



# Results Presentation

For the Half Year Ended  
31 December 2016



# Today

---

- **Strategic Update**
- **Financials**
- **Outlook**

# 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

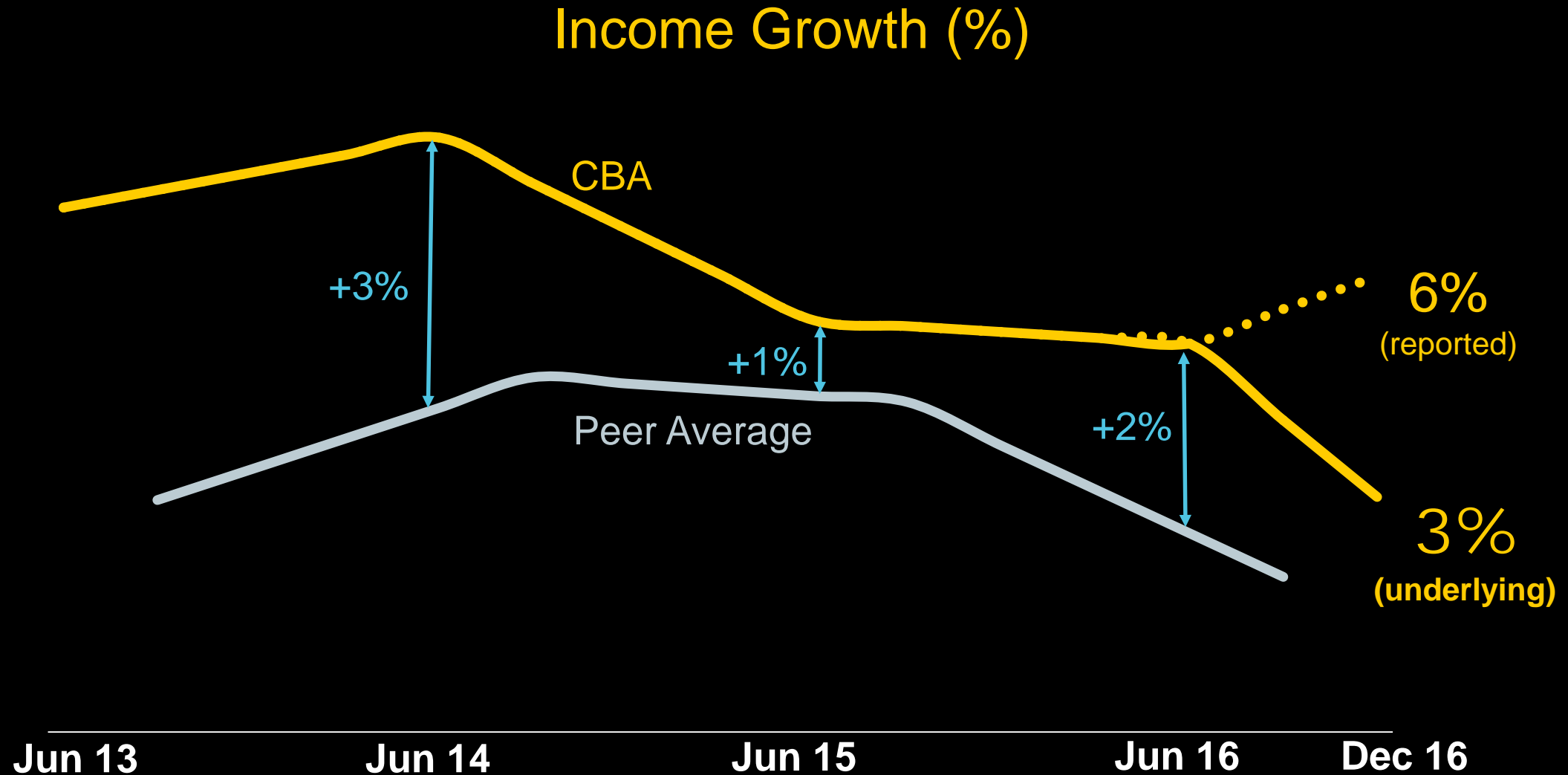
**1.5 million** new deposit accounts

## This Result

---

	Dec 16 vs Dec 15	
Statutory Profit	<b>6%</b>	
Cash NPAT	<b>2%</b>	
Cash Earnings per Share (\$)	<b>2.86</b>	Flat
Dividend per Share (\$)	<b>1.99</b>	+1 cent
ROE – Cash	<b>16.0%</b>	(130) bpts

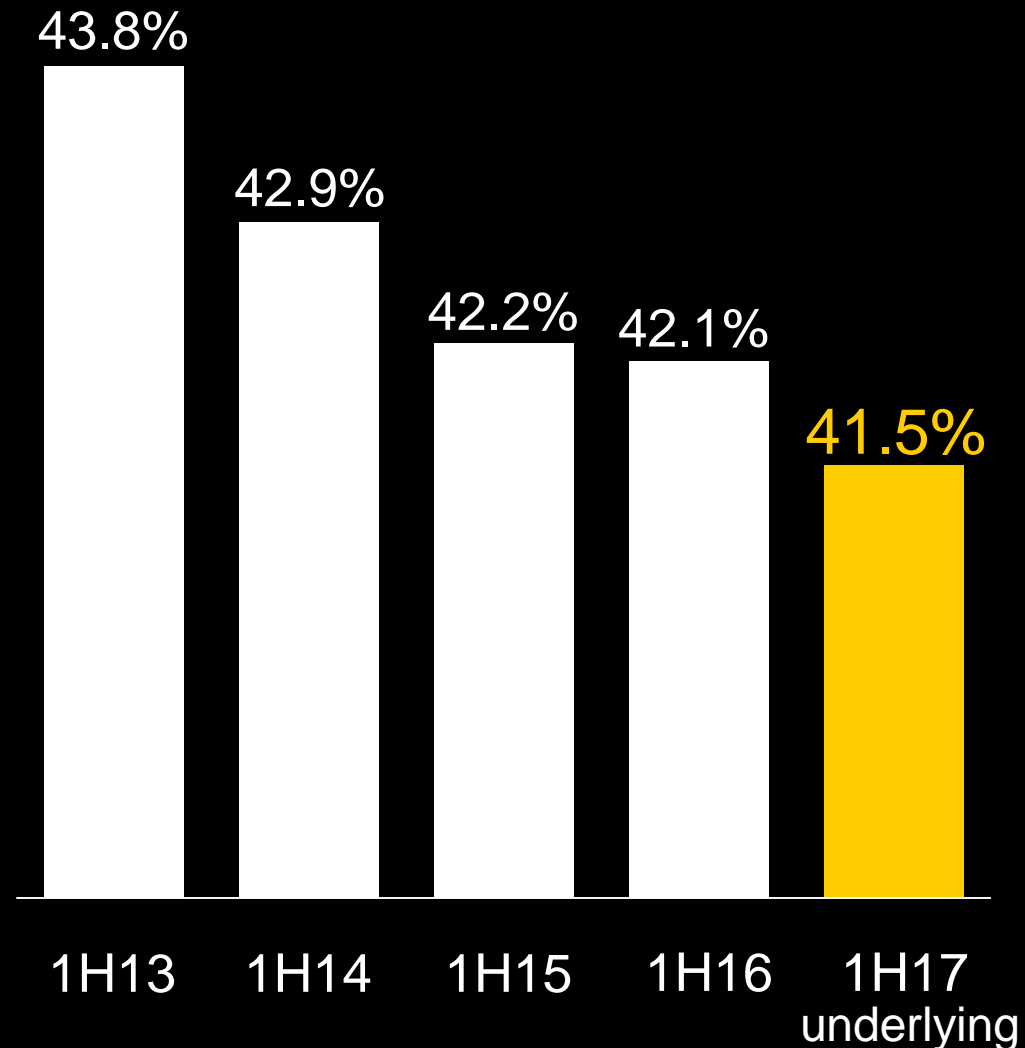
# Long term growth focus



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

# Productivity enabling ongoing investment

Cost to Income (%)

