



Commonwealth
Bank

Fixed Income Investor Discussion Pack

For the half year ended 31 December 2020

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The release of this announcement was authorised by Kristy Huxtable, Company Secretary

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Economic Update

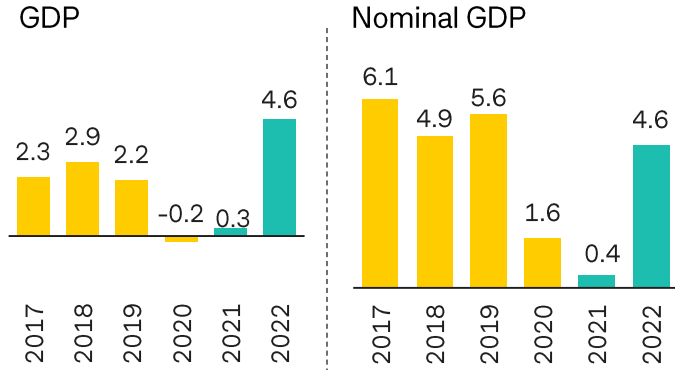
CBA Chief Economist

Key Australian economic indicators (June FY)

GDP %

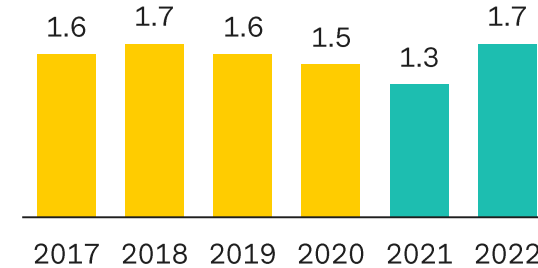
Financial year average

GDP



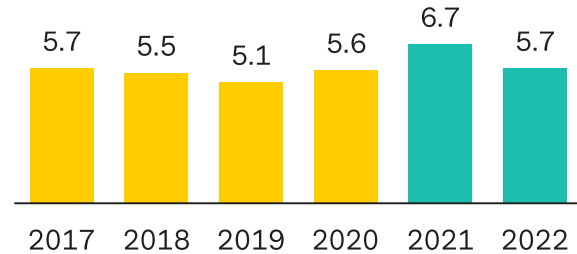
Trimmed mean CPI %

Financial year average



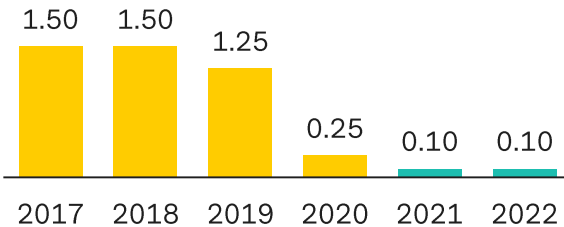
Unemployment rate %

Financial year average



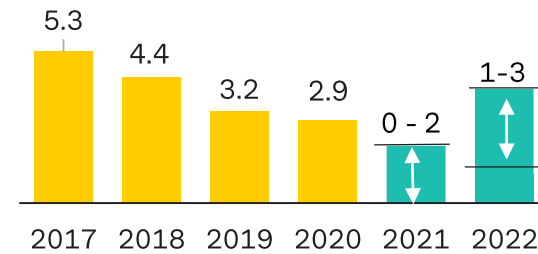
Cash rate %

As at June



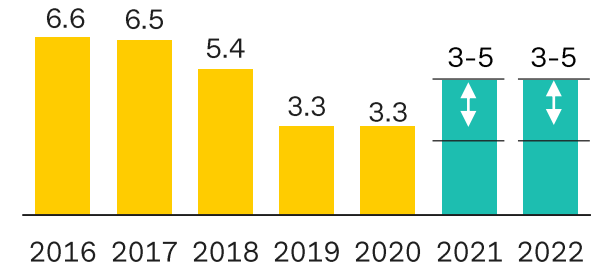
Total credit growth %

12 months to June



Housing credit growth %

12 months to June



Forecast

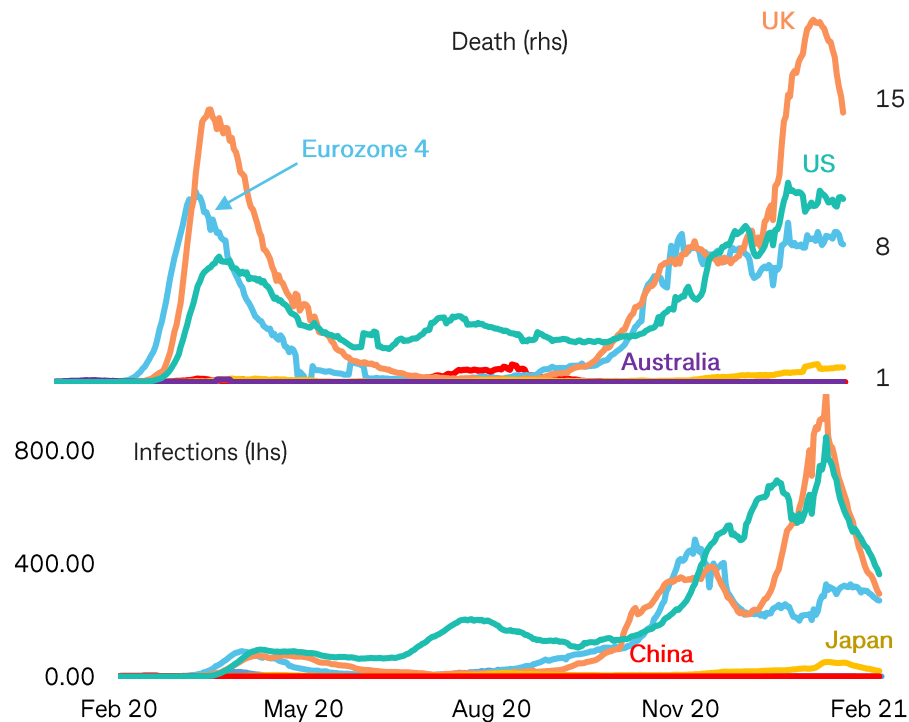


The Australian COVID-19 health crisis in context

Reasonably well contained on a global scale

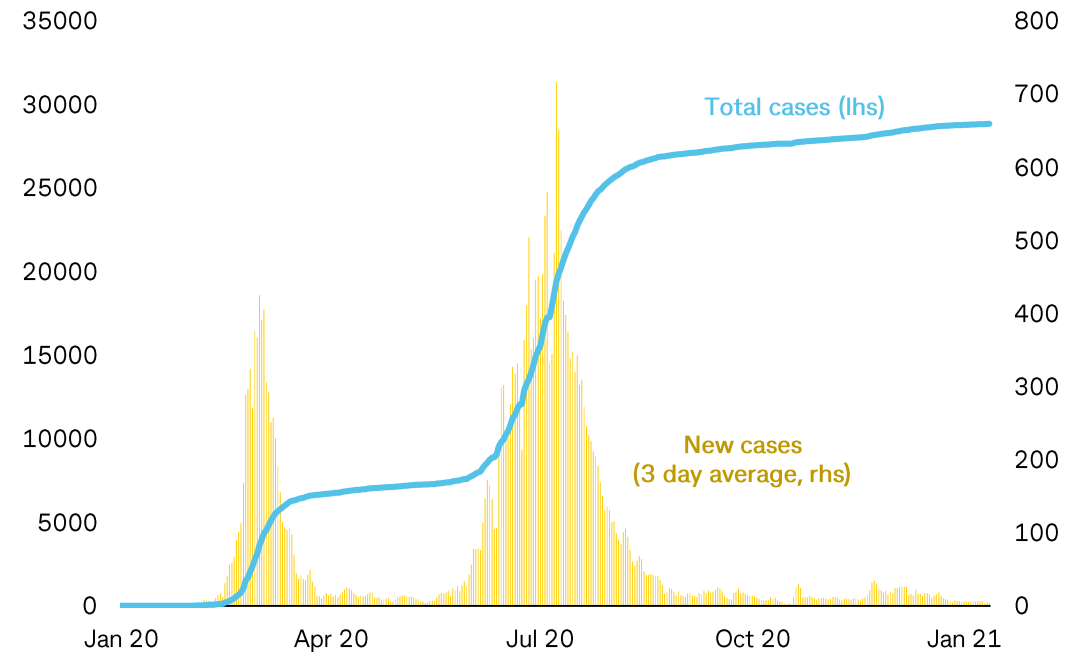
Australia has had (relative) success in slowing the pace of the spread of COVID-19

Daily infections and deaths (per million of population)¹



A combination of economic shutdown, testing, tracking and tracing has helped keep the rate of infection and deaths relatively low

Australia COVID-19 tally (number of confirmed infections)¹



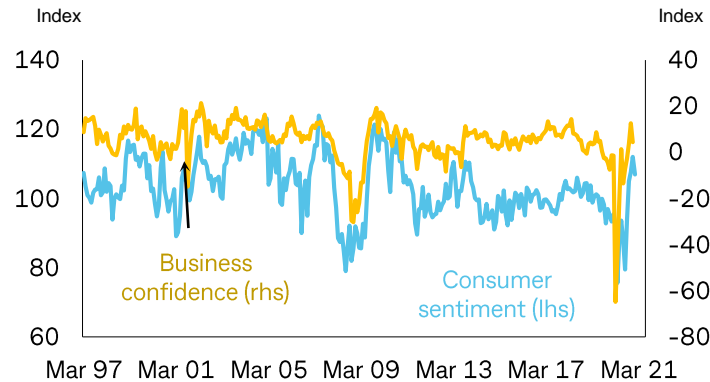
1. Source: CBA Global Markets Research, Bloomberg.



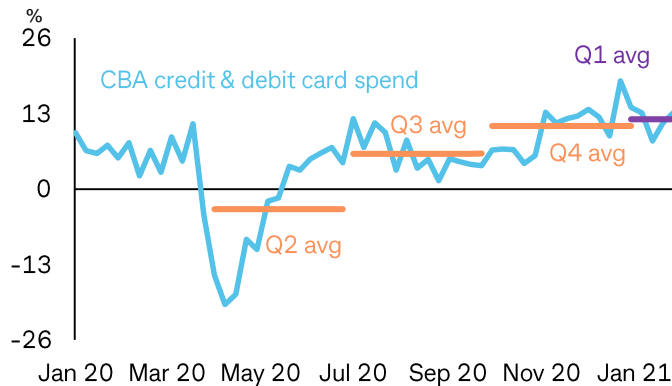
The Australian Economy

Recovery underway across a range of indicators, caution warranted with recent outbreaks

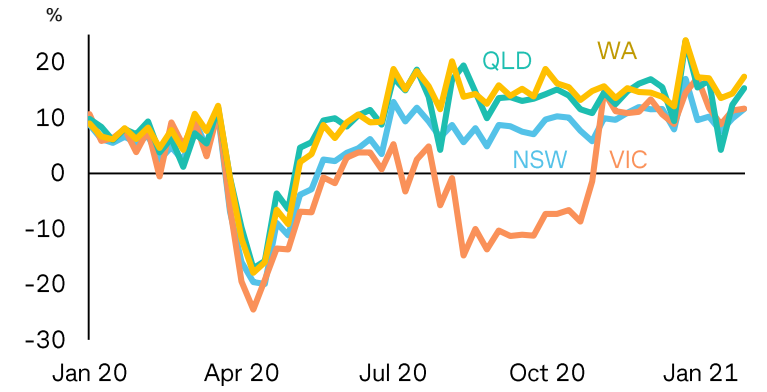
Consumer and business sentiment remains high despite falls in January



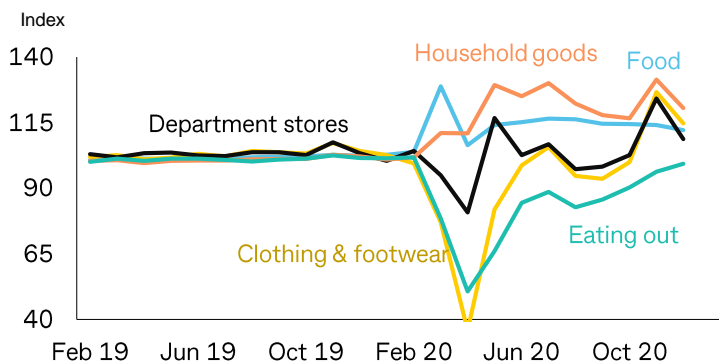
Consumer spending is recovering
CBA credit & debit card spend² (annual % change)



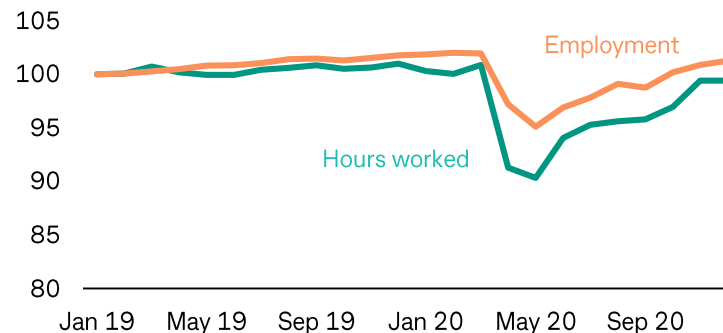
Restrictions do impact on spending
CBA credit & debit card spend by State³ (annual % change)



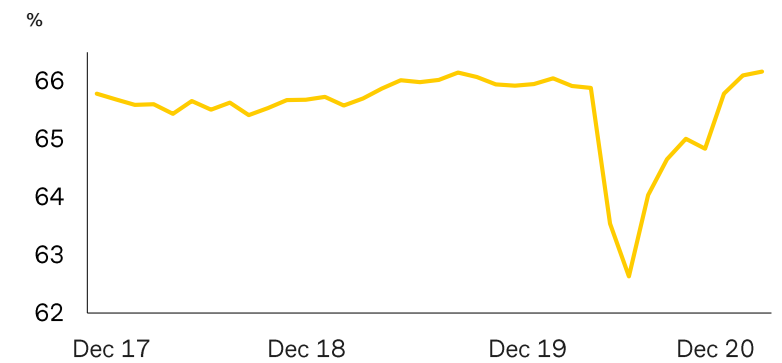
Retail trade spending overall higher than pre-COVID
Spend by type (\$A value. Index = 100 in Jan 2019)⁴



Employment improved more than hours worked
Hours worked⁵ (Index, Jan 19 = 100)⁵



Participation rate back to record high
Percentage rate (%)⁶



1. Source: NAB, WBC/MI, 2. Source: CBA. 3. Source: CBA. 4. Source: ABS 5. Source: ABS. 6. Source: CBA.

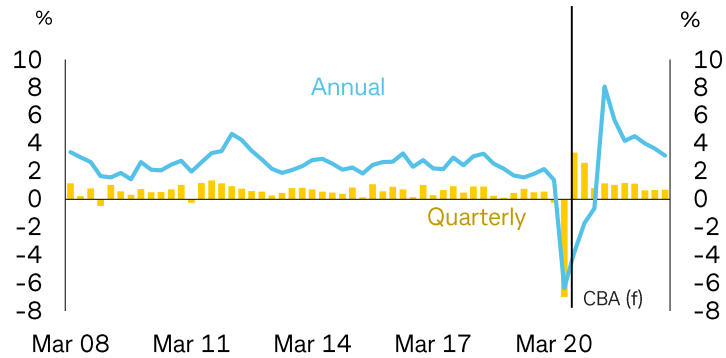


The Australian Economy

The outlook from here looks positive

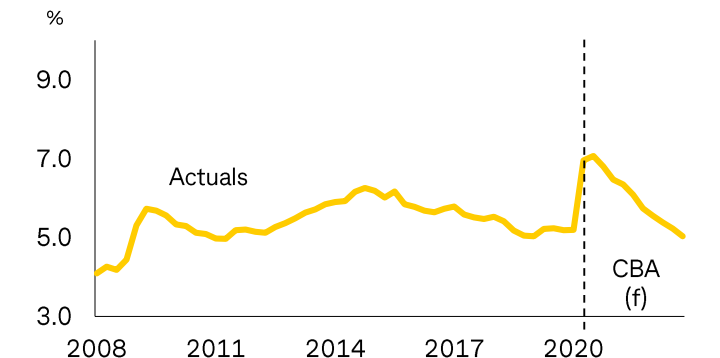
Australian economic recovery is underway

CBA forecast: GDP¹ (annual/qtr% change)



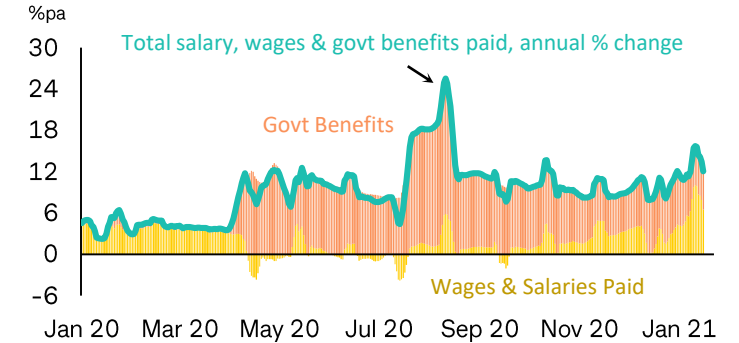
Unemployment has peaked, will keep falling in 21/22

Employment rate² (qtrly average, %)



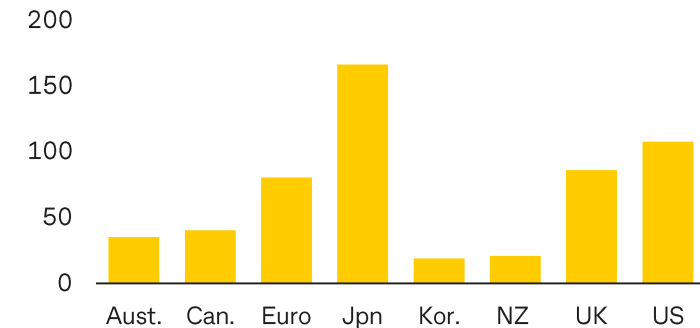
Income switch from gov't support to wages/salaries

Wages & Gov't benefits paid (contribution to growth, 1 wk smoothed)³



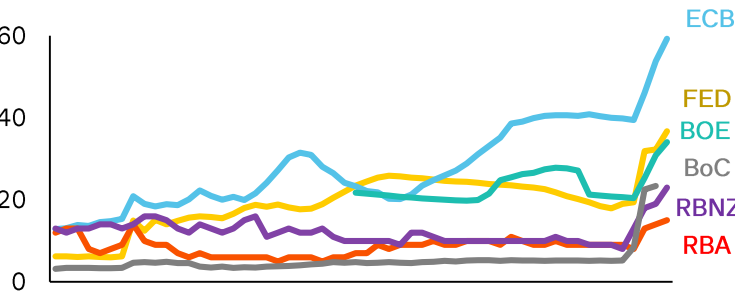
Gov't debt does remain low in comparison

Net Government debt⁴ (% of GDP)



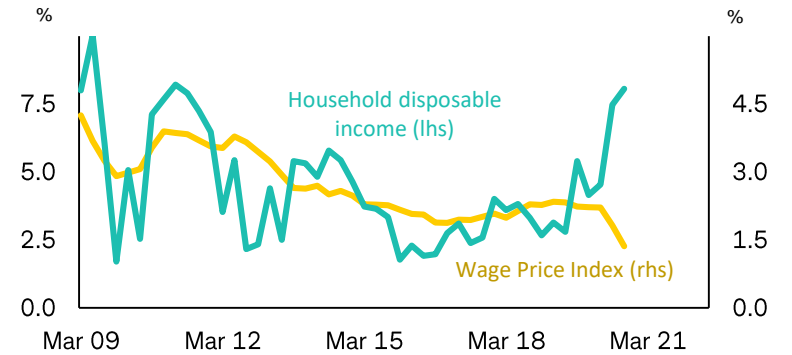
RBA's balance sheet lift as gov't bond buying extended

Central Bank total assets⁵ (% of GDP)



Household income growth will remain strong

Income measures (annual % change)⁶



1. Source: ABS, CBA. 2. Source: ABS, CBA. 3. Source: ABS, CBA. 4. Source: IMF. 5. Source: Thomson Reuters. 6. Source: ABS, CBA

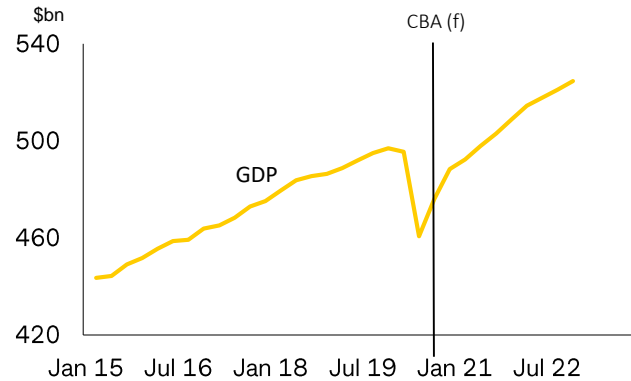


The Australian Economy

Some downside risks and areas to watch

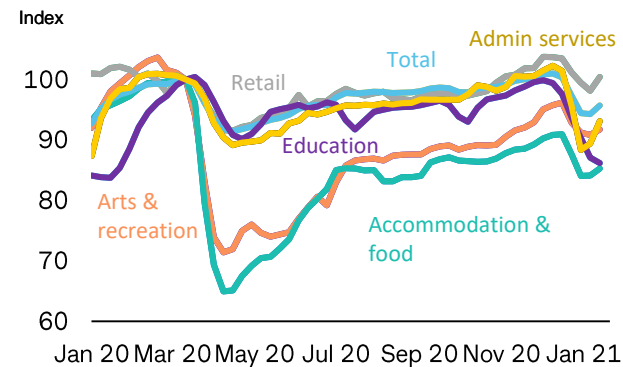
Australian economy to regain lost output by Q2 21

Real GDP¹ (quarterly, \$bn)



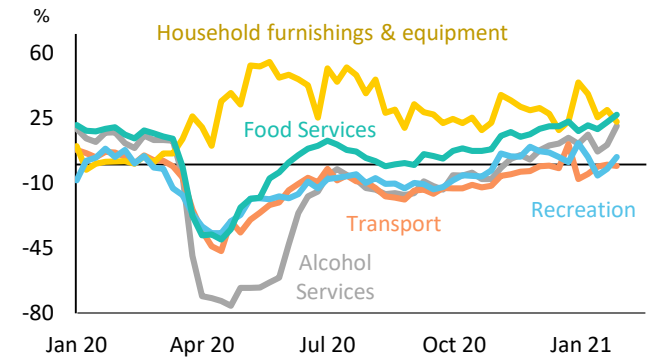
Some industries will take longer than others

Payroll jobs by industry² (index = 100 March 14)



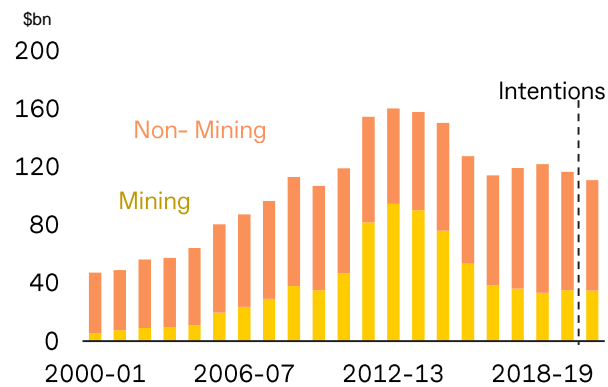
Transition in consumer spending

CBA credit & debit card spending³ (annual % change)



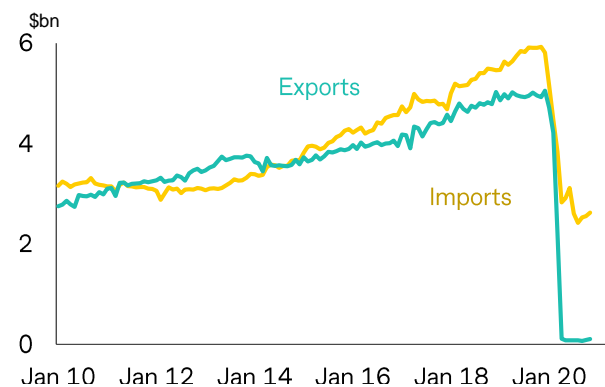
Business investment remains on the soft side

Capex – actual and intentions (\$bn)⁴



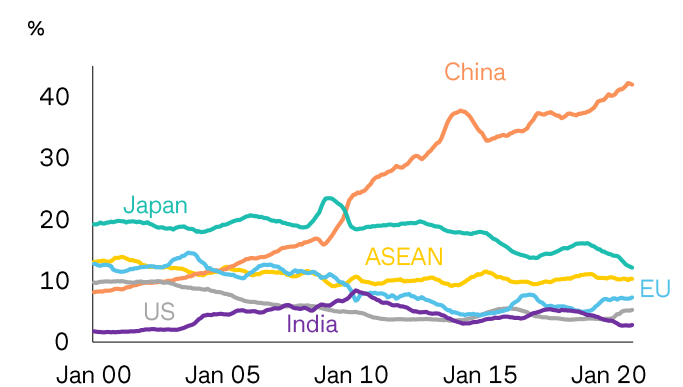
International tourism still closed, domestic is a tailwind

International tourism⁵ (value, \$Abn per qtr)



China dominates Australia's export relationship

Export shares (% share of annual exports)⁶



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





Overview & Strategy

Delivering¹

Above system volume growth in core businesses

Home lending²

- Fundings up 23% (vs 1H20)
- 38% fixed rate (10%, 1H20)
- 56% proprietary (ex. Bankwest)

Household deposits³

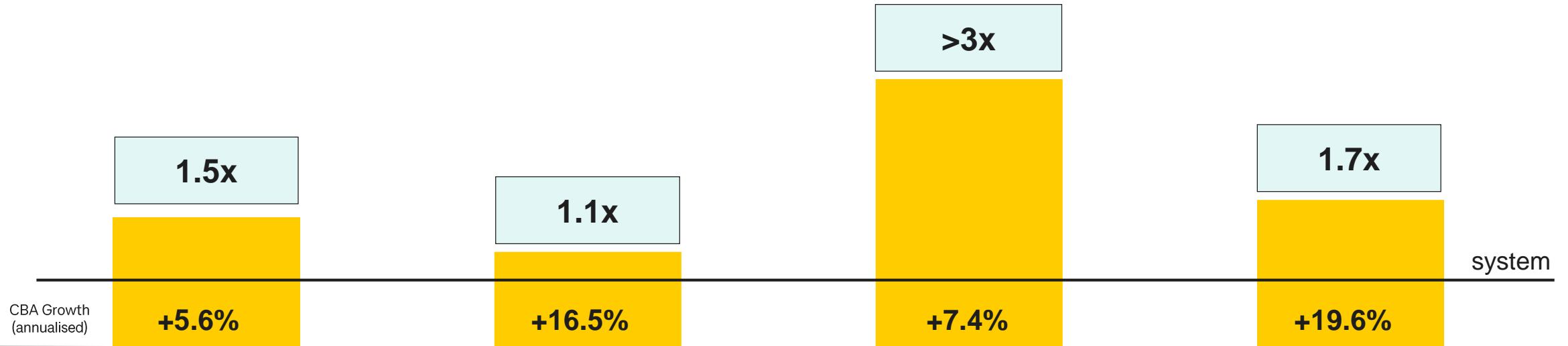
- RBS transaction balances +30%
- >400k new transaction accounts
- 75% deposit funded

Business lending⁴

- Asset finance fundings +20%
- >50% of SME guarantee lending
- ~80% SMEG lending used BizExpress

Business deposits⁵

- New transaction accounts +50%
- ~3,500 new accounts p/w
- 26% via digital



Growth vs System
(6 months to Dec 20)

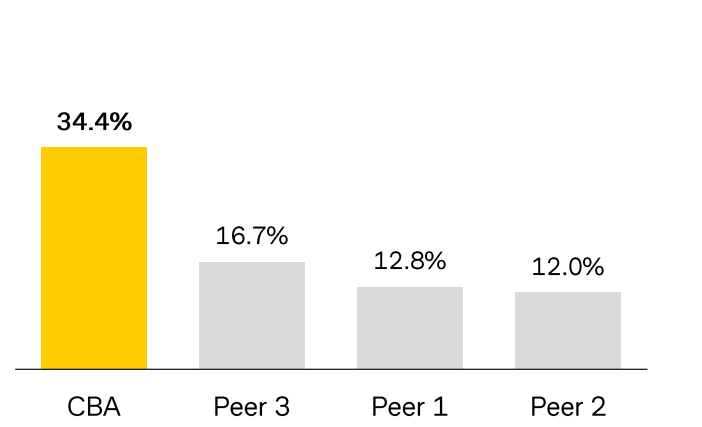
1, 2, 3, 4, 5. Refer to notes slide at the back of this presentation for source information



Why CBA?

