

**We can.
Together.**



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Responding to COVID-19 risks

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2020

Service
Innovation
Strength

Building a more focused bank to deliver for our customers, underpinned by innovation and a strong balance sheet.

We can. Together.

 This is an interactive PDF designed to enhance your experience. The best way to view this report is with Adobe Reader. Click on the links and use the  home button in the footer to navigate the report.

2020 highlights

Our strategy is to become a simpler, better bank that delivers balanced and sustainable outcomes for our customers, community, our people and shareholders.

Our purpose

To improve the financial wellbeing of our customers and communities.

Our values

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

Our business areas

- Retail Banking Services
- Business and Private Banking
- Institutional Banking and Markets
- New Zealand (ASB)

Our brands

Commonwealth Bank is the largest bank and best known financial services brand in Australia.



Financial highlights



Group

Statutory net profit after tax (NPAT)
\$9,634m
▲ 12.4%

Cash NPAT
\$7,296m
▼ 11.3%

Operating income
\$23,758m
▲ 0.8%

Net interest margin
2.07%
▼ 2 basis points

Capital ratio
CET1 (APRA, Level 2)
11.6%
▲ 90 basis points

Deposit funding
74%
FY19 69%

Value created



Customers

Our targets
#1 Net Promoter Score (NPS) in consumer and business banking

Our progress
#1 mobile app and internet banking NPS
#2 consumer NPS
#3 business NPS

17m
customers served

\$106bn
of new lending for Australian home buyers

\$27bn
of new lending for Australian businesses

\$650m+
in loans under the Government's Coronavirus SME Guarantee Scheme, >50% of scheme lending



Community

Top quartile among peer companies for reputation improvement

RepTrak reputation score
61.6
Average of peer companies: 67.1

\$3bn
tax expense – one of Australia's largest taxpayers

377,214
students enrolled in Start Smart financial education

\$10m
commitment to bushfire recovery grants

100%
of Australian electricity needs from renewable energy sources



Our people

Top 10% globally for our employee engagement score

Employee engagement
81%
Global top 10% threshold: 84%

89%
of employees are proud to work at the Bank

\$5.8bn
paid to our 41,778 people in salaries and superannuation

39,000+
people and delivery partners enabled to work remotely during COVID-19

41%
women in Executive Manager and above roles



Shareholders

Top quartile TSR outperformance relative to peers

Total shareholder return (TSR)
151% 10-year
8% 5-year
(11%) 1-year

888,000+
shareholders, 78% Australian owned

\$2.98
dividend per share, fully franked

\$5.3bn
returned to shareholders as dividends

\$2,420
dividend amount received by the average retail shareholder

Financials are presented on a continuing operations basis, except statutory NPAT, dividend per share and Common Equity Tier 1 (CET1) which include discontinued operations. All figures relate to the full year ended 30 June 2020 and comparisons are to the year ended 30 June 2019, except employee engagement which is 30 April 2020 compared to 30 April 2019.

For data sources, see *Glossary* on page 293 of the 2020 Annual Report.



Strength in uncertain times

Our progress on key strategic, risk and governance priorities, together with the strength of our balance sheet and capital position, mean the Bank is well placed to deliver for our stakeholders.



Shortly after the Commonwealth Bank of Australia commenced operations in 1912, the world was gripped by the Spanish flu pandemic of 1918. Now, as then, the Bank's purpose is to support the financial wellbeing of our customers and the community, and to provide strength in uncertain times.

This past year has been extremely challenging for many of our customers, the economy and the Australian community at large – initially due to bushfires and drought, and more recently due to the coronavirus pandemic. We have therefore been determined to provide financial relief to households, keep working capital and credit flowing for businesses, deliver performance for our shareholders, and facilitate economic activity and financial stability more broadly.

Our people and the Bank's leadership team have done an extraordinary job and responded quickly and effectively to the demands of COVID-19 – by meeting customer needs and supporting the delivery of the Government's stimulus initiatives. This has included helping businesses access JobKeeper and being the largest lender to small and medium sized enterprises through the Government's coronavirus loan guarantee scheme.

A simpler, better bank

Throughout the year, the Bank's leadership team has continued to deliver on our strategic priorities, with a focus on becoming a simpler, better bank. We have made substantial

progress on divesting and ceasing our wealth management businesses, which has allowed management to focus on the performance of our core banking businesses and on providing the best banking experiences for customers. It has also created capacity for ongoing investment in our market-leading digital assets and in innovation for future growth. We have continued to make significant improvements in the management of non-financial risk, including better operational risk and compliance practices, thereby supporting balanced and sustainable outcomes for all of our stakeholders.

Business performance and dividends

The business performed well in 2020, with the strong focus on operational excellence driving growth in our core banking businesses. Cash net profit after tax was, however, lower primarily due to the \$1.5 billion impairment provision taken for the expected impacts of COVID-19 on our customers and the economy and consequent credit losses.

Prudent balance sheet management underpinned the Bank's resilient funding and liquidity positions. Strong capital discipline resulted in a Common Equity Tier 1 capital ratio of 11.6% at 30 June, well above the Australian Prudential Regulation Authority (APRA) 'unquestionably strong' benchmark of 10.5%, and substantially above the regulatory minimum of 8%.

The Bank's strong capital position and operational performance continues

to support returns for shareholders. The final dividend of 98 cents per share reflects the guidance issued by APRA in July, that for the remainder of the calendar year, banks should retain at least half of their earnings. The final dividend payout ratio is 49.95% of the Bank's second half statutory earnings. Combined with the interim dividend of \$2.00, this takes the full year dividend to \$2.98 per share, fully franked.

Regulatory and compliance update

We have made significant progress on implementing the recommendations from the 2018 APRA Prudential Inquiry into CBA, and have now submitted more than three-quarters of the milestones outlined in our resulting Remedial Action Plan (RAP). The Prudential Inquiry Report, information on our RAP, and the independent reviewer's (Promontory) quarterly progress reports are available at: commbank.com.au/APRA.

We are also well advanced on implementing the recommendations of the Financial Services Royal Commission. We are engaging constructively and transparently on matters that are being considered by regulators as a result of the Royal Commission or otherwise under investigation. Meanwhile, we continue to focus on remediating processes and systems, and have delivered refunds of more than \$730 million to customers since 2015. Our priorities have included significant ongoing investment in our financial crime prevention and detection capabilities.

Culture, accountability and remuneration

Over the past two years, considerable attention has been given to cultural change within the organisation. The change has been values-led with strong leadership from the Board, the CEO and his renewed management team. There has been an acute focus on the skills and behaviours required of our people to deliver better stakeholder and risk outcomes. This includes our Code of Conduct, which incorporates our purpose, values and the 'Should We?' test, and guides our people on how they should act and make decisions to address customer and community expectations.

The changes we have made to incorporate risk considerations into our remuneration framework and assessment have delivered substantial improvements to both accountability and risk management maturity within the Bank. Unsatisfactory risk management outcomes and behaviours have negative remuneration consequences. Equally, to reinforce a positive risk culture, a significant proportion of senior leaders' short-term variable remuneration is tied to the successful delivery of our APRA RAP, and employees who rate 'exceptionally managed' for risk are formally recognised and rewarded.

We have continued to review the Bank's remuneration framework to ensure that it supports our strategic objectives of attracting and retaining exceptional

talent, meets the spirit of anticipated regulatory change and is fit-for-purpose for the years ahead. For more details see the *Remuneration report* on page 78 of the 2020 Annual Report.

Sustainable business practice

We are committed to sustainable and responsible business practices, in accordance with the commitments outlined in our Environmental and Social Policy. We have continued to take the actions necessary to support the responsible transition to a net zero emissions economy by 2050, including ensuring that our business lending activities are aligned with this intent. This year, we reached our goal of sourcing 100% of our Australian electricity needs from renewable energy, and increased our lending to low carbon and renewable energy projects.

We also continued to support our customers and clients by providing products that incentivise emissions reduction and increase climate resilience. This year, our institutional bank has provided sustainability-linked loans that tie the borrower's cost of funding to the achievement of their emissions reduction targets, and our green mortgage initiative gave cashbacks to eligible customers with solar panels installed on their homes.

We have been embedding our human rights commitments in our operations and supply chain management, as well as in our lending and investing activities.

Board renewal

The program of Board renewal continues. Sir David Higgins retired on 31 December 2019, after more than five years of service and contribution to the Board. Wendy Stops has been an integral member of the Board since March 2015 and will retire at the conclusion of the 2020 Annual General Meeting on 13 October. In June, we announced that Simon Moutter will become a Non-Executive Director on 1 September 2020. Simon was previously Managing Director of Spark New Zealand Limited (New Zealand's largest telecommunications and digital services company) and has a background in science and engineering. He brings a deep understanding of technology, process effectiveness and business strategy to the Board.

Looking ahead

Although the year ahead will be marked by challenges and uncertainty, your Board and management team are very clear about the role the Bank must and will play in supporting our customers and the economy, while also maintaining a strong and resilient balance sheet and delivering operational performance for shareholders.

Thank you for your ongoing support.

C. B. Livingstone

Catherine Livingstone AO
Chairman



Delivering for our customers and communities

As the Bank for all Australians, we've taken decisive action to support customers, businesses, communities and the nation during one of the most challenging periods we've faced. By contributing to economic stability, we also advance the Bank's long-term success.

Serving our customers

We are dedicated to being there for our customers during some of the most significant events in their lives, and especially when we're needed most.

This year, in response to the coronavirus pandemic, our priority has been to do what we can to support our customers through the financial and business impacts of the crisis. We were able to act quickly because of the commitment of our people, our technology capabilities, and our strong financial position.

To provide immediate cash flow relief to households and businesses, we processed over 250,000 home, personal and business loan deferrals; and to get much-needed cash to businesses, we funded more than \$650 million of new loans under the Government's Coronavirus SME Guarantee Scheme. Our digital channels managed 10.2 million peak daily logins, and we sent 130,000 debit cards to customers unfamiliar with digital banking to ensure they could make purchases and pay bills from home.

Contributing to our communities

Improving the financial wellbeing of communities is central to the Bank's purpose. This year we have been helping those impacted by bushfires and drought, as well as continuing to support local organisations, improve financial education and address financial abuse. To help communities rebuild after this year's devastating bushfires, we pledged \$10 million

in recovery grants, and also donated to and raised funds for the Australian Red Cross and Rural Aid.

For more than five years, we have been playing our part to address domestic and family violence and financial abuse. This has included equipping our frontline staff to help customers, providing direct financial assistance, and funding financial counsellors. Most recently, we funded the establishment of a Financial Independence Hub to help those impacted achieve long-term financial independence, no matter who they bank with.

Engaging our people

The improvements we've made in our management of non-financial risk have underpinned our ability to make high-quality decisions and implement them rapidly during the pandemic. This has enabled our people to go above and beyond to support customers and communities during challenging times.

Our people have been energised by our purpose and feel a strong sense of pride and confidence in the organisation. Employee engagement is up 13% this year and is now the highest it's been for more than four years.

Executing our strategy

Throughout the year, we have pursued our strategic priorities to simplify our business, lead in retail and business banking, and be the best in digital. By divesting and exiting our wealth management businesses we have

been reducing complexity and risk in the Bank, and increasing our focus on driving performance in our core banking businesses.

Our retail bank extended its lead in home lending as our emphasis on operational excellence delivered consistent decisions and turnaround times for customers. Deposits continued to grow strongly, thanks to the strength of our branch network and digital assets. We have also been investing in more business bankers, and delivering faster, better service – including through our BizExpress facility, which provides business customers with same-day decisions on eligible business loans.

The current environment has accelerated the shift to digital banking and electronic payments. With the best digital assets in the market we are able to deliver richer and more personalised digital experiences and services. This includes our *Benefits finder* tool in the CommBank app which connects our customers to more than 230 government and third party benefits. Our customers clearly value the investments we've been making. We rank #1 for our internet banking and mobile app Net Promoter Score, and for the 11th consecutive year, we've been rated #1 for online banking by Canstar. Independent research firm Forrester has also rated the CommBank app as the overall digital experience leader among mobile banking apps in Australia for the fourth year in a row.



[View CEO results highlights video](#)

Delivering performance

Our financial results this year demonstrate the underlying strengths of our business, as well as the impacts of the coronavirus pandemic. Operating income increased 1%, due to strong operational performance, including above market growth in home lending and record growth in transaction deposits. This offset the impact of lower interest rates, COVID-19 related fee waivers, and reduced income from credit cards and international transactions due to lower consumer spending. Loan impairment expense increased significantly, due to the additional \$1.5 billion provision taken for estimated future loan losses related to the pandemic. As a result, cash net profit after tax was 11% lower.

The strength of our balance sheet was a key highlight as it underpins our ability to serve our customers, drive core business outcomes and deliver returns for shareholders. We are now 74% deposit funded, up from 69% just last year and almost 20 percentage points higher since the global financial crisis. We also significantly increased our loan loss provisioning. We ended the year with a very strong capital position, putting us in the top quartile of international peer banks for capital. Our strong capital position, combined with our strong statutory profit, has allowed us to return \$5.3 billion in dividends to shareholders this year.

Customers

Engaging with our customers to understand what is most important to them and helping them through challenging times.

For details see pages 22–23.

Community

Making a meaningful contribution to Australia and investing in the communities in which we operate.

For details see pages 24–25.

Strategy

Delivering a simpler, better bank that leads in retail and business banking – supported by the best digital experience for customers.

For details see pages 8–17.

