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Directors' report

The Directors of the Commonwealth Bank of Australia present their report, together with the Financial report of the Commonwealth Bank of Australia (the Bank) and of the Group, being the Bank and its controlled entities, for the year ending 30 June 2019.

Principal activities

We are one of Australia's leading providers of financial services. We serve the needs of more than 17.4 million customers with a focus on retail and commercial banking.

Our products and services are provided through the following divisions:

- Retail Banking Services provides home loans, consumer finance and other banking products and services to personal and business customers. Customers are supported through a network of branches, ATMs, Australia-based customer call centres, online services and apps, as well as mobile banking specialists and support teams. Retail Banking Services includes Bankwest, the Group's general insurance business in Australia (which is under strategic review), the Group's mortgage broking operations and Commonwealth Financial Planning.
- Business and Private Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions as well as providing banking and advisory services for high net worth individuals. Business and Private Banking also provides margin lending and online equities trading through our CommSec business.
- Institutional Banking and Markets serves the commercial and wholesale banking needs of large corporate, institutional and government clients across a full range of financial services solutions including access to debt capital markets, transactional banking, working capital and risk management capabilities.
- ASB New Zealand includes banking and funds management businesses operating in New Zealand.
- Wealth Management provides superannuation, investment, retirement and insurance products and services including financial planning.
- International Financial Services includes the Indonesian retail and business banking operations and associate investments in China and Vietnam.

We operate in Australia, New Zealand, United Kingdom, the United States, China, Japan, Europe, Singapore, Hong Kong and Indonesia.

On 21 September 2017, the Group entered into an agreement to sell 100% of its life insurance businesses in Australia (CommInsure Life) and New Zealand (Sovereign) to AIA Group Limited (AIA). The sale of Sovereign completed on 2 July 2018. The sale of CommInsure Life remains subject to completion of the transfer of the Group's stake in BoCommLife Insurance Company Limited (BoCommLife) out of CommInsure Life and its associated Chinese regulatory approvals.

The Group and AIA remain fully committed to completing the CommInsure Life transaction. The Group and AIA are also well progressed in exploring an alternative path to complete the CommInsure Life transaction prior to the transfer of the Group's stake in BoCommLife. The alternative path is expected to be subject only to Australian regulatory approvals and would result in overall financial outcomes for the Group that are not expected to be materially different to those previously announced. The Group expects to be able to provide further details of this alternative path by the end of the first quarter of the financial year 2020, if the sale of BoCommLife has not substantially progressed in that timeframe.

On 23 May 2018, the Group announced the sale of its 37.5% equity interest in BoCommLife to Mitsui Sumitomo Insurance Co. Ltd (MSI). The sale of BoCommLife is subject to Chinese regulatory approvals and is the final condition precedent for the sale of CommInsure Life. The sale of BoCommLife is expected to be completed in the second half of the calendar year 2019.

On 25 June 2018, the Group announced its intention to demerge its wealth management and mortgage broking businesses, and undertake a strategic review of its general insurance business, including a potential sale.

On 23 October 2018, the Group announced the sale of its 80% interest in its Indonesian life insurance business, PT Commonwealth Life, to FWD Group (FWD). As part of the sale, CBA's Indonesian banking subsidiary, PT Bank Commonwealth (PTBC), will enter into a 15 year life insurance distribution partnership with FWD. The sale is subject to regulatory approvals in Indonesia and is now expected to complete in the second half of calendar year 2019.

On 31 October 2018, the Group announced the sale of Colonial First State Global Asset Management (CFSGAM) to Mitsubishi UFJ Trust and Banking Corporation (MUTB). The sale completed on 2 August 2019.

On 1 November 2018, the Group completed the sale of Commonwealth Bank of South Africa (Holding Company) Limited (TymeDigital SA) to the minority shareholder, African Rainbow Capital (ARC).

On 14 March 2019, the Group announced suspension of its preparation for the demerger of its remaining wealth management and mortgage broking businesses in order to focus on the implementation of the Royal Commission recommendations, refunding customers and remediating past issues.

On 13 June 2019, the Group announced the sale of its 100% interest in Count Financial Limited (Count Financial) to CountPlus Limited (CountPlus). Completion is expected to occur in October 2019.

CommInsure Life, Sovereign, BoCommLife, CFSGAM, PTCL and TymeDigital SA have been classified as discontinued operations in the Group's financial statements for the year ended 30 June 2019. The assets and liabilities of Count Financial are classified as held for sale as at 30 June 2019.

Operating and financial review

Financial performance summary

The Group's statutory net profit after tax including discontinued operations for the year ended 30 June 2019 decreased 8% on the prior year to \$8,571 million. Statutory net profit after tax from continuing operations for the year ended 30 June 2019 decreased 8% on the prior year to \$8,360 million. The result reflected a continued challenging operating environment, though business fundamentals remained strong.

Total operating income decreased by 3% primarily driven by a 1% decrease in net interest income, with average interest earning assets increasing 1% on the prior year due to continued growth in home loans. Net interest margin on a continuing operations basis decreased 5 basis points largely driven by customer switching, competition, and elevated short term wholesale funding costs.

Other banking income decreased by 8% primarily due to lower credit card income, lower transaction fees due to the simplification of fee waivers and lower overdrawn account fees following the introduction of pre-emptive customer alerts. Insurance income decreased 38% driven by weather events, primarily the New South Wales (NSW) hail storm, Queensland floods and other weather events in NSW, Victoria and Queensland. Funds management income decreased 5% due to lower volume of initial advice fees and the cessation of ongoing service fees partly offset by growth in Funds Under Administration and higher Assets Under Management.

Operating expenses increased 3%, as a result of higher risk and compliance FTE, wage inflation, an increase in technology infrastructure costs and an increase in risk and compliance investment spend, partly offset by decreased occupancy and equipment costs as a result of branch network optimisation and the closure of offshore offices.

Loan impairment expense increased by 11%, driven by higher individual provisions due to a small number of large single name exposures in the business portfolio and higher collective provisions reflecting higher arrears in the consumer finance portfolio and softening economic conditions.

Tax expense decreased by 14% during the period primarily due to lower net profit before tax and the non-recurrence of the \$700 million AUSTRAC civil penalty incurred in the prior year that was non-deductible for tax purposes.

Further information and analysis of the financial performance including a review of operations for the financial year is set out in the Financial performance section on pages 40 – 49.

Material risks

The Group recognises that risk is inherent in business and that effective risk management is a key component of sound corporate governance and is essential in delivering our business objectives.

The Group seeks to adopt a comprehensive approach to risk management through its Risk Management Framework. This framework covers the Group's systems, policies, processes and people who monitor, mitigate and report risk.

The Group's material risk types and its approach to managing them are described in Our material risks on pages 53 – 54 and in Note 9 of the *Financial report* on pages 201 – 231. A description of the material trends in our current external operating context, and the way that the risk framework is being developed to support better customer and risk outcomes, is provided in the Operating context on page 8 and in the Risk management section on pages 50 – 63.

In addition, commentary on the Group's ongoing litigations, investigations and reviews for full year ended 30 June 2019 is included in Note 7.1 of the *Financial report* on pages 185 – 190.

Outlook

We expect our operating context to remain challenging as we adapt to heightened regulatory change, increasing competition, evolving customer preferences, and the need to invest in risk and compliance and in technology and innovation.

The Bank is however well positioned to navigate this changing landscape with the backing of a resilient balance sheet, strong customer base and leading distribution and digital assets. We are focused on continuing to serve our customers' needs and are making the necessary changes to become a simpler, better bank.

More information on our business strategies and prospects for future financial years including our material risks and how we are managing them can be found in the Strategic report on pages 2 – 39, the Operating context on page 8 and the Risk management section on pages 50 – 63.

Dividends

The Directors have determined a fully franked (at 30%) final dividend of 231 cents per share amounting to \$4,089 million. The dividend will be payable on 26 September 2019 to shareholders on the register at 5.00pm AEST on 15 August 2019.

Dividends paid in the year ended 30 June 2019 were as follows:

Dividend	Date Paid	Fully Franked Dividend Per Share	Total Dividend (\$ million)	Total Dividend Comprises (\$ million)
Final Dividend for the year ended 30 June 2018	28 Sep 2018	231 cents	\$4,065	Cash: \$3,316 DRP: \$749
Interim Dividend for year ended 30 June 2019	28 Mar 2019	200 cents	\$3,540	Cash: \$2,948 DRP: \$592

Events subsequent to balance sheet date

The Dividend Reinvestment Plan for the final dividend for the year ended 30 June 2019 will be satisfied in full by an on-market purchase and transfer of shares of approximately \$683 million.

The sale of CFSGAM completed on 2 August 2019, resulting in final sale proceeds of \$4.2 billion and a total post tax gain of \$1.5 billion (inclusive of separation costs and subject to final tax calculations and completion adjustments).

The Group has decided to cease providing licensee services through Financial Wisdom and will proceed with an assisted closure. The Group has also decided to allow Commonwealth Financial Planning Limited-Pathways (CFP-Pathways) advisers to transition to self-licensing arrangements or move to another licensee.

The Group has committed an investment of US\$100 million into Klarna Holding AB (Klarna), as part of their US\$460 million capital raise. The Group will become Klarna's exclusive partner in Australia and New Zealand and intends to further invest at the parent and local level to support this partnership.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial years.

For further information on subsequent events refer to Note 12.7 in the *Financial report* on page 271.

Change in state of affairs

We continue to make progress against each of the key strategic priorities in pursuit of our purpose to improve the financial wellbeing of our customers and communities. Further to the changes in principal activities referred to above there have been no significant changes in the state of affairs during the financial year.

Environmental reporting

We are subject to the Federal Government's National Greenhouse and Energy Reporting (NGER) scheme. The scheme makes it mandatory for controlling corporations to report annually on greenhouse gas emissions, energy production and energy consumption, if they exceed certain threshold levels. The Group has a long history of voluntary environmental reporting including to the CDP (the former Carbon Disclosure Project). As a result, the Group is well placed to meet the NGER requirements.

We are not subject to any other significant environment reporting regulations under the law of the Commonwealth or of a State or Territory of Australia. Our environmental policies are updated to manage risks appropriately.

For more information on the Group's voluntary environmental reporting, see the Our approach to addressing climate change section on pages 55 – 63 and our environmental metrics on pages 297 – 302.

Directors

The names of the Directors holding office at any time during, or since the end of, the financial year are:

- Catherine Livingstone AO
- Matt Comyn
- Shirish Apte
- Professor Genevieve Bell (appointed 1 January 2019)
- Sir David Higgins
- Paul O'Malley (appointed 1 January 2019)
- Mary Padbury
- Wendy Stops
- Anne Templeman-Jones
- Robert Whitfield
- Andrew Mohl (retired 7 November 2018)
- Brian Long (retired 31 December 2018)

Details of current Directors, their experience, qualifications and any special responsibilities, including Committee memberships, are set out on pages 66 and 67.

Other directorships

These Directors held the following directorships in other Australian listed companies in the three years prior to the end of the 2019 financial year:

Director	Company	Appointment Date	Retirement date (if applicable)
Catherine Livingstone AO	WorleyParsons Limited	01/07/2007	
Wendy Stops	Coles Group Limited	19/11/2018	
	Altium Limited	01/02/2018	
Paul O'Malley	Bluescope Steel Limited	06/08/2007	31/12/2017
Anne Templeman-Jones	G.U.D Holdings Limited	01/08/2015	
	The Citadel Group Limited	08/09/2017	
	WorleyParsons Limited	01/11/2017	
	Pioneer Credit Limited	23/09/2014	07/11/2016
	HT&E Limited	04/06/2013	14/05/2018
Brian Long	Brambles Limited	01/07/2014	
	OneMarket Limited	07/06/2018	
	Ten Network Holdings Pty Limited ¹	01/07/2010	25/07/2016

¹ Formerly Ten Network Holdings Limited, converted to a proprietary limited company on 10 January 2018.

Directors' meetings

The number of Board and Board Committee meetings held during the financial year that each Director was eligible to attend, and the number of meetings attended by each Director, were:

Director	Board				Committees ¹							
	Scheduled Meetings		Unscheduled Meetings		Risk ²		Audit ²		Remuneration ^{2,8}		Nominations ²	
	Held ³	Attended	Held ³	Attended	Held ³	Attended	Held ³	Attended	Held ³	Attended	Held ³	Attended
Catherine Livingstone AO	10	10	1	1	10	10	11	11	12	12	11	11
Matt Comyn	10	10	1	1	-	-	-	-	-	-	-	-
Shirish Apte	10	10	1	1	10	10	11	11	-	-	-	-
Professor Genevieve Bell ⁴	5	5	-	-	-	-	-	-	-	-	-	-
Sir David Higgins	10	10	1	1	10	10	-	-	12	12	-	-
Brian Long ⁵	5	4	1	1	4	3	5	4	-	-	5	4
Andrew Mohl ⁶	4	4	1	1	3	3	-	-	5	5	-	-
Paul O'Malley ⁷	5	5	-	-	-	-	-	-	2	2	2	2
Mary Padbury	10	10	1	1	-	-	-	-	12	12	11	11
Wendy Stops	10	10	1	1	-	-	11	11	12	12	-	-
Anne Templeman-Jones	10	10	1	1	9	9	11	11	-	-	-	-
Robert Whitfield	10	10	1	1	10	10	-	-	-	-	11	11

1 The Board also establishes ad hoc Committees for special purpose business from time to time to support the Board in carrying out its responsibilities.

2 Two concurrent meetings of the Risk, Audit, Nomination and Remuneration Committees have been counted as additional meetings of each committee.

3 The number of scheduled and unscheduled meetings held during the time the Director was a member of the Board or of the relevant committee.

4 Professor Genevieve Bell was appointed a member of the Board effective 1 January 2019.

5 Brian Long retired from the Audit Committee, Risk Committee, Nominations Committee and the Board effective 31 December 2018.

6 Andrew Mohl retired from the Risk Committee, Remuneration Committee and the Board effective 7 November 2018.

7 Paul O'Malley was appointed a member of the Board effective 1 January 2019 and the Remuneration and Nominations Committees effective 1 June 2019.

8 Committee name changed to People & Remuneration Committee effective 1 July 2019.

Directors' shareholdings, share rights and options

Particulars of shares and share rights held by Directors including the Chief Executive Officer (CEO), in the Bank or in a related body corporate are set out in the Remuneration Report that forms part of this report. No options have been granted to the Directors, including the CEO, during the period. No rights or options have been granted to the Directors since the end of the financial year.

Options and share rights outstanding

There are no options over Bank shares on issue as at the date of this report. As at the date of this report there are 1,377,132 share rights outstanding in relation to Bank ordinary shares and no employee options.

