Commonwealth Bank of Australia
U.S. Disclosure Document

For the Full Year ended 30 June 2019

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Contents

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Disclosures

Section 1 - Disclosures

Disclosures

Introduction

Certain material information about the Group, including information regarding the Group's risk management policies and procedures, use of derivative financial instruments and the market risk attributable to such instruments, liquidity and capital resources and other important information, is included in the Group's 2019 Financial Report and 2018 Financial Report (each as defined below). In particular, Note 9.1 of the 2019 Financial Report (Note 9.1 of the 2018 Financial Report) describes certain aspects of the Group's risk management policies and procedures. In addition, the Group prepares the Basel III Pillar 3 Capital Adequacy and Risk Disclosures report, which includes certain information about the Group's capital and assets. As a result, this Annual U.S. Disclosure Document for the Full Year ended 30 June 2019 (this "Document") should be read in conjunction with:

- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2019, which contains the Financial Statements for the years ended 30 June 2017, 2018 and 2019 and as at 30 June 2018 and 2019 (the "2019 Financial Report");
- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2018, which contains the Financial Statements for the years ended 30 June 2016, 2017 and 2018 and as at 30 June 2017 and 2018 (the "2018 Financial Report"); and
- The Commonwealth Bank of Australia Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at 30 June 2019 (the "2019 Pillar 3 Report").

In each case, these are found on the U.S. Investor Website located at www.commbank.com.au/usinvestors (the "U.S. Investor Website").

Except as otherwise stated, references within this Document to the "Financial Report" or "Notes to the Financial Statements" are to the 2019 Financial Report and references to the "Financial Reports" are to the 2018 Financial Report and the 2019 Financial Report.

Except as otherwise stated, all figures herein relate to the financial year ended 30 June 2019 and comparatives for the Balance Sheet and Income Statement are to the financial year ended 30 June 2018, "$" and "AUD" refer to Australian dollars, "USD" refers to U.S. dollars, references to "CBA" refer to the Commonwealth Bank of Australia and references to the "Bank", the "Group", "our," "us" or "we" refer to the Bank and its subsidiaries on a consolidated basis. The Group's financial years end on June 30 of each year. References to the 2019 financial year or to the "current year" are to the financial year ended 30 June 2019, references to the 2018 financial year are to the financial year ended 30 June 2018, references to the 2017 financial year are to the financial year ended 30 June 2017, references to the "prior year" are to the Group's prior financial year and references to the "prior half" are to the half year ended 31 December 2018.

Segment Disclosure

The Group conducts its businesses through seven segments: Retail Banking Services; Business and Private Banking; Institutional Banking and Markets; Wealth Management; New Zealand; International Financial Services ("IFS") and Corporate Centre.

Balances disclosed in "Divisional Performance", are spot balances, unless otherwise stated. For an overview of each segment, see "Divisional Performance" in this Document and Note 2.7 of the 2019 Financial Report.

Disclosures

Special Note Regarding Forward-Looking Statements

Certain statements under the captions “Highlights”, “Risk Factors”, “Group Performance Analysis”, “Retail Banking Services”, “Business and Private Banking”, “Institutional Banking and Markets”, “Wealth Management”, “New Zealand”, “International Financial Services”, “Corporate Centre”, “Group Operations and Business Settings” and elsewhere in this Document constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including economic forecasts and assumptions, and business and financial projections, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include current and future extensive regulation and political scrutiny to which the Group is subject, a downturn in the Australian and New Zealand economies, general business and economic conditions, disruptions in the global financial markets and associated impacts, competition in the industries in which the Group conducts business, the Group’s ability to maintain or increase market share and control expenses, operational risks associated with being a large financial institution, including ineffective risk management or other processes and strategies, information security risks, including cyber-attacks, human capital risk including the loss of key executives, employees or Board members, climate change, compliance risk, legal and regulatory actions against the Group, any inappropriate conduct of the Group’s staff, losses associated with the Group’s counterparty exposures, liquidity and funding risks, inability to access international debt markets due to adverse financial and credit market conditions, the Group’s failure to maintain its credit ratings, the failure to meet the capital adequacy and liquidity requirements to which the Group is subject, failure to hedge effectively against market risks, strategic risk, risks related to any acquisitions or divestments that the Group makes or is contemplating, investor activism, insurance risk, and various other factors, many of which may be beyond the Group's control. Given these risks, uncertainties and other factors, potential investors are cautioned not to place undue reliance on such forward-looking statements.

Risk factors applicable to the Group are detailed on pages 20 to 29 of this Document.

Disclosures

Financial Information Definitions

Basis of preparation

The consolidated Financial Statements of the Group for the years ended 30 June 2019, 30 June 2018 and 30 June 2017 comply with International Financial Reporting Standards ("IFRS").

This Document and the Financial Reports are presented in Australian Dollars, unless otherwise stated.

During the current year, the Group adopted AASB 9 Financial Instruments and AASB 15 Revenue and Contracts with Customers. Note 1.1 of the 2019 Financial Report outlines the nature of the changes and adjustments arising on adoption of the standards. As permitted under the accounting standards, the Group has not restated the prior comparative periods.

Other than the above, the accounting policies and methods of computation adopted in the preparation of the Financial Statements are consistent with those of the previous financial year.

Change in Comparatives

Unless otherwise stated, all 2018 financial year and 2017 financial year figures presented in this Document have not been restated. In some cases, comparative information has been restated to conform to the presentation in the current year. Such restatements have been footnoted throughout this Document.

In order to provide a meaningful comparison to the Group's historical operations, certain "Restated" figures are presented for the 2018 financial year and "As reported" figures are presented for the 2018 financial year and 2017 financial year.

Changes to the presentation of discontinued operations

In line with accounting standards, the comparative results of discontinued operations are presented separately as a single line item 'net profit after tax from discontinued operations' for both Group and divisional results. Assets and liabilities of discontinued operations are presented separately as held for sale on the Balance Sheet, however in line with accounting standards prior periods remain unadjusted. Group Key Performance Indicators are presented on both a continuing operations basis and discontinued operations basis.

For the year ended 30 June 2018, discontinued operations included:

- CBA's Life insurance businesses in Australia ("CommInsure Life") and New Zealand ("Sovereign")
- BoCommLife Insurance Company Limited ("BoCommLife"); and
- Commonwealth Bank of South Africa ("Holding Company") Limited ("TymeDigital SA")

Additional reclassifications to discontinued operations for the year ended 30 June 2019 included:

- Colonial First State Global Asset Management ("CFSGAM") from Wealth Management; and
- PT Commonwealth Life ("PTCL") and its subsidiary from International Financial Services.

Changes to financial reporting arising from the simplification of CBA's operating model

In line with CBA's commitment to becoming a simpler, better bank, a number of changes to CBA's operating model have been made during the current year, which realign businesses across operating segments. These changes have not impacted CBA's cash net profit after tax ("NPAT"), but result in changes to the presentation of the Income Statements and Balance Sheets of the affected segments.

- In a consolidation of CBA's Australian retail businesses, Bankwest is now included within the Retail Banking Services ("RBS") division. Bankwest will no longer be separately disclosed.
- The small business banking division has been transferred out of RBS to Business and Private Banking ("BPB") in order to consolidate CBA's business banking.
- To consolidate CBA's retail businesses, Commonwealth Financial Planning has been transferred out of Wealth Management ("WM") to RBS.
- General Insurance has been placed under strategic review and transferred out of Wealth Management to RBS, while the review is underway.
- Other re-segmentation, cost allocations and reclassifications:
  - There have been refinements to the allocation of support unit and other costs; and
  - Customer loyalty scheme costs in New Zealand have been reclassified in the Income Statement to align to industry practice.

A description of the changes and the impact on each segment's net profit after tax ("statutory basis"), Balance Sheet and cost to income ratios for the comparative periods are set out in Appendix C to this Document.

Discontinued operations and transaction update

On 21 September 2017, the Group entered into an agreement to sell 100% of CommInsure Life and Sovereign to AIA Group Limited ("AIA"). The sale of Sovereign completed on 2 July 2018. The sale of CommInsure Life remains subject to completion of the transfer of the Group's stake in BoCommLife out of CommInsure Life and its associated Chinese regulatory approvals.

The Group and AIA remain fully committed to completing the CommInsure Life transaction. On 23 August 2019, the Group announced an update on the CommInsure Life transaction. Refer to Appendix E of this Document for further details.

On 23 May 2018, the Group announced the sale of its 37.5% equity interest in BoCommLife to Mitsui Sumitomo Insurance Co. Ltd ("MSI"). The sale of BoCommLife is subject to Chinese regulatory approvals and is the final condition precedent for the sale of CommInsure Life. The sale of BoCommLife is expected to be completed in the second half of the calendar year 2019.

On 25 June 2018, the Group announced its intention to demerge its wealth management and mortgage broking businesses, and undertake a strategic review of its general insurance business, including a potential sale. On 14 March

2019, the Group announced suspension of its preparation for the demerger in order to focus on the implementation of Royal Commission recommendations, refunding customers and remediating past issues.

On 23 October 2018, the Group announced the sale of its 80% interest in its Indonesian life insurance business PTCL, to FWD Group ("FWD"). As part of the sale, CBA's Indonesian banking subsidiary, PT Bank Commonwealth ("PTBC"), will enter into a 15 year life insurance distribution partnership with FWD. The sale is subject to regulatory approvals in Indonesia and is now expected to complete in the second half of calendar year 2019.

On 31 October 2018, the Group announced the sale of CFSGAM to Mitsubishi UFJ Trust and Banking Corporation ("MUTB"). The sale completed on 2 August 2019.

On 1 November 2018, the Group completed the sale of TymeDigital SA to the minority shareholder, African Rainbow Capital ("ARC").

On 13 June 2019, the Group announced the sale of its 100% interest in Count Financial Limited ("Count Financial") to CountPlus Limited ("CountPlus"). Completion is expected to occur in October 2019.

CommInsure Life, Sovereign, BoCommLife, CFSGAM, PTCL and TymeDigital SA have been classified as discontinued operations in the Group's financial statements for the year ended 30 June 2019. The assets and liabilities of Count Financial are classified as held for sale as at 30 June 2019.

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

Non-GAAP Financial Measures

In addition to its statutory financial results reported in this Document and the Financial Reports in accordance with IFRS, the Group reports and describes certain "non-GAAP financial measures" (as defined in SEC Regulation G) of the financial performance and results of the Group. These non-GAAP financial measures are not calculated in accordance with IFRS. This Document contains reconciliations of these non-GAAP financial measures to the Group's financial results prepared in accordance with IFRS.

Net Profit after Tax

The management discussion and analysis in this Document presents Net profit after tax on both a "statutory basis" and a "cash basis".

Net profit after tax ("statutory basis") is prepared in accordance with the Corporations Act 2001 (the "Corporations Act") and the Australian Accounting Standards, which comply with IFRS. References to "statutory profit", "statutory net profit after tax" or "statutory earnings" in this Document have the same meaning as "Net profit after tax ("statutory basis")".

Net profit after tax ("cash basis") is a non-GAAP financial measure that is defined by management as net profit after tax and non-controlling interests before non-cash items including, hedging and IFRS volatility, Bankwest non-cash items, treasury shares valuation adjustments, and losses or gains on acquisition, disposal, closure and demerger of businesses. Net profit after tax ("cash basis") is management's preferred measure of the Bank's financial performance. This measure is used by management to present what it believes to be a clear view of the Group's underlying operating results, excluding certain items that the Group believes introduce volatility and/or one-off distortions of the Group's performance. These items, such as hedging and IFRS volatility, are calculated consistently period on period and do not discriminate between positive and negative adjustments. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report. A list of items excluded from Net profit after tax ("cash basis") and their description is set out on page 11 of this Document. References to "cash profit" or "cash earnings" in this Document have the same meaning as "Net profit after tax ("cash basis")".

Other Non-GAAP Financial Measures

Other non-GAAP financial measures included in this Document are:

- Earnings per share ("cash basis") – the Group presents its earnings per share on both a statutory and a cash basis. Earnings per share ("cash basis") is defined by management as Net profit after tax ("cash basis") as described above, divided by the weighted average number of the Group's ordinary shares ("cash basis") over the relevant period. The weighted average number of shares ("cash basis") incorporates an adjustment for the bonus element of any rights issue and excludes treasury shares related to investments in the Bank's shares held by the employee share scheme trust; and
- The dividend payout ratio and dividend cover are presented on both a statutory and cash basis. The dividend payout ratio ("statutory basis") is calculated by dividing the dividends paid on the Group's ordinary shares by the Net profit after tax ("statutory basis"), net of dividends on other equity instruments. The dividend payout ratio ("cash basis") is calculated by dividing the dividends paid on the Group's ordinary shares by Net profit after tax ("cash basis"), net of dividends on other equity instruments. "Dividend cover – statutory" is calculated as Net profit after tax ("statutory basis") net of dividends on other equity instruments, divided by dividends on the Group's ordinary shares for the applicable period. "Dividend cover – cash" is calculated as Net profit after tax ("cash basis") net of dividends on other equity instruments, divided by dividends on the Group's ordinary shares for the applicable period. These ratios are provided on both a statutory and cash basis because Net profit after tax, the primary component of these ratios, is also presented on a statutory and cash basis, for the reasons described above.

Disclosures

Notable items

The Group's financial results have been impacted by a number of notable items. These notable items include:

	Full Year Ended		
	30 Jun 19	30 Jun 18	Jun 19 vs
Notable items in operating income	**$M**	$M	Jun 18 %
Mortgage broking consolidation	**275**	228	21
Total notable items	**275**	228	21

	Full Year Ended		
	30 Jun 19	30 Jun 18	Jun 19 vs
Notable items in operating expenses	**$M**	$M	Jun 18 %
Customer remediation (incl. Aligned Advice)	**918**	52	large
Risk and compliance programs	**358**	247	45
Mortgage broking consolidation	**269**	199	35
Insurance recoveries	**(145)**	-	n/a
Prior period one-offs	**-**	855	large
Total notable items	**1,400**	1,353	3

Customer remediation (including Aligned Advice)

Customer refunds and program costs in relation to remediation issues impacting customers of our wealth management and banking businesses. This includes provisions for historical Aligned Advice remediation and associated program costs. The Group raised a provision for Aligned Advice remediation issues and program costs, including ongoing service fees charged where no service was provided. Aligned advisors are not employed by the Group but are representatives authorised to provide financial advice under the licences of the Group's subsidiaries, Financial Wisdom Limited, Count Financial Limited, and Commonwealth Financial Planning Limited (Pathways only). As at 30 June 2019, the Group holds a provision of $534 million in relation to Aligned Advice remediation. This includes $251 million for customer fee refunds, $123 million for interest on fees subject to refunds and $160 million for costs to implement the remediation program. The Group's estimate of the proportion of fees to be refunded is based on sample testing and assumes a refund rate of 24%. This compares to a refund rate of 22% which was paid for our salaried advisors. An increase / (decrease) in the failure rate by 1% would result in an increase / (decrease) in the provision of approximately $15 million. The Group is finalising its remediation approach in consultation with ASIC.

Risk and compliance programs

Risk and compliance programs include the cost of implementing the Royal Commission and the APRA Prudential Inquiry recommendations, and continued enhancement of our financial crime compliance capabilities. For more information on the Royal Commission and the APRA Prudential Inquiry, see "Description of Business Environment - Legal Proceedings and Investigations".

Mortgage broking consolidation

Impact of consolidating Aussie Home Loans and eChoice. On 25 August 2017, the Group acquired the remaining 20% share in AHL Holdings Pty Limited ("AHL") (trading as Aussie Home Loans), bringing its shareholding to 100%. On 23 February 2018, the Group also acquired the assets of eChoice. As a result, the Group now controls and consolidates these Mortgage Broking operations ("Mortgage Broking").

Insurance recoveries

There were $145 million insurance recoveries in relation to the $700 million AUSTRAC civil penalty incurred in the prior year. For more information on the AUSTRAC proceedings, see "Risk Factors - Substantial legal liability or regulatory action against the Group may adversely affect the Group's business, financial condition, operations, prospects and reputation".

Prior period one-offs

Regulatory costs of $155 million relating to the Group's response to the Royal Commission, AUSTRAC proceedings, the APRA Prudential Inquiry and the $700 million AUSTRAC civil penalty. For more information, see "Description of Business Environment - Legal Proceedings and Investigations".

Impact of Foreign Currency Movements

The Group's consolidated financial results are presented in Australian dollars. In order to prepare the Group's consolidated financial results, the financial results of any reporting entities of the Group with a functional currency other than Australian dollars are translated into Australian dollars for each reporting period. As foreign exchange rates are subject to change, the Group's financial results can be affected by the prevailing rate of the Australian dollar at the time of such translations. The effects of these translations on various segments of the Group's business are noted throughout this Document.

The movement of the Australian dollar against the following currencies is highlighted in the table below.

		As at		
Exchange Rates Utilised (1)	**Currency**	**30 Jun 19**	30 Jun 18	30 Jun 17
AUD 1.00 =	USD	**0. 7013**	0. 7387	0. 7684
	EUR	**0. 6170**	0. 6350	0. 6720
	GBP	**0. 5533**	0. 5635	0. 5903
	NZD	**1. 0460**	1. 0909	1. 0493
	JPY	**75. 6460**	81. 7215	86. 1110

(1) End of day, Sydney time.

		Average rates		
Exchange Rates Utilised (1)	**Currency**	**30 Jun 19**	30 Jun 18	30 Jun 17
AUD 1.00 =	USD	**0. 7154**	0. 7753	0. 7542
	EUR	**0. 6270**	0. 6501	0. 6919
	GBP	**0. 5528**	0. 5761	0. 5949
	NZD	**1. 0668**	1. 0850	1. 0586
	JPY	**79. 5140**	85. 5738	82. 2558

(1) Average of daily end of day rates.

The Group hedges foreign currency exposures on debt issues and significant foreign currency earnings exposures in offshore locations.

For further information regarding the composition of the Group's income by location please refer to Note 2.7 of the 2019 Financial Report.

The references to the lower Australian dollar in this Document are to the weakening of the Australian dollar against the currencies disclosed in the table above during the current year.

Non-cash Items Included in Statutory Profit

	Full Year Ended				
	30 Jun 19 $M	30 Jun 18 $M	30 Jun 17 $M	Jun 19 vs Jun 18 %	Jun 18 vs Jun 17 %
(Loss)/gain on acquisition, disposal, closure and demerger of businesses	**(61)**	(183)	-	(67)	n/a
Hedging and IFRS volatility	**(79)**	101	73	large	38
Bankwest non-cash items	**(1)**	(3)	(3)	(67)	-
Treasury shares valuation adjustment	**6**	2	(23)	large	large
Other non-cash items	**5**	(1)	(26)	large	(96)
Total non-cash items (after tax)	**(135)**	(83)	47	63	large

Non-cash items attributable to continuing and discontinued operations are set out below

	Full Year Ended				
	30 Jun 19 $M	30 Jun 18 $M	30 Jun 17 $M	Jun 19 vs Jun 18 %	Jun 18 vs Jun 17 %
(Loss)/gain on acquisition, disposal, closure and demerger of businesses (1)	**(52)**	44	-	large	n/a
Hedging and IFRS volatility	**(79)**	101	73	large	38
Bankwest non-cash items	**(1)**	(3)	(3)	(67)	-
Non-cash items (after tax) from continuing operations	**(132)**	142	70	large	large
(Loss)/gain on acquisition, disposal, closure and demerger of businesses (2)	**(9)**	(227)	-	(96)	n/a
Treasury shares valuation adjustment discontinued operations	**6**	2	(23)	large	large
Non-cash items (after tax) from discontinued operations	**(3)**	(225)	(23)	(99)	large
Total non-cash items (after tax)	**(135)**	(83)	47	63	large

(1) The full year ended 30 June 2019 includes $54 million separation costs for NewCo (full year ended 30 June 2018: $21 million expense), $33 million impairment loss and transaction costs associated with the disposal of Count Financial (full year ended 30 June 2018: nil), partly offset by a $35 million net gain on acquisition and disposals of other businesses (full year ended 30 June 2018: $65 million gain).

(2) The full year ended 30 June 2019 includes $71 million of transaction and separation costs associated with the disposal of CFSGAM (full year ended 30 June 2018: nil), $82 million loss net of transaction and separation costs associated with the disposal of CommInsure Life (full year ended 30 June 2018: $118 million expense) and a $22 million loss net of transaction and separation costs associated with the disposal of TymeDigital SA (full year ended 30 June 2018: $91 million impairment loss), partly offset by a $135 million gain net of transaction and separation costs associated with the disposal of Sovereign (full year ended 30 June 2018: $18 million expense) and a $31 million net gain on acquisition and disposals of other businesses (full year ended 30 June 2018: nil).

Non-cash items are excluded from Net profit after tax ("cash basis"), which is management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or are not considered representative of the Group's ongoing financial performance. The impact of these items on the Group's Net profit after tax ("statutory basis") is outlined below and treated consistently with prior comparative period and prior half disclosures. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 to the 2019 Financial Report.

(Loss)/gain on acquisition, disposal, closure and demerger of businesses

Losses and gains on these transactions are inclusive of foreign exchange impacts, impairments, restructuring, separation and transactions 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. Hedging and IFRS volatility does not affect the Group's performance over the life of the hedge relationship and are recognised over the life of the hedged transaction. To qualify as an economic hedge the terms and / or risk profile must match or be substantially the same as the underlying exposure.

Fair value gains or losses on all of these economic hedges are excluded from Net profit after tax ("cash basis"), because the asymmetric recognition of the gains or losses does not affect the Group's performance over the life of the hedge. A $79 million after tax loss was recognised in Net profit after tax ("statutory basis") for the year ended 30 June 2019 (30 June 2018: $101 million after tax gain, 30 June 2017: $73 million after tax gain).

Non-cash Items Included in Statutory Profit (continued)

Bankwest non-cash items

The acquisition of Bankwest in 2008 resulted in the recognition of assets at fair value, representing certain financial instruments, core deposits, customer lists and brand name totalling $463 million. The core deposits and customer lists have been amortising over their useful life, resulting in amortisation charges of $1 million after tax in the year ended 30 June 2019 (30 June 2018: $3 million, 30 June 2017: $3 million). As at 31 December 2015 the core deposits were fully amortised. The customer list was fully amortised in the half year ended 31 December 2018.

These items were not recognised in cash profit as they were not representative of the Group's expected ongoing financial performance.

Treasury shares valuation adjustment

Under IFRS, Commonwealth Bank of Australia shares held by the Group in the managed funds and life insurance businesses are defined as treasury shares and are held at cost. Distributions and realised and unrealised gains and losses were recognised in cash profit representing the underlying performance of the asset portfolio attributable to the wealth and life insurance businesses. These distributions, gains and losses are reversed as non-cash items for statutory reporting purposes. A $6 million after tax gain was included in statutory profit in the year ended 30 June 2019 (30 June 2018: $2 million after tax gain, 30 June 2017: $23 million after tax loss).

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Highlights

Section 2 - Highlights

Highlights

Group Performance Summary

	Full Year Ended ("statutory basis")				Full Year Ended ("cash basis")			
		Restated (1)	As reported			Restated (1)	As reported	
	30 Jun 19	30 Jun 18	30 Jun 18	30 Jun 17	**30 Jun 19**	30 Jun 18	30 Jun 18	30 Jun 17
Group Performance Summary	**$M**	$M	$M	$M	**$M**	$M	$M	$M
Net interest income	**18,120**	18,342	18,341	17,543	**18,120**	18,342	18,341	17,543
Other banking income	**4,994**	5,423	5,390	5,684	**5,068**	5,215	5,182	5,578
Total banking income	**23,114**	23,765	23,731	23,227	**23,188**	23,557	23,523	23,121
Funds management income	**1,073**	1,124	2,099	1,928	**1,072**	1,119	2,091	1,913
Insurance income	**150**	241	302	231	**147**	238	293	223
Total operating income	**24,337**	25,130	26,132	25,386	**24,407**	24,914	25,907	25,257
Investment experience	**n/a**	n/a	n/a	n/a	**4**	8	17	23
Total income	**24,337**	25,130	26,132	25,386	**24,411**	24,922	25,924	25,280
Operating expenses	**(11,373)**	(11,029)	(11,633)	(10,626)	**(11,269)**	(10,995)	(11,599)	(10,622)
Loan impairment expense	**(1,201)**	(1,079)	(1,079)	(1,095)	**(1,201)**	(1,079)	(1,079)	(1,095)
Net profit before tax	**11,763**	13,022	13,420	13,665	**11,941**	12,848	13,246	13,563
Corporate tax expense	**(3,391)**	(3,952)	(4,026)	(3,879)	**(3,437)**	(3,920)	(3,994)	(3,847)
Non-controlling interests (2)	**(12)**	(13)	(19)	(20)	**(12)**	(13)	(19)	(20)
Net profit after tax from continuing operations	**8,360**	9,057	9,375	9,766	**8,492**	8,915	9,233	9,696
Net profit after tax from discontinued operations (3)	**211**	272	(46)	162	**214**	497	179	185
Net profit after tax	**8,571**	9,329	9,329	9,928	**8,706**	9,412	9,412	9,881
(Loss)/gain on acquisition, disposal, closure and demerger of businesses (4)	**n/a**	n/a	n/a	n/a	**(61)**	(183)	(183)	-
Hedging and IFRS volatility (4)	**n/a**	n/a	n/a	n/a	**(79)**	101	101	73
Other non-cash items (4)	**n/a**	n/a	n/a	n/a	**5**	(1)	(1)	(26)
Net profit after tax ("statutory basis")	**8,571**	9,329	9,329	9,928	**8,571**	9,329	9,329	9,928

Represented by:				
Retail Banking Services	**4,266**	4,878	5,251	4,933
Business and Private Banking	**2,658**	2,845	1,888	1,808
Institutional Banking and Markets	**1,084**	1,170	1,121	1,311
Wealth Management	**179**	570	725	529
New Zealand	**1,181**	1,140	1,158	992
Bankwest	**n/a**	n/a	678	573
International Financial Services	**174**	31	31	93
Corporate Centre	**(971)**	(1,305)	(1,523)	(311)
Net profit after tax ("statutory basis")	**8,571**	9,329	9,329	9,928

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign business across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Non-controlling interests include preference dividends paid to holders of preference shares in ASB Capital Limited and ASB Capital No.2 Limited.

(3) The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and reported as a single cash net profit after tax line item. Discontinued operations include the Group's Australia and New Zealand life insurance businesses (CommInsure Life and Sovereign), BoCommLife TymeDigital SA, CFSGAM and PTCL. Includes non-controlling interests in net profit after income tax from discontinued operations.

(4) Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 11 of this Document for further details. Non-cash items are excluded from Net profit after tax ("cash basis"), which is management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or not considered representative of the Group's ongoing financial performance. The items for the period include losses on disposal of businesses ($61 million loss), unrealised gains and losses related to hedging and IFRS volatility ($79 million loss), Bankwest non-cash items ($1 million expense) and treasury shares valuation adjustment ($6 million income). A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

Highlights

Key Performance Indicators

Key Performance Indicators	Full Year Ended			
		Restated [1]	As reported	
	30 Jun 19	30 Jun 18	30 Jun 18	30 Jun 17
Group Performance from continuing operations				
Statutory net profit after tax ($M)	**8,360**	9,057	9,375	9,766
Net interest margin (%)	**2. 10**	2. 15	2. 15	2. 10
Statutory operating expenses to total operating income (%)	**46. 7**	43. 9	44. 5	41. 9
Spot number of full-time equivalent staff (FTE)	**42,921**	42,462	43,771	43,620
Average number of FTE	**42,794**	42,046	n/a	n/a
Effective corporate tax rate ("statutory basis") (%)	**28. 8**	30. 3	30. 0	28. 4
Average interest earning assets ($M) [2]	**864,174**	854,264	854,264	834,741
Average interest bearing liabilities ($M) [2]	**761,115**	759,583	759,583	755,612
Funds Under Administration (FUA) - average ($M)	**163,017**	153,810	153,810	141,146
Assets Under Management (AUM) - average ($M)	**15,082**	12,889	220,764	210,295
Group Performance including discontinued operations				
Statutory net profit after tax ($M)	**8,571**	9,329	9,329	9,928
Net interest margin (%)	**2. 11**	2. 15	2. 15	2. 11
Statutory operating expenses to total operating income (%)	**48. 7**	45. 9	45. 8	42. 4
Spot number of full-time equivalent staff (FTE)	**45,165**	45,753	45,753	45,614
Average number of FTE	**45,250**	45,263	n/a	n/a
Effective corporate tax rate ("statutory basis") (%)	**28. 2**	30. 2	30.2	28.4
Average interest earning assets ($M) [2]	**864,657**	854,343	854,343	834,741
Average interest bearing liabilities ($M) [2]	**762,144**	760,450	760,450	755,612
Funds Under Administration (FUA) - average ($M)	**173,354**	164,866	164,866	152,999
Assets Under Management (AUM) - average ($M)	**223,184**	221,305	221,305	210,929
Average inforce premiums ($M)	**2,365**	3,232	3,232	3,434

(1) Comparative information has been restated to conform to the presentation in the current year, which includes changes to the presentation of discontinued operations. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) Average interest earning assets are net of average mortgage offset balances. Average interest bearing liabilities exclude average mortgage offset balances.

Key Performance Indicators (continued)

	Full Year Ended			
		Restated (1)	As reported	
Key Performance Indicators	**30 Jun 19**	30 Jun 18	30 Jun 18	30 Jun 17
Shareholder Returns from continuing operations				
Earnings Per Share (EPS) (cents) (2)				
Statutory basis - basic	**473. 7**	518. 8	536. 9	567. 9
Cash basis - basic	**480. 8**	510. 3	528. 6	563. 4
Return on equity (ROE) (%) (2)				
Statutory basis	**12. 3**	13. 9	14. 4	15. 9
Cash basis	**12. 5**	13. 6	14. 1	15. 7
Shareholder Returns including discontinued operations				
Earnings Per Share (EPS) (cents) (2)				
Statutory basis - basic	**485. 6**	534. 3	534. 3	577. 3
Cash basis - basic	**493. 0**	538. 8	538. 8	574. 1
Return on equity (ROE) (%) (2)				
Statutory basis	**12. 6**	14. 3	14. 3	16. 2
Cash basis	**12. 8**	14. 4	14. 4	16. 0
Dividends per share - fully franked (cents)	**431**	431	431	429
Dividend cover - "statutory basis" (times)	**1. 1**	1. 2	1. 2	1. 3
Dividend cover - "cash basis" (times)	**1. 1**	1. 2	1. 2	1. 3
Dividend payout ratio (%) (2)				
Statutory basis	**89. 0**	81. 2	81. 2	74. 6
Cash basis	**87. 6**	80. 4	80. 4	75. 0
Capital including discontinued operations				
Common Equity Tier 1 (Internationally Comparable) (%) (3)	**16. 2**	15. 5	15. 5	15. 6
Common Equity Tier 1 (APRA) (%)	**10. 7**	10. 1	10. 1	10. 1
Risk weighted assets (RWA) ($M)	**452,762**	458,612	458,612	437,063
Leverage Ratio including discontinued operations				
Leverage Ratio (Internationally Comparable) (%) (3)	**6. 5**	6. 3	6. 3	5. 8
Leverage Ratio (APRA) (%)	**5. 6**	5. 5	5. 5	5. 1
Funding and Liquidity Metrics including discontinued operations				
Liquidity Coverage Ratio (%) (4)	**132**	133	131	129
Weighted Average Maturity of Long Term Debt (years)	**5.1**	5.1	n/a	n/a
Customer Deposit Funding Ratio (%)	**69**	68	n/a	n/a
Net Stable Funding Ratio (%)	**112**	112	112	107
Credit Quality Metrics including discontinued operations				
Loan impairment expense annualised as a % of average GLAAs	**0. 16**	0. 15	0. 15	0. 15
Gross impaired assets as a % of GLAAs	**0. 48**	0. 42	0. 42	0. 43
Credit risk weighted assets (RWA) ($M)	**372,574**	369,528	369,528	377,259

(1) Comparative information has been restated to conform to the presentation in the current year, which includes changes to the presentation of discontinued operations. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) For definitions refer to Appendix B.
(3) Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".
(4) The Group has changed the reporting of Liquidity Coverage Ratio ("LCR") from spot to quarterly average to align with Basel III Pillar 3 disclosure reporting requirements. The restated figures represents the average of the LCR for the quarter ended 30 June 2018. The Group's spot LCR for 30 June 2019 was 129%, a decrease of 2% from 30 June 2018 of 131%.

Key Performance Indicators (continued)

	Full Year Ended			
		Restated (1)	As reported	
Key Performance Indicators	**30 Jun 19**	30 Jun 18	30 Jun 18	30 Jun 17
Retail Banking Services				
Statutory net profit after tax ($M)	**4,266**	4,878	5,251	4,933
Net interest margin (%)	**2. 57**	2. 74	2. 98	2. 90
Average interest earning assets ($M) (2)	**363,187**	352,450	328,851	317,052
Statutory operating expenses to total operating income (%)	**40. 0**	36. 4	30. 5	31. 0
Risk weighted assets ($M)	**173,716**	168,370	146,511	134,937
Business and Private Banking				
Statutory net profit after tax ($M)	**2,658**	2,845	1,888	1,808
Net interest margin (%)	**3. 17**	3. 16	3. 05	2. 98
Average interest earning assets ($M) (2)	**161,808**	161,627	111,136	109,091
Statutory operating expenses to total banking income (%)	**36. 6**	34. 1	36. 1	37. 3
Risk weighted assets ($M)	**122,030**	119,804	96,329	87,654
Institutional Banking and Markets				
Statutory net profit after tax ($M)	**1,084**	1,170	1,121	1,311
Net interest margin (%)	**1. 05**	1. 03	1. 04	1. 10
Average interest earning assets ($M) (2)	**130,438**	138,935	139,050	138,613
Statutory operating expenses to total banking income (%)	**42.2**	39. 9	42. 7	37. 7
Risk weighted assets ($M)	**85,496**	95,875	96,190	102,242
Wealth Management (3)				
Statutory net profit after tax ($M)	**73**	234	725	529
Statutory operating expenses to total operating income (%)	**86. 1**	61. 1	66. 6	72. 3
FUA - average ($M)	**148,813**	141,726	141,726	129,152
New Zealand (3)				
Statutory net profit after tax ($M)	**1,046**	1,062	1,158	992
Risk weighted assets - APRA basis ($M) (4)	**51,189**	48,524	49,884	48,807
Net interest margin (ASB) (%) (5)	**2. 21**	2. 24	2. 24	2. 17
Average interest earning assets (ASB) (NZ$M) (5)	**95,315**	89,774	89,774	84,091
Statutory operating expenses to total operating income (ASB) (%) (5)	**34. 9**	35. 9	34. 5	35. 5
FUA - average (ASB) (NZ$M) (5)	**15,146**	13,110	13,110	12,665
AUM - average (ASB) (NZ$M) (5)	**16,075**	13,986	4,965	4,631

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) Net of average mortgage offset balances.
(3) Presented on a continuing operations basis.
(4) Risk weighted assets represent ASB only and are calculated in accordance with APRA requirements.
(5) Key financial metrics represent ASB only and are calculated in New Zealand dollar terms.

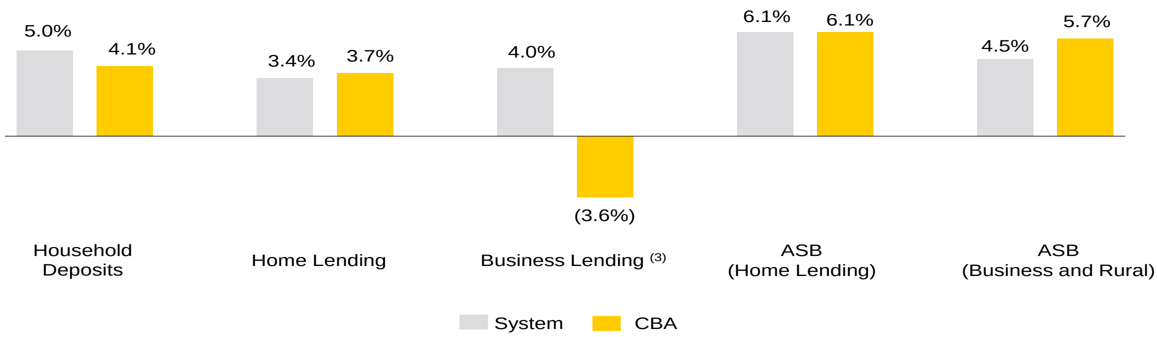
Highlights

Market Share

Market Share (1)	30 Jun 19 %	31 Dec 18 %	30 Jun 18 %	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
	As at				
Home loans	**24. 4**	24. 3	24. 4	10 bpts	-
Credit cards (2)	**26. 9**	26. 6	27. 2	30 bpts	(30)bpts
Other household lending (3)	**28. 6**	28. 2	28. 0	40 bpts	60 bpts
Household deposits	**28. 1**	28. 3	28. 4	(20)bpts	(30)bpts
Business lending - RBA	**14. 4**	15. 0	15. 8	(60)bpts	(140)bpts
Business lending - APRA	**16. 6**	17. 0	17. 8	(40)bpts	(120)bpts
Business deposits - APRA	**19. 5**	19. 7	20. 2	(20)bpts	(70)bpts
Equities trading	**3. 7**	3. 7	4. 1	-	(40)bpts
Australian Retail - administrator view (4)	**15. 3**	15. 3	15. 3	-	-
FirstChoice Platform (4)	**10. 7**	10. 7	10. 7	-	-
Australia life insurance (total risk) (4) (5)	**7. 4**	7. 8	8. 0	(40)bpts	(60)bpts
Australia life insurance (individual risk) (4) (5)	**9. 0**	9. 2	9. 5	(20)bpts	(50)bpts
NZ home loans	**21. 7**	21. 6	21. 7	10 bpts	-
NZ customer deposits	**17. 7**	17. 9	17. 8	(20)bpts	(10)bpts
NZ business lending	**15. 4**	15. 3	15. 0	10 bpts	40 bpts
NZ retail AUM (6)	**15. 4**	15. 3	15. 0	10 bpts	40 bpts
NZ annual inforce premiums (5)	**-**	-	27. 3	-	large

(1) Comparatives have been updated to reflect market restatements. For market share source references, refer to Appendix B.
(2) Credit Cards Market Share data has been sourced from APRA Monthly Banking Statistics back series, Loans to Households: Credit Cards.
(3) Other Household Lending market share includes personal loans, margin loans and other forms of lending to individuals.
(4) As at 31 March 2019.
(5) Metrics relate to discontinued operations.
(6) Presented on a continuing operations basis.

CBA Growth against System (1) (2)
Balance Growth - 12 months to June 2019



(1) System adjusted for new market entrants.
(2) System source RBA/APRA/RBNZ. CBA includes Bankwest.
(3) Domestic Lending balance growth (excluding Cash Management Pooling Facilities ("CMPF"))

Credit Ratings	Long-term	Short-term	Outlook
Fitch Ratings	AA-	F1+	Negative
Moody's Investor Services	Aa3	P-1	Stable
S&P Global Ratings	AA-	A-1+	Stable

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency. Ratings should be evaluated independently of any other information.

Risk Factors

This section describes the principal risk factors that could materially affect the Group's businesses, its revenues, operating income, net income, net assets, liquidity, funding, reputation and capital resources. These risk factors should not be regarded as a complete and comprehensive statement of all of the potential risks and uncertainties that the Group faces. Additional risks that may emerge in the future, or that the Group currently considers to be immaterial, may also become important risks that affect the Group. If any of the listed or unlisted risks actually occur, the Group's business, financial condition, liquidity, operations, prospects or reputation could be materially and adversely affected. The risk factors below should be considered in connection with the "Special Note Regarding Forward-Looking Statements" on page 6 of this Document. Notes 9.1 through 9.4 of the 2019 Financial Report provide details on how the Group manages its credit, market and liquidity and funding risks.

The Group is subject to extensive regulation and operates in an environment of political scrutiny, which could adversely impact its operations and financial condition

The Group and its businesses are subject to extensive regulation in Australia by multiple regulatory bodies as well as by other regulators in jurisdictions in which the Group operates or obtains funding, including New Zealand, the United Kingdom, the United States, China, Japan, Singapore, Hong Kong and Indonesia.

Key domestic regulators include Australian Prudential Regulation Authority ("APRA"), Australian Securities and Investments Commission ("ASIC"), the Australian Transaction Reports and Analysis Centre ("AUSTRAC"), the Office of the Australian Information Commissioner, the Australian Competition and Consumer Commission ("ACCC"), the Australian Financial Complaints Authority, the Reserve Bank of Australia ("RBA") and the Australian Stock Exchange ("ASX").

APRA is the Australian regulator responsible for the prudential supervision of Australian Authorised Deposit-taking Institutions ("ADIs"), of which CBA is one. As the Group's prudential regulator in Australia, APRA has very wide powers under the Banking Act of 1959 of Australia (the "Banking Act"), including in limited circumstances to direct banks (including CBA) not to make payments on its debt and equity securities.

In addition to its key Australian regulators, a range of international regulators and authorities supervise and regulate the Group in respect of, among other areas, capital adequacy, liquidity levels, funding, provisioning, insurance, compliance with prudential regulation and standards, accounting standards, remuneration, data access, stock exchange listing requirements, and the Group's compliance with relevant financial crime, sanction, privacy, taxation, competition, consumer protection and securities trading laws.

The Group and the wider financial services industry are facing increased regulation in many of these areas and jurisdictions and changes or new regulation in one part of the world could lead to changes elsewhere.

Any change in law, regulation, accounting standards, policy or practice of regulators, or failure to comply with laws, regulation or policy, may adversely affect the Group's business, financial condition, liquidity, operations, prospects and reputation, and its ability to execute its strategy, either on a short-term or long-term basis. The potential impacts of regulatory change are wide, and could include increasing the levels and types of capital that the Group is required to hold and restricting the way the Group can conduct its business and the nature of that business, such as the types of products that it can offer to customers.

The Group may also be adversely affected if the pace or extent of such regulatory change exceeds its ability to adapt to such changes and embed appropriate compliance processes adequately. The pace of regulatory change means that the regulatory context in which the Group operates is often uncertain and complex.

Regulatory reforms

Examples of significant regulatory reform under development in Australia include a review of Open Banking (as defined below), APRA's proposals to revise the capital framework for ADIs and the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019.

In late 2017, the Australian Government announced it would legislate an economy-wide Consumer Data Right to give consumers access to and control over their data, beginning with banking (referred to as "Open Banking"). The Australian Government has decided to phase in Open Banking with the major Australian banks has made data available on credit and debit card, deposit and transaction accounts from July 2019, before expanding to other banking products (e.g. mortgages) and permitting the sharing of consumer data between banks and accredited third parties (at the direction of the consumer). These reforms are intended to increase competition in the financial sector and improve customer outcomes. Consumer Data Right laws have not yet been passed by the Federal Parliament in Australia. Increased competition resulting from Open Banking may adversely impact the Group's business and financial condition.

The finalisation of the capital reforms, which are currently under consultation with APRA, may result in changes to the risk-weighting framework for certain asset classes, which are expected to increase CBA's risk-weighted assets ("RWA") and accordingly (all things being equal) reduce CBA's Common Equity Tier 1 ("CET1") ratio. As part of the revisions to the capital framework, APRA is also consulting with the industry on approaches for achieving international comparability, without changing the amount of CET1 capital ADIs are required to hold. In addition, on 9 July 2019, APRA announced its decision on the loss-absorbing capacity ("LAC") to support the orderly resolution of Australian ADIs, which increased the total capital requirement for domestic systemically important banks ("D-SIBs"), such as CBA, by 3 percent. APRA has stated that, over the next four years, it may consider feasible alternatives to further increase the LAC by an additional 1 to 2 percent. The form of such alternatives remains uncertain, and APRA has indicated that it expects to consult with the industry and other stakeholders. See "*Failure to maintain capital adequacy requirements would adversely affect the Group's financial condition*" for more information.

The Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019 could impact the Group's ability to issue and market financial products in the future. This law requires issuers of financial products to identify target markets for their products, select appropriate distribution channels, and periodically review arrangements to ensure they continue to be appropriate. In addition, distributors of financial products will be required to put in place reasonable controls to ensure products are distributed in accordance with the identified target markets. The Product Intervention Power will enable ASIC to intervene in the distribution of a financial product and a credit product where it perceives a risk of significant consumer detriment. Increased compliance costs resulting from financial product distribution requirements may adversely impact the Group's business and financial condition.

Outside Australia there have also been a series of other regulatory initiatives from authorities in the various jurisdictions in which the Group operates or obtains funding that would result in significant regulatory changes for financial institutions. Examples include proposals for changes to financial regulations in the United States (including legislation enacted in May 2018 that rolled back certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") and additional proposals to further dilute the law, including prohibitions that prevent banking entities from engaging in certain risk - prone proprietary trading activities or investments in hedge funds or private equity funds, known as the Volcker Rule), more data protection regulations in Europe and MiFID II in Europe. Authorities in Europe and the United Kingdom may also propose significant regulatory changes as a result of "Brexit", however the scope and timing of any such changes remains uncertain. There may be an extended period of increased uncertainty and volatility in the global financial markets while the details of Brexit are negotiated. See "*The Group may be adversely affected by general business and economic conditions and disruptions in the global financial markets*" for more information.

In the United States, the Group elected to be treated as a Financial Holding Company by the Federal Reserve Board in the United States in October 2016. As a result, the Group is subject to additional regulatory requirements in the United States that it was not subject to prior to that election. For more details regarding the regulations the Group is subject to in the United States, see "Description of Business Environment - Financial System Regulation in the United States".

Other regulatory and political developments

There is currently an environment of heightened scrutiny by the Australian Government and various Australian regulators on the Australian financial services industry. Examples of industry-wide scrutiny that may lead to future changes in laws, regulation or policies, include the establishment of a Royal Commission to inquire into Misconduct in the Banking, Superannuation and Financial Services Industry (the "Royal Commission").

The Royal Commission

A Royal Commission is a formal public inquiry that can only be instigated by the executive branch of the Australian Government and is directed by terms of reference. The Royal Commission was established on 14 December 2017 and directed to inquire into, and report on, whether any conduct of financial service entities (including the Group) might have amounted to misconduct or conduct falling below community standards and expectations. The Royal Commission was also tasked with considering the causes of that conduct, in particular the role of culture, governance, remuneration and risk management practices, the effectiveness of regulators and making policy recommendations in response. Seven rounds of hearings into misconduct in the banking and financial services industry were held throughout 2018, covering a variety of topics including consumer and business lending, financial advice, superannuation, insurance and a policy round. The Royal Commission's final report was delivered on 1 February 2019. The final report included 76 policy recommendations to the Australian Government and findings in relation to the case studies investigated during the hearings, with a number of referrals being made to regulators for misconduct by financial institutions, which is expected to result in heightened levels of enforcement action across the industry. The final report also identified conduct by financial service entities, including the Group, that may have amounted to misconduct, or conduct falling below community standards**.**

The 76 recommendations covered many of the Group's business areas, and also canvassed the role of the regulators and the approach to be taken to customer focus, culture and remuneration. The Royal Commission's recommendations will result in significant regulatory change. When implemented, the recommendations of the final report may result in significant compliance costs and may have an adverse impact on the Group's business, operations, financial performance and prospects. The recommendations regarding the role of regulators, in particular the 'litigate first' approach for breaches of financial services law, will likely lead to a change in the Group's regulator relationships and the Group can expect an increase of activity, costs and reputational impact in this area.

Damage to the Group's reputation could harm its business, financial condition, operations and prospects

The Group's reputation is a valuable asset and a key contributor to the support that it receives from the community for its business initiatives and its ability to raise funding or capital. Damage to the Group's reputation may arise where there are differences between stakeholder expectations and the Group's actual or perceived practices. The risk of reputational damage may also be a secondary outcome of other sources of risk.

Various issues, including a number of the risks described herein, may give rise to reputational damage and cause harm to the Group's business, financial condition, operations and prospects. These issues include the conduct of the Group (for example, inadequate sales and trading practices, inappropriate management of conflicts of interest and other ethical issues), breaches of legal and regulatory requirements (such as money laundering, counter-terrorism financing, trade sanctions and privacy laws), technology and information security failures, unsuccessful strategies or strategies that are not in line with community expectations and non-compliance with internal policies and procedures. The Group's reputation may also be adversely affected by community perception of the broader financial services industry, or from the actions of its competitors, customers, suppliers or companies in which the Group holds strategic investments.

Failure, or perceived failure, to address these issues appropriately could also give rise to additional legal or regulatory risk, subjecting the Group to regulatory enforcement actions, fines and penalties, or further damage the Group's reputation and integrity among its stakeholders including customers, investors and the community.

The Group may be adversely impacted by a downturn in the Australian or New Zealand economies

As the Group's businesses are primarily located in Australia and New Zealand, its performance is dependent on the state of these economies, customer and investor confidence, and prevailing market conditions in these two countries.

The Group can give no assurances as to the likely future conditions of the Australian and New Zealand economies, which can be influenced by many factors within and outside these countries, which are outside of its control, including domestic and international economic events, political events, natural disasters and any other events that impacts global financial markets.

The implementation of tariffs or other protectionist trade policy or anything that adversely affects the economic growth of Australia's significant trading partners (including China) could adversely affect Australian economic activity and, as a result, the Group's business, financial condition, operations and prospects.

The strength of the Australian economy is influenced by the strength of the Australian dollar. Significant movements in the Australian dollar may adversely impact parts of the Australian economy and, in turn, the Group's results of operations. See "*Failure to hedge effectively against market risks (including adverse fluctuations in exchange rates) could negatively impact the Group's results of operations*" for more information.

A material downturn in the Australian or New Zealand economies could adversely impact the Group's results by reducing customers' demand for the Group's products and borrowers' ability to repay their loans to the Group (i.e. credit risk). In particular, given the Group's concentration of earnings from home loans, a significant or sustained decrease in the Australian and New Zealand housing markets or property valuations, including external factors or tightening lending standards could adversely affect the Group's home and commercial mortgage portfolio, result in decreased levels of new loans that the Group can underwrite and/or increase the losses that the Group may experience from existing loans. These factors could adversely affect the Group's business, financial condition, operations and prospects.

The demand for residential property may also decline due to buyer concerns about decreases in value, regulatory or tax changes or concerns about rising interest rates, which could impact demand for the Group's home lending products. Recently, the Australian Bureau of Statistics (the "ABS") reported that residential property prices (as a weighted average of eight capital cities) declined 3.0 percent over the quarter ended 31 March 2019 and declined by 7.4 percent over the twelve-months ended 31 March 2019 (compared to growth of 2.0 percent over the twelve-months ended 31 March 2018). If regulators impose supervisory measures that impact the Group's mortgage lending practices or if Australian housing price growth significantly subsides or property valuations decline, the demand for the Group's home lending products may decrease and loan defaults could increase due to declining collateral values. This would adversely affect the Group's business, operations and financial condition.

Adverse impacts on the Group's commercial mortgage portfolio could emanate from lower levels of new origination activity and increased losses due to deteriorating security values and a less active refinancing market. A material decline in residential housing prices could also cause increased losses from the Group's exposures to residential property developers, particularly if such developers' customers that are pre-committed to purchase the completed dwellings are unable or unwilling to complete their contracts and the Group is forced to sell these dwellings for less than the pre-committed contract price.

The Group may be adversely affected by general business and economic conditions and disruptions in the global financial markets

By the nature of its operations in various financial markets, the Group has previously been adversely impacted, both directly and indirectly, by difficult business, economic and market conditions and could be adversely affected should markets deteriorate again in the future. The financial system (or systems) within which it operates may experience systemic shocks due to market volatility, political (including geopolitical) or economic instability or catastrophic events.

A shock to or deterioration in the global economy could result in currency and interest rate fluctuations and operational disruptions that negatively impact the Group. For example, global economic conditions may deteriorate to the extent that: counterparties default on their debt obligations; countries re-denominate their currencies and/or introduce capital controls; one or more major economies collapse; and/or global financial markets cease to operate, or cease to operate efficiently. Sovereign defaults may adversely impact the Group directly, through adversely impacting the value of the Group's assets, or indirectly through destabilising global financial markets, adversely impacting the Group's liquidity, financial performance or ability to access capital.

The Group believes that while some economic factors have improved, downside risks to the global economy remain. Globally, the Group believes that monetary policy still remains accommodative, and central banks are citing low inflation rates as reasons not to alter monetary policy in the near term. Lasting impacts from the global financial crisis and the potential for escalation in geopolitical risks suggest ongoing vulnerability and potential adjustment of consumer and business behaviour especially in the context of still high debt levels. For instance, after raising interest rates between December 2015 and December 2018, the U.S. Federal Reserve cut interest rates for the first time in 11 years on 1 August 2019 to safeguard against slowing economic growth, trade tensions and weak inflation. The RBA lowered interest rates in both June 2019 and July 2019, down to historic low levels, in order to help reduce spare capacity in the labour market and the economy. Further rate cuts cannot be ruled out. The monetary policies of central monetary authorities can significantly affect the Group's cost of funds for lending and investing, as well as the return that the Group earns on those loans and investments. These factors impact the Group's net interest margin and can affect the value of financial instruments it holds, such as debt securities and hedging instruments. The policies of the central monetary authorities can affect the Group's borrowers and other counterparties, potentially increasing the risk that the Group's borrowers and other counterparties may fail to repay loans or other financial obligations to the Group. Monetary policies also have a broader impact on the Group's customers' spending and savings activity, which will in turn, affect the Group's performance. Changes in such policies can be difficult to predict.

On June 23, 2016, the United Kingdom voted to leave the EU ("Brexit") in a referendum and on March 29, 2017 gave notice under Article 50 of the Treaty on European Union to commence the legal process to end the United Kingdom's membership in the EU. As part of the negotiations between the UK and the EU regarding the terms of the UK's withdrawal from the EU and the framework of the future relationship between the UK and the EU (the "article 50 withdrawal agreement"), a transitional period has been agreed in principle which would extend the application of EU law, and provide for continuing access to the EU single market, until the end of 2020. There may be an extended period of increased uncertainty and volatility in the global financial markets due to the ongoing political uncertainty regarding the terms of the UK's withdrawal from the EU and the structure of the future relationship. The United Kingdom's decision to leave the EU may adversely affect the Group's ability to raise medium or long term funding in the international capital markets and there is potential for further consequences of Brexit to adversely impact the financial markets. It remains uncertain whether the article 50 withdrawal agreement will be finalised and ratified by the UK and the EU. If it is not ratified, the Treaty on the European Union and the Treaty on the Functioning of the European Union will cease to apply to the UK from that date. A disorderly departure of the UK from the EU, or the unexpected consequences of any departure, could have significant and immediate destabilizing effects on cross-border European financial services activities as well as the Group's business, depending on circumstances that may exist following such a withdrawal.

Since January 2017 the U.S. administration has outlined a political and economic agenda for the United States that, in certain ways, significantly differs from previous trade, tax, fiscal, regulatory and other policies of the United States. In particular, the current U.S. administration has pursued a protectionist trade policy which includes a series of expansive tariffs against its trading partners, including many of Australia's trading partners, up to and including the entirety of goods traded between the United States and China, which may result in adverse effects on the economy of China, Australia's largest trading partner and a significant driver of commodity demand and prices in the markets in which the Group and its customers operate. Anything that adversely affects China's economic growth could adversely affect Australian economic activity and, as a result, the Group's business, financial condition, operations and prospects. The current U.S. administration could also pursue a protectionist trade policy against Australia, which could adversely affect Australian economic activity and, as a result, the Group's business, financial condition, operations and prospects.

Geopolitical instability, such as threats of, potential for, or actual conflicts or terrorist activities, occurring around the world, may also adversely affect global financial markets, general business and economic conditions and the Group's or its customers' ability to continue operating or trading in an affected country or region, which in turn may adversely affect the Group's business, financial condition, operations and prospects.

The Group is subject to intense competition which may adversely affect its results

The Group faces intense competition in all of its principal areas of operation. Competition is expected to increase, especially from non-Australian financial services providers who continue to expand in Australia, and from new non-bank entrants or smaller providers who may be unregulated or subject to lower or different prudential and regulatory standards than the Group and are therefore able to operate more efficiently. These entrants may seek to disrupt the financial services industry by offering bundled propositions and utilising new technologies.

Additionally, the Group relies on deposits to fund a significant portion of its balance sheet. The Group competes with banks and other financial services firms for such deposits. Increased competition for deposits may increase the Group's cost of funding. To the extent that the Group is not able to successfully compete for deposits, the Group would be forced to rely more heavily on other, less stable or more expensive forms of funding, or to reduce lending. This may adversely affect the Group's business, financial condition, operations, prospects and liquidity.

If the Group is unable to compete effectively in its various businesses and markets, its market share may decline and increased competition may also adversely affect the Group's results by diverting business to competitors or creating pressure to lower margins to maintain market share.

The Group may incur losses from operational risks associated with being a large financial institution

Operational risk is defined as the risk of economic gain or loss resulting from (i) inadequate or failed internal processes and methodologies; (ii) people; (iii) systems and models used in making business decisions; or (iv) external events.

The Group's use of third party suppliers and third party partnerships, especially those where they supply the Group with critical services such as key technology systems or support, also expose it to operational risks including the potential for a severe event at a third party impacting the Group.

The Group's businesses are highly dependent on their ability to process and monitor a very large number of transactions, many of which are highly complex, across multiple markets and in many currencies. The Group's financial, accounting, record keeping, data processing or other operating systems, processes and facilities may fail to function properly or may become disabled as a result of events that are wholly or partially beyond its control, such as a spike in transaction volumes, damage to critical utilities, environmental hazard, natural disaster, or a failure of vendors' systems. The Group could suffer losses due to impairment of assets, including software, goodwill and other intangible assets.

There is also a risk that poor decisions may be made due to data quality issues, models that are not fit for purpose, or inappropriate data management. This may cause the Group to incur losses, or result in regulatory action.

Management must exercise judgement in selecting and applying the Group's accounting policies so that not only do they comply with generally accepted accounting principles but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations of the Group. While the Group has processes to set and ensure compliance with the Group's accounting policies, these processes may not always be effective. Application of and changes to accounting policies may adversely impact the Group's results.

The Group may also be adversely impacted by failures in the efficacy, adequacy or implementation of its risk management strategies, frameworks and processes. The emergence of unexpected risks or unanticipated impacts of identified risks may result in financial or reputational losses for the Group.

The Group may be adversely impacted by information security risks, including cyber - attacks

The Group's businesses are highly dependent on its information technology systems, including those supplied by external service providers, to securely process, store, keep private and transmit information. These information technology systems are subject to information security risks. Information security risks for the Group have increased in recent years, in part because of: (i) the pervasiveness of technology to conduct financial transactions; (ii) the evolution and development of new technologies; (iii) the Group's increasing usage of digital channels; (iv) customers' increasing use of personal devices that are beyond the Group's control systems; and (v) the increased sophistication and broadened activities of cyber criminals.

Although the Group takes protective measures and endeavours to modify these protective measures as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks, computer viruses or other malicious code and other events. These threats could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Group, its employees, customers or third parties or otherwise adversely impact network access or business operations.

An information security failure (including the impact of any cyber-attack) could have serious consequences for the Group, including operational disruption, financial losses, a loss of customer or business opportunities, litigation, regulatory penalties or intervention, reputational damage, theft of intellectual property, loss or theft of customer data, and could result in violations of applicable privacy laws.

Human capital risk including the loss of key executives, employees or Board members may adversely affect the Group's business, operations and financial condition

The Group's ability to attract and retain qualified and skilled executives, employees and Board members is an important factor in achieving the strategic objectives of CBA and its subsidiaries (the "Group"). The Chief Executive Officer, the management team of the Chief Executive Officer and the Board have skills that are critical to setting the strategic direction, successful management and growth of the Group, and whose loss due to resignation, retirement, death or illness may adversely affect the Group's business, operations and financial condition.

If the Group has difficulty retaining or attracting highly qualified people for important roles, including key executives and Board members, particularly in times of strategic change, the Group's business, operations and financial condition could be adversely affected.

The Group could suffer losses due to climate change

Climate change is systemic in nature, and is a significant long-term driver of both financial and non-financial risks. A failure to respond to the potential and expected impacts of climate change will affect the Group's long-term performance and can be expected to have wide-ranging impacts for the Group in its lending (retail and business), procurement and investment portfolios. These include, but are not limited to, impacts on the probability of default and losses arising from defaults, asset valuations and collateral as well as portfolio performance.

The Group recognises that inadequate assessment and management of the physical risk (arising from extreme weather events and longer-term shifts in climate patterns) and transition risk (arising from legal, market, policy, technology and reputational changes associated with a transition to a low carbon economy) of climate change, have the potential to disrupt business activities, damage property and otherwise affect the value of assets, and affect our customers' ability to repay loans.

Climate change therefore has the potential to adversely impact the Group's franchise value, strategic risk and financial risk, and poses a risk to the Group's cost of capital.

The Group is subject to compliance risks, which could adversely impact the Group's results and reputation

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or loss of reputation that the Group may suffer as a result of its failure to comply, or perceived failure to comply, with the requirements of relevant laws, regulatory bodies, industry standards and codes. Compliance risk may also arise where the Group interprets its obligations differently from regulators or a court.

Increasing volume, complexity and global reach of such requirements, and the increased propensity for sanctions and the level of financial penalties for breaches of requirements, could adversely impact the Group's results and reputation.

This includes for example, financial crime related obligations such as anti-money laundering and counter-terrorism financing laws, anti-bribery and corruption laws and economic and trade sanctions laws in the jurisdictions in which the Group operates. The number and wide reach of these obligations, combined with the increasing global focus on compliance with and enforcement of these obligations, presents a risk of adverse impacts on the Group, including to its reputation.

Substantial legal liability or regulatory action against the Group may adversely affect the Group's business, financial condition, operations, prospects and reputation

Due to the nature of the Group's business, it is involved in litigation, arbitration and regulatory proceedings, principally in Australia and New Zealand. Such matters are subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. If the Group is ordered to pay money (for example, damages, fines, penalties or legal costs), has orders made against its assets (for example, a charging order or writ of execution), is ordered to carry out actions which adversely affect its business operations or reputation (for example, corrective advertising) or is otherwise subject to adverse outcomes of litigation, arbitration and regulatory proceedings, the Group's business, financial condition, operations, prospects and reputation may be adversely affected.

In September 2017, following the commencement of the civil proceedings against the Group by AUSTRAC, ASIC launched an investigation in relation to the Group's disclosure in respect of the allegations raised in connection with the AUSTRAC proceedings. The AUSTRAC proceedings concerned contraventions of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the "AML/CTF Act"). The resolution of proceedings was approved by the Federal Court on 20 June 2018 with CBA paying a penalty of A$700 million and legal costs. ASIC is also investigating, among other things, whether the officers and directors at the Group complied with their obligations under the Corporations Act. It is currently not possible to predict the ultimate impact of this investigation, if any, on the Group. The Group has provided for legal costs expected to be incurred in relating to this investigation.

Although the Group provides updates to AUSTRAC and the Group's other regulators on the Program of Action implemented by the Group following the civil penalty proceedings commenced against it by AUSTRAC, there is no assurance that AUSTRAC or the Group's other regulators will agree that the Group's Program of Action will be adequate or that the Program of Action will effectively enhance the Group's compliance programs.

While the Group is not currently aware of any other enforcement action by other domestic or foreign regulators relating to the allegations raised by AUSTRAC (or similar matters) as of the date of this Document, there can be no assurance that the Group will not be subject to such enforcement actions in the future. The settlement of the proceedings commenced by AUSTRAC, or any other formal or informal proceeding or investigation by other government or regulatory agencies (domestic or foreign), may result in additional litigation, or proceedings by other regulators or private parties.

In October 2017 CBA was served with a shareholder class action proceeding filed in the Federal Court of Australia alleging breaches of CBA's continuous disclosure obligations and misleading and deceptive conduct in relation to the subject matter of the civil penalty proceedings brought by AUSTRAC. In the shareholder class action, it is alleged that CBA shareholders who acquired an interest in CBA shares between 1 July 2015 and 3 August 2017 suffered loss caused by the alleged conduct.

On 29 June 2018 a similar second shareholder class action in relation to the subject matter of the AUSTRAC proceedings was served on CBA on behalf of certain CBA shareholders who acquired an interest in CBA shares between 16 June 2014 and 3 August 2017. On 10 July 2019, court orders were made confirming the two class action proceedings would continue, would be case managed together and proceed by way of one harmonised statement of claim.

It is currently not possible to determine the ultimate impact of these claims, if any, on the Group. The Group has provided for legal costs expected to be incurred in the defence of the claims.

On 9 October 2018, a class action claim was filed against CBA and Colonial First State Investments Limited ("CFSIL") in the Federal Court of Australia. The claim relates to investment in cash and deposit options (which are cash and deposit products prioritised by CBA) in Colonial First State FirstChoice Superannuation Trust and Commonwealth Essential Super. The main allegation is that members with these options in the funds received lower interest rates on these products than they would have received had CFSIL put them in equivalent products with higher interest rates obtainable on the market. It is alleged that CBA was involved in CFSIL's breaches as trustee of the funds and CFSIL's breaches as Responsible Entity of the underlying managed investment schemes. Under Australian law a Responsible Entity has the dual role of trustee and manager of an investment scheme. Both CBA and CFSIL filed a defence to the claim on 20 December 2018. The class action lawyers made further amendments to the claim filing an amended statement of claim on 16 April 2019. The amendments introduced additional allegations relating to another term deposit and a breach of trust in respect of adviser commissions, however the commissions claim is made against CFSIL only. CBA and CFSIL filed a defence to the amended claim on 7 June 2019 denying the new claims. It is currently not possible to determine the ultimate impact of this claim, if any, on the Group. The Group has provided for the legal costs expected to be incurred in the defence of the claim. See "Description of Business Environment - Legal Proceedings and Investigations" for further details.

Additionally, the settlement in the AUSTRAC proceedings and other investigations, actions, claims and proceedings may harm the Group's business and results by negatively impacting the Group's reputation among the Group's customers, investors and other stakeholders. Reputational harm could result in the loss of customers or restrict the Group's ability to access the capital markets on favourable terms, which could have a material adverse effect on the Group's business, financial condition, operations, prospects and reputation.