Performance

Focusing on financial performance and balance sheet strength to drive core business outcomes and sustainable returns.

For details see pages 18–19.

Outlook

Our absolute priority is to help our customers and the broader economy recover. We will continue to work closely with our customers and undertake regular reviews and check-ins, to understand and support their needs.

While the duration and impact of the health crisis is unclear, Australia is relatively well positioned. We are starting from a position of fiscal and economic strength, and significant stimulus measures will continue to support the economy. There is a pipeline of infrastructure projects, and the outlook for mining and agriculture exports is strong.

We are, however, prepared for a range of economic scenarios. We've made provisions accordingly, and will monitor our lending portfolios closely as the situation evolves. We anticipate that lower credit growth and low interest rates will continue to put pressure on revenue, requiring increased focus on performance, efficiency and capital allocation.

Even in this challenging environment, operational performance in the business has remained strong. We will maintain our focus on retail, business and digital banking to further extend our franchise strength, and will innovate for future growth. We will also continue to work with our industry peers, the government and regulators to support initiatives that stimulate economic activity and jobs.

Throughout the year, and particularly in the last few months, our people have shown tremendous commitment to our customers, our strategic priorities, and to keeping the Bank running safely during a period of significant uncertainty. I thank them for their dedication, and am proud of what we have been able to do together to support our customers and the country at this time.

We remain focused on supporting our customers, driving operational excellence and delivering balanced outcomes. I am confident that given our digital leadership, balance sheet strength, and our people's care and commitment, we will continue delivering for our customers and communities, and for you, our shareholders.

Matt Comyn
CEO



HOW WE CREATE VALUE

Our strategic priorities

We are building on our strong foundations to drive performance and to position the Bank for long-term success.

Simplify our business

We are becoming a simpler bank by focusing on our core banking businesses and simplifying how we do business.

We have made substantial progress on divesting our wealth management businesses. This is reducing risk, cost and complexity, which together with the capital generated, supports reinvestment in our banking businesses and future returns. We have been simplifying our systems and processes to make it easier for customers and our people to get things done.

Lead in retail and business banking

We have the leading retail bank in Australia and are focused on growing our position in business banking.

We continue to strengthen our retail bank franchise by investing in exceptional customer service, the best distribution channels, leading technology and strong operational performance. We are also investing in better business and institutional bank customer experiences through enhancements to our service, data and technology capabilities.

Best in digital

Our goal is to continue providing the best digital banking experience by making banking simple, smart and secure.

We invest in customer-facing and back-end technology to deliver easy to use, personalised, value-add and secure digital banking services. We are modernising and digitising our systems and processes to increase our capabilities. We continue to innovate both within our business and with partners.

Delivering balanced and sustainable outcomes

Achieving our strategic goals enables us to create value for our stakeholders.



Customers
Better outcomes



Community
Trusted and reputable



Our people
Energised, accountable



Shareholders
Long-term sustainable returns



OUR STRATEGIC PRIORITIES

Leading in retail banking

More than one in three Australians call the Commonwealth Bank their main financial institution.

#1

in home lending, household deposits and credit cards¹

1,118

branches (Group total) – largest network in Australia

1,500+

home loan specialists

2,000+

customer contact centre staff – all located in Australia

¹ See Glossary on page 293 of the 2020 Annual Report for source information.

Our retail banking strengths

With over 10 million retail customers, including the largest share of youth and new migrant customers, we help more Australians manage their finances than any other bank.

Our retail bank holds leading market shares in home loans, household deposits and credit cards. We aim to strengthen this position by offering innovative products and services, backed by the best systems and processes.

We are committed to providing exceptional service. Our retail bank service promise is 'simple and easy everyday, brilliant when it matters'.

Our leading distribution network enables us to serve our customers across multiple channels, including the Bank's extensive network of branches, mobile banking specialists, ATMs, and Australia-based customer contact centres, as well as our online services and apps.

To deliver a seamless experience for customers across all channels, we continue to invest in our technology, data capabilities and digital assets.

We assess our performance using Net Promoter Score (NPS), which is a measure of our customers' willingness to recommend us to their family and friends. We have seen a seven point improvement in the last 12 months in consumer NPS, indicating that customers are valuing the support and service we are providing.

Support for retail customers during COVID-19

Our priority has been to provide safe, continuous and proactive essential banking services to our customers.




We have kept our branches open with physical distancing measures in place to protect customers and our people, and have surged resources into our customer contact centres to meet the increase in demand for help. We have also used our digital channels to send personalised messages to customers to alert them to the support available.

To help households manage their cash flows, we quickly added new functionality to enable customers to apply for home loan repayment deferrals online, dropped the rates on fixed rate home loans, and reduced repayments on principal and interest variable rate home loans to the minimum required. We also offered repayment deferrals on personal loans and a special term deposit rate for our deposit customers.

We will continue to focus on relieving financial stress and supporting customers as we work towards economic recovery.

 **800%**
increase in calls to our financial assistance line

 **154,000**
home loans deferred at peak

Helping first home buyers

Rayen Gouli and his wife Sabina Lama kept a close eye on the property market and had saved for years, but thought a 20% deposit to buy their first home in Melbourne was out of reach.

That changed when Rayen spoke with a home lending specialist at his local Commonwealth Bank branch who explained that the couple qualified for the First Home Loan Deposit Scheme.

The home lender helped them through the loan approval process, and shortly after, Rayen and Sabina launched their house hunt.

Today, the couple are enjoying being homeowners and having a place to call their own.

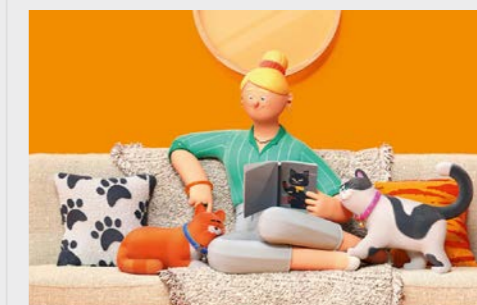


New home owners, Sabina Lama and Rayen Gouli.

Bank less with Bankwest

Bankwest's mission is to do more for customers by asking them to do less. To deliver frictionless, customer-friendly banking, Bankwest provides a new signing service that allows customers to sign their home loan contracts digitally, from any device, in minutes – greatly reducing the time taken to prepare a home loan for settlement.

Bankwest has also continued to innovate for brokers and was voted 'Bank of the Year' in the Mortgage Professional Australia 2020 Brokers on Banks awards. The award recognises Bankwest's investment in digital tools and support. This includes a portal that enables brokers to track their clients' applications in real-time, and a dedicated single point of contact for brokers throughout the application process.



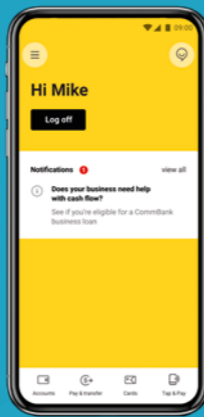
Support for business customers during COVID-19

We have been helping small business customers adapt to the current environment.

To help customers deal with the sudden shut down of the economy, we automatically enrolled eligible small business customers into our loan repayment deferral program. We also expanded our 24/7 support teams, adding further options and a dedicated helpline to help them access funds and pay their staff ahead of the Government's JobKeeper payments.

We funded more than \$650 million in new lending under the Government's Coronavirus SME Guarantee Scheme, equivalent to over 50% of all fundings through the scheme.

Our teams also worked with small business customers to quickly move their business online. Using the Bank's digital capabilities, we helped customers build e-commerce enabled websites with the ability to take orders, process secure payments and arrange delivery.



86,000

business loans deferred at peak

\$27bn

of new lending for Australian businesses in FY20¹

Incentive-based finance for sustainable outcomes

Our institutional bank and Wesfarmers recently signed a \$400 million three-year bilateral sustainability-linked loan – the first in Australia to be linked to achieving better social outcomes and the largest to be offered by a single lender.

Wesfarmers will receive a margin discount on its loan if the company meets its ambitious social and environmental targets, linked to Indigenous employment and reduced carbon emissions intensity.

Sustainability-linked loans deliver widespread benefits by incentivising improved organisational behaviours that build a better Australia and lead to more sustainable outcomes.



Keeping businesses moving forward

Business owners need to act quickly when circumstances change or when opportunities arise. That's why we are using our leading digital capabilities to provide them with smarter everyday banking, faster access to funds, and more support when and where they need it.

Through our BizExpress facility we are providing existing customers with same-day lending decisions for unsecured loans up to \$250,000 and secured loans up to \$1 million.

By using existing customer information to automate and streamline the application process, BizExpress cuts the paperwork for customers and enables our teams to get funds into customers' accounts faster.



OUR STRATEGIC PRIORITIES

Strength in business banking

We are investing in service, data and technology to become Australia's leading business bank.



Backing Australian businesses

This year we have focused on supporting Australian businesses to facilitate the critical role they play in the economy.

Our business bank serves business, corporate and agribusiness customers. To build on the Bank's strengths as the leading payments provider and merchant acquirer in Australia, we have been adding dedicated business bankers and providing more tailored and responsive everyday banking, deposit and lending services. Improvements have also been made to end-to-end processes and technology to enhance customers' banking experiences.

Our institutional bank serves the commercial and wholesale banking needs of large corporate, institutional and government clients. To help clients navigate the rapidly changing business environment, the institutional bank has been using its expertise in capital structuring, financial markets and risk management. This increasingly includes advising clients on end-to-end financing and helping them access alternative domestic and international sources of capital. The institutional bank is also leveraging insights from the Bank's data and analytics capabilities to help clients stay on top of emerging trends in their industries and the economy.

#1

payments provider with largest merchant base¹

2,500+

business bankers and specialists

240+

locations supporting business customers

\$650m+

in loans under the Government's Coronavirus SME Guarantee Scheme, >50% of scheme lending

¹ See Glossary on page 293 of the 2020 Annual Report for source information.



OUR STRATEGIC PRIORITIES

Best in digital

Our goal is to provide the best digital banking experience globally.



#1

- ▶ mobile app and internet banking NPS (Roy Morgan Research)
- ▶ online banking – 11 years in a row (Canstar)
- ▶ mobile banking – five years in a row (Canstar)
- ▶ banking app in Australia (Forrester)

66%

of CommBank transactions made digitally (by value)

See Glossary on page 293 of the 2020 Annual Report for source information.

Delivering the best digital bank

We have built our leadership position in digital banking through decades of investment in digital infrastructure, assets and innovation.

We have prioritised the customer experience to deliver intuitive and user-friendly digital banking services.

We continue to invest in our Customer Engagement Engine which uses artificial intelligence, machine learning and insights from customer activity to drive highly relevant and personalised experiences.

We also continue to develop new features and functionality, and partner with other innovative companies, to add more value for customers.

Our mobile app and internet banking platform have consistently ranked number one for Net Promoter Score. We aim to maintain this position by anticipating customers' needs and expectations and by ensuring that their banking experience with us compares favourably to their best digital experience with any other product or service provider.

Extending our technology advantage

We are focusing on six key areas:



Deep personalisation

We are deploying artificial intelligence, machine learning and data insights to drive personalised and seamless service across all channels.



Integrated digital experiences

We are building new digital banking services, partnering with market leading providers and building x15ventures to deliver the best integrated digital bank experience.



Digitising end-to-end

We are automating and digitising processes to make things simpler, faster and more user-friendly for customers and our people.



Intelligent protection

We are using real-time intelligent analytics to detect suspicious activity, send real-time alerts and automatically block fraudulent transactions.



Modern, resilient platforms

We are leveraging platform-as-a-service to deliver resilient systems, cutting applications and moving 95% of computing to the public cloud.



Globally leading capability

We are partnering with global technology leaders and talent to support 24/7 operations, and providing remote working capabilities for a distributed workforce.

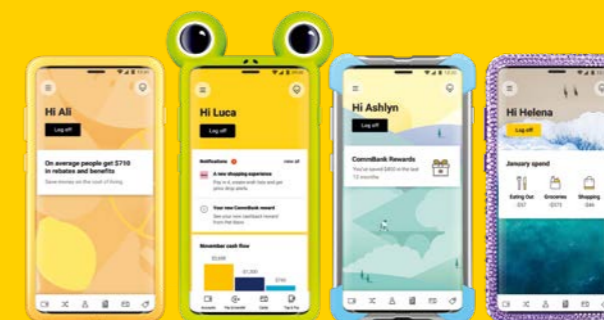
Australia's #1 banking app

Our award-winning CommBank app, used by 6.1 million active customers, now delivers personalised services and alerts to help customers better manage their money and make smarter financial decisions.

Smart features include transaction notifications, reminders for upcoming credit card payments, budgeting tools and a month-to-month spend tracker. We have also strengthened security and fraud detection to keep our customers safe and secure.

Bill prediction, the latest feature, uses data and machine learning to identify recurring bills and provide a timeline of upcoming payments.

The app also extends beyond banking to provide customers with integrated shopping and benefit features. This includes CommBank Rewards which matches customers with personalised offers and cashback rewards on everyday spending.



x15ventures

We launched x15ventures to build a portfolio of new digital businesses by combining the agility of a start-up with the support and reach of the Bank, to better serve our retail and business customers.

x15ventures has launched four ventures already: Home-in (e-conveyancing), Vonto (data insights for businesses), Credit Savvy (credit-score and marketplace), and Backr (start-a-business platform).

In July, x15ventures hosted Xccelerate 2020, a virtual pitch event for start-ups to battle it out in front of industry experts to receive mentoring and funding. The inaugural event is part of our commitment to partner with the fintech community, and to launch 25+ ventures over the next five years.

