ASX announcement

Transcript: Matt Comyn video

Wednesday 12 August 2020 (SYDNEY): The following is a transcript of Matt Comyn, Chief Executive Officer of Commonwealth Bank of Australia regarding the Bank's 2020 Full Year Results. The video interview can be found at http://www.commbank.com.au/newsroom.

CBA's 2020 Full Year Financial Results

Introduction: The Commonwealth Bank has announced its full year results for 2020.

Statutory net profit after tax $9.6bn, up 12.4 per cent. (graphic: Statutory NPAT).

Cash net profit after tax was $7.3bn, down 11.3% on the previous year. (graphic: Cash NPAT)

The Bank's results reflect the impact of the coronavirus pandemic on our customers and the economy.

But business fundamentals remain strong with good performance and volume growth in core businesses. (graphic: Business lending +$7bn, up 5.1%; Home lending +$18.4bn, 1.3x system; and Household deposits +$25bn, up 9.8%)

The Bank's balance sheet continued to strengthen, with the Common Equity Tier 1 capital ratio at 11.6%, well above APRA's unquestionably strong benchmark.

Shareholders will receive a 98 cents per share final dividend.

Combined with the interim dividend of $2.00, it brings the full year dividend to $2.98 per share, fully franked. (graphic: Full year dividend $2.98).

Matt Comyn: It has been a challenging six months for many Australians, from bushfires at the start of the year, right the way through to the pandemic. And I did want to acknowledge the difficulty for many of our customers, particularly in Victoria, our broader teams, and of course, the community.

From our perspective, we've been very focused on doing what we can, which is to continue running our business as well as possible, responding and supporting to help our customers, making sure we're consistently executing our strategy, as well as ensuring we have an even stronger balance sheet, to make sure that we're in the best possible position to respond to a variety of different economic scenarios.

Bank performance

Matt Comyn: Overall, we're lucky that we came into this period in a very strong position so the Bank's been able to operate very effectively during that time, but of course we have been impacted.

A couple of key numbers that are worth highlighting: our statutory profit was up 12% over the course of the year. That's mainly due to the gain on various divestments. That statutory profit is important because that's the basis on which the dividend is calculated. Our cash net profit after tax, which is more familiar to many of our shareholders, was down 11% and that was mainly due to the $1.5bn forward looking adjustment that we took for future credit losses as a result of the coronavirus pandemic.

Final dividend

Matt Comyn: Yes, obviously a very important decision for our shareholders. We have almost 900,000 retail shareholders and the Board, of course, considered a range of different scenarios. The final dividend of 98 cents, fully franked, reflects APRA's – who's the prudential regulator – their guidance that the dividend payout be less than 50% of statutory earnings. 98 cents represents a payout ratio of 49.95% of our second half statutory profit, bringing our total full year dividend to $2.98, again fully franked.

Focus on technology

Matt Comyn: Technology, and specifically digital banking, has played an enormous role in the way we've served our customers, particularly over the last six months. We've been recognised as the best digital bank in Australia by Forrester now for the last four years, by Canstar for 11 years, and we've really been able to leverage again the power of digital banking to reach as many of our customers as possible, to keep them updated and informed about what's been going on with the coronavirus.

Outlook

Matt Comyn: The economic outlook still remains highly uncertain. Overall, Australia and New Zealand though are very well positioned, particularly so on a global basis. That said, we have seen a sharp economic contraction during the course of the year as a result of the pandemic. Not quite as bad as we'd first feared, but certainly the pace of recovery does look like it will be longer.

Overall, we're expecting GDP to fall by about 4% over this calendar year, but to bounce back by about 2% next year. Unemployment is likely to peak towards the end of this calendar year at close to 10%, which is clearly a significant economic impact overall.

But fortunately, again, Australia is well positioned. We've been able to provide substantial income support via the Federal Government, obviously working very closely with the states, regulators, financial institutions, to provide substantial support over that time. There is a broad and wide range of infrastructure projects in the pipeline, and there are a number of other initiatives that are and will be required to make sure that we can try to bring that unemployment rate down in subsequent years.

For the Commonwealth Bank, we feel very well positioned for a range of different economic scenarios.

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