Debt Investor Discussion Pack

For the full year ended 30 June 2020

CommonwealthBank

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This announcement has been authorised for release by Kara Nicholls, Group Company Secretary.

Overview - FY20 result[1]

Key outcomes summary

Financial		
Statutory NPAT[2] ($m)	9,634	+12.4%
Cash NPAT[3] ($m)	7,296	(11.3%)
ROE[3] % (cash)	10.3	(180) bpts
EPS[3] cents (cash)	413	(53c)
DPS[2] $	$2.98	($1.33)
Cost-to-income[3] (%)	45.9	-
NIM[3] (%)	2.07	(2) bpts
Op income[3] ($m)	23,758	+0.8%
Op expenses[3] ($m)	10,895	+0.7%
LIE to GLAA (bpts)	33	+17 bpts

Balance sheet, capital & funding		
Capital – CET1[2,4] (Int'l)	17.4%	+120 bpts
Capital – CET1[2] (APRA)	11.6%	+90 bpts
Total assets ($bn)	1,014	+3.8%
Total liabilities ($bn)	942	+3.9%
Deposit funding	74%	+5.0%
LT wholesale funding WAM[5]	5.3 yrs	+0.2 yrs
Liquidity coverage ratio[6]	155%	+23%
Leverage ratio (APRA)	5.9%	+30 bpts
Net stable funding ratio	120%	+8%
Credit ratings[7]	AA-/Aa3/A+	Refer footnote 7

1. All movements on prior year unless otherwise stated. 2. Includes discontinued operations. 3. Presented on a continuing operations basis. 4. Internationally comparable capital - refer glossary for definition. 5. Weighted Average Maturity excluding Term Funding Facility drawdowns. 6. Quarter average. 7. S&P, Moody's and Fitch. S&P revised Australian Major Banks outlook to "Stable" from "Negative" on 9 July 2019. Moody's lowered the rating on 19 June 2017, outlook "Stable". Fitch updated outlook on CBA to negative on 7 May 2018.

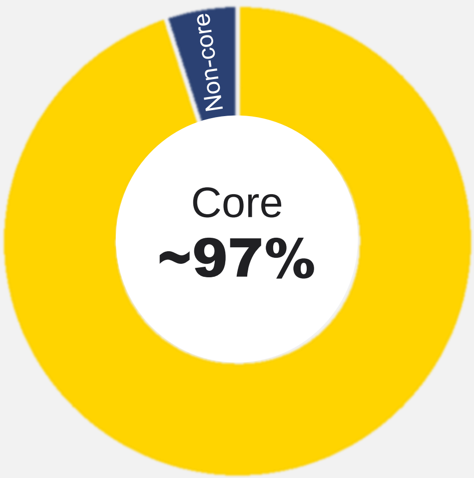
Executing our strategy

Simplification, lead in retail, business and digital

Simplify our business

- Majority sale of CFS (55%)
- Core franchise >97% of Cash NPAT

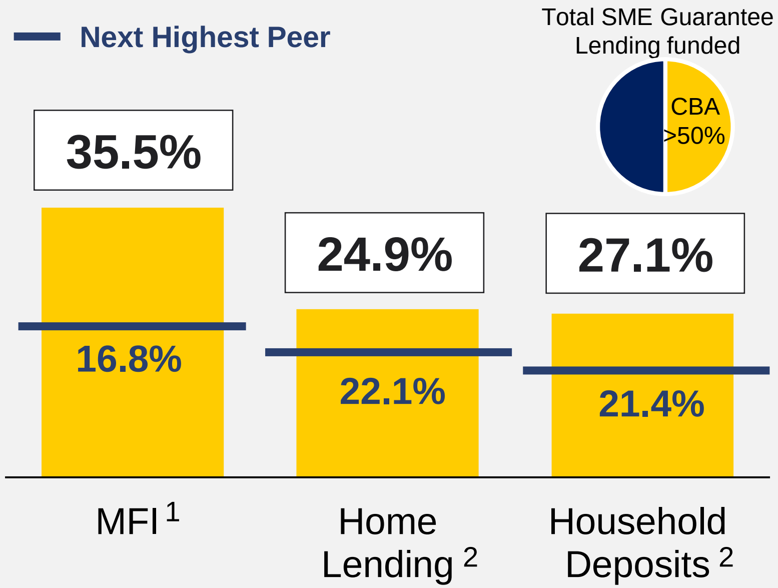
FY20 Cash NPAT
$m



Lead in retail & business

- #1 share – MFI, home loans, deposits
- >50% of SME Guarantee Lending

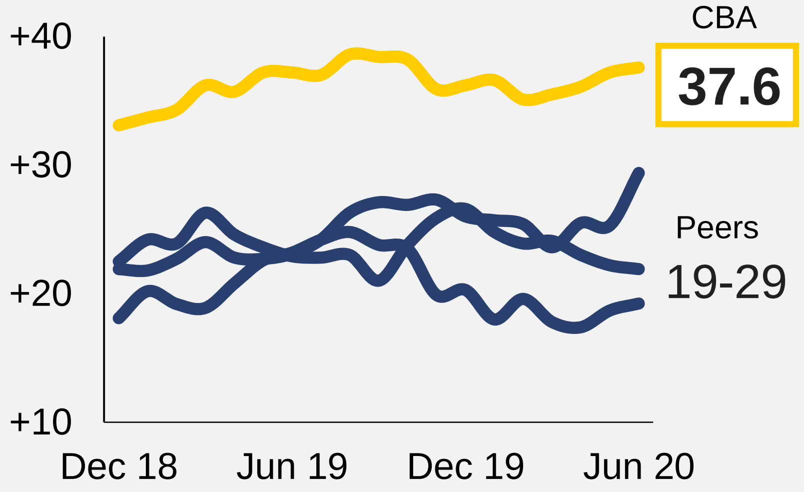
Market shares



Best in digital banking

- Australia's #1 banking app[3]
- Innovating for future growth

Net Promoter Score – Mobile App[4]



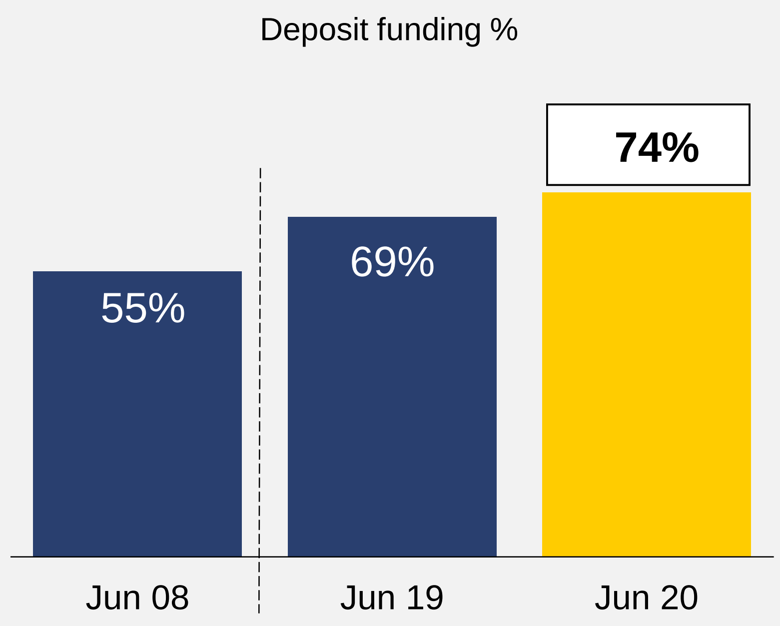
1, 2, 3, 4. Refer to notes slide at the back of this presentation for source information.

Balance sheet strength

Long term strengthening – well placed across all metrics

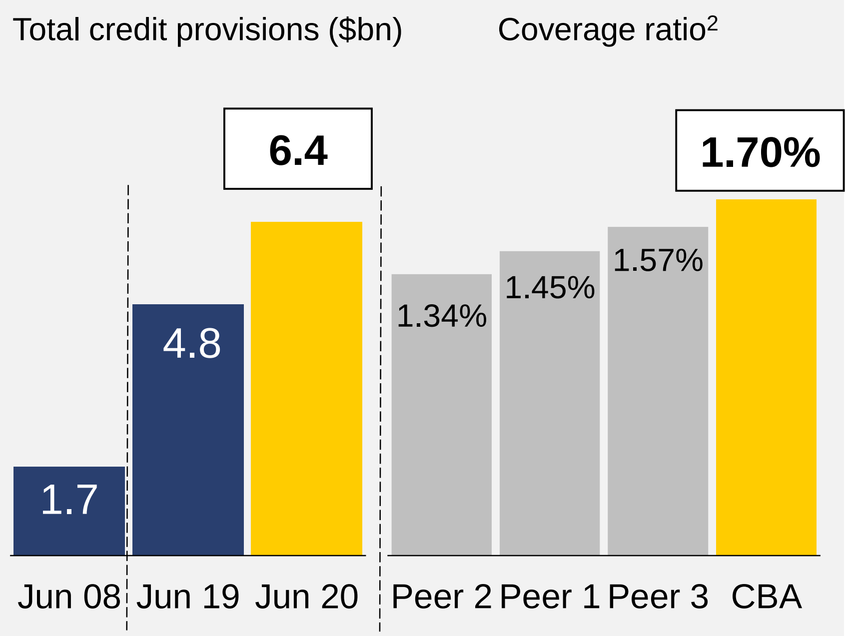
Funding

- 74% deposit funded, NSFR 120%
- $191bn of liquid assets, LCR 155%[1]



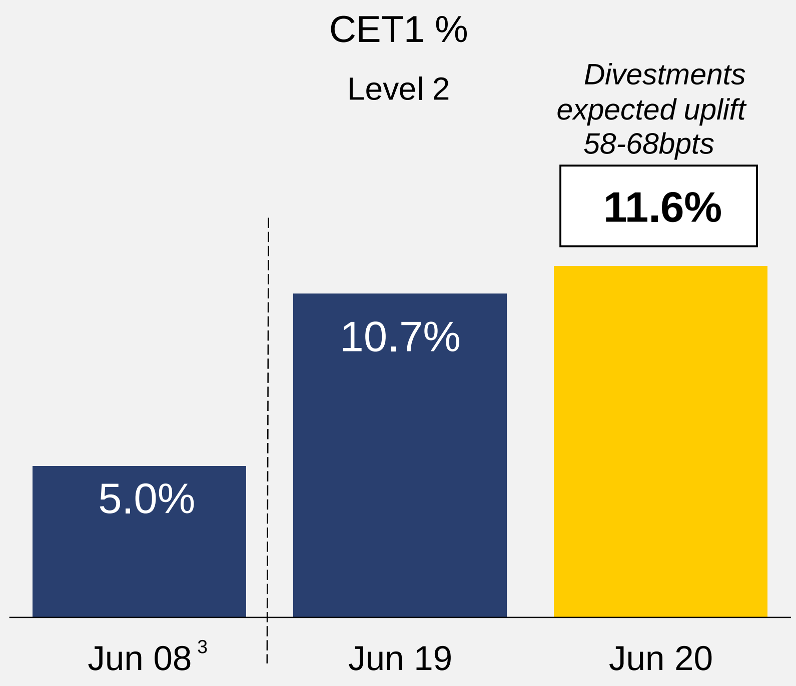
Provisioning

- $1.5bn COVID-19 provision (in 3Q20)
- Peer leading coverage ratio of 1.70%



Capital

- CET1 ratio of 11.6% (Level 2)
- Another 58-68bpts expected (divestments)

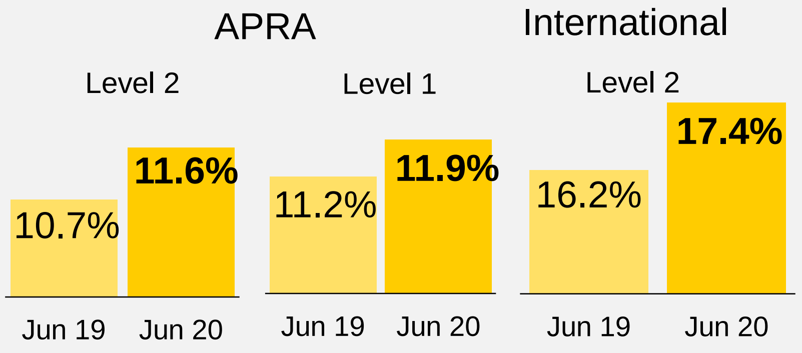


1. Pillar 3 Quarter average. 2. Total provisions divided by credit risk weighted assets. Excludes impairment provisions for derivatives at fair value. 3. Calculated Basel III equivalent.

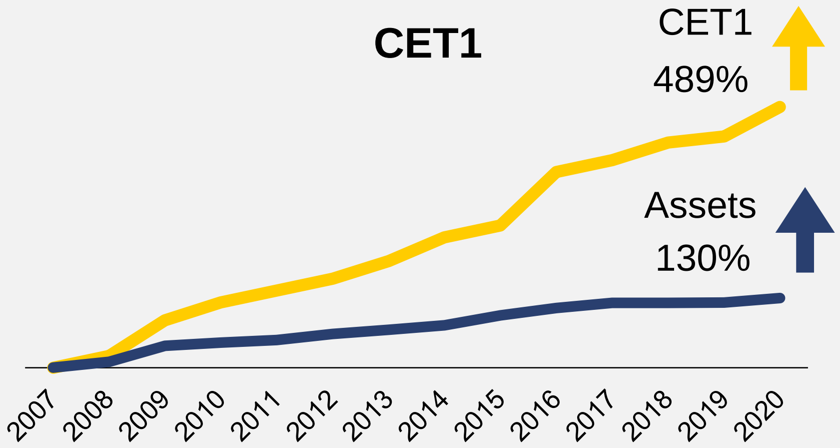
Capital overview

Strong capital position maintained

CET1

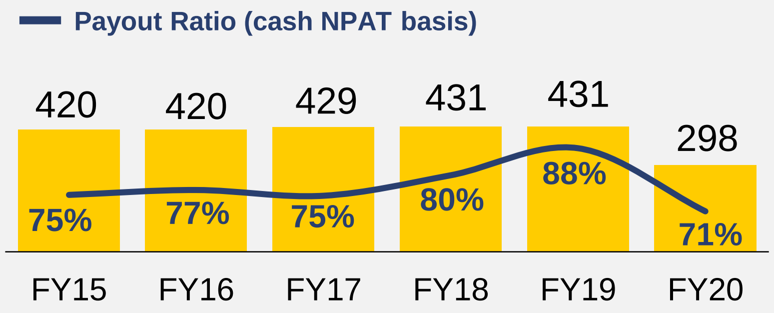


CET1

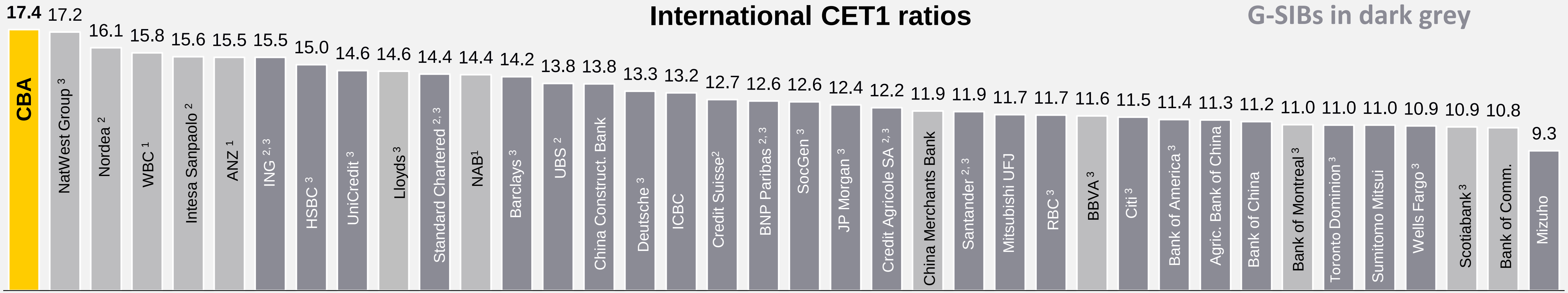


Dividend per Share

(cents)



International CET1 ratios



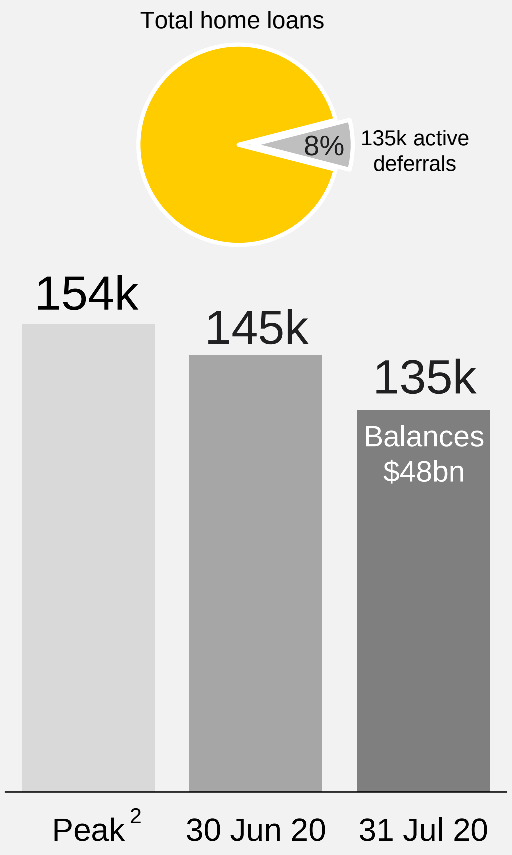
Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 6 August 2020 assuming Basel III capital reforms fully implemented. Peer group comprises domestic peers and listed commercial banks with total assets in excess of A$1,000 billion which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate. 1. Domestic peer figures as at 31 March 2020. 2. Deduction for accrued expected future dividends added back for comparability. 3. CET1 includes benefit of Covid-19 transitional arrangements for expected credit loss provisioning.

Repayment deferrals[1]

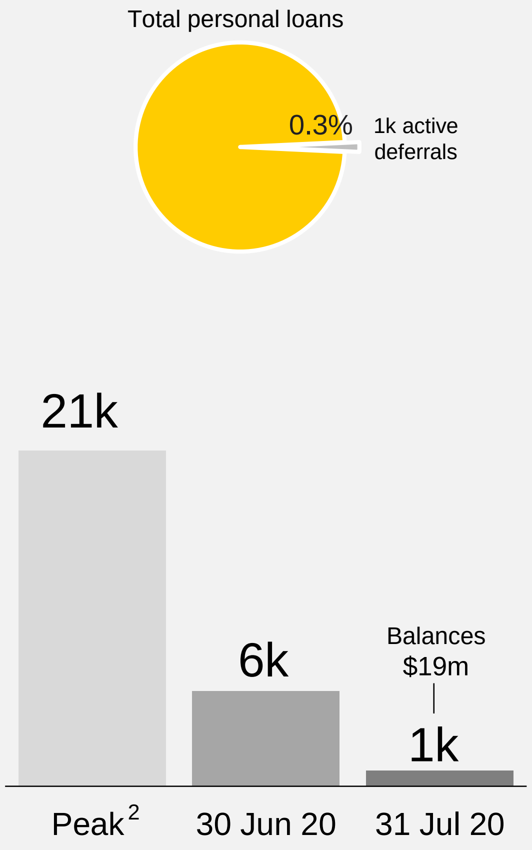
Working with customers to return to normal arrangements as soon as possible

- Ongoing reviews
- Proactive assistance
- Regular check-in via digital platforms
- Direct contact with high risk customers
- Opt-out process via Netbank, app
- Early exits eligible for 1yr Interest Only[3,4]

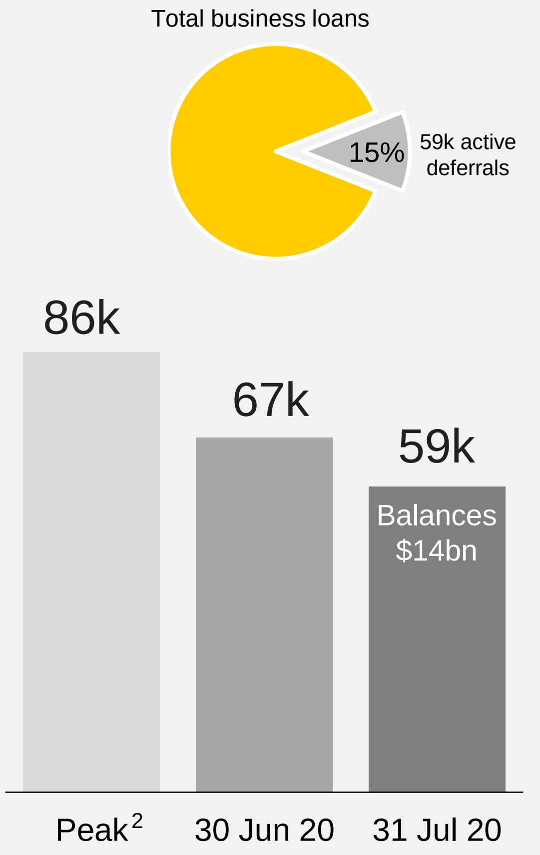
Home Loans



Personal Loans



Business Loans



1. Australian totals, including Bankwest. Percentages of total loans relate to accounts for home loans and personal loans, balances for business loans. 2. Peak number of approved deferrals. Business Lending includes auto-deferrals offered and additional customer requests. 3. Subject to approval/assessment. Not available to customers in arrears. 4. Applicable to Home Lending repayment deferrals.

COVID-19 areas of focus

Customer support - granular modelling of expected impacts

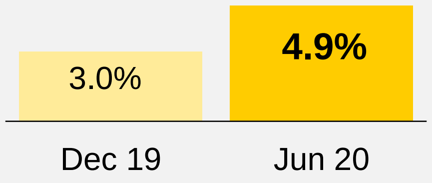
- Early impacts predominantly in Institutional exposures, with consumer and SME portfolios benefiting from loan repayment deferrals
- Bottom-up, granular assessment of likely stress at customer, industry and sector level
- For retail portfolios, conducted analysis of customer dimensions including impacted occupations, postcodes, deferral characteristics and anticipated impacts on arrears and house prices
- For non-retail portfolios, focus on expected cash flow impacts to at-risk industries and geographies – notching of PD’s and LGD’s

Most impacted sectors

Retail Trade

	Dec 19	Jun 20
TIA	$319m	**$541m**

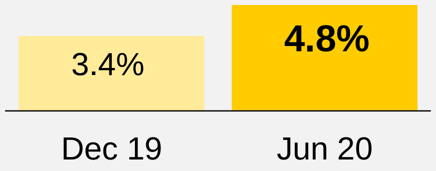
TIA % of TCE



Manufacturing

	Dec 19	Jun 20
TIA	$487m	**$660m**

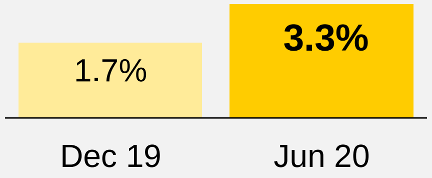
TIA % of TCE



Transport[1]

	Dec 19	Jun 20
TIA	$363m	**$765m**

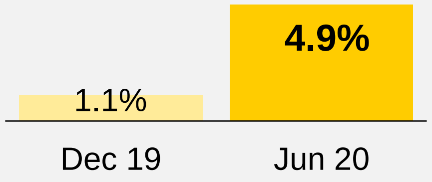
TIA % of TCE



Culture and Recreation

	Dec 19	Jun 20
TIA	$70m	**$306m**

TIA % of TCE



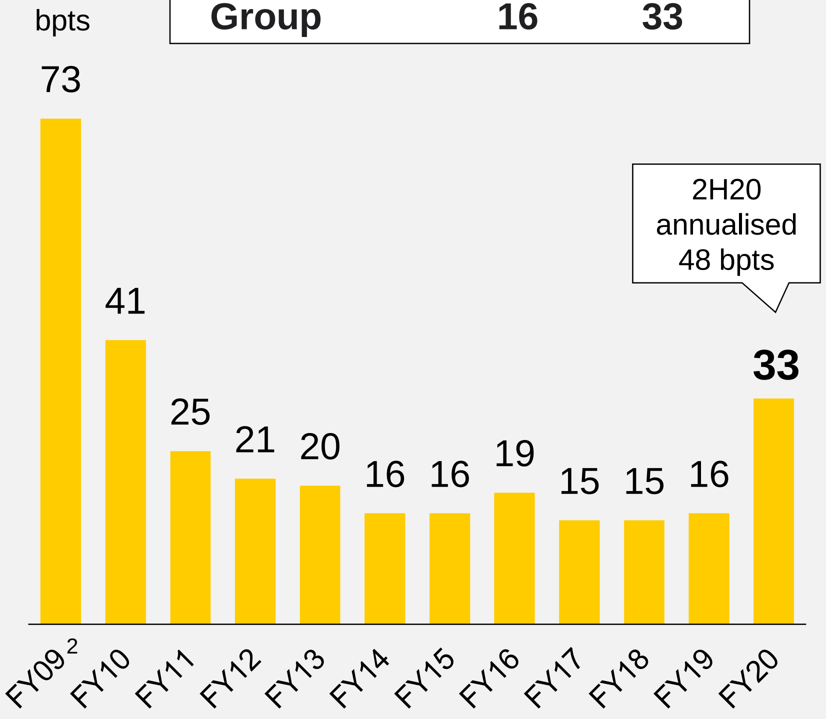
1. Includes Transport, Air transport and Storage.

Credit risk

Loan loss rate inclusive of COVID-19 provisioning – some signs of emerging stress

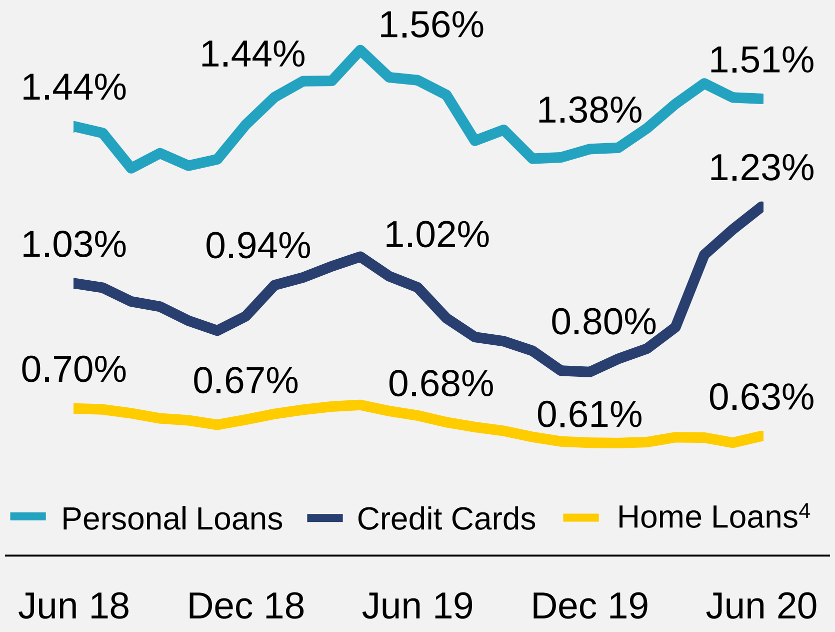
Loan Loss Rate[1] - Group

	FY19	FY20
Consumer	17	26
Corporate	14	50
Group	**16**	**33**



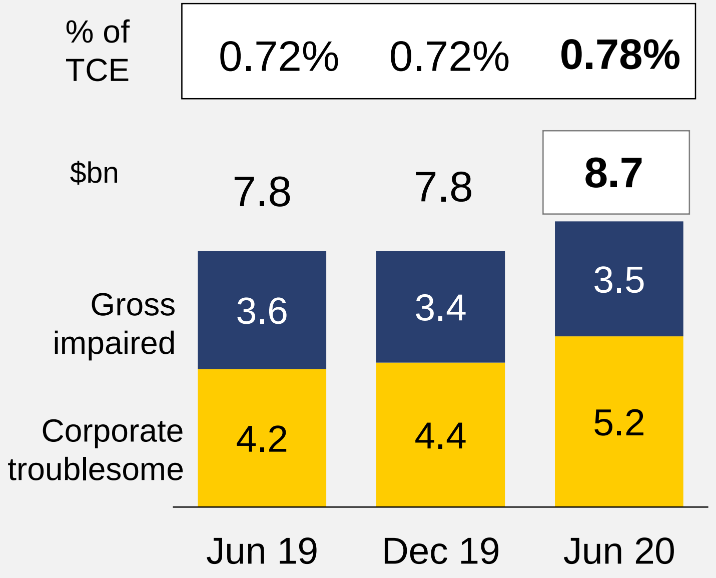
Arrears[3]

- HL & PL's insulated by loan deferrals
- Signs of stress in credit cards + lower balances (denominator effect)



TIA

- Emerging stress across a range of sectors impacted by COVID-19

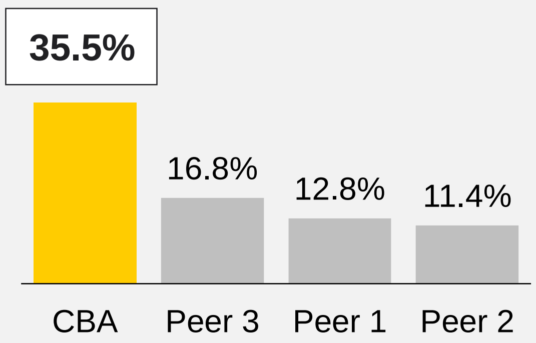


1. Cash Loan Impairment Expense as a percentage of average Gross Loans and Acceptances (GLAA) (bpts). 2. FY09 includes Bankwest on a pro-forma basis. 3. Group consumer arrears including New Zealand. APRA's prudential relief for customers on eligible COVID-19 loan repayment deferral arrangements has effectively "stopped the clock" on home loan and personal loan arrears. 4. Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.

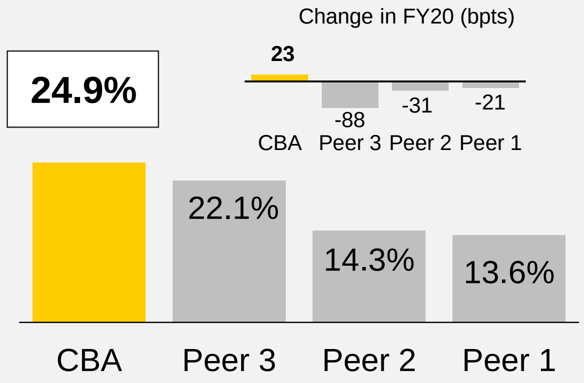
Why CBA?

