Commonwealth Bank of Australia
U.S. Disclosure Document
For the Full Year ended 30 June 2021

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1. Disclosures

Disclosures

Introduction

Certain material information about the Group, including information regarding the Group's risk management policies and procedures, use of derivative financial instruments and the market risk attributable to such instruments, liquidity and capital resources and other important information, is included in the Group's 2021 Financial Report and 2020 Financial Report (each as defined below). In particular, Note 9.1 of the 2021 Financial Report (Note 9.1 of the 2020 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 2021 (this "Document") should be read in conjunction with:

- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2021, which contains the Financial Statements for the years ended 30 June 2019, 2020 and 2021 and as at 30 June 2020 and 2021 (the "2021 Financial Report");
- 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"); and
- The Commonwealth Bank of Australia Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at 30 June 2021 (the "2021 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 2021 Financial Report and references to the "Financial Reports" are to the 2021 Financial Report and the 2020 Financial Report.

Except as otherwise stated, all figures herein relate to the financial year ended 30 June 2021 and comparatives for the Balance Sheet and Income Statement are to the financial year ended 30 June 2020, "$" 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 30 June of each year. References to the 2021 financial year or to the "current year" are to the financial year ended 30 June 2021, references to the 2020 financial 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 "prior year" are to the Group's prior financial year and references to the "prior half" are to the half year ended 31 December 2020.

Segment Disclosure

The Group conducts its businesses through six segments: Retail Banking Services; Business Banking; Institutional Banking and Markets; New Zealand; Corporate Centre and Other; and Wealth Management (Discontinued Operations). The businesses previously presented separately as International Financial Services and Corporate Centre segment are now presented through the Corporate Centre and Other segment and are included in the results for that segment for the 2021 financial year and the 2020 financial year.

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 2021 Financial Report.

Special Note Regarding Forward-Looking Statements

Certain statements under the captions “Highlights”, “Risk Factors”, “Group Performance Analysis”, “Retail Banking Services”, “Business Banking”, “Institutional Banking and Markets”, “New Zealand”, “Corporate Centre and Other”, “Wealth Management (Discontinued Operations)”, “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 ongoing impact of the COVID-19 pandemic and future outbreaks of other communicable diseases or pandemics, a downturn in the macroeconomic environment, extensive regulation and political scrutiny, competition and digital disruption, deteriorations in global financial markets, environmental and social risks, investor activism, organisational capability and culture risks, failure to maintain capital adequacy requirements, damage to the Group’s reputation, sub-optimal investment allocation and delivery risks, including through acquisitions or divestments of businesses, credit risk exposures, operational risks, cyber-security risks, technology risks, data management risks, third party risks, transaction processing risks, non-technology business disruption risks, modelling risks, fraud risks, employment risks, accounting, legal and taxation risks, compliance risks, legal liability or regulatory action against the Group, inappropriate conduct of the Group’s staff, failure to comply with financial crime legislation or privacy legislation, liquidity and funding risks, adverse financial and credit market conditions, failure to maintain adequate levels of liquidity and funding, failure to maintain credit ratings, failure to hedge effectively against market risks (including adverse fluctuations in exchange rates), 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 17 to 29 of this Document.

Financial Information Definitions

Basis of preparation

The consolidated Financial Statements of the Group for the years ended 30 June 2021, 30 June 2020 and 30 June 2019 included in the Financial Reports 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 revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a-service ("SaaS") arrangements with cloud providers. The change in accounting policy resulted from the implementation of agenda decisions issued by the IFRS Interpretations Committee (IFRIC) clarifying its interpretation of how current accounting standards apply to these types of arrangements. Note 1.1 of the 2021 Financial Report outlines the nature of these changes and adjustments. Where relevant, comparative information has been restated.

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

- Amendments to AASB 3 'Business Combinations';
- Amendments to AASB 101 'Presentation of Financial Statements';
- Amendments to AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors';
- Revised Conceptual Framework for Financial Reporting; and
- Amendments to AASB 16 'Leases'.

Note 1.1 of the 2021 Financial Report outlines the nature of these changes. Other than the above, the accounting policies and methods of computation adopted in the preparation of the 2021 Financial Report are consistent with the 2020 Financial Report.

Change in Comparatives

Unless otherwise stated, all 2020 financial year and 2019 financial year figures presented in this Document have not been restated. In some cases, comparative information has been restated to reflect change in accounting policy and 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 2020 financial year and "As reported" figures are presented for the 2020 financial year and 2019 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.

An additional reclassification to discontinued operations for the years ended 30 June 2020 and 30 June 2021 included Colonial First State ("CFS").

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

During the year ended 30 June 2021, the Group made a number of structural changes to its operating segments. This includes the transfer of Commonwealth Private out of the Business Banking division and consolidation into the Retail Banking Services division in order to better serve the Group's customers, and align distribution channels and core product offerings. In addition, the International Financial Services segment and Corporate Centre segment were combined into the Corporate Centre and Other segment for presentation purposes. There were also other re-segmentations, allocations and reclassifications, including refinements to the allocation of support units 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.

Prior period restatements

During the year ended 30 June 2021, the Group implemented certain changes that were applied retrospectively and impacted the prior years' financial statements. Appendix C and Note 1.1 of the 2021 Financial Report provides further detail on the prior period restatements.

Disclosures (continued)

Discontinued operations and transaction update

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 Group Limited (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 sale was completed via a statutory asset transfer on 1 April 2021.

On 28 April 2020, the Group announced the sale of its subsidiary, Australian Investment Exchange Limited (AUSIEX), to Nomura Research Institute (NRI). The sale completed on 3 May 2021.

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

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

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

On 10 December 2020, the Group completed the sale of its 37.5% equity interest in BoCommLife to MS&AD Insurance Group Holdings Inc., the ultimate parent company of Mitsui Sumitomo Insurance Co.

On 16 December 2020, the Group announced that it had entered into an agreement to merge Aussie Home Loans with Lendi Pty Ltd (Lendi). The transaction completed on 3 May 2021, making the Group the holder of approximately 44% of the shares of the combined business. Subsequently, on 7 May 2021, the Group sold a portion of its investment, reducing its shareholding to 42%.

As AHL did not constitute a major line of the Group's business, it was not classified as a discontinued operation. The financial results of AHL for the 10 months to May 2021 are treated as continuing operations and are included in the account lines of the Retail Banking Services' segment in the 2021 Financial Report.

On 21 June 2021, the Group announced the sale of CommInsure General Insurance to Hollard Insurance Company Pty Ltd (Hollard). The sale is subject to Australian regulatory approvals and other conditions, and is expected to complete in mid-calendar year 2022.

As CommInsure General Insurance does not constitute a major line of the Group's business, the financial results of CommInsure General Insurance are treated as continuing operations and included in the account lines of the Retail Banking Services segment in the 2021 Financial Report.

CommInsure General Insurance did not meet the held for sale classification criteria as at 30 June 2021 and therefore its assets and liabilities were not reclassified to held for sale assets or liabilities.

For further information please refer to Note 11.3 of the 2021 Financial Report.

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 2021 Financial Report. A list of items excluded from Net profit after tax ("cash basis") and their description is set out on page 10 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 continuation of the COVID-19 pandemic. Uncertainty remains regarding the duration and severity of COVID-19 impacts and the associated disruption to the Australian and New Zealand domestic and global economies.

The Group assessed property, plant and equipment, right-of use assets, and assets held as lessor for indicators of impairment. Due to the prolonged impact of COVID-19 on the global aviation sector and the protraction of international travel restrictions, an impairment loss of $112 million was recognised during the year ended 30 June 2021 (30 June 2020: $81 million), and is presented within other banking income. In determining the value in use of the aircraft, the Group incorporates the cash inflows over the lease term, as well as the expected selling price on expiry of the lease. Continued market disruption across the aviation industry, lower demand for used aircraft, and a decline in asset prices, resulted in a reduction in the assets' expected recoverable values below their carrying values. There remains significant uncertainty regarding the severity of the impact of COVID-19 on the aviation sector, and the duration of restrictions on international travel. As there is a higher than usual degree of uncertainty associated with these assumptions and estimates, actual outcomes may differ to those forecast which may impact the accounting estimates included in the 2021 Financial Report.

In response to the COVID-19 pandemic, the Group established, and may continue to establish, a range of temporary measures designed to assist its personal and business customers, including loan repayment deferrals, switches from principal and interest repayments to interest only repayments and other modifications including the extension of loan maturity dates. During the year ended June 30, 2021, loans with a gross carrying value of approximately $10.6 billion were granted COVID-19 related repayment deferrals or other contractual modifications. As at 30 June 2021, the Group held a $193 million provision for impairment in relation to credit exposures subject to COVID-19 related modifications.

These accommodations and measures, while supporting the Group's customers, 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. Although the Group's COVID-19 temporary loan repayment deferral program concluded in March 2021, the Group recommenced extending new support measures to assist customers further impacted by COVID-19 in July 2021, including loan repayment deferral arrangements, fee waivers and refunds. Since March 2021, the Group has experienced a small increase in home loan portfolio arrears, and the Group expects further increases in the coming months.

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. 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 2021 Financial Report and throughout this Document. In particular, refer to Note 1.1 of the 2021 Financial Report.

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 21**	30 Jun 20	30 Jun 19
AUD 1.00 =	USD	**0. 7521**	0. 6854	0. 7013
	EUR	**0. 6319**	0. 6114	0. 6170
	GBP	**0. 5431**	0. 5584	0. 5533
	NZD	**1. 0740**	1. 0705	1. 0460
	JPY	**83. 1173**	73. 8002	75. 6460

		Average rates [1]		
Exchange Rates Utilised [3]	**Currency**	**30 Jun 21**	30 Jun 20	30 Jun 19
AUD 1.00 =	USD	**0. 7467**	0. 6715	0. 7154
	EUR	**0. 6260**	0. 6071	0. 6270
	GBP	**0. 5546**	0. 5330	0. 5528
	NZD	**1. 0742**	1. 0544	1. 0668
	JPY	**79. 5463**	72. 6127	79. 5140

1 Rate rounded to four decimal places. Actual rate used for translation throughout the Document for the 30 June 2021 period is US$0.752135 = 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 2021 Financial Report.

Non-cash Items included in Statutory Profit

	Full Year Ended				
	30 Jun 21 $M	30 Jun 20 $M	30 Jun 19 $M	Jun 21 vs Jun 20 %	Jun 20 vs Jun 19 %
Gain/(loss) on acquisition, disposal, closure and demerger of businesses	**1,373**	2,092	(61)	(34)	large
Hedging and IFRS volatility	**7**	93	(79)	(92)	large
Bankwest non-cash items	**–**	–	(1)	–	large
Treasury shares valuation adjustment	**–**	–	6	–	large
Other non-cash items	**–**	–	5	–	large
Total non-cash items (after tax)	**1,380**	2,185	(135)	(37)	large

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

	Full Year Ended				
Non-Cash items included in Statutory Profit	**30 Jun 21 $M**	30 Jun 20 $M	30 Jun 19 $M	Jun 21 vs Jun 20 %	Jun 20 vs Jun 19 %
Gain/(loss) on acquisition, disposal, closure and demerger of businesses [1]	**183**	70	(52)	large	large
Hedging and IFRS volatility	**7**	93	(79)	(92)	large
Bankwest non-cash items	**–**	–	(1)	–	large
Non-cash items (after tax) from continuing operations	**190**	163	(132)	17	large
Gain/(loss) on acquisition, disposal, closure and demerger of businesses [2]	**1,190**	2,022	(9)	(41)	large
Treasury shares valuation adjustment discontinued operations	**–**	–	6	–	large
Non-cash items (after tax) from discontinued operations	**1,190**	2,022	(3)	(41)	large
Total non-cash items (after tax)	**1,380**	2,185	(135)	(37)	large

1 Includes gains and losses net of transaction and separation costs associated with disposal of AUSIEX, Aussie Home Loans, CommInsure General Insurance, Count Financial and other businesses, and the dilution of the Group's interest in Bank of Hangzhou.

2 Includes post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency translation reserve recycling), and transaction and separation costs associated with the disposal of BoCommLife, CFS, CFSGAM, PT Commonwealth Life and other businesses, and the deconsolidation 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 2021 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 $7 million after tax gain was recognised in Net profit after tax ("statutory basis") for the year ended 30 June 2021 (30 June 2020: $93 million after tax gain, 30 June 2019: $79 million after tax loss).

Contents

2. Highlights

Highlights

Group Performance Summary

Group Performance Summary	Full Year Ended ("statutory basis") 30 Jun 21 $M	Restated [1] 30 Jun 20 $M	As reported 30 Jun 20 $M	As reported 30 Jun 19 $M	Full Year Ended ("cash basis") 30 Jun 21 $M	Restated [1] 30 Jun 20 $M	As reported 30 Jun 20 $M	As reported 30 Jun 19 $M
Net interest income	**18,839**	18,610	18,610	18,224	**18,839**	18,610	18,610	18,224
Other banking income	**5,265**	5,002	5,002	4,877	**5,007**	4,837	4,837	4,951
Total banking income	**24,104**	23,612	23,612	23,101	**23,846**	23,447	23,447	23,175
Funds management income	**165**	173	173	254	**165**	173	172	255
Insurance income	**145**	141	141	150	**145**	141	139	147
Total operating income	**24,414**	23,926	23,926	23,505	**24,156**	23,761	23,758	23,577
Investment experience	**n/a**	n/a	n/a	n/a	**n/a**	n/a	3	2
Total income	**24,414**	23,926	23,926	23,505	**24,156**	23,761	23,761	23,579
Operating expenses	**(11,485)**	(11,030)	(10,929)	(10,928)	**(11,359)**	(10,996)	(10,895)	(10,824)
Loan impairment expense	**(554)**	(2,518)	(2,518)	(1,201)	**(554)**	(2,518)	(2,518)	(1,201)
Net profit before tax	**12,375**	10,378	10,479	11,376	**12,243**	10,247	10,348	11,554
Corporate tax expense	**(3,532)**	(2,990)	(3,020)	(3,275)	**(3,590)**	(3,022)	(3,052)	(3,321)
Non-controlling interests	**–**	–	–	(12)	**–**	–	–	(12)
Net profit after tax from continuing operations	**8,843**	7,388	7,459	8,089	**8,653**	7,225	7,296	8,221
Net profit after tax from discontinued operations [2]	**1,338**	2,204	2,175	482	**148**	182	153	485
Net profit after tax	**10,181**	9,592	9,634	8,571	**8,801**	7,407	7,449	8,706
Gain/(loss) on acquisition, disposal, closure and demerger of businesses [3]	**n/a**	n/a	n/a	n/a	**1,373**	2,092	2,092	(61)
Hedging and IFRS volatility [3]	**n/a**	n/a	n/a	n/a	**7**	93	93	(79)
Other non-cash items [3]	**n/a**	n/a	n/a	n/a	**–**	–	–	5
Net profit after tax	**10,181**	9,592	9,634	8,571	**10,181**	9,592	9,634	8,571
Represented by:								
Retail Banking Services	**4,993**	4,183	4,038	3,874				
Business Banking	**2,823**	2,458	2,638	2,931				
Institutional Banking and Markets	**924**	633	655	1,130				
Wealth Management	**945**	2,064	2,035	326				
New Zealand	**1,092**	943	945	1,190				
Corporate Centre and Other	**(596)**	(689)	(677)	(880)				
Net profit after tax ("statutory basis")	**10,181**	9,592	9,634	8,571				

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer also to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and are reported as a single cash net profit after tax line item. Discontinued operations includes CFS, CommInsure Life, BoCommLife, CFSGAM and PTCL and non-controlling interests related to discontinued operations.

3 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 10 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 a $1,373 million gain on disposal, closure and demerger of businesses and a $7 million unrealised gain related to hedging and IFRS volatility. 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 2021 Financial Report.

Key Performance Indicators

Key Performance Indicators	Full Year Ended 30 Jun 21	Restated [1] 30 Jun 20	As reported 30 Jun 20	As reported 30 Jun 19
Group Performance from continuing operations				
Statutory net profit after tax ($M)	**8,843**	7,388	7,459	8,089
Net interest margin (%)	**2. 03**	2. 07	2. 07	2. 09
Statutory operating expenses to total operating income (%)	**47. 0**	46. 1	45. 7	46. 5
Spot number of full-time equivalent staff (FTE)	**44,375**	41,778	41,778	41,458
Average number of FTE	**42,940**	41,051	41,051	41,371
Effective corporate tax rate ("statutory basis") (%)	**28. 5**	28. 8	28. 8	28. 8
Average interest earning assets ($M) [2]	**929,846**	897,409	897,409	871,418
Average interest bearing liabilities ($M) [2]	**776,967**	771,982	771,982	761,115
Funds Under Administration (FUA) - average ($M) [3]	**–**	15,332	15,332	14,205
Assets Under Management (AUM) - average ($M)	**18,872**	16,941	16,941	14,544
Group Performance including discontinued operations				
Statutory net profit after tax ($M)	**10,181**	9,592	9,634	8,571
Net interest margin (%)	**2. 03**	2. 08	2. 08	2. 10
Statutory operating expenses to total operating income (%)	**47. 3**	43. 0	42. 9	48. 7
Spot number of full-time equivalent staff (FTE)	**46,189**	43,585	43,585	45,165
Average number of FTE	**44,753**	43,550	43,550	45,250
Average interest earning assets ($M) [2]	**930,133**	897,879	897,879	871,901
Funds Under Administration (FUA) - average ($M) [4]	**153,995**	180,389	180,389	173,354
Assets Under Management (AUM) - average ($M) [5]	**18,872**	235,743	235,743	222,646

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.

2 Average interest earning assets are net of average mortgage and other offset balances. Average interest bearing liabilities exclude average mortgage and other 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.

Highlights (continued)

Key Performance Indicators (continued)

Key Performance Indicators	Full Year Ended 30 Jun 21	Restated [1] 30 Jun 20	As reported 30 Jun 20	As reported 30 Jun 19
Shareholder Returns from continuing operations				
Earnings Per Share (EPS) (cents) [2]				
Statutory basis - basic	**499. 2**	417. 8	421. 8	458. 3
Return on equity (ROE) (%) [2]				
Statutory basis	**11. 8**	10. 4	10. 5	11. 9
Shareholder Returns including discontinued operations				
Earnings Per Share (EPS) (cents) [2]				
Statutory basis - basic	**574. 8**	542. 4	544. 8	485. 6
Return on equity (ROE) (%) [2]				
Statutory basis	**13. 5**	13. 5	13. 6	12. 6
Dividends per share - fully franked (cents)	**350**	298	298	431
Dividend cover - "statutory basis" (times)	**1. 6**	1. 8	1. 8	1. 1
Dividend payout ratio (%) [2]				
Statutory basis	**60. 99**	55. 00	54. 76	89. 02
Capital including discontinued operations				
Common Equity Tier 1 (Internationally Comparable) (%) [3]	**19. 4**	17. 4	17. 4	16. 2
Common Equity Tier 1 (APRA) (%)	**13. 1**	11. 6	11. 6	10. 7
Risk weighted assets (RWA) ($M)	**450,680**	454,948	454,948	452,762
Leverage Ratio including discontinued operations				
Leverage Ratio (Internationally Comparable) (%) [3]	**6. 9**	6. 7	6. 7	6. 5
Leverage Ratio (APRA) (%)	**6. 0**	5. 9	5. 9	5. 6
Funding and Liquidity Metrics including discontinued operations				
Liquidity Coverage Ratio (%) [4]	**129**	155	155	132
Weighted Average Maturity of Long Term Debt (years) [5]	**5. 1**	5. 3	5. 3	5. 1
Customer Deposit Funding Ratio (%)	**73**	74	74	69
Net Stable Funding Ratio (%)	**129**	120	120	112
Credit Quality Metrics including discontinued operations				
Loan impairment expense annualised as a % of average GLAAs	**0. 07**	0. 33	0. 33	0. 16
Gross impaired assets as a % of GLAAs	**0. 42**	0. 45	0. 46	0. 48
Credit risk weighted assets (RWA) ($M)	**381,550**	374,194	374,194	372,574

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.

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.

5 Represents the weighted average maturity (WAM) of outstanding long-term wholesale debt with a residual maturity greater than 12 months including drawdown of the RBA Term Funding Facility (TFF). WAM as at 30 June 2021 excluding the TFF drawdown is 6.4 years (30 June 2020: 5.3 years, 30 June 2019: 5.1 years).

Highlights (continued)

Key Performance Indicators (continued)

	Full Year Ended			
		Restated [1]	As reported	
Key Performance Indicators	**30 Jun 21**	30 Jun 20	30 Jun 20	30 Jun 19
Retail Banking Services				
Statutory net profit after tax ($M)	**4,993**	4,183	4,038	3,874
Net interest margin (%)	**2. 60**	2. 63	2. 63	2. 55
Average interest earning assets ($M) [2]	**381,229**	368,342	357,008	342,713
Statutory operating expenses to total operating income (%)	**40. 0**	40. 4	40. 5	42. 0
Risk weighted assets ($M)	**169,084**	167,205	162,939	166,908
Business Banking				
Statutory net profit after tax ($M)	**2,823**	2,458	2,638	2,931
Net interest margin (%)	**2.98**	3. 10	3. 10	3. 10
Average interest earning assets ($M) [2]	**173,986**	170,526	182,498	182,400
Statutory operating expenses to total banking income (%)	**38.5**	36. 6	36. 4	36. 3
Risk weighted assets ($M)	**140,023**	136,288	141,157	138,753
Institutional Banking and Markets				
Statutory net profit after tax ($M)	**924**	633	655	1,130
Net interest margin (%)	**1.00**	0. 98	1. 00	1. 11
Average interest earning assets ($M)	**138,018**	140,547	139,911	137,670
Statutory operating expenses to total banking income (%)	**42.6**	44. 9	44. 4	40. 4
Risk weighted assets ($M)	**84,928**	93,325	93,076	85,951
New Zealand				
Statutory net profit after tax (A$M)	**1,092**	943	945	1,190
Risk weighted assets (A$M) [3]	**53,390**	50,812	50,664	51,186
Net interest margin (%) [4]	**2.18**	2. 12	2. 11	2. 23
Average interest earning assets [4]	**107,522**	100,582	100,582	95,315
Statutory operating expenses to total operating income (%) [4]	**38.8**	41. 0	40. 7	34. 7
FUA - average [4, 5]	**–**	16,273	16,273	15,146
AUM - average [4]	**20,227**	17,886	17,886	15,501

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.

2 Net of average mortgage offset balances.

3 Risk weighted assets (A$M) calculated in accordance with APRA requirements.

4 Key financial metrics represent ASB only and are calculated in New Zealand dollar terms.

5 Average FUA has been calculated using the average for the period the Group owned Aegis up until 2 December 2019.

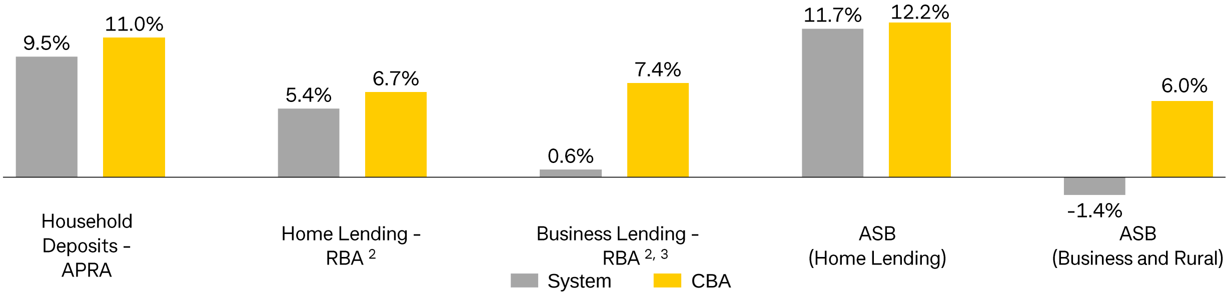
Highlights (continued)

Market Share

Market Share	As at [1] 30 Jun 21 %	31 Dec 20 %	30 Jun 20 %	Jun 21 vs Dec 20	Jun 21 vs Jun 20
Home loans - RBA [2]	**25. 3**	25. 2	25. 0	10 bpts	30 bpts
Home loans - APRA [3]	**26. 0**	25. 9	25. 7	10 bpts	30 bpts
Credit cards - APRA [3]	**27. 4**	27. 5	26. 5	(10)bpts	90 bpts
Other household lending [3, 4]	**18. 6**	18. 6	19. 1	–	(50)bpts
Household deposits - APRA [3]	**27. 4**	27. 2	27. 1	20 bpts	30 bpts
Business lending - RBA [2]	**15. 6**	15. 0	14. 7	60 bpts	90 bpts
Business lending - APRA [3]	**17. 8**	17. 3	16. 8	50 bpts	100 bpts
Business deposits - APRA [3]	**21. 6**	21. 3	20. 5	30 bpts	110 bpts
Equities trading [5]	**5. 4**	4. 8	3. 7	60 bpts	170 bpts
NZ home loans [6]	**21. 6**	21. 8	21. 5	(20)bpts	10 bpts
NZ customer deposits [6]	**18. 2**	18. 0	18. 2	20 bpts	–
NZ business lending [6, 7]	**17. 3**	16. 6	15. 6	70 bpts	170 bpts
NZ retail AUM [8]	**13. 5**	14. 2	14. 7	(70)bpts	(120)bpts

1 Comparative information has been updated to reflect market restatements. For further details on each Market Share category, refer to "Market Share Definitions" in Appendix B.
2 System source: RBA Lending and Credit Aggregates.
3 System source: APRA's Monthly Authorised Deposit-taking Institution Statistics (MADIS) publication.
4 Other Household Lending market share includes personal loans, margin loans and other forms of lending to individuals.
5 Represents CommSec traded value (excluding AUSIEX) as a percentage of total Australian Equities markets, on a 12 month rolling average basis.
6 System source: RBNZ.
7 Comparative information has been normalised to exclude the impact of ANZ's sale of UDC Finance Limited in September 2020.
8 System source: Zenith Investment Partners, normalised to exclude the impact of uncontributed member data.

CBA growth against System [1]
Balance growth – 12 months to June 21



1 System and CBA source: RBA/APRA/RBNZ. CBA includes Bankwest.
2 System and CBA source: RBA Lending and Credit Aggregates.
3 CBA Domestic Business lending growth (including Institutional Lending but excludes Cash Management Pooling Facilities).

Credit Ratings

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

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

Risk Factors

This section describes the principal risk factors that could materially affect the Group's businesses, its revenues, operating income, net income, net assets, liquidity, funding, reputation and capital resources. These risk factors should not be regarded as a complete and comprehensive statement of all of the potential risks and uncertainties that the Group faces. Additional risks that may emerge in the future, or that the Group currently considers to be immaterial, may also become important risks that affect the Group. If any of the listed or unlisted risks actually occur, the Group's business, financial condition, liquidity, operations, prospects or reputation could be materially and adversely affected. The risk factors below should be considered in connection with the "*Special Note Regarding Forward-Looking Statements*" on page 5 of this Document. Notes 9.1 through 9.4 of the 2021 Financial Report provide details on how the Group manages its credit, market and liquidity and funding risks.

Strategic Risks

The Group's results could be adversely impacted by key strategic risks arising from changes in the Group's external and internal operating environment

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. Dynamically evolving current or emerging risks, such as the COVID-19 pandemic, the competitive landscape, emerging technologies, macroeconomic conditions, and the regulatory and political environment can challenge the business model and profitability assumptions underlying the Group's strategy. 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.

COVID-19 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 coronavirus, which emerged in December 2019 and is referred to as "COVID-19", has resulted in governments worldwide, including in Australia and New Zealand, enacting emergency measures to combat the spread of the virus. These emergency measures included wide ranging restrictions on, suspensions of, or advice against, regional and international travel, events, gatherings of groups of people, as well as prolonged closures of workplaces and many other normal activities. Substantial and costly monetary and fiscal interventions designed to stabilize the significant increase in volatility experienced in sovereign nations and financial markets have also been undertaken. While certain restrictions have been lifted or modified, governments may in the foreseeable future reintroduce prior restrictions or implement and introduce further measures to contain COVID-19. For example, in July 2021, the Greater Sydney region of New South Wales Australia was placed into a lockdown to combat the spread of the Delta variant of COVID-19 which remains ongoing. Lockdowns of a lesser duration have also been introduced in Victoria and South Australia in July 2021 and in south-east Queensland in early August 2021. Borders between a number of states have also been closed to non-essential travel.

Although some nations, including Australia and New Zealand, have implemented vaccination programs, the vaccination rates in Australia and New Zealand lag those of most other developed nations. As a result, Australian states are still largely pursuing an elimination strategy through lockdowns and border closures until vaccination rates reach agreed targets. There are also uncertainties associated with the long-term effectiveness and success of nation-wide vaccination programs, particularly in the event of potential new strains that could emerge. Consequently, there is ongoing uncertainty regarding the duration and severity of the impact of COVID-19 and the associated disruption to the Australian, New Zealand and global economies. Furthermore, the efficacy of the interventions of governments and central banks remains uncertain. The Group expects that there may be uncertain economic conditions ahead in Australia (particularly in New South Wales) and globally, which may have a material adverse impact on the Group's financial condition as a result of, among other factors, increased credit losses from business insolvencies, higher consumer defaults and slower overall credit and economic growth.

The Group's provisions for impairment loss at June 30, 2021 were $6,211 million, a decrease of $152 million or 2.4 per cent compared to June 30, 2020, reflecting an improvement in the economic outlook, partly offset by forward looking adjustments due to the ongoing impact of COVID-19. In particular, due to the prolonged impact of COVID-19 on the global aviation sector and the protraction of international travel restrictions, the Group recognized a further impairment loss of $112 million in relation to certain aircraft owned by the Group and leased to various airlines during the year ended 30 June 2021. There remains significant uncertainty regarding the severity of the impact of COVID-19 on the aviation sector, and the duration of restrictions on domestic and international travel, due to Australian border closures expected to remain at least until 2022. Refer to Note 1.1 to the 2021 Financial Report for further information.

In response to COVID-19, the Group established, and may continue to establish, a range of temporary measures designed to assist its personal and business customers, including loan repayment deferrals, switches from principal and interest repayments to interest only repayments and other modifications including the extension of loan maturity dates. During the year ended 30 June 2021, loans with a gross carrying value of approximately $10.6 billion were granted COVID-19 related repayment deferrals or other contractual modifications. As at 30 June 2021, the Group held a $193 million provision for impairment in relation to credit exposures subject to COVID-19 related modifications.

Risk Factors (continued)

These accommodations and measures, and any future accommodations and measures, while supporting the Group's customers, may result in the Group assuming a greater level of risk and the Group's business, results of operations, financial condition and prospects may be materially and adversely affected as a result. Although the Group's COVID temporary loan repayment deferral program concluded in March 2021, the Group recommenced extending new support measures to assist customers further impacted by COVID-19 in July 2021, including loan repayment deferral arrangements, fee waivers and refunds. Since March 2021, the Group has experienced a small increase in home loan portfolio arrears, and the Group expects further increases in the coming months. 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 may be negatively impacted. Refer to Note 3.2 to the 2021 Financial Report for further information.

COVID-19 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 increased volatility and widening of credit spreads. COVID-19 has also affected, and can be expected to continue to affect, the Group's ability to continue its operations without interruption or delays due to 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 operations could affect the Group's business, results of operations, financial condition and prospects.

Furthermore, increased work-from-home arrangements for employees during COVID-19 could increase the Group's exposure to cyberattacks due to increased reliance on remote access tools and technology resulting in a larger number of access points to the Group's networks that must be secured. Additionally, increasing reliance by the Group's customers on digital services provided by its businesses in response to COVID-19, has resulted in more demand on the Group's information technology infrastructure and security tools and processes. Although the Group has taken measures designed to manage these risks, there is a risk that these measures will not be effective in the current unprecedented operating environment. For more information on the Group's information security risks, see "*The Group may be adversely affected by cyber-security risks*" below.

COVID-19 has also increased geopolitical risk. Continuing tensions between countries, and policy uncertainty could have a material adverse impact on the Group's financial condition or its ability to execute its strategic initiatives as a result of, among others, further downturns in the domestic and global economies. See "*The Group may be adversely affected by deteriorations in the global financial markets*" below for further information.

The ongoing ramifications of COVID-19 are highly uncertain and difficult to predict, as is the extent to which vaccines or other medical treatments will be effective in curtailing the effects of COVID-19. All or any of the negative conditions related to COVID-19 described above may cause a 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 may be adversely impacted by a downturn in the macroeconomic environment, particularly in the Australian or New Zealand economies

Many countries have experienced large declines in GDP as they restrict activities to manage the spread of COVID-19, with sharp increases in unemployment rates. As the Group's businesses are primarily located in Australia and New Zealand, its performance is largely dependent on the state of these economies (particularly New South Wales, which is the Group's largest market), customer and investor confidence, and prevailing market conditions in these two countries. While the future impact of the economic disruption caused by COVID-19, and the future 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, which in turn are impacted by events in the global economy.

As a result of COVID-19, major disruptions to community health and economic activity have had and are continuing to have wide ranging negative effects across most business sectors in Australia, New Zealand and globally. This in turn has resulted in a deterioration of the quality of the Group's credit portfolio and impacted demand for some of the Group's products and services. For example, in the year ended 30 June 2021, credit card, retail foreign exchange and deposit income declined primarily due to a decline in spend and transaction volumes as a result of COVID-19.

Additionally, many of the Group's customers have been negatively impacted by COVID-19 and the Group is exposed to an increased risk of credit loss from borrowers, particularly those 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. Additionally, COVID-19 has resulted in a disruption to global supply chains, increased uncertainty in the global economy, and increased levels of unemployment globally. As a result, protectionist policies by nations could increase, which could elevate geopolitical tensions and result in further trade breakdowns. This would create further uncertainty for businesses and impact global economic conditions. See "*COVID-19 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*" above, for further discussion on the risks COVID-19 poses to the Group.

Risk Factors (continued)

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 the ongoing impact of COVID-19, 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. Any geopolitical tension or other event that adversely affects China's economic growth or Australia's economic relationship with China, 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.

A material downturn in the Australian or New Zealand economies could adversely impact the Group's future 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, particularly in New South Wales, a significant or sustained decrease in the Australian and New Zealand housing markets or property valuations, including from external factors such as COVID-19 or tightening lending standards, could adversely affect the Group's home and commercial loans portfolio, result in a decrease of the amount of new lending 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 strength of the Australian economy is influenced by the value of the Australian dollar. Significant movements in the value of 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*" below for more information.

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.

A material decline in residential housing prices could also cause increased losses from the Group's exposures to residential property developers, particularly if such developers' customers that are pre-committed to purchase the completed dwellings are unable or unwilling to complete their contracts and the Group is forced to sell these dwellings for less than the pre-committed contract price.

The Group's portfolio of commercial property loans may be particularly susceptible to asset price deflation, tenancy risk (comprising of underlying income generation from tenancy mix and vacancy levels), delivery risk and settlement risk, which may result in higher credit losses, refinance risk and deteriorating security values. Adverse impacts on the Group's commercial loan 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 significant decrease in commercial property valuations or a significant slowdown in the commercial real estate markets in Australia or New Zealand, or specific regions or sectors (such as New South Wales), could result in a decrease in lending growth. Furthermore, although there has yet to be a significant downturn of the real estate markets evidenced in Australia and New Zealand due to the impact of COVID-19, it is possible that over time that this downturn could occur. So far, commercial property assets have not been forced to market under distressed circumstances because liquidity support has been provided. However, continued liquidity support is not guaranteed, and the marketing of such assets under distress may result in a material adverse shift in valuations.

The Group is subject to extensive regulation and operates in an environment subject to 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 the Australian Prudential Regulatory Authority ("APRA"), the Australian Securities and Investments Commission ("ASIC"), the Australian Transaction Reports and Analysis Centre ("AUSTRAC"), the Office of the Australian Information Commissioner (the "OAIC"), the Australian Competition and Consumer Commission (the "ACCC"), the Australian Financial Complaints Authority, the Reserve Bank of Australia ("RBA") and the Australian Securities Exchange (the "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 1959* (Cth), including in limited circumstances to direct banks (including CBA) not to make payments on their 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, securities exchange listing requirements, and the Group's compliance with relevant financial crime, sanctions, privacy, taxation, competition, consumer protection and securities trading laws. The Group and the wider financial services industry are facing increased regulation and scrutiny in many of these areas and jurisdictions and changes or new regulation in one part of the world could lead to changes elsewhere.

Risk Factors (continued)

Any change in law, regulation, accounting standards, policy or practice of regulators, or failure to comply with laws, regulations or policy, may adversely affect the Group's business, financial condition, liquidity, operations, prospects and reputation, and its ability to execute its strategy, either in the short-term or the long-term. The potential impacts of regulatory change are wide-ranging, 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.

COVID-19 or similar pandemics could impact the Group's ability to manage regulatory change. COVID-19 has resulted in deferral of regulatory changes by regulators, which may increase the risk of the Group not complying with new regulations when they come into effect, due to compressed timeframes to implement regulatory change initiatives. The response to COVID-19 has also seen new legislation and regulation which applies to CBA, which may increase compliance risks. The Group may also incur significant costs responding to this new legislation and regulation.

The Group may also be adversely affected if the pace or extent of regulatory change exceeds its ability to adapt to such changes and embed appropriate compliance processes adequately. The pace of regulatory change has accelerated in recent years. The fast 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 COVID-19 have impacted, and may continue to impact, the Group. As an example, regulators in some overseas jurisdictions have exercised their powers to prevent or limit banks from declaring dividends or undertaking share buy-backs. In New Zealand, the Reserve Bank of New Zealand (the "RBNZ") has limited the distribution of dividends on ordinary shares by New Zealand incorporated registered banks to a maximum of 50% of earnings due to the ongoing economic uncertainty caused by COVID-19 and the RBNZ has stated that such restriction will remain in place until July 2022. This restricts the Group's subsidiary, ASB Bank, from paying a full dividend which impacts the Group's Level 1 CET1 capital ratio.

Regulatory reforms

Examples of significant regulatory reform under development in Australia include the following:

- In December 2020, APRA announced a series of proposed changes designed to increase risk sensitivity, enhance the ability to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards. APRA's proposals include higher regulatory capital buffers, with the countercyclical buffer set at 100 basis points (currently 0 basis points) for all ADIs and the capital conservation buffer increasing from 250 basis points to 400 basis points for Internal Ratings Based ("IRB") ADIs such as CBA. These proposals will result in changes to the calculation of the Group's risk-weighted assets ("RWA") which will impact the presentation of bank capital ratios, including CBA's Common Equity Tier 1 ("CET1") ratio. APRA expects that capital ratios will increase, as the amount of RWA will likely fall and reiterated that it is targeting a capital outcome in dollar terms that remains consistent with the "unquestionably strong" capital benchmark. APRA intends to implement these changes on 1 January 2023. The finalisation of these proposals may have implications for CBA which may affect the payment of dividends or distributions on the Group's capital instruments.
- In addition, APRA confirmed that the Australian loss-absorbing capacity ("LAC") regime will be established under the existing capital framework. For domestic systemically important banks ("D-SIBs"), such as CBA, APRA will require an additional total capital requirement of 3% of RWA based on the existing capital framework, effective 1 January 2024. APRA is evaluating whether any consequential adjustment to the required amount of LAC is necessary, taking into account the proposed changes to the capital framework outlined above. See "Group Operations and Business Settings - Capital - Regulatory Reforms - APRA" in this Document for further information.
- The *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act* 2019 (Cth) came into force on 5 April 2019 and introduced both design and distribution obligations on certain issuers and distributors of financial products (including hybrid securities) to retail investors and new product intervention powers for ASIC. The product design and distribution obligations will come into force in October 2021. In December 2020, ASIC published regulatory guidance in respect of the design and distribution obligations. Relevantly, the product design and distribution obligations require issuers to prepare and make publicly available a 'target market determination' ("TMD"), which aims to ensure that financial products for the retail market are targeted and sold to appropriate investors. Issuers must then take reasonable steps to ensure compliance with the TMD by distributors and are subject to ongoing obligations to review the TMD. Distributors must not distribute a product to retail investors unless it has a TMD and must also take reasonable steps to ensure their distribution is consistent with the TMD. The impact of these new obligations remains untested. However, there is a risk that they may adversely impact the issue, distribution and reinvestment of the Group's financial products in the future. These changes may also affect the liquidity of the Group's funding instruments if they lead to a material reduction in future issuance volumes or secondary trading activity by investors. Additionally, increased compliance costs resulting from financial product distribution requirements may adversely impact the Group's business and financial condition.

Risk Factors (continued)

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. As an example, the RBNZ published the finalized Banking Prudential Requirements following a comprehensive review of the capital adequacy framework applying to registered banks in New Zealand. The revised framework results in an increase in the minimum Tier 1 capital requirement for banks which are deemed systemically important to 16% of RWA (currently 8.5%). These reforms will commence from July 1, 2022, with a six-year implementation period. It is possible that the implementation of these new requirements could impact CBA's capital minimums and targets. See "Group Operations and Business Settings - Capital - Regulatory Reforms - Reserve Bank of New Zealand (RBNZ)" in this Document for further information.

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. Uncertainty remains over the impact to regional and global economic activity while the trade agreement reached between the European and the United Kingdom in December 2020 is implemented. See "*The Group's results could be adversely impacted by key strategic risks arising from changes in the Group's external and internal operating environment" and "The Group may be adversely affected by deteriorations in the global financial markets*" for more information.

In the United States, the Group elected to be treated as a Financial Holding Company by the Federal Reserve Board. As a result, the Group is subject to certain regulatory requirements in the United States. For more details, see *"Description of Business Environment–Financial System Regulation in the United States"* on page 125.

Other regulatory and political developments

There is ongoing scrutiny by the Australian Government and various Australian regulators on the Australian financial services industry. This scrutiny has previously led to, and may lead to further, changes in laws, regulation or policies, which may adversely affect the Group's business, operations, financial performance and prospects. An example of industry-wide scrutiny that has led to changes in laws, regulation or policies is the Royal Commission into misconduct by financial service entities which delivered its final report on February 1, 2019. The final report included 76 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 has resulted in heightened levels of enforcement action across the industry, including key regulators investigating all matters raised by the Royal Commission.

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 Australian Government has passed legislation addressing some of these policy recommendations.

The Group is subject to competition and digital disruption which may adversely affect its business and financial results

The Group faces competition in all of its principal areas of operation. Competition is expected to increase, including 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, allowing them to operate more efficiently. These entrants may seek to disrupt the financial services industry by offering bundled propositions and utilising new technologies.

The emergence of new technologies such as Artificial Intelligence ("AI") is driving the digitisation and automation of processes and can be a differentiator. However, if poorly implemented or managed in areas such as lending decisions, the use of AI could create data privacy concerns or deliver incorrect results with potentially poor financial, regulatory, conduct or reputational outcomes.

COVID-19 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 "*COVID-19 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*" above for further discussion of the risks COVID-19 poses to the Group.

Further, in response to COVID-19, 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 COVID-19, 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.

Risk Factors (continued)

The Group may be adversely affected by deteriorations in the global financial markets

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

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

COVID-19 has had, and is expected to continue to have, a significant impact on the global economy and global markets. Additionally, the continued imposition of lock downs, travel restrictions, border controls, social distancing, quarantine protocols and other containment measures could contribute to a further decline in economic conditions across the world and further suppress demand for commodities, further interrupt the supply chain for many industries globally, and dampen consumer confidence and suppress business earnings and growth prospects, all of which could contribute to ongoing volatility in global financial markets and adversely affect the Group's business, financial condition, operations and prospects. See *"COVID-19 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*" above for further discussion on the risks COVID-19 poses to the Group.

Global political conditions that impact the global economy have led to, and may continue to result in extended periods of increased political and economic uncertainty and volatility in the global financial markets, which could adversely affect the Group's business and financial performance. Recent examples of events that have affected (and may continue to affect) global political conditions include the United Kingdom ceasing to be a member of the EU and the EEA on January 31, 2020 (commonly referred to as "Brexit"), and global trade developments relating to, among other things, the imposition or threatened imposition of trade tariffs and levies by major countries, including the United States, China and other countries that are Australia's significant trading partners and allies.

The transitional period relating to the United Kingdom's withdrawal ended on December 31, 2020. Since January 1, 2021, aspects of the relationship between the United Kingdom and the EU have been governed by the EU-UK Trade and Cooperation Agreement (the "TCA"), but the TCA is in effect only on a provisional basis; and it is not certain that it will permanently regulate the relationship between the United Kingdom and the EU. Further, the scope of the TCA is limited, for example, it does not establish arrangements for the provision of financial services between the EU and the United Kingdom. Consequently, uncertainties remain relating to certain aspects of the United Kingdom's future economic, trading and legal relationships with the EU and with other countries. The actual or potential consequences of Brexit, and the associated uncertainty, could adversely affect economic and market conditions in the United Kingdom, in the EU and its member states and elsewhere, and could contribute to instability in global financial markets and adversely affect the Group's business, financial condition, operations and prospects. Politics in the U.S. has also become more polarized in recent years, and continue to be a potential source of additional instability in the global financial markets.

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.

Additionally, geopolitical instability, such as threats of, potential for, or actual trade wars, 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.

CBA is routinely exposed to, and manages, a number of sub-risks of the Strategic Risk type

These risks primarily support or drive strategic decisions that could impact CBA's profitability or business model assumptions, and are impacted by, or drive decisions resulting in impacts across other risk types, and are managed more routinely through their own dedicated governance, policies and procedures, infrastructure and teams.

The Group could suffer losses due to environmental and social risks

The Group could be exposed to financial losses or brand damage from the impacts of climate change or from not understanding or meeting community, stakeholder or regulatory expectations in relation to environmental and social issues. Climate change is systemic in nature, and is a significant long-term driver of financial, non-financial and strategic risk to the Group. A failure to respond adequately 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.

There is an increasing risk that the Group's assets, including those held as collateral or investments, could become impaired as a result of permanent damage arising from more frequent and severe weather events and longer-term shifts in climate patterns.

Risk Factors (continued)

Parts of Australia are prone to, and have recently experienced, physical climate events such as severe drought conditions, bushfires in 2019/2020, and severe flooding in 2021. The impact of these extreme weather events can be widespread, extending beyond primary producers to customers of the Group who are suppliers to the agricultural sector, and to those who reside in, and operate businesses within, impacted communities. The impact of these losses on the Group may be exacerbated by a decline in the value and liquidity of assets held as collateral, which may impact the Group's ability to recover its funds when loans default. In particular, there is a risk of the home lending portfolio accumulating an increased exposure to high risk assets over time, if appropriate action is not taken in the shorter term. Permanent damage to assets of customers could affect their ability to repay loans, leading to potential reputational risk from increased hardships. It could also impact the probability of default and losses arising from defaults, valuations and collateral as well as portfolio performance.