Directors' and officers' indemnity and insurance

Constitution

The Directors, as named on page 79 of this report, and the Company Secretaries of the Bank, referred to below, are indemnified under the Constitution of the Commonwealth Bank of Australia (the Constitution), as are all senior managers of the Bank.

The indemnity extends to such other officers, employees, former officers or former employees of the Bank, or of its related bodies corporate, as the Directors in each case determine (each, including the Directors and Company Secretaries, is defined as an 'Officer' for the purpose of this section).

The Officers are indemnified on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the Officer as an Officer of the Bank or a related body corporate.

Deeds of indemnity

Deeds of Indemnity, which include indemnification in substantially the same terms to that provided in the Constitution, have been executed by the Bank in favour of each Director of the Bank.

An Indemnity Deed Poll, which includes indemnification in substantially the same terms to that provided in the Constitution, has been executed by the Bank in favour of each:

- company secretary and senior manager of the Bank
- Director, secretary or senior manager of a related body corporate of the Bank
- person who, at the prior formal request of the Bank or a related body corporate, acts as Director, secretary or senior manager of a body corporate which is not a related body corporate of the Bank (in which case the indemnity operates only in excess of protection provided by that body corporate)
- person who, at the request of a related body corporate of the Bank, acts as a member of the compliance committee of a registered scheme for which the related body corporate of the Bank is the responsible entity.

In the case of a partly-owned subsidiary of the Bank, where a Director, company secretary or a senior manager of that entity is a nominee of an entity which is not a related body corporate of the Bank, the Indemnity Deed Poll will not apply to that person unless the Bank's CEO has certified that the indemnity will apply to that person.

Insurance

The Bank has, during the financial year, paid an insurance premium in respect of a Directors' and Officers' liability and company reimbursement insurance policy for the benefit of the Bank and persons defined in the insurance policy who include Directors, Company Secretaries, Officers and certain employees of the Bank and related bodies corporate. The insurance is appropriate pursuant to section 199B of the *Corporations Act 2001 (Cth)*. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

Proceedings on behalf of the Bank

No application has been made under section 237 of the *Corporations Act 2001* in respect of the Bank, and there are no proceedings that a person has brought or intervened in on behalf of the Bank under that section.

Rounding and presentation of amounts

Unless otherwise indicated, the Bank has rounded off amounts in this Directors' report and the accompanying financial statements to the nearest million dollars in accordance with ASIC Corporations Instrument 2016/191.


The financial information included in this Annual Report has been prepared and presented in accordance with Australian Accounting Standards, unless otherwise indicated. This ensures compliance with International Financial Reporting Standards.

The Group manages its business performance using a "cash basis" profit measure. The key items that are excluded from statutory profit for this purpose are non-recurring or not considered representative of the Group's ongoing financial performance. Profit on an "underlying" basis is used primarily in the wealth management businesses. It provides a profit measure that excludes returns and revaluations on shareholder capital invested in the wealth management businesses and changes in economic assumptions impacting the insurance businesses and investment profits on the annuity portfolio for a measure of core operating performance.


Company secretaries

Details of the Bank's Company Secretaries, including their experience and qualifications, follow.

Kara Nicholls was appointed Group Company Secretary of the Bank on 8 January 2019. Kara has extensive listed company expertise with over 20 years' of global equity markets, commercial and corporate governance experience. She was previously Company Secretary of Caltex Australia Limited and prior to that was Company Secretary of Woolworths Limited, Arrium Limited and Global Head of Company Secretariat for Macquarie Capital Funds. Prior to those roles Kara spent almost six years at the ASX. Kara is the Chair of Gidget Foundation Australia. She is a Fellow of the Governance Institute of Australia (GIA), and a member of the Australia Institute of Company Directors and the GIA Legislative Review Committee.

 FGIA, MAICD, B.Bus, MLS, JP.

Kristy Huxtable was appointed Company Secretary of the Bank on 20 March 2019. Kristy brings extensive corporate governance and secretariat experience in financial services, having previously worked with Suncorp, ING, MLC, KeyInvest and the ASX. Kristy is a Fellow of the GIA, and a Member of the Australian Institute of Company Directors and the GIA Legislative Review Committee.

 FGIA, MAICD, MBA, Grad.Dip.Corp. Gov, Grad.Dip.HR.

Remuneration report



Message from the Remuneration Committee Chairman

Dear Shareholder

Our strategy is to become a simpler, better bank to fulfil our purpose of improving the financial wellbeing of our customers and the community. We are well on our way, but there is more to do. Our remuneration policy, frameworks and governance have and will continue to evolve, building on the transformation commenced in 2017.

The 2019 financial year has been challenging for the Bank. The Royal Commission highlighted a number of risk and reputational issues, and the Group's performance overall was significantly impacted by in-year provisions to address customer remediation issues. Remuneration outcomes for the Chief Executive Officer (CEO) and Group Executives directly reflect this context, with Short-Term Variable Remuneration (STVR) outcomes below target and variability reduced as a result of not achieving shareholder and customer advocacy results.

Risk and Remuneration Consequences

The Board recognises the important role that remuneration can play in effectively managing risk, including emphasising positive risk culture and supporting the Group's approach to consequence management. The Board reinforces accountability for poor customer and risk outcomes through remuneration consequences.

During the 2019 financial year, we introduced material enhancements to increase the rigour and challenge in the Group's approach to risk and remuneration, including improved information to support the Board's determination of remuneration consequences in relation to risk and reputational matters. Consequences applied to both current and former Executives during the 2019 financial year were:

- Of the 15 Executives eligible for an STVR award, 14 received in-year reductions in relation to risk and reputational matters, including the CEO.
- The Board exercised discretion to forfeit all unvested deferred awards for a former Group Executive, having regard to the performance outcomes of their business unit that have resulted in significant adverse financial, customer, and reputational impacts.

Strengthening our Remuneration Approach

In the 2019 financial year we:

- Increased the weighting of non-financial measures in the CEO and Group Executive performance scorecards, to provide a more balanced focus on customer, people, strategic and shareholder outcomes. As required by the Enforceable Undertaking agreed with Australian Prudential Regulation Authority (APRA), scorecards also included a significant weighting for the delivery of the Remedial Action Plan (RAP).

- Fully implemented the recommendations of the Sedgwick Retail Banking Remuneration Review within CBA to drive a focus on better customer outcomes across customer-facing employees and their leaders. Financial measures now represent a maximum of 30% of balanced scorecards. Variable remuneration is capped at 40% of base remuneration, with the exception of select home lending specialists.
- Introduced a new STVR approach for CBA, incorporating a formal assessment of financial and non-financial risk measures for pool funding to reinforce collective accountability.
- Adopted clear criteria to assess the overall effectiveness of our remuneration policy and practices, with reviews conducted every two years.
- Implemented the Banking Executive Accountability Regime's (BEAR) remuneration requirements in full.

Renewal of Executive Team

During the 2019 financial year we welcomed seven new appointments, bringing a strong mix of local and global experience across banking, risk, digital transformation, and leadership of cultural change.

Securing the best executive talent and capability is critical to the execution of the Group's strategy. The Board determined that in order to secure the best talent it was necessary and appropriate to provide competitive remuneration packages, based on a careful assessment of local and global competitor practices.

Priorities for the 2020 Financial Year

We will monitor and adjust our remuneration policy and frameworks for all employees so they continue to meet both the spirit and the requirements of revised regulatory standards, and reflect evolving community expectations. We will continue on our path of reinforcing better risk and customer outcomes through remuneration that appropriately balances financial and non-financial performance measures, enables risk and consequence management frameworks, and provides greater transparency to support cultural change. Further, the introduction of regular policy effectiveness reviews will strengthen Board oversight and help to inform our future remuneration approach.

I will be retiring from the Board at the end of the year. It has been a privilege to serve as Chairman of the Remuneration Committee during a time of considerable challenge for the Bank. I am pleased that the Committee, with the full support of the Board, has made significant progress in addressing the challenges faced.

While I am retiring, we recognise that there is still much to do. In that regard, I am pleased to hand over to Paul O'Malley, who will be commencing as Chairman of the People & Remuneration Committee from 1 January 2020.

Thank you for your continued interest, support and feedback as we continue to build a simpler, better bank.

I invite you to review the full remuneration report.



Sir David Higgins
Remuneration Committee Chairman

Remuneration at a glance

CEO remuneration

For the 2019 financial year, the CEO:


- Did not receive an increase to Fixed Remuneration (FR).
- Received an STVR outcome of **68% of target value** and **45% of maximum value**. This outcome of less than half of the maximum opportunity reflects assessed performance and an overall reduction applied to the STVR outcome as a consequence of his risk assessment being Partially Met.
- Received partial vesting of the 2016 financial year Long-Term Variable Remuneration (LTVR) award, which reached the end of its four-year performance period on 30 June 2019. The award vested at **24.31% overall**, as a result of 0% vesting against the relative Total Shareholder Return (TSR) measure and 98.5% vesting against relative customer satisfaction measures.
- Received total remuneration of **\$3.4m** for his first full year in the role.
- Had a maximum variable remuneration opportunity weighted at **55% for financial measures** and **45% for non-financial measures**.

Group Executives and CEO ASB

For the 2019 financial year:


- There were no FR increases for Group Executives who did not change roles.
- David Cohen did not receive a FR increase upon appointment to the Deputy CEO role.
- FR for the newly appointed Group Executives and the CEO ASB (Pascal Boillat, Alan Docherty, Andrew Hinchliff, Sian Lewis, Angus Sullivan, Vittoria Shortt and Nigel Williams) are shown on page 86.
- Overall there was reduced opportunity for variability in Group Executive STVR outcomes, with zero outcomes where financial/shareholder and customer advocacy measures did not meet threshold levels.
- The average STVR outcome for Group Executives and the CEO ASB (as a % of maximum) was **44%**.

	% of maximum STVR	
	2019 financial year	2018 financial year
CEO	45%	0%
Group Executives (range)	31% – 52%	0% – 38%
CEO ASB	52%	N/A

 [Read more on page 93](#)

LTVR outcomes

The 2016 financial year LTVR award reached the end of its four-year performance period on 30 June 2019, with **24.31%** of the award vesting as a result of performance against the LTVR measures.

 [Read more on page 96](#)

Risk and remuneration consequences

The 2018 APRA Prudential Inquiry Report highlighted shortcomings in the way CBA applied remuneration consequences when risk expectations were not fully met, both individually and collectively.

The Board has been working with management to improve procedures to identify employees who have not fully met the Board's expectations of risk behaviours and outcomes, and those employees who exceptionally manage risk.

Over 300 employees were recognised for the way they have positively influenced the risk culture of CBA.

The Code of Conduct is the framework that applies to the management of employee conduct. In the 2019 financial year, there were 1,869 instances of unacceptable conduct, including 18 senior leaders (General Managers and Executive General Managers), with 187 resulting in termination.

As a result of the improvements made to risk assessment processes to support the annual performance reviews for the 2018 financial year, 2,462 employees participating in the STVR plan were identified as not having fully met risk expectations and accountabilities (compared to 1,316 in the prior year). This included 73 senior leaders.

Broadly, STVR outcomes were reduced by a minimum of 10%, ranging to 100%, with 2,331 employees assessed as only partially meeting risk expectations and 131 employees rated as failing to meet risk standards. Malus adjustments to deferred variable remuneration were also applied.

This is in addition to the remuneration consequences previously applied to reflect individual and/or collective accountability for the findings of the APRA Prudential Inquiry Report. The total remuneration consequences applied across CBA for the 2017 and 2018 financial years exceeded \$100 million.

Key features of CBA's performance and remuneration framework are detailed below, including the enhancements made in the 2019 financial year. ASB is also reviewing its remuneration framework, in light of New Zealand regulatory expectations.

Element	Details
Risk culture	<p>Improvements made in the 2019 financial year included:</p> <ul style="list-style-type: none"> • Launching the new Code of Conduct in September 2018 that specifies the Board's expectations for how our people act, solve problems and make decisions. Compliance with the Code is now a part of the values and risk assessment for all employees. • Introducing a new "Exceptionally Managed" category to the risk assessment rating scale. This provides balance to the risk assessment so that it is not only punitive, but also promotes and recognises exceptional risk behaviours and outcomes, and supports positive cultural change. • Updating our values expectations and values assessment process which ensures that STVR outcomes are based on both what was achieved (key performance indicators) and how it was achieved (values and risk assessment).
Alignment of remuneration with prudent risk-taking	<ul style="list-style-type: none"> • Risk scorecards provided the Board with robust and timely information to determine if an appropriate consequence should be applied to Group Executive remuneration outcomes for risk and reputation matters. Risk scorecards are independently reviewed and challenged by the Group Chief Risk Officer (CRO). The Group CRO's risk scorecard is independently reviewed and challenged by the Risk Committee Chair. • Risk scorecards were extended to General Managers and now apply to all senior leaders of the organisation from the 2019 financial year. • A new Bank-wide approach to funding of the STVR pool was introduced, incorporating an assessment of financial and non-financial risks in addition to risk-adjusted financial measures (this ensures that all relevant risks are considered in determining the available STVR pool, as well as reinforcing collective accountability). • To support the role's independence, the remuneration mix and weightings of performance measures in the balanced scorecard for the Group CRO were revised and differ from the other Group Executives, with any linkages to Group financial outcomes removed.
Risk assessment process	<ul style="list-style-type: none"> • Executive risk assessments were discussed at the concurrent meetings of the Remuneration, Risk, Audit and Nominations Committees as part of the interim and annual performance assessment processes for Executives (excluding the CEO ASB). • In the 2019 financial year, the Bank sought to improve the rigour and governance of the risk assessment process. Enhancements included Board approval of: <ul style="list-style-type: none"> – Risk scorecard guidance and processes that included the following elements: compliance with audit review timeframes, the new Code of Conduct, the BEAR accountabilities and assessment of Financial Crime Compliance behaviours. – Enhanced guidance to all employees on how to assess risk behaviours and outcomes (including for Exceptionally Managed outcomes) and the remuneration consequences of not fully meeting risk expectations. – Transparent communication to all employees of both good and poor risk assessments for the 2018 financial year and subsequent remuneration outcomes. – Formal guidance on the application of malus to deferred variable remuneration as a result of a material risk or misconduct matters.
Malus/ Clawback	<ul style="list-style-type: none"> • Malus is the ability to reduce (including to zero) and withhold variable remuneration awards that have been awarded, but not vested. CBA has had the ability to apply malus adjustments to unvested deferred variable remuneration outcomes since 2013. In the 2019 financial year, formal guidance on the application of malus was introduced. • The Board exercised discretion to forfeit all unvested deferred awards for a former Group Executive, having regard to the performance outcomes of their business unit that have resulted in significant adverse financial, customer, and reputational impacts. • Clawback will be explored as part of the CEO and Group Executive remuneration strategy and framework review during the 2020 financial year.