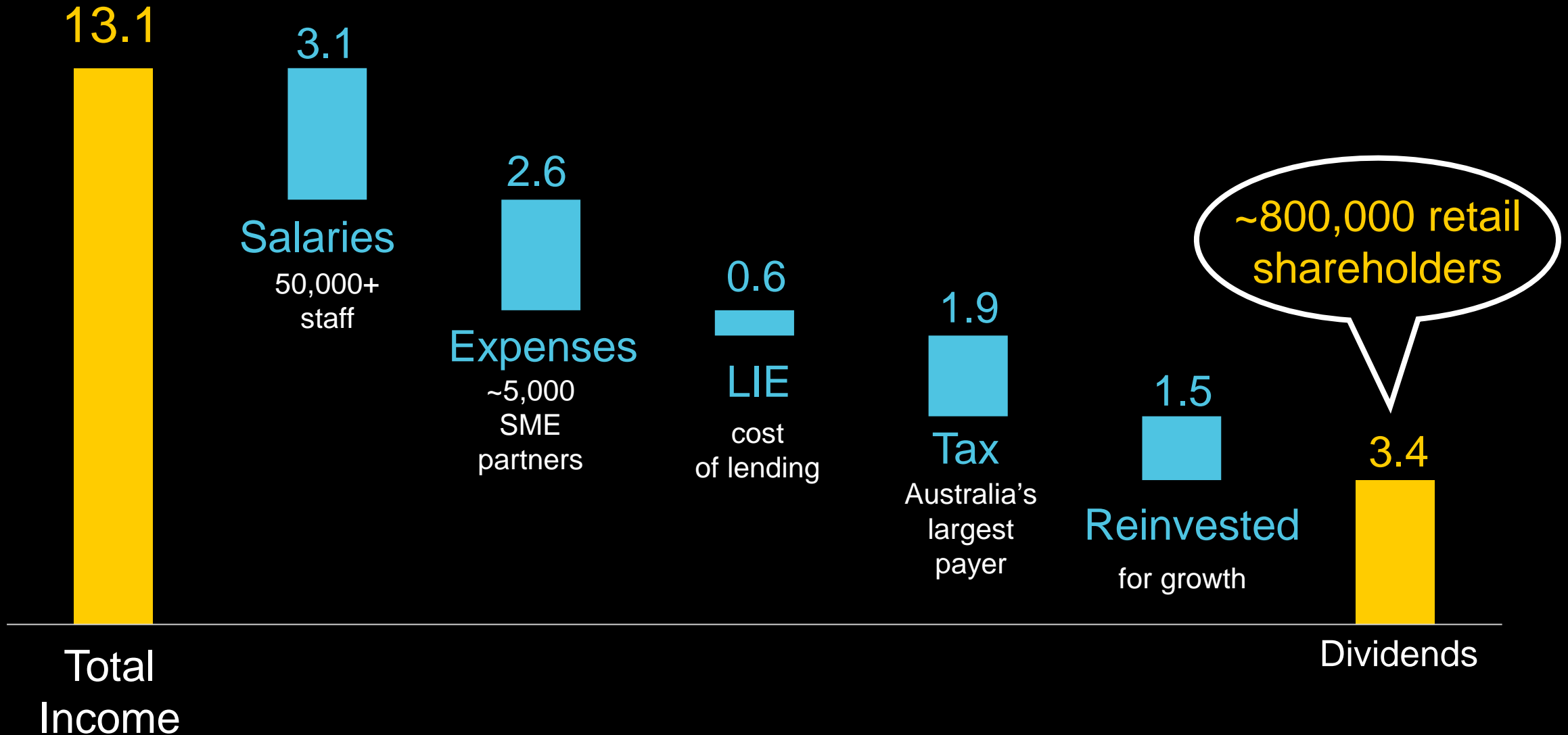


Investment



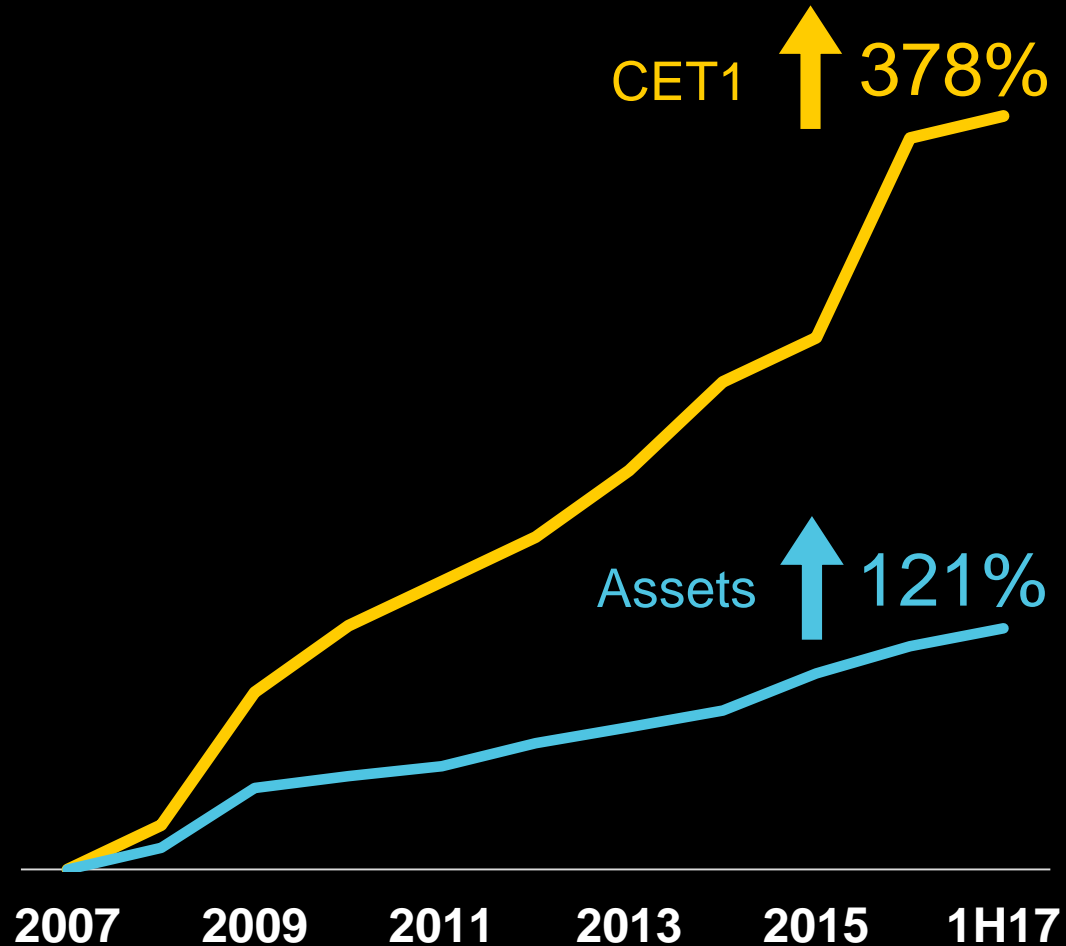
# Contributing to our economy and community