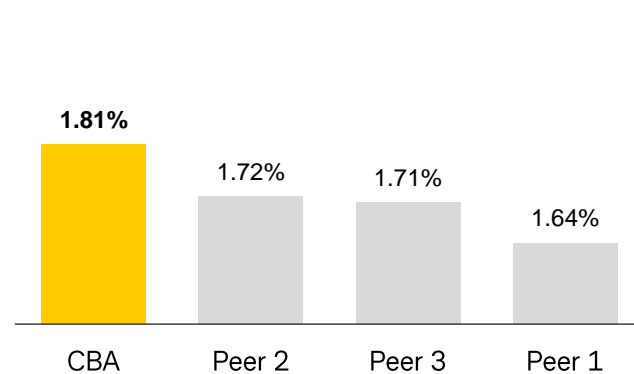
Leading franchise - leading returns

MFI share¹ (%)

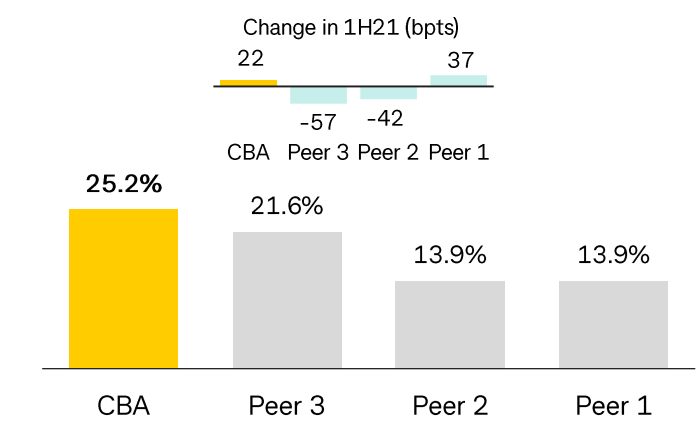


Provisioning (%)

Total provision coverage to Credit RWA⁴

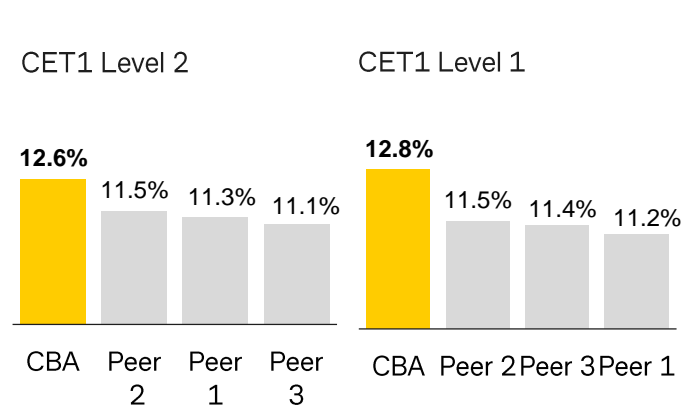


Home Lending share² (%)

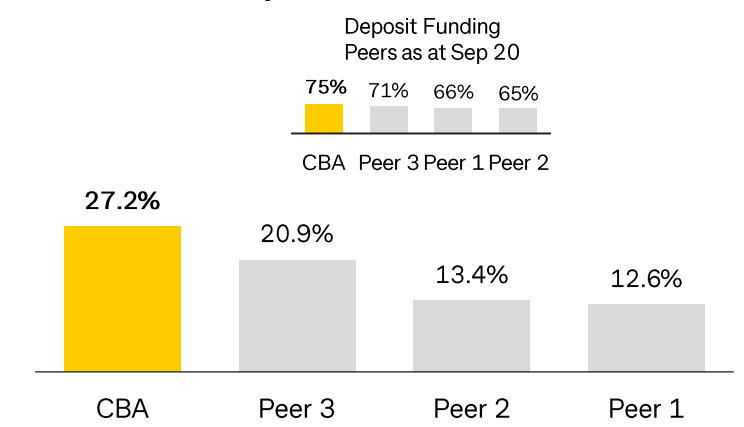


Capital (%)

Peers as at September 2020

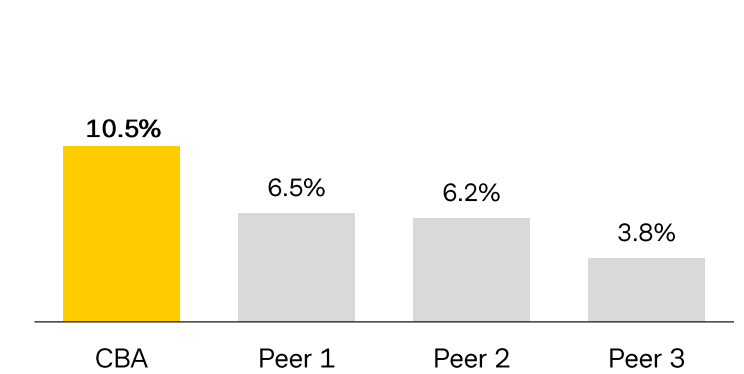


Household Deposits share³ (%)



ROE (cash)⁵ (%)

Peers as at September 2020



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

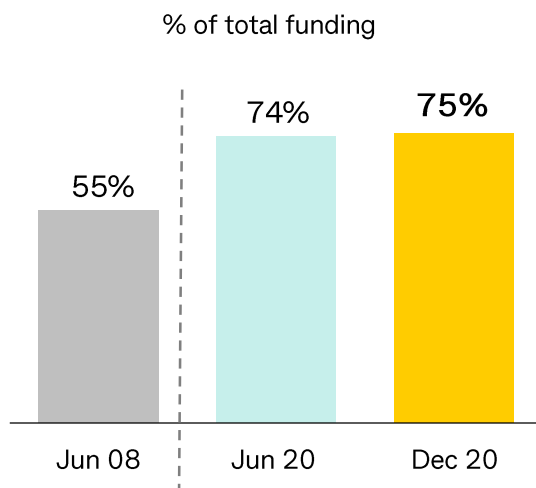
Strengthening

Already strong balance sheet and capital settings

Funding

- 75% deposit funded
- Group transaction balances +37%

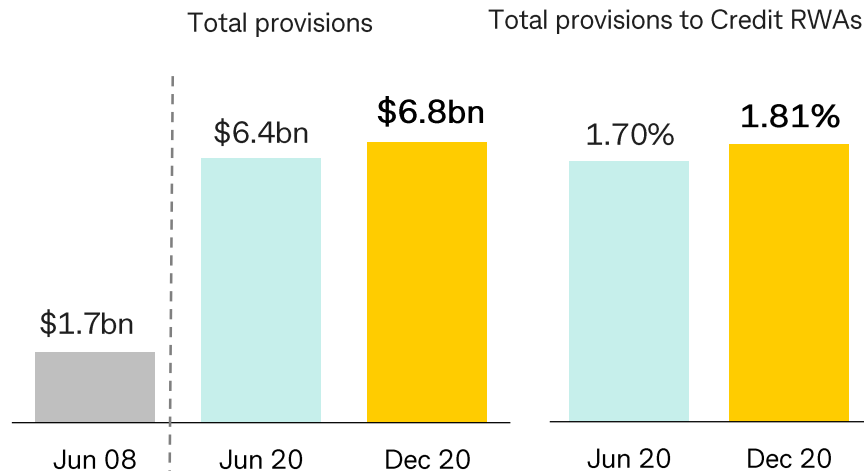
Deposit funding



Provisioning

- Total provisions of \$6.8bn – increased coverage
- Ongoing adjustments for economic forecasts, stress factors

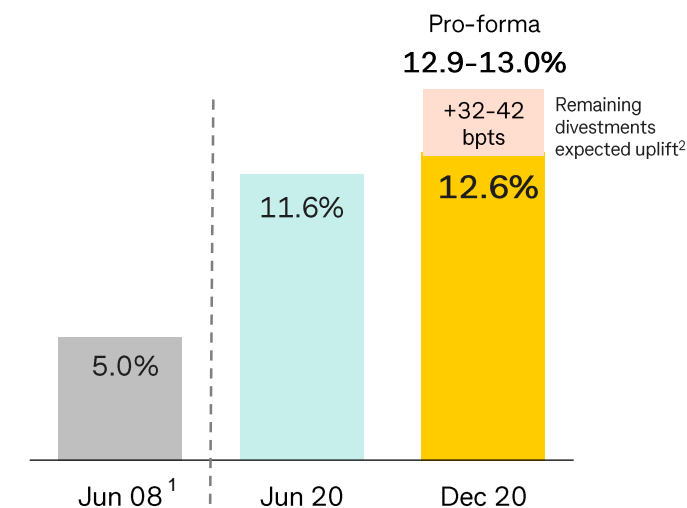
Coverage ratios



Capital

- CET1 ratio of 12.6% (Level 2)
- Pro-forma 12.9-13.0%

CET1 % Level 2



1. Calculated Basel III equivalent. 2. Expected CET1 uplifts from previously announced divestments: CommInsure Life (final instalment) 2bpts and majority sale of Colonial First State 30-40bpts. Completion of divestments subject to regulatory approvals.



Evolving

Building tomorrow's bank today for our customers

Our purpose	To improve the financial wellbeing of our customers and communities			
Our priorities	<p>Leadership in Australia's recovery and transition</p> <p>Build Australia's leading business bank</p> <p>Help build Australia's future economy</p> <p>Lead in the support we provide to customers and communities</p>	<p>Reimagined products and services</p> <p>Anticipate changing customer needs</p> <p>Differentiate our customer proposition</p> <p>Connect to external services and build new ventures</p>	<p>Global best digital experiences and technology</p> <p>Deliver the best integrated digital experiences</p> <p>Build world-class engineering capability</p> <p>Modernise systems and digitise end-to-end</p>	<p>Simpler, better foundations</p> <p>Deliver consistent operational excellence</p> <p>Sustain transparent and leading risk management</p> <p>Reduce operating costs and manage capital with discipline</p>
Our culture	Living our values of care, courage and commitment			
	<p>Care</p> <p>We care about our customers and each other – we serve with humility and transparency</p>	<p>Courage</p> <p>We have the courage to step in, speak up and lead by example</p>	<p>Commitment</p> <p>We are unwavering in our commitment – we do what's right and we work together to get things done</p>	



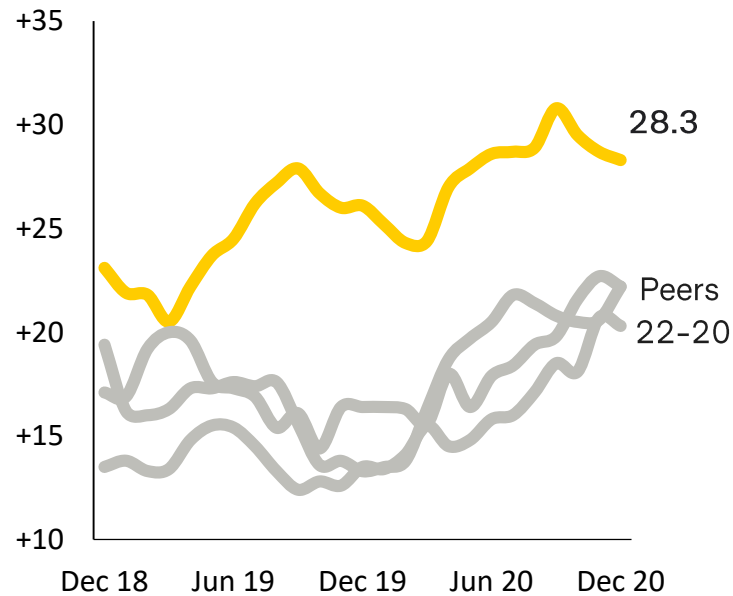
Global best digital experiences

Market leading digital assets – delivering brilliant customer experiences

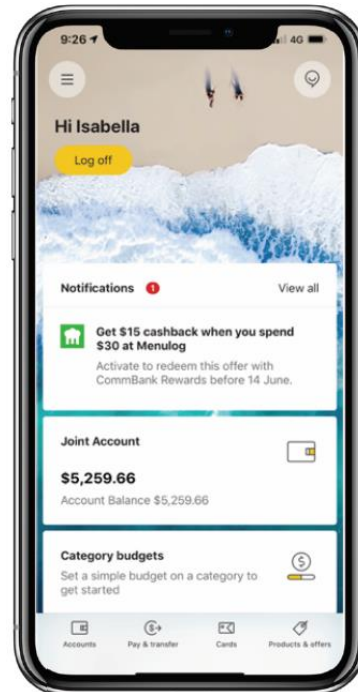
Leading customer experience

Mobile App Net Promoter Score

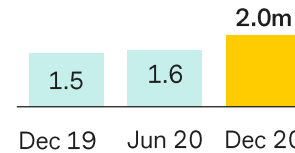
Customer's likelihood to recommend main financial institution based on use of internet banking services via mobile app¹



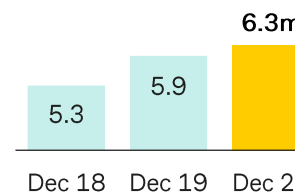
Strong customer engagement



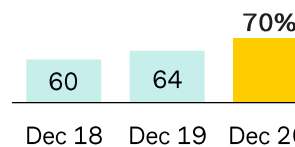
Customers Engaged with smart banking features²



CommBank app users³



Digital transactions % of total - by value⁴



Mobile banking leader

- #1 Mobile app Net Promoter Score¹
- #1 Online banking (Canstar - 11 years in a row)⁵
- #1 Mobile banking (Canstar - 5 years in a row)⁶
- #1 Overall Digital Experience Leader (Forrester - 4 years in a row)⁷
- #1 Most Innovative Major Bank (DBM Australian Financial Awards)⁸
- #1 Best Major Digital Bank (DBM Australian Financial Awards)⁹
- #1 Most Innovative Banking App (RFi Group Australian Banking Innovation Awards)¹⁰

1, 2, 3, 4, 5, 6, 7, 8, 9, 10. Refer to notes slide at the back of this presentation for source information.



Simpler, better foundations

Good progress on becoming a better bank for our customers

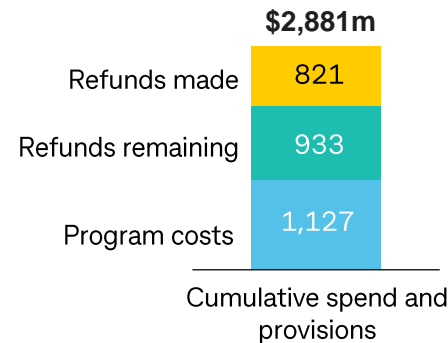
COVID-19 support

Rapid support to customers impacted by COVID-19

- +250k** Loan repayment deferrals
- >1m** Calls and online request for help
- >6.3m** Visits to COVID-19 support page
- >50%** Of all new SME Guarantee loans

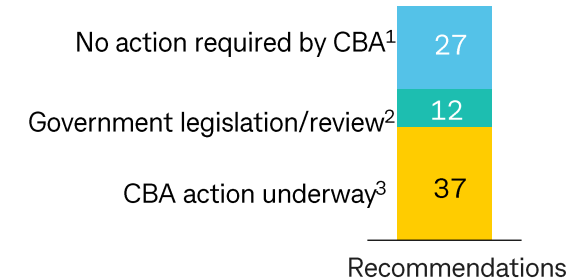
Customer Remediation

Committed to remediating customers quickly



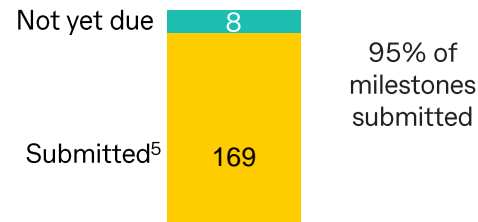
Royal Commission

Well progressed on implementing the recommendations of the Royal Commission



Remedial Action Plan⁴

Validation from APRA - significant progress in our Remedial Action Plan - \$500m capital release



Open Banking

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



Comprehensive Credit Reporting

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



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



Supporting

Simply, efficiently, effectively

Support



COVID-19

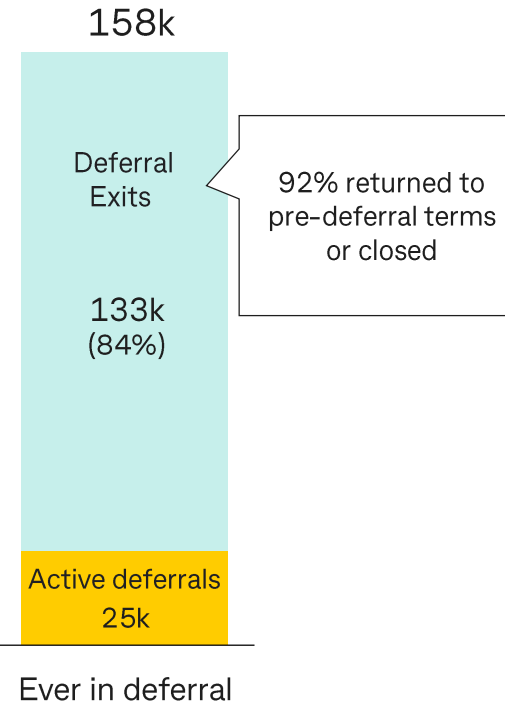
>6.3m support page visits

<12mins BizExpress online applications funded

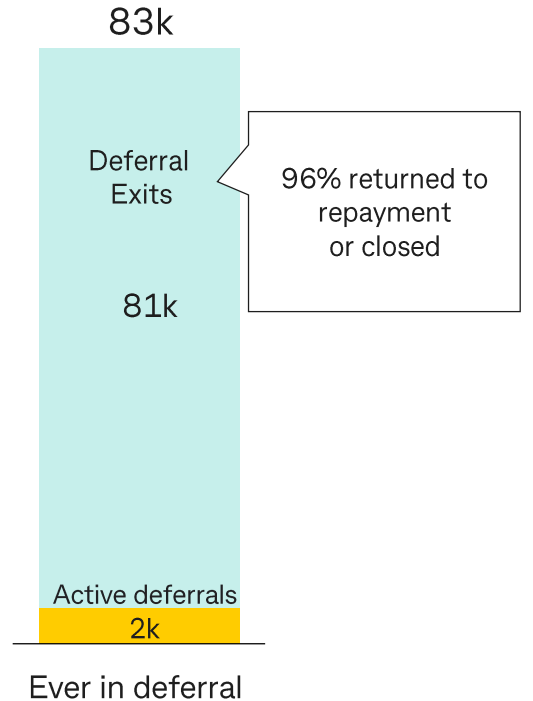
>730m in-app COVID-19 response messages

Repayment deferrals¹

Home lending



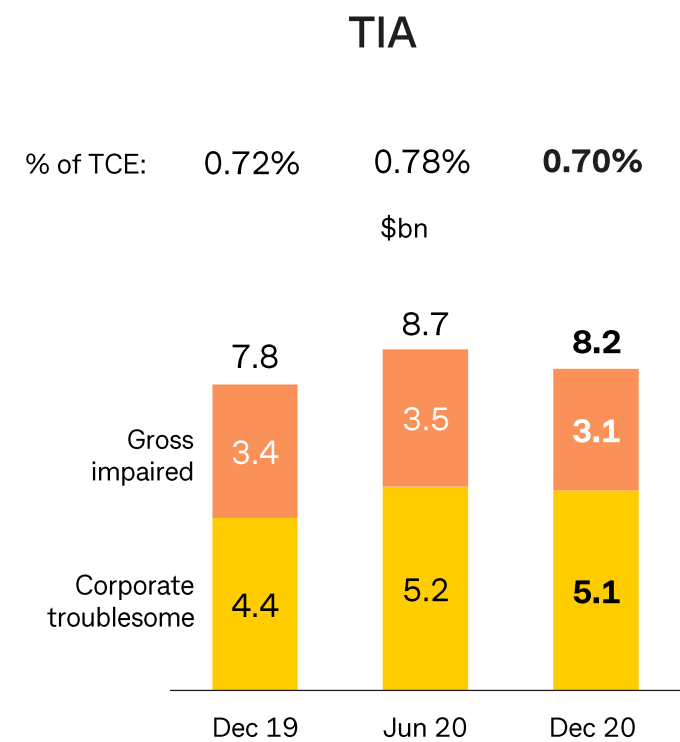
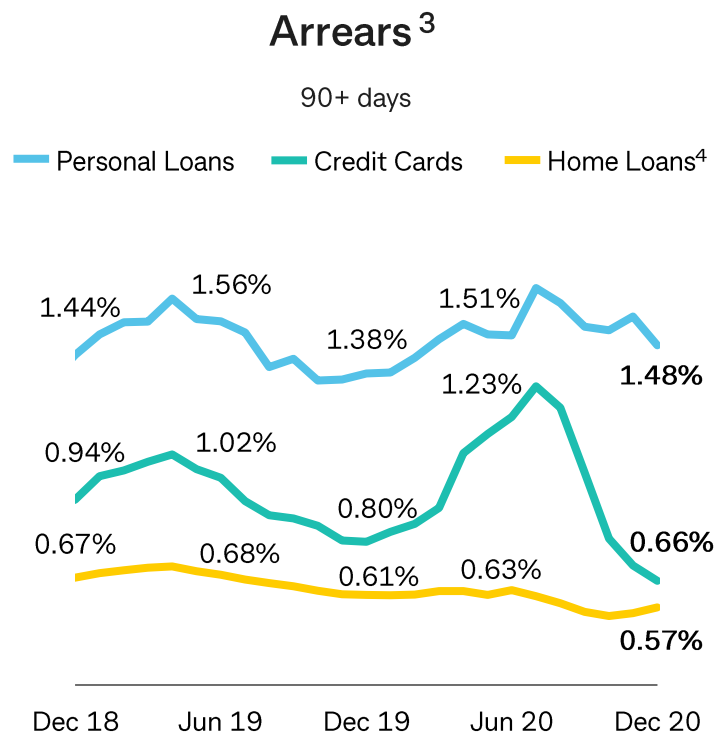
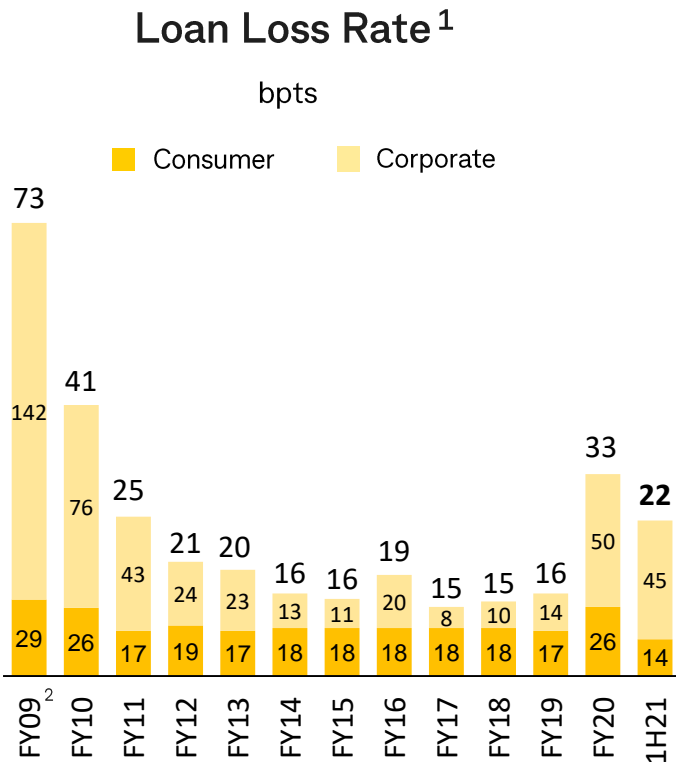
Business lending



1. Australian deferral accounts as at 31 January 2021. CBA Product view basis.

Credit risk

Cautious provisioning; key leading indicators remain insulated by COVID-19 support measures



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

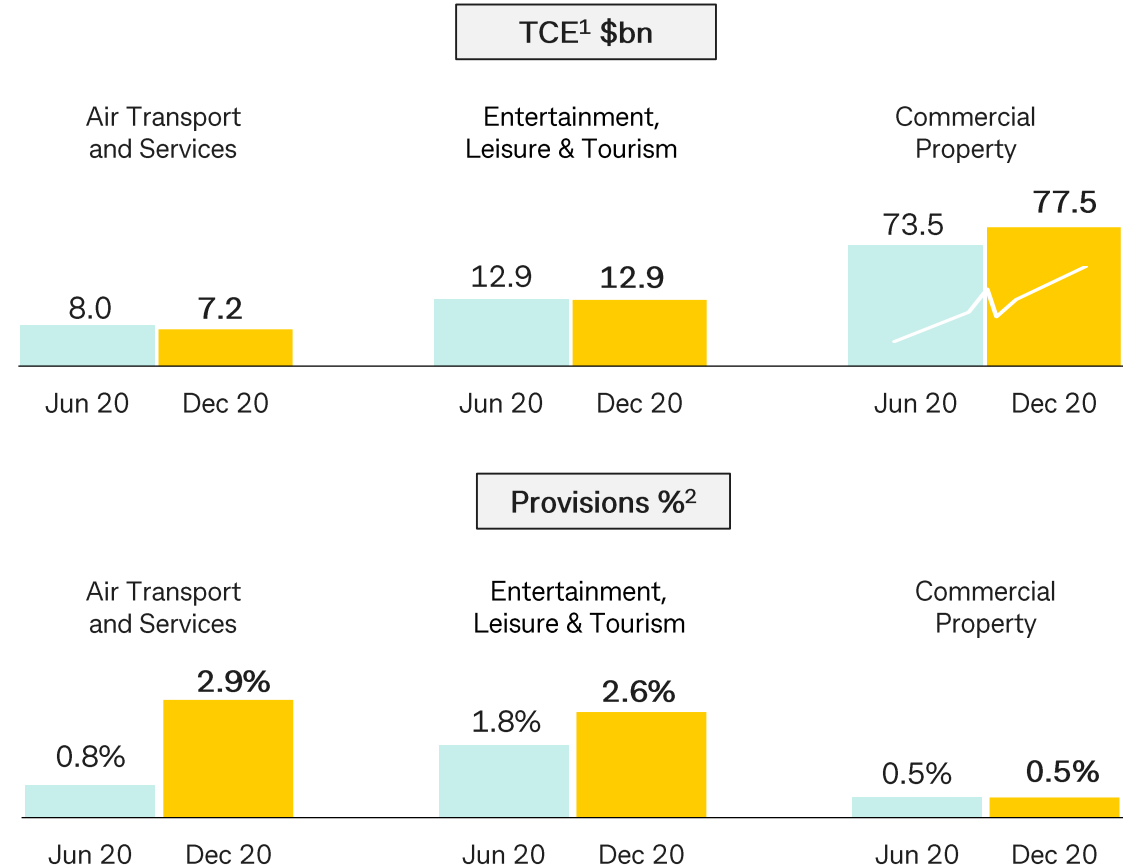


Sector focus

Close monitoring as COVID-19 support measures unwind – increased provisioning in sectors of concern

