CommonwealthBank

Results Presentation

For the Half Year Ended
31 December 2016

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 15 FEBRUARY 2017

Our Vision, Values and Strategy

Our Vision

To excel at securing and enhancing the financial wellbeing of people, businesses and communities

Our Values

Integrity

Accountability

Collaboration

Excellence

Service

Strategic Capabilities

People

Productivity

Technology

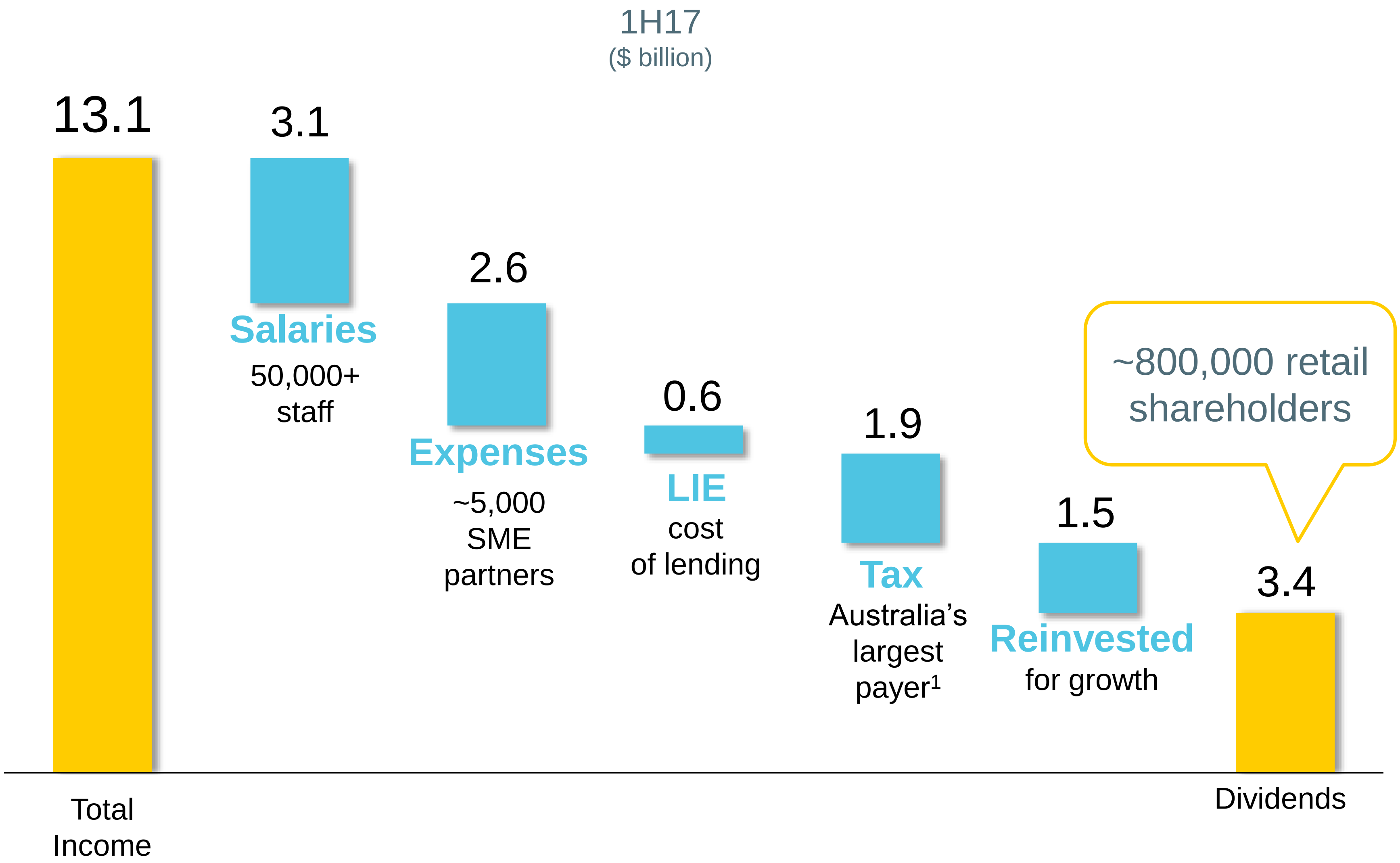
Strength

Delivering on our Vision

In the last six months:

$109 billion	new lending to personal and business customers
140,000	new home loans, including **15,000** first home buyers
$3.5 billion	new loans to **12,700** small businesses
$1.2 billion	new lending to farmers and other rural customers
1.5 million	new deposit accounts
$132 million	invested into the community

Contributing to our economy and community

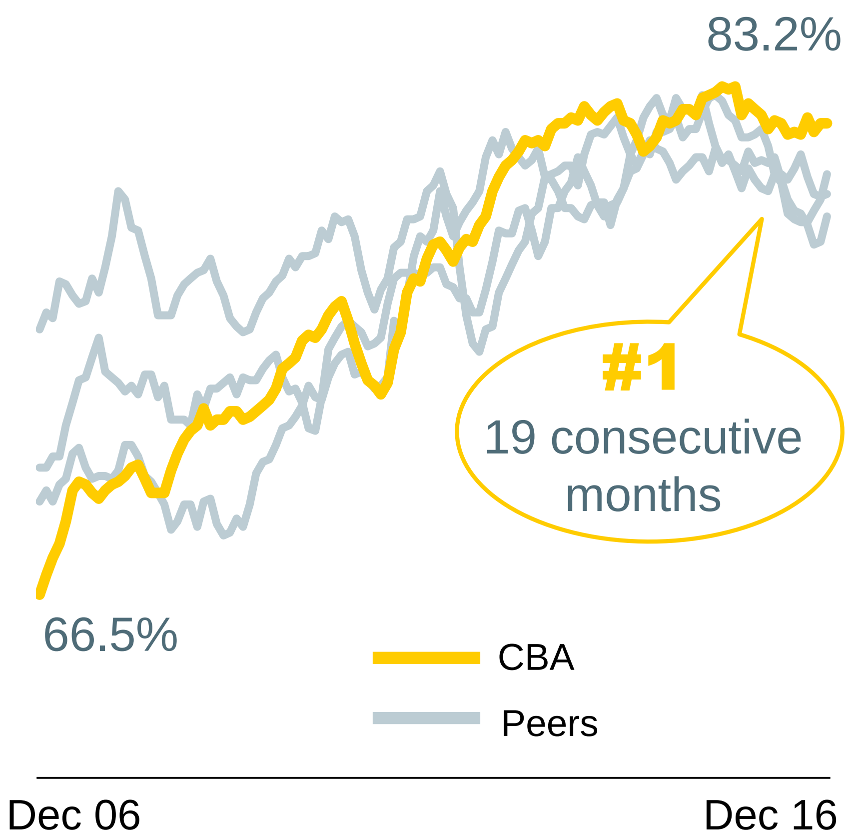


1. Source Bloomberg

Delivering for customers

Retail Customer Satisfaction

% Satisfied ('Very Satisfied' or 'Fairly Satisfied')

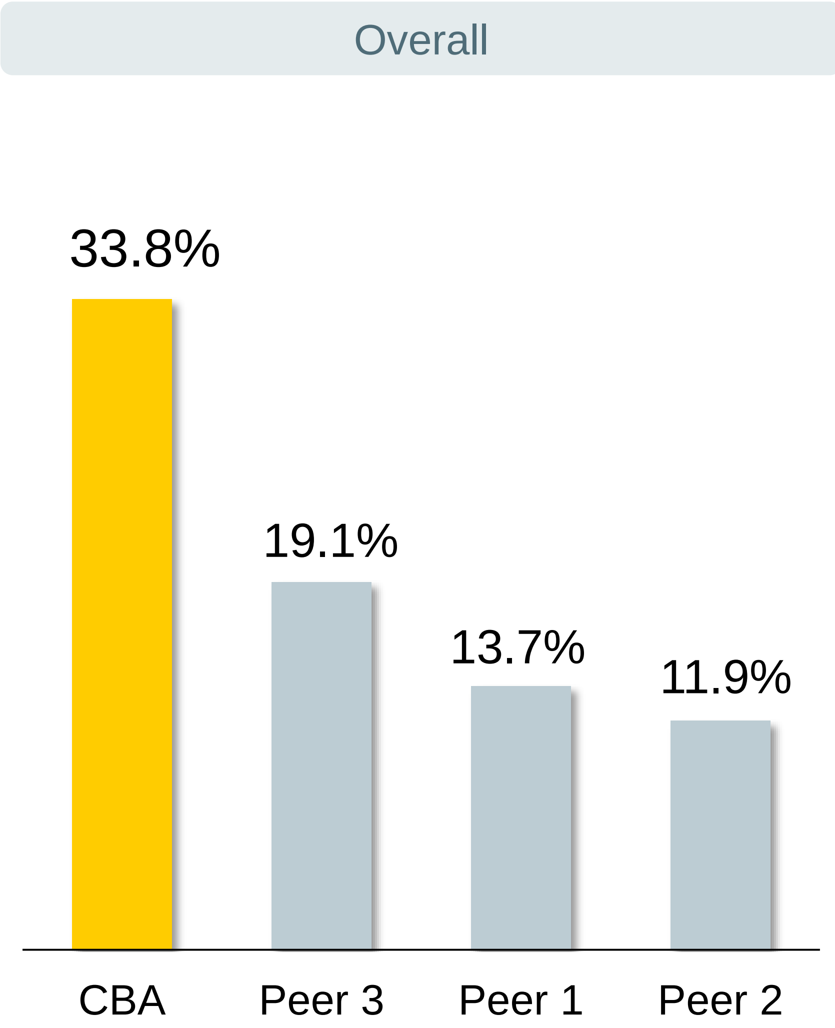


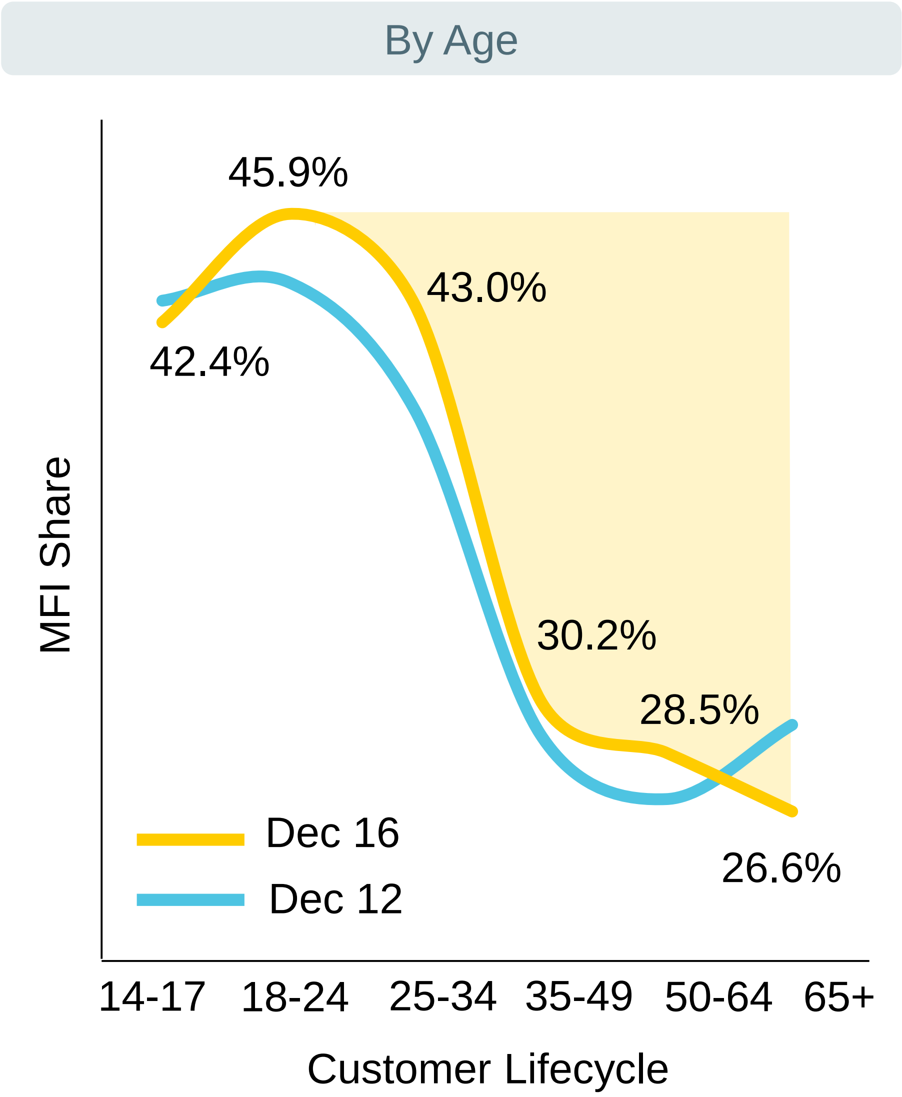
Customer Satisfaction Rankings

Business[1]	= **#1**
Wealth	**#1**
IFS	**#1**
Internet	**#1**

1. Equal first for micro, small and medium business segments, outright first for large business segment. Outright or equal first for large business segment for last 4 years.
Refer notes slide at back of this presentation for source information

MFI* Share – a strength and opportunity





* Main Financial Institution - Refer notes slide at back of this presentation for source information

Broad customer relationships

- **FirstChoice** Australia's most popular platform (7 years)
- **CFS** Trusted with >$100bn of Australia's investments/savings
- **CommSec** One in every two retail trades (non-advised)
- **CommInsure** One in every four CBA home loan customers

Focus on Better Banking

Improving

- Agribusiness customer assistance measures introduced
- Financial inclusion action plan launched
- Making it easier to avoid credit card late payment fees

Listening

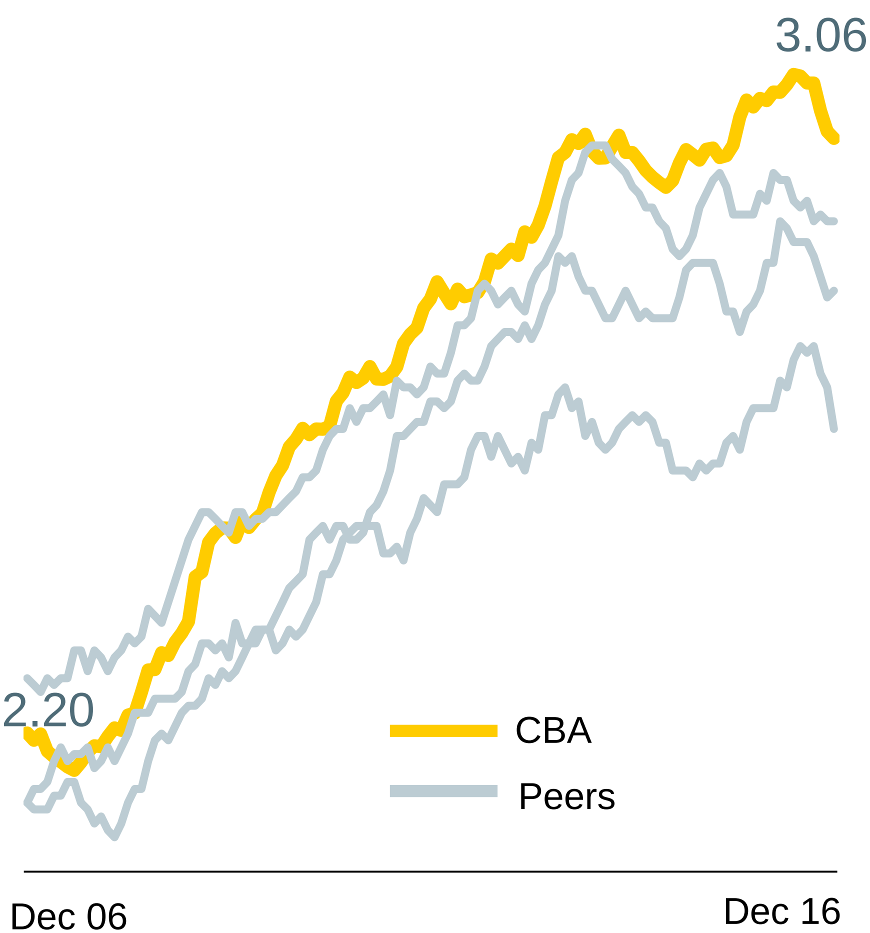
- Customer Advocate appointed
- New Industry Whistleblower principles developed (with ABA)

Putting things right

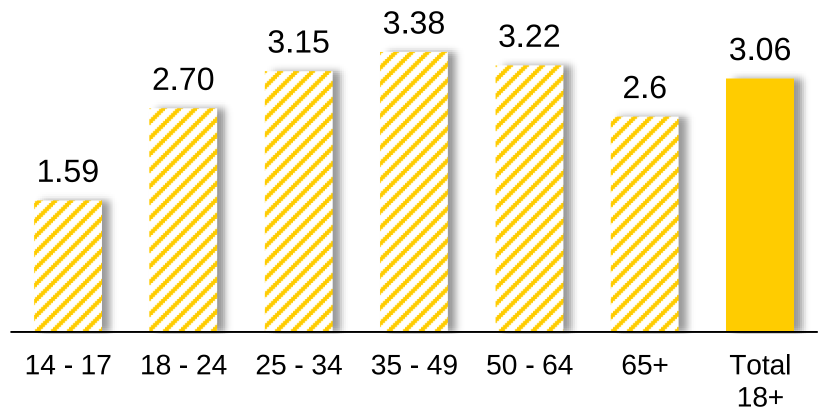
- Open Advice Review assessments completed
- First phase of pre 2012 review of advice under licence conditions for CFP and FWL completed and phase 2 progressing
- Ongoing service fee reviews on track for June completion
- CommInsure review completed

Customer needs met

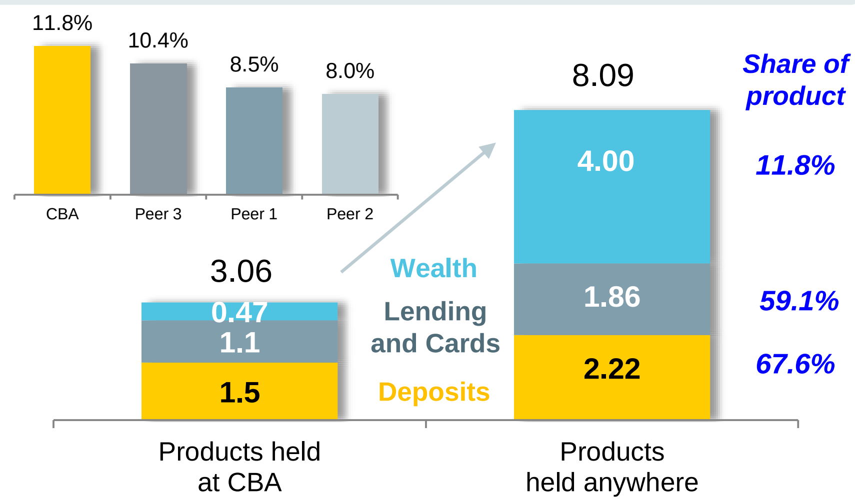
Overall



By Age



Wealth – Share of Product

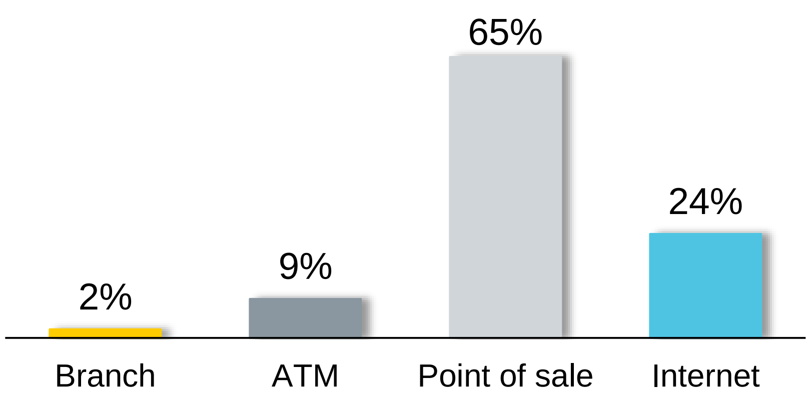


Refer notes slide at back of this presentation for source information
Individual products may not add up to the overall totals due to rounding

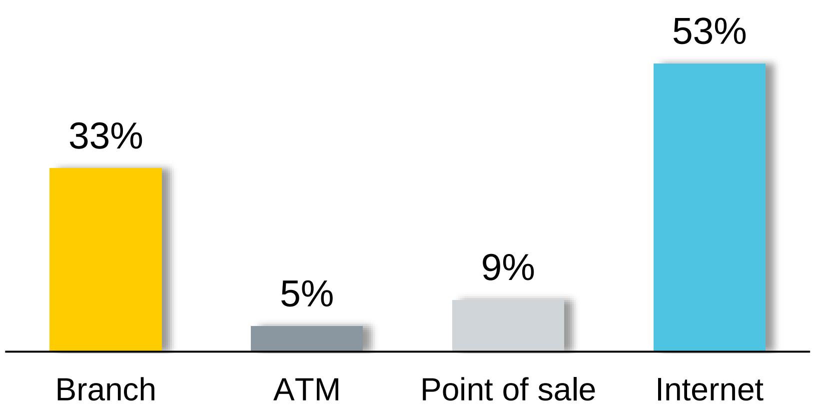
The digital revolution

Channel Usage

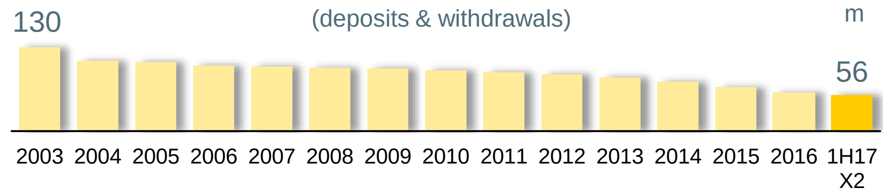
1H17 - By Number



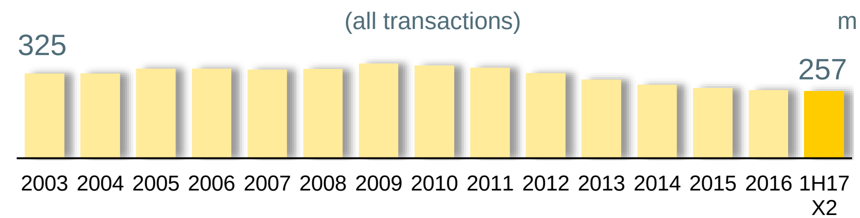
1H17 - By $ Value



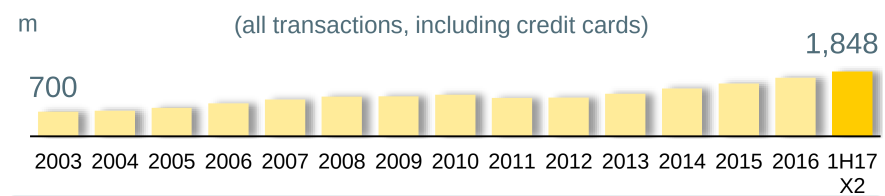
Branch



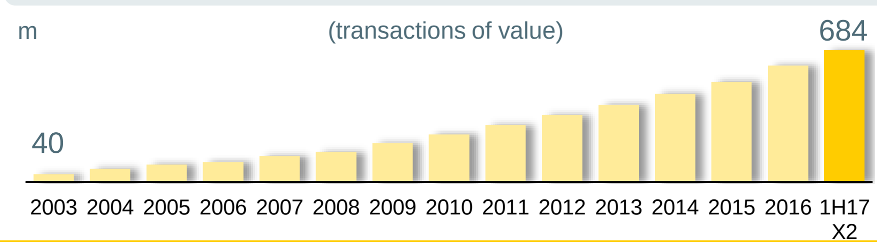
ATM[1]



Point of Sale[2]



Internet[3]

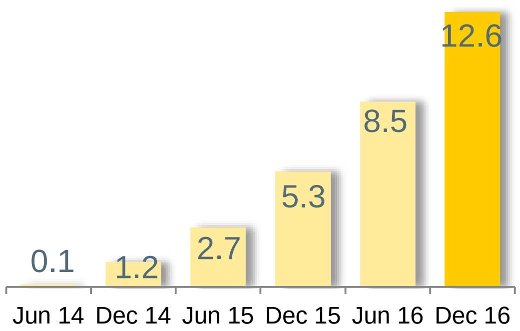


All figures are approximates. Full year volume of transactions has been forecast on a run rate basis by doubling the volume from 1 July 2016 to 31 December 2016. 1. All cardholder transactions at Australian CBA ATMs. ATM includes IDMs and an increase in the dollar value of deposits. ATM only transactions reduced for FY16 and are predicted to reduce again in FY17. 2. Calendar years to 2006; financial years thereafter. Includes EFTPOS Payments Australia Ltd (EPAL), MasterCard and Visa volumes only. 3. Calendar years to '07; financial years thereafter includes BPAY.

The digital revolution

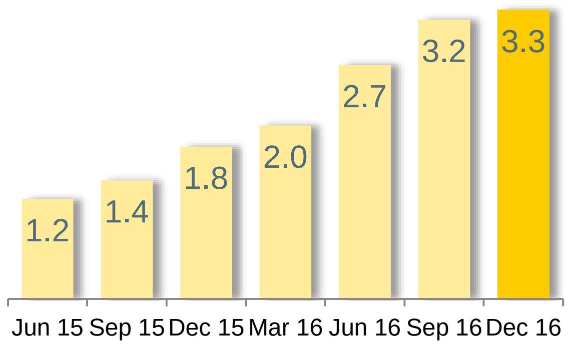
Cardless Cash

Cumulative volume of unique transactions (m)[1]



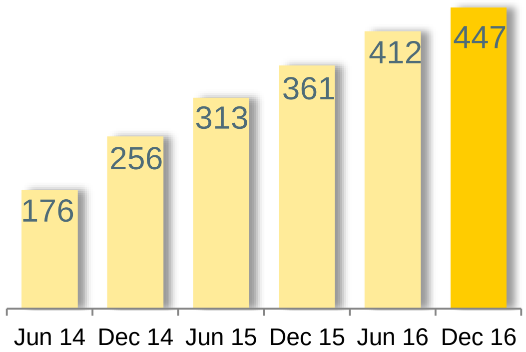
Tap & Pay

Volume of transactions per quarter (m)[2]



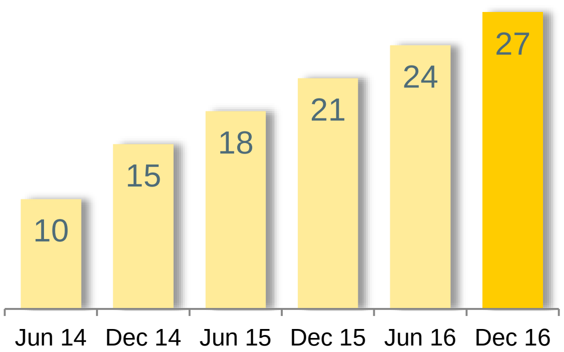
Pay Tag

Number of Pay Tags in market (k)



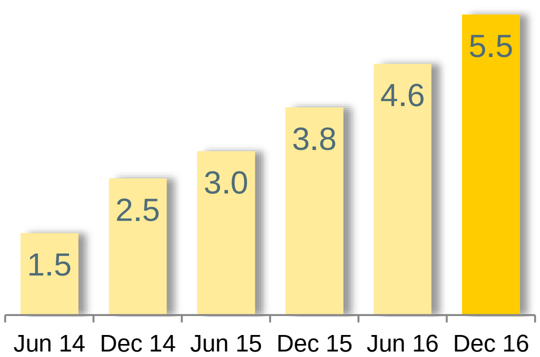
CommBank App

Logons per week (m)



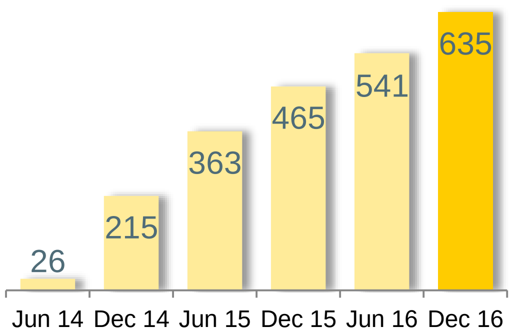
CommBank App

Transactions per week ($bn)[3]



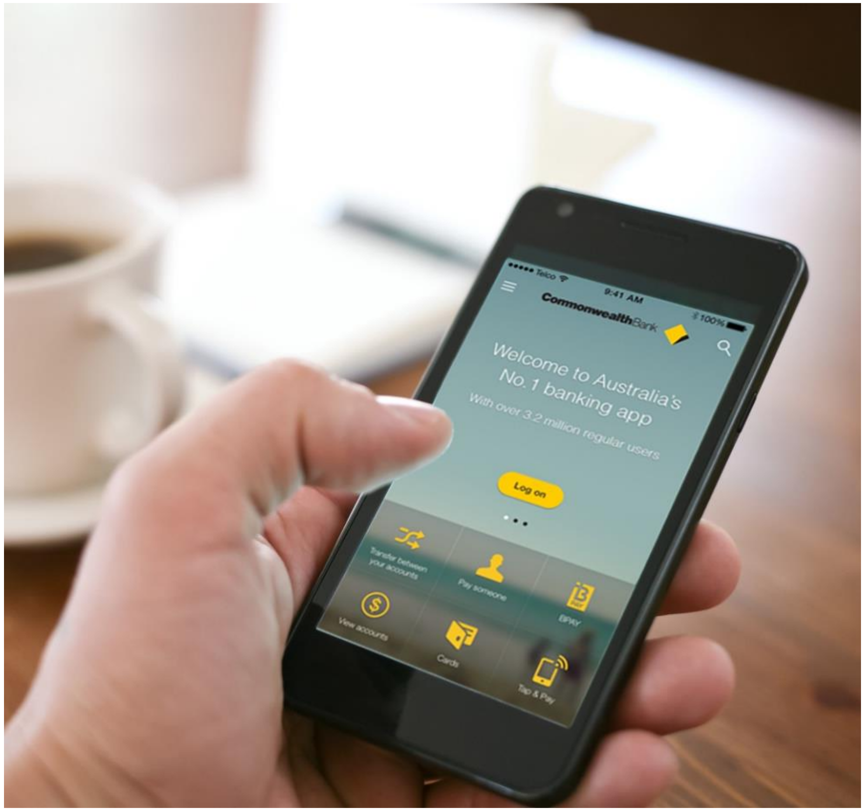
Lock, Block & Limit

Number of accounts enrolled (k)[4]



1. Launched April 2014 2. Volume of transactions using Tap & Pay (inc. HCE/Pay Tag) 3. Includes BPAY 4. Number of unique accounts that have enrolled for Lock, Block and Limit (excl. temp. lock)

The digital revolution



5.8m customers now using digital

53% of total transactions (by $)

25% of new account openings

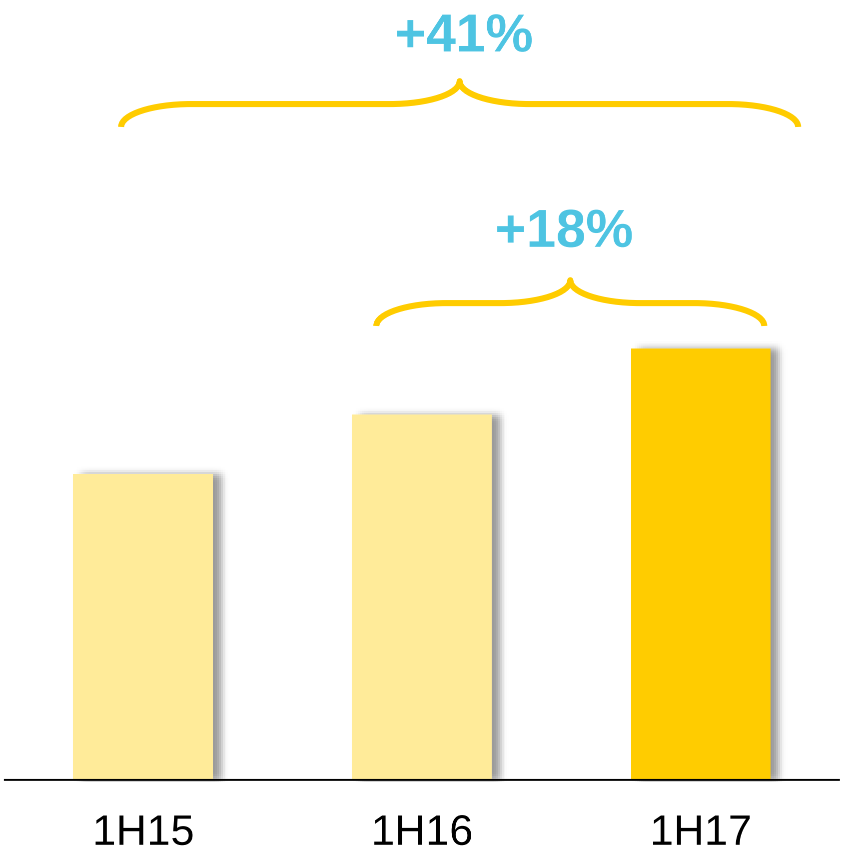
3mins to open new accounts

80% of logins via mobile

Real time banking

- Used by 15 million customers since 2012
- Originate and transact in real time: *anywhere, anytime, any device*
- Instant banking – fast and simple
- Driving customer satisfaction

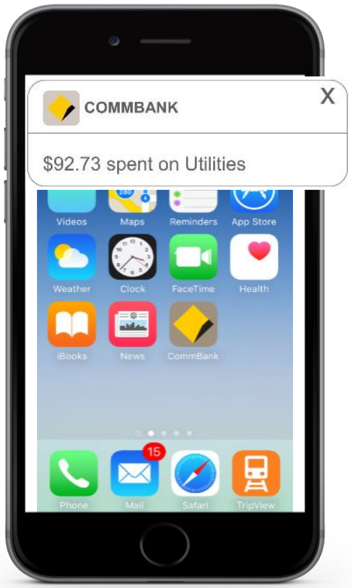
Group Transaction Balances[1]



1. Includes non-interest bearing deposits

On-going real time innovation

Instant Receipt

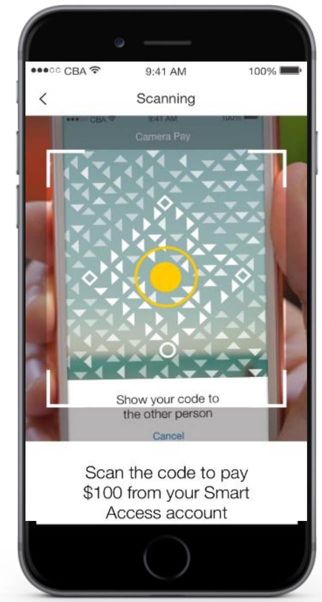


Real-time transaction alerts for credit cards - helping customers be aware of their spending for better budgeting

Storm Alerts

Alerts for customers and direct connection for customers calling within 24 hours from storm affected areas. 130,000 alerts sent to date[1]

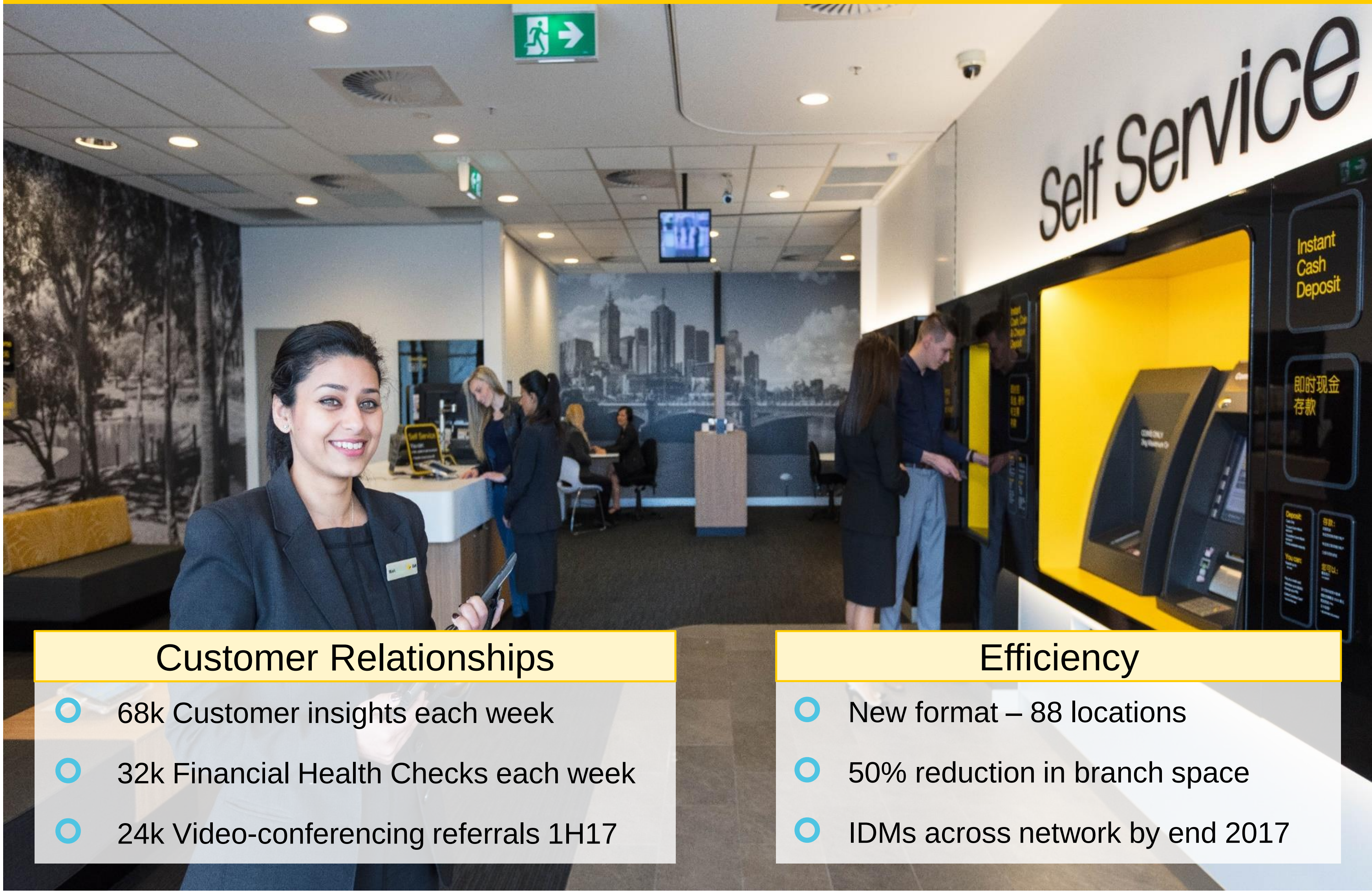
Camera Pay



Allowing customers to use their phone's camera to scan a code to send and receive money

1. As at Dec 16

Branches remain key



Customer Relationships

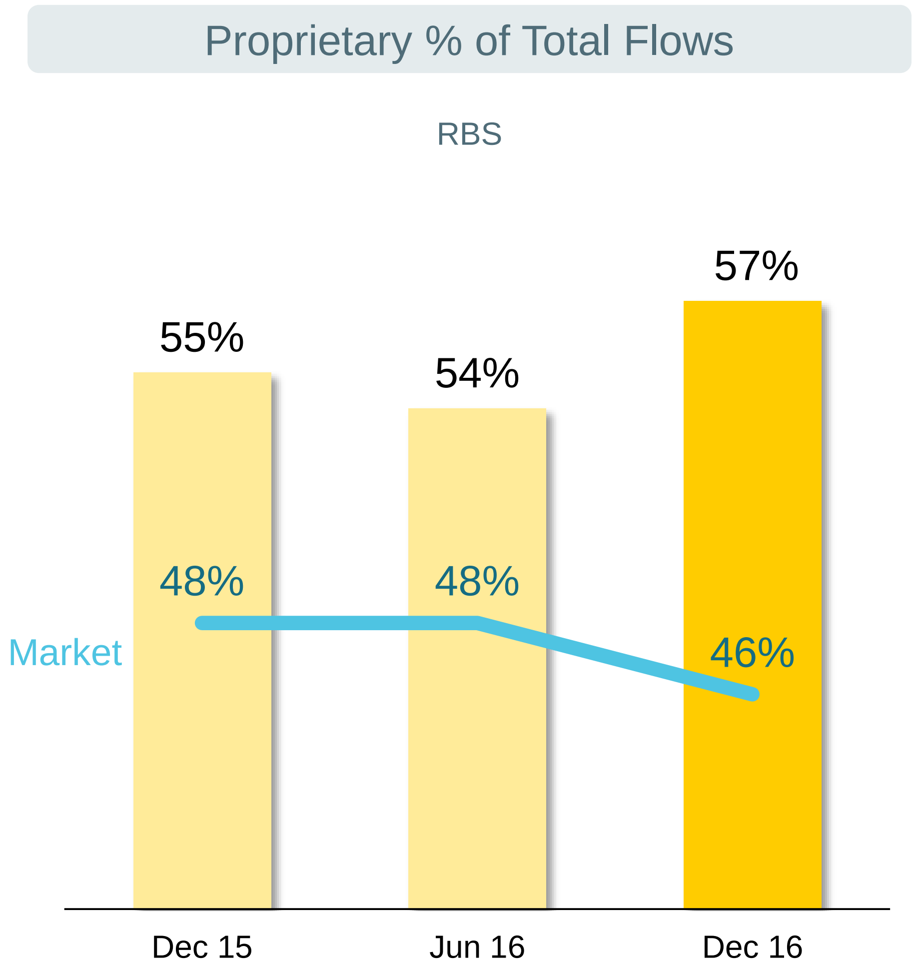
- 68k Customer insights each week
- 32k Financial Health Checks each week
- 24k Video-conferencing referrals 1H17

Efficiency

- New format – 88 locations
- 50% reduction in branch space
- IDMs across network by end 2017

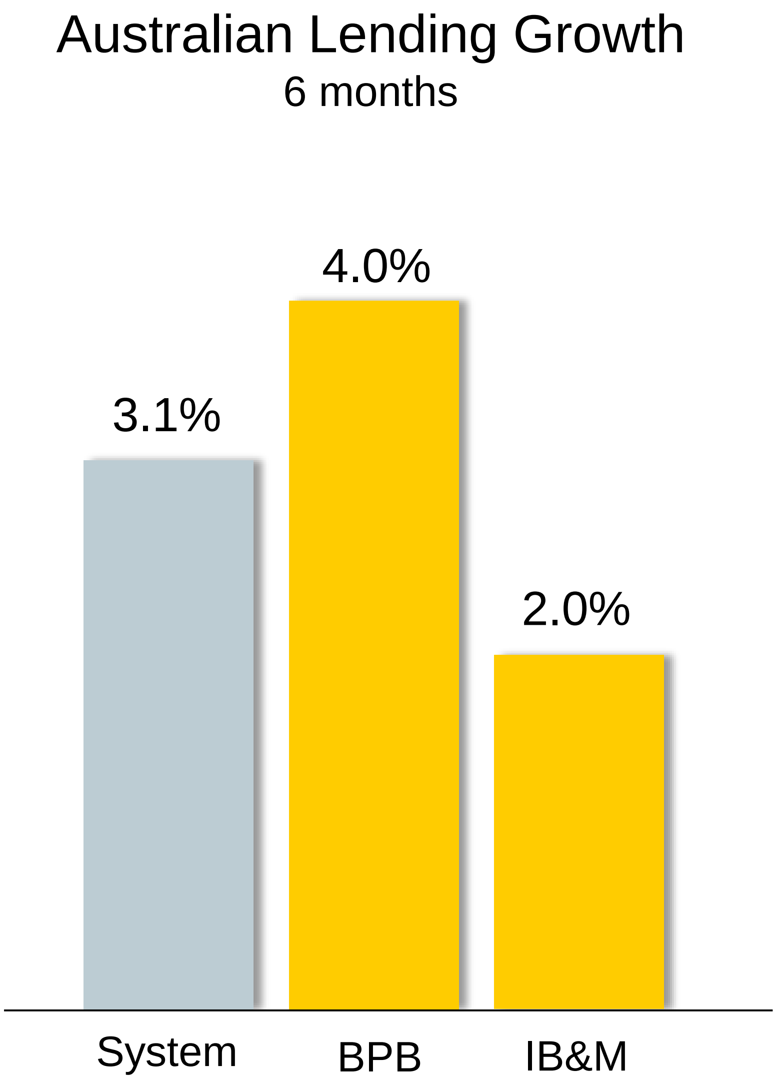
Photo – Express branch, Burwood East, Victoria

Branches remain key – home lending



- Branch applications up 13%
- Smarter analytics:
  - 10x increase in branch leads
  - higher contact rate (now 95%)
  - higher conversion rates (3x)
- Extra branch lenders

Corporate – targeted growth

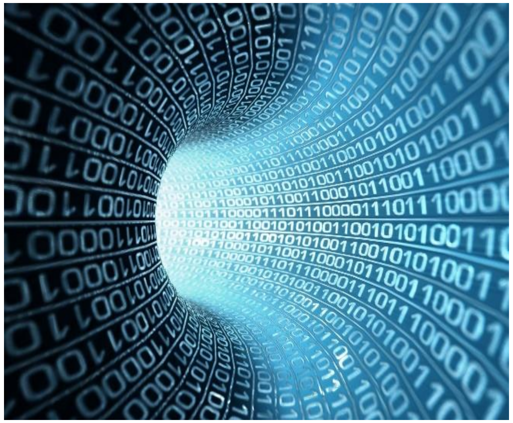


- Supporting growth in the economy
- BPB – diversified growth
- IB&M (3 years):
  - 129 mandate wins
  - Transaction balances up 59%
- Relationship focus + real time technology

Source: RBA

Continuous Innovation

Blockchain



First interbank open account transaction

First global government bond trial

Digital & Analytics

Empowering clients with insights based on real-time customer behaviours

Payments

Landmark partnerships with Alipay and Barclays

Albert and Pi

Transforming technology - Albert

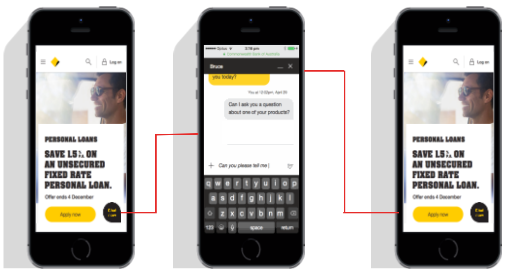
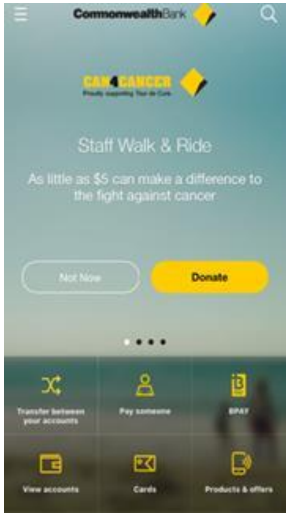
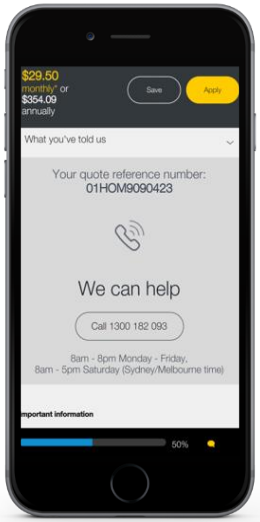
70,000
devices

64%
new merchants to CBA

39
apps in total

13
new apps last six months

Continuous Innovation

Authenticated Chat	CAN Give	Click to Call	Super Match
			
Enabling thread-based conversations with visible history	Charity feature making giving easier for staff and customers	Click for prioritised access to an insurance agent	Enabling Essential Super customers to search for other super accounts via NetBank at no additional cost

Continuous Innovation – TYME

Self service on-boarding

- Account creation on the spot
- Debit card issuance

Identity and authentication

- Biometric capture
- External verification of identity

Innovation via partnerships

Pick n Pay

Strategic retail partner

10 year partnership

1,000 locations

10 million reward customers

10,000 till points

ARC
African Rainbow Capital

Strategic BEE partner

Broad based local ownership

10% future shareholder in CBA South Africa

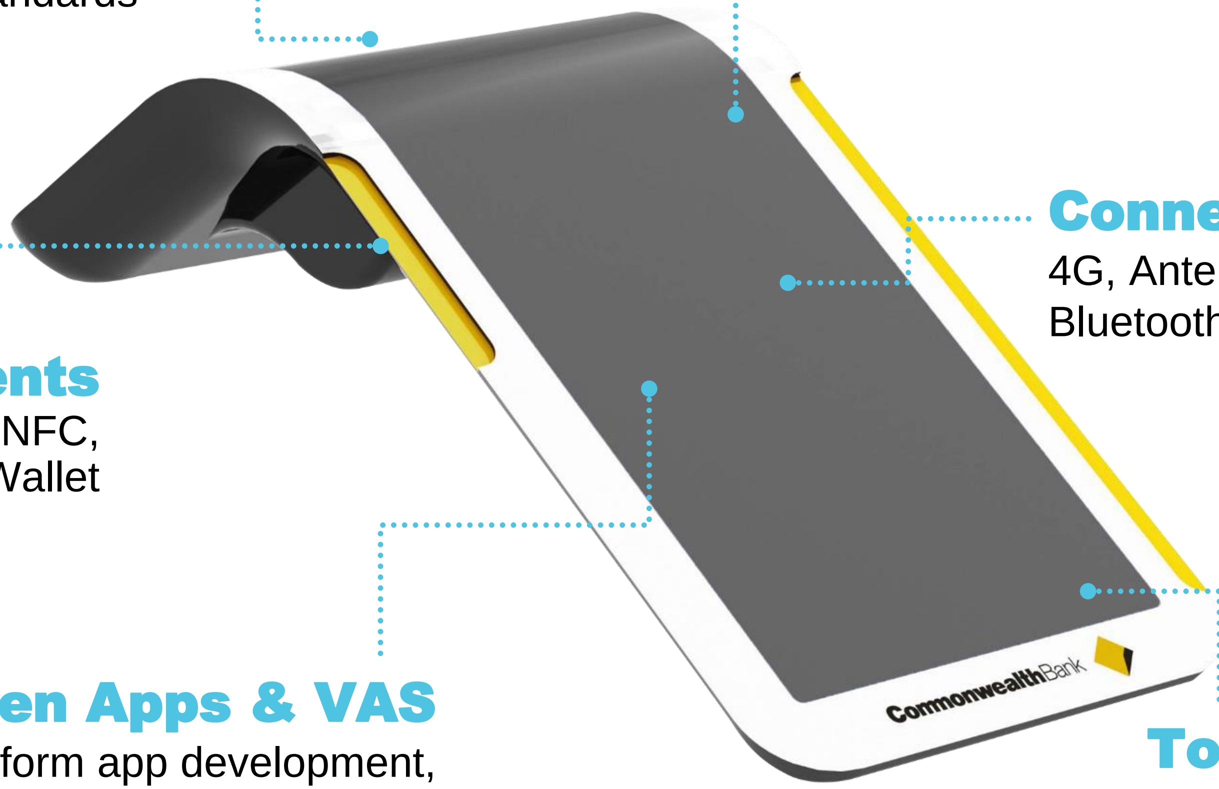
Continuous Innovation

685 kiosks	across South Africa, since launch May 2016
9 months	from concept to rollout
100,000 enrolments	through Pick ’n Pay and Boxer stores
4 minutes	to on-board new customers
$4	on-boarding cost per customer

SmartPOS prototype

Security
Strictest global security standards

2x Cameras Voucher, coupon, QR, bar code scanning



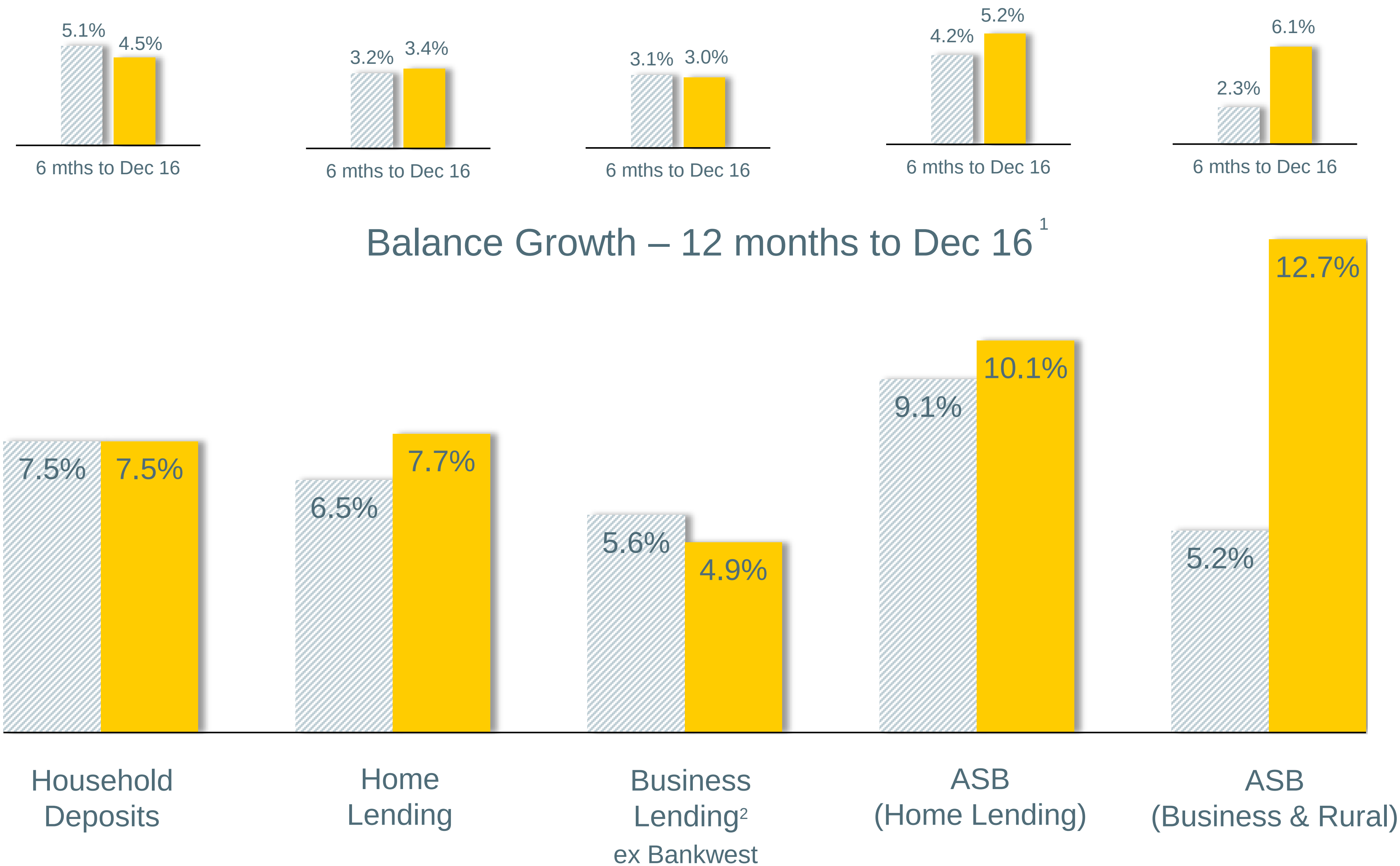
Connectivity
4G, Antenna & Wi-Fi, Bluetooth and GPS

Payments
Contactless, NFC, Wallet

Open Apps & VAS
Open platform app development, CommBank access

Touch
7” high resolution multi-touch screen

Strong volume growth



1. Source RBA/APRA/RBNZ. CBA includes BWA except Business Lending. 2. Domestic Lending balance growth (BPB & IB&M ex CMPF). Source RBA.