\$ billion

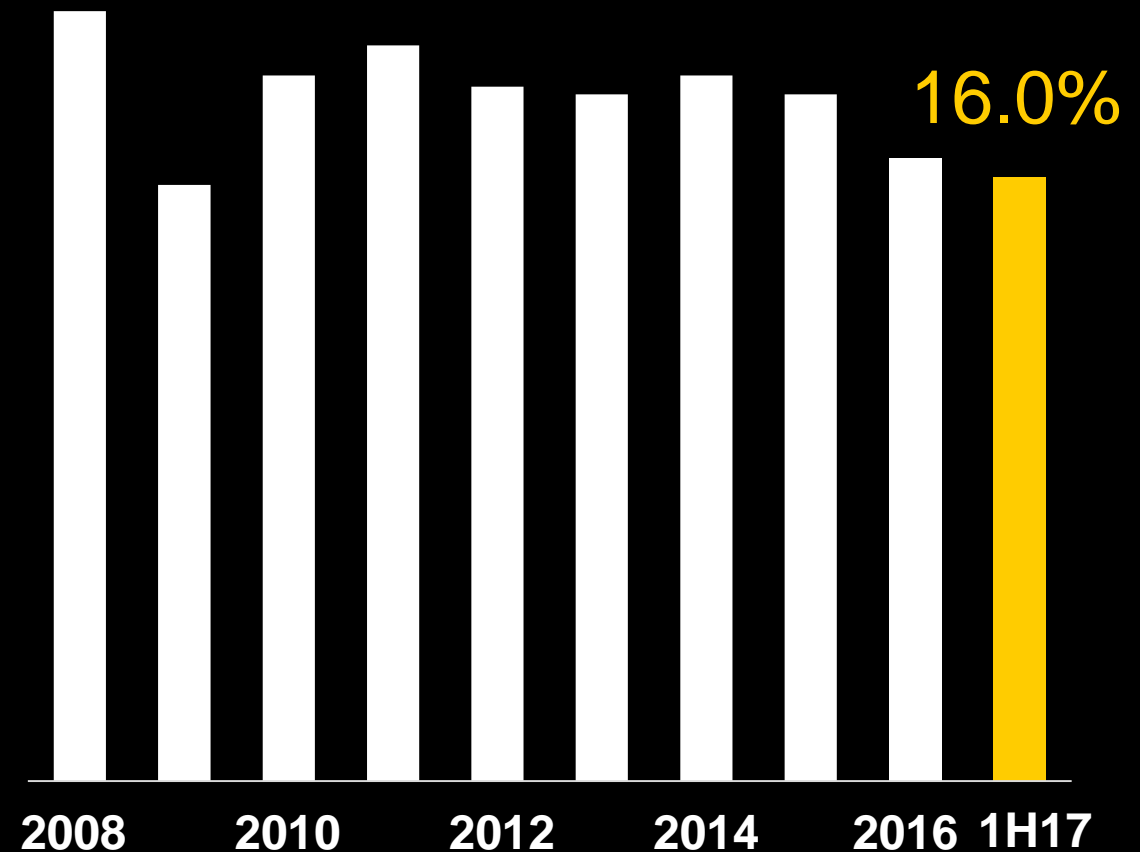


# Managing for today's environment

## Capital Management



## Return on Equity







# Strategic Update

- 1 Consumer
- 2 Business
- 3 International

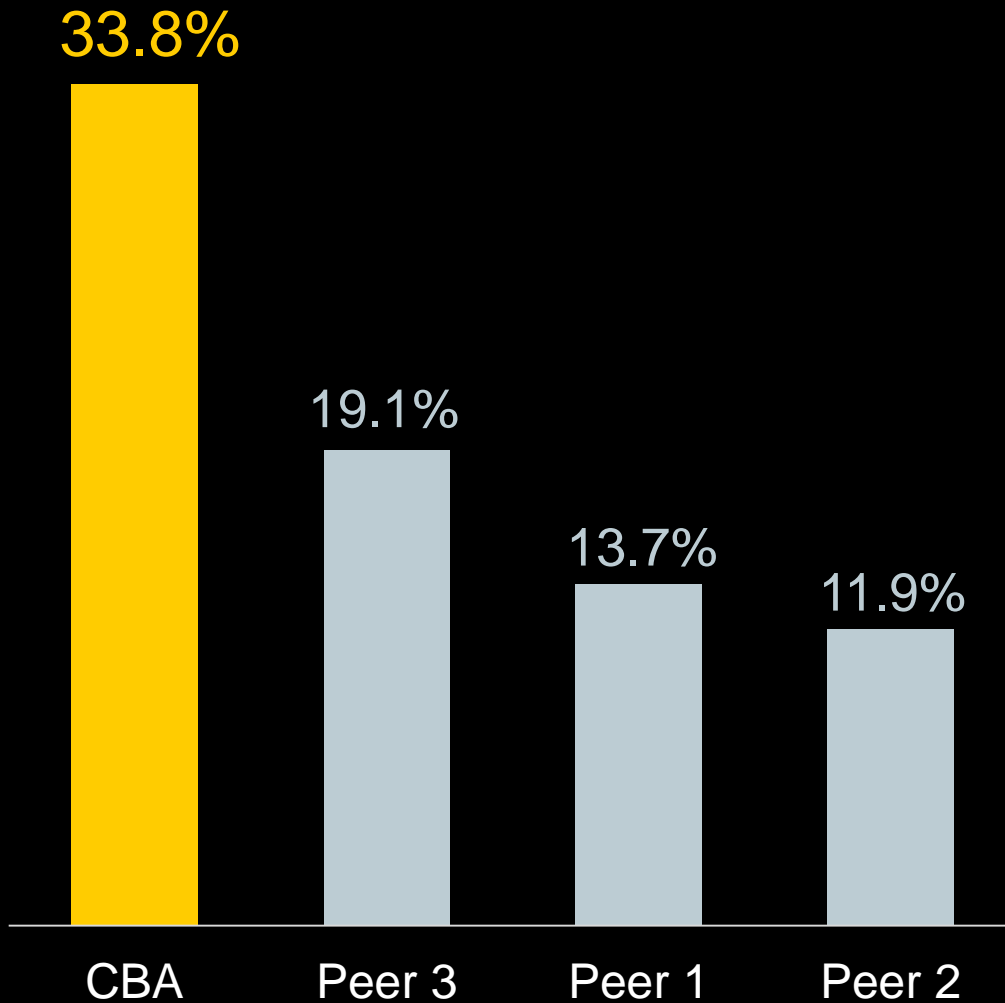
# Delivering for customers

## Retail Customer Satisfaction

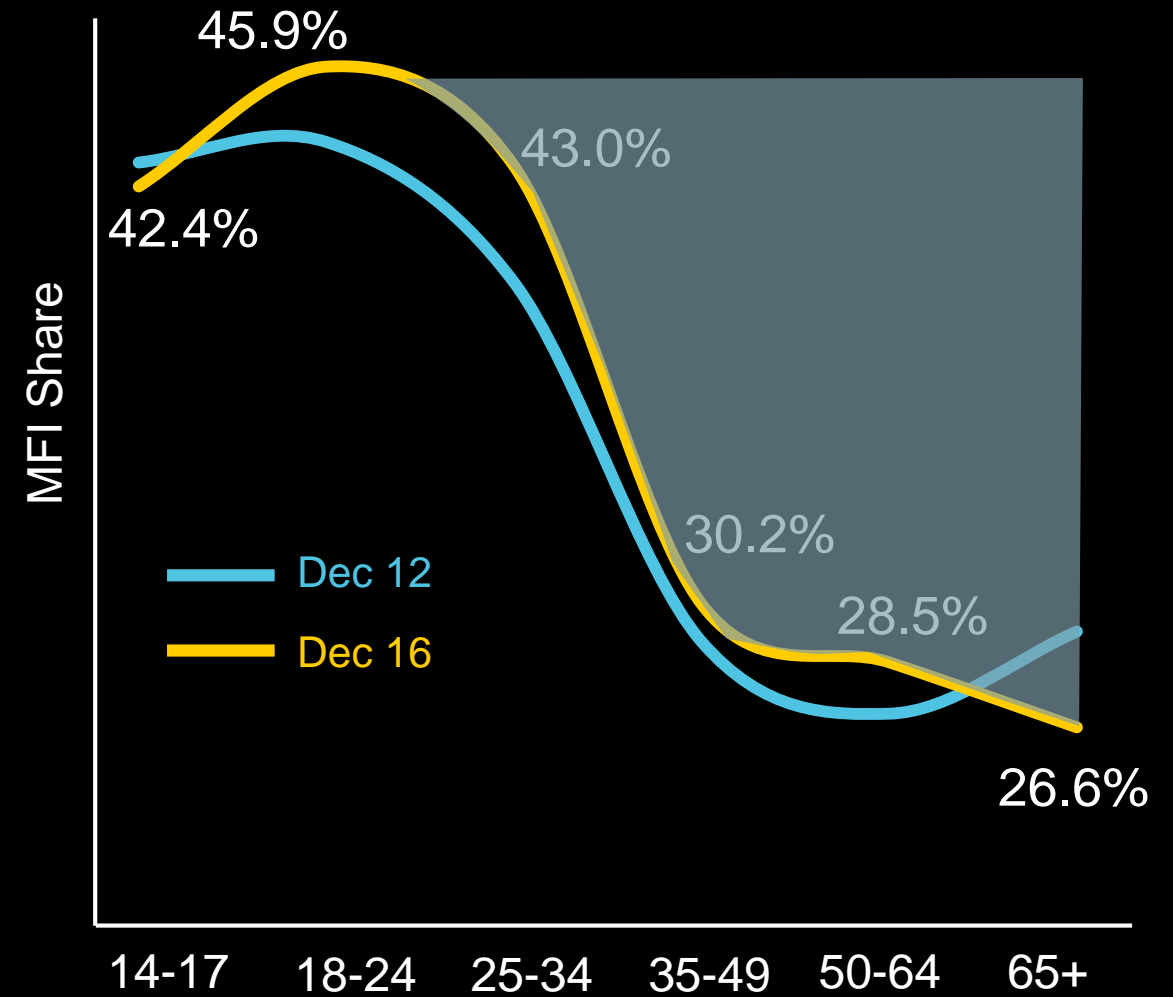


# MFI share – a strength and opportunity

Overall



Customer lifecycle by age



# The digital revolution

---



