

Directors' report

The Directors of the Commonwealth Bank of Australia present their report, together with the Financial report of the Commonwealth Bank of Australia (the Bank) and of the Group, being the Bank and its controlled entities, for the year ended 30 June 2020.

Principal activities

We are one of Australia's leading providers of financial services and operate predominantly in Australia and New Zealand, with a small presence in Europe, North America and Asia. Our products and services are provided through the following divisions:

- **Retail Banking Services (RBS)** provides banking and general insurance products and services to personal customers. RBS includes retail banking activities conducted under the Bankwest brand, the Group's general insurance business in Australia, the Group's mortgage broking operations and Commonwealth Financial Planning.
- **Business and Private Banking (BPB)** serves the banking needs of business, corporate and agribusiness customers and provides banking and advisory services to high net worth individuals through Commonwealth Private. BPB also includes the online equity trading business, CommSec, and business banking activities conducted under the Bankwest brand.
- **Institutional Banking and Markets (IB&M)** serves the commercial and wholesale banking needs of large corporate, institutional and government clients.
- **ASB New Zealand (ASB)** includes banking and funds management businesses operating in New Zealand.
- **Wealth Management** provides superannuation, investment, and retirement products and services.
- **International Financial Services (IFS)** includes the Indonesian retail and business banking operations and minority investments in China and Vietnam.

⊕ A review of the above operations and their results for the financial year ended 30 June 2020 can be found on pages [24–27](#).

Becoming a simpler bank

On 21 September 2017, the Group entered into an agreement to sell 100% of its life insurance businesses in Australia (CommInsure Life) and New Zealand (Sovereign) to AIA Group Limited (AIA). The sale of Sovereign completed on 2 July 2018 and includes a long-term partnership with AIA for the provision of life insurance products to customers in New Zealand.

On 23 May 2018, the Group announced the sale of its 37.5% equity interest in BoCommLife Insurance Company Limited (BoCommLife) to MS&AD Insurance Group Holdings (MS&AD)¹, which is subject to Chinese regulatory approvals. The sale is expected to complete in the second half of calendar year 2020.

On 1 November 2018, the Group completed the sale of Commonwealth Bank of South Africa (Holding Company) Limited (TymeDigital SA) to the minority shareholder, African Rainbow Capital.

On 2 August 2019, the Group completed the sale of CFSGAM to Mitsubishi UFJ Trust and Banking Corporation (MUTB).

On 1 October 2019, the Group completed the sale of its 100% interest in Count Financial Limited (Count Financial) to CountPlus Limited (CountPlus).

On 1 November 2019, the Group announced the implementation of a joint cooperation agreement (JCA) which resulted in the full economic interests associated with CommInsure Life being transferred to AIA, and AIA obtaining direct management and control of the business (excluding the Group's 37.5% equity interest in BoCommLife). As a result, CommInsure Life (excluding BoCommLife) was deconsolidated and derecognised on 1 November 2019. The aggregate proceeds are being received in instalments.

The Group and AIA remain fully committed to completing the divestment of CommInsure Life through either a share sale or a statutory asset transfer. In the event of a share sale, the divestment is expected to complete shortly following the completion of the sale of the Group's 37.5% equity interest in BoCommLife. In the event of a statutory asset transfer, the divestment is expected to complete in the first half of the calendar year 2021.

On 28 April 2020, the Group announced the sale of its subsidiary, Australian Investment Exchange Limited (AUSIEX), to Nomura Research Institute (NRI). The sale is subject to regulatory and other conditions, and is expected to complete in the first half of calendar year 2021.

On 13 May 2020, the Group entered into an agreement to sell a 55% interest in Colonial First State (CFS) to KKR. The sale is subject to regulatory approvals, and is expected to complete in the first half of calendar year 2021.

On 4 June 2020, the Group completed the sale of its 80% interest in its Indonesian life insurance business, PT Commonwealth Life (PTCL), to FWD Group (FWD). As part of the sale, CBA's Indonesian banking subsidiary, PT Bank Commonwealth (PTBC), has entered into a 15-year life insurance distribution partnership with FWD.

The Group ceased providing licensee services through Commonwealth Financial Planning Limited-Pathways (CFP-Pathways) in March 2020 and through Financial Wisdom Limited (Financial Wisdom) in June 2020.

CFS, CommInsure Life, BoCommLife, CFSGAM and PTCL have been classified as discontinued operations in the Group's financial statements for the year ended 30 June 2020. The assets and liabilities of CFS, AUSIEX and the Group's interest in BoCommLife are classified as held for sale as at 30 June 2020.

There have been no other significant changes in the nature of the principal activities of the Group during the financial year.

⊕ For further details, refer to Note 1.1 and Note 11.3 in the *Financial report* on pages [113](#) and [258–261](#), respectively.

¹ MS&AD Insurance Group Holdings is the ultimate parent company of Mitsui Sumitomo Insurance Co. Ltd

Impact of COVID-19

During the financial year we have seen the onset of the COVID-19 pandemic, with the depth and duration of an economic downturn dependent on the effectiveness of containment measures and the Government, prudential and industry response and support measures. During the financial year, the Bank announced an additional credit provision of \$1.5 billion for the potential longer term impacts of COVID-19. This further reinforces our already strong provisioning and balance sheet settings that position the bank well for a range of possible economic scenarios. Given the unprecedented set of circumstances which are still evolving, a definitive assessment of the longer term outcomes of the COVID-19 pandemic and the consequent economic and societal impacts is difficult at this stage. The Bank's lending portfolios continue to be monitored closely, with detailed portfolio stress testing as the situation continues to evolve. The focus for the Bank continues to be supporting our customers through continued operational excellence underpinned by the commitment and pride of our people.

✚ For further details on how we are responding to COVID-19 risks, refer to pages 55–56.

Operating and financial review

Group profit

The Group's statutory net profit after tax including discontinued operations for the financial year ended 30 June 2020 was \$9,634 million, an increase of \$1,063 million or 12% on the prior year. Statutory net profit after tax from continuing operations for the financial year ended 30 June 2020 was \$7,459 million, a decrease of \$630 million or 8% on the prior year. This was driven by a 2% increase in operating income, flat operating expenses and a significant increase in loan impairment expense.

Statutory net profit after tax from discontinued operations for the financial year ended 30 June 2020 was \$2,175 million, an increase of \$1,693 million on the prior year. It includes the following items:

- The results of CFSGAM up to 2 August 2019 when the business was sold and deconsolidated and the related gain on sale
- The results of CommInsure Life up to 1 November 2019 when the Group entered into the JCA with AIA and subsequently deconsolidated CommInsure Life, and the related loss on deconsolidation
- The results of PTCL up to 4 June 2020 when the business was sold and deconsolidated, and the related gain on sale
- The results of CFS which was classified as a discontinued operation during the year.

Statutory net profit after tax complies with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and International Financial Reporting Standards (IFRS). The cash net profit after tax is management's preferred measure of the Group's financial performance. It excludes items that are non-recurring in nature and are not considered representative of the Group's ongoing financial performance (non-cash items). We use the cash net profit after tax to present a clear and consistent view of our financial performance from period to period.

The Group's cash net profit after tax including discontinued operations for the year ended 30 June 2020 was \$7,449 million, a decrease of \$1,257 million or 14% on the prior year. Excluding discontinued operations, cash net profit after tax for the year ended 30 June 2020 was \$7,296 million, a decrease of \$925 million or 11% on the prior year. For further detail on the drivers of cash net profit after tax refer to pages 18–21.

Cash to statutory profit reconciliation

Statutory net profit after tax includes the following non-cash items:

	Continuing operations		Total including discontinued operations	
	FY20	FY19	FY20	FY19
Net profit after tax – cash basis	7,296	8,221	7,449	8,706
Gain/(loss) on acquisition, disposal, closure and demerger of businesses	70	(52)	2,092	(61)
Hedging and IFRS volatility	93	(79)	93	(79)
Bankwest non-cash items	–	(1)	–	(1)
Treasury shares valuation adjustment	–	–	–	6
Net profit after tax statutory basis	7,459	8,089	9,634	8,571

Non-cash items include:

- **Gain/(loss) on acquisition, disposal, closure and demerger of businesses:** Gains and losses on these transactions are inclusive of foreign exchange impacts, impairments, restructuring, separation and transaction costs and cover both controlled businesses and associates.
- **Hedging and IFRS volatility:** Hedging and IFRS volatility represents timing differences between fair value movements on qualifying economic hedges and the underlying exposure. To qualify as an economic hedge the terms and/or risk profile must match or be substantially the same as the underlying exposure.
- **Bankwest non-cash items:** The acquisition of Bankwest resulted in the recognition of assets at fair value, some of which have been amortising over their useful life. The transaction was considered one-off in nature.
- **Treasury shares valuation adjustment:** Valuation adjustments represent the elimination of gains and losses on CBA shares that were held through funds in the Wealth Management business.



Directors' report (continued)

Assets and liabilities

Home loans increased \$20 billion or 4%, driven by strong operational execution of credit-decisioning processes. Australian home loan balance growth of 4% was above market growth.

Deposits increased \$64 billion or 10%, primarily driven by strong growth in transaction and savings deposits, partly offset by lower investment deposits. The increase in transaction and savings deposits is driven by customer preference for at-call deposits due to the low interest rate environment, continued growth in mortgage offset accounts and clients managing their liquidity needs in response to COVID-19 in Institutional Banking and Markets.

Debt issues decreased \$22 billion or 13%, reflecting lower wholesale funding requirements due to growth in deposit funding.

Total Group assets and liabilities (\$m)	As at		
	30 June 2020	30 June 2019	% change
Home Loans	542,880	522,942	4%
Consumer finance	18,217	21,993	(17%)
Business and corporate loans	216,695	214,953	1%
Total Group lending	777,792	759,888	2%
Other assets (including held for sale)	236,268	216,614	9%
Total assets	1,014,060	976,502	4%
Deposits	699,413	635,312	10%
Debt issues	142,503	164,022	(13%)
Other liabilities (including held for sale)	100,131	107,519	(7%)
Total liabilities	942,047	906,853	4%

Further information and analysis on the financial performance of the Group for the financial year ended 30 June 2020 can be found in the *Focus on financial performance* section on pages 18–27 of this Annual Report. Details on our risk management framework, material risk types and approach to managing them, including a description of the material trends in our current external operating context and more information on our business strategies and prospects for future financial years can be found in the *Overview* (pages 2–7), *How we create value* section (pages 8–71), including the *Managing our changing risk landscape* section (pages 55–61) of this Annual Report.

Other than the information included in the operating and financial review and throughout this Annual Report by cross reference, information on other likely developments, business strategies and prospects for future financial years of the Group's operations has not been included in this report as it would be likely to result in unreasonable prejudice to the Bank.

Dividends

Details of dividends paid and dividends determined are outlined in Note 8.4 in the *Financial report* on pages 199–200.

Litigation and regulatory matters

Consistent with an industry-wide trend, there has been an increase in litigation and regulatory actions against the Group. The actions include:

- the defence of nine class actions, four of which were commenced in financial year 2020. These include two separate shareholder class action proceedings, four class action claims in relation to superannuation products, a class action that was commenced by Bankwest customers, a class action in relation to consumer credit insurance for credit cards and personal loans, as well as a class action commenced in the United States relating to the BBSW benchmark; and
- four separate ASIC civil penalty proceedings against the Group, one of which has been resolved. Each of these relate to matters considered by the Financial Services Royal Commission.

There are also a number of ongoing matters where regulators are investigating whether CBA or a Group entity has breached legal or regulatory obligations. Where a breach has occurred, regulators are likely to impose, or apply to a Court for, fines and/or other sanctions. These matters include investigations by APRA and ASIC of issues which were considered by the Financial Services Royal Commission, as well as a number of other matters notified to, or identified by, regulators. The Group also continues to receive various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews.

In addition to possible regulatory action, there may also be financial exposure to claims by customers and this could include further class actions, customer remediation or claims for compensation. The outcomes and total costs associated with such regulatory reviews and possible customer claims remain uncertain.

The Board continues to monitor each of these actions, investigations and reviews. CBA also continues to actively work with its regulators in response to these matters.

For information about some of the litigation and regulatory matters referred to above, refer to Note 7.1 in the *Financial report* on pages 183–189.

Change in state of affairs

Significant changes in the state of affairs of the Group during the financial year include:

- Changes in the nature of principal activities outlined above.
- Changes to the Board as outlined in the *Our approach to corporate governance* section on pages 62–71.
- COVID-19 related impairment provisions as outlined on pages 18–21.
- During the financial year, we have participated in the RBA's Term Funding Facility (TFF) scheme to access long-term funding to help support Australian households and businesses during this unprecedented time. The TFF is a three-year facility with a fixed interest rate of 0.25% per annum. As at 30 June 2020, the Group has drawn \$1.5 billion of its total available TFF allocation of \$26.6 billion, composed of \$19.1 billion of Initial Allowance and \$7.5 billion of Additional Allowance. As at 7 August 2020, the Group's total available allocation was \$31.4 billion.

⊕ For more information on the TFF, refer to Note 5.2 in the *Financial report* on pages 159.

Other than the changes outlined above and discussed in this Annual Report, there have been no other significant changes in the state of affairs during the financial year.

Events subsequent to reporting date

The Bank expects the Dividend Reinvestment Plan (DRP) for the final dividend for the year ended 30 June 2020 to be satisfied by the issuance of shares of approximately \$260 million.

Environmental reporting

We are subject to the Federal Government's National Greenhouse and Energy Reporting (NGER) scheme. The scheme makes it mandatory for controlling corporations to report annually on greenhouse gas emissions, energy production and energy consumption, if they exceed certain threshold levels. Our NGER submission is independently audited and submitted before the deadline to ensure that the Group meets the NGER requirements.

We do not believe that we are subject to any other significant environment reporting regulations under the law of the Commonwealth or of a State or Territory of Australia. Our environmental policies are updated to manage risks appropriately.