Leading franchise - leading returns

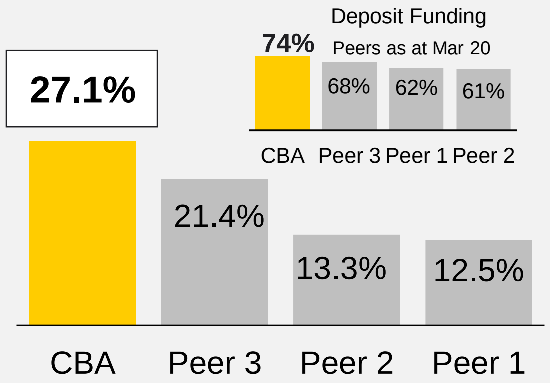
MFI share[1]



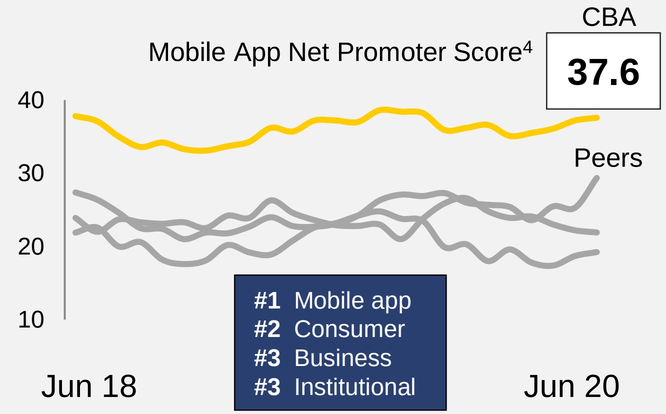
Home Lending share[2]



Household Deposits share[3]

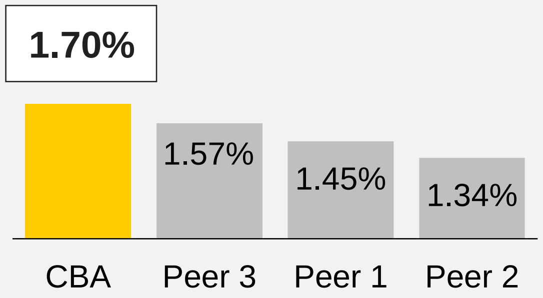


Net Promoter Scores



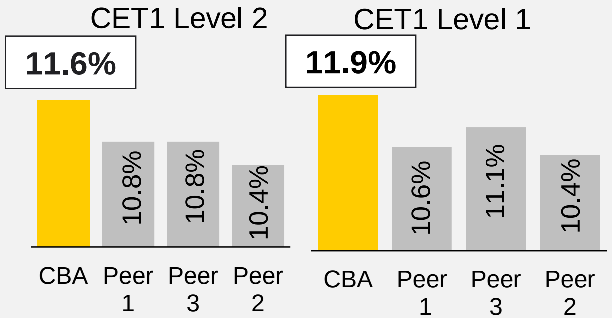
Provisioning

Total provision coverage to Credit RWA[5]



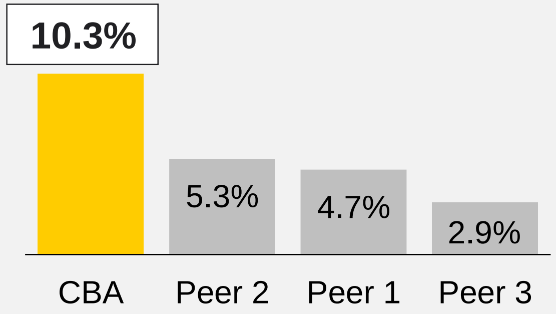
Capital

Peers as at March 2020

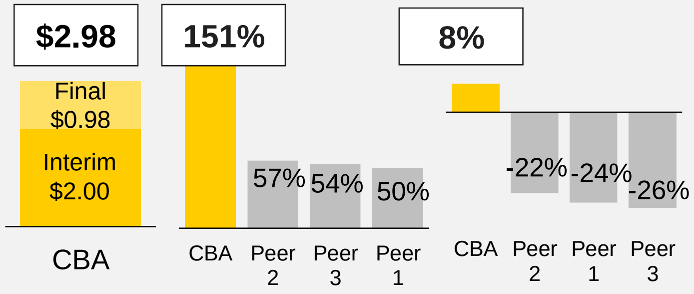


ROE (cash)[6]

Peers as at March 2020



Shareholders

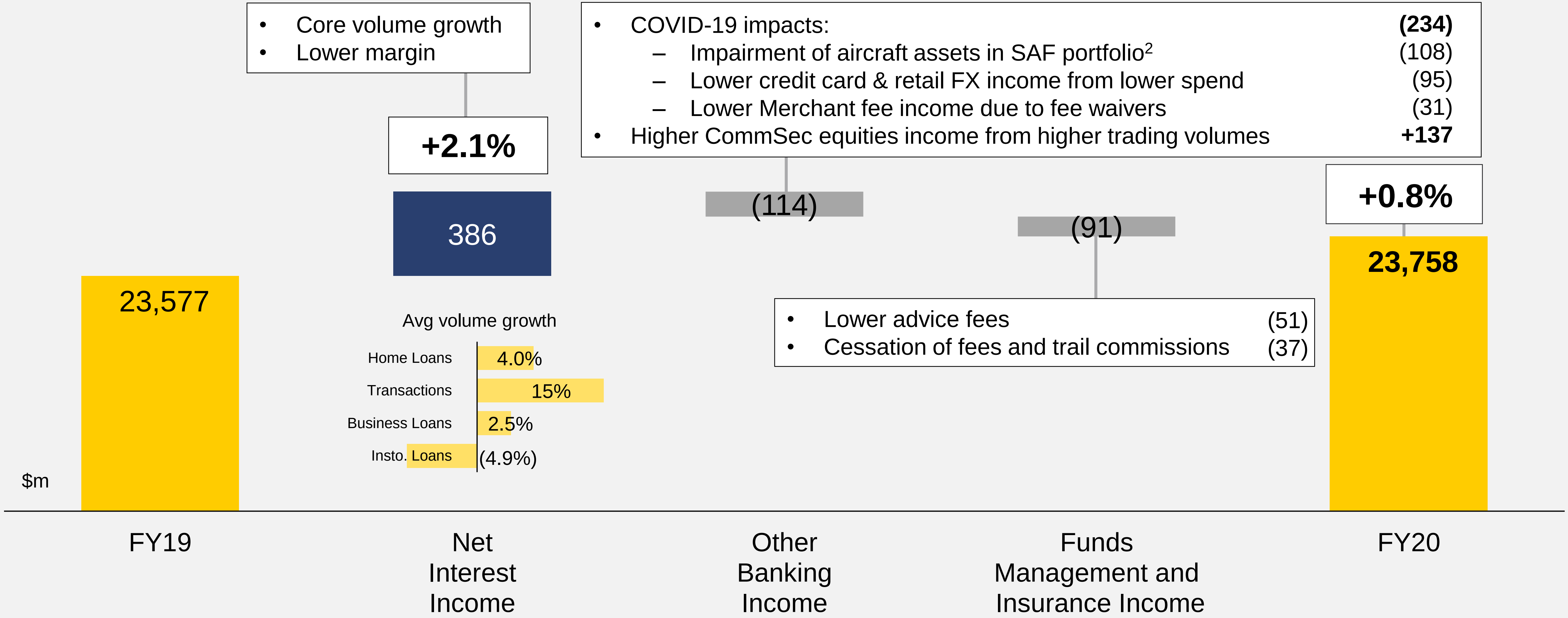


1, 2, 3, 4, 5, 6, 7. Refer to notes slide at the back of this presentation for source information.

Financial Overview

Operating income[1]

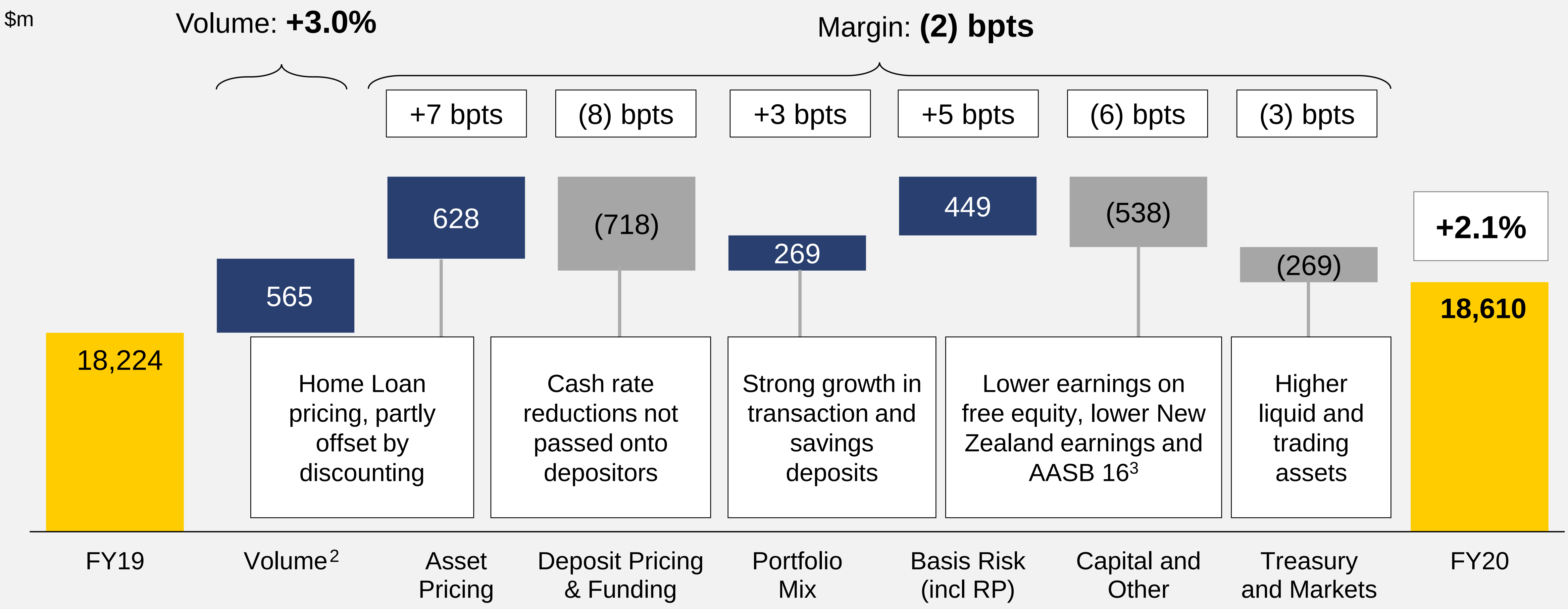
Core volume growth, partly offset by impact of COVID-19



1. Presented on a continuing operations basis. 2. Includes additional costs associated with the impairment such as hedging break costs.

Net interest income[1]

Growth in lending and deposits, partly offset by impacts of cash rate reductions



1. Presented on a continuing operations basis. 2. Average interest earning assets. 3. The implementation of AASB 16 results in the recognition of a lease liability and therefore higher interest expense.

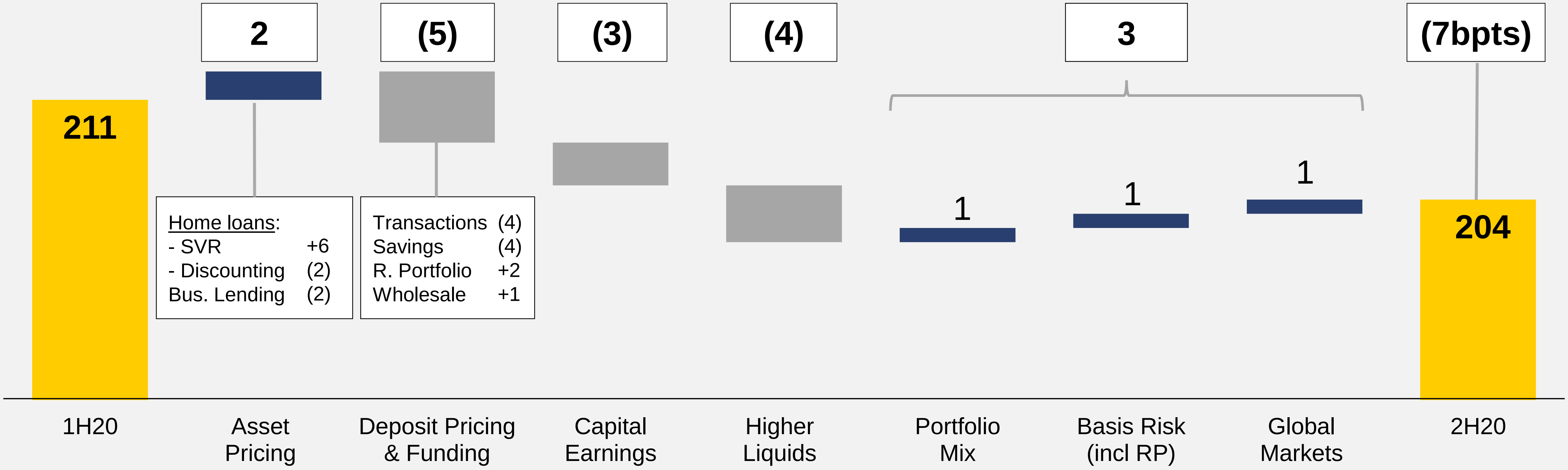
Group margin[1]

Net interest margin lower in 2H20 - impacted by cash rate cuts and higher liquid assets

Cash Rate Headwinds[2]

FY21 vs FY20 ⬇ 7bpts

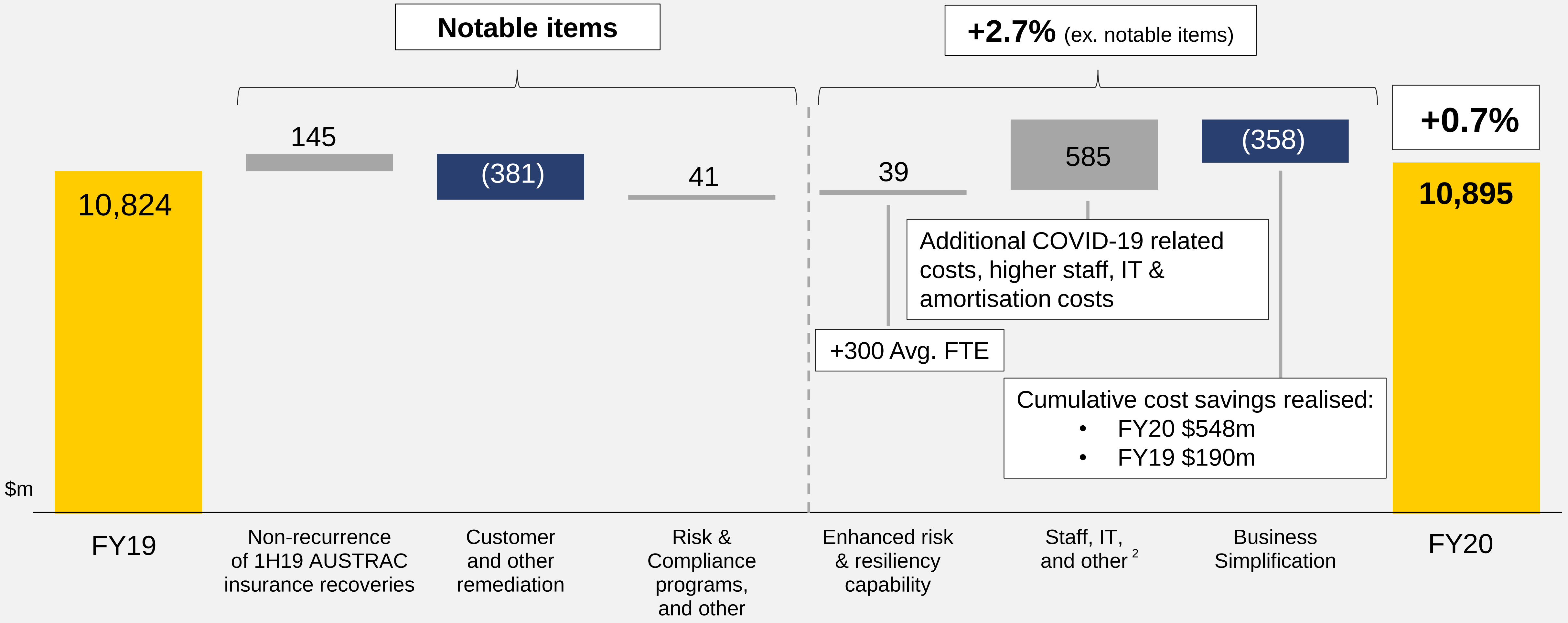
This half



1. Presented on a continuing operations basis. 2. Estimated impact of the RBA's cash rate cuts in June, July, October 2019 and March 2020 on Group NIM, including the deposits impact, lower expected replicating portfolio and equity hedge benefits, and flow through of announced repricing. Excludes impact of any future cash rate movements.

Operating expenses[1]

Lower remediation costs – higher cost of doing business in COVID-19



1. Presented on a continuing operations basis. 2. Excludes staff, IT and other costs related to notable items, enhanced risk and resiliency capability and simplification.

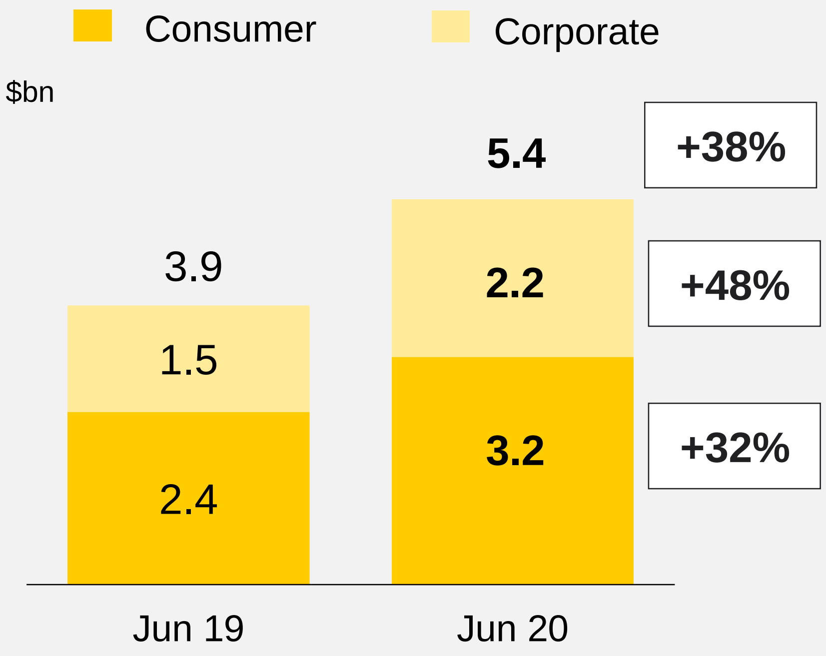
Provisioning

Significantly strengthened provisioning across both consumer and corporate portfolio

Collective Provisions

Provision Coverage[1]

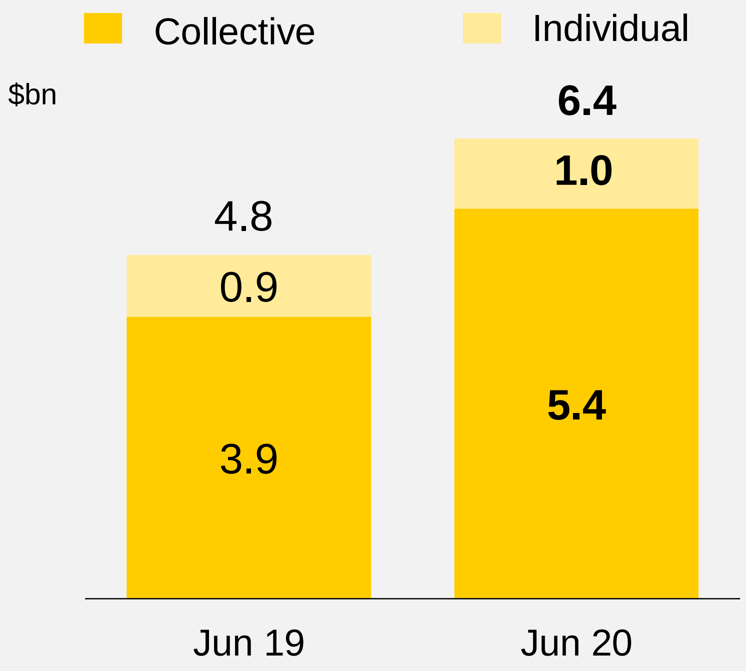
1.05%	**1.44%**



Total Provisions

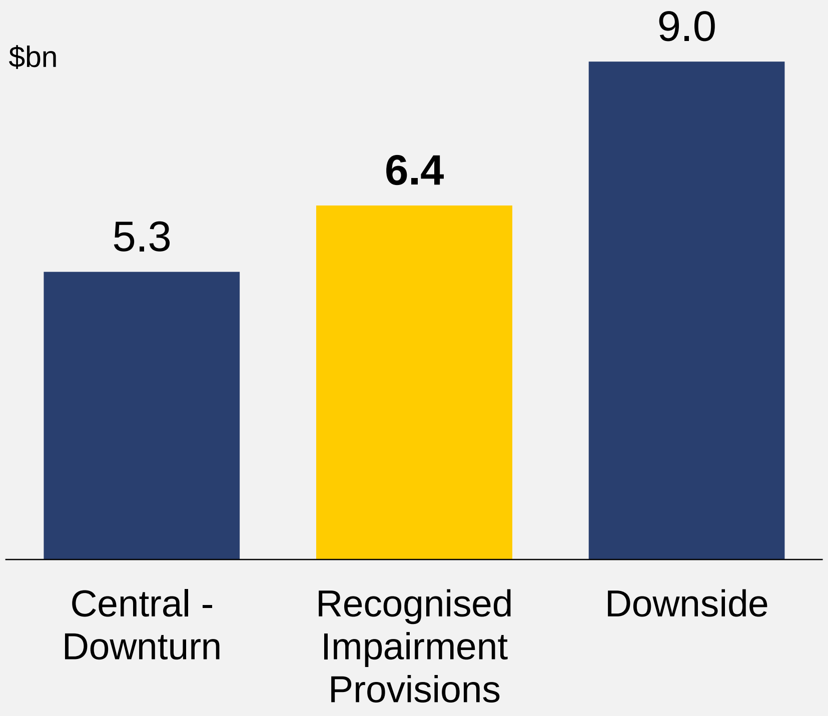
Provision Coverage[2]

1.29%	**1.70%**



Alternate Economic Scenarios[3]

Current provisioning $1.1 billion higher than base case scenario



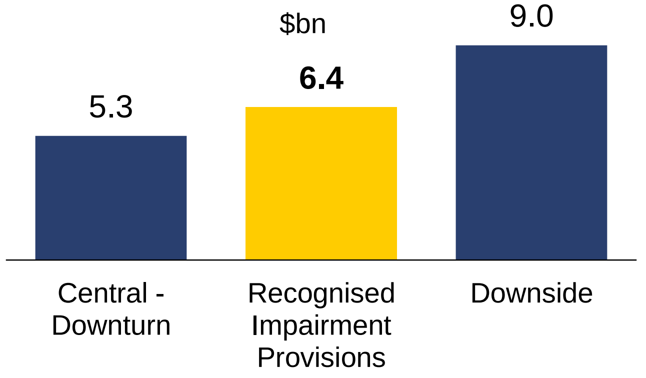
1. Total collective provisions divided by credit risk weighted assets. Excludes impairment provisions for derivatives at fair value. 2. Total provisions divided by credit risk weighted assets. Excludes impairment provisions for derivatives at fair value. 3. Assuming 100% weighting and holding all other assumptions, including forward looking adjustments, constant.

Provisions, Scenarios & Credit RWA migration

A range of scenarios considered – provisioned between Central (Downturn) and Downside

- Macroeconomic assumptions reflect forward looking scenarios updated for current assessments of the impacts of COVID-19
- Collective Provisions include the impact of four probability-weighted economic scenarios[1] and adjustments for emerging risk at an industry, geography or segment level.
- Adequately provisioned between ‘Central (Downturn)’ and ‘Downside’ economic scenarios with peer-leading provision coverage.

Alternate economic scenarios[2]

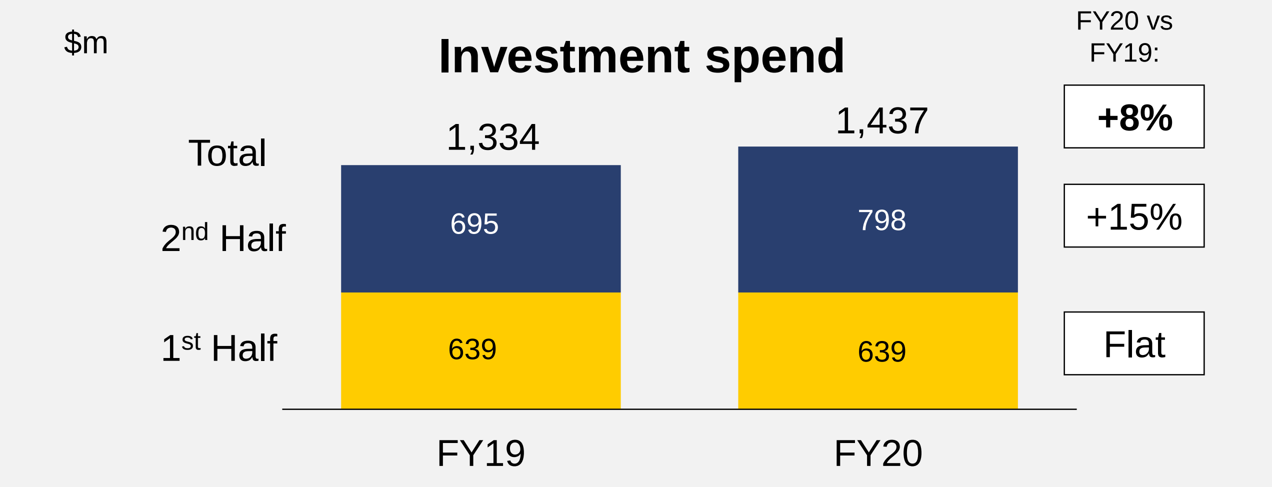


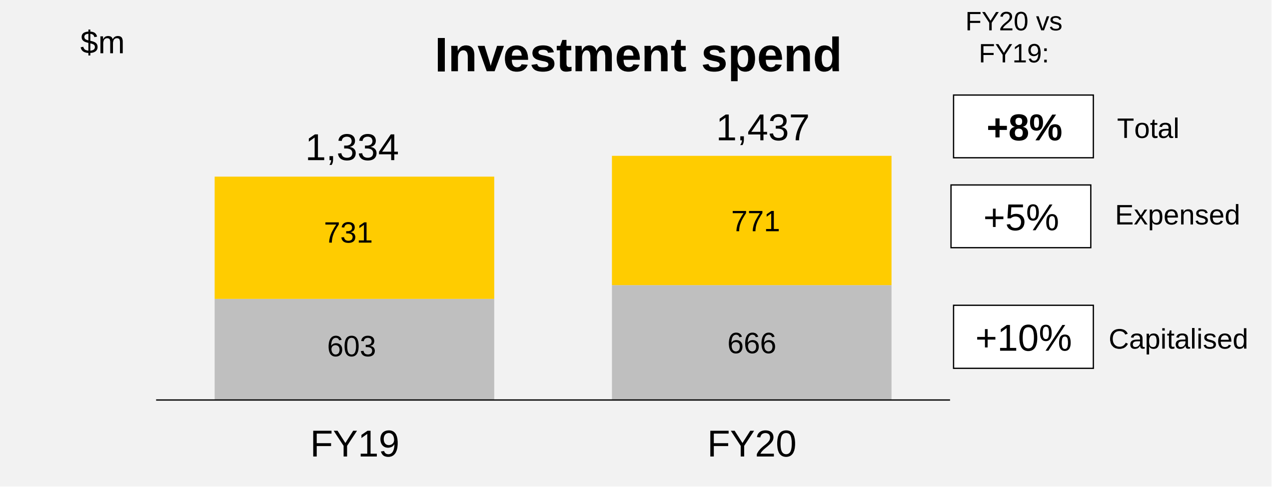
	Central - Downturn			Downside		
Key assumptions:	**CY20**	**CY21**	**CY22**	**CY20**	**CY21**	**CY22**
GDP (annual % change)	-6.0%	6.0%	3.0%	-7.1%	1.4%	2.3%
Unemployment %[3]	9.0%	7.5%	6.3%	10.0%	8.5%	6.9%
House Price Index (peak-to-trough)		-12%			-29%	
Cash Rate		0.25%			0.25%	
Business Investment (annual % change)	-13.0%	4.0%	4.4%	-14.0%	-7.5%	0.6%
Outputs:	*Current Jun-20*	*Central peak*			*Downside peak*	
Credit RWA intensity[4] – housing	*25%*	27%			31%	
Credit RWA intensity[4] – business	*58%*	66%			72%	
Credit RWA intensity[4] – total	*34%*	37%			41%	
Notional Credit RWA increase	*$374bn*	+$30bn			+$74bn	
CET1 impact of notional Credit RWA increase	*n/a*	~70bps			~160bps	

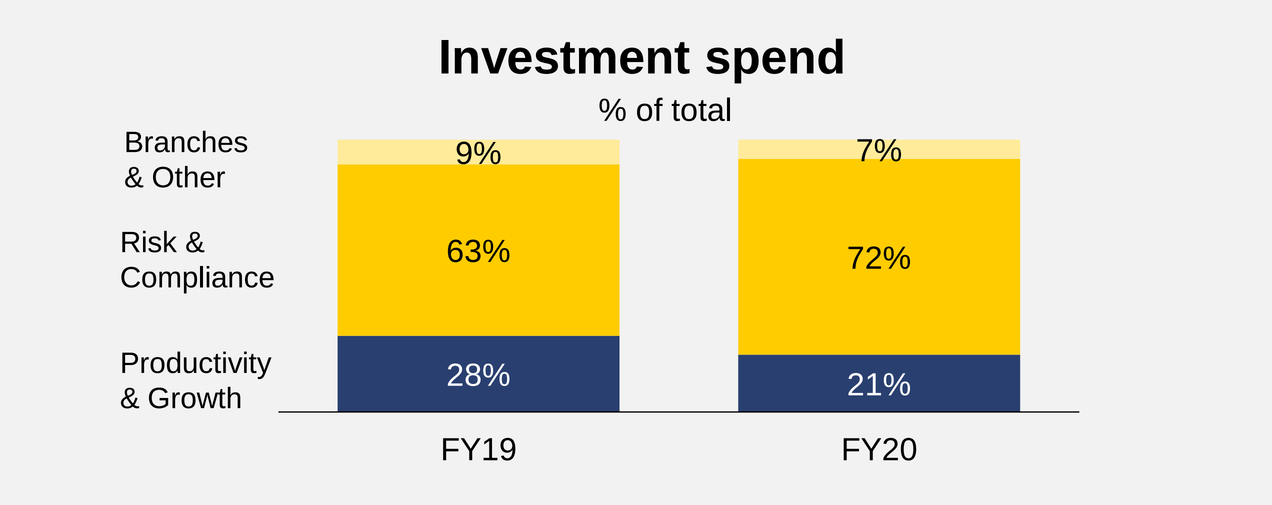
1. Central (Downturn), Upside, Downside and Severe Downside. Central: Considers the Group’s base case assumptions, aligned to the RBA’s ‘Baseline’ forecast (May 2020). Upside, Downside and Severe Downside assumptions are set relative to the Central scenario. 2. Assuming 100% weighting and holding all other assumptions including forward looking adjustments constant. 3. Forecast spot unemployment rate at December of each year. 4. RWA intensity represents the amount of credit risk weighted assets required to be held as a proportion of lending exposures. Housing and business Credit RWA intensity have been calculated excluding specialised lending exposures and exposures subject to the standardised approach.

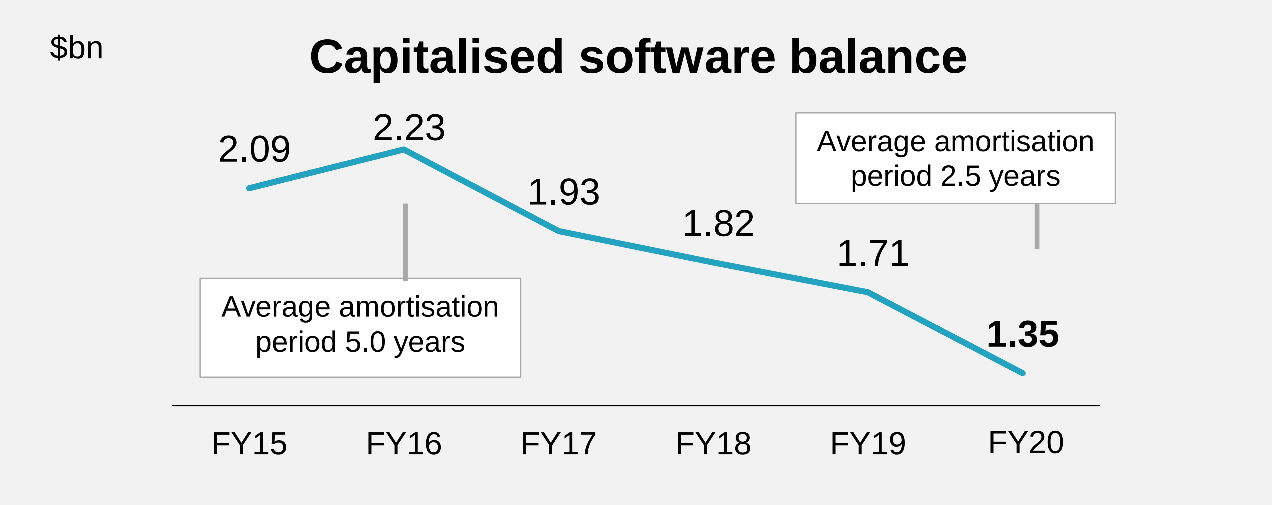
Investment spend[1]

Investment spend up 8% in FY20 – risk and compliance now 72% of total spend









1. Presented on continuing operations basis. Comparative information has been restated to conform to presentation in the current period.

