Commonwealth Bank of Australia
U.S. Disclosure Document
For the Full Year ended 30 June 2020

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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 2020 Financial Report and 2019 Financial Report (each as defined below). In particular, Note 9.1 of the 2020 Financial Report (Note 9.1 of the 2019 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 2020 (this "Document") should be read in conjunction with:

- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2020, which contains the Financial Statements for the years ended 30 June 2018, 2019 and 2020 and as at 30 June 2019 and 2020 (the "2020 Financial Report");
- 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"); and
- The Commonwealth Bank of Australia Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at 30 June 2020 (the "2020 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 2020 Financial Report and references to the "Financial Reports" are to the 2019 Financial Report and the 2020 Financial Report.

Except as otherwise stated, all figures herein relate to the financial year ended 30 June 2020 and comparatives for the Balance Sheet and Income Statement are to the financial year ended 30 June 2019, "$" 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 2020 financial year or to the "current year" are to the financial year ended 30 June 2020, references to the 2019 financial 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 "prior year" are to the Group's prior financial year and references to the "prior half" are to the half year ended 31 December 2019.

Segment Disclosure

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

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 2020 Financial Report.

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”, “New Zealand”, “International Financial Services”, “Corporate Centre”, “Wealth Management”, “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 the outbreak of the novel coronavirus and related respiratory disease (“COVID-19”), which is continuing to have a negative impact on global economic conditions, creating increased volatility in financial markets and resulting in disruptions to the Group’s business and operations, 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 21 to 33 of this Document.

Financial Information Definitions

Basis of preparation

The consolidated Financial Statements of the Group for the years ended 30 June 2020, 30 June 2019 and 30 June 2018 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 16 Leases. Note 1.1 of the 2020 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.

During the current year, the Group adopted the following interpretations and amended standards, which had no impact on the Group's financial statements:

- AASB Interpretation 23 'Uncertainty over Income Tax Treatments';
- Amendments to AASB 128 'Investments in Associates and Joint Ventures';
- Amendments to AASB 119 'Employee Benefits'; and
- AASB 2019-3 'Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform'.

During the current year, the Group also amended its accounting policy in respect of certain short-term commodity financing transactions, which are not clearly captured within the scope of any accounting standard. Note 1.1 of the 2020 Financial Report outlines the nature of these changes and adjustments. Where relevant, comparative information has been restated.

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 2019 financial year and 2018 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 2019 financial year and "As reported" figures are presented for the 2019 financial year and 2018 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 2019, discontinued operations included:

- CBA's Life insurance businesses in Australia ("CommInsure Life") and New Zealand ("Sovereign");
- BoCommLife Insurance Company Limited ("BoCommLife");
- Commonwealth Bank of South Africa ("Holding Company") Limited ("TymeDigital SA");
- Colonial First State Global Asset Management ("CFSGAM"); and
- PT Commonwealth Life ("PTCL") and its subsidiary.

Additional reclassifications to discontinued operations for the year ended 30 June 2020 included:

- Colonial First State ("CFS") from Wealth Management.

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.

- Following the transfer of the small business banking segment from Retail Banking Services ("RBS") division to the Business and Private Banking ("BPB") division in the 2019 financial year, in order to further consolidate CBA's business banking, the Group continued to enhance the classification of business banking portfolios resulting in some customers being transferred from RBS to BPB, or Institutional Banking and Markets ("IB&M");
- Aligned Advice related businesses (including Count Financial Limited ("Count Financial"), Financial Wisdom Limited ("Financial Wisdom") and Commonwealth Financial Planning Limited-Pathways ("CFP-Pathways")) were transferred out of the Wealth Management division and consolidated within the Retail Banking Services division.
- Other re-segmentations and cost allocations, including refinements to the allocation of support unit and other costs.

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 its life insurance businesses in Australia (CommInsure Life) and New Zealand (Sovereign) to AIA Group Limited (AIA). The sale of Sovereign completed on 2 July 2018 and includes a long-term partnership with AIA for the provision of life insurance products to customers in New Zealand.

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

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

Discontinued operations and transaction update (continued)

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

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

On 23 October 2018, the Group announced the sale of its 80% interest in its Indonesian life insurance business, PT Commonwealth Life (PTCL), to FWD Group (FWD). The sale of PTCL completed on 4 June 2020. As part of the sale, CBA's Indonesian banking subsidiary, PT Bank Commonwealth (PTBC), has entered into a 15 year life insurance distribution partnership with FWD.

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

On 2 August 2019, the Group completed the sale of Colonial First State Global Asset Management ("CFSGAM") to Mitsubishi UFJ Trust and Banking Corporation ("MUTB").

On 7 August 2019, CBA confirmed it would commence the assisted closure of Financial Wisdom and allow CFP-Pathways advisers to transition to a self-licensing arrangement or move to another licensee. The Group ceased providing licensee services through CFP-Pathways in March 2020 and through Financial Wisdom in June 2020. As Financial Wisdom and CFP-Pathways did not constitute a major line of the Group's business, they were not classified as discontinued operations.

On 13 June 2019, the Group announced the sale of its 100% interest in Count Financial to CountPlus Limited ("CountPlus"). The sale of Count Financial completed on 1 October 2019. As Count Financial did not constitute a major line of the Group's business, it was not classified as a discontinued operation.

One 28 April 2020, the Group announced the sale of its subsidiary, Australian Investment Exchange Limited ("AUSIEX"), to Nomura Research Institute ("NRI"). AUSIEX trades under the brand name "CommSec Advisor Services". The sale is subject to Australian regulatory approvals and other conditions, and is expected to complete in the first half of calendar year 2021. As AUSIEX did not constitute a major line of the Group's business, it was not classified as a discontinued operation.

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

For further information please refer to Note 11.3 of the 2020 Financial Report.

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

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 U.S. Securities and Exchange Commission's 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 2020 Financial Report. A list of items excluded from Net profit after tax ("cash basis") and their description is set out on page 12 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 to settle employee share schemes; 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.

Impact of Coronavirus ("COVID-19")

During the current year we have seen the onset of the COVID-19 pandemic, with the depth and duration of an economic downturn dependent on the effectiveness of containment measures and the Government, prudential and industry response and support measures. Uncertainty exists regarding the duration and severity of COVID-19 impacts and the associated disruption to the domestic and global economy. Although there has been significant Australian Government support and stimulus, we expect challenging economic conditions ahead. In the longer term, we anticipate increased credit losses from business insolvencies, higher consumer defaults due to unemployment and slower overall growth.

During the current year, the Bank announced an additional credit provision of $1.5 billion for the potential longer term impacts of COVID-19 on our lending portfolios. This was determined based on a range of plausible economic and industry stress factors and the mitigating impacts of Australian Government and industry assistance packages and support, such as loan repayment deferral arrangements.

We believe the Bank is positioned well for a range of possible economic scenarios. Given the unprecedented set of circumstances which are still evolving, a definitive assessment of the longer term outcomes of the COVID-19 pandemic and the consequent economic and societal impacts is difficult to predict at this stage. We continue to monitor our lending portfolios closely, with detailed portfolio stress testing forming the basis for ongoing re-assessments of provisioning levels as the situation continues to evolve. The focus for the Bank continues to be supporting our customers.

The impact of the COVID-19 pandemic on our historical results and expected impact on our operations going forward are discussed further in the 2020 Financial Report and throughout this Document.

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Notable items

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

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 19	30 Jun 18	Jun 19 vs
Notable items in operating income	$M	$M	Jun 19 %	$M	$M	Jun 18 %
Mortgage broking consolidation [2]	**n/a**	n/a	n/a	275	228	21
Total notable items	**n/a**	n/a	n/a	275	228	21

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 19	30 Jun 18	Jun 19 vs
Notable items in operating expenses	$M	$M	Jun 19 %	$M	$M	Jun 18 %
Customer and other remediation (incl. Aligned Advice) [3]	**454**	835	(46)	918	52	large
Risk and compliance programs, and other	**399**	358	11	358	247	45
Insurance recoveries	**–**	(145)	large	(145)	–	n/a
Mortgage broking consolidation [2]	**n/a**	n/a	n/a	269	199	35
Prior period one-offs [2]	**n/a**	n/a	n/a	–	855	large
Total notable items	**853**	1,048	large	1,400	1,353	3

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 No longer classified as "notable items".

3 The 2020 financial year includes an additional $300 million provision for historical Aligned Advice remediation issues and associated program costs, $94 million of Wealth and Banking customer refunds and associated program costs, and a $60 million increase in provisions for other remediation items, including to address New Zealand Compliance Audit findings related to holiday pay. The 2019 financial year includes a $534 million provision for historical Aligned Advice remediation issues and associated program costs, and $301 million of Wealth and Banking customer refunds and associated program costs.

Customer and other remediation (including Aligned Advice)

The Group incurred operating expenses for customer refunds and program costs in relation to remediation issues impacting customers of our wealth management and banking businesses, including Aligned Advice remediation and banking and other wealth customer remediation.

Aligned Advice remediation – ongoing service fees

Aligned advisors were not employed by the Group but were representatives authorised to provide financial advice under the licences of the Group's subsidiaries, Financial Wisdom Limited, Count Financial and CFP-Pathways.

The Group completed the sale of Count Financial to CountPlus on 1 October 2019, and ceased providing licensee services through CFP-Pathways and Financial Wisdom in March and June 2020, respectively. The Bank entered into reimbursement agreements with Financial Wisdom and CFP-Pathways, and an indemnity deed with CountPlus, to cover potential remediation of past issues including ongoing service fees. For details on the reimbursement agreements and the indemnity deed, refer to Note 11.2 of the 2020 Financial Report.

During the year ended 30 June 2020, the Group recognised a net increase in the provision for Aligned Advice remediation issues and program costs of $300 million, including ongoing service fees charged where no service was provided. As at 30 June 2020, the provision held by the Group in relation to Aligned Advice remediation was $804 million (30 June 2019: $534 million). The provision includes $418 million for customer fee refunds (30 June 2019: $251 million), $280 million for interest on fees subject to refunds (30 June 2019: $123 million) and $106 million for costs to implement the remediation program (30 June 2019: $160 million).

The Group's estimate of the proportion of fees to be refunded is based on sample testing and assumes a refund rate of 37% (30 June 2019: 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 $20 million (30 June 2019: $15 million).

The Group is continuing to engage with ASIC in relation to its remediation approach.

Banking and other Wealth customer remediation

During the year ended 30 June 2020, the Group raised an additional $94 million provision for Banking and other Wealth customer remediation programs (30 June 2019: $384 million). As at 30 June 2020, the provision held by the Group in relation to Banking and other Wealth customer remediation was $227 million (30 June 2019: $384 million).

The provision for Banking remediation includes an estimate of customer refunds (including interest) relating to business banking products (including bank guarantees, cash deposit accounts, merchants billing and certain commercial lending products), retail banking products (including home loans and other retail products), and the related program costs.

Notable items (continued)

The Wealth remediation provision includes an estimate of customer refunds (including interest) relating to advice quality, transactions with deceased estates, the Loan Protection Insurance product, certain superannuation and other products, and the related program costs.

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.

Insurance recoveries

There were $145 million insurance recoveries in relation to the $700 million AUSTRAC civil penalty incurred in the 2018 financial 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".

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") in Retail Banking Services.

Prior period one-offs

Prior period one-offs recognised in the 2018 financial year include 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 [1]		
Exchange Rates Utilised [2]	**Currency**	**30 Jun 20**	30 Jun 19	30 Jun 18
AUD 1.00 =	USD	**0. 6854**	0. 7013	0. 7399
	EUR	**0. 6114**	0. 6170	0. 6350
	GBP	**0. 5584**	0. 5533	0. 5635
	NZD	**1. 0705**	1. 0460	1. 0909
	JPY	**73. 8002**	75. 6460	81. 7215

		Average rates [1]		
Exchange Rates Utilised [3]	**Currency**	**30 Jun 20**	30 Jun 19	30 Jun 18
AUD 1.00 =	USD	**0. 6715**	0. 7154	0. 7741
	EUR	**0. 6071**	0. 6270	0. 6501
	GBP	**0. 5330**	0. 5528	0. 5761
	NZD	**1. 0544**	1. 0668	1. 0850
	JPY	**72. 6127**	79. 5140	85. 5738

1 Rate rounded to four decimal places. Actual rate used for translation throughout the Document for the 30 June 2020 period is US$0.685381 = A$1.00.
2 Unless noted otherwise, rates are sourced from Bloomberg and are End of day rate (Sydney time).
3 Unless noted otherwise, rates are sourced from Bloomberg, and are the twelve month period average of End of day rate (Sydney time).

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 2020 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 20	30 Jun 19	30 Jun 18	Jun 20 vs	Jun 19 vs
	$M	$M	$M	Jun 19 %	Jun 18 %
Gain/(loss) on acquisition, disposal, closure and demerger of businesses	**2,092**	(61)	(183)	large	(67)
Hedging and IFRS volatility	**93**	(79)	101	large	large
Bankwest non-cash items	**–**	(1)	(3)	large	(67)
Treasury shares valuation adjustment	**–**	6	2	large	large
Other non-cash items	**–**	5	(1)	large	large
Total non-cash items (after tax)	**2,185**	(135)	(83)	large	63

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

	Full Year Ended				
	30 Jun 20	30 Jun 19	30 Jun 18	Jun 20 vs	Jun 19 vs
	$M	$M	$M	Jun 19 %	Jun 18 %
Gain/(loss) on acquisition, disposal, closure and demerger of businesses [1]	**70**	(52)	44	n/a	large
Hedging and IFRS volatility	**93**	(79)	101	large	large
Bankwest non-cash items	**-**	(1)	(3)	large	(67)
Non-cash items (after tax) from continuing operations	**163**	(132)	142	large	large
Gain/(loss) on acquisition, disposal, closure and demerger of businesses [2]	**2,022**	(9)	(227)	n/a	(96)
Treasury shares valuation adjustment discontinued operations	**-**	6	2	large	large
Non-cash items (after tax) from discontinued operations	**2,022**	(3)	(225)	large	(99)
Total non-cash items (after tax)	**2,185**	(135)	(83)	large	63

1 Includes gains and losses net of transaction and separation costs associated with the disposal of Aegis, AUSIEX, Count Financial and other businesses, the dilution of the Group's interest in Bank of Hangzhou and demerger costs for NewCo.

2 Includes gains and losses net of transaction and separation costs associated with the disposal of CFS, CFSGAM, PT Commonwealth Life, Sovereign, TymeDigital SA and other businesses, and the deconsolidation and divestment of CommInsure Life.

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 2020 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 $93 million after tax gain was recognised in Net profit after tax ("statutory basis") for the year ended 30 June 2020 (30 June 2019: $79 million after tax loss, 30 June 2018: $101 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 nil amortisation charges in the year ended 30 June 2020 (30 June 2019: $1 million, 30 June 2018: $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. Nil gains were included in statutory profit in the year ended 30 June 2020 (30 June 2019: $6 million after tax gain, 30 June 2018: $2 million after tax gain).

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2. Highlights

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Group Performance Summary

Group Performance Summary	Full Year Ended ("statutory basis")				Full Year Ended ("cash basis")			
		Restated [1]	As reported			Restated [1]	As reported	
	30 Jun 20 $M	30 Jun 19 $M	30 Jun 19 $M	30 Jun 18 $M	30 Jun 20 $M	30 Jun 19 $M	30 Jun 19 $M	30 Jun 18 $M
Net interest income	**18,610**	18,224	18,120	18,342	**18,610**	18,224	18,120	18,342
Other banking income	**5,002**	4,877	4,994	5,423	**4,837**	4,951	5,068	5,215
Total banking income	**23,612**	23,101	23,114	23,765	**23,447**	23,175	23,188	23,557
Funds management income	**173**	254	1,073	1,124	**172**	255	1,072	1,119
Insurance income	**141**	150	150	241	**139**	147	147	238
Total operating income	**23,926**	23,505	24,337	25,130	**23,758**	23,577	24,407	24,914
Investment experience	**n/a**	n/a	n/a	n/a	**3**	2	4	8
Total income	**23,926**	23,505	24,337	25,130	**23,761**	23,579	24,411	24,922
Operating expenses	**(10,929)**	(10,928)	(11,373)	(11,029)	**(10,895)**	(10,824)	(11,269)	(10,995)
Loan impairment expense [2]	**(2,518)**	(1,201)	(1,201)	(1,079)	**(2,518)**	(1,201)	(1,201)	(1,079)
Net profit before tax	**10,479**	11,376	11,763	13,022	**10,348**	11,554	11,941	12,848
Corporate tax expense	**(3,020)**	(3,275)	(3,391)	(3,952)	**(3,052)**	(3,321)	(3,437)	(3,920)
Non-controlling interests [3]	**–**	(12)	(12)	(13)	**–**	(12)	(12)	(13)
Net profit after tax from continuing operations	**7,459**	8,089	8,360	9,057	**7,296**	8,221	8,492	8,915
Net profit after tax from discontinued operations [4]	**2,175**	482	211	272	**153**	485	214	497
Net profit after tax	**9,634**	8,571	8,571	9,329	**7,449**	8,706	8,706	9,412
Gain/(loss) on acquisition, disposal, closure and demerger of businesses [5]	**n/a**	n/a	n/a	n/a	**2,092**	(61)	(61)	(183)
Hedging and IFRS volatility [5]	**n/a**	n/a	n/a	n/a	**93**	(79)	(79)	101
Other non-cash items [5]	**n/a**	n/a	n/a	n/a	**–**	5	5	(1)
Net profit after tax	**9,634**	8,571	8,571	9,329	**9,634**	8,571	8,571	9,329

Represented by:	30 Jun 20 $M	30 Jun 19 $M (Restated)	30 Jun 19 $M (As reported)	30 Jun 18 $M (As reported)
Retail Banking Services	**4,038**	3,874	4,266	4,878
Business and Private Banking	**2,638**	2,931	2,658	2,845
Institutional Banking and Markets	**655**	1,130	1,084	1,170
Wealth Management [6]	**2,035**	326	179	570
New Zealand	**945**	1,190	1,181	1,140
International Financial Services	**313**	197	174	31
Corporate Centre	**(990)**	(1,077)	(971)	(1,305)
Net profit after tax ("statutory basis")	**9,634**	8,571	8,571	9,329

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 The 2020 financial year was impacted by forward looking adjustments to collective provisions for COVID-19.
3 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.
4 The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and reported as a single net profit after tax line item. Discontinued operations includes Colonial First State (CFS), the Bank's Australian and New Zealand life insurance businesses (CommInsure Life and Sovereign), BoCommLife, TymeDigital SA, Colonial First State Global Asset Management (CFSGAM) and PT Commonwealth Life. Includes non-controlling interests related to discontinued operations.
5 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 12 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 gain/loss on disposal, closure and demerger of businesses ($2,092 million gain), unrealised gains and losses related to hedging and IFRS volatility ($93 million gain). 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 2020 Financial Report.
6 The 2020 financial year was impacted by gains on disposal, closure and demerger of businesses.

Key Performance Indicators

Key Performance Indicators	Full Year Ended 30 Jun 20	Restated [1] 30 Jun 19	As reported 30 Jun 19	As reported 30 Jun 18
Group Performance from continuing operations				
Statutory net profit after tax ($M)	**7,459**	8,089	8,360	9,057
Net interest margin (%)	**2. 07**	2. 09	2. 10	2. 15
Statutory operating expenses to total operating income (%)	**45. 7**	46. 5	46. 7	43. 9
Spot number of full-time equivalent staff (FTE)	**41,778**	41,458	42,921	42,462
Average number of FTE	**41,051**	41,371	42,794	42,046
Effective corporate tax rate ("statutory basis") (%)	**28.8**	28. 8	28. 8	30. 3
Average interest earning assets ($M) [2]	**897,409**	871,418	864,174	854,264
Average interest bearing liabilities ($M) [2]	**771,982**	761,115	761,115	759,583
Funds under administration (FUA) - average ($M) [3]	**15,332**	14,205	163,017	153,810
Assets under management (AUM) - average ($M)	**16,941**	14,544	15,082	12,889
Group Performance including discontinued operations				
Statutory net profit after tax ($M)	**9,634**	8,571	8,571	9,329
Net interest margin (%)	**2. 08**	2. 10	2. 11	2. 15
Statutory operating expenses to total operating income (%)	**42. 9**	48. 7	48. 7	45. 9
Spot number of full-time equivalent staff (FTE)	**43,585**	45,165	45,165	45,753
Average number of FTE	**43,550**	45,250	45,250	45,263
Effective corporate tax rate ("statutory basis") (%)	**28. 0**	28. 2	28. 2	30. 2
Average interest earning assets ($M) [2]	**897,879**	871,901	864,657	854,343
Average interest bearing liabilities ($M) [2]	**772,096**	762,144	762,144	760,450
Funds under administration (FUA) - average ($M) [4]	**180,389**	173,354	173,354	164,866
Assets under management (AUM) - average ($M) [5]	**235,743**	222,646	223,184	221,305
Inforce premiums - average ($M) [6]	**2,130**	2,365	2,365	3,232

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.
3 Average FUA (continuing operations) has been calculated using the average for the period the Group owned Aegis up until 2 December 2019.
4 Average FUA (including discontinued operations) has been calculated using the average for the period the Group operated CommInsure Life up until 1 November 2019 and the Group owned Aegis up until 2 December 2019.
5 Average AUM has been calculated using the average for the period the Group owned CFSGAM up until 2 August 2019.
6 Average inforce premiums has been calculated using the average for the period the Group operated CommInsure Life up until 1 November 2019.

Key Performance Indicators (continued)

	Full Year Ended			
		Restated [1]	As reported	
Key Performance Indicators	**30 Jun 20**	30 Jun 19	30 Jun 19	30 Jun 18
Shareholder Returns from continuing operations				
Earnings Per Share (EPS) (cents) [2]				
Statutory basis - basic	**421. 8**	458. 3	473. 7	518. 8
Cash basis - basic	**412. 5**	465. 5	480. 8	510. 3
Return on equity (ROE) (%) [2]				
Statutory basis	**10. 5**	11. 9	12. 3	13. 9
Cash basis	**10. 3**	12. 1	12. 5	13. 6
Shareholder Returns including discontinued operations				
Earnings Per Share (EPS) (cents) [2]				
Statutory basis - basic	**544. 8**	485. 6	485. 6	534. 3
Cash basis - basic	**421. 1**	493. 0	493. 0	538. 8
Return on equity (ROE) (%) [2]				
Statutory basis	**13. 6**	12. 6	12. 6	14. 3
Cash basis	**10. 5**	12. 8	12. 8	14. 4
Dividends per share - fully franked (cents)	**298**	431	431	431
Dividend cover - "statutory basis" (times)	**1. 8**	1. 1	1. 1	1. 2
Dividend cover - "cash basis" (times)	**1. 4**	1. 1	1. 1	1. 2
Dividend payout ratio (%) [2]				
Statutory basis	**54.76**	89.02	89. 0	81. 2
Cash basis	**70.82**	87.64	87. 6	80. 4
Capital including discontinued operations				
Common Equity Tier 1 (Internationally Comparable) (%) [3]	**17. 4**	16. 2	16. 2	15. 5
Common Equity Tier 1 (APRA) (%)	**11. 6**	10. 7	10. 7	10. 1
Risk weighted assets (RWA) ($M)	**454,948**	452,762	452,762	458,612
Leverage Ratio including discontinued operations				
Leverage Ratio (Internationally Comparable) (%) [3]	**6. 7**	6. 5	6. 5	6. 3
Leverage Ratio (APRA) (%)	**5. 9**	5. 6	5. 6	5. 5
Funding and Liquidity Metrics including discontinued operations				
Liquidity Coverage Ratio (%) [4]	**155**	132	132	133
Weighted Average Maturity of Long Term Debt (years)	**5. 3**	5. 1	5. 1	5. 1
Customer Deposit Funding Ratio (%)	**74**	69	69	68
Net Stable Funding Ratio (%)	**120**	112	112	112
Credit Quality Metrics including discontinued operations				
Loan impairment expense annualised as a % of average GLAAs	**0. 33**	0. 16	0. 16	0. 15
Gross impaired assets as a % of GLAAs	**0. 46**	0. 48	0. 48	0. 42
Credit risk weighted assets (RWA) ($M)	**374,194**	372,574	372,574	369,528

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 Quarterly average.

Highlights (continued)

Key Performance Indicators (continued)

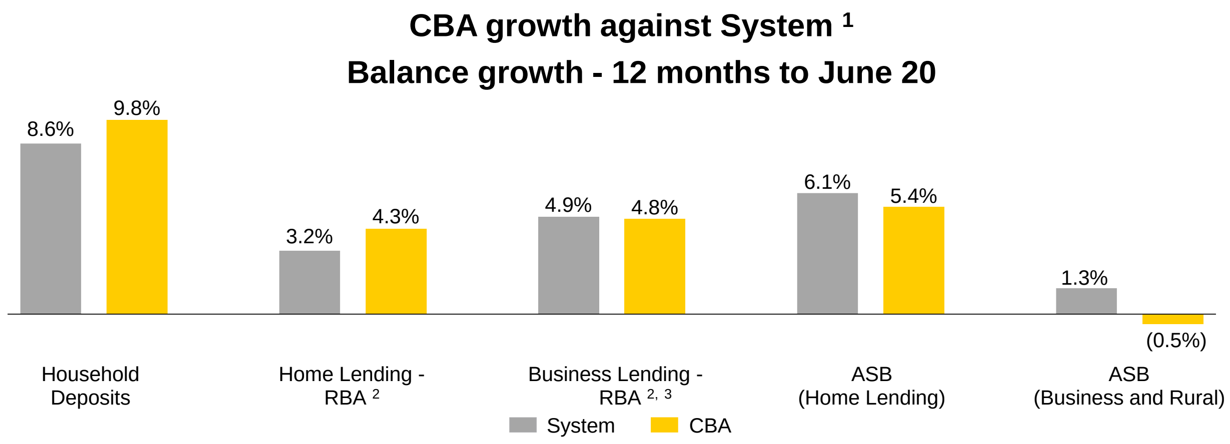
Key Performance Indicators	Full Year Ended			
		Restated [1]	As reported	
	30 Jun 20	30 Jun 19	30 Jun 19	30 Jun 18
Retail Banking Services				
Statutory net profit after tax ($M)	**4,038**	3,874	4,266	4,878
Net interest margin (%)	**2. 63**	2. 55	2. 57	2. 74
Average interest earning assets ($M) [2]	**357,008**	342,713	363,187	352,450
Statutory operating expenses to total operating income (%)	**40. 5**	42. 0	40. 0	36. 4
Risk weighted assets ($M)	**162,939**	166,908	173,716	168,370
Business and Private Banking				
Statutory net profit after tax ($M)	**2,638**	2,931	2,658	2,845
Net interest margin (%)	**3. 10**	3. 10	3. 17	3. 16
Average interest earning assets ($M) [2]	**182,498**	182,400	161,808	161,627
Statutory operating expenses to total banking income (%)	**36. 4**	36. 3	36. 6	34. 1
Risk weighted assets ($M)	**141,157**	138,753	122,030	119,804
Institutional Banking and Markets				
Statutory net profit after tax ($M)	**655**	1,130	1,084	1,170
Net interest margin (%)	**1. 00**	1. 11	1. 05	1. 03
Average interest earning assets ($M) [2]	**139,911**	137,670	130,438	138,935
Statutory operating expenses to total banking income (%)	**44. 4**	40. 4	42. 2	39. 9
Risk weighted assets ($M)	**93,076**	85,951	85,496	95,875
New Zealand [3]				
Statutory net profit after tax ($M)	**945**	1,190	1,046	1,062
Risk weighted assets - APRA basis ($M) [4]	**50,664**	51,186	51,189	48,524
Net interest margin (ASB) (%) [5]	**2. 11**	2. 23	2. 21	2. 24
Average interest earning assets (ASB) (NZ$M) [5]	**100,582**	95,315	95,315	89,774
Statutory operating expenses to total operating income (ASB) (%) [5]	**40. 7**	34. 7	34. 9	35. 9
FUA - average (ASB) (NZ$M) [5, 6]	**16,273**	15,146	15,146	13,110
AUM - average (ASB) (NZ$M) [5]	**17,886**	15,501	16,075	13,986
Wealth Management [7]				
Statutory net profit after tax ($M)	**2,035**	326	106	336
Statutory operating expenses to total operating income (%)	**25. 0**	81. 4	n/a	n/a
FUA - average ($M)	**165,058**	159,149	10,336	11,056

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.
6 Average FUA has been calculated using the average for the period the Group owned Aegis up until 2 December 2019.
7 Presented on a discontinued operations basis.

Market Share

Market Share [1]	30 Jun 20 %	31 Dec 19 %	30 Jun 19 %	Jun 20 vs Dec 19	Jun 20 vs Jun 19
	As at				
Home loans - RBA [2]	**24. 9**	24. 9	n/a	–	n/a
Home loans - APRA [3]	**25. 7**	25. 5	25. 2	20 bpts	50 bpts
Credit cards - APRA [3]	**26. 5**	26. 6	26. 6	(10)bpts	(10)bpts
Other household lending [3, 4]	**18. 9**	19. 1	19. 3	(20)bpts	(40)bpts
Household deposits - APRA [3]	**27. 1**	26. 8	26. 7	30 bpts	40 bpts
Business lending - RBA [2]	**14. 8**	14. 7	n/a	10 bpts	n/a
Business lending - APRA [3]	**16. 8**	16. 7	16. 7	10 bpts	10 bpts
Business deposits - APRA [3]	**20. 3**	19. 9	19. 7	40 bpts	60 bpts
Equities trading	**4. 8**	3. 9	3. 7	90 bpts	110 bpts
Australian Retail - administrator view [5]	**14. 9**	14. 9	14. 8	–	10 bpts
FirstChoice Platform [5]	**10. 9**	11. 0	10. 9	(10)bpts	–
NZ home loans	**21. 5**	21. 5	21. 7	–	(20)bpts
NZ customer deposits	**18. 2**	17. 8	17. 7	40 bpts	50 bpts
NZ business lending	**15. 3**	15. 2	15. 4	10 bpts	(10)bpts
NZ retail AUM [6]	**14. 8**	14. 9	15. 4	(10)bpts	(60)bpts

1 Comparatives have been updated to reflect market restatements. For market share source references, refer to Appendix B.
2 System source: RBA Lending and Credit Aggregates. RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019. As a result of this change, the 30 June 2019 Market Share is not comparable to the other reporting periods.
3 System source: APRA's Monthly Authorised Deposit-taking Institutions Statistics (MADIS) publication.
4 Other Household Lending market share includes personal loans, margin loans and other forms of lending to individuals.
5 System source: Strategic Insights as at 31 March 2020 and includes Colonial First State only.
6 Presented on a continuing operations basis.



1 System source: RBA/APRA/RBNZ. CBA includes Bankwest.
2 System source: RBA Financial Aggregates. Growth rates for 11 months to June 2020, due to system data reclassification from 1 July 2019 (annualised).
3 Domestic Lending balance growth (excluding Cash Management Pooling Facilities).

Credit Ratings

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

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 2020 Financial Report provide details on how the Group manages its credit, market and liquidity and funding risks.

The COVID-19 pandemic has materially and adversely affected, and future outbreaks of other communicable diseases or pandemics may materially and adversely affect, the business, results of operations, financial condition and prospects of the Group

The outbreak of the novel strain of coronavirus, referred to as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Due to COVID-19, governments worldwide, including those in Australia and New Zealand, have imposed wide ranging restrictions on, suspensions of, or advice against, regional and international travel, gatherings of groups of people, as well as prolonged closures of workplaces and many other normal activities and undertaken substantial and costly monetary and fiscal interventions designed to stabilize the significant increase in volatility experienced in sovereign nations and financial markets. For instance, in response to increasing rates of COVID-19 infection in Victoria, in July 2020, Stage 3 restrictions ("Stay at Home") were re-implemented, with the State moving to Stage 4 restrictions (including curfews and further business trade restrictions) in August 2020 following continued increases in reported cases. Governments may in the foreseeable future implement and introduce further measures to contain the pandemic. There is ongoing uncertainty regarding the duration and severity of COVID-19 impacts and the associated disruption to the Australian and global economy.

This has had a material adverse effect on unemployment levels and the global and Australian economy. The full extent of the duration and impact of the COVID-19 outbreak are unknown at this time, as is the efficacy of the government and central bank interventions. We have been materially and adversely affected by the COVID-19 pandemic and we expect challenging economic conditions ahead, with increased credit losses from business insolvencies, higher consumer defaults due to rising unemployment and slower overall growth.

Major disruptions to community health and economic activity are having wide ranging negative effects across most business sectors in Australia, New Zealand and globally, which in turn has impacted demand for the products and services provided by the Group and resulted in a deterioration of the quality of the Group's credit portfolio. Additionally, many of the Group's borrowers have been negatively impacted by the COVID-19 pandemic and the Group is exposed to an increased risk of credit loss from borrowers in the following sectors: transportation (including airlines, shipping, road and rail); ports, tourism and travel (including accommodation, food and beverage); healthcare; agriculture; retail (including e-commerce due to a reduction in logistics activity); property (particularly shopping malls and hotels); construction and contractors; and distribution and logistics. During the year ended 30 June 2020, CBA recognized an A$1.5 billion impairment charge for credit losses related to the COVID-19 outbreak. See *"Group Operations and Business Settings – Loan Impairment Provisions and Credit Quality"* on page 59 for details on the credit impairment charge.

In response to the COVID-19 pandemic, the Group has established a range of accommodations and measures designed to assist its personal and business customers but there can be no assurance that these accommodations and measures will be sufficient to prevent or mitigate further hardship, or ensure the delivery of the Group's products and services, and there is a risk that the Group's business, results of operations, financial condition and prospects may be materially and adversely affected. From March 2020, the Bank has offered a number of support measures to retail and business customers impacted by the COVID-19 pandemic, including repayment deferrals of up to 6 months in duration. In July 2020, the Bank announced that customers may extend their existing repayment deferrals by up to 4 months, on a case by case basis depending on their individual circumstances. The Group recognized approximately $310 million of interest related to retail loans in deferral and approximately $150 million of interest related to non-retail loans in deferral. Consistent with guidance from APRA, the Bank has not treated the period of the repayment deferral as a period of arrears, where the customer was otherwise performing. Customers are being contacted during their deferral period to ensure that the support is suitable for their current circumstances. These accommodations and measures, while supporting the Group's customers, may in turn have a negative impact on the Group's business, results of operations, financial condition and prospects, may negatively impact the Group's net interest margin, and may result in the Group assuming a greater level of risk than it would have under ordinary circumstances and the Group's business, results of operations, financial condition and prospects may be materially and adversely affected as a result.

Significant requests for assistance from retail and small business customers have been received by the Group's customer service team. Loans with a gross carrying value of approximately $75 billion were subject to COVID-19 related modifications as at 30 June 2020. These requests are anticipated to grow in the short term if the crisis deepens and the Group is addressing additional resourcing and process changes to enable it to support its customers. It is uncertain, at this stage, what percentage of its lending portfolio will be impacted. In the longer term, asset values may start to deteriorate if a large quantity of retail and business customers liquidate their investments, either during, or immediately after, the crisis or due to a decrease in demand for these assets. In both scenarios, loan-to-value ratios are expected to be negatively impacted. Refer to Note 3.2 of the 2020 Financial Report for further information.

The prospect of substantially reduced global economic activity has caused substantial volatility in the financial markets and such volatility may continue. A deterioration of public finances of sovereigns in response to COVID-19 may lead to further increased volatility and widening credit spreads. COVID-19 has also affected, and can be expected to continue to impact, the Group's ability to continue its operations without interruption or delays due to closure of and restricted access to premises, contagion management and travel restrictions. Any related illness or quarantine of the Group's employees or contractors or suspension of the Group' business

Risk Factors (continued)

operations could affect the Group's business, results of operations, financial condition and prospects.

The ramifications of COVID-19 are highly uncertain and, as of the date of this Document, it is difficult to predict the spread or duration of the pandemic. All or any of the negative conditions related to the COVID-19 pandemic described above may cause a further reduction in demand for the Group's products and services and/or an increase in loan and other credit defaults, bad debts, and impairments and/or an increase in the cost of the Group's operations. Should these occur, it is likely that they will result in a material adverse effect on the Group's business, results of operations, financial condition and prospects. COVID-19, and the volatile regional and global economic conditions stemming from the pandemic, as well as reactions to future pandemics or resurgences of COVID-19, could also precipitate or aggravate the other risk factors described below, which in turn could materially adversely affect the Group's business, results of operations, financial conditions and prospects.

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, Europe, Singapore, Hong Kong and Indonesia.

Key domestic regulators include Australian Prudential Regulation Authority ("APRA"), ASIC, the Australian Transaction Reports and Analysis Centre ("AUSTRAC"), the Office of the Australian Information Commissioner (the "OAIC"), 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.

Actions taken by regulators in response to the COVID-19 pandemic have impacted, and may continue to impact, the Group. As an example, regulators in some overseas jurisdictions have exercised their powers to prevent banks from declaring dividends or undertaking share buy-backs. In New Zealand, the Reserve Bank of New Zealand (the "RBNZ") made the decision to freeze the distribution of dividends on ordinary shares by New Zealand incorporated registered banks during the period of economic uncertainty caused by COVID-19. This prevents the Group's subsidiary ASB Bank from paying dividends and has a negative impact on the Group's Level 1 CET1 capital ratio. In Australia, APRA gave guidance to banks, including the Group, in July 2020 to cap dividend payouts to 50 percent of earnings. See "*The COVID-19 pandemic has materially and adversely affected, and future outbreaks of other communicable diseases or pandemics may materially and adversely affect, the business, results of operations, financial condition and prospects of CBA and its subsidiaries*" on page 21 for further discussion on the risks COVID-19 poses to the Group.

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 2019, the Australian Government legislated for an economy-wide Consumer Data Right ("CDR") to give consumers access to and control over their data. Monitoring and enforcement of the CDR regime are jointly conducted by the ACCC and the OAIC. The CDR regime initially applies to banking (referred to as "Open Banking"). The Group has established a dedicated team to support its Open Banking program. The Open Banking requirements are being implemented, and will apply progressively to banks and other participants, for different categories of data and disclosure methods, across multiple stages from February 2020 to June 2022. The requirements involve complex system and application programming interface builds, rigorous security requirements and extensive testing requirements, including end-to-end internal and industry testing. The Open Banking requirements represent significant delivery and operational risks, which have been elevated by the COVID-19 pandemic. The Group's Open Banking program is actively managing these risks. The program is liaising regularly with the ACCC in relation to its implementation.

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.

Risk Factors (continued)

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 percentage points. APRA has stated that it may consider feasible alternatives to further increase the LAC by an additional 1 to 2 percentage points.

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"* on page 31 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 Markets in Financial Instruments Directive (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"* on page 25 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*" on page 134.

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 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

Risk Factors (continued)

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. While the impact of the economic disruption caused by COVID-19, and the governmental responses to it, remain uncertain, the Group may be materially adversely affected by a protracted downturn in economic conditions globally and, in particular, in Australia and New Zealand.

As a result of the COVID-19 pandemic, major disruptions to community health and economic activity are having wide ranging negative effects across most business sectors in Australia, New Zealand and globally, which in turn has impacted demand for the Group's products and services provided by the Group and resulted in a deterioration of the quality of the Group's credit portfolio. Additionally, many of the Group's borrowers have been negatively impacted by the COVID-19 pandemic and the Group is exposed to an increased risk of credit loss from borrowers in the following sectors: transportation (including airlines, shipping, road and rail); ports, tourism and travel (including accommodation, food and beverage); healthcare; agriculture; retail (including e-commerce due to a reduction in logistics activity); property (particularly shopping malls and hotels); construction and contractors; and distribution and logistics. During the year ended 30 June 2020, CBA recognized an A$1.5 billion impairment charge for credit losses related to the COVID-19 outbreak. See "Group Operations and Business Settings – Loan Impairment Provisions and Credit Quality" on page 59 for more information. See also "The COVID-19 pandemic has materially and adversely affected, and future outbreaks of other communicable diseases or pandemics may materially and adversely affect, the business, results of operations, financial condition and prospects of the Group" on page 21 for further discussion on the risks COVID-19 poses to the Group.

In addition, the Australian bushfires in late 2019 and early 2020 also impacted a small portion of the Group's customers who are suppliers to the agricultural sector as well as those who reside in and operate businesses within regional and fire impacted communities.

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 impact global financial markets.

China is one of Australia's major trading partners and a significant driver of commodity demand and prices in many of the markets in which the Group and its customers operate. Anything that adversely affects China's economic growth, including the implementation of tariffs or other protectionist trade policy, 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" on page 32 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 from rising unemployment and falling immigration rates due to COVID-19), external factors or tightening lending standards could adversely affect the Group's home and commercial mortgage portfolio, resulting 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. 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.

Risk Factors (continued)

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.

The COVID-19 pandemic is having, and is expected to continue to have, a significant impact on the global economy and global markets. For example, in early March, global markets experienced extreme volatility, mainly due the COVID-19 pandemic and the oil price shock and such volatility may continue in the current market environment. Additionally, the imposition of travel restrictions, border controls, social distancing, quarantine protocols and other containment measures could contribute to a continuing slowdown in economic conditions across the world and suppress demand for commodities, interrupt the supply chain for many industries globally, dampen consumer confidence and suppress business earnings and growth prospects, all of which could contribute to ongoing volatility in global financial markets. See "*The COVID-19 pandemic has materially and adversely affected, and future outbreaks of other communicable diseases or pandemics may materially and adversely affect, the business, results of operations, financial condition and prospects of the Group*" on page 21 for further discussion on the risks COVID-19 poses to the Group.

A deep global recession is possible. Many countries are facing large declines in GDP, with sharp increases in unemployment rates. Governments are responding with enormous fiscal stimulus as well as monetary easing and regulatory forbearance that is designed to offset at least some of the worst impacts of the shock. Nevertheless, the Group believes that such stimulus is unlikely to prevent the drop in economic activity stemming from the widespread lockdowns aimed at supressing the spread of virus.

The impact of the COVID-19 pandemic on credit losses and asset values is very uncertain. Many of the policies put in place have been designed to 'hibernate' large parts of the economy so that activity can resume when the pandemic subsides. Some countries, including Australia and New Zealand, have loosened some restrictions designed to encourage their economies to emerge from hibernation, although in some countries, including Australia there are concerns that there is evidence of a possible 'second wave' of COVID-19. The impact of the economic disruption caused by COVID-19, and the governmental responses to it, remains uncertain. The Group may be materially adversely affected by a protracted downturn in economic conditions globally.

Even before COVID-19, the impact of the global financial crisis in 2007 and its aftermath, trade tensions between the United States and some of its trading partners, including China, and Brexit continued to affect regional and global economic activity, confidence and capital markets. Consumers in recent years have reduced their savings rates in the face of weak income growth, while businesses have been reluctant to invest and inflation has remained low. The potential for escalation in geopolitical risks has also contributed to vulnerability in consumer and business behaviour. Such global political conditions have contributed to economic uncertainty and volatility in the global financial markets and have negatively impacted, and could continue to negatively impact, consumer and business activity within the markets in which the Group or its customers or counterparties operate, or result in the introduction of new and/or divergent regulatory frameworks that the Group will need to adhere to.

The historically low interest rates in Australia and New Zealand have, and will continue to negatively impact the Group's net interest income and net interest margin.

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.

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 was 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. On 23 January 2020, the article 50 withdrawal agreement was ratified by the Parliament of the United Kingdom, and on 29 January 2020 by the European Parliament. The UK left the EU on 31 January 2020.

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 if the UK and EU negotiators fail to agree and implement a trade deal by 1 January 2021 and no transition extension is agreed.

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.

Risk Factors (continued)

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 competition which may adversely affect its results

The Group faces 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.

The COVID-19 pandemic and future economic disruptions could have a significant impact on competition in the financial services sector over the medium-term due to funding costs and provision increases, structurally low interest rates, insufficient liquidity, implementation of business continuity plans, changes to business strategies and temporary regulatory safe harbors. See *"The COVID-19 pandemic has materially and adversely affected, and future outbreaks of other communicable diseases or pandemics may materially and adversely affect, the business, results of operations, financial condition and prospects of CBA and its subsidiaries"* on page 21 for further discussion of the risks COVID-19 poses to the Group.

Further, in reaction to the COVID-19 pandemic, the Australian Government and its agencies have sought to lower lending and funding costs for both banks and non-banks. These actions may support providers that compete with the Group. Given the importance of a functioning and competitive banking sector, and the Australian Government's current desire to pursue a pro-growth agenda in response to the economic disruption caused by the COVID-19 pandemic, it is anticipated that over the longer-term, the level of competition in financial services will remain a focus area for the Australian Government. Possible future policy reform in this area may result in increased competitive pressure in the Group's key markets, which may adversely affect the Group's business, results of operations, financial condition and prospects.

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 continuity and resilience of the Group's operations is crucial for serving its customers, upholding community trust and maintaining its reputation.

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. Although the Group has processes in place designed to 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 COVID-19 pandemic, and future outbreaks of other communicable diseases or pandemics, have the potential to introduce an array of new and elevated risks to resilience of the Group's operations. These include, safety risks to employees working in offices and branches, and disruptions to operations arising from remote working and reprioritisation of teams to service increased customer queries and hardship requests. There is an increased risk of complaints, reputational damage and conduct implications if increased volumes of customer requests for relief measures are not appropriately managed.

Rapid deployment of technology solutions and revised business processes to support assistance packages heightens the likelihood of data processing and process execution errors. Disruptions also increase the risk of potential non-compliance with ongoing regulatory obligations and commitments.

The pandemic has led to a general uncertainty over the stability of global supply chains and the potential impact on third-party suppliers to the Group. Financial support packages made available to Australians whose employment has been impacted, has increased opportunities for those seeking to commit fraud and financial crimes, and a global increase in cybercrime has been observed during the pandemic.

Risk Factors (continued)

There is an increased risk of not disclosing to the market appropriately as circumstances change, or failing to comply with the Group's continuous disclosure obligations, because changing circumstances require rapid updates to models which increases the risk of reporting errors.

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.

Additionally, there has been a global increase in cybercrime during the COVID-19 pandemic as cyber criminals seek to gain financially from people's vulnerability, or exploit potential weaknesses introduced through rapid operational changes implemented by businesses.

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.

The progression of new technologies, such as Artificial Intelligence, changing macroeconomic conditions, and increasing regulatory expectations, requires leaders with new and different skill sets and deep banking expertise to deliver the performance expected by shareholders. These skills may become more difficult to attract and retain, particularly with the emergence of new non-traditional technology competitors who aim to compete directly in the field of banking.

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, modern slavery 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.

Risk Factors (continued)

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 CBA by AUSTRAC, ASIC launched an investigation in relation to the Group's disclosure concerning the matters the subject of 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 the AUSTRAC proceedings was approved by the Federal Court of Australia on 20 June 2018 with CBA paying a penalty of A$700 million and legal costs. ASIC investigated, among other things, whether the officers and directors of CBA complied with other specific obligations under the Corporations Act.

On 26 August 2020, CBA was notified that ASIC had concluded its investigation, and will not take any enforcement action in relation to matters that were the subject of the AUSTRAC proceedings, including CBA's disclosure of those matters and whether directors and officers of CBA complied with specific obligations under the Corporations Act.

Recognising the crucial role that the Group plays in fighting financial crime, CBA continues to strengthen and invest significantly in its financial crime capabilities, including in its AML/CTF Compliance team and through the Program of Action with coverage across all aspects of financial crime (including anti-money laundering/counter-terrorism financing, sanction and anti-bribery and corruption) and all business units. 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 financial crime compliance programs across its business units and the jurisdictions in which it operates.

While the Group is not currently aware of any other enforcement action by other domestic or foreign regulators in respect of its financial crime compliance 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 and June 2018 two separate shareholder class action proceedings were filed against CBA 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 AUSTRAC proceedings. It is alleged in the class actions that CBA shareholders who acquired an interest in CBA shares between 16 June 2014 and 3 August 2017 suffered losses as a result of the alleged conduct. The two class actions are being case managed together, with a single harmonised statement of claim. CBA denies the allegations made against it, and 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 21 August 2020, a class action was filed in the Federal Court of Australia against Commonwealth Financial Planning Limited (CFP), Financial Wisdom Limited (FWL) and The Colonial Mutual Life Assurance Society Limited (CMLA).

The claim relates to certain CommInsure life insurance policies recommended by financial advisers appointed by CFP and FWL during the period 21 August 2014 to 21 August 2020. Further details about this claim can be found in the *"Description of Business Environment – Legal Proceedings and Investigations"* section of this Document. It is currently not possible to determine the ultimate impact of this claim, if any, on the Group.

The Group is also defending four class action claims in relation to superannuation products in the Federal Court of Australia, a class action in relation to consumer credit insurance for credit cards and personal loans as well as a class action commenced in the United States claiming a conspiracy among competitors to manipulate the BBSW benchmark for mutual gain. Further details about some of these claims can be found in the *"Description of Business Environment – Legal Proceedings and Investigations"* section of this Document and Note 7.1 of the 2020 Financial Report.

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. During the 2020 financial year, $300 million of expense provisions were recognised for historical Aligned Advice Remediation issues, $94 million of Wealth and Banking customer refunds and associated program costs, and a $60 million increase in provisions for other remediation items, including to address New Zealand Compliance Audit findings relating to holiday pay.