⊕ For more information on our voluntary environmental reporting, see the *Our approach to climate change* section on pages 38–45 and our environmental metrics on pages 46–52.

Human rights supply chain reporting

We will fulfil the reporting requirements of the *Modern Slavery Act 2018* (Cth) with the Modern Slavery Statement that will be released in the 2021 financial year. This statement shows the steps we are actively taking to enhance the work undertaken to identify, manage and mitigate modern slavery risks and human rights abuses in our business operations and supply chains from the 2020 financial year onwards.



Directors' report (continued)

Directors and Directors' meetings

The Board of the Commonwealth Bank of Australia met 18 times during the year ended 30 June 2020. In addition, Directors attended Board strategy sessions and special purpose committee meetings during the year.

The following table includes:

- names of the Directors holding office at any time during, or since the end of, the financial year
- the number of scheduled and unscheduled Board and Board Committee meetings held during the financial year that each Director was a member of the Board or relevant Board Committee and eligible to attend, and the number of meetings attended by each Director.

All Directors may attend Board Committee meetings even if they are not a member of the relevant Committee. The below table excludes the attendance of those Directors who attended Board Committee meetings of which they are not a member.

Director	Board				Committees									
	Scheduled meetings		Unscheduled meetings ¹		Risk & Compliance		Audit		People & Remuneration		Nominations		Concurrent	
	Held ²	Attended	Held ³	Attended	Held ²	Attended	Held ²	Attended	Held ²	Attended	Held ²	Attended	Held ⁴	Attended
Catherine Livingstone AO	10	10	8	5	6	6	6	6	6	6	6	6	2	2
Matt Comyn	10	10	8	8										
Shirish Apte	10	10	8	8	6	6	6	6					2	2
Genevieve Bell AO	10	10	8	7							6	6	2	2
Sir David Higgins ⁵	6	6	1	1	3	3			3	3				
Paul O'Malley ⁶	10	10	8	8	4	4			6	6	2	2	2	2
Mary Padbury	10	10	8	8					6	6	6	6	2	2
Wendy Stops ⁷	10	10	8	7			6	6	6	6			2	2
Anne Templeman-Jones	10	10	8	7	6	6	6	6					2	2
Rob Whitfield AM ⁸	10	10	8	8	6	6	4	4			6	6	2	2

1 Out of cycle Board meetings typically called for a special purpose that do not form part of the Board approved yearly planner.

2 The number of scheduled meetings held during the time the Director was a member of the Board or of the relevant committee.

3 The number of unscheduled meetings held during the time the Director was a member of the Board.

4 The number of concurrent meetings held during the time the Director was a member of the relevant committee.

5 Sir David Higgins was appointed a Non-Executive Director between 1 September 2014 and 31 December 2019. Sir David Higgins retired from the Risk & Compliance Committee, People & Remuneration Committee and the Board effective 31 December 2019.

6 Paul O'Malley was appointed a member of the Risk & Compliance Committee on 1 November 2019 and was a member of the Nominations Committee between 1 July 2019 and 31 October 2019.

7 On 10 August 2020, it was announced that Wendy Stops will not be standing for re-election at the 2020 Annual General Meeting.

8 Rob Whitfield AM was appointed a member of the Audit Committee on 1 November 2019.

⊕ Details of current Directors, their experience, qualifications, Directorships of other listed entities and any special responsibilities, including Board Committee memberships, are set out in the *Our approach to corporate governance* section on pages 62–71.

Options and share rights outstanding

There are no options over Bank shares on issue as at the date of this report. As at the date of this report there are 965,095 share rights outstanding in relation to Bank ordinary shares and no employee options. Holders of outstanding share rights in relation to the Bank's ordinary shares do not have any rights under the share rights to participate in any share issue or interest of the Bank.

Directors' interests in contracts

A number of Directors have given written notices stating that they hold office in specified companies and accordingly are to be regarded as having an interest in any contract or proposed contract that may be made between the Bank and any of those companies.



Directors' and officers' indemnity and insurance

Constitution

The Directors, as named on pages 67–69 of this report, and the Company Secretaries of the Bank, referred to below, are indemnified under the Constitution of the Commonwealth Bank of Australia (the Constitution), as are all current or former Directors or Executive Officers of the Bank.

The indemnity extends to such other Officers or former Officers of the Bank, or of its related bodies corporate, as the Directors in each case determine (each, including the Directors and Company Secretaries, is defined as an 'Officer' for the purpose of this section).

The Officers are indemnified on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the Officer as an Officer of the Bank or of a related body corporate.

Deeds of indemnity

Deeds of Indemnity, which include indemnification in substantially the same terms to that provided in the Constitution, have been executed by the Bank in favour of each Director and Company Secretary of the Bank.

An Indemnity Deed Poll, which includes indemnification in substantially the same terms to that provided in the Constitution, has been executed by the Bank in favour of each:

- company secretary and senior manager of the Bank
- Director, secretary or senior manager of a related body corporate of the Bank
- person who, at the prior formal request of the Bank or a related body corporate, acts as Director, secretary or senior manager of a body corporate which is not a related body corporate of the Bank (in which case the indemnity operates only in excess of protection provided by that body corporate)
- person who, at the request of a related body corporate of the Bank, acts as a member of the compliance committee of a registered scheme for which the related body corporate of the Bank is the responsible entity.

In the case of a partly-owned subsidiary of the Bank, where a Director, company secretary or a senior manager of that entity is a nominee of an entity which is not a related body corporate of the Bank, the Indemnity Deed Poll will not apply to that person unless the Bank's CEO has certified that the indemnity will apply to that person.

Insurance

The Bank has, during the financial year, paid an insurance premium in respect of a Directors' and Officers' liability and company reimbursement insurance policy for the benefit of the Bank and persons defined in the insurance policy who include Directors, Company Secretaries, Officers and certain employees of the Bank and related bodies corporate. The insurance is appropriate pursuant to section 199B of the *Corporations Act 2001* (Cth). In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

Proceedings on behalf of the Bank

No application has been made under section 237 of the *Corporations Act 2001* (Cth) in respect of the Bank, and there are no proceedings that a person has brought or intervened in on behalf of the Bank under that section.

Rounding and presentation of amounts

Commonwealth Bank is an entity to which ASIC Corporations Instrument 2016/191 dated 24 March 2016, relating to the rounding of amounts in directors' reports and financial reports, applies. Pursuant to this Instrument, amounts in this *Directors' report* and the accompanying financial report have been rounded to the nearest million dollars, unless indicated otherwise.

Company secretaries

Kara Nicholls was appointed Group Company Secretary of the Bank on 8 January 2019. Kara has extensive listed company expertise with over 20 years' of global equity markets, commercial and corporate governance experience. She was previously Company Secretary of Caltex Australia Limited and prior to that was Company Secretary of Woolworths Limited, Arrium Limited and Global Head of Company Secretariat for Macquarie Capital Funds. Prior to those roles Kara spent almost six years at the ASX. Kara is the Chair of Gidget Foundation Australia. She is a Fellow of the Governance Institute of Australia (GIA), and a member of the Australian Institute of Company Directors (AICD) and the GIA Legislative Review Committee.

FGIA, MAICD, B.Bus, MLS, JP.

Kristy Huxtable was appointed Company Secretary of the Bank on 20 March 2019. Kristy is an experienced company secretary and brings extensive corporate governance experience, having previously worked as Company Secretary with other ASX Top 50 companies, including Suncorp and the ASX. Kristy is a Fellow of the GIA, and a Member of the AICD and the GIA Legislative Review Committee.

FGIA, MAICD, MBA, Grad.Dip.Corp.Gov, Grad.Dip.HR

Remuneration report



Dear Shareholder

During these uncertain times, the Bank's leadership team have delivered strong underlying performance, and continue to support the financial wellbeing of our customers and communities.

On behalf of the Board, I am pleased to present the 2020 Remuneration Report.

The 2020 financial year has seen unprecedented health, economic and environmental events, from the devastating bushfires to the current coronavirus pandemic. Our shareholders, employees, customers and the communities we serve have been directly impacted.

The Group was well positioned coming into this volatile environment, with prudent management of the business leading to solid and resilient balance sheet settings, continued outperformance in our core banking business, and strong execution of our simpler, better banking strategy, including divestments. Our strong capital position and operational performance continues to support returns for shareholders.

Throughout this challenging period, the Bank's leadership team has maintained a clear focus on and dedication to our purpose. As a Board, we would like to acknowledge the way all of our employees have responded to these challenges, guided by our values.

the bushfires, drought and coronavirus pandemic, and ongoing commitment to supporting customers and other stakeholders through this unique combination of events.

While the external environment has been challenging, the Executives (CEO, Group Executives and CEO ASB) delivered strong results across both financial and non-financial performance measures. The Group's performance reflects two years of concentrated effort. However, we have taken a \$1.5 billion forward-looking provision for loan impairments related to the expected impact of the coronavirus pandemic on our customers and the economy. These have had a material negative impact on the Group's 2020 financial results.

The Group achieved a cash Net Profit After Tax (NPAT) of \$7,449 million, below threshold, therefore eliminating any Short-Term Variable Remuneration (STVR) outcomes for this element of the financial measure, and reducing the Group's overall STVR pool.

Performance against key non-financial measures exceeded expectations with a notable increase in employee engagement. At 81%, employee engagement improved markedly by 13% over last year, reflecting the pride and commitment

In this section

Remuneration overview	<u>80</u>
1. Executive remuneration in detail	<u>88</u>
2. Variable remuneration outcomes for the financial year ended 30 June 2020	<u>92</u>
3. Executive statutory remuneration	<u>94</u>
4. Non-Executive Director arrangements	<u>100</u>
5. Loans and other transactions	<u>102</u>

Executive remuneration outcomes for the 2020 financial year

The remuneration outcomes for the 2020 financial year reflect the intended operation of the remuneration framework. This framework is designed to accommodate a range of performance and risk outcomes, adjust for risk matters and, where appropriate, apply Board discretion. The outcomes this year also reflect the exemplary leadership shown by the Chief Executive Officer (CEO) and his leadership team during

of our people as they worked in difficult conditions to support the financial wellbeing of our customers. Such positive feedback from our people during the second half of the 2020 performance period suggests that we have operated in accordance with our values and purpose.

Substantial progress has also been made on divesting and ceasing our wealth management businesses, which has allowed the Bank's leadership team to focus on driving growth in our core banking businesses.

The formulaic outcomes of results were considered against an after-the-fact discretionary assessment of the extent to which the outcomes reflect our values, the current operating environment, and impacts on our customers and other stakeholders.

The CEO's STVR outcome for the 2020 financial year reflects the Group's financial and non-financial performance, and takes into account the significant leadership he has displayed both within the Bank, and at a national level, particularly over the past six months. His final outcome is 73% of maximum.

STVR outcomes for the Group Executives and CEO ASB ranged between 49% and 76% of maximum, with an average of 59%. These outcomes are inclusive of STVR risk adjustments applied to two of 11 Executives.

The 2017 financial year Long-Term Variable Remuneration (LTVR) award reached the end of its four-year performance period on 30 June 2020 with 84.04% vesting overall. 80% vesting against the TSR performance hurdle reflects our strong and positive shareholder returns relative to comparator organisations over the longer term. The portion of the award subject to customer satisfaction vested at 97%,

reflecting performance relative to our major competitors. See page 93 for further details.

Governance, risk, culture and accountability

Over the past two years, the renewed Executive team has been charged with delivering a significant cultural and business transformation. CBA has made considerable progress to enhance its risk maturity, with leadership demonstrating a very positive values-led tone from the top. This is contributing to stronger business resilience.

Throughout the 2020 financial year we have continued our focus on implementing and embedding the Australian Prudential Regulation Authority Remedial Action Plan (APRA RAP) into our ways of working. With the delivery of 79% of milestones, as at 30 June 2020, including 22 in relation to risk and remuneration consequences, there is growing evidence of clearer lines of accountability and more effective application of remuneration consequences. As required by APRA, the RAP also continues to be a significant component of the Executive STVR scorecards to ensure adequate focus on the delivery of milestones. Employees are also recognised where they contribute to a positive risk culture. More information on risk and remuneration consequence outcomes can be found on page 82.

The Bank has continued to implement the recommendations of the Sedgwick Retail Banking Remuneration Review across customer-facing employees and their leaders.

As part of ongoing monitoring and in line with the RAP milestones, during the 2020 financial year the People & Remuneration Committee conducted a formal review of the effectiveness of the Group Remuneration Policy.

Looking ahead – changes for the 2021 financial year

Notwithstanding our assessment that the 2020 financial year Executive remuneration framework was sound, due to the likely new APRA regulatory standard on remuneration (CPS511), together with the strategic challenges ahead for the sector, the Board conducted a wide-ranging review to assess whether the framework will remain fit for purpose for the years ahead.

The Board concluded that change is required. Therefore, our Executive remuneration framework has evolved to ensure we continue to deliver a competitive remuneration framework to retain and attract high calibre leaders during a time of intense competition for capable and values-led banking talent. At the same time a revised framework will continue to enhance the alignment of management incentives with our key stakeholders and meet new regulatory requirements. Changes to be implemented in the 2021 financial year will include:

- Reducing overall remuneration quantum and re-balancing the remuneration mix to lower the leverage of the variable components.
- Extending vesting timelines to reflect risk and performance horizons, and to meet anticipated regulatory remuneration requirements regarding risk and deferral periods.
- Updating policy and procedures relating to malus and clawback.
- Introducing a new LTVR component that supports additional long-term share ownership, together with the current LTVR that has been reduced.
- Increasing alignment with the shareholder experience.

More information on these changes will be provided ahead of the 2020 Annual General Meeting and in the 2021 financial year Remuneration Report.

We invite you to read the Remuneration Report and welcome your feedback.