A simpler bank

Divestment program well progressed – majority sale of CFS announced May 2020

Divestment Status

Completed

Sovereign	Jul-18
TymeDigital	Nov-18
CFSGAM	Aug-19
Count Financial	Oct-19
CFP Pathways	Cessation completed Mar-20
Financial Wisdom	Assisted closure completed Jun-20
PT Commonwealth Life	Jun-20

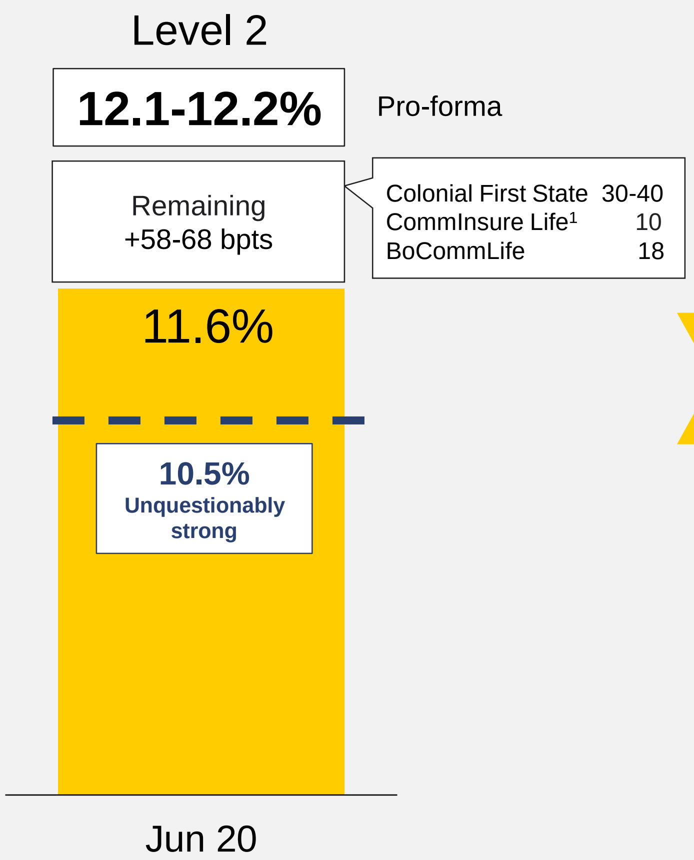
Announced

CommInsure Life[1]	JCA entered Nov-19
BoCommLife	Expected completion 1H21
AUSIEX	Expected completion 2H21
Colonial First State	Expected completion 2H21

Exploring alternatives

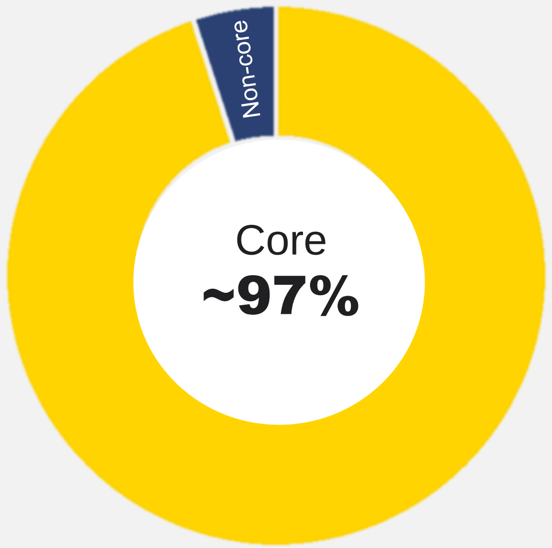
General Insurance
Vietnam International Bank
Aussie Home Loans
ASX-listed equity stakes[2]

CET1 Impact



Core Business

FY20 Cash NPAT
$m



1. On 1 November 2019, AIA obtained an appropriate level of direct management and oversight of CommInsure Life, with the divestment to proceed through either a share sale or a statutory asset transfer. Under a share sale, the transaction is expected to complete shortly following the completion of BoCommLife. In the event of a statutory asset transfer, the transaction is expected to complete in 2H21, with the proceeds to be received in instalments. CBA has received instalment payments equivalent to 29bpts of CET1 Capital, with the remaining outstanding instalments estimated at approximately 10bpts of CET1 Capital. 2. Mortgage Choice (16.5%) and CountPlus (35.8%).

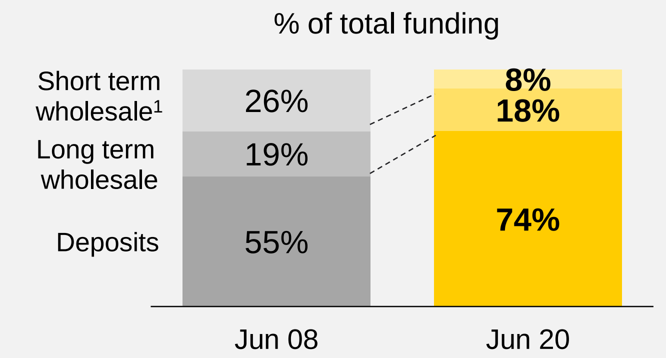
Funding, Liquidity and Capital

Funding overview

Resilient balance sheet – lengthened funding profile – excess liquidity

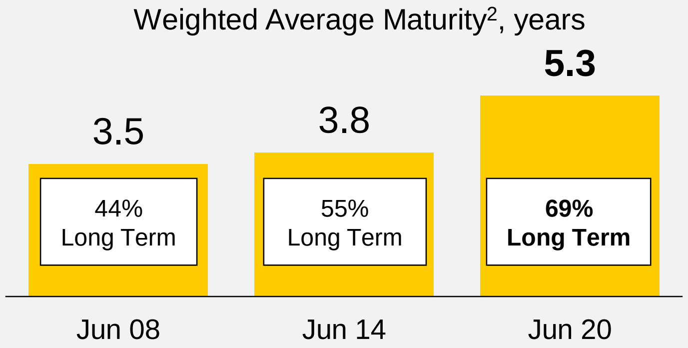
Funding composition

Deposit growth supporting 74% of funding



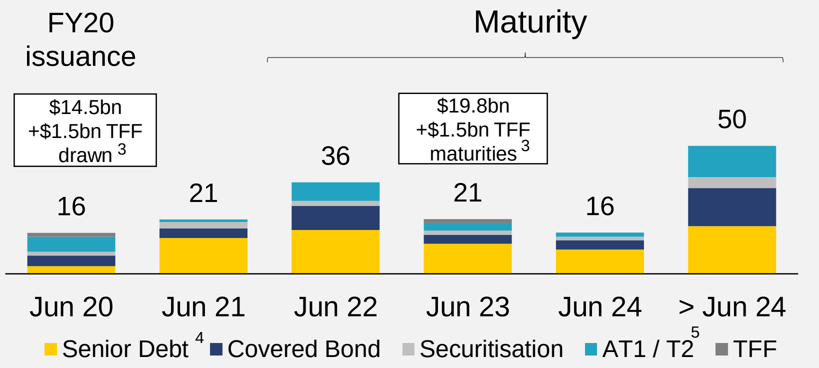
Wholesale funding

Wholesale funding weighted to Long Term



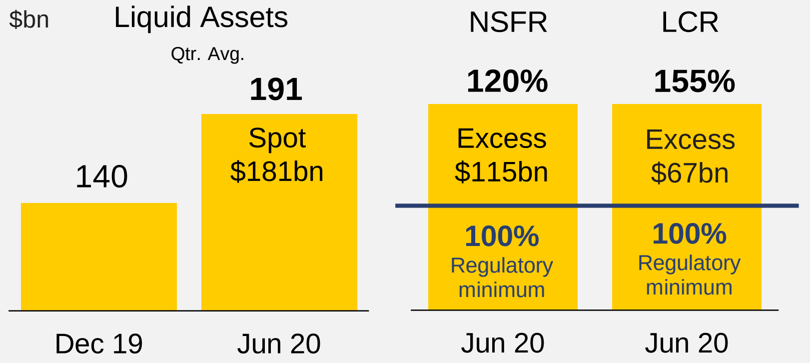
Funding profile

Balanced maturity profile reducing refinancing risk



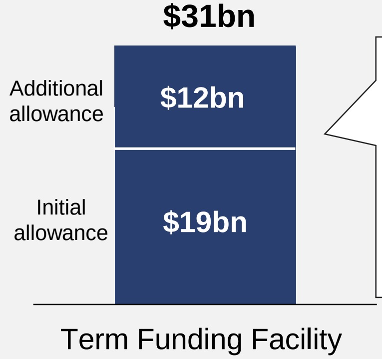
Liquidity metrics[6]

Significant excess liquidity



RBA Term Funding Facility[7]

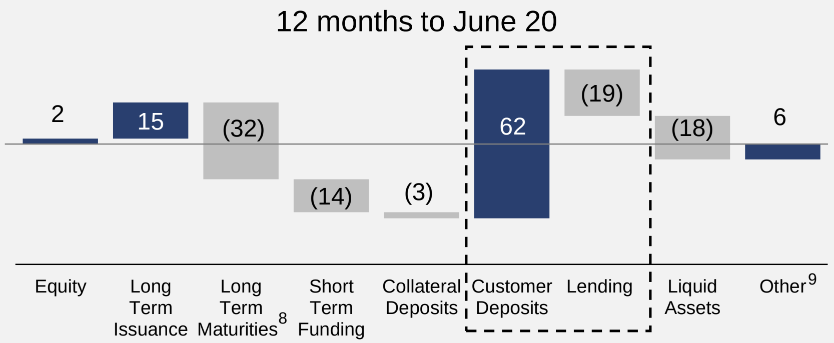
Additional funding support



- Low cost, 3 year funding to support lending to businesses
- 3% of existing outstanding credit (Initial Allowance) plus growth in corporate and 5 times growth in SME (Additional Allowance)
- $1.5bn drawdown as of 30 Jun

Sources and uses of funds

With a core funding surplus of $43bn allowing for a reduction in wholesale funding

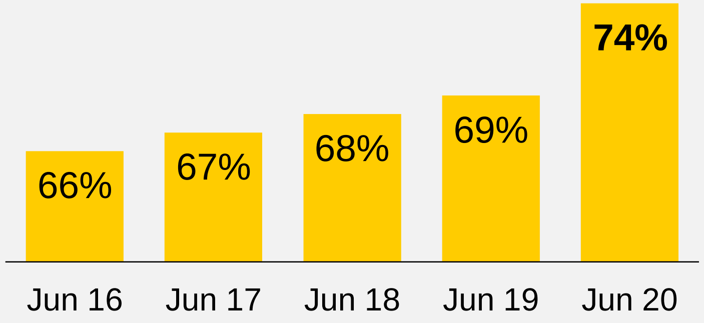


1. Includes other short term liabilities. 2. Represents the weighted average maturity of outstanding long term wholesale debt with a residual maturity greater than 12 months as at reporting date excluding Term Funding Facility drawdowns. 3. $1.5bn TFF drawdown to date as at 30 June 2020. 4. Includes Senior Bonds and Structured MTN. 5. Additional Tier 1 and Tier 2 Capital. 6. NSFR: Spot, LCR: Pillar 3 Quarter Average. 7. As at 7 August 2020, the Group's total available Term Funding Facility allocation was $31 billion. 8. Reported at historical FX rates. 9. Includes FX revaluation and $1.5bn TFF drawdown.

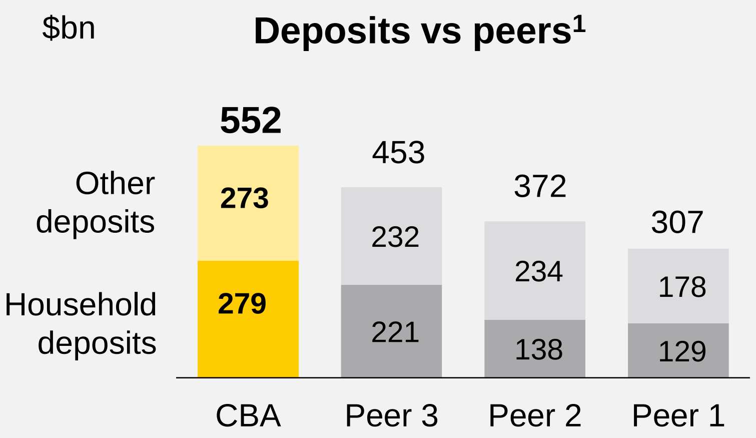
Deposit funding

Highest share of stable household deposits in Australia

Deposit funding

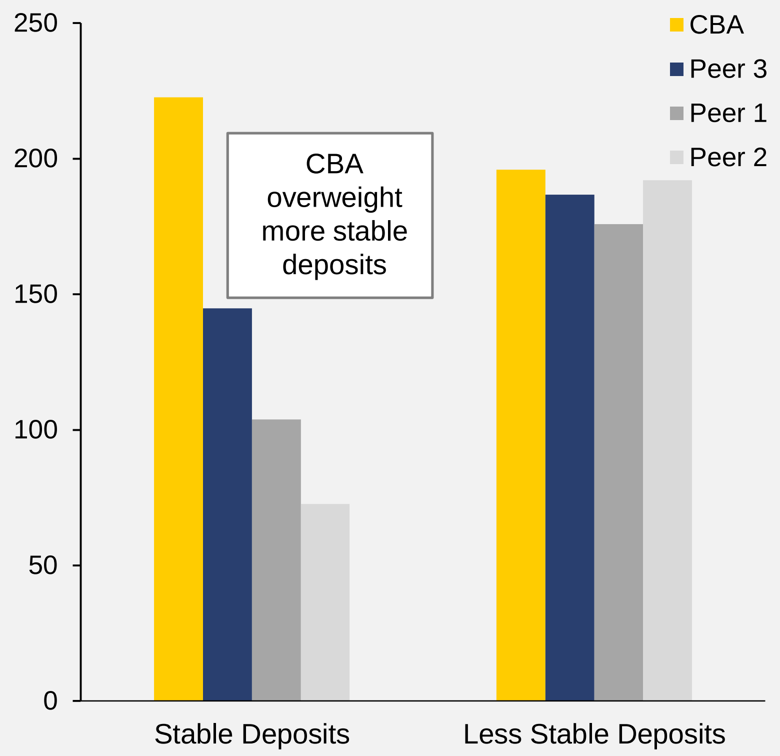


Deposits vs peers[1]

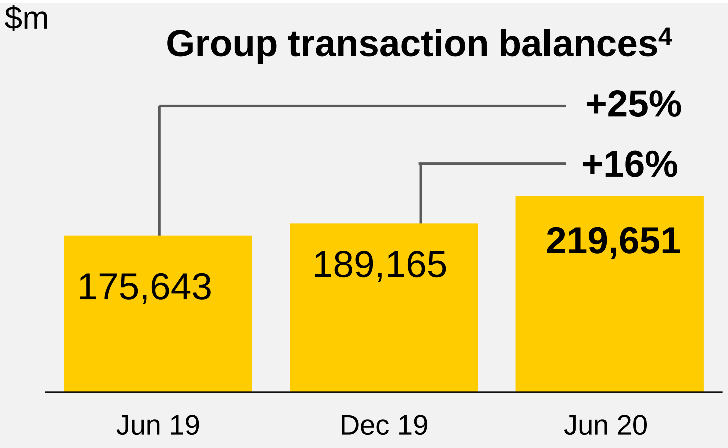


Deposits in NSFR[2]

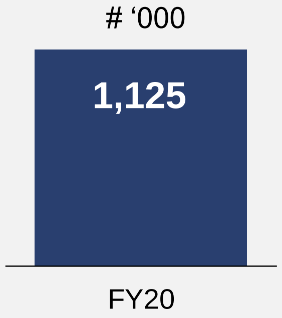
As at 30 Jun 2020 ($bn)
Peers as at 31 March 2020[3]



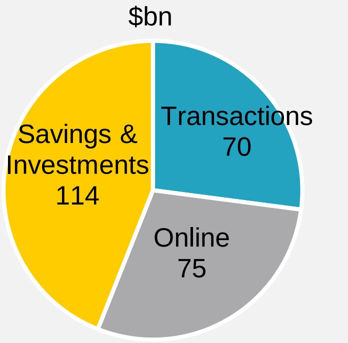
Group transaction balances[4]



New transaction accounts[5]



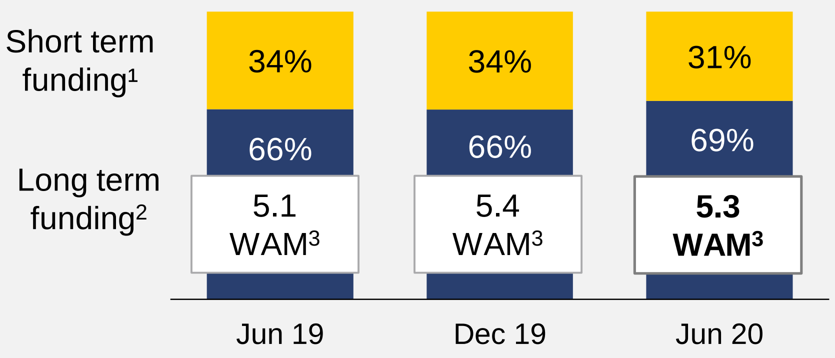
Retail Deposit Mix[6]

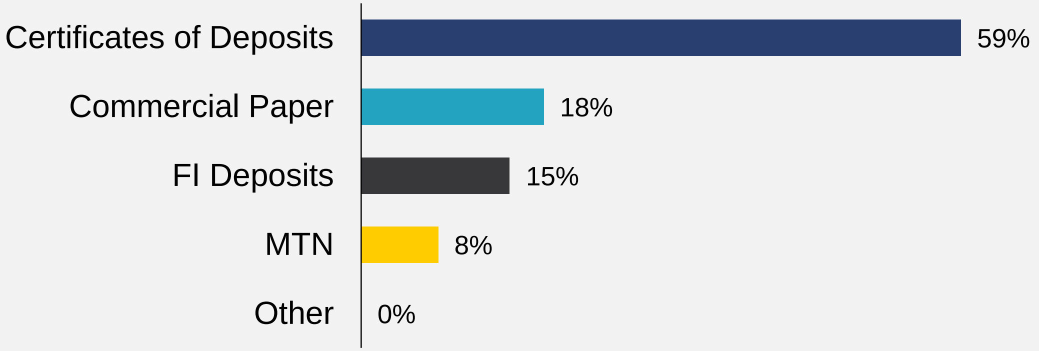


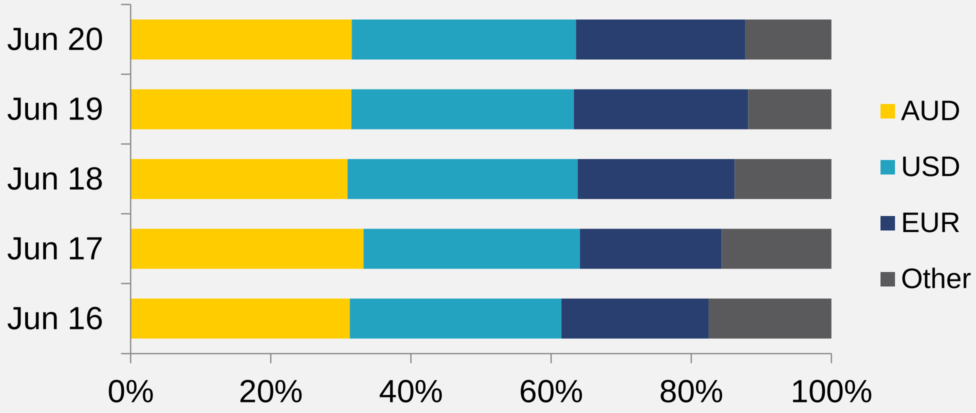
1. Source: APRA Monthly Authorised Deposit Taking Institution Statistics (MADIS). Total deposits (excluding CDs). 2. Stable and less stable deposits in NSFR calculation. Excludes operational deposits, other deposits and wholesale funding. 3. Source: 31 March 2020 Pillar 3 Regulatory Disclosures; CBA reported as at 30 June 2020. 4. Includes non-interest bearing deposits. 5. Number of new personal transaction accounts, excluding offset accounts, includes CBA and Bankwest. 6. Transactions include non-interest bearing deposits and transaction offsets. Excludes business deposits. Online includes NetBank Saver (NBS), Goal Saver, Business Online Saver, Bankwest Hero Saver, Smart eSaver and Telenet Saver. Savings and Investment includes savings offset accounts. Presented on a net basis after value attribution to other business units.

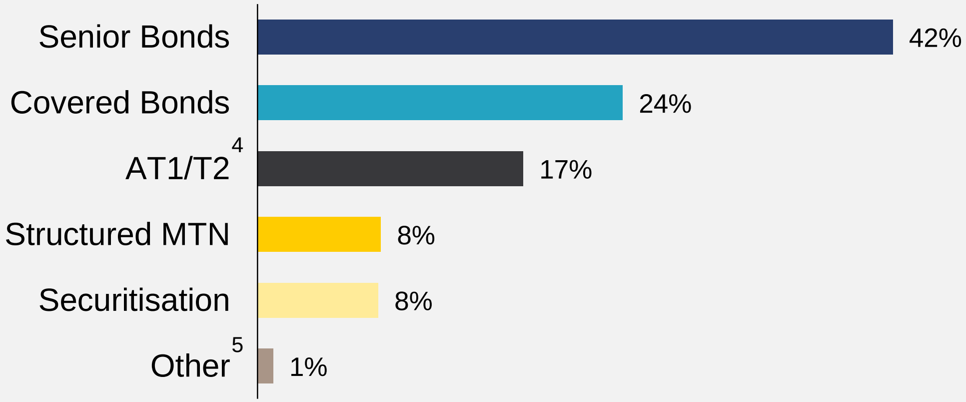
Wholesale funding

Diversified wholesale funding across product, currency and tenor









1. Includes the categories 'central bank deposits' and 'due to other financial institutions'. 2. Includes IFRS MTM and derivative FX revaluation, and includes debt with an original maturity or call date of greater than 12 months (including loan capital). 3. Represents the weighted average maturity of outstanding long term wholesale debt with a residual maturity greater than 12 months as at reporting date, excluding Term Funding Facility drawdowns. 4. Additional Tier 1 and Tier 2 Capital. 5. Includes TFF Drawdown

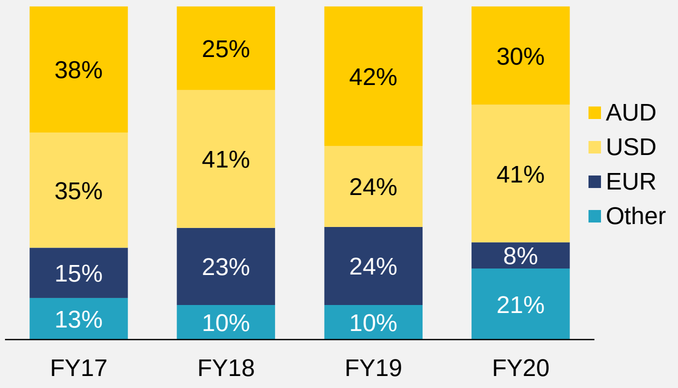
Long term funding

$14.5bn long term wholesale funding issued and $1.5bn TFF drawdown completed in FY20

Group FY20 benchmark issuance

Date	Entity	Type	Tenor (yr)	Volume (m)	Spread at Issue (bpts)
Aug-19	ASB	NZD Senior	3	NZD 600	MS + 85
Sep-19	CBA	USD Tier 2	15NC10/20	USD 2,500	T+205 / T+170
Sep-19	ASB	EUR Senior	10	EUR 500	MS + 65
Oct-19	CBA	USD Covered	3	USD 1,250	MS + 30
Nov-19	CBA	AUD Tier 1	7.5	AUD 1,650	3m BBSW + 300
Dec-19	CBA	Securitisation	2.9	AUD 1,500	AONIA + 125
Jan-20	CBA	GBP Covered	5	GBP 1,000	SONIA + 55

New term issuance by currency



New term issuance by tenor

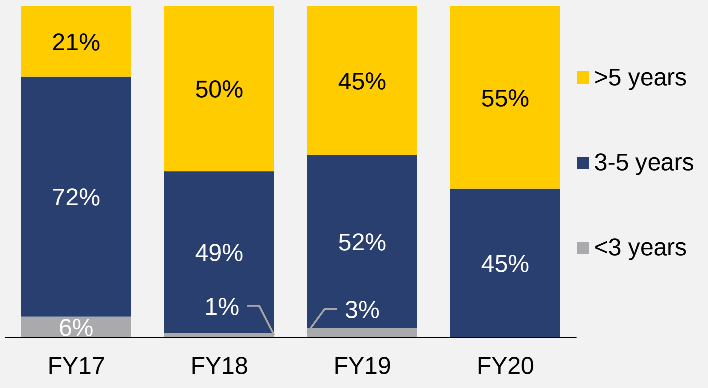
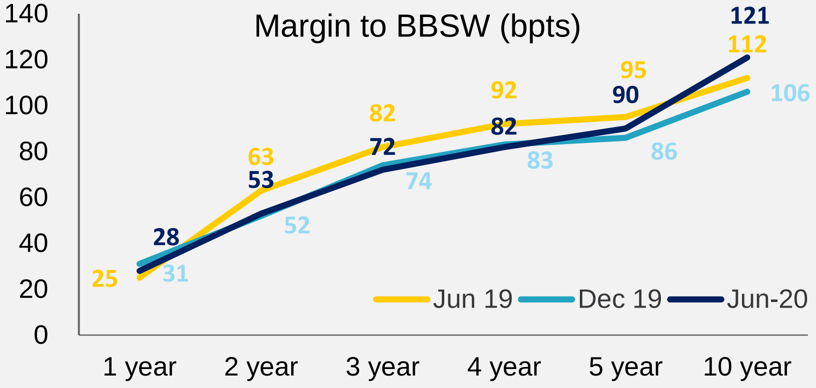
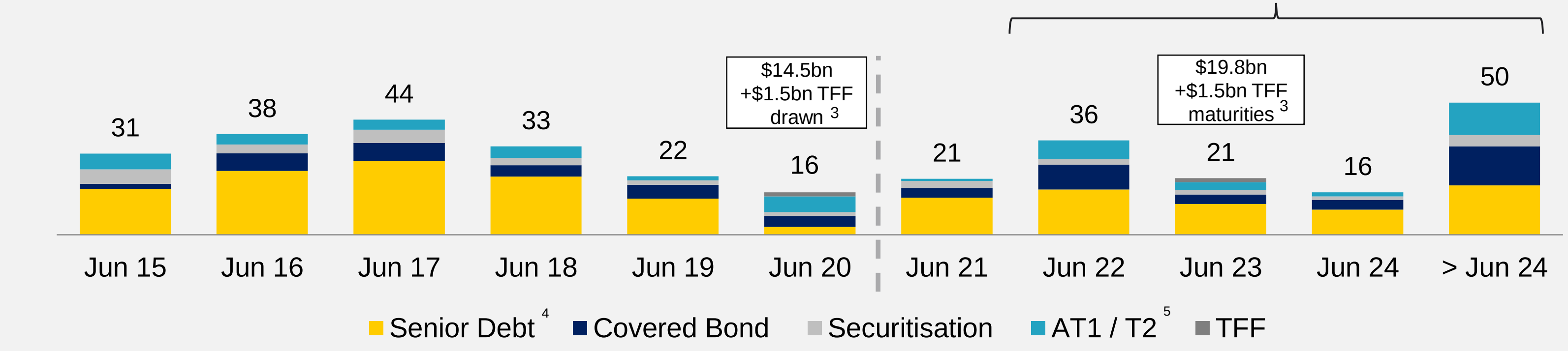


Chart totals do not add to 100% due to rounding.

Indicative funding cost curves[1]



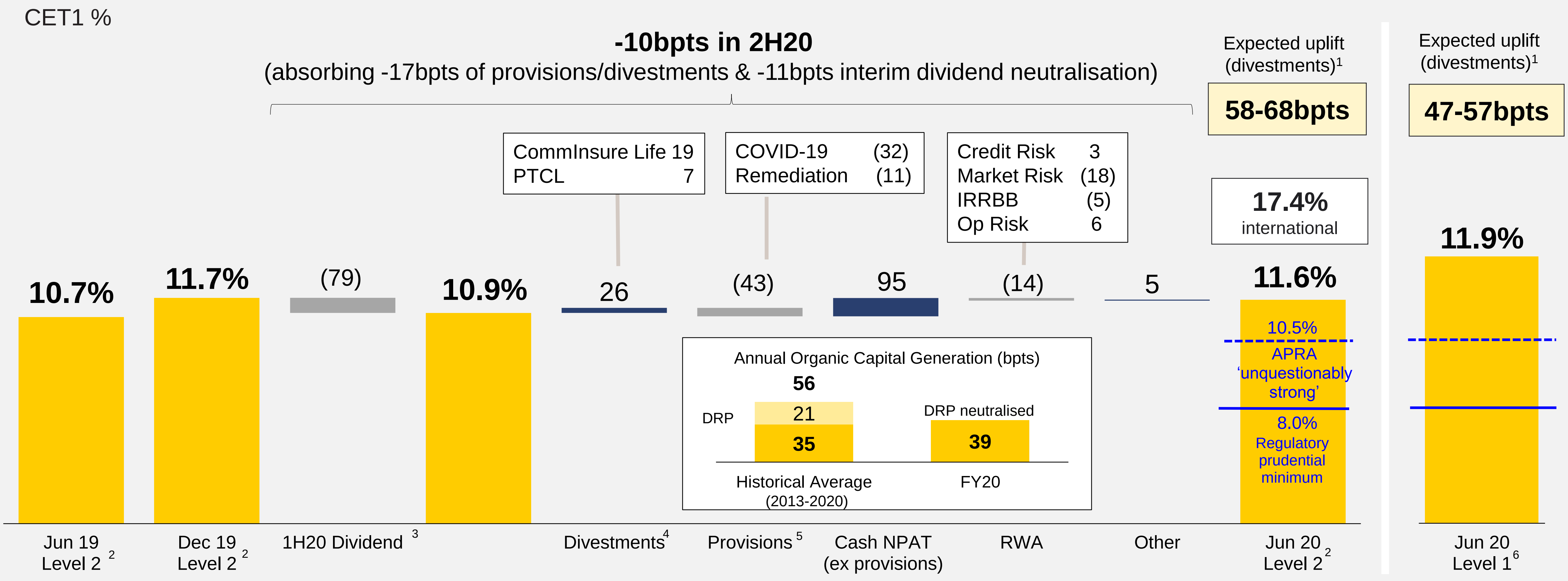
Issuance / Maturity



1. Indicative funding costs across major currencies. Represents the spread in BBSW equivalent terms on a swapped basis. 2. Represents the weighted average maturity of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2020, excluding Term Funding Facility drawdowns. 3. $1.5bn TFF drawdown to date as at 30 June 2020. 4. Includes Senior Bonds and Structured MTN. 5. Additional Tier 1 and Tier 2 Capital.

Capital

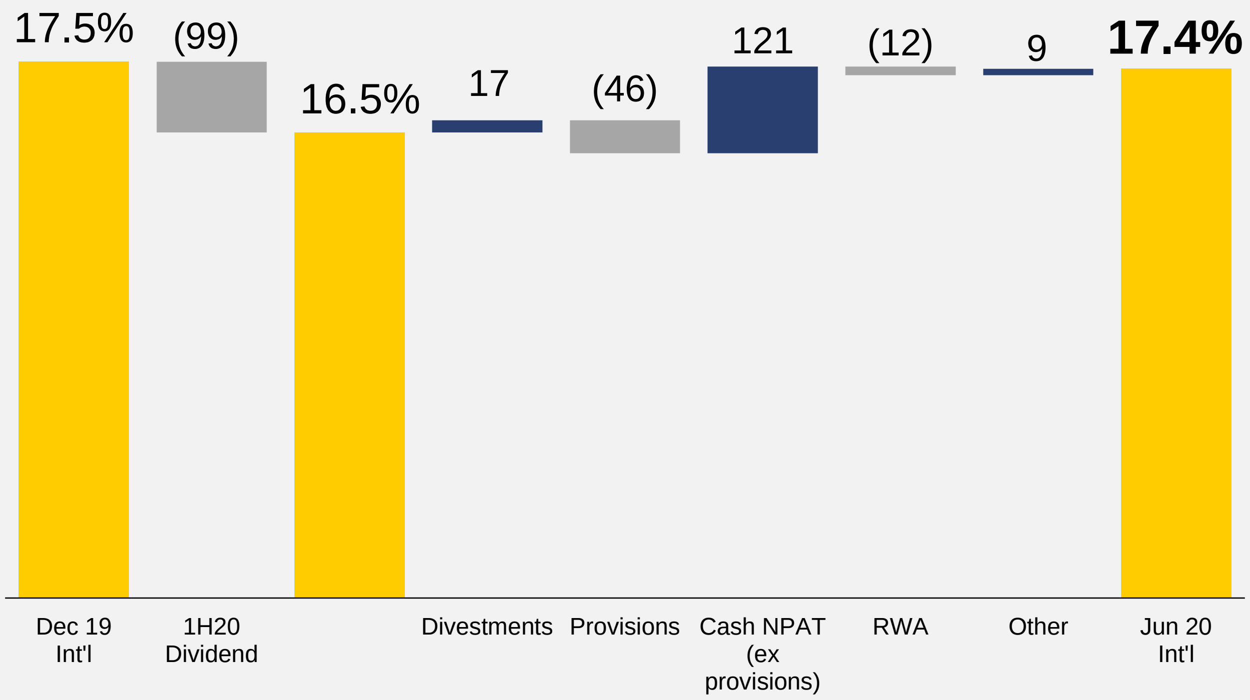
CET1 of 11.6% after payment of 1H20 dividend, COVID-19 provision



1. Expected CET1 uplifts from previously announced divestments: BoCommLife, CommInsure Life and majority sale of Colonial First State. Completion of divestments subject to regulatory approvals 2. Level 2 is the consolidated banking group (including banking subsidiaries such as ASB Bank and PT Bank Commonwealth (Indonesia) and excluding the insurance and funds management businesses. 3. 2020 interim dividend: included the on-market purchase of shares in respect of the Dividend Reinvestment Plan 4. Relates to additional receipt of funds as part of the divestment of CommInsure Life and the completion of sale of PTCL. 5. Includes additional provisions raised for COVID-19 ($1.5bn) and remediation ($481m) 6. Level 1 is the CBA parent bank, offshore branches, and extended license entities approved by APRA.

