Fixed Income Investor Discussion Pack

For the full year ended
30 June 2021

Commonwealth Bank

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The release of this announcement was authorised by the Continuous Disclosure Committee.

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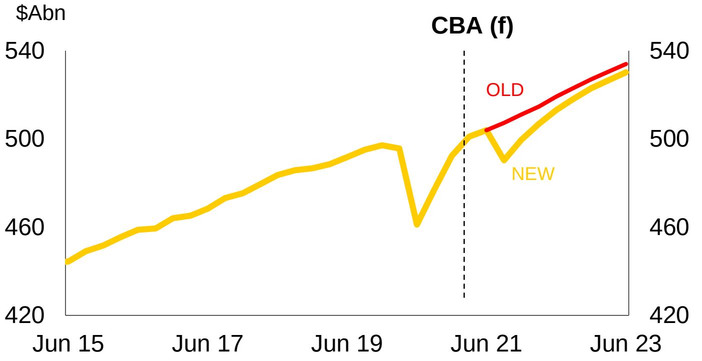
Overview

The Australian Economy

Australian economy to contract in Q3 CY21, but expected to rebound in Q4 CY21

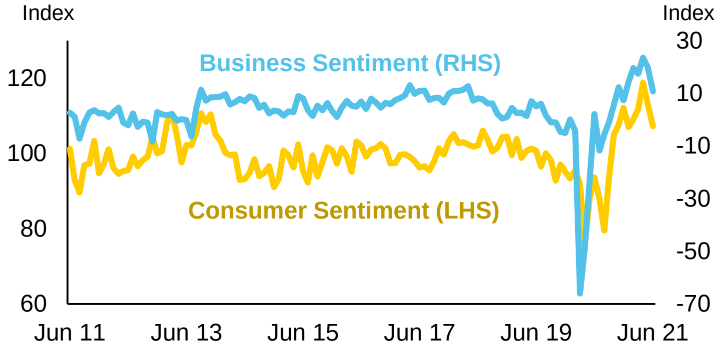
GDP back above pre COVID levels, but lockdowns should see negative Q3 2021

Real GDP (quarterly)[1]



Consumer and business sentiment remain high but off the peak with impact of lockdowns

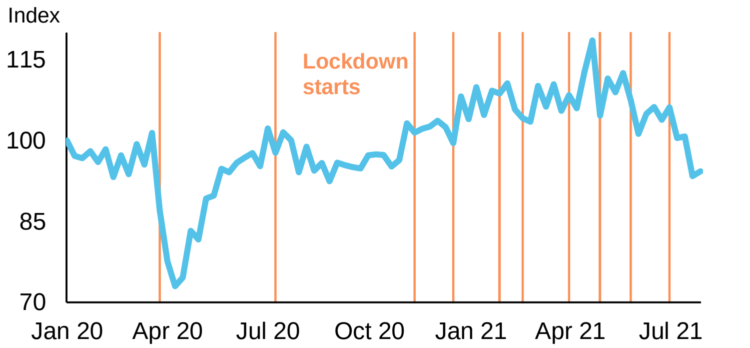
Consumer & Business Confidence[2]



Consumer spending down but bounces when lockdowns are lifted

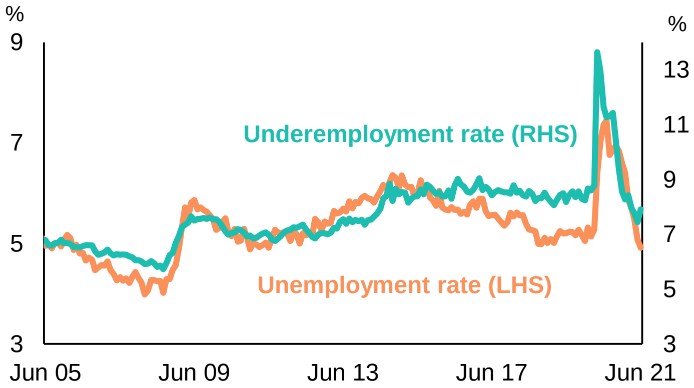
CBA card spend tracker[3] (annual % change)

Weekly index Jan 2020 = 100 (based on % change vs same week in 2019)



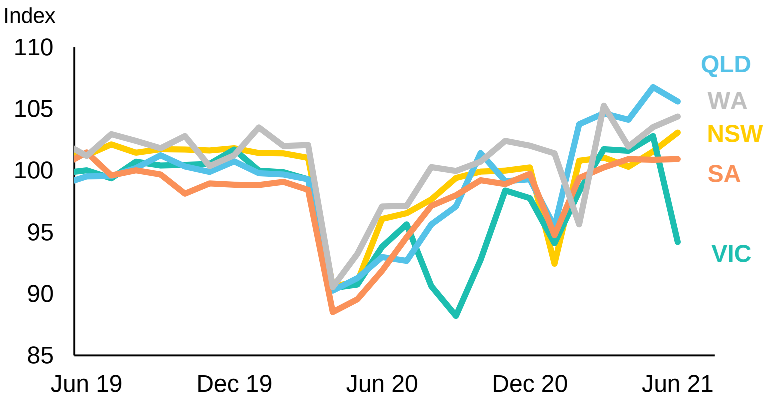
Labour market recovery has been remarkable

Labour Force (% of total)[4]



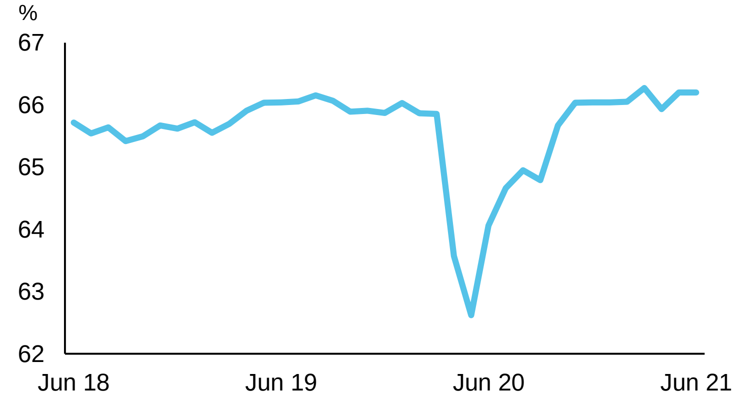
Hours worked impacted during lockdowns

Hours worked[5] (Index = 100 Jan 19)



Fall in labour force participation during lockdowns

Participation rate (%)[6]

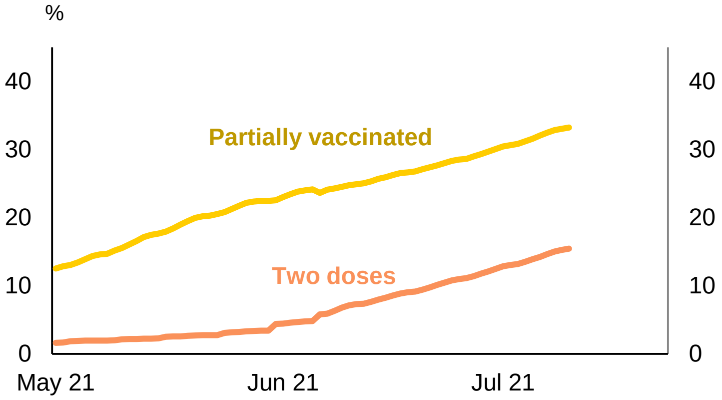


1. Source: ABS, CBA Global Economic & Markets Research. 2. Source: NAB, WBC/Melb Institute. 3. Source: CBA. 4. Source: ABS 5. Source: ABS. 6. Source: ABS

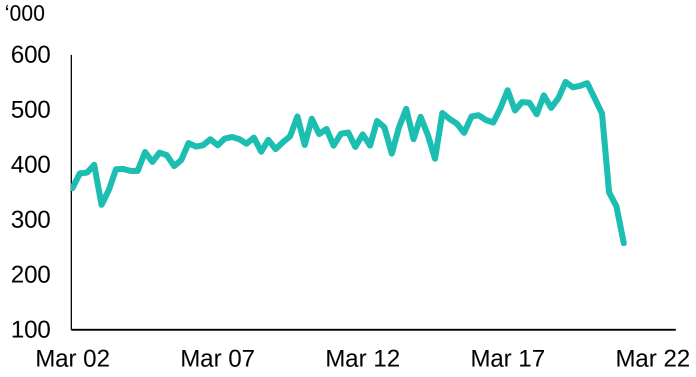
The Australian Economy

Once lockdowns end expansionary policy, vaccine rollout and tight labour market will help the recovery

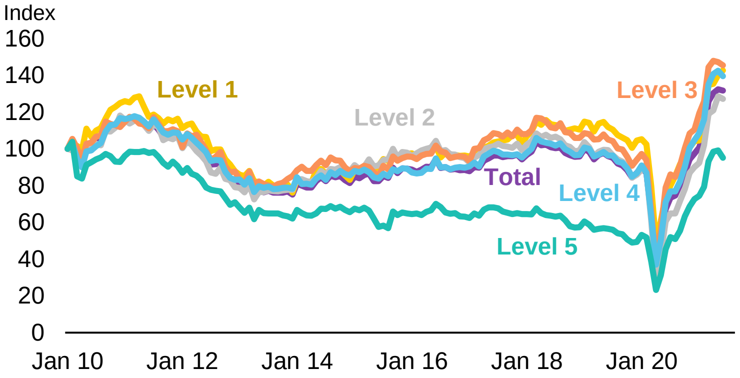
Vaccine rollout gaining pace
Australian COVID-19 vaccinations (% of 16+ population)[1]



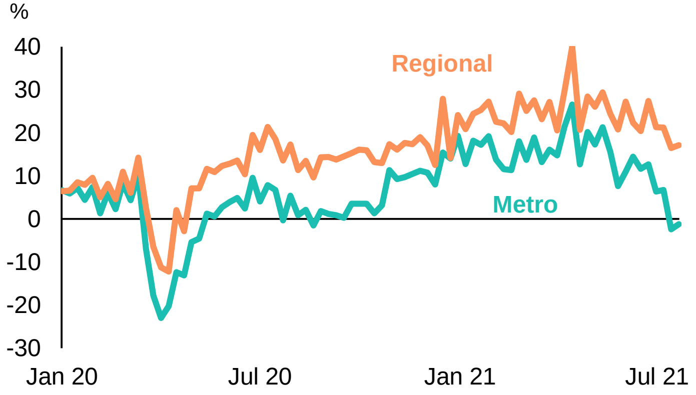
Labour supply has fallen sharply
Non-resident worker ('000)[2]



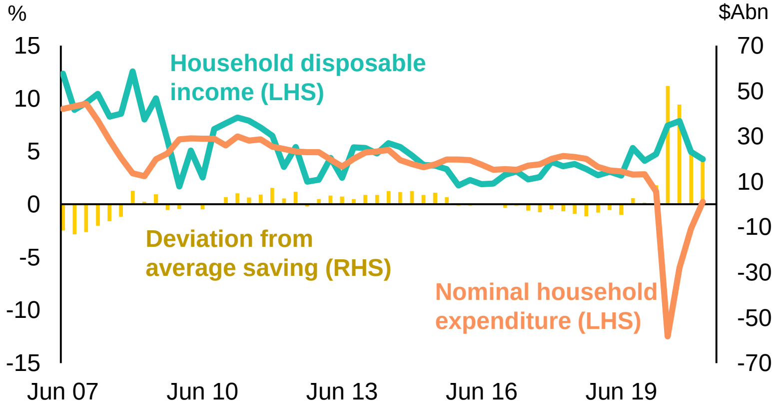
At a time when demand is strong at all skill levels
IVI Job vacancies (Index=100 Jan 10)[3]



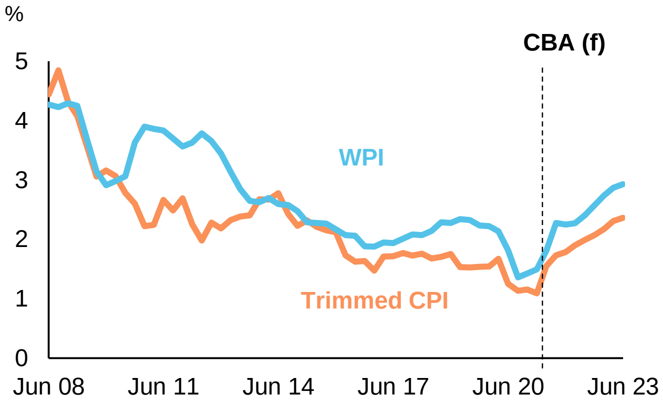
Regional areas outperforming
CBA card spend regions & metro (% change on 2019)[4]



Disparity between income and spending
Income & Spending (annual % change)[5]



Pricing and wages pressures to emerge
CBA forecast: wages & prices[6] (annual % change)



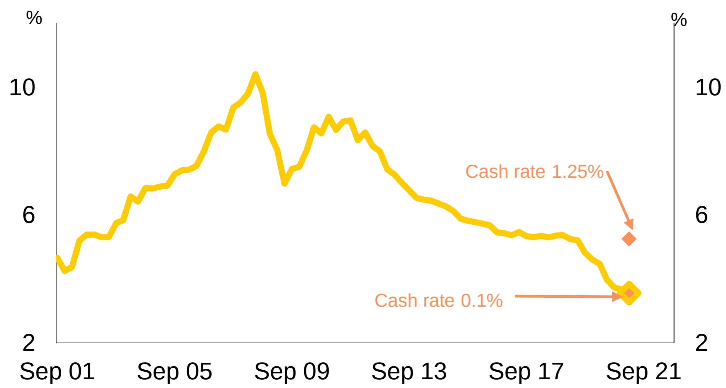
1. Source: Oxford. 2. Source: ABS. 3. Source: Australian government. 4. Source: CBA. 5. Source: ABS. 6. Source: ABS, CBA Global Economic & Markets Research.

The Australian Economy

Interest rates to rise eventually, but lift will be limited and recovery is broadening to investment

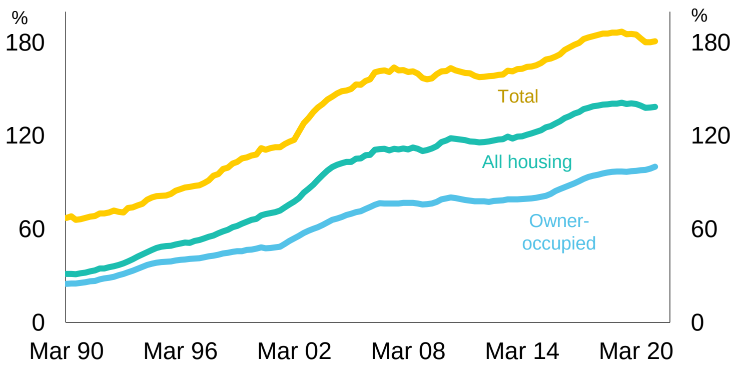
But debt serviceability has fallen a long way and expected to return to average levels

Household debt service (% of income)[1]



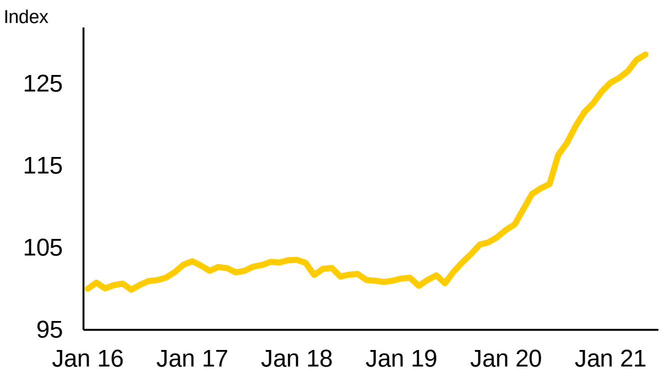
Household debt levels remain high

(as % of disposable income)[2]



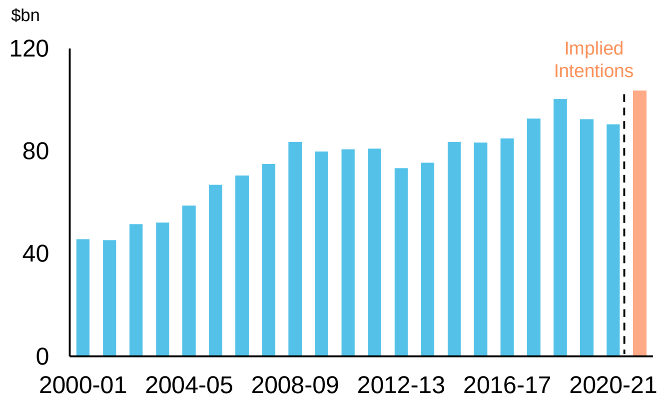
Household savings are elevated

CBA cash savings indicator (index, Jan 2016 = 100)[3]



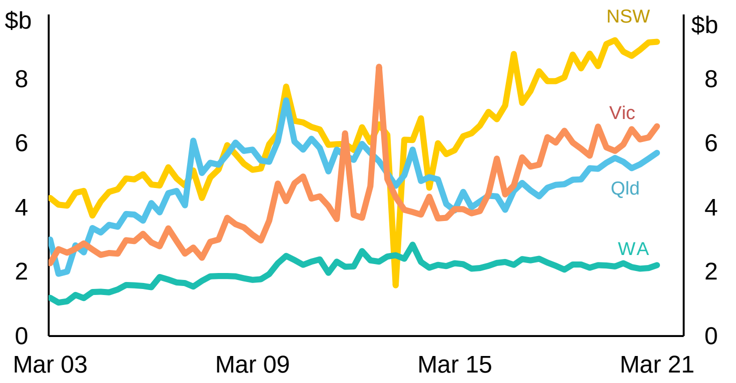
Business investment is accelerating

Non-mining capex – implied intentions ($bn)[4]



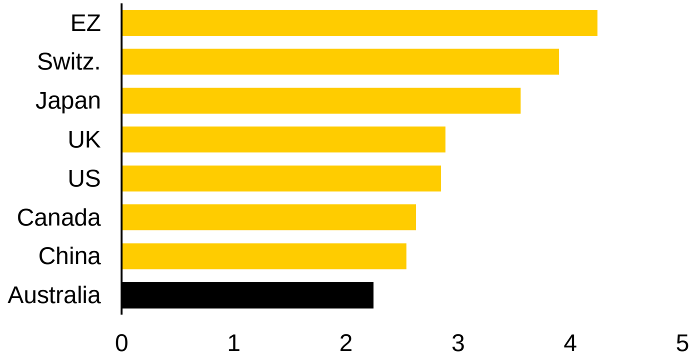
Public capex is rising and state budgets suggest more to come

Seasonally adjusted volumes[4]



There is opportunity on the green energy front

Carbon Efficiency (GDP per kg of CO2 emissions demanded)[5]

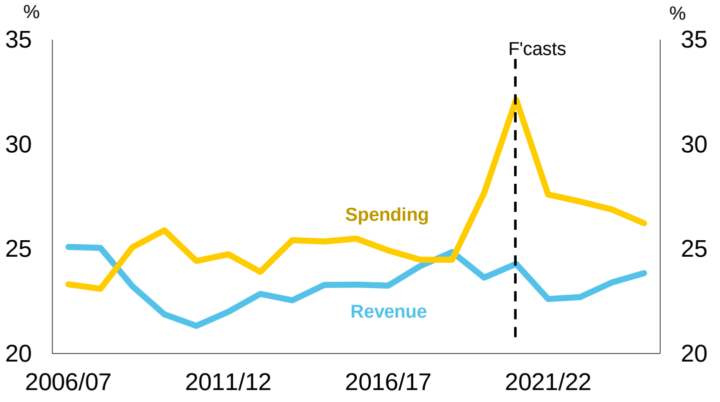


1. Source: ABS, RBA, CBA. 2. Source: RBA. 3. Source: CBA. 4. ABS, CBA Global Economic & Markets Research. 5. Source: CBA, ADB, EC.

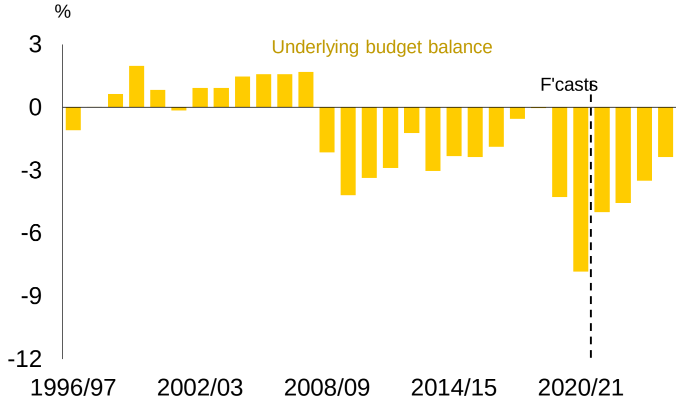
The Australian Economy

External sector in good shape, monetary and fiscal support is working together

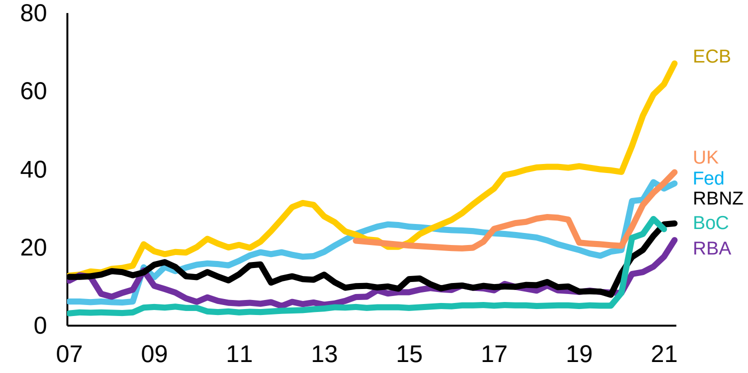
Gov't spending has risen sharply and stays higher
Taxes and spending[1] (% of GDP)



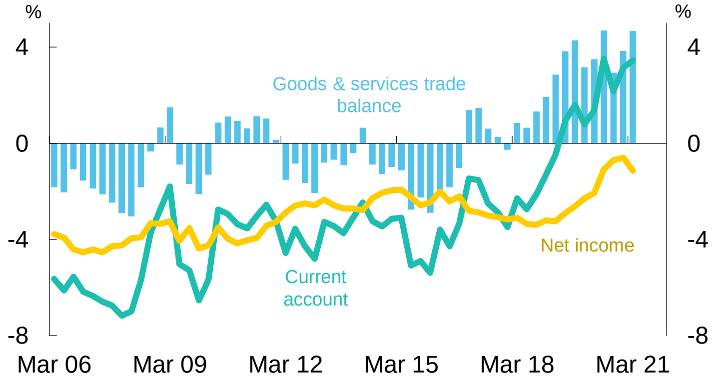
Fiscal settings remain expansionary for longer
Budget balance[1] (% of GDP)



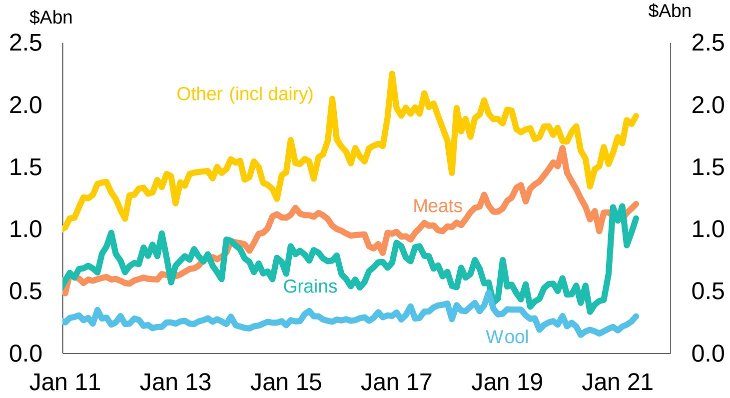
Some central banks are starting to reduce asset purchases, including the RBA from September
Central Bank total assets[2] (% of GDP)



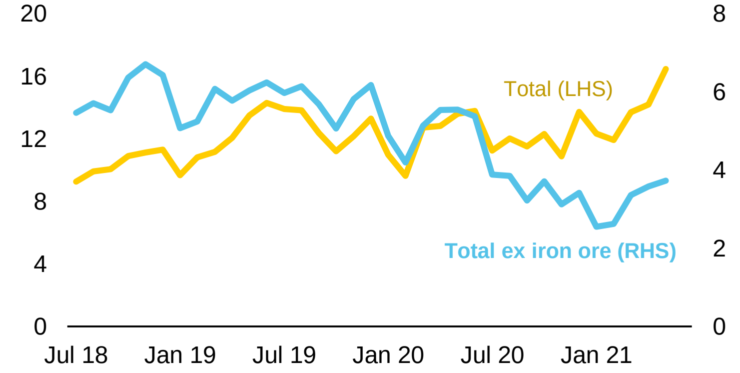
External sector in a good position
The current account (% of GDP)[3]



Agriculture sector has recovered
Goods and services exports[3] (monthly, sa)



Exports to China remain high despite tensions due to iron ore[4]
(monthly, A$bn)



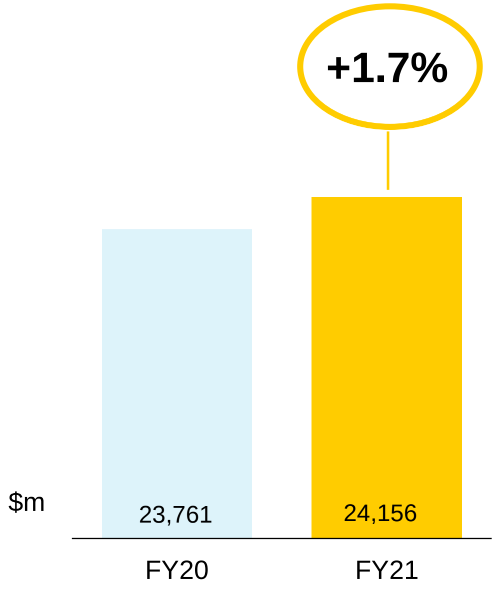
1. Source: Commonwealth Treasury. 2. Source: Thomson Reuters. 3. Source: ABS. 4. Source: DFAT.