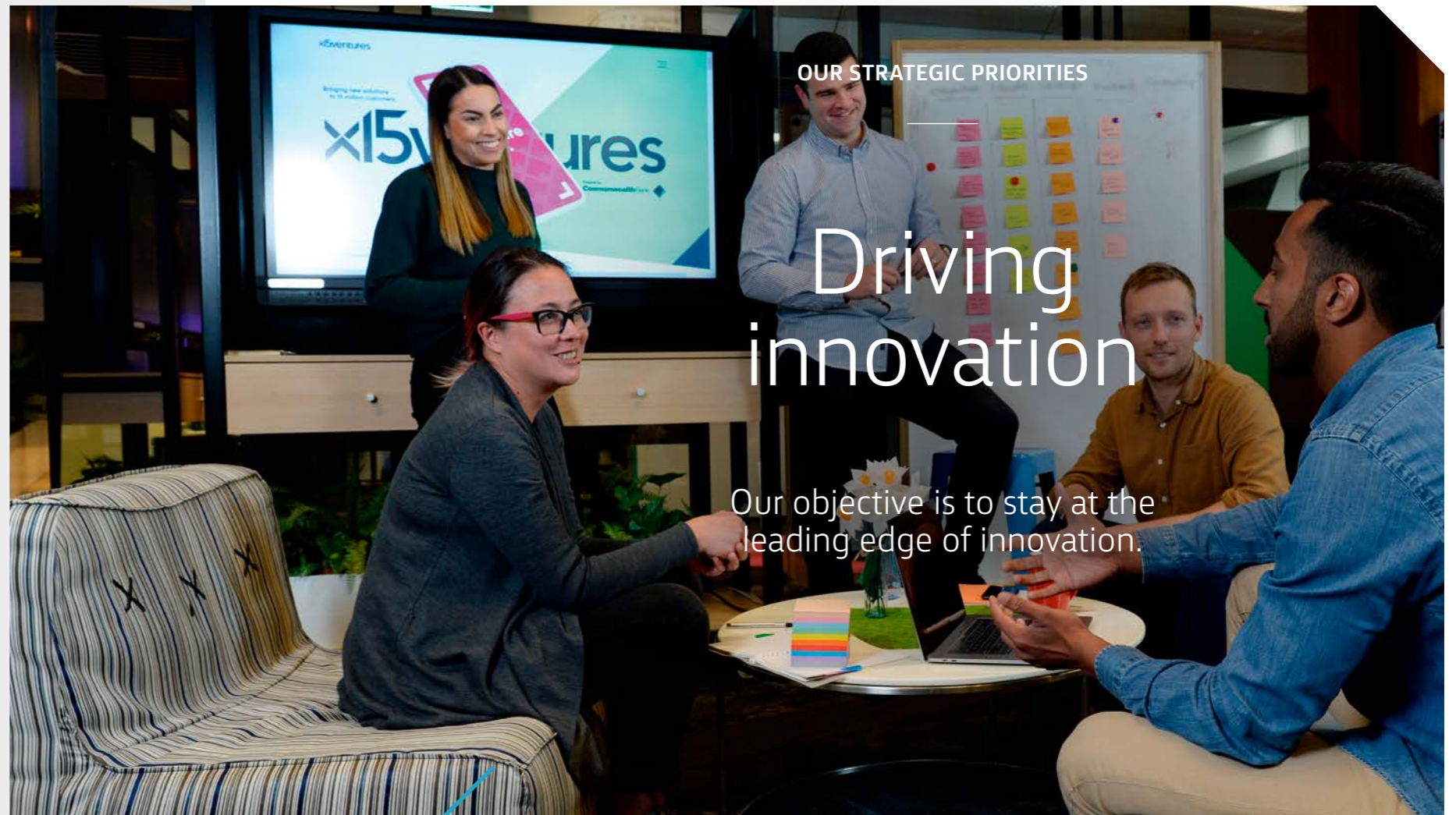
This year's winner is givvable, led by Frances Atkins and Naomi Vowels. Their platform helps companies find and source sustainable suppliers.



Sophie Gilder and Simon Gireau from x15ventures at the inaugural Xccelerate event.

25+ new ventures in five years

- ▶ 4 in market
- ▶ 12 in development



Driving innovation

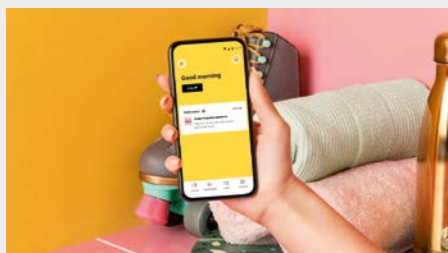
Our objective is to stay at the leading edge of innovation.

Klarna.

We have partnered with Klarna to offer a shop now, pay later experience that is used by over 85 million shoppers worldwide.

Through the Klarna app, customers can shop at almost any online store and pay with instalments using their linked CommBank debit or credit card.

Customers can create a Klarna account through the CommBank app, and once a purchase is made can track orders and upcoming payments via the app. Klarna also provides special offers and sends price drop notifications on wish list items.






backr

Backr is a go-to portal for aspiring entrepreneurs and micro-businesses looking to set up shop.

The small business-in-a-box service simplifies the process of setting up a business, giving step-by-step instructions and in-app tools to support business registration, business plan formulation, invoice creation and more.

Developed through x15ventures, Backr's official launch has been brought forward to September 2020 to help the next generation of small businesses contribute to Australia's economic recovery.

-  Hire contractors
-  Create website
-  Register for an ABN

Innovating for growth

We invest in innovation to offer compelling customer experiences, to stand out amid increasing competition and to position the business for future growth. We innovate within our business and with strategic partners to improve our customer-facing applications as well as our back-end processes and systems.

Reimagining banking

Our innovation is structured around our core businesses – everyday banking, home buying and business banking – to enhance the services we offer today and to anticipate and lead how our customers will bank tomorrow.

We continue to simplify the home buying experience and are working with Home-in to provide customers with an end-to-end digital home buying assistant. Through Credit Savvy, our customers can track their credit score and compare products. We are helping small business customers access and interpret their data through Vonto so they can optimise and grow their business. We also launched CommSec Pocket to provide new ways to invest.

Reengineering processes

By taking a new approach to existing processes and information, we aim to deliver simpler ways of working and improved efficiency and performance for our customers and our own business.

We have invested in PEXA which digitises home loan settlement. By building direct interfaces between our systems and the PEXA settlement hub, we have achieved greater settlement certainty for our customers and significant productivity benefits for our people. As a result, four out of five Commonwealth Bank and Bankwest home loans are now digitally settled through PEXA.

Growing strategic partnerships

To drive step change innovation we partner with start-ups, fintechs, scientists, research institutes and large market-leading companies. This allows us to strategically pool talent, resources and expertise.

By collaborating with organisations such as the CSIRO's Data61 and Harvard STAR Lab we have used multi-disciplinary thinking to develop solutions that improve our customers' financial wellbeing. We have established our own vehicle for innovation, x15ventures, in partnership with Microsoft and KPMG. We have also partnered with SquarePeg and Zetta to help identify and launch future digital solutions for our customers.



Financial performance overview

Our financial results for the 2020 financial year reflect the impact of COVID-19 on our customers and the economy, however, our business performance remained strong.¹

Net profit after tax

\$9,634m **\$7,296m**

Statutory NPAT²

▲ 12.4% on FY19

Cash NPAT

▼ 11.3% on FY19

NPAT was supported by strong business performance but impacted by higher loan impairment expense due to COVID-19. Statutory NPAT increased due to gains on sale from divestments.

Volume growth in core business

Business lending⁵

+\$7.0bn +5.1%

Home lending⁵

+\$18.4bn 1.3x system

Household deposits⁶

+\$25.0bn +9.8%

Common Equity Tier 1 capital ratio

11.6%

APRA (Level 2)²

▲ 90bpts on FY19

Above APRA's 'unquestionably strong' benchmark of 10.5%. CET1 capital ratio of 17.4% on an internationally comparable basis.

Loan impairment expense, provisions

\$2,518m **1.70%**

▲ \$1,317m on FY19

Provision coverage ratio

The loan loss rate increased to 33 basis points³(bpts), inclusive of the COVID-19 provision. Peer leading total provision coverage ratio of 1.70%, up from 1.29% in FY19⁴.

Net interest margin

2.07%

▼ 2bpts on FY19

Group NIM declined due to the impact of lower interest rates, partly offset by lower short term funding costs.

Dividend

\$2.98

Per share, fully franked²

▼ 31% on FY19

The final dividend was 98 cents per share, fully franked. The interim dividend was \$2.00 per share, fully franked.

1 Unless otherwise stated, all information in this section is presented on a continuing operations basis.

2 Includes discontinued operations.

3 Cash loan impairment expense as a percentage of average gross loans and acceptances.

4 Total provisions as a percentage of credit risk weighted assets.

5 As reported in RBA Lending and Credit Aggregates (Home lending and Business lending). RBA collection data was aligned to the new regulatory definitions set by APRA from July 2019, therefore the home lending system multiple has been calculated for the 11 months to June 2020 annualised. Business lending includes Business and Private Banking, Bankwest and Institutional Banking and Markets (ex. CMPF) and growth is calculated for 12 months.

6 As reported in APRA Monthly ADI Statistics (MADIS) (Household deposits).

➕ More information on the Bank's financial performance is available on pages 18–27 in the 2020 Annual Report.

Delivering for shareholders

Our aim is to deliver sector leading returns and a sustainable dividend. We achieve this by focusing on both operating performance and capital generation. We understand the importance of delivering shareholder returns at strong and sustainable levels, and that many Australians rely on the income they receive from dividends.

Sustaining performance

The quality of the Bank's franchise, including our customer, distribution and technology strengths, has supported strong and consistent operating performance over time. The strength of our deposits franchise means that we have reliable access to lower cost funding. We also manage our balance sheet prudently to mitigate earnings volatility, and focus on risk-adjusted returns to efficiently allocate capital across our businesses.

As the outlook for the economy is uncertain we remain focused on managing the business, our credit decisioning and our balance sheet carefully, to ensure that we remain well-positioned to continue supporting customers and performing for shareholders.

Dividends

The final dividend of 98 cents per share reflects APRA's July 2020 guidance, which applies until the end of the calendar year, that banks should retain at least 50% of earnings. The final dividend payout ratio was 49.95% of the Bank's statutory earnings for the second half of this financial year.

Including the interim dividend of \$2.00 per share, the full year dividend was \$2.98 per share, fully franked. The Dividend Reinvestment Plan continues to be offered to shareholders. No discount will be applied to shares allocated under the plan for the final dividend.

888,000+

shareholders hold CBA shares directly, millions more hold CBA shares through their superannuation

78%

Australian ownership

52%

direct ownership by retail shareholders

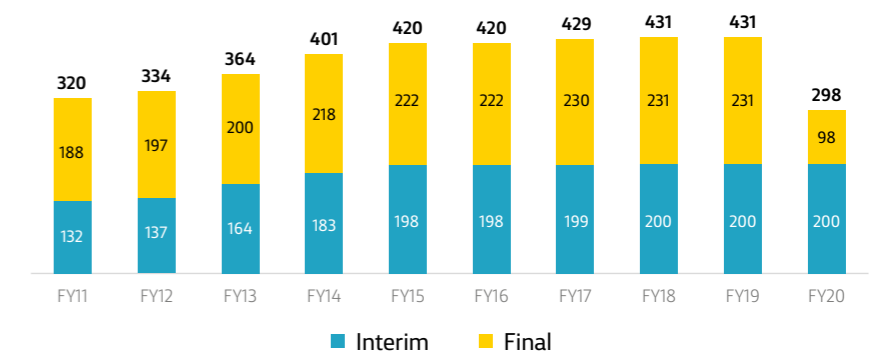
\$5.3bn

returned to shareholders as dividends in FY20

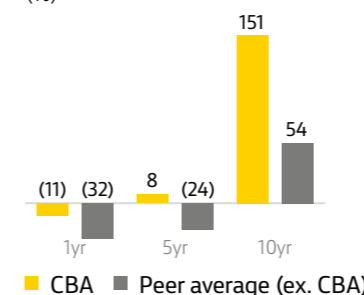
\$2,420

dividend amount received by the average retail shareholder

Dividend per share (cents)



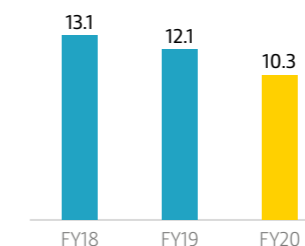
Total shareholder return (%)



Total shareholder return (TSR) combines both share price appreciation and dividends paid. It shows the total return to shareholders over time.

Return on equity

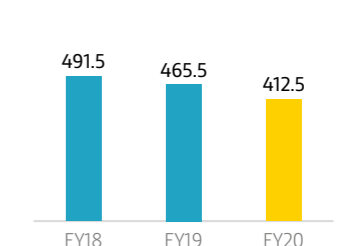
Cash, continuing operations (%)



Return on Equity (ROE) measures the Bank's profitability. It represents the net profit generated as a percentage of the equity shareholders have invested.

Earnings per share

Cash, continuing operations (cents)



Earnings per share (EPS) measures the Bank's earnings growth. It is calculated by dividing net profit after tax by the number of shares on issue.



HOW WE CREATE VALUE

Our commitment to sustainability

Delivering balanced and sustainable outcomes for our stakeholders.