During the 2018 financial year, $389 million of expense provisions were recognised for financial crimes compliance, the Royal Commission, the Prudential Inquiry (as defined below), the AUSTRAC civil proceedings, shareholder class actions and the ASIC investigation. During the 2019 financial year, $534 million of expense provisions were recognised for historical Aligned Advice remediation issues and associated program costs and $384 million of Wealth and Banking customer refunds and associated program costs.

Furthermore, in recent years there have been significant increases in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. The nature of these investigations and reviews can be wide ranging.

On 28 August 2017, APRA announced it would establish an independent prudential inquiry ("the Inquiry") into the Group with the goal of identifying shortcomings in the governance, culture and accountability frameworks.

The final report of the Inquiry was released on 1 May 2018 (the "Final Report"). The Final Report made a number of findings regarding the complex interplay of organisational and cultural factors within the Group and the need for enhanced management of non-financial risks. In response to the Final Report, the Group acknowledged that it will implement all of the recommendations and agreed to adjust its minimum operational risk capital requirements by an additional $1 billion (risk weighted assets $12.5 billion) until such time as the recommendations are implemented to APRA's satisfaction.

CBA has entered into an Enforceable Undertaking under which CBA's remedial action plan ("Remedial Action Plan") in response to the Final Report would be agreed and monitored regularly by APRA. The Remedial Action Plan provides a detailed program of change outlining how CBA will improve the way it runs its business, manages risk, and works with regulators. The Remedial Action Plan also provides a comprehensive assurance framework, with Promontory Australasia (Sydney) Pty Ltd ("Promontory") having been appointed as the independent reviewer and which is required to report to APRA on the Group's progress against committed milestones every 3 months.

Promontory has noted that the Remedial Action Plan program of work remains on track and CBA's commitment to implementing the Inquiry's recommendations in a timely and comprehensive way continued to be strong with all 156 milestones on schedule to be delivered by the due date. Promontory is providing APRA with quarterly progress reports, and CBA is committed to report publicly on its progress against the Remedial Action Plan twice a year. The Group has provided for costs associated with the implementation of the Remedial Action Plan.

During 2019, the Group has also received various notices and requests for information from its regulators as part of both industry-wide and Bank-specific reviews. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain. However, should any regulatory investigations and reviews result in fines, the Group's business, financial condition, operations, prospects and reputation may be adversely affected.

The Group may incur losses as a result of the inappropriate conduct of its staff

The Group could be adversely affected if an employee, contractor or external service provider does not act in accordance with regulations or its policies and procedures, engages in inappropriate or fraudulent conduct, or unintentionally fails to meet a professional obligation to specific clients. Examples are inadequate or defective financial advice, product defects and unsuitability, market manipulation, insider trading, privacy or data security breaches and misleading or deceptive conduct in advertising. As a result, the Group could incur losses, financial penalties and reputational damage, and could be subject to legal or regulatory action.

The Group may incur losses associated with counterparty exposures

The Group assumes counterparty risk in connection with its lending, trading, derivatives, insurance and other businesses as it relies on the ability of its counterparties to satisfy their financial obligations to the Group on a timely basis. For example, customers may default on their home, personal and business loans, and trades may fail to settle due to non-payment by a counterparty or a systems failure by clearing agents, exchanges or other financial intermediaries. This risk also arises from the Group's exposure to lenders' mortgage insurance and re-insurance providers. There is also a risk that the Group's rights against counterparties may not be enforceable in certain circumstances.

Counterparties may default on their obligations due to insolvency, lack of liquidity, operational failure or other reasons. This risk may be increased by a deterioration in economic conditions and a sustained high level of unemployment. In assessing whether to extend credit or enter into other transactions, the Group relies on counterparties providing information that is accurate and not misleading, including financial statements and other financial information. The Group's financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading.

Unexpected credit losses could have a significant adverse effect on the Group's business, financial condition, operations and prospects.

The Group's results may be adversely affected by liquidity and funding risks

The Group is subject to liquidity and funding risks, which could adversely impact the Group's results. Liquidity risk is the risk of being unable to meet financial obligations as and when they fall due. Funding risk is the risk of over-reliance on a funding source to the extent that a change or increased competition in that funding source could increase overall funding costs or cause difficulty in raising funds.

Further information on liquidity and funding risk is outlined in Note 9.4 of the 2019 Financial Report which provides an overview of the Group's liquidity and funding risk management framework.

Adverse financial and credit market conditions may significantly affect the Group's ability to access international debt markets, on which it relies for a substantial amount of its wholesale funding

While the majority of the Group's funding comes from deposits, it remains reliant on off - shore wholesale funding markets to source a significant amount of its funding and grow its business.

Global market volatility may adversely impact the cost and the Group's ability to access wholesale funding markets and may also result in increased competition for, and therefore the cost of, deposits in Australia.

If the Group is unable to pass its increased funding costs on to its customers, its financial performance will decline due to lower net interest margins. If the Group is forced to seek alternative sources of funding, the availability of such alternative funding and the terms on which it may be available will depend on a variety of factors, including prevailing financial and credit market conditions. Even if available, the cost of these alternatives may be more expensive or they may only be available on unfavourable terms, which may adversely impact the Group's cost of borrowing and the Group's ongoing operations and funding. If the Group is unable to source appropriate and timely funding, it may also be forced to reduce its lending or consider selling assets.

The Group may not be able to maintain adequate levels of liquidity and funding, which would adversely affect the Group's business, financial condition, operations and prospects

The Group's liquidity and funding policies are designed to ensure that it will meet its debts and other obligations as and when they fall due. Although the Group actively monitors and manages its liquidity and funding positions, there are factors outside of its control which could adversely affect these positions, for example if financial markets are closed for an extended period of time.

In addition to APRA's Liquidity Coverage Ratio ("LCR") requirements (effective 1 January 2015), the Group must comply with the Net Stable Funding Ratio ("NSFR") requirements, which came into effect from 1 January 2018. If the Group fails to maintain adequate levels of liquidity and funding, it would adversely affect the Group's business, financial condition, operations and prospects.

Failure to maintain credit ratings could adversely affect the Group's cost of funds, liquidity, access to debt and capital markets, and competitive position

CBA's credit ratings (which are strongly influenced by Australia's sovereign credit rating) affect the cost and availability of its funding from debt and other funding sources. Credit ratings could be used by potential customers, lenders and investors in deciding whether to transact with or invest in the Group.

A downgrade to CBA's credit ratings, or the ratings of the Commonwealth of Australia, could adversely affect the Group's cost of funds, liquidity, access to debt and capital markets, collateralization requirements and competitive position.

CBA has been rated AA- with a stable outlook by Standard & Poor's (Australia) Pty. Ltd. ("S&P"). S&P changed its outlook on CBA from negative to stable on 9 July 2019 and and reaffirmed CBA's ratings on 15 July 2019.

CBA has been rated Aa3 with a stable outlook by Moody's Investors Service Pty Ltd.

CBA has been rated AA- with a negative outlook by Fitch Australia Pty Ltd ("Fitch"). The current negative outlook reflects Fitch's view of the risks associated with remediating the shortcomings in operational risk and governance that were highlighted in the Prudential Inquiry report.

Failure to maintain capital adequacy requirements would adversely affect the Group's financial condition

The Group must satisfy substantial capital requirements, subject to qualitative and quantitative review and assessment by its regulators. Regulatory capital requirements influence how the Group uses its capital, and can restrict its ability to pay dividends and Additional Tier 1 distributions, or to make stock repurchases. The Group's capital ratios may be affected by a number of factors, including earnings, asset growth, changes in the value of the Australian dollar against other currencies in which the Group conducts its business, and changes in business strategy (including acquisitions, divestments, investments and changes in capital intensive businesses).

The Group operates an Internal Capital Adequacy Assessment Process (the "ICAAP") to manage its capital levels and to maintain them above the minimum levels approved by the Board (which are currently set to exceed regulatory requirements). The ICAAP includes forecasting and stress testing of capital levels, which guides the Group in selecting any capital management initiatives it may undertake.

Should the ICAAP forecasts or stress tests prove to be ineffective, the Group may not be holding sufficient capital and may need to raise capital to manage balance sheet growth and/or extreme stress.

APRA has implemented a number of actions in response to the final report of the Financial System Inquiry ("FSI") released in December 2014, including the report's recommendation that Australian ADIs be required to operate with "unquestionably strong" capital ratios.

In July 2017, APRA released an information paper "Strengthening banking sector resilience – establishing unquestionably strong capital ratios" in which it stated that in order to meet the objective of having "unquestionably strong" capital ratios, Australia's major banks would need to operate with a benchmark ratio of CET1 Capital to RWA of 10.5 percent or more by 1 January 2020.

Separately, on 7 December 2017, the Basel Committee on Banking Supervision issued "Basel III: Finalising post-crisis reforms" confirming new measures designed to address deficiencies in the international regulatory capital framework following the global financial crisis, primarily focused on addressing excessive variability in RWA, and therefore capital requirements, across banks.

In response, on 14 February 2018, APRA released a discussion paper titled "Discussion Paper – Revisions to the capital framework for authorised deposit-taking institutions" (the "Paper") to commence its consultation on revisions to the capital framework. The Paper outlines the main components of the revisions APRA expects to make to the risk-based capital requirements for ADIs using the advanced and standardised approach to credit, market and operational risk. Amongst other things, the Paper seeks to address systemic concentration of ADI portfolios in residential mortgages and the proposals seek to target higher-risk residential mortgage lending, including investment and interest only loans. APRA has stated that it expects the overall impact of the proposals in the Paper to be a net increase in ADIs' RWA. APRA has noted that all else being equal, this will reduce an ADI's reported capital ratios, even though there is no change to the ADI's underlying risk profile or to the quantum of capital required to achieve capital ratios that are "unquestionably strong". APRA has since released draft prudential standards on the standardised approach to measuring credit and operational risk. In addition, APRA has proposed a simpler method for calculating capital requirements for residential mortgages measured under the internal ratings based ("IRB") approach.

In August 2018, APRA released a second discussion paper titled "Discussion paper - Improving the transparency, comparability and flexibility of the ADI capital framework". APRA proposes two key options for achieving comparability, without changing the quantum or allocation of capital. The first option is similar to the current approach, with the additional disclosure of APRA prescribed internationally comparable capital ratios, alongside the current APRA regulatory capital ratios. The second option will result in only one set of APRA regulatory capital ratios that are more internationally harmonised than the current approach. The latter will be achieved by removing certain aspects of APRA's relative conservatism from an ADIs' capital ratio calculations and lifting minimum regulatory capital ratio requirements in tandem.

The outcome of these discussion papers, and the overall review of the capital framework, will determine whether APRA may recalibrate the benchmark 10.5 percent CET1 ratio applicable to major banks. However, APRA's expectation is that this will not necessitate additional capital raisings by ADIs nor alter the risk sensitivity of capital requirements.

APRA's intention is that the quantum of capital required to be held by ADIs under the revised capital framework can be accommodated within the amount of capital they would have needed to hold to meet the benchmark CET1 ratio by January 2020.

Revisions to APRA's prudential standards are subject to consultation before becoming effective from 1 January 2021 for operational risk and from 1 January 2022 for all other reforms.

Consistent with CBA's approach to capital management, CBA will aim to achieve "unquestionably strong" capital ratios through a range of initiatives, including organic capital generation, prudent capital management and announced asset sales.

In addition to the revisions to the capital framework, APRA has announced it intends to implement other capital related FSI recommendations, including a framework for minimum loss-absorbing and recapitalisation capacity and the introduction of a minimum Leverage Ratio requirement for ADIs, as follows:

- In February 2018, APRA released a discussion paper titled "Discussion Paper - Leverage ratio requirements for authorised deposit-taking institutions". Following consultation, in November 2018, APRA announced that it would set a minimum Leverage Ratio requirement of 3.5 percent for IRB ADIs, of which CBA is one, which will apply from 1 January 2022.
- On 9 July 2019, APRA released its response to the submissions for the November 2018 discussion paper titled "Discussion Paper - increasing the loss-absorbing capacity of ADIs to support orderly resolution". APRA confirmed that the Australian LAC regime will be established under the existing capital framework. For D-SIBs, of which CBA is one, APRA will require an increase to the total capital requirement by 3 percent of RWA, effective from 1 January 2024. CBA expects that this would result in a decrease in the senior funding requirement. APRA further noted that its long term target of 4 to 5 percent of LAC remains unchanged and will consider feasible alternative methods for raising the additional 1 to 2 percent over the next four years, in consultation with industry and other stakeholders.

The Reserve Bank of New Zealand is undertaking a comprehensive review of the capital adequacy framework applying to registered banks in New Zealand. The latest consultation paper titled "Capital Review Paper 4: How much capital is enough?" released in December 2018 includes proposals to increase New Zealand IRB banks' RWA to approximately 90 percent of standardised RWA and to increase the minimum Tier 1 capital requirement for banks which are deemed systemically important to 16 percent of RWA (currently 8.5 percent). Consultation on the proposals is now closed with final policy decisions expected in November 2019.

For more information on the Group's capital adequacy and liquidity requirements, see "Group Operations and Business Settings - Liquidity and Capital Resources" starting on page 70 of this Document. The Group's failure to meet the capital requirements discussed above, or any future proposed capital requirements if enacted, would adversely affect its financial condition.

Failure to hedge effectively against market risks (including adverse fluctuations in exchange rates) could negatively impact the Group's results of operations

The Group is exposed to market risks, including the potential for losses arising from adverse changes in interest rates, foreign exchange rates, commodity and equity prices, credit spreads and implied volatility levels for assets and liabilities where options are transacted. This exposure is split between traded market risks, primarily through providing services to customers on a global basis, and non-traded market risks, predominantly interest rate risk in the Group's banking book.

A significant proportion of the Group's wholesale funding and some of its profits and investments are in currencies other than the Australian dollar, principally the U.S. dollar and the Euro. This exposes the Group to exchange rate risk on these activities, as the Group's functional and financial reporting currency is the Australian dollar. These activities are hedged where appropriate, however there are also risks associated with hedging, for example, a hedge counterparty may default on its obligations to the Group. For a description of these specific risks, see Note 9.3 to the 2019 Financial Report. There can be no assurance that the Group's exchange rate hedging arrangements or hedging policy will be sufficient or effective. The Group's results of operations may be adversely affected if its hedges are not effective to mitigate exchange rate risks, if the Group is inappropriately hedged or if a hedge provider defaults on its obligations under the Group's hedging agreements.

The Group's results could be adversely impacted by strategic risks

Strategic risk is the risk of material value destruction or less than planned value creation, due to changes in the Group's external and internal operating environment. Examples of strategic risk include:

- suboptimal allocation and balance of the Group's resources to execute on its strategic objectives;
- ineffective delivery of the Group's strategy (for example due to operational complexity or the pace of execution being too fast for processes, people and systems to work as they need to, or too slow to keep pace with the changing environment); and
- the inability of the Group to keep pace with intensified competition from traditional and non-traditional financial services players across key value pools.

While the Board regularly monitors and discusses the Group's operating environment, strategic objectives and implementation of major strategic initiatives, there can be no assurance that such objectives and initiatives will be successful or that they will not adversely impact the Group.

The Group's performance and financial position may be adversely affected by acquisitions or divestments of businesses

The Group may divest businesses or capabilities it considers non-core or wind down businesses or product areas. For example, the Group is currently undertaking a number of divestments and strategic reviews of certain businesses.

There is a risk that the cost and pace of executing divestments, including as a result of external approvals, may cause the Group to experience disruptions in the divestment, transition or wind down process, including to existing businesses, which may cause customers to remove their business from the Group or have other adverse impacts on the Group.

From time to time, the Group evaluates and undertakes acquisitions of other businesses. There is a risk that the Group may not achieve the expected synergies from the acquisition, and may experience disruptions to its existing businesses due to difficulties in integrating the systems and processes of the acquired business, which may cause the Group to lose customers and market share, and incur financial losses.

Multiple divestments and/or acquisitions at the same time may exacerbate these risks.

The Group could be adversely impacted by investor activism

In recent times, the Group has been increasingly challenged on its strategy by shareholders, including institutional shareholders and special interest groups. Areas which have attracted investor activism in Australia include making socially responsible investment and avoiding financing or interacting with businesses that do not demonstrate responsible management of environmental and social issues. The prevalence of investor activism could adversely impact management's decision-making and implementation of the Group's initiatives, which in turn could adversely affect its financial results.

The Group may be adversely impacted by insurance risk

Events that the Group has provided insurance against may occur more frequently or with greater severity than anticipated, which could adversely impact the Group. In the Group's life insurance business, this risk arises primarily through mortality (death) and morbidity (illness and injury) related claims being greater than expected. In the Group's general insurance business, this risk is mainly driven by weather related incidents (such as storms, floods or bushfires) and other catastrophe.

Financial Review

Selected Consolidated Income Statement Data ("statutory basis")	2019 (1) USD$M (3)	2019 (1)	2018 (2)	2017 (2)	2016	2015
		Full Year Ended 30 June (AUD$ millions, except where indicated)				
Interest income:						
Effective interest income	**23,893**	**34,089**	33,643	32,705	33,819	34,145
Other	**349**	**499**	501	490	-	-
Interest expense	**(11,542)**	**(16,468)**	(15,802)	(15,649)	(16,961)	(18,322)
Net interest income	**12,700**	**18,120**	18,342	17,546	16,858	15,823
Impairment expense	**(842)**	**(1,201)**	(1,079)	(1,095)	(1,256)	(988)
Non-interest income	**4,358**	**6,217**	6,788	6,937	6,759	7,845
Operating expenses	**(7,971)**	**(11,373)**	(11,029)	(10,133)	(9,996)	(10,078)
Net profit before tax	**8,245**	**11,763**	13,022	13,255	12,365	12,602
Corporate tax expense	**(2,377)**	**(3,391)**	(3,952)	(3,784)	(3,400)	(3,528)
Net profit after tax	**5,868**	**8,372**	9,070	9,471	8,965	9,074
Non-controlling interests	**(8)**	**(12)**	(13)	(13)	(20)	(21)
Net profit attributable to equity holders of the Bank from continuing operations	**5,860**	**8,360**	9,057	9,458	8,945	9,053
Dividend declared (4)	**5,348**	**7,630**	7,570	7,408	7,189	6,823
Weighted average number of shares (basic) (M)		**1,765**	1,746	1,720	1,692	1,627
Earnings per share, basic (cents)	**340. 4**	**485. 6**	534. 3	577. 3	542. 0	553. 1
Earnings per share, fully diluted (cents)	**328. 4**	**468. 6**	517. 7	558. 8	529. 0	539. 1
Dividends per share (cents)	**302**	**431**	431	429	420	420
Dividend payout ratio (%) (5)		**89. 0**	81. 2	74. 6	78. 4	75. 8

(1) Current year amounts reflect the adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from contracts with customers' on 1 July 2018. As permitted by AASB 9 and AASB 15 comparative information has not been restated. For further details on the adoption of AASB 9 and AASB 15 refer to Note 1.1 of the 2019 Financial Report.

(2) Comparative information has been restated to conform to the presentation in the current year, which includes changes to the presentation of discontinued operations. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(3) USD translated from AUD using the 30 June 2019 month end Noon Buying Rate, as defined below.

(4) Represents final dividend declared for each respective year ended 30 June.

(5) Dividends paid on ordinary shares divided by statutory earnings (earnings are net of dividends on other equity instruments).

Exchange Rates

For each of the Bank's financial years indicated, as well as for July and August (to date) of 2019, the period end and average exchange rates are set out below, together with the high, low and month end rates (unless otherwise indicated) for recent months. All rates referred to are the Noon Buying Rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate").

To calculate the USD figures provided herein for comparison purposes as at and for the year ended 30 June 2019, the 30 June 2019 month end Noon Buying Rate has been used.

	Full Year Ended 30 June				
	2019	2018	2017	2016	2015
	(expressed in USD$ per AUD$1.00)				
Period End	**0. 7009**	0. 7399	0. 7676	0. 7432	0. 7704
Average Rate	**0. 7149**	0. 7741	0. 7542	0. 7270	0. 8275

	Month Ended 2019					
	August (1)	**July**	**June**	**May**	**April**	**March**
	(expressed in USD$ per AUD$1.00)					
High	**0. 6858**	0. 7043	0. 7009	0. 7038	0. 7178	0. 7140
Low	**0. 6754**	0. 6872	0. 6860	0. 6874	0. 7010	0. 7023
Month End Noon Buying Rates	**0. 6796**	0. 6888	0. 7009	0. 6930	0. 7040	0. 7104

(1) Represents the most current August 2019 exchange rate data ended 9 August 2019.

Financial Review

Consolidated Balance Sheet Data	2019 [1] USD$M [3]	2019 [1]	2018 [2]	2017 [2]	2016	2015
	Full Year Ended 30 June					
		(AUD$ millions, except where indicated)				
Assets						
Cash and liquid assets	**20,597**	**29,387**	36,417	45,850	23,372	33,116
Receivables due from other financial institutions	**5,672**	**8,093**	9,222	10,037	11,591	13,063
Assets at fair value through income statement:						
Trading	**22,783**	**32,506**	32,254	32,704	34,067	26,424
Insurance	**-**	**-**	372	13,669	13,547	14,088
Other	**821**	**1,171**	258	1,111	1,480	1,278
Derivative assets	**17,673**	**25,215**	32,133	31,724	46,567	46,154
Investment securities:						
At amortised cost	**5,155**	**7,355**	-	-	-	-
At fair value through other comprehensive income	**55,310**	**78,912**	-	-	-	-
Available-for-sale investments	**-**	**-**	82,240	83,535	80,898	74,684
Loans, bills discounted and other receivables	**529,279**	**755,141**	743,365	731,762	695,398	639,262
Bank acceptances of customers	**22**	**32**	379	463	1,431	1,944
Property, plant and equipment	**1,670**	**2,383**	2,576	3,873	3,940	2,833
Investments in associates	**2,103**	**3,001**	2,842	2,778	2,776	2,637
Intangible assets	**5,583**	**7,965**	9,090	10,095	10,384	9,970
Deferred tax assets	**1,174**	**1,675**	1,439	906	333	498
Other assets	**4,987**	**7,115**	6,924	7,811	7,161	7,538
Assets held for sale	**11,601**	**16,551**	15,654	-	-	-
Total Assets	**684,430**	**976,502**	975,165	976,318	932,945	873,489
Liabilities						
Deposits and other public borrowings	**445,800**	**636,040**	622,234	626,655	588,045	543,231
Payables due to other financial institutions	**16,380**	**23,370**	20,899	28,432	28,771	36,416
Liabilities at fair value through income statement	**5,972**	**8,520**	10,247	10,392	10,292	8,493
Derivative liabilities	**15,965**	**22,777**	28,472	30,330	39,921	35,213
Bank acceptances	**22**	**32**	379	463	1,431	1,944
Current tax liabilities	**228**	**326**	952	1,450	1,022	661
Deferred tax liabilities	**-**	**-**	-	332	340	351
Other provisions	**1,928**	**2,751**	1,860	1,780	1,656	1,726
Insurance policy liabilities	**-**	**-**	451	12,018	12,636	12,911
Debt issues	**114,941**	**163,990**	172,294	167,571	161,284	154,429
Managed fund units on issue	**-**	**-**	-	2,577	1,606	1,149
Bills payable and other liabilities	**7,209**	**10,285**	11,625	11,932	9,889	11,336
Liabilities held for sale	**11,071**	**15,796**	14,900	-	-	-
Total Liabilities	**619,516**	**883,887**	884,313	893,932	856,893	807,860
Loan capital [4]	**16,097**	**22,966**	22,992	18,726	15,544	12,824
Total liabilities and loan capital	**635,613**	**906,853**	907,305	912,658	872,437	820,684
Net Assets	**48,817**	**69,649**	67,860	63,660	60,508	52,805
Total Shareholders' Equity	**48,817**	**69,649**	67,860	63,660	60,508	52,805
Other equity instruments	**-**	**-**	-	-	-	939
Total Shareholders' Equity excluding other equity instruments	**48,817**	**69,649**	67,860	63,660	60,508	51,866

(1) Current year balances reflect the adoption of AASB 9 ‘Financial Instruments’ and AASB 15 ‘Revenue from contracts with customers’ on 1 July 2018. As permitted by AASB 9 and AASB 15 comparative information has not been restated. For details on the adoption of AASB 9 and AASB 15 refer to Note 1.1 of the 2019 Financial Report.

(2) Comparative information has been restated to conform to the presentation in the current year. Refer to “Disclosures – Financial Information Definitions – Change in Comparatives” and Appendix C of this Document for further details.

(3) USD translated from AUD using the 30 June 2019 month end Noon Buying Rate (see month end Noon Buying Rates under “Financial Review - Exchange Rates” on page 30 of this Document).

(4) Represents interest bearing liabilities qualifying as regulatory capital.

Financial Review

Consolidated Ratios and Operating Data	2019 USD$M [2]	2019	2018 [1]	2017 [1]	2016	2015
		Full Year Ended 30 June (AUD$ millions, except where indicated)				
Profitability from continuing operations						
Net interest margin (%) [3]		**2. 10**	2. 15	2. 10	2. 13	2. 15
Interest spread (%) [4]		**1. 84**	1. 92	1. 91	1. 97	2. 00
Return on average Shareholders' Equity (%) [5]		**12. 3**	13. 9	15. 4	15. 8	18. 2
Return on average total assets (%) [5]		**0. 9**	0. 9	1. 0	1. 0	1. 1
Profitability including discontinued operations						
Net interest margin (%) [3]		**2. 11**	2. 15	2. 11	2. 14	2. 15
Interest spread (%) [4]		**1. 85**	1. 91	1. 91	1. 98	2. 00
Return on average Shareholders' Equity (%) [5]		**12. 6**	14. 3	16. 2	16. 3	18. 2
Return on average total assets (%) [5]		**0. 9**	1. 0	1. 0	1. 0	1. 1
Productivity from continuing operations						
Total operating income per full-time staff equivalent	**398,563**	**568,644**	591,876	579,023	552,805	508,578
Employee expense/Total operating income (%) [6]		**24. 2**	21. 8	22. 4	24. 1	24. 9
Total operating expenses/Total operating income (%) [6]		**46. 2**	44. 1	41. 6	41. 7	42. 8
Productivity including discontinued operations						
Total operating income per full-time staff equivalent	**378,760**	**540,391**	580,859	568,685	545,237	508,578
Employee expense/Total operating income (%) [6]		**25. 5**	23. 2	24. 0	24. 4	24. 9
Total operating expenses/Total operating income (%) [6]		**47. 8**	45. 5	41. 7	42. 4	42. 8
Capital Adequacy (at year end)						
Basel III						
Risk weighted assets	**317,341**	**452,762**	458,612	437,063	394,667	368,721
Tier One capital	**40,200**	**57,355**	56,365	52,684	48,553	41,147
Tier Two capital	**8,936**	**12,750**	12,579	9,392	7,924	5,661
Total capital [7]	**49,137**	**70,105**	68,944	62,076	56,477	46,808
Tier One capital/risk weighted assets (%)		**12. 7**	12. 3	12. 1	12. 3	11. 2
Tier Two capital/risk weighted assets (%)		**2. 8**	2. 7	2. 1	2. 0	1. 5
Total capital/risk weighted assets (%)		**15. 5**	15. 0	14. 2	14. 3	12. 7
Average Shareholders' Equity/average total assets (%)		**7. 0**	6. 7	6. 5	6. 3	6. 1

(1) Comparative information has been restated to conform to the presentation in the current year, which includes changes to the presentation of discontinued operations. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) USD translated from AUD using the 30 June 2019 month end Noon Buying Rate (see month end Noon Buying Rates under "Financial Review - Exchange Rates" on page 30 of this Document).
(3) Net interest income divided by average interest earning assets for the year.
(4) Difference between the average interest rate earned and the average interest rate paid on funds.
(5) Calculations based on Net profit after tax ("statutory basis"), net of dividends on other equity investments, divided by average Shareholders' Equity and average total assets respectively.
(6) Total operating income represents net interest income before deducting loan impairment expense plus non-interest income.
(7) Represents Tier One capital and Tier Two capital less deductions under statutory guidelines imposed by APRA. Refer to "Group Operations and Business Settings" for further details.

Financial Review

Consolidated Ratios and Operating Data	2019 USD$M (1)	2019	2018	2017	2016	2015
	Full Year Ended 30 June					
		(AUD$ millions, except where indicated)				
Asset Quality Data (2)						
Non-accrual loans (3)	**1,799**	**2,567**	2,507	2,630	2,460	2,253
Gross impaired assets (4)	**2,539**	**3,622**	3,179	3,187	3,116	2,855
Individually assessed provisions for impairment	**627**	**895**	870	980	944	887
Collective provisions for impairment	**2,736**	**3,904**	2,763	2,747	2,818	2,762
Net impaired assets	**1,707**	**2,435**	2,111	2,038	1,989	1,829
Total provisions for impairment/average credit risk (%) (5)		**0. 4**	0. 3	0. 3	0. 3	0. 4
Loan impairment expense/average credit risk (%) (5)		**0. 1**	0. 1	0. 1	0. 1	0. 1
Gross impaired assets/credit risk (%) (6)		**0. 3**	0. 3	0. 3	0. 3	0. 3
Net impaired assets/total Shareholders' Equity (%)		**3. 5**	3. 1	3. 2	3. 3	3. 5
Collective provision for impairment/credit risk weighted assets (%) Basel III		**1. 0**	0. 7	0. 7	0. 8	0. 9

(1) USD translated from AUD using the 30 June 2019 month end Noon Buying Rate (see month end Noon Buying Rates under "Financial Review - Exchange Rates" on page 30 of this Document).
(2) All impaired asset balances and ratios are net of interest reserved.
(3) Non-accrual loans comprise any credit risk exposure where a specific provision for impairment has been raised, or is maintained on a cash basis because of significant deterioration in the financial position of the borrower, or where loss of principal or interest is anticipated.
(4) Gross impaired assets comprise non-accrual loans, restructured loans, Other real estate owned assets and Other assets acquired through security enforcement.
(5) Average credit risk is based on gross credit risk. Averages are based on current and previous year-end balances.
(6) Gross impaired assets as a percentage of credit risk.

Summary Cash Flows Data

Further details of the Bank's cash flows are found in the 2019 Financial Report and Notes to the Financial Statements.

Summary Cash Flows	2019 USD$M (1)	2019	2018	2017	2016	2015
	Full Year Ended 30 June					
		(AUD$ millions, except where indicated)				
Net Cash (used in)/provided by operating activities	**12,676**	**18,086**	1,109	(807)	(4,561)	7,183
Net Cash (used in)/provided by investing activities	**689**	**983**	(1,002)	(677)	(2,032)	(1,215)
Net Cash (used in)/provided by financing activities (2)	**(17,567)**	**(25,064)**	(219)	10,154	1,770	(5,826)
Net (decrease)/increase in cash and cash equivalents	**(4,202)**	**(5,995)**	(112)	8,670	(4,823)	142
Cash and cash equivalents at beginning of period	**16,124**	**23,005**	23,117	14,447	19,270	19,128
Cash and cash equivalents at end of period	**11,922**	**17,010**	23,005	23,117	14,447	19,270

(1) USD translated from AUD using the 30 June 2019 month end Noon Buying Rate (see month end Noon Buying Rates under "Financial Review - Exchange Rates" on page 30 of this Document).
(2) Includes the balance 'Effect of foreign exchange rates on cash and cash equivalents' as disclosed in the 2019 Financial Report.

Group Performance Analysis

Section 3 – Group Performance Analysis

Group Performance Analysis

Financial Performance and Business Review (continuing operations basis [1])

Comparisons in this Group Performance Analysis section are 2019 financial year figures to 2018 financial year figures unless otherwise stated.

The Bank's statutory net profit after tax ("NPAT") from continuing operations for the year ended 30 June 2019 decreased $697 million or 7.7% on the prior year to $8,360 million. The Bank's statutory NPAT (including discontinued operations) for the year ended 30 June 2019 decreased $758 million or 8.1% on the prior year to $8,571 million.

Cash net profit after tax ("cash NPAT" or "cash profit") from continuing operations decreased $423 million or 4.7% on the prior year to $8,492 million. The result was driven by a 2.0% decrease in operating income, a 2.5% increase in operating expenses and a 11.3% increase in loan impairment expense.

Operating income decreased 2.0% (2.2% excluding the impact of consolidating the Mortgage Broking businesses [2]), primarily driven by:

- Net interest income decreased 1.2% with net interest margin ("NIM") decreasing 2.3% or 5 basis points, largely driven by home loan customer switching and competition, and higher short term wholesale funding costs; partly offset by average interest earning assets increasing 1.2% primarily from growth in home loans and business loans;
- Other banking income decreased 2.8% (3.9% excluding the impact of consolidating the Mortgage Broking businesses [2]), primarily driven by lower credit card income, lower transaction fees due to the simplification of fee waivers, lower overdrawn account fees following the introduction of pre-emptive customer alerts and unfavourable derivative valuation adjustments, partly offset by the non-recurrence of the impact from restructuring economic hedges in the 2018 financial year and higher business loan fee income (reflecting a shift to fee based products such as cash advance facilities); and
- Insurance income decreased 38.2% driven by higher claims experience due to increased weather events, primarily the New South Wales (NSW) hail storm, Queensland floods and other weather events in NSW, Victoria and Queensland.

Operating expenses increased 2.5%, impacted by notable items and prior period one-offs [3], higher risk and compliance full-time equivalent staff ("FTE"), wage inflation and IT spend.

Loan impairment expense ("LIE") increased 11.3%, driven by higher individual provisions due to a small number of large single name exposures in the corporate portfolio, and higher collective provisions reflecting higher arrears in the consumer finance portfolio and softening economic conditions.

CET1 was above APRA's 'unquestionably strong' target of 10.5%, with the CET1 ratio increasing 60 basis points to 10.7%, as at 30 June 2019, primarily driven by organic capital generation of 55 basis points.

Earnings per share ("cash basis") was down 5.8% on the prior year at 480.8 cents per share, primarily due to the decrease in cash profit. Return on equity ("cash basis") decreased 110 basis points to 12.5% due to the impact of lower profit (approximately 60 basis points) and the increase in capital levels in order to meet APRA's 'unquestionably strong' benchmark (approximately 50 basis points).

The Bank declared a final dividend of $2.31 per share, bringing the total for the year to $4.31, which is equivalent to 87.6% of the Bank's cash profit.

Balance sheet strength and resilience is a key priority for the Bank. The Bank has managed key balance sheet risks in what it believes to be a sustainable and conservative manner, and has made strategic decisions designed to ensure strength in capital, funding and liquidity. In particular, during the period the Bank has:

- Satisfied a significant proportion of its funding requirements from customer deposits, accounting for 69% of total funding at 30 June 2019 (up from 68% at 30 June 2018);
- Issued new long-term wholesale funding with a weighted average maturity ("WAM") of 6.5 years, bringing the portfolio WAM to 5.1 years (flat on 30 June 2018);
- Maintained its wholesale funding position, with long-term wholesale funding accounting for 66% of total wholesale funding (down from 67% at 30 June 2018); and
- Managed the level of liquid assets and customer deposit growth to maintain its strong funding and liquidity positions, as illustrated by the LCR and NSFR being well above the regulatory minimums.

(1) The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and reported as a single cash net profit after tax line item. Discontinued operations include the Group's Australia and New Zealand life insurance businesses (CommInsure Life and Sovereign), BoCommLife, TymeDigital SA, CFSGAM and PTCL. Commentary throughout this Document refers to the financial results on a continuing operations basis. Refer to "Disclosures - Financial Information Definitions- Change in Comparatives" and Appendix C of this Document for further details.
(2) On 25 August 2017, the Group acquired the remaining 20% share in AHL Holdings Pty Limited ("AHL") (trading as Aussie Home Loans), bringing its shareholding to 100%. On 23 February 2018, the Group also acquired the assets of eChoice. As a result, the Group now controls and consolidates these Mortgage Broking operations.
(3) Refer to "Disclosures – Financial Information Definitions – Notable Items" in this Document for further information.

Financial Performance and Business Review (continued)

Performance Overview (continued)

The Bank's financial result was impacted by a number of notable items and prior period one-off items. In order to present a transparent view of business performance, operating income and operating expenses are shown both before and after these notable items.

The impact of these adjustments is outlined below:

	Full Year Ended [1]			Half Year Ended		
	30 Jun 19	30 Jun 18	Jun 19 vs Jun 18	30 Jun 19	31 Dec 18	Jun 19 vs Dec 18
Group Performance Summary	$M	$M	%	$M	$M	%
Operating income excluding Mortgage Broking businesses	24,132	24,686	(2)	11,869	12,263	(3)
Mortgage Broking consolidation [2]	275	228	21	130	145	(10)
Total operating income	24,407	24,914	(2)	11,999	12,408	(3)
Investment experience	4	8	(50)	1	3	(67)
Total income	24,411	24,922	(2)	12,000	12,411	(3)
Operating expenses exlcuding notable items and prior period one-offs	(9,869)	(9,642)	2	(4,995)	(4,874)	2
Prior period one-offs [3]	-	(855)	large	-	-	n/a
1H19 AUSTRAC insurance recoveries [4]	145	-	n/a	-	145	large
Mortgage Broking consolidation [2]	(269)	(199)	35	(130)	(139)	(6)
Customer remediation (incl. Aligned Advice) [5]	(918)	(52)	large	(639)	(279)	large
Risk and compliance programs [6]	(358)	(247)	45	(216)	(142)	52
Total operating expenses	(11,269)	(10,995)	2	(5,980)	(5,289)	13
Loan impairment expense	(1,201)	(1,079)	11	(624)	(577)	8
Net profit before tax	11,941	12,848	(7)	5,396	6,545	(18)
Corporate tax expense	(3,437)	(3,920)	(12)	(1,574)	(1,863)	(16)
Non-controlling interests - continuing operations [7]	(12)	(13)	(8)	(6)	(6)	-
Net profit after tax from continuing operations ("cash basis")	8,492	8,915	(5)	3,816	4,676	(18)
Non-cash items - continuing operations [8]	(132)	142	large	(31)	(101)	(69)
Net profit affter tax from continuing operations ("statutory basis")	8,360	9,057	(8)	3,785	4,575	(17)
Net profit after tax from discontinued operations ("cash basis")	221	503	(56)	125	96	30
Non-cash items - discontinued operations [8]	(3)	(225)	(99)	65	(68)	large
Non-controlling interests - discontinued operations [9]	(7)	(6)	17	(3)	(4)	(25)
Net profit after tax ("statutory basis")	8,571	9,329	(8)	3,972	4,599	(14)

(1) Comparative information has been restated to conform to the presentation in the current year, which includes changes to the presentation of discontinued operations. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) The movement in Mortgage Broking consolidation is due to the consolidation of AHL as the Group acquired the remaining 20% share of AHL on 25 August 2017; the acquisition of the assets of eChoice and the impact from the implementation of AASB 15 on AHL. Refer to Note 1.1 of the 2019 Financial Report for further information on AASB 15.
(3) The year ended 30 June 2018 includes a $700 million expense for the AUSTRAC civil penalty and $155 million one-off regulatory project costs.
(4) The year ended 30 June 2019 includes a $145 million benefit as a result of professional indemnity insurance recoveries related to the AUSTRAC civil penalty.
(5) The year ended 30 June 2019 includes a $534 million provision for historical Aligned Advice remediation issues and associated program costs, and $384 million of Wealth and Banking customer refunds and associated program costs.
(6) Includes Program of Action, increase in operational resourcing of the financial crimes compliance team and the Better Risk Outcomes Program.
(7) Non-controlling interests in continuing operations includes preference dividends paid to holders of preference shares in ASB Capital Limited and ASB Capital No.2 Limited.
(8) Refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 11 of this Document for further information.
(9) Non-controlling interests in discontinued operations includes 20% outside equity interest in PTCL.

Group Performance Analysis

Net Interest Income (continuing operations basis)

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	30 Jun 18 $M	30 Jun 17 $M	Jun 18 vs Jun 17 %
Net interest income ("cash basis")	**18,120**	18,342	(1)	18,341	17,543	5
Hedging and IFRS volatility	**-**	-	-	-	-	-
Net interest income ("statutory basis") (2)	**18,120**	18,342	(1)	18,341	17,543	5
Average interest earning assets						
Home loans (3)	**466,057**	451,607	3	451,607	435,448	4
Personal loans	**22,491**	23,265	(3)	23,265	23,518	(1)
Business and corporate loans	**220,986**	225,037	(2)	225,037	221,188	2
Total average lending interest earning assets	**709,534**	699,909	1	699,909	680,154	3
Non-lending interest earning assets (4)	**154,640**	154,355	-	154,355	154,587	-
Total average interest earning assets	**864,174**	854,264	1	854,264	834,741	2
Net interest margin ("statutory basis") (%)	**2. 10**	2. 15	(5)bpts	2. 15	2. 10	5 bpts

(1) Comparative information has been restated to conform to the presentation in the current year, which includes changes to the presentation of discontinued operations. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

(3) Net of average mortgage offset balances. Gross average home loans balance, excluding mortgage offset accounts was $511,232 million for the full year ended 30 June 2019 ($492,431 million for the full year ended 30 June 2018). While these balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the calculation of the Bank's net interest margin.

(4) Average interest earning assets is presented on a continuing operations basis (excluding Assets held for sale). For the year ended 30 June 2019, $483 million of Non-lending interest earning assets have been reclassified to Assets held for sale. (Year ended 30 June 2018: $79 million).

Year Ended June 2019 versus Restated June 2018

Net interest income ("statutory basis'') was $18,120 million, a decrease of $222 million or 1% on the prior year. The result was driven by a 2% or 5 basis points decrease in net interest margin to 2.10%, partly offset by a 1% or $10 billion increase in average interest earning assets to $864 billion.

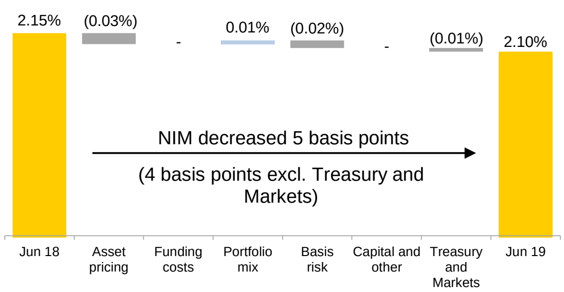
Average Interest Earning Assets

Average interest earning assets increased $10 billion or 1% on the prior year to $864 billion. The key drivers of the movements were:

- Home loan average balances increased $14 billion or 3% on the prior year to $466 billion, primarily driven by continued growth in owner occupied loans;
- Business and corporate loan average balances decreased $4 billion or 2% on the prior year to $221 billion, driven by an $8 billion decrease in institutional lending balances due to ongoing portfolio optimisation initiatives; partly offset by $2 billion growth in New Zealand business lending and $2 billion growth in Business and Private Banking domestic business lending across various industries; and
- Non-lending interest earning asset average balances were flat on the prior year at $155 billion.

For further details on the balance sheet movements refer to "Group Assets and Liabilities" on page 51 of this Document.

NIM movement since June 2018



Net Interest Margin

The Bank's net interest margin decreased 5 basis points on the prior year to 2.10%. The key drivers of the movement were:

Asset pricing: Decreased margin of 3 basis points driven by:

- home lending, reflecting increased competition (down 4 basis points), and the impact of customers switching (down 3 basis points) from higher margin loans to lower margin loans (interest only to principal and interest, variable to fixed interest, and investor to owner occupied) partly offset by pricing (up 4 basis points); and
- lower consumer finance margins (down 1 basis point); partly offset by the benefit from reduced low margin institutional lending balances (up 1 basis point).

Group Performance Analysis

Net Interest Income (continuing operations basis) (continued)

Funding costs: Flat, reflecting benefit from deposit repricing (up 2 basis points), offset by a lower benefit from the Replicating Portfolio (down 2 basis points). For more information on the Replicating Portfolio, see “Appendix B – Definitions”.

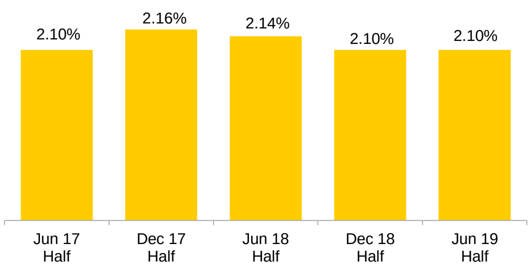
Portfolio mix: Increased margin of 1 basis point due to higher average deposit funding ratio driven by strong growth in transaction deposits and lower wholesale funding requirements.

Basis risk: Basis risk arises from the spread between the 3 month bank bill swap rate and the 3 month overnight index swap rate. The margin decreased 2 basis points reflecting an increase in the average spread.

Capital and other: Flat, reflecting a decreased margin of 1 basis point driven by lower earnings on capital due to the low interest rate environment, offset by increased margin of 1 basis point due to the implementation of AASB 15 where certain upfront fees in relation to lending, lease and guarantee arrangements are no longer recognised upfront in other banking income, instead, it is recognised in interest income over the life of the contractual arrangements.

Treasury and Markets: Decreased margin of 1 basis point driven by lower Markets net interest income due to falling bond yields and lower commodities financing income.

NIM (Half Year Ended)



As reported Year Ended June 2018 versus June 2017

Net interest income (“statutory basis”) increased 5% on the prior year to $18,341 million. The result was driven by a 2% increase in average interest earning assets, and a 2% or 5 basis point increase in net interest margin to 2.15%.

Average Interest Earning Assets

Average interest earning assets increased $20 billion or 2% on the prior year to $854 billion. The key drivers of the movement were:

- Home loan average balances increased $16 billion or 4% on the prior year to $452 billion. The was driven by growth in owner occupied loans primarily through the proprietary channel;
- Business and corporate loan average balances increased $4 billion or 2% on the prior year to $225 billion, driven by $2 billion of growth in Business and Private Banking business lending balances in various industries and $1 billion driven by a $2 billion increase in Cash Management Pooling Facilities, partly offset by a $1 billion decrease in underlying institutional lending balances due to portfolio optimisation initiatives; and
- Non-lending interest earning asset average balances remained broadly flat on the prior year at $154 billion, with a $3 billion increase in higher yielding Available for Sale Securities largely driven by pre-funding to take advantage of favourable market conditions, offset by a $2 billion decrease in lower yielding Cash and other liquid assets due to reduced levels of collateral placed with the Bank by derivative counterparties, and a $1 billion decrease in trading assets.

Net Interest Margin

The Bank’s net interest margin increased 5 basis points on the prior year to 2.15%. The key drivers of the movement were:

Asset pricing: Increased margin of 4 basis points driven by home lending, reflecting the benefit from repricing of interest-only and investor home loans in order to manage regulatory requirements (up 5 basis points), partly offset by lower consumer finance margins (down 1 basis point).

Funding costs: Decreased margin of 1 basis point, driven by the negative impact of the Major Bank Levy (down 4 basis points) and higher wholesale funding costs (down 1 basis point), partly offset by the benefit from deposit repricing (up 4 basis points). Funding conditions were favourable during the year, which allowed the Bank to lengthen the tenor of long-term funding and replace short-term for long-term funding at relatively lower costs.

Portfolio mix: Increased margin of 2 basis points reflecting a favourable change in funding mix from strong growth in transaction deposits.

Group Performance Analysis

Other Banking Income (continuing operations basis)

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
	$M	$M	Jun 18 %	$M	$M	Jun 17 %
Commissions	**2,487**	2,568	(3)	2,459	2,561	(4)
Lending fees	**991**	1,109	(11)	1,109	1,078	3
Trading income	**974**	1,025	(5)	1,025	1,149	(11)
Other income	**336**	280	20	357	352	1
Other banking income excl. notable items ("cash basis")	**4,788**	4,982	(4)	4,950	5,140	(4)
Notable items (2)						
Sale of Visa shares	**-**	-	-	-	397	large
AHL and eChoice acquisitions	**-**	-	-	232	41	large
Mortgage Broking consolidation	**280**	233	20	n/a	n/a	n/a
Other banking income ("cash basis")	**5,068**	5,215	(3)	5,182	5,578	(7)
Gain on acquisition, disposal, closure and demerger of businesses	**42**	65	(35)	65	-	n/a
Hedging and IFRS volatility	**(116)**	143	large	143	106	35
Other banking income ("statutory basis") (3)	**4,994**	5,423	(8)	5,390	5,684	(5)

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) Refer to "Disclosures – Financial Information Definitions – Notable Items".
(3) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

Year Ended June 2019 versus Restated June 2018

Other banking income ("statutory basis") was $4,994 million, a decrease of $429 million or 8% on the prior year.

Commissions decreased by $81 million or 3% to $2,487 million, due to reduced credit card income from higher loyalty costs, lower transaction account fees from the simplification of fee waivers, lower equities fee income driven by lower trading volumes, and lower debt capital markets fee income.

Lending fees decreased by $118 million or 11% to $991 million, mainly driven by lower overdrawn account fees following the introduction of pre-emptive customer alerts, and lower upfront fees in institutional lending from both lower volumes and the implementation of AASB 15, partly offset by higher business loan fee income reflecting a shift to fee based products such as cash advance facilities.

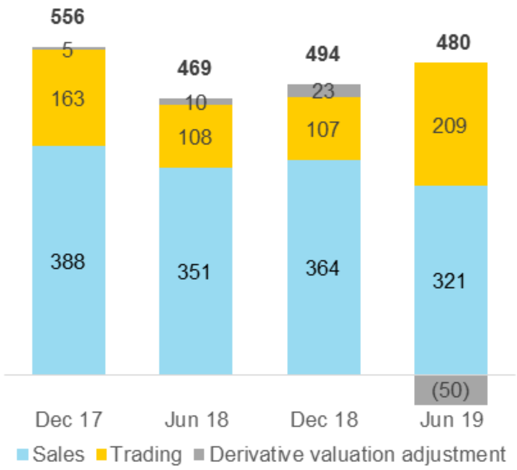
Trading income decreased by $51 million or 5% to $974 million, driven by lower Markets sales performance reflecting lower client demand, lower Treasury income and unfavourable derivative valuation adjustments, partly offset by improved Markets trading performance reflecting tightening credit spreads on the inventory of high grade corporate and government bonds.

Other income increased by $56 million or 20% to $336 million, primarily driven by higher Treasury income due to gains on sale of liquid assets and the non-recurrence of an upfront realised loss from the restructuring of economic hedges in the prior year intended to reduce the overall funding costs and optimise capital in relation to a 30 year U.S. debt issuance, partly offset by lower net profits from minority investments and lower gains on the sale of assets in the Structured Asset Finance portfolio.

Gain on disposal and acquisition of entities net of transaction costs decreased by $23 million or 35% to $42 million, mainly driven by the non-recurrence of the gain recognised on the acquisition of AHL in the prior year ($58 million) partly offset by the gain on disposal of other businesses.

Hedging and IFRS volatility decreased by $259 million to $116 million expense, primarily driven by an unrealised loss on the Group's hedge of New Zealand earnings.

Net Trading Income ($M)



Other Banking Income (continuing operations basis) (continued)

As reported Year Ended June 2018 versus June 2017

Other banking income ("statutory basis") decreased 5% on the prior year to $5,390 million. Other banking income ("cash basis") excluding one-off items was $4,950 million, a decrease of $190 million or 4% on the prior year.

Commissions decreased by $102 million or 4% to $2,459 million, due to lower consumer finance and deposit fee income driven by the reduction in average interchange rates as a result of regulatory changes, and the removal of ATM withdrawal fees, partly offset by lower loyalty costs from changes to the rewards program, higher credit card and debit card purchases as consumers continued to shift from using cash to cards, and higher merchant fee income driven by higher margins.

Lending fees increased by $31 million or 3% to $1,109 million, mainly driven by volume growth and higher business lending fees due to a shift to fee based products such as cash advance facilities.

Trading income decreased by $124 million or 11% to $1,025 million, driven by weaker Markets trading performance from the impact of widening spreads on the inventory of high grade corporate and government bonds, and lower Treasury income.

Other income increased by $5 million or 1% to $357 million, primarily driven by a lower realised loss on the Group's hedge of New Zealand earnings and higher equity accounting profits in IFS mainly from volume growth in Qilu Bank and Vietnam International Bank, partly offset by lower Treasury income arising from a restructuring of economic hedges to reduce the overall funding costs and optimise capital in relation to the 30 year US debt issuances. This resulted in an upfront realised loss and an embedded gain in the swap that is amortised over the residual life of the debt issuance.

Gain on acquisition, disposal, closure and demerger of businesses increased by $65 million due to a gain recognised on the acquisition of AHL ($58 million) and a gain on sale of County Banks ($11 million), partly offset by a loss due to the dilution of the Bank's interest in Qilu Bank Limited ($4 million).

Hedging and IFRS volatility increased by $37 million or 35% to $143 million, primarily driven by higher unrealised gain on the Group's hedge of New Zealand earnings.

Group Performance Analysis

Funds Management Income (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	30 Jun 18 $M	30 Jun 17 $M	Jun 18 vs Jun 17 %
Colonial First State (CFS) [2]	**862**	841	2	1,003	933	8
CFS Global Asset Management	**-**	-	-	975	887	10
Commonwealth Financial Planning	**96**	169	(43)	-	-	-
New Zealand	**130**	112	16	105	92	14
IFS and Other	**(16)**	(3)	large	8	1	large
Funds management income ("cash basis")	**1,072**	1,119	(4)	2,091	1,913	9
Investment experience	**1**	5	(80)	8	15	(47)
Funds management income ("statutory basis") [3]	**1,073**	1,124	(5)	2,099	1,928	9
Funds Under Administration (FUA) - average ($M)	**163,017**	153,810	6	153,810	141,146	9
Assets Under Administration (AUM) - average ($M) [4]	**15,082**	12,889	17	220,764	210,295	5

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Colonial First State incorporates the results of all Aligned Advice financial planning businesses, which consist of Financial Wisdom, Count Financial Limited and CFP Pathways.

(3) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

(4) Average Assets Under Management ("AUM") balances all relate to New Zealand. AUM also includes AUD4,968 million of spot balances managed by CFSGAM (30 June 2018: AUD6,998 million). These are also included in the AUM balances reported by CFSGAM (discontinued operations).

Year Ended June 2019 versus Restated June 2018

Funds management income ("statutory basis") was $1,073 million, a decrease of $51 million or 5% on the prior year. The key drivers were:

- Commonwealth Financial Planning decreased by $73 million or 43% to $96 million, driven by lower volumes of initial advice fees and the cessation of ongoing service fees in February 2019; partly offset by
- Colonial First State ("CFS") which incorporates the results of all Aligned Advice, financial planning business, which consist of Financial Wisdom, Count Financial Limited and CFP Pathways, increased by $21 million or 2% to $862 million, driven by higher average Funds Under Administration ("FUA") (up 5%) due to growth in the FirstChoice and CFSWrap platforms reflecting strong momentum from the prior year and higher investment markets, partly offset by a decrease in FUA margins due to pricing changes; and
- New Zealand increased by $18 million or 16% to $130 million, driven by higher average AUM (up 17%) reflecting net inflows and favourable investment markets, higher AUM margins primarily due to a change in portfolio mix reflecting net inflows in higher margin funds, higher average FUA (up 18%) reflecting net inflows and favourable investment markets; partly offset by lower FUA margins driven by lower pricing.

As reported Year Ended June 2018 versus June 2017

Funds management income ("statutory basis") was $2,099 million, an increase of $171 million or 9% on the prior year. The key drivers were:

- CFS increased by $70 million or 8% to $1,003 million, driven by an increase in average FUA of $13 billion or 10% to $142 billion reflecting higher investment market returns, positive net flows and a benefit from a reduction in Advice customer remediation provisions. This was partly offset by a 2 basis point decline in underlying CFS FUA margins due to a change in business mix reflecting continued growth in the lower margin CFSWrap platform. The underlying margin excludes the benefit from a $38 million reduction in Advice customer remediation provisions;
- CFSGAM increased by $88 million or 10% to $975 million, driven by an increase in average AUM of $10 billion or 5% to $216 billion reflecting higher investment markets and the benefit of the lower Australian dollar, partly offset by higher net outflows in the global equities and fixed income businesses. AUM margins increased 2 basis points reflecting the receipt of higher performance fees. Excluding the benefit of performance fees, underlying AUM margins declined 1 basis point due to a change in business mix reflecting net outflows in the higher margin global equities business; and
- New Zealand increased by $13 million or 14% to $105 million, driven by an increase in average AUM of $191 million or 4% to $5 billion reflecting strong net flows and higher investment market returns. Average FUA remained stable at $12 billion.

Insurance Income (continuing operations basis)

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
	$M	$M	Jun 18 %	$M	$M	Jun 17 %
Insurance income ("cash basis")	**147**	238	(38)	293	223	31
Investment experience	**3**	3	-	9	8	13
Insurance income ("statutory basis") (2)	**150**	241	(38)	302	231	31

(1) Comparative information has been restated to conform to the presentation in the current year, which includes changes to the presentation of discontinued operations. Refer to “Disclosures – Financial Information Definitions – Change in Comparatives” and Appendix C of this Document for further details.

(2) Please refer to “Disclosures – Non-Cash Items Included in Statutory Profit” on page 11 of this Document for further details. A reconciliation of the Net profit after tax (“cash basis”) to Net profit after tax (“statutory basis”) by business segment is provided in Note 2.7 of the 2019 Financial Report.

Year Ended June 2019 versus Restated June 2018

Insurance income (“statutory basis”) was $150 million, a decrease of $91 million or 38% on the prior year. This result was driven by higher claims experience in the General Insurance business due to increased weather events, which included the New South Wales (NSW) hail storms and Queensland floods.

As reported Year Ended June 2018 versus June 2017

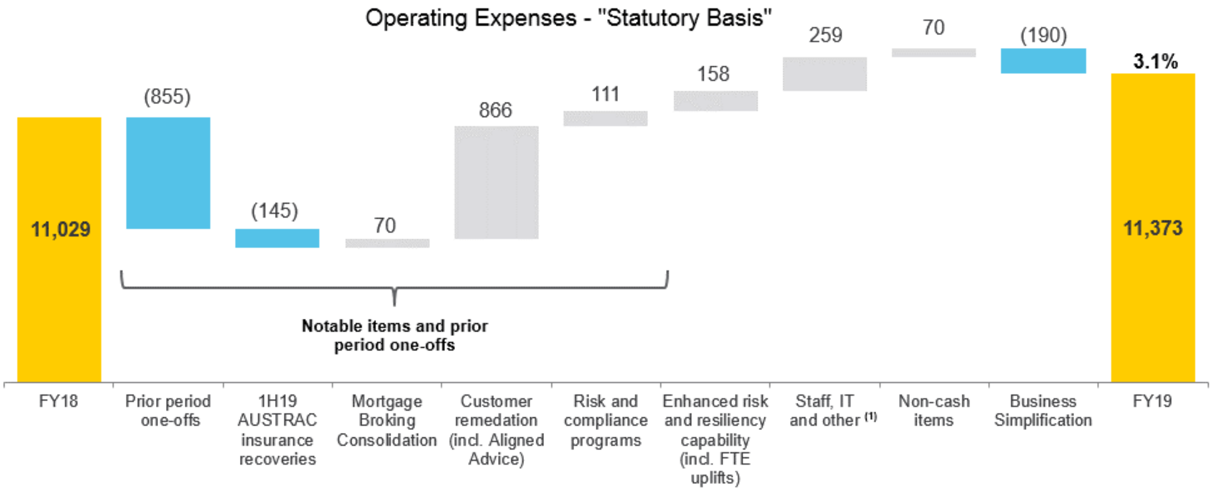
Insurance income (“statutory basis”) was $302 million, an increase of $71 million or 31% on the prior year. The key drivers were:

- CommInsure income increased by $62 million or 51% to $183 million due to lower weather event claims (Cyclone Debbie led to a large increase in claims in the prior year) and growth in premiums driven by risk based pricing initiatives; and
- IFS income increased by $6 million or 12% to $56 million, driven by higher premium income.

Operating Expenses (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	30 Jun 18 $M	30 Jun 17 $M	Jun 18 vs Jun 17 %
Staff expenses	**5,524**	5,369	3	5,895	5,865	1
Occupancy and equipment expenses	**1,079**	1,128	(4)	1,165	1,110	5
Information technology services expenses	**1,904**	1,766	8	1,787	1,578	13
Other expenses	**1,362**	1,379	(1)	1,700	1,676	1
Operating expenses excluding notable items and prior period one-offs ("cash basis")	**9,869**	9,642	2	10,547	10,229	3
Notable items and prior period one-offs: [2]						
Accelerated amortisation on certain software assets	**-**	-	n/a	-	393	-
Prior period one-offs	**-**	855	large	855	-	n/a
Consolidation of AHL and eChoice	**-**	-	n/a	197	-	n/a
1H19 AUSTRAC insurance recoveries	**(145)**	-	n/a	-	-	n/a
Mortgage Broking consolidation	**269**	199	35	-	-	n/a
Customer remediation (incl. Aligned Advice)	**918**	52	large	-	-	n/a
Risk and compliance programs	**358**	247	45	-	-	n/a
Operating expenses including notable items and prior period one-offs ("cash basis")	**11,269**	10,995	2	11,599	10,622	9
(Loss)/gain on acquisition, disposal, closure and demerger of businesses	**102**	30	large	30	-	n/a
Bankwest non-cash items	**2**	4	(50)	4	4	-
Operating expenses ("statutory basis") [3]	**11,373**	11,029	3	11,633	10,626	9
Statutory operating expenses to total operating income (%)	**46. 7**	43. 9	280 bpts	44. 5	41. 9	260 bpts
Number of full-time equivalent staff (FTE)	**42,921**	42,462	1	43,771	43,620	-

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) For further details refer to "Disclosures – Financial Information Definitions – Notable Items".
(3) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.



(1) Excludes staff, IT and other costs related to notable items, enhanced risk and resiliency capability and simplification

Year Ended June 2019 versus Restated June 2018

Operating expenses ("statutory basis") increased by $344 million or 3% on the prior year to $11,373 million.

Operating expenses ("cash basis") excluding notable items and prior period one-off items were $9,869 million, an increase of $227 million or 2% on the prior year.

Staff expenses increased by $155 million or 3% to $5,524 million, driven by wage inflation, FTE and higher redundancies. The spot number of FTE staff as at 30 June 2018 increased by 459 or 1% from 42,462 to 42,921, due to an increase in risk and compliance staff (up 1,050 FTE, including the Program of Action, increased operational resourcing of the financial crimes compliance team, the Better Risk Outcomes Program coordinating the responses to the recommendations to the APRA Prudential Inquiry and additional risk and resilience resources), remediation staff, and increased project demand, partly offset by productivity initiatives.

Occupancy and equipment expenses decreased by $49 million or 4% to $1,079 million, primarily due to the closure of 69 branches in the year ended 30 June 2019, lower corporate office development costs and closure of offshore offices, partly offset by annual rental reviews.

Operating Expenses (continuing operations basis) (continued)

Information technology services expenses increased by $138 million or 8% to $1,904 million. This was primarily due to increased IT infrastructure costs, increased risk and compliance investment spend and higher software license costs.

Other expenses decreased by $17 million or 1% to $1,362 million, primarily driven by lower discretionary spend and lower marketing costs.

Gain on acquisition, disposal, closure and demerger of businesses increased by $72 million to $102 million, primarily driven by the separation costs for NewCo and the transaction costs associated with the disposal of Count Financial.

Operating expenses to total operating income ratio excluding notable items and prior period one-offs increased 180 basis points from 39.1% to 40.9% primarily driven by an increase in operating expenses.

Group expense to income ratio increased 280 basis points from 43.9% to 46.7%, primarily driven by increased customer remediation provisions raised in the current year and increased risk and compliance programs across the Group.

As reported Year Ended June 2018 versus June 2017

Operating expenses ("statutory basis") increased by $1,007 million or 9% on the prior year to $11,633 million.

Staff expenses increased by $30 million or 1% to $5,895 million, driven by wage inflation, partly offset by lower employee incentives. The number of full-time equivalent staff increased by 151 from 43,620 to 43,771, primarily due to an increase in project demand and risk and compliance staff, partly offset by the divestment of non-core businesses in IFS (Mumbai branch, Ho Chi Minh City branch and China County Banks) and the wind-down of the Advice Review program.

Occupancy and equipment expenses increased by $55 million or 5% to $1,165 million, primarily due to the consolidation and development of corporate offices, annual rental reviews, and depreciation.

Information technology services expenses increased by $209 million or 13% to $1,787 million. This was primarily due to a $65 million increase in capitalised software impairments, driven by a decision to implement a new institutional lending platform ($51 million), a $58 million increase in amortisation of software assets, higher software license costs, and lower vendor rebates received in the current year.

Other expenses increased by $24 million or 1% to $1,700 million, primarily driven by $199 million of higher risk and compliance costs, and a $25 million provision for the ASIC Legal Proceedings and Investigations, partly offset by lower Advice Review program costs, lower regulatory related professional fees, lower volume related expenses and lower discretionary spend.

Group expense to income ratio increased 260 basis points from 41.9% to 44.5% primarily driven by the AUSTRAC civil penalty, one-off regulatory costs associated with the Royal Commission, AUSTRAC proceedings and the APRA Prudential Inquiry, and the acquisition of AHL and eChoice.

Staff Numbers

	Full Year Ended		
Full-Time Equivalent Staff including discontinued operations	**30 Jun 19**	30 Jun 18	30 Jun 17
Australia	**37,137**	36,446	35,701
Total	**45,165**	45,753	45,614

Operating Expenses (continuing operations basis) (continued)

The following table sets out the Bank's operating expenses for financial years 2019, 2018 and 2017.