Appointment arrangements of externally hired Group Executives

The Board recognises that it is vital to secure the best executive talent, including in the areas of risk, digital, cyber security and audit. In the 2019 financial year, Pascal Boillat, Group Executive, Enterprise Services and Chief Information Officer, and Nigel Williams, Group CRO, were appointed to the Executive Team. These roles are critical to delivering the Group's strategy of becoming a simpler, better bank, and both Group Executives are highly experienced in their relevant fields, and bring global perspectives to the Group.

Pascal leads the technology and operations division of the Group, and is responsible for information technology, cyber security, technology infrastructure and digital delivery for all divisions across CBA. Pascal brings significant experience from working with large global organisations, having previously been the Chief Information Officer for Deutsche Bank.

Nigel brings extensive banking experience, both local and global, including his previous role as CRO of ANZ Banking Group Limited. As Group CRO, Nigel's role is crucial to developing and embedding risk frameworks and re-building trust with relevant regulatory authorities.

To secure these Group Executives, the Board determined that it was necessary and appropriate to provide:

- Competitive remuneration packages, with consideration of internal peers and external market comparators.
- Awards to compensate for unvested awards granted by their former employers and forfeited upon termination of their previous employment. The quantum and vesting schedule of these were determined based on:
 - Forfeited unvested award value, with specific consideration given to any performance conditions. A discount was applied considering the vesting likelihood of any performance-based awards where applicable; and
 - Vesting schedule broadly aligning to the forfeited awards' schedule.
- Relocation benefits to support their relocations to Sydney. Further detail is provided on pages 97 and 98.

The table below outlines the awards offered:

Executive	Grant date	Grant details	Vesting schedule	Vesting conditions
Pascal Boillat	1 October 2018	82,660 deferred shares (indicative value of \$5.86m). Eligible for dividends paid on deferred shares during the vesting period.	Vesting in six tranches between April 2019 and March 2023.	Subject to: <ul style="list-style-type: none"> • Continued employment; • Board risk and reputation review; and • Malus provisions.
Nigel Williams	5 November 2018	43,112 deferred shares (indicative value of \$2.95m). Eligible for dividends paid on deferred shares during the vesting period.	Vesting in four tranches between January 2019 and November 2021.	

Exit arrangements

The table below outlines the exit arrangements for Group Executives during the 2019 financial year. Further detail is provided on pages 97 and 98:

Executives	Exit arrangements
Coen Jonker (ceased on 31 Dec 18)	<ul style="list-style-type: none"> • Payment in lieu of balance of notice period. • Provision of benefits required by law, mobility and repatriation benefits on ceasing employment and severance pay for past services in accordance with his employment agreement (six months FR). • Eligible for pro-rated 2019 financial year STVR award¹. Not eligible for 2019 financial year LTVR award. Unvested deferred STVR and LTVR awards remain on-foot².
Melanie Laing (ceased on 31 Jul 18)	<ul style="list-style-type: none"> • Payment in lieu of balance of notice period. • Provision of benefits required by law, additional long service leave accrued based on past service and agreed legal costs (capped) related to termination. • Not eligible for 2019 financial year STVR or LTVR award. Unvested LTVR awards remain on-foot².
Anna Lenahan (ceased on 30 Jun 19)	<ul style="list-style-type: none"> • Provision of benefits required by law. • Eligible for 2019 financial year STVR¹. Unvested deferred STVR and LTVR (including 2019 financial year LTVR awarded in November 2018) remain on-foot².

1 In line with the BEAR, for any payment determined and paid in ordinary course (subject to performance and Board risk and reputation review), 60% of any award will be paid in cash and remaining 40% deferred as cash vesting four years after the decision is made to make the relevant grant.

2 No accelerated or automatic vesting upon ceasing employment. The on-foot awards will have performance measured in the ordinary course at the end of the performance period related to each award. Final outcomes will be subject to performance, and Board risk and reputation review.

Remuneration received by current Executives during the 2019 financial year

The remuneration outcomes table below provides a summary of the remuneration that was received by current Executives in their Key Management Personnel (KMP) roles during the 2019 financial year. We believe that presenting this information provides shareholders with greater clarity and transparency of Executive remuneration. This table differs from the statutory remuneration table on page 97, which presents remuneration in accordance with accounting standards (i.e. on an accruals basis).

Remuneration received by current Executives during the financial year ended 30 June 2019:

Cash payments	a) FR: Base remuneration plus superannuation (for Vittoria Shortt, contributions are made in line with the KiwiSaver employer contribution requirements) paid for the period as KMP. For Alan Docherty, this includes the cash allowance paid to him during his acting period. b) Cash STVR: 50% (60% for the CEO ASB) of the 2019 financial year STVR (relates to performance during the 12 months to 30 June 2019).
Vesting of prior year awards	d) Deferred equity awards: The value of all equity awards (STVR, LTVR or sign-on awards) that vested during their period as KMP plus any dividends accrued during the deferral period. The value shown is the face value (i.e. based on the volume-weighted average closing price (VWACP) of the Group's ordinary shares over the five trading days preceding the vesting date).
Awards forfeited or lapsed	f) Previous years' awards forfeited or lapsed: The value of all unvested deferred equity awards that were forfeited or lapsed during the 2019 financial year as the performance, risk and reputation or service conditions were not met.

All remuneration presented in this report is in Australian Dollars.

	FR	Cash STVR	Total cash payments	Deferred equity awards ¹	Total remuneration received	Previous years' awards forfeited or lapsed
	a	b	c = a + b	d	e = c + d	f
CEO						
Matt Comyn						
30 Jun 19	2,200,000	747,450	2,947,450	464,108	3,411,558	(1,270,151)
30 Jun 18	1,315,949	-	1,315,949	1,529,923	2,845,872	(653,185)
Current Executives						
Adam Bennett						
30 Jun 19	1,049,580	244,684	1,294,264	372,984	1,667,248	(562,884)
30 Jun 18	1,049,580	225,988	1,275,568	280,480	1,556,048	-
Pascal Boillat ²						
30 Jun 19 (effective 1 Oct 18)	1,121,918	353,825	1,475,743	1,052,765	2,528,508	-
David Cohen ³						
30 Jun 19	1,200,000	348,218	1,548,218	405,514	1,953,732	(1,109,864)
30 Jun 18	1,200,000	261,300	1,461,300	1,377,033	2,838,333	(587,842)
Alan Docherty ⁴						
30 Jun 19	945,277	291,296	1,236,573	233,096	1,469,669	-
30 Jun 18 (effective 14 May 18)	98,630	51,966	150,596	-	150,596	(41,820)
Andrew Hinchliff ⁵						
30 Jun 19 (effective 1 Aug 18)	915,068	302,888	1,217,956	378,283	1,596,239	-
Anna Lenahan						
30 Jun 19	865,000	332,809	1,197,809	719,170	1,916,979	-
30 Jun 18	865,000	249,120	1,114,120	260,418	1,374,538	-
Sian Lewis ⁶						
30 Jun 19 (effective 1 Aug 18)	754,932	260,829	1,015,761	223,942	1,239,703	-
Vittoria Shortt ⁷						
30 Jun 19 (effective 1 Jul 18)	965,550	940,777	1,906,327	309,688	2,216,015	(345,461)
Angus Sullivan ⁸						
30 Jun 19	1,050,000	374,500	1,424,500	409,280	1,833,780	-
30 Jun 18 (effective 9 Apr 18)	114,909	78,641	193,550	-	193,550	(67,857)
Nigel Williams ⁹						
30 Jun 19 (effective 5 Nov 18)	945,479	276,819	1,222,298	1,294,553	2,516,851	-

- Deferred equity awards:** This reflects the portions of the 2015 financial year LTVR award (performance period ended 30 June 2018), and the 2015, 2016 and 2017 financial year deferred STVR awarded under Executive General Manager arrangements that vested in 2019 financial year. For Pascal Boillat, Anna Lenahan and Nigel Williams, this reflects the portion of their sign-on awards that vested in the 2019 financial year.
- Pascal Boillat** was appointed as KMP effective 1 October 2018, therefore no prior year comparison is shown.
- David Cohen** was appointed as Deputy CEO effective 5 November 2018. 2019 financial year remuneration reflects his time in both the Group CRO role (1 July 2018 to 4 November 2018) and Deputy CEO role (5 November 2018 to 30 June 2019). Prior year comparison reflects remuneration for his prior role as Group CRO.
- Alan Docherty** was appointed as Group Executive, Financial Services and Chief Financial Officer effective 15 October 2018. 2019 financial year remuneration reflects his time in both the Acting Group Executive, Financial Services and Chief Financial Officer role (1 July 2018 to 14 October 2018) and Group Executive, Financial Services and Chief Financial Officer role (15 October 2018 to 30 June 2019). Prior year comparison reflects remuneration for his prior part year KMP role, Acting Group Executive, Financial Services and Chief Financial Officer.
- Andrew Hinchliff** was appointed as KMP effective 1 August 2018, therefore no prior year comparison is shown.
- Sian Lewis** was appointed as KMP effective 1 August 2018, therefore no prior year comparison is shown.
- Vittoria Shortt** was determined as KMP in the CEO ASB role effective 1 July 2018. No prior year comparison is shown as she ceased as KMP in her previous role of Group Executive, Marketing and Strategy on 2 February 2018. In addition to the \$28,123 KiwiSaver that forms part of Vittoria Shortt's FR, an additional payment of \$28,223 is payable on her cash STVR component.
- Angus Sullivan** was appointed as Group Executive, Retail Banking Services effective 1 July 2018. Prior year comparison reflects remuneration for his prior part year KMP role, Acting Group Executive, Retail Banking Services (from 9 April 2018 to 30 June 2018).
- Nigel Williams** was appointed as KMP effective 5 November 2018, therefore no prior year comparison is shown.

Definitions

This remuneration report details the performance and remuneration of KMP for the 2019 financial year. KMP is defined as persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

The Board has determined that the CEO ASB role should be considered a KMP role from 1 July 2018, given ASB's key part in delivering the Group's strategy and important contribution to the Group more broadly.

The following terms are used throughout this report to describe different groups of KMP.

Term	Meaning
Executives	Collective term referring to the individuals in the following executive groups: CEO, Group Executives, CEO ASB and Other Executives
CEO	Managing Director and Chief Executive Officer
Group Executives	All permanent Executives, excluding the CEO, CEO ASB and Other Executives (as defined below)
CEO ASB	Chief Executive Officer of ASB Bank Ltd
Other Executives	Includes Michael Venter (Chief Operating Officer Wealth Management) and all Acting Group Executives Excludes the CEO, Group Executives and CEO ASB
Non-Executive Directors	KMP who are not Executives

1. Key Management Personnel

The table below outlines the Group's KMP in the financial year ended 30 June 2019.

Name	Position	Term as KMP
Chairman		
Catherine Livingstone AO	Chairman	Full year
Current Non-Executive Directors		
Shirish Apte	Director	Full year
Genevieve Bell	Director (from 1 January 2019)	Part year
David Higgins	Director	Full year
Paul O'Malley	Director (from 1 January 2019)	Part year
Mary Padbury	Director	Full year
Wendy Stops	Director	Full year
Anne Templeman-Jones	Director	Full year
Robert Whitfield	Director	Full year
Former Non-Executive Directors		
Brian Long	Director (ceased as KMP on 31 December 2018)	Part year
Andrew Mohl	Director (ceased as KMP on 7 November 2018)	Part year
Managing Director and CEO		
Matt Comyn	Managing Director and Chief Executive Officer	Full year
Current Executives		
Adam Bennett	Group Executive, Business and Private Banking	Full year
Pascal Boillat	Group Executive, Enterprise Services and Chief Information Officer (from 1 October 2018)	Part year
David Cohen ¹	Deputy Chief Executive Officer (from 5 November 2018)	Full year
Alan Docherty ²	Group Executive, Financial Services and Chief Financial Officer (from 15 October 2018)	Full year
Andrew Hinchliff	Group Executive, Institutional Banking and Markets (from 1 August 2018)	Part year
Anna Lenahan ³	Group General Counsel and Group Executive, Group Corporate Affairs	Full year
Sian Lewis	Group Executive, Human Resources (from 1 August 2018)	Part year
Vittoria Shortt ⁴	Chief Executive Officer, ASB	Full year
Angus Sullivan	Group Executive, Retail Banking Services	Full year
Nigel Williams	Group Chief Risk Officer (from 5 November 2018)	Part year
Former Executives		
George Confos	Acting Group Executive, Institutional Banking and Markets (ceased as KMP on 31 July 2018)	Part year
Coen Jonker	Group Executive, International Financial Services (ceased as KMP on 31 December 2018)	Part year
Melanie Laing	Group Executive, Human Resources (ceased as KMP on 31 July 2018)	Part year
Paul Newham	Acting Group Executive, Enterprise Services and Chief Information Officer (ceased as KMP on 30 September 2018)	Part year
Michael Venter	Chief Operating Officer Wealth Management (ceased as KMP on 2 December 2018)	Part year

1 David Cohen was the Group CRO from 1 July 2018 to 4 November 2018 and the Deputy CEO from 5 November 2018 to 30 June 2019.

2 Alan Docherty was acting in the Group Executive, Financial Services and Chief Financial Officer role from 1 July 2018 to 14 October 2018.

3 Anna Lenahan retired from the Group on 30 June 2019.

4 The CEO ASB role has been determined to be KMP as of 1 July 2018.

2. Executive remuneration framework

CEO and Group Executives

The below diagram illustrates the remuneration framework that applied to the CEO and Group Executives during the 2019 financial year. The Remuneration Committee undertook a comprehensive review of the CEO and Group Executive remuneration framework during the 2019 financial year and determined to not make any material changes to the existing framework effective for the 2020 financial year.

A further review of the CEO and Group Executive remuneration framework will be undertaken during the 2020 financial year incorporating new guidance set by our regulators. The review aims to ensure that our remuneration framework continues to support our remuneration principles outlined below.



