciated. Lessor accounting remains largely unchanged. The Trust has not entered into any leases of any kind therefore, the adoption of AASB 16 did not result in any impact on the Trust.

Future Accounting Developments

AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

Effective from 1 July 2021, AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* ("AASB 2020-2") removes the ability of most for-profit private sector entities to be able to self-assess financial reporting requirements and prepare Special Purpose Financial Statements ("SPFS"). Upon adoption, they will need to prepare General Purpose Financial Statements ("GPFS"), either full disclosure GPFS or a new Tier 2 GPFS that comply with all recognition and measurement requirements in Australian Accounting Standards (AAS) (as per AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*).

This standard is not expected to impact the Trust as it already prepares GPFS.

AASB 2019-3 - *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform*

Background

Interbank offered rates (IBORs), such as the London Interbank Offered Rate (LIBOR), play a critical role in global financial markets, serving as reference rates for derivatives, loans and securities, and as parameters in the valuation of financial instruments. The Financial Stability Board's (FSB) Official Sector Steering Group (OSSG) coordinates international efforts on benchmark reform and the transition from LIBOR, whose future cannot be guaranteed past 1 January 2022. Market-led working groups in respective jurisdictions have recommended alternative risk-free reference rates (RFRs), which are gradually being adopted.

1 Summary of significant accounting policies (continued)

(c) New Accounting Standards and Future Accounting Developments (continued)

Existing LIBOR-linked contracts for derivatives, loans, investment securities, debt issues and deposits and other public borrowings that mature beyond the end of 2021 are expected to transition to RFRs. Industry working groups are currently working with authorities and consulting with market participants to develop market practices that can be used to transition contracts. However, there are fundamental differences between LIBORs and RFRs. RFRs are overnight rates, while LIBORs are available in multiple tenors. Additionally, LIBORs incorporate a bank credit risk premium while RFRs do not. As a result of these differences, both medium term and spread adjustments to applicable fall-back RFRs are required to ensure that contracts referencing LIBOR will continue to function as closely as possible to the original agreement, once the reference rate is changed.

Accounting amendments and the impact on financial reporting

In response to the uncertainty about the long-term viability of these benchmark rates, and LIBOR in particular, the IASB announced in 2018 that it would establish a project to consider the financial reporting implications of the reform. The transition from LIBOR is expected to have an impact on various elements of financial instrument accounting, including hedge accounting, loan modifications, as well as fair value methodologies and disclosures.

In October 2019, the AASB issued AASB 2019-3 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform*, which amends some specific hedge accounting requirements to provide relief from the potential effects of uncertainty caused by the interest rate benchmark reform. These amendments address the accounting effects of uncertainty in the period leading up to the reform and are effective for annual periods beginning on or after 1 January 2020. The Trust elected to early adopt the amendments, which did not have a significant impact on the Trust.

In April 2020, the IASB published an exposure draft on proposed amendments to various accounting standards, including IFRS 9 *Financial Instruments*, to address the accounting issues that will arise once the existing rate is replaced with an alternative RFRs. The proposed amendments contain guidance on a number of matters including:

- The accounting for the modification of financial assets and financial liabilities required for transition;
- Hedge accounting post-transition; and
- Additional quantitative and qualitative disclosure requirements.

The final amendments are expected to be published during the second half of 2020. The Trust is monitoring these developments and continues to assess the expected impact.

1 Summary of significant accounting policies (continued)

(c) New Accounting Standards and Future Accounting Developments (continued)

IBOR reform program

In October 2018, the Commonwealth Bank of Australia ("the Group") formed the Interest Rate Benchmark Reform Program (the Program). The Program includes a formal governance structure to ensure clear accountability for all decisions, and incorporates the requisite risk, treasury, finance, legal, business and support functions. The Program will ensure that customer outcomes are appropriate and will seek to minimise any disruption to business, and mitigate operational and conduct risks. The Trust expects that transitions will require the implementation of changes to systems, processes and valuation models, as well as the management of tax and accounting outcomes. The Trust will continue to monitor the impact on its capital position but expects the impact to be limited.

The Trust has designated hedging relationships where hedged items and/or hedging instruments reference LIBOR. These rates are in the process of being transitioned to RFRs. The tables below provide more information on the hedge accounting relationships that are impacted by IBOR reform.

Other accounting developments

Other amendments to existing standards that are not yet effective are not expected to result in significant changes to accounting policies.

Hedging instruments	Notional designated beyond 31 Dec 2021						
	USD Libor	GBP Libor	CHF Libor	Total[1]	Notional designated up to 31 Dec 2021[2]	Other not impacted by IBOR reform[3]	Total notional
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash flow hedges	-	-	-	-	66,259	4,404,591	4,470,850
Fair value hedges	3,647,606	1,343,091	153,137	5,143,834	2,085,819	20,468,912	27,698,565

Hedged items	Carrying value designated beyond 31 Dec 2021[4]		
	USD Libor	GBP Libor	CHF Libor
	$'000	$'000	$'000
Interest bearing liabilities	3,832,139	-	158,749

(1) Hedging instrument notional directly impacted by IBOR reform
(2) Hedging instrument notional linked to IBOR that mature before 1 January 2022
(3) Hedging instrument notional not impacted by IBOR reform, e.g. BBSW, EURIBOR
(4) Hedged item carrying value directly impacted by IBOR reform

(d) Offsetting

Income and expenses are only offset in the Statement of Comprehensive Income if permitted under the relevant accounting standard. Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet if, and only if, there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1 Summary of significant accounting policies (continued)

(e) Revenue and expense recognition

Revenue is measured based on the consideration to which the Trust expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

The Trust recognises revenue when a performance obligation to a customer is satisfied. The Trust recognises revenue from the following major sources:

(i) Interest income

Interest income on loans and other receivables is measured using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument, and allocates the interest over the expected life of the financial instrument. Fees and transaction costs integral to loan origination are capitalised and included in interest income recognised over the expected life of the loan.

(ii) Fee income

Fee income is recognised over the service period on an accrual basis as the relevant service is rendered.

(iii) Finance costs

Finance costs relating to the loan from ultimate parent entity are measured on an accrual basis using the effective interest method.

(iv) Other expenses

Other expenses are recognised on an accrual basis.

(f) Foreign currency translations

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the date of each transaction. Amounts receivable or payable in foreign currencies at balance date are translated at the rates of exchange on that date.

Monetary assets and liabilities denominated in foreign currencies are translated using the spot rate as at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

With the exception of the revaluations classified in equity, exchange differences relating to amounts measured at fair value in foreign currencies are recognised as exchange gains or losses in profit or loss in the Statement of Comprehensive Income.

(g) Income tax

Under current income tax legislation, the Trust is not liable for income tax provided its taxable income is fully distributed to the income unitholder.

1 Summary of significant accounting policies (continued)

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of any amount of GST recoverable from, or payable to, the taxation authority.