	Full Year Ended			
		Restated (1)	As reported	
	30 Jun 19	30 Jun 18	30 Jun 18	30 Jun 17
	$M	$M	$M	$M
Staff Expenses				
Salaries and related on-costs	**5,418**	4,963	5,441	5,264
Share-based compensation	**99**	69	77	120
Superannuation	**398**	407	421	481
Total staff expenses	**5,915**	5,439	5,939	5,865
Occupancy and Equipment Expenses				
Operating lease rentals	**654**	665	660	646
Depreciation of property, plant and equipment	**270**	271	289	278
Other occupancy expenses	**174**	198	222	186
Total occupancy and equipment expenses	**1,098**	1,134	1,171	1,110
Information Technology Services				
Application, maintenance and development	**721**	553	709	586
Data processing	**183**	200	197	200
Desktop	**142**	153	154	184
Communications	**217**	179	173	184
Amortisation of software assets (2)	**598**	563	427	762
Software write-offs	**13**	71	71	6
IT equipment depreciation	**93**	80	68	49
Total information technology services	**1,967**	1,799	1,799	1,971
Other Expenses				
Postage and stationery	**159**	177	177	183
Transaction processing and market data	**156**	138	181	185
Fees and commissions:				
Professional fees	**490**	671	677	386
Other	**239**	133	135	74
Advertising, marketing and loyalty	**453**	496	482	429
Amortisation of intangible assets (excluding software and merger related amortisation)	**11**	13	13	11
Non-lending losses (3)	**656**	838	839	124
Other	**125**	157	186	284
Total other expenses	**2,289**	2,623	2,690	1,676
Total operating expenses - "cash basis" (4)	**11,269**	10,995	11,599	10,622
Investment and Restructuring				
Integration expenses	**102**	30	30	-
Merger related amortisation (5)	**2**	4	4	4
Total investment and restructuring	**104**	34	34	4
Total operating expenses - "statutory basis"	**11,373**	11,029	11,633	10,626

(1) Comparative information has been restated to conform to the presentation in the current year, which includes changes to the presentation of discontinued operations. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) The year ended 30 June 2019 includes $161 million of amortisation of prepaid software licences (30 June 2018: $136 million; 30 June 2017: $141 million). The year ended 30 June 2017 includes a $393 million one - off expense for acceleration of amortisation on certain software assets.

(3) The year ended 30 June 2019 includes $145 million professional indemnity insurance recovery in relation to the AUSTRAC civil penalty. The year ended 30 June 2018 includes $700 million AUSTRAC civil penalty.

(4) The year ended 30 June 2018 includes $269 million of expenses due to the consolidation of AHL Holdings Pty Ltd and eChoice mortgage broking operations (30 June 2018: $199 million)

(5) Merger related amortisation relates to Bankwest core deposits and customer lists.

Investment Spend (continuing operations basis)

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	30 Jun 18 $M	30 Jun 17 $M	Jun 18 vs Jun 17 %
Expensed investment spend (2)	**796**	671	19	724	592	22
Capitalised investment spend (3)	**603**	611	(1)	612	591	4
Investment spend	**1,399**	1,282	9	1,336	1,183	13
Comprising:						
Risk and compliance	**899**	643	40	510	610	(16)
Productivity and growth	**384**	484	(21)	664	445	49
Branch refurbishment and other	**116**	155	(25)	162	128	27
Investment spend	**1,399**	1,282	9	1,336	1,183	13

(1) Comparative information has been restated to conform to the presentation in the current year which includes changes to the presentation of discontinued operations. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) Included within "Operating Expenses" disclosure on page 43 of this Document.
(3) Includes non-software Capitalised Investment Spend, primarily related to branch refurbishments and the development of the South Eveleigh corporate office.

Year Ended June 2019 versus Restated June 2018

The Bank continued to invest in becoming a simpler and better bank for our customers with $1,399 million incurred in the full year to 30 June 2019, an increase of $117 million or 9% on the prior year. The increase was driven by a $256 million increase in spend on risk and compliance projects partly offset by a decrease of $100 million in productivity and growth initiatives, and a decrease of $39 million in branch refurbishment and other.

Risk and compliance costs accounted for 64% of investment spend, an increase from 50% in the prior year, as the Bank continued its efforts to strengthen regulatory and compliance frameworks and implement systems to satisfy regulatory obligations. Productivity and growth initiatives accounted for 27% of investment spend, a decrease from 38% in the prior year as the Bank continued to prioritise funding for risk and compliance initiatives. Key areas of investment across each of the categories are outlined below.

Risk and Compliance

Financial Crimes Compliance

We are committed to building on the significant changes made in recent years as part of a comprehensive program that seeks to improve operational risk management and compliance at the Bank, including:

- Anti-money laundering and counter-terrorism financing (AML/CTF) compliance, including upgrading and enhancing our AML/CTF technology, updating our process documentation, investing in further capability and improving training of our personnel;
- Strengthening financial crime capabilities, and significant investment in seeking to fulfil the crucial role that it plays across the business through our Program of Action; and
- Enhancing the Bank's processes for monitoring, managing, reporting and controlling financial crime across all of its operations, including how the Bank engages with and informs AUSTRAC and other regulators, and improving the Bank's operating model to provide increased capability in the management of financial crime risk.

Other Risk and Compliance

The Bank invested in the following:

- Implementing new processes and enhancing systems to address new regulations and a number of new reforms across our Wealth Management businesses;
- Continuing investment in identifying, detecting and protecting customers against cyber security risks;
- Improving the resilience of the Bank's IT infrastructure, including investment in the New Payments platform and modernisation of data centres; and
- Upgrading ATMs and other cash handling devices to enable processing of the new RBA banknotes.

Productivity and Growth

The Bank has invested in the following:

- Ongoing investment and development of our digital channels to improve the digital customer service experience and improve the resilience of the digital infrastructure; and
- Focusing investment on commercial lending systems to upgrade the end-to-end process for loan origination and maintenance to improve business customer experiences.

Branch Refurbishment and Other

The Bank has invested in the following:

- Retail branch refurbishment as our branch design is constantly evolving to reflect changes in customer preferences; and
- Consolidation and development of corporate offices as existing leases expire.

Investment Spend (continuing operations basis) (continued)

As reported Year Ended June 2018 versus June 2017

The Bank invested to deliver on the strategic priorities of the business $1,336 million incurred in the full year to 30 June 2018, an increase of $153 million or 13% on the prior year. The increase was mainly driven by a $219 million increase in spend on risk and compliance projects.

Productivity and growth initiatives accounted for 38% of investment spend, a decrease of 14% from 52% in the prior year as the Bank prioritised funding for risk and compliance initiatives. Risk and compliance costs accounted for 50% of investment spend, an increase of 12% from 38%, as the Bank increased investment to continue its efforts to strengthen regulatory and compliance frameworks and implement systems to satisfy regulatory obligations. Key areas of investment across each of the categories are outlined below.

Productivity and Growth

The Bank has invested in the following:

- Delivering tools and capabilities which are intended to allow easier and cheaper access to the Bank's data, enabling us to meet customers' specific needs and promote growth and retention of customers;
- Upgrading and automating retail and business banking systems intended to deliver improved customer self-service and drive improved customer experience through reduced handling times; and
- Improving the Bank's credit decisioning model and simplifying the frontline staff interface intending to enhance the customer experience.

Risk and Compliance

Financial Crimes Compliance

The Bank has invested in the following:

- Anti-money laundering and counter-terrorism financing (AML/CTF) compliance, including upgrading and enhancing our AML/CTF technology, updating our process documentation, investing in further resourcing and strengthening training of our personnel;
- Strengthening financial crime capabilities, and significant investment in seeking to fulfil the crucial role that it plays, including through its Program of Action with coverage across all aspects of financial crime (including AML/CTF, sanctions and anti-bribery and corruption) and all business units; and
- Uplifting the Bank's processes for monitoring, managing, reporting and controlling financial crime across all of its operations, including how the Bank engages with and informs AUSTRAC and other regulators, and the operating model of the Bank which relates specifically to financial crime to seek increased confidence in managing this area of risk.

Other Risk and Compliance

The Bank has invested in the following:

- Continuing to invest to protect against cyber risks and attacks, with a particular focus on data protection and application of cyber security controls that we believe will enable the Bank to identify and remediate suspicious activity;
- Improving the resilience of the Bank's IT infrastructure, including payments and data centres;
- Implementing systems to fulfil regulatory and compliance requirements, including Future of Financial Advice, Stronger Super (MySuper and SuperStream), Life and General Insurance Capital, and Common Reporting Standard requirements;
- Upgrading ATMs which is required to process new RBA banknotes; and
- Investing in regulatory credit risk and capital processes.

Branch Refurbishment and Other

The Bank has invested in the following:

- Retail branch refurbishment as our branch design is constantly evolving to reflect changes in customer preferences; and
- Consolidation and development of corporate offices as existing leases expire.

Capitalised Software

	Full Year Ended				
	30 Jun 19 $M	30 Jun 18 $M	30 Jun 17 $M	Jun 19 vs Jun 18 %	Jun 18 vs Jun 17 %
Opening Balance	**1,819**	1,934	2,228	(6)	(13)
Additions	**343**	486	491	(29)	(1)
Amortisation and writeoffs	**(450)**	(553)	(785)	(19)	(30)
Reclassification to assets held for sale	**-**	(48)	-	large	n/a
Closing balance	**1,712**	1,819	1,934	(6)	(6)

Year Ended June 2019 versus June 2018

Capitalised software balance decreased $107 million or 6% to $1,712 million.

Additions decreased by $143 million or 29% to $343 million, due to lower capitalised investment spend, driven by a change in investment spend mix to risk and compliance initiatives which have lower capitalisation rates, and the non-recurrence of $32 million in capitalised software relating to TymeDigital SA in the prior year which was not classified as Assets held for sale.

Amortisation and write-offs decreased $103 million or 19% to $450 million, driven by the non-recurrence of a $55 million write down of TymeDigital SA software, following the decision to discontinue the Bank's South African operations, and the non-recurrence of a $58 million impairment of capitalised software in the prior year. Excluding these expenses, amortisation and write-offs increased by $10 million or 2% driven by the completion of investment spend initiatives in relation to digital assets which have shorter amortisation periods.

Reclassification to assets held for sale decreased $48 million, due to the non-recurrence of the reclassification of capitalised software in the life insurance businesses in the prior year.

Year Ended June 2018 versus June 2017

The capitalised software balance decreased $115 million or 6% to $1,819 million.

Additions decreased by $5 million or 1% to $486 million, driven by lower capitalised investment in productivity and growth initiatives as the Bank focused on risk and compliance projects which have a lower capitalisation rate.

Amortisation and write-offs decreased $232 million or 30% to $553 million, driven by the non-recurrence of a $393 million one-off expense for acceleration of amortisation on certain software assets in the prior year. Excluding this expense, amortisation and write-offs increased $161 million or 41%, primarily driven by a $65 million increase in capitalised software impairments, driven by a decision to implement a new institutional lending platform ($51 million), a $55 million write down of TymeDigital SA software following the decision to discontinue the Bank's South African operations, and a change in software mix to digital assets which have a shorter useful life.

Reclassification to assets held for sale was $48 million due to the reclassification of capitalised software in the life insurance businesses to assets held for sale following the announced sale of CommInsure Life and Sovereign to AIA Group Limited.

Loan Impairment Expense

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
	$M	$M	Jun 18 %	$M	$M	Jun 17 %
Retail Banking Services	**693**	652	6	716	702	2
Business and Private Banking	**362**	247	47	129	62	large
Institutional Banking and Markets	**17**	80	(79)	80	64	25
New Zealand	**102**	74	38	74	65	14
Bankwest	**n/a**	n/a	n/a	54	99	(45)
IFS and Corporate Centre	**27**	26	4	26	103	(75)
Loan impairment expense ("statutory basis")	**1,201**	1,079	11	1,079	1,095	(1)

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

Year Ended June 2019 versus Restated June 2018

On 1 July 2018, the Bank adopted AASB 9 and as permitted under the accounting standards has not restated the prior comparative periods (refer to Note 1.1 in the 2019 Financial Report for further information).

Loan impairment expense ("statutory basis") was $1,201 million, an increase of $122 million or 11% on the prior year. Loan impairment expense annualised as a percentage of average Gross Loans and Acceptances ("GLAAs") increased 1 basis point to 16 basis points.

The increase was driven by:

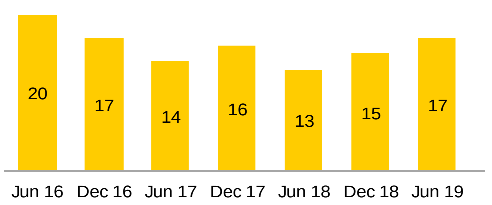
- An increase in Business and Private Banking of $115 million or 47% to $362 million, driven by higher individual provisions due to a small number of large single name exposures and higher collective provisions;
- An increase in Retail Banking Services of $41 million or 6% to $693 million, primarily driven by higher collective provisions for personal loans reflecting softening economic conditions and higher arrears;
- An increase in New Zealand of $28 million or 38% to $102 million, mainly driven by higher provisioning in the rural and business portfolios, partly offset by lower provisioning in the consumer finance portfolio; and
- An increase in IFS and Other of $1 million or 4% to $27 million, driven by the non-recurrence of the release of a centrally held provision in the prior year, partly offset by lower individually assessed provisions in the PTBC commercial lending book; partly offset by
- A decrease in Institutional Banking and Markets of $63 million or 79% to $17 million, driven by lower collective provisions reflecting lower volumes from portfolio optimisation and lower individual provisions for single name exposures, partly offset by lower write-backs.

As reported Year Ended June 2018 versus June 2017

Loan impairment expense ("statutory basis") decreased 1% on the prior year to $1,079 million. Loan impairment expense annualised as a percentage of GLAAs was flat at 15 basis points. The decrease was driven by:

- A decrease in IFS and Other of $77 million or 75% to $26 million, driven by the release of a centrally held loan impairment provision which was raised in the prior year and is no longer required; and
- A decrease in Bankwest of $45 million or 45% to $54 million, driven by reduced home loan impairments in Western Australian mining towns and regional areas due to the non-recurrence of specific provisions in the prior year and an improvement in the quality of the Western Australian business loan portfolio; partly offset by
- An increase in Business and Private Banking of $67 million to $129 million, mainly driven by increased provisioning within segments exposed to discretionary consumer spending, partly offset by lower levels of individual provisions;
- An increase in Institutional Banking and Markets of $16 million or 25% to $80 million, driven by higher individual provisions due to a large single name exposure, partly offset by a higher level of write-backs in the mining and wholesale trade portfolios;
- An increase in Retail Banking Services of $14 million or 2% to $716 million, due to increased home loan and personal loan collective provisions to reflect actual loss experience, and a management overlay in anticipation of possible changes to bankruptcy legislation, partly offset by lower home loan impairments in mining towns in Western Australia and Queensland; and
- An increase in New Zealand of $9 million or 14% to $74 million, due to higher average arrears and write-offs in consumer finance, partly offset by lower provisions in the business portfolio due to favourable macroeconomic conditions in New Zealand.

Half Year Loan Impairment Expense (Annualised) as a % of Average GLAAs (bpts)



Taxation Expense (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
Income Tax	**$M**	$M	Jun 18 %	$M	$M	Jun 17 %
Retail Banking Services	**1,847**	2,067	(11)	2,223	2,097	6
Business and Private Banking	**1,144**	1,218	(6)	812	778	4
Institutional Banking and Markets	**313**	354	(12)	330	413	(20)
Wealth Management	**74**	106	(30)	184	142	30
New Zealand	**404**	378	7	378	336	13
Bankwest	**n/a**	n/a	n/a	293	248	18
IFS and Corporate Centre	**(345)**	(203)	70	(226)	(167)	35
Total income tax expense ("cash basis")	**3,437**	3,920	(12)	3,994	3,847	4
Non-cash tax expense [2]	**(46)**	32	large	32	32	-
Total income tax expense ("statutory basis") [2]	**3,391**	3,952	(14)	4,026	3,879	4

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
Effective Tax Rate	**$M**	$M	Jun 18 %	$M	$M	Jun 17 %
Retail Banking Services	**30. 2**	29. 8	40 bpts	30. 0	29. 8	20 bpts
Business and Private Banking	**30. 1**	30. 0	10 bpts	30. 1	30. 1	-
Institutional Banking and Markets	**23. 3**	23. 2	10 bpts	22. 7	24. 0	(130)bpts
Wealth Management	**39. 7**	29. 3	large	24. 6	25. 2	(60)bpts
New Zealand	**26. 8**	28. 1	(130)bpts	28. 0	27. 9	10 bpts
Bankwest	**n/a**	n/a	n/a	30. 1	30. 1	-
Total corporate - "statutory basis"	**28. 8**	30. 3	(150)bpts	30. 0	28. 4	160 bpts

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

Year Ended June 2019 versus Restated June 2018

Corporate tax expense ("statutory basis") for the year ended 30 June 2019 was $3,391 million, a decrease of $561 million or 14% on the prior year, reflecting a 28.8% effective tax rate.

The 150 basis points decrease in the effective tax rate from 30.3% to 28.8% was primarily due to the $700 million expense for the AUSTRAC civil penalty in the prior year being non-deductible for tax purposes. This rate is also below the Australian company tax rate of 30% as a result of the profit earned by the offshore banking unit and offshore jurisdictions that have lower corporate tax rates.

As reported Year Ended June 2018 versus June 2017

Corporate tax expense ("statutory basis") for the year ended 30 June 2018 increased 4% on the prior year, representing a 30.0% effective tax rate. The 160 basis points increase in the effective tax rate from 28.4% to 30.0% was primarily due to the $700 million expense for the AUSTRAC civil penalty being non-deductible for tax purposes. Excluding this item, the effective tax rate was 28.5%. The effective tax rate is expected to be approximately 29% in the full year ended 30 June 2019. This rate is below the Australian company tax rate of 30% primarily as a result of the profit earned by the offshore banking unit and offshore jurisdictions that have lower corporate tax rates.

Group Assets and Liabilities

Total Group Assets and Liabilities	30 Jun 19 $M	30 Jun 18 $M	30 Jun 17 $M	Jun 19 vs Jun 18 %	Jun 18 vs Jun 17 %
	Full Year Ended [1]				
Interest earning assets					
Home loans [2]	**522,942**	501,665	485,857	4	3
Consumer Finance	**21,993**	23,317	23,577	(6)	(1)
Business and corporate loans	**214,953**	222,367	226,484	(3)	(2)
Loans, bills discounted and other receivables [3]	**759,888**	747,349	735,918	2	2
Non-lending interest earning assets	**148,967**	150,306	163,665	(1)	(8)
Total interest earning assets	**908,855**	897,655	899,583	1	-
Other assets [3]	**51,096**	61,856	76,735	(17)	(19)
Assets held for sale	**16,551**	15,654	-	6	n/a
Total assets	**976,502**	975,165	976,318	-	-
Interest bearing liabilities					
Transaction deposits [4]	**115,764**	106,316	98,884	9	8
Savings deposits [4]	**190,397**	190,452	191,245	-	-
Investment deposits	**211,605**	216,852	220,530	(2)	(2)
Other demand deposits	**63,650**	58,057	70,313	10	(17)
Total interest bearing deposits	**581,416**	571,677	580,972	2	(2)
Debt issues	**164,022**	172,673	168,034	(5)	3
Other interest bearing liabilities	**54,840**	54,124	57,531	1	(6)
Total interest bearing liabilities	**800,278**	798,474	806,537	-	(1)
Non-interest bearing transaction deposits	**53,884**	48,831	44,032	10	11
Other non-interest bearing liabilities	**36,895**	45,100	62,089	(18)	(27)
Liabilities held for sale	**15,796**	14,900	-	6	large
Total liabilities	**906,853**	907,305	912,658	-	(1)

(1) Comparative information has been restated to conform to the presentation in the current year. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) Home loans are presented gross of $45,078 million of mortgage offset balances (30 June 2018: $41,865 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.
(3) Loans, bills discounted and other receivables exclude provisions for impairment which are included in Other assets.
(4) Transaction and Savings deposits includes $45,078 million of mortgage offset balances (30 June 2018: $41,865 million).

Year Ended June 2019 versus Restated June 2018

Total assets were $977 billion, an increase of $1 billion on the prior year, reflecting increased home lending, partly offset by lower institutional lending, consumer finance and other assets, including derivative asset balances.

Total liabilities were $907 billion, flat on the prior year, primarily reflecting an increase in transaction and other demand deposits, offset by a decrease in debt issues, other non-interest bearing liabilities and investment deposits.

The Bank continued to fund a significant portion of lending growth from customer deposits. Customer deposits represented 69% of total funding (30 June 2018: 68%).

Home loans

Home loan balances increased $21 billion to $523 billion, reflecting a 4% increase on the prior year. The increase was driven by Retail Banking Services and New Zealand, partly offset by a decrease in Business and Private Banking. Domestic home loan growth of 4%, was above system [1] growth of 3%, notwithstanding ongoing competition from non-bank lenders.

Home loans in Australia amount to $467 billion (30 June 2018: $451 billion) of which 66% were owner occupied, 31% were investment home loans and 3% were lines of credit (30 June 2018: 65% were owner occupied, 32% were investment home loans and 3% were lines of credit).

(1) System source: RBA/APRA/RBNZ. CBA includes Bankwest.

Group Assets and Liabilities (continued)

Consumer finance

Consumer finance balance which includes personal loans, credit cards and margin lending, decreased $1 billion or 6%, broadly in line with system. The decrease in system (1), including the Group, was driven by regulatory reforms, lower consumer demand for unsecured debt and a softening macroeconomic environment impacting discretionary spend.

Business and corporate loans

Business and corporate loans decreased $7 billion to $215 billion, a 3% decrease on the prior year, reflecting a 12% decline in institutional lending driven by portfolio optimisation initiatives. This was partly offset by growth of 2% in Business and Private Banking across various industries and growth of 6% in New Zealand (excluding the impact of FX), which was above system (1) growth of 4%, reflecting the continued long-term strategic focus on the business lending segment.

Domestic business lending decreased 4%, below system (1) growth of 4%, due to lower institutional lending, reflecting continued portfolio optimisation and a continued decline in residential property development exposures in Business and Private Banking, following the completion of projects and a continued focus on risk adjusted return and risk appetite.

Non-lending interest earning assets

Non-lending interest earning assets, including liquid assets, decreased $1 billion or 1% on the prior year, reflecting active management of high quality liquid asset holdings.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, decreased $11 billion or 17% on the prior year. The decrease was driven by the reclassification of assets attributed to CFSGAM and PTCL to Assets held for sale and lower derivatives assets due to foreign currency and interest rate volatility.

Total interest bearing deposits

Total interest bearing deposits increased $10 billion to $581 billion, a 2% increase on the prior year, driven by transaction deposits growth and higher other demand deposits, partly offset by lower investment deposits. The increase in transaction deposits primarily reflects growth in Cash Management Pooling Facilities in Institutional Banking and Markets, and growth in mortgage offset accounts. The reduction in investment deposits was driven by Institutional Banking and Markets, due to lower demand for funding, partly offset by higher balances in Retail Banking Services, New Zealand and Business and Private Banking, driven by customer preference for higher yielding term deposits.

Domestic household deposits grew at 4%, below system (1) growth of 5% reflecting increased competition.

Debt issues

Debt issues decreased $9 billion to $164 billion, a 5% decrease on the prior year. Excluding the impact of foreign exchange, debt issues decreased 6%, reflecting growth in customer deposit funding and lower wholesale funding requirements. Customer deposits represented 69% of total funding (30 June 2018: 68%).

Deposits satisfied the majority of the Bank's funding requirements, however we believe we maintained access to both domestic and international wholesale debt markets.

Refer to page 71-72 of this Document for further information on debt programs and issuance for the year ended 30 June 2019.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, increased 1% on the prior year, impacted primarily by foreign exchange. Excluding the impact of foreign exchange, balances were flat, with the issuance of PERLS XI, partly offset by the redemption of PERLS VI.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits increased $5 billion to $54 billion, or a 10% increase on the prior year. The increase was primarily driven by growth in personal and business transaction deposits in Retail Banking Services and Business and Private Banking.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, decreased $8 billion to $37 billion, an 18% decrease on the prior year. The decrease was driven by lower derivative liabilities primarily due to foreign currency and interest rate volatility, and the reclassification of liabilities attributed to CFSGAM and PTCL to Liabilities held for sale.

As reported Year Ended June 2018 versus June 2017

Total assets were $975 billion, a decrease of $1 billion on the prior year, reflecting lower liquid assets and institutional lending, partly offset by increased home and business lending.

Total liabilities were $907 billion, a decrease of $5 billion or 1% on the prior year, reflecting lower total deposits and other interest bearing liabilities, partly offset by increased debt issues.

The Bank continued to satisfy a significant portion of lending growth from customer deposits. Customer deposits represent 68% of total funding (30 June 2017: 67%).

Home loans

Home loan balances increased $16 billion to $502 billion, reflecting a 3% increase on the prior year. The increase excluding foreign exchange was 4%, driven by Retail Banking Services, Bankwest and New Zealand.

Domestic growth of 4%, below system (1) of 6%, reflecting a conservative approach in order to manage regulatory requirements on investor and interest only home lending, and increased competition, particularly from non-bank lenders.

(1) System source: RBA/APRA/RBNZ. CBA includes Bankwest.

Group Assets and Liabilities (continued)

Home loans in Australia amount to $451 billion (30 June 2017: $436 billion) of which 65% are owner occupied, 32% are investment home loans and 3% are lines of credit (30 June 2017: 63% were owner occupied, 33% were investment home loans and 4% were lines of credit).

Consumer finance

Consumer finance, decreased $260 million or 1% on the prior year to $23 billion, which was ahead of system [1] growth.

Business and corporate loans

Business and corporate loans decreased $4 billion to $222 billion, a 2% decrease on the prior year. The decrease was driven by a 6% decrease in institutional lending balances, as a result of portfolio optimisation initiatives. This was partly offset by growth of 2% in Business and Private Banking across various industries, including agribusiness, hospitality and health, and growth of 4% in Bankwest driven by the property and corporate segments. Growth in New Zealand (excluding the impact of foreign exchange) of 8% was above system [1], reflecting the long-term strategic focus on this segment.

Domestic business lending decreased by 1%, below system [1] growth of 3%, due to the portfolio optimisation initiatives in institutional lending, and a decline in residential property development following the completion of several projects and a continued focus on risk appetite in Business and Private Banking.

Non-lending interest earning assets

Non-lending interest earning assets decreased $13 billion to $150 billion, reflecting an 8% decrease on the prior year. The decrease excluding the impact of foreign exchange was 9%, driven by lower liquid asset balances primarily due to a decrease in modelled net cash outflows.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, decreased $15 billion to $62 billion, a 19% decrease on the prior year, impacted by the reclassification of life insurance assets to Assets held for sale. Excluding this, balances increased 1% reflecting higher derivative asset balances primarily from interest rate and foreign exchange volatility, and increased trading asset balances.

Interest bearing deposits

Total interest bearing deposits decreased $9 billion to $572 billion, a 2% decrease on the prior year. The decrease excluding the impact of foreign exchange was 1%, driven by changes in the funding mix as the Bank replaced short-term wholesale funding with long-term wholesale funding to further strengthen the balance sheet, and lower investment deposits in Institutional Banking and Markets driven by increased competition from domestic and foreign banks. The decrease was partly offset by strong growth in transaction deposits balances in Retail Banking Services, Business and Private Banking and Institutional Banking and Markets.

Domestic household deposits grew at 4%, below system [1] of 6%, as the Bank focused on managing the volume and margin mix with consideration to the level of asset growth, and the maturity of term deposits in Retail Banking Services following a campaign in the prior year.

Debt issues

Debt issues increased $5 billion to $173 billion, a 3% increase on the prior year, reflecting changes in the funding mix as the Bank actively replaced short-term wholesale funding with long-term wholesale funding to further strengthen the balance sheet.

Deposits satisfied the majority of the Bank's funding requirements, however strong access was maintained to both domestic and international wholesale debt markets.

Refer to pages 71 and 72 of this Document for further information on debt programs and issuances for the year ended 30 June 2018.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, decreased $3 billion to $54 billion, a 6% decrease on the prior year, primarily driven by a net decrease in cash collateral received from counterparties and lower offshore central bank deposits, partly offset by new Tier 2 and PERLS X issuances.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits increased $5 billion to $49 billion, an 11% increase on the prior year, primarily driven by growth in personal and business transaction accounts in Retail Banking Services.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, decreased $17 billion to $45 billion, a 27% decrease on the prior year, impacted by the reclassification of life insurance liabilities to Liabilities held for sale. Excluding this, balances decreased 5% reflecting lower derivative liability balances primarily from interest rate and foreign exchange volatility.

(1) System source: RBA/APRA/RBNZ. CBA includes Bankwest.

Group Operations and Business Settings

Section 4 - Group Operations and Business Settings

Loan Impairment Provisions and Credit Quality

Provisions for Impairment

	As at				
	30 Jun 19 $M	30 Jun 18 $M	30 Jun 17 $M	Jun 19 vs Jun 18 %	Jun 18 vs Jun 17 %
Provisions for impairment losses					
Collective provision	**3,904**	2,763	2,747	41	1
Individually assessed provisions	**895**	870	980	3	(11)
Total provisions for impairment losses	**4,799**	3,633	3,727	32	(3)
Less: Off Balance Sheet exposures	**(84)**	(28)	(34)	large	(18)
Total provisions for loan impairment	**4,715**	3,605	3,693	31	(2)

Year Ended June 2019 versus June 2018

On 1 July 2018 the Group adopted AASB 9 (refer to Note 1.1 of the 2019 Financial Report for further information), and as permitted under the accounting standards has not restated the prior comparative periods. As a result of the adoption of AASB 9, collective provisions as at 30 June 2019 increased by $1,058 million on the prior year. There was no change to individually assessed provisions on adoption of AASB 9.

Total provisions for impairment losses as at 30 June 2019 were $4,799 million, an increase of $1,166 million or 32% on the prior year mainly driven by the adoption of AASB 9. Excluding the impact of AASB 9 initial recognition ($1,058 million), total provisions increased $108 million or 3%, primarily driven by:

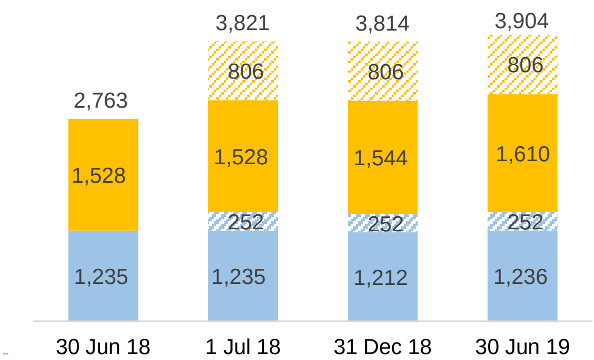
- Consumer collective provisions increase of $82 million or 5% to $1,610 million. This was mainly due to higher collective provisions for unsecured retail portfolios reflecting softening economic conditions and increased arrears;
- Consumer individually assessed provisions increase of $18 million or 7% to $274 million. This was driven by home loan impairments, mainly in Western Australia and Queensland; and
- Corporate individually assessed provisions increase of $7 million or 1% to $621 million. This was mainly due to an increase in provisions for a small number of single name exposures in Business and Private Banking and New Zealand, partly offset by lower individual provisions for large single name exposures in Institutional Banking and Markets.

Year Ended June 2018 versus June 2017

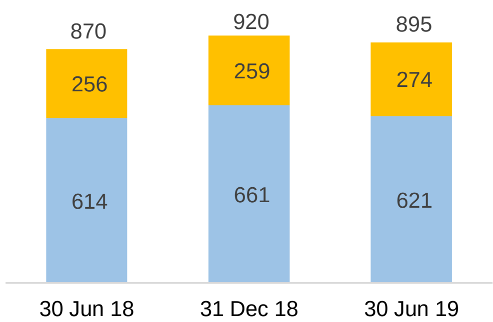
Total provisions for impairment losses was $3,633 million, a decrease of $94 million or 3% on the prior year. The movement in the level of provisioning reflects:

- Corporate individually assessed provisions decreased by $109 million or 15% to $614 million. This was largely due to a small number of large write-offs and write-backs in Institutional Banking and Markets and Business and Private Banking, partly offset by increases in provisions for PTBC commercial exposures; and
- Corporate collective provisions decreased by $33 million or 4% to $808 million. This was due to reductions in exposures, a reduction in model adjustments reflecting improvements in the quality of maturity date data, transfers of collective provisions to individually assessed provisions for clients that became impaired, improvements in the quality of the Bankwest business portfolio, and improvements in the New Zealand business portfolio due to favourable macroeconomic conditions; partly offset by
- Management overlays increased by $45 million or 6% to $756 million. This was mainly in Retail Banking Services, due to the anticipated impact of possible changes to bankruptcy legislation and model recalibration updates, partly offset by the release of a centrally held loan impairment provision which was raised in the prior year and is no longer required. Economic overlays remained unchanged on the prior year.

Collective Provisions ($M)



Individually Assessed Provisions ($M)



Corporate Consumer Corporate AASB 9 Initial Recognition Consumer AASB 9 Initial Recognition

Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

	Full Year Ended					Half Year Ended		
			Jun 19 vs		Jun 18 vs			Jun 19 vs
Credit Quality Metrics	**30 Jun 19**	30 Jun 18	Jun 18 %	30 Jun 17	Jun 17 %	**30 Jun 19**	31 Dec 18	Dec 18 %
Gross loans and acceptances (GLAA) ($M)	**761,013**	748,408	2	737,002	2	**761,013**	759,410	-
Risk weighted assets (RWA) ($M)	**452,762**	458,612	(1)	437,063	5	**452,762**	445,144	2
Credit RWA ($M)	**372,574**	369,528	1	377,259	(2)	**372,574**	369,356	1
Gross impaired assets ($M)	**3,622**	3,179	14	3,187	-	**3,622**	3,560	2
Net impaired assets ($M)	**2,435**	2,111	15	2,038	4	**2,435**	2,373	3
Provision Ratios (1)								
Collective provision as a % of credit RWA	**1. 05**	0. 75	30 bpts	0. 73	2 bpts	**1. 05**	1. 03	2 bpts
Total provisions as a % of credit RWA	**1. 29**	0. 98	31 bpts	0. 99	(1)bpt	**1. 29**	1. 28	1 bpt
Total provisions for impaired assets as a % of gross impaired assets	**32. 77**	33. 60	(83)bpts	36. 05	(245)bpts	**32. 77**	33. 34	(57)bpts
Total provisions for impaired assets as a % of gross impaired assets (corporate)	**43. 71**	41. 84	187 bpts	42. 82	(98)bpts	**43. 71**	40. 06	365 bpts
Total provisions for impaired assets as a % of gross impaired assets (consumer)	**24. 85**	26. 04	(119)bpts	28. 45	(241)bpts	**24. 85**	27. 03	(218)bpts
Total provisions for impairment losses as a % of GLAAs	**0. 63**	0. 49	14 bpts	0. 51	(2)bpts	**0. 63**	0. 62	1 bpt
Asset Quality Ratios								
Gross impaired assets as a % of GLAAs	**0. 48**	0. 42	6 bpts	0. 43	(1)bpt	**0. 48**	0. 47	1 bpt
Loans 90+ days past due but not impaired as a % of GLAAs	**0. 44**	0. 43	1 bpt	0. 36	7 bpts	**0. 44**	0. 42	2 bpts
Loan impairment expense ("cash basis") annualised as a % of average GLAAs	**0. 16**	0. 15	1 bpt	0. 15	-	**0. 17**	0. 15	2 bpts
Net write-offs annualised as a % of GLAAs	**0. 16**	0. 16	-	0. 16	-	**0. 16**	0. 15	1 bpt
Corporate total committed exposures rated investment grade (%) (2)	**67. 40**	67. 90	(50)bpts	69. 20	(130)bpts	**67. 40**	67. 90	(50)bpts
Australian Home Loan Portfolio								
Portfolio dynamic LVR (%) (3)	**52. 44**	49. 88	256 bpts	50. 33	(45)bpts	**52. 44**	50. 85	159 bpts
Customers in advance (%) (4)	**78. 48**	77. 80	68 bpts	77. 31	49 bpts	**78. 48**	78. 27	21 bpts

(1) On 1 July 2018, the Group adopted AASB 9 and as permitted under the accounting standards, comparative information has not been restated.
(2) Investment grades based on CBA grade in S&P equivalent.
(3) Loan to value ratio ("LVR") defined as current balance as a percentage of the current valuation on Australian home loan portfolio.
(4) Any amount ahead of monthly minimum repayment (including offset facilities).

Provision Ratios and Impaired Assets

Half year ended 30 June 2019 vs Half year ended 31 December 2018

The impaired asset portfolio had a provision coverage of 32.77%, a decrease of 57 basis points on the prior half, predominately driven by an increase in home loan impaired assets which have a higher level of collateralisation resulting in a lower level of provision coverage.

Gross impaired assets were $3,622 million, an increase of $62 million or 2% on the prior half. Gross impaired assets as a proportion of GLAAs were 0.48%, an increase of 1 basis point on the prior half, reflecting higher home loan impairments, partly offset by a reduction in corporate impairments mainly due to write-offs and asset sales.

Half year ended 31 December 2018 vs Half year ended 30 June 2018

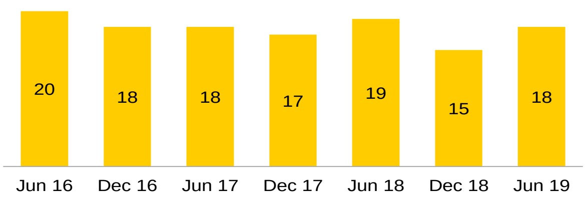
The impaired asset portfolio had a provision coverage of 33.34%, a decrease of 26 basis points on the half year ended 30 June 2018. Gross impaired assets were $3,560 million, an increase of 12% or $381 million on the half year ended 30 June 2018. Gross impaired assets as a proportion of GLAAs were 0.47%, an increase of 5 basis points on the half year ended 30 June 2018 mainly due to the impairment of a small number of individual corporate exposures and higher home loan impairments.

Retail Portfolio Asset Quality

Half year ended 30 June 2019 vs Half year ended 31 December 2018

Consumer loan impairment expense ("LIE") as a percentage of average GLAAs was 18 basis points, an increase of 3 basis points compared to the prior half reflecting softening economic conditions and seasonally higher arrears.

Consumer LIE
Half Year Loan impairment expense ("cash basis") annualised as percentage of average GLAAs (bpts)



Loan Impairment Provisions and Credit Quality (continued)

Retail Portfolio Asset Quality (continued)

Home loan 90+ days arrears were 0.68%, an increase of 1 basis point on the prior half, driven by seasonality. Credit card and personal loans 90+ days arrears were 1.02% and 1.56% respectively, an increase of 8 basis points and 12 basis points on the prior half, predominately driven by increases in Western Sydney and Melbourne, and a seasonal increase following the December holiday period.

The home loan dynamic LVR increased 159 basis points on the prior half to 52.44%, however we believe the home lending book remained well secured and the majority of home lending customers remained in advance of scheduled repayments.

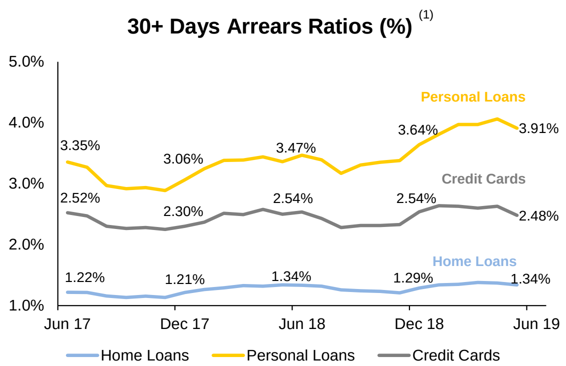
On 5 July 2019 APRA announced amendments to the guidance on serviceability assessments in residential lending. APRA's guidance no longer expects ADIs to assess home loan applicants using a minimum interest rate of 7.25%, and instead expects ADIs to determine an internal floor rate and increase the loan serviceability buffer by at least 2.50% above the customer interest rate (previously 2.25%). As a result, from 22 July 2019 the Bank set a minimum floor rate of 5.75% and a buffer of 2.50%. Further risk mitigants remained in place including lenders mortgage insurance requirements and limits on lending for higher risk loans.

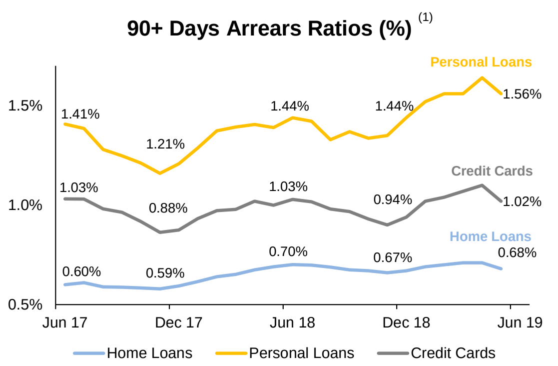
Half year ended 31 December 2018 vs Half year ended 30 June 2018

The retail consumer portfolio's credit quality remained sound during the period. Consumer LIE as a percentage of average GLAAs was 15 basis points, a decrease of 4 basis points compared to the half year ended 30 June 2018 reflecting lower collective provisions for credit cards due to seasonally lower arrears.

The retail portfolio arrears remained relatively low. Home loan 90+ days arrears were 0.67%, a decrease of 3 basis points on the half year ended 30 June 2018, driven by seasonality partly offset by some households continuing to experience difficulties with rising essential costs and limited income growth. Credit card 90+ days arrears were 0.94%, a decrease of 9 basis points on the half year ended 30 June 2018 driven by seasonality, partly offset by continued pockets of stress. Personal Loans 90+ days arrears were flat at 1.44% on the half year ended 30 June 2018 driven by seasonality, offset by continued pockets of stress.

The home lending book remained well secured with an increase in the dynamic LVR of 97 basis points to 50.85% for the half. The majority of home lending customers remained in advance of scheduled repayments and the loan serviceability buffer remained at 2.25% above the customer interest rate, with a minimum floor rate of 7.25%. Further risk mitigants remained in place including lenders mortgage insurance requirements and a 90% LVR limit for higher risk loans.





(1) Includes retail portfolios of Retail Banking Services, Business and Private Banking and New Zealand.

Loan Impairment Provisions and Credit Quality (continued)

Corporate Portfolio Asset Quality

Half year ended 30 June 2019 vs Half year ended 31 December 2018

Corporate troublesome exposures were $4.2 billion, an increase of $1.1 billion or 35% on the prior half reflecting downgrades to a small number of corporate exposures and emerging signs of weakness in sectors impacted by consumer discretionary spending and in the Agriculture and Construction sectors.

Investment grade rated exposures decreased by 50 basis points on the prior half to 67.4% of overall portfolio risk graded counterparties, driven by a decrease in investment grade sovereign exposures reflecting liquidity management activities.

Corporate LIE as a percentage of gross loans and acceptances was 14 basis points, a decrease of 1 basis point on the prior half. The decrease is due to the non-recurrence of a large single name impairment and portfolio optimisation in Institutional Banking and Markets, partly offset by higher collective provisions in Business and Private Banking.

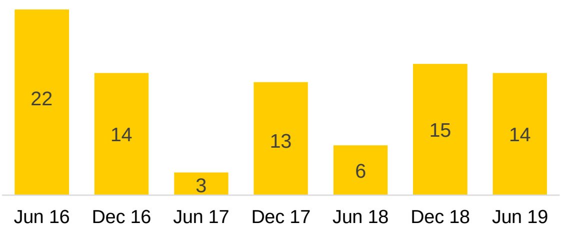
Half year ended 31 December 2018 vs Half year ended 30 June 2018

Corporate troublesome exposures were $3.1 billon, a decrease of $0.2 billion or 6% on the half year ended 30 June 2018 mainly driven by the upgrade of a large single name exposure. Gross impaired assets were $3.6 billion, an increase of $0.4 billion on the half year ended 30 June 18, mainly due to a small number of individual corporate impairments.

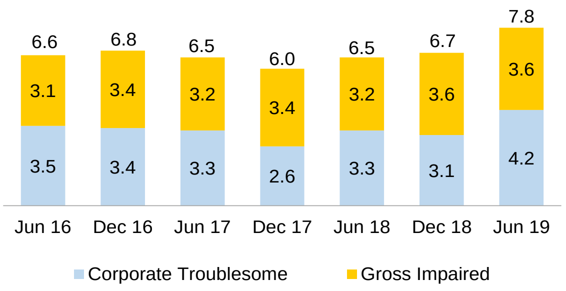
Investment grade rated exposures were flat on the half year ended 30 June 2018 at 67.9% of overall portfolio risk graded counterparties, reflecting an increase in investment grade sovereign exposures, offset by lower bank exposures.

Corporate LIE as a percentage of gross loans and acceptances was 15 basis points, up 9 basis points on the half year ended 30 June 2018. The increase is due to higher provisioning for a small number of corporate clients, partly offset by lower collective provisions.

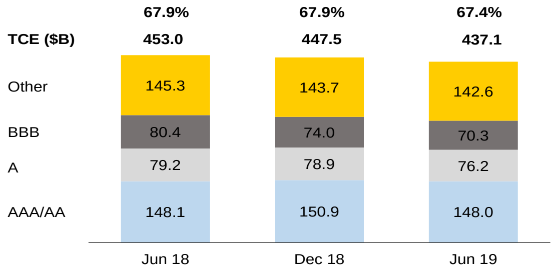
Corporate LIE
Half Year Loan impairment expense ("cash basis") annualised as percentage of average GLAAs (bpts)



Troublesome and Impaired Assets ($B)



Corporate Portfolio Quality
% of book rated investment grade (1)



(1) CBA grades in S&P equivalents.

Loan Impairment Provisions and Credit Quality (continued)

Industry Exposure and Asset Quality

Half year ended 30 June 2019 vs Half year ended 31 December 2018

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half. The largest movement was an increase in the exposure to the Consumer sector of 80 basis points, from 57.8% to 58.6%, driven by home loan growth exceeding business and institutional lending growth. The next largest movement was a reduction in the Sovereign sector of 30 basis points, from 10.0% to 9.7% of the Bank's total committed exposure, reflecting liquidity management activities.

Compared to the prior half, movements in troublesome and impaired assets ("TIA") were mixed across industry sectors, with total TIA increasing $1,050 million or 16% to $7,799 million.

TIA as a percentage of Total Committed Exposure increased by 10 basis points from 0.62% to 0.72% mainly driven by:

- Construction (up 202 basis points) reflecting downgrades of a small number of large exposures;
- Retail and Wholesale Trade (up 101 basis points) driven by emerging signs of weakness in discretionary retail;
- Energy (up 82 basis points) due to the downgrade of a large single name exposure;
- Business Services (up 75 basis points) reflecting the downgrade of a large single name exposure;
- Other (up 69 basis points) driven by the Hospitality sector reflecting emerging signs of weakness in discretionary spending;
- Property (up 17 basis points) driven by the downgrade of a large single name exposure; and
- Consumer (up 4 basis points) predominately from higher home loan and personal loan impairments; partly offset by
- Mining (down 56 basis points) due to the sale and write-off of a large exposure; and
- Agriculture (down 25 basis points) driven by the sale and write-off of a large exposure, partly offset by emerging signs of weakness.

Half year ended 31 December 2018 vs Half year ended 30 June 2018

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half. The largest movements were a reduction in the exposure to the Bank sector of 0.9%, from 5.5% to 4.6%, and an increase in the Sovereign sector of 0.7%, from 9.3% to 10.0% of the bank's total committed exposure, mainly reflecting liquidity management activities.

Movements in TIA were mixed across sectors, with total TIA increasing by $208 million or 3% compared to the half year ended 30 June 2018 to $6,749 million. The largest increase came from the Consumer sector reflecting higher home loan impairments, due to some households continuing to experience difficulties with rising essential costs and limited income growth, followed by the Agriculture sector due to downgrades for a small number of clients, and the Construction sector driven by the impairment of a large single name exposure. These increases were partly offset by a reduction in the Transport sector due to the upgrade of a large single name exposure. TIA as a percentage of total committed exposures (TCE) increased by 2 basis points from 0.60% to 0.62%.

Credit Exposure by Industry

	Total Committed Expsoures (TCE)			Troublesome and Impaired Assets (TIA)			TIA % of TCE		
	30 Jun 19	31 Dec 18	30 Jun 18	**30 Jun 19**	31 Dec 18	30 Jun 18	**30 Jun 19**	31 Dec 18	30 Jun 18
Sector	**%**	%	%	**$M**	$M	$M	**%**	%	%
Consumer	**58.6**	57.8	57.4	**2,101**	1,832	1,659	**0.33**	0.29	0.27
Sovereign	**9.7**	10.0	9.3	**-**	-	-	**-**	-	-
Property	**6.3**	6.2	6.2	**775**	652	632	**1.14**	0.97	0.94
Banks	**4.5**	4.6	5.5	**9**	9	9	**0.02**	0.02	0.01
Finance - Other	**4.9**	4.9	5.2	**35**	78	31	**0.07**	0.15	0.05
Retail & Wholesale Trade	**1.9**	2.0	2.0	**636**	478	487	**3.16**	2.15	2.21
Agriculture	**2.1**	2.1	2.0	**989**	1,042	900	**4.40**	4.65	4.12
Manufacturing	**1.4**	1.4	1.4	**403**	375	350	**2.71**	2.46	2.34
Transport	**1.4**	1.5	1.4	**259**	225	659	**1.72**	1.41	4.29
Mining	**1.1**	1.3	1.3	**199**	314	364	**1.74**	2.30	2.64
Business Services	**1.1**	1.3	1.2	**333**	278	184	**2.72**	1.97	1.44
Energy	**0.9**	0.9	1.0	**86**	2	4	**0.84**	0.02	0.04
Construction	**0.8**	0.8	0.7	**579**	419	297	**7.10**	5.08	3.68
Health & Community	**0.8**	0.8	0.9	**224**	222	218	**2.47**	2.49	2.38
Culture & Recreation	**0.6**	0.6	0.6	**101**	62	41	**1.64**	0.93	0.62
Other	**3.9**	3.8	3.9	**1,070**	761	706	**2.51**	1.82	1.67
Total	**100.0**	100.0	100.0	**7,799**	6,749	6,541	**0.72**	0.62	0.60

Capital

Basel Regulatory Framework

Background

APRA has implemented a set of capital, liquidity and funding reforms based on the Basel Committee on Banking Supervision ("BCBS") ("Basel III") framework. The objectives of the reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk.

The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5%, inclusive of a Domestic Systemically Important Bank ("DSIB") requirement of 1% and a countercyclical capital buffer ("CCyB") [(1)] of 0% (effective from 1 January 2016), bringing the CET1 requirement to at least 8%.

(1) In January 2019, APRA announced that the CCyB for Australian exposures will remain at 0%. The Bank has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed.

Unquestionably Strong Capital Ratios

In July 2017 APRA released an information paper establishing the quantum of additional capital required for the Australian banking sector to have capital ratios that are unquestionably strong.

APRA's expectation is that the Australian major banks will operate with a CET1 ratio of 10.5% or more by 1 January 2020. As at 30 June 2019, the Group CET1 ratio was above this benchmark at 10.7%.

Pillar 3 Disclosures

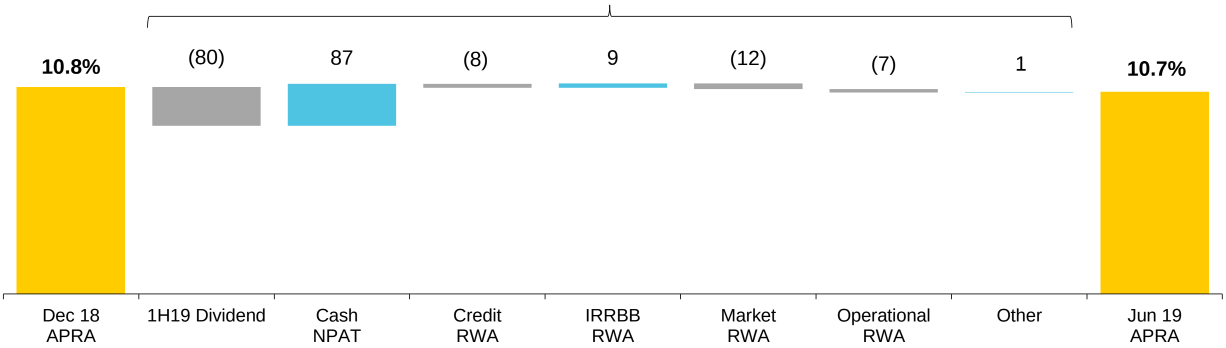
Details on the market disclosures required under Pillar 3, per prudential standard APS 330 "Public Disclosure", are provided on the U.S. Investor Website.

Capital (continued)

Risk Weighted Capital Ratios	30 Jun 19 %	31 Dec 18 %	30 Jun 18 %
Common Equity Tier 1	**10. 7**	10. 8	10. 1
Tier 1	**12. 7**	12. 9	12. 3
Tier 2	**2. 8**	2. 9	2. 7
Total Capital (APRA)	**15. 5**	15. 8	15. 0

Capital – CET1 (APRA)

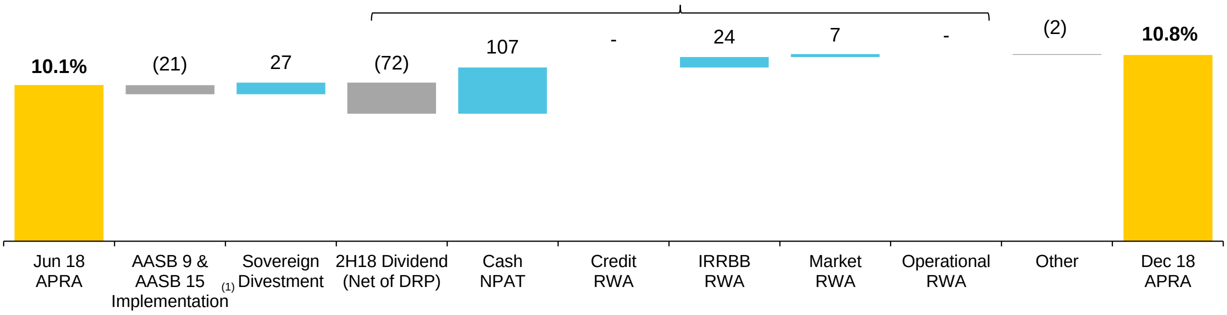
Capital Generation -10 bpts (+8 bpts excluding notable items (1))



(1) Notable items of $855 million (refer to "Disclosure – Financial Information Definitions – Notable Items") have a post-tax impact on CET1 of $809 million or 18 basis points, which includes the deferred tax assets recognised as a full deduction for the purpose of CET1.

Capital – CET1 (APRA)

Organic Capital +66bpts



(1) AASB 9 and AASB 15 effective from 1 July 2018.

Capital (continued)

Capital Position

Half year ended 30 June 2019 vs Half year ended 31 December 2018

The Bank's CET1 ratio (APRA) was 10.7% as at 30 June 2019, a decrease of 10 basis points from 31 December 2018. During the half year ended 30 June 2019, capital generated from earnings (+87 basis points), was offset by the 2019 interim dividend (-80 basis points) and an increase in total Risk Weighted Assets (RWA) (-18 basis points). Capital generation excluding the impact of notable items was +8 basis points, lower than prior periods primarily due to the decision to neutralise the interim Dividend Reinvestment Plan ("DRP") by satisfying demand through the on-market purchase of shares. The CET1 ratio was consistently well in excess of regulatory minimum capital adequacy requirements at all times throughout the period.

Half year ended 31 December 2018 vs Half year ended 30 June 2018

The Bank's CET1 ratio (APRA basis) was 10.8% as at 31 December 2018, an increase of 70 basis points from 30 June 2018.

The CET1 ratio was consistently well in excess of regulatory minimum capital adequacy requirements at all times throughout the period. The increase of 70 basis points for the half year ended 31 December 2018 was primarily driven by strong organic capital generation and the benefit from the sale of the New Zealand life insurance operations (Sovereign) (+27 basis points). This was partly offset by the impact from the implementation of AASB 9 and 15 on 1 July 2018 (-21 basis points).

Capital Initiatives

The following significant capital initiatives were undertaken during the current year:

Common Equity Tier 1 Capital

- The DRP in respect of the 2018 final dividend, was satisfied by the allocation of $749 million of ordinary shares, representing a participation rate of 18.4%;
- The DRP in respect of the 2019 interim dividend was satisfied in full by the on-market purchase of shares. The participation rate for the interim DRP was 16.7%.

Additional Tier 1 Capital

- In December 2018, the Bank issued $1.59 billion of CommBank PERLS XI Capital Notes (PERLS XI) and concurrently redeemed $2 billion Perpetual Exchangeable Resaleable Listed Securities (PERLS VI); and
- In May 2019, the Group redeemed Basel III non-compliant Perpetual Preference Shares issued by its New Zealand subsidiaries, ASB Capital Limited and ASB Capital No.2 Limited, (ASB PPS1 and ASB PPS2) at their par value of NZD550 million.

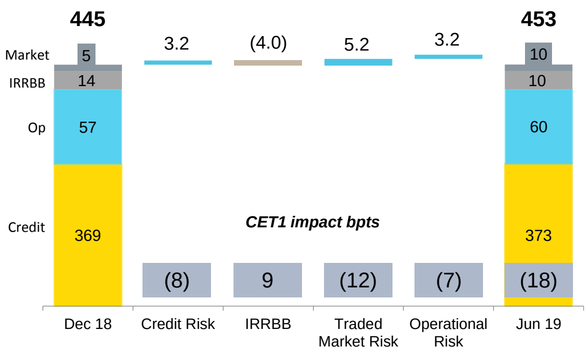
Risk Weighted Assets

Total Group Risk Weighted Assets

Half year ended 30 June 2019 vs Half year ended 31 December 2018

Total RWA increased by $7.6 billion or 1.7% on the prior half to $452.8 billion driven by increases in Traded Market Risk, Credit Risk and Operational Risk RWA; partly offset by lower Interest Rate Risk in the Banking Book ("IRRBB") RWA.

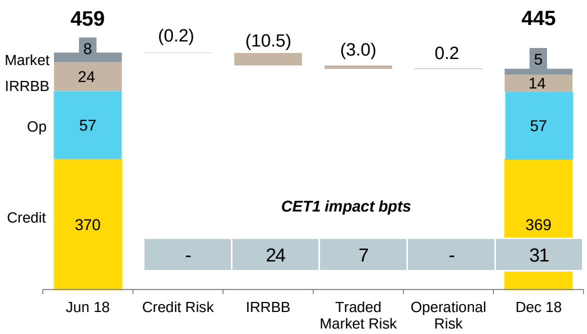
Total Risk Weighted Assets ($B)



Half year ended 31 December 2018 vs Half year ended 30 June 2018

Total RWA decreased by $13.5 billion or 3% on the half year ended 30 June 2018 to $445.1 billion driven by lower IRBB, Traded Market Risk and Credit Risk RWA, partly offset by higher Operational Risk RWA.

Total Risk Weighted Assets ($B)



Credit Risk Weighted Assets

Half year ended 30 June 2019 vs Half year ended 31 December 2018

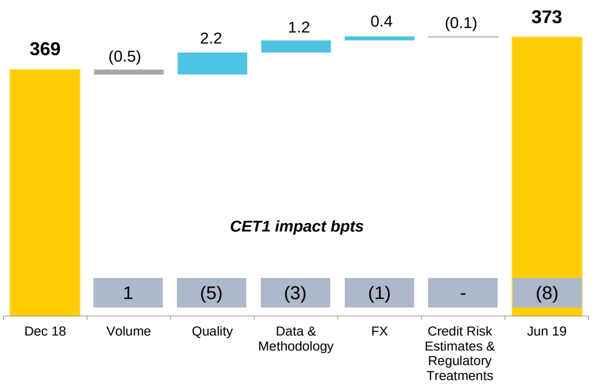
Credit Risk RWA increased by $3.2 billion or 1% on the prior half, driven by:

- Volume growth across residential mortgages and standardised other assets ($6.0 billion);
- Reduction in credit quality across most portfolios, including residential mortgage risk weights which have increased during the half, partly due to new home loan models producing conservative outcomes. The models incorporate long-term customer arrears behaviour and the recent stabilisation of home lending arrears has not yet been reflected in credit RWA ($2.2 billion);
- Data and methodology changes ($1.2 billion); and

Capital (Continued)

- Foreign currency movements ($0.4 billion); partly offset by
- Volume reductions across non-retail portfolios, consumer credit cards and personal loans ($6.5 billion); and
- A refresh of credit risk estimates across some consumer retail portfolios, partly offset by a change in regulatory treatment for the small to medium enterprise lending portfolio ($0.1 billion).

Credit Risk Weighted Assets ($B)

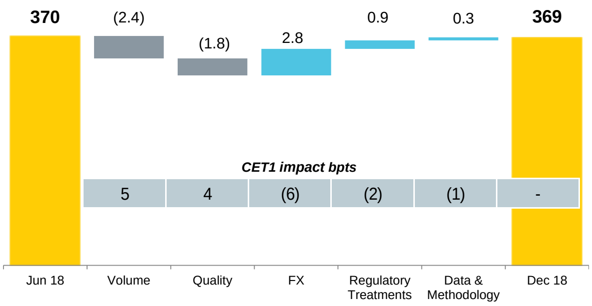


Half year ended 31 December 2018 vs Half year ended 30 June 2018

Credit Risk RWA decreased by $0.2 billion on the half year ended 30 June 2018, driven by:

- Decreased volumes due to a reduction in exposures across non-retail and some consumer portfolios partly offset by growth in residential mortgages ($2.4 billion); and
- Improvement in credit quality across most portfolios ($1.8 billion); partly offset by
- Foreign currency movements ($2.8 billion);
- Implementation of the new Internal Ratings Based (IRB) models across Australian residential mortgages partly offset by Advanced Internal Ratings Based (AIRB) approach accreditation of the Bankwest SME retail portfolio and other regulatory changes ($0.9 billion); and
- Data and methodology changes ($0.3 billion).

Credit Risk Weighted Assets ($B)



Interest Rate Risk Weighted Assets

Half year ended 30 June 2019 vs Half year ended 31 December 2018

IRRBB RWA decreased by $4.0 billion or 29% on the prior half. This was due to model enhancements and higher embedded gains due to lower domestic and offshore interest rates.

Half year ended 31 December 2018 vs Half year ended 30 June 2018

IRRBB RWA decreased by $10.5 billion or 43% on the half year ended 30 June 2018. This decrease was mainly due to a structural reduction in the invested term of capital, restructured USD positions and increased embedded gains due to lower domestic and offshore interest rates.

Traded Market Risk Weighted Assets

Half year ended 30 June 2019 vs Half year ended 31 December 2018

Traded market risk RWA increased by $5.2 billion or 99% on the prior half to $10.5 billion. The Stressed Value-at-Risk (SVaR) component under the internal Model Approach was the main driver of the increase, and this resulted from both risk positioning and the impact of an overly conservative modelled outcome for some interest rate products in a low interest rate environment.

Half year ended 31 December 2018 vs Half year ended 30 June 2018

Traded Market Risk RWA decreased by $3.0 billion or 36% on the half year ended 30 June 2018. This decrease was mainly due to the implementation of the enhanced model measurement approach for some interest rate exposures.

Operational Risk Weighted Assets

Half year ended 30 June 2019 vs Half year ended 31 December 2018

Operational Risk RWA increased by $3.2 billion or 6% on the prior half year to $59.8 billion. This reflects changes in the Group's operational risk profile relating to the changing regulatory environment and modelling variations including changes in portfolio diversification.

The Operational Risk RWA includes the $12.5 billion add-on required by APRA following the Prudential Inquiry findings dated 30 April 2018.

The Group regularly reviews and updates its Operational Risk RWA to reflect material changes in its operational risk profile in accordance with the Operational Risk Management Framework and governance processes.

Half year ended 31 December 2018 vs Half year ended 30 June 2018

Operational Risk RWA increased by $0.2 billion on the half year ended 30 June 2018. This increase was due to the regular assessment of the Group's operational risk profile in the context of the evolving risk and regulatory environment, in accordance with the Operational Risk Management Framework and governance processes.

Capital (continued)

Regulatory Reforms

APRA

In February 2018 APRA released a discussion paper titled "Discussion paper – Revisions to the capital framework for Authorised deposit-taking institutions" in response to the BCBS release of "Basel III: Finalising post-crisis reforms" in December 2017.

APRA's proposals include:

- Increased capital requirements for investment and interest only home loan exposures, and amendment to the correlation factor to dampen procyclicality of risk weights;
- Higher correlation factors to apply in the Other Retail asset class (including credit cards);
- Large corporates and financial institutions will be subject to the Foundation Internal Ratings based approach;
- Mandated Loss Given Default (LGD) and Exposure At Default (EAD) estimates for certain non-retail portfolios;
- Replacing the Operational Risk Advanced Measurement Approach with a single risk sensitive standardised approach for all banks; and
- Implementation of a 72.5% output floor on the amount of total RWA (without transitional phasing).

In August 2018, APRA released a second discussion paper titled "Discussion paper – Improving the transparency, comparability and flexibility of the ADI capital framework". The focus of the proposal is presentation of capital ratios to increase international comparability, transparency and flexibility of the capital framework without altering the quantum and risk sensitivity of capital ratios.

In June 2019, APRA released draft prudential standards on the standardised approach to measuring Credit Risk and Operational Risk Weighted Assets. In addition, APRA is proposing a simpler method for calculating capital requirements for residential mortgages measured under the Internal Ratings Based (IRB) approach.

APRA intends to implement the Operational risk reforms above on 1 January 2021 and all other capital framework reforms from 1 January 2022.

In July 2019, APRA released its response to the submissions for the November 2018 "Discussion Paper – Increasing the loss-absorbing capacity of ADIs to support orderly resolution". APRA confirmed that the Australian loss-absorbing capacity (LAC) regime will be established under the existing capital framework. For domestically systemically important banks (D-SIBs), such as CBA, APRA will require an additional Total Capital requirement of 3% of RWA, effective from 1 January 2024. APRA further noted that its long term target of 4% to 5% of LAC remains unchanged and will consider feasible alternative methods for raising the additional 1% to 2% over the next four years, in consultation with industry and other stakeholders.

Basel Committee on Banking Supervision (BCBS)

In January 2019, the BCBS released "Minimum capital requirements for market risk" which finalised changes to the identification and measurement of market risk under both the standardised approach and the internal model approach. APRA has not indicated the timeframe for the Australian implementation of changes to market risk standards.

Reserve Bank of New Zealand ("RBNZ")

The RBNZ is undertaking a comprehensive review of the capital adequacy framework applying to registered banks incorporated in New Zealand. In December 2018, it released a consultation paper proposing an increase to the Tier 1 capital ratio requirement for domestic systemically important banks to 16% and increase the IRB RWA calculation to approximately 90% of the RWA under the standardised approach. The RBNZ is expected to finalise its position towards the end of 2019, with implementation to commence from April 2020. A transitional period of a number of years is proposed before banks are required to fully comply with the requirements.