OUR REMUNERATION PRINCIPLES



Aligned with shareholder value creation



Market competitive to attract and retain high-calibre talent



Reward sustainable outperformance and discourage poor performance



Recognise the role of non-financial drivers in longer-term value creation



Simple and transparent



Reflect the Group's strategy and values

OUR REMUNERATION FRAMEWORK AND OUTCOMES REFLECT OUR VALUES

We do what is right

We are accountable

We are dedicated to service

We pursue excellence

We get things done

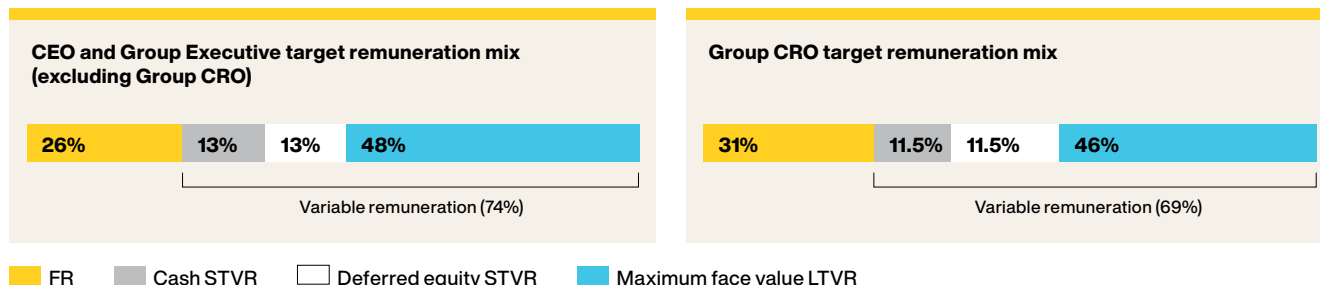
	FR	STVR (at risk)			LTVR (at risk)
Rationale	Provides market competitive remuneration to attract and retain high quality talent whilst reflecting role size and accountabilities.	Rewards annual performance, providing specific focus on strategic priorities. The values and risk and reputation outcome modifiers reward for the way the Group achieves performance outcomes.			Focuses efforts on achieving longer-term superior performance for key stakeholder groups – customers, the community, our people and shareholders. Rewards participants for the creation of sustainable long-term shareholder value and driving positive culture and engagement across the Group, and re-building trust with our customers and the community.
Structure	Base remuneration and superannuation.	50% paid as cash	25% deferred into equity for one year	25% deferred into equity for two years	Rights to shares with no dividend equivalent payments, vesting subject to performance over a four-year period.
Approach	<ul style="list-style-type: none"> Reviewed annually against peer group remuneration disclosures. Primary peer group is the other three major Australian banks. 	<ul style="list-style-type: none"> Quantum: <ul style="list-style-type: none"> Target opportunity of 100% of FR (75% of FR for Group CRO). Maximum opportunity of 150% of FR (112.5% of FR for Group CRO). Performance measures: Financial (30%; 10% for Group CRO) and non-financial measures (70%; 90% for Group CRO), being customer, people and strategic measures, including delivery of the RAP. Modifiers: Performance outcomes subject to Board assessment of demonstration of values, risk and reputation. 			<ul style="list-style-type: none"> Quantum: Maximum face value allocation of 180% of FR (150% for Group CRO), vesting is subject to performance measures and Board risk and reputation review. Performance measures: <ul style="list-style-type: none"> Relative TSR (75%); trust and reputation (12.5%); and employee engagement (12.5%). A positive TSR gateway applies to the trust and reputation and employee engagement measures. Relative TSR is measured against a peer group made up of the 20 largest companies on the ASX by market capitalisation, excluding resources companies, and CBA.

All variable remuneration is subject to Board risk and reputation review and malus consideration.

Mandatory shareholding requirement: Group Executives must accumulate CBA shares equal to 200% of FR (300% of FR for the CEO) over a five-year period from the date of their appointment to the respective roles. More detail on Executive shareholding is provided in on page 90.

CEO and Group Executive target remuneration mix

The following diagrams illustrate the target remuneration mix for the CEO and Group Executives. For the CEO and Group Executives (excluding the Group CRO), approximately three-quarters of target remuneration is variable and at risk. The Group CRO's remuneration mix has a greater emphasis on FR than variable remuneration compared to other Group Executives to support the role's independence from the Group's business activities.



CEO ASB

As required by New Zealand legislation, the CEO ASB is employed by ASB. The Appointments and Remuneration Committee (ARC) of the ASB Board advises and makes recommendations to the ASB Board regarding the CEO ASB's performance and remuneration arrangements, including structure, targets and outcomes.

For the 2019 financial year the following arrangements apply to the CEO ASB:

- Total remuneration consists of FR (includes base remuneration and KiwiSaver) and STVR (not eligible for LTVR). KiwiSaver is payable on all STVR cash components. Total remuneration is intended to be market competitive when compared against New Zealand major banking peers.
- STVR scorecard performance measures broadly align with Group Executives and are determined by the ASB Board at the beginning of the financial year. At year end, the ASB Board determine a performance rating (Needs Improvement; Inconsistent Performance; Valued Contribution; Higher Impact or Exceptional Achievement) based on quantitative and qualitative inputs. A values and behaviours assessment, and risk assessment (based on an Executive Risk Scorecard) are modifiers used to determine outcomes, consistent with the process for Group Executives.
- The process for determining the CEO ASB's STVR outcome differs from Group Executives and is specific to the ASB business. ASB operates its own discretionary annual variable remuneration plan. Outcomes under that discretionary plan are determined using a combination of company and individual performance outcomes as illustrated below:

CEO ASB STVR reference value	STVR pool/ASB performance multiplier ¹	Individual performance multiplier	Distribution factor ²
120% of base salary	75% at threshold 125% at target 150% at maximum Based on NPAT and PACC	100% at target 180% at maximum	85% – 100%

1 The ASB ARC has the discretion to adjust pool funding outcomes based on non-financial factors (including customer and risk) together with peer relative financial performance.

2 The 'distribution factor' applied depends on individual performance outcomes across all ASB employees who participate in the STVR plan, to ensure payments can be funded within the available pool.

From 1 July 2019, the ASB Board has determined that the CEO ASB's remuneration structure will more closely align to the Group Executives, including the incorporation of an LTVR component and reduction in STVR opportunity. For the 2020 financial year the following arrangements apply to the CEO ASB:

- No change to FR which will continue to be comprised of base remuneration and KiwiSaver on base remuneration. STVR of 100% of FR at target and 150% at maximum. KiwiSaver is payable on all cash components of STVR. STVR is based on ASB performance measures. 50% of any STVR will be deferred in restricted shares and vest equally over two years, and 50% payable in cash. LTVR of 180% of fixed remuneration. LTVR will be based 50% on Group relative TSR, 25% relative ASB trust and reputation and 25% absolute employee engagement.

The CEO ASB is subject to the Group's mandatory shareholding requirement, whereby CBA shares equal to 200% of FR must be accumulated over a five year period from 1 July 2018.

Other Executives

While acting in Group Executive roles during the 2019 financial year, George Confos (1 July 2018 to 31 July 2018), Alan Docherty (1 July 2018 to 14 October 2018) and Paul Newham (1 July 2018 to 30 September 2018) each received a cash allowance to recognise the additional accountability and responsibilities of their respective roles. This cash allowance ceased at the conclusion of their acting role appointments.

The STVR for Other Executives is calculated as a percentage of base remuneration (before superannuation). Two-thirds of their STVR is paid in cash and the remaining one-third is deferred into equity that vests in three equal tranches over three years.

For the period they were Accountable Persons, deferred remuneration requirements under the BEAR were met. 60% paid in cash and 40% deferred into equity for four years (unless the de minimis threshold of \$50,000 applies).

Other Executives did not participate in the LTVR plan during the 2019 financial year.

3. CEO, Group Executives and CEO ASB mandatory shareholding requirement

The following table presents the position of the CEO, Group Executives and CEO ASB against the mandatory shareholding requirement as at 30 June 2019:

Executive	Current shareholding (% of FR) ¹	Shareholding requirement (% of FR)	Position against requirement and deadline
Matt Comyn	183%	300%	Below – 9 Apr 2023
Adam Bennett	190%	200%	Below – 12 Jan 2020
Pascal Boillat	329%	200%	Meets
David Cohen	359%	200%	Meets
Alan Docherty	72%	200%	Below – 15 Oct 2023
Andrew Hinchliff	114%	200%	Below – 1 Aug 2023
Anna Lenahan	185%	200%	Below – 28 Nov 2021
Sian Lewis	70%	200%	Below – 1 Aug 2023
Vittoria Shortt	113%	200%	Below – 1 Jul 2023
Angus Sullivan	105%	200%	Below – 1 Jul 2023
Nigel Williams	217%	200%	Meets

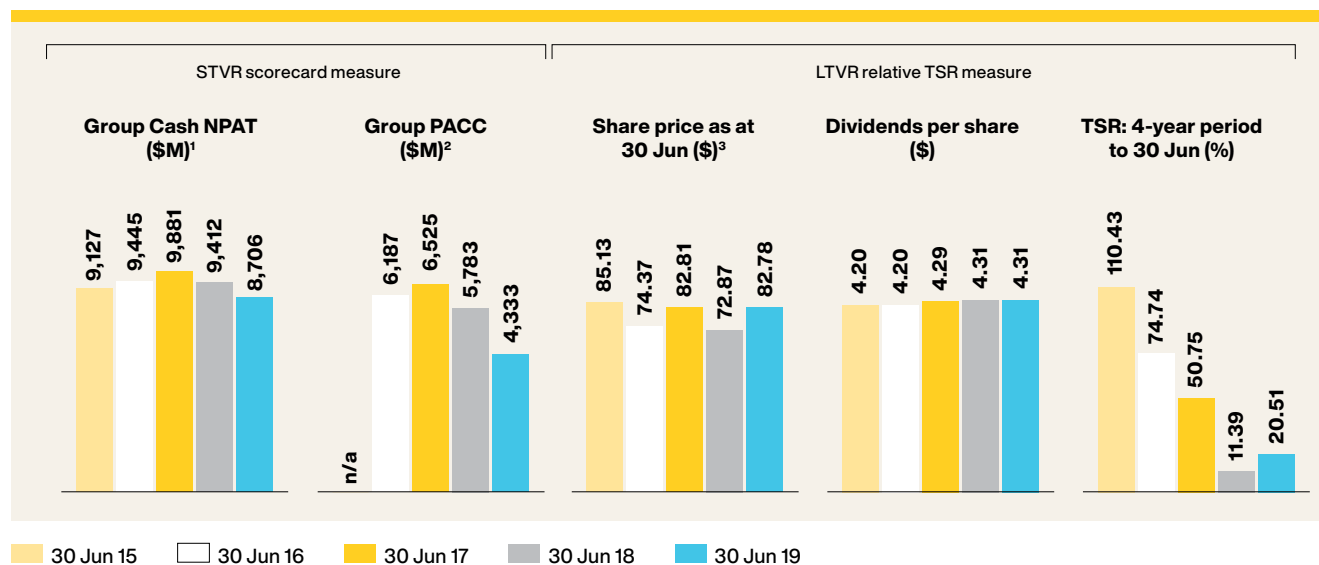
1 Represents percentage of full-year contractual FR (based on CBA closing share price on 30 June 2018 of \$72.87). Shareholdings include fully paid ordinary CBA shares and unvested equity awards with service based hurdles held by the Executive and/or certain related parties.

4. Performance and remuneration outcomes

Remuneration varies with short and long-term performance outcomes

Group financial performance

The graph and table below shows the link between CEO and Group Executive remuneration outcomes and the Group's financial performance over the past five financial years (including the 2019 financial year).



1 Group Cash NPAT includes discontinued operations.

2 Due to methodology changes, comparatives for Group Profit after Capital Charge (PACC) have only been provided for the 2016, 2017, 2018 and 2019 financial years.

3 CBA opening share price on 1 July 2014 was \$80.65.

Remuneration outcomes	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19
STVR outcome (average % of maximum)	78%	75%	0% ¹	19% ²	44%
LTVR vesting outcome (% of maximum)	86%	20%	67%	24%	24%

1 The STVR outcomes for the CEO and Group Executives were adjusted downwards to zero, reflecting collective accountability for the overall reputation of the Group and risk and reputation matters.

2 As a consequence of the APRA Prudential Inquiry Report, the Board applied a negative adjustment of 20% to the 2018 financial year performance scorecard outcomes for each current Group Executive and assessed individual risk outcomes as Partially Met to reflect collective accountability for the APRA Prudential Inquiry Report findings. Further negative risk adjustments to STVR outcomes were also made to reflect individual accountability relating to the individual for other risk and reputation matters separate from the APRA Prudential Inquiry Report findings.

Short term variable remuneration

2019 financial year STVR award – key features

The table below outlines key features of the 2019 financial year STVR award for the Executives. Refer to page 103 for treatment of STVR on cessation of employment.

Features	Approach															
Purpose	Reward annual performance, with balanced focus on customer, people, strategic and shareholder outcomes, incorporating both risk and reputation and values assessments. Recognises both the “how” and the “what” of performance.															
Participants	All Executives															
Opportunity	<table border="1"> <thead> <tr> <th>Executives</th> <th>Target STVR</th> <th>Maximum STVR</th> </tr> </thead> <tbody> <tr> <td>CEO and Group Executives (excluding Group CRO)</td> <td>100% of FR</td> <td>150% of FR</td> </tr> <tr> <td>Group CRO</td> <td>75% of FR</td> <td>112.5% of FR</td> </tr> <tr> <td>CEO ASB</td> <td>150% of base remuneration¹</td> <td>324% of base remuneration</td> </tr> <tr> <td>Other Executives²</td> <td>n/a</td> <td>130% – 170% of base remuneration</td> </tr> </tbody> </table>	Executives	Target STVR	Maximum STVR	CEO and Group Executives (excluding Group CRO)	100% of FR	150% of FR	Group CRO	75% of FR	112.5% of FR	CEO ASB	150% of base remuneration ¹	324% of base remuneration	Other Executives ²	n/a	130% – 170% of base remuneration
	Executives	Target STVR	Maximum STVR													
	CEO and Group Executives (excluding Group CRO)	100% of FR	150% of FR													
	Group CRO	75% of FR	112.5% of FR													
	CEO ASB	150% of base remuneration ¹	324% of base remuneration													
Other Executives ²	n/a	130% – 170% of base remuneration														

1 Assumes ASB STVR pool is at target.

2 Where STVR maximum % is specified.

CEO and Executive performance measures and weightings

Individual STVR outcomes are determined on the basis of Group (or ASB for the CEO ASB) performance and individual performance through a balanced scorecard. The performance measures chosen support the delivery of the Group's strategy and reflect a mix of financial and non-financial outcomes to provide a balanced assessment of performance.

Weighting of the financial/shareholder measure was reduced for the CEO and Group Executives to 30% to support a more balanced performance focus. Scorecard weightings cover financial/shareholder and non-financial measures linked to Group and business unit targets, and vary by role.