Risk Factors (continued)

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.

ASIC has commenced actions against the Group and details of the two more significant claims can be found in the *"Description of Business Environment – Legal Proceedings and Investigations"* section of this Document.

On 28 August 2017, APRA announced it would establish an independent prudential inquiry ("the Inquiry") into the Group focussing on the governance, culture and accountability frameworks and practices within the Group.

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 ("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 is continuing to provide APRA with quarterly progress reports, and CBA is committed to report publicly on its progress against the Remedial Action Plan twice a year. Eight Promontory reports have been released by CBA. 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 176 milestones on schedule to be delivered by the due dates. The Group has provided for costs associated with the implementation of the Remedial Action Plan.

There are also a number of ongoing matters where regulators are investigating whether CBA or a Group entity has breached legal or regulatory obligations. Where a breach has occurred, regulators are likely to impose, or apply to a Court for, fines and/or other sanctions. These matters include investigations by APRA and ASIC of issues which were considered by the Financial Services Royal Commission, as well as a number of other matters notified to, or identified by, regulators. The Group also continues to receive various notices and requests for information from its regulators as part of both industry-wide and Bank-specific reviews. In addition to possible regulatory action, there may also be financial exposure to claims by customers and this could include further class actions, customer remediation or claims for compensation. The outcomes and total costs associated with such regulatory reviews and possible customer claims remain uncertain. 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.

Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, as well as the occurrence of events such as natural disasters or pandemics, could cause customers or counterparties to fail to meet their obligations in accordance with agreed terms.

For example, the Group's customers and counterparties in, or with exposure to:

- Industries impacted by the COVID-19 pandemic and adverse weather conditions (e.g. bushfires and drought), particularly: transportation (including airlines, shipping, road and rail); ports, tourism and travel (including accommodation, food and beverage); healthcare; agriculture; retail (including e-commerce due to a reduction in logistics activity); property (particularly shopping malls and hotels); construction and contractors; and distribution and logistics;
- The Australian natural resources sector, which is particularly exposed to any prolonged slowdown in the Chinese economy and could be materially and adversely impacted by a decline in natural resource prices;
- Segments of the economy reliant on trading with China, given a recent deterioration in Australia's relations with its largest trading partner. Among other things, in May 2020 China implemented an 80.5% tariff on Australian barley imports and imposed an import ban on four Australian abattoirs; and in July 2020 raised the tariff on Australian beef imports into China to 12% for the remainder of 2020. Australia exports raw mining and agricultural commodities to China, such as iron ore, coal, grains, meat, and dairy products. Australia also relies on Chinese consumers for education and tourism demand, with Chinese students accounting for a material proportion of revenue in the university and higher education

Risk Factors (continued)

industry in recent years. It is unclear how the trade relationship between Australia and China will develop in coming months, with the Australian Government thus far choosing not to escalate trade tensions in response to China's recent actions;

- Segments of the economy reliant on consumer discretionary spending are exposed to a slowdown in spending levels arising from the potential impact of COVID-19 and a combination of a slowing housing market, low wage growth and high household debt or a potential loss in consumer confidence, including in the tourism, specialty retail, travel, leisure and the automotive sectors; and
- Segments of the economy exposed to the depreciating Australian Dollar or New Zealand Dollar, particularly importers and wholesalers.

The recent decision by the Group to provide customers impacted by the COVID-19 pandemic the option of suspending or deferring certain mortgage or loan repayments may lead to an increase in the level of credit risk related losses. There can be no guarantee that at the conclusion of this period, customers will be able to recommence their loan repayment obligations, leading to a potential increase in credit risk related losses, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. During the year ended 30 June 2020, CBA recognised an A$1.5 billion impairment charge for credit losses related to the COVID-19 outbreak. See *"Group Operations and Business Settings – Loan Impairment Provisions and Credit Quality"* on page 59 for more information.

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 future 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 2020 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 offshore 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.

The COVID-19 pandemic is having, and is expected to continue to have, a significant impact on the global economy and global markets. Due to government stimulus and liquidity measures, there has been increases to customer deposit balances. The tapering off of these stimulus measures may, if accompanied by continued economic weakness, result in increased competition for deposits and other funding sources, and therefore increased funding costs. See *"The Group may be adversely affected by general business and economic conditions and disruptions in the global financial markets"* on page 25 for a discussion on the risks to the Group resulting from a shock to, or deterioration in, the global economy, including as a result of the COVID-19 pandemic.

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. See "*The Group may be adversely impacted by a downturn in the Australian or New Zealand economies*" on page 24 for a discussion of the risks posed by the COVID-19 pandemic to the Australian and New Zealand economies. Credit ratings could be used by

Risk Factors (continued)

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.

Due to the impacts of COVID-19 on the operating environment, credit rating agencies have taken certain actions. For example, Fitch downgraded the ratings for the major Australian banks in April, S&P downgraded the outlook for the major Australian banks, and Moody's downgraded the outlook for the Australian banking system. Specifically:

- On 2 April 2020 Moody's downgraded their outlook for the Australian banking system to negative from stable, reflecting their view that the broad and growing scope of economic and market disruption from the COVID-19 outbreak will increase the strain on Australian banks' operating environment and loan performance. They noted that increasing loan-loss provisioning and record low interest rates will push profitability lower. Moody's also noted that Australian banks' sound capitalisation will provide a solid buffer against stress losses, but in the event of a deep and prolonged economic slowdown, capital ratios are likely to deteriorate. CBA's ratings of P-1 (short-term), Aa3 (long-term) and Outlook of Stable remained unchanged.
- On 7 April 2020 Fitch Ratings downgraded the CBA Long-Term Issuer Default Rating (IDR) to 'A+' from 'AA-' and the Viability Rating (VR) to 'a+' from 'aa-'. The Outlook on the Long-Term IDR is Negative. The Short-Term IDR was also downgraded to 'F1' from 'F1+'. The Support Rating and Support Rating Floor were affirmed at '1' and 'A', respectively. Fitch also downgraded CBA's New Zealand subsidiary, ASB Bank, to 'A+/Negative/F1' from 'AA-/Negative/F1+' and affirmed the Support Rating at '1' and VR at 'a'.
- On 8 April 2020, CBA's long-term and short-term ratings were affirmed by S&P at AA- and A-1+ respectively. S&P revised CBA's outlook from stable to negative. The outlook for CBA's New Zealand subsidiary, ASB Bank, was also revised from stable to negative with its ratings affirmed at AA- and A-1+.

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:

- Capital adequacy and the treatment of equity exposures to banking and insurance subsidiaries of ADIs (APS 111 "Capital Adequacy Measurement of Capital");
- The standardised approach to measuring credit and operational risk;
- The internal ratings based ("IRB") approach for residential mortgages; and
- Interest rate risk in the banking book.

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

Risk Factors (continued)

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.

In March 2020, APRA announced the deferral of all scheduled capital framework reforms by one year. All reforms excluding APS 111 and APS 116 "Capital Adequacy: Market Risk" are scheduled for implementation on 1 January 2023. Implementation of APS 111 and APS 116 is scheduled for 1 January 2021 and 1 January 2024 respectively.

Advanced Measurement Approach banks will be allowed to opt-in to earlier implementation of APS 115: "Capital Adequacy: Operational Risk" from 1 January 2022.

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 2023.
- 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 may consider feasible alternative methods for raising the additional 1 to 2 percent, in consultation with industry and other stakeholders.

The Reserve Bank of New Zealand (the "RBNZ") finalised a comprehensive review of the capital adequacy framework applying to registered banks in New Zealand. Among the requirements confirmed on 5 December 2019 are: an increase in the RWA of IRB banks to approximately 90 percent of that required under the standardised approach; an increase in the Tier 1 capital requirement for those banks deemed systemically important to 16 percent of RWA (currently 8.5 percent), 13.5 percent of which must be in the form of CET1 capital (currently 7 percent); phasing out of existing Additional Tier 1 and Tier 2 contingent instruments issued by New Zealand banks, as these will no longer be eligible under RBNZ's new capital criteria; and a 7 year transition period for banks to meet the new requirements, starting from 1 July 2021. The capital requirements discussed above, or any future proposed requirements or regulatory reforms (if enacted), may adversely impact the Issuer's financial position.

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 75 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.

Changes in market factors such as potential developments or future changes in the administration of financial benchmark interest rates, such as LIBOR, could result in adverse consequences to the return on, value of and market for, securities and other instruments whose returns are linked to any such benchmark, including those securities or other instruments issued by the Group. Changes to financial benchmarks create legal and operational risks in the transition process. If the Group was to suffer substantial losses due to any market volatility, it may adversely affect the Group's financial performance or financial condition.

Additionally, 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 2020 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.

Risk Factors (continued)

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 undertakes divestments and strategic reviews as needed and may continue to divest businesses or capabilities it considers non-core or wind-down businesses or product areas.

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

The Group has in the past been, and may in the future be, 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 general insurance business, this risk is mainly driven by weather related incidents (such as storms, floods or bushfires) and other catastrophes.

Highlights (continued)

Financial Review

Selected Consolidated Income Statement Data ("statutory basis")	2020 USD$M [2]	2020	2019 [1]	2018 [1]	2017	2016
		Full Year Ended 30 June (AUD$ millions, except where indicated)				
Interest income:						
Effective interest income	**20,374**	**29,726**	34,089	33,643	32,705	33,819
Other	**299**	**436**	620	629	490	–
Interest expense	**(7,918)**	**(11,552)**	(16,485)	(15,807)	(15,649)	(16,961)
Net interest income	**12,755**	**18,610**	18,224	18,465	17,546	16,858
Impairment expense	**(1,726)**	**(2,518)**	(1,201)	(1,079)	(1,095)	(1,256)
Non-interest income	**3,643**	**5,316**	5,281	5,854	6,937	6,759
Operating expenses	**(7,491)**	**(10,929)**	(10,928)	(10,687)	(10,133)	(9,996)
Net profit before tax	**7,182**	**10,479**	11,376	12,553	13,255	12,365
Corporate tax expense	**(2,070)**	**(3,020)**	(3,275)	(3,811)	(3,784)	(3,400)
Net profit after tax	**5,112**	**7,459**	8,101	8,742	9,471	8,965
Non-controlling interests	**–**	**–**	(12)	(13)	(13)	(20)
Net profit attributable to equity holders of the Bank from continuing operations	**5,112**	**7,459**	8,089	8,729	9,458	8,945
Dividend declared [3]	**3,615**	**5,275**	7,630	7,570	7,408	7,189
Weighted average number of shares (basic) (M)	**1,768**	**1,768**	1,765	1,746	1,720	1,692
Earnings per share, basic (cents)	**373. 4**	**544. 8**	485. 6	534. 3	577. 3	542. 0
Earnings per share, fully diluted (cents)	**358. 6**	**523. 2**	468. 6	517. 7	558. 8	529. 0
Dividends per share (cents)	**204**	**298**	431	431	429	420
Dividend payout ratio (%) [4]	**54.8**	**54.8**	89. 0	81. 2	74. 6	78. 4

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 2020 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 34 of this Document).
3 Represents final dividend declared for each respective year ended 30 June.
4 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 2020, 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 sourced from Bloomberg, using the End of day rate (Sydney time).

To calculate the USD figures provided herein for comparison purposes as at and for the year ended 30 June 2020, the 30 June 2020 period end rate has been used.

	Full Year Ended 30 June [1]				
	2020	2019	2018	2017	2016
	(expressed in USD$ per AUD$1.00)				
Period End	**0. 6854**	0. 7013	0. 7399	0. 7676	0. 7432
Average Rate	**0. 6715**	0. 7154	0. 7741	0. 7542	0. 7270

	Month Ended 2020 [1]					
	August [2]	July	June	May	April	March
	(expressed in USD$ per AUD$1.00)					
High	**0. 7211**	0. 7225	0. 6989	0. 6651	0. 6555	0. 6625
Low	**0. 7121**	0. 6904	0. 6748	0. 6393	0. 6034	0. 5591

1 Rate rounded to four decimal places. Actual rate used for translation throughout the Document for the 30 June 2020 period is US$0.685381 = A$1.00.
2 Represents the most current August 2020 exchange rate data ended 13 August 2020.

Financial Review (continued)

Consolidated Balance Sheet Data	2020 USD$M [2]	2020	2019 [1]	2018	2017	2016
	Full Year Ended 30 June					
		(AUD$ millions, except where indicated)				
Assets						
Cash and liquid assets	**30,270**	**44,165**	29,387	36,417	45,850	23,372
Receivables due from other financial institutions	**5,858**	**8,547**	8,093	9,222	10,037	11,591
Assets at fair value through income statement	**31,901**	**46,545**	33,677	32,884	47,484	49,094
Derivative assets	**20,757**	**30,285**	25,215	32,133	31,724	46,567
Investment securities:						
At amortised cost	**3,545**	**5,173**	7,355	–	–	–
At fair value through other comprehensive income	**54,521**	**79,549**	78,912	–	–	–
Available-for-sale investments	**–**	**–**	–	82,240	83,535	80,898
Loans, bills discounted and other receivables	**528,804**	**771,547**	755,173	743,744	732,225	696,829
Property, plant and equipment	**3,840**	**5,602**	2,383	2,576	3,873	3,940
Investments in associates	**2,079**	**3,034**	3,001	2,842	2,778	2,776
Intangible assets	**4,759**	**6,944**	7,965	9,090	10,095	10,384
Deferred tax assets	**1,412**	**2,060**	1,675	1,439	906	333
Other assets	**6,058**	**8,839**	7,115	6,924	7,811	7,161
Assets held for sale	**1,213**	**1,770**	16,551	15,654	–	–
Total Assets	**695,017**	**1,014,060**	976,502	975,165	976,318	932,945
Liabilities						
Deposits and other public borrowings	**481,136**	**701,999**	636,040	622,234	626,655	588,045
Payables due to other financial institutions	**11,260**	**16,429**	23,370	20,899	28,432	28,771
Liabilities at fair value through income statement	**3,014**	**4,397**	8,520	10,247	10,392	10,292
Derivative liabilities	**21,485**	**31,347**	22,777	28,472	30,330	39,921
Current tax liabilities	**545**	**795**	326	952	1,450	1,022
Deferred tax liabilities	**21**	**30**	–	–	332	340
Other provisions	**2,336**	**3,408**	2,968	1,860	1,780	1,656
Insurance policy liabilities	**–**	**–**	–	451	12,018	12,636
Debt issues	**97,668**	**142,503**	164,022	172,673	168,034	162,715
Managed fund units on issue	**–**	**–**	–	–	2,577	1,606
Bills payable and other liabilities	**9,039**	**13,188**	10,068	11,625	11,932	9,889
Liabilities held for sale	**407**	**594**	15,796	14,900	–	–
Total Liabilities	**626,911**	**914,690**	883,887	884,313	893,932	856,893
Loan capital [3]	**18,750**	**27,357**	22,966	22,992	18,726	15,544
Total liabilities and loan capital	**645,661**	**942,047**	906,853	907,305	912,658	872,437
Net Assets	**49,356**	**72,013**	69,649	67,860	63,660	60,508
Total Shareholders' Equity	**49,356**	**72,013**	69,649	67,860	63,660	60,508
Other equity instruments	**–**	**–**	–	–	–	–
Total Shareholders' Equity excluding other equity instruments	**49,356**	**72,013**	69,649	67,860	63,660	60,508

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 USD translated from AUD using the 30 June 2020 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under “Financial Review - Exchange Rates” on page 34 of this Document).
3 Represents interest bearing liabilities qualifying as regulatory capital.

Highlights (continued)

Financial Review (continued)

Consolidated Ratios and Operating Data	2020 USD$M [2]	2020	2019 [1]	2018 [1]	2017	2016
	Full Year Ended 30 June (AUD$ millions, except where indicated)					
Profitability from continuing operations						
Net interest margin (%) [3]		**2. 07**	2. 09	2. 14	2. 10	2. 13
Interest spread (%) [4]		**1. 86**	1. 81	1. 90	1. 91	1. 97
Return on average Shareholders' Equity (%) [5]		**10. 50**	11. 9	13. 4	15. 4	15. 8
Return on average total assets (%) [5]		**0. 70**	0. 8	0. 9	1. 0	1. 0
Profitability including discontinued operations						
Net interest margin (%) [3]		**2. 08**	2. 10	2. 15	2. 11	2. 14
Interest spread (%) [4]		**1. 87**	1. 83	1. 91	1. 91	1. 98
Return on average Shareholders' Equity (%) [5]		**13. 6**	12. 6	14. 3	16. 2	16. 3
Return on average total assets (%) [5]		**1. 0**	0. 9	1. 0	1. 0	1. 0
Productivity from continuing operations						
Total operating income per full-time staff equivalent	**389,806**	**568,744**	568,744	587,729	579,023	552,805
Employee expense/Total operating income (%) [6]		**24.3**	24. 2	21. 8	22. 4	24. 1
Total operating expenses/Total operating income (%) [6]		**45.9**	45. 9	44. 2	41. 6	41. 7
Productivity including discontinued operations						
Total operating income per full-time staff equivalent	**389,544**	**568,361**	568,449	585,033	568,685	545,237
Employee expense/Total operating income (%) [6]		**24.6**	25. 3	23. 0	24. 0	24. 4
Total operating expenses/Total operating income (%) [6]		**47.1**	47. 5	45. 2	41. 7	42. 4
Capital Adequacy (at year end)						
Basel III						
Risk weighted assets	**311,813**	**454,948**	452,762	458,612	437,063	394,667
Tier 1 capital	**43,463**	**63,414**	57,355	56,365	52,684	48,553
Tier 2 capital	**11,260**	**16,429**	12,750	12,579	9,392	7,924
Total capital [7]	**54,723**	**79,843**	70,105	68,944	62,076	56,477
Tier 1 capital/risk weighted assets (%)		**13. 9**	12. 7	12. 3	12. 1	12. 3
Tier 2 capital/risk weighted assets (%)		**3. 6**	2. 8	2. 7	2. 1	2. 0
Total capital/risk weighted assets (%)		**17. 5**	15. 5	15. 0	14. 2	14. 3
Average Shareholders' Equity/average total assets (%)		**7. 1**	7. 0	6. 7	6. 5	6. 3

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 2020 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 34 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 1 capital and Tier 1 capital, less deductions under statutory guidelines imposed by APRA. Refer to "Group Operations and Business Settings" for further details.

Financial Review (continued)

Consolidated Ratios and Operating Data	Full Year Ended 30 June 2020 USD$M [1]	2020	2019	2018	2017	2016
		(AUD$ millions, except where indicated)				
Asset Quality Data [2]						
Non-accrual loans [3]	**1,737**	**2,535**	2,567	2,507	2,630	2,460
Gross impaired assets [4]	**2,432**	**3,548**	3,622	3,179	3,187	3,116
Individually assessed provisions for impairment	**663**	**967**	895	870	980	944
Collective provisions for impairment	**3,698**	**5,396**	3,904	2,763	2,747	2,818
Net impaired assets	**1,572**	**2,293**	2,435	2,111	2,038	1,989
Total provisions for impairment/average credit risk (%) [5]		**0. 5**	0. 4	0. 3	0. 3	0. 3
Loan impairment expense/average credit risk (%) [5]		**0. 2**	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. 2**	3. 5	3. 1	3. 2	3. 3
Collective provision for impairment/credit risk weighted assets (%) Basel III		**1. 4**	1. 0	0. 7	0. 7	0. 8

1 USD translated from AUD using the 30 June 2020 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 34 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 2020 Financial Report and Notes to the Financial Statements.

Summary Cash Flows	Full Year Ended 30 June 2020 USD$M [1]	2020	2019	2018	2017	2016
		(AUD$ millions, except where indicated)				
Net Cash (used in)/provided by operating activities	**26,634**	**38,860**	18,086	1,109	(807)	(4,561)
Net Cash (used in)/provided by investing activities	**2,533**	**3,696**	983	(1,002)	(677)	(2,032)
Net Cash (used in)/provided by financing activities [2]	**(22,079)**	**(32,215)**	(25,064)	(219)	10,154	1,770
Net (decrease)/increase in cash and cash equivalents	**7,088**	**10,341**	(5,995)	(112)	8,670	(4,823)
Cash and cash equivalents at beginning of period	**11,658**	**17,010**	23,005	23,117	14,447	19,270
Cash and cash equivalents at end of period	**18,746**	**27,351**	17,010	23,005	23,117	14,447

1 USD translated from AUD using the 30 June 2020 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 34 of this Document).
2 Includes the balance 'Effect of foreign exchange rates on cash and cash equivalents' as disclosed in the 2020 Financial Report.

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Group Performance Analysis

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

Comparisons in this Group Performance Analysis section are 2020 financial year figures to 2019 financial year figures unless otherwise stated.

The Bank's statutory net profit after tax ("NPAT") from continuing operations for the year ended 30 June 2020 decreased $630 million or 7.8% on the prior year to $7,459 million. The Bank's statutory NPAT (including discontinued operations) for the year ended 30 June 2020 increased $1,063 million or 12.4% on the prior year to $9,634 million.

Cash net profit after tax ("cash NPAT" or "cash profit") from continuing operations decreased $925 million or 11.3% on the prior year to $7,296 million. The result was driven by a 0.8% increase in operating income, a 0.7% increase in operating expenses and a $1,317 million increase in loan impairment expense.

Operating income increased 0.8% on the prior year. Key movements included:

- Net interest income increased 2.1% primarily driven by a 3.0% or $26 billion increase in average interest earning assets, mainly due to growth in home loans, business loans and non-lending interest earning assets, partly offset by a decrease in institutional loans and consumer finance balances. Net interest margin (NIM) decreased 2 basis points, mainly due to lower earnings on deposits and capital due to the falling interest rate environment, partly offset by higher asset pricing and the benefit from lower basis risk;
- Other banking income decreased 2.3%, primarily driven by lower credit card and international transaction volumes from a decline in spend due to COVID-19, the impairment of aircraft which are owned by the Group and leased to various airlines in the Structured Asset Finance (SAF) portfolio as a result of the impact of COVID-19 on the aviation sector, lower deposit income due to lower interchange income and the removal and simplification of certain account fees, and lower net profits from minority investments, partly offset by higher CommSec equities income from higher trading volumes, partnership milestone payments from AIA following the sale of CommInsure Life, and stronger Markets trading and sales performance;
- Funds management income decreased 32.5%, primarily driven by the cessation of ongoing service fees and grandfathered trail commissions, and the wind-down of the Aligned Advice businesses; and
- Insurance income decreased 5.4%, primarily driven by higher claims experience in the General Insurance business mainly due to bushfire related claims, partly offset by the non-recurrence of NSW hailstorm and Queensland flood related claims in the prior year.

Operating expenses increased 0.7%. Excluding notable items [2], operating expenses increased 2.7% mainly driven by wage inflation, an increase in call centre, operations and financial assistance staff in response to COVID-19, higher amortisation and higher IT spend, partly offset by business simplification savings.

Loan impairment expense (LIE) increased $1,317 million, primarily driven by forward looking adjustments to collective provisions for COVID-19, partly offset by lower unsecured consumer finance balances.

CET1 was above APRA's 'unquestionably strong' target of 10.5%, with the CET1 ratio decreasing 10 basis points from 31 December 2019 to 11.6%, primarily driven by the 2020 interim dividend payment (-79bps), provisions for COVID-19 loan losses and customer and other remediation (-43bps), and an increase in risk weighted assets (-14bps), partly offset by capital generated from earnings (+95bps) and benefits related to the divestment of CommInsure Life and PT Commonwealth Life (+26bps).

Earnings per share ("cash basis") was down 11.4% on the prior year at 412.5 cents per share, primarily due to the decrease in cash profit.

Return on equity ("cash basis") decreased 180 basis points to 10.3% due to the impact of lower profit (approximately 140 basis points) and an increase in capital levels (approximately 40 basis points), resulting in surplus capital held over and above APRA's 'unquestionably strong' benchmark due to the uncertain economic environment.

The Bank declared a final dividend of $0.98 per share, bringing the total for the year to $2.98, which is equivalent to 70.82% 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 to seek to strengthen its capital, funding and liquidity position. In particular, the Bank has:

- Satisfied a significant proportion of its funding requirements from customer deposits, now accounting for 74% of total funding at 30 June 2020 (up from 69% at 30 June 2019);
- Issued new long-term wholesale funding with a weighted average maturity (WAM) of 9.0 years, bringing the portfolio WAM to 5.3 years (up from 5.1 years at 30 June 2019);
- Maintained its wholesale funding position, with long-term wholesale funding accounting for 69% of total wholesale funding (up from 66% at 30 June 2019); and
- Managed the level of liquid assets and customer deposit growth to maintain our strong funding and liquidity positions, as illustrated by the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) being well above the regulatory minimum.

1 The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and reported as a single Net profit after tax line item. Discontinued operations include Colonial First State (CFS), the Bank's Australian and New Zealand life insurance businesses (CommInsure Life and Sovereign), BoCommLife, TymeDigital SA, Colonial First State Global Asset Management (CFSGAM) and PT Commonwealth Life.

2 Refer to "Disclosures – Financial Information Definitions – Notable Items" in this Document for further information.

Group Performance Analysis (continued)

Financial Performance and Business Review (continued)

Performance Overview (continued)

The Bank's financial result was impacted by a number of notable items. In order to present a transparent view of the business' performance, operating expenses are shown both before and after these items. The impact of these adjustments is outlined below:

	Full Year Ended [1]			Half Year Ended [1]		
	30 Jun 20	30 Jun 19	Jun 20 vs	**30 Jun 20**	31 Dec 19	Jun 20 vs
Group Performance Summary	**$M**	$M	Jun 19 %	**$M**	$M	Dec 19 %
Total operating income	**23,758**	23,577	1	**11,735**	12,023	(2)
Investment experience	**3**	2	50	**3**	–	n/a
Total income	**23,761**	23,579	1	**11,738**	12,023	(2)
Operating expenses excluding notable items	**(10,042)**	(9,776)	3	**(5,032)**	(5,010)	–
AUSTRAC Insurance recovery [2]	**–**	145	large	**–**	–	–
Customer and other remediation (incl Aligned Advice) [3]	**(454)**	(835)	(46)	**(454)**	–	n/a
Risk and compliance programs, and other [4]	**(399)**	(358)	11	**(203)**	(196)	4
Total operating expenses	**(10,895)**	(10,824)	1	**(5,689)**	(5,206)	9
Loan impairment expense	**(2,518)**	(1,201)	large	**(1,869)**	(649)	large
Net profit before tax	**10,348**	11,554	(10)	**4,180**	6,168	(32)
Corporate tax expense	**(3,052)**	(3,321)	(8)	**(1,240)**	(1,812)	(32)
Non-controlling interests - continuing operations [5]	**–**	(12)	large	**–**	–	–
Net profit after tax from continuing operations ("cash basis")	**7,296**	8,221	(11)	**2,940**	4,356	(33)
Non-cash items - continuing operations [6]	**163**	(132)	large	**67**	96	(30)
Net profit after tax from continuing operations ("statutory basis")	**7,459**	8,089	(8)	**3,007**	4,452	(32)
Net profit after tax from discontinued operations ("cash basis")	**156**	492	(68)	**15**	141	(89)
Non-cash items - discontinued operations [6]	**2,022**	(3)	large	**451**	1,571	(71)
Non-controlling interests - discontinued operations [7]	**(3)**	(7)	(57)	**–**	(3)	large
Net profit after tax ("statutory basis")	**9,634**	8,571	12	**3,473**	6,161	(44)

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 full year ended 30 June 2019 includes a $145 million professional indemnity insurance recovery in relation to the AUSTRAC civil penalty.

3 The full year ended 30 June 2020 includes an additional $300 million provision for historical Aligned Advice remediation issues and associated program costs, $94 million of Wealth and Banking customer refunds and associated program costs, and a $60 million increase in provisions for other remediation items, including to address New Zealand Compliance Audit findings related to holiday pay. The full year ended 30 June 2019 includes a $534 million provision for historical Aligned Advice remediation issues and associated program costs, and $301 million of Wealth and Banking customer refunds and associated program costs. See "Disclosures – Notable Items" for more information.

4 Includes Program of Action, increase in operational resourcing of the financial crimes compliance team, the Better Risk Outcomes Program and other items. The full year ended 30 June 2020 also includes approximately a $220 million one-off impact of accelerated amortisation following a review of the amortisation method and the useful life of certain technology assets, partly offset by a one-off benefit from the release of a historical provision which was no longer required and other rebates. See "Disclosures – Notable Items" for more information.

5 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.

6 Refer to "Disclosures – Non-Cash items included in Statutory Profit" on page 12 of this Document for further information.

7 Non-controlling interests in discontinued operations includes 20% outside equity interest in PT Commonwealth Life up until 4 June 2020.

Net Interest Income (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Net interest income ("cash basis")	**18,610**	18,224	2	18,120	18,342	(1)
Net interest income ("statutory basis") [2]	**18,610**	18,224	2	18,120	18,342	(1)
Average interest earning assets						
Home loans [3]	**484,553**	466,057	4	466,057	451,607	3
Personal loans	**20,497**	22,491	(9)	22,491	23,265	(3)
Business and corporate loans	**217,961**	220,986	(1)	220,986	225,037	(2)
Total average lending interest earning assets	**723,011**	709,534	2	709,534	699,909	1
Non-lending interest earning assets [4]	**174,398**	161,884	8	154,640	154,355	–
Total average interest earning assets	**897,409**	871,418	3	864,174	854,264	1
Net interest margin ("statutory basis") (%)	**2. 07**	2. 09	(2)bpts	2. 10	2. 15	(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 For further details refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 12 of this Document. 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 2020 Financial Report.

3 Net of average mortgage offset balances. Gross average home loans balance, excluding mortgage offset accounts was $533,360 million for the full year ended 30 June 2020 ($511,232 million for the full year ended 30 June 2019), 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 2020, $470 million of non-lending interest earning assets have been reclassified to assets held for sale ($483 million for the year ended 30 June 2019).

Year Ended June 2020 versus Restated June 2019

Net interest income ("statutory basis'') was $18,610 million, an increase of $386 million or 2% on the prior year. The result was driven by a $26 billion or 3% increase in average interest earning assets to $897 billion, partly offset by a 2 basis point or 1% decrease in net interest margin to 2.07%.

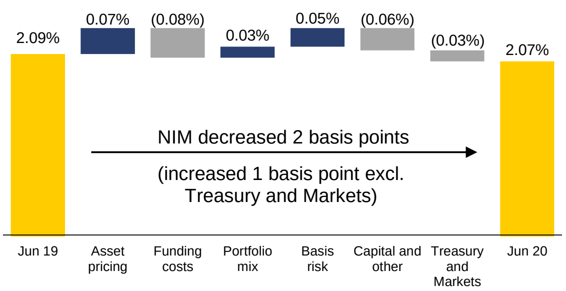
Average Interest Earning Assets

Average interest earning assets increased $26 billion or 3% on the prior year to $897 billion.

- Home loan average balances increased $18 billion or 4% on the prior year to $485 billion, primarily driven by continued growth in owner occupied loans;
- Consumer finance average balances decreased $2 billion or 9% on the prior year to $20 billion, driven by lower consumer demand for unsecured lending, lower discretionary spend due to COVID-19, and increased customer repayments following fiscal and regulatory support measures;
- Business and corporate loan average balances decreased $3 billion or 1% on the prior year to $218 billion, driven by a $5 billion decrease in institutional lending balances due to portfolio optimisation initiatives, partly offset by a $1 billion increase in Business and Private Banking business lending across various industries, and a $1 billion increase in New Zealand business lending; and
- Non-lending interest earning asset average balances increased $13 billion or 8% on the prior year to $174 billion, driven by a $9 billion increase in average liquid asset balances due to strong customer deposit growth resulting in excess liquid assets, and a $4 billion increase in average trading asset balances in Global Markets due to an increase in the high grade bonds portfolio, reflecting higher bond prices as a result of the falling interest rate environment and active participation in new issuances.

For further details on the balance sheet movements refer to the 'Group Assets and Liabilities' on page 55 of this Document.

NIM movement since June 2019



Net Interest Margin

The Bank's net interest margin decreased 2 basis points on the prior year to 2.07%. The key drivers of the movement were:

Asset pricing: Increased margin of 7 basis points driven by home lending (up 5 basis points), business lending (up 1 basis point) and consumer finance (up 1 basis point). Increased home lending margin reflects repricing and timing benefits (up 10 basis points), partly offset by increased competition (down 3 basis points) and the impact of customers switching from higher margin loans to lower margin loans (down 2 basis points).

Funding costs: Decreased margin of 8 basis points, reflecting lower earnings on transaction and savings deposits due to the decreases in the cash rate (down 11 basis points) and reduced earnings on retail investment deposits due to lower swap rates (down 2 basis points), partly offset by a higher benefit from the Replicating Portfolio (up 4 basis points) and the benefit from lower wholesale funding costs (up 1 basis point). For more information on the Replicating Portfolio, see *"Appendix B – Definitions"*.

Net Interest Income (continued)

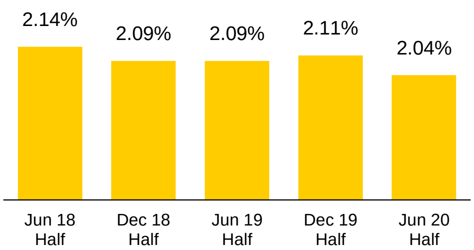
Portfolio Mix: Increased margin of 3 basis points due to a higher average deposit funding ratio driven by strong growth in transaction and savings deposits.

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 Bank's margin increased 5 basis points reflecting a decrease in the average spread and reduced exposure to basis risk due to strong growth in cash rate linked deposits.

Capital and other: Decreased margin of 6 basis points driven by lower earnings on capital due to the falling interest rate environment (down 4 basis points), reduced contribution from New Zealand (down 1 basis point) reflecting the decreases in the RBNZ cash rate, and the implementation of AASB 16 Leases (down 1 basis point) which results in the recognition of interest expense on lease liabilities.

Treasury and Markets: Decreased margin of 3 basis points driven by higher average liquid and trading asset balances.

NIM (Half Year Ended) [1]



1 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

As Reported Year Ended June 2019 versus 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 Performance Analysis - Group Assets and Liabilities"* on page 55 of this Document.

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).

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).

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: 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.

Other Banking Income (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Commissions	**2,557**	2,677	(4)	2,487	2,568	(3)
Lending fees	**986**	992	(1)	991	1,109	(11)
Trading income	**940**	853	10	974	1,025	(5)
Other income	**354**	429	(17)	336	280	20
Other banking income excl. one-off items ("cash basis")	**4,837**	4,951	(2)	4,788	4,982	(4)
Notable Items [2]						
Mortgage Broking consolidation	**n/a**	n/a	n/a	280	233	20
Other banking income ("cash basis")	**4,837**	4,951	(2)	5,068	5,215	(3)
Gain on disposal and acquisition of entities net of transaction costs	**29**	42	(31)	42	65	(35)
Hedging and IFRS volatility	**136**	(116)	large	(116)	143	large
Other banking income ("statutory basis") [3]	**5,002**	4,877	3	4,994	5,423	(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. 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 For further details refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 12 of this Document. 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 2020 Financial Report.

Year Ended June 2020 versus Restated June 2019

Other banking income ("statutory basis") was $5,002 million, an increase of $125 million or 3% on the prior year, primarily driven by a $252 million increase in Hedging and IFRS volatility, partly offset by a 4% decrease in Commissions. **Commissions** decreased by $120 million or 4% to $2,557 million, mainly driven by lower credit card and international transaction volumes from a decline in spend due to COVID-19, lower deposit income due to lower interchange income, the removal and simplification of certain account fees and lower volumes of transaction fees, and lower merchant income following the introduction of fee waivers to support our customers in response to COVID-19. This was partly offset by higher equities income from higher trading volumes.

Lending fees decreased by $6 million or 1% to $986 million, mainly driven by reduced institutional lending fees reflecting lower average exposures from portfolio optimisation initiatives, partly offset by higher business loan fee income reflecting a continued shift to fee based products such as cash advance facilities.

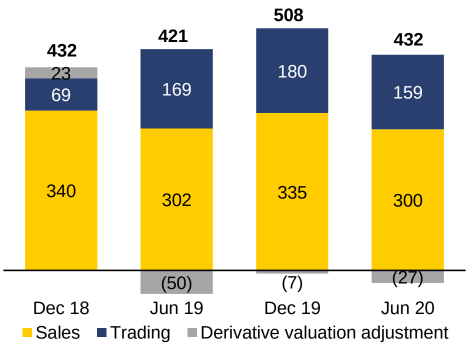
Trading income increased by $87 million or 10% to $940 million, driven by higher Markets income due to improved trading performance in foreign exchange, reflecting market volatility, and higher Treasury income, partly offset by unfavourable derivative valuation adjustments.

Other income decreased by $75 million or 17% to $354 million, primarily driven by the impairment of aircraft which are owned by the Group and leased to various airlines in the Structured Asset Finance portfolio due to the impact of COVID-19 on the aviation sector, lower net profits from minority investments, and a realised loss on the hedge of New Zealand earnings, partly offset by payments received from AIA reflecting progress in meeting partnership milestones following the sale of CommInsure Life.

Gain on disposal and acquisition of entities net of transaction costs decreased by $13 million or 31% to $29 million, mainly driven by gains and losses net of transaction and separation costs associated with the disposal of Aegis, AUSIEX, Count Financial and other businesses.

Hedging and IFRS volatility increased by $252 million to $136 million, primarily driven by an unrealised gain on the Group's hedge of New Zealand earnings.

Trading Income ($M) [1]



1 Comparative information has been restated to conform to presentation in the current period.

Other Banking Income (continuing operations basis)

As Reported Year Ended June 2019 versus June 2018

Other banking income ("statutory basis") was $4,994 million, a decrease of $429 million or 8% on the prior year driven, primarily driven by a $259 million decrease in Hedging and IFRS volatility.

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 a $116 million expense, primarily driven by an unrealised loss on the Group's hedge of New Zealand earnings.

Funds Management Income (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 19	30 Jun 18	Jun 19 vs
	$M	$M	Jun 19 %	$M	$M	Jun 18 %
Retail Banking Services [2]	**67**	139	(52)	96	169	(43)
New Zealand	**136**	130	5	130	112	16
IFS and Other	**(31)**	(14)	large	(16)	(3)	large
Colonial First State (CFS) [2]	**n/a**	n/a	n/a	862	841	2
Funds management income ("cash basis")	**172**	255	(33)	1,072	1,119	(4)
Investment experience	**1**	(1)	large	1	5	(80)
Funds management income ("statutory basis") [3]	**173**	254	(32)	1,073	1,124	(5)
Funds Under Administration (FUA) - average ($M) [4]	**15,332**	14,205	8	163,017	153,810	6
Assets Under Administration (AUM) - average ($M) [5]	**16,941**	14,544	16	15,082	12,889	17

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 Retail Banking Services incorporates the results of Commonwealth Financial Planning and the Aligned Advice Financial Planning businesses (previously reported in Colonial First State).
3 For further details refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 12 of this Document. 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 2020 Financial Report.
4 Average FUA has been calculated using the average for the period the Group owned Aegis up until 2 December 2019. All average FUA balances relate to New Zealand.
5 All average AUM balances relate to New Zealand.

Restated Year Ended June 2020 versus June 2019

Funds management income ("statutory basis") was $173 million, a decrease of $81 million or 32% on the prior year. The key drivers were:

- A decrease in Retail Banking Services of $72 million or 52% to $67 million, driven by the cessation of ongoing service fees and grandfathered trail commissions, lower volumes of initial advice, and the wind-down of the Aligned Advice businesses; partly offset by
- An increase in New Zealand of $6 million or 5% to $136 million, driven by higher average AUM (up 16%) reflecting net inflows, and higher AUM margins, partly offset by lower income due to the sale of the Aegis business on 2 December 2019.

As Reported Year Ended June 2019 versus 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 consists 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.

Insurance Income (continuing operations basis)

	Full Year Ended				
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 18 $M	Jun 19 vs Jun 18 %
Insurance income ("cash basis")	**139**	147	(5)	238	(38)
Investment experience	**2**	3	(33)	3	–
Insurance income ("statutory basis") [1]	**141**	150	(6)	241	(38)

1 For further details refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 12 of this Document. 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 2020 Financial Report.

Year Ended June 2020 versus June 2019

Insurance income ("statutory basis") was $141 million, a decrease of $9 million or 6% on the prior year. This result was driven by higher claims experience in the General Insurance business mainly due to bushfire related claims, partly offset by the non-recurrence of New South Wales (NSW) hailstorm and Queensland flood related claims in the prior year.

Year Ended June 2019 versus 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 NSW hail storms and Queensland floods.

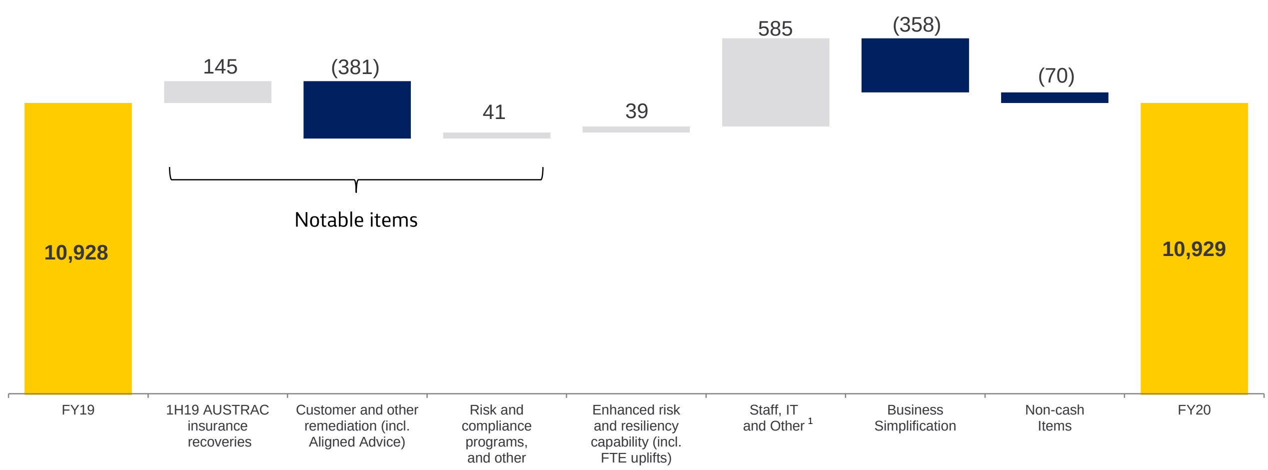
Group Performance Analysis (continued)

Operating Expenses (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Staff expenses	**5,525**	5,408	2	5,524	5,369	3
Occupancy and equipment expenses	**1,060**	1,070	(1)	1,079	1,128	(4)
Information technology services expenses	**1,896**	1,770	7	1,904	1,766	8
Other expenses	**1,561**	1,528	2	1,362	1,379	(1)
Operating expenses excluding notable items ("cash basis")	**10,042**	9,776	3	9,869	9,642	2
Notable items and prior period one-offs [2]						
Prior period one-offs	**–**	–	–	–	855	large
1H19 AUSTRAC insurance recoveries	**–**	(145)	large	(145)	–	n/a
Mortgage broking consolidation	**n/a**	n/a	n/a	269	199	35
Customer and other remediation (incl. Aligned Advice)	**454**	835	(46)	918	52	large
Risk and compliance programs	**399**	358	11	358	247	45
Operating expenses including notable items ("cash basis")	**10,895**	10,824	1	11,269	10,995	2
Loss/(gain) on acquisition, disposal, closure and demerger of businesses	**34**	102	(67)	102	30	large
Bankwest non-cash items	**–**	2	large	2	4	(50)
Operating expenses ("statutory basis") [3]	**10,929**	10,928	–	11,373	11,029	3
Statutory operating expenses to total operating income (%) [3]	**45. 7**	46. 5	(80)bpts	46. 7	43. 9	280 bpts
Number of full-time equivalent staff (FTE)	**41,778**	41,458	1	42,921	42,462	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 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 12 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 2020 Financial Report.

Operating Expenses "Statutory Basis"



1 Excludes staff, IT and other costs related to notable items, enhanced risk and resilience capability and simplification.

Operating Expenses (continuing operations basis)

Year Ended June 2020 versus Restated June 2019

Operating expenses ("statutory basis") increased by $1 million or flat on the prior year to $10,929 million.

Operating expenses ("cash basis") excluding notable items were $10,042 million, an increase of $266 million or 3% on the prior year.

Staff expenses increased by $117 million or 2% to $5,525 million, driven by wage inflation, increased full-time equivalent staff (FTE) and higher annual leave costs. The spot number of FTE increased by 320 or 1% from 41,458 to 41,778, primarily due to an increase in call centre, operations and financial assistance staff in response to COVID-19 (up 412 FTE), risk and compliance staff (up 582 FTE, mainly driven by increased operational resourcing of the financial crimes compliance team and additional risk resources), remediation staff (up 343 FTE), and project resources, partly offset by productivity initiatives including workforce optimisation.

Occupancy and equipment expenses decreased by $10 million or 1% to $1,060 million, primarily due to the closure of 44 branches in the 12 months to 30 June 2020, lower corporate office development costs and closure of offshore offices, partly offset by annual rental reviews and higher cleaning and maintenance costs due to COVID-19.

Information technology services expenses increased by $126 million or 7% to $1,896 million. This was primarily due to increased IT infrastructure costs, increased amortisation, higher software licence costs, and increased risk and compliance investment spend.

Other expenses increased by $33 million or 2% to $1,561 million, primarily driven by higher fees and commissions expenses, and costs associated with the domestic violence program and bushfire recovery grants.

Loss on acquisition, disposal, closure and demerger of businesses decreased by $70 million to $32 million, primarily driven by the non-recurrence of separation costs for NewCo in the prior year.

Group expense to income ratio decreased 80 basis points from 46.5% to 45.7% primarily driven by an increase in operating income.

Operating expenses to total operating income ratio excluding notable items increased 10 basis points from 42.0% to 42.1%.

As Reported Year Ended June 2019 versus 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.

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.

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

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.

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.

Staff Numbers

	Full Year Ended		
Full-Time Equivalent Staff including discontinued operations	**30 Jun 20**	30 Jun 19	30 Jun 18
Australia	**36,330**	37,137	36,446
Total	**43,585**	45,165	45,753

Operating Expenses (continuing operations basis)

The following table sets out the Bank's operating expenses for financial years 2020, 2019 and 2018.

	Full Year Ended			
		Restated [1]	As reported	
	30 Jun 20 $M	30 Jun 19 $M	30 Jun 19 $M	30 Jun 18 $M
Staff Expenses				
Salaries and related on-costs	**5,239**	5,224	5,418	4,963
Share-based compensation	**103**	96	99	69
Superannuation	**409**	385	398	407
Total staff expenses	**5,751**	5,705	5,915	5,439
Occupancy and Equipment Expenses				
Lease expenses [2]	**163**	639	654	665
Depreciation of property, plant and equipment	**726**	270	270	271
Other occupancy expenses	**167**	173	174	198
Total occupancy and equipment expenses	**1,056**	1,082	1,098	1,134
Information Technology Services				
Application, maintenance and development	**567**	586	721	553
Data processing	**182**	183	183	200
Desktop	**118**	142	142	153
Communications	**192**	217	217	179
Amortisation of software assets [3]	**925**	585	598	563
Software write-offs	**14**	13	13	71
IT equipment depreciation	**133**	93	93	80
Total information technology services	**2,131**	1,819	1,967	1,799
Other Expenses				
Postage and stationery	**148**	156	159	177
Transaction processing and market data	**135**	146	156	138
Fees and commissions:				
Professional fees	**404**	492	490	671
Other	**262**	232	239	133
Advertising, marketing and loyalty	**424**	443	453	496
Amortisation of intangible assets (excluding software and merger related amortisation)	**5**	10	11	13
Non-lending losses [4]	**563**	615	656	838
Other	**16**	124	125	157
Total other expenses	**1,957**	2,218	2,289	2,623
Total operating expenses - "cash basis"	**10,895**	10,824	11,269	10,995
Investment and Restructuring				
Integration expenses	**34**	102	102	30
Merger related amortisation [5]	**–**	2	2	4
Total investment and restructuring	**34**	104	104	34
Total operating expenses -"statutory basis" [6]	**10,929**	10,928	11,373	11,029

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 2020 includes rentals of $86 million in relation to short-term leases and low value leases, and variable lease payments based on usage or performance of $44 million.

3 The year ended 30 June 2020 includes approximately a $220 million one-off impact of accelerated amortisation following a review of the amortisation method and useful life of certain technology assets. The year ended 30 June 2020 includes $170 million of amortisation of prepaid software licences (30 June 2019: $161 million).

4 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.

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

6 The full year ended 30 June 2020 includes additional provisions for historical Aligned Advice remediation issues and associated program costs of $300 million ($534 million for the year ended 30 June 2019), Wealth and Banking customer refunds and associated program costs of $94 million ($301 million for the year ended 30 June 2019) and other remediation of $60 million (nil for the year ended 30 June 2019).