Other reforms

From 1 July 2019, the Group will implement AASB 16 Leases and the revised standardised approach to counterparty credit risk (SA-CCR).

The Bank expects that implementation of AASB 16 Leases will result in a decrease of the Bank's pro-forma CET1 ratio (APRA) of 11 basis points and the implementation of SA-CCR will result in a further 7 basis point decrease.

Capital (continued)

The tables below show the APRA Basel III capital adequacy calculation at 30 June 2019 together with prior period comparatives.

	As at		
	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M
Ordinary Share Capital and Treasury Shares			
Ordinary Share Capital	**38,020**	38,015	37,270
Treasury Shares [1]	**194**	268	265
Ordinary Share Capital and Treasury Shares	**38,214**	38,283	37,535
Reserves			
Reserves	**3,092**	2,051	1,676
Reserves related to non-consolidated subsidiaries [2]	**52**	73	(80)
Total Reserves	**3,144**	2,124	1,596
Retained Earnings and Current Period Profits			
Retained earnings and current period profits	**28,482**	27,959	28,360
Retained earnings adjustment from non-consolidated subsidiaries [3]	**(437)**	(434)	(342)
Net Retained Earnings	**28,045**	27,525	28,018
Non-controlling interests			
Non-controlling interests [4]	**55**	553	554
Less ASB perpetual preference shares [5]	**-**	(505)	(505)
Less other non-controlling interests not eligible for inclusion in regulatory capital	**(55)**	(48)	(49)
Non-controlling interests	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**69,403**	67,932	67,149

(1) Represents shares held by the Group's life insurance businesses ($86 million) and eligible employee share scheme trusts ($108 million).

(2) Represents equity reserve balances associated with the insurance and funds management entities, and those entities through which securitisation of the Group's assets are conducted. These entities are classified as non-consolidated subsidiaries by APRA and are excluded from the Level 2 Regulatory Consolidated Banking Group.

(3) Cumulative profit and retained earnings adjustments for subsidiaries are not consolidated for regulatory purposes.

(4) Non-controlling interests predominantly comprise of external equity interests of subsidiaries.

(5) In May 2019 the Group redeemed ASB perpetual shares issued by its New Zealand subsidiaries.

Capital (continued)

	As at		
	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M
Common Equity Tier 1 regulatory adjustments			
Goodwill [1]	**(7,680)**	(7,504)	(8,021)
Other intangibles (including software) [2]	**(2,013)**	(2,108)	(2,124)
Capitalised costs and deferred fees	**(720)**	(741)	(714)
Defined benefit superannuation plan surplus [3]	**(324)**	(308)	(407)
General reserve for credit losses [4]	**(360)**	(378)	(412)
Deferred tax asset	**(2,581)**	(2,286)	(1,911)
Cash flow hedge reserve	**(787)**	(57)	160
Employee compensation reserve	**(161)**	(103)	(145)
Equity investments [5]	**(3,088)**	(3,113)	(2,967)
Equity investments in non-consolidated subsidiaries [6]	**(2,906)**	(2,887)	(3,474)
Shortfall of provisions to expected losses [7]	**-**	-	(212)
Unrealised fair value adjustments [8]	**(52)**	(74)	(116)
Other	**(364)**	(347)	(336)
Common Equity Tier 1 regulatory adjustments	**(21,036)**	(19,906)	(20,679)
Common Equity Tier 1	**48,367**	48,026	46,470
Additional Tier 1 Capital			
Basel III complying instruments [9]	**9,045**	9,045	9,455
Basel III non-complying instruments net of transitional amortisation [10]	**143**	647	640
Holding of Additional Tier 1 Capital [11]	**(200)**	(200)	(200)
Additional Tier 1 Capital	**8,988**	9,492	9,895
Tier 1 Capital	**57,355**	57,518	56,365
Tier 2 Capital			
Basel III complying instruments [12]	**11,368**	11,586	11,262
Basel III non-complying instruments net of transitional amortisation [13]	**613**	605	1,166
Holding of Tier 2 Capital	**(30)**	(23)	(25)
Prudential general reserve for credit losses [14]	**799**	764	176
Total Tier 2 Capital	**12,750**	12,932	12,579
Total Capital	**70,105**	70,450	68,944

(1) Goodwill excludes $254 million which is included in equity investments in non-controlled subsidiaries. In addition, Goodwill also includes $1,960 million Goodwill from discontinued operations.
(2) Other intangibles (including capitalised software costs), net of any associated deferred tax liability. Other intangibles also includes $89 million other intangibles from discontinued operations.
(3) Represents the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability.
(4) Adjustment to ensure the Group has sufficient provisions and capital to cover credit losses estimated to arise over the full life of individual facilities, as required by APRA Prudential Standard APS 220.
(5) Represents the Group's non-controlling interest in other entities.
(6) Non-consolidated subsidiaries primarily represent the insurance and funds management companies operating in the Colonial Group. The Group's insurance and funds management operating entities held $1,729 million of capital in excess of minimal regulatory requirements at 30 June 2019.
(7) Regulatory Expected Loss (pre-tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions (pre-tax).
(8) Includes gains due to changes in our credit risk on fair valued liabilities and other prudential valuation adjustments.
(9) As at 30 June 2019, comprises PERLS XI $1.590 million (December 2018), PERLS X $1.365 million (April 2018), PERLS IX $1.640 million (March 2017), PERLS VIII $1.450 million (March 2016), and PERLS VII $3,000 million (October 2014).
(10) Represents APRA Basel III non-compliant Additional Tier 1 Capital Instruments that are eligible for Basel III transitional relief.
(11) Represents holdings of Additional Tier 1 capital instruments issued by the Colonial Mutual Life Assurance Society Limited.
(12) In the full year ended 30 June 2019, no Basel III compliant Tier 2 Capital notes were issued by the Group.
(13) Includes both perpetual and term instruments subordinated to depositors and general creditors, having an original maturity of at least five years. APRA require these to be included as if they were unhedged. Term instruments are amortised 20% of the original amount during each of the last five years to maturity. These instruments are eligible for Basel III transitional relief.
(14) Represents the collective provision and general reserve for credit losses for exposures in the Group which are measured for capital purposes under the Standardised approach to credit risk.

Capital (continued)

Risk Weighted Assets (RWA)	As at 30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M
Credit Risk			
Subject to AIRB approach [(1)]			
Corporate	**64,683**	68,915	68,479
SME Corporate	**30,478**	30,121	32,772
SME retail	**6,896**	5,400	4,709
SME retail secured by residential mortgage	**3,335**	3,415	2,458
Sovereign	**2,456**	2,330	2,509
Bank	**9,451**	9,741	11,097
Residential mortgage	**147,956**	143,017	139,203
Qualifying revolving retail	**8,486**	8,942	9,592
Other retail	**13,990**	15,729	15,750
Total RWA subject to AIRB approach	**287,731**	287,610	286,569
Specialised lending exposures subject to slotting criteria	**53,796**	53,453	55,893
Subject to Standardised approach			
Corporate	**1,590**	1,406	1,246
SME corporate	**822**	1,034	412
SME retail	**4,628**	5,010	5,856
Sovereign	**233**	222	222
Bank	**66**	53	79
Residential mortgage	**6,732**	6,632	5,627
Other retail	**1,256**	1,493	1,593
Other assets	**8,854**	5,674	5,241
Total RWA subject to Standardised approach	**24,181**	21,524	20,276
Securitisation	**2,905**	3,049	2,890
Credit valuation adjustment	**2,932**	2,729	2,882
Central counterparties	**1,029**	991	1,018
Total RWA for Credit Risk Exposures	**372,574**	369,356	369,528
Traded market risk	**10,485**	5,263	8,255
Interest rate risk in the banking book	**9,898**	13,872	24,381
Operational risk	**59,805**	56,653	56,448
Total risk weighted assets	**452,762**	445,144	458,612

(1) Pursuant to APRA requirements, RWA amounts derived from AIRB risk weight functions have been multiplied by a scaling factor of 1.06. Refer to the 2019 Pillar 3 Report for further information.

Group Operations and Business Settings

Dividends

Final dividend for the Year Ended 30 June 2019

The final dividend declared was $2.31 per share, bringing the total dividend for the year ended 30 June 2019 to $4.31, per share in line with the prior full year dividend. The dividend payout ratio ("statutory basis") for the full year to 30 June 2019 was 89.0%. The payout ratio was inflated in the period due to the impact of notable items. See "Disclosures – Financial Information Definitions - Notable Items" of this document for further details.

The final dividend will be fully franked and is expected to be paid on 26 September 2019 to owners of ordinary shares at the close of business on 15 August 2019 (record date). Shares were quoted ex-dividend on 14 August 2019.

Dividend Reinvestment Plan ("DRP")

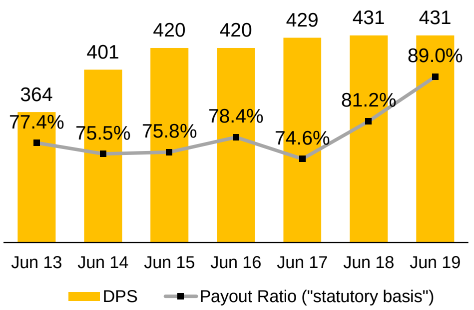
The DRP will continue to be offered to shareholders, and no discount will be applied to shares allocated under the plan for the final dividend. The DRP for the 2019 final dividend is anticipated to be satisfied in full by an on-market purchase of shares.

Dividend Policy

The Bank will seek to:

- Pay cash dividends at strong and sustainable levels;
- Target a full-year payout ratio of 70% to 80%; and
- Maximise the use of its franking account by paying fully franked dividends.

Full Year Dividend History (cents per share)



Leverage Ratio

	As at		
			Jun 19 vs
Summary Group Leverage Ratio	**30 Jun 19**	30 Jun 18	Jun 18 %
Tier 1 Capital ($M)	**57,355**	56,365	2
Total Exposures ($M) (1)	**1,023,181**	1,018,555	-
Leverage Ratio (APRA) (%)	**5. 6**	5. 5	10 bpts

(1) Total exposures is the sum of on Balance Sheet exposures, derivatives, Securities Financing Transactions ("SFT"), and off Balance Sheet exposures, net of any Tier 1 regulatory deductions, as outlined in APS 110 "Capital Adequacy".

The Bank's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.6% at 30 June 2019 on an APRA basis.

The ratio increased 10 basis points on an APRA basis from 30 June 2018, driven by a 2% increase in Tier 1 Capital due to organic capital generation and the Additional Tier 1 PERLS XI issuance, partly offset by the redemption of the PERLS VI issuance and the Perpetual Preference Shares issued by the Group's New Zealand subsidiaries.

In November 2018, APRA released draft prudential and reporting standards, including changes to the definition of exposures related to derivatives and off balance sheet items and advocating a minimum Leverage Ratio requirement of 3.5% for Internal Ratings Based (IRB) banks from 1 January 2022.

Group Operations and Business Settings

Liquidity

Level 2	Quarterly Average Ended (1) 30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	As at 30 Jun 18 $M	30 Jun 17 $M	Jun 18 vs Jun 17 %
Liquidity Coverage Ratio (LCR) Liquid Assets						
High Quality Liquid Assets (HQLA) (2)	**85,859**	89,200	(4)	83,589	93,402	(11)
Committed Liquidity Facility (CLF)	**50,700**	53,300	(5)	53,300	48,300	10
Total LCR Liquid Assets	**136,559**	142,500	(4)	136,889	141,702	(3)
Net Cash Outflows (NCO)						
Customer deposits	**75,664**	79,651	(5)	73,470	77,298	(5)
Wholesale funding	**10,208**	10,975	(7)	13,893	17,579	(21)
Other net cash outflows (3)	**17,778**	16,303	9	16,767	15,271	10
Total NCO	**103,650**	106,929	(3)	104,130	110,148	(5)
Liquidity Coverage Ratio (%)	**132**	133	(100)bpts	131	129	200 bpts
LCR Surplus	**32,909**	35,571	(7)	32,759	31,554	4

(1) The Group has changed the reporting of LCR from the spot to quarterly average to align with Basel III Pillar 3 disclosure reporting requirements. The Group's spot LCR for 30 June 2019 was 129%, a decrease of 2% from 30 June 2018 of 131%. The movement for the spot LCR is driven by the same reasons as described below.

(2) Includes all repo-eligible securities with the Reserve Bank of New Zealand. The amount of open-repo of Internal Residential Mortgage-Backed Securities and Exchange Settlement Account (ESA) cash balance held by the Reserve Bank of Australia is shown net.

(3) Includes cash inflows.

June 2019 versus June 2018

The Group holds what management believes to be high quality, well diversified liquid assets to meet Balance Sheet liquidity needs, and internal and external regulatory requirements, including APRA's Liquidity Coverage Ratio (LCR) (1). The LCR requires Australian Authorised Deposit-taking Institutions (ADI) to hold sufficient liquid assets to meet 30 day Net Cash Outflows ("NCOs") projected under a prescribed stress scenario. LCR liquid assets consist of High Quality Liquid Assets ("HQLA") in the form of cash, deposits with central banks, government securities, and other securities repo-eligible with the Reserve Bank of Australia (RBA) under the Committed Liquidity Facility ("CLF"). Given the limited amount of government securities in Australia, the RBA provides participating ADIs access to contingent liquidity on a secured basis via the CLF. The amount of the CLF for each ADI is set annually by APRA.

The Group's average LCR for the quarter ended 30 June 2019 was 132%, a decrease of 1% from the average LCR for the quarter ended 30 June 2018. The LCR remains well above the regulatory minimum of 100%.

Compared to the average LCR for the quarter ended 31 December 2018, LCR liquid assets decreased by $3 billion or 2% driven by a $3 billion reduction in the Group's CLF from 1 January 2019 to $50.7 billion. The Group's 30 day modelled NCOs were down $3 billion or 2% due to lower wholesale funding maturities.

Compared to the average LCR for the quarter ended 30 June 2018, LCR liquid assets decreased by $6 billion or 4% driven by a $3 billion reduction in HQLA and a $3 billion reduction in the Group's CLF. The Group's 30 day modelled NCOs were down $3 billion or 3% due to a more LCR efficient deposit mix reflecting growth in retail deposits.

June 2018 versus June 2017

The Group's LCR at 30 June 2018 was 131%, a 200 basis points increase from 30 June 2017 of 129%, and remains well above the regulatory minimum of 100%. In the full year to 30 June 2018, the LCR liquid assets decreased by $5 billion, following a decline in modelled NCOs of $6 billion. The decrease in LCR liquid assets was driven by a $10 billion reduction in HQLA held, partly offset by a $5 billion increase in the CLF on 1 January 2018. The decrease in modelled NCO's over the year was driven by a reduction in wholesale funding maturities over the next 30 days and lower customer deposit NCOs due to a more LCR efficient deposit mix.

(1) The LCR is the first quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 January 2016. It requires Australian ADI's to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA - prescribed stress scenario.

Liquidity (continued)

Liquidity and Capital Resources

The Bank's key liquidity tools include:

- A regulatory liquidity management reporting system delivering granular customer and product type information to inform business decision making, product development and resulting in a greater awareness of the liquidity risk adjusted value of banking products;
- A liquidity management model similar to a "maturity ladder" or "liquidity gap analysis" that allows forecasting of liquidity needs on a daily basis;
- An additional liquidity management model that implements the agreed prudential liquidity policies. This model is calibrated with a series of "stress" liquidity crisis scenarios, incorporating both systemic and idiosyncratic crisis assumptions, such that the Bank expects to have sufficient liquid assets available to ensure it meets all of its obligations as and when they fall due;
- Central bank repurchase agreement facilities that provide the Bank with the ability to borrow funds on a secured basis, even when normal funding markets are unavailable; and
- A robust Contingent Funding Plan, as discussed in Note 9.4 of the 2019 Financial Report that is regularly tested so that it can be activated in case of need due to a liquidity event.

Debt Issues

	As at		
	30 Jun 19	30 Jun 18	30 Jun 17
Debt Issues [1]	**$M**	$M	$M
Medium-term notes	**98,342**	99,579	96,016
Commercial paper	**20,158**	26,868	28,800
Securitisation notes	**12,177**	13,089	13,771
Covered bonds	**33,313**	32,758	28,984
Total debt issues	**163,990**	172,294	167,571
Short Term Debt Issues by currency			
USD	**20,147**	27,008	29,856
AUD	**10**	1,009	1,858
GBP	**3,470**	2,949	5,687
Other currencies	**227**	335	769
Total short term debt issues	**23,854**	31,301	38,170
Long Term Debt Issues by currency [2]			
USD	**48,293**	51,472	45,343
EUR	**36,172**	33,057	28,109
AUD	**37,909**	35,066	32,405
GBP	**3,653**	4,701	6,059
NZD	**3,596**	3,954	5,129
JPY	**2,115**	3,505	3,790
Other currencies	**8,331**	9,175	8,158
Offshore loans (all JPY)	**67**	63	408
Total long term debt issues	**140,136**	140,993	129,401
Maturity Distribution of Debt Issues [3]			
Less than twelve months	**50,095**	59,980	57,640
Greater than twelve months	**113,895**	112,314	109,931
Total debt issues	**163,990**	172,294	167,571

(1) Debt issues include unrealised movements of $8,994 million in 2019 predominantly due to foreign exchange gains and losses.
(2) Long-term debt disclosed relates to debt issues which have a maturity at inception of greater than 12 months.
(3) Represents the remaining contractual maturity of the underlying instrument.

For further information on the Bank's Debt Issues please see Note 4.3 of the 2019 Financial Report.

An analysis of our borrowings and outstandings from existing debt programs and issuing shelves including the maturity profile, currency and interest rate structure can be found in Notes 4.3 and 8.2 of the 2019 Financial Report.

Debt Issues (continued)

The following table details the current debt programs and issuing shelves along with program or shelf size as at 30 June 2019. Access in a timely and flexible manner to a diverse range of debt markets and investors is provided by the following programs.

Debt Programmes and Issuing Shelves

Programme/ Issue Shelf	Programme/ Issuing Shelf Type
Australia	
Unlimited	Domestic Debt Issuance Programme
Unlimited	Colonial Holding Company Limited A$ Debt Issuance Programme
Euro Market	
EUR 7 billion	ASB Covered Bond Programme (1)
USD 7 billion	ASB Euro Commercial Paper Programme (1)
USD 20 billion	CBA Euro Commercial Paper and Certificate of Deposit Programme
USD 70 billion	Euro Medium - Term Note Program (2)
Asia	
JPY 500 billion	Uridashi shelf (3)
JPY 500 billion	Samurai shelf (3)
USD 5 billion	CBA Asian Transferable Certificate of Deposit Programme
New Zealand	
Unlimited	ASB Domestic Medium - Term Note Programme (4)
Unlimited	ASB Registered Certificate of Deposit Programme (4)
United States	
USD 7 billion	ASB US Commercial Paper Programme (1)
USD 10 billion	ASB US Rule 144A/Regulation S Medium - Term Note Programme (4)
USD 35 billion	CBA US Commercial Paper Programme
USD 50 billion	CBA U.S. Rule 144A/Regulation S Medium - Term Note Programme
USD 30 billion	CBA Covered Bond Programme
USD 25 billion	CBA 3(a)(2) Medium - Term Note Programme

(1) ASB Finance Limited is the issuer under these programmes. Issuances are unconditionally and irrevocably guaranteed by ASB Bank Limited.
(2) This is a joint programme between CBA and ASB Finance Limited. Issuances by ASB Finance Limited under the programme are unconditionally and irrevocably guaranteed by ASB Bank Limited.
(3) Amount are also reflected under the US$70 billion Euro Medium - Term Note Program.
(4) ASB Bank Limited is the issuer under these programmes.

Funding

	As at				
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 17	Jun 18 vs
Group Funding [1]	**$M**	$M	Jun 18 %	$M	Jun 17 %
Customer deposits	**578,786**	569,846	2	560,918	2
Short-term wholesale funding [2]	**85,570**	85,360	-	106,815	(20)
Long-term wholesale funding - less than one year residual maturity	**32,434**	33,564	(3)	25,330	33
Long-term wholesale funding - more than one year residual maturity [3]	**130,409**	137,136	(5)	131,950	4
IFRS MTM and derivative FX revaluations	**3,424**	(165)	large	1,150	large
Total wholesale funding	**251,837**	255,895	(2)	265,245	(4)
Short-term collateral deposits [4]	**5,729**	6,193	(7)	6,135	1
Total funding	**836,352**	831,934	1	832,298	-

(1) Shareholders' Equity is excluded from this view of funding sources.

(2) Short-term wholesale funding includes debt with an original maturity or call date of less than or equal to 12 months, and consists of certificates of deposit and bank acceptances, debt issued under the EMTN program and the domestic, Euro and US commercial paper programs of CBA and ASB. Short-term wholesale funding also includes deposits from banks and central banks as well as net repurchase agreements.

(3) Long-term wholesale funding includes debt with an original maturity or call date of greater than 12 months.

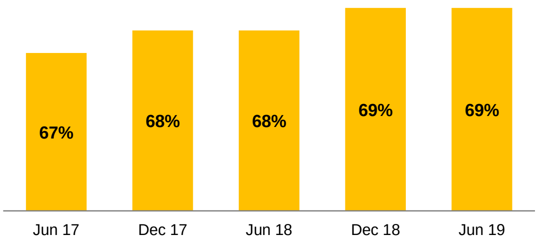
(4) Short-term collateral deposits includes net collateral received and the amount of internal RMBS pledged with the Reserve Bank to facilitate intra-day cash flows in the ESA.

Year Ended June 2019 versus June 2018

Customer Deposits

Retail, business and institutional customer deposits accounted for 69% of total funding at 30 June 2019, a 1% increase from 68% at 30 June 2018. The Group satisfied a significant proportion of its funding requirements from retail, business, and institutional customer deposits.

Customer Deposits to Total Funding Ratio

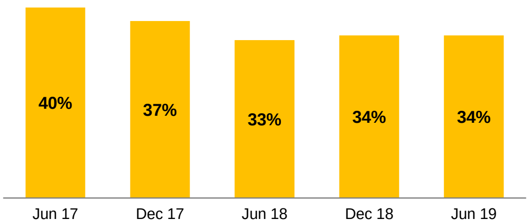


Short-Term Wholesale Funding

Short-term wholesale funding includes debt with an original maturity or call date of less than 12 months, and consists of Certificates of Deposit and Bank Acceptances, as well as debt issued under domestic, Euro and US Commercial paper programs by the Bank and ASB.

Short-term wholesale funding accounted for 34% of total wholesale funding at 30 June 2019, a 1% increase from 33% at 30 June 2018, as the Group continued to maintain a conservative funding mix.

Short-Term to Total Wholesale Funding Ratio



Long-Term Wholesale Funding

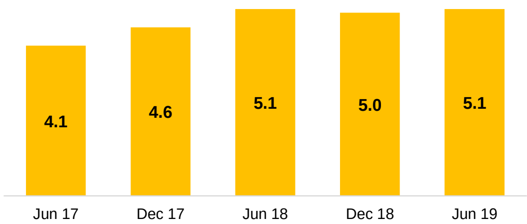
Long-term wholesale funding includes debt with an original maturity or call date greater than 12 months.

Long-term wholesale funding (including IFRS mark to market and derivative foreign currency revaluations) accounted for 66% of total wholesale funding at 30 June 2019, a 1% decrease from 67% at 30 June 2018.

During the full year to 30 June 2019, the Group raised $22 billion of long-term wholesale funding in multiple currencies including AUD, USD, EUR and GBP. Most of the issuances were in senior unsecured format, although the Group used its covered bond and securitisation programs to provide cost, tenor and diversification benefits.

The WAM of new long-term wholesale debt for the 12 months to 30 June 2019 was 6.5 years. The WAM of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2019 was stable at 5.1 years.

Weighted Average Maturity of Long -Term Wholesale Debt [1]



Funding (continued)

Year Ended June 2018 versus June 2017

Customer Deposits

Retail, business, and institutional customer deposits accounted for 68% of total funding at 30 June 2018 a 1% increase from 67% at 30 June 2017.

Short-Term Wholesale Funding

Short-term wholesale funding accounted for 33% of total wholesale funding at 30 June 2018, a 7% decrease from 40% at 30 June 2017, as the Bank continued to strengthen its funding position by replacing short-term wholesale funding with long-term wholesale funding.

Long-Term Wholesale Funding

Long-term wholesale funding (including IFRS market to market and derivative foreign exchange revaluations) accounted for 67% of total wholesale funding at 30 June 2018, a 7% increase from 60% at 30 June 2017, as the Bank continued to increase the level of long-term wholesale funding to further strengthen the balance sheet.

During the full year to 30 June 2018, the Bank raised $33 billion of long-term wholesale funding in multiple currencies including AUD, USD, EUR, and GBP.

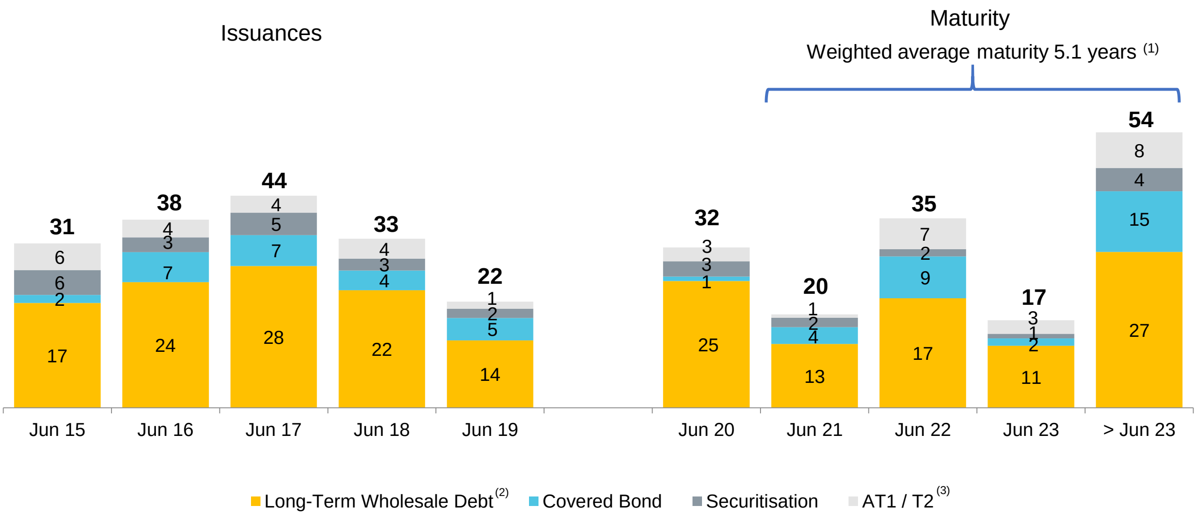
Most issuances were in senior unsecured format, although the Bank used its covered bond and RMBS programs to provide cost, tenor and diversification benefits. The Bank also issued Basel III compliant Tier 2 capital of $3 billion.

The WAM of new long-term wholesale debt increased 3.8 years to 9.0 years for the 12 months to 30 June 2018. The WAM of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2018 increased by 1.0 year to 5.1 years.

The Bank lengthened the tenor of its wholesale funding to take advantage of favourable global credit conditions, in anticipation of an expected increase in global interest rates and a reduction in liquidity as central banks begin to unwind quantitative easing. The 10 year market funding costs had been at their lowest level since the Global Financial Crisis. This created opportunities to lengthen the wholesale funding tenor at relatively lower wholesale funding costs.

The extension of long-term wholesale funding tenor reduces the annual funding requirement in any one year and the associated refinancing risk from potentially unfavourable credit conditions.

Long Term Wholesale Funding Profile ($B)



(1) Represents the weighted average maturity of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2019.
(2) Includes Senior Bonds and Structured MTN.
(3) Additional Tier 1 and Tier 2 Capital.

Net Stable Funding Ratio

Level 2	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
	As at				
Required Stable Funding					
Residential Mortgages ≤35% [(1)]	**269,072**	257,699	251,166	4	7
Other Loans	**239,446**	248,111	253,740	(3)	(6)
Liquid and Other Assets [(2)]	**63,400**	65,819	64,579	(4)	(2)
Total Required Stable Funding	**571,918**	571,629	569,485	-	-
Available Stable Funding					
Capital	**91,141**	90,356	90,219	1	1
Retail/SME Deposits	**360,618**	357,829	346,289	1	4
Wholesale Funding & Other	**188,895**	194,398	198,759	(3)	(5)
Total Available Stable Funding	**640,654**	642,583	635,267	-	1
Net Stable Funding Ratio (NSFR) (%)	**112**	112	112	-	-

Net Stable Funding Ratio

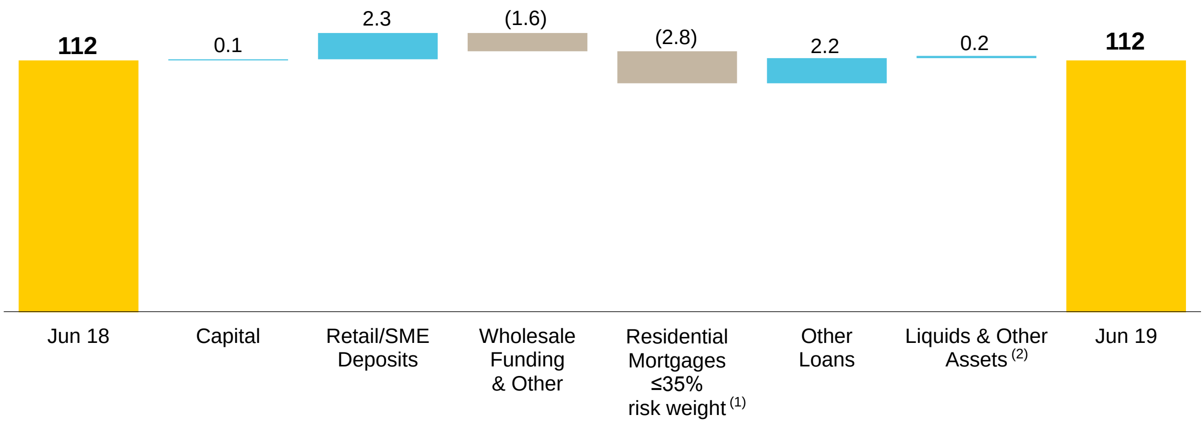
On 1 January 2018, APRA introduced a Net Stable Funding Ratio (NSFR) requirement designed to encourage stable funding of core assets. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding sources.

The Group's NSFR was 112% at 30 June 2019, flat on the prior year, and well above the regulatory minimum of 100%.

The increase in Required Stable Funding over the year was mainly driven by growth in residential mortgage volumes, partly offset by a reduction in institutional lending due to portfolio optimisation.

The increase in Available Stable Funding over the year was mainly driven by growth in Retail and SME deposit volumes, partly offset by a reduction in Wholesale Funding requirements.

NSFR Movement (%)



(1) This represents residential mortgages with a risk weight of less than or equal to 35% under APRA standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk.

(2) Includes non-performing loans, off-balance sheet items, net derivatives, and other assets.

Divisional Performance

Section 5 - Divisional Performance

Divisional Summary

Divisional Summary	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	IFS and Corporate $M	Total $M
	Full Year Ended 30 June 2019						
Net interest income	9,342	5,123	1,371	-	1,896	388	**18,120**
Other banking income	1,738	1,450	1,073	-	442	365	**5,068**
Total banking income	11,080	6,573	2,444	-	2,338	753	**23,188**
Funds management income	96	-	-	862	130	(16)	**1,072**
Insurance income	149	-	-	-	-	(2)	**147**
Total operating income	11,325	6,573	2,444	862	2,468	735	**24,407**
Investment experience [1]	15	-	-	17	-	(28)	**4**
Total income	11,340	6,573	2,444	879	2,468	707	**24,411**
Operating expenses	(4,533)	(2,409)	(1,043)	(645)	(912)	(1,727)	**(11,269)**
Loan impairment (expense)/benefit	(693)	(362)	(17)	-	(102)	(27)	**(1,201)**
Net profit before tax	6,114	3,802	1,384	234	1,454	(1,047)	**11,941**
Corporate tax (expense)/benefit	(1,847)	(1,144)	(313)	(74)	(404)	345	**(3,437)**
Non-controlling interests	-	-	-	-	-	(12)	**(12)**
Net profit after tax from continuing operations - "cash basis"	4,267	2,658	1,071	160	1,050	(714)	**8,492**
Net profit after tax from discontinued operations	-	-	-	253	-	(39)	**214**
Net profit after tax - "cash basis"	4,267	2,658	1,071	413	1,050	(753)	**8,706**
Hedging and IFRS volatility	-	-	-	-	(48)	(31)	**(79)**
(Loss)/gain on disposal and acquisition of entities net of transaction costs	-		13	(240)	179	(13)	**(61)**
Other non-cash items	(1)	-	-	6	-	-	**5**
Net profit after tax - "statutory basis"	4,266	2,658	1,084	179	1,181	(797)	**8,571**

Divisional Summary	Retail Banking Services %	Business and Private Banking %	Institutional Banking and Markets %	Wealth Management %	New Zealand %	IFS and Corporate %	Total %
	Full Year Ended 30 June 2019 vs Full Year ended 30 June 2018 [2]						
Net interest income	(3)	-	(4)	-	8	-	**(1)**
Other banking income	(5)	2	(13)	-	7	17	**(3)**
Total banking income	(3)	1	(8)	-	7	8	**(2)**
Funds management income	(43)	-	-	2	16	large	**(4)**
Insurance income	(38)	-	-	-	-	(50)	**(38)**
Total operating income	(5)	1	(8)	2	8	6	**(2)**
Investment experience [1]	88	-	-	70	-	large	**(50)**
Total income	(5)	1	(8)	3	8	4	**(2)**
Operating expenses	4	8	(2)	32	6	(14)	**2**
Loan impairment (expense)/benefit	6	47	(79)	-	38	4	**11**
Net profit before tax	(11)	(6)	(9)	(35)	7	(22)	**(7)**
Corporate tax (expense)/benefit	(11)	(6)	(12)	(30)	7	70	**(12)**
Non-controlling interests	-	-	-	-	-	(8)	**(8)**
Net profit after tax from continuing operations - "cash basis"	(12)	(7)	(8)	(37)	8	(38)	**(5)**
Net profit after tax from discontinued operations	-	-	-	(44)	large	(24)	**(57)**
Net profit after tax - "cash basis"	(12)	(7)	(8)	(42)	(2)	(37)	**(8)**
Hedging and IFRS volatility	-	-	-	-	large	large	**large**
(Loss)/gain on disposal and acquisition of entities net of transaction costs	large	-	large	73	large	(85)	**(67)**
Other non-cash items	(67)	-	-	large	-	-	**large**
Net profit after tax - "statutory basis"	(13)	(7)	(7)	(69)	4	(37)	**(8)**

(1) Investment experience is presented on a pre-tax basis.

(2) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

Retail Banking Services

Overview

Retail Banking Services provides banking products and services to personal and business customers, helping them manage their everyday banking needs, buy a home, build and grow their business, or invest for the future. We support our customers through a network of over 1,000 branches, more than 3,000 ATMs, Australian-based customer call centres, leading online services and apps, as well as mobile banking specialists and support teams.

On 25 August 2017, the Group acquired the remaining 20% share in AHL Holdings Pty Limited (trading as Aussie Home Loans), bringing its shareholding to 100%. On 23 February 2018, the Group also acquired the assets of eChoice. As a result, the Group now controls and consolidates these Mortgage Broking operations (Mortgage Broking). In addition, in line with the Group's commitment to becoming a simpler, better bank, a number of changes to the Group's operating model have been made. On 25 June 2018, the Group announced that the CommInsure General Insurance business would be placed under strategic review and would move to be part of Retail Banking Services, while the review is underway. In addition the Small Business banking segment has been transferred out of Retail Banking Services to Business and Private Banking in order to consolidate the Group's business banking operations. From 1 July 2018, Bankwest and Commonwealth Financial Planning have been consolidated into Retail Banking Services, aligning all retail businesses within one division.

	Full Year Ended						
	Excluding Mortgage Broking and General Insurance						Total RBS (1)
		Restated (2)		As reported			
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs	**30 Jun 19**
	$M	$M	Jun 18 %	$M	$M	Jun 17 %	**$M**
Net interest income	**9,347**	9,649	(3)	9,786	9,208	6	**9,342**
Other banking income	**1,516**	1,652	(8)	1,861	1,997	(7)	**1,738**
Total banking income	**10,863**	11,301	(4)	11,647	11,205	4	**11,080**
Funds management income	**96**	169	(43)	-	-	n/a	**96**
Insurance income	**-**	-	n/a	-	-	n/a	**149**
Total operating income	**10,959**	11,470	(4)	11,647	11,205	4	**11,325**
Investment experience	**5**	-	n/a	-	-	n/a	**15**
Total income	**10,964**	11,470	(4)	11,647	11,205	4	**11,340**
Operating expenses	**(4,213)**	(4,102)	3	(3,548)	(3,473)	2	**(4,533)**
Loan impairment expense	**(693)**	(652)	6	(716)	(702)	2	**(693)**
Net profit before tax	**6,058**	6,716	(10)	7,383	7,030	5	**6,114**
Corporate tax expense	**(1,824)**	(2,013)	(9)	(2,214)	(2,097)	6	**(1,847)**
Net profit after tax excluding Mortgage Broking and General Insurance	**4,234**	4,703	(10)	5,169	4,933	5	**4,267**
Cash net profit after tax from Mortgage Broking and General Insurance	**33**	120	(73)	24	-	n/a	**n/a**
Net profit after tax ("cash basis")	**4,267**	4,823	(12)	5,193	4,933	5	**4,267**
(Loss)/gain on disposal and acquisition of entities net of transaction costs	**-**	58	large	58	-	n/a	**-**
Other non-cash items	**(1)**	(3)	(67)	-	-	n/a	**(1)**
Net profit after tax ("statutory basis") (3)	**4,266**	4,878	(13)	5,251	4,933	6	**4,266**

(1) RBS including Mortgage Broking and General Insurance.

(2) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(3) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

Retail Banking Services

	Full Year Ended						
	Excluding Mortgage Broking and General Insurance						Total RBS (1)
		Restated (2)		As reported			
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs	30 Jun 19
Income analysis:	**$M**	$M	Jun 18 %	$M	$M	Jun 17 %	**$M**
Net interest income							
Home loans	**4,388**	4,904	(11)	4,729	4,291	10	**4,383**
Consumer finance (3)	**1,672**	1,815	(8)	1,938	2,001	(3)	**1,672**
Business lending	**181**	189	(4)	53	57	(7)	**181**
Deposits	**3,106**	2,741	13	3,066	2,859	7	**3,106**
Total net interest income	**9,347**	9,649	(3)	9,786	9,208	6	**9,342**
Other banking income							
Home loans	**261**	262	-	223	218	2	**261**
Consumer finance (3)	**522**	564	(7)	576	613	(6)	**522**
Business lending	**48**	49	(2)	561	586	(4)	**48**
Deposits	**432**	481	(10)	359	451	(20)	**432**
Distribution & Other (4)	**253**	296	(15)	142	129	10	**475**
Total other banking income	**1,516**	1,652	(8)	1,861	1,997	(7)	**1,738**
Total banking income	**10,863**	11,301	(4)	11,647	11,205	4	**11,080**

(1) RBS including Mortgage Broking and General Insurance.

(2) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(3) Consumer finance includes personal loans and credit cards.

(4) Distribution includes income associated with the sale of foreign exchange products, income received from the distribution of wealth management products through the retail network, and equity accounted profits from associates.

Retail Banking Services

Balance Sheet (excl. Mortgage Broking and General Insurance)	As at					
		Restated [1]		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
	$M	$M	Jun 18 %	$M	$M	Jun 17 %
Home loans [2]	**381,385**	364,840	5	347,139	334,530	4
Consumer finance [3]	**15,150**	16,051	(6)	17,002	17,118	(1)
Business loans	**9,837**	9,652	2	-	-	-
Other interest earning assets	**215**	931	(77)	2,506	2,744	(9)
Total interest earning assets	**406,587**	391,474	4	366,647	354,392	3
Other assets	**4,053**	4,659	(13)	1,625	968	68
Total assets	**410,640**	396,133	4	368,272	355,360	4
Transaction deposits [4]	**36,173**	32,834	10	29,130	24,329	20
Savings deposits [4]	**109,041**	110,507	(1)	114,230	116,478	(2)
Investment deposits and other	**97,706**	96,286	1	80,446	77,132	4
Total interest bearing deposits	**242,920**	239,627	1	223,806	217,939	3
Non-interest bearing transaction deposits	**25,599**	23,909	7	33,333	30,529	9
Other non-interest bearing liabilities	**4,072**	4,044	1	3,369	3,840	(12)
Total liabilities	**272,591**	267,580	2	260,508	252,308	3

Key Financial Metrics (excl. Mortgage Broking and General Insurance)	Full Year Ended					
		Restated [1]		As reported		
			Jun 19 vs			Jun 18 vs
	30 Jun 19	30 Jun 18	Jun 18 %	30 Jun 18	30 Jun 17	Jun 17 %
Performance indicators						
Net interest margin (%)	**2. 57**	2. 74	(17)bpts	2. 98	2. 90	8 bpts
Return on assets (%)	**1. 0**	1. 2	(20)bpts	1. 4	1. 4	-
Statutory operating expenses to total banking income (%)	**38. 4**	35. 8	260 bpts	30. 5	31. 0	(50)bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 17**	0. 16	1 bpt	0. 20	0. 20	-
Other information						
Average interest earning assets ($M) [5]	**363,187**	352,450	3	328,851	317,052	4
Risk weighted assets ($M)	**173,716**	168,370	3	146,511	134,937	9
90+ days home loan arrears (%) [6]	**0. 73**	0. 74	(1)bpt	0.71	0. 61	10 bpts
90+ days consumer finance arrears (%) [6]	**1. 29**	1. 25	4 bpts	1.25	1. 22	3 bpts
Number of full-time equivalent staff (FTE)	**15,137**	15,491	(2)	11,759	11,865	(1)

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) Home loans are presented gross of $35,555 million of mortgage offset balances (30 June 2018: $33,009 million). These balances are required to be grossed up under accounting standards but are netted down for the calculation of customer interest payments.
(3) Consumer finance includes personal loans and credit cards.
(4) Transaction and Savings deposits includes $35,555 million of mortgage offset balances (30 June 2018: $33,009 million).
(5) Average interest earning assets are presented net of mortgage offset balances, which reduce customer interest payments. Net average interest earning assets are also used in the calculation of divisional net interest margin.
(6) Includes Mortgage Broking and General Insurance.

Retail Banking Services

Financial Performance and Business Review

Year Ended June 2019 versus Restated June 2018

In order to provide an underlying view of performance, the commentary below has been presented including Bankwest, Commonwealth Financial Planning and the transfer of Small Business to Business and Private Bank, and excluding Mortgage Broking and General Insurance business for which commentary has been separately provided.

Retail Banking Services net profit after tax ("statutory basis") for the full year ended 30 June 2019 was $4,266 million, a decrease of $612 million or 13% on the prior year. The result was driven by a 4% decrease in total operating income, a 3% increase in operating expenses and a 6% increase in loan impairment expense.

Net Interest Income

Net interest income was $9,347 million, a decrease of $302 million or 3% on the prior year. This was driven by a 6% decrease in net interest margin and 3% growth in average interest earning assets.

Net interest margin decreased 17 basis points, reflecting:

- Higher wholesale funding costs primarily due to an increase in the spread between the three month bank bill swap rate and the three month overnight index swap rate, known as basis risk (down 8 basis points);
- Lower home lending margin from increased competition (down 7 basis points) and unfavourable home loan mix (down 5 basis points) with a shift to lower margin loans (interest only to principal and interest, investor to owner occupied and variable rate to fixed rate), partly offset by home loan repricing (up 7 basis points);
- Unfavourable portfolio mix driven by lower margin home loans growing at a faster rate than higher margin consumer finance loans (down 3 basis points); and
- Lower consumer finance margins due to lower revolve rates and regulatory reforms (down 3 basis points); partly offset by
- Favourable deposit margin performance driven by the benefit from repricing online savings and investment accounts (up 6 basis points), partly offset by lower Replicating Portfolio benefits (down 4 basis points).

Other Banking Income

Other banking income was $1,516 million, a decrease of $136 million or 8% on the prior year, reflecting:

- Lower fees on transaction accounts following the introduction of pre-emptive customer alerts, simplification of fee waivers and removal of certain transaction fees;
- Reduced credit card income from higher loyalty costs and pre-emptive customer alerts; and
- Lower retail foreign exchange fee income due to competitive pressures; partly offset by
- Higher interchange income on credit and debit transactions due to increased volumes as consumers continued to shift from cash to cards.

Funds Management Income

Funds Management income was $96 million, a decrease of $73 million or 43% on the prior year. This was driven by lower volumes of initial advice fees and the cessation of ongoing service fees in February 2019.

Operating Expenses

Operating expenses were $4,213 million, an increase of $111 million or 3% on the prior year. Excluding an increase in remediation costs of $47 million, operating expenses increased $64 million or 2% on the prior year. This was primarily driven by inflation, higher risk and compliance spend and increased project amortisation, partly offset by productivity initiatives including workforce and branch optimisation.

The number of FTE decreased by 354 or 2% on the prior year, from 15,491 to 15,137 FTE, driven by productivity initiatives, partly offset by growth in risk and compliance staff (up 202 FTE).

Investment spend included significant spend on risk and compliance initiatives, including meeting regulatory requirements.

Customer centric initiatives also continued to be a focus with improvements to the home buying experience, enhancements within digital channels and ongoing digitisation of manual processes.

The statutory operating expense to total operating income ratio was 38.4%, an increase of 260 basis points on the prior year primarily driven by lower total operating income.

Loan Impairment Expense

Loan impairment expense was $693 million, an increase of $41 million or 6% on the prior year, primarily driven by higher collective provisions for personal loans, reflecting softening economic conditions and higher arrears.

Loan impairment expense as a percentage of average gross loans and acceptances increased 1 basis point on the prior year to 0.17%.

Home loan 90+ day arrears decreased by 1 basis point from 0.74% to 0.73%. Consumer finance arrears increased by 4 basis points from 1.25% to 1.29% predominantly driven by increases in Western Sydney and Melbourne.

Balance Sheet

Key spot balance sheet movements for the full year ended 30 June 2019 included:

- Home loan growth of $16.5 billion or 5%, above system [(1)] growth of 3%. Proprietary mix for CBA branded home loans decreased 4% from 63% to 59%;
- Total deposit growth of $5.0 billion or 2% (interest and non-interest bearing). Total transaction deposits growth was significant (up 9%) driven by growth in existing customers' balances in personal transaction accounts and continued growth in mortgage offset accounts;

(1) System source: RBA/APRA.

Retail Banking Services

- Saving deposits decline of 1% as customers switched to higher yield term deposits. Investment and other deposits growth of 1% driven by term deposits (up 6%) with customers switching from savings deposits, partly offset by the continued strategic focus on managing volume and margin within the Bankwest Money Market Investment portfolio; and
- Consumer finance balance decrease of $0.9 billion or 6%, with personal loans growth above system and credit card growth lower than system.

Risk Weighted Assets

Risk weighted assets were $173.7 billion, an increase of $5.3 billion or 3% on the prior year. The key drivers were:

- Credit risk weighted assets increased $6.8 billion or 5% driven by home lending volume growth and a new home loan model;
- Operational risk weighted assets increased $2.0 billion or 9%; and
- IRRBB risk weighted assets decreased $3.5 billion or 37%.

General Insurance and Mortgage Broking

Statutory NPAT was $33 million, a decrease of $145 million or 81% on the prior year. This result was driven by higher claims experience in the General Insurance business due to increased weather events, which included the New South Wales hail storms and Queensland floods; and the non-recurrence of the gain recognised on the acquisition of AHL in the prior year.

As reported Year Ended June 2018 versus June 2017

Retail Banking Services Net profit after tax ("statutory basis") for the full year ended 30 June 2018 was $5,251 million, an increase of $318 million or 6% on the prior year. The result was driven by 4% growth in total banking income, 2% growth in operating expenses and 2% growth in loan impairment expense.

On 25 August 2017, the Bank acquired the remaining 20% share in AHL (trading as Aussie Home Loans), bringing its shareholding to 100%. On 23 February 2018, the Bank also acquired the assets of eChoice. As a result the Bank now controls and consolidates AHL and the operations of eChoice. In order to provide an underlying view of the performance, the commentary below has been presented excluding the impact of these acquisitions.

Net Interest Income

Net interest income was $9,786 million, an increase of $578 million or 6% on the prior year. This was driven by a 3% increase in net interest margin and 4% growth in average interest earning assets.

Net interest margin increased 8 basis points, reflecting:

- Higher home lending margin from repricing of interest only and investor loans in order to manage regulatory requirements, partly offset by unfavourable home loan portfolio mix with a shift to lower margin fixed rate loans, and more customers switching from interest only loans to lower margin principal and interest repayments, and increased competition (up 11 basis points); and
- Higher deposit margin from an increase in transaction deposit mix, from 22% to 24% of total deposits, and repricing (up 5 basis points); partly offset by
- The impact of the Major Bank Levy (down 5 basis points); and
- Unfavourable portfolio mix, as home loans continue to grow ahead of other higher margin products (down 3 basis points).

Other Banking Income

Other banking income was $1,861 million, a decrease of $136 million or 7% on the prior year, reflecting:

- Lower consumer finance income primarily driven by the reduction in average interchange rates due to regulatory changes, partly offset by lower loyalty costs from changes to the rewards program, and higher credit card purchases as consumers continued to shift from using cash to cards;
- Lower deposit fee income driven by the reduction in average interchange rates due to regulatory changes, and the removal of ATM withdrawal fees, partly offset by higher debit card purchases as consumers continued to shift from cash to cards; and
- Lower distribution income resulting from lower equity accounting profits following the consolidation of AHL.

Operating Expenses

Operating expenses were $3,548 million, an increase of $75 million or 2% on the prior year. The key drivers were higher staff costs driven by salary increases, increased volume-related expenses, higher regulatory and compliance costs, and ongoing investment in technology and digital capabilities.

The number of full-time equivalent employees ("FTE") decreased by 106 or 1% on the prior year, from 11,865 to 11,759 FTE.

Investment spend continued to focus on customer centric initiatives through improvements to the Home Buying experience, enhancements within digital channels and digitisation of manual processes as well as Risk and Compliance projects. This included transforming proprietary distribution, automating customer data certification, and improving pricing propositions to optimise customer outcomes.

Retail Banking Services strengthened its technology position with the release of further innovative digital experiences for customers, including a new artificially intelligent chatbot (Ceba) for personalised conversations, as well as real-time alerts in the CommBank app to give customers even more tools to help manage their spending and avoid fees and charges.

The statutory operating expense to total banking income ratio was 30.5%, an improvement of 50 basis points on the prior year, driven by higher total banking income.

Loan Impairment Expense

Loan impairment expense was $716 million, an increase of $14 million or 2% on the prior year, driven by increased home loan and personal loan collective provisions to reflect actual loss experience, and a management overlay in anticipation of possible changes to bankruptcy legislation, partly offset by lower home loan impairments in mining towns in Western Australia and Queensland.

Retail Banking Services

Loan impairment expense as a percentage of average GLAAs was flat on the prior year at 20 basis points.

Home loan arrears increased by 10 basis points from 0.61% to 0.71%, reflecting reduced portfolio growth and some households experiencing difficulties with rising essential costs and limited income growth, leading to some pockets of stress.

Consumer finance arrears increased by 3 basis points from 1.22% to 1.25%, predominantly driven by increases in Western Sydney.

Balance Sheet

Key spot balance sheet movements for the full year ended 30 June 2018 included:

- Home loan growth of $12.6 billion or 4%, below system (1) growth of 6%, reflecting a relatively conservative approach in order to manage regulatory requirements on investor and interest only home lending, and increased competition, particularly from non-banks. Solid performance in the proprietary channel led to an increase in the proprietary flows mix from 59% to 63%;
- Total deposit growth of $8.7 billion or 3% (interest and non-interest bearing), below system growth, mainly driven by the maturity of term deposits following a campaign in the prior year. Total transaction deposits increased 14% from growth in existing customers' balances in personal and business transaction accounts and growth in mortgage offset accounts, partly offset by lower savings balances (down 2%) driven by customer preference for higher yield term deposits; and
- Consumer finance balance decrease of $0.1 billion or 1%, which was ahead of system growth.

Risk Weighted Assets

Risk weighted assets were $146.5 billion, an increase of $11.6 billion or 9% on the prior year. The key drivers were:

- Credit risk weighted assets increased $2.2 billion or 2% driven by higher home lending volume growth;
- Operational risk weighted assets increased $7.0 billion or 67% driven by the requirement to increase operational risk regulatory capital effective 30 April 2018 following the findings of the recent APRA Prudential Inquiry
- Market risk weighted assets increased $2.3 billion or 41% due to interest rate risk in the banking book.

(1) System source: RBA/APRA.

Business and Private Banking

Overview

Business and Private Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions as well as providing banking and advisory services for high net worth individuals. Business and Private Banking also provide Australia's leading equities trading and margin lending services through Business and Private Banking's CommSec business. In order to align the Group's business banking operations into one division, the Small Business banking segment, previously in Retail Banking Services, has been transferred into Business and Private Banking as at 1 July 2018.

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
	$M	$M	Jun 18 %	$M	$M	Jun 17 %
Net interest income	**5,123**	5,115	-	3,392	3,246	4
Other banking income	**1,450**	1,425	2	1,033	976	6
Total banking income	**6,573**	6,540	1	4,425	4,222	5
Operating expenses	**(2,409)**	(2,230)	8	(1,596)	(1,574)	1
Loan impairment expense	**(362)**	(247)	47	(129)	(62)	large
Net profit before tax	**3,802**	4,063	(6)	2,700	2,586	4
Corporate tax expense	**(1,144)**	(1,218)	(6)	(812)	(778)	4
Net profit after tax ("cash basis")	**2,658**	2,845	(7)	1,888	1,808	4
Net profit after tax ("statutory basis")	**2,658**	2,845	(7)	1,888	1,808	4
Income analysis:						
Net interest income						
Small Business Banking	**2,112**	2,161	(2)	1,001	948	6
Business and Corporate Banking	**1,757**	1,698	3	1,232	1,220	1
Regional and Agribusiness	**725**	722	-	605	579	4
Private Bank	**326**	349	(7)	356	308	16
CommSec	**203**	185	10	198	191	4
Total net interest income	**5,123**	5,115	-	3,392	3,246	4
Other banking income						
Small Business Banking	**462**	457	1	182	175	4
Business and Corporate Banking	**537**	505	6	415	394	5
Regional and Agribusiness	**136**	135	1	107	104	3
Private Bank	**60**	64	(6)	66	62	6
CommSec	**255**	264	(3)	263	241	9
Total other banking income	**1,450**	1,425	2	1,033	976	6
Total banking income	**6,573**	6,540	1	4,425	4,222	5
Income by product:						
Business Products	**3,948**	3,786	4	2,613	2,533	3
Retail Products	**2,239**	2,356	(5)	1,289	1,162	11
Equities and Margin Lending	**337**	350	(4)	350	333	5
Markets	**-**	-	-	121	135	(10)
Other	**49**	48	2	52	59	(12)
Total banking income	**6,573**	6,540	1	4,425	4,222	5

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

Business and Private Banking

	As at					
		Restated [1]		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
Balance Sheet	**$M**	$M	Jun 18 %	$M	$M	Jun 17 %
Home loans [2]	**86,415**	87,045	(1)	34,712	34,663	-
Business loans [3]	**81,830**	80,547	2	78,557	77,039	2
Margin loans	**2,559**	2,750	(7)	2,750	2,840	(3)
Consumer finance	**2,256**	2,460	(8)	1,093	1,033	6
Total interest earning assets	**173,060**	172,802	-	117,112	115,575	1
Non-lending interest earning assets	**92**	114	(19)	315	286	10
Other assets [4]	**1,700**	1,719	(1)	358	433	(17)
Total assets	**174,852**	174,635	-	117,785	116,294	1
Transaction deposits [3] [5]	**23,676**	23,231	2	17,101	14,921	15
Savings deposits [5]	**52,032**	50,757	3	34,582	33,909	2
Investment deposits and other	**41,234**	40,691	1	28,159	27,211	3
Total interest bearing deposits	**116,942**	114,679	2	79,842	76,041	5
Debt Issues and other	**32**	39	(18)	-	-	n/a
Non-interest bearing transaction deposits	**22,122**	20,601	7	9,098	7,997	14
Other non-interest bearing liabilities	**1,445**	1,284	13	805	887	(9)
Total liabilities	**140,541**	136,603	3	89,745	84,925	6

	Full Year Ended					
		Restated [1]		As reported		
			Jun 19 vs			Jun 18 vs
Key Financial Metrics	**30 Jun 19**	30 Jun 18	Jun 18 %	30 Jun 18	30 Jun 17	Jun 17 %
Performance indicators						
Net interest margin (%)	**3. 17**	3. 16	1 bpt	3. 05	2. 98	7 bpts
Return on assets (%)	**1. 5**	1. 6	(10)bpts	1. 6	1. 6	-
Statutory operating expenses to total banking income (%)	**36. 6**	34. 1	250 bpts	36. 1	37. 3	(120)bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 21**	0. 14	7 bpts	0. 11	0. 05	6 bpts
Other information						
Average interest earning assets ($M) [6]	**161,808**	161,627	-	111,136	109,091	2
Risk weighted assets ($M)	**122,030**	119,804	2	96,329	87,654	10
Troublesome and impaired assets ($M) [7]	**3,694**	2,652	39	2,855	2,586	10
Number of full-time equivalent staff (FTE)	**4,233**	4,112	3	3,575	3,677	(3)

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) Home loans are presented gross of $9,522 million of mortgage offset balances (30 June 2018: $8,855 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.
(3) Business loans include $328 million of CMPF (30 June 2018: $257 million). Transaction Deposits include $924 million of CMPF liabilities (30 June 2018: $976 million). These balances are required to be grossed up under accounting standards, but are netted for the calculation of customer interest and risk weighted assets.
(4) Other assets include Intangible assets.
(5) Transaction and Savings deposits includes $9,522 million of mortgage offset balances (30 June 2018: $8,855 million).
(6) Average interest earning assets are presented net of mortgage offset balances, which reduce customer interest payments. Net average interest earning assets are also used in the calculation of divisional net interest margin.
(7) Commercial troublesome and impaired assets only. Includes commercial and leasing products.

Business and Private Banking

Financial Performance and Business Review

Year Ended June 2019 versus Restated June 2018

Business and Private Banking net profit after tax ("statutory basis") for the full year ended 30 June 2019 was $2,658 million, a decrease of $187 million or 7% on the prior year. The result was driven by a 1% increase in total banking income, an 8% increase in operating expenses and a 47% increase in loan impairment expense.

Net Interest Income

Net interest income was $5,123 million, an increase of $8 million or flat on the prior year. This was driven by an increase in net interest margin of 1 basis point and flat average interest earning assets.

Net interest margin increased 1 basis point, reflecting:

- Favourable deposits mix from growth in transaction deposit volumes (up 5 basis points); and
- Higher business lending margins due to higher pricing (up 2 basis points, excluding the impact of basis risk); partly offset by
- Lower home lending margin due to unfavourable home loan mix and increased competition, partly offset by repricing (down 3 basis points, excluding the impact of basis risk); and
- Lower deposit margin due to lower Replicating Portfolio benefits (down 3 basis points).
- The overall divisional net interest margin impact from higher short-term wholesale funding costs, known as basis risk, was nil basis points.

Other Banking Income

Other banking income was $1,450 million, an increase of $25 million or 2% growth on the prior year, driven by:

- Higher business loan fee income reflecting a shift to fee based products such as cash advance facilities; partly offset by
- Lower equities fee income driven by lower trading volumes; and
- Lower fees on transaction accounts following the introduction of pre-emptive customer alerts, simplification of fee waivers and the removal of certain transaction fees.

Operating Expenses

Operating expenses were $2,409 million, an increase of $179 million or 8% on the prior year. Excluding an increase in remediation costs of $113 million, operating expenses increased $66 million or 3% on the prior year. This was mainly driven by regulatory and compliance costs, and higher staff expenses due to salary increases and an increase in FTE. This was partly offset by lower discretionary costs.

The number of FTE increased by 121 or 3% on the prior year, from 4,112 to 4,233 FTE, driven by growth in risk and compliance staff (up 34 FTE), remediation staff (up 62 FTE), and frontline bankers, partly offset by productivity initiatives.

Investment continued to focus on further enhancing customer experience by upgrading the end-to-end process for business loan origination, and through enabling the New Payments Platform, as well as investment in regulatory and compliance initiatives.

The statutory operating expense to total banking income ratio was 36.6%, an increase of 250 basis points on the prior year, driven by higher operating expenses.

Loan Impairment Expense

Loan impairment expense was $362 million, an increase of $115 million or 47% on the prior year. This was driven by both higher individual provisions (due to a small number of large single name exposures) and higher collective provisions.

Loan impairment expense as a percentage of average gross loans and acceptances increased 7 basis points on the prior year to 0.21%.

Asset quality of the portfolio declined, with an increase in troublesome and impaired assets of 39%, primarily due to emerging signs of weakness in discretionary retail, hospitality, and construction sectors.

Balance Sheet

Key spot balance sheet movements for the full year ended 30 June 2019 included:

- Business loan growth of $1.3 billion or 2%, below system (1) growth of 4%, reflecting growth across various industries, including property investment, business services, and transport and storage. This was partly offset by a decline in residential property development following the completion of projects, and a continued focus on risk adjusted return and risk appetite;
- Home loan decrease of $0.6 billion or 1%, below system (1) growth of 3%, reflecting lower investor home lending; and
- Total deposit growth (interest and non-interest bearing) of $3.8 billion or 3%, below system growth of 4%, driven by higher transaction balances (up 4%) reflecting growth in existing customer balances, growth in savings balances (up 3%) driven by demand for Commonwealth Direct Investment Accounts, and growth in investment deposits (up 1%) reflecting customer demand for higher yield products.

Risk Weighted Assets

Risk weighted assets were $122.0 billion, an increase of $2.2 billion or 2% on the prior year. Key drivers were:

- Credit risk weighted assets increased $3.4 billion or 3% driven by business lending volume growth and a reduction in credit quality, partly offset by portfolio mix optimisation; and
- Operational risk weighted assets increased $1.3 billion or 9%; partly offset by
- IRRBB risk weighted assets decreased $2.3 billion or 50%; and
- Traded Market risk weighted assets decreased by $0.2 billion or 14%.

(1) System source: RBA/APRA.

Business and Private Banking

As reported Year Ended June 2018 versus June 2017

Business and Private Banking Net profit after tax ("statutory basis") for the full year ended 30 June 2018 was $1,888 million, an increase of $80 million or 4% on the prior year. The result was driven by 5% growth in total banking income, 1% growth in operating expenses and a $67 million increase in loan impairment expense.

Net Interest Income

Net interest income was $3,392 million, an increase of $146 million or 4% on the prior year. This increase was driven by a 2% increase in net interest margin and 2% growth in average interest earning assets.

Net interest margin increased 7 basis points reflecting:

- Favourable portfolio mix from strong growth in transaction deposit volumes (up 7 basis points); and
- Higher home loan margin from repricing of interest only and investor loans in order to manage regulatory requirements (up 6 basis points); partly offset by
- Lower business lending margins due to run-off of higher margin residential property development lending (down 1 basis point); and
- The impact of the Major Bank Levy (down 5 basis points).

Other Banking Income

Other banking income was $1,033 million, an increase of $57 million or 6% on the prior year, driven by:

- Higher business loan fee income reflecting volume growth and a shift to fee based products such as cash advance facilities;
- Higher merchant income driven by higher margins due to customers migrating onto new pricing structures and the reduction in interchange rates driven by regulatory changes; and
- Higher brokerage income driven by a 15% increase in average daily contract volumes; partly offset by
- Lower income from the sale of interest rate risk management products, reflecting the benign domestic interest rate environment.

Operating Expenses

Operating expenses were $1,596 million, an increase of $22 million or 1% on the prior year. This was mainly driven by higher spend on product development initiatives such as 'Daily IQ', an increase in Albert merchant terminal costs, remediation expenses, and higher staff and IT expenses. This was partly offset by the benefit of productivity savings including centralisation of middle office functions, and consolidation of the workforce following the Bankwest business banking integration.

The number of full-time equivalent employees ("FTE") decreased by 102 or 3% on the prior year from 3,677 to 3,575 FTE, driven by fewer middle office FTE and the consolidation of the workforce following the Bankwest business banking integration, partly offset by an increase in risk and compliance staff.

Investment continued to focus on further enhancing customer experience by improving the digital business loan application process and self-service capabilities, as well as regulatory and compliance initiatives.

The statutory operating expense to total banking income ratio was 36.1%, an improvement of 120 basis points on the prior year, driven by higher total banking income.

Loan Impairment Expense

Loan impairment expense was $129 million, an increase of $67 million on the prior year. This was driven by a higher level of collective provisions mainly due to increased provisioning within segments exposed to discretionary consumer spending, partly offset by lower levels of individual provisions.

Loan impairment expense as a percentage of average GLAAs increased 6 basis points on the prior year to 11 basis points, remaining well below long run average levels.

Asset quality declined slightly reflecting a reduction in quality in the diversified portfolio, partly offset by an improvement in the commercial property portfolio.

Balance Sheet

Key spot balance sheet movements for the full year ended 30 June 2018 included:

- Total deposit growth of $4.9 billion or 6% (interest and non-interest bearing), above system (1) growth of 3%, driven by growth in Business Transaction Accounts and interest-bearing cash accounts reflecting higher balances with existing customers;
- Home loan growth was flat, below system (1) growth of 6%, reflecting flat investor home loan growth driven by a revised lending approach designed to manage regulatory requirements on investor home lending, a 14% decrease in lines of credit, and 5% growth in owner occupied loans; and
- Business loan growth of $1.5 billion or 2%, below system (1) growth of 3%, due to a decline in residential property development following the completion of projects and a continued focus on margin and risk appetite. Business loan growth was achieved across various industries, including property investment, agribusiness, hospitality and health.