Role ¹	Financial/Shareholder	Non-Financial (split between customer, people and strategy)
CEO and Group Executives (excluding Group CRO)	30%	70%
Group CRO	10%	90% (40% is weighted towards delivering future fit risk management)
CEO ASB	40%	60%

1 For the Other Executives, weightings vary by individual with consideration to their business unit and/or support function priorities.

Modifier(s)

Once the balanced scorecard has been assessed and performance outcomes have been determined, that outcome is subject to the following modifiers:

- **Values:** the Board¹ has the discretion to adjust Executive STVR outcomes upwards or downwards including to zero where appropriate.
- **Risk and reputation:** the Board¹ has the discretion to adjust Executive STVR outcomes downwards including to zero where appropriate.

1 'Board' is to be read as ASB Board in respect of discretion for the CEO ASB's STVR outcomes.

Calculation of awards

STVR awards for the CEO and Executives¹ (excluding the CEO ASB) are calculated as follows:

Opportunity		Unadjusted outcome	Modifiers	Adjusted outcome
FR \$	x	Target STVR opportunity % ¹	x	Performance scorecard result % ²
			→	Values
			→	Risk and reputation
			=	Value of adjusted STVR award \$

1 Maximum STVR opportunity for Other Executives (where there is a specified maximum %).

2 The Board retains discretion to adjust scorecard outcomes.

Deferral

- **CEO and Group Executives:** 50% of the STVR award is deferred and delivered in deferred shares that vest in equal tranches over one and two years.
- **CEO ASB:** 40% of the STVR award is deferred and delivered in deferred shares that vest after four years.
- **Other Executives:** One-third of the STVR award is deferred and delivered in deferred shares that vest in equal tranches over one, two and three years¹.

All deferred STVR awards are subject to applicable Board (or ASB Board for CEO ASB) risk and reputation review prior to vesting. Please see page 103 for an overview of the treatment of deferred STVR awards on termination.

1 For the period they were Accountable Persons, deferred remuneration requirements under the BEAR were met for former Executives.

STVR performance outcomes in the financial year ended 30 June 2019 – CEO

The Board's assessment of the CEO's performance in the 2019 financial year is outlined below.

Measure	Weighting %	Threshold			% of STVR		Commentary
		50%	100%	150%	target (100% of FR)	maximum (150% of FR)	
Key:							
• = Actual result							
Threshold	50% – Board assesses CEO has met the threshold level of performance.						
Target	100% – Board assesses CEO has met the expected performance level in all aspects.						
Above expectations	150% – Board assesses CEO has substantially exceeded the expected performance level.						
Performance scorecard							
Financial/Shareholder							
Group cash NPAT	15%	●			0%	0%	• Below threshold in Group cash NPAT (including discontinued operations) (Target: \$10,134m, Actual: \$8,706m).
Group underlying PACC	15%	●			0%	0%	• Below threshold in Group underlying PACC (Target: \$6,348m, Actual: \$4,333m).
Customer							
NPS outcomes for consumer and business customers (six-month rolling)	5%	●			0%	0%	• Consumer and Business NPS results were below target (Consumer Target +2, Actual -10, Business Target -15, Actual -22.4).
Complaints remediation	5%		●		5%	3%	• Personal leadership and focus on complaints management across the Group. • Strong progress on open aged complaints and external dispute resolution complaints.
People							
Group people measure results (culture, talent, diversity, safety and wellbeing)	10%			●	13%	8%	• Strong personal leadership and visibility in the organisation has contributed to restoring employee confidence and greater risk awareness. • Employee engagement levels stabilised in April 2019 survey in a challenging environment, and strong increase in employee connection with the Group's purpose was evidenced. • Executive Team refresh, including key talent in senior leader population (particularly Risk, Digital, and Information Security roles). • Zero non-conformance recorded in 2019 external Health and Safety self insurance audit.
Strategy							
Progress on and quality of implementation of the APRA RAP	30%		●		30%	20%	• Developed and implemented Better Risk Outcomes Program (BROP) to address APRA Prudential Inquiry Report recommendations and deliver on the RAP. • Independent reviewer, Promontory, assessed the RAP delivery "on track", with strong leadership support. As at 30 June 2019, 48% of milestones have been delivered in line with the schedule.
Progress on the delivery of Group Strategic Priorities (including shared priority dashboard)	20%			●	28%	19%	• Focused organic capital generation through performance and capital discipline. • Sale of Colonial First State Global Asset Management to MUFG Bank Ltd delivering significant value to the Group. • Better for You initiatives improved CBA brand sentiment. • Continued execution on complex divestment of Wealth business, including Colonial Mutual Life Assurance Society Limited. • New Group Regulatory Engagement Standard embedded, requiring more open and transparent approach to engaging with regulators. • Group-wide Simplification Program established to drive cost reduction and create capacity to invest in our core. • Industry-leading digital customer experience and security, with banking app rated best in the Australia and third best globally.
Overall STVR CEO outcome					76%	50%	
STVR modifiers							
Values	Exceptionally Demonstrated				No adjustment		• Extensive and positive engagement across a range of stakeholders (political, regulatory, customer and investor). • Led the establishment and embedding of new Purpose, Values, Code of Conduct and 'Should We'.
Risk and reputation	Partially Met				-10% reduction		• Reputational impacts arising from Royal Commission. • Substantial improvement in identification, management and governance of non-financial risk. • Strong progress on risk culture maturity, including through launch of Better Bank Leadership Program, however remains an ongoing focus.
Overall adjusted STVR CEO outcome					68%	45%	

STVR performance outcomes in the financial year ended 30 June 2019 – Executives

The following table provides the 2019 financial year STVR outcomes for Executives for the period they were KMP. The minimum potential outcome is zero.

	STVR actual				STVR actual as a % of STVR target	STVR actual as a % of STVR maximum
	STVR target	Total	Cash	Deferred		
	\$	\$	\$	\$		
CEO						
Matt Comyn	2,200,000	1,494,900	747,450	747,450	68%	45%
Current Executives						
Adam Bennett	1,049,580	489,368	244,684	244,684	47%	31%
Pascal Boillat ¹	1,121,918	707,650	353,825	353,825	63%	42%
David Cohen ²	1,200,000	696,436	348,218	348,218	58%	39%
Alan Docherty ³	908,527	582,592	291,296	291,296	64%	46%
Andrew Hinchliff ¹	915,068	605,776	302,888	302,888	66%	44%
Anna Lenahan	865,000	554,681	332,809	221,872	64%	43%
Sian Lewis ¹	754,932	521,658	260,829	260,829	69%	46%
Vittoria Shortt ⁴	1,406,141	1,567,962	940,777	627,185	112%	52%
Angus Sullivan	1,050,000	749,000	374,500	374,500	71%	48%
Nigel Williams ¹	709,110	553,638	276,819	276,819	78%	52%
Former Executives						
George Confos ^{5,6}	n/a	70,951	47,301	23,650	n/a	n/a
Coen Jonker ⁶	462,861	299,008	179,405	119,603	65%	43%
Paul Newham ^{5,6}	245,753	188,002	112,801	75,201	n/a	77%
Michael Venter ^{5,6}	456,221	222,636	133,582	89,054	n/a	49%

1 Newly appointed Executives' STVR awards reflects their time in the role. Pascal Boillat (1 October 2018 to 30 June 2019), Andrew Hinchliff (1 August 2018 to 30 June 2019), Sian Lewis (1 August 2018 to 30 June 2019) and Nigel Williams (5 November 2018 to 30 June 2019).

2 David Cohen was appointed to the Deputy CEO role effective 5 November 2018. His STVR target reflects his time in both the Group CRO role (1 July 2018 to 4 November 2018) and Deputy CEO role (5 November 2018 to 30 June 2019).

3 Alan Docherty was acting in the Group Executive, Financial Services and Chief Financial Officer role before being appointed to the role permanently effective 15 October 2018. The values in the table above reflects his time in both acting (1 July 2018 to 14 October 2018) and permanent (15 October 2018 to 30 June 2019) appointments. Note, while acting in the role, Alan's STVR maximum was 130% of base remuneration.

4 As detailed on page 89, for the 2019 financial year Vittoria Shortt only participated in the STVR plan and was not eligible for LTVR. STVR target represents the reference value of 120% of base salary multiplied by ASB STVR pool multiplier at target (125%). From 1 July 2019, the CEO ASB's remuneration structure will more closely align to the Group Executives (including incorporation of a LTVR and reduction in STVR opportunity).

5 Other Executives' STVR target shown above reflects their STVR maximum (excluding George Confos). Paul Newham's and Michael Venter's STVR maximum is 170% of base remuneration. George Confos' arrangement does not specify an STVR target and/or maximum.

6 Former Executives' remuneration reflects their time in the KMP role. George Confos (1 July 2018 to 31 July 2018), Coen Jonker (1 July 2018 to 31 December 2018), Paul Newham (1 July 2018 to 30 September 2018) and Michael Venter (1 July 2018 to 2 December 2018).

Long term variable remuneration

2019 financial year LTVR award – key features

The table below outlines key features of the 2019 financial year LTVR for the CEO and Group Executives. Refer to page 103 for treatment of LTVR on cessation of employment.

Features	Approach							
Purpose	To align participants with achievement of superior performance for key stakeholder groups – being customers, the community, our people and shareholders. The LTVR aims to support creation of sustainable long-term shareholder value, drive positive culture and engagement in the Group, and re-build trust with our customers and the community.							
Participants	CEO and Group Executives.							
Opportunity	The maximum face value of LTVR that can be granted for the CEO and Group Executives, excluding the Group CRO, is 180% of FR. The maximum face value of LTVR that can be granted for the Group CRO is 150% of FR. The minimum potential outcome value is zero.							
Performance period	Four years from 1 July 2018 to 30 June 2022.							
Instrument	Rights – each right entitles the participant to receive one CBA share, subject to meeting performance measures.							
Allocation approach	Maximum face value allocation approach. The number of rights granted are calculated as follows for the CEO and Group Executives: <div style="text-align: center; margin: 10px 0;"> <table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 5px;">FR (at time of grant) \$</td> <td style="padding: 5px;">x</td> <td style="padding: 5px;">180%¹</td> <td style="padding: 5px;">÷</td> <td style="padding: 5px;">Share price (no discount applied) \$</td> <td style="padding: 5px;">=</td> <td style="padding: 5px;">Number of rights</td> </tr> </table> </div> <p>Share price: The share price used was the Volume Weighted Average Price of CBA's ordinary shares over the five trading days up to 1 July 2018.</p> <p>¹ 150% for the Group CRO</p>	FR (at time of grant) \$	x	180% ¹	÷	Share price (no discount applied) \$	=	Number of rights
FR (at time of grant) \$	x	180% ¹	÷	Share price (no discount applied) \$	=	Number of rights		
Dividend payments	No dividends or dividend equivalent payments are provided on rights.							
Board discretion	The total LTVR award is subject to Board risk and reputation review prior to vesting, and can be reduced to zero. The Board has discretion to determine that some or all of the award will lapse in certain circumstances (malus), including where, in the opinion of the Board: <ul style="list-style-type: none"> • the vesting of rights is not justified or supportable, having regard to the participant's performance and/or conduct, the performance of the business unit or function (as relevant having regard to the participant's accountability or role), or the overall Group performance • the vesting of rights will impact on the financial soundness of the Group or a member of the Group • a significant unexpected or unintended consequence or outcome has occurred, including where original expected performance outcomes have not been realised. 							

Performance measures	Approach										
75% TSR (relative)	Peer group										
<ul style="list-style-type: none"> • TSR measures a company's share price movement, dividends paid and any return on capital over a specific period. • Relative TSR compares the ranking of CBA TSR over the performance period with the TSR of other companies in a peer group. 	<ul style="list-style-type: none"> • The peer group is made up of the 20 largest companies on the ASX by market capitalisation at the beginning of the performance period, excluding resources companies, and CBA¹. • This cross-industry peer group has been chosen as it represents the typical portfolio of companies in which CBA's shareholders invest, and so provides valid benchmarks for measuring against the CBA's TSR. 										
Reason for selection: Provides a direct link between Executive reward and shareholder returns, for alignment with our shareholders.	Vesting framework										
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Peer group ranking</th> <th>Vesting %</th> </tr> </thead> <tbody> <tr> <td>At the 75th percentile or higher</td> <td>100%</td> </tr> <tr> <td>Between the median and 75th percentile</td> <td>Pro-rata vesting from 50% to 100%</td> </tr> <tr> <td>At the median</td> <td>50%</td> </tr> <tr> <td>Below the median</td> <td>0%</td> </tr> </tbody> </table>	Peer group ranking	Vesting %	At the 75th percentile or higher	100%	Between the median and 75th percentile	Pro-rata vesting from 50% to 100%	At the median	50%	Below the median	0%
Peer group ranking	Vesting %										
At the 75th percentile or higher	100%										
Between the median and 75th percentile	Pro-rata vesting from 50% to 100%										
At the median	50%										
Below the median	0%										
	Calculation of results										
	Each company in the peer group will be given a percentile ranking based on the growth in its TSR over the four-year performance period. TSR outcomes are calculated by an independent provider, Orient Capital.										

Performance measures**12.5% Trust and reputation (relative)**

- Measured against the independent RepTrak® pulse score survey conducted by the Reputation Institute, which uses a set of four equally weighted questions to test the trust, respect and admiration a respondent has for a particular company. Our score over the performance period is compared with the performance over the same period of a peer group.
- The RepTrak® pulse score survey is conducted quarterly.

Reason for selection: The Board recognises the critical importance for the Group and the industry of rebuilding and improving the trust of customers and the broader community. This is a key factor in enhancing long-term financial performance and value to shareholders.

Approach**Peer group**

- The peer group of the 16 largest consumer-facing companies listed on the ASX by market capitalisation at the beginning of the performance period, excluding resource companies, companies that are not familiar to the general public, companies that do not operate nationally, and CBA².
- This cross-industry peer group has been chosen to ensure that the CBA focuses on delivering trust and reputation outcomes that are among the best in class for all customer-focused industries, not just financial services.

Vesting framework

Peer group ranking	Vesting %
At the 75th percentile or higher	100%
Between the median and 75th percentile	Pro-rata vesting from 50% to 100%
At the median	50%
Below the median	0%

Calculation of results

The opening pulse score for each company will be based on the average of the March, June and September 2018 surveys, while the closing pulse score will be based on the November 2021, March and June 2022 surveys.

Each company in the peer group will be given a percentile ranking based on the change in its pulse score over the four-year performance period.

12.5% Employee engagement (absolute)

- Employees of CBA are invited to participate in an externally conducted online survey.
- The Employee Engagement Index (EEI) is calculated using particular questions from the survey.
- EEI is based on the proportion of employees responding that they "strongly agree" or "agree" with the four questions relating to satisfaction, commitment, advocacy and pride (each of which is equally weighted).