**5.8m** customers now using digital

**53%** of total transactions (by \$)

**25%** of new account openings

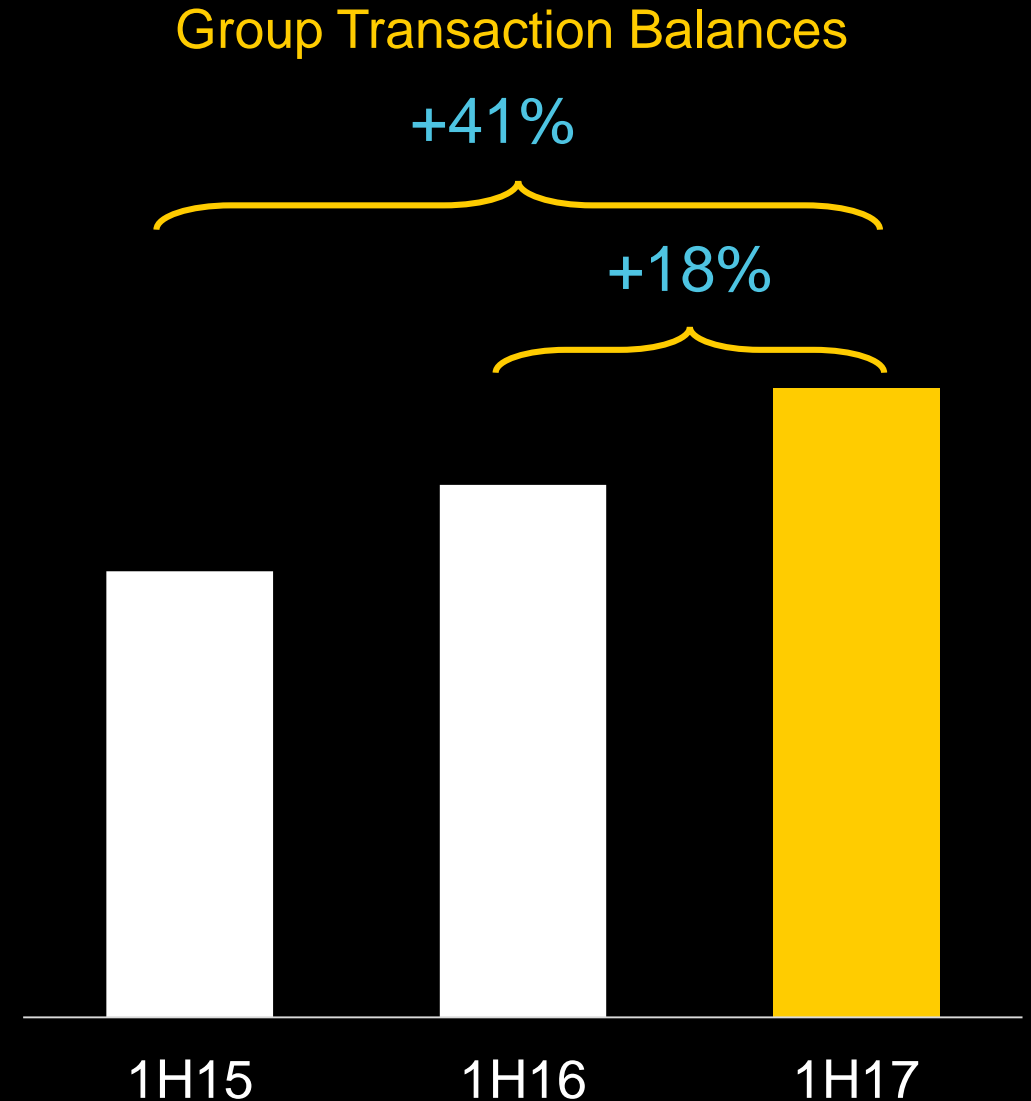
**3mins** to open new accounts

**80%** of logins via mobile

# Real time banking

---

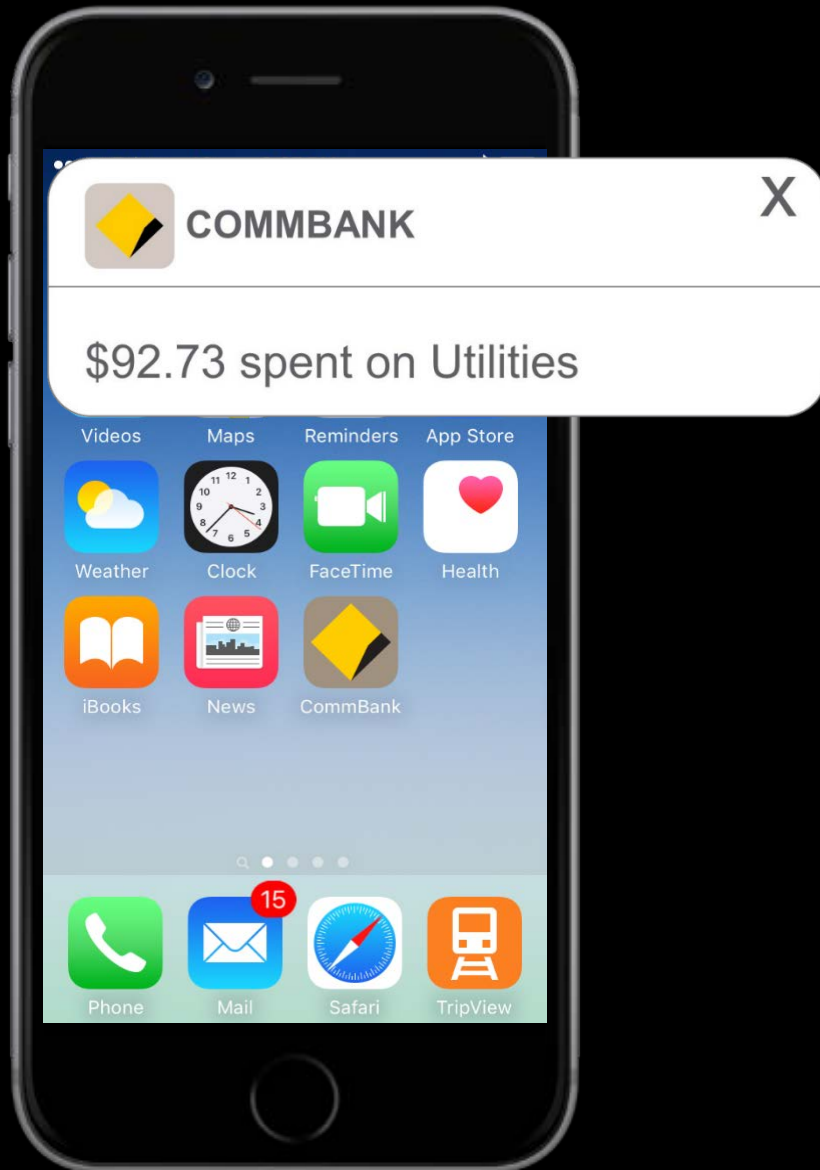
- Used by 15 million customers since 2012
- Originate and transact in real time: *anywhere, anytime, any device*
- Instant banking: fast and simple
- Driving customer satisfaction





# On-going real time innovation

Instant  
Receipt



Storm  