Disruption is also likely to occur from the adjustment to a renewable and low-emissions economy. This may be due to the nature and volume of regulatory policy, market, technological or community lead transition requirements, and changing expectations. Decreasing investor appetite and decreasing customer demand for carbon intensive products and services, and changing regulations and government policies designed to mitigate climate change, may give rise to transition risks and negatively impact revenue and access to capital for some businesses. These physical and transition risk impacts may increase current levels of customer defaults, thereby increasing the credit risk facing the Group and adversely impacting the Group's financial performance and position, profitability and returns to investors. Local and global regulators have increased their focus on climate change which is leading to changes in supervisory and regulatory guidance and requirements for banks where regulators seek to understand and manage system-wide climate-related risks, increasing the Group's risk of compliance breaches or litigation risk (including class actions). Further, the failure or perceived failure to manage climate change appropriately may increase the risk that third parties commence litigation against the Group, with this type of climate-related litigation becoming more common. The Group's assets in certain industries and/or locations, or those held in investment portfolios, could become less valuable as a result of being misaligned with low-carbon policy or community expectations.

The Group's reputation could also be impacted by continuing to finance certain industries or customers that are carbon intense or environmentally unfriendly, or by setting portfolio emission reduction targets and strategies that do not meet community expectations. The financial performance of the Group could also be adversely impacted if revenue foregone from carbon intense customers is not offset by opportunities in new 'green' industries. The Group's reputation could also be impacted through use of suppliers that are carbon intense, environmentally unfriendly or who adopt unethical or unacceptable social practices such as human rights abuses.

The Group recognises that inadequate assessment and management of climate change risks, and the risks associated with the transition to a renewable and low-emissions economy, have the potential to disrupt business activities, damage property and otherwise affect the value of assets, and affect the Group's customers' ability to repay loans. This could 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 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 investors, including institutional investors, and special interest groups. Areas which have attracted investor activism in Australia include making socially responsible investments and avoiding financing or interacting with businesses that do not demonstrate responsible management of environmental and social issues. The prevalence of investor activism could impact management's decision making and implementation of the Group's initiatives, which in turn could adversely affect the Group's financial results.

Organizational capability and culture risks may adversely affect the Group's business, operations and financial condition

The Group may be unable to execute effectively on its strategy due to inadequate skills and capabilities and a misaligned organizational culture.

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 Chief Executive Officer, the management team of the Chief Executive Officer and the Board have skills that are critical to setting the strategic direction, driving an appropriate organizational culture, successfully managing 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 AI, 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 investors. 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 banking sector.

The Group's business, operations and financial condition could be adversely affected if it has difficulty driving the appropriate organizational culture necessary to achieve its strategy and retaining or attracting highly qualified people for important roles, including key executives and Board members, particularly in times of strategic change.

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 and quality, changes in the value of the Australian dollar against other currencies in which the Group conducts its business, changes in regulatory requirements, and changes in business strategy (including acquisitions, divestments, investments and changes in capital intensive businesses).

Risk Factors (continued)

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 stress.

APRA and the RBNZ have recently undertaken significant regulatory reform, including revisions to the capital framework for the Group in Australia and New Zealand. See "*The Group is subject to extensive regulation and operates in an environment subject to political scrutiny, which could adversely impact its operations and financial condition - Regulatory reforms*" for more information on the risks to the Group posed by these reforms. For more information on the Group's capital adequacy and liquidity requirements, see "Group Operations and Business Settings - Capital" starting on page 62 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.

Damage to the Group's reputation could undermine the trust of stakeholders, erode the Group's brand and 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 stakeholders' current and emerging expectations and the Group's actual or perceived practices and performance. 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, privacy and anti-hawking laws), technology and information security failures, unsuccessful strategies or strategies that are not in line with community expectations and non-compliance with internal policies and procedures. The Group's reputation may also be adversely affected by community perception of the broader financial services industry, or from the actions of its competitors, customers, suppliers or companies in which the Group holds strategic investments. Reputational damage could also arise from the Group's failure to effectively manage risks, enforcement or supervisory action by regulators, adverse findings from regulatory reviews and failure or perceived failure to adequately respond to community, environmental, social and ethical issues.

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's performance and financial position may be adversely affected by sub-optimal investment allocation and delivery risks, including through its acquisitions or divestments of businesses

The Group routinely manages a large number of strategic and transformation programs. There is the risk of expected outcomes not being achieved, or strategic opportunities being missed due to ineffective management of these initiatives, 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.

There is also the risk of ineffective allocation and balance of the Group's resources that could result in missed strategic opportunities or the inability to effectively deliver on strategic objectives.

The Group is currently undertaking a number of divestments and strategic reviews of certain businesses, including the divestment of CommInsure General Insurance, the Group's provider of home and contents and motor vehicle insurance products, announced on June 21, 2021. Refer to Note 11.3 to the 2021 Financial Report for further information. In the future, the Group may divest additional 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.

Credit Risks

The Group may incur losses associated with credit risk 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.

Risk Factors (continued)

In particular, the Group is uncertain about the economic outlook and risks of its customers and counterparties in, or with exposure to the Aviation and Commercial Property sectors, as well as other sectors reliant on discretionary spending, mainly due to COVID-19.

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.

In response to COVID-19, the Group established, and may continue to establish, a range of temporary measures designed to assist its personal and business customers, including loan repayment deferrals, switches from principal and interest repayments to interest only repayments and other modifications including the extension of loan maturity dates.

During the year ended June 30, 2021, loans with a gross carrying value of approximately $10.6 billion were granted COVID-19 related repayment deferrals or other contractual modifications. As at 30 June 2021, the Group held a $193 million provision for impairment in relation to credit exposures subject to COVID-19 related modifications.

Although the Group's COVID temporary loan repayment deferral program concluded in March 2021, the Group recommenced extending new support measures to assist customers further impacted by COVID-19 in July 2021, including loan repayment deferral arrangements, fee waivers and refunds. Since March 2021, the Group has experienced a small increase in home loan portfolio arrears, and the Group expects further increases in the coming months, 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.

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

Operational Risks

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 is exposed to operational risk through a number of specific risk types that require specific skills, infrastructure, procedures and governance to ensure their effective oversight and management. The Group may also be adversely impacted by failures in the efficacy, adequacy or implementation of these risk-management strategies, frameworks and processes. The emergence of unexpected risks or unanticipated impacts of identified risks may result in financial or reputational losses for the Group.

The Group may be adversely affected by cyber-security risks

The Group's information technology systems are subject to information security risks. Cyber-attacks have the potential to cause financial system instability and could result in serious disruption to customer banking services, or compromise customer data privacy.

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; (v) increased remote working by the Group's employees, particularly due to COVID-19; and (vi) 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 COVID-19, including cybercrime targeting the Group, as cyber criminals seek to gain financially from people's vulnerability, or exploit potential weaknesses introduced through rapid operational changes implemented by businesses. See "*COVID-19 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*" above for further discussion of the risks COVID-19 poses to the Group.

An information security failure (including the impact of any cyber-attack), or more general mishandling of data, 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.

The Group may be adversely affected by technology risks

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.

The Group provides numerous services to customers through a complex technology infrastructure that requires ongoing update and maintenance to ensure its network, applications and hardware are resilient and not disrupted by physical damage, equipment failure or ineffective change management processes.

Additionally, in response to COVID-19, more of the Group's staff and third party contractors have been required to work remotely or from alternative work sites, which has the potential to put stress on the Group's technology infrastructure.

Disruption to business systems from failure of technology infrastructure can materially impact customers, result in significant financial and reputational losses for CBA, and result in material fines and penalties.

Risk Factors (continued)

The Group may be adversely affected by data management risks

The Group manages a large volume of sensitive data. There is a risk that poor decisions may be made due to data quality issues or failing to appropriately manage and maintain the Group's data. This includes the capture, processing, distribution, retention and disposal of data. Failure to comply with data management regulatory obligations may cause the Group to incur losses, or result in regulatory action.

The Group may be adversely affected by third party risks

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, expose it to operational risks, including the potential for a severe event at a third party impacting the Group.

COVID-19 has led to, and may continue to lead to, a general uncertainty over the stability of global supply chains and the potential impact on third-party suppliers to the Group.

The Group may be adversely affected by transaction processing risks

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 a vendors' systems.

The Group may be adversely affected by non-technology business disruption risks

CBA is exposed to the risk of disruption to business processes from non-technological causes. This includes disruptions from natural disasters or pandemics, violence, social unrest or terrorist events and property disruptions.

COVID-19, and future outbreaks of other communicable diseases or pandemics, have the potential to introduce new and elevated risks to the 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. Disruptions also increase the risk of potential non-compliance with ongoing regulatory obligations and commitments.

The Group may be adversely affected by modelling risks

As a large financial institution, the Group relies on a number of models for material business decisions. Incorrect model design or improper model implementation, maintenance and application can result in incorrect business decisions. This risk is increasing with the use of emerging technologies such as AI, which require new capabilities and model risk management approaches.

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 affected by fraud risks

The Group is routinely exposed to the risk of fraud from third party suppliers, customers, or by an internal or external party. This can include the theft of funds, unauthorised trading or the theft of assets and non-electronic information.

The support measures made available during COVID-19 may increase opportunities for those seeking to commit fraud and financial crimes. A global increase in cybercrime, including cybercrime targeting the Group, has been observed as a result of COVID-19 and its associated impacts and this may continue and the Group may be adversely affected as a result.

The Group may be adversely affected by employment risks

The Group employs a large workforce and is therefore exposed to the risk of breaches of employment legislation, mismanagement of employee relations, and physical or mental injury or death of employees or people on Group premises where the Group is liable, which may adversely affect the Group's results of operations.

The Group may be adversely affected by accounting, legal and taxation risks

The Group may be exposed to risks from not meeting statutory and regulatory reporting, tax payment and filing requirements, or from execution errors in legal procedures and processes. This includes the potential for losses due to incorrectly recording the impairment of assets, including software, goodwill and other intangible assets.

Management must exercise judgment 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. Inappropriate application of and changes to accounting policies may adversely impact the Group's results.

Risk Factors (continued)

Compliance Risks

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.

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.

The Group is defending two shareholder class action proceedings alleging breaches of CBA's continuous disclosure obligations and misleading or deceptive conduct in relation to the subject matter of the civil proceedings commenced by AUSTRAC against CBA in September 2017, four class action claims in relation to superannuation products in the Federal Court of Australia, two class actions related to financial advice, 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. In addition, there are currently four civil penalty proceedings commenced by ASIC against the Group in the Federal Court of Australia. These relate to alleged misleading or deceptive communications with members of the FirstChoice Fund, alleged contraventions of the conflicted remuneration provisions in the Corporations Act relating to the arrangements between Colonial First State Investments Limited (CFSIL) and CBA for the distribution of a MySuper product issued by CFSIL, a number of issues regarding the actions of Commonwealth Securities Limited (CommSec) and Australian Investment Exchange Limited (AUSIEX) (CBA has assumed carriage of the proceedings relating to AUSIEX), and a number of compliance issues and errors by CBA where monthly account fee waivers were not applied to accounts for certain customers. Further details about each 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 2021 Financial Report.

Furthermore, in recent years there have been significant increases in the number 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, and may require the Group to incur significant compliance costs. 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, which could include an enforceable undertaking or court ordered compliance program whereby CBA or a Group entity commits to achieving specific outcomes. These matters include investigations 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 is also party to four enforceable undertakings with a regulator. These include two enforceable undertakings with ASIC related to wholesale spot foreign exchange trading and conduct in the BBSW market, one enforceable undertaking with APRA related to the implementation of the Remedial Action Plan and one enforceable undertaking with the Office of Australian Information Commissioner. Further details about each of these enforceable undertakings can be found in the "Description of Business Environment – Legal Proceedings and Investigations" section of this Document and Note 7.1 of the 2021 Financial Report. Although the Group is currently in compliance with each of these enforceable undertakings, if the regulator determines the Group is no longer in compliance additional sanctions could be levied. The Group also continues to receive various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews. The Group also provides updates to AUSTRAC on its Financial Crimes Compliance Program of Action.

In addition to possible regulatory actions and reviews, there may also be financial exposure to claims by customers, third parties and shareholders and this could include further class actions, customer remediation or claims for compensation. The outcomes and total costs associated with such regulatory actions and reviews, and possible claims remain uncertain. The Group has 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. As at 30 June 2021, the provision held by the Group in relation to Aligned Advice remediation was $1,018 million (30 June 2020: $804 million) and the provision held by the Group for Banking and other Wealth customer remediation programs was $159 million (30 June 2020: $227 million). For more details on these remediation costs, see page 132 of this Document and Note 7.1 of the 2021 Financial Report. Although the Group believes these provisions are sufficient to provide all necessary customer remediation, it is possible further provisions may be required.

Additionally, 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.

Risk Factors (continued)

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 as a result of not complying with financial crime legislation

Banks have a critical role to play in combating financial crime and protecting the integrity of the financial system. The Group is required to comply with legislation targeting financial criminal activities globally. This includes legislation relating to Sanctions, Anti Money Laundering and Counter Terrorism Financing ("AML/CTF") and Anti-Bribery & Corruption ("AB&C"). Not detecting or preventing financial crimes can have a significant impact on the Group's customers and the community and failure to comply with AML/CTF laws can result in significant fines and penalties for the Group. For example, in 2018, AUSTRAC commenced proceedings against CBA for contraventions of AML/CTF laws, which related to, among other things, CBA's failure to provide threshold transaction reports to AUSTRAC on time for a large number of transactions of $10,000 or more from November 2012 to September 2015. The resolution of those proceedings was approved by the Federal Court in 2018 with CBA paying a penalty of $700 million and legal costs.

While COVID-19 continues to evolve at different paces in many of the jurisdictions in which the Group operates, close monitoring of the levels and types of financial crimes continues across the Group.

CBA may incur losses as a result of not complying with privacy legislation

CBA collects and manages a large volume of personal information of individuals. Failure to adequately collect and secure this data in line with local and international privacy laws can expose CBA to material reputational damage, fines and penalties. For example, in June 2019 the Office of the Australian Information Commissioner accepted an Enforceable Undertaking ("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 work to address two incidents: one relating to the disposal by a third party, in 2016 of magnetic data tapes containing historical customer statements, and the other in 2018, relating to potential unauthorised internal user access to certain systems and applications containing customer personal information. 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's employees or third parties as a result of the incident reported in 2018 and has now closed all of its internal investigations.

Liquidity Risks

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 2021 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 wholesale funding and to 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.

COVID-19 is having, and is expected to continue to have, a significant impact on the global economy and global markets, as well as those of Australia and New Zealand. Fiscal and monetary stimulus and liquidity measures have impacted the availability of funding during COVID-19. The tapering off of these stimulus measures may result in increased competition for deposits and other funding sources, and therefore increased funding costs.

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.

Risk Factors (continued)

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, or if there is a change in customer behaviour driven by low, zero or negative interest rates which leads to an outflow of deposits.

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

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

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

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

The economic impacts of COVID-19 affected CBA's credit rating and may do so in the future. Specifically, in April 2020, Moody's downgraded its outlook for the Australian banking system and Fitch and S&P each downgraded its ratings for the major Australian banks, including CBA. As the economic impacts from COVID-19 continue, there is a risk that there may be further negative movement in CBA's credit rating.

Market Risk

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 (including potential for negative 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. 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 commodities and currencies other than the Australian dollar, principally the U.S. dollar, the Euro, and the New Zealand dollar. 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, refer to Note 9.3 to the 2021 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

Insurance Risk

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, CommInsure General Insurance, this risk is mainly driven by weather related incidents (such as storms, floods or bushfires) and other catastrophes, which are unpredictable.

Financial Review

Selected Consolidated Income Statement Data ("statutory basis")	2021 USD$M [3]	2021	2020 [1]	2019 [1]	2018 [2]	2017 [2]
	Full Year Ended 30 June					
		(AUD$ millions, except where indicated)				
Interest income:						
Effective interest income	**18,388**	**24,448**	29,726	34,089	33,643	32,705
Other	**158**	**210**	436	620	629	490
Interest expense	**(4,377)**	**(5,819)**	(11,552)	(16,485)	(15,807)	(15,649)
Net interest income	**14,169**	**18,839**	18,610	18,224	18,465	17,546
Impairment expense	**(417)**	**(554)**	(2,518)	(1,201)	(1,079)	(1,095)
Non-interest income	**4,193**	**5,575**	5,316	5,281	5,854	6,937
Operating expenses	**(8,638)**	**(11,485)**	(11,030)	(10,995)	(10,687)	(10,133)
Net profit before tax	**9,308**	**12,375**	10,378	11,309	12,553	13,255
Corporate tax expense	**(2,657)**	**(3,532)**	(2,990)	(3,255)	(3,811)	(3,784)
Net profit after tax	**6,651**	**8,843**	7,388	8,054	8,742	9,471
Non-controlling interests	**–**	**–**	–	(12)	(13)	(13)
Net profit attributable to equity holders of the Bank from continuing operations	**6,651**	**8,843**	7,388	8,042	8,729	9,458
Dividend declared [4]	**4,670**	**6,209**	5,275	7,630	7,570	7,408
Weighted average number of shares (basic) (M)	**1,771**	**1,771**	1,768	1,765	1,746	1,720
Earnings per share, basic (cents)	**432. 3**	**574. 8**	542. 4	485. 3	534. 3	577. 3
Earnings per share, fully diluted (cents)	**405. 9**	**539. 7**	521. 0	468. 3	517. 7	558. 8
Dividends per share (cents)	**263**	**350**	298	431	431	429
Dividend payout ratio (%) [5]	**61**	**61**	55	89	81	75

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
2 Comparative information has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
3 USD translated from AUD using the 30 June 2021 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 30 of this Document).
4 Represents final dividend declared for each respective year ended 30 June.
5 Dividends paid on ordinary shares divided by statutory earnings (earnings are net of dividends on other equity instruments).

Exchange Rates

For each of the Bank's financial years indicated, as well as for July and August (to date) of 2021, 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 2021, the 30 June 2021 period end rate has been used.

	2021	2020	2019	2018	2017
	Full Year Ended 30 June [1]				
	(expressed in USD$ per AUD$1.00)				
Period End	**0. 7521**	0. 6854	0. 7013	0. 7399	0. 7676
Average Rate	**0. 7467**	0. 6715	0. 7154	0. 7741	0. 7542

	August [2]	July	June	May	April	March
	Month Ended 2021 [1]					
	(expressed in USD$ per AUD$1.00)					
High	**0. 7404**	0. 7588	0. 7759	0. 7860	0. 7802	0. 7825
Low	**0. 7333**	0. 7297	0. 7499	0. 7716	0. 7541	0. 7599

1 Rate rounded to four decimal places. Actual rate used for translation throughout the Document for the 30 June 2021 period is US$0.752135 = A$1.00.
2 Represents the most current August 2021 exchange rate data ended 13 August 2021.

Financial Review (continued)

Consolidated Balance Sheet Data	2021 USD$M [3]	2021	2020 [1]	2019 [1]	2018 [2]	2017 [2]
	Full Year Ended 30 June					
		(AUD$ millions, except where indicated)				
Assets						
Cash and liquid assets	**75,244**	**100,041**	44,165	29,387	36,417	45,850
Receivables due from other financial institutions	**3,825**	**5,085**	8,547	8,093	9,222	10,037
Assets at fair value through income statement	**27,806**	**36,970**	46,545	33,677	32,884	47,484
Derivative assets	**16,133**	**21,449**	30,285	25,215	32,133	31,724
Investment securities:						
At amortised cost	**3,218**	**4,278**	5,173	7,355	–	–
At fair value through other comprehensive income	**65,105**	**86,560**	79,549	78,912	–	–
Assets held for sale	**903**	**1,201**	1,770	16,551	15,654	–
Available-for-sale investments	**–**	**–**	–	–	82,240	83,535
Loans, bills discounted and other receivables	**610,249**	**811,356**	772,980	756,553	743,744	732,225
Property, plant and equipment	**3,974**	**5,284**	5,602	2,383	2,576	3,873
Investments in associates	**2,964**	**3,941**	3,034	3,001	2,842	2,778
Intangible assets	**5,221**	**6,942**	6,891	7,965	9,090	10,095
Deferred tax assets	**1,555**	**2,067**	2,091	1,689	1,439	906
Other assets	**5,105**	**6,788**	8,839	7,115	6,924	7,811
Total Assets	**821,303**	**1,091,962**	1,015,471	977,896	975,165	976,318
Liabilities						
Deposits and other public borrowings	**576,422**	**766,381**	703,432	637,420	622,234	626,655
Payables due to other financial institutions	**14,335**	**19,059**	14,929	23,370	20,899	28,432
Liabilities at fair value through income statement	**6,304**	**8,381**	4,397	8,520	10,247	10,392
Derivative liabilities	**13,904**	**18,486**	31,347	22,777	28,472	30,330
Current tax liabilities	**102**	**135**	795	326	952	1,450
Deferred tax liabilities	**171**	**228**	30	–	–	332
Other provisions	**2,808**	**3,733**	3,461	2,798	1,860	1,780
Insurance policy liabilities	**–**	**–**	–	–	451	12,018
Term funding from central banks	**39,003**	**51,856**	1,500	–	–	–
Debt issues	**77,472**	**103,003**	142,503	164,022	172,673	168,034
Managed fund units on issue	**–**	**–**	–	–	–	2,577
Bills payable and other liabilities	**9,189**	**12,217**	13,188	10,285	11,625	11,932
Liabilities held for sale	**305**	**405**	594	15,796	14,900	–
Total Liabilities	**740,014**	**983,884**	916,176	885,314	884,313	893,932
Loan capital [4]	**22,083**	**29,360**	27,357	22,966	22,992	18,726
Total liabilities and loan capital	**762,096**	**1,013,244**	943,533	908,280	907,305	912,658
Net Assets	**59,207**	**78,718**	71,938	69,616	67,860	63,660
Total Shareholders' Equity	**59,207**	**78,718**	71,938	69,616	67,860	63,660
Other equity instruments	**–**	**–**	–	–	–	–
Total Shareholders' Equity excluding other equity instruments	**59,207**	**78,718**	71,938	69,616	67,860	63,660

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

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3 USD translated from AUD using the 30 June 2021 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 30 of this Document).

4 Represents interest bearing liabilities qualifying as regulatory capital.

Financial Review (continued)

Consolidated Ratios and Operating Data	2021 USD$M [3]	2021	2020 [1]	2019 [1]	2018 [2]	2017 [2]
	Full Year Ended 30 June (AUD$ millions, except where indicated)					
Profitability from continuing operations						
Net interest margin (%) [4]		**2. 03**	2. 07	2. 09	2. 14	2. 10
Interest spread (%) [5]		**1. 90**	1. 86	1. 81	1. 90	1. 91
Return on average Shareholders' Equity (%) [6]		**11. 8**	10. 4	11. 8	13. 4	15. 4
Return on average total assets (%) [6]		**0. 9**	0. 7	0. 8	0. 9	1. 0
Profitability including discontinued operations						
Net interest margin (%) [4]		**2. 03**	2. 08	2. 10	2. 15	2. 11
Interest spread (%) [5]		**1. 90**	1. 87	1. 83	1. 91	1. 91
Return on average Shareholders' Equity (%) [6]		**13. 5**	13. 5	12. 6	14. 3	16. 2
Return on average total assets (%) [6]		**1. 0**	1. 0	0. 9	1. 0	1. 0
Productivity from continuing operations						
Total operating income per full-time staff equivalent	**409,433**	**544,361**	568,744	568,744	587,729	579,023
Employee expense/Total operating income (%) [7]		**25. 0**	24. 2	24. 2	21. 8	22. 4
Total operating expenses/Total operating income (%) [7]		**47. 0**	46. 3	46. 2	44. 2	41. 6
Productivity including discontinued operations						
Total operating income per full-time staff equivalent	**405,964**	**539,749**	568,361	568,449	585,033	568,685
Employee expense/Total operating income (%) [7]		**25. 2**	24. 5	25. 3	23. 0	24. 0
Total operating expenses/Total operating income (%) [7]		**47. 8**	47. 4	47. 6	45. 2	41. 7
Capital Adequacy (at year end)						
Basel III						
Risk weighted assets	**338,972**	**450,680**	454,948	452,762	458,612	437,063
Tier 1 capital	**53,284**	**70,844**	63,392	57,355	56,365	52,684
Tier 2 capital	**13,893**	**18,472**	16,429	12,750	12,579	9,392
Total capital [8]	**67,178**	**89,316**	79,821	70,105	68,944	62,076
Tier 1 capital/risk weighted assets (%)		**15. 7**	13. 9	12. 7	12. 3	12. 1
Tier 2 capital/risk weighted assets (%)		**4. 1**	3. 6	2. 8	2. 7	2. 1
Total capital/risk weighted assets (%)		**19. 8**	17. 5	15. 5	15. 0	14. 2
Average Shareholders' Equity/Average total assets (%)		**7. 2**	7. 1	7. 0	6. 7	6. 5

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 Comparative information has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
3 USD translated from AUD using the 30 June 2021 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 30 of this Document).
4 Net interest income divided by average interest earning assets for the year.
5 Difference between the average interest rate earned and the average interest rate paid on funds.
6 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.
7 Total operating income represents net interest income before deducting loan impairment expense plus non-interest income.
8 Represents Tier 1 capital and Tier 2 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	2021 USD$M [1]	2021	2020	2019	2018	2017
	Full Year Ended 30 June (AUD$ millions, except where indicated)					
Asset Quality Data [2]						
Non-accrual loans [3]	**1,676**	**2,228**	2,535	2,567	2,507	2,630
Gross impaired assets [4]	**2,564**	**3,409**	3,548	3,622	3,179	3,187
Individually assessed provisions for impairment	**677**	**900**	967	895	870	980
Collective provisions for impairment	**3,995**	**5,311**	5,396	3,904	2,763	2,747
Net impaired assets	**1,692**	**2,250**	2,293	2,435	2,111	2,038
Total provisions for impairment/average credit risk (%) [5]		**0. 5**	0. 5	0. 4	0. 3	0. 3
Loan impairment expense/average credit risk (%) [5]		**–**	0. 2	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 (%)		**2. 9**	3. 2	3. 5	3. 1	3. 2
Collective provision for impairment/credit risk weighted assets (%) Basel III		**1. 4**	1. 4	1. 0	0. 7	0. 7

1 USD translated from AUD using the 30 June 2021 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 30 of this Document).
2 All impaired asset balances and ratios are net of interest reserved.
3 Non-accrual loans comprise any credit risk exposure where a specific provision for impairment has been raised, or is maintained on a cash basis because of significant deterioration in the financial position of the borrower, or where loss of principal or interest is anticipated.
4 Gross impaired assets comprise non-accrual loans, restructured loans, other real estate owned assets and other assets acquired through security enforcement.
5 Average credit risk is based on gross credit risk. Averages are based on current and previous year-end balances.
6 Gross impaired assets as a percentage of credit risk.

Summary Cash Flows Data

Further details of the Bank's cash flows are found in the 2021 Financial Report and Notes to the Financial Statements.

Summary Cash Flows	2021 USD$M [3]	2021	2020 [1]	2019 [2]	2018 [2]	2017 [2]
	Full Year Ended 30 June (AUD$ millions, except where indicated)					
Net Cash (used in)/provided by operating activities	**31,072**	**41,312**	37,307	18,086	1,109	(807)
Net Cash (used in)/provided by investing activities	**655**	**871**	3,749	983	(1,002)	(677)
Net Cash (used in)/provided by financing activities [4]	**13,423**	**17,846**	(30,715)	(25,064)	(219)	10,154
Net (decrease)/increase in cash and cash equivalents	**45,150**	**60,029**	10,341	(5,995)	(112)	8,670
Cash and cash equivalents at beginning of period	**20,572**	**27,351**	17,010	23,005	23,117	14,447
Cash and cash equivalents at end of period	**65,722**	**87,380**	27,351	17,010	23,005	23,117

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 Comparative information has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.
3 USD translated from AUD using the 30 June 2021 End of day rate (Sydney time), sourced from Bloomberg (refer to exchange rates under "Financial Review - Exchange Rates" on page 30 of this Document).
4 Includes the balance 'Effect of foreign exchange rates on cash and cash equivalents' as disclosed in the 2021 Financial Report.

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Contents

3. Group Performance Analysis

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

Comparisons in this Group Performance Analysis section are 2021 financial year figures to 2020 financial figures unless otherwise stated.

The Bank's statutory net profit after tax (NPAT) from continuing operations for the year ended 30 June 2021 increased $1,455 million or 19.7% on the prior year to $8,843 million. The Bank's statutory NPAT (including discontinued operations) for the year ended 30 June 2021 increased $589 million or 6.1% on the prior year to $10,181 million.

Cash net profit after tax ("cash NPAT" or "cash profit") from continuing operations increased $1,428 million or 19.8% on the prior year to $8,653 million. The result was driven by a 1.7% increase in operating income, a 3.3% increase in operating expenses and a $1,964 million decrease in loan impairment expense.

Operating income increased 1.7% on the prior year. Key movements included:

- Net interest income increased 1.2% primarily driven by a 3.6% or $32 billion increase in average interest earning assets, mainly due to above system growth[2] in home loans and business loans, and higher non-lending interest earning assets, partly offset by a decrease in consumer finance balances and institutional lending. Net interest margin (NIM) decreased 4 basis points due to higher liquid assets, with the impact of the low-rate environment on deposit margins and earnings on capital largely offset by the benefit from lower wholesale funding costs and favourable funding mix;
- Other banking income increased 3.5%, primarily driven by higher equities income from increased trading volumes and active customer numbers, increased institutional lending commitment and line fees as a function of lower client utilisation levels, higher retail and business lending fees reflecting volume growth, and higher net profits from minority investments, partly offset by lower retail banking fee income from a decline in spend and transaction volumes due to COVID-19, and a decline in Global Markets sales income from reduced demand for hedging activities in a low-rate environment;
- Funds management income decreased 4.6%, primarily driven by the wind-down of the Aligned Advice businesses; and
- Insurance income increased 2.8%, primarily driven by lower claims experience from fewer weather related events.

Operating expenses increased 3.3%. Excluding remediation costs[3], operating expenses increased 2.4%, due to higher investment spend, additional operations and financial assistance staff to support higher loan processing and financial crime assessment volumes, and COVID-19 deferrals, as well as higher occupancy, wage inflation, and volume-driven IT costs, partly offset by lower discretionary spend and business simplification initiatives.

Loan impairment expense (LIE) decreased $1,964 million, primarily driven by lower collective provision charges reflecting an improvement in economic conditions and outlook.

CET1 increased by 50 basis points from 31 December 2020 to 13.1%, well above APRA's 'unquestionably strong' target of 10.5%. The increase was driven by capital generated from earnings (+97bps, excluding net equity accounted profits from associates[4]), lower total RWA (+8bps) and other regulatory adjustments (+4bps), partly offset by the 2021 interim dividend (-59bps) in which the Dividend Reinvestment Plan (DRP) was satisfied in full by the on-market purchase of shares.

Earnings per share ("cash basis") was up 19.6% on the prior year at 488.5 cents per share, primarily due to the increase in cash profit.

Return on equity ("cash basis") increased 130 basis points to 11.5% due to the impact of higher profit (approximately 200 basis points), partly offset by an increase in capital levels (approximately 70 basis points).

The final dividend determined was $2.00 per share, bringing the total for the year to $3.50 which is equivalent to 71% 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 positions. In particular, the Bank has:

- Satisfied a significant proportion of its funding requirements from customer deposits, accounting for 73% of total funding at 30 June 2021 (down 1% from 74% at 30 June 2020);
- Issued new long-term wholesale funding of $9.0 billion, and accessed an additional $49.6 billion of the RBA Term Funding Facility (TFF). As at 30 June 2021, $51.1 billion of the TFF has been drawn. Including the TFF, the portfolio WAM[5] was 5.1 years (down from 5.3 years at 30 June 2020);
- Maintained its funding position, with long-term wholesale funding accounting for 74% of total wholesale funding (up from 69% at 30 June 2020); 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 are reported as a single cash net profit after tax line item. Discontinued operations include CFS, CommInsure Life, BoCommLife, CFSGAM and PTCL.
2 System source: RBA/APRA/RBNZ.
3 For further details on remediation costs refer to page 132 of this Document.
4 Equity accounted profits from associates are capital neutral with offsetting increases in regulatory capital deductions.
5 The portfolio WAM excluding the TFF was 6.4 years (up from 5.3 years as at 30 June 2020).

Financial Performance and Business Review (continued)

Performance Overview (continued)

The Bank's financial result was impacted by remediation costs and other expenses. In order to present a transparent view of the business' performance, operating expenses are shown both before and after these items.

Group Performance Summary	Full Year Ended [1]			Half Year Ended [1]		
	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	**30 Jun 21 $M**	31 Dec 20 $M	Jun 21 vs Dec 20 %
Total operating income	**24,156**	23,761	2	**12,195**	11,961	2
Operating expenses excluding remediation costs and other	**(10,784)**	(10,535)	2	**(5,435)**	(5,349)	2
Remediation Costs and other [2]	**(575)**	(461)	25	**(333)**	(242)	38
Total operating expenses	**(11,359)**	(10,996)	3	**(5,768)**	(5,591)	3
Loan impairment expense	**(554)**	(2,518)	(78)	**328**	(882)	large
Net profit before tax	**12,243**	10,247	19	**6,755**	5,488	23
Corporate tax expense	**(3,590)**	(3,022)	19	**(1,970)**	(1,620)	22
Net profit after tax from continuing operations ("cash basis")	**8,653**	7,225	20	**4,785**	3,868	24
Non-cash items - continuing operations [3]	**190**	163	17	**299**	(109)	large
Net profit after tax from continuing operations ("statutory basis")	**8,843**	7,388	20	**5,084**	3,759	35
Net profit after tax from discontinued operations ("cash basis")	**148**	185	(20)	**49**	99	(51)
Non-cash items - discontinued operations [3]	**1,190**	2,022	(41)	**179**	1,011	(82)
Non-controlling interests - discontinued operations [4]	**–**	(3)	large	**–**	–	–
Net profit after tax ("statutory basis")	**10,181**	9,592	6	**5,312**	4,869	9

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. 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 2021 includes $326 million of additional costs, including provisions for historical Aligned Advice remediation issues and associated program costs, and $249 million for Banking, other Wealth and employee related remediation and litigation provisions, including an additional provision to address New Zealand Compliance Audit findings related to holiday pay. The full year ended 30 June 2020 includes a $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 $67 million increase in provisions for other remediation items. The full year ended 30 June 2020 also includes other expenses including 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, as well as a one-off benefit from the release of a historical provision which was no longer required, and other rebates (these items net to nil).

3 Refer to page 10 for further information.

4 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				
	30 Jun 21	30 Jun 20	Jun 21 vs	30 Jun 19	Jun 20 vs
	$M	$M	Jun 20 %	$M	Jun 19 %
Net interest income ("statutory basis") [1]	**18,839**	18,610	1	18,224	2
Average interest earning assets					
Home loans [2]	**501,825**	484,553	4	466,057	4
Personal loans	**17,156**	20,497	(16)	22,491	(9)
Business and corporate loans	**216,347**	217,961	(1)	220,986	(1)
Total average lending interest earning assets	**735,328**	723,011	2	709,534	2
Non-lending interest earning assets [3]	**194,518**	174,398	12	161,884	8
Total average interest earning assets	**929,846**	897,409	4	871,418	3
Net interest margin ("statutory basis") (%)	**2. 03**	2. 07	(4)bpts	2. 09	(2)bpts

1 For further details refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 of this Document.
2 Net of average mortgage and other offset balances. Gross average home loans balance, excluding mortgage offset accounts was $558,500 million for the full year ended 30 June 2021 ($533,360 million for the full year ended 30 June 2020). 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.
3 Average interest earning assets is presented on a continuing operations basis (excluding assets held for sale). For the year ended 30 June 2021, $287 million of non-lending interest earning assets have been reclassified to assets held for sale ($470 million for the year ended 30 June 2020).

Year Ended June 2021 versus June 2020

Net interest income ("statutory basis") was $18,839 million, an increase of $229 million or 1% on the prior year. The result was driven by a $32 billion or 4% increase in average interest earning assets to $930 billion, partly offset by a 4 basis point decrease in net interest margin to 2.03%.

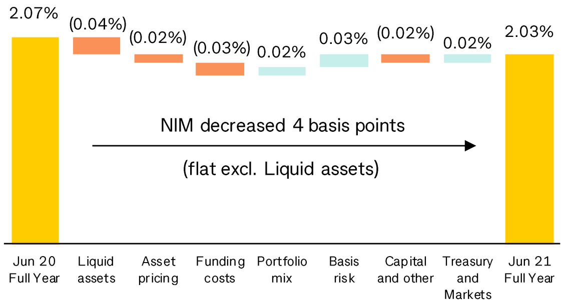
Average Interest Earning Assets

Average interest earning assets increased $32 billion or 4% on the prior year to $930 billion.

- Home loan average balances increased $17 billion or 4% on the prior year to $502 billion. Proprietary mix for CBA branded home loans increased from 58% to 59% of new business flow, with higher new business application volumes and continued focus on credit decisioning turnaround times;
- Consumer finance average balances decreased $3 billion or 16% on the prior year to $17 billion, driven by lower consumer demand for unsecured lending, lower spend due to COVID-19, and increased customer repayments following fiscal and regulatory income support measures;
- Business and corporate loan average balances decreased $2 billion or 1% on the prior year to $216 billion, driven by an $8 billion decline in institutional lending balances mainly due to a continued focus on risk-adjusted returns in a highly liquid capital market, partly offset by a $6 billion increase in Business Banking business lending across a number of industries; and
- Non-lending interest earning asset average balances increased $20 billion or 12% on the prior year to $195 billion, driven by a $17 billion increase in average liquid asset balances mainly due to strong customer deposit growth, and a $3 billion increase in average trading asset balances mainly in Global Markets due to higher commodities financing balances and increased government bond holdings.

For further details on the balance sheet movements refer to the 'Group Assets and Liabilities' on page 52.

NIM movement since June 2020



Net Interest Margin

The Bank's net interest margin decreased 4 basis points on the prior year to 2.03%. The key drivers of the movement were:

Liquid assets: Decreased margin by 4 basis points driven by increased lower yielding non-lending interest earning assets, including liquid assets.

Asset pricing: Decreased margin by 2 basis points driven by lower business lending margins (down 1 basis point) from repricing actions to support businesses during COVID-19, and lower consumer finance margins (down 1 basis point) from a reduction in the proportion of interest earning credit card balances. Home lending margins were flat, reflecting repricing (up 9 basis points), offset by the impact of customers switching from higher margin loans to lower margin loans, particularly from variable rate to fixed rate loans (down 5 basis points) and increased competition (down 4 basis points).

Funding costs: Decreased margin by 3 basis points, reflecting lower earnings on transaction and savings deposits mainly due to decreases in the cash rate (down 7 basis points), partly offset by higher benefits from the Replicating Portfolio (up 2 basis points) and lower wholesale funding costs (up 2 basis points). For more information on the Replicating Portfolio, see *"Appendix B – Definitions"*.

Group Performance Analysis (continued)

Net Interest Income (continued)

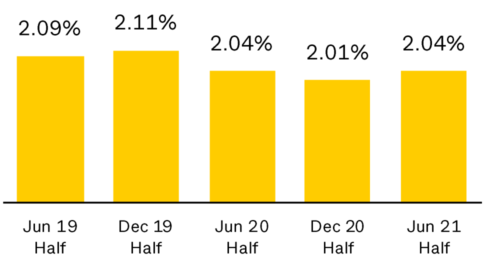
Portfolio mix: Increased margin by 2 basis points driven by a higher average deposit funding ratio (30 June 2021: 77%; 30 June 2020: 71%) due to strong growth in transaction and savings deposits, customers switching to at-call deposits, and the drawdown of the TFF (up 4 basis points), partly offset by an unfavourable impact from asset mix (down 2 basis points), mainly due to a decline in higher margin consumer finance balances.

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 3 basis points reflecting a decrease in the average spread notwithstanding a structural reduction in exposure to basis risk due to strong growth in cash rate linked deposits and a mix shift towards fixed rate home loans.

Capital and other: Decreased margin by 2 basis points driven by lower earnings on Group capital due to the falling interest rate environment (down 3 basis points), partly offset by increased contribution from New Zealand (up 1 basis point), reflecting lower wholesale funding costs and favourable portfolio mix, partly offset by the impact from RBNZ cash rate cuts.

Treasury and Markets: Increased margin by 2 basis points driven by higher bonds and commodities financing income in Global Markets.

NIM (Half Year Ended)



Year Ended June 2020 versus 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 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 52 of this Document.

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).

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: 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.

Group Performance Analysis (continued)

Other Banking Income (continuing operations basis)

	Full Year Ended				
	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 19 $M	Jun 20 vs Jun 19 %
Commissions	**2,564**	2,557	–	2,677	(4)
Lending fees	**1,128**	986	14	992	(1)
Trading income	**852**	940	(9)	853	10
Other income	**463**	354	31	429	(17)
Other banking income ("cash basis")	**5,007**	4,837	4	4,951	(2)
Gain on disposal and acquisition of entities net of transaction costs	**242**	29	large	42	(31)
Hedging and IFRS volatility	**16**	136	(88)	(116)	large
Other banking income ("statutory basis") [1]	**5,265**	5,002	5	4,877	3

1 For further details refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 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 2021 Financial Report.

Year Ended June 2021 versus June 2020

Other banking income ("statutory basis") was $5,265 million, an increase of $263 million or 5% on the prior year, primarily driven by a $142 million increase in lending fees and $109 million increase in other income, partly offset by an $88 million decrease in trading income.

Commissions increased by $7 million to $2,564 million, mainly driven by higher equities income from increased trading volumes and an increase in active customer numbers. This was partly offset by lower retail foreign exchange, deposit and credit card income due to a decline in spend and transaction volumes mainly as a result of the restrictions due to COVID-19.

Lending fees increased by $142 million or 14% to $1,128 million, mainly driven by higher institutional lending commitment and line fees reflecting lower client utilisation levels, and higher retail and business lending fee income reflecting volume growth.

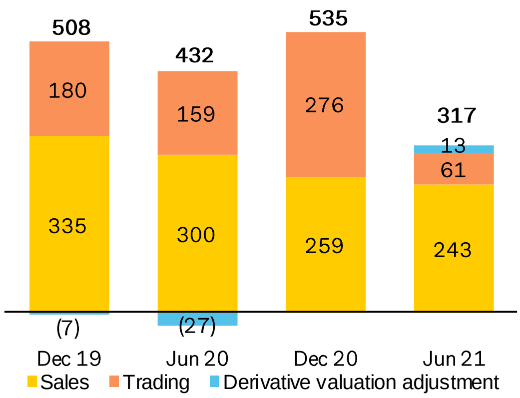
Trading income decreased by $88 million or 9% to $852 million, mainly driven by lower Global Markets sales income from reduced client demand for hedging activities in the low-rate environment (offset by higher sales income recognised in net interest income), partly offset by favourable derivative valuation adjustments.

Other income increased by $109 million or 31% to $463 million, mainly driven by higher net profits from minority investments including a reversal of historical impairment, partly offset by upfront break costs on the buyback of term debt.

Gain on disposal and acquisition of entities net of transaction costs increased by $213 million to $242 million, mainly driven by gains and losses net of transaction and separation costs associated with AUSIEX, Aussie Home Loans, CommInsure General Insurance, Count Financial and other businesses, and the dilution of the Group's interest in Bank of Hangzhou.

Hedging and IFRS volatility decreased by $120 million to $16 million, primarily driven by an unrealised gain on the Group's hedge of New Zealand earnings.

Trading Income ($M)



Other Banking Income (continuing operations basis)

Year Ended June 2020 versus 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.

Funds Management Income (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21	30 Jun 20	Jun 21 vs	30 Jun 20	30 Jun 19	Jun 20 vs
	$M	$M	Jun 20 %	$M	$M	Jun 19 %
Retail Banking Services [2]	**31**	67	(54)	67	139	(52)
New Zealand	**140**	136	3	136	130	5
Other	**(6)**	(30)	(80)	(31)	(14)	large
Funds management income ("cash basis")	**165**	173	(5)	172	255	(33)
Investment experience	**–**	–	–	1	(1)	large
Funds management income ("statutory basis") [3]	**165**	173	(5)	173	254	(32)
Funds Under Administration (FUA) - average ($M) [4]	**–**	15,332	large	15,332	14,205	8
Assets Under Administration (AUM) - average ($M) [5]	**18,872**	16,941	11	16,941	14,544	16

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.
2 Retail Banking Services incorporates the results of Commonwealth Financial Planning and the Aligned Advice businesses.
3 For further details refer to “Disclosures – Non-Cash Items Included in Statutory Profit” on page 10 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 2021 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.

Year Ended June 2021 versus Restated June 2020

Funds management income (“statutory basis”) was $165 million, a decrease of $8 million or 5% on the prior year. The key drivers were:

- A decrease in Retail Banking Services of $36 million or 54% to $31 million, mainly due to the wind-down of the Aligned Advice businesses; partly offset by
- An increase in New Zealand of $4 million or 3% to $140 million, driven by higher average AUM (up 11%) reflecting favourable investment markets and net inflows, partly offset by lower income due to the sale of the Aegis business on 2 December 2019.

As Reported 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.

Insurance Income (continuing operations basis)

	Full Year Ended				
	30 Jun 21	30 Jun 20	Jun 21 vs	30 Jun 19	Jun 20 vs
	$M	$M	Jun 20 %	$M	Jun 19 %
Insurance income ("statutory basis") [1]	**145**	141	3	150	(6)

1 For further details refer to “Disclosures – Non-Cash Items Included in Statutory Profit” on page 10 of this Document.

Year Ended June 2021 versus June 2020

Insurance income (“statutory basis”) was $145 million, an increase of $4 million or 3% on the prior year. This result was driven by lower claims experience net of reinsurance recoveries, mainly due to fewer weather related events.

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 hailstorm and Queensland flood related claims in the prior year.