Cash NPAT [1]

Higher operating income and earnings – investing in the franchise – lower impairment on improved outlook

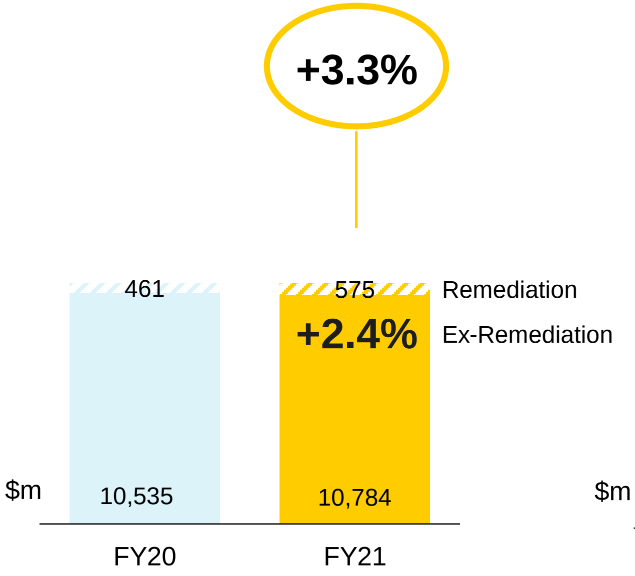
Operating Income

- Continued core volume growth
- Low rates impacting NIM



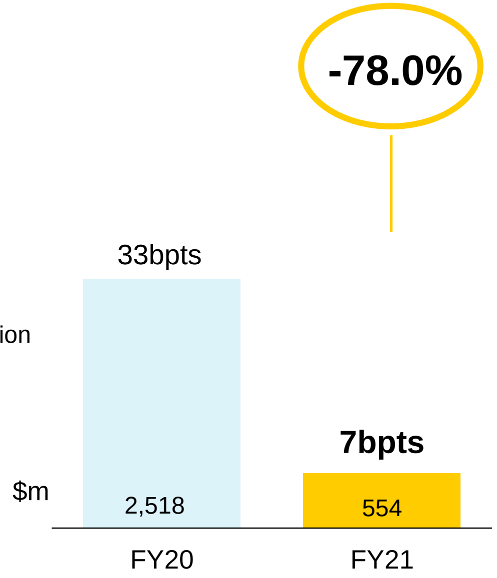
Operating Expenses

- Investment in franchise + volume
- Additional customer remediation

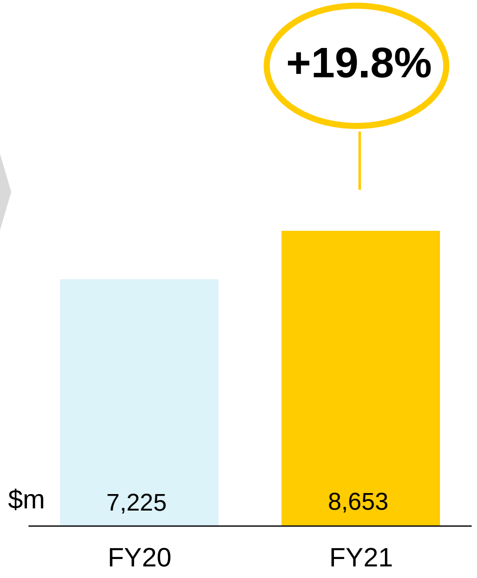


Loan Impairment Expense

- Improved economic outlook
- Provisioned for uncertainty



Cash NPAT



1. Presented on a continuing operations basis.

Delivering[1]

Continued above system volume growth in all core markets

Home lending[2]

- Fundings up 33% (vs FY20)
- 42% fixed rate (FY20: 17%)
- 61% proprietary 2H21 (2H20: 58%)

Household deposits[3]

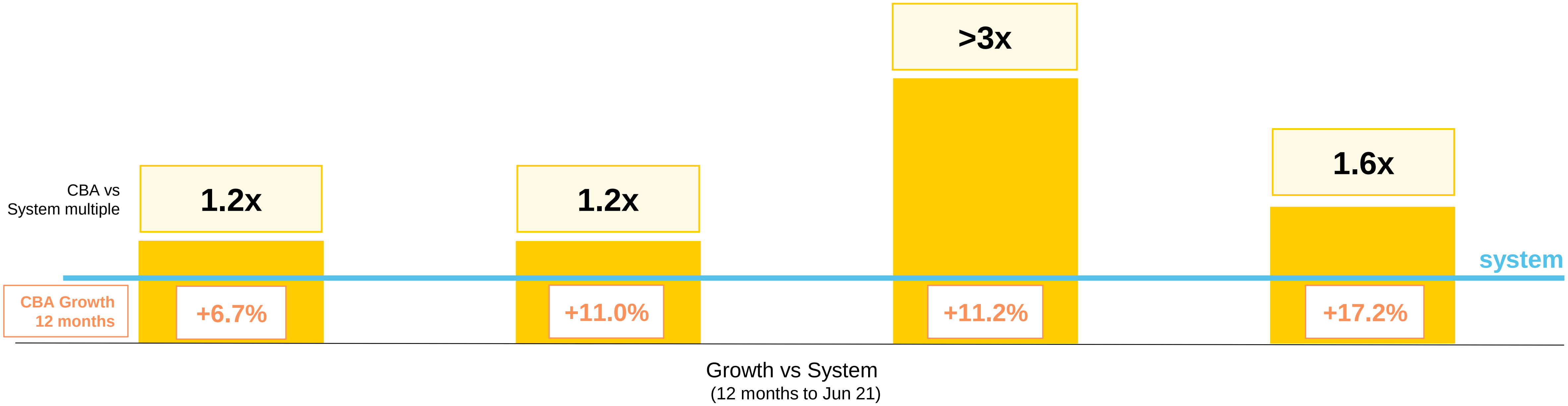
- RBS transaction balances +25%
- >900k new transaction accounts
- 73% deposit funded

Business lending

- Double digit growth in 5 key industries
- Asset finance fundings +24%
- Sustained credit quality

Business deposits[4]

- New transaction accounts +37%
- ~3,500 new accounts p/w
- 27% via digital (+7% on last year)



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

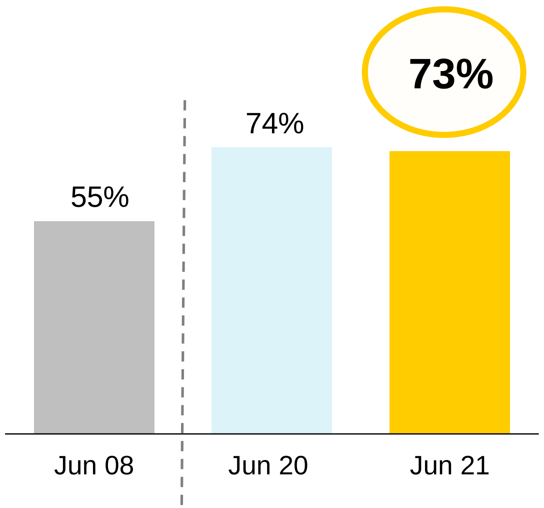
Strength

Strong balance sheet – provisioned for economic uncertainty - excess capital returned to shareholders

Funding

- 73% deposit funded
- Group transaction balances +30%

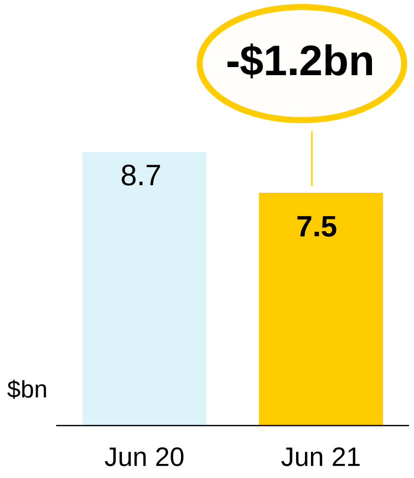
Deposit funding
% of total funding



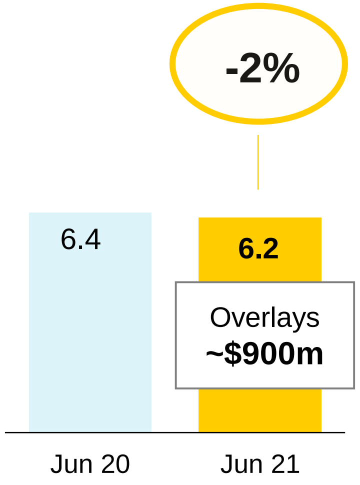
Provisioning

- Improved portfolio credit quality (TIA -$1.2bn)
- Overlays of ~$900m

Troublesome &
Impaired Assets (TIA)



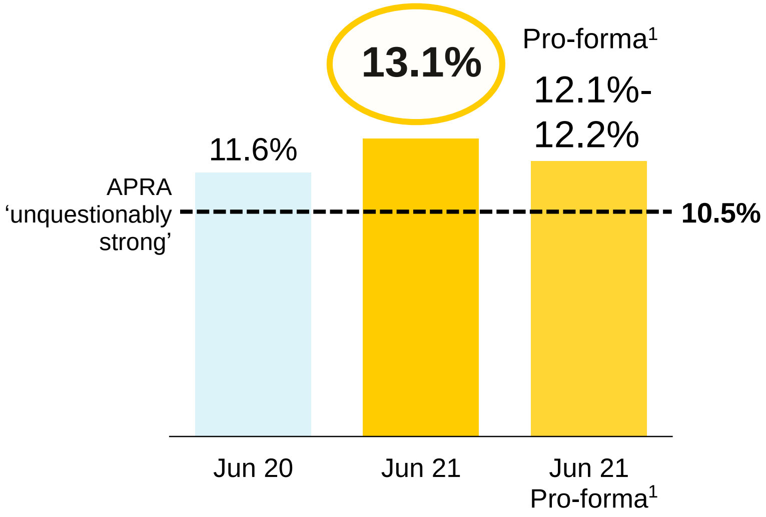
Total Credit
Provisions $bn



Capital

- $6bn off-market share buy-back
- Large capital surplus

CET1 %
Level 2



1. Pro-forma CET1 ratio calculated as Jun 21 CET1 ratio of 13.1% incorporating the impact of the off-market share buy-back (-133bpts) and the expected uplift from previously announced divestments of Colonial First State (30-40bpts) and CommInsure General Insurance (9bpts). Completion of divestments subject to regulatory approvals.

Off-market share buy-back

Optimal structure for shareholders – returning $6bn of excess capital generated from recent divestments

Rationale

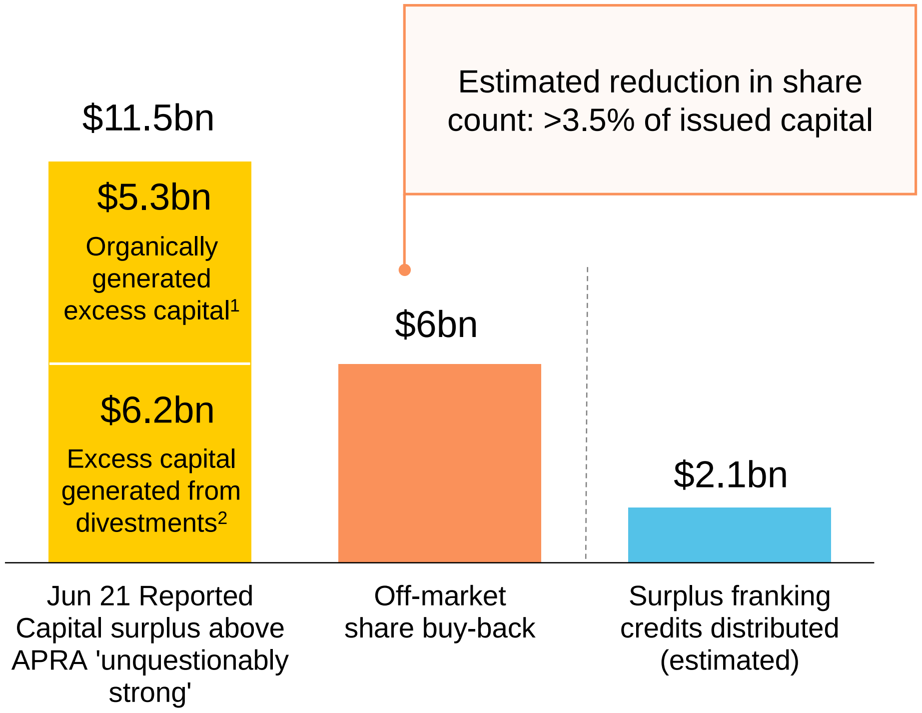
In deciding to commence capital management, the Board considered:

- The resilience of the domestic economy, notwithstanding recent public health measures to contain COVID-19
- The Group's capacity to adequately absorb potential stress events immediately following completion of the buy-back
- The Group's strong capital and balance sheet position, ensuring we remain well placed to continue to support customers and manage ongoing uncertainties
- The optimal structure to be an off-market share buy-back, given shareholders will benefit from a lower share count, which supports ROE, earnings per share and dividend per share

In calibrating the size of the buy-back, the Board considered:

- The capital generated from strategic divestments
- The level of future organic capital generation and expected divestment proceeds
- The size of the franking credit surplus and future ability to fully frank dividends and hybrid distributions

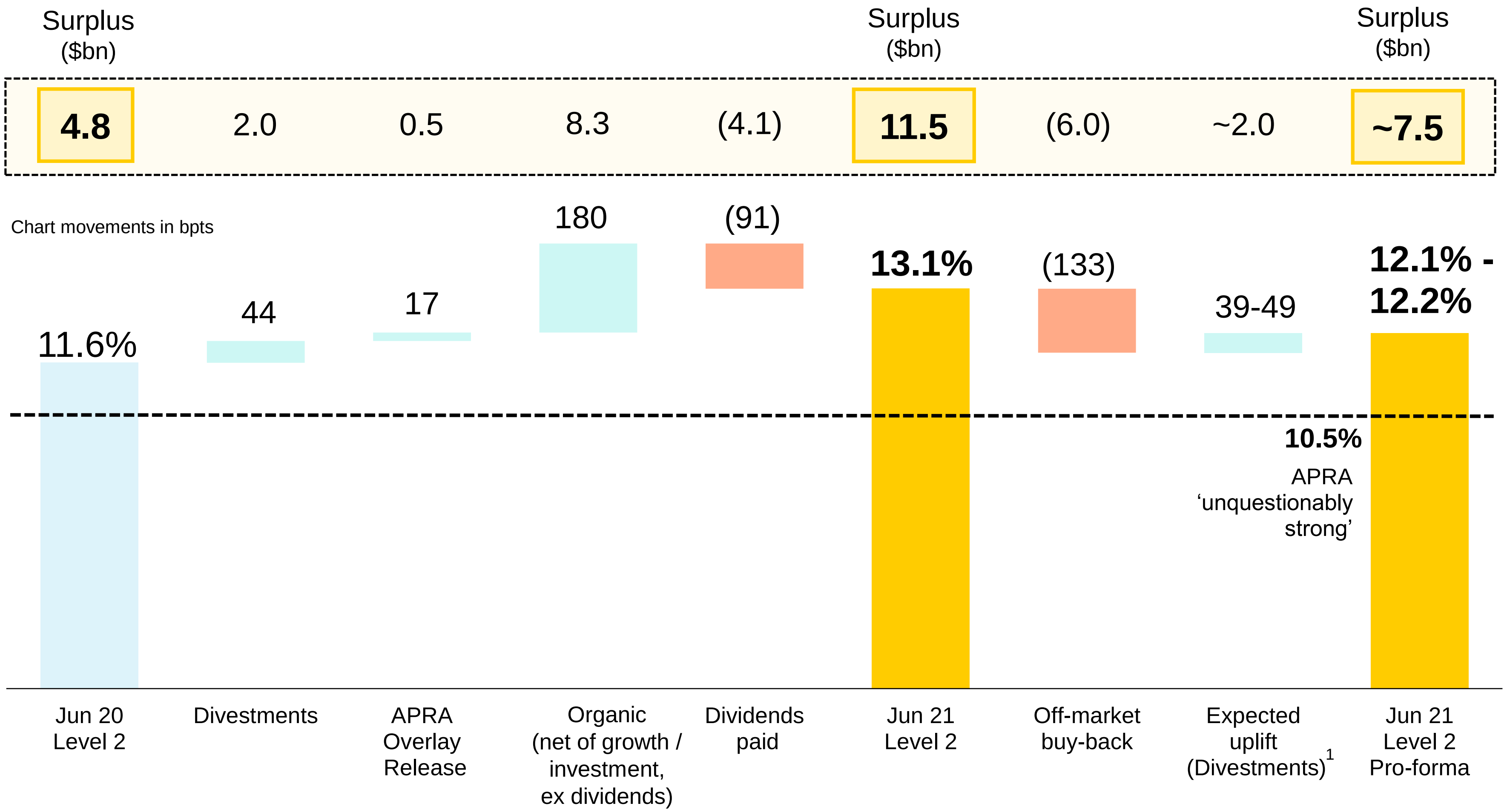
Financial overview



1. Net of dividends. 2. Excess CET1 capital generated from divestments since 1H19 (total divestment capital uplift of $7.9bn, of which $6.2bn was in excess of the unquestionably strong benchmark of 10.5%).

Capital

Post buy-back, CBA will continue to have a significant capital surplus



- CBA's strong capital position and our progress on executing our strategy mean that we are well placed to continue to support our customers and manage ongoing uncertainties, while returning a portion of surplus capital to shareholders.
- The strong residual capital surplus creates flexibility for the Board in its ongoing consideration of capital management initiatives.

1. Expected CET1 uplift from the previously announced divestments of Colonial First State (30-40bpts) and CommInsure General Insurance (9bpts). Completion of divestments subject to regulatory approvals.

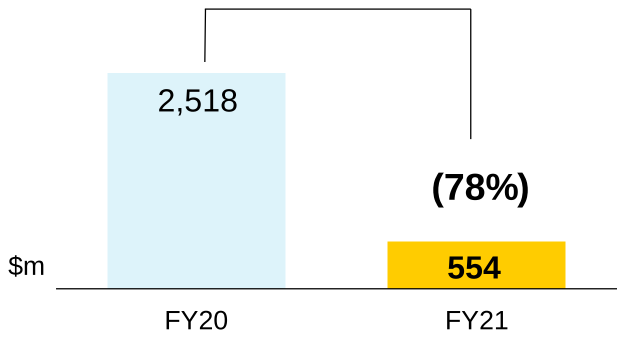
Credit risk

Leading indicators reflect improved economic conditions, though uncertainty remains

Loan Impairment Expense

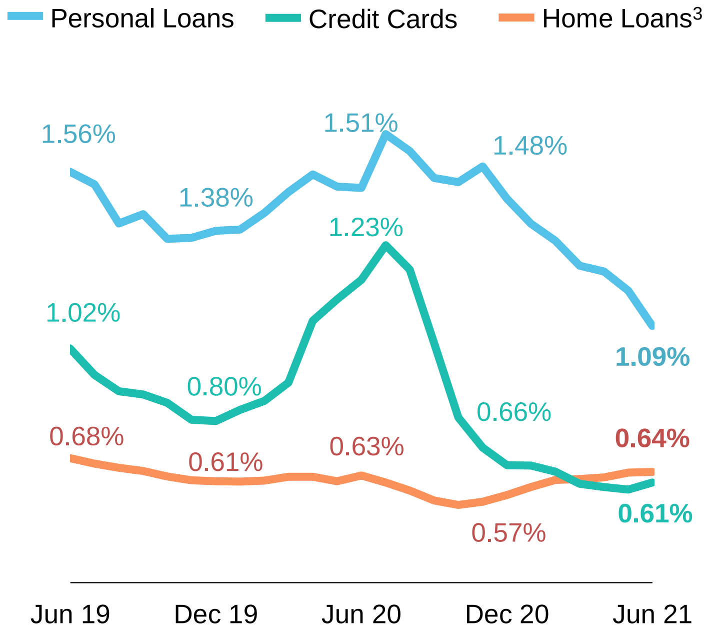
Loan loss rate (bpts)[1]

bpts	FY20	FY21
Consumer	26	**4**
Corporate	50	**16**
Total	**33**	**7**

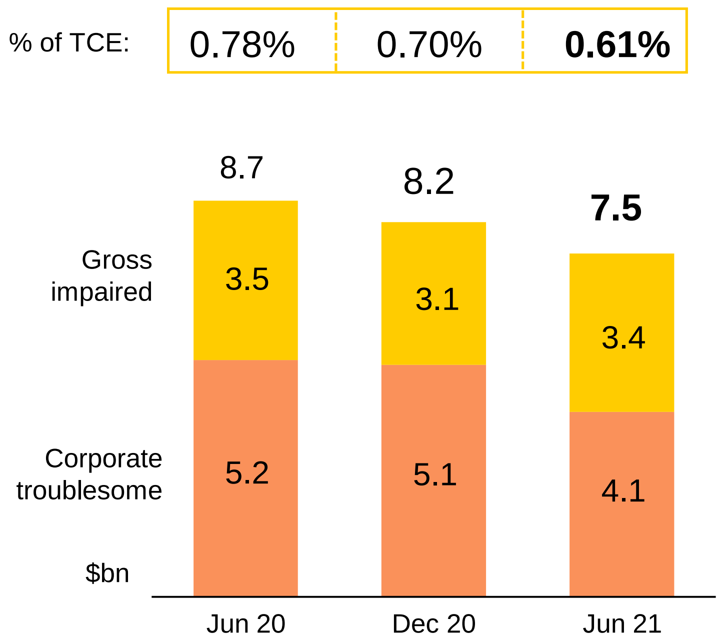


Arrears [2]

90+ days



TIA

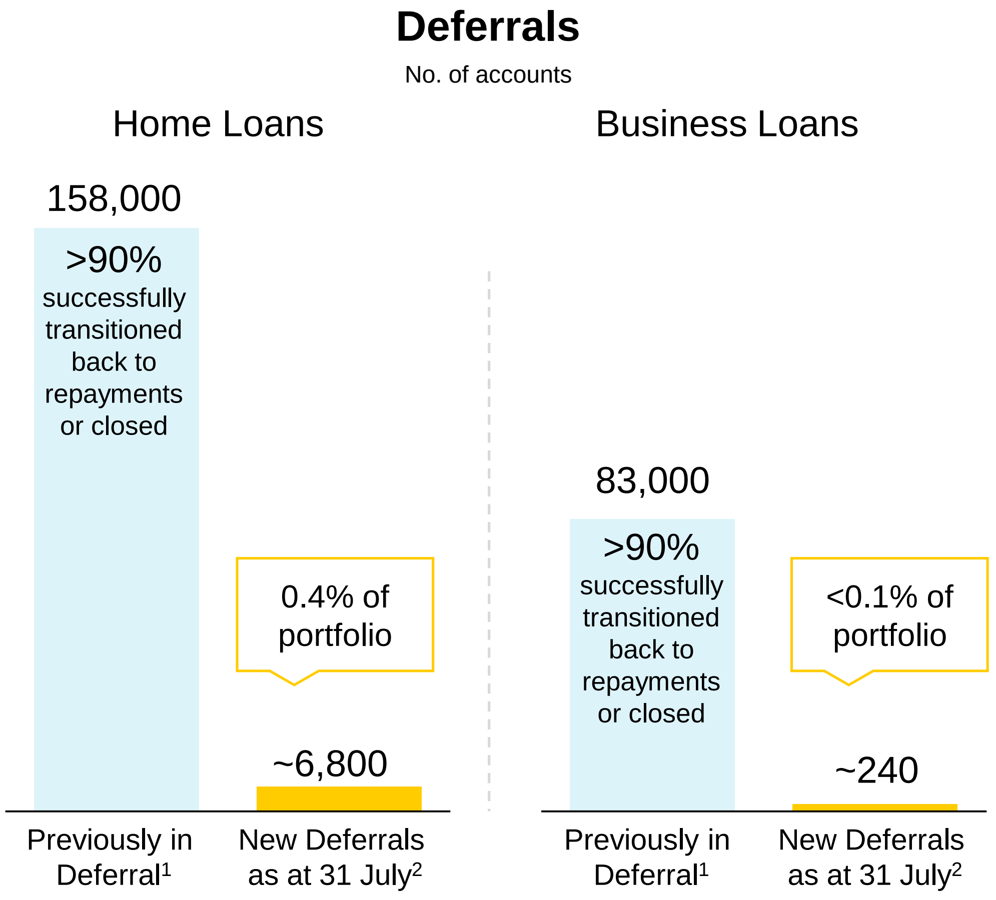


1. Loan Impairment Expense as a percentage of average Gross Loans and Acceptances (GLAA) (bpts). 2. Group consumer arrears including New Zealand. APRA's prudential relief for customers on eligible COVID-19 loan repayment deferral arrangements has effectively "stopped the clock" on home loan and personal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

Supporting

New and ongoing support for those most impacted by COVID-19

- New short term repayment deferrals for home loan and small business loan customers made available from June 2021
- Proactively contacting eligible customers – online applications, automatic assessment
- Particular focus on LGAs and industry sectors most impacted by lockdowns
- Bridging support available for small business customers in advance of government payments
- SME recovery loans available
- Tailored support and assistance packages for customers experiencing ongoing hardship - including loan restructuring options, fee waivers etc



1. Loan repayment deferrals program ending March 2021. Product view. Australian totals. 2. Includes all new deferrals granted from 25 June 2021.