Sector focus

- **Air Transport and Services**
 - Facing an extended period of travel restrictions
 - Exposure split evenly between airports/airlines
 - Increased provisions, reduced carrying value of aircraft leases
- **Entertainment, Leisure & Tourism**
 - Close monitoring across a range of sub-sectors
 - e.g. businesses exposed to tourism/travel, inner city hospitality
- **Commercial Property**
 - Focus on sub-sectors susceptible to changing behaviour patterns
 - e.g. office buildings, student accommodation
 - TCE growth driven by office investors and residential developments



1. Total Committed Exposure (TCE). 2. Total provisions as a % of Total Committed Exposures.





Financials

Overview – 1H21 result¹

Key outcomes summary

Financial

Statutory NPAT ² (\$m)	4,877	(20.8%)
Cash NPAT ³ (\$m)	3,886	(10.8%)
ROE ³ % (cash)	10.5	(180)bpts
EPS ³ cents (cash)	220	(26c)
DPS ² \$	1.50	(50c)
Cost-to-income ³ (%)	46.5	+320 bpts
NIM ³ (%)	2.01	(10)bpts
Op income ³ (\$m)	11,961	(0.5%)
Op expenses ³ (\$m)	5,566	+6.9%
Profit after capital charge ^{3,4} (\$m)	1,821	(19.1%)
LIE to GLAA (bpts) ⁵	22	+5 bpts

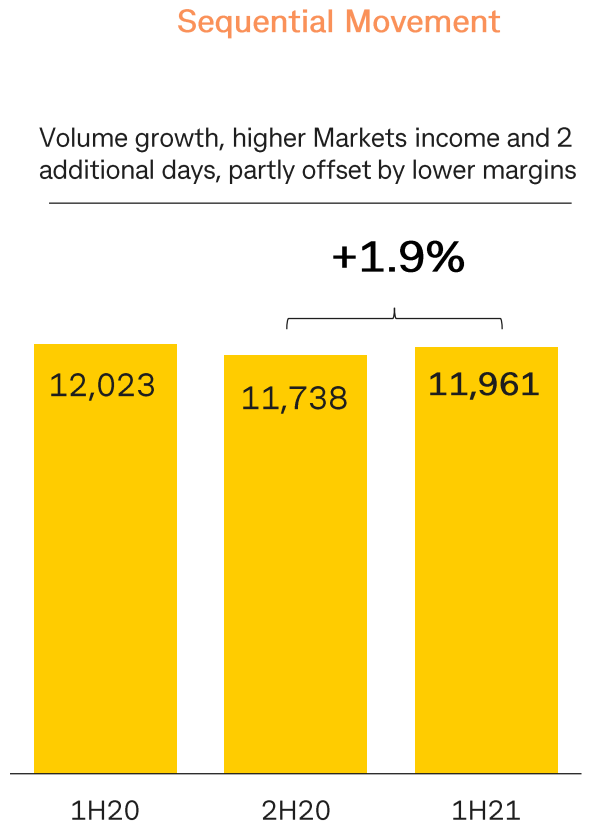
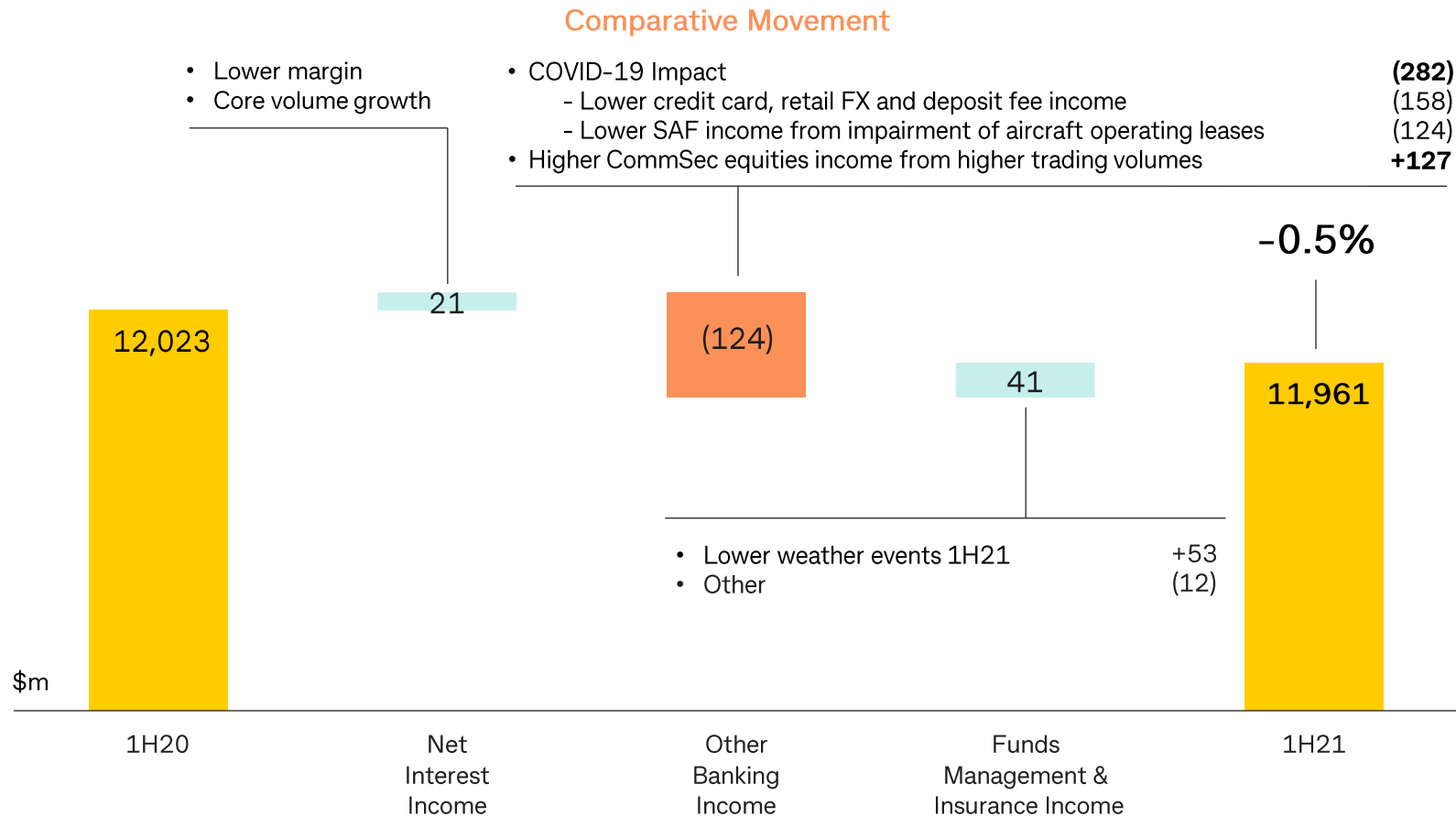
Balance sheet, capital & funding

Capital – CET1 ^{2,6} (Int'l)	18.7%	+120 bpts
Capital – CET1 ² (APRA)	12.6%	+90 bpts
Total assets (\$bn)	1,058	+7.9%
Total liabilities (\$bn)	983	+8.1%
Deposit funding	75%	+4.0%
LT wholesale funding WAM ⁷	5.2 yrs	(0.2)yrs
Liquidity coverage ratio ⁸	143%	+9%
Leverage ratio (APRA) ²	6.0%	(10)bpts
Net stable funding ratio	123%	+9%
Credit ratings ⁹	AA-/Aa3/A+	Refer footnote 9

1. All movements on prior comparative period unless otherwise stated. 2. Includes discontinued operations. 3. Presented on a continuing operations basis. 4. The Group uses PACC as a key measure of risk adjusted profitability. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments. 5. Cash Loan Impairment Expense as a percentage of average Gross Loans and Acceptances (GLAA) (bpts) annualised. 6. Internationally comparable capital - refer glossary for definition. 7. As at 31 December 2020, Weighted Average Maturity includes Term Funding Facility drawdowns. WAM as at 31 December 2020 excluding Term Funding Facility drawdowns is 5.7 years (+0.4yrs from 30 June 2020). 8. Quarterly average. 9. S&P, Moody's and Fitch. S&P revised Australian Major Banks outlook to "Negative" from "Stable" on 8th April 2020. Moody's affirmed CBA's ratings and stable outlook on 19th December 2019. Fitch affirmed CBA's A+ Negative Outlook rating on 21st September 2020.

Operating income¹

Lower margin and impact of COVID-19, partly offset by core volume growth



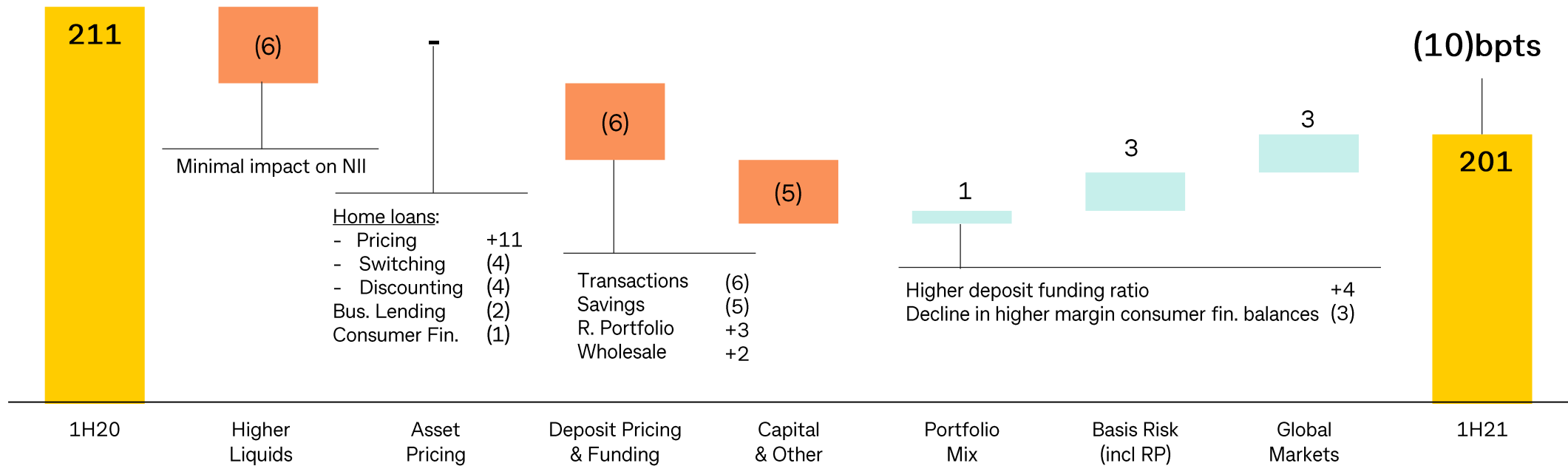
1. Presented on a continuing operations basis.



Group margin¹

Down 4bpts excluding the impact of higher liquids – mainly continued pressure from lower interest rates

Cash Rate Headwinds²
FY21 vs FY20 ↓ 7bpts



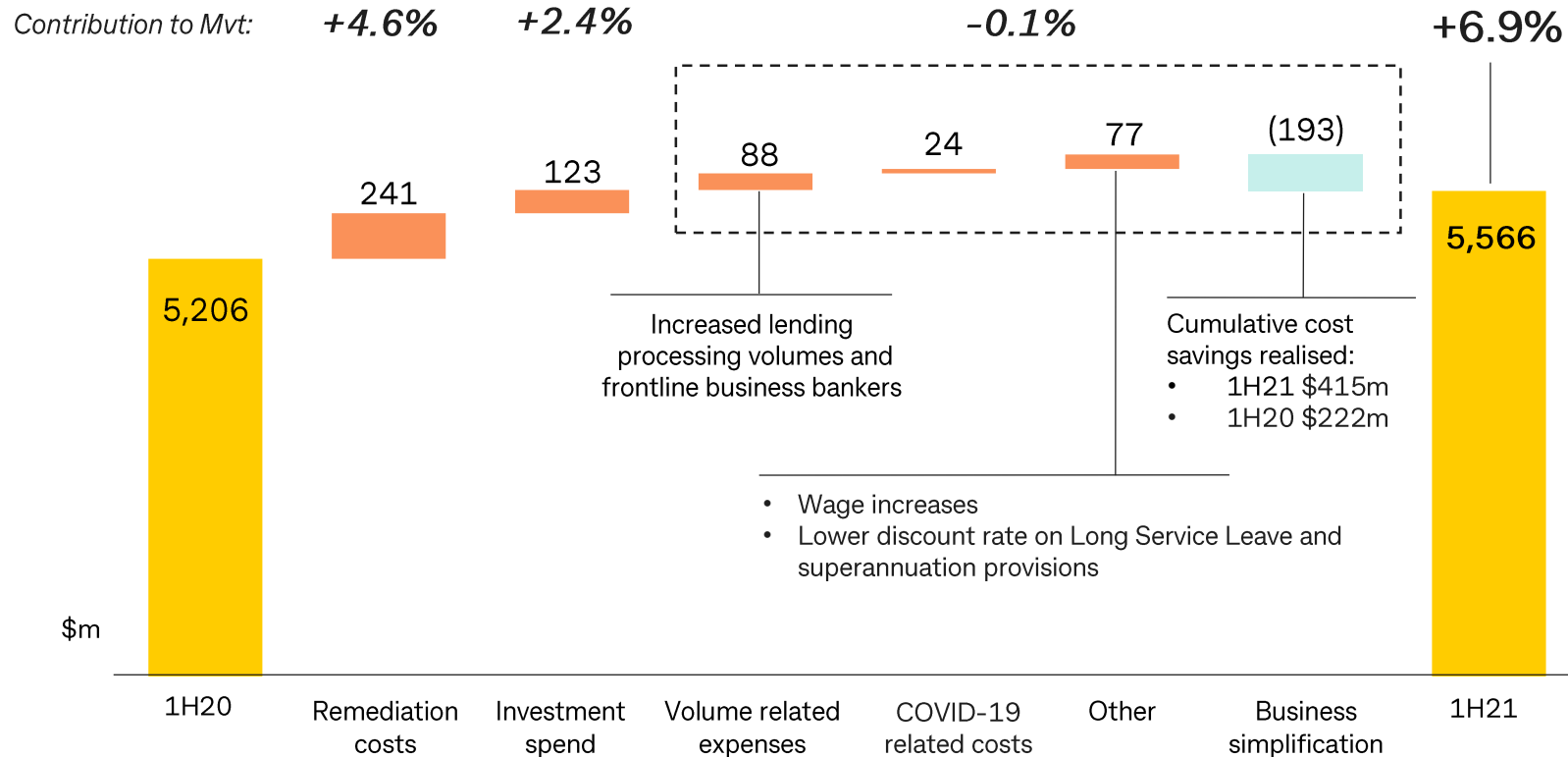
1. Presented on a continuing operations basis. 2. Estimated impact of the RBA's cash rate cuts in July, October 2019, March and November 2020 on Group NIM, including the deposits impact, lower expected replicating portfolio and equity hedge benefits, and flow through of announced repricing. Excludes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



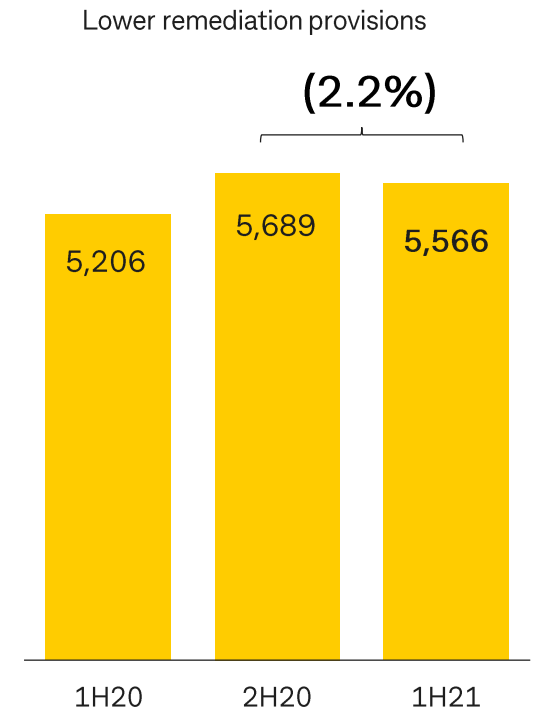
Operating expenses¹

Up 2.3% (ex remediation), due to franchise investment, higher volumes, and continued momentum in simplification

Comparative Movement²



Sequential Movement

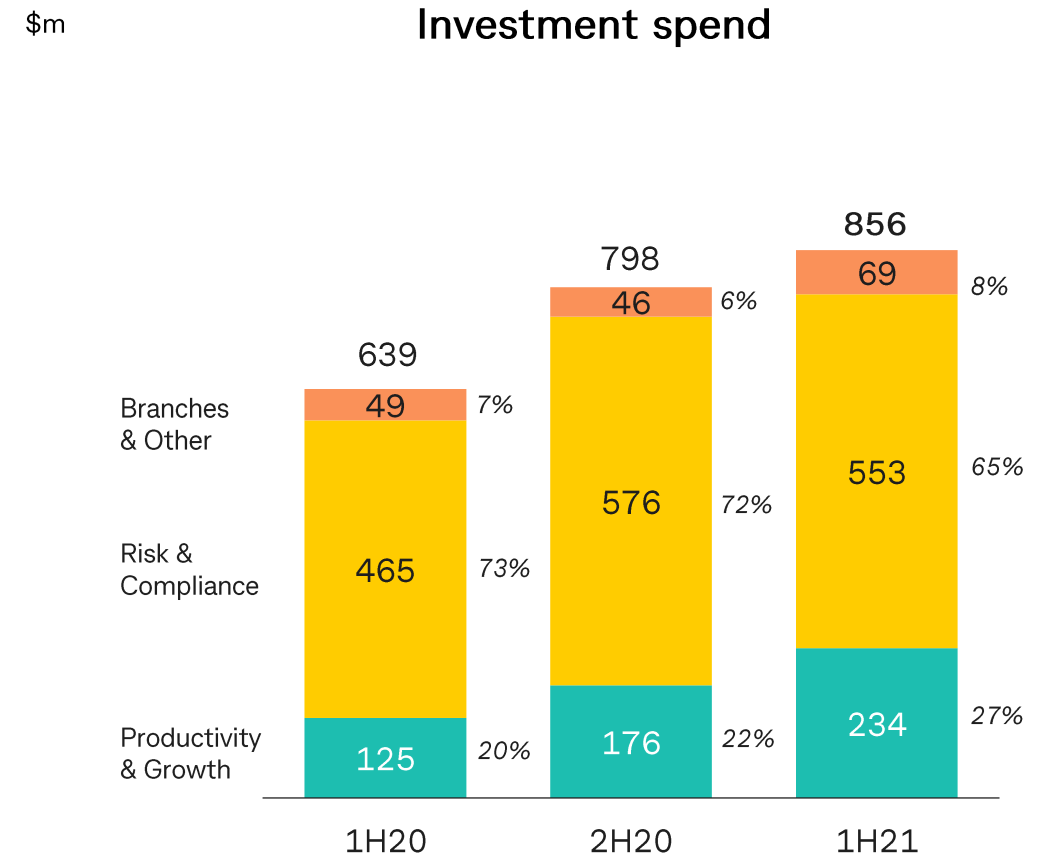
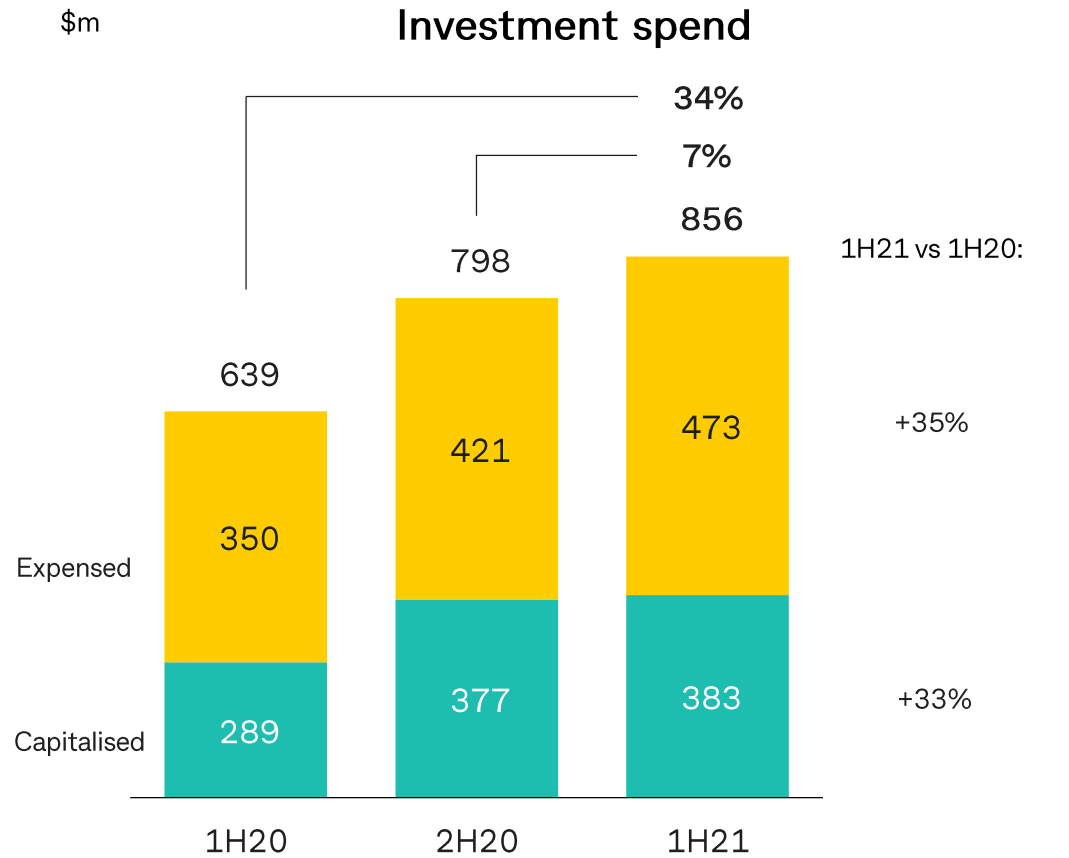


1. Presented on a continuing operations basis. 2. Growth rate percentages represent growth on 1H20 cost base.



Investment spend^{1,2}

Investment spend up 34%, with a higher proportion of productivity & growth related spend



1. Presented on continuing operations basis. 2. Capitalised software balance is \$1.40bn as at 31 December 2020, \$1.35bn as at 30 June 2020 and \$1.42bn as at 31 December 2019.



Provisioning

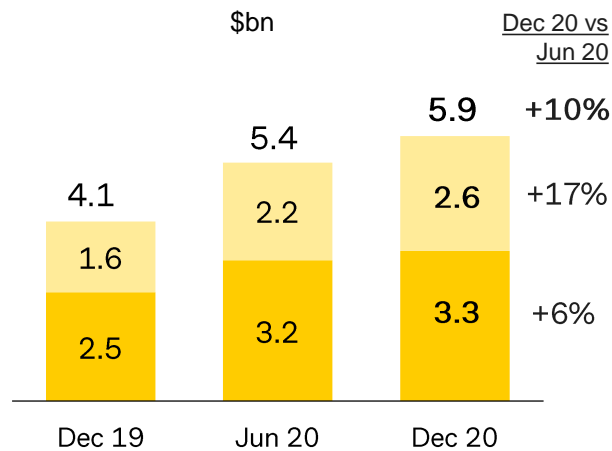
Strong provision coverage maintained – remain cautious notwithstanding improved economic outlook (vs Jun 20)

Collective Provisions

Provision Coverage¹

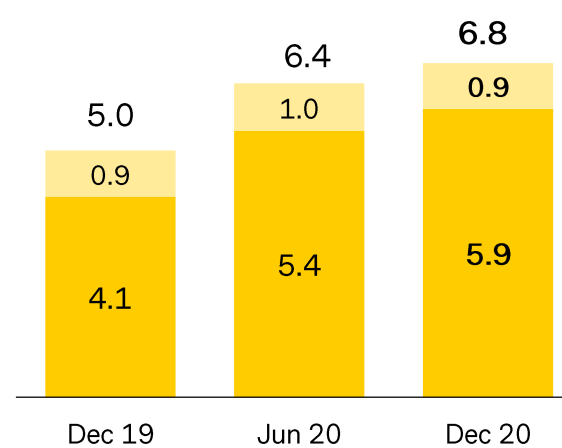
1.08% 1.44% 1.58%

Consumer Corporate

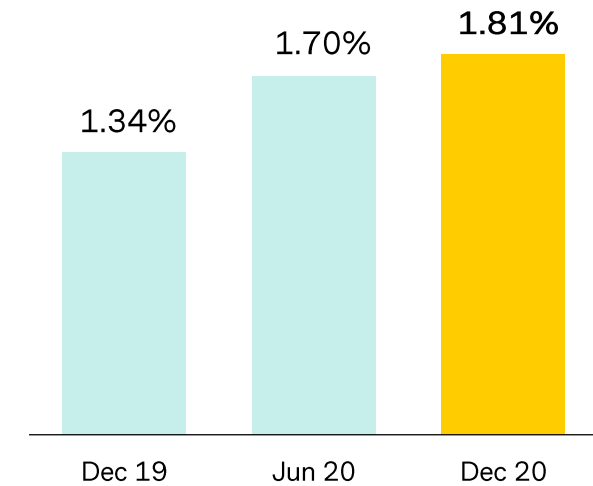


Total Provisions (\$bn)

Collective Individual



Provisions/CRWA²



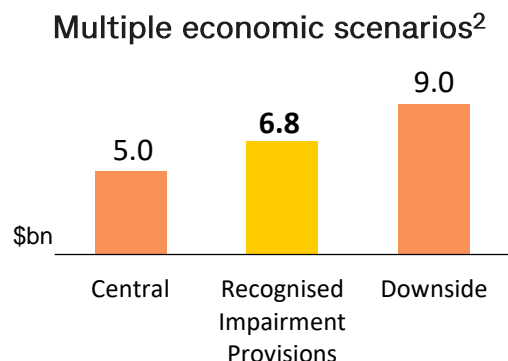
1. Total collective provisions divided by credit risk weighted assets. 2. Total provisions divided by credit risk weighted assets.



Provisioning Scenarios¹

Remain cautious notwithstanding some improvement in broad economic assumptions since June 20

- Macroeconomic assumptions reflect forward looking scenarios updated for current assessments of the impacts of COVID-19
- Cautious assumptions retained - Central scenario more conservative than February 2021 RBA baseline forecast; and Downside scenario unchanged given ongoing uncertainty in economic outlook
- Adequately provisioned between 'Central' and 'Downside' economic scenarios with increased provision coverage.