(i) Cash and cash equivalents

Cash and cash equivalents presented in the Financial Statements comprise cash at bank. They are initially recognised at fair value and subsequently measured at amortised cost. Cash at bank earns interest at a floating rate based on daily deposit rates.

Guaranteed Investment Contract account (GIC)

The Guaranteed Investment Contract account ("GIC account") is a deposit account established to provide a guaranteed return of 1 month BBSW on deposits made into the GIC account in accordance with the CBA Covered Bond Trust Account Bank Agreement.

Authorised Investment account

The Authorised Investment account is a deposit account established to hold cash for the purposes of purchasing substitution assets from the Bank in order to increase the size of the cover pool. This is in accordance with the CBA Covered Bond Trust Account Bank Agreement.

Over Collateralisation account

The Over Collateralisation account ("OC account") is a deposit account established to provide a guaranteed return of 1 month BBSW on deposits made into the OC account in accordance with the CBA Covered Bond Trust Account Bank Agreement.

Swap Collateral Cash account

The Swap Collateral Cash account is a deposit account which cash is deposited into by a swap provider as collateral to secure the performance by such swap provider of its obligations under the relevant swap agreement.

1 Summary of significant accounting policies (continued)

(j) Financial assets and liabilities

The Trust categorises its financial assets and liabilities in the following categories:

- Loans and other receivables
- Other assets, excluding prepaid expenses
- Trade and other payables
- Liabilities at amortised cost - interest bearing liabilities
- Derivative financial instruments

(i) Loans and other receivables

Loans and other receivables are financial assets with fixed and determinable payments that are not quoted in an active market. They include loans to the ultimate parent entity. These financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual cash flows on these financial assets comprise the payment of principal and interest only. These instruments are accordingly measured at amortised cost. Loans and other receivables are initially recognised at their fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method and are presented net of provisions for impairment.

Under Australian Accounting Standards, securitised loans originated by the Bank and held by the Trust, are not permitted to be derecognised from the books of the Bank's Financial Statements. Accordingly, transactions and balances have been classified as intra-group assets, liabilities, revenues and expenses. This applies to transactions which have taken place with either the Bank or entities within the Group.

Mortgage loans rights are classified as amounts due from the ultimate parent entity.

Impairment

Provisions are recognised in accordance with the AASB 9 expected credit loss ("ECL") approach. A description of the key components of the Trust's AASB 9 impairment methodology is provided below.

ECL model

The ECL model applies to all financial assets measured at amortised cost. The model uses a three stage approach to recognition of expected credit losses. Financial assets migrate through these stages based on changes in credit risk since origination:

- *Stage 1: 12 months ECL - performing financial assets*
  On origination, an impairment provision equivalent to 12 months' ECL is recognised against financial assets, being the credit losses expected to arise from defaults occurring over the next 12 months.

1 Summary of significant accounting policies (continued)

(j) Financial assets and liabilities (continued)

- *Stage 2: Lifetime ECL - performing financial assets that have experienced a significant increase in credit risk ("SICR")*
  Financial assets that have experienced a SICR since origination are transferred to Stage 2 and recognise an impairment provision equivalent to lifetime ECL, being the credit losses expected to arise from defaults occurring over the remaining life of the financial assets. If credit quality improves in a subsequent period such that the increase in credit risk since origination is no longer considered significant, the exposure is reclassified to Stage 1, and the impairment provision reverts to 12 months ECL.

- *Stage 3 - Lifetime ECL - non-performing financial assets*
  Financial assets in default recognise a provision equivalent to lifetime ECL. This includes assets that are considered credit impaired as well as assets that are considered to be in default but are not credit impaired.

Credit losses for financial assets in Stage 1 and Stage 2 are assessed collectively, whilst those in Stage 3 are subjected to either collective or individual assessment of credit loss.

Interest revenue is recognised on gross carrying amounts for financial assets in Stage 1 and Stage 2, and gross carrying value net of impairment provisions for financial assets in Stage 3.

Significant increase in credit risk

SICR is assessed by comparing the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination. The Trust considers all available qualitative and quantitative information that is relevant to assessing SICR.

Definition of default, credit impaired assets and write-offs

The definition of default used in measuring ECL is aligned to the definition used by the Bank for internal credit risk management purposes across all portfolios. Default occurs when there are indicators that a debtor is unlikely to meet contractual credit obligations to the Trust in full, or the exposure is 90 days past due. Facilities are classified as credit impaired when there is doubt as to whether the full amounts due, including interest and other amounts, will be received in a timely manner. Loans are written off when there is no reasonable expectation of recovery.

The offer or uptake of a COVID-19 related repayment deferral does not constitute a default or credit impairment unless the exposure is considered to be impaired based on other available information.

The Bank, as ultimate parent entity of the Trust, has developed and tested AASB 9 models, which the Trust used to calculate impairment provisions. Models have been independently validated and approved by the Group's Loan Loss Provisioning Committee and the Board Audit Committee. The Trust assessed impairment using the above methodology for cash and cash equivalents, loans to ultimate parent entity, interest receivable and collections of principal, interest and fees receivable.

1 Summary of significant accounting policies (continued)

(j) Financial assets and liabilities (continued)

ECL measurement

ECL is a probability weighted expected credit loss estimated by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions. The Trust uses the following four alternative macro-economic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL:

- Central scenario: This scenario considers central bank forecast as well as the Group's base case assumptions used in business planning and forecasting;
- Upside and Downside scenarios: These scenarios are set relative to the Central scenario and based on macro-economic conditions which represent plausible but less likely alternatives to the Central scenario; and
- Severe downside scenario: This scenario has been included to account for a potentially severe impact of less likely, extremely adverse macro-economic conditions.

Weights are assigned to each scenario based on management's best estimate of the proportion of potential future loss events that each scenario represents. The same economic scenarios and probability weights apply across all portfolios. The Group's assessment of SICR also incorporates the impact of multiple probability-weighted future forecast economic scenarios on exposures' internal risk grades using the same four forecast macro-economic scenarios as described above.

(ii) Other assets, excluding prepaid expenses

Other assets include collections of principal, interest and fees receivable from the ultimate parent entity as well as other unrealised income receivable and are recorded at the cash value to be realised when settled.

(iii) Trade and other payables

Interest payable is recognised at amortised cost using the effective interest method. All other trade and other payables are initially measured at fair value including direct and incremental costs and are subsequently carried at amortised cost. These payables represent liabilities for goods and services provided to the Trust prior to the end of the financial year and arise when the Trust becomes obliged to make future payments in respect to the purchase of these goods and services.

(iv) Liabilities at amortised cost - interest bearing liabilities

Interest bearing liabilities comprise of loans from the ultimate parent entity. For each covered bond issuance by the Bank there is a corresponding intra-group loan between the Trust and the Bank. The intra-group loans are denominated in Australian dollars and foreign currencies. The Trust also has a demand loan, which represents the over-collateralised amount of the cover pool. They are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. When fair value hedge accounting is applied to interest bearing liabilities, the carrying values are adjusted for changes in fair value related to the hedged risks.