System CBA

Market share[1]

%	Dec 16	Jun 16	Dec 15
Home loans	25.4	25.3	25.1
Credit cards – RBA[2]	24.3	24.4	24.4
Other household lending[3]	16.9	16.8	16.9
Household deposits[4]	29.0	29.2	29.0
Business lending – RBA	16.6	16.9	17.0
Business lending – APRA	18.6	18.7	18.7
Business deposits – APRA	19.8	20.2	20.3
Asset finance	12.7	12.9	13.1
Equities trading	4.0	4.7	5.6
Equities – online trading[5]	55.4	55.8	56.1
Australian Retail – administrator view[6]	15.5	15.6	15.5
FirstChoice Platform[6]	10.8	11.0	10.9
Australia life insurance (total risk)[6]	11.2	11.4	11.6
Australia life insurance (individual risk)[6]	10.3	10.7	11.0
NZ home loans	22.0	21.8	21.8
NZ retail deposits	21.1	21.0	20.9
NZ business lending	13.1	12.4	11.9
NZ retail FUA	15.5	15.4	15.8
NZ annual inforce premiums	28.0	28.4	28.7

1. Prior periods have been restated in line with market updates 2. As at 30 Nov 16 3. Includes personal loans, margin loans and other forms of lending to individuals 4. Comparatives have been restated to include the impact of new market entrants 5. CommSec market share is an internally derived number based on publically available ASX data 6. As at 30 Sep 16.

Corporate Responsibility

Our vision is to excel at securing and enhancing the financial wellbeing of people, businesses and communities. **Our corporate responsibility efforts help us deliver on our vision with a focus on education, innovation and good business practice.**

Most Sustainable Corporations in the World 2017 GLOBAL 100

The most sustainable organisation in Australia

The Group has been recognised as the most sustainable bank in Australia, two years in a row, and ranked sixth most sustainable company in the world.[1]

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

A leading sustainability-driven company

In 2016/17, the Group was once again included in the Dow Jones Sustainability World Index (DJSI)[2].

FTSE4Good

Strong environmental, social and governance practices

The Group continues to be listed on the FTSE4Good Index - comprising companies demonstrating strong Environmental, Social and Governance (ESG) practices.

CDP DRIVING SUSTAINABLE ECONOMIES

Leader in climate disclosure

Our efforts to mitigate the risks of Climate Change have once again been recognised by CDP with a score of 'A-'.

WGEA Employer of Choice for Gender Equality

AWEI GOLD TIER EMPLOYER 2016 TOP 10 EMPLOYER LGBTI WORKPLACE INCLUSION

AWEI GOLD TIER EMPLOYER 2016 LGBTI NETWORK OF THE YEAR LGBTI WORKPLACE INCLUSION

A great place to work

- WGEA[3] citation retained
- Named 2nd most inclusive employer in the 2016 Australian Workplace Equality Index Awards, recognising workplace support for LGBTI people
- Employee network Unity named the 2016 LGBTI Employee Network of the Year in the AWEI awards

1. World Economic Forum, G100 - the global index of the world's most sustainable corporations. 2. The DJSI World is the first global index to track the financial performance of the leading sustainability-driven companies worldwide. 3. Workplace Gender Equality Agency

Corporate Responsibility - Opportunity Initiatives

Education

Currently 50% of our active School Banking students are regular savers via our program

296,000 students enrolled in our financial education program Start Smart

Launched Start Smart Teleporter Adventures, a virtual reality pilot

New Commonwealth Bank Teaching Awards in partnership with Australian Schools Plus

Innovation

Named Australia's most innovative financial institution and one of the three most innovative companies[1]

Completed first physical trade transaction between two banks using block chain

Partnership with Australian Technology Network of Universities to strengthen Australia's technology capabilities

Good business practice

Australia's most sustainable bank

More than $2m distributed to 229 youth-focused charities

36.4% women in Executive Manager and above positions

Launched our first Financial Inclusion Action Plan and Cultural Capability Framework

New $100m Energy Efficient Equipment Finance Program

For further details, please refer to: https://www.commbank.com.au/about-us/who-we-are/opportunity-initiatives/opportunity-initiatives-scorecard.html

1. Australian Financial Review's '50 Most Innovative Companies' list for 2016

Corporate Responsibility - Scorecard

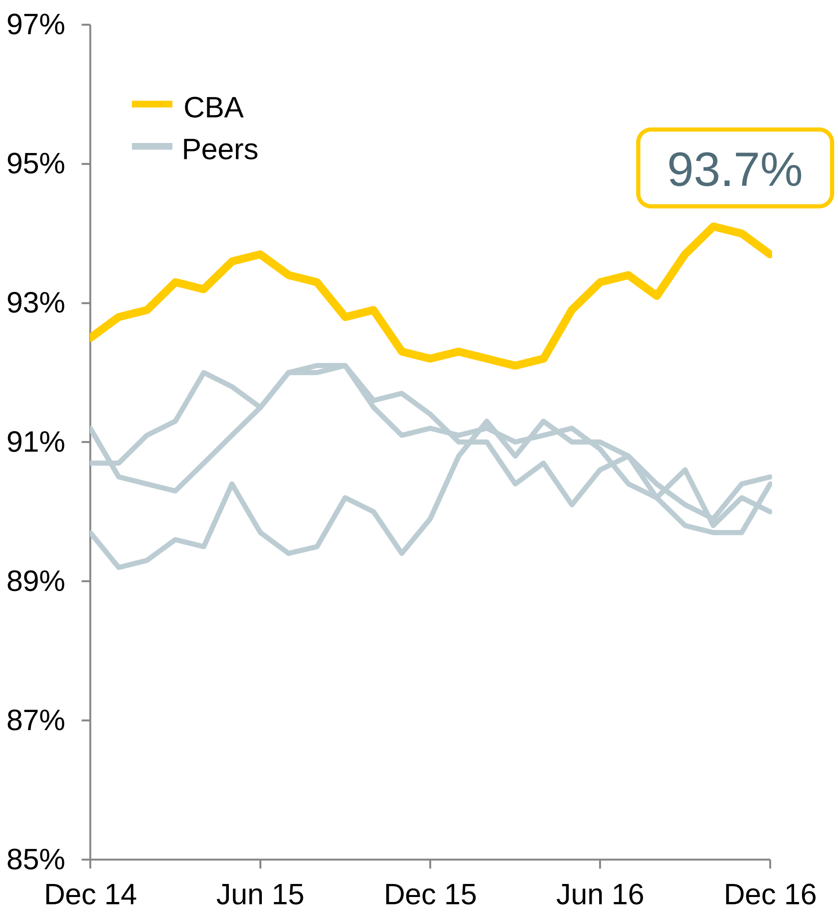
		1H17	FY16	FY15	FY14	FY13	FY12
People	Employee Engagement Index Score (CBA) (%)	**Annual**	77	81	81	80	80
	Employee Turnover Voluntary (%)	**10.8**	11.3	10.2	10.2	10.2	12.9
	Women in Manager and above roles (%)	**44.0**	43.6	43.2	42.9	42.0	42.0
	Women in Executive Manager and above roles (%)	**36.4**	35.2	33.9	31.8	30.3	30.9
	Lost Time Injury Frequency Rate (LTIFR)[1]	**1.0**	1.2	1.9	1.5	1.9	2.8
	Absenteeism Rate	**5.9**	6.0	6.0	6.1	6.2	6.2
Environment	Scope 1 emissions (Australia) (tCO_2-e)	**3,439**	6,847	7,249	7,936	8,064	8,192
	Scope 2 emissions (Australia) (tCO_2-e)	**37,637**	81,307	86,264	91,275	100,997	118,047
	Scope 3 emissions (Australia) (tCO_2-e)	**16,083**	33,854	39,361	44,826	47,438	47,667
	Emissions per FTE (Australia) Scope 1 + 2 (tCO_2-e)	**2.75**	2.89	-	-	-	-
Community	Total Community Investments ($m)	**132**	263	243	-	-	-
	School Banking students (active) (#)	**294,942**	330,874	310,474	273,034	233,217	191,416
	Start Smart students (booked) (#)	**296,573**	557,475	298,505	288,728	284,834	235,735

All metrics capture data of the wholly owned and operated entities of the Commonwealth Bank Group (the Group) unless otherwise stated. 1. Lost Time Injury Frequency Rate is the reported number of occurrences of lost time arising from injury or disease that have resulted in an accepted workers compensation claim, for each million hours worked by the average number of domestic employees (permanent, casual and contractors paid directly by the Group) over the year.

More satisfied customers - Internet

Customer Satisfaction

Satisfaction with Internet Banking Services
via "Website" or "App"



#1	Free Financial app
#1	Online Banking – 7yrs in a row (CANSTAR)
#1	Following on social media
#1	Internet Banking (Finder Innovation)
#1	Gold Innovation Award (Finder Innovation)
#1	Mobile Banking (CANSTAR)
#1	Innovative Card & Payment product – Mobile Wallet (AB&F)
#1	Best feature packed broker – CommSec (Money Magazine)

Refer notes slide at back of this presentation for source information

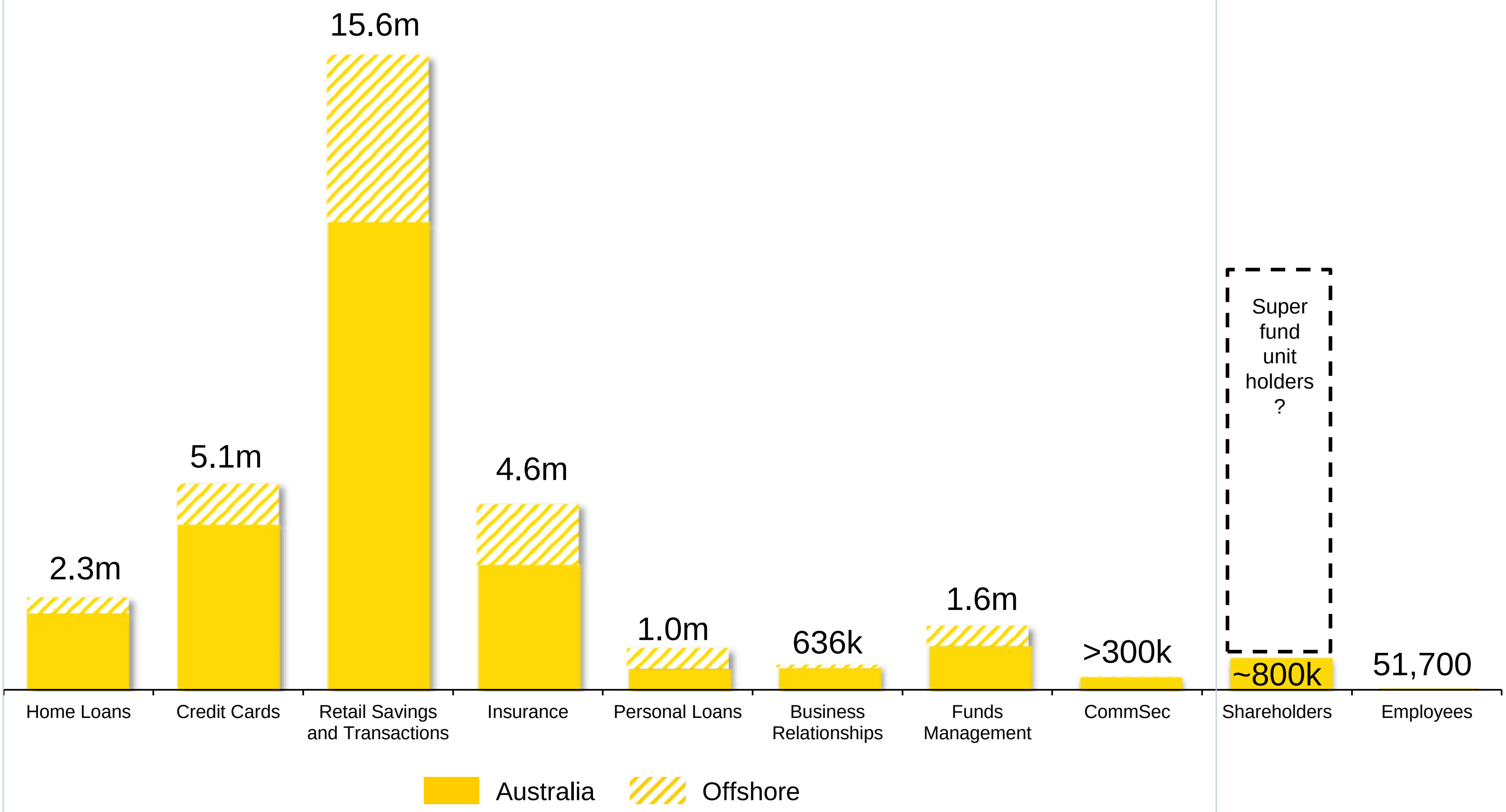
CBA Overview

		Australia	NZ	Other	Total
People, Customers & Delivery	Customers	13.5m	2.3m	0.5m	**16.3m**
	Staff	41,500	5,700	4,500	**51,700**
	Branches	1,130	131	123	**1,384**
	ATMs	4,417	435	169	**5,021**
Customer Satisfaction	Retail				**#1**
	Business				**= #1**
	Internet Banking				**#1**
Market Shares	Main Financial Institution (MFI)				**#1**
	Home Lending[1]				**#1**
	Household Deposits[2]				**#1**
	FirstChoice Platform[3]				**#1**
Strength	Market Capitalisation[4]				**#1**
	Capital - CET1 APRA/International[5]				**9.9%/15.4%**
	Total Assets				**$972bn**
	Credit Ratings[6]				**AA-*/Aa2/AA-**

Refer notes slide at back of this presentation for source information 1. Source: APRA/RBA 2. Source: APRA 3. Source: Strategic Insight Sep-16 (formerly Plan for Life) 4. Source: Bloomberg, 17 Jan 2017 5. Internationally comparable capital - refer glossary for definition. 6. S&P, Moody's, Fitch * S&P put major Australian Banks on "Outlook Negative" 7 Jul 2016. Moody's applied "Negative" outlook 18 August. Fitch updated the outlook on the bank sector to "negative" on 2 Dec, 2016 – though individual CBA issuer rating remained "Stable"

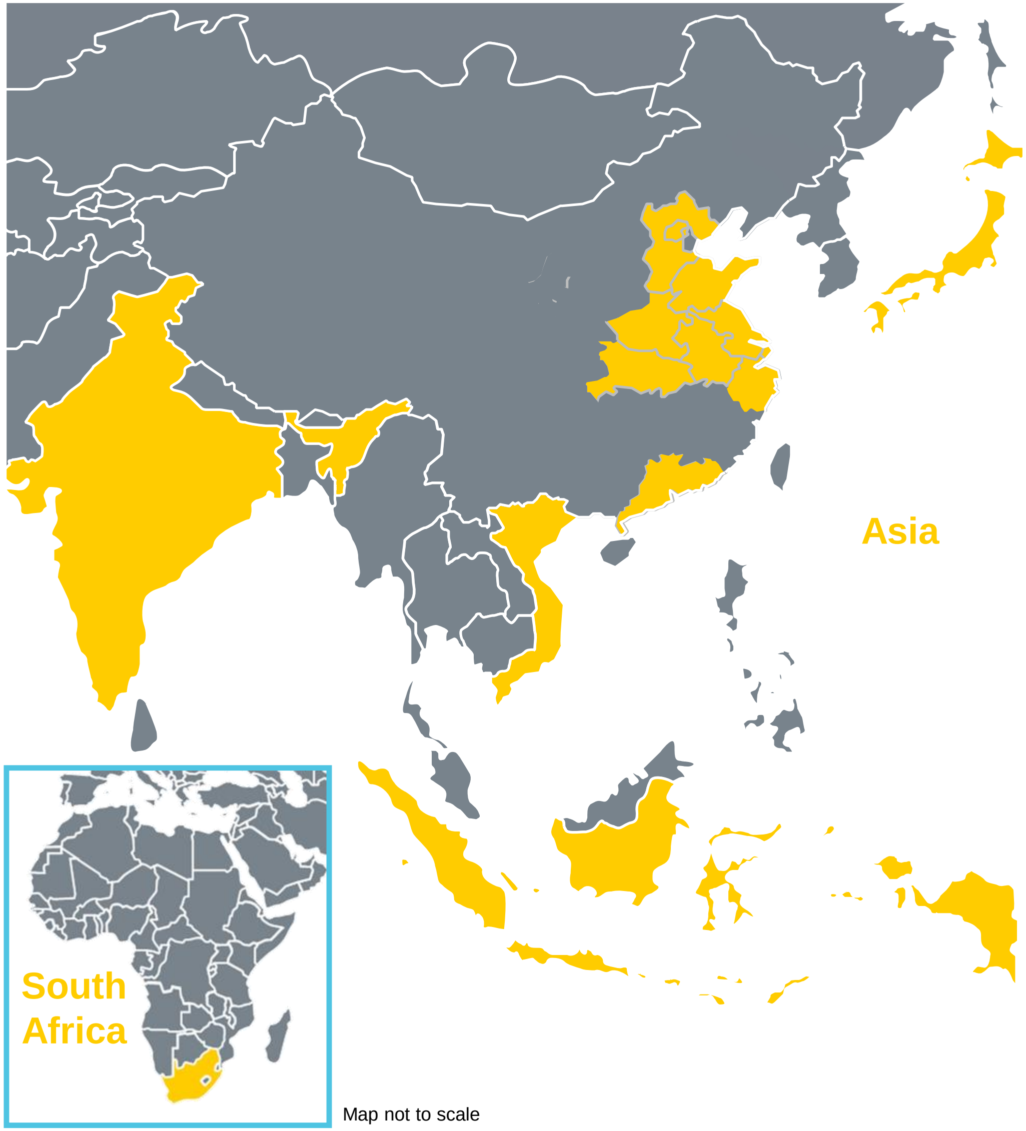
Our Stakeholders

Customer Product Holdings[1]



1. Customers who hold at least one product in each of the major product categories shown. Totals not mutually exclusive – includes cross product holdings. Figures are approximates only and may include some level of duplication across customer segments. CommSec total includes active accounts only. Figures may reflect restatements consistent with current period reporting.

CBA in Asia and South Africa



Map not to scale

China
- Bank of Hangzhou (18%): 189 branches
- Qilu Bank (20%): 120 branches
- County Banking (Henen & Hebei):
  - 15 branches (10 @ 100% holding, 5 @ 80% holding)
  - 8 sub-branches (2 @ 100% holding, 6 @ 80% holding)
- CBA Beijing, Shanghai and Hong Kong branches
- BoCommLife (37.5%): operating in 11 provinces
- First State Cinda JV (46%) and First State Investments Hong Kong
- Colonial Mutual Group Beijing Rep Office

Indonesia
- PT Bank Commonwealth (99%): 70 branches and 144 ATMs
- PT Commonwealth Life (80%): 27 life offices
- First State Investments

Vietnam
- Vietnam International Bank (20%): 155 branches
- Hanoi Representative Office
- Ho Chi Minh City CBA branch; 25 ATMs

Singapore
- CBA branch
- First State Investments

Japan
- Tokyo CBA branch
- First State Investments

South Africa
- CBA SA (TYME entities): 685 kiosks

India
- Mumbai CBA branch

This Result[1]

Financial

Cash earnings ($m)	4,907	2%
ROE (Cash)	16.0%	(130) bpts
Cash EPS ($)	2.86	-
DPS ($)	1.99	1 cent
Cost-to-Income	43.3%	120 bpts
NIM (%)	2.11	(4) bpts
NIM (%) ex Treasury & Markets	2.08	(5) bpts

Operating Performance ($m)[2]

Group	7,449	4%
Retail Banking Services	3,868	9%
Business and Private Banking	1,196	2%
Institutional Banking & Markets[3]	940	2%
Wealth Management	306	(35%)
NZ ($NZ)	775	4%
Bankwest	552	(1%)

Balance Sheet

Total assets ($bn)	972	8%
Total liabilities ($bn)	910	8%
FUA ($bn) – average	150	4%
RWA ($bn)	436	11%
Provisions to Credit RWAs (%)	1.02	(9) bpts

Capital & Funding

Capital – CET1 (Int'l)[4]	15.4%	110 bpts
Capital – CET1 (APRA)	9.9%	(30) bpts
LT wholesale funding WAM (yrs)	4.2	0.3yrs
Deposit funding (%)	66%	-
Liquidity Coverage Ratio (%)	135	large
Leverage Ratio (APRA)	4.9%	(10) bpts

1. All movements on prior comparative period unless stated 2. Operating Performance is Total Operating Income less Operating Expenses
3. Growth (2%) ex CVA / FVA 4. Internationally comparable capital - refer glossary for definition

Statutory NPAT up 6%

$m	Dec 16	Dec 15	
Cash NPAT	**4,907**	**4,808**	2%
Hedging and IFRS volatility[1]	8	(150)	
Bankwest non-cash items	(1)	(26)	
Treasury shares valuation adjustment	(19)	(9)	
Total non-cash items	**(12)**	**(185)**	
Statutory NPAT	**4,895**	**4,623**	6%

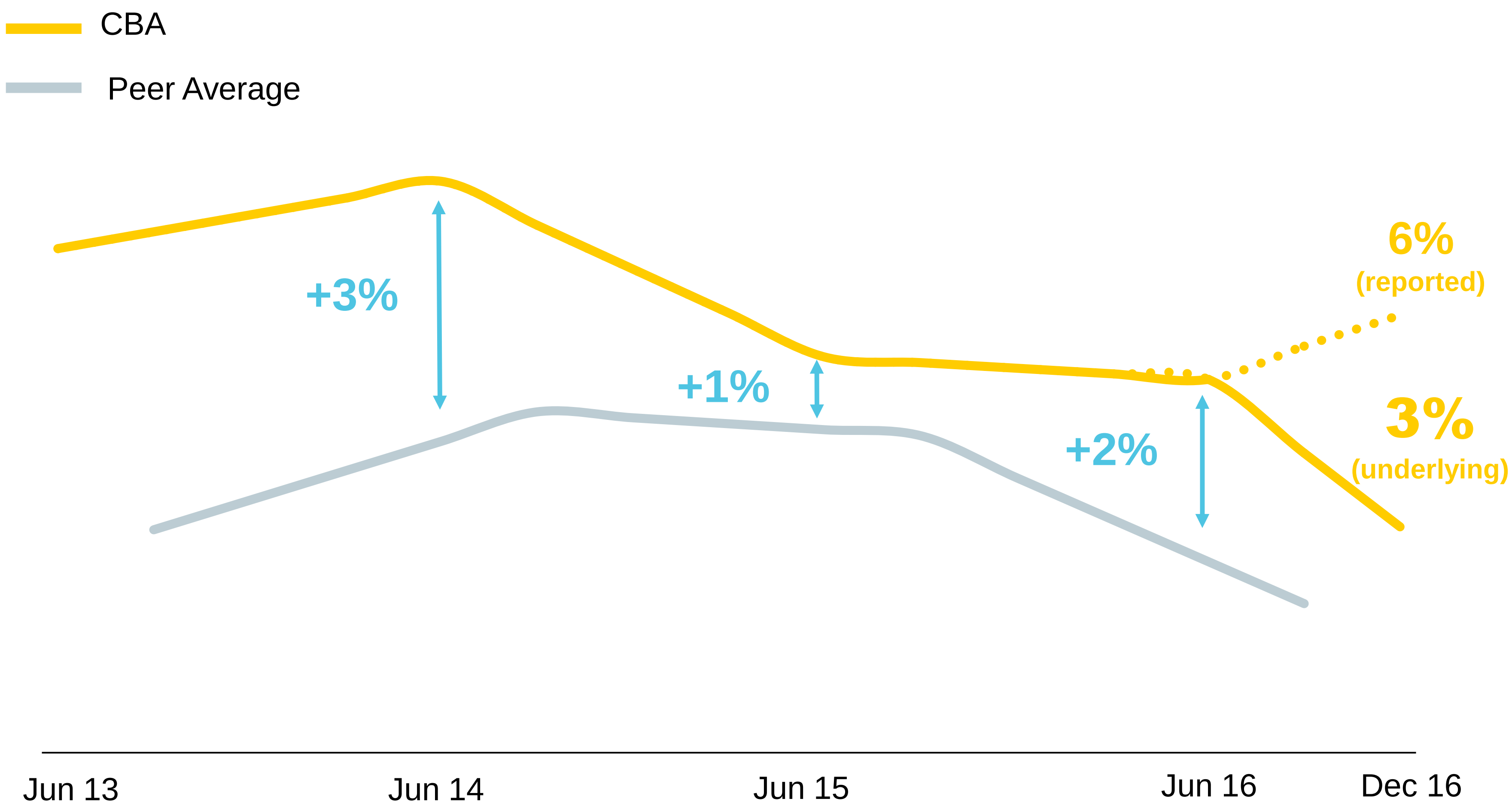
1. Unrealised accounting gains and losses arising from the application of "AASB 139 Financial Instruments: Recognition and Measurement"

Cash NPAT up 2%

	Dec 16	Dec 16 vs Dec 15
Statutory Profit ($m)	4,895	6%
Cash NPAT ($m)	4,907	2%
ROE – Cash (%)	16.0%	(130) bpts
Cash Earnings per Share ($)	2.86	-
Dividend per Share ($)	1.99	1 cent

Growth bias for the longer term

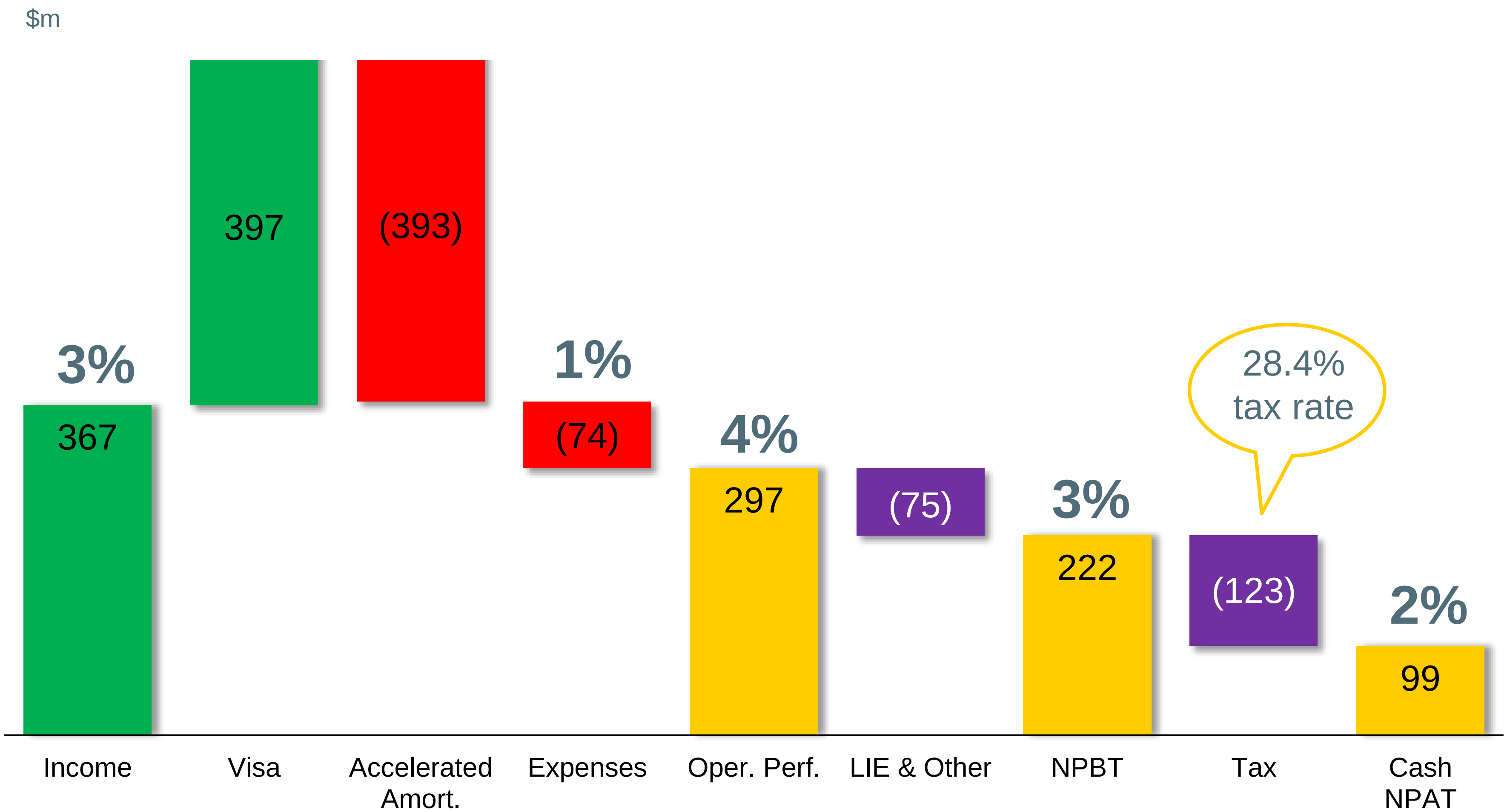
Income Growth (%)



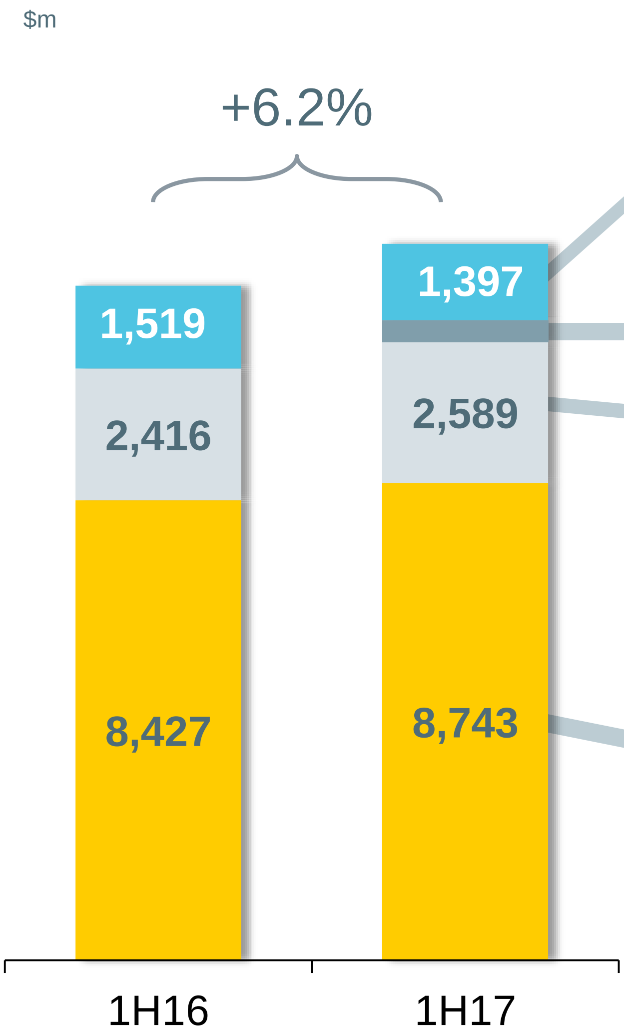
Total Operating Income growth on prior comparative period - CBA June Financial Years, Peers September

Components of growth

1H17 vs 1H16



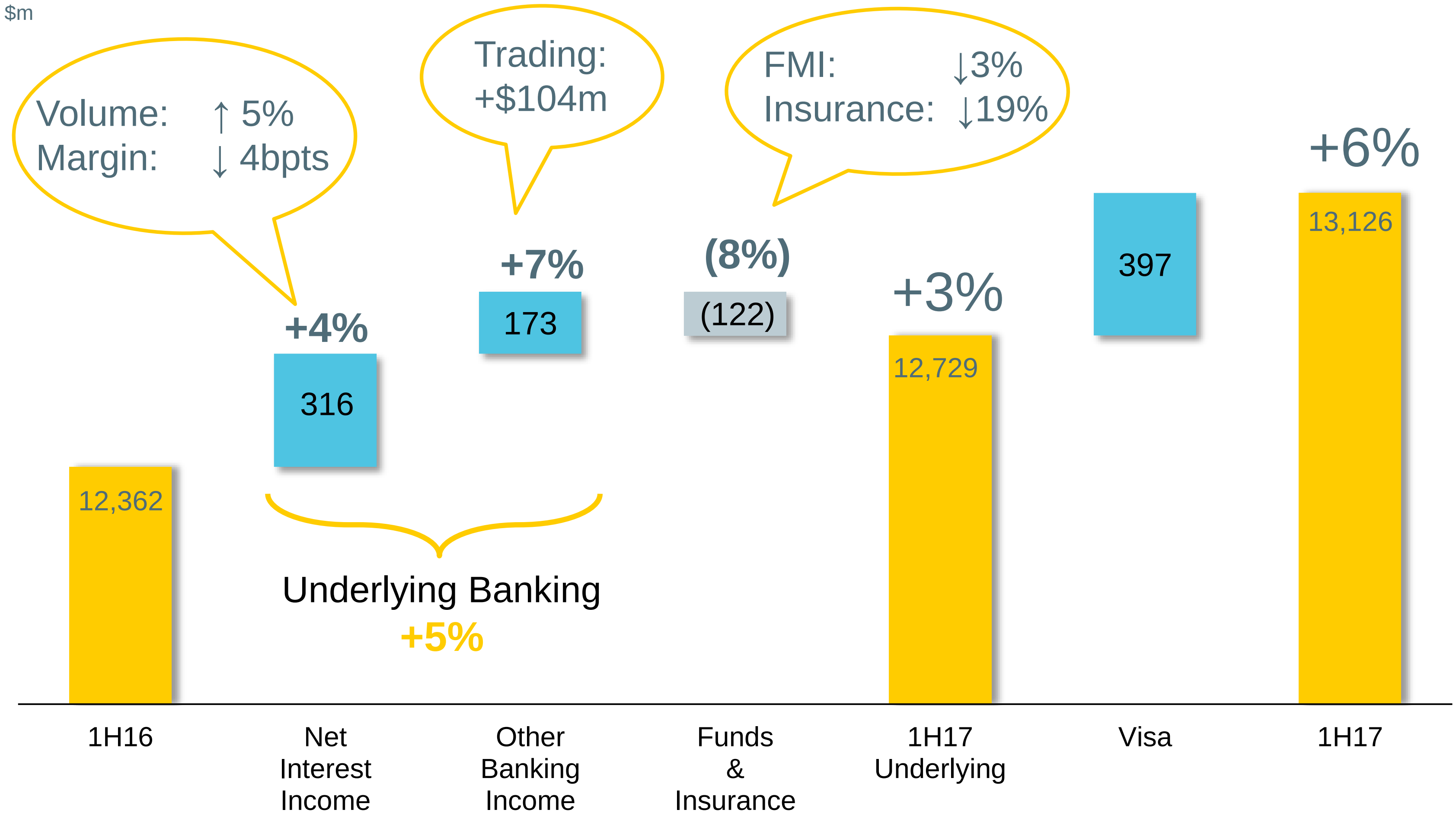
Operating income drivers



Funds & Insurance		**(8%)**
Average FUA	↑	4%
Insurance income	↓	(19%)
Visa		**$397m**
Other Banking Income		**+7%**
CVA / FVA	↑	$46m
Trading (ex CVA/FVA)	↑	10%
OBI (Underlying ex Trading)	↑	4%
Net Interest Income		**+4%**
Volume	↑	5%
Margin	↓	(4) bpts

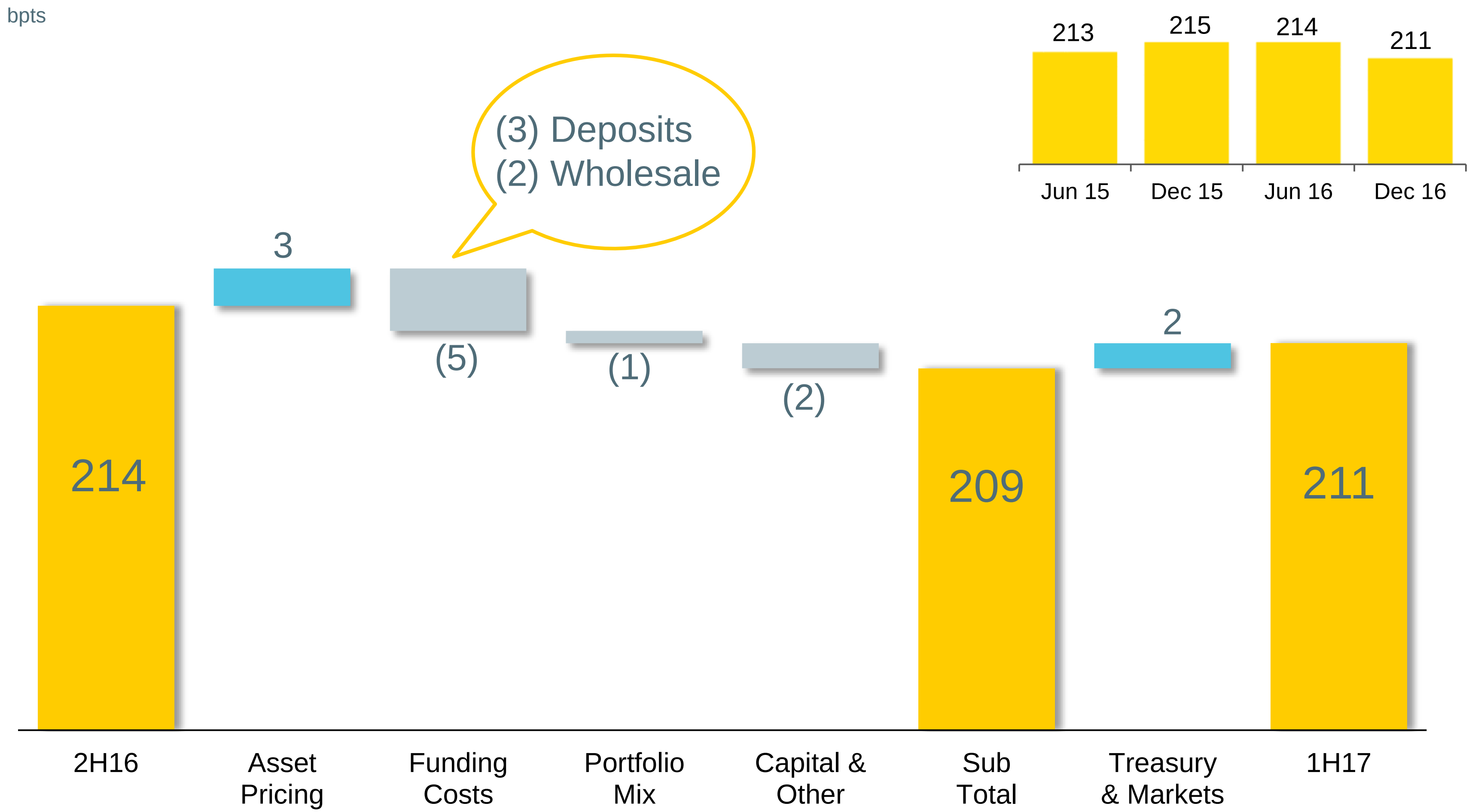
Underlying income up 3%

Total Operating Income



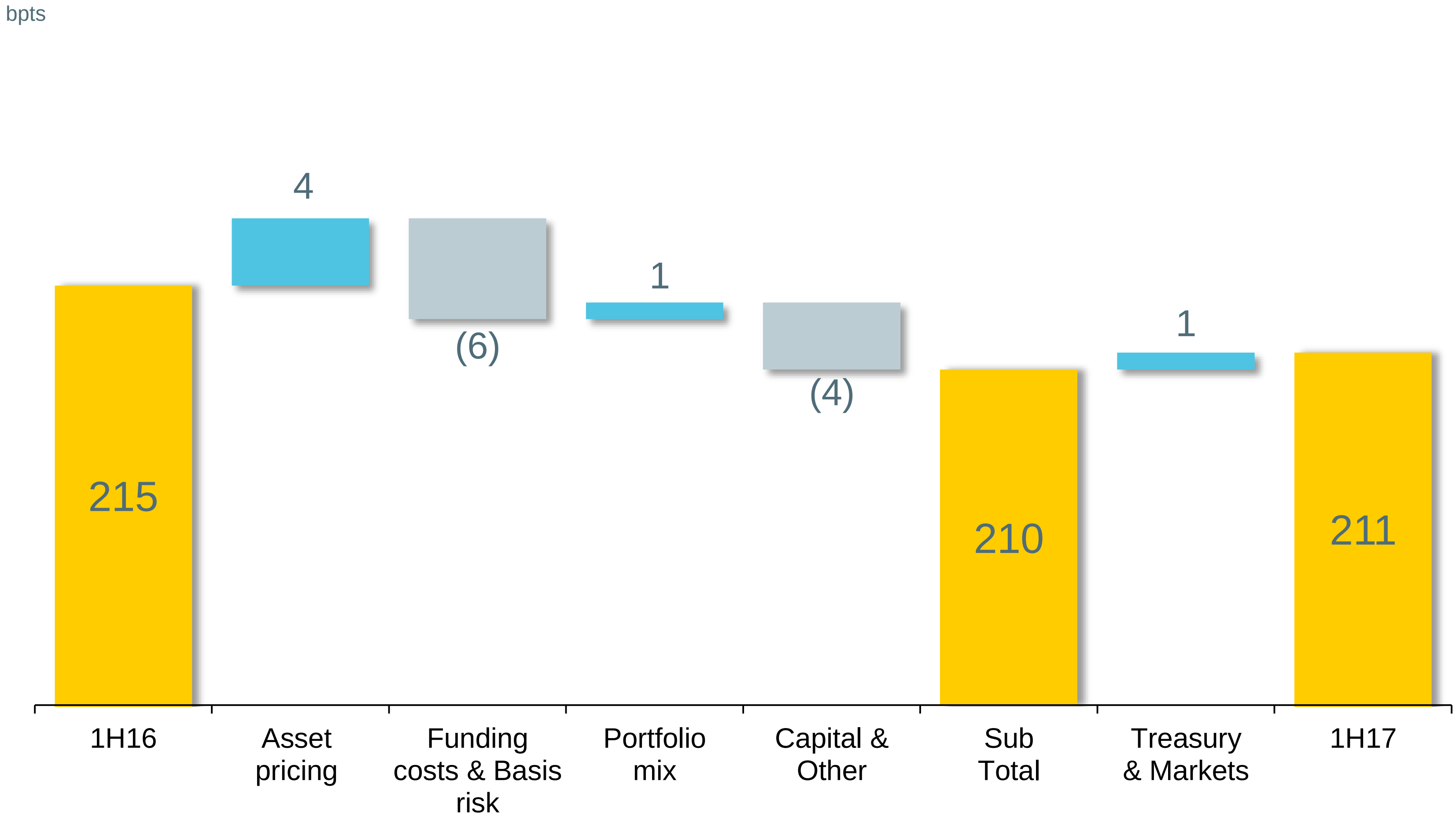
Margin – down 3 bpts on higher funding costs