Risk Weighted Assets

Risk weighted assets were $96.3 billion, an increase of $8.7 billion or 10% on the prior year. Key drivers were:

- Credit risk weighted assets increased $2.0 billion or 3% driven by higher lending balances and a refinement of the calculation methodology;
- Operational risk weighted assets increased $4.4 billion or 56% driven by the requirement to increase operational risk regulatory capital effective 30 April 2018 following the findings of the APRA Prudential Inquiry; and

Market risk weighted assets increased $2.0 billion or 64% driven by IRRBB $1.3 billion and traded market risk $0.7 billion.

(1) System source: RBA/APRA.

Institutional Banking and Markets

Overview

Institutional Banking & Markets serves the commercial and wholesale banking needs of large Corporate, Institutional and Government clients across a full range of financial services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
	$M	$M	Jun 18 %	$M	$M	Jun 17 %
Net interest income	**1,371**	1,434	(4)	1,444	1,523	(5)
Other banking income	**1,073**	1,237	(13)	1,229	1,348	(9)
Total banking income	**2,444**	2,671	(8)	2,673	2,871	(7)
Operating expenses	**(1,043)**	(1,067)	(2)	(1,142)	(1,083)	5
Loan impairment (expense)/benefit	**(17)**	(80)	(79)	(80)	(64)	25
Net profit before tax	**1,384**	1,524	(9)	1,451	1,724	(16)
Corporate tax expense	**(313)**	(354)	(12)	(330)	(413)	(20)
Net profit after tax ("cash basis")	**1,071**	1,170	(8)	1,121	1,311	(14)
(Loss)/gain on disposal and acquisition of entities net of transaction costs	**13**	-	large	-	-	-
Net profit after tax ("statutory basis") (2)	**1,084**	1,170	(7)	1,121	1,311	(14)
Income analysis						
Net interest income						
Institutional Banking	**1,276**	1,258	1	1,341	1,394	(4)
Markets	**95**	176	(46)	103	129	(20)
Total net interest income	**1,371**	1,434	(4)	1,444	1,523	(5)
Other banking income						
Institutional Banking	**499**	622	(20)	742	749	(1)
Markets	**574**	615	(7)	487	599	(19)
Total other banking income	**1,073**	1,237	(13)	1,229	1,348	(9)
Total banking income	**2,444**	2,671	(8)	2,673	2,871	(7)
Income by product						
Institutional products	**1,572**	1,636	(4)	1,822	1,846	(1)
Asset leasing	**203**	244	(17)	240	280	(14)
Markets (excluding derivative valuation adjustments)	**715**	789	(9)	588	723	(19)
Other	**-**	-	-	21	17	24
Total banking income excluding derivative valuation adjustments	**2,490**	2,669	(7)	2,671	2,866	(7)
Derivative valuation adjustments (3)	**(46)**	2	large	2	5	(60)
Total banking income	**2,444**	2,671	(8)	2,673	2,871	(7)

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

(3) Derivative valuation adjustments include both net interest income and other banking income adjustments.

Institutional Banking and Markets

	As at					
		Restated [1]		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
Balance Sheet	**$M**	$M	Jun 18 %	$M	$M	Jun 17 %
Interest earning lending assets [2]	**92,029**	104,615	(12)	104,601	111,686	(6)
Non-lending interest earning assets	**30,243**	27,707	9	27,757	31,349	(11)
Other assets [3]	**25,925**	29,803	(13)	30,358	30,076	1
Total assets	**148,197**	162,125	(9)	162,716	173,111	(6)
Transaction deposits [2]	**50,258**	45,699	10	45,235	42,468	7
Savings deposit	**6,554**	6,705	(2)	6,627	7,381	(10)
Investment deposits	**36,066**	44,391	(19)	44,647	49,689	(10)
Certificates of deposit and other	**16,132**	12,832	26	12,776	15,077	(15)
Total interest bearing deposits	**109,010**	109,627	(1)	109,285	114,615	(5)
Due to other financial institutions	**14,964**	12,719	18	12,719	16,669	(24)
Debt issues and other [4]	**7,850**	9,343	(16)	9,382	9,358	-
Non-interest bearing liabilities [3]	**18,385**	21,955	(16)	22,509	21,470	5
Total liabilities	**150,209**	153,644	(2)	153,895	162,112	(5)

	Full Year Ended					
		Restated [1]		As reported		
			Jun 19 vs			Jun 18 vs
Key Financial Metrics	**30 Jun 19**	30 Jun 18	Jun 18 %	30 Jun 18	30 Jun 17	Jun 17 %
Performance indicators						
Net interest margin (%)	**1. 05**	1. 03	2 bpts	1. 04	1. 10	(6)bpts
Return on assets (%)	**0. 7**	0. 7	-	0. 7	0. 7	-
Statutory operating expenses to total banking income (%)	**42. 2**	39. 9	230 bpts	42. 7	37. 7	large
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 02**	0. 07	(5)bpts	0. 08	0. 06	2 bpts
Other information						
Average interest earning assets ($M)	**130,438**	138,935	(6)	139,050	138,613	-
Risk weighted assets ($M)	**85,496**	95,875	(11)	96,190	102,242	(6)
Troublesome and impaired assets ($M)	**748**	1,403	(47)	1,406	1,361	3
Corporate total committed exposures rated investment grade (%)	**87. 3**	86. 2	110 bpts	86.7	86.4	30 bpts
Number of full-time equivalent staff (FTE)	**1,180**	1,263	(7)	1,566	1,467	7

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Interest earning lending assets include $22,832 million of CMPF (30 June 2018: $22,008 million). Transaction Deposits include $31,206 million of CMPF liabilities (30 June 2018: $27,350 million). These balances are required to be grossed up under accounting standards, but are netted for the calculation of customer interest and risk weighted assets.

(3) Other assets include Intangible assets and Derivative assets. Non-interest bearing liabilities include Derivative liabilities.

(4) Debt issues and other includes Bank acceptances and Liabilities at fair value.

Institutional Banking and Markets

Financial Performance and Business Review

Year Ended June 2019 versus Restated June 2018

Institutional Banking and Markets net profit after tax ("statutory basis") for the full year ended 30 June 2019 was $1,084 million, a decrease of $86 million or 7% on the prior year. The result was driven by an 8% decrease in total banking income, a 2% decrease in operating expenses and a 79% decrease in loan impairment expense.

Net Interest Income

Net interest income was $1,371 million, a decrease of $63 million or 4% on the prior year. The result was driven by a 2% increase in net interest margin and a 6% decrease in average interest earning assets.

Net interest margin increased 2 basis points, reflecting:

- Higher lending margins driven by the implementation of AASB 15 where upfront fees in relation to lending, lease and guarantee arrangements are no longer recognised upfront in other banking income, instead, income is recognised over the life of the contractual arrangements in net interest income (up 5 basis points); and
- Favourable portfolio mix from a higher customer deposit to loan ratio (up 3 basis points); partly offset by
- Lower Markets net interest income due to lower yields on bond inventories and lower commodities financing income (down 5 basis points); and
- Lower earnings on free equity mainly due to the reduction in average risk weighted assets (down 1 basis point).

Other Banking Income

Other banking income was $1,073 million, a decrease of $164 million or 13% on the prior year, driven by:

- Lower lending fees driven by the implementation of AASB 15, and lower lending volumes due to portfolio optimisation initiatives;
- Lower gains on the sale of assets in the Structured Asset Finance portfolio;
- Unfavourable derivative valuation adjustments; and
- Weaker Markets sales performance reflecting lower client demand, offset by improved trading revenue reflecting tightening credit spreads on the inventory of high grade government and corporate bonds.

Operating Expenses

Operating expenses were $1,043 million, a decrease of $24 million or 2% on the prior year. The decrease was driven by the non-recurrence of a $51 million capitalised software impairment in the prior year and productivity initiatives, partly offset by salary increases, higher regulatory, risk and compliance costs, and costs associated with establishing a new offshore subsidiary in response to Brexit.

The statutory operating expense to total banking income ratio was 42.2%, an increase of 230 basis points on the prior year driven by lower total banking income.

The number of FTE decreased by 83 or 7% on the prior year, from 1,263 to 1,180 FTE. The decrease was driven by productivity initiatives, partly offset by an increase in risk and compliance staff (up 66 FTE).

Investment spend is focused on further strengthening of the operational risk and compliance framework, upgrading systems infrastructure and responding to new regulatory requirements.

Loan Impairment Expense

Loan impairment expense was $17 million, a decrease of $63 million or 79% on the prior year. This was driven by lower collective provisions reflecting lower volumes from portfolio optimisation and lower individual provisions for single name exposures, partly offset by lower write-backs.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 5 basis points to 0.02%, remaining well below long run average levels.

Asset quality of the portfolio has improved, with the percentage of the book rated as investment grade increasing by 110 basis points to 87.3%.

Balance Sheet

Key spot balance sheet movements for the full year ended 30 June 2019 included:

- Lending balances decrease of $12.6 billion or 12%, driven by portfolio optimisation initiatives and a continued focus on risk adjusted returns;
- Other assets and Non-interest bearing liabilities decreased $3.9 billion and $3.6 billion respectively, mainly driven by the revaluation of derivative assets and derivative liabilities due to foreign exchange and interest rate volatility. Under the accounting standards, derivative assets and derivative liabilities are required to be presented on a gross basis;
- Transaction deposits growth of $4.6 billion or 10% driven by increased CMPF Investment deposits decrease of $8.3 billion or 19%, reflecting lower appetite for funding from short-term deposits; and
- Certificates of deposits and other growth of $3.3 billion or 26% due to increased sale and repurchase agreements in the Markets business to fund higher non-lending interest earning assets.

Risk Weighted Assets

Risk weighted assets were $85.5 billion, a decrease of $10.4 billion or 11% on the prior year. Key drivers were:

- Credit risk weighted assets decreased $9.2 billion or 12% driven by lower volumes and improved credit quality partly offset by foreign exchange movements;
- IRRBB risk weighted assets decreased $1.8 billion or 52%; and
- Operational risk weighted assets decreased $1.8 billion or 16%; partly offset by
- Traded Market risk weighted assets increased $2.4 billion or 47%.

Institutional Banking and Markets

As reported Year Ended June 2018 versus June 2017

Institutional Banking and Markets Net profit after tax ("statutory basis") for the full year ended 30 June 2018 was $1,121 million, a decrease of $190 million or 14% on the prior year. The result was driven by a 7% decline in total banking income, a 5% increase in operating expenses and a 25% increase in loan impairment expense.

Net Interest Income

Net interest income was $1,444 million, a decrease of $79 million or 5% on the prior year. The result was driven by a 5% decrease in net interest margin, and a marginal increase in average interest earning assets.

Net interest margin decreased 6 basis points, reflecting:

- Lower earnings on free equity, mainly due to a reduction in average risk weighted assets (down 6 basis points); and
- The impact of the Major Bank Levy (down 5 basis points); partly offset by
- Favourable portfolio mix from higher transaction deposit balances (up 3 basis points); and
- Higher lending and leasing margins driven by portfolio optimisation initiatives (up 2 basis points).

Other Banking Income

Other banking income was $1,229 million, a decrease of $119 million or 9% on the prior year, driven by:

- Weaker Markets trading performance mainly driven by the impact of widening spreads on the inventory of high grade corporate and government bonds; and
- Lower gains on the sale of assets in the Structured Asset Finance portfolio.

Operating Expenses

Operating expenses were $1,142 million, an increase of $59 million or 5% on the prior year. The increase was driven by a $51 million impairment of capitalised software relating to a decision to implement a new institutional lending platform, and higher regulatory, risk and compliance costs.

The operating expense to total banking income ratio was 42.7%, an increase of 500 basis points on the prior year, primarily due to lower Markets revenue, the introduction of the Major Bank Levy and the impairment of capitalised software.

The number of full-time equivalent employees ("FTE") increased by 99 or 7% on the prior year, from 1,467 to 1,566 FTE. The growth was primarily due to increase in project - related FTE, and risk and compliance staff.

Investment is focused on further strengthening of the operational risk and compliance framework, improving customer experience through the New Payments Platform, as well as responding to new regulatory requirements.

Loan Impairment Expense

Loan impairment expense was $80 million, an increase of $16 million or 25% on the prior year. The increase was driven by higher individual provisions due to a large single name exposure, partly offset by a higher level of write-backs in the mining and wholesale trade portfolios.

Loan impairment expense as a percentage of average GLAAs increased 2 basis points to 8 basis points, remaining well below long run average levels. Asset quality of the portfolio has remained stable, and the percentage of the book rated as investment grade increased by 30 basis points to 86.7%.

Balance Sheet

Key spot balance sheet movements for the full year ended 30 June 2018 included:

- Lending balances decreased $7.1 billion or 6%, driven by portfolio optimisation initiatives;
- Transaction deposits growth of $2.8 billion or 7%, driven by a combination of new to bank client mandates and continued deepening of existing client relationships;
- Investment deposits decreased $5.0 billion or 10%, driven by increased competition from domestic and foreign banks; and
- Certificates of deposits and other decreased $2.3 billion or 15% due to a lower funding requirement from the decrease in non-lending interest earning assets.

Risk Weighted Assets

Risk weighted assets were $96.2 billion, a decrease of $6.1 billion or 6% on the prior year. Key drivers were:

- Credit risk weighted assets decreased $12.7 billion or 14% driven by portfolio optimisation initiatives which reduced volumes ($10.3 billion) and improved credit quality ($3.1 billion), partly offset by the impact from foreign exchange ($0.7 billion);
- Market risk weighted assets increased $3.9 billion or 83% mainly driven by the conservative treatment of some interest rate exposures, under the internal model approach; and
- Operational risk weighted assets increased $2.7 billion or 32% driven by the requirement to increase Operational risk regulatory capital effective 30 April 2018 following the findings of the recent APRA Prudential Inquiry.

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Wealth Management

Overview

Wealth Management provides superannuation, investment, retirement and insurance products and services including financial planning which help to improve the financial wellbeing of our customers. In addition, as a global asset management business, we manage investments on behalf of institutional investors and pension funds, wholesale distributors and platforms, financial advisers and their clients.

On 21 September 2017 CBA announced the sale of CommInsure Life(1) to AIA. As a result, the Life business is classified as discontinued operations and the financial results of the Life business are excluded from the account lines of Wealth Management's performance and reported as a single cash net profit after tax line item.

On 13 June 2019 CBA announced the sale of Count Financial Limited to CountPlus Limited. As Count Financial does not in itself constitute a major line of the Group's business, the financial results of Count Financial are treated as continuing operations and included in the account lines of Wealth Management's performance.

On 2 August 2019 CBA completed the sale of its global asset management business, CFSGAM, also known outside of Australia as First State Investments, to MUTB. As a result, CFSGAM is classified as discontinued operations and the financial results of the CFSGAM business are excluded from the account lines of Wealth Management's performance and reported as a single cash net profit after tax line item.

	Full Year Ended					
		Restated (2)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
	$M	$M	Jun 18 %	$M	$M	Jun 17 %
Funds management income	**862**	841	2	1,978	1,820	9
Insurance income	**-**	-	-	183	121	51
Total operating income	**862**	841	2	2,161	1,941	11
Operating expenses	**(645)**	(490)	32	(1,440)	(1,403)	3
Net profit before tax	**217**	351	(38)	721	538	34
Corporate tax expense	**(69)**	(104)	(34)	(179)	(134)	34
Underlying profit after tax	**148**	247	(40)	542	404	34
Investment experience after tax	**12**	8	50	21	18	17
Cash net profit after tax from continuing operations	**160**	255	(37)	563	422	33
Cash net profit after tax from discontinued operations	**253**	452	(44)	160	130	23
Net profit after tax ("cash basis")	**413**	707	(42)	723	552	31
(Loss)/gain on disposal and acquisition of entities net of transaction costs	**(240)**	(139)	73	-	-	-
Other non-cash items	**6**	2	large	2	(23)	large
Net profit after tax ("statutory basis") (3)	**179**	570	(69)	725	529	37
Represented by:						
Colonial First State (4)	**127**	255	(50)	271	188	44
CommInsure (5)	**-**	-	-	102	62	65
CFS Global Asset Management (discontinued operations)	**169**	292	(42)	292	279	5
Life Insurance Business (discontinued operations)	**(63)**	44	large	160	130	23
Other	**(54)**	(21)	large	(100)	(130)	(23)
Net profit after tax ("statutory basis") (3)	**179**	570	(69)	725	529	37

(1) CommInsure's life business (Life Business) includes life insurance and life related investments business, which are discontinued operations.

(2) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(3) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

(4) Colonial First State incorporates the results of all Wealth Management financial planning businesses.

(5) CommInsure represents the General Insurance business.

Wealth Management

	Full Year Ended					
		Restated (1)		As reported		
			Jun 19 vs			Jun 18 vs
Key Financial Metrics	**30 Jun 19**	30 Jun 18	Jun 18 %	30 Jun 18	30 Jun 17	Jun 17 %
Performance indicators						
Continuing operations						
Statutory operating expenses to net operating income (%)	**86. 1**	61. 1	large	66. 6	72. 3	large
AUM - average ($M)	**n/a**	n/a	n/a	215,768	205,910	5
AUM - spot ($M)	**n/a**	n/a	n/a	213,242	219,427	(3)
FUA - average ($M)	**148,813**	141,726	5	141,726	129,152	10
FUA - spot ($M)	**155,468**	147,999	5	147,999	135,447	9
CommInsure Inforce Premiums - average ($M)	**n/a**	n/a	n/a	799	762	5
CommInsure Inforce Premiums - spot ($M)	**n/a**	n/a	n/a	797	783	2
Risk weighted assets ($M) (2)	**4,208**	2,116	99	4,234	449	large
Number of full-time equivalent staff (FTE)	**1,460**	1,305	12	3,407	3,914	(13)

	Full Year Ended											
	Continuing operations											
	Colonial First State						Other					
		Restated (1)		As reported				Restated (1)		As reported		
	Jun 19	Jun 18	Jun 19 vs	Jun 18	Jun 17	Jun 18 vs	**Jun 19**	Jun 18	Jun 19 vs	Jun 18	Jun 17	Jun 18 vs
	$M	$M	Jun 18 %	$M	$M	Jun 17 %	**$M**	$M	Jun 18 %	$M	$M	Jun 17 %
Funds management income	**862**	841	2	1,003	933	8	**n/a**	n/a	n/a	-	-	-
Insurance income	**-**	-	-	-	-	-	**n/a**	n/a	n/a	-	-	-
Total operating income	**862**	841	2	1,003	933	8	**n/a**	n/a	n/a	-	-	-
Operating expenses	**(645)**	(490)	32	(624)	(675)	(8)	**n/a**	n/a	n/a	(150)	(174)	(14)
Net profit before tax	**217**	351	(38)	379	258	47	**n/a**	n/a	n/a	(150)	(174)	(14)
Corporate tax (expense)/benefit	**(69)**	(104)	(34)	(114)	(78)	46	**n/a**	n/a	n/a	45	64	(30)
Underlying profit after tax	**148**	247	(40)	265	180	47	**n/a**	n/a	n/a	(105)	(110)	(5)
Investment experience after tax	**12**	8	50	6	8	(25)	**n/a**	n/a	n/a	3	3	-
Net profit/(loss) after tax ("cash basis")	**160**	255	(37)	271	188	44	**n/a**	n/a	n/a	(102)	(107)	(5)
(Loss)/gain on acquistion, disposal, closure and demerger of businesses	**(33)**	-	large	-	-	-	**(54)**	(21)	large	-	-	-
Treasury shares valuation adjustment (after tax)	**-**	-	-	-	-	-	**-**	-	-	2	-	large
Net profit/(loss) after tax ("statutory basis") (3)	**127**	255	(50)	271	188	44	**(54)**	(21)	large	(100)	(107)	(7)

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Risk Weighted Assets include discontinued operations.

(3) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

Wealth Management

	Full Year Ended											
	Discontinued operations											
	CFS Global Asset Management						Life Insurance Business					
	Restated (1)			As reported			Restated (1)			As reported		
	Jun 19 $M	Jun 18 $M	Jun 19 vs Jun 18 %	Jun 18 $M	Jun 17 $M	Jun 18 vs Jun 17 %	**Jun 19 $M**	Jun 18 $M	Jun 19 vs Jun 18 %	Jun 18 $M	Jun 17 $M	Jun 18 vs Jun 17 %
Funds management income	**887**	975	(9)	975	887	10	**100**	96	4	96	121	(21)
Insurance income	**-**	-	-	-	-	-	**74**	337	(78)	337	317	6
Total operating income	**887**	975	(9)	975	887	10	**174**	433	(60)	433	438	(1)
Operating expenses	**(597)**	(622)	(4)	(622)	(512)	21	**(256)**	(272)	(6)	(272)	(295)	(8)
Net profit before tax	**290**	353	(18)	353	375	(6)	**(82)**	161	large	161	143	13
Corporate tax (expense)/benefit	**(68)**	(68)	-	(68)	(97)	(30)	**25**	(49)	large	(49)	(43)	14
Underlying profit after tax	**222**	285	(22)	285	278	3	**(57)**	112	large	112	100	12
Investment experience after tax	**18**	7	large	7	1	large	**70**	48	46	48	34	41
Non-controlling interests	**-**	-	-	-	-	-	**-**	-	-	-	(4)	large
Net profit/(loss) after tax ("cash basis")	**240**	292	(18)	292	279	5	**13**	160	(92)	160	130	23
(Loss)/gain on acquistion, disposal, closure and demerger of businesses	**(71)**	-	large	-	-	-	**(82)**	(118)	(31)	-	-	n/a
Treasury shares valuation adjustment (after tax)	**-**	-	-	-	-	-	**6**	2	-	2	(23)	large
Net profit/(loss) after tax ("statutory basis") (2)	**169**	292	(42)	292	279	5	**(63)**	44	large	162	107	51

	Full Year Ended					
	CommInsure / General Insurance					
	Restated (1)			As reported		
	Jun 19 $M	Jun 18 $M	Jun 19 vs Jun 18 %	Jun 18 $M	Jun 17 $M	Jun 18 vs Jun 17 %
Funds management income	**n/a**	n/a	n/a	-	-	-
Insurance income	**n/a**	n/a	n/a	183	121	51
Total operating income	**n/a**	n/a	n/a	183	121	51
Operating expenses	**n/a**	n/a	n/a	(44)	(42)	5
Net profit before tax	**n/a**	n/a	n/a	139	79	76
Corporate tax (expense)/benefit	**n/a**	n/a	n/a	(42)	(23)	83
Underlying profit after tax	**n/a**	n/a	n/a	97	56	73
Investment experience after tax	**n/a**	n/a	n/a	5	6	(17)
Net profit/(loss) after tax ("cash basis")	**n/a**	n/a	n/a	102	62	65
(Loss)/gain on acquistion, disposal, closure and demerger of businesses	**n/a**	n/a	n/a	-	-	-
Treasury shares valuation adjustment (after tax)	**n/a**	n/a	n/a	-	-	-
Net profit/(loss) after tax ("statutory basis") (2)	**n/a**	n/a	n/a	102	62	65

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. General Insurance is now reported in Retail Banking Services. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

Wealth Management

Financial Performance and Business Review

Year Ended June 2019 versus Restated June 2018

Wealth Management net profit after tax ("statutory basis") for the year ended 30 June 2019 was $179 million, a decrease of $391 million or 69% on the prior year. Excluding the contribution from discontinued operations, net profit after tax ("statutory basis") for the year ended 30 June 2019 was $73 million, a decrease of $161 million or 69% on the prior year. The result was driven by a 2% increase in funds management income and a 32% increase in operating expenses.

In order to provide an underlying view of the performance, the commentary below has been presented excluding the impact from discontinued operations, with commentary for the discontinued operations provided separately.

Funds Management Income

Funds management income was $862 million, an increase of $21 million or 2% on the prior year.

Average Funds Under Administration (FUA) was $149 billion, an increase of $7 billion or 5% on the prior year. The FirstChoice and CFSWrap platforms experienced continued growth in average FUA of 5% and 7% respectively, reflecting strong momentum from the prior year and higher investment markets, partly offset by negative net flows. Excluding pension payments, net flows were positive. FUA margin decreased 2 basis points due to platform pricing changes in response to competitive pressures.

Operating Expenses

Operating expenses were $645 million, an increase of $155 million or 32% on the prior year. Excluding the increase in remediation and implementation of Royal Commission (1) costs of $141 million, operating expenses increased $14 million or 3% on the prior year. This was driven by salary increases, higher compliance costs and higher investment spend including technology costs.

The number of full-time equivalent staff ("FTE") increased by 155 or 12% on the prior year from 1,305 to 1,460 FTE, driven by growth in remediation staff (up 107 FTE) and risk and compliance staff (up 90 FTE), partly offset by productivity initiatives.

The statutory operating expenses to total operating income ratio was 86.1% an increase of 25%, driven by increased operating expenses. Excluding remediation and implementation of Royal Commission costs, the cash operating expense to total operating income ratio was 58.5%, an increase of 20 basis points.

Higher investment spend was driven by increased regulatory requirements including Best Interests Duty and investment in projects to improve functionality and customer experience in key platforms.

Loss on disposal and acquisition of entities net of transaction costs

Loss on disposal of entities net of transaction costs were $240 million, an increase of $101 million or 73%, primarily driven by the recognition of separation costs for NewCo and transaction and separation costs associated with the disposal of CFSGAM and Count Financial.

Risk Weighted Assets (2)

Risk weighted assets were $4.2 billion, an increase of $2.1 billion or 99% on the prior year.

- Operational risk weighted assets increased $2.0 billion or 112%; and
- Credit risk weighted asset increased $0.3 billion; partly offset by
- IRRBB risk weighted assets decreased $0.2 billion or 56%.

As reported Year Ended June 2018 versus June 2017

Wealth Management Net profit after tax ("statutory basis") for the full year ended 30 June 2018 was $725 million, an increase of $196 million or 37% on the prior year. Excluding the contribution from the CommInsure Life Business (discontinued operations), Net profit after tax ("statutory basis") was $563 million, an increase of $141 million or 33% on the prior year. The result was driven by 9% growth in funds management income, 51% growth in insurance and 3% higher operating expenses.

On 21 September 2017 CBA announced the sale of the CommInsure Life Business to AIA. In order to provide an underlying view of the performance, the commentary below has been presented excluding the impact of the CommInsure Life Business.

On 25 June 2018 CBA announced its intention to demerge its wealth management and mortgage broking businesses ("NewCo"), and undertake a strategic review of its general insurance business, including a potential sale. NewCo is included in continuing operations.

Funds Management Income

Funds management income was $1,978 million, an increase of $158 million or 9% on the prior year.

Average Assets Under Management ("AUM") was $216 billion an increase of $10 billion or 5% on the prior year reflecting higher investment markets and the benefit of the lower Australian dollar, partly offset by higher net outflows in the global equities and fixed income businesses. AUM margins increased 2 basis points reflecting the receipt of higher performance fees in the current year. Excluding the benefit of performance fees, underlying AUM margins declined 1 basis point due to a change in business mix reflecting net outflows in the higher margin global equities business.

Average FUA was $142 billion an increase of $13 billion or 10% on the prior year. The FirstChoice and CFSWrap platforms experienced continued growth in average FUA of 9% and 16% respectively, reflecting positive net flows and higher investmentf markets. Underlying CFS FUA margins declined 2 basis points due to a change in business mix reflecting continued growth in the lower margin CFSWrap platform. The underlying margin excludes the benefit from a $38 million reduction in Advice customer remediation provisions.

(1) Refer to "Description of Business Environment - Legal Proceedings and Investigations" for further information.
(2) Risk Weighted Assets include discontinued operations.

Wealth Management

Insurance Income

General insurance income was $183 million, an increase of $62 million or 51% on the prior year, due to lower weather event claims (Cyclone Debbie led to a large increase in claims in the prior year) and growth in premiums driven by risk based pricing initiatives.

Operating Expenses

Operating expenses were $1,440 million, an increase of $37 million or 3% on the prior year. This was driven by the non-recurrence of one-off provision releases related to CFSGAM in the prior year, higher performance fee related payments in CFSGAM and higher amortisation expenses, partly offset by lower staff costs from the ongoing realisation of productivity benefits.

The number of FTE decreased by 507 or 13% from 3,914 to 3,407 FTE. This reflected a continued focus on workforce optimisation particularly in the financial planning business and the wind-down of the Advice Review program. The majority of costs for the Advice Review program were provided for in prior financial years.

The operating expenses to total operating income ratio was 66.6%, an improvement of 570 basis points on the prior year driven by higher operating income.

Investment spend continues to focus on ongoing regulatory reform initiatives, CFS system upgrades and improving customer experience through digital capabilities.

Risk Weighted Assets (1)

Risk weighted assets were $4.2 billion, an increase of $3.8 billion on the prior year.

- Operational risk weighted assets increased $3.6 billion driven by the transfer of the Wealth Management Advice business to the Level 2 Regulatory Consolidated Banking Group and the requirement to increase Operational risk regulatory capital effective 30 April 2018 following the findings of the recent APRA Prudential Inquiry.

(1) Risk Weighted Assets include discontinued operations.

	Full Year Ended								
Funds Under Administration (FUA)	30 Jun 18 $M	Inflows $M	Outflows $M	Net Flows $M	Other (1) $M	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Jun 18 %	Jun 19 vs Dec 18 %
FirstChoice	90,299	14,342	(15,473)	(1,131)	5,167	**94,335**	86,656	4	9
CFSWrap	30,709	5,313	(5,520)	(207)	1,868	**32,370**	29,594	5	9
CFS Non-Platform	16,752	7,947	(7,680)	267	1,048	**18,067**	15,647	8	15
Other (2)	10,239	1,297	(1,422)	(125)	582	**10,696**	10,028	4	7
Total	147,999	28,899	(30,095)	(1,196)	8,665	**155,468**	141,925	5	10

(1) Includes investment income and foreign exchange gains and losses from translation of internationally sourced business.
(2) Other includes Commonwealth Bank Group Super.

Wealth Management

Discontinued Operations

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
	$M	$M	Jun 18 %	$M	$M	Jun 17 %
Funds management income	**987**	1,071	(8)	96	121	(21)
Insurance income	**74**	337	(78)	337	317	6
Total operating income	**1,061**	1,408	(25)	433	438	(1)
Operating expenses	**(853)**	(894)	(5)	(272)	(295)	(8)
Net profit before tax	**208**	514	(60)	161	143	13
Corporate tax expense	**(43)**	(117)	(63)	(49)	(43)	14
Underlying profit after tax	**165**	397	(58)	112	100	12
Investment experience after tax	**88**	55	60	48	34	41
Non-controlling interests	**-**	-	-	-	(4)	large
Net profit after tax ("cash basis")	**253**	452	(44)	160	130	23
Life Insurance Business	**13**	160	(92)	160	130	23
CFS Global Asset Management	**240**	292	(18)	n/a	n/a	n/a
Net profit after tax ("cash basis")	**253**	452	(44)	160	130	23
(Loss)/gain on acquistion, disposal, closure and demerger of businesses	**(153)**	(118)	30	-	-	-
Treasury share valuation adjustment (after tax)	**6**	2	large	2	(23)	large
Net profit after tax ("statutory basis")	**106**	336	(68)	162	107	51

	Full Year Ended							
Assets Under	30 Jun 18	Inflows	Outflows	Net Flows	Other (2)	**30 Jun 19**	31 Dec 18	Jun 19 vs	Jun 19 vs
Management (AUM) (3)	$M	$M	$M	$M	$M	**$M**	$M	Jun 18 %	Dec 18 %
Australian equities	30,876	6,503	(9,730)	(3,227)	2,717	**30,366**	26,053	(2)	17
Global equities	94,003	24,157	(25,608)	(1,451)	7,962	**100,514**	89,632	7	12
Fixed income (4)	79,230	48,404	(50,738)	(2,334)	3,867	**80,763**	78,240	2	3
Infrastructure	9,133	3,165	(1,544)	1,621	830	**11,584**	10,270	27	13
Total	213,242	82,229	(87,620)	(5,391)	15,376	**223,227**	204,195	5	9

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
Key Financial Metrics	**$M**	$M	Jun 18 %	$M	$M	Jun 17 %
FUA - average ($M)	**10,336**	11,056	(7)	11,056	11,853	(7)
Inforce premiums - average ($M)	**1,242**	1,479	(16)	1,479	1,703	(13)
Number of full-time equivalent staff (FTE)	**1,602**	1,601	-	841	926	(9)

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) Other includes investment income and foreign exchange gains and losses from translation of internationally sourced business.
(3) AUM excludes the Bank's interest in the First State Cinda Fund Management Company Limited.
(4) Fixed income include short-term investment and global credit.

Wealth Management

Financial Performance and Business Review (Discontinued Operations)

	Full Year Ended								
	30 Jun 18	Sales	Lapses	Net Flows	Other	**30 Jun 19**	31 Dec 18	Jun 19 vs	Jun 19 vs
Inforce Premiums	$M	$M	$M	$M	$M	**$M**	$M	Jun 18 %	Dec 18 %
Life Insurance	1,296	156	(301)	(145)	-	**1,151**	1,264	(11)	(9)

	Full Year Ended								
	30 Jun 18	Inflows	Outflows	Net Flows	Other	**30 Jun 19**	31 Dec 18	Jun 19 vs	Jun 19 vs
Funds Under Administration (FUA)	$M	$M	$M	$M	$M	**$M**	$M	Jun 18 %	Dec 18 %
Life Iinvestments	10,776	394	(1,538)	(1,144)	619	**10,251**	9,993	(5)	3

Year Ended June 2019 versus Restated June 2018

Life Business

The Life Business statutory net loss after tax for the full year ended 30 June 2019 was $63 million, a decrease of $107 million on the prior year. Life insurance income decreased due to higher claims resulting in reserve strengthening of $29 million, and a pre-tax loss recognition of $71 million in income protection products during the year. The result was also impacted by lower premium income, with an 11% decrease in inforce premiums reflecting higher lapses including the loss of some large wholesale schemes. This was partly offset by a 6% decrease in operating expenses due to productivity initiatives and higher investment experience driven by changes to economic assumptions.

CFSGAM Business

CFSGAM statutory net profit after tax for the full year ended 30 June 2019 was $169 million, a decrease of $123 million or 42% on the prior year. The result was driven by lower performance fees and a $2 billion or 1% decrease in average Assets Under Management (AUM), reflecting weak prior period momentum and negative net flows, partly offset by the benefit of the lower Australian dollar and favourable investment markets. Operating expenses decreased 4% due to lower performance fee related payments, and investment experience after tax increased $11 million due to revaluation of investment in infrastructure assets.

As reported Year Ended June 2018 versus June 2017

Life Business

The Life Business Net profit after tax (“statutory basis”) for the full year ended 30 June 2018 was $162 million, an increase of $55 million or 51% on the prior year. The result was driven by the non-recurrence of $143 million pre-tax loss recognition on income protection products, lower operating expenses and higher investment experience, partly offset by loss of wholesale schemes, reserve strengthening reflecting poorer claims experience, and lower funds management income reflecting run-off in the closed investment portfolio.

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New Zealand

Overview

New Zealand includes the banking, funds management and insurance businesses operating in New Zealand under the ASB and Sovereign brands.

ASB provides products and services across multiple channels including our branch network, digital platforms and mobile relationship managers, and conducts its business through four business units: Retail Banking; Business Banking; Corporate Banking; and Private Banking, Wealth and Insurance.

Retail Banking provides a range of services to personal customers. Business Banking provides services to commercial, rural and small business customers, while Corporate Banking provides services to corporate and global markets customers. Private Banking, Wealth and Insurance provides securities, investment and insurance services to customers, and banking services to high net worth individuals.

On 2 July 2018, CBA completed the sale of its life insurance business in New Zealand (Sovereign) to AIA Group Limited (AIA). The New Zealand results have been prepared on a continuing operations basis excluding Sovereign (discontinued operations). The financial results of Sovereign (discontinued operations) are excluded from the account lines of New Zealand's performance and reported as a single cash net profit after tax line item.

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
New Zealand (A$M)	**A$M**	A$M	Jun 18 %	A$M	A$M	Jun 17 %
Net interest income	**1,896**	1,760	8	1,760	1,642	7
Other banking income (2)	**442**	415	7	373	331	13
Total banking income	**2,338**	2,175	7	2,133	1,973	8
Funds management income	**130**	112	16	105	92	14
Total operating income	**2,468**	2,287	8	2,238	2,065	8
Operating expenses	**(912)**	(860)	6	(811)	(795)	2
Loan impairment expense	**(102)**	(74)	38	(74)	(65)	14
Net profit before tax	**1,454**	1,353	7	1,353	1,205	12
Corporate tax expense	**(404)**	(378)	7	(378)	(336)	13
Cash net profit after tax from continuing operations	**1,050**	975	8	975	869	12
Cash net profit after tax from discontinued operations	**-**	96	large	96	96	-
Net profit after tax ("cash basis")	**1,050**	1,071	(2)	1,071	965	11
(Loss)/gain on disposal and acquisition of entities net of transaction costs	**179**	(18)	large	-	-	-
Hedging and IFRS volatility (after tax)	**(48)**	87	large	87	27	large
Net profit after tax ("statutory basis") (3) (4)	**1,181**	1,140	4	1,158	992	17

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Other banking income disclosed in AUD includes realised gains or losses associated with the hedging of New Zealand operations earnings.

(3) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

(4) The CBA Branch results relating to the Institutional Banking and Markets business in New Zealand are not included.

New Zealand

New Zealand (NZ$M)	30 Jun 19 NZ$M	Restated (1) 30 Jun 18 NZ$M	Jun 19 vs Jun 18 %	As reported 30 Jun 18 NZ$M	As reported 30 Jun 17 NZ$M	Jun 18 vs Jun 17 %
	Full Year Ended					
Net interest income	**2,018**	1,916	5	1,916	1,738	10
Other banking income	**477**	465	3	419	401	4
Total banking income	**2,495**	2,381	5	2,335	2,139	9
Funds management income	**138**	122	13	114	97	18
Total operating income	**2,633**	2,503	5	2,449	2,236	10
Operating expenses	**(970)**	(935)	4	(881)	(836)	5
Loan impairment expense	**(108)**	(80)	35	(80)	(69)	16
Net profit before tax	**1,555**	1,488	5	1,488	1,331	12
Corporate tax expense	**(433)**	(416)	4	(416)	(372)	12
Cash net profit after tax from continuing operations	**1,122**	1,072	5	1,072	959	12
Cash net profit after tax from discontinued operations	**-**	106	large	106	102	4
Net profit after tax ("cash basis")	**1,122**	1,178	(5)	1,178	1,061	11
(Loss)/gain on disposal and acquisition of entities net of transaction costs	**46**	-	n/a	-	-	-
Hedging and IFRS volatility (after tax)	**6**	6	-	6	19	(68)
Net profit after tax ("statutory basis") (2) (3)	**1,174**	1,184	(1)	1,184	1,080	10
Represented by :						
ASB	**1,243**	1,149	8	1,149	1,044	10
Other (4)	**(69)**	(71)	(3)	(71)	(66)	8
Sovereign (discontinued operations)	**-**	106	large	106	102	4
Net profit after tax ("statutory basis") (2) (3)	**1,174**	1,184	(1)	1,184	1,080	10

Key Financial Metrics (continuing operations) (5)	**30 Jun 19**	Restated (1) 30 Jun 18	Jun 19 vs Jun 18 %	As reported 30 Jun 18	As reported 30 Jun 17	Jun 18 vs Jun 17 %
Statutory operating expenses to total operating income (%)	**36. 1**	37. 2	(110)bpts	35. 8	36. 9	(110)bpts

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

(3) The CBA Branch results relating to the Institutional Banking and Markets business in New Zealand are not included.

(4) Other includes ASB funding entities and elimination entries between New Zealand segment entities.

(5) Key financial metrics are calculated in New Zealand dollar terms.

New Zealand

Financial Performance and Business Review

Year Ended June 2019 versus Restated June 2018

New Zealand [(1)] net profit after tax [(2)] ("statutory basis") for the full year ended 30 June 2019 was NZD1,174 million, a decrease of NZD10 million or 1% on the prior year. The result was driven by a 5% increase in total operating income, 4% growth in operating expenses, a 35% increase in loan impairment expense and a NZD106 million decrease in the profit of the discontinued Sovereign business due to the sale of Sovereign to AIA on 2 July 2018.

The Australian dollar equivalent line item growth rates are impacted by the depreciation of the New Zealand dollar and the mark-to-market movements in foreign exchange hedges relating to New Zealand earnings.

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As reported Year Ended June 2018 versus June 2017

New Zealand [(1)] Net profit after tax [(2)] ("statutory basis") for the full year ended 30 June 2018 was NZ$1,184 million, an increase of NZ$104 million or 10% on the prior year. The result was driven by 10% growth in total operating income, 5% growth in operating expenses, a 16% increase in loan impairment expense and a 4% increase in the profit of the discontinued Sovereign business.

(1) The New Zealand result incorporates ASB Bank and the discontinued Sovereign Insurance businesses. The CBA New Zealand Branch results relating to the Institutional Banking and Markets business in New Zealand are not included.

(2) Includes allocated capital charges and other CBA costs.

New Zealand

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
ASB (NZ$M)	**NZ$M**	NZ$M	Jun 18 %	NZ$M	NZ$M	Jun 17 %
Net interest income	**2,111**	2,008	5	2,008	1,825	10
Other banking income	**477**	470	1	424	404	5
Total banking income	**2,588**	2,478	4	2,432	2,229	9
Funds management income	**138**	122	13	114	97	18
Total operating income	**2,726**	2,600	5	2,546	2,326	9
Operating expenses	**(970)**	(935)	4	(881)	(836)	5
Loan impairment expense	**(108)**	(80)	35	(80)	(69)	16
Net profit before tax	**1,648**	1,585	4	1,585	1,421	12
Corporate tax expense	**(457)**	(442)	3	(442)	(396)	12
Net profit after tax ("cash basis")	**1,191**	1,143	4	1,143	1,025	12
(Loss)/gain on acquistion, disposal, closure and demerger of businesses	**46**	-	n/a	-	-	-
Hedging and IFRS volatility (after tax)	**6**	6	-	6	19	(68)
Net profit after tax ("statutory basis") (2)	**1,243**	1,149	8	1,149	1,044	10

	As at					
		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
Balance Sheet (NZ$M)	**NZ$M**	NZ$M	Jun 18 %	NZ$M	NZ$M	Jun 17 %
Home loans	**57,194**	53,918	6	53,918	51,128	5
Business and rural lending	**28,662**	27,054	6	27,054	25,133	8
Other interest earning assets	**2,198**	2,212	(1)	2,212	2,087	6
Total lending interest earning assets	**88,054**	83,184	6	83,184	78,348	6
Non-lending interest earning assets	**8,719**	9,861	(12)	9,861	8,662	14
Other assets	**1,643**	2,320	(29)	2,320	1,572	48
Total assets	**98,416**	95,365	3	95,365	88,582	8
Customer deposits	**59,016**	55,923	6	55,923	52,795	6
Debt issues	**20,971**	20,053	5	20,053	18,073	11
Other interest bearing liabilities (3)	**2,283**	3,298	(31)	3,298	2,716	21
Total interest bearing liabilities	**82,270**	79,274	4	79,274	73,584	8
Non-interest bearing liabilities	**6,725**	6,591	2	6,591	6,248	5
Total liabilities	**88,995**	85,865	4	85,865	79,832	8

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

(3) Other interest bearing liabilities includes NZ$521 million due to Group companies (30 June 2018: NZ$262 million).

New Zealand

ASB Key Financial Metrics [(2)]	Full Year Ended 30 Jun 19	Restated [(1)] 30 Jun 18	Jun 19 vs Jun 18 %	As reported 30 Jun 18	As reported 30 Jun 17	Jun 18 vs Jun 17 %
Performance indicators						
Net interest margin (%)	**2. 21**	2. 24	(3)bpts	2. 24	2. 17	7 bpts
Return on assets (%)	**1. 2**	1. 2	-	1. 2	1. 2	-
Statutory operating expenses to total operating income (%)	**34. 9**	35. 9	(100)bpts	34. 5	35. 5	(100)bpts
Statutory impairment expense annualised as a % of average GLAAs (%)	**0. 13**	0. 10	3 bpts	0. 10	0. 09	1 bpt
Other information						
Average interest earning assets (NZ$M)	**95,315**	89,774	6	89,774	84,091	7
Risk weighted assets (NZ$M) [(3)]	**56,073**	55,682	1	55,682	53,275	5
Risk weighted assets (A$M) [(4)]	**51,189**	48,524	5	49,884	48,807	2
FUA - average (NZ$M)	**15,146**	13,110	16	13,110	12,665	4
FUA - spot (NZ$M)	**15,876**	13,525	17	13,525	12,826	5
AUM - average (NZ$M) [(5)]	**16,075**	13,986	15	4,965	4,631	7
AUM - spot (NZ$M) [(5)]	**17,403**	15,090	15	5,125	4,954	3
90+ days home loan arrears (%)	**0. 13**	0. 14	(1)bpt	0. 14	0. 12	2 bpts
90+ days consumer finance arrears (%)	**0. 59**	0. 43	16 bpts	0. 43	0. 46	(3)bpts
Number of full-time equivalent staff (FTE)	**5,038**	4,857	4	4,857	4,745	2

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
(2) Key financial metrics are calculated in New Zealand dollar terms (unless otherwise stated).
(3) Risk weighted assets (NZ$M) calculated in accordance with RBNZ requirements.
(4) Risk weighted assets (A$M) calculated in accordance with APRA requirements.
(5) AUM includes NZD5,196 million of spot balances managed by CFSGAM (30 June 2018: NZD7,635 million). These are also included in the AUM balances reported by CFSGAM (discontinued operations).

New Zealand

Financial Performance and Business Review

ASB Bank: Year Ended June 2019 versus Restated June 2018

ASB net profit after tax ("statutory basis") for the full year ended 30 June 2019 was NZD1,243 million, an increase of NZD94 million or 8% on the prior year. The result was driven by a 5% increase in total operating income, a 4% increase in operating expenses and a 35% increase in loan impairment expense.

Net Interest Income

Net interest income was NZD2,111 million, an increase of NZD103 million or 5% on the prior year. The increase was driven by a 1% decrease in net interest margin and 6% growth in average interest earning assets.

Net interest margin decreased 3 basis points, reflecting:

- Lower home lending margin from an unfavourable home loan portfolio mix shift from variable to lower margin fixed rate loans (down 2 basis points);
- Unfavourable retail deposit mix from growth in lower margin term deposits (down 2 basis points);
- Higher wholesale funding costs due to lengthening of the funding tenor and a mix shift to long term wholesale funding (down 2 basis points); and
- Lower income from treasury and other related activities (down 2 basis points); partly offset by
- Higher customer deposit margins primarily due to improved term deposit margins driven by repricing (up 3 basis points); and
- Lower costs associated with customers breaking fixed rate loans (up 2 basis points).

Other Banking Income

Other banking income was NZD477 million, an increase of NZD7 million or 1% on the prior year. The increase was driven by:

- Higher merchant and card income primarily due to increased volumes, partly offset by the removal of card cash advance and withdrawal fees; and
- Higher business line of credit fees due to growth in lending facilities; partly offset by
- Lower customer service fees primarily due to the removal of ATM fees.

Funds Management Income

Funds management income was NZD138 million, an increase of NZD16 million or 13% on the prior year, driven by:

- Higher average AUM (up 15%), reflecting net inflows and favourable investment markets;
- Higher AUM margins primarily due to a change in portfolio mix reflecting higher net inflows in higher margin funds; and
- Higher average FUA (up 16%), reflecting net inflows and favourable investment markets; partly offset by
- Lower FUA margins driven by lower pricing.

Operating Expenses

Operating expenses were NZD970 million, an increase of NZD35 million or 4% on the prior year. The increase was driven by higher investment spend, higher IT expenses, and higher staff costs due to an increased number of risk and compliance staff.

The number of FTE increased by 181 or 4% on the prior year from 4,857 to 5,038 FTE, primarily driven by growth in risk and compliance staff (up 138 FTE), and technology staff.

Investment spend continued to focus on technology and strengthening the operational risk and compliance framework.

The statutory operating expense to total operating income ratio for ASB was 34.9%, an improvement of 100 basis points on the prior year mainly driven by growth in total operating income.

Loan Impairment Expense

Loan impairment expense was NZD108 million, an increase of NZD28 million or 35% on the prior year mainly driven by higher provisioning in the rural and business portfolios, partly offset by lower provisioning in the consumer finance portfolio.

Home loan and consumer finance average arrears have remained broadly in line with the prior year, reflecting continued supportive macroeconomic conditions in New Zealand.

Balance Sheet

Key spot balance sheet movements for the full year ended 30 June 2019 included:

- Home loan growth of NZD3.3 billion or 6%, in line with system (1), with continued customer preference for fixed rate loans;
- Business and rural loan growth of NZD1.6 billion or 6%, above system (1), growth of 4%, with solid growth in business loans reflecting continued momentum from the long-term strategic focus on the segment; and
- Customer deposit growth of NZD3.1 billion or 6%, marginally below system (1), with strong growth in term deposits and transaction accounts.

Risk Weighted Assets (2)

Risk weighted assets were NZD56.1 billion, an increase of NZD0.4 billion or 1% on the prior year.

- Credit risk weighted assets increased NZD0.2 billion driven by an increase in lending volumes (NZD1.6 billion), partly offset by a decrease from improved credit quality primarily in the rural and residential portfolios (NZD1.4 billion); and
- Market risk weighted assets increased NZD0.2 billion or 8% primarily due to the RBNZ standardised approach where there have been increases in the carrying value of foreign currency issuances.

(1) System: RBNZ
(2) Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.

New Zealand

ASB Bank: As reported Year Ended June 2018 versus June 2017

ASB Bank Net profit after tax ("statutory basis") for the full year ended 30 June 2018 was NZ$1,149 million, an increase of 10% on the prior year. The result was driven by 9% growth in total operating income, 5% growth in operating expenses and a 16% increase in loan impairment expense.

Net Interest Income

Net interest income was NZ$2,008 million, an increase of NZ$183 million or 10% on the prior year. The increase was driven by a 3% increase in net interest margin and 7% growth in average interest earning assets.

Net interest margin increased 7 basis points, reflecting:

- Higher home loan margin primarily driven by lower funding costs (up 5 basis points) and lower costs associated with customers breaking fixed rate loans in prior years (up 3 basis points);
- Higher income from treasury and other related activities (up 2 basis points); and
- Higher business and rural lending margins due to lower funding costs (up 1 basis point); partly offset by
- Unfavourable retail deposit mix shift from savings accounts to lower margin term deposits (down 4 basis points).

Other Banking Income

Other banking income was NZ$424 million, an increase of NZ$20 million or 5% on the prior year. The increase was driven by:

- Higher card income due to an increase in customer spend; and
- Higher line of credit fees due to growth in customer numbers; partly offset by
- Lower service fees primarily due to the removal of dishonour fees and ATM fees, and the impact of customers migrating to lower fee digital channels.

Funds Management Income

Funds management income was NZ$114 million, an increase of NZ$17 million or 18% on the prior year, driven by:

- Higher average AUM (up 7%), reflecting net inflows and favourable market performance and higher AUM margins primarily due to a change in business mix reflecting net inflows in the higher margin funds;
- Increase in income associated with balances managed by CFSGAM (up 9%) due to net inflows and favourable market performance; and
- Higher average FUA (up 4%) due to favourable market performance, partly offset by lower FUA margins.

Operating Expenses

Operating expenses were NZ$881 million, an increase of NZ$45 million or 5% on the prior year. The increase was driven by higher staff costs due to an increased number of risk and compliance staff and annual salary increases, higher regulatory compliance costs, and higher amortisation expense.

The number of FTE increased by 112 or 2% on the prior year from 4,745 to 4,857 FTE, primarily driven by growth in risk and compliance staff.

Investment spend continued to focus on the key areas of operational risk and compliance, technology and customer experience.

The operating expense to total operating income ratio for ASB was 34.5%, an improvement of 100 basis points on the prior year, driven by growth in total operating income.

Loan Impairment Expense

Loan impairment expense was NZ$80 million, an increase of NZ$11 million or 16% on the prior year. The increase was due to higher consumer finance expense reflecting higher average arrears and write-offs, partly offset by lower provisions in the Business Banking portfolio due to favourable macroeconomic conditions in New Zealand.

Home loan arrears have increased marginally from the prior year. The increase follows abnormally low arrears rates in the prior year reflecting favourable macroeconomic conditions in New Zealand.

Balance Sheet

Key spot balance sheet movements for the full year ended 30 June 2018 included:

- Home loan growth of NZ$2.8 billion or 5%, in line with system (1), with continued customer preference for fixed rate loans;
- Business and rural loan growth of NZ$1.9 billion or 8%, above system (1) growth of 5%, reflecting the long-term strategic focus on this segment; and
- Customer deposit growth of NZ$3.1 billion or 6%, in line with system (1), with particularly strong growth in term deposits.

Risk Weighted Assets (2)

Risk weighted assets were NZ$55.7 billion, an increase of NZ$2.4 billion or 5% on the prior year.

- Credit risk weighted assets increased NZ$2.1 billion or 4% driven by a NZ$2.5 billion increase due to lending growth and a NZ$0.6 billion increase from refinement of exposures modelling methodology in the home loan portfolio, partly offset by a NZ$1.0 billion decrease from improved credit quality primarily in the residential, corporate and rural portfolios (reflecting a recovery in dairy prices).
- Market risk weighted assets increased NZ$0.3 billion or 15% primarily due to increased NZD interest rate risk exposures.

(1) System source: RBNZ.
(2) Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.

Sovereign Life Insurance Business – Discontinued Operations

	Full Year Ended				
Sovereign (NZ$M)	**30 Jun 19 NZ$M**	30 Jun 18 NZ$M	Jun 19 vs Jun 18 %	30 Jun 17 NZ$M	Jun 18 vs Jun 17 %
Insurance income	-	241	large	252	(4)
Operating expenses	-	(122)	large	(124)	(2)
Net profit before tax	-	119	large	128	(7)
Corporate tax (expense)/benefit	-	(21)	large	(23)	(9)
Underlying profit after tax	-	98	large	105	(7)
Investment experience after tax	-	8	large	(3)	large
Net profit after tax ("cash basis")	-	106	large	102	4
Net profit after tax ("statutory basis")	-	106	large	102	4
Represented by:					
Planned profit margins	-	89	large	92	(3)
Experience variations	-	9	large	13	(31)
Operating margins	-	98	large	105	(7)
Investment experience after tax	-	8	large	(3)	large
Net profit after tax ("statutory basis")	-	106	large	102	4

	Full Year Ended				
Key Financial Metrics	**30 Jun 19**	30 Jun 18	Jun 19 vs Jun 18 %	30 Jun 17	Jun 18 vs Jun 17 %
Other information					
Average inforce premiums - average (NZ$M)	-	763	large	755	1
Annual inforce premiums - spot (NZ$M)	-	772	large	757	2
Number of full-time equivalent staff (FTE)	-	679	large	664	2

	Full Year Ended						
Insurance Inforce	30 Jun 18 NZ$M	Sales NZ$M	Lapses NZ$M	Net Flows NZ$M	Other NZ$M	**30 Jun 19 NZ$M**	Jun 19 vs Jun 18 %
Life Insurance	772	-	-	-	(772)	-	large

Financial Performance and Business Review (Discontinued Operations)

Year Ended June 2019 versus Restated June 2018

Sovereign net profit after tax ("statutory basis") for the full year ended 30 June 2019 was nil, a decrease of NZD106 million on the prior year. The result was due to the sale of Sovereign to AIA on 2 July 2018.

Year Ended June 2018 versus June 2017

Sovereign Net profit after tax ("statutory basis") for the full year ended 30 June 2018 was NZ$106 million, an increase of NZ$4 million or 4% on the prior year. The result was driven by a 4% decrease in insurance income, a 2% decrease in operating expenses and a NZ$11 million increase in investment experience.

On 2 July 2018 CBA completed the sale of Sovereign to AIA.

Insurance Income

Insurance income was NZ$241 million, a decrease of NZ$11 million or 4% on the prior year, driven by higher disability income claims expense.

Operating Expenses

Operating expenses were NZ$122 million, a decrease of NZ$2 million or 2% on the prior year, driven by lower advertising spend and lower staff costs due to vacancies in 1H18.

The number of FTE increased by 15 or 2% from 664 to 679 FTE.

Investment Experience

Investment experience after tax was a profit of NZ$8 million compared to a loss of NZ$3 million in the prior year. The increase of NZ$11 million is driven by a 23 basis point decrease in the average discount rate in the current year positively impacting the present value of policyholder valuations. The decrease in average discount rates is due to changes in market interest rates.

International Financial Services

Overview

The continuing operations of International Financial Services (IFS) include the Indonesian retail and business banking operations, and associate investments in China (Bank of Hangzhou and Qilu Bank) and Vietnam (Vietnam International Bank).

On 23 May 2018 CBA announced the sale of its 37.5% equity interest in BoCommLife to MSI. Completion of the sale remains subject to regulatory approval and is expected to complete in the second half of calendar year 2019.

On 23 October 2018 CBA announced the sale of its 80% interest in its Indonesian life insurance business PTCL to FWD Group. Completion of the sale remains subject to regulatory approval and is expected to complete in the second half of calendar year 2019.

On 1 November 2018 CBA sold TymeDigital SA to its minority shareholder, African Rainbow Capital (ARC).

The IFS results have been prepared on a continuing operations basis excluding the financial results of BoCommLife, TymeDigital SA, and PTCL (discontinued operations). The financial results of the discontinued operations are excluded from the account lines of the IFS performance and reported as a single cash net profit after tax line item.

	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
International Financial Services (2)	**$M**	$M	Jun 18 %	$M	$M	Jun 17 %
Net interest income	**120**	115	4	114	142	(20)
Other banking income	**304**	327	(7)	325	295	10
Total banking income	**424**	442	(4)	439	437	-
Funds management income	**-**	-	-	2	-	n/a
Insurance income	**-**	-	-	56	50	12
Total operating income	**424**	442	(4)	497	487	2
Operating expenses	**(151)**	(211)	(28)	(232)	(282)	(18)
Loan impairment expense	**(27)**	(65)	(58)	(65)	(64)	2
Net profit before tax	**246**	166	48	200	141	42
Corporate tax expense	**(19)**	(14)	36	(21)	(4)	large
Non-controlling interests	**-**	-	-	(6)	(8)	(25)
Underlying profit after tax	**227**	152	49	173	129	34
Investment experience after tax	**-**	-	-	5	5	-
Cash net profit after tax from continuing operations	**227**	152	49	178	134	33
Cash net profit after tax from discontinued operations (3)	**(15)**	(37)	(59)	(63)	(41)	54
Net profit after tax ("cash basis")	**212**	115	84	115	93	24
(Loss)/gain on acquisition, disposal, closure and demerger of businesses	**(38)**	(84)	(55)	(84)	-	n/a
Net profit after tax ("statutory basis") (4)	**174**	31	large	31	93	(67)

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) IFS does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.

(3) Discontinued operations include BoCommLife, TymeDigital SA and PTCL.

(4) Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

International Financial Services

Key Financial Metrics (continuing operations)	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	30 Jun 18 $M	30 Jun 17 $M	Jun 18 vs Jun 17 %
	Full Year Ended					
		Restated [1]		As reported		
Performance indicators						
Return on assets (%)	**4. 6**	3. 3	130 bpts	**3. 4**	2. 4	100 bpts
Statutory operating expenses to total operating income (%)	**36. 1**	47. 0	large	**46. 7**	57. 9	large
Statutory impairment expense annualised as a % of average GLAAs (%)	**1. 90**	4. 64	(274)bpts	**4. 64**	3. 81	83 bpts
Other information						
Risk weighted assets ($M) [2]	**1,708**	2,509	(32)	**2,509**	2,351	7
Number of full-time equivalent staff (FTE)	**1,428**	1,833	(22)	**2,310**	2,979	(22)

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Risk weighted assets include discontinued operations.

Financial Performance and Business Review

Year Ended June 2019 versus Restated June 2018

International Financial Services (IFS) net profit after tax ("statutory basis") for the full year ended 30 June 2019 was $174 million, an increase of $143 million on the prior year. Excluding the contribution from discontinued operations, statutory net profit after tax was $227 million, an increase of $75 million or 49% on the prior year. The result was driven by a 4% decrease in total banking income, a 28% decrease in operating expenses and a 58% decrease in loan impairment expense.

In order to provide an underlying view of the performance, the commentary below has been presented excluding the impact of discontinued operations (BoCommLife, TymeDigital SA and PTCL).

Net Interest Income

Net interest income was $120 million, an increase of $5 million or 4% on the prior year. This reflected lending volume growth in PTBC and lower funding costs.

Other Banking Income

Other banking income was $304 million, a decrease of $23 million or 7% on the prior year, including an increase of $10 million or 3% from the lower Australian dollar. This reflected lower net profits from minority investments.

Operating Expenses

Operating expenses were $151 million, a decrease of $60 million or 28% on the prior year, including an increase of $5 million or 2% from the lower Australian dollar. The result was driven by lower staff costs and non-core divestments [1]. The number of FTE decreased by 405 or 22% on the prior year, from 1,833 to 1,428 FTE. This reflected the impact of productivity initiatives. The statutory operating expense to total operating income ratio was 36.1%, an improvement of 10.9%, from 47.0% in the prior year driven by lower operating expenses.

Loan Impairment Expense

Loan impairment expense was $27 million, a decrease of $38 million or 58% on the prior year. This was driven by lower individually assessed provisions in the PTBC commercial lending book.

Loan impairment expense as a percentage of average gross loans and acceptances decreased by 274 basis points on the prior year to 1.90%.

Balance Sheet

Lending volume growth of 13% was driven by PTBC consumer and business banking growth, partly offset by a strategic reduction in multifinance loans.

Risk Weighted Assets [2]

Risk weighted assets were $1.7 billion, a decrease of $0.8 billion or 32% on the prior year.

- IRRBB risk weighted assets decreased $0.4 billion or 58%;
- Credit risk weighted assets decreased $0.3 billion or 19% driven by non-core divestments; and
- Operational risk weighted assets decreased $0.1 billion or 100%.

(1) Non-core business divestments include Mumbai branch, Ho Chi Minh City branch and China County Banks.

(2) Risk weighted assets include discontinued operations.

International Financial Services

As reported Year Ended June 2018 versus June 2017

IFS Net profit after tax ("statutory basis") for the full year ended 30 June 2018 was $31 million, a decrease of $62 million or 67% on the prior year. Excluding the contribution from discontinued operations, statutory net profit after tax was $178 million, an increase of $44 million or 33% on the prior year. The result was driven by 2% growth in operating income, 18% decrease in operating expenses and 2% increase in loan impairment expense.

On 23 May 2018 CBA announced the sale of its 37.5% equity interest in BoCommLife to Mitsui Sumitomo Insurance Co., Ltd. The CBA Board has approved the sale of TymeDigital SA to the minority shareholder ARC. The sale is subject to regulatory approval and potential sale price adjustments. As a result, the financial effect of the sale cannot currently be reliably estimated, however the Group does not expect it to have a material impact on the Group's results. In order to provide an underlying view of the performance, the commentary below has been presented excluding the impact of discontinued businesses.

In addition, IFS has completed three non-core business divestments during the year (Mumbai branch, Ho Chi Minh City branch and China County Banks), while running off the non-strategic commercial lending segment in Indonesia.

The total number of direct customers reduced 30% to approximately 360,000, impacted by the business divestments.

Net Interest Income

Net interest income was $114 million, a decrease of $28 million or 20% on the prior year, including a decrease of $5 million or 4% from the higher Australian dollar. This reflected the impact of the non-core business divestments and the managed run-off of the PTBC commercial segment.

Net interest margin decreased by 8 basis points, reflecting lower margin from multifinance loans in PTBC.

Other Banking Income

Other banking income was $325 million, an increase of $30 million or 10% on the prior year. This reflected an increase in equity accounted profits of $10 million or 13% growth in Qilu Bank, $11 million or 7% growth in Bank of Hangzhou ("HZB") and $11 million or 161% growth in Vietnam International Bank ("VIB") due to underlying volume growth.

Insurance Income

Insurance income in PTCL was $56 million, an increase of $6 million or 12% on the prior year primarily driven by higher premium income.

Operating Expenses

Operating expenses were $232 million, a decrease of $50 million or 18% on the prior year, including a $10 million or 4% decrease from the higher Australian dollar. The result was driven by lower staff costs due to the non-core business divestments and redundancies.

The number of FTE fell by 669 or 22% on the prior year, from 2,979 to 2,310 FTE. This reflected the impact of the non-core business divestments and redundancies.

The operating expense to total operating income ratio was 46.7%, an improvement of 1,120 basis points on the prior year, driven by lower operating expenses.

Loan Impairment Expense

Loan impairment expense was $65 million, an increase of $1 million or 2% on the prior year. The result was driven by the increase in small-medium enterprise loan impairments in PTBC.

Loan impairment expense as a percentage of average GLAAs increased by 83 basis points from 3.81% to 4.64%.

Balance Sheet

Volume growth has been adversely impacted by non-core business divestments and the managed run-off of the PTBC commercial segment. Excluding these factors, growth in the PTBC consumer and business banking products increased 16%, driven by 38% and 19% growth in home loans and small-medium enterprise loans respectively, partly offset by a 4% reduction in multifinance loans.

Risk Weighted Assets (1)

Risk weighted assets were $2.5 billion, an increase of $0.2 billion or 7% on the prior year.

- IRRBB risk weighted assets increased $0.3 billion or 88% driven by an increase in capital deductions in associate investments in China;
- Operational risk weighted assets increased $0.1 billion driven by the requirement to increase operational risk regulatory capital effective 30 April 2018 following the findings of the APRA Prudential Inquiry; and
- Credit risk weighted assets increased $0.2 billion or 12% driven by divestments.

(1) Risk weighted assets include BoCommLife and TymeDigital SA businesses.

International Financial Services

IFS Discontinued Operations (2)	Full Year Ended					
		Restated (1)		As reported		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	30 Jun 18 $M	30 Jun 17 $M	Jun 18 vs Jun 17 %
Net interest income	**7**	-	large	1	(9)	large
Other banking income	**4**	2	large	1	2	(50)
Total banking income	**11**	2	large	2	(7)	large
Funds management income	**2**	2	-	-	-	n/a
Insurance income	**55**	55	-	-	-	n/a
Total operating income	**68**	59	15	2	(7)	large
Operating expenses	**(76)**	(107)	(29)	(83)	(51)	63
Net loss before tax	**(8)**	(48)	(83)	(81)	(58)	40
Corporate tax benefit	**(5)**	(4)	25	2	-	n/a
Non-controlling interests	**(7)**	(6)	17	-	-	n/a
Underlying loss after tax	**(20)**	(58)	(66)	(79)	(58)	36
Investment experience after tax	**5**	21	(76)	16	17	(6)
Net loss after tax ("cash basis")	**(15)**	(37)	(59)	(63)	(41)	54
(Loss)/gain on disposal and acquisition of entities net of transaction costs	**(38)**	(91)	(58)	(91)	-	n/a
Net loss after tax ("statutory basis") (3)	**(53)**	(128)	(59)	(154)	(41)	large

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Discontinued operations includes BoComm Life, TymeDigital SA and PTCL.