1 Summary of significant accounting policies (continued)

(j) Financial assets and liabilities (continued)

(v) Derivative financial instruments

The Trust holds derivative financial instruments that comprise interest rate swaps and cross-currency swaps to manage exposures to interest rate and currency risks. They are initially measured at fair value. Subsequent to initial recognition, gains or losses on derivatives are recognised in profit or loss, unless they are entered into for hedging purposes and designated into a cash flow hedge. The valuation techniques include the use of discounted cash flow analysis and other market accepted valuation models. A positive revaluation amount of a contract is reported as an asset and a negative revaluation amount of a contract as a liability. Changes in fair value of the derivatives are reflected in profit or loss immediately as they occur unless a derivative is designated within a cash flow hedging relationship. Derivative assets and derivative liabilities are recognised at fair value and disclosed separately on the Balance Sheet.

Under Australian Accounting Standards, the securitised mortgage loans held by the Trust are not permitted to be derecognised from the financial statements of the originator. Derecognition is not permitted because the Bank provides interest rate swaps to the Trust and as a result retains exposure to substantially all the risks and rewards of the securitised loans. Under AASB 9, the Bank and the Trust should therefore not separately recognise the interest rate swaps in its entity-level Financial Statements.

Interest rate swaps and associated payments/receipts are therefore treated as part of imputed loans and intra-group interest, other than interest rate swaps that are designated to be in a hedging relationship.

These derivatives are held for risk management purposes and when transactions meet the criteria for hedge accounting they are classified into one of the two hedge accounting models: fair value hedge accounting or cash flow hedge accounting as appropriate.

The Bank will be required to post collateral on hedging derivatives with the Trust on these hedging derivatives, or novate the derivatives to other, appropriately rated counterparts in the event that the Bank's credit rating falls below specified thresholds. The thresholds for collateral posting vary between two and three notches from the current rating, depending on the ratings agency. The thresholds for novation vary between four and six notches from the current rating, depending on the ratings agency. The fair value of funding these collateral arrangements has been recognised in the Trust's funding valuation adjustment. The adjustment did not have a material impact on the Trust's Income Statement for the year.

Hedging strategy and hedge accounting

The Trust's Risk Management Strategy is to manage market risks within risk limits to minimise profit and capital volatility. The use of derivative and other hedging instruments for hedging purposes gives rise to potential volatility in profit or loss because of mismatches in the accounting treatment between derivative and other hedging instruments and the underlying exposures being hedged. The Trust's objective is to reduce volatility in profit or loss by applying hedge accounting.

1 Summary of significant accounting policies (continued)

(j) Financial assets and liabilities (continued)

Fair value hedges

Fair value hedges are used by the Trust to manage exposure to changes in the fair value of an asset, liability or unrecognised firm commitment, predominantly associated with loans to ultimate parent entity and interest bearing liabilities. Changes in fair values can arise from fluctuations in interest or foreign exchange rates. The Trust principally uses interest rate swaps and cross currency swaps to protect against such fluctuations.

Changes in the value of fair value hedges are recognised in profit or loss, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. All gains and losses associated with the ineffective portion of fair value hedge relationships are recognised immediately in profit or loss.

If the hedge relationship no longer meets the criteria for hedge accounting, it is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to profit or loss from the date of discontinuation over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in profit or loss.

Cash flow hedges

Cash flow hedges are used by the Trust to manage exposure to variability in future cash flows which could affect profit or loss and may result from fluctuations in interest and exchange rates on loans to ultimate parent entity and interest bearing liabilities. The Trust uses interest rate swaps and cross currency swaps to protect against such fluctuations.

Changes in fair value associated with the effective portion of a cash flow hedge are recognised through Other Comprehensive Income in the Cash Flow Hedge Reserve within equity. Ineffective portions are recognised immediately in profit or loss. Amounts deferred in equity are transferred to profit or loss in the period in which the hedged forecast transaction takes place.

When a hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified to profit or loss in the period in which the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recycled immediately to profit or loss. Where it is appropriate, non-derivative financial assets and liabilities are also designated as hedging instruments in cash flow hedge relationships.

1 Summary of significant accounting policies (continued)

(j) Financial assets and liabilities (continued)

Economic relationships and hedge effectiveness

The Trust performs both prospective and retrospective tests to determine the economic relationship between the hedged item and the hedging instrument, and to assess hedge effectiveness. At inception of the hedge relationship, prospective testing is performed on a matched terms basis. This test checks that the critical terms are matched between the hedging instrument and the hedged item. At the same time a hedging ratio is established by matching the notional of the derivatives with the principal of the portfolio or financial instruments being hedged, in most cases the ratio is 100%. Retrospective testing for each reporting period uses a regression model, which compares the change in the fair value of the hedged item and the change in the fair value of the hedging instrument. For a hedge to be deemed effective, the change in fair values should be within 80 to 125% of each other should the result fall outside this range the hedge would be deemed ineffective and recognised immediately through profit or loss in line with each hedge relationship policy above.

Sources of hedge ineffectiveness affecting hedge accounting are:
• Differences in discounting between the hedged item and the hedging instrument. Collateralised derivatives are discounted using Overnight Indexed Swaps (OIS) discount curves, which are not applied to the hedged item;
• Change in the credit risk of the hedging instrument; and
• Change in the funding valuation adjustments of uncollateralised derivative assets and liabilities to reflect funding costs and benefits to the Trust.

No other sources of hedge ineffectiveness have arisen during the year.

(vi) Financial guarantee

The Trust provides a financial guarantee in respect of interest and principal payable under the terms of the covered bonds issued by the Bank which will be triggered following the service of a notice to pay on the Bank under the terms of the covered bond programme. The financial guarantee is initially measured at the fair value of the consideration received, and subsequently at the higher of the amount initially recognised less cumulative amortisation recognised in the Income Statement, and the expected credit loss recognised under AASB 9.

Derecognition of financial assets and liabilities

The derecognition of a financial asset takes place when the Trust no longer controls the contractual rights that comprise the financial asset, which is normally the case when it is sold, or all the cash flows attributable to the asset are passed through to an independent third party and the risks and rewards have substantially been transferred.

The derecognition of a financial liability takes place when, and only when, it is extinguished, which is when the obligation specified in the contract is discharged, cancelled or expires.

(k) Other assets

Accounting policies for collections of principal, interest and fees receivable from the ultimate parent entity and other unrealised income receivable are described in Note 1(j) above.

1 Summary of significant accounting policies (continued)

(k) Other assets (continued)

Prepaid expenses are recognised on the service performed basis and amortised over the period in which the economic benefits from these assets are received.