Alerts





# Branches **remain key**



## **Customer Relationships**

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

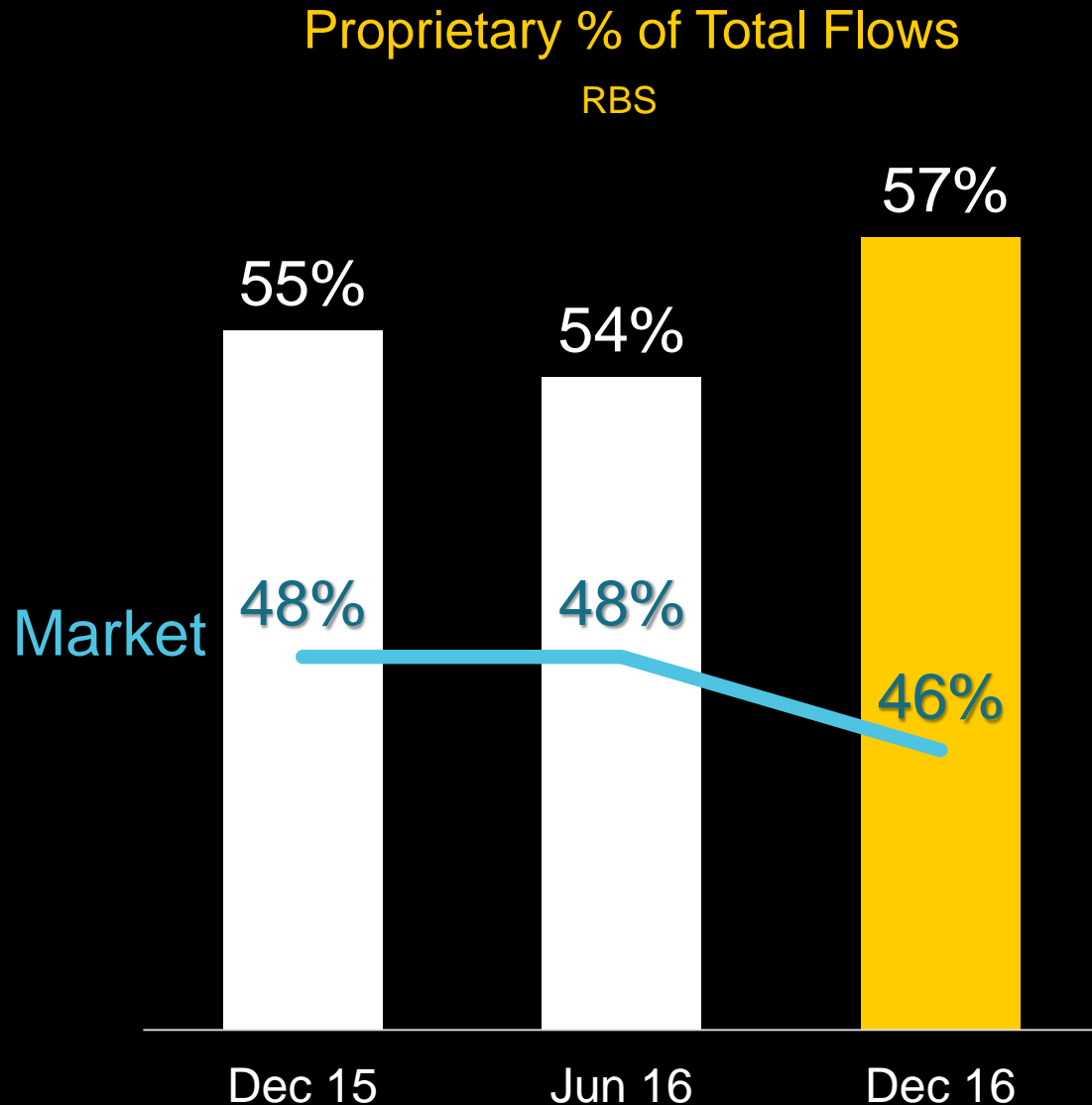


## **Efficiency**

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



# 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

# 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





# Strategic Update

- 1 Consumer
- 2 Business**
- 3 International

# More satisfied customers - business

Customer Satisfaction  
(DBM)