CET1 – internationally comparable

The Group's CET1 ratio of 11.6% translates to 17.4% on an international basis



CET1 APRA	**11.6%**
Equity investments	0.8%
Capitalised expenses	0.1%
Deferred tax assets	0.5%
IRRBB RWA	0.3%
Residential mortgages	2.3%
Other retail standardised exposures	-
Unsecured non-retail exposures	0.4%
Non-retail undrawn commitments	0.4%
Specialised lending	0.9%
Currency conversion	0.1%
CET1 internationally comparable	**17.4%**

Tier 1 internationally comparable	**20.4%**
Total capital internationally comparable	**24.9%**

1. Internationally comparable capital - refer glossary for definition.

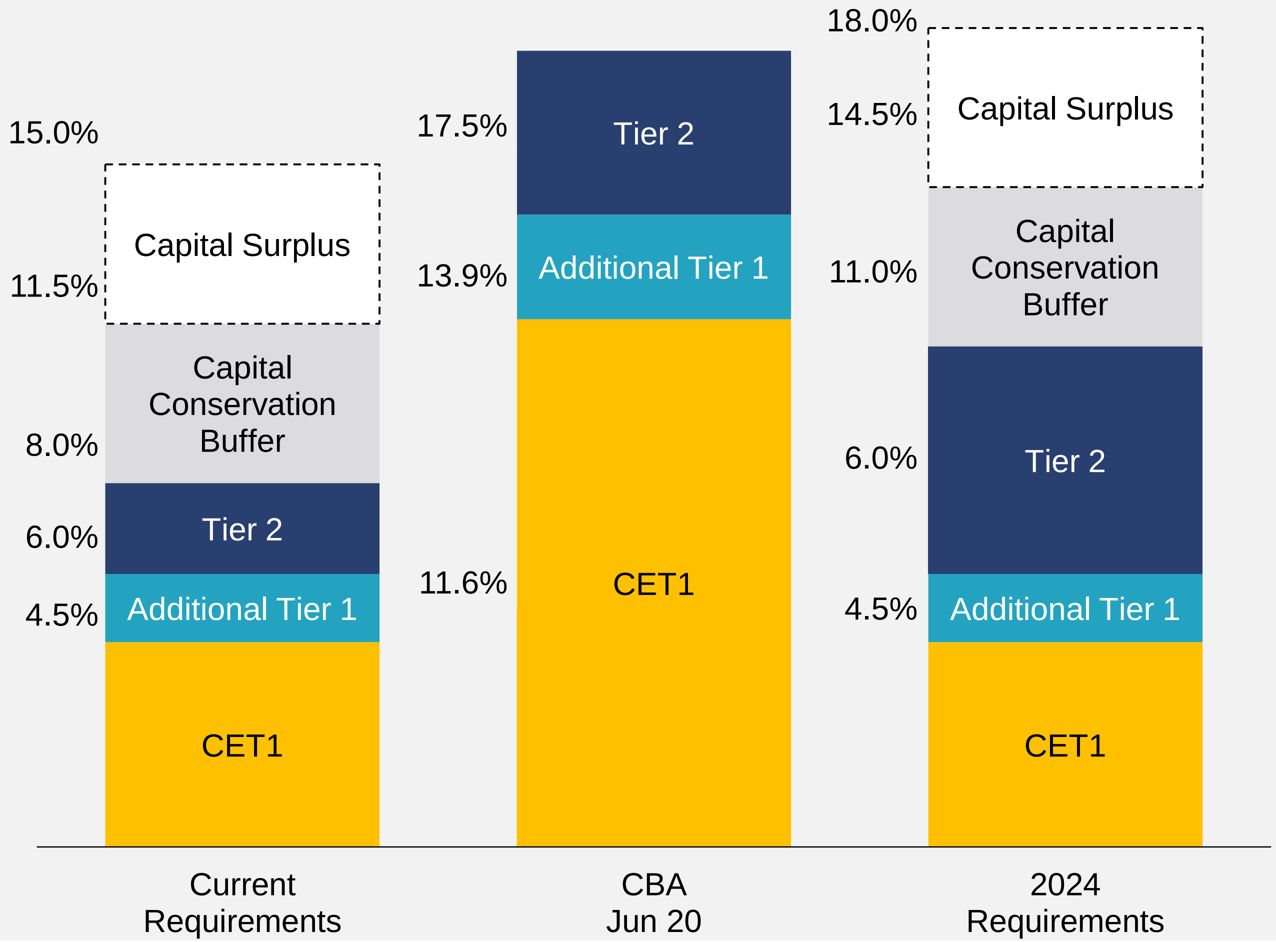
Regulatory capital changes

Scheduled implementation of Basel III reforms in Australia deferred by one year

Change	Details	Implementation
APRA's revisions to the ADI capital framework	APRA commenced consultation on: • Revisions to risk-based capital requirements for credit, interest rate risk in banking book and operational risk; • Transparency, comparability and flexibility of the ADI capital framework; and • Measurement of capital (APS 111), including capital treatment of parent ADI investments in banking and insurance subsidiaries. Consultation on the Fundamental Review of the Trading Book (APS 116) has not commenced.	1 Jan 2023 (APS 111 Jan 2021, APS 115 optional early adoption 1 Jan 2022 and APS 116 Jan 2024)
Loss Absorbing Capacity ("LAC")	• Total Capital increase of 3% for all domestically systemically important banks (D-SIBs).	1 Jan 2024
RBNZ Capital Review	• RWA of internal ratings based banks will increase to 90% of that required under a standardised approach; • D-SIB Tier 1 capital requirement of 16% with at least 13.5% in the form of CET1; and • Implementation from Jul 2021 with a transitional period of 7 years.	1 Jul 2028 (7 year transition period from Jul 2021)
Leverage ratio	• Proposed minimum 3.5% from 1 Jan 2023.	1 Jan 2023
APS 220 Credit Risk Management	• Enhancements covering a broad range of issues including credit standards, ongoing monitoring and management of credit portfolios and Board oversight. From a regulatory capital perspective, proposals include the removal of the General Reserve for Credit Losses (GRCL) from provision requirements. Consultation closed Jun 2019.	1 Jan 2022
Dividend Guidance and Restrictions	• APRA – ADIs should use stress testing to inform decisions on dividends and other capital actions, as well as to assess lending capacity under a range of different scenarios. For 2020, APRA expects that ADIs retain at least 50% of earnings and use capital management initiatives to at least partially offset the diminution in capital from distributions; and • RBNZ - Prohibition of dividends or redemption on non-CET1 capital instruments.	Immediately (APRA announced 7 April 2020 and 29 July 2020, RBNZ announced 2 April 2020)

APRA’s LAC requirements

3% increase in Total Capital by 2024 to increase loss absorbing capacity (LAC)



- Additional 3% of RWA in Total Capital applicable to all domestically systemically important banks (D-SIBs) by 1 Jan 24.
- CBA requires an additional $6.3bn of LAC qualifying issuance by 1 Jan 24.
- FY20 LAC qualifying issuances included $1.65bn Additional Tier 1 and $4.2bn Tier 2.
- APRA may consider feasible alternative methods for raising additional 1-2% of RWA, in consultation with industry and other stakeholders.

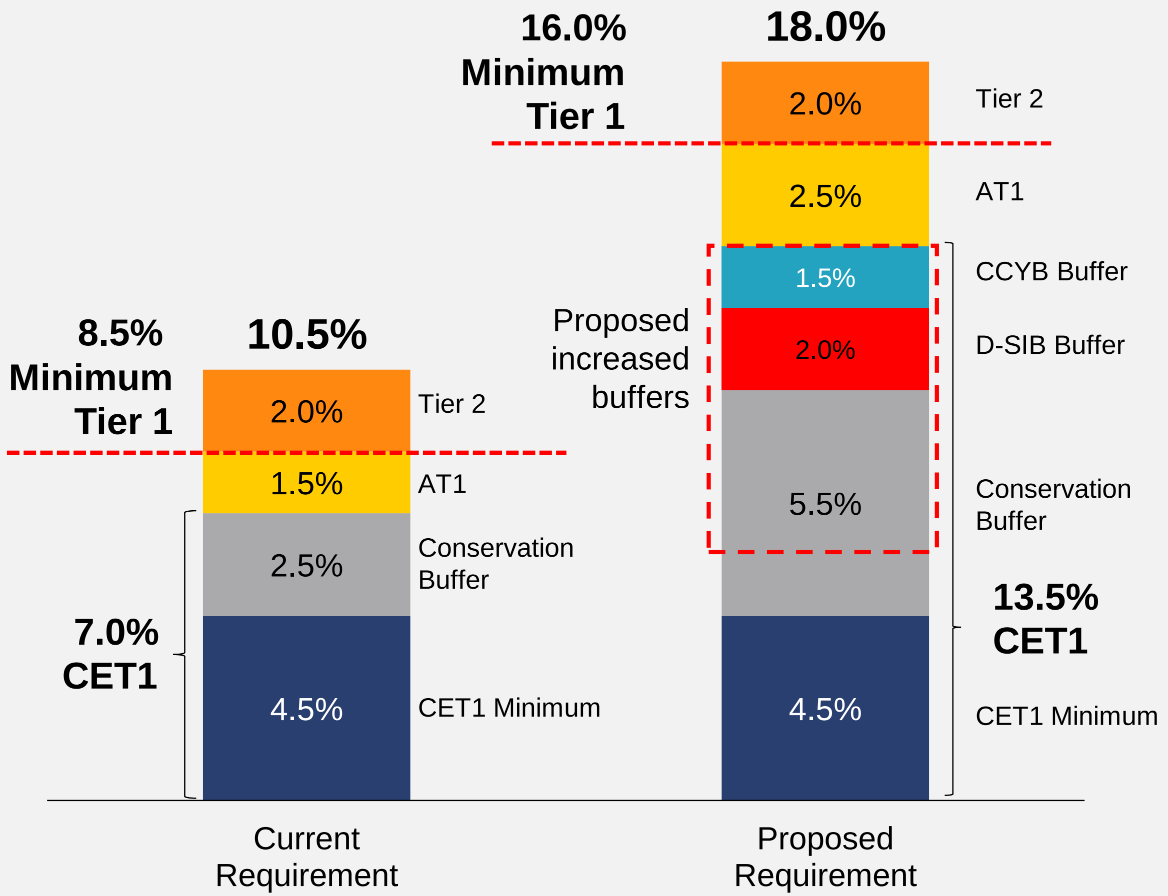
$bn	Jun 20
Risk Weighted Assets	454.9
Tier 2 Requirement @ 5% by 1 Jan 2024	22.7
Existing Tier 2 at June 2020 (3.6%)[1]	16.4
Current shortfall (excluding AT1)	6.3

1. Inclusive of $1.6bn provisions eligible for inclusion in Tier 2.

RBNZ capital requirements

New Zealand Tier 1 minimum to increase to 16%

RBNZ capital requirement changes



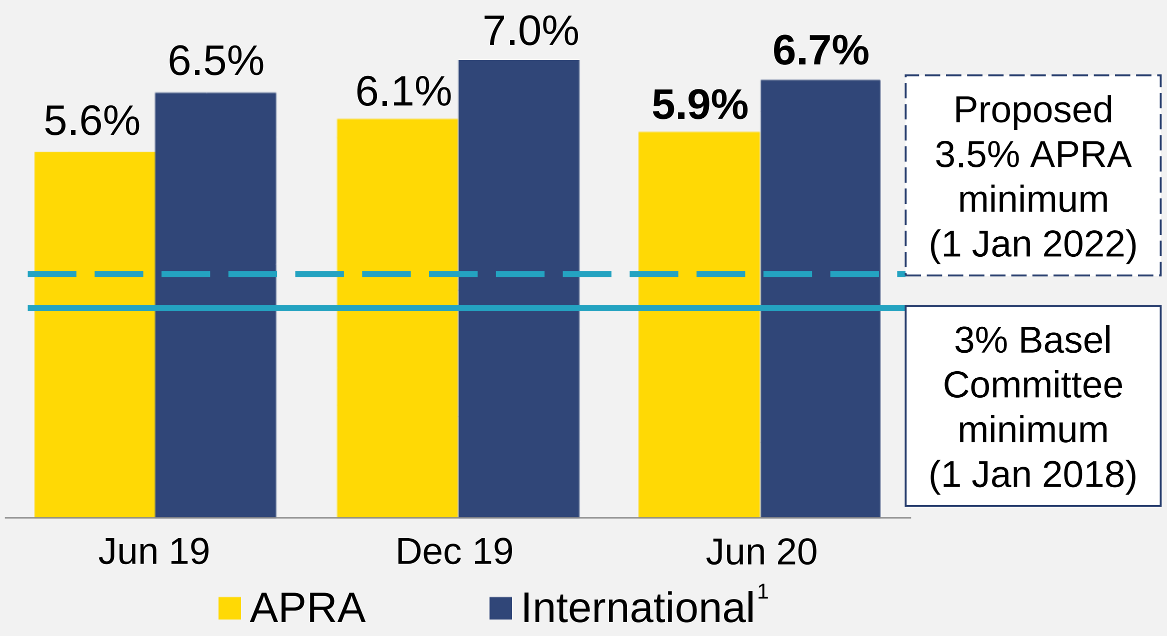
- Due to COVID-19 implementation was delayed by one year until July 2021 with a transitional period of 7 years.
- Under APRA's proposed revisions to APS111, any equity injections of additional capital into ASB over the transition period would eventually result in a reduction in CBA's Level 1 CET1 ratio.
- CBA's Level 2 CET1 ratio will not be affected by these requirements.
- CBA well placed to meet changes and will consider ways to minimise the financial impact from the requirements while supporting our customers and growth in the New Zealand economy.

Leverage ratio

CBA leverage ratio well above proposed APRA minimum

Leverage ratio introduced to constrain the build-up of leverage in the banking system

$$\text{Leverage ratio} = \frac{\text{Tier 1 Capital}}{\text{Total Exposures}}$$



$m	Jun 20
Tier 1 Capital	63,414
Total Exposures	1,073,131
Leverage Ratio (APRA)	**5.9%**

$m	Jun 20
Group Total Assets	**1,014,060**
Less subsidiaries outside the scope of regulatory consolidations	(6,152)
Less net derivative adjustment	(2,656)
Add securities financing transactions	391
Less asset amounts deducted from Tier 1 Capital	(18,794)
Add off balance sheet exposures	86,282
Total Exposures	**1,073,131**

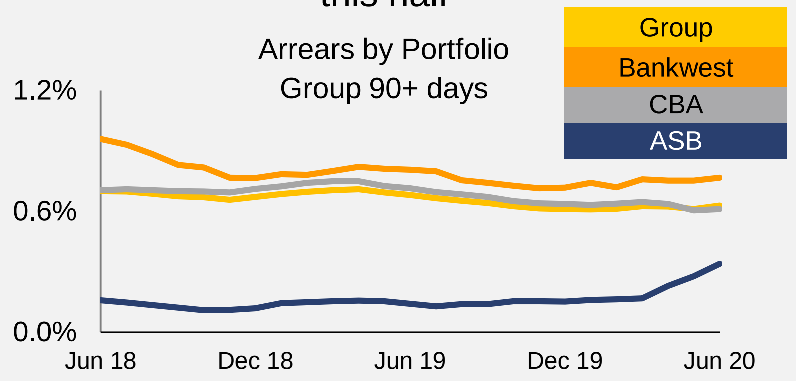
1. The Tier 1 capital included in the calculation of the internationally comparable leverage ratio aligns with the 13 July 2015 APRA study entitled “International capital comparison study”, and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

Asset Quality

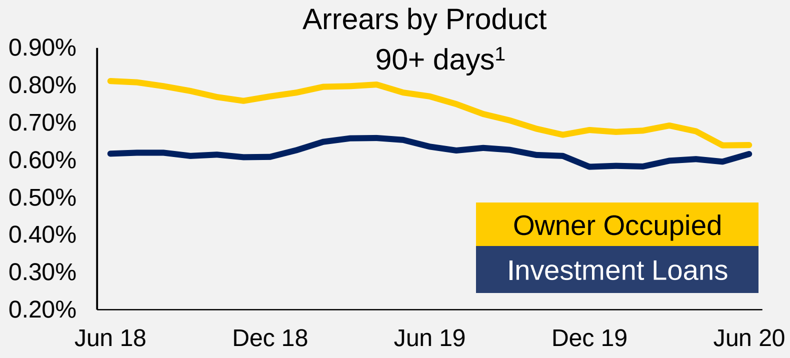
Home loan arrears

Relatively stable due to focused collections practices, repayment deferrals and low cash rate

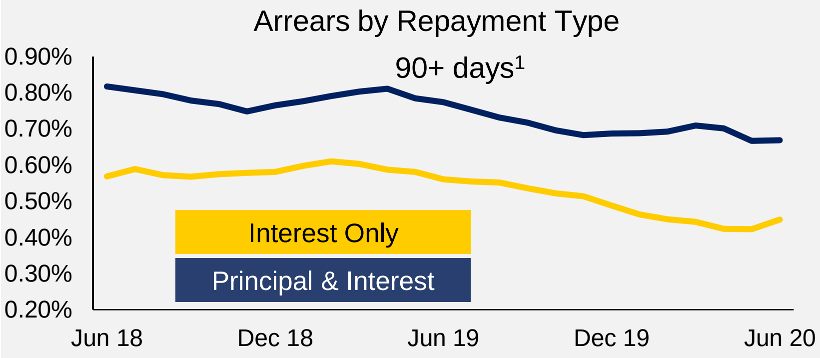
Group portfolio arrears relatively stable this half



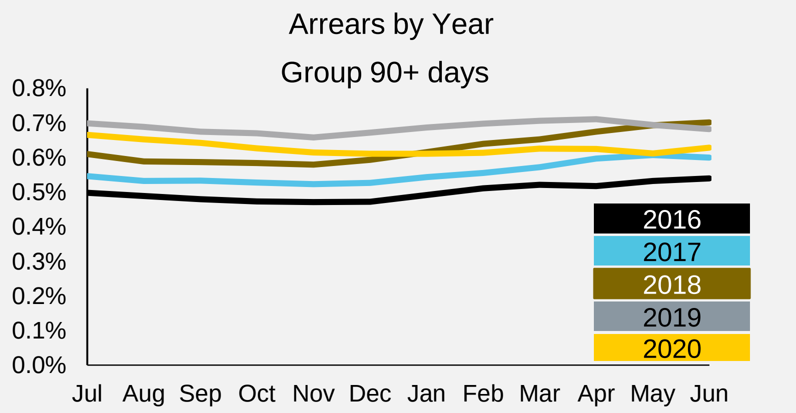
Continued downward trends on Owner Occupied



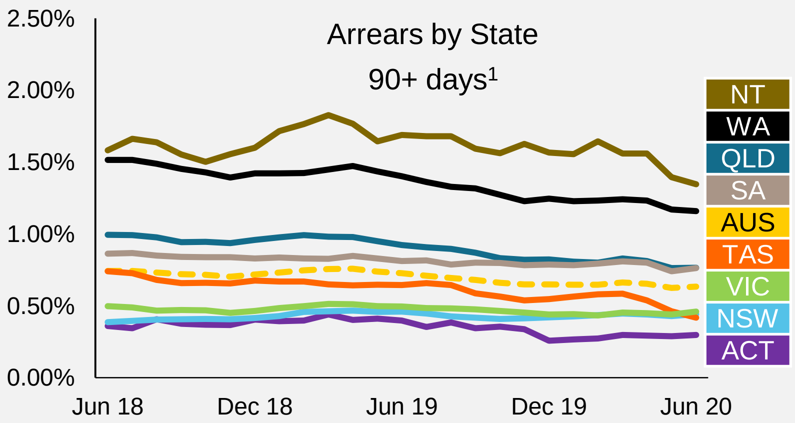
…with interest only arrears improved year-on-year, with minor deterioration in the last quarter



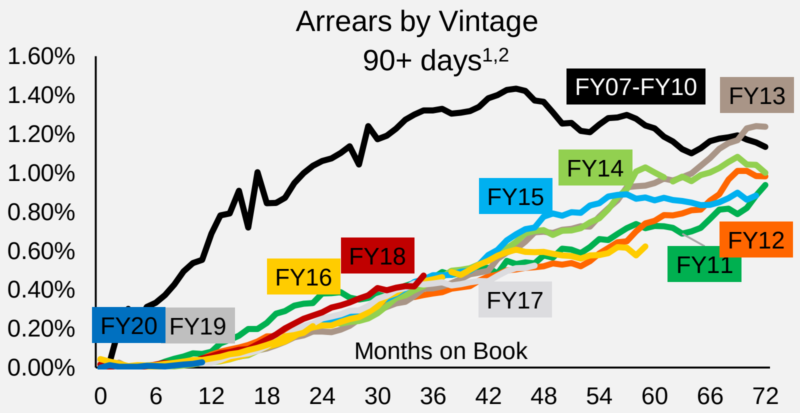
Overall arrears down on 2018/2019



Improved arrears year on year across states



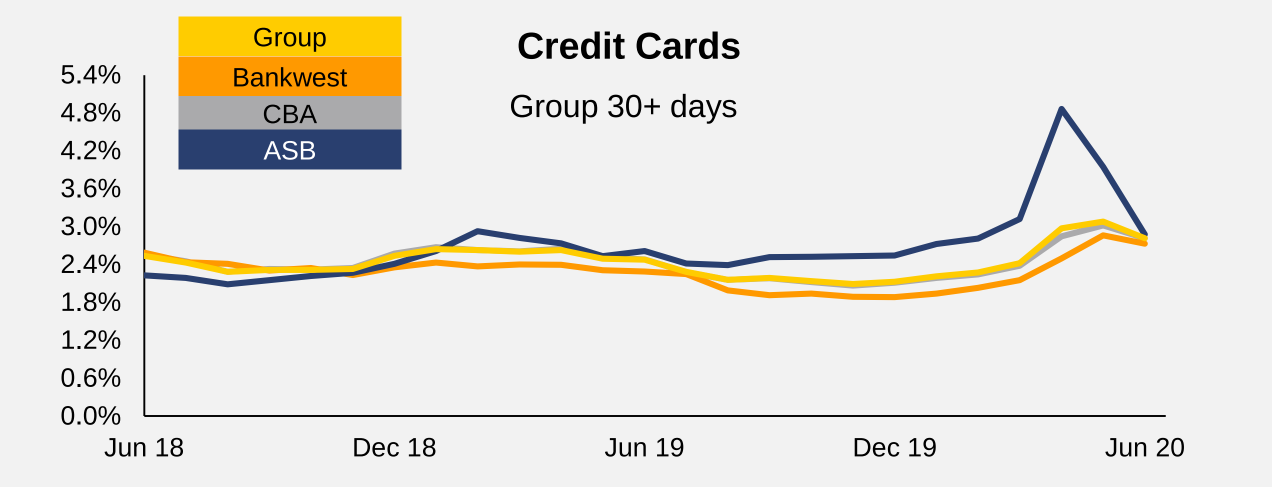
Sound origination quality

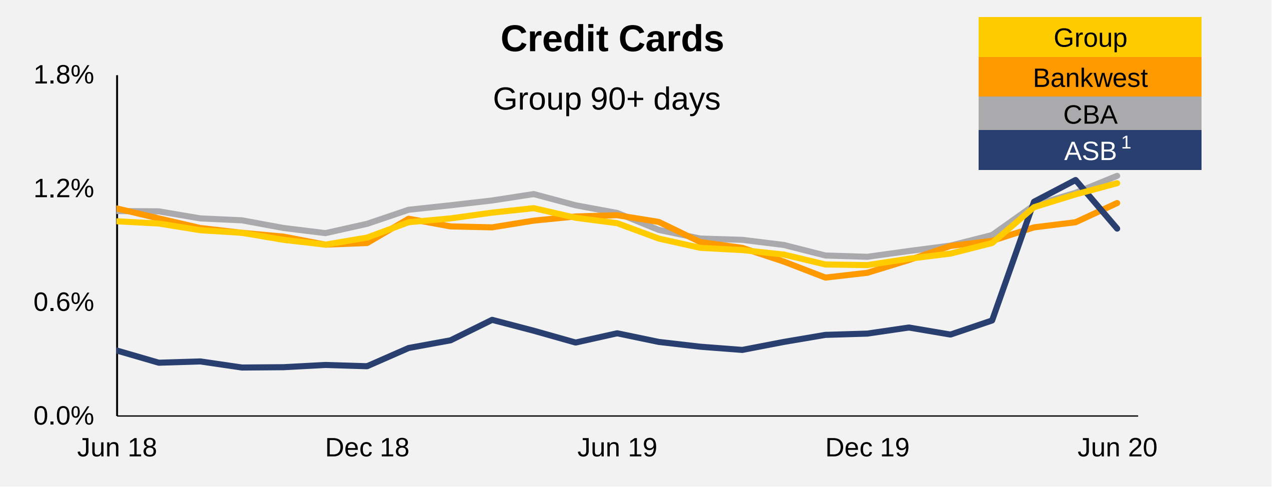


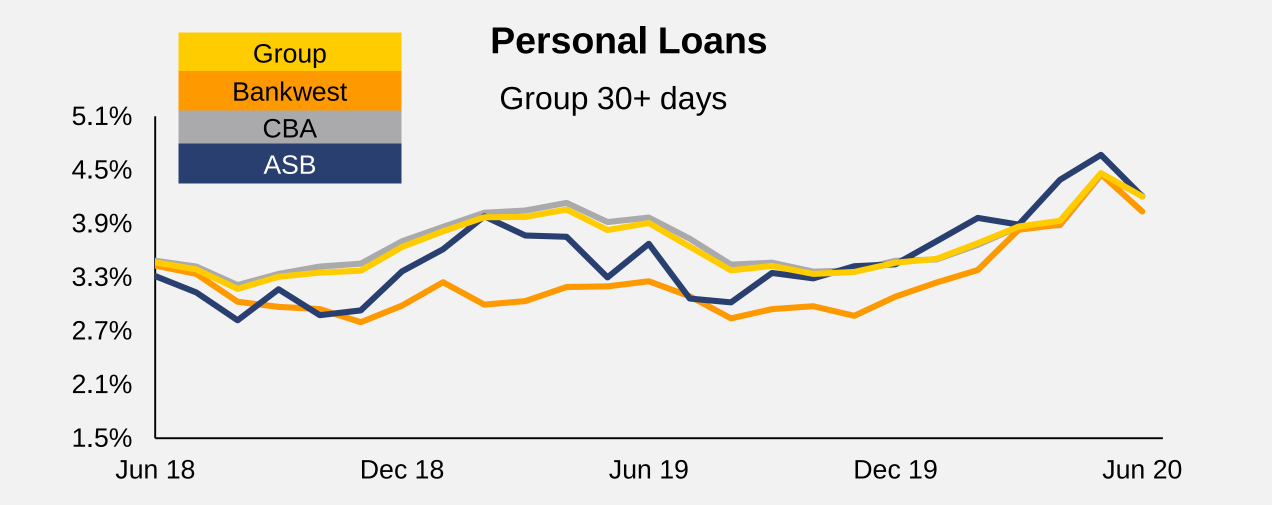
1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Bankwest included from FY08.

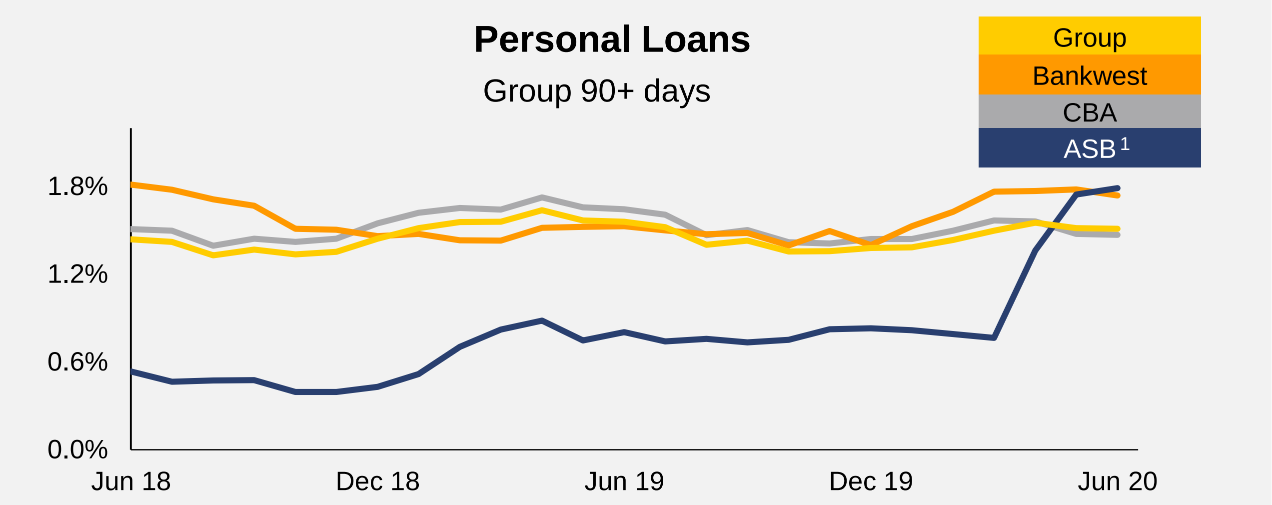
Consumer arrears

Collections resources re-allocated to customer support, impacting new arrears, ASB write-offs







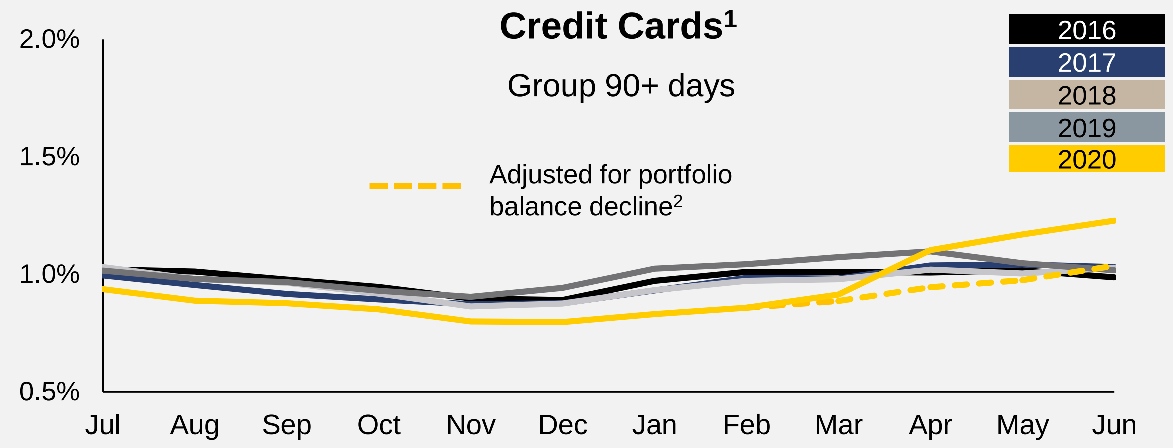


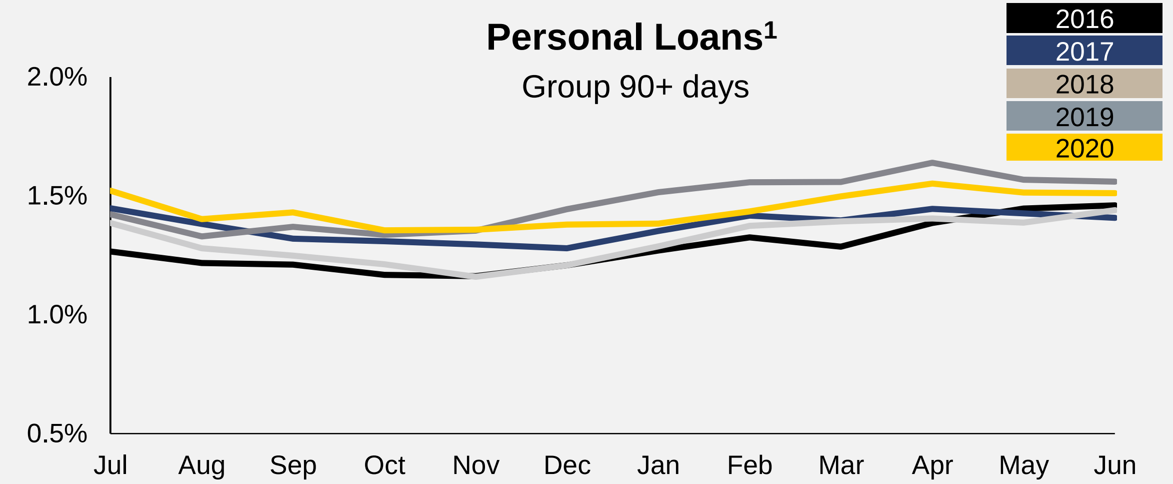
1. ASB write-off Credit Card and Personal Loans typically around 90 days past due if no agreed repayment plan.