(l) Provisions

A provision is recognised in the Balance Sheet when the Trust has a present obligation (legal, equitable or constructive) as a result of a past event, and where it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured.

(m) Excess servicing fee payable to the income unitholder

Excess servicing fee payable to the income unitholder is accrued on a monthly basis as the excess income after all expenses have been accrued, except for unrealised gains or losses arising from fair value of financial instruments and impairment on loans and other receivables.

Excess servicing fee income represents the residual income of the Trust payable to the sole income unitholder, the Bank. Such income is offset with the interest income received on loans to the ultimate parent entity in the Financial Statements.

In accordance with the Trust Deed, the Trust distributes its distributable (taxable) income, and any other amounts determined by the Manager, to the income unitholder, the Bank.

(n) Trust capital

Trust corpus - the beneficial interest in the Trust is divided into two units: one capital unit and one income unit. The income unit is a separate class of unit to the capital unit.

Capital unit
The capital unitholder in the Trust is the Bank.

The beneficial interest in the Trust represented by the capital unit is in each asset of the Trust (other than the beneficial interests in the asset represented by the income unit).

Income unit
The income unitholder in the Trust is the Bank. The beneficial interest represented by the income unit is limited to due but unpaid excess distribution.

(o) Critical judgements and estimates

The application of the Trust's accounting policies requires the use of judgement, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events, that are considered to be relevant, and are reviewed on an ongoing basis. Actual results may differ from these estimates, which could impact the Trust's net assets and profit. Critical accounting judgements and estimates involved in calculating AASB 9 provisions for impairment are provided in Note 1(j). The following critical accounting estimates and judgements were also made in preparing the Financial Statements:

1 Summary of significant accounting policies (continued)

(o) Critical judgements and estimates (continued)

(i) Derivative financial instruments

Derivative financial instruments at fair value through profit or loss are valued using inputs other than quoted prices which are observable for the asset or liability, either directly or indirectly. The valuation techniques include the use of discounted cash flow analysis and other market accepted valuation models.

Fair value of uncollateralised derivative assets and uncollateralised derivative liabilities incorporate funding valuation adjustments (FVA) to reflect funding costs and benefits to the Trust. These adjustments are applied after considering any relevant collateral or master netting arrangements.

(p) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these Financial Statements.

2 Revenue from continuing operations

	2020 **$'000**	2019 $'000
Interest income	**658,660**	955,375
Fee income	**9,008**	7,332
Net hedging ineffectiveness comprised of:		
Net gain on derivatives designated as fair value hedges	**115,096**	-
Amortisation of deferred startup costs	**-**	37
Exchange gain on foreign currency denominated interest bearing liabilities	**36**	174
Total revenue from continuing operations	**782,800**	962,918

3 Finance costs

	2020 **$'000**	2019 $'000
Interest expense on intra-group loan and demand loan - ultimate parent entity	**657,796**	952,844
Total finance costs	**657,796**	952,844

4 Provision for impairment losses

	2020 $'000	2019 $'000
Collective provision		
Opening balance	**27,412**	-
Change on adoption of AASB 9	**-**	23,264
Net collective provision	**35,741**	4,148
Closing balance	**63,153**	27,412
Total provisions for impairment loss	**63,153**	27,412

	2020 $'000	2019 $'000
Impairment on loan and other receivables		
Impairment expense	**35,741**	4,148
Total impairment expenses on loan and other receivables	**35,741**	4,148

Due to the substitution of non-performing or delinquent mortgage loans in the cover pool with performing loans in order to meet the asset coverage test as described in Note 15(b), the majority of the credit exposures as at 30 June 2020 are classified in Stage 1 $32,701,194,000 (2019:$29,802,986,000) with the remaining in Stage 2 $2,749,538,000 and $136,000 in Stage 3. The provisions for impairment on these credit exposures are immaterial in aggregate and so corresponding movements in these provisions by ECL stage have not been presented.

5 Operating expenses

	2020 $'000	2019 $'000
Manager fees - related party	**7,893**	7,591
Trustee fees	**256**	256
Fair value hedge ineffectiveness	**-**	78,664
Other expenses	**1,237**	2,227
Amortisation of deferred startup costs	**522**	-
Total operating expenses	**9,908**	88,738

6 Remuneration of auditor

	2020 **$**	2019 $
Non-audit fees	**141,885**	131,208
Audit fees	**32,377**	31,404

7 Loans and other receivables

	2020 **$'000**	2019 $'000
Loans to ultimate parent entity	**35,450,868**	32,707,157
Less: Provision for impairment losses	**(62,640)**	(27,329)
Total loans and other receivables	**35,388,228**	32,679,828

8 Other assets

	2020 **$'000**	2019 $'000
Deferred startup costs	**6,479**	6,965
Interest receivable on loans to ultimate parent entity	**37,201**	44,199
Collections of principal, interest and fees receivable - ultimate parent entity	**718,036**	593,216
Less: Provision for impairment losses	**(513)**	(83)
Total other assets	**761,203**	644,297

9 Derivative financial instruments

Hedging instruments

The following table details the Trust's hedging instruments by the hedge relationship which they are designated and the type of risk being hedged.

		2020			2019		
Hedging Instruments	**Hedged Risk**	**Notional $'000**	**Fair Value Derivative Asset $'000**	**Fair Value Derivative Liability $'000**	Notional[2] $'000	Fair Value Derivative Asset $'000	Fair Value Derivative Liability $'000
Fair value hedges[1]							
Interest rate swap	Interest rate	**1,184,000**	**82,296**	**(405)**	1,184,000	67,590	(43)
Cross currency swap	Interest rate and foreign exchange	**26,514,565**	**4,558,303**	**(14,333)**	24,730,320	3,873,570	-
Total fair value hedges		**27,698,565**	**4,640,599**	**(14,738)**	25,914,320	3,941,160	(43)
Cash flow hedges							
Interest rate swap	Interest rate	**1,400,000**	**-**	**(2,068)**	1,400,000	-	(487)
Cross currency swap	Foreign exchange	**3,070,850**	**77,291**	**(131,383)**	1,326,773	49,708	-
Total cash flow hedges		**4,470,850**	**77,291**	**(133,451)**	2,726,773	49,708	(487)
Total hedging instrument assets/(liabilities)		**32,169,415**	**4,717,890**	**(148,189)**	28,641,093	3,990,868	(530)

(1) Includes derivatives that are designated as a hedging instrument in both fair value and cash flow hedge relationships.
(2) Comparative information has been restated to conform to presentation in the current year.

9 Derivative financial instruments (continued)

The table below provides maturity analysis of notional values of the Trust's hedging instruments by the type of hedge relationship in which they are designated and the type of risk being hedged.