Group Performance Analysis (continued)

Operating Expenses (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %
Staff expenses	**5,985**	5,731	4	5,525	5,408	2
Occupancy and equipment expenses	**1,154**	1,087	6	1,060	1,070	(1)
Information technology services expenses	**2,046**	2,020	1	1,896	1,770	7
Other expenses	**1,599**	1,697	(6)	1,561	1,528	2
Operating expenses excluding remediation costs and other - "cash basis"	**10,784**	10,535	2	10,042	9,776	3
Remediation costs and other						
1H19 AUSTRAC insurance recoveries [2]	**n/a**	n/a	n/a	–	(145)	n/a
Remediation costs and other [3]	**575**	461	25	454	835	(46)
Risk and compliance programs [4]	**n/a**	n/a	n/a	399	358	11
Operating expenses including remediation costs and other ("cash basis")	**11,359**	10,996	3	10,895	10,824	1
Loss/(gain) on acquisition, disposal, closure and demerger of businesses	**126**	34	large	34	102	(67)
Bankwest non-cash items	**–**	–	–	–	2	–
Operating expenses ("statutory basis") [5]	**11,485**	11,030	4	10,929	10,928	–
Statutory operating expenses to total operating income (%) [5]	**47. 0**	46. 1	90 bpts	45. 7	46. 5	(80)bpts
Number of full-time equivalent staff (FTE)	**44,375**	41,778	6	41,778	41,458	1

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

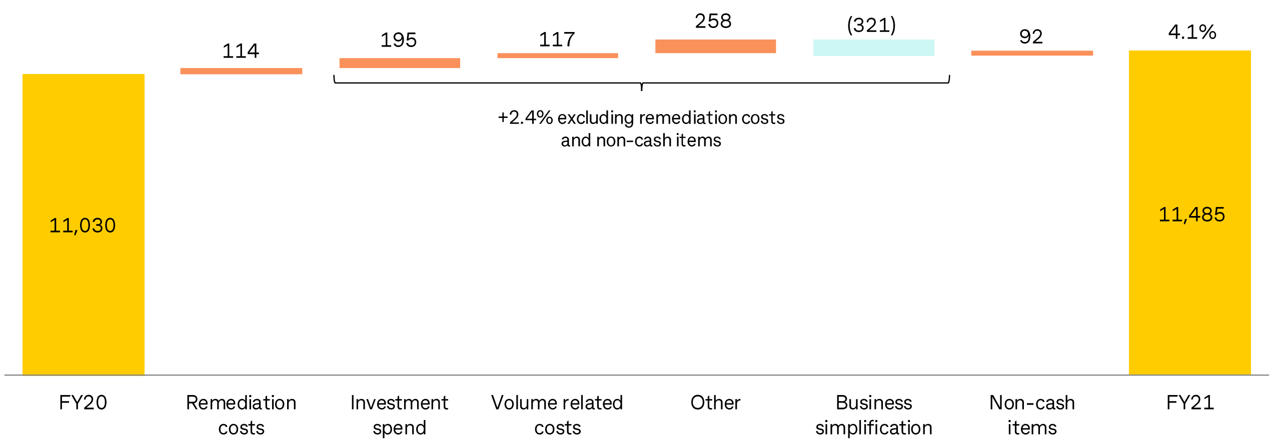
2 The year ended 30 June 2019 includes a $145 million benefit as a result of professional indemnity insurance recoveries related to the AUSTRAC civil penalty.

3 The full year ended 30 June 2021 includes $326 million of additional costs, including provisions for historical Aligned Advice remediation issues and associated program costs, and $249 million for Banking, other Wealth and employee related remediation and litigation provisions, including an additional provision to address New Zealand Compliance Audit findings related to holiday pay. The full year ended 30 June 2020 includes a $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 $67 million increase in provisions for other remediation items. The full year ended 30 June 2020 also includes other expenses including 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, as well as a one-off benefit from the release of a historical provision which was no longer required, and other rebates (these items net to nil).

4 Risk and compliance programs includes Program of Action, increase in operational resourcing of financial crimes compliance team and the Better Risk Outcomes Program, For the year ended 30 June 2021 and restated year ended 30 June 2020, risk and compliance programs costs have been reflected within the underlying operating expense line items.

5 For further details refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 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 2021 Financial Report.

Operating Expenses "Statutory Basis"



Operating Expenses (continued)

Year Ended June 2021 versus Restated June 2020

Operating expenses ("statutory basis") was $11,485 million an increase of $455 million or 4% on the prior year.

Operating expenses ("cash basis") excluding remediation costs were $10,784 million, an increase of $249 million or 2% on the prior year.

Staff expenses increased by $254 million or 4% to $5,985 million, mainly driven by increased full-time equivalent staff (FTE) and wage inflation. The average number of FTE increased by 1,889 or 5% from 41,051 to 42,940. The increase is primarily due to additional resources to deliver on our strategic investment priorities, and to support increased loan application processing and financial crime assessment volumes within our critical service areas. In addition, the bank has also increased its financial assistance staff, frontline retail lenders and business bankers to help our customers, partly offset by business simplification initiatives.

Occupancy and equipment expenses increased by $67 million or 6% to $1,154 million, primarily driven by concurrent rent expenses in the current year as we vacate commercial office space and consolidate our property footprint, as well as inflation linked to annual rental reviews.

Information technology services expenses increased by $26 million or 1% to $2,046 million. This was primarily due to higher IT infrastructure costs including higher cloud computing volumes, and increased investment spend, partly offset by lower amortisation and business simplification initiatives.

Other expenses decreased by $98 million or 6% to $1,599 million, primarily driven by business simplification initiatives and lower credit card loyalty redemptions.

Loss on acquisition, disposal, closure and demerger of businesses increased by $92 million to $126 million, primarily due to increased transaction and separation costs from the sale of CommInsure General Insurance.

Group expense to income ratio increased 90 basis points from 46.1% to 47.0% primarily driven by an increase in operating income.

Operating expenses to total operating income ratio excluding remediation costs and other increased 30 basis points from 44.3% to 44.6%.

As Reported Year Ended June 2020 versus 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 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 $68 million to $34 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%.

Staff Numbers

	Full Year Ended		
Full-Time Equivalent Staff including discontinued operations	**30 Jun 21**	30 Jun 20	30 Jun 19
Australia	**37,570**	36,330	37,137
Total	**46,189**	43,585	45,165

Operating Expenses (continuing operations basis)

The following table sets out the Bank's operating expenses for financial years 2021, 2020 and 2019.

	Full Year Ended			
		Restated [1]	As reported	
	30 Jun 21	30 Jun 20	30 Jun 20	30 Jun 19
	$M	$M	$M	$M
Staff Expenses				
Salaries and related on-costs	**5,506**	5,248	5,239	5,224
Share-based compensation	**100**	103	103	96
Superannuation	**442**	409	409	385
Total staff expenses	**6,048**	5,760	5,751	5,705
Occupancy and Equipment Expenses				
Lease expenses [2]	**166**	165	163	639
Depreciation of property, plant and equipment	**756**	726	726	270
Other occupancy expenses	**236**	167	167	173
Total occupancy and equipment expenses	**1,158**	1,058	1,056	1,082
Information Technology Services				
Application, maintenance and development	**870**	662	567	586
Data processing	**187**	182	182	183
Desktop	**149**	118	118	142
Communications	**174**	192	192	217
Amortisation of software assets [3]	**530**	918	925	585
Software write-offs	**9**	14	14	13
IT equipment depreciation	**129**	133	133	93
Total information technology services	**2,048**	2,219	2,131	1,819
Other Expenses				
Postage and stationery	**136**	148	148	156
Transaction processing and market data	**138**	135	135	146
Fees and commissions:				
Professional fees	**528**	404	404	492
Other	**244**	262	262	232
Advertising, marketing and loyalty	**412**	424	424	443
Amortisation of intangible assets (excluding software and merger related amortisation)	**5**	5	5	10
Non-lending losses	**509**	563	563	615
Other	**133**	18	16	124
Total other expenses	**2,105**	1,959	1,957	2,218
Total operating expenses - "cash basis"	**11,359**	10,996	10,895	10,824
Investment and Restructuring				
Integration expenses	**126**	34	34	102
Merger related amortisation [4]	**–**	–	–	2
Total investment and restructuring	**126**	34	34	104
Total operating expenses -"statutory basis" [5]	**11,485**	11,030	10,929	10,928

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. . Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 The year ended 30 June 2021 includes rentals of $87 million in relation to short-term leases and low value leases (30 June 2020: $86 million), and variable lease payments based on usage or performance of $50 million (30 June 2020: $44 million).

3 The year ended 30 June 2021 includes $117 million of amortisation of prepaid software licences (30 June 2020: $170 million). 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.

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

5 The year ended 30 June 2021 includes $326 million of additional costs, including provisions, for historical Aligned Advice remediation issues and associated program costs ($300 million for the full year ended 30 June 2020), and $249 million for Banking, other Wealth and employee related remediation, and litigation provisions ($161 million for the year ended 30 June 2020), including an additional provision to address New Zealand Compliance Audit findings related to holiday pay.

Investment Spend (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %
Expensed investment spend [2]	**1,026**	831	23	771	731	5
Capitalised investment spend [3]	**783**	606	29	666	603	10
Investment spend	**1,809**	1,437	26	1,437	1,334	8
Comprising:						
Risk and compliance	**838**	746	12	1,041	845	23
Productivity and growth	**568**	301	89	301	376	(20)
Infrastructure and branch refurbishment	**403**	390	3	n/a	n/a	n/a
Branch refurbishment and other	**n/a**	n/a	n/a	95	113	(16)
Investment spend	**1,809**	1,437	26	1,437	1,334	8

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 Included within the operating expenses disclosure on page 44.
3 Includes software capitalised investment spend, and non-software capitalised investment spend primarily related to branch refurbishments and the development of the corporate and supporting offices.

Year Ended June 2021 versus Restated June 2020

The Bank has continued to invest in our strategy of building tomorrow's bank today for our customers with $1,809 million of investment spend incurred in the full year ended 30 June 2021, an increase of $372 million or 26% on the prior year. This was mainly driven by an increase of $267 million in productivity and growth initiatives.

In the current year, productivity and growth initiatives accounted for 32% of investment spend, an increase of 11%, from 21% in the prior year. The Bank has increased focus on strengthening its capabilities and extending its leadership in digital, technology and customer centric product offerings through the ongoing modernisation of our platforms to provide integrated and personalised experiences for our customers. The Bank is also innovating for future growth through initiatives such as x15ventures, the New Payments Platform, and ongoing advancement of the digital interface for our home loan and everyday banking customers.

Risk and compliance projects accounted for 46% of investment spend, a decrease of 6%, from 52% in the prior year. Risk and compliance initiatives remain a priority for the Bank, with total spend increasing 12% on the prior year, as we continue to build simpler and better foundations.

Infrastructure and branch refurbishment initiatives accounted for 22% of investment spend, with the Bank continuing to uplift cyber security and enhance IT infrastructure.

Key areas of investment across each of the categories are outlined below.

Risk and Compliance

The Bank has continued to increase Group wide capability in the management of financial and non-financial risks as part of a program of investment, including:

- Anti-money laundering and counter-terrorism financing (AML/CTF) compliance, including upgrading AML/CTF technology, updating policies and procedures, investing in further capability and improving training of our personnel;
- Strengthening the Bank's operating model and 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;
- Enhancing Customer Risk Assessment capability, and strengthening data controls and processes; and
- Improving processes and systems for additional functionality, improved operational excellence, protection against privacy breaches, and compliance with new regulations including the Comprehensive Credit Reporting Regime, Banking Code of Practice and Open Banking.

Productivity and Growth

The Bank has invested in the following:

- Ongoing development of CommBank applications and digital channels to improve the customer service experience and maintain leadership in digital banking;
- Commercial lending systems to upgrade and simplify the end-to-end process for loan origination and maintenance, to improve business customer experiences and build Australia's leading business bank;
- Enhancing technology and customer insights to assist merchant customers, including developing a self-service merchant portal and deploying the next generation smart payment device offering;
- Ongoing modernisation of the technology stack to accelerate migration to cloud, in order to reduce the cost of IT ownership, reduce risk and improve delivery agility for faster response to customers;
- Simplifying and automating manual back-end processes and systems to improve customer experience, reduce operating costs and digitise end-to-end processes;
- Differentiating our customer proposition through collaboration with our partners in initiatives that create additional features for our core products and our customer experience; and
- Reducing reliance on external vendors and providers by bringing more functions in-house, delivering cost savings while enhancing quality and capabilities.

Investment Spend (continued)

Infrastructure and Branch Refurbishment

The Bank has invested in the following:

- Protecting customers and the Bank against cyber security risks and data breaches;
- Improving the resilience and simplicity of the Bank's IT infrastructure and data centres;
- Retail branch refurbishment as our branch design is constantly evolving to reflect changes in customer preferences; and
- Consolidation into two sustainably designed, 6 Star Green Star corporate office buildings, as existing leases expire.

As Reported Year Ended June 2020 versus June 2019

The Bank 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 was 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 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 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 sought to continue to strengthen financial crimes compliance as part of a 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 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 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 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					
		Restated [1]		As Reported		
	30 Jun 21	30 Jun 20	Jun 21 vs	30 Jun 20	30 Jun 19	Jun 20 vs
	$M	$M	Jun 20 %	$M	$M	Jun 19 %
Opening Balance	**1,296**	1,712	(24)	1,712	1,819	(6)
Additions	**553**	347	59	407	343	19
Amortisation and write-offs	**(422)**	(762)	(45)	(769)	(450)	71
Reclassification to assets held for sale	**–**	(1)	large	(1)	–	n/a
Closing balance	**1,427**	1,296	10	1,349	1,712	(21)

1. Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. . Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

Year Ended June 2021 versus Restated June 2020

Capitalised software balance increased $131 million or 10% to $1,427 million.

Additions increased by $206 million or 59% to $553 million, due to higher capitalised investment spend, particularly in relation to productivity and growth initiatives as the Bank continued to enhance its product offering and customer experiences, strengthen its digital capabilities, modernise technology platforms and innovate for future growth.

Amortisation and write-offs decreased by $340 million or 45% to $422 million, driven by the non-recurrence of the accelerated amortisation of certain capitalised software balances in the prior year, and lower average capitalised software balances in the current year.

As Reported 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.

Loan Impairment Expense (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %
Retail Banking Services	**134**	1,034	(87)	1,010	672	50
Business Banking	**233**	784	(70)	814	384	large
Institutional Banking and Markets	**96**	353	(73)	347	17	large
New Zealand	**(5)**	292	large	292	102	large
Corporate Centre and Other	**96**	55	75	55	26	large
Loan impairment expense ("statutory basis")	**554**	2,518	(78)	2,518	1,201	large

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.

Year Ended June 2021 versus Restated June 2020

Loan impairment expense (“statutory basis”) was $554 million, a decrease of $1,964 million or 78% on the prior year. This was driven by:

- A decrease in Retail Banking Services of $900 million or 87% to $134 million, driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and reduced consumer finance balances in the current year;
- A decrease in Business Banking of $551 million or 70% to $233 million, driven by lower collective provision charges reflecting an improvement in economic conditions and outlook;
- A decrease in New Zealand of $297 million to a benefit of $5 million, driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and lower individual provisions in the current year; and
- A decrease in Institutional Banking and Markets of $257 million or 73% to $96 million, driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and lower individual provisions in the current year; partly offset by
- An increase in Corporate Centre and Other of $41 million or 75% to $96 million, driven by higher collective provision charges in PTBC, mainly reflecting a deterioration in credit quality and the economic outlook in Indonesia due to COVID-19.

Loan impairment expense as a percentage of average gross loans and acceptances (GLAAs) decreased 26 basis points to 7 basis points.

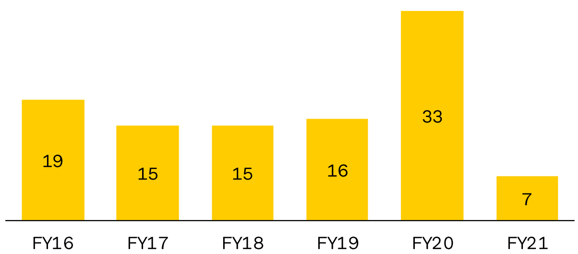
As Reported Year Ended June 2020 versus June 2019

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 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.

Full Year Loan Impairment Expense (“cash basis”) as a percentage of average GLAAs (bpts)



Group Performance Analysis (continued)

Taxation Expense (continuing operations basis)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21	30 Jun 20	Jun 21 vs	30 Jun 20	30 Jun 19	Jun 20 vs
Income Tax	**$M**	$M	Jun 20 %	$M	$M	Jun 19 %
Retail Banking Services	**2,041**	1,763	16	1,700	1,693	–
Business Banking	**1,200**	1,064	13	1,145	1,260	(9)
Institutional Banking and Markets	**303**	269	13	276	332	(17)
New Zealand	**456**	312	46	314	408	(23)
Corporate Centre and Other	**(410)**	(386)	6	(383)	(372)	3
Total income tax expense ("cash basis")	**3,590**	3,022	19	3,052	3,321	(8)
Non-cash tax expense [2]	**(58)**	(32)	81	(32)	(46)	(30)
Total income tax expense ("statutory basis") [2]	**3,532**	2,990	18	3,020	3,275	(8)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21	30 Jun 20	Jun 21 vs	30 Jun 20	30 Jun 19	Jun 20 vs
Effective Tax Rate ("statutory basis")	**$M**	$M	Jun 20 %	$M	$M	Jun 19 %
Retail Banking Services	**28. 6**	28. 8	(20)bpts	28. 8	30. 4	(160)bpts
Business Banking	**29. 5**	30. 1	(60)bpts	30. 2	30. 1	10 bpts
Institutional Banking and Markets	**24. 7**	29. 8	large	29. 6	23. 6	large
New Zealand	**28. 2**	28. 0	20 bpts	28. 0	26. 8	120 bpts
Effective tax rate - "statutory basis"	**28. 5**	28. 8	(30)bpts	28. 8	28. 8	–

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 Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 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 2021 Financial Report.

Year Ended June 2021 versus Restated June 2020

Income tax expense ("statutory basis") was $3,532 million, an increase of $542 million or 18% on the prior year, reflecting a 28.5% effective tax rate.

The rate is below the Australian company tax rate of 30% primarily as a result of the profit earned by the offshore jurisdictions that have lower corporate tax rates, and profits of associates which is reflected on an after tax basis.

The 30 basis points decrease in the effective tax rate from 28.8% to 28.5% was primarily due to higher net profits from offshore minority investments.

As Reported Year Ended June 2020 versus 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.

Group Assets and Liabilities

	As at					
		Restated [1]		As reported		
	30 Jun 21	30 Jun 20	Jun 21 vs	30 Jun 20	30 Jun 19	Jun 20 vs
Total Group Assets and Liabilities	$M	$M	Jun 20 %	$M	$M	Jun 19 %
Interest earning assets						
Home loans [2]	**579,756**	542,881	7	542,880	522,942	4
Consumer Finance	**16,997**	18,217	(7)	18,217	21,993	(17)
Business and corporate loans	**220,703**	218,126	1	216,695	214,953	1
Loans, bills discounted and other receivables [3]	**817,456**	779,224	5	777,792	759,888	2
Non-lending interest earning assets [4]	**219,473**	178,806	23	178,806	155,821	15
Total interest earning assets	**1,036,929**	958,030	8	956,598	915,709	4
Other assets [3, 4]	**53,832**	55,671	(3)	55,692	44,242	26
Assets held for sale [4, 5]	**1,201**	1,770	(32)	1,770	16,551	(89)
Total assets	**1,091,962**	1,015,471	8	1,014,060	976,502	4
Interest bearing liabilities						
Transaction deposits [6]	**173,626**	146,446	19	145,316	121,747	19
Savings deposits [6]	**259,244**	236,652	10	236,339	190,397	24
Investment deposits	**154,252**	181,473	(15)	181,483	205,622	(12)
Other demand deposits	**64,843**	61,940	5	61,940	63,650	(3)
Total interest bearing deposits	**651,965**	626,511	4	625,078	581,416	8
Debt issues	**103,003**	142,503	(28)	142,503	164,022	(13)
Term funding from central banks [7]	**51,856**	1,500	large	–	–	–
Other interest bearing liabilities [4]	**59,945**	49,764	20	51,264	54,840	(7)
Total interest bearing liabilities	**866,769**	820,278	6	818,845	800,278	2
Non-interest bearing transaction deposits	**112,537**	74,335	51	74,335	53,896	38
Other non-interest bearing liabilities [4]	**33,533**	48,326	(31)	48,273	36,883	31
Liabilities held for sale [4, 5]	**405**	594	(32)	594	15,796	(96)
Total liabilities	**1,013,244**	943,533	7	942,047	906,853	4

1 Comparative information has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. 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 $57,813 million of mortgage offset balances (30 June 2020: $50,597 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 a 55% interest in Colonial First State (CFS) to KKR. As at 30 June 2021, $305 million of non-lending interest earning assets (30 June 2020: $267 million) and $894 million of other assets (30 June 2020: $844 million) have been reclassified to assets held for sale, and $3 million in interest bearing liabilities (30 June 2020: $3 million) and $402 million in other non-interest bearing liabilities (30 June 2020: $403 million) have been reclassified to liabilities held for sale in relation to this business.
5 On 3 May 2021, CBA completed the sale of Australian Investment Exchange Limited (AUSIEX) to Nomura Research Institute (NRI), and the merger of Aussie Home Loans (AHL) with Lendi Pty Ltd (Lendi). The assets and liabilities held for sale in relation to these businesses have been deconsolidated during the six months ended 30 June 2021, resulting in a decrease in the assets held for sale of $506 million and a decrease in the liabilities held for sale of $284 million.
6 Transaction and savings deposits includes $57,813 million of mortgage offset balances (30 June 2020: $50,597 million).
7 Term funding from central banks includes the drawn balances of the RBA Term Funding Facility and the RBNZ Funding for Lending Programme.

Year Ended June 2021 versus Restated June 2020

Total assets were $1,092 billion, an increase of $76 billion or 8% on the prior year, driven by an increase in non-lending interest earning assets, home loans, and business and corporate loans, partly offset by lower other assets and consumer finance balances.

Total liabilities were $1,013 billion, an increase of $70 billion or 7% on the prior year, driven by an increase in transaction and savings deposits, term funding from central banks, other interest bearing liabilities and other demand deposits, partly offset by a decrease in debt issues, investment deposits, and other non-interest bearing liabilities.

The Bank continued to fund a significant portion of lending growth from customer deposits. Customer deposits represented 73% of total funding (30 June 2020: 74%).

Home loans

Home loan balances increased $37 billion to $580 billion, reflecting a 7% increase on the prior year. The increase was driven by Retail Banking Services, Business Banking and New Zealand. Domestic home loan growth of 7% was above system[1] growth. Proprietary mix for CBA branded home loans increased from 58% to 59% of new business flows, with higher new business application volumes and continued focus on credit decisioning turnaround times.

Domestic home loans amount to $516 billion (30 June 2020: $485 billion) of which 70% were owner occupied, 28% were investment home loans and 2% were lines of credit (30 June 2020: 68% were owner occupied, 30% were investment home loans and 2% were lines of credit).

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

Group Assets and Liabilities (continued)

Consumer finance

Consumer finance balances decreased $1 billion to $17 billion, a 7% decrease on the prior year, in line with system[1]. The decrease was driven by lower consumer demand for unsecured lending, lower spend due to COVID-19, and increased customer repayments following fiscal and regulatory income support measures.

Business and corporate loans

Business and corporate loans increased $3 billion to $221 billion, a 1% increase on the prior year. This was driven by an $11 billion or 12% increase in Business Banking (above system [1] growth) reflecting growth primarily across the Property, Agriculture and Health industries, while continuing to support Australian businesses with 12,600 additional loans funded under the Government's SME Guarantee Scheme. New Zealand business lending increased $2 billion or 9% and New Zealand rural lending increased 2% (excluding the impact of FX). Growth in Business Banking and New Zealand was partly offset by a $10 billion or 11% decline in institutional lending balances primarily due to a continued focus on risk adjusted returns, a highly liquid capital market, and a reduction in pooled facilities.

Domestic business lending (excluding institutional lending) increased 11%, above system [1] growth.

Non-lending interest earning assets

Non-lending interest earning assets increased $41 billion to $219 billion, a 23% increase on the prior year. This was mainly driven by an increase in liquid asset balances due to strong customer deposit growth.

Other assets

Other assets, including derivative assets, property, plant and equipment and intangibles, decreased $2 billion to $54 billion, a 3% decline on the prior year. The decrease was driven by lower derivative assets due to foreign currency and interest rate movements, partly offset by higher commodities inventory balances in Institutional Banking and Markets.

Total interest bearing deposits

Total interest bearing deposits increased $25 billion to $652 billion, a 4% increase on the prior year. This was primarily driven by growth in transaction and savings deposits, partly offset by lower investment deposits. The growth in transaction and savings deposits was driven by increased domestic money supply, growth in mortgage offsets, and increased demand for at-call deposits in the low-rate environment. The reduction in investment deposits reflects higher demand for at-call deposits.

Domestic household deposits grew at 11%, above system [1] growth of 10%.

Debt issues

Debt issues decreased $40 billion to $103 billion, a 28% decrease on the prior year, reflecting lower wholesale funding requirements due to growth in customer deposit funding and additional drawdown of the RBA's Term Funding Facility (TFF).

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 73-74 for further information on debt programs and issuance for the year ended 30 June 2021.

Term funding from central banks

Term funding from central banks includes the drawn balance of the RBA Term Funding Facility and the RBNZ Funding for Lending Programme. Term funding from central banks increased $50 billion on the prior year, predominately driven by additional drawdown of the RBA Term Funding Facility during the year.

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 $10 billion to $60 billion, a 20% increase on the prior year. The increase was mainly driven by the issuance of additional Tier 2 Capital instruments and PERLS XIII, growth in foreign currency term deposits and deposits from other banks.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits increased $38 billion to $113 billion, a 51% increase on the prior year. The growth was driven by increased domestic money supply and higher demand for at-call deposits in the low-rate environment.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, decreased $15 billion to $34 billion, a 31% decrease on the prior year. The decrease was mainly driven by lower derivative liabilities primarily due to foreign currency and interest rate movements.

As Reported Year Ended June 2020 versus 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 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).

1 System source: RBA/APRA/RBNZ.

Group Assets and Liabilities (continued)

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.

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 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 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 73 and 74 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 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.

1 System source: RBA/APRA/RBNZ.

Contents

4. Group Operations & Business Settings

Group Operations and Business Settings (continued)

Loan Impairment Provisions and Credit Quality

Provisions for Impairment

	As at				
	30 Jun 21	30 Jun 20	30 Jun 19	Jun 21 vs	Jun 20 vs
	$M	$M	$M	Jun 20 %	Jun 19 %
Provisions for impairment losses					
Collective provisions	**5,311**	5,396	3,904	(2)	38
Individually assessed provisions	**900**	967	895	(7)	8
Total provisions for impairment losses	**6,211**	6,363	4,799	(2)	33
Less: Provisions for Off Balance Sheet exposures	**(111)**	(119)	(84)	(7)	42
Total provisions for loan impairment	**6,100**	6,244	4,715	(2)	32

Year Ended June 2021 versus June 2020

Total provisions for impairment losses as at 30 June 2021 were $6,211 million, a decrease of $152 million or 2% on the prior year. The decrease was driven by:

Collective provisions

- Consumer collective provisions decreased by $160 million or 5% to $3,029 million. This reflects an improvement in the economic outlook, and lower consumer finance balances with reduced arrears, partly offset by increased forward looking adjustments, mainly due to the impact of COVID-19.
- Corporate collective provisions increased by $75 million or 3% to $2,282 million. This was driven by increased forward looking adjustments, in particular for the aviation sector, mainly due to the ongoing impact of COVID-19 related travel restrictions.

Individually assessed provisions

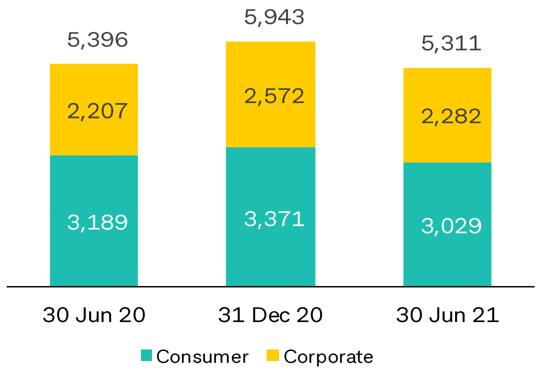
- Consumer individually assessed provisions decreased by $51 million or 21% to $189 million. This was mainly driven by lower impairments in the Australian home lending portfolio reflecting the impacts of government stimulus, repayment deferrals and growth in house prices over the period.
- Corporate individually assessed provisions decreased by $16 million or 2% to $711 million. This was mainly due to write-backs and write-offs across various industry sectors, partly offset by the impairment of a small number of large exposures.

Year Ended June 2020 versus June 2019

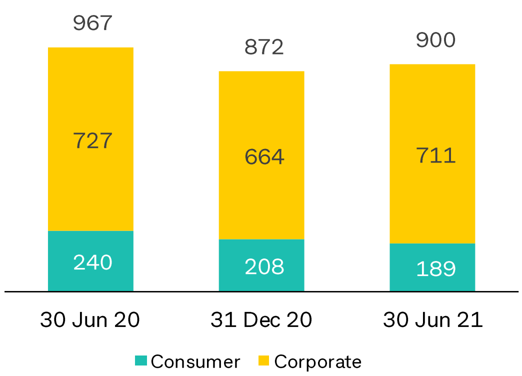
Total provisions for impairment losses as at 30 June 2020 were $6,363 million, an increase of $1,564 million or 33% on the prior year. The increase was driven by:

- 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 57), increased resourcing of arrears management and the decreases in the cash rate.

Collective Provisions ($M)



Individually Assessed Provisions ($M)



Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

	Full Year Ended					Half Year Ended		
Credit Quality Metrics	**30 Jun 21 $M**	30 Jun 20 [1] $M	Jun 21 vs Jun 20 %	30 Jun 19 $M	Jun 20 vs Jun 19 %	**30 Jun 21 $M**	31 Dec 20 [1] $M	Jun 21 vs Dec 20 %
Gross loans and acceptances (GLAA) ($M)	**818,266**	780,108	5	761,013	3	**818,266**	794,473	3
Risk weighted assets (RWA) ($M)	**450,680**	454,948	(1)	452,762	–	**450,680**	453,616	(1)
Credit RWA ($M)	**381,550**	374,194	2	372,574	–	**381,550**	376,900	1
Gross impaired assets ($M)	**3,409**	3,548	(4)	3,622	(2)	**3,409**	3,100	10
Net impaired assets ($M)	**2,250**	2,293	(2)	2,435	(6)	**2,250**	1,920	17
Provision Ratios								
Collective provisions as a % of credit RWA	**1.39**	1. 44	(5)bpts	1. 05	39 bpts	**1.39**	1. 58	(19)bpts
Total provisions as a % of credit RWA	**1.63**	1. 70	(7)bpts	1. 29	41 bpts	**1.63**	1. 81	(18)bpts
Total provisions for impaired assets as a % of gross impaired assets	**33.99**	35. 37	(138)bpts	32. 77	260 bpts	**33.99**	38. 07	(408)bpts
Total provisions for impaired assets as a % of gross impaired assets (corporate)	**49.52**	46. 62	290 bpts	43. 71	291 bpts	**49.52**	48. 42	110 bpts
Total provisions for impaired assets as a % of gross impaired assets (consumer)	**22.04**	26. 18	(414)bpts	24. 85	133 bpts	**22.04**	29. 09	large
Total provisions for impairment losses as a % of GLAAs	**0.76**	0. 82	(6)bpts	0. 63	19 bpts	**0.76**	0. 86	(10)bpts
Asset Quality Ratios								
Gross impaired assets as a % of GLAAs	**0.42**	0. 45	(3)bpts	0. 48	(3)bpts	**0.42**	0. 39	3 bpts
Loans 90+ days past due but not impaired as a % of GLAAs	**0.46**	0. 43	3 bpts	0. 44	(1)bpt	**0.46**	0. 39	7 bpts
Loan impairment expense ("cash basis") annualised as a % of average GLAAs	**0.07**	0. 33	(26)bpts	0. 16	17 bpts	**(0.08)**	0. 22	(30)bpts
Net write-offs annualised as a % of GLAAs	**0.09**	0. 13	(4)bpts	0. 16	(3)bpts	**0.07**	0. 11	(4)bpts
Corporate total committed exposures rated investment grade (%) [2]	**68.30**	66. 30	200 bpts	67. 40	(110)bpts	**68.30**	65. 90	240 bpts
Australian Home Loan Portfolio								
Portfolio dynamic LVR (%) [3]	**48.96**	52. 69	(373)bpts	52. 44	25 bpts	**48.96**	51. 45	(249)bpts
Customers in advance (%) [4]	**78.49**	80. 12	(163)bpts	78. 48	164 bpts	**78.49**	79. 82	(133)bpts

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

COVID-19 Support

From March 2020, the Bank extended a number of support measures for customers impacted by COVID-19, which included loan repayment deferral arrangements and the origination of loans under the Government's Small and Medium Enterprises (SME) Guarantee Scheme and SME Recovery Loan Scheme. Under these schemes, the Government guarantees 50-80% of new loans issued to SMEs.

By June 2021, the vast majority of customers on repayment deferral arrangements had returned to regular repayments on their loans. The Group extended new support measures in July 2021 to assist customers further impacted by COVID-19, including loan repayment deferral arrangements, fee waivers and refunds.

For further details on loan modifications relating to COVID-19, refer to Note 3.2 in the 2021 Financial Report.

Provision Ratios and Impaired Assets

Half year ended 30 June 2021 vs Half year ended 31 December 2020

As at 30 June 2021, total provisions as a proportion of credit RWA decreased by 18 basis points on the prior half to 1.63%. This was driven by lower collective provisions, reflecting an improvement in the economic outlook, partly offset by increased forward looking adjustments for higher risk customers and sectors due to the impact of COVID-19, and increased individual provisions reflecting the impairment of a small number of large exposures.

Gross impaired assets were $3,409 million, an increase of $309 million or 10% on the prior half, mainly driven by an increase in restructured home loans within ASB. Gross impaired assets as a proportion of GLAAs were 0.42%, an increase of 3 basis points on the prior half. Provision coverage for the impaired asset portfolio was 33.99%, a decrease of 408 basis points on the prior half, driven by an increase in gross impaired assets and a reduction in non-performing home loans across the Group, partly offset by the impairment of a small number of large corporate exposures.

Loan Impairment Provisions and Credit Quality (continued)

Provision Ratios and Impaired Assets (continued)

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

Total provisions as a proportion of credit RWA increased by 11 basis points on the prior half to 1.81%. This was driven by higher collective provisions due to increased forward looking adjustments reflecting uncertainty in the economic outlook and emerging risks, mainly due to COVID-19.

Gross impaired assets were $3,100 million, a decrease of $448 million or 13% on the prior half. Gross impaired assets as a proportion of GLAAs were 0.39%, a decrease of 6 basis points on the prior half, reflecting reduced new impairments due to repayment deferrals, as well as write-offs, debt sales, and settlement of a small number of larger corporate exposures. Provision coverage for the impaired asset portfolio was 38.07%, an increase of 270 basis points on the prior half, mainly driven by higher provision coverage for impaired home loans.

Retail Portfolio Asset Quality

Half year ended 30 June 2021 vs Half year ended 31 December 2020

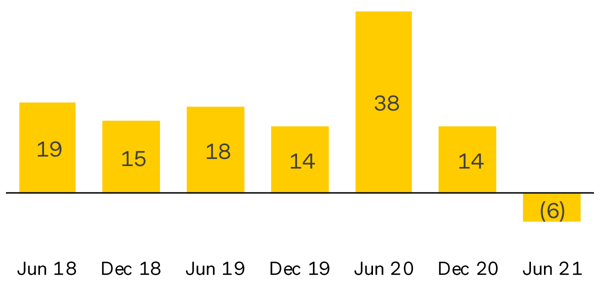
Consumer loan impairment expense (LIE) as a percentage of average gross loans and acceptances was -6 basis points, a decrease of 20 basis points on the prior half, driven by lower collective provisions, reflecting an improvement in the economic outlook, and lower consumer finance balances with reduced arrears.

Home loan 90+ days arrears were 0.64%, an increase of 7 basis points on the prior half, primarily driven by a small number of loans which have not resumed regular repayments following the expiration of repayment deferral arrangements. Credit cards and Personal loans 90+ days arrears were 0.61% and 1.09% respectively, a decrease of 5 basis points and 39 basis points on the prior half, driven by an improvement in customer origination quality and economic conditions.

The home loan dynamic LVR was 48.96%, a decrease of 249 basis points on the prior half, driven by growth in house prices over the period. The home lending book remains well secured and the majority of home lending customers remain in advance of scheduled repayments.

Consumer LIE

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



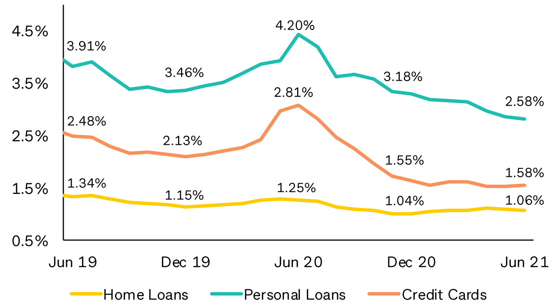
Half year ended 31 December 2020 vs Half year ended 30 June 2020

Consumer LIE as a percentage of average gross loans and acceptances was 14 basis points, a decrease of 24 basis points on the prior half, mainly reflecting higher collective provision charges in the prior half, primarily due to COVID-19.

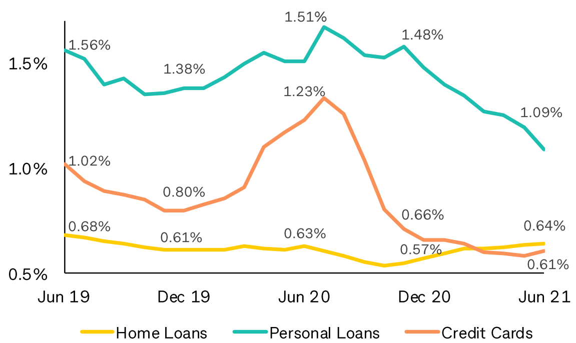
Home loan 90+ days arrears were 0.57%, a decrease of 6 basis points on the prior half, driven by a combination of repayment deferrals, government support initiatives and the impact of lower interest rates. Credit cards 90+ days arrears were 0.66%, a decrease of 57 basis points on the prior half, driven by an improvement in customer origination quality and government support initiatives. Personal Loans 90+ days arrears were 1.48%, a decrease of 3 basis points on the prior half, driven by government support initiatives, partly offset by lower balances including the impact from reduced new lending.

The home loan dynamic LVR was 51.45%, a decrease of 124 basis points on the prior half.

30+ Days Arrears Ratios (%) [1]



90+ Days Arrears Ratios (%) [1]



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

Group Operations and Business Settings (continued)

Loan Impairment Provisions and Credit Quality (continued)

Corporate Portfolio Asset Quality

Half year ended 30 June 2021 vs Half year ended 31 December 2020

Corporate troublesome exposures were $4.1 billion, a decrease of $1.0 billion or 19% on the prior half, due to a range of refinancing, exposure reduction and rehabilitation activities that have been completed in the current half, partly offset by the downgrade of a small number of exposures into the troublesome portfolio across a range of sectors.

Investment grade rated exposures increased by 240 basis points on the prior half to 68.3% of overall portfolio risk graded counterparties, reflecting the impact of client upgrades and increased exposures to the Government sector.

Corporate LIE as a percentage of gross loans and acceptances was -13 basis points, a decrease of 57 basis points on the prior half, driven by lower collective provisions reflecting an improvement in the economic outlook.

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

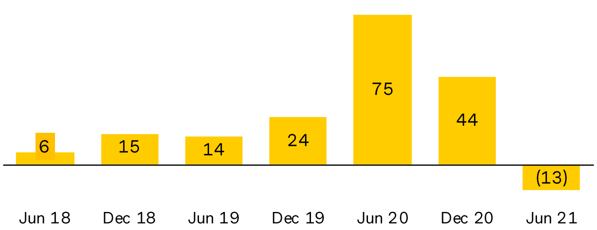
Corporate troublesome exposures were $5.1 billion, a decrease of $0.1 billion or 2% on the prior half, mainly driven by the movement of several large exposures from the troublesome portfolio to the impaired portfolio, partly offset by a small number of downgrades in the troublesome portfolio across a range of sectors including the Entertainment, Leisure & Tourism, Commercial Property and Aviation industries.

Investment grade rated exposures decreased by 40 basis points on the prior half to 65.9% of overall portfolio risk graded counterparties, reflecting the impact of downgrades and changes in business mix over the half.

Corporate LIE as a percentage of gross loans and acceptances was 44 basis points, a decrease of 31 basis points on the prior half, reflecting higher collective provision charges in the prior half mainly due to COVID-19.

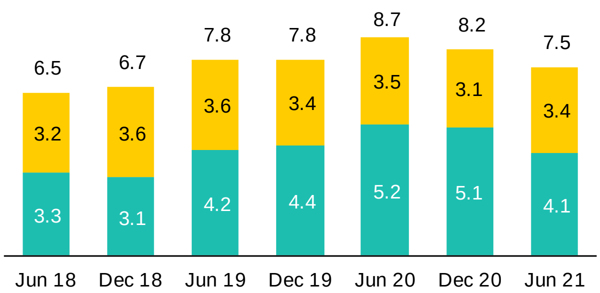
Corporate LIE

Half Year Loan impairment expense ("cash basis") annualised as percentage of average GLAA (bpts) [1]



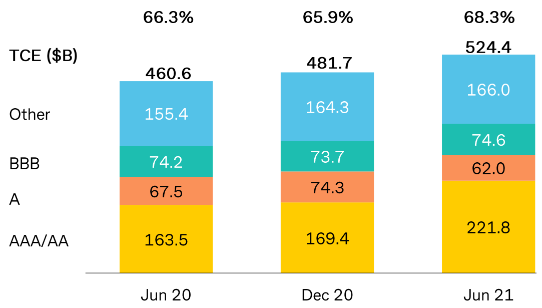
1 Comparative information has been restated to conform to the presentation in the current period.

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 2021 vs Half year ended 31 December 2020

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half. The largest movement was an increase in the Government, Administration & Defence sector of 250 basis points, from 12.8% to 15.3% of the Bank's total committed exposure, driven by an increase in central bank cash holdings, as the Bank re-weighted its portfolio as part of ongoing liquidity management activities.

Movements in troublesome and impaired assets (TIA) were mixed across sectors, as total TIA decreased by $672 million compared to the prior half to $7,523 million.

TIA as a percentage of total committed exposures (TCE) was 0.61%, a decrease of 9 basis points on the prior half reflecting:

- Media & Communications (down 198 basis points) driven by the upgrade of a single name exposure;
- Entertainment, Leisure & Tourism (down 121 basis points) driven by upgrades and impaired exposure reductions;
- Retail Trade (down 80 basis points) driven by upgrades and impaired exposure reductions for a small number of single name exposures;
- Mining, Oil & Gas (down 62 basis points) driven by the sale and repayment of a small number of single name exposures;
- Construction (down 58 basis points) driven by upgrades and impaired exposure reductions across the portfolio;
- Education (down 42 basis points) driven by the repayment of a single name exposure;
- Health & Community Services (down 38 basis points) driven by impaired exposure reductions and upgrades across a small number of single name exposures;
- Commercial Property (down 35 basis points) driven by repayments and upgrades for a small number of single name exposures;
- Agriculture & Forestry (down 34 basis points) driven by the upgrade of a number of smaller exposures; and
- Wholesale Trade (down 32 basis points) driven by upgrades across a number of smaller exposures; partly offset by
- Personal & Other Services (up 13 basis points) driven by the downgrade of a number of smaller exposures.

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

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half. The largest movement was an increase in the Government, Administration & Defence sector of 100 basis points, from 11.8% to 12.8% of the Bank's total committed exposure, driven by an increase in Government bond holdings. This was partly offset by a reduction in the Finance & Insurance sector of 80 basis points, from 7.6% to 6.8% of the Bank's total committed exposures, as the Bank re-weighted its liquidity portfolio towards government bonds as part of ongoing liquidity management activities.

Movements in TIA were mixed across sectors, as total TIA decreased by $515 million compared to the prior half to $8,195 million.

TIA as a percentage of TCE was 0.70%, a decrease of 8 basis points from the prior half reflecting:

- Construction (down 166 basis points) driven by the upgrade of a number of large single name exposures;
- Retail Trade (down 150 basis points) driven by the upgrade of a number of large single name exposures;
- Manufacturing (down 127 basis points) driven by a write-off and sale of a number of large single name exposures;
- Transport & Storage (down 56 basis points) driven by a debt sale, partly offset by downgrades in the aviation and travel related industries; partly offset by
- Entertainment, Leisure & Tourism (up 295 basis points) driven by the downgrade of a number of large single name exposures;
- Business Services (up 129 basis points) driven by the downgrade of a large single name exposure;
- Electricity, Gas & Water (up 60 basis points) driven by the downgrade of a large single name exposure;
- Education (up 18 basis points) driven by the downgrade of a number of smaller exposures; and
- Commercial Property (up 15 basis points) driven by the downgrade of a number of large single name exposures.