Paul O'Malley

People & Remuneration Committee Chairman









Remuneration overview

Executive remuneration framework for the 2020 financial year

Our values

We do what is right We are accountable We are dedicated to service We pursue excellence We get things done

Our remuneration principles

					
Aligned with shareholder value creation	Market competitive to attract and retain high calibre talent	Reward sustainable outperformance and discourage poor performance	Recognise the role of non-financial drivers in longer-term value creation	Simple and transparent	Reflect the Group's strategy and values

Fixed Remuneration FR

Short-Term Variable Remuneration STVR (at risk)

Long-Term Variable Remuneration LTVR (at risk)

	Fixed Remuneration FR	Short-Term Variable Remuneration STVR (at risk)	Long-Term Variable Remuneration LTVR (at risk)						
Rationale	Provides market competitive remuneration to attract and retain high quality talent while reflecting role size and accountabilities.	Rewards for achieving key strategic and stakeholder annual performance outcomes. The values and risk and reputation modifiers adjust overall STVR for how performance was achieved.	Rewards participants for creating sustainable and superior long-term shareholder value, improving engagement of our people, and re-building trust and reputation with our customers and the community.						
Structure	Base remuneration and superannuation.	<table border="0"> <tr> <td>50%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>paid as cash</td> <td>deferred into equity for one year</td> <td>deferred into equity for two years</td> </tr> </table>	50%	25%	25%	paid as cash	deferred into equity for one year	deferred into equity for two years	Rights to shares with no dividend equivalent payments, with vesting subject to performance over a four-year period.
50%	25%	25%							
paid as cash	deferred into equity for one year	deferred into equity for two years							
Approach	<ul style="list-style-type: none"> Reviewed annually against relevant comparator group remuneration benchmarks. Primary comparator group is the other three major Australian banks, with further business and talent comparators included as relevant. For the CEO ASB, the primary comparator group is the other New Zealand banks. 	<p>Quantum:</p> <ul style="list-style-type: none"> Target opportunity of 100% of FR (75% for Group Chief Risk Officer (CRO)). Maximum opportunity of 150% of FR (112.5% for Group CRO). <p>Business performance measures:</p> <ul style="list-style-type: none"> Financial measures (30%; 10% for Group CRO). Non-financial measures (70%; 90% for Group CRO), being customer, people and strategic measures, including delivery of the RAP (or Risk and Conduct agenda for CEO ASB). <p>Risk and values assessment (gate/modifiers): Outcomes subject to Board¹ consideration of values, risk and reputation (via Executive risk scorecards).</p> <p><small>1 Board is to be read as ASB Board for the CEO ASB.</small></p>	<p>Quantum:</p> <ul style="list-style-type: none"> Maximum face value allocation of 180% of FR (150% for Group CRO). <p>Business performance measures:</p> <ul style="list-style-type: none"> For the CEO and Group Executives, relative total shareholder return (TSR) (75%); relative trust and reputation (12.5%); and employee engagement (12.5%). For the CEO ASB, relative TSR (50%); ASB relative trust and reputation (25%); and ASB employee engagement (25%). A positive TSR gateway applies to the trust and reputation and employee engagement measures. Relative TSR is measured against a comparator group of the 20 largest companies on the ASX by market capitalisation, excluding resources companies and CBA. <p>Risk and values assessment (gate/modifiers): Outcomes subject to Board consideration of conduct and risk and reputation matters.</p>						

— All variable remuneration is subject to malus adjustment —

Mandatory shareholding requirement (MSR)

The CEO must accumulate CBA shares equal to 300% of FR, and Group Executives and the CEO ASB must accumulate 200% of FR, over a five-year period from the date of their appointment to the respective roles.

 More detail on Executive shareholding is provided in on page 84.

Remuneration outcomes snapshot

CEO remuneration

FR increase	0%
STVR % of maximum	73%
Total remuneration received	\$3.9m

Group Executive and CEO ASB remuneration

FR average increase	1.4%
STVR % of maximum	49% to 76%

LTVR which reached the end of its performance period on 30 June 2020

84.04% of the award vested

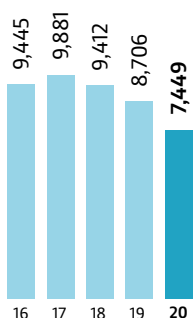
Group financial performance

Remuneration outcomes reflect short and long-term performance

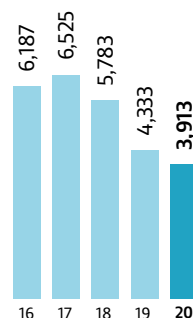
The graphs and table below illustrate the relationship between Executive remuneration outcomes and the Group's financial performance over the past five financial years (including the 2020 financial year).

STVR scorecard measure

Group Cash NPAT¹ (\$m)

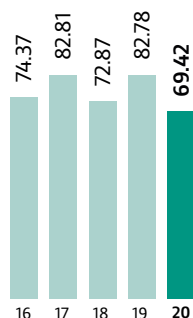


Group PACC (\$m)

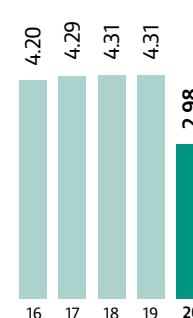


LTVR relative TSR measure

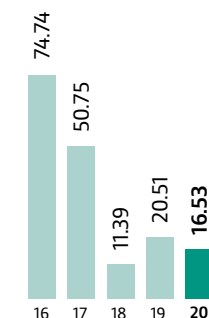
Share price as at 30 Jun² (\$)



Dividends per share (\$)



TSR: Four-year period to 30 Jun (%)



¹ Group Cash NPAT includes discontinued operations.

² CBA opening share price on 1 July 2015 was \$84.79.

Remuneration outcomes	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20
STVR outcome (average % of maximum)	75%	0% ¹	19% ²	44%	60%
LTVR vesting outcome (% of maximum)	20%	67%	24%	24%	84%

¹ The STVR outcomes for the CEO and Group Executives were adjusted downwards to zero, reflecting collective accountability for the overall reputation of the Group and risk and reputation matters.

² As a consequence of the APRA Prudential Inquiry Report, the Board applied a negative adjustment of 20% to the 2018 financial year performance scorecard outcomes for each current Group Executive and assessed individual risk outcomes as partially met to reflect collective accountability for the APRA Prudential Inquiry Report findings. Further negative risk adjustments to STVR outcomes were also made in respect of certain individual Group Executives to reflect individual accountability for other risk and reputation matters separate from the APRA Prudential Inquiry Report findings.



Remuneration report (continued)

Risk and remuneration consequences

The Board has continued to oversee enhancements to CBA's management of risk and remuneration consequence through its guidance, procedures and governance, including reinforcing the Board's expectations of risk outcomes and behaviours in support of a positive risk culture. There were two risk-related adjustments to CEO and Group Executive STVR outcomes in the 2020 financial year. Remuneration adjustments for remaining employees in relation to the 2020 financial year will be finalised in September 2020 in line with the CBA-wide annual remuneration review process and will be outlined in the 2021 Remuneration Report.

The remuneration adjustments made in the 2019 and 2018 financial years follow. Due to a change in reporting methodology, 2019 financial year data provided below includes employees eligible for a performance review.

2019 financial year	2018 financial year
Employees rated 'exceptionally managed' for risk	
500 employees	309 employees
Employees rated 'partially met' or 'not met' for risk	
4,515 employees (including 121 General Managers and above)	2,462 employees (including 73 General Managers and above)

In both the 2019 and 2018 financial years, STVR outcomes were reduced by a minimum of 10% for 'partially met' ratings, ranging up to 100% for 'not met'. Malus adjustments were also applied to unvested deferred variable remuneration in relation to poor risk outcomes and/or misconduct (2019: 10 employees with adjustments ranging from 20% to 100%; 2018: six employees with 100% adjustment and approximately 470 employees with 10% to 20% malus adjustment related to collective accountability).

CBA's consequence management framework was further embedded in the current financial year, with instances of unacceptable conduct resulting in termination. In the 2020 financial year there were 1,851 instances of substantiated unacceptable conduct, including 10 senior leaders (General Managers and Executive General Managers), with 136 resulting in termination.

Our remuneration framework has continued to evolve over the past year, enabling us to achieve better alignment between risk, performance and remuneration.

Risk culture

- Continued embedding a risk mindset through the deployment of a leadership assessment program to all General Managers and above, and the launch of a new Recognition Platform anchored in our values. The maturity of our risk culture continued to be assessed via the annual Board Risk Culture Assessment process.
- The Recognition Award, first introduced in 2019, continued to recognise and reward employees rated 'exceptionally managed' for risk, whose risk behaviours and outcomes were considered exemplary. Out of the 500 employees rated 'exceptionally managed' in the 2019 financial year, 62 employees received additional recognition to acknowledge their outstanding contribution to the positive risk culture of the Group.

Alignment of remuneration with prudent risk-taking

- Oversight by business unit CROs was strengthened to support the consistent application of risk assessment ratings and STVR adjustments through a constructive challenge process.
- Comprehensive reporting was provided to the Board to support oversight of remuneration and risk consequences and their effectiveness, and to assist in informing the Board's guidance for the 2020 performance and remuneration review.

Risk assessment in performance review process

- Executive risk assessments were supported by comprehensive reporting and governance, as part of the interim and annual performance assessment processes for the CEO and Group Executives.
- Enhanced remuneration guidance was introduced to help people leaders consistently determine the appropriate level of STVR adjustments for risk outcomes and behaviours not fully meeting expectations, and document the reasons for their assessment.

Malus/clawback

- Malus is the ability to reduce (including to zero) a variable remuneration award and/or lapse or postpone vesting of variable remuneration awards granted, but yet not vested.
- Guidance and enhanced processes to support the application of malus have been implemented across CBA during the 2020 financial year.
- Clawback will apply to all CEO and Group Executive variable remuneration from the 2021 financial year.

Remuneration governance

From 1 July 2019, the Remuneration Committee was renamed the People & Remuneration Committee to reflect its role in the oversight of talent and succession in addition to remuneration related matters. The People & Remuneration Committee is the governing body for developing, monitoring and assessing remuneration strategy, policies and practices across CBA on behalf of the Board. The role of the People & Remuneration Committee is to review, challenge, assess and, as appropriate, endorse the recommendations made by management for Board approval. It oversees CBA's remuneration framework and assists the Board to ensure CBA's remuneration strategy and policy are appropriate and effective.

The People & Remuneration Committee met formally six times during the 2020 financial year with the following members (as at 30 June 2020): Paul O'Malley (Chairman), Catherine Livingstone AO, Mary Padbury and Wendy Stops.

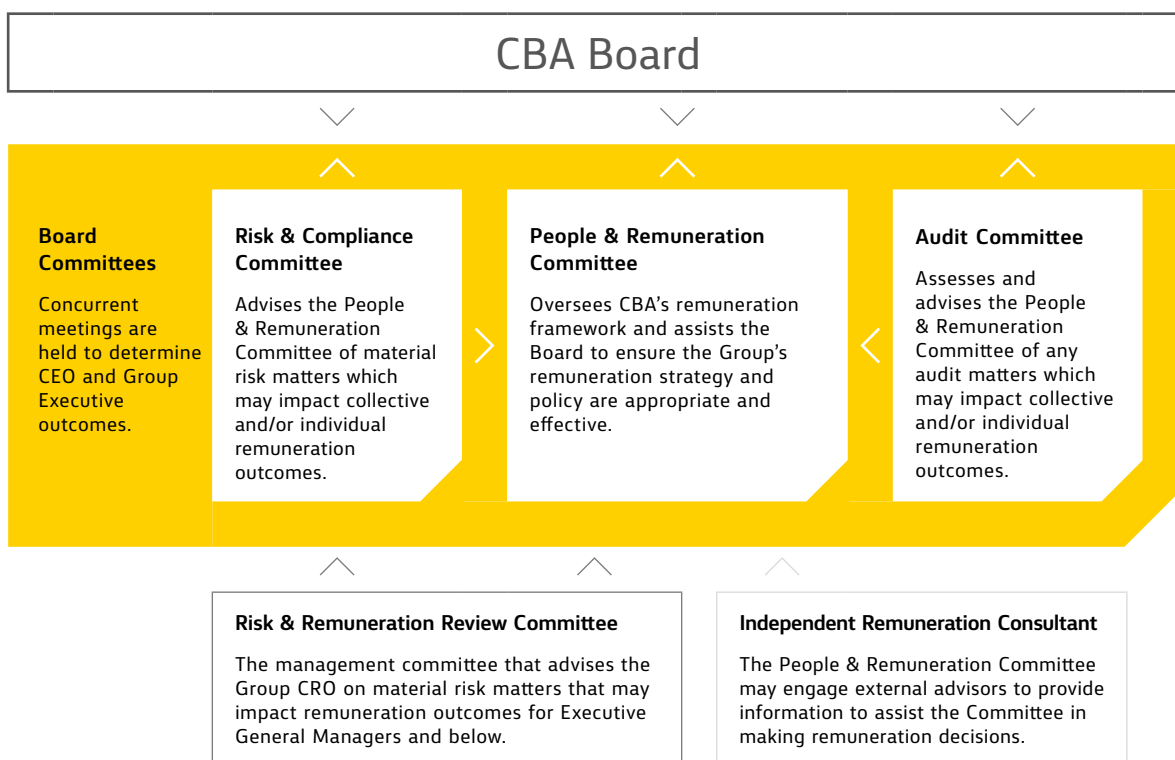
As part of the performance and risk review, and to support the determination of remuneration outcomes for the CEO and Group Executives, the People & Remuneration Committee met concurrently with the Risk & Compliance, Audit and Nominations Committees in February 2020 and June 2020. These concurrent meetings provided an opportunity for the Committees to review and discuss relevant risk and audit matters that may warrant consideration in the People & Remuneration Committee's determination of remuneration outcomes, including any in-year or malus adjustments for the CEO and Group Executives (including former Group Executives).