(3) Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax (statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

Financial Performance and Business Review (Discontinued Operations)

Year Ended June 2019 versus Restated June 2018

Discontinued operations net loss after tax ("statutory basis") for the full year ended 30 June 2019 was $53 million, a decrease of $75 million or 59% on the prior year. The result was driven by lower operating expenses following the sale of TymeDigital SA, partly offset by lower investment experience in BoCommLife as it was held for sale from May 2018, resulting in no further equity accounted profit recognition.

As Reported Year Ended June 2018 versus June 2017

BoCommLife and TymeDigital SA net loss after tax ("statutory basis") for the full year ended 30 June 2018 was $154 million, a decrease of $113 million on the prior year. The result was driven by a $91 million impairment due to the reclassification of TymeDigital SA as discontinued operation and higher operating expenses in TymeDigital SA as a result of higher investment in preparation for the bank launch.

Corporate Centre

Overview

Corporate Centre includes the results of unallocated Bank support functions such as Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs. It also includes Bank wide elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.

Treasury is primarily focused on the management of the Bank's interest rate risk, funding and liquidity requirements, and management of the Bank's capital.

The Treasury function includes:

- Portfolio Management: manages the interest rate risk of the Bank's non-traded Balance Sheet using transfer pricing to consolidate risk into Treasury, and hedging the residual mismatch between assets and liabilities using swaps, futures and options;
- Group Funding and Liquidity: manages the Bank's long-term and short-term wholesale funding requirements, and the Bank's prudent liquidity requirements; and
- Capital and Regulatory Strategy: manages the Bank's capital requirements.

		Restated (1)		As reported		
	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 18	30 Jun 17	Jun 18 vs
Corporate Centre (including eliminations)	**$M**	$M	Jun 18 %	$M	$M	Jun 17 %
Net interest income	**268**	273	(2)	279	309	(10)
Other banking income	**61**	(16)	large	(79)	427	large
Total banking income	**329**	257	28	200	736	(73)
Funds management income	**(16)**	(3)	large	6	1	large
Insurance income	**(2)**	(4)	(50)	54	52	4
Total operating income	**311**	250	24	260	789	(67)
Operating expenses	**(1,576)**	(1,788)	(12)	(1,885)	(1,258)	50
Loan impairment (expense)/benefit	**-**	39	large	39	(39)	large
Net loss before tax	**(1,265)**	(1,499)	(16)	(1,586)	(508)	large
Corporate tax benefit	**364**	217	68	249	168	48
Non-controlling interests	**(12)**	(13)	(8)	(13)	(12)	8
Underlying profit after tax	**(913)**	(1,295)	(29)	(1,350)	(352)	large
Investment experience after tax	**(28)**	(10)	large	(16)	(5)	large
Cash net loss after tax from continuing operations	**(941)**	(1,305)	(28)	(1,366)	(357)	large
Cash net loss after tax from discontinued operations	**(24)**	(14)	71	(14)	-	n/a
Net loss after tax ("cash basis")	**(965)**	(1,319)	(27)	(1,380)	(357)	large
(Loss)/gain on disposal and acquisition of entities net of transaction costs	**25**	-	large	(157)	-	n/a
Hedging and IFRS volatility	**(31)**	14	large	14	46	(70)
Net loss after tax ("statutory basis") (2)	**(971)**	(1,305)	(26)	(1,523)	(311)	large

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 11 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 2.7 of the 2019 Financial Report.

Corporate Centre

Financial Performance and Business Review

Year Ended June 2019 versus Restated June 2018

Corporate Centre net loss after tax ("statutory basis") for the full year ended 30 June 2019 was $971 million, a decrease of $334 million or 26% on the prior year. Excluding the contribution from discontinued operations, statutory net loss after tax was $941 million, a decrease of $364 million or 28% on the prior year. The result was primarily driven by a 24% increase in total operating income, a 12% decrease in operating expenses, partly offset by the non-recurrence of a $39 million loan impairment benefit in the prior year.

Net Interest Income

Net interest income was $268 million, a decrease of $5 million or 2% on the prior year. The decrease was primarily due to lower earnings on Group capital in a falling interest rate environment.

Other Banking Income

Other banking income was $61 million, an increase of $77 million on the prior year. This was primarily driven by the non-recurrence of an upfront realised loss from restructuring of economic hedges in the prior year to reduce the overall funding costs and optimise capital in relation to a 30 year US debt issuance.

Operating Expenses

Operating expenses were $1,576 million, a decrease of $212 million or 12% on the prior year. Excluding $145 million of AUSTRAC insurance recoveries and the $534 million of Aligned Advice remediation provisions recognised in the current year, and a $700 million provision for the AUSTRAC civil penalty and $155 million of one-off regulatory costs in the prior year, operating expenses increased $254 million or 27%. This was driven by higher investment spend, higher IT expenses and increased risk and compliance costs, including costs associated with the implementation of the Better Risk Outcomes Program.

Loan Impairment Expense

Loan impairment expense increased $39 million on the prior year. This was due to the non-recurrence of the release of a centrally held provision in the prior year.

Risk Weighted Assets

Risk weighted assets were $14.4 billion, a decrease of $7.0 billion or 33% on the prior year.

- IRRBB risk weighted assets decreased $6.8 billion; and
- Credit risk weighted assets decreased $0.3 billion or 2% due to changes in portfolio mix to optimise credit quality; partly offset by
- Operational risk weighted assets increased by $0.1 billion or 3%.
- Traded Market risk weighted assets were broadly flat.

As reported Year Ended June 2018 versus June 2017

Corporate Centre Net loss after tax ("statutory basis") for the full year ended 30 June 2018 was $1,523 million, an increase of $1,212 million on the prior year. The result was primarily driven by 67% lower total operating income, 50% higher operating expenses and a $78 million decrease in loan impairment expense.

Net Interest Income

Net interest income was $279 million, a decrease of $30 million or 10% on the prior year. This was driven by an increased rebate of earnings on liquid asset balances.

Other Banking Income

Other banking income was a loss of $79 million compared to income of $427 million in the prior year, a decrease of $506 million. Excluding the $397 million gain on sale of the Bank's remaining investment in Visa Inc. in the prior year, other banking income decreased $109 million. This was primarily driven by lower Treasury income, which included the restructuring of economic hedges to reduce the overall funding costs and optimise capital in relation to the 30 year US debt issuances. This resulted in an upfront realised loss and an embedded gain in the swap that is amortised over the residual life of the debt issuance.

Insurance Income

Insurance income was $54 million, an increase of $2 million or 4% on the prior year, driven by growth in premiums due to risk based pricing initiatives. This is recognised in Corporate Centre as it represents elimination entries for Wealth Management products sold through the Retail Banking Services network.

Operating Expenses

Operating expenses were $1,885 million, an increase of $627 million or 50% on the prior year. Excluding the impact of $700 million for the AUSTRAC civil penalty, $155 million of one-off regulatory costs, and the $393 million one-off expense for acceleration of amortisation on certain software assets in the prior year, operating expenses increased $165 million or 19%. This was driven by $199 million of higher risk and compliance costs, partly offset by the non–recurrence of corporate technology and investment spend incurred in the prior year.

Loan Impairment Expense

Loan impairment expense was a benefit of $39 million, a decrease of $78 million on the prior year due to the release of a $40 million centrally held provision overlay. This provision was raised in the prior year and is no longer required.

Risk Weighted Assets

Risk weighted assets were $20.0 billion, a decrease of $2.7 billion or 12% on the prior year. Key drivers were:

- Credit risk weighted assets decreased $1.5 billion or 11% driven by portfolio optimisation initiatives; and
- Market risk weighted assets decreased $1.9 billion or 28% mainly due to interest rate risk management activities and an increase in embedded gains; partly offset by
- Operational risk weighted assets increased $0.7 billion or 31% driven by the requirement to increase operational risk regulatory capital effective 30 April 2018 following the findings of the APRA Prudential Inquiry.

Other Information

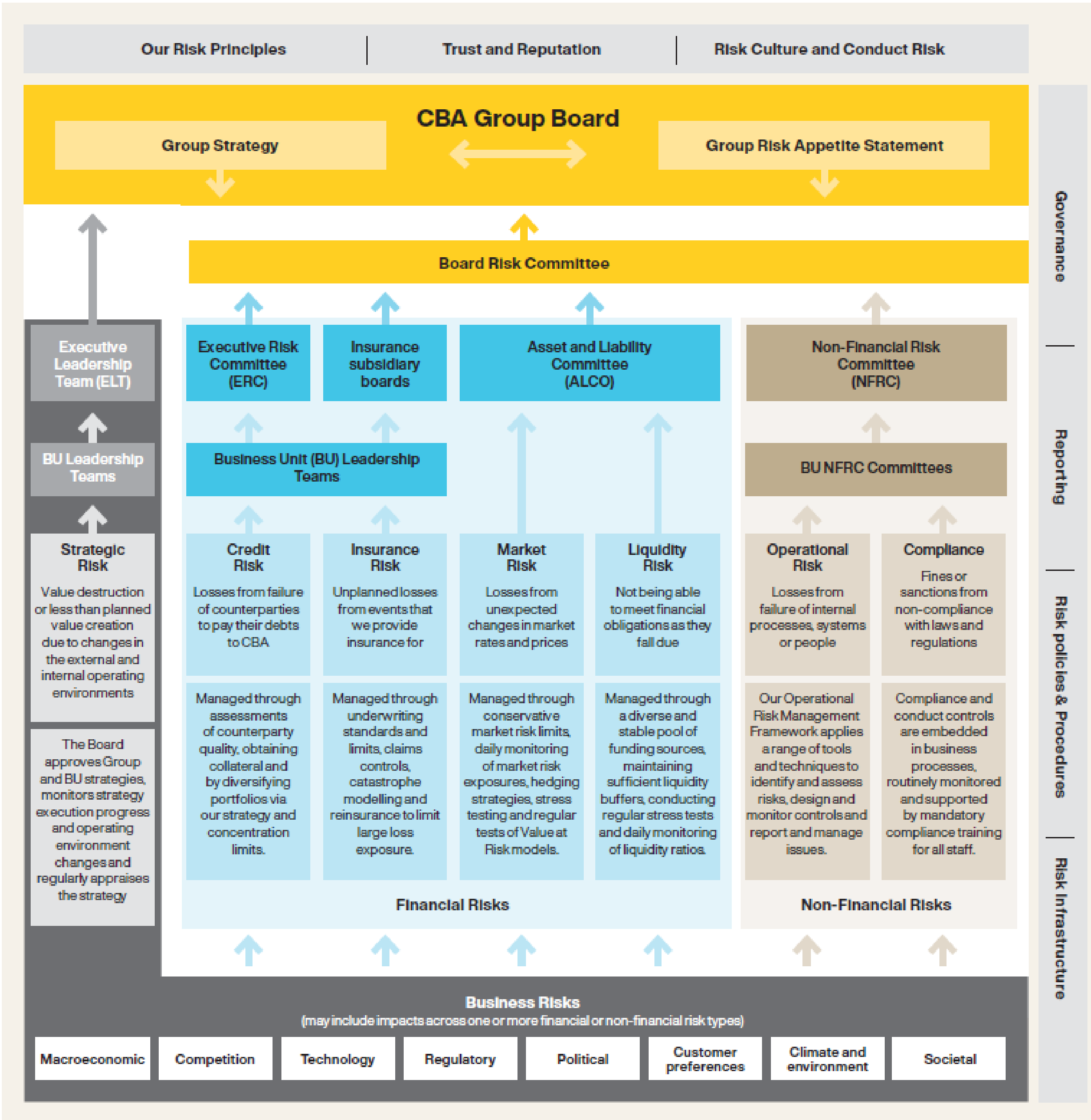
Section 6 – Other Information

Risk Management

Risk Management

Overview

The Group is exposed to business, financial and non-financial risks arising from its operations. The Group manages these risks through its Risk Management Framework ("Framework") that evolves with emerging risks arising from the changing business environment, better practice approaches and regulatory and community expectations. The components of the Framework are illustrated below, including the governance that enables executive and Board oversight of these risks.



Further details on each of the material risks, and how the Group manages them are outlined in this section.

Risk Management

Risk Management Framework

The Group's embedded Framework enables the appropriate development and implementation of strategies, policies and procedures to manage its risks. The Framework incorporates the requirements of APRA's prudential standard for risk management ("CPS 220"), and is supported by the three key documentary components:

- The Group Risk Appetite Statement ("RAS") articulates the type and degree of risk the Board is prepared to accept and the maximum level of risk that the institution must operate within.
- The Group Risk Management Approach ("RMA") describes how the Group ensures the comprehensive management of risks across the Group in support of achieving its strategic goals.
- The Group Business Plan ("Plan") summarises the Group's approach to the implementation of its strategic objectives. The Plan has a rolling three year duration and reflects material risks arising from its implementation.

The Framework is underpinned by key foundational components, in particular:

Risk Culture and Conduct Risk

Risk culture is the beliefs, values and practices within the organisation that determine how risks are identified, measured, governed, and acted upon. A strong risk culture guides our actions in a resilient and flexible way when we need to react and make sound judgements in new and unfamiliar circumstances. The organisation's culture influences employee behaviours and has the potential to lead to poor conduct. The Board's RAS in relation to conduct requires business practices that are fair to our customers, protects the fair and efficient operation of the market and engender confidence in our products and services. The Group's risk culture emphasises doing what is right, accountability, service, excellence and getting things done the right way. Annually the CBA Board forms a view regarding the effectiveness of the Group's risk culture in keeping risk taking within appetite. Action plans are initiated and monitored to drive positive risk culture changes in areas of needs.

Trust and Reputation

The reputation of the Group and trust of stakeholders are significant assets. Damage to the Group's reputation arises from negative perception on the part of customers, counterparties, shareholders, investors, debt holders, market analysts, regulators and other relevant stakeholders of the Group. The Group's purpose and values combined with the organisational culture and our conduct as an organisation and as individuals form the framework which protects this asset. Potential adverse reputational impacts are mitigated by managing our material risks well, living by our Code of Conduct and actively focusing on transparency in business decisions and engagement with our customers. In addition the Group has a corporate responsibility plan focused on driving positive change through education, innovation and good business practice.

The four key elements that operationalise the Framework are:

Risk Governance

The Group is committed to ensuring that its risk management practices reflect a high standard of governance. This enables Management to undertake, in an effective manner, prudent risk-taking activities.

The Board operates as the highest level of the Group's risk governance as specified in its Charter. The Risk Committee oversees the Framework and helps formulate the Group's risk appetite for consideration by the Board. In particular it:

- Monitors the Group's risk profile (including identification of emerging risks);
- Reviews regular reports from Management on the measurement of risk and the adequacy and effectiveness of the Group's risk management and internal controls systems; and
- Forms a view on the independence of the risk function by meeting with the Group Chief Risk Officer ("CRO") at the will of the Risk Committee or the CRO.

The Group operates a Three Lines of Accountability ("3LoA") model which places accountability for risk ownership with Line 1 Business Units ("BUs") while focussing the mandate of Line 2 Risk Teams on appetite and framework, oversight, assurance, approval or acceptance of risk and advice. Line 3 Audit provides independent assurance to the Board, regulators and other stakeholders of the effectiveness of risk management, internal controls and governance. This model recognises that the business is best positioned to make optimal long-term risk-reward decisions that consider the full end-to-end value chain.

Risk Policies & Procedures

Risk Policies and Procedures provide guidance to the business on the management of each material risk. They support the Framework by:

- Summarising the principles and practices to be used by the Group in identifying and assessing its material risks;
- Quantifying the financial operating tolerances for material risks; and
- Clearly stating the types of risk outcomes to which the Group is intolerant.

Risk Reporting

Regular management information is produced which allows financial and non-financial risk positions to be monitored against approved Risk Appetite and policy limits. At Board level, the majority of risk reporting is provided to the Board Risk Committee but regulatory relationships, strategic risk and reputational matters, capital and liquidity risk are reported directly to the Board. Controls reporting is provided to the Audit Committee. The Chairs of the Board Risk and Audit Committees report to the Board following each Committee meeting.

Risk Management Infrastructure

The Framework is supported by key infrastructure systems and processes for the management of the Group's material risk types. The key risk management systems and processes in place include:

- Established risk identification and assessment processes;
- Risk controls and mitigation plans;
- A Management Information System to measure and aggregate risks across the Group;
- Risk models and tools;
- A Risk-Adjusted-Performance Measurement ("RAPM") process which is a means of assessing the performance of a business after adjustment for its risks and is used as a basis for executive incentives; and
- An Internal Capital Adequacy Assessment Process ("ICAAP") used in combination with other risk management practices (including stress testing), to understand, manage and quantify the Group's risks, the outcomes of which are used to inform risk decisions, set capital buffers and assist strategic planning.

Risk Management

Material Risk Types

A description of the major risk classes and the Group's approach to managing them is summarised in the following table:

Risk Type	Description	Governing Policies and Key Management Committees	Key Limits, Standards and Measurement Approaches
Credit Risk (refer to Note 9.2 of the 2019 Financial Report)	Credit risk is the potential for loss arising from the failure of a counterparty to meet their contractual obligations to the Group. At a portfolio level, credit risk includes concentration risk arising from interdependencies between customers, and concentrations of exposures to geographical regions and industry sectors.	**Governing Policies:** ▪ Group Credit Risk Principles, Framework and Governance; and ▪ Group and Business Unit Credit Risk Policies. **Key Management Committee:** ▪ Executive Risk Committee; and ▪ Loan Loss provisioning Committee.	The following credit concentration frameworks set credit portfolio concentration limits: ▪ Large Credit Exposure Policy; ▪ Country Risk Exposure Policy; and ▪ Industry Sector Concentration Policy. Credit risk indicators with associated intervention levels are set in the Group Risk Appetite Statement ("RAS") for corporate and retail exposures and cascaded to BUs. Group and BU Credit Risk Policies cover the credit risk exposure cycle. The measurement of credit risk is primarily based on an APRA accredited Advanced Internal Ratings Based ("AIRB") approach.
Market Risk (including Equity Risk) (refer to Note 9.3 of the 2019 Financial Report)	Market risk is the risk that market rates and prices will change and that this may have an adverse effect on the profitability and/or net worth of the Group. This includes changes in interest rates, foreign exchange rates, equity and commodity prices, credit spreads, and the resale value of operating leased assets at maturity (lease residual value risk).	**Governing Policies:** ▪ The Group Market Risk Policy. **Key Management Committee**: ▪ Asset and Liability Committee.	The Group Market Risk Policy sets limits and standards with respect to the following: ▪ Traded Market Risk; ▪ Interest Rates Risk in the Banking Book ("IRRBB"); ▪ Residual Value Risk; ▪ Non-traded Equity Risk; and ▪ Market Risk in Insurance Businesses. The respective measurement approaches for these risks include: ▪ Value at Risk, Stress Testing; ▪ Market Value Sensitivity, Net Interest Earnings at Risk; ▪ Aggregate Residual Value Risk Margin; ▪ Aggregate Portfolio Limit; and ▪ Value at Risk.

Material Risk Types (continued)

Risk Type	Description	Governing Policies and Key Management Committees	Key Limits, Standards and Measurement Approaches
Liquidity and Funding Risk (refer to Note 9.4 of the 2019 Financial Report)	Liquidity risk is the combined risks of not being able to meet financial obligations as they fall due (funding liquidity risk), and that liquidity in financial markets, such as the market for debt securities, may reduce significantly (market liquidity risk).	**Governing Policies:** ▪ Group Liquidity Risk Management Policy **Key Management Committee:** ▪ Asset and Liability Committee	The Group Liquidity Policy sets limits and standards with respect to the following: ▪ The LCR, which sets minimum levels for liquid assets; ▪ The NSFR, which encourages stable funding of core assets; ▪ Market and idiosyncratic stress test scenarios; and ▪ Limits that set tolerances for the sources and tenor of funding. The measurement of liquidity risk uses scenario analysis, covering both adverse and ordinary operating circumstances.
Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	**Governing Policies:** ▪ Operational Risk Management Framework ("ORMF") ▪ Operational Risk Policies and Standards. **Key Management Committee:** ▪ Executive Leadership Team Non-Financial Risk Committee.	A range of Operational Risk indicators are included in the Group Risk Appetite Statement ("RAS"). The measurement of operational risk is based on an APRA accredited Advanced Measurement Approach. The approach combines internal and external loss experience and business judgements captured through Scenario Analysis.
Compliance Risk	Compliance risk is the risk of sanctions, financial loss, or reputational damage we may suffer as a result of the Group's failure to comply with laws, regulations, rules, statements of regulatory policy, and codes of conduct applicable to its business activities (not including operational risk failures) and includes societal expectations. Financial crime represents a sub-component of Compliance Risk and covers risks including Anti Money Laundering, Counter Terrorism Financing and Anti-Bribery and Corruption and sanctions.	**Governing Policies:** ▪ Group Compliance Management Framework ("CMF") ▪ Group and Business Unit Compliance Policies **Key Management Committee:** ▪ Executive Leadership Team Non-Financial Risk Committee.	The CMF sets the standards on how the Group identifies, assesses, manages, monitors and reports on Compliance Management. The CMF is supported by a number of key policies which are set out in the Group Risk Management Approach ("RMA"). Compliance statements and indicators are included in the Group Risk Appetite Statement ("RAS").

Material Risk Types (continued)

Risk Type	Description	Governing Policies and Key Management Forums	Key Limits, Standards and Measurement Approaches
Insurance Risk	Insurance risk is the risk of loss due to the potential for events the Group has insured against occurring more frequently or with greater severity than anticipated. Insurance risk also covers inadequacy in product design, pricing, underwriting, claims management and reinsurance management, as well as variations in policy lapses, servicing expenses, and option take up rates.	**Governing Policies:** ▪ Product Management Policy ▪ Underwriting Policy ▪ Claims Management Policy ▪ Reinsurance Management Policy **Key Management Committee:** ▪ Executive Committees of Insurance writing businesses	The key limits and standards with respect to insurance risk are set via the end-to-end policies of insurance writing businesses. The major methods include: ▪ Sound product design and pricing to ensure that customers understand the extent of their cover and that premiums are sufficient to cover the risk involved; ▪ Controls to ensure payment of valid claims without undue delay; ▪ Regular review of insurance experience (as loss ratios, new business volumes and lapse rates), so that product design, policy liabilities and pricing remains sound; and ▪ Transferring a proportion of insurance risk to reinsurers to keep within risk appetite. Insurance risk is measured using actuarial techniques which are used to establish the likelihood and severity of possible insurance claims.
Strategic Risk	Strategic Risk is the risk of material stakeholder value destruction or less than planned value creation due to changes in the Group's external and internal operating environment (including macro-economic conditions, competitive forces, technology, regulatory, political and social trends, customer preference and the environment).	**Governing Policies:** ▪ Group Strategic Risk Management Policy **Key Management Committee:** ▪ Executive Leadership Team	The Group assesses, monitors and responds to Strategic Risk throughout its processes for: ▪ Strategy development, approval and review; ▪ Identifying and monitoring changes and potential changes to the operating environment; and ▪ Monitoring execution progress of strategies. In developing the strategy, the following is considered: ▪ Impact of strategy on the Group's risk profile and measures of risk appetite; ▪ Recent execution progress; and ▪ Assumptions around the operating environment. Climate Change is an important component of strategy risk. As for all other strategic risks, the potential adverse impacts of climate change manifest, and are therefore measured and managed, as an outcome in the Group's other material risks. In order to understand these potential impacts, and in support of our commitment to limiting climate change in line with the Paris Agreement, and the responsible global transition to net zero emissions by 2050 we: ▪ Develop scenario analyses to understand the impacts of both transition and physical climate - related risks in our business and the implications for strategic and tactical portfolio decisions; and ▪ Have developed strong policy frameworks which consider Environmental, Social and Governance ("ESG") issues, including climate change impacts in assessing our relationships with customers and suppliers. In addition, Corporate Responsibility programs: ▪ Outline our objectives for safeguarding the environment, whilst supporting economic growth and development; and ▪ Provide guidelines in monitoring and reducing our own greenhouse gas emissions and energy use.

Cross-Border Outstandings

Cross-Border Outstandings

Cross-border outstandings are based on the country of domicile of the borrower or guarantor of the ultimate risk. Outstandings include loans, acceptances and other monetary assets. Local currency activities with local residents by foreign branches and controlled entities of the Group are excluded. Mark-to-market derivative exposures (which are a sub-set of other monetary assets) are included in outstandings by the country of the borrower's domicile irrespective of currency.

CBA's cross-border outstandings to borrowers in countries that individually exceeded 0.75% of Group total assets as at 30 June 2019 and 30 June 2018 respectively are as follows:

	As at 30 June 2019				
	Government and Official Institutions	Banks	Other (primarily Commercial and Industrial)	Total	% of Group Total Assets
	$M	$M	$M	$M	%
United States	9,825	2,059	7,543	19,427	1.99
International Organisation	6,436	1,367	0	7,803	0.80

	As at 30 June 2018				
	Government and Official Institutions	Banks	Other (primarily Commercial and Industrial)	Total	% of Group Total Assets
	$M	$M	$M	$M	%
United States	6,144	2,988	8,429	17,561	1.80
United Kingdom	842	5,539	3,006	9,388	0.96
Germany	1,872	3,019	2,503	7,394	0.76

Off-Balance Sheet Arrangements

Off-Balance Sheet Arrangements

The Group is a full service financial institution that offers a range of On-Balance Sheet and Off-Balance Sheet arrangements and commitments to customers in the normal course of business. In addition, the Group has a number of other arrangements that form part of its day-to-day business operations. Such activities include traditional Off-Balance Sheet credit risk related instruments, commitments under capital and operating leases, long-term debt issues, provision of liquidity facilities to securitisation programs and other contractual arrangements. These transactions combine varying levels of credit, interest rate, foreign exchange and liquidity risk. Risk Concentrations are managed by a combination of risk policies which limit exposures to individual counterparties, countries, industries, markets and liquidity risk.

Consolidated Entities

The Group is involved with a number of special purpose entities in the ordinary course of business, primarily to provide funding and financial services to our customers. Under accounting standards these entities are consolidated in the Financial Statements if they meet the definition of control. The definition of control depends upon substance rather than form and, accordingly, determination of the existence of control involves management judgement. The Group assesses, at inception and periodically, where a Special Purpose Vehicle ("SPVs") should be consolidated based on the power the Group has over relevant activities of the entity, and the significance of the Group's exposure to variable returns of the structured entity.

Special Purpose Entities

In the normal course of business the Group enters into transactions by which it transfers financial assets to counterparties or directly to SPVs. These transfers do not give rise to de-recognition of those financial assets for the Group. These include securitisation programs, covered bond programs and repurchase agreements. The Group has a policy of funding diversification and assets are securitised to provide greater diversification of the Group's funding sources. The Group's funding strategy is designed to avoid over-reliance on funding from any one market sector (refer to Note 9.4 of the 2019 Financial Report – Liquidity and Funding Risk). In addition, the Group's capital management benefits from reduced risk under APRA Prudential capital adequacy guidelines.

Securitisation Programs

Residential mortgages securitised under the Group's securitisation programs are equitably assigned to bankruptcy remote SPVs. The Group is entitled to any residual income of the securitisation program after all payments due to investors have been met. In addition, where derivatives are transacted between the SPV and the Bank, such that the Bank retains exposure to the variability in cash flows from the transferred residential mortgages, the mortgages will continue to be recognised on the Bank's Balance Sheet. The investors have full recourse only to the residential mortgages segregated into an SPV. The Bank's access to residential mortgages transferred to the SPV are subject to the conditions set out in the transaction documents.

Covered Bonds Programs

To complement existing wholesale funding sources, the Group has established two global covered bond programs for the Bank and ASB. Certain residential mortgages have been assigned to an SPV associated with covered bond programs to provide security on the payments to investors. Similarly to securitisation programs, the Group is entitled to any residual income after all payments due to covered bond investors have been met. As the Bank and ASB retain substantially all of the risks and rewards associated with the mortgages, the Bank and ASB continue to recognise the mortgages on their Balance Sheets. The covered investors have dual recourse to the Bank and the covered pool assets. The Bank may repurchase loans from the SPV, subject to the conditions set out in the transaction documents.

Interest rate swaps and liquidity facilities, as appropriate, are provided at arm's length to the programs by the Group in accordance with APRA Prudential Guidelines.

For further information on the Group's exposures to unconsolidated structured entities, refer to Note 4.4 and Note 11.1 of the 2019 Financial Report.

		Restated	As reported	
	2019	2018	2018	2017
Group Arrangements with Issuers	**$M**	$M	$M	$M
Liquidity facilities available to Issuers (1)	**4,029**	3,769	3,155	3,674

(1) Relates to undrawn facilities to unconsolidated SPVs. In the prior years, other financing included exposures to structured entities where the Group had recourse only to assets of the structured entities. Comparative information has been restated to conform to the presentation in the current year and includes all exposures to structured entities.

Off-Balance Sheet Arrangements

Credit Risk Related Instruments

The Group is party to a range of financial instruments that give rise to contingent and/or future liabilities. These transactions are a consequence of the Group's normal course of business to meet both the financing needs of its customers and to manage its own risk. These financial instruments include guarantees, letters of credit, bill endorsements and other commitments to provide credit. The face (contract) value represents the maximum potential amount that could be lost if the counterparty fails to meet its financial obligations.

As these items are contingent upon the clients default or drawdown of the commitment, the potential funded exposure is expected to be significantly less than the face value.

These transactions combine varying levels of credit, interest rate, foreign exchange and liquidity risk. In accordance with Bank policy, exposure to any of these transactions (net of collateral) is not carried at a level that would have material adverse effect on the financial condition of the Bank and its controlled entities.

The only material category of commitments is the $162 billion of commitments to provide credit (2018: $162 billion). These are committed but undrawn facilities available to borrowers at call. The commitment to provide cash under these instruments is managed within the Group's liquidity and funding policies under current APRA Prudential Standards.

Details of contingent liabilities and Off-Balance Sheet business are set out in Note 12.1 of the 2019 Financial Report - Contingent Liabilities, Contingent Assets and Commitments arising from the banking business.

						Group
		Face Value			Credit Equivalent	
	2019	2018	2017	**2019**	2018	2017
Credit risk related instruments	**$M**	$M	$M	**$M**	$M	$M
Guarantees	**6,506**	6,265	7,424	**5,387**	5,185	7,424
Documentary letters of credit	**326**	761	1,183	**322**	753	1,168
Performance related contingents	**4,722**	4,610	2,133	**2,362**	2,531	2,127
Commitments to provide credit	**162,202**	162,090	173,555	**154,408**	157,636	167,205
Other commitments	**2,050**	1,470	837	**2,040**	1,470	835
Total credit risk related instruments	**175,806**	175,196	185,132	**164,519**	167,575	178,759

Guarantees are unconditional undertakings given to support the obligations of a customer to third parties.

Standby letters of credit are undertakings to pay, against presentation of Documents, an obligation in the event of a default by a customer.

Performance-related contingents are undertakings that oblige the Group to pay third parties should a customer fail to fulfil a contractual non-monetary obligation.

Commitments to provide credit include all obligations on the part of the Group to provide credit facilities. As facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

Other commitments include underwriting facilities, commitments with certain drawdowns, standby letters of credit and bill endorsements.

Fixed rate or fixed spread commitments extended to customers that allow net settlement of the change in the value of the commitment are written options and are recorded at fair value (Refer to Note 12.1 to the 2019 Financial Report - Contingent Liabilities, Contingent Assets and Commitments arising from the banking business).

Other commitments include the Group's obligations under sale and repurchase agreements, outright forward purchases, forward deposits and underwriting facilities. Other commitments also include obligations not otherwise disclosed above to extend credit that are irrevocable because they cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense. In addition, commitments to purchase or sell loans are included in other commitments.

Off-Balance Sheet Arrangements

These transactions are categorised and credit equivalents calculated under APRA guidelines for the risk-based measurement of capital adequacy. The credit equivalent amounts are a measure of potential loss to the Group in the event of non-performance by the counterparty.

Under the Basel III advanced internal ratings based approach for credit risk, the credit equivalent amount is the face value of the transaction, on the basis that at default the exposure is the amount fully advanced. Only when approved by APRA may an exposure less than the fully-advanced amount be used as the credit equivalent exposure amount.

As the potential loss depends on counterparty performance, the Group utilises the same credit policies in making commitments and conditional obligations as it does for on-Balance Sheet instruments. The Group takes collateral where it is considered necessary to support Off-Balance Sheet financial instruments with credit risk. If an event has occurred that gives rise to a present obligation and it is probable a loss will eventuate, then provisions are raised.

The carrying value of net future payments that may be required for Guarantees as defined in ASC Codification Topic 460: Guarantees, is set out by term in the table below:

	Carrying Value		
	2019 [(1)]	2018	2017
	$M	$M	$M
Guarantees	**42**	-	9
Documentary letters of credit	**3**	-	1
Performance related contingents	**34**	28	24
Other commitments	**5**	-	-
Total	**84**	28	34

(1) The adoption of AASB 9 impairment requirements on 1 July 2018 resulted in $87 million increase in collective provisions for off-balance sheet instruments. As permitted by AASB 9, comparative information has not been restated. For details on the adoption of AASB 9 refer to Note 1.1 of the 2019 Financial Report.

Securitisation of Assets

The Group conducts a Loan Securitisation program as described under "Special Purpose Entities" on page 122 of this Document.

The outstanding balance of securitised loans at 30 June 2019 was $13,521 million (2018: $14,661 million). No credit losses were incurred by the Group in relation to these securitised loans during the financial years 2019 and 2018.

Interest rate swaps and liquidity facilities are provided at arm's length to the program by the Group in accordance with APRA Prudential Guidelines.

Liquidity facilities are disclosed in Note 9.4 of the 2019 Financial Report. These commitments are considered minor in the totality of the Group's business.

For further information on the Group's securitisation activities refer to Note 4.4 and Note 11.1 of the 2019 Financial Report.

Commitments

Commitments

This "Commitments" section contains certain forward-looking statements. See "Disclosures – Special Note Regarding Forward-Looking Statements" on page 6 of this Document.

At the end of financial years 2019 and 2018, the Group had commitments for capital expenditure and lease commitments (see Note 12.2 of the 2019 Financial Report).

Contractual Obligations

The Group also had various monetary contractual liabilities, such as deposits and other public borrowings, payables to other financial institutions, bank acceptances, life liabilities, debt issues and loan - capital, and other monetary liabilities. Refer to Note 9.4 of the 2019 Financial Report for the maturity distribution of these monetary contractual liabilities. Details of the Group's contractual obligations are set out in the table below.

	Payments due by period at 30 June 2019					
	Total	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Unspecified
	$M	$M	$M	$M	$M	$M
On-Balance Sheet [1]						
Debt Issues	171,069	51,999	48,772	30,714	39,584	-
Deposits and other Public Borrowings	637,666	630,087	4,939	1,964	676	-
Loan Capital	25,654	2,077	4,360	5,318	13,899	-
Total On-Balance Sheet	834,389	684,163	58,071	37,996	54,159	-
Off-Balance Sheet						
Credit risk related instruments [2]	162,202	162,202	-	-	-	-
Lease commitments - Property, Plant and Equipment [3]	4,078	673	1,118	687	1,600	-
Commitments for capital expenditure not provided for in the accounts	72	72	-	-	-	-
Total Off-Balance Sheet	166,352	162,947	1,118	687	1,600	-

(1) Contractual On-Balance Sheet obligations also include contractual interest; refer to Note 9.4 of the 2019 Financial Report.
(2) Credit risk related instruments, see page 123 of this Document.
(3) Refer to Note 6.1 of the 2019 Financial Report.

Commitments

Lease Arrangements

Operating leases are entered into to meet the business needs of entities in the Group. Leases are primarily over commercial and retail premises and plant and equipment.

Lease rentals are determined in accordance with market conditions when leases are entered into or on rental review dates. The total expected future sublease payments to be received are $77 million as at 30 June 2019 (2018: $88 million).

Failure to Settle Risk

The Group is subject to a credit risk exposure in the event that another financial institution fails to settle for its payments clearing activities, in accordance with the regulations and procedures of the following clearing systems of the Australian Payments Network Limited: The Australian Paper Clearing System, The Bulk Electronic Clearing System, The Issuers and Acquirers Community and the High Value Clearing System (only if operating in fallback mode"). This credit risk exposure is unquantifiable in advance, but is well understood, and is extinguished upon settlement following each exchange during the business day or at 9am next business day.

Capital Commitments

The Group is committed for capital expenditure on property, plant and equipment under contract of $72 million as at 30 June 2019 (2018: $153 million). These commitments are expected to be extinguished within the next year.

Services Agreements

The maximum contingent liability for termination benefits in respect of service agreements with the Chief Executive Officer and other Group Key Management Personnel at 30 June 2019 was $2.3 million (2018: $3.1 million).

Transactions in Own Shares

The Group had the following employee share plans in place during the year ended 30 June 2019:

- Employee Share Performance Unit Plan ("ESPUP");
- Group Leadership Reward Plan ("GLRP");
- Employee Share Acquisition Plan ("ESAP");
- International Employee Share Acquisition Plan ("IESAP");
- Employee Salary Sacrifice Share Plan ("ESSSP");
- Group Rights Plan ("GRP");
- Employee Equity Plan ("EEP"); and
- Non-Executive Directors Share Plan ("NEDSP").

For further information regarding compensation arrangements and agreements with Group Key Management Personnel, see the Remuneration Report in the 2019 Financial Report.

Description of Business Environment

Business Strategies and Future Developments

During the current year, CBA has been able to grow our Main Financial Institution ("MFI") market share [1], deepen customer relationships, and invest in businesses, technologies and capabilities. Our operating context is evolving. We are experiencing, and are likely to continue to see, ongoing changes in our economic, regulatory and competitive environment. We believe we have the right foundations to thrive in this evolving context. We believe we have the strongest retail franchise in Australia and very strong commercial banking franchises. In fact, we have relationships with more than half of all Australians and more business customers than any other bank, supported by the broadest branch network in Australia [2] and our relationship managers for business and institutional clients. This strength has enabled us to invest in market-leading technology. We now have 7 million active digital customers. We also have a strong balance sheet and have been strengthening our capital, liquidity and funding. Our strategy builds on our strong foundations and reflects the changes in operating context to strengthen our business for the long term and deliver balanced and sustainable outcomes for our stakeholders. We take our role and responsibility in the community seriously and are committed to making a broad, meaningful and positive contribution to Australian society.

We have a simple purpose: to improve the financial wellbeing of our customers and communities. Our purpose guides our strategy. Our strategy is to become a simpler, better bank that delivers balanced and sustainable outcomes for our customers, community, our people and shareholders.

A simpler, better bank for our customers

Our strategy is to simplify our portfolio, operating model and processes with a focus on our core retail and commercial banking businesses in Australia and New Zealand. Within our retail and business franchises, our priorities are to build deep, trusted relationships with our customers, strengthen our business banking proposition, and deliver better operational discipline. We hope to grow from a simpler and more digital foundation and intend to accelerate our innovation agenda to give customers the best digital experiences, and make it easier for our people to better serve customers.

Stronger capabilities

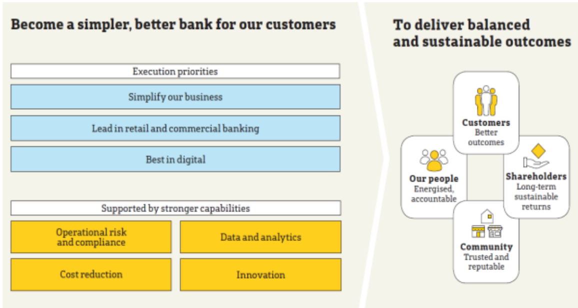
To deliver on our strategy we need to achieve better customer, efficiency, and risk outcomes. To do this, we will prioritise strengthening four critical capabilities:

- operational risk and compliance;
- cost reduction;
- data and analytics; and
- innovation.

Balanced and sustainable outcomes

We believe that delivering for each of our stakeholders creates a virtuous cycle. We exist to serve customers. Engaged employees with strong values will deliver excellent customer service, better customer outcomes and make a positive contribution to the community. We believe this will, in turn, generate strong, sustainable returns for shareholders. We will focus on achieving better customer outcomes, earning the community's trust, renewing our culture and delivering for shareholders. We must also operate in a way that helps to ensure a resilient, efficient, fair and safe financial system. To measure our progress, we will monitor a balanced set of metrics. We have set ourselves the following goals:

- #1 Net Promoter Score for consumer and business customers;
- Top quartile among peer companies for reputation improvement;
- Top 10% employee engagement score; and
- Top quartile total shareholder returns.



Our customers

Our focus on service and our strong digital proposition have led to high levels of customer satisfaction, as evidenced by the Bank leading in retail customer satisfaction amongst the big 4 Banks for 63 of the past 72 months [1]. We are committed to providing exceptional service across all the channels that our customers use to do their banking, including maintaining the largest branch network in Australia and our Australia-based call centres. A key pillar of our strategy, and of our customer offering, is being best in digital. We were recently awarded the number one mobile banking app in Australia for the third year in a row by Forrester, and have been rated the best online bank for 10 years in a row by Canstar. This calendar year, we have delivered one positive customer change every week, as part of the "Better For You" campaign.

Our community

The Bank has an important role to play in the community as a responsible provider of financial services.

Given our heritage, and our role in the economy and the community, we must also be a responsible corporate citizen. We take these responsibilities seriously and are focused on meeting the community's expectations – both in terms of the products and services we provide, and the contribution we make to the community.

(1) Roy Morgan Research. Retail Main Financial Institution ("MFI") Customer Satisfaction.

(2) APRA research.

Description of Business Environment

Trust is the cornerstone of banking, but the community's trust in us and our reputation have been damaged recently. We have launched a comprehensive remediation program (the Better Risk Outcomes Program) to fix weakness in our risk management, strengthen our overall management of risk, and ensure we exceed our regulatory and compliance obligations.

To restore trust and reputation we will change the way we engage with our community and stakeholders by:

- being more proactive and less reactive;
- being honest and transparent when issues or incidents occur; and
- showing genuine traction in addressing the root causes of issues.

Our people

Our goal is to be in the top 10% globally for our employee engagement score. As a sign of how important these outcomes are, employee engagement has been incorporated as a long-term variable remuneration performance measure for the CEO and Group Executives. Employees participate in a survey called 'Your Voice' twice per year. The survey measures our progress on embedding our strategy, purpose and values, and employee engagement, through an Employee Engagement Index ("EEI") score. The EEI score is based on responses to questions relating to satisfaction, commitment, advocacy and pride. According to our most recent EEI score, overall employee engagement has improved to 68%, an improvement of 1% from October 2018.

Our shareholders

The Bank has historically delivered consistently strong Total Shareholder Returns ("TSR"). Our aim is to deliver sector-leading returns and a stable dividend stream. We seek to achieve this by focusing on both operating performance and capital generation. The Bank seeks to pay cash dividends at strong and sustainable levels. This year 88% of cash net profit after tax are being returned to shareholders as dividends (80% excluding the impact of notable items). The CET1 ratio is an important measure of the Bank's ability to absorb unexpected losses. It compares a bank's core capital with its risk weighted assets. APRA requires the major Australian banks to have a CET1 ratio of 10.5% or more by 1 January 2020. As at 30 June 2019 our CET1 ratio was 10.7% on an APRA basis. The Bank aims for long-term, sustainable outperformance on TSR, because TSR combines both share price appreciation and dividends paid and shows the total return to shareholders over time. Return on equity is an important measure of the Bank's profitability. It represents the net profit generated as a percentage of the equity shareholders have invested. ROE remains strong at 12.5%, though has declined in recent years due primarily to regulatory requirements for higher levels of capital.

Simplify our business

The Group believes it will benefit from greater focus on our core banking businesses in Australia and New Zealand. These businesses have market - leading capabilities and together represent approximately 95% of the Group's profit in 2019.

This year, substantial progress has been made to simplify the Group. Our focus has been on remediation in, and rationalisation of, our Wealth Management division. The announced sales of our life insurance businesses have completed or are in the regulatory approval phase. We considered various options for our other wealth businesses, including an initial public offering. The sale of CFSGAM to Mitsubishi UFJ Trust and Banking Corporation (MUTB) was announced in October 2018 and completed on 2 August 2019.

Subsequent to the announcement of the sale of CFSGAM in October 2018 we decided to demerge the remaining wealth businesses. However in March 2019, we suspended the demerger to focus on implementing the recommendations of the Financial Services Royal Commission and our remediation priorities. We have since announced the exit of our aligned financial advice businesses, namely the sale of Count Financial, the cessation of CFPL-Pathways and the assisted closure of Financial Wisdom. With respect to the remaining wealth businesses: general insurance, our Commonwealth Financial Planning salaried advisers, and mortgage broking now sit within the Retail Banking Services division; and the Colonial First State superannuation and investments business now reports to the Deputy CEO, David Cohen, and is focused on remediation and ensuring the business is well placed for the future.

We will accelerate our innovation agenda around our core businesses to create growth options for the future. Our primary focus will be on strengthening our position in three critical areas: mortgages, business banking, and payments.

We intend to continue to lead the market with the digital experiences and services that we provide. We will accelerate towards a mobile-first, multi-channel experience for our customers across all of our businesses.

History and Ownership

Commonwealth Bank of Australia was incorporated as a public company on 17 April 1991 in the Australian Capital Territory after being established in 1911 by a Commonwealth Act of Parliament. Commonwealth Bank is governed by, and operates in accordance with, its Constitution, the Corporations Act and the Listing Rules of the Australian Securities Exchange (which constitute the corporate governance regime of Australia), and certain provisions of the Commonwealth Banks Act 1959 of the Commonwealth of Australia.

The Commonwealth Bank was fully privatised in three stages from July 1991 to July 1996.

On 13 June 2000, Commonwealth Bank and Colonial Limited completed their merger.

On 22 August 2000, Commonwealth Bank purchased the 25 per cent non-controlling interest in ASB Holdings Limited in New Zealand giving Commonwealth Bank a 100 per cent interest in ASB Bank Limited and its subsidiaries.

Commonwealth Bank became the successor in law to the State Bank of New South Wales (known as Colonial State Bank) and to all the assets and liabilities of State Bank of New South Wales effective on 4 June 2001 pursuant to legislation.

On 19 December 2008, the Bank acquired 100 per cent of Bank of Western Australia Ltd (Bankwest) from HBOS plc.

Description of Business Environment

Australia

Australia has an open, market-based economy and is a net importer of capital. The financial sector plays a vital role in supporting the Australian economy to facilitate sustainable growth in the economy by meeting the financial needs of its users.

Financial Services

Australia has a sophisticated financial services sector with financial services providers offering a wide range of products and services across retail, business and institutional banking, funds management, superannuation, insurance, risk management and equities trading. The Australian financial system consists of the arrangements covering the borrowing and lending of funds and the transfer of ownership of financial claims in Australia, comprising:

- Authorised Deposit-taking Institutions ("ADIs") or financial institutions, comprising banks, credit unions and building societies;
- insurance (life and general);
- superannuation;
- financial markets-debt, equity and derivative markets; and
- payment systems-cash, cheques, electronic payments, funds transfers settlements and other high-value payment systems.

Banking

We are building a simpler, more focused bank, fully aligned to meeting the needs of customers in our core markets, underpinned by stronger risk management and a continuing commitment to innovation and customer service.

Funds Management

Domestic markets rose during the 2019 financial year, with the average ASX 200 up 4%, contributing to an improved result. The long-term growth outlook of the Australian funds management industry is positive, underpinned by the increase in compulsory superannuation contributions from 9.5% to 12% by the 2026 financial year.

Australia's aging population and the need for income streams for retirement is expected to drive demand for products which address market volatility, inflationary threats and longevity risks.

Margin pressure within the domestic funds management industry is expected to continue as a result of changing investor product preferences and competition which may reduce revenue. Regulatory changes impacting the funds management industry have the potential to increase capital requirements and associated costs.

New Zealand

The Group's banking activities in New Zealand are conducted by ASB Bank and also by the New Zealand branch of CBA.

Competition

Competitive Landscape

The Australian domestic competitive landscape includes four large domestic banks, mid-tier banks, non-bank financial institutions, foreign banks, investment banks, fund managers, insurance companies, brokers and third party distributors.

The four largest domestic banks in the sector are the Australian banks ANZ, CBA, NAB and Westpac. The major Australian banks are known as the "big four" and are referred to as the pillars of Australia's financial system. The Government's Four Pillars Policy prohibits mergers between the big four. The major Australian banks each offer a full range of financial products and services through branch networks, digital channels and third party intermediaries across Australia. Other participants in the financial services industry offer focused products and services or service specific customer segments.

Technology is providing opportunities for both new entrants and existing participants. However the major Australian banks invest extensively in technology with customer offerings that support customer's financial needs in an increasingly digital environment and increase efficiency in the Australian banking system.

Financial Strength

Our expertise in financial and risk management ensures we continue to support individuals, businesses, our shareholders, and the communities in which we operate.

We strive to build and defend a strong and dependable franchise, and closely manage the business for superior financial and operational outcomes. As at 30 June 2019, we are one of the largest companies (by market capitalisation) on the ASX, and are listed on the MSCI World Index.

We aim to provide our shareholders with stable returns, which are achieved through a resilient balance sheet and rigorous management of capital, funding and liquidity levels. As one of Australia's largest employers and corporate taxpayers, and with millions of Australians owning nearly 80% of the Bank, we are proud of the contribution we make to the Australian economy.

Description of Business Environment

Financial System Regulation in Australia

The Bank and the wider financial services industry continues to face increased regulation in Australia. Examples of significant regulatory reform under development in Australia include the economy-wide Consumer Data Right, beginning with banking (referred to as Open Banking), product design and distribution obligations, and implementation of recommendations from the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Australia has, by international standards, what is recognised as a high quality financial system which aims to regulate financial products and services consistently, regardless of the type of financial institutions providing them.

The main regulators of financial services in Australia are the RBA, APRA, ASIC, AUSTRAC, Australian Financial Complaints Authority ("AFCA"), the Office of the Australian Information Commissioner ("OAIC"), and Australian Competition and Consumer Commission ("ACCC").

Each agency has system-wide responsibilities for the different objectives of government oversight of the financial system. A description of these agencies and their general responsibilities and functions is set out below.

The RBA is responsible for monetary policy, financial system stability and regulation of the payments system.

APRA has responsibility for the prudential supervision of banks, building societies and credit unions, life and general insurance companies, friendly societies and superannuation funds (pension funds). Unless an institution is authorised under the Banking Act or exempted by APRA, it is prohibited from engaging in the general business of deposit-taking.

ASIC has responsibility for regulating and enforcing Company and financial services laws that protect consumers, investors and creditors, including the Corporations Act. The Corporations Act provides for a single licensing regime for sales, advice and dealings in financial products and services, consistent and comparable financial product disclosure and a single authorisation procedure for financial exchanges and clearing and settlement facilities. ASIC is also responsible for the National Consumer Credit Protection Act and the responsible lending framework it imposes upon credit providers.

AUSTRAC is Australia's financial intelligence agency with responsibility for overseeing compliance with anti-money laundering and counter-terrorism financing.

AFCA is an ombudsman service that resolves complaints consumers and small businesses have with financial firms. CBA is required under legislation to co-operate with AFCA, as well as give effect to any determinations that are made.

The OAIC regulates and enforces the Privacy Act 1988, the principal piece of Australian federal privacy legislation. Among other things, the Privacy Act regulates how an individual's personal information is collected, used, disclosed and secured.

The ACCC promotes competition and fair trade to benefit consumers, business and the community through the administration of the Competition and Consumer Protection Act 2010.

Description of Business Environment

Financial System Regulation in the United States

In October 2016, we elected to be treated as a Financial Holding Company ("FHC") by the Federal Reserve Board in the United States ("FRB"). The FRB is the "umbrella" supervisor with jurisdiction over FHCs, including us. A FHC is allowed to engage, or acquire companies engaged, in the United States in activities that are determined by the FRB and the Secretary of the Treasury to be financial in nature or incidental thereto, and activities that are determined by the FRB to be complementary to financial activities.

Under the Bank Holding Company Act of 1956 ("BHC Act"), the activities of a FHC are subject to restrictions if it is determined that the FHC (in our case, at the Group level) ceases to be "well managed" or "well capitalized" or is the subject of an enforcement action requiring it to maintain a specific level of capital.

We are subject to U.S. federal laws and regulations, including the International Banking Act of 1978 ("IBA"). Under the IBA, all branches and agencies of foreign banks in the United States are subject to reporting and examination requirements similar to those imposed on domestic banks that are owned or controlled by U.S. bank holding companies. As a federally licensed branch regulated primarily by the Office of the Comptroller of the Currency ("OCC"), the Group's New York branch can generally engage in activities permissible for national banks, with the exception that the Group's New York branch may not accept retail deposits. The New York branch does not accept retail deposits and thus is not subject to the supervision of or insured by the Federal Deposit Insurance Corporation ("FDIC").

Most U.S. branches and agencies of foreign banks, including the Group's New York branch, are subject to reserve requirements on deposits pursuant to regulations of the FRB. The Group's New York branch must maintain its accounts and records separate from those of the Group generally and must comply with such additional requirements as may be prescribed by the OCC. The IBA and the BHC Act also affect the Group's ability to engage in non-banking activities in the United States.

Under the IBA, a federal branch of a non-U.S. bank is subject to receivership by the OCC to the same extent as a national bank. The Comptroller may take possession of the business and property of a federal branch. The Comptroller has at its disposal a wide range of supervisory and enforcement tools for addressing violations of laws and regulations, and breaches of safety and soundness, which can be imposed upon federal branches. The Comptroller may remove federal branch management and assess civil money penalties. In certain circumstances, the Comptroller may also terminate a federal branch license at its own initiative or at the recommendation of the FRB.

The Group is subject to certain provisions of the Dodd-Frank. Dodd-Frank regulates many aspects of the business of banking in the United States and internationally. At this time, Dodd-Frank has not had a material effect on the Group's operations, though the ongoing development and monitoring of required compliance programs may require the expenditure of resources and management attention.

The "Volcker Rule" adopted under Dodd-Frank prohibits banks and their affiliates from engaging in certain "proprietary trading" (but allows certain activities such as underwriting, market making-related and risk-mitigating hedging activities) and limits the sponsorship of, and investment in, private equity funds and hedge funds, subject to certain important exceptions and exemptions, including those listed above as well as exemptions applicable to certain transactions and investments occurring solely outside of the United States.

In August 2019, the federal agencies responsible for implementing the Volcker Rule adopted changes that liberalize certain of its requirements relating to proprietary trading, investments in covered funds and compliance programs. The effective date for the final rule is January 1, 2020, with a compliance date of 1 January, 2021. Banking entities such as CBA must continue to comply with the existing (2013) Volcker Rule until the effective date. Compliance with the final rule between the effective date and the compliance date is permitted but not required.

Other Dodd-Frank regulations impose minimum margin requirements on uncleared swaps, require the centralized execution and clearing of many categories of standardized over-the-counter ("OTC") derivatives on regulated trading platforms and clearing houses and provide for heightened supervision of swap dealers and major swap participants. To date, the U.S. Commodity Futures Trading Commission ("CFTC") has implemented a substantial majority of its rules for the regulation of the OTC swaps market, including rules concerning the registration of swap dealers, recordkeeping and reporting of swaps data, and the clearing and trading of certain interest-rate and index credit default swaps. Because we are a provisionally registered swap dealer under the CFTC regulations, the Group is subject to these CFTC requirements as well as certain additional business conduct rules that apply to the Group's swap transactions with counterparties that are U.S. persons. In accordance with the CFTC regulations, CBA provides a Chief Compliance Officer Annual Report to the CFTC. The Group has had to expend substantial resources on its Dodd-Frank compliance program, in part because Dodd-Frank was implemented ahead of similar laws and regulations in other global jurisdictions, including Australia.

The CFTC has issued Cross-Border Guidance which, among other things, provides guidance as to the circumstances in which non-U.S. swap dealers, such as us, will not be subject to the CFTC's rules when dealing with non-U.S. counterparties. The Cross-Border Guidance establishes a framework for the CFTC to permit "substituted compliance" by swap dealers located in non-U.S. jurisdictions with non-U.S. regulatory schemes determined by the CFTC to be comparable to its own. The CFTC has made such a determination with respect to certain aspects of Australian law and regulation and we are able to rely on substituted compliance with respect to certain aspects of CFTC rules in connection with certain general requirements and for certain specific requirements for transactions with non-U.S. counterparties. The CFTC may issue further guidance in the future that could expand or limit the existing substituted compliance regime.

In particular, the CFTC has indicated that swap dealers will be required to comply, and has issued proposed rules that would require compliance with the CFTC's rules, without substituted compliance, in connection with transactions between the Group and a non-U.S. counterparty, if the transaction is "arranged, negotiated or executed" through personnel located in the U.S. It is unclear whether the CFTC will implement this requirement and whether (and the extent to which) it will affect our business.

As CBA is supervised by the Federal Reserve and operates a NY branch that is regulated by the OCC, we need to comply with the uncleared swap margin rules promulgated by the Board of Governors of the Federal Reserve System, Farm Credit Administration, Federal Deposit Insurance Corporation, Federal Housing Financial Agency and Office of the Comptroller of the Currency. These rules include the requirement to collect and post margin in respect of in-scope trading with in-scope counterparties. The Group has expended substantial resources on compliance with uncleared swap margin rules promulgated by global regulators, including the U.S. Prudential Regulators. We also anticipate that the final 'Phase 5' implementation date for Initial Margin requirements may have a substantial impact of the Group's markets activities with U.S. counterparties.

The CFTC has proposed rules that would impose position limits on (1) futures and options contracts on specified physical commodities and (2) swaps that are "economically equivalent" to such contracts. The Group would be subject to any such rules that are adopted by the CFTC, which could limit the Group's trading activities.

Dodd-Frank also requires us to submit an annual U.S. resolution plan to the FRB and the FDIC for approval. We submitted our most recent annual U.S. resolution plan in December 31, 2018. We are also subject to "enhanced prudential regulations" under Reg. YY, Subpart N, which require quarterly and annual certification of compliance with the financial and risk oversight requirements thereof. In April 2019, the FRB and the FDIC issued proposed rules that would apply tailored requirements on resolution planning and enhanced prudential standards to foreign banking organizations, depending on the size of their U.S. operations and their risk profile. Under the proposed rule on resolution planning, we would submit a new form of reduced resolution plan on a three-year cycle.

In 2010, the U.S. enacted the Foreign Account Tax Compliance Act ("FATCA") that requires non-U.S. banks and other financial institutions to undertake specific customer due diligence and provide information on account holders who are U.S. citizens or residents to the United States Federal tax authority, the Internal Revenue Service ("IRS"). The United States has entered into intergovernmental agreements ("IGAs") with a number of jurisdictions (including Australia and New Zealand) which generally require such jurisdictions to enact legislation or other binding rules pursuant to which local financial institutions and branches provide such information to their local revenue authority to then forward to the IRS. In countries that have not entered into such an agreement, the financial institution must enter into an agreement directly with the IRS to complete similar obligations and provide similar information directly to the United States. If the aforementioned customer due diligence and provision of account holder information is not undertaken and provided in a manner and form meeting the applicable requirements, the Group and/or persons owning assets in accounts with Group members may be subjected to a 30 per cent withholding tax on certain amounts. While such withholding tax may currently apply only to certain periodic payments derived from sources within the United States, no such withholding tax will be imposed on any payments derived from sources outside the United States that are either (i) made prior to the date that is two years after the date on which the U.S. Treasury Department enacts final regulations defining the term "foreign passthru payment" or (ii) made in respect of securities that are not treated as equity for United States federal income tax purposes and that are issued prior to the date that is six months after the date on which final regulations defining the term "foreign passthru payment" are enacted. Australia and New Zealand have each signed an IGA with the United States and have enacted legislation to implement their respective IGAs. Local guidance in relation to the enacted legislation is still evolving.

In addition to FATCA, the U.S. may require the Group in certain circumstances to provide certain information to U.S. payers (withholding agents, custodians, etc.), and the Group may face adverse consequences in case it does not provide such information in compliance with the applicable rules and regulations. A major focus of U.S. governmental policies affecting financial institutions has been combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 (the "Patriot Act") substantially broadened the scope of U.S. anti-money laundering laws by imposing significant compliance and due diligence obligations, identifying crimes and stipulating penalties and expanding the extra-territorial jurisdiction of the U.S. The U.S. Treasury Department has issued a number of regulations implementing various requirements of the Patriot Act that apply to U.S. financial institutions, including subsidiaries and branches of foreign banks such as our U.S. broker-dealer subsidiary and our New York branch.

Those regulations require financial institutions operating in the United States to maintain appropriate policies, procedures and controls to detect, prevent, and report money laundering and terrorist financing and to verify the identity of their customers. In addition, the U.S. bank regulatory agencies are imposing heightened standards and U.S. law enforcement authorities have been taking a more active role, resulting in intensified enforcement of such matters. Recent resolutions involving other global financial institutions have involved the payment of substantial penalties, agreements with respect to future operation of their business and actions with respect to relevant personnel. Failure of a financial institution to maintain and implement adequate policies and procedures to combat money laundering and terrorist financing could have serious legal and reputational consequences for the financial institution, as well as result in the imposition of civil, monetary and criminal penalties.

Description of Business Environment

Supervisory Arrangements

The Bank is an ADI under the Banking Act and is subject to prudential regulation by APRA.

In carrying out its prudential responsibilities, APRA closely monitors the operations of banks to ensure that they operate within the prudential framework and that sound management practices are followed.

APRA's broader supervision program includes a combination of on-site thematic reviews, regular engagement with the Board and senior management of individual institutions, prudential consultations and reviews of regular statistical returns reported by individual institutions.

In addition, APRA has established arrangements under which each bank's external auditor reports to APRA regarding observance of Prudential Standards and other supervisory requirements.

The prudential framework applied by APRA is embodied in a series of Prudential Standards and other requirements including:

(i) Capital, Funding and Liquidity

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

Details of the Group's regulatory capital position and capital management activities are disclosed in Note 8.1 of the 2019 Financial Report.

APRA's prudential guidance for liquidity risk management requires ADIs to maintain a liquidity risk management policy, governance and management framework and funding strategy that complies with the requirement to prudently manage all liquidity risks. The Group's liquidity risk management policy requires an appropriate level of high quality liquid assets be held to support cash outflows in both business as usual and stress conditions.

The Group has three categories of liquid assets within its liquid assets portfolio. The first includes cash, government and Australian semi-government securities. The second includes Negotiable Certificates of Deposit, bank bills, bank term securities, supranational bonds and Australian Residential Mortgage-backed Securities ("RMBS"), securities that meet certain criteria for purchases under reverse repo. The final category is internal RMBS, being mortgages that have been securitised but retained by the Bank, that are repo-eligible with the RBA under stress.

The Group has been required to meet a LCR since 1 January 2016 and revised definitions of eligible High Quality Liquid Asset holding requirements within these changes.

Additionally, Net Stable Funding Ratio ("NSFR") was introduced on 1 January 2018. This ratio is designed to encourage stable funding of core assets by applying prescribed factors to determine the stable funding requirement of assets and the stability of sources of funding.

More details on the Group's liquidity and funding risks are provided in Note 9.4 of the 2019 Financial Report.

(ii) Large Credit Exposures

APRA requires banks to ensure that, other than in exceptional circumstances, individual credit exposures do not exceed 25% of the bank's Tier 1 Capital, except (i) exposures to foreign governments or central banks that receive a zero percent risk weight, which must not exceed 50% of the bank's Tier 1 Capital and (ii) domestic systemically important banks which are restricted to 20% of the bank's Tier 1 Capital. Prior approval must be obtained from APRA if a bank intends to exceed these thresholds. For information on the Group's large exposures refer to Note 9.2 of the 2019 Financial Report.

(iii) Ownership and Control

In pursuit of transparency and risk minimisation, the Financial Sector (Shareholdings) Act 1998 embodies the principle that regulated financial institutions should maintain widespread ownership. The Act applies a common 20% shareholding limit for ADIs, authorised insurance companies and their holding companies.

The Commonwealth Treasurer has the power to approve acquisitions of a stake of more than 20% in Australian financial sector companies. The Treasurer may also delegate approval powers to APRA where one financial institution seeks to acquire another.

The Government's present policy is that mergers among the four major banks will not be permitted until the Government is satisfied that competition from new and established participants in the financial industry has increased sufficiently.

Proposals for foreign acquisition of Australian banks are subject to approval by the Treasurer under the Foreign Acquisitions and Takeovers Act 1975.

(iv) Banks' Association with Related Entities

There are formal guidelines (including maximum exposure limits) that control investments and dealings with subsidiaries and associates. On 20 August 2019, APRA confirmed that, among other changes, it will reduce the limits for Australian ADI's exposures to related entities from 50% of Level 1 Total capital to 25% of Level 1 Tier 1 capital, effective from 1 January 2021. CBA has announced that it believes sufficient capacity exists under the reduced limits to accommodate CBA's exposures to its related entities, including the additional capital requirement for New Zealand banks proposed by the RBNZ.

(v) Fit and Proper and Governance

ADIs are subject to APRA's "Fit and Proper" and "Governance" Prudential Standards. ADIs are required to maintain a Board approved Fit and Proper policy relating to the fitness and propriety of their responsible persons, which include the Directors and designated members of senior management. ADIs also have to comply with APRA's "Governance" Prudential Standard, which sets out requirements for Board size and composition, independence of directors, remuneration policy and other governance matters.

(vi) Supervision of Non-Bank Group Entities

The Australian life insurance company subsidiaries, general insurance company subsidiaries and the superannuation trustees of the Group also come within the supervisory review of APRA. For further details please refer to "General Insurance and Wealth Management Regulation" below.