Managing unsecured lending

Personal loan arrears steady given loan deferrals – emerging stress in credit cards

- Credit Cards arrears rates increased in 4Q20 driven by reduced portfolio balances and emerging COVID-19 related stress.
- Personal Loan arrears were broadly unchanged, with arrears paused for customers on payment deferral.
- Credit risk settings for unsecured lending tightened in line with the changing economic environment.
- Focus remains on prudent acquisition and account management, including enhanced verification for higher risk employment sectors and optimised credit limit assignment.



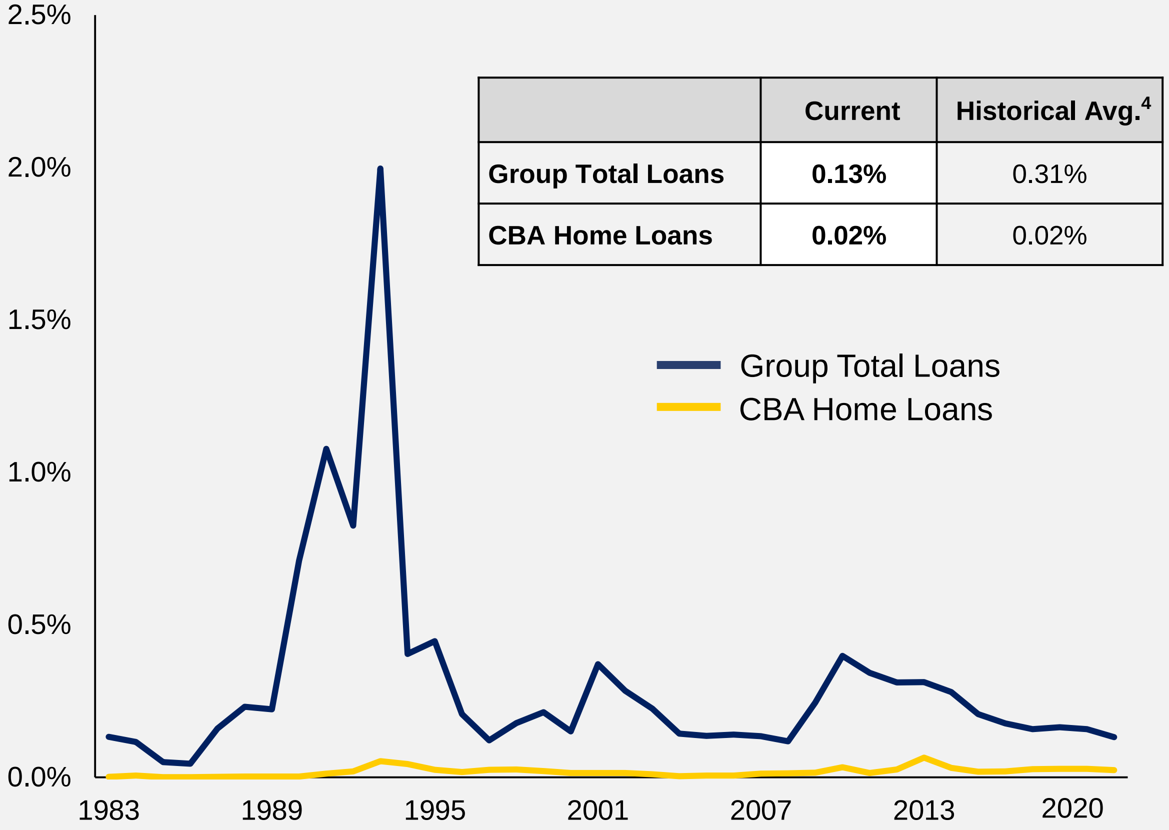


1. ASB write-off Credit Card and Personal Loans typically around 90 days past due if no agreed repayment plan. 2. Portfolio balance held constant as at February 2020.

Portfolio losses and insurance[1]

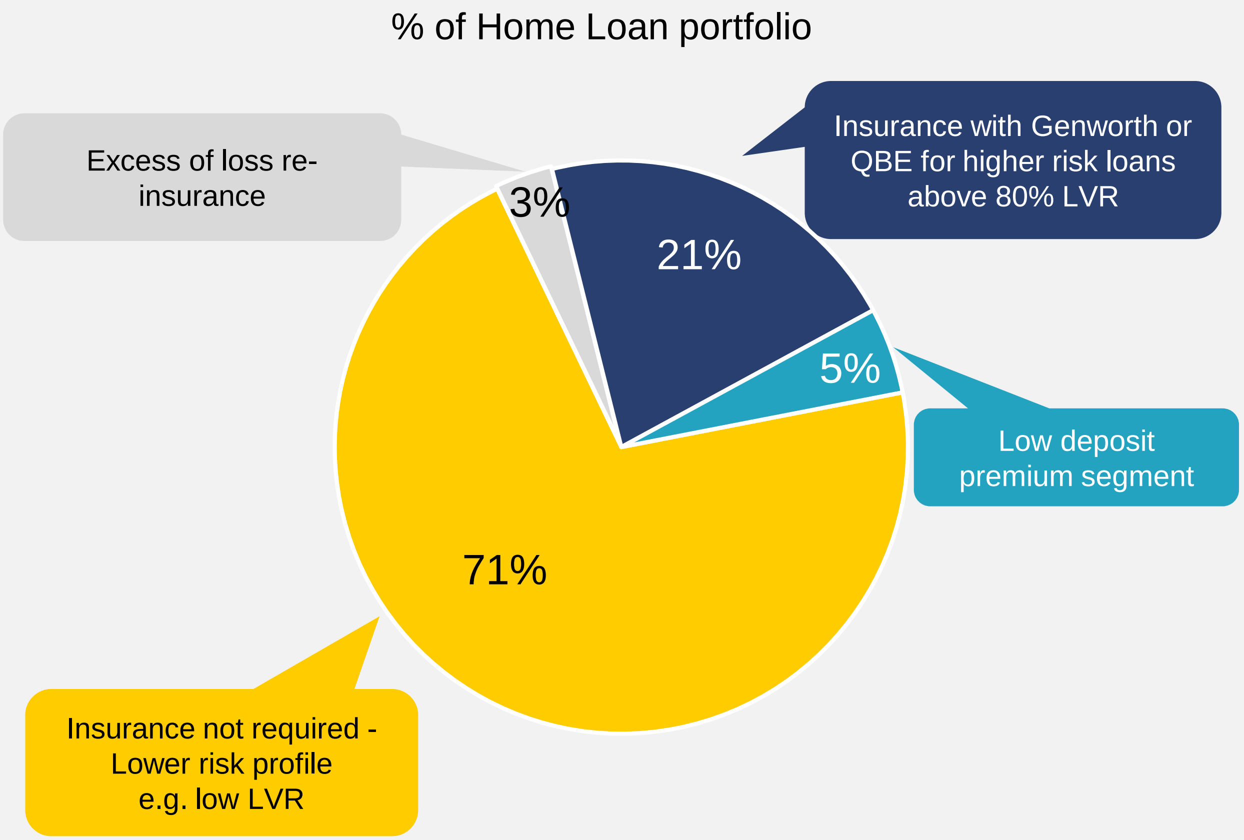
Portfolio losses remain historically low and manageable in a severe stress scenario

Losses to average gross loans[2]



	Current	Historical Avg.[4]
Group Total Loans	**0.13%**	0.31%
CBA Home Loans	**0.02%**	0.02%

Portfolio Insurance Profile[3]



1. CBA including Bankwest. 2. Bankwest included from FY09. 3. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 4. Historical average from 1983.

Credit exposure summary

TIA/TCE at 0.78% - emerging stress in impacted sectors

	Group TCE[1]		TIA $m		TIA % of TCE[1]	
	Dec 19	Jun 20	Dec 19	Jun 20	Dec 19	Jun 20
Consumer	60.0%	58.8%	2,111	1,952	0.32%	0.30%
Sovereign	9.9%	11.7%	-	-	-	-
Property	6.5%	6.6%	835	714	1.17%	0.97%
Finance – Other	4.9%	4.7%	33	45	0.06%	0.09%
Banks	3.0%	2.8%	-	-	-	-
Transport, Air Transport & Storage	2.0%	2.1%	363	765	1.65%	3.25%
Agriculture	2.1%	2.0%	927	859	4.10%	3.86%
Manufacturing	1.3%	1.3%	487	660	3.43%	4.80%
Business Services	1.1%	1.0%	438	533	3.70%	4.67%
Mining	1.0%	0.9%	145	199	1.32%	1.89%
Retail Trade	1.0%	1.0%	319	541	2.95%	4.91%
Accommodation, Cafes & Restaurants	0.9%	0.9%	670	618	7.00%	6.16%
Energy	0.9%	0.9%	81	80	0.80%	0.84%
Health & Community Services	0.8%	0.8%	94	96	1.06%	1.05%
Wholesale Trade	0.9%	0.8%	328	263	3.45%	3.02%
Construction	0.7%	0.8%	530	426	6.53%	4.98%
Culture & Recreation	0.6%	0.6%	70	306	1.13%	4.86%
Education	0.2%	0.2%	19	39	0.73%	1.42%
Other	2.2%	2.1%	360	614	1.56%	2.54%
Total	**100.0%**	**100.0%**	**7,810**	**8,710**	**0.72%**	**0.78%**

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

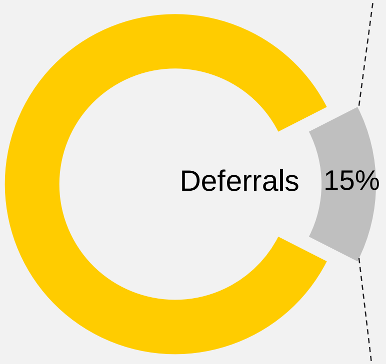
Refer separate slide following

Repayment deferrals – business lending[1]

Rapid early support including 73,000 loans auto-deferred[2]

Business lending deferrals

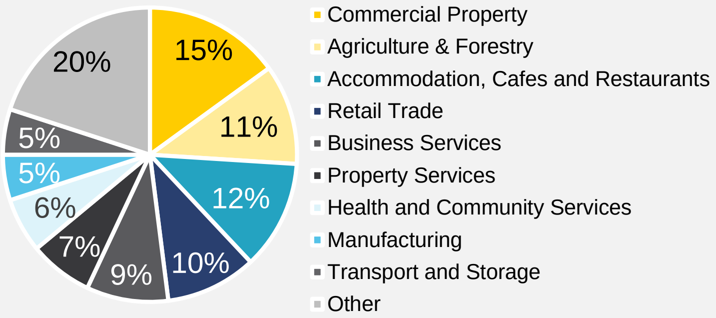
Total business loans[3]



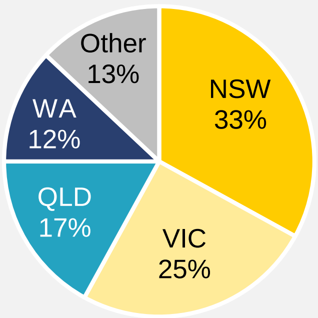
- ~86k at peak (~73k auto-deferred)
- ~59k active deferrals
- $14bn in balances (15% of book)
- 30% making repayments in full[3,4]
- 89% secured[3,4]
- >50% relationship managed
- Approximately 30% receiving JobKeeper
- Ongoing review and customer contact
- Facility level risk-based segmentation

Profile[3]

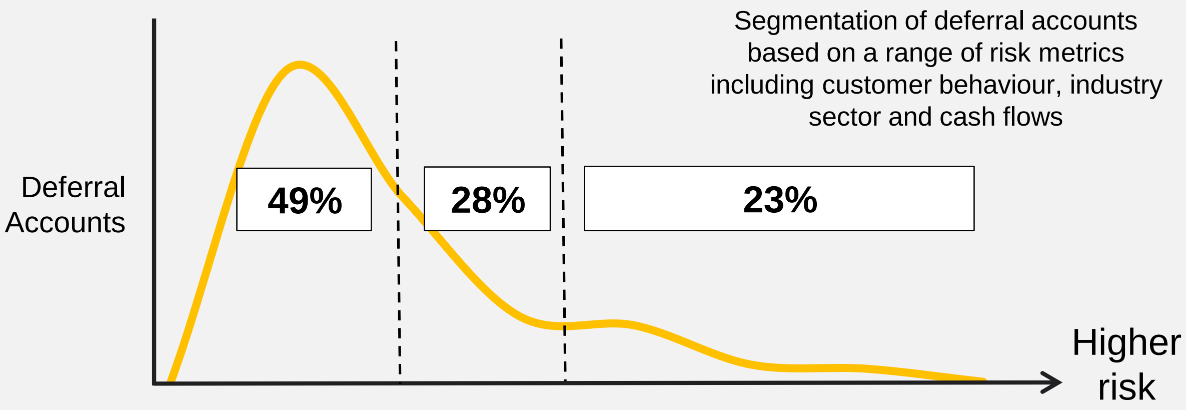
Deferrals by Sector



Deferrals by State



Distribution by risk score[5]



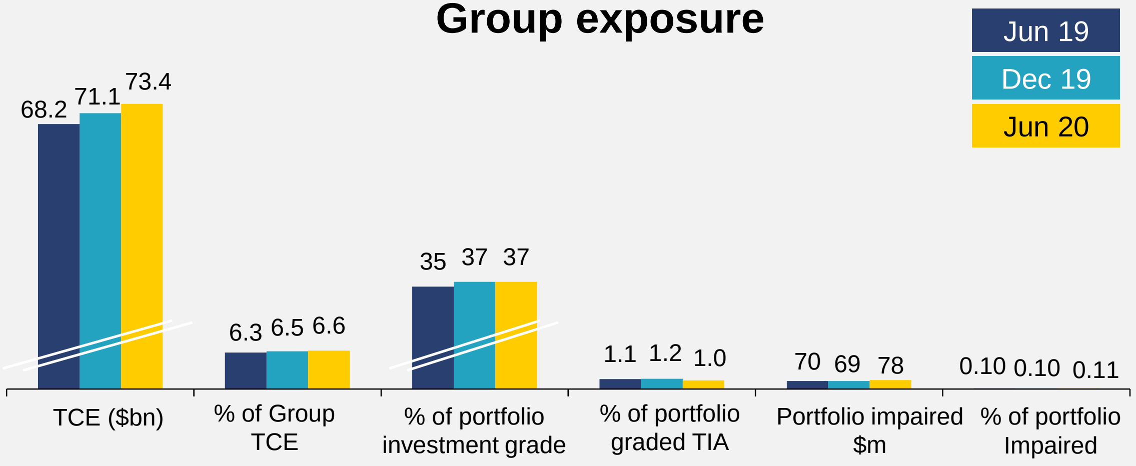
1. Active Australian deferrals as at 31 July 2020 unless noted otherwise. All metrics are based on number of accounts unless noted otherwise. Total business loans excludes IB&M. 2. Gross auto-deferrals prior to opt-outs. 3. Based on balances. 4. As at 30 June 2020. 5. Approximate risk score of deferred business loans as at 31 July 2020.

Sector focus – commercial property

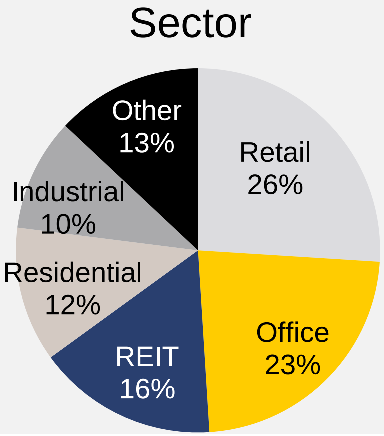
Portfolio weighted to NSW – TIAs remain low at 1.0%

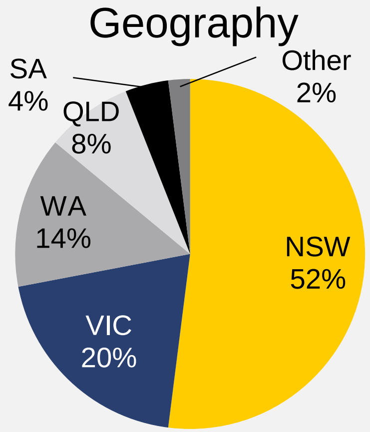
- Increased exposure this half primarily to investors.
- Diversified across sectors and by counterparty with the top 20 counterparties representing 17% of the portfolio and having a weighted average rating of BBB equivalent.
- Stable credit quality with investment grade exposures steady at 37% and 91% of sub-investment grade exposures fully secured.
- Impaired exposures remain low at 0.11% of portfolio, TIA at 1.0%.
- Geographical weighting remained steady this half.
- Level of exposure to apartment developments continued to decline.
- Outlook remains cautious, maintaining close portfolio oversight.

Group exposure



Profile[1]





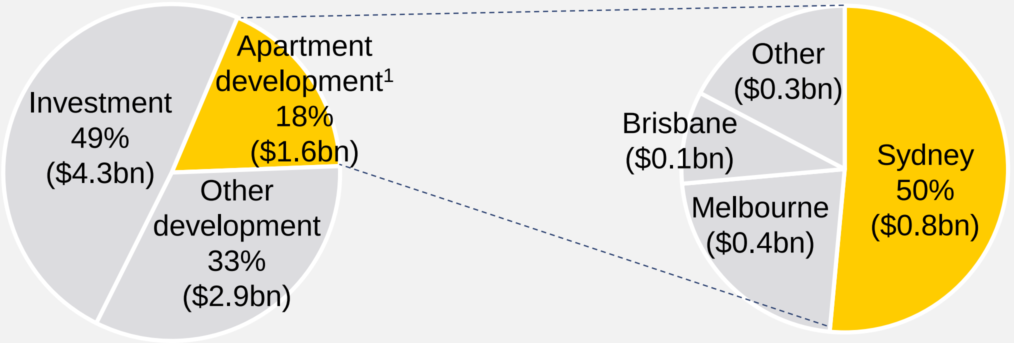
1. Sector profile is Group wide Commercial Property. Geographic profile is domestic Commercial Property.

Sector focus – residential apartments

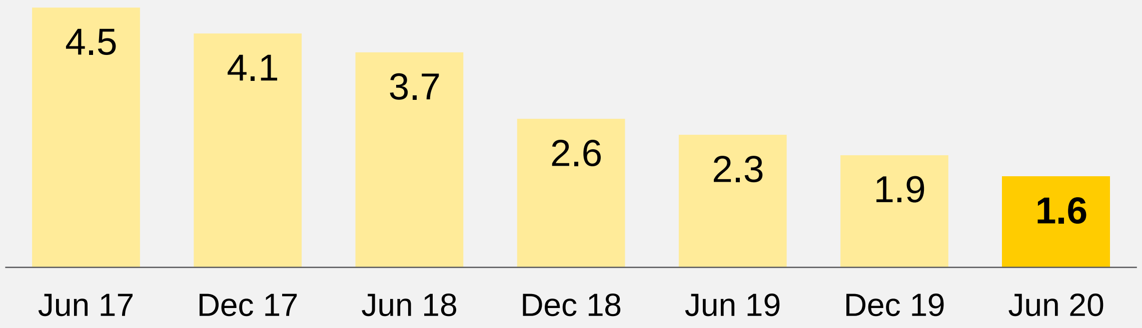
Weighted to Sydney – sound leverage and qualifying pre-sale debt coverage

- Sound credit quality with TIA for the Total Residential segment <0.3% of total Commercial Property exposure.
- Apartment Development[1] exposure has reduced 65% since June 17, with the concentration to Sydney decreasing over the half from 60%.
- Portfolio LVR sound and Qualifying Pre-sales[2] slightly below full debt coverage at 57.6% and 99.2% respectively.
- Short duration portfolio with >75% of exposure maturing by the end of 2021.
- Project specific issues, including those arising from COVID-19 restrictions and economic impacts (lower valuations, uncertain employment status), has at this point resulted in pre-sale settlements taking longer and delaying full repayment on only a small number of projects.

Profile



Residential apartment development
Total Exposure ($bn)



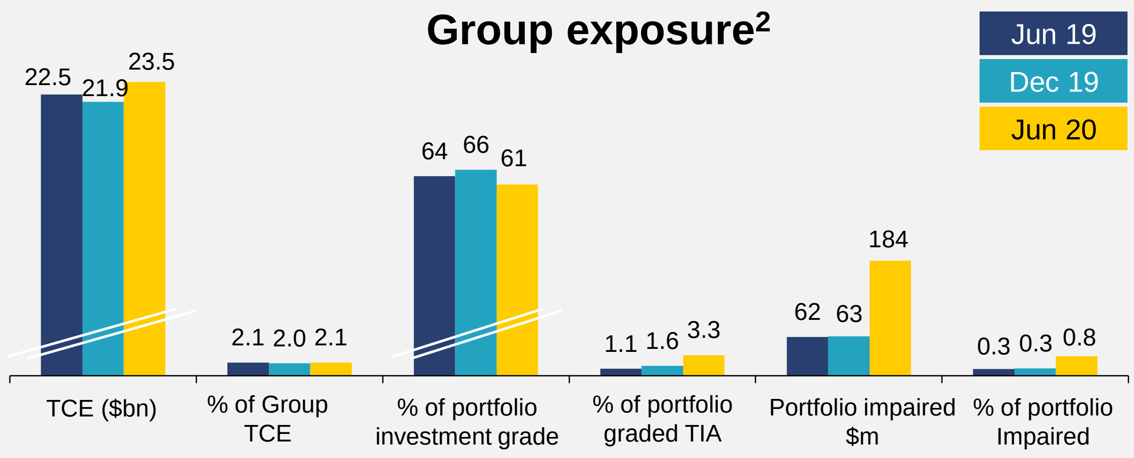
Exposure maturity profile[1]
($bn)

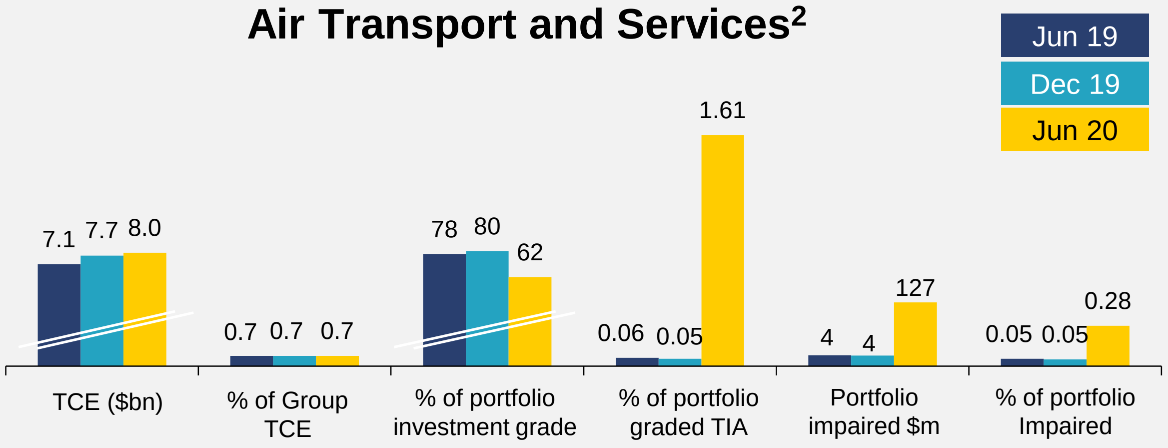
1. Apartment Developments > $20m. Brisbane, Melbourne and Perth defined as all postcodes within a 15km radius of the capital city and Sydney is all metropolitan Sydney based on location of the development. Other is all other locations. 2. QPS cover is the ratio of Qualifying Pre-Sales to loan exposures.

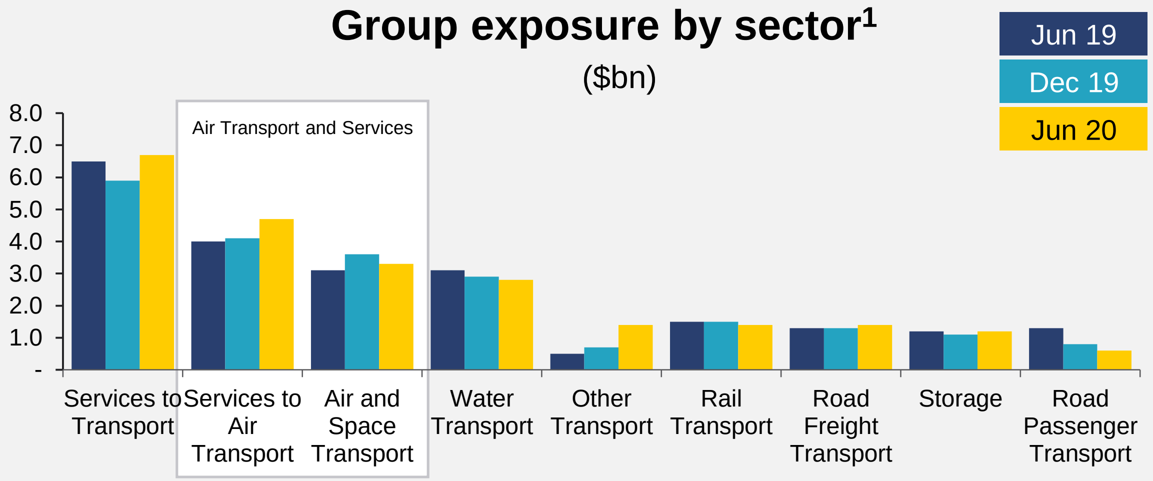
Sector focus – transport and storage

Conditions remain challenging

- The Air Transport and Services sector includes aviation and airport exposures which have been heavily impacted by passenger reductions resulting from COVID-19 restrictions, reducing credit ratings.
- TIAs have increased materially and are expected to remain elevated as the rate of recovery in this sector is expected to be more gradual than other industries.
- The Group also recognises ~$1bn of aircraft assets on balance sheet, which are excluded from these charts. The fair value of these assets reduced by ~35% (~$630m) during the period. As these assets are measured at amortised cost under AASB 116, this resulted in an impairment of $108m[1], as the historic carrying value did not reflect the embedded gain.







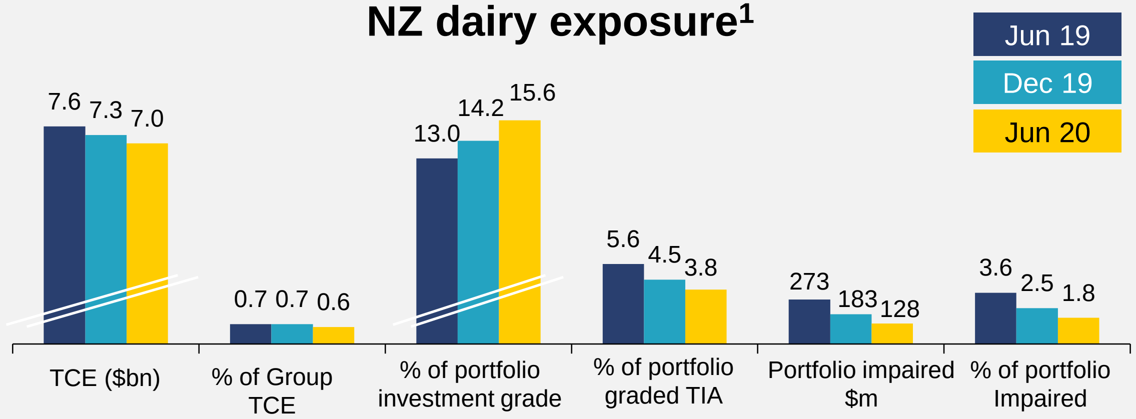
1. Includes impairment expense of $92m and associated break costs of $16m. 2. Excludes aircraft recognised on the Group's balance sheet and leased out to airlines or other lessees.

Sector focus – agriculture

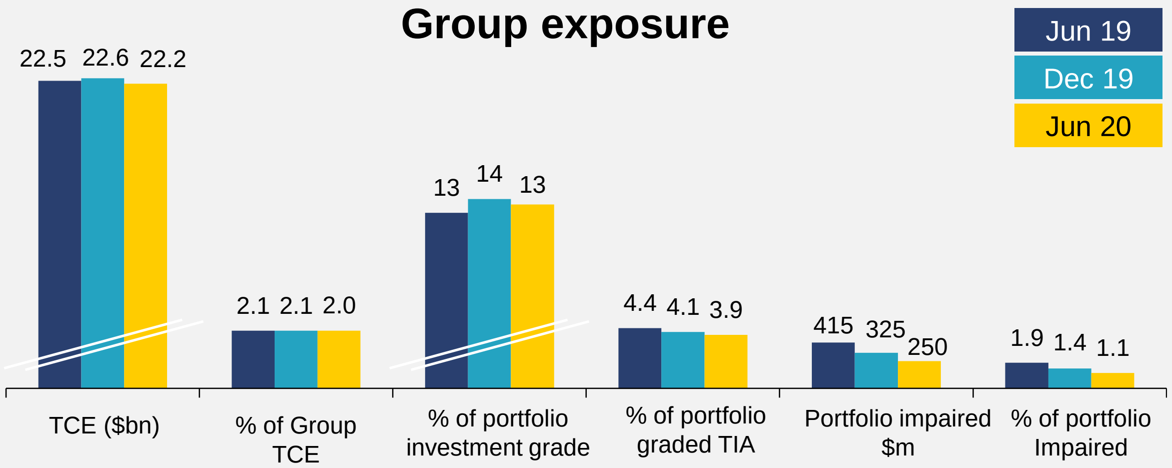
Well diversified, weighted to NZ dairy – some risk to supply chains due to COVID-19

- Group agriculture exposure of $22.2bn (2.0% of Group TCE) – diversified by geography, sector and client base.
- NZ Dairy sector milk prices for 2019/20 season closing strong and, although outlook for 2020/21 is slightly softer, remains supportive of on-going debt repayment strategies in place.
- Australian portfolio remained stable over the last 12 months and currently has a positive outlook. Solid Eastern Australian rainfall in the second half of 2020 reduced drought severity and favourable seasonal conditions to continue for much of the country.
- Some disruption to supply chains due to COVID-19 observed in high-end export markets and across wholesale/food service networks.

NZ dairy exposure[1]



Group exposure



Australian agriculture exposure

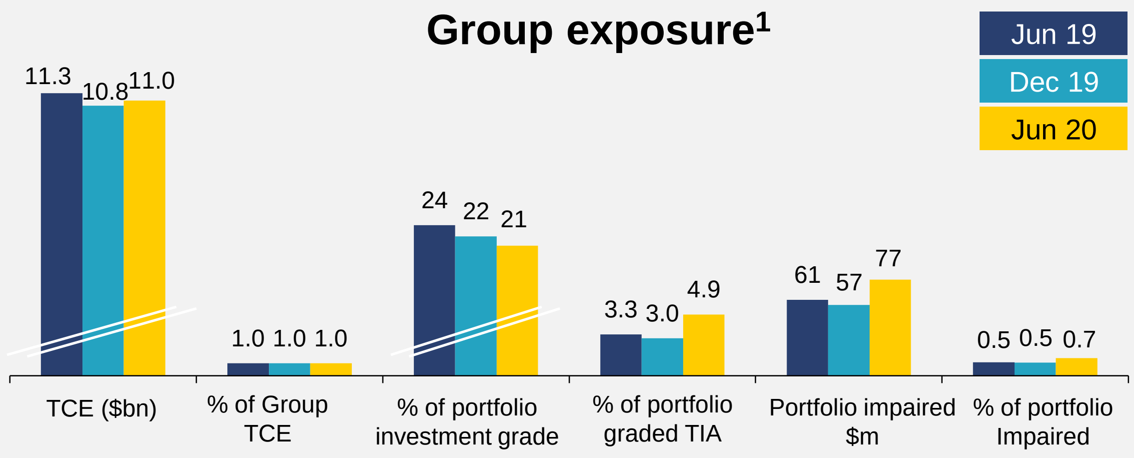
	Jun 19	Dec 19	Jun 20
Exposure (TCE)	$11.2bn	$11.7bn	$11.7bn
% of Group TCE	1.03%	1.08%	1.04%
% of portfolio investment grade	11%	11%	8%
% of portfolio graded TIA	4.2%	4.3%	4.5%
% of portfolio impaired	0.8%	0.8%	0.8%

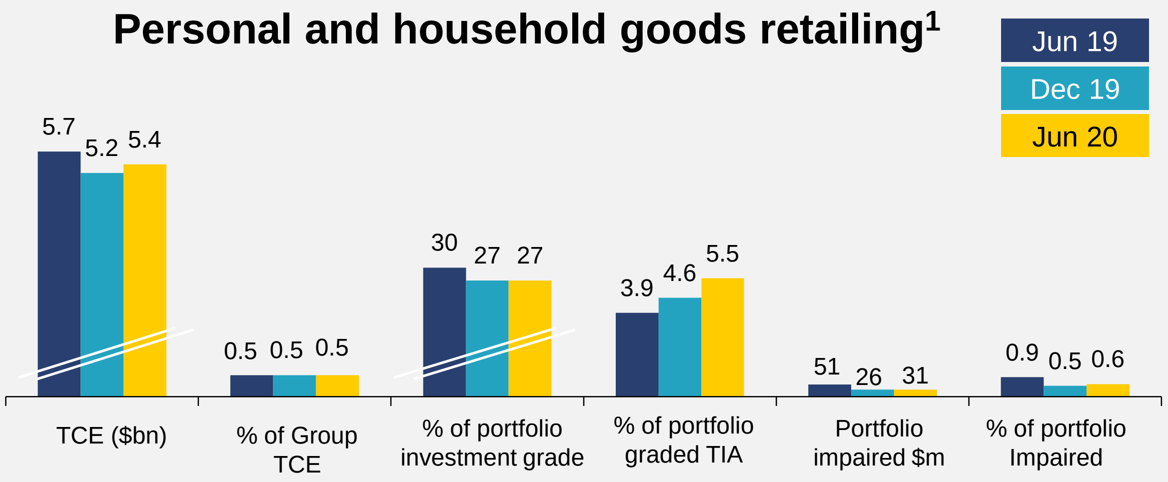
1. New Zealand dairy exposure (AUD) included in Group exposure.