Information provided to the Board Committees to support their determinations of collective and/or individual remuneration impacts includes risk scorecards for the CEO and Group Executives, details of material risk matters, outcomes of internal audit reviews conducted during the year, and consideration of the quality of CBA's financial results. The Board reviews, challenges, applies judgment and, as appropriate, approves the People & Remuneration Committee's recommendations.

In addition to Board oversight, the Group Risk & Remuneration Review Committee, a management Committee that advises the Group CRO, oversees assessment of accountability for material risk matters, including those impacting CBA's reputation, and application of remuneration adjustments as applicable for Executive General Managers and below.

During the 2020 financial year, external advisors were engaged by management to provide information to the People & Remuneration Committee to assist the Committee with making remuneration decisions. The People & Remuneration Committee did not seek or receive any remuneration recommendations from the external advisors in the 2020 financial year.

CBA's remuneration governance framework



People & Remuneration Committee Charter

The responsibilities of the People & Remuneration Committee are outlined in its Charter and reviewed annually.

⊕ The Charter is available at commbank.com.au/peopleandremuneration



Remuneration report (continued)

Key Management Personnel

Key Management Personnel (KMP) are defined as persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

The table below outlines the Group's KMP for the financial year ended 30 June 2020. It also shows each individual's shareholding and corresponding progress against their MSR as at 30 June 2020.

Name	Position	Term as KMP	Current shareholding ¹	Progress against MSR and deadline
Chairman²				
Catherine Livingstone AO	Chairman	Full year	104%	Meets
Current Non-Executive Directors²				
Shirish Apte	Director	Full year	256%	Meets
Genevieve Bell AO	Director	Full year	22%	On track, 1 Jul 2024
Paul O'Malley	Director	Full year	182%	Meets
Mary Padbury	Director	Full year	52%	On track, 1 Jul 2024
Wendy Stops	Director	Full year	546%	Meets
Anne Templeman-Jones	Director	Full year	53%	On track, 1 Jul 2024
Rob Whitfield AM	Director	Full year	50%	On track, 1 Jul 2024
Former Non-Executive Director²				
David Higgins	Director (ceased as KMP on 31 December 2019)	Part year	n/a	n/a
Managing Director and CEO³				
Matt Comyn	Managing Director and Chief Executive Officer	Full year	264%	On track, 9 Apr 2023
Current Group Executives and CEO ASB⁴				
Pascal Boillat	Group Executive, Enterprise Services and Chief Information Officer	Full year	349%	Meets
David Cohen	Deputy Chief Executive Officer	Full year	347%	Meets
Alan Docherty	Group Executive, Financial Services and Chief Financial Officer	Full year	115%	On track, 15 Oct 2023
Andrew Hinchliff	Group Executive, Institutional Banking and Markets	Full year	158%	On track, 1 Aug 2023
Sian Lewis	Group Executive, Human Resources	Full year	119%	On track, 1 Aug 2023
Vittoria Shortt	Chief Executive Officer, ASB	Full year	231%	Meets
Angus Sullivan	Group Executive, Retail Banking Services	Full year	150%	On track, 1 Jul 2023
Mike Vacy-Lyle	Group Executive, Business and Private Banking (from 31 January 2020)	Part year	160%	On track, 31 Jan 2025
Nigel Williams	Group Chief Risk Officer	Full year	266%	Meets
Former Group Executive				
Adam Bennett	Group Executive, Business and Private Banking (ceased as KMP on 31 January 2020)	Part year	n/a	n/a

1 For the Non-Executive Directors, the percentage shown represents the individual's percentage of CBA shares as a proportion of their individual base fees. For the CEO, Group Executives and CEO ASB the percentage shown represents the individual's percentage of CBA shares as a proportion of their FR as at 1 July 2019.

2 Non-Executive Directors are required to hold CBA shares equivalent to 100% of base Board member fees for Non-Executive Directors and 100% of Board Chairman fees for the Chairman. This is to be accumulated over five years based on base Board member fees or Board Chairman fees as at 1 July 2019 (when the new MSR for Non-Executive Directors was introduced) or date of appointment, whichever is later.

3 The CEO is required to hold CBA shares equivalent to 300% of FR. This is to be accumulated over five years from appointment to the role.

4 Group Executives and the CEO ASB are required to hold CBA shares equivalent to 200% of FR. This is to be accumulated over five years from the time appointed to the role or for the CEO ASB, the time the role was determined to be KMP (1 July 2018).

Executive appointment arrangements

In the 2020 financial year, Mike Vacy-Lyle (Group Executive, Business and Private Banking) was appointed to the Executive Leadership Team as KMP.

Mike is responsible for leading the Bank's strategy and operations for the Business and Private Banking business unit. This is a critical portfolio and a core strategic priority for the Group. He brings extensive banking experience, including experience from his previous role as CEO of First National Bank Commercial Banking in South Africa.

The Board determined it was appropriate to provide a competitive remuneration package, including a sign-on award to compensate for unvested awards granted by his former employer, forfeited or forgone upon termination of his previous employment. Relocation benefits were also provided to Mike to support his relocation to Australia.

The table below outlines the sign-on award offered to Mike:

Grant date	Grant details	Vesting schedules	Vesting conditions
31 January 2020	Cash award (final value of \$153,435). 21,262 deferred shares (grant date fair value of \$1.803m).	Cash award vested in April 2020. Deferred shares vesting in two tranches in September 2020 and September 2021.	Subject to: <ul style="list-style-type: none"> continued employment Board risk and reputation review malus provisions. <i>Eligible for dividends paid on deferred shares during the deferral period.</i>

➕ More information on the remuneration package and relocation benefits are provided on pages 94 and 95.

Executive exit arrangements

Adam Bennett (Former Group Executive, Business and Private Banking) ceased as KMP on 31 January 2020. His exit arrangements were as follows:

- Payment in lieu of balance of contractual notice period.
- Provision of benefits and payments in accordance with his employment agreement, law and Group Policy including in respect of past service (six months' FR).
- Eligible for pro-rated 2020 financial year STVR award¹. Not eligible for 2020 financial year LTVR award. Unvested deferred STVR and LTVR awards remain on-foot².

1 In line with the Banking Executive Accountability Regime, for any payment determined and paid in ordinary course (subject to performance and Board risk and reputation review), 60% of any award will be paid in cash and remaining 40% deferred as cash vesting at least four years after the decision is made to make the relevant award.

2 No accelerated or automatic vesting upon ceasing employment. The on-foot STVR awards will be assessed in the ordinary course at the end of the vesting period related to each award (as applicable). Final deferred STVR outcomes will be subject to performance, and Board risk and reputation review. While Adam's LTVR awards remained on foot at cessation, the Board exercised its post-cessation discretion to lapse his unvested deferred 2018 and 2019 financial year LTVR awards upon his commencing employment with a competitor of the Group.



Remuneration report (continued)

Remuneration received by current Executives

The remuneration outcomes table below provides a summary of the remuneration that was received by the current Executives in their KMP roles during the financial year ended 30 June 2020. We believe that presenting this information provides shareholders with greater clarity and transparency of Executive remuneration. This table differs from the statutory remuneration table on page 94, which presents remuneration in accordance with accounting standards (i.e. on an accruals basis), and instead is prepared in accordance with the basis of preparation noted below. All remuneration presented in this report is in Australian dollars.

		FR	Cash STVR	Other cash remuneration	Total cash payments	Deferred equity awards ¹	Total remuneration received	Previous years' awards forfeited or lapsed
		a	b	c	d = a + b + c	e	f = d + e	g
CEO								
Matt Comyn	30 Jun 20	2,200,000	1,210,000	–	3,410,000	486,243	3,896,243	(1,307,409)
	30 Jun 19	2,200,000	747,450	–	2,947,450	464,108	3,411,558	(1,270,151)
Current Group Executives and CEO ASB								
Pascal Boillat ²	30 Jun 20	1,500,000	618,954	–	2,118,954	1,149,354	3,268,308	–
	30 Jun 19	1,121,918	353,825	–	1,475,743	1,052,765	2,528,508	–
David Cohen	30 Jun 20	1,200,000	469,243	–	1,669,243	555,783	2,225,026	(1,114,563)
	30 Jun 19	1,200,000	348,218	–	1,548,218	405,514	1,953,732	(1,109,864)
Alan Docherty	30 Jun 20	1,025,000	475,072	–	1,500,072	200,884	1,700,956	–
	30 Jun 19	945,277	291,296	–	1,236,573	233,096	1,469,669	–
Andrew Hinchliff ²	30 Jun 20	1,050,000	388,229	–	1,438,229	437,897	1,876,126	–
	30 Jun 19	915,068	302,888	–	1,217,956	378,283	1,596,239	–
Sian Lewis ²	30 Jun 20	850,000	381,212	–	1,231,212	214,437	1,445,649	–
	30 Jun 19	754,932	260,829	–	1,015,761	223,942	1,239,703	–
Vittoria Shortt ³	30 Jun 20	976,834	385,239	–	1,362,073	589,998	1,952,071	(1,046,457)
	30 Jun 19	965,550	940,777	–	1,906,327	309,688	2,216,015	(345,461)
Angus Sullivan	30 Jun 20	1,100,000	625,826	–	1,725,826	256,709	1,982,535	–
	30 Jun 19	1,050,000	374,500	–	1,424,500	409,280	1,833,780	–
Mike Vacy-Lyle ⁴	30 Jun 20	456,831	209,882	153,435	820,148	–	820,148	–
Nigel Williams ²	30 Jun 20	1,450,000	545,381	–	1,995,381	1,069,362	3,064,743	–
	30 Jun 19	945,479	276,819	–	1,222,298	1,294,553	2,516,851	–

1 **Deferred equity awards:** This reflects the portions of the 2016 financial year LTVR award (performance period ended 30 June 2019), and the 2016 and 2017 financial year deferred STVR awarded under Executive General Manager arrangements that vested in the 2020 financial year. For Pascal Boillat and Nigel Williams, this also represents the portion of their sign-on awards that vested in the 2020 financial year.

2 **Pascal Boillat** was appointed as KMP effective 1 October 2018, **Andrew Hinchliff** was appointed as KMP effective 1 August 2018, **Sian Lewis** was appointed as KMP effective 1 August 2018 and **Nigel Williams** was appointed as KMP effective 5 November 2018. Prior year comparison reflects time in KMP role.

3 **Vittoria Shortt** has an additional payment of \$11,557 of KiwiSaver payable on her cash STVR component.

4 **Mike Vacy-Lyle** was appointed as KMP effective 31 January 2020, therefore no prior year comparison is shown and amounts reflect time in KMP role.

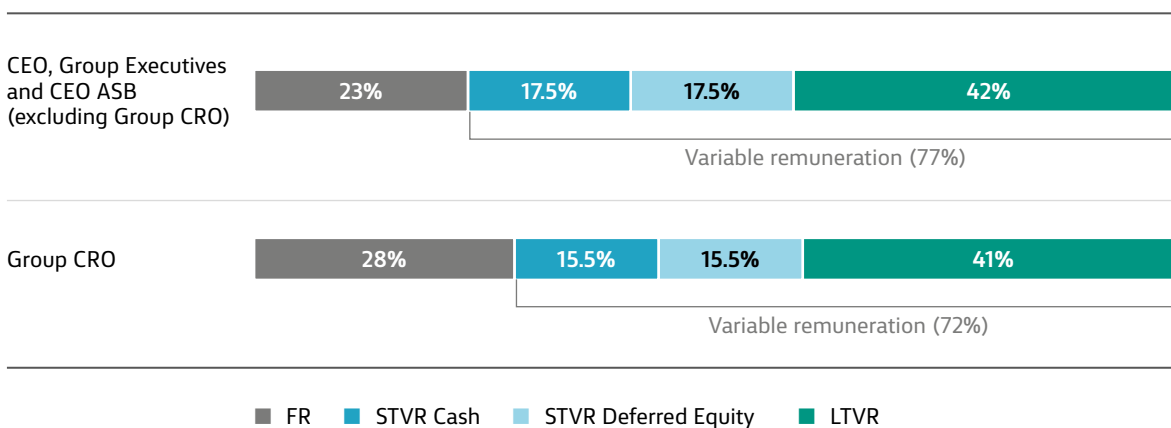
Basis of preparation

Cash payments	<p>a) FR: Base remuneration plus superannuation (for the CEO ASB, contributions are made in line with the KiwiSaver employer contribution requirements) paid for the period as KMP.</p> <p>b) Cash STVR: 50% of the 2020 financial year STVR (relates to performance during the 12 months to 30 June 2020). For 2019: 50% of the 2019 financial year STVR (relates to performance during the 12 months to 30 June 2019).</p> <p>c) Other cash remuneration: Includes cash components of sign-on awards received during the relevant financial year.</p>
Vesting of prior year awards	e) Deferred equity awards: The value of all equity awards (STVR, LTVR or sign-on awards) that vested during the period as KMP plus any dividends accrued during the deferral period. The value shown is based on the volume weighted average closing price (VWACP) of the Group's ordinary shares over the five trading days preceding the vesting date.
Awards forfeited or lapsed	g) Previous years' awards forfeited or lapsed: The value of all unvested deferred equity awards that were forfeited or lapsed during the 2020 financial year as the performance, risk and reputation conditions were not met. The value shown is based on VWACP of the Group's ordinary shares over the five trading days preceding the date of forfeiture or lapse.