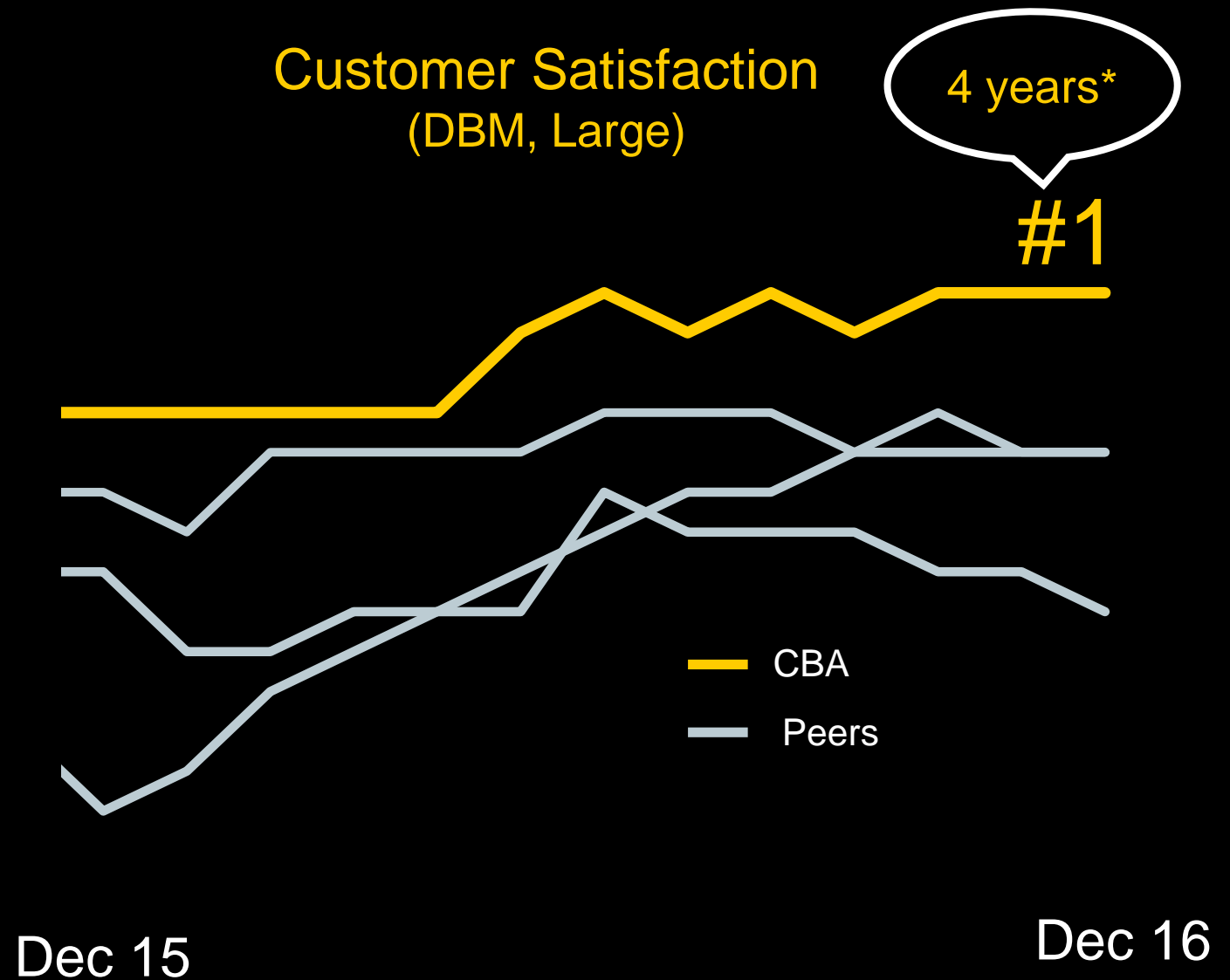
Micro = #1

Small = #1

Medium = #1

Large #1

Customer Satisfaction  
(DBM, Large)