Supporting our customers

To improve our customers' financial wellbeing, we are focused on being a simpler, better bank and supporting our customers through uncertain and challenging times.

Investing in our communities

As the Bank for all Australians, we have a responsibility to improve the financial wellbeing of the communities we serve and to make a positive contribution to society.

Commitment to our people

Our people are our greatest asset and having an engaged, energised and accountable workforce delivers better outcomes for our stakeholders.

Good business practice

By conducting our business responsibly and transparently, we contribute to a strong economy and a trusted and resilient financial system.

Our approach to climate change

We are committed to supporting the responsible global transition to a net zero emissions economy by 2050.

Our approach is guided by evolving global practices and feedback from our stakeholders on material matters.

Global principles and goals

We are signatories to international initiatives, principles and goals.



Our policies and targets

We develop policies and targets to drive progress on our commitments. Key policies include:

- Environmental and Social Policy
- Supplier Code of Conduct
- Diversity and Inclusion Policy

➕ View our policies at commbank.com.au/policies

Providing transparency

We report our progress in line with global frameworks and standards.



Assessing our performance

We benchmark our progress using leading sustainability indices and surveys, including:



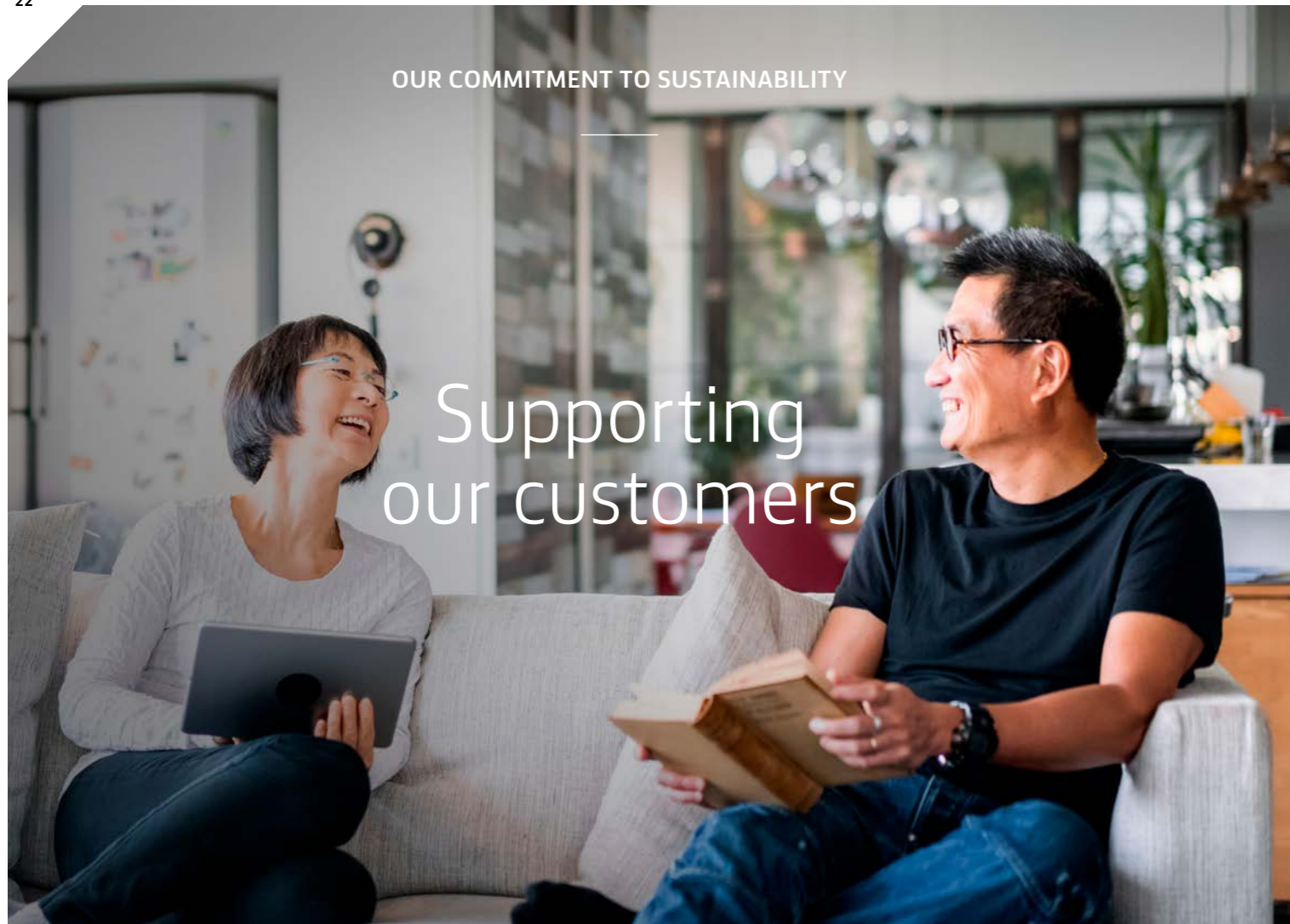
Dr Scott Sleep and Jordarna Barber

Commonwealth Bank Teaching Award winner Dr Scott Sleep pictured with Cessnock High School student Jordarna Barber, working on her team's entry for the F1 in Schools STEM Challenge.



OUR COMMITMENT TO SUSTAINABILITY

Supporting our customers



1m+

calls and online requests for help during COVID-19

250,000+

home, business and personal loans deferred at peak

250m

personalised in-app messages offering COVID-19 support

We can. Together.

We continue to focus on being a simpler, better bank and supporting our customers through uncertain and challenging times.

This year, we have worked to maintain essential banking services and provide additional support to customers impacted by bushfires, drought and COVID-19.

Helping customers in need

Through our Emergency Assistance Package for customers affected by bushfires, floods and storms, we expedited more than \$100 million in insurance claims, deferred loan repayments, restructured small business loans, and waived certain fees and charges. We also extended the package to all volunteer firefighters.

We made a Drought Assistance Package available to farmers and regional businesses affected by drought. Support measures included a loan repayment pause, waiving of fees and charges and access to a confidential telephone counselling service.

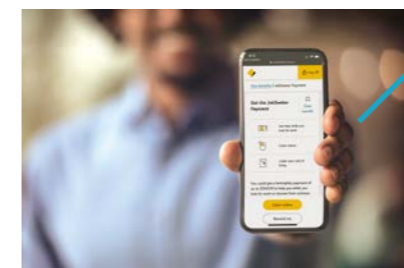
COVID-19 support

To meet the surge in demand for phone and online banking, we reskilled support and frontline employees and added new temporary recruits from the aviation industry to help in our customer contact centres. We kept our branch network open with measures in place to protect our customers and our people.

To meet the needs of customers most at risk from visiting branches, we prioritised calls from customers aged over 70, sent debit cards to those who rely on passbooks and cash, and proactively called 250,000 customers to discuss alternative ways to bank.

At the height of the crisis, we automatically deferred repayments on all eligible small business loans and quickly processed deferral requests for our home loan customers.

We will continue to work with our retail and business customers to provide the support that best meets their individual circumstances going forward.



\$153m+

benefits for customers in FY20

Connecting customers with unclaimed benefits

Each year, Australians miss out on millions of dollars in benefits and rebates offered by government agencies and third parties, such as energy rebates, toll relief and carer allowances. Our *Benefits finder* tool in the CommBank app and on NetBank uses data insights and machine learning to match customers with relevant rebates and benefits. Over 690,000 claims have been started through the tool since launch. This financial year, customers have saved \$69 million in utility bills and over \$84 million in additional government payments.

Benefits finder for businesses



To help customers who run a business, *Benefits finder* now includes COVID-19 related business support packages provided by State and Federal governments. Through the tool customers can now access facilities including instant asset write offs, cash flow assistance, tax relief options and apprentice and trainee support.

Learn more at commbank.com.au/benefitsfinder

Listening to customers

This year, our Executive Leadership Team prioritised directly talking with customers, to understand what is most important to them, and get their feedback on the Bank's performance. This included open customer forums, individual customer meetings, spending time in our branches and listening to customer calls in our contact centres.



Matt Comyn talks to customers at an open forum in Brisbane in November.

At the forums, customers asked about our deposit and lending rates, how we are rewarding loyalty, plans for our branch network, and what we are doing on financial education. Customers also wanted to hear what we learnt from the Royal Commission and how we are rebuilding trust and improving our culture.

team for an independent review. The Customer Advocate's decisions are final and binding for the Bank, but customers can take their dispute to an external resolution body, such as the Australian Financial Complaints Authority, if they remain unhappy with the outcome.

Responding to complaints

We take customers' complaints seriously and seek to resolve any problems quickly, fairly and transparently. If customers are dissatisfied with the outcome of a complaint investigation, they can turn to our Customer Advocate

The Customer Advocate team also analyses complaint data to fix problems before they become systemic issues. This helps us to proactively improve our products, processes and decision-making.

Key complaint and Customer Advocate metrics are provided on page 47 of the 2020 Annual Report.

Delivering better customer outcomes

We use our technology, data and insights to help customers better manage their finances. This year we sent over 27 million smart alerts through the CommBank app and NetBank to enable our retail and business customers to avoid unnecessary overdraft and credit card fees. We provide additional resources where we have identified areas of customer vulnerability. This includes our 'Safe and Savvy' guide to help prevent elder financial abuse. We also provide fee-free banking for customers with low incomes and a dedicated Indigenous Customer Assistance Line for customers in remote communities.

Helping customers in hardship

Customers experiencing financial hardship are supported by our Financial Assistance Solutions (FAS) team. This year, the FAS team worked with 45,787 customers to provide solutions tailored to their situations. To help customers experiencing financial stress due to COVID-19, the team has more than doubled to approximately 1,500 frontline staff. Loans deferred due to COVID-19 impacts are not included in the hardship figure.

Compassionate care for mortgage customers

When our customers face a terminal illness diagnosis or lose a spouse or dependant, they need to focus on their health and caring for their family. To ensure they do not worry about making their mortgage payments, we launched Home Loan Compassionate Care in February. This complimentary insurance policy covers up to 12 months of mortgage repayments for eligible owner-occupied home loan customers.

Learn more at commbank.com.au/compassionate-care

Relevant UN Sustainable Development Goals



OUR COMMITMENT TO SUSTAINABILITY

Farmers in Armidale received hay donated through the Bank's Christmas Drought Appeal and partnership with Rural Aid.

Investing in our communities



\$332m

in community investment

377,214

students enrolled in Start Smart financial education

\$10m

commitment to bushfire recovery grants

Making a positive contribution

As the Bank for all Australians, we have a responsibility to improve the financial wellbeing of the communities we serve and to make a positive contribution to society.

For more than 100 years, the CommBank Staff Foundation – our people's charity – has been supporting Australians' wellbeing. As part of the Foundation's 2020 grants program, more than 200 grants of \$10,000 have been awarded to community organisations to enable them to continue the important work they are doing to help communities in need. Recipient organisations of this year's grants are working to address a diverse range of issues across our community – including homelessness, Indigenous disadvantage, domestic violence and cancer support.

This year, to raise money for communities impacted by drought, we launched the Christmas Drought Appeal. Customers and staff donated generously through our branches and the CommBank app, adding to the \$1.6 million donated by the Bank. The donations were provided to four

community partners including Rural Aid which delivered over 4,500 bales of hay to more than 440 affected farmers. Other beneficiaries included the Bush Children's Education Foundation, NSW Rural Financial Counselling and the Australian Red Cross.

Our commitment to education

We have a longstanding commitment to financial education to help the next generation make smart decisions about their financial wellbeing, through our school banking and Start Smart programs.

More than 3.9 million school-aged students have now received financial education through Start Smart, our award-winning financial education initiative. The free program was founded in 2007 and is designed to give young Australians the skills and confidence to make good decisions about money.

This year, with schools closed due to COVID-19, we created Start Smart Digital to take facilitators into online classrooms across the nation. More than 11,000 students have participated in online learning sessions to date.

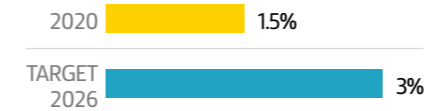
Advancing reconciliation

Through our Reconciliation Action Plan, we are committed to achieving parity for Indigenous representation in our workforce.

Training and employment pathways are critical to accomplishing this goal. To that end, we sponsor several traineeship programs and launched an Indigenous Training Academy to encourage the take-up of careers in technology. More than 30 trainees and interns have now graduated from the Academy and many are pursuing their careers with us in areas such as engineering, end user experience and cyber security.

We are committed to increasing Aboriginal and Torres Strait Islander representation in our domestic workforce to 3% by 2026.

Indigenous workforce



Awarding great teachers



Together with Australian Schools Plus, the Bank continues to celebrate outstanding Australian educators through the Commonwealth Bank Teaching Awards. Now in its fourth year, the 12 selected teachers and school leaders each receive a \$45,000 Teaching Fellowship to fund a strategic project in their school and further their own professional development. This year's winners include Dr Scott Sleaf, deputy principal of Cessnock High School in the Hunter Valley. Dr Sleaf helps his students see new career possibilities in science, technology, engineering and maths through The Cessnock Academy of STEM Excellence.

Tackling financial abuse

For several years we have invested in programs that support customers, employees and members of the community who are affected by financial abuse in the context of domestic and family violence.

This year, we established a Community and Customer Vulnerability team to identify and respond to those in need with sensitivity and skill. Our frontline branch staff are also trained to provide support and affected customers can speak confidentially to our specialist Community Wellbeing team.