6 month movement



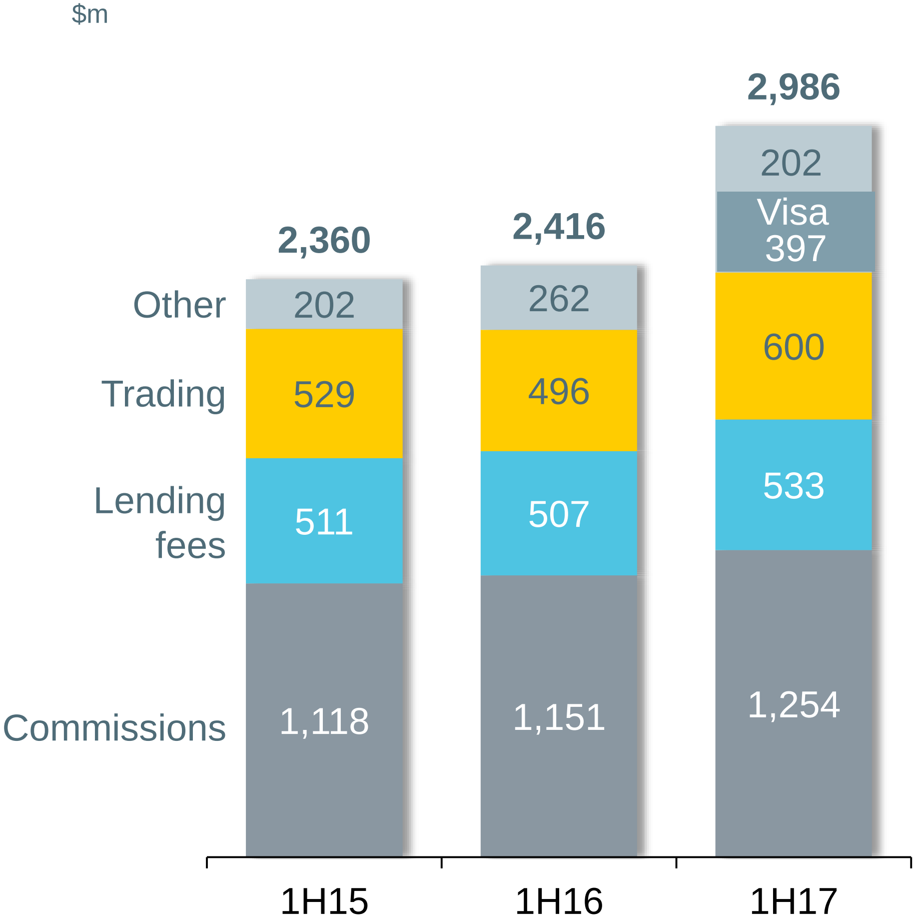
Over 12 months, Group NIM down 4 bpts

12 month movement

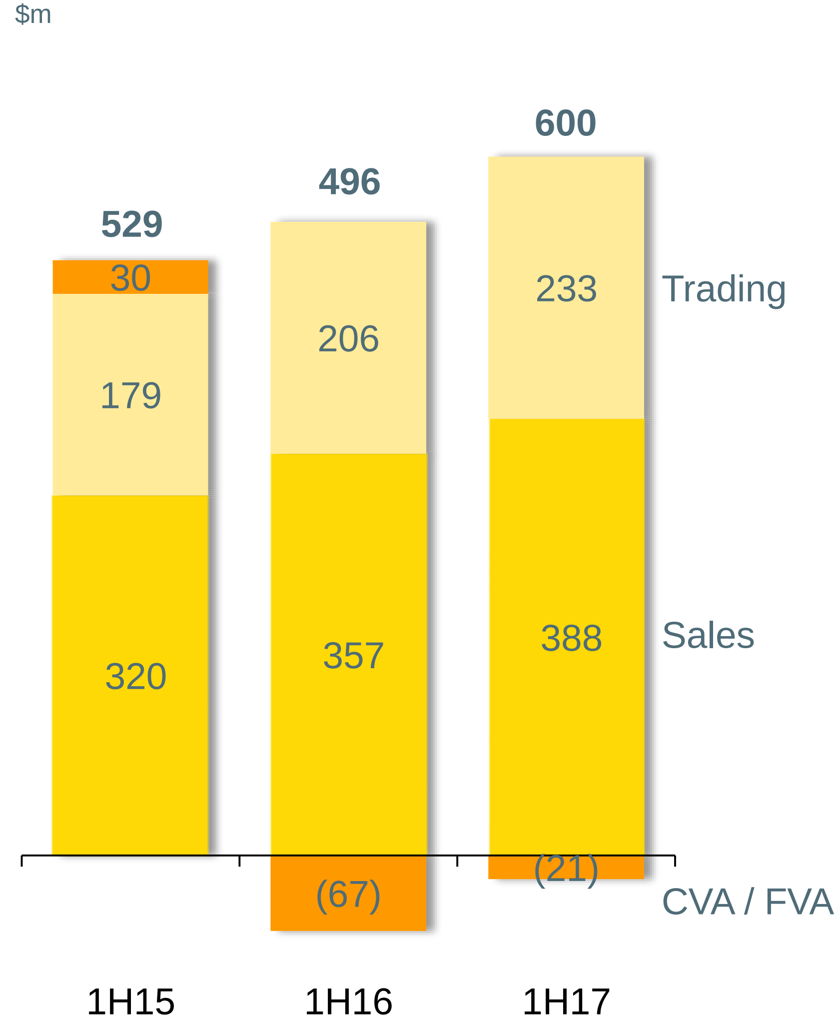


Trading income higher

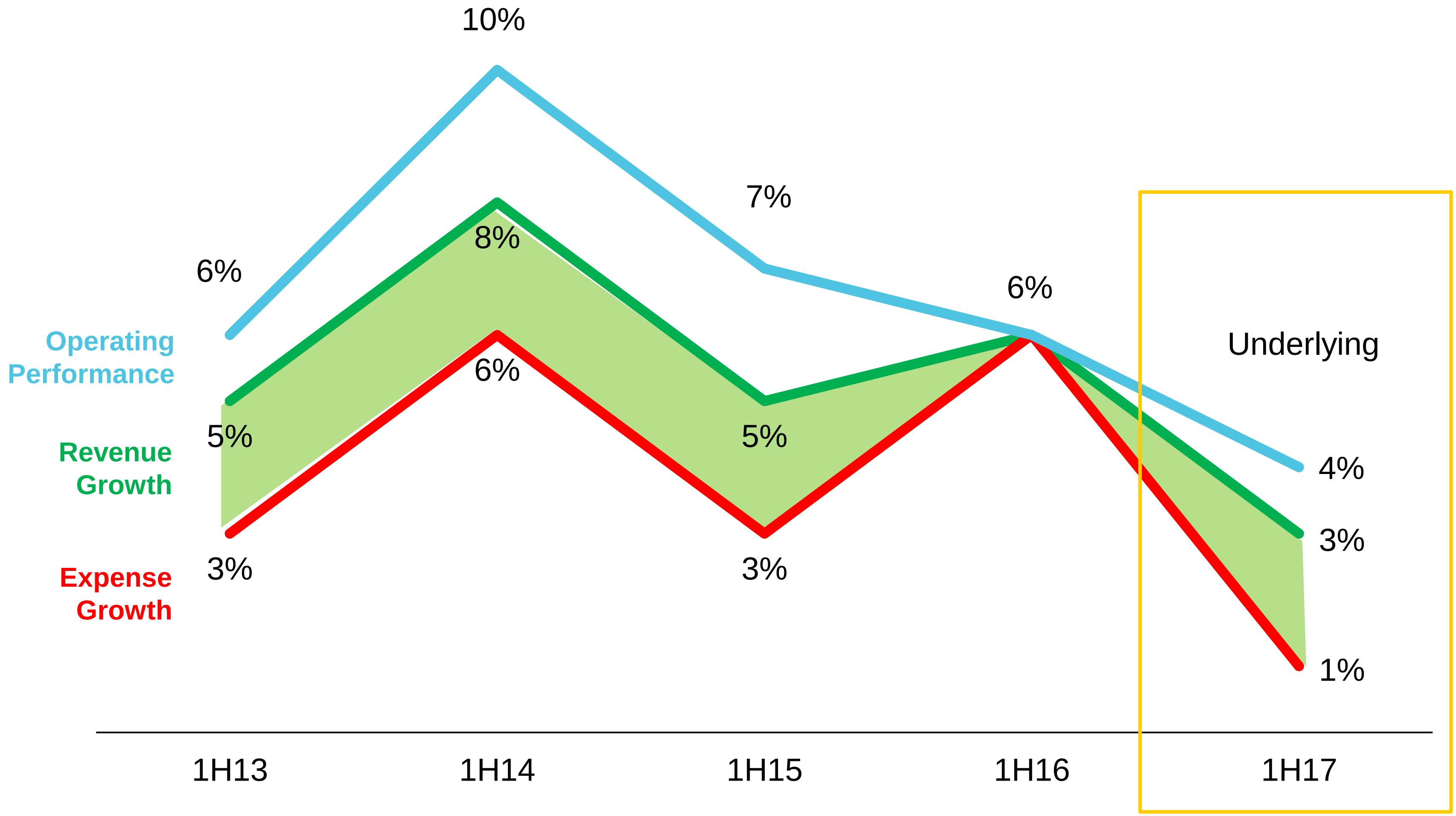
Other Banking Income



Trading Income



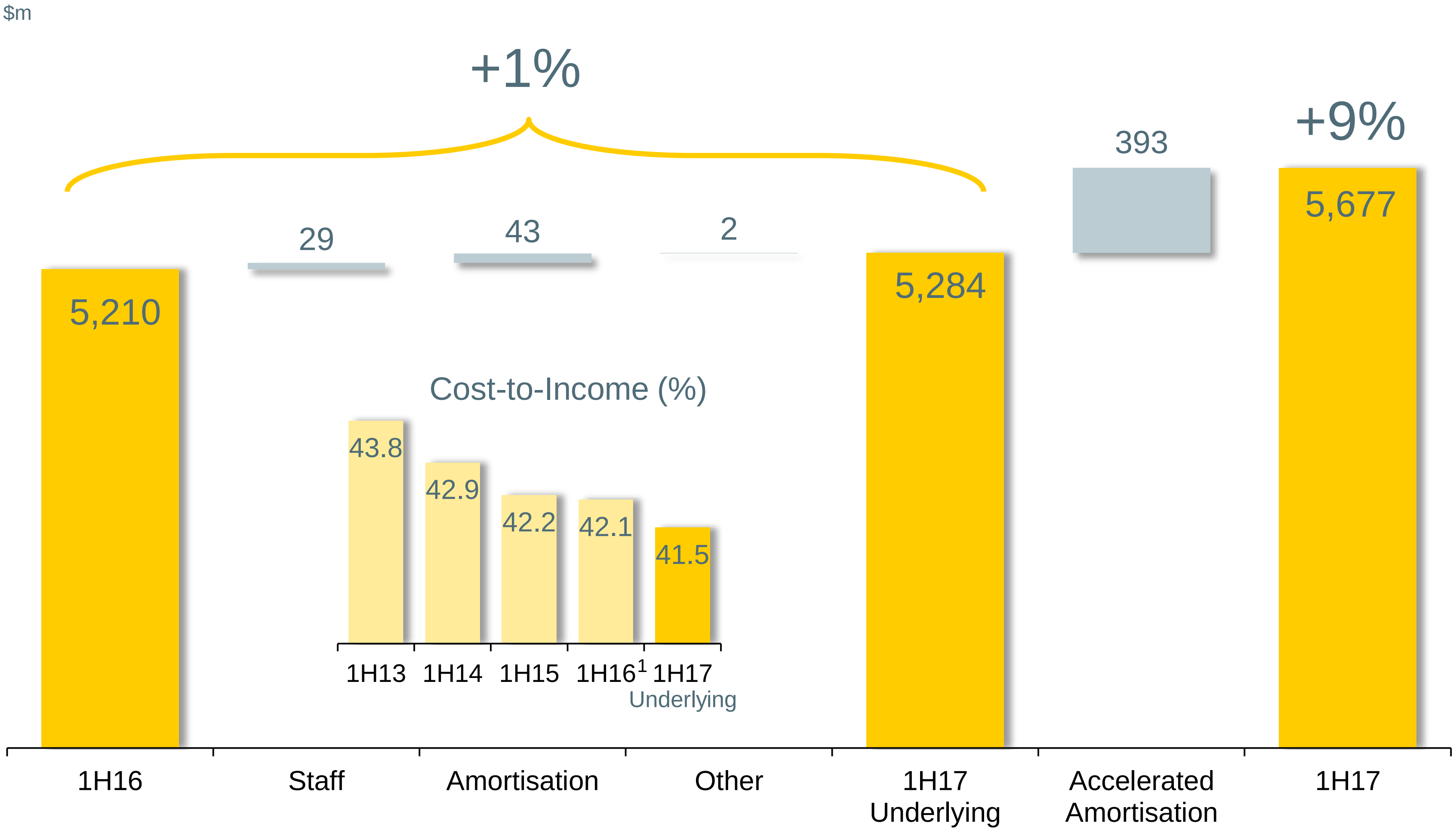
Cost discipline sustains positive jaws



Growth on prior comparative period

Expenses tightly controlled

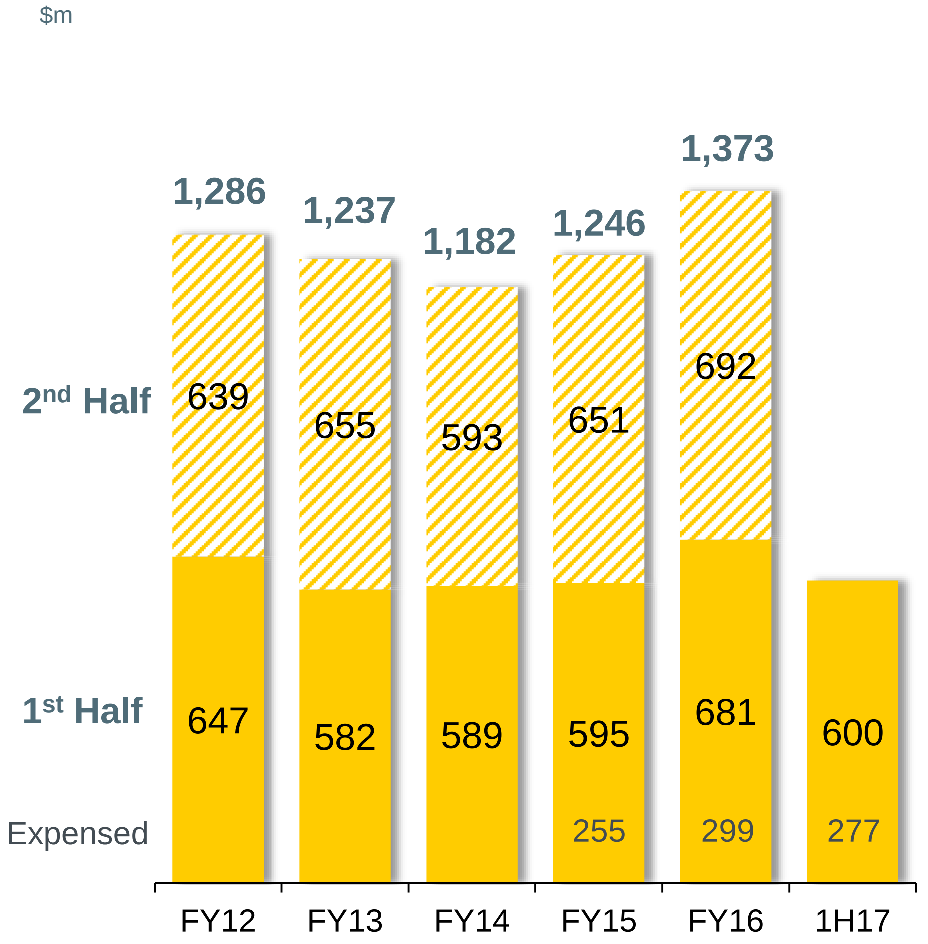
Total Operating Expenses



1. 1H16 restated to conform to presentation in the current period

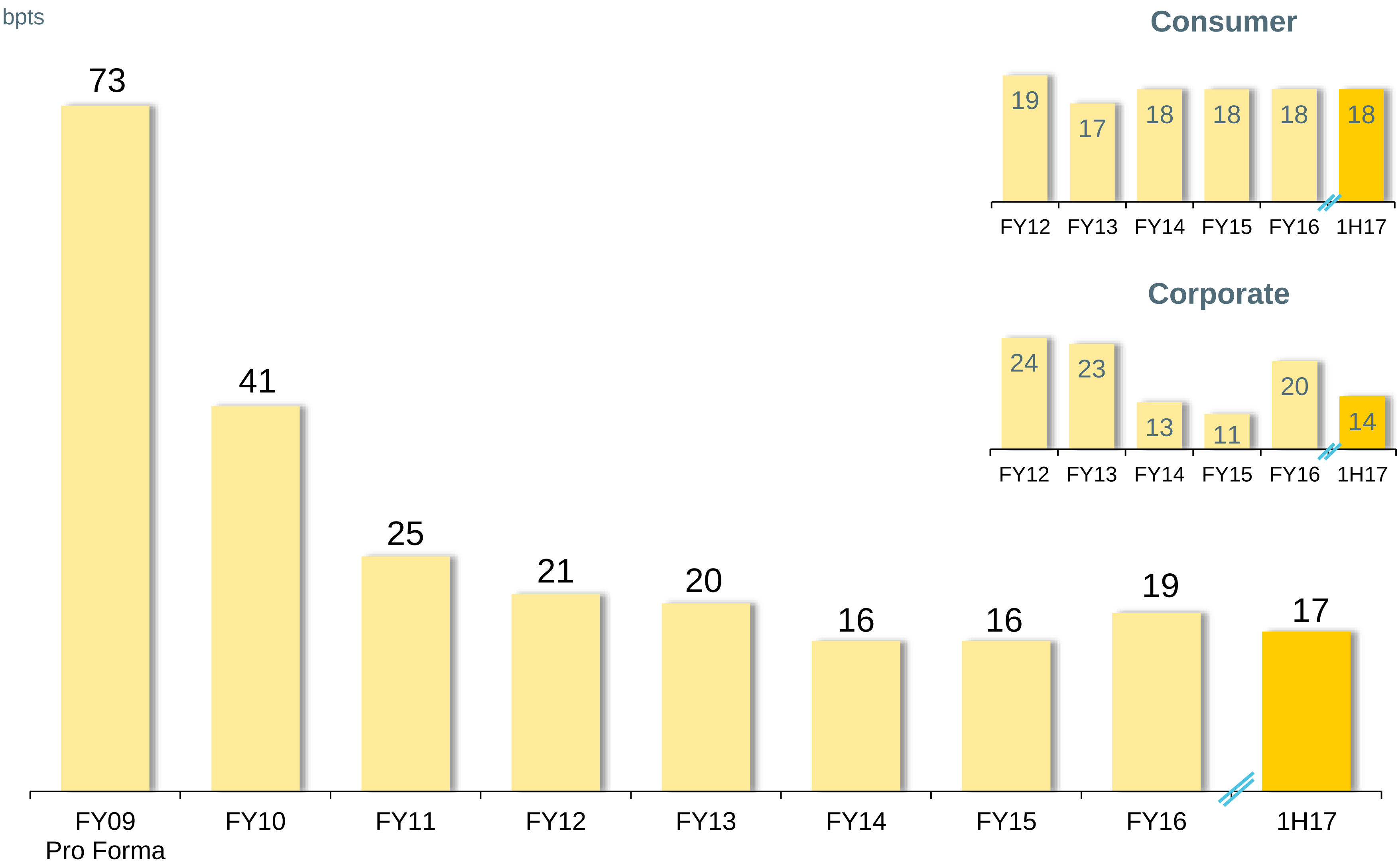
Continuing to invest

Gross Investment Spend



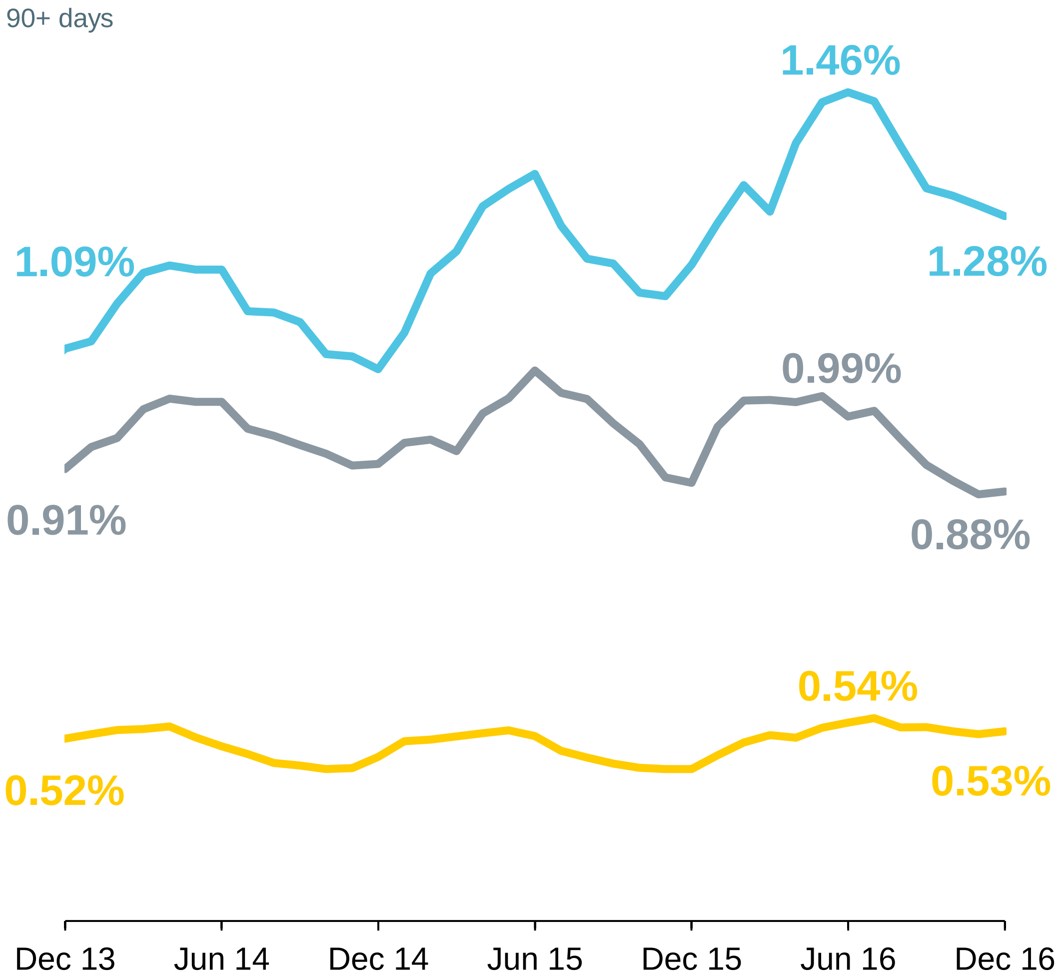
Investment Spend

LIE remains low



Cash LIE basis points (bpts) calculated as a percentage of average GLA. FY09 includes Bankwest on a pro-forma basis and is based on LIE for the year. Statutory LIE for FY10 48bpts, FY13 21bpts and FY14 16bpts.

Consumer arrears lower this half



Personal Loans

Seasonally lower – still elevated in WA

Credit Cards

Sound and seasonally lower

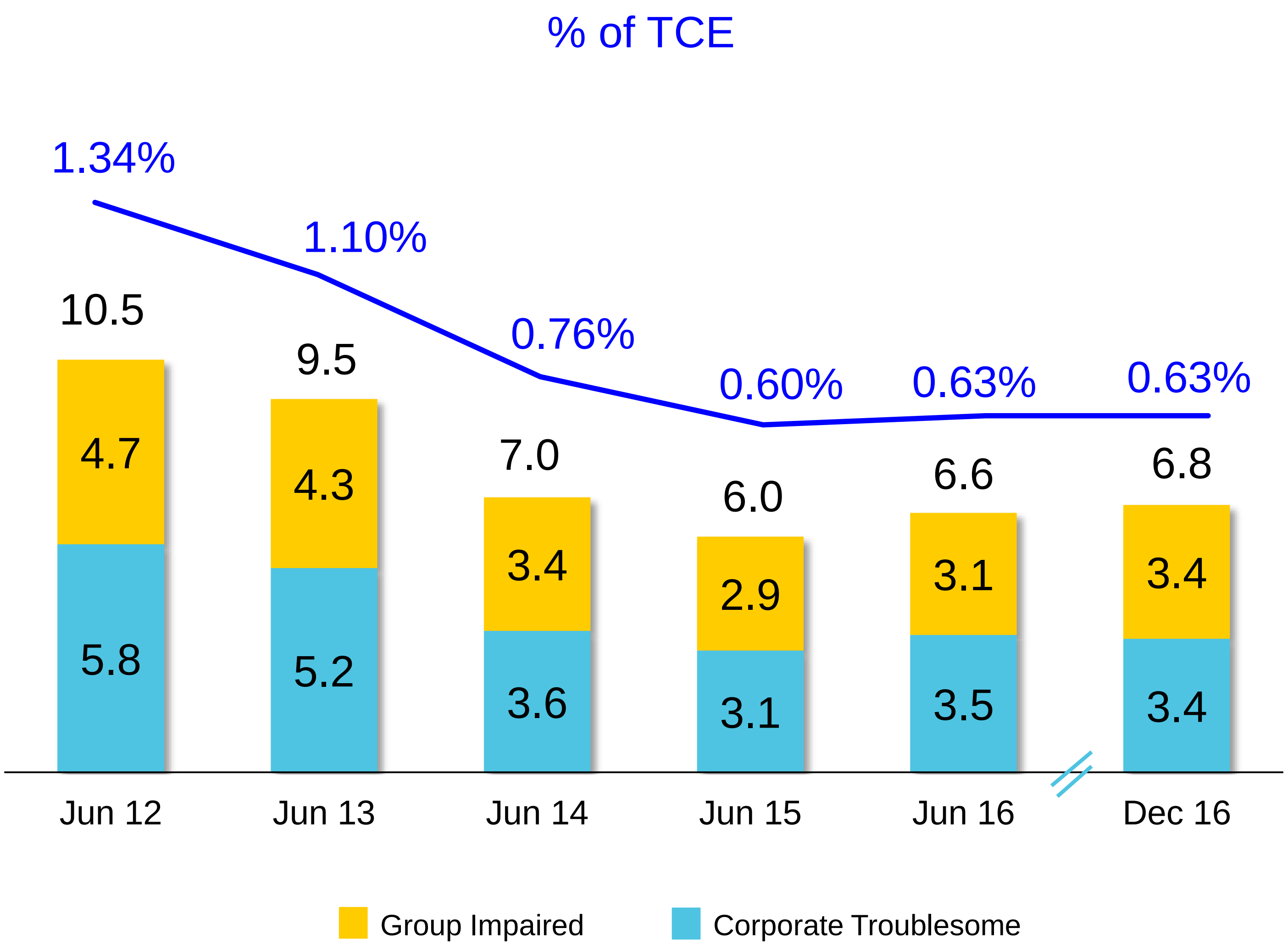
Home Loans

Continues at historically low levels, higher in WA

Consumer Home Loan Arrears exclude Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans.

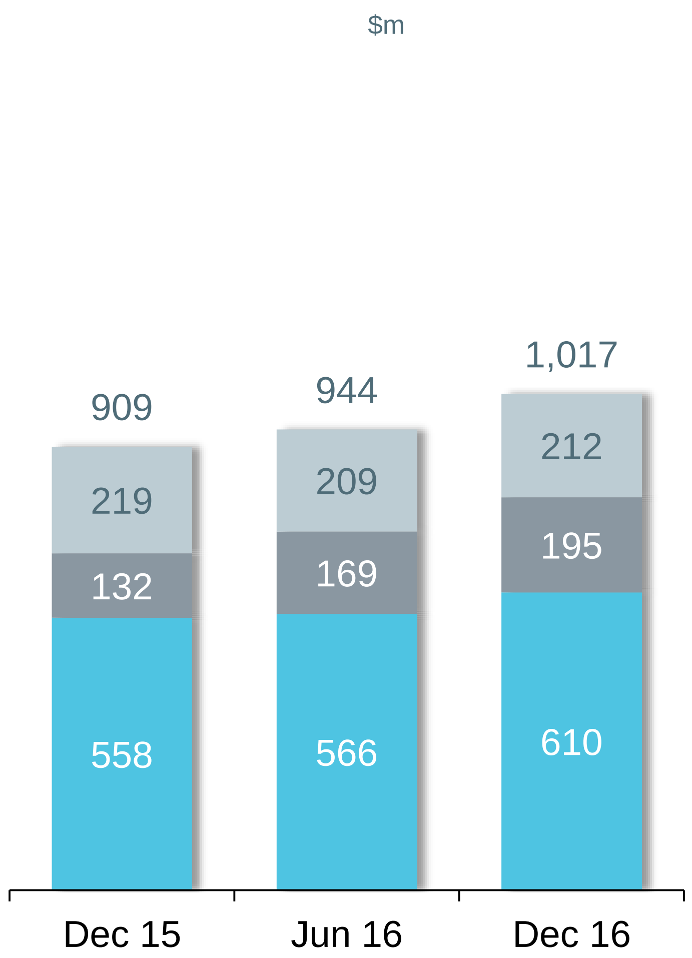
Group TIA marginally higher

$bn

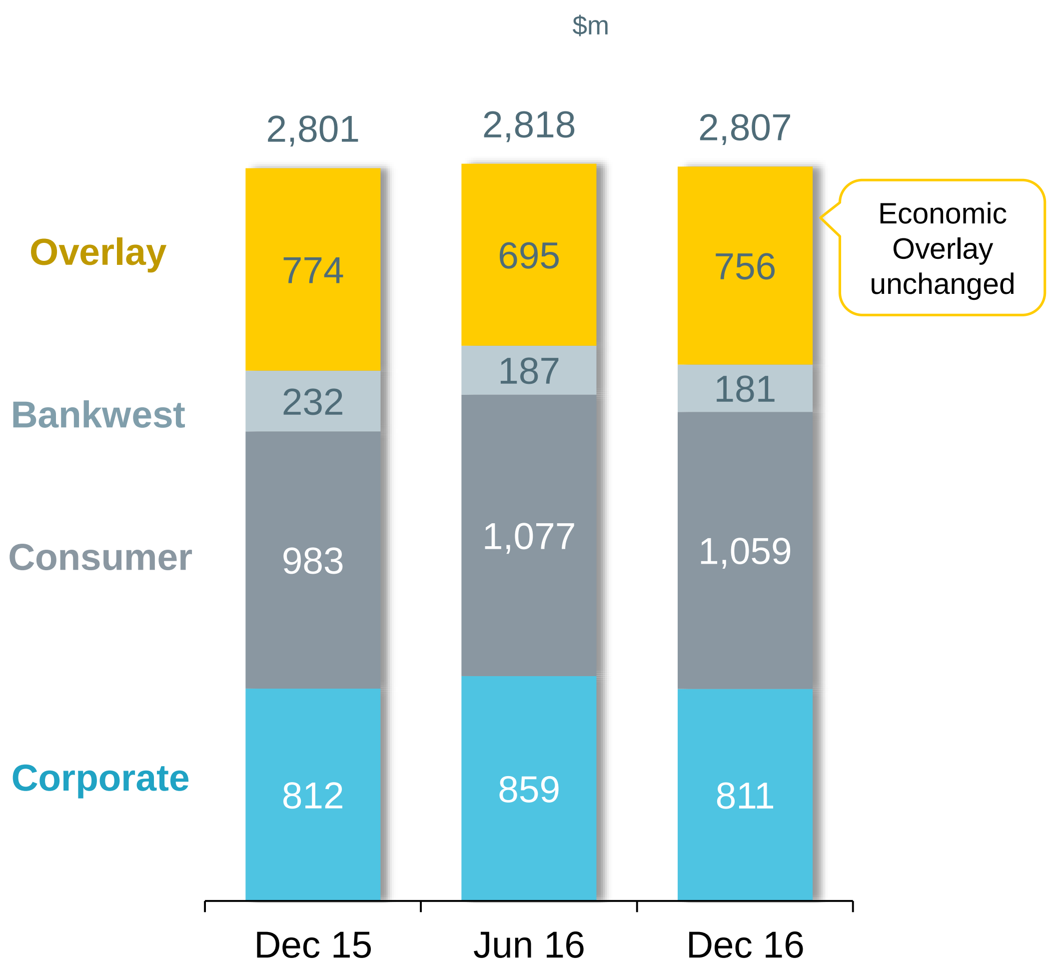


Prudent provisioning

Individual Provisions

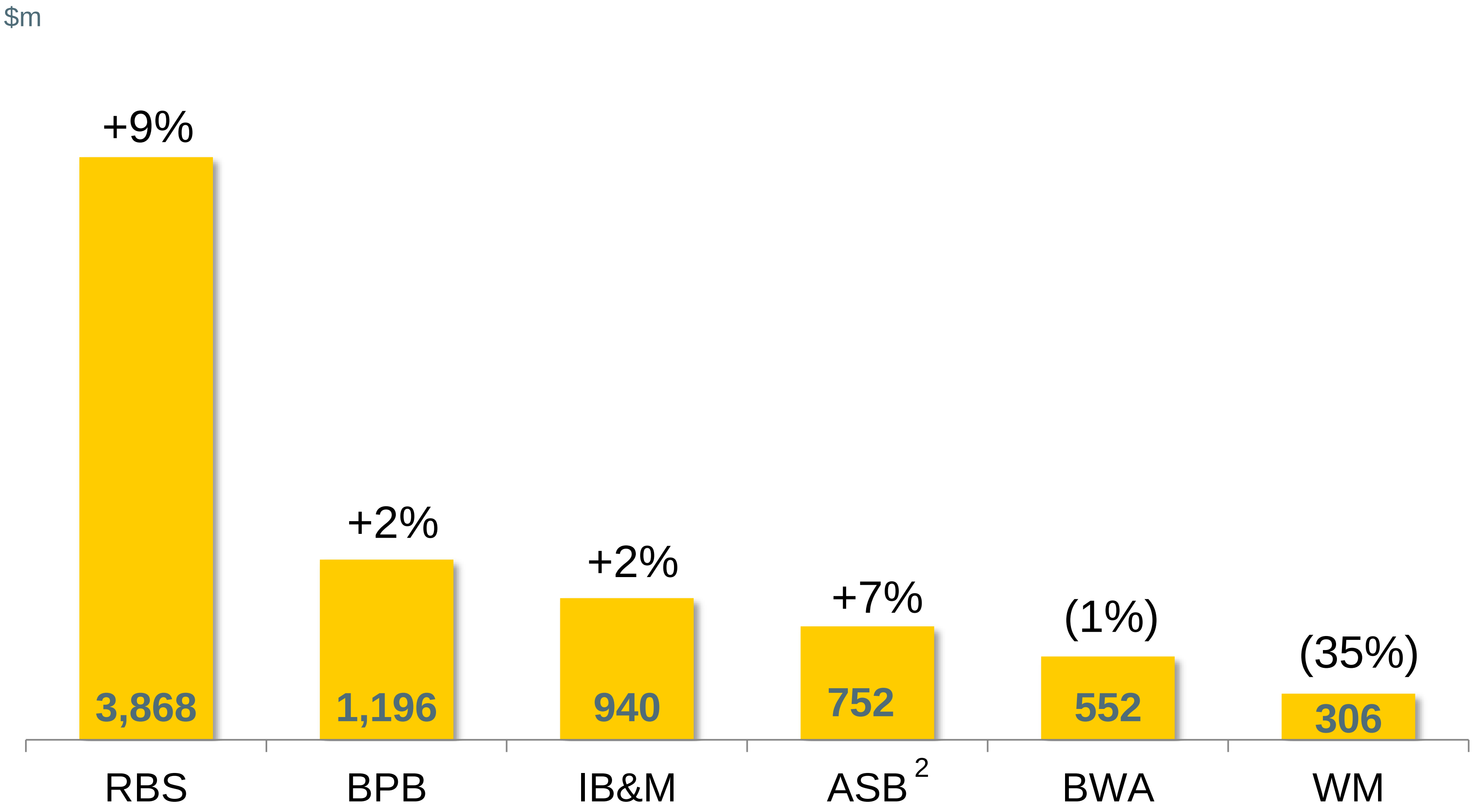


Collective Provisions



Divisional Contributions

Operating Performance 1H17[1]



1. All movements on prior comparative period
2. In NZD

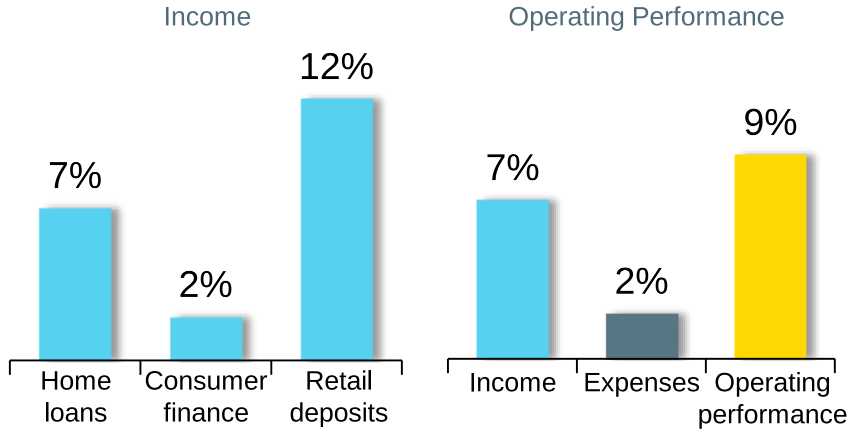
Divisional Contributions

Business Unit [1]	% of Group NPAT	1H17 vs 1H16 Operating Income	Costs	**Operating Performance**	LIE	**Cash NPAT**	Cost-to-Income Dec 16
RBS	50%	7%	2%	**9%**	14%	**9%**	31%
BPB	16%	3%	4%	**2%**	(9%)	**2%**	39%
IB&M	14%	2%	2%	**2%**	(69%)	**10%**	37%
IB&M [2] ex CVA / FVA	14%	(1%)	2%	**(2%)**	(69%)	**1%**	36%
Wealth	5%	(11%)	3%	**(35%)**	n/a	**(34%)**	73%
ASB [3]	9%	4%	-	**7%**	20%	**6%**	36%
BWA	7%	(1%)	(1%)	**(1%)**	Lge	**(12%)**	41%
IFS	1%	2%	(15%)	**75%**	93%	Lge	67%

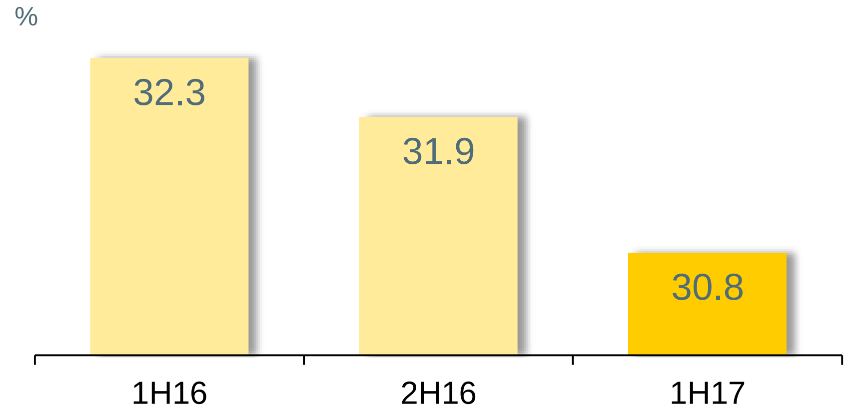
1. Excludes Corporate Centre and Other
2. % of Group NPAT calculated based on Group result excluding CVA / FVA
3. ASB result in NZD except for "% of Group NPAT", which is in AUD

Retail Banking Services

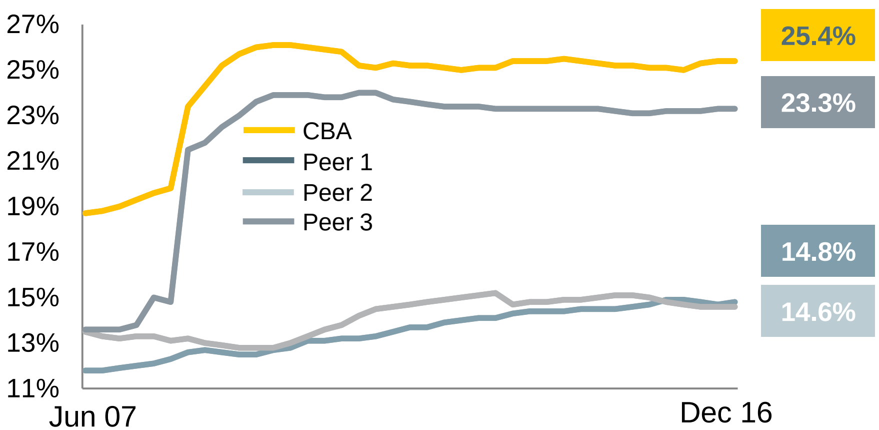
Income – 1H17 vs 1H16



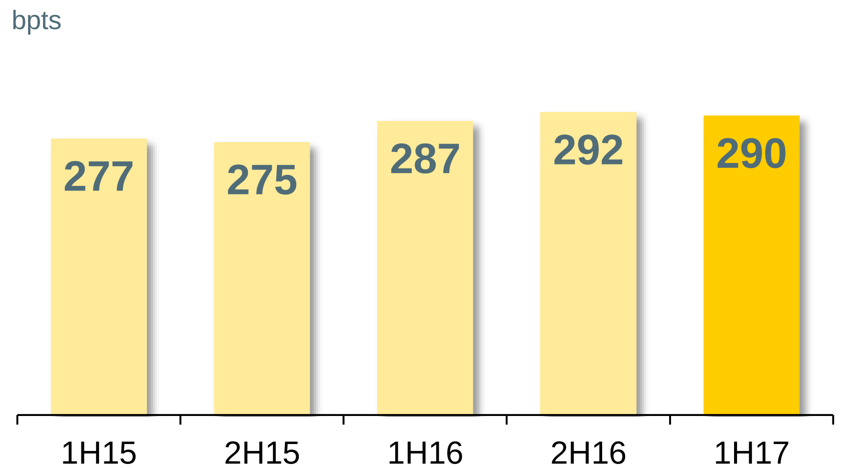
Cost-to-Income



Home Loan Market Share[1]

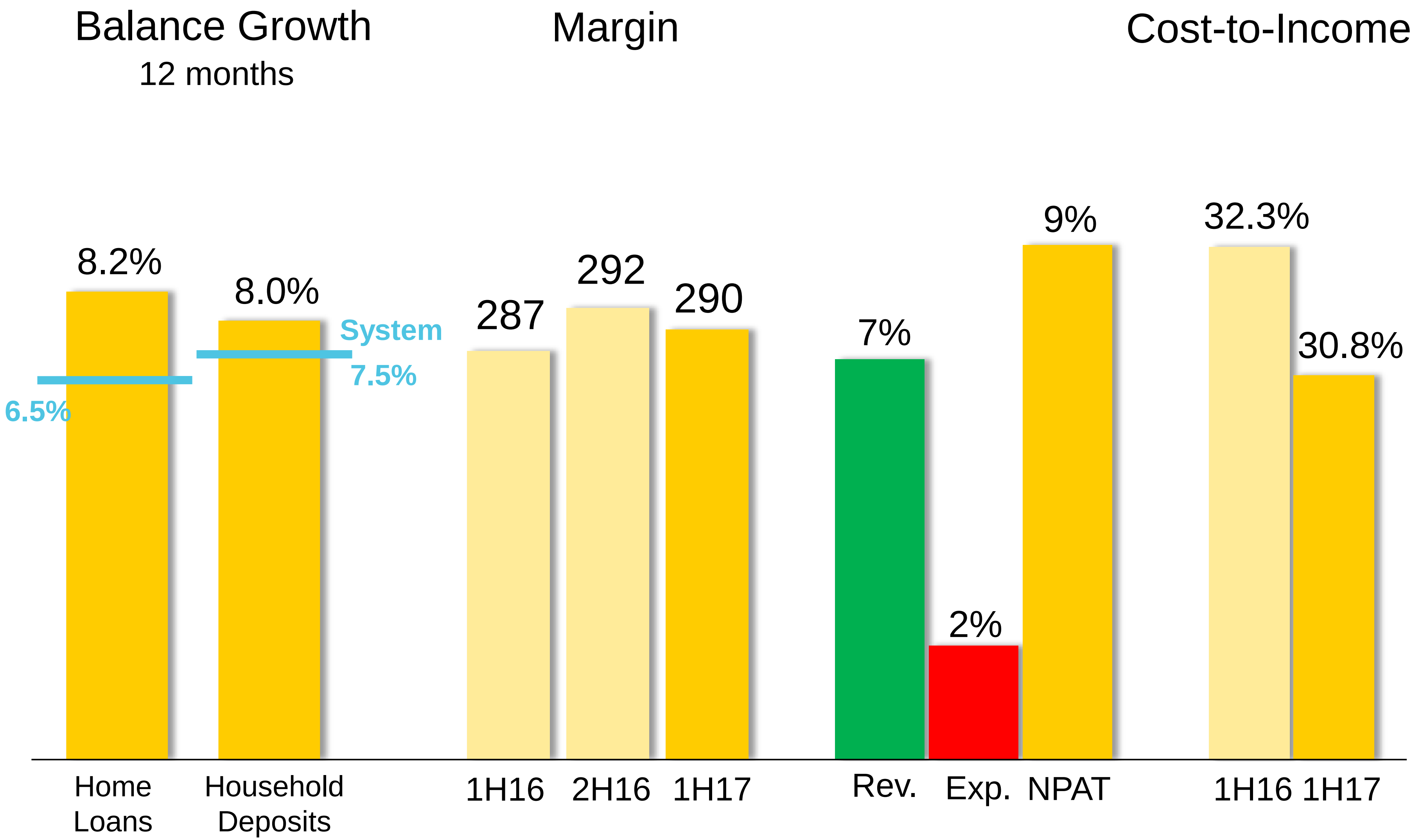


Margin



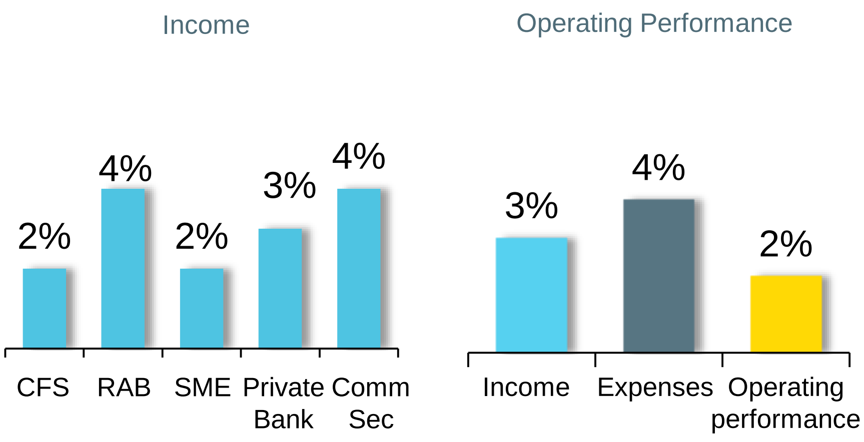
1. RBA/APRA. CBA includes Bankwest

RBS – strong growth, further efficiency gains

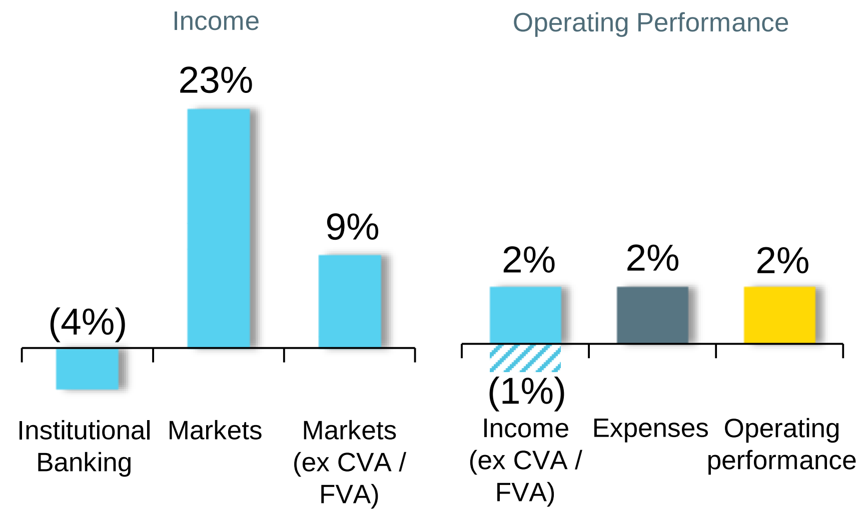


Corporate

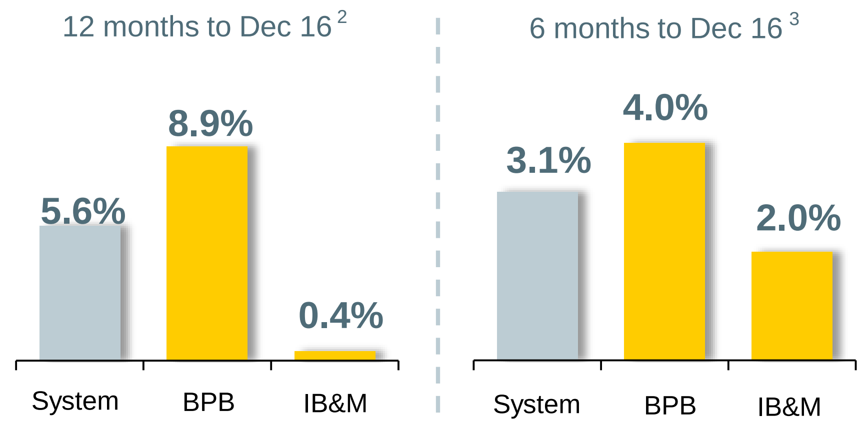
BPB – 1H17 vs 1H16



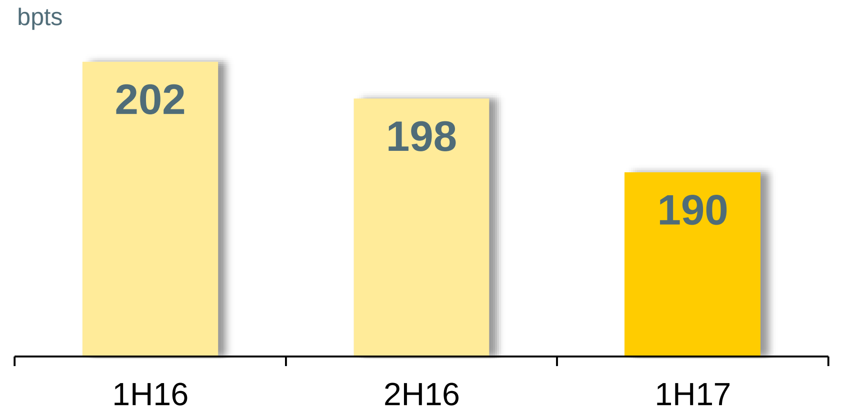
IB&M – 1H17 vs 1H16



Australian Lending Growth[1]

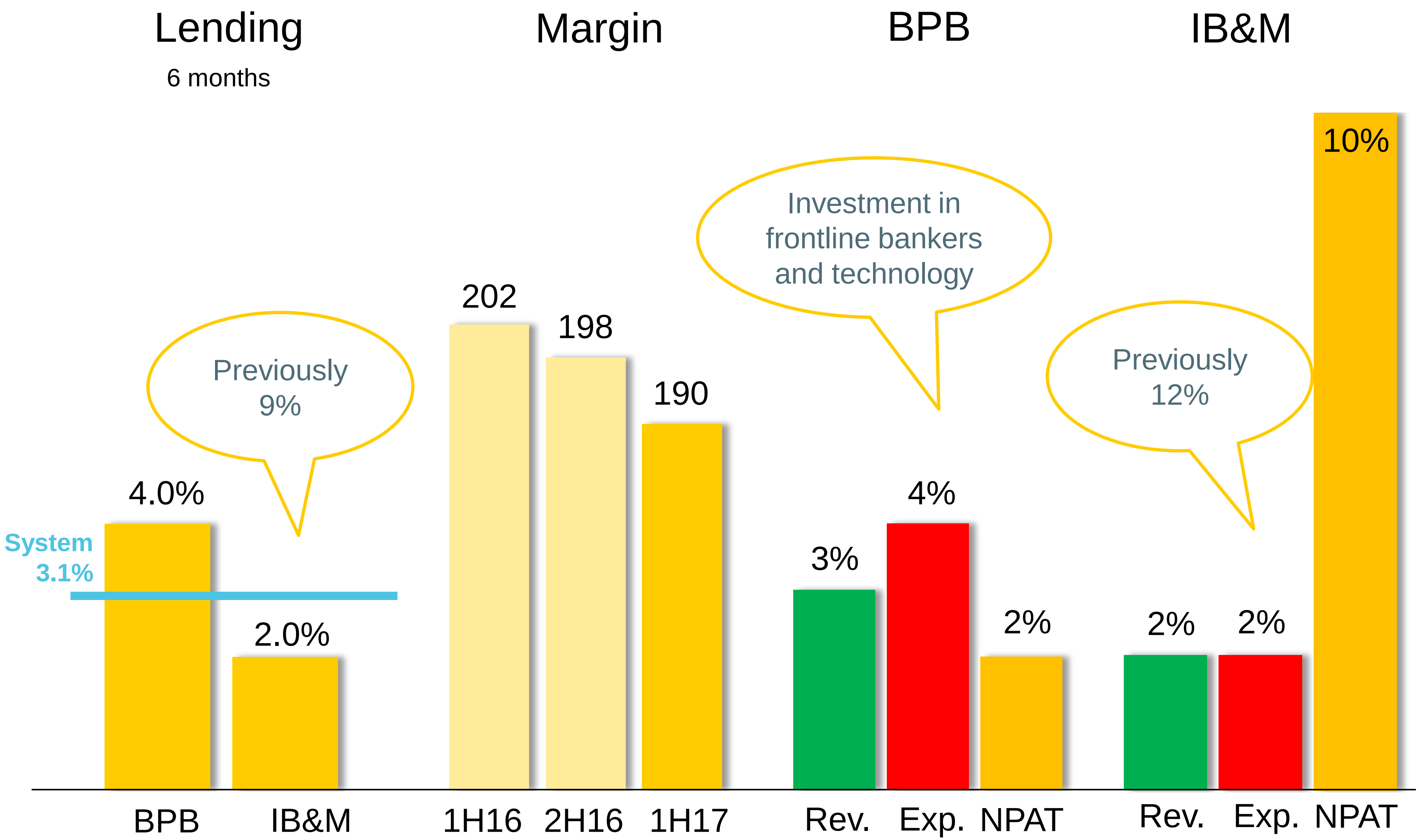


NIM[4]



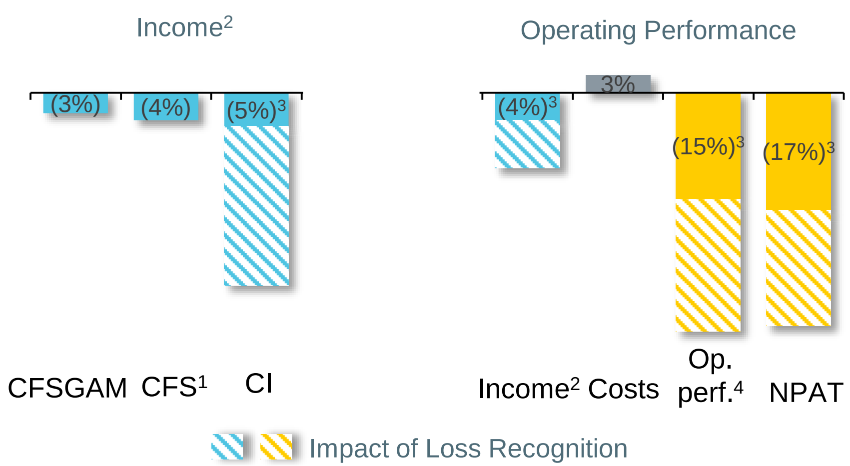
1. Source: RBA. IB&M represents Core Domestic Lending balance growth and excludes Cash Management Pooling Facilities (CMPF). 2. Spot balance growth twelve months to December 2016. 3. Spot balance growth six months to December 2016. 4. Combined Institutional Banking and Markets and Business and Private Banking.