Our strategy

Building tomorrow's bank today for our customers

Our purpose	**To improve the financial wellbeing of our customers and communities**			
Our priorities	Leadership in Australia's recovery and transition	Reimagined products and services	Global best digital experiences and technology	Simpler, better foundations
	Build Australia's leading business bank	Anticipate changing customer needs	Deliver the best integrated digital experiences	Deliver consistent operational excellence
	Help build Australia's future economy	Differentiate our customer proposition	Build world-class engineering capability	Sustain transparent and leading risk management
	Lead in the support we provide to customers and communities	Connect to external services and build new ventures	Modernise systems and digitise end-to-end	Reduce operating costs and manage capital with discipline

Our culture

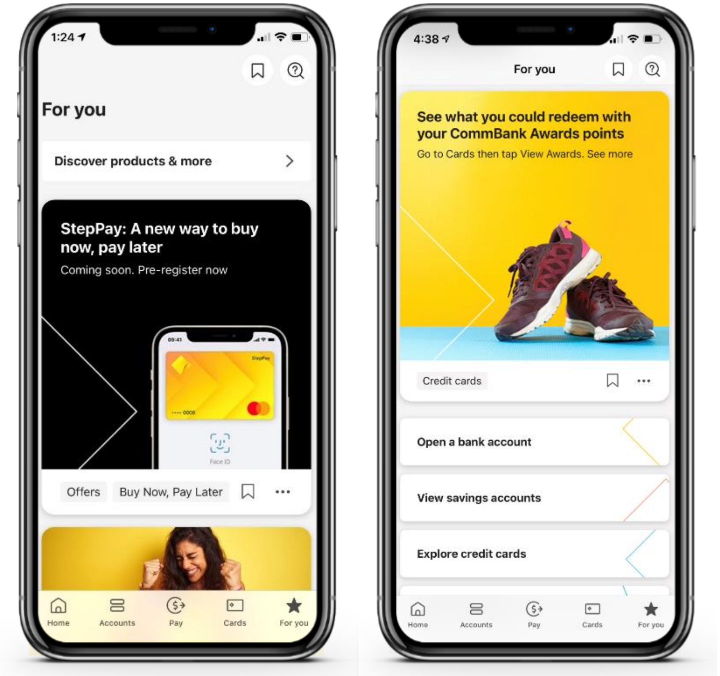
Living our values of care, courage and commitment

Care	Courage	Commitment
We care about our customers and each other – we serve with humility and transparency	We have the courage to step in, speak up and lead by example	We are unwavering in our commitment – we do what's right and we work together to get things done

Global best digital experiences

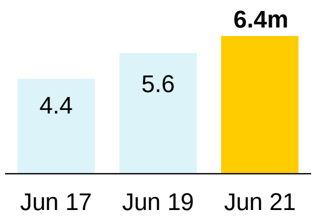
Market leading digital assets – delivering brilliant customer experiences

Leading customer experience

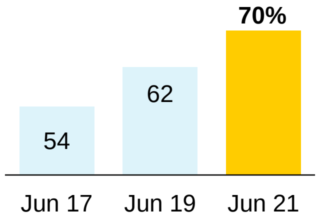


Strong customer engagement

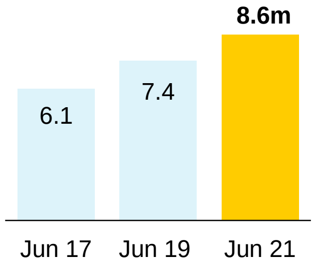
CommBank app users[1]



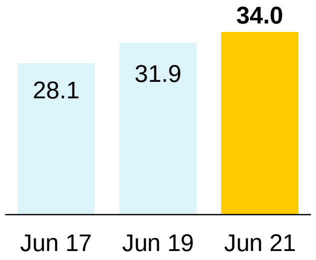
Digital transactions
% of total - by value[2]



Average daily customer logins[3]



Average monthly logins per active customer[4]



Mobile banking leader

#1	Mobile app Net Promoter Score[5]
#1	Online banking (Canstar - 12 years in a row)[6]
#1	Mobile banking (Canstar – 6 years in a row)[7]
#1	Overall Digital Experience Leader (Forrester – 5 years in a row)[8]
#1	Most Innovative Major Bank (DBM Australian Financial Awards)[9]
#1	Best Major Digital Bank (DBM Australian Financial Awards)[10]
#1	Most Innovative Banking App (RFi Group Australian Banking Innovation Awards)[11]

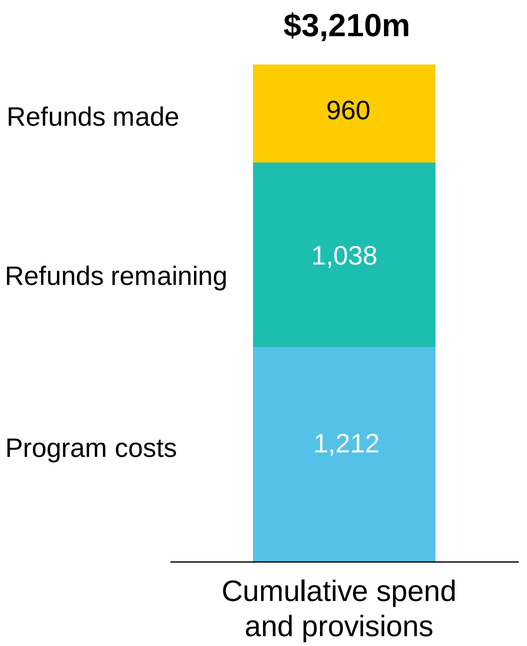
1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11. Refer to notes slide at the back of this presentation for source information.

Simpler, better foundations

Good progress on becoming a better bank for our customers

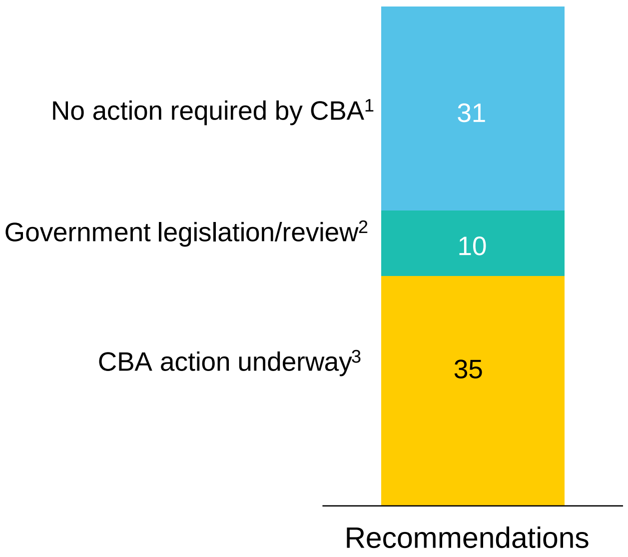
Customer Remediation

Committed to remediating customers quickly



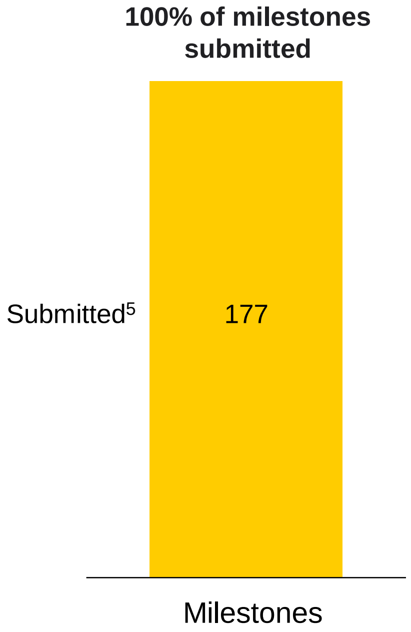
Royal Commission

Well progressed on implementing the recommendations of the Royal Commission



Remedial Action Plan[4]

All milestones submitted

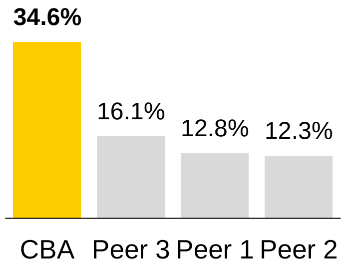


1. No action required as action is with Government/regulator/other or CBA does not operate in that business. 2. CBA will implement once regulation / legislation is in place. 3. Recommendations that are underway or implemented - some requiring regulatory or legislative action to complete. 4. The Remedial 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.

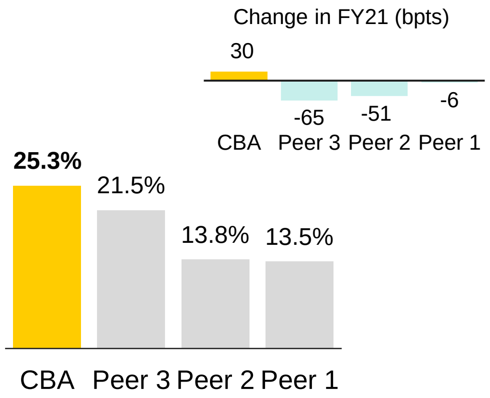
Why CBA?

Leading franchise – leading returns

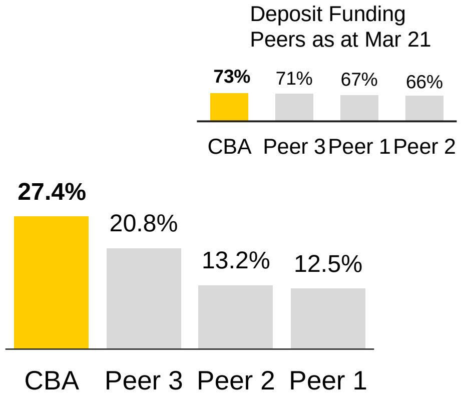
MFI share [1] (%)



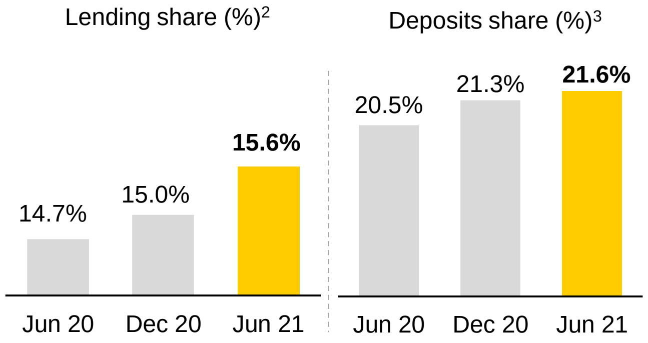
Home Lending share [2] (%)



Household Deposits share [3] (%)

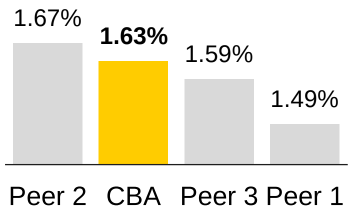


Business Banking share



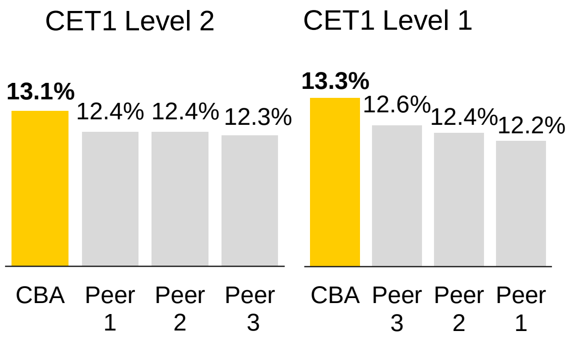
Provisioning (%)

Total provision coverage to Credit RWA[4]



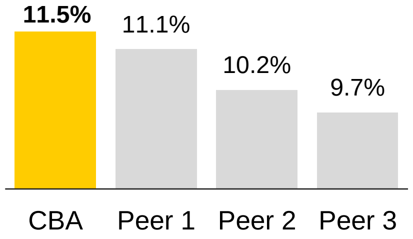
Capital (%)

Peers as at March 2021



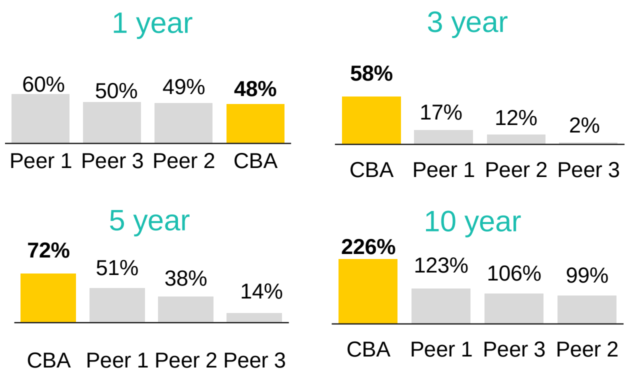
ROE (cash)[5] (%)

Peers as at March 2021



Shareholder Returns (%)

Total Shareholder Return[6]



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

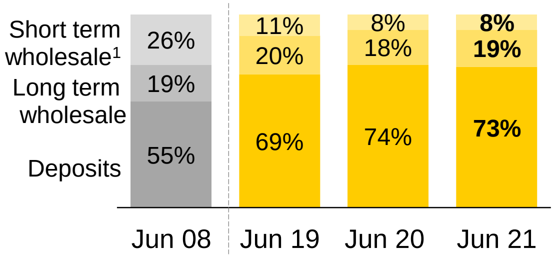
Funding & Liquidity

Funding overview

Resilient balance sheet with significant excess liquidity

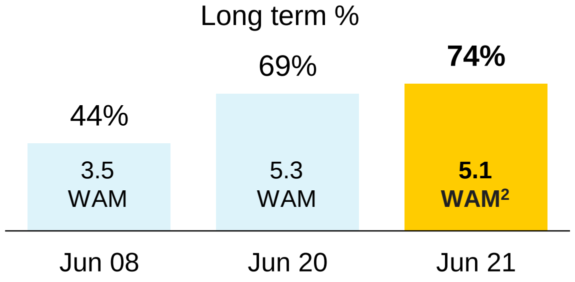
Funding composition

Deposit growth supporting 73% of funding



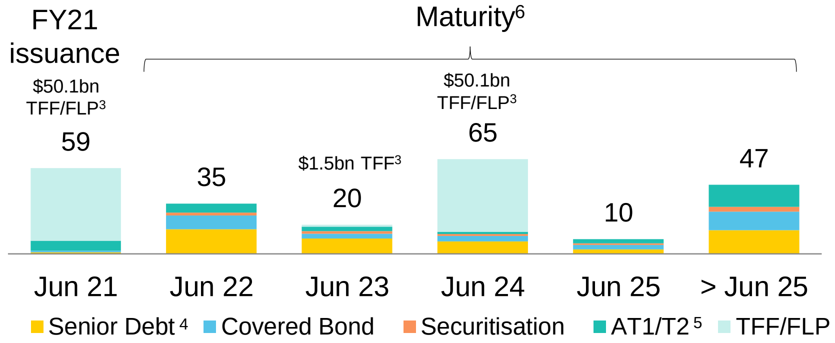
Wholesale funding

Weighted to long term



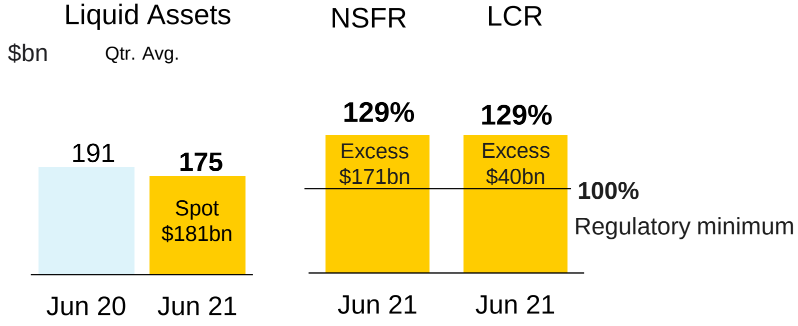
Funding profile

TFF refinance to be managed across FY23-FY25 period



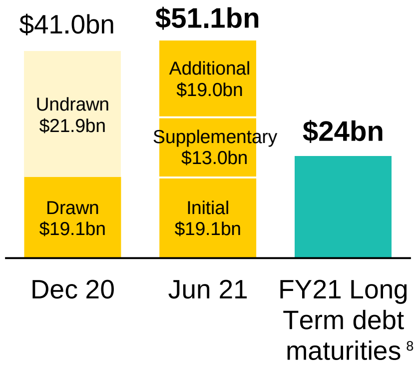
Liquidity metrics[7]

Significant excess liquidity



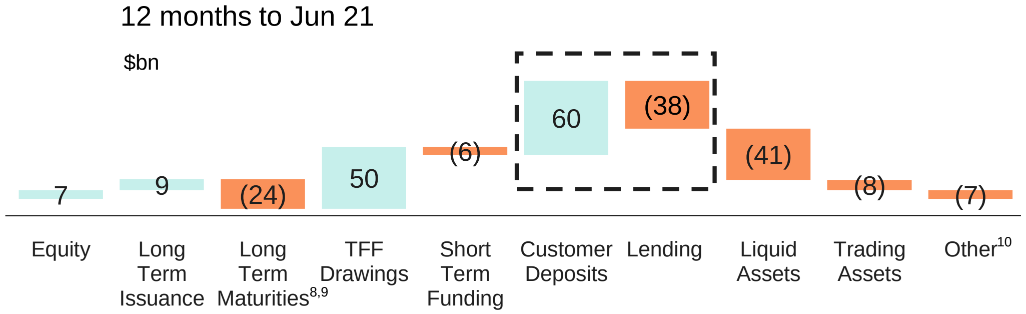
RBA Term Funding Facility

Additional funding support



Sources and uses of funds

Core funding surplus used to reduce wholesale funding

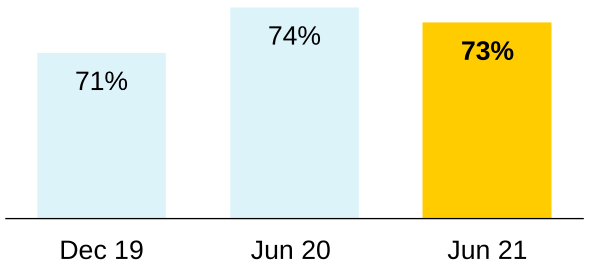


1. Includes other short term liabilities 2. Represents the Weighted Average Maturity of outstanding long term wholesale debt with a residual maturity greater than 12 months as at reporting date. As at 30 June 2021, Weighted Average Maturity and Long term % includes Term Funding Facility drawdowns. WAM as at 30 June 2021 excluding Term Funding Facility drawdowns is 6.4 years. 3. Total RBA TFF and RBNZ FLP drawn on 30 June 2021 is $51.1bn (fully drawn) and $0.5bn respectively. 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. Includes debt buybacks. 9. Reported at historical FX rates. 10. Includes FX revaluation.

Deposit funding

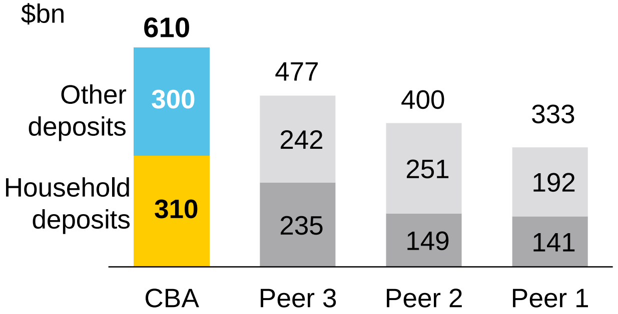
Highest share of stable household deposits in Australia

Deposit funding



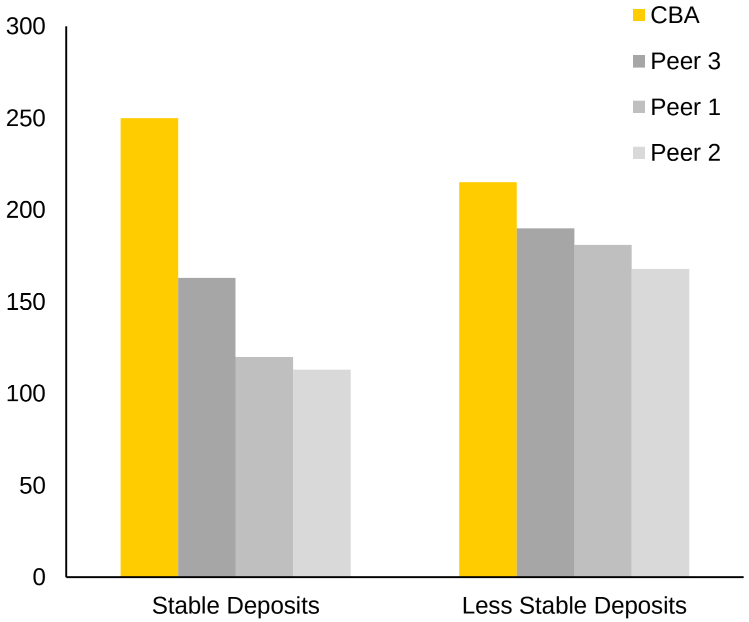
Deposits vs peers[1]

$bn



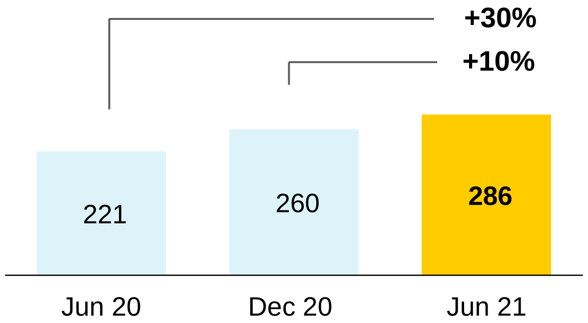
Deposits in NSFR[2]

As at June 2021 ($bn)
Peers as at March 2021[3]

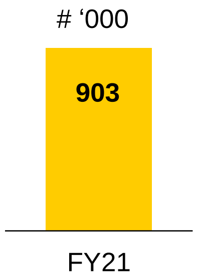


Group transaction balances[4]

$bn

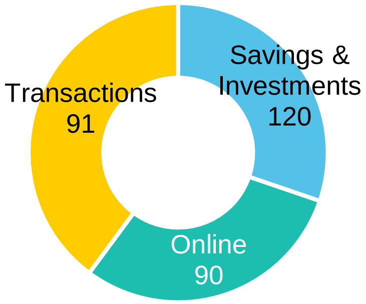


New transaction accounts[5]



Retail deposit mix[6]

$bn

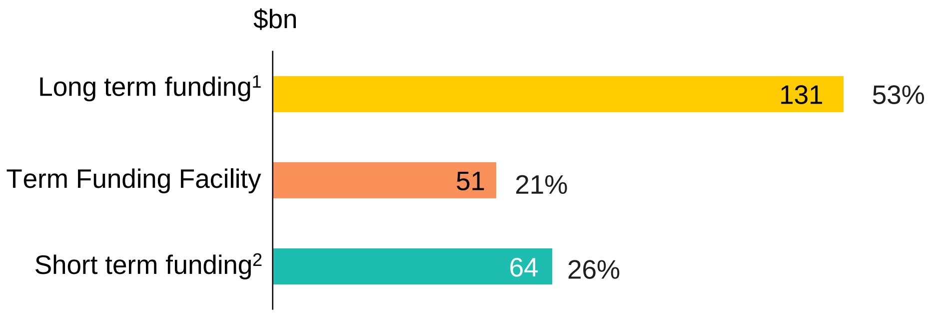


1. Source: APRA Monthly Authorised Deposit Taking Institution Statistics (MADIS). Total deposits (excluding CDs). 2. Stable and less stable deposits in NSFR calculation. Excludes operational deposits, other deposits and wholesale funding. 3. Source: 31 March 2021 Pillar 3 Regulatory Disclosures; CBA reported as at 30 June 2021. 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.