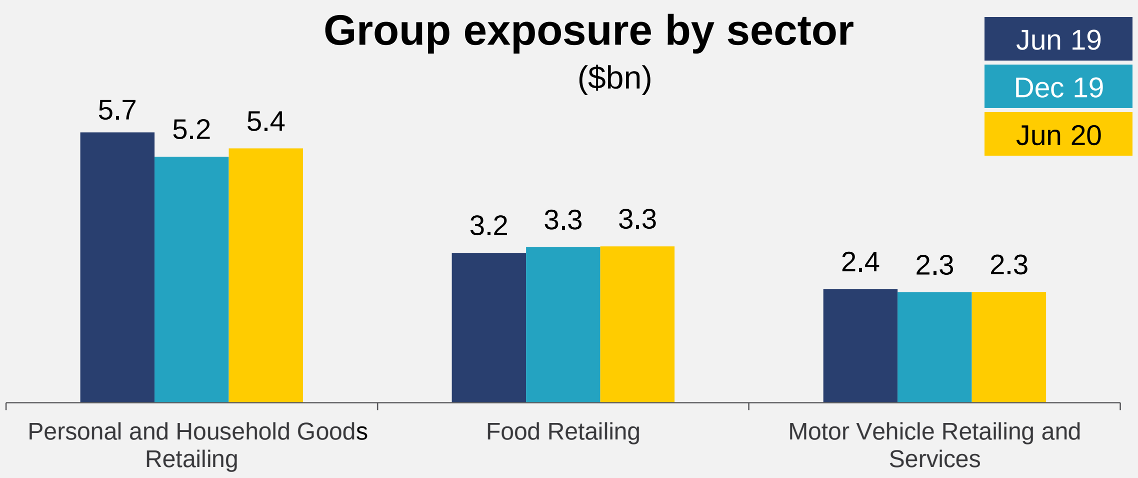
Sector focus – retail trade

Conditions remain challenging

- The retail trade sector remains weak, challenged by COVID-19 and ongoing, long term competitive pressures.
- COVID-19 has increased sector challenges particularly in discretionary segments where some store networks remain closed.
- Trading conditions, particularly in the discretionary retail sectors, are expected to continue to be challenged by fragile consumer confidence, higher competition and downward pressure on prices and profitability.
- TIA increase mainly due to larger single name exposures.





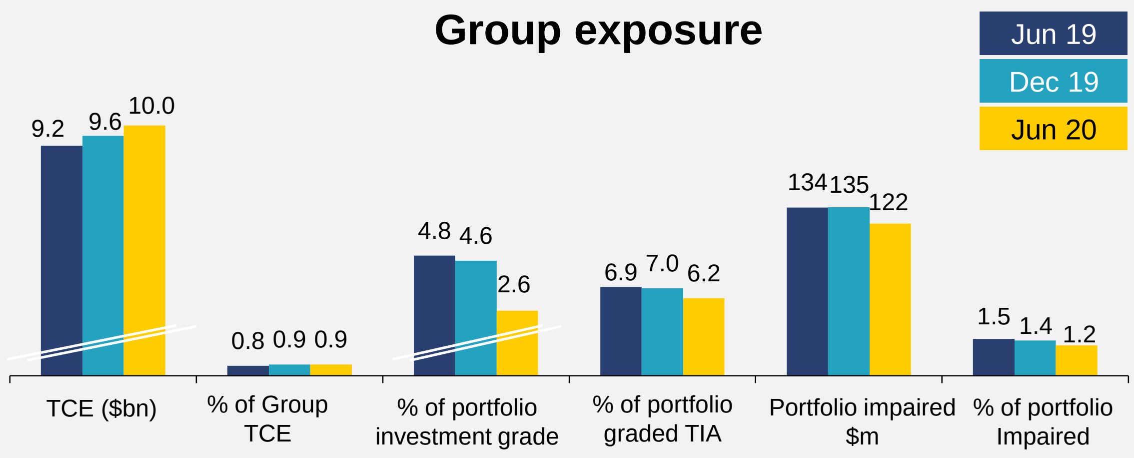


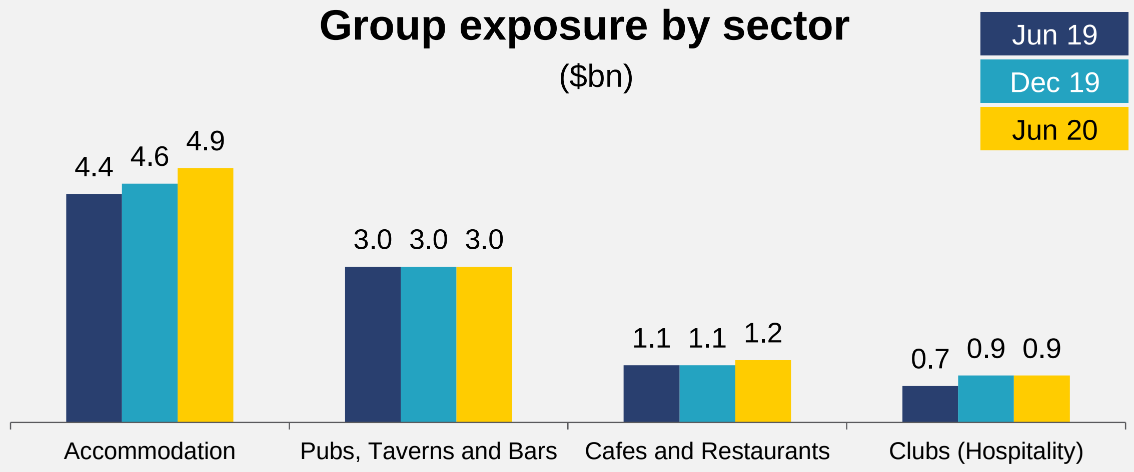
1. Comparative information has been restated to conform to presentation in the current period.

Sector focus – accommodation, cafes and restaurants

Conditions remain challenging

- The closure of international borders and restrictions on domestic tourism, combined with social distancing rules has materially impacted the sector.
- Pubs, clubs, cafes and restaurants are trading subject to social distancing in most states, with the severity differing depending on state and regional restrictions.
- Accommodation spend has materially declined due to low tourism activity and business travel. Whilst domestic tourism is expected to increase, it will be insufficient to offset the lost $45bn annual spend from overseas tourists. Domestic tourism is further hampered by border closures and quarantine rules.
- Recent Stage 4 lockdown in Victoria highlights the risk to the industry of “second waves” with restrictions re-introduced.
- The Bank has increased its forward looking provision for COVID-19 losses within core hospitality segments.



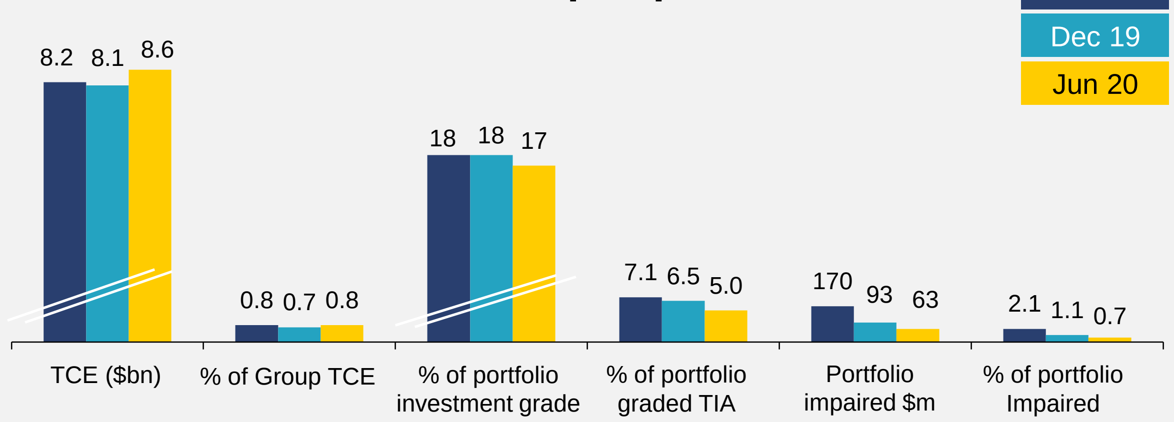


Sector focus – construction

Outlook is uncertain

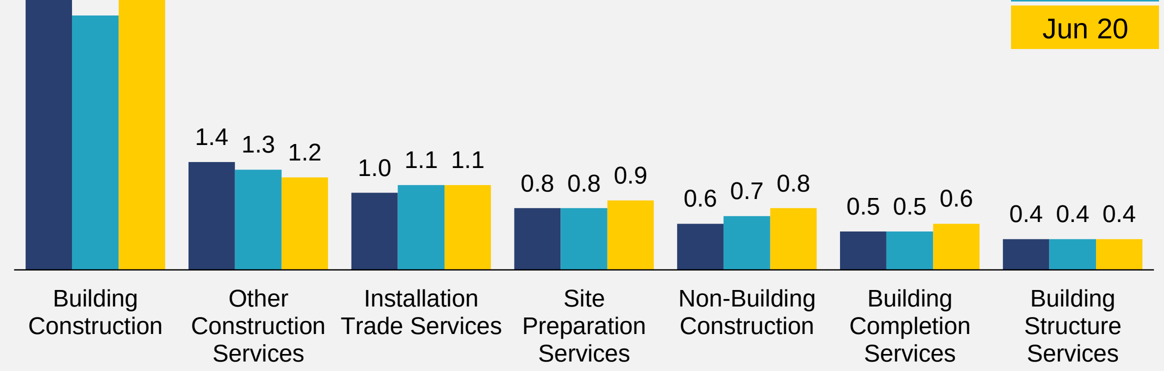
- Exposure is higher in the half, while TIAs have reduced. Risk appetite continues to be cautious.
- As a designated essential industry, the sector has continued to operate through COVID-19 with varying levels of disruption across regions. In some sub-sectors the pipeline of work has reduced.
- The operating environment and outlook remain uncertain with ongoing lockdowns and social distancing orders impacting productivity in some sub-sectors.
- Government planned infrastructure spend and recently announced commitment to accelerate development approval processes is expected to improve the short to medium term outlook.

Group exposure



Group exposure by sector

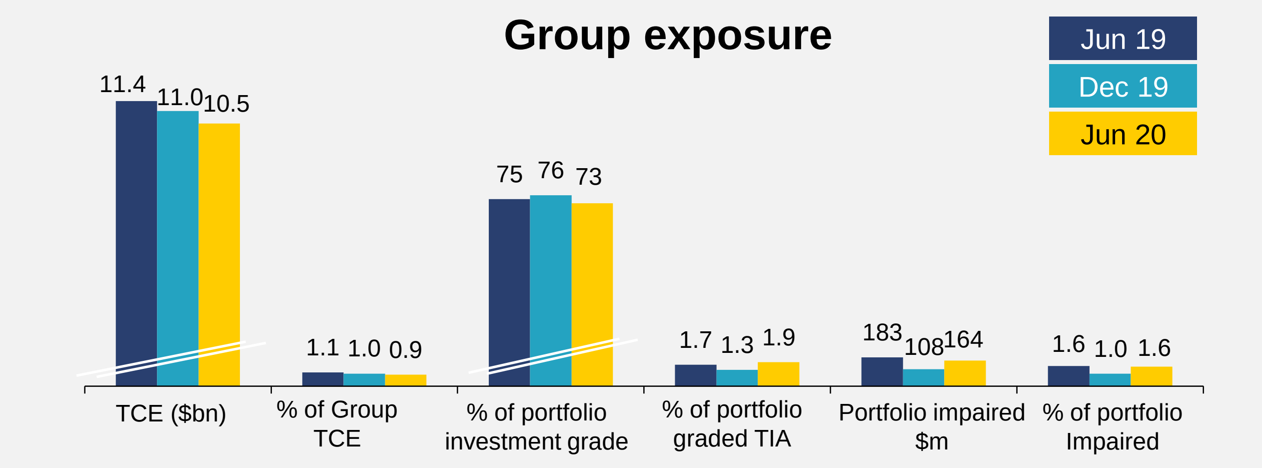
($bn)

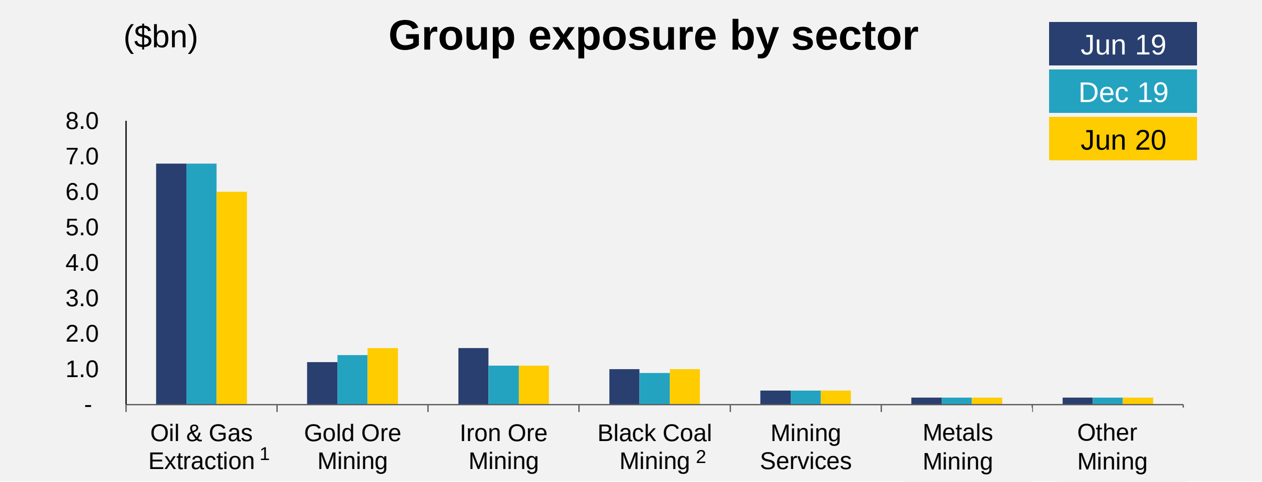


Sector focus – mining, oil and gas

Exposures broadly stable, well diversified

- Exposures of $10.5bn (0.9% of Group TCE), reduced by $0.5bn over the past 6 months mainly from reduced Oil & Gas facilities.
- Stable performance over the past 6 months:
  - Investment grade marginally down to 73% of portfolio;
  - Diversified by commodity/customer/region; and
  - Focus on quality, low cost projects with strong fundamentals and sponsors.
- Oil & Gas Extraction is the largest sub-sector (58% of total), 74% investment grade with 32% related to LNG Terminals – typically supported by strong sponsors and offtake contracts from well-rated counterparties.
- Portfolio impaired level increased 1.6% mainly due to the addition of an Oil & Gas name.
- Negative outlook, driven by lower commodity prices and lower demand inflicted by COVID-19.



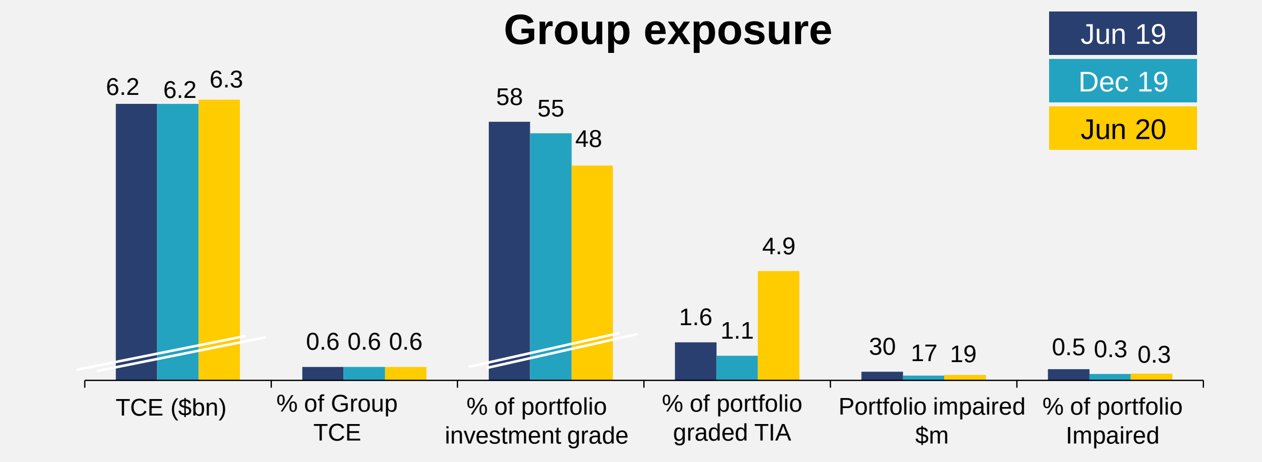


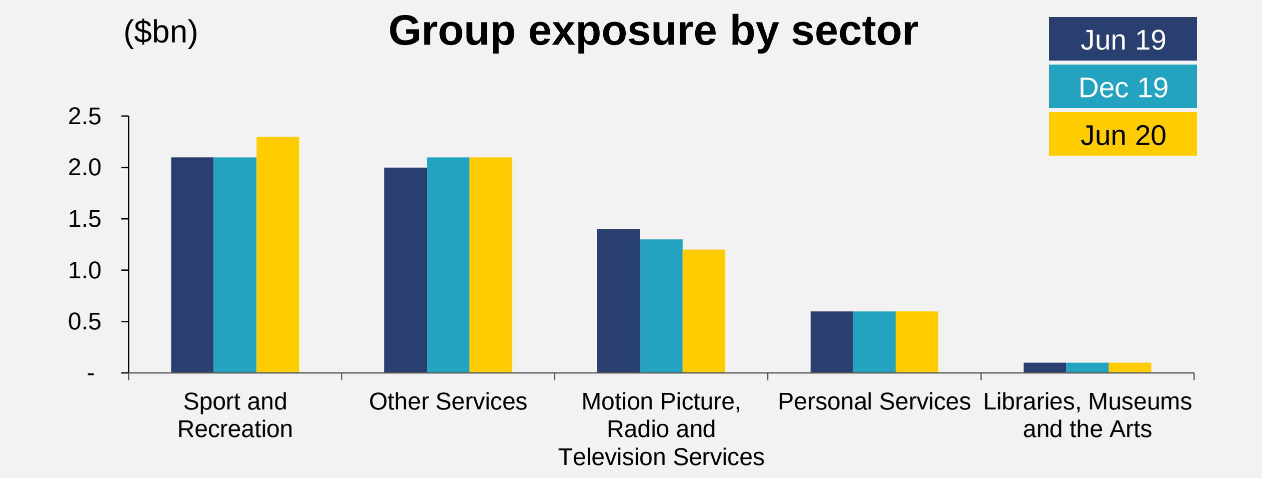
1. ‘Oil & Gas Extraction’ includes businesses that are predominantly involved in Oil and Gas Production as well as LNG Terminals. Group Exposure is based on the ANZSIC classification. 2. Includes all exposures with Black Coal Mining as the ANZSIC classification. Includes 100% of CBA’s exposure to diversified miners that derive the largest proportion of their earnings from Black Coal Mining. Total includes non-Black Coal Mining related exposures within these diversified miners.

Sector focus – cultural and recreational services

Outlook remains weak

- Diverse industry with many sub-sectors (including Casinos and Cinemas) impacted by government restrictions, including shutdowns and social distancing initiatives.
- Certain sectors, particularly those focused on entertainment, remain vulnerable to the level of discretionary spend combined with a material reduction in tourism.
- Essential services such as waste collection and corrective services, whilst more resilient, will be affected by lower volumes (former) and a higher vulnerability to outbreaks (latter).
- Media sectors expecting lower advertising revenues.
- TIA increase influenced by larger single names.
- Outlook remains weak. Continued COVID-19 related operating restrictions combined with a decrease in Job Keeper subsidies and potentially higher unemployment are likely to result in further stress across the portfolio.



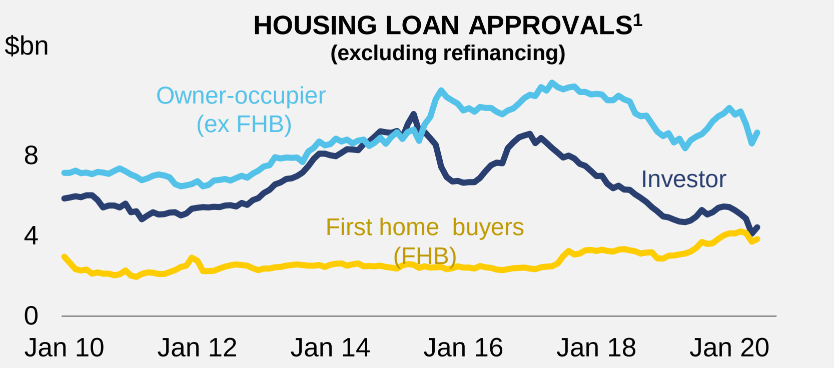


Home Lending

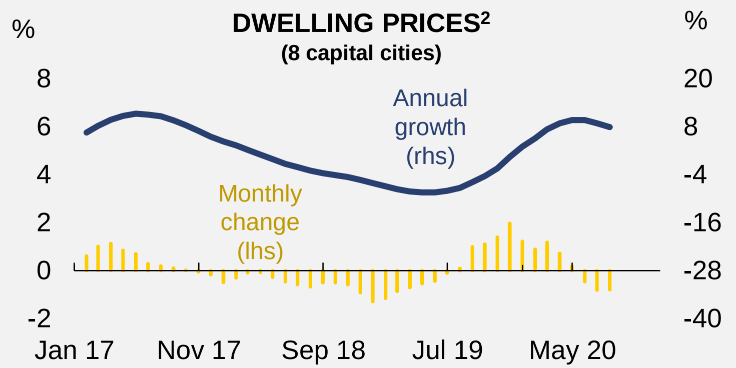
Home lending

COVID-19 impacting demand for housing despite low interest rates

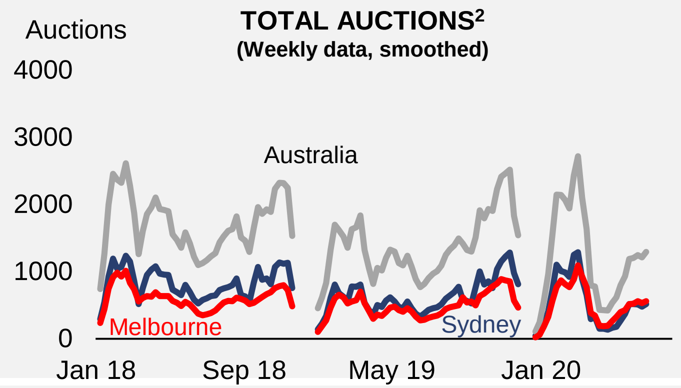
A strong recovery saw a pause in lending pre-COVID-19 which accelerated during COVID-19



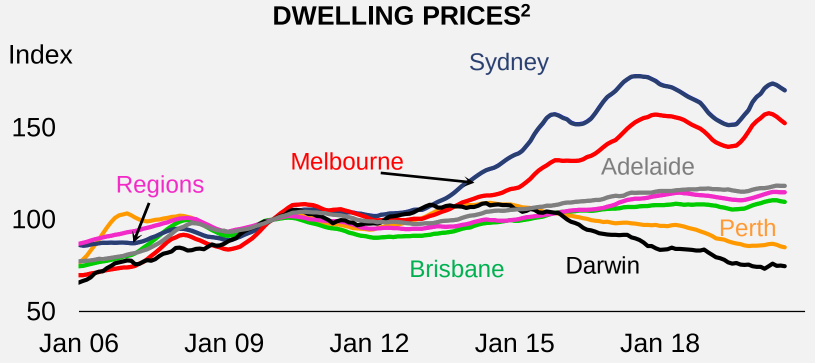
Dwelling prices started falling in May after previous strong gains



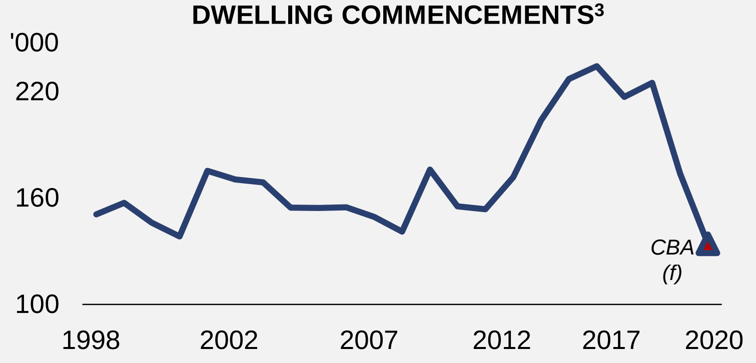
Number of auctions collapsed on uncertainty and restrictions



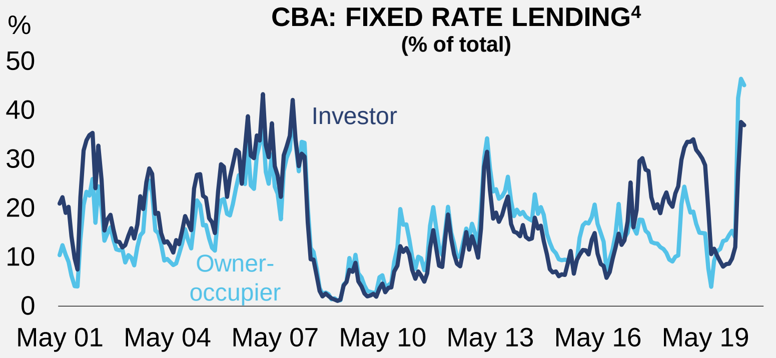
Sydney and Melb prices falling because they had risen faster and as population growth slows



Population growth to slow dramatically leading to a slump in housing demand



Preference for fixed rate mortgages have risen due to lower interest rates

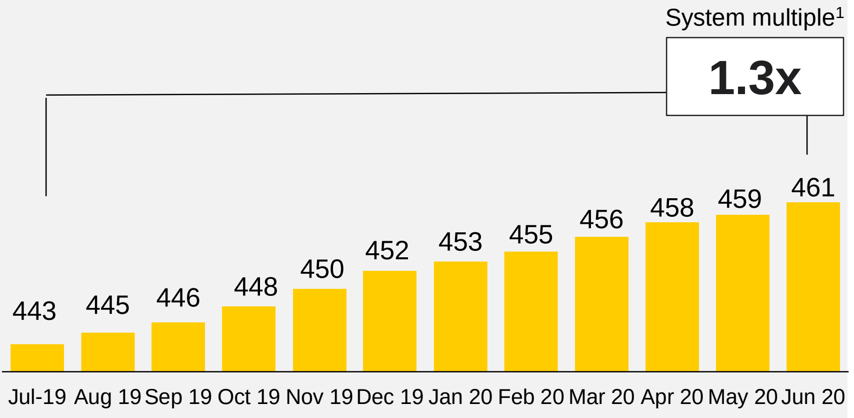


1. Source: ABS. 2. Source: Core Logic. 3. Source: ABS, CBA. 4. Source: ABS, RBA.

Home lending overview

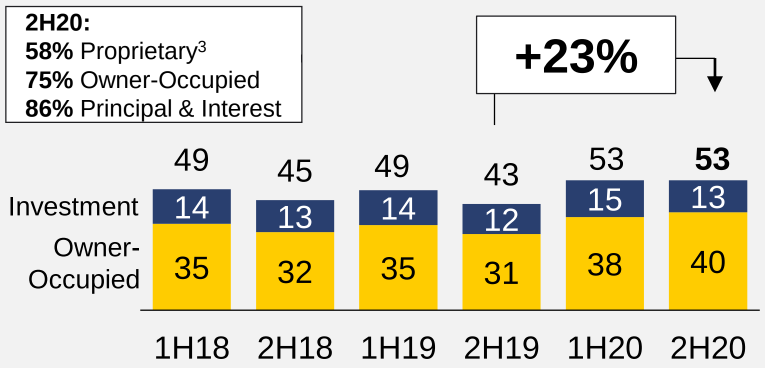
Process efficiency – above system growth - strong risk profile

Consistent balance growth



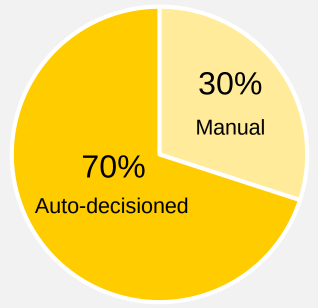
Growth driven by new fundings

Home Loan Fundings ($bn)[2]

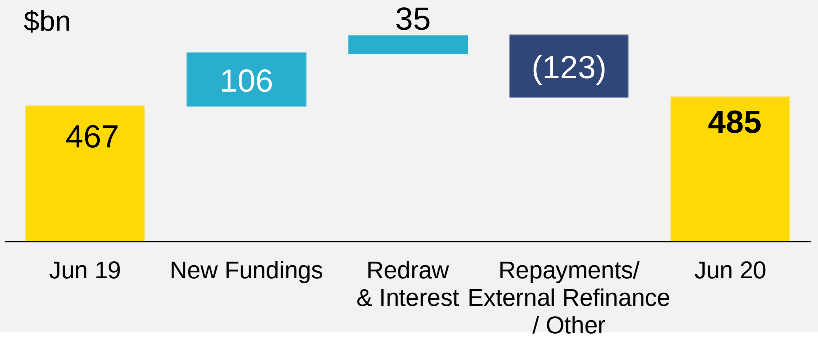


Assisted by process efficiencies

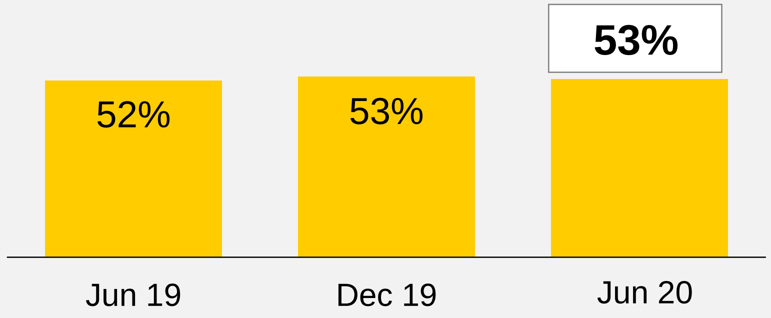
Proprietary - % of loans auto-decisioned same day[4]



Net growth reflects the combination of new lending, redraws and run-off [5]

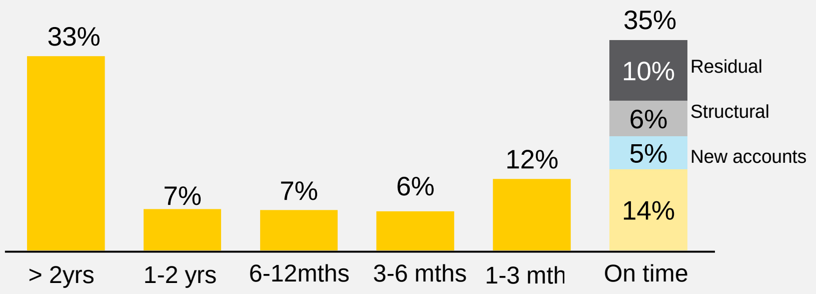


Portfolio LVR is relatively stable[6]



Strong repayment buffers in place[7]

(Payments in advance[8], % of accounts)



1 . System source: RBA Lending and Credit Aggregates. RBA collection data was aligned to the new regulatory definitions set by APRA from 1 Jul 19, therefore system multiple has been calculated for the 11 months to June 2020 annualised. 2. Includes RBS internal refinancing, excludes Viridian Line of Credit (VLOC) and excludes Bankwest internal refinancing. 3. Excludes Bankwest. 4. Excludes Bankwest. 70% auto-decisioned is FY20 average. 5. Presented on a gross basis before value attribution to other business units. Includes RBS internal refinancing, VLOC and excludes Bankwest internal refinancing. 6. Based on accounts. Includes Bankwest, Line of Credit and Reverse Mortgage. 7. Includes offset facilities, excludes loans in arrears. 8. Defined as the number of monthly payments ahead of scheduled repayments.