Corporate – targeted growth

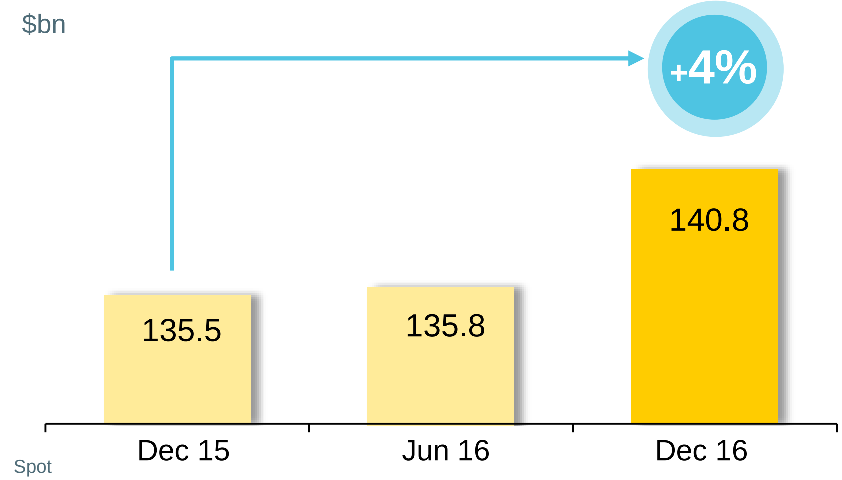


Wealth Management

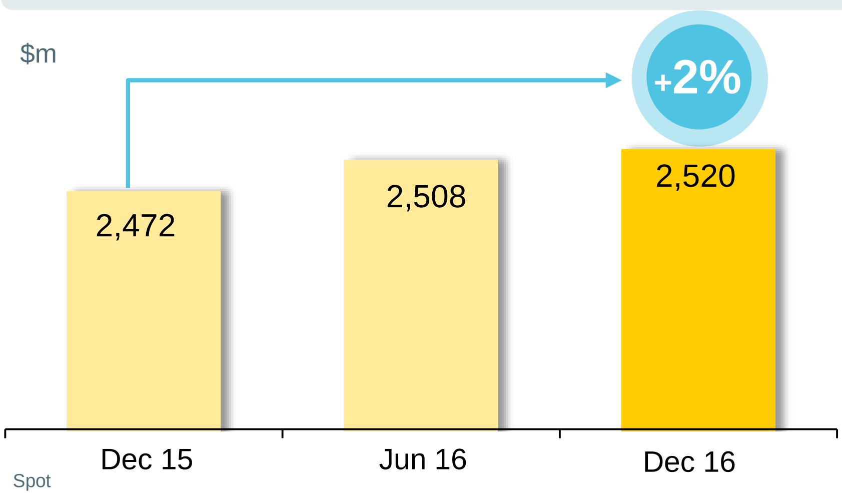
1H17 vs 1H16



Funds Under Administration

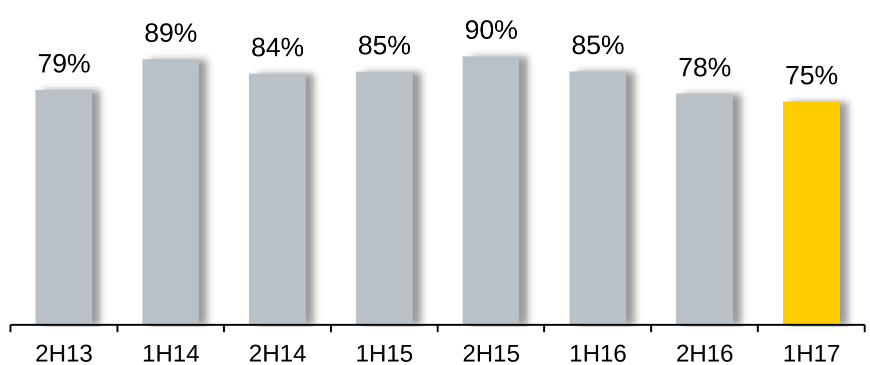


Insurance Inforce



CFSGAM Funds Performance

3 year rolling average of percentage of assets outperforming benchmark returns



1. Colonial First State incorporates the results of all Financial Planning businesses
3. Excluding loss recognition

2. Total operating income
4. Operating performance shown as net profit before tax

WM – responding to challenges

Funds Income

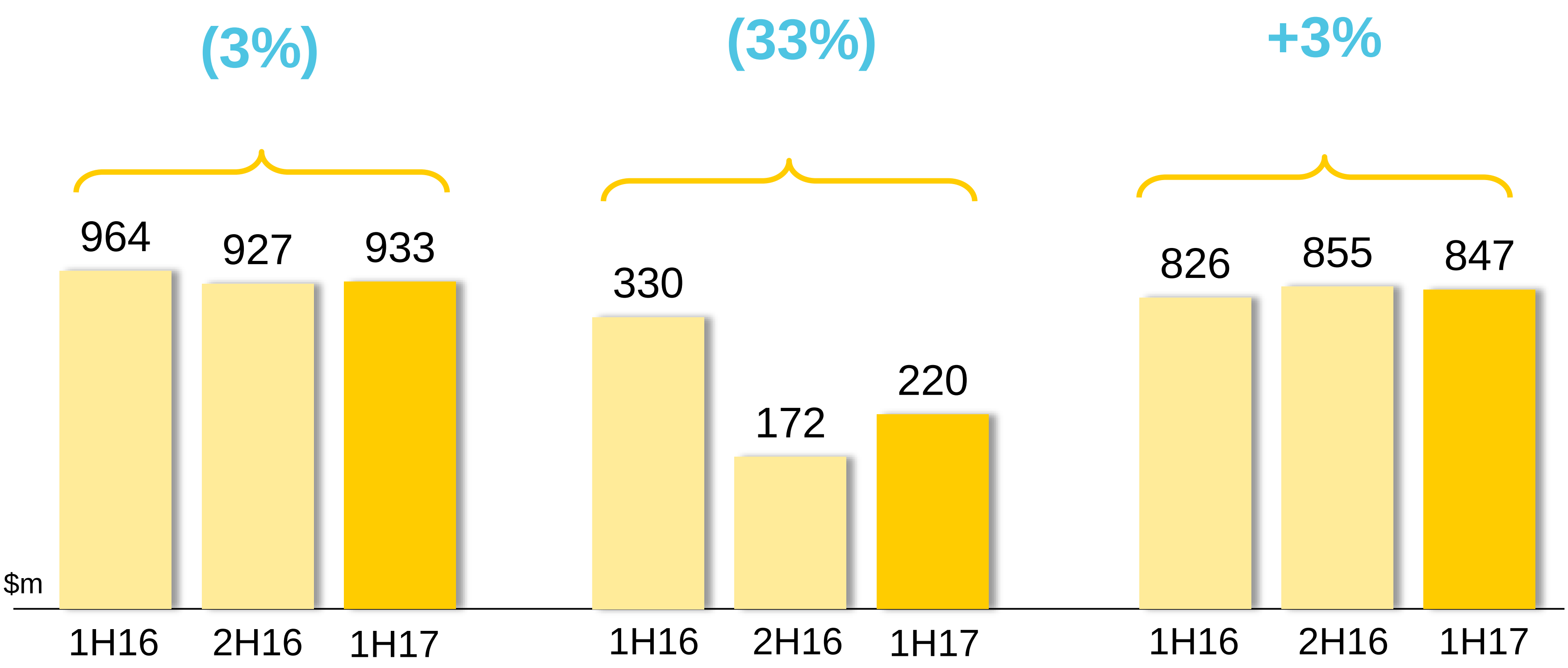
- Avg FUA +3%
- Margins ↓ (mix)

Insurance Income

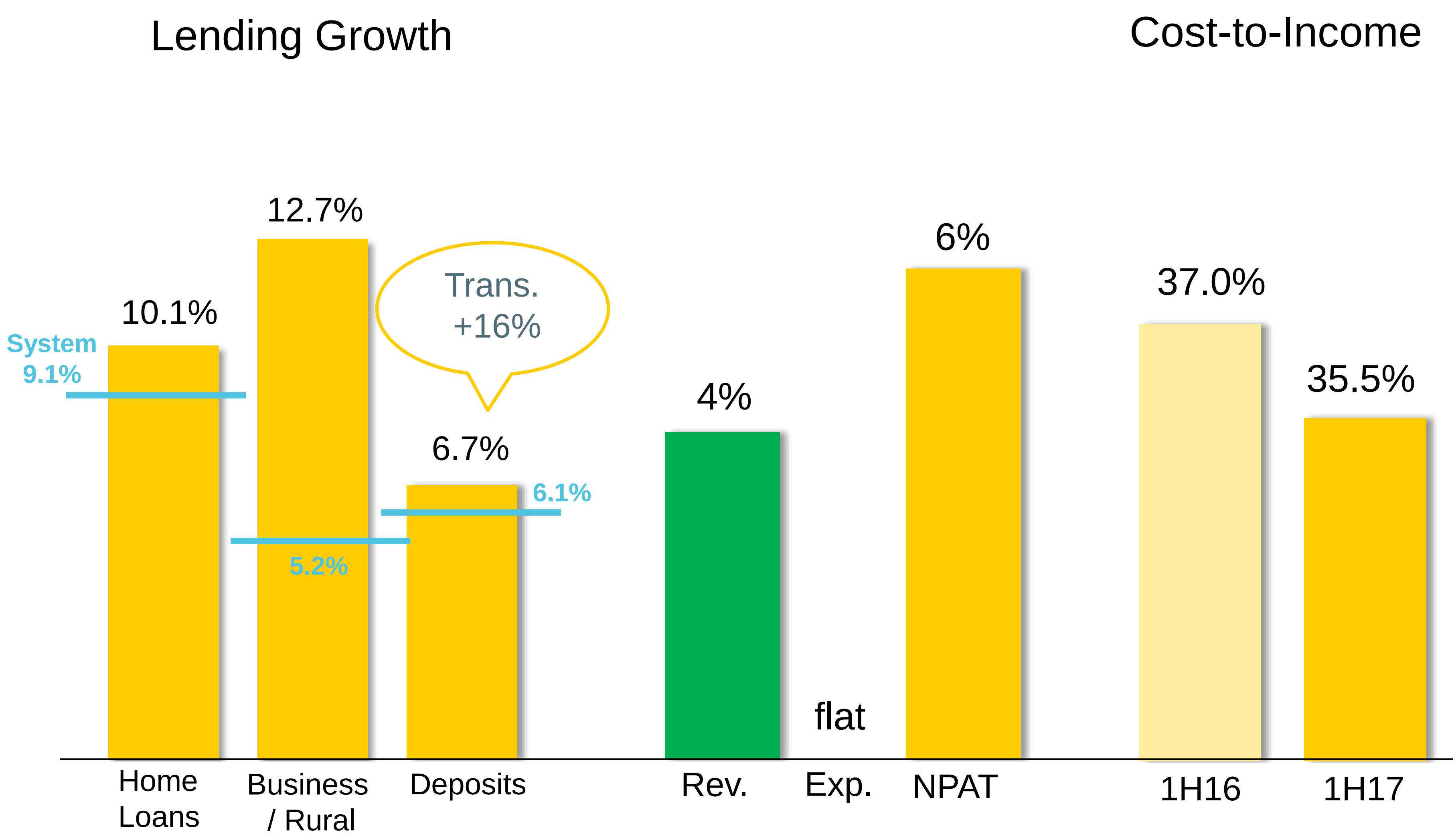
- Loss recognition $90m
- GI premiums ↑ 9%

Costs

- ↑ Remediation costs
- Productivity gains

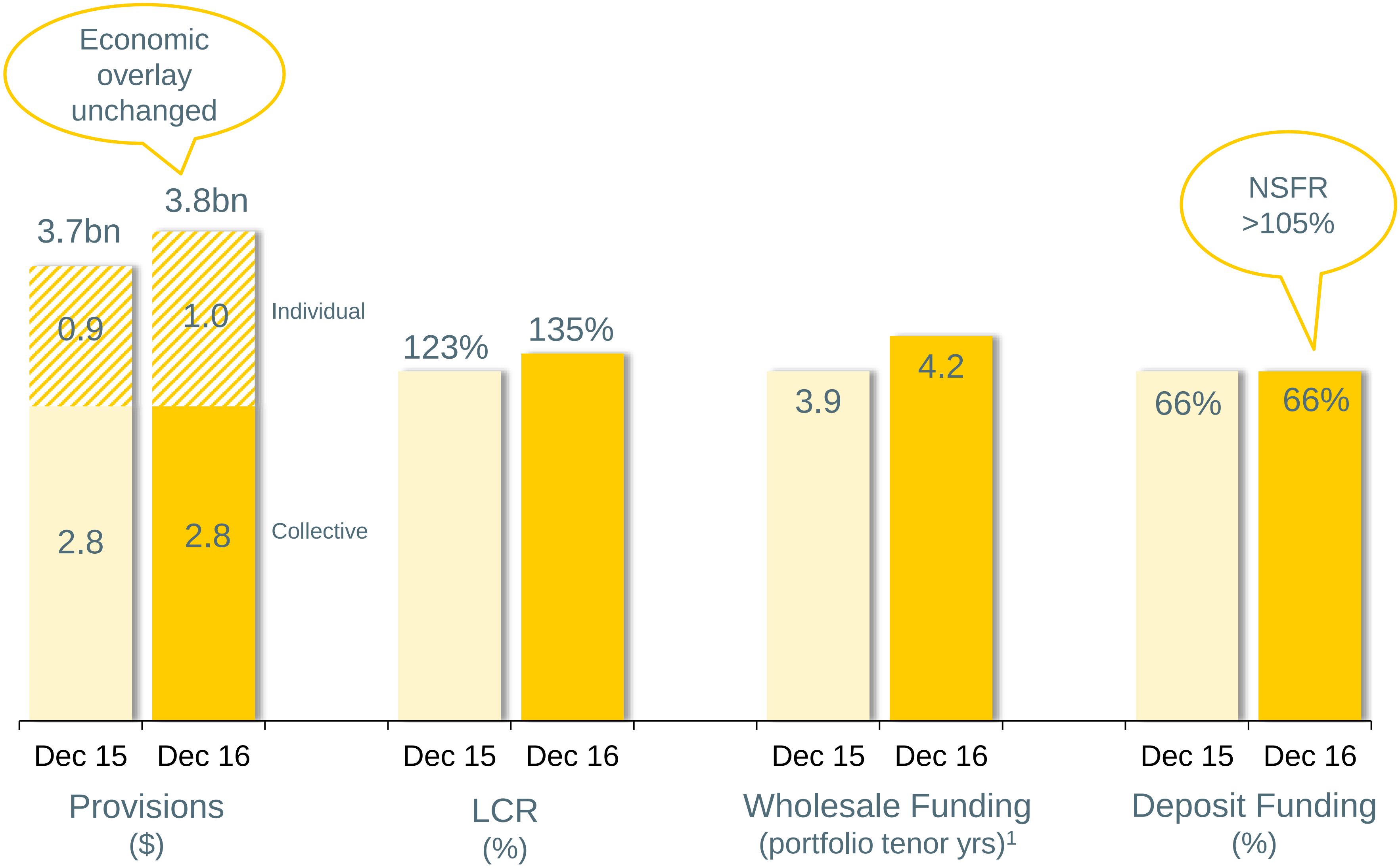


ASB[1] – strong volumes, flat costs



1. Result in NZD

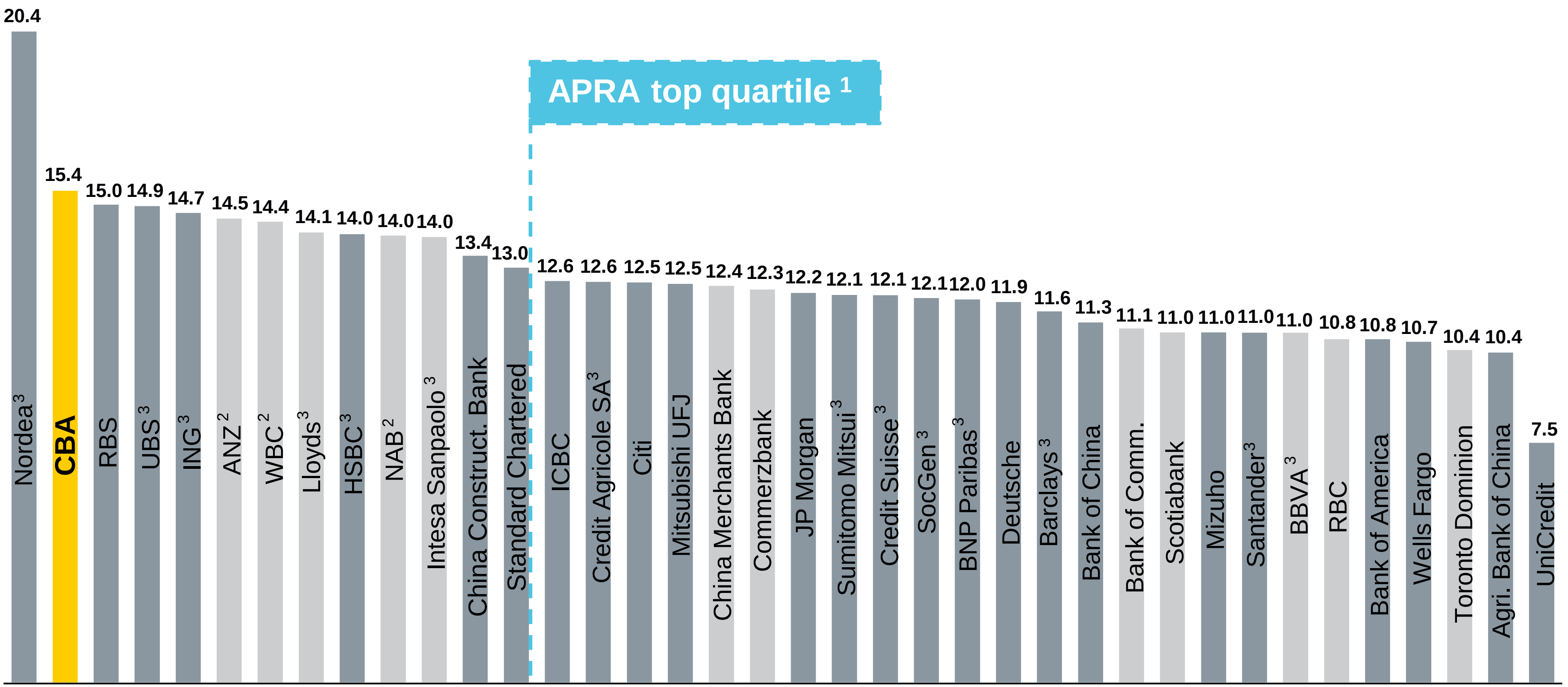
Balance sheet strength



1. Weighted Average Maturity of long term wholesale debt. Includes all deals with first call or residual maturity of 12 months or greater.

International CET1 ratios

G-SIBs in dark grey

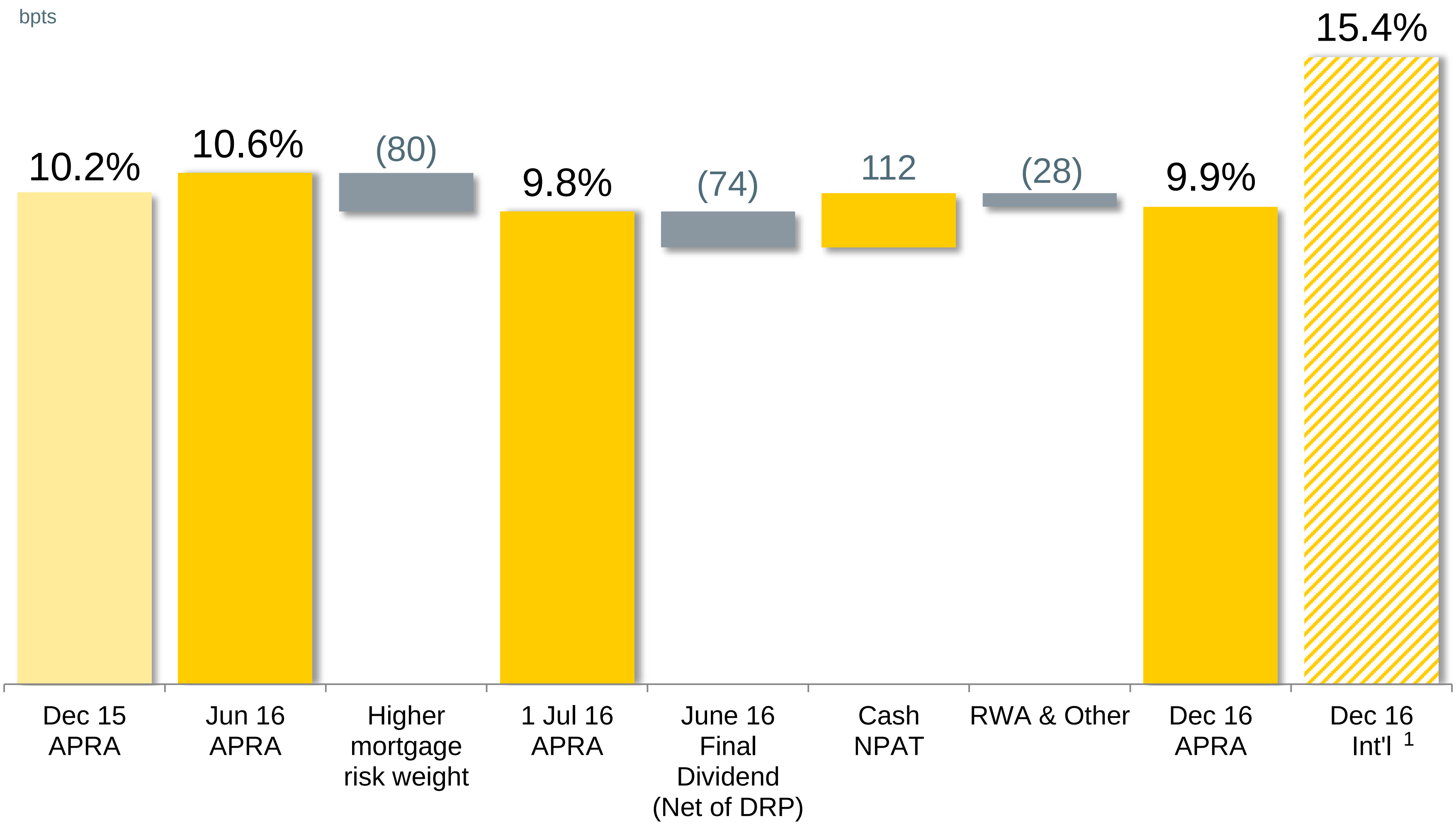


Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 9 February 2017 assuming Basel III capital reforms fully implemented.
Peer group comprises listed commercial banks with total assets in excess of A$750 billion and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate.

1. APRA Insight Issue Two "International capital comparison update" (4 July 2016)
2. Domestic peer figures as at 30 September 2016
3. Deduction for accrued expected future dividends added back for comparability

Strong CET1 capital

Common Equity Tier 1 (CET1)

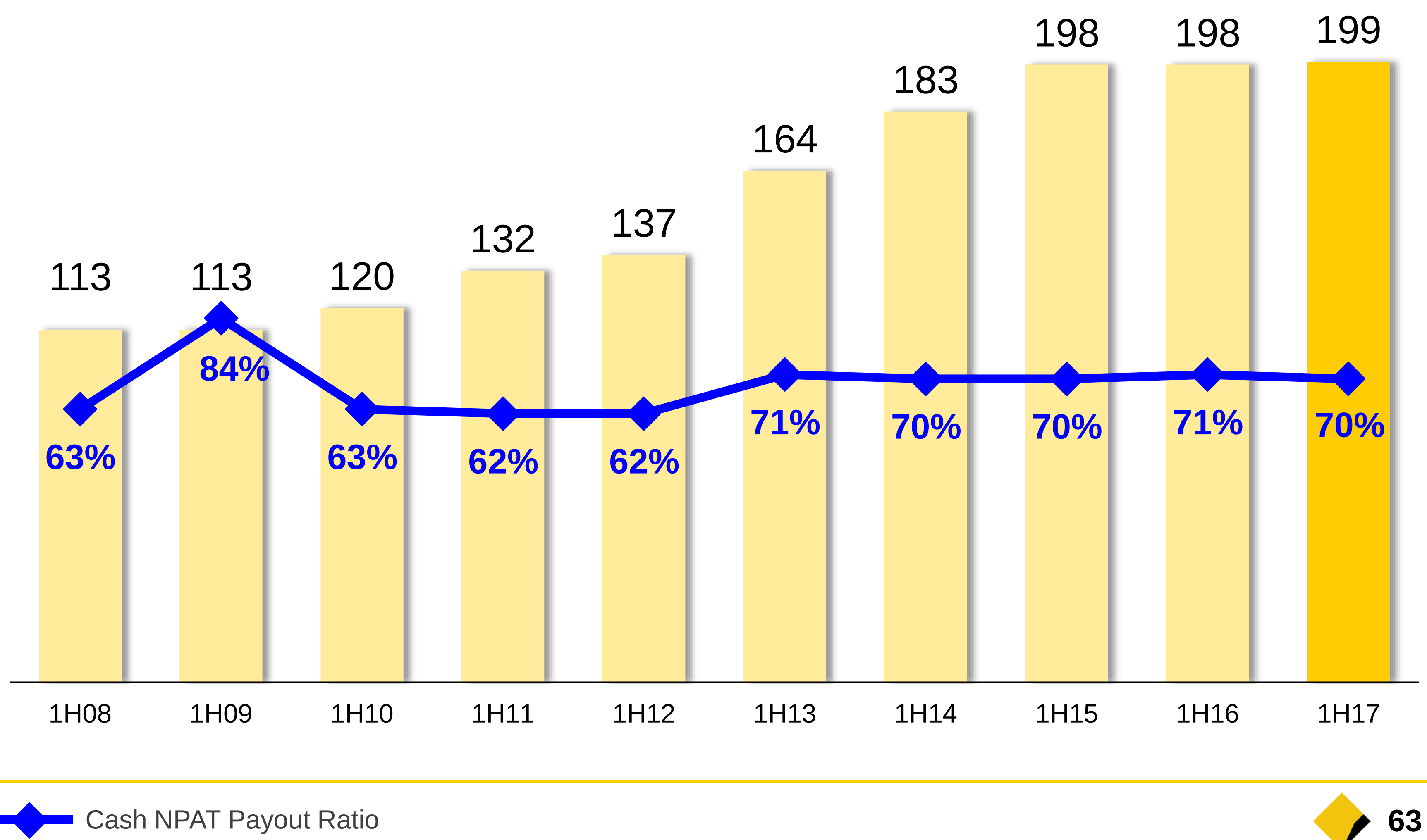


The Group is considering the issue of a Tier 1 capital instrument should markets be receptive

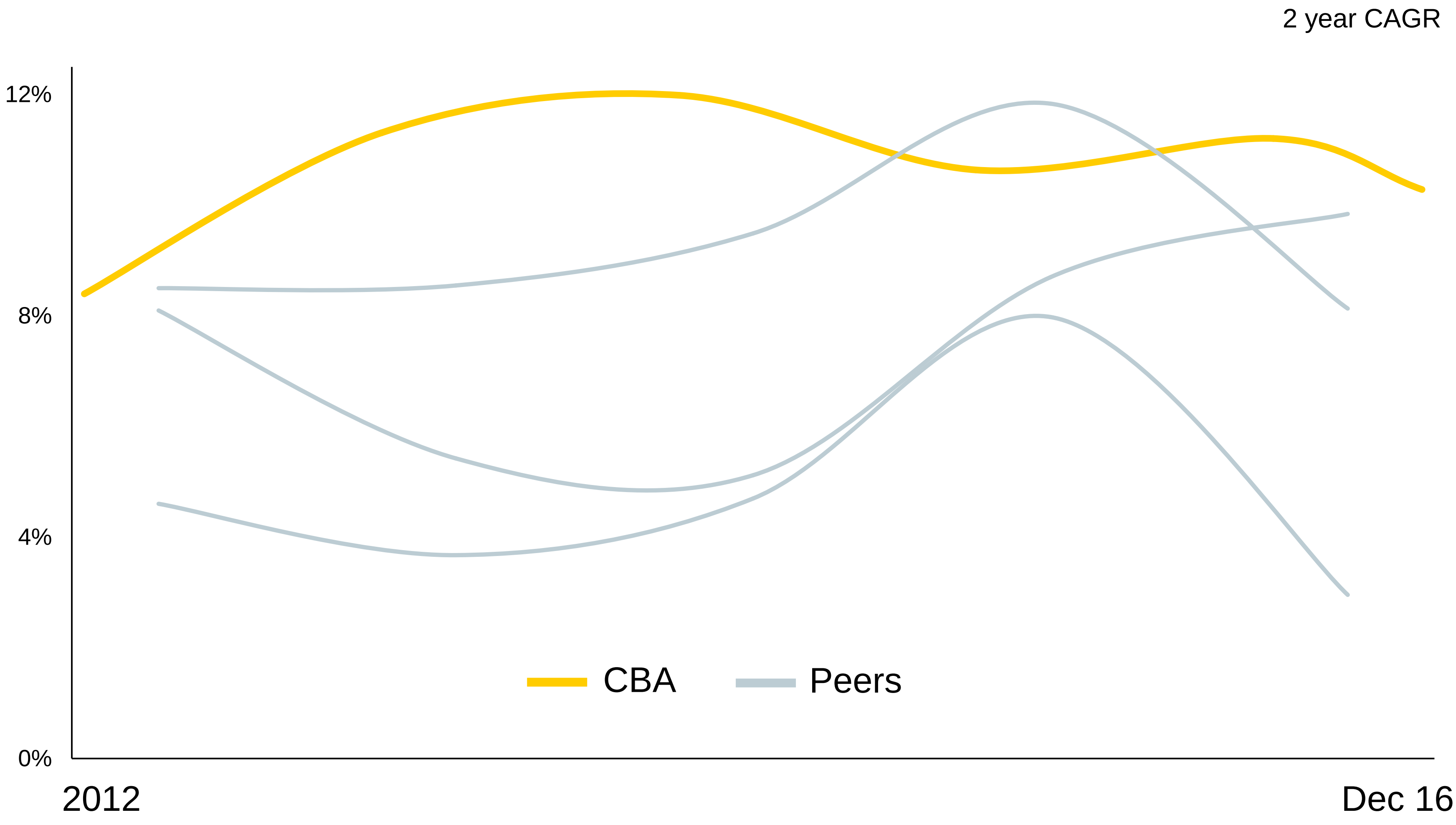
1. Internationally comparable capital - refer glossary for definition

Increased Dividend

cents per share



Growth in NTA per Share

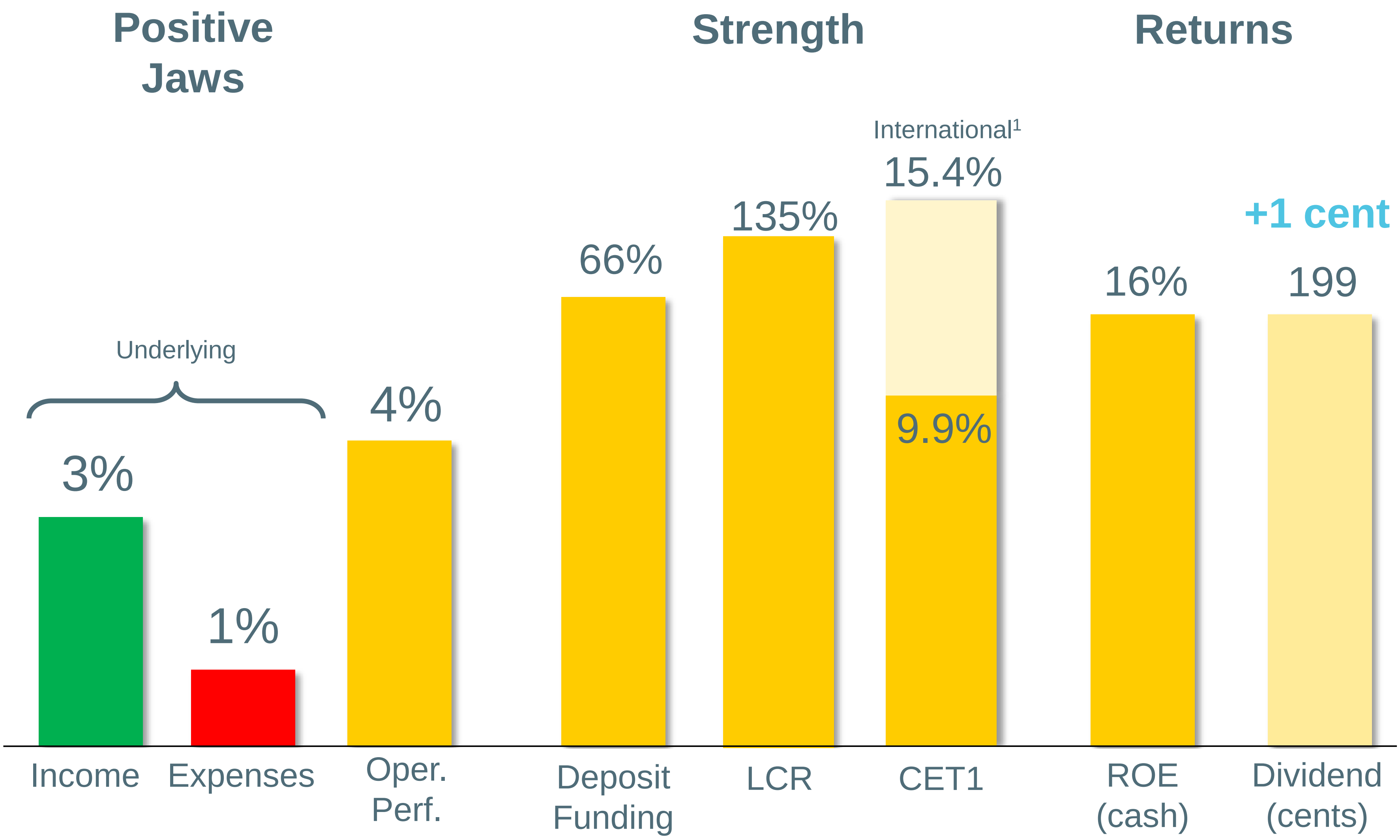


Net Tangible Assets per Share

Outlook

- Globally – heightened geopolitical and market volatility
- Domestically – some positive trends:
  - Improving commodity prices, terms-of-trade
  - Export sector
- For CBA:
  - Focus on the long term
  - Supporting Australia through strength, investment and innovation

Managing for today's environment



1. Internationally comparable capital - refer glossary for definition.

Notes

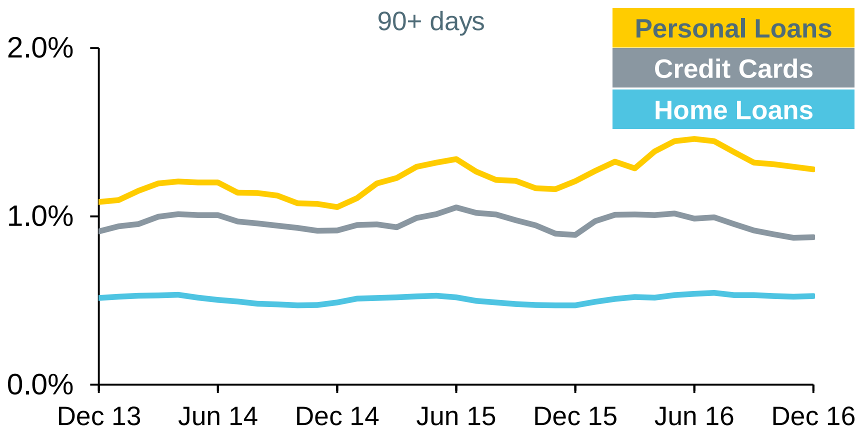
Regulatory exposure mix

Portfolio	Regulatory Credit Exposure Mix			
	CBA	Peer 1	Peer 2	Peer 3
Residential Mortgages	54%	40%	46%	56%
Corporate, SME, Specialised Lending	28%	32%	38%	30%
Bank	5%	6%	5%	2%
Sovereign	9%	14%	9%	8%
Qualifying Revolving	3%	3%	1%	2%
Other Retail	1%	5%	1%	2%
Total	**100%**	**100%**	**100%**	**100%**

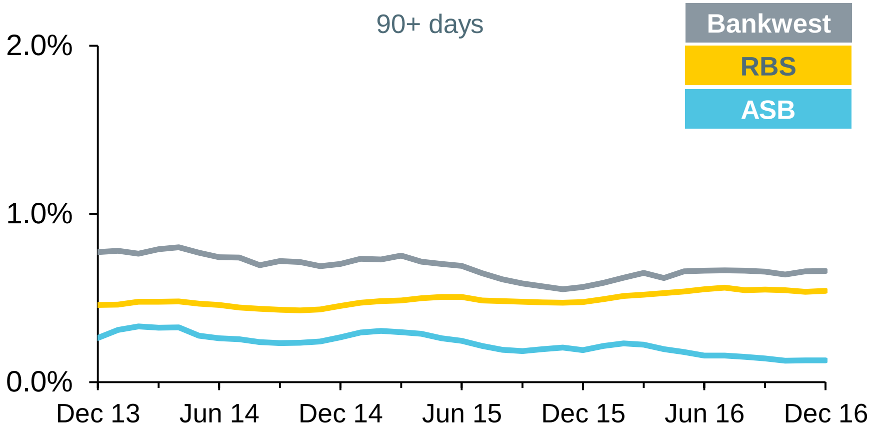
Source: Pillar 3 disclosures for CBA as at December 2016 and Peers as at September 2016. Excludes Standardised (including Other Assets), CVA and Securitisation, which represents 5% of CBA, 6% of Peer 1, 6% of Peer 2 and 4% of Peer 3 before exclusion.

Consumer arrears - Group

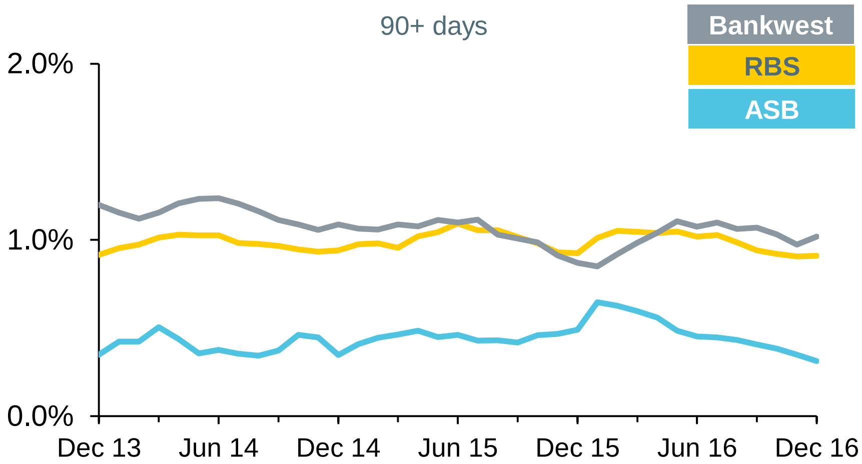
Consumer Portfolios



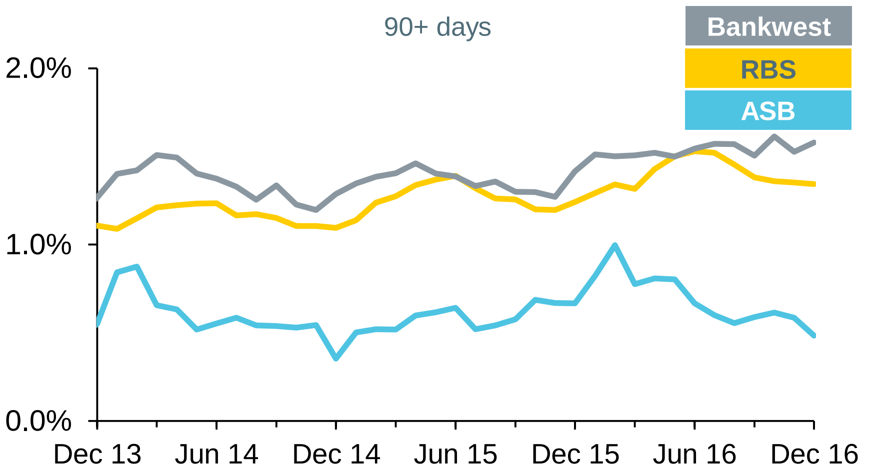
Home Loans



Credit Cards



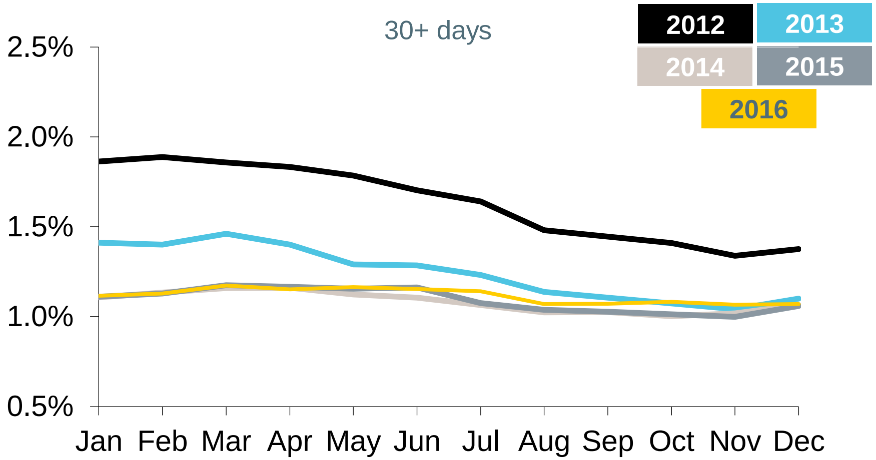
Personal Loans



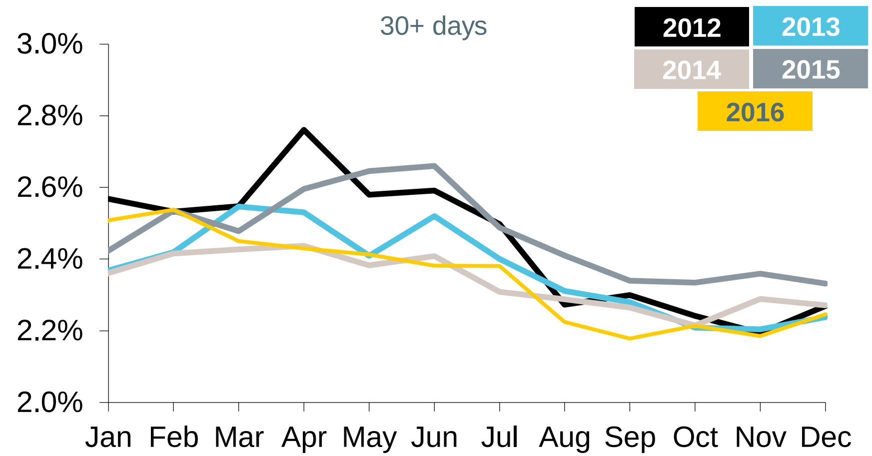
Consumer represents Retail Banking Services, ASB Retail and Bankwest Retail. ASB write-off Credit Card and Personal Loans typically around 90 days past due if no agreed repayment plan. Business Unit **Home Loans** exclude Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans.

Consumer arrears - RBS

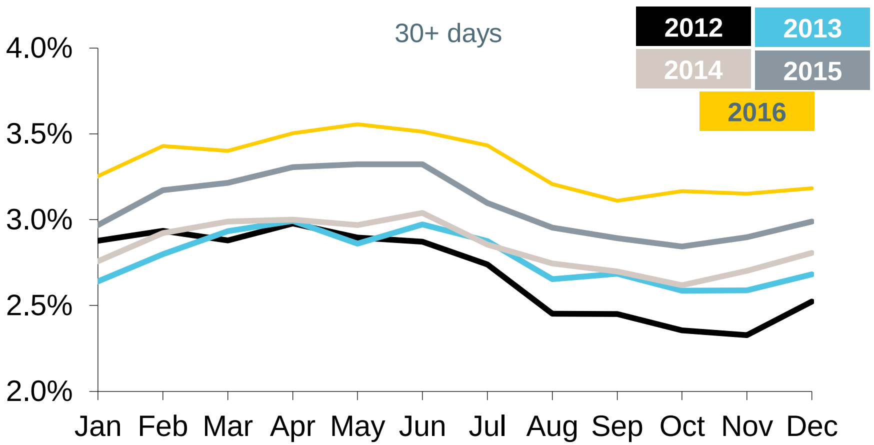
Home Loans



Credit Cards



Personal Loans



Consumer Arrears

- Home Loan arrears stable year on year. Elevated QLD arrears are mainly driven by mining towns, with continued stress in WA. NSW continues to improve.
- Personal Loan arrears remain elevated in line with industry trends.
- Lower Credit Card arrears due to leveraging our digital assets to engage with customers in financial difficulty more effectively.

Home Loans exclude Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.

Home loan portfolio - Australia

Portfolio[1]	Dec 15	Jun 16	Dec 16
Total Balances - Spot ($bn)	393	409	423
Total Balances - Average ($bn)	388	395	416
Total Accounts (m)	1.7	1.8	1.8
Variable Rate (%)	85	85	85
Owner Occupied (%)	62	62	63
Investment (%)	33	33	33
Line of Credit (%)	5	5	4
Proprietary (%)	56	55	54
Broker (%)	44	45	46
Interest Only (%)[2]	38	39	40
Lenders' Mortgage Insurance (%)[2]	25	24	23
Low Doc (%)[2]	0.8	0.7	0.6
Mortgagee In Possession (bpts)	4	5	5
Annualised Loss Rate (bpts)	2	2	2
Portfolio Dynamic LVR (%)[3]	49	50	51
Customers in Advance (%)[4]	78	77	77
Payments in Advance incl. offset[5]	29	31	35

New Business[1]	Dec 15	Jun 16	Dec 16
Total Funding ($bn)	50	51	53
Average Funding Size ($'000)	302	299	311
Serviceability Buffer (%)[6]	2.25	2.25	2.25
Variable Rate (%)	90	85	89
Owner Occupied (%)	66	65	62
Investment (%)	31	33	37
Line of Credit (%)	3	2	1
Proprietary (%)	52	50	54
Broker (%)	48	50	46
Interest Only (%)[2]	39	40	42
Lenders' Mortgage Insurance (%)[2]	16	14	14
Low Doc (%)[2]	0.06	0.03	0.02

1. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 6 months to June and December.
2. Excludes Line of Credit (Viridian LOC/Equity Line).
3. LVR defined as current balance/current valuation.
4. Any payment ahead of monthly minimum repayment; includes offset facilities.
5. Average number of payments ahead of scheduled repayments.
6. Serviceability test based on the higher of the customer rate plus a 2.25% interest rate buffer or a minimum floor rate.