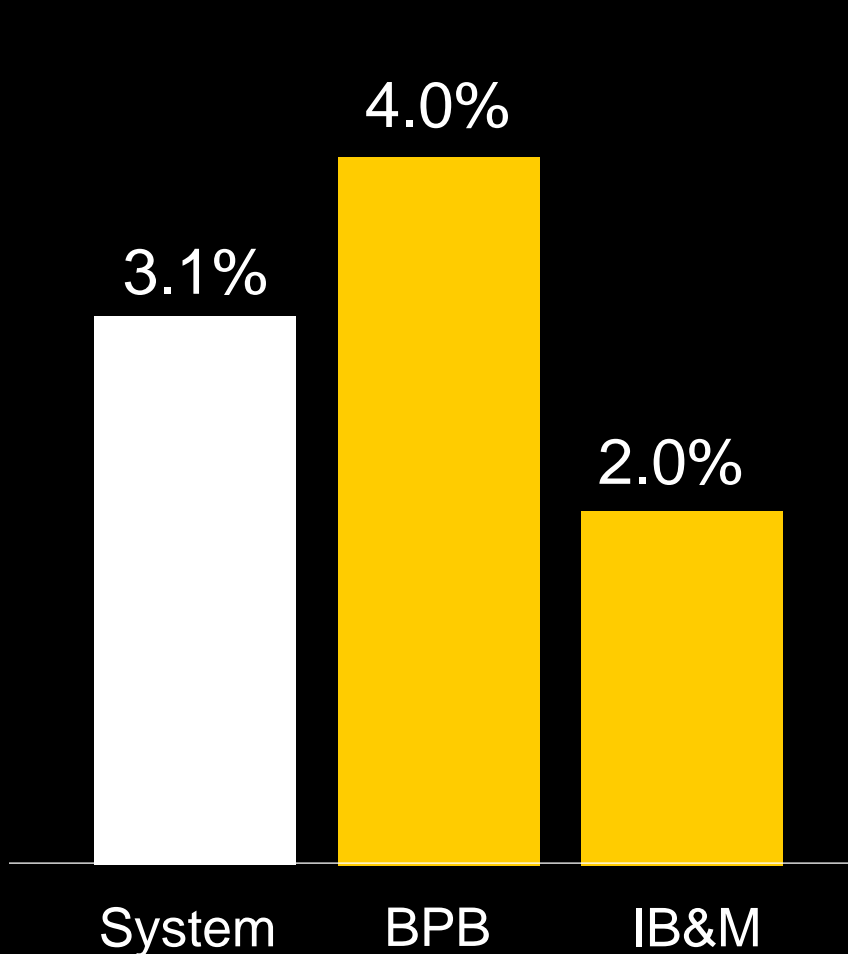


\*Outright or equal 1<sup>st</sup>

# Corporate – targeted growth

---

## Australian Lending Growth 6 months



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

# Transformative technology a differentiator

---

## 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

# Transformative technology - **Albert**

70,000  
devices

64%  
new merchants to  
CBA

39  
apps in total

13  
new apps last six  
months







# Strategic Update

1 Consumer

2 Business

3 **International**

# TYME kiosk

---

## Self service on-boarding

- Account creation on the spot
- Debit card issuance

## Identity and authentication

- Biometric capture
- External verification of identity



# Innovation via partnerships

---



Strategic retail partner

10 year partnership

1,000 locations

10 million rewards customers

10,000 till points



ARC

African Rainbow Capital

Strategic BEE partner

Broad based local  
ownership

10% future shareholder in  
CBA South Africa



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

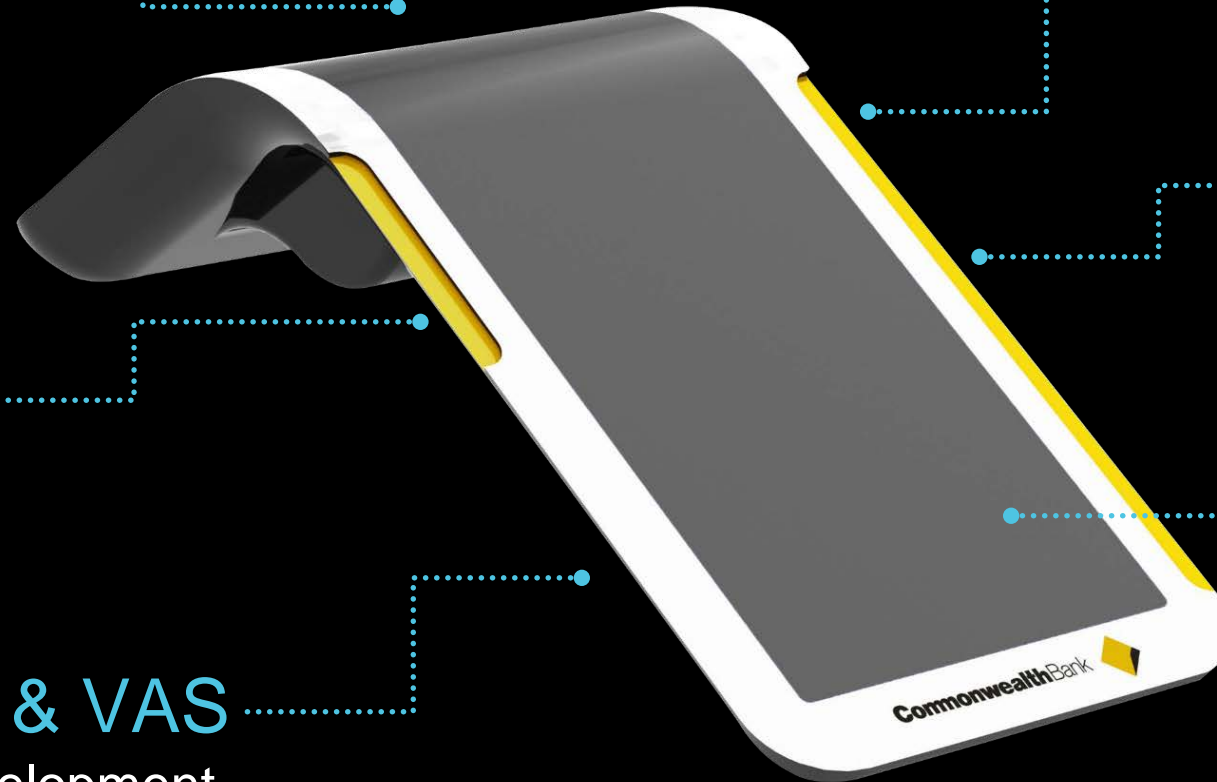
Contactless, NFC, Wallet

## Touch

7" high resolution multi-touch screen

## Open Apps & VAS

Open platform app development, CommBank access





# Summary



**Driving  
strong  
consumer  
franchise**



**At the  
forefront of  
innovation**

**Focus on  
long term  
growth**



**Investing  
for the  
long term**





# Results Presentation

For the Half Year Ended  
31 December 2016

DAVID CRAIG  
CHIEF FINANCIAL OFFICER

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

# This Result

---

Dec 16 vs  
Dec 15

Statutory Profit (\$m)

4,895

 6%

Cash NPAT (\$m)