Home loan portfolio – CBA

A balanced approach to portfolio quality, growth and returns

Portfolio[1]	Jun 19	Dec 19	Jun 20
Total Balances - Spot ($bn)	467	477	485
Total Balances - Average ($bn)	462	472	482
Total Accounts (m)	1.8	1.8	1.8
Variable Rate (%)	80	81	77
Owner Occupied (%)	66	67	68
Investment (%)	31	31	30
Line of Credit (%)	3	2	2
Proprietary (%)	54	54	54
Broker (%)	46	46	46
Interest Only (%)[2]	22	19	16
Lenders' Mortgage Insurance (%)[2]	21	21	21
Mortgagee In Possession (bpts)	6	5	3
Negative Equity (%)[3]	4.5	4.7	3.8
Annualised Loss Rate (bpts)	3	2	2
Portfolio Dynamic LVR (%)[4]	52	53	53
Customers in Advance (%)[5]	78	82	80
Payments in Advance incl. offset[6]	33	35	36
Offset Balances – Spot ($bn)	45	49	50

New Business[1]	Jun 19	Dec 19	Jun 20
Total Funding ($bn)	43	53	53
Average Funding Size ($'000)[7]	320	343	354
Serviceability Buffer (%)[8]	2.25	2.5	2.5
Variable Rate (%)	80	90	77
Owner Occupied (%)	71	72	75
Investment (%)	28	28	25
Line of Credit (%)	1	0	0
Proprietary (%)	52	52	53
Broker (%)	48	48	47
Interest Only (%)[9]	22	20	19
Lenders' Mortgage Insurance (%)[2]	18	19	18

1. CBA including Bankwest. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 6 months to Jun 19, Dec 19 and Jun 20. Excludes ASB.
2. Excludes Line of Credit (Viridian LOC/Equity Line).
3. Negative equity arises when the outstanding loan balance (less offset balances) exceeds updated house value. Based on outstanding balances, taking into account both cross-collateralisation and offset balances. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group.
4. Dynamic LVR defined as current balance/current valuation.
5. Any amount ahead of monthly minimum repayment; includes offset facilities.
6. Average number of monthly payments ahead of scheduled repayments.
7. Average Funding Size defined as funded amount / number of funded accounts.
8. Serviceability test based on the higher of the customer rate plus an interest rate buffer or min floor rate.
9. Based on the APRA definition of Interest Only reporting, inclusive of Construction loans.

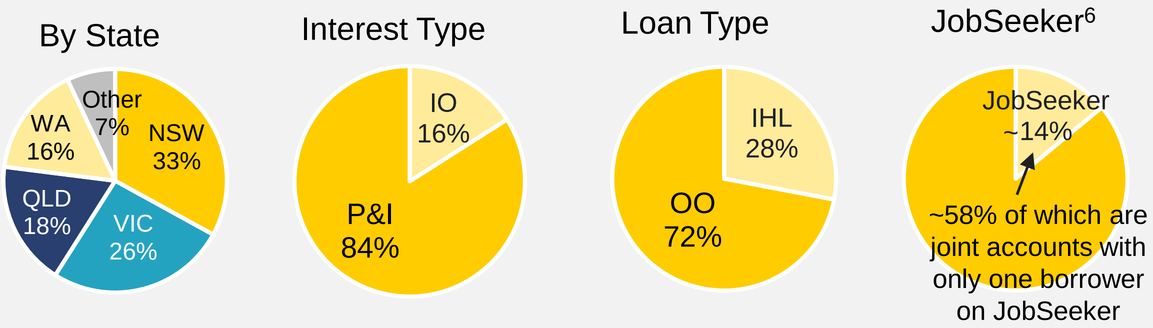
Repayment deferrals – home lending[1]

Majority in lower risk segments

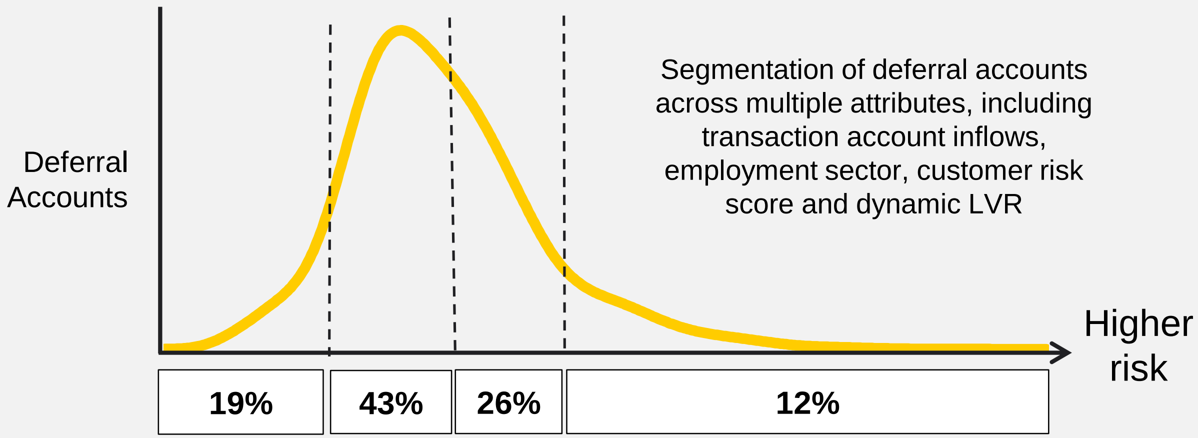
Home lending deferrals[1]

- 8% of accounts in deferral (~135,000)
- $48bn in balances
- <20% in higher risk occupations[2]
- 67% with DLVR <80%
- 25% making some repayments[3]
- 14% 12 months or more in advance[4]
- Risk scoring of every deferral account every month
- Assesses propensity to resume normal repayments
- Measures multiple attributes - including transaction account inflows, employment sector, customer risk score and dynamic LVR

Profile[5]



Distribution by risk score[7]



Segmentation of deferral accounts across multiple attributes, including transaction account inflows, employment sector, customer risk score and dynamic LVR

1. Active Australian deferral accounts as at 31 July 2020. All metrics are based on number of accounts unless noted otherwise. 2. Higher risk occupations include those in Retail, Airlines, Hospitality, Food, Travel industries. 3. Includes any loan repayment since deferral started. 4. Includes redraw and offset balances. 5. Based on balances. 6. Based on CBA transactional data, does not capture payment flows to non-CBA accounts. 7. Approximate risk score of deferred home loans as at 31 July 2020.

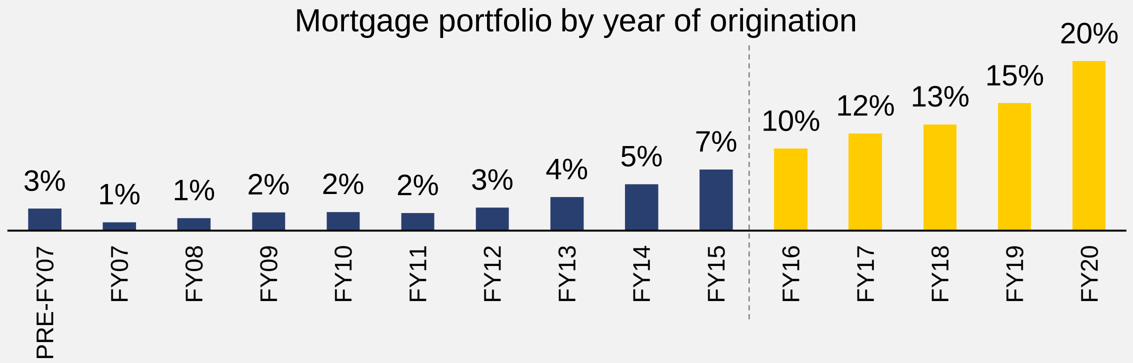
Serviceability assessment[1]

Tighter serviceability and underwriting standards in the current environment

Stricter assessment criteria applied progressive from April 2020[2]

- Additional cap on overtime, bonus & commission income
- Manual assessment where less stable income source used
- Lower of JobKeeper income or verified income prior to JobKeeper
- Reduction in age of verification source for income
- Updated BAS and business trading account statements required for COVID-19 impacted self-employed applicants
- Limits on lending in high risk areas e.g. areas reliant on tourism
- Reduced LVR limits on bridging and VLOC applications

~70% of the book originated under tightened standards since FY16



New Loan Assessment

Income	▪ All income used in application to assess serviceability is verified ▪ 80% or lower cap on less stable income sources (e.g rent, bonus, overtime) ▪ Applicants reliant on less stable sources of income manually decisioned ▪ 90% cap on tax free income, including Government benefits ▪ Limits on investor income allowances, e.g. RBS restrict rental yield to 4.8% and use of negative gearing where LVR>90%
Living Expenses	▪ Living expenses captured for all customers ▪ Servicing calculations use the higher of declared expenses or HEM adjusted by income and household size
Interest Rates	▪ Assess customer ability to pay based on the higher of the customer rate plus serviceability buffer or minimum floor rate ▪ Interest Only (IO) loans assessed on principal and interest basis over the residual term of the loan

Existing Debt	▪ All existing customer commitments are verified
	▪ Review of transaction statements to identify undisclosed debts
	▪ Automatic review of CBA personal transaction account and Comprehensive Credit Reporting (CCR) data to identify undisclosed customer obligations
	▪ For repayments on existing mortgage debt:
	  ▪ CBA & OFI repayments recalculated using the higher of the actual rate plus a buffer or minimum floor over remaining loan term
	  ▪ Credit cards repayments calculated at an assessment rate of 3.82%

1. CBA excluding Bankwest unless stated otherwise. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Temporary changes implemented since 6 April 2020.

Home loan impairments

Reduced impairments given loan repayment deferrals

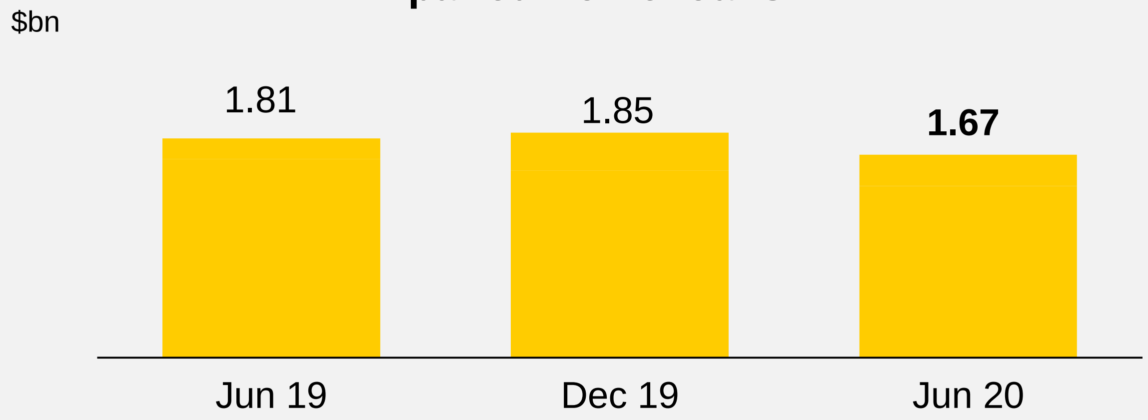
Overview

- Exits outpaced new impairments in the six months to Jun-20
- New impairment volumes reduced as a result of the take up of COVID-19 deferrals, where arrears are paused
- Highest proportion of exits from WA and QLD (~55%), reflecting improved conditions particularly in mining towns

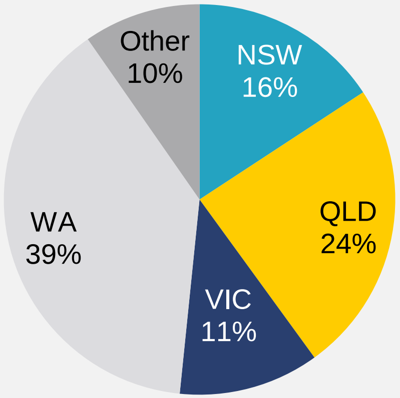
Process for identification of impairments[1]

- Impairments aligned to APRA prudential standard (APS220);
- Impairment assessments are carried out at 90 days past due or observed events e.g. bankruptcy;
- Impairment is triggered where the refreshed security valuation is less than the loan balance by ≥ $1;
- Impairment assessment takes into account cross-collateralisation;
- Impaired accounts that are 90+ days past due are included in 90+ arrears reporting.

Impaired home loans



Impaired home loans – Jun 20 profile[2]



1. CBA including Bankwest. 2.CBA excluding Equity Unlock for Seniors and Residential Mortgage Group.

Balanced Outcomes

Good business practice

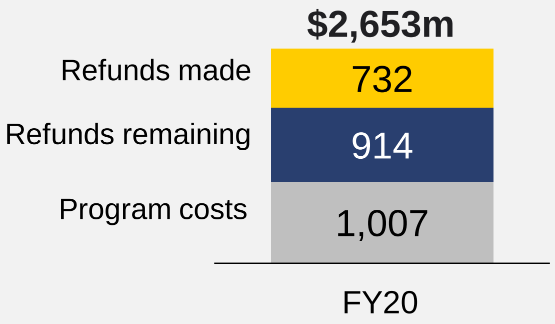
Good progress on becoming a better bank for our customers

Customer Remediation

$m

Committed to remediating customers quickly

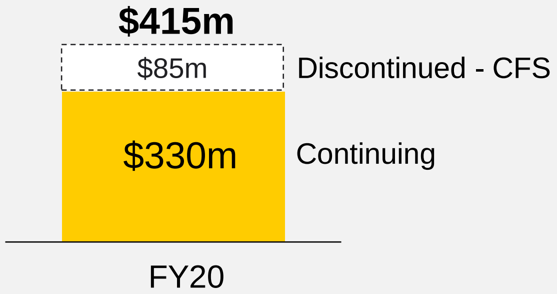
Cumulative spend & provisions



Better Customer Outcomes

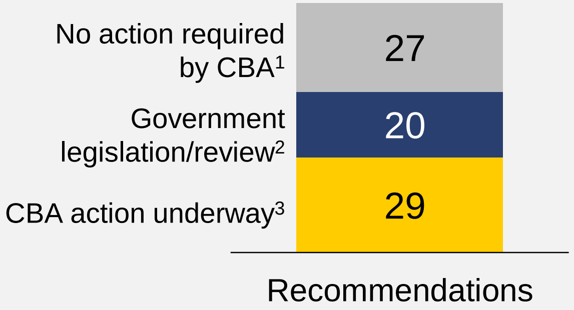
Delivering better customer outcomes through eliminated or reduced fees and charges

Income forgone



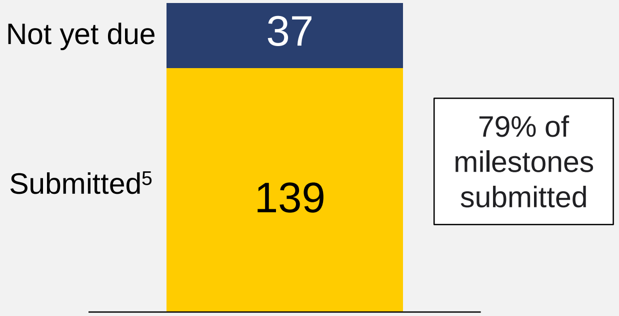
Royal Commission

Well progressed on implementing the recommendations of the Royal Commission



Remedial Action Plan[4]

Continued progress on the Remedial Action Plan in response to the APRA Prudential Inquiry



Open Banking

Consumers now able to share their data, with different products progressively enabled from July 20

Comprehensive Credit Reporting

Enhancing customers financial security. Implemented the supply of 100% of retail credit accounts in Sep 19

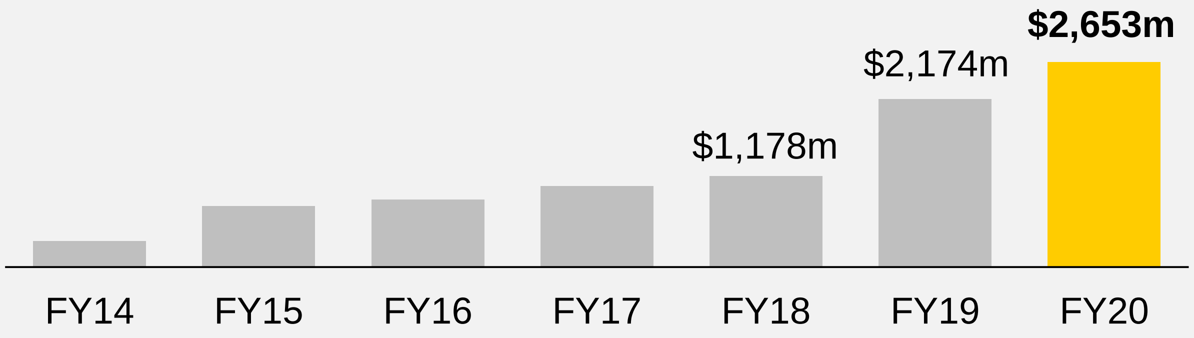
1. No action required as action is with Government/regulator/other or CBA does not operate in that business. 2. CBA will implement once regulation / legislation is in place. 3. Recommendations that are underway or implemented - some requiring regulatory or legislative action to complete. 4. The Remedial Action Plan is CBA's response to the recommendations contained in the Final Report of the Australian Prudential Regulation Authority (APRA) Prudential Inquiry into CBA released in May 18. Reflects revised milestones as outlined in the Independent Reviewer's most recently published report. 5. To Independent Reviewer.

Customer remediation

Additional remediation provision – committed to remediating customers quickly

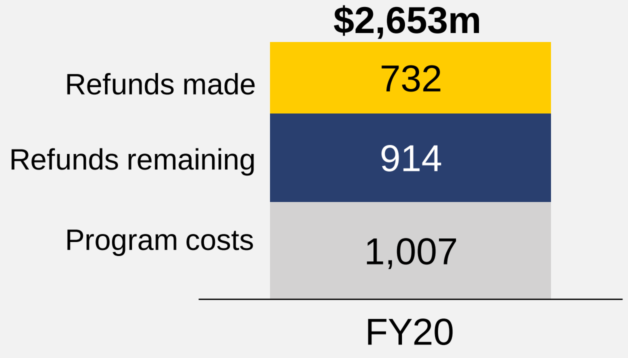
Remediation and program costs

Cumulative spend and provisions

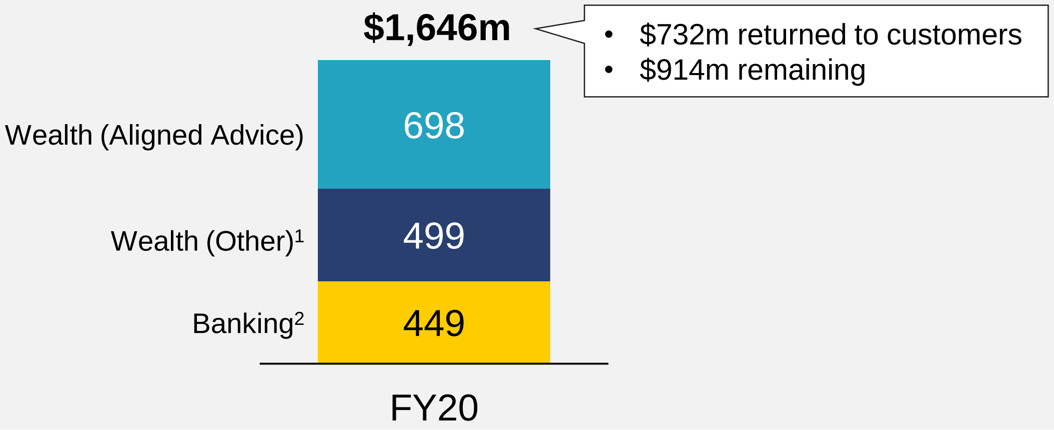


Composition

Cumulative spend and provisions



Customer Refunds



Aligned Advice remediation – key assumptions

	Salaried	Aligned Advice
Period	FY09 - FY18	FY09 – FY19
Estimated fees received by advisors	~$0.5bn	~$1.15bn
Refund rate excluding interest	22%	37%[3]
Refund rate including interest	28%	61%

1. Includes an estimate of refunds and interest to customers relating to advice quality, fees where no service was provided in the Commonwealth Financial Planning Business, Credit Card Plus, CommInsure Life Insurance and Loan Protection Insurance. 2. Includes Business banking remediation, package fees, interest and fee remediation. 3. An increase/(decrease) in the rate by 1% would result in an increase/(decrease) in the provision of approximately $20 million.

Increased regulatory requirements

Engaging with our regulators across a range of matters

- **APRA** – delivering all 176 milestones of the Remedial Action Plan, with updates to APRA by the Independent Reviewer every 3 months. Delivering on APRA requirements and recommendations as part of their ongoing prudential supervision. Responding to APRA on investigations and additional license conditions in respect of our superannuation businesses.
- **ASIC** – focusing on constructive and transparent engagement across a range of matters including close and continuous monitoring, industry and targeted reviews, current enforceable undertakings and investigation of a range of matters breach reported, those considered by the Royal Commission or otherwise under investigation.
- **Royal Commission** – addressing recommendations and implementing the necessary changes, regulators investigating referred matters.
- **Financial crime** – continued strengthening of financial crime capabilities, working closely with both domestic and offshore regulators.
- **Banking Code of Practice** – supporting the Australian Banking Association's revised Banking Code of Practice (Code) and continuing to strengthen its relationship with the Banking Code Compliance Committee (BCCC) established in June 2019 to support introduction of the Code.
- **Remediation and compliance programs** – investigating and scoping programs, compensating customers and fixing business processes and systems.
- **New legislation** – delivering on key government policies reforms such as open banking and preparing for the commencement of design and distribution obligations.
- **New regulatory obligations** – ensuring compliance with new requirements, including data information security (CPS 234), large credit exposures (APS 221).
- **Litigation** – managing litigation including nine class actions across the Group, including four superannuation class actions[1]. ASIC has commenced civil proceedings in relation to four regulatory matters that were Royal Commission case studies. CBA did not defend two of those matters, the other two matters relate to superannuation and are before the courts.
- **Employee matters** – working with Fair Work Ombudsman to assist with its investigation into issues relating to employee arrangements and entitlements, and engaging with other key stakeholders.

The Bank and its operations are subject to heightened regulatory scrutiny and requirements. Regulatory actions (including potential enforcement actions) or policy changes may negatively impact the Bank's financial position or standing. There are a range of matters where the outcome and any associated costs cannot be reliably estimated. For further disclosure refer to Note 7.1 to the Financial Statements in the Group's 30 June 2020 Annual Report. It is not currently possible to determine the ultimate impact of these class actions either individually or collectively on the Group.

Sustainable outcomes

Managing climate change risks and opportunities

Our climate commitment

We are committed to playing our part in limiting climate change in line with the goals of the Paris Agreement and supporting the responsible global transition to net zero emissions by 2050.

Our lending commitments

- Exit thermal coal mining and coal-fired power generation by 2030, subject to Australia having a secure energy platform.
- Only provide banking and finance activity to new oil, gas or metallurgical coal projects if supported by an ESG assessment and in line with the goals of the Paris Agreement.

Seizing opportunities

$5.4bn in **low carbon project** funding, up 5%, including $4.2bn in renewable energy exposure

Launched new **Green, Social and Sustainability Funding Framework**[1]

Reducing our footprint

Achieved our goal of sourcing 100% of our Australian electricity needs from renewable energy.

Increased onsite renewable energy generation capacity[2] to 1510kW, exceeding our 2020 target of 1250kW.

Helping customers transition

$9.5bn of climate bonds arranged[3]

4,700+ customers taking up green mortgage cashback offer

Transparent disclosures

- We report our approach to managing climate change risk in line with the **Task Force on Climate-related Financial Disclosures (TCFD)** recommendations.[4]
- We disclose the emissions intensity of our business lending and our exposures to energy-related assets.[4]

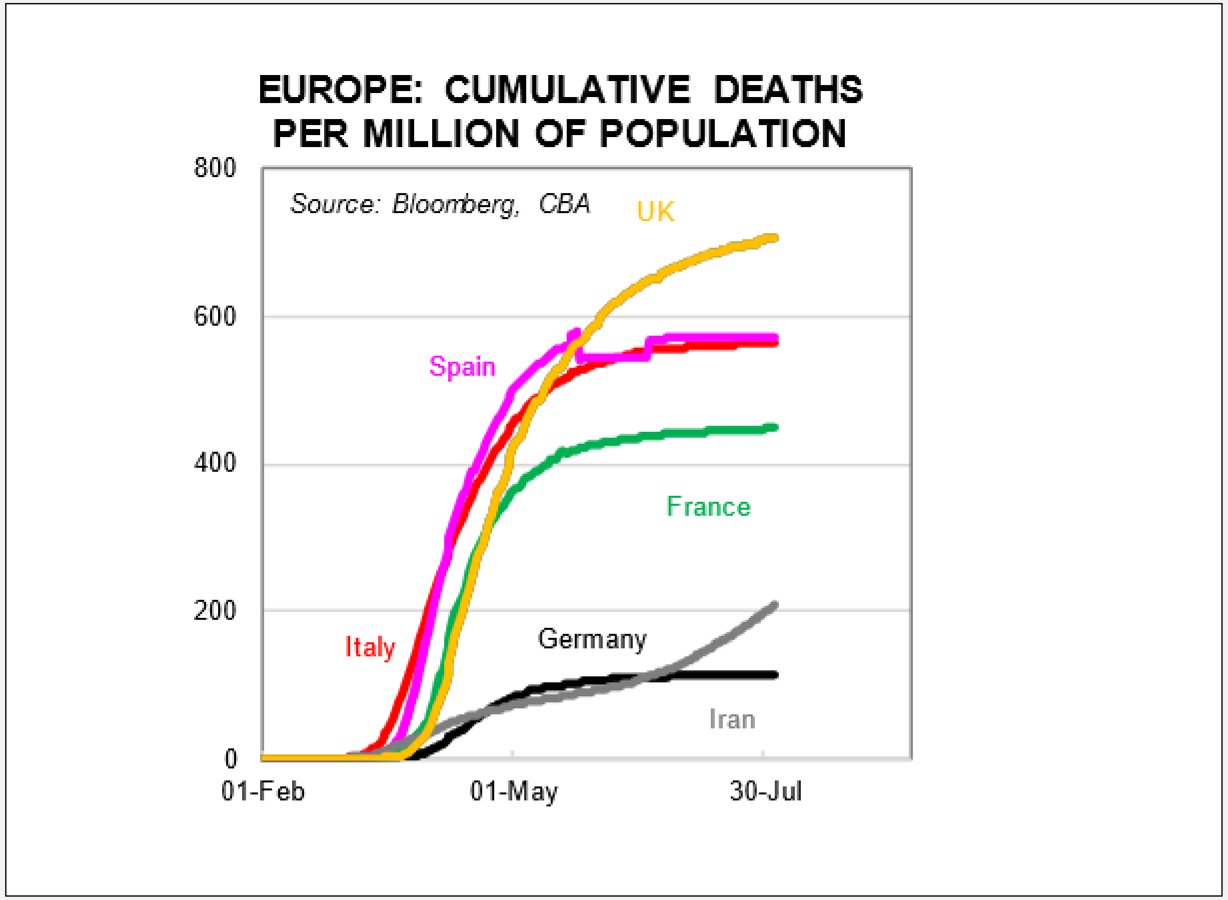
1. Available at commbank.com.au/sustainabilityinstruments. 2. Renewable energy generated using solar photovoltaic panels on branches. For more details see: cbasolarpower.com.au. 3. Includes the full value of the transactions where CBA has acted as an Involved Party. 4. For details, see our Annual Report commbank.com.au/AnnualReport2020.