Description of Business Environment

General Insurance and Wealth Management Regulation

The Group conducts its general insurance and financial advice businesses through its Retail Banking Services division. The Group's general insurance business is required to comply with relevant legislations including the Insurance Act 1973. They are also required to comply with APRA's Prudential Standards. These standards cover, amongst others, capital adequacy, governance and risk management and reporting standards.

The Group conducts funds management, custodial services, investor directed portfolio services, aligned financial advice and superannuation ("trustee") businesses through its Wealth Management division. The key regulators for the Group's continuing wealth management businesses are APRA and ASIC. The superannuation businesses are also required to comply with relevant legislation including the Superannuation Industry (Supervision) Act 1993.

The Group's continuing Non-Bank businesses are also governed by the Corporations Act 2001, which is administered by ASIC.

The Group determines capital requirements for its general insurance business in accordance with APRA Prudential Standards.

The Group's licensed superannuation trustees are subject to APRA's prudential standards. Responsible entities that operate funds management businesses are subject to ASIC financial requirements. For those entities that are both responsible entities and licensed superannuation trustees, these additional ASIC financial requirements apply.

The Group's financial advice businesses are licensed and regulated by ASIC.

Description of Business Environment

Legal Proceedings and Investigations

Other than as disclosed elsewhere in this Document, the Group is not engaged in any litigation or claim which is likely to have an adverse effect on the Group's business, reputation, results of operations or financial condition. For all litigation exposure where some loss is probable and can be reliably estimated an appropriate provision has been made. See Note 7.1 to the 2019 Financial Report for further details.

Shareholder class actions

In October 2017 CBA was served with a shareholder class action proceeding filed in the Federal Court of Australia alleging breaches of CBA's continuous disclosure obligations and misleading and deceptive conduct in relation to the subject matter of the civil penalty proceedings brought by AUSTRAC. The AUSTRAC proceedings concerned contraventions of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth). The resolution of the proceedings was approved by the Federal Court on 20 June 2018 with CBA paying a penalty of $700 million and legal costs. In the shareholder class action, it is alleged that CBA shareholders who acquired an interest in CBA shares between 1 July 2015 and 3 August 2017 suffered loss caused by the alleged conduct.

On 29 June 2018 a similar second shareholder class action in relation to the subject matter of the AUSTRAC proceedings was served on CBA on behalf of certain CBA shareholders who acquired an interest in CBA shares between 16 June 2014 and 3 August 2017. On 10 July 2019, court orders were made confirming the two class action proceedings would continue, would be case managed together and proceed by way of one harmonised statement of claim.

It is currently not possible to determine the ultimate impact of these claims, if any, on the Group. The Group denies the allegations and continues to defend both claims. The Group has provided for legal costs expected to be incurred in the defence of the claims.

Superannuation class action

On 9 October 2018, a class action claim was filed against CBA and CFSIL in the Federal Court of Australia. The claim relates to investment in cash and deposit options (which are cash and deposit products prioritised by CBA) in Colonial First State FirstChoice Superannuation Trust and Commonwealth Essential Super. The main allegation is that members with these options in the funds received lower interest rates on these products than they would have received had CFSIL put them in equivalent products with higher interest rates obtainable on the market. It is alleged that CBA was involved in CFSIL's breaches as trustee of the funds and CFSIL's breaches as Responsible Entity of the underlying managed investment schemes. Under Australian law a Responsible Entity has the dual role of trustee and manager of an investment scheme. Both CBA and CFSIL deny the allegations and filed a defence to the claim on 20 December 2018. The class action lawyers made further amendments to the claim filing an amended statement of claim on 16 April 2019. The amendments introduced additional allegations relating to another term deposit and a breach of trust in respect of adviser commissions, however the commissions claim is made against CFSIL only. CBA and CFSIL filed a defence to the amended claims on 7 June 2019 denying the new claims. It is currently not possible to determine the ultimate impact of this claim, if any, on the Group. The Group has provided for the legal costs expected to be incurred in the defence of the claim.

ASIC bank bill swap rate

On 21 June 2018 the Federal Court approved the agreement between CBA and ASIC to resolve the proceedings concerning alleged market manipulation and unconscionable conduct in respect of the bank bill market. Accordingly CBA has paid a civil penalty of $5 million and a community benefit payment of $15 million to Financial Literacy Australia. It also agreed to pay ASIC's costs of the investigation and legal costs. The Group provided for these costs in the prior period.

As part of the settlement CBA also entered into an Enforceable Undertaking with ASIC under which CBA undertook to engage an independent expert to assess changes it has made (and will make) to its policies, procedures, controls systems, training, guidance and framework for the monitoring and supervision of employees and trading in Prime Bank Bills and CBA's BBSW referenced product businesses. On 5 October 2018, CBA appointed EY as the independent expert. CBA provided its BBSW Program of remediation work to ASIC and EY on 21 December 2018. EY reviewed the BBSW Program and provided certain recommendations in their report dated 23 April 2019. CBA considered those recommendations with ASIC and EY and delivered its Final BBSW Program to ASIC and EY on 23 July 2019. EY are due to report on CBA's Final BBSW Program on 30 August 2019. The Group has provided for costs associated with implementation of the BBSW program.

ASIC investigation

In September 2017, following the commencement of the civil proceedings against CBA by AUSTRAC, ASIC launched an investigation in relation to the Group's disclosure in respect of the matters the subject of the AUSTRAC proceedings. ASIC is also investigating, among other things, whether the officers and directors at CBA complied with other specific obligations under the Corporations Act 2001 (Cth). CBA continues to engage with ASIC in respect of the investigation and respond to requests made by ASIC. It is currently not possible to predict the ultimate impact of this investigation, if any, on the Group. The Group has provided for the legal costs expected to be incurred in relation to this investigation.

APRA's prudential inquiry into CBA

On 28 August 2017, APRA announced it would establish an independent prudential inquiry (the Inquiry) into the Group with the goal of identifying shortcomings in the governance, culture and accountability frameworks.

The Final Report of the Inquiry was released on 1 May 2018. The Final Report made a number of findings regarding the complex interplay of organisational and cultural factors within the Group and the need for enhanced management of non-financial risks. In response to the Final Report, the Group acknowledged that it will implement all of the recommendations and agreed to adjust its minimum operational risk capital requirements by an additional $1 billion (risk weighted assets $12.5 billion) until such time as the recommendations are implemented to APRA's satisfaction.

CBA has entered into an Enforceable Undertaking under which CBA's Remedial Action Plan in response to the Final Report would be agreed and monitored regularly by APRA. The Remedial Action Plan provides a detailed program of change outlining how CBA will improve the way it runs its business, manages risk, and works with regulators. The Remedial Action Plan also provides a comprehensive assurance framework, with Promontory having been appointed as the independent reviewer and which is required to report to APRA on the Group's progress against committed milestones every 3 months.

Promontory has noted that the Remedial Action Plan program of work remains on track and CBA's commitment to implementing the Inquiry's recommendations in a timely and comprehensive way continued to be strong with all 156 milestones on schedule to be delivered by the due date. Promontory is providing APRA with quarterly progress reports, and CBA is committed to report publicly on its progress against the Remedial Action Plan twice a year. The Group has provided for costs associated with the implementation of the Remedial Action Plan.

The Royal Commission

The Royal Commission was established on 14 December 2017 and was authorised to inquire into misconduct by financial service entities (including CBA). Seven rounds of hearings into misconduct in the banking and financial services industry were held throughout 2018, covering a variety of topics including consumer and business lending, financial advice, superannuation, insurance and a policy round. The Royal Commission's final report was delivered on 1 February 2019. The final report included 76 policy recommendations to the Australian Government and findings in relation to the case studies investigated during the hearings, with a number of referrals being made to regulators for misconduct by financial institutions, which is expected to result in heightened levels of enforcement action across the industry.

The 76 recommendations covered many of CBA's business areas, and also canvassed the role of the regulators and the approach to be taken to customer focus, culture and remuneration. The recommendations regarding the role of regulators and their approach to enforcement may increase enforcement activity, costs and reputational impact for financial institutions. CBA released a statement to the ASX on 8 March 2019 welcoming the final report and committing to actions to deliver on the recommendations. The Government has accepted 75 of the 76 recommendations.

Ongoing service fees in Commonwealth Financial Planning

Following an ASIC investigation, Commonwealth Financial Planning (CFP) entered into an Enforceable Undertaking (EU) with ASIC in April 2018 and agreed to certain variations on 20 December 2018. Under the EU, as varied, CFP agreed, among other things, to provide an attestation to ASIC in relation to remediation of ongoing service over the period July 2015 to January 2018 and in relation to CFP's current ongoing service compliance systems and processes. Although CFP was not in a position to sign the attestation in January 2019, CFP provided the attestation to ASIC on 30 May 2019. ASIC has since confirmed that it is satisfied with the attestation and compliance with the obligations under the EU is now finalised (save for the payment of some remaining refunds due to customers by 30 September 2019).

CFP has not charged ongoing service fees since 1 February 2019, and has not entered into new ongoing service agreements since that date. CFP is moving to a new model where customers will pay for advice once they have received it.

Fair Work Ombudsman ("FWO") Investigation

The FWO has commenced an investigation in relation to CBA's self-disclosure of discrepancies in employee arrangements and entitlements. CBA continues to engage with the FWO in respect of the investigation and respond to requests made by the FWO. It is currently not possible to predict the ultimate impact of this investigation, if any, on the Group.

New Zealand compliance audit findings

The Labour Inspectorate in New Zealand is undertaking a programme of compliance audits on a number of organisations in respect of the Holidays Act 2003 (the "Holidays Act"). On 18 December 2018 ASB Bank Limited ("ASB") received the Labour Inspectorate's report of its findings on ASB's compliance with the Holidays Act. The findings, based on a sample of employees, include that ASB has not complied with the requirements of the Holidays Act by not including certain incentive payments in ASB's calculation of gross earnings under the Holidays Act. ASB's position in relation to that finding is that the application of the law is uncertain and yet to be definitively determined. That finding, if extrapolated to ASB's entire workforce, would result in an estimated liability of NZD31 million in total for the preceding six years' annual holiday payments. ASB will continue to engage with the Labour Inspectorate on the matter.

Description of Business Environment

Enforceable Undertaking accepted by Office of Australian Information Commission

The Australian Information Commissioner (Commissioner) has accepted an Enforceable Undertaking (EU) offered by CBA. The EU underpins execution of further enhancements to the management and retention of customer personal information within CBA and certain subsidiaries.

The EU follows CBA's ongoing work to address two incidents: one relating to the disposal by a third party of magnetic data tapes containing historical customer statements and the other relating to potential unauthorised internal user access to certain systems and applications containing customer personal information. CBA reported both incidents to the Commissioner in 2016 and 2018 respectively and has since been working to address these incidents and respond to inquiries made by the Commissioner. CBA has found no evidence to date, as a result of these incidents, that our customers' personal information was compromised, or that there have been any instances of unauthorised access by CBA employees or third parties.

It is not currently possible to estimate the financial impact of the Group's response under the EU.

Program of Action

The Group continues to strengthen its financial crime capabilities, and has invested significantly, recognising the crucial role that it plays, including through the Program of Action with coverage across all aspects of financial crime (including anti-money laundering / counter-terrorism financing, sanctions and anti-bribery and corruption) and all business units. The Group has provided for certain costs of running the Program of Action.

Remediation and Compliance Programs

The Group undertakes ongoing compliance activities, including review of products, advice, conduct and services provided to customers, as well as interest, fees and premiums charged.

Some of these investigations and reviews have resulted in remediation programs and where required the Group consults with the respective regulator on the proposed remediation action. There is a risk that where a breach has occurred, regulators may also impose fines and/or sanctions.

Provisions are recognised when it is probable an outflow will be required to address a past event and where a reliable estimate is available. There remains a contingent liability with respect to these matters, however the aggregate potential liability of the above matters cannot be reliably estimated.

Other matter

Financial Wisdom Limited, a subsidiary of the Group, has agreements pre-dating 2013, which provide authorised representatives with the ability to sell their client book to the subsidiary in certain circumstances contingent upon a number of key conditions being met. The agreements provide for the sale at a multiple of ongoing revenue subject to a range of criteria (including potential discount factors). The authorised representative must apply to commence the conditional sale process. No applications have been received to date. It is not currently possible to reliably estimate the financial impact of these agreements.

Critical Accounting Policies and Estimates

Where applicable, each note in the 2019 Financial Report discloses the accounting policy for the transactions and balances, which provides information to assist in the understanding of how the numbers are measured, recognised and disclosed. The application of the Group's accounting policies requires the use of judgement, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and are reviewed on an ongoing basis. Actual results may differ from these estimates, which could impact the Group's net assets and profit.

Any critical accounting judgements and estimates applied by the Group in determining the numbers are also disclosed in each note in the 2019 Financial Report where applicable.

Remuneration of Auditors

Disclosure of the Remuneration of Auditors is set out in Note 12.4 to the 2019 Financial Report.

Corporate Governance

The Commonwealth Bank of Australia is committed to our strategy of becoming a simpler better bank, to fulfil our purpose of improving the financial wellbeing of our customers and communities.

The Commonwealth Bank of Australia is in its third year of strengthening corporate governance practices to meet the high standards expected of us and in light of the Australian Prudential Regulation Authority ("APRA") Prudential Inquiry into CBA ("Inquiry Report"), and the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry ("Royal Commission Final Report").

This Document describes the key governance arrangements and practices of the Bank and its related bodies corporate ("Group"). These arrangements and practices met all of the requirements of the third edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* ("Recommendations") during the year ended 30 June 2019. In addition, the Group's corporate governance arrangements and practices already comply with a number of the new recommendations and suggestions in the fourth edition of the Recommendations. The Group must also comply with the *Corporations Act 2001 (Cth)* ("Corporations Act"), *the Banking Act 1959 (Cth),* including *Part IIAA of the Banking Executive Accountability Regime* ("BEAR") amongst other laws, and, as an Authorised Deposit-taking Institution, with governance requirements prescribed by APRA under Prudential Standard CPS 510 Governance. The Group's main business activities are also subject to industry codes of practice such as the Australian Banking Association Banking Code of Practice.

The Board regularly reviews and refines its corporate governance arrangements and practices in light of new laws and regulations, evolving stakeholder expectations and the dynamic environment in which the Bank operates.

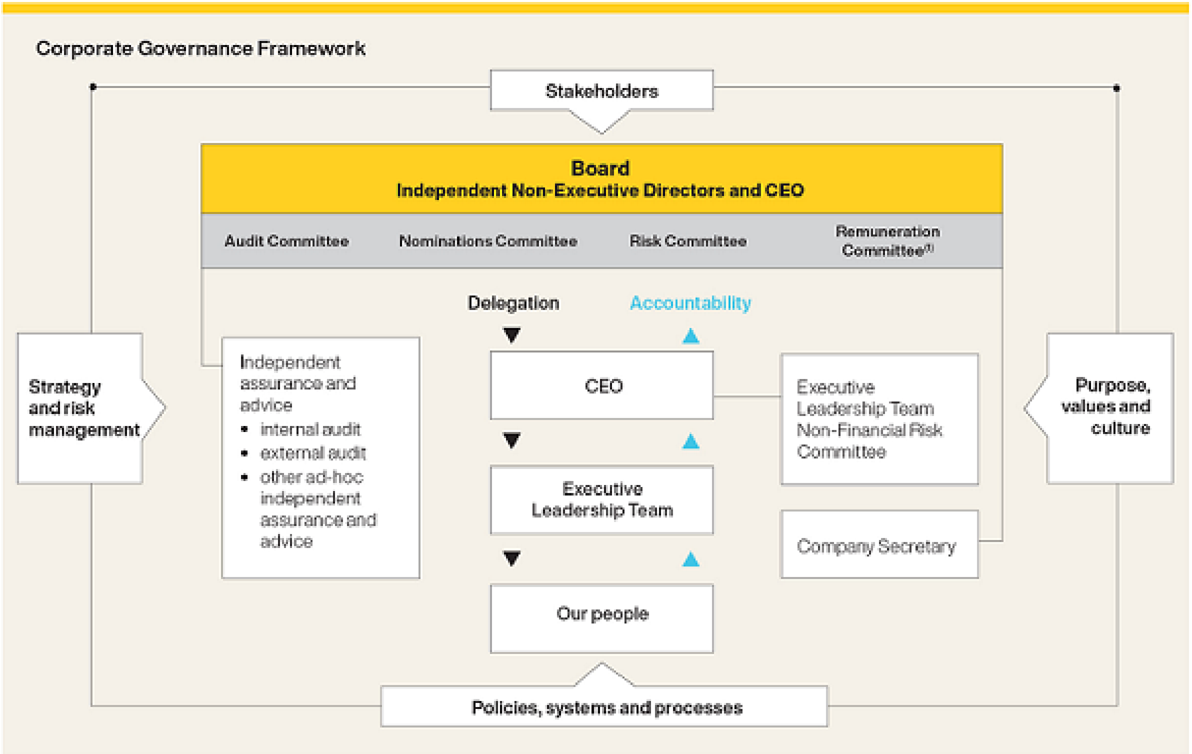
The Statement has been approved by the Board and is current as at 7 August 2019.

Board of Directors

Left to right: Shirish Apte, Anne Templeman-Jones, Wendy Stops, Sir David Higgins, Matt Comyn (CEO), Paul O'Malley, Catherine Livingstone AO (Chairman), Professor Genevieve Bell, Robert Whitfield, Mary Padbury.

Corporate Governance

Corporate Governance Framework



1 Committee name changed to People & Remuneration Committee effective 1 July 2019.

The diagram above shows the Bank's current Corporate Governance Framework, including its Board Committees.

The Board is responsible for setting the strategic objectives and risk appetite for the Bank, and for leading the culture, values and behaviours of our people. The Board appoints the Bank's Managing Director and Chief Executive Officer ("CEO"). It also oversees the management, performance and Corporate Governance Framework of the Bank.

In addition to matters required by law to be approved by the Board, the Board has reserved certain powers for itself as described in the Board Charter and the Board's Reserved Powers and Standing Delegations document.

The Board delegates certain powers to its Board Committees. At its discretion, the Board may form other committees to undertake specific duties from time to time. The Board confers on the CEO the powers of the Board exercisable in management of the business of the Bank. The CEO, in turn, may delegate some of these powers to Group Executives and other officers under instruments of delegation. Despite any delegations by the CEO, the CEO is accountable to the Board for the exercise of the delegated powers and management's performance.

The Executive Leadership Team established a Non-Financial Risk Committee in June 2018. Its role is to assist and advise the CEO in the governance and effective management of the Group's non-financial risks. This includes operational, compliance (including conduct), financial crime and cyber risks, in accordance with the Group's Risk Appetite Statement ("RAS") and Group Risk Management Approach ("RMA") as approved by the Board.

The key functions of the Board and its Board Committees are outlined in this Document.

2019 Governance Priorities

The Board's governance priorities were:

- overseeing implementation of our Remedial Action Plan ("Plan") in response to the Inquiry Report into CBA, to strengthen the Bank's culture, governance and risk management;
- working with government and the Bank's regulators to address all issues raised in the Royal Commission Final Report and to oversee implementation of the recommendations made in that report;
- undertaking Board renewal;
- improving Board oversight of non-financial risks;
- ensuring risk-related behaviours and outcomes are reflected in variable remuneration outcomes;
- improving the issues identification and management process, and the Group Audit and Assurance ("GA&A") end to end process;
- enhancing the governance framework for key operating subsidiaries; and
- simplifying our Group policy framework.

Culture

The Bank is focused on shaping a more accountable culture that not only supports the achievement of business strategies, but also drives decisions that are lawful, ethical and responsible, and that lead to better outcomes for our customers and stakeholders. The Board acknowledges that community confidence and trust in the Bank depends on this.

The Board recognises that, together with management, it has a critical role in setting the cultural tone of the Bank. The Board seeks to guide the Bank's culture through the CEO and oversight of risk, remuneration and governance frameworks, policies and processes.

The Board monitors the Bank's culture and management's cultural change initiatives through information from employee surveys, Audit reports, compliance reports, whistleblower reports and various other sources.

Our Purpose and Values

The Bank's purpose is to improve the financial wellbeing of our customers and communities.

We are guided by our values:

- We do what is right;
- We are accountable;
- We are dedicated to service;
- We pursue excellence; and
- We get things done.

Our purpose statement and values expectations continue to be reinforced across the Bank through various communication channels, policies, processes and training. Conduct is formally assessed with respect to the Bank's values, risk and key performance indicators during employee performance reviews. Performance reviews are instrumental in reward and promotion outcomes.

During the 2019 financial year, other mechanisms to reinforce the Bank's desired culture included:

- launching a revised Group Code of Conduct ("Code"), which includes our purpose, values expectations and key Group policies, and encourages all employees to ask not just "Can We" but "Should We?";
- incorporating our recently simplified purpose and restated values expectations into our Group employee recognition programs;
- a focus on our senior leaders cascading the desired tone from the top in a personal and authentic manner through leadership forums and leader-led training; and
- establishing 'AskMe', an online platform designed to capture our people's feedback about new ideas or initiatives that could help us become a simpler better bank.

Policies

Policies play a key role in guiding decision making and conduct across the Group. To ensure that the Bank's policies are fit-for-purpose, we have enhanced the Group's policy framework and embarked on a comprehensive review of all policies and supporting procedures.

Code of Conduct

The Group's Code articulates the standards of behaviour expected of our people when engaging with, and balancing the interests of, the Bank's stakeholders. The Code connects our purpose, values expectations (with a 'Should We?' test) and key Group policies to help deliver the right outcomes. It guides our decision making, sets clear boundaries for actions that are unethical, and provides a roadmap for getting help when we run into challenges. Material breaches of the Code must be reported to the Audit Committee.

Whistleblower Protection

The Bank is committed to a culture that encourages our people and others to speak up on matters or conduct that concerns them.

The Group Whistleblower Policy outlines the protections provided by the Group to protect a whistleblower from any form of retaliation or victimisation, including termination of employment, harassment and discrimination.

The Group has:

- a Whistleblower Protection Officer, whose role includes overseeing the protection of whistleblowers;
- a Misconduct Governance Committee that oversees the effectiveness and governance of the whistleblower program; and
- a SpeakUP service (including telephone, online and email), which provides an avenue for an individual, including an employee, contractor, consultant or supplier to raise a concern, including anonymously.

Material incidents reported under the Group Whistleblower Policy must be reported to the Audit Committee.

Anti-Bribery and Corruption

The Group is committed to embedding a zero tolerance appetite for bribery, corruption and facilitation payments. An Anti-Bribery & Corruption ("AB&C") framework, comprising a Group AB&C Policy and Standard has been created to:

- formally acknowledge the serious nature of bribery and corruption;
- prohibit the giving of bribes or other improper benefits to public officials;
- identify potential risks and appropriate controls around offering or accepting gifts, entertainment or hospitality;
- require all parts of the Group to identify and understand the bribery and corruption risks relevant to their operations, and implement appropriate controls; and
- outline the requirements for escalating and reporting AB&C policy breaches.

Material breaches of the policy must be reported to the Board.

Corporate Governance

Diversity and Inclusion

The Group Diversity and Inclusion Policy outlines our approach and commitment to diversity and inclusion. The policy states the principles our employees and senior leaders are expected to work towards to deliver a workplace that is safe and inclusive, where all of our working parents feel supported, flexible work practices are encouraged and everyone is free from unlawful discrimination, bullying and harassment.

Under the policy, and in accordance with the Board Charter, the Board is responsible for approving the Group's Diversity and Inclusion Policy, and setting, and annually assessing, measurable objectives in relation to diversity and progress against achieving them (in conjunction with the People and Remuneration Committee).

Conflicts Management

The Group Conflicts Management Policy is designed to ensure that actual, perceived or potential conflicts of interests are identified, managed or prevented. The policy outlines the organisational and administrative arrangements that have been put in place to support the identification and management of conflicts of interest.

Fit and Proper

The Group Fit and Proper Policy addresses the requirements of APRA Prudential Standards CPS and SPS 520 and requires all persons appointed to a Responsible Person role (including Directors) to satisfy the fit and proper requirements prior to their initial appointment, and be re-assessed annually or at any time information which may affect their fit and proper status becomes known.

Securities Trading

The Group Securities Trading Policy sets out when our people and their associates may deal in Securities, including Group securities.

The policy prohibits dealing in Securities, including Group securities, when in possession of inside information.

It also prohibits certain specified persons and their associates from dealing in Group securities except during limited 'trading windows'. Trading windows generally include the thirty days commencing the day after the Group's half-year and full-year results announcements, and the fourteen days commencing the day after the Group's quarterly trading updates are released or any other time determined by the Board.

Slavery and Human Trafficking

During the 2019 financial year, the Group published its latest Slavery and Human Trafficking Statement which discloses the actions taken by the Group to prevent slavery and human trafficking in our business and supply chain. The statement complies with the requirements of the UK Modern Slavery Act.

The Group is currently preparing for the introduction of the Australian and NSW modern slavery legislation and will disclose our progress in complying with the legislation as required in 2020.

Risk Management and Assurance

The Group is exposed to both financial and non-financial risks, and is committed to having risk management policies, processes and practices that support a high standard of governance. This enables management to undertake prudent risk-taking activities.

Risk Framework

The Group's Risk Management function designs and oversees a Risk Management Framework ("Risk Framework") to allow the Group to manage risks within a Board-approved risk appetite.

The Risk Framework covers all systems, structures, policies, processes and people that identify, measure, evaluate, monitor, report and control or mitigate both internal and external sources of material risk. It incorporates three key documents:

- Group RAS: which articulates the type and degree of risk the Board is prepared to accept and defines the maximum level of risk within which the Group must operate. The Risk Committee is provided with reporting of the position against the risk appetite settings at each meeting;
- Group RMA: which describes how the Group ensures the comprehensive management of risks across the Group in support of achieving its strategic goals; and
- Group Business Plan: which summarises the Group's approach to implementing its strategic objectives. The plan has a rolling three year duration and takes into consideration material risks arising from its implementation.

The Risk Framework is overseen by the Board with the assistance of the Risk Committee and the Audit Committee. The Risk Committee also monitors the Group's risk profile and risk appetite. Additionally, an annual declaration to APRA is made by the Chairs of the Board and the Risk Committee on risk management as required under the relevant Prudential Standards. The Risk Framework is regularly reviewed in light of emerging risks arising from the changing business environment, better practice approaches, and regulatory and community expectations. The Board annually reviews the Risk Framework to satisfy itself that it continues to be sound and discusses key areas of focus for improvement. This occurs as part of its consideration of the risk management declaration it provides to APRA. The last declaration was made in October 2018. Further information on the Risk Framework can be found in Note 9 to the 2019 Financial Report.

Corporate Governance

Remedial Action Plan

Following publication of the Inquiry Report in April 2018, the Bank committed to implement all recommendations. Addressing the findings of the report is a key focus of the Board and management.

The Bank has a Plan in place to address the recommendations outlined in the Inquiry Report. The Plan was approved by APRA on 29 June 2018. A number of these changes will strengthen the Risk Framework, particularly in respect of operational risk and compliance risk management.

Examples of progress include:

- elevating the focus on risk management by establishing a Non-Financial Risk Committee at the executive level;
- establishing Chief Controls Offices in business units and appointing Chief Controls Officers who are accountable for the management and governance of non-financial risk for their respective business unit; and
- clarifying what we expect of our people through our purpose, values expectations and Code, and more closely linking senior leaders' remuneration with their management of risk. Senior leaders have a proportion of their performance metric tied to the successful delivery of the milestones within the Plan.

All milestones in the Plan are on track to be delivered by the scheduled due dates.

Exposure to Economic, Environmental and Social Risks

The Bank's material risk types include strategic, credit, liquidity, market, operational and compliance risks, which encompass economic, environmental and social sustainability risks. These risks could adversely affect the Group and the achievement of its objectives.

The Group's approach to climate governance, strategy, risk management, metrics and targets is in line with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations.

Internal Audit

The Group has an Internal Audit team that, together with the Credit Portfolio Assurance team, forms the GA&A function.

GA&A's role is to provide independent and objective assurance to management and the Audit Committee.

GA&A is structured to be independent of management, with the most senior GA&A executive, the Group Internal Auditor, reporting directly to the Audit Committee. The Audit Committee holds regular discussions with the Group Internal Auditor in the absence of management. The Group Internal Auditor may only be appointed or dismissed with the Audit Committee's approval. The Group Internal Auditor has free and unrestricted access to all of the Group's information, people, property and records to discharge GA&A's role. In major offshore subsidiary entities, local audit teams operate similarly, but with a direct reporting line to local board committees.

GA&A operates under a separate Charter approved by the Audit Committee, conducts its activities in line with local accounting and regulatory standards and, adheres to the Institute of Internal Auditors' International Professional Practice Framework and Standards.

GA&A's responsibilities include:

- developing a risk-based annual audit plan for the Audit Committee's approval and adjusting that plan where necessary to reflect current and emerging risks;
- executing the audit plan in line with approved audit methodologies and reporting the results of its work to management, the Audit Committee and, where appropriate, to the Risk Committee; and
- escalating to management and the Audit Committee or Risk Committee, as appropriate, instances where GA&A believe that management has accepted a level of risk in excess of the business area's approved risk appetite. The Group Internal Auditor also monitors and reports on progress in addressing significant control and risk issues.

External Auditor

PricewaterhouseCoopers ("PwC") was appointed as the Group's External Auditor ("External Auditor") at the 2007 Annual General Meeting ("AGM"). The External Auditor provides an independent opinion on whether, among other things, the Group's financial report provides a true and fair view of the Bank and Group's financial position and performance.

In line with legislation promoting auditor independence, the Group requires rotation of PwC's lead audit partner after the audit of five successive financial years. The current lead audit partner was appointed effective from 1 July 2017. The lead audit partner holds regular discussions with the Audit Committee in the absence of management. That partner will attend the 2019 AGM and be available to respond to shareholder questions relevant to the audit. The Group and its External Auditor must comply with Australian and United States auditor independence requirements. United States Securities and Exchange Commission rules apply to various activities the Group undertakes in the United States, even though the Bank is not registered under its Exchange Act.

CEO and CFO Declarations

Before the Board approved the Group's half-year and full-year financial statements for 2019, the CEO and CFO provided the Board with written declarations that, in their opinion:

- the Group's financial records had been properly maintained in accordance with the Corporations Act;
- the financial statements and notes complied with the accounting standards and gave a true and fair view of the Group's financial position and performance; and
- the declarations had been formed on the basis of a sound system of risk management and internal control which was operating effectively.

Stakeholders

We seek to engage with our stakeholders to strengthen our partnerships with them and enhance our community participation. This is essential, especially during a time when the Bank is focused on rebuilding trust. Forums such as our CEO Advisory Panel, Customer Advocate Community Council and the Indigenous Advisory Council are examples of how the Bank seeks to advance our engagement with external stakeholders. From these engagements, the Bank identifies beneficial outcomes which are in turn disclosed to our stakeholders.

Our approach to stakeholder engagement is guided by the AA1000 Accountability Stakeholder Engagement Standard and our Stakeholder Engagement Approach.

Customers

We engage with our customers through customer feedback, surveys and workshops, customer representative bodies, complaint channels and external dispute resolution bodies.

Our Customer Advocate function strengthens the Bank's accountability for fair customer outcomes and offers a more customer-oriented approach.

Since 2016, this function has undertaken important work to help us deliver fair customer outcomes by:

- removing barriers to banking that stand in the way of financial inclusion;
- finding and fixing issues that might have a negative impact on customers;
- providing a helping hand to customers through various initiatives and programs (including protecting against financial abuse, supporting mental health, providing opportunities for mentoring and internships, and responding to the needs of minority communities); and
- building better bankers by improving customer advocacy capability and decision making.

Community

To deliver sustainable outcomes and financial wellbeing for our stakeholders, first we must understand the expectations of the communities in which we operate.

We engage with members of the community and community organisations through a variety of channels. For example, we participate in community events and forums, are members of industry associations and meet with Non - Governmental Organisations. The insights we gain in the process of our engagement help us continuously improve our products and services in light of evolving community expectations.

Through the CommBank Foundation we offer our people the opportunity to participate in one of Australia's largest workplace giving programs. During the financial year, the CommBank Foundation provided over $3.7 million to eligible community organisations, and raised over $2 million for cancer research.

Our People

The Remuneration Committee has been re-named to the People & Remuneration Committee with its duties expanded to specifically include people matters. The Bank is committed to:

- building a more inclusive and diverse culture;
- supporting flexible work practices;
- providing our people, regardless of gender or sexual orientation, with access to paid leave and other support to assist them with caring and family responsibilities; and
- rewarding our people responsibly.

Building a Diverse and Inclusive Culture

Our Global Diversity & Inclusion Strategy seeks to build an inclusive culture that embraces the diversity of our people and creates a sense of connection and belonging. This strategy is built on actions taken to learn from the experiences of our people and customers, to build understanding and to ensure fair and inclusive decision-making. This includes listening sessions to understand the employee and customer experience, embedding fair and equitable people related processes and, regularly measuring ourselves and reporting against our objectives.

Whilst the Bank's results demonstrate that we are well positioned to understand and respond to the needs of our customers and communities, we know there's more work to be done to improve the diversity of our leadership teams.

Corporate Governance

Gender Diversity

The measurable objectives for gender diversity in the composition of the Board, senior executives and the workforce will be considered and recommended by the People & Remuneration Committee, and approved by the Board. Our progress towards achieving those objectives are:

Roles to be held by women by 2020	Progress as at 30 June 2018	Progress as at 30 June 2019
40% of Board	40.0%	50.0%
40% of Executive Managers[1] and above[2]	37.6%	39.1%
45% of Manager[3] and above roles	44.6%	45.0%

Women represent 57.2% of the Group's workforce[4] and 22.2% of the Senior Leadership (Group Executives)[5].

Cultural Diversity

The Board sets the measureable objectives for cultural diversity. Our progress is measured through our Cultural Diversity Index ("CDI").

Employee Networks

Our employee-led networks foster inclusion and inform solutions for our people and our customers, and include: WeCAN (gender equality), Advantage (life-stage and age), Yana Budjari (Aboriginal and Torres Strait Islander peoples and cultures), Unity (sexual orientation and gender identity), Mosaic (cultural diversity), and Enable (accessibility and inclusion for people with a disability).

Flexible Work Practices

We believe that flexible working practices, when leveraged as a strategic tool to improve business outcomes and employee wellbeing, can strengthen a performance culture.

Through our iCANFlex program the Bank provides tools that enable our people to work in a way that makes sense for them and our business. iCanFlex encourages our people to adopt flexible working practices, supporting them to adjust how, when, and where they work to deliver better outcomes for themselves, our customers and the business.

73.9%[6] of the Group's people work flexibly which is consistent with last year.

Supporting Working Parents

We recognise that the sharing of caring responsibilities for families promotes workforce participation. With this in mind, we have been working to ensure that our approach to parental leave and support for carer's is gender inclusive, particularly to improve men's access to parental leave.

We offer gender neutral paid parental leave entitlements with up to 52 weeks superannuation payments for primary carers, 12 weeks paid parental leave and a return-to-work payment.

We have a continued increase in men accessing parental leave and, in the 2019 financial year, 38.3%[7] of employees who commenced a period of parental leave were men.

Remuneration

The People & Remuneration Committee assists the Board discharge its responsibilities on matters relating to the Group's people and remuneration strategies, Group Remuneration Policy, remuneration arrangements for Non-Executive Directors, the CEO and his direct reports, and 'accountable persons' under the BEAR, variable remuneration plans and performance management and recognition frameworks.

For more information on the Bank's remuneration arrangements refer to the Remuneration Report on pages 82 to 107 of the 2019 Financial Report.

During the year, the Board evaluated the CEO's performance, and his assessment of the Group Executives' performance[8]. The basis on which individuals' performance was evaluated, and remuneration outcomes determined, is summarised in the Remuneration Report.

The CEO and other senior executives have written agreements setting out their employment terms. Appropriate background checks are undertaken prior to appointing senior executives, including fit and proper assessments for persons appointed to a 'responsible person' role, as outlined on page 141.

[1] The percentage of roles at the level of Executive Manager and above filled by women, in relation to the total headcount at these levels as at 30 June. Headcount captures permanent headcount (full-time, part-time, job share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group, including AHL and excluding ASB.

[2] For the purposes of diversity metrics, gender targets set by the Board in relation to Senior Executives is defined as Executive Manager and above.

[3] The percentage of roles that are filled by women at the level of Manager and above (including Branch Managers), in relation to the total headcount at this level as at 30 June. Headcount captures permanent headcount (full-time, part-time, job share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group, including AHL and excluding ASB.

[4] The percentage of roles filled by women, in relation to the total headcount as at 30 June for the Group. Headcount captures permanent headcount (full-time, part-time, job-share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group, including AHL and excluding ASB.

[5] The percentage of roles that are filled by women who are current executives as at 30 June. These roles are direct reports of the CEO with authority and responsibility for planning, directing and controlling CBA's activities. This excludes ASB. For a list of current executives, please refer to the 2019 Financial Report pages 74 & 75.

[6] The proportion of CBA employees that indicated that they used flexible work options in the last 12 months by nominating one, or more than one, of the flexible work options in the Group's annual people and culture survey. Note this survey question was updated in the 2017 financial year. The result captures the responses of CBA employees only, excluding Bankwest, CFSGAM, ASB, Indonesia, Vietnam and China.

[7] This metric represents the proportion of male employees who commenced a period of parental leave in the 2019 financial year, compared to all employees who commenced parental leave during the same period. This excludes AHL and ASB.

[8] The ASB Board assessed the performance of the CEO ASB.

Corporate Governance

Gender Pay Equity

We continue to have a minimal pay gap between what we pay men and women in similar roles. Over the 2019 financial year, gender pay equity improved for some levels of employees, including Executive General Managers, Managers and team members, and declined slightly for General Managers and Executive Managers. We review pay equity throughout the year and as part of the annual remuneration review process.

Shareholders

The Bank seeks to provide shareholders with information that is timely, of high quality and relevant to their investment. The Bank is committed to listening and responding to shareholder queries and feedback and a dedicated telephone number and email address are provided on the Investor Centre on our website.

The Bank's investor relations program facilitates two-way communication between the Bank and shareholders, and fosters participation at shareholder meetings. The program incorporates a number of ways in which shareholders can access information and provide feedback.

Information for shareholders is made available via our Investor Centre and updates are provided to shareholders via communications such as our Annual Report, Notice of Meeting and Letter to Shareholders.

Corporate Reporting

The Audit Committee assists the Board discharge its responsibilities on matters relating to the external reporting of financial information for the Group.

The Group's Policy on Publicly Issued Documents and Marketing Materials establishes the principles for an approval process for public documents including periodic corporate reports such as the Financial Report, profit announcements, quarterly trading updates and Pillar 3 reports. The policy seeks to ensure:

- the information included in the relevant document is not considered to be inaccurate, false, misleading or deceptive;
- that there are no material omissions;
- compliance with relevant legislation, regulations, and industry codes and standards;
- a heightened degree of verification of certain category of documents; and
- that appropriate approvals are obtained for publically issued document and marketing material.

Under the policy, periodic corporate reports require a verification schedule as a means of verifying the accuracy and completeness of the content. The verification schedule allocates the statements within the relevant document to a responsible person, and records the sign-off of that person against the principles stated above. The verification is then provided to an appropriate approver to sign off on the accuracy and completeness of the information.

The CEO and CFO also provide the Board with written declarations in relation to the half-year and full-year financial statements, as described on page 142 of this Document.

Disclosure

All market sensitive information is released to the ASX in compliance with the Bank's continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

The Bank has a written policy for complying with its disclosure obligations. The Group Continuous Disclosure Policy was reviewed and updated in March 2019.

Subject to the matters reserved for Board approval, the Disclosure Committee is responsible for determining whether an announcement is released to ASX, or any other foreign securities exchange, and approving the form of the announcement.

The Bank releases copies of new and substantive investor or analyst presentation materials to the ASX ahead of the presentation being given.

The Board receives copies of all material market announcements after release.

In addition, the Bank posts all material information released to the ASX and webcasts important market briefings via the Investor Centre.

Annual General Meeting

The Bank recognises the importance of shareholder participation at our AGM. Shareholders are encouraged to attend and participate. The location of the Bank's AGM is held in different locations to facilitate shareholder attendance.

The Bank also encourages shareholders to submit questions ahead of the AGM. Over 930 shareholder questions were received in advance of the 2018 AGM, providing useful insights into shareholder concerns, enabling the Bank to provide relevant feedback at the meeting on consistent themes raised.

The Bank offers direct voting, allowing shareholders who are unable to attend the AGM to vote on resolutions without needing to appoint a proxy to attend or vote on their behalf. Additionally, the AGM is webcast live, enabling shareholders who are unable to attend the AGM in person, to view the AGM online.

It is the Bank's practice to conduct voting on all resolutions by poll.

Electronic Communications

Shareholders are encouraged to provide the Bank's share registry, Link Market Services, with their email addresses, so that the Bank may communicate important information electronically.

Roles and Responsibilities

The Board and Board Committee charters were reviewed throughout the year to clarify the roles, responsibilities and accountabilities of the Board and Board Committees.

Summaries of the roles and responsibilities of the Board, the Chairman, the Board Committees and the CEO are:

The Board

- approves the strategic, business and financial plans to be implemented by management;
- oversees the Group's Risk Framework and its operation by management;
- sets the Group's risk appetite, within which the Board expects management to operate, and approves the RAS;

Corporate Governance

- monitors the culture of the Group (including by forming a view on risk culture) and monitoring any management action plans to strengthen the desired organisational culture;
- oversees the Group's efforts to improve the experience and outcomes of the Bank's customers;
- approves the Group's half and full-year financial statements and reports, and the half and full-year financial reports, and quarterly trading updates;
- approves capital expenditure for investments and divestments, and operational expenditure that exceed limits delegated to the CEO;
- considers the social, ethical and environmental impact of the Group's activities; and approves corporate responsibility and climate related disclosures;
- assesses the performance and succession planning of the CEO and the direct reports of the CEO;
- approves the suitability of a proposed Director to be registered as an 'accountable person'; and
- approves the remuneration arrangements and outcomes for the CEO, the direct reports to the CEO or as required by regulators or relevant Group policies, following an assessment of performance and risk behaviours.

The Chairman

- represents the views of the Board and the Bank to stakeholders, including shareholders, regulators and the community;
- fosters an open, inclusive and, where appropriate, challenging discussion by the Board;
- maintains a regular dialogue with the CEO and management, serving as the primary link between the Board and management;
- liaises with the CEO in relation to the Board's information requirements to assist the Board with effective decision making; and
- sets the agenda together with the CEO and the Group Company Secretary, ensuring that appropriate time and attention is devoted to matters within the responsibilities of the Board.

Board Committees

The Board has four principal Committees that assist it in carrying out its responsibilities. These are the:

- Audit Committee;
- Nominations Committee;
- People & Remuneration Committee; and
- Risk Committee.

The roles, responsibilities and composition requirements of the Committees are detailed in Board-approved charters and summarised in the following table.

From time to time, other special Committees are convened to assist the Board with particular matters or to exercise a delegated authority of the Board.

All Directors have access to Committee papers, may attend Committee meetings and receive minutes of Committee meetings even if they are not a member of the relevant Committee. Committee Chairs provide verbal reports on Committee business at the next relevant Board meeting.

The CEO

- implements the strategic, business and financial objectives and/or plans of the Bank and instilling the Group's Code;
- analyses the impact on strategic objectives and financial position when allocating the Bank's resources or capital; approving expenditure; or making financial decisions;
- assesses reputational consequences of decisions or actions taken by the Bank;
- implements processes, policies and systems together with appropriate controls to effectively manage the operations and risk of the Group; and
- ensures the timely preparation, presentation, adequacy and integrity of information provided to the Board, to enable the Board to carry out its responsibilities.

Company Secretaries

The Board has appointed two Company Secretaries. The Group Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

All Directors have access to both Company Secretaries.

Audit Committee	Nominations Committee	People & Remuneration Committee	Risk Committee[9]
Assists the Board on matters relating to: ▪ external reporting of financial information for the Group; ▪ the internal control framework for the Group; ▪ the Group Internal Auditor, internal audit function and External Auditor; and ▪ the Group's Risk Framework, in conjunction with the Risk Committee.	**Assists the Board on matters relating to:** ▪ Board and Board Committee composition and performance review processes; ▪ appointment, election and re - election of Non-Executive Directors ("NEDs"); ▪ Director induction independence assessments; ▪ succession planning for, and performance of the CEO and CEO's direct reports; ▪ diversity policies of the Board and certain subsidiary boards; and ▪ governance framework and policies for key operating subsidiary board appointments and performance.	**Assists the Board on matters relating to:** ▪ people and remuneration strategies and the Group Remuneration Policy; ▪ remuneration arrangements for NEDs of the Board and certain related companies, the CEO, senior direct reports to the CEO, 'accountable persons' under the BEAR and other individuals described in the Committee charter; ▪ variable remuneration budgets and plans; ▪ Group-wide recognition programs; ▪ performance management frameworks; ▪ benefits of material value to employees; ▪ employee equity plans, superannuation and pension arrangements; ▪ employee relations strategy, engagement and talent management; ▪ diversity and inclusion; ▪ organisational culture; and ▪ remuneration disclosures.	**Assists the Board on matters relating to:** ▪ oversight and governance of risks impacting the Group; ▪ design, implementation and operation of the Risk Framework and RMA; ▪ monitoring risk appetite and assessing risk profile within material risk types; ▪ the Group's Risk Management function; and ▪ risk culture.
Must:* ▪ have at least three independent NEDs; and ▪ include the Risk Committee Chairman.	**Must:*** ▪ have at least three independent NEDs; and ▪ be chaired by the Board Chairman.	**Must:*** ▪ have at least four independent NEDs; and ▪ include a Risk Committee member.	**Must:*** ▪ have at least four independent NEDs; and ▪ include the Audit Committee Chairman and a People & Remuneration Committee member.
Members as at the date of the report: ▪ Anne Templeman-Jones[10] (Chairman) ▪ Shirish Apte ▪ Catherine Livingstone AO ▪ Wendy Stops	**Members as at the date of the report:** ▪ Catherine Livingstone AO (Chairman) ▪ Paul O'Malley[11] ▪ Mary Padbury ▪ Robert Whitfield	**Members as at the date of the report:** ▪ Sir David Higgins (Chairman) ▪ Catherine Livingstone AO ▪ Paul O'Malley[12] ▪ Mary Padbury ▪ Wendy Stops	**Members as at the date of the report:** ▪ Shirish Apte (Chairman) ▪ Sir David Higgins ▪ Catherine Livingstone AO ▪ Anne Templeman-Jones[13] ▪ Robert Whitfield

* All Board Committees are chaired by an independent Non-Executive Director.

[9] The Group CEO, Chief Risk Officer (CRO), CFO and Group Internal Auditor may attend all Committee meetings. The Committee meets periodically with the CRO and Executive General Manager Compliance, with only Directors present.
[10] Appointed Chairman 1 October 2018.
[11] Appointed 1 June 2019.
[12] Appointed 1 June 2019.
[13] Appointed 1 October 2018.

Board Effectiveness

The Board is committed to renewal and to continually improving its practices so that it can effectively discharge its role and responsibilities. An overview of the Board's composition and key corporate governance practices follows.

Board Members

The Bank's Directors for some or all of the 2019 financial year follow.

Current Directors	Appointed	Length of Service[14]
Catherine Livingstone AO[15]	March 2016	3 years 5 months
Matt Comyn (CEO)	April 2018	1 year 4 months
Shirish Apte	June 2014	5 years 2 months
Sir David Higgins	September 2014	4 years 11 months
Mary Padbury	June 2016	3 years 2 months
Wendy Stops	March 2015	4 years 5 months
Anne Templeman-Jones	March 2018	1 year 5 months
Robert Whitfield	September 2017	1 year 11 months
Professor Genevieve Bell	January 2019	7 months
Paul O'Malley	January 2019	7 months
Former Directors	**Appointed**	**Retired**
Brian Long	2010	2018
Andrew Mohl	2008	2018

As at the date of this Document, the Board comprised nine independent Non-Executive Directors and the CEO.

Details of the current Directors' experience, qualifications, special responsibilities (including Committee memberships) and dates of appointment are set out on pages 66 & 67 of the 2019 Financial Report.

Board Composition

The Board's approach to its composition and renewal emphasises the need for:

- relevant skills, expertise and experience: The Board seeks to have an appropriate mix of skills, expertise and experience to address existing and emerging business and governance issues, to enable Directors to operate effectively; and
- independence: The Board considers that all of its Non-Executive Directors, including the Chairman, were independent during the 2019 financial year and continue to be independent as at the date of this Document.

The Board has adopted Independence Standards to assess whether a Director qualifies as an independent Non-Executive Director upon appointment, and to assess the ongoing independence of Non-Executive Directors.

Each Non-Executive Director must disclose all Interests[16] that may affect the exercise of their unfettered and independent judgment as a Director prior to their appointment or election, and promptly as and when circumstances change.

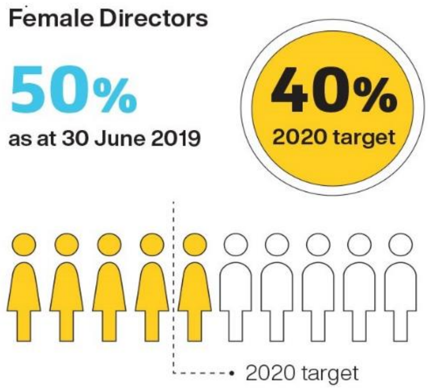
Disclosure extends to include relevant Interests of close family ties, such as spouses and family companies.

The Nominations Committee assesses the independence of each Director candidate and Non-Executive Director against the Independence Standards based on their disclosure of Interests and, in the case of a Non-Executive Director on the annual declaration.

In accordance with those Independence Standards, the Board considers a Non-Executive Director to be independent where they are independent of management and free of any Interests that could materially interfere (or could reasonably be perceived to interfere) with the exercise of unfettered and independent judgement, and ability to act in the best interests of the Bank as a whole rather than in the interests of an individual security holder or other party.

- diversity: The Directors on the Board represent a range of ages, nationalities and backgrounds. Gender diversity is a priority, with the Board setting a gender diversity objective of 40% female representation by the end of 2020. The Board first met this objective in 2017 and, in 2019 achieved gender equity of 50% male, and 50% female representation.

[14] As at the date of this Document.
[15] Chairman from 1 January 2017.
[16] Material contracts, interests, positions, associations and relationships.



- tenure: The Board balances longer-serving Directors with a deep knowledge of the Bank's operations and history, and newer Directors all with fresh perspectives.

The Board's Corporate Governance Guidelines provide that any Director with a material personal interest in a matter being considered by the Board or a Board Committee will not:

- receive a copy of any paper dealing with the matter (or may receive a redacted version of the paper);
- be present when the matter is being discussed; or
- vote on the matter.

Board Renewal

The Board has succession plans to facilitate the orderly transition of Directors. Andrew Mohl retired at the conclusion of the 2018 AGM, and Brian Long retired on 31 December 2018.

In anticipation of Brian Long's retirement, Anne Templeman-Jones was appointed Chairman of the Audit Committee and a member of the Risk Committee on 1 October 2018.

Professor Genevieve Bell and Paul O'Malley were appointed Non-Executive Directors on 1 January 2019. Genevieve's knowledge and understanding of technology in society and business has brought a unique and valuable perspective to the Board. Paul's broad operational and finance experience, as well as his experience in business leadership, has brought a strategic perspective to the Board.

Paul O'Malley was appointed a member of the Remuneration Committee and the Nominations Committee effective 1 June 2019. Paul will commence as Chairman of the renamed People & Remuneration Committee from 1 January 2020 following Sir David Higgins' retirement on 31 December 2019.

The Board uses a Skills Matrix ("Matrix") which sets out the desired skills and experience considered important for the effectiveness of the Board. It is reviewed annually to ensure it reflects the appropriate mix of skills, expertise and experience required to address existing and emerging business and governance issues, and enable Directors to effectively review the performance of management.

As a result of this year's review, 'Enhanced customer outcomes' was added to the Matrix. This competency is considered important for Directors to oversee the Bank's efforts to improve the experience and outcomes of our customers through:

- increasing the voice of the customer in Board deliberations;
- ensuring regular reporting of customer complaints, insights, and management's actions in response;
- overseeing CBA conduct risk in relation to customer outcomes; and
- ensuring speed of customer remediation where failures have occurred.

This year, each Director completed a questionnaire rating their skills, expertise and experience from 0 to 3 for each competency (0 = no experience, 1 = awareness, 2 = practiced/direct experience and 3 = high competency, knowledge and experience). The self-assessment ratings were subsequently calibrated with these results reviewed by the Nominations Committee and approved by the Board. The Matrix can be found on page 150.

Individual matrices have also been developed for the Audit Committee, People & Remuneration Committee and Risk Committee.

Corporate Governance

Director Appointment and Re-Election

The Board, with the assistance of the Nominations Committee, conducts a formal selection process when appointing new Non-Executive Directors. An executive search firm is engaged, as required, to identify a suitable range of candidates that have the relevant skills and experience being sought. In assessing candidates, the Board seeks to ensure that an appropriate mix of skills, experience and diversity is maintained or achieved to allow the effective contribution to Board deliberations and processes and assesses candidates against the Board's Director Appointment Criteria which are set out in a Board Appointment, Renewal and Performance Policy.

The Bank undertakes appropriate checks before appointing a person as a Non-Executive Director or recommending that person to the Bank's shareholders as a Non-Executive Director. Those checks include criminal record and bankruptcy checks, and checks of the person's educational qualifications and employment history. In addition, as all Non-Executive Directors are considered 'responsible persons' by APRA, they must be assessed in accordance with the Group's Fit and Proper Policy before commencing as a Non-Executive Director and thereafter on an annual basis.

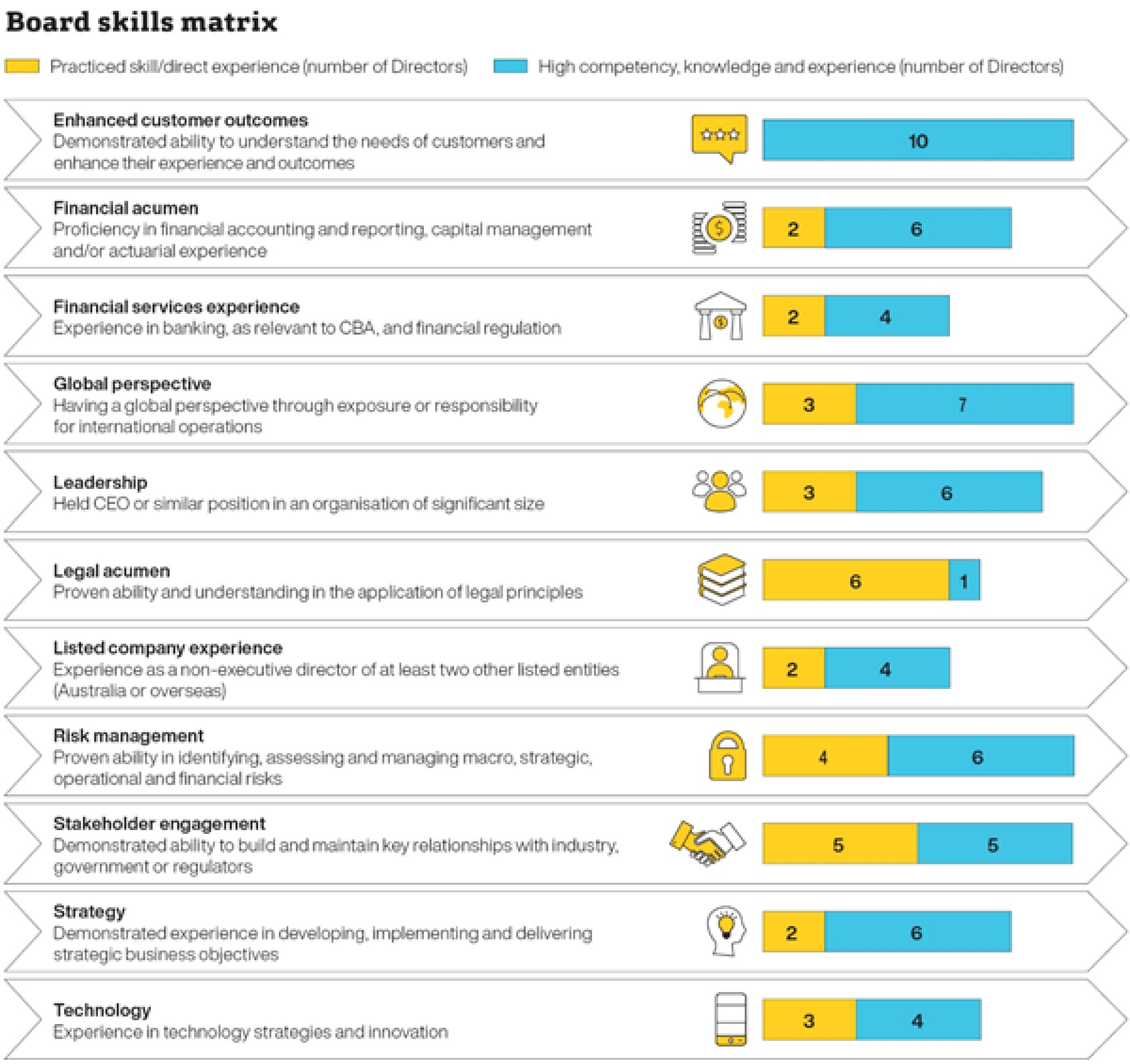
Further, Non-Executive Directors are registered by the Bank with APRA as 'accountable persons', as required under the BEAR.

Each Non-Executive Director receives a letter setting out the terms of their appointment.

All persons appointed as Non-Executive Directors of the Bank must stand for election at the next AGM following their appointment. In addition, Non-Executive Directors must stand for re-election such that at each AGM one third of Directors (excluding the CEO and any Directors appointed since the previous AGM) must retire.

Board support for a Director's election or re-election is subject to the Board performance review outcomes and any other matters the Board considers relevant.

The Board will provide shareholders full and fair disclosure of all material information relevant for a shareholder to make a properly informed decision to elect a Director at an AGM, including a recommendation on that Director's election.



Director Induction and Continuing Development

Non-Executive Directors joining the Board are given a copy of the Board's Corporate Governance Guidelines, which outline the key corporate governance principles and policies, and operational procedures and practices relevant to the Board in governing the Group.

All newly appointed Non-Executive Directors participate in an induction program approved by the Nominations Committee. The induction program includes briefings from the CEO and Executive Leadership Team together with senior leaders of the Group's business and support units, the Group Internal Auditor and external audit firm's lead audit partner.

The induction program covers a range of topics, including:

- a presentation from key business units including Retail Banking, Business and Private Banking, Institutional Banking and Markets, ASB, and Enterprise Services;
- the Corporate Governance Framework and associated obligations;
- the Bank's legal framework;
- regulatory obligations;
- Risk Framework (including financial and non-financial risks) and the Better Risk Outcomes Program;
- Financial Services and audit; and
- Human Resources (including health and safety and executive remuneration).

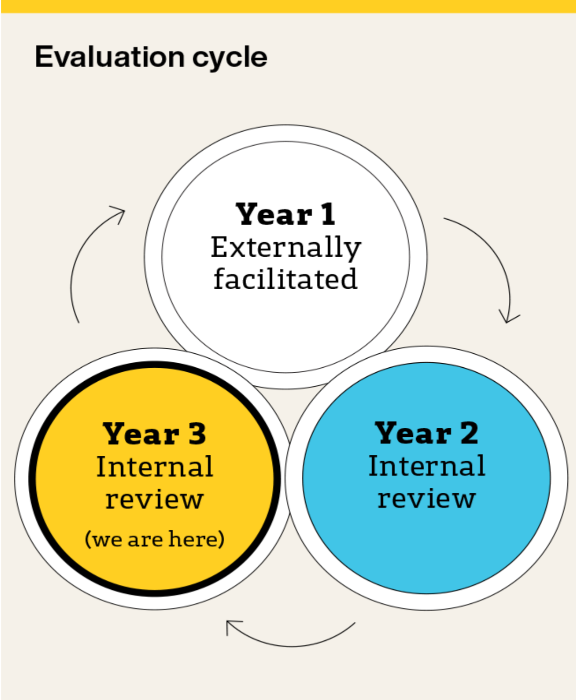
Non-Executive Directors also attend the Bank's Innovation Lab located in Sydney CBD, where the Bank partners with start-ups, other corporate organisations, and the broader community to run innovation experiments to turn new ideas into products and services for our customers.

The Board has a continuing education program for Non-Executive Directors to ensure they are provided opportunities to develop and maintain the skills and knowledge required to perform their role at the Bank effectively.

The Board completed a number of education sessions during the 2019 financial year. Directors gained insight and a deeper knowledge of the business including risk management, customer engagement, regulatory changes, product development, and received an externally presented economic update. The Directors also received training on updated Board approved policies including the Code, Continuous Disclosure, as well as Directors' duties. Additionally, the Board visited the Group's Operations Centre in Parramatta and the ASB operations in New Zealand.

Performance Evaluation

Performance evaluations are externally facilitated every three years, or as otherwise determined by the Board. In the intervening years, an internal evaluation is conducted. The next external evaluation is scheduled for 2020.



The Board has been evaluating its performance throughout the 2019 financial year, having regard to the focus areas identified as a result of the 2018 performance evaluation, implementation of the BEAR and the governance recommendations in the Inquiry Report.

The Board commenced an internal evaluation in May to formally assess its performance, and the performance of each Board Committee. The process was led by the Chairman of the Board with the support of the Group Company Secretary. The internal evaluation process was expanded this year, to include a series of questions designed to assess whether the Board:

- continues to have heightened visibility of conduct, culture and reputation within the Bank;
- has promoted a clear tone from the top in both clear and consistent messaging and actions;
- has an effective working relationship with, and engages in regular constructive discussions with management;
- effectively inducts, and provides sufficient professional development opportunities to Directors to ensure it has the rights balance of skills and expertise;
- is receiving adequate reporting for effective decision making; and
- demonstrates rigour and urgency in respect of key issues and closure of control weaknesses.

Feedback was also sought from the Executive Leadership Team.

The Chairman held individual meetings with each Director to discuss their evaluation responses, as well as their individual performance throughout the year. The Chairman was assessed by a Non-Executive Director. The outcomes of the internal performance evaluation were provided to the Board in June and the findings discussed in August.

The evaluation concluded that the performance of the Board and its Board Committees was effective for the year under review.

The Board agreed to the following four areas of focus for the 2020 financial year:

- the working relationship between the Board and management;
- culture including customer outcomes, conduct, compliance and reputation;
- longer-term strategy including the impact of emerging technology and innovation; and
- enhanced Board reporting and processes.

Board Access to Information and Independent Advice

The Board has free and unfettered access to senior management, and any other relevant internal and external party and information, and may make any enquiries to fulfil its responsibilities.

Directors may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts. Where independent advice is sought at the Bank's expense, the Chairman's prior consent (which must not be unreasonably withheld) must be sought. The fee payable to the adviser must be reasonable in the circumstances and notified to the Chairman before the adviser is formally engaged.

Board and Board Committee Meetings

The number of Board and Board Committee meetings held in the 2019 financial year, and each Director's attendance at those meetings, are set out on page 8 of the 2019 Financial Report.

Five Year Financial Summary

	2019	2018 [1]	2017 [1]	2016	2015
	$M	$M	$M	$M	$M
Net interest income	**18,120**	18,342	17,546	16,858	15,827
Other operating income [2]	**6,291**	6,580	6,831	7,043	7,751
Total operating income	**24,411**	24,922	24,377	23,901	23,578
Operating expenses	**(11,269)**	(10,995)	(10,129)	(9,957)	(10,003)
Impairment expense	**(1,201)**	(1,079)	(1,095)	(1,256)	(988)
Net profit before tax	**11,941**	12,848	13,153	12,688	12,587
Corporate tax expense	**(3,437)**	(3,920)	(3,752)	(3,497)	(3,439)
Non-controlling interests	**(12)**	(13)	(13)	(20)	(21)
Net profit after tax from continuing operations ("cash basis")	**8,492**	8,915	9,388	9,171	9,127
Net profit after tax from discontinued operations	**214**	497	493	274	-
Net profit after tax ("cash basis")	**8,706**	9,412	9,881	9,445	9,127
Treasury shares valuation adjustment	**6**	2	(23)	4	(28)
Hedging and IFRS volatility	**(79)**	101	73	(199)	6
(Loss)/gain on disposal of controlled entities/investments	**(61)**	(183)	-	-	-
Bankwest non-cash items	**(1)**	(3)	(3)	(27)	(52)
Net profit after income tax attributable to Equity holders of the Bank "statutory basis"	**8,571**	9,329	9,928	9,223	9,053
Contributions to profit (after tax)					
Retail Banking Services	**4,267**	4,823	4,423	4,540	3,994
Business and Private Banking	**2,658**	2,845	2,736	1,522	1,495
Institutional Banking and Markets	**1,071**	1,170	1,360	1,190	1,285
Wealth Management	**160**	255	201	400	643
New Zealand	**1,050**	975	871	785	882
Bankwest	**-**	-	-	778	795
IFS and Other	**(714)**	(1,153)	(203)	(44)	33
Net profit after tax from continuing operations ("cash basis")	**8,492**	8,915	9,388	9,171	9,127
Investment experience after tax	**3**	(4)	(7)	(24)	(150)
Net profit after tax "underlying basis"	**8,495**	8,911	9,381	9,147	8,977
Balance Sheet					
Loans, bills discounted and other receivables	**755,141**	743,365	731,762	695,398	639,262
Total assets	**976,502**	975,165	976,318	932,945	873,489
Deposits and other public borrowings	**636,040**	622,234	626,655	588,045	543,231
Total liabilities	**906,853**	907,305	912,658	872,437	820,684
Shareholders' Equity	**69,649**	67,860	63,660	60,508	52,805
Net tangible assets (including discontinued operations)	**59,580**	56,844	53,090	49,630	41,334
Risk weighted assets - Basel III (APRA)	**452,762**	458,612	437,063	394,667	368,721
Average interest earning assets	**864,174**	854,264	834,741	790,596	736,164
Average interest bearing liabilities	**761,115**	759,583	755,612	733,754	693,376
Assets (on Balance Sheet) - Australia	**824,651**	811,491	817,519	783,114	741,249
Assets (on Balance Sheet) - New Zealand	**99,661**	94,622	89,997	83,832	72,299
Assets (on Balance Sheet) - Other	**52,190**	69,052	68,802	65,999	59,941

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) Includes investment experience.