Reason for selection: The Board considers that an engaged workforce results in greater productivity and a better customer experience, and that builds overall value for the Group. It is important the Group's employees are its advocates, committed to our purpose, values and strategy.

Target setting

The target and stretch levels of performance have been set by the Board having regard for the IBM Kenexa gap closure method and global benchmark scores provided by IBM Kenexa, and CBA's EEI baseline relevant to the award. Executives will only be rewarded for achieving improvements in employee engagement.

Vesting framework

EEI score	Vesting %
80% or higher	100%
Between 75% and 80%	Pro-rata vesting from 50% to 100%
75%	50%
Below 75%	0%

Calculation of results

The surveys will be conducted by an independent provider who will facilitate and collate the EEI results. The change in the EEI scores between the March 2018 EEI score of 72% and the March 2022 score will be used to determine the level of vesting.

- The peer group at the beginning of the performance period for the TSR performance hurdle comprised: AGL Limited, Amcor Limited, Aristocrat Leisure Limited, Australia & New Zealand Banking Group Limited, Brambles Limited, Cimic Group Limited, CSL Limited, Goodman Group, Insurance Australia Group Limited, Macquarie Group Limited, National Australia Bank Limited, ResMed Inc, Scentre Group, Suncorp Group Limited, Sydney Airport, Telstra Corporation Limited, Transurban Group, Wesfarmers Limited, Westpac Banking Corporation and Woolworths Limited. The reserve bench comprised QBE Insurance Group Limited, Treasury Wine Estates Limited, ASX Limited, REA Group Ltd and APA Group. A reserve bench company will be substituted (in order of market capitalisation as at the beginning of the performance period) into the peer group when a peer group company ceases to be listed on the ASX as a result of an acquisition, merger or other relevant corporate action or delisting.
- The peer group at the beginning of the performance period for the trust and reputation performance hurdle comprised: AGL Limited, AMP Limited, Australia & New Zealand Banking Group Limited, Crown Resorts Limited, Insurance Australia Group Limited, Lendlease Group Limited, Macquarie Group Limited, National Australia Bank Limited, Qantas Limited, QBE Insurance Group Limited, Stockland Corporation Limited, Suncorp Group Limited, Telstra Corporation Limited, Wesfarmers Limited, Westpac Banking Corporation and Woolworths Limited. The reserve bench comprised Medibank Private Limited, Coca-Cola Amatil Limited, Flight Centre Travel Group Limited and Bendigo and Adelaide Bank Limited. A reserve bench company will be substituted (in order of market capitalisation as at the beginning of the performance period) into the peer group when a peer group company ceases to be listed on the ASX as a result of an acquisition, merger or other relevant corporate action or delisting.

A positive TSR gateway is applied to the non-financial performance measures (trust and reputation, employee engagement), such that no vesting on these measures occurs unless the change in shareholder value is positive.

LTVR performance outcomes for the financial year ended 30 June 2019

The 2016 financial year LTVR award reached the end of its four-year performance period on 30 June 2019 and vested at 24.31%, with 75.69% of the LTVR award lapsing.

Performance measure	Percentage of award	Performance outcome	Vesting outcome
Relative TSR	75.32%	35 th percentile ranking relative to TSR peer group	0%
Relative customer satisfaction ¹	24.68%	Average result by business over performance period: <ul style="list-style-type: none"> retail main financial institution (MFI) customer satisfaction = 1.02 wealth management customer satisfaction = 1.17 business MFI customer satisfaction = 1.00 Total weighted average ranking = 1.03	98.50%

1 Vesting outcome for relative customer satisfaction is calculated based on the weighted average ranking across the three independent surveys (weighted by the business area's contribution to NPAT at the beginning of the performance period). Relative customer satisfaction vests at 50% if the weighted average ranking is 2nd and 100% if the weighted average ranking is 1st, with straight line vesting in between.

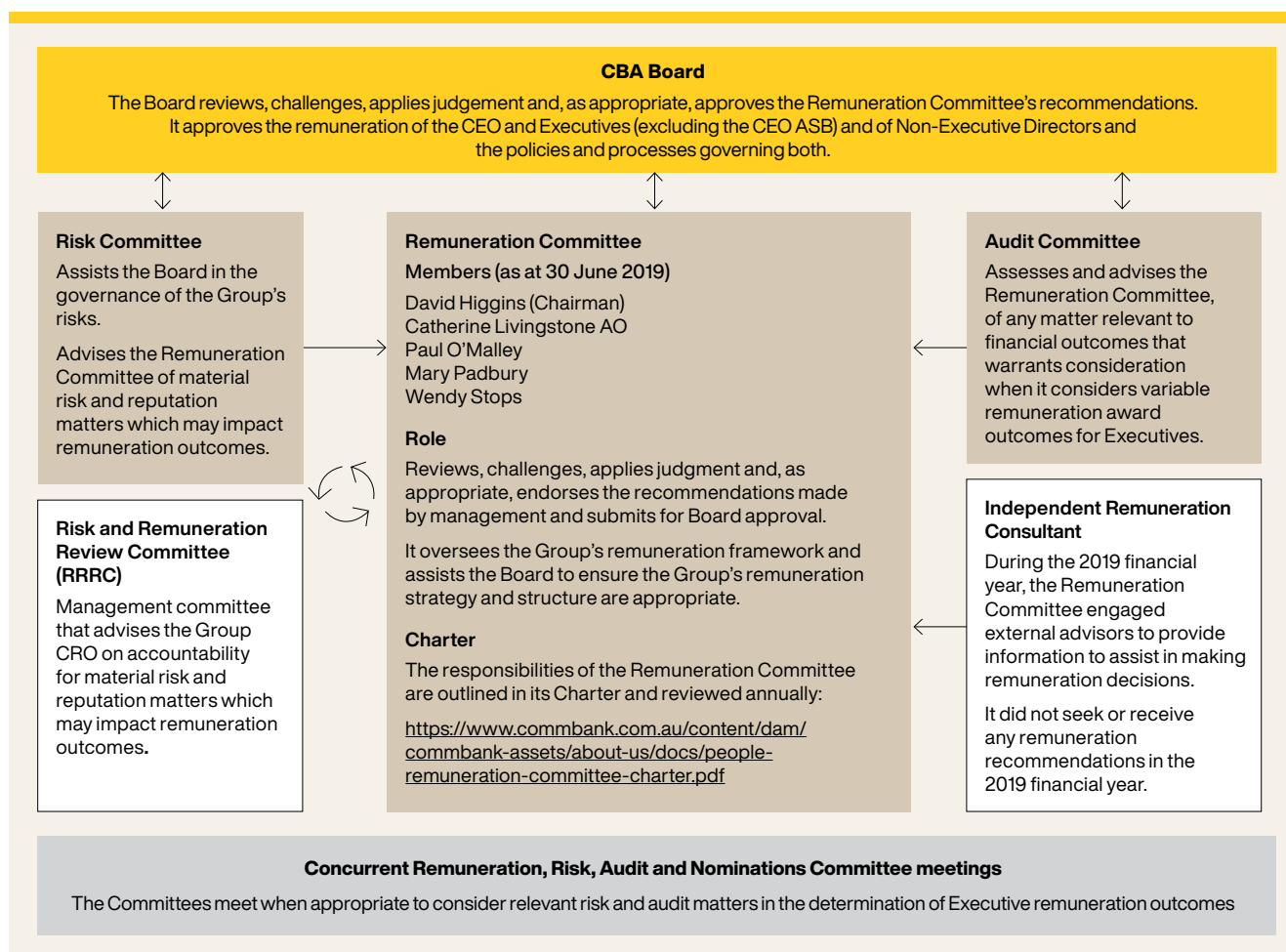
5. Remuneration governance

The Remuneration Committee is the governing body for developing, monitoring and assessing remuneration strategy, policies and practices across CBA on behalf of the Board. The Remuneration Committee met formally 10 times during the 2019 financial year.

As part of the performance and risk review, to support the determination of remuneration outcomes for the CEO and Executives (excluding the CEO ASB), the Remuneration Committee met with the Risk and Audit Committees in February 2019 and June 2019. These meetings provided an opportunity for the Committees to review and discuss relevant risk and audit matters, including appropriate variable remuneration consequences for the matters raised, and provide direct input into the determination of variable remuneration outcomes and any in-year or malus adjustments for the CEO and Executives (excluding CEO ASB) in the 2019 financial year.

Information provided to the Board Committees to support their determinations included risk scorecards, details of material risk and reputation matters, including outcomes of internal audit reviews conducted during the year and consideration of on the quality of financial results.

The following diagram illustrates CBA's remuneration governance framework.



6. Executive statutory remuneration disclosures

Executive statutory remuneration

The following statutory table details the statutory accounting expense of all remuneration-related items for the Group's Executives. This includes remuneration costs in relation to both the 2018 and 2019 financial years. The tables are different from the remuneration outcomes table on page 86, which shows the remuneration received in the 2019 financial year rather than the accrual accounting amounts determined in accordance with the Australian Accounting Standards. The tables have been developed and audited against the relevant Australian Accounting Standards. Refer to the footnotes below each table for more detail on each remuneration component.

	FR ¹		Other short-term benefits			Long-term benefits		Share-based payments			Total statutory remuneration ¹⁰ \$
	Base remuneration ² \$	Superannuation \$	Non-monetary ³ \$	Cash STVR (at risk) ⁴ \$	Other ⁵ \$	Long-term ⁶ \$	Deferred STVR (at risk) ⁷ \$	Deferred equity (at risk) ⁸ \$	LTVR equity (at risk) ⁹ \$	Termination benefits \$	
CEO											
Matt Comyn											
30 Jun 19	2,179,469	20,531	16,928	747,450	91,672	98,034	-	-	1,204,552	-	4,358,636
30 Jun 18	1,292,075	23,874	15,726	-	266,686	198,599	-	-	1,162,327	-	2,959,287
Current Executives											
Adam Bennett											
30 Jun 19	1,024,580	25,000	16,928	244,684	7,644	34,629	-	141,240	1,018,078	-	2,512,783
30 Jun 18	1,024,580	25,000	16,911	225,988	5,293	58,981	-	51,962	974,726	-	2,383,441
Pascal Boillat											
30 Jun 19	1,106,561	15,356	11,583	353,825	322,213	6,612	-	2,357,718	183,916	-	4,357,784
David Cohen											
30 Jun 19	1,177,914	22,086	16,928	348,218	26,087	38,147	-	163,350	1,133,049	-	2,925,779
30 Jun 18	1,175,000	25,000	16,911	261,300	(40,808)	56,646	-	-	1,150,959	-	2,645,008
Alan Docherty											
30 Jun 19	924,746	20,531	16,928	291,296	11,393	237,972	-	167,426	125,676	-	1,795,968
30 Jun 18	95,994	2,637	2,270	51,966	6,791	4,018	-	23,222	-	-	186,898
Andrew Hinchliff¹¹											
30 Jun 19	896,281	18,788	15,520	302,888	84,714	33,247	-	331,132	122,606	-	1,805,176
Anna Lenahan¹²											
30 Jun 19	844,469	20,531	16,928	332,809	12,743	(10,285)	221,872	357,116	1,846,755	-	3,642,938
30 Jun 18	844,951	20,049	16,911	249,120	49,351	6,993	-	533,239	440,478	-	2,161,092
Sian Lewis¹¹											
30 Jun 19	736,144	18,788	15,520	260,829	14,566	35,812	-	151,824	101,156	-	1,334,639
Vittoria Shortt^{11,13}											
30 Jun 19	937,427	56,346	9,926	940,777	24,021	28,732	-	310,192	529	-	2,307,950
30 Jun 18	497,554	14,863	9,913	97,424	(37,597)	(120,140)	97,424	33,852	2,113,398	-	2,706,691
Angus Sullivan											
30 Jun 19	1,029,469	20,531	15,379	374,500	47,688	97,018	-	183,493	128,740	-	1,896,818
30 Jun 18	109,224	5,685	3,586	78,641	8,480	2,168	-	61,180	-	-	268,964
Nigel Williams											
30 Jun 19	932,092	13,388	11,162	276,819	178,338	5,604	-	2,117,055	148,148	-	3,682,606
Former Executives											
George Confos¹¹											
30 Jun 19	67,606	2,123	1,407	47,301	6,505	1,588	-	24,668	-	-	151,198
30 Jun 18	133,031	4,178	2,858	103,417	7,779	2,401	-	64,612	-	-	318,276
Coen Jonker^{11,12,13}											
30 Jun 19	461,243	1,618	-	179,405	149,469	-	119,603	330,150	464,383	807,820	2,513,691
30 Jun 18	845,827	2,967	-	203,710	461,814	231,089	-	189,362	95,845	-	2,030,614
Melanie Laing^{11,12}											
30 Jun 19	71,079	2,123	-	-	7,036	(88,069)	-	-	1,325,679	487,149	1,804,997
30 Jun 18	836,900	25,000	16,911	-	54,274	14,817	-	-	938,990	-	1,886,892
Paul Newham¹¹											
30 Jun 19	207,945	6,301	3,796	112,801	12,205	582	-	61,850	-	-	405,480
30 Jun 18	137,877	4,178	2,612	92,879	3,033	1,516	-	50,603	-	-	292,698
Michael Venter¹¹											
30 Jun 19	268,365	10,616	6,396	133,582	22,121	3,336	-	111,426	-	-	555,842
30 Jun 18	313,381	12,397	6,510	271,702	73,009	(9,953)	-	179,691	-	-	846,737