Home loan portfolio - Australia[1]

Strong Portfolio Quality

- Overall arrears and portfolio losses continue to be low (90+ arrears: 0.56%, losses of 2bpts)
- 77% of customers paying in advance[2] by 35 months on average, including offset facilities
- Regular stress testing undertaken to identify areas of sensitivity
- Portfolio dynamic LVR[3] of 51% (RBS: 50%, Bankwest: 57%)
- Limited high risk lending (i.e. "low doc"[4] lending, loans reliant on foreign income), with restrictions in high risk postcodes
- Retail does not carry any settlement risk for off-the-plan purchases
- Mortgage offset balances up 19% in 1H17 to $36 billion

Servicing Criteria

- Higher of customer rate plus 2.25% or minimum floor rate (RBS: 7.25% pa, Bankwest: 7.35% pa)
- 80% cap on less certain income sources (e.g. rent, bonuses etc.)
- Maximum LVR of 95%[5] for all loans
- Lenders' Mortgage Insurance (LMI) for higher risk loans, including high LVR loans
- Limits on investor income allowances e.g. RBS restrict the use of negative gearing where LVR>90%
- Buffer applied to existing mortgage repayments
- Interest only loans assessed on principal and interest basis

1. RBS and Bankwest, except where noted. 2. Defined as any payment ahead of monthly minimum repayment; includes offset facilities. 3. LVR defined as current balance/current valuation. 4. RBS Only. Documentation is required, including Business Activity Statements. 5. For Bankwest, maximum LVR excludes any capitalised mortgage insurance.

Home loan portfolio - RBS

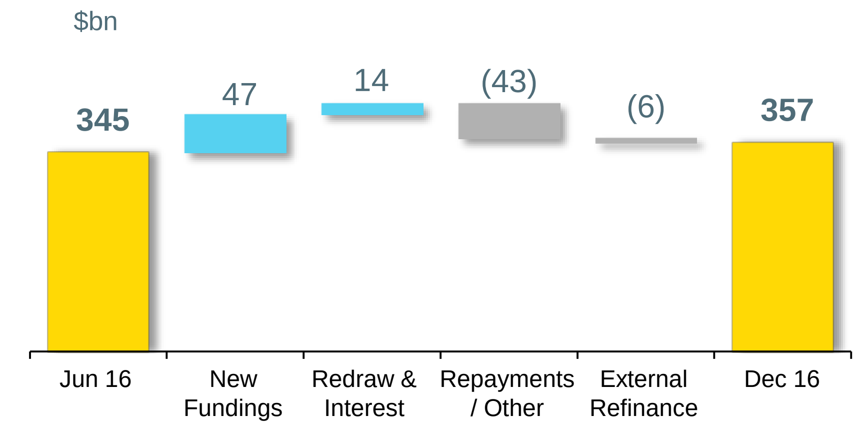
Portfolio[1]	Dec 15	Jun 16	Dec 16
Total Balances - Spot ($bn)	331	345	357
Total Balances - Average ($bn)	326	332	351
Total Accounts (m)	1.5	1.5	1.5
Variable Rate (%)	84	84	85
Owner Occupied (%)	59	60	61
Investment (%)	35	35	35
Line of Credit (%)	6	5	4
Proprietary (%)	60	59	58
Broker (%)	40	41	42
Interest Only (%)[2]	38	39	40
Lenders' Mortgage Insurance (%)[2]	23	22	21
Low Deposit Premium (%)[2]	7	7	6
Low Doc (%) [2]	0.9	0.7	0.6
Mortgagee In Possession (bpts)	4	5	5
Annualised Loss Rate (bpts)	2	2	3
Portfolio Dynamic LVR (%)[3]	48	49	50
Customers in Advance (%)[4]	76	75	76
Payments in Advance incl. offset[5]	31	33	37

New Business[1]	Dec 15	Jun 16	Dec 16
Total Funding ($bn)	44	43	47
Average Funding Size ($'000)	304	299	313
Serviceability Buffer (%)[6]	2.25	2.25	2.25
Variable Rate (%)	90	86	90
Owner Occupied (%)	65	65	62
Investment (%)	32	34	37
Line of Credit (%)	3	1	1
Proprietary (%)	55	54	57
Broker (%)	45	46	43
Interest Only (%)[2]	38	38	40
Lenders' Mortgage Insurance (%)[2]	15	13	13
Low Deposit Premium (%)[2]	6	4	4
Low Doc (%) [2]	0.06	0.03	0.02

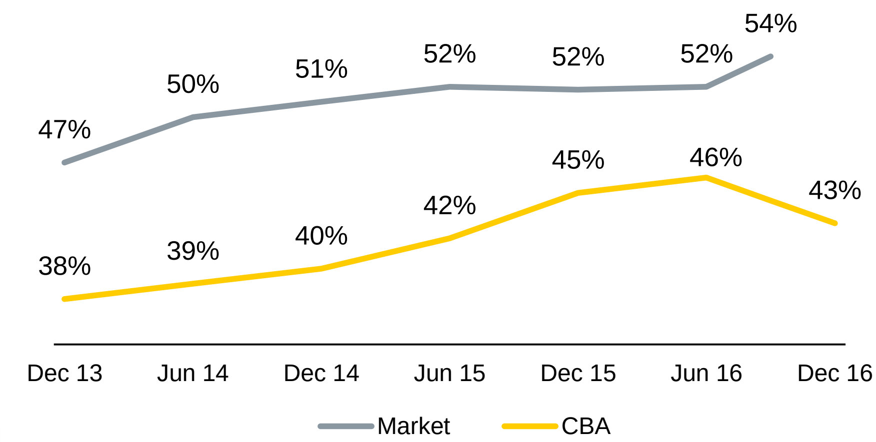
1. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 6 months to June and December.
2. Excludes Line of Credit (Viridian LOC).
3. LVR defined as current balance/current valuation.
4. Any payment ahead of monthly minimum repayment; includes offset facilities.
5. Average number of payments ahead of scheduled repayments.
6. Serviceability test based on the higher of the customer rate plus a 2.25% interest rate buffer or a minimum floor rate.

Growth profile – RBS home loans

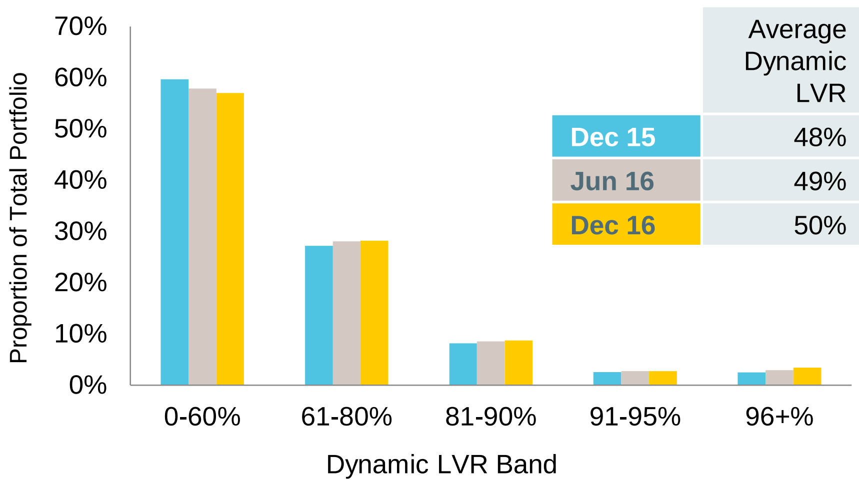
Home Loan Balances



Broker Share of Fundings[1]

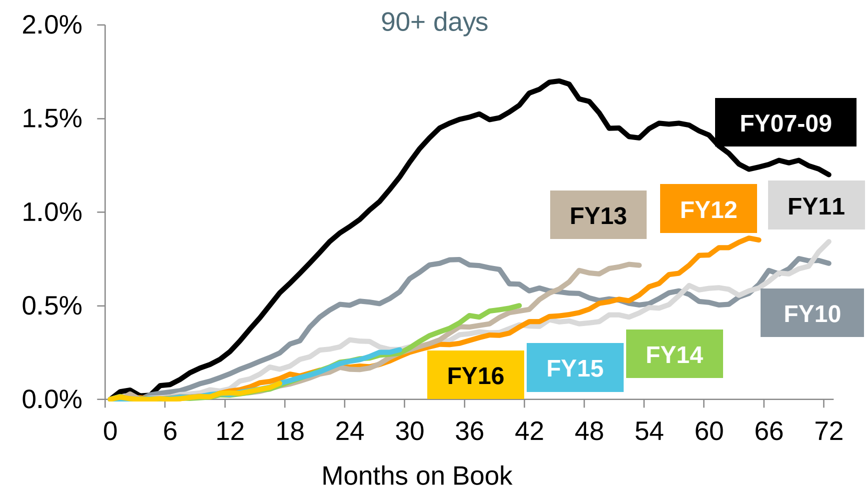


Home Loan Dynamic LVR[2]



	Average Dynamic LVR
Dec 15	48%
Jun 16	49%
Dec 16	50%

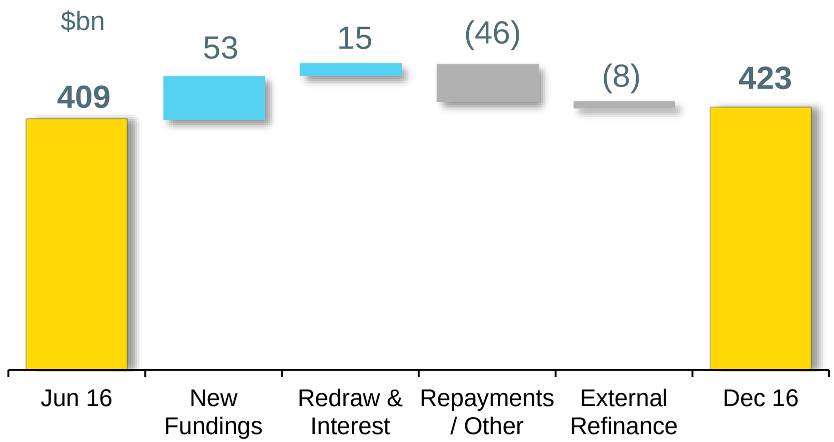
Home Loan Arrears by Vintage[3]



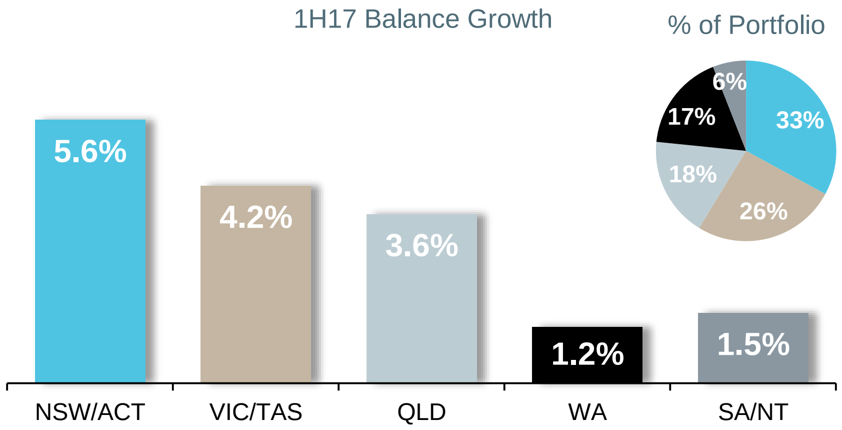
1. % of home loan fundings ($'s). Market represents quarterly MFAA data up to Sep-16. CBA includes Residential Mortgage Group. 2. Dynamic LVR is current balance / current valuation. 3. Vintage Arrears includes: Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.

Growth profile – Australian home loans

Balance Growth

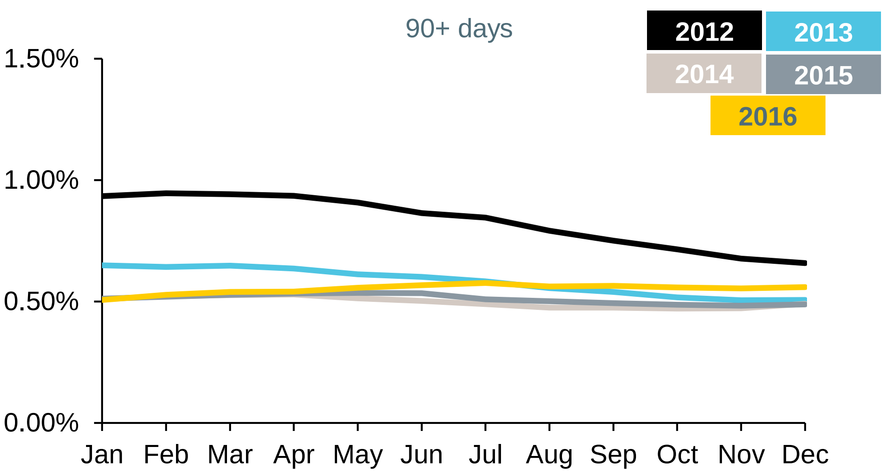


State Profile

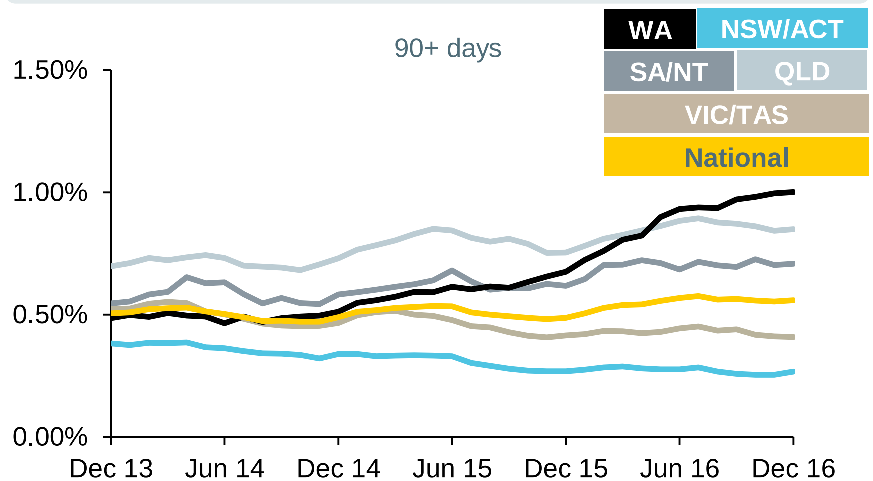


Determined by location of the underlying security

Arrears

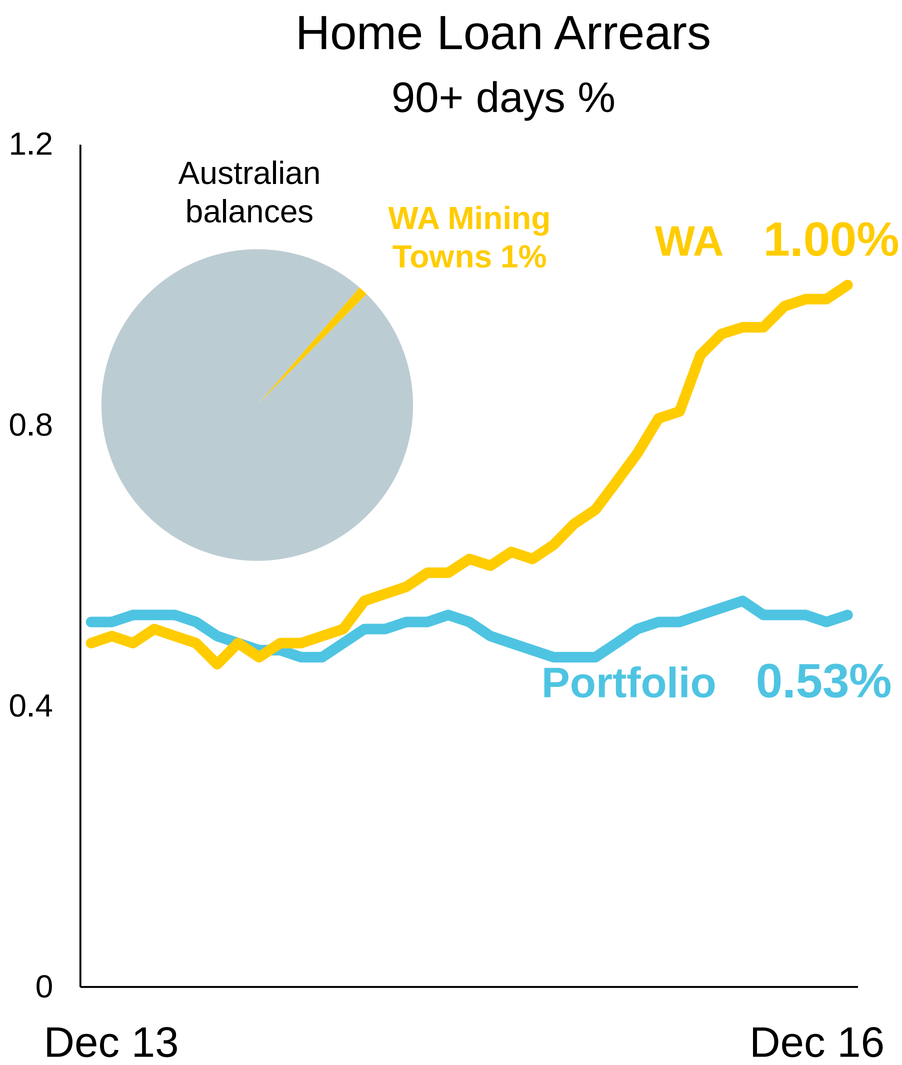


Arrears by State



Includes RBS and Bankwest. State Profile and Arrears exclude Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans (RBS only) and Residential Mortgage Group (RBS only) loans.

WA arrears impacted by mining downturn

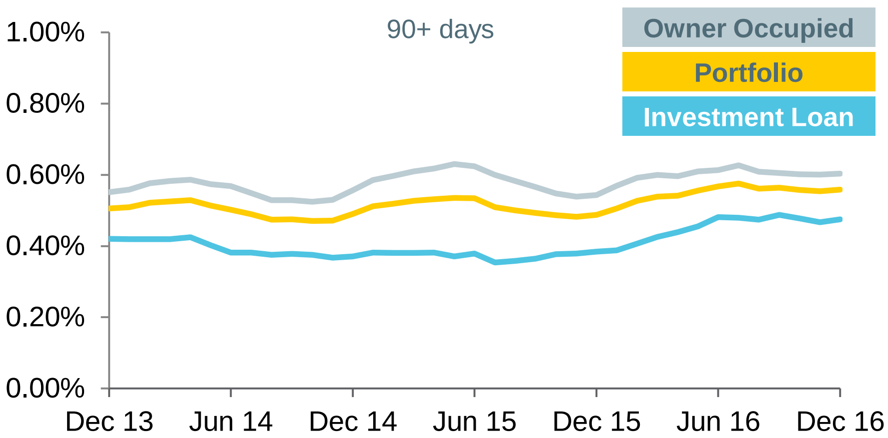


Higher Risk Locations:

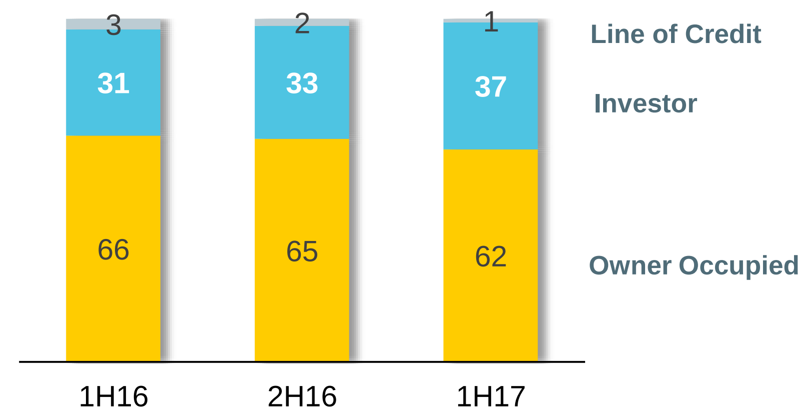
- Increased provisions
- Rigorous stress testing
- Credit policy tightening
  - LVR caps
  - Insurance requirements

Investor home loans – Australia

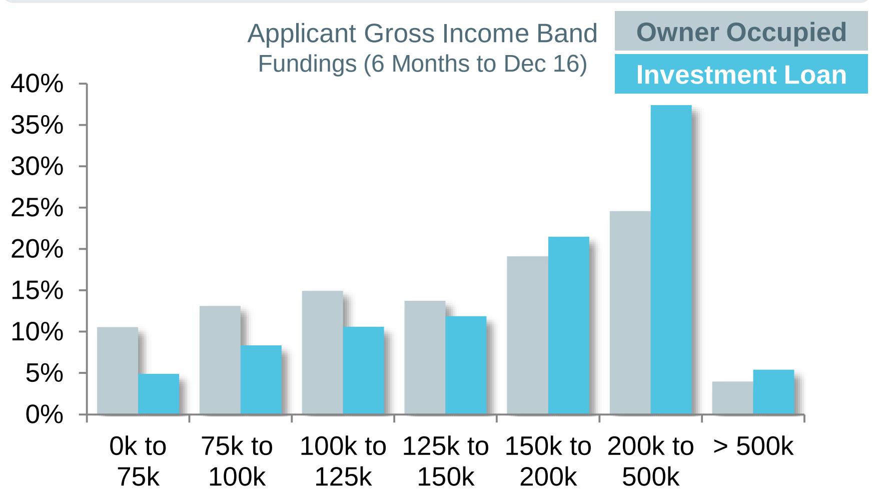
Arrears



New Business Profile (%)



Borrower Profile



Investment Home Loans

- Growth in Investment Home Loans (<10%)
- Arrears lower than overall portfolio
- Strong borrower profile skewed to higher income bands
- Differential pricing for investment home loans

Includes RBS and Bankwest except where noted. Income Bands, Arrears and Profile: excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans except where noted. Fundings based on dollars.

Home loan stress test – Australia

Assumptions and Outcomes

Assumptions (%)	**Base**	**Year 1**	**Year 2**	**Year 3**
Cash Rate	**1.75**	1.0	0.5	0.5
Unemployment	**5.9**	7.5	9.5	11.0
Labour Force Under Utilisation	**14.2**	17.4	21.4	24.4
Cumulative reduction in house prices	**n/a**	10.0	23.0	31.0
LMI claim payout ratio	**n/a**	70%	70%	70%
Outcomes ($m)	**Total**	**Year 1**	**Year 2**	**Year 3**
Stressed Losses	**3,599**	550	1,148	1,901
Insured Losses	**1,314**	211	422	681
Net Losses	**2,285**	339	726	1,220
Net Losses (bpts)	**48.0**	7.2	15.1	25.7
PD %	n/a	1.0	1.6	2.4

Summary

- Stress Test scenario represents a severe but plausible commodities-led recession.
- 3 year scenario of cumulative 31% house price decline, peak 11% unemployment and a reduction in the cash rate to 0.5%
- Total net losses after LMI recoveries over 3 years of $2.29bn.
- Stress Test loss outcomes updated to take into account portfolio deterioration, specifically from Western Australia and mining towns.
- House prices and PDs are stressed at regional level.
- One of multiple regular stress tests undertaken as part of Risk Management and regulatory activities.

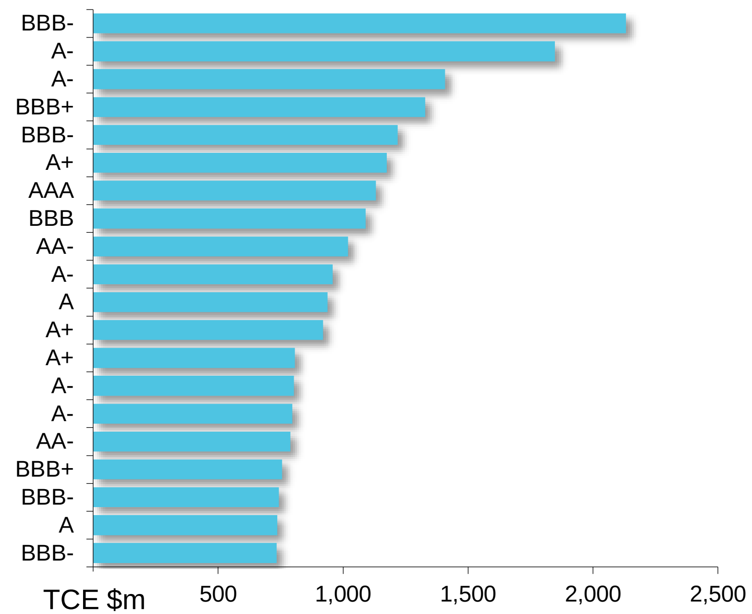
Results based on June 2016 data. Labour Force Under Utilisation is the unemployment and underemployment rate combined. House prices and Probabilities of Default (PD) are stressed at regional level. Net losses (bpts) calculated as net losses in year divided by average exposure.

Sector exposures

Exposures by Industry

TCE $bn	AAA to AA-	A+ to A-	BBB+ to BBB-	Other	Dec 16
Sovereign	95.9	6.7	0.1	0.3	**103.0**
Property	2.0	5.6	14.9	49.5	**72.0**
Banks	30.4	27.8	7.9	2.4	**68.5**
Finance - Other	22.1	22.1	8.1	3.0	**55.3**
Retail & Wholesale Trade	-	3.2	7.6	15.1	**25.9**
Agriculture	-	0.5	2.0	18.7	**21.2**
Manufacturing	0.8	3.7	5.0	7.7	**17.2**
Transport	-	1.3	8.8	5.7	**15.8**
Mining	0.1	3.8	6.9	4.1	**14.9**
Energy	0.3	2.4	8.5	1.6	**12.8**
All other excl. Consumer	1.4	7.1	21.4	41.8	**71.7**
Total	**153.0**	**84.2**	**91.2**	**149.9**	**478.3**

Top 20 Commercial Exposures



Group TCE by Geography

	Dec 15	Jun 16	Dec 16
Australia	75.4%	76.7%	76.4%
New Zealand	8.8%	9.2%	9.7%
Europe	6.4%	5.4%	5.8%
Other International	9.4%	8.7%	8.1%

CBA grades in S&P equivalents.

Credit exposures by industry

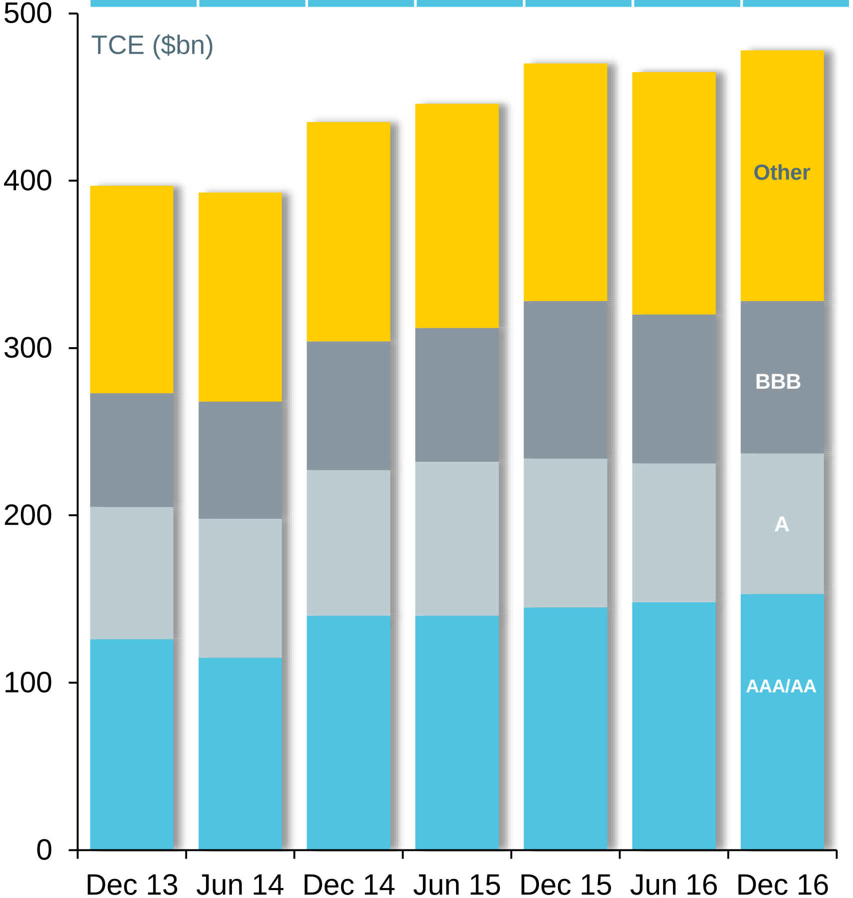
	TCE		TIA $m		TIA % of TCE	
	Jun 16	Dec 16	Jun 16	Dec 16	Jun 16	Dec 16
Consumer	54.9%	54.8%	1,405	1,409	0.24%	0.24%
Sovereign	9.0%	9.5%	-	-	-	-
Property	6.6%	6.7%	544	630	0.79%	0.87%
Banks	6.8%	6.3%	10	9	0.01%	0.01%
Finance – Other	5.2%	5.1%	64	58	0.12%	0.10%
Retail & Wholesale	2.4%	2.4%	694	571	2.71%	2.20%
Agriculture	1.9%	2.0%	853	1,104	4.32%	5.21%
Manufacturing	1.6%	1.6%	597	600	3.56%	3.48%
Transport[1]	1.5%	1.5%	402	513	2.55%	3.25%
Mining	1.5%	1.4%	583	538	3.63%	3.62%
Business Services	1.2%	1.3%	155	186	1.26%	1.36%
Energy	1.1%	1.2%	50	49	0.45%	0.38%
Construction	0.8%	0.8%	407	281	4.85%	3.10%
Health & Community	0.7%	0.7%	64	215	0.87%	2.94%
Culture & Recreation	0.7%	0.7%	125	71	1.77%	0.91%
Other[1]	4.1%	4.0%	639	561	1.49%	1.31%
Total	**100.0%**	**100.0%**	**6,592**	**6,795**	**0.63%**	**0.63%**

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

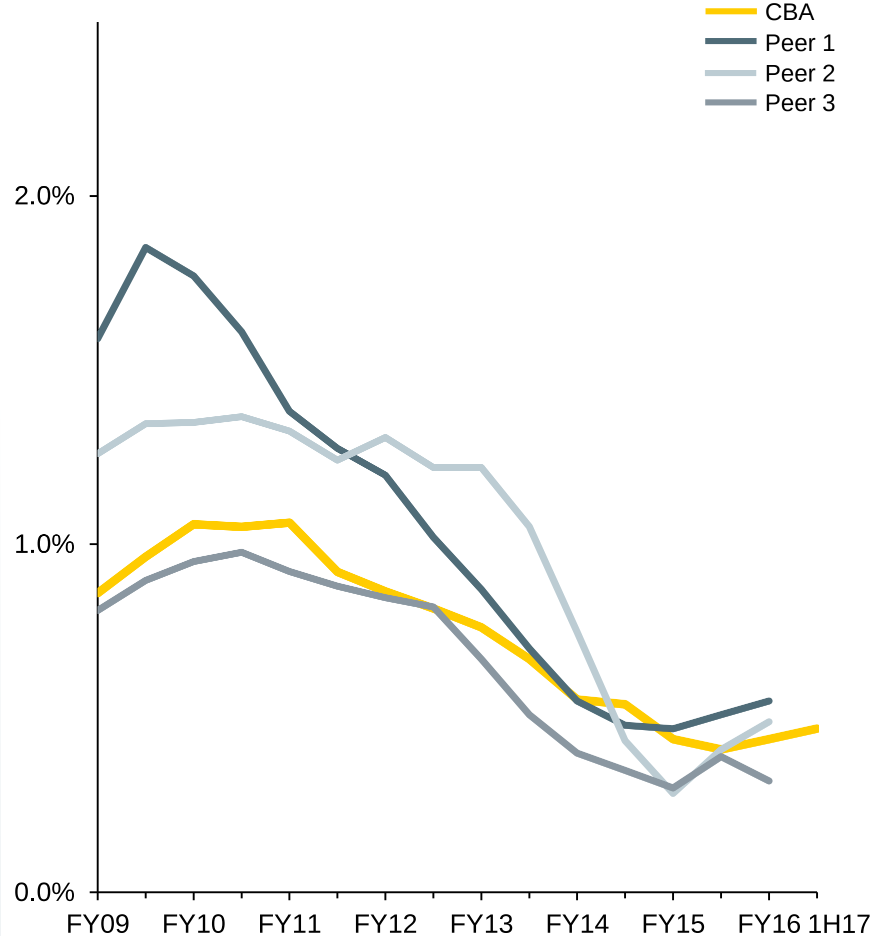
Corporate credit quality

Corporate Portfolio Quality

% of book rated investment grade						
68.8	68.3	69.8	69.9	69.8	68.7	68.7



Impaired Assets to GLAs



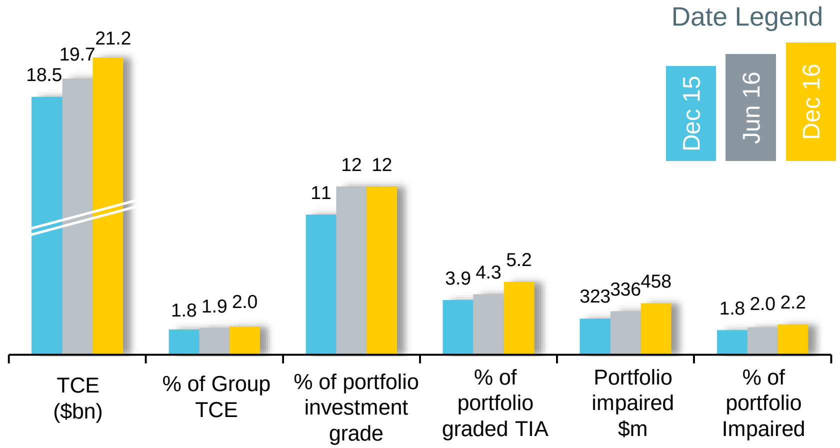
CBA grades in S&P equivalents. Charts based on financial year data (CBA: 31 December, Peers: 30 September).

Agriculture – increased NZ dairy provisions

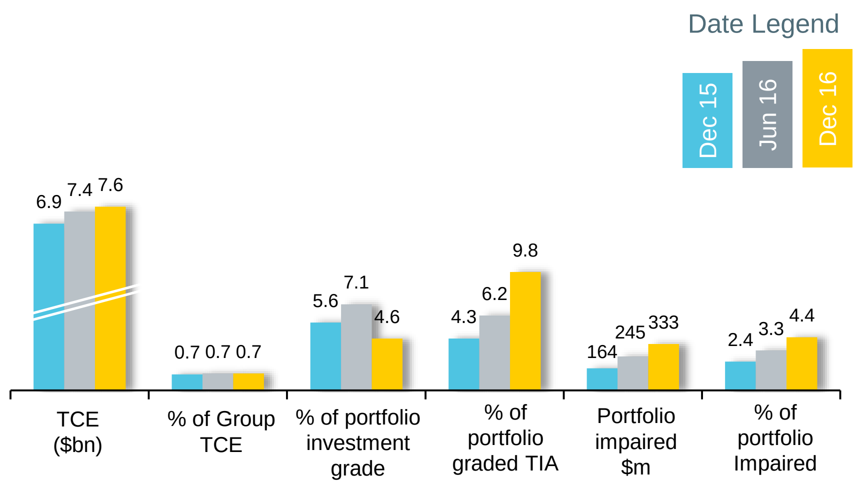
Overview

- Exposure of $21.2bn (2.0% of Group TCE) is well diversified by geography, sector and client base.
- Australian agriculture portfolio performing well.
- NZ dairy portfolio:
  - Represents 0.7% of Group TCE. Performance being supported by improved milk prices.
  - Provision levels increased in the half year.
  - Outlook is dependent on the sustainability of the recent improvement in milk prices (refer slide 123)

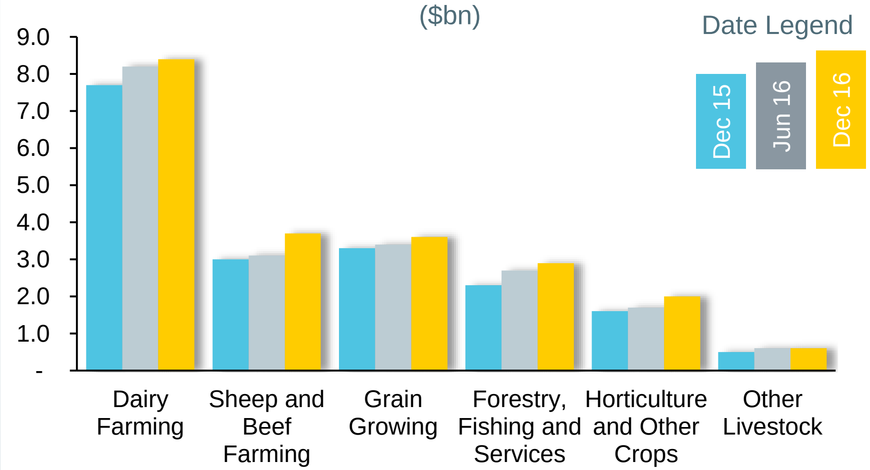
Group Exposure



NZ Dairy Exposure



Group Exposure by Sector



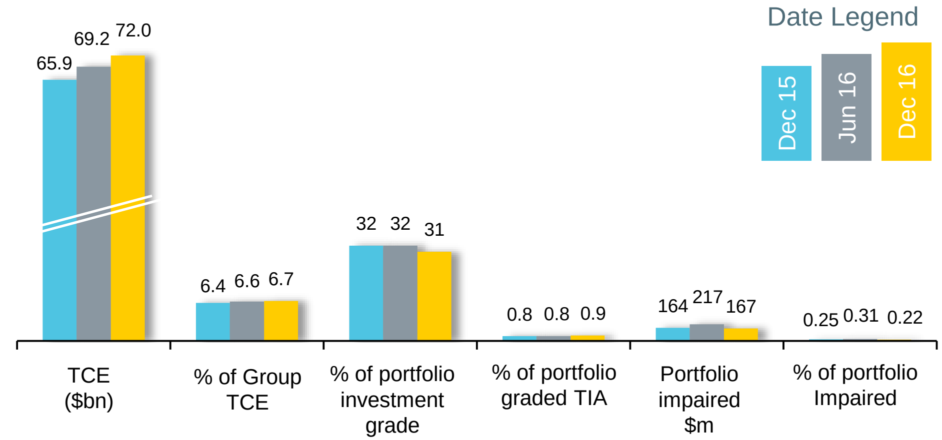
New Zealand dairy exposure (AUD) included in Group exposure.

Commercial property - diversified

Overview

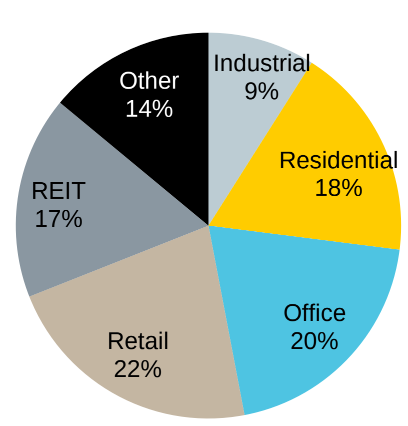
- Exposure of $72.0bn (6.7% of Group TCE) diversified across sectors and by counterparties.
- 85.3% of Commercial Property exposure to investors and REITS, 14.7% to developments.
- Development exposure reduced since June 2016 due to repayments from completed projects.
- Top 20 counterparties primarily investment grade (weighted average rating of BBB equivalent) and account for 13.2% of Commercial property exposure.
- 31% of the portfolio investment grade, majority of sub-investment grade exposures secured (95%).
- Only 0.2% of exposures impaired.
- Portfolio highly weighted to NSW (52%) - with stronger demand due to Sydney's strong economic position, employment and population growth.
- Ongoing comprehensive market, portfolio and underwriting monitoring on the portfolio.
- Active management of risk appetite with tightening implemented in areas of concern.

Group Exposure

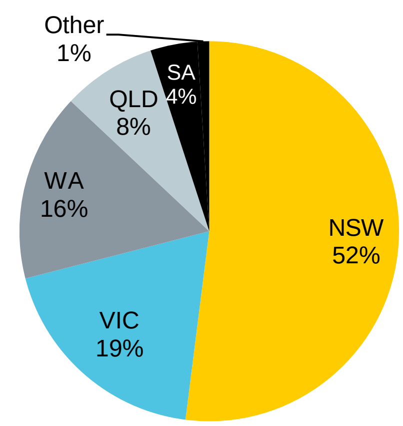


Profile

Sector



Geography



Sector profile is Group wide Commercial Property. Geographic profile is domestic Commercial Property, to conform to presentation in the current period June 2016 weighting to NSW was 52%.

Residential apartments - weighted to Sydney

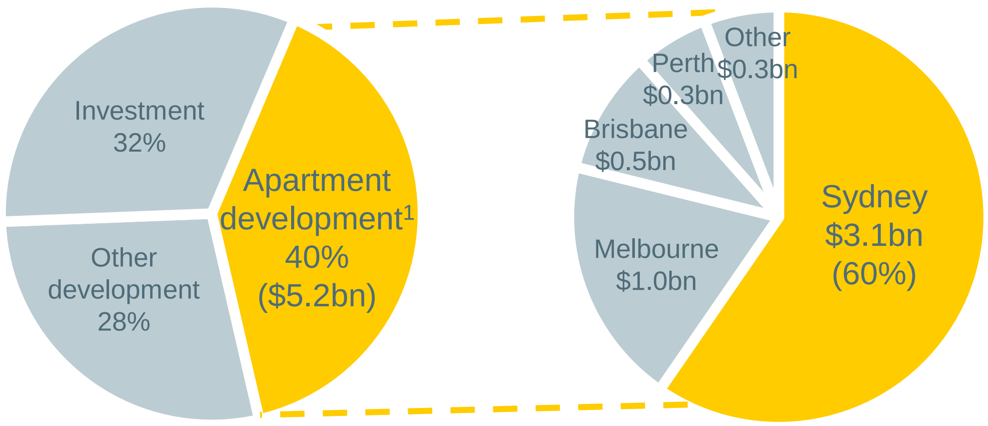
Overview

- Credit quality sound
- Strong qualifying pre-sales (110.1%)[1]
- Portfolio LVR of 59.9%[1]
- Tighter underwriting in place, including lower acceptance of foreign pre-sales
- Facilities being repaid on time from pre-sale settlements
- Portfolio deep dives have demonstrated that developers have continued to sell post meeting origination QPS levels
- Sydney developments are diversified across the metropolitan area

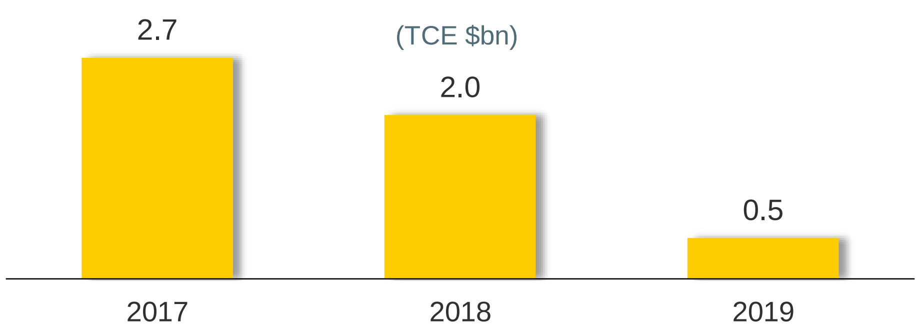
Profile (Dec 16)

Total Residential
$13.3bn (18% of CP)

Apartment Development[1]
$5.2bn (0.5% of TCE)



Exposure Maturity Profile



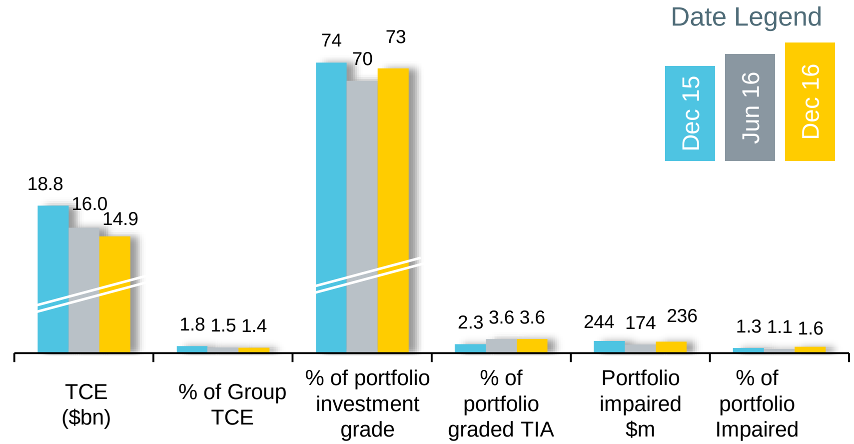
1. Australia-wide, >$20m.
Major Capital Cities defined as all postcodes within a 15km radius of Brisbane, Melbourne and Perth and all metropolitan Sydney based on location of the development.
QPS refers to level of Qualifying Pre-Sales accepted as a pre-condition to loan funding. QPS Cover is level of QPS held to cover the exposure.

Mining, Oil and Gas – lower exposure

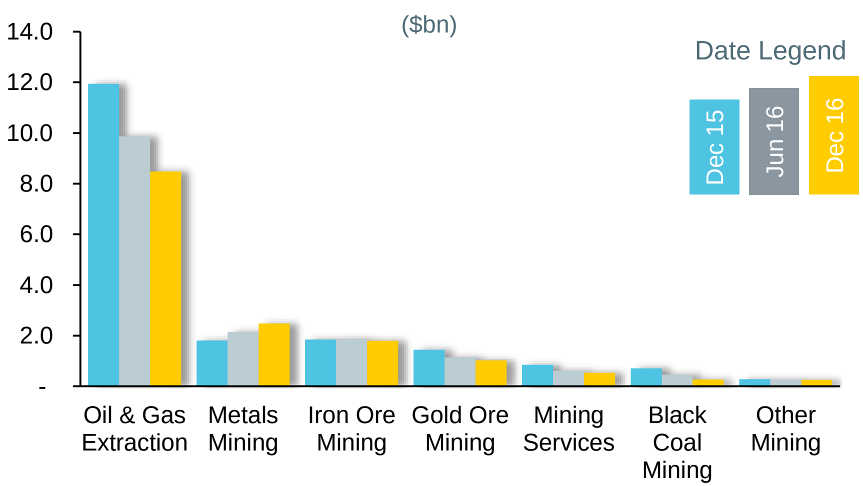
Overview

- Exposure of $14.9bn (1.4% of Group TCE), $1.1bn reduction on prior half due to active portfolio management, repayments and selective origination.
- Portfolio continues to perform acceptably:
  - 73% investment grade.
  - Diversified by commodity/customer/region.
  - Focus on quality, low cost sponsors.
- Mining services exposure modest (4% of total).
- Oil and Gas Extraction is the largest sub-sector (57% of total): 77% investment grade with 35% related to LNG – typically supported by strong sponsors with significant equity contribution.
- TIA level remains stable at 3.6% of the portfolio, albeit slight uptick in Impaired level.
- Impaired asset coverage ratio is 31%.
- Improved market conditions following recovery in major commodities during the past 12 months which has been accompanied by producers reducing costs and restructuring balance sheets.
- Risk remains of commodity price pull back with continued selective approach to new origination.