We have partnered with leading experts and community organisations to develop the resources and support networks required to help those affected get back on their feet.

We have also worked with other financial services companies and industry bodies to identify and stop abuse via digital banking platforms, such as the use of transaction descriptions to threaten and intimidate.

Fostering green shoots



Students and teachers at Quaama Public School.

From the start of the bushfire season, we used our branch network and the CommBank app to help gather donations from customers and employees. Thanks to their generosity, nearly \$6 million was raised for affected communities.

To help with the rebuild and provide practical, on the ground support, we committed up to \$10 million to bushfire recovery grants. Community groups were able to apply for a grant of up to \$50,000 to replace lost or damaged equipment or support community wellbeing.

One bushfire grant recipient is Quaama Public School in the Bega Valley Shire. The town's residents had spent years raising money to build a teaching garden at their local public school. Less than two weeks after the garden was officially opened, fire swept through.

The grant will now allow the school to rebuild the garden, replace the irrigation system and get back to teaching the students how to grow food.

Focusing on reputation and trust

It is critical that we meet the community's expectations and are trusted. To rebuild trust, we have been focused on demonstrating through our actions that we are capable and reliable, doing the right thing and improving outcomes for all of our stakeholders. To emphasise the importance of rebuilding the Bank's reputation, executive leaders' long-term variable remuneration granted since FY18 is in part linked to relative improvements in our RepTrak score.

➕ See page 90 of the 2020 Annual Report for more details.

Relevant UN Sustainable Development Goals



OUR COMMITMENT TO SUSTAINABILITY

Commitment to our people

89%

proud to work for the Bank

90%

confident in the future of the Bank

41%

women in Executive Manager and above roles

Engaged and energised

Our people are the Bank's most important asset and an engaged, energised and accountable workforce is essential to delivering better outcomes for all of our stakeholders.

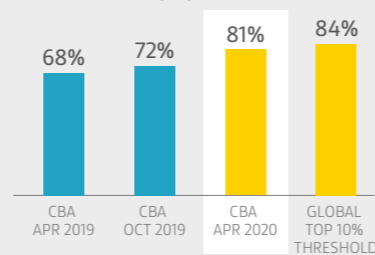
We track and measure employee engagement through the Your Voice people and culture survey. Our goal is to be among the top 10% of companies globally for our employee engagement score. Our most recent results show a significant improvement in engagement, with our people indicating they feel proud of the work we have been doing to provide essential services to customers, communities and the broader economy during this year's bushfires and COVID-19. During the pandemic, we conducted additional, focused surveys to assess our people's key concerns.

In the April survey, employee engagement was 81%, up 13% on April 2019. 89% of our people said they feel proud to work for the Bank, 90% expressed confidence in the future of the Bank, and 82% said they felt a personal sense of accomplishment in the work we are doing.

Strengthening culture and accountability

Our Code of Conduct incorporates our purpose and values, and sets expectations on how our people should act. It includes the 'Should We?' test to ensure our people do the right thing by our customers and the community. This year, further work was done to embed our Code of Conduct into our processes to support the skills and mindset required to deliver the best customer and risk outcomes. Our new recognition programs celebrate colleagues who are living our values, and allow our people to nominate those who have gone above and beyond for Excellence Awards.

Employee Engagement Index score



Prioritising health, wellbeing

This year, more than ever, our priority has been the safety, health and wellbeing of our people. To ensure we maintained essential banking services and met the surge in customer demand for assistance during COVID-19, we quickly adapted our branches and offices to maintain physical distancing and keep our people and customers safe. We also quickly scaled our remote working technologies allowing more than 39,000 of our people and delivery partners to work from home.

To help our people manage coronavirus-related health, anxiety or financial concerns, we provided a range of wellbeing and family support resources via podcasts, webinars, videos and our Thrive wellness portal. Employees were able to book free health checks through our online health hub, and access confidential counselling through our MyCoach telephone service. We also offered an interest-free cash advance to employees who were having difficulty meeting expenses due to the impact of COVID-19 on them or their families.

Promoting a SpeakUP culture



It is important that our people feel they can raise any issue or conduct that concerns them, and know that they will be taken seriously. This year, we enhanced our whistleblower policy to meet the requirements of ASIC Regulatory Guide 270 and provided additional avenues for our people to raise concerns, including the introduction of an anonymous online channel. The policy was also expanded to include spouses, dependants and relatives of employees, in addition to current and former employees, contractors, consultants and suppliers. As a result of these changes, whistleblower cases raised through our SpeakUP program increased to 103 from 30 in FY19. More broadly, general SpeakUP cases decreased to 284 for the year, from 311 last year.

Learn more at commbank.com.au/policies

Creating a diverse, inclusive culture

When our people and leaders reflect the diversity of our customers and when our people feel respected and supported, we can deliver the best outcomes for all of our stakeholders.

Our employee-led networks play an important role in promoting inclusion and informing solutions for our people and customers. They include WeCAN (gender equality), Yana Budjari (Aboriginal and Torres Strait Islander peoples and cultures), Unity (sexual orientation and gender identity), Mosaic (cultural diversity), AdvantAge (life-stage and age) and Enable (accessibility and inclusion for people with a disability).

We know that sharing child caring responsibilities promotes workforce participation and are happy to see male employees continue to access parental leave this year. Parents at Work, an organisation that provides work and family education and policy advice, featured the Bank in a case study on our gender-neutral parental leave. We also created Financial Wellbeing Guides to further support parents.

We have achieved the goals set in 2015 to increase the number of women in leadership roles, and so this year have set a new ambitious goal to achieve 47-50% of women in Executive Manager

and above roles by 2025. We are also committed to gender pay equity and review it throughout the year as part of our remuneration review process.

While we are proud that the Bank overall is more culturally diverse than the Australian population, we will continue to focus on cultural diversity across our senior leadership roles.

Our key workforce metrics are provided on page 50-51 of the 2020 Annual Report.

Women in leadership

2020 target 2020 actual

Executive Manager and above roles 40% 41%

Manager and above roles 45% 45%

New goal

47-50% women in Executive Manager and above roles by 2025

Welcome aboard

We hired new colleagues from the aviation industry to help our contact centres manage the increased volume of customer assistance requests during the coronavirus pandemic. The temporary recruits, from Qantas and Virgin, bring customer service skills that transfer well from aviation to banking. To prepare them for supporting customers, we launched a 15-day training program. We also provided dedicated coaching and observation, so that our new recruits had the confidence and capability to take calls with customers.



Molly Beveridge, Scott Thompson and Louis Diamond have joined the Bank from the aviation industry.

Support for staff impacted by domestic and family violence

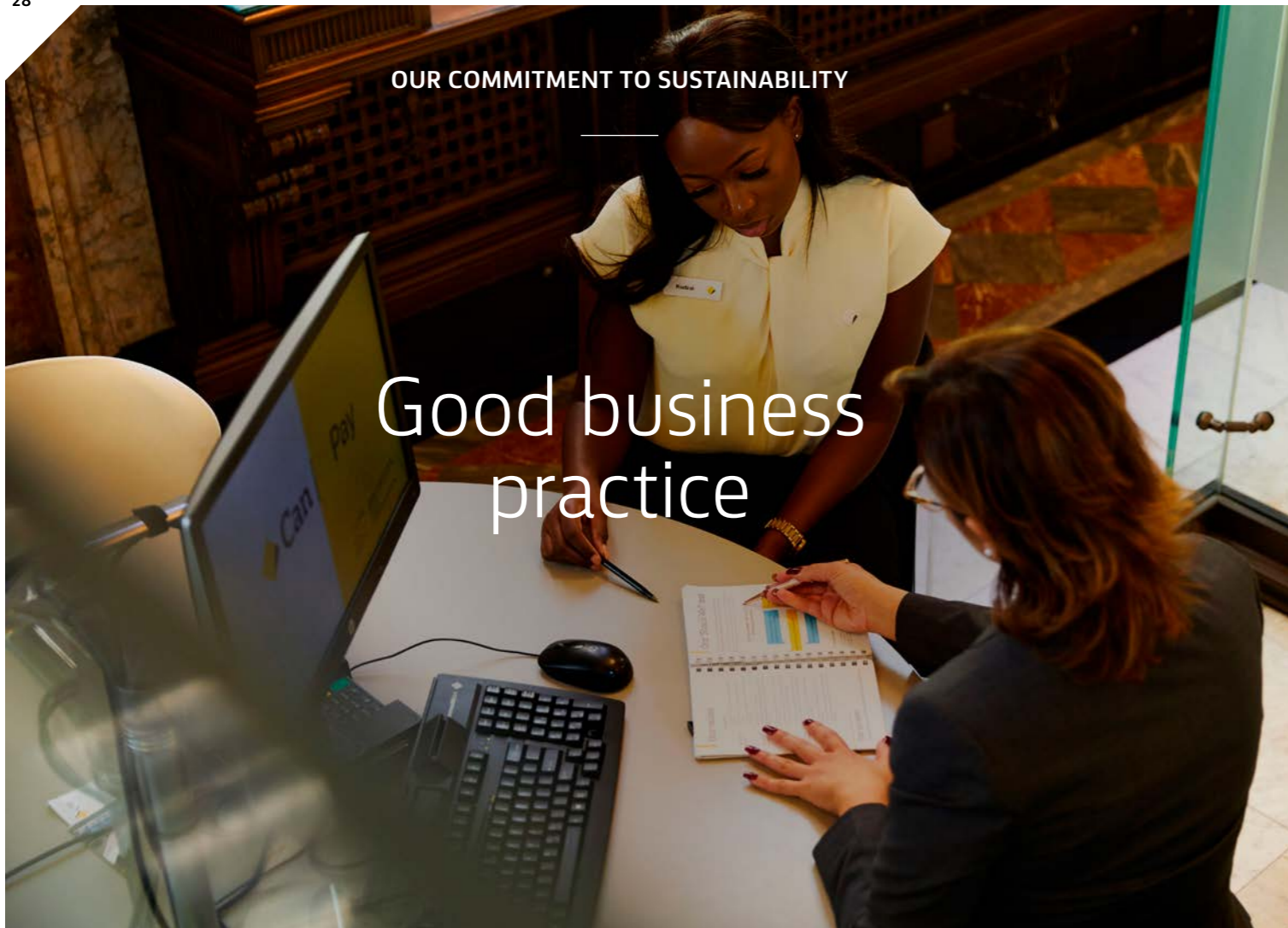
Due to the size of our workforce and the scale of the issue, we know that many of our people are directly impacted by domestic and family violence. To support affected employees, we offer as much paid leave as they need to navigate their situation. We also provide up to five days' paid leave to employees helping an immediate family or household member.

Relevant UN Sustainable Development Goals



OUR COMMITMENT TO SUSTAINABILITY

Good business practice



100%

of Australian electricity needs now sourced from renewable energy, 10 years ahead of target

\$5.4bn

in low carbon project financing

11 days

average time to payment for small business suppliers; moved to immediate payment terms for small businesses during COVID-19

Building partnerships

The Bank's heritage and scale means that we have a responsibility to contribute to a strong economy and a trusted and resilient financial system. We can achieve this when we work transparently and constructively with government, regulators, industry associations and the community.

During the coronavirus pandemic, we have been working with the industry, the government and regulators to quickly mobilise a broad range of support and stimulus measures. By working together, we have been able to get money into the economy and take pressure off households and businesses by offering lower cost loans and loan repayment deferrals. This collaborative environment has also enabled unprecedented change and accelerated innovation in the sector, including increased adoption of electronic payments and digital engagement by the community.

To help the government and regulators get a gauge on how the economy, businesses and individuals are faring, we are providing access to aggregated real-time banking and payments data. This data will continue to help policy

makers design policies that support economic recovery over the longer-term.

To drive increased customer choice, competition and innovation, we have been an active participant in initiatives such as Open Banking, Comprehensive Credit Reporting and the New Payments Platform.

To support financial and economic stability more broadly, we contribute to initiatives that address financial crime and cyber security. As a member of the Fintel Alliance we work with Australian and international regulators to combat money laundering and terrorism financing; and through our cyber security program we invest in cyber skills education and capacity building to strengthen system-wide resilience.

We are also committed to making the changes necessary to restore and maintain trust in the Bank and our industry. We have participated in more than 65 government inquiries in recent years which have led to changes in legislation, regulation and industry practice.

Managing environmental and social risks

We manage environmental and social risks in our operations, lending activities, and superannuation and investment business. This includes minimising our environmental footprint and supporting the transition to a low carbon economy, as well as identifying and improving human rights impacts through our value chain.

Our Environmental and Social Policy outlines our commitments and targets, as well as how we manage the risks and identify opportunities.

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. This year, we achieved our target to source 100% renewable electricity for our Australian power needs, 10 years ahead of our 2030 deadline. As at 30 June 2020, we had total committed exposures of \$5.4 billion to low carbon projects, including \$4.2 billion in renewable energy exposure.

All institutional bank loans, as well as large loans in other business units, are evaluated through a compulsory ESG Risk Assessment Tool. Annual training is undertaken by the relevant client, risk and product teams to ensure they are up-to-date with requirements.

ESG risks are also incorporated into our investment decisions to deliver sustainable, long-term outcomes.

For more information on how we manage climate change risk and opportunities, see pages 38–45 of the 2020 Annual Report.



Responsible investing

Our investment and superannuation business, Colonial First State (CFS), has exited all investments in companies associated with the production of tobacco and controversial weapons across its bond and equity portfolios. The exclusion applies to all fund managers engaged by CFS, and was achieved as at 31 December 2019.