Group Operations and Business Settings (continued)

Loan Impairment Provisions and Credit Quality (continued)

Industry Exposure and Asset Quality (continued)

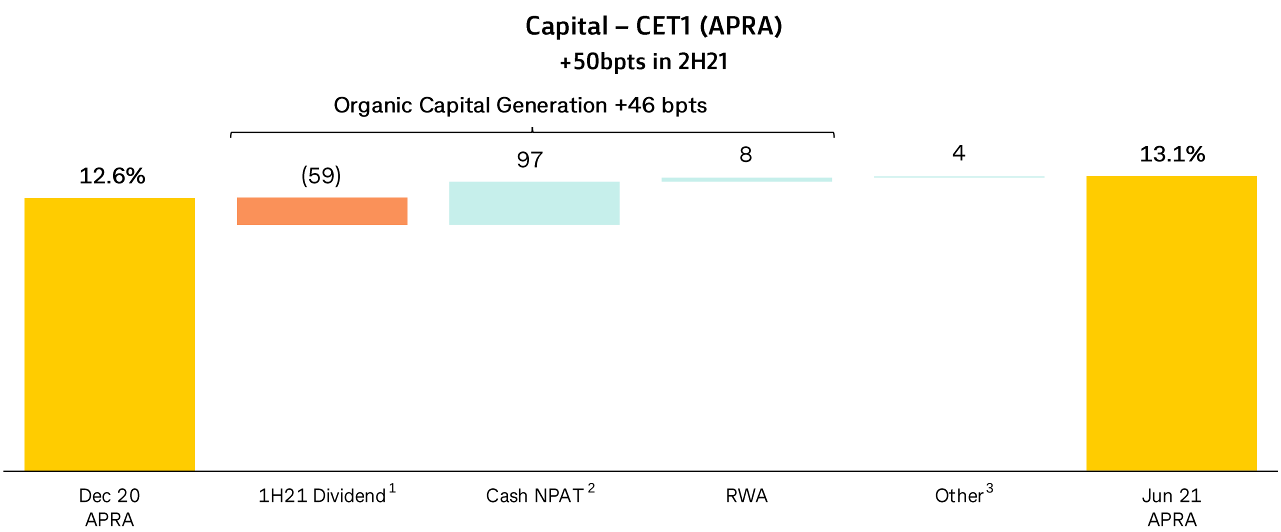
	Total Committed Exposures (TCE)			Troublesome and Impaired Assets (TIA)			TIA % of TCE		
	30 Jun 21	31 Dec 20	30 Jun 20	**30 Jun 21**	31 Dec 20	30 Jun 20	**30 Jun 21**	31 Dec 20	30 Jun 20
Sector	**%**	%	%	**$M**	$M	$M	**%**	%	%
Consumer	**57. 5**	58. 7	58. 8	**1,982**	1,662	1,929	**0. 28**	0. 24	0. 29
Government, Admin. & Defence	**15. 3**	12. 8	11. 8	**–**	–	–	**–**	–	–
Commercial Property	**6. 5**	6. 6	6. 6	**653**	904	752	**0. 82**	1. 17	1. 02
Finance & Insurance	**6. 5**	6. 8	7. 6	**16**	21	48	**0. 02**	0. 03	0. 06
Transport & Storage	**2. 1**	2. 3	2. 5	**714**	755	951	**2. 69**	2. 82	3. 38
Agriculture & Forestry	**2. 1**	2. 1	2. 1	**797**	861	948	**3. 14**	3. 48	4. 12
Manufacturing	**1. 3**	1. 4	1. 4	**512**	545	724	**3. 22**	3. 41	4. 68
Entertainment, Leisure & Tourism	**1. 0**	1. 1	1. 2	**914**	1,071	686	**7. 06**	8. 27	5. 32
Electricity, Water & Gas	**1. 0**	1. 1	1. 1	**172**	170	89	**1. 35**	1. 35	0. 75
Retail Trade	**1. 0**	1. 0	1. 0	**345**	424	572	**2. 78**	3. 58	5. 08
Business Services	**0. 9**	1. 0	1. 0	**348**	390	221	**3. 03**	3. 26	1. 97
Health & Community Services	**0. 9**	0. 9	0. 8	**74**	116	103	**0. 69**	1. 07	1. 09
Wholesale Trade	**0. 9**	0. 9	0. 8	**238**	262	269	**2. 23**	2. 55	2. 94
Construction	**0. 8**	0. 8	0. 9	**295**	342	506	**2. 88**	3. 46	5. 12
Mining, Oil & Gas	**0. 7**	0. 8	1. 0	**66**	126	204	**0. 76**	1. 38	1. 87
Media & Communications	**0. 4**	0. 5	0. 5	**72**	175	186	**1. 32**	3. 30	3. 37
Personal & Other Services	**0. 3**	0. 3	0. 3	**111**	105	128	**3. 35**	3. 22	4. 43
Education	**0. 3**	0. 3	0. 2	**27**	40	29	**0. 86**	1. 28	1. 10
Other	**0. 5**	0. 6	0. 4	**187**	226	365	**3. 25**	3. 44	5. 77
Total	**100. 0**	100. 0	100. 0	**7,523**	8,195	8,710	**0. 61**	0. 70	0. 78

Group Operations and Business Settings (continued)

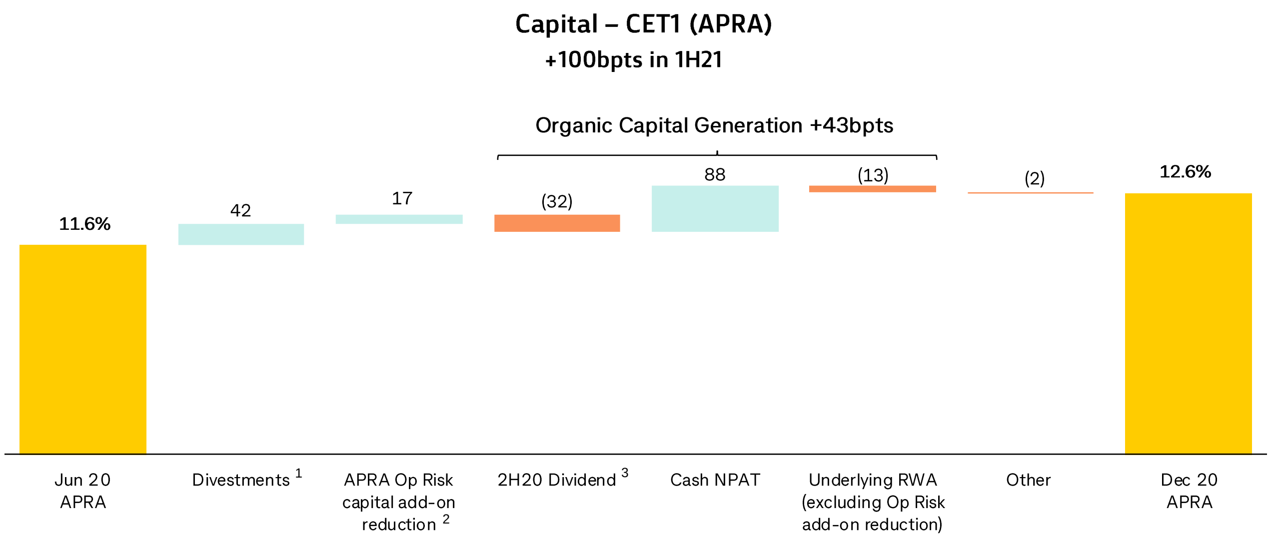
Capital

Summary Group Capital Adequacy Ratios	As at 30 Jun 21 %	31 Dec 20 %	30 Jun 20 %	Jun 21 vs Dec 20 %	Jun 21 vs Jun 20 %
Common Equity Tier 1	13. 1	12. 6	11. 6	50 bpts	150 bpts
Tier 1	15. 7	15. 0	13. 9	70 bpts	180 bpts
Tier 2	4. 1	3. 9	3. 6	20 bpts	50 bpts
Total Capital (APRA)	19. 8	18. 9	17. 5	90 bpts	230 bpts
Common Equity Tier 1 (Internationally Comparable) [1]	19. 4	18. 7	17. 4	70 bpts	200 bpts

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



1 The 2021 interim dividend included the on-market purchase of $418 million of shares (CET1 impact of 9 basis points) in respect of the Dividend Reinvestment Plan.
2 Excludes net equity accounted profits from associates as they are capital neutral with offsetting increases in regulatory capital deductions.
3 Includes receipt of the final proceeds from the sale of CommInsure Life (CET1 impact of 2 basis points).



1 Relates to additional receipt of funds as part of the divestment of CommInsure Life, the completion of the divestment of BoCommLife, and benefit from the revised calculation of non-cash gains and losses on disposal of previously announced divestments.
2 The benefit from a 50% reduction in APRA's operational risk regulatory capital add-on from $1 billion to $500 million (reduction of $6.25 billion RWA).
3 The 2020 final dividend included the issuance of $264 million of shares (CET1 impact of 6 basis points) in respect of the Dividend Reinvestment Plan.

Group Operations and Business Settings (continued)

Capital (continued)

Capital Position

Half year ended 30 June 2021 vs Half year ended 31 December 2020

The Group's CET1 ratio (APRA) was 13.1% as at 30 June 2021, an increase of 50 basis points from 31 December 2020 and an increase of 150 basis points from 30 June 2020. 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 2021.

Key drivers of the change in CET1 for the 6 months ended 30 June 2021 were capital generated from earnings (+97 basis points, excluding net equity accounted profits from associates), lower total RWA (+8 basis points) and other regulatory adjustments (+4 basis points), partly offset by the 2021 interim dividend (-59 basis points) in which the DRP was satisfied in full by the on-market purchase of shares.

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

The Bank's CET1 ratio (APRA) was 12.6% as at 31 December 2020, an increase of 100 basis points from 30 June 2020 and an increase of 90 basis points from 31 December 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 half year ended 31 December 2020.

After allowing for the impact of the 2020 final dividend, net of shares issued under the DRP (-32 basis points), the CET1 ratio increased by 132 basis points in the half year ended 31 December 2020. This was driven by capital generated from earnings (+88 basis points), benefit from divestments (+42 basis points) and a 50% reduction in APRA's Operational Risk capital add-on (+17 basis points). This was partially offset by higher underlying RWA (-13 basis points) and other items (-2 basis points).

Capital Initiatives

The following significant capital initiatives were undertaken during the year ended 30 June 2021:

Common Equity Tier 1 Capital

- The DRP in respect of the 2020 final dividend was satisfied by the issuance of $264 million of ordinary shares, representing a participation rate of 15.2%; and
- The DRP in respect of the 2021 interim dividend was satisfied in full by the on-market purchase of shares. The participation rate for the interim DRP was 15.7%.

Additional Tier 1 Capital

- In April 2021, the Bank issued $1,180 million of CommBank PERLS XIII Capital Notes (PERLS XIII) that are Basel III compliant Additional Tier 1 capital.

Tier 2 Capital

The Group issued the following Basel III compliant subordinated notes:

- AUD205 million and AUD200 million in August 2020;
- AUD1,400 million in September 2020;
- AUD270 million in December 2020; and
- USD1,250 million and USD1,500 million in March 2021.

The Group redeemed the following Basel III compliant subordinated notes:

- Partial redemption of EUR660 million and USD653 million from existing EUR1,250 million and USD1,250 million subordinated notes in March 2021; and
- AUD750 million in June 2021.

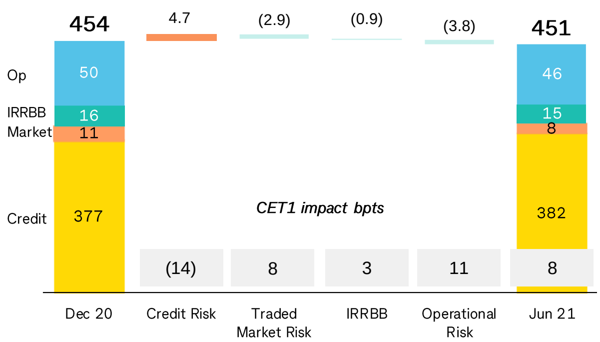
Risk Weighted Assets (RWA)

Total Group Risk Weighted Assets

Half year ended 30 June 2021 vs Half year ended 31 December 2020

Total RWA decreased by $2.9 billion or 1% on the prior half to $450.7 billion driven by reductions in Operational Risk RWA, Traded Market Risk RWA and Interest Rate Risk in the Banking Book (IRRBB) RWA; partly offset by higher Credit Risk RWA.

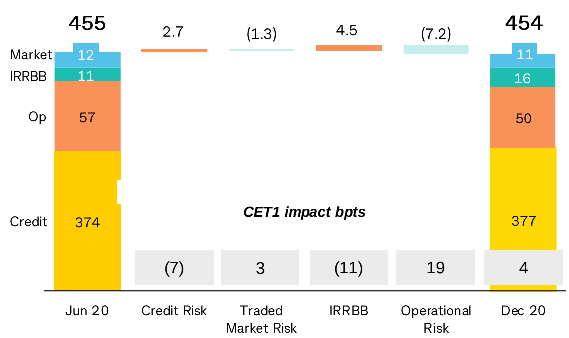
Total Risk Weighted Assets ($B)



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

Total RWA decreased by $1.3 billion on the prior half to $453.6 billion driven by decreases in Operational Risk RWA and Traded Market Risk RWA, partly offset by higher Credit Risk RWA and IRRBB RWA.

Total Risk Weighted Assets ($B)



Group Operations and Business Settings (continued)

Capital (continued)

Risk Weighted Assets (RWA) (continued)

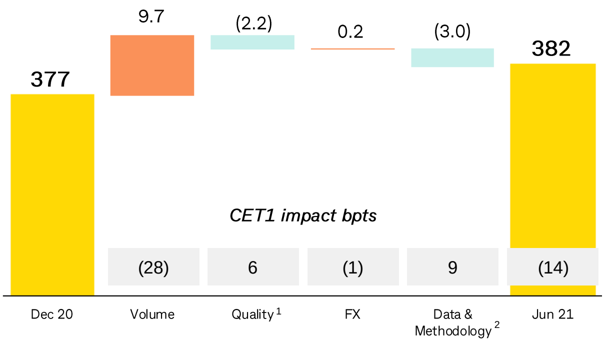
Credit Risk Weighted Assets

Half year ended 30 June 2021 vs Half year ended 31 December 2020

Credit Risk RWA increased by $4.7 billion or 1% on the prior half to $381.6 billion. Key drivers include:

- Volume growth across residential mortgages, commercial portfolios and sovereign exposures, partly offset by a reduction in unsecured retail portfolios, bank exposures, derivatives and exposures subject to standardised treatment (increase of $9.7 billion);
- Credit quality improvement, primarily across non-retail portfolios, partly offset by an increase in residential mortgage risk weights due to a lower proportion of customers in advance and lower provision coverage on defaulted assets (decrease of $2.2 billion);
- Foreign currency movements (increase of $0.2 billion); and
- Data and methodology, credit risk estimates and other changes (decrease of $3.0 billion).

Credit Risk Weighted Assets ($B)



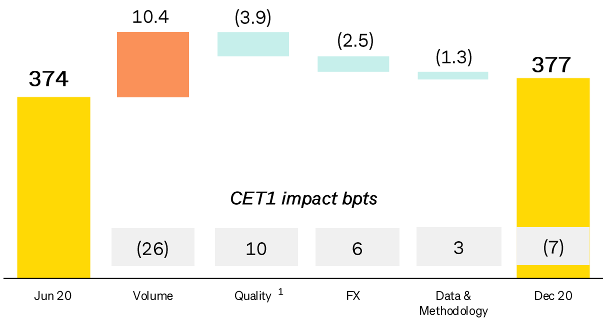
1 Credit quality includes portfolio mix.
2 Includes data and methodology, credit risk estimates changes and regulatory treatments.

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

Credit Risk RWA increased by $2.7 billion on the prior half to $376.9 billion, primarily driven by:

- Volume growth across commercial portfolios, residential mortgages, and bank and sovereign exposures, partly offset by a reduction in unsecured retail portfolios and in exposures subject to standardised treatment (increase of $10.4 billion); partly offset by
- Credit quality improvement (decrease of $3.9 billion), primarily across retail portfolios, driven by:
  - improved loan serviceability;
  - growth in mortgage offset balances; and
  - higher provision coverage on defaulted assets, reducing RWA.
- Foreign currency movements due to appreciation of the AUD against major currencies (decrease of $2.5 billion); and
- Data and methodology, credit risk estimates and other changes (decrease of $1.3 billion).

Credit Risk Weighted Assets ($B)



1 Credit quality includes portfolio mix.

Traded Market Risk Weighted Assets

Half year ended 30 June 2021 vs Half year ended 31 December 2020

Traded Market Risk RWA decreased by $2.9 billion or 26% on the prior half to $8.3 billion. This was mainly due to changes in risk positioning and reduced exposure to Funding Valuation Adjustments.

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

Traded Market Risk RWA decreased by $1.3 billion or 10% on the prior half. This was mainly due to the implementation of an enhanced model measurement approach for certain interest rate option exposures.

Interest Rate Risk Weighted Assets

Half year ended 30 June 2021 vs Half year ended 31 December 2020

IRRBB RWA decreased by $0.9 billion or 6% on the prior half to $14.6 billion. This was primarily driven by changes in interest rate risk management positions and model refinements, partly offset by a reduction in embedded gains due to higher interest rates.

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

IRRBB RWA increased by $4.5 billion or 40% on the prior half. This was due to changes in interest rate risk management positions and increased size of the Replicating Portfolio due to growth in deposits.

Operational Risk Weighted Assets

Half year ended 30 June 2021 vs Half year ended 31 December 2020

Operational Risk RWA decreased by $3.8 billion or 8% on the prior half to $46.2 billion. The decrease was due to improvements in the Group's operational risk profile, driven by enhanced management of conduct risk, strengthening of the control environment and operational structure simplification resulting from divestments and business model changes. As at 30 June 2021, the Operational Risk RWA includes a $6.25 billion add-on required by APRA, following a 50% reduction of the $12.5 billion add-on required by APRA following the Prudential Inquiry findings dated 30 April 2018 in the prior half.

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.

Capital (continued)

Risk Weighted Assets (RWA) (continued)

Operational Risk Weighted Assets (continued)

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

Operational Risk RWA decreased by $7.2 billion or 13% on the prior half. The decrease is mainly due to a 50% reduction in APRA's Operational Risk add-on from $12.5 billion to $6.25 billion.

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.

Under the existing capital framework, 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. As at 30 June 2021, the Group's CET1 ratio was 13.1%, and was above the 10.5% benchmark for the entire 2021 financial year.

Subsequently, APRA issued proposed revisions to the overall design of the capital framework, to be implemented on 1 January 2023. These revisions will result in changes to the calculation of RWA and will therefore result in changes to the presentation of bank capital ratios. APRA expects that capital ratios will increase, as the amount of RWA will likely fall. APRA further reiterated that it is targeting a capital outcome measured in dollar terms that remains consistent with the 'unquestionably strong' capital benchmark. Further detail on the proposed APRA reforms is provided on page 66.

1 In December 2020, 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.

Regulator COVID-19 Announcements

Capital Announcements

On 19 March 2020, APRA announced temporary changes to its expectations regarding bank capital ratios and 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.

In July 2020, APRA issued guidance requiring banks to preserve capital through retaining at least half of their earnings during the period of disruption caused by COVID-19. On 15 December 2020, APRA announced that this guidance will no longer apply from calendar year 2021. Nevertheless, in determining the appropriate level of dividends, APRA expects banks to moderate dividend payout ratios to ensure they are sustainable, taking into account the outlook for profitability, capital and the broader environment.

In April 2020, the Reserve Bank of New Zealand (RBNZ) also issued guidance restricting the distribution of dividends by banks in New Zealand due to COVID-19. On 31 March 2021, the RBNZ announced that this guidance has been eased, allowing banks to pay up to a maximum of 50% of their earnings as dividends. This restriction will remain in place until 1 July 2022, at which point the RBNZ has stated that it intends to normalise the dividend settings by removing the restrictions entirely, subject to no significant worsening in economic conditions. Dividends from the Bank's New Zealand subsidiary, ASB, only affect the Group's Level 1 CET1 capital ratio. As at 30 June 2021, the Group's Level 1 CET1 capital ratio was 13.3%, well above APRA's unquestionably strong benchmark, and as such, the Group is well placed to absorb the restriction of dividends.

COVID-19 Customer Support Measures

The Group continues to extend a number of support measures for customers impacted by COVID-19, which includes loan repayment deferral arrangements and the origination of loans under the Government's Small and Medium Enterprises (SME) Guarantee Scheme and SME Recovery Loan Scheme.

The Group received guidance from APRA and the RBNZ on the regulatory approach in relation to the implementation of the COVID-19 customer support measures.

- APRA's temporary capital relief allows ADIs to 'stop the clock' on arrears for deferred loans, and provided additional relief for restructured loans, in order to facilitate ADIs in transitioning impacted borrowers to a regular repayment schedule.
- The RBNZ provided similar concessions for repayment deferrals granted in response to COVID-19 up to 31 March 2021.

Capital (continued)

Regulator COVID-19 Announcements (continued)

COVID-19 Customer Support Measures (continued)

The Group's original temporary loan deferral programs concluded in March 2021, with the vast majority of customers returning to regular repayments on their loans. The Group has extended new support measures in July 2021 to assist customers further impacted by COVID-19, including loan repayment deferral arrangements, fee waivers and refunds. In response, APRA is providing regulatory relief to assist ADIs in supporting their customers through this period. For eligible borrowers, ADIs will not need to treat the period of deferral as a period of arrears or a loan restructuring. This will apply to loans that are granted a repayment deferral of up to three months before the end of August 2021.

The SME Guarantee Scheme and SME Recovery Loan Scheme were established by the Commonwealth Government to support economic recovery and provide continued assistance to businesses, and may be regarded as eligible guarantees by the government for risk weighting purposes. ASB has participated in a similar scheme in New Zealand. The Group will continue to provision for these loans under relevant accounting standards.

Pillar 3 Disclosures

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

Regulatory Reforms

APRA

Implementation of Basel III

From 1 January 2023, APRA will implement its revisions to the ADI capital framework, commonly known as "Basel III". The objectives of the proposed revisions are to increase the risk sensitivity within the capital framework, to enhance the ability to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards. APRA's proposed revisions include:

- Higher regulatory capital buffers, with the CCyB set at 100 basis points for all ADIs and the capital conservation buffer increasing from 250 basis points to 400 basis points for Internal Ratings-based (IRB) ADIs such as CBA;
- Implementing more risk sensitive risk weights, particularly for residential mortgage lending, by targeting higher risk segments, such as interest only and investor mortgages;
- For non-retail credit portfolios, closer alignment of risk estimates relative to overseas peers and allowing internal models to be used for commercial property exposures. The expected decrease in RWAs due to this proposal will be tempered through higher scaling factors;
- RWA for New Zealand subsidiaries to be determined under RBNZ rules at the consolidated group level; and
- Implementing a 72.5% output floor to limit the capital benefit for IRB ADIs relative to standardised ADIs.

Further APRA Revisions

From 1 January 2022, the APRA requirements released under the final APS 222 "Associations with Related Entities" will be in place. 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.

From 1 January 2022, the APRA requirements released under the final APS 220 "Credit Risk Management" will be in place. The revised standard is broader than the existing requirements, covering credit standards through to the ongoing monitoring and management of credit portfolios.

In January 2022, APRA will change its existing approach on equity exposures to banking and insurance subsidiaries of ADIs under APS 111 "Capital Adequacy: Measurement of Capital". 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 Level 1 CET1 capital. Any new or additional investments (made before 1 January 2022) which exceed the 10% threshold will be required to be deducted from Level 1 CET1 capital in the interim period. The proposed revision is expected to result in an uplift to the Group's Level 1 CET1 capital ratio of 15 to 20 basis points. There is no impact to the Group's Level 2 CET1 capital ratio.

From 1 January 2024, the Australian loss-absorbing capacity regime will be established under the existing capital framework. For D-SIBS, including CBA, APRA will require an additional Total Capital requirement of 3% of RWA based on the existing capital framework.

In 2024, changes to APS 116 "Capital Adequacy: Market Risk", also known as the Fundamental Review of the Trading Book, are expected to be implemented. APRA is yet to commence consultation on these changes.

Reserve Bank of New Zealand (RBNZ)

In June 2021, the RBNZ finalised its bank capital adequacy requirements. These requirements include the RWA of IRB banks, such as ASB Bank Limited, increasing 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.

These reforms will be phased in from 1 October 2021 with full implementation on 1 July 2028. Revisions to Additional Tier 1 and Tier 2 eligibility will commence on 1 July 2021.

Capital (continued)

The tables below show the APRA Basel III capital adequacy calculation at 30 June 2021 together with prior period comparatives.

	As at [1]		
	30 Jun 21	31 Dec 20	30 Jun 20
	$M	$M	$M
Ordinary share capital and treasury shares			
Ordinary share capital	**38,420**	38,417	38,131
Treasury shares	**12**	15	51
Ordinary share capital and treasury shares	**38,432**	38,432	38,182
Reserves			
Reserves	**3,249**	2,287	2,666
Reserves related to non-consolidated subsidiaries [2]	**–**	–	2
Total Reserves	**3,249**	2,287	2,668
Retained earnings and current period profits			
Retained earnings and current period profits	**37,044**	34,211	31,136
Retained earnings adjustment from non-consolidated subsidiaries [3]	**(486)**	(379)	(325)
Net retained earnings	**36,558**	33,832	30,811
Non-controlling interests			
Non-controlling interests [4]	**5**	5	5
Less other non-controlling interests not eligible for inclusion in regulatory capital	**(5)**	(5)	(5)
Non-controlling interests	**–**	–	–
Common Equity Tier 1 Capital before regulatory adjustments	**78,239**	74,551	71,661

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

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 [1]		
	30 Jun 21	31 Dec 20	30 Jun 20
	$M	$M	$M
Common Equity Tier 1 regulatory adjustments			
Goodwill [2]	**(6,017)**	(5,997)	(5,988)
Other intangibles (including software) [3]	**(1,570)**	(1,579)	(1,541)
Capitalised costs and deferred fees	**(938)**	(833)	(765)
Defined benefit superannuation plan surplus [4]	**(364)**	(180)	(476)
Deferred tax asset	**(2,483)**	(3,041)	(3,176)
Cash flow hedge reserve	**(467)**	(994)	(1,513)
Employee compensation reserve	**(103)**	(64)	(138)
Equity investments [5]	**(6,782)**	(3,924)	(3,648)
Equity investments in non-consolidated subsidiaries [6]	**(545)**	(670)	(1,429)
Unrealised fair value adjustments [7]	**(10)**	(9)	(16)
Other	**(124)**	(185)	(420)
Common Equity Tier 1 regulatory adjustments	**(19,403)**	(17,476)	(19,110)
Common Equity Tier 1	**58,836**	57,075	52,551
Additional Tier 1 Capital			
Basel III complying instruments [8]	**11,875**	10,695	10,695
Basel III non-complying instruments net of transitional amortisation [9]	**133**	130	146
Additional Tier 1 Capital	**12,008**	10,825	10,841
Tier 1 Capital	**70,844**	67,900	63,392
Tier 2 Capital			
Basel III complying instruments [10]	**16,644**	15,533	14,552
Basel III non-complying instruments net of transitional amortisation [11]	**266**	277	296
Holding of Tier 2 Capital	**(34)**	(49)	(16)
Prudential general reserve for credit losses [12]	**1,596**	2,061	1,597
Total Tier 2 Capital	**18,472**	17,822	16,429
Total Capital	**89,316**	85,722	79,821

1 Comparative information has been restated to conform to presentation in the current period.
2 Includes goodwill from discontinued operations.
3 Other intangibles (including capitalised software costs), net of any associated deferred tax liability.
4 Represents the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability.
5 Represents the Group's non-controlling interest in other entities.
6 Non-consolidated subsidiaries consist of the insurance and fund management companies, and qualifying securitisation vehicles that meets APRA's operational requirement for regulatory capital relief under APS 120 "Securitisation".
7 Includes gains due to changes in our credit risk on fair valued liabilities and other prudential valuation adjustment.
8 As at 30 June 2021, comprises PERLS XIII $1,180 million (April 2021), 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 In the half year ended 30 June 2021, the Group issued a USD1,250 million and a USD1,500 million subordinated note, that were Basel III compliant. In the half year ended 31 December 2020, the Group issued a AUD200 million, a AUD205 million, a AUD1,400 million and a AUD270 million subordinated note that were Basel III complaint.
11 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.
12 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 21 $M	31 Dec 20 $M	30 Jun 20 $M
Credit Risk			
Subject to AIRB approach [1]			
Corporate	**66,664**	69,157	69,577
SME Corporate	**29,845**	30,662	30,890
SME retail	**5,935**	6,583	6,665
SME retail secured by residential mortgage	**2,947**	3,087	3,360
Sovereign	**2,466**	2,668	1,838
Bank	**5,379**	6,424	6,667
Residential mortgage	**159,758**	151,950	148,294
Qualifying revolving retail	**5,466**	5,816	6,697
Other retail	**11,177**	11,511	12,126
Total RWA subject to AIRB approach	**289,637**	287,858	286,114
Specialised lending exposures subject to slotting criteria	**63,705**	60,136	58,611
Subject to Standardised approach			
Corporate	**1,234**	1,194	957
SME corporate	**805**	752	742
SME retail	**2,500**	2,660	2,929
Sovereign	**289**	286	267
Bank	**52**	150	68
Residential mortgage	**6,523**	6,466	6,635
Other retail	**938**	1,017	1,132
Other assets	**8,013**	8,504	10,281
Total RWA subject to Standardised approach	**20,354**	21,029	23,011
Securitisation	**3,106**	2,981	3,015
Credit valuation adjustment	**4,157**	4,446	3,057
Central counterparties	**591**	450	386
Total RWA for Credit Risk Exposures	**381,550**	376,900	374,194
Traded market risk	**8,307**	11,161	12,457
Interest rate risk in the banking book	**14,619**	15,561	11,085
Operational risk	**46,204**	49,994	57,212
Total risk weighted assets	**450,680**	453,616	454,948

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 2021 Pillar 3 Report for further information.

Group Operations and Business Settings (continued)

Leverage Ratio

Summary Group Leverage Ratio	As at [1] 30 Jun 21	31 Dec 20	30 Jun 20	Jun 21 vs Dec 20 %	Jun 21 vs Jun 20 %
Tier 1 Capital ($M)	**70,844**	67,900	63,392	4	12
Total Exposures ($M) [2]	**1,178,061**	1,126,562	1,074,564	5	10
Leverage Ratio (APRA) (%)	**6. 0**	6. 0	5. 9	–	10 bpts
Leverage Ratio (Internationally Comparable) (%) [3]	**6. 9**	6. 8	6. 7	10 bpts	20 bpts

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 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".

3 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 Group's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 6.0% at 30 June 2021 on an APRA basis. The ratio was stable across the half with capital generated from earnings and the PERLS XIII Additional Tier 1 capital issuance offset by the payment of the 1H21 dividend and an increase in exposures. The leverage ratio was 6.9% at 30 June 2021 on an internationally comparable basis.

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 IRB banks, applicable from 1 January 2023.

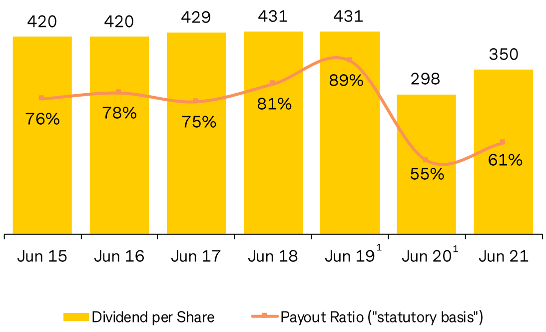
Dividends

Final dividend for the Year Ended 30 June 2021

The final dividend determined was $2.00 per share, bringing the total dividend for the year ended 30 June 2021 to $3.50, an increase of 52 cents compared to the prior full year dividend. The dividend payout ratio ("statutory basis") for the full year ended to 30 June 2021 was 61% and for the half year ended 30 June 2021 was 67%.

The final dividend will be fully franked and is expected to be paid on 29 September 2021 to owners of ordinary shares at the close of business on 18 August 2021 (record date). Shares were quoted ex-dividend on 17 August 2021.

Full Year Dividend History (cents per share)



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

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 2021 final dividend is anticipated to be satisfied in full by an on-market purchase of shares.

Dividend Policy

The Bank will seek to:

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

In December 2020, APRA announced that its guidance issued in July 2020 requiring banks to preserve capital through retaining at least half of their earnings during the period of disruption caused by COVID-19, will no longer apply from calendar year 2021. Nevertheless, in determining the appropriate level of dividends, APRA expects banks to moderate dividend payout ratios to ensure they are sustainable, taking into account the outlook for profitability, capital and the broader environment.

Liquidity

Level 2	30 Jun 21 $M	30 Jun 20 $M	30 Jun 19 $M	Jun 21 vs Jun 20 %	Jun 20 vs Jun 19 %
	Quarterly Average Ended [1]				
Liquidity Coverage Ratio (LCR) Liquid Assets					
High Quality Liquid Assets (HQLA) [2]	**126,827**	121,889	85,859	4	42
Committed Liquidity Facility (CLF) [3]	**48,650**	68,931	50,700	(29)	36
Total LCR Liquid Assets	**175,477**	190,820	136,559	(8)	40
Net Cash Outflows (NCO)					
Customer deposits	**102,915**	93,759	75,664	10	24
Wholesale funding	**11,631**	11,869	10,208	(2)	16
Other net cash outflows [4]	**21,424**	17,935	17,778	19	1
Total NCO	**135,970**	123,563	103,650	10	19
Liquidity Coverage Ratio (%)	**129**	155	132	(2600)bpts	2300 bpts
LCR Surplus	**39,507**	67,257	32,909	(41)	large

1 The averages presented are calculated as simple averages of daily observations over the quarter. Spot LCR for 30 June 2021 was 127% (30 June 2020: 145%).

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 $30.0 billion (30 June 2020: $45.8 billion) and the Group's average undrawn TFF allowance of $18.7 billion as per APRA guidance.

4 Includes cash inflows.

Liquidity Coverage Ratio (LCR)

Year Ended 30 June 2021 vs Year Ended 30 June 2020

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). The LCR requires Australian Authorised Deposit-taking Institutions (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) offered to eligible ADIs to support lending to Australian businesses with fixed rate funding (0.25% for drawdowns up to 4 November 2020, and 0.10% for new drawdowns from 4 November 2020 onwards). As at 30 June 2021, the Group had fully drawn its total available TFF allocation of $51.1 billion, comprised of $19.1 billion of Initial Allowance, $13.0 billion of Supplementary Allowance and $19.0 billion of Additional Allowance.

The Group's June 2021 quarterly average LCR was 129%, a decrease of 14% compared to the December 2020 quarterly average, and a decrease of 26% from the June 2020 quarterly average. The LCR remains well above the regulatory minimum of 100%.

Compared to the December 2020 quarterly average, LCR liquid assets decreased by $7.7 billion or 4% due to a decrease in the Group's CLF [1], partly offset by an increase in the total undrawn TFF allowance. The Group's 30 day modelled NCOs increased by $7.6 billion or 6% as a result of strong growth in at-call customer deposits.

Compared to the June 2020 quarterly average, LCR liquid assets decreased by $15.3 billion or 8% due to a decrease in the Group's CLF [1] partly offset by an increase in the total undrawn TFF allowance. The Group's 30 day modelled NCOs increased by $12.4 billion or 10% as a result of strong growth in at-call customer deposits.

Year Ended 30 June 2020 vs Year Ended 30 June 2019

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.

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.

1 From 1 December 2020, the available CLF decreased from $45.8 billion to $30.0 billion.

Liquidity (continued)

Liquidity Coverage Ratio (LCR) continued

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.

The Group's key liquidity tools include:

- A 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;
- An additional liquidity management model that allows forecasting of liquidity needs on a daily basis;
- 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;
- 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.

Group Operations and Business Settings (continued)

Debt Issues

Debt Issues [1]	As at 30 Jun 21 $M	30 Jun 20 $M	30 Jun 19 $M
Medium-term notes	**58,260**	80,877	98,342
Commercial paper	**2,061**	12,468	20,158
Securitisation notes	**9,721**	11,677	12,177
Covered bonds	**32,961**	37,456	33,313
Bank Acceptances	**–**	25	32
Total debt issues	**103,003**	142,503	164,022
Short-Term Debt Issues by currency			
USD	**2,061**	12,410	20,147
AUD	**–**	29	42
GBP	**860**	5,175	3,470
Other currencies	**4**	28	227
Total short-term debt issues	**2,925**	17,642	23,886
Long-Term Debt Issues by currency [2]			
USD	**26,180**	39,568	48,293
EUR	**29,664**	33,556	36,172
AUD	**30,165**	34,912	37,909
GBP	**4,549**	4,938	3,653
NZD	**2,275**	3,351	3,596
JPY	**1,283**	1,730	2,182
Other currencies	**5,962**	6,806	8,331
Total long-term debt issues	**100,078**	124,861	140,136
Maturity Distribution of Debt Issues [3]			
Less than twelve months	**29,454**	36,406	50,127
Greater than twelve months	**73,549**	106,097	113,895
Total debt issues	**103,003**	142,503	164,022

1 Debt issues include unrealised movements of $7,734 million predominantly due to foreign exchange gains and fair value hedge adjustments (30 June 2020: unrealised movements of $3,095 million predominantly due to foreign exchange losses and fair value hedge adjustments).
2 Long-term debt disclosed relates to debt issues which have a maturity at inception of greater than 12 months.
3 Represents the remaining contractual maturity of the underlying instrument.

For further information on the Bank's Debt Issues please see Note 4.3 of the 2021 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 2021 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 2021. Access in a timely and flexible manner to a diverse range of debt markets and investors is provided by the following programmes.

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 [5]
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.
5 Programme limit increased to USD 40 billion on 9 July 2021.

Funding

Group Funding [2]	As at 30 Jun 21 $M	30 Jun 20 [1] $M	Jun 21 vs Jun 20 %	30 Jun 19 $M	Jun 20 vs Jun 19 %
Customer deposits	**702,215**	642,402	9	578,786	11
Short-term wholesale funding [3]	**64,228**	70,373	(9)	85,570	(18)
Long-term wholesale funding - less than or equal to one year residual maturity [4]	**35,129**	22,147	59	32,434	(32)
Long-term wholesale funding - more than one year residual maturity [4]	**143,086**	125,563	14	130,409	(4)
IFRS MTM and derivative FX revaluations	**3,445**	7,241	(52)	3,424	large
Total wholesale funding	**245,888**	225,324	9	251,837	(11)
Short-term collateral deposits [5]	**13,436**	4,436	large	5,729	(23)
Total funding	**961,539**	872,162	10	836,352	4

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 Shareholders' equity is excluded from this view of funding sources.
3 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 Commonwealth Bank of Australia and ASB. Short-term wholesale funding also includes deposits from banks and central banks as well as net securities that are not classified as high quality liquid assets sold or purchased under repurchase agreements.
4 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.
5 Short-term collateral deposits includes net collateral received, Vostro balances, and other net repurchase agreements not reported above, including the amount pledged with the Reserve Bank to facilitate intra-day cash flows in the Exchange Settlement Account (ESA).

Year Ended 30 June 2021 vs Year Ended 30 June 2020

Customer Deposits

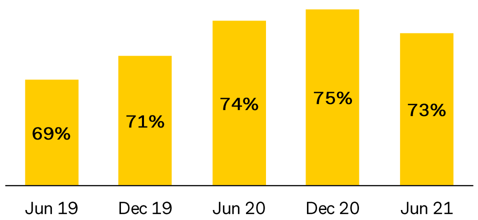
Customer deposits accounted for 73% of total funding at 30 June 2021, a decrease of 2% from 75% at 31 December 2020 and a decrease of 1% from 74% at 30 June 2020. The Group satisfied a significant proportion of its funding requirements from retail, business, and institutional customer deposits.

Short-Term Wholesale Funding

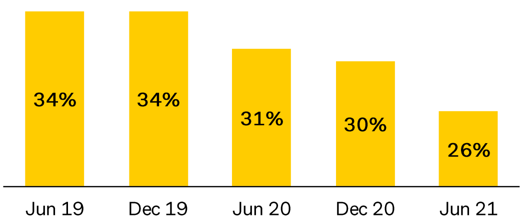
Short-term wholesale funding includes debt with an original maturity or call date of less than 12 months, and consists of Certificates of Deposit and Bank Acceptances, as well as debt issued under domestic, Euro and US Commercial paper programs by the Bank and ASB.

Short-term wholesale funding accounted for 26% of total wholesale funding at 30 June 2021, a decrease of 4% from 30% at 31 December 2020 and a decrease of 5% from 31% at 30 June 2020. The Group continued to maintain a conservative funding mix.

Customers Deposits to Total Funding Ratio



Short-Term to Total Wholesale Funding Ratio



Funding (continued)

Long-Term Wholesale Funding

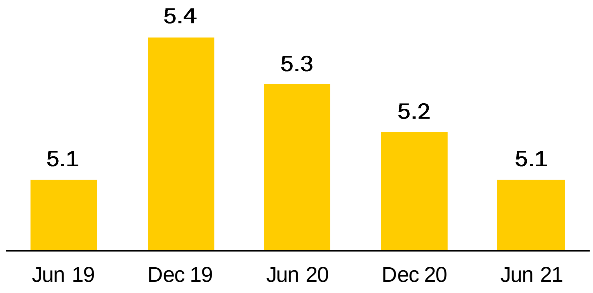
Long-term wholesale funding includes debt with an original maturity or call date greater than 12 months.

Long-term wholesale funding (including IFRS MTM and derivative FX revaluations) accounted for 74% of total wholesale funding at 30 June 2021, an increase of 4% from 70% at 31 December 2020 and an increase of 5% from 69% at 30 June 2020.

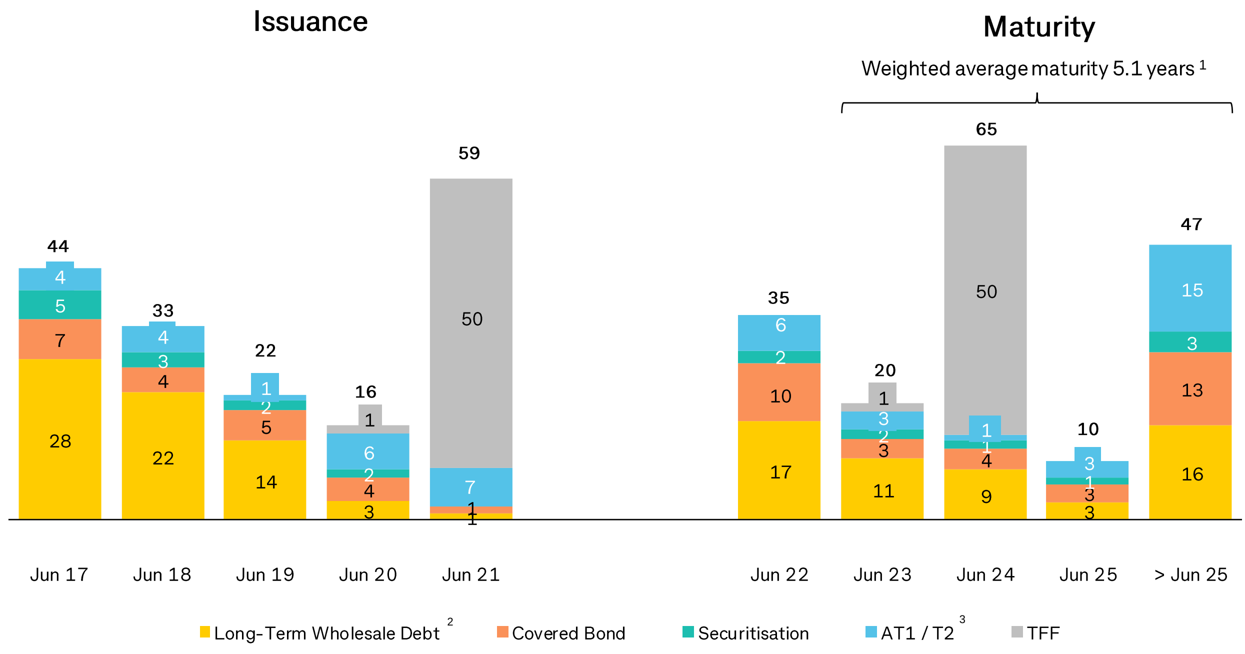
During the full year to 30 June 2021, the Group raised $9.0 billion of long-term wholesale funding, primarily in capital instruments. In addition, the Group drew down on $49.6 billion of its TFF allowance taking the total long-term funding for the 12 months to 30 June 2021 to $59.1 billion. The Group will be actively managing the maturity profile of the TFF across the 2023 – 2025 financial years through a range of funding sources.

The Weighted Average Maturity (WAM) of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2021 was 5.1 years (6.4 years excluding the TFF).

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



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 2021 including the TFF drawdown. WAM as at 30 June 2021 excluding TFF drawdowns is 6.4 years (31 December 2020: 5.7 years; 30 June 2020: 5.3 years).

2 Includes Senior Bonds and Structured MTN.

3 Additional Tier 1 and Tier 2 Capital.

Funding (continued)

Year Ended 30 June 2020 vs Year Ended 30 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.

Short-Term Wholesale Funding

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 continued to maintain a conservative funding mix.

Long-Term Wholesale Funding

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 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.

Net Stable Funding Ratio (NSFR)

	Full Year Ended				
	30 Jun 21	31 Dec 20	30 Jun 20	Jun 21 vs	Jun 21 vs
Level 2	**$M**	$M	$M	Dec 20 %	Jun 20 %
Required Stable Funding					
Residential Mortgages ≤35% [1, 2]	**275,208**	269,535	264,169	2	4
Other Loans	**249,616**	243,543	236,540	2	6
Liquid and Other Assets	**69,408**	69,627	63,078	–	10
Total Required Stable Funding	**594,232**	582,705	563,787	2	5
Available Stable Funding					
Capital	**108,719**	103,281	99,005	5	10
Retail/SME Deposits	**430,483**	423,891	394,155	2	9
Wholesale Funding & Other [3]	**226,408**	191,112	185,758	18	22
Total Available Stable Funding	**765,610**	718,284	678,918	7	13
Net Stable Funding Ratio (NSFR) (%)	**129**	123	120	600 bpts	900 bpts

Net Stable Funding Ratio (NSFR)

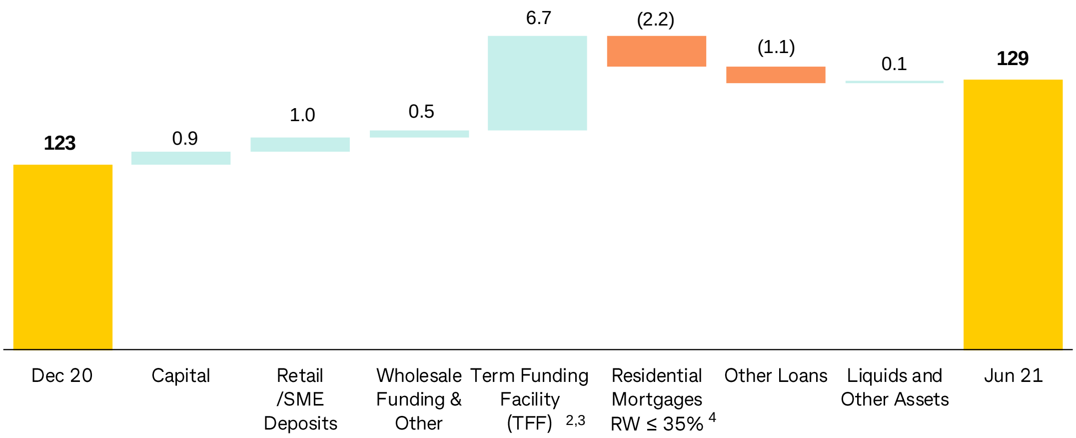
On 1 January 2018, APRA introduced a Net Stable Funding Ratio (NSFR) requirement designed to encourage stable funding of core assets. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding sources.

The Group's NSFR was 129% at 30 June 2021, an increase of 6% from 123% at 31 December 2020 and an increase of 9% from 120% at 30 June 2020, and well above the regulatory minimum of 100%.

The 2% increase in Required Stable Funding (RSF) over the half primarily reflects an increase in the Group's lending balances, including both residential mortgages and business lending.

The 7% increase in Available Stable Funding (ASF) over the half was driven by the drawing down of the TFF, strong growth in Retail and SME deposits, and an increase in Capital, which includes Additional Tier 1 and Tier 2 issuances.

NSFR Movement (%)



1 This represents residential mortgages with a risk weighting of less than or equal to 35% under APRA standard APS 112 "Capital Adequacy: Standardised Approach to Credit Risk".
2 For the purpose of calculating NSFR, the residential mortgages that have been pledged as collateral for the TFF received a lower RSF factor. The increase in the Group's TFF allowance in the current half has resulted in a lower RSF factor for these mortgages and therefore lowered the RSF, benefiting NSFR.
3 The increased drawn TFF balances during the half have resulted in a higher ASF (benefit from increase in 3 year funding) and therefore a benefit to NSFR.
4 Primarily reflecting the impact on NSFR from volume growth in mortgages.