Group Exposure



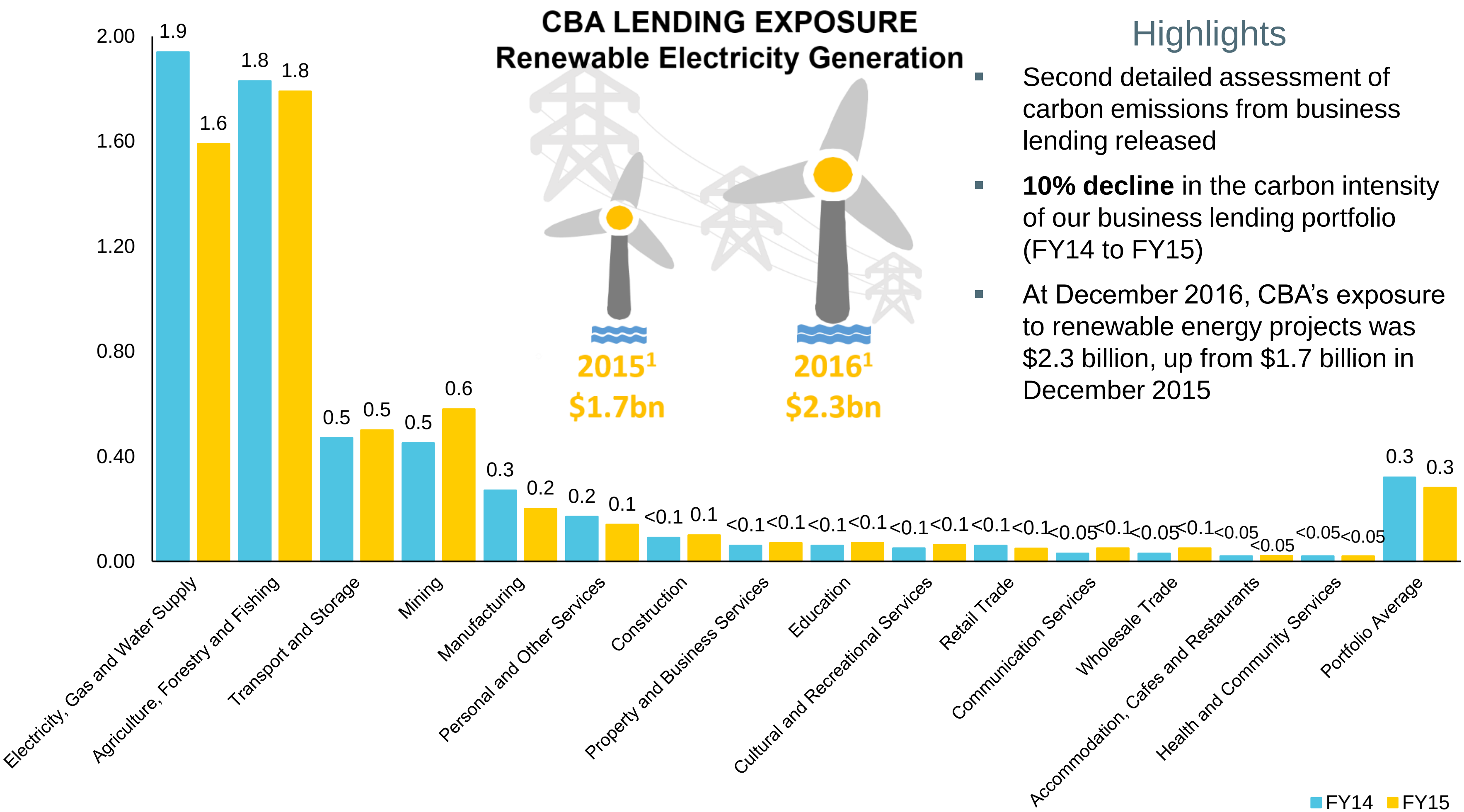
Mining, Oil and Gas by Sector



Supporting the transition to a low carbon economy

Group Business Lending Emissions

Emissions Intensity (EI) of Expenditure (kgCO_2-e/AUD)



Highlights

- Second detailed assessment of carbon emissions from business lending released
- **10% decline** in the carbon intensity of our business lending portfolio (FY14 to FY15)
- At December 2016, CBA's exposure to renewable energy projects was $2.3 billion, up from $1.7 billion in December 2015

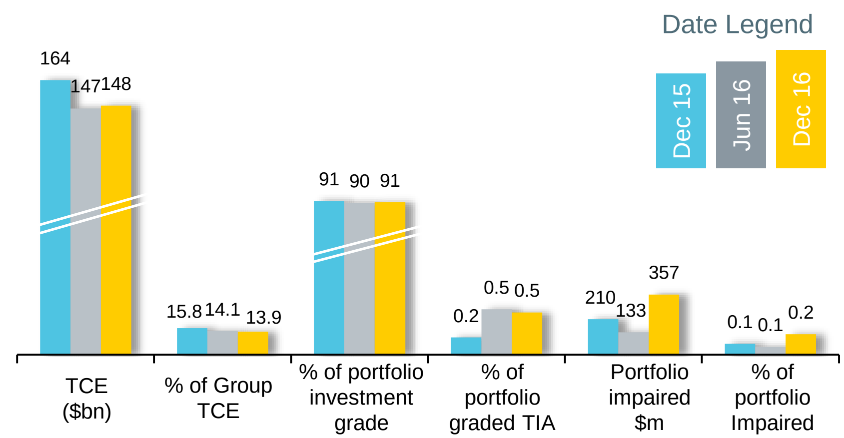
For methodology and further details, please refer to: https://www.commbank.com.au/content/dam/commbank/about-us/docs/sustainability-20151103-assessed-emissions-lending-port.pdf. Weighted average EI expenditure includes a double count of electricity scope 1 emissions across all sectors. Sector classification defined by ANZSIC main business activity. 1. Calendar year

Offshore corporate exposures

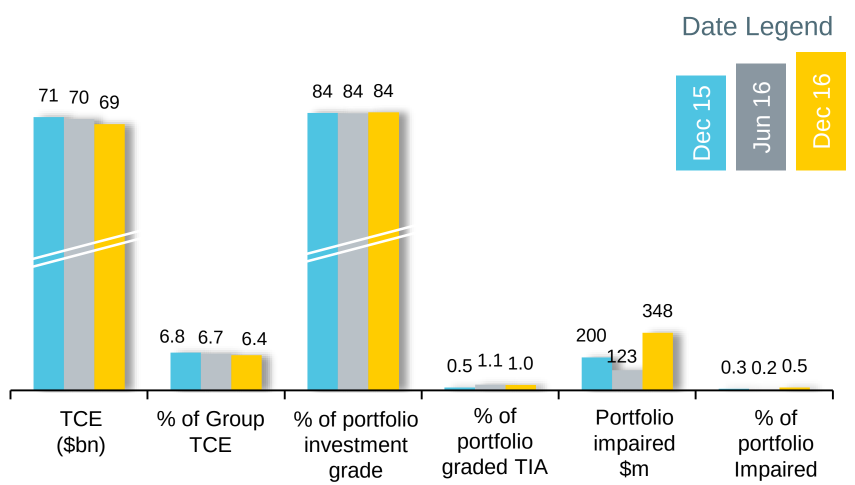
Overview

- Exposure of $148bn (13.9% of Group TCE) with 72% to Banks, Sovereigns and Other Finance sectors.
- Offshore Commercial (excluding Banks and Sovereigns):
  - Exposure of $69bn with $41bn to Other Finance, Mining and Retail & Wholesale Trade.
  - 84% is rated investment grade.
  - TIAs have decreased to 1.0% in the last 6 months.

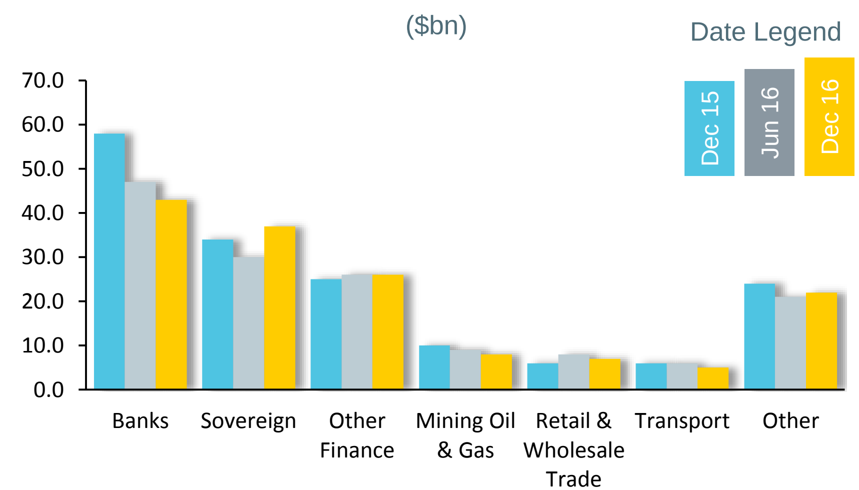
Offshore Exposure



Offshore Commercial



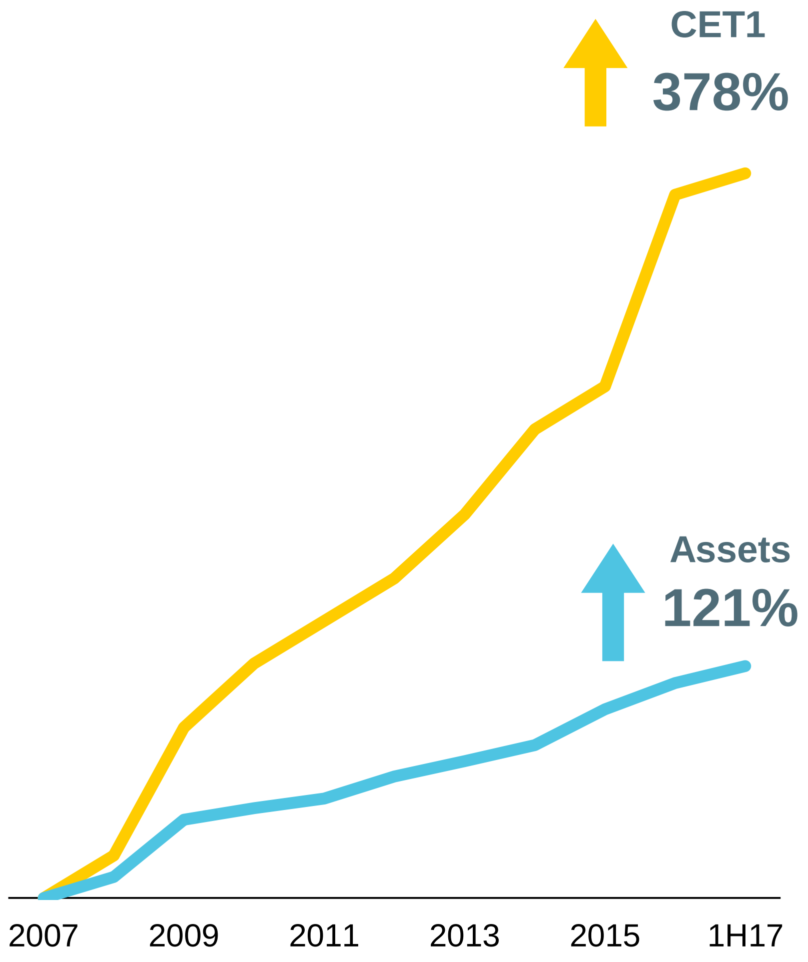
Offshore by Sector



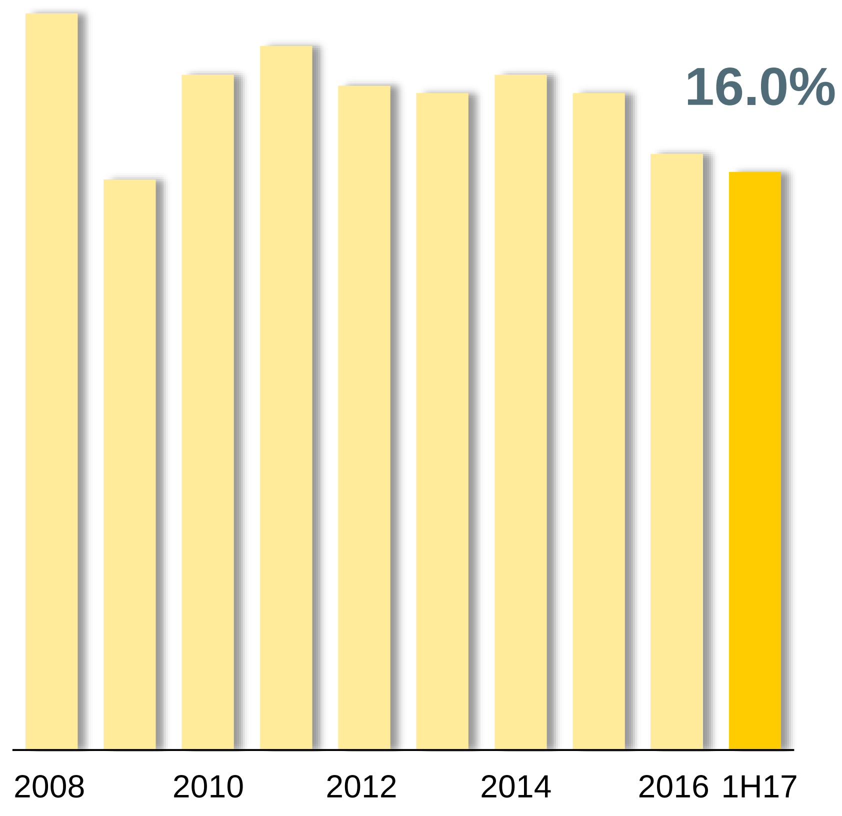
Offshore excludes consumer portfolios and New Zealand.

Managing for today's environment

Capital Management

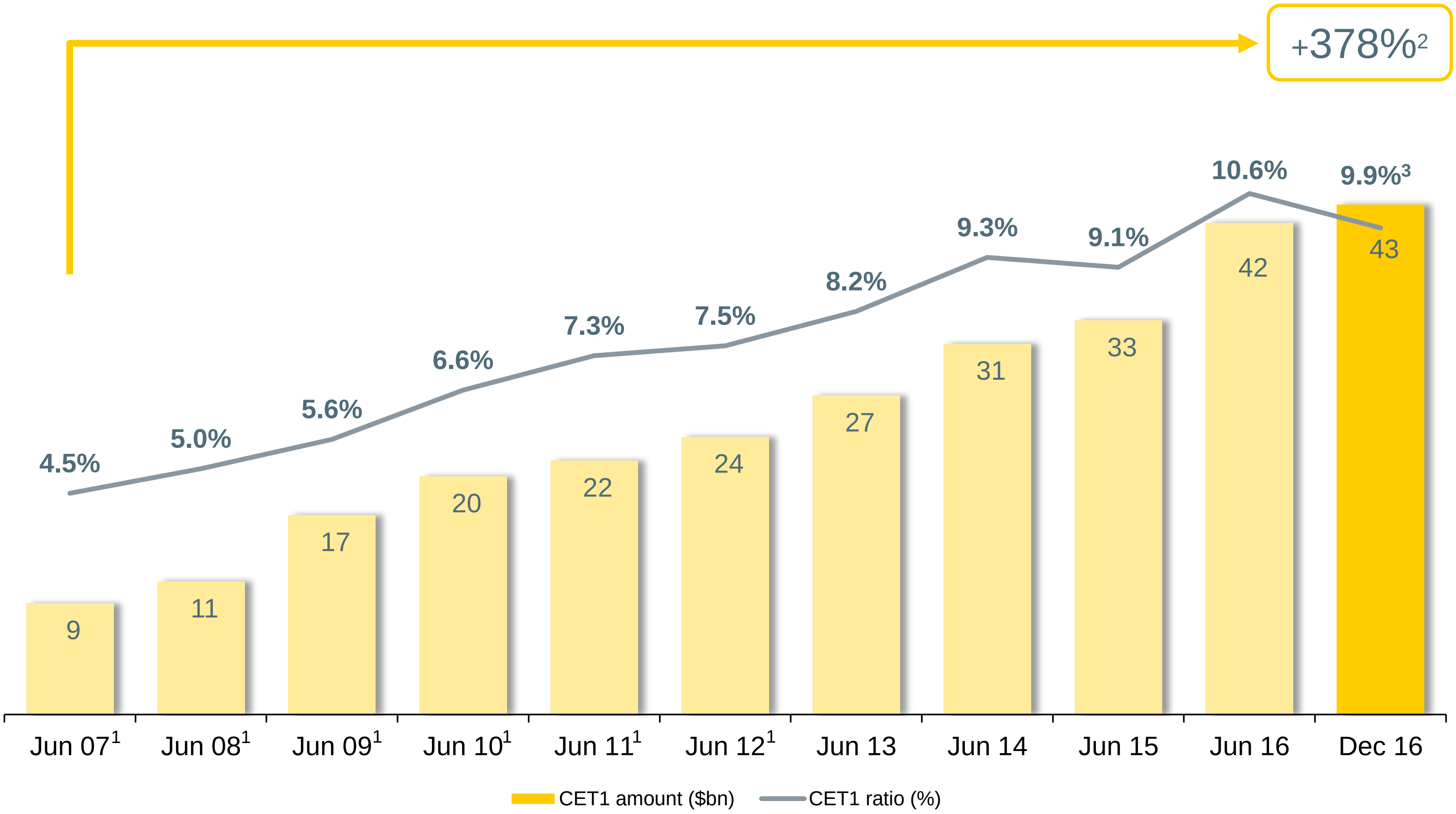


Return on Equity



Capital Growth

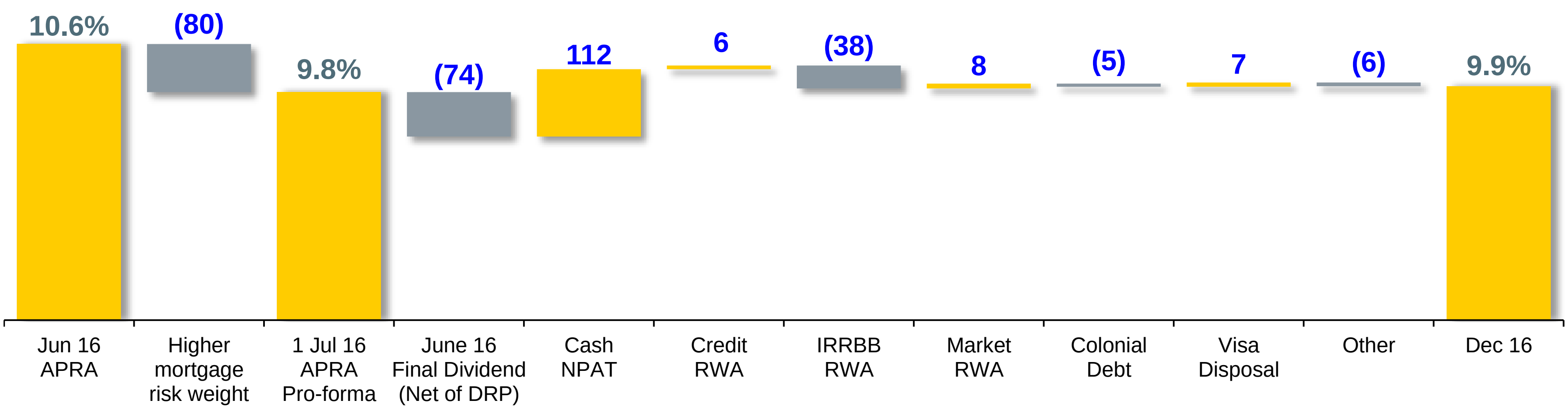
CET1



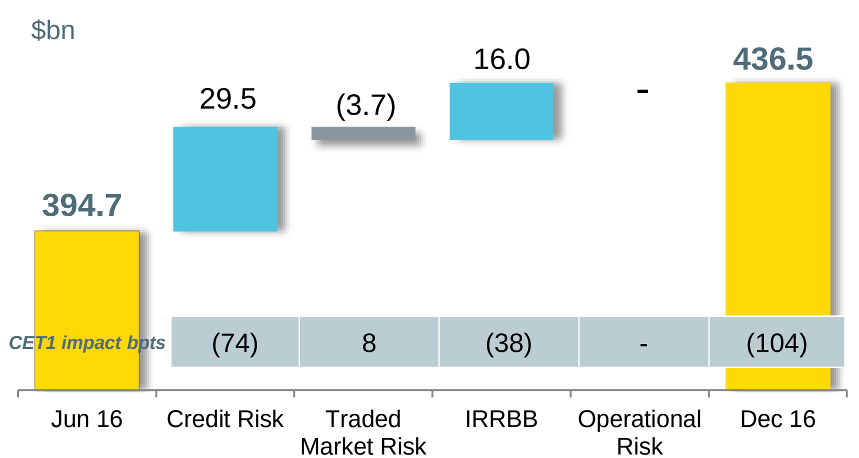
1. Calculated Basel III equivalent
2. Growth relates to change in dollar value of CET1
3. CET1 (APRA) ratio includes impact of higher mortgage risk weighted assets effective 1 July 2016 (-80bpts impact)

Capital Drivers

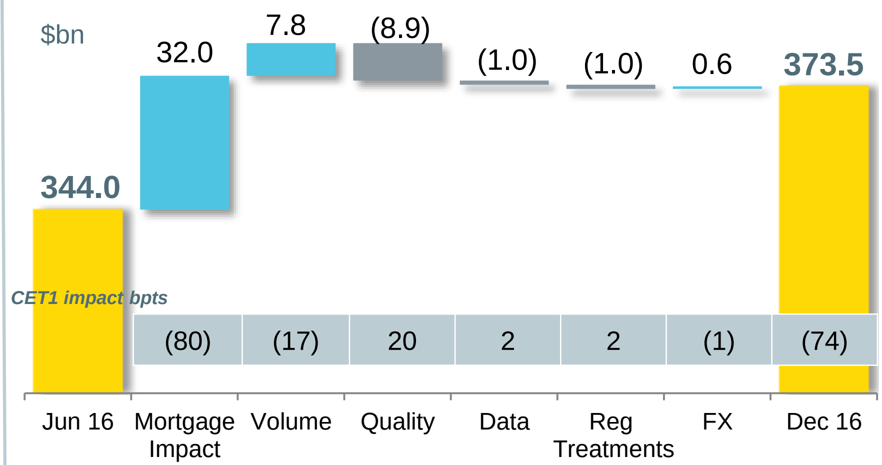
Capital – CET1 (APRA)



Total Risk Weighted Assets

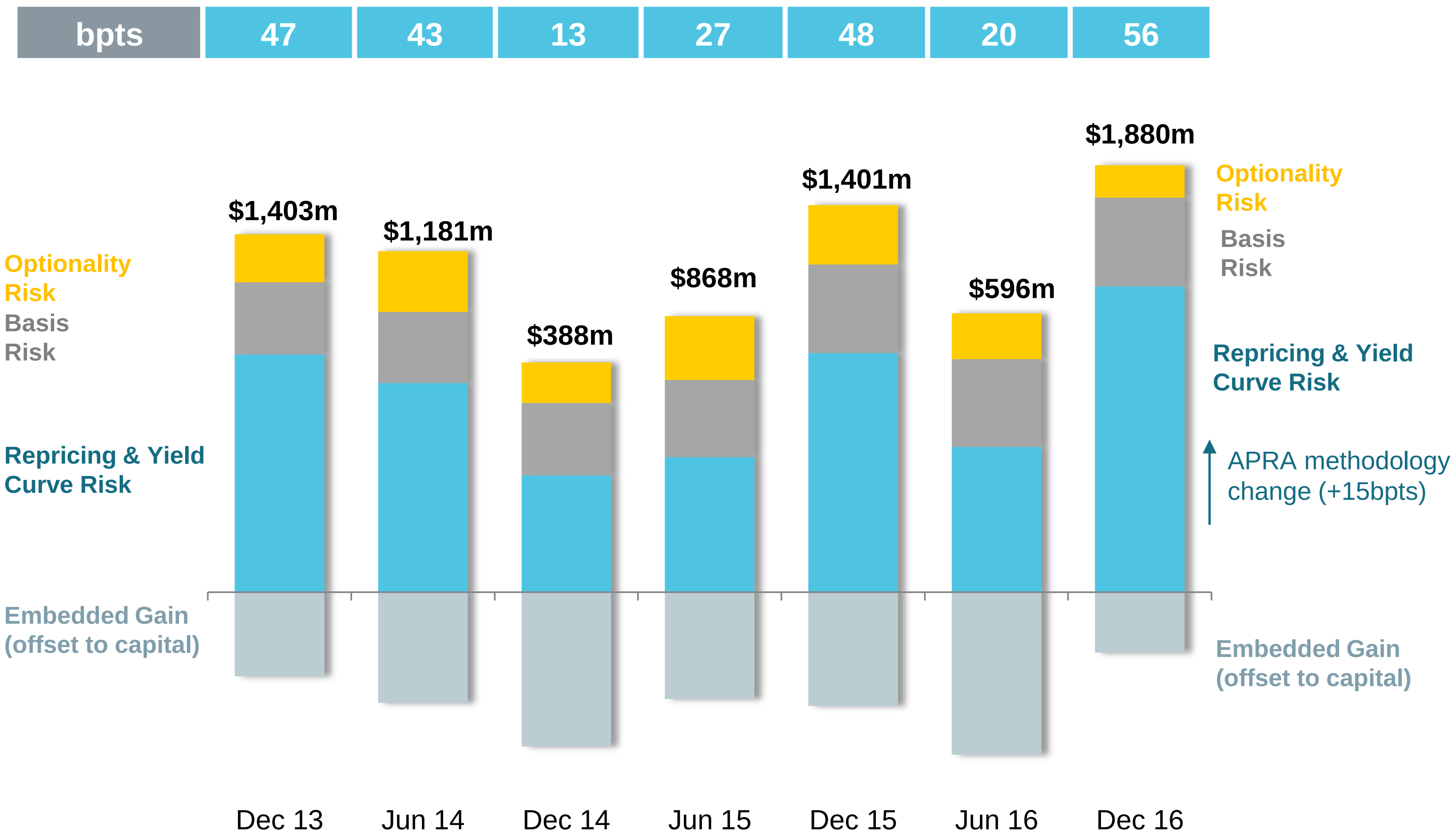


Credit Risk Weighted Assets



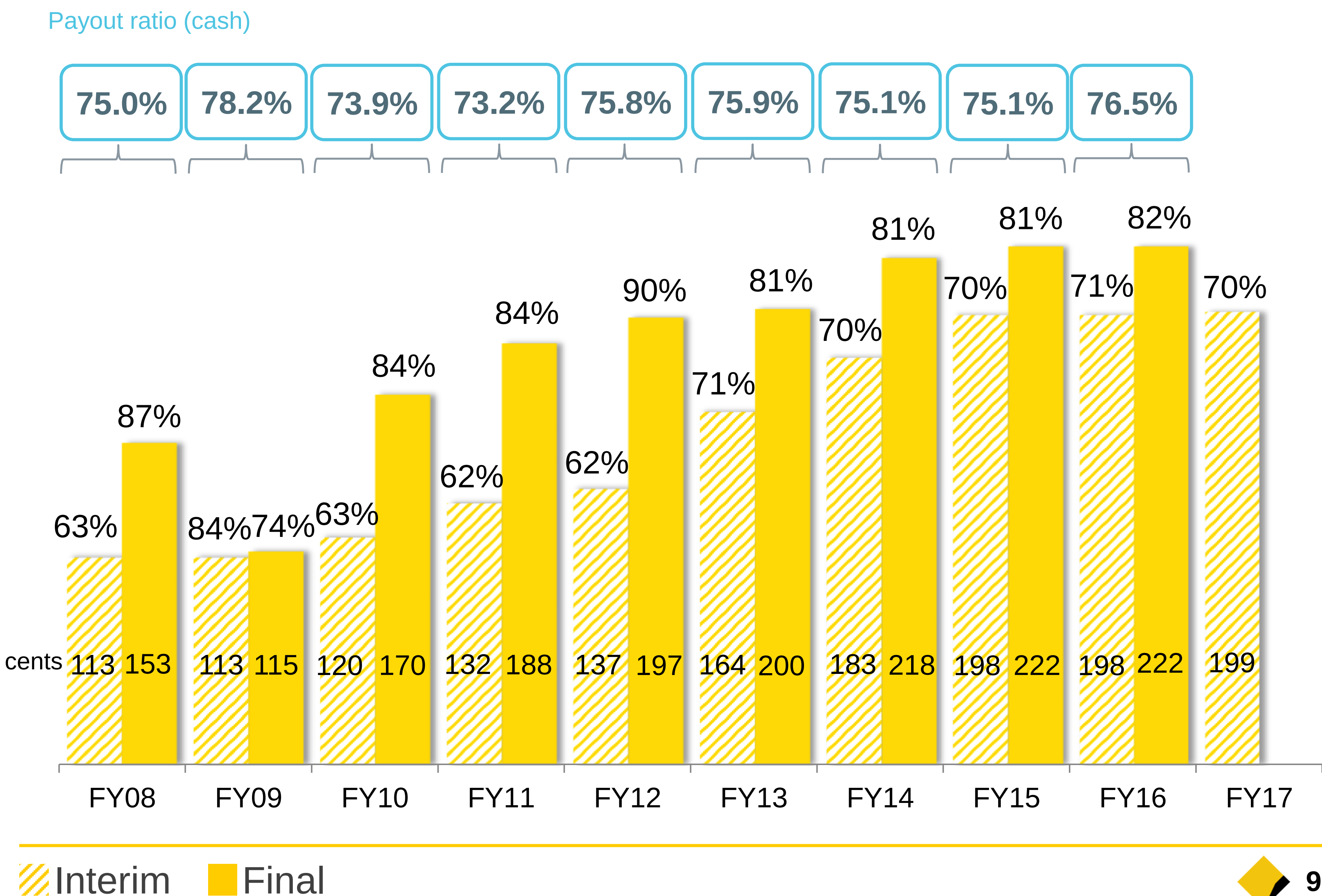
Basis points contribution to change in APRA CET1 ratio.

Interest Rate Risk in the Banking Book



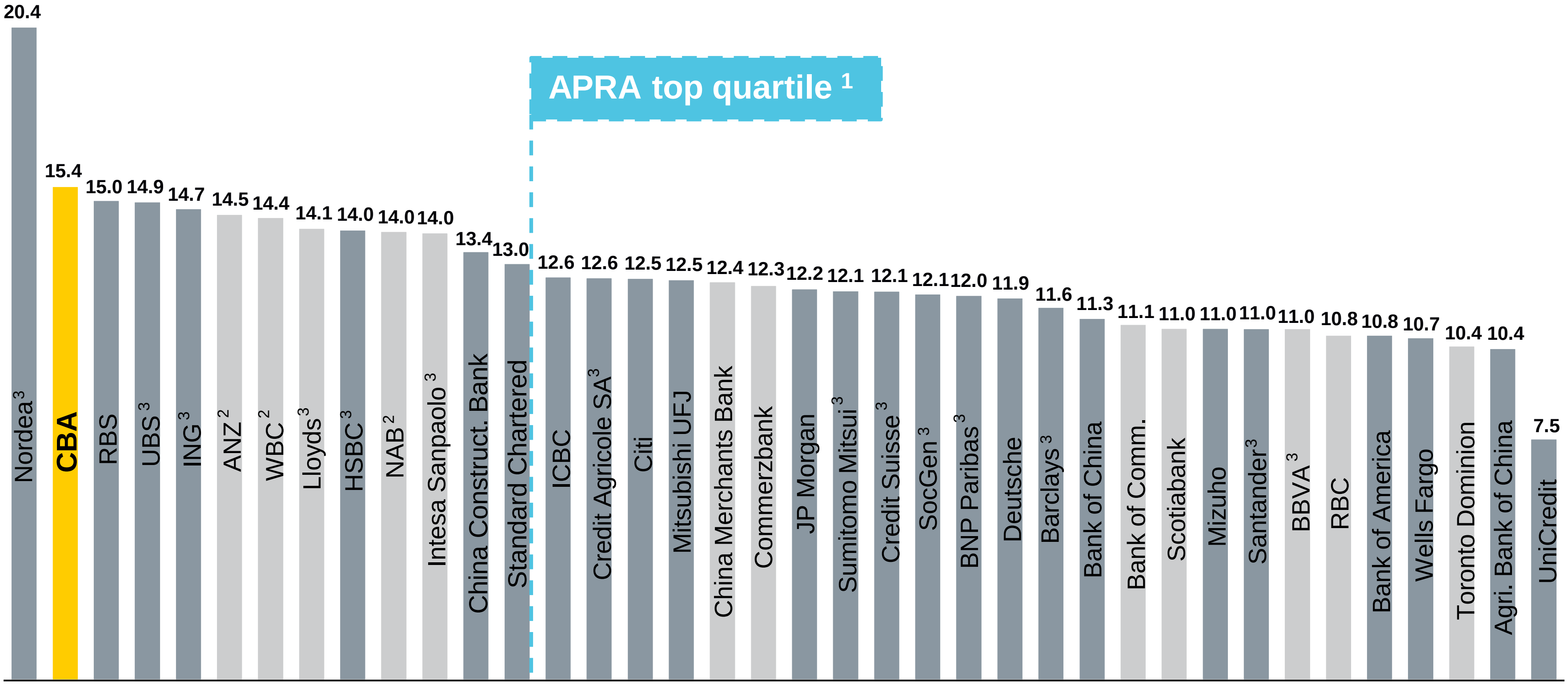
Capital ($1.9bn) assigned to interest rate risk in banking book per APS117. Bpts (basis points) of APRA CET1 ratio.

Dividends over time



International CET1 ratios

G-SIBs in dark grey



Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 9 February 2017 assuming Basel III capital reforms fully implemented.
Peer group comprises listed commercial banks with total assets in excess of A$750 billion and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate.

1. APRA Insight Issue Two “International capital comparison update” (4 July 2016)
2. Domestic peer figures as at 30 September 2016
3. Deduction for accrued expected future dividends added back for comparability

APRA and International Comparison

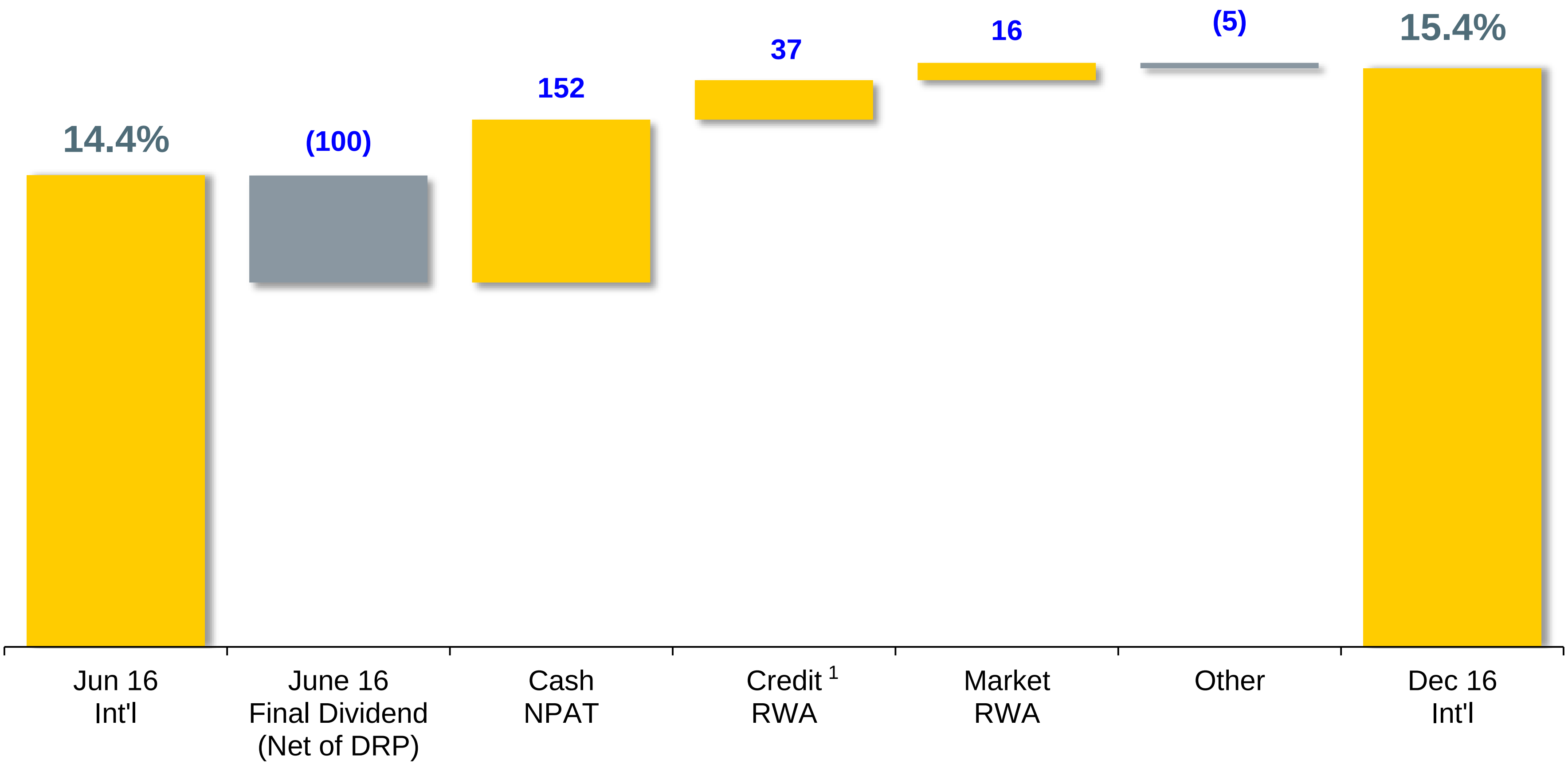
The following table provides details on the differences, as at 31 December 2016, between the APRA Basel III capital requirements and internationally comparable capital ratio[1].

CET1 APRA		**9.9%**
Equity investments	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements.	0.7%
Capitalised expenses	Balances are risk weighted, compared to a 100% CET1 deduction under APRA's requirements.	0.1%
Deferred tax assets	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements.	0.3%
IRRBB	APRA requires capital to be held for Interest Rate Risk in the Banking Book (IRRBB). The BCBS does not have any capital requirement.	0.6%
Residential mortgages	Loss Given Default (LGD) of 15%, compared to the 20% LGD floor under APRA's requirements and adjustments for higher correlation factor applied by APRA for Australian residential mortgages.	1.7%
Other retail standardised exposures	Risk-weighting of 75%, rather than 100% under APRA's requirements.	0.1%
Unsecured non-retail exposures	LGD of 45%, compared to the 60% or higher LGD under APRA's requirements.	0.7%
Non-retail undrawn commitments	Credit conversion factor of 75%, compared to 100% under APRA's requirements.	0.4%
Specialised lending	Use of IRB probabilities of default (PD) and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factor.	0.8%
Currency conversion threshold	Increase in the A$ equivalent concessional threshold level for small business retail and small/medium enterprise corporate exposures.	0.1%
Total adjustments		**5.5%**
CET1 Internationally Comparable		**15.4%**

1. Analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015)

CET1 - International Comparison

Internationally Comparable CET1 unaffected by APRA correlation factor change in mortgage portfolio and higher IRRBB RWA



1. Includes impact of the re-accreditation of the Bankwest non retail portfolio +14bps. Under the application of the Int'l methodology the reaccreditation resulted in the transfer of standardised exposures to Advanced Internal Rating Based corporate lending categories which attract a lower average risk weighting.

Capital Conservation Buffer (CCB)[1]

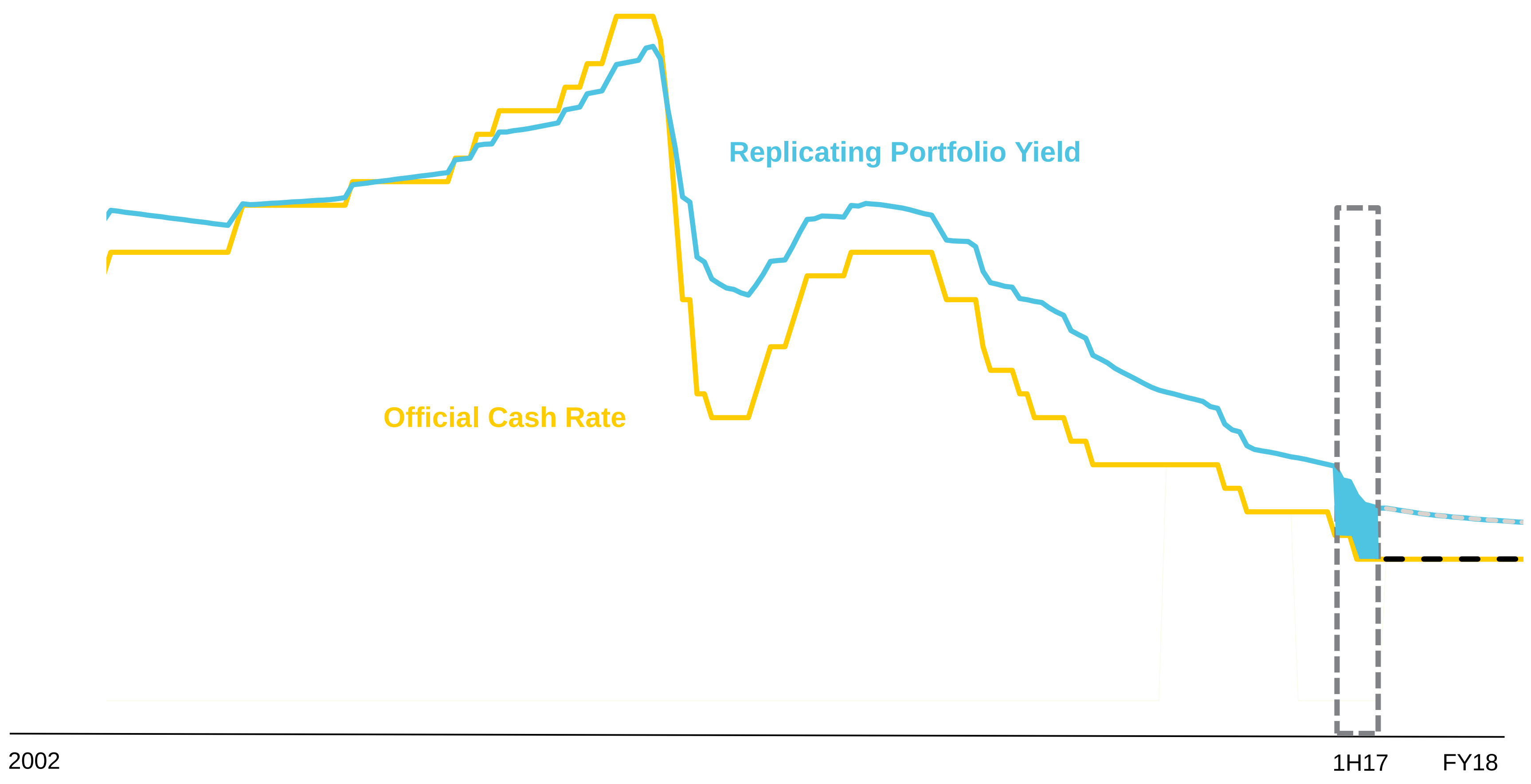
- The Australian major banks are domestic systemically-important banks (D-SIBs). From 1 January 2016, D-SIBs are required to hold 1% additional capital in the form of CET1 (called the D-SIB buffer).
- The Countercyclical Capital Buffer (CCyB), which was also effective from 1 January 2016, currently has no material impact on the Group[3].
- Both the D-SIB and CCyB form part of the CCB. From 1 January 2016, if a bank's CET1 ratio falls within the CCB, they may be restricted from making discretionary payments such as dividends, hybrid Tier 1 distributions and bonuses

CET1 ratio	Value range	% of earnings able to be used for discretionary payments
Above top of CCB	Greater than PCR + 3.5%	100%
4th Quartile	Top of range: PCR + 3.5% Bottom of range: greater than PCR + 2.625%	60%
3rd Quartile	Top of range: PCR + 2.625% Bottom of range: greater than PCR + 1.75%	40%
2nd Quartile	Top of range: PCR + 1.75% Bottom of range: greater than PCR + 0.875%	20%
1st Quartile	Top of range: PCR + 0.875% Bottom of range: PCR	0%
Prudential capital requirement (PCR)[2]	Less than PCR	0%

1. Above example assumes the total CCB (including the D-SIB buffer of 1% and CCyB of 0%) is 3.5%. 2. 4.5% minimum plus any additional amount required by APRA. 3. In January 2017, APRA announced that the CCyB for Australian exposures will remain at 0%. The Group has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed.

Replicating Portfolio

Actual and Forecast Scenario



Replicating portfolio provides partial economic hedge for certain liabilities and assets that display imperfect correlation between the cash rate and the product interest rate

Regulatory Expected Loss

$m	Dec 15	Jun 16	Dec 16
Regulatory Expected Loss (EL)	**4,214**	**4,430**	**4,698**
Eligible Provisions (EP)			
Collective Provisions[1]	2,656	2,562	2,561
Specific Provisions[1,2]	1,649	1,801	1,900
General Reserve for Credit Losses adjustment	386	552	532
less ineligible provisions (standardised portfolio)	(592)	(609)	(268)
Total Eligible Provisions	**4,099**	**4,306**	**4,725**
Regulatory EL in Excess of EP	**115**	**124**	**(27)**
Common Equity Tier 1 Adjustment[3]	**245**	**314**	**220**

1. Includes transfer from collective provision to specific provisions (Dec 16: $246m, Jun 16: $256m, Dec 15: $145m). 2. Specific provisions includes partial write offs (Dec 16: $637m, Jun 16: $601m, Dec 15: $595m). 3. Excess of eligible provisions compared to expected loss for defaulted exposures (Dec 16: $247m, Jun 16: $190m, Dec 15: $130m), not available to reduce the shortfall for non-defaulted exposures.

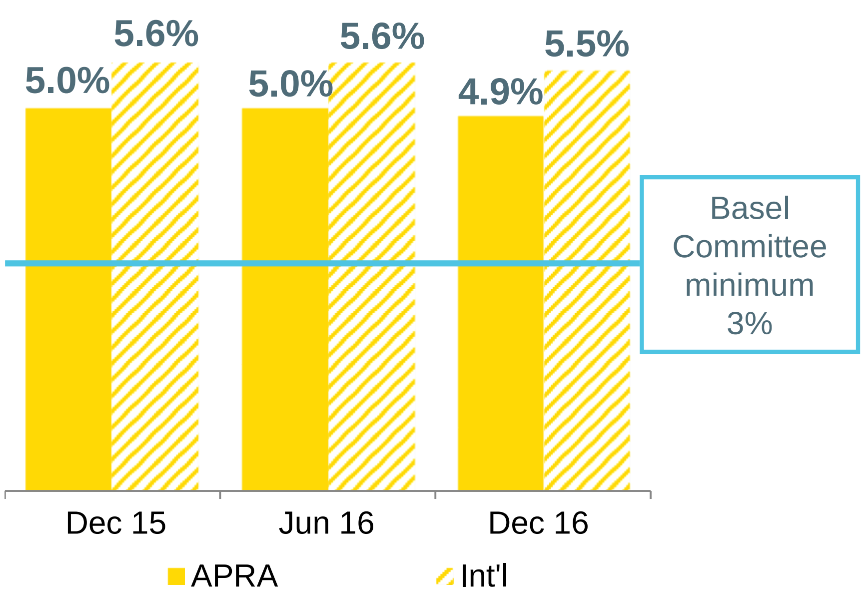
Leverage Ratio – above Basel minimum

CBA Leverage Ratio well above prescribed Basel Committee minimum

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

Scheduled to be introduced as a minimum requirement from 1 January 2018.