Managing our supply chain

We have more than 7,200 Australian and international suppliers so it is important that we fulfil our responsibilities to those businesses as well as manage potential risks.

We are a signatory to the Australian Supplier Payment Code which requires us to pay eligible Australian small business suppliers on time and within 30 days of receiving an invoice. This year, our average payment time for these suppliers was 11 days; and to keep cash flowing during COVID-19 we changed all payment terms for small businesses to immediate payment.

Our Supplier Code of Conduct outlines how we manage supply-chain risks such as data security and privacy, human rights, modern slavery, environmental impact, and bribery and corruption. We require all suppliers to acknowledge this code as part of their contractual agreement with us.

Minimising the risk of modern slavery

Our approach to human rights and modern slavery is guided by our Environmental and Social Policy. We engage with new and existing suppliers to actively identify, manage and mitigate these issues. This year we added detailed questions on modern slavery to our tender questionnaires for all new supplier arrangements; and we updated our Supplier Code of Conduct to provide guidance to suppliers on how we will work with them when issues are suspected or identified.

We undertook country and industry level risk analysis of key suppliers. For our property operations, this identified that the high risk suppliers were in construction, catering, cleaning and security services. We then asked these suppliers to provide detailed information on their policies, processes and remediation mechanisms. We also sought advice from the Mekong Club on supply chain due diligence and invited Be Slavery Free to present to key property services suppliers to build awareness.

We will release our Modern Slavery Statement in the 2021 financial year as required under the *Modern Slavery Act 2018* (Cth).

Our annual Modern Slavery and Human Trafficking statement which responds to UK requirements is available at commbank.com.au/CRreporting



Banking Code of Practice

As a member of the Australian Banking Association we helped develop the new Banking Code of Practice which came into effect on 1 July 2019. The code adds new protections for vulnerable customers, loan guarantors, co-borrowers and small business customers.

Political donations

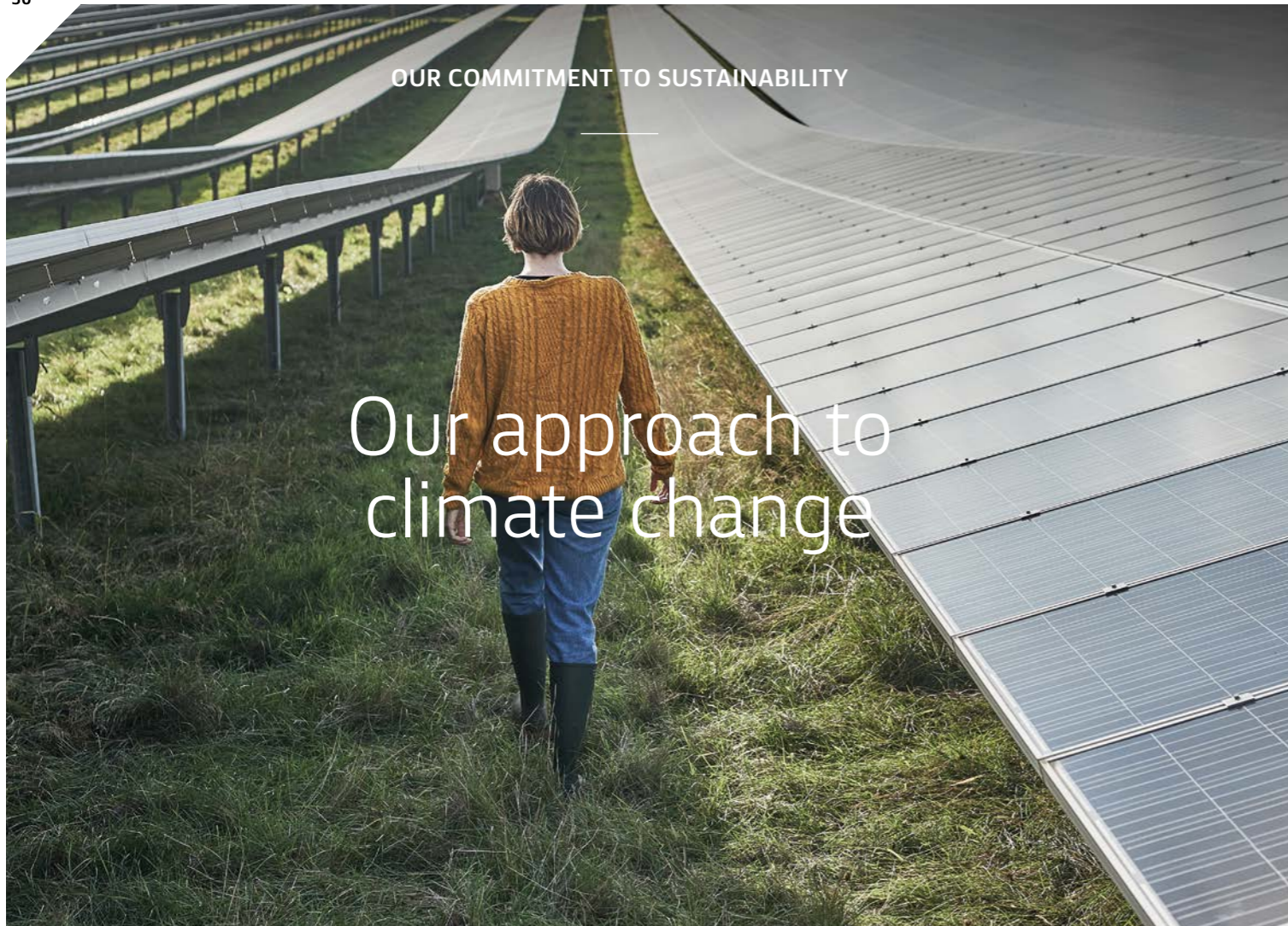
Our Group External Communications and Engagement Policy explicitly precludes the Bank from making political donations. We may, however, pay to attend some political events aimed at the business community. To attend these events in the 2020 financial year we contributed \$70,500 to the Australian Labor Party, \$70,000 to the Liberal Party of Australia and \$11,175 to the National Party of Australia. These payments are disclosed in line with the requirements of Federal and State governments.

Industry associations

The Bank is a member of a number of industry associations and we participate both through those associations and directly with policy makers in the development and advocacy of public policy positions. Industry associations represent a range of members with diverse interests so the policy positions adopted by an industry association should not be assumed to represent the views of the Bank.

Relevant UN Sustainable Development Goals





Our approach to climate change

Climate change poses a significant risk to our environment, our economy and our community, and is a source of both risks and opportunities for the Bank. 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.

To achieve the goals of the Paris Agreement, action over the next decade to 2030 is crucial while supporting the financial wellbeing of our customers, communities and the Australian economy.

Since 2018 we have been disclosing our progress, performance and plans in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The first three phases of our approach to climate change focused on establishing the governance and deep analysis required to better understand climate risks and opportunities. In the current fourth phase, we are focused on incorporating climate considerations into our strategy across all business units, and enhancing our approach to risk management.

The recent bushfires resulted in heightened attention from customers, investors, regulators and the community on the role businesses play in addressing and managing environmental and social impacts. This year, we have continued to take proactive steps to support our customers and clients, and contribute to economy-wide initiatives that support a sustainable and resilient economy.

➕ More information on our approach to climate change is available on pages 38–45 of the 2020 Annual Report.

- Phase 1**
Pre-FY18
Policy, due diligence, governance
- Phase 2**
FY18
Analysis of portfolio risks and opportunities
- Phase 3**
FY19
Extending scenario analysis, developing strategic responses, capability building
- Phase 4**
FY20–21
Embedding climate considerations into strategy, business and risk management processes

Our progress

Action	Phase 1–2	Phase 3	Phase 4	
	Pre-FY19	FY19	FY20	FY21
Governance				
Oversight of climate risks by the Board Risk & Compliance Committee and Executive Leadership Team (ELT) through the Risk Management Framework	✓			
Group Environmental and Social (E&S) Policy clarifying Board and subsidiary Boards' oversight and Management accountability for E&S risk, including climate change		✓		
Group E&S Framework outlining climate commitments (reviewed on an ongoing basis)		○	○	○
Review and update Responsible Investment Policy in Colonial First State (CFS)	✓		✓	
Strategy				
Commitment to support the objectives of the Paris Agreement	✓			
Climate scenario analysis:				
• Business lending: transition risks. Home lending and insurance: physical risks. FirstChoice Australian Share Fund: transition risks.	✓			
• Agribusiness lending: physical risks.		✓		
• Business lending: physical risks.				○
• Retail (home lending) and insurance: transition risks.				○
Develop and integrate strategic responses to address climate change through our own business actions, as well as through our broader role with our customers and communities	○	○	○	○
Risk management				
Climate incorporated into the Risk Management Framework as a strategic risk and a driver of financial and non-financial risks	✓			
Group Risk Appetite Statement annual review			✓	
Update our business lending policies in the E&S Framework to support the responsible transition to a net zero emissions economy by 2050		✓		
Undertake analysis of emissions intensity of our business lending portfolio and Energy Value Chain to track performance of supporting the transition to a net zero emissions economy	○	○	○	○
Ongoing development and evolution of our ESG Risk Assessment tool for business lending	○	○	○	○
Expansion of climate change metrics aggregated across the entire CFS portfolio			✓	
Metrics and targets				
Emissions reduction targets (Scope 1 and 2)	○	○	○	○
RE100 commitment to source 100% renewable energy by 2030 (achieved for Australian operations)		○	○	○
Targeting an average emissions intensity decrease of our business lending portfolio	○	○	○	○
Set new emissions reduction targets:				
• Science-based emissions reduction target (Scope 1 and 2)				○
• Scope 3 emissions reduction target				○

Key: ✓ Complete ○ Ongoing ○ Future activity



FOCUS ON SUSTAINABILITY PERFORMANCE

Sustainability performance overview

To achieve our objective of balanced and sustainable outcomes, we set targets for, measure and report a range of material customer, environmental, social and governance metrics.¹

Women in leadership in Executive Manager and above roles by 2025

41.2%

Target **40%** by 2020
New target **47–50%** by 2025

Low carbon funding³

\$5.4bn

Target **\$15bn** by 2025

Greenhouse gas emissions

1.9tCO₂-e per FTE

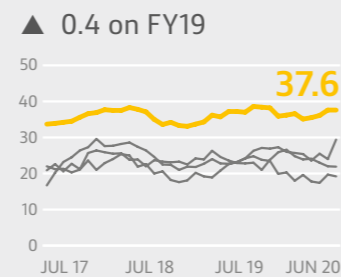
Target **2.0tCO₂-e** per FTE by 2020

Mobile app NPS²

Target: #1 in mobile app NPS

We continue to extend our digital leadership and have maintained our #1 position.

Key — CBA — Peers

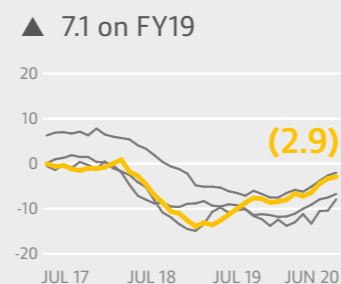


Customer NPS⁴

Target: #1 in consumer NPS

By focusing on delivering better customer outcomes we have seen a seven point improvement in the last 12 months.

Key — CBA — Peers

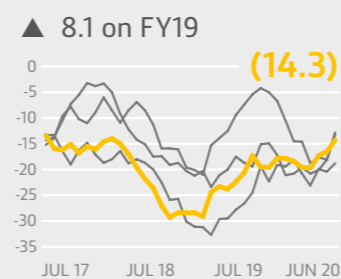


Business NPS⁵

Target: #1 in business NPS

We are narrowing the gap in business NPS, gaining eight points in the last 12 months.

Key — CBA — Peers



¹ All metrics capture data of the wholly owned and operated entities of the Group, associates and joint ventures unless otherwise stated.

² Roy Morgan Research Mobile app Net Promoter Score. See *Glossary* on pages 294–300 of the 2020 Annual Report for details.

³ For definition see *Glossary* on pages 294–300 of the 2020 Annual Report.

⁴ DBM Consumer Net Promoter Score. See *Glossary* on pages 294–300 of the 2020 Annual Report for details.

⁵ DBM Business Net Promoter Score. See *Glossary* on pages 294–300 of the 2020 Annual Report for details.