Contents

5. Divisional Performance

Divisional Performance

Divisional Summary

Divisional Summary	Retail Banking Services [1] $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre and Other $M	Wealth Management $M	Total $M
	Full Year Ended 30 June 2021						
Net interest income	9,895	5,193	1,380	2,117	254	–	**18,839**
Other banking income	1,546	1,647	924	424	466	–	**5,007**
Total banking income	11,441	6,840	2,304	2,541	720	–	**23,846**
Funds management income	31	–	–	140	(6)	–	**165**
Insurance income	146	–	–	–	(1)	–	**145**
Total income	11,618	6,840	2,304	2,681	713	–	**24,156**
Operating expenses	(4,637)	(2,649)	(983)	(1,071)	(2,019)	–	**(11,359)**
Loan impairment expense	(134)	(233)	(96)	5	(96)	–	**(554)**
Net profit before tax	6,847	3,958	1,225	1,615	(1,402)	–	**12,243**
Corporate tax (expense)/benefit	(2,041)	(1,200)	(303)	(456)	410	–	**(3,590)**
Net profit after tax from continuing operations - "cash basis"	4,806	2,758	922	1,159	(992)	–	**8,653**
Net profit after tax from discontinued operations	–	–	–	–	14	134	**148**
Net profit/(loss) after tax - "cash basis"	4,806	2,758	922	1,159	(978)	134	**8,801**
Gain on disposal and acquisition of entities net of transaction costs	187	65	2	3	305	811	**1,373**
Hedging and IFRS volatility	–	–	–	(70)	77	–	**7**
Net profit after tax - "statutory basis" [2]	4,993	2,823	924	1,092	(596)	945	**10,181**

	Retail Banking Services [1] %	Business Banking %	Institutional Banking and Markets %	New Zealand %	Corporate Centre and Other %	Wealth Management %	Total %
	Full Year Ended 30 June 2021 vs Full Year Ended 30 June 2020						
Net interest income	2	(2)	–	9	(17)	–	**1**
Other banking income	(9)	11	3	13	24	–	**4**
Total banking income	–	1	1	10	6	–	**2**
Funds management income	(54)	–	–	3	(80)	–	**(5)**
Insurance income	1	–	–	–	(67)	–	**3**
Total income	–	1	1	10	10	–	**2**
Operating expenses	(1)	8	(4)	4	11	–	**3**
Loan impairment expense	(87)	(70)	(73)	large	75	–	**(78)**
Net profit before tax	16	12	36	44	15	–	**19**
Corporate tax (expense)/benefit	16	13	13	46	6	–	**19**
Net profit after tax from continuing operations - "cash basis"	16	11	46	43	19	–	**20**
Gain/(loss) on disposal and acquisition of entities net of transaction costs	large	large	large	(63)	89	(57)	**(34)**
Hedging and IFRS volatility	–	–	–	large	large	–	**(92)**
Net profit after tax - "statutory basis" [2]	19	15	26	16	(13)	(54)	**(12)**

1 Retail Banking Services including Mortgage Broking and General Insurance.

2 Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 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 2021 Financial Report.

Retail Banking Services

Overview

Retail Banking Services provides simple, convenient and affordable banking and general insurance products and services to personal and private bank 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 880 branches and 2,500 ATMs, Australian-based customer call centres, leading online services and apps, as well as mobile banking specialists, private bankers and support teams. Retail Banking Services also include the financial results of retail banking activities conducted under the Bankwest brand.

In order to better serve our customers and align distribution channels and core product offerings, from July 2020 Commonwealth Private was transferred out of the Business Banking division and consolidated into the Retail Banking Services division.

On 3 May 2021, CBA completed the merger of Aussie Home Loans (AHL) with Lendi Pty Ltd (Lendi) resulting in AHL being deconsolidated from the Group. As AHL does not in itself constitute a major line of the Group's business, the financial results of AHL for the 10 months to May 2021 are treated as continuing operations and are included in the account lines of Retail Banking Services' performance. The Group retains approximately 42% shareholding of the combined business, with existing Lendi shareholders holding the remaining 58%. From May 2021, the results of the combined entity have been equity accounted within the Corporate Centre division.

On 21 June 2021, the Group announced it has entered into an agreement to sell its Australian general insurance business (CommInsure General Insurance) to Hollard Insurance Company Pty Ltd (Hollard). The sale is subject to Australian regulatory approvals, and is expected to be completed in mid-calendar year 2022. As CommInsure General Insurance does not constitute a major line of the Group's business, the financial results of CommInsure General Insurance are treated as continuing operations and 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 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 21 $M
Net interest income	**9,897**	9,697	2	9,389	8,754	7	**9,895**
Other banking income	**1,316**	1,443	(9)	1,363	1,450	(6)	**1,546**
Total banking income	**11,213**	11,140	1	10,752	10,204	5	**11,441**
Funds management income	**31**	67	(54)	67	139	(52)	**31**
Insurance income	**–**	–	–	–	–	–	**146**
Total operating income	**11,244**	11,207	(53)	10,819	10,343	(47)	**11,618**
Investment experience	**n/a**	n/a	n/a	12	13		
Total Income	**11,244**	11,207	–	10,831	10,356	5	**11,618**
Operating expenses	**(4,321)**	(4,335)	–	(4,191)	(4,139)	1	**(4,637)**
Loan impairment expense	**(134)**	(1,034)	(87)	(1,010)	(672)	50	**(134)**
Net profit before tax	**6,789**	5,838	16	5,630	5,545	2	**6,847**
Corporate tax expense	**(2,024)**	(1,743)	16	(1,681)	(1,670)	1	**(2,041)**
Net profit after tax excluding Mortgage Broking and General Insurance	**4,765**	4,095	16	3,949	3,875	2	**4,806**
Cash net profit after tax from Mortgage Broking and General Insurance	**41**	47	(13)	48	32	50	**n/a**
Net profit after tax ("cash basis")	**4,806**	4,142	16	3,997	3,907	2	**4,806**
Gain/(loss) on disposal and acquisition of entities net of transaction costs	**187**	41	large	41	(32)	large	**187**
Other non-cash items	**–**	–	–	–	(1)	large	**–**
Net profit after tax ("statutory basis") [3]	**4,993**	4,183	19	4,038	3,874	4	**4,993**

1 RBS including Mortgage Broking and General Insurance.

2 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.

3 Please refer to "Disclosures – Non-Cash Items Included in Statutory Profit" on page 10 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 2021 Financial Report.

Divisional Performance (continued)

Retail Banking Services (continued)

	Full Year Ended						
	Excluding Mortgage Broking and General Insurance						Total RBS [1]
		Restated [2]		As reported			
Income analysis	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %	30 Jun 21 $M
Net interest income							
Home loans	**6,465**	5,639	15	5,472	4,235	29	**6,463**
Consumer finance & other [3]	**1,248**	1,586	(21)	1,559	1,635	(5)	**1,248**
Deposits	**2,184**	2,472	(12)	2,358	2,884	(18)	**2,184**
Total net interest income	**9,897**	9,697	2	9,389	8,754	7	**9,895**
Other banking income							
Home loans	**275**	275	–	265	261	2	**275**
Consumer finance [4]	**434**	475	(9)	469	505	(7)	**434**
Deposits	**425**	371	15	371	427	(13)	**425**
Distribution & other [5]	**182**	322	(43)	258	257	–	**412**
Total other banking income	**1,316**	1,443	(9)	1,363	1,450	(6)	**1,546**
Total banking income	**11,213**	11,140	1	10,752	10,204	5	**11,441**

	As at					
		Restated [2]		As reported		
Balance Sheet (excl. Mortgage Broking and General Insurance)	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %
Home loans [6]	**429,420**	400,921	7	388,565	369,236	5
Consumer finance [4]	**11,274**	12,262	(8)	12,096	14,780	(18)
Other interest earning assets	**1,914**	1,739	10	833	494	69
Total interest earning assets	**442,608**	414,922	7	401,494	384,510	4
Other assets [7]	**6,757**	4,170	62	3,447	4,498	(23)
Total assets	**449,365**	419,092	7	404,941	389,008	4
Transaction deposits [8]	**45,545**	38,882	17	36,991	32,252	15
Savings deposits [8]	**144,590**	128,783	12	119,896	106,957	12
Investment deposits and other	**65,367**	78,366	(17)	71,733	79,594	(10)
Total interest bearing deposits	**255,502**	246,031	4	228,620	218,803	4
Non-interest bearing transaction deposits	**45,267**	33,882	34	33,444	23,940	40
Other non-interest bearing liabilities	**4,032**	3,327	21	3,510	4,163	(16)
Total liabilities	**304,801**	283,240	8	265,574	246,906	8

1 RBS including Mortgage Broking and General Insurance.
2 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.
3 Consumer finance and other includes personal loans, credit cards and business lending.
4 Consumer finance includes personal loans and credit cards.
5 Distribution includes income associated with the sale of foreign exchange and wealth products. Other includes asset finance, merchants and business lending.
6 Home loans are presented gross of $47,112 million of mortgage offset balances (30 June 2020: $41,337 million). These balances are required to be grossed up under accounting standards but are netted down for the calculation of customer interest payments.
7 Increase primarily driven by the revaluation of the Bank's minority interest in Klarna which is recognised through the investment securities revaluation reserve.
8 Transaction and Savings deposits includes $47,112 million of mortgage offset balances (30 June 2020: $41,337 million).

Retail Banking Services (continued)

Key Financial Metrics (excl. Mortgage Broking and General Insurance)	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21	30 Jun 20	Jun 21 vs Jun 20 %	30 Jun 20	30 Jun 19	Jun 20 vs Jun 19 %
Performance indicators						
Net interest margin (%)	**2. 60**	2. 63	(3)bpts	2. 63	2. 55	8 bpts
Return on assets (%)	**1. 10**	1. 0	10 bpts	1. 0	1. 0	–
Statutory operating expenses to total operating income (%)	**38. 40**	38. 7	(30)bpts	38.9	40.3	(140)bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 03**	0. 26	(23)bpts	0. 26	0. 17	9 bpts
Other information						
Average interest earning assets ($M) [2]	**381,229**	368,342	3	357,008	342,713	4
Risk weighted assets ($M) [3]	**169,084**	167,205	1	162,939	166,908	(2)
90+ days home loan arrears (%)	**0. 68**	0. 63	5 bpts	0. 63	0. 73	(10)bpts
90+ days consumer finance arrears (%)	**0. 82**	1. 34	(52)bpts	1. 34	1. 29	5 bpts
Number of full-time equivalent staff (FTE)	**14,020**	14,184	(1)	14,013	14,447	(3)

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 Average interest earning assets are presented net of mortgage offset balances, which reduce customer interest payments. Average interest earning assets are also used in the calculation of divisional net interest margin.

3 Includes Mortgage Broking and General Insurance.

Retail Banking Services (continued)

Financial Performance and Business Review [1]

Year Ended June 2021 versus Restated June 2020

Retail Banking Services net profit after tax ("statutory basis") for the full year ended 30 June 2021 was $4,993 million, an increase of $810 million or 19% on the prior year. The result reflected flat operating income, flat operating expenses and an 87% decrease in loan impairment expense.

Net Interest Income

Net interest income was $9,897 million, an increase of $200 million or 2% on the prior year. This was driven by a 3% growth in average interest earning assets, partly offset by a 1% decrease in net interest margin.

Net interest margin decreased by 3 basis points on the prior year, reflecting:

- Lower deposit margins due to reduced earnings on transaction and savings balances reflecting decreases in the cash rate (down 6 basis points);
- Unfavourable portfolio mix (down 3 basis points) due to a reduction in higher margin consumer finance balances, more than offsetting the mix benefit from customers switching to at-call deposits from investment deposits;
- Lower earnings on equity due to the falling interest rate environment (down 3 basis points); and
- Lower consumer finance margins due to a reduction in the proportion of credit card balances earning interest (down 1 basis point); partly offset by
- Higher home lending margins (up 1 basis point) reflecting repricing (up 20 basis points), partly offset by unfavourable home loan portfolio mix (down 10 basis points) with a shift to lower margin loans (variable to fixed and interest only to principal and interest), and increased competition (down 9 basis points);
- Lower basis risk arising from a decrease in the spread between the three month bank bill swap rate and the three month overnight index swap rate, notwithstanding the reduced exposure to basis risk due to strong growth in cash rate linked deposits and a mix shift towards fixed rate home loans (up 8 basis points); and
- Lower wholesale funding costs (up 1 basis point).

Other Banking Income

Other banking income was $1,316 million, a decrease of $127 million or 9% on the prior year, reflecting:

- Lower foreign exchange income from international travel restrictions due to COVID-19;
- Lower AIA partnership payments driven by one additional milestone occurring in the prior year; and
- Lower credit card income from reduced international transaction volumes and loyalty redemptions, mainly driven by the impact of COVID-19, as well as lower customer fees; partly offset by
- Higher deposit income from improved domestic spend volumes and higher volume based fees, partly offset by reduced international volumes due to COVID-19.

Funds Management Income

Funds management income was $31 million, a decrease of $36 million or 54% on the prior year. This was driven by the wind-down of the Aligned Advice businesses.

Operating Expenses

Operating expenses were $4,321 million, a decrease of $14 million on the prior year. This was primarily driven by productivity initiatives including workforce and branch optimisation, and lower amortisation, partly offset by increased home loan processing and financial assistance volumes, inflation and higher investment spend.

The number of full-time equivalent staff (FTE) decreased by 164 FTE on the prior year, from 14,184 to 14,020. This was driven by frontline and head office optimisation, partly offset by investment in lenders, private bankers, and increased call centre and financial assistance resourcing.

Investment spend increased on the prior year, driven by productivity and growth initiatives including digital transformation and ongoing enhancements to the home buying digital interface, and risk and compliance initiatives including Program of Action, Privacy and Open Banking.

The statutory operating expenses to operating income ratio was 38.4%, a decrease of 30 basis points on the prior year.

Loan Impairment Expense

Loan impairment expense was $134 million, a decrease of $900 million or 87% on the prior year. This was driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and reduced consumer finance balances in the current year.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 23 basis points on the prior year to 0.03%.

Home loan 90+ days arrears increased by 5 basis points on the prior year from 0.63% to 0.68%, primarily driven by deferral program exits.

Consumer finance 90+ days arrears decreased by 52 basis points from 1.34% to 0.82%, driven by an improvement in customer origination quality, government support initiatives and improving economic conditions.

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of $28.5 billion or 7%, above system [2] growth of 5%. Proprietary mix for CBA branded home loans has increased from 58% to 59% of new business flows, with higher new business application volumes and continued focus on credit decisioning turn-around times;
- Consumer finance decrease of $1.0 billion or 8%, broadly in line with system [2]. The decrease in balances was driven by lower consumer demand for unsecured lending, lower spend due to COVID-19, and increased customer repayments following fiscal and regulatory income support measures; and

1 In order to provide an underlying view of performance, the commentary below has been presented excluding the impact of the Mortgage Broking and General Insurance businesses 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 $20.9 billion or 7% (interest and non-interest bearing). Growth was driven by transaction deposits (up 25% including non-interest bearing balances) primarily in existing customer balances and mortgage offset accounts, and savings deposits (up 12%), partly offset by a decline in investment deposits (down 17%), reflecting increased domestic money supply and higher demand for at-call deposits in the low-rate environment.

Risk Weighted Assets

Risk weighted assets were $169.1 billion, an increase of $1.9 billion or 1% on the prior year.

- Credit risk weighted assets increased $6.3 billion or 5% driven by home loan volume growth, partly offset by improved credit quality and a reduction in consumer finance volumes; and
- IRRBB risk weighted assets increased $2.9 billion or 42%, mainly due to the increased size of the Replicating Portfolio from growth in cash rate linked deposits and changes in interest rate risk management positions; partly offset by
- Operational risk weighted assets decreased $7.3 billion or 26%, mainly driven by the 50% reduction in APRA's operational risk regulatory capital add-on.

Mortgage Broking and General Insurance

Cash net profit after tax was $41 million, a decrease of $6 million or 13% on the prior year. This result was driven by the General Insurance business, with higher investment related operating expenses, partly offset by lower claims experience net of reinsurance recoveries, mainly due to fewer weather event related claims in the current period.

As Reported Year Ended June 2020 versus 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.

Retail Banking Services (continued)

Financial Performance and Business Review (continued)

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 [1] 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 [1]. 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
- 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%.

Mortgage Broking and General Insurance

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.

1. System source: RBA/APRA.

Business Banking

Overview

Business Banking (formerly Business and Private Banking) serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions. We also provide Australia's leading equities trading and margin lending services through our CommSec business. Business Banking includes the financial results of business banking activities conducted under the Bankwest brand.

From July 2020, Commonwealth Private was transferred out of the Business Banking division and consolidated into the Retail Banking Services division.

On 3 May 2021, CBA completed the sale of its subsidiary, Australian Investment Exchange Limited (AUSIEX), to Nomura Research Institute (NRI), resulting in AUSIEX being deconsolidated from the Group. As AUSIEX does not in itself constitute a major line of the Group's business, the financial results of AUSIEX for the 10 months to May 2021 are treated as continuing operations and are included in the account lines of Business Banking's performance.

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21	30 Jun 20	Jun 21 vs	30 Jun 20	30 Jun 19	Jun 20 vs
	$M	$M	Jun 20 %	$M	$M	Jun 19 %
Net interest income	**5,193**	5,291	(2)	5,654	5,655	–
Other banking income	**1,647**	1,489	11	1,565	1,524	3
Total banking income	**6,840**	6,780	1	7,219	7,179	1
Operating expenses	**(2,649)**	(2,458)	8	(2,606)	(2,604)	–
Loan impairment expense	**(233)**	(784)	(70)	(814)	(384)	large
Net profit before tax	**3,958**	3,538	12	3,799	4,191	(9)
Corporate tax expense	**(1,200)**	(1,064)	13	(1,145)	(1,260)	(9)
Net profit after tax ("cash basis")	**2,758**	2,474	11	2,654	2,931	(9)
(Loss)/gain on disposal and acquisition of controlled entities	**65**	(16)	large	(16)	–	n/a
Net profit after tax ("statutory basis") [2]	**2,823**	2,458	15	2,638	2,931	(10)
Income analysis						
Net interest income						
Small Business Banking	**2,408**	2,515	(4)	2,408	2,388	1
Business and Corporate Banking	**1,421**	1,441	(1)	1,916	1,959	(2)
Regional and Agribusiness	**748**	746	–	808	788	3
Major Client Group [3]	**429**	387	11	317	330	(4)
CommSec	**187**	202	(7)	205	190	8
Total net interest income	**5,193**	5,291	(2)	5,654	5,655	–
Other banking income						
Small Business Banking	**455**	440	3	462	493	(6)
Business and Corporate Banking	**305**	319	(4)	556	577	(4)
Regional and Agribusiness	**137**	126	9	134	146	(8)
Major Client Group [3]	**257**	237	8	45	60	(25)
CommSec	**493**	367	34	368	248	48
Total other banking income	**1,647**	1,489	11	1,565	1,524	3
Total banking income	**6,840**	6,780	1	7,219	7,179	1
Income by product						
Business products	**4,000**	4,050	(1)	4,150	4,318	(4)
Retail products	**2,263**	2,276	(1)	2,573	2,468	4
Equities and margin lending	**577**	454	27	455	337	35
Other	**n/a**	n/a	–	41	56	(27)
Total banking income	**6,840**	6,780	1	7,219	7,179	1

1 Comparative information has been restated to conform to presentation in the current period. Refer also 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 10 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 2021 Financial Report.

3 From July 2020, Business Banking re-segmented the business resulting in a new standalone segment Major Client Group, which provides specialised, dedicated support and service to the largest customers within Business Banking.

Business Banking (continued)

Balance Sheet	30 Jun 21 $M	Restated[1] 30 Jun 20 $M	Jun 21 vs Jun 20 %	As reported 30 Jun 20 $M	As reported 30 Jun 19 $M	Jun 20 vs Jun 19 %
	As at					
Home loans[2]	**86,749**	84,752	2	97,591	98,568	(1)
Business loans[3]	**103,386**	92,259	12	93,305	91,641	2
Margin loans	**2,383**	2,322	3	2,322	2,559	(9)
Consumer finance	**1,763**	1,916	(8)	2,051	2,600	(21)
Total interest earning assets	**194,281**	181,249	7	195,269	195,368	–
Non-lending interest earning assets[4]	**73**	133	(45)	133	92	45
Other assets[4]	**971**	1,298	(25)	1,308	1,587	(18)
Total assets	**195,325**	182,680	7	196,710	197,047	–
Transaction deposits[3, 5]	**33,523**	34,449	(3)	37,240	30,676	21
Savings deposits[5]	**69,262**	60,554	14	68,146	55,033	24
Investment deposits and other	**33,139**	30,987	7	37,623	47,847	(21)
Total interest bearing deposits	**135,924**	125,990	8	143,009	133,556	7
Debt issues and other	**–**	25	large	25	32	(22)
Non-interest bearing transaction deposits	**56,386**	33,198	70	33,554	23,867	41
Other non-interest bearing liabilities[4]	**1,344**	1,753	(23)	1,604	1,602	–
Total liabilities	**193,654**	160,966	20	178,192	159,057	12

Key Financial Metrics	30 Jun 21	Restated[1] 30 Jun 20	Jun 21 vs Jun 20 %	As reported 30 Jun 20	As reported 30 Jun 19	Jun 20 vs Jun 19 %
	Full Year Ended					
Performance indicators						
Net interest margin (%)	**2. 98**	3. 10	(12)bpts	3. 10	3. 10	–
Return on assets (%)	**1. 4**	1. 4	–	1. 3	1. 5	(20)bpts
Statutory operating expenses to total banking income (%)	**38. 5**	36. 6	190 bpts	36. 4	36. 3	10 bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 13**	0. 44	(31)bpts	0. 42	0. 20	22 bpts
Other information						
Average interest earning assets ($M)[6]	**173,986**	170,526	2	182,498	182,400	–
Risk weighted assets ($M)	**140,023**	136,288	3	141,157	138,753	2
Troublesome and impaired assets ($M)[7]	**3,947**	4,677	(16)	4,677	4,273	9
Troublesome and impaired assets as a % of TCE (%)[7]	**2. 98**	3. 89	(91)bpts	n/a	n/a	–
Number of full-time equivalent staff (FTE)	**4,799**	4,410	9	4,589	4,566	1

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

2 Home loans are presented gross of $10,701 million of mortgage offset balances (30 June 2020: $9,260 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 $239 million of Cash Management Pooling Facilities (CMPF) (30 June 2020: $243 million). Transaction Deposits include $1,259 million of CMPF liabilities (30 June 2020: $1,220 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 3 May 2021, CBA completed the sale of Australian Investment Exchange Limited (AUSIEX) to Nomura Research Institute (NRI). The assets and liabilities held for sale in relation to AUSIEX have therefore been deconsolidated during the six months ended 30 June 2021, resulting in a decrease in Other assets of $226 million from 30 June 2020; a decrease in Non-lending interest earning assets of $23 million from 30 June 2020; and a decrease in Other non-interest bearing liabilities of $188 million from 30 June 2020.

5 Transaction and Savings deposits include $10,701 million of mortgage offset balances (30 June 2020: $9,260 million).

6 Average interest earning assets are presented net of mortgage and other offsetting balances, which reduce customer interest payments. Net Average interest earning assets are also used in the calculation of divisional net interest margin.

7 Commercial troublesome and impaired assets only.

Business Banking (continued)

Financial Performance and Business Review

Year Ended June 2021 versus Restated June 2020

Business Banking net profit after tax ("statutory basis") for the full year ended 30 June 2021 was $2,823 million, an increase of $365 million or 15% on the prior year. The result was driven by a 1% increase in total banking income, an 8% increase in operating expenses and a 70% decrease in loan impairment expense.

Net Interest Income

Net interest income was $5,193 million, a decrease of $98 million or 2% on the prior year. This was driven by a 4% decline in net interest margin, partly offset by a 2% increase in average interest earning assets.

Net interest margin decreased 12 basis points on the prior year, reflecting:

- Lower deposit margins due to reduced earnings on transaction and savings deposits reflecting decreases in the cash rate (down 13 basis points);
- Lower business lending margins reflecting a 125 basis point pricing reduction in loans linked to the cash rate to support our customers in response to COVID-19 (down 10 basis points);
- Lower earnings on equity due to the falling interest rate environment (down 5 basis points); and
- Lower consumer finance margins due to a reduction in the proportion of credit card balances earning interest (down 1 basis point); partly offset by
- Favourable portfolio mix (up 8 basis points) from strong growth in transaction and savings deposits, partly offset by a decline in higher margin consumer finance balances;
- Lower wholesale funding costs (up 7 basis points); and
- Higher home lending margin (up 2 basis points) reflecting repricing, partly offset by increased competition and unfavourable home loan portfolio mix with a shift to lower margin loans (variable to fixed).

Other Banking Income

Other banking income was $1,647 million, an increase of $158 million or 11% on the prior year, reflecting:

- Higher equities income from increased trading volumes and an increase in active customers; and
- Higher business lending fee income reflecting volume growth.

Operating Expenses

Operating expenses were $2,649 million, an increase of $191 million or 8% on the prior year. This was primarily driven by continued investment in Business Banking product offerings and distribution capabilities, inflation, and higher remediation provisions, partly offset by productivity initiatives.

The number of full-time equivalent staff (FTE) increased by 389 or 9% on the prior year, from 4,410 to 4,799 FTE, primarily driven by investment in frontline business bankers and higher project related FTE.

Investment was primarily focused on further enhancing the customer experience with investment in digitisation and automation, improving the end-to-end processes for key products, and simplifying the product offering for business customers, as well as investment in risk and compliance initiatives.

The statutory operating expenses to total banking income ratio was 38.5%, an increase of 190 basis points on the prior year mainly driven by higher operating expenses.

Loan Impairment Expense

Loan impairment expense was $233 million, a decrease of $551 million or 70% on the prior year. This was driven by lower collective provision charges reflecting an improvement in the economic conditions and outlook.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 31 basis points to 0.13%.

Troublesome and impaired assets as a percentage of total committed exposure decreased 91 basis points to 2.98% driven by a combination of good quality volume growth and active management of troublesome and impaired assets.

Balance Sheet

Key spot balance sheet movements included:

- Business loan growth of $11.1 billion or 12%, above system [1], reflecting growth primarily across the Property, Agriculture and Health industries, while continuing to support Australian businesses with 12,600 additional loans funded under the Government's SME Guarantee Scheme;
- Home loan growth of $2.0 billion or 2%, below system [1] growth of 5%, reflecting growth in owner occupied home loans, partly offset by lower investor loans; and
- Total deposits growth (interest and non-interest bearing) of $33.1 billion or 21%, above system [1] growth. Growth was driven by higher transaction (up 33%), savings (up 14%) and investment deposits (up 7%), reflecting increased domestic money supply and higher demand for at-call deposits in the low-rate environment.

Risk Weighted Assets

Risk weighted assets were $140.0 billion, an increase of $3.7 billion or 3% on the prior year.

- Credit risk weighted assets increased $4.3 billion or 4% mainly driven by business lending volume growth, partly offset by improved credit quality and methodology changes; and
- IRRBB risk weighted assets increased $1.9 billion or 46%, mainly due to the increased size of the Replicating Portfolio from growth in cash rate linked deposits and changes in interest rate risk management positions; partly offset by
- Operational risk weighted assets decreased $2.5 billion or 16%, mainly driven by the 50% reduction in APRA's operational risk regulatory capital add-on.

1 System source: RBA/APRA.

Business Banking (continued)

Financial Performance and Business Review (continued)

As Reported Year Ended June 2020 versus June 2019

Business 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

Divisional Performance (continued)

Institutional Banking and Markets

Overview

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.

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %
Net interest income	**1,380**	1,383	–	1,403	1,533	(8)
Other banking income	**924**	893	3	897	947	(5)
Total banking income	**2,304**	2,276	1	2,300	2,480	(7)
Operating expenses	**(983)**	(1,021)	(4)	(1,022)	(1,014)	1
Loan impairment (expense)/benefit	**(96)**	(353)	(73)	(347)	(17)	large
Net profit before tax	**1,225**	902	36	931	1,449	(36)
Corporate tax expense	**(303)**	(269)	13	(276)	(332)	(17)
Net profit after tax ("cash basis")	**922**	633	46	655	1,117	(41)
Gain/(loss) on acquisition, disposal, closure and demerger of businesses	**2**	–	large	–	13	large
Net profit after tax ("statutory basis") [2]	**924**	633	46	655	1,130	(42)
Income analysis						
Net interest income						
Institutional Banking	**1,010**	1,135	(11)	1,146	1,271	(10)
Markets	**370**	248	49	257	262	(2)
Total net interest income	**1,380**	1,383	–	1,403	1,533	(8)
Other banking income						
Institutional Banking	**411**	361	14	365	506	(28)
Markets	**513**	532	(4)	532	441	21
Total other banking income	**924**	893	3	897	947	(5)
Total banking income	**2,304**	2,276	1	2,300	2,480	(7)
Income by product						
Institutional products	**1,352**	1,431	(6)	1,443	1,578	(9)
Asset leasing	**69**	65	6	68	199	(66)
Markets (excluding derivative valuation adjustments)	**879**	837	5	846	749	13
Total banking income excluding derivative valuation adjustments	**2,300**	2,333	(1)	2,357	2,526	(7)
Derivative valuation adjustments [3]	**4**	(57)	large	(57)	(46)	24
Total banking income	**2,304**	2,276	1	2,300	2,480	(7)

1 Comparative information has been restated to conform to presentation in the current period. Refer also 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 10 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 2021 Financial Report.

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

Divisional Performance (continued)

Institutional Banking and Markets (continued)

Balance Sheet	As at 30 Jun 21 $M	Restated[1] 30 Jun 20 $M	Jun 21 vs Jun 20 %	As reported 30 Jun 20 $M	As reported 30 Jun 19 $M	Jun 20 vs Jun 19 %
Interest earning lending assets[2]	**85,804**	96,163	(11)	94,155	91,859	2
Non-lending interest earning assets	**41,949**	48,014	(13)	48,014	37,097	29
Other assets[3]	**26,097**	28,815	(9)	28,941	19,071	52
Total assets	**153,850**	172,992	(11)	171,110	148,027	16
Transaction deposits[2]	**84,492**	64,943	30	63,806	52,315	22
Savings deposit	**15,342**	21,741	(29)	21,977	6,581	large
Investment deposits	**30,227**	38,724	(22)	38,723	42,424	(9)
Certificates of deposit and other	**15,584**	23,227	(33)	23,088	16,132	43
Total interest bearing deposits	**145,645**	148,635	(2)	147,594	117,452	26
Due to other financial institutions	**14,057**	9,618	46	9,607	14,964	(36)
Debt issues and other[4]	**2,805**	3,868	(27)	3,894	7,850	(50)
Non-interest bearing liabilities[3]	**17,805**	25,209	(29)	25,292	18,313	38
Total liabilities	**180,312**	187,330	(4)	186,387	158,579	18

Key Financial Metrics	Full Year Ended 30 Jun 21 $M	Restated[1] 30 Jun 20 $M	Jun 21 vs Jun 20 %	As reported 30 Jun 20 $M	As reported 30 Jun 19 $M	Jun 20 vs Jun 19 %
Performance indicators						
Net interest margin (%)	**1.00**	0. 98	2 bpts	1. 00	1. 11	(11)bpts
Return on assets (%)	**0. 6**	0. 4	20 bpts	0.4	0.7	(30)bpts
Statutory operating expenses to total banking income (%)	**42. 6**	44. 9	(230)bpts	44. 4	40. 4	400 bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 11**	0. 36	(25)bpts	0. 36	0. 02	34 bpts
Other information						
Average interest earning assets ($M)	**138,018**	140,547	(2)	139,911	137,670	2
Risk weighted assets ($M)	**84,928**	93,325	(9)	93,076	85,951	8
Troublesome and impaired assets ($M)	**890**	1,346	(34)	1,346	748	80
Total committed exposures rated investment grade (%)	**87. 0**	86. 5	50 bpts	86. 5	87. 2	(70)bpts
Number of full-time equivalent staff (FTE)	**1,186**	1,169	1	1,138	1,157	(2)

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

2 Interest earning lending assets include $19,111 million of Cash Management Pooling Facilities (CMPF) and other offsetting balances (30 June 2020: $26,292 million). Transaction deposits include $44,756 million of CMPF liabilities and other offsetting balances (30 June 2020: $35,710 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 2021 versus Restated June 2020

Institutional Banking and Markets net profit after tax ("statutory basis") for the full year ended 30 June 2021 was $924 million, an increase of $291 million or 46% on the prior year. The result was driven by a 1% increase in total banking income, a 4% decrease in operating expenses and a 73% decrease in loan impairment expense.

Net Interest Income

Net interest income was $1,380 million, a decrease of $3 million on the prior year. The result was driven by a 2% decrease in average interest earning assets, offset by a 2% increase in net interest margin.

Net interest margin increased 2 basis points, reflecting:

- Higher Global Markets income from lower funding costs mainly from a fall in short-end AUD interest rates, an increase in commodities margins, and higher capital markets sales income (up 9 basis points); partly offset by
- Lower earnings on equity due to the falling interest rate environment (down 4 basis points); and
- Reduced deposit revenue reflecting decreases in the cash rate (down 3 basis points).

Other Banking Income

Other banking income was $924 million, an increase of $31 million or 3% on the prior year, reflecting:

- Higher Commodities income from precious metal inventory financing;
- Higher Institutional lending commitment and line fees due to lower client utilisation levels; and
- Favourable derivative valuation adjustments; partly offset by
- Lower Global Markets sales performance driven by reduced client demand for hedging activities in the low-rate environment (offset by higher sales income recognised in net interest income).

Operating Expenses

Operating expenses were $983 million, a decrease of $38 million or 4% on the prior year. This was driven by productivity initiatives, lower business travel expenses due to COVID-19 restrictions, and lower amortisation, partly offset by higher investment spend.

The number of full-time equivalent staff (FTE) increased by 17 or 1% on the prior year, from 1,169 to 1,186 FTE. The increase was driven by higher project related FTE, partly offset by productivity initiatives.

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

The statutory operating expenses to total banking income ratio was 42.6%, a decrease of 230 basis points on the prior year, driven by lower operating expenses and higher total banking income.

Loan Impairment Expense

Loan impairment expense was $96 million, a decrease of $257 million or 73% on the prior year. This was driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and lower individual provisions in the current year, partly offset by increased forward looking adjustments to sectors of stress, including aviation and student accommodation due to ongoing uncertainty as a result of COVID-19.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 25 basis points on the prior year to 0.11%.

Total committed exposures rated as investment grade increased by 50 basis points to 87.0%, due to the reduction of lower quality exposures from Transport & Storage, Mining Oil and Gas, and Business Services sectors.

Balance Sheet

Key spot balance sheet movements included:

- Lending balance decrease of $10.4 billion or 11%, primarily driven by lower institutional lending due to a continued focus on risk adjusted returns in a highly liquid capital market, and a reduction in pooled facilities;
- Non-lending interest earning assets decrease of $6.1 billion or 13%, driven by a reduction in inventory of high grade bonds, partly offset by higher commodities financing balances in the Global Markets business;
- Other assets and Non-interest bearing liabilities decline of $2.7 billion or 9% and $7.4 billion or 29% respectively, mainly driven by the revaluation of derivative assets and derivative liabilities due to foreign currency and interest rate movements. The decrease in Other assets was partly offset by higher commodities inventory balances. Derivative assets and derivative liabilities are required to be grossed up under accounting standards;
- Total interest bearing deposits decrease of $3.0 billion or 2%, reflecting lower sale and repurchase agreements in the Global Markets business due to lower funding requirements for government securities, and lower balances in savings and investment deposits, offset by higher transaction deposits reflecting higher demand for at-call deposits in the low-rate environment; and
- Due to other financial institutions increase of $4.4 billion or 46%, mainly driven by higher foreign currency term deposits and deposits from other banks.

Risk Weighted Assets

Risk weighted assets were $84.9 billion, a decrease of $8.4 billion or 9% on the prior year.

- Traded market risk weighted assets decreased $4.3 billion or 38%, driven by changes in risk positioning and reduced exposure to changes in Funding Valuation Adjustments;
- Credit risk weighted assets decreased $3.0 billion or 4% driven by foreign currency movements; and
- Operational risk weighted assets decreased $1.9 billion or 22%, mainly driven by the 50% reduction in APRA's operational risk regulatory capital add-on; partly offset by
- IRRBB risk weighted assets increased $0.8 billion or 46%, driven by changes in interest rate risk management positions.

Institutional Banking and Markets (continued)
Financial Performance and Business Review (continued)

As Reported Year Ended June 2020 versus 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%.

New Zealand

Overview

New Zealand primarily includes the banking and funds management businesses operating 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.

	Full Year Ended					
		Restated [1]		As reported		
New Zealand (A$M)	30 Jun 21 A$M	30 Jun 20 A$M	Jun 21 vs Jun 20 %	30 Jun 20 A$M	30 Jun 19 A$M	Jun 20 vs Jun 19 %
Net interest income	**2,117**	1,934	9	1,927	1,909	1
Other banking income [2]	**424**	375	13	375	442	(15)
Total banking income	**2,541**	2,309	10	2,302	2,351	(2)
Funds management income	**140**	136	3	136	130	5
Total operating income	**2,681**	2,445	10	2,438	2,481	(2)
Operating expenses	**(1,071)**	(1,032)	4	(1,021)	(912)	12
Loan impairment expense	**5**	(292)	large	(292)	(102)	large
Net profit before tax	**1,615**	1,121	44	1,125	1,467	(23)
Corporate tax expense	**(456)**	(312)	46	(314)	(408)	(23)
Cash net profit after tax from continuing operations	**1,159**	809	43	811	1,059	(23)
Cash net profit after tax from discontinued operations	**–**	–	–	–	–	–
Net profit after tax ("cash basis")	**1,159**	809	43	811	1,059	(23)
Gain on disposal and acquisition of entities net of transaction costs	**3**	8	(63)	8	179	(96)
Hedging and IFRS volatility (after tax)	**(70)**	126	large	126	(48)	large
Net profit after tax ("statutory basis") [3, 4]	**1,092**	943	16	945	1,190	(21)

1 Comparative information has been restated to conform to presentation in the current period. Refer also 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 10 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 2021 Financial Report.

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

New Zealand (continued)

New Zealand (NZ$M)	30 Jun 21 NZ$M	Restated [1] 30 Jun 20 NZ$M	Jun 21 vs Jun 20 %	As reported 30 Jun 20 NZ$M	As reported 30 Jun 19 NZ$M	Jun 20 vs Jun 19 %
	Full Year Ended					
Net interest income	**2,273**	2,046	11	2,038	2,035	–
Other banking income	**444**	460	(3)	460	477	(4)
Total banking income	**2,717**	2,506	8	2,498	2,512	(1)
Funds management income	**150**	143	5	143	138	4
Total operating income	**2,867**	2,649	8	2,641	2,650	–
Operating expenses	**(1,148)**	(1,089)	5	(1,078)	(970)	11
Loan impairment benefit/(expense)	**5**	(306)	large	(306)	(108)	large
Net profit before tax	**1,724**	1,254	37	1,257	1,572	(20)
Corporate tax expense	**(486)**	(352)	38	(352)	(440)	(20)
Net profit after tax ("cash basis")	**1,238**	902	37	905	1,132	(20)
Gain/(loss) on disposal and acquisition of entities net of transaction costs	**3**	(29)	large	(29)	46	n/a
Hedging and IFRS volatility (after tax)	**10**	(3)	large	(3)	6	large
Net profit after tax ("statutory basis") [2, 3]	**1,251**	870	44	873	1,184	(26)
Represented by :				-	-	
ASB	**1,308**	933	40	935	1,255	(25)
Other [4]	**(57)**	(63)	(10)	(62)	(71)	(13)
Sovereign (discontinued operations)	**–**	–	–	–	–	–
Net profit after tax ("statutory basis") [2, 3]	**1,251**	870	44	873	1,184	(26)

Key Financial Metrics (continuing operations) [5]	30 Jun 21	Restated [1] 30 Jun 20	Jun 21 vs Jun 20 %	As reported 30 Jun 20	As reported 30 Jun 19	Jun 20 vs Jun 19 %
Performance indicator						
Statutory operating expenses to total operating income (%)	**39. 8**	42. 3	(250)bpts	42. 0	35. 9	large

1 Comparative information has been restated to conform to presentation in the current period. Refer also 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 10 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 2021 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 unless otherwise stated.

Financial Performance and Business Review

Year Ended June 2021 versus Restated June 2020

New Zealand [1] net profit after tax [2] ("statutory basis") for the full year ended 30 June 2021 was NZD1,251 million, an increase of NZD381 million or 44% on the prior year. The result was driven by an 8% increase in total operating income, a 5% increase in operating expenses and a NZD311 million decrease 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 2020 versus 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.

1 The New Zealand result incorporates ASB and allocated CBA capital charges and costs. The CBA 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$M)	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21 NZ$M	30 Jun 20 NZ$M	Jun 21 vs Jun 20 %	30 Jun 20 NZ$M	30 Jun 19 NZ$M	Jun 20 vs Jun 19 %
Net interest income	**2,349**	2,130	10	2,122	2,128	–
Other banking income	**444**	460	(3)	460	477	(4)
Total banking income	**2,793**	2,590	8	2,582	2,605	(1)
Funds management income	**150**	143	5	143	138	4
Total operating income	**2,943**	2,733	8	2,725	2,743	(1)
Operating expenses	**(1,148)**	(1,089)	5	(1,078)	(970)	11
Loan impairment benefit/(expense)	**5**	(306)	large	(306)	(108)	large
Net profit before tax	**1,800**	1,338	35	1,341	1,665	(19)
Corporate tax expense	**(505)**	(373)	35	(374)	(462)	(19)
Net profit after tax ("cash basis")	**1,295**	965	34	967	1,203	(20)
Gain/(loss) on acquistion, disposal, closure and demerger of businesses	**3**	(29)	large	(29)	46	large
Hedging and IFRS volatility (after tax)	**10**	(3)	large	(3)	6	large
Net profit after tax ("statutory basis") [2]	**1,308**	933	40	935	1,255	(25)

Balance Sheet (NZ$M)	As at					
		Restated [1]		As reported		
	30 Jun 21 NZ$M	30 Jun 20 NZ$M	Jun 21 vs Jun 20 %	30 Jun 20 NZ$M	30 Jun 19 NZ$M	Jun 20 vs Jun 19 %
Home loans	**67,679**	60,336	12	60,336	57,194	5
Business Lending	**19,311**	17,680	9	17,680	17,342	2
Rural Lending	**11,146**	10,900	2	10,900	11,320	(4)
Other interest earning assets	**1,758**	1,895	(7)	1,895	2,198	(14)
Total lending interest earning assets	**99,894**	90,811	10	90,811	88,054	3
Non-lending interest earning assets	**11,188**	12,029	(7)	12,029	8,719	38
Other assets	**1,509**	2,362	(36)	2,370	1,643	44
Total assets	**112,591**	105,202	7	105,210	98,416	7
Interest bearing deposits	**64,555**	63,874	1	63,874	59,016	8
Debt issues	**22,936**	19,408	18	18,863	20,971	(10)
Other interest bearing liabilities	**1,491**	2,251	(34)	2,796	2,283	22
Total interest bearing liabilities	**88,982**	85,533	4	85,533	82,270	4
Non-interest bearing deposits	**11,651**	8,123	43	8,123	5,530	47
Other non-interest bearing liabilities	**997**	1,183	(16)	1,183	1,195	(1)
Total liabilities	**101,630**	94,839	7	94,839	88,995	7

1 Comparative information has been restated to conform to presentation in the current period. Refer also 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 10 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 2021 Financial Report.

Divisional Performance (continued)

New Zealand (continued)

ASB Key Financial Metrics [2]	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21	30 Jun 20	Jun 21 vs Jun 20 %	30 Jun 20	30 Jun 19	Jun 20 vs Jun 19 %
Performance indicators						
Net interest margin (%)	**2. 18**	2. 12	6 bpts	2. 11	2. 23	(12)bpts
Return on assets (%)	**1. 2**	0. 9	30 bpts	0. 9	1. 2	(30)bpts
Statutory operating expenses to total operating income (%)	**38. 8**	41. 0	(220)bpts	40. 7	34. 7	large
Statutory impairment expense annualised as a % of average GLAAs (%)	**(0. 01)**	0. 34	(35)bpts	0. 34	0. 13	21 bpts
Other information						
Average interest earning assets	**107,522**	100,582	7	100,582	95,315	6
Risk weighted assets [3]	**61,252**	59,550	3	56,548	56,073	1
Risk weighted assets [4]	**53,390**	50,812	5	50,664	51,186	(1)
FUA - average [5]	**–**	16,273	large	16,273	15,146	7
FUA - spot [6]	**–**	–	–	–	15,876	large
AUM - average	**20,227**	17,886	13	17,886	15,501	15
AUM - spot	**21,750**	18,500	18	18,500	16,787	10
90+ days home loan arrears (%)	**0. 18**	0. 23	(5)bpts	0. 34	0. 13	21 bpts
90+ days consumer finance arrears (%)	**0. 36**	1. 10	(74)bpts	1. 13	0. 59	54 bpts
Number of full-time equivalent staff (FTE)	**5,634**	5,122	10	5,122	5,038	2

1 Comparative information has been restated to conform to presentation in the current period. Refer also 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 calculated in accordance with RBNZ requirements.
4 Risk weighted assets (A$M) calculated in accordance with APRA requirements.
5 Average balances calculated on the period the Group owned Aegis up until 2 December 2019.
6 Spot balances nil as at 30 June 2021 and 30 June 2020 due to the completion of the sale of Aegis on 2 December 2019.

New Zealand (continued)

Financial Performance and Business Review

ASB Bank: Year Ended June 2021 versus Restated June 2020

ASB net profit after tax ("statutory basis") for the year ended 30 June 2021 was NZD1,308 million, an increase of NZD375 million or 40% on the prior year. The result was driven by an 8% increase in total operating income, a 5% increase in operating expenses and a NZD311 million decrease in loan impairment expense.

Net Interest Income

Net interest income was NZD2,349 million, an increase of NZD219 million or 10% on the prior year. The increase was driven by a 7% growth in average interest earning assets and a 3% increase in net interest margin.

Net interest margin increased 6 basis points, reflecting:

- Lower wholesale funding costs (up 15 basis points);
- Favourable portfolio mix (up 8 basis points) driven by strong growth in transaction and savings deposits (up 11 basis points), partly offset by unfavourable lending mix driven by proportionally more lower margin home loan balances relative to higher margin consumer finance and business lending balances (down 3 basis points); and
- Favourable lending margins (up 4 basis points) reflecting higher business and rural lending margins (up 3 basis points), and home loan margins (up 1 basis point); partly offset by
- Lower deposit margins due to reduced earnings on transactions and savings deposits reflecting the lower cash rate (down 16 basis points); and
- Lower earnings on equity due to the lower interest rate environment (down 5 basis points).