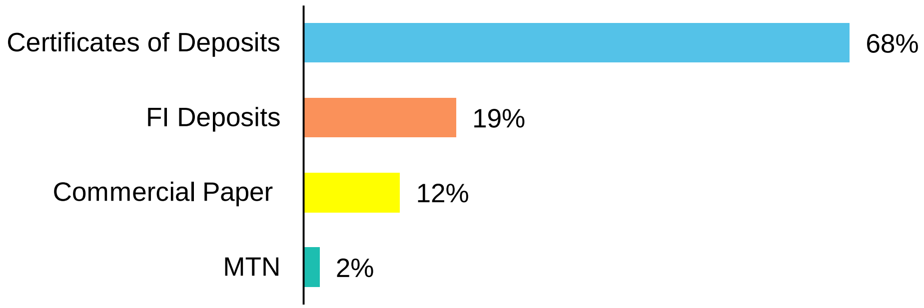
Wholesale funding

Diversified wholesale funding across product, currency and tenor

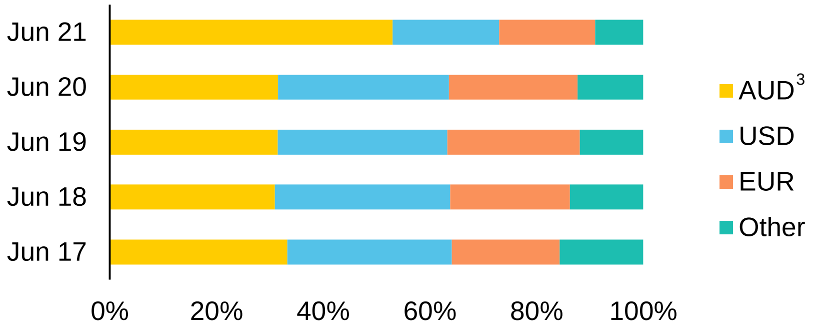
Portfolio mix



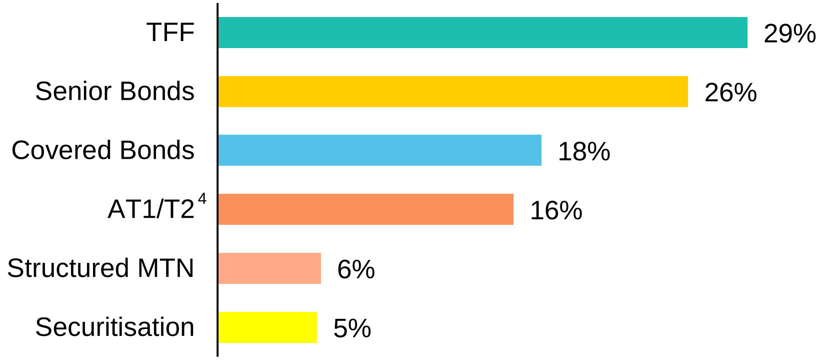
Short term funding by product



Long term funding by currency



Long term funding by product

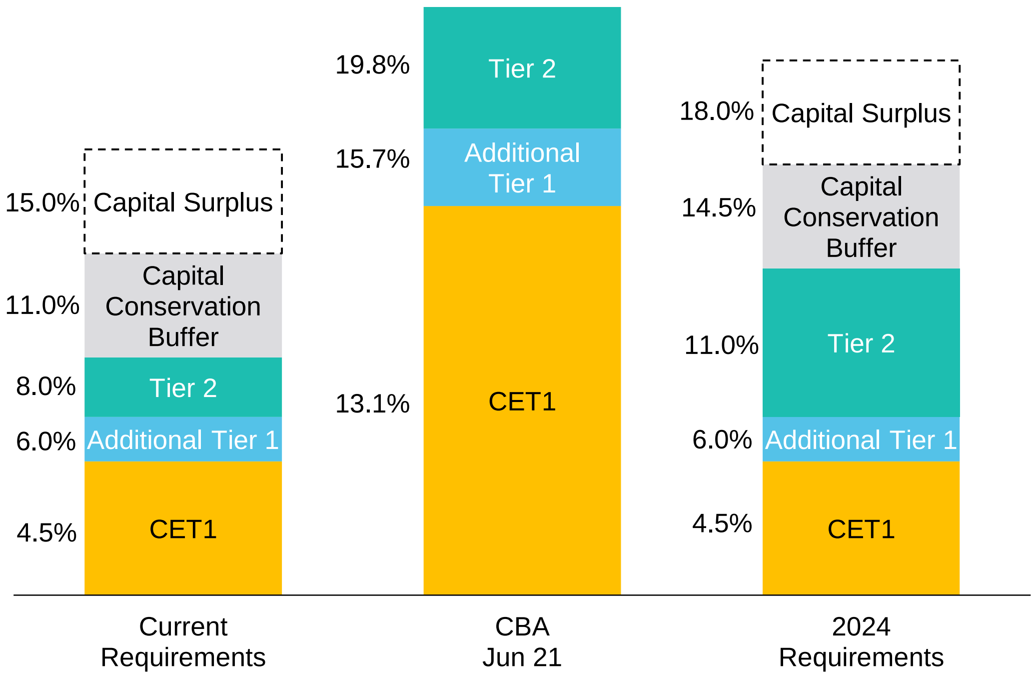


1. Includes IFRS MTM and derivative FX revaluation, includes debt with an original maturity or call date of greater than 12 months (including loan capital) and excludes TFF drawdowns. 2. Includes Central Bank deposits. 3. Includes TFF drawdowns. 4. Additional Tier 1 and Tier 2 Capital.

APRA's LAC requirements

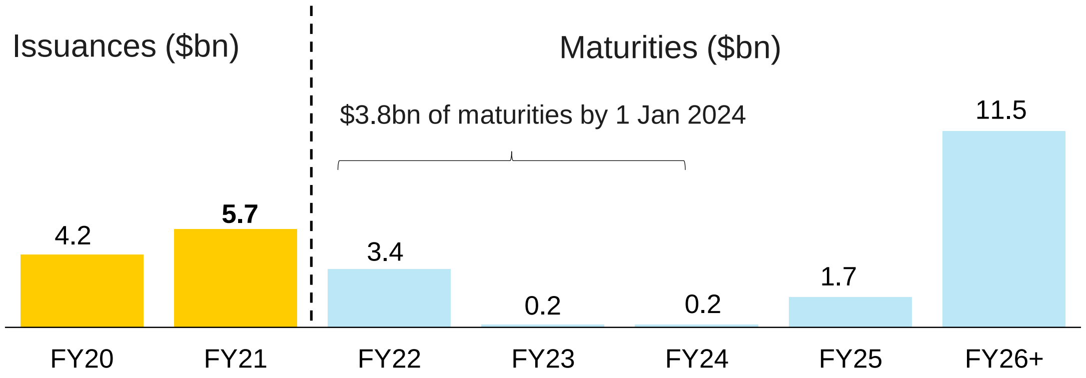
3% increase in Total Capital by 2024 to meet loss absorbing capacity (LAC) requirement

- Based on APRA's existing capital framework, CBA requires an additional $4.0bn of LAC qualifying issuance by 1 Jan 24 (excluding maturities).
- Expected Tier 2 issuance of $4-5bn in FY22.



$bn	Jun 21
Risk Weighted Assets	**450.7**
Tier 2 Requirement @ 5% by 1 Jan 2024[1]	**22.5**
Existing Tier 2 at June 2021 (4.1%)[2]	**18.5**
Current shortfall (excluding AT1)	**4.0**
Maturities by 1 Jan 2024	**3.8**

T2 Capital Profile[3,4]



1. Based on APRA's existing capital framework. 2. Inclusive of $1.6bn provisions eligible for inclusion in Tier 2. 3. Represents spot FX translation at Jun-21. 4. Securities in callable format profiled to first call date. Securities in bullet format profiled to maturity date (5 year amortisation period).

Financials

Overview – FY21 result[1]

Key outcomes summary

Financial

Statutory NPAT[2] ($m)	8,843	+19.7%
Cash NPAT[2] ($m)	8,653	+19.8%
ROE[2] % (cash)	11.5	+130bpts
EPS[2] cents (cash)	488.5	+80c
DPS[3] $	3.50	+52c
Cost-to-income[2] (%)	47.0	+70bpts
NIM[2] (%)	2.03	(4bpts)
Op income[2] ($m)	24,156	+1.7%
Op expenses[2] ($m)	11,359	+3.3%
Profit after capital charge[2,4] ($m)	3,823	+1.3%
LIE to GLAA (bpts)[5]	7	(26bpts)

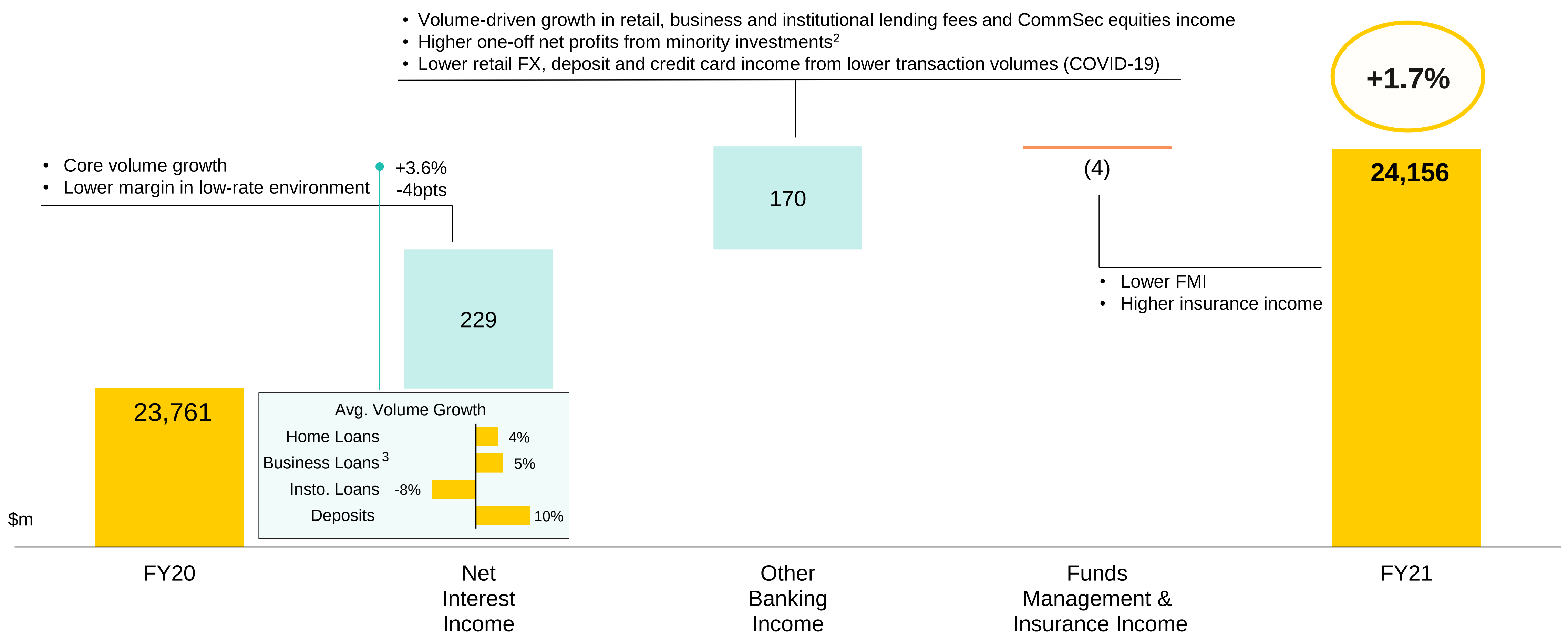
Balance sheet, capital & funding

Capital – CET1[3,6] (Int'l)	19.4%	+200 bpts
Capital – CET1[3] (APRA)	13.1%	+150 bpts
Total assets ($bn)	1,092	+7.5%
Total liabilities ($bn)	1,013	+7.4%
Deposit funding	73%	(1%)
LT wholesale funding WAM[7]	5.1 yrs	(0.2yrs)
Liquidity coverage ratio[8]	129%	(26%)
Leverage ratio (APRA)[3]	6.0%	+10 bpts
Net stable funding ratio	129%	+9%
Credit ratings[9]	AA-/Aa3/A+	Refer footnote 9

1. All movements on prior year unless otherwise stated. 2. Presented on a continuing operations basis. 3. Includes discontinued operations. 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. Loan Impairment Expense as a percentage of average Gross Loans and Acceptances (GLAA) (bpts). 6. Internationally comparable capital - refer glossary for definition. 7. As at 30 June 2021, Weighted Average Maturity includes Term Funding Facility drawdowns. WAM as at 30 June 2021 excluding Term Funding Facility drawdowns is 6.4 years (+1.1yrs from 30 June 2020). 8. Quarterly average. 9. S&P, Moody's and Fitch. S&P revised Australian Major Banks outlook to "Stable" from "Negative" on 7th June 2021. Moody's affirmed CBA's ratings and stable outlook on 25th March 2021 and revised the "Negative Outlook" on the banking sector to Stable. Fitch revised CBA's outlook from "Negative" to "Stable" on 12th April 2021.

Operating income[1]

Strong core volume growth & higher CommSec income, partly offset by lower margin & COVID-19 impacts

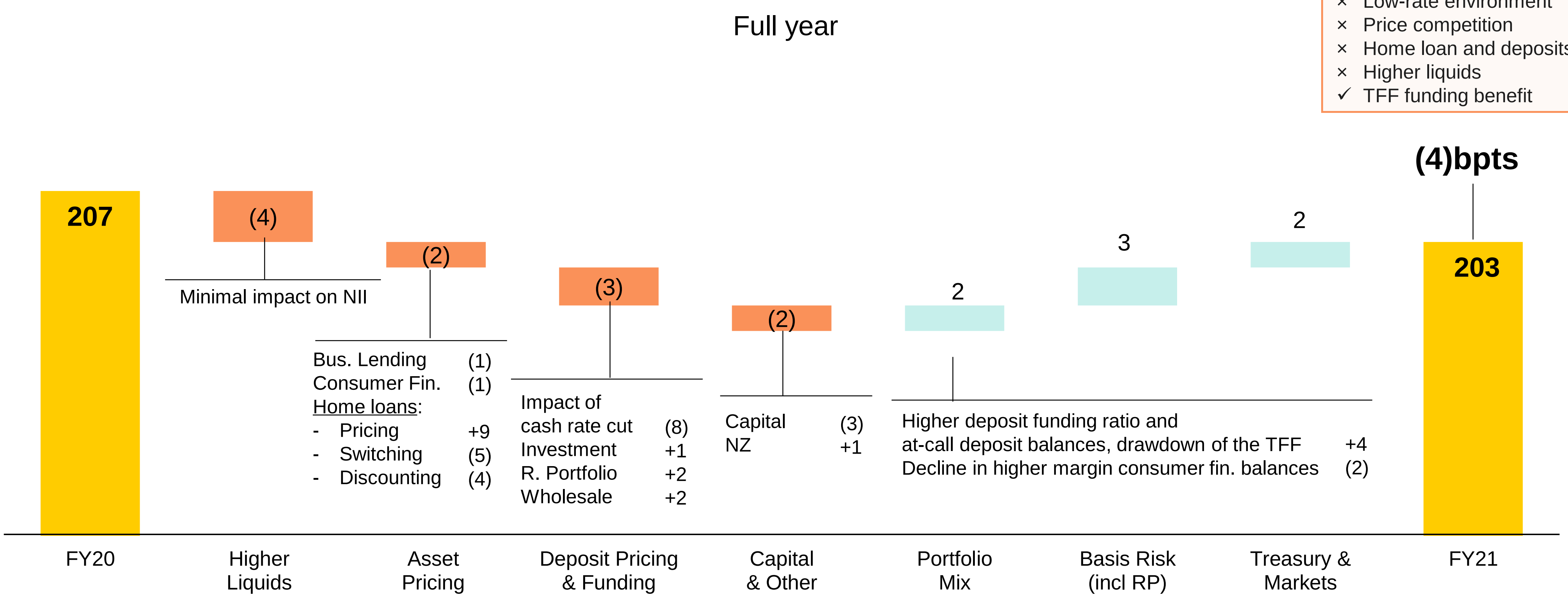


1. Presented on a continuing operations basis. 2. Primarily relating to minority investment in Bank of Hangzhou. 3. Includes NZ and other Business Loans.

Group margin[1]

Flat ex liquids – pressure from lower interest rates, offset by favourable portfolio mix, lower wholesale funding costs

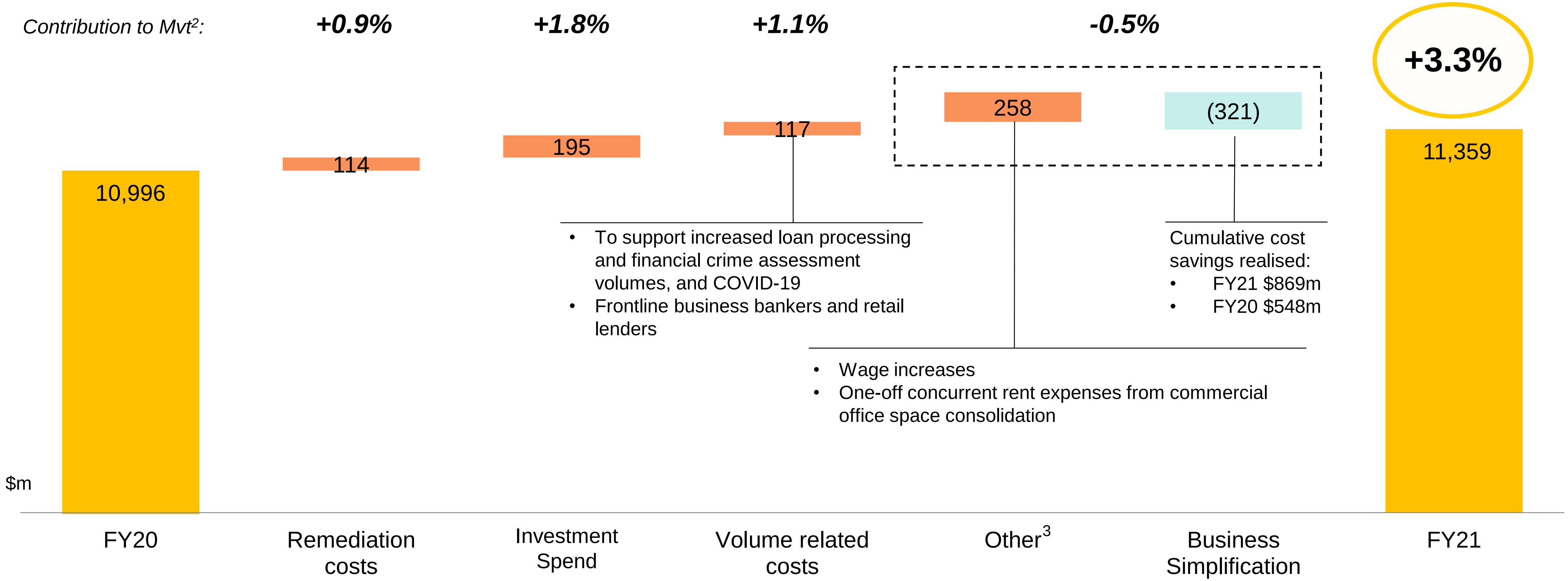
FY22 Considerations
- × Low-rate environment
- × Price competition
- × Home loan and deposits mix
- × Higher liquids
- ✓ TFF funding benefit



1. Presented on a continuing operations basis.

Operating expenses[1]

Up 2.4% (ex remediation), driven by investment in the franchise and higher volumes



1. Presented on a continuing operations basis. 2. Growth rate percentages represent growth on FY20 cost base. 3. Excludes remediation, investment spend and volume related costs.

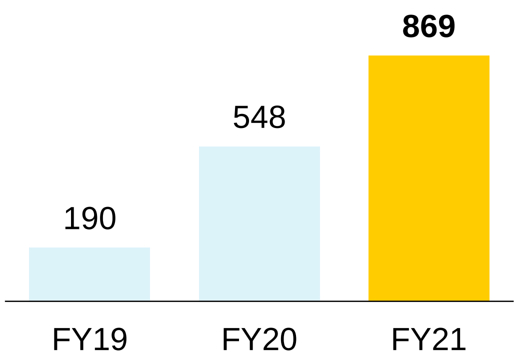
Cost approach supporting investment spend

Long term cost reduction creating capacity for long term investment

Cost Reduction

$m

Cumulative savings



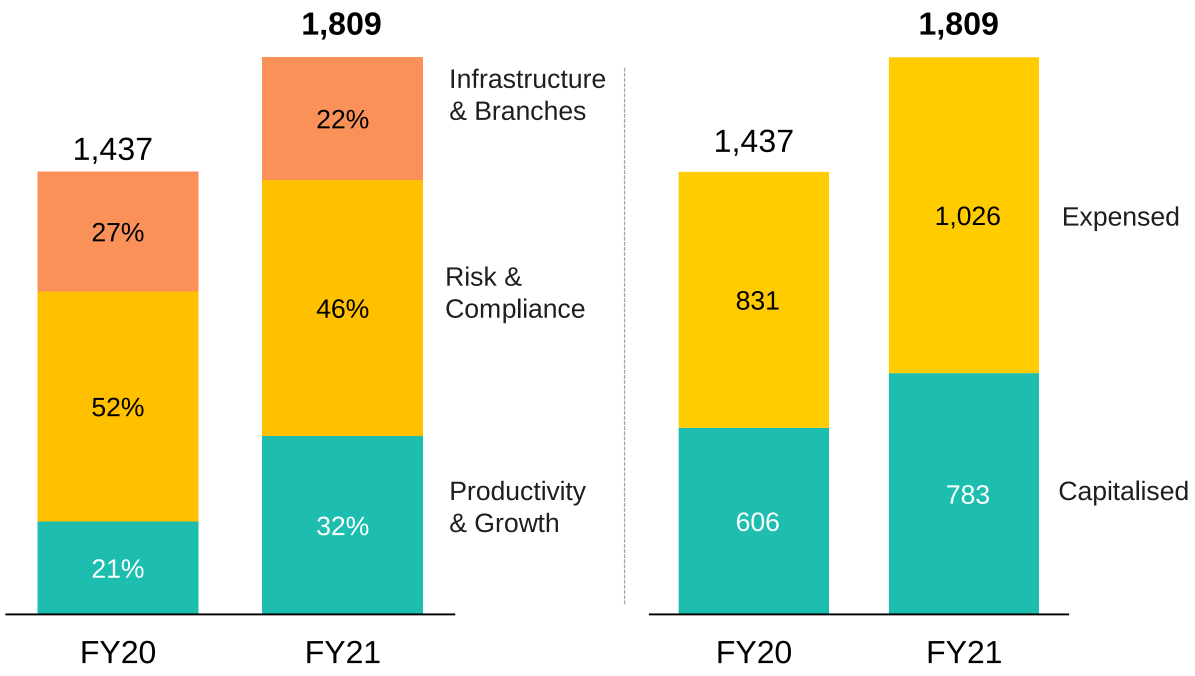
Cost approach

- **Simpler, more efficient** business for our customers and people
- Continue to **invest** in the business
- Strengthen our **digital and technology capability** for future growth
- Achieve **long term cost reduction**
- Deliver long term **sustainable shareholder returns**

Investment Spend[1,2]

$m

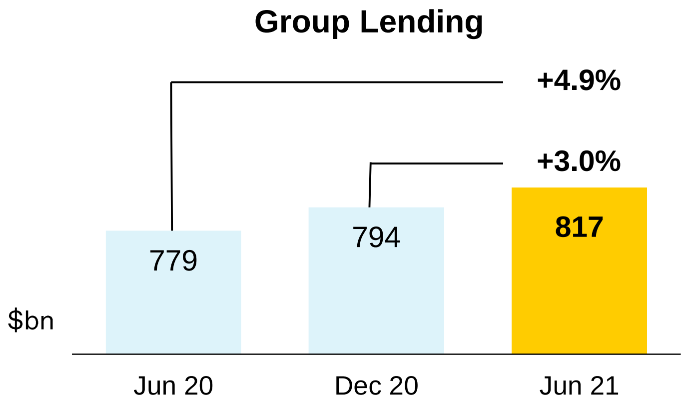
Shift to Productivity & Growth

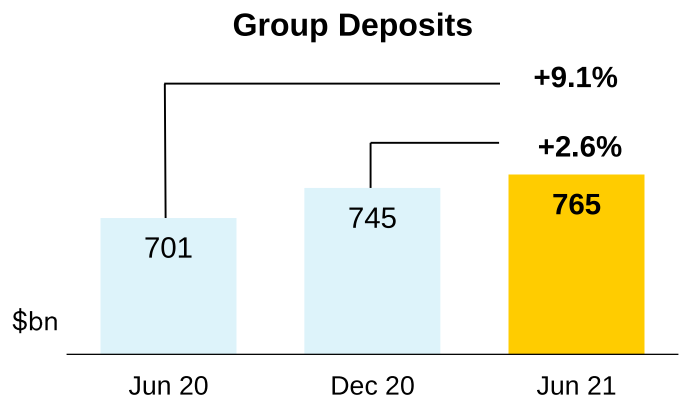


1. Presented on continuing operations basis. 2. Capitalised software balance is $1.43bn as at 30 June 2021 and $1.30bn as at 30 June 2020.