Executive remuneration mix

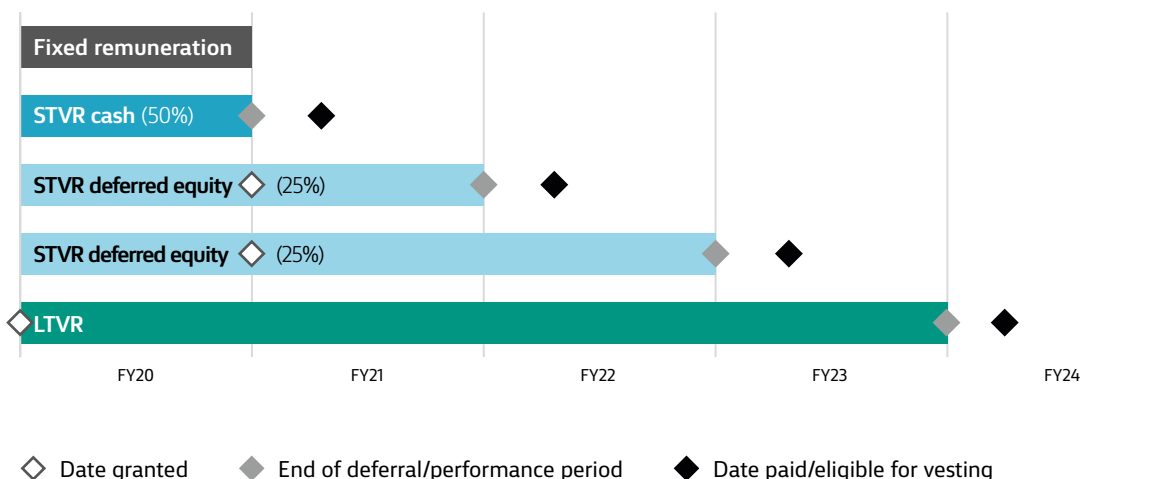
The following diagram illustrates the remuneration mix at maximum potential for the Executives. For the CEO, Group Executives (excluding the Group CRO) and the CEO ASB, approximately three-quarters of maximum remuneration is variable and at risk. The Group CRO's remuneration mix has a greater emphasis on FR than variable remuneration compared to other Group Executives to support the role's independence from the Group's business activities.

Maximum remuneration mix



Remuneration time horizon

The following diagram provides an illustrative indication of how 2020 financial year remuneration will be delivered to the Executives.



Remuneration report (continued)

1. Executive remuneration in detail

Fixed remuneration

Fixed remuneration comprises base remuneration (i.e. cash salary) and superannuation (KiwiSaver for the CEO ASB). Fixed remuneration is delivered in accordance with contractual terms and conditions of employment. Executive fixed remuneration is reviewed annually against relevant comparator group remuneration benchmarks.

Short-term variable remuneration

The table below outlines key features of the 2020 financial year STVR award for the Executives. Refer to page 99 for treatment of STVR on cessation of employment.

Features	Approach																								
Purpose	Varies remuneration outcomes in line with the extent of annual performance achievement, with a balanced focus on customer, people, strategic and shareholder measures, incorporating both risk scorecard and values assessments. Recognises both the “how” and the “what” of performance.																								
Participants	All Executives.																								
Opportunity	<table border="1"> <thead> <tr> <th></th> <th>Target STVR</th> <th>Maximum STVR</th> </tr> </thead> <tbody> <tr> <td>CEO, Group Executives and CEO ASB (excluding Group CRO)</td> <td>100% of FR</td> <td>150% of FR</td> </tr> <tr> <td>Group CRO</td> <td>75% of FR</td> <td>112.5% of FR</td> </tr> </tbody> </table>		Target STVR	Maximum STVR	CEO, Group Executives and CEO ASB (excluding Group CRO)	100% of FR	150% of FR	Group CRO	75% of FR	112.5% of FR															
	Target STVR	Maximum STVR																							
CEO, Group Executives and CEO ASB (excluding Group CRO)	100% of FR	150% of FR																							
Group CRO	75% of FR	112.5% of FR																							
Business performance measures and weightings	<p>Individual STVR outcomes are determined on the basis of Group (or ASB for the CEO ASB) performance and individual performance through a balanced scorecard. The performance measures comprise a mix of financial and non-financial metrics linked to Group and business unit targets. Together they provide a balanced assessment of performance and support the delivery of the Group’s strategy. The weightings vary by role. More information on the CEO’s STVR scorecard can be found on page 92.</p> <table border="1"> <thead> <tr> <th></th> <th>Financial</th> <th>Non-financial (including customer, people and strategy)¹</th> </tr> </thead> <tbody> <tr> <td>CEO, Group Executives and CEO ASB (excluding Group CRO)</td> <td>30%</td> <td>70%</td> </tr> <tr> <td>Group CRO</td> <td>10%</td> <td>90%</td> </tr> </tbody> </table>		Financial	Non-financial (including customer, people and strategy) ¹	CEO, Group Executives and CEO ASB (excluding Group CRO)	30%	70%	Group CRO	10%	90%															
	Financial	Non-financial (including customer, people and strategy) ¹																							
CEO, Group Executives and CEO ASB (excluding Group CRO)	30%	70%																							
Group CRO	10%	90%																							
Risk and values assessment (gate/modifiers)	<p>Performance outcomes determined through assessment of the balanced scorecard are subject to the following assessments (gate/modifiers):</p> <ul style="list-style-type: none"> • Risk and reputation: via the Executive risk scorecard² the Board³ has the discretion to adjust Executive STVR outcomes upwards or downwards, including to zero, where appropriate. • Values: the Board³ has the discretion to adjust Executive STVR outcomes upwards or downwards including to zero, where appropriate. 																								
Calculation of awards	<p>STVR awards for the Executives are calculated as follows:</p> <table border="1"> <thead> <tr> <th>Opportunity</th> <th>Scorecard result</th> <th>Risk and values assessment</th> <th>Adjusted outcome</th> </tr> </thead> <tbody> <tr> <td>FR \$</td> <td>Target STVR opportunity %</td> <td>Business performance result %⁴</td> <td>Risk scorecard result⁵</td> </tr> <tr> <td></td> <td>x</td> <td>x</td> <td>x</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Values result</td> </tr> <tr> <td></td> <td></td> <td></td> <td>=</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Value of adjusted STVR award \$</td> </tr> </tbody> </table>	Opportunity	Scorecard result	Risk and values assessment	Adjusted outcome	FR \$	Target STVR opportunity %	Business performance result % ⁴	Risk scorecard result ⁵		x	x	x				Values result				=				Value of adjusted STVR award \$
Opportunity	Scorecard result	Risk and values assessment	Adjusted outcome																						
FR \$	Target STVR opportunity %	Business performance result % ⁴	Risk scorecard result ⁵																						
	x	x	x																						
			Values result																						
			=																						
			Value of adjusted STVR award \$																						
Deferral	<p>50% of the STVR award is deferred and delivered in deferred shares that vest in equal tranches over one and two years. Deferred shares have rights to dividends declared during the deferral period.</p> <p>All deferred STVR awards are subject to applicable Board³ risk and reputation review prior to vesting. See page 99 for an overview of the treatment of deferred STVR awards on termination.</p>																								

1 Strategic initiatives include 30% weighting required by APRA to be allocated to the delivery of the RAP.

2 Executive risk scorecard assessments include: risk culture and leadership; risk strategy/appetite; incidents and issues; and risk and control environment.

3 ‘Board’ is to be read as ASB Board in respect of discretion for the CEO ASB’s STVR outcomes.

4 The Board retains discretion to adjust scorecard outcomes.

5 Also subject to risk and reputation review.

Long-term variable remuneration

The table below outlines key features of the 2020 financial year LTVR for the Executives. Refer to page 99 for treatment of LTVR on cessation of employment.

Features	Approach												
Purpose	Varies remuneration outcome in line with the extent of longer-term (four-year) performance achievement, with a balanced focus on relative shareholder returns, customer and community trust and reputation, and employee engagement to support creation of sustainable long-term shareholder value.												
Participants	All Executives.												
Opportunity	The maximum face value of LTVR that can be granted for the Executives, excluding the Group CRO is 180% of FR. The maximum face value of LTVR that can be granted for the Group CRO is 150% of FR. The minimum potential outcome value is zero.												
Performance period	Four years from 1 July 2019 to 30 June 2023.												
Business performance measures and weightings	<table border="1"> <thead> <tr> <th></th> <th>TSR (relative)</th> <th>Trust and reputation (relative)¹</th> <th>Employee engagement (absolute)¹</th> </tr> </thead> <tbody> <tr> <td>CEO and Group Executives (excluding the CEO ASB)</td> <td>75%</td> <td>12.5%</td> <td>12.5%</td> </tr> <tr> <td>CEO ASB²</td> <td>50%</td> <td>25%</td> <td>25%</td> </tr> </tbody> </table>		TSR (relative)	Trust and reputation (relative) ¹	Employee engagement (absolute) ¹	CEO and Group Executives (excluding the CEO ASB)	75%	12.5%	12.5%	CEO ASB ²	50%	25%	25%
	TSR (relative)	Trust and reputation (relative) ¹	Employee engagement (absolute) ¹										
CEO and Group Executives (excluding the CEO ASB)	75%	12.5%	12.5%										
CEO ASB ²	50%	25%	25%										
Instrument	Rights – each right entitles the participant to receive one CBA share (or cash equivalent at the Board's discretion), subject to meeting performance measures.												
Maximum face value allocation approach	<p>The number of rights granted are calculated as follows for the Executives:</p> $\text{FR \$ (at time of grant)} \times 180\% \div \text{Share price \$ (no discount applied)} \rightarrow \text{Number of rights}$ <p>The share price used was the volume weighted average price of CBA's ordinary shares over the five trading days up to 1 July 2019.</p>												
Board discretion	<p>The Board has discretion to determine that some or all of the award will lapse in certain circumstances (malus), including where, in the opinion of the Board:</p> <ul style="list-style-type: none"> The vesting of rights is not justified or supportable, having regard to the participant's performance and/or conduct, the performance of the business unit or function (as relevant having regard to the participant's accountability or role), or the overall Group performance. The vesting of rights will impact on the financial soundness of the Group or a member of the Group. The Group is required or entitled to reclaim remuneration or reduce an Executive's remuneration outcome under law, regulation or Group policy. A significant unexpected or unintended consequence or outcome has occurred, including where original expected performance outcomes have not been realised. <p>Prior to vesting, LTVR awards are also subject to Board risk and reputation review, and should any issues be identified the award can be reduced, including to zero.</p>												

Performance measures	Approach
<p>Relative TSR</p> <ul style="list-style-type: none"> TSR measures share price movement, dividends paid and any return of capital over a specific period. Relative TSR compares the ranking of CBA's TSR over the performance period with the TSR of other companies in a peer group. 	<p>Relative TSR peer group</p> <ul style="list-style-type: none"> The peer group is made up of the 20 largest companies on the ASX by market capitalisation at the beginning of the performance period, excluding resources companies and CBA. This cross-industry peer group has been chosen as it represents the typical portfolio of companies in which CBA's shareholders invest, and so provides valid benchmarks for measuring against CBA's TSR. The peer group at the beginning of the performance period for the relative TSR performance hurdle comprised: <ul style="list-style-type: none"> – Amcor Limited – Aristocrat Leisure Limited – ASX Limited – Australia & New Zealand Banking Group Limited – Brambles Limited – Coles Group Limited – CSL Limited – Goodman Group – Insurance Australia Group Limited – Macquarie Group Limited – National Australia Bank Limited – QBE Insurance Group Limited – Scentre Group – Suncorp Group Limited – Sydney Airport – Telstra Corporation Limited – Transurban Group – Wesfarmers Limited – Westpac Banking Corporation – Woolworths Limited

1 Trust and reputation and employee engagement measures are subject to a gateway of positive absolute CBA TSR.

2 For ASB this means ASB Trust and Reputation (relative) and ASB Employee Engagement (absolute).

3 150% for the Group CRO.



Remuneration report (continued)

Performance measures

Approach

Relative TSR (continued)

A reserve bench company will be substituted (in order of market capitalisation as at the beginning of the performance period) into the peer group when a peer group company ceases to be listed on the ASX as a result of an acquisition, merger or other relevant corporate action or delisting. The reserve bench comprised: Ramsay Health Care Limited, Cimic Group Limited, Dexus, AGL Energy Limited and Sonic Healthcare Limited.

Vesting framework

Peer group ranking	Vesting %
At the 75th percentile or higher	100%
Between the median and 75th percentile	Pro-rata vesting from 50% to 100%
At the median	50%
Below the median	0%

Calculation of results

Each company in the peer group will be given a percentile ranking based on the growth in its TSR over the four-year performance period. TSR outcomes are calculated by an independent provider, Orient Capital.

Reason for selection

Provides a direct link between Executive remuneration and shareholder returns, providing alignment with our shareholders.

Relative trust and reputation

- Measured against the independent RepTrak® pulse score survey conducted quarterly by the Reputation Institute.
- The survey comprises four equally-weighted questions to test the trust, respect and admiration a respondent has for a particular company.
- CBA's score over the performance period is compared with the performance over the same period of a peer group.

CEO and Group Executives: relative trust and reputation peer group

- For the CEO and Group Executives (excluding the CEO ASB), the peer group is made up of the 16 largest consumer-facing companies listed on the ASX by market capitalisation at the beginning of the performance period, excluding resources companies, companies that are not familiar to the general public, companies that do not operate nationally, and CBA.
- For the CEO and Group Executives (excluding the CEO ASB), the peer group at the beginning of the performance period for the trust and reputation performance hurdle comprised:

–AGL Limited	–Medibank Private Limited	–Suncorp Group Limited
–Australia & New Zealand Banking Group Limited	–National Australia Bank Limited	–Telstra Corporation Limited
–Coles Group Limited	–Qantas Limited	–Wesfarmers Limited
–Crown Resorts Limited	–QBE Insurance Group Limited	–Westpac Banking Corporation
–Insurance Australia Group Limited	–Stockland Corporation Limited	–Woolworths Limited
–Macquarie Group Limited		

A reserve bench company will be substituted (in order of market capitalisation as at the beginning of the performance period) into the peer group when a peer group company ceases to be listed on the ASX as a result of an acquisition, merger or other relevant corporate action or delisting. The reserve bench comprised: Coca-Cola Amatil Limited, Lendlease Group, AMP Limited, and Bendigo and Adelaide Bank Limited.