Key assumptions:	Current ³	Central			Downside		
		CY21	CY22	CY23	CY21	CY22	CY23
GDP Index (Dec-19 = 100)	95.8	100.8	104.8	108.0	93.2	95.8	98.2
<i>RBA assumptions (Feb-21)⁴</i>		101.4	105.0	n/a	99.0	102.0	n/a
Unemployment % ⁵	6.6%	6.5%	6.0%	5.5%	10.4%	9.3%	8.0%
<i>RBA assumptions (Feb-21)⁴</i>		6.0%	5.5%	n/a	6.8%	6.5%	n/a
Cash Rate	0.10%	0.10%			0.10%		
Business Investment (annual % change)	-9.2%	4.0%	9.0%	4.2%	-10.0%	-1.2%	2.5%
Outputs:	Current	Central peak			Downside peak		
Credit RWA intensity ⁶ – housing	24%	-			29%		
Credit RWA intensity ⁶ – business	56%	-			71%		
Credit RWA intensity ⁶ – total	33%	-			38%		
Notional Credit RWA increase	\$377bn	-			~\$60bn		
CET1 impact of notional CRWA increase	n/a	-			~130bps		

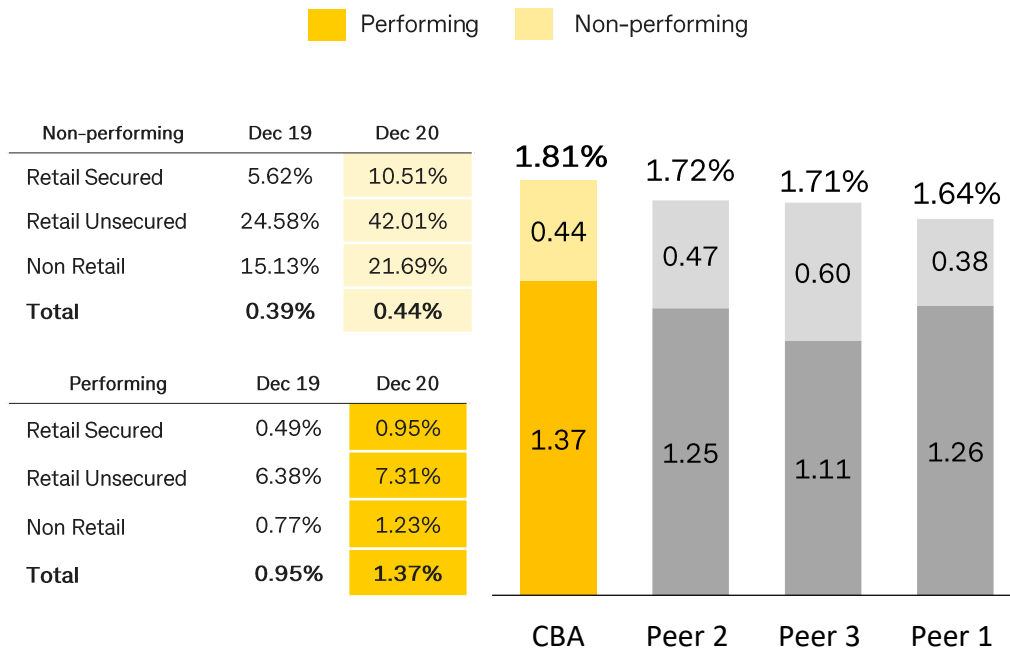
1. Central, Upside, Downside and Severe Downside. Central: Considers the Group's base case assumptions, aligned to the RBA's 'Baseline' forecast (Nov-20). Upside, Downside and Severe Downside assumptions are set relative to the Central scenario. 2. Assuming 100% weighting and holding all other assumptions including forward looking adjustments constant. 3. GDP and Business Investment at Sep-20 (Source: ABS, RBA), Unemployment at Dec-20 (Source: ABS). 4. Source: RBA Feb-21 Statement on Monetary Policy. 5. Forecast spot unemployment rate at December of each year. 6. RWA intensity represents the amount of credit risk weighted assets required to be held as a proportion of lending exposures. Housing and business Credit RWA intensity have been calculated excluding specialised lending exposures and exposures subject to the standardised approach.



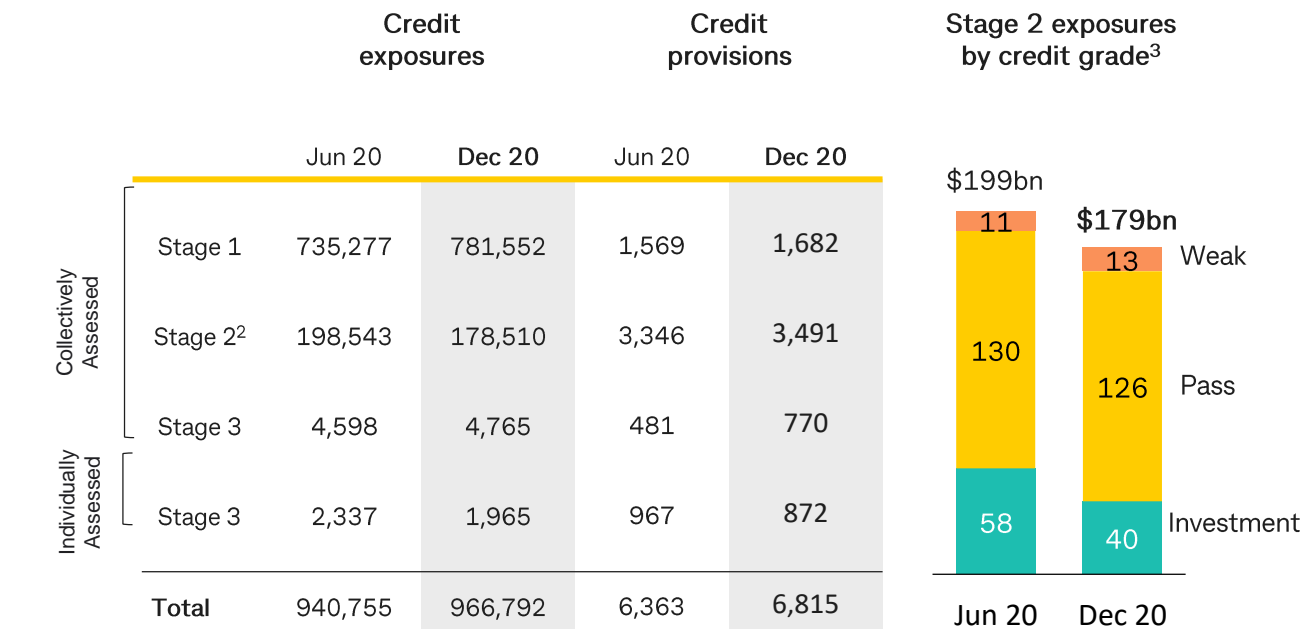
Provisions¹

Strong provisioning coverage

Provision coverage/CRWA



Provisions by stage

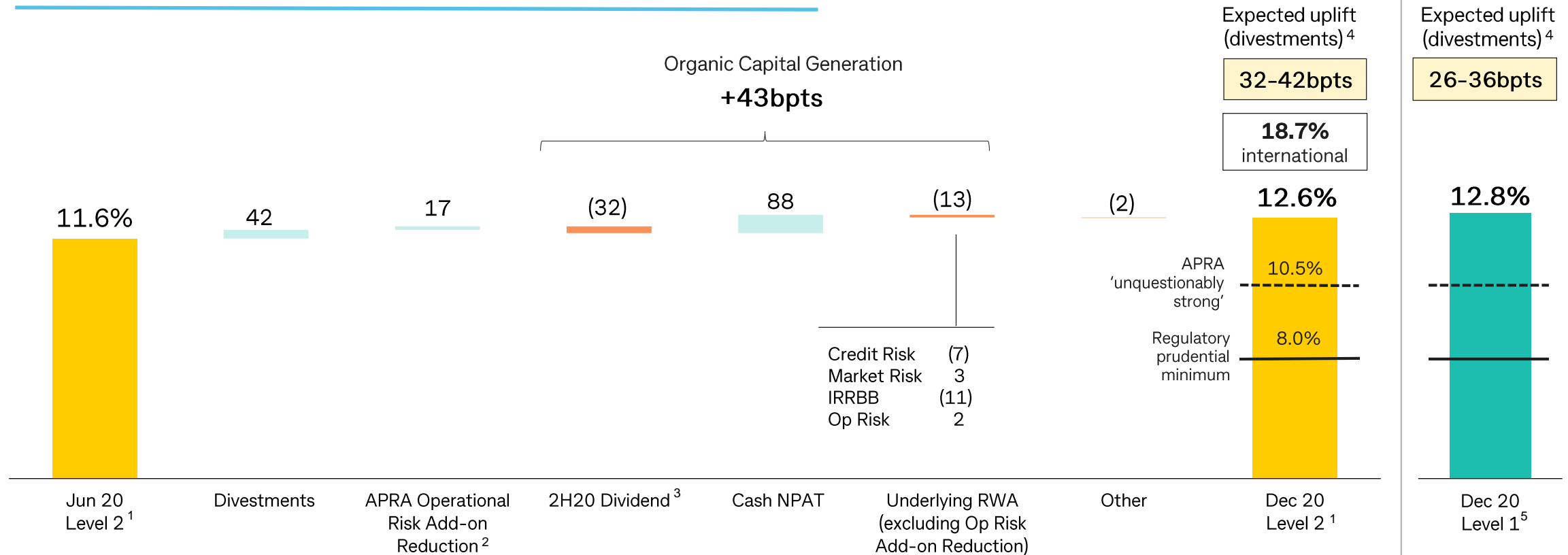


1. AASB 9 classifies loans into stages; Stage 1 – Performing, Stage 2 – Performing but significantly increased credit risk, Stage 3 – Non-performing (impaired). Performing relates to Stage 1 and Stage 2. Non-performing relates to Stage 3. Stage 2 is defined based on a significant deterioration in internal credit risk ratings, as well as other indicators such as arrears. Assessment of Stage 2 includes the impact of forward looking adjustments for emerging risk. 2. The assessment of significant increase in credit risk includes the impact of forward looking multiple economic scenarios in addition to adjustments for emerging risks at an industry, geographic location or particular portfolio segment level, which are calculated by stressing an exposure’s internal credit rating grade at the reporting date. This accounts for approximately 57% of Stage 2 exposures as at 31 December 2020 (30 June 2020: 65%, 31 December 2019: 64%). 3. Segmentation of loans in retail and risk rated portfolios is based on the mapping of a counterparty’s internally assessed PD to S&P Global ratings, reflecting a counterparty’s ability to meet their credit obligations.



Capital

CET1 of 12.6% after payment of 2H20 dividend



1. Level 2 is the consolidated banking group including banking subsidiaries such as ASB Bank and PT Bank Commonwealth (Indonesia) and excluding the insurance and funds management businesses. 2. Reflects APRA's announcement on 20 November 2020 resulting in a 50% reduction in CBA's operational RWA add-on (from \$12.5bn to \$6.25bn). 3. 2020 final dividend: included the issuance of shares in respect of the Dividend Reinvestment Plan 4. Expected CET1 uplifts from previously announced divestments: Commlnsure Life (final instalment) and majority sale of Colonial First State. Completion of divestments subject to regulatory approvals. 5. Level 1 is the CBA parent bank, offshore branches and extended license entities approved by APRA.



Simpler, better foundations

Divestment program well progressed – BoCommLife completed - Aussie Home Loans / Lendi merger announced

Divestment Status

Completed

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

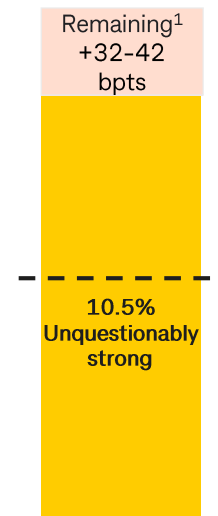
Announced

CommInsure Life	Expected completion 2H21
AUSIEX	Expected completion 2H21
Colonial First State	Expected completion 2H21
Aussie Home Loans	Expected completion mid CY21
General Insurance	Exploring alternatives

CET1 Impact

Level 2

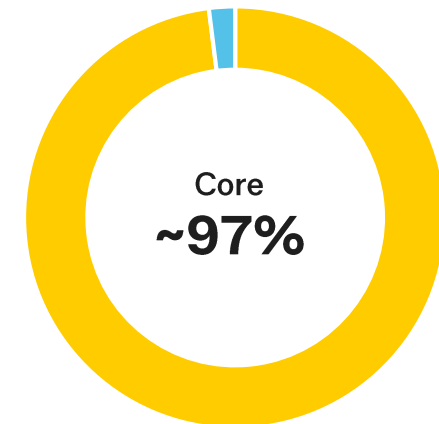
Pro-forma **12.9-13.0%**



Dec 20

Core Business

1H21 Cash NPAT (\$m)



1. Expected CET1 uplifts from previously announced divestments: CommInsure Life (final instalment) 2bpts and majority sale of Colonial First State 30-40bpts. Completion of divestments subject to regulatory approvals.





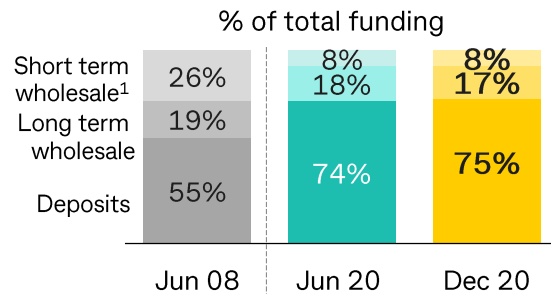
Funding, Liquidity and Capital

Funding overview

Resilient balance sheet with significant excess liquidity

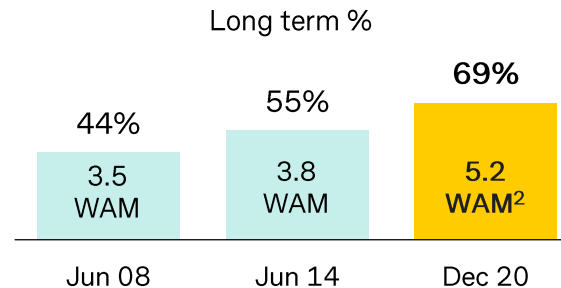
Funding composition

Deposit growth supporting 75% of funding



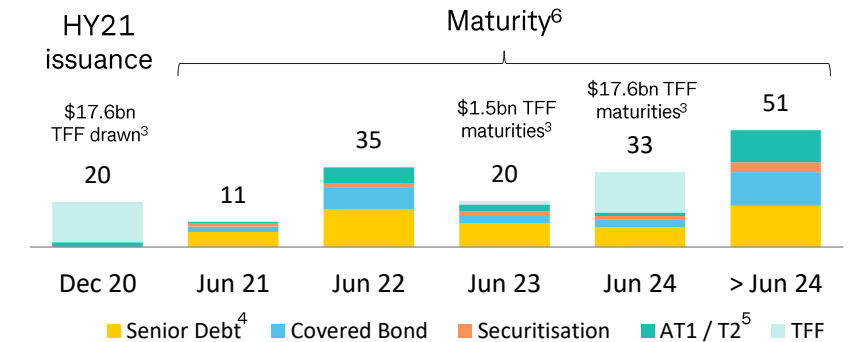
Wholesale funding

Weighted to long term



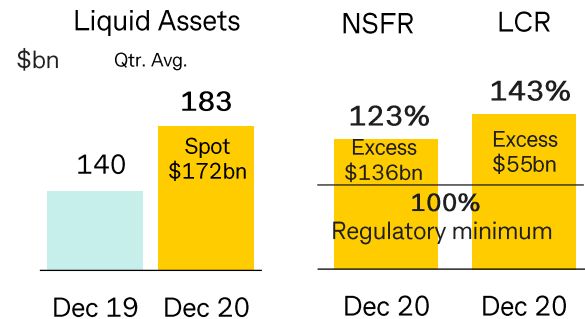
Funding profile

Balanced profile reducing refinancing risk



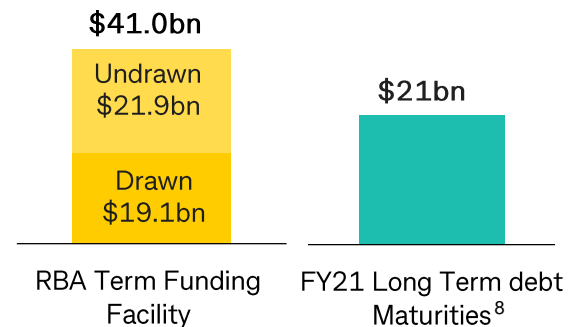
Liquidity metrics⁷

Significant excess liquidity



RBA Term Funding Facility

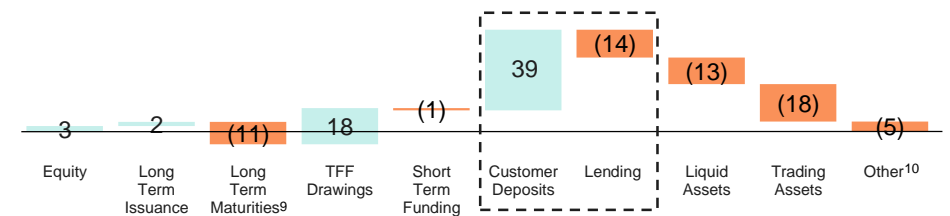
Additional funding support



Sources and uses of funds

Core funding surplus, reducing in wholesale funding

6 months to December 20

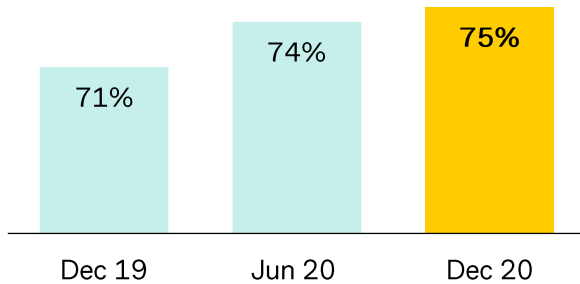


1. Includes other short term liabilities. 2. Represents the Weighted Average Maturity of outstanding long term wholesale debt with a residual maturity greater than 12 months as at reporting date. As at 31 December 2020, Weighted Average Maturity and Long term % includes Term Funding Facility drawdowns. WAM as at 31 December 2020 excluding Term Funding Facility drawdowns is 5.7 years. 3. Total TFF drawn by 31 December 2020 is \$19.1bn (includes \$1.5bn TFF drawdown during FY20). 4. Includes Senior Bonds and Structured MTN. 5. Additional Tier 1 and Tier 2 Capital. 6. Maturities may vary quarter to quarter due to FX revaluation. 7. NSFR: Spot, LCR: Pillar 3 Quarter Average. 8. Long term wholesale funding maturities. 9. Reported at historical FX rates. 10. Includes FX revaluation.

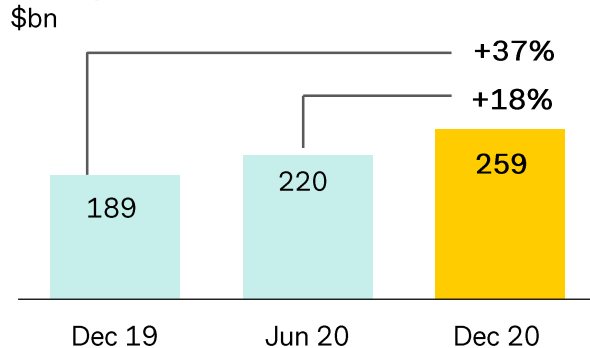
Deposit funding

Highest share of stable household deposits in Australia

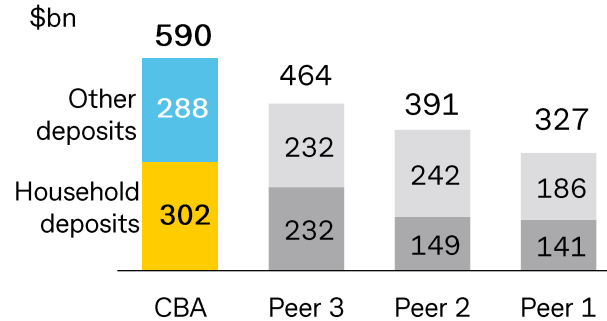
Deposit funding



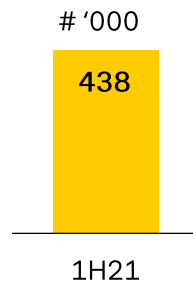
Group transaction balances⁴



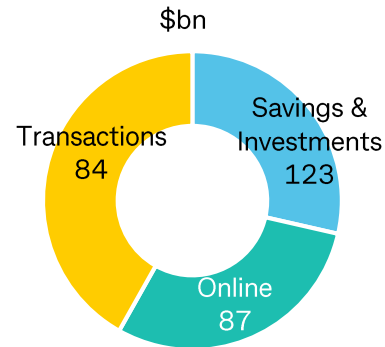
Deposits vs peers¹



New transaction accounts⁵

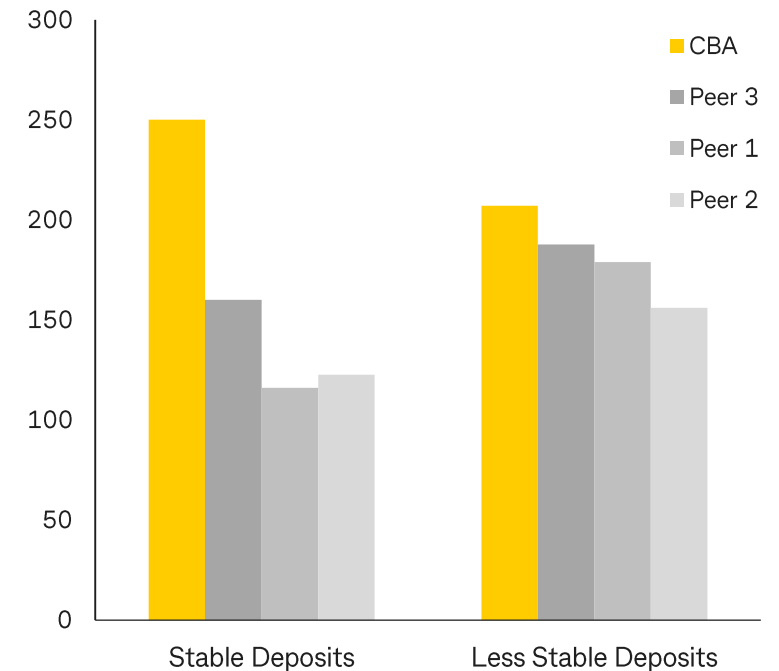


Deposit mix⁶



Deposits in NSFR²

As at December 2020 (\$bn)
Peers as at September 2020³



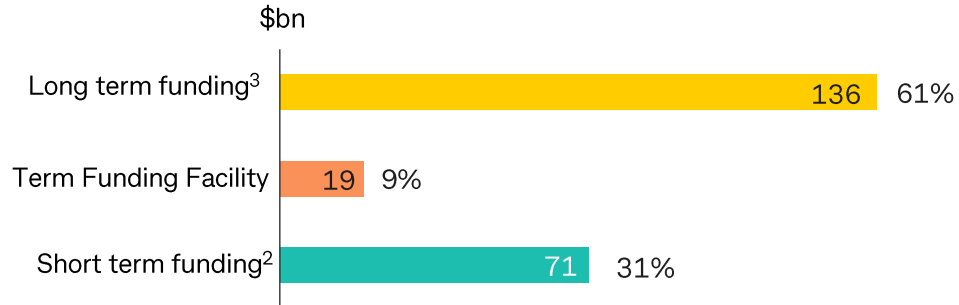
1. Source: APRA Monthly Authorised Deposit Taking Institution Statistics (MADIS). Total deposits (excluding CDs). 2. Stable and less stable deposits in NSFR calculation. Excludes operational deposits, other deposits and wholesale funding. 3. Source: 30 September 2020 Pillar 3 Regulatory Disclosures;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



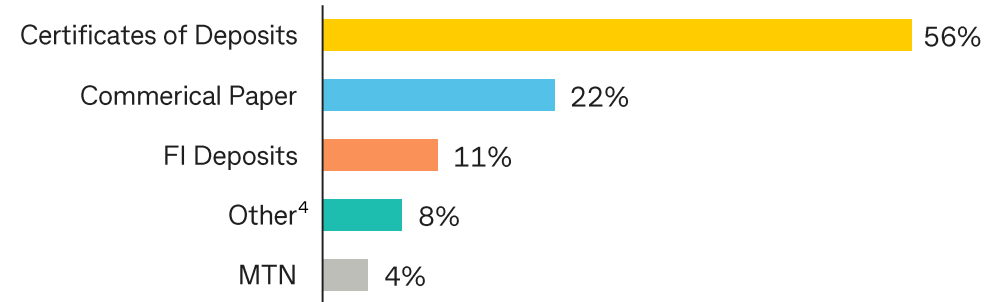
Wholesale funding

Diversified wholesale funding across product, currency and tenor

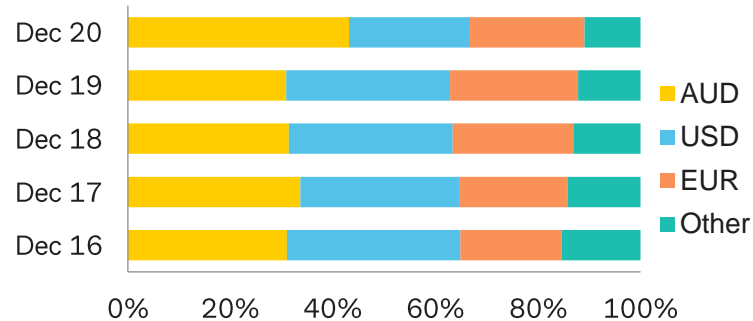
Portfolio mix¹



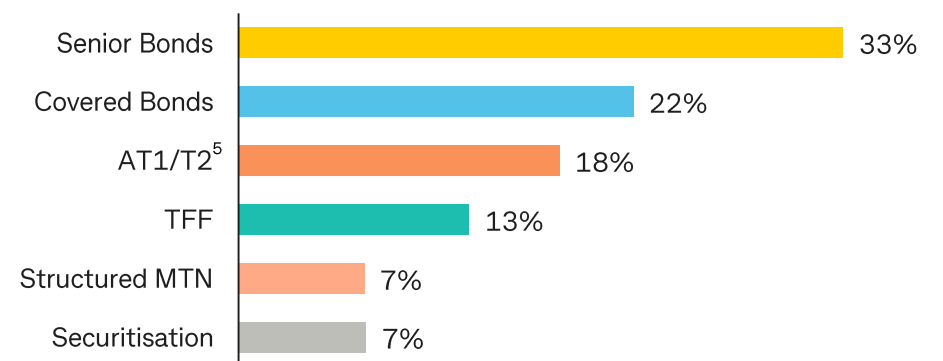
Short term funding by product²



Long term funding by currency³



Long term funding by product³



1. Numbers do not sum to 100% due to rounding. 2. Includes the categories 'central bank deposits' and 'due to other financial institutions'. 3. Includes IFRS MTM and derivative FX revaluation, includes debt with an original maturity or call date of greater than 12 months (including loan capital) and TFF drawdowns. 4. Other includes net repo. 5. Additional Tier 1 and Tier 2 Capital.

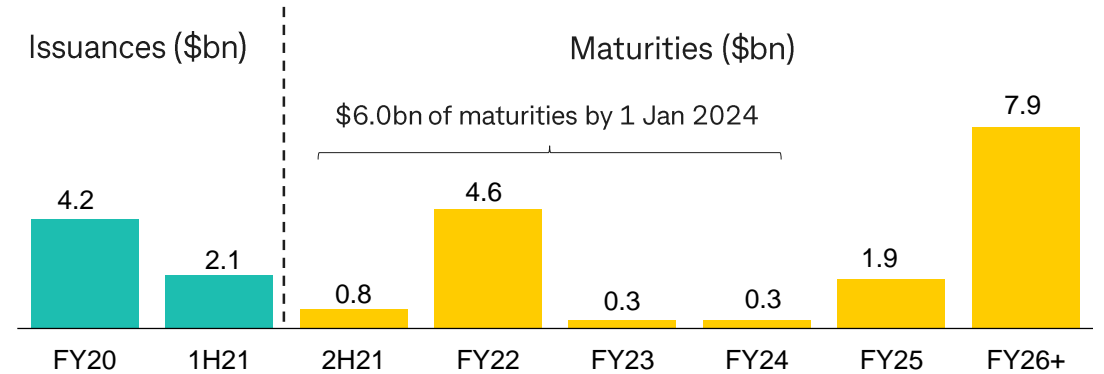


APRA's LAC requirements

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

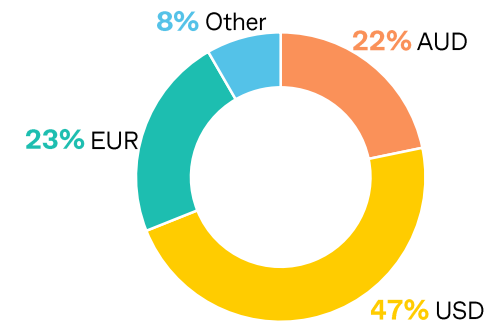
- Based on APRA's existing capital framework, CBA requires an additional \$4.9bn of LAC qualifying issuance by 1 Jan 24 (excluding maturities).
- Expected Tier 2 issuance of \$4-5bn in FY21.
- In December 2020, APRA announced proposed changes to the capital framework and is evaluating any consequential adjustment to the required amount of LAC.