		2020			
		Notional Amounts			
		Due within 1 year $'000	Due from 1 to 5 years $'000	Due beyond 5 years $'000	Total $'000
	Hedged Risk				
Fair value hedges	Interest rate	**-**	**984,000**	**200,000**	**1,184,000**
	Interest rate and foreign exchange	**3,044,395**	**12,499,724**	**10,970,446**	**26,514,565**
Cash flow hedges	Interest rate	**-**	**1,400,000**	**-**	**1,400,000**
	Foreign exchange	**65,420**	**3,005,430**	**-**	**3,070,850**

		2019			
		Notional Amounts[1]			
		Due within 1 year $'000	Due from 1 to 5 years $'000	Due beyond 5 years $'000	Total $'000
	Hedged Risk				
Fair value hedges	Interest rate	-	825,000	359,000	1,184,000
	Interest rate and foreign exchange	511,526	13,220,316	10,998,479	24,730,321
Cash flow hedges	Interest rate	-	1,400,000	-	1,400,000
	Foreign exchange	81,041	1,245,732	-	1,326,773

(1) Comparative information has been restated to conform to presentation in the current year.

The weighted average receive fixed interest rate of interest rate swaps hedging interest rate risk is 3.27% (FY19: 3.27%). The major cross currency swaps designated in hedge relationships are receive EUR / pay AUD with weighted average foreign currency rate of AUD/EUR 0.68 (FY19: 0.68).

9 Derivative financial instruments (continued)

Hedged Items In Cash Flow Hedges

The table below details the Trust's hedged items designated in cash flow by risk type being hedged.

		2020	2019
Hedged Items	**Hedged Risk**	**Cash Flow Hedge Reserve[1] $'000**	Cash Flow Hedge Reserve[1] $'000
Interest bearing liabilities	Interest rate	**(2,749)**	(2,763)
Interest bearing liabilities	Foreign exchange	**(154,335)**	(148,825)
	Total	**(157,084)**	(151,588)

(1) Represents the accumulated effective amount of the hedging instrument deferred to cash flow hedge reserve. The cumulative amount that is related to ceased hedge relationships where the risk being hedged was interest rate risk is nil for the Trust.

Cash flow hedges - deferred gains and losses

The following table shows the net amount of deferred losses held in equity in relation to cash flow hedges.

	2020 $'000	2019 $'000
Within 6 months	**22**	890
6 months - 1 year	**2,758**	-
1-2 years	**41,152**	-
2-5 years	**45,893**	83,262
After 5 years	**67,259**	67,436
Net deferred losses	**157,084**	151,588

9 Derivative financial instruments (continued)

Hedged Items in Fair Value Hedges

The table below provides details of the Trust's hedged items designated in fair value hedge relationships by the type of risk being hedged.

		2020		2019	
Hedged Items	**Hedged Risk**	**Carrying amount $'000**	**Fair Value Adjustment[1,2] $'000**	Carrying amount $'000	Fair Value Adjustment[1,2] $'000
Interest bearing liabilities	Interest rate	**1,261,650**	**77,650**	1,249,096	65,096
Interest bearing liabilities	Interest rate and foreign exchange	**28,559,452**	**2,044,887**	26,207,887	1,477,568
	Total	**29,821,102**	**2,122,537**	27,456,983	1,542,664

(1) Represents the accumulated amount of the fair value adjustment included in the carrying amount. The cumulative amount that is related to ceased hedge relationships where the risk being hedged was interest rate and foreign exchange risk is nil.
(2) Changes in fair value of the hedged item used as a basis to determine effectiveness. The changes in fair value of the hedged items are recognised in the Income Statement.

9 Derivative financial instruments (continued)

Hedge Effectiveness

The table below details effectiveness of the Trust's hedges by the type of hedge relationship and the type of risk being hedged.

			2020
	Change in Value of Hedged Item[1]	**Change in Value of Hedging Instrument**	**Hedge Ineffectiveness recognised in Income Statement[2]**
	$'000	**$'000**	**$'000**
Fair value hedges			
Interest rate	**(12,553)**	**44,738**	**32,185**
Interest rate and foreign exchange	**(705,047)**	**787,958**	**82,911**
Total fair value hedges	**(717,600)**	**832,696**	**115,096**
Cash flow hedges			
Interest rate	**(14)**	**14**	**-**
Foreign exchange	**69,718**	**(69,718)**	**-**
Total cash flow hedges	**69,704**	**(69,704)**	**-**

			2019
	Change in Value of Hedged Item[1]	Change in Value of Hedging Instrument	Hedge Ineffectiveness recognised in Income Statement[2]
	$'000	$'000	$'000
Fair value hedges			
Interest rate	(52,472)	52,406	(66)
Interest rate and foreign exchange[3]	(1,890,761)	1,812,164	(78,597)
Total fair value hedges	(1,943,233)	1,864,570	(78,663)
Cash flow hedges			
Interest rate	572	(572)	-
Foreign exchange[3]	(84,410)	84,410	-
Total cash flow hedges	83,838	(83,838)	-

(1) Changes in value of hedged item for Fair value hedges is recognised in the Income Statement. Changes in value of the hedged item for Cash flow hedges is only used as basis for recognising ineffectiveness and represents the lower of the change in the hedged item and the hedging instrument. During the year the unrealised gains/(losses) deferred to the Cash flow hedge reserve were $(69,704,000) (FY19: $83,838,000) for Trust.

(2) Hedge ineffectiveness is recognised in fair value movement of financial instruments.

(3) Comparative information has been restated to conform to presentation in the current year.

10 Trade and other payables

	2020 $'000	2019 $'000
Interest payable - ultimate parent entity	**222,642**	227,714
Excess servicing fees payable - ultimate parent entity	**89,222**	145,075
Manager fees payable - related party	**731**	662
Trustee fees payable	**23**	23
Other payables	**129**	275
Total trade and other payables	**312,747**	373,749

The majority of the amounts are due to be settled within twelve months of the Balance Sheet date.

11 Interest bearing liabilities

	2020 $'000	2019 $'000
Demand Loan	**8,613,401**	7,983,117
Intra-group loan by currency:		
AUD denominated	**2,653,011**	2,637,330
CHF denominated	**158,749**	668,439
EUR denominated	**19,997,349**	19,162,257
GBP denominated	**4,022,824**	2,199,783
HKD denominated	**1,148,383**	1,114,033
NOK denominated	**649,647**	723,671
NZD denominated	**301,049**	316,361
USD denominated	**5,297,429**	3,279,843
Total intra-group loan	**34,228,441**	30,101,717
Total interest bearing liabilities	**42,841,842**	38,084,834

The majority of the amounts are due to be settled more than twelve months after the Balance Sheet date.

12 Distribution

Distribution paid and payable to the income unitholder, the Bank, for the financial year was $nil (2019: $nil).

13 Trust corpus

Trust corpus as at 30 June 2020 was $200 (2019: $200), which is rounded to $nil.

Capital management

The Trust's capital management objectives are to ensure sufficient capital resource to support the Trust's business and operational requirements and comply with the Establishment Deed. Periodic reviews of the Trust's capital requirements are performed to ensure the Trust is meeting its objectives.