Investment Spend (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Expensed investment spend [2]	**771**	731	5	796	671	19
Capitalised investment spend [3]	**666**	603	10	603	611	(1)
Investment spend	**1,437**	1,334	8	1,399	1,282	9
Comprising:						
Risk and compliance	**1,041**	845	23	899	643	40
Productivity and growth	**301**	376	(20)	384	484	(21)
Branch refurbishment and other	**95**	113	(16)	116	155	(25)
Investment spend	**1,437**	1,334	8	1,399	1,282	9

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 47 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 2020 versus Restated June 2019

The Bank has continued to invest in becoming a simpler and better bank for our customers with $1,437 million incurred in the full year to 30 June 2020, an increase of $103 million or 8% on the prior year. This is driven by an increase of $196 million in risk and compliance projects, partly offset by a decrease of $75 million in productivity and growth initiatives and a decrease of $18 million in branch refurbishment and other.

Risk and compliance projects accounted for 72% of investment spend, an increase from 63% in the prior year, as the Bank has sought to continue to strengthen regulatory and compliance frameworks, and implement systems to satisfy regulatory obligations. Productivity and growth initiatives accounted for 21% of investment spend, a decrease from 28% in the prior year as the Bank has continued to prioritise funding for risk and compliance initiatives. Key areas of investment across each of the categories during the 2020 financial year are outlined below.

Risk and Compliance

Financial Crimes Compliance

The Bank has sought to continue to strengthen financial crimes compliance as part of a comprehensive program of investment, 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 the training of our personnel;
- Enhancing Customer Risk Assessment capability, and strengthening data controls and processes to improve data quality; 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 Group's operating model to provide increased capability in the management of financial crime risk.

Other Risk and Compliance

The Bank has invested in the following:

- Implementing new processes and enhancing systems to address new regulations including the Comprehensive Credit Reporting Regime, Banking Code of Practice and Open Banking;
- Upgrading trading platforms to enable additional functionalities to achieve compliance with new market regulations and reduce operational risk;
- Continuing investment in protecting customers against cyber security risks, and data and privacy breaches;
- Enhancing system integration and controls to improve quality and lineage of data;
- Improving the collections environment by building a resilient and simplified ecosystem; and
- Other work improving the resilience of the Bank's IT infrastructure, such as investment in New Payments Platform and data centres.

Productivity and Growth

The Bank has invested in the following:

- Ongoing development of digital channels to improve the digital customer service experience and improve the resilience of the digital infrastructure;
- Commercial lending systems to upgrade the end-to-end process for loan origination and maintenance, to improve business customer experiences;
- Accelerating the use of cloud-based technology to reduce the cost of ownership of IT infrastructure;
- Simplifying and automating manual back end processes to improve customer experience and deliver cost savings; and
- Collaborating with our partners in initiatives including new life and income protection products, new home loan features and a staff health and wellbeing rewards program.

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 2019 versus 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 during the 2019 financial year 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.

Capitalised Software

	Full Year Ended				
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 18 $M	Jun 19 vs Jun 18 %
Opening Balance	**1,712**	1,819	(6)	1,934	(6)
Additions	**407**	343	19	486	(29)
Amortisation and write-offs [1]	**(769)**	(450)	71	(553)	(19)
Reclassification to assets held for sale	**(1)**	–	n/a	(48)	large
Closing balance	**1,349**	1,712	(21)	1,819	(6)

1 The full year ended 30 June 2019 includes amortisation and write-offs of $14 million related to discontinued operations.

Year Ended June 2020 versus June 2019

Capitalised software balance decreased $363 million or 21% to $1,349 million.

Additions increased by $64 million or 19% to $407 million, due to higher capitalised investment spend in relation to risk and compliance initiatives as the Bank continued to strengthen regulatory and compliance frameworks and implement systems to satisfy regulatory obligations.

Amortisation and write-offs increased by $319 million or 71% to $769 million, driven by the accelerated amortisation of certain capitalised software balances, and investment in digital assets which have shorter amortisation periods.

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.

Loan Impairment Expense (continuing operations basis)

	Full Year Ended					
		Restated[1]		As reported		
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Retail Banking Services	**1,010**	672	50	693	652	6
Business and Private Banking	**814**	384	large	362	247	47
Institutional Banking and Markets	**347**	17	large	17	80	(79)
New Zealand	**292**	102	large	102	74	38
IFS and other	**55**	26	large	27	26	4
Loan impairment expense ("statutory basis")	**2,518**	1,201	large	1,201	1,079	11

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 2020 versus Restated June 2019

Loan impairment expense ("statutory basis") was $2,518 million, an increase of $1,317 million on the prior year. This was driven by:

- An increase in Business and Private Banking of $430 million to $814 million, driven by higher collective provisions due to increased forward looking adjustments reflecting a deterioration in the economic outlook, as well as emerging industry sector risks, in particular commercial property, health and community services, manufacturing and wholesale trade, mainly due to COVID-19;
- An increase in Retail Banking Services of $338 million or 50% to $1,010 million, driven by higher collective provisions due to increased forward looking adjustments reflecting a deterioration in the economic outlook, and emerging risks, mainly due to COVID-19, partly offset by lower consumer finance balances;
- An increase in Institutional Banking and Markets of $330 million to $347 million, driven by higher collective provisions due to increased forward looking adjustments reflecting a deterioration in the economic outlook, as well as emerging industry sector risks, in particular manufacturing, media and aviation, mainly due to COVID-19, partly offset by lower individual provisions;
- An increase in New Zealand of $190 million to $292 million, driven by the impact of COVID-19 resulting in higher collective provisions reflecting a deterioration in the economic outlook, and emerging industry sector risks, in particular commercial property, retail trade, and entertainment, leisure and tourism, and higher individually assessed provisions; and
- An increase in IFS and Other of $29 million to $55 million, mainly driven by higher individually assessed and collective provisions in PTBC, reflecting a deterioration in credit quality and economic outlook, mainly due to COVID-19.

Loan impairment expense as a percentage of average gross loans and acceptances (GLAAs) increased 17 basis points to 33 basis points.

As reported Year Ended June 2019 versus June 2018

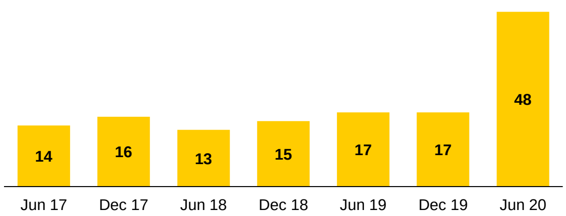
Loan impairment expense ("statutory basis") was $1,201 million, an increase of $122 million or 11% on the prior year.

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.

Loan impairment expense as a percentage of average GLAAs increased 1 basis point to 16 basis points.

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



Taxation Expense (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 19	30 Jun 18	Jun 19 vs
Income Tax	**$M**	$M	Jun 19 %	$M	$M	Jun 18 %
Retail Banking Services	**1,700**	1,693	–	1,847	2,067	(11)
Business and Private Banking	**1,145**	1,260	(9)	1,144	1,218	(6)
Institutional Banking and Markets	**276**	332	(17)	313	354	(12)
Wealth Management	**n/a**	n/a	n/a	74	106	(30)
New Zealand	**314**	408	(23)	404	378	7
IFS and Other	**(383)**	(372)	3	(345)	(203)	70
Total income tax expense ("cash basis")	**3,052**	3,321	(8)	3,437	3,920	(12)
Non-cash tax expense [2]	**(32)**	(46)	(30)	(46)	32	large
Total income tax expense ("statutory basis") [2]	**3,020**	3,275	(8)	3,391	3,952	(14)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 19	30 Jun 18	Jun 19 vs
Effective Tax Rate ("statutory basis")	**$M**	$M	Jun 19 %	$M	$M	Jun 18 %
Retail Banking Services	**28. 8**	30. 4	(160)bpts	30. 2	29. 8	40 bpts
Business and Private Banking	**30. 2**	30. 1	10 bpts	30. 1	30. 0	10 bpts
Institutional Banking and Markets	**29. 6**	23. 6	large	23. 3	23. 2	10 bpts
Wealth Management	**–**	–	–	39. 7	29. 3	large
New Zealand	**28. 0**	26. 8	120 bpts	26. 8	28. 1	(130)bpts
Effective tax rate - "statutory basis"	**28. 8**	28. 8	–	28. 8	30. 3	(150)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 12 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 2020 Financial Report.

Year Ended June 2020 versus Restated June 2019

Income tax expense ("statutory basis") for the year ended 30 June 2020 was $3,020 million, a decrease of $255 million or 8% on the prior year, reflecting a 28.8% effective tax rate.

The rate is below the Australian company tax rate of 30% primarily as a result of the offshore banking unit and offshore jurisdictions that have lower corporate tax rates.

The effective tax rate was 28.8% or flat on the prior year.

As reported Year Ended June 2019 versus June 2018

Income 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.

Group Assets and Liabilities

Total Group Assets and Liabilities	30 Jun 20 $M	Restated [1] 30 Jun 19 $M	Jun 20 vs Jun 19 %	As reported 30 Jun 19 $M	As reported 30 Jun 18 $M	Jun 19 vs Jun 18 %
Interest earning assets						
Home loans [2]	**542,880**	522,942	4	522,942	501,665	4
Consumer Finance	**18,217**	21,993	(17)	21,993	23,317	(6)
Business and corporate loans	**216,695**	214,953	1	214,953	222,367	(3)
Loans, bills discounted and other receivables [3]	**777,792**	759,888	2	759,888	747,349	2
Non-lending interest earning assets [4]	**178,806**	155,821	15	148,967	150,306	(1)
Total interest earning assets	**956,598**	915,709	4	908,855	897,655	1
Other assets [3, 4]	**55,692**	44,242	26	51,096	61,856	(17)
Assets held for sale [4]	**1,770**	16,551	(89)	16,551	15,654	6
Total assets	**1,014,060**	976,502	4	976,502	975,165	–
Interest bearing liabilities						
Transaction deposits [5]	**145,316**	121,747	19	115,764	106,316	9
Savings deposits [5]	**236,339**	190,397	24	190,397	190,452	–
Investment deposits	**181,483**	205,622	(12)	211,605	216,852	(2)
Other demand deposits	**61,940**	63,650	(3)	63,650	58,057	10
Total interest bearing deposits	**625,078**	581,416	8	581,416	571,677	2
Debt issues	**142,503**	164,022	(13)	164,022	172,673	(5)
Other interest bearing liabilities [4]	**51,264**	54,840	(7)	54,840	54,124	1
Total interest bearing liabilities	**818,845**	800,278	2	800,278	798,474	–
Non-interest bearing transaction deposits	**74,335**	53,896	38	53,884	48,831	10
Other non-interest bearing liabilities [4]	**48,273**	36,883	31	36,895	45,100	(18)
Liabilities held for sale [4]	**594**	15,796	(96)	15,796	14,900	6
Total liabilities	**942,047**	906,853	4	906,853	907,305	–

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 $50,597 million of mortgage offset balances (30 June 2019: $45,078 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 On 13 May 2020 CBA announced that it has entered into an agreement to sell 55% interest in Colonial First State (CFS) to KKR. On 28 April 2020 CBA announced that it has entered into an agreement to sell AUSIEX to Nomura Research Institute. As at 30 June 2020, $290 million of non-lending interest earning assets and $1,074 million of other assets have been reclassified to assets held for sale, $591 million of other non-interest bearing liabilities, and $3 million of other interest bearing liabilities have been reclassified to liabilities held for sale in relation to these businesses.
On 2 August 2019 CBA completed the sale of its global asset management business, Colonial First State Global Asset Management (CFSGAM) to Mitsubishi UFJ Trust and Banking Corporation (MUTB). On 1 November 2019 CBA announced that the joint co-operation agreement with AIA Group Limited (AIA) in relation to CBA's Australian life insurance business (CommInsure Life) has been implemented. The assets and liabilities held for sale in relation to these businesses have therefore been deconsolidated during the 2020 financial year, resulting in a decrease in assets held for sale of $15 billion and liabilities held for sale of $15 billion.
5 Transaction and savings deposits includes $50,597 million of mortgage offset balances (30 June 2019: $45,078 million).

Year Ended June 2020 versus Restated June 2019

Total assets were $1,014 billion, an increase of $38 billion or 4% on the prior year, reflecting an increase in home lending, business and corporate loans, non-lending interest earning assets, and other assets, partly offset by lower consumer finance balances and assets held for sale.

Total liabilities were $942 billion, an increase of $35 billion or 4% on the prior year, reflecting an increase in transaction and savings deposits, and other non-interest bearing liabilities, partly offset by a decrease in investment deposits, debt issues, and liabilities held for sale.

The Bank continued to fund a significant portion of lending growth from customer deposits. Customer deposits represented 74% of total funding (30 June 2019: 69%).

Home loans

Home loan balances increased $20 billion to $543 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 growth [1], reflecting strong operational execution of credit-decisioning processes.

Home loans in Australia amount to $485 billion (30 June 2019: $467 billion) of which 68% were owner occupied, 30% were investment home loans and 2% were lines of credit (30 June 2019: 66% were owner occupied, 31% were investment home loans and 3% were lines of credit).

Consumer finance

Consumer finance balances decreased $4 billion to $18 billion, a 17% decrease on the prior year, broadly in line with system [1]. The decrease was driven by lower consumer demand for unsecured debt, lower discretionary spend due to COVID-19, and increased customer repayments following fiscal and regulatory support measures.

1 System source: RBA/APRA. CBA includes Bankwest.

Group Assets and Liabilities (continued)

Business and corporate loans

Business and corporate loans increased $2 billion to $217 billion, a 1% increase on the prior year, reflecting growth of 2% in institutional lending driven by increased drawdown of warehouse facilities, growth of 2% in Business and Private Banking across various industries, driven in part by support provided to customers with over 7,300 loans funded under the Government's SME Guarantee Scheme, and growth in New Zealand business lending of 2% (excluding the impact of FX). This was partly offset by a decline in New Zealand rural lending of 4% (excluding the impact of FX) driven by a focus on risk-adjusted returns.

Domestic business lending increased 5%, broadly in line with system [1].

Non-lending interest earning assets

Non-lending interest earning assets increased $23 billion to $179 billion, a 15% increase on the prior year, mainly driven by higher liquid assets due to strong customer deposit growth resulting in excess liquid assets, and higher trading asset balances in Institutional Banking and Markets.

Other assets

Other assets, including derivative assets, property, plant and equipment and intangibles, increased $11 billion to $56 billion, a 26% increase on the prior year. The increase was driven by higher derivative assets due to foreign currency and interest rate volatility, and higher property, plant and equipment balances from the adoption of AASB 16 Leases.

Total interest bearing deposits

Total interest bearing deposits increased $44 billion to $625 billion, an 8% increase on the prior year, primarily driven by transaction and savings deposits growth, partly offset by lower investment deposits. The increase in transaction and savings deposits was driven by increased demand for at-call deposits, continued growth in existing customers' balances and mortgage offset accounts in Retail Banking Services, Business and Private Banking and New Zealand, and clients managing their liquidity needs in response to COVID-19 in Institutional Banking and Markets. The reduction in investment deposits reflects customers switching to at-call deposits in the low cash rate environment.

Domestic household deposits grew at 10%, above system growth [1] of 9%.

Debt issues

Debt issues decreased $22 billion to $143 billion, a 13% decrease on the prior year, reflecting lower wholesale funding requirements due to growth in deposit funding. Customer deposits represented 74% of total funding (30 June 2019: 69%).

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 page 76 and 77 for further information on debt programs and issuance for the year ended 30 June 2020.

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 $4 billion to $51 billion, a 7% decrease on the prior year. The decrease was driven by lower foreign currency term deposits and offshore central bank deposits, reflecting lower short-term wholesale funding requirements due to growth in deposit funding, partly offset by higher lease liabilities from the adoption of AASB 16 Leases and the issuance of PERLS XII and Tier 2 USD Capital instruments.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits increased $20 billion to $74 billion, a 38% increase on the prior year. The increase was driven by growth in existing personal and business transaction deposits in Retail Banking Services, Business and Private Banking and New Zealand due to increased demand for at-call deposits in the low cash rate environment.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, increased $11 billion to $48 billion, a 31% increase on the prior year. The increase was driven by higher derivative liabilities primarily due to foreign currency and interest rate volatility.

As Reported Year Ended June 2019 versus 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 growth [1] 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).

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.

1 System source: RBA/APRA/RBNZ.

Group Assets and Liabilities (continued)

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 growth [1] of 4%, reflecting the continued long-term strategic focus on the business lending segment.

Domestic business lending decreased 4%, below system growth [1] 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 growth [1] 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 76-77 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.

1 System source: RBA/APRA/RBNZ.

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Group Operations and Business Settings

Loan Impairment Provisions and Credit Quality

Provisions for Impairment

	As at				
	30 Jun 20 $M	30 Jun 19 $M	30 Jun 18 $M	Jun 18 vs Jun 17 %	Jun 17 vs Jun 16 %
Provisions for impairment losses					
Collective provision	**5,396**	3,904	2,763	38	41
Individually assessed provisions	**967**	895	870	8	3
Total provisions for impairment losses	**6,363**	4,799	3,633	33	32
Less: Provisions for Off Balance Sheet exposures	**(119)**	(84)	(28)	42	large
Total provisions for loan impairment	**6,244**	4,715	3,605	32	31

Year Ended June 2020 versus June 2019

Total provisions for impairment losses as at 30 June 2020 were $6,363 million, an increase of $1,564 million or 33% on the prior year. The increase was driven by:

- Consumer collective provisions increase of $773 million or 32% to $3,189 million. This was driven by higher collective provisions due to increased forward looking adjustments, reflecting a deterioration in the economic outlook and emerging risks, mainly due to COVID-19, partly offset by lower consumer finance balances;
- Corporate collective provisions increase of $719 million or 48% to $2,207 million. This was driven by a deterioration in the economic outlook and emerging industry sector risks, mainly due to COVID-19, in particular commercial property, manufacturing, transport and storage, business services, health and community services, and wholesale trade as well as other sectors reliant on discretionary spending; and
- Corporate individually assessed provisions increase of $106 million or 17% to $727 million. This was mainly due to the impairment of a small number of large exposures, partly offset by write-offs and write-backs across various industry sectors; partly offset by
- Consumer individually assessed provisions decrease of $34 million or 12% to $240 million. This was mainly driven by improved house prices and a decrease in 90+ days arrears balances in the Australian mortgage portfolio as a result of customer take-up of repayment deferrals (see *"Group Operations and Business Settings – Loan Impairment Provisions and Credit Quality – COVID-19 Support"* on page 60), increased resourcing of arrears management and the decreases in the cash rate.

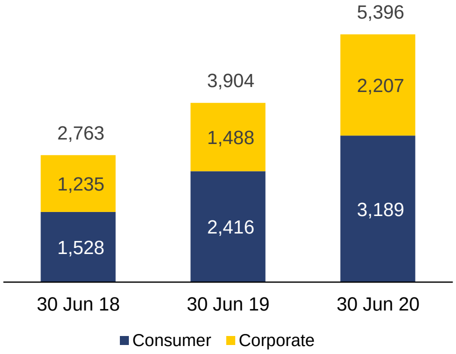
Year Ended June 2019 versus June 2018

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.

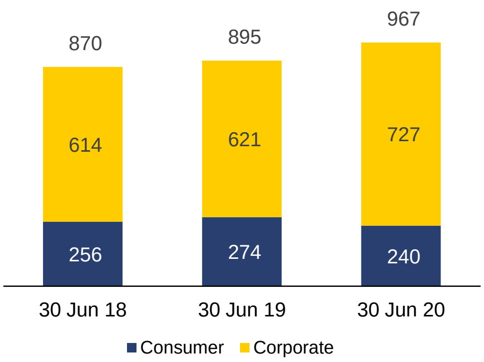
Total provisions for impairment losses as at 30 June 2019 were $4,799 million, an increase of $1,166 million or 32% on the prior year mainly driven by the adoption of AASB 9. Excluding the impact of AASB 9 initial recognition ($1,058 million), total provisions increased $108 million or 3%, primarily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

Collective Provisions ($M)



Individually Assessed Provisions ($M)



Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

	Full Year Ended					Half Year Ended		
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 18	Jun 19 vs	**30 Jun 20**	31 Dec 19	Jun 20 vs
Credit Quality Metrics	**$M**	$M	Jun 19 %	$M	Jun 18 %	**$M**	$M	Dec 19 %
Gross loans and acceptances (GLAA) ($M)	**778,675**	761,013	2	748,408	2	**778,675**	771,383	1
Risk weighted assets (RWA) ($M)	**454,948**	452,762	–	458,612	(1)	**454,948**	449,154	1
Credit RWA ($M)	**374,194**	372,574	–	369,528	1	**374,194**	375,217	–
Gross impaired assets ($M)	**3,548**	3,622	(2)	3,179	14	**3,548**	3,383	5
Net impaired assets ($M)	**2,293**	2,435	(6)	2,111	15	**2,293**	2,161	6
Provision Ratios								
Collective provision as a % of credit RWA	**1.44**	1. 05	39 bpts	0. 75	30 bpts	**1.44**	1. 08	36 bpts
Total provisions as a % of credit RWA	**1.70**	1. 29	41 bpts	0. 98	31 bpts	**1.70**	1. 34	36 bpts
Total provisions for impaired assets as a % of gross impaired assets	**35.37**	32. 77	260 bpts	33. 60	(83)bpts	**35.37**	36. 12	(75)bpts
Total provisions for impaired assets as a % of gross impaired assets (corporate)	**46.62**	43. 71	291 bpts	41. 84	187 bpts	**46.62**	54. 90	large
Total provisions for impaired assets as a % of gross impaired assets (consumer)	**26.18**	24. 85	133 bpts	26. 04	(119)bpts	**26.18**	24. 61	157 bpts
Total provisions for impairment losses as a % of GLAAs	**0.82**	0. 63	19 bpts	0. 49	14 bpts	**0.82**	0. 65	17 bpts
Asset Quality Ratios								
Gross impaired assets as a % of GLAAs	**0.46**	0. 48	(2)bpts	0. 42	6 bpts	**0.46**	0. 44	2 bpts
Loans 90+ days past due but not impaired as a % of GLAAs	**0.43**	0. 44	(1)bpt	0. 43	1 bpt	**0.43**	0. 41	2 bpts
Loan impairment expense ("cash basis") annualised as a % of average GLAAs	**0.33**	0. 16	17 bpts	0. 15	1 bpt	**0.48**	0. 17	31 bpts
Net write-offs annualised as a % of GLAAs	**0.13**	0. 16	(3)bpts	0. 16	-	**0.14**	0. 12	2 bpts
Corporate total committed exposures rated investment grade (%) [1]	**67.30**	67. 40	(10)bpts	67. 90	(50)bpts	**67.30**	66. 40	90 bpts
Australian Home Loan Portfolio								
Portfolio dynamic LVR (%) [2]	**52.69**	52. 44	25 bpts	49. 88	256 bpts	**52.69**	53. 42	(73)bpts
Customers in advance (%) [3]	**80.12**	78. 48	164 bpts	77. 80	68 bpts	**80.12**	81. 70	(158)bpts

1 Investment grades based on CBA grade in S&P equivalent.
2 Loan to value ratio ("LVR") defined as current balance as a percentage of the current valuation on Australian home loan portfolio.
3 Any amount ahead of monthly minimum repayment (including offset facilities).

Provision Ratios and Impaired Assets

Half year ended 30 June 2020 vs Half year ended 31 December 2019

Total provisions as a proportion of credit RWA increased by 36 basis points on the prior half to 1.70%. This was driven by increased forward looking adjustments reflecting a deterioration in the economic outlook, and emerging industry sector risks, mainly due to COVID-19.

Gross impaired assets were $3,548 million, an increase of $165 million or 5% on the prior half. Gross impaired assets as a proportion of GLAAs were 0.46%, an increase of 2 basis points on the prior half. Provision coverage for the impaired asset portfolio was 35.37%, a decrease of 75 basis points on the prior half mainly driven by the impairment of a small number of secured, large corporate exposures.

COVID-19 Support

From March 2020 the Bank has offered a number of support measures to retail and business customers impacted by the COVID-19 pandemic, including repayment deferrals of up to 6 months in duration. In July 2020 the Bank announced that customers may be able to extend their existing repayment deferrals by up to 4 months, on a case by case basis depending on their individual circumstances. Consistent with guidance from APRA, the Bank has not treated the period of the repayment deferral as a period of arrears, where the customer was otherwise performing. Customers are being contacted during their deferral period to ensure that the support is suitable for their current circumstances.

The Bank has also participated in the Australian Government's Small and Medium Enterprises (SME) Guarantee Scheme. Under the Scheme, the Government guarantees 50% of new loans issued to SMEs.

Loan Impairment Provisions and Credit Quality (continued)

Provision Ratios and Impaired Assets (continued)

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

The provision coverage for impaired assets was 36.12%, an increase of 335 basis points on the prior half, driven by increased provision coverage in the corporate portfolio reflecting the provision for a single name exposure in the Manufacturing sector.

Gross impaired assets were $3,383 million, a decrease of $239 million or 7% on the prior half.

Gross impaired assets as a proportion of GLAAs were 0.44%, a decrease of 4 basis points on the prior half. The decrease was mainly due to the write-off and recovery of a small number of large corporate impaired exposures, lower consumer finance and home loan arrears, and improving property market conditions, partly offset by a small increase in impaired home loans reflecting increased loan restructuring within the New Zealand portfolio.

Retail Portfolio Asset Quality

Half year ended 30 June 2020 vs Half year ended 31 December 2019

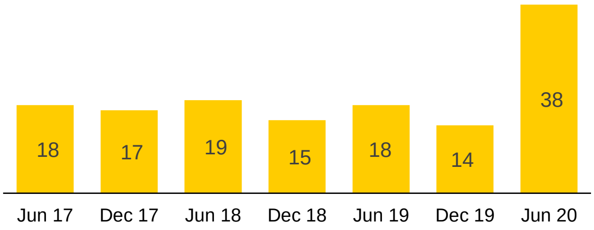
Consumer loan impairment expense (LIE) as a percentage of average gross loans and acceptances was 38 basis points, an increase of 24 basis points on the prior half. This was driven by higher collective provisions due to increased forward looking adjustments reflecting a deterioration in the economic outlook due to COVID-19, higher early stage arrears, and an increase in provisions for higher risk customers that have taken up repayment deferrals.

Home loan 90+ days arrears were 0.63%, an increase of 2 basis points on the prior half, mainly driven by higher arrears in the New Zealand portfolio, reflecting a delay in collection and write-off activity during the COVID-19 restrictions. Credit cards and personal loans 90+ days arrears were 1.23% and 1.51% respectively, an increase of 43 basis points and 13 basis points on the prior half, driven by lower balances, increased hardship due to COVID-19, and a seasonal increase in arrears following the December holiday period.

The home loan dynamic LVR was 52.69%, a decrease of 73 basis points on the prior half. The majority of home lending customers remain 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 Authorised Deposit-taking Institutions (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% (previously 2.25%) above the customer interest rate. As a result, from 22 July 2019 the Bank set a minimum floor rate of 5.75% and subsequently on 9 November 2019 reduced this to 5.40%, and applies a buffer of 2.50% above the customer interest rate. Further risk mitigants remain in place including lenders mortgage insurance requirements and limits on lending for higher risk loans.

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



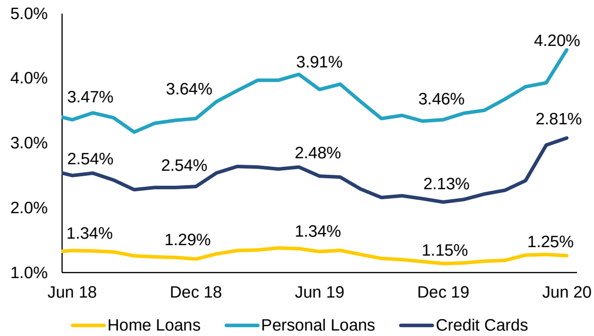
Half year ended 31 December 2019 versus Half year ended 30 June 2019

Consumer LIE as a percentage of average GLAAs was 14 basis points, a decrease of 4 basis points on the prior half reflecting lower arrears, lower consumer finance balances and improving property market conditions, partly offset by the forward looking adjustments for the impacts of the drought and bushfires. Excluding forward looking adjustments for the impacts of the drought and bushfires, Consumer LIE as a percentage of average GLAAs was 13 basis points.

Retail portfolio arrears remained relatively low. Home loan 90+ days arrears were 0.61%, a decrease of 7 basis points on the prior half driven by a seasonal reduction, increased resourcing levels for arrears management and the decreases in the cash rate. Credit cards and personal loans 90+ days arrears were 0.80% and 1.38% respectively, a decrease of 22 basis points and 18 basis points on the prior half, driven by a seasonal reduction including the favourable impact of tax refunds, and an improvement in customer acquisition and collection strategy.

The home loan dynamic LVR was 53.42%, an increase of 98 basis points on the prior half. The majority of home lending customers remain in advance of scheduled repayments.

30+ Days Arrears Ratios (%) [1]

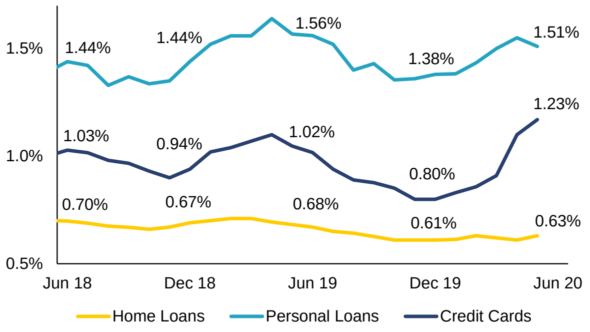


1 Includes retail portfolios of Retail Banking Services, Business and Private Banking and New Zealand.

Loan Impairment Provisions and Credit Quality (continued)

Retail Portfolio Asset Quality (continued)

90+ Days Arrears Ratios (%) [1]



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

Corporate Portfolio Asset Quality

Half year ended 30 June 2020 vs Half year ended 31 December 2019

Corporate troublesome exposures were $5.2 billion, an increase of $0.8 billion or 18% on the prior half, mainly due to the impact of COVID-19, particularly on the transport and storage, culture and recreation, retail and wholesale trade and manufacturing sectors.

Investment grade rated exposures increased by 90 basis points on the prior half to 67.3% of overall portfolio risk graded counterparties. This was driven by an increase in investment grade Sovereign exposures, reflecting the Group's liquidity management activities following customer deposit growth, partly offset by a decrease in investment grade exposures across various sectors.

Corporate LIE as a percentage of GLAAs was 75 basis points, an increase of 51 basis points on the prior half. This was driven by higher collective provisions due to increased forward looking adjustments reflecting a deterioration in the economic outlook, as well as emerging industry sector risks, mainly due to COVID-19, and the impairment of a small number of large single name exposures.

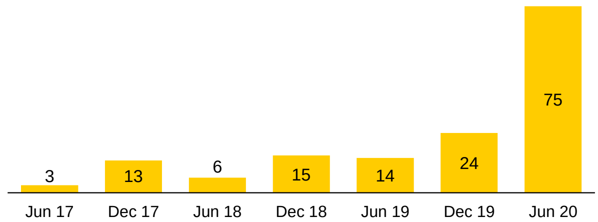
Half year ended 31 December 2019 vs Half year ended 30 June 2019

Corporate troublesome exposures were $4.4 billion, an increase of $0.2 billion or 5% on the prior half mainly driven by the downgrade of a small number of large exposures in the Transport, Business Services and Property sectors.

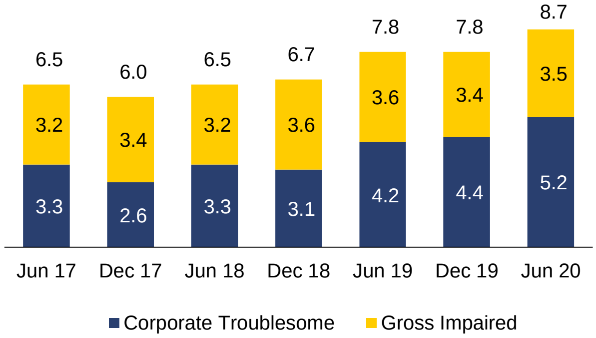
Investment grade rated exposures decreased by 100 basis points on the prior half to 66.4% of overall portfolio risk graded counterparties, driven by a decrease in investment grade Bank exposures partly offset by an increase in investment grade Sovereign exposures related to the Group's liquidity management activities.

Corporate LIE as a percentage of GLAAs was 24 basis points, up 10 basis points on the prior half, driven by the impairment of a small number of large exposures, and forward looking adjustments for the impacts of drought and bushfires. Excluding forward looking adjustments for the impacts of the drought and bushfires, Corporate LIE as a percentage of average GLAAs was 18 basis points.

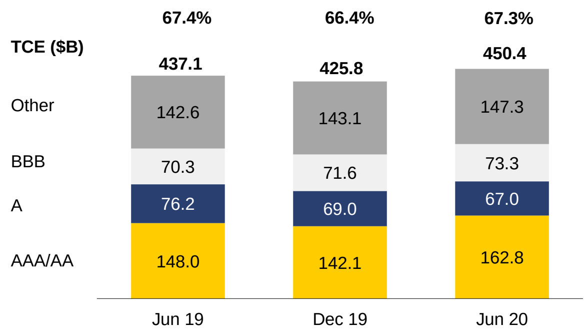
Corporate LIE
Half Year Loan impairment expense ("cash basis") annualised as percentage of average GLAA (bpts)



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 2020 vs Half year ended 31 December 2019

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half. The largest movement was an increase in the Sovereign sector of 180 basis points, from 9.9% to 11.7% of the Bank's total committed exposures, reflecting liquidity management activities. The next largest movement was a reduction in the Consumer sector of 120 basis points from 60.0% to 58.8% of the Bank's total committed exposures, mainly reflecting the re-weighting of the Group's portfolio following the increase in Sovereign exposures.

Movements in troublesome and impaired assets (TIA) were mixed across sectors, with total TIA of $8,710 million, reflecting an increase of $900 million on the prior half.

TIA as a percentage of total committed exposures (TCE) was 0.78%, an increase of 6 basis points on the prior half reflecting:

- Culture & Recreation (up 373 basis points) driven by the downgrade of a small number of large single name exposures;
- Transport & Storage (up 160 basis points) driven by the downgrade and impairment of a small number of large single name exposures;
- Manufacturing (up 137 basis points) driven by the downgrade and impairment of a small number of large single name exposures;
- Business Services (up 97 basis points) driven by the downgrade and impairment of a small number of large single name exposures; and
- Retail & Wholesale Trade (up 90 basis points) driven by the downgrade and impairment of a small number of large single name exposures, partly offset by the write-off of a small number of large single name exposures;
- Construction (down 155 basis points) driven by the upgrade of a small number of large single name exposures and the partial write-off of a large single name exposure;
- Agriculture (down 24 basis points) driven by the upgrade of a small number of large single name exposures; and
- Property (down 20 basis points) driven by the upgrade of a small number of large single name exposures.

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

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half. The largest movement was a reduction in exposure to Banks of 150 basis points from 4.5% to 3.0% of the bank's total committed exposure related to the Group's liquidity management activities.

The next largest movement was an increase in the Consumer sector of 140 basis points, from 58.6% to 60.0% of the bank's total committed exposure, reflecting home loan growth exceeding business and institutional lending growth.

Movements in TIA were mixed across sectors, with total TIA increasing by $11 million compared to the prior half to $7,810 million.

TIA as a percentage of total committed exposures (TCE) was 0.72%, flat compared to the prior half reflecting:

- Business Services (up 98 basis points) reflecting downgrades of a small number of large exposures;
- Transport (up 83 basis points) reflecting downgrades of a small number of large exposures; and
- Manufacturing (up 72 basis points) driven by the impairment of a single name exposure; partly offset by
- Health and Community (down 141 basis points) driven by the upgrade of a single name exposure;
- Construction (down 57 basis points) driven by the recovery of a large impaired exposure;
- Culture & Recreation (down 51 basis points) driven by the recovery of a single name exposure;
- Mining (down 42 basis points) driven by the write-off of a small number of impaired exposures and the upgrade of a single name exposure; and
- Agriculture (down 30 basis points) driven by the write-off of a large impaired exposure.

Loan Impairment Provisions and Credit Quality (continued)

Industry Exposure and Asset Quality (continued)

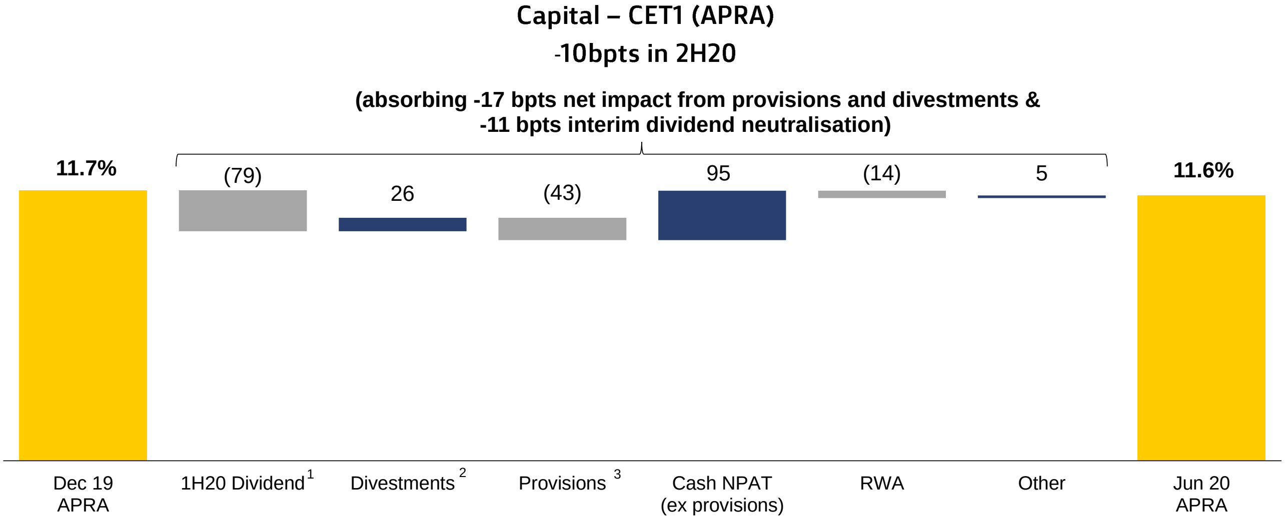
	Total Committed Exposures (TCE)				Troublesome and Impaired Assets (TIA)				TIA % of TCE			
		Restated [1]	As Reported			Restated [1]	As Reported			Restated [1]	As Reported	
	30 Jun 20	31 Dec 19	31 Dec 19	30 Jun 19	**30 Jun 20**	31 Dec 19	31 Dec 19	30 Jun 19	**30 Jun 20**	31 Dec 19	31 Dec 19	30 Jun 19
Sector	**%**	%	%	%	**$M**	$M	%	%	**%**	%	%	%
Consumer	**58. 8**	60. 0	60. 0	58. 6	**1,952**	2,111	2,111	2,101	**0. 30**	0. 32	0. 32	0. 33
Sovereign	**11. 7**	9. 9	9. 9	9. 7	**–**	–	–	-	**–**	–	–	-
Property	**6. 6**	6. 5	6. 5	6. 3	**714**	835	835	775	**0. 97**	1. 17	1. 17	1. 14
Banks	**2. 8**	3. 0	3. 0	4. 5	**–**	–	–	9	**–**	–	–	0. 02
Finance - Other	**4. 7**	4. 9	4. 9	4. 9	**45**	33	33	35	**0. 09**	0. 06	0. 06	0. 07
Retail & Wholesale Trade	**1. 8**	1. 9	1. 9	1. 9	**804**	647	647	636	**4. 08**	3. 18	3. 18	3. 16
Agriculture	**2. 0**	2. 1	2. 1	2. 1	**859**	927	927	989	**3. 86**	4. 10	4. 10	4. 40
Manufacturing	**1. 3**	1. 3	1. 3	1. 4	**660**	487	487	403	**4. 80**	3. 43	3. 43	2. 71
Transport & Storage	**2. 1**	2. 0	1. 3	1. 4	**765**	363	363	259	**3. 25**	1. 65	2. 55	1. 72
Mining	**0. 9**	1. 0	1. 0	1. 1	**199**	145	145	199	**1. 89**	1. 32	1. 32	1. 74
Business Services	**1. 0**	1. 1	1. 1	1. 1	**533**	438	438	333	**4. 67**	3. 70	3. 70	2. 72
Energy	**0. 9**	0. 9	0. 9	0. 9	**80**	81	81	86	**0. 84**	0. 80	0. 80	0. 84
Construction	**0. 8**	0. 7	0. 7	0. 8	**426**	530	530	579	**4. 98**	6. 53	6. 53	7. 10
Health & Community Services	**0. 8**	0. 8	0. 8	0. 8	**96**	94	94	224	**1. 05**	1. 06	1. 06	2. 47
Culture & Recreation	**0. 6**	0. 6	0. 6	0. 6	**306**	70	70	101	**4. 86**	1. 13	1. 13	1. 64
Other	**3. 2**	3. 3	4. 0	3. 9	**1,271**	1,049	1,049	1,070	**3. 44**	2. 44	2. 44	2. 51
Total	**100. 0**	100. 0	100. 0	100. 0	**8,710**	7,810	7,810	7,799	**0. 78**	0. 72	0. 72	0. 72

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

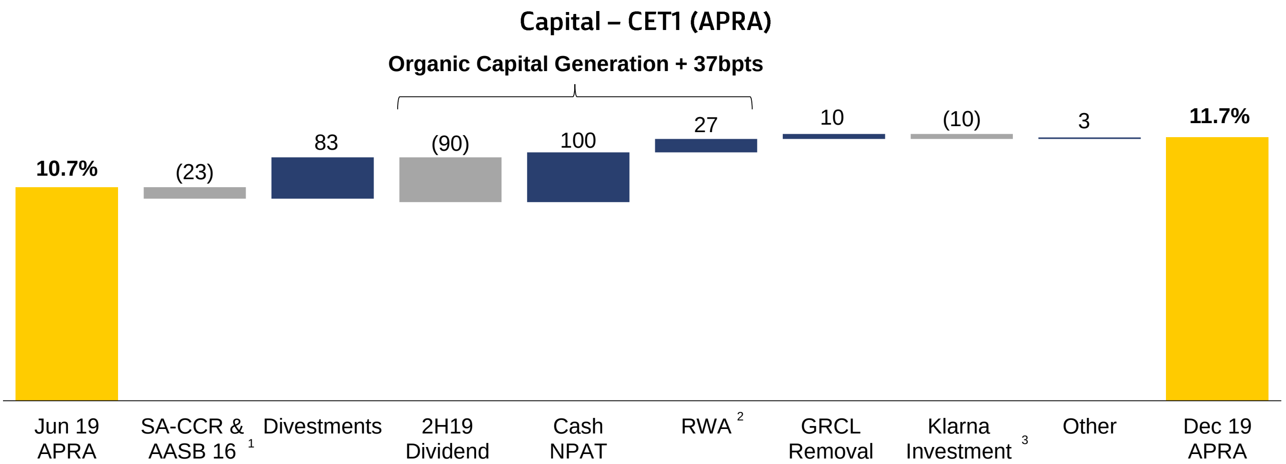
Capital

Summary Group Capital Adequacy Ratios	As at 30 Jun 20 %	31 Dec 19 %	30 Jun 19 %	Jun 20 vs Dec 19 %	Jun 20 vs Jun 19 %
Common Equity Tier 1	11. 6	11. 7	10. 7	(10)bpts	90 bpts
Tier 1	13. 9	14. 1	12. 7	(20)bpts	120 bpts
Tier 2	3. 6	3. 3	2. 8	30 bpts	80 bpts
Total Capital (APRA)	17. 5	17. 4	15. 5	10 bpts	200 bpts
Common Equity Tier 1 (Internationally Comparable) [1]	17. 4	17. 5	16. 2	(10)bpts	120 bpts

1 Aligns with the 13 July 2015 APRA study titled "International capital comparison study".



1 The 2020 interim dividend included the on-market purchase of $519 million of shares (CET1 impact of 11 basis points) in respect of the Dividend Reinvestment Plan.
2 Relates to additional receipt of funds as part of the divestment of CommInsure Life and the completion of the sale of PT Commonwealth Life.
3 Includes increases in provisions for loan losses as a result of COVID-19 ($1.5 billion), and customer and other remediation (includes $454 million in continuing operations and $27 million in discontinued operations).



1 Impact of implementing APS 180 Standardised Approach to measuring Counterparty Credit Risk (SA-CCR).
2 Excludes the Risk Weighted Assets (RWA) impact of -19 basis points from the implementation of SA-CCR and AASB 16 Leases.
3 During the 6 months ended 31 December 2019, the Group made an investment in Klarna Holding AB.

Capital (continued)

Capital Position

Half year ended 30 June 2020 vs Half year ended 31 December 2019

The Bank's CET1 ratio (APRA) was 11.6% as at 30 June 2020, a decrease of 10 basis points from 31 December 2019 and an increase of 90 basis points from 30 June 2019. The CET1 ratio was above APRA's 'unquestionably strong' benchmark of 10.5% and consistently well in excess of regulatory minimum capital adequacy requirements at all times throughout the full year ended 30 June 2020.

After allowing for the impact of the 2020 interim dividend in which the Dividend Reinvestment Plan (DRP) was neutralised (79 basis points) and provisions for COVID-19 loan losses and customer and other remediation (-43 basis points), the CET1 ratio increased by 112 basis points in the half year ended 30 June 2020. This was driven by capital generated from earnings (+95 basis points), the receipt of further sale proceeds as part of the divestment of the Australian life insurance business, CommInsure Life (+19 basis points), the completion of the divestment of the 80% equity interest in its life insurance business, PT Commonwealth Life (+7 basis points) and other movements (+5 basis points). This was partly offset by higher RWA (-14 basis points), as detailed further on this page.

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

The Bank's CET1 ratio (APRA) was 11.7% as at 31 December 2019, an increase of 100 basis points from 30 June 2019 and 90 basis points from 31 December 2018.

The increase of 100 basis points for the half year ended 31 December 2019 was driven by capital generated from earnings (+100 basis points), the completion of the divestment of CFSGAM and implementation of the CommInsure Life joint co-operation agreement with AIA (+83 basis points), a reduction in underlying RWA's (+27 basis points), and the removal of the General Reserve for Credit Losses (GRCL) regulatory adjustment (+10 basis points). This was partly offset by the 2019 final dividend (-90 basis points), the impact of regulatory changes from SA-CCR and AASB16 *Leases* (-23 basis points), and the strategic investment in Klarna (-10 basis points).

Capital Initiatives

The following significant capital initiatives were undertaken during the year:

Common Equity Tier 1 Capital

- The Dividend Reinvestment Plan (DRP) in respect of the 2019 final dividend, was satisfied in full by the on-market purchase of shares. The participation rate for the interim DRP was 15.0%.
- The DRP in respect of the 2020 interim dividend was satisfied in full by the on-market purchase of shares. The participation rate for the interim DRP was 14.7%.

Additional Tier 1 Capital

- In November 2019, the Bank issued $1.65 billion of CommBank PERLS XII Capital Notes (PERLS XII) that are Basel III compliant Additional Tier 1 capital.

Tier 2 Capital

- In September 2019, the Bank issued two USD 1.25 billion subordinated notes, totalling USD 2.50 billion, and an AUD 100 million subordinated note that are all Basel III compliant Tier 2 capital.
- In March 2020, the Bank issued an AUD 280 million subordinated note that is Basel III compliant Tier 2 capital.
- In May 2020, the Bank issued an AUD 210 million subordinated note that is Basel III compliant Tier 2 capital.

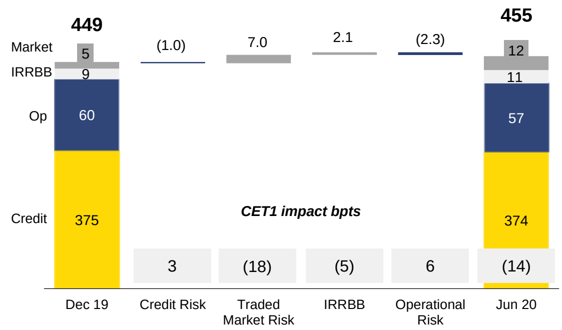
Risk Weighted Assets (RWA)

Total Group Risk Weighted Assets

Half year ended 30 June 2020 vs Half year ended 31 December 2019

Total RWA increased by $5.8 billion or 1% on the prior half to $454.9 billion driven by increases in Traded Market Risk RWA and Interest Rate Risk in the Banking Book (IRRBB) RWA, partly offset by lower Credit Risk RWA and Operational Risk RWA.

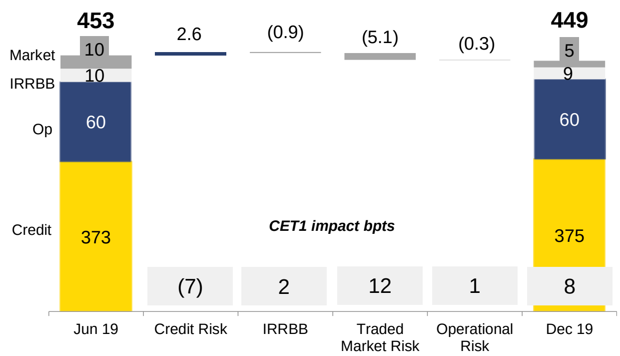
Total Risk Weighted Assets ($B)



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

Total RWA decreased by $3.6 billion or 1% on the prior half to $449.2 billion driven by lower Traded Market Risk, Interest Rate Risk in the Banking Book and Operational Risk RWA, partly offset by higher Credit Risk RWA.