Five Year Financial Summary

	2019	2018	2017	2016	2015
Shareholder summary from continuing operations					
Earnings per share (cents) [(1)]					
Basic					
Statutory	**473. 7**	518. 8	549. 9	525. 6	553. 1
Cash basis	**480. 8**	510. 3	545. 4	538. 3	556. 9
Fully diluted					
Statutory	**457. 5**	503. 2	532. 9	513. 3	539. 1
Cash basis	**464. 2**	495. 2	528. 7	525. 4	542. 7
Shareholder summary including discontinued operations					
Earnings per share (cents) [(1)]					
Basic					
Statutory	**485. 6**	534. 3	577. 3	542. 0	553. 1
Cash basis	**493. 0**	538. 8	574. 1	554. 5	556. 9
Fully diluted					
Statutory	**468. 6**	517. 7	558. 8	529. 0	539. 1
Cash basis	**475. 4**	522. 0	555. 8	540. 9	542. 7
Dividends per share - fully franked (cents)	**431**	431	429	420	420
Dividend cover - statutory (times)	**1. 1**	1. 1	1. 3	1. 3	1. 3
Dividend cover - cash (times)	**1. 1**	1. 2	1. 3	1. 3	1. 3
Dividend payout ratio (%)					
Statutory	**89. 0**	81. 2	74. 6	78. 4	75. 8
Cash basis	**87. 6**	80. 4	75. 0	76. 5	75. 2
Net tangible assets per share ($) including discontinued operations	**33. 7**	32. 3	30. 7	28. 9	25. 4
Weighted average number of shares (statutory basic) (M)	**1,765**	1,746	1,720	1,692	1,627
Weighted average number of shares (statutory fully diluted) (M)	**1,897**	1,852	1,816	1,711	1,711
Weighted average number of shares (cash basic) (M)	**1,766**	1,747	1,721	1,694	1,630
Weighted average number of shares (cash fully diluted) (M)	**1,898**	1,853	1,817	1,773	1,714
Number of shareholders [(2)(3)]	**831,655**	851,539	844,527	857,052	820,462
Share prices for the year ($)					
Trading high	**83. 99**	85. 12	87. 74	88. 88	96. 69
Trading low	**65. 23**	67. 22	69. 22	69. 79	73. 57
End (closing price)	**82. 78**	72. 87	82. 81	74. 37	85. 13

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) This includes employees.

(3) Comparative information for 2016 and 2015 has been restated to include employees.

Five Year Financial Summary

	2019	2018	2017	2016	2015
Performance ratios (%) from continuing operations [1]					
Return on average Shareholders' Equity					
Statutory	**12. 3**	13. 9	15. 4	15. 8	18. 2
Cash basis	**12. 5**	13. 6	15. 3	16. 1	18. 2
Return on average total assets					
Statutory	**0. 9**	0. 9	1. 0	1. 0	1. 1
Cash basis	**0. 9**	0. 9	1. 0	1. 0	1. 1
Net interest margin	**2. 10**	2. 15	2. 10	2. 13	2. 15
Performance ratios (%) including discontinued operations					
Return on average Shareholders' Equity					
Statutory	**12. 6**	14. 3	16. 2	16. 3	18. 2
Cash basis	**12. 8**	14. 4	16. 0	16. 6	18. 2
Return on average total assets					
Statutory	**0. 9**	1. 0	1. 0	1. 0	1. 1
Cash basis	**0. 9**	1. 0	1. 0	1. 0	1. 1
Capital adequacy - Common Equity Tier 1 (APRA)	**10. 7**	10. 1	10. 1	10. 6	9. 1
Capital adequacy - Tier 1 (APRA)	**12. 7**	12. 3	12. 1	12. 3	11. 2
Capital adequacy - Tier 2 (APRA)	**2. 8**	2. 7	2. 1	2. 0	1. 5
Capital adequacy - Total (APRA)	**15. 5**	15. 0	14. 2	14. 3	12. 7
Leverage Ratio (APRA) (%)	**5. 6**	5. 5	5. 1	5. 0	n/a
Liquidity Coverage Ratio (%)	**129**	131	129	120	120
Net interest margin	**2. 11**	2. 15	2. 11	2. 14	2. 15
Other information (numbers)					
Full-time equivalent employees from continuing operations [1]	**42,921**	42,462	42,359	43,178	45,948
Full-time equivalent employees including discontinued operations	**45,165**	45,753	45,614	45,129	45,948
Branches/services centres (Australia)	**1,172**	1,082	1,121	1,131	1,147
Agencies (Australia)	**3,560**	3,589	3,664	3,654	3,670
ATMs	**3,963**	4,253	4,398	4,381	4,440
EFTPOS terminals (active)	**217,608**	219,245	217,098	217,981	208,202
Productivity from continuing operations [1][2]					
Total operating income per full-time (equivalent) employee ($)	**568,644**	591,876	579,023	552,805	508,578
Employee expense/Total operating income (%)	**24. 2**	21. 8	22. 4	24. 1	24. 9
Total operating expenses/Total operating income (%)	**46. 2**	44. 1	41. 6	41. 7	42. 8
Productivity including discontinued operations [1][2]					
Total operating income per full-time (equivalent) employee ($)	**540,391**	580,859	568,685	545,237	508,578
Employee expense/Total operating income (%)	**25. 5**	23. 2	24. 0	24. 4	24. 9
Total operating expenses/Total operating income (%)	**47. 8**	45. 5	41. 7	42. 4	42. 8

(1) Comparative information has been restated to conform to the presentation in the current year. This includes changes to the presentation of discontinued operations and changes from simplifying the Group's operating model to realign businesses across operating segments. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

(2) The productivity metrics have been calculated on a cash basis.

Appendices

Section 7 – Appendices

Appendix A – Additional Historical Information

For the purposes of providing investors with a thorough understanding of the Group's performance, this Appendix provides relevant financial year 2016 and 2015 information not provided within the 2019 Financial Report.

Provisions for Impairment

	2016	2015
Provisions for impairment losses	$M	$M
Collective provision		
Opening balance	2,762	2,779
Net collective provision funding	664	589
Impairment losses written off	(846)	(770)
Impairment losses recovered	225	176
Other	13	(12)
Closing balance	2,818	2,762
Individually assessed provisions		
Opening balance	887	1,127
Net new and increased individual provisioning	788	659
Write-back of provisions no longer required	(196)	(260)
Discount unwind to interest income	(27)	(38)
Impairment losses written off	(571)	(709)
Other	63	108
Closing balance	944	887
Total provisions for impairment losses	3,762	3,649
Less: Off Balance Sheet provisions	(44)	(31)
Total provisions for loan impairment	3,718	3,618

	2016	2015
Provision ratios	%	%
Total provisions for impaired assets as a % of gross impaired assets	36. 17	35. 94
Total provisions for impairment losses as a % of gross loans and acceptances	0. 54	0. 56

Appendix A – Additional Historical Information

Credit Risk Management

The following tables set out the Group's impaired asset position by industry and asset class as at 30 June 2017, 2016 and 2015.

							2017
Industry	Loans $M	Gross Impaired Loans $M	Total Provisions for Impaired Assets $M	Net Impaired Loans $M	Write-offs $M	Recoveries $M	Net Write-offs $M
Australia							
Sovereign	18,085	-	-	-	-	-	-
Agriculture	8,784	87	(47)	40	17	-	17
Bank and other financial	15,425	24	(27)	(3)	1	(1)	-
Home Loans	436,184	1,107	(249)	858	115	(3)	112
Construction	3,765	48	(25)	23	16	(1)	15
Other Personal	23,183	283	(166)	117	792	(170)	622
Asset Financing	7,872	71	(18)	53	41	(7)	34
Other commercial and industrial	120,638	701	(442)	259	210	(12)	198
Total Australia	633,936	2,321	(974)	1,347	1,192	(194)	998
Overseas							
Sovereign	1,900	-	-	-	-	-	-
Agriculture	9,848	279	(25)	254	15	-	15
Bank and other financial	5,775	9	-	9	5	-	5
Home Loans	49,673	89	(4)	85	4	(1)	3
Construction	634	1	(1)	-	8	(1)	7
Other Personal	1,713	13	(12)	1	60	(11)	49
Asset Financing	464	6	(10)	(4)	-	-	-
Other commercial and industrial	32,596	327	(114)	213	64	(3)	61
Total overseas	102,603	724	(166)	558	156	(16)	140
Gross balances	736,539	3,045	(1,140)	1,905	1,348	(210)	1,138

Appendix A – Additional Historical Information

Credit Risk Management (continued)

2016

Industry	Loans $M	Gross Impaired Loans $M	Total Provisions for Impaired Assets $M	Net Impaired Loans $M	Write-offs $M	Recoveries $M	Net Write-offs $M
Australia							
Sovereign	19,279	-	-	-	-	-	-
Agriculture	8,001	136	(42)	94	84	(1)	83
Bank and other financial	15,729	18	(29)	(11)	10	(27)	(17)
Home Loans	409,452	921	(193)	728	82	(3)	79
Construction	3,804	28	(25)	3	11	(1)	10
Other Personal	23,524	255	(176)	79	747	(154)	593
Asset Financing	7,677	85	(28)	57	54	(4)	50
Other commercial and industrial	116,668	953	(483)	470	249	(21)	228
Total Australia	604,134	2,396	(976)	1,420	1,237	(211)	1,026
Overseas							
Sovereign	1,433	-	-	-	-	-	-
Agriculture	8,744	277	(23)	254	7	-	7
Bank and other financial	3,471	10	(4)	6	-	(1)	(1)
Home Loans	46,622	99	(6)	93	7	(1)	6
Construction	352	14	(8)	6	-	-	-
Other Personal	1,719	12	(15)	(3)	54	(10)	44
Asset Financing	226	18	(10)	8	-	-	-
Other commercial and industrial	33,598	153	(76)	77	112	(2)	110
Total overseas	96,165	583	(142)	441	180	(14)	166
Gross balances	700,299	2,979	(1,118)	1,861	1,417	(225)	1,192

Appendix A – Additional Historical Information

Credit Risk Management (continued)

							2015
Industry	Loans $M	Gross Impaired Loans $M	Total Provisions for Impaired Assets $M	Net Impaired Loans $M	Write-offs $M	Recoveries $M	Net Write-offs $M
Australia							
Sovereign	5,521	-	-	-	-	-	-
Agriculture	6,258	347	(133)	214	65	-	65
Bank and other financial	15,157	24	(36)	(12)	36	(9)	27
Home Loans	383,174	835	(148)	687	72	(3)	69
Construction	2,722	30	(20)	10	14	-	14
Other Personal	22,313	266	(140)	126	686	(125)	561
Asset Financing	8,356	91	(28)	63	45	(4)	41
Other commercial and industrial	117,557	615	(400)	215	404	(24)	380
Total Australia	561,058	2,208	(905)	1,303	1,322	(165)	1,157
Overseas							
Sovereign	12,929	-	-	-	-	-	-
Agriculture	7,990	146	(14)	132	3	-	3
Bank and other financial	7,572	10	-	10	69	-	69
Home Loans	39,677	102	(10)	92	8	(1)	7
Construction	407	5	(1)	4	-	-	-
Other Personal	1,128	13	(9)	4	42	(10)	32
Asset Financing	558	29	(10)	19	-	-	-
Other commercial and industrial	12,909	179	(69)	110	35	-	35
Total overseas	83,170	484	(113)	371	157	(11)	146
Gross balances	644,228	2,692	(1,018)	1,674	1,479	(176)	1,303

Credit Risk Management (continued)

The following tables set out the Group's credit risk by industry and asset class as at 30 June 2017, 2016 and 2015.

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

At 30 June 2017

	Sovereign $M	Agri-culture $M	Bank & Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financing $M	Other Comm & Indust. $M	Other $M	Total $M
Australia										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	4,711	-	21,929	-	-	-	-	-	-	26,640
Receivables due from other financial institutions	-	-	2,565	-	-	-	-	-	-	2,565
Assets at fair value through Income Statement:										
Trading	18,107	-	1,545	-	-	-	-	8,811	-	28,463
Insurance (1)	2,131	-	5,806	-	-	-	-	3,535	-	11,472
Other	51	-	607	-	-	-	-	453	-	1,111
Derivative assets	1,181	56	20,037	-	53	-	-	4,668	-	25,995
Available-for-sale investments	41,323	-	27,126	-	-	-	-	294	-	68,743
Loans, bills discounted and other receivables	18,085	8,784	15,425	436,184	3,765	23,183	7,872	120,638	-	633,936
Bank acceptances	-	2	-	-	1	-	-	38	-	41
Other assets (2)	1,460	16	4,073	-	4	6	-	359	17,056	22,974
Total on Balance Sheet Australia	87,049	8,858	99,113	436,184	3,823	23,189	7,872	138,796	17,056	821,940
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	50	16	1,092	8	510	-	-	4,321	-	5,997
Loan commitments	795	1,967	7,439	66,869	2,973	22,495	-	39,467	-	142,005
Other commitments	42	30	1,040	1	962	-	10	1,849	-	3,934
Total Australia	87,936	10,871	108,684	503,062	8,268	45,684	7,882	184,433	17,056	973,876
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	15,595	-	3,615	-	-	-	-	-	-	19,210
Receivables due from other financial institutions	109	-	7,363	-	-	-	-	-	-	7,472
Assets at fair value through Income Statement:										
Trading	2,264	-	1,712	-	-	-	-	265	-	4,241
Insurance (1)	354	-	1,843	-	-	-	-	-	-	2,197
Other	-	-	-	-	-	-	-	-	-	-
Derivative assets	412	19	3,037	-	-	-	-	2,261	-	5,729
Available-for-sale investments	11,832	-	2,959	-	-	-	-	1	-	14,792
Loans, bills discounted and other receivables	1,900	9,848	5,775	49,673	634	1,713	464	32,596	-	102,603
Bank acceptances	-	-	-	-	-	-	-	422	-	422
Other assets (2)	41	-	413	-	-	3	8	57	2,023	2,545
Total on Balance Sheet overseas	32,507	9,867	26,717	49,673	634	1,716	472	35,602	2,023	159,211
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	1	2	1,086	-	37	-	-	301	-	1,427
Loan commitments	284	881	6,335	7,414	196	2,017	-	14,423	-	31,550
Other commitments	26	5	1	-	-	-	-	187	-	219
Total overseas	32,818	10,755	34,139	57,087	867	3,733	472	50,513	2,023	192,407
Total gross credit risk	120,754	21,626	142,823	560,149	9,135	49,417	8,354	234,946	19,079	1,166,283

(1) In most cases the credit risk of insurance assets is borne by policyholders. However, on certain insurance contracts the Group retains exposure to credit risk.
(2) For the purpose of reconciling to the Balance Sheet, "Other assets" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in Associates and Joint Ventures, Intangible assets, Deferred tax assets and Other assets.

Appendix A – Additional Historical Information

Credit Risk Management (continued)

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

										At 30 June 2016
	Sovereign $M	Agri-culture $M	Bank & Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financing $M	Other Comm & Indust. $M	Other $M	Total $M
Australia										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	3,185	-	7,786	-	-	-	-	-	-	10,971
Receivables due from other financial institutions	-	-	2,930	-	-	-	-	-	-	2,930
Assets at fair value through Income Statement:										
Trading	16,763	-	1,552	-	-	-	-	12,900	-	31,215
Insurance [1]	1,402	-	5,963	-	-	-	-	3,781	-	11,146
Other	43	-	532	-	-	-	-	905	-	1,480
Derivative assets	1,630	115	30,209	-	133	-	-	2,305	-	34,392
Available-for-sale investments	43,400	-	23,856	-	-	-	-	821	-	68,077
Loans, bills discounted and other receivables	19,279	8,001	15,729	409,452	3,804	23,524	7,677	116,668	-	604,134
Bank acceptances	2	707	68	-	338	-	-	44	-	1,159
Other assets [2]	1,531	4	3,845	708	3	8	-	363	15,703	22,165
Total on Balance Sheet Australia	87,235	8,827	92,470	410,160	4,278	23,532	7,677	137,787	15,703	787,669
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	63	18	839	58	542	6	-	4,321	-	5,847
Loan commitments	848	1,406	7,436	68,577	2,227	22,957	-	37,667	-	141,118
Other commitments	55	24	1,876	59	986	1	14	1,801	-	4,816
Total Australia	88,201	10,275	102,621	478,854	8,033	46,496	7,691	181,576	15,703	939,450
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	8,483	-	3,918	-	-	-	-	-	-	12,401
Receivables due from other financial institutions	148	-	8,513	-	-	-	-	-	-	8,661
Assets at fair value through Income Statement:										
Trading	890	-	1,559	-	-	-	-	403	-	2,852
Insurance [1]	-	-	2,401	-	-	-	-	-	-	2,401
Other	-	-	-	-	-	-	-	-	-	-
Derivative assets	916	31	5,120	-	-	-	-	6,108	-	12,175
Available-for-sale investments	9,507	-	3,166	-	-	-	-	148	-	12,821
Loans, bills discounted and other receivables	1,433	8,744	3,471	46,622	352	1,719	226	33,598	-	96,165
Bank acceptances	-	-	-	-	-	-	-	272	-	272
Other assets [2]	17	-	247	70	-	6	5	30	2,110	2,485
Total on Balance Sheet overseas	21,394	8,775	28,395	46,692	352	1,725	231	40,559	2,110	150,233
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	1	4	60	-	53	-	-	251	-	369
Loan commitments	313	827	4,018	7,309	194	1,940	5	15,018	-	29,624
Other commitments	43	-	-	-	1	-	-	652	-	696
Total overseas	21,751	9,606	32,473	54,001	600	3,665	236	56,480	2,110	180,922
Total gross credit risk	109,952	19,881	135,094	532,855	8,633	50,161	7,927	238,056	17,813	1,120,372

(1) In most cases the credit risk of insurance assets is borne by policyholders. However, on certain insurance contracts the Group retains exposure to credit risk.

(2) For the purpose of reconciling to the Balance Sheet, "Other assets" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in Associates and Joint Ventures, Intangible assets, Deferred tax assets and Other assets.

Appendix A – Additional Historical Information

Credit Risk Management (continued)

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

At 30 June 2015

	Sovereign $M	Agri-culture $M	Bank & Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financing $M	Other Comm & Indust. $M	Other $M	Total $M
Australia										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	-	-	15,939	-	-	-	-	-	-	15,939
Receivables due from other financial institutions	-	-	4,141	-	-	-	-	-	-	4,141
Assets at fair value through Income Statement:										
Trading	10,477	-	2,087	-	-	-	-	10,267	-	22,831
Insurance (1)	696	-	7,269	-	-	-	-	3,885	-	11,850
Other	95	-	470	-	-	-	-	615	-	1,180
Derivative assets	1,282	115	29,319	-	48	-	-	6,898	-	37,662
Available-for-sale investments	34,795	-	28,510	-	-	-	-	1,040	-	64,345
Loans, bills discounted and other receivables	5,521	6,258	15,157	383,174	2,722	22,313	8,356	117,557	-	561,058
Bank acceptances	2	1,299	61	-	353	-	-	-	-	1,715
Other assets (2)	786	37	5,455	608	70	51	4	959	12,838	20,808
Total on Balance Sheet Australia	53,654	7,709	108,408	383,782	3,193	22,364	8,360	141,221	12,838	741,529
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	109	14	149	45	679	7	-	4,759	-	5,762
Loan commitments	577	1,595	3,845	66,437	3,253	22,605	-	40,482	-	138,794
Other commitments	50	13	1,727	24	874	2	164	2,263	-	5,117
Total Australia	54,390	9,331	114,129	450,288	7,999	44,978	8,524	188,725	12,838	891,202
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	-	-	17,177	-	-	-	-	-	-	17,177
Receivables due from other financial institutions	-	-	8,922	-	-	-	-	-	-	8,922
Assets at fair value through Income Statement:										
Trading	1,010	-	1,358	-	-	-	-	1,225	-	3,593
Insurance (1)	-	-	2,238	-	-	-	-	-	-	2,238
Other	-	-	98	-	-	-	-	-	-	98
Derivative assets	710	24	5,848	-	-	-	-	1,910	-	8,492
Available-for-sale investments	7,092	-	3,133	-	-	-	-	114	-	10,339
Loans, bills discounted and other receivables	12,929	7,990	7,572	39,677	407	1,128	558	12,909	-	83,170
Bank acceptances	-	-	-	-	-	-	-	229	-	229
Other assets (2)	45	-	743	1	1	19	54	77	1,685	2,625
Total on Balance Sheet overseas	21,786	8,014	47,089	39,678	408	1,147	612	16,464	1,685	136,883
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	1	3	60	-	69	-	-	286	-	419
Loan commitments	512	989	1,401	5,887	154	1,711	3	16,060	-	26,717
Other commitments	71	-	-	-	5	-	-	691	-	767
Total overseas	22,370	9,006	48,550	45,565	636	2,858	615	33,501	1,685	164,786
Total gross credit risk	76,760	18,337	162,679	495,853	8,635	47,836	9,139	222,226	14,523	1,055,988

(1) In most cases the credit risk of insurance assets is borne by policyholders. However, on certain insurance contracts the Group retains exposure to credit risk.

(2) For the purpose of reconciling to the Balance Sheet, "Other assets" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in Associates and Joint Ventures, Intangible assets, Deferred tax assets and Other assets.

Credit Risk Management (continued)

Large Exposures

Concentrations of exposure to any counterparty or counterparty group are controlled by a large credit exposure policy, which defines a graduated limit framework that restricts credit limits based on the internally assessed risk of the client, the type of client, the security cover and facility tenor. All exposures outside the policy limits require approval by the Executive Risk Committee and are reported to the Risk Committee. The following table shows the aggregated number of the Group's Corporate and Industrial aggregated counterparty exposures (including direct and contingent exposures), which individually were greater than 5% of the Group's capital resources (Tier 1 and Tier 2 capital):

	2017 Number	2016 Number	2015 Number
5% to less than 10% of the Group's capital resources	-	-	2
10% to less than 15% of the Group's capital resources	-	-	-

Appendix A – Additional Historical Information

Asset Quality

Financial assets individually assessed as impaired

	2017			2016		
	Gross Impaired Assets $M	Total Provisions for Impaired Assets $M	Net Impaired Assets $M	Gross Impaired Assets $M	Total Provisions for Impaired Assets $M	Net Impaired Assets $M
Australia						
Loans and other receivables:						
Housing Loans	1,107	(249)	858	921	(193)	728
Other Personal	283	(166)	117	255	(176)	79
Asset Financing	71	(18)	53	85	(28)	57
Other commercial and industrial	860	(541)	319	1,135	(579)	556
Financial assets individually assessed as impaired - Australia	2,321	(974)	1,347	2,396	(976)	1,420
Overseas						
Loans and other receivables:						
Housing Loans	89	(4)	85	99	(6)	93
Other Personal	13	(12)	1	12	(15)	(3)
Asset Financing	6	(10)	(4)	18	(10)	8
Other commercial and industrial	616	(140)	476	454	(111)	343
Financial assets individually assessed as impaired - overseas	724	(166)	558	583	(142)	441
Total financial assets individually assessed as impaired	3,045	(1,140)	1,905	2,979	(1,118)	1,861

Appendix A – Additional Historical Information

Asset Quality (continued)

	Australia 2017 $M	Overseas 2017 $M	Total 2017 $M
Non-Performing Loans by Size of Loan			
Less than $1 million	1,338	114	1,452
$1 million to $10 million	666	260	926
Greater than $10 million	383	426	809
Total	2,387	800	3,187

	Australia 2016 $M	Overseas 2016 $M	Total 2016 $M	Australia 2015 $M	Overseas 2015 $M	Total 2015 $M
Non-Performing Loans by Size of Loan						
Less than $1 million	1,170	123	1,293	1,215	118	1,333
$1 million to $10 million	661	215	876	717	126	843
Greater than $10 million	644	303	947	403	276	679
Total	2,475	641	3,116	2,335	520	2,855

Average Balances and Related Interest

			2017
Net interest margin	Avg Bal $M	Income $M	Yield %
Total interest earning assets	834,741	33,195	3. 98
Total interest bearing liabilities	755,612	15,649	2. 07
Net interest income and interest spread		17,546	1. 91
Benefit of free funds			0. 19
Net interest margin			2. 10

Appendix A – Additional Historical Information

Loans, Bills Discounted and Other Receivables

	2017 $M	2016 $M	2015 $M
Australia			
Overdrafts	24,385	26,857	22,353
Home loans [1]	436,184	409,452	383,174
Credit card outstandings	12,073	12,122	11,887
Lease financing	4,302	4,412	4,485
Bills discounted [2]	7,486	10,507	14,847
Term loans and other lending	149,506	140,784	124,312
Total Australia	633,936	604,134	561,058
Overseas			
Overdrafts	1,545	1,592	1,373
Home loans [1]	49,673	46,622	39,677
Credit card outstandings	960	912	816
Lease financing	36	72	335
Term loans and other lending	50,389	46,967	40,969
Total overseas	102,603	96,165	83,170
Gross loans, bills discounted and other receivables	736,539	700,299	644,228
Less			
Provisions for Loan Impairment (Section 3.2 of the Financial Statements):			
Collective provision	(2,722)	(2,783)	(2,739)
Individually assessed provisions	(971)	(935)	(879)
Unearned income:			
Term loans	(681)	(701)	(756)
Lease financing	(403)	(482)	(592)
	(4,777)	(4,901)	(4,966)
Net loans, bills discounted and other receivables	731,762	695,398	639,262

(1) Home loans balance includes residential mortgages that have been assigned to securitisation vehicles and covered bond trusts. Liabilities of similar values are included in Debt Issues (Group).
(2) The Group measures bills discounted intended to be sold into the market at fair value and includes these within loans, bills discounted and other receivables to reflect the nature of the lending arrangement.

Finance Leases	2017 $M	2016 $M	2015 $M
Minimum lease payments receivable:			
Not later than one year	1,288	1,086	904
Later than one year but not later than five years	2,464	2,619	2,785
Later than five years	183	297	539
Total finance leases	3,935	4,002	4,228

Appendix A – Additional Historical Information

Deposits and Other Public Borrowings

	2017 $M
Australia	
Certificates of deposit	39,854
Term deposits	158,453
On demand and short term deposits	293,579
Deposits not bearing interest	41,787
Securities sold under agreements to repurchase	16,175
Total Australia	549,848
Overseas	
Certificates of deposit	12,496
Term deposits	36,308
On demand and short term deposits	24,012
Deposits not bearing interest	3,896
Securities sold under agreements to repurchase	95
Total overseas	76,807
Total deposits and other public borrowings	626,655

Appendix B – Definitions

Glossary of Terms

Term	Description
Aligned Advice	The Wealth Management financial planning business which include Financial Wisdom, count Financial Limited and CFP Pathways.
Assets Under Management	Assets Under Management (AUM) represents the market value of assets for which the Group acts as appointed manager. Growth and volatility in this balance is a key performance indicator for the Wealth Management and New Zealand businesses.
Bankwest	Bankwest is active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products. From 1 July 2018, Bankwest has been consolidated into Retail Banking Services.
Business and Private Banking	Business and Private Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions, as well as providing banking and advisory services for high net worth individuals. It also provides equities trading and margin lending services through our CommSec business. From 1 July 2018, the Small Business banking segment has been transferred out of Retail Banking Services into Business and Private Banking.
Corporate Centre (including eliminations)	Corporate Centre includes the results of unallocated Group support functions such as Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs. It also includes Group wide elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.
Corporations Act 2001	Corporations Act 2001 (Cth).
Dividend payout ratio (“cash basis”)	Dividends paid on ordinary shares divided by net profit after tax (“cash basis”).
Dividend payout ratio (“statutory basis”)	Dividends paid on ordinary shares divided by net profit after tax (“statutory basis”).
DRP	Dividend reinvestment plan.
DRP participation	The percentage of total issued capital participating in the dividend reinvestment plan.
Earnings per share (basic)	Basic earnings per share is the net profit attributable to ordinary equity holders of the Bank, divided by the weighted average number of ordinary shares on issue during the period, per the requirements of relevant accounting standards.
Earnings per share (diluted)	Diluted earnings per share adjusts the net profit attributable to ordinary equity holders of the Bank and the weighted average number of ordinary shares on issue used in the calculation of basic earnings per share, for the effects of dilutive potential ordinary shares, per the requirements of relevant accounting standards.
Full-time equivalent staff	Includes all permanent full-time staff, part-time staff equivalents and external contractors employed through third-party agencies.
Funds Under Administration	Funds Under Administration (FUA) represents the market value of funds administered by the Group and excludes AUM. Growth and volatility in this balance is a key performance indicator for the Wealth Management and New Zealand businesses.
International Financial Services	International Financial Services (IFS) incorporates the Indonesian retail and business banking operations, and associate investments in China (Bank of Hangzhou and Qilu Bank) and Vietnam (Vietnam International Bank). It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.
Institutional Banking and Markets	Institutional Banking and Markets serves the commercial and wholesale banking needs of large corporate, institutional and government clients across a full range of financial services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.
Interest Rate Risk in the Banking Book	Interest Rate Risk in the Banking Book (IRRBB) is the risk that the Bank’s profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted from changes in interest rates. This is measured from two perspectives: firstly by quantifying the change in the net present value of the Balance Sheet’s future earnings potential, and secondly as the anticipated change to the Net Interest Income earned over 12 months. This calculation is driven by APRA regulations with further detail outlined in the Bank’s Basel III Pillar 3 report.

Appendix B – Definitions

Major Bank Levy	Introduced with the Treasury Laws Amendment ("Major Bank Levy") Bill 2017. The bill imposes a levy on authorised deposit–taking institutions with total liabilities of more than $100 billion.
Net profit after tax ("cash basis")	Represents net profit after tax and non-controlling interests before non-cash items including, hedging and IFRS volatility, Bankwest non-cash items, treasury shares valuation adjustment, and losses or gains on acquisitions, disposal, closure and demerger of businesses. This is Management's preferred measure of the Group's financial performance.
Net profit after tax ("statutory basis")	Represents net profit after tax and non-controlling interests, calculated in accordance with Australian Accounting Standards. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank".
Net tangible assets per share	Net assets excluding intangible assets, non-controlling interests, and other equity instruments divided by ordinary shares on issue at the end of the period (excluding Treasury Shares deduction).
Net Promoter Score	This is an industry standard metric that measures a customer's willingness to recommend a brand's product and services to their friends, family and colleagues. In consumer Atlas, Advocacy is measured on a scale of 0 to 10, with 0 being "Not at all likely" and 10 being "Extremely likely" to recommend. Net Promoter Score ("NPS") is a derived measure by subtracting Detractors (those who selected 0-6) from Promoters (9-10). Those who have selected 7-8 are known as Passives. In Roy Morgan advocacy measures the likelihood of individual retail customers who identified CBA as their main financial institution, recommending CBA to others. It is based on a scale of 10 to 10, with 1 being 'very unlikely' to recommend and 10 being 'very likely' to recommend. The Net Promoter Score ("NPS") is calculated by subtracting the percentage of 'Detractors (score 106) from the percentage of 'Promoters' (score 9-10). The metric is reported as a 6 month rolling average, based on the Australian population aged 14 and over, surveyed by Roy Morgan. ®Net Promoter Score ("NPS") is a trademark of Bain and Company, Inc., Satmetrix Systems, Inc., and Mr. Frederick Reichheld. We introduced the Net Promoter Score as our way of measuring more than just customer satisfaction, but also looking at customer advocacy. NPS helps us understand our customers experiences, positive or negative. It helps us to identify and focus on the root cause of those perceptions, giving us the opportunity to directly address issues and continue to build on strengths.
Net Stable Funding Ratio (NSFR)	The NSFR more closely aligns the behaviour term of assets and liabilities. It is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF). ASF is the portion of an Authorised Deposit-taking Institution's (ADI) capital and liabilities expected to be a reliable source of funds over a one year time horizon. RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off-balance sheet activities.
NewCo	NewCo represents the wealth management and Mortgage Broking businesses CBA intends to exit. NewCo includes Colonial First State, Financial Wisdom, Aussie Home Loans and CBA's minority shareholdings in ASX-listed companies CountPlus and Mortgage Choice.
New Zealand	New Zealand includes the banking, funds management and insurance businesses operating in New Zealand (excluding Institutional Banking and Markets), under the ASB and Sovereign brands. On 2 July 2018, CBA completed the sale of Sovereign.
Profit after capital charge (PACC)	The Group uses PACC, a risk-adjusted measure, as a key measure of financial performance. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments.
Operating expenses to total operating income	Represents operating expenses as a percentage of total operating income. The ratio is a key efficiency measure.
Other Overseas	Represents amounts booked in branches and controlled entities outside Australia and New Zealand.
Replicating Portfolio	The Replicating Portfolio is designed to stabilise the net interest earnings of the bank through interest rate cycles. It comprises a portfolio of interest rate swaps acting as a partial economic hedge for assets and liabilities that have an imperfect correlation between the cash rate and the product interest rate (e.g if the cash rate increases or decreases, non-interest bearing deposits cannot be re-priced to match the change in the cash rate).

Appendix B – Definitions

Retail Banking Services	Retail Banking Services provides home loan, consumer finance and retail deposit products and servicing to all Retail bank customers under the CBA and Aussie brands. In addition, commission is received for the distribution of Wealth Management products through the retail distribution network. From 1 July 2018, Bankwest and Commonwealth Financial Planning have been consolidated into Retail Banking Services. In addition, the CommInsure General Insurance business has been transferred into Retail Banking Services while under strategic review.
Return on equity ("cash basis")	Based on net profit after tax ("cash basis") and non-controlling interests less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests, other equity instruments and the treasury shares deduction relating to life insurance statutory funds.
Return on equity ("statutory basis")	Based on net profit after tax ("statutory basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
Total Committed Exposure (TCE)	Total Committed Exposure is defined as the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes settlement exposures on derivatives.
Wealth Management	Wealth Management provides superannuation, investment, retirement and insurance products and services including financial planning which help improve the financial wellbeing of our customers. In addition, as a global asset management business, it manages investments on behalf of institutional investors and pension funds, wholesale distributors and platforms, financial advisers and their clients.
Weighted average number of shares ("cash basis")	The calculation incorporates the bonus element of any rights issue, discount element of any DRP and excludes "Treasury Shares" related to investment in the Bank's shares held by the employee share scheme trust.
Weighted average number of shares ("statutory basis")	The calculation incorporates the bonus element of any rights issue, discount element of any DRP and excludes "Treasury Shares" related to investments in the Bank's shares held both by the life insurance statutory funds and by the employee share scheme trust.

Appendix B – Definitions

Market Share Definitions

Retail Banking Services	
Home loans	CBA Loans to individuals that are Owner Occupied and Investment Home Loans + Securitised Housing Loans as per APRA monthly Banking Statistics + separately reported subsidiaries: Wallaby Trust, Residential Group Mortgage Group P/L and Homepath P/L.
	RBA Total Housing Loans (includes Banks, Non-Banks and securitisation).
Credit cards (APRA)	CBA Personal Credit Card Lending (APRA).
	Loans to Households: Credit Cards (APRA Monthly Banking Statistics back series).
Consumer finance (other household lending)	CBA Lending to Individuals which includes: Personal Loans, Margin Lending, Personal Leasing, Revolving Credit, Overdrafts, and Home Loans for personal purposes.
	Loans to Households: Other (APRA Monthly Banking Statistics back series).
Household deposits	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for Households (individuals) excluding Self-Managed Super Funds (as per deposit balances submitted to APRA in ARF 320.0 Statement of Financial Position).
	Deposits from Households (APRA Monthly Banking Statistics back series).
Business Banking	
Business Lending (APRA)	CBA Total loans to residents as reported under APRA definitions for the Non-Financial Corporations sector (as per lending balances submitted to APRA in ARF 320.0 Statement of Financial Position) (this includes some Housing Loans to Business).
	Loans to Non-Financial Corporations (APRA Monthly Banking statistics back series).
Business lending (RBA)	CBA business lending and credit: specific "business lending" categories in lodged APRA returns – ARF 320.0 Statement of Financial Position Domestic Book, ARF 320.1 Debt Securities Held and ARF 320.4 Accepted and Endorsed Bills, excluding sub-categories of Banks, ADIs and RFCs and Governments.
	RBA Total business lending (seasonally adjusted).
Business deposits (APRA)	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for the non-financial corporation's sector (as per deposit balances submitted to APRA in ARF 320.0).
	Loans to Non-Financial Corporations (from APRA Monthly Banking Statistics back series).
Equities trading	Twelve months rolling average of total value of equities trades as measured by ASX.
	Twelve months rolling average of total value of equities market trades as measured by ASX.
Wealth Management	
Australian Retail	Total funds in CBA Wealth Management retail investment products (including WM products badged by other parties).
	Total funds in retail investment products market (from Strategic Insight).
FirstChoice Platform	Total funds in FirstChoice platform.
	Total funds in platform/masterfund market (from Strategic Insight).
Australia life insurance (total risk)	Total risk inforce premium of all CBA Group Australian life insurance companies.
	Total risk inforce premium for all Australian life insurance companies (from Strategic Insight).
Australia life insurance (individual risk)	(Individual lump sum + individual risk income) inforce premium of all CBA Group Australian life insurance companies.
	Individual risk inforce premium for all Australian life insurance companies (from Strategic insight).

Appendix B – Definitions

Market Share Definitions (continued)

New Zealand

Home loans	All ASB residential mortgages for owner occupier and residential investor property use.
	Total New Zealand residential mortgages for owner occupier and residential investor property use of all New Zealand registered banks (from RBNZ).
Customer deposits	All resident and non-resident deposits on ASB Balance Sheet.
	Total resident and non-resident deposits of all New Zealand registered banks (from RBNZ).
Business lending	All New Zealand dollar loans for business use on ASB Balance Sheet excluding agriculture loans.
	Total New Zealand dollar loans for business use of all New Zealand registered banks excluding agriculture loans (from RBNZ).
Retail AUM (1)	Total ASB AUM.
	Total Market net Retail AUM (from Fund Source Research Limited).
Annual inforce premiums (2)	Total Sovereign inforce premiums excluding health (opening inforce annual premium income + new business – exits - other).
	Total inforce premium for New Zealand (from Financial Services Council of New Zealand statistics).

(1) Presented on a continuing operations basis.
(2) Discontinued operations.

Appendix C – Disclosure Changes

Disclosure Changes

Change in Comparatives

Changes to the presentation of discontinued operations

In line with accounting standards, the comparative results of discontinued operations are presented separately as a single line item 'net profit after tax from discontinued operations' for both Group and divisional results. Assets and liabilities of discontinued operations are presented separately as held for sale on the Balance Sheet, however in line with accounting standards prior periods remain unadjusted. Group Key Performance Indicators are presented on both a continuing operations basis and discontinued operations basis.

For the year ended 30 June 2018, discontinued operations included:

- CBA's Life insurance businesses in Australia ("CommInsure Life") and New Zealand ("Sovereign")
- BoCommLife Insurance Company Limited ("BoCommLife"); and
- Commonwealth Bank of South Africa ("Holding Company") Limited ("TymeDigital SA")

Additional reclassifications to discontinued operations for the year ended 30 June 2019 included:

- Colonial First State Global Asset Management ("CFSGAM") from Wealth Management; and
- PT Commonwealth Life ("PTCL") and its subsidiary from International Financial Services.

Changes to financial reporting arising from the simplification of CBA's operating model

In line with CBA's commitment to becoming a simpler, better bank, a number of changes to CBA's operating model have been made during the current year, which realign businesses across operating segments. These changes have not impacted CBA's cash net profit after tax ("NPAT"), but result in changes to the presentation of the Income Statements and Balance Sheets of the affected segments.

- In a consolidation of CBA's Australian retail businesses, Bankwest is now included within the Retail Banking Services ("RBS") division. Bankwest will no longer be separately disclosed.
- The small business banking division has been transferred out of RBS to Business and Private Banking ("BPB") in order to consolidate CBA's business banking.
- To consolidate CBA's retail businesses, Commonwealth Financial Planning has been transferred out of Wealth Management to RBS.
- General Insurance has been placed under strategic review and transferred out of Wealth Management to RBS, while the review is underway.
- Other re-segmentation, cost allocations and reclassifications:
  - There have been refinements to the allocation of support unit and other costs; and
  - Customer loyalty scheme costs in New Zealand have been reclassified in the Income Statement to align to industry practice.

Change in Accounting Policies

The Group adopted AASB9 'Financial Instruments' and AASB 15 'Revenue from contracts with customers' on 1 July 2018. The Group has used a retrospective approach in adopting AASB 9 and AASB 15 which recognises the cumulative effect of initial application through opening retained earnings as at 1 July 2018. The Group has not restated the comparative period financial statements.

AASB 9 'Financial Instruments' and AASB 15 'Revenue from contracts with customers'

Refer to note 1.1 to the 2019 Financial Report for information on the adoption of AASB9 'Financial Instruments' and AASB 15 'Revenue from contracts with customers' on 1 July 2018.

Future Accounting Developments

Refer to Note 12.5 to the 2019 Financial Report for information on the adoption of AASB 16 'Leases' adopted from 1 July 2019.

Other Accounting Developments

AASB 17 'Insurance Contracts', amends the accounting for insurance contracts and will replace AASB 4 'Insurance Contracts', AASB 1023 'General Insurance Contracts' and AASB 1038 'Life Insurance Contracts'. AASB 17 will apply to the Group from 1 July 2021. The impact of AASB 17 is dependent on the Group's composition at the time of adoption. The Group is still assessing the impact of AASB 17.

AASB Interpretation 23 'Uncertainty over Income Tax Treatments' (Interpretation 23) clarifies the recognition and measurement criteria where there is uncertainty over income tax treatments. It requires an assessment of each uncertain tax position to determine whether it is probable that a taxation authority will accept the position. Where it is not considered probable, the effect of the uncertainty will be reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates. The amount will be determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements will be reassessed as and when new facts and circumstances are presented. Interpretation 23 will apply to the Group from 1 July 2019, and is not expected to have a significant impact on the Group.

A revised conceptual framework has been issued, which contains new definitions and recognition criteria for assets, liabilities, income and expenses in the framework. These changes will apply to the Group from 1 July 2020, where the criteria are not inconsistent with the specific requirements of an accounting standard. The changes are not expected to have a significant impact on the Group.

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

Appendix C – Disclosure Changes

The impact of these changes on each segment's Net profit after tax ("statutory basis"), Balance Sheet and cost to income ratios for the comparative periods is set out below:

Segment Statutory NPAT (impact by adjustment type) – Continuing Operations

	Full Year Ended 30 June 2018							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Group $M
Statutory NPAT - as published	5,251	1,888	1,121	725	1,158	678	(1,492)	**9,329**
Restatements								
Resegmentation and Allocations	(373)	957	49	(155)	(18)	(678)	218	-
Statutory NPAT - discontinued operations				(336)	(78)		142	**(272)**
Statutory NPAT (continuing operations) - as restated	**4,878**	**2,845**	**1,170**	**234**	**1,062**	**-**	**(1,132)**	**9,057**

Segment Statutory NPAT (impact by P&L line item) – Including Discontinued Operations

	Full Year Ended 30 June 2018							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Group $M
Statutory NPAT - as published	5,251	1,888	1,121	725	1,158	678	(1,492)	**9,329**
Restatements								
Increase/(decrease) in Income	6	2,115	(2)	(345)	49	(1,776)	(5)	**42**
Increase/(decrease) in Investment experience	8	-	-	(9)	-	-	1	**-**
(Increase)/decrease in Operating expenses	(604)	(634)	75	328	(49)	748	94	**(42)**
(Increase)/decrease in Loan impairment expense	64	(118)	-	-	-	54	-	**-**
(Increase)/decrease in Corporate tax expense	156	(406)	(24)	10	-	293	(29)	**-**
(Increase)/decrease in Non-controlling interest	-	-	-	-	-	-	-	**-**
Non-cash adjustments	(3)	-	-	(139)	(18)	3	157	**-**
Statutory NPAT - as restated	**4,878**	**2,845**	**1,170**	**570**	**1,140**	**-**	**(1,274)**	**9,329**

Segment Balance Sheet

	As at 30 June 2018							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Group $M
Total Assets - as published	368,272	117,785	162,716	20,466	89,696	80,819	135,411	**975,165**
Restatements								
Resegmentation and Allocations	4,747	998	(591)	(1,007)	326	-	(4,473)	**-**
Bankwest	80,819					(80,819)		**-**
Small Business	(55,852)	55,852						**-**
Total Assets - as restated	**397,986**	**174,635**	**162,125**	**19,459**	**90,022**	**-**	**130,938**	**975,165**
Total Liabilities - as published	260,508	89,745	153,895	25,202	82,976	53,775	241,204	**907,305**
Restatements								
Resegmentation and Allocations	1,203	(228)	(251)	(747)	-	-	23	**-**
Bankwest	53,775					(53,775)		**-**
Small Business	(47,086)	47,086						**-**
Total Liabilities - as restated	**268,400**	**136,603**	**153,644**	**24,455**	**82,976**	**-**	**241,227**	**907,305**

Appendix C – Disclosure Changes

Segment Cost to Income Ratios

	As at 30 June 2018							
	Retail Banking Services %	Business and Private Banking %	Institutional Banking and Markets %	Wealth Management %	New Zealand [1] %	Bankwest %	IFS and Other %	Group %
Operating expenses to total operating income (%) - as published	30.5	36.1	42.7	66.6	35.8	42.3	46.7	44.5
Operating expenses to total operating income (%) - as restated	36.4	34.1	39.9	61.1	37.2	n/a	47.0	43.9

(1) Metrics calculated in New Zealand dollar terms.

Group Performance Summary

	Full Year Ended 30 June 18	
	As Restated	As Published
	$M	$M
Net interest income	18,342	18,341
Other banking income	5,423	5,390
Total banking income	**23,765**	**23,731**
Funds management income	1,124	2,099
Insurance income	241	302
Total operating income	**25,130**	**26,132**
Investment experience	n/a	n/a
Total income	**25,130**	**26,132**
Operating expenses	(11,029)	(11,633)
Loan impairment expense	(1,079)	(1,079)
Net profit before tax	**13,022**	**13,420**
Corporate tax expense	(3,952)	(4,026)
Non controlling interests	(13)	(19)
Net profit after tax from continuing operations	**9,057**	**9,375**
Net profit after tax from discontinued operations	**272**	(46)
Net profit after tax ("statutory basis")	**9,329**	**9,329**

Appendix C – Disclosure Changes

Consolidated Balance Sheet

	As at 30 Jun 18	
	As Restated	As Published
Assets	$M	$M
Cash and liquid assets	36,417	36,417
Receivables due from other financial institutions	9,222	9,222
Assets at fair value through Income Statement:		
Trading	32,254	32,254
Insurance	372	372
Other	258	258
Derivative assets	32,133	32,133
Investment securities:		
At amortised cost	-	-
At fair value through Other Comprehensive Income	-	-
Available-for-sale investments	82,240	82,240
Loans, bills discounted and other receivables	743,365	743,365
Bank acceptances of customers	379	379
Property, plant and equipment	2,576	2,576
Investment in associates and joint ventures	2,842	2,842
Intangible assets	9,090	9,023
Deferred tax assets	1,439	1,439
Other assets	6,924	6,991
Assets held for sale	15,654	15,654
Total assets	**975,165**	**975,165**
Liabilities		
Deposits and other public borrowings	622,234	622,234
Payables due to other financial institutions	20,899	20,899
Liabilities at fair value through Income Statement	10,247	10,247
Derivative liabilities	28,472	28,472
Bank acceptances	379	379
Current tax liabilities	952	952
Deferred tax liabilities	-	-
Other provisions	1,860	1,889
Insurance policy liabilities	451	451
Debt issues	172,294	172,294
Managed funds units on issue	-	-
Bills payable and other liabilities	11,625	11,596
Liabilities held for sale	14,900	14,900
Total liabilities	**884,313**	**884,313**
Loan capital	22,992	22,992
Total liabilities and loan capital	**907,305**	**907,305**
Net assets	**67,860**	**67,860**
Shareholders' Equity		
Other equity interests	-	-
Total Shareholders' Equity excluding other equity instruments	**67,860**	**67,860**

Appendix D – Shareholding Information

Shareholder information

Top 20 holders of fully paid Ordinary Shares as at 15 July 2019

Rank	Name of holder	Number of shares	%
1	HSBC Custody Nominees	397,409,964	22.38
2	J P Morgan Nominees Australia Limited	227,194,600	12.79
3	Citicorp Nominees Pty Limited	107,321,430	6.04
4	National Nominees Limited	54,993,385	3.10
5	BNP Paribas Noms Pty Ltd	52,285,037	2.94
6	Bond Street Custodians Limited	10,516,197	0.59
7	Australian Foundation Investment Company Limited	7,900,000	0.44
8	Netwealth Investments Limited	3,671,926	0.21
9	Navigator Australia	3,557,307	0.20
10	Milton Corporation Limited	3,141,670	0.18
11	Argo Investments Limited	3,103,731	0.17
12	Nulis Nominees (Australia)	1,972,809	0.11
13	Mr Barry Martin Lambert	1,643,613	0.09
14	Mccusker Holdings Pty Ltd	1,480,000	0.08
15	Invia Custodian Pty Limited	1,466,696	0.08
16	Australian Executor Trustees Limited <IPS SUPER A/C>	1,390,671	0.08
17	Australian Executor Trustees Limited	1,128,471	0.06
18	BNP Paribas Noms (NZ) Ltd <DRP>	1,118,847	0.06
19	RBC Dexia Investor Services Australia Nominees Pty Limited	1,093,191	0.06
20	Joy Wilma Lambert	1,068,250	0.06

The top 20 shareholders hold 883,457,798 shares which is equal to 49.72% of the total shares on issue.

Substantial shareholding

The following organisations have disclosed a substantial shareholding notice to ASX. As at 15 July 2019, the Bank has received no further update in relation to these substantial shareholdings.

Name	Number of shares	Percentage of voting power
BlackRock Group (1)	86,557,665	5.0
The Vanguard Group, Inc. (2)	88,022,378	5.0

(1) Substantial shareholder notice dated 16 May 2017.
(2) Substantial shareholder notice dated 20 July 2018.

Stock exchange listing

The shares of the Commonwealth Bank of Australia (Bank) are listed on the Australian Securities Exchange under the trade symbol of CBA, with Sydney being the home exchange. Details of trading activity are published in most daily newspapers, generally under the abbreviation of CBA or C'wealth Bank. The Bank is not currently in the market conducting an on market buy - back of its shares.

Range of shares (fully paid Ordinary Shares and Employee Shares) as at 15 July 2019

Range	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of issued capital	Number of rights holders (1)
1 – 1,000	615,436	74.12	182,687,480	10.32	528
1,001 – 5,000	186,604	22.47	388,993,488	21.97	75
5,001 – 10,000	19,748	2.38	134,440,420	7.59	12
10,001 – 100,000	8,345	1.01	157,362,846	8.89	20
100,001 and over	174	0.02	906,755,273	51.23	1
Total	830,307	100.00	1,770,239,507	100.00	636
Less than marketable parcel of $500	15,066	1.81	43,989	0.00	-

(3) The total number of rights on issue is 1,377,132 rights which carry no entitlement to vote

Voting rights

Under the Bank's Constitution, each ordinary shareholder registered at the record time who is present at a general meeting of the Bank in person or by proxy, attorney or official representative is entitled:

- On a show of hands – to one vote; and

Shareholder information (continued)

Voting rights (continued)

- On a poll – to one vote for each share held or represented. Every voting shareholder who casts a vote by direct vote shall also have one vote for each share held or represented.

If a person present at a general meeting represents personally or by proxy, attorney or official representative more than one shareholder, on a show of hands the person is entitled to one vote only even though he or she represents more than one shareholder.

If a shareholder is present in person and votes on a resolution, any proxy or attorney of that shareholder is not entitled to vote.

If more than one official representative or attorney is present for a shareholder:

- None of them is entitled to vote on a show of hands; and
- On a poll only one official representative may exercise the shareholder's voting rights and the vote of each attorney shall be of no effect unless each is appointed to represent a specified proportion of the shareholder's voting rights, not exceeding in aggregate 100%.

Top 20 holders of CommBank PERLS VII Capital Notes ("PERLS VII") as at 15 July 2019

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	3,047,409	10.15
2	BNP Paribas Noms Pty Ltd	1,151,459	3.84
3	Netwealth Investments Limited	565,792	1.88
4	Bond Street Custodians Limited	305,473	1.02
5	Australian Executor Trustees Limited <IPS SUPER A/C>	268,699	0.90
6	J P Morgan Nominees Australia Limited	243,102	0.81
7	National Nominees Limited	236,403	0.79
8	Navigator Australia	198,460	0.66
9	Nulis Nominees (Australia)	195,930	0.65
10	Citicorp Nominees Pty Limited	147,285	0.49
11	Mutual Trust Pty Ltd	131,020	0.44
12	Australian Executor Trustees Limited	123,924	0.41
13	Dimbulu Pty Ltd	100,000	0.33
14	Invia Custodian Pty Limited	93,039	0.31
15	Tandom Pty Ltd	90,000	0.30
16	Randazzo C & G Developments Pty Ltd	84,286	0.28
17	Tsco Pty Ltd	80,000	0.27
18	Seymour Group Pty Ltd	73,700	0.25
19	Willimbury Pty Ltd	70,673	0.24
20	JMB Pty Ltd	67,850	0.23

The top 20 PERLS VII security holders hold 7,274,504 securities which is equal to 24.25% of the total securities on issue.

Stock exchange listing

PERLS VII are subordinated unsecured notes issued by the Bank. They are listed on the Australian Securities Exchange under the trade symbol CBAPD. Details of trading activity are published in some daily newspapers.

Range of Securities (PERLS VII) as at 15 July 2019

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	27,458	86.32	9,341,837	31.14
1,001 – 5,000	3,846	12.09	7,719,848	25.73
5,001 – 10,000	294	0.92	2,073,041	6.91
10,001 – 100,000	201	0.63	4,723,503	15.75
100,001 and over	14	0.04	6,141,771	20.47
Total	31,813	100.00	30,000,000	100.00
Less than marketable parcel of $500	10	0.03	24	0.00

Voting rights

PERLS VII do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 179 and 180 for the Bank's ordinary shares.

Shareholder information (continued)

Top 20 holders of CommBank PERLS VIII Capital Notes (“PERLS VIII”) as at 15 July 2019

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	3,154,343	21.75
2	HSBC Custody Nominees	1,056,658	7.29
3	Nora Goodridge Investments Pty Limited	130,328	0.90
4	J P Morgan Nominees Australia Limited	103,494	0.71
5	Netwealth Investments Limited	99,456	0.69
6	Piek Holdings Pty Ltd	93,000	0.64
7	Snowside Pty Ltd <SNOWSIDE A/C>	79,083	0.55
8	Nulis Nominees (Australia)	72,445	0.50
9	Bond Street Custodians Limited	67,295	0.46
10	V S Access Pty Ltd <V S ACCESS A/C>	62,482	0.43
11	Dimbulu Pty Ltd	50,000	0.35
12	Mifare Pty Ltd	50,000	0.35
13	Randazzo C & G Developments Pty Ltd	50,000	0.35
14	Navigator Australia	48,837	0.34
15	Adirel Holdings Pty Ltd	47,000	0.32
16	Resthaven Incorporated	45,500	0.31
17	Federation University Australia	45,000	0.31
18	Australian Executor Trustees Limited <IPS Super A/C>	40,485	0.28
19	Taverners J Pty Ltd <TAVERNERS INT UNIT A/C>	37,736	0.26
20	Citicorp Nominees Pty Limited	36,959	0.25

The top 20 PERLS VIII security holders hold 5,370,101 securities which is equal to 37.04% of the total securities on issue.

Stock exchange listing

PERLS VIII are subordinated unsecured notes issued by the Bank. They are listed on the Australian Securities Exchange under the trade symbol CBAPE. Details of trading activity are published in some daily newspapers.

Range of Securities (PERLS VIII) as at 15 July 2019

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	13,166	88.92	4,271,200	29.46
1,001 – 5,000	1,443	9.74	3,046,293	21.01
5,001 – 10,000	122	0.82	905,144	6.24
10,001 – 100,000	72	0.49	1,987,221	13.70
100,001 and over	5	0.03	4,290,142	29.59
Total	14,808	100.00	14,500,000	100.00
Less than marketable parcel of $500	4	0.03	11	0.00

Voting rights

PERLS VIII do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 179 and 180 for the Bank’s ordinary shares.

Shareholder information (continued)

Top 20 holders of CommBank PERLS IX Capital Notes (“PERLS IX”) as at 15 July 2019

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	2,589,716	15.79
2	HSBC Custody Nominees	1,413,464	8.63
3	Navigator Australia	203,372	1.24
4	Bond Street Custodians Limited	173,879	1.06
5	Dimbulu Pty Ltd	147,700	0.90
6	Mutual Trust Pty Ltd	124,678	0.76
7	Netwealth Investments Limited	113,297	0.69
8	Nulis Nominees (Australia)	103,288	0.63
9	J P Morgan Nominees Australia Limited	100,576	0.61
10	Citicorp Nominees Pty Limited	95,806	0.58
11	Australian Executor Trustees Limited <IPS Super A/C>	94,382	0.58
12	Australian Executor Trustees Limited	84,463	0.52
13	National Nominees Limited	83,936	0.51
14	Fibora Pty Ltd	59,590	0.36
15	Invia Custodian Pty Limited	54,551	0.33
16	Ernron Pty Ltd <ERNRON A/C>	34,530	0.21
17	Sir Moses Montefiore Jewish Home <INCOME A/C>	30,660	0.19
18	Pendant Realty Pty Ltd	30,000	0.18
19	Port Stephens Veterans and Aged Care Ltd	30,000	0.18
20	J C Family Investments Pty Limited <J HERRINGTON SUPER FUND A/C>	25,843	0.16

The top 20 PERLS IX security holders hold 5,593,731 securities which is equal to 34.11% of the total securities on issue.

Stock exchange listing

PERLS IX are subordinated unsecured notes issued by the Bank. They are listed on the Australian Securities Exchange under the trade symbol CBAPF. Details of trading activity are published in some daily newspapers.

Range of Securities (PERLS IX) as at 15 July 2019

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	18,464	90.44	5,742,936	35.02
1,001 – 5,000	1,755	8.60	3,618,114	22.06
5,001 – 10,000	124	0.61	920,287	5.61
10,001 – 100,000	62	0.30	1,476,149	9.00
100,001 and over	10	0.05	4,642,514	28.31
Total	20,415	100.00	16,400,000	100.00
Less than marketable parcel of $500	6	0.03	12	0.00

Voting rights

PERLS IX do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 179 and 180 for the Bank’s ordinary shares.

Shareholder information (continued)

Top 20 holders of CommBank PERLS X Capital Notes (“PERLS X”) as at 15 July 2019

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,427,800	10.46
2	BNP Paribas Noms Pty Ltd	1,111,081	8.14
3	Netwealth Investments Limited	119,572	0.88
4	Navigator Australia	114,154	0.84
5	Citicorp Nominees Pty Limited	104,896	0.77
6	Bond Street Custodians Limited	101,114	0.74
7	Dimbulu Pty Ltd	100,000	0.73
8	Randazzo C & G Developments Pty Ltd	80,000	0.59
9	National Nominees Limited	77,946	0.57
10	Rakio Pty Ltd <PIEKARSKI GYMPIE A/C>	77,000	0.56
11	J P Morgan Nominees Australia Limited	62,051	0.45
12	Eastcote Pty Ltd <VAN LIESHOUT FAMILY A/C>	50,000	0.37
13	Federation University Australia	50,000	0.37
14	Harriette & Co Pty Ltd <HARRIETTE INVESTMENT A/C>	50,000	0.37
15	Hanson Tsai Pty Ltd <HANSON A/C>	43,900	0.32
16	Mr Roni G Sikh	40,492	0.30
17	Mutual Trust Pty Ltd	40,228	0.29
18	Ainsley Heath Investments Pty Ltd	35,500	0.26
19	Invia Custodian Pty Limited <INCOME POOL A/C>	34,215	0.25
20	Australian Executor Trustees Limited <IPS SUPER A/C>	33,217	0.24

The top 20 PERLS X security holders hold 3,753,166 securities which is equal to 27.50% of the total securities on issue.

Stock exchange listing

PERLS X are subordinated unsecured notes issued by the Bank. They are listed on the Australian Securities Exchange under the trade symbol CBAPG. Details of trading activity are published in some daily newspapers.

Range of Securities (PERLS X) as at 15 July 2019

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	14,000	88.58	4,720,603	34.58
1,001 – 5,000	1,607	10.17	3,508,304	25.70
5,001 – 10,000	121	0.77	931,659	6.83
10,001 – 100,000	72	0.46	2,061,634	15.10
100,001 and over	3	0.02	2,427,800	17.79
Total	15,803	100.00	13,650,000	100.00
Less than marketable parcel of $500	3	0.02	9	0.00

Voting rights

PERLS X do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 179 and 180 for the Bank’s ordinary shares.

Shareholder information (continued)

Top 20 holders of CommBank PERLS XI Capital Notes ("PERLS XI") as at 15 July 2019

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees (Australia) Limited	1,372,735	8.64
2	BNP Paribas Nominees Pty Ltd	244,889	1.54
3	Citicorp Nominees Pty Limited	211,807	1.33
4	J P Morgan Nominees Australia Limited	150,421	0.95
5	Bond Street Custodians Limited	150,160	0.94
6	Dimbulu Pty Limited	150,000	0.94
7	Tandom Pty Limited	133,620	0.84
8	Randazzo C & G Developments Pty Limited	119,032	0.75
9	Rakio Pty Limited	103,313	0.65
10	Ernron Pty Ltd	100,000	0.63
11	Nora Goodridge Investments Pty Limited	100,000	0.63
12	Netwealth Investments Limited	86,389	0.54
13	Hanson Tsai Pty Limited	80,000	0.50
14	Navigator Australia Limited	79,018	0.50
15	Eastcote Pty Limited	76,171	0.48
16	Federation University Australia	49,267	0.31
17	Harriette & Co Pty Limited	46,860	0.29
18	National Nominees Limited	46,000	0.29
19	Invia Custodian Pty Limited	42,718	0.27
20	Raffy Holdings Pty Limited	40,000	0.25

The top 20 PERLS XI security holders hold 3,382,400 securities which is equal to 21.27% of the total securities on issue.

Stock exchange listing

PERLS XI are subordinated unsecured notes issued by the Bank. They are listed on the Australian Securities Exchange under the trade symbol CBAPH. Details of trading activity are published in some daily newspapers.

Range of Securities (PERLS XI) as at 15 July 2019

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	17,225	88.31	6,018,262	37.85
1,001 – 5,000	2,029	10.40	4,286,713	26.96
5,001 – 10,000	167	0.86	1,231,903	7.75
10,001 – 100,000	75	0.38	1,994,930	12.55
100,001 and over	9	0.05	2,368,192	14.89
Total	19,505	100.00	15,900,000	100.00
Less than marketable parcel of $500	7	0.04	10	0.00

Voting rights

PERLS XI do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on pages 179 and 180 for the Bank's ordinary shares.

Appendix E – Update on Life Insurance Business Divestment

Update on divestment of Australian Life Insurance Business

On 23 August 2019 the Group entered into further agreements to progress the planned divestment of CommInsure Life to AIA.

The planned divestment has been subject to ongoing regulatory approval processes, which has led to an extended period of uncertainty for CommInsure Life.

The revised transaction path comprises a joint co-operation agreement, reinsurance arrangements, partnership milestone payments and a statutory asset transfer. The aggregate proceeds for CBA from the transaction are expected to be $2,375m (1), a reduction of $150 million from the original sale price. These arrangements are expected to be implemented in a staged manner throughout financial year ending 30 June 2020, with CBA to receive approximately $750million of proceeds and distributions by 31 December 2019 and the remaining $1,625 million by 30 June 2020.

CBA and ASB have also agreed to grant AIA an option to extend the respective Australian and New Zealand distribution agreements from 20 years to 25 years.

The revised transaction path is subject to a number of Australian regulatory approvals, the entry into reinsurance arrangements and life insurance entity board approvals.

Details of the revised transaction path

The revised transaction path comprises the following key components:

Joint co-operation agreement

- CBA and AIA will enter into a joint co-operation agreement, which once implemented, will result in the full economic interests associated with CommInsure Life (excluding in relation to the Group's 37.5% equity interest in BoCommLife) being transferred to AIA and AIA obtaining an appropriate level of direct management and oversight of the business. AIA Australia & New Zealand CEO Damien Mu will lead CommInsure Life under these arrangements.
- Implementation of the joint co-operation agreement is expected before 31 December 2019 ("Implementation Date"), at which time CBA will receive an upfront payment of $500 million.

Reinsurance

- Colonial Mutual Life Assurance Society Limited ("CMLA"), the key life insurance entity of CommInsure Life, intends to enter into a reinsurance arrangement with a leading global reinsurer.
- The reinsurance arrangement would come into effect on the Implementation Date and is expected to result in CBA receiving a distribution from CMLA of approximately $200 million shortly following the Implementation Date.

Partnership milestones

- CBA will receive four partnership milestone payments of $50 million each ($200 million in aggregate), to reflect the progress in the partnership, with the first payment expected to be received by 31 December 2019.

Completion

- In parallel with the planned share sale of CommInsure Life (which remains subject to a foreign regulatory approval process), CBA and AIA are progressing a potential statutory asset transfer as an alternative approach to completing the divestment of the business. If implemented, the statutory asset transfer would be expected to take approximately 9 months to implement.
- Upon completion, whether achieved through a share sale or statutory asset transfer, CBA will receive a final payment from AIA of approximately $1,475 million (subject to completion adjustments).

Sale of equity interest in BoCommLife

CBA remains committed to completing the sale of the Group's 37.5% equity interest in BoCommLife to MSI. Completion of the sale of the BoCommLife equity interest remains subject to regulatory approval from the China Banking and Insurance Regulatory Commission ("CBIRC") and CBA is working constructively with CBIRC in relation to the process. For the avoidance of doubt, the revised transaction path in relation to CommInsure Life does not impact the sale process for BoCommLife and CBA will continue to exercise full control over the BoCommLife equity interest until its sale has been completed.

(1) Subject to completion adjustments.