The Trust's capital is defined as "total assets" as shown in the Balance Sheet.

14 Reserves

	2020 $'000	2019 $'000
Cash flow hedge reserve		
Balance at 1 July	**(151,588)**	(168,498)
Changes in the fair value of derivatives	**(5,496)**	16,910
Balance at 30 June	**(157,084)**	(151,588)

15 Financial risk management

Financial risk management is the process of identifying, assessing, reporting and taking action to mitigate risks. The Trust's risks are managed under the Bank's overall risk management program which seeks to minimise the potential adverse effects of financial markets on the Bank and its subsidiaries.

The Trust has an exposure to market risk (including foreign exchange and interest rate), credit risk and liquidity risk. These risks are monitored and managed at a business unit level through the Group's Risk Management Framework.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in currency exchange rates will affect the future cash flows of financial instruments.

15 Financial risk management (continued)

(a) Market risk (continued)

The Trust has intra-group loans with the ultimate parent entity representing the covered bonds issued by the Bank. Intra-group loans denominated in foreign currencies (refer Note 11) give rise to foreign exchange risk as their carrying value in Australian dollars ("AUD") fluctuate due to changes in the exchange rates. The Trust mitigates foreign exchange rate risk by entering into cross-currency swaps with the Bank by transferring AUD cashflows on underlying mortgage assets and in exchange receives foreign currency cash flows to meet any payments on foreign currency liabilities to the Bank. The amount receivable on the cross currency swaps for each distribution period is calculated taking into account the commitments on each foreign currency intra-group loan. This effectively aligns the AUD cash flows receivable on the underlying mortgage assets and the foreign currency cash flows payable on the foreign currency liabilities from the Bank. Any volatility represents unrealised gains or losses due to the fair value movement in the derivative assets and liabilities.

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of financial instruments.

In relation to the Trust, interest rate risk arises due to the pricing on the underlying mortgage assets not matching the pricing of interest bearing liabilities. Interest rate risk is the current and prospective impact of changes in interest rates to which the Trust's earnings are exposed. The Trust mitigates interest rate risk by entering into a series of interest rate swaps with the Bank by transferring cash inflows from underlying mortgage assets and in return receives cash flows based on the Bank Bill Swap rate plus a margin sufficient to meet the interest commitments on the loans from the Bank, associated swaps and fees payable. The margin payable is calculated based on a weighted average margin of the liabilities to the Bank for each distribution period and also includes a margin for fees, including excess servicing fees payable to the Bank. This effectively aligns the cash flows receivable on the underlying mortgage assets and the cash flows payable on the liabilities from the Bank resulting in nil cash flow hedge ineffectiveness recorded in the Statement of Comprehensive Income. Any residual income after payment for fees is distributed to the Bank as an excess servicing fee. Any volatility represents unrealised gains or losses due to the fair value movement in the derivative assets and liabilities. This results in limited fair value hedge ineffectiveness recorded in the Statement of Comprehensive Income.

(b) Credit risk

Credit risk is the potential for loss arising from failure of a counterparty to meet their contractual obligations to the Trust. The maximum exposure to credit risk at the end of the reporting period, excluding the value of any collateral or other security, in relation to recognised financial assets, is the carrying value of those assets as disclosed in the Balance Sheet and Notes to the Financial Statements.

In relation to the Trust, credit risk arises due to the potential of loss arising from mortgage holders failing to meet repayments on the underlying mortgage assets. The home loans are serviced by the Bank, including foreclosure of homes. All home loans are secured by fixed charges over borrowers' residential properties. Further, Lenders Mortgage Insurance (LMI) is taken out for most loans with a Loan to Value Ratio (LVR) higher than 80% at origination to cover 100% of the original principal plus interest.

15 Financial risk management (continued)

(b) Credit risk (continued)

The credit risk of the covered bonds issued by the Bank is reflective of the underlying mortgages in the covered bond pool. The risk in relation to the bonds issued by the Bank is considered to be low, as the bonds issued are AAA-rated. The Manager monitors the mortgages in the covered bond pool to ensure it meets an asset coverage test. Any mortgage assets that do not satisfy the asset coverage test, including non-performing or delinquent mortgages are repurchased by the Bank and substituted with performing mortgages. The difference between the operational date of repurchases and date of Investor Reports give rise to minimal timing differences. As a result, there are minimal impaired or past due receivables as at 30 June 2020 (30 June 2019: $nil).

(c) Liquidity risk

Liquidity risk is the risk of being unable to meet financial obligations as they fall due. Liquidity risk may arise as the maturity profile of the covered assets does not match the bullet maturities of the covered bonds. This can create a need for liquidity, especially if the Bank defaults immediately prior to the maturity of a covered bond. In this case, the Trust may not have time to raise enough funding against the cover pool to repay the covered bonds on a timely basis. This is particularly true if the assets in the cover pool are not regularly traded, as is the case for Australian residential loans.

For this reason, covered bonds issued under the covered bonds programme will either be issued as soft-bullet covered bonds with a maturity extension period of up to one year or, otherwise, as hard-bullet covered bonds subject to a 12-month pre-maturity test. This allows the Trust up to 12 months to raise liquidity by selling all or part of the cover pool.

In the event a pre-maturity test is breached, the Trust can request a demand loan drawdown from the Bank, request the Bank to repurchase cover pool assets, or sell cover pool assets to an amount sufficient for the Trust to meet its obligations under the covered bond programme.

Where soft-bullet covered bonds are issued, in the event that the Bank fails to pay all amounts due on the scheduled maturity date the scheduled final maturity will automatically be extended by 12 months to the extended payment date. This allows the Trust up to 12 months to raise liquidity by selling all or part of the cover pool.

As required by the Banking Act, the Trust is required to maintain an over-collateralisation of at least 3% of the bonds issued. This over-collateralisation enables the Trust to collect greater interest and fee income from the underlying mortgages, which assists in mitigating any liquidity risk that it may face. There were no breaches of the Banking Act identified for the current financial year.

These features considerably minimise the risk of the Trust defaulting in the event of a default by the Bank.

15 Financial risk management (continued)

Maturity analysis of financial liabilities

Amounts shown in the tables below are based on contractual undiscounted cash flows for the remaining contractual maturities.