CEO ASB: relative trust and reputation peer group

- For the CEO ASB, the peer group is made up of the four largest financial institutions in NZ, excluding ASB (sourced from Deloitte's Top 30 Financial Institutions Index), and the nine largest consumer-facing companies in NZ by revenue on the Deloitte Top 200 Index, and are included on the Reputation Institute Annual Reputation Index.
- For the CEO ASB, the peer group at the beginning of the performance period for the trust and reputation performance hurdle comprised:

–ANZ Bank New Zealand Limited	–Fonterra Co-operative Group Limited	–Spark New Zealand Limited
–Air New Zealand Limited	–Foodstuffs (combined North Island and South Island)	–Westpac New Zealand Limited
–Bank of New Zealand	–Fulton Hogan Limited	–Woolworths New Zealand Limited
–BP Oil New Zealand Limited	–Kiwibank Limited	–Z Energy Limited

A reserve bench company will be substituted (in order of revenue as at the beginning of the performance period) into the peer group when a peer group company ceases to operate as a result of an acquisition, merger or other relevant corporate action or delisting. The reserve bench comprised: The Warehouse Group Limited and Meridian Energy Limited.

- These cross-industry peer groups have also been chosen to ensure that the focus is on delivering trust and reputation outcomes that are among the best in class for all customer-focused industries, not just financial services.

Performance measures

Approach

Relative trust and reputation (continued)**Vesting framework**

Peer group ranking	Vesting %
At the 75th percentile or higher	100%
Between the median and 75th percentile	Pro-rata vesting from 50% to 100%
At the median	50%
Below the median	0%

Calculation of results

Each company in the peer group will be given a percentile ranking based on the change in its pulse score over the four-year performance period. The opening pulse score for each company will be calculated based on the average of the March, June and September 2019 surveys (or September 2018, March and August 2019 surveys conducted in NZ for the CEO ASB), and the closing pulse scores will be calculated based on the average of the surveys anticipated to be around November 2022, March and June 2023.

Reason for selection

The Board recognises the critical importance for the Group and the industry of rebuilding and improving the trust of customers and the broader community. This is a key factor in enhancing long-term financial performance and shareholder value.

Employee engagement (absolute)

- Employees are invited to participate in an externally conducted online survey.
- For the CEO and Group Executives, Employee Engagement Index (EEI) is calculated using particular questions from the survey.
- EEI is based on the proportion of employees responding that they “strongly agree” or “agree” with the four equally weighted questions relating to satisfaction, commitment, advocacy and pride.
- For the CEO ASB, the Peak On methodology provides an employee engagement score which can be compared to the ‘True Benchmark’. The True Benchmark reflects an adjustment for demographic factors that typically play a role in determining scores (e.g. tenure, gender, geography).

Target setting

- For the CEO and Group Executives, the target and stretch levels of performance have been set by the Board having regard to the IBM Kenexa gap closure method and global benchmark scores provided by IBM Kenexa, and CBA’s EEI baseline relevant to the award.
- For the CEO ASB, the target and stretch levels of performance have been set by the ASB Board, having regard to ASB’s baseline relevant to the award and benchmark levels.

Vesting framework

CBA EEI score	ASB EEI Score	Vesting %
78% or higher	8.30 or higher	100%
Between 72% and 78%	Between 8.10 and 8.30	Pro-rata vesting from 50% to 100%
72%	8.10	50%
Below 72%	Below 8.10	0%

Calculation of results

The surveys will be conducted by an independent provider who will facilitate and collate the EEI results. For the CEO and Group Executives (excluding the CEO ASB), the change in CBA’s EEI scores between the March 2019 EEI score of 68% and the March 2023 score will be used to determine the level of vesting. For the CEO ASB, the change in ASB’s EEI scores between the base year (the August 2019 EEI score of 8.10) and the end year (the last score prior to July 2023) will be used to determine the level of vesting.

Reason for selection

The Board considers that an engaged workforce results in greater productivity and a better customer experience, and that builds overall value for the Group. It is important the Group’s employees are its advocates, committed to its purpose, values and strategy.

Subject to positive absolute TSR gateway

An positive absolute TSR gateway is applied to the non-financial performance measures (trust and reputation, employee engagement), such that no vesting on these measures occurs unless TSR is positive over the relevant period.



Remuneration report (continued)

2. Variable remuneration outcomes for the financial year ended 30 June 2020

CEO STVR performance outcomes

Reflective of Group performance, the CEO's 2020 financial year STVR outcome is: **73%** of max

Measure, rationale and commentary	Weight	Scorecard result			% of STVR maximum
		Threshold 50%	Target 100%	Stretch 150%	
Financial					
Strong underlying financial performance, however NPAT outcome materially impacted by significant provisions for expected future loan impairments. PACC outcome impact less material given long-tail nature of potential impact:	15%	8,122	8,520	8,919	0%
<ul style="list-style-type: none"> Group cash NPAT – below threshold (Actual: \$7,449 million). Group underlying PACC – above threshold (Actual: \$3,913 million). 	15%	3,730	4,214	4,699	7%
Customer					
NPS outcomes for consumer, business and IB&M customers, with reference to complaints remediation:	10%				6%
<ul style="list-style-type: none"> Consumer, business & IB&M NPS ranked #2 or higher for majority of the 2020 financial year. Progress addressing systemic challenges and underlying causes. 					
People					
Group People measure results (focus on culture, wellbeing, talent and capability):	10%				9%
<ul style="list-style-type: none"> Significant increase in employee engagement indicating strong pride, satisfaction and connection with the Bank. Ongoing renewal of executive and senior leadership teams, with targeted growth in critical capability, and delivery of cultural change. 					
Strategy					
Progress on and quality of implementation of the APRA RAP:	30%				22%
<ul style="list-style-type: none"> All APRA RAP milestones delivered on plan to the Independent Reviewer, with the Second Foundational Review approved. 					
Significant progress on the delivery of Group strategic priorities:	20%				19%
<ul style="list-style-type: none"> Continued focus on innovation with the launch of Vonto, Home-In and CommSec Pocket, and innovation capability (x15 ventures, Klarna). Strengthened leadership position in digital (online, Banking app). Significant progress on targeted divestments and simplification of portfolio. 					
Overall CEO STVR outcome					63%

Values assessment		
<ul style="list-style-type: none"> Role modelled the Group's 'Should We' test through the bushfire, drought and coronavirus pandemic responses, displaying national and Bank leadership. Demonstrated personal care and support for customers and communities, including through Compassionate Care and Financial Abuse support initiatives. 	Exceptionally Demonstrated	No adjustment
Risk and reputation assessment		
<ul style="list-style-type: none"> Clear tone from the top on risk compliance and the control environment, with notable progress in Financial Crime, data management and the RAP. 	Fully Met	No adjustment
Board discretion		
<ul style="list-style-type: none"> Industry leadership and contribution at a national policy level to the challenges faced by our customers, communities and the economy particularly over the second half of the 2020 financial year and the practical and ongoing steps taken to assist our customers, people and their communities. 		10%
Overall adjusted CEO STVR outcome		73%

Executive STVR performance outcomes

The following table provides the 2020 financial year STVR outcomes for Executives for the period they were KMP. The minimum potential outcome is zero.

	STVR maximum \$	STVR actual			STVR actual as a % of STVR maximum ² %
		Total \$	Cash ¹ \$	Deferred \$	
CEO					
Matt Comyn	3,300,000	2,420,000	1,210,000	1,210,000	73%
Current Group Executives and CEO ASB					
Pascal Boillat	2,250,000	1,237,908	618,954	618,954	55%
David Cohen	1,800,000	938,486	469,243	469,243	52%
Alan Docherty	1,537,500	950,144	475,072	475,072	62%
Andrew Hinchliff	1,575,000	776,458	388,229	388,229	49%
Sian Lewis	1,275,000	762,424	381,212	381,212	60%
Vittoria Shortt	1,465,252	770,478	385,239	385,239	53%
Angus Sullivan	1,650,000	1,251,652	625,826	625,826	76%
Mike Vacy-Lyle ³	685,246	419,764	209,882	209,882	61%
Nigel Williams	1,631,250	1,090,762	545,381	545,381	67%
Former Group Executive					
Adam Bennett ⁴	924,835	492,558	295,535	197,023	53%

1 Cash amounts will be paid in or around September 2020.

2 The percentage of 2020 financial year STVR forfeited (as a percentage of STVR maximum): Matt Comyn 27%, Pascal Boillat 45%, David Cohen 48%, Alan Docherty 38%, Andrew Hinchliff 51%, Sian Lewis 40%, Vittoria Shortt 47%, Angus Sullivan 24%, Mike Vacy-Lyle 39%, Nigel Williams 33%, Adam Bennett 47%.

3 Mike Vacy-Lyle's remuneration reflects his time in the role (31 January 2020 to 30 June 2020).

4 Adam Bennett's remuneration reflects his time in the role (1 July 2019 to 31 January 2020).

LTVR performance outcomes

The 2017 financial year LTVR award reached the end of its four-year performance period on 30 June 2020 and vested at 84.04%, with 15.96% of the LTVR award lapsing.

Performance measure	Percentage of award	Performance outcome	Vesting outcome
Relative TSR	76.25%	65th percentile ranking relative to TSR peer group	80%
Relative customer satisfaction ¹	23.75%	Average result by business over performance period: – retail main financial institution (MFI) customer satisfaction = 1.02 – wealth management customer satisfaction = 1.13 – business MFI customer satisfaction = 1.00 Total weighted average ranking = 1.06	97%

1 Vesting outcome for relative customer satisfaction is calculated based on the weighted average ranking across the three independent surveys (weighted by the business area's contribution to NPAT at the beginning of the performance period). Relative customer satisfaction vests at 50% if the weighted average ranking is 2nd and 100% if the weighted average ranking is 1st.



Remuneration report (continued)

3. Executive statutory remuneration

Executive statutory remuneration accounting expense

The following statutory table details the statutory accounting expense of all remuneration-related items for the Group's Executives. This includes remuneration costs in relation to both the 2019 and 2020 financial years. The tables are different from the remuneration outcomes table on page 86, which shows the remuneration received in the 2020 financial year rather than the accrual accounting amounts determined in accordance with the Australian Accounting Standards. The tables have been developed and audited against the relevant Australian Accounting Standards. Refer to the footnotes below each table for more detail on each remuneration component.

	Fixed remuneration ¹		Other short-term benefits		Long-term benefits		Share-based payments			Termination benefits	Total statutory remuneration ¹⁰
	Base remuneration ²	Superannuation	Non-monetary ³	Cash STVR (at risk) ⁴	Other ⁵	Long-term ⁶	Deferred STVR (at risk) ⁷	Deferred equity (at risk) ⁸	LTVR equity (at risk) ⁹		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CEO											
Matt Comyn											
30 Jun 20	2,178,997	21,003	17,399	1,210,000	14,813	105,112	–	467,155	1,667,697	–	5,682,176
30 Jun 19	2,179,469	20,531	16,928	747,450	150,925	98,034	–	–	1,204,552	–	4,417,889
Current Group Executives and CEO ASB											
Pascal Boillat											
30 Jun 20	1,478,997	21,003	15,602	618,954	431,541	12,734	–	1,843,450	585,408	–	5,007,689
30 Jun 19	1,106,561	15,356	11,368	353,825	325,325	6,612	–	2,357,718	183,916	–	4,360,681
David Cohen											
30 Jun 20	1,178,997	21,003	17,399	469,243	(8,972)	29,463	–	304,767	1,387,959	–	3,399,859
30 Jun 19	1,177,914	22,086	16,928	348,218	26,483	38,147	–	163,350	1,133,049	–	2,926,175
Alan Docherty											
30 Jun 20	1,003,997	21,003	17,399	475,072	32,977	24,098	–	268,262	400,041	–	2,242,849
30 Jun 19	924,746	20,531	16,928	291,296	11,732	237,972	–	167,426	125,676	–	1,796,307
Andrew Hinchliff											
30 Jun 20	1,028,997	21,003	17,399	388,229	28,399	26,824	–	398,714	396,763	–	2,306,328
30 Jun 19	896,281	18,788	15,520	302,888	66,426	33,247	–	331,132	122,606	–	1,786,888
Sian Lewis											
30 Jun 20	828,997	21,003	17,399	381,212	11,318	24,296	–	256,331	325,226	–	1,865,782
30 Jun 19	736,144	18,788	15,520	260,829	11,886	35,812	–	151,824	101,156	–	1,331,959
Vittoria Shortt¹¹											
30 Jun 20	948,383	46,872	10,293	385,239	19,784	29,377	–	300,212	90,862	–	1,831,022
30 Jun 19	937,427	56,346	9,926	940,777	24,021	28,772	–	310,192	529	–	2,307,991
Angus Sullivan											
30 Jun 20	1,078,997	21,003	15,602	625,826	(6,877)	48,782	–	319,238	416,286	–	2,518,857
30 Jun 19	1,029,469	20,531	15,165	374,500	48,189	97,018	–	183,493	128,740	–	1,897,104
Mike Vacy-Lyle¹²											
30 Jun 20	448,108	8,722	7,323	209,882	344,897	2,202	–	817,166	116,192	–	1,954,492
Nigel Williams											
30 Jun 20	1,428,997	21,003	17,399	545,381	29,467	12,035	–	832,735	471,561	–	3,358,578
30 Jun 19	932,092	13,388	11,162	276,819	182,242	5,604	–	2,117,055	148,148	–	3,686,510
Former Group Executive											
Adam Bennett^{12,13}											
30 Jun 20	601,871	14,686	10,083	295,535	6,774	(6,179)	197,023	164,794	1,407,913	767,733	3,460,232
30 Jun 19	1,024,580	25,000	16,928	244,684	7,992	34,629	–	141,240	1,018,078	–	2,513,131