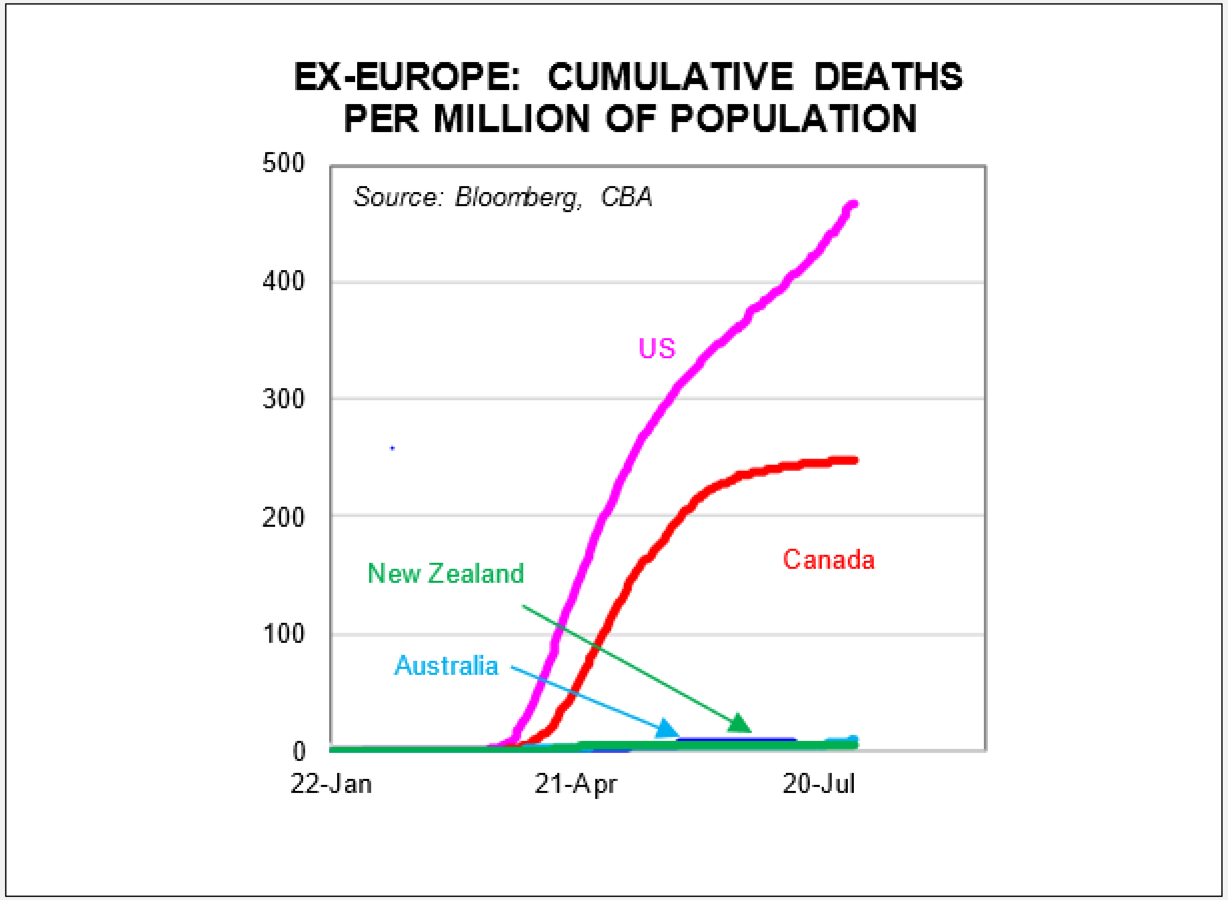
Economic Overview

CBA Chief Economist

The Australian COVID-19 health crisis in context

Australia's COVID-19 containment relative to offshore

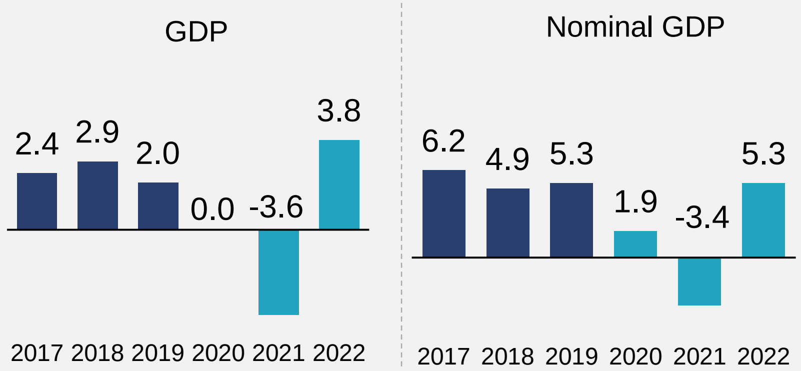




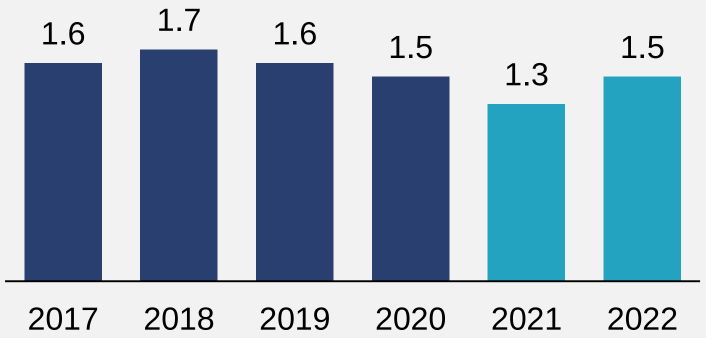
1. CBA Global Markets Research

Key Australian economic indicators (June FY)

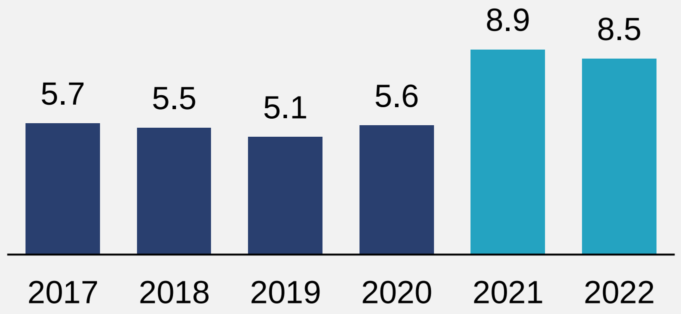
GDP %



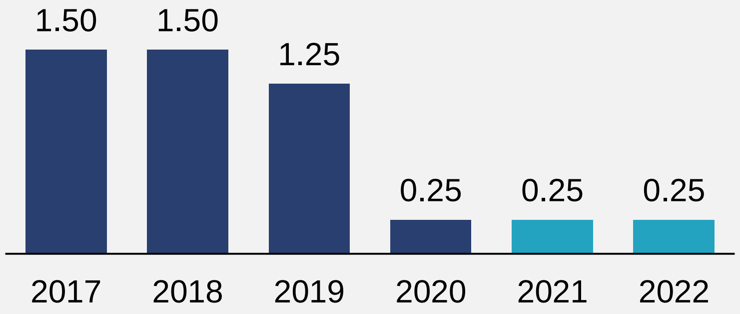
Trimmed Mean CPI %



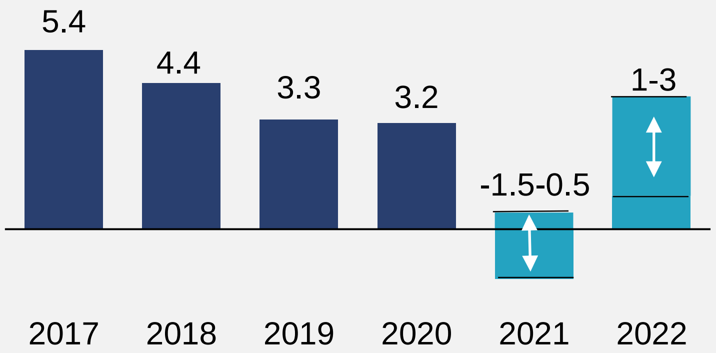
Unemployment rate %



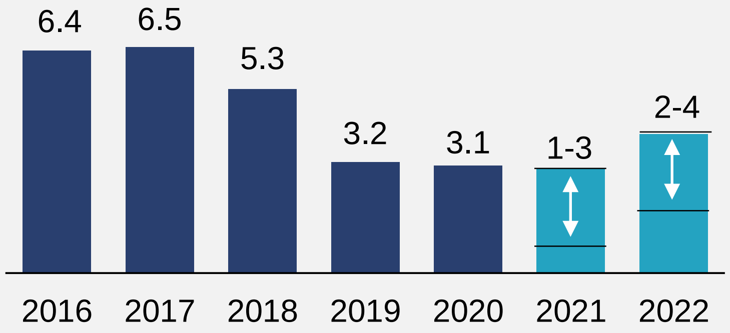
Cash rate %



Total credit growth %



Housing credit growth %



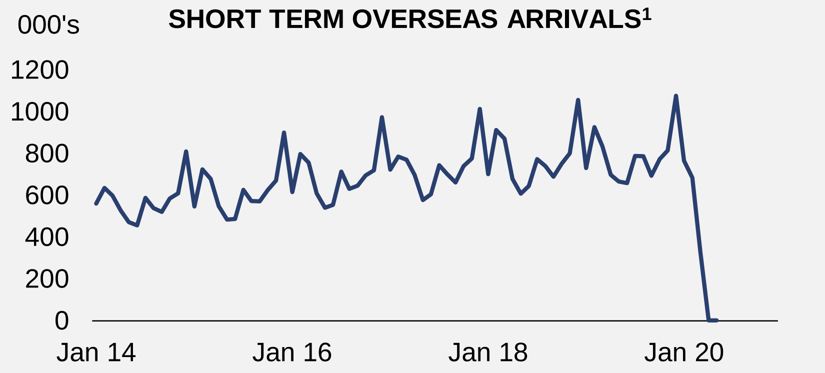
Credit Growth = 12 months to June
GDP, Unemployment & CPI = Financial year average
Cash Rate = As at June

= CBA Economist Forecast

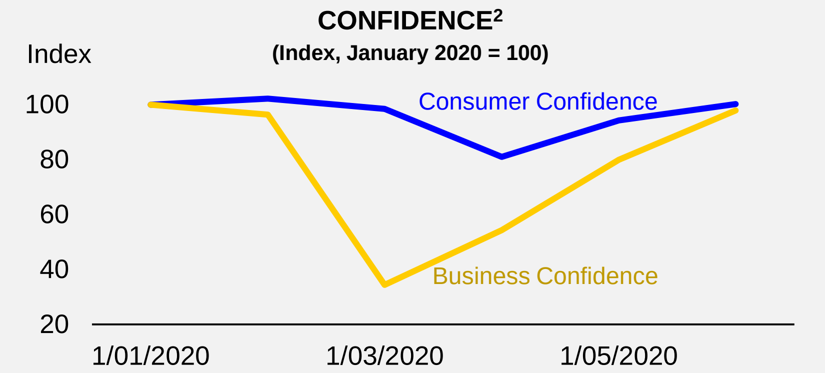
The Australian Economy

The breadth and depth of the Covid-19 impact

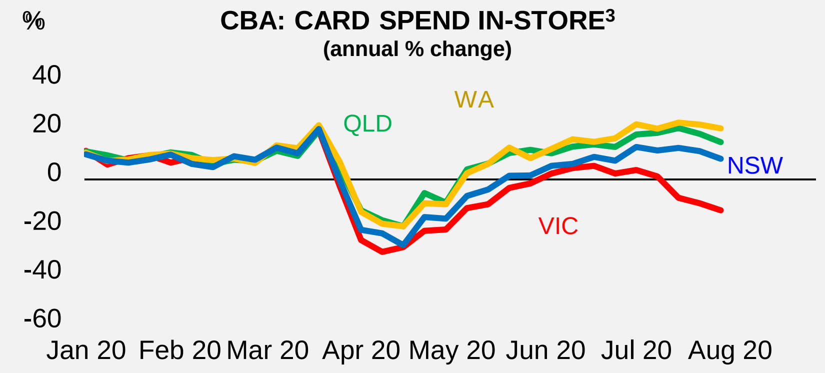
Border closures impacting international tourism



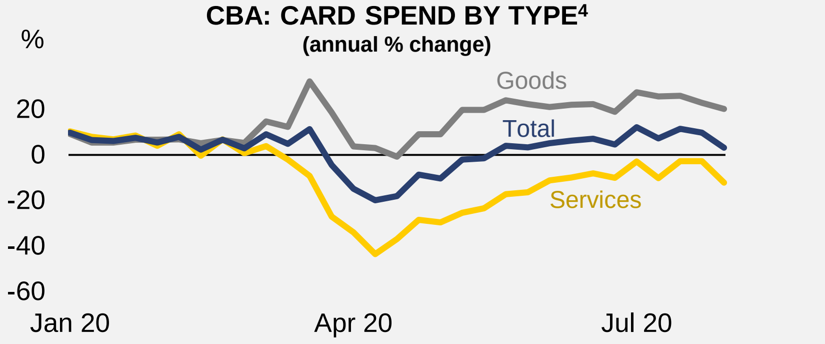
Business confidence retreated more than consumer confidence



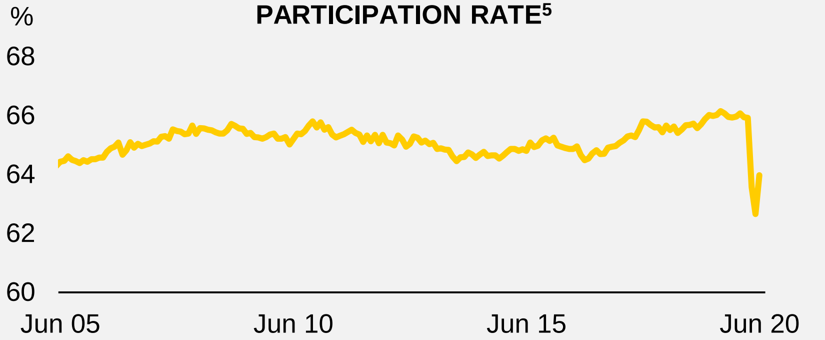
State lockdown measures impacting spending



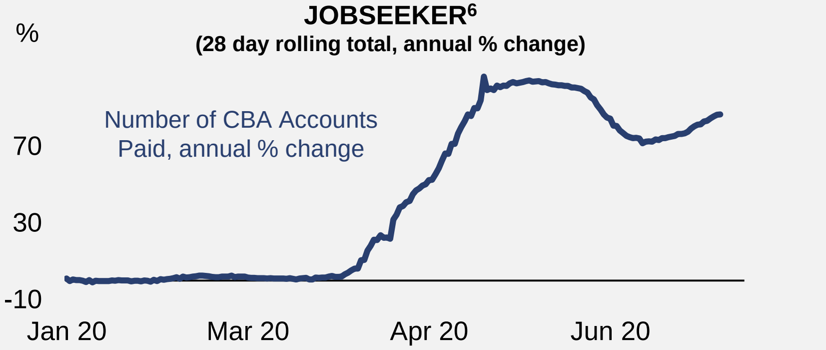
Services spend fell but now recovering



Large fall in the participation rate as people left the work force



JobSeeker numbers rose sharply

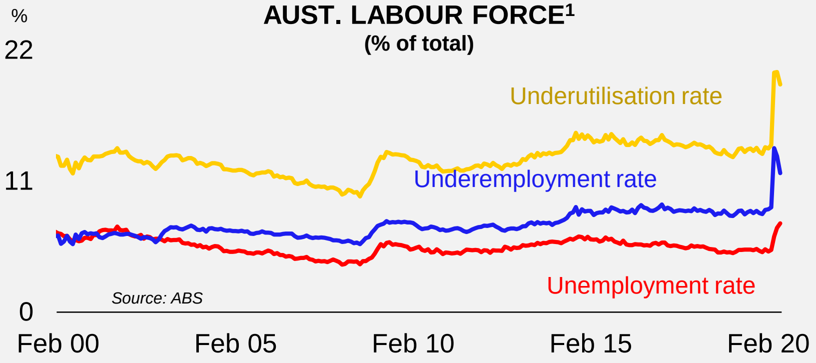


1. Source: ABS. 2. Source: Westpac, NAB, CBA. 3. Source: CBA. 4. Source: CBA. 5. Source: ABS. 6. Source: CBA.

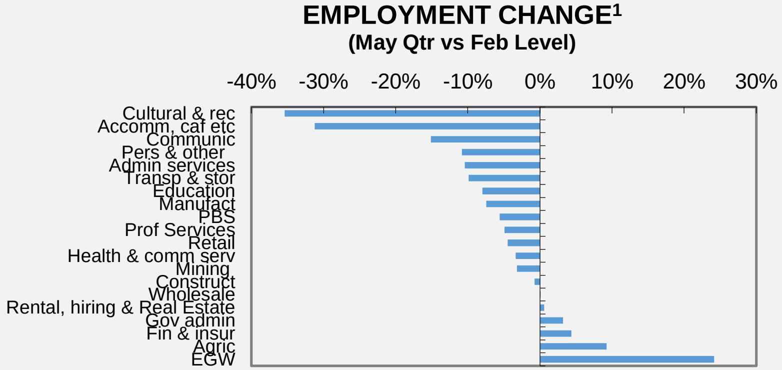
The Australian Economy

The medium term Covid-19 impact

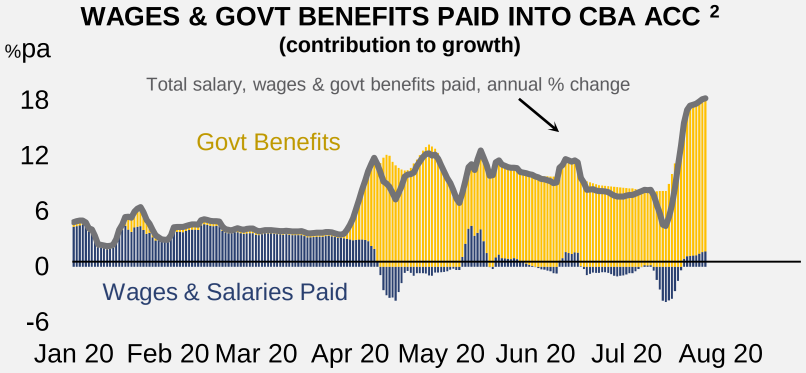
Spare capacity in the labour market to remain elevated



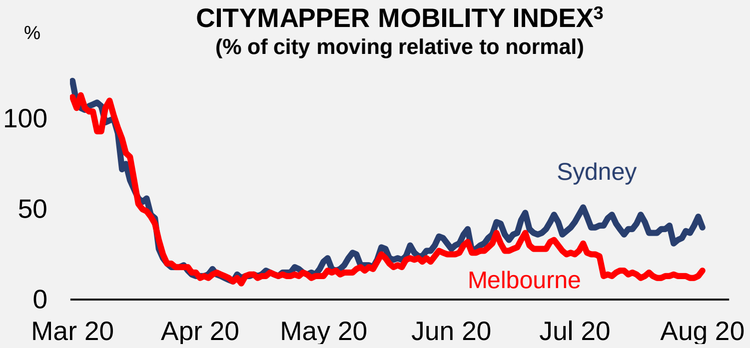
Some industries will take longer to recoup than others, judged by job losses to date



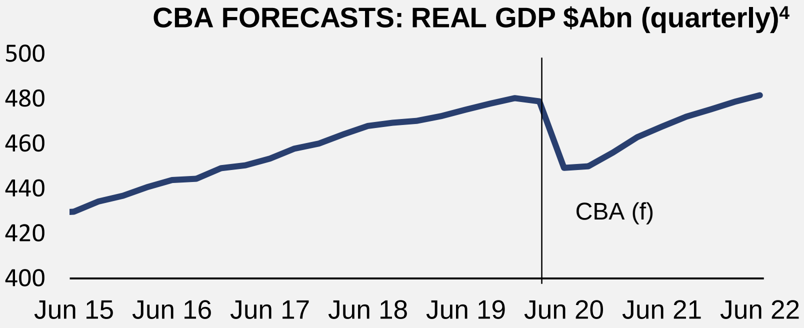
Household incomes being supported by government payments



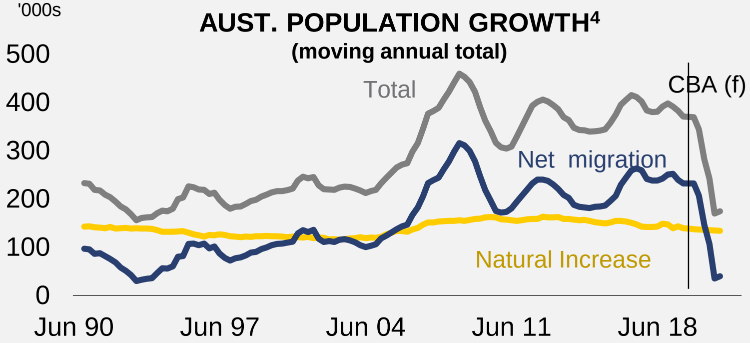
Shutdown measures, work from home and social distancing impacting the economy



Economy to still be behind Q4 19 level in 2022



Population growth to slow

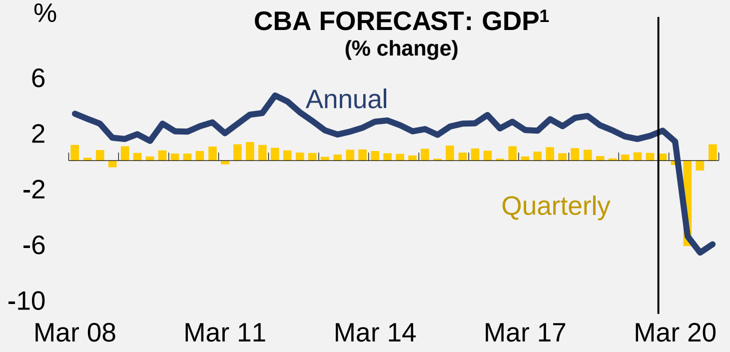


1. Source: ABS. 2. Source: CBA. 3. Source: CityMapper. 4. Source: ABS, CBA.

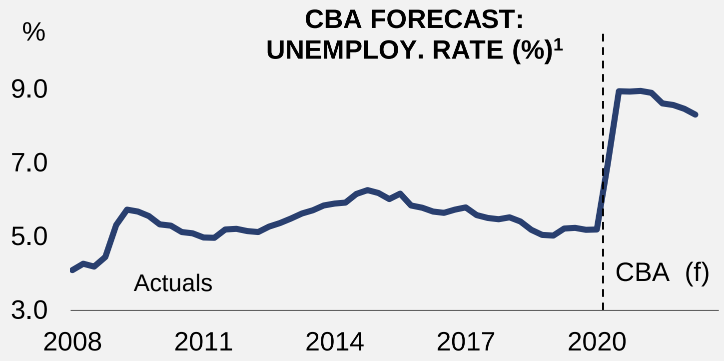
The Australian Economy

The outlook from here and other themes

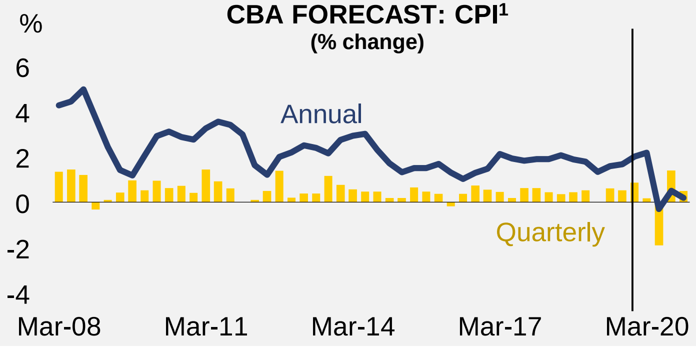
Australia is in recession – growth of -4.2% expected in calendar 2020



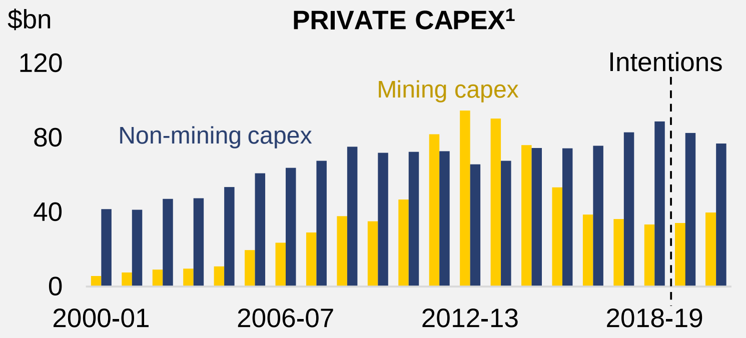
The unemployment rate to peak ~9% and take a long period to retreat



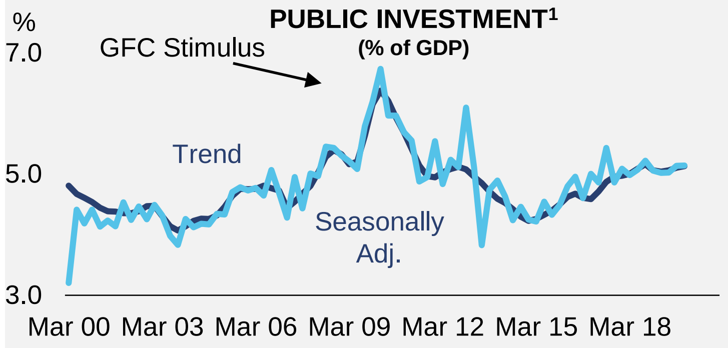
Inflation rates to weaken



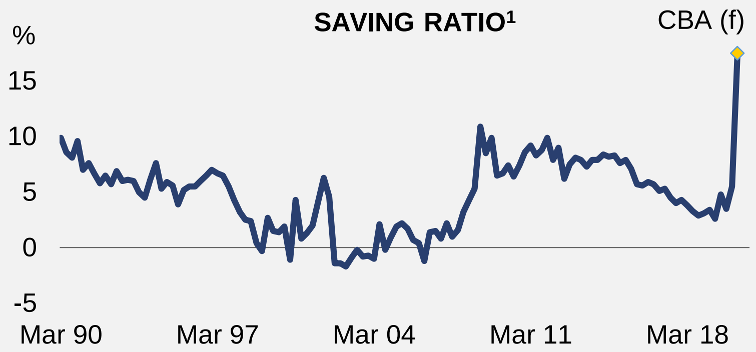
Mining investment on the rise but caution on non-mining investment



Infrastructure spending to support growth



Household caution could persist

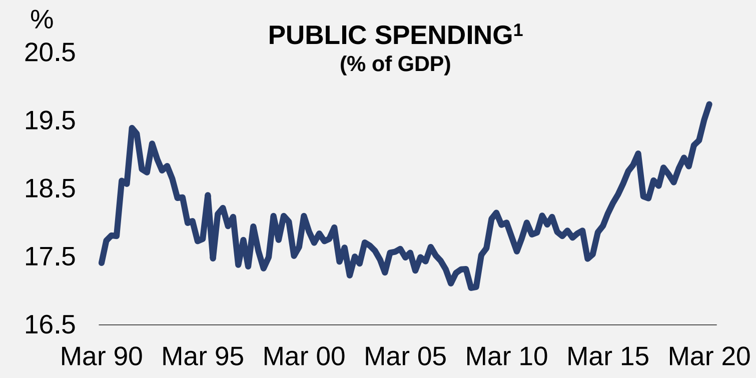


1. Source: ABS, CBA. 2. Source: ABS.

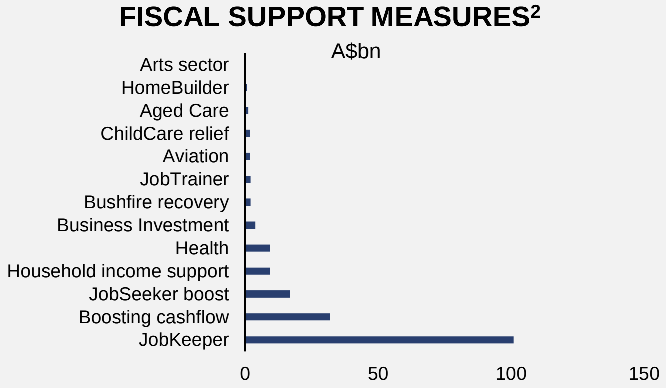
The Australian Economy

External sector in good shape, but there are risks and support measures

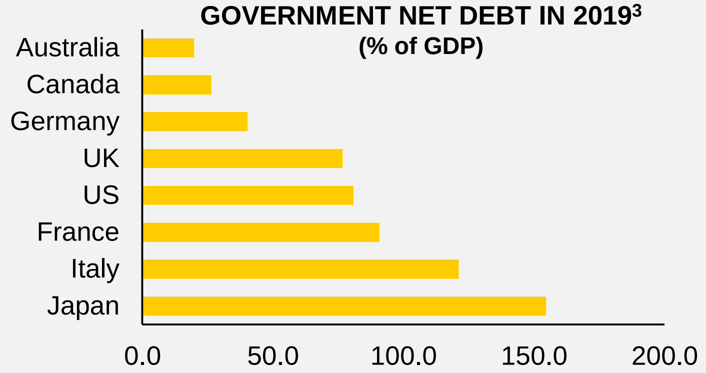
Government share of the economy is rising



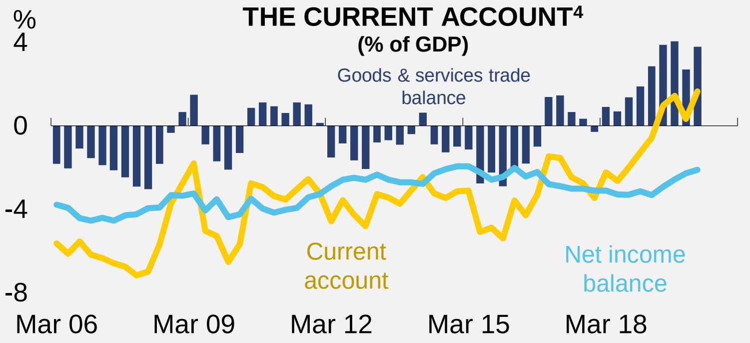
Stimulus has been large and extended



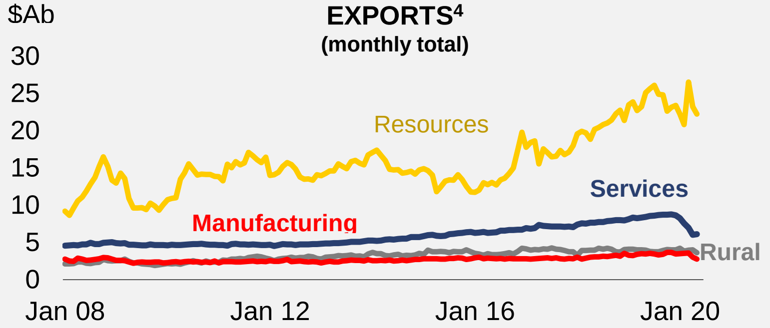
Public debt was low going into crisis



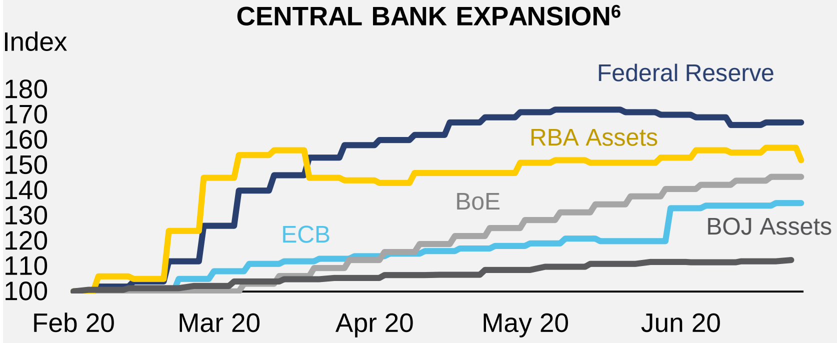
The external sector is in a good position with Current Account Surpluses expected in 2020



Tourism and Education exports hit hard, while Chinese stimulus supporting mining



Central banks easing policy, balance sheet expansion and targeted programs



1. Source: ABS. 2. Source: CBA, Federal Government, RBA. 3. Source: IMF. 4. Source: ABS.

Sources, Glossary & Notes

Sources and Notes

Executing our strategy

Slide 4

1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month averages to June 2020), excl. unable to identify MFI.
2. RBA Lending and Credit Aggregates (Home Loans) and APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS) (Deposits). RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019.
3. *The Forrester Digital Experience Review™: Australian Mobile Banking Apps, Q3 2020. Forrester Research does not endorse any company included in any Digital Experience Review™ report.*
4. Net Promoter Score - Mobile App (via mobile app on a mobile phone or tablet): Roy Morgan Research. Australian population 14+ who used the internet banking services of their (self-nominated) main financial institution in the last 4 weeks, rolling average of the last 6 months of spot scores, as at June 2020. Rank based on comparison to ANZ, NAB and Westpac (at a brand level). Net Promoter®, Net Promoter System®, Net Promoter Score®, NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Why CBA?

Slide 10

1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month averages to June 2020), excl. unable to identify MFI.
2. Source: RBA Lending and Credit Aggregates, series break due to new regulatory definitions set by APRA from 1 July 2019. As a result of this change, market share is not comparable to previous reporting periods and for the purpose of this chart has been compared to July 2019.
3. Market share calculated based on APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS) .
4. Net Promoter Score - Mobile App (via mobile app on a mobile phone or tablet): Roy Morgan Research. Australian population 14+ who used the internet banking services of their (self-nominated) main financial institution in the last 4 weeks, rolling average of the last 6 months of spot scores, as at June 2020. Rank based on comparison to ANZ, NAB and Westpac (at a brand level). Net Promoter®, Net Promoter System®, Net Promoter Score®, NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.
5. Total provisions divided by credit risk weighted assets. Excludes impairment provisions for derivatives at fair value.
6. Peers as reported at March 2020. On continuing operations basis where applicable.
7. Source: Bloomberg. Total Shareholder Return as at 30 June 2020.

Cash Profit

The Profit Announcement discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared in accordance with the Corporations Act and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Bank's operating results. It is not a measure based on cash accounting or cash flows. The items excluded from cash profit, such as hedging and IFRS volatility and losses or gains on acquisition, disposal, closure and demerger of businesses are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from cash profit is provided on page 3 of the Group's 30 June 2020 Profit Announcement (PA), which can be accessed at our website: www.commbank.com.au/results

Glossary

Capital & Other

Risk Weighted Assets or RWA	The value of the Group's On and Off Balance Sheet assets are adjusted by risk weights calculated according to various APRA prudential standards. For more information, refer to the APRA website.
CET1 Expected Loss (EL) Adjustment	CET1 adjustment that represents the shortfall between the calculated EL and Eligible Provisions (EP) with respect to credit portfolios which are subject to the Basel advanced capital IRB approach. The adjustment is assessed separately for both defaulted and non-defaulted exposures. Where there is an excess of EL over EP in either assessments, the difference must be deducted from CET1. For non-defaulted exposures where the EL is lower than the EP, this may be included in Tier 2 capital up to a maximum of 0.6% of total credit RWAs.
Leverage Ratio	Tier 1 Capital divided by Total Exposures, with this ratio expressed as a percentage. Total exposures is the sum of On Balance Sheet items, derivatives, securities financing transactions (SFTs), and Off Balance Sheet items, net of any Tier 1 regulatory deductions that are already included in these items.
Internationally Comparable Capital	The Internationally Comparable CET1 ratio is an estimate of the Group's CET1 ratio calculated using rules comparable with our global peers. The analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).
Derivative Valuation Adjustments (XVA)	A number of different valuation adjustments are made to the value of derivative contracts to reflect the additional costs or benefits in holding these contracts. The material valuation adjustments included within the CBA result are CVA and FVA.
Credit Value Adjustment (CVA)	The market value of the counterparty credit risk on the derivative portfolio, calculated as the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of a counterparty's default.
Funding Valuation Adjustment (FVA)	The expected funding cost or benefit over the life of the uncollateralised derivative portfolio.

Funding & Risk

Liquidity Coverage Ratio (LCR)	The LCR is the first quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 Jan 2015. It requires Australian ADIs to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.
High Quality Liquid Assets (HQLA)	As defined by APRA in Australian Prudential Standard APS210: Liquidity. Qualifying HQLA includes cash, government and semi-government securities, and RBNZ eligible securities.
Committed Liquidity Facility (CLF)	Given the limited amount of Commonwealth government and Semi-government debt in Australia, participating ADIs can access contingent liquidity via the RBA's CLF. The amount of the CLF for each ADI is set annually by APRA. To access the CLF, ADIs need to meet certain conditions and pledge qualifying securities to the RBA.
Net Stable Funding Ratio (NSFR)	The NSFR is the second quantitative liquidity measure of the Basel III reforms, in addition to the LCR. It was implemented by APRA in Australia on 1 Jan 2018. It requires Australian ADIs to fund their assets with sufficient stable funding to reduce funding risk over a one year horizon. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding.
TIA	Corporate troublesome and Group gross impaired exposures
Corporate Troublesome	Corporate Troublesome includes exposures where customers are experiencing financial difficulties which, if they persist, could result in losses of principal or interest, and exposures where repayments are 90 days or more past due and the value of security is sufficient to recover all amounts due.
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.
Credit Risk Estimates (CRE)	Refers to the Group's regulatory estimates of long-run Probability of Default (PD), downturn Loss Given Default (LGD) and Exposure at Default (EAD).