	0-3 months $'000	**3-12 months $'000**	**1-5 years $'000**	**Over 5 years $'000**	**Total $'000**
As at 30 June 2020					
Financial liabilities					
Excess servicing fees payables - ultimate parent entity	**89,222**	-	-	-	**89,222**
Manager fees payable - related party	**731**	-	-	-	**731**
Trustee fees payable	**23**	-	-	-	**23**
Other payables	**71**	**58**	-	-	**129**
Demand Loan Interest payable	**8,419**	-	-	-	**8,419**
Intra-group Loan Interest payable	**139,303**	**374,948**	**1,182,428**	**1,105,552**	**2,802,231**
Intra-group Loan Principal	**1,460,000**	**1,660,688**	**18,419,388**	**12,688,365**	**34,228,441**
Derivative liabilities	**6,179**	**(10,311)**	**195,072**	-	**190,940**
Demand Loan Principal	**8,613,401**	-	-	-	**8,613,401**
Total financial liabilities	**10,317,349**	**2,025,383**	**19,796,888**	**13,793,917**	**45,933,537**

	0-3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
As at 30 June 2019					
Financial liabilities					
Excess servicing fees payables - ultimate parent entity	145,075	-	-	-	145,075
Manager fees payable - related party	662	-	-	-	662
Trustee fees payable	23	-	-	-	23
Other payables	98	177	-	-	275
Demand Loan Interest payable	15,726	-	-	-	15,726
Intra-group Loan Interest payable	147,899	387,128	1,438,316	1,213,438	3,186,781
Intra-group Loan Principal	537,612	85,174	15,668,859	13,810,072	30,101,717
Derivative liabilities	-	-	494	36	530
Demand Loan Principal	7,983,117	-	-	-	7,983,117
Total financial liabilities	8,830,212	472,479	17,107,669	15,023,546	41,433,906

Fair Values

According to AASB 13 *Fair Value Measurement*, fair value is a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at measurement date.

15 Financial risk management (continued)

Fair Values (continued)

The Trust uses various methods in estimating fair value. The methods comprise:

Level 1 - the fair value is calculated using quoted prices unadjusted in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Fair Value Hierarchy for Financial Assets and Liabilities measured at Fair Value

The classification in the fair value hierarchy of the Trust's financial assets and liabilities measured at fair value is presented in the table below. No transfers were made between levels during the year ended 30 June 2020:

15 Financial risk management (continued)

Fair Value Hierarchy for Financial Assets and Liabilities measured at Fair Value (continued)

	Fair value as at 30 June 2020			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets measured at fair value on a recurring basis				
Derivative financial instruments	-	4,717,890	-	4,717,890
Total financial assets measured at fair value	-	**4,717,890**	-	**4,717,890**
Financial liabilities measured at fair value on a recurring basis				
Derivative financial instruments	-	(148,189)	-	(148,189)
Total financial liabilities measured at fair value	-	**(148,189)**	-	**(148,189)**

	Fair Value as at 30 June 2019			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value on a recurring basis				
Derivative financial instruments	-	3,990,868	-	3,990,868
Total financial assets measured at fair value	-	3,990,868	-	3,990,868
Financial liabilities measured at fair value on a recurring basis				
Derivative financial instruments	-	(530)	-	(530)
Total financial liabilities measured at fair value	-	(530)	-	(530)

The carrying value of the Trust's financial assets and liabilities not disclosed in the table above are assumed to be approximate to their fair value.

16 Key management personnel

The Directors of the Manager have been determined to be key management personnel ("KMP") within the scope of AASB 124 *Related Party Disclosures*. The names of persons who were Directors of the Manager at any time during the financial year are as follows:

J Ferguson
C McBride
V Hickey (appointed 23 June 2020)
K Robb (appointed 3 July 2019)
S R D Maidment (resigned 3 July 2019)

Directors were in office for the full period unless otherwise stated.

None of the Directors hold any shares, options or other interests in the Trust.

Compensation of key management personnel

The Manager's KMP are employees of the ultimate parent entity, the Bank. The Manager receives management services from the Bank, which includes the provision of KMP. The Manager does not remunerate KMP or directly reimburse the Bank for this cost. No management fees are paid by the Trust to the Bank. It is also the practice of the Bank that its employees are not remunerated for director appointments as their role as KMP is incidental to their role as an employee of the Bank.

There were no other transactions between the Manager and KMP during the financial year (2019: $nil).

Loans and other transactions

Any loans to KMP or other related parties are made by the Bank, a provider of finance on terms and conditions that apply to similar transactions with other Directors or or employees of the Bank. There were no loans provided to any KMP or their related parties for the year ended 30 June 2020 (2019: $nil).

There were no other transactions with KMP during the financial year (2019: $nil).

17 Related party transactions

Ultimate parent entity

The ultimate parent entity is the Commonwealth Bank of Australia.

Transactions with related parties

Manager fees

The Trust pays management fees to the Manager, which is a wholly owned subsidiary of the Bank. The fee is calculated as 0.03% per annum applied to the average balance of the covered bonds issued by the Bank in the determination period. The determination period is the period between the first day of the month and the last day of the month, inclusive of both days.

17 Related party transactions (continued)

Transactions with related parties (continued)

Servicing fees

The Trust also pays servicing fees to the ultimate parent entity. The fee is calculated as 0.25% per annum applied to the average balance of the covered bonds issued by the Bank in the determination period. Servicing fees are disclosed within 'Interest income' under ultimate parent entity.

Loans

The Trust has intra-group loans with the ultimate parent entity. The intra-group loans correspond to the covered bonds issued by Bank, which are issued in Australian Dollars and foreign currencies (refer Note 11). Each covered bond issuance will have either a fixed interest rate or a floating rate based on the interbank rate (LIBOR, EURIBOR, HIBOR, BBSW), plus a margin. The intra-group loans' interest rate on each tranche mirrors the relevant covered bond issuance interest rate. The Trust is required to pay interest on the daily balance of the intra-group loans to the intra-group loan provider

The Trust also has a demand loan with the ultimate parent entity. The demand loan corresponds to the over-collateralised portion of the cover pool. The Trust is required to pay to the demand loan provider, the ultimate parent entity, interest on the daily balance of the demand loan. The interest payable is calculated at 1M BBSW plus a margin of 1.10%. As at 30 June 2020 the balance of the demand loan is $8,613,400,617 (2019: $7,983,117,083).

	2020 **$**	2019 $
The following transactions occurred with related parties:		
Revenue		
Ultimate parent entity:		
Interest income	**658,660,344**	955,375,046
Fee income	**9,007,676**	7,332,344
Net hedging ineffectiveness comprises of:		
Net gain on derivatives designated as fair value hedges	**115,096,457**	-
Amortisation of deferred startup costs	**-**	37,091
Exchange gain on foreign currency denominated interest bearing liabilities	**35,943**	173,959
Total revenue from continuing operations	**782,800,420**	962,918,440

17 Related party transactions (continued)

	2020 $	2019 $
Expenses		
Ultimate parent entity:		
Finance costs on intra-group loan and demand loan	**657,796,020**	952,844,060
Other expenses	**1,181,993**	1,974,633
Amortisation of deferred startup costs	**521,988**	-
Net hedging ineffectiveness comprises of:		
Net loss on financial instruments designated in a fair value hedge relationship	**-**	612,463
Manager:		
Manager fees	**7,893,414**	7,591,387
Total expenses	**667,393,415**	963,022,543