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



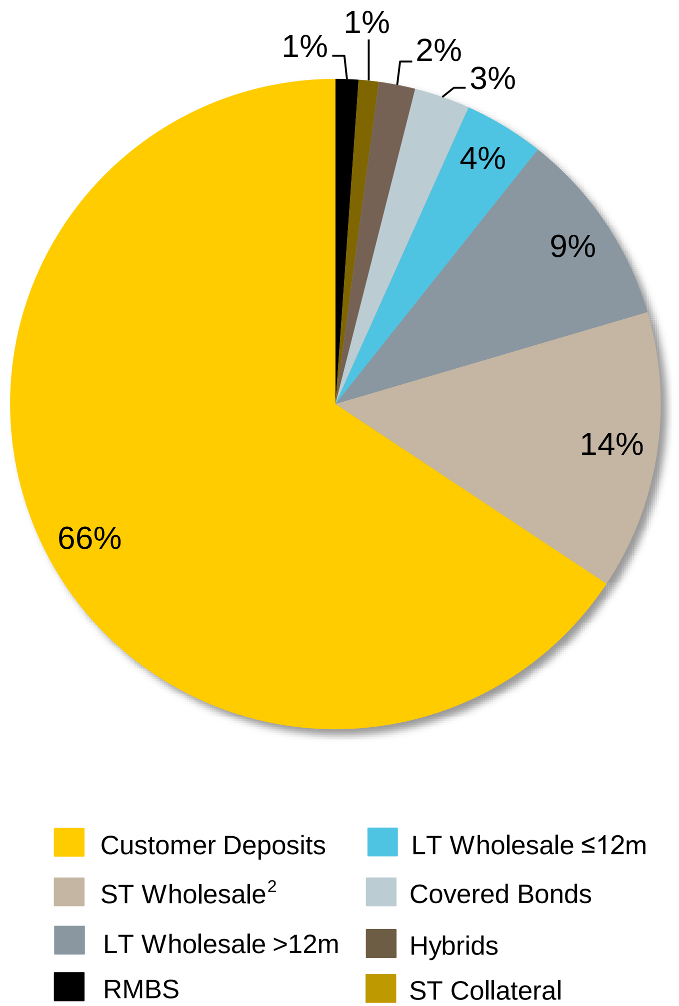
$m	Dec 16
Tier 1 Capital	50,218
Total Exposures	1,018,931
Leverage Ratio (APRA)	**4.9%**

$m	Dec 16
Group Total Assets	**971,719**
Less subsidiaries outside the scope of regulatory consolidations	(15,070)
Less net derivative adjustment	(5,627)
Add securities financing transactions	1,165
Less asset amounts deducted from Tier 1 Capital	(19,143)
Add off balance sheet exposures	85,887
Total Exposures	**1,018,931**

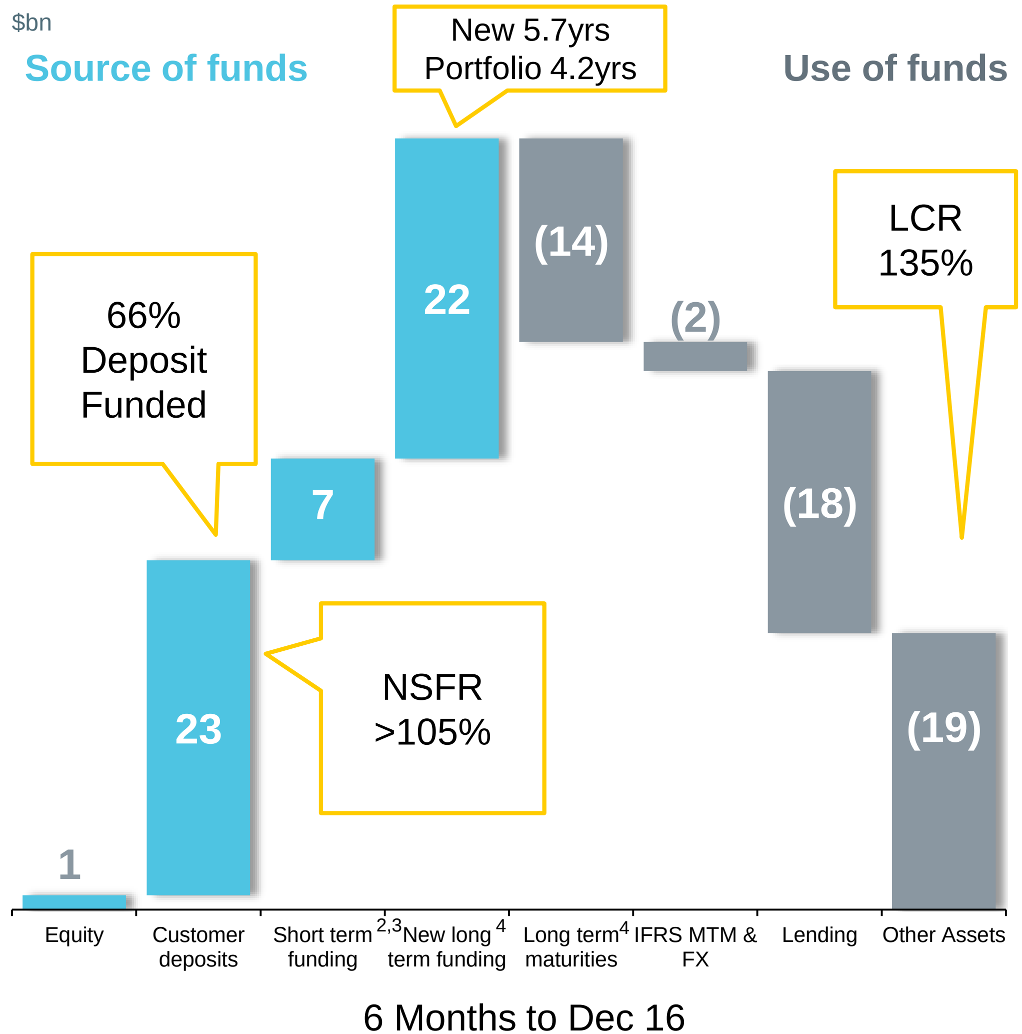
Tier 1 capital included in the calculation of the internationally comparable leverage ratio aligns with the APRA study entitled "international capital comparison study" (13 July 2015), and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

Funding Overview

Funding Composition[1]



Funding

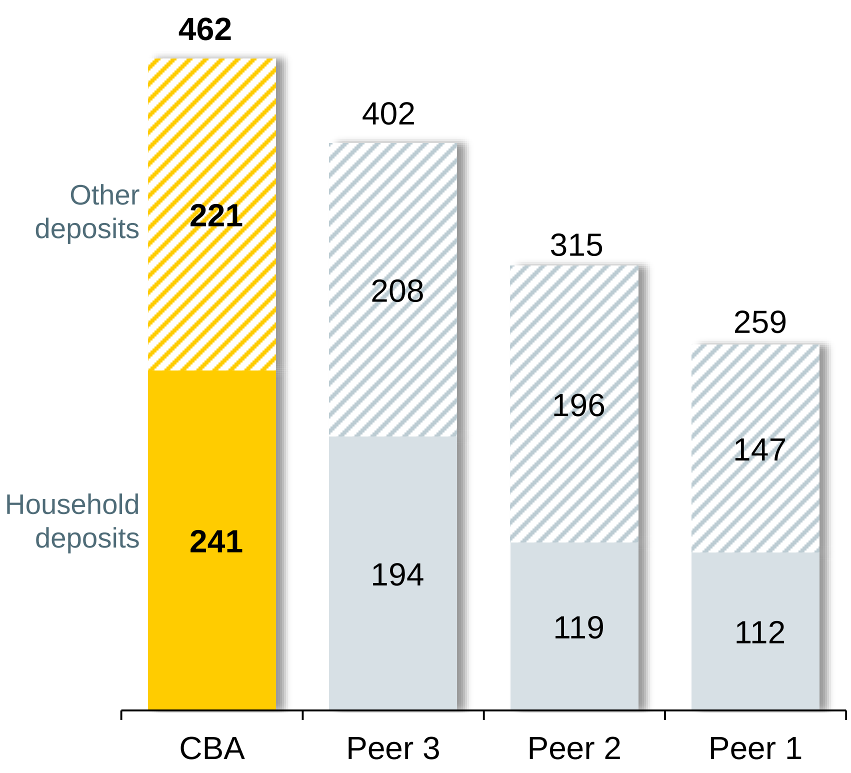


1. Reported at current FX rates 2. Includes the categories 'central bank deposits' and 'due to other financial institutions' (collateral received) 3. Includes net short term collateral deposits 4. Reported at historical FX rates

Strong deposit funding

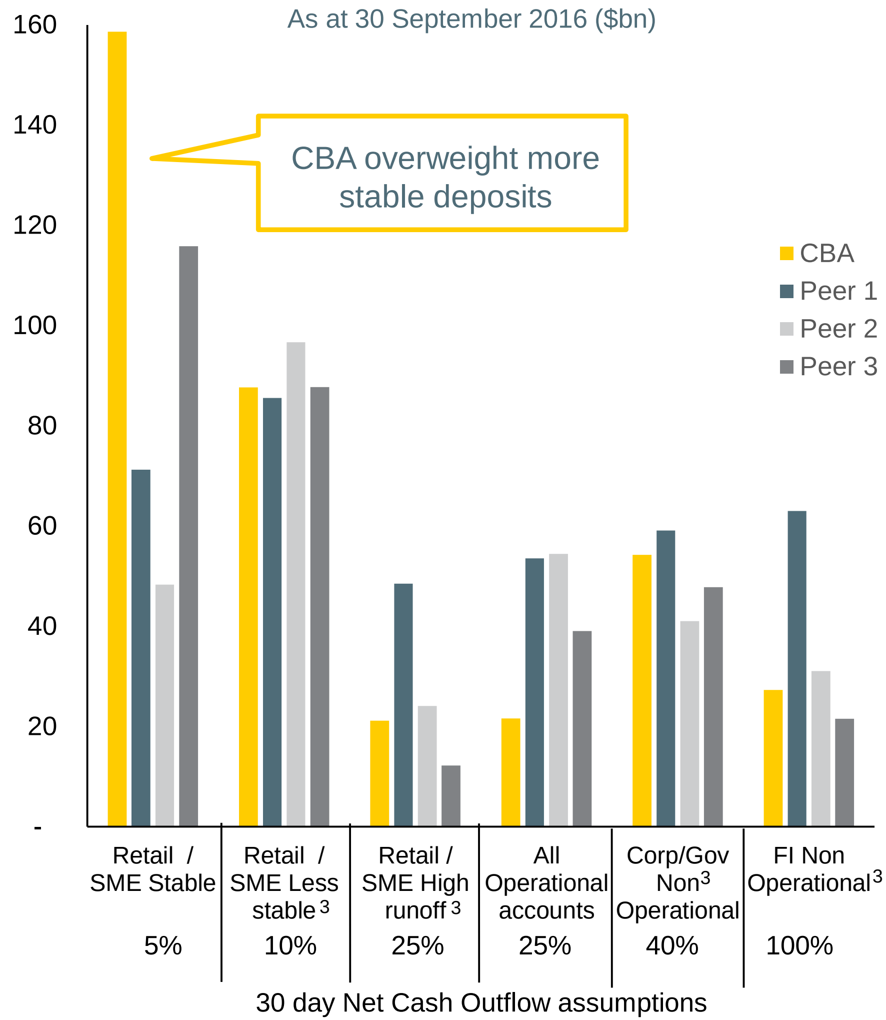
Deposits vs Peers[1]

December 2016 ($bn)



Deposits in LCR calculation[2]

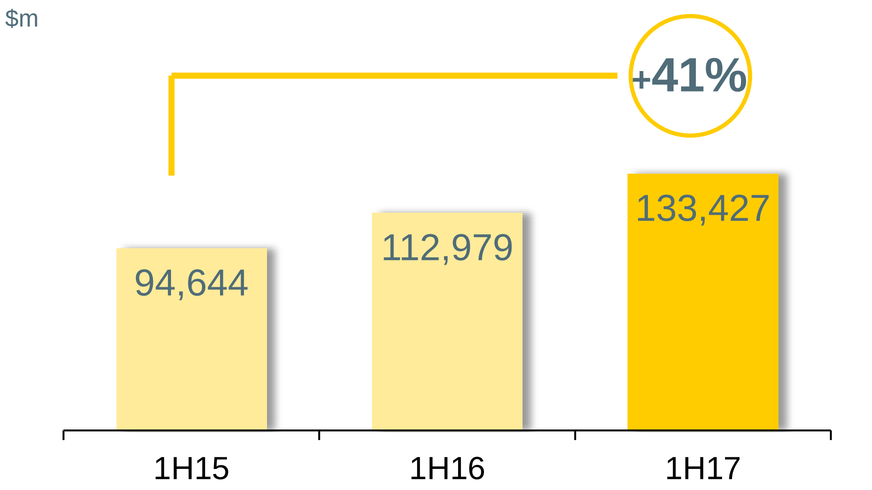
As at 30 September 2016 ($bn)



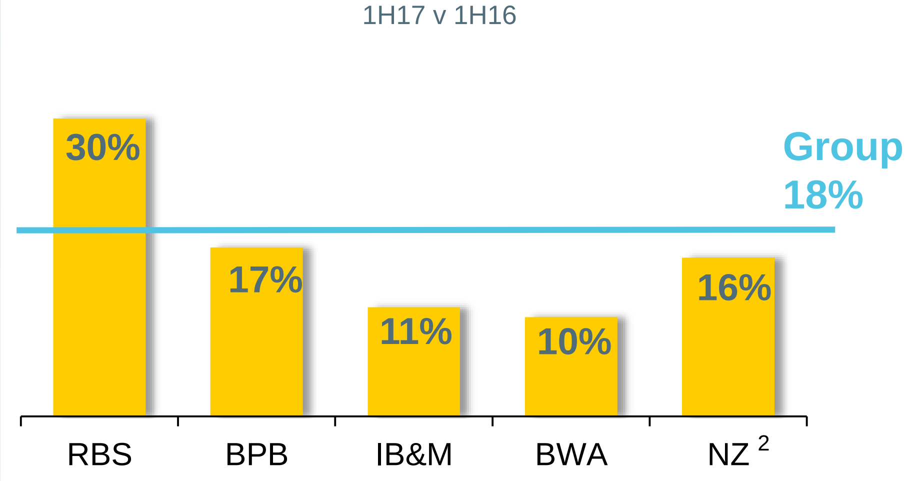
1. Source: APRA. Total deposits (excluding CD's). CBA includes Bankwest. 2. Source: Pillar 3 Regulatory Disclosure, 30 September 2016 3. Peer comparisons are calculated from disclosures assuming there are not material balances in the "notice period deposits that have been called" and the "fully insured non-operational deposits" categories.

Deposit funding - transactions

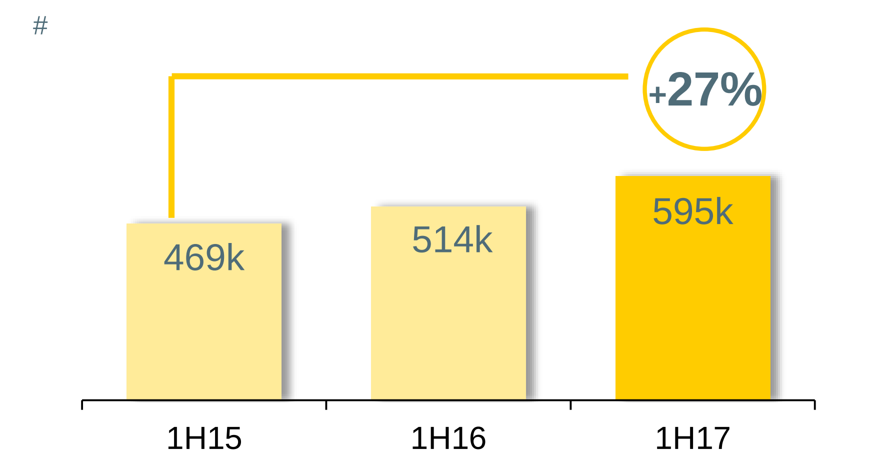
Group Transaction Balances[1]



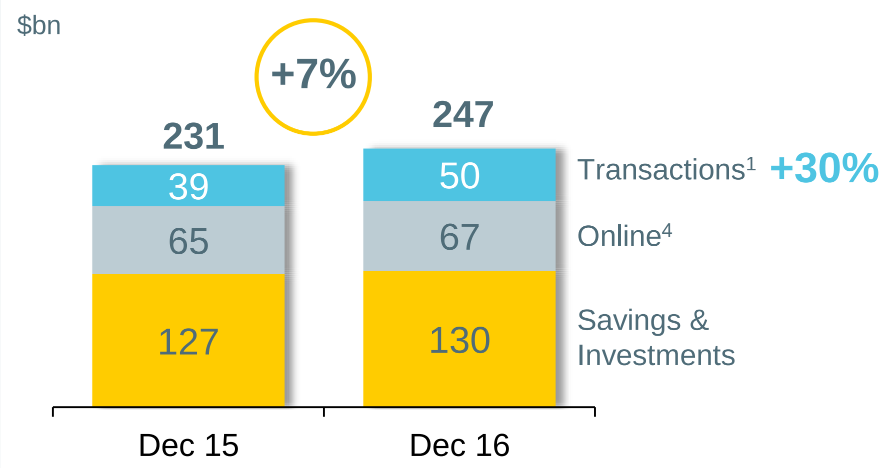
Strong growth across divisions



RBS New Transaction Accounts[3]



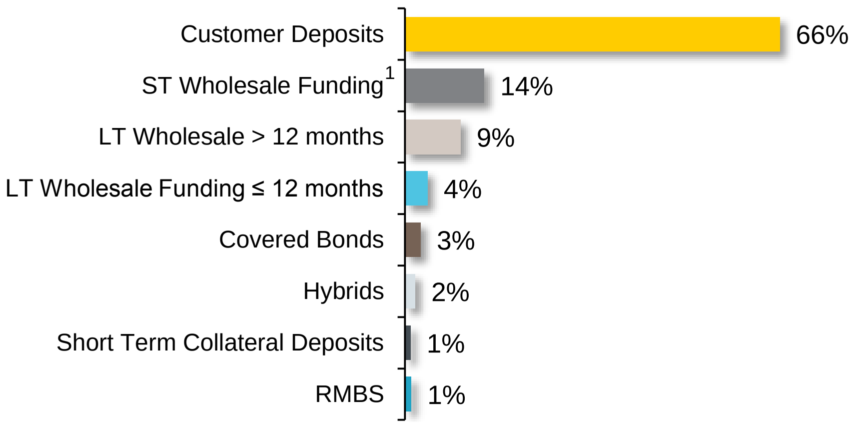
Retail Deposit Mix



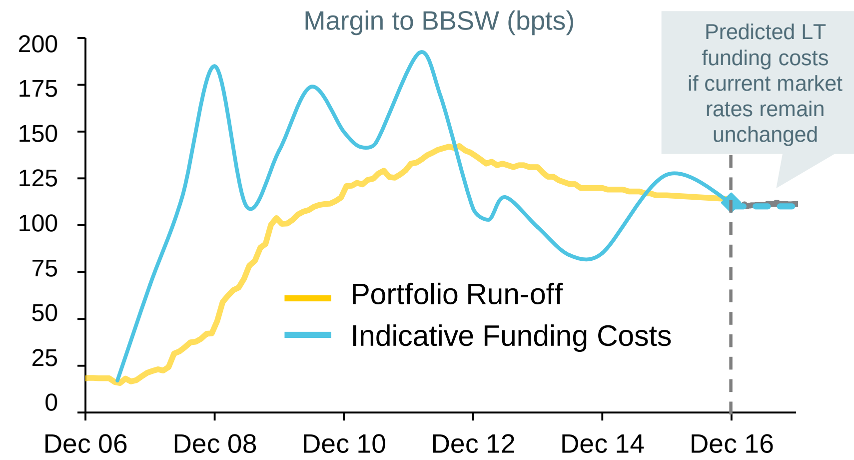
1. Includes non-interest bearing deposits 2. In NZD 3. Number of new RBS personal transaction accounts, including offset accounts 4. Online includes NetBank Saver, Goal Saver and Business Online Saver

Wholesale funding - Overview

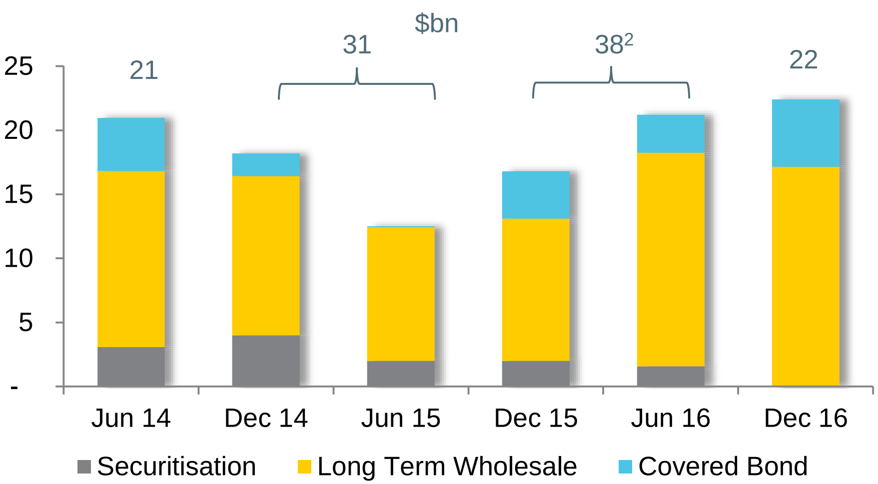
Funding Composition



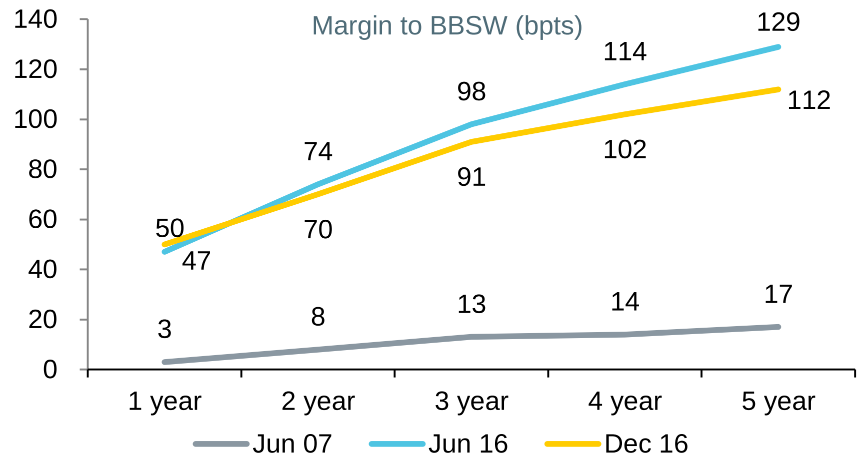
Average Long Term Funding Costs



Issuance



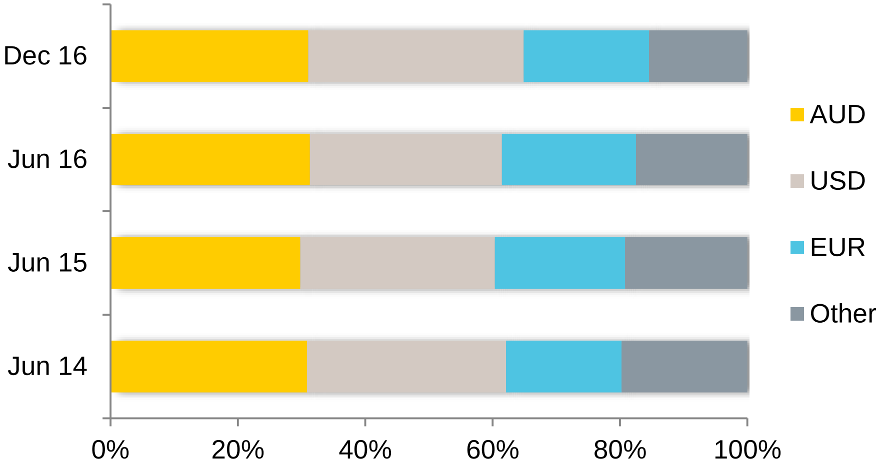
Indicative Funding Cost Curves



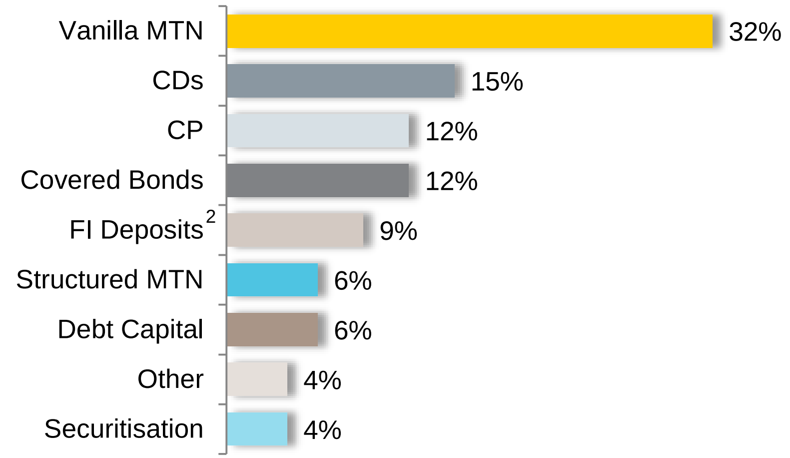
1. Includes the categories ‘central bank deposits’ and ‘due to other financial institutions’ (including collateral received)
2. Includes restructure of swaps and reclassification of deals between short and long term funding

Wholesale funding – Portfolio

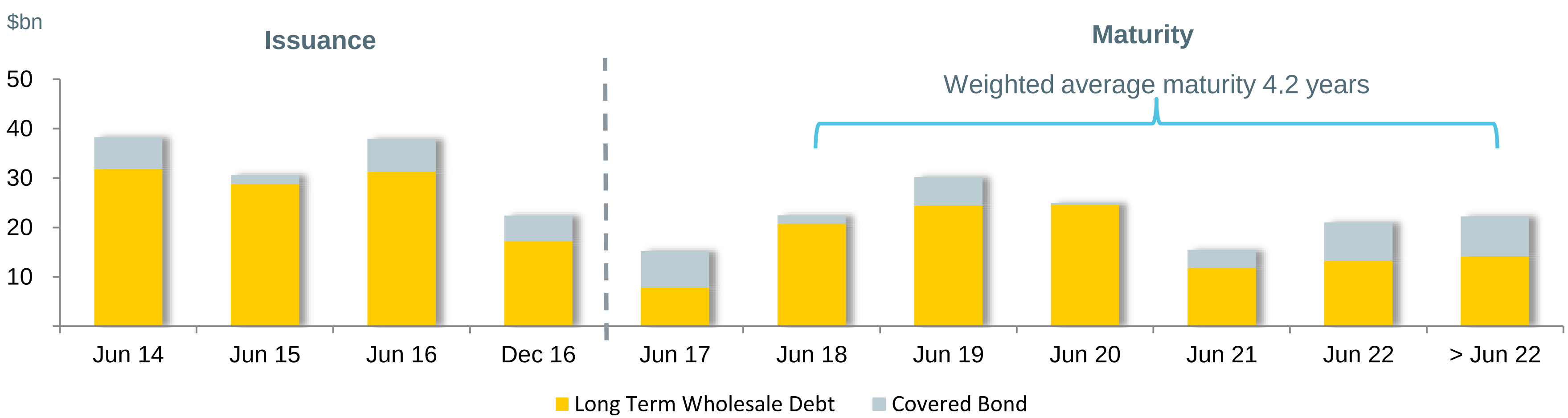
Term Wholesale Funding by Currency[1]



Wholesale Funding by Product

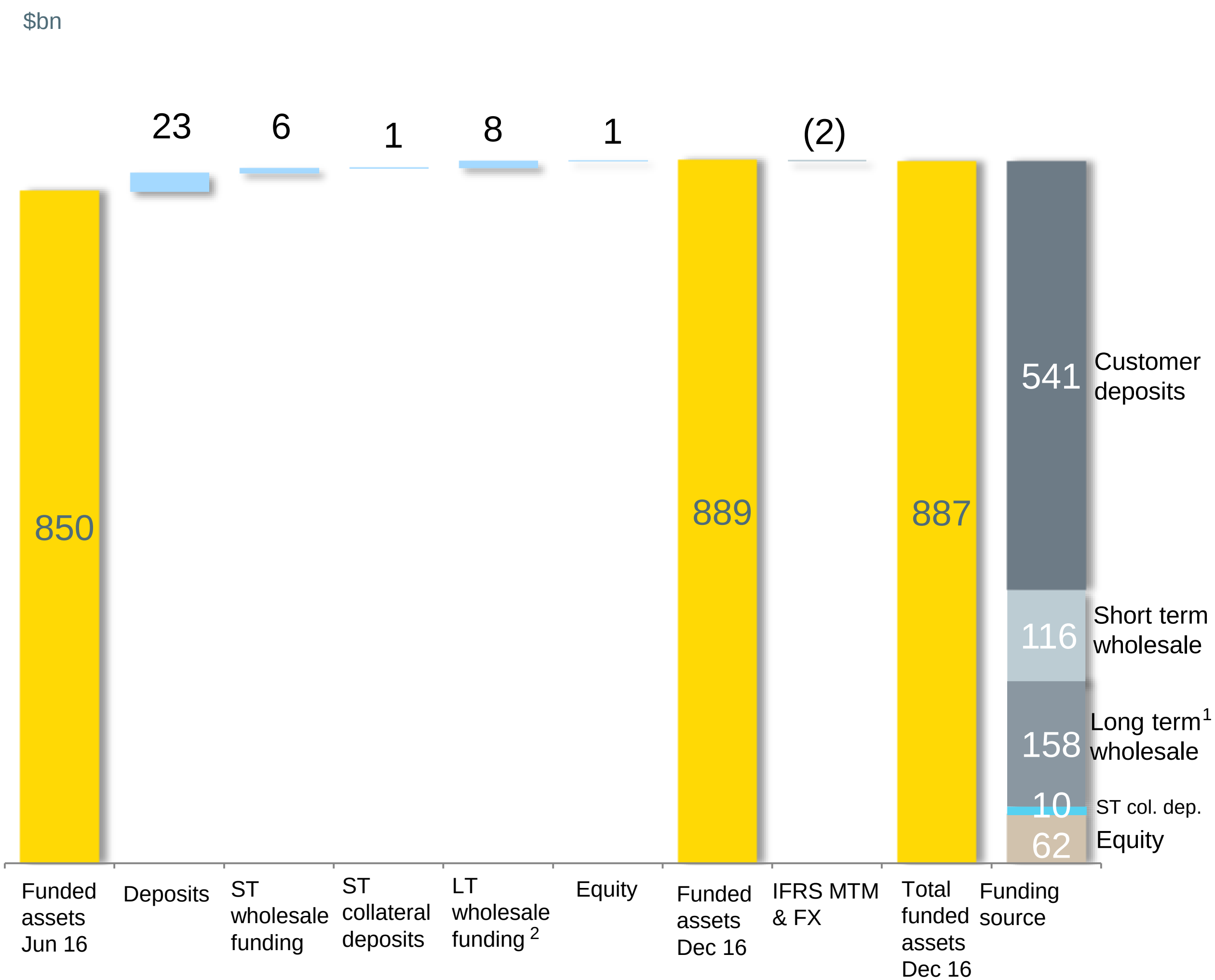


Term Wholesale Funding profile – issuance and maturity



1. Includes debt with an original maturity or call date of greater than 12 months (including loan capital)
2. Includes Interbank and Central Bank

Funded assets



$bn	Dec 16	Jun 16
Transactions	94	90
Savings	191	191
Investments	212	197
Other	44	40
Total customer deposits	**541**	**518**
Wholesale funding	274	262
Short-term collateral deposits	10	9
Total funding	**825**	**789**
Equity	62	61
Total funded assets	**887**	**850**
Customer % of total funding	**66%**	**66%**

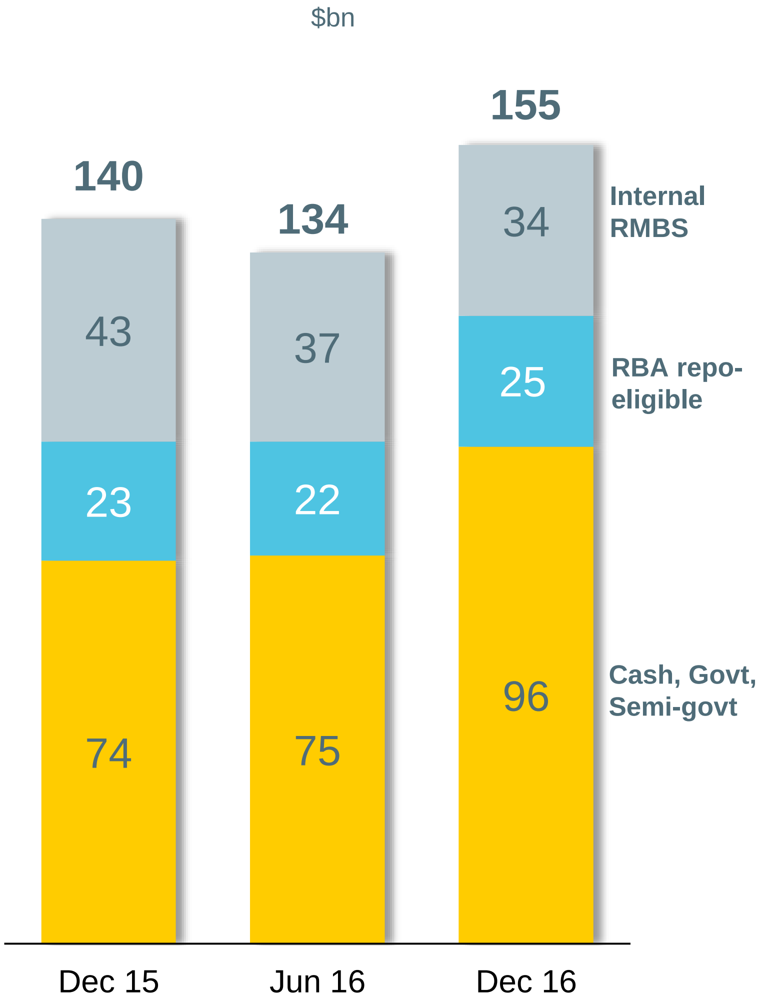
1. Includes IFRS MTM and FX. Maturity based on original issuance date.
2. LT wholesale funding is reported at current FX rate

Liquidity Coverage Ratio at 135%

- LCR 135% at 31 Dec 2016
- Committed Liquidity Facility reduced by $7.5bn on 1 Jan 2016
- The Group's Net Stable Funding Ratio (NSFR) is currently above 105%

Liquidity Coverage Ratio ($bn)	Dec 16	Jun 16	Dec 15	Change ($bn)
High Quality Liquid Assets	96.2	75.1	73.7	22.5
Committed Liquidity Facility	58.5	58.5	66.0	(7.5)
Total LCR liquid assets	**154.7**	133.6	139.7	**11%**
Net Cash Outflows due to:				
Customer deposits	71.4	70.1	67.1	4.3
Wholesale funding	24.7	19.4	25.3	(0.6)
Other	18.7	21.9	20.8	(2.1)
Net Cash Outflows	**114.8**	111.4	113.2	**1.6**
LCR	**135%**	120%	123%	**12%**

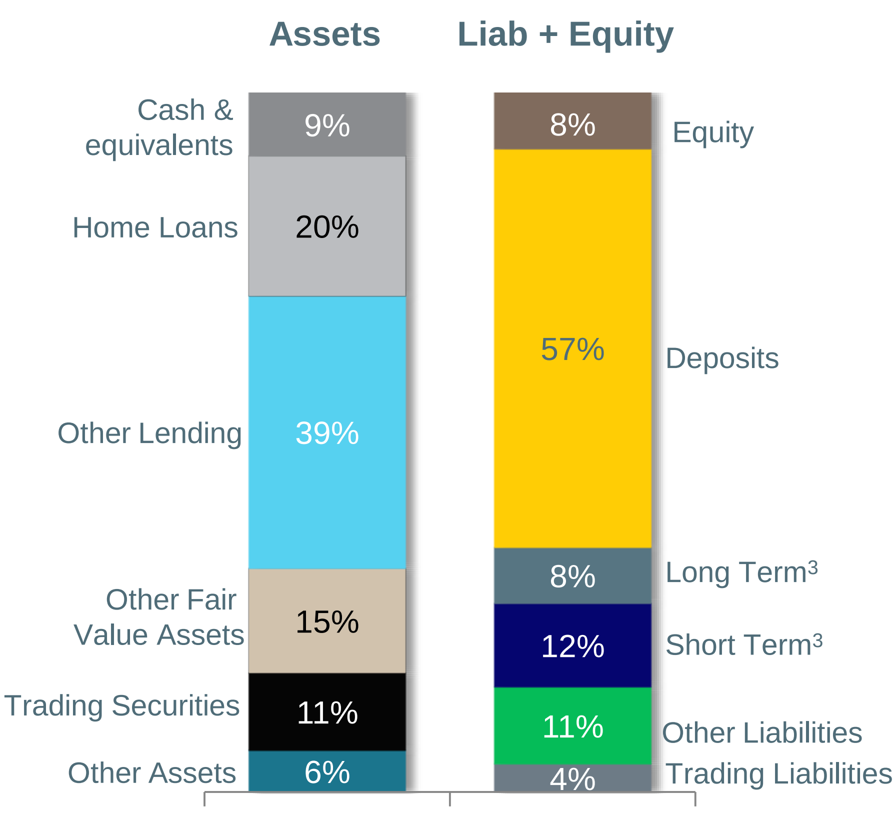
LCR Qualifying Liquid Assets[1]



1. Liquids are reported net of applicable regulatory haircuts

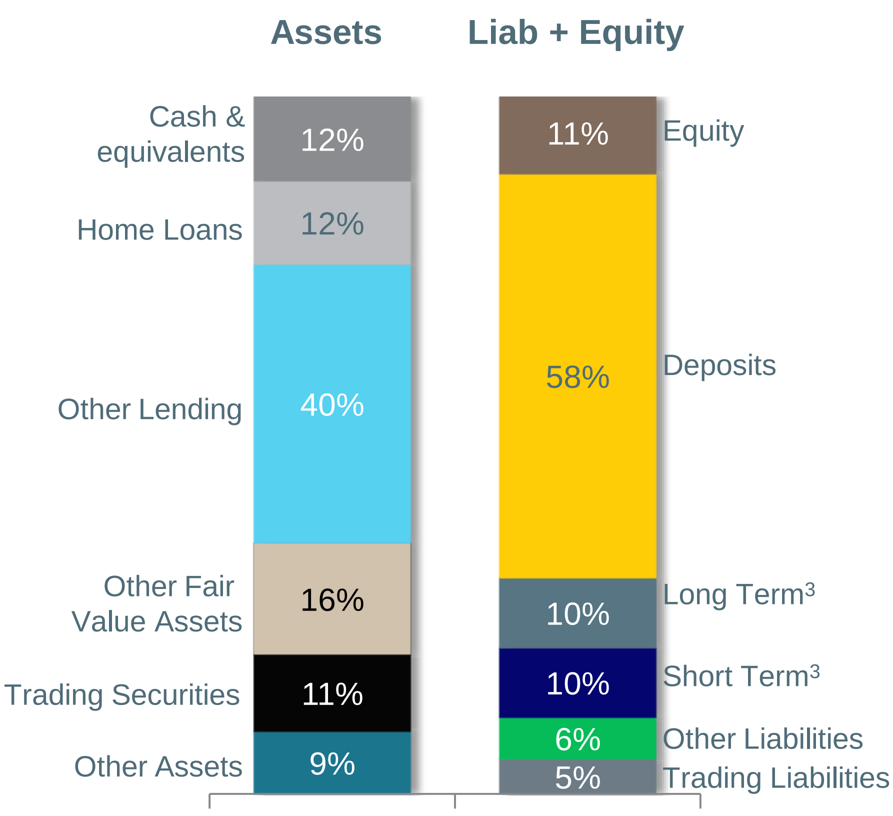
UK and US Balance Sheet Comparison [1,2]

United Kingdom



Based on analysis of Lloyds, RBS, HSBC and Barclays as at 30 June 2016.
Average of four banks.

USA

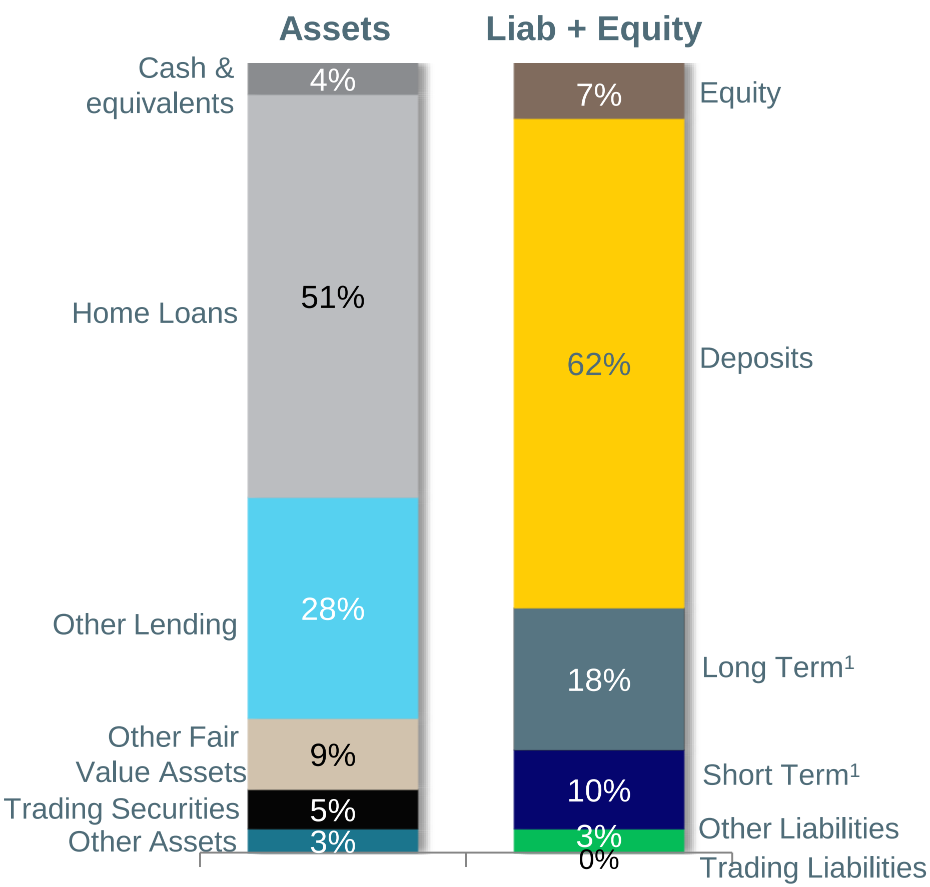


Based on analysis of Citigroup, JP Morgan, Bank of America and Wells Fargo as at 30 September 2016.
Average of four banks.

1. Based on statutory balance sheets.
2. Balance sheets do not include derivative assets and liabilities.
3. Wholesale funding

Australian Banks – Safe Assets, Secure Funding

Commonwealth Bank



CBA balance sheet as at 31 December 2016.
Balance sheet does not include derivative assets and liabilities.
Based on statutory balance sheet.

Balance Sheet Comparisons

Assets – CBA has a safe, conservative asset profile:

- 51% of balance sheet is home loans, which are stable/long term.
- Trading securities and other fair value assets comprise just 14% of CBA balance sheet compared to 26% and 27% for UK and US banks respectively.
- CBA's balance sheet is less volatile due to a lower proportion of fair value assets.

	Assets*	
	Amortised cost	**Fair Value**
CBA	82%	18%
UK	42%	58%
US	55%	45%

Funding – CBA has a secure, sustainable low risk funding profile:

- Higher deposit base than US and UK banks (62% including 31% of household deposits).
- CBA wholesale funding profile has a longer duration than UK banks. This means CBA has lower dependence on wholesale funding markets in any given period compared to UK banks.

* Includes grossed up derivatives.

1. Wholesale funding - based on residual maturity

Regulatory Change timetable

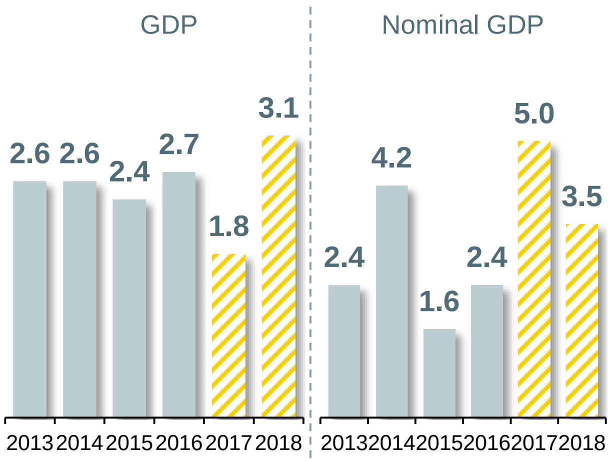
APRA	2017	2018	2019	2020
Leverage ratio	Disclosure requirements only	Implementation		
Response to FSI	Implementation from 1 Jul 2016 – increase in mortgage risk weights Further calibration by 1 July 2017			
Securitisation		Implementation		
Counter Party Credit Risk		Implementation[1]		

Basel Committee	2017		2018	2019	2020
Standardised & Advanced Credit Risk	BCBS expected to finalise	APRA expected to consult and finalise domestic application		Implementation to be advised	
Capital floors				Implementation to be advised	
Standardised Operational Risk				Implementation to be advised	
Market Risk	Finalised Jan 2016			Implementation	
IRRBB	Finalised Apr 2016		Additional disclosures from 2018		
NSFR			Implementation		

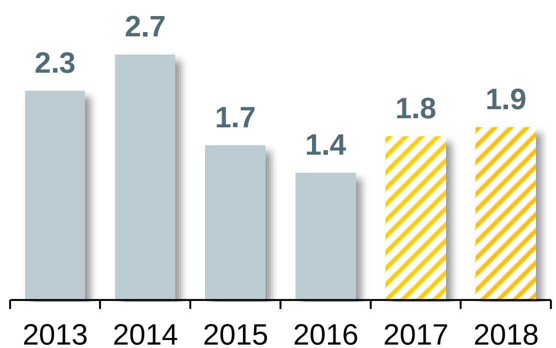
1. Implementation of the standardised approach for measuring counterparty credit risk exposures (SA-CCR) may be deferred by 12 months to 1 January 2019, subject to finalisation by APRA.

Key Economic Indicators (June FY)

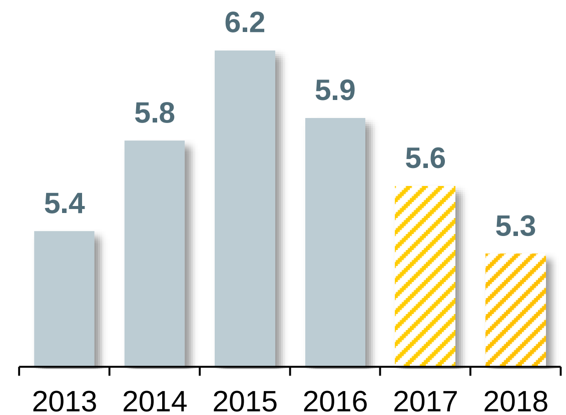
GDP %



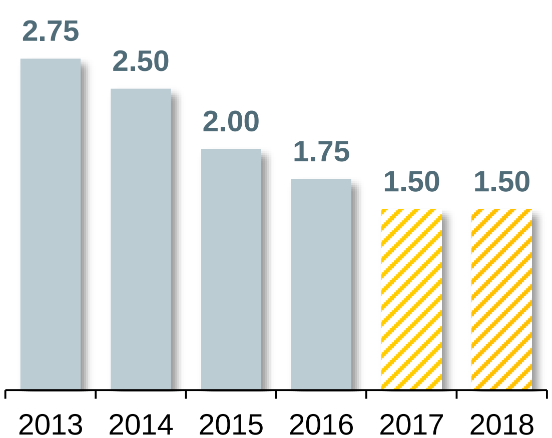
CPI%



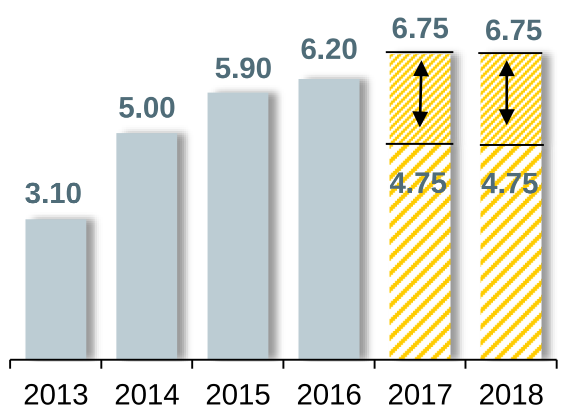
Unemployment Rate %



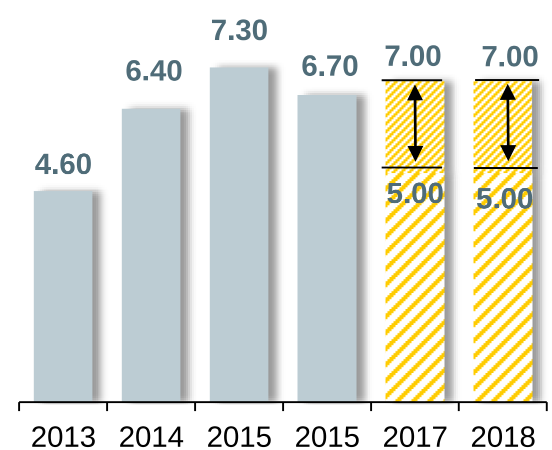
Cash Rate %



Total Credit Growth %



Housing Credit Growth %



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

= forecast

Key Economic Indicators (June FY)

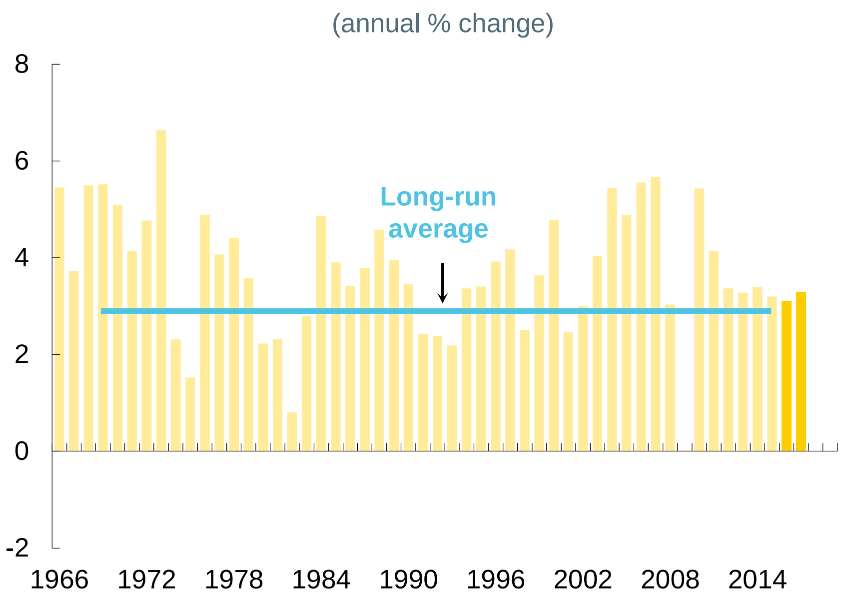
		2012	2013	2014	2015	2016	2017	2018
World	GDP	3.4	3.3	3.4	3.2	3.1	3.2	3.5
Australia	Credit Growth % – Total	4.4	3.1	5.0	5.9	6.1	4¾-6¾	4¾-6¾
	Credit Growth % – Housing	5.0	4.6	6.4	7.3	6.7	5-7	5-7
	Credit Growth % – Business	4.4	1.2	3.4	4.4	6.6	5-7	5-7
	Credit Growth % – Other Personal	-1.2	0.2	0.6	0.8	-0.8	0-2	0-2
	GDP %	3.6	2.6	2.6	2.4	2.7	1.8	3.1
	CPI %	2.3	2.3	2.7	1.7	1.4	1.8	1.9
	Unemployment rate %	5.2	5.4	5.8	6.2	5.9	5.6	5.3
	Cash Rate %	3½	2¾	2½	2	1¾	1½	1½
New Zealand	Credit Growth % – Total	2.7	4.2	4.5	6.1	7.7	6-8	5-7
	Credit Growth % – Housing	1.8	5.2	5.3	5.6	8.8	7-9	5-7
	Credit Growth % – Business	4.9	2.1	3.1	6.3	7.0	6-8	5-7
	Credit Growth % – Agriculture	3.0	4.3	3.7	7.5	6.0	3-5	4-6
	GDP %	2.8	2.3	3.0	3.3	2.7	3.3	3.7
	CPI %	2.2	0.8	1.5	0.6	0.3	1.2	1.7
	Unemployment rate %	6.1	6.2	5.5	5.4	5.2	4.8	4.5
	Overnight Cash Rate %	2.5	2.5	3.25	3.25	2.25	1.75	1.75

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

World GDP = Calendar Year Average
■ = forecast

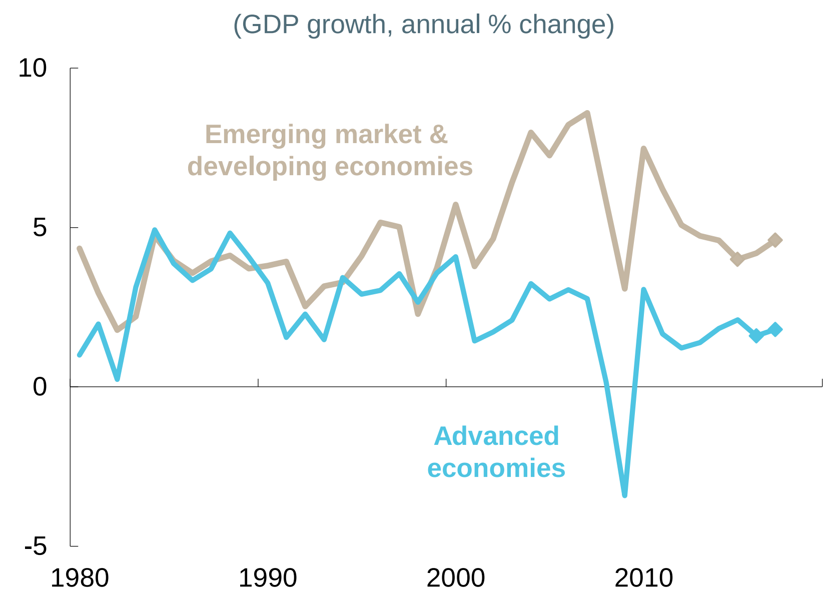
Global economic growth is set to firm a little

Global Growth[1]



Global growth is running below average but the pace of growth is expected to pick up.