Key sustainability metrics¹

Customer metrics	#	30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17	30 Jun 16
Commonwealth Bank – Net Promoter Score						
Consumer NPS		(2.9)	(10.0)	(2.7)	(0.3)	(0.7)
Business NPS		(14.3)	(22.4)	(19.6)	(13.1)	(13.0)
Internet banking NPS		31.1	30.9	31.3	–	–
Mobile app NPS		37.6	37.2	37.8	–	–
Customer complaints						
Resolved		45,324	40,588	33,530	–	–
Escalated to an external dispute resolution (EDR) scheme		5,480	4,695	–	–	–

Environmental metrics		30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17	30 Jun 16
Low carbon funding	\$m	5,374	5,134	4,575	–	–
– Renewable energy lending exposure	\$m	4,225	3,644	3,716	2,800	2,200
Business lending emissions intensity	kgCO ₂ -e/AUD	N/A	0.26	0.26	0.28	0.29
Climate bond arrangement	\$m	9,490	1,845	2,014	1,018	50
Group						
Scope 1 emissions	tCO ₂ -e	10,840	7,624	8,740	9,694	9,063
Scope 2 emissions	tCO ₂ -e	103,528	78,757	87,277	96,595	107,762
Scope 3 emissions	tCO ₂ -e	47,151	99,580	85,754	91,150	93,622
Scope 1 and 2 per FTE	tCO ₂ -e	1.8	1.9	2.1	2.3	2.6

Social – our people metrics	%	30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17	30 Jun 16
Gender diversity						
Women in Manager and above roles		45	45	68	72	78
Women in Executive Manager and above roles		41.2	39.1	73.9	73.7	69.4
Women in Senior Leadership (Group Executives)		27.3	22.2	20.0	–	–
Employee engagement and flexible working						
Employee engagement index – CBA		81	72	68	72	78
Employees working flexibly		–	66.0	73.9	73.7	69.4

Social – community metrics		30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17	30 Jun 16
Community investment						
Total community investment	\$m	332.3	288.4	290.0	266.0	262.6
Community investment as a percentage of pre-tax profit	%	3.2	2.4	2.2	2.0	2.0
Financial literacy programs						
School banking students (active)	#	174,997	244,636	299,074	321,389	325,797
Start Smart students (booked)	#	377,214	427,527	568,649	574,246	557,475
Indigenous community support						
Indigenous Customer Assistance Line (calls received)	#	206,436	202,444	180,225	168,218	170,789
Australian Indigenous supplier spend – first tier	\$'000	4,395	2,959	–	–	–

Governance metrics		30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17	30 Jun 16
Female Directors on Board	%	56	50	40	40	33
Misconduct cases resulting in termination	#	136	187	–	–	–
SpeakUP Program cases	#	284	311	143	171	–
– Whistleblower cases	#	103	30	33	44	–

¹ For all of CBA's sustainability metrics, together with information on sources, methodologies and definitions, see pages 47–52 and 294–300 of the Annual Report.

⊕ PwC has provided limited assurance on these metrics for the year ended 30 June 2020, except Net Promoter Score, business lending emissions intensity, climate bond arrangement and female Directors on Board. The PwC Limited Assurance Report is available on pages 53–54 in the 2020 Annual Report.



Managing our changing risk landscape

The external operating environment altered materially this year, resulting in rapid and dynamic changes to the risk landscape. The recent strengthening of our risk framework has positioned the Bank well to respond to these risks and support our customers and the community.

In recent years, banks have been adapting to a range of new and evolving risks such as uncertain macroeconomic conditions, the advancement of new technologies and competitors, and increasing societal and regulatory expectations.

Events of the last year have introduced new risks or altered existing risks:

COVID-19 impacts – uncertainty exists regarding the duration and severity of COVID-19 impacts and the associated disruption to the domestic and global economy. While there has been significant government support and stimulus, we expect challenging economic conditions ahead. In the longer term we anticipate increased credit losses from business insolvencies, higher consumer defaults due to unemployment and slower overall growth.

Global tensions – geopolitical issues and trade disputes are creating uncertainty for Australian and global businesses, which could further exacerbate economic conditions and increase cyber and privacy risks.

Increase in financial crime – the availability of financial support packages creates new opportunities for financial criminals to exploit the larger number of vulnerable people and businesses.

Climate change risk – this year's bushfires and floods have highlighted the physical impacts of climate change and the increased frequency and severity of extreme weather events.

Increased regulatory scrutiny – the Bank and its operations are subject to heightened regulatory scrutiny and requirements as well as potential regulatory and legal action.

The Board and Management of the Bank understand the importance of good risk management to the financial wellbeing of our customers, shareholders, the community and the broader economy.

We therefore remain focused on improving the Bank's risk management discipline. This focus in recent years, including on business continuity planning, has equipped our teams to exercise sound judgement and mobilise rapidly to support customers through the challenges of the bushfires, drought and the COVID-19 pandemic.

Our historically sound credit risk management practices and resilient systems have also enabled the Bank to offer a range of relief measures to support individuals and businesses. Positive customer feedback has reinforced that the investment and efforts being made to improve the Bank's risk culture are driving meaningful change.

Responding to COVID-19 risks

The COVID-19 pandemic rapidly introduced an array of new and elevated risks to the safety of our people, the resilience of our operations, the strength of our balance sheet and the financial security of our customers and the community. Action has been required to address these risks, particularly in the following areas:

Employee health and safety

The increased risk to the safety and welfare of our workforce has been of paramount concern during the COVID-19 pandemic. The measures introduced to support and protect our people, and to ensure they are equipped with the information and resources they need, are outlined in *Commitment to our people and Board priorities during 2020* on pages 34–35 and 63 of the 2020 Annual Report, respectively.

Customer welfare

The long term prosperity of the Bank ultimately depends on the financial wellbeing of our customers. The prolonged closure of businesses, particularly in the service industry, combined with the impact of restrictions on regional and international travel, has threatened the livelihoods of millions of Australians. We have been committed to supporting our customers during this time, while still focusing on maintaining responsible credit risk decisions. The assistance and relief measures we are providing are outlined in *Supporting our customers* on pages 22–23.

Operational resilience

During the initial stages of COVID-19, the Bank had to respond quickly to changing circumstances. This increased the risk of introducing operational vulnerabilities into our processes, and created general uncertainty over the stability of global supply chains and the potential impact on third-party suppliers. The shift to remote working also added a level of disruption to our operations, and increased our cyber, privacy and conduct risk profiles.

During this time, our focus was on protecting the stability of the Bank's critical operations and supporting our customers. To ensure there was no disruption of services to customers, we initiated a temporary technology production change freeze.

We also implemented infrastructure changes to increase the reliability and speed of remote working operations for critical functions, and increased our oversight of critical suppliers. To enable our teams to prioritise customer support, we slowed certain non-essential projects – excluding those with regulatory commitments – and temporarily moderated risk framework requirements for lower risk activities. We also hired new employees and redeployed almost 500 team members to service increased customer queries and hardship requests.

Financial strength

Notwithstanding the range of relief measures made available to businesses and individuals, the depth and severity of COVID-19 related impacts on the economy are uncertain.

In anticipation of the potential impact on our customers, we have increased our forward-looking loan loss provisions. These have been determined based on a range of plausible economic and industry stress factors, and take into account the mitigating impacts of Government and industry assistance packages and support, including loan repayment deferral arrangements. We continue to monitor our lending portfolios closely, with stress testing forming the basis for ongoing re-assessments of provisioning levels as the situation evolves.

Cyber risk

There has been a global increase in cyber crime during COVID-19 as cyber criminals seek to gain financially from people's vulnerability, or exploit potential weaknesses introduced through rapid operational changes implemented by businesses. Through our cyber security program, we continue to enhance the Bank's cyber defences and have focused on educating staff and customers on the dangers of cyber crime activities.

Financial crime

Social distancing restrictions during the height of the pandemic made complying with customer verification obligations under the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) regime difficult where customers are required to present in person at a branch. Special relief was provided by AUSTRAC to allow alternative verification procedures in these situations, such as video calls.

The significant number of financial support packages made available to millions of Australians whose employment has been impacted by COVID-19 has increased the opportunity for those seeking to commit financial crimes. This new risk has been factored into our financial crime detection processes and staff financial crime compliance education and awareness programs.

Managing market volatility

In early March, global markets experienced extreme volatility, mainly due to COVID-19 and the oil price shock. In response, the Board approved a temporary three-month increase in the Market Risk intervention levels outlined in the Group Risk Appetite Statement.

Volatility is expected to continue in the current environment, requiring ongoing close monitoring by management.

Ongoing monitoring

The COVID-19 situation continues to evolve both locally and globally and will likely present new challenges and risks in the short to medium term. The Board and Management continue to actively monitor the situation and adapt our response as required to maintain our financial strength and ensure our customers and the community are supported through these challenging times.



Our current risk priorities

This section describes the specific risks within our material risk types where the Board and the Executive Leadership Team are focusing their efforts. It includes a mix of existing and emerging risks that could materially impact our ability to serve our customers or deliver our strategy.



Macroeconomic environment

Our business performance is closely linked to the performance of the Australian and New Zealand economies, which in turn are impacted by events in the global economy.

The COVID-19 pandemic has resulted in prolonged closures of businesses, predominantly in service industries. We expect challenging economic conditions ahead. In the longer term we anticipate increased credit losses from business insolvencies, and higher consumer defaults due to unemployment.

Credit growth has slowed and house prices may decline due to increasing unemployment and a sharp fall in immigration rates.

Uncertainty exists regarding the duration and severity of COVID-19 impacts and the associated disruption to the local and global economy.

Geopolitical tensions and trade disputes are creating uncertainty for businesses, which could further exacerbate economic conditions.

Key actions we are taking

- The Bank has the backing of a strong balance sheet with strong deposit funding, significant excess liquidity and unquestionably strong capital.
- We undertake regular stress tests to understand how our business performs and to prepare alternative action plans for a range of economic scenarios.
- We will continue to support our customers whilst adhering to, and if necessary, revising credit policies, procedures and tools to support responsible credit decisions in this new environment.
- We have increased our loan loss provisions in anticipation of the potential impact of COVID-19 on our customers, and continue to monitor our lending portfolios closely, with detailed stress testing forming the basis for ongoing re-assessments of provisioning levels.
- Investment is underway to enhance the systems and data necessary for credit reporting and portfolio management, particularly in the non-retail parts of our business.
- We regularly discuss the macroeconomic challenges with both regulators and government.



Cyber security and data management

The Bank manages a large volume of sensitive data. The regulatory landscape is increasingly focused on the privacy, integrity and appropriate management of data throughout its lifecycle. Data governance tools, standards and procedures to meet these expectations are currently not consistently embedded across the Group.

Information security risks for the Group have increased in recent years due to the evolution and development of new technologies, the Group's increasing use of digital channels, and the increased sophistication and broadened activities of cyber criminals.

Cyber attacks have the potential to cause financial system instability. A successful cyber attack could result in a serious disruption to customer banking services or compromise customer data privacy.

Currently, cyber criminals are also motivated to exploit potential or perceived weaknesses introduced through rapid operational changes implemented in this environment.

Key actions we are taking

- A cyber security program is in place to enhance the Bank's cyber defences against a continually increasing threat environment. This includes focus on enhanced detection and monitoring infrastructure, as well as security configuration and vulnerability management capabilities.
- We also collaborate with a range of government, community and industry bodies to strengthen system-level resilience and to reduce the possibility of cyber attacks and the impact of fraud and scams on the community.
- Our data management program of work is focused on strengthening our Data Management Framework across the Group. This involves enhancing our methodology, architecture, tools, standards and procedures across all business areas, to ensure the quality and integrity of data throughout its lifecycle. As part of this work, we are prioritising the data management practices for the most critical data elements across the Group.
- The Bank has a privacy strategy to enhance our data privacy processes, capabilities and awareness to ensure compliance in all jurisdictions where we have a presence.



Financial crime

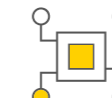
Banks have a critical role to play in combating financial crime and protecting the integrity of the financial system. Not detecting or preventing financial crimes can have a significant impact on our customers and the community and can result in material fines and penalties for the Bank.

The Bank's Program of Action continues to address the underlying causes of the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Act failings that resulted in AUSTRAC commencing enforcement action against the Bank in 2017.

There is currently a higher risk of financial crime because of increased opportunities through the number of financial support packages available, combined with an increase in the number of vulnerable people and businesses.

Key actions we are taking

- Improvements being made through our multi-year Program of Action include:
 - Enhanced financial crime policies and procedures.
 - Investment in new technology, including enhanced transaction monitoring systems and processes, aimed at the detection of financial crime.
 - Establishing mechanisms and processes to improve customer data integrity through core systems.
 - Revision of our Anti-Bribery & Corruption (AB&C) Policy and Standard, development of new tools, and implementation of a Group AB&C control framework.
 - A significant increase in specialised Financial Crime Compliance team members and enhanced financial crime compliance education and training for staff aimed at deterring and detecting financial crime.
 - A high level of engagement with the Fintel Alliance.
 - Constructive engagement with AUSTRAC and international regulators.
- Given the links between human trafficking and financial crime, we continue to strengthen our supply chain due diligence by embedding new modern slavery requirements into procurement policies, processes and capabilities.
- We also collaborate with not-for-profit organisations that work with the private sector to detect and end modern slavery, including the Mekong Club.



Digital disruption

Emerging technologies and regulatory changes such as Open Banking and Comprehensive Credit Reporting are making it easier for neobanks, fintechs and technology companies to compete directly in banking.

The emergence of new technologies, like Artificial Intelligence (AI), is driving the digitisation and automation of processes and requires a different set of skills that may be difficult for the Bank to attract and retain.

The adoption of AI can be a differentiator. However, if poorly implemented or managed in areas such as lending decisions, the use of AI could create data privacy concerns or deliver incorrect results with potentially poor financial, regulatory, conduct or reputational outcomes.

Key actions we are taking

- Being 'Best in digital' is a key pillar of the Bank's strategy. We continue to invest to deliver the best digital banking experiences for our customers through new digital services, market-leading technology, seamless service across channels and data driven insights.
- We have invested in digital infrastructure and assets over many years to achieve a leadership position in digital banking. Most recently, this includes our Customer Engagement Engine which uses AI and machine learning to drive personalised and innovative services for customers.
- Our mobile banking app and internet banking platform both consistently score highest among major bank peers for Net Promoter Score and in independent surveys.
- We are investing in digital businesses that add to our core product offering and extend our 'Best in digital' leadership. This includes the launch of our x15ventures incubator which is working with innovators to identify, fund and build new digital banking businesses.
- We are modernising and simplifying our systems and digitising our end-to-end processes to reduce risk and cost and to improve system availability and resilience.
- We have developed tools and guidelines for the safe and fair use of AI across our business. We are also actively engaged in the development of national and international standards regarding the safe and fair use of AI.
- We monitor emerging technologies and research and test the adoption of new, innovative capabilities to maintain our technology leadership.