- 1 FR comprises base remuneration and superannuation (post-employment benefit). Superannuation contributions for Vittoria Shortt are made in line with the KiwiSaver employer contribution requirements (this includes the additional payment of \$18,421 payable on her cash STVR component and deferred awards).
- 2 Total cost of salary including cash salary, short-term compensated absences and any salary sacrificed benefits.
- 3 Cost of car parking (including associated fringe benefits tax). This includes an adjustment to 2019 car parking benefits for Pascal Boillat and Angus Sullivan.
- 4 KiwiSaver is payable on the CEO ASB's cash STVR.
- 5 Includes company-funded benefits (including associated fringe benefits tax where applicable) and the net change in accrued annual leave. 2019 financial year accrued annual leave figures have been restated due to change in reporting methodology. For Pascal Boillat, this also includes costs in relation to a housing allowance. For Mike Vacy-Lyle, this also includes costs in relation to his relocation to Sydney and the cash component of his sign-on award which vested during the 2020 financial year.
- 6 Long service leave entitlements accrued during the year as well as the impact of changes to long service leave valuation assumptions, which are determined in line with Australian Accounting Standards. This includes an adjustment to 2019 long service leave accrual for Vittoria Shortt.
- 7 The deferred portion of the 2020 financial year STVR outcome for Adam Bennett will be deferred into cash vesting four years after the decision is made to make the relevant award.
- 8 2020 financial year expense for deferred STVR awarded under Group Executive and Executive General Manager arrangements as well as sign-on awards received as deferred rights and/or shares in prior years. These equity awards are subject to forfeiture if the Executive is dismissed or ceases to be employed by the Group as a result of resignation prior to the vesting date. Deferred 2020 financial year STVR will be expensed over the vesting period commencing 1 July 2020.
- 9 2020 financial year expense for the 2017, 2018, 2019 and 2020 financial year LTVR awards.
- 10 The percentage of 2020 financial year remuneration related to performance was: Matt Comyn 59%, Pascal Boillat 61%, David Cohen 64%, Alan Docherty 51%, Andrew Hinchliff 51%, Sian Lewis 52%, Vittoria Shortt 42%, Angus Sullivan 54%, Mike Vacy-Lyle 58%, Nigel Williams 55%, Adam Bennett 60%.
- 11 For Vittoria Shortt, remuneration was paid in New Zealand dollars. The value shown was impacted by movements in exchange rates.
- 12 For Mike Vacy-Lyle and Adam Bennett, remuneration reflects the time in their KMP roles.
- 13 The LTVR rights value for Adam Bennett reflects the disclosable accruals for all previously granted LTVR awards that remain unvested following cessation of employment up to the end of each performance period. This means that up to three years of each unvested LTVR award expense has been brought forward and disclosed in total for the 2020 financial year, including those amounts which would otherwise have been included in future year disclosures and that may not vest. While Adam's awards remained on foot at cessation and the amortised value brought forward, the Board exercised its post-cessation discretion to lapse his unvested deferred 2018 and 2019 financial year LTVR awards upon his commencing employment with a competitor of the Group.

Fair value assumptions for awards granted in the 2020 financial year

In the 2020 financial year, a face value allocation approach was used to determine the number of rights granted under the LTVR (refer to page 96). The table below is provided in accordance with statutory requirements. The fair value has been calculated using a Monte Carlo simulation method. The exercise price is nil across all LTVR and STVR awards.

The fair value of rights under the trust and reputation and employee engagement performance measures is higher than for the relative TSR performance measure. This reflects that the likelihood of achieving a positive TSR over the performance period (i.e. the gate opener that applies to the trust and reputation and employee engagement tranches) is greater than the likelihood of achieving a relative TSR ranking higher than the median across the peer group.

Equity plan	Performance measure	Grant date	Fair value \$	Weighting	Performance period end/final vesting date
FY19 STVR deferred shares	Service	1 Sep 19	77.87	100%	1 Sep 21
FY20 LTVR rights	Relative TSR	18 Nov 19	31.79	75%	30 Jun 23
	Relative trust and reputation (positive TSR gateway)	18 Nov 19	56.60	12.5%	30 Jun 23
	Employee engagement (positive TSR gateway)	18 Nov 19	56.60	12.5%	30 Jun 23
FY20 LTVR rights (for Mike Vacy-Lyle and Vittoria Shortt) ¹	Relative TSR	18 Feb 20	43.96	75%	30 Jun 23
	Relative trust and reputation (positive TSR gateway)	18 Feb 20	61.58	12.5%	30 Jun 23
	Employee engagement (positive TSR gateway)	18 Feb 20	61.58	12.5%	30 Jun 23
Sign-on award (deferred shares) – Mike Vacy-Lyle	Service	31 Jan 20	84.78	100%	30 Sep 21

1 For Vittoria Shortt, the performance measures for the 2020 financial year LTVR rights have the following weightings: 50% relative TSR, 25% ASB trust and reputation and 25% ASB employee engagement. ASB trust and reputation and ASB employee engagement measures are both subject to the positive TSR gateway.



Remuneration report (continued)

Equity awards received as remuneration

The table below details the value and number of all equity awards that were granted, vested, forfeited or lapsed to Executives during their time in a KMP role in the 2020 financial year. It also shows the number of previous years' awards that vested during the 2020 financial year – some of which relate to past non-KMP roles.

Class ¹	Granted during 2020 financial year ²		Awards vested during 2020 financial year ³		Forfeited or lapsed during 2020 financial year ⁴		
	Units	\$	Units	\$	Units	\$	
CEO							
Matt Comyn	LTVR rights	47,957	1,821,975	5,236	486,243	16,298	1,307,409
	Deferred STVR shares	9,599	747,474	–	–	–	–
Current Group Executives and CEO ASB							
Pascal Boillat	LTVR rights	32,698	1,242,266	–	–	–	–
	Deferred STVR shares	4,544	353,841	–	–	–	–
	Sign-on equity	–	–	14,052	1,149,354	–	–
David Cohen	LTVR rights	26,157	993,739	4,463	414,458	13,894	1,114,563
	Deferred STVR shares	4,472	348,235	1,815	141,325	–	–
Alan Docherty	LTVR rights	22,344	848,904	–	–	–	–
	Deferred STVR shares	3,741	291,312	915	71,247	–	–
	Deferred STVR rights	–	–	1,459	129,637	–	–
Andrew Hinchliff	LTVR rights	22,889	869,604	–	–	–	–
	Deferred STVR shares	4,368	340,136	2,006	156,197	–	–
	Deferred STVR rights	–	–	3,167	281,700	–	–
Sian Lewis	LTVR rights	18,529	703,957	–	–	–	–
	Deferred STVR shares	3,589	279,475	833	64,862	–	–
	Deferred STVR rights	–	–	1,681	149,575	–	–
Vittoria Shortt	LTVR rights	21,048	1,110,703	4,190	389,106	13,045	1,046,457
	Deferred STVR shares	8,055	627,243	–	–	–	–
	Deferred STVR rights	–	–	2,580	200,892	–	–
Angus Sullivan	LTVR rights	23,978	910,972	–	–	–	–
	Deferred STVR shares	4,810	374,555	800	62,292	–	–
	Deferred STVR rights	–	–	2,184	194,417	–	–
Mike Vacy-Lyle	LTVR rights	23,978	1,159,687	–	–	–	–
	Sign-on equity	21,262	1,802,592	–	–	–	–
Nigel Williams	LTVR rights	26,339	1,000,666	–	–	–	–
	Deferred STVR shares	3,555	276,828	–	–	–	–
	Sign-on equity	–	–	13,365	1,069,362	–	–
Former Group Executive							
Adam Bennett	LTVR rights	–	–	4,860	451,325	15,128	1,213,553
	Deferred STVR shares	2,514	195,765	1,569	122,170	–	–

1 Deferred STVR shares/rights represents STVR previously awarded under the Group Executive or Executive General Manager arrangements in prior years. Mike Vacy-Lyle was awarded sign-on equity in the 2020 financial year in the form of deferred shares. Approval was given for the granting of the CEO's 2020 financial year LTVR award at the 2019 Annual General Meeting.

2 Represents the maximum number of equity awards that may vest to each Executive in respect of their time as KMP. The values represent the fair value at grant date. The minimum potential outcome for the equity awards is zero.

3 Awards that vested include the 2016 financial year LTVR award (granted 17 November 2015), deferred STVR awards (vested in full) (tranches granted 1 September 2016, 1 September 2017 and 1 September 2018) and sign-on shares/rights (granted 1 October 2018 and 5 November 2018) that vested during time in KMP role. The value of the awards vested is calculated using VWACP for the five trading days preceding the vesting date, and includes the value of dividends accrued over the vesting period on rights. Executives receive one ordinary share in respect of each right that vests during the financial year.

4 This includes the portion of the 2016 financial year LTVR award (75.69%) that did not meet the performance hurdle and lapsed. The value of the lapsed award is calculated using the VWACP for the five trading days preceding the lapse date.



Overview of unvested equity awards

Equity plan	Grant date	Performance period/ vesting schedule		Performance measures/vesting conditions
		Start date	End date	
FY18 Executive STVR	1 Sep 18	1 Jul 17	30 Jun 18	Equal tranches vesting after one and two years, subject to: <ul style="list-style-type: none"> • continued employment • Board risk and reputation review • malus provisions.
FY19 Executive STVR	1 Sep 19	1 Jul 18	30 Jun 19	
FY17 Executive General Manager STVR	1 Sep 17	1 Jul 16	30 Jun 17	Equal tranches vesting after one, two and three years, subject to: <ul style="list-style-type: none"> • continued employment • Board risk and reputation review • malus provisions.
FY18 Executive General Manager STVR	1 Sep 18	1 Jul 17	30 Jun 18	
FY18 LTVR	17 Nov 17	1 Jul 17	30 Jun 21	Three tranches vesting after four years (following a Board risk and reputation review) being: <ul style="list-style-type: none"> • 75% TSR ranking relative to peer group • 12.5% trust and reputation (relative to peer group) • 12.5% employee engagement. The non-financial measures are subject to a positive TSR vesting gateway.
FY19 LTVR	12 Nov 18	1 Jul 18	30 Jun 22	
FY20 LTVR	18 Nov 19 and 18 Feb 20	1 Jul 19	30 Jun 23	
FY20 LTVR (CEO ASB)	18 Feb 20	1 Jul 19	30 Jun 23	Three tranches vesting after four years (following a Board risk and reputation review) being: <ul style="list-style-type: none"> • 50% TSR ranking relative to peer group • 25% ASB trust and reputation (relative to peer group) • 25% ASB employee engagement. The non-financial measures are subject to a positive TSR vesting gateway.
Pascal Boillat sign-on equity	1 Oct 18	n/a	1 Mar 23	No performance measures. Subject to: <ul style="list-style-type: none"> • continued employment • Board risk and reputation review • malus provisions.
Mike Vacy-Lyle sign-on equity	31 Jan 20	30 Sep 20	30 Sep 21	
Nigel Williams sign-on equity	5 Nov 18	n/a	22 Nov 21	

Remuneration report (continued)

Shares and other securities held by Executives

Details of the shareholdings and other securities held by Executives (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power) are set out below relating to time in KMP role.

	Class ¹	Balance 1 Jul 2019	Acquired/ granted as remuneration	Awards vested during the 2020 financial year ²	Net change other ³	Balance 30 Jun 2020
CEO						
Matt Comyn	Ordinary	55,397	–	5,236	–	60,633
	LTVR rights	120,948	47,957	(5,236)	(16,298)	147,371
	Deferred STVR shares	–	9,599	–	–	9,599
Current Group Executives and CEO ASB						
Pascal Boillat	Ordinary	–	–	14,052	(9,052)	5,000
	LTVR rights	37,066	32,698	–	–	69,764
	Deferred STVR shares	–	4,544	–	–	4,544
	Sign-on equity	67,781	–	(14,052)	–	53,729
David Cohen ⁴	Ordinary	37,733	–	6,278	–	44,011
	LTVR rights	99,214	26,157	(4,463)	(13,894)	107,014
	Deferred STVR shares	3,630	4,472	(1,815)	–	6,287
Alan Docherty	Ordinary	5,142	–	2,374	312	7,828
	LTVR rights	25,329	22,344	–	–	47,673
	Deferred STVR shares	2,745	3,741	(915)	–	5,571
	Deferred STVR rights	2,259	–	(1,459)	–	800
Andrew Hinchliff	Ordinary	4,831	–	5,173	–	10,004
	LTVR rights	24,709	22,889	–	–	47,598
	Deferred STVR shares	6,019	4,368	(2,006)	–	8,381
	Deferred STVR rights	4,807	–	(3,167)	–	1,640
Sian Lewis ⁵	Ordinary	3,596	–	2,514	–	6,110
	LTVR rights	20,386	18,529	–	–	38,915
	Deferred STVR shares	2,500	3,589	(833)	–	5,256
	Deferred STVR rights	2,534	–	(1,681)	–	853
Vittoria Shortt	Ordinary	15,026	–	4,190	–	19,216
	LTVR rights	54,013	21,048	(4,190)	(13,045)	57,826
	Deferred STVR shares	–	8,055	–	–	8,055
	Deferred STVR rights	7,064	–	(2,580)	–	4,484
Angus Sullivan	Ordinary	9,469	–	2,984	–	12,453
	LTVR rights	25,946	23,978	–	–	49,924
	Deferred STVR shares	2,402	4,810	(800)	–	6,412
	Deferred STVR rights	3,266	–	(2,184)	–	1,082
Mike Vacy-Lyle	Ordinary	n/a	–	–	–	–
	LTVR rights	n/a	23,978	–	–	23,978
	Sign-on equity	n/a	21,262	–	–	21,262
Nigel Williams	Ordinary	18,538	–	13,365	–	31,903
	LTVR rights	29,858	26,339	–	–	56,197
	Deferred STVR shares	–	3,555	–	–	3,555
	Sign-on equity	24,574	–	(13,365)	–	11,209

	Class ¹	Balance 1 Jul 2019	Acquired/ granted as remuneration	Awards vested during the 2020 financial year ²	Net change other ³	Balance 30 Jun 2020
Former Group Executive						
Adam Bennett	Ordinary	24,271	–	6,429	(7,000)	n/a
	LTVR rights	89,664	–	(4,860)	(15,128)	n/a
	Deferred STVR shares	3,139	2,514	(1,569)	–	n/a

- Ordinary shares include all CBA shares held by the Executive's closely related parties. LTVR rights are subject to performance hurdles. Deferred rights/shares represent the deferred STVR awarded under Group Executive and Executive General Manager arrangements in prior years. Both LTVR rights and deferred rights/shares are unvested as at 30 June 2020. The maximum potential outcome for LTVR rights and deferred rights/shares is subject to CBA share price at time of vesting.
- LTVR rights and deferred rights/shares become ordinary shares or cash equivalent upon vesting. Executives receive one ordinary share in respect of each right that vests during the financial year.
- Net change other incorporates changes resulting from purchases, sales, forfeitures during the year and shares or rights held by an Executive prior to their appointment as KMP.
- Opening balance has been restated from 55,881 to 37,733 to include a correction to CBA ordinary shares.
- Opening balance has been restated from 2,936 to 3,596 to include a correction to CBA ordinary shares.