T2 Capital Profile^{3,4}

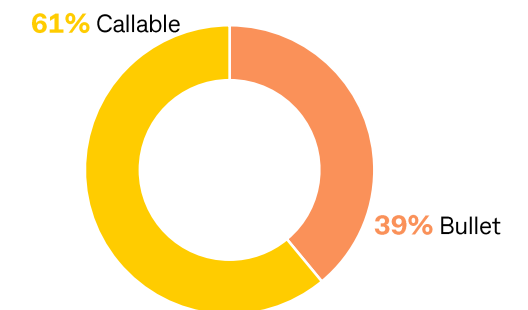


\$bn	Dec 20
Risk Weighted Assets	453.6
Tier 2 Requirement @ 5% by 1 Jan 2024 ¹	22.7
Existing Tier 2 at December 2020 (3.9%) ²	17.8
Current shortfall (excluding AT1)	4.9
Maturities by 1 Jan 2024	6.0

Currency %



Format %



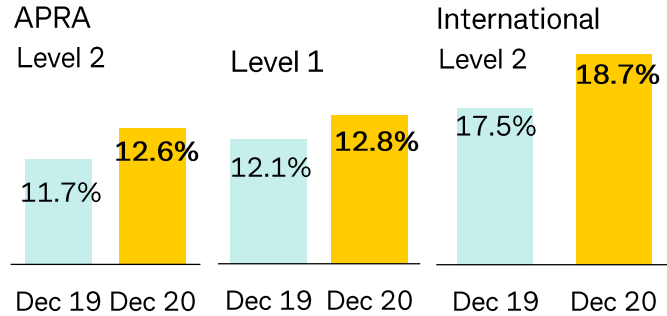
1. Based on APRA's existing capital framework. 2. Inclusive of \$2.1bn provisions eligible for inclusion in Tier 2. 3. Represents spot FX translation at Dec-20. 4. Securities in callable format profiled to first call date. Securities in bullet format profiled to maturity date (5 year amortisation period).



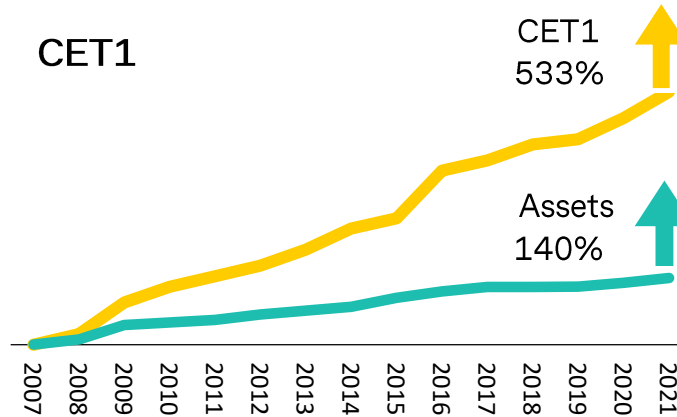
Capital overview

Strong capital position maintained

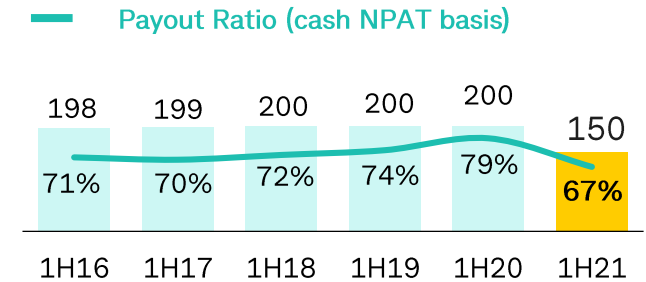
CET1



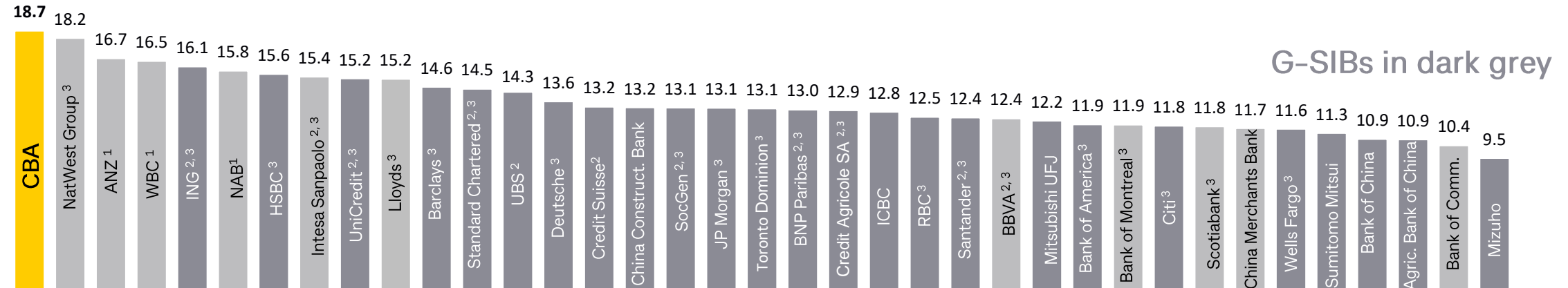
CET1



Dividend per Share (cents)



International CET1 ratios



Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 4 February 2021 assuming Basel III capital reforms fully implemented. Peer group comprises domestic peers and listed commercial banks with total assets in excess of A\$1,000 billion which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate. 1. Domestic peer figures as at 30 September 2020. 2. Deduction for accrued expected future dividends added back for comparability. 3. CET1 includes benefit of Covid-19 transitional arrangements for expected credit loss provisioning.

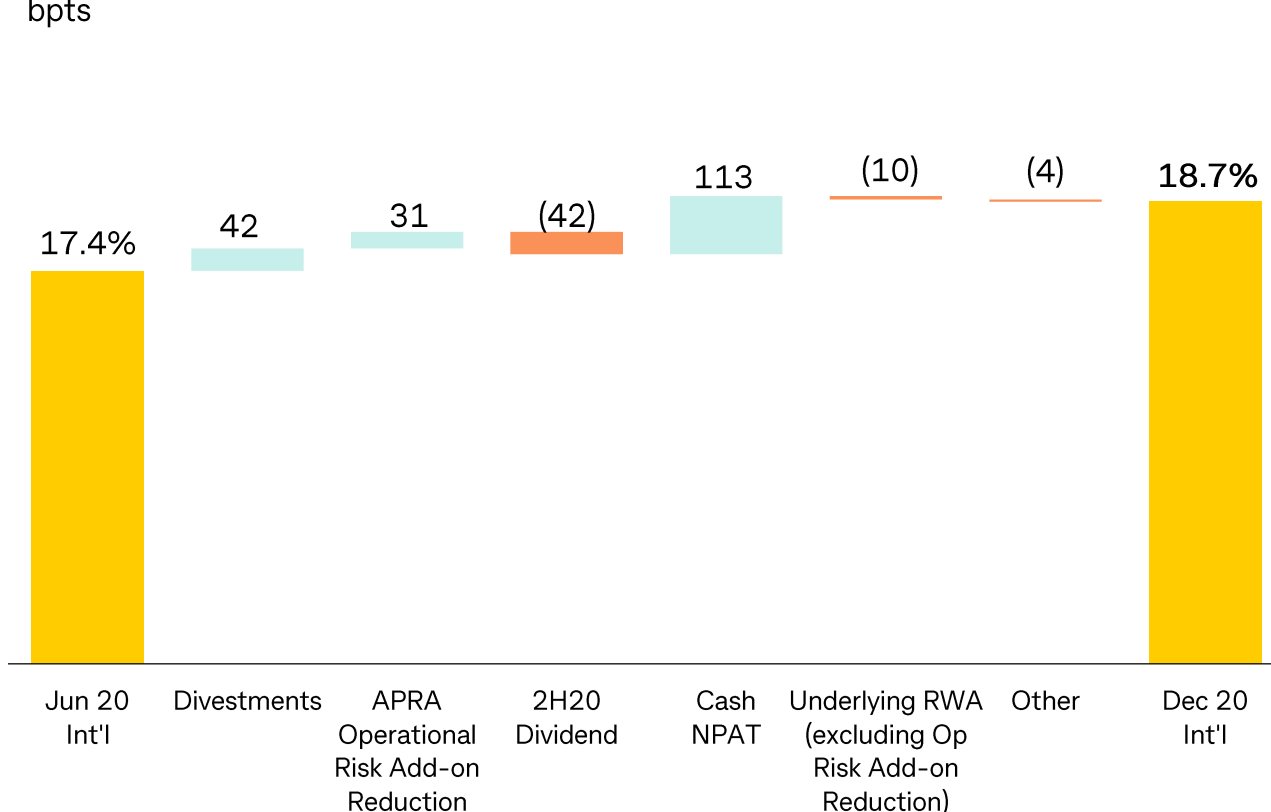


CET1 – internationally comparable

The Group's CET1 ratio of 12.6% translates to 18.7% on an international basis

Internationally comparable¹ CET1

bpts



1. Internationally comparable capital – refer glossary for definition.



CET1 APRA		12.6%
Equity investments	Balances below prescribed threshold risk weighted, compared to 100% CET1 deduction under APRA	0.7%
Capitalised expenses	Balances are risk weighted, compared to a 100% CET1 deduction under APRA	0.1%
Deferred tax assets	Balances below prescribed threshold risk weighted compared to a 100% CET1 deduction under APRA	0.5%
IRRBB RWA	APRA requires capital to be held for IRRBB. The BCBS does not have any capital requirement	0.4%
Residential mortgages	LGD of 15%, compared to 20% LGD floor under APRA and adjustments for higher correlation factor applied by APRA for Australian residential mortgages	2.4%
Other retail standardised exposures	75% Risk weighting, rather than 100% under APRA	-
Unsecured non-retail exposures	LGD of 45%, compared to 60% or higher LGD under APRA	0.4%
Non-retail undrawn commitments	75% Credit conversion factor, compared to 100% under APRA	0.4%
Specialised lending	Use of AIRB PDs and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factor	1.1%
Currency conversion	Increase in A\$ equivalent concessional threshold level for small business retail and SME corporate exposures	0.1%
CET1 internationally comparable		18.7%

Regulatory capital changes

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

Change	Details	Implementation
APRA's revisions to the ADI capital framework	<ul style="list-style-type: none"> In December 2020, APRA released a further consultation package of the reviewed capital framework. APRA is targeting a capital outcome in dollar terms that remains broadly constant and consistent with the "unquestionably strong" capital benchmark. APRA's proposals include: <ul style="list-style-type: none"> Higher regulatory capital buffers, with the CCyB default level set at 100 basis points for all ADIs and the CCB increasing from 250 to 400 basis points for IRB ADIs such as CBA; Implementing more risk sensitive risk weights, particularly for residential mortgage lending; Closer alignment of non-retail RWAs relative to overseas peers; RWA for New Zealand subsidiaries to be determined under RBNZ rules at the consolidated group level; and Implementing a 72.5% output floor to limit the capital benefit for IRB ADIs relative to standardised ADIs. 	1 Jan 2023 (APS 111 Jan 2022, APS 116 Jan 2024)
Loss Absorbing Capacity ("LAC")	<ul style="list-style-type: none"> Total Capital increase of 3% for all domestically systemically important banks (D-SIBs). 	1 Jan 2024
RBNZ Capital Review	<ul style="list-style-type: none"> RWA of internal ratings based banks will effectively increase to 90% of that required under a standardised approach through the introduction of an 85% output floor and increasing the IRB scalar from 1.06 to 1.2; D-SIB Tier 1 capital requirement of 16% with at least 13.5% in the form of CET1; and Implementation from Jul 2022 with a transitional period of 6 years. 	1 Jul 2028 (Output floor 1 Jan 2022, IRB Scalar 1 Oct 2022)
Leverage ratio	<ul style="list-style-type: none"> Proposed minimum 3.5% from 1 Jan 2023. 	1 Jan 2023
APS 220 Credit Risk Management	<ul style="list-style-type: none"> Enhancements covering a broad range of issues including credit standards, ongoing monitoring and management of credit portfolios and Board oversight. From a regulatory capital perspective, proposals include the removal of the General Reserve for Credit Losses (GRCL) from provision requirements. 	1 Jan 2022
Dividend Guidance and Restrictions	<ul style="list-style-type: none"> APRA –Guidance issued in July 2020 requiring banks to preserve capital through retaining at least half of their earnings during the period of disruption caused by COVID-19, will no longer apply from calendar year 2021. APRA still expects banks to moderate dividend payout ratios to ensure they are sustainable, taking into account the outlook for profitability, capital and the broader environment. RBNZ - Prohibition of dividends or redemption on non-CET1 capital instruments until 31 March 2021 or later if required. 	Immediately (APRA announced 7 April 2020, 29 July 2020 and 15 December 2020, RBNZ announced 2 April 2020 and 11 November 2020)





Asset Quality

Total committed exposure summary

Close monitoring of key sectors

	Group TCE ¹		TIA ¹ \$m		TIA % of TCE ¹		% of provisions to TCE ¹	
	Jun 20	Dec 20	Jun 20	Dec 20	Jun 20	Dec 20	Jun 20	Dec 20
Consumer	58.8%	58.7%	1,929	1,662	0.29%	0.24%	0.5%	0.5%
Government, Admin., & Defence	11.8%	12.8%	-	-	-	-	-	-
Finance & Insurance	7.6%	6.8%	48	21	0.06%	0.03%	-	-
Commercial Property	6.6%	6.6%	752	904	1.02%	1.17%	0.5%	0.5%
Transport & Storage	2.5%	2.3%	951	755	3.38%	2.82%	0.9%	2.2%
Agriculture & Forestry	2.1%	2.1%	948	861	4.12%	3.48%	1.1%	1.0%
Manufacturing	1.4%	1.4%	724	545	4.68%	3.41%	2.3%	1.6%
Entertainment, Leisure & Tourism	1.2%	1.1%	686	1,071	5.32%	8.27%	1.8%	2.6%
Electricity, Gas & Water	1.1%	1.1%	89	170	0.75%	1.35%	0.4%	0.6%
Retail Trade	1.0%	1.0%	572	424	5.08%	3.58%	1.9%	1.5%
Business Services	1.0%	1.0%	221	390	1.97%	3.26%	1.5%	1.2%
Mining, Oil & Gas	1.0%	0.8%	204	126	1.87%	1.38%	1.4%	1.2%
Construction	0.9%	0.8%	506	342	5.12%	3.46%	2.0%	1.7%
Health & Community Services	0.8%	0.9%	103	116	1.09%	1.07%	0.9%	0.9%
Wholesale Trade	0.8%	0.9%	269	262	2.94%	2.55%	1.1%	1.2%
Media & Communications	0.5%	0.5%	186	175	3.37%	3.30%	0.9%	0.9%
Personal & Other Services	0.3%	0.3%	128	105	4.43%	3.22%	0.9%	0.8%
Education	0.2%	0.3%	29	40	1.10%	1.28%	0.6%	0.7%
Other	0.4%	0.6%	365	226	5.77%	3.44%	n/a	n/a
Total	100.0%	100.0%	8,710	8,195	0.78%	0.70%	0.6%	0.6%

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

Refer separate slide following

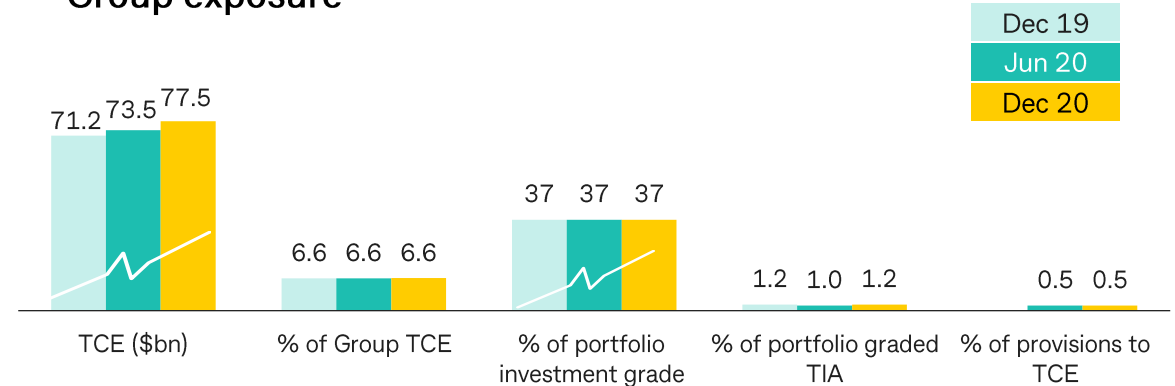


Sector focus – commercial property

Portfolio weighted to NSW – TIAs remain low at 1.2%

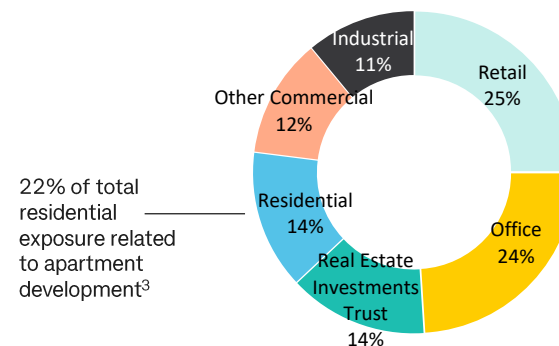
- Increased exposure this half primarily to office investors and residential developers in metropolitan Sydney and Melbourne.
- Diversified across sectors and by counterparty with the top 20 counterparties representing 16% of the portfolio and having a weighted average rating of BBB equivalent.
- Stable credit quality with investment grade concentration steady and 91% of sub-investment grade exposures fully secured.
- Impaired exposures remain low at 0.10% of portfolio, TIA at 1.2%.
- Geographical weighting remained relatively steady this half.
- Apartment development³ exposures this half increased by \$0.7bn to \$2.3bn, with weighting to Sydney (51%). Exposure 55% below the last peak (December 2016).
- Settlement defaults have not materially increased across the apartment development portfolio.
- Actively managing origination criteria, maintaining close portfolio oversight.

Group exposure¹

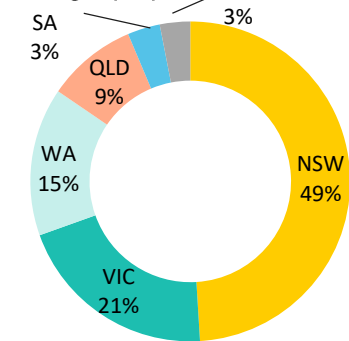


Profile²

By Sector



By Geography



1. Comparative information has been restated to conform to presentation in the current period. 2. Sector profile is Group-wide Commercial Property. Geographic profile is domestic Commercial Property, and excludes ASB exposures of \$9.5bn and other offshore exposures of \$2.9bn. 3. Apartment Developments > \$20m.



Sector focus – transport and storage

Conditions remain challenging

Airlines & Aircraft Lessors

- Reduced exposure by ~\$1bn over last 12mths (~22%) largely due to active portfolio management, amortisation and FX movements.
- ~75% of our airline portfolio exposure is to strong counterparties; state-owned, flag carriers, investment grade and well secured.
- Our portfolio is weighted towards airlines who generate the majority of their revenue from their domestic and internal travel markets.

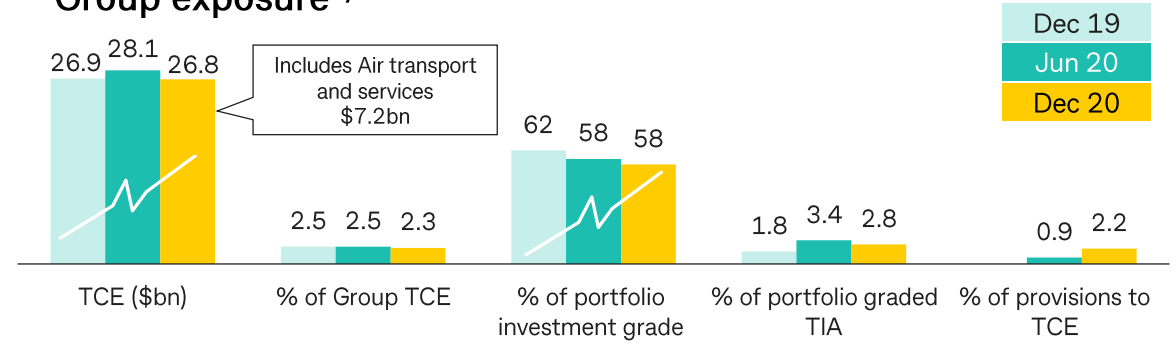
Aircraft Operating Leases

- The Group recognises ~\$0.9bn of aircraft operating leases on balance sheet. The fair value of these assets reduced by ~16% (~\$190m) during the period and by ~\$820m since Dec 19. As these assets are measured at amortised cost under AASB 116, this resulted in an impairment of ~\$124m in 1H21 (Life-to-date ~\$232m), as the historic carrying value did not reflect the embedded gain.

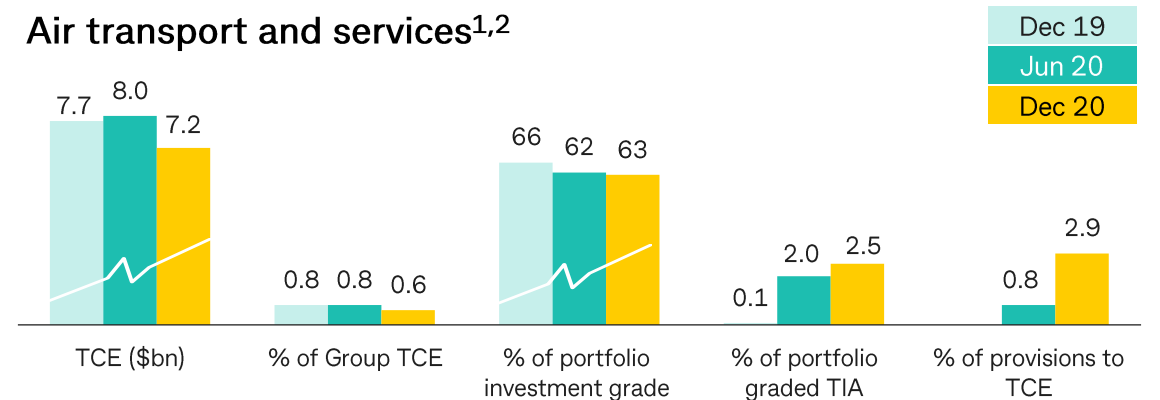
Airports

- Our exposure to domestic and overseas airports continued to be well supported by strong sponsors.
- Cash flows are being supported by combinations of cost reductions, deferring capital expenditure, limiting distributions and equity injections.
- 70% of our airport exposures are in Australia/NZ, 28% in UK.

Group exposure^{1,2}



Air transport and services^{1,2}



1. Comparative information has been restated to conform to presentation in the current period. 2. Excludes aircraft recognised on the Group's balance sheet and leased out to airlines.

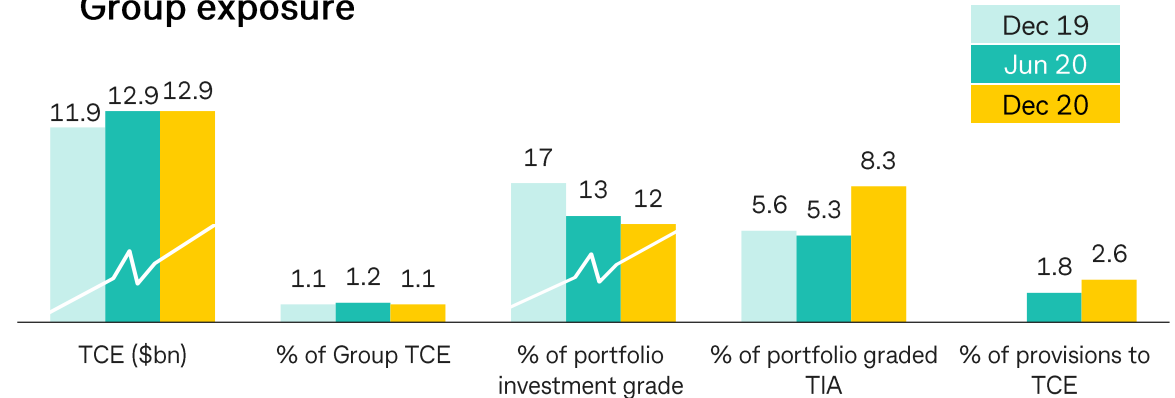


Sector focus – entertainment, leisure & tourism

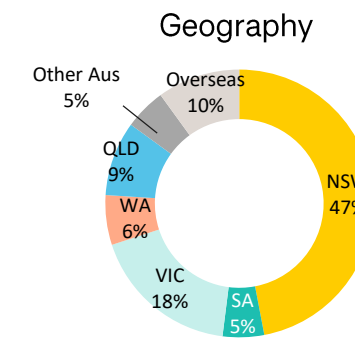
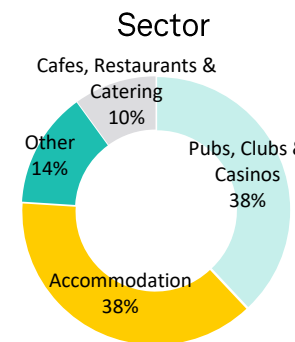
Conditions improving but remain challenging

- Diverse industry with many sub-sectors (including Accommodation, Casinos and Cinemas) impacted by government restrictions, including border closures, shutdowns and social distancing initiatives.
- Some pent up demand was visible upon relaxation of restrictions since June but this is expected to be impacted by new restrictions imposed during December.
- Restrictions regarding travel (both domestic and international) and social distancing will continue to weigh heavily on the sector as volumes are impacted and with added pressure as Government support initiatives reduce.
- Pubs and clubs have rebounded strongly and some accommodation markets have recovered. CBD assets and more remote regional locations reliant on international tourism will continue to have elevated risk.
- Many cafes and restaurant businesses are operating with high booking demand and increasing numbers as social distancing provisions are progressively wound back.
- TIAs have increased by 57% reflecting a deterioration in performance for some clients in the accommodation and events sectors.

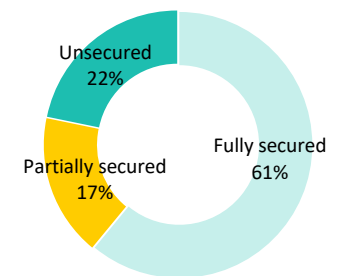
Group exposure



Profile



Security¹



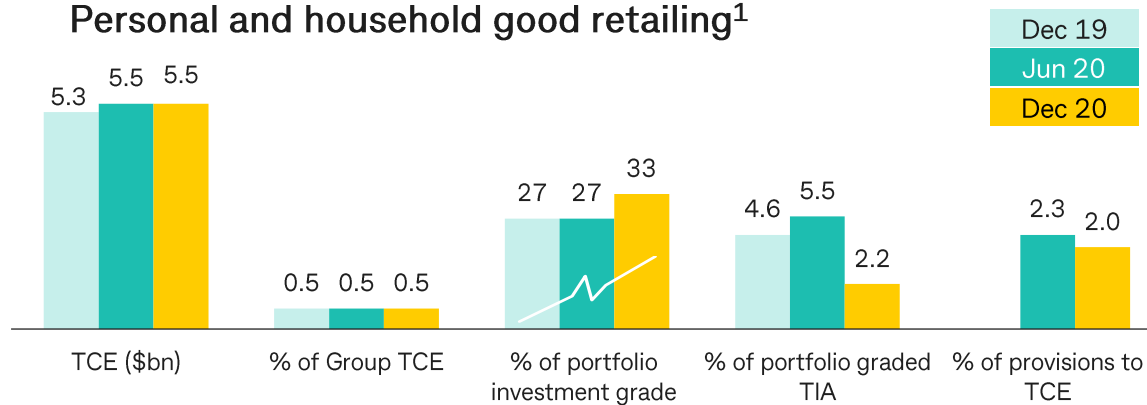
1. Fully Secured: Includes performing home loans and other exposures where the ratio of exposure to the estimated value of collateral (LVR) is less than or equal to 100%; Partially Secured: Includes defaulted home loans and other exposures where the LVR exceeds 100% but is not more than 250%; Unsecured: Includes personal loans, credit cards and other exposures where the LVR exceeds 250%.