Total Risk Weighted Assets ($B)



Credit Risk Weighted Assets

Half year ended 30 June 2020 vs Half year ended 31 December 2019

Credit Risk RWA decreased by $1.0 billion or flat on the prior half to $374.2 billion, driven by:

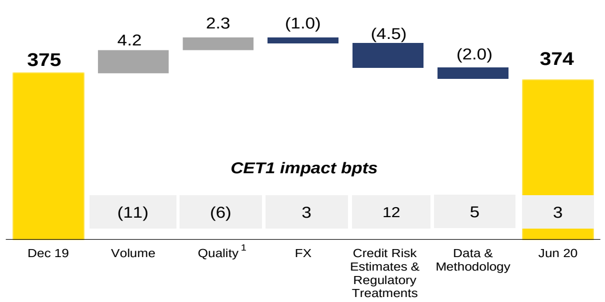
- Volume growth across residential mortgages, commercial portfolios and sovereign exposures, partly offset by a reduction in Bank exposures and unsecured retail portfolios (increase of $4.2 billion); and

Capital (continued)

Credit Risk Weighted Assets (continued)

- Credit quality deterioration across most portfolios (increase of $2.3 billion), largely due to the impact of COVID-19 (increase of $4.3 billion), partly offset by a reduction in Credit Valuation Adjustment RWA (decrease of $2.0 billion); partly offset by
- Foreign currency movements (decrease of $1.0 billion);
- Changes in credit risk estimates and regulatory treatments for non-retail exposures, and improved alignment of provisioning and capital on defaulted exposures resulting in a reduction in Credit RWA (decrease of $4.5 billion); and
- Data and methodology changes (decrease of $2.0 billion).

Credit Risk Weighted Assets ($B)



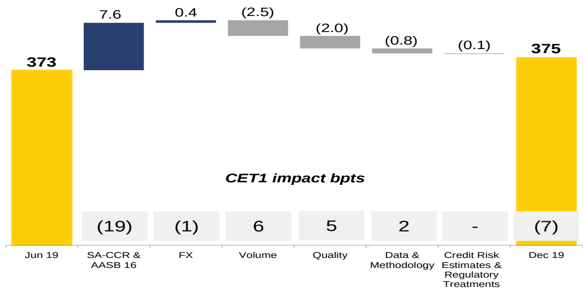
1 Credit quality includes portfolio mix.

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

Credit Risk RWA increased by $2.6 billion or 1% on the prior half, driven by:

- The implementation of SA-CCR and AASB 16 Leases (increase of $7.6 billion); and
- Foreign currency movements (increase of $0.4 billion); partly offset by
- Volume reductions mainly in non-retail and standardised portfolios, consumer credit cards and personal loans, partly offset by volume growth predominantly in residential mortgages and specialised lending portfolios (decrease of $2.5 billion);
- Credit quality improvements across consumer retail and bank portfolios, central counterparties and credit valuation adjustments, partly offset by a reduction in credit quality across most non-retail portfolios (decrease of $2.0 billion);
- Data and methodology changes (decrease of $0.8 billion); and
- Changes in credit risk estimates and regulatory treatments (decrease of $0.1 billion).

Credit Risk Weighted Assets ($B)



Traded Market Risk Weighted Assets

Half year ended 30 June 2020 vs Half year ended 31 December 2019

Traded market risk RWA increased by $7.0 billion on the prior half to $12.5 billion. This was due to increases in the Value-at-Risk (VaR) and the Stressed Value-at-Risk (SVaR) components, which were impacted by volatility in asset prices mainly due to foreign currency movements.

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

Traded Market Risk RWA decreased by $5.1 billion or 48% on the prior half. The Stressed Value-at-Risk (SVaR) component under the internal model approach was the main driver of the decrease, resulting from reduced risk positions, including those conservatively modelled in the previous period.

Interest Rate Risk Weighted Assets

Half year ended 30 June 2020 vs Half year ended 31 December 2019

Interest Rate Risk in the Banking Book (IRRBB) RWA increased by $2.1 billion or 23% on the prior half to $11.0 billion. This was due to increased market volatility during the current half which impacted the Bank's holdings of High Quality Liquid Assets, partly offset by increases in embedded gains due to lower domestic and offshore interest rates.

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

IRRBB RWA decreased by $0.9 billion or 9% on the prior half. This decrease was mainly due to interest rate risk management activity, improved basis risk modelling and increased embedded gains due to lower domestic and offshore interest rates.

Operational Risk Weighted Assets

Half year ended 30 June 2020 vs Half year ended 31 December 2019

Operational Risk RWA decreased by $2.3 billion or 4% on the prior half to $57.2 billion. The decrease is due to improvements in the Group's operational risk profile.

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.

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

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

Operational Risk RWA decreased by $0.3 billion on the prior half. This decrease 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.

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

Capital (continued)

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 (D-SIB) requirement of 1% and a countercyclical capital buffer (CCyB)[1] of 0% (effective from 1 January 2016), brings the minimum CET1 ratio requirement to 8%.

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 for the majority of the year with a CET1 ratio of 10.5% or more by 1 January 2020. As at 30 June 2020, the Group's CET1 ratio was 11.6%, and was above the 10.5% benchmark for the majority of the 2020 financial year. On 19 March 2020, APRA advised banks that during the period of disruption caused by COVID-19, it would not be concerned if banks temporarily operated below the 10.5% CET1 ratio benchmark while still remaining above minimum capital requirements.

In calendar years 2018 and 2019, APRA issued a number of consultation documents to propose revisions to the overall design of the capital framework. Further detail on the proposed APRA reforms is provided on pages 68 and 69. APRA has advised that the proposed changes to the capital framework have been accommodated within the 10.5% CET1 target set by APRA in July 2017.

APRA's COVID-19 capital announcements

On 19 March 2020, APRA announced temporary changes to its expectations regarding bank capital ratios, to ensure banks are well positioned to continue to provide credit to the economy in the challenging environment impacted by COVID-19. APRA advised that, provided banks are able to meet their minimum capital requirements, the capital buffers built up over recent years to meet the 10.5% unquestionably strong benchmark CET1 capital ratio can be utilised to facilitate ongoing lending to the economy during the period of disruption caused by COVID-19.

The Group has introduced a number of support measures for customers impacted by COVID-19, which include loan repayment deferrals to retail and business customers, and the origination of loans under the Government's SME Guarantee Scheme.

On 23 March 2020 APRA announced its regulatory approach to customer support measures being offered by banks in response to COVID-19. APRA confirmed that the SME Guarantee Scheme will be regarded as an eligible guarantee by the Government for risk weighting purposes. In relation to loans subject to repayment deferrals as part of COVID-19 support measures, APRA confirmed that where a borrower was otherwise performing, repayment deferrals would not be treated as a period of arrears and the loan would not be regarded as restructured. On 8 July 2020 APRA advised that this regulatory approach would be extended to cover a maximum period of 10 months from the start of a repayment deferral, or until 31 March 2021, whichever comes first.

In addition, on 7 April 2020, APRA released a letter to ADIs and insurers, setting out APRA's guidance on capital management during the period of disruption caused by COVID-19. APRA's expectation is that discretionary capital distributions should be limited in the coming months. APRA noted that where dividends are approved, this should only be on the basis of robust stress testing results that have been discussed with APRA and should nevertheless be at a materially reduced level. Dividend payments should also be offset to the extent possible through the use of capital management initiatives.

Further, on 29 July 2020, APRA released updated guidance on capital management, in which it noted that ADIs should continue to take a measured approach to capital distributions to maintain caution in the face of ongoing uncertainty and heightened economic risk. APRA reiterated that ADIs should use stress testing to inform decisions on dividends and other capital actions, as well as to assess their lending capacity under a range of different scenarios. For 2020, APRA expects that ADIs will retain at least half of their earnings, and actively use dividend reinvestment plans and/or other capital management initiatives to at least partially offset the diminution in capital from distributions.

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.

Regulatory Reforms

APRA

In February 2018, APRA released "Discussion paper - Revisions to the capital framework for authorised deposit-taking institutions" in response to the Basel Committee on Banking Supervision (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 an 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 corporate 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).

1 In December 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.

Capital (continued)

APRA (continued)

In August 2018, APRA released "Discussion paper – Improving the transparency, comparability and flexibility of the ADI capital framework". The focus of the proposal is the 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.

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 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 may consider feasible alternative methods for raising the additional 1% to 2%, in consultation with industry and other stakeholders.

In September 2019, APRA released draft prudential standards on the measurement of IRRBB. APRA is proposing to standardise aspects of the internal modelling approach, remove the basis risk add-on, and extend risk management requirements to all ADIs.

In October 2019, APRA released a consultation paper on APS 111 "Capital Adequacy: Measurement of Capital" prudential standard. The consultation paper outlines APRA's proposal to change its existing approach on equity exposures to banking and insurance subsidiaries of ADIs. APRA has proposed that each individual equity exposure will be risk-weighted at 250% up to 10% of the ADI's Level 1 CET1 capital, with any excess above that threshold to be deducted from CET1 capital.

In March 2020, APRA announced the deferral of all scheduled capital framework reforms by one year. All reforms excluding APS 111 and APS 116 "Capital Adequacy: Market Risk" are scheduled for implementation on 1 January 2023. Implementation of APS 111 and APS 116 is scheduled for 1 January 2021 and 1 January 2024 respectively. Advanced Measurement Approach banks will be allowed to opt-in to earlier implementation of APS 115 "Capital Adequacy: Operational Risk" from 1 January 2022.

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 is yet to commence consultation on APS 116.

Reserve Bank of New Zealand (RBNZ)

In December 2019, the RBNZ confirmed that the RWA of internal ratings based banks, such as ASB, will increase to approximately 90% of that required under a standardised approach. In addition, for those banks deemed systemically important, including ASB, the Tier 1 capital requirement will increase to 16% of RWA, of which 13.5% must be in the form of CET1 capital. Tier 2 capital will remain in the framework, and can contribute up to 2% of the 18% minimum Total capital ratio. Existing Additional Tier 1 and Tier 2 contingent instruments issued by New Zealand banks will no longer be eligible under RBNZ's new capital criteria and will be phased out over the transition period of 7 years. In March 2020, the RBNZ announced deferral of the start date of capital framework reforms until 1 July 2021.

On 2 April 2020, the RBNZ announced a freeze on the distribution of dividends by banks in New Zealand due to COVID-19. Dividends from the Bank's New Zealand subsidiary, ASB Bank Limited, only affect the Group's Level 1 CET1 capital ratio. As at 30 June 2020, the Group's Level 1 CET1 capital ratio was 11.9%, well above APRA's unquestionably strong benchmark, and as such, the Group is well placed to absorb the suspension of dividends.

The RBNZ has provided concessions similar to those provided by APRA for loan deferrals granted in response to COVID-19.

Other reforms

In July 2019, the Group implemented the revised standardised approach to counterparty credit risk (SA-CCR) and AASB 16 Leases. In the half year ended 31 December 2019, the implementation of SA-CCR resulted in a decrease of the Bank's CET1 ratio (APRA) of 12 basis points and the implementation of AASB 16 Leases resulted in a decrease of 11 basis points.

In August 2019, APRA released the final APS 222 "Associations with Related Entities" prudential standard. The revised standard is intended to strengthen the ability of ADIs to monitor, limit and control risk arising from transactions and other associations with related entities. These new requirements will be in place from 1 January 2022.

Capital (continued)

The tables below show the APRA Basel III capital adequacy calculation at 30 June 2020 together with prior period comparatives.

	30 Jun 20 $M	31 Dec 19 $M	30 Jun 19 $M
Ordinary Share Capital and Treasury Shares			
Ordinary Share Capital	**38,131**	38,126	38,020
Treasury Shares [1]	**51**	54	194
Ordinary Share Capital and Treasury Shares	**38,182**	38,180	38,214
Reserves			
Reserves	**2,666**	1,910	3,092
Reserves related to non-consolidated subsidiaries [2]	**2**	(7)	52
Total Reserves	**2,668**	1,903	3,144
Retained Earnings and Current Period Profits			
Retained earnings and current period profits	**31,211**	31,066	28,482
Retained earnings adjustment from non-consolidated subsidiaries [3]	**(325)**	(258)	(437)
Net Retained Earnings	**30,886**	30,808	28,045
Non-controlling interests			
Non-controlling interests [4]	**5**	51	55
Less other non-controlling interests not eligible for inclusion in regulatory capital	**(5)**	(51)	(55)
Non-controlling Interests	**–**	–	–
Common Equity Tier 1 Capital before regulatory adjustments	**71,736**	70,891	69,403

1 Represents eligible employee share scheme trusts. The June 2019 balance also includes treasury shares held within the life insurance statutory funds.

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 current period profit and retained earnings adjustments for subsidiaries not consolidated for regulatory purposes.

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

Capital (continued)

	As at		
	30 Jun 20 $M	31 Dec 19 $M	30 Jun 19 $M
Common Equity Tier 1 regulatory adjustments			
Goodwill [1]	**(5,988)**	(6,007)	(7,680)
Other intangibles (including software) [2]	**(1,594)**	(1,665)	(2,013)
Capitalised costs and deferred fees	**(765)**	(768)	(720)
Defined benefit superannuation plan surplus [3]	**(476)**	(244)	(324)
General reserve for credit losses [4]	**–**	–	(360)
Deferred tax asset	**(3,176)**	(2,463)	(2,581)
Cash flow hedge reserve	**(1,513)**	(548)	(787)
Employee compensation reserve	**(138)**	(96)	(161)
Equity investments [5]	**(3,648)**	(3,579)	(3,088)
Equity investments in non-consolidated subsidiaries [6]	**(1,429)**	(2,685)	(2,906)
Gain due to changes in own credit risk on fair valued liabilities [7]	**(16)**	(34)	(52)
Other	**(420)**	(422)	(364)
Common Equity Tier 1 regulatory adjustments	**(19,163)**	(18,511)	(21,036)
Common Equity Tier 1	**52,573**	52,380	48,367
Additional Tier 1 Capital			
Basel III complying instruments [8]	**10,695**	10,695	9,045
Basel III non-complying instruments net of transitional amortisation [9]	**146**	143	143
Holding of Additional Tier 1 Capital [10]	**–**	–	(200)
Additional Tier 1 Capital	**10,841**	10,838	8,988
Tier 1 Capital	**63,414**	63,218	57,355
Tier 2 Capital			
Basel III complying instruments [11]	**14,552**	13,986	11,368
Basel III non-complying instruments net of transitional amortisation [12]	**296**	288	613
Holding of Tier 2 Capital	**(16)**	(21)	(30)
Prudential general reserve for credit losses [13]	**1,597**	482	799
Total Tier 2 Capital	**16,429**	14,735	12,750
Total Capital	**79,843**	77,953	70,105

1 Includes goodwill from discontinued operations.
2 Other intangibles (including capitalised software costs), net of any associated deferred tax liability.
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. From December 2019, the General Reserve for Credit Losses (GRCL) is lower than the provisions recognised for accounting purposes resulting in no additional GRCL requirement.
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.
7 Includes gains due to changes in our credit risk on fair valued liabilities and other prudential valuation adjustment.
8 As at 30 June 2020, comprises PERLS XII $1,650 million (November 2019), 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).
9 Represents APRA Basel III non-compliant Additional Tier 1 Capital Instruments that are eligible for Basel III transitional relief.
10 Represents holdings of Additional Tier 1 capital instruments issued by the Colonial Mutual Life Assurance Society Limited.
11 In the half year ended 30 June 2020, the Group issued an AUD280 million and an AUD210 million subordinated note, that were Basel III compliant. In the half year ended 31 December 2019, the Group issued two USD1.25 billion subordinated notes and an AUD100 million subordinated note that were Basel III complaint.
12 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 by 20% of the original amount during each of the last five years to maturity. These instruments are eligible for Basel III transitional relief.
13 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 20 $M	31 Dec 19 $M	30 Jun 19 $M
Credit Risk			
Subject to AIRB approach [1]			
Corporate	**69,577**	67,236	64,683
SME corporate	**30,890**	31,560	30,478
SME retail	**6,665**	5,976	6,896
SME retail secured by residential mortgage	**3,360**	3,314	3,335
Sovereign	**1,838**	1,682	2,456
Bank	**6,667**	7,964	9,451
Residential mortgage	**148,294**	147,865	147,956
Qualifying revolving retail	**6,697**	7,802	8,486
Other retail	**12,126**	13,490	13,990
Total RWA subject to AIRB approach	**286,114**	286,889	287,731
Specialised lending exposures subject to slotting criteria	**58,611**	56,024	53,796
Subject to Standardised approach			
Corporate	**957**	1,309	1,590
SME corporate	**742**	756	822
SME retail	**2,929**	4,586	4,628
Sovereign	**267**	218	233
Bank	**68**	66	66
Residential mortgage	**6,635**	6,478	6,732
Other retail	**1,132**	1,225	1,256
Other assets	**10,281**	9,752	8,854
Total RWA subject to Standardised approach	**23,011**	24,390	24,181
Securitisation	**3,015**	3,191	2,905
Credit valuation adjustment	**3,057**	4,358	2,932
Central counterparties	**386**	365	1,029
Total RWA for Credit Risk Exposures	**374,194**	375,217	372,574
Traded market risk	**12,457**	5,428	10,485
Interest rate risk in the banking book	**11,085**	8,998	9,898
Operational risk	**57,212**	59,511	59,805
Total risk weighted assets	**454,948**	449,154	452,762

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 2020 Pillar 3 Report for further information.

Leverage Ratio

	As at				
Summary Group Leverage Ratio	**30 Jun 20**	31 Dec 19	30 Jun 19	Jun 20 vs Dec 19 %	Jun 20 vs Jun 19 %
Tier 1 Capital ($M)	**63,414**	63,218	57,355	-	11
Total Exposures ($M) [1]	**1,073,131**	1,040,423	1,023,181	3	5
Leverage Ratio (APRA) (%)	**5.9**	6.1	5.6	(20)bpts	30 bpts
Leverage Ratio (Internationally Comparable) (%) [2]	**6.7**	7.0	6.5	(30)bpts	20 bpts

1 Total exposures is the sum of on Balance Sheet exposures, derivatives, Securities Financing Transactions (SFTs), and off Balance Sheet exposures, net of any Tier 1 regulatory deductions, as outlined in APS 110 "Capital Adequacy".
2 The Tier 1 Capital included in the calculation of the internationally comparable leverage ratio aligns with the 13 July 2015 APRA study titled "International capital comparison study", and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

The Bank's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.9% at 30 June 2020 on an APRA basis and 6.7% on an internationally comparable basis. The ratio decreased 20 basis points on an APRA basis from 31 December 2019, driven by a 3% increase in Total Exposures.

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.

On 30 March 2020 APRA announced it was deferring the scheduled implementation of the Basel III reforms in Australia by one year. As a result the new leverage ratio requirements will now be applicable from 1 January 2023.

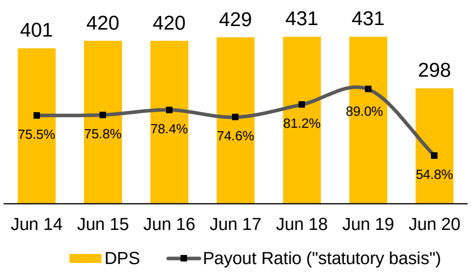
Dividends

Final dividend for the Year Ended 30 June 2020

The final dividend determined was $0.98 per share, bringing the total dividend for the year ended 30 June 2020 to $2.98, a reduction of 133 cents compared to the prior full year dividend. The dividend payout ratio ("statutory basis") for the full year ended 30 June 2020 was 54.76% and for the half year ended 30 June 2020 was 49.95%.

The final dividend will be fully franked and is expected to be paid on 30 September 2020 to owners of ordinary shares at the close of business on 20 August 2020 (record date). Shares were quoted ex-dividend on 19 August 2020.

Full Year Dividend History (cents per share)



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 2020 final dividend is anticipated to be satisfied by the issuance 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.

In light of the heightened economic risk caused by COVID-19, the Bank has also taken into consideration APRA's expectation on capital distributions outlined in its letter released on 29 July 2020. For 2020, APRA expects that ADIs will retain at least half of their earnings, and actively use dividend reinvestment plans and/or other capital management initiatives to at least partially offset the diminution in capital from distribution.

Liquidity

	Quarterly Average Ended [1]				
	30 Jun 20	30 Jun 19	30 Jun 18	Jun 20 vs	Jun 19 vs
Level 2	**$M**	$M	$M	Jun 19 %	Jun 18 %
Liquidity Coverage Ratio (LCR) Liquid Assets					
High Quality Liquid Assets (HQLA) [2]	**121,889**	85,859	89,200	42	(4)
Committed Liquidity Facility (CLF) [3]	**68,931**	50,700	53,300	36	(5)
Total LCR Liquid Assets	**190,820**	136,559	142,500	40	(4)
Net Cash Outflows (NCO)					
Customer deposits	**93,759**	75,664	79,651	24	(5)
Wholesale funding	**11,869**	10,208	10,975	16	(7)
Other net cash outflows [4]	**17,935**	17,778	16,303	1	9
Total NCO	**123,563**	103,650	106,929	19	(3)
Liquidity Coverage Ratio (%)	**155**	132	133	large	-
LCR Surplus	**67,257**	32,909	35,571	large	(7)

1 The averages presented are calculated as simple averages of daily observations over the quarter. Spot LCR for 30 June 2020 was 145% (30 June 2019: 129%; 30 June 2018: 131%).
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 Committed Liquidity Facility (CLF) includes CLF of $45,800 million and the Group's average undrawn TFF allowance of $23,131 million as per APRA guidance.
4 Includes cash inflows.

Year Ended June 2020 versus Year Ended June 2019

The Group holds what management believes to be high quality, well diversified liquid assets to meet Balance Sheet liquidity needs, and regulatory requirements, including APRA's Liquidity Coverage Ratio (LCR) [1]. The LCR requires ADIs 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 repo-eligible securities 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.

On 19 March 2020, the RBA announced the establishment of a three-year Term Funding Facility (TFF), providing eligible ADIs fixed-rate funding at 0.25%. As at 30 June 2020, the Group had drawn $1.5 billion of its total available TFF allocation of $26.6 billion, composed of $19.1 billion of Initial Allowance and $7.5 billion of Additional Allowance. As at 4 August 2020, the Group's total available TFF allocation was $31.4 billion.

The Group's June 2020 quarterly average LCR was 155%, an increase of 21% compared to the quarterly average ended 31 December 2019, and an increase of 23% from the quarterly average ended 30 June 2019. The LCR remains well above the regulatory minimum of 100%.

Compared to the quarterly average ended 31 December 2019, LCR liquid assets increased by $51.1 billion or 37% driven by a $32.9 billion or 37% increase in HQLA due to strong customer deposit growth, and an $18.2 billion or 36% increase in the CLF, which includes the available RBA TFF allowance. Excluding the TFF, the available CLF decreased from $50.7 billion to $45.8 billion from 1 January 2020. The Group's 30 day modelled NCOs were up $19.0 billion or 18% as a result of strong customer deposit growth in at-call products.

Compared to the quarterly average ended 30 June 2019, LCR liquid assets increased by $54.3 billion or 40% driven by a $36.0 billion or 42% increase in HQLA due to strong customer deposit growth, and an $18.2 billion or 36% increase in the CLF, which includes the available RBA TFF allowance. Excluding the TFF, the available CLF decreased from $50.7 billion to $45.8 billion from 1 January 2020. The Group's 30 day modelled NCOs were up $19.9 billion or 19% as a result of strong customer deposit growth in at-call products.

Year Ended June 2019 versus Year Ended June 2018

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.

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 Group'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 that allows forecasting of liquidity needs on a daily basis;
- An additional liquidity management model that implements the established prudential liquidity requirements. This model is calibrated with a series of 'stress' liquidity crisis scenarios, incorporating both systemic and idiosyncratic crisis assumptions, such that the Group will have sufficient liquid assets available to ensure it meets all of its obligations as and when they fall due;
- Central bank repurchase agreement facilities including the RBA's CLF that provide the Group with the ability to borrow funds on a secured basis, even when normal funding markets are unavailable; and
- A robust Contingency Funding Plan that is regularly tested so that it can be quickly activated when required.

Debt Issues

Debt Issues [2]	As at 30 Jun 20 $M	30 Jun 19 [1] $M	30 Jun 18 $M
Medium-term notes	**80,877**	98,342	99,579
Commercial paper	**12,468**	20,158	26,868
Securitisation notes	**11,677**	12,177	13,089
Covered bonds	**37,456**	33,313	32,758
Bank Acceptances	**25**	32	–
Total debt issues	**142,503**	164,022	172,294
Short-Term Debt Issues by currency			
USD	**12,410**	20,147	27,008
AUD	**29**	42	1,009
GBP	**5,175**	3,470	2,949
Other currencies	**28**	227	335
Total short-term debt issues	**17,642**	23,886	31,301
Long-Term Debt Issues by currency [3]			
USD	**39,568**	48,293	51,472
EUR	**33,556**	36,172	33,057
AUD	**34,912**	37,909	35,066
GBP	**4,938**	3,653	4,701
NZD	**3,351**	3,596	3,954
JPY	**1,662**	2,115	3,505
Other currencies	**6,806**	8,331	9,175
Offshore loans (all JPY)	**68**	67	63
Total long-term debt issues	**124,861**	140,136	140,993
Maturity Distribution of Debt Issues [4]			
Less than twelve months	**36,406**	50,127	59,980
Greater than twelve months	**106,097**	113,895	112,314
Total debt issues	**142,503**	164,022	172,294

1 Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
2 Debt issues include unrealised movements of $3,095 million in 2020 predominantly due to foreign exchange gains and losses.
3 Long-term debt disclosed relates to debt issues which have a maturity at inception of greater than 12 months.
4 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 2020 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 2020 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 2020. 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
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 Programme [2]
Asia	
JPY 500 billion	Uridashi shelf [3]
JPY 500 billion	Samurai shelf [3]
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 programs. Issuances are unconditionally and irrevocably guaranteed by ASB Bank Limited.
2 This is a joint program between CBA and ASB Finance Limited. Issuances by ASB Finance Limited under the program are unconditionally and irrevocably guaranteed by ASB Bank Limited.
3 Amounts are also reflected under the US$70 billion Euro Medium Term Note Programme.
4 ASB Bank Limited is the issuer under these programs.

Funding

Group Funding [1]	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 18 $M	Jun 19 vs Jun 18 %
	As at				
Customer deposits	**640,969**	578,786	11	569,846	2
Short-term wholesale funding [2]	**71,191**	85,570	(17)	85,360	–
Long-term wholesale funding - less than one year residual maturity [3]	**22,147**	32,434	(32)	33,564	(3)
Long-term wholesale funding - more than one year residual maturity [3]	**125,563**	130,409	(4)	137,136	(5)
IFRS MTM and derivative FX revaluations	**7,241**	3,424	large	(165)	large
Total wholesale funding	**226,142**	251,837	(10)	255,895	(2)
Short-term collateral deposits [4]	**3,618**	5,729	(37)	6,193	(7)
Total funding	**870,729**	836,352	4	831,934	1

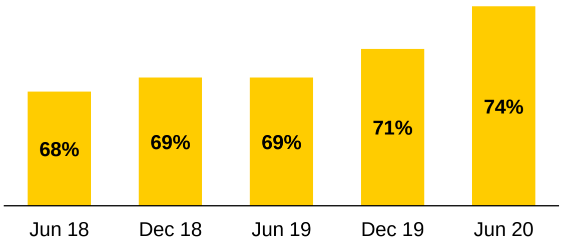
1 Shareholders' Equity is excluded from this view of funding sources.
2 Short-term wholesale funding includes debt with an original maturity or call date of less than or equal to 12 months, and consists of certificates of deposit and bank acceptances, debt issued under the Euro Medium Term Note (EMTN) 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 and the Group's drawn TFF allowance.
4 Short-term collateral deposits includes net collateral received and the amount of internal Residential Mortgage Backed Securities (RMBS) pledged with the Reserve Bank to facilitate intra-day cash flows in the Exchange Settlement Account (ESA).

Year Ended June 2020 versus June 2019

Customer Deposits

Customer deposits accounted for 74% of total funding at 30 June 2020, an increase of 3% from 71% at 31 December 2019 and an increase of 5% from 69% at 30 June 2019. The Group satisfied a significant proportion of its funding requirements from retail, business, and institutional customer deposits.

Customers Deposits to Total Funding Ratio

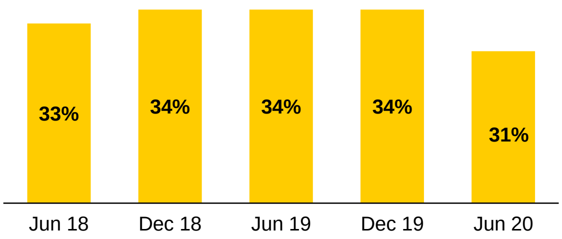


Short-Term Wholesale Funding

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 31% of total wholesale funding at 30 June 2020, a decrease of 3% from 34% at 31 December 2019 and 30 June 2019 as the Group continues to maintain a conservative funding mix.

Short-Term to Total Wholesale Funding Ratio



Funding (continued)

Long-Term Wholesale Funding

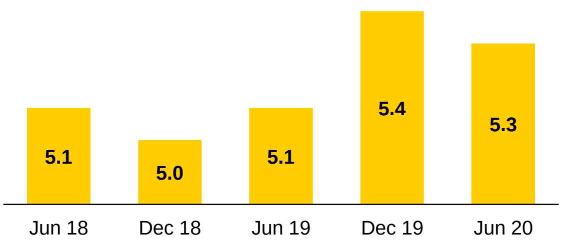
Long-term wholesale funding includes debt with an original maturity or call date greater than 12 months.

Long-term wholesale funding (including IFRS MTM and derivative FX revaluations) accounted for 69% of total wholesale funding at 30 June 2020, an increase of 3% from 31 December 2019 and 30 June 2019.

During the full year to 30 June 2020, the Group raised $14.5 billion of long-term wholesale funding in multiple currencies including AUD, USD, EUR and GBP. The issuances were across a variety of formats including senior unsecured, covered bonds, RMBS and capital instruments, providing cost, tenor and diversification benefits. In addition, the Group drew down $1.5 billion of its TFF allowance taking the total long-term funding for the 12 months to 30 June 2020 to $16 billion.

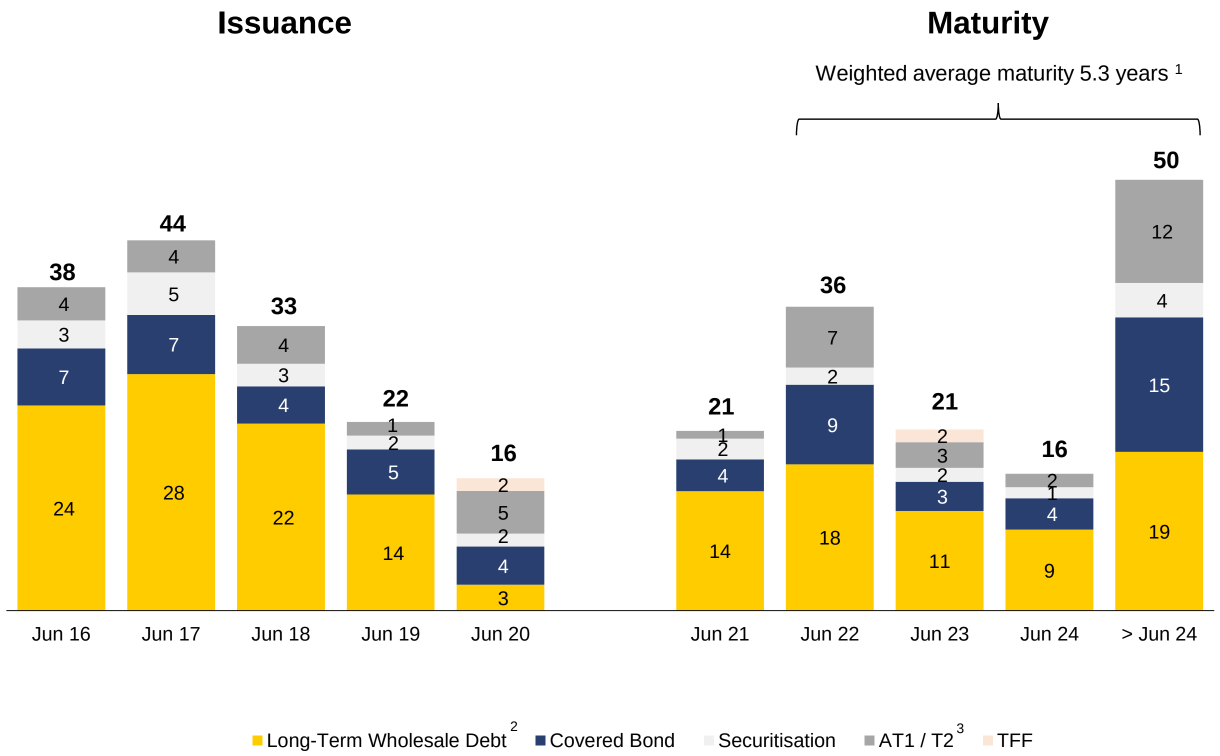
The Weighted Average Maturity (WAM) of new long-term wholesale debt for the 12 months to 30 June 2020 was 9.0 years. The WAM of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2020 was 5.3 years.

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



1 Represents the weighted average maturity of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2020, excluding the Term Funding Facility.

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 2020, excluding the Term Funding Facility.
2 Includes Senior Bonds and Structured MTN.
3 Additional Tier 1 and Tier 2 Capital.

Funding (continued)

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.

Short-Term Wholesale Funding

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.

Long-Term Wholesale Funding

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.

Net Stable Funding Ratio (NSFR)

	Full Year Ended							
		Restated [1]				As reported		
	30 Jun 20	31 Dec 19	30 Jun 19	Jun 20 vs	Jun 20 vs	31 Dec 19	30 Jun 19	Dec 19 vs
Level 2	**$M**	$M	$M	Dec 19 %	Jun 19 %	$M	$M	Jun 19 %
Required Stable Funding								
Residential Mortgages ≤35% [2, 3]	**264,169**	274,745	269,072	(4)	(2)	274,745	269,072	2
Other Loans	**236,540**	240,311	242,964	(2)	(3)	236,282	239,446	(1)
Liquid and Other Assets [4]	**63,078**	59,777	57,574	6	10	66,607	63,400	5
Total Required Stable Funding	**563,787**	574,833	569,610	(2)	(1)	577,634	571,918	1
Available Stable Funding								
Capital	**99,005**	96,464	91,141	3	9	96,464	91,141	6
Retail/SME Deposits	**394,155**	371,896	360,618	6	9	371,896	360,618	3
Wholesale Funding & Other	**185,758**	185,845	188,895	–	(2)	185,845	188,895	(2)
Total Available Stable Funding	**678,918**	654,205	640,654	4	6	654,205	640,654	2
Net Stable Funding Ratio (NSFR) (%)	**120**	114	112	large	large	113	112	100 bpts

Net Stable Funding Ratio (NSFR)

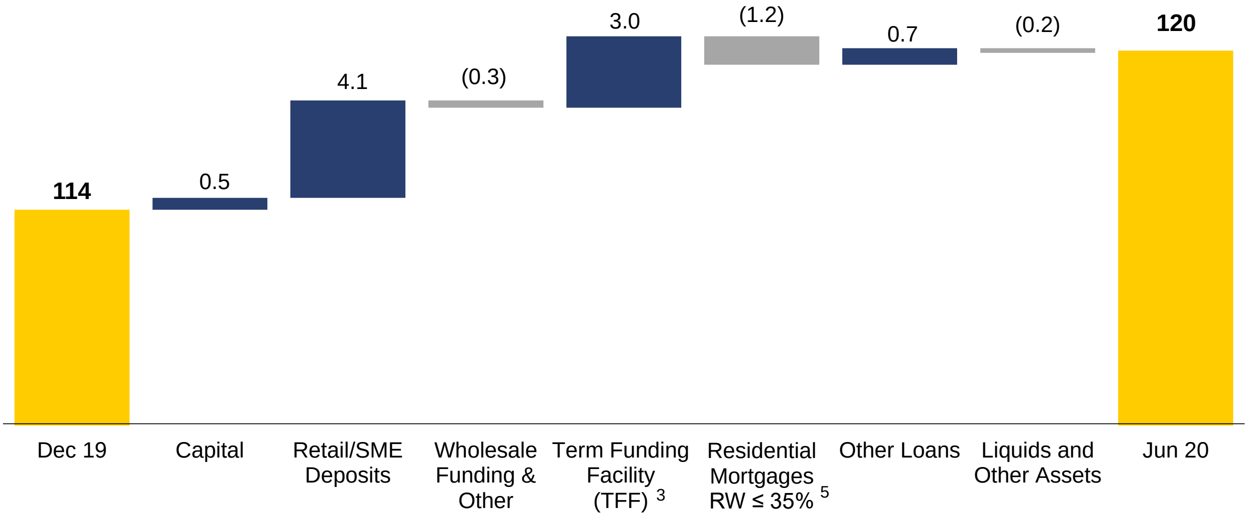
On 1 January 2018, APRA introduced a Net Stable Funding Ratio (NSFR) requirement designed to encourage stable funding of core assets. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding sources.

The Group's NSFR was 120% at 30 June 2020, an increase of 6% from 114% at 31 December 2019 and an increase of 8% from 112% at 30 June 2019, and well above the regulatory minimum of 100%.

The decrease in Required Stable Funding (RSF) over the year reflected the recognition of the Group's TFF which resulted in a lower RSF factor for mortgages that have been pledged as collateral for the TFF. This was partly offset by a decrease in the Group's CLF allocation to $45.8 billion as at 1 January 2020 and growth in residential mortgage volumes.

The increase in Available Stable Funding over the year was primarily driven by strong growth in Retail and SME deposits and an increase in Capital, partly offset by a reduction in wholesale funding.

NSFR Movement (%)



1 Comparative information has been restated to conform to presentation in the current period. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
2 This represents residential mortgages with a risk weighting of less than or equal to 35% under APRA standard APS112 Capital Adequacy: Standardised Approach to Credit Risk.
3 For the purpose of calculating NSFR, the recognition of the Group's TFF results in a lower RSF factor for mortgages that have been pledged as collateral for the TFF.
4 Includes non-performing loans, off Balance Sheet items, net derivatives, and other assets.
5 Excludes the impact from the recognition of the Group's TFF on the RSF factor for mortgages that have been pledged as collateral for the TFF.

5. Divisional Performance[1]

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1 Presented on a "cash basis" unless stated otherwise.

Divisional Performance

Divisional Summary

Divisional Summary	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	New Zealand $M	IFS and Corporate Centre $M	Wealth Management $M	Total $M
	Full Year Ended 30 June 2020						
Net interest income	9,388	5,654	1,403	1,927	238	–	18,610
Other banking income	1,625	1,565	897	375	375	–	4,837
Total banking income	11,013	7,219	2,300	2,302	613	–	23,447
Funds management income	67	–	–	136	(31)	–	172
Insurance income	140	–	–	–	(1)	–	139
Total operating income	11,220	7,219	2,300	2,438	581	–	23,758
Investment experience [1]	16	–	–	–	(13)	–	3
Total income	11,236	7,219	2,300	2,438	568	–	23,761
Operating expenses	(4,529)	(2,606)	(1,022)	(1,021)	(1,717)	–	(10,895)
Loan impairment (expense)/benefit	(1,010)	(814)	(347)	(292)	(55)	–	(2,518)
Net profit/(loss) before tax	5,697	3,799	931	1,125	(1,204)	–	10,348
Corporate tax (expense)/benefit	(1,700)	(1,145)	(276)	(314)	383	–	(3,052)
Non-controlling interests	–	–	–	–	–	–	–
Net profit after tax from continuing operations - "cash basis"	3,997	2,654	655	811	(821)	–	7,296
Net profit after tax from discontinued operations	–	–	–	–	16	137	153
Net profit/(loss) after tax - "cash basis"	3,997	2,654	655	811	(805)	137	7,449
Gain/(loss) on disposal and acquisition of entities net of transaction costs	41	(16)	–	8	161	1,898	2,092
Hedging and IFRS volatility	–	–	–	126	(33)	–	93
Other non-cash items	–	–	–	–	–	–	–
Net profit/(loss) after tax - "statutory basis" [2]	4,038	2,638	655	945	(677)	2,035	9,634

Divisional Summary	Retail Banking Services %	Business and Private Banking %	Institutional Banking and Markets %	New Zealand %	IFS and Corporate Centre %	Wealth Management %	Total %
	Full Year Ended 30 June 2020 vs Full Year Ended 30 June 19 [3]						
Net interest income	7	–	(8)	1	(37)	–	2
Other banking income	(3)	3	(5)	(15)	2	–	(2)
Total banking income	6	1	(7)	(2)	(18)	–	1
Funds management income	(52)	–	–	5	large	–	(33)
Insurance income	(6)	–	–	–	(50)	–	(5)
Total operating income	5	1	(7)	(2)	(20)	–	1
Investment experience [1]	(38)	–	–	–	(46)	–	50
Total income	5	1	(7)	(2)	(19)	–	1
Operating expenses	2	–	1	12	(6)	–	1
Loan impairment (expense)/benefit	50	large	large	large	large	–	large
Net profit/(loss) before tax	2	(9)	(36)	(23)	4	–	(10)
Corporate tax (expense)/benefit	–	(9)	(17)	(23)	3	–	(8)
Non-controlling interests	–	–	–	–	large	–	large
Net profit after tax from continuing operations - "cash basis"	2	(9)	(41)	(23)	4	–	(11)
Net profit after tax from discontinued operations	–	–	–	–	large	(74)	(68)
Net profit/(loss) after tax - "cash basis"	2	(9)	(41)	(23)	(4)	(74)	(14)
Gain/(loss) on disposal and acquisition of entities net of transaction costs	large	n/a	large	(96)	large	large	large
Hedging and IFRS volatility	-	-	-	large	6	-	large
Other non-cash items	large	-	-	-	-	large	large
Net profit/(loss) after tax - "statutory basis" [2]	4	(10)	(42)	(21)	(23)	large	12

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

2 Please refer to “Disclosures – Non-Cash Items Included in Statutory Profit” on page 12 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 2020 Financial Report.

3 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.

Divisional Performance (continued)

Retail Banking Services

Overview

Retail Banking Services provides simple, convenient and affordable banking as well as general insurance products and services to personal customers, helping them manage their everyday banking needs, buy a home, protect their assets, or invest for the future. We support our customers through an extensive network of close to 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. Retail Banking Services also includes the financial results of retail banking activities conducted under the Bankwest brand.

From March 2020 the Aligned Advice related businesses (including Financial Wisdom Limited, Count Financial Limited and Commonwealth Financial Planning Limited-Pathways) were transferred out of the Wealth Management division and consolidated into the Retail Banking Services division. On 7 August 2019, CBA confirmed it would commence the assisted closure of Financial Wisdom Limited (Financial Wisdom) and allow Commonwealth Financial Planning Limited-Pathways (CFP-Pathways) advisers to transition to a self-licensing arrangement or move to another licensee. The Group ceased providing licensee services through CFP-Pathways in March 2020 and through Financial Wisdom in June 2020. On 1 October 2019, CBA completed the sale of Count Financial Limited (Count Financial) to CountPlus Limited resulting in Count Financial results being recognised for the period up to 1 October 2019. 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 are included in the account lines of Retail Banking Services' performance.

	Full Year Ended						
	Excluding Mortgage Broking and General Insurance						Total RBS [1]
		Restated [2]		As reported			
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	30 Jun 20 $M
Net interest income	**9,389**	8,754	7	9,347	9,649	(3)	**9,388**
Other banking income	**1,363**	1,450	(6)	1,516	1,652	(8)	**1,625**
Total banking income	**10,752**	10,204	5	10,863	11,301	(4)	**11,013**
Funds management income	**67**	139	(52)	96	169	(43)	**67**
Insurance income	**–**	–	–	–	–	–	**140**
Total operating income	**10,819**	10,343	5	10,959	11,470	(4)	**11,220**
Investment Experience	**12**	13	(8)	5	–	n/a	**16**
Total Income	**10,831**	10,356	5	10,964	11,470	(4)	**11,236**
Operating expenses	**(4,191)**	(4,139)	1	(4,213)	(4,102)	3	**(4,529)**
Loan impairment expense	**(1,010)**	(672)	50	(693)	(652)	6	**(1,010)**
Net profit before tax	**5,630**	5,545	2	6,058	6,716	(10)	**5,697**
Corporate tax expense	**(1,681)**	(1,670)	1	(1,824)	(2,013)	(9)	**(1,700)**
Net profit after tax excluding Mortgage Broking and General Insurance	**3,949**	3,875	2	4,234	4,703	(10)	**3,997**
Cash net profit after tax from Mortgage Broking and General Insurance	**48**	32	50	33	120	(73)	**n/a**
Net profit after tax ("cash basis")	**3,997**	3,907	2	4,267	4,823	(12)	**3,997**
Gain/(loss) on disposal and acquisition of entities net of transaction costs	**41**	(32)	large	–	58	large	**41**
Other non-cash items	**–**	(1)	large	(1)	(3)	(67)	**–**
Net profit after tax ("statutory basis") [3]	**4,038**	3,874	4	4,266	4,878	(13)	**4,038**

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 12 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 2020 Financial Report.

Retail Banking Services (continued)

	Full Year Ended						
	Excluding Mortgage Broking and General Insurance						Total RBS [1]
		Restated [2]		As reported			
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 19	30 Jun 18	Jun 19 vs	30 Jun 20
Income analysis	$M	$M	Jun 19 %	$M	$M	Jun 18 %	$M
Net interest income							
Home loans	**5,472**	4,235	29	4,388	4,904	(11)	**5,471**
Consumer finance & other [3]	**1,559**	1,635	(5)	1,672	1,815	(8)	**1,559**
Deposits	**2,358**	2,884	(18)	3,106	2,741	13	**2,358**
Business lending	**n/a**	n/a	n/a	181	189	(4)	**n/a**
Total net interest income	**9,389**	8,754	7	9,347	9,649	(3)	**9,388**
Other banking income							
Home loans	**265**	261	2	261	262	–	**265**
Consumer finance [4]	**469**	505	(7)	522	564	(7)	**469**
Business lending [5]	**n/a**	n/a	n/a	48	49	(2)	**n/a**
Deposits	**371**	427	(13)	432	481	(10)	**371**
Distribution & other [6]	**258**	257	–	253	296	(15)	**520**
Total other banking income	**1,363**	1,450	(6)	1,516	1,652	(8)	**1,625**
Total banking income	**10,752**	10,204	5	10,863	11,301	(4)	**11,013**

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 and other includes personal loans, credit cards and business lending. "As reported" includes personal loans and credit cards, and business lending is reported as a separate line item.

4 Consumer finance includes personal loans and credit cards.

5 Business lending is no longer reported as a separate line item and is included in other.

6 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.

Divisional Performance (continued)

Retail Banking Services (continued)

Balance Sheet (excl. Mortgage Broking and General Insurance)	As at					
		Restated [1]		As reported		
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Home loans [2]	**388,565**	369,236	5	381,385	364,840	5
Consumer finance [3]	**12,096**	14,780	(18)	15,150	16,051	(6)
Business loans	**n/a**	n/a	n/a	9,837	9,652	2
Other interest earning assets	**833**	494	69	215	931	(77)
Total interest earning assets	**401,494**	384,510	4	406,587	391,474	4
Other assets	**3,447**	4,498	(23)	4,053	4,659	(13)
Total assets	**404,941**	389,008	4	410,640	396,133	4
Transaction deposits [4]	**36,991**	32,252	15	36,173	32,834	10
Savings deposits [4]	**119,896**	106,957	12	109,041	110,507	(1)
Investment deposits and other	**71,733**	79,594	(10)	97,706	96,286	1
Total interest bearing deposits	**228,620**	218,803	4	242,920	239,627	1
Non-interest bearing transaction deposits	**33,444**	23,940	40	25,599	23,909	7
Other non-interest bearing liabilities	**3,510**	4,163	(16)	4,072	4,044	1
Total liabilities	**265,574**	246,906	8	272,591	267,580	2

Key Financial Metrics (excl. Mortgage Broking and General Insurance)	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs Jun 19 %	30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %
Performance indicators						
Net interest margin (%)	**2. 63**	2. 55	8 bpts	2. 57	2. 74	(17)bpts
Return on assets (%)	**1.0**	1. 0	-	1. 0	1. 2	(20)bpts
Statutory operating expenses to total operating income (%)	**38. 9**	40. 3	(140)bpts	38.4	35.8	260 bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 26**	0. 17	9 bpts	0. 17	0. 16	1 bpt
Other information						
Average interest earning assets ($M) [5]	**357,008**	342,713	4	363,187	352,450	3
Risk weighted assets ($M) [6]	**162,939**	166,908	(2)	173,716	168,370	3
90+ days home loan arrears (%)	**0. 63**	0. 73	(10)bpts	0. 73	0. 74	(1)bpt
90+ days consumer finance arrears (%)	**1. 34**	1. 29	5 bpts	1. 29	1. 25	4 bpts
Number of full-time equivalent staff (FTE)	**14,013**	14,447	(3)	15,137	15,491	(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 Home loans are presented gross of $38,853 million of mortgage offset balances (30 June 2019: $34,455 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 $38,853 million of mortgage offset balances (30 June 2019: $34,455 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 (continued)

Financial Performance and Business Review [1]

Year Ended June 2020 versus Restated June 2019

Retail Banking Services net profit after tax ("statutory basis") for the full year ended 30 June 2020 was $4,038 million, an increase of $164 million or 4% on the prior year.