- FR comprises base remuneration and superannuation (post-employment benefit). Superannuation contributions for Vittoria Shortt are made in line with the KiwiSaver employer contribution requirements (this includes the additional payment of \$28,223 payable on her cash STVR component). Superannuation contributions for Coen Jonker were made in line with Hong Kong Mandatory Provident Fund regulations.
- Total cost of salary including cash salary, short-term compensated absences and any salary sacrificed benefits.
- Cost of car parking (including associated fringe benefits tax).
- For the CEO and Group Executives, 50% of the 2019 financial year STVR for performance during the 12 months to 30 June 2019 (payable in September 2019). For the Other Executives, two-thirds of the 2019 financial year STVR for performance during the 12 months to 30 June 2019 (payable in September 2019). For the CEO ASB, 60% of the 2019 financial year STVR for performance during the 12 months to 30 June 2019 (payable in August 2019). KiwiSaver is payable on cash STVR.
- Includes company-funded benefits (including associated fringe benefits tax where applicable) and the net change in accrued annual leave. For Adam Bennett, this includes an adjustment to 2018 financial year accrued annual leave. For Coen Jonker this includes costs in relation to his Hong Kong assignment. For Pascal Boillat and Nigel Williams this includes costs in relation to relocation to Sydney. For Pascal Boillat, this also includes costs in relation to a housing allowance.
- Long service entitlements accrued during the year as well as the impact of changes to long service leave valuation assumptions, which are determined in line with Australian Accounting Standards.
- The deferred portion of the 2019 financial year STVR outcome for Anna Lenahan and Coen Jonker is deferred into cash over a two year period. The deferred portion of the 2018 financial year STVR outcome for Vittoria Shortt was also deferred into cash over a two year period.
- 2019 financial year expense for deferred STVR awarded under Group Executive and Executive General Manager arrangements, as well as sign-on and retention awards received as deferred rights and/or shares. These equity awards are subject to forfeiture if the Executive is dismissed or ceases to be employed by the Group as a result of resignation prior to the vesting date. Deferred 2019 financial year STVR will be expensed over the vesting period commencing 1 July 2019.
- 2019 financial year expense for the 2016, 2017, 2018 and 2019 financial year LTVR awards.
- The percentage of 2019 financial year remuneration related to performance was: Matt Comyn 45%, Adam Bennett 56%, Pascal Boillat 12%, David Cohen 56%, Alan Docherty 33%, Andrew Hinchliff 42%, Anna Lenahan 66%, Sian Lewis 38%, Vittoria Shortt 54%, Angus Sullivan 36%, Nigel Williams 12%, George Confos 48%, Coen Jonker 44%, Melanie Laing 73%, Paul Newham 43% and Michael Venter 44%.
- Remuneration reflects the individual's time in their respective KMP role(s). For Vittoria Shortt, prior year comparison reflects her previous role of Group Executive, Marketing and Strategy (for which she ceased as KMP on 2 February 2018).
- The LTVR rights value for Anna Lenahan, Coen Jonker and Melanie Laing reflects the disclosable accruals for all previously granted LTVR awards that remain unvested following cessation of employment up to the end of each performance period. This means that up to three years of each unvested LTVR award expense has been brought forward and disclosed in total for the 2019 financial year, including those amounts which would otherwise have been included in future year disclosures and that may not vest. These LTVR awards remain on foot and will only vest subject to the achievement of the pre-determined performance conditions and Board risk and reputation review.
- For Vittoria Shortt and Coen Jonker, remuneration was paid in New Zealand and Hong Kong dollars respectively and was impacted by movements in exchange rates.

Fair value assumptions for awards granted in the 2019 financial year

In the 2019 financial year a face value allocation approach was used to determine the number of rights granted under the LTVR (refer to page 99). The table below is provided in accordance with statutory requirements. The fair value has been calculated using a Monte Carlo simulation method using the assumptions below. The exercise price is nil across all LTVR awards.

The fair value of rights under the trust and reputation and employee engagement performance measures is higher than for the relative TSR performance measure. This is expected because the likelihood of achieving a positive TSR over the performance period (i.e. the gate opener that applies to the trust and reputation and employee engagement tranches) is greater than the likelihood of achieving a relative TSR ranking higher than the median across the peer group.

Equity plan	Performance measure	Grant date	Fair value \$	Performance period end/final vesting date	Expected life (years)	Expected volatility %	Risk free rate %	Dividend yield %
FY19 LTVR rights	Relative TSR	12 Nov 18	33.57	30 Jun 22	3.63	15	2.29	5.83
	Trust and reputation (positive TSR gateway)	12 Nov 18	49.87	30 Jun 22	3.63	15	2.29	5.83
	Employee engagement (positive TSR gateway)	12 Nov 18	49.87	30 Jun 22	3.63	15	2.29	5.83
FY18 STVR Deferral ¹	Service	1 Sep 18	72.00	1 Sep 21	n/a	n/a	n/a	n/a
Sign-on Award – Pascal Boillat	Service	1 Oct 18	70.87	1 Mar 23	n/a	n/a	n/a	n/a
Sign-on Award – Nigel Williams	Service	5 Nov 18	68.52	22 Nov 21	n/a	n/a	n/a	n/a

¹ For the Group Executive 2018 financial year STVR deferral, final vesting date will occur on 1 September 2020. For the Executive General Manager 2018 financial year STVR deferral, final vesting will occur on 1 September 2021.

Equity awards received as remuneration

The table below details the value and number of all equity awards that were granted, vested, forfeited or lapsed to Executives during their time in a KMP role in 2019 financial year. It also shows the number of previous years' awards that vested during the 2019 financial year – some of which relate to past non-KMP roles.

Class ¹	Granted during 2019 financial year ²		Awards vested during 2019 financial year ³		Forfeited or lapsed during 2019 financial year ⁴		
	Units	\$	Units	\$	Units	\$	
CEO							
Matt Comyn	LTVR reward rights	54,364	2,046,516	5,394	464,108	17,251	1,270,151
Current Executives							
Adam Bennett	LTVR reward rights	25,936	976,361	2,390	205,639	7,645	562,884
	Deferred STVR shares	3,139	226,008	-	-	-	-
	Deferred STVR rights	-	-	2,056	167,345	-	-
Pascal Boillat	LTVR reward rights	37,066	1,395,341	-	-	-	-
	Sign-on equity	82,660	5,858,114	14,879	1,052,765	-	-
David Cohen	LTVR reward rights	29,652	1,116,233	4,713	405,514	15,074	1,109,864
	Deferred STVR shares	3,630	261,360	-	-	-	-
Alan Docherty	LTVR reward rights	25,329	953,506	-	-	-	-
	Deferred STVR shares	2,745	197,640	-	-	-	-
	Deferred STVR rights	-	-	2,950	233,096	-	-
Andrew Hinchliff	LTVR reward rights	24,709	930,150	-	-	-	-
	Deferred STVR shares	6,019	433,368	-	-	-	-
	Deferred STVR rights	-	-	4,831	378,283	-	-
Anna Lenahan	LTVR reward rights	21,373	804,566	-	-	-	-
	Deferred STVR shares	3,460	249,120	-	-	-	-
	Sign-on equity	-	-	9,234	719,170	-	-
Sian Lewis	LTVR reward rights	20,386	767,423	-	-	-	-
	Deferred STVR shares	2,500	180,000	-	-	-	-
	Deferred STVR rights	-	-	2,848	223,942	-	-
Vittoria Shortt ⁵	LTVR reward rights	-	-	1,468	126,309	4,692	345,461
	Deferred STVR rights	7,064	508,608	2,253	183,379	-	-
Angus Sullivan	LTVR reward rights	25,946	976,729	-	-	-	-
	Deferred STVR shares	2,402	172,944	-	-	-	-
	Deferred STVR rights	-	-	5,153	409,280	-	-
Nigel Williams	LTVR reward rights	29,858	1,123,996	-	-	-	-
	Sign-on equity	43,112	2,954,034	18,538	1,294,553	-	-
Former Executives							
George Confos	Deferred STVR shares	4,298	309,456	-	-	-	-
	Deferred STVR rights	-	-	7,786	619,619	-	-
Coen Jonker	Deferred STVR shares	2,960	213,120	-	-	-	-
	Deferred STVR rights	-	-	1,599	124,749	-	-
Melanie Laing	LTVR reward rights	-	-	4,425	380,734	14,153	1,042,053
Paul Newham	Deferred STVR shares	3,860	277,920	-	-	-	-
	Deferred STVR rights	-	-	6,158	490,144	-	-
Michael Venter	Deferred STVR shares	3,805	273,960	-	-	-	-
	Deferred STVR rights	-	-	6,262	524,970	-	-

- 1 Deferred STVR shares/rights represent STVR previously awarded under the Group Executive or Executive General Manager arrangements. Sign-on equity was awarded in the 2019 financial year in the form of deferred shares for Pascal Boillat and Nigel Williams, and deferred rights from prior years for Anna Lenahan.
- 2 Represents the maximum number of equity awards that may vest to each Executive in respect of their time as KMP. The values represent the fair value at grant date. The minimum potential outcome for the equity awards is zero.
- 3 Awards that vested include the 2015 financial year LTVR award (granted 18 September 2014, except for Adam Bennett the grant date was 12 February 2015 and for Vittoria Shortt the grant date was 7 May 2015), deferred STVR awards (vested in full) (tranches granted 1 September 2015, 1 September 2016 and 1 September 2017) and sign-on shares/rights (granted 28 November 2016, 1 October 2018 and 5 November 2018) that vested during time in KMP role. The value of the awards vested is calculated using VWACP for the five days preceding the vesting date, and includes the value of dividends accrued over the vesting period.
- 4 This includes the portion of the 2015 financial year LTVR award (76.18%) that did not meet the performance hurdle and lapsed. The value of the lapsed award is calculated using the VWACP for the five days preceding the lapse date.
- 5 Vittoria Shortt's LTVR awards are in relation to her Group Executive role prior to her becoming the CEO ASB.

Overview of unvested equity awards

Equity plan	Grant date	Performance period/ vesting schedule		Performance measures/vesting conditions
		Start date	End date	
FY17 LTVR	22 Feb 17	1 Jul 16	30 Jun 20	Each award is split and tested: <ul style="list-style-type: none"> • 75% TSR ranking relative to peer group • 25% customer satisfaction average ranking relative to peer group. Subject to Board risk and reputation review and malus provisions.
FY18 LTVR	17 Nov 17	1 Jul 17	30 Jun 21	Each award is split and tested:
FY19 LTVR	12 Nov 18	1 Jul 18	30 Jun 22	<ul style="list-style-type: none"> • 75% TSR ranking relative to peer group • 12.5% trust and reputation (relative to peer group) and 12.5% employee engagement (both measures are subject to a positive TSR gateway). Subject to Board risk and reputation review and malus provisions.
FY18 STVR	1 Sep 18	1 Jul 17	30 Jun 18	Vesting to occur after 1 and 2 years, subject to: <ul style="list-style-type: none"> • Continued employment; • Board risk and reputation review; and • Malus provisions.
FY16 Executive General Manager STVR	1 Sep 16	1 Jul 15	30 Jun 16	Vesting to occur after 1, 2 and 3 years, subject to:
FY17 Executive General Manager STVR	1 Sep 17	1 Jul 16	30 Jun 17	<ul style="list-style-type: none"> • Continued employment; • Board risk and reputation review; and • Malus provisions.
FY18 Executive General Manager STVR	1 Sep 18	1 Jul 17	30 Jun 18	
Pascal Boillat sign-on equity	1 Oct 18	1 Apr 19	1 Mar 23	No performance measures. Subject to: <ul style="list-style-type: none"> • Continued employment;
Nigel Williams sign-on equity	5 Nov 18	1 Jan 19	22 Nov 21	<ul style="list-style-type: none"> • Board risk and reputation review; and • Malus provisions.

Shares and other securities held by Executives

Details of the shareholdings and other securities held by Executives (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power) are set out below relating to time in KMP role.

	Class ¹	Balance 1 Jul 18	Acquired/ granted as remuneration	Awards vested during the 2019 financial year ²	Net change other ³	Balance 30 Jun 19
CEO						
Matt Comyn	Ordinary	50,003	-	5,394	-	55,397
	LTVR reward rights	89,229	54,364	(5,394)	(17,251)	120,948
Current Executives						
Adam Bennett	Ordinary	19,825	-	4,446	-	24,271
	LTVR reward rights	73,763	25,936	(2,390)	(7,645)	89,664
	Deferred STVR shares	-	3,139	-	-	3,139
	Deferred STVR rights	2,056	-	(2,056)	-	-
Pascal Boillat	Ordinary	n/a	-	14,879	(14,879)	-
	LTVR reward rights	n/a	37,066	-	-	37,066
	Sign-on equity	n/a	82,660	(14,879)	-	67,781
David Cohen	Ordinary	56,944	-	4,713	(5,776)	55,881
	LTVR reward rights	89,349	29,652	(4,713)	(15,074)	99,214
	Deferred STVR shares	-	3,630	-	-	3,630
Alan Docherty	Ordinary	2,192	-	2,950	-	5,142
	LTVR reward rights	-	25,329	-	-	25,329
	Deferred STVR shares	-	2,745	-	-	2,745
	Deferred STVR rights	5,209	-	(2,950)	-	2,259
Andrew Hinchliff	Ordinary	n/a	-	4,831	-	4,831
	LTVR reward rights	n/a	24,709	-	-	24,709
	Deferred STVR shares	n/a	6,019	-	-	6,019
	Deferred STVR rights	n/a	-	(4,831)	9,638	4,807
Anna Lenahan	Ordinary	13,852	-	9,234	(4,617)	18,469
	LTVR reward rights	36,911	21,373	-	-	58,284
	Deferred STVR shares	-	3,460	-	-	3,460
	Sign-on equity	9,234	-	(9,234)	-	-
	PERLS	2,000	-	-	(2,000)	-
Sian Lewis	Ordinary	n/a	-	2,848	88	2,936
	LTVR reward rights	n/a	20,386	-	-	20,386
	Deferred STVR shares	n/a	2,500	-	-	2,500
	Deferred STVR rights	n/a	-	(2,848)	5,382	2,534
Vittoria Shortt ⁴	Ordinary	11,384	-	3,642	-	15,026
	LTVR reward rights	60,173	-	(1,468)	(4,692)	54,013
	Deferred STVR rights	2,253	7,064	(2,253)	-	7,064

	Class ¹	Balance 1 Jul 18	Acquired/ granted as remuneration	Awards vested during the 2019 financial year ²	Net change other ³	Balance 30 Jun 19
Angus Sullivan	Ordinary	4,316	-	5,153	-	9,469
	LTVR reward rights	-	25,946	-	-	25,946
	Deferred STVR shares	-	2,402	-	-	2,402
	Deferred STVR rights	8,419	-	(5,153)	-	3,266
Nigel Williams	Ordinary	n/a	-	18,538	-	18,538
	LTVR reward rights	n/a	29,858	-	-	29,858
	Sign-on equity	n/a	43,112	(18,538)	-	24,574
Former Executives						
George Confos	Ordinary	1,685	-	7,786	(8,636)	n/a
	Deferred STVR shares	-	4,298	-	-	n/a
	Deferred STVR rights	12,332	-	(7,786)	-	n/a
	PERLS	330	-	-	200	n/a
Coen Jonker	LTVR reward rights	18,658	-	-	-	n/a
	Deferred STVR shares	-	2,960	-	-	n/a
	Deferred STVR rights	4,164	-	(1,599)	-	n/a
Melanie Laing	Ordinary	63,490	-	4,425	(4,425)	n/a
	LTVR reward rights	72,238	-	(4,425)	(14,153)	n/a
Paul Newham	Ordinary	4,932	-	6,158	-	n/a
	Deferred STVR shares	-	3,860	-	-	n/a
	Deferred STVR rights	9,729	-	(6,158)	-	n/a
Michael Venter	Ordinary	-	-	1,270	(1,270)	n/a
	Deferred STVR shares	-	3,805	-	-	n/a
	Deferred STVR rights	10,191	-	(6,262)	-	n/a

1 Ordinary shares include all CBA shares held by the Executive's related parties. LTVR reward rights are subject to performance hurdles. Deferred rights/shares represent the deferred STVR awarded under Group Executive and Executive General Manager arrangements, sign-on and retention awards. Both LTVR rights and deferred rights/shares are unvested as at 30 June 2019. The maximum potential outcome for LTVR rights and deferred rights/shares is subject to CBA share price at time of vesting.