Balance sheet

Continued strong growth in core markets





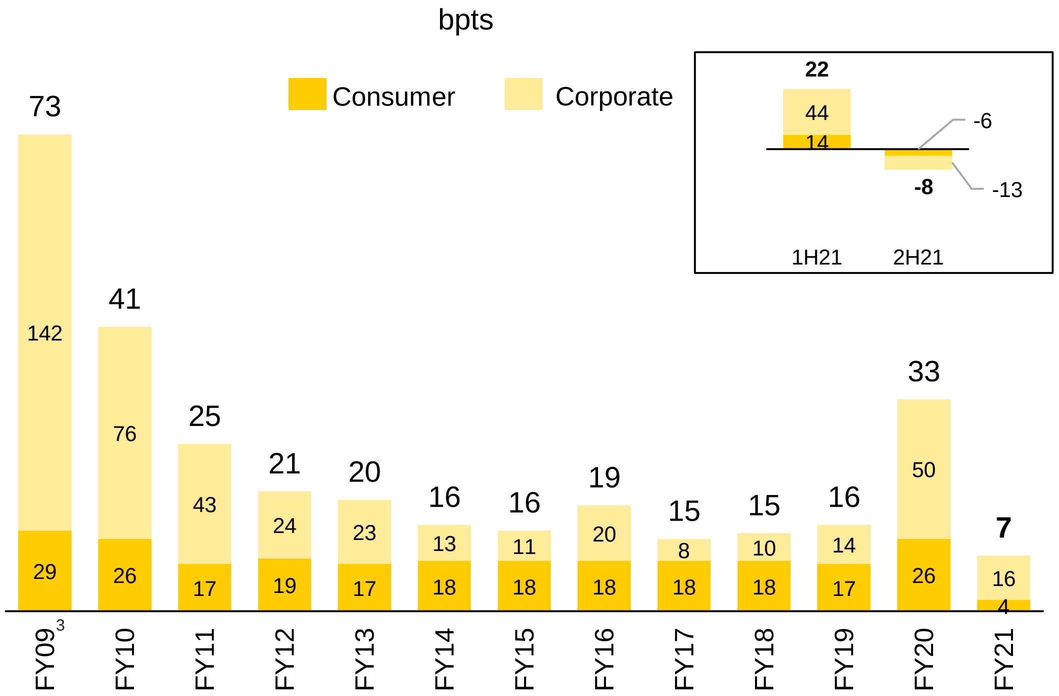
$bn	Jun 20	Dec 20	**Jun 21**	**Jun 21 vs Dec 20**	**Jun 21 vs Jun 20**
Home loans	542.9	559.3	579.8	3.7%	6.8%
Consumer finance	18.2	17.4	17.0	(2.3%)	(6.6%)
Business loans	122.3	127.6	135.2	6.0%	10.5%[1]
Institutional loans	95.8	89.3	85.5	(4.3%)	(10.8%)
Total Group Lending	**779.2**	**793.6**	**817.5**	**3.0%**	**4.9%**
Non-lending interest earning assets	178.8	201.8	219.5	8.8%	22.8%
Other assets (including held for sale)	57.5	63.8	55.0	(13.8%)	(4.3%)
Total Assets	**1,015.5**	**1,059.2**	**1,092.0**	**3.1%**	**7.5%**
Total interest bearing deposits	626.5	654.1	652.0	(0.3%)	4.1%
Non-interest bearing trans. deposits	74.3	91.0	112.5	23.6%	51.4%
Total Group Deposits	**700.8**	**745.1**	**764.5**	**2.6%**	**9.1%**
Debt issues	142.5	122.5	103.0	(15.9%)	(27.7%)
Term funding from Central Banks	1.5	19.1	51.9	Large	Large
Other interest bearing liabilities	49.8	49.9	59.9	20.0%	20.3%
Other liabilities (including held for sale)	48.9	47.7	33.9	(28.9%)	(30.7%)
Total Liabilities	**943.5**	**984.3**	**1,013.2**	**2.9%**	**7.4%**

1. Business loan growth of +10.5% (vs Jun 20) driven by growth in Business Banking of 12.1% and NZ Business and Rural lending growth of 6.1% (excl. FX, NZ Business and Rural lending growth was 6.6%).

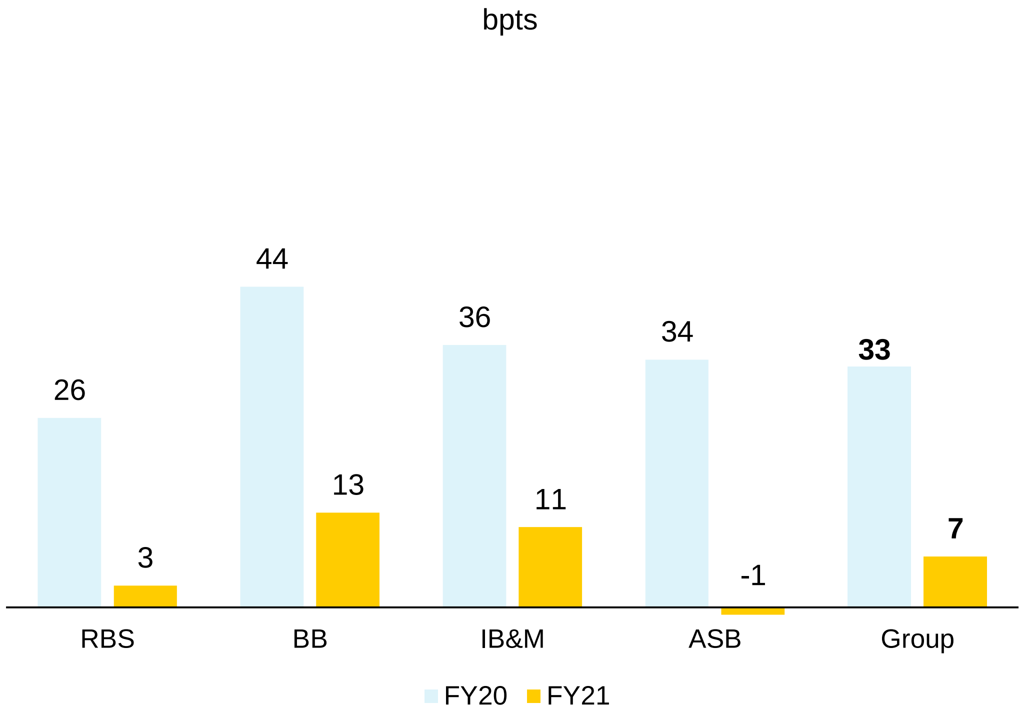
Loan losses

Lower provisions on improved economic outlook

Loan Loss Rate[1,2]



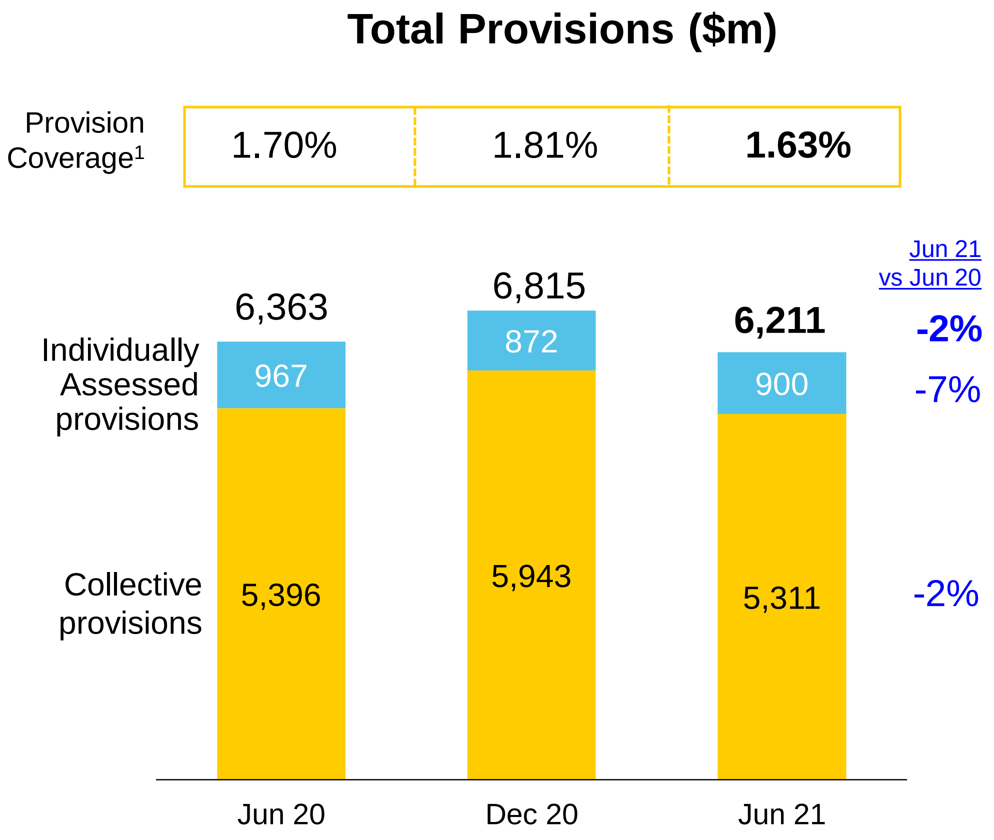
Loan Loss Rate by business unit[1]

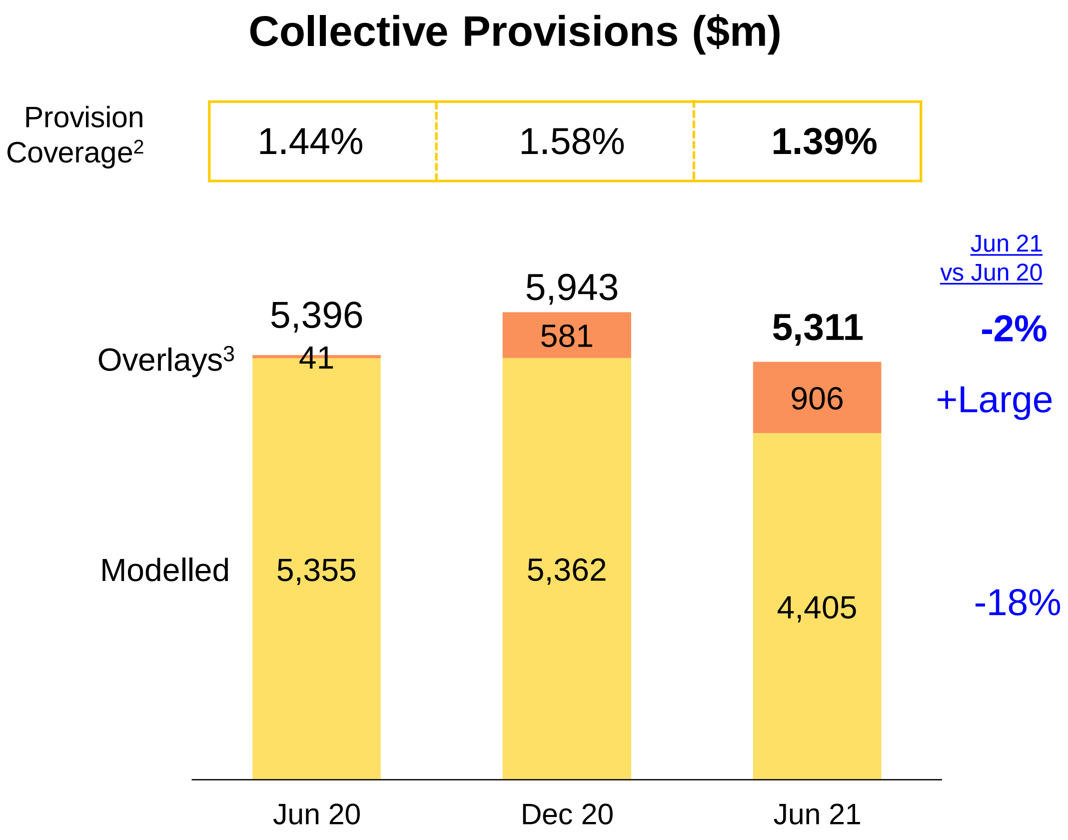


1. Loan Impairment Expense as a percentage of average Gross Loans and Acceptances (GLAA) (bpts). 2. Comparative information has been restated to conform to presentation in the current period
3. FY09 includes Bankwest on a pro-forma basis.

Provisioning

Strong coverage – reduction in modelled provisions partly offset by additional overlays for ongoing uncertainties

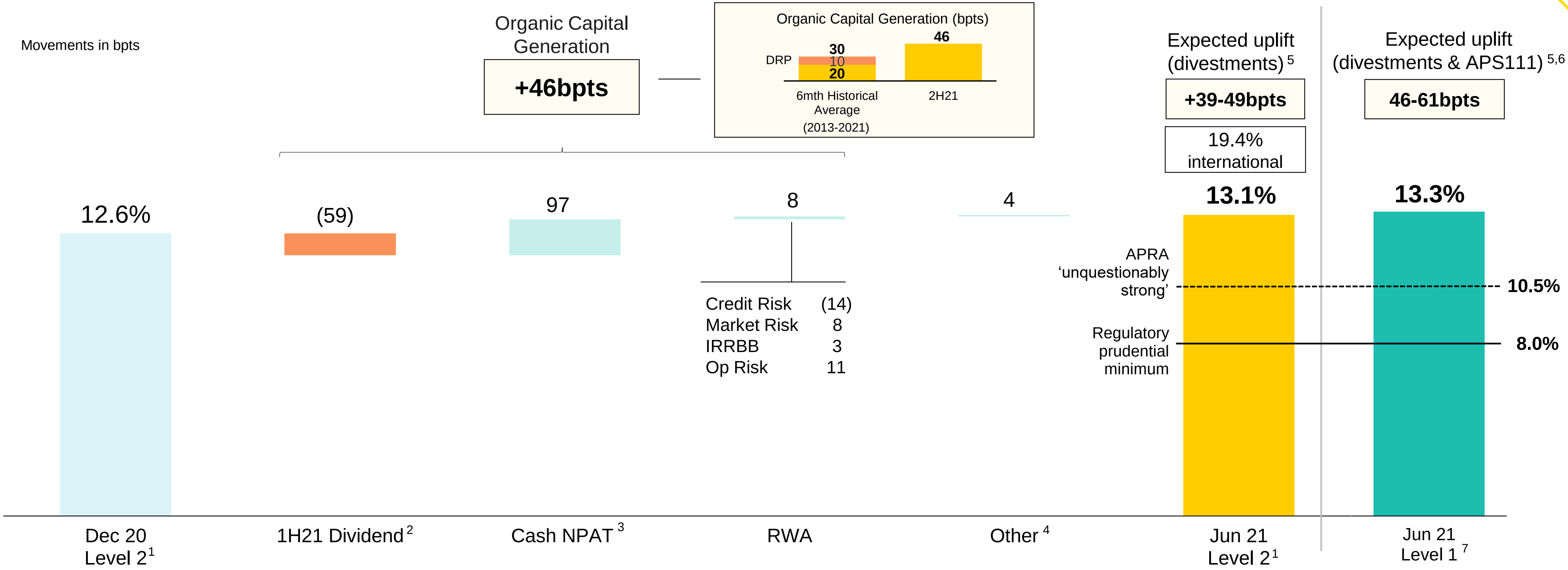




1. Total provisions divided by credit risk weighted assets. 2. Total collective provisions divided by credit risk weighted assets. 3. Includes overlays related to uncertainties associated with the ongoing impacts of COVID-19 and other adverse economic conditions. Excludes overlays for model risks and other external factors that cannot be adequately accounted for through the models.

Capital

CET1 of 13.1% – continued strong organic capital generation

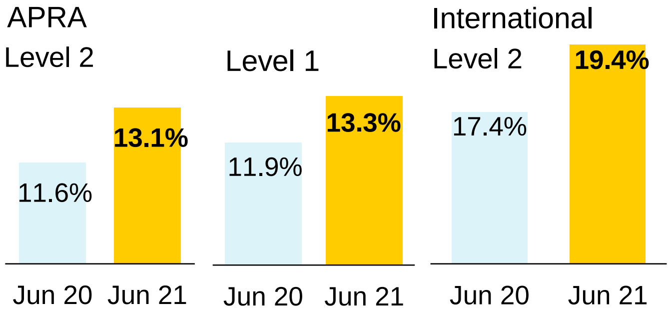


1. Level 2 is the consolidated banking group including banking subsidiaries such as ASB Bank and PT Bank Commonwealth (Indonesia) and excluding the insurance and funds management businesses. 2. 2021 interim dividend included the on-market purchase of shares in respect of the DRP. 3. Excludes equity accounting profits from minority investments as it is capital neutral with offsetting increases in capital deductions. 4. Includes the receipt of the final proceeds from the sale of CommInsure Life (+2bpts). 5. Expected CET1 uplift from the previously announced divestments of Colonial First State (Level 2: 30-40bpts, Level 1: 25-35bpts) and CommInsure General Insurance (Level 2: 9bpts, Level 1: 6bpts). Completion of divestments subject to regulatory approvals. 6. Implementation of the revised final APS 111 from 1 January 2022, in which investments in regulated banking and insurance subsidiaries will be risk weighted at 250% (currently 400%), capped at 10% of CET1 capital, above which investments are treated as a 100% CET1 deduction. Expected 15 to 20 bpts uplift in the Level 1 CET1 ratio as a result of this change. 7. Level 1 is the CBA parent bank, offshore branches and extended license entities approved by APRA.

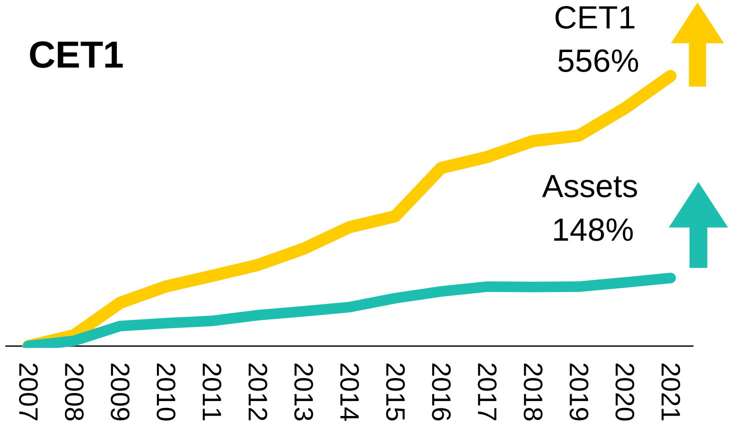
Capital overview

Strong capital position maintained

CET1

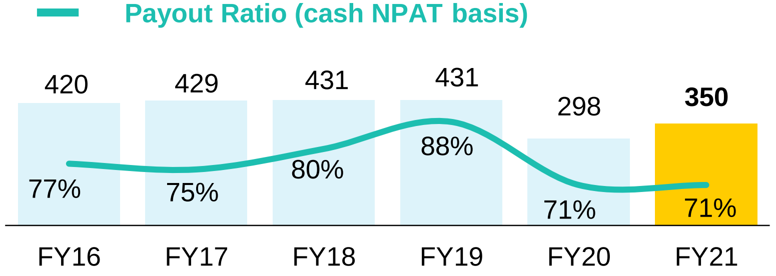


CET1

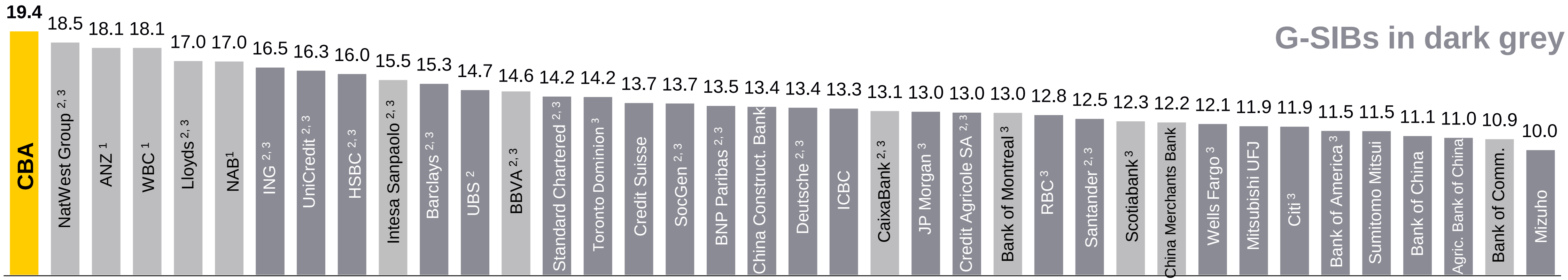


Dividend per Share

(cents)



International CET1 ratios



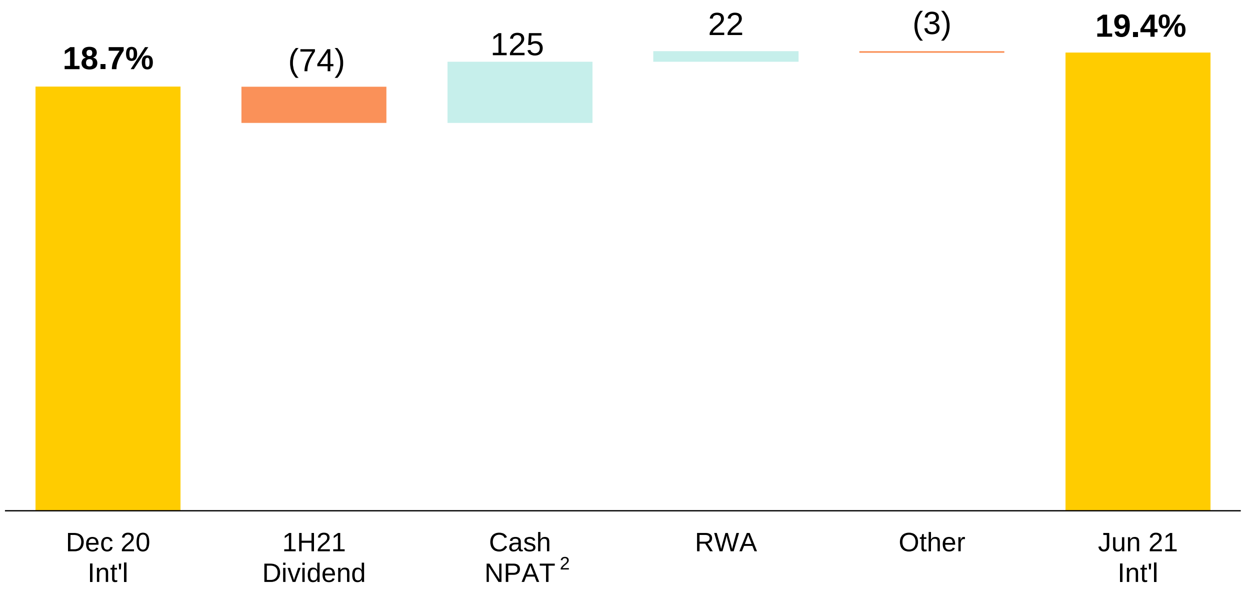
Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 5 August 2021 assuming Basel III capital reforms fully implemented. Peer group comprises domestic peers and listed commercial banks with total assets in excess of A$1,000 billion which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate. 1. Domestic peer figures as at 31 March 2021. 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

Group's CET1 ratio of 13.1% translates to 19.4% on an international basis

Internationally comparable[1] CET1

bpts



CET1 APRA		**13.1%**
Equity investments	Balances below prescribed threshold risk weighted, compared to 100% CET1 deduction under APRA	0.8%
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	0.3%
IRRBB RWA	APRA requires capital to be held for IRRBB. The BCBS does not have any capital requirement	0.3%
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	2.7%
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	1.2%
Currency conversion	Increase in A$ equivalent concessional threshold level for small business retail and SME corporate exposures	0.1%
CET1 internationally comparable		**19.4%**
Tier 1 internationally comparable		**22.8%**
Total Capital internationally comparable		**28.1%**

1. Internationally comparable capital - refer glossary for definition. 2. Excludes equity accounting profits from minority investments.

Regulatory capital changes

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

Change	Implementation	Details

APRA's revisions to the ADI capital framework	1 Jan 2023 (APS 111 Jan 2022, Optional adoption of APS 115 Jan 2022, APS 116 Jan 2024)	• Since December 2020, APRA has released a number of consultation packages on the revisions to the 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:
		  • 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.
		  • Individual equity exposures to other ADI's and insurance subsidiaries will be risk weighted at 250% up to 10% of an ADI's Level 1 CET1, with any excess above the threshold deducted from Level 1 CET1 capital.

Loss Absorbing Capacity ("LAC")	1 Jan 2024	• Total Capital increase of 3% for all domestically systemically important banks (D-SIBs).
RBNZ Capital Review	1 Jul 2028 (Output floor 1 Jan 2022, IRB Scalar 1 Oct 2022)	• Capital review finalised, with requirements coming into effect through banks' conditions of registration • 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 Jan 2022 with a transitional period of ~6 years.
RBNZ dividend restrictions	Immediately (RBNZ announced 31 March 2021)	• Banks are allowed to pay up to a maximum 50% of their earnings as dividends to shareholders. The 50% dividend restriction will remain in place until 1 July 2022.
Leverage ratio	1 Jan 2023	• Proposed minimum 3.5% from 1 Jan 2023.
APS 220 Credit Risk Management	1 Jan 2022	• Enhancements covering a broad range of issues including credit standards, ongoing monitoring and management of credit portfolios and Board oversight.

Sustainable Outcomes

Our commitment to sustainability

Making a positive contribution to our customers, community and our people

Supporting our customers

- Committed to a freeze on forced sales for COVID-19 home loan deferral customers until February 2022
- Offered same day personalised support to over 800,000 customers impacted by extreme weather events
- Committed $100 million to the Australian Business Growth Fund
- Helped customers achieve almost $500m in savings through our Benefits finder
- Launched new CommBank app features to help customers manage bills and stay in control of every day spending
- Safeguarding customers by moving fraud and scam alerts from SMS to CommBank app messages
- In support of customers through the pandemic, we made 240,000 calls to help assess their individual situations and offer appropriate solutions.