The result was driven by a 5% increase in total operating income, partly offset by a 1% increase in operating expenses and a 50% increase in loan impairment expense.

Net Interest Income

Net interest income was $9,389 million, an increase of $635 million or 7% 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 reflecting repricing and timing benefits (up 23 basis points), partly offset by increased competition (down 8 basis points) and unfavourable home loan portfolio mix (down 3 basis points) with a shift to lower margin loans (interest only to principal and interest, and investor to owner occupied);
- Lower wholesale funding costs primarily due to a decrease in the spread between the three month bank bill swap rate and the three month overnight index swap rate, known as basis risk (up 11 basis points); and
- Higher consumer finance margin due to the benefit from the decreases in the cash rate (up 2 basis points); partly offset by
- Lower deposits margin due to reduced earnings on transaction and savings deposits reflecting the decreases in the cash rate, and lower earnings on investment deposits from lower swap rates (down 11 basis points);
- Lower earnings on equity due to the falling interest rate environment (down 3 basis points); and
- Unfavourable portfolio mix driven by proportionally more lower margin home loan balances relative to higher margin consumer finance balances, partly offset by customers switching to at-call deposits from investment deposits (down 3 basis points).

Other Banking Income

Other banking income was $1,363 million, a decrease of $87 million or 6% on the prior year, reflecting:

- Lower credit card and international transaction volumes, mainly driven by a decline in spend due to COVID-19; and
- Lower deposit income due to lower interchange, the removal and simplification of certain account fees, and lower volumes of transaction fees; partly offset by
- Payments received from AIA reflecting progress in meeting partnership milestones following the sale of CommInsure Life.

Funds Management Income

Funds management income was $67 million, a decrease of $72 million or 52% on the prior year. This was driven by the cessation of ongoing service fees and grandfathered trail commissions, lower volumes of initial advice, and the wind-down of the Aligned Advice businesses.

Operating Expenses

Operating expenses were $4,191 million, an increase of $52 million or 1% on the prior year. This was primarily driven by inflation, increased call centre and financial assistance resourcing, higher risk and compliance spend, operational losses and increased investment spend, partly offset by productivity initiatives including workforce and branch optimisation, and lower credit card loyalty redemptions as a result of COVID-19.

The number of full-time equivalent staff (FTE) decreased by 434 or 3% on the prior year, from 14,447 to 14,013 FTE, driven by frontline and head office optimisation, partly offset by increased call centre, financial assistance and risk resourcing.

Investment spend focused on risk and compliance initiatives to meet regulatory requirements including Program of Action, Comprehensive Credit Reporting, Banking Code of Practice, Responsible Lending, Privacy and Open Banking.

The statutory operating expenses to total operating income ratio was 38.9%, a decrease of 140 basis points on the prior year, mainly driven by higher total operating income.

Loan Impairment Expense

Loan impairment expense was $1,010 million, an increase of $338 million or 50% on the prior year. This was driven by higher collective provisions due to increased forward looking adjustments reflecting a deterioration in the economic outlook, and emerging risks, mainly due to COVID-19, partly offset by lower consumer finance balances.

Loan impairment expense as a percentage of average gross loans and acceptances increased 9 basis points on the prior year to 0.26%.

Home loan 90+ day arrears decreased by 10 basis points from 0.73% to 0.63%, reflecting increased resourcing for arrears management, the decreases in the cash rate and customer take-up of repayment deferrals.

Consumer finance 90+ day arrears increased by 5 basis points from 1.29% to 1.34% driven by lower balances and increased hardship due to the impact of COVID-19, partly offset by an improvement in customer origination quality and increased resourcing levels for arrears management.

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of $19.3 billion or 5%, above system [2] growth of 3%. Proprietary mix for CBA branded home loans decreased 1% from 59% to 58%, due to continued strong broker flows, with time to decision remaining stable despite strong application volumes and increased policy and regulatory requirements;
- Consumer finance decrease of $2.7 billion or 18%, broadly in line with system [2]. The decrease in balances was driven by lower consumer demand for unsecured lending, lower discretionary spend due to COVID-19, and increased customer repayments following fiscal and regulatory support measures; and

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

2 System source: RBA/APRA.

Retail Banking Services (continued)

Financial Performance and Business Review (continued)

Balance Sheet (continued)

- Total deposits growth of $19.3 billion or 8% (interest and non-interest bearing), broadly in line with system[1]. Total transaction deposits growth was strong (up 25% including non-interest bearing balances), driven by growth in existing customers' balances and continued growth in mortgage offset accounts. Savings deposits increased by 12% as customers switched to at-call deposits from investment deposits (down 10%).

Risk Weighted Assets

Risk weighted assets were $162.9 billion, a decrease of $4.0 billion or 2% on the prior year.

- Credit risk weighted assets decreased $2.3 billion or 2% driven by lower consumer finance balances and changes in credit risk estimates, partly offset by home lending volume growth;
- IRRBB and other risk weighted assets decreased $0.9 billion or 11%; and
- Operational risk weighted assets decreased $0.8 billion or 3%.

General Insurance and Mortgage Broking

Net Profit after Tax (NPAT) ("statutory basis") was $48 million, an increase of $16 million or 50% on the prior year. The result was driven by higher income in Mortgage Broking, partly offset by higher claims experience in the General Insurance business mainly due to bushfire related claims.

As reported Year Ended June 2019 versus June 2018

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.

1 System source: RBA/APRA.

Retail Banking Services (continued)

Financial Performance and Business Review (continued)

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;
- 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.

1 System source: RBA/APRA.

Divisional Performance (continued)

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. We also provide Australia's leading equities trading and margin lending services through our CommSec business. Business and Private Banking also includes the financial results of business banking activities conducted under the Bankwest brand.

On 28 April 2020, the Group announced the sale of its subsidiary, Australian Investment Exchange Limited (AUSIEX), a provider of outsourced trade execution, settlement and clearing solutions, to Nomura Research Institute (NRI). The sale is subject to regulatory and other conditions, and is expected to complete in the first half of calendar year 2021. As AUSIEX does not itself constitute a major line of the Group's business, the financial results of AUSIEX are treated as continuing operations and included in the account lines of Business and Private Banking performance.

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Net interest income	**5,654**	5,655	–	5,123	5,115	–
Other banking income	**1,565**	1,524	3	1,450	1,425	2
Total banking income	**7,219**	7,179	1	6,573	6,540	1
Operating expenses	**(2,606)**	(2,604)	–	(2,409)	(2,230)	8
Loan impairment expense	**(814)**	(384)	large	(362)	(247)	47
Net profit before tax	**3,799**	4,191	(9)	3,802	4,063	(6)
Corporate tax expense	**(1,145)**	(1,260)	(9)	(1,144)	(1,218)	(6)
Net profit after tax ("cash basis")	**2,654**	2,931	(9)	2,658	2,845	(7)
(Loss)/gain on disposal and acquisition of controlled entities	**(16)**	–	n/a	–	–	–
Net profit after tax ("statutory basis") [2]	**2,638**	2,931	(10)	2,658	2,845	(7)
Income analysis						
Net interest income						
Small Business Banking	**2,408**	2,388	1	2,112	2,161	(2)
Business and Corporate Banking	**1,916**	1,959	(2)	1,757	1,698	3
Regional and Agribusiness	**808**	788	3	725	722	–
Private Bank	**317**	330	(4)	326	349	(7)
CommSec	**205**	190	8	203	185	10
Total net interest income	**5,654**	5,655	–	5,123	5,115	–
Other banking income						
Small Business Banking	**462**	493	(6)	462	457	1
Business and Corporate Banking	**556**	577	(4)	537	505	6
Regional and Agribusiness	**134**	146	(8)	136	135	1
Private Bank	**45**	60	(25)	60	64	(6)
CommSec	**368**	248	48	255	264	(3)
Total other banking income	**1,565**	1,524	3	1,450	1,425	2
Total banking income	**7,219**	7,179	1	6,573	6,540	1
Income by product						
Business products	**4,150**	4,318	(4)	3,948	3,786	4
Retail products	**2,573**	2,468	4	2,239	2,356	(5)
Equities and margin lending	**455**	337	35	337	350	(4)
Other	**41**	56	(27)	49	48	2
Total banking income	**7,219**	7,179	1	6,573	6,540	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.

Divisional Performance (continued)

Business and Private Banking (continued)

Balance Sheet	30 Jun 20 $M	Restated [1] 30 Jun 19 $M	Jun 20 vs Jun 19 %	As reported 30 Jun 19 $M	As reported 30 Jun 18 $M	Jun 19 vs Jun 18 %
Home loans [2]	**97,591**	98,568	(1)	86,415	87,045	(1)
Business loans [3]	**93,305**	91,641	2	81,830	80,547	2
Margin loans	**2,322**	2,559	(9)	2,559	2,750	(7)
Consumer finance	**2,051**	2,600	(21)	2,256	2,460	(8)
Total interest earning assets	**195,269**	195,368	–	173,060	172,802	–
Non-lending interest earning assets [4]	**133**	92	45	92	114	(19)
Other assets [4]	**1,308**	1,587	(18)	1,700	1,719	(1)
Total assets	**196,710**	197,047	–	174,852	174,635	–
Transaction deposits [3, 5]	**37,240**	30,676	21	23,676	23,231	2
Savings deposits [5]	**68,146**	55,033	24	52,032	50,757	3
Investment deposits and other	**37,623**	47,847	(21)	41,234	40,691	1
Total interest bearing deposits	**143,009**	133,556	7	116,942	114,679	2
Debt issues and other	**25**	32	(22)	32	39	(18)
Non-interest bearing transaction deposits	**33,554**	23,867	41	22,122	20,601	7
Other non-interest bearing liabilities [6]	**1,604**	1,602	–	1,445	1,284	13
Total liabilities	**178,192**	159,057	12	140,541	136,603	3

Key Financial Metrics (Full Year Ended)	30 Jun 20	Restated [1] 30 Jun 19	Jun 20 vs Jun 19 %	As reported 30 Jun 19	As reported 30 Jun 18	Jun 19 vs Jun 18 %
Performance indicators						
Net interest margin (%)	**3. 10**	3. 10	-	3. 17	3. 16	1 bpt
Return on assets (%)	**1. 3**	1. 5	(20)bpts	1. 5	1. 6	(10)bpts
Statutory operating expenses to total banking income (%)	**36. 4**	36. 3	10 bpts	36. 6	34. 1	250 bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 42**	0. 20	22 bpts	0. 21	0. 14	7 bpts
Other information						
Average interest earning assets ($M) [7]	**182,498**	182,400	–	161,808	161,627	–
Risk weighted assets ($M)	**141,157**	138,753	2	122,030	119,804	2
Troublesome and impaired assets ($M) [8]	**4,677**	4,273	9	3,694	2,652	39
Number of full-time equivalent staff (FTE)	**4,589**	4,566	1	4,233	4,112	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 $11,744 million of mortgage offset balances (30 June 2019: $10,623 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 $244 million of Cash Management Pooling Facilities (CMPF) (30 June 2019: $339 million). Transaction Deposits include $1,223 million of CMPF liabilities (30 June 2019: $947 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments and risk weighted assets.
4 On 28 April 2020 CBA announced that it has entered into an agreement to sell AUSIEX to Nomura Research Institute. Other assets include $226 million of assets and non-lending interest earning assets include $23 million of assets related to the AUSIEX business that have been reclassified to assets held for sale.
5 Transaction and Savings deposits include $11,744 million of mortgage offset balances (30 June 2019: $10,623 million).
6 Includes $188 million of liabilities related to the AUSIEX business that are classified as liabilities held for sale.
7 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.
8 Commercial troublesome and impaired assets only. Includes commercial and leasing products.

Business and Private Banking (continued)

Financial Performance and Business Review

Year Ended June 2020 versus Restated June 2019

Business and Private Banking net profit after tax ("statutory basis") for the full year ended 30 June 2020 was $2,638 million, a decrease of $293 million or 10% on the prior year. The result was driven by a $430 million increase in loan impairment expense, partly offset by a 1% increase in total banking income flat operating expenses.

Net Interest Income

Net interest income was $5,654 million, a decrease of $1 million or flat on the prior year. This was driven by flat net interest margin and flat average interest earning assets.

Net interest margin was flat on the prior year, reflecting:

- Higher home lending margin reflecting repricing and timing benefits, partly offset by increased competition (up 5 basis points, excluding the impact of basis risk);
- Favourable portfolio mix from growth in transaction and savings deposits (up 5 basis points);
- Higher business lending margin reflecting repricing (up 4 basis points, excluding the impact of basis risk); and
- Lower exposure to basis risk due to growth in cash rate linked deposits (up 1 basis point); offset by
- Lower deposits margin due to reduced earnings on transaction and saving deposits driven by the decreases in the cash rate, and lower earnings on investment deposits from lower swap rates (down 11 basis points, excluding the impact of basis risk); and
- Lower earnings on equity due to the falling interest rate environment (down 4 basis points).

Other Banking Income

Other banking income was $1,565 million, an increase of $41 million or 3% on the prior year, reflecting:

- Higher equities income from higher trading volumes and an increase in customer numbers; partly offset by
- Lower merchant income due to fee waivers to support our customers through COVID-19;
- Lower deposits income driven by the introduction of fee free business transaction accounts; and
- Lower credit card and international transaction income, mainly driven by a decline in volumes due to COVID-19.

Operating Expenses

Operating expenses were $2,606 million, an increase of $2 million or flat on the prior year. Excluding the impact of remediation costs, operating expenses increased by $122 million or 5% on the prior year due to continued investment in business banking product offerings and distribution capabilities.

The number of full-time equivalent staff (FTE) increased by 23 or 1% on the prior year, from 4,566 to 4,589 FTE, primarily driven by investment in frontline business bankers and remediation staff, partly offset by productivity initiatives.

Investment was primarily focused on further enhancing the customer experience with investment in digitisation of deposit and payment products, improving the end-to-end processes for business loans and merchant solutions, and simplifying the product offering for business customers, as well as investment in regulatory, risk and compliance initiatives.

The statutory operating expenses to total banking income ratio was 36.4%, an increase of 10 basis points on the prior year. Excluding remediation costs, the operating expenses to total banking income ratio increased 150 basis points, mainly driven by higher operating expenses.

Loan Impairment Expense

Loan impairment expense was $814 million, an increase of $430 million on the prior year. This was driven by higher collective provisions due to increased forward looking adjustments reflecting a deterioration in the economic outlook, as well as emerging industry sector risks, in particular commercial property, health and community services, manufacturing and wholesale trade, mainly due to COVID-19.

Loan impairment expense as a percentage of average gross loans and acceptances increased 22 basis points on the prior year to 0.42%.

Troublesome and impaired assets increased by 9%, driven by the downgrade and impairment of a small number of large exposures. Asset quality was supported by a selective tightening of origination criteria in specific industries affected by COVID-19.

Balance Sheet

Key spot balance sheet movements included:

- Business loan growth of $1.7 billion or 2%, reflecting growth across various industries including property investment and agriculture, partly offset by a continued reduction in exposure to residential property development. Loan growth was driven in part by support provided to customers with over 7,300 loans funded under the Government's SME Guarantee Scheme;
- Home loan decrease of $1.0 billion or 1%, below system [1] growth of 3%, reflecting lower investor home lending partly offset by growth in owner occupied; and
- Total deposit growth (interest and non-interest bearing) of $19.1 billion or 12%, below system [1] growth of 15%. Total deposit growth was driven by higher transaction (up 30%) and savings (up 24%) balances, partly offset by a decrease in investment deposits (down 21%) due to increased demand for at-call deposits in the low cash rate environment.

Risk Weighted Assets

Risk weighted assets were $141.2 billion, an increase of $2.4 billion or 2% on the prior year.

- Credit risk weighted assets increased $3.9 billion or 3% driven by business lending volume growth and a deterioration in credit quality; and
- Operational risk weighted assets increased $0.1 billion or 1%; partly offset by
- Traded Market risk weighted assets decreased $0.9 billion or 52%; and
- IRRBB risk weighted assets decreased $0.7 billion or 14%.

1 System source: RBA/APRA

Business and Private Banking (continued)

As reported Year Ended June 2019 versus 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 an 8% increase in operating expenses and a 47% increase in loan impairment expense, partly offset by 1% increase in total banking income.

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 [1] 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.

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 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Net interest income	**1,403**	1,533	(8)	1,371	1,434	(4)
Other banking income	**897**	947	(5)	1,073	1,237	(13)
Total banking income	**2,300**	2,480	(7)	2,444	2,671	(8)
Operating expenses	**(1,022)**	(1,014)	1	(1,043)	(1,067)	(2)
Loan impairment (expense)/benefit	**(347)**	(17)	large	(17)	(80)	(79)
Net profit before tax	**931**	1,449	(36)	1,384	1,524	(9)
Corporate tax expense	**(276)**	(332)	(17)	(313)	(354)	(12)
Net profit after tax ("cash basis")	**655**	1,117	(41)	1,071	1,170	(8)
Gain/(loss) on acquisition, disposal, closure and demerger of businesses	**–**	13	large	13	–	large
Net profit after tax ("statutory basis") [2]	**655**	1,130	(42)	1,084	1,170	(7)
Income analysis						
Net interest income						
Institutional Banking	**1,146**	1,271	(10)	1,276	1,258	1
Markets	**257**	262	(2)	95	176	(46)
Total net interest income	**1,403**	1,533	(8)	1,371	1,434	(4)
Other banking income						
Institutional Banking	**365**	506	(28)	499	622	(20)
Markets	**532**	441	21	574	615	(7)
Total other banking income	**897**	947	(5)	1,073	1,237	(13)
Total banking income	**2,300**	2,480	(7)	2,444	2,671	(8)
Income by product						
Institutional products	**1,443**	1,578	(9)	1,572	1,636	(4)
Asset leasing	**68**	199	(66)	203	244	(17)
Markets (excluding derivative valuation adjustments)	**846**	749	13	715	789	(9)
Total banking income excluding derivative valuation adjustments	**2,357**	2,526	(7)	2,490	2,669	(7)
Derivative valuation adjustments [3]	**(57)**	(46)	24	(46)	2	large
Total banking income	**2,300**	2,480	(7)	2,444	2,671	(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 12 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 2020 Financial Report.

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

Divisional Performance (continued)

Institutional Banking and Markets (continued)

	As at					
		Restated [1]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 19	30 Jun 18	Jun 19 vs
Balance Sheet	$M	$M	Jun 19 %	$M	$M	Jun 18 %
Interest earning lending assets [2]	**94,155**	91,859	2	92,029	104,615	(12)
Non-lending interest earning assets	**48,014**	37,097	29	30,243	27,707	9
Other assets [3]	**28,941**	19,071	52	25,925	29,803	(13)
Total assets	**171,110**	148,027	16	148,197	162,125	(9)
Transaction deposits [2]	**63,806**	52,315	22	50,258	45,699	10
Savings deposit	**21,977**	6,581	large	6,554	6,705	(2)
Investment deposits	**38,723**	42,424	(9)	36,066	44,391	(19)
Certificates of deposit and other	**23,088**	16,132	43	16,132	12,832	26
Total interest bearing deposits	**147,594**	117,452	26	109,010	109,627	(1)
Due to other financial institutions	**9,607**	14,964	(36)	14,964	12,719	18
Debt issues and other [4]	**3,894**	7,850	(50)	7,850	9,343	(16)
Non-interest bearing liabilities [3]	**25,292**	18,313	38	18,385	21,955	(16)
Total liabilities	**186,387**	158,579	18	150,209	153,644	(2)

	Full Year Ended					
		Restated [1]		As reported		
			Jun 20 vs			Jun 19 vs
Key Financial Metrics	30 Jun 20	30 Jun 19	Jun 19 %	30 Jun 19	30 Jun 18	Jun 18 %
Performance indicators						
Net interest margin (%)	**1.00**	1. 11	(11)bpts	1. 05	1. 03	2 bpts
Return on assets (%)	**0. 4**	0. 7	(30)bpts	0.7	0.7	-
Statutory operating expenses to total banking income (%)	**44. 4**	40. 4	400 bpts	42. 2	39. 9	230 bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 36**	0. 02	34 bpts	0. 02	0. 07	(5)bpts
Other information						
Average interest earning assets ($M)	**139,911**	137,670	2	130,438	138,935	(6)
Risk weighted assets ($M)	**93,076**	85,951	8	85,496	95,875	(11)
Troublesome and impaired assets ($M)	**1,346**	748	80	748	1,403	(47)
Corporate total committed exposures rated investment grade (%)	**86. 5**	87. 2	(70)bpts	87. 3	86. 2	110 bpts
Number of full-time equivalent staff (FTE)	**1,138**	1,157	(2)	1,180	1,263	(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 $24,868 million of Cash Management Pooling Facilities (CMPF) (30 June 2019: $22,822 million). Transaction Deposits include $34,349 million of CMPF liabilities (30 June 2019: $31,182 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments 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 (continued)

Financial Performance and Business Review

Year Ended June 2020 versus Restated June 2019

Institutional Banking and Markets net profit after tax ("statutory basis") for the full year ended 30 June 2020 was $655 million, a decrease of $475 million or 42% on the prior year. The result was driven by a 7% decrease in total banking income, a 1% increase in operating expenses and a $330 million increase in loan impairment expense.

Net Interest Income

Net interest income was $1,403 million, a decrease of $130 million or 8% on the prior year. The result was driven by a 10% decrease in net interest margin, partly offset by a 2% increase in average interest earning assets.

Net interest margin decreased 11 basis points, reflecting:

- Reduced deposits revenue as a result of the decreases in the cash rate, and the impact from the lower spread between the three month bank bill swap rate and the three month overnight index swap rate, known as basis risk (down 4 basis points);
- Lower earnings on equity due to the falling interest rate environment (down 4 basis points); and
- Lower revenue from Structured Asset Finance mainly due to a reduction in the estimated residual value of shipping vessels under finance leases (down 3 basis points).

Other Banking Income

Other banking income was $897 million, a decrease of $50 million or 5% on the prior year, reflecting:

- The impairment of aircraft which are owned by the Group and leased to various airlines in the Structured Asset Finance portfolio due to the impact of COVID-19 on the aviation sector;
- Lower lending fees driven by lower average institutional lending exposures due to portfolio optimisation initiatives; and
- Unfavourable movement in derivative valuation adjustments; partly offset by
- Higher Markets income due to stronger trading and sales performance in foreign exchange reflecting market volatility and higher client demand.

Operating Expenses

Operating expenses were $1,022 million, an increase of $8 million or 1% on the prior year. This was driven by higher IT expenses and regulatory, risk and compliance costs, partly offset by productivity initiatives.

The statutory operating expenses to total banking income ratio was 44.4%, an increase of 400 basis points on the prior year, mainly driven by lower total banking income.

The number of full-time equivalent staff (FTE) decreased by 19 or 2% on the prior year, from 1,157 to 1,138 FTE. The decrease was driven by productivity initiatives, partly offset by an increase in risk and compliance staff.

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

Loan Impairment Expense

Loan impairment expense was $347 million, an increase of $330 million on the prior year. This was driven by higher collective provisions due to increased forward looking adjustments reflecting a deterioration in the economic outlook, as well as emerging industry sector risks, in particular manufacturing, media and aviation, mainly due to COVID-19, partly offset by lower individual provisions.

Loan impairment expense as a percentage of average gross loans and acceptances increased 34 basis points to 0.36%.

Asset quality of the portfolio has deteriorated, with the percentage of the book rated as investment grade decreasing by 70 basis points to 86.5%.

Balance Sheet

Key spot balance sheet movements included:

- Lending balance growth of $2.3 billion or 2%, driven by increased drawdown of warehouse facilities;
- Non-lending interest earning assets growth of $10.9 billion or 29%, mainly driven by an increase in the high grade bonds portfolio, reflecting higher bond prices as a result of the falling interest rate environment and active participation in new issuances;
- Other assets and non-interest bearing liabilities growth of $9.9 billion or 52% and $7.0 billion or 38% respectively, mainly driven by the revaluation of derivative assets and derivative liabilities due to foreign currency and interest rate volatility. Derivative assets and derivative liabilities are required to be grossed up under accounting standards;
- Total interest bearing deposits growth of $30.1 billion or 26%, driven by clients managing their liquidity needs in response to COVID-19; and
- Due to other financial institutions decrease of $5.4 billion or 36%, due to lower central bank deposits reflecting reduced demand for short-term funding.

Risk Weighted Assets

Risk weighted assets were $93.1 billion, an increase of $7.1 billion or 8% on the prior year.

- Credit risk weighted assets increased $4.8 billion or 7% driven by a deterioration in credit quality, foreign currency movements and regulatory changes; and
- Traded Market risk weighted assets increased $3.2 billion or 41%; partly offset by
- IRRBB risk weighted assets decreased $0.5 billion or 21%; and
- Operational risk weighted assets decreased $0.4 billion or 5%.

Divisional Performance (continued)

Institutional Banking and Markets (continued)

Financial Performance and Business Review

As Reported Year Ended June 2019 versus 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, partly offset by 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%.

Divisional Performance (continued)

New Zealand

Overview

New Zealand includes the banking and funds management businesses operating in New Zealand primarily under the ASB brand. ASB provides a range of banking, wealth and insurance products and services to its personal, business, rural and corporate customers in New Zealand.

ASB serves the financial needs of its customers across multiple channels including an extensive network of branches, ATMs, contact centres, digital platforms and relationship managers.

On 2 December 2019, ASB completed the sale of its funds administration businesses Aegis Limited and Investment Custodial Services Limited (collectively known as "Aegis"). As Aegis does not itself constitute a major line of the Group's business, the financial results of Aegis are treated as continuing operations and included in the account lines of New Zealand's performance.

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 19	30 Jun 18	Jun 19 vs
New Zealand (A$M)	A$M	A$M	Jun 19 %	A$M	A$M	Jun 18 %
Net interest income	**1,927**	1,909	1	1,896	1,760	8
Other banking income [2]	**375**	442	(15)	442	415	7
Total banking income	**2,302**	2,351	(2)	2,338	2,175	7
Funds management income	**136**	130	5	130	112	16
Total operating income	**2,438**	2,481	(2)	2,468	2,287	8
Operating expenses	**(1,021)**	(912)	12	(912)	(860)	6
Loan impairment expense	**(292)**	(102)	large	(102)	(74)	38
Net profit before tax	**1,125**	1,467	(23)	1,454	1,353	7
Corporate tax expense	**(314)**	(408)	(23)	(404)	(378)	7
Cash net profit after tax from continuing operations	**811**	1,059	(23)	1,050	975	8
Cash net profit after tax from discontinued operations	**–**	–	–	–	96	large
Net profit after tax ("cash basis")	**811**	1,059	(23)	1,050	1,071	(2)
Gain/(loss) on disposal and acquisition of entities net of transaction costs	**8**	179	(96)	179	(18)	large
Hedging and IFRS volatility (after tax)	**126**	(48)	large	(48)	87	large
Net profit after tax ("statutory basis") [3, 4]	**945**	1,190	(21)	1,181	1,140	4

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 12 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 2020 Financial Report.

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

Divisional Performance (continued)

New Zealand (continued)

New Zealand (NZ$M)	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 20 NZ$M	30 Jun 19 NZ$M	Jun 20 vs Jun 19 %	30 Jun 19 NZ$M	30 Jun 18 NZ$M	Jun 19 vs Jun 18 %
Net interest income	**2,038**	2,035	–	2,018	1,916	5
Other banking income	**460**	477	(4)	477	465	3
Total banking income	**2,498**	2,512	(1)	2,495	2,381	5
Funds management income	**143**	138	4	138	122	13
Total operating income	**2,641**	2,650	–	2,633	2,503	5
Operating expenses	**(1,078)**	(970)	11	(970)	(935)	4
Loan impairment expense	**(306)**	(108)	large	(108)	(80)	35
Net profit before tax	**1,257**	1,572	(20)	1,555	1,488	5
Corporate tax expense	**(352)**	(440)	(20)	(433)	(416)	4
Cash net profit after tax from continuing operations	**905**	1,132	(20)	1,122	1,072	5
Cash net profit after tax from discontinued operations	**–**	–	–	–	106	large
Net profit after tax ("cash basis")	**905**	1,132	(20)	1,122	1,178	(5)
(Loss)/gain on disposal and acquisition of entities net of transaction costs	**(29)**	46	large	46	–	n/a
Hedging and IFRS volatility (after tax)	**(3)**	6	large	6	6	–
Net profit after tax ("statutory basis") [2, 3]	**873**	1,184	(26)	1,174	1,184	(1)
Represented by :						
ASB	**935**	1,255	(25)	1,243	1,149	8
Other [4]	**(62)**	(71)	(13)	(69)	(71)	(3)
Sovereign (discontinued operations)	**–**	–	–	–	106	large
Net profit after tax ("statutory basis") [2, 3]	**873**	1,184	(26)	1,174	1,184	(1)

Key Financial Metrics (continuing operations) [5]		Restated [1]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs Jun 19 %	30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %
Statutory operating expenses to total operating income (%)	**42. 0**	35. 9	large	36. 1	37. 2	(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 12 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 2020 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 (continued)

Financial Performance and Business Review

Year Ended June 2020 versus Restated June 2019

New Zealand [1] net profit after tax [2] ("statutory basis") for the full year ended 30 June 2020 was NZD873 million, a decrease of NZD311 million or 26% on the prior year. The result was driven by flat total operating income, an 11% increase in operating expenses and a NZD198 million increase in loan impairment expense.

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.

As reported Year Ended June 2019 versus 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.

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.

Divisional Performance (continued)

New Zealand (continued)

ASB (NZ$M)	Full Year Ended 30 Jun 20 NZ$M	Restated [1] 30 Jun 19 NZ$M	Jun 20 vs Jun 19 %	As reported 30 Jun 19 NZ$M	As reported 30 Jun 18 NZ$M	Jun 19 vs Jun 18 %
Net interest income	**2,122**	2,128	–	2,111	2,008	5
Other banking income	**460**	477	(4)	477	470	1
Total banking income	**2,582**	2,605	(1)	2,588	2,478	4
Funds management income	**143**	138	4	138	122	13
Total operating income	**2,725**	2,743	(1)	2,726	2,600	5
Operating expenses	**(1,078)**	(970)	11	(970)	(935)	4
Loan impairment expense	**(306)**	(108)	large	(108)	(80)	35
Net profit before tax	**1,341**	1,665	(19)	1,648	1,585	4
Corporate tax expense	**(374)**	(462)	(19)	(457)	(442)	3
Net profit after tax ("cash basis")	**967**	1,203	(20)	1,191	1,143	4
(Loss)/gain on acquistion, disposal, closure and demerger of businesses	**(29)**	46	large	46	–	n/a
Hedging and IFRS volatility (after tax)	**(3)**	6	large	6	6	–
Net profit after tax ("statutory basis") [2]	**935**	1,255	(25)	1,243	1,149	8

Balance Sheet (NZ$M)	As at 30 Jun 20 NZ$M	Restated [1] 30 Jun 19 NZ$M	Jun 20 vs Jun 19 %	As reported 30 Jun 19 NZ$M	As reported 30 Jun 18 NZ$M	Jun 19 vs Jun 18 %
Home loans	**60,336**	57,194	5	57,194	53,918	6
Business Lending [3]	**17,680**	17,342	2	28,662	27,054	6
Rural Lending	**10,900**	11,320	(4)	–	–	–
Other interest earning assets	**1,895**	2,198	(14)	2,198	2,212	(1)
Total lending interest earning assets	**90,811**	88,054	3	88,054	83,184	6
Non-lending interest earning assets	**12,029**	8,719	38	8,719	9,861	(12)
Other assets	**2,370**	1,643	44	1,643	2,320	(29)
Total assets	**105,210**	98,416	7	98,416	95,365	3
Customer deposits	**63,874**	59,016	8	59,016	55,923	6
Debt issues	**18,863**	20,971	(10)	20,971	20,053	5
Other interest bearing liabilities [4]	**2,796**	2,283	22	2,283	3,298	(31)
Total interest bearing liabilities	**85,533**	82,270	4	82,270	79,274	4
Non-interest bearing deposits	**8,123**	5,530	47	–	–	–
Other non-interest bearing liabilities [4]	**1,183**	1,195	(1)	6,725	6,591	2
Total liabilities	**94,839**	88,995	7	88,995	85,865	4

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 12 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 2020 Financial Report.

3 "As reported" includes Rural lending.

4 "As reported" includes Non-interest bearing deposits.

Divisional Performance (continued)

New Zealand (continued)

ASB Key Financial Metrics [2]	Full Year Ended 30 Jun 20	Restated [1] 30 Jun 19	Jun 20 vs Jun 19 %	As reported 30 Jun 19	As reported 30 Jun 18	Jun 19 vs Jun 18 %
Performance indicators						
Net interest margin (%)	**2. 11**	2. 23	(12)bpts	2. 21	2. 24	(3)bpts
Return on assets (%)	**0. 9**	1. 2	(30)bpts	1. 2	1. 2	-
Statutory operating expenses to total operating income (%)	**40. 7**	34. 7	large	34. 9	35. 9	(100)bpts
Statutory impairment expense annualised as a % of average GLAAs (%)	**0. 34**	0. 13	21 bpts	0. 13	0. 10	3 bpts
Other information						
Average interest earning assets (NZ$M)	**100,582**	95,315	6	95,315	89,774	6
Risk weighted assets (NZ$M) [3]	**56,548**	56,073	1	56,073	55,682	1
Risk weighted assets (A$M) [4]	**50,664**	51,186	(1)	51,189	48,524	5
FUA - average (NZ$M) [5]	**16,273**	15,146	7	15,146	13,110	16
FUA - spot (NZ$M) [6]	**–**	15,876	large	15,876	13,525	17
AUM - average (NZ$M)	**17,886**	15,501	15	16,075	13,986	15
AUM - spot (NZ$M)	**18,500**	16,787	10	17,403	15,090	15
90+ days home loan arrears (%)	**0. 34**	0. 13	21 bpts	0. 13	0. 14	(1)bpt
90+ days consumer finance arrears (%)	**1. 13**	0. 59	54 bpts	0. 59	0. 43	16 bpts
Number of full-time equivalent staff (FTE)	**5,122**	5,038	2	5,038	4,857	4

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 Average FUA has been calculated using the average for the period the Group owned Aegis up until 2 December 2019.
6 Spot FUA balances are nil as at 30 June 2020 due to the completion of the sale of Aegis on 2 December 2019.

Divisional Performance (continued)

New Zealand (continued)

Financial Performance and Business Review

ASB Bank: Year Ended June 2020 versus Restated June 2019

ASB net profit after tax ("statutory basis") for the full year ended 30 June 2020 was NZD935 million, a decrease of NZD320 million or 25% on the prior year. The result was driven by a 1% decrease in total operating income, an 11% increase in operating expenses and a NZD198 million increase in loan impairment expense.

Net Interest Income

Net interest income was NZD2,122 million, a decrease of NZD6 million or flat on the prior year. The result was driven by a 6% decrease in net interest margin, partly offset by 6% growth in average interest earning assets.

Net interest margin decreased 12 basis points, reflecting:

- Lower deposits margin due to reduced earnings on transaction and savings deposits reflecting the decreases in the cash rate, and lower earnings on investment deposits due to lower swap rates (down 10 basis points); and
- Lower earnings on equity due to the falling interest rate environment (down 6 basis points); partly offset by
- Higher fixed rate home lending margin due to reduced funding costs as a result of lower swap rates (up 3 basis points); and
- Favourable portfolio mix driven by growth in transaction and savings deposits, partly offset by proportionally less higher margin consumer finance balances (up 1 basis point).

Other Banking Income

Other banking income was NZD460 million, a decrease of NZD17 million or 4% on the prior year, reflecting:

- Lower card and merchant volumes primarily driven by a decline in spend due to COVID-19, and the removal of card cash advance and withdrawal fees; and
- Lower customer service fees resulting from customers migrating to lower fee digital channels; partly offset by
- Higher equities fee income driven by higher trading volumes due to increased market volatility.

Funds Management Income

Funds management income was NZD143 million, an increase of NZD5 million or 4% on the prior year, driven by:

- Higher average Assets Under Management (AUM) (up 15%), reflecting net inflows; and
- Higher AUM margins primarily due to a change in portfolio mix reflecting higher net inflows in higher margin funds; partly offset by
- Lower income due to the completion of the sale of Aegis on 2 December 2019.

Operating Expenses

Operating expenses were NZD1,078 million, an increase of NZD108 million or 11% on the prior year. The increase was driven by higher staff expenses, increased investment spend and higher IT costs.

The increase in staff expenses was primarily due to an increase in the provision for prior period holiday pay, an increase in annual leave costs due to lower annual leave usage, and higher risk and compliance staff.

The number of full-time equivalent staff (FTE) increased by 84 or 2% on the prior year from 5,038 to 5,122 FTE, primarily driven by growth in risk and compliance, and technology staff, partly offset by productivity initiatives.

Investment spend continued to focus on strengthening the operational risk and compliance framework, enhancing technology platforms, and changes to the customer service delivery model.

The statutory operating expenses to total operating income ratio for ASB was 40.7%, an increase from 34.7% the prior year, mainly driven by higher operating expenses.

Loan Impairment Expense

Loan impairment expense was NZD306 million, an increase of NZD198 million on the prior year. This was driven by the impact of COVID-19 resulting in higher collective provisions reflecting a deterioration in the economic outlook, and emerging industry sector risks, in particular commercial property, retail trade, and entertainment, leisure and tourism, and higher individually assessed provisions.

Home loan arrears increased 21 basis points, from 0.13% to 0.34%, and consumer finance arrears increased 54 basis points, from 0.59% to 1.13%, reflecting a delay in collection and write-off activity during the COVID-19 lockdown.

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of NZD3.1 billion or 5%, below system [1] growth of 6%, with continued customer preference for fixed rate loans;
- Business loan growth of NZD0.3 billion or 2%, below system [1] growth of 3%;
- Rural loan decrease of NZD0.4 billion or 4%, below system [1] decline of 1%, with a focus on risk-adjusted returns; and
- Total deposit growth of NZD7.5 billion or 12% (interest and non-interest bearing), above system [1] growth of 9%, with a customer preference for transaction and savings deposits.

Risk Weighted Assets [2]

Risk weighted assets were NZD56.5 billion, an increase of NZD0.4 billion or 1% on the prior year.

- Credit risk weighted assets increased NZD0.1 billion driven by an increase in lending volumes, and an increase following the implementation of NZ IFRS 16 *Leases*, partly offset by data and methodology changes; and
- Market risk weighted assets increased NZD0.3 billion or 10% primarily due to an increase in foreign exchange risk.

1 System Source: RBNZ
2 Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.

New Zealand (continued)

Financial Performance and Business Review (continued)

ASB Bank: As reported Year Ended June 2019 versus 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, partly offset by 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 Source: RBNZ.

2 Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.

International Financial Services

Overview

The continuing operations of International Financial Services (IFS) include the Indonesian retail and business banking operations, PT Bank Commonwealth (PTBC), and minority 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 Insurance Company Limited (BoCommLife) to MS&AD Insurance Group Holdings (MS&AD) [1]. Completion of the sale remains subject to regulatory approval and is expected to complete in the second half of calendar year 2020.

On 1 November 2018 CBA sold Commonwealth Bank of South Africa (Holding Company) Limited (TymeDigital SA) to its minority shareholder, African Rainbow Capital (ARC).

On 4 June 2020 CBA completed the sale of its 80% interest in its Indonesian life insurance business PT Commonwealth Life (PTCL) to FWD Group.

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 [2]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 19	30 Jun 18	Jun 19 vs
International Financial Services [3]	**$M**	$M	Jun 19 %	$M	$M	Jun 18 %
Net interest income	**152**	153	(1)	120	115	4
Other banking income	**217**	304	(29)	304	327	(7)
Total banking income	**369**	457	(19)	424	442	(4)
Operating expenses	**(148)**	(150)	(1)	(151)	(211)	(28)
Loan impairment expense	**(59)**	(27)	large	(27)	(65)	(58)
Net profit before tax	**162**	280	(42)	246	166	48
Corporate tax expense	**(31)**	(30)	3	(19)	(14)	36
Cash net profit after tax from continuing operations	**131**	250	(48)	227	152	49
Cash net profit/(loss) after tax from discontinued operations [4]	**17**	(15)	large	(15)	(37)	(59)
Cash net profit after tax	**148**	235	(37)	212	115	84
Gain/(Loss) on acquisition, disposal, closure and demerger of businesses	**165**	(38)	large	(38)	(84)	(55)
Net profit after tax ("statutory basis") [5]	**313**	197	59	174	31	large

	Full Year Ended					
		Restated [2]		As reported		
	30 Jun 20	30 Jun 19	Jun 20 vs	30 Jun 19	30 Jun 18	Jun 19 vs
Key Financial Metrics (continuing operations)	**$M**	$M	Jun 19 %	$M	$M	Jun 18 %
Performance indicators						
Return on assets (%)	**2. 4**	5. 0	(260)bpts	**4. 6**	3. 3	130 bpts
Statutory operating expenses to total banking income (%)	**36. 4**	33. 3	310 bpts	**36. 1**	47. 0	large
Statutory impairment expense annualised as a % of average GLAAs (%)	**3. 96**	1. 90	206 bpts	**1. 90**	4. 64	(274)bpts
Other information						
Risk weighted assets ($M) [6]	**2,937**	3,660	(20)	**1,708**	2,509	(32)
Number of full-time equivalent staff (FTE)	**1,247**	1,428	(13)	**1,428**	1,833	(22)

1 MS&AD Insurance Group Holdings is the ultimate parent company of Mitsui Sumitomo Insurance Co. Ltd.
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 IFS does not include the Business and Private Banking and Institutional Banking and Markets businesses in Asia.
4 Discontinued operations include BoCommLife, TymeDigital SA and PTCL.
5 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 12 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 2020 Financial Report.
6 Risk weighted assets include discontinued operations.

International Financial Services (continued)

Financial Performance and Business Review

Full Year Ended June 2020 versus Restated June 2019

International Financial Services (IFS) net profit after tax ("statutory basis") for the full year ended 30 June 2020 was $313 million, an increase of $116 million or 59% on the prior year. Excluding the contribution from discontinued operations, statutory net profit after tax was $169 million, a decrease of $75 million or 31% on the prior year. The result was driven by a 19% decrease in total banking income and a $32 million increase in loan impairment expense, partly offset by a 1% decrease 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 (BoCommLife, TymeDigital SA and PTCL).

Net Interest Income

Net interest income was $152 million, a decrease of $1 million or 1% on the prior year. This reflected lower earnings on equity due to the falling interest rate environment, partly offset by a 6% increase in average lending balances in PT Bank Commonwealth (PTBC).

Other Banking Income

Other banking income was $217 million, a decrease of $87 million or 29% on the prior year, driven by lower net profits from minority investments.

Operating Expenses

Operating expenses were $148 million, a decrease of $2 million or 1% on the prior year. Excluding the impact of FX, operating expenses decreased by $10 million or 7% as a result of productivity and simplification initiatives.

The number of full-time equivalent staff (FTE) decreased by 181 or 13% on the prior year, from 1,428 to 1,247 FTE. This reflected the impact of productivity and simplification initiatives including a reduction in PTBC footprint.

The statutory operating expenses to total banking income ratio was 36.4%, an increase of 310 basis points driven by lower total banking income.

Loan Impairment Expense

Loan impairment expense was $59 million, an increase of $32 million on the prior year. This was driven by higher individually assessed and collective provisions in PTBC, reflecting a deterioration in credit quality and economic outlook, mainly due to COVID-19.

Loan impairment expense as a percentage of average gross loans and acceptances increased by 206 basis points on the prior year to 3.96%.

Balance Sheet

Spot lending balances decreased by 10% driven by active portfolio management in PTBC resulting in lower mortgage and SME lending exposures.

Risk Weighted Assets [1]

Risk weighted assets were $2.9 billion, a decrease of $0.7 billion or 20% on the prior year.

- IRRBB risk weighted assets decreased $0.2 billion or 20%; and
- Operational risk weighted assets decreased $0.6 billion or 39%; partly offset by
- Credit risk weighted assets increased $0.1 billion.

1 Risk Weighted Assets include discontinued operations.

International Financial Services (continued)

Financial Performance and Business Review (continued)

As Reported Year Ended June 2019 versus 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 28% decrease in operating expenses and a 58% decrease in loan impairment expense, partly offset by a 4% decrease in total banking income.

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 (continued)

IFS Discontinued Operations [2]	Full Year Ended 30 Jun 20 $M	Restated [1] 30 Jun 19 $M	Jun 20 vs Jun 19 %	As reported 30 Jun 19 $M	As reported 30 Jun 18 $M	Jun 19 vs Jun 18 %
Net interest income	**6**	7	(14)	7	–	large
Other banking income	**–**	4	large	4	2	large
Total banking income	**6**	11	(45)	11	2	large
Funds management income	**2**	2	–	2	2	–
Insurance income	**37**	55	(33)	55	55	–
Total operating income	**45**	68	(34)	68	59	15
Operating expenses	**(24)**	(76)	(68)	(76)	(107)	(29)
Net loss before tax	**21**	(8)	large	(8)	(48)	(83)
Corporate tax benefit	**(5)**	(5)	–	(5)	(4)	25
Non-controlling interests	**(3)**	(7)	(57)	(7)	(6)	17
Underlying loss after tax	**13**	(20)	large	(20)	(58)	(66)
Investment experience after tax	**4**	5	(20)	5	21	(76)
Net profit/(loss) after tax ("cash basis")	**17**	(15)	large	(15)	(37)	(59)
Gain/(loss) on disposal and acquisition of entities net of transaction costs	**127**	(32)	large	(38)	(91)	(58)
Net profit/(loss) after tax ("statutory basis") [3]	**144**	(47)	large	(53)	(128)	(59)

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 12 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 2020 Financial Report.

Financial Performance and Business Review (Discontinued Operations)

Full Year Ended June 2020 versus Restated June 2019

Discontinued operations net profit after tax ("statutory basis") for the full year ended 30 June 2020 was $144 million, an increase of $191 million on the prior year. The result was driven by gain on sale net of transaction and separation costs associated with the disposals of PTCL and TymeDigital SA and lower operating expenses following the disposal of TymeDigital SA, partly offset by lower insurance income from PTCL.

As Reported Year Ended June 2019 versus 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.

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.

	Full Year Ended					
		Restated [1]		As reported		
Corporate Centre (including eliminations)	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Net interest income	**86**	226	(62)	268	273	(2)
Other banking income	**158**	62	large	61	(16)	large
Total banking income	**244**	288	(15)	329	257	28
Funds management income	**(31)**	(14)	large	(16)	(3)	large
Insurance income	**(1)**	(2)	(50)	(2)	(4)	(50)
Total operating income	**212**	272	(22)	311	250	24
Operating expenses	**(1,569)**	(1,682)	(7)	(1,576)	(1,788)	(12)
Loan impairment benefit/(expense)	**4**	1	large	-	39	large
Net loss before tax	**(1,353)**	(1,409)	(4)	(1,265)	(1,499)	(16)
Corporate tax benefit	**411**	395	4	364	217	68
Non-controlling interests	**–**	(12)	large	(12)	(13)	(8)
Underlying loss after tax	**(942)**	(1,026)	(8)	(913)	(1,295)	(29)
Investment experience after tax	**(10)**	(17)	(41)	(28)	(10)	large
Cash net loss after tax from continuing operations	**(952)**	(1,043)	(9)	(941)	(1,305)	(28)
Cash net (loss)/profit after tax from discontinued operations	**(1)**	(28)	(96)	(24)	(14)	71
Cash net loss after tax	**(953)**	(1,071)	(11)	(965)	(1,319)	(27)
(Loss)/gain on disposal and acquisition of entities net of transaction costs	**(4)**	25	large	25	–	large
Hedging and IFRS volatility	**(33)**	(31)	6	(31)	14	large
Net loss after tax ("statutory basis") [2]	**(990)**	(1,077)	(8)	(971)	(1,305)	(26)

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 12 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 2020 Financial Report.

Corporate Centre (continued)

Financial Performance and Business Review

Year Ended June 2020 versus Restated June 2019

Corporate Centre net loss after tax ("statutory basis") for the full year ended 30 June 2020 was $990 million, a decrease of $87 million or 8% on the prior year. Excluding the contribution from discontinued operations, statutory net loss after tax was $986 million, a decrease of $104 million or 10% on the prior year. The result was primarily driven by 7% decrease in operating expenses and a $3 million increase in loan impairment benefit, partly offset by a 22% decrease in total operating income.

Net Interest Income

Net interest income was $86 million, a decrease of $140 million or 62% on the prior year. This was due to reduced earnings from the management of interest rate risk in the banking book and lower earnings on Group capital due to the falling interest rate environment.

Other Banking Income

Other banking income was $158 million, an increase of $96 million on the prior year. This was primarily driven by higher earnings from the management of foreign currency and interest rate risk associated with wholesale debt issuances.