Sector focus – retail trade

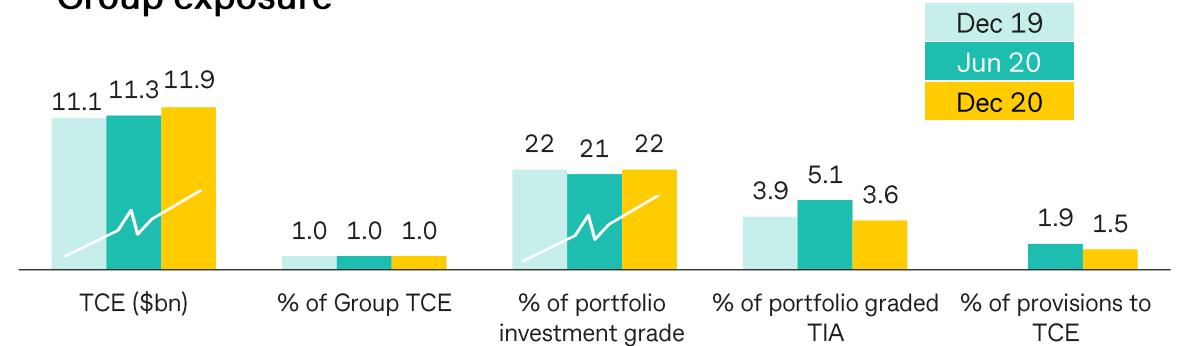
Consumer sentiment improving

- Consumer confidence has improved in recent months with external indices moving into optimistic territory and sales up in the half year period. Relaxation of border restrictions across the country will support improvement in trade.
- Increased exposures in the food retailing sector. Credit migration within the discretionary retail segment has moderated, with some market leaders in the retail segment benefiting from lifestyle changes associated with COVID-19 including limited socialising, working from home and domestic recreational activity.
- Reduction in TIAs is attributed to the Food Retailing and Personal household Good Retailing sectors.

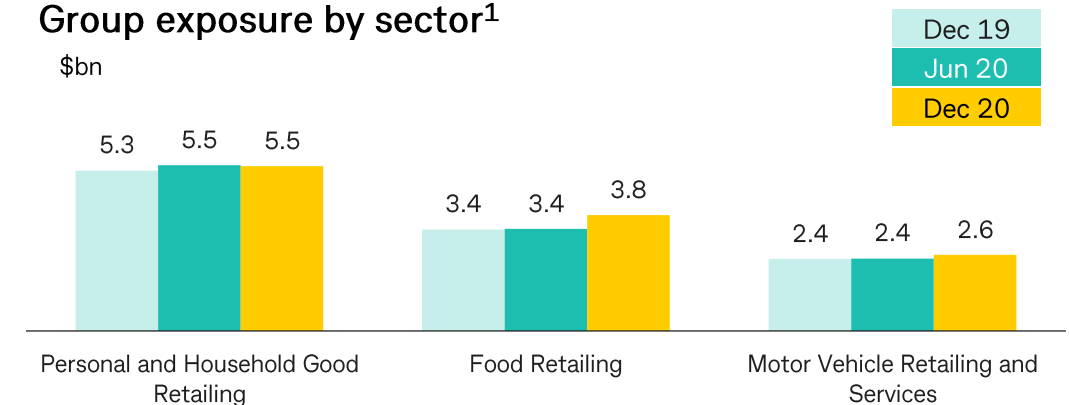
Personal and household good retailing¹



Group exposure¹



Group exposure by sector¹



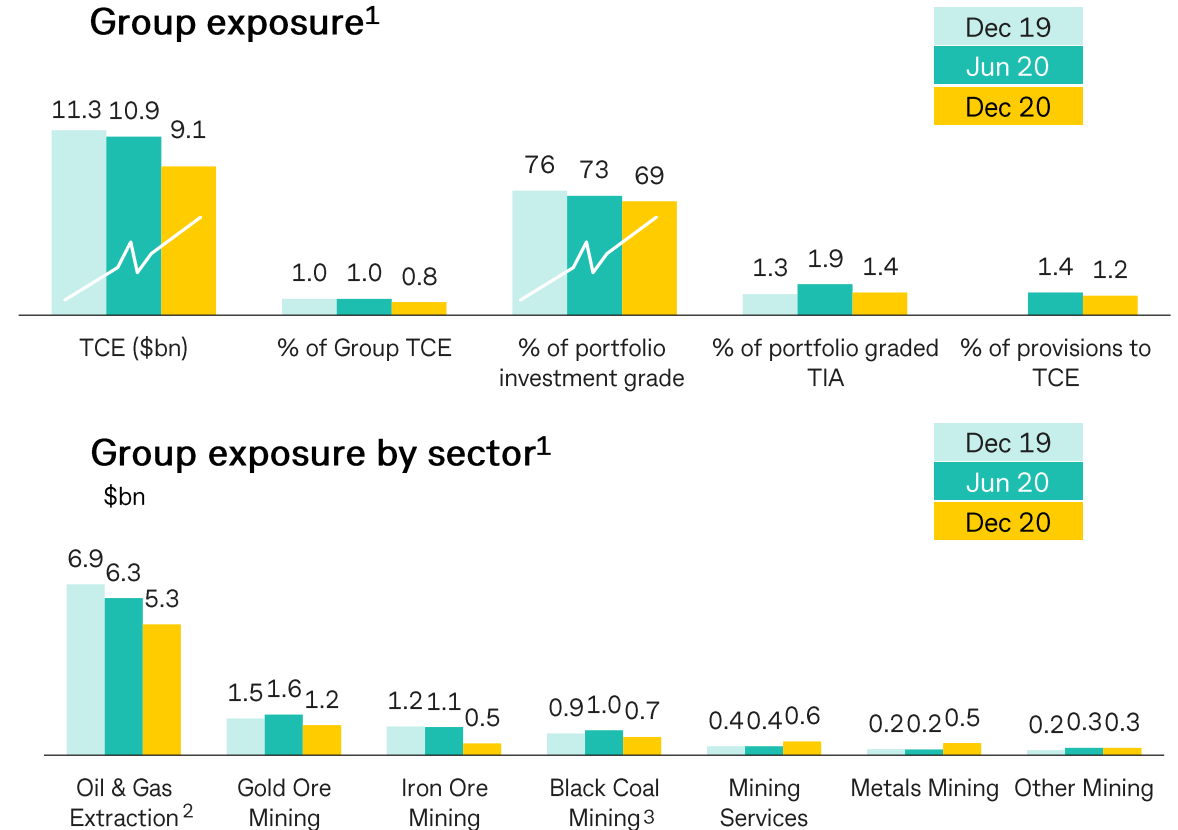
1. Comparative information has been restated to conform to presentation in the current period.



Sector focus – mining, oil and gas

Exposures broadly stable, well diversified

- Exposures of \$9.1bn (0.8% of Group TCE), reduced by \$1.8bn over the past 6 months mainly from stronger AUD and reduced Oil & Gas and Iron Ore facilities.
- Stable performance over the past 6 months:
 - Investment grade marginally down to 69% of portfolio;
 - Diversified by commodity/customer/region; and
 - Focus on quality, low cost projects with strong fundamentals and sponsors.
- Oil & Gas Extraction is the largest sub-sector (58% of total), 77% investment grade with 30% related to LNG Terminals – typically supported by strong sponsors and offtake contracts from well-rated counterparties.
- Portfolio impaired level decreased to 1.4% mainly due to the recovery on a single name.
- Commodity demand is recovering and supports sector stability.



1. Comparative information has been restated to conform to presentation in the current period. 2. 'Oil & Gas Extraction' includes businesses that are predominantly involved in Oil and Gas Production as well as LNG Terminals. Group Exposure is based on the ANZSIC classification. 3. Includes all exposure with Black Coal Mining as the ANZSIC classification. Includes 100% of CBA's exposure to diversified miners that derive the largest proportion of their earnings from Black Coal Mining. Total includes non-Black Coal Mining related exposures within these diversified miners.



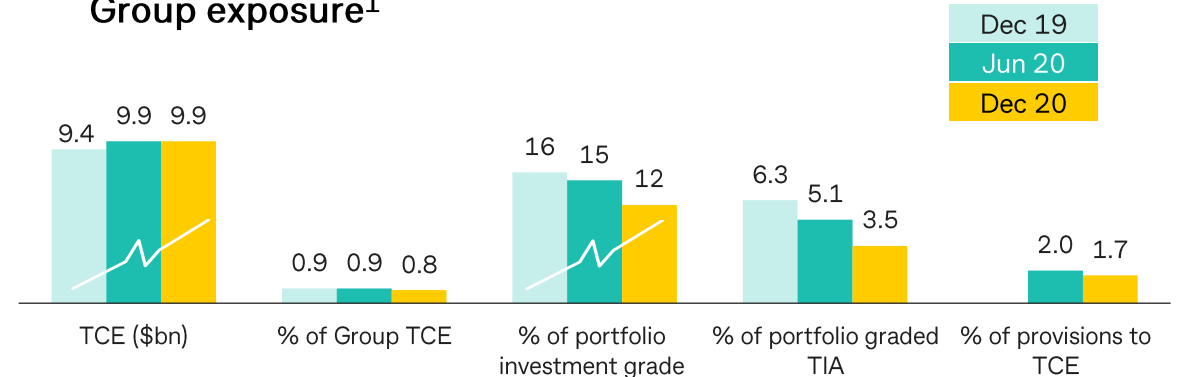
Sector focus – construction

Outlook is uncertain

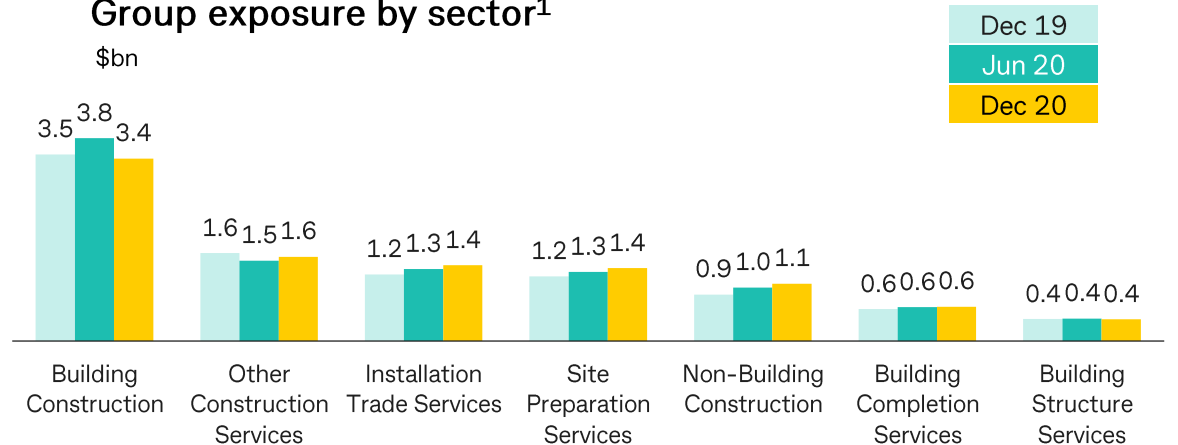
- As a designated essential industry, the sector has continued to operate through COVID-19 with some level of disruption and productivity loss due to lockdowns and social distancing, more materially in Victoria. The industry has been a recipient of significant Job Keeper assistance.
- Investment grade is lower since June 2020 following the repayment by a material single customer.
- Active management of the existing stressed portfolio, combined with fewer larger new stressed customers is driving a lower proportion of TIAs.
- Risk appetite continues to be cautious. The operating environment and outlook remain uncertain albeit accelerated Government infrastructure investment is expected to underpin recovery.
- Increased tender competition may lead to some margin compression for clients.

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

Group exposure¹



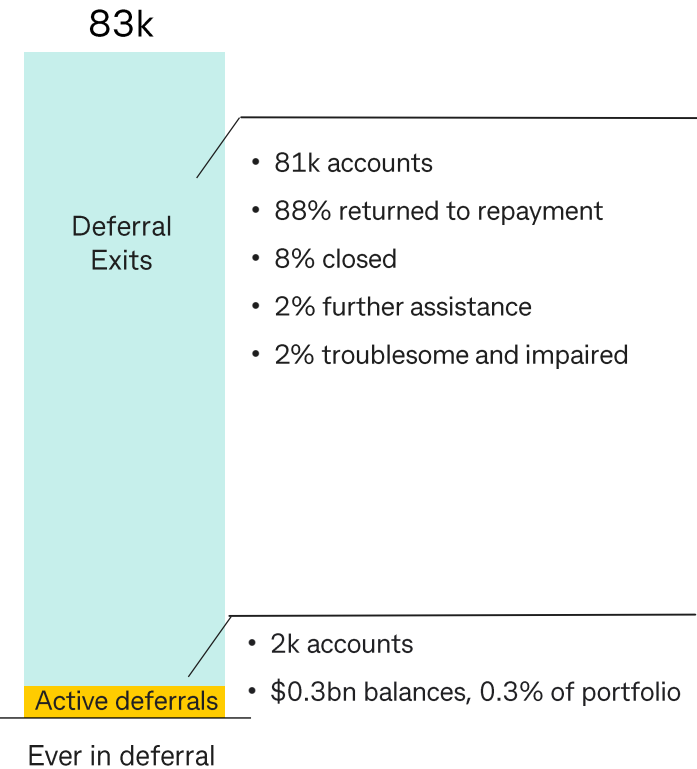
Group exposure by sector¹



Business loan repayment deferrals¹

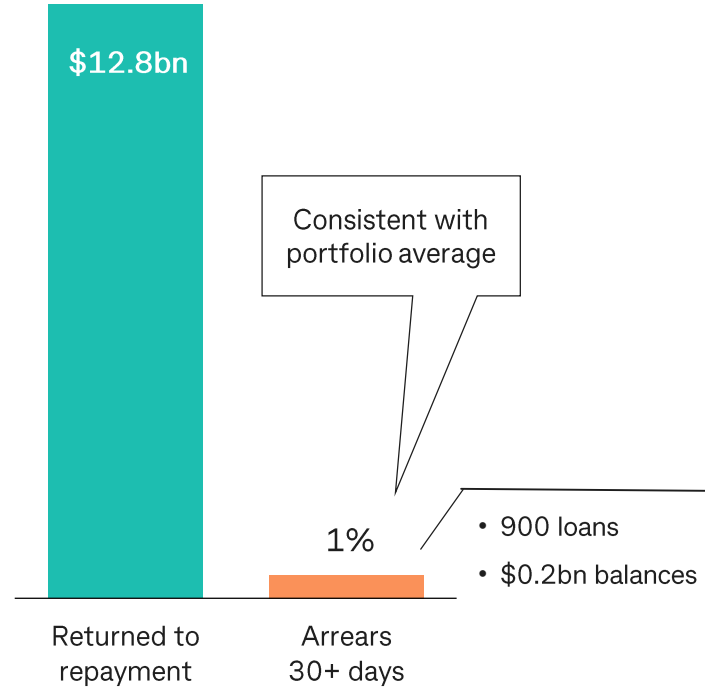
Majority of exits do not require further assistance

Business loan deferrals²



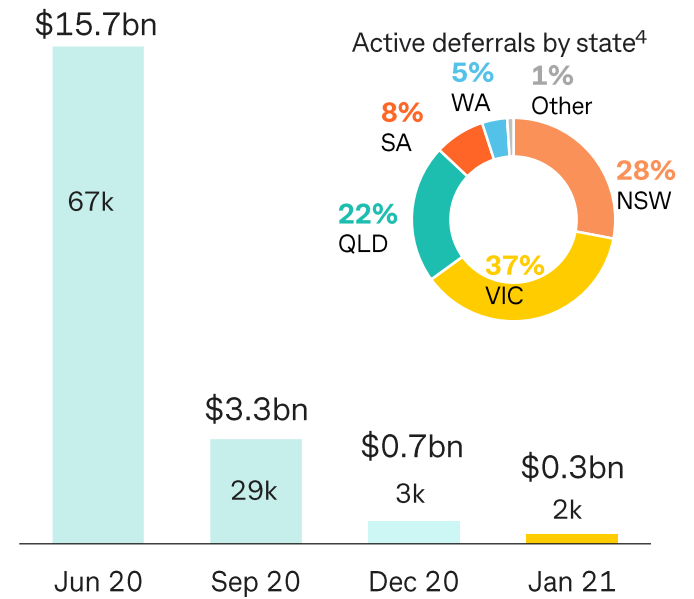
Deferral exits

Customers returning to repayments have an arrears profile consistent with the rest of the portfolio



Active deferrals³

- 2k loans or 0.3% of portfolio

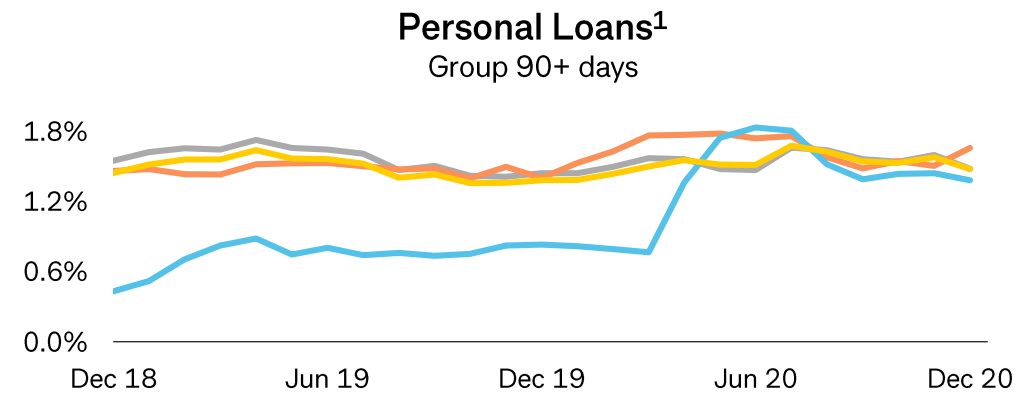
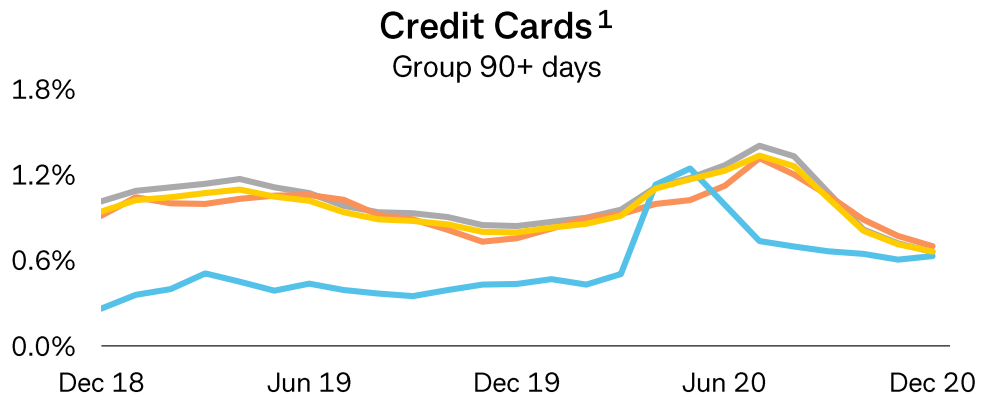
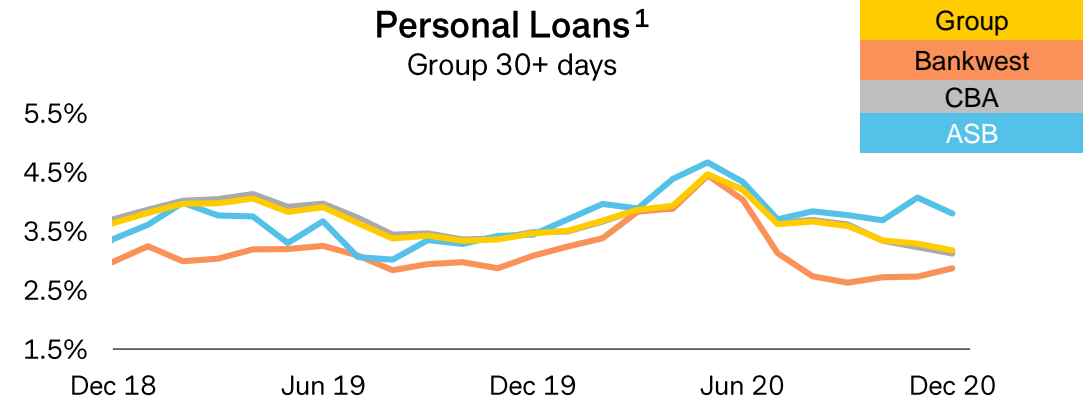
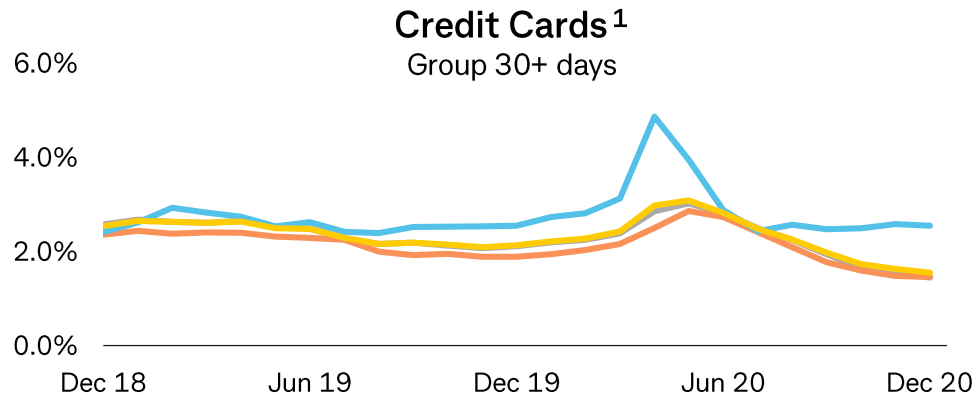


1. Australian deferral accounts as at 31 January 2021. All metrics are based on number of accounts unless noted otherwise. Product view. 2. Values based on current balances as at 31 January. 3. Values based on balances at reporting date. 4. Based on balance.



Consumer arrears

Arrears remain insulated by government support initiatives



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

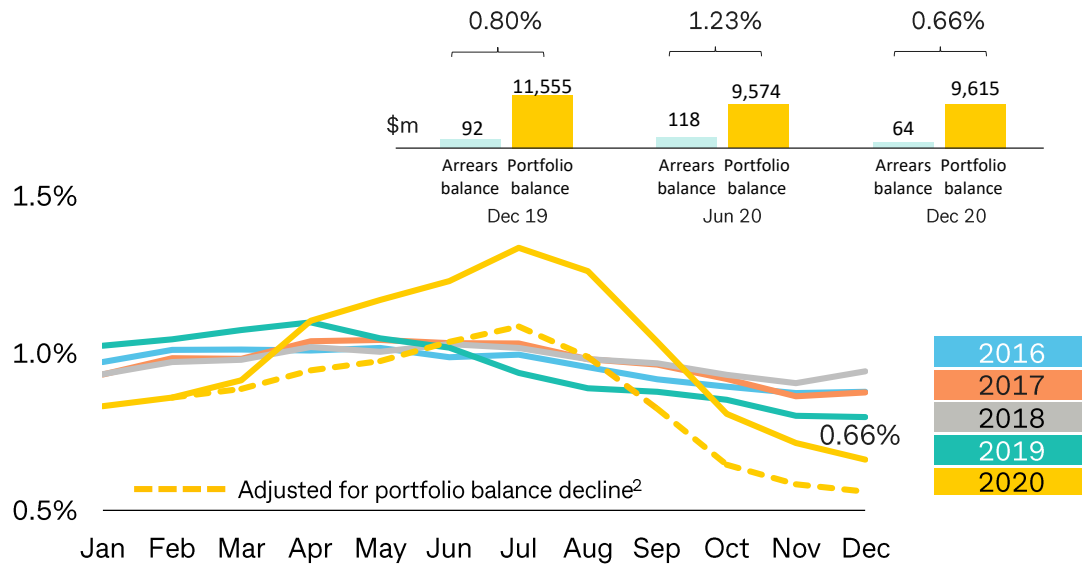


Managing unsecured lending

Focus on prudent acquisition and account management - healthy arrears despite balance contraction

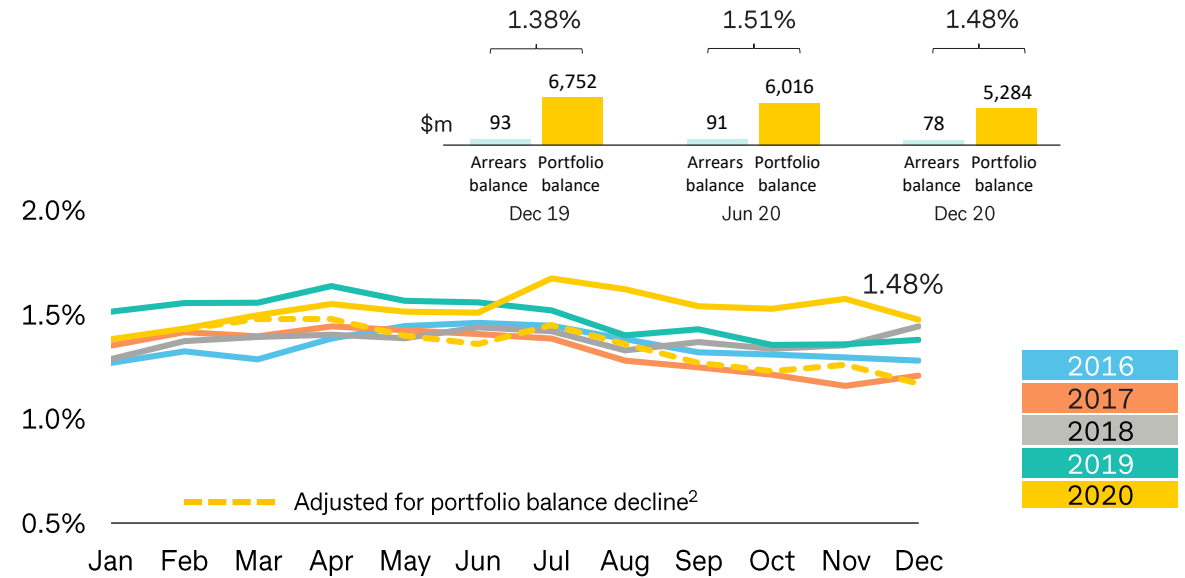
Credit Cards¹

Group 90+ days



Personal Loans¹

Group 90+ days



- Improvement in Credit Cards arrears rates positively influenced by government support initiatives and higher propensity for customers to pay down the debt
- Personal Loan arrears relatively flat in 1H21 despite balance contraction
- Credit risk settings for unsecured lending tightened in line with the changing economic environment
- Focus on prudent acquisition and account management, including refining credit settings where appropriate, whilst rebuilding business momentum in a controlled manner

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





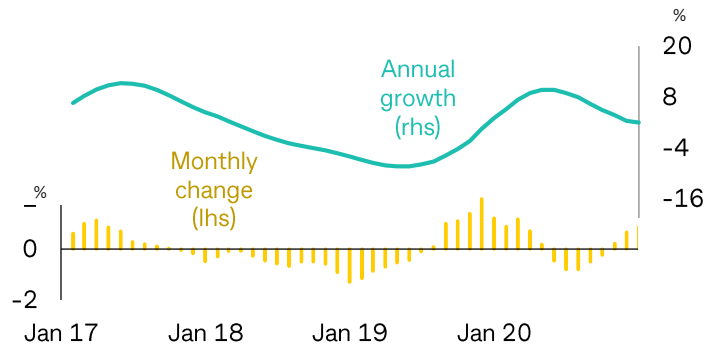
Home Lending

Home lending

Housing market to continue its resurgence, driven by low interest rates and stimulus