Other Banking Income

Other banking income was NZD444 million, a decrease of NZD16 million or 3% on the prior year, reflecting:

- Lower insurance commission income; and
- Lower Markets income due to lower trading gains.

Funds Management Income

Funds management income was NZD150 million, an increase of NZD7 million or 5% on the prior year, driven by:

- Higher average Assets Under Management (AUM) (up 13%), reflecting net inflows and favourable investment markets; partly offset by
- Lower income due to the completion of the sale of Aegis on 2 December 2019.

Operating Expenses

Operating expenses were NZD1,148 million, an increase of NZD59 million or 5% on the prior year. The increase was primarily driven by higher investment spend, IT costs, and increased staff expenses primarily due to continued investment in risk and compliance, partly offset by lower provision charges relating to historical holiday pay.

The number of FTE increased by 512 or 10% on the prior year from 5,122 to 5,634 FTE primarily driven by growth in project related FTE to support investment spend.

Investment spend continues to focus on regulatory compliance, customer experience initiatives and enhancing technology platforms.

The statutory operating expenses to total operating income ratio for ASB was 38.8%, a decrease of 220 basis points on the prior year mainly driven by growth in total operating income.

Loan Impairment Expense

Loan impairment expense was a benefit of NZD5 million, a decrease of NZD311 million on the prior year. This was driven by lower collective provision charges reflecting an improvement in economic conditions and outlook, and lower individual provisions in the current year.

Home loan 90+ days arrears decreased 5 basis points, from 0.23% to 0.18%, and consumer finance 90+ days arrears decreased 74 basis points, from 1.10% to 0.36%, reflecting an improvement in economic conditions.

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of NZD7.3 billion or 12%, in line with system [1], with continued customer preference for fixed rate loans;
- Business loan growth of NZD1.6 billion or 9%, above system [1] decline of 1% [2], driven by strong growth in commercial property lending;
- Rural loan growth of NZD0.2 billion or 2%, above system [1] decline of 1% [2]; and
- Deposit growth primarily driven by customer deposit growth of NZD3.0 billion or 4%, below system [1] growth of 5% [3], with a higher demand for at-call deposits.

Risk Weighted Assets [4]

Risk weighted assets were NZD61.3 billion, an increase of NZD1.7 billion or 3% on the prior year.

- Operational risk weighted assets increased NZD1.7 billion or 39% following changes in the operational risk profile; and
- Market risk weighted assets increased NZD0.5 billion or 16% primarily due to an increase in NZD interest rate risk; partly offset by
- Credit risk weighted assets decreased NZD0.5 billion or 1% driven by an improvement in credit risk estimates, partly offset by an increase in lending volumes.

1 System source: RBNZ.
2 System growth rates have been normalised to exclude the impact of ANZ's sale of UDC Finance Limited in September 2020.
3 RBNZ system data includes institutional deposits which are excluded from the ASB Management Balance Sheet.
4 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 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.

Divisional Performance (continued)

Corporate Centre and Other

Overview

Corporate Centre and Other include the results of the Group's centrally held minority investments and subsidiaries, Group-wide remediation costs, investment spend including enterprise-wide infrastructure and other strategic projects, employee entitlements, and unallocated revenue and expenses relating to the Bank's support functions including Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs and Bank-wide elimination entries arising on consolidation. Centrally held minority investments and subsidiaries include the Group's offshore minority investments in China (Bank of Hangzhou and Qilu Bank), Vietnam (Vietnam International Bank), as well as its Indonesian banking subsidiary (PT Bank Commonwealth). They also include domestically held minority investments in Lendi Group [1] as well as the strategic investments in x15ventures.

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 [2]				
Corporate Centre and Other (including eliminations)	**30 Jun 21 $M**	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 19 $M	Jun 20 vs Jun 19 %
Net interest income	**254**	306	(17)	449	(32)
Other banking income	**466**	375	24	364	3
Total banking income	**720**	681	6	813	(16)
Funds management income	**(6)**	(30)	(80)	(12)	large
Insurance income	**(1)**	(3)	(67)	(13)	(77)
Total operating income	**713**	648	10	788	(18)
Operating expenses	**(2,019)**	(1,812)	11	(1,906)	(5)
Loan impairment benefit/(expense)	**(96)**	(55)	75	(24)	large
Net loss before tax	**(1,402)**	(1,219)	15	(1,142)	7
Corporate tax benefit	**410**	386	6	371	4
Non-controlling interests	**–**	–	–	(12)	large
Cash net loss after tax from continuing operations	**(992)**	(833)	19	(783)	6
Cash net profit/(loss) after tax from discontinued operations [3]	**14**	16	(13)	(43)	large
Cash net loss after tax	**(978)**	(817)	20	(826)	(1)
Gain/(loss) on disposal and acquisition of entities net of transaction costs	**305**	161	89	(13)	large
Hedging and IFRS volatility	**77**	(33)	large	(31)	6
Net loss after tax ("statutory basis") [4]	**(596)**	(689)	(13)	(870)	(21)

1 Represents the Group's 42% holding in the business after the completion of the merger between Aussie Home Loans and Lendi Pty Ltd.

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

3 Discontinued operations includes BoCommLife, PT Commonwealth Life, and unallocated revenue and expenses from the transaction services agreements, and eliminations associated with our discontinued businesses.

4 Please refer to "Disclosures – Non-cash Items Included in Statutory Profit" on page 10 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 2021 Financial Report.

Corporate Centre and Other (continued)

Financial Performance and Business Review

Year Ended June 2021 versus Restated June 2020

Corporate Centre and Other net loss after tax ("statutory basis") for the year ended 30 June 2021 was $596 million, a decrease of $93 million or 13% on the prior year. The result was primarily driven by a 10% increase in total operating income, an 11% increase in operating expenses and a 75% increase in loan impairment expense.

Net Interest Income

Net interest income was $254 million, a decrease of $52 million or 17% on the prior year. This was driven by lower earnings on equity in the low-rate environment, and a reduction in lending balances in PTBC reflecting active portfolio management, the impacts of COVID-19, and unfavourable FX.

Other Banking Income

Other banking income was $466 million, an increase of $91 million or 24% on the prior year. This was mainly driven by higher net profits from minority investments including a reversal of historical impairment, partly offset by the upfront costs related to the Group's term debt buyback program.

Operating Expenses

Operating expenses were $2,019 million, an increase of $207 million or 11% on the prior year. This was primarily driven by higher centrally held investment spend including the Group's strategic investments in x15ventures, technology, simplification and productivity initiatives, increased occupancy expenses from concurrent rent expenses in the current year as we vacate commercial office space and consolidate our property footprint, and higher Aligned Advice related remediation costs.

Loan Impairment Expense

Loan impairment expense increased $41 million on the prior year to $96 million. This was due to higher collective provision charges in PTBC, reflecting deterioration in credit quality and economic outlook in Indonesia due to COVID-19.

Risk Weighted Assets

Risk weighted assets were $3.2 billion, a decrease of $3.9 billion or 54% on the prior year.

- IRRBB risk weighted assets decreased $2.6 billion or 51%, driven by changes in interest rate risk management positions; and
- Credit risk weighted assets decreased $1.3 billion or 14%.

Year Ended June 2020 versus June 2019

Corporate Centre and Other net loss after tax ("statutory basis") for the year ended 30 June 2020 was $689 million, a decrease of $181 million or 21% on the prior year. The result was primarily driven by an 18% decrease in total operating income, a 5% decrease in operating expenses and a $31 million increase in loan impairment expense.

Net Interest Income

Net interest income was $306 million, a decrease of $143 million or 32% 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 $375 million, an increase of $11 million or 3% on the prior year. This was due to higher earnings from the management of foreign currency and interest rate risk associated with wholesale date issuances, partly offset by lower net profits from minority investments.

Operating Expenses

Operating expenses were $1,812 million, a decrease of $94 million or 5% 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 $5 million. 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.

Loan Impairment Expense

Loan impairment expense was $55 million, an increase of $31 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.

Risk Weighted Assets

Risk weighted assets were $7.1 billion, a decrease of $2.4 billion or 24% on the prior year.

- Credit risk weighted assets decreased $4.1 billion or 31%;
- Traded Market risk weighted assets decreased $0.3 billion or 50%; and
- Operational risk weighted assets decreased by $1.5 billion or 38%; partly offset by
- IRRBB risk weighted assets increased $3.6 billion or 43%.

Divisional Performance (continued)

Wealth Management (Discontinued Operations)

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 a 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. The divestment of CommInsure Life was completed via a statutory asset transfer to AIA on 1 April 2021. CommInsure Life is classified as discontinued operations.

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 21 $M	30 Jun 20 $M	Jun 21 vs Jun 20 %	30 Jun 20 $M	30 Jun 19 $M	Jun 20 vs Jun 19 %
Funds management income	**707**	884	(20)	863	1,806	(52)
Insurance income	**–**	30	large	13	74	(82)
Total operating income	**707**	914	(23)	876	1,880	(53)
Operating expenses	**(516)**	(674)	(23)	(715)	(1,295)	(45)
Net profit before tax	**191**	240	(20)	161	585	(72)
Corporate tax expense	**(57)**	(74)	(23)	(51)	(156)	(67)
Underlying profit after tax	**134**	166	(19)	110	429	(74)
Investment experience after tax	**n/a**	n/a	n/a	27	99	(73)
Cash net profit after tax from discontinued operations	**134**	166	(19)	137	528	(74)
Colonial First State and other	**134**	160	(16)	131	275	(52)
CFS Global Asset Management	**–**	24	large	24	240	(90)
Life Insurance Business	**–**	(18)	large	(18)	13	large
Cash net profit after tax from discontinued operations	**134**	166	(19)	137	528	(74)
Cash net profit after tax from continuing operations	**n/a**	n/a	n/a	n/a	n/a	n/a
Net profit after tax ("cash basis")	**134**	166	(19)	137	528	(74)
Gain/(loss) on acquistion, disposal, closure and demerger of businesses	**811**	1,898	(57)	1,898	(208)	large
Treasury share valuation adjustment (after tax)	**–**	–	–	–	6	large
Net profit after tax ("statutory basis") [3]	**945**	2,064	(54)	2,035	326	large

1 CommInsure's life business (the "Life Business") includes life insurance and a life related investments business.

2 Comparative information has been restated to conform to presentation in the current period. Refer also 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 10 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 2021 Financial Report.

Divisional Performance (continued)

Wealth Management (Discontinued Operations) (continued)

	Full Year Ended					
		Restated [1]		As reported		
	30 Jun 21	30 Jun 20	Jun 20 vs	30 Jun 20	30 Jun 19	Jun 20 vs
Key Financial Metrics	**$M**	$M	Jun 19 %	$M	$M	Jun 19 %
Performance Indicators						
Statutory operating expenses to total operating income (%)	**89. 7**	23. 7	large	25. 0	81. 4	large
FUA - average ($M) [2]	**153,995**	154,997	(1)	165,058	159,149	4
FUA - spot ($M) [2]	**164,537**	147,621	11	147,621	165,719	(11)
Number of full-time equivalent staff (FTE) [3]	**1,322**	1,375	(4)	1,375	1,602	(14)

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

2 Average and spot FUA includes Colonial First State (including Commonwealth Bank Group Super) and excludes CommInsure Life Investments.

3 FTE represents Colonial First State FTE and does not include any support unit FTE.

	Full Year Ended								
Funds Under	30 Jun 20	Inflows	Outflows	Net Flows	Other [1]	30 Jun 21	31 Dec 20	Jun 21 vs	Jun 21 vs
Administration (FUA)	$M	$M	$M	$M	$M	**$M**	$M	Jun 20 %	Dec 20 %
FirstChoice	90,771	15,346	(15,924)	(578)	15,810	**106,003**	97,460	17	9
CFSWrap	31,408	5,162	(8,357)	(3,195)	4,764	**32,977**	32,985	5	–
CFS Non-Platform	14,909	6,715	(10,479)	(3,764)	2,873	**14,018**	13,803	(6)	2
Other [2]	10,533	1,506	(1,505)	1	1,005	**11,539**	11,000	10	5
Total	147,621	28,729	(36,265)	(7,536)	24,452	**164,537**	155,248	11	6

1 Includes investment income.

2 Other includes Commonwealth Bank Group Super.

Wealth Management (Discontinued Operations) (continued)

Financial Performance and Business Review (Discontinued Operations)

Full Year Ended June 2021 versus June 2020

Wealth Management net profit after tax ("statutory basis") for the full year ended 30 June 2021 was $945 million, a decrease of $1,119 million or 54% on the prior year.

CFS and other cash net profit after tax for the full year ended 30 June 2021 was $134 million, a decrease of $26 million or 16% on the prior year. The result was driven by a 9% decrease in funds management income, partly offset by a 4% decrease in operating expenses. Funds management income decreased $66 million mainly due to platform pricing changes in response to the regulatory and market environment, and a decline in average FUA, driven by net outflows primarily driven by product offering simplification to align with the longer term strategy, partly offset by improved market performance. Operating expenses decreased $22 million mainly due to a decrease in remediation provision charges in the current year.

As Reported 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%.

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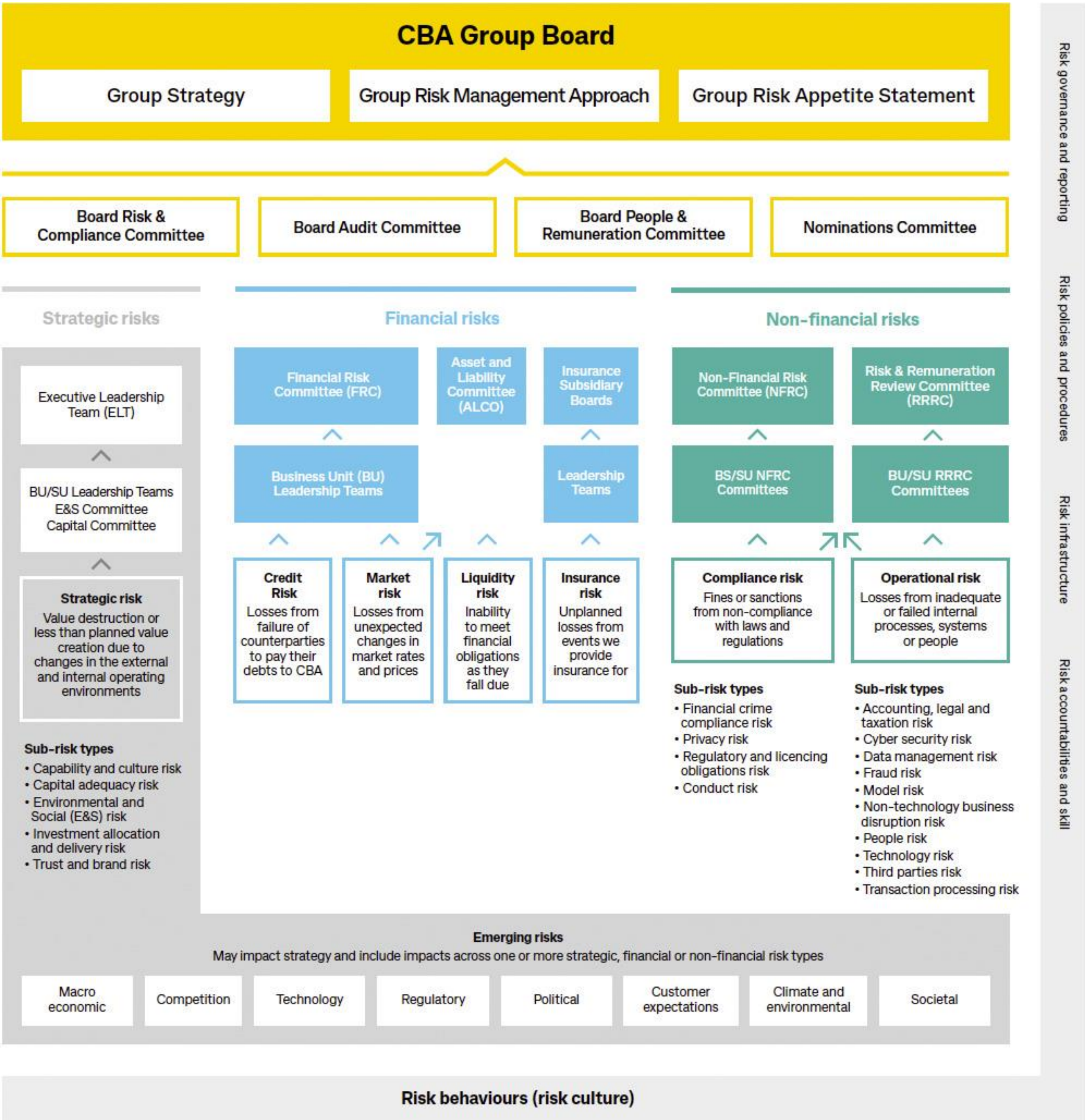
Contents

6. Other Information

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 (continued)

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
- 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; and
- **Risk models and tools;**

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);
- **Performance and remuneration frameworks** are designed to drive accountability for managing risks and adopting risk behaviours that lead to appropriate outcomes for all stakeholders. Each year employees are assessed on how they have met the risk management expectations of their role as part of the annual performance review;
- **Group Mandatory Learning modules;**
- **The Operational Risk and Compliance Training program;**
- **Induction and ongoing learning;** and
- **Talent sourcing and acquisition.**

Risk Management (continued)

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 underpinned by our CBA values of Care, Courage and Commitment.

The Group's RAS in relation to conduct risk requires business practices that are fair to customers, protects the fair and efficient operation of the market and engenders confidence in our products and services. Annually, the 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.

Ongoing monitoring of 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 risks, including strategic risk. An example is the COVID-19 pandemic.

The Board and Management continue to actively monitor the impacts of the pandemic on the Group and adapt the Group's response as required.

Risk Management (continued)

Material Risk Types

<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">Credit Risk (Refer to Note 9.2 of the 2021 Financial Report)</td></tr>
<tr><td>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.</td><td>Governing Policies:
▪ Group Credit Risk Policies, Principles, Framework and Governance
Key Management Committee:
▪ Financial Risk Committee
▪ BU/SU Financial Risk Committees</td><td>▪ 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 the risks we are taking;
▪ 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.</td></tr>
<tr><td colspan="3">Market Risk including Equity Risk (Refer to Note 9.3 of the 2021 Financial Report)</td></tr>
<tr><td>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.</td><td>Governing Policies:
▪ Group Market Risk Policy
Key Management Committee:
▪ Financial Risk Committee (Oversight of traded market risk)
▪ Asset and Liability Committee (ALCO) (Oversight of IRRBB)</td><td>▪ Defined market risk 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 Value-at-Risk (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.</td></tr>
</table>

Other Information (continued)

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 2021 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 Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (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: ▪ Accounting, Legal and Taxation risks; ▪ Cyber security risks; ▪ Data management risks; ▪ Fraud risks (external and internal); ▪ Model risks; ▪ Non-technology business disruption risks; ▪ People risks (employment practices and workplace safety); ▪ Technology risks (disruptions from hardware or software failures); ▪ Third party risks; and ▪ Transaction processing risks.	**Governing Policies:** ▪ Operational Risk Management Framework (ORMF) ▪ Group Outsourcing Policy ▪ Group Model Policy ▪ Group Fraud Management Policy ▪ Group Policy on Business Continuity Management ▪ Group Whistleblower Policy ▪ Group Protective Security Policy ▪ Group Data Management Policy ▪ Data Protection Policy **Key Management Committee:** ▪ Non-Financial Risk Committee ▪ BU/SU Non-Financial Risk Committees	▪ Defined operational risk indicators in the Group RAS; ▪ Implementation of manual and automated controls to prevent, detect, and mitigate 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)

Description	Governing Policies and Key Management Committees	Key Controls and Risk Mitigation Strategies
Compliance Risk		
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: ▪ Laws, regulations, rules, licence conditions, and statements of regulatory policy; ▪ Privacy laws and regulations regarding the collection, handling and protection of personal information of individuals; ▪ Financial crime (regulation relating to 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).	**Governing Policies:** ▪ Group Compliance Management Framework (CMF) and Policies ▪ Group and BU Compliance Policies and Standards ▪ Group Privacy Policy ▪ AML/CTF Group Program ▪ Anti-Bribery & Corruption Policy ▪ Group Economic Trade Sanctions Policy ▪ Code of Conduct ▪ Product Development and Distribution **Key Management Committee:** ▪ Non-Financial Risk Committee ▪ BU/SU Non-Financial Risk Committees	▪ Compliance and Privacy risk indicators included in the Group RAS; ▪ Mandatory online Compliance and Privacy training for all employees; ▪ Regulatory change management to establish compliant business practices; ▪ Maintenance of obligation registers; ▪ Compliance and Privacy risk profiling through the RCSA process; ▪ 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 of customers, products and channels to ensure the Group understands the money laundering and terrorist financing risks; ▪ Enhanced customer due diligence on high 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.

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.

Risk Management (continued)

Material Risk Types (continued)

Description	Governing Policies and Key Management Committees	Key Controls and Risk Mitigation Strategies
Strategic Risk		
Strategic risk is the risk of material stakeholder value destruction or less than planned value creation. The Strategic Risk type also includes the following sub-risk types that support or drive strategic decisions but are managed more routinely through their own dedicated governance, policies and procedures, infrastructure and teams: - **Capital Adequacy Risk**: Inability to capitalise on strategic opportunities or withstand extreme events due to insufficient or inefficient use of capital. - **Capability and Culture Risk**: Inability to execute effectively on strategy due to inadequate organisational skills and capabilities and a misaligned organisational culture. - **Environmental & Social Risk:** from the physical impacts of climate change or not understanding or meeting community or regulatory expectations in relation to environmental and social issues. - **Trust and Brand Risk**: Business practices that undermine the trust of stakeholders and erode the Group's brand. - **Investment Allocation and Delivery Risk**: Expected outcomes not achieved or missed strategic opportunities due to variations in the delivery (scope, timing and quality) of change initiatives.	**Governing Policies:** - Group Strategic Risk Management Policy - Stress Testing Policy - Risk Adjusted Performance Measurement Policy - Group Remuneration Policy - Group Environmental & Social Policy - Group Continuous Disclosure Policy - Group Public Disclosure of Prudential Information Policy - Group External Engagement and Communication Policy - Group Policy on Publicly Issued Documents and Marketing Materials - Group Delivery Framework and Policy **Key Management Committee:** - Executive Leadership Team (ELT) - ELT Environmental & Social Committee - Capital Committee - Asset and Liability Committee (ALCO) - Non-Financial Risk Committee - ELT Risk and Remuneration Review Committee (RRRC)	**Strategic Risk Management Framework** The Strategic Risk Management Framework considers the impact to the Group's strategy of dynamically evolving material current and emerging risks arising from changes in areas such as: the competitive landscape, emerging technologies, macroeconomic conditions, the regulatory and political environment, and changes in social expectations. The Group assesses, monitors and responds to Strategic Risk throughout its processes of: - Strategy development, approval and review; - Identifying and monitoring changes and potential changes to the operating environment; and - Monitoring execution progress of strategies. **Capital Adequacy Risk** - Capital advice for projects and funding deals; - Dividend decision and management processes; - Capital monitoring, reporting and forecasting; - Internal Capital Adequacy Assessment Process (ICAAP); - Group, portfolio and risk type stress testing; and - Ratings agency interactions. **Capability and Culture Risk** - Talent acquisition processes; - Leadership development initiatives; - Organisational culture development initiatives; - Performance and remuneration processes; - Capability development and training; and - Accountability frameworks. **Environmental and Social Risk** - Scenario analyses to understand the physical and transition risks of climate change; - Development of new pilot products and services that support reduced emissions; - Environmental, Social & Governance (ESG) lending tool applied to certain lending decisions; - Corporate Responsibility programs; and - Supplier Code of Conduct to ensure adherence to CBA's Environmental & Social (E&S) standards. **Trust and Brand Risk** - Media management, marketing and branding standards, processes and protocols; - Customer management processes (complaints handling, hardships and vulnerable customers); - Community investment initiatives; - Government and political affairs protocols; - Customer remediation programs; and - Strategic decisions to address actual or perceived material conduct risks. **Investment Allocation and Delivery Risk** - Group and BU Change Investment Process; - Group Delivery Framework development and maintenance; - Project / program reporting and governance.

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 2021 and 30 June 2020 respectively are as follows:

	As at 30 June 2021				
	Government and Official Institutions	Banks	Other (primarily Commercial and Industrial)	Total	% of Group Total Assets
	$M	$M	$M	$M	%
United States	11,012	4,254	15,846	31,112	2. 85

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

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 Group retains substantially all of the risks and rewards associated with the mortgages, it continues to recognise the mortgages on the Balance Sheet. 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. The Group is entitled to any residual income after all payments due to covered bond investors have been met. As the Group retains substantially all of the risks and rewards associated with the mortgages, it continues to recognise the mortgages on the Balance Sheet. 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 4.5 and Note 11.1 of the 2021 Financial Report.

	Full Year Ended		
	2021	2020	2019
Group Arrangements with Issuers	**$M**	$M	$M
Liquidity facilities available to Issuers [1]	**5,395**	3,542	4,029

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 the financing needs of its customers. 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.

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 $188 billion of commitments to provide credit (2020: $169 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 2021 Financial Report - Contingent liabilities, contingent assets and commitments arising from the banking business.

		Face Value			Group Credit Equivalent	
	2021	2020	2019	**2021**	2020	2019
Credit risk related instruments	**$M**	$M	$M	**$M**	$M	$M
Financial guarantees	**5,909**	6,720	6,832	**3,982**	5,244	5,709
Performance related contingencies	**5,401**	5,071	4,722	**2,700**	2,535	2,362
Commitments to provide credit	**187,572**	168,537	162,202	**176,397**	159,761	154,408
Other commitments	**1,639**	2,015	2,050	**1,631**	2,005	2,040
Total credit risk related instruments	**200,521**	182,343	175,806	**184,710**	169,545	164,519

Financial guarantees are unconditional undertakings given to support the obligations of a customer to third parties. They include documentary letters of credit which 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 contingencies 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 against which clients can borrow money under defined terms and conditions. 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.

Refer to Note 12.1 to the 2021 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 119.

Off-Balance Sheet Arrangements (continued)

Credit Risk Related Instruments (continued)

	Carrying Value		
	2021	2020	2019
	$M	$M	$M
Financial guarantees	**45**	58	45
Performance related contingencies	**28**	34	34
Other Commitments	**38**	27	5
Total	**111**	119	84

Securitisation of Assets

The Group conducts a Loan Securitisation program as described under “Special Purpose Entities” on page 117 of this Document.

The outstanding balance of securitised loans at 30 June 2021 was $10,631 million (2020: $12,791 million). No credit losses were incurred by the Group in relation to these securitised loans during the financial years 2021 and 2020.

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 2021 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 4.5 and Note 11.1 of the 2021 Financial Report.

Commitments

This “Commitments” section contains certain forward-looking statements. See *“Disclosures – Special Note Regarding Forward-Looking Statements”* on page 5 of this Document. At the end of financial years 2021 and 2020, the Group had commitments for capital expenditure and lease commitments (see Note 12.1 of the 2021 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 2021 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 2021				
	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	106,656	30,298	42,696	33,662	–
Deposits and other Public Borrowings	766,999	761,289	5,618	92	–
Loan Capital	33,672	4,166	10,318	19,188	–
Lease Liabilities	3,577	492	1,536	1,549	–
Total On-Balance Sheet	910,904	796,245	60,168	54,491	–
Off-Balance Sheet credit risk related instruments [2]	187,572	187,572	–	–	–

1 Contractual On-Balance Sheet obligations also include contractual interest; refer to Note 9.4 of the 2021 Financial Report.
2 Credit risk related instruments, see page 118 of this Document.

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 2021 was $1.8 million (2020: $1.8 million).

Transactions in Own Shares

The Group had the following employee share plans in place during the year ended 30 June 2021:

- 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 2021 Financial Report.

Other Information (continued)

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 believe we are the leading retail bank in Australia and we believe we are on track to become Australia's leading business bank. Throughout the year, we have supported our customers and the country from the ongoing impact of COVID-19 and helped more Australians manage their finances than any other bank. 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 6.4 million active CommBank app users. We also believe we have strong balance sheet, 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. We are guided by our purpose and have worked hard to become a simpler, better bank. Now, we are in a strong position to set a more ambitious agenda: build tomorrow's bank today for our customers.

Our strategic priorities

To build tomorrow's bank today for our customers, we have refreshed our strategy, with four priorities:

- Leadership in Australia's recovery and transition;
- Reimagined products and services;
- Global best digital experiences and technology; and
- Simpler, better foundations.

Our strategy: Build tomorrow's bank today for our customers

Leadership in Australia's recovery and transition

As Australia's largest bank, we are uniquely placed to play a strong role in supporting Australia's economic recovery and transition. This begins with providing the right support to our customers and communities when they need us most. We have more than 800,000 business customers and are ranked #1 in the Australian debt market[2].

We want to play a bigger role in business banking, leveraging our retail customer base and our existing technology platform. Our priority is to direct capital and capability towards growing businesses and accelerating Australia's economy to a more digital and sustainable economy. In FY21, we have helped clients access over $175 billion of funding and assisted state and federal governments in raising over $70 billion of funding for critical infrastructure and job creation projects.

Reimagined products and services

Our customers increasingly choose to engage with us digitally. By enhancing the products and services we offer today and anticipating how our customers will bank tomorrow, we are reimagining banking. We were rated the best online bank for 12 years in a row by Canstar and were awarded the DBM Australian Financial Awards – Most Innovative Major Bank in 2021.

The Bank has an important role to play in the community as a responsible provider of financial services to more than 11 million retail customers. As customers look for greater control, simplicity and value from their financial services providers, we are investing to drive product innovation in our businesses, as well as partnering with external services and new ventures.

Global best digital experiences and technology

Our focus is to continue being our customer's most relevant and trusted financial partner. We continue to execute on our digital strategy with an ambition to provide customers with one of the best and most rewarding digital experiences of any company globally.

We have 7.6 million digitally active customers and are working hard to better serve our customers through building world-class engineering capability.

Our systems and processes will be fit for the future. We'll strive for real-time customer outcomes, and always-available services through a modern, cloud-native technology that is simpler and cheaper to maintain. Cloud is now 43% of our total compute and we will continue to invest in initiatives to deliver best integrated digital experiences.

Simpler, better foundations

We are focused on operational excellence in our banking businesses, simplifying our processes and putting our customers first. During the year, we continued to progress with the simplification of our business with the completed sales of CommInsure Life, BoCommLife, Aussie Home Loans and AUSIEX and will continue to build a more focused portfolio by further progressing the divestment and cessation of our wealth management and mortgage broking businesses.

Making banking more secure is a key priority. We are continuously improving the way we safeguard customer data and enhancing our abilities to detect and protect Australians from scams and fraud. We have made significant progress on implementing the recommendations from the 2018 APRA Prudential Inquiry into CBA and are well progressed on implementing the recommendations of the Financial Services Royal Commission. In recognition of our progress, APRA has reduced the add-on to its operational risk capital requirements by half ($500 million).

1 Roy Morgan Research.
2 Based on the combined league table credit for Australian Bonds excluding self-led transactions, Australian Syndicated Loans and Australian Securitisation excluding private placements. Source: Bloomberg.

Description of Business Environment (continued)

Our culture

We believe it will take care, courage and commitment to build tomorrow's bank today. We are committed to providing exceptional service across our multiple channels through caring for our customers and serving with humility and transparency. We will lead in the support we provide to customers and communities and direct capital and capability towards the transformation of industries, the reshaping of businesses and Australia's transition to a more modern, resilient, sustainable economy. Our values reflect us when we're at our very best and we are unwavering in our commitments to deliver.

We are delivering now and building for the future. We will focus on strengthening our capabilities and extending our leadership in digital, technology and customer centric product offerings, as well as innovating for future growth. We must work constructively with both the private and public sectors to promote growth and build a brighter future, and 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 [1] and business [2] customers;
- Top quartile among peer companies for reputation improvement;
- Top 10% employee engagement score globally; and
- Top quartile total shareholder returns.

1 DBM Consumer MFI *Net Promoter Score.
2 DBM Business MFI *Net Promoter Score.

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. 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.

Funds Management

Domestic markets rose during the 2021 financial year, with the average ASX 200 up 3.3% on the 2020 financial year despite COVID-19 impacts. Consistent with 2020 financial year, 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 2021, we are one of the largest companies (by market capitalisation) on the ASX.

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 a challenging environment in response to the volume of regulatory reform and COVID-19 issues, but there has been significant progress made in the last 12 months towards stabilising the financial services environment.

The pace of regulatory change continues, with reforms including the economy-wide Consumer Data Right, product design and distribution obligations and continued implementation of recommendations from the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry currently underway. These reforms capture breach reporting changes, reforms in complaints management and reporting, and accountability and remuneration changes.

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. It also aims to protect the community from serious and organised crime by establishing reporting requirements on financial institutions.

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 regulatory responsibility for overseeing compliance with anti-money laundering and counter-terrorism financing.

The Australian Financial Complaints Authority or AFCA was founded in November 2018, and acts as an external dispute resolution scheme for consumers who are unable to resolve complaints with member financial services organisations. AFCA has a broad membership including Australian banks, insurers, credit providers, financial advisers and planners, debt collection agencies, superannuation members and other businesses that provide financial products and services. Determinations made by AFCA are binding on institutions.

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 (only institutional and corporate 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. Effective for the reserve maintenance period beginning March 26, 2020, the FRB reduced reserve requirement ratios to zero percent, effectively eliminating reserve requirements for branches and agencies of foreign banks. 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.

Section 13 of the BHC Act and its implementing regulations, commonly referred to as the "Volcker Rule," among other things, generally prohibit 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.

Other Dodd-Frank regulations impose minimum margin requirements on uncleared swaps, require the central execution and clearing of standardized over-the-counter ("OTC") derivatives on regulated trading platforms and clearing houses, set limits on the size of positions in certain types of derivatives and provide for registration, heightened supervision and regulation of OTC derivatives 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 swap dealer registration, depending on the level of their swap dealing activities with counterparties that are U.S. persons and with certain counterparties whose swap obligations are guaranteed by 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 and certain other categories of counterparties. In 2020, the CFTC adopted rules regarding cross-border transactions, which, among other things, 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 had previously made such a determination with respect to certain aspects of Australian law and regulation pursuant to guidance issued by the CFTC prior to its adoption of the cross-border rules, and that determination remains in effect under the new rules. Pursuant to that determination, 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.

As part of the Dodd-Frank regulatory regime, the FRB, Farm Credit Administration, FDIC, Federal Housing Finance Agency and the OCC (collectively, referred to as the prudential regulators) have adopted rules imposing initial and variation margin requirements on transactions in uncleared swaps and security-based swaps entered into by registered swap dealers subject to prudential regulation. As we are supervised by the FRB and operate a New York Branch that is supervised by the OCC, we are subject to these rules, and must comply with the requirements thereunder to collect and post initial and variation margin in respect of in-scope trading with in-scope counterparties. Similar to the CFTC's cross-border rules, the rules of the prudential regulators 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.

Financial System Regulation in the United States (continued)

We are also subject to “enhanced prudential regulations” under Reg. YY, Subpart N, which was adopted pursuant to Dodd-Frank Section 165, and which requires quarterly and annual certification of compliance with the capital adequacy and risk oversight requirements thereof. Dodd-Frank also requires us to submit U.S. resolution plans to the FRB and FDIC. We submitted our most recent reduced resolution plan in December 2018. In October 2019, the FRB and the FDIC issued final rules that 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 continued to be a triennial reduced filer as of June 30, 2021. If we remain a triennial reduced filer, we will be required to submit our next reduced resolution plan on or before July 1, 2022.

We conduct our debt capital markets activities in the United States through Commonwealth Australia Securities, LLC (“CAS”). CAS is a broker-dealer licensed by the U.S. Securities and Exchange Commission (“SEC”) and supervised by the SEC and the Financial Industry Regulatory Authority (“FINRA”). CAS is also licensed in the states and territories where it does business. The SEC and FINRA have extensive compliance requirements that apply to CAS, including recordkeeping, transaction and communications monitoring, supervision of CAS staff, internal policies and procedures, and many others that govern the day-to-day business of CAS. CAS is subject to periodic reviews of its operations by the SEC and FINRA.

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 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 have or 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, terrorist financing and violations of U.S. sanctions. 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, and other U.S. laws with respect to sanctions, 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. They also require financial institutions in the United States to operate in compliance with U.S. sanctions regimes. 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 enforcement actions 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, and to comply with U.S. sanctions regimes, could have serious legal and reputational consequences for the financial institution, as well as result in the imposition of civil, monetary and criminal penalties.

In January 2021, the Anti-Money Laundering Act of 2020 (“AMLA”), which amends the BSA, was enacted. The AMLA is intended to comprehensively reform and modernize U.S. anti-money laundering laws. Among other things, the AMLA codifies a risk-based approach to anti-money laundering compliance for financial institutions; requires the development of standards by the U.S. Department of the Treasury for evaluating technology and internal processes for BSA compliance; and expands enforcement- and investigation-related authority, including a significant expansion in the available sanctions for certain BSA violations. Many of the statutory provisions in the AMLA will require additional rulemakings, reports and other measures, and the effects of the AMLA will depend on, among other things, rulemaking and implementation guidance.

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 2021 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 2021 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 2021 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.

Provisions have been recognised by the Group where the criteria outlined in the accounting policy section of Note 7.1 of the 2021 Financial Report is 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.

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 the Australian Transaction Reports and Analysis Centre (AUSTRAC). The AUSTRAC proceedings concerned contraventions of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).

The resolution of the AUSTRAC civil penalty 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 action claims 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 (FirstChoice Fund) and Commonwealth Essential Super (CES). 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.

On 18 October 2019, a second class action was commenced against CFSIL in the Federal Court of Australia. The claim relates to certain fees charged to members of the FirstChoice Fund. 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. A mediation in this matter is likely in the last quarter of 2021.

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 practicable caused affected members to pay higher fees and receive lower investment returns during the period of delay. CFSIL and its former director deny the allegations and are defending the proceedings. A mediation in this matter is likely in the first quarter of 2022.

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 and breached its trustee duties when taking out group insurance policies obtained from CMLA.

Description of Business Environment (continued)

Superannuation class actions (continued)

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. CFSIL and CMLA deny the allegations and are defending the proceedings.

It is currently not possible to determine the ultimate impact of these claims on the Group. 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 made against it in the amended complaint.

On 21 March 2021, CBA reached an agreement in principle with the plaintiffs to settle the action, the terms of which are currently confidential. The parties are in the process of negotiating the terms of a Deed of Settlement, which will be subject to Court approval. The approval hearing is likely to take place in 2022.

The Group has provided for legal costs expected to be incurred in the matter and the agreed settlement sum.

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. CBA and CMLA deny the allegations and are defending the proceedings.

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 claim.

Life Insurance Advice Class Action

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 CMLA.

The claim relates to certain CommInsure (CMLA) 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 or their 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 premiums from third party insurers. It is also alleged that CMLA is liable to account for excess premiums because it knew the material facts giving rise to the breaches of fiduciary duty. CFP, FWL and CMLA are defending the proceedings.

On 3 September 2020, CBA was notified of a class action commenced against Count Financial Limited (Count) in the Federal Court of Australia on 24 August 2020. The proceeding relates to commissions paid to Count and its authorised representative financial advisers in respect of financial products (including insurance) and certain obligations of its financial advisers to provide ongoing advice in the period from 21 August 2014 to 21 August 2020. The claim also includes allegations (related to the receipt of commissions) that Count engaged in misleading or deceptive conduct, and that Count and its authorised representatives breached fiduciary duties owed to the applicant and group members. The claim seeks compensation and damages from Count, including any profits resulting from the contraventions.

Count was a wholly owned subsidiary of CBA until 1 October 2019, when it was acquired by CountPlus Limited. CBA has assumed the conduct of the defence in this matter on Count's behalf. Count is defending the proceedings.

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

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 ASIC Act and Corporations Act 2001 (Cth) (Corporations Act) arising from communications with members of the FirstChoice Fund. 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 including where a written investment direction had not been provided by the member. 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 FirstChoice Fund rather than transitioning to CFSIL's MySuper product.

CFSIL filed its response to the claim on 17 July 2020. ASIC filed an amended statement of claim which, amongst other things, includes additional telephone calls which it alleges were misleading or deceptive. A defence to the amended statement of claim was filed on 11 December 2020. A hearing on the question of liability has been listed for 6 September 2021.

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

Description of Business Environment (continued)

ASIC regulatory enforcement proceedings (continued)

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 CES. CES is a MySuper product issued by CFSIL.

CBA filed its defence to the proceedings on 24 August 2020 and CFSIL filed its defence on 25 August 2020. CBA and CFSIL deny the allegations and are defending the proceedings. A hearing on the question of liability has been listed for 26 April 2022.

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 claim.

CBA business overdrafts

On 1 December 2020, ASIC commenced civil penalty proceedings against CBA in this matter in the Federal Court of Australia. CBA did not defend the proceedings. On 12 February 2021, consistent with CBA's admissions, the Court made declarations that CBA contravened the general obligations under the Corporations Act and certain misleading and deceptive conduct provisions of the ASIC Act, in relation to overcharging of interest on certain business overdraft accounts for the period 1 December 2014 to 31 March 2018.

The overcharging affected 2,269 customers. The affected customers have been sent refunds and CBA's remediation program has concluded. At a hearing on 6 April 2021, the judge ordered CBA to pay a penalty of $7 million, which has now been paid. On 16 August 2021, the Court ordered CBA to publish a corrective notice regarding misconduct on the CBA website. The Group has provided for legal costs in relation to the Court's consideration of the corrective notice.

CommSec/AUSIEX

On 1 March 2021, ASIC commenced proceedings against Commonwealth Securities Limited (CommSec) and Australian Investment Exchange Limited (AUSIEX) in the Federal Court of Australia. The proceedings relate to a number of issues including regulatory data requirements, trade confirmations requirements, client monies and brokerage issues. CommSec and AUSIEX are not defending the proceedings. A hearing has been listed for 3 March 2022 to determine penalties. CommSec and AUSIEX have also agreed to enter into a court-ordered compliance program. AUSIEX was a subsidiary of the CBA Group until 3 May 2021. CBA has assumed carriage of the proceedings on AUSIEX's behalf. It is currently not possible to determine the ultimate impact of this claim on the Group. The Group has provided for legal costs and potential liability in this matter.

Monthly Account Fees

On 31 March 2021, ASIC commenced proceedings against CBA in the Federal Court of Australia. The proceedings relate to errors by CBA between 1 June 2010 and 11 September 2019 where monthly account fee waivers were not applied to accounts for certain customers. ASIC is alleging contraventions of certain misleading and deceptive conduct provisions of the ASIC Act and breaches of the general obligations under the Corporations Act. CBA does not accept the way the alleged contraventions have been formulated in the proceedings and is defending the proceedings. 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 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.

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

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

Description of Business Environment (continued)

Ongoing regulatory investigations and reviews (continued)

Fair Work Ombudsman ("FWO") Investigation

The FWO is investigating the Group's employee entitlement review and potential breaches by CBA and its related entities, including CommSec, of the Group's current and previous enterprise agreements and of the Fair Work Act 2009 (Cth). CBA self-disclosed these matters to the FWO and CBA continues to engage with FWO and respond to notices and requests for information. It is currently not possible to determine 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. The Group holds a provision for remediation and program costs related to this matter.

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. ASIC accepted a variation to the EU on 16 October 2020. 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.

The EU 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 continues to implement the terms of the varied EU.

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 focusing 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 would implement all of the recommendations and agreed to adjust its minimum operational risk capital requirements by an additional $1 billion (an impact to risk weighted assets of $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.

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. Twelve Promontory reports have been released. Promontory has noted that the Remedial Action Plan program of work remains on track and all 35 recommendations have now been delivered to Promontory as the independent reviewer by the scheduled due date.

In November 2020 APRA completed a validation review of the Group's progress and found that it had made significant progress in implementing the Remedial Action Plan and reduced the minimum operational risk capital requirements from an additional $1 billion to an additional $500 million.

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 fighting financial crime, it continues to 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 AML/CTF, sanctions and anti-bribery and corruption) and all business units.

The Group provides updates to AUSTRAC on the Program of Action implemented by the Group.

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. Although the Group is not currently aware of any other enforcement action by other domestic or foreign regulators in respect of its financial crime compliance, the Group regularly engages with such regulators (including in respect of compliance matters) and there can be no assurance that the Group will not be subject to such enforcement actions in the future.

Description of Business Environment (continued)

Other regulatory matters (continued)

Enforceable Undertaking to ASIC (BBSW)

On 21 June 2018, the Federal Court 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 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 has developed an enhanced control framework as part of the Final BBSW program. CBA is implementing the program in accordance with the terms of the enforceable undertaking.

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

In June 2019, the Australian Information and Privacy 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 addressed these incidents. CBA found no evidence that as a result of these incidents, its customers' personal information was compromised or that there have been any instances of unauthorised access by CBA employees or third parties.

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.

Remediation Costs

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. These are referred to within this Document as "remediation costs".

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 Limited and Commonwealth Financial Planning Limited-Pathways.

The Group completed the sale of Count Financial to CountPlus Limited 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 charged where no service was provided. For details on the reimbursement agreements and the indemnity deed refer to Note 11.2 of the 2021 Financial Report.

During the year ended 30 June 2021, the Group recognised an increase in the provision for Aligned Advice remediation issues and program costs of $273 million, including ongoing service fees charged where no service was provided.

As at 30 June 2021, the provision held by the Group in relation to Aligned Advice remediation was $1,018 million (30 June 2020: $804 million). The provision includes $468 million for customer fee refunds (30 June 2020: $418 million), $423 million for interest on fees subject to refunds (30 June 2020: $280 million) and $127 million for costs to implement the remediation program (30 June 2020: $106 million).

The Group's estimate of the proportion of fees to be refunded is based on sample testing and allows for a threshold below which customers will be automatically refunded without detailed assessment. It assumes an average refund rate across licensees of 39% (30 June 2020: 37%). 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. The Group is continuing to engage with ASIC in relation to its remediation approach.

Banking and other Wealth customer remediation

As at 30 June 2021, the provision held by the Group in relation to Banking and other Wealth Management customer remediation programs was $159 million (30 June 2020: $227 million). The provision for Banking remediation includes an estimate of customer refunds (including interest) relating to business and retail banking products (including bank guarantees, cash deposit accounts, merchants billing and certain other lending products), and the related program costs. The wealth remediation provision includes an estimate of customer refunds (including interest) relating to advice quality, the Consumer Credit Insurance products, certain superannuation and other products, and the related program costs.

Critical Accounting Policies and Estimates

Where applicable, each note in the 2021 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 2021 Financial Report where applicable.

Remuneration of Auditors

Disclosure of the Remuneration of Auditors is set out in Note 12.3 to the 2021 Financial Report.