	2020 $	2019 $
Assets		
Ultimate parent entity:		
Cash and cash equivalents	**2,252,742,259**	887,546,001
Loans to ultimate parent entity	**35,450,868,302**	32,707,157,375
Derivative assets	**4,717,889,697**	3,990,867,874
Deferred startup costs	**6,478,941**	6,964,986
Interest receivable	**37,200,915**	44,199,226
Collections of principal, interest and fees receivable - ultimate parent entity	**718,036,392**	593,215,618
Less: Total provision for impairment	**(63,152,792)**	(27,411,730)
Total assets	**43,120,063,714**	38,202,539,350

	2020 $	2019 $
Liabilities		
Ultimate parent entity:		
Interest payable	**222,641,577**	227,713,910
Excess servicing fees payable	**89,222,431**	145,075,103
Derivative liabilities	**148,188,815**	530,352
Other payables	**70,172**	97,691
Loans from ultimate parent entity	**42,841,841,653**	38,084,833,684
Manager:		
Manager fees payable	**731,425**	661,773
Total liabilities	**43,302,696,073**	38,458,912,513

18 Notes to the Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash at bank.

	2020 $'000	2019 $'000
Cash at bank	**2,252,742**	887,546
Cash and cash equivalents at the end of the year	**2,252,742**	887,546

(b) Reconciliation of profit/(loss) for the year to net cash (outflow)/inflow from operating activities

	2020 $'000	2019 $'000
Profit/(loss) for the year	**79,355**	(82,812)
Adjustment for non cash items:		
Fair value movement of derivatives through profit or loss	**(115,096)**	78,664
Hedge interest	**(12,691)**	(36,280)
Impairment expense on loans and other receivables	**35,741**	4,148
Change in operating assets and liabilities:		
Decrease/(increase) in other assets	**30,045**	(7,785)
(Decrease)/increase in interest payable	**(5,072)**	32,012
(Decrease)/increase in other payables	**(55,929)**	12,297
Net cash (outflow)/inflow from operating activities	**(43,647)**	244

18 Notes to the Statement of Cash Flows (continued)

(c) Reconciliation of liabilities arising from financing activities

	Interest bearing liabilities $'000	Total $'000
Balance at 1 July 2018	**35,072,315**	**35,072,315**
Changes from financing cash flows		
Repayment of loans to ultimate parent entity	(4,535,998)	(4,535,998)
Proceeds from loans from ultimate parent entity	6,503,951	6,503,951
Adjustment for non-cash items		
Fair value movements of fair value hedges on loans payable	1,006,244	1,006,244
Foreign exchange movements on loan payable and related hedges	48,774	48,774
Amortisation of upfront costs	(10,452)	(10,452)
Balance at 30 June 2019	**38,084,834**	**38,084,834**
Balance at 1 July 2019	**38,084,834**	**38,084,834**
Changes from financing cash flows		
Repayment of loans to ultimate parent entity	(418,763)	(418,763)
Proceeds from loans from ultimate parent entity	4,718,699	4,718,699
Adjustments for non-cash items		
Fair value movements of fair value hedges on loans payable	579,873	579,873
Foreign exchange movements on loan payable and related hedges	(141,330)	(141,330)
Amortisation of upfront costs	18,529	18,529
Balance at 30 June 2020	**42,841,842**	**42,841,842**

19 Contingent liabilities, contingent assets and commitments

Perpetual Corporate Trust Limited in its capacity as trustee of the Trust has guaranteed payments of interest and principal under the covered bonds pursuant to a guarantee which is secured over the mortgage loans and other assets of the Trust.

There were no other contingent liabilities, contingent assets or commitments as at 30 June 2020 (2019: $nil).

20 Events subsequent to the balance sheet date

In early 2020 the spread of COVID-19 became a global pandemic, and the measures undertaken to contain it have resulted in a large decrease in global economic activity. There remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. In accordance with AASB 110 *Events after the Reporting Date*, the Trust considered whether events after the reporting period confirmed conditions existing up to the reporting date. There has not been a material impact on the Trust's results to date, furthermore, the Trust did not identify any subsequent events precipitated by COVID-19 related developments, which would require adjustment to the amounts or disclosures in the financial statements. Given the fluid nature of the current situation, the Trust will continue to regularly review the situation and its impact.

The Manager is not aware of any other matter or circumstance that has occurred since the end of the financial year that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial years.

In the opinion of the Manager:

(a) the Financial Statements and Notes thereto comply with Australian Accounting Standards and the Establishment Deed dated 13 November 2011;

(b) the Financial Statements and Notes thereto give a true and fair view of the Trust's financial position as at 30 June 2020 and of its performance for the financial year ended 30 June 2020;

(c) in compliance with the accounting standards, the Notes to the Financial Statements include an explicit and unreserved statement of compliance with International Financial Reporting Standards (see Note 1(b));

(d) the Trust operated during the year ended 30 June 2020 in accordance with the provisions of the Establishment Deed; and

(e) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of Securitisation Advisory Services Pty Limited as Manager of CBA Covered Bond Trust.

Director
Sydney
16 October 2020

The General Purpose Financial Statements for the financial year ended 30 June 2020 have been prepared by the Trust Manager, Securitisation Advisory Services Pty Limited as required by the Establishment Deed.

The Auditor of the Trust, PricewaterhouseCoopers, who has been appointed by us in accordance with the Establishment Deed, has conducted an audit of these Financial Statements.

A review of operations of the Trust and the results of those operations for the reporting period is contained in the Manager's report.

Based on our ongoing program of monitoring the Trust, the Trust Manager and our review of the Financial Statements, we believe that:

(i) the Trust has been conducted in accordance with the Establishment Deed; and

(ii) the Financial Statements have been appropriately prepared and contain all relevant and required disclosures.

We are not aware of any material matter or significant change in the state of affairs of the Trust occurring up to the date of this report that requires disclosure in the Financial Statements and the Notes thereto that has not already been disclosed.

Signed for and on behalf of Perpetual Corporate Trust Limited as Trustee of CBA Covered Bond Trust.

Sydney
16 October 2020

Independent auditor's report

To the unitholders of CBA Covered Bond Trust

Our opinion

In our opinion the accompanying financial report gives a true and fair view of the financial position of CBA Covered Bond Trust (the Trust) as at 30 June 2020 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2020
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the manager's statement.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared to assist CBA Covered Bond Trust to meet the requirements of the Establishment Deed dated 13 November 2011. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for CBA Covered Bond Trust and its unitholders and should not be used by parties other than CBA Covered Bond Trust and its unitholders. Our opinion is not modified in respect of this matter.

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Other information

The Manager of the Trust is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trust Manager for the financial report

The Manager of the Trust is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such internal control as the Manager of the Trust determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Manager of the Trust is responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager of the Trust either intends to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Alastair Findlay

Alastair Findlay
Partner

Sydney
16 October 2020