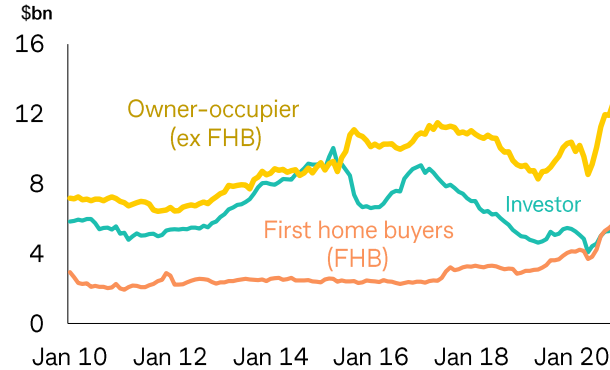
Residential property prices back to record high

Dwelling prices¹ (8 capital cities)



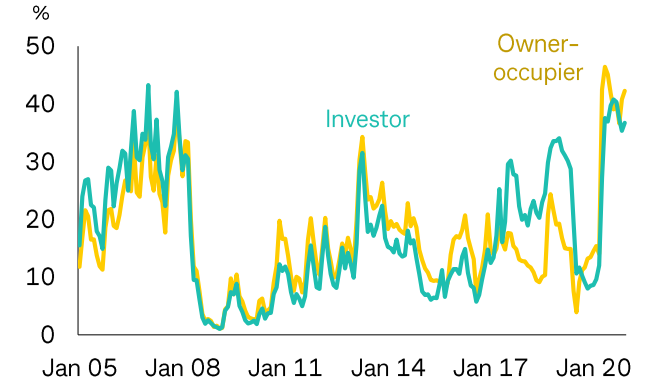
Demand by first home buyers and owner-occupiers

Housing loan approvals² (excluding refinancing)



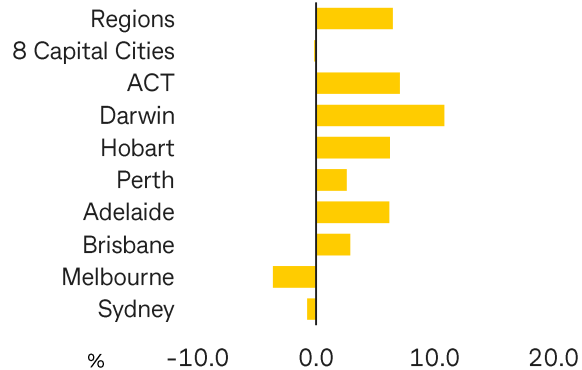
Strong preference for fixed rate lending

CBA fixed rate lending³ (% of total)



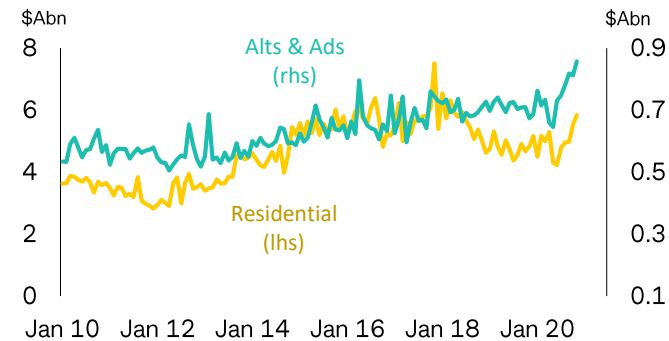
Divergence between capital city and regional prices

Index⁴



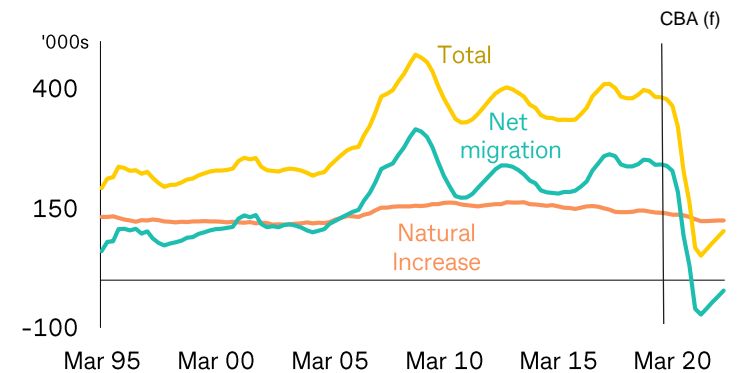
Construction supported by renovation activity

Residential approvals⁵ (\$Abn)



Weaker population growth is a headwind for the sector

Australian population growth (moving annual total '000s)⁶



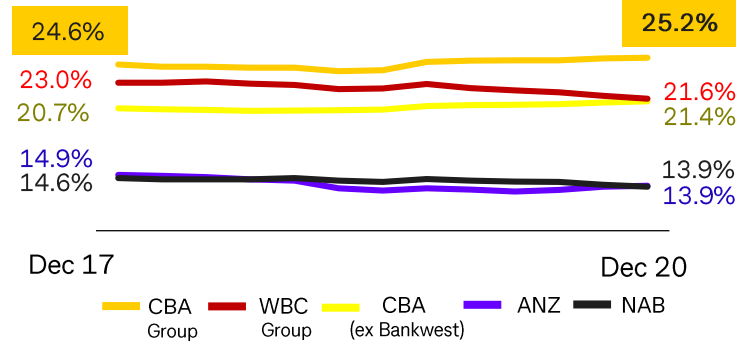
1. Source: CoreLogic. 2. Source: ABS. 3. Source: CBA. 4. CoreLogic, CBA. 5. ABS. 6. ABS, CBA.



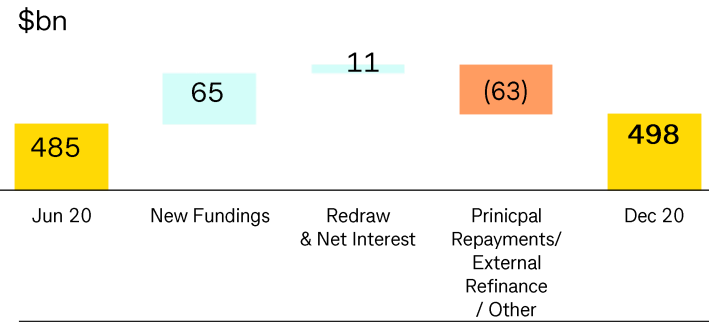
Home lending overview

Process efficiency – above system growth – strong risk profile

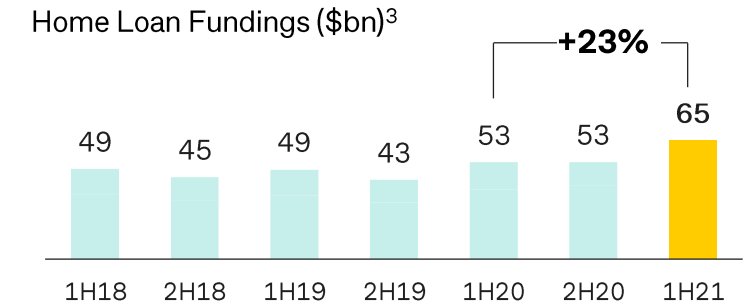
Consistent market share gains¹



Net growth this period a combination of strong new lending, redraws and run-off²

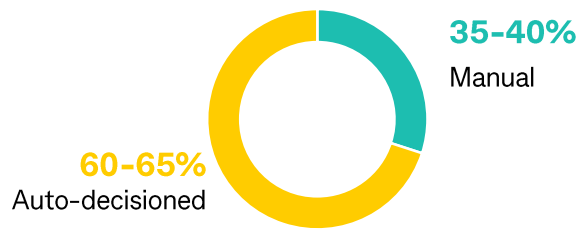


Strong growth in new fundings

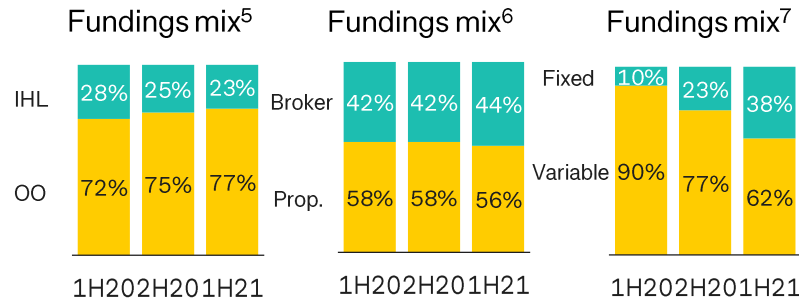


Assisted by process efficiencies

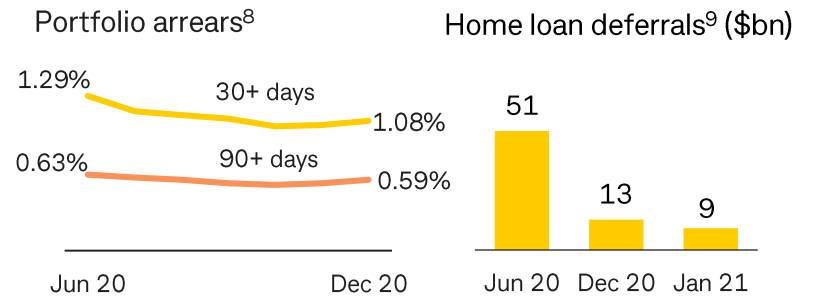
% Proprietary loans auto-decided same day⁴



Fundings weighted towards owner-occupied loans, increased fixed rate lending



Steady arrears with majority of loan deferral exits returned to pre-deferral terms



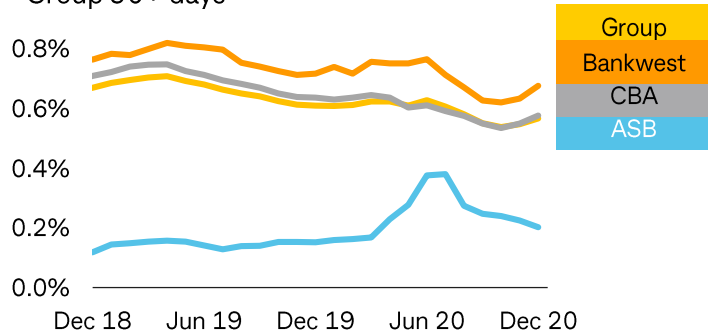
1. System source: RBA Lending and Credit Aggregates, series break due to new regulatory definitions set by APRA from 1 July 2019. As a result of this change, market share is not comparable to previous reporting periods. 2 Presented on a gross basis before value attribution to other business units. Includes RBS internal refinancing, Viridian Line of Credit (VLOC) and excludes Bankwest internal refinancing. 3. Includes RBS internal refinancing, excludes Viridian Line of Credit (VLOC) and excludes Bankwest internal refinancing. 4. Excludes Bankwest. Metric is a proxy. 5. Includes RBS internal refinancing, excludes VLOC and excludes Bankwest internal refinancing. 6. Excludes Bankwest. 7. CBA including Bankwest. 8. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group. 9. Australian home lending deferral balances. CBA Product view basis.



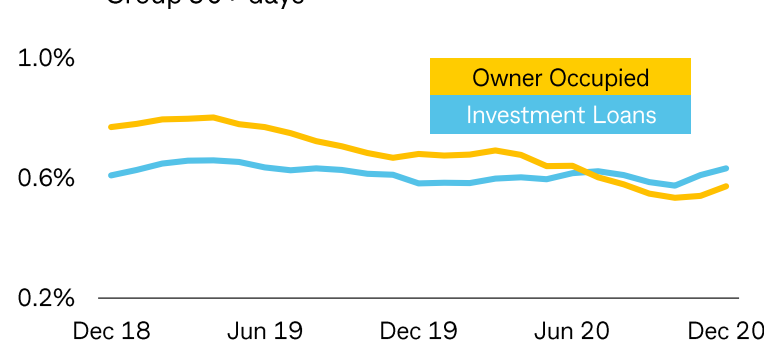
Home loan arrears

Continued to be insulated by repayment deferrals and government support initiatives

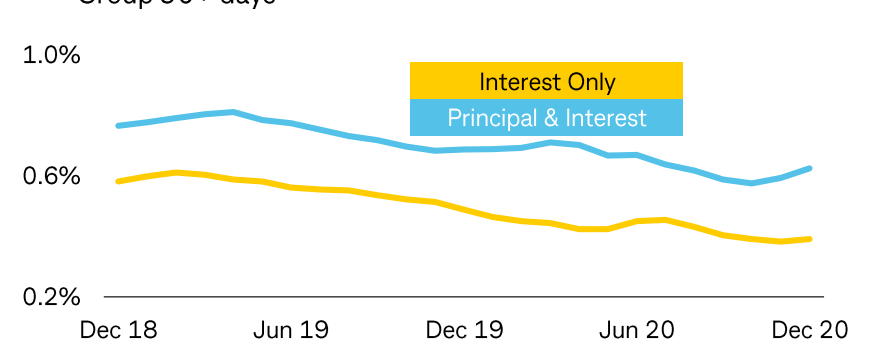
Arrears by portfolio
Group 90+ days



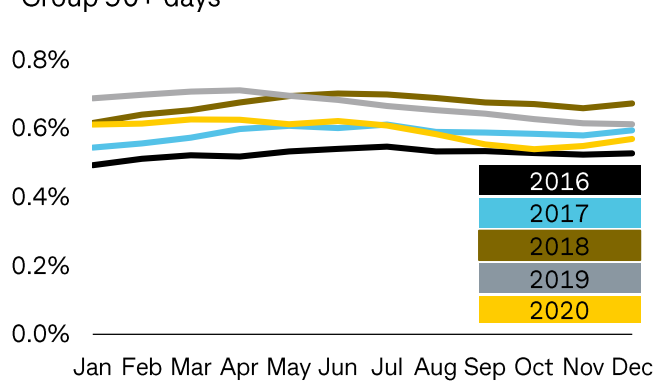
Arrears by product
Group 90+ days¹



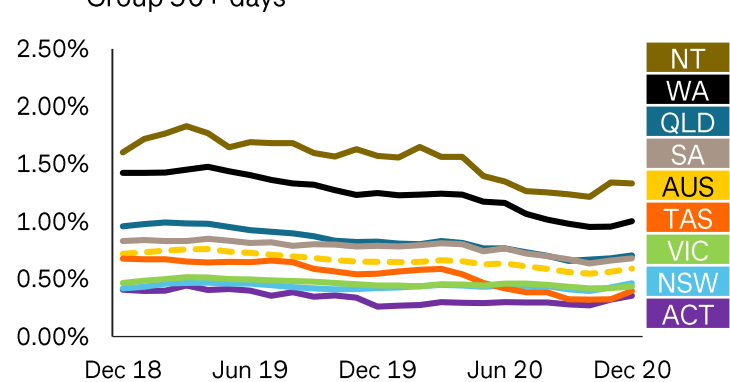
Arrears by repayment type
Group 90+ days¹



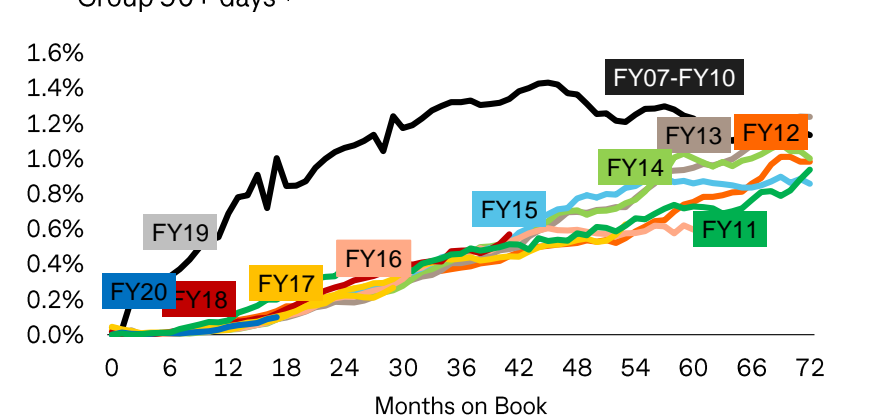
Arrears by year
Group 90+ days



Arrears by state
Group 90+ days¹



Arrears by vintage
Group 90+ days^{1,2}



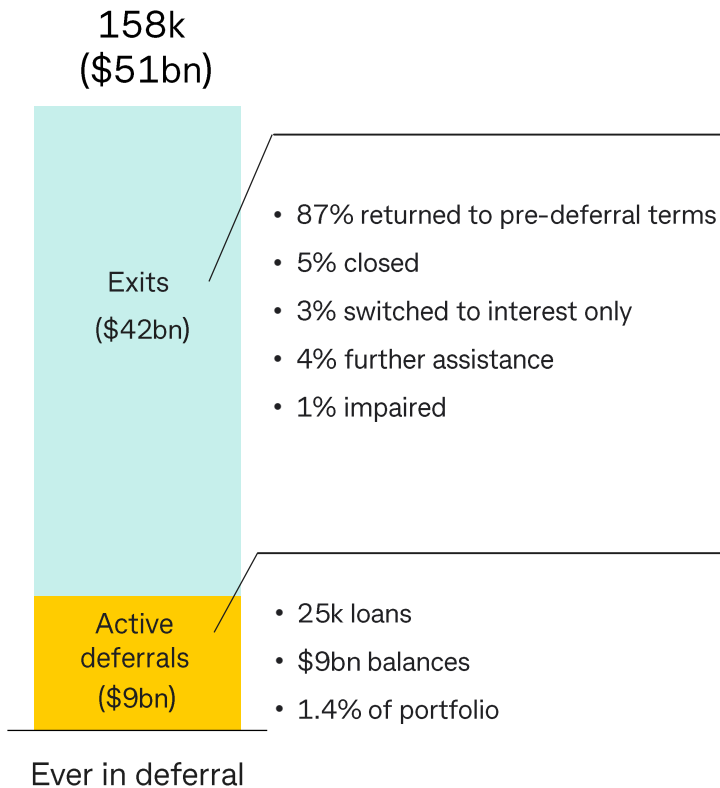
1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Bankwest included from FY08.



Home loan repayment deferrals¹

Majority of exits do not require further assistance

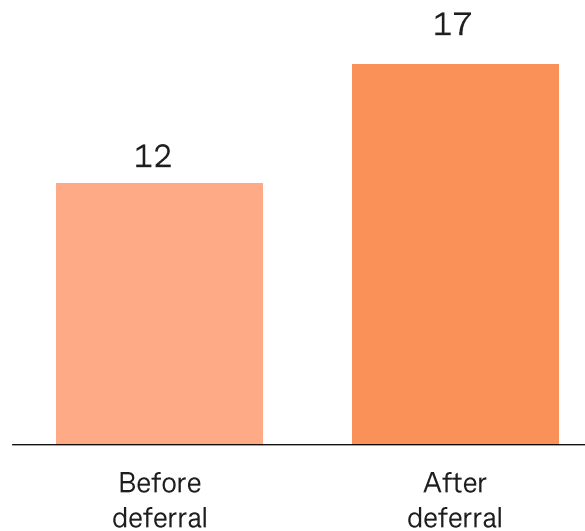
Home loan deferrals



Deferral exits

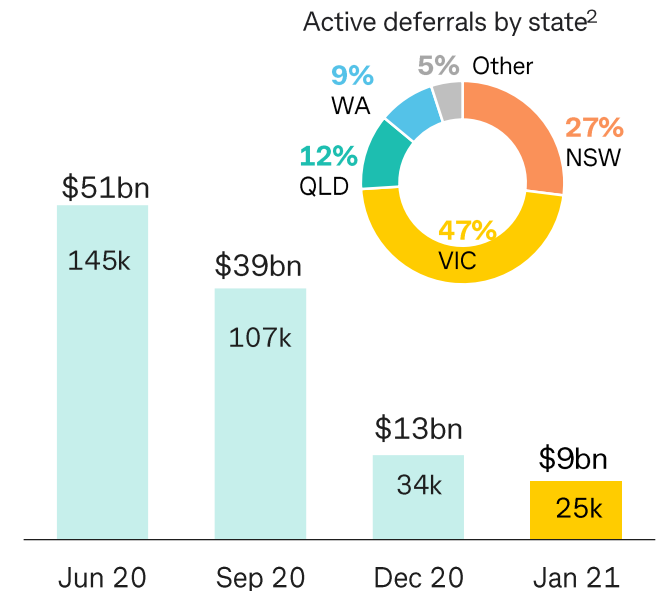
Customers exiting deferral with higher average payments in advance

Average payments in advance



Active deferrals

- 25k loans or 1.4% of portfolio
- 74% with DLVR <80%
- 17% with 3months+ redraw/offset
- 28% with LMI



1. Australian deferral accounts as at 31 January 2021. All metrics are based on number of accounts unless noted otherwise. CBA Product view basis. 2. Based on balance.



Serviceability assessment¹

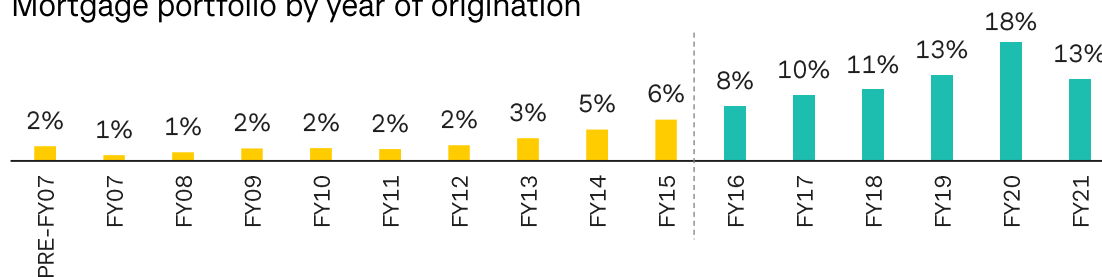
Tighter serviceability and underwriting standards

Stricter assessment criteria applied progressively from Apr 20²

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

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

Mortgage portfolio by year of origination



New Loan Assessment

Income	<ul style="list-style-type: none"> • All income used in application to assess serviceability is verified • 80% or lower cap on less stable income sources (e.g. rent, bonus, overtime) • Applicants reliant on less stable sources of income manually decided • 90% cap on tax free income, including Government benefits • Limits on investor income allowances, e.g. RBS restrict rental yield to 4.8% and use of negative gearing where LVR>90%
Living Expenses	<ul style="list-style-type: none"> • Living expenses captured for all customers • Servicing calculations use the higher of declared expenses or HEM adjusted by income and household size
Interest Rates	<ul style="list-style-type: none"> • Assess customer ability to pay based on the higher of the customer rate plus serviceability buffer or minimum floor rate • Interest Only (IO) loans assessed on principal and interest basis over the residual term of the loan
Existing Debt	<ul style="list-style-type: none"> • All existing customer commitments are verified • Review of transaction statements to identify undisclosed debts • Automatic review of CBA personal transaction account and Comprehensive Credit Reporting (CCR) data to identify undisclosed customer obligations • For repayments on existing mortgage debt: <ul style="list-style-type: none"> • CBA & OFI repayments recalculated using the higher of the actual rate plus a buffer or minimum floor over remaining loan term • Credit cards repayments calculated at an assessment rate of 3.82%

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

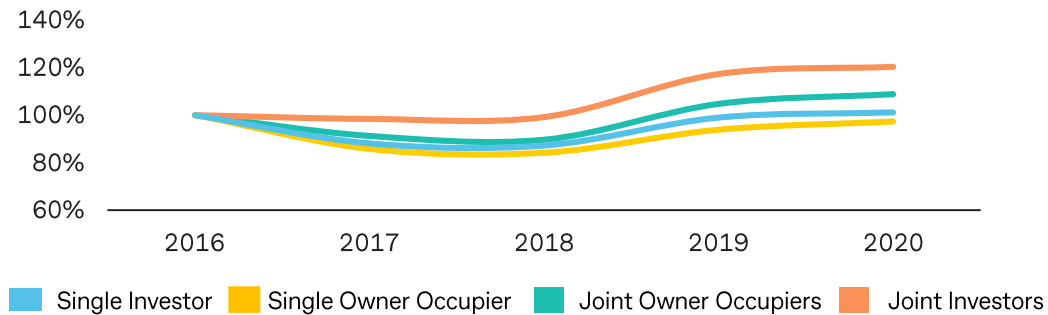


Borrowing capacity¹

Maintaining credit availability – lending growth within risk appetite

Borrowing capacity increased over the period

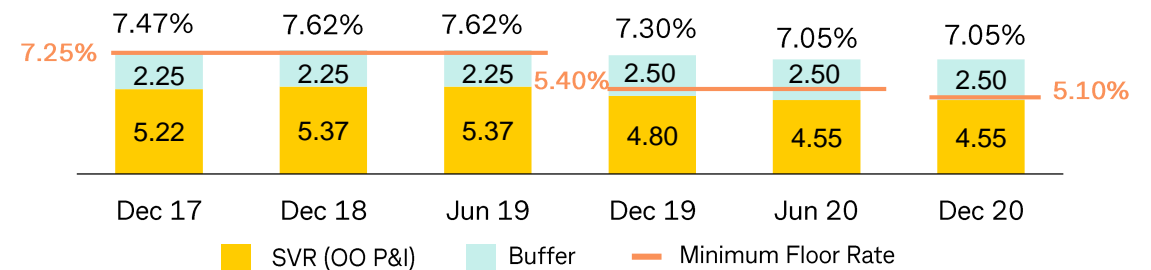
Change in maximum borrowing capacity² - Indexed Dec 16



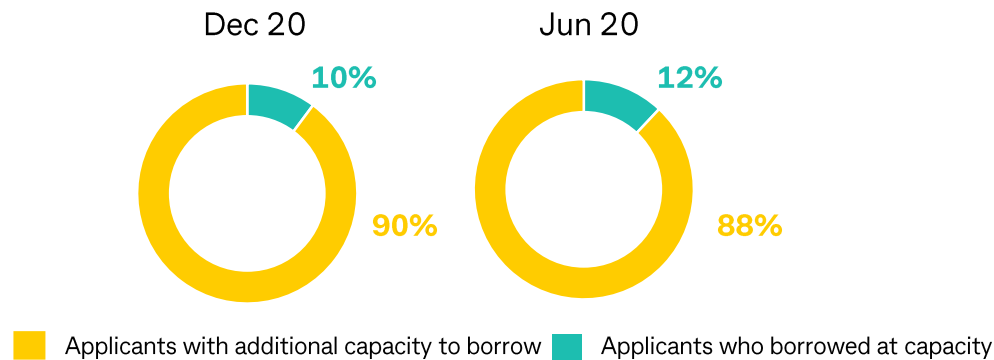
Driven by lower serviceability assessment floor rate

Interest rate buffers (%)

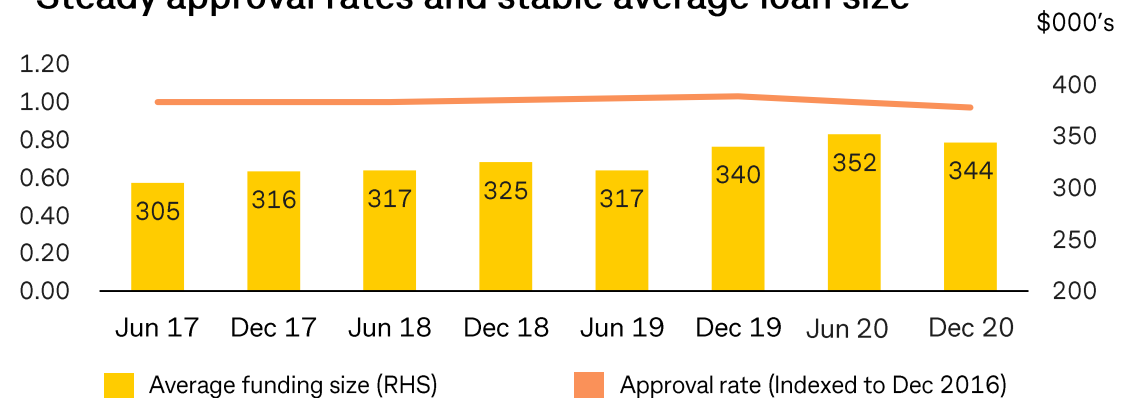
(Loans assessed based on the higher of the customer rate³ + buffer, or minimum floor rate)



More applicants with additional capacity to borrow⁴



Steady approval rates and stable average loan size⁵



1. CBA excluding Bankwest. 2. Scenarios based on differing assumptions with respect to family types, number of dependents, loan size, income sources and existing liabilities/commitments. 3. Customer rate includes any customer discounts that may apply. 4. Applications that have passed system serviceability test; borrowed at capacity reflects applicants with minimal net income surplus. 5. Based on fundings 6 months ending.