Addressing Climate Change

We are committed to playing our part in limiting climate change in line with the goals of the Paris Agreement and supporting the transition to net zero emissions by 2050. As Australia's largest financial institution, we recognise our important role helping our customers transition to a low carbon future.

This year, we observed an increase in climate-related activities from customers, regulators, government and investors. The Board and management have continued their focus on climate risks and opportunities by enhancing our governance framework.

We launched a Group-wide program to further embed environmental and social considerations into the way we do business. We also commenced analysis to inform how we manage the emissions associated with our financing activities at a priority sector level. This analysis is necessary to ensure we align our financing with the goals of the Paris Agreement.

We aim to work with our customers as they harness these new climate-related opportunities, and to enable them to accelerate progress by developing new sustainability inked banking services and products.

We have made significant progress but recognise that much work remains to be done. That is why we have set ambitious new targets to reduce our Scope 1 and 2 emissions from our buildings, branches and data centres by 42% and emissions in our supply chain (Scope 3, excluding financed emissions) by 25% from our 2020 baseline by 2030.

Governance

Effective governance is critical to managing climate change risks and opportunities. This year the Board reaffirmed our climate-related ambitions to accelerate our pace of change.

This year the Board and management focused on developing sectoral glidepaths for priority sectors consistent with the Paris Agreement.

The Board endorsed a Group-wide climate work program to uplift our action across our business. It also endorsed Environmental and Social (E&S) risk as a strategic risk that could have a material impact on our business.

This year the Board Nominations Committee endorsed, and the Board approved, E&S as a reference skill in the Board Skills Matrix.

In further recognition of the importance of E&S considerations, this year we established an Executive Leadership Team E&S Committee. It is the approval body and point of escalation for decisions relating to the climate work program underway across the Bank. It is supported by a new Business E&S Action Group.

The E&S Framework applies across the Bank, and provides a reference point for our people and stakeholders on our standards, ambition, and the governance and oversight in place. The E&S Policy also outlines the governance and accountabilities to support embedding of the Framework across our business

Climate-related governance framework

Board

Oversees the management of climate-related risks and opportunities

Impact	Policy	Opportunities	Risk management	Disclosure
Considers environmental and social impact of activities	Approves the Environmental & Social Policy and Framework	Endorses climate-related opportunities from management	Approves the approach to managing climate-related risks	Approves climate-related disclosure included in the Annual Report

Board Risk and Compliance Committee

Monitors the Bank's climate-related risk profile (including emerging risks).
Receives and reviews climate-related risk reports from management.

Executive Leadership Team (ELT)

Responsible for making specific recommendations to the CEO and agreeing common actions addressing: strategy, business performance, people leadership and culture, and risk and compliance management and control.

ELT E&S Committee

Chaired by CEO and responsible for directing the development and implementation of the Bank's E&S Policy and Framework.
Meets monthly to direct and oversee the Bank's implementation of the E&S strategy, governance, priorities for implementation, and disclosures.
Oversees progress, performance and reporting on climate-related initiatives.

Business E&S Action Group

Chaired by Group Executive Institutional Banking and Markets with representatives from all relevant business units.
Meets monthly to support the ELT E&S Committee.

Addressing Climate Change (continued)

Climate risk management

Climate change has far-reaching implications and presents ongoing systemic risks to the Australian community, economy and the Bank.

Climate change poses strategic, financial and non-financial risks for the Bank. The impacts of climate change could disrupt business activities, reduce asset values and affect our customers' ability to repay loans. The Bank's reputation could be impacted by continuing to finance certain industries, activities and customers, or by setting emission reduction targets and strategies deemed by the community to be inadequate.

Physical risk

There is a risk that climate change will reduce the value of the Bank's assets, including those held as collateral or investments. Such risks may arise from permanent damage due to more frequent and severe weather events and long-term shifts in climate patterns.

Reduced asset values in some locations or sectors could affect customers' ability to repay loans, leading to increased losses for the Bank and potential reputational risks from more customer hardship cases.

Transition Risk

The risk that disruptions occurring from the adjustment to a low carbon economy will increase business costs or reduce asset values. Such risks may arise from changing regulatory, market, technological or community expectations.

Assets in certain sectors or locations could become less valuable by being misaligned with low carbon policies or community expectations. Increased regulatory focus could increase the risk of compliance breaches or litigation (including class actions)

Managing risk

During the year, we have continued to evolve our Risk Management Framework, including our approach to managing climate change risks.

We also conducted a review of our Group E&S Policy and Group E&S Framework. This review identified opportunities to enhance the identification, measurement and aggregate reporting of our E&S risk exposures. These enhancements will continue as part of our Group-wide climate work program.

Policy and Framework

The Group E&S Policy and Framework require that subject to Australia having a secure energy platform, we will:

- provide no project finance to new or expanded Thermal Coal Mines, nor to new coal fired power plants;
- reduce our existing project finance exposure to Thermal Coal Mines and coal fired power plants to zero by 2030;
- only provide project finance for new or expanded oil or gas projects or Metallurgical Coal Mines[1] after an assessment of the environmental, social and economic impacts of such activity, and if in line with the goals of the Paris Agreement;
- only provide corporate or trade finance to new oil and/or gas producing, metallurgical coal mining or coal-fired power generation Clients[2] who have publicly committed to the goals of the Paris Agreement, and after an assessment of the environmental, social and economic impacts;
- not provide corporate or trade finance to new Clients who derive 25% or more of their revenue from the sale of thermal coal;
- reduce our corporate and trade finance exposure to existing Clients who derive 25% or more of their revenue from the sale of thermal coal to zero by 2030[3];
- only offer corporate or trade finance to existing oil and/or gas producing, metallurgical coal mining or coal-fired power generation Clients[2] after an assessment of the environmental, social and economic impacts. From 2025, we will expect these Clients to have published Transition Plans.

Assessing and managing climate risk

The Bank has a number of key mechanisms in place to assess and manage our climate risk exposures.

We continue to enhance our climate change stress testing and scenario analysis capabilities. This will enable us to assess how different climate scenarios may impact our tactical and strategic decisions.

We continue to develop our methodology, approach and tools for measurement of emissions intensity of our business lending portfolio, noting that data and methodology approaches continue to evolve, and the approach to deriving this information is subject to change as industry standards develop.

Institutional Bank loans, as well as large loans (greater than $30 million) in other business units, are evaluated through our ESG risk assessment tool. Additional due diligence may be undertaken depending on the level of risk.

We are expanding our ESG risk assessment tool and methodology to enable ESG risk to be assessed across a larger portion of business lending for our Business Bank.

We track our exposures to the Energy Value Chain regularly at the ELT E&S Committee.

In Retail Banking Services, we are enhancing our data and analytics capabilities to better understand the current and future impacts of climate change to our customers and mortgage book.

1 Applies to project finance to Clients involving (a) a greenfield oil, gas or metallurgical coal extractive activity; or (b) a brownfield expansion of an oil, gas or metallurgical coal extractive activity.

2 Applies to Clients who derive 25% or more of their revenue from the sale of metallurgical coal, oil or gas, or for coal fired power generation, 25% of generation is from coal.

3 We will continue to provide rehabilitation bonds for these existing Clients to ensure their responsibilities with exiting mine sites are fulfilled.

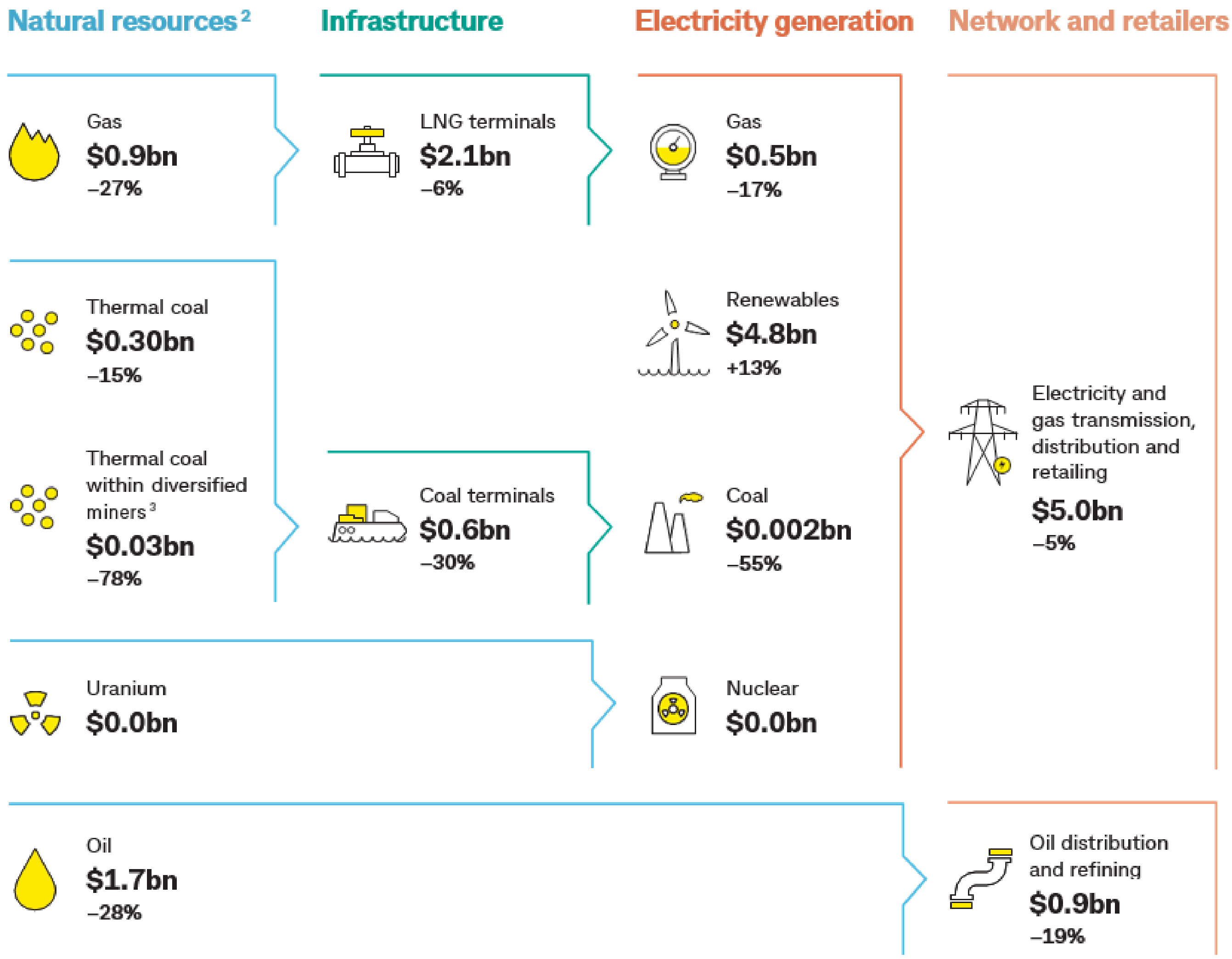
Addressing Climate Change (continued)

Monitoring our exposure

The Energy Value Chain describes our exposure to energy-related assets. We expect the value of these exposures to fluctuate from year-to-year while still delivering on our commitment in our Environmental and Social Framework. Our exposure to all non-renewable energy assets has reduced this year while our exposure to renewables has increased by 13% to $4.8 billion.

Energy Value Chain exposures as at 30 June 2021[1]

Key: +/- change since FY20



1 All figures are Total Committed Exposures (TCE) excluding Commitment at Offer and trading securities exposures as at 30 June 2021. Figures represented have been specifically derived based on material client exposures, and have not been netted off against any insurance or guarantees that mitigate the Group's risk exposure to clients. Not included are 'Other energy-related' exposures ($0.05bn) which comprise smaller loans and exposure to energy trading entities.

2 Exposures to metallurgical coal mining ($0.03bn), and metallurgical coal mining within diversified miners ($0.01bn) not included.

3 Thermal coal exposure within each diversified miner is calculated as the Group's exposure to the miner, excluding exposure to thermal coal subsidiaries, multiplied by the percentage EBITDA contribution of thermal coal in its latest annual financial statements. Excluded from the exposures are exposures to thermal coal subsidiaries of diversified miners, i.e. subsidiaries whose business activities are predominantly related to thermal coal mining. These are allocated to thermal coal.

Corporate Governance

The Commonwealth Bank of Australia is committed to our strategy to build tomorrow's bank today for our customers and to fulfil our purpose of improving the financial wellbeing of our customers and communities. Effective governance is key to the Bank's ability to deliver on our purpose and strategy.

The Commonwealth Bank of Australia (CBA or Bank) is committed to continuously improving our governance practices and ensuring that they are aligned with our business and stakeholders' needs. The Board's role is to represent shareholders by setting the Bank's strategic direction and instilling a culture that is reflective, risk aware and accountable to achieve stakeholder outcomes that are fair and balanced.

This Document describes the key governance arrangements and practices of the Bank and its related bodies corporate (Group). CBA has followed the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX 4th Edition) for the reporting period ending 30 June 2021. The Group must comply with the Corporations Act 2001 (Cth) (Corporations Act) and 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.

Catherine Livingstone AO
Chairman

Matt Comyn
Managing Director and Chief Executive Officer

Shirish Apte
Independent Non-Executive Director

Genevieve Bell AO
Independent Non-Executive Director

Peter Harmer
Independent Non-Executive Director

Paul O'Malley
Independent Non-Executive Director

Simon Moutter
Independent Non-Executive Director

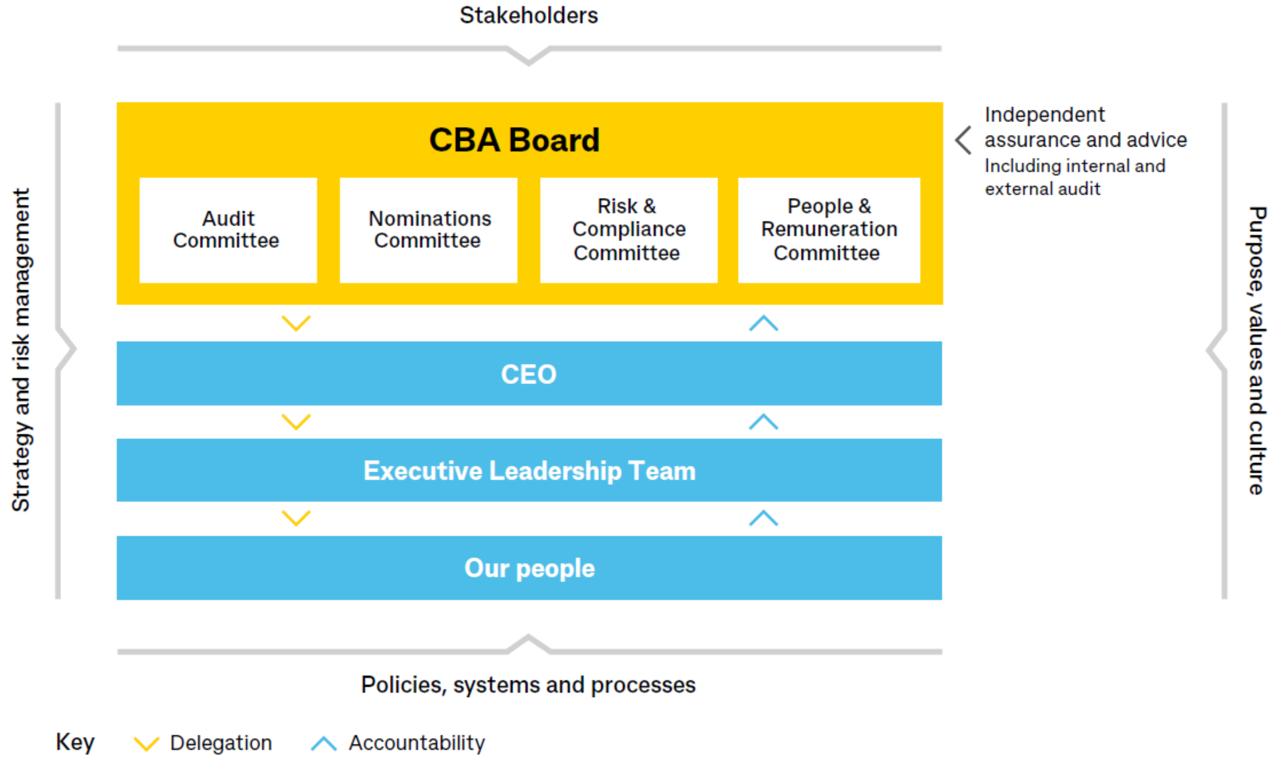
Mary Padbury
Independent Non-Executive Director

Anne Templeman-Jones
Independent Non-Executive Director

Rob Whitfield AM
Independent Non-Executive Director

Corporate Governance (continued)

Corporate Governance Framework



The Bank's Governance 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, and has, delegated some of these powers to Group Executives and other officers under instruments of delegation. Regardless of 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 key functions of the Board and its Board Committees are outlined in this Document.

Culture

The Bank remains focused on shaping a culture that supports the achievement of business strategies, including sustaining our focus on risk culture to enable 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 it guides the Bank's culture through the CEO. Our culture, anchored in our values of Care, Courage and Commitment, is instilled and reinforced by the Executive Leadership Team.

The Board monitors culture and cultural change initiatives by leveraging data and insights provided from a range of resources including employee culture and engagement surveys, strategic metrics and focus groups, as well as audit reports, compliance reports and whistleblower reports.

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 of Care, Courage and Commitment:

Care

We care about our customers and each other – we serve with humility and transparency

Courage

We have the courage to step in, speak up and lead by example

Commitment

We are unwavering in our commitment – we do what's right and we work together to get things done

Our purpose and values are reinforced across the Bank through various communication channels, policies, processes and learning and development initiatives. Conduct is formally assessed with respect to the Bank's values, risk and key performance indicators during employee performance reviews.

During the 2021 financial year, other mechanisms to reinforce the Bank's purpose and values included:

- a continued focus on senior leader role-modelling and authentic communication to send consistent cultural cues through tone, language and behaviour;
- a focus on unifying, empowering, developing and connecting leaders across the Bank through an ongoing series of quarterly and bi-annual leader forums;
- providing broader context on the Bank's strategy and operations through the CEO's fortnightly CommBank Live online interview session available to all employees;
- performing a comprehensive assessment of our organisational culture (including risk culture) to ensure continued alignment to the strategy and our values;
- launching and embedding our values through regular targeted employee communications; and
- amplifying values stories and examples through employee recognition programs, both through our everyday Legends Program and through quarterly and annual Excellence Awards.

Policies

Policies play a vital 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) sets the standards of behaviour, actions and decisions expected of our people (including the Board) when engaging with, and balancing the interests of, the Bank's stakeholders. The Code connects our purpose and values with a 'Should We?' test, to help deliver the outcomes we expect. 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 online and independently provided telephone and email services) that provide avenues for individuals to raise concerns, including anonymously; and
- a Misconduct Governance Committee that oversees the effectiveness of the whistleblower program.

The Audit Committee is provided with regular reporting on the operation of the whistleblower program, including material matters reported under the Group Whistleblower Policy. The reporting takes into account legislative constraints surrounding both whistleblower protection and confidentiality.

Anti-Bribery and Corruption

The Group is committed to embedding a zero appetite culture 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, receiving or offering of bribes, facilitation payments or other improper benefits to/from 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 Group AB&C Policy breaches.

Material breaches of the policy must be reported to the Risk & Compliance Committee and will be reported to the Audit Committee if the matter is raised under the SpeakUP Program

Corporate Governance (continued)

Inclusion and Diversity

The Group Inclusion and Diversity Policy outlines our approach and commitment to inclusion and diversity. 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 Inclusion and Diversity Policy, and setting, and annually assessing, measurable objectives in relation to diversity and progress against achieving them (in conjunction with the Nominations and People & Remuneration Committees).

Conflicts Management

The Group Conflicts Management Policy is designed to ensure that actual, perceived or potential conflicts of interest 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's Prudential Standards CPS 520 Fit and Proper and SPS 520 Fit and Proper. 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'.

The policy also sets out the Bank's prohibition on hedging or otherwise limiting economic exposure to equity price risk in relation to unvested equity-linked remuneration issued under any Group equity arrangement.

Environmental and Social Policy

The Group's Environmental and Social Policy details our commitment to managing environmental and social risks, including climate change, human rights and modern slavery. During the 2021 financial year, the Group published its first Modern Slavery Statement in compliance with Australia's Modern Slavery Act 2018 (Cth) and the UK Modern Slavery Act. The Statement disclosed the actions taken during the 2020 financial year to identify and mitigate modern slavery and human trafficking in our business operations, lending and supply chain.

The Group regularly assesses and discloses our climate-related progress, performance and the Group's plans in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Entity Governance

The Board has adopted a suite of entity governance policies and associated documents which includes the following:

1. Group Subsidiary Governance Framework, which outlines the corporate governance practices and principles that apply to Group Subsidiaries including director and officer responsibilities, and board governance and information flow;
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 the development and maintenance of policies, standards and procedures across the Group, 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 monitors and manages its exposure to financial, non-financial and strategic 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 the Group Risk Management Framework for managing the Group's material risk types.

- The Group Risk Management 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), which describes the Group's approach to ensuring comprehensive management of its risks in support of achieving its strategic goals and objectives; and
- Group Strategy, which articulates the Group's approach to implementing its strategic objectives through the Business Plan.

The Board is ultimately responsible for the Group Risk Management Framework and for overseeing its operation by management. As required under APRA's Prudential Standard CPS 220 Risk Management, the Board:

- approves the Group RAS and the Group RMA, and ensures consistency of developed policies and processes;
- ensures that the Group Risk Management Framework is subject to external review every three years;
- receives regular management reporting to monitor that material risks are managed within approved appetite;
- forms a view on the risk culture of the Group and oversees relevant improvement action plans; and
- makes an annual Risk Management Declaration (RMD) to APRA that is signed by the Chairs of the Board and the

Corporate Governance (continued)

Risk & Compliance Committee on the adequacy of design and operating effectiveness of the Group Risk Management Framework.

As part of its consideration of the RMD, the Board regularly makes appropriate enquiries to satisfy itself that in all material respects the Group Risk Management Framework is appropriate to the Group. The most recent RMD was provided to APRA in October 2020.

Remedial Action Plan

Following publication of the APRA Prudential Inquiry (PI) Report in May 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 (RAP) in place to address the recommendations outlined in the PI Report. The RAP was approved by APRA on 29 June 2018 and includes a focus on strengthening the Risk Management Framework, particularly in respect of operational risk and compliance risk management.

Examples of progress under the RAP include:

- there is now clear and committed leadership from the top in managing non-financial risk;
- accountabilities for management have been clarified and documented;
- there is much clearer and stronger focus on ensuring good customer outcomes, and the 'Should We?' question has become an integral part of the Group's everyday conversations; and
- constructive challenge is not only a consistent feature of meetings and forums, it is welcomed.

All recommendations from the PI Report have now been delivered to the RAP Independent Reviewer, Promontory, by the scheduled due dates. The Group has fully embraced the PI recommendations and will continue to embed the changes as part of how we operate.

Exposure to Environmental and Social Risk

The Bank has implemented policy frameworks for considering Environmental and Social (E&S) risks, including climate change. These risks could adversely affect the Group and the achievement of its objectives The Group's approach to climate change (including strategy, risk management, metrics and targets) is in line with the 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, Nominations, 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 Chair. 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 and the Definition of Internal Auditing. GA&A is also subject to external review every three years.

GA&A's responsibilities include:

- developing a risk-based annual Group internal 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 believes 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. The External Auditor attends the AGM and is available to respond to shareholder questions on any matter that concerns them in their capacity as auditor. 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 2021 Financial Report.

CEO and CFO Declarations

Before the Board approved the Group's half-year and full-year financial statements for 2021, 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 works closely and constructively with our wide range of stakeholders which allows us to understand the issues that matter most to them. We build partnerships and seek the views of various groups through forums such as our CEO Advisory Panel, Community Council and Indigenous Advisory Council. We also work collaboratively with government representatives and industry groups, for example the Australian Sustainable Finance Initiative (ASFI), Climate Leadership Coalition (CLC) and the Australian Banking Association (ABA) to consider societal issues and drive systemic change.

Customers

The Bank has a dedicated Customer and Community Advocacy team. This team represents the voice of the customer and community within the Bank to enhance and protect customer outcomes. They do this 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, including by identifying and eliminating systemic issues/themes;
- providing a helping hand to customers in vulnerable circumstances and being an escalation point for frontline staff;
- building a better bank by improving customer advocacy in decision-making; and
- restoring relationships between our people, our customers and our community, particularly through complaint resolution.

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

Community

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

We engage with members of the community through a variety of channels and use the insights we gain to improve our products and service. This in turn allows us to deliver better outcomes for our customers.

During the 2021 financial year, the Bank made cash contributions of $47.3 million into the community. We give our people the opportunity to support community organisations that matter to them. Through the CommBank Staff Foundation, one of Australia’s largest workplace giving programs, we donated more than $2.5 million to eligible community organisations including The Humour Foundation, Thread Together and Wayside Chapel, and raised more than $3 million for cancer research during the financial year.

Our People

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

The Bank is committed to:

- building an inclusive and diverse culture;
- supporting flexible work practices;
- providing our people, regardless of their gender, age, sexual orientation, ethnicity or other identities, characteristics or experiences, with access to paid leave and other support to assist them with caring and family responsibilities; and
- rewarding our people appropriately.

Building an Inclusive and Diverse Culture

We are committed to fostering an inclusive culture that embraces the diversity of our people and is grounded on the foundations of equality, care and respect, so that our people can be themselves, feel that they belong, and thrive. An inclusive culture and diverse workforce helps us to fulfil our

purpose of improving the financial wellbeing of our customers and communities. In January 2021, we launched our new Inclusion and Diversity strategy, which was endorsed by the Board.

Our operating environment is constantly shifting, with external and internal factors affecting the experience of our people and impacting our workplace. Our Inclusion and Diversity strategy is built on actions taken to learn from the experiences of our people, our customers, and the community. 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.

While 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 assists the Board with setting and approving measurable objectives for gender diversity in the composition of the Board and the boards of nominated subsidiaries. The People & Remuneration Committee assists the Board with setting measurable objectives for gender diversity applicable to the workforce more broadly, including senior executives.

The current measurable objective for the composition of the Board is to maintain at least 40% female representation. As at 30 June 2021, women represented 40% of the Board.

With regard to the composition of the Bank's workforce generally, given that for a number of years the majority of our workforce has been made up of women, and as at 30 June 2021 women represented 56.1% of our workforce, we have focused on setting measurable objectives to increase the representation of women in our leadership roles. We continue to regularly monitor and report annually on the proportion of women in our workforce generally to ensure we maintain gender diversity. We expect our People Leaders to build diverse teams and this is reflected in their (Board approved) Key Performance Indicators to drive positive action towards our gender equality goals. Quarterly inclusion conversations are one of the ways in which our General Managers and above regularly review gender diversity for their teams and identify actions for improvement. To inform these conversations we equip them with data insights including the gender ratios at each role level and the gender breakdown of new hires and departures from the Group. The Group's Inclusion Forum, which includes two Group Executives and other senior executives of the Bank, monitors the Group's progress towards achieving our gender equality goals, informs the development of inclusion conversations and discusses outcomes from those conversations.

We participate in the Bloomberg Gender-Equality Index as our primary benchmark for tracking our progress in advancing gender equality for our people, our customers, and the community. This year, we were one of 380 companies worldwide to be included in the 2021 Bloomberg Gender-Equality Index.

The measurable objective set for the composition of our Senior Executive[1] role levels is to achieve 47–50% female representation by 2025. To support leadership accountability for this measurable objective, progress is evaluated against internal milestones set at a Business Unit level. As at 30 June 2021, women represented 41.7% of Senior Executives.

1 For the purposes of reporting against our measurable objectives, Senior Executives is defined as roles at the level of Executive Manager and above. This is 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, excluding ASB.

Other Information (continued)

Corporate Governance (continued)

Cultural Diversity

The People & Remuneration Committee assists the Board with setting measurable 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

As we build tomorrow's bank today for our customers, we continue to refine our patterns of working while finding the right balance for our customers, for teams and for individuals.

We recognise that flexible working comes in many forms. We want to create an environment where everyone (regardless of gender, location, career aspiration or life stage), feels supported in the choices they make to achieve their optimal work performance and personal responsibilities.

During the financial year, we introduced hybrid working which is an arrangement that includes working remotely part of the time. We encourage teams to have conversations about hybrid working with open minds and a clear understanding of our purpose.

We have also empowered our leaders to determine how they create safe environments where our people can enjoy their work, collaborate with their colleagues and deliver on our strategy. 81.1%[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 carers is gender inclusive, particularly to increase men's access to parental leave.

We offer gender-neutral paid parental leave entitlements with up to 52 weeks superannuation payments for primary carers, 13 weeks paid parental leave and a return-to-work payment.

We continue to see an increase in men accessing parental leave and, in the 2021 financial year, 44.1%[2] of employees who commenced a period of parental leave were men. We are also proud to have been certified as a Family Friendly Workplace by UNICEF Australia and Parents At Work.

Executive Remuneration and Performance

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

- the Group's remuneration strategies, recognition programs, and effectiveness of the Group Remuneration Policy and other people-related policies; and
- remuneration arrangements for non-executive directors of the CBA Board, the CEO and the CEO's direct reports[3] and Accountable Persons and Responsible Persons of the Bank and Regulated Subsidiaries.

In carrying out its role, the People & Remuneration Committee seeks to ensure that 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, 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. The Bank has a formal process for evaluating the performance of the CEO and the CEO's direct reports at least twice every reporting period. During the financial year, a preliminary review was undertaken in February and June by the concurrent meeting of the People & Remuneration, Audit, Risk & Compliance and Nominations Committees which evaluated the CEO's performance and his assessment of the CEO's direct reports' performance[4]. The final assessments were then recommended by the People & Remuneration Committee to the Board for approval in August 2021. The basis on which individuals' performance was evaluated, and remuneration outcomes determined, is summarised in the Remuneration Report.

The CEO and the CEO's direct reports have written executive employment agreements which set out the terms and conditions of their employment. The Group undertakes background checks prior to appointing senior executives, and the Group Fit and Proper Policy requires fit and proper assessments for persons appointed to a Responsible Person role.

Gender Pay Equity

We seek to achieve gender pay equity. We continue to have a pay gap between what we pay men and women at similar career levels. During the 2021 financial year, the gender pay gap increased at the Executive General Manager, General Manager and Manager career levels, and remained the same at the Executive Manager and team member career levels. We review pay equity throughout the year and as part of our annual remuneration review process.

Shareholders

The Bank seeks to provide shareholders with information that is timely, of high quality and relevant to their investment.

Our investor relations program facilitates two-way communication between the Bank and shareholders. We are committed to listening and responding to shareholder queries, feedback and surveys and regular updates are provided to the Board so that it has a good understanding of current shareholder views.

The Bank communicates with shareholders through multiple channels including a dedicated telephone line, by email and post. Shareholders are able to send us communications directly or via our share registry, Link Market Services. Key updates are provided via ASX Announcements, full and half year results, quarterly trading updates, the Annual Report, shareholder letters and the Notice of Meeting. Our website also provides access to webcasts, videos, result summaries and FAQs.

The Chairman, CEO, CFO and Group Executives meet with domestic and offshore institutional investors throughout the year.

We also engage directly with buy- and sell-side analysts, proxy advisors, the Australian Shareholders' Association and retail stockbrokers.

All shareholders have the opportunity to ask questions and hear directly from the Board at the Bank's Annual General Meeting.

1 The proportion of employees that indicated they have used any of the flexible work options in the Group's biannual people and culture survey. Data excludes ASB businesses in New Zealand and businesses in Indonesia.

2 This metric represents the proportion of male employees who commenced a period of parental leave in the 2021 financial year, compared to all employees who commenced parental leave during the same period. This excludes ASB.

3 'CEO's direct reports' as defined in the Board Charter.

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

Corporate Governance (continued)

Corporate Reporting

The Audit Committee assists the Board to discharge its responsibilities on matters relating to the external reporting of financial information for the Group.

The Group Publicly Issued Documents and Marketing Materials Policy 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:

- that 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;
- compliance with our Code of Conduct;
- that a heightened degree of validation of certain public documents and marketing materials is performed; and
- that appropriate approvals are obtained for publicly 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.

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 promptly 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 on our website.

Annual General Meeting

The Bank recognises the importance of shareholder participation at our AGM.

The 2021 AGM will be held on 13 October 2021 and shareholders will be able to participate online. With COVID-19 an ongoing health concern this will provide equal opportunity for all shareholders to participate in the AGM, regardless of location.

Shareholders are encouraged to submit questions ahead of the AGM and participate online. 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.

The AGM is webcast live, and a recording of the AGM is made available after the meeting on our website for shareholders who are unable to attend.

Electronic Communications and Payments

Shareholders are strongly 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

The Board recognises the importance of balancing new strategic initiatives with core business performance.

The Board Charter outlines the role, responsibilities and composition of the Board and the manner in which it discharges its responsibilities. The Charter also sets out the respective roles and responsibilities of the Board and management and those matters expressly reserved to the Board and those delegated to management. The primary purpose of the Board is to ensure sound and prudent management of the Group, provide leadership and strategic guidance, and delivery of the Group's purpose. 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 Management Framework and its operation by management;

Corporate Governance (continued)

The Board (continued)

- sets the Group's risk appetite, within which the Board expects management to operate, and approves the RAS;
- 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, the half and full-year financial reports required
- by APRA and the quarterly trading updates, and oversees the integrity of the Group's accounting and corporate reporting systems;
- oversees the Group's continuous disclosure process and approves the Group Continuous Disclosure Policy;
- considers the social, ethical and environmental impact of the Group's activities and approves corporate responsibility and climate related disclosures;
- assesses the performance and succession planning of the CEO and the CEO's direct reports (in conjunction with the People & Remuneration Committee);
- approves the remuneration arrangements for the CEO and the CEO's direct reports, 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 within the shareholder approved fee pool limit;
- approves the Group's Inclusion and Diversity 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 Company Secretary in relation to the Board's information requirements to assist the Board with effective decision-making; and
- sets the Board 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

- leads the senior executive team including in instilling the Group's Code of Conduct, culture and values;
- implements the strategic, business and financial objectives and/or plan, exercising delegations as appropriate;
- 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 its respective Charter, and are summarised in the following table. The following table also includes a summary of each Committee's priorities over the past financial year.

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 (in conjunction with the Risk & Compliance Committee) the Group's Risk Management Framework.	Must: [1] ▪ have at least three independent NEDs; ▪ include the Risk & Compliance Committee Chair; and ▪ not be chaired by the Board Chair. 2021 focus areas: ▪ Reviewing significant accounting and financial reporting processes and issues. ▪ Reporting on the Group's internal control environment. ▪ Progress with the remediation of audit findings, and reporting from the Group Audit and Assurance function. ▪ Oversight of entity structure hygiene, including incorporation and deregistration. ▪ Overseeing reporting on the SpeakUp Program including matters being investigated, themes and trends. ▪ Reviewing key audit findings and insights relating to Risk Management Declaration areas.	Members as at the date of the Document: ▪ Anne Templeman-Jones (Chairman) ▪ Shirish Apte ▪ Catherine Livingstone AO ▪ 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 CEO, diversity of the Board and boards of 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 Chair. 2021 focus areas: ▪ Board renewal – appointment of Peter Harmer in March 2021. ▪ Entity Governance – a continued focus on enhancing entity governance, including monitoring the progress of material subsidiaries adopting the Group's core governance policies. ▪ Diversity – including measuring progress against the board gender diversity target across nominated subsidiaries and revising the target set.	Members as at the date of the Document: ▪ Catherine Livingstone AO (Chairman) ▪ Genevieve Bell AO ▪ Mary Padbury ▪ Rob Whitfield AM

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

Other Information (continued)

Corporate Governance (continued)

Board Committees (continued)

People & Remuneration Committee	Assists the Board on matters relating to organisational culture, inclusion and diversity, 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 nominated subsidiaries, the CEO, direct reports to the CEO, accountable persons under the BEAR and other individuals including those in regulated roles as described in the Committee Charter.	Must: [1] ▪ have at least four independent NEDs; ▪ include a Risk & Compliance Committee member; and ▪ not be chaired by the Board Chair. 2021 focus areas: ▪ Reporting on the health, safety and wellbeing of employees. ▪ Reviewing talent, development and succession plans for senior leaders and other critical roles. ▪ Increasing focus and deep dives on stages of the employee lifecycle, including controls and processes. ▪ Reviewing remuneration and recognition strategy, frameworks and effectiveness. ▪ Reviewing inclusion and diversity policies and measurable diversity objectives. ▪ Overseeing continued enhancements to remuneration governance through clearer application of accountability and remuneration consequence.	Members as at the date of the Document: ▪ A Paul O'Malley (Chairman) ▪ Genevieve Bell AO ▪ Catherine Livingstone AO ▪ Mary Padbury
Risk & Compliance Committee[2]	Assists the Board on matters relating to oversight and governance of risks impacting the Group, the design, implementation and operation of the Group's Risk Management Framework and the Group's Risk Management Approach, monitoring risk appetite and assessing the overall risk profile of the Group, monitoring the effectiveness of the compliance management framework and operational risk management framework, oversight of the Group's risk management function and risk culture.	Must: [1]* ▪ have at least four independent NEDs; ▪ include the Audit Committee Chair and a People & Remuneration Committee member; and ▪ be chaired by a member of the Audit Committee. 2021 focus areas: ▪ Cyber security and privacy risk mitigation strategies and monitoring cyber security threats. ▪ Security and resilience of the technology infrastructure including cloud risks. ▪ Reviewing the Risk Management Declaration (as required by APRA) and following through on focus areas. ▪ Monitoring financial crime risks and improvements underway through the Bank's FCC Program of Action. ▪ Monitoring residential mortgage portfolio, customer loan deferrals, climate change risks and stress testing. ▪ Progress in strengthening management of non- financial risks and delivery of commitments under the Remedial Action Plan (RAP).	Members as at the date of the Document: ▪ Rob Whitfield AM (Chairman) ▪ Shirish Apte ▪ Catherine Livingstone AO ▪ Paul O'Malley ▪ Anne Templeman-Jones

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

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

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

Unless a conflict arises, 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.

Corporate Governance (continued)

Company Secretaries

The Board has appointed three Company Secretaries. The Group Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

All Directors have access to the 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 practice follows.

Board Members

The Bank's Directors for some or all of the 2021 financial year follow:

Current Directors	Appointed	Length of Service [1]
Catherine Livingstone AO [2]	March 2016	5 years 5 months
Matt Comyn (CEO)	April 2018	3 years 4 months
Shirish Apte	June 2014	7 years 2 months
Genevieve Bell AO	January 2019	2 year 7 months
Peter Harmer	March 2021	5 months
Paul O'Malley	January 2019	2 year 7 months
Simon Moutter	September 2020	11 months
Mary Padbury	June 2016	5 years 2 months
Anne Templeman-Jones	March 2018	3 years 5 months
Rob Whitfield AM	September 2017	3 years 11 months

Former Directors	Appointed	Retired
Wendy Stops	March 2015	October 2020

As at the date of this Document, the Board has 10 Directors, including nine independent Non-Executive Directors and the CEO.

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. These Independence Standards are aligned to Recommendation 2.3 of the ASX 4th Edition.

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/or on the annual Non-Executive Director 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 2021 financial year and continue to be independent as at the date of this Document.

The Board's Corporate Governance Guidelines provide that any Director with a material personal interest in a matter being considered by the Board or a Board Committee will not usually:

- 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.

1 As at the date of this Document.
2 Chairman from 1 January 2017
3 Material contracts, interests, positions, associations and relationships.

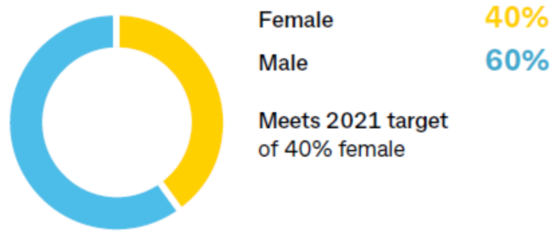
Corporate Governance (continued)

Board Members (continued)

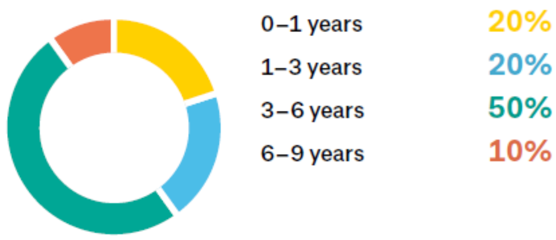
The Directors on the Board represent a range of ages, nationalities and backgrounds. During the financial year, the Board confirmed its objective for the Board and the boards of all key operating subsidiaries and APRA regulated entities to maintain at least 40% female membership, 40% male membership and 20% of any gender that holds the relevant skills and experience. For all other Group subsidiaries, board diversity must be considered on incorporation, director renewal and director rotation with the intention of ensuring that overall 40% female membership is achieved. As at the date of this Document, there is 40% female representation on the Board.

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



Board tenure



The Board uses a Skills Matrix (Matrix) which sets out the skills and experience considered essential to the effectiveness of the Board and its 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 also used to guide the identification of potential director candidates as part of the ongoing Board renewal process.

Each Director annually rates their skills, expertise and experience from 1 to 3 for each competency[1]. The self-assessment ratings are subsequently calibrated and approved by the Board. This year the Nominations Committee endorsed, and the Board approved, an update of the Matrix. The Board considers that the new skills in the Matrix (People and culture, Environment and social) support the Bank's evolving strategy and current operating environment.

Individual skills matrices have also been developed for each of the Board Committees.

Performance Evaluation

The Board recognises the importance of continuously monitoring and improving its performance and the performance of its Committees. Under its Charter the Board is required to assess its performance annually, which was completed this year in August 2021. An independent external performance evaluation of the Board and its Committees is conducted every three years, or as otherwise determined by the Board. This was held in 2020 and the results made available to the Board in August 2020.

In addition to this formal evaluation process, the Board has been monitoring its performance during the 2021 financial year to identify areas for improvement, in particular focusing on:

- continued engagement with stakeholders to hear external perspectives and share knowledge with industry experts;
- more time allocated for open discussions at Board meetings to facilitate greater focus on the Bank's strategy;
- increased informal engagement with management, including the layers below senior management; and
- reinforcing the Board's expectations of management to provide the Board with qualitative insights in both meetings and Board papers.

Board Renewal

The Board has succession plans to facilitate the orderly transition of Directors. After more than five years serving on the Board, Wendy Stops retired as a Non-Executive Director and member of the Audit Committee and People & Remuneration Committee on 13 October 2020 at the conclusion of the 2020 Annual General Meeting.

Simon Moutter was appointed as an independent Non-Executive Director with effect from 1 September 2020 and Peter Harmer was appointed as an independent Non-Executive Director with effect from 1 March 2021. The appointments of Peter Harmer and Simon Moutter have brought new perspectives to the Board given their extensive executive experience. For Simon Moutter this includes a deep understanding of technology, process effectiveness and business strategy, and for Peter Harmer includes a deep understanding of environmental principles, technology and financial services.

Genevieve Bell AO was appointed a member of the People & Remuneration Committee with effect from 13 October 2020.

As part of CBA's approach to governance at the Committee level, the Chair of each Board Committee, other than the Nominations Committee, is required to rotate every three to five years. No such rotations were required this year.

1 Where:
1 = awareness,
2 = practised/direct experience and
3 = high competency, knowledge and experience.

Corporate Governance (continued)

Board Skills Matrix

Skills and experience	High competency, knowledge and experience	Practised/direct experience		Relevance to CBA
Leadership	8	2	Held senior leadership role such as CEO or similar position in an organisation of significant size or complexity.	Setting strategy and evaluating the performance of senior leaders.
Financial services	5	1	Experience in the financial services sector and regulation, including retail and commercial banking services and adjacent sectors.	Appreciation of the operational landscape, opportunities and challenges in the sector.
Financial acumen	7	1	Proficiency in financial accounting and reporting, capital management and/or actuarial experience.	Assessing complex financial and capital management initiatives.
Strategy and global perspective	7	3	Experience in leading, developing or executing strategic business objectives including bringing to bear a global perspective.	Reviewing and setting the organisational strategy in a global context.
Governance	7	3	Experience as a non-executive director of a listed entity (Australia or overseas) and/or understanding of legal and regulatory frameworks underpinning corporate governance principles.	Understanding local and offshore legal and regulatory frameworks to effectively perform the role of director.
Risk management	7	3	Experience in identifying, assessing and monitoring systemic, existing and emerging financial and non-financial risks.	Monitoring risk appetite, assessing the overall risk profile and adapting to emerging trends.
Digital and technology	4	3	Experience in technology and innovation and the impact on customer experience.	Supporting the Bank's digital strategy.
Enhanced customer outcomes	7	2	Understanding of the changing needs of customers with a focus on improving their financial wellbeing and enhancing their experience.	Providing constructive challenge to ensure customer needs are met.
Stakeholder engagement	7	3	Experience in building and maintaining trusted and collaborative relationships with governments, regulators and/or community partners.	Ensuring an effective engagement program with regulators and other stakeholders is in place.
People and culture	7	3	Understanding organisational culture, succession planning, and remuneration and reward frameworks.	Overseeing the culture of the Group and upholding the Code of Conduct.
Environment and social	1	8	Understanding the potential risks and opportunities from an environmental and social perspective.	Influencing sustainable practices, policies and decisions that support environmental and social outcomes.

High competency, knowledge and experience

Practised/direct experience

Corporate Governance (continued)

Director Appointment and Re-Election

The Board, with the assistance of the Nominations Committee, conducts a formal selection process before 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 Group Board Appointment, Renewal and Performance Policy.

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 has a written agreement with the Bank 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 directors of Group subsidiaries.

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 2021 financial year. Directors gained insights and a deeper level of knowledge on topics such as cyber security, privacy, data, and information security and handling.

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 Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts. Where independent advice is sought at the Bank's expense, the Chairman's prior consent (which must not be unreasonably withheld) must be sought. The fee payable to the adviser must be reasonable in the circumstances and notified to the Chairman before the adviser is formally engaged.