Operating Expenses

Operating expenses were $1,569 million, a decrease of $113 million or 7% on the prior year. Excluding increases in provisions for Aligned Advice remediation of $300 million and $534 million in the current and prior year respectively, as well as $145 million of AUSTRAC insurance recoveries in the prior year, operating expenses decreased $24 million or 2%. This was primarily driven by a one-off benefit from the release of a historical provision no longer required, partly offset by the accelerated amortisation of certain capitalised software balances reflecting the faster pace of technological change.

Risk Weighted Assets

Risk weighted assets were $4.0 billion, a decrease of $1.7 billion or 30% on the prior year.

- Credit risk weighted assets decreased $4.2 billion or 35%;
- Traded Market risk weighted assets decreased $0.2 billion or 50%; and
- Operational risk weighted assets decreased by $0.9 billion or 37%; partly offset by
- IRRBB risk weighted assets increased $3.6 billion or 40%.

As Reported Year Ended June 2019 versus 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.

Divisional Performance (continued)

Wealth Management

Overview

Wealth Management provides superannuation, investment and retirement products which help to improve the financial wellbeing of our customers.

On 2 August 2019 CBA completed the sale of its global asset management business, Colonial First State Global Asset Management (CFSGAM) to Mitsubishi UFJ Trust and Banking Corporation (MUTB), as a result CBA recognised the financial results of CFSGAM for the period up until 2 August 2019. CFSGAM is classified as discontinued operations.

On 1 November 2019 CBA announced that the joint co-operation agreement with AIA Australia Limited (AIA) in relation to CBA's Australian life insurance business (CommInsure Life) has been implemented, as a result CBA recognised the financial results of CommInsure Life [1] for the period up until 1 November 2019. CommInsure Life is classified as discontinued operations.

From March 2020 the Aligned Advice related businesses (including Financial Wisdom, Count Financial and CFP-Pathways) were transferred out of the Wealth Management division and consolidated into the Retail Banking Services division.

On 13 May 2020 CBA announced it has entered into an agreement to sell a 55% interest in Colonial First State (CFS) to KKR. As a result CFS is classified as discontinued operations. Following the announcement, all of Wealth Management is now classified as discontinued operations.

Discontinued Operations

	Full Year Ended					
		Restated [2]		As reported		
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Funds management income	**863**	1,806	(52)	987	1,071	(8)
Insurance income	**13**	74	(82)	74	337	(78)
Total operating income	**876**	1,880	(53)	1,061	1,408	(25)
Operating expenses	**(715)**	(1,295)	(45)	(853)	(894)	(5)
Net profit before tax	**161**	585	(72)	208	514	(60)
Corporate tax expense	**(51)**	(156)	(67)	(43)	(117)	(63)
Underlying profit after tax	**110**	429	(74)	165	397	(58)
Investment experience after tax	**27**	99	(73)	88	55	60
Cash net profit after tax from discontinued operations	**137**	528	(74)	253	452	(44)
Represented by:						
Life Insurance Business	**131**	275	(52)	13	160	(92)
CFS Global Asset Management	**24**	240	(90)	240	292	(18)
Colonial First State	**(18)**	13	large	n/a	n/a	n/a
Cash net profit after tax from discontinued operations	**137**	528	(74)	253	452	(44)
Cash net profit after tax from continuing operations	**n/a**	n/a	n/a	160	255	(37)
Net profit after tax ("cash basis")	**137**	528	(74)	413	707	(42)
Gain/(loss) on acquistion, disposal, closure and demerger of businesses	**1,898**	(208)	large	(240)	(139)	73
Treasury share valuation adjustment (after tax)	**–**	6	large	6	2	large
Net profit after tax ("statutory basis")	**2,035**	326	large	179	570	(69)

1 CommInsure's life business (the "Life Business") includes life insurance and a life related investments businesses.
2 Comparative information has been restated to conform to presentation in the current period. Includes all Wealth Management discontinued operations.
3 Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 12 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 2020 Financial Report.

Wealth Management (continued)

Key Financial Metrics	Full Year Ended					
		Restated[1]		As reported		
	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %
Statutory Operating expenses to total operating income (%)	**25.0**	81.4	large	**n/a**	n/a	n/a
FUA - average ($M)[2]	**165,058**	159,149	4	**10,336**	11,056	(7)
FUA - spot ($M)[3]	**147,621**	165,719	(11)	**10,251**	10,776	(5)
AUM - average ($M)[4]	**223,474**	213,779	5	**n/a**	n/a	n/a
AUM - spot ($M)[5]	**–**	223,227	large	**223,227**	213,242	5
Inforce premiums - average ($M)[6]	**1,048**	1,242	(16)	**1,242**	1,479	(16)
Inforce premiums - spot ($M)[5]	**–**	1,151	large	**1,151**	1,296	(11)
Risk Weighted Assets ($M)	**137**	585	(77)	**4,208**	2,116	99
Number of full-time equivalent staff (FTE)[7]	**1,375**	2,707	(49)	**1,602**	1,601	-

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 Average FUA includes CFS (including Commonwealth Bank Group Super) and CommInsure Life Investments. Average FUA has been calculated using the average for the period the Group operated CommInsure Life up until 1 November 2019.

3 Spot FUA includes CFS (including Commonwealth Bank Group Super) and CommInsure Life Investments for the period the Group operated CommInsure Life up until 1 November 2019.

4 Average AUM has been calculated using the average for the period the Group owned CFSGAM up until 2 August 2019 and excludes the Group's interest in the First State Cinda Fund Management Company Limited.

5 Spot balances are nil as at 30 June 2020 due to the completion of the sale of CFSGAM and the implementation of the CommInsure Life joint co-operation agreement on 2 August 2019 and 1 November 2019 respectively. AUM excludes the Group's interest in the First State Cinda Fund Management Company Limited.

6 Average inforce premiums have been calculated using the average for the period the Group operated CommInsure Life up until 1 November 2019.

7 30 June 20 FTE represents CFS FTE and does not include any support unit FTE.

Wealth Management (continued)

	Full Year Ended					
	Colonial First State and other					
		Restated [1]		As reported		
	Jun 20 $M	Jun 19 $M	Jun 20 vs Jun 19 %	Jun 19 $M	Jun 18 $M	Jun 19 vs Jun 18 %
Funds management income	**758**	819	(7)	862	841	2
Total operating income	**758**	819	(7)	862	841	2
Operating expenses	**(579)**	(442)	31	(645)	(490)	32
Net profit before tax	**179**	377	(53)	217	351	(38)
Corporate tax expense	**(59)**	(113)	(48)	(69)	(104)	(34)
Underlying profit after tax	**120**	264	(55)	148	247	(40)
Investment experience after tax	**11**	11	–	12	8	50
Net profit after tax ("cash basis")	**131**	275	(52)	160	255	(37)
(Loss)/gain on acquistion, disposal, closure and demerger of businesses	**(137)**	(55)	large	(87)	(21)	large
Net (loss)/profit after tax ("statutory basis")	**(6)**	220	large	73	234	(69)

	Full Year Ended					
	CFS Global Asset Management [2]					
		Restated [1]		As reported		
	Jun 20 $M	Jun 19 $M	Jun 20 vs Jun 19 %	Jun 19 $M	Jun 18 $M	Jun 19 vs Jun 18 %
Funds management income	**77**	887	(91)	887	975	(9)
Total operating income	**77**	887	(91)	887	975	(9)
Operating expenses	**(52)**	(597)	(91)	(597)	(622)	(4)
Net profit before tax	**25**	290	(91)	290	353	(18)
Corporate tax expense	**(5)**	(68)	(93)	(68)	(68)	–
Underlying profit after tax	**20**	222	(91)	222	285	(22)
Investment experience after tax	**4**	18	(78)	18	7	large
Net profit after tax ("cash basis")	**24**	240	(90)	240	292	(18)
Gain/(loss) on acquistion, disposal, closure and demerger of businesses	**2,174**	(71)	large	(71)	–	large
Net profit after tax ("statutory basis")	**2,198**	169	large	169	292	(42)

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 CFSGAM results are for the period up until 2 August 2019.

Divisional Performance (continued)

Wealth Management (continued)

	Full Year Ended					
	Life Insurance Business [1]					
		Restated [2]		As reported		
	Jun 20	Jun 19	Jun 20 vs	Jun 19	Jun 18	Jun 19 vs
	$M	$M	Jun 19 %	$M	$M	Jun 18 %
Funds management income	**28**	100	(72)	100	96	4
Insurance income	**13**	74	(82)	74	337	(78)
Total operating income	**41**	174	(76)	174	433	(60)
Operating expenses	**(84)**	(256)	(67)	(256)	(272)	(6)
Net profit before tax	**(43)**	(82)	(48)	(82)	161	large
Corporate tax (expense)/benefit	**13**	25	(48)	25	(49)	large
Underlying profit after tax	**(30)**	(57)	(47)	(57)	112	large
Investment experience after tax	**12**	70	(83)	70	48	46
Net (loss)/profit after tax ("cash basis")	**(18)**	13	large	13	160	(92)
(Loss)/gain on acquistion, disposal, closure and demerger of businesses	**(139)**	(82)	70	(82)	(118)	(31)
Treasury shares valuation adjustment (after tax)	**–**	6	large	6	2	large
Net (loss)/profit after tax ("statutory basis")	**(157)**	(63)	large	(63)	44	large

	Full Year Ended [2]								
Funds Under Administration (FUA)	30 Jun 19 $M	Inflows $M	Outflows $M	Net Flows $M	Other [3] $M	**30 Jun 20 $M**	31 Dec 19 $M	Jun 20 vs Jun 19 %	Jun 20 vs Dec 19 %
FirstChoice	94,335	15,359	(16,028)	(669)	(2,895)	**90,771**	97,391	(4)	(7)
CFSWrap	32,370	6,064	(6,253)	(189)	(773)	**31,408**	33,608	(3)	(7)
CFS Non-Platform	18,067	12,745	(15,165)	(2,420)	(738)	**14,909**	19,025	(17)	(22)
CommInsure Investment [4]	10,251	126	(1,034)	(908)	(9,343)	**–**	–	large	–
Other [5]	10,696	3,443	(3,295)	148	(311)	**10,533**	10,964	(2)	(4)
Total	165,719	37,737	(41,775)	(4,038)	(14,060)	**147,621**	160,988	(11)	(8)

	Full Year Ended								
Assets Under Management (AUM) [6, 8]	30 Jun 19 $M	Inflows $M	Outflows $M	Net Flows $M	Other [7] $M	**30 Jun 20 $M**	31 Dec 19 $M	Jun 20 vs Jun 19 %	Jun 20 vs Dec 19 %
Australian equities	30,366	1,136	(481)	655	(31,021)	**–**	–	large	–
Global equities	100,514	2,478	(1,107)	1,371	(101,885)	**–**	–	large	–
Fixed income [9]	80,763	3,738	(5,093)	(1,355)	(79,408)	**–**	–	large	–
Infrastructure	11,584	(175)	–	(175)	(11,409)	**–**	–	large	–
Total	223,227	7,177	(6,681)	496	(223,723)	**–**	–	large	–

	Full Year Ended								
Inforce Premiums [4]	30 Jun 19 $M	Sales $M	Lapses $M	Net Flows $M	Other [10] $M	**30 Jun 20 $M**	31 Dec 19 $M	Jun 20 vs Jun 19 %	Jun 20 vs Dec 19 %
Life Insurance	1,151	45	(180)	(135)	(1,016)	**–**	–	large	–

1 Life Insurance Business results are for the period up until 1 November 2019.
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 Includes investment income and the derecognition of FUA following the commencement of the CommInsure Life joint co-operation agreement on 1 November 2019.
4 Spot balances are nil as at 30 June 2020 due to the commencement of the CommInsure Life joint co-operation agreement on 1 November 2019.
5 Other includes Commonwealth Bank Group Super.
6 AUM excludes the Group's interest in the First State Cinda Fund Management Company Limited.
7 Includes investment income, foreign exchange gains and losses from translation of internationally sourced business and the derecognition of AUM following the sale of CFSGAM on 2 August 2019.
8 Spot balances are nil as at 30 June 2020 due to the completion of the sale of CFSGAM on 2 August 2019.
9 Fixed income includes short-term investments and global credit.
10 Includes the derecognition of inforce premiums following the implementation of the CommInsure Life joint co-operation agreement on 1 November 2019.

Wealth Management (continued)

Financial Performance and Business Review

Full Year Ended June 2020 versus Restated June 2019

Wealth Management net profit after tax ("statutory basis") for the year ended 30 June 2020 was $2,035 million, an increase of $1,709 million on the prior year.

CFS Business and other

CFS and other cash net profit after tax for the full year ended 30 June 2020 was $131 million, a decrease of $144 million or 52% on the prior year. The result was driven by a 7% decrease in funds management income and a 31% increase in operating expenses. Funds management income decreased $61 million or 7% on the prior year mainly due to platform pricing changes in response to the regulatory and market environment, partly offset by higher average FUA reflecting momentum from the prior year. Operating expenses increased $137 million or 31% on the prior year mainly due to an increase in provisions for remediation, compliance and legal matters.

CFSGAM Business

CFSGAM cash net profit after tax for the full year ended 30 June 2020 was $24 million, a decrease of $216 million or 90% on the prior year. The current period includes 1 month of the financial performance of CFSGAM compared to 12 months in the prior year following the sale and deconsolidation of the business on 2 August 2019.

Life Insurance Business

The Life Business cash net loss after tax for the full year ended 30 June 2020 was $18 million, compared to a $13 million cash net profit after tax in the prior year. The cash net loss after tax was driven by lower Life Insurance income due to higher claims and a decrease in inforce premiums reflecting higher lapses, including the loss of some large wholesale schemes. The current period includes 4 months of the financial performance of CommInsure Life compared to 12 months in the prior year following the commencement of the joint co-operation agreement and deconsolidation of the business on 1 November 2019.

Gain on disposal and acquisition of entities net of transaction costs

Gain on disposal of entities net of transaction costs were $1,898 million, an increase of $2,106 million, primarily driven by the gain on sale net of transaction and separation costs associated with the disposal of CFSGAM, partly offset by transaction and separation costs associated with the disposal of the Life Business and CFS.

Risk Weighted Assets

Risk weighted assets were $0.1 billion, a decrease of $0.5 billion or 77% on the prior year.

- Credit risk weighted assets decreased $0.1 billion or 79%; and
- IRRBB risk weighted assets decreased $0.4 billion or 76%.

As reported Year Ended June 2019 versus 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 32% increase in operating expenses, partly offset by a 2% increase in funds management income.

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 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 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.

Wealth Management (continued)

Financial Performance and Business Review (continued)

Risk Weighted Assets[1]

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 assets increased $0.3 billion; partly offset by
- IRRBB risk weighted assets decreased $0.2 billion or 56%.

Discontinued Operations

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 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.

1 Risk Weighted Assets include discontinued operations.

Contents

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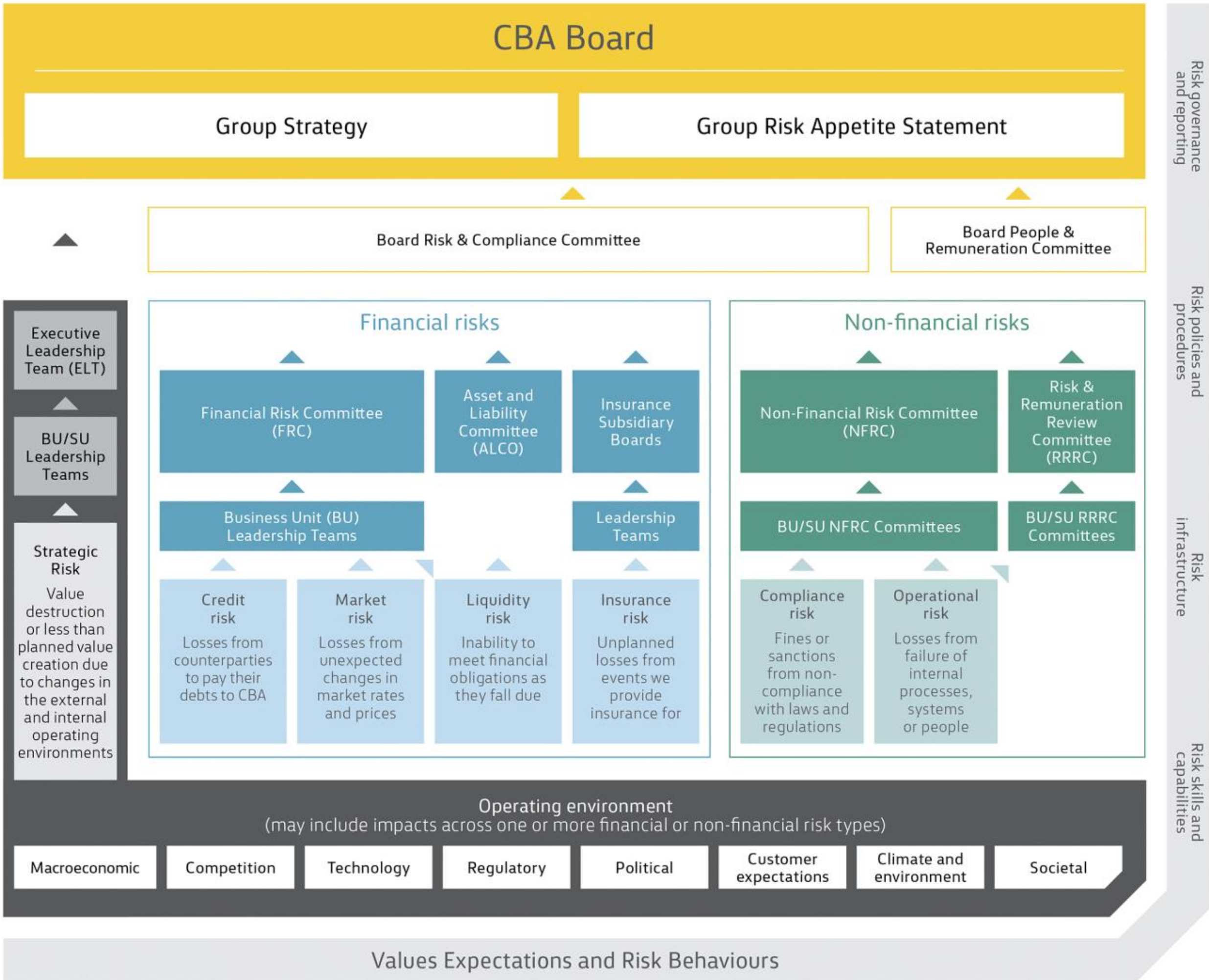
Risk Management

The Group is exposed to financial risks, non-financial risks and strategic risks arising from its operations. The Group manages these risks through its Risk Management Framework (the Framework), which evolves to accommodate changes in the business operating 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 Framework

The Framework enables the appropriate development and implementation of strategies, policies and procedures to manage risk. The Framework incorporates the requirements of APRA Prudential Standard CPS 220 "Risk Management" 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 Group must operate within;
- **The Group Risk Management Approach (RMA)** describes the Group's approach to ensure comprehensive management of its risks in support of achieving its strategic goals and objectives; and
- **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 the following Risk Framework Enablers that allow the Group to effectively identify, record, manage and monitor risks.

Risk Governance and Reporting

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. The Board Risk and Compliance Committee is responsible for the oversight and governance of risks impacting the Group. It oversees the design, implementation and operation of 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); and

Risk Management (continued)

Risk Governance and Reporting (continued)

- Reviews regular reports from management on the measurement of risk and the adequacy and effectiveness of the Group's risk management and internal control systems.

At management level, risk governance is undertaken by a structured hierarchy of personal delegations and management committees and forums across the Group and within the Business Units (BUs) and Support Units (SUs).

Regular management information is produced that 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 and Compliance Committee; although select matters are reported directly to the Board as required. Controls reporting is provided to the Board Audit Committee.

The Group operates a Three Lines of Accountability model that places the accountability for risk ownership with the Line 1 BUs and SUs, while focussing the mandate of Line 2 Risk teams on risk appetite and the Framework, assurance, approval or acceptance of risk decisions of Line 1 and advice. Line 3 Internal Audit provides independent assurance to the Board, regulators and other stakeholders on the effectiveness of risk management, internal controls and governance.

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; and
- Quantifying the operating tolerances for material risks.

Risk Management Infrastructure

The Framework is supported by key infrastructure systems and processes for the management of the Group's material risks. The key risk management systems and processes in place include:

- **Risk processes** to identify, assess, escalate, monitor and manage risks and issues;
- **Management information systems** to measure and aggregate risks across the Group;
- **Risk models and tools;**
- **A Risk-Adjusted Performance Measurement (RAPM)** process that is a means of assessing the performance of a business after adjustment for its capital consumption and is used as a basis for executive incentives; and
- **An Internal Capital Adequacy Assessment Process (ICAAP)** used alongside other risk techniques (including stress testing), to quantify the Group's risks for use in risk decisions, capital plans and strategic decisions.

Risk Skills and Capabilities

In addition to having the necessary risk skills and capabilities for their roles, it is important for all Group employees to have an awareness of the Framework as it relates to their role, as well as the need to adopt the CBA risk behaviours to ensure a positive CBA risk culture. Risk skills and capabilities are developed through:

- **Communication of the Group RAS and the CBA RMA:** Following approval by the Board, the updated RAS and RMA are communicated to all employees. Employees are also made aware of the Group and BU/SU RASs via the remuneration process (which highlights that individual employee performance will be assessed in light of their compliance);
- **Group Mandatory Learning modules;**
- **The Operational Risk and Compliance Training program;**
- **Induction and ongoing learning; and**
- **Talent sourcing and acquisition.**

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 positive risk culture drives the right risk decisions and helps the Group make sound judgements in new and unfamiliar circumstances. The risk behaviours that demonstrate a positive risk culture and are expected of employees by the Board, senior management, customers, communities, shareholders and regulators, are guided by CBA values that emphasise doing what is right, accountability, service, excellence and getting things done the right way.

The Board's RAS in relation to conduct risk requires business practices that are fair to customers, protect the fair and efficient operation of the market and engender confidence in our products and services. 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 need.

Responding to COVID-19 Risks

At times, changes in the Group's external and internal operating environments may have an impact on the nature of one or more of the material risk types, including strategic risk. An example is the COVID-19 pandemic, which rapidly introduced an array of new and elevated risks to the safety of employees, the resilience of the Group's operations, the strength of the Balance Sheet and the financial security of customers and the community. A number of actions were taken to address these risks, such as:

- Measures to support and protect employees;
- Relief measures to support customers;
- Infrastructure changes to ensure stability of key services;
- Continued enhancement of the Group's cyber defences;
- Increased oversight of critical suppliers;
- Increased forward looking loan loss provisions; and
- Ongoing monitoring of the Group's lending portfolios.

The Board and Management continue to actively monitor the situation and adapt the Group's response as required.

Risk Management (continued)

Material Risk Types

Description	Governing Policies and Key Management Committees	Key Controls and Risk Mitigation Strategies
Credit Risk (Refer to Note 9.2 of the 2020 Financial Report)		
Credit risk is the potential for loss arising from the failure of a counterparty to meet their contractual obligations to the Group. The Group is primarily exposed to credit risk through: ▪ Residential mortgage lending; ▪ Unsecured retail lending; ▪ Commercial lending; and ▪ Large corporate (institutional) lending and markets exposures.	**Governing Policies:** ▪ Group Credit Risk Policies, Principles, Framework and Governance ▪ Group and BU Credit Risk Policies **Key Management Committee:** ▪ Financial Risk Committee ▪ BU/SU Financial Risk Committees	▪ Defined credit risk indicators set in the Group RAS; ▪ Transacting with counterparties that demonstrate the ability and willingness to service their obligations through performance of due diligence and thorough credit quality assessments; ▪ Applications assessed by credit decisioning models, with more complex or higher risk applications referred to credit authority holders; ▪ Taking collateral where appropriate; ▪ Pricing appropriately for risk; ▪ Credit concentration frameworks that set exposure limits to counterparties, groups of related counterparties, industry sectors and countries; ▪ Regular monitoring of credit quality, concentrations, arrears, policy exceptions and policy breaches; ▪ Working with impaired counterparties, or those in danger of becoming so, to help them rehabilitate their financial positions; and ▪ Stress testing, either at a counterparty or portfolio level.
Market Risk including Equity Risk (Refer to Note 9.3 of the 2020 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. The Group is primarily exposed to market risk through: ▪ Traded Market Risk; ▪ Interest Rate Risk in the Banking Book (IRRBB); ▪ Structural Foreign Exchange Risk; ▪ Lease Residual Value Risk; and ▪ Non-Traded Equity Risk.	**Governing Policy:** ▪ The Group Market Risk Policy **Key Management Committees:** ▪ Financial Risk Committee (Oversight of traded market risk) ▪ Asset and Liability Committee (ALCO) (Oversight of IRRBB)	▪ Defined market indicators set in the Group RAS; ▪ Minimal appetite for proprietary trading; ▪ Conservative market risk limits with granular concentration limits at a position level including currency/index, tenor and product type; ▪ Pricing appropriately for risk; ▪ Back-testing of VaR models against hypothetical profit and loss; ▪ Daily monitoring and attribution of traded market risk exposures including risk sensitivities, VaR and stress testing; ▪ Weekly monitoring of VaR and stress test measures for derivative valuation adjustments (XVAs); ▪ Monthly monitoring of residual value risk exposures versus limits; ▪ Managing the Balance Sheet with a view to balancing Net interest income profit volatility and market value; ▪ Daily monitoring of IRRBB market risk exposures including risk sensitivities, credit spread risk, VaR and stress testing; ▪ Monthly monitoring of Net interest earnings at Risk versus limits; and ▪ Transfer pricing for risk.

Risk Management (continued)

Material Risk Types (continued)

Description	Governing Policies and Key Management Committees	Key Controls and Risk Mitigation Strategies
Liquidity and Funding Risk (Refer to Note 9.4 of the 2020 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). The Group is exposed to liquidity risk primarily through: ▪ The funding mismatch between the Group's loans, investments and sources of funding.	**Governing Policy:** ▪ Group Liquidity Policy **Key Management Committee:** ▪ ALCO	▪ Defined liquidity risk indicators in the Group RAS; ▪ The Annual Funding Strategy (the Group's wholesale funding strategy based on a three year funding plan); ▪ Maintaining a diverse, yet stable, pool of potential funding sources across different currencies, geographies, entities and products; ▪ Maintaining sufficient liquidity buffers and short term funding capacity to withstand periods of disruption in long term wholesale funding markets and unanticipated changes in the Balance Sheet funding gap; ▪ Limiting the portion of wholesale funding sourced from offshore; ▪ Conservatively managing the mismatch between asset and liability maturities; ▪ Maintaining a conservative mix of readily saleable or repo-eligible liquid assets; ▪ Daily monitoring of liquidity risk exposures, including LCR and NSFR; ▪ Market and idiosyncratic stress test scenarios; and ▪ The Contingency Funding Plan provides strategies for addressing liquidity shortfalls in a crisis situation.
Operational Risk		
Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. The Group is exposed to operational risk primarily through: ▪ Process execution errors; ▪ Cyber security losses; ▪ Technology failures; ▪ Data management issues; ▪ Model risks; ▪ Accounting, legal and taxation risks; ▪ Third parties; ▪ People (employment practice and workplace safety); ▪ Fraud (external and internal); and ▪ Non-technology business disruption.	**Governing Policies:** ▪ Operational Risk Management Framework (ORMF) ▪ Group Outsourcing Policy ▪ Group Model Policy ▪ Group Fraud Management Policy ▪ Group Policy on Business Continuity Management ▪ Group Whistle-blower Policy ▪ Group Protective Security Policy ▪ Group Data Quality Management Policy **Key Management Committees:** ▪ Non-Financial Risk Committee ▪ BU/SU Non-Financial Risk Committees ▪ Model Risk Governance Committee	▪ Defined operational risk indicators in the Group RAS; ▪ Implementation of manual and automated controls to prevent, detect and mitigate the specific operational risks that the Group is exposed to; ▪ Regular Risk and Control Self-Assessment (RCSA) to assess key risks and controls for each BU/SU; ▪ Routine Controls Assurance Program tests to assess whether controls are designed and operating effectively to maintain risk exposures within acceptable levels; ▪ Incident management processes to identify, assess, record, report and manage actual operational or compliance events that have occurred. This data is used to guide management to strengthen processes and controls; ▪ Issue management processes to identify, assess, record, report and manage weaknesses or gaps in controls; ▪ Risk in Change process to effectively understand and manage the risks from changes to the business through projects or initiatives; ▪ Quantitative Risk Assessments are scenarios conducted to provide an understanding of potential unexpected losses; ▪ Establishment of Key Risk Indicators to monitor movements in risk exposures over time; and ▪ Assurance undertaken by Line 2 Risk teams to assess that operational risks are appropriately identified and managed across the Group.

Risk Management (continued)

Material Risk Types (continued)

<table>
<tr><th>Description</th><th>Governing Policies and Key Management Committees</th><th>Key Controls and Risk Mitigation Strategies</th></tr>
<tr><td colspan="3">Compliance Risk</td></tr>
<tr><td>Compliance risk is the risk of sanctions and financial loss the Group 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.
The Group is exposed to compliance risk primarily through:
▪ Regulatory and licencing obligations, including privacy and conflicts of interest obligations;
▪ Financial crime (Anti Money Laundering (AML), Counter Terrorism Financing (CTF), Anti-Bribery and Corruption, and Sanctions); and
▪ Poor conduct (product design and distribution, market conduct and employee misconduct).</td><td>Governing Policies:
▪ Group Compliance Management Framework (CMF) and policies
▪ Group and BU Compliance policies and standards
▪ AML/CTF Group Program
▪ Anti-Bribery & Corruption Policy
▪ Group Economic Trade Sanctions Policy
▪ Code of Conduct
▪ Product Development and Distribution
Key Management Committees:
▪ Non-Financial Risk Committee
▪ BU/SU Non-Financial Risk Committees</td><td>▪ Compliance risk indicators included in the Group RAS;
▪ Mandatory online compliance training for all employees;
▪ Regulatory change management to establish compliant business practices;
▪ Maintenance of obligation registers;
▪ Compliance risk profiling through the RCSA;
▪ Review of key compliance and conduct processes and controls through the regulatory assurance program and compliance monitoring;
▪ Group wide minimum standards in key compliance areas;
▪ Co-operative and transparent relationships with regulators;
▪ Board and management governance and reporting;
▪ Pre-employment due diligence on the Group's employees and enhanced screening for high risk roles;
▪ Training and awareness sessions to staff highlighting the community impact of financial crime and the Group's role to detect, deter and disrupt money laundering, terrorist financing and other serious crime;
▪ Customer on-boarding processes to meet AML/CTF identification and screening requirements;
▪ Ongoing customer due diligence to ensure information the Group maintains on customers is accurate;
▪ Risk assessments on customers, products and channels to ensure the Group understands the money laundering and terrorist financing risks;
▪ Enhanced customer due diligence on higher risk segments;
▪ Monitoring customer payments, trade and all transactions to manage the AML/CTF and sanctions risks identified;
▪ Undertake statutory reporting requirements including International Funds Transfer Instructions, Threshold Transaction Reports and Suspicious Matter Reports;
▪ Controls to prevent corruption of public officials by employees, representatives, suppliers or third party agents, including disclosure and approval of gifts and entertainment, charitable donations and sponsorships; and
▪ Conduct Risk strategy and Code of Conduct, supported by mandatory training for all staff.</td></tr>
</table>

Risk Management (continued)

Material Risk Types (continued)

Description	Governing Policies and Key Management Committees	Key Controls and Risk Mitigation Strategies
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. The Group is primarily exposed to insurance risk through home and motor events through a wholly-owned subsidiary in Australia.	**Governing Policies:** ▪ Product Management Policy ▪ Underwriting Policy ▪ Claims Management Policy ▪ Reinsurance Management Policy **Key Management Committee:** ▪ Executive Committees of insurance writing businesses	▪ Defined insurance risk indicators set in the Group RAS; ▪ 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; ▪ Limits, standards and underwriting authorities to ensure acceptance of appropriate risks; ▪ Regular monitoring of loss ratios, aggregations and concentrations; ▪ Catastrophe modelling and stress testing; ▪ Actuarial review of claims provisions; ▪ Controls to ensure valid claims are paid without undue delay; and ▪ Reinsurance to manage the volatility of insurance risk and limit exposure to significant, individual or aggregate risks or risk concentrations.
Strategic Risk		
Strategic risk is the risk of material stakeholder value destruction or less than planned value creation. The Group is exposed to strategic risk primarily through: ▪ Changes in the Group's external and internal operating environments (including macroeconomic conditions, competitive forces, technology, regulatory, political and social trends, customer expectations and the environment); and ▪ Risk associated with the process for strategy development and monitoring of strategy implementation.	**Governing Policies:** ▪ Group Strategic Risk Management Policy ▪ Environmental & Social Policy **Key Management Committee:** ▪ Executive Leadership Team	Strategic risk: ▪ 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 concerning the operating environment. Climate risk represents a strategic risk due to the potential material transition and physical climate related impacts to the Group, if not managed effectively. The potential adverse impacts of climate change manifest, and are therefore measured and managed, as an outcome of the other material risk types. In order to understand these potential impacts, and in support of a commitment to limiting the impacts of climate change the Group: ▪ Develops scenario analyses to understand the impacts of both transition and physical climate-related risks on the business and the implications for strategic and tactical portfolio decisions; and ▪ Develops strong policy frameworks which consider Environmental, Social and Governance issues, including climate change impacts in assessing relationships with customers and suppliers. Corporate Responsibility programs outline the objectives for safeguarding the environment, while supporting economic growth and development and provide guidelines in monitoring and reducing the Group's own greenhouse gas emissions and energy use.

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 subset 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 2020 and 30 June 2019 respectively are as follows:

	As at 30 June 2020				
	Government and Official Institutions $M	Banks $M	Other (primarily Commercial and Industrial) $M	Total $M	% of Group Total Assets %
United States	11,884	3,888	14,359	30,131	2. 97

	As at 30 June 2019				
	Government and Official Institutions $M	Banks $M	Other (primarily Commercial and Industrial) $M	Total $M	% of Group Total Assets %
United States	9,825	2,059	7,543	19,427	1. 99
International Organisation	6,436	1,367	-	7,803	0. 80

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, lease commitments, 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 which serves as a source of funding for the Group's activities. 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 ("SPV") should be consolidated based on the Group's power over the relevant activities of the entity and the significance of its exposure to variable returns.

Special Purpose Entities

The Group enters into transactions in the normal course of business that transfers financial assets to counterparties or Special Purpose Vehicles (SPVs). Transferred financial assets do not qualify for derecognition are typically associated with repurchase agreements and our covered bonds and securitisation programs.

Securitisation Programs

The Group pools and equitably assigns residential mortgages as securities to investors through a series of wholly controlled securitisation vehicles. Where 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 Group is entitled to any residual income of the securitisation programs after all payments due to investors have been met, where the Group is the income unitholder. The investors have recourse only to the pool of mortgages in the SPV they have invested in.

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 SPV's 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

For further information on the Group's exposures to unconsolidated structured entities, refer to Note 4.4 and Note 11.1 of the 2020 Financial Report.

Group Arrangements with Issuers	2020 $M	2019 $M	2018 $M
Liquidity facilities available to Issuers [1]	**3,542**	4,029	3,769

1 Relates to undrawn facilities to unconsolidated SPVs.

Off-Balance Sheet Arrangements (continued)

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 $169 billion of commitments to provide credit (2019: $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 instruments are set out in Note 12.1 of the 2020 Financial Report - Contingent liabilities, contingent assets and commitments arising from the banking business.

		Face Value			Group Credit Equivalent	
	2020	2019	2018	2020	2019	2018
Credit risk related instruments	$M	$M	$M	$M	$M	$M
Guarantees	**6,448**	6,506	6,265	**5,034**	5,387	5,185
Documentary letters of credit	**272**	326	761	**210**	322	753
Performance related contingents	**5,071**	4,722	4,610	**2,535**	2,362	2,531
Commitments to provide credit	**168,537**	162,202	162,090	**159,761**	154,408	157,636
Other commitments	**2,015**	2,050	1,470	**2,005**	2,040	1,470
Total credit risk related instruments	**182,343**	175,806	175,196	**169,545**	164,519	167,575

Guarantees are unconditional undertakings given to support the obligations of a customer to third parties.

Documentary letters of credit are undertakings to pay or accept drafts drawn by a supplier of goods against presentation of documents in the event of payment 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 commitments with certain drawdowns, standby letters of credit and bill endorsements.

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.

Refer to Note 12.1 to the 2020 Financial Report -Contingent Liabilities, Contingent Assets and Commitments arising from the banking business.

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 for Guarantees as defined in ASC Codification Topic 460: Guarantees, is set out by term in the table on page 127.

Off-Balance Sheet Arrangements (continued)

Credit Risk Related Instruments (continued)

			Carrying Value
	2020 $M	2019 [1] $M	2018 $M
Guarantees	**54**	42	–
Documentary letters of credit	**4**	3	–
Performance related contingents	**34**	34	28
Other Commitments	**27**	5	–
Total	**119**	84	28

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.

Securitisation of Assets

The Group conducts a Loan Securitisation program as described under "Special Purpose Entities" on page 125 of this Document.

The outstanding balance of securitised loans at 30 June 2020 was $12,791 million (2019: $13,521 million). No credit losses were incurred by the Group in relation to these securitised loans during the financial years 2020 and 2019.

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 2020 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 2020 Financial Report.

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 2020 and 2019, the Group had commitments for capital expenditure and lease commitments (see Note 12.1 of the 2020 Financial Report).

Contractual Obligations

The Group also had various monetary contractual liabilities, such as deposits and other public borrowings, loan capital lease liabilities, and other monetary liabilities. Refer to Note 9.4 of the 2020 Financial Report for the maturity distribution of these monetary contractual liabilities. Details of certain monetary liabilities of the Group's contractual obligations are set out in the table below.

	Payments due by period at 30 June 2020				
	Total $M	Less than 1 year $M	1 to 5 years $M	Over 5 years $M	Not specified $M
On-Balance Sheet [1]					
Debt Issues	150,627	38,365	71,502	40,760	–
Deposits and other Public Borrowings	703,337	696,336	5,944	1,057	–
Loan Capital	32,885	868	12,369	19,648	–
Lease Liabilities [2]	3,505	543	1,807	1,155	–
Total On-Balance Sheet	890,354	736,112	91,622	62,620	–
Off-Balance Sheet					
Credit risk related instruments [3]	168,624	168,624	–	–	–
Lease commitments not yet commenced	42	42			
Commitments for capital expenditure not provided for in the accounts	40	40	–	–	–
Total Off-Balance Sheet	168,706	168,706	–	–	–

1 Contractual On-Balance Sheet obligations also include contractual interest; refer to Note 9.4 of the 2020 Financial Report.
2 From July 1 2019 the Group adopted AASB 16 Leases. Please refer to Note 1.1 of the 2020 Financial Report which outlines the nature of the changes and adjustments arising on adoption of the standards.
3 Credit risk related instruments, see page 126 of this Document.

Commitments (continued)

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 was $77 million as at 30 June 2019.

The Group adopted AASB 16 Leases on 1 July 2019 and under lessee accounting, all leases are to be recognised on the Balance Sheet as a lease liability and right-of-use asset, unless the underlying asset is of low value or the lease has a term of 12 months or less. For details on the adoption of AASB 16 refer to Note 1.1 of the 2020 Financial Report.

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.

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 2020 was $1.8 million (2019: $2.3 million).

Transactions in Own Shares

The Group had the following employee share plans in place during the year ended 30 June 2020:

- 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 2020 Financial Report.

Description of Business Environment

Business Strategies and Future Developments

During the current year, CBA maintained a strong Main Financial Institution ("MFI") market share [1], deepened customer relationships, and invested in its businesses, technology 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. However, we have the right foundations to thrive in this evolving context. We have the leading retail bank in Australia and a strong commercial banking franchise. In fact, we help more Australians manage their finances than any other bank and we have the largest share of youth and migrant customers, supported by the broadest branch network in Australia. Our business bank is the leading payments provider and merchant acquirer in Australia, and our dedicated business bankers are providing more tailored and responsive everyday banking, deposit and lending services. This strength has enabled us to invest in market-leading digital infrastructure, assets and innovation over the last decade. We now have 6.1 million active CommBank app users. We also believe we have a strong balance sheet and we have been seeking to strengthen our capital, liquidity and funding positions.

Our strategy, which builds on our strong foundations and reflects the changes in operating context, is 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 become a simpler bank, by simplifying how we do business and focusing 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 believe we will grow from a simpler and more digital core and are accelerating our innovation agenda to continue offering compelling customer experiences, stand out amid increasing competition and position the business for future growth.

Stronger capabilities

To deliver on our strategy we need to achieve better customer, efficiency, and risk outcomes. To do this, we are prioritising strengthening four critical capabilities:

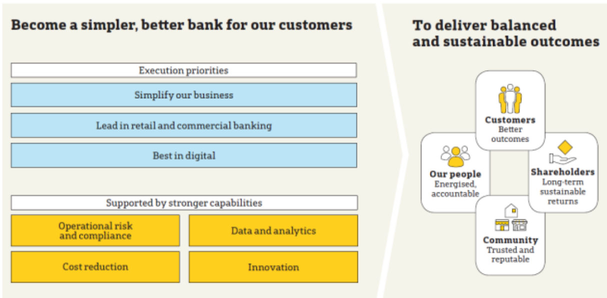
- Operational risk and compliance;
- Cost reduction;
- Data and analytics; and
- Innovation.

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 [2] and business [3] customers;
- Top quartile among peer companies for reputation improvement;
- Top 10% employee engagement score globally; and
- Top quartile total shareholder returns.



Our customers

Integral to our strategy is our focus on service and our strong digital proposition. We are committed to providing exceptional service across our multiple channels, including the largest branch network in Australia, Australian based call centres, our extensive network of mobile banking specialists and ATMs, as well as our online services and apps. We are also committed to providing the best digital banking experience. We were awarded the number one mobile banking app in Australia for the fourth year in a row by Forrester, and have been rated the best online bank for 11 years in a row by Canstar.

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.

Trust is the cornerstone of banking and we have been focused on rebuilding trust with our 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.

1 Roy Morgan Research.
2 DBM Consumer MFI *Net Promoter Score.
3 DBM Business MFI *Net Promoter Score.

Description of Business Environment (continued)

We have made significant progress against key governance, accountability, risk and strategic priorities. This includes remediating customers, progressing our Group-wide Better Risk Outcomes Program and implementing our APRA Remedial Action Plan, and addressing the recommendations of the Financial Services Royal Commission by making the necessary changes in the business.

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 is part of the long-term variable remuneration performance measures 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 81%, an increase of 13% from April 2019.

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 71% of cash net profit after tax is being returned to shareholders as dividends. This includes a second half statutory dividend payout ratio of 49.95%, consistent with the guidance issued in July by the Australian Prudential Regulatory Authority (APRA) for Australian banks and insurers to retain at least half of their profits for the remainder of calendar year 2020. 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. As at 30 June 2020, our CET1 ratio was 11.6% 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 (ROE) is an important measure of the Bank's profitability. It represents the net profit generated as a percentage of the equity shareholders have invested. For the 2020 financial year, our ROE was 10.3%, though has declined in recent years due primarily to regulatory requirements for higher levels of capital and lower interest rates.

Simplify our business

Reducing our portfolio of businesses and simplifying the way we operate will enable greater focus on our core banking businesses in Australia and New Zealand. These businesses have market leading capabilities and together represent approximately 97% of the Group's profit in 2020.

During the year, we continued to progress with the simplification of our business, with the completed sales of CFSGAM, PTCL and Count Financial during the 2020 financial year, and the expected completion of further transactions during the remainder of the 2020 and 2021 calendar years (refer to "Disclosures – Discontinued operations and transaction update" on pages 7 and 8 for further details).

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 percent non-controlling interest in ASB Holdings Limited in New Zealand giving Commonwealth Bank a 100 percent 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 percent of Bank of Western Australia Ltd (Bankwest) from HBOS plc.

Description of Business Environment (continued)

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 2020 financial year, with the average ASX 200 up 3.4% on the 2019 financial year despite COVID-19 impacts. ASIC and APRA have a strong focus on COVID-19 response plans and remediation initiatives which has seen a significant increase in the level of regulatory interaction, for example the early release of superannuation.

On 13 May 2020, CBA announced it has entered into an agreement to sell a 55% interest in Colonial First State (CFS) to KKR. As a result, CFS is classified as discontinued operations.

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 customer-focused innovation that brings together technology and service to exceed customer expectations. This also increases 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 2020, 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 Australians owning nearly 80% of the Bank, we are proud of the contribution we make to the Australian economy.

Description of Business Environment (continued)

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 (continued)

Financial System Regulation in the United States

In October 2016, we elected to be treated as a Financial Holding Company ("FHC") by the Board of Governors of the Federal Reserve System 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 in the United States (the "OCC"), the Group's New York branch can 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 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 OCC may take possession of the business and property of a federal branch. The OCC 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 OCC may remove federal branch management and assess civil money penalties. In certain circumstances, the OCC 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 Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"). Dodd-Frank regulates many aspects of the business of banking in the United States and internationally. At this time, a number of rules and regulations implementing Dodd-Frank are under review by U.S. regulators. This review may result in a modified compliance framework. The following summary discusses the key regulations that are expected to remain relevant to us.

The "Volcker Rule" adopted under Dodd-Frank, among other things, 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.

Between August and October 2019, the agencies responsible for the Volcker Rule approved final rules (the "Final Rules") amending the Volcker Rule to provide clarification, simplification and tailoring to certain of their requirements relating to proprietary trading, investments in covered funds and compliance programs. The effective date for the Final Rules was January 1, 2020, with a compliance date of January 1, 2021. Banking entities such as CBA were required to continue to comply with the existing (2013) Volcker Rule until the effective date. Compliance with the Final Rules between the effective date and the compliance date is permitted but not required. On June 25, 2020, the agencies responsible for implementing the Volcker Rule approved a final rule principally focused on covered funds; the effective date for the final rule will be October 1, 2020.

Other Dodd-Frank regulations impose minimum margin requirements on uncleared swaps, require the central 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 market participants. We are a provisionally registered swap dealer under the U.S. Commodity Exchange Act and Commodity Futures Trading Commission ("CFTC") regulations. In addition, other affiliated entities within the Group could become subject to registration, depending on the level of their swap dealing activities with counterparties that are U.S. persons. Even if not required to be registered with the CFTC, such entities are potentially subject to certain of the CFTC's regulatory requirements in connection with transactions that they enter into with counterparties that are U.S. persons. The CFTC had issued Cross-Border Guidance in 2013 that, among other things, established a framework for the CFTC to permit "substituted compliance" by swap dealers located in non-U.S. jurisdictions with 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 transactions outside the U.S. with non-U.S. counterparties. The CFTC recently adopted rules regarding cross-border swap transactions that will, upon their effective date, replace the prior Cross-Border Guidance and provide for broader relief from CFTC regulations for non-U.S. swap dealers governed by a comparable non-U.S. regulatory regime. The CFTC's prior comparability determination with respect to Australia will remain in effect. Therefore, under the Cross-Border Guidance, we expect to be able to rely on compliance with Australian regulatory requirements, in lieu of compliance with CFTC regulatory requirements, to a greater extent than was the case under the Cross-Border Guidance. U.S. prudential regulators and the CFTC have implemented rules imposing initial and variation margin requirements on transactions in uncleared swaps and security-based swaps. As we are supervised by the FRB and operate the New York Branch that is regulated by the OCC, we need to comply with the uncleared swap margin rules promulgated by the FRB, Farm Credit Administration, FDIC, Federal Housing Financial Agency and the OCC.

Description of Business Environment (continued)

Financial System Regulation in the United States (continued)

These rules impose requirements to collect and post initial and variation margin in respect of in-scope trading with in-scope counterparties. The rules of the prudential regulators and the CFTC also allow non-U.S. swap dealers, such as us, to comply with the applicable laws of non-U.S. jurisdictions in lieu of compliance with their margin rules, or otherwise not to comply with U.S. margin rules, with respect to certain categories of transactions and counterparties.

Dodd-Frank also requires us to submit U.S. resolution plans to the FRB and the FDIC. We submitted our most recent annual U.S. resolution plan in December 2018. We are also subject to "enhanced prudential regulations" under Reg. YY, Subpart N, which was adopted pursuant to Dodd-Frank Section 165, and that requires annual certification of compliance with the financial and risk oversight requirements thereof. In October 2019, the FRB and the FDIC issued final rules that would apply tailored requirements on resolution planning and a modification of the enhanced prudential standards applicable to foreign banking organizations, depending on the size of their U.S. operations and their risk profile. Under the final rules, we are projected to be a triennial reduced filer, and thus are required only to submit a reduced resolution plan if we continue to be a triennial reduced filer on October 1, 2020.

The U.S. Foreign Account Tax Compliance Act ("FATCA") requires financial institutions to undertake specific customer due diligence and provide information on account holders who are U.S. citizens or tax residents to the United States Federal tax authority, the Internal Revenue Service, either directly or via local tax authorities. If the required 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% withholding tax on certain amounts. While such withholding tax may currently apply only to certain 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 made prior to the date that is two years after the date on which final U.S. regulations defining the term "foreign passthru payment" are enacted. There is currently no proposed or final definition of "foreign passthru payment" and it is therefore impossible to know whether certain payments could possibly be treated as foreign passthru payments.