Business resilience

The continuity and resilience of our operations are crucial for serving our customers, upholding community trust, and maintaining our reputation. The extended outage of the Bank's payments platform in October 2019 highlighted the impact such disruptions can have on customers and the community.

The risk of potential disruption to parts of our operations is currently elevated due to: the possibility that COVID-19 clusters could impact the safety of employees, disrupt operations and reduce productivity; uncertainty over the stability of global supply chains and the impact on third-party suppliers; and natural disasters such as bushfires and floods.

Key actions we are taking

- The safety and welfare of our employees is of paramount importance. To manage risks from COVID-19, physical distancing measures have been implemented at branches to protect staff and customers, and we have implemented a range of measures to provide our non-branch team members with the necessary tools and skills to maximise productivity in a remote working environment.
- We monitor the health of our systems and perform contingency planning for disruptions to critical systems and processes.
- A data centre and network modernisation program is improving the security and resilience of our technology infrastructure.
- We are driving greater agility and alignment in our supplier partnerships to ensure we effectively mitigate risks across the supply chain.
- Our supplier initiatives are driving greater consistency and rigour over supplier governance and performance monitoring, especially over partners supporting critical systems, or the infrastructure on which those systems rely.



Skills and capabilities

Our people are critical to the success of our strategy and an inability to attract or retain the right talent and capabilities could prevent us from delivering our long-term goals.

The progression of new technologies, changing macroeconomic conditions, and increasing regulatory expectations, increases the need for leaders with new and different skill sets, as well as deep banking expertise, to deliver the performance expected by our stakeholders.

These skills may become more difficult to attract and retain, particularly with the emergence of non-traditional technology competitors who aim to compete directly in banking.

Key actions we are taking

- We continue to invest in our value proposition as an employer through:
 - Offering flexible working models, competitive benefits, wellbeing programs and fostering an inclusive and diverse workforce.
 - Leadership initiatives to develop the capabilities of our leaders and to equip them with the skills and approaches required to lead cultural and behavioural change throughout the organisation.
 - Strengthening our culture and remuneration frameworks to ensure employees are clear on expectations and accountabilities, always do what is right, are empowered to address issues, and demonstrate risk behaviours that lead to appropriate outcomes for all stakeholders.
- We have targeted training programs to develop our people, including senior management, and our talent and career approach seeks to attract and retain high-calibre people by providing career opportunities that recognise people's expertise, potential and aspiration.
- We are piloting opportunities to re-skill and support our people to be ready for the workforce of the future, and are engaging with educators, government and the community to build these changes into our long-term workforce plan and capability roadmaps.
- We continue to review the Bank's remuneration framework to ensure that it supports our strategic objectives of attracting and retaining exceptional talent.



Trust and reputation

Trust in the Bank and our reputation was impacted by the failings identified in the APRA Prudential Inquiry Report into CBA and highlighted by the Financial Services Royal Commission.

We recognise that trust takes time to build and can easily be eroded through poor decisions, failure to meet customer and community expectations, or by not complying with our regulatory obligations. As a provider of financial services, the Bank and its operations are currently subject to heightened regulatory scrutiny and requirements, particularly those relating to product development and distribution practices, privacy and customer complaints management.

The current high volume of new and proposed legislation will impact a number of areas in our business and will require material changes to operational processes. Failure to effectively implement these changes within the required timeframes could result in severe penalties and loss of trust by regulators and the community.

Key actions we are taking

- Through our Remedial Action Plan, good progress is being made in driving towards a risk culture of accountability, empowerment, constructive challenge, reflection and striving for best practice risk management.
- We are addressing the Royal Commission recommendations and implementing the necessary changes.
- Our Code of Conduct ensures all staff have a clear understanding of what it means to do the right thing by asking 'Should We?' when making decisions.
- Trust and reputation is a performance measure in Group Executives' long-term variable remuneration.
- We work with government and regulators to deliver industry-wide improvements and initiatives to support a trustworthy and reliable financial services sector.
- Our SpeakUP/Whistleblowing program allows current employees – their spouses, dependants and relatives – as well as former employees, contractors, consultants and suppliers, to anonymously raise a conduct issue.



Climate change

Australia has been experiencing frequent and extreme weather events, including the recent bushfires and east coast floods. This highlights the risks to our customers and our business of damage to property and assets.

There is also an increasing risk of financial impacts to our business and our customers' businesses as a result of the policy, legal, technology and market changes associated with the transition to a low carbon economy.

We seek to identify, assess and manage climate change risk in our core business areas, including lending and insurance.

We also seek to manage the risk that the Bank's assets, including those held as collateral or investments, could become impaired as a result of permanent physical damage or misalignment with new policy or community expectations.

Importantly, the transition to a low carbon economy also creates opportunities for the Bank.

Key actions we are taking

- We have implemented policy frameworks for considering environmental, social and governance (ESG) issues, including climate change.
- We are progressively performing climate change scenario analyses on our credit and insurance portfolios to understand potential impacts and opportunities.
- We are developing strategic responses to climate change, which includes strengthening our due diligence processes, considering our range of products and services, and building internal and customer capabilities to support the economy's transition to net zero emissions by 2050.
- Our approach to climate governance, strategy, risk management and metrics and targets, in line with the recommendations of the Task Force on Climate-related Financial Disclosures, is discussed in detail on pages 38–45 of the 2020 Annual Report.



Board of Directors



Catherine Livingstone AO
Chairman
Board Committees: Nominations (Chairman), Audit, Risk & Compliance, People & Remuneration



Genevieve Bell AO
Independent Non-Executive Director
Board Committees: Nominations



Wendy Stops
Independent Non-Executive Director
Board Committees: Audit, People & Remuneration



Matt Comyn
Managing Director and Chief Executive Officer
Board Committees: Nil



Paul O'Malley
Independent Non-Executive Director
Board Committees: People & Remuneration (Chairman), Risk & Compliance



Anne Templeman-Jones
Independent Non-Executive Director
Board Committees: Audit (Chairman), Risk & Compliance



Shirish Apte
Independent Non-Executive Director
Board Committees: Audit, Risk & Compliance



Mary Padbury
Independent Non-Executive Director
Board Committees: Nominations, People & Remuneration



Rob Whitfield AM
Independent Non-Executive Director
Board Committees: Risk & Compliance (Chairman), Nominations, Audit

Simon Moutter will be appointed to the Board as an independent Non-Executive Director with effect from 1 September 2020.
Wendy Stops will retire as a Non-Executive Director at the conclusion of the 2020 Annual General Meeting.

➤ Detailed information on Board members' skills and experience is available on pages 67–69 of the 2020 Annual Report.



Corporate Governance Statement

Our Corporate Governance Statement (Statement) provides detailed information on our corporate governance frameworks.

➤ The Statement and the Board and Board Committee Charters are available at commbank.com.au/corporategovernance

Executive Leadership Team



Pascal Boillat
Group Executive, Enterprise Services and Chief Information Officer



Priscilla Brown
Group Executive, Marketing and Corporate Affairs



David Cohen
Deputy Chief Executive Officer



Alan Docherty
Group Executive, Financial Services and Chief Financial Officer



Andrew Hinchliff
Group Executive, Institutional Banking and Markets



Sian Lewis
Group Executive, Human Resources



Carmel Mulhern
Group General Counsel and Group Executive, Legal & Group Governance



Vittoria Shortt
Chief Executive and Managing Director, ASB Bank Ltd



Angus Sullivan
Group Executive, Retail Banking Services



Mike Vacy-Lyle
Group Executive, Business and Private Banking



Scott Wharton
Group Executive, Program Delivery



Nigel Williams
Group Chief Risk Officer

Adam Bennett ceased as Group Executive, Business and Private Banking on 31 January 2020.

➤ More information on the priorities and experience of ELT members is available on pages 70–71 of the 2020 Annual Report.



Five-year financial summary

	30 Jun 20 \$M	30 Jun 19 ¹ \$M	30 Jun 18 ¹ \$M	30 Jun 17 \$M	30 Jun 16 \$M
Net interest income	18,610	18,224	18,465	17,546	16,858
Other operating income ²	5,151	5,355	5,646	6,831	7,043
Total operating income	23,761	23,579	24,111	24,377	23,901
Operating expenses	(10,895)	(10,824)	(10,653)	(10,129)	(9,957)
Loan impairment expense	(2,518)	(1,201)	(1,079)	(1,095)	(1,256)
Net profit before tax	10,348	11,554	12,379	13,153	12,688
Income tax expense	(3,052)	(3,321)	(3,779)	(3,752)	(3,497)
Non-controlling interests	–	(12)	(13)	(13)	(20)
Net profit after tax from continuing operations ("cash basis")	7,296	8,221	8,587	9,388	9,171
Net profit after tax from discontinued operations	153	485	825	493	274
Net profit after tax ("cash basis")	7,449	8,706	9,412	9,881	9,445
Treasury shares valuation adjustment	–	6	2	(23)	4
Hedging and IFRS volatility	93	(79)	101	73	(199)
(Loss)/gain on disposal of controlled entities/investments	2,092	(61)	(183)	–	–
Bankwest non-cash items	–	(1)	(3)	(3)	(27)
Net profit after income tax attributable to equity holders of the Bank "statutory basis"	9,634	8,571	9,329	9,928	9,223
Contributions to profit (after tax)					
Retail Banking Services	3,997	3,907	4,465	4,423	4,540
Business and Private Banking	2,654	2,931	3,134	2,736	1,522
Institutional Banking and Markets	655	1,117	1,226	1,360	1,190
Wealth Management	–	–	–	201	400
New Zealand	811	1,059	975	871	785
Bankwest	–	–	–	–	778
IFS & other	(821)	(793)	(1,213)	(203)	(44)
Net profit after tax from continuing operations ("cash basis")	7,296	8,221	8,587	9,388	9,171
Investment experience after tax	(4)	(3)	(2)	(7)	(24)
Net profit after tax "underlying basis"	7,292	8,218	8,585	9,381	9,147
Balance Sheet					
Loans, bills discounted and other receivables	771,547	755,173	743,744	731,762	695,398
Total assets	1,014,060	976,502	975,165	976,318	932,945
Deposits and other public borrowings	701,999	636,040	622,234	626,655	588,045
Total liabilities	942,047	906,853	907,305	912,658	872,437
Shareholders' Equity	72,013	69,649	67,860	63,660	60,508
Net tangible assets (including discontinued operations)	64,359	59,580	56,844	53,090	49,630
Risk weighted assets – Basel III (APRA)	454,948	452,762	458,612	437,063	394,667
Average interest earning assets	897,409	871,418	861,884	834,741	790,596
Average interest bearing liabilities	771,982	761,115	759,583	755,612	733,754
Assets (on Balance Sheet) – Australia	855,219	824,651	811,491	817,519	783,114
Assets (on Balance Sheet) – New Zealand	103,531	99,661	94,622	89,997	83,832
Assets (on Balance Sheet) – Other	55,310	52,190	69,052	68,802	65,999
Other information					
Full-time equivalent employees from continuing operations ³	41,778	41,458	41,024	42,359	43,178
Full-time equivalent employees including discontinued operations	43,585	45,165	45,753	45,614	45,129
Branches/services centres (Australia)	967	1,014	1,082	1,121	1,131
Agencies (Australia)	3,547	3,560	3,589	3,664	3,654
ATMs	3,542	3,963	4,253	4,398	4,381
EFTPOS terminals (active)	190,118	217,608	219,245	217,098	217,981

¹ Comparative information for 2019 and 2018 has been restated and presented on a continuing operations basis, and to reflect the change in accounting policy detailed in Note 1.1 of the 2020 Annual Report as well as refinements to the allocation of customer balances.

² Includes investment experience.

³ Comparative information for 2019 and 2018 has been restated and presented on a continuing operations basis, and to reflect the change in accounting policy detailed in Note 1.1 of the 2020 Annual Report.

Shareholder information

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Financial calendar

2020 Annual General Meeting	13 October 2020
Half year results and interim dividend announcement date	10 February 2021
Interim dividend payment date	30 March 2021*
Full year results and final dividend announcement date	11 August 2021
Final dividend payment date	29 September 2021*
2021 Annual General Meeting	13 October 2021

* On or around.

Dates may be altered should circumstances require. Visit CBA's Investor Centre at commbank.com.au/investors.

2020 corporate reporting suite

Our corporate reporting suite contains detailed information on CBA's strategic priorities, risk management and corporate governance frameworks, as well as our financial, non-financial and sustainability performance.

Annual Report

An in-depth look at CBA's strategy, operations and performance over the 2020 financial year.

+ commbank.com.au/2020annualreport

Results information

CBA's 2020 full year results materials, including our Profit Announcement and Results Presentation.

+ commbank.com.au/results

Corporate Governance Statement

Our Corporate Governance Statement summarises our practices for the 2020 financial year.

+ commbank.com.au/corporategovernance

Notice of Meeting

Your guide to CBA's 2020 Annual General Meeting.

+ commbank.com.au/agm

Sustainability metrics

Download CBA's customer, environmental, social and governance metrics – with definitions and mapping to international sustainability reporting standards.

+ commbank.com.au/2020sustainabilitymetrics