Advanced & Emerging Economies[1]



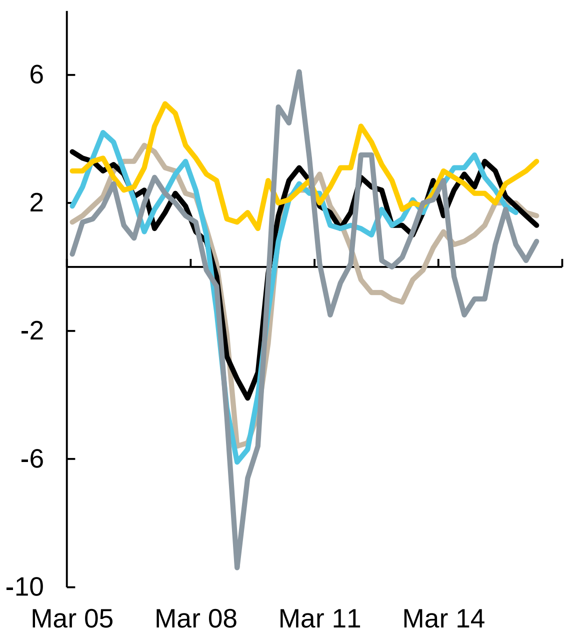
China and the rest of emerging Asia should grow at a respectable rate. Advanced economies are constrained by lower potential growth rates.

1. Source: IMF

Australia remains **well placed**, despite some transitory weakness in 2016

GDP[1]

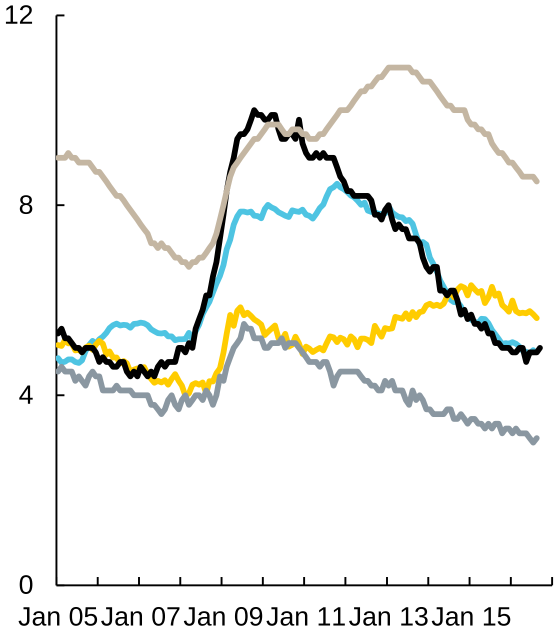
(annual % change)



Australia is into its 25th year of continuous economic growth since the last recession

Unemployment Rate[2]

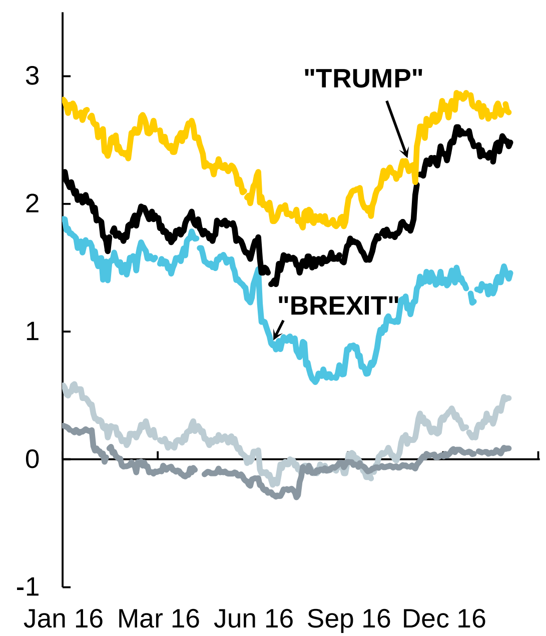
(%)



Unemployment rates are trending lower

10 Year Bond Yields

(%)



Financial markets remain volatile

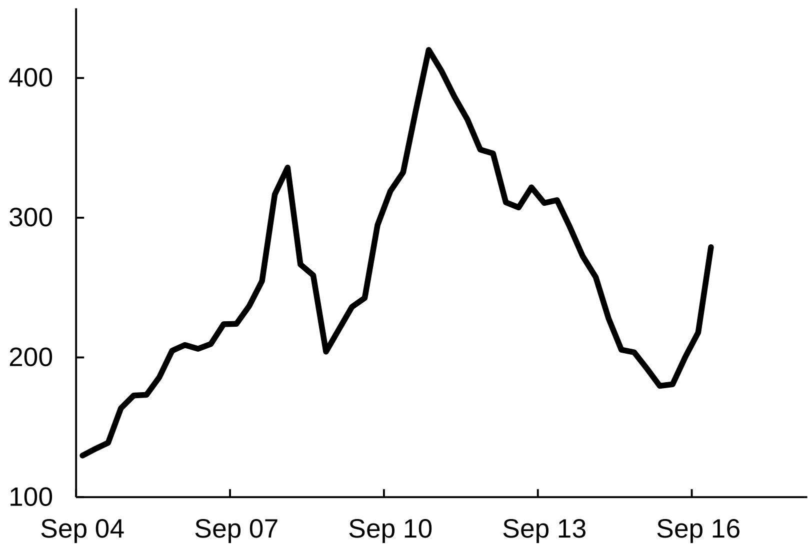
1. Source: Bloomberg
2. Source: CEIC

Australia UK US Eurozone Japan Germany

Australian growth headwinds easing

Commodity prices have bottomed[1]

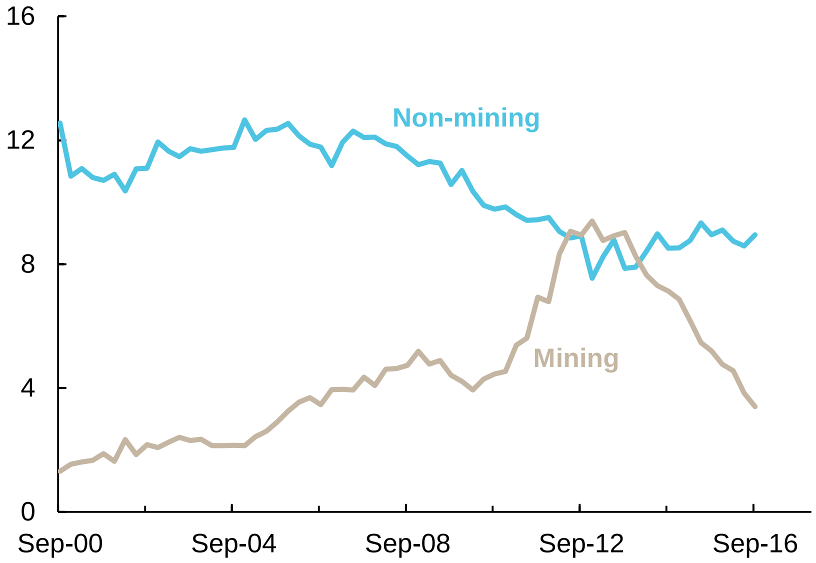
(CBA commodity price index)



The drag on incomes from falling commodity prices is complete, removing a major risk from the outlook

Drop in mining capex almost over

(Business investment, % of GDP)



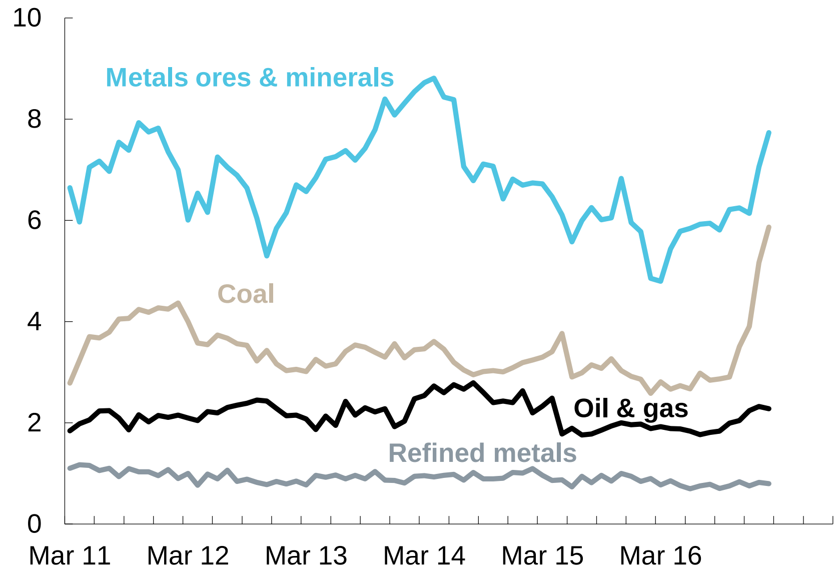
The decline in mining capex is nearly over and should be complete later in 2017 as remaining LNG plants are completed

1. Source: CBA
2. Source: ABS

Growth tail winds blowing

Resource exports growing strongly

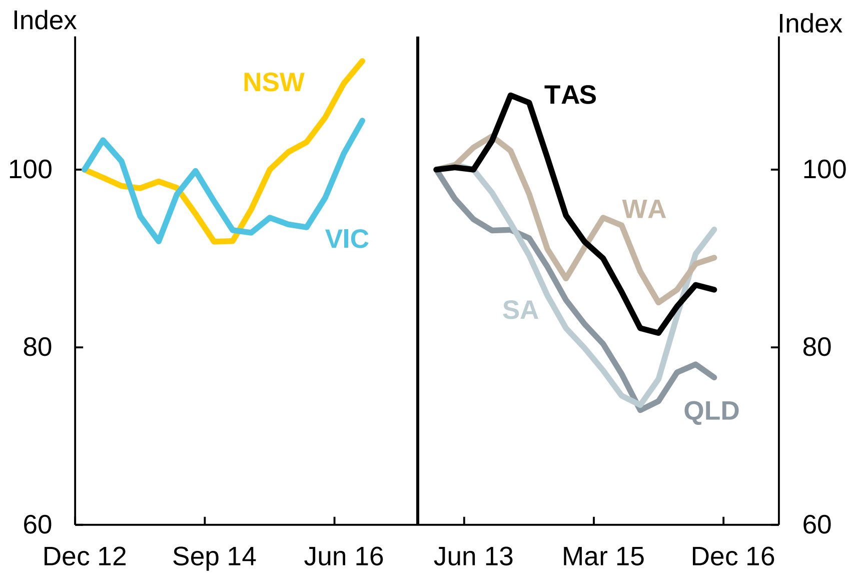
(Resource-related exports, monthly sa, $bn)



The transition from mining construction to production and exports is well underway. Resource exports will be a major growth driver over the next few years.

Public infrastructure spending lifting

(State public CAPEX, trend Dec-12 = 100)



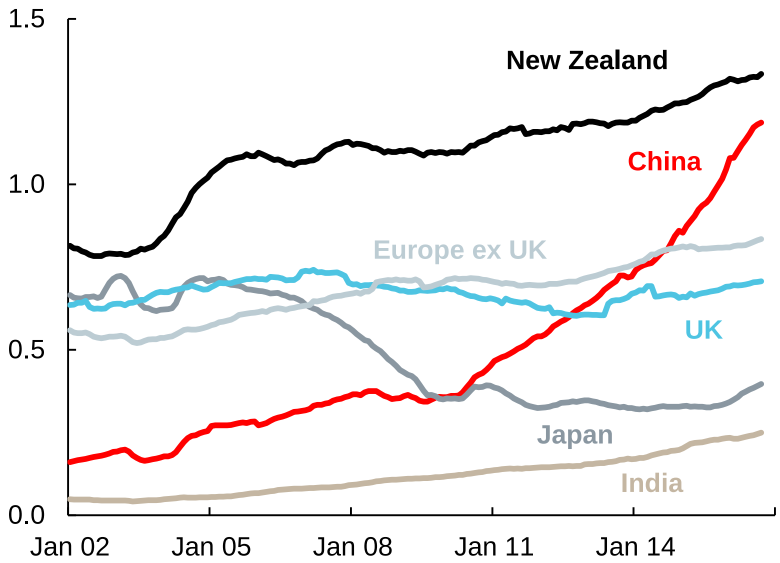
A much needed lift in public infrastructure spending is underway.

1. Source: ABS
2. Source: ABS / CBA

Growth tail winds blowing

The Asian income boost continues

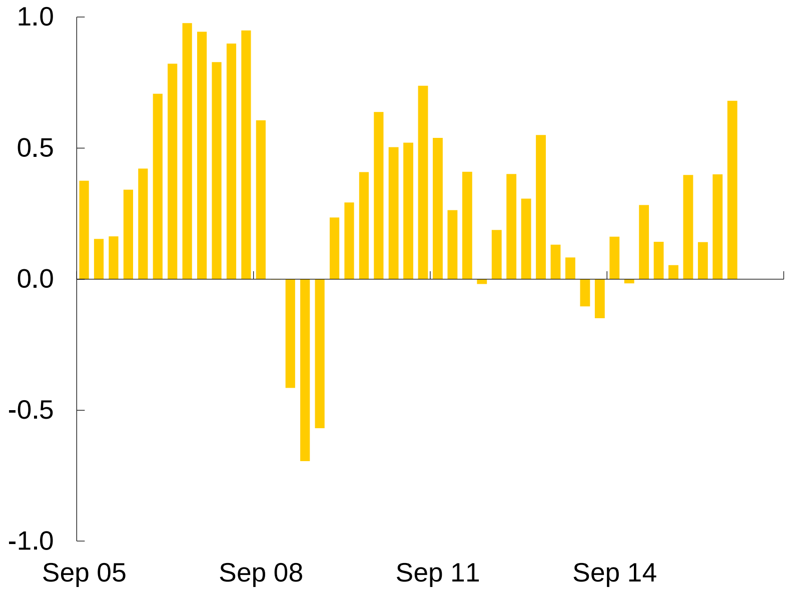
(Short term overseas arrivals, rolling annual total millions)



Rising Asian incomes helps sectors like tourism, education, agriculture and, eventually, health and financial services.

Services trade is rising

(Services trade, rolling annual contribution to GDP growth %)

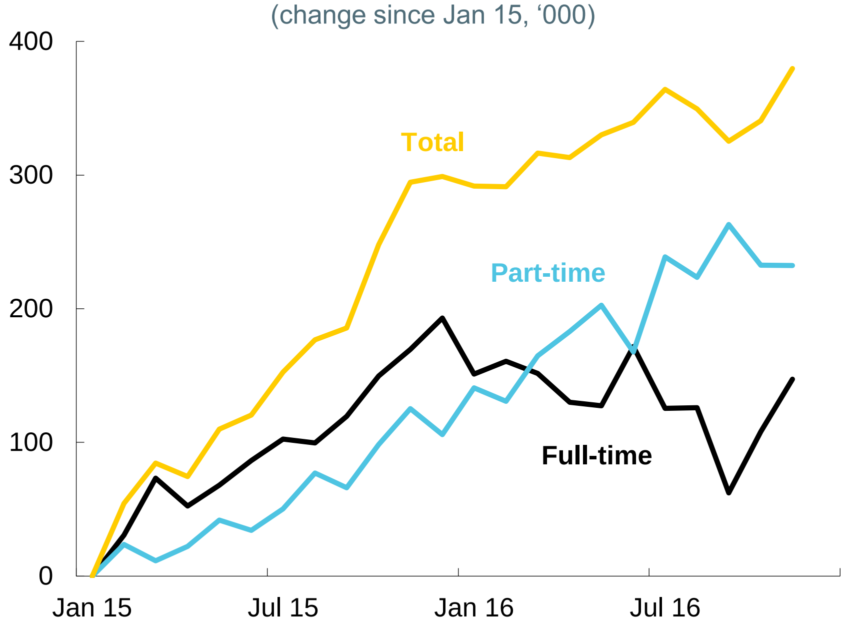


Rising services trade is now a significant growth driver.

1. Source: ABS
2. Source: ABS / CBA

Growth risks

Employment



Employment growth slowed in late 2016, although leading indicators remain encouraging. The skew toward part-time jobs has contributed to higher underemployment

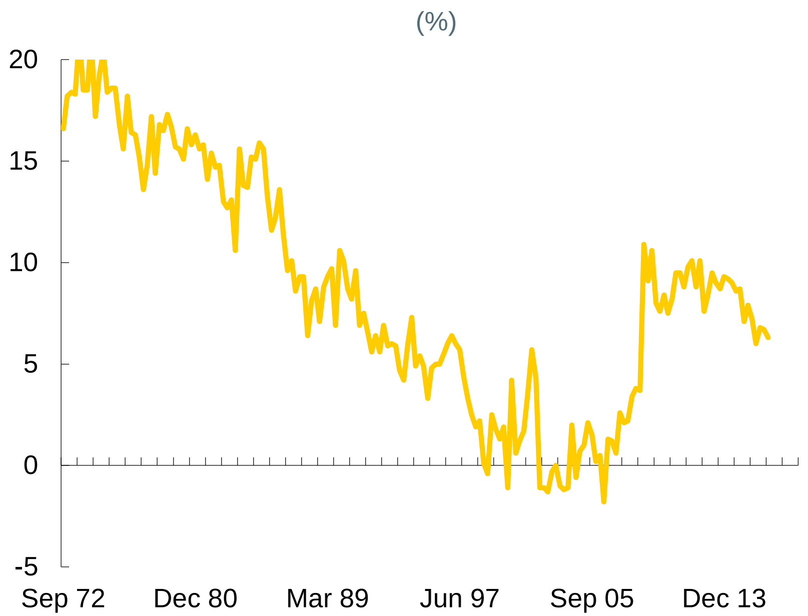
Non-mining capex[1]

Business remains reluctant to invest despite encouraging fundamentals. A reduction in policy uncertainty and some adjustment to hurdle rates of return would help.

1. Source: ABS

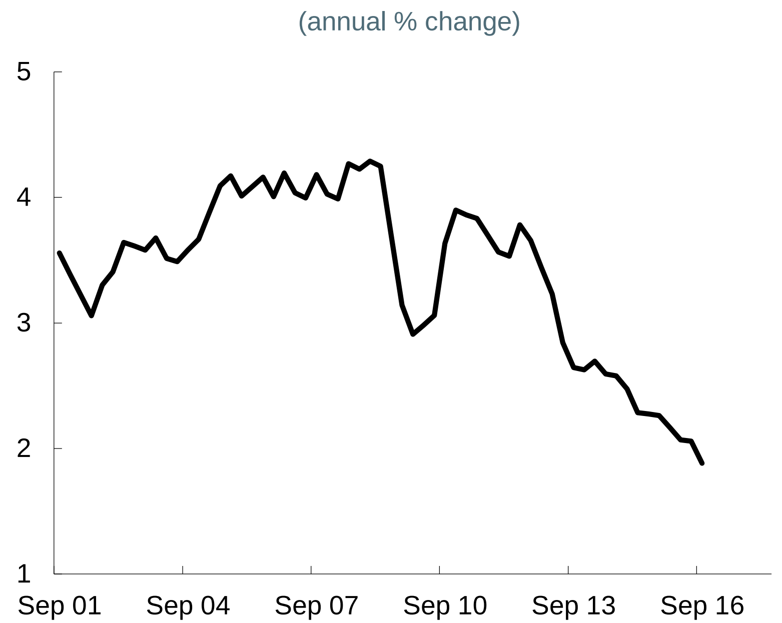
Growth risks

Savings ratio



A falling household saving rate has allowed consumer spending to grow faster than income. But the ability to cut savings further is limited.

Wage Price Index[1]



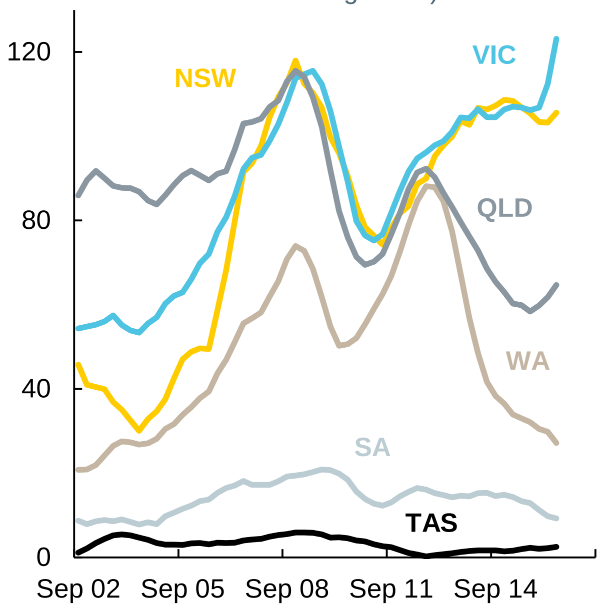
Wages growth remains subdued but the growth rates appear to have bottomed.

1. Source: ABS

Housing fundamentals suggest **slower growth ahead**

Demand is slowing

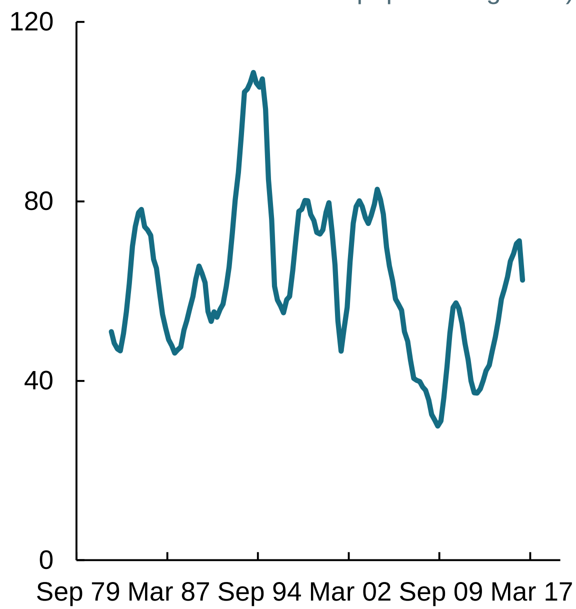
(State population growth, annual change '000)



Population growth has slowed as net migration eased. The slowing is concentrated in WA and Qld. Growth in NSW and Vic remains robust.

Supply is lifting

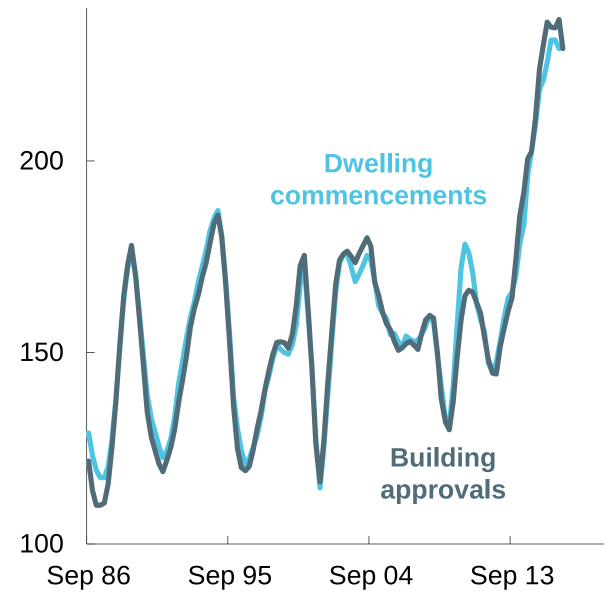
(Dwelling supply, new construction as a % of population growth)



Housing supply is now running ahead of housing demand, any backlog has now been met.

Construction peaking

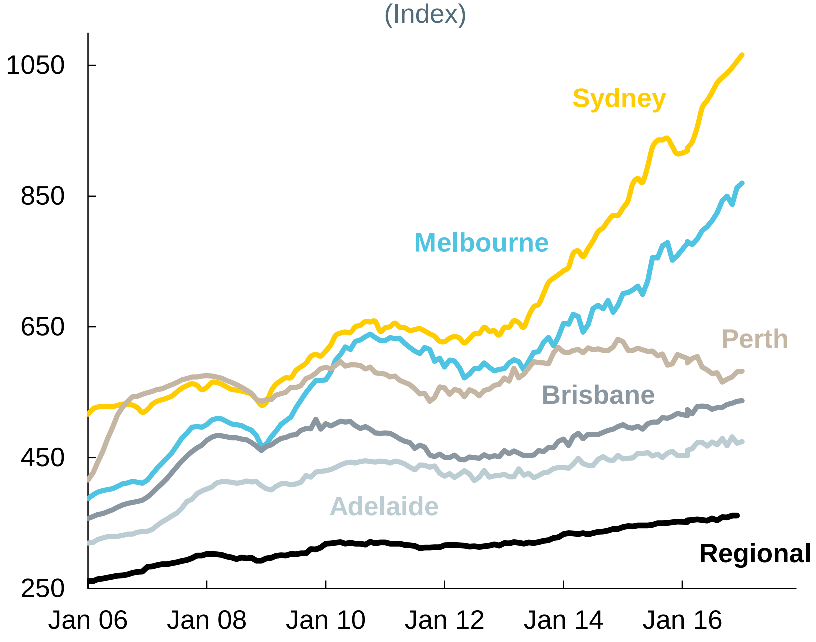
(dwelling construction, rolling annual total '000)



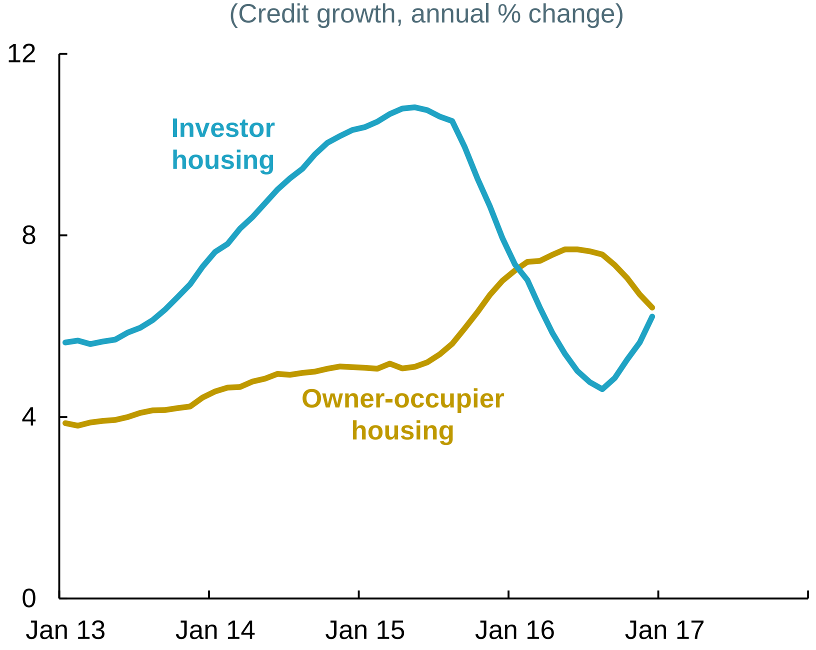
The record residential construction boom has lifted employment and related parts of retail like hardware, furnishings and white goods. But leading indicators have peaked.

Dwelling price and credit growth trends are diverging

Dwelling prices[1]



Housing credit growth[2]



Dwelling price growth varies widely by region. Momentum has lifted again recently

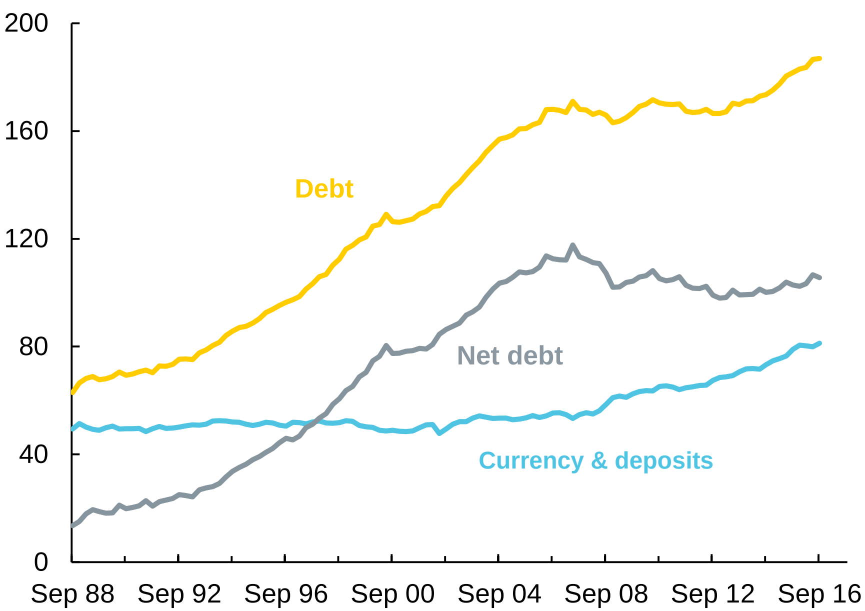
Affordability, regulatory and other issues are driving divergent trends in housing credit growth.

1. Source: CoreLogic RP Data
2. Source: RBA

Households have some protective buffers

Household Debt & Deposits[1]

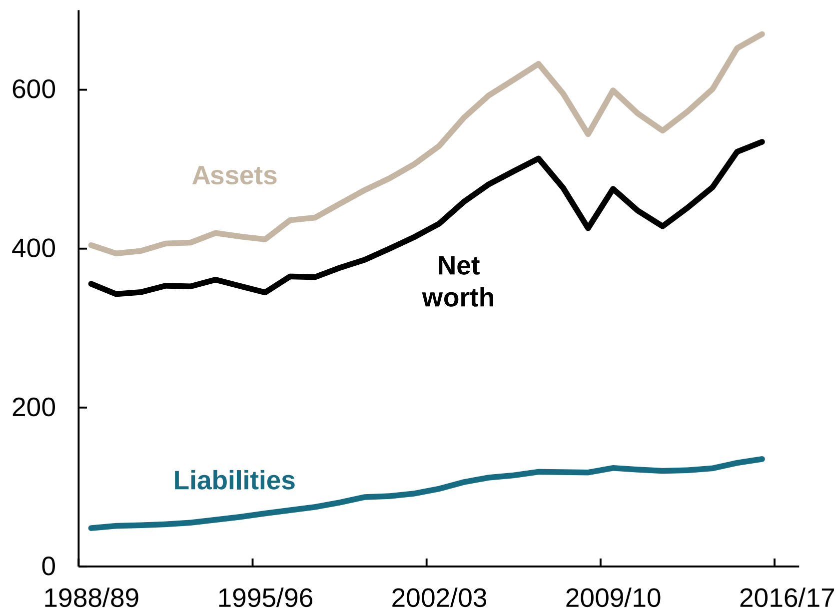
(% of annual household disposable income)



Household net debt has been stable – as low interest rates allow pre-payments and growing equity redraw balances. Households would be vulnerable to a fall in asset values and/or a rise in interest rates and unemployment.

Household Net Worth[2]

(% of GDP)



Household liabilities have increased in recent years but household assets have grown at a faster pace. Net worth has improved as a result

1. Source: RBA
2. Source: ABS

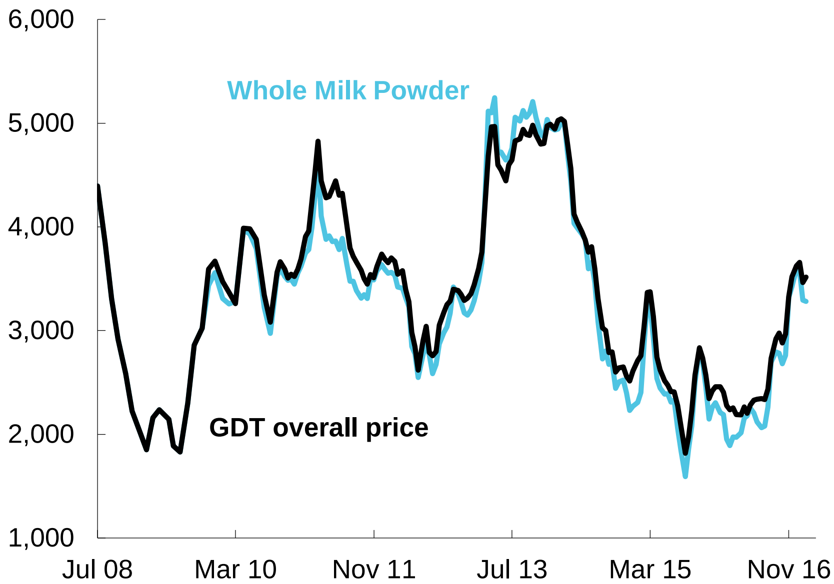
Typical housing bubble factors not evident in Australia

Housing "Bubble" – typical characteristics	Current position in Australia
Unsustainable asset prices	♦ Prices were supported by underbuilding in past years but demand and supply are now more in balance. ♦ Price growth has slowed in some areas but remains solid in others. ♦ Strong lift in construction will dampen dwelling price growth ♦ Residential rental yields easing as new supply rises
Speculative investment artificially inflates asset prices	♦ Investor interest is a rational response to low interest rates, rising risk appetite and the pursuit of yield ♦ Investor demand did slow after APRA's regulatory changes
Strong volume growth driven by relaxed lending standards	♦ Minimal "low doc" lending ♦ Mortgage insurance for higher LVR loans ♦ Full recourse lending ♦ Lift in rates for investors as a macroprudential policy response
Interaction of high debt levels and interest rates	♦ A high proportion of borrowers ahead of required repayment levels ♦ Interest rate buffers built into loan serviceability tests at application ♦ Housing credit growth remains modest and at the bottom end of the range of the past three decades.
Domestic economic shock – trigger for price correction	♦ Respectable Australian economic growth outcomes ♦ Unemployment rate has fallen and arrears rates are low

New Zealand

Global dairy trade auction results[1]

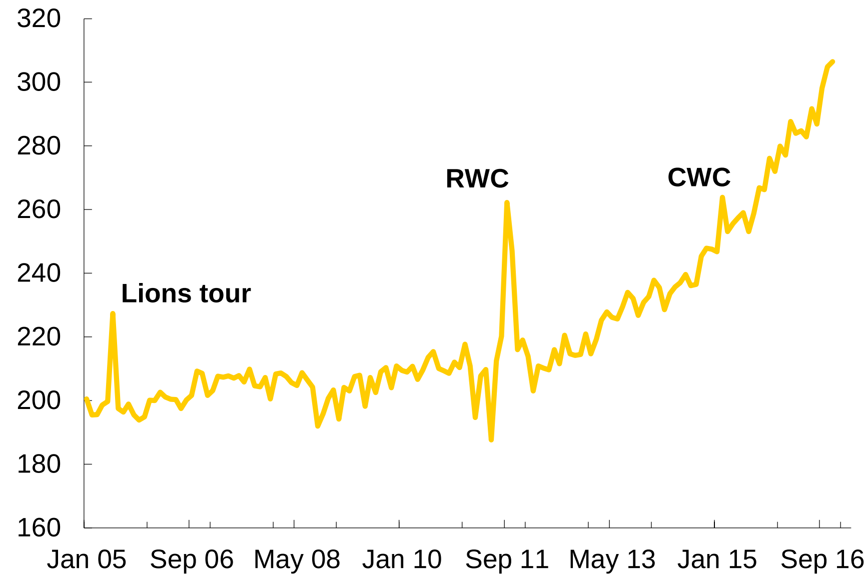
(USD/tonne)



Dairy prices recovered substantially in the second half of 2016 as NZ and European production fell. Farmers' cashflows will lift substantially in the second half of 2017.

NZ short term arrivals[2]

(monthly, seasonally adjusted)

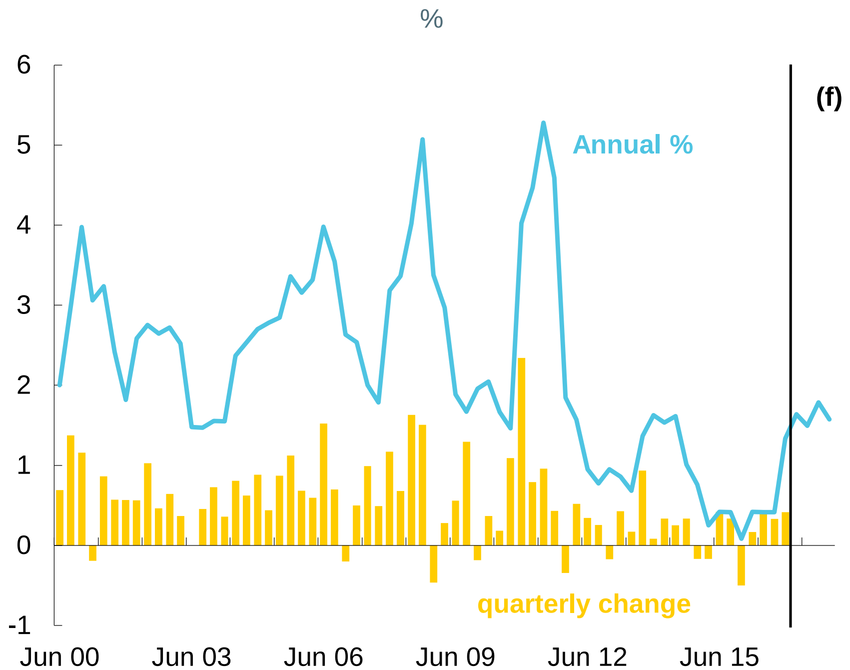


Tourism (the other significant export earner) continues to do very well through soaring visitor numbers, though the firm NZD has tempered per-person spend.

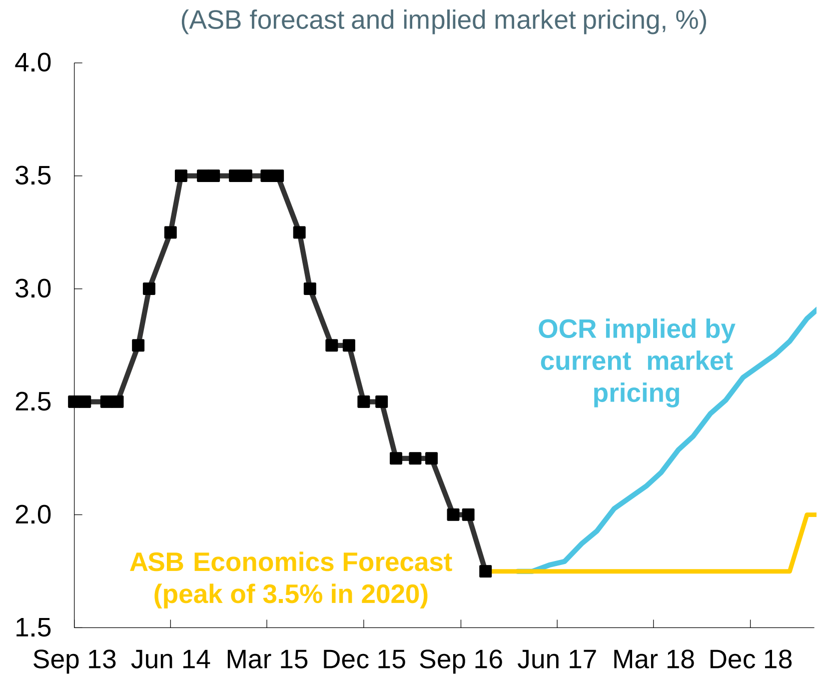
1. Source: GlobalDairyTrade
2. Source: Stats NZ

New Zealand

NZ CPI inflation[1]



OCR forecasts[2]



At the end of 2016 inflation lifted back into the 1-3% target band for the first time in over 2 years. Inflation will edge closer to 2% over the next year.

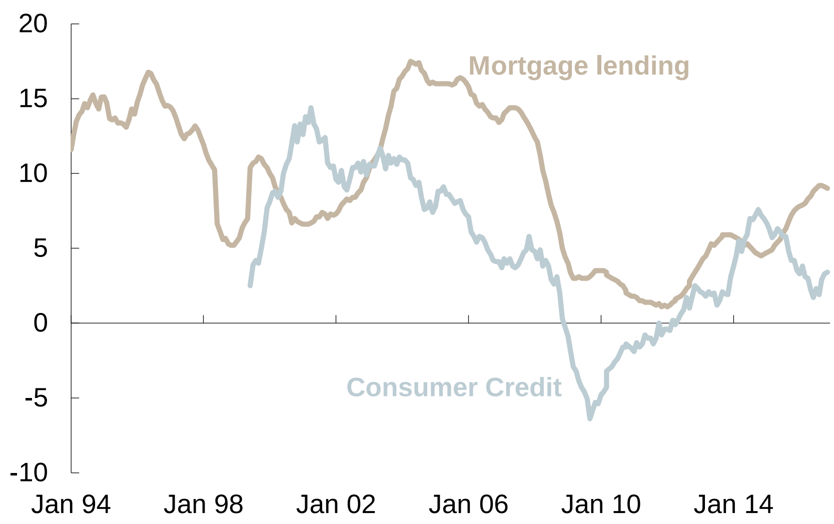
The RBNZ cut the Official Cash Rate to a low of 1.75% by the end of 2016. We expect the RBNZ to remain on hold for an extended period.

1. Source: Stats NZ / ASB
2. Source: ASB

New Zealand

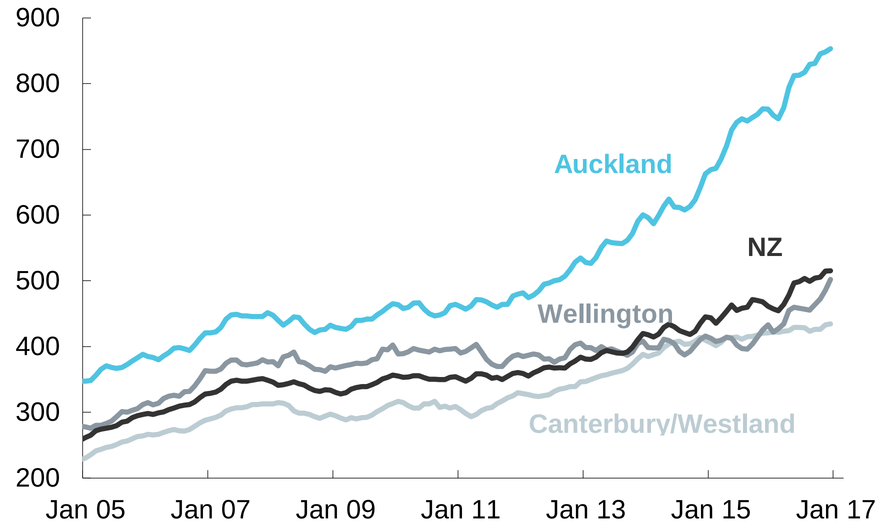
NZ household lending growth[1]

(annual % change)



NZ median house price[2]

(3 month moving average, $'000)



Home lending accelerated over 2016. The RBNZ introduced nationwide loan restrictions on residential property, which have cooled the housing market. Credit growth will slow over 2017 in line with more modest house price growth.

House price growth will slow over 2017. Construction is catching up to demand (outside Auckland). Lending restrictions are impacting. But the housing market is still being supported by strong net migration inflows and interest rates that are still low.

1. Source: RBNZ / ASB
2. Source: REINZ

Customer Metrics

1 Roy Morgan Research Retail Main Financial Institution (MFI) Customer Satisfaction. Australian population 14+, % “Very Satisfied” or “Fairly Satisfied” with relationship with that MFI. 6 month rolling average to December 2016. Peers includes ANZ, NAB and Westpac. CBA excludes Bankwest. Rankings are based on outright score and are not significance tested (Slides 5 & 31)

2 Customer Needs Met / Products per Customer – Roy Morgan Research. Australian Population 18+, Banking and Finance products per Banking and Finance customer at main financial institution. 6 month rolling average to December 2016. CBA excludes Bankwest. Rank based on comparison to ANZ, NAB and Westpac. Wealth includes Superannuation, Insurance and Managed Investments. Share of product is calculated by dividing Products held at CBA by Products held anywhere. “Internet Banking” refers to CBA customers who conducted internet banking in the last 4 weeks. Note: Individual products may not add up to the overall totals due to rounding. (Slide 9)

3 Roy Morgan Research, Australians 14+, Proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution (MFI Share), 12 month average to December 2016. Peers includes ANZ, NAB and Westpac (incl. St George Group). CBA includes Bankwest. “Internet Banking” refers to customers who conducted internet banking via app and website anywhere in the last 4 weeks. (Slide 6 & 31)

4 DBM Business Financial Services Monitor (December 2016), average satisfaction rating of business customers’ Main Financial Institution (MFI), across all Australian businesses, using an 11 pt scale where 0 is Extremely Dissatisfied and 10 is Extremely Satisfied, 6 month rolling average. Rankings are based on DBM significance testing (Slides 5 & 31)

5 DBM Business Financial Services Monitor. Micro businesses are defined as those with annual turnover up to $1 million, Small businesses are those with annual turnover of $1 million to less than $5 million, Medium businesses are those with annual turnover of $5 million to less than $50 million, Large businesses are those with annual turnover of $50m to less than $500m, and IB&M businesses are those with annual turnover of $100 million or more. All charts use a 6 month rolling average. Rankings are based on DBM significance testing (Slide 5 & 31)

6 Wealth Insights platform service and overall satisfaction score - Ranking of Colonial First State (the platform provider) is calculated based on the weighted average (using Strategic Insight FUA – formerly Plan for Life) of the overall adviser satisfaction scores of FirstChoice and FirstWrap compared with the weighted average of other platform providers in the relevant peer set. The relevant peer set includes platforms belonging to Westpac, NAB, ANZ, AMP and Macquarie in the Wealth Insights survey. This measure is updated annually in April. (Slide 5)

7 PT Bank Commonwealth in Indonesia rated number one among foreign banks for customer service as measured by MRI (one of the leading industry Standards for Customer Service Excellence). (Slide 5)

8 Proportion of Banking & Finance customers’ Wealth products captured by the financial institution. Roy Morgan Research. Australian Population 18+ , 6 month average to December 2016. Calculated by dividing Wealth products held at institution by products held anywhere. Wealth Products includes Total Insurance (excl. Private Health), Managed Investments and Superannuation. CBA excludes Bankwest. (Slide 9)

9 Roy Morgan Research. Australian population 14+. Proportion of customers who conducted internet banking via website or app with their Main Financial Institution in the last 4 weeks, who are either “Very Satisfied” or “Fairly Satisfied” with the service provided by that institution. 6 month average to December 2016. Rank based on comparison to ANZ, NAB and Westpac. (Slides 5, 30 & 31)

Technology Metrics

Sources for 'More satisfied customers – internet' (slide 30)

1 Free financial app: CommBank app on iOS and Android in Australia. Sources are the Apple App Store and the Google Play Store.

2 Online banking: CBA won Canstar's *Bank of the Year – Online Banking* award for 2016 (for the 7th year in a row). Awarded May 2016.

3 Customer satisfaction – internet banking services: Roy Morgan Research. Australian population 14+. Proportion of customers who conducted internet banking via website or app with their Main Financial Institution in the last 4 weeks, who are either "Very Satisfied" or "Fairly Satisfied" with the service provided by that institution. Rank based on comparison to ANZ, NAB and Westpac. CBA held the number one position for Overall Satisfaction the entire financial year 2016.

4 Social media: CBA's combined following across its main Facebook, Linkedin, Twitter and Instagram sites is the largest of the main Australian banks (subsidiary and associated pages not included in count). In addition, global independent website *The Financial Brand* rates the social media presence of banks and credit unions globally. For the second quarter of 2016, CBA is the #1 Australian bank on their list: http://thefinancialbrand.com/59589/power-100-2016-q2-bank-rankings/.

5 Finder awarded CBA the *Best Internet Banking* award for the NetBank platform. Awarded November 2016. https://www.finder.com.au/2016-finder-innovation-awards-best-internet-banking

6 Finder awarded CBA the *Gold Innovation* award for NetBank. Awarded November 2016. https://www.finder.com.au/2016-finder-innovation-awards-best-internet-banking

7 CommSec awarded Money Magazine's Best Feature-Packed Online Broker 10 years running. Source: http://moneymag.com.au/best2017/. Awarded January 2017.

8 Australian Banking and Finance magazine awarded CBA the *Innovative Card & Payment Product of the year* for Mobile Wallet. Awarded June 2016.

9 Mobile banking: CBA won Canstar's *Bank of the Year - Mobile Banking* award for 2016. Awarded May 2016.

Glossary

Capital & Other

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

Funding & Risk

Liquidity coverage ratio (LCR)	The LCR is the first quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 Jan 2015. It requires Australian ADI's to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.
High quality liquid assets (HQLA)	As defined by APRA in Australian Prudential Standard APS210: Liquidity. Qualifying HQLA includes cash, Govt and Semi Govt securities, and RBNZ eligible securities. The Exchange Settlement Account (ESA) balance is netted down by the Reserve Bank of Australia open-repo of internal RMBS.
Committed liquidity facility (CLF)	The Reserve Bank of Australia (RBA) provides the CLF to participating ADIs under the LCR as a shortfall in Commonwealth government and Semi-government securities exists in Australia. ADIs can draw under the CLF in a liquidity crisis against qualifying securities pledged to the RBA. The amount of the CLF for each ADI is set by APRA annually.
Net Stable Funding Ratio	The NSFR is the second quantitative measure of the Basel III reforms, in addition to the LCR. It is scheduled to be implemented by APRA in Australia on 1 Jan 2018. It will require Australian ADIs to fund their assets with sufficient stable funding to reduce funding risk over a one year horizon. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding
TIA	Corporate Troublesome and (Group) Impaired assets.
Corporate Troublesome	Corporate Troublesome includes exposures where customers are experiencing financial difficulties which, if they persist, could result in losses of principal or interest, and exposures where repayments are 90 days or more past due and the value of security is sufficient to recover all amounts due.
Total Committed Exposure (TCE)	Total Committed Exposure is defined as the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes settlement exposures.
Credit Risk Estimates (CRE)	Refers to the Group's regulatory estimates of long-run Probability of Default (PD), downturn Loss Given Default (LGD) and Exposure at Default (EAD).

Disclaimer

Disclaimer

The material in this presentation is general background information about the Group and its activities current as at the date of the presentation, 15 February 2017. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

Any forward-looking statements included in this presentation speak only as at the date of this presentation and undue reliance should not be placed upon such statements. Although the Group believes the forward-looking statements to be reasonable, they are not certain. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise is disclaimed.

The Group is under no obligation to update any of the forward-looking statements contained within this presentation, subject to disclosure requirements applicable to the Group.

Cash Profit

The Management Discussion and Analysis discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared and reviewed in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Group's underlying operating results, excluding certain items that introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently with the prior comparative period and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from statutory profit is provided in the reconciliation of the Net profit after tax ("cash basis") on page 3 of the Profit Announcement (PA) and described in greater detail on page 15 of the PA and can be accessed at our website:
http://www.commbank.com.au/about-us/shareholders/financial-information/results/

CommonwealthBank

Results Presentation

For the Half Year Ended
31 December 2016

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 15 FEBRUARY 2017