The discussion above reflects recently proposed U.S. regulations that eliminate withholding on certain gross proceeds payments and delay the effective date for withholding on payments from sources outside the United States. The U.S. Treasury Department has indicated that taxpayers may rely on the proposed regulations. The discussion assumes that the regulations will be finalized in their current form and will be effective retroactively.

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 and/or its customers may face withholding tax if the Group does not provide such information in compliance with the applicable rules and regulations. Moreover, even if the Group does provide the required information, withholding may still be applicable to certain U.S. source payments.

In the event that any country in which we operate does not finalize and enforce an Intergovernmental Agreement with the United States, and that country has local law impediments preventing compliance with FATCA, the Group may also be subject to broader compliance issues, significant withholding exposure and other operational impacts.

A major focus of U.S. governmental policies affecting financial institutions has been combatting money laundering and terrorist financing. The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism 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 have imposed 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 businesses 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 (continued)

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 2020 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 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.

The Group has been required to meet a LCR ("Liquidity Coverage Ratio") since 1 January 2015 and revised definitions of eligible High Quality Liquid Asset holding requirements within these changes.

Additionally, the 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 2020 Financial Report.

(ii) Large Exposures

APRA requires banks to ensure that, other than in exceptional circumstances, exposures to a counterparty or a group of connected counterparties 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 2020 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 respective 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. In 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 2022. 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 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 (continued)

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 and superannuation businesses through its Wealth Management division. The key regulators for the Group's discontinued 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 entity that operates funds management businesses is 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.

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 2020 Financial Report for further details.

Shareholder class actions

In October 2017 and June 2018 two separate shareholder class action proceedings were filed against CBA 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 against CBA by AUSTRAC. The AUSTRAC proceedings concerned contraventions of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).

The resolution of the AUSTRAC proceedings was approved by the Federal Court on 20 June 2018 with CBA paying a penalty of $700 million and legal costs.

It is alleged in the class actions that CBA shareholders who acquired an interest in CBA shares between 16 June 2014 and 3 August 2017 suffered losses as a result of the alleged conduct. The two class actions are being case managed together, with a single harmonised statement of claim. CBA denies the allegations made against it, and 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.

Superannuation class actions

The Group is also defending four class actions in relation to superannuation products.

On 9 October 2018, a class action was filed against Colonial First State Investments Limited ("CFSIL") and CBA in the Federal Court of Australia. The claim initially related to investment in cash and deposit options (which are cash and deposit products provided by CBA) in the Colonial First State First Choice Superannuation Trust and Commonwealth Essential Super. A second further amended statement of claim and amended application was filed on 2 June 2020, joining Avanteos Investments Limited ("AIL") as a party in respect of claims regarding the FirstWrap Pooled Cash Account and expanding the existing claims made against CFSIL and CBA. The main claims are that members invested in these cash and deposit options received lower interest rates than they could have received had CFSIL/AIL offered similar products made available in the market by another bank with comparable risk and that CFSIL/AIL retained the margin that arises through the internal transfer pricing process in respect of deposits made with CBA, for their own benefit. It is claimed CFSIL/AIL breached their duties as a trustee of the funds, CFSIL breached its duties as a Responsible Entity of the underlying managed investment schemes and that CBA was involved in CFSIL/AIL's breaches. CBA, CFSIL and AIL deny the allegations and are defending the proceedings. The Court has ordered the parties to participate in a mediation of this matter, which is scheduled to take place on 3 September 2020.

On 18 October 2019 another class action was commenced against CFSIL in the Federal Court of Australia. The claim relates to certain fees charged to members of the Colonial First State First Choice Superannuation Trust. It is alleged that CFSIL breached its duties as trustee and acted unconscionably because it failed, between 2013 and 2019, to take steps to avoid the payment of grandfathered commissions to financial advisers, which would have resulted in a reduction of the fees paid by members in respect of whom those commissions were paid. CFSIL denies the allegations and is defending the proceedings. The Court has ordered the parties to participate in a mediation of this matter by 18 December 2020.

On 24 October 2019 a third class action was filed against CFSIL and a former executive director of CFSIL in the Federal Court of Australia, relating to alleged contraventions of statutory obligations under superannuation law and trustee breaches in the period 2013 to 2017. The class action relates to the transfer of certain default balances held by members of FirstChoice Employer Super to a MySuper product. The key allegation is that members should have been transferred to a MySuper product earlier than they were, and that the alleged failure to effect the transfer as soon as reasonably practical caused affected members to pay higher fees and receive lower investment returns during the point of delay. The allegations are denied and CFSIL and its former director are defending the class action. The Court has ordered the parties to participate in a mediation which will take place on 20 November 2020.

On 22 January 2020, a fourth class action was filed against CFSIL and The Colonial Mutual Life Assurance Society Limited ("CMLA") in the Federal Court of Australia. The class action alleges that CFSIL did not act in the best interests of members

Description of Business Environment (continued)

Superannuation class actions (continued)

and breached its trustee duties when taking out group insurance policies obtained from CMLA. The key allegation is that CFSIL entered into and maintained insurance policies with CMLA on terms that were less favourable to members than would have reasonably been available in the market. It is alleged that CMLA was knowingly involved in CFSIL's contraventions as trustee and profited from those contraventions. The allegations are denied and CFSIL and CMLA are defending the class action.

The Group has provided for the legal costs expected to be incurred in the defence of the claims.

US BBSW class action

In 2016 a class action was commenced in the United States District Court in New York against CBA, other banks and two brokers, claiming a conspiracy among competitors to manipulate the BBSW benchmark for mutual gain. The claims include allegations that United States racketeering and antitrust legislation have been contravened. In November 2018, the Court dismissed the claims against CBA and the other foreign defendants, but in April 2019, an amended complaint was filed that included new allegations and added a new named plaintiff. The defendants applied to the Court to dismiss the amended complaint. In February 2020, the judge determined that the new named plaintiff's claims could proceed against CBA and nine other banks. CBA denies the allegations and will be defending the class action. The breadth of the putative class (if any) that may be allowed to claim against CBA will not be determined until at the earliest August 2021. The preparation of the substantive proceedings has now commenced.

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

Consumer credit insurance class action

On 10 June 2020 a class action was commenced against CBA and CMLA in the Federal Court of Australia. The claim relates to consumer credit insurance for credit cards and personal loans that was sold between 1 January 2010 and 7 March 2018. The class action alleges that CBA and CMLA engaged in unconscionable and misleading or deceptive conduct, failed to act in the best interests of customers and provided them with inappropriate advice. In particular, it is alleged that some customers were excluded from claiming certain benefits under the policies and the insurance was therefore unsuitable or of no value. Allegations are also made in relation to the manner in which the insurance was sold. The Court has made orders requiring CBA and CMLA to file their responses to the claim by 21 September 2020. It is currently not possible to determine the ultimate impact of this claim, if any, on the Group. The Group has provided for legal costs expected to be incurred in the defence of this class action.

Life Insurance Advice Class Action

On 21 August 2020, a class action was filed in the Federal Court of Australia against CFP, FWL and CMLA.

The claim relates to certain CommInsure life insurance policies recommended by financial advisers appointed by CFP and FWL during the period 21 August 2014 to 21 August 2020.

The key allegations include that CFP and FWL financial advisers breached their fiduciary duties to their clients, breached their duty to act in the best interest of their clients, and had prioritised their own interests (and the interests of CFP, FWL and CMLA) over the interest of their clients, in recommending certain CommInsure life insurance policies in preference to substantially equivalent or better policies available at lower prices from third party insurers. CFP and FWL are reviewing the claim.

It is currently not possible to determine the ultimate impact of this claim, if any, on the Group.

ASIC regulatory enforcement proceedings

CFSIL My Super

On 17 March 2020 ASIC commenced civil penalty proceedings against CFSIL in the Federal Court of Australia for alleged breaches of the Australian Securities and Investments Commission Act 2001 (Cth) and Corporations Act 2001 (Cth) (Corporations Act) arising from communications with members of the First Choice Superannuation Trust. In 2012, the Australian Government passed legislation requiring trustees, such as CFSIL to allocate member contributions to a default "MySuper" superannuation product in certain circumstances. ASIC alleges, amongst other things, that CFSIL communicated with members both in template letters and on telephone calls, in a misleading or deceptive manner regarding the provision of investment directions to stay with CFSIL's First Choice Superannuation Trust rather than transitioning to CFSIL's MySuper product.

CFSIL filed a response to the claim on 17 July 2020. It is currently not possible to determine the ultimate impact of this claim. The Group has provided for legal costs expected to be incurred in the defence of this claim.

Commonwealth Essential Super

On 22 June 2020 ASIC commenced civil penalty proceedings against CFSIL and CBA in the Federal Court of Australia for alleged contraventions of the conflicted remuneration provisions in the Corporations Act relating to the arrangements between CFSIL and CBA for the distribution of Commonwealth Essential Super ("CES"). CES is a superannuation product issued by CFSIL. It is currently not possible to determine the ultimate impact of this claim, if any, on the Group. The Group has provided to legal costs expected to be incurred in the defence of this claim.

Ongoing regulatory investigations and reviews

The Group undertakes ongoing compliance activities, including breach reporting, reviews of products, advice, conduct and services provided to customers, as well as interest, fees and premiums charged. Some of these activities have resulted in remediation programs and where required the Group consults with the relevant regulator on the proposed remediation action.

Provisions have been recognised by the Group where the criteria outlined in the accounting policy section of Note 7.1 of the 2020 Financial Report are satisfied. Contingent liabilities exist with respect to these matters where it is not possible to determine the extent of any obligation to remediate or the potential liability cannot be reliably estimated.

There are also a number of ongoing matters where regulators are investigating whether CBA or a Group entity has breached legal or regulatory obligations.

Description of Business Environment (continued)

Ongoing regulatory investigations and reviews (continued)

Where a breach has occurred, regulators are likely to impose, or apply to a Court for, fines and/or other sanctions. These matters include investigations by APRA and ASIC of issues which were referred to them by the Financial Services Royal Commission, as well as a number of other matters notified to, or identified by, regulators.

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

AUSTRAC 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 concerning the matters the subject of the AUSTRAC proceedings. ASIC investigated, among other things, whether the officers and directors of CBA complied with other specific obligations under the Corporations Act 2001 (Cth). On 26 August 2020, CBA was notified that ASIC had concluded its investigation, and will not take any enforcement action in relation to matters that were the subject of the AUSTRAC proceedings, including CBA's disclosure of those matters and whether directors and officers of CBA complied with specific obligations under the Corporations Act. The Group had provided for the legal costs incurred in relation to this investigation.

Fair Work Ombudsman ("FWO") Investigation

The FWO's investigation in relation to CBA's self-disclosure of discrepancies in employee arrangements and entitlements is ongoing, and CBA continues to engage with the FWO and respond to its requests for information. It is currently not possible to predict the ultimate impact of this investigation on the Group.

CBA is continuing with its broad review of employee entitlements and is remediating impacted current and former employees as the review progresses. We continue to update both the FWO and the Finance Sector Union and will provide a broader update on progress in due course. The Group holds a provision for remediation and program costs related to this matter.

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 yet to be finally determined. That finding, if extrapolated to ASB's entire workforce, would result in an estimated liability of NZD33 million in total for the preceding six years' annual holiday payments. ASB continues to engage with the Labour Inspectorate on the matter. The Group holds a provision for this matter.

Home loan pricing inquiry

In October 2019, the ACCC commenced an industry-wide inquiry into home loan pricing. The inquiry involves consideration of a wide range of issues including the interest rates paid by new and existing customers, how the cost of financing for banks has affected bank decisions on interest rates and barriers to customers switching home loans with the focus on the period since 1 January 2019. CBA is co-operating with the ACCC in its requests for information. The ACCC published an interim report on 27 April 2020. The final report from the inquiry is due by 30 November 2020.

Other regulatory matters

The following matters were significant regulatory investigations and reviews, which have been completed, but have resulted in ongoing action required by the Group.

Enforceable undertaking to ASIC (foreign exchange)

In December 2016 CBA provided an enforceable undertaking ("EU") to ASIC arising from an investigation into wholesale spot foreign exchange ("FX") trading between 2008 and 2013. The EU included the engagement of an independent expert, to review and assess the changes we have made to our trading operating model in recent years, including in training, procedures and oversight.

It also included a voluntary contribution of $2.5 million to support the further development of financial literacy education relating to changes to delivery of care in the aged care sector.

CBA provided details of the implementation of its Final FX EU Program to ASIC in March 2019. The independent expert conducted an assessment of CBA's implementation and submitted its final expert report on 31 May 2019. The report highlighted certain terms of the consolidated Final FX EU Program, which were yet to be implemented, certain matters that could not be assessed and some other areas for improvement. CBA has steps underway to address the matters raised in the independent expert's report and is having ongoing discussions with ASIC in respect of the FX EU Program.

Prudential Inquiry into CBA and Enforceable Undertaking to APRA

On 28 August 2017, APRA announced it would establish an independent prudential inquiry ("the Inquiry") into the Group focussing on the governance, culture and accountability frameworks and practices within the Group. 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 EU under which CBA's remedial action ("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.

Description of Business Environment (continued)

Promontory is continuing to provide APRA with quarterly progress reports and CBA is committed to report publicly on its progress against the Remedial Action Plan twice a year. Eight Promontory reports have been released by CBA. 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 176 milestones on schedule to be delivered by the due dates.

The Group has provided for costs associated with the implementation of the Remedial Action Plan.

Financial Crime Compliance

As noted above, in 2018 the Group resolved the AUSTRAC proceedings relating to contraventions of anti-money laundering/ counter-terrorism financing ("AML/CTF") laws.

Recognising the crucial role that the Group plays in flighting financial crime, it continues to strengthen its financial crime capabilities, including in its AML/CTF Compliance team and 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 costs of running the Program of Action.

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.

However, 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 financial crime compliance programs across its business units and the jurisdictions in which it operates. While the Group is not currently aware of any other enforcement action by other domestic or foreign regulators in respect of its financial crime compliance, there can be no assurance that the Group will not be subject to such enforcement actions in the future.

Enforceable Undertaking to ASIC (BBSW)

On 21 June 2018 the Federal Court of Australia approved an agreement between CBA and ASIC to resolve proceedings concerning alleged market manipulation and unconscionable conduct in respect of the bank bill market. 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 an earlier period.

As part of the settlement CBA also entered into an EU 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 its 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 delivered its report on CBA's Final BBSW Program on 30 August 2019. Once the terms of the Final BBSW Program area agreed to by ASIC, that program will be implemented. The Group has provided for costs associated with implementation of the BBSW program.

Enforceable Undertaking to the Office of Australian Information Commission (OAIC)

In June 2019 the Australian Information Commissioner ("Commissioner") accepted an EU offered by CBA which requires further enhancements to the management and retention of customer personal information within CBA and certain subsidiaries. The EU follows CBA's 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 the incidents to the Commissioner in 2016 and 2018 respectively and has since been working to address these incidents. CBA found no evidence that its customers' personal information was compromised by the incident reported in 2016, and has found no evidence to date that there have been any instances of unauthorised access by CBA employees or third parties as a result of the incident reported in 2018.

The Group has provided for certain costs associated with implementation and compliance with the EU provided to the Commissioner.

Other matters

Exposures to divested businesses

The Group has potential exposures to divested businesses, including through the provision of services, warranties and indemnities. These exposures may have an adverse impact on the Group's financial performance and position. The Group has recognised provisions where payments in relation to the exposures are probable and reliably measurable.

Critical Accounting Policies and Estimates

Where applicable, each note in the 2020 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 2020 Financial Report where applicable.

Remuneration of Auditors

Disclosure of the Remuneration of Auditors is set out in Note 12.3 to the 2020 Financial Report.

Other Information (continued)

Corporate Governance

The Commonwealth Bank of Australia is committed to our strategy to become a simpler better bank, to fulfil our purpose of improving the financial wellbeing of our customers and communities. Good governance is key to the Bank's ability to deliver on our purpose and strategy.

The Commonwealth Bank of Australia (CBA or Bank) is continuing to improve governance, accountability and risk management. Clearer lines of accountability and stronger risk management practices are improving our ability to meet regulatory and compliance obligations and deliver on the expectations of our customers and the community more broadly.

This section describes the key governance arrangements and practices of the Bank and its related bodies corporate (Group). These arrangements and practices meet the requirements of the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Recommendations) during the year ended 30 June 2020. 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 the Australian Prudential Regulation Authority (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.

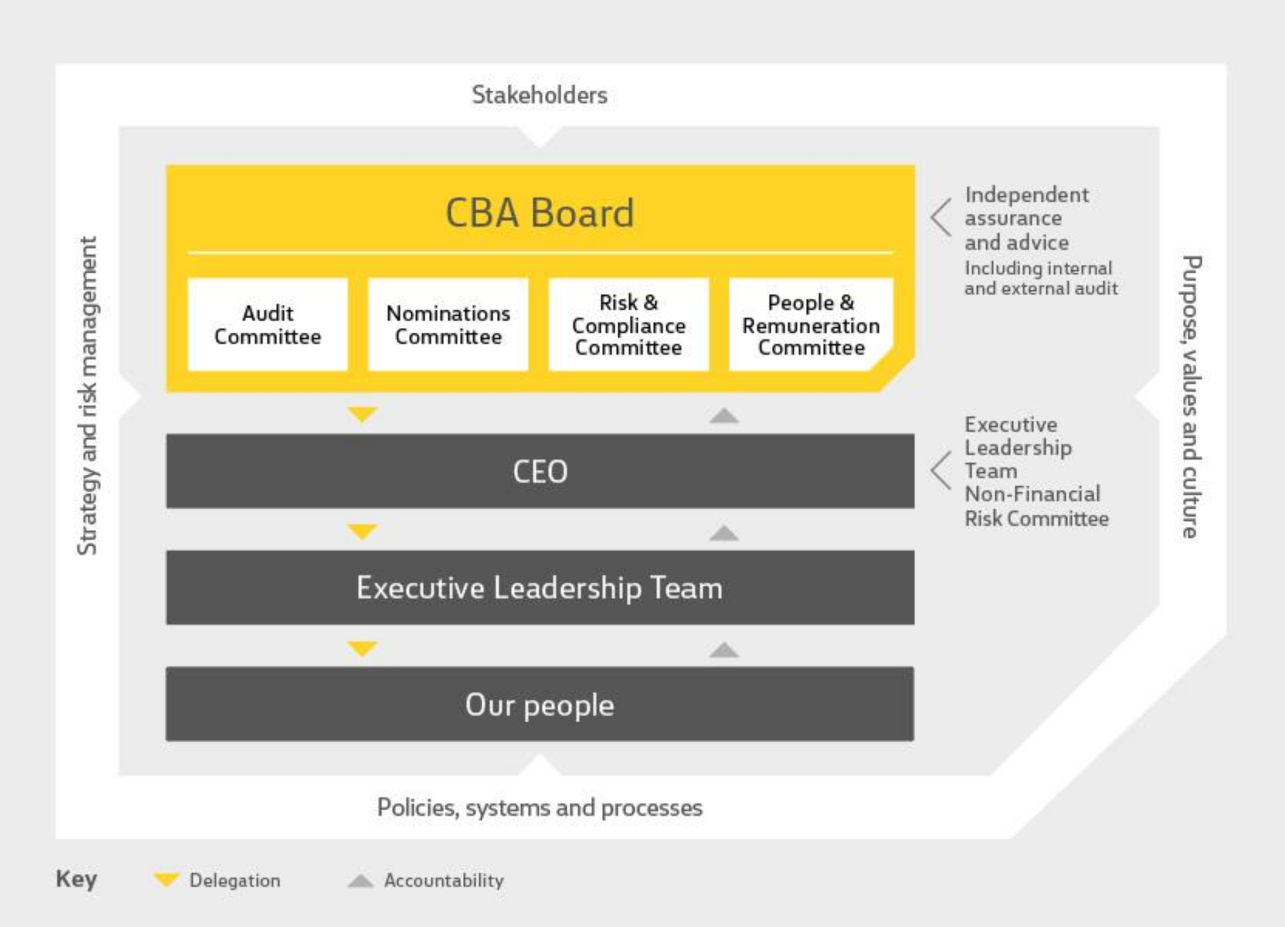
The Board regularly reviews and refines its corporate governance arrangements and practices in light of new laws and regulations, evolving stakeholder expectations and the dynamic environment in which the Group operates.

Board of Directors

Left to right: Catherine Livingstone AO (Chairman), Matt Comyn (Managing Director and Chief Executive Officer), Shirish Apte, Genevieve Bell AO, Paul O'Malley, Mary Padbury, Anne Templeman-Jones, Rob Whitfield AM, Wendy Stops.

Corporate Governance (continued)

Corporate Governance Framework



The Bank's Corporate Governance Framework (Framework) is based on accountability, effective delegation and adequate oversight to support sound decision-making.

The Board is responsible for setting the strategic objectives and risk appetite of the Bank, and approves the Group's Code of Conduct to set the Board's expectations for the Group's values and desired culture.

The Board delegates certain powers to Board Committees to help it fulfil its roles and responsibilities. The Board also appoints the Chief Executive Officer (CEO). The Board has delegated the management of the Bank to the CEO, except for those matters specifically reserved to the Board or its Committees. 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.

At its discretion, the Board may form other committees to undertake specific duties from time to time.

The purpose of the Executive Leadership Team Non-Financial Risk Committee (ELT NFRC) is to assist and advise the CEO to govern and effectively manage the Group's non-financial risks, and raises the visibility and stature of non-financial risk across the Group, including operational, compliance (including conduct), financial crime and cyber risks.

Culture

The Bank remains focussed on shaping a culture that supports the achievement of business strategies and drives decisions and actions that lead to better outcomes for our customers and stakeholders. The Board acknowledges that community confidence and trust in the Bank continues to depend on this, and this has been particularly apparent during the Bank's response to the COVID-19 pandemic.

The Board recognises that, together with management, it has a critical role in setting the cultural tone of the Bank, and seeks to guide the Bank's culture through the CEO.

The Directors monitor culture and cultural change initiatives through information from employee surveys and focus groups, Audit reports, compliance reports, whistleblower reports and various other sources.

Corporate Governance (continued)

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

We get things done

Our purpose statement and values expectations are 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.

During the 2020 financial year, other mechanisms to reinforce the Bank's purpose and values included:

- a continued focus on our senior leaders cascading a personal and authentic tone from the top through leadership forums and leader-led training;
- all senior leaders receiving feedback on their leadership effectiveness through participating in a Leadership 360 diagnostic and coaching debrief exercise. Results were shared with the Board;
- embedding our purpose and values expectations through a number of employee lifecycle interventions, including recruitment, on-boarding and promotion systems, processes and policies;
- launching a new Group-wide induction for all new employees, ensuring consistent expectations and accountabilities are established as people join the Bank; and
- launching a Recognition Hub, providing a central place for employees to share stories of our values in action, through our Everyday Legends Program, or to recognise extraordinary performance through quarterly and annual Excellence Awards.

Policies

Policies play a key role in guiding decision making and conduct across the Group. The Bank remains focused on enhancing the Group's policy framework to ensure our policies and supporting procedures are fit-for-purpose.

Code of Conduct

The Group's Code of Conduct (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 and values expectations with a 'Should We?' test, to help deliver the right outcomes. It guides our decision-making, sets clear boundaries, and provides a roadmap for getting help when we run into challenges. Material breaches of the Code are reported to the Audit Committee.

Whistleblower Protection

The Group is committed to fostering a culture where our people and others feel safe to speak up on matters or conduct that concerns them. The Group Whistleblower Policy provides clarity on how the Group will support and protect our people and others to express their concerns, as well as the manner in which concerns can be raised and will be managed.

The Group has:

- a Whistleblower Protection Officer whose role includes overseeing the protection of whistleblowers, including their wellbeing;
- SpeakUP services (including telephone, email and online) that provide avenues for individuals to raise concerns, including anonymously; and
- a Misconduct Governance Committee that oversees the effectiveness of the whistleblower program.

The Board Audit Committee is provided with regular reporting on the operation of the whistleblower program.

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, facilitation payments or other improper benefits to another person, including public officials;
- identify potential risks and appropriate controls relating to key bribery and corruption risk areas such as the offering or accepting of gifts and entertainment; sponsorships & donations; hiring opportunities as well as the engagement of third party service providers who may act for or on behalf of the Group;
- 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.

Other Information (continued)

Corporate Governance (continued)

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, accessible and inclusive, where everyone feels valued and respected.

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 & 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 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 520 and SPS 520. The policy requires all persons appointed to a Responsible Person role (including CBA Directors) to satisfy the fit and proper requirements prior to their initial appointment, and be re-assessed annually, or at any time information that 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, 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'.

Modern Slavery and Human Trafficking

The Group's Environmental and Social Framework details our commitment to managing environmental and social risks, including human rights and modern slavery. During the 2020 financial year, the Group published its latest Modern Slavery and Human Trafficking Statement, which discloses the actions taken to identify and mitigate slavery and human trafficking in our business and supply chain. The statement complies with the requirements of the UK Modern Slavery Act.

The Group will publish our first statement in compliance with Australia's Modern Slavery Act 2018 (Cth) in the 2021 financial year, reporting on our activities in the 2020 financial year.

Entity Governance

The Board has adopted a suite of Entity Governance documents comprising the Entity Governance Umbrella Policy, which is supported by five pillars:

1. The Subsidiary Governance Framework, which includes authority and delegations, directors and officers, board governance and information flow, and supporting principles of risk, tax, audit and finance for Group Subsidiaries;
2. Group Board Appointment, Renewal and Performance Policy, which sets out the standard for the appointment, renewal, evaluation, performance and removal of Directors to the Board and other boards within the Group;
3. Entity Lifecycle Framework, which outlines the corporate governance, legal and regulatory requirements that apply to the formation, ongoing maintenance and de-registration of Subsidiaries;
4. Group Policy Framework Policy, which sets out the requirements for Group and Business/Support Unit policies, standards and procedures, to ensure these documents are clear, consistent, fit for purpose, operationalised and well governed; and
5. Minority Investment Entities Framework, which sets out the approach for the management and governance of Minority Investment Entities (entities in which the Group has a minority, non-controlling interest).

Risk Management and Assurance

The Group has exposure to both financial and non-financial risks, and is committed to having risk management policies, processes and practices that support a high standard of risk governance whilst enabling management to undertake prudent risk-taking activities.

Risk Management Framework

The Group's Risk Management function designs and oversees a Risk Management Framework (Risk Framework) for managing the Group's material risk types.

The Risk Framework covers the 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 Risk Appetite Statement (RAS): which articulates the type and degree of risk the Board is prepared to accept, and the maximum level of risk that the Group must operate within;
- Group Risk Management Approach (RMA): sets the Board and Executive Leadership Team's expectations regarding how we behave to identify, measure, monitor and act upon our risks; and
- Group Strategy: articulated through the Group Business Plan, which articulates the Group's approach to implementing its strategic objectives.

The Board is ultimately responsible for the Group's Risk Framework, and is responsible for the oversight of its operation by management. As required under APRA's Prudential Standard for risk management (CPS 220), the Board makes an annual Risk Management Declaration to APRA that is signed by the Chairs of the Board and the Risk & Compliance Committee. As part of its consideration of the Risk Management Declaration, the Board makes appropriate enquiries, in all material respects, to satisfy itself that the Risk Framework is appropriate to the Group. The last Risk Management Declaration was provided to APRA in October 2019.

Corporate Governance (continued)

Remedial Action Plan

Following publication of the APRA Prudential Inquiry Report (Inquiry Report) in April 2018, the Bank committed to implement all recommendations. Addressing the findings of the Inquiry Report is a key focus of the Board and management.

The Bank has a Remedial Action Plan (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 the ELT NFRC;
- 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. Relevant 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.

For more on the Bank's response to the Inquiry Report, refer to *"Description of Business Environment – Legal Proceedings and Investigations – Other regulatory matters - Prudential Inquiry into CBA and Enforceable Undertaking to APRA".*

Exposure to Environmental, Social and Governance (ESG) Risks

The Bank has implemented policy frameworks for considering environmental, social and governance risks, including climate change. These risks could adversely affect the Group and the achievement of its objectives. For more information about the Group's material risk and how the Group seeks to manage risk, refer to *"Other Information - Risk Management"*.

The Group's approach to climate, strategy, risk management, metrics and targets is in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Internal Audit

Group Audit & Assurance (GA&A) is the Internal Audit function of the Group, also called the 3rd Line of Accountability (3LoA or Line 3). Its role is to provide independent and objective assurance and related consulting services to management, as well as the Audit, Risk & Compliance, and People & Remuneration Committees.

GA&A is structured to be independent of management, with the most senior GA&A executive, the Group Auditor, reporting directly to the Audit Committee. The Audit Committee holds regular discussions with the Group Auditor in the absence of management. The Group Auditor may only be appointed or dismissed with the Audit Committee's approval. The Group 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, including the Core Principles for the Professional Practice of Internal Auditing (Standards) and the Definition of Internal Auditing.

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 & Compliance Committee; and
- escalating to management, and the Audit Committee or Risk & Compliance 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 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 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, Matthew Lunn, was appointed effective from 1 July 2017. The lead audit partner holds regular discussions with the Audit Committee without management present. That partner will attend the 2020 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. A statement of the Board's satisfaction that the non-audit services provided by PwC did not compromise the auditor independence requirements is provided in the Directors' report, within the 2020 Financial Report.

CEO and CFO Declarations

Before the Board approved the Group's half-year and full-year financial statements for 2020, the CEO and CFO provided the Board with written declarations that, in their opinion:

- the Group's financial records have been properly maintained in accordance with the Corporations Act;
- the financial statements and notes comply with the accounting standards and give a true and fair view of the Group's financial position and performance; and
- the declarations are formed on the basis of a sound system of risk management and internal control, which is operating effectively.

Corporate Governance (continued)

Stakeholders

The Bank engages with our stakeholders to strengthen our partnerships with them and enhance our community participation. This is essential, especially when the Bank is supporting customers, staff and the community during the COVID-19 pandemic. Forums such as our CEO Advisory Panel, Customer Advocate Community Council, and the Indigenous Advisory Council are examples of how the Bank seeks the views of external stakeholders.

Customers

The Bank engages with our customers through customer feedback, surveys and workshops, customer representative bodies, complaint channels and external dispute resolution bodies.

Since 2016, our Customer Advocate has championed fairness for customers by:

- removing barriers to banking that stand in the way of financial inclusion;
- finding and fixing issues that could have a negative impact on customers;
- providing a helping hand to customers through initiatives and programs that protect against financial abuse, support mental health, and respond to the needs of those in vulnerable circumstances;
- building a better bank by improving customer advocacy in decision making; and
- restoring relationships between our people, our customers and our community.

Community

To deliver sustainable outcomes and financial wellbeing for our stakeholders, first we must understand the expectations of the communities in which we operate.

The Bank engages with members of the community and community organisations through a variety of channels. We are guided by insights from our community partners to improve our products and services. This delivers better outcomes for our customers. We also ask our staff what community initiatives that want the Bank to support.

Through the CommBank Staff Foundation, our employees have the opportunity to participate in one of Australia's largest workplace giving programs. During the financial year, the CommBank Staff Foundation donated more than $4.5 million to eligible community organisations, and raised more than $2.7 million for cancer research.

Our community engagement has been constrained during the COVID-19 pandemic.

Our People

The People & Remuneration Committee assists the Board to discharge its responsibilities on matters relating to organisational culture, diversity and inclusion, and the health, safety and wellbeing of our people.

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

The Group's 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 results demonstrate that the Bank is 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.

Gender Diversity

The Nominations Committee is responsible for setting and approving measurable objectives for gender diversity in the composition of the Board and the boards of nominated subsidiaries. The People & Remuneration Committee is responsible for setting measurable objectives for gender diversity applicable to the workforce more broadly (including senior executives).

Our progress towards achieving those objectives are:

Roles to be held by women by 2020	Progress as at 30 June 2019	Progress as at 30 June 2020
40% of Board	50.0%	55%
40% of Executive Managers [1] and above [2]	39.1%	41%
45% of Manager [3] and above roles	45.0%	45%

Women represent 56.9% of the Group's workforce and 27.3% of senior leadership (Group Executives) [4].

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 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 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.

Corporate Governance (continued)

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.

65.7%[1] of the Group's people work flexibly. During the COVID-19 pandemic, the Bank has seen a larger proportion of our people working remotely to prioritise their safety, health and wellbeing.

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 2020 financial year, 38.9%[2] of employees who commenced a period of parental leave were men.

Remuneration

The People & Remuneration Committee also assists the Board to discharge its responsibilities on matters relating to:

- The Group's remuneration strategies, recognition programs, Group Remuneration Policy and other people-related policies; and
- Remuneration arrangements for non-executive directors of the CBA Board, the CEO and CEO's direct reports and Accountable Persons and Responsible Persons of the Bank and Regulated Subsidiaries.

In carrying out its role, the People & Remuneration Committee seeks to ensure the Bank's people and remuneration practices and recognition programs are aligned to the Group's Remuneration Policy and principles; have regard to performance and financial soundness; satisfy governance, legal and regulatory requirements; and encourage behaviours which appropriately mitigate against operational, financial, non-financial, regulatory and reputational risks, and do not reward conduct that is contrary to the Group's values, culture or risk appetite.

For more information on the Bank's remuneration arrangements, refer to the Remuneration Report on pages 12 to 36 of the 2020 Financial Report.

During the year, the Nominations Committee (in conjunction with the People & Remuneration Committee) evaluated the CEO's performance, and his assessment of the Group Executives' performance[3]. The evaluations were endorsed to the Board for approval. 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. The Group Fit and Proper Policy requires background checks are undertaken prior to appointing senior executives, including fit and proper assessments for persons appointed to a 'responsible person' role, as outlined in the *"Other Information - Corporate Governance - Fit and Proper"* section of this Document.

Gender Pay Equity

We seek to achieve gender pay equality, and continue to have a minimal pay gap between what we pay men and women in similar roles. Over the 2020 financial year, gender pay equity improved at the General Manager level, and declined slightly at the Executive General Manager and Executive Manager levels. We have reviewed our reporting approach for 2020. We also 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. Extensive information is provided on the Bank's Investor Centre at commbank.com.au/investors and updates are provided to shareholders via communications such as our ASX Announcements, Annual Report, Notice of Meeting and Letter to Shareholders. The Bank is also committed to listening and responding to shareholder queries and feedback. The Bank's investor relations program facilitates two-way communication between the Bank and shareholders and a dedicated telephone number and email address for shareholder inquiries is provided on the Investor Centre.

1 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 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.

2 This metric represents the proportion of male employees who commenced a period of parental leave in the 2020 financial year, compared to all employees who commenced parental leave during the same period. This excludes AHL and ASB.

3 The ASB Board assessed the performance of the CEO ASB.

Corporate Governance (continued)

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 and marketing materials including periodic corporate reports such as the Annual 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 in public documents;
- that there are no material omissions in marketing materials which may prevent existing or potential clients or customers from making informed decisions;
- compliance with relevant legislation, regulations, industry codes and standards and the Group's policy framework;
- that a heightened degree of validation of certain public documents and marketing materials is performed; and
- that appropriate approvals are obtained for publically issued documents and marketing materials in accordance with the policy.

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 145.

Continuous Disclosure

The Bank is committed to promoting investor confidence in the markets in which it operates by complying with its disclosure obligations in a way that provides investors with equal access to timely, balanced and effective disclosures.

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 Group Continuous Disclosure Policy provides the framework for dealing with market sensitive information, and seeks to ensure that the Group complies with its continuous disclosure obligations.

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 Board receives copies of all material market announcements after release.

The Bank releases copies of new and substantive investor or analyst presentation materials to the ASX ahead of the presentation being given.

In addition, the Bank posts all information released to the ASX 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.

Having considered guidance from the Australian Government and Regulators, and with the health and safety of our shareholders, our employees, and the broader community in mind, the 2020 AGM will be held virtually to facilitate shareholder attendance during the COVID-19 pandemic.

Shareholders are encouraged to submit questions ahead of the AGM and attend online or by phone. Questions received ahead of the AGM provide useful insights into shareholder concerns and areas of interest, enabling the Chairman and CEO to provide relevant feedback on these to the meeting, where consistent themes are raised in advance. Shareholders also have the opportunity to ask questions during the meeting.

The Bank offers direct voting which allows shareholders who are unable to participate in the AGM to vote on resolutions in advance, without needing to appoint a proxy to vote on their behalf. It is the Bank's practice to conduct voting on all resolutions by poll.

Electronic Communications & Payments

Shareholders are encouraged to provide the Bank's share registry, Link Market Services, with their email address, so that the Bank can communicate important information efficiently.

Payments are made electronically except where it is not possible to make electronic payments.

Roles and Responsibilities

The Board and Board Committee charters are reviewed annually to confirm the role, responsibilities and accountabilities of the Board and each Board Committee.

Summaries of the roles and responsibilities of the Board, the Chairman, each Board Committee, and the CEO are set out below.

The Board

- sets the strategic objectives and risk appetite of the Bank, and approves the Group's Code of Conduct to set the Board's expectations for the Group's values and desired culture;
- endorses the strategic and Business Unit plans, and approves the financial plans to be implemented by management;
- oversees the business of the Group by approving major corporate initiatives, new business ventures, and capital expenditure for certain investments and divestments;
- 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 (continued)

The Board (continued)

- approves the Group's RMA and any key risk frameworks and policies for managing financial and non-financial risks reserved for the Board;
- oversees the Group's efforts to improve the experience and outcomes of the Group's customers;
- approves capital management initiatives;
- approves the Group's half and full-year financial statements and reports, and the half and full-year financial reports, and quarterly trading updates and oversees the integrity of the Group's accounting and corporate reporting;
- oversees the Group's continuous disclosure process;
- considers the social, ethical and environmental impact of the Groups' 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 (in conjunction with the People & Remuneration Committee);
- approves the remuneration arrangements for the CEO and direct reports to the CEO, including remuneration deferrals and breach consequences under the Group BEAR Policy and Procedures performance scorecard measures and outcomes, and termination payments as required;
- approves new, or material amendments to, performance management frameworks, variable remuneration plans, employee equity plans, employee superannuation and pensions;
- determines the fees payable to CBA non-executive directors;
- approves the Group's Diversity and Inclusion Policy, and measurable diversity objectives and metrics (in conjunction with the Nominations and People & Remuneration Committees);
- oversees and monitors relevant corporate governance frameworks for the Group; and
- approves relevant Work, Health & Safety (WHS) policies and monitors WHS matters.

The Chairman

- fosters an open, inclusive and, where appropriate, robust discussion and debate by the Board;
- maintains a regular, open and constructive dialogue with the CEO and management, serving as the primary link between the Board and management;
- represents the views of the Board and the Group to stakeholders, including shareholders, regulators and the community;
- liaises with the Group's Company Secretary 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.

The CEO

- implements the strategic, business and financial objectives and/or plans and instilling the Group's Code of Conduct;
- analyses the impact on strategic objectives and financial position when allocating resources or capital; approving expenditure; or making financial decisions;
- assesses reputational consequences of decisions or actions taken;
- 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.

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 & Compliance Committee.

The roles, responsibilities and composition requirements of each Board Committee are detailed in the respective charter, and has been summarised in the following table.

Corporate Governance (continued)

Board Committees (continued)

Audit Committee	Assists the Board on matters relating to external reporting of financial information for the Group, the internal control framework for the Group, the Group Auditor, internal audit function and External Auditor, and the Group's Risk Framework, in conjunction with the Risk & Compliance Committee.	Must:* ▪ have at least three independent NEDs; ▪ include the Risk & Compliance Committee Chairman; and ▪ not be chaired by the Board Chairman.	Members as at the date of the report: ▪ Anne Templeman-Jones (Chairman) ▪ Shirish Apte ▪ Catherine Livingstone AO ▪ Wendy Stops ▪ Rob Whitfield AM
Nominations Committee	Assists the Board on matters relating to Board and Board committee composition, appointment, election and re-election of Non-Executive Directors (NEDs), Director induction programs, Director independence assessments, performance review processes for the Board and Board committees, succession planning for, and performance of, the Bank's Chief Executive Officer (CEO) and the CEO's direct reports, diversity of the Board and boards of CBA Nominated Subsidiaries, and subsidiary governance framework and policies for overseeing the appointment to, and performance of, boards of key operating subsidiaries.	Must:* ▪ have at least three independent NEDs; and ▪ be chaired by the Board Chairman.	Members as at the date of the report: ▪ Catherine Livingstone AO (Chairman) ▪ Genevieve Bell AO ▪ Mary Padbury ▪ Rob Whitfield AM
People & Remuneration Committee	Assists the Board on matters relating to organisational culture diversity and inclusion and health, safety and wellbeing, the Group's remuneration strategies, recognition programs, Group Remuneration Policy and other people-related policies; and 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.	Must:* ▪ have at least four independent NEDs; ▪ include a Risk & Compliance Committee member; and ▪ not be chaired by the Board Chairman.	Members as at the date of the report: • Paul O'Malley (Chairman) • Catherine Livingstone AO • Mary Padbury • Wendy Stops
Risk & Compliance Committee[1]	Assists the Board on matters relating to oversight and governance of risks impacting the Group, design, implementation and operation of the Group's Risk Framework and RMA, monitoring risk appetite and assessing risk profile within material risk types, monitoring the effectiveness of the compliance management framework impacting the material risk types, and risk culture and behaviours.	Must:* ▪ have at least four independent NEDs; ▪ include the Audit Committee Chairman and a People & Remuneration Committee member; and ▪ be chaired by a member of the Audit Committee.	Members as at the date of the report: ▪ Rob Whitfield AM (Chairman) ▪ Shirish Apte ▪ Catherine Livingstone AO ▪ Paul O'Malley ▪ Anne Templeman-Jones

* All Board Committees are chaired by an independent Non-Executive Director.

1 The Group CEO, Chief Risk Officer (CRO), CFO and Group Auditor may attend all Committee meetings. The Committee meets periodically with the CRO and Executive General Manager Group Compliance, with only Directors present.

Other Information (continued)

Corporate Governance (continued)

From time to time, other special purpose Committees are established to assist the Board, or to exercise a delegated authority of the Board.

All Directors have access to Board Committee papers, may attend Committee meetings, and receive minutes of Committee meetings even if they are not a member of the relevant Committee. Board Committee Chairs provide verbal reports on Committee business at the next relevant Board meeting.

Company Secretaries

The Board has appointed two Company Secretaries, whose qualifications, experience and other details are detailed on page 11 of the 2020 Financial Report.

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.

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 2020 financial year follow.

Current Directors	Appointed	Length of Service[1]
Catherine Livingstone AO[2]	March 2016	4 years 5 months
Matt Comyn (CEO)	April 2018	2 years 4 months
Shirish Apte	June 2014	6 years 2 months
Mary Padbury	June 2016	4 years 2 months
Wendy Stops	March 2015	5 years 5 months
Anne Templeman-Jones	March 2018	2 years 5 months
Rob Whitfield AM	September 2017	2 years 11 months
Genevieve Bell AO	January 2019	1 year 7 months
Paul O'Malley	January 2019	1 year 7 months
Former Directors	**Appointed**	**Retired**
Sir David Higgins	September 2014	December 2019

As at the date of this Document, the Board comprised eight independent Non-Executive Directors and the CEO.

For details of the current Directors' experience and qualifications, refer to pages 3 to 5 of the 2020 Financial Report.

Board Composition

It is essential that Non-Executive Directors are independent, that collectively they have the relevant skills and experience, and that they represent a diverse range of views and thinking. This supports sound decision-making and assists the Board to effectively discharge its responsibilities.

The Board has adopted Independence Standards to assess whether a Director qualifies as an independent Non-Executive Director upon appointment, and to consider the ongoing independence of Non-Executive Directors.

Each Non-Executive Director must disclose all Interests[3] 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 Group as a whole rather than in the interests of an individual security holder or other party.

The Board considers that all of its Non-Executive Directors, including the Chairman, were independent during the 2020 financial year and continue to be independent as at the date of this Document.

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.

The Directors on the Board represent a range of ages, nationalities and backgrounds. The Board set a gender diversity target of 40% female representation by the end of 2020. The Board first met this objective in 2017 and at the date of this Document, there is 55% female representation on the Board.

1 As at the date of this Document.

2 Chairman from 1 January 2017

3 Material contracts, interests, positions, associations and relationships.

Corporate Governance (continued)

Board Members (continued)

The Board composition includes longer-serving Directors who have a deeper knowledge of the Group's operations and history, and newer Directors who bring fresh perspectives and enquiry.

Board diversity

Female	55%
Male	45%

Exceeds 2020 target
of 40% female

Board tenure

0–1 year	–
1–3 years	56%
3–6 years	33%
6–9 years	11%

The Board uses a Skills Matrix (Matrix) which sets out the skills and experience considered essential to the effectiveness of the Board and its Board Committees. It is reviewed annually to ensure the prescribed skills and experience address the Bank's existing and emerging business and governance issues. The Matrix is shown on page 153 of this Document.

Each Director annually rates 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 are subsequently calibrated, and approved by the Board.

Individual matrices have also been developed for the Audit Committee, People & Remuneration Committee and Risk & Compliance Committee.

Performance Evaluation

The Board recognises the importance of continuously monitoring and improving its performance and the performance of its Committees. An independent external evaluation of the Board and its Committees is conducted every three years, or as otherwise determined by the Board. In the intervening years, an internal evaluation is conducted.

Consistent with this evaluation cycle, an external review was held in 2020, with the results presented to individual Directors and the Board in August 2020.

In addition to this formal evaluation process, the Board has been continuously evaluating its performance during the course of the 2020 financial year, in particular focusing on:

- issues relating to non-financial risk and progress towards closure of issues;
- quality of papers and presentations;
- red audit items and their progress towards closure;
- key messages and actions for management arising from meetings of the Board;
- key messages and actions for a Board Committee where the issue falls within that Board Committee's responsibility, or if it would benefit a Committee's consideration; and
- ensuring that key individuals are attending and presenting the relevant information at Board meetings.

Board Renewal

The Board has succession plans to facilitate the orderly transition of Directors. After more than 5 years serving the Board, Sir David Higgins retired as a Non-Executive Director and Chairman of the People & Remuneration Committee and as a member of the Risk & Compliance Committee.

Paul O'Malley was appointed Chairman of the People & Remuneration Committee with effect from 1 January 2020 following the retirement of Sir David Higgins. Paul ceased as a member of the Nominations Committee from 31 October 2019 and was appointed a member of the Risk & Compliance Committee with effect from 1 November 2019.

Under the Board Appointment, Renewal and Performance Policy, the Chair of each Board Committee, other than the Nominations Committee, is required to rotate every three to five years. Accordingly, Shirish Apte ceased as Chairman of the Risk & Compliance Committee with effect from 31 October 2019. Shirish remains a member of both the Risk & Compliance Committee, and the Audit Committee.

Rob Whitfield AM was appointed as Chairman of the Risk & Compliance Committee, and a member of the Audit Committee with effect from 1 November 2019. He remains a member of the Nominations Committee.

Genevieve Bell AO was appointed a member of the Nominations Committee with effect from 1 November 2019.

On 12 June 2020, it was announced that Simon Moutter will be appointed as an independent Non-Executive Director with effect from 1 September 2020.

On 10 August 2020, it was announced that Wendy Stops will not be standing for re-election at the 2020 Annual General Meeting. Wendy has been a Non-Executive Director since March 2015.

Corporate Governance (continued)

Board Skills Matrix

Skills and experience	Practised/direct experience	High competency and experience
Enhanced customer outcomes Demonstrated ability to understand the needs of customers and enhance their experience and outcomes		9
Financial acumen Proficiency in financial accounting and reporting, capital management and/or actuarial experience	1	6
Financial services Experience in banking, as relevant to CBA, and financial regulation	1	4
Global perspective Having a global perspective through exposure or responsibility for international operations	2	7
Leadership Held CEO or similar position in an organisation of significant size	3	6
Legal acumen Proven ability and understanding in the application of legal principles	5	1
Listed company Experience as a Non-Executive Director of at least two other listed entities (Australia or overseas)	2	3
Risk management Proven ability in identifying, assessing and managing macro, strategic, operational and financial risks that could impact our business	3	6
Stakeholder engagement Demonstrated ability to build and maintain key relationships with industry, government or regulators	4	5
Strategy Demonstrated experience in developing, implementing and delivering strategic business objectives	3	6
Technology Experience in technology strategies and innovation	3	4

Key Practised/direct experience; High competency and experience

Corporate Governance (continued)

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.

Upon a recommendation of the Nominations Committee, the Board evaluates Director candidates having regard to a Director Appointment Criteria as set out in the Board Appointment, Renewal & Performance Policy.

Each Group Subsidiary or Group-related Company Non-Executive Director candidate must meet with at least one member of the Nominations Committee or other CBA Director before appointment.

Professional consultants are engaged as required to identify prospective Director candidates.

The Group undertakes appropriate checks before appointing a person as a Non-Executive Director or recommending that person to the Group'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 & Proper Policy before commencing as a Non-Executive Director, and thereafter on an annual basis.

Non-Executive Directors are registered by the Group 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 not hold office without re-election beyond the third AGM following the meeting at which the director was last elected or re-elected.

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 Directors in governing the Group.