Five Year Financial Summary

	2021 $M	2020 [1] $M	2019 [1] $M	2018 [2] $M	2017 [2] $M
Net interest income	**18,839**	18,610	18,224	18,465	17,546
Other operating income [3]	**5,317**	5,151	5,355	5,646	6,831
Total operating income	**24,156**	23,761	23,579	24,111	24,377
Operating expenses	**(11,359)**	(10,996)	(10,891)	(10,653)	(10,129)
Loan impairment expense	**(554)**	(2,518)	(1,201)	(1,079)	(1,095)
Net profit before tax	**12,243**	10,247	11,487	12,379	13,153
Income tax expense	**(3,590)**	(3,022)	(3,301)	(3,779)	(3,752)
Non-controlling interests	**–**	–	(12)	(13)	(13)
Net profit after tax from continuing operations ("cash basis")	**8,653**	7,225	8,174	8,587	9,388
Net profit after tax from discontinued operations	**148**	182	527	825	493
Net profit after tax ("cash basis")	**8,801**	7,407	8,701	9,412	9,881
Treasury shares valuation adjustment	**–**	–	6	2	(23)
Hedging and IFRS volatility	**7**	93	(79)	101	73
(Loss)/gain on disposal of controlled entities/investments	**1,373**	2,092	(61)	(183)	–
Bankwest non-cash items	**–**	–	(1)	(3)	(3)
Net profit after income tax attributable to equity holders of the Bank "statutory basis"	**10,181**	9,592	8,566	9,329	9,928
Contributions to profit (after tax)					
Retail Banking Services	**4,806**	4,142	4,043	4,465	4,423
Business and Private Banking	**2,758**	2,474	2,765	3,134	2,736
Institutional Banking and Markets	**922**	633	1,090	1,226	1,360
New Zealand	**1,159**	809	1,059	975	871
IFS and Other	**(992)**	(833)	(783)	(1,213)	(203)
Wealth Management	**–**	–	–	–	201
Net profit after tax from continuing operations ("cash basis")	**8,653**	7,225	8,174	8,587	9,388
Balance Sheet					
Loans, bills discounted and other receivables	**811,356**	772,980	756,553	743,744	731,762
Total assets	**1,091,962**	1,015,471	977,896	975,165	976,318
Deposits and other public borrowings	**766,381**	703,432	637,420	622,234	626,655
Total liabilities	**1,013,244**	943,533	908,280	907,305	912,658
Shareholders' Equity	**78,718**	71,938	69,616	67,860	63,660
Net tangible assets (including discontinued operations)	**71,071**	64,337	59,547	56,844	53,090
Risk weighted assets - Basel III (APRA)	**450,680**	454,948	452,762	458,612	437,063
Average interest earning assets	**929,846**	897,409	871,418	861,884	834,741
Average interest bearing liabilities	**776,967**	771,982	761,115	759,583	755,612
Assets (on Balance Sheet) - Australia	**926,896**	856,638	826,045	811,491	817,519
Assets (on Balance Sheet) - New Zealand	**110,104**	103,523	99,661	94,622	89,997
Assets (on Balance Sheet) - Other	**54,962**	55,310	52,190	69,052	68,802

1 Comparative information for 2020 and 2019 has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Comparative information for 2018 and 2017 has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

Five Year Financial Summary (continued)

	2021	2020 [1]	2019 [1]	2018 [2]	2017 [2]
Shareholder summary from continuing operations					
Earnings per share (cents)					
Basic					
Statutory	**499. 2**	417. 8	455. 6	500. 0	549. 9
Cash basis	**488. 5**	408. 5	462. 8	491. 5	545. 4
Fully diluted					
Statutory	**470. 6**	404. 8	440. 7	485. 5	532. 9
Cash basis	**460. 7**	396. 1	447. 4	477. 5	528. 7
Shareholder summary including discontinued operations					
Earnings per share (cents)					
Basic					
Statutory	**574. 8**	542. 4	485. 3	534. 3	577. 3
Cash basis	**496. 9**	418. 8	492. 7	538. 8	574. 1
Fully diluted					
Statutory	**539. 7**	521. 0	468. 3	517. 7	558. 8
Cash basis	**468. 4**	405. 7	475. 2	522. 0	555. 8
Dividends per share - fully franked (cents)	**350**	298	431	431	429
Dividend cover - statutory (times)	**1. 6**	1. 8	1. 1	1. 2	1. 3
Dividend cover - cash (times)	**1. 4**	1. 4	1. 1	1. 2	1. 3
Dividend payout ratio (%)					
Statutory	**61**	55	89	81	75
Cash basis	**71**	71	88	80	75
Net tangible assets per share ($) including discontinued operations	**40. 1**	36. 3	33. 6	32. 3	30. 7
Weighted average number of shares (statutory basic) (M)	**1,771**	1,768	1,765	1,746	1,720
Weighted average number of shares (statutory fully diluted) (M)	**1,934**	1,895	1,897	1,852	1,816
Weighted average number of shares (cash basic) (M)	**1,771**	1,769	1,766	1,747	1,721
Weighted average number of shares (cash fully diluted) (M)	**1,934**	1,896	1,898	1,853	1,817
Number of shareholders [3]	**871,514**	888,214	831,655	851,539	844,527
Share prices for the year ($)					
Trading high	**106.57**	91. 05	83. 99	85. 12	87. 74
Trading low	**62.64**	53. 44	65. 23	67. 22	69. 22
End (closing price)	**99.87**	69. 42	82. 78	72. 87	82. 81

1 Comparative information for 2020 and 2019 has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Comparative information for 2018 and 2017 has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

3 This includes employees.

Other Information (continued)

Five Year Financial Summary (continued)

	2021	2020 [1]	2019 [1]	2018 [2]	2017 [2]
Performance ratios (%) from continuing operations					
Return on average Shareholders' Equity					
Statutory	**11. 8**	10. 4	11. 8	13. 4	15. 4
Cash basis	**11. 5**	10. 2	12. 0	13. 1	15. 3
Return on average total assets					
Statutory	**0. 9**	0. 7	0. 8	0. 9	1. 0
Cash basis	**0. 8**	0. 7	0. 8	0. 9	1. 0
Net interest margin	**2. 03**	2. 07	2. 09	2. 14	2. 10
Performance ratios (%) including discontinued operations					
Return on average Shareholders' Equity					
Statutory	**13. 5**	13. 5	12. 6	14. 3	16. 2
Cash basis	**11. 7**	10. 5	12. 8	14. 4	16. 0
Return on average total assets					
Statutory	**1. 0**	1. 0	0. 9	1. 0	1. 0
Cash basis	**0. 8**	0. 7	0. 9	1. 0	1. 0
Capital adequacy - Common Equity Tier 1 - Basel III (APRA)	**13. 1**	11. 6	10. 7	10. 1	10. 1
Capital adequacy - Tier 1 - Basel III (APRA)	**15. 7**	13. 9	12. 7	12. 3	12. 1
Capital adequacy - Tier 2 - Basel III (APRA)	**4. 1**	3. 6	2. 8	2. 7	2. 1
Capital adequacy - Total - Basel III (APRA)	**19. 8**	17. 5	15. 5	15. 0	14. 2
Leverage Ratio Basel III (APRA) (%)	**6. 0**	5. 9	5. 6	5. 5	5. 1
Liquidity Coverage Ratio - "Spot Basis" (%)	**129**	145	129	131	129
Net interest margin	**2. 03**	2. 08	2. 10	2. 15	2. 11
Other information (numbers)					
Full-time equivalent employees from continuing operations	**44,375**	41,778	41,458	41,024	42,359
Full-time equivalent employees including discontinued operations	**46,189**	43,585	45,165	45,753	45,614
Branches/services centres (Australia)	**875**	967	1,014	1,082	1,121
Agencies (Australia)	**3,535**	3,547	3,560	3,589	3,664
ATMs	**2,492**	3,542	3,963	4,253	4,398
EFTPOS terminals (active)	**203,938**	190,118	217,608	219,245	217,098
Productivity from continuing operations [3]					
Total operating income per full-time (equivalent) employee ($)	**544,361**	568,744	568,744	587,729	579,023
Employee expense/Total operating income (%)	**25. 0**	24. 2	24. 2	21. 8	22. 4
Total operating expenses/Total operating income (%)	**47. 0**	46. 3	46. 2	44. 2	41. 6
Productivity including discontinued operations [3]					
Total operating income per full-time (equivalent) employee ($)	**539,749**	568,361	568,449	585,033	568,685
Employee expense/Total operating income (%)	**25. 2**	24. 5	25. 4	23. 0	24. 0
Total operating expenses/Total operating income (%)	**47. 8**	47. 4	47. 6	45. 2	41. 7

1 Comparative information for 2020 and 2019 has been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

2 Comparative information for 2018 and 2017 has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

3 The productivity metrics have been calculated on a cash basis.

Contents

7. Appendices

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 2019, 2018 and 2017 information not provided within the 2021 Financial Report and 2020 Financial Report.

The following information presented in Appendix A has not been restated to reflect the change in accounting policy and prior period restatements detailed in Note 1.1 of the 2021 Financial Report. Refer to "Disclosures – Financial Information Definitions – Change in Comparatives" and Appendix C of this Document for further details.

Provisions for Impairment

Provisions for impairment losses	2018 $M	2017 $M
Collective provision		
Opening balance	2,747	2,818
Net collective provision funding	716	617
Impairment losses written off	(871)	(894)
Impairment losses recovered	201	210
Other	(30)	(4)
Closing balance	2,763	2,747
Individually assessed provisions		
Opening balance	980	944
Net new and increased individual provisioning	625	670
Write-back of provisions no longer required	(262)	(192)
Discount unwind to interest income	(25)	(31)
Impairment losses written off	(548)	(454)
Other	100	43
Closing balance	870	980
Total provisions for impairment losses	3,633	3,727
Less: Provision for Off Balance Sheet exposures	(28)	(34)
Total provisions for loan impairment	3,605	3,693

Provision ratios	2018 %	2017 %
Total provisions for impaired assets as a % of gross impaired assets	33. 60	36. 05
Total provisions for impairment losses as a % of gross loans and acceptances	0. 49	0. 51

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 2019, 2018 and 2017.

							2019
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	22,404	-	-	-	-	-	-
Agriculture	9,140	114	(52)	62	59	-	59
Bank and other financial	11,952	6	(15)	(9)	1	-	1
Home loans	467,361	1,596	(272)	1,324	134	(4)	130
Construction	3,194	82	(84)	(2)	44	(1)	43
Other personal	21,508	276	(202)	74	787	(169)	618
Asset financing	10,471	78	(10)	68	17	(2)	15
Other commercial and industrial	106,991	626	(403)	223	126	(14)	112
Total loans - Australia	653,021	2,778	(1,038)	1,740	1,168	(190)	978
Loans - Overseas							
Sovereign	82	-	-	-	-	-	-
Agriculture	10,612	298	(46)	252	2	-	2
Bank and other financial	5,774	10	-	10	5	-	5
Home loans	55,581	204	(10)	194	2	(1)	1
Construction	573	1	-	1	2	-	2
Other personal	1,924	16	(20)	(4)	70	(11)	59
Asset financing	722	2	-	2	-	-	-
Other commercial and industrial	32,724	145	(73)	72	152	(4)	148
Total loans - overseas	107,992	676	(149)	527	233	(16)	217
Total loans	761,013	3,454	(1,187)	2,267	1,401	(206)	1,195

Appendix A – Additional Historical Information (continued)

Credit Risk Management (continued)

							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)

The following tables set out the Group's credit risk by industry and asset class as at 30 June 2019, 2018 and 2017.

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

										At 30 June 2019
	Sovereign	Agriculture	Bank and other financial	Home loans	Construction	Other personal	Asset financing	Other comm and indust.	Other	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	4,575	–	11,930	–	–	–	–	–	–	16,505
Receivables from financial institutions	–	–	3,037	–	–	–	–	–	–	3,037
Assets at fair value through Income Statement:										
Trading	21,354	–	941	–	–	–	–	2,454	–	24,749
Other	81	–	434	–	–	–	–	7,268	242	8,025
Derivative assets	1,414	64	18,550	–	4	–	–	1,150	–	21,182
Investment securities:										
At amortised cost	9	–	7,341	–	–	–	–	–	–	7,350
At fair value through Other Comprehensive Income	43,540	–	16,893	–	–	–	–	67	–	60,500
Loans, bills discounted and other receivables [1]	22,404	9,140	11,952	467,361	3,194	21,508	10,471	106,991	–	653,021
Other assets [2]	488	3	5,496	–	–	10	–	230	14,175	20,402
Assets held for sale	1,423	–	5,633	–	–	–	–	3,943	4,211	15,210
Total on Balance Sheet Australia	95,288	9,207	82,207	467,361	3,198	21,518	10,471	122,103	18,628	829,981
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	36	20	1,584	–	324	–	–	3,195	–	5,159
Loan commitments	605	1,975	7,675	67,874	2,331	21,207	–	34,156	–	135,823
Other commitments	58	11	1,362	–	1,390	214	12	2,963	–	6,010
Total Australia	95,987	11,213	92,828	535,235	7,243	42,939	10,483	162,417	18,628	976,973
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	9,952	–	2,930	–	–	–	–	–	–	12,882
Receivables from financial institutions	–	–	5,056	–	–	–	–	–	–	5,056
Assets at fair value through Income Statement:										
Trading	602	–	251	–	–	–	–	50	–	903
Other	–	–	–	–	–	–	–	–	–	–
Derivative assets	169	12	2,110	–	–	–	–	1,742	–	4,033
Investment securities:										
At amortised cost	5	–	–	–	–	–	–	–	–	5
At fair value through Other Comprehensive Income	16,092	–	2,320	–	–	–	–	–	–	18,412
Loans, bills discounted and other receivables [1]	82	10,612	5,774	55,581	573	1,924	722	32,724	–	107,992
Other assets [2]	30	–	338	–	–	4	8	49	1,308	1,737
Assets held for sale	683	–	469	–	–	–	–	23	166	1,341
Total on Balance Sheet overseas	27,615	10,624	19,248	55,581	573	1,928	730	34,588	1,474	152,361
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	–	10	949	–	54	–	–	334	–	1,347
Loan commitments	419	834	5,034	7,875	222	2,098	48	9,849	–	26,379
Other commitments	–	–	473	–	3	–	–	612	–	1,088
Total overseas	28,034	11,468	25,704	63,456	852	4,026	778	45,383	1,474	181,175
Total gross credit risk	124,021	22,681	118,532	598,691	8,095	46,965	11,261	207,800	20,102	1,158,148

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 2018
	Sovereign	Agriculture	Bank and other financial	Home loans	Construction	Other personal	Asset financing	Other comm and indust.	Other	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$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.

Appendices (continued)

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	Agricul-ture $M	Bank and other financial $M	Home loans $M	Con-struction $M	Other personal $M	Asset financing $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 [1]	18,085	8,784	15,425	436,184	3,765	23,183	7,872	120,638	-	633,936
Bank acceptances	-	2	-	-	1	-	-	38	-	41
Other assets [2]	1,460	16	4,073	-	4	6	-	359	17,056	22,974
Total on Balance Sheet Australia	87,049	8,858	99,113	436,184	3,823	23,189	7,872	138,796	17,056	821,940
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	50	16	1,092	8	510	-	-	4,321	-	5,997
Loan commitments	795	1,967	7,439	66,869	2,973	22,495	-	39,467	-	142,005
Other commitments	42	30	1,040	1	962	-	10	1,849	-	3,934
Total Australia	87,936	10,871	108,684	503,062	8,268	45,684	7,882	184,433	17,056	973,876
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	15,595	-	3,615	-	-	-	-	-	-	19,210
Receivables due from other financial institutions	109	-	7,363	-	-	-	-	-	-	7,472
Assets at fair value through Income Statement:										
Trading	2,264	-	1,712	-	-	-	-	265	-	4,241
Insurance	354	-	1,843	-	-	-	-	-	-	2,197
Other	-	-	-	-	-	-	-	-	-	-
Derivative assets	412	19	3,037	-	-	-	-	2,261	-	5,729
Available-for-sale investments	11,832	-	2,959	-	-	-	-	1	-	14,792
Loans, bills discounted and other receivables [1]	1,900	9,848	5,775	49,673	634	1,713	464	32,596	-	102,603
Bank acceptances	-	-	-	-	-	-	-	422	-	422
Other assets [2]	41	-	413	-	-	3	8	57	2,023	2,545
Total on Balance Sheet overseas	32,507	9,867	26,717	49,673	634	1,716	472	35,602	2,023	159,211
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	1	2	1,086	-	37	-	-	301	-	1,427
Loan commitments	284	881	6,335	7,414	196	2,017	-	14,423	-	31,550
Other commitments	26	5	1	-	-	-	-	187	-	219
Total overseas	32,818	10,755	34,139	57,087	867	3,733	472	50,513	2,023	192,407
Total gross credit risk	120,754	21,626	142,823	560,149	9,135	49,417	8,354	234,946	19,079	1,166,283

1 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):

	2019	2018	2017
	Number	Number	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

	Australia 2019 $M	Overseas 2019 $M	Total 2019 $M	Australia 2018 $M	Overseas 2018 $M	Total 2018 $M
Non-Performing Loans by Size of Loan						
Less than $1 million	1,698	266	1,964	1,418	139	1,557
$1 million to $10 million	628	147	775	569	197	766
Greater than $10 million	564	319	883	242	614	856
Total	2,890	732	3,622	2,229	950	3,179

	Australia 2017 $M	Overseas 2017 $M	Total 2017 $M
Non-Performing Loans by Size of Loan			
Less than $1 million	1,338	114	1,452
$1 million to $10 million	666	260	926
Greater than $10 million	383	426	809
Total	2,387	800	3,187

Average Balances and Related Interest

			2019			2018
	Avg Bal	**Income**	**Yield**	**Avg Bal**	**Income**	**Yield**
Net interest margin	**$M**	**$M**	**%**	**$M**	**$M**	**%**
Total interest earning assets	871,418	34,709	3. 98	854,264	34,144	4. 00
Total interest bearing liabilities	761,115	16,485	2. 17	759,583	15,802	2. 08
Net interest income and interest spread		18,224	1. 81		18,342	1. 92
Benefit of free funds			0. 28			0. 23
Net interest margin			2. 09			2. 15

Appendix A – Additional Historical Information (continued)

Loans, Bills Discounted and Other Receivables

	2019 $M	2018 $M	2017 $M
Australia			
Overdrafts	26,297	25,217	24,385
Home loans [1]	467,361	451,367	436,184
Credit card outstandings	11,271	11,877	12,073
Lease financing	4,410	4,318	4,302
Bills discounted [2]	1,955	4,280	7,486
Term loans and other lending	141,727	147,028	149,506
Total Australia	653,021	644,087	633,936
Overseas			
Overdrafts	1,842	1,657	1,545
Home loans [1]	55,581	50,298	49,673
Credit card outstandings	1,069	993	960
Lease financing	8	25	36
Term loans and other lending	49,492	50,969	50,389
Total overseas	107,992	103,942	102,603
Gross loans, bills discounted and other receivables	761,013	748,029	736,539
Less			
Provisions for Loan Impairment:			
Collective provision	(3,820)	(2,735)	(2,722)
Individually assessed provisions	(895)	(870)	(971)
Unearned income:			
Term loans	(739)	(692)	(681)
Lease financing	(386)	(367)	(403)
	(5,840)	(4,664)	(4,777)
Net loans, bills discounted and other receivables	755,173	743,365	731,762

1 Home loans balance includes residential mortgages that have been assigned to securitisation vehicles and covered bond trusts.

Finance Leases	2019 $M	2018 $M	2017 $M
Minimum lease payments receivable:			
Not later than one year	1,489	1,544	1,288
Later than one year but not later than five years	2,433	2,265	2,464
Later than five years	110	167	183
Total finance leases	4,032	3,976	3,935

Appendix A – Additional Historical Information (continued)

Loans, Bills Discounted and Other Receivables (continued)

Deposits and Other Public Borrowings

	2019 $M	2018 $M
Australia		
Certificates of deposit	30,924	31,405
Term deposits	148,313	149,924
On demand and short term deposits	308,299	300,607
Deposits not bearing interest	49,274	46,082
Securities sold under agreements to repurchase	19,099	14,696
Total Australia	555,909	542,714
Overseas		
Certificates of deposit	12,144	8,509
Term deposits	39,147	43,896
On demand and short term deposits	23,491	22,640
Deposits not bearing interest	5,349	4,475
Securities sold under agreements to repurchase	-	-
Total overseas	80,131	79,520
Total deposits and other public borrowings	636,040	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.
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. The retail banking activities conducted under the Bankwest brand are consolidated into Retail Banking Services, and the business banking activities conducted under the Bankwest brand are consolidated into Business Banking.
Business Banking	Business Banking (formerly 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 equities trading and margin lending services through the CommSec business. Business Banking also includes the financial results of business banking activities conducted under the Bankwest brand. From July 2020, Commonwealth Private has been consolidated into Retail Banking Services.
Corporate Centre and Other	Corporate Centre and Other include the results of the Group's centrally held minority investments and subsidiaries, Group-wide remediation costs, investment spend including enterprise-wide infrastructure and other strategic projects, employee entitlements, and unallocated revenue and expenses relating to the Bank's support functions including Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs and Bank-wide elimination entries arising on consolidation.
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.
Funding valuation adjustment	The expected funding cost or benefit over the life of the uncollateralised derivative portfolio.
Funds under administration	Funds under administration (FUA) represents the market value of funds administered by the Group and excludes AUM.
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, and losses or gains on acquisition, 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). Right of use assets are included in net tangible assets per share.
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 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.
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.
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.
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 and private bank customers. Retail Banking Services also includes the financial results of retail banking activities conducted under the Bankwest brand.
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 investment in the Bank's shares held by both the life insurance statutory funds and 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 Owner Occupied and Investment Home Loans (including Securitisation) as per APRA monthly ADI Statistics, **divided by** APRA Monthly ADI Statistics back series.
Home Loans (RBA)	CBA Loans to individuals that 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, **divided by** RBA Financial Aggregates Owner Occupied and Investor Home Lending (includes ADIs and RFCs).
Credit cards (APRA)	CBA Personal Credit Card Lending (APRA), **divided by** 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, **divided by** 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), **divided by** 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 Businesses sector (as per lending balances submitted to APRA in ARF720.1A ABS/RBA Loans and Finance Leases) (this includes some Housing Loans to businesses), **divided by** Loans to Non-Financial Businesses (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 RBA, ADIs, RFCs and Central Borrowing Authorities, and the category of General Government, **divided by** 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 Businesses sector (as per deposit balances submitted to APRA in ARF720.2A Deposits), **divided by** Deposits from Non-Financial Businesses (from APRA Monthly ADI Statistics back series).
Equities trading	Twelve months rolling average of Australian equities traded value (CommSec excluding AUSIEX), **divided by** Twelve months rolling average of total Australian equities market traded value.

Appendix B – Definitions (continued)

Market Share Definitions (continued)

Term	Description
New Zealand	
Home loans	All ASB residential mortgages for owner occupier and residential investor property use, **divided by** 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, **divided by** 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, **divided by** Total New Zealand Dollar loans for business use of all New Zealand registered banks excluding agriculture loans (from RBNZ).
Retail AUM	Total ASB AUM, **divided by** Total Market net Retail AUM (from Zenith Investment Partners).

Appendix C - Disclosure Changes

Change in Comparatives

Discontinued operations

The financial results of businesses reclassified as discontinued operations are excluded from the results of the continuing operations and are presented as a single line item Net profit/(loss) after tax from discontinued operations in the Income Statement, and Other comprehensive income/(expense) from discontinued operations in the Statement of Comprehensive Income.

The Income Statements and the Statements of Comprehensive Income for comparative periods are also restated. Assets and liabilities of discontinued operations subject to disposal have been presented on the Balance Sheet separately as assets and liabilities held for sale. The Balance Sheet is not restated when a business is reclassified as a discontinued operation.

Re-segmentation

During the year ended 30 June 2021, the Group made a number of structural changes to its operating segments. This includes the transfer of Commonwealth Private out of the Business Banking division and consolidation into the Retail Banking Services division in order to better serve our customers, and align distribution channels and core product offerings. There were also other re-segmentations, allocations and reclassifications, including refinements to the allocation of support units and other costs. These changes have not impacted the Group's net profit, but have resulted in changes to the presentation of the Income Statement and the Balance Sheet of the affected segments. These changes have been applied retrospectively.

Prior period restatements

During the year ended 30 June 2021, the Group implemented the following changes that were applied retrospectively and impacted the prior years' financial statements:

- the Group performed a review of the historic accounting treatment of a transaction product arrangement comprised of both loan and deposit balances and concluded that, under AASB 132 Financial Instruments: Presentation, the credit balances cannot be netted against the debit balances drawn under the arrangement;
- the Group revised its allocation approach for certain centrally incurred costs impacting continuing and discontinued operations; and
- as part of its broad review of employee entitlements discussed in Note 7.1 of the 2021 Financial Report, the Group finalised remediation amounts required to be paid to impacted employees in relation to a number of historic employee entitlements calculations.

Note 1.1 of the 2021 Financial Report provides further detail on the prior period restatements.

Change in Accounting Policies

Software-as-a-Service (SaaS) arrangements

During the year ended 30 June 2021, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a-service (SaaS) arrangements with cloud providers. The change in accounting policy resulted from the implementation of agenda decisions issued by the IFRS Interpretations Committee (IFRIC) clarifying its interpretation of how current accounting standards apply to these types of arrangements.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Note 1.1 of the 2021 Financial Report provides further detail on the change in accounting policy.

Adoption of amendments to existing standards

The following amendments to existing standards were adopted during the current year but did not have an impact on the Group:

- Amendments to 'AASB 3 Business Combinations';
- Amendments to AASB 101 'Presentation of Financial Statements';
- Amendments to AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors';
- Revised Conceptual Framework for Financial Reporting; and
- Amendments to AASB 16 'Leases'.

Note 1.1 of the 2021 Financial Report provides further detail on the adoption of interpretations and amendments.

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 20						
	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre & Other $M	Wealth Management $M	Group $M
Statutory NPAT (incl. discontinued operations) - as reported	4,038	2,638	655	945	(677)	2,035	9,634
Restatements							
Revised accounting treatment of SaaS arragements	-	-	-	(8)	(29)	-	(37)
Other restatements impacting prior periods	145	(180)	(22)	6	17	29	(5)
Statutory NPAT (incl. discontinued operations) - as restated	**4,183**	**2,458**	**633**	**943**	**(689)**	**2,064**	**9,592**

Segment Statutory NPAT (impact by P&L line item) – Including Discontinued Operations

	Full Year Ended 30 June 30						
	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre & Other $M	Wealth Management $M	Group $M
Statutory NPAT (incl. discontinued operations) - as reported	4,038	2,638	655	945	(677)	2,035	**9,634**
Restatements							
Increase/(decrease) in Income	392	(439)	(24)	7	67	-	**3**
Increase/(decrease) in Investment experience (before tax)	(16)	-	-	-	13	-	**(3)**
(Increase)/decrease in Operating Expenses	(144)	148	1	(11)	(95)	-	**(101)**
(Increase)/decrease in Loan impairment expense	(24)	30	(6)	-	-	-	**-**
(Increase)/decrease in Corporate tax expense	(63)	81	7	2	3	-	**30**
Increase/(decrease) in Cash net profit after tax from discontinued operations	-	-	-	-	-	29	**29**
Statutory NPAT (incl. discontinued operations) - as restated	**4,183**	**2,458**	**633**	**943**	**(689)**	**2,064**	**9,592**

Segment Balance Sheet

	Retail Banking Services $M	Business Banking $M	Institutional Banking and Markets $M	New Zealand $M	Corporate Centre & Other $M	Wealth Management $M	Group $M
Total Assets - as reported	406,962	196,710	171,110	98,539	138,253	2,486	**1,014,060**
Restatements:							
Revised accounting treatment of SaaS arrangements	-	-	-	(8)	(29)	-	**(37)**
Other resegmentation and allocations	14,184	(14,030)	1,882	1	224	(813)	**1,448**
Total Restatements	14,184	(14,030)	1,882	(7)	195	(813)	**1,411**
Total Assets - as restated	**421,146**	**182,680**	**172,992**	**98,532**	**138,448**	**1,673**	**1,015,471**
Total Liabilities - as reported	266,685	178,192	186,387	91,796	210,034	8,953	**942,047**
Restatements:							
Other resegmentation and allocations	17,683	(17,226)	943	-	115	(29)	**1,486**
Total Restatements	17,683	(17,226)	943	-	115	(29)	**1,486**
Total Liabilities - as restated	**284,368**	**160,966**	**187,330**	**91,796**	**210,149**	**8,924**	**943,533**

Appendix C - Disclosure Changes (continued)

Segment Statutory Cost to Income Ratios

	As at 30 June 20				
("Statutory basis") - continuing operations	Retail Banking Services	Business Banking	Institutional Banking and Markets	New Zealand (ASB) [1]	Corporate Centre & Other
Operating expenses to total operating income (%) - as reported	40.5%	36.4%	44.4%	42.0%	45.7%
Operating expenses to total operating income (%) - as restated	40.4%	36.6%	44.9%	41.0%	46.1%

1 Metrics calculated in New Zealand dollar terms.

Group Performance Summary

	Full Year Ended 30 June 20	
	As Restated	As Reported
	$M	**$M**
Net interest income	18,610	18,610
Other banking income	5,002	5,002
Total banking income	**23,612**	**23,612**
Funds management income	173	173
Insurance income	141	141
Total operating income	**23,926**	**23,926**
Investment experience	-	-
Total income	**23,926**	**23,926**
Operating expenses	(11,030)	(10,929)
Loan impairment expense	(2,518)	(2,518)
Net profit before tax	**10,378**	**10,479**
Corporate tax expense	(2,990)	(3,020)
Non controlling interests	-	-
Net profit after tax from continuing operations	**7,388**	**7,459**
Net profit after tax from discontinued operations	2,204	2,175
Net profit after tax ("statutory basis")	**9,592**	**9,634**

Appendix C - Disclosure Changes (continued)

Consolidated Balance Sheet

	As at 30 Jun 19	
	As Restated	As Reported
Consolidated Balance Sheet Data	**$M**	**$M**
Assets		
Cash and liquid assets	29,387	29,387
Receivables from financial institutions	8,093	8,093
Assets at fair value through Income Statement	33,677	33,677
Derivative assets	25,215	25,215
Investment securities:		
At amortised cost	7,355	7,355
At fair value through Other Comprehensive Income	78,912	78,912
Loans, bills discounted and other receivables	756,553	755,173
Property, plant and equipment	2,383	2,383
Investments in associates and joint ventures	3,001	3,001
Intangible assets	7,965	7,965
Deferred tax assets	1,689	1,675
Other assets	7,115	7,115
Assets held for sale	16,551	16,551
Total assets	977,896	976,502
Liabilities		
Deposits and other public borrowings	637,420	636,040
Payables to financial institutions	23,370	23,370
Liabilities at fair value through Income Statement	8,520	8,520
Derivative liabilities	22,777	22,777
Current tax liabilities	326	326
Provisions	2,798	2,968
Debt issues	164,022	164,022
Bills payable and other liabilities	10,285	10,068
Liabilities held for sale	15,796	15,796
	885,314	883,887
Loan capital	22,966	22,966
Total liabilities	908,280	906,853
Net assets	69,616	69,649
Shareholders' Equity		
Ordinary share capital	38,020	38,020
Reserves	3,092	3,092
Retained profits	28,449	28,482
Shareholders' Equity attributable to equity holders of the Bank	69,561	69,594
Non-controlling interests	55	55
Total Shareholders' Equity	69,616	69,649

Appendix D - Shareholder information

Top 20 holders of fully paid ordinary shares as at 19 July 2021

Rank	Name of holder	Number of shares	%
1	HSBC Custody Nominees	398,230,724	22. 44%
2	J P Morgan Nominees Australia Limited	250,321,574	14. 11%
3	Citicorp Nominees Pty Limited	112,336,605	6. 33%
4	BNP Paribas Nominees Pty Ltd	57,814,294	3. 25%
5	National Nominees Limited	50,503,981	2. 85%
6	Australian Foundation Investment	7,900,000	0. 45%
7	Bond Street Custodians Limited	6,911,692	0. 39%
8	Netwealth Investments Limited	5,737,832	0. 32%
9	Milton Corporation Limited	3,140,470	0. 18%
10	Australian Executor Trustees Limited	2,771,574	0. 16%
11	Argo Investments Limited	2,753,731	0. 16%
12	Navigator Australia	2,600,064	0. 15%
13	Nulis Nominees (Australia)	1,755,488	0. 10%
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	1,158,524	0. 07%
17	BKI Investment Company Limited	1,093,077	0. 06%
18	Joy Wilma Lambert	1,068,250	0. 06%
19	Custodial Services Limited	959,000	0. 05%
20	UBS Nominees Pty Ltd	922,348	0. 05%

The top 20 shareholders hold 910,992,841 shares which is equal to 51.35% of the total shares on issue.

Substantial shareholding

The following organisations have disclosed a substantial shareholding notice to ASX. As at 19 July 2021, 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 19 July 2021

Ranges	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of issued capital	Number of rights holders [2]
1 - 1,000	662,301	75. 99	183,306,175	10. 33	282
1,001 - 5,000	181,477	20. 82	379,437,224	21. 39	66
5,001 - 10,000	19,480	2. 24	132,471,772	7. 47	27
10,001 - 100,000	8,086	0. 93	152,186,602	8. 58	42
100,001 - over	147	0. 02	926,694,637	52. 23	–
Total	871,491	100. 00	1,774,096,410	100. 00	417
Less than marketable parcel of $500 [1]	13,475	1. 55	35,518	0. 00	–

1 Based on a closing price of $97.68 on 19 July 2021.
2 The total number of rights on issue is 1,147,797 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.

Appendix D - Shareholder information (continued)

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
- 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 19 July 2021

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	3,204,066	10. 68%
2	BNP Paribas Noms Pty Ltd	1,432,845	4. 78%
3	J P Morgan Nominees Australia Limited	1,416,863	4. 72%
4	Netwealth Investments Limited	772,333	2. 57%
5	Citicorp Nominees Pty Limited	379,279	1. 26%
6	Australian Executor Trustees Limited	323,059	1. 08%
7	Bond Street Custodians Limited	232,121	0. 77%
8	Navigator Australia	212,222	0. 71%
9	Nulis Nominees (Australia)	186,426	0. 62%
10	Mutual Trust Pty Ltd	178,414	0. 60%
11	National Nominees Limited	159,909	0. 53%
12	Invia Custodian Pty Limited	93,228	0. 31%
13	Marrosan Investments Pty Ltd	84,286	0. 28%
14	Tsco Pty Ltd	80,000	0. 27%
15	Seymour Group Pty Ltd	73,700	0. 25%
16	Willimbury Pty Ltd	70,673	0. 24%
17	Limeburner Investments Pty Ltd	67,245	0. 22%
18	Eastcote Pty Limited	59,300	0. 20%
19	Berne No 132 Nominees Pty Ltd	56,057	0. 19%
20	Mifare Pty Ltd	55,000	0. 18%

The top 20 PERLS VII security holders hold 9,137,026 securities which is equal to 30.46% 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 19 July 2021

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 - 1,000	25,890	86. 72	8,855,195	29. 52
1,001 - 5,000	3,514	11. 77	7,070,156	23. 56
5,001 - 10,000	253	0. 85	1,806,221	6. 02
10,001 - 100,000	182	0. 61	4,235,295	14. 12
100,001 - over	15	0. 05	8,033,133	26. 78
Total	29,854	100. 00	30,000,000	100. 00
Less than marketable parcel of $500 [1]	17	0. 06	32	0. 00

1 Based on a closing price of $101.10 on 19 July 2021.

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 178 and 179 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS VIII Capital Notes ("PERLS VIII") as at 19 July 2021

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	3,289,309	22. 69%
2	HSBC Custody Nominees	1,539,519	10. 62%
3	J P Morgan Nominees Australia Limited	360,224	2. 48%
4	Netwealth Investments Limited	122,256	0. 84%
5	Navigator Australia	87,349	0. 60%
6	Snowside Pty Ltd	83,983	0. 58%
7	Citicorp Nominees Pty Limited	82,347	0. 57%
8	Nulis Nominees (Australia)	71,945	0. 50%
9	Australian Executor Trustees Limited	60,096	0. 41%
10	Mutual Trust Pty Ltd	58,304	0. 40%
11	Bond Street Custodians Limited	54,478	0. 38%
12	Dimbulu Pty Ltd	50,000	0. 35%
13	Marrosan Investments Pty Ltd	50,000	0. 35%
14	Mifare Pty Ltd	50,000	0. 35%
15	V S Access Pty Ltd	48,084	0. 33%
16	Adirel Holdings Pty Ltd	47,000	0. 32%
17	Resthaven Incorporated	45,500	0. 31%
18	Federation University Australia	45,000	0. 31%
19	Mr Vincent David Smart and Mrs Susan May Smart	36,160	0. 25%
20	Larkins Business Management Pty Ltd	35,352	0. 24%

The top 20 PERLS VIII security holders hold 6,216,906 securities which is equal to 42.88% 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 19 July 2021

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 - 1,000	12,808	89. 47	4,033,700	27. 82
1,001 - 5,000	1,328	9. 28	2,774,263	19. 13
5,001 - 10,000	111	0. 78	836,228	5. 77
10,001 - 100,000	63	0. 44	1,761,149	12. 15
100,001 - over	5	0. 03	5,094,660	35. 13
Total	14,315	100. 00	14,500,000	100. 00
Less than marketable parcel of $500 [1]	4	0. 03	9	0. 00

1 Based on a closing price of $100.96 on 19 July 2021.

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 178 and 179 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS IX Capital Notes ("PERLS IX") as at 19 July 2021

Rank	Name of holder	Number of securities	%
1	BNP Paribas Noms Pty Ltd	2,420,492	14. 76%
2	HSBC Custody Nominees	1,626,263	9. 92%
3	J P Morgan Nominees Australia Limited	847,261	5. 17%
4	Navigator Australia	176,423	1. 08%
5	Australian Executor Trustees Limited	175,915	1. 07%
6	Citicorp Nominees Pty Limited	152,403	0. 93%
7	Bond Street Custodians Limited	147,921	0. 90%
8	Dimbulu Pty Ltd	147,700	0. 90%
9	Mutual Trust Pty Ltd	146,702	0. 89%
10	Netwealth Investments Limited	143,856	0. 88%
11	Nulis Nominees (Australia)	86,752	0. 53%
12	Fibora Pty Ltd	64,740	0. 39%
13	Invia Custodian Pty Limited	54,400	0. 33%
14	National Nominees Limited	45,039	0. 27%
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	Taverners No 11 Pty Ltd	29,211	0. 18%
20	J C Family Investments Pty Limited	27,430	0. 17%

The top 20 PERLS IX security holders hold 6,417,698 securities which is equal to 39.13% 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 19 July 2021

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 - 1,000	16,829	90. 21	5,334,567	32. 53
1,001 - 5,000	1,644	8. 81	3,315,567	20. 22
5,001 - 10,000	106	0. 57	789,495	4. 81
10,001 - 100,000	65	0. 35	1,490,060	9. 09
100,001 - over	11	0. 06	5,470,311	33. 35
Total	18,655	100. 00	16,400,000	100. 00
Less than marketable parcel of $500 [1]	6	0. 03	10	0. 00

1 Based on a closing price of $101.78 on 19 July 2021.

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 178 and 179 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS X Capital Notes (“PERLS X”) as at 19 July 2021

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,480,697	10. 84%
2	BNP Paribas Noms Pty Ltd	1,295,184	9. 49%
3	J P Morgan Nominees Australia Limited	342,654	2. 51%
4	Citicorp Nominees Pty Limited	242,617	1. 78%
5	Netwealth Investments Limited	145,740	1. 07%
6	Navigator Australia	127,711	0. 94%
7	National Nominees Limited	114,991	0. 84%
8	Dimbulu Pty Ltd	100,000	0. 73%
9	Marrosan Investments Pty Ltd	80,000	0. 58%
10	Bond Street Custodians Limited	79,447	0. 58%
11	Australian Executor Trustees Limited	77,549	0. 57%
12	Mutual Trust Pty Ltd	64,521	0. 47%
13	Federation University Australia	55,231	0. 40%
14	Eastcote Pty Ltd	50,000	0. 37%
15	Harriette & Co Pty Ltd	50,000	0. 37%
16	Rakio Pty Ltd	45,743	0. 34%
17	Nulis Nominees (Australia)	41,788	0. 31%
18	Mr Roni G Sikh	40,492	0. 30%
19	Taverners No 11 Pty Ltd	38,710	0. 28%
20	Ainsley Heath Investments Pty Ltd	35,500	0. 26%

The top 20 PERLS X security holders hold 4,508,575 securities which is equal to 33.03% 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 19 July 2021

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 - 1,000	12,403	88. 18	4,324,946	31. 68
1,001 - 5,000	1,470	10. 45	3,173,198	23. 25
5,001 - 10,000	117	0. 83	888,267	6. 51
10,001 - 100,000	68	0. 48	1,779,584	13. 04
100,001 - over	9	0. 06	3,484,005	25. 52
Total	14,067	100. 00	13,650,000	100. 00
Less than marketable parcel of $500 [1]	7	0. 05	11	0. 00

1 Based on a closing price of $103.44 on 19 July 2021.

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 178 and 179 for the Bank’s ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS XI Capital Notes ("PERLS XI") as at 19 July 2021

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,712,468	10. 77%
2	J P Morgan Nominees Australia Limited	524,934	3. 30%
3	BNP Paribas Noms Pty Ltd	417,295	2. 62%
4	Netwealth Investments Limited	281,745	1. 77%
5	Australian Executor Trustees Limited	246,960	1. 55%
6	National Nominees Limited	188,735	1. 19%
7	Citicorp Nominees Pty Limited	184,127	1. 16%
8	Dimbulu Pty Ltd	150,000	0. 94%
9	Bond Street Custodians Limited	132,012	0. 83%
10	Navigator Australia	109,299	0. 69%
11	Eastcote Pty Limited	100,000	0. 63%
12	G Harvey Investments Pty Ltd	100,000	0. 63%
13	Nulis Nominees (Australia)	90,024	0. 57%
14	Pamdale Investments Pty Ltd	89,578	0. 56%
15	V S Access Pty Ltd	80,000	0. 50%
16	Edgelake Proprietary Limited	49,267	0. 31%
17	Mutual Trust Pty Ltd	44,026	0. 28%
18	Margen Biggs Pty Limited	36,000	0. 23%
19	Federation University Australia	34,509	0. 22%
20	Invia Custodian Pty Limited	33,494	0. 21%

The top 20 PERLS XI security holders hold 4,604,473 securities which is equal to 28.96% 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 19 July 2021

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 - 1,000	16,387	88. 75	5,621,025	35. 35
1,001 - 5,000	1,849	10. 01	3,835,156	24. 12
5,001 - 10,000	145	0. 79	1,074,800	6. 76
10,001 - 100,000	72	0. 39	1,806,406	11. 36
100,001 - over	11	0. 06	3,562,613	22. 41
Total	18,464	100. 00	15,900,000	100. 00
Less than marketable parcel of $500 [1]	12	0. 06	22	0. 00

1 Based on a closing price of $104.19 on 19 July 2021.

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 178 and 179 for the Bank's ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS XII Capital Notes (“PERLS XII”) as at 19 July 2021

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,895,213	11. 49%
2	BNP Paribas Noms Pty Ltd	567,640	3. 44%
3	Netwealth Investments Limited	336,020	2. 04%
4	J P Morgan Nominees Australia Limited	235,136	1. 43%
5	Royal Freemasons Benevolent Institution	202,500	1. 23%
6	Dimbulu Pty Ltd	200,000	1. 21%
7	Australian Executor Trustees Limited	164,574	1. 00%
8	Citicorp Nominees Pty Limited	136,153	0. 83%
9	Tandom Pty Ltd	120,000	0. 73%
10	Diocese Development Fund - Catholic Diocese Of Parramatta	101,472	0. 61%
11	National Nominees Limited	96,567	0. 59%
12	Bond Street Custodians Limited	82,430	0. 50%
13	Navigator Australia	65,056	0. 39%
14	Nulis Nominees (Australia)	57,852	0. 35%
15	Tsco Pty Ltd	48,650	0. 29%
16	Invia Custodian Pty Limited	46,360	0. 28%
17	BNP Paribas Nominees Pty Ltd	45,120	0. 27%
18	Brujan Assets Pty Limited	45,000	0. 27%
19	Mutual Trust Pty Ltd	44,614	0. 27%
20	RL Thomson Pty Ltd	40,000	0. 24%

The top 20 PERLS XII security holders hold 4,530,357 securities which is equal to 27.46% 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 19 July 2021

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 - 1,000	15,215	87. 18	5,654,290	34. 27
1,001 - 5,000	1,994	11. 43	4,167,901	25. 26
5,001 - 10,000	151	0. 87	1,111,675	6. 74
10,001 - 100,000	80	0. 46	2,157,358	13. 07
100,001 - over	10	0. 06	3,408,776	20. 66
Total	17,450	100. 00	16,500,000	100. 00
Less than marketable parcel of $500 [1]	5	0. 03	7	0. 00

1 Based on a closing price of $101.98 on 19 July 2021.

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 178 and 179 for the Bank’s ordinary shares.

Appendix D - Shareholder information (continued)

Top 20 holders of CommBank PERLS XIII Capital Notes ("PERLS XIII") as at 19 July 2021

Rank	Name of holder	Number of securities	%
1	HSBC Custody Nominees	1,777,974	15. 07%
2	J P Morgan Nominees Australia Limited	1,071,025	9. 08%
3	BNP Paribas Noms Pty Ltd	461,294	3. 91%
4	Netwealth Investments Limited	263,750	2. 24%
5	National Nominees Limited	174,198	1. 48%
6	Mr Daniel Wallis	170,000	1. 44%
7	Leda Holdings Pty Ltd	111,000	0. 94%
8	Dimbulu Pty Ltd	100,000	0. 85%
9	Nora Goodridge Investments Pty Limited	100,000	0. 85%
10	Royal Freemasons Benevolent Institution	100,000	0. 85%
11	Nothman Pty Ltd	88,700	0. 75%
12	Citicorp Nominees Pty Limited	86,727	0. 73%
13	Herbert St Investments Pty Ltd	84,000	0. 71%
14	Valtellina Properties Pty Ltd	70,844	0. 60%
15	Taverners No 11 Pty Ltd	60,000	0. 51%
16	Mutual Trust Pty Ltd	58,140	0. 49%
17	Australian Executor Trustees Limited	43,658	0. 37%
18	Resthaven Incorporated	40,000	0. 34%
19	MFIC Securities Pty Ltd	35,800	0. 30%
20	Mr Yi Yin	35,800	0. 30%

The top 20 PERLS XIII security holders hold 4,932,910 securities which is equal to 41.81% of the total securities on issue.

Stock exchange listing

PERLS XIII are subordinated unsecured notes issued by the Bank. They are listed on the ASX under the trade symbol CBAPJ.

Range of Securities (PERLS XIII) as at 19 July 2021

Ranges	Number of security holders	Percentage of security holders	Number of securities	Percentage of issued capital
1 - 1,000	10,836	90. 62	3,336,744	28. 28
1,001 - 5,000	963	8. 05	2,126,737	18. 02
5,001 - 10,000	88	0. 74	621,489	5. 27
10,001 - 100,000	61	0. 51	1,810,948	15. 35
100,001 - over	9	0. 08	3,904,082	33. 08
Total	11,957	100. 00	11,800,000	100. 00
Less than marketable parcel of $500 [1]	–	–	–	–

1 Based on a closing price of $101.05 on 19 July 2021.

Voting rights

PERLS XIII 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 178 and 179 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).