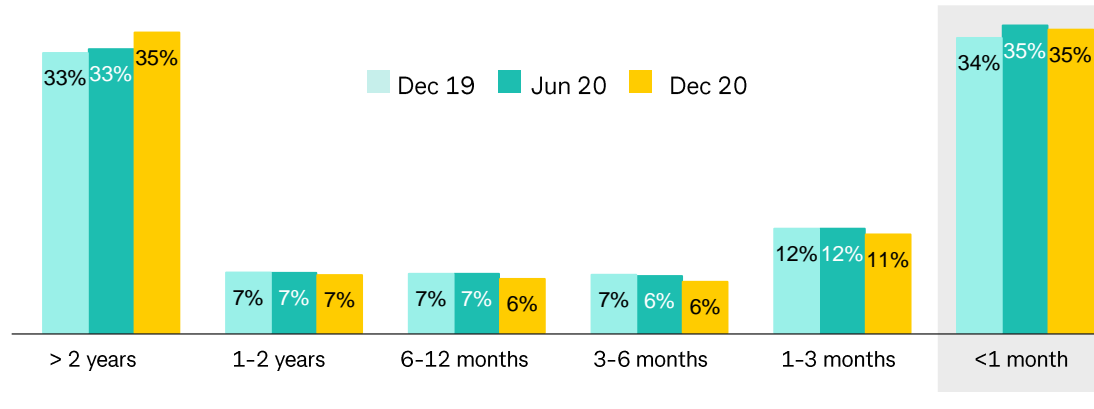


Portfolio quality remains sound ¹

Strong repayment buffers in place

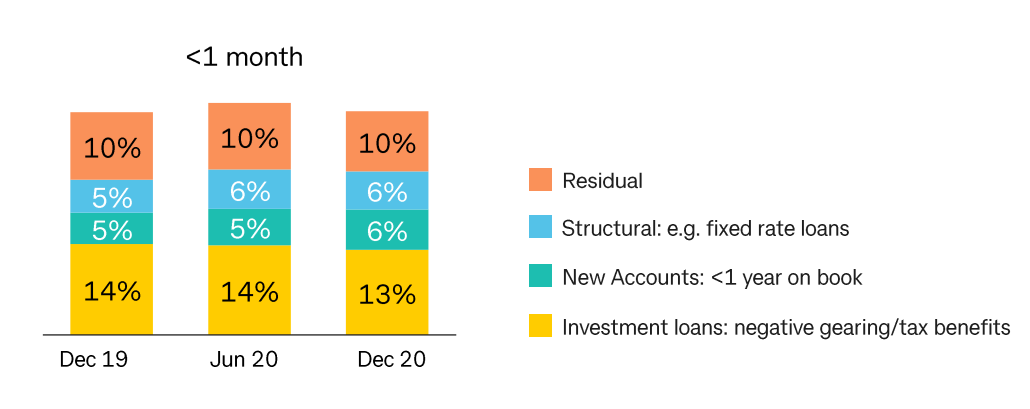
Repayment buffers

(Payments in advance², % of accounts)



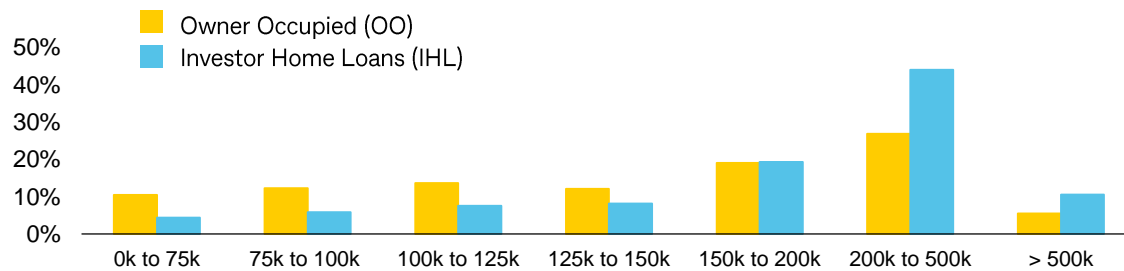
Those with less than 1 month buffer

include investors and new borrowers



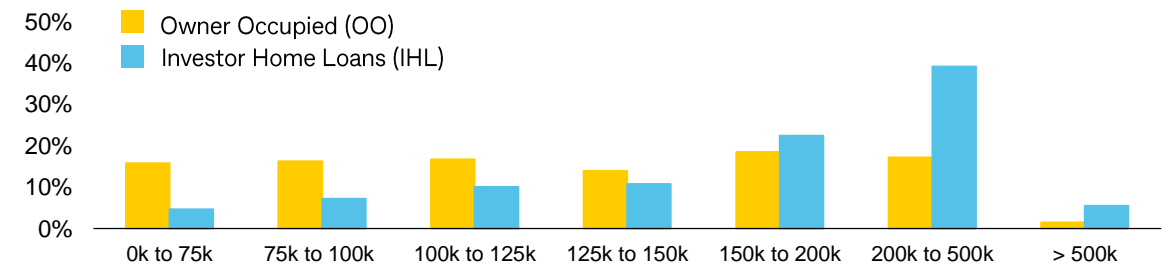
Applicant gross income band

6 months to Dec 20 – Fundings \$



Applicant gross income band

6 months to Dec 20 – Fundings #



1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group. 2. Includes offset facilities, excludes loans in arrears.



Home loan portfolio – CBA

A balanced approach to portfolio quality, growth and returns

Portfolio ¹	Dec 19	Jun 20	Dec 20
Total Balances - Spot (\$bn)	477	485	498
Total Balances - Average (\$bn)	472	482	492
Total Accounts (m)	1.8	1.8	1.9
Variable Rate (%)	81	77	73
Owner Occupied (%)	67	68	69
Investment (%)	31	30	29
Line of Credit (%)	2	2	2
Proprietary (%)	54	54	53
Broker (%)	46	46	47
Interest Only (%) ²	19	16	15
Lenders' Mortgage Insurance (%) ²	21	21	21
Mortgagee In Possession (bpts)	5	3	2
Negative Equity (%) ³	4.7	3.8	2.5
Annualised Loss Rate (bpts)	2	2	2
Portfolio Dynamic LVR (%) ⁴	53	53	51
Customers in Advance (%) ⁵	82	80	80
Payments in Advance incl. offset ⁶	35	36	38
Offset Balances – Spot (\$bn)	49	50	57

New Business ¹	Dec 19	Jun 20	Dec 20
Total Funding (\$bn)	53	53	65
Average Funding Size (\$'000) ⁷	343	354	344
Serviceability Buffer (%) ⁸	2.5	2.5	2.5
Variable Rate (%)	90	77	62
Owner Occupied (%)	72	75	77
Investment (%)	28	25	23
Line of Credit (%)	0	0	0
Proprietary (%)	52	53	52
Broker (%)	48	47	48
Interest Only (%) ⁹	20	19	18
Lenders' Mortgage Insurance (%) ²	19	18	20

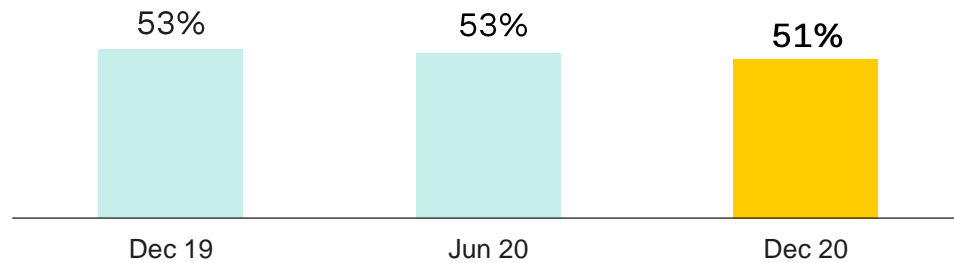
1. CBA including Bankwest. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 6 months to Dec 19, Jun 20 and Dec 20. Excludes ASB.
2. Excludes Line of Credit (Viridian LOC/Equity Line).
3. Negative equity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



Portfolio LVRs¹

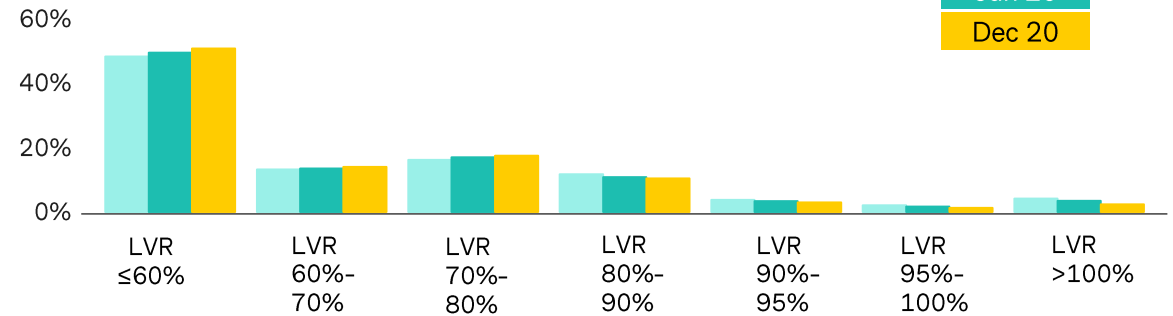
Portfolio LVR improving in 1H21

Average Portfolio Dynamic LVR²



Dynamic LVR Bands³

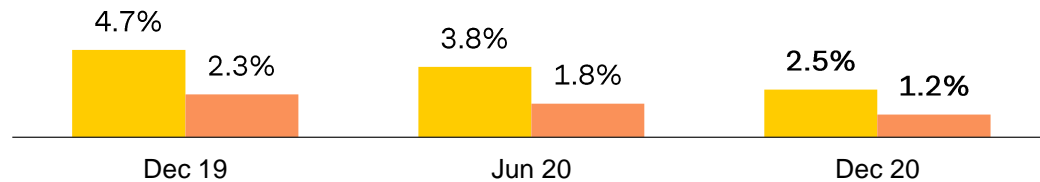
% of total Portfolio Accounts



Negative Equity⁴

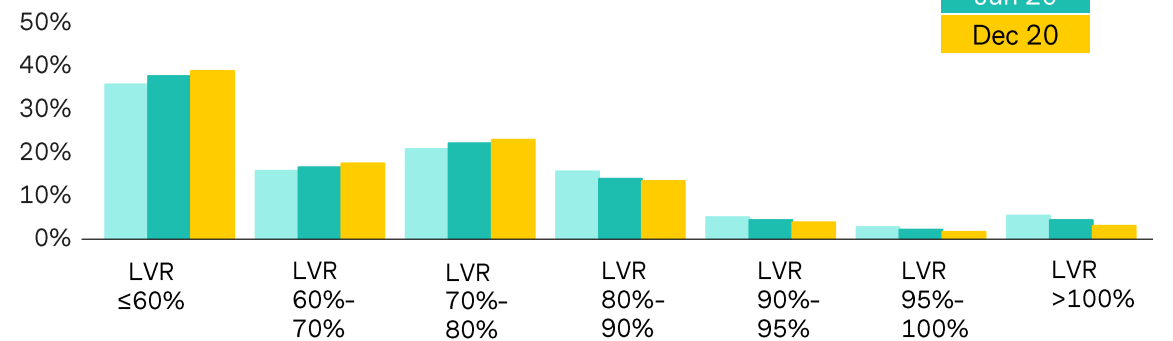
Proportion of balances in negative equity

- 58% of negative equity is from WA. 68% of customers ahead of repayments.
- 54% of home loans in negative equity have Lenders Mortgage Insurance.
- CBA updates house prices monthly using internal and external valuation data.



Dynamic LVR Bands³

% of total Portfolio Balances



1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group. 2. Based on accounts. Includes Bankwest, Line of Credit and Reverse Mortgage. 3. Taking into account cross-collateralisation. Offset balances not considered. 4. Negative equity arises when the outstanding loan (less offsets) exceeds house value. Based on outstanding balances, taking into account cross-collateralisation and offset balances.

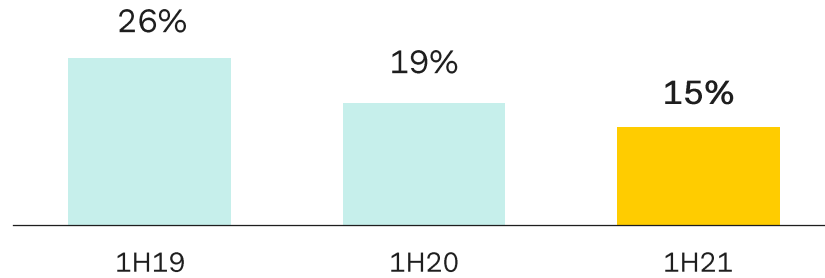


Interest Only (IO) home loans¹

Reducing proportion of IO home loans for total portfolio and new business flow

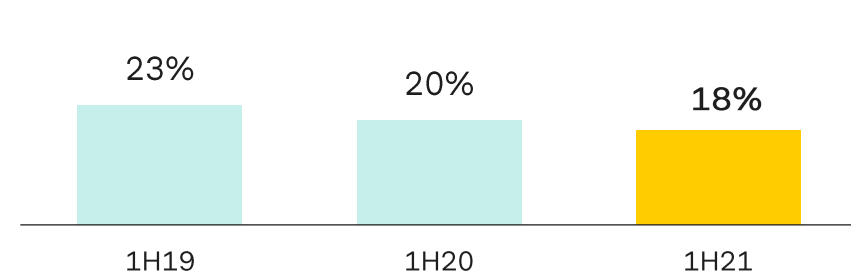
Portfolio of IO loans reducing

IO % of total home loans – total portfolio balance

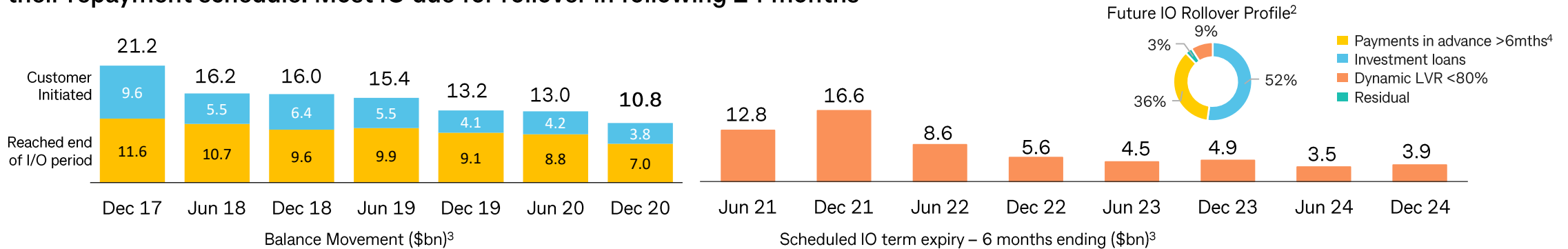


Augmented by a reducing proportion of total new business flows

IO % of total home loans – new business flow²



Switching from IO to principal and interest peaked in Dec 17 half. IO portfolio is dominated by investor loans, and customers ahead of their repayment schedule. Most IO due for rollover in following 24 months



1. CBA including Bankwest unless stated otherwise. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Based on the APRA definition of Interest Only reporting, inclusive of Construction loans. 3 Includes Bankwest. Rollover status in FY21 takes snapshot at Dec 20 4. Payments in Advance defined as the number of monthly payments ahead of scheduled repayments by 6 or more months.



Home loan impairments

Home loan impairments lower – influenced by deferrals and government support measures

Overview

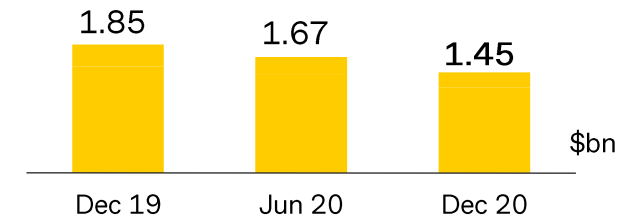
- Exits have outpaced entry into impairments over the half
- New impairment volumes reduced as a result of COVID-19 deferral take-up, where arrears are paused.

Process for identification of impairments¹

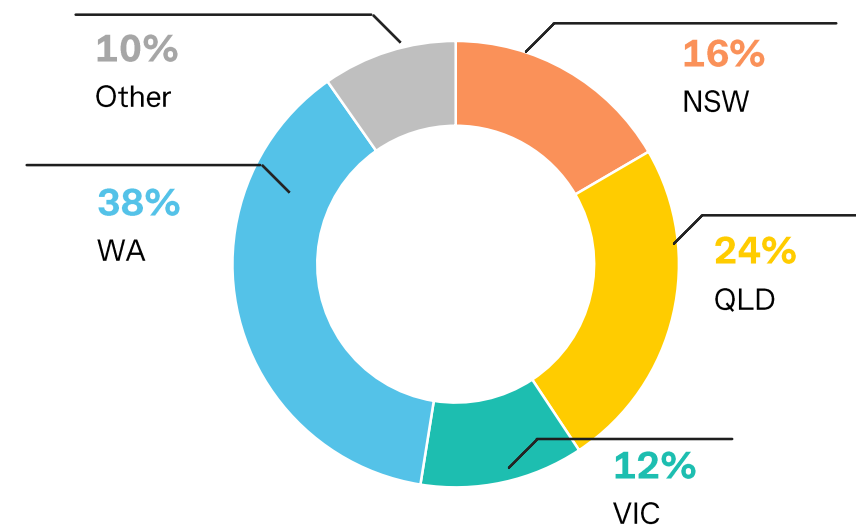
- Impairments aligned to APRA prudential standard (APS220);
- Impairment assessments are carried out at 90 days past due or observed events e.g. bankruptcy;
- Impairment is triggered where refreshed security valuation is less than the loan balance by $\geq \$1$;
- Impairment assessment takes into account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

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

Impaired home loans



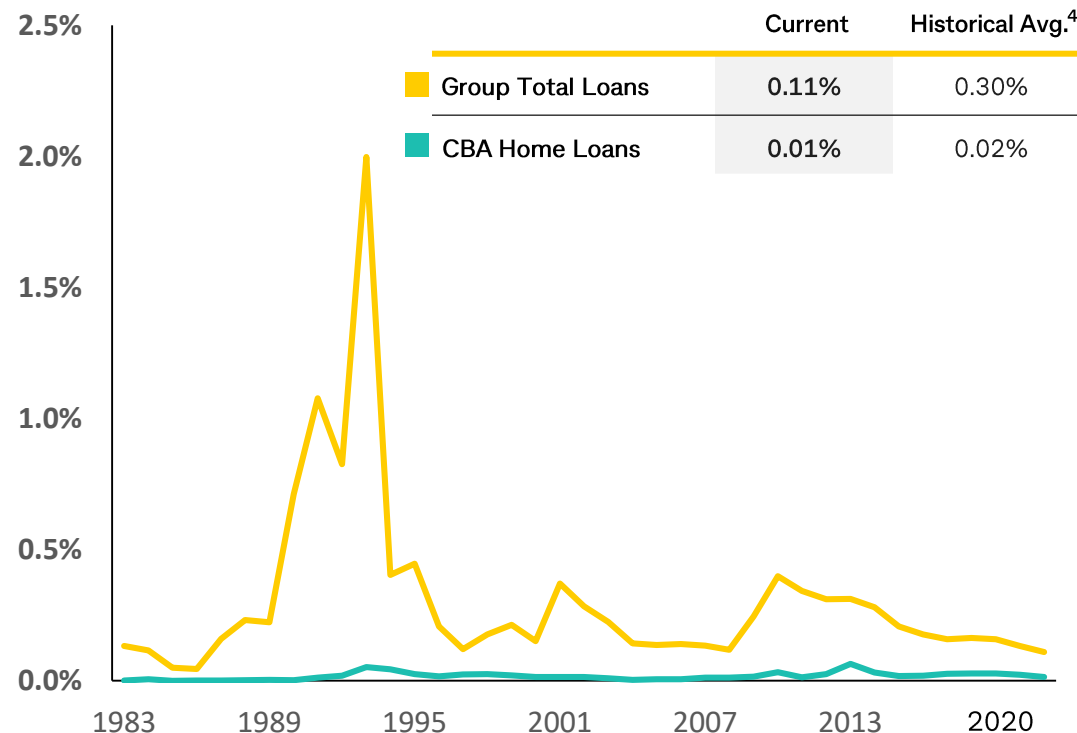
Impaired home loans – Dec 20 profile²



Portfolio losses and insurance¹

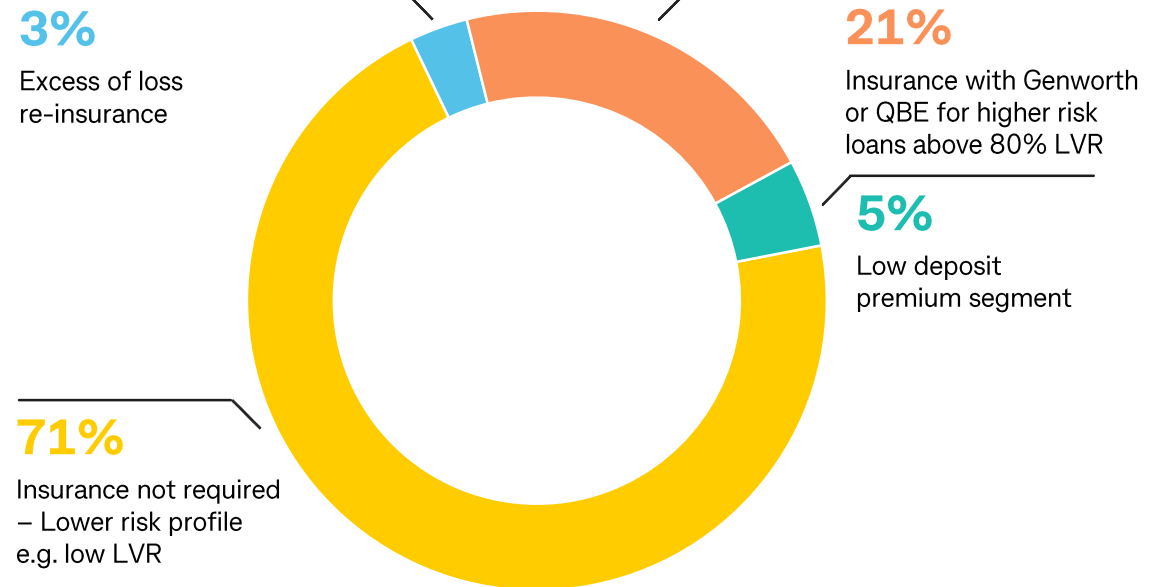
Portfolio losses remain historically low

Losses to average gross loans²



Portfolio Insurance Profile³

% of Home Loan portfolio



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





Sources, Glossary & notes

Sources and notes

Delivering

Slide 10

1. As reported in APRA Monthly ADI Statistics (MADIS). System multiple calculated on a non-annualised basis. CBA business lending multiple estimate is based on Business Banking growth rate (excluding Institutional Banking and Markets) over published APRA Total Business Lending data (excluding estimated institutional lending balances). CBA business deposits multiple estimate is based on Total CBA Non –Financial business deposit growth rate over Market Non-Financial Business Deposit growth rate, as published by APRA.
2. Home loan fundings +23% vs 1H20, includes RBS internal refinancing, excludes Viridian Line of Credit (VLOC) and excludes Bankwest internal refinancing. Fixed rate and proprietary percentages relate to the dollar value of new fundings. Fixed rate fundings includes Bankwest. Proprietary funding's excludes Bankwest.
3. RBS transaction account balances +30% vs 1H20, includes interest bearing and non-interest bearing accounts. Number of new personal transaction accounts excludes offset accounts, includes CBA and Bankwest.
4. SME guarantee lending is funded loans compared to ABA Market reporting 16 December 2020. ~80% of Better Business Loans (BBL's) sold under SME Guarantee scheme (SMEG) originated through Biz Express.
5. Increase in new business transaction accounts is 1H21 vs 1H20. Equates to ~3,500 new accounts per week.

Why CBA?

Slide 11

1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month averages to December 2020), excl. unable to identify MFI.
2. Source: RBA Lending and Credit Aggregates.
3. Source: APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS).
4. Total provisions divided by credit risk weighted assets. Excludes impairment provisions for derivatives at fair value.
5. Peers as reported at September 2020. On continuing operations basis where applicable.



Sources and notes

Global best digital experiences

Slide 14

1. DBM Consumer MFI Mobile Banking App *Net Promoter Score: Based on Main Financial Institution (MFI) customers rating their likelihood to recommend their MFI Mobile Banking App used in the last 4 weeks. Net Promoter Score refers to customer likelihood to recommend their MFI using a scale from 0-10 (where 0 is 'Extremely unlikely' and 10 is 'Extremely likely') and NPS is calculated by subtracting the percentage of Detractors (scores 0-6) from the percentage of Promoters (scores 9-10). NPS results are shown as a six-month rolling average. For the major banks, NPS is reported for main brand only. *Net Promoter Score is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld.
2. The total number of customers that have used at least 1 or more smarter banking features in the month. Smarter Banking features include Spend Tracker, Goal Tracker, Cash Flow View, Bill Sense & Category Budgets.
3. The total number of customers that have logged into the CommBank mobile app at least once in the month of December 2020. Includes Face ID logons.
4. The total value (\$) of transfers and BPAY payments made in digital (NetBank, the CommBank mobile app, CommBank tablet app and old mobile app) as a proportion of the total value (\$) of transfers in over-the-counter, ATM, EFTPOS and digital transactions over the period of July – December for years 2018, 2019 and 2020.
5. Online banking: CBA won Canstar's *Bank of the Year - Online Banking* award for 2020 (for the 11th year in a row). Awarded June 2020.
6. Mobile banking: CBA won Canstar's *Bank of the Year - Mobile Banking* award for 2020 (for the 5th year in a row). Awarded June 2020.
7. The Forrester Digital Experience Review™: Australian Mobile Banking Apps, Q3 2020. Commonwealth Bank of Australia was named the Overall Digital Experience Leader™ among mobile apps in Australia in Forrester's proprietary Digital Experience Review™. Forrester Research does not endorse any company included in any Digital Experience Review™ report and does not advise any person or organization to select the products or services of any particular company based on the ratings included in such reports.
8. DBM Australian Financial Awards - Most Innovative Major Bank. Presented March 2020. Award based on DBM Atlas data January to December 2019.
9. DBM Australian Financial Awards - Best Major Digital Bank. Presented March 2020. Award based on DBM Atlas data January to December 2019.
10. RFi Group Australian Banking Innovation Awards (ABIA), Most Innovative Banking App 2020. Awarded November 2020



Sources and notes

Cash Profit

The Profit Announcement discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared in accordance with the Corporations Act and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Bank's operating results. It is not a measure based on cash accounting or cash flows. The items excluded from cash profit, such as hedging and IFRS volatility and losses or gains on acquisition, disposal, closure and demerger of businesses are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from cash profit is provided on page 3 of the Group's 31 December 2020 Profit Announcement (PA), which can be accessed at our website: www.commbank.com.au/results

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Glossary

Capital & Other

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

Funding & Risk

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