2 LTVR rights and deferred rights/shares become ordinary shares or cash equivalent upon vesting.

3 Net change other incorporates changes resulting from purchases, sales, forfeitures during the year and shares or rights held by an Executive prior to their appointment as KMP.

4 Vittoria Shortt's LTVR awards are in relation to her Group Executive role prior to her becoming the CEO ASB.

Executive employment arrangements

The table below provides the employment arrangements for current Executives.

Contract term	CEO	Group Executives	CEO ASB	Other Executives
Contract type¹	Permanent	Permanent	Permanent	Permanent
Notice period	12 months	6 months	6 months	3 months
Severance	n/a	n/a ²	12 months ²	3 months ³
Treatment of STVR on termination	<ul style="list-style-type: none"> Unless otherwise determined by the Board (or ASB Board in respect of the CEO ASB), Executives who resign or are dismissed are not eligible to receive an STVR award and will forfeit any unvested deferred STVR awards. Unless otherwise determined by the Board, where an Executive's exit is related to any other reason (e.g., retrenchment, retirement or death), the Executive may be eligible for an STVR award with regard to actual performance against performance measures (as determined by the Board in the ordinary course following the end of the performance period). Unless otherwise determined by the Board, where an Executive's exit is related to any other reason (e.g., retrenchment, retirement or death) unvested deferred STVR awards will remain on foot subject to the original terms and conditions and will vest in the ordinary course, as though the Executive had not ceased employment. 			
Treatment of LTVR on termination	<p>In general, unless otherwise determined by the Board:</p> <ul style="list-style-type: none"> Executives who resign or are dismissed before the end of the performance period will forfeit all unvested LTVR awards; and Where an Executive's exit is related to any other reason (e.g., retrenchment, retirement or death), any unvested LTVR awards continue on-foot with performance measured at the end of the performance period related to each award. <p>The CEO ASB and Other Executives are not eligible for LTVR.</p>			

1 Permanent contracts continue until notice is given by either party.

2 Contractual severance pay is no longer offered in Group Executive employment arrangements. Group Executives remain entitled to statutory redundancy pay if retrenched. For Group Executives on grandfathered arrangements, they are eligible for severance payments of six months' base remuneration if their employment is terminated by the Group, other than for misconduct or unsatisfactory performance. For the CEO ASB, contractual severance allows for minimum 12 months' base salary (inclusive of notice) or a maximum of 64 weeks in accordance with ASB Policy.

3 Contractual severance pay applies where employment is terminated due to redundancy.

7. Non-Executive Director arrangements

Non-Executive Director fees

Non-Executive Directors receive fees to recognise their contribution to the work of the Board and the associated Committees on which they serve. Non-Executive Directors do not receive any performance-related remuneration.

The total amount of Non-Executive Directors fees is capped at a maximum fee pool that is approved by shareholders. The current fee pool is \$4.75 million, which was approved by shareholders at the AGM on 17 November 2015.

The following table outlines the Non-Executive Directors fees for the Board and the Committees as at 30 June 2019.

Fees are inclusive of base fees and statutory superannuation. The Chairman does not receive separate Committee fees.

Board/Committee	Chairman \$	Member \$
Board	870,000	242,000
Audit Committee	65,000	32,500
Risk Committee	65,000	32,500
Remuneration Committee	60,000	30,000
Nominations Committee	11,600	11,600
Due Diligence Committee ¹	4,000 ²	Nil

1 The Due Diligence Committee did not meet during the 2019 financial year.

2 Represents fees for each full day meeting.

Mandatory shareholding requirement

Non-Executive Directors are required to hold 5,000 or more CBA shares. For those Non-Executive Directors who have holdings below this threshold, 20% of their after-tax base fees are used to purchase CBA shares under the Non-Executive Directors' Share Plan (NEDSP) until a holding of 5,000 shares is reached. These shares are subject to a 10-year trading restriction (the shares will be released earlier if the Non-Executive Director leaves the Board).

The Non-Executive Directors' mandatory shareholding requirement was reviewed during the 2019 financial year. From 1 July 2019, Non-Executive Directors are required to hold CBA shares equivalent to 100% base fees for Non-Executive Directors and 100% of Chairman fees for the Chairman. This is to be accumulated over five years. Progress against the new requirement will be disclosed from the 2020 financial year.

Non-Executive Director statutory remuneration

The statutory table below details individual statutory remuneration for the Non-Executive Directors for both the 2019 and 2018 financial years.

	Short-term benefits	Post-employment benefits	Share-based payments	Total statutory remuneration
	Cash ¹ \$	Superannuation ² \$	Non-Executive Directors' Share Plan ³ \$	
Chairman				
Catherine Livingstone AO^{4,5}				
30 Jun 19	864,013	20,531	-	884,544
30 Jun 18	749,201	20,049	-	769,250
Current Non-Executive Directors				
Shirish Apte^{4,6}				
30 Jun 19	349,010	20,531	-	369,541
30 Jun 18	353,970	15,037	-	369,007
Genevieve Bell⁷				
30 Jun 19	95,031	9,905	14,320	119,256
David Higgins⁴				
30 Jun 19	313,052	20,531	-	333,584
30 Jun 18	246,570	20,049	-	266,619
Paul O'Malley⁷				
30 Jun 19	112,266	10,099	-	122,365
Mary Padbury^{4,8}				
30 Jun 19	236,674	20,531	25,618	282,823
30 Jun 18	225,584	20,049	30,657	276,290
Wendy Stops⁴				
30 Jun 19	287,028	20,531	-	307,559
30 Jun 18	225,434	19,554	-	244,988
Anne Templeman-Jones^{8,9}				
30 Jun 19	271,568	20,531	30,136	322,235
30 Jun 18	66,165	6,516	9,045	81,726
Robert Whitfield^{8,9}				
30 Jun 19	231,314	20,531	33,471	285,316
30 Jun 18	184,703	16,567	26,945	228,215
Former Non-Executive Directors				
Brian Long^{4,10}				
30 Jun 19	161,242	10,266	-	171,508
30 Jun 18	259,777	20,049	-	279,826
Andrew Mohl^{4,10}				
30 Jun 19	103,109	8,173	-	111,282
30 Jun 18	223,073	19,650	-	242,723

1 Cash includes Board and Committee fees received as cash, as well as the provision of additional benefits (including associated fringe benefits tax).

2 Superannuation contributions are capped at the superannuation maximum contributions base as prescribed under the Superannuation Guarantee legislation.

3 The values shown in the tables represent the post-tax portion of fees received as shares under the NEDSP.

4 Base and committee fees for the 2018 financial year were reduced by an amount equivalent to 20% of individual 2017 financial year fees, reflecting collective accountability for the trust and reputational issues that promoted the need for the APRA Prudential Inquiry.

5 For Catherine Livingstone, 2018 financial year cash fees have been adjusted to reflect the provision of car parking benefits (including associated fringe benefits tax).

6 For Shirish Apte, 2018 financial year cash fees have been adjusted to reflect payments in relation to fringe benefits tax on additional benefits.

7 Genevieve Bell and Paul O'Malley were appointed as Non-Executive Directors effective 1 January 2019 and their remuneration reflects time in the role.

8 For Mary Padbury, Anne Templeman-Jones and Robert Whitfield the proportion between cash fees and NEDSP shares has been adjusted for the 2018 financial year.

9 Anne Templeman-Jones was appointed as a Non-Executive Director effective 5 March 2018 and Robert Whitfield was appointed as a Non-Executive Director effective 4 September 2017. Their 2018 financial year remuneration reflects time in the role.

10 Brian Long and Andrew Mohl retired from their Non-Executive Director roles effective 31 December 2018 and 7 November 2018 respectively and their remuneration reflects time in the role.

Shares and other securities held by Non-Executive Directors

All shares were acquired by Non-Executive Directors on normal terms and conditions or through the NEDSP. Other securities acquired by Non-Executive Directors were on normal terms and conditions.

	Class	Balance 1 Jul 18	Acquired ¹	Net change other ²	Balance 30 Jun 19
Chairman					
Catherine Livingstone AO	Ordinary	5,337	2,000	-	7,337
Current Non-Executive Directors					
Shirish Apte	Ordinary	7,500	-	-	7,500
Genevieve Bell	Ordinary	n/a	141	-	141
	PERLS ⁴	n/a	-	-	1,020
David Higgins	Ordinary	10,878	-	-	10,878
	PERLS ⁴	150	-	-	150
Paul O'Malley	Ordinary	n/a	5,330	-	5,330
Mary Padbury	Ordinary	834	445	-	1,279
	PERLS ⁴	1,600	-	-	1,600
Wendy Stops	Ordinary	16,000	-	-	16,000
Anne Templeman-Jones	Ordinary	358	680	-	1,038
Robert Whitfield	Ordinary	309	549	-	858
Former Non-Executive Directors					
Brian Long ³	Ordinary	14,956	-	-	n/a
	PERLS ⁴	6,850	-	-	n/a
Andrew Mohl ³	Ordinary	82,234	-	-	n/a

1 Incorporates shares and other securities acquired during the year. In the 2019 financial year, under the Non-Executive Directors' Share Plan, Genevieve Bell received 141 shares, Mary Padbury received 376 shares, Anne Templeman-Jones received 427 shares and Robert Whitfield received 480 shares.

2 Net change other incorporates changes resulting from sales of securities.

3 Brian Long and Andrew Mohl retired from the Group effective 31 December 2018 and 7 November 2018 respectively and their shareholding balance as at 30 June 2019 is not included.

4 Includes cumulative holdings of PERLS securities issued by the Group.

8. Loans and other transactions

Loans to KMP

All loans to KMP (including close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of those family members or entities held significant voting power) have been made in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees including the term of the loan, security required and the interest rate (which may be fixed or variable). No loans were written down during the period.

Total loans to KMP

	30 Jun 19 \$
Opening Balance	17,681,018
Closing Balance ¹	12,376,700
Interest Charged	480,435

¹ The aggregate loan amount at the end of the reporting period includes loans issued to 12 KMP.

Loans to KMP exceeding \$100,000 in aggregate during the 2019 financial year

	Balance 1 Jul 18 \$	Interest charged \$	Interest not charged \$	Write-off \$	Balance 30 Jun 19 \$	Highest balance in period¹ \$
Adam Bennett	18,464	3,540	–	–	1,011,887	1,038,577
David Cohen	451,334	12,909	–	–	43,481	490,188
Alan Docherty	1,580,187	57,044	–	–	1,447,903	1,587,312
Andrew Hinchliff	n/a	1,699	–	–	44,368	121,287
Sian Lewis	n/a	29,733	–	–	775,808	836,187
Paul Newham	4,008,128	70,311	–	–	n/a	4,176,522
Vittoria Shortt	4,736,951	15,476	–	–	3,327,450	5,889,636
Angus Sullivan	5,639,759	239,781	–	–	5,652,632	5,866,364
Michael Venter	1,185,195	41,333	–	–	n/a	1,206,891
Total	17,620,018	471,826	–	–	12,303,529	21,212,964

¹ Represents the sum of highest balances outstanding at any point during the 2019 financial year for each individual loan held by the KMP.

Other transactions of KMP

Financial instrument transactions

Financial instrument transactions (other than loans and shares disclosed within this report) of KMP, their close family members and entities controlled or significantly influenced by them, occur in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees.

All such financial instrument transactions that have occurred between entities within the Group and KMP, their close family members and entities controlled or significantly influenced by them, were in the nature of normal personal banking and deposit transactions.

Transactions other than financial instrument transactions

All other transactions with KMP, their close family members, related entities and other related parties are conducted in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees and customers. These transactions principally involve the provision of financial and investment services by entities not controlled by the Group.

Non-Audit Services

Amounts paid or payable to PricewaterhouseCoopers (PwC) for audit and non-audit services provided during the year, as set out in Note 12.4 to the *Financial report* are as follows:

	2019 \$'000
Taxation services	1,395
Other services	7,915
Total non-audit services¹	9,310
Total audit and audit related services	34,698

¹ An additional amount of \$2,975,730 was paid to PwC for non-audit services provided to entities not consolidated into the Financial Statements.

Auditor's Independence Declaration

We have obtained an independence declaration from our external auditor as presented on page 108.

Auditor Independence

The Group has an External Auditor Services Policy to assist in ensuring the independence of the Group's external auditor.

The Audit Committee has considered the provision, during the year, of non-audit services by PwC and has concluded that the provision of those services did not compromise the auditor independence requirements of the *Corporations Act 2001 (Cth)*.

The Audit Committee recommended that it was satisfied that the provision of the non-audit services by PwC during the year was compatible with the general standard of independence imposed by the *Corporations Act 2001 (Cth)*.

The Directors are satisfied that the provision of the non-audit services during the year did not compromise the auditor independence requirements of the *Corporations Act 2001 (Cth)*. The reasons for this are as follows:

- The operation of the External Auditor Services Policy during the year to restrict the nature of non-audit services engagements, to prohibit certain services and to require Audit Committee pre-approval for all such engagements; and
- The relative quantum of fees paid for non-audit services compared to the quantum for audit and audit related services.

The above Directors' statements are in accordance with the recommendation received from the Audit Committee.

Incorporation of Additional Material

This Report incorporates the Strategic report (pages 2 – 39) including the Chairman's and CEO's messages, Financial performance (pages 40 – 49), Risk management (pages 50 – 63), Corporate governance (pages 64 – 75), *Shareholder information* (pages 286 – 291) and the *Environmental, customer, social and governance metrics* (pages 297 – 306) sections of this Annual Report.



Catherine Livingstone AO

Chairman

7 August 2019



Matt Comyn

Managing Director and Chief Executive Officer

7 August 2019



Auditor's Independence Declaration

As lead auditor for the audit of the Commonwealth Bank of Australia for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of the Commonwealth Bank of Australia and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Matthew Lunn', written in a cursive style.

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
7 August 2019

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