Supporting our community

- We increased our support for people impacted by financial abuse with the launch of our Next Chapter program
- 22,500 customers in vulnerable circumstances were assisted by the Community Wellbeing team
- Spent $6.1 million with Australian Indigenous suppliers in FY21 – tracking ahead of our FY24 target of 3% total annual domestic contestable spend
- To help schools and communities impacted by floods in New South Wales and Queensland we made a $1 million donation plus dollar-matched funds donated by customers to communities
- Provided near real-time analytics and insights to the Federal Government as it considered how best to target support for those affected by the pandemic

Engaging our people

- Refreshed our values to Care, Courage, Commitment to align our people's decisions and actions to the expectations set in our Code of Conduct
- Streamlined our new CBA Enterprise Agreement. Also introduced new leave types including Sorry Business, gender affirmation, pandemic, fostering surrogacy and life leave
- Appointed a Group Chief Mental Health Officer to continue promoting mental wellbeing and enhance the support and resources already offered across the Bank
- Recent Your Voice survey showed employee engagement was 78% and 88% are proud to work for the Bank
- Signed the #IStandForRespect pledge reflecting the Bank's commitment to stand against gendered harassment and violence as well taking steps to make the workplace safe for everyone

Good business practices

- Embedded sustainability further into our business strategy, strengthening our approach to risks and directing capital towards a more resilient and sustainable economy
- Refreshed the Group's Environmental & Social Policy to align with changing regulatory and community expectations
- Published our first Modern Slavery Statement[1] in compliance with the *Modern Slavery Act 2018*
- Continued to enhance risk identification in our lending; completed 945 assessments through our ESG risk tool
- Supported suppliers through the pandemic by putting in place immediate payment terms
- APRA Remedial Action Plan on track with 100% of our milestones submitted to the Independent Reviewer

1. Statement available at commbank.com.au/CRreporting

Sustainable outcomes

Driving action to manage our climate change risks and opportunities

Our climate commitment

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

As Australia's largest financial institution, we recognise our important role helping our customers transition to a low carbon future.

Strengthening governance

- Enhanced Board's focus on climate risks and opportunities.
- Established a new Executive Leadership Team Environmental & Social (E&S) Committee. It is the approval body for decisions relating to the Group's climate work program.
- Formalised environmental and social risk as a new strategic sub-risk type.

Embedding processes

- Established a group-wide work program to uplift our approach to E&S requirements, including a Board-endorsed climate work program.
- Outlining our climate commitments within our refreshed Group E&S Policy.
- Evolving our ESG risk assessment tool and expanding the methodology to apply to a great proportion of our business lending.

Setting targets

- Set new operational emissions reduction targets, informed by science:
  - Absolute Scope 1 and 2 to limit warming to 1.5°C, and
  - Upstream Scope 3 (excluding financed emissions) to well below 2°C.
- Replaced our Low Carbon Funding Target with a broader Sustainability Funding Target of $70bn in cumulative finance by 2030

Sustainable finance

Supporting Australia's transition to a sustainable future, we have partnered with clients to deliver:

- ISPT Pty Ltd A$2.8bn Sustainability – Linked Loan
- NSW Treasury Corp A$1.3bn Green bond
- Lendlease Group A$500m Green Bond

We participated in several social bonds, including the National Housing Finance and Investment Corporation's first A$343m sustainability bond.

Key achievements

40% reduction in Group Scope 1 and 2 emissions (including Australian data centres) since 2014

$6.4bn funding for low carbon transition

Climate Active certified **carbon neutral** for our Australian operational emissions[1].

Maintained **carbon neutral** for our New Zealand operational emissions[2].

1. 2020 Climate Active Public Disclosure Statement. 2.'Toitū carbonzero' certification from Toitū Environcare for our 2020 operational emissions.

Sustainable outcomes

Our journey to carbon neutrality

Committed to a best practice carbon positive roadmap

Energy Efficiency
- 40% reduction in Scope 1&2 emissions (including Australian data centres) since 2014
- Average NABERS rating of 5 stars

Onsite Renewables
- 1,705 kW existing capacity of on-site solar
- Produce 1.8% of our Australian load
- Increasing to 2,000 kW capacity by 2025

Buy Renewables
- From 1 January 2020, achieved 100% renewable electricity for our Australian needs using PPA[1]

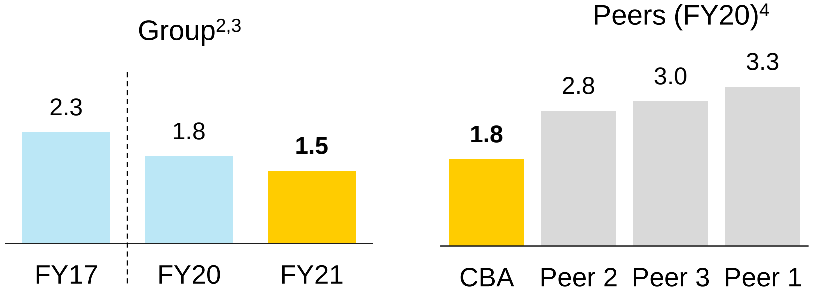
Offset residual emissions
- Climate Active certified for Australian operations in FY20 via Australian Carbon Credit Units

Continued focus on **reducing emissions** by driving efficiency, with carbon offsets reserved for **residual emissions.**

Carbon Neutrality

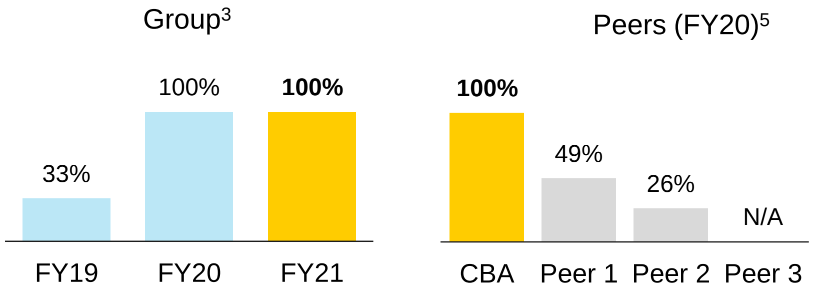
Greenhouse Gas emissions (tCO2-e)

Scope 1 & 2 per FTE



Renewable electricity (tCO2-e)

Australian Operations



1. Power Purchase Agreements. 2. Emissions intensity calculations for FY20 exclude the reclassified Scope 2 emissions from the two Australian data centres now under operational control. 3. Refer to the Annual Report glossary for definition and sources. 4. Peers reported as at 30 September 2020. 5. Source: 2020 Climate Active Public Disclosure Statement.

Asset Quality

Total committed exposure summary

Close monitoring of key sectors

	Group TCE ($bn)		TIA ($bn)		TIA % of TCE		Provisions to total committed exposure %	
	Dec 20	Jun 21	Dec 20	Jun 21	Dec 20	Jun 21	Dec 20	Jun 21
Consumer	685.8	710.5	1.7	2.0	0.2%	0.3%	0.5%	0.4%
Government Administration & Defence	149.1	189.2	0.0	0.0	0.0%	0.0%	0.0%	0.0%
Commercial Property	77.5	80.0	0.9	0.7	1.2%	0.8%	0.5%	0.5%
Finance & Insurance	80.0	79.7	0.0	0.0	0.0%	0.0%	0.0%	0.0%
Transport & Storage	26.8	26.5	0.8	0.7	2.8%	2.7%	2.2%	1.4%
Agriculture & Forestry	24.7	25.4	0.9	0.8	3.5%	3.1%	1.0%	0.8%
Manufacturing	16.0	15.9	0.5	0.5	3.4%	3.2%	1.6%	1.5%
Entertainment, Leisure & Tourism	12.9	13.0	1.1	0.9	8.3%	7.1%	2.6%	2.5%
Electricity, Gas & Water	12.6	12.7	0.2	0.2	1.4%	1.3%	0.6%	0.6%
Retail Trade	11.9	12.4	0.4	0.3	3.6%	2.8%	1.5%	1.0%
Business Services	12.0	11.5	0.4	0.3	3.3%	3.0%	1.2%	1.2%
Health & Community Services	10.9	10.7	0.1	0.1	1.1%	0.7%	0.9%	0.7%
Wholesale Trade	10.3	10.6	0.3	0.2	2.5%	2.2%	1.2%	1.3%
Construction	9.9	10.3	0.3	0.3	3.5%	2.9%	1.7%	1.5%
Mining, Oil & Gas	9.1	8.7	0.1	0.1	1.4%	0.8%	1.2%	1.0%
Media & Communications	5.3	5.5	0.2	0.1	3.3%	1.3%	0.9%	0.7%
Personal & Other Services	3.3	3.3	0.1	0.1	3.2%	3.3%	0.8%	0.6%
Education	3.1	3.2	0.0	0.0	1.3%	0.9%	0.7%	0.6%
Other	6.5	5.8	0.2	0.2	3.4%	3.2%	n/a	n/a
Total	**1,167.7**	**1,234.9**	**8.2**	**7.5**	**0.7%**	**0.6%**	**0.6%**	**0.5%**

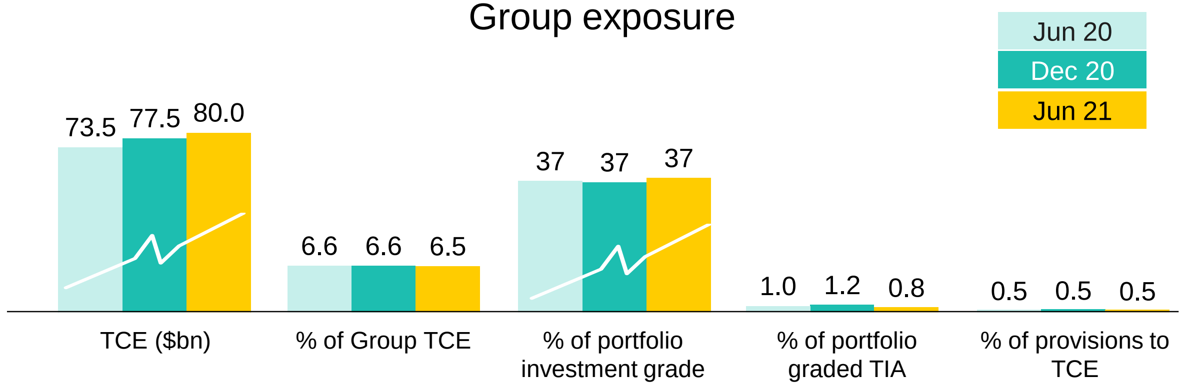
Refer separate slide following

Sector focus – commercial property

Portfolio weighted to NSW – TIAs remain low at 0.8%

- Exposure diversified across sectors and by counterparty, with the top 20 counterparties representing 15% 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[1].
- Impaired exposures remain low at 0.11% of portfolio, TIA at 0.8%.
- Geographical weighting remained relatively steady this half.
- Increased exposure this half across most sectors with the majority of the growth in the Office (48%) and Industrial (31%) sectors, resulting in exposure to the sector being weighted to REITs and investors (91%).
- Office sector growth was predominantly in A-grade assets in NSW, quality grades are expected to be more resilient as tenants are incentivised to move to higher quality space.
- Exposure to Retail properties, and origination criteria, weighted to assets anchored by non-discretionary retailers.
- Over the half, Apartment development[2] exposures decreased by \$0.9bn to \$1.4bn, with weighting to Sydney decreased to 32%. Exposure 72% below the last peak (December 2016).
- Maintaining close portfolio oversight and actively managing origination criteria.

Group exposure



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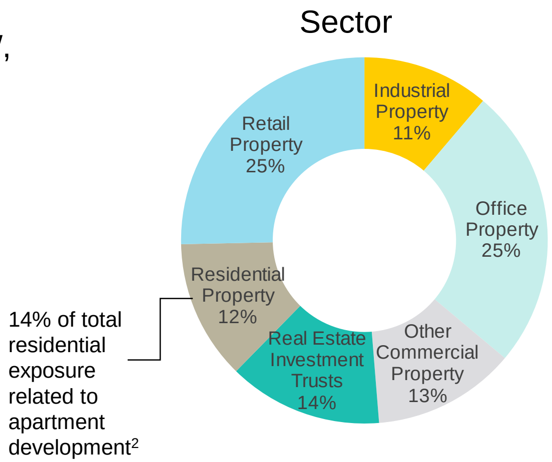
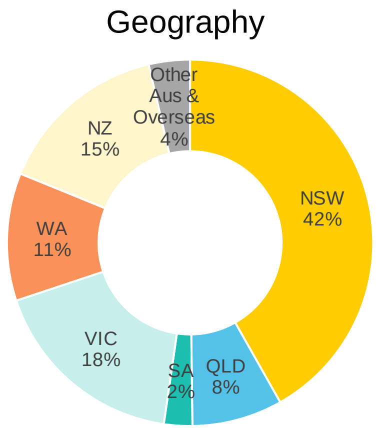
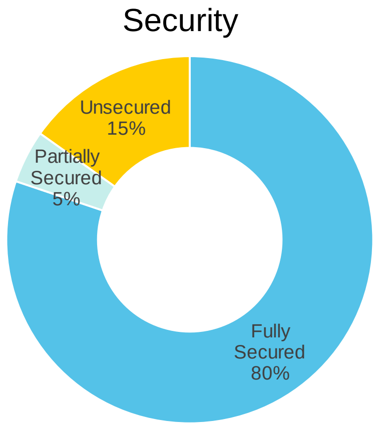






1. Fully secured is where the exposure is less than 100% of the bank extended value of the security, which is a discount to the market value of the security. 2. Apartment Developments ≥ \$20m within 15km radius of Brisbane, Melbourne and Perth and all metropolitan Sydney based on location of the development.

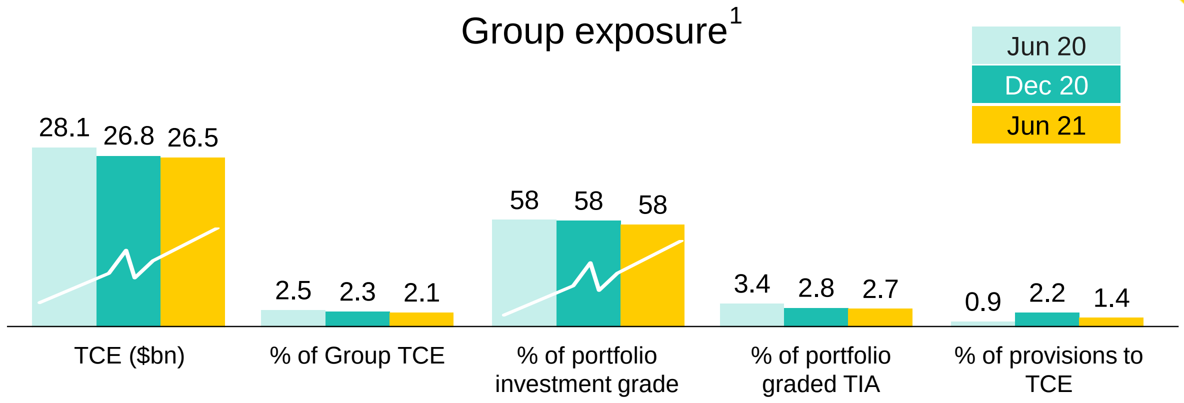
Sector focus – transport & storage

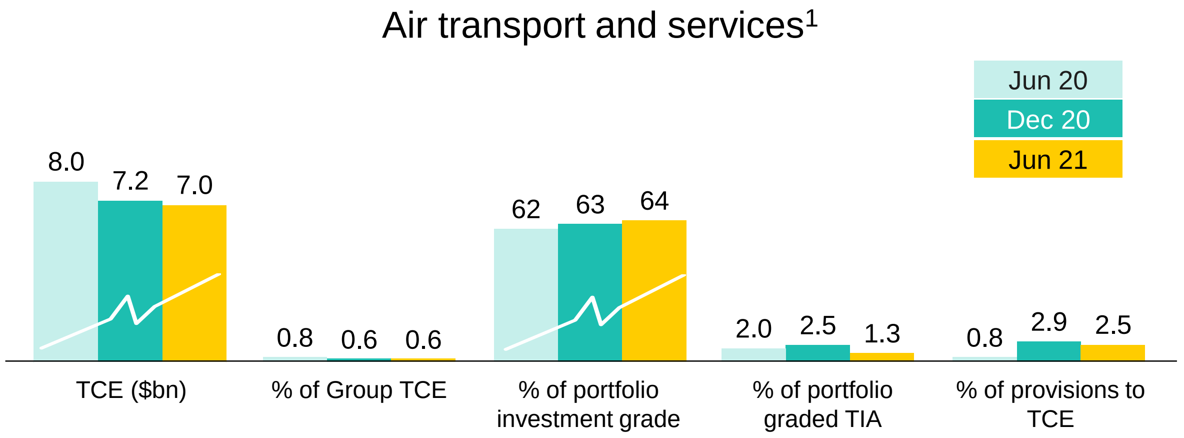
Conditions remain challenging

Airlines & Aircraft Lessors
- Exposure reduced by ~$1.2bn over the last year largely due to active portfolio management, amortisation and FX movements.
- ~72% of our airline portfolio exposure is to strong counterparties; state-owned, flag carriers, investment grade or well secured. Largest exposure is to state-owned counterparties.
- Portfolio is weighted towards airlines who generate the majority of their revenue from their domestic and regional travel markets.

Aircraft Operating Leases
- The Group recognises ~$0.9bn of aircraft operating leases on balance sheet. The fair value of these assets has reduced by ~19% (~$220m) during FY21 and by ~50% (~$850m) from the pre-COVID position. As these assets are measured at amortised cost under AASB116, this resulted in an impairment of $112m in FY21 (Impairment since March 2020: $220m).

Airports
- Our exposure to domestic and overseas airports continued to be well supported by strong sponsors.
- Cash flows are being supported by a combination of strengthening Australia/NZ domestic travel, opex and capex reductions, limiting distributions and equity injections.
- 73% of our airport exposures are in Australia/NZ, 25% in UK, and 2% in the US.





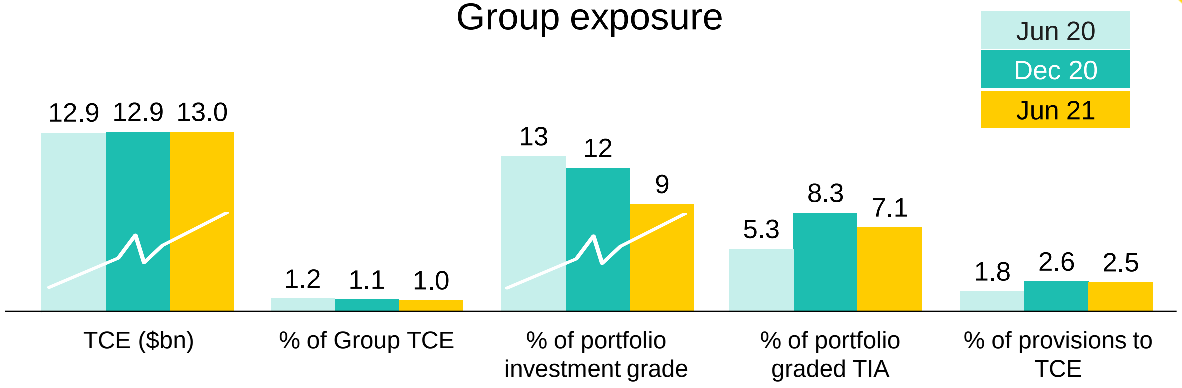
1. Excludes aircraft recognised on the Group's balance sheet and leased out to airlines.

Sector focus – entertainment, leisure & tourism

Improving conditions now challenged due to lockdown

- Diverse industry with many sub-sectors (including Accommodation, Casinos and Cinemas) impacted by government restrictions, including border closures, shutdowns and social distancing initiatives.
- The sector remains susceptible to snap-lockdowns and this along with shifting views on international borders, underline a level of ongoing uncertainty, particularly for smaller operators.
- Some pent up demand was visible upon the progressive relaxation of restrictions, this remained evident following each lockdown. Pubs and Clubs performed well post the removal of previous restrictions, however current lockdowns in NSW and Victoria will affect trading. Clients will be monitored through the lockdown period and post restrictions easing.
- Accommodation Hotels are trading back up at varied rates depending on geography and target market, albeit current restrictions will impact positive domestic tourism growth. CBD assets and more remote regional locations reliant on international tourism are recovering slowly except those that have obtained COVID contracts.
- Cafes and restaurant businesses are expected to see forward bookings and patronage increase as social distancing provisions are progressively wound back post lockdown. Cafes located in suburban areas will benefit from work from home requirements, with CBD locations negatively impacted by this trend.
- Material portfolio growth is concentrated on pub groups in NSW which carry large and well diversified portfolios. TIAs in absolute dollar terms and as a percentage of the portfolio, have decreased.

Group exposure



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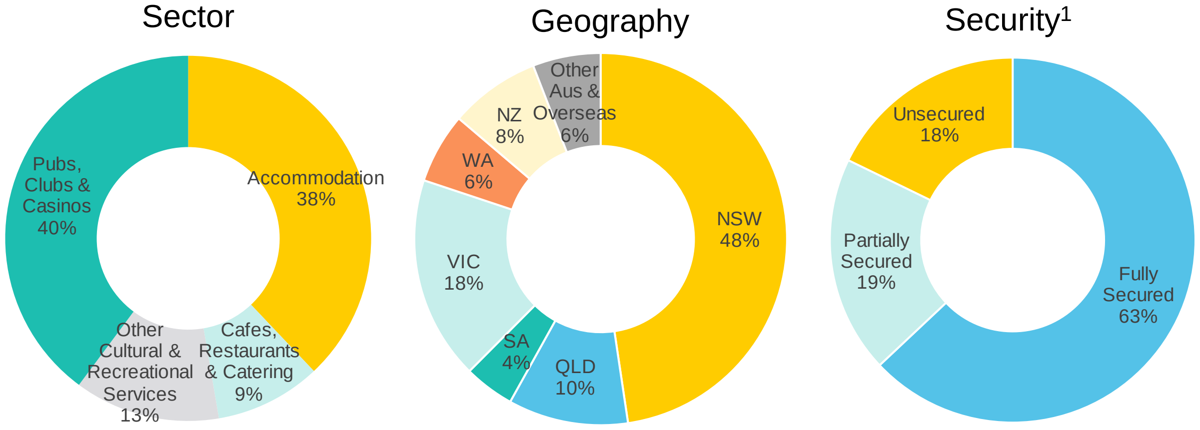
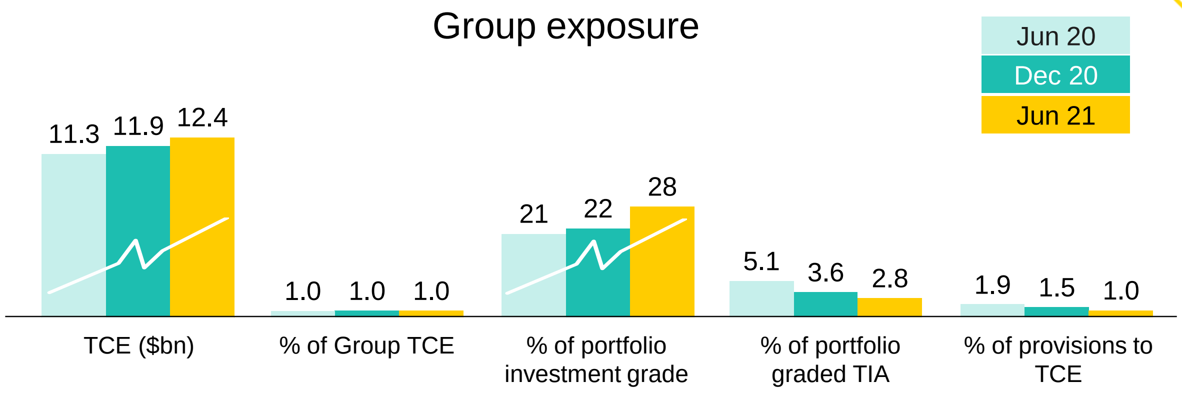


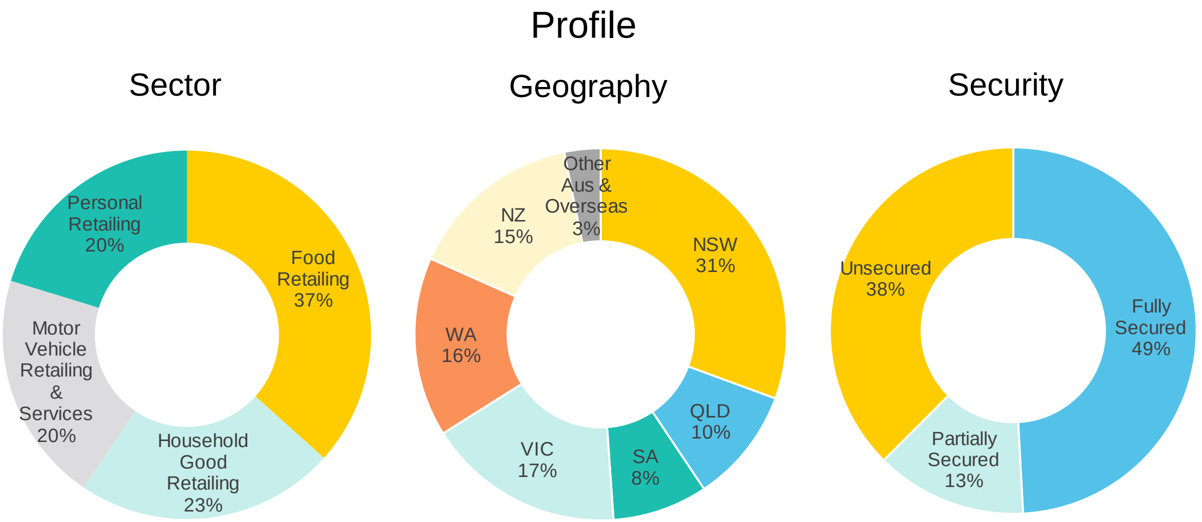
1. Fully Secured: Includes performing home loans and other exposures where the ratio of exposure to the estimated value of collateral (LVR) is less than or equal to 100%; Partially Secured: Includes defaulted home loans and other exposures where the LVR exceeds 100% but is not more than 250%; Unsecured: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

Sector focus – retail trade

Consumer sentiment improving but susceptible to lockdowns

- Retail in general has remained resilient through the pandemic, buoyed by Government stimulus and the retention of cash in the Australian economy with international borders closed.
- Increasing home prices, improving employment and the forecast for continued low interest rates continues to drive optimism and consumer confidence.
- Some uncertainty remains for pockets of the sector with the cessation of JobKeeper and the persistent existence of snap lockdowns.
- Discretionary retail more affected by lockdowns with sales transitioning to online and click and collect.
- Reduction in TIAs is attributed to the Food Retailing and Personal Household Good Retailing sectors. The portfolio remains weighted to non-discretionary sub-sectors that continue to perform strongly.