Executive employment arrangements

The table below provides the employment arrangements for Executives.

Contract term	CEO	Group Executives	CEO ASB
Contract type ¹	Permanent	Permanent	Permanent
Notice period	12 months	Six months	Six months
Severance	n/a	n/a ²	12 months ²
STVR treatment on termination	<p>In general, unless otherwise determined by the Board (or ASB Board in respect of the CEO ASB):</p> <ul style="list-style-type: none"> Executives who resign or are dismissed are not eligible to receive an STVR award and will forfeit any unvested deferred STVR awards. Where an Executive's exit is related to any other reason (e.g. retrenchment, retirement or death), the Executive remains eligible (unless the Board determines otherwise) to be considered for an STVR award with regard to actual performance against performance measures (as determined by the Board in the ordinary course following the end of the performance period). Where an Executive's exit is related to any other reason (e.g. retrenchment, retirement or death), unvested deferred STVR awards will remain on-foot subject to the original terms and conditions and will vest in the ordinary course, as though the Executive had not ceased employment. 		
LTVR treatment on termination	<p>In general, unless otherwise determined by the Board:</p> <ul style="list-style-type: none"> Executives who resign or are dismissed before the end of the performance period will forfeit all unvested LTVR awards. Where an Executive's exit is related to any other reason (e.g. retrenchment, retirement or death), any unvested LTVR awards continue on-foot with performance measured at the end of the performance period related to each award. 		

- Permanent contracts continue until notice is given by either party.
- Contractual severance pay is no longer offered in Group Executive employment arrangements. Group Executives remain entitled to statutory redundancy pay if retrenched. For Group Executives on grandfathered arrangements, they are eligible for severance payments of six months' base remuneration if their employment is terminated by the Group, other than for misconduct or unsatisfactory performance. For the CEO ASB, contractual severance allows for minimum 12 months' base salary (inclusive of notice) or a maximum of 64 weeks in accordance with ASB Policy.



Remuneration report (continued)

4. Non-Executive Director arrangements

Non-Executive Director fees

Non-Executive Directors receive fees to recognise their contribution to the work of the Board and the associated Committees on which they serve. Non-Executive Directors do not receive any performance-related remuneration. The total amount of Non-Executive Directors' fees is capped at a maximum fee pool that is approved by shareholders. The current fee pool is \$4.75 million, which was approved by shareholders at CBA's 2015 Annual General Meeting on 17 November 2015.

The following table outlines the Non-Executive Directors' fees for the Board and the Committees as at 30 June 2020. There has been no change to Board fees during the 2020 financial year. Fees are inclusive of base fees and statutory superannuation. The Chairman does not receive separate Committee fees.

Board/Committee	Chairman \$	Member \$
Board	870,000	242,000
Audit Committee	65,000	32,500
Risk & Compliance Committee	65,000	32,500
People & Remuneration Committee	60,000	30,000
Nominations Committee	11,600	11,600
United Kingdom Remuneration Assurance Committee (UK RAC) ¹	30,000	18,000

¹ David Higgins served as Chair of the UK RAC during the 2020 financial year. Board members who also serve as members of the UK RAC receive fees in relation to that service, and these fees are set appropriately below fees for UK RAC independent members given a small portion of UK RAC matters overlap with People & Remuneration Committee matters.

Non-Executive Director statutory remuneration

The statutory table below details individual statutory remuneration for the Non-Executive Directors for both the 2019 and 2020 financial years.

	Short-term benefits	Post-employment benefits	Share-based payments	Total statutory remuneration
	Cash ¹ \$	Superannuation ² \$	Non-Executive Directors' Share Plan ³ \$	\$
Chairman				
Catherine Livingstone AO				
30 Jun 20	870,108	21,003	–	891,111
30 Jun 19	864,013	20,531	–	884,544
Current Non-Executive Directors				
Shirish Apte				
30 Jun 20	314,694	21,003	–	335,697
30 Jun 19	349,010	20,531	–	369,541
Genevieve Bell AO⁴				
30 Jun 20	196,617	20,724	33,550	250,891
30 Jun 19	95,031	9,905	14,320	119,256
Paul O'Malley⁴				
30 Jun 20	292,542	21,003	–	313,545
30 Jun 19	112,266	10,099	–	122,365
Mary Padbury				
30 Jun 20	252,575	21,003	11,233	284,811
30 Jun 19	236,674	20,531	25,618	282,823
Wendy Stops				
30 Jun 20	284,797	21,003	–	305,800
30 Jun 19	287,028	20,531	–	307,559
Anne Templeman-Jones				
30 Jun 20	306,732	21,003	13,213	340,948
30 Jun 19	271,568	20,531	30,136	322,235
Rob Whitfield AM				
30 Jun 20	266,263	21,003	43,014	330,280
30 Jun 19	231,314	20,531	33,471	285,316

	Short-term benefits	Post-employment benefits	Share-based payments	Total statutory remuneration \$
	Cash ¹ \$	Superannuation ² \$	Non-Executive Directors' Share Plan ³ \$	
Former Non-Executive Director				
David Higgins⁵				
30 Jun 20	183,066	10,724	–	193,790
30 Jun 19	313,052	20,531	–	333,584

1 Cash includes Board and Committee fees received as cash, as well as the provision of additional benefits (including associated fringe benefits tax).

2 Superannuation contributions are capped at the superannuation maximum contributions base as prescribed under the Superannuation Guarantee legislation.

3 The values shown in the tables represent the post-tax portion of fees received as shares under the NEDSP. Shares granted under the NEDSP are granted on current share price as at grant date and paid for out of pre-tax fee sacrifice (to a maximum of \$5,000 p.a.) or after-tax fees, and were not provided as compensation.

4 Genevieve Bell AO and Paul O'Malley were appointed as Non-Executive Directors effective 1 January 2019 and their remuneration reflects time in the role.

5 David Higgins retired from his Non-Executive Director role effective 31 December 2019 and his remuneration reflects time in the role. He was appointed as the Chairman of the United Kingdom Remuneration Assurance Committee from 1 July 2019. His remuneration includes the fees paid for this role during the period he was KMP.

Non-Executive Director MSR

The MSR for Non-Executive Directors was reviewed during the 2019 financial year. From 1 July 2019, Non-Executive Directors are required to hold CBA shares equivalent to 100% of Board Chairman fees for the Chairman and 100% of Board member fees for Non-Executive Directors. This is to be accumulated over five years commencing the later of 1 July 2019 or date of appointment, valued with reference to the prevailing CBA share price at the date of appointment. For existing Non-Executive Directors, the number of shares required is calculated based on the prevailing CBA share price as at 1 July 2019 rather than the appointment date. This will also be the starting date for compliance with the revised MSR within five years. Progress against the MSR for each individual is shown on page 84.

Shares and other securities held by Non-Executive Directors

Details of the shareholdings and other securities as well as interests in registered schemes made available by CBA, or a related body corporate of CBA held by Non-Executive Directors (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power) are set out below relating to time in KMP role. All shares were acquired by Non-Executive Directors on normal terms and conditions or through the Non-Executive Directors' Share Plan (NEDSP). Other securities acquired by Non-Executive Directors were on normal terms and conditions.

	Class	Balance 1 Jul 2019	Acquired ¹	Net change other ²	Balance 30 June 2020
Chairman					
Catherine Livingstone AO	Ordinary	7,337	3,598	–	10,935
Current Non-Executive Directors					
Shirish Apte	Ordinary	7,500	–	–	7,500
Genevieve Bell AO	Ordinary	141	500	–	641
	PERLS ⁵	1,020	–	–	1,020
Paul O'Malley	Ordinary	5,330	–	–	5,330
Mary Padbury ³	Ordinary	1,279	248	–	1,527
	PERLS ⁵	1,600	–	–	1,600
Wendy Stops	Ordinary	16,000	–	–	16,000
Anne Templeman-Jones	Ordinary	1,038	512	–	1,550
Rob Whitfield AM	Ordinary	858	613	–	1,471
Former Non-Executive Director					
David Higgins ⁴	Ordinary	10,878	–	–	n/a
	PERLS ⁵	150	–	–	n/a

1 Incorporates shares and other securities acquired during the year. In the 2020 financial year, under the NEDSP, Genevieve Bell AO acquired 500 shares, Mary Padbury acquired 248 shares, Anne Templeman-Jones acquired 272 shares and Rob Whitfield AM acquired 613 shares.

2 Net change other incorporates changes resulting from sales of securities.

3 Mary Padbury also holds an interest in 158,162.747 units in the Commonwealth Specialist Fund 15, a registered scheme made available by a related body corporate of the Bank, as at 12 August 2020. Varying interests in this Fund have been held by Mary Padbury since 2015. CBA identified that it omitted to disclose these interests in its Annual Reports from 2016 in error.

4 David Higgins retired from the Group effective 31 December 2019 and therefore his shareholding balance as at 30 June 2020 is not included.

5 Includes cumulative holdings of PERLS securities issued by the Group.



Remuneration report (continued)

5. Loans and other transactions

Loans to KMP

All loans to KMP (including close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of those family members or entities held significant voting power) have been made in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees, including the term of the loan, security required and the interest rate (which may be fixed or variable). No loans were written down during the period.

Total loans to KMP

	\$
Opening balance (1 Jul 19)	12,402,631
Closing balance (30 Jun 20) ¹	7,942,387
Interest charged (during 2020 financial year)	308,403

¹ The aggregate loan amount at the end of the reporting period includes loans issued to 11 KMP and their closely related parties.

Loans to KMP exceeding \$100,000 in aggregate during the 2020 financial year

	Balance 1 Jul 2019 ¹ \$	Interest charged \$	Interest not charged \$	Write-off \$	Balance 30 Jun 2020 \$	Highest balance in period ² \$
Adam Bennett	1,014,436	7,772	–	–	n/a	1,022,961
Alan Docherty	1,447,903	45,453	–	–	1,298,389	1,452,190
Sian Lewis	776,528	29,781	–	–	777,066	817,095
Vittoria Shortt	3,300,739	41,007	–	–	138,774	5,600,432
Angus Sullivan	5,654,483	178,606	–	–	5,601,320	5,814,816
Total	12,194,090	302,618	–	–	7,815,549	14,707,493

¹ Opening balances at 1 July 2019 have been restated due to a change in reporting methodology.

² Represents the sum of highest balances outstanding at any point during the 2020 financial year for each individual loan held by the KMP and their closely related parties.

Other transactions of KMP

Financial instrument transactions

Financial instrument transactions (other than loans and shares disclosed within this report) of KMP, their close family members and entities controlled or significantly influenced by them, occur in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees.

All such financial instrument transactions that have occurred between entities within the Group and KMP, their close family members and entities controlled or significantly influenced by them, were in the nature of normal personal banking and deposit transactions.

Transactions other than financial instrument transactions

All other transactions with KMP, their close family members, related entities and other related parties are conducted in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees and customers. These transactions principally involve the provision of financial and investment services by entities not controlled by the Group.

Directors' report (continued)

Non-audit services

Amounts paid or payable to PricewaterhouseCoopers (PwC) for audit, review, assurance and non-audit services provided during the year, are set out in Note 12.3 to the *Financial report* on page [264](#).

Auditor's Independence Declaration

We have obtained an independence declaration from our external auditor as presented on page [104](#).

Auditor independence

The operation of the Group External Auditor Services Policy assists in ensuring the independence of the Group's external auditor.

The Audit Committee has considered the provision, during the year, of non-audit services by PwC and has concluded that the provision of those services did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth).

The Audit Committee is satisfied that the provision of the non-audit services by PwC during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

The Directors are satisfied that the provision of the non-audit services by PwC during the year is compatible with the general standard of independence for auditors and did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth). The reasons for this are as follows:

- The effective operation of the Group External Auditor Services Policy during the year to restrict the nature of non-audit services engagements, to prohibit certain services and to require Audit Committee pre-approval for all such engagements; and
- The relative quantum of fees paid for non-audit services compared to the quantum for audit, and audit related services was appropriate.

The above Directors' statements are in accordance with the advice received from the Audit Committee.

Incorporation of additional material

The following sections of this report form part of the *Directors' report* and should be read in conjunction.

- Directors' shareholdings, share rights and options can be found on pages [98](#) and [101](#); and
- The *Remuneration report* can be found on pages [78–102](#).

This Directors' report is made in accordance with a resolution of the Directors.



Catherine Livingstone AO
Chairman



Matt Comyn
Managing Director and Chief Executive Officer

12 August 2020



Auditor's Independence Declaration

For the year ended 30 June 2020



As lead auditor for the audit of the Commonwealth Bank of Australia for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of the Commonwealth Bank of Australia and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'M Lunn', with a horizontal line underneath.

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
12 August 2020

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY, NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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