All new Non-Executive Directors participate in an induction program to assist them in understanding the Group's structure, operations, strategic planning process and competitive and regulatory environments.

A continuing education program is incorporated into the Board calendar, which ensures that Directors, individually and collectively, develop and maintain skills and knowledge required for the Board to fulfil its role and responsibilities.

Annual Directors' duties training is provided to the Board and all subsidiary Directors of the Group.

The Directors are subject to the Group Mandatory Learning Policy, under which they are required to complete training relating to Group policies.

The Board completed a number of education sessions during the 2020 financial year. Directors gained insight and a deeper knowledge of the business on topics such as local regulatory obligations, remuneration and reward strategy, and whistleblower obligations. A Board education trip was held in September 2019 where the board visited Silicon Valley, San Francisco and Seattle, USA attending various TED talk style presentations from industry leaders across a range of industries, small working group sessions with industry experts, met with the CEO of the Bank's new partner Klana, and met with leading global companies.

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 are entitled to seek independent professional advice at the Group's expense, including by engaging and receiving advice and recommendations from appropriate independent experts. Where independent advice is sought at the Group'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 2020 financial year, and each Director's attendance at those meetings, are set out on page 10 of the 2020 Financial Report.

Other Information (continued)

Five Year Financial Summary

	30 Jun 20 $M	30 Jun 19 [1] $M	30 Jun 18 [1] $M	30 Jun 17 $M	30 Jun 16 $M
Net interest income	**18,610**	18,224	18,465	17,546	16,858
Other operating income [2]	**5,151**	5,355	5,646	6,831	7,043
Total operating income	**23,761**	23,579	24,111	24,377	23,901
Operating expenses	**(10,895)**	(10,824)	(10,653)	(10,129)	(9,957)
Loan impairment expense	**(2,518)**	(1,201)	(1,079)	(1,095)	(1,256)
Net profit before tax	**10,348**	11,554	12,379	13,153	12,688
Income tax expense	**(3,052)**	(3,321)	(3,779)	(3,752)	(3,497)
Non-controlling interests	**–**	(12)	(13)	(13)	(20)
Net profit after tax from continuing operations ("cash basis")	**7,296**	8,221	8,587	9,388	9,171
Net profit after tax from discontinued operations	**153**	485	825	493	274
Net profit after tax ("cash basis")	**7,449**	8,706	9,412	9,881	9,445
Treasury shares valuation adjustment	**–**	6	2	(23)	4
Hedging and IFRS volatility	**93**	(79)	101	73	(199)
(Loss)/gain on disposal of controlled entities/investments	**2,092**	(61)	(183)	–	–
Bankwest non-cash items	**–**	(1)	(3)	(3)	(27)
Net profit after income tax attributable to equity holders of the Bank "statutory basis"	**9,634**	8,571	9,329	9,928	9,223
Contributions to profit (after tax)					
Retail Banking Services	**3,997**	3,907	4,465	4,423	4,540
Business and Private Banking	**2,654**	2,931	3,134	2,736	1,522
Institutional Banking and Markets	**655**	1,117	1,226	1,360	1,190
Wealth Management	**–**	–	–	201	400
New Zealand	**811**	1,059	975	871	785
Bankwest	**–**	–	–	–	778
IFS and Other	**(821)**	(793)	(1,213)	(203)	(44)
Net profit after tax from continuing operations ("cash basis")	**7,296**	8,221	8,587	9,388	9,171
Investment experience after tax	**(4)**	(3)	(2)	(7)	(24)
Net profit after tax "underlying basis"	**7,292**	8,218	8,585	9,381	9,147
Balance Sheet					
Loans, bills discounted and other receivables	**771,547**	755,173	743,744	731,762	695,398
Total assets	**1,014,060**	976,502	975,165	976,318	932,945
Deposits and other public borrowings	**701,999**	636,040	622,234	626,655	588,045
Total liabilities	**942,047**	906,853	907,305	912,658	872,437
Shareholders' Equity	**72,013**	69,649	67,860	63,660	60,508
Net tangible assets (including discontinued operations)	**64,359**	59,580	56,844	53,090	49,630
Risk weighted assets - Basel III (APRA)	**454,948**	452,762	458,612	437,063	394,667
Average interest earning assets	**897,409**	871,418	861,884	834,741	790,596
Average interest bearing liabilities	**771,982**	761,115	759,583	755,612	733,754
Assets (on Balance Sheet) - Australia	**855,219**	824,651	811,491	817,519	783,114
Assets (on Balance Sheet) - New Zealand	**103,531**	99,661	94,622	89,997	83,832
Assets (on Balance Sheet) - Other	**55,310**	52,190	69,052	68,802	65,999

1 Comparative information for 2019 and 2018 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 (continued)

	30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17	30 Jun 16
Shareholder summary from continuing operations [1]					
Earnings per share (cents)					
Basic					
Statutory	**421. 8**	458. 3	500. 0	549. 9	525. 6
Cash basis	**412. 5**	465. 5	491. 5	545. 4	538. 3
Fully diluted					
Statutory	**408. 5**	443. 2	485. 5	532. 9	513. 3
Cash basis	**399. 9**	449. 9	477. 5	528. 7	525. 4
Shareholder summary including discontinued operations					
Earnings per share (cents)					
Basic					
Statutory	**544. 8**	485. 6	534. 3	577. 3	542. 0
Cash basis	**421. 1**	493. 0	538. 8	574. 1	554. 5
Fully diluted					
Statutory	**523. 2**	468. 6	517. 7	558. 8	529. 0
Cash basis	**407. 9**	475. 4	522. 0	555. 8	540. 9
Dividends per share - fully franked (cents)	**298**	431	431	429	420
Dividend cover - statutory (times)	**1. 8**	1. 1	1. 2	1. 3	1. 3
Dividend cover - cash (times)	**1. 4**	1. 1	1. 2	1. 3	1. 3
Dividend payout ratio (%)					
Statutory	**54. 76**	89. 02	81. 15	74. 62	78. 37
Cash basis	**70. 82**	87. 64	80. 44	74. 97	76. 51
Net tangible assets per share ($) including discontinued operations	**36. 4**	33. 7	32. 3	30. 7	28. 9
Weighted average number of shares (statutory basic) (M)	**1,768**	1,765	1,746	1,720	1,692
Weighted average number of shares (statutory fully diluted) (M)	**1,895**	1,897	1,852	1,816	1,771
Weighted average number of shares (cash basic) (M)	**1,769**	1,766	1,747	1,721	1,694
Weighted average number of shares (cash fully diluted) (M)	**1,896**	1,898	1,853	1,817	1,773
Number of shareholders [1, 2]	**888,214**	831,655	851,539	844,527	857,052
Share prices for the year ($)					
Trading high	**91.05**	83. 99	85. 12	87. 74	88. 88
Trading low	**53.44**	65. 23	67. 22	69. 22	69. 79
End (closing price)	**69.42**	82. 78	72. 87	82. 81	74. 37

1 Comparative information for 2019 and 2018 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.

Five Year Financial Summary (continued)

	30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17	30 Jun 16
Performance ratios (%) from continuing operations [1]					
Return on average Shareholders' Equity					
Statutory	**10. 5**	11. 9	13. 4	15. 4	15. 8
Cash basis	**10. 3**	12. 1	13. 1	15. 3	16. 1
Return on average total assets					
Statutory	**0. 7**	0. 8	0. 9	1. 0	1. 0
Cash basis	**0. 7**	0. 8	0. 9	1. 0	1. 0
Net interest margin	**2. 07**	2. 09	2. 14	2. 10	2. 13
Performance ratios (%) including discontinued operations					
Return on average Shareholders' Equity					
Statutory	**13. 6**	12. 6	14. 3	16. 2	16. 3
Cash basis	**10. 5**	12. 8	14. 4	16. 0	16. 6
Return on average total assets					
Statutory	**1. 0**	0. 9	1. 0	1. 0	1. 0
Cash basis	**0. 7**	0. 9	1. 0	1. 0	1. 0
Capital adequacy - Common Equity Tier 1 - Basel III (APRA)	**11. 6**	10. 7	10. 1	10. 1	10. 6
Capital adequacy - Tier 1 - Basel III (APRA)	**13. 9**	12. 7	12. 3	12. 1	12. 3
Capital adequacy - Tier 2 - Basel III (APRA)	**3. 6**	2. 8	2. 7	2. 1	2. 0
Capital adequacy - Total - Basel III (APRA)	**17. 5**	15. 5	15. 0	14. 2	14. 3
Leverage Ratio Basel III (APRA) (%)	**5. 9**	5. 6	5. 5	5. 1	5. 0
Liquidity Coverage Ratio - "Spot Basis" (%)	**145**	129	131	129	120
Net interest margin [1]	**2. 08**	2. 10	2. 15	2. 11	2. 14
Other information (numbers)					
Full-time equivalent employees from continuing operations [1]	**41,778**	41,458	41,024	42,359	43,178
Full-time equivalent employees including discontinued operations	**43,585**	45,165	45,753	45,614	45,129
Branches/services centres (Australia)	**967**	1,014	1,082	1,121	1,131
Agencies (Australia)	**3,547**	3,560	3,589	3,664	3,654
ATMs	**3,542**	3,963	4,253	4,398	4,381
EFTPOS terminals (active)	**190,118**	217,608	219,245	217,098	217,981
Productivity from continuing operations [1, 2]					
Total operating income per full-time (equivalent) employee ($)	**568,744**	568,744	587,729	579,023	552,805
Employee expense/Total operating income (%)	**24. 3**	24. 2	21. 8	22. 4	24. 1
Total operating expenses/Total operating income (%)	**45. 9**	45. 9	44. 2	41. 6	41. 7
Productivity including discontinued operations [1, 2]					
Total operating income per full-time (equivalent) employee ($)	**568,361**	568,449	585,033	568,685	545,237
Employee expense/Total operating income (%)	**24. 6**	25. 3	23. 0	24. 0	24. 4
Total operating expenses/Total operating income (%)	**47. 1**	47. 5	45. 2	41. 7	42. 4

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.

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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 2018, 2017 and 2016 information not provided within the 2020 Financial Report and 2019 Financial Report.

Provisions for Impairment

Provisions for impairment losses	2017 $M	2016 $M
Collective provision		
Opening balance	**2,818**	2,762
Net collective provision funding	**617**	664
Impairment losses written off	**(894)**	(846)
Impairment losses recovered	**210**	225
Other	**(4)**	13
Closing balance	**2,747**	2,818
Individually assessed provisions		
Opening balance	**944**	887
Net new and increased individual provisioning	**670**	788
Write-back of provisions no longer required	**(192)**	(196)
Discount unwind to interest income	**(31)**	(27)
Impairment losses written off	**(454)**	(571)
Other	**43**	63
Closing balance	**980**	944
Total provisions for impairment losses	**3,727**	3,762
Less: Provision for Off Balance Sheet exposures	**(34)**	(44)
Total provisions for loan impairment	**3,693**	3,718

Provision ratios	2017 %	2016 %
Total provisions for impaired assets as a % of gross impaired assets	**36. 05**	36. 17
Total provisions for impairment losses as a % of gross loans and acceptances	**0. 51**	0. 54

Appendix A – Additional Historical Information (continued)

Credit Risk Management

The following tables set out the Group's impaired asset position by industry and asset class as at 30 June 2018, 2017 and 2016.

							2018
Industry	Total Balance $M	Gross Impaired Assets $M	Total Provisions for Impaired Assets $M	Net Impaired Assets $M	Write-offs $M	Recoveries $M	Net Write-offs $M
Loans - Australia							
Sovereign	16,823	-	-	-	-	-	-
Agriculture	8,998	94	(56)	38	28	-	28
Bank and other financial	12,951	7	(16)	(9)	3	(1)	2
Home loans	451,367	1,256	(236)	1,020	126	(2)	124
Construction	3,028	16	(21)	(5)	13	-	13
Other personal	23,658	289	(171)	118	764	(165)	599
Asset financing	8,581	63	(16)	47	23	(5)	18
Other commercial and industrial	118,681	426	(343)	83	179	(14)	165
Total loans - Australia	644,087	2,151	(859)	1,292	1,136	(187)	949
Loans - Overseas							
Sovereign	1,571	-	-	-	-	-	-
Agriculture	9,930	365	(25)	340	3	-	3
Bank and other financial	7,075	9	-	9	5	-	5
Home loans	50,298	89	(5)	84	2	(1)	1
Construction	638	1	(1)	-	1	(1)	-
Other personal	1,844	11	(33)	(22)	65	(10)	55
Asset financing	457	4	-	4	-	-	-
Other commercial and industrial	32,129	407	(145)	262	207	(2)	205
Total loans - overseas	103,942	886	(209)	677	283	(14)	269
Total loans	748,029	3,037	(1,068)	1,969	1,419	(201)	1,218

Appendix A – Additional Historical Information (continued)

Credit Risk Management (continued)

							2017
Industry	Total Balance $M	Gross Impaired Assets $M	Total Provisions for Impaired Assets $M	Net Impaired Assets $M	Write-offs $M	Recoveries $M	Net Write-offs $M
Loans - 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 loans - Australia	633,936	2,321	(974)	1,347	1,192	(194)	998
Loans - 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 loans - overseas	102,603	724	(166)	558	156	(16)	140
Total loans	736,539	3,045	(1,140)	1,905	1,348	(210)	1,138

Appendix A – Additional Historical Information (continued)

Credit Risk Management (continued)

							2016
Industry	Total Balance $M	Gross Impaired Assets $M	Total Provisions for Impaired Assets $M	Net Impaired Assets $M	Write-offs $M	Recoveries $M	Net Write-offs $M
Loans - 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 loans - Australia	604,134	2,396	(976)	1,420	1,237	(211)	1,026
Loans - 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 loans - overseas	96,165	583	(142)	441	180	(14)	166
Total loans	700,299	2,979	(1,118)	1,861	1,417	(225)	1,192

Appendix A – Additional Historical Information (continued)

Credit Risk Management (continued)

The following tables set out the Group's credit risk by industry and asset class as at 30 June 2018, 2017 and 2016.

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

										At 30 June 2018
	Sovereign $M	Agri-culture $M	Bank and Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financ-ing $M	Other Comm and Indust. $M	Other $M	Total $M
Australia										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	4,461	-	10,974	-	-	-	-	-	-	15,435
Receivables due from other financial institutions	-	-	2,644	-	-	-	-	-	-	2,644
Assets at fair value through Income Statement:										
Trading	15,917	-	2,780	-	-	-	-	10,223	-	28,920
Other	49	-	209	-	-	-	-	-	-	258
Derivative assets	1,371	45	20,865	-	4	-	-	1,736	-	24,021
Available-for-sale investments	39,906	-	26,525	-	-	-	-	298	-	66,729
Loans, bills discounted and other receivables [(1)]	16,823	8,998	12,951	451,367	3,028	23,658	8,581	118,681	-	644,087
Bank acceptances	-	2	-	-	2	-	-	35	-	39
Other assets [(2)]	1,030	4	4,272	-	1	7	-	237	15,100	20,651
Assets held for sale	1,521	-	4,585	-	-		-	4,172	3,136	13,414
Total on Balance Sheet Australia	81,078	9,049	85,805	451,367	3,035	23,665	8,581	135,382	18,236	816,198
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	44	18	991	6	307	-	-	3,059	-	4,425
Loan commitments	907	1,750	7,837	66,483	2,439	21,783	-	34,995	-	136,194
Other commitments	54	22	736	1	1,357	-	10	3,021	-	5,201
Total Australia	82,083	10,839	95,369	517,857	7,138	45,448	8,591	176,457	18,236	962,018
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	16,688	-	4,294	-	-	-	-	-	-	20,982
Receivables due from other financial institutions	-	-	6,578	-	-	-	-	-	-	6,578
Assets at fair value through Income Statement:										
Trading	2,161	-	1,085	-	-	-	-	88	-	3,334
Insurance	358	-	14	-	-	-	-	-	-	372
Other	-	-	-	-	-	-	-	-	-	-
Derivative assets	348	16	4,586	-	-	-	-	3,162	-	8,112
Available-for-sale investments	12,515	-	2,995	-	-	-	-	1	-	15,511
Loans, bills discounted and other receivables [(1)]	1,571	9,930	7,075	50,298	638	1,844	457	32,129	-	103,942
Bank acceptances	-	-	-	-	-	-	-	340	-	340
Other assets [(2)]	30	-	798	2	-	3	10	43	1,334	2,220
Assets held for sale	-	-	1,788	-	-	-	-	-	452	2,240
Total on Balance Sheet overseas	33,671	9,946	29,213	50,300	638	1,847	467	35,763	1,786	163,631
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	1	9	1,486	-	40	-	-	304	-	1,840
Loan commitments	349	1,007	4,266	7,268	230	1,977	-	10,799	-	25,896
Other commitments	9	5	607	-	1	-	-	1,018	-	1,640
Total overseas	34,030	10,967	35,572	57,568	909	3,824	467	47,884	1,786	193,007
Total gross credit risk	116,113	21,806	130,941	575,425	8,047	49,272	9,058	224,341	20,022	1,155,025

1 Loans, bills discounted and other receivables is presented gross of provisions for impairment and unearned income.

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 (continued)

Credit Risk Management (continued)

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 and Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financ-ing $M	Other Comm and 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	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 [2]	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 [3]	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	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 [2]	1,900	9,848	5,775	49,673	634	1,713	464	32,596	-	**102,603**
Bank acceptances	-	-	-	-	-	-	-	422	-	**422**
Other assets [3]	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 Loans, bills discounted and other receivables is presented gross of provisions for impairment and unearned income.

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 (continued)

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 and Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financ-ing $M	Other Comm and 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	1,402	-	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 [2]	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 [3]	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 o	-	-	-	-	-	-	-	-	-	-
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 o	-	-	-	-	-	-	-	-	-	-
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	-	-	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 [2]	1,433	8,744	3,471	46,622	352	1,719	226	33,598	-	96,165
Bank acceptances	-	-	-	-	-	-	-	272	-	272
Other assets [3]	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 o	-	-	-	-	-	-	-	-	-	-
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 Loans, bills discounted and other receivables is presented gross of provisions for impairment and unearned income.

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 (continued)

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 and facility tenor. All exposures outside the policy limits require approval by the Executive Credit Authority.

The following table shows the aggregated number of the Group's non-retail (excluding banks and sovereign) 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):

	2018 Number	2017 Number	2016 Number
5% to less than 10% of the Group's capital resources	-	-	-
10% to less than 15% of the Group's capital resources	-	-	-

Appendix A – Additional Historical Information (continued)

Asset Quality

Financial assets individually assessed as impaired

	2018			2017		
	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	1,256	(236)	1,020	1,107	(249)	858
Other Personal	289	(171)	118	283	(166)	117
Asset Financing	63	(16)	47	71	(18)	53
Other commercial and industrial	543	(436)	107	860	(541)	319
Financial assets individually assessed as impaired - Australia	2,151	(859)	1,292	2,321	(974)	1,347
Overseas						
Loans and other receivables:						
Housing Loans	89	(5)	84	89	(4)	85
Other Personal	11	(33)	(22)	13	(12)	1
Asset Financing	4	-	4	6	(10)	(4)
Other commercial and industrial	782	(171)	611	616	(140)	476
Financial assets individually assessed as impaired - overseas	886	(209)	677	724	(166)	558
Total financial assets individually assessed as impaired	3,037	(1,068)	1,969	3,045	(1,140)	1,905

	2016		
	Gross Impaired Assets $M	Total Provisions for Impaired Assets $M	Net Impaired Assets $M
Australia			
Loans and other receivables:			
Housing Loans	921	(193)	728
Other Personal	255	(176)	79
Asset Financing	85	(28)	57
Other commercial and industrial	1,135	(579)	556
Financial assets individually assessed as impaired - Australia	2,396	(976)	1,420
Overseas			
Loans and other receivables:			
Housing Loans	99	(6)	93
Other Personal	12	(15)	(3)
Asset Financing	18	(10)	8
Other commercial and industrial	454	(111)	343
Financial assets individually assessed as impaired - overseas	583	(142)	441
Total financial assets individually assessed as impaired	2,979	(1,118)	1,861

Appendix A – Additional Historical Information (continued)

Asset Quality (continued)

	Australia 2018 $M	Overseas 2018 $M	Total 2018 $M
Non-Performing Loans by Size of Loan			
Less than $1 million	1,418	139	1,557
$1 million to $10 million	569	197	766
Greater than $10 million	242	614	856
Total	2,229	950	3,179

	Australia 2017 $M	Overseas 2017 $M	Total 2017 $M	Australia 2016 $M	Overseas 2016 $M	Total 2016 $M
Non-Performing Loans by Size of Loan						
Less than $1 million	1,338	114	1,452	1,170	123	1,293
$1 million to $10 million	666	260	926	661	215	876
Greater than $10 million	383	426	809	644	303	947
Total	2,387	800	3,187	2,475	641	3,116

Average Balances and Related Interest

			2018
Net interest margin	Avg Bal $M	Income $M	Yield %
Total interest earning assets	854,264	34,144	4. 00
Total interest bearing liabilities	759,583	15,802	2. 08
Net interest income and interest spread		18,342	1. 92
Benefit of free funds			0. 23
Net interest margin			2. 15

Appendix A – Additional Historical Information (continued)

Loans, Bills Discounted and Other Receivables

	2018 $M	2017 $M	2016 $M
Australia			
Overdrafts	25,217	24,385	26,857
Home loans [1]	451,367	436,184	409,452
Credit card outstandings	11,877	12,073	12,122
Lease financing	4,318	4,302	4,412
Bills discounted [2]	4,280	7,486	10,507
Term loans and other lending	147,028	149,506	140,784
Total Australia	644,087	633,936	604,134
Overseas			
Overdrafts	1,657	1,545	1,592
Home loans [1]	50,298	49,673	46,622
Credit card outstandings	993	960	912
Lease financing	25	36	72
Term loans and other lending	50,969	50,389	46,967
Total overseas	103,942	102,603	96,165
Gross loans, bills discounted and other receivables	748,029	736,539	700,299
Less			
Provisions for Loan Impairment:			
Collective provision	(2,735)	(2,722)	(2,783)
Individually assessed provisions	(870)	(971)	(935)
Unearned income:			
Term loans	(692)	(681)	(701)
Lease financing	(367)	(403)	(482)
	(4,664)	(4,777)	(4,901)
Net loans, bills discounted and other receivables	743,365	731,762	695,398

1 Home loans balance includes residential mortgages that have been assigned to securitisation vehicles and covered bond trusts.
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	2018 $M	2017 $M	2016 $M
Minimum lease payments receivable:			
Not later than one year	1,544	1,288	1,086
Later than one year but not later than five years	2,265	2,464	2,619
Later than five years	167	183	297
Total finance leases	3,976	3,935	4,002

Appendix A – Additional Historical Information (continued)

Loans, Bills Discounted and Other Receivables (continued)

Deposits and Other Public Borrowings

	2018 $M
Australia	
Certificates of deposit	31,405
Term deposits	149,924
On demand and short term deposits	300,607
Deposits not bearing interest	46,082
Securities sold under agreements to repurchase	14,696
Total Australia	542,714
Overseas	
Certificates of deposit	8,509
Term deposits	43,896
On demand and short term deposits	22,640
Deposits not bearing interest	4,475
Securities sold under agreements to repurchase	-
Total overseas	79,520
Total deposits and other public borrowings	622,234

Appendix B – Definitions

Glossary of Terms

Term	Description
Aligned Advice	The financial planning businesses comprising Financial Wisdom, Count Financial 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, the retail banking activities conducted under the Bankwest brand have been consolidated into Retail Banking Services, and the business banking activities conducted under the Bankwest brand have been consolidated into Business and Private Banking.
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 through Commonwealth Private, and equities trading and margin lending services through the CommSec business. Business and Private Banking also includes the financial results of business banking activities conducted under the Bankwest brand.
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 and Institutional Banking and Markets 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.

Appendix B – Definitions (continued)

Glossary of Terms (continued)

Term	Description
Interest rate risk in the banking book (IRRBB)	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 by changes in interest rates. This is measured from two perspectives: quantifying the change in the net present value of the Balance Sheet's future earnings potential, and 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.
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 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.
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).
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 and funds management businesses operating in New Zealand primarily under the ASB brand. ASB provides a range of banking, wealth and insurance products and services to its personal, business, rural and corporate customers in New Zealand.
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 (continued)

Glossary of Terms (continued)

Term	Description
Retail Banking Services	Retail Banking Services provides banking and general insurance products and services to personal customers. Retail Banking Services also includes the financial results of retail banking activities conducted under the Bankwest brand. From March 2020 the Aligned Advice related businesses were transferred out of the Wealth Management division and consolidated into the Retail Banking Services division.
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 and retirement products which help to improve the financial wellbeing of our customers.
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 (continued)

Market Share Definitions

Term	Description
Retail Banking Services	
Home loans (APRA)	CBA Loans to individuals that are Securitised Owner Occupied and Investment Home Loans.
	APRA Monthly ADI Statistics back series.
Home Loans (RBA)	CBA Loans to individuals are Owner Occupied and Investment Home Loans (including securitisation) as per APRA monthly ADI Statistics + separately reported subsidiaries: Wallaby Trust, Residential Mortgage Group P/L.
	RBA Financial Aggregates Owner Occupied and Investor Home Lending (includes ADIs and RFCs).
Credit cards (APRA)	CBA Personal Credit Card Lending (APRA).
	Loans to Households: Credit Cards (APRA Monthly ADI 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 ADI 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 ARF720.2A Deposits).
	Deposits from Households (APRA Monthly ADI 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 ARF720.1A ABS/RBA Loans and Finance Leases) (this includes some Housing Loans to Business).
	Loans to Non-Financial Corporations (APRA Monthly ADI Statistics back series).
Business lending (RBA)	CBA Business Lending and Credit: specific "business lending" categories in lodged APRA returns – ARF720.1A ABS/RBA Loans and Finance Leases, ARF720.7 ABS/RBA Bill Acceptances and Endorsements, excluding sub-categories of Banks, ADIs and RFCs and governments.
	RBA Total Business Lending (adjusted for series breaks).
Business deposits (APRA)	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for the non-financial corporations sector (as per deposit balances submitted to APRA in ARF720.2A Deposits).
	Loans to Non-Financial Corporations (from APRA Monthly ADI 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).

Appendix B – Definitions (continued)

Market Share Definitions

Term	Description
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	Total ASB AUM.
	Total Market net Retail AUM (from Fund Source Research Limited).

Appendix C - 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 2019, discontinued operations included:

- CBA's Life insurance businesses in Australia ("CommInsure Life") and New Zealand ("Sovereign");
- BoCommLife Insurance Company Limited ("BoCommLife");
- Commonwealth Bank of South Africa ("Holding Company") Limited ("TymeDigital SA");
- Colonial First State Global Asset Management ("CFSGAM"); and
- PT Commonwealth Life ("PTCL") and its subsidiary.

Additional reclassifications to discontinued operations for the year ended 30 June 2020 included:

- Colonial First State ("CFS") from Wealth Management.

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.

- Following the transfer of the small business banking segment out of Retail Banking Services ("RBS") division to the Business and Private Banking ("BPB") division in the 2019 financial year, in order to further consolidate CBA's business banking, the Group continued to enhance the classification of business banking portfolios resulting in some customers being transferred from RBS to BPB, and Institutional Banking and Markets ("IB&M");
- Aligned Advice related businesses (including Count Financial, Financial Wisdom and Commonwealth Financial Planning Limited-Pathways ("CFP-Pathways")) were transferred out of the Wealth Management division and consolidated within the Retail Banking Services division.
- Other re-segmentations and cost allocations, including refinements to the allocation of support unit and other costs.

Change in Accounting Policies

Adoption of AASB 16 Leases

The Group adopted AASB16 'Leases' 'Financial Instruments' on 1 July 2019. The Group has used a modified retrospective basis without restating prior periods. Under the modified retrospective approach, the Group elected to measure the right-of-use asset at the same amount as the lease liability, expect for larger leases where the Group elected to measure the right-of-use asset on a retrospective basis.

Note 1.1 of the 2020 Financial Report outlines the nature of the changes and adjustments arising on adoption of the standards.

Adoption of interpretations and amendment to existing standards

During the current year, the Group adopted the following interpretations and amended standards, which had no impact on the Group:

- AASB Interpretation 23 'Uncertainty over Income Tax Treatments';
- Amendments to AASB 128 'Investments in Associates and Joint Ventures';
- Amendments to AASB 119 'Employee Benefits'; and
- AASB 2019-3 'Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform'.

Note 1.1 of the 2020 Financial Report provides further detail on the adoption of interpretations and amendments.

Commodity financing transactions

During the 2020 financial year, the Group amended its accounting policy in respect of certain short-term commodity financial transactions, which are not clearly captured within the scope of any accounting standard. The Group reclassified a portfolio of physical commodities, previously accounted for as inventories under AASB 102 Inventories, to loans designated at fair value through profit or loss under AASB 9. Significant judgement has been applied in assessing whether control of the commodities transfers to the Group on inception of the transaction. In line with evolving technical interpretation of the accounting requirements for commodity transactions, it has been determined that control of the commodities does not transfer to the Group. The transactions are therefore more fairly presented as loans.

The change has been applied retrospectively and impacted the prior year financial statements of the Group.

Note 1.1 of the 2020 Financial Report outlines the nature of the changes and adjustments arising from the amended accounting policy.

Appendix C - Disclosure Changes (continued)

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) – Including Discontinued Operations

	Full Year Ended 30 June 19						
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth lanagement $M	New Zealand $M	IFS and Other $M	Group $M
Statutory NPAT (incl. discontinued operations) - as published	4,266	2,658	1,084	179	1,181	(797)	8,571
Restatements							
Resegmentation and allocations	(392)	273	46	147	9	(83)	-
Statutory NPAT (incl. discontinued ope	**3,874**	**2,931**	**1,130**	**326**	**1,190**	**(880)**	**8,571**

Segment Statutory NPAT (impact by P&L line item) – Including Discontinued Operations

	Full Year Ended 30 June 19						
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	IFS and Other $M	Group $M
Statutory NPAT (incl. discontinued operations) - as published	4,266	2,658	1,084	179	1,181	(797)	**8,571**
Restatements							
Increase/(decrease) in Income	(617)	606	36	(43)	13	5	-
Increase/(decrease) in Investment experience (before tax)	11	-	-	(2)	-	(9)	-
(Increase)/decrease in Operating Expenses	71	(195)	29	203	-	(108)	-
(Increase)/decrease in Loan impairment expense	21	(22)	-	-	-	1	-
(Increase)/decrease in Corporate tax expense	154	(116)	(19)	(43)	(4)	28	-
(Increase)/decrease in Non-controlling interest	-	-	-	-	-	-	-
Non-cash adjustments	(32)	-	-	32	-	-	-
Statutory NPAT (incl. discontinued operations) - as restated	**3,874**	**2,931**	**1,130**	**326**	**1,190**	**(880)**	**8,571**

Segment Balance Sheet

	As at 30 June 2019						
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	IFS and Other $M	Group $M
Total Assets - as published	412,608	174,852	148,197	21,093	94,320	125,432	**976,502**
Restatements:							
Business banking portfolio transfer	(22,030)	22,030	-	-	-	-	-
Aligned Advice	433	-	-	(433)	-	-	-
Other resegmentation and allocations	(35)	165	(170)	(91)	-	131	-
Total Restatements	(21,632)	22,195	(170)	(524)	-	131	-
Total Assets - as restated	**390,976**	**197,047**	**148,027**	**20,569**	**94,320**	**125,563**	**976,502**
Total Liabilities - as published	273,603	140,541	150,209	25,297	88,466	228,737	**906,853**
Restatements:							
Business banking portfolio transfer	(26,886)	18,645	8,241	-	-	-	-
Aligned Advice	256	-	-	(256)	-	-	-
Other resegmentation and allocations	946	(129)	129	(1,473)	-	527	-
Total Restatements	(25,684)	18,516	8,370	(1,729)	-	527	-
Total Liabilities - as restated	**247,919**	**159,057**	**158,579**	**23,568**	**88,466**	**229,264**	**906,853**

Appendix C - Disclosure Changes (continued)

Segment Statutory Cost to Income Ratios

	As at 30 June 19						
("Statutory basis")	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand [1] $M	IFS $M	Group $M
Operating expenses to total operating income (%) - as published	40.0%	36.6%	42.2%	87.8%	34.9%	36.1%	46.7%
Operating expenses to total operating income (%) - as restated	42.0%	36.3%	40.4%	n/a	34.7%	33.3%	46.5%

1 Metrics calculated in New Zealand dollar terms.

Group Performance Summary

	Full Year Ended 30 June 19	
	As Restated $M	As Published $M
Net interest income	18,224	18,120
Other banking income	4,877	4,994
Total banking income	**23,101**	**23,114**
Funds management income	254	1,073
Insurance income	150	150
Total operating income	**23,505**	**24,337**
Investment experience	n/a	n/a
Total income	**23,505**	**24,337**
Operating expenses	(10,928)	(11,373)
Loan impairment expense	(1,201)	(1,201)
Net profit before tax	**11,376**	**11,763**
Corporate tax expense	(3,275)	(3,391)
Non controlling interests	(12)	(12)
Net profit after tax from continuing operations	**8,089**	**8,360**
Net profit after tax from discontinued operations	482	211
Net profit after tax ("statutory basis")	**8,571**	**8,571**

Appendix C - Disclosure Changes (continued)

Consolidated Balance Sheet

	As at 30 Jun 18	
	As Restated	As Published
Consolidated Balance Sheet Data	**$M**	**$M**
Assets		
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	32,884	32,254
Derivative assets	32,133	32,133
Available-for-sale investments	82,240	82,240
Loans, bills discounted and other receivables	743,744	743,365
Bank acceptances of customers	n/a	379
Property, plant and equipment	2,576	2,576
Investments in associates	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	n/a	379
Current tax liabilities	952	952
Deferred tax liabilities	–	–
Other provisions	1,889	1,889
Insurance policy liabilities	451	451
Debt issues	172,673	172,294
Managed fund units on issue	–	–
Bills payable and other liabilities	11,596	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
Total Shareholders' Equity	67,860	67,860
Other equity instruments	–	–
Total Shareholders' Equity excluding other equity instruments	67,860	67,860

Appendix D - Shareholder information

Top 20 holders of fully paid ordinary shares as at 20 July 2020

Rank	Name of holder	Number of shares	%
1	HSBC Custody Nominees	398,411,636	22.51%
2	J P Morgan Nominees Australia Limited	242,160,962	13.68%
3	Citicorp Nominees Pty Limited	99,817,390	5.64%
4	BNP Paribas Noms Pty Ltd	50,441,624	2.85%
5	National Nominees Limited	48,817,928	2.76%
6	Australian Foundation Investment	7,900,000	0.45%
7	Bond Street Custodians Limited	7,640,244	0.43%
8	Netwealth Investments Limited	4,672,163	0.26%
9	Milton Corporation Limited	3,140,470	0.18%
10	Argo Investments Limited	3,103,731	0.18%
11	Australian Executor Trustees Limited	3,040,780	0.17%
12	Navigator Australia	2,881,118	0.16%
13	Nulis Nominees (Australia)	1,872,713	0.11%
14	Mr Barry Martin Lambert	1,643,613	0.09%
15	McCusker Holdings Pty Ltd	1,370,000	0.08%
16	Invia Custodian Pty Limited	1,275,216	0.07%
17	Joy Wilma Lambert	1,068,250	0.06%
18	BNP Paribas Noms (NZ) Ltd <DRP>	1,067,687	0.06%
19	CS Third Nominees Pty Limited	1,050,513	0.06%
20	BKI Investment Company Limited	1,030,023	0.06%

The top 20 shareholders hold 882,406,061 shares which is equal to 49.85% of the total shares on issue.

Substantial shareholding

The following organisations have disclosed a substantial shareholding notice to ASX. As at 20 July 2020, the Bank has received no further update in relation to these substantial shareholdings.

Name	Number of shares	Percentage of voting power
BlackRock Group [1]	106,300,321	6
The Vanguard Group, Inc. [2]	88,022,378	5

1 Substantial shareholding as at 6 March 2020, as per notice lodged on 10 March 2020.
2 Substantial shareholding as at 20 July 2018, as per notice lodged on 25 July 2018.

Stock exchange listing

The shares of the Commonwealth Bank of Australia (Bank) are listed on the Australian Securities Exchange (ASX) under the trade symbol of CBA. 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 20 July 2020

Range	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of issued capital	Number of rights holders [1]
1 – 1,000	669,797	75.74	187,489,360	10.59	148
1,001 – 5,000	186,155	21.05	388,582,359	21.95	68
5,001 – 10,000	19,881	2.25	135,125,306	7.63	9
10,001 – 100,000	8,352	0.94	156,741,683	8.86	37
100,001 and over	161	0.02	902,300,799	50.97	0
Total	884,346	100.00	1,770,239,507	100. 00	262
Less than marketable parcel of $500	14,728	1. 67	43,557	0. 00	–

1 The total number of rights on issue is 965,095 rights which carry no entitlement to vote.

Voting rights

Under the Bank's Constitution, shareholders entitled to vote at a general meeting may vote in person, directly or by proxy, attorney or representative, depending on whether the shareholder is an individual or a company.

Subject to any rights or restrictions attaching to shares, each ordinary shareholder present at a general meeting has:

- On a show of hands - one vote; and

Appendix D - Shareholder information (continued)

- On a poll - one vote for each fully paid share held. If shares are not fully paid, on a poll the number of votes attaching to the shares is pro-rated accordingly.

If a person 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.

Where a shareholder appoints two proxies or attorneys to vote at the same general meeting:

- If the appointment does not specify the proportion or number of the shareholder's votes each proxy or attorney may exercise, each proxy or attorney may exercise half the shareholder's votes;
- On a show of hands, neither proxy or attorney may vote if more than one proxy or attorney attends; and
- On a poll, each proxy or attorney may only exercise votes in respect of those shares or voting rights the proxy or attorney represents.

Top 20 holders of CommBank PERLS VII Capital Notes ("PERLS VII") as at 20 July 2020

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	3,010,104	10.03%
2	BNP Paribas Noms Pty Ltd	1,195,841	3.99%
3	J P Morgan Nominees Australia Limited	844,602	2.82%
4	Netwealth Investments Limited	841,942	2.81%
5	Australian Executor Trustees Limited	382,295	1.27%
6	National Nominees Limited	277,276	0.92%
7	Bond Street Custodians Limited	262,224	0.87%
8	Navigator Australia	234,077	0.78%
9	Citicorp Nominees Pty Limited	204,881	0.68%
10	Nulis Nominees (Australia)	198,651	0.66%
11	Berne No 132 Nominees Pty Ltd	167,386	0.56%
12	Mutual Trust Pty Ltd	164,988	0.55%
13	Invia Custodian Pty Limited	92,249	0.31%
14	Marrosan Investments Pty Ltd	84,286	0.28%
15	Tsco Pty Ltd	80,000	0.27%
16	Alwood Pty Ltd	79,730	0.27%
17	Seymour Group Pty Ltd	73,700	0.25%
18	Willimbury Pty Ltd	70,673	0.24%
19	Limeburner Investments Pty Ltd	67,245	0.22%
20	Eastcote Pty Limited	59,300	0.20%

The top 20 PERLS VII security holders hold 8,391,450 securities which is equal to 27.97% of the total securities on issue.

Stock exchange listing

PERLS VII are subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPD.

Range of securities (PERLS VII) as at 20 July 2020

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	26,888	86.63	9,191,476	30.64
1,001 – 5,000	3,687	11.88	7,395,606	24.65
5,001 – 10,000	258	0.83	1,813,407	6.04
10,001 – 100,000	190	0.61	4,363,585	14.55
100,001 and over	15	0.05	7,235,926	24.12
Total	31,038	100. 00	30,000,000	100. 00
Less than marketable parcel of $500	19	0. 06	52	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 180 and 181 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS VIII Capital Notes ("PERLS VIII") as at 20 July 2020

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	3,150,171	21.73%
2	HSBC Custody Nominees	1,334,386	9.20%
3	J P Morgan Nominees Australia Limited	238,862	1.65%
4	Netwealth Investments Limited	120,358	0.83%
5	Piek Holdings Pty Ltd	93,000	0.64%
6	Snowside Pty Ltd	83,983	0.58%
7	Navigator Australia	83,134	0.57%
8	Nulis Nominees (Australia)	73,636	0.51%
9	Australian Executor Trustees Limited	70,073	0.48%
10	Bond Street Custodians Limited	63,740	0.44%
11	Dimbulu Pty Ltd	50,000	0.34%
12	Marrosan Investments Pty Ltd	50,000	0.34%
13	Mifare Pty Ltd	50,000	0.34%
14	V S Access Pty Ltd	48,084	0.33%
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	Mutual Trust Pty Ltd	44,049	0.30%
19	Citicorp Nominees Pty Limited	39,263	0.27%
20	Mr Vincent David Smart + Mrs Susan May Smart	36,160	0.25%

The top 20 PERLS VIII security holders hold 5,766,399 securities which is equal to 39.77% of the total securities on issue.

Stock exchange listing

PERLS VIII are subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPE.

Range of Securities (PERLS VIII) as at 20 July 2020

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	13,314	89.40	4,168,836	28.75
1,001 – 5,000	1,383	9.29	2,865,944	19.76
5,001 – 10,000	119	0.80	878,443	6.06
10,001 – 100,000	72	0.48	2,014,856	13.90
100,001 and over	4	0.03	4,571,921	31.53
Total	14,892	100. 00	14,500,000	100.00
Less than marketable parcel of $500	4	0. 03	10	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 180 and 181 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS IX Capital Notes ("PERLS IX") as at 20 July 2020

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	2,343,186	14.29%
2	HSBC Custody Nominees	1,553,860	9.47%
3	J P Morgan Nominees Australia Limited	643,242	3.92%
4	Navigator Australia	207,840	1.27%
5	Australian Executor Trustees Limited	189,662	1.16%
6	Bond Street Custodians Limited	164,623	1.00%
7	Dimbulu Pty Ltd	147,700	0.90%
8	National Nominees Limited	138,700	0.85%
9	Mutual Trust Pty Ltd	129,315	0.79%
10	Netwealth Investments Limited	117,924	0.72%
11	Nulis Nominees (Australia)	98,273	0.60%
12	Citicorp Nominees Pty Limited	72,577	0.44%
13	Fibora Pty Ltd	64,740	0.39%
14	Invia Custodian Pty Limited	57,623	0.35%
15	Ernron Pty Ltd	34,530	0.21%
16	Sir Moses Montefiore Jewish Home	30,660	0.19%
17	Pendant Realty Pty Ltd	30,000	0.18%
18	Port Stephens Veterans and Aged Care Ltd	30,000	0.18%
19	J C Family Investments Pty Limited	27,218	0.17%
20	888 Corporation Pty Ltd	25,000	0.15%

The top 20 PERLS IX security holders hold 6,106,673 securities which is equal to 37.24% of the total securities on issue.

Stock exchange listing

PERLS IX are subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPF.

Range of Securities (PERLS IX) as at 20 July 2020

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	17,473	90.23	5,562,105	33.92
1,001 – 5,000	1,706	8.81	3,428,049	20.90
5,001 – 10,000	110	0.57	815,120	4.97
10,001 – 100,000	64	0.33	1,428,025	8.71
100,001 and over	11	0.06	5,166,701	31.50
Total	19,364	100.00	16,400,000	100.00
Less than marketable parcel of $500	3	0.02	5	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 180 and 181 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS X Capital Notes ("PERLS X") as at 20 July 2020

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,480,864	10.85%
2	BNP Paribas Noms Pty Ltd	1,224,850	8.97%
3	Netwealth Investments Limited	167,057	1.22%
4	Citicorp Nominees Pty Limited	157,675	1.16%
5	J P Morgan Nominees Australia Limited	129,916	0.95%
6	Navigator Australia	122,714	0.90%
7	Dimbulu Pty Ltd	100,000	0.73%
8	Bond Street Custodians Limited	85,667	0.63%
9	Australian Executor Trustees Limited	84,385	0.62%
10	Marrosan Investments Pty Ltd	80,000	0.59%
11	Rakio Pty Ltd	77,000	0.56%
12	Eastcote Pty Ltd	50,000	0.37%
13	Federation University Australia	50,000	0.37%
14	Harriette & Co Pty Ltd	50,000	0.37%
15	National Nominees Limited	41,468	0.30%
16	Mutual Trust Pty Ltd	40,786	0.30%
17	Mr Roni G Sikh	40,492	0.30%
18	Mr Wei Cai	38,960	0.29%
19	Taverners No 11 Pty Ltd	38,710	0.28%
20	Nulis Nominees (Australia)	38,481	0.28%

The top 20 PERLS X security holders hold 4,099,025 securities which is equal to 30.03% of the total securities on issue.

Stock exchange listing

PERLS X are subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPG.

Range of Securities (PERLS X) as at 20 July 2020

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	12,924	88.09	4,524,257	33.14
1,001 – 5,000	1,555	10.60	3,360,115	24.62
5,001 – 10,000	110	0.75	833,523	6.11
10,001 – 100,000	77	0.52	2,059,174	15.08
100,001 and over	6	0.04	2,872,931	21.05
Total	14,672	100.00	13,650,000	100.00
Less than marketable parcel of $500	8	0.05	20	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 180 and 181 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS XI Capital Notes ("PERLS XI") as at 20 July 2020

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,734,713	10.91%
2	BNP Paribas Noms Pty Ltd	374,960	2.36%
3	J P Morgan Nominees Australia Limited	309,073	1.94%
4	Netwealth Investments Limited	253,550	1.59%
5	Australian Executor Trustees Limited	230,913	1.45%
6	Dimbulu Pty Ltd	150,000	0.94%
7	Bond Street Custodians Limited	136,794	0.86%
8	National Nominees Limited	128,835	0.81%
9	Navigator Australia	111,802	0.70%
10	Eastcote Pty Limited	100,000	0.63%
11	G Harvey Investments Pty Ltd	100,000	0.63%
12	Pamdale Investments Pty Ltd	89,578	0.56%
13	Citicorp Nominees Pty Limited	87,192	0.55%
14	Nulis Nominees (Australia)	84,104	0.53%
15	V S Access Pty Ltd	80,000	0.50%
16	Mutual Trust Pty Ltd	62,562	0.39%
17	Edgelake Proprietary Limited	49,267	0.31%
18	J Santini Development Pty Ltd	46,000	0.29%
19	Margen Biggs Pty Limited	36,000	0.23%
20	Invia Custodian Pty Limited	34,275	0.22%

The top 20 PERLS XI security holders hold 4,199,618 securities which is equal to 26.41% of the total securities on issue.

Stock exchange listing

PERLS XI are subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPH.

Range of Securities (PERLS XI) as at 20 July 2020

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	16,689	88.49	5,782,006	36.36
1,001 – 5,000	1,933	10.25	4,002,455	25.17
5,001 – 10,000	154	0.82	1,130,004	7.12
10,001 – 100,000	74	0.39	1,884,752	11.85
100,001 and over	10	0.05	3,100,783	19.50
Total	18,860	100.00	15,900,000	100.00
Less than marketable parcel of $500	9	0.05	13	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 180 and 181 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS XII Capital Notes ("PERLS XII") as at 20 July 2020

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,912,212	11.59%
2	BNP Paribas Noms Pty Ltd	305,822	1.85%
3	Netwealth Investments Limited	228,852	1.39%
4	Royal Freemasons Benevolent Institution	202,500	1.23%
5	J P Morgan Nominees Australia Limited	200,114	1.21%
6	Dimbulu Pty Ltd	200,000	1.21%
7	Citicorp Nominees Pty Limited	124,540	0.75%
8	Australian Executor Trustees Limited	121,927	0.74%
9	Tandom Pty Ltd	120,000	0.73%
10	Diocese Development Fund - Catholic Diocese of Paramatta	101,472	0.61%
11	Bond Street Custodians Limited	98,417	0.60%
12	National Nominees Limited	89,427	0.54%
13	Navigator Australia	74,161	0.45%
14	UBS Nominees Pty Ltd	55,799	0.34%
15	Tsco Pty Ltd	48,650	0.29%
16	Invia Custodian Pty Limited	46,360	0.28%
17	Nulis Nominees (Australia)	46,117	0.28%
18	Mr Bruce Hampel	45,000	0.27%
19	Lightningedge Pty Ltd	40,000	0.24%
20	Taverners No 11 Pty Ltd	39,264	0.24%

The top 20 PERLS XII security holders hold 4,100,634 securities which is equal to 24.85% of the total securities on issue.

Stock exchange listing

PERLS XII are subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPI.

Range of Securities (PERLS XII) as at 20 July 2020

Range	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 – 1,000	16,112	87.63	5,836,220	35.37
1,001 – 5,000	2,018	10.97	4,213,197	25.54
5,001 – 10,000	166	0.90	1,241,074	7.52
10,001 – 100,000	82	0.45	2,191,113	13.28
100,001 and over	9	0.05	3,018,396	18.29
Total	18,387	100.00	16,500,000	100.00
Less than marketable parcel of $500	4	0.02	15	0.00

Voting rights

PERLS XII 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 180 and 181 for the Bank's ordinary shares.

Relevant exchanges

In addition to the ASX, the Bank has securities quoted on the London Stock Exchange (LSE), Swiss Exchange (SIX) and the New Zealand Exchange (NZX).