Sector focus – construction

Outlook is uncertain

- As a designated essential industry up until the NSW lockdown in July, the sector had 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 JobKeeper assistance.

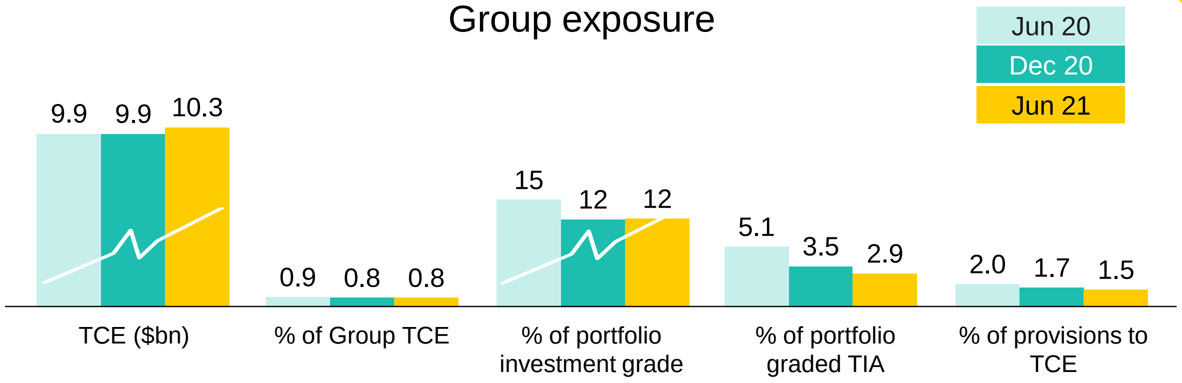
- Active management of the existing stressed portfolio, combined with fewer larger new stressed customers is driving a lower proportion of TIAs. Clients in NSW will be monitored closely.

- Risk appetite continues to be cautious. The operating environment and outlook remain uncertain.

- Whilst Government stimulus has been injected into shovel ready infrastructure projects and grants for new housing and renovations, the significant upswing in single dwelling starts has stretched capacity of builders to meet construction deadlines.

- Material and labour shortages are becoming evident in the market placing further pressure on margins and liquidity where costs cannot be easily passed on and in particular where fixed price contracts are in place.

Group exposure



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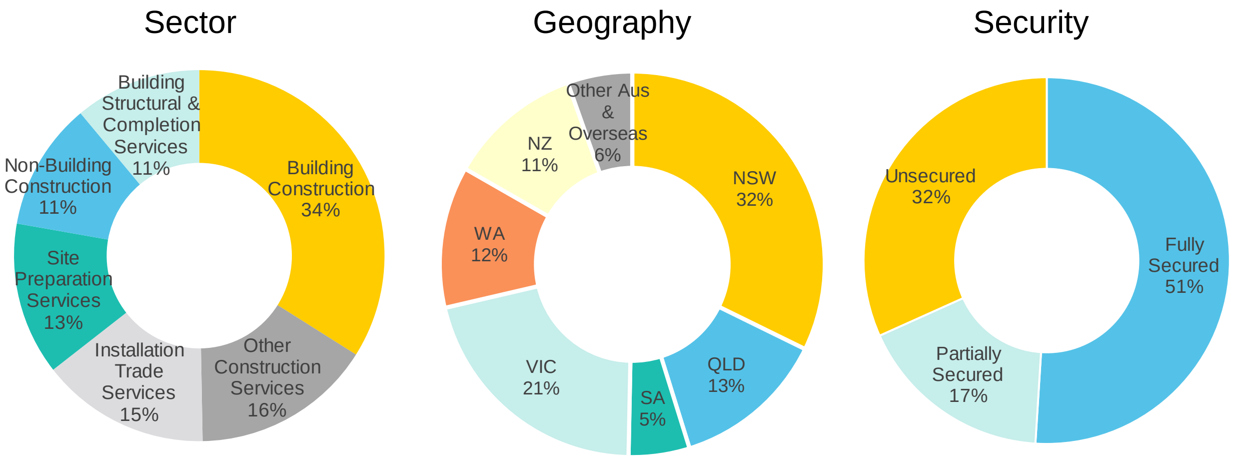
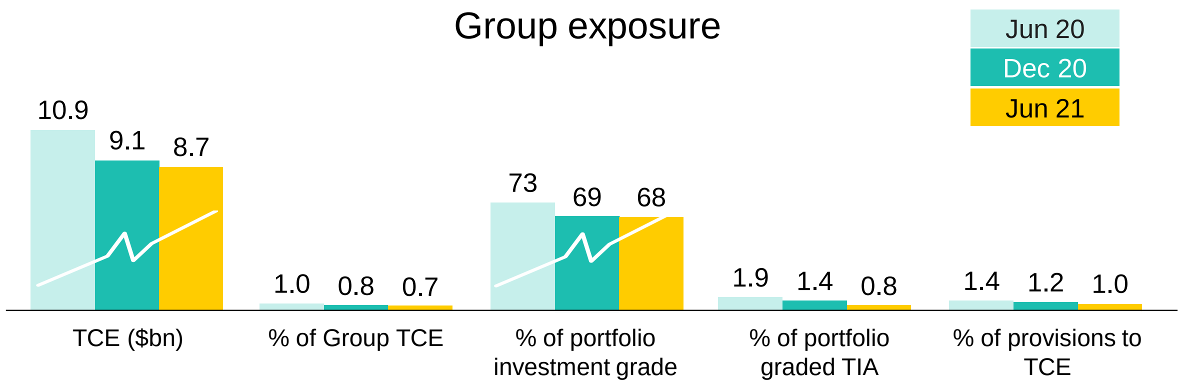
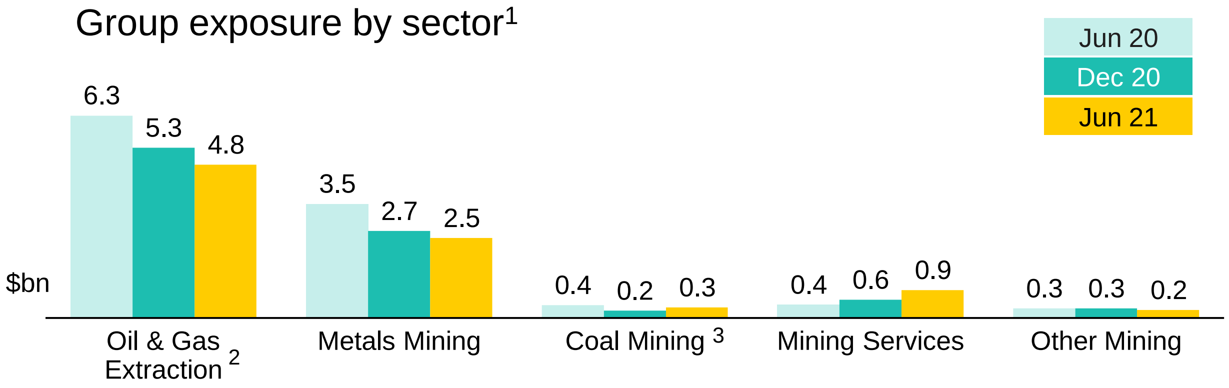


Sector focus – mining, oil & gas

Exposures broadly stable, well diversified

- Exposures of $8.7bn (0.7% of Group TCE), reduced by $0.4bn over the past 6 months mainly from reduced Oil & Gas facilities.
- Stable performance over the past 6 months:
    - Investment grade marginally down to 68% 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 (55% of total), 79% investment grade with 28% related to LNG Terminals – typically supported by strong sponsors and offtake contracts from well-rated counterparties.
- Impaired level decreased to 0.8% mainly due to recovery and sell down.
- Commodity demand continues to recover and supports sector stability.

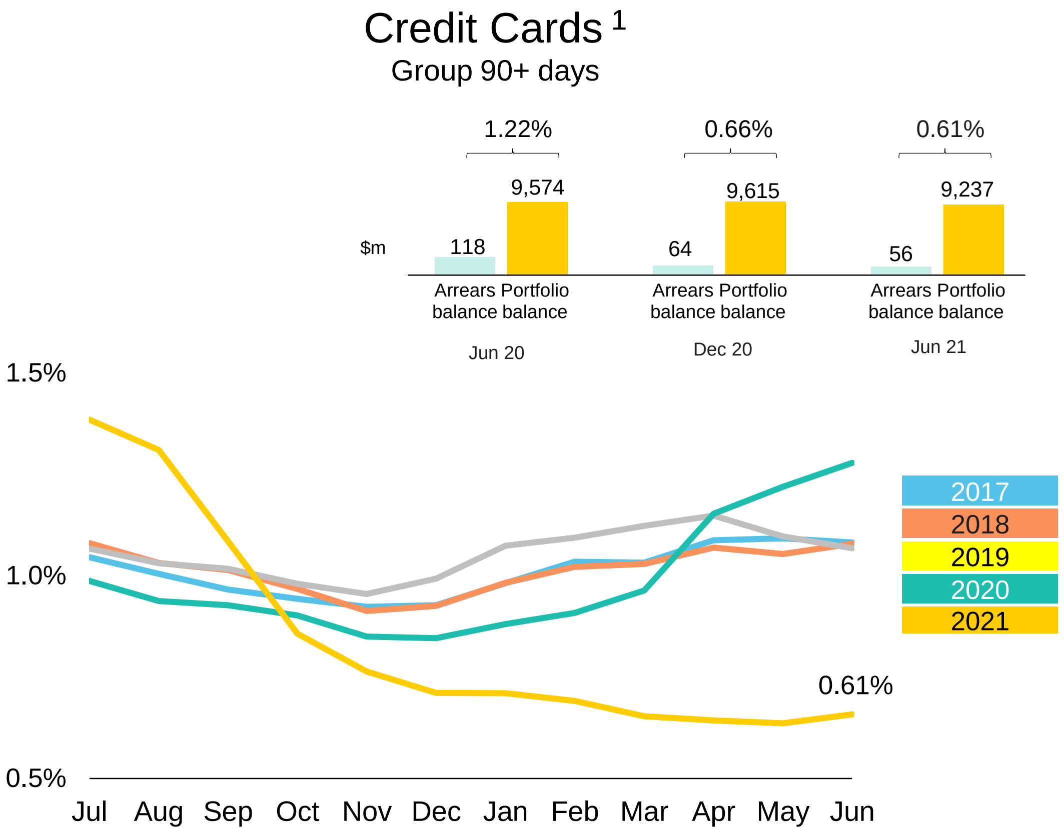


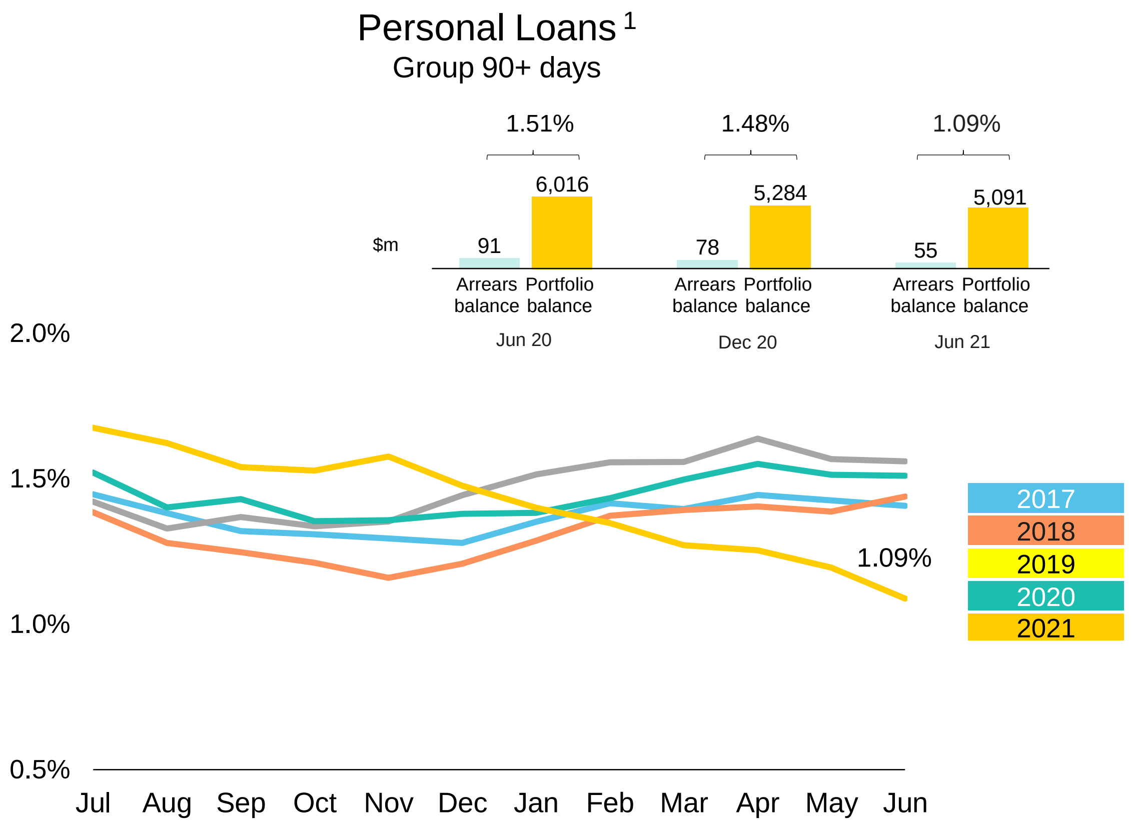


1. Comparative information has been restated to conform to presentation in the current period. 2. 'Oil & Gas Extraction' includes businesses that are predominantly involved in Oil and Gas Production as well as LNG Terminals. Group Exposure is based on the ANZSIC classification. 3. Includes all exposure 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.

Managing unsecured lending

Strong credit quality with historically low arrears rates

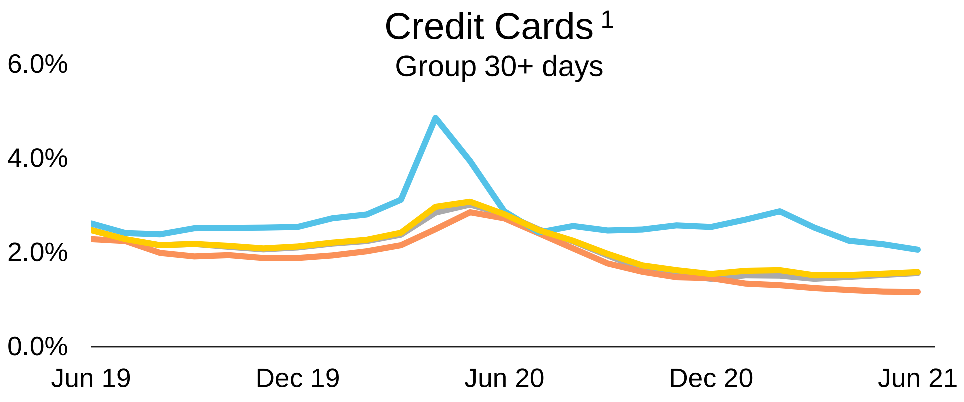


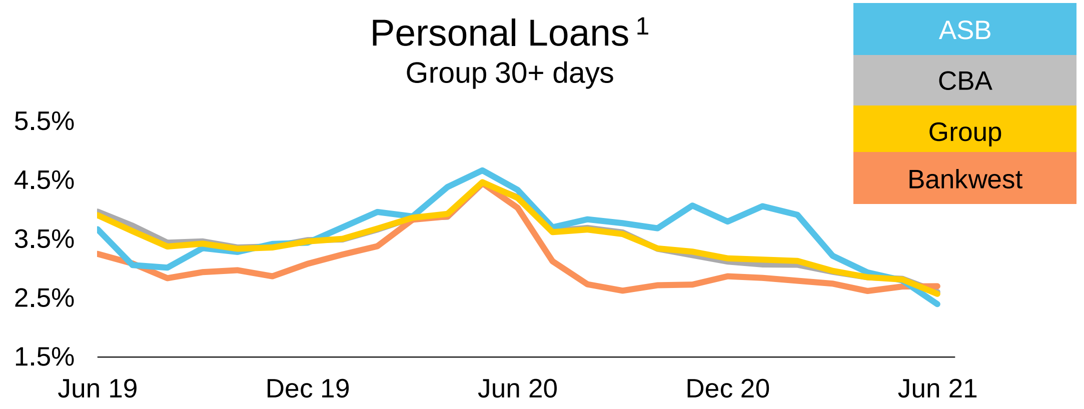


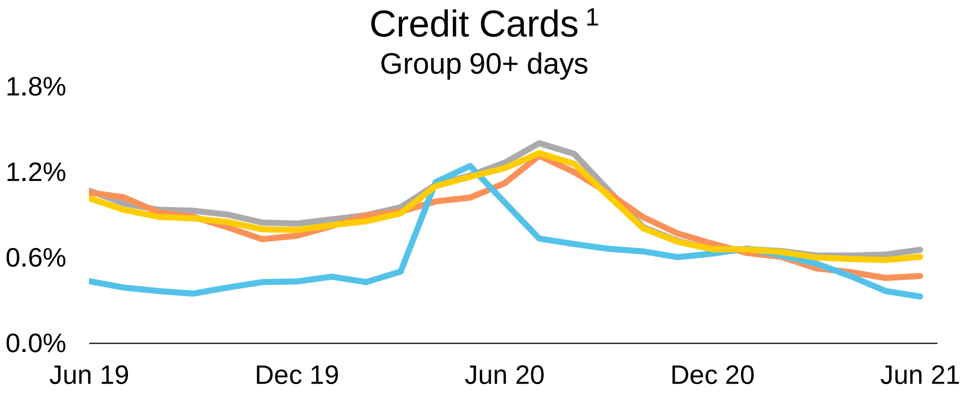
1. ASB write-off Credit Card and Personal Loans typically around 90 days past due if no agreed repayment plan.

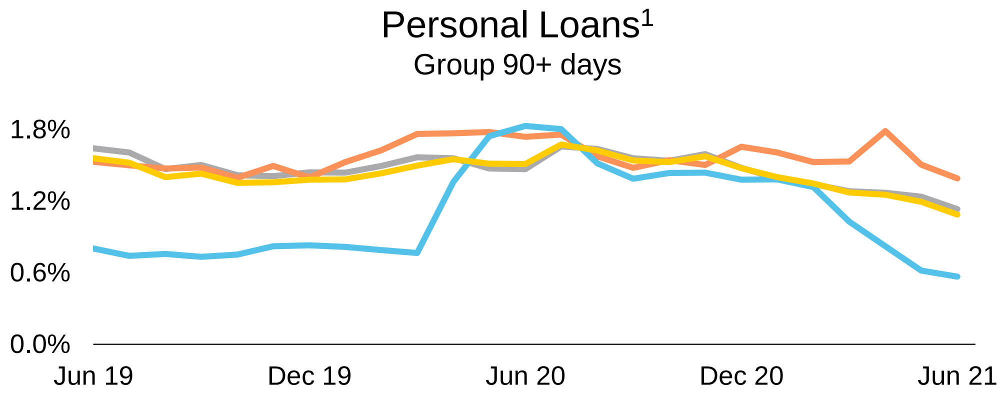
Consumer arrears

Focus on prudent acquisition – healthy arrears despite balance contraction









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

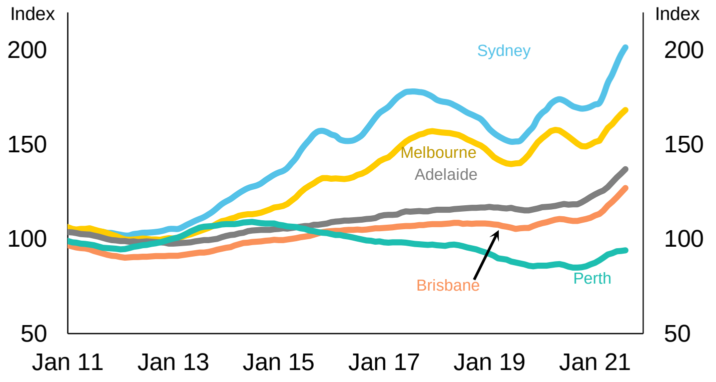
Home Lending

Home lending market

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

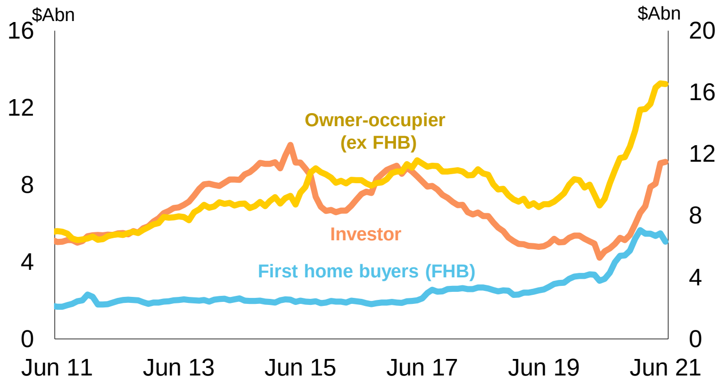
Residential property prices are rising strongly

Dwelling prices[1] (8 capital cities)



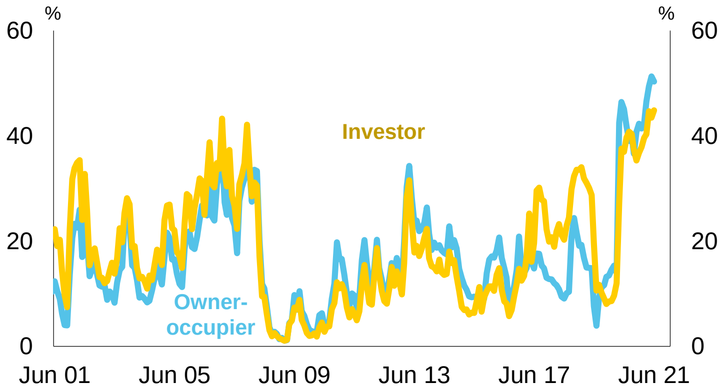
Investors returning to the market

Housing loan approvals[2] (excluding refinancing)

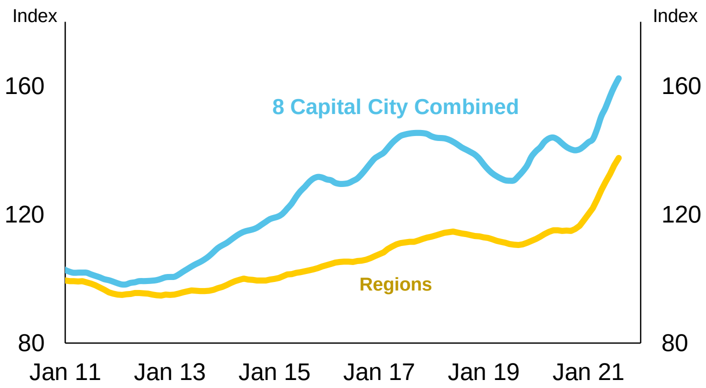


Strong preference for fixed rate lending

CBA fixed rate lending[3] (% of total)

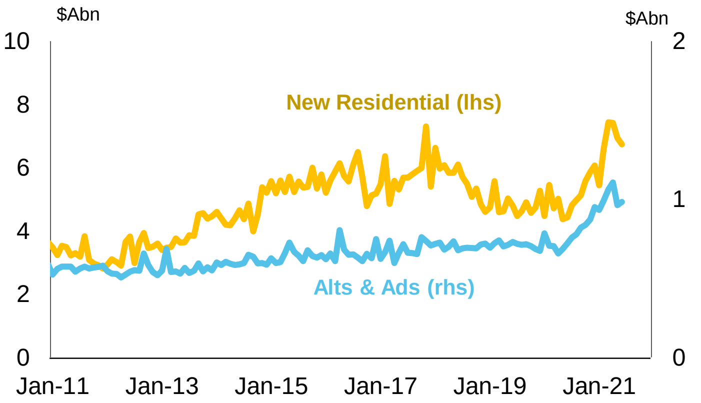


Divergence between capital city and regional prices[4]



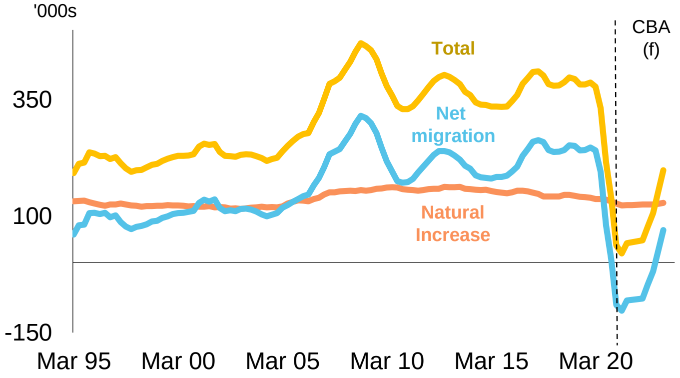
Construction supported by new builds & renovation activity

Residential approvals[5] ($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. Sources: ABS, CBA Global Economic & Markets Research, Commonwealth Treasury.

Home loan portfolio – CBA

A balanced approach to portfolio quality, growth and returns

Portfolio[1]	Jun 20	Dec 20	Jun 21
Total Balances - Spot ($bn)	485	498	516
Total Balances - Average ($bn)	482	492	507
Total Accounts (m)	1.8	1.9	2.0
Variable Rate (%)	77	73	67
Owner Occupied (%)	68	69	70
Investment (%)	30	29	28
Line of Credit (%)	2	2	2
Proprietary (%)	54	53	54
Broker (%)	46	47	46
Interest Only (%)[2]	16	15	12
Lenders' Mortgage Insurance (%)[2]	21	21	21
Mortgagee In Possession (bpts)	3	2	2
Negative Equity (%)[3]	3.8	2.5	1.2
Annualised Loss Rate (bpts)	2	2	1
Portfolio Dynamic LVR (%)[4]	53	51	49
Customers in Advance (%)[5]	80	80	78
Payments in Advance incl. offset[6]	36	38	37
Offset Balances – Spot ($bn)	50	57	57

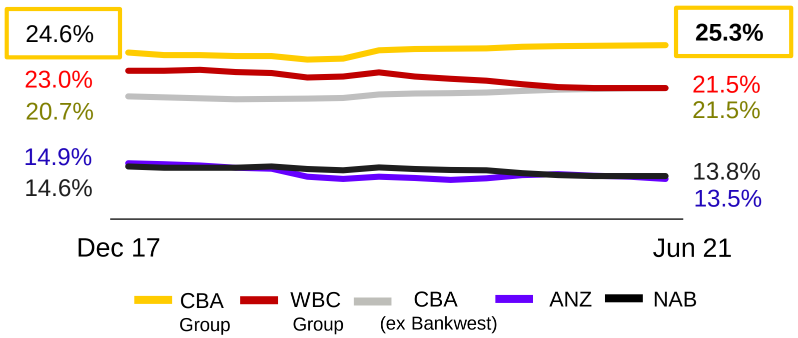
New Business[1]	Jun 20	Dec 20	Jun 21
Total Funding ($bn)	53	65	76
Average Funding Size ($'000)[7]	354	344	374
Serviceability Buffer (%)[8]	2.5	2.5	2.5
Variable Rate (%)	77	62	56
Owner Occupied (%)	75	77	77
Investment (%)	25	23	23
Line of Credit (%)	0	0	0
Proprietary (%)	53	52	56
Broker (%)	47	48	44
Interest Only (%)[9]	19	18	17
Lenders' Mortgage Insurance (%)[2]	18	20	17

1. CBA including Bankwest. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 6 months to Jun 20, Dec 20 and Jun 21. 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.

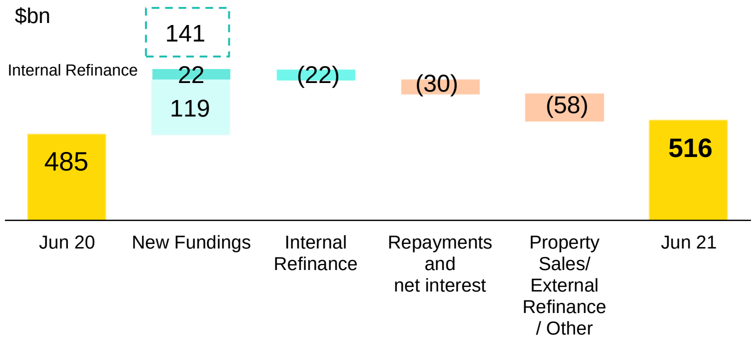
Home lending overview

Process efficiency – above system growth - strong risk profile

Consistent market share gains[1]

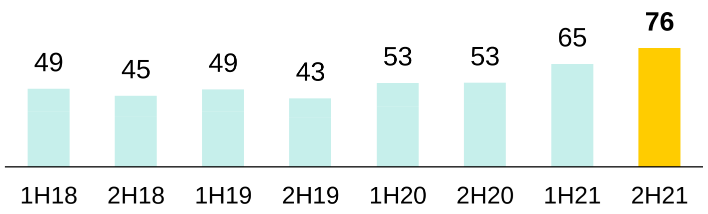


Net growth driven by strong new lending[2]



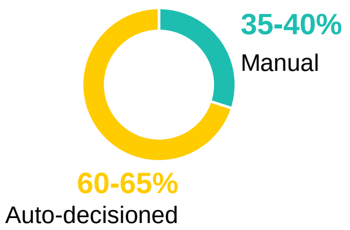
Strong growth in new fundings

Home Loan Fundings ($bn)[3] FY21: **$141bn (+33%)**

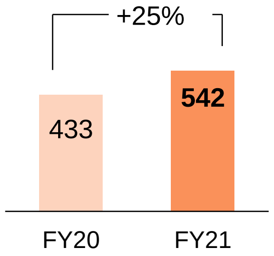


Operational discipline enabling higher volumes to be processed efficiently

% Proprietary loans[4]

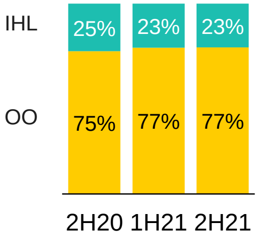


Number of applications (# ‘000)[5]

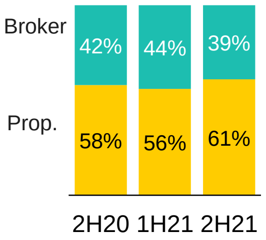


Fundings weighted towards owner-occupied loans, increased fixed rate lending

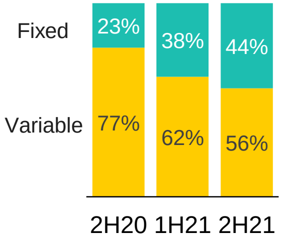
Fundings mix[6]



Fundings mix[7]

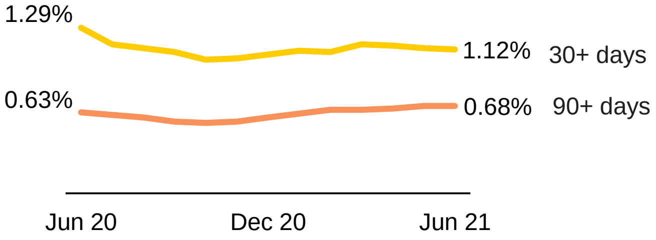


Fundings mix[8]



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

Portfolio arrears[9]



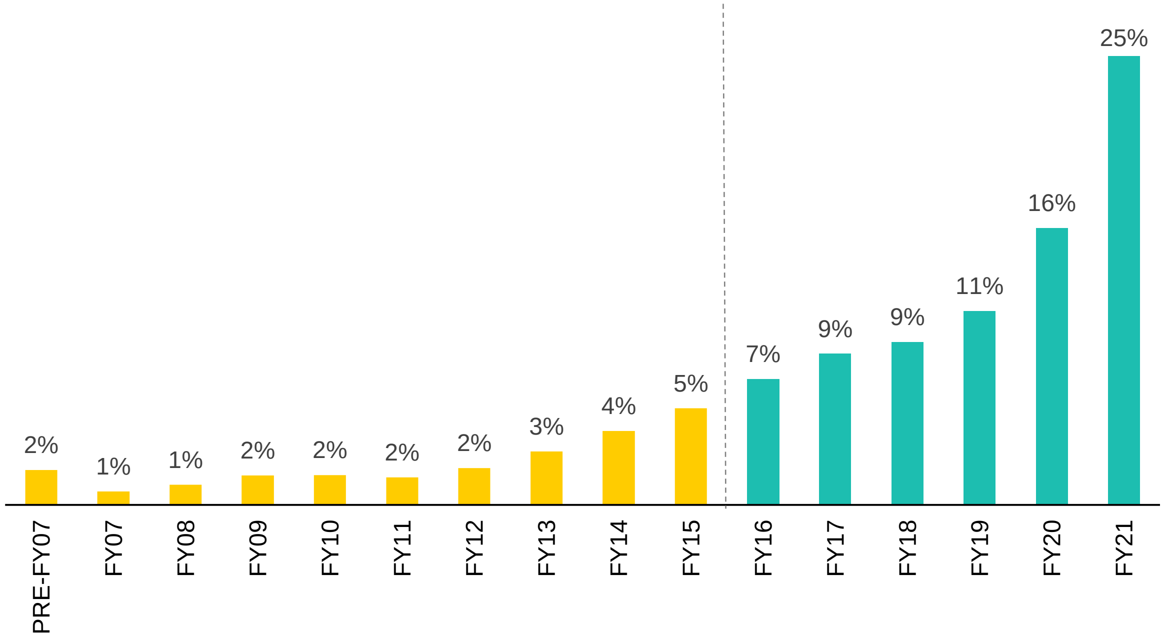
1 . System source: RBA Lending and Credit Aggregates, series break due to new regulatory definitions set by APRA from 1 July 2019. As a result of this change, market share is not comparable to previous reporting periods. 2. Presented on a gross basis before value attribution to other business units. New fundings includes RBS internal refinancing ($22bn), 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. Auto-decisioning is for proprietary loans only. Excludes Bankwest. Metric is a proxy. 5. CBA including Bankwest. Applications include top-ups. 6. Includes RBS internal refinancing, excludes VLOC and excludes Bankwest internal refinancing. 7. Excludes Bankwest. 8. CBA including Bankwest. 9. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group.

Serviceability assessment[1]

Majority of loans originated under tightened standards to assist customers with repayment shock

~77% of the book originated under tightened standards since FY16

Mortgage portfolio by year of origination



New Loan Assessment

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

Existing Debt	• All existing customer commitments are verified
	• CBA transaction accounts and Comprehensive Credit Reporting (CCR) data used to identify undisclosed customer obligations
	• Transaction statements reviewed for undisclosed debts for applications with tighter net servicing positions
	• For repayments on existing mortgage debt:
	  • CBA & OFI repayments recalculated using the higher of the actual rate plus a buffer or minimum floor over remaining loan term
	  • Credit card repayments calculated at an assessment rate of 3.82%

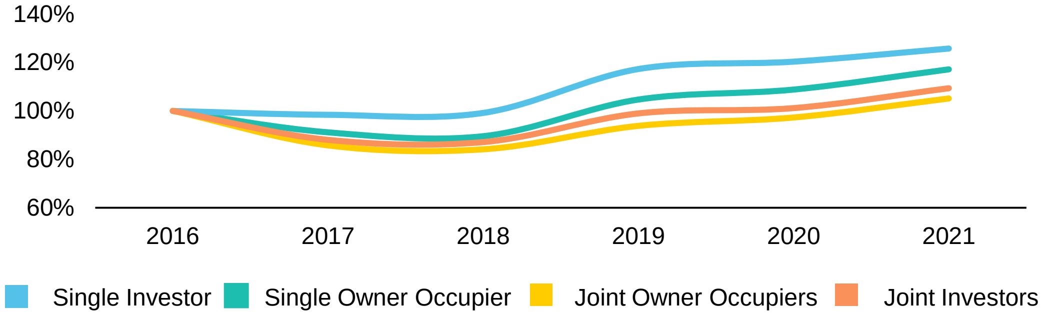
1. CBA excluding Bankwest unless stated otherwise. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group.

Borrowing capacity[1]

Maintaining credit availability – lending growth within risk appetite

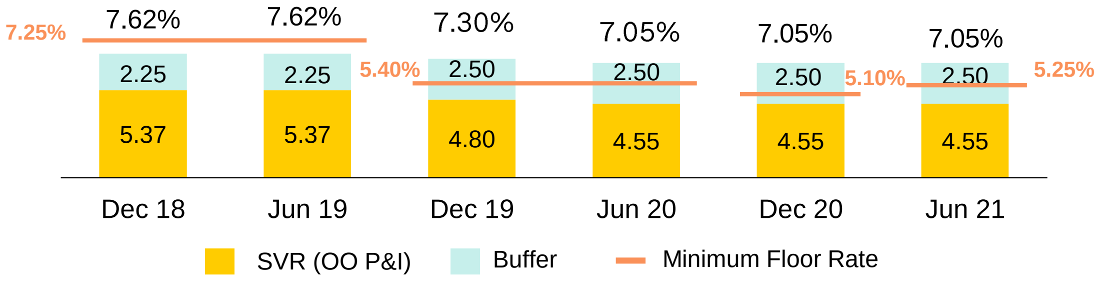
Borrowing capacity remains elevated over the period

Change in maximum borrowing capacity[2] - Indexed Dec 16

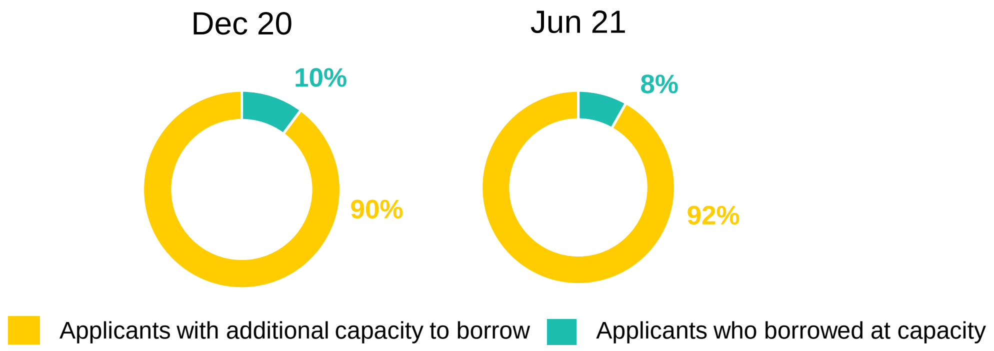


Driven by low interest rate environment and lower serviceability assessment floor rate

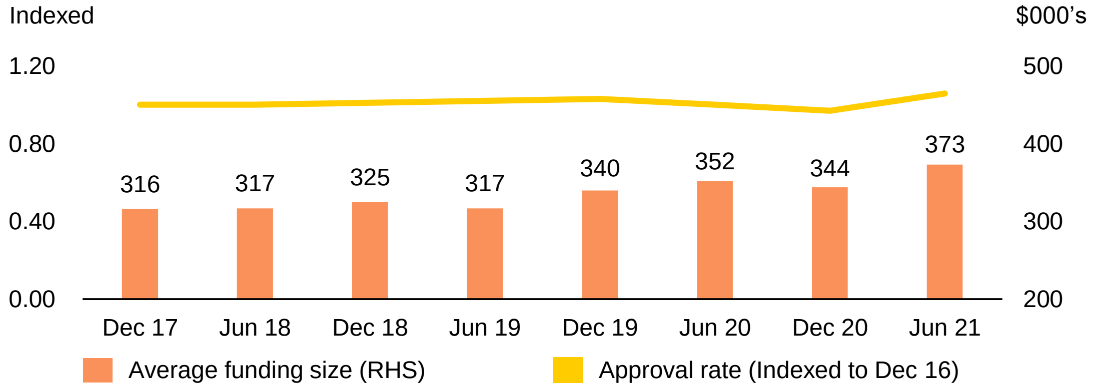
(Loans assessed based on the higher of the customer rate[3] + buffer, or minimum floor rate)



Fewer applicants borrowing at capacity[4]



Approval rate and average loan size[5] increasing

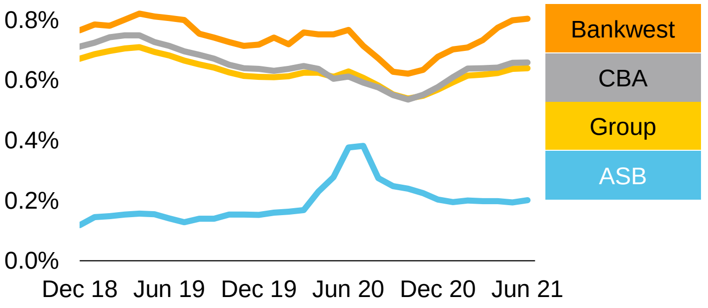


1. CBA excluding Bankwest. 2. Scenarios based on differing assumptions with respect to family types, number of dependents, loan size, income sources and existing liabilities/commitments. 3. Customer rate includes any customer discounts that may apply. 4. Applications that have passed system serviceability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

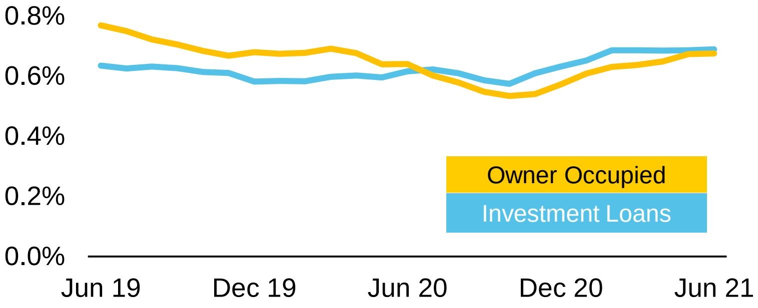
Home loan arrears

Home loan 90+ arrears modestly higher in recent periods influenced by deferral exits

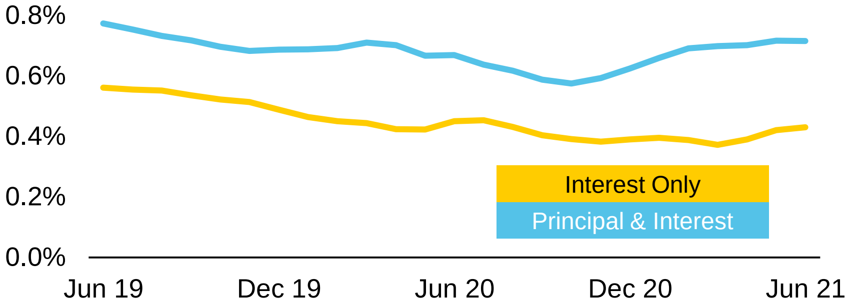
Arrears by portfolio
Group 90+ days



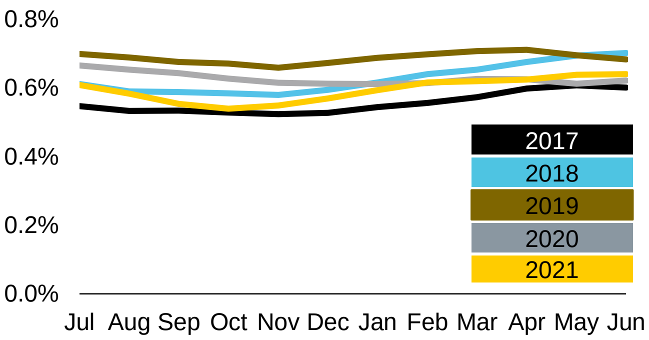
Arrears by product
Group 90+ days[1]



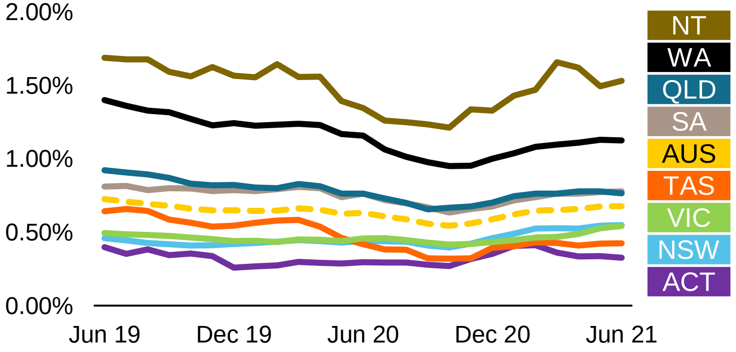
Arrears by repayment type
Group 90+ days[1]



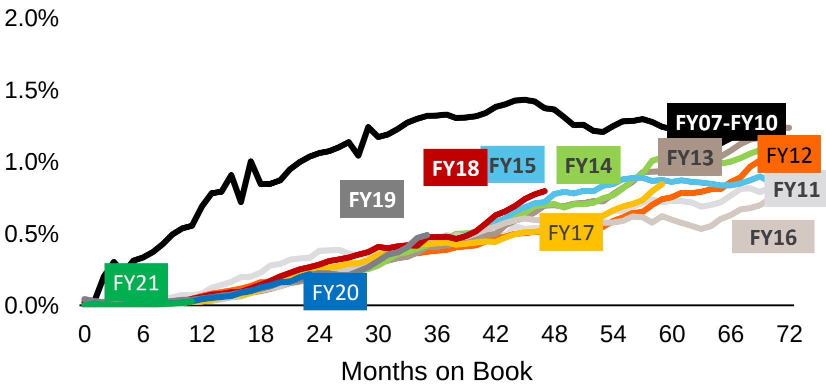
Arrears by year
Group 90+ days



Arrears by state
Group 90+ days[1]



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.

Sources, Glossary & notes

Sources and notes

Delivering – Continued above system volume growth in all core markets

Slide 9

1. Home lending source: RBA Lending and Credit Aggregates. Household deposits source: APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS). 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 +33% vs FY20, 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 fundings exclude Bankwest.
3. RBS transaction account balances +25% vs FY20, includes interest bearing and non-interest bearing accounts, includes Bankwest. Number of new personal transaction accounts excludes offset accounts, includes CBA and Bankwest.
4. Increase in new business transaction accounts is FY21 vs FY20. Equates to ~3,500 new accounts per week.

Why CBA?

Slide 18

1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month averages to June 2021), excl. unable to identify MFI. Roy Morgan has re-calibrated the results from April 2020 to March 2021 to take into account methodology changes since COVID-19. This has resulted in small differences to some of the previously published figures.
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. Peers as at March 21.
5. Peers as at March 21. On continuing operations basis where applicable.
6. Source: Bloomberg. Total Shareholder Return as at 30 June 21.

Sources and notes

Global best digital experiences

Slide 16

1. The total number of customers that have logged into the CommBank mobile app at least once in the month of June for years 2017, 2019 and 2021. Includes Face ID logins.
2. The total value ($) of transfers and BPAY payments made in digital (NetBank, CommBank mobile app and CommBank tablet app) as a proportion of the total value ($) of transfers in over-the-counter, ATM, EFTPOS and digital transactions over the 12 months to June for the years 2017, 2019 and 2021.
3. Average number of daily logins to digital assets (NetBank, CommBank mobile app or CommBank tablet app) in the month of June for the years 2017, 2019 and 2021, includes logging in via Face ID, excludes CommBiz customers.
4. The total number of logins to digital assets (NetBank, CommBank mobile app or CommBank tablet app - includes Face ID logins, excludes CommBiz) divided by the number customers who have logged into a core digital asset (NetBank, CommBank mobile app or CommBank tablet app) in the month of June for the years 2017, 2019 and 2021.
5. 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.
6. Online banking: CBA won Canstar's *Bank of the Year - Online Banking* award for 2021 (for the 12th year in a row). Awarded June 2021.
7. Mobile banking: CBA won Canstar's *Bank of the Year - Mobile Banking* award for 2021 (for the 6th year in a row). Awarded June 2021.
8. The Forrester Digital Experience ReviewTM: Australian Mobile Banking Apps, Q3 2021. Commonwealth Bank of Australia was named the Overall Digital Experience LeaderTM among mobile apps in Australia in Forrester's proprietary Digital Experience ReviewTM. Forrester Research does not endorse any company included in any Digital Experience ReviewTM 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.
9. DBM Australian Financial Awards - Most Innovative Major Bank. Presented March 2021. Award based on DBM Atlas data January to December 2020.
10. DBM Australian Financial Awards - Best Major Digital Bank. Presented March 2021. Award based on DBM Atlas data January to December 2020.
11. 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 2001 (Cth) and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Bank’s operating results. It is not a measure based on cash accounting or cash flows. The items excluded from cash profit, such as hedging and IFRS volatility and losses or gains on acquisition, disposal, closure and demerger of businesses are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from cash profit is provided on page 3 of the Group’s 30 June 2021 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).