4,907

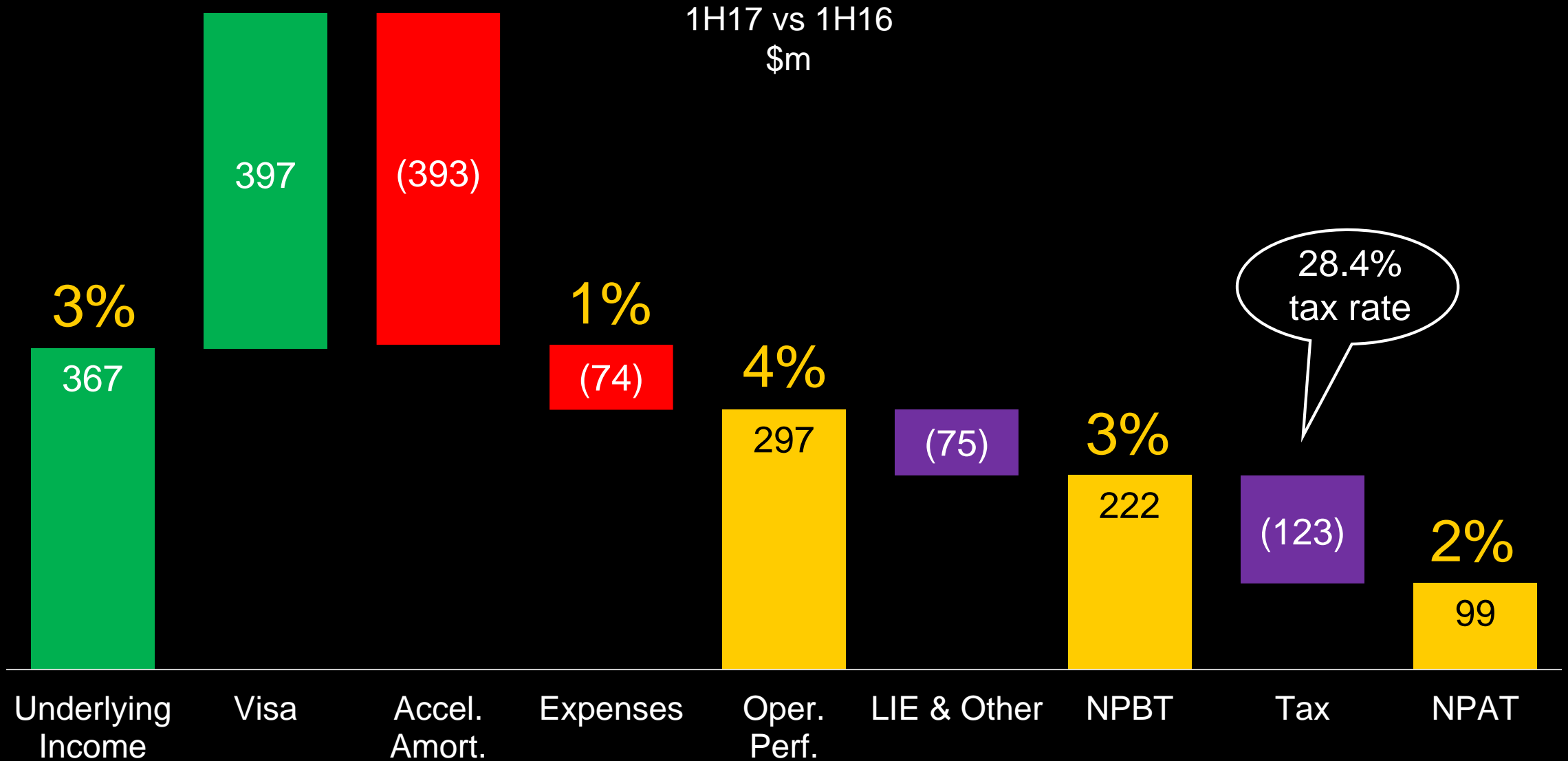
 2%

ROE – Cash

16.0%

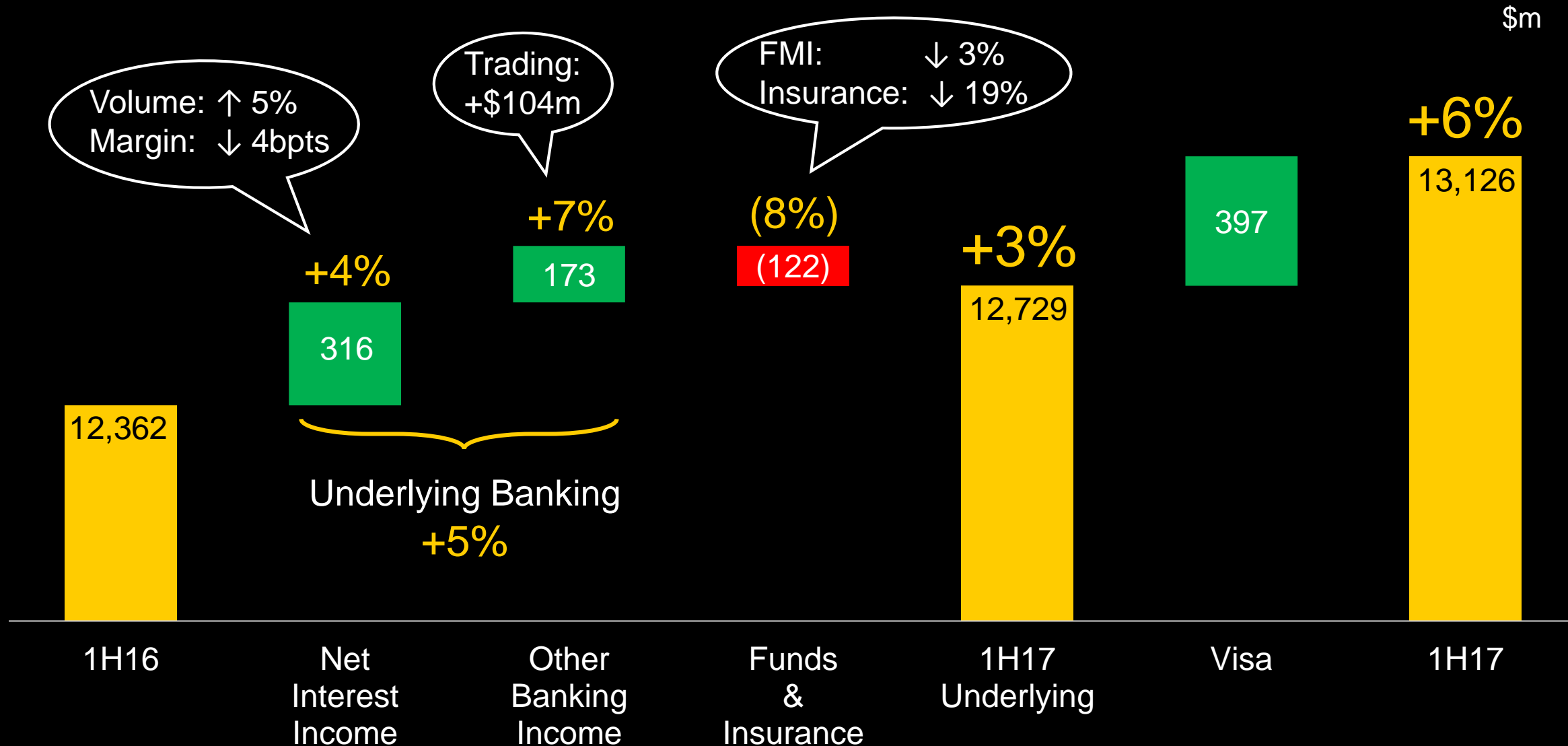
(130) bpts

# Components of growth



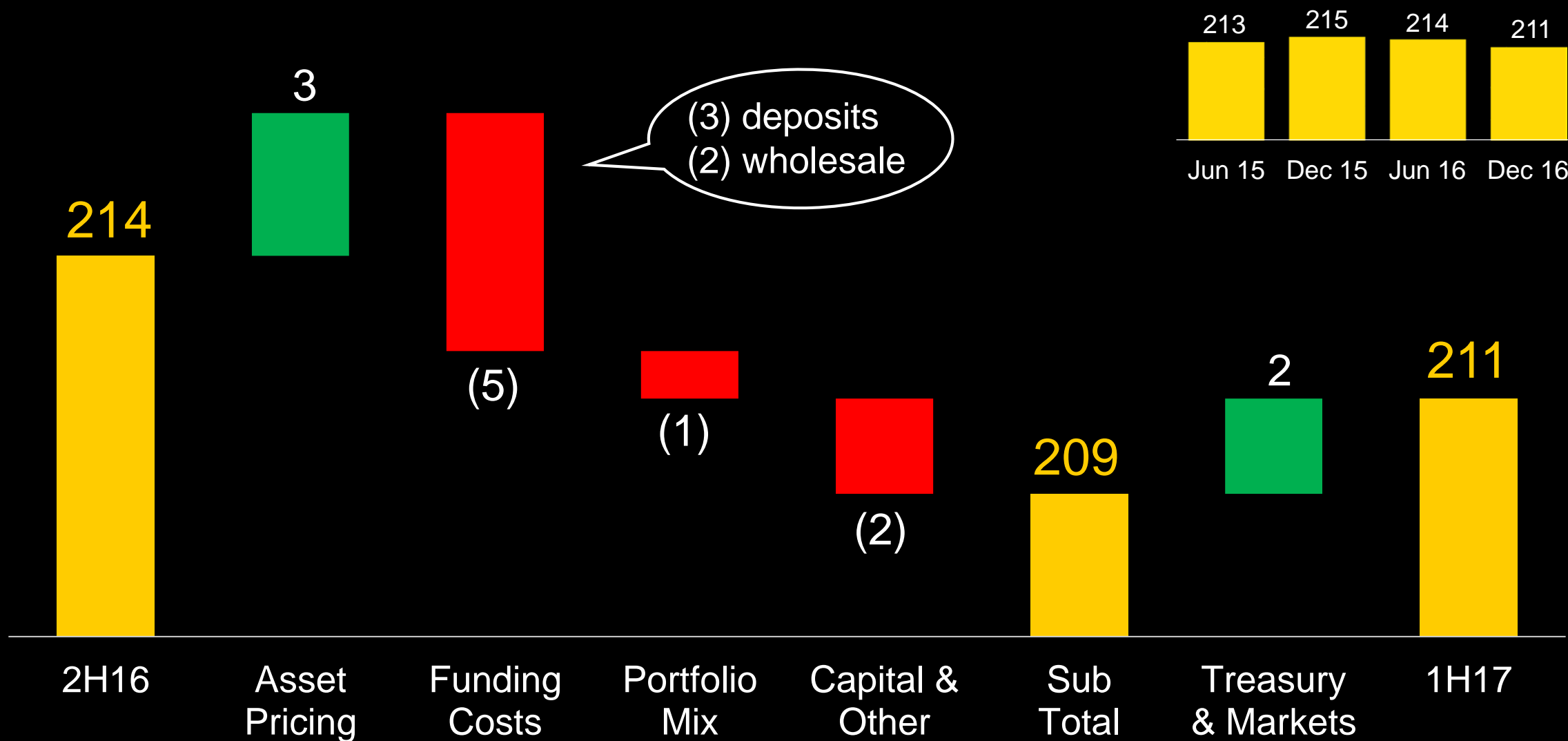


# Income – **balancing** volume & margins



# Margin – down 3 bpts on higher funding costs

bpts



# Expenses – tightly controlled

\$m

+1%

+9%

5,210

29

43

2

5,284

393

5,677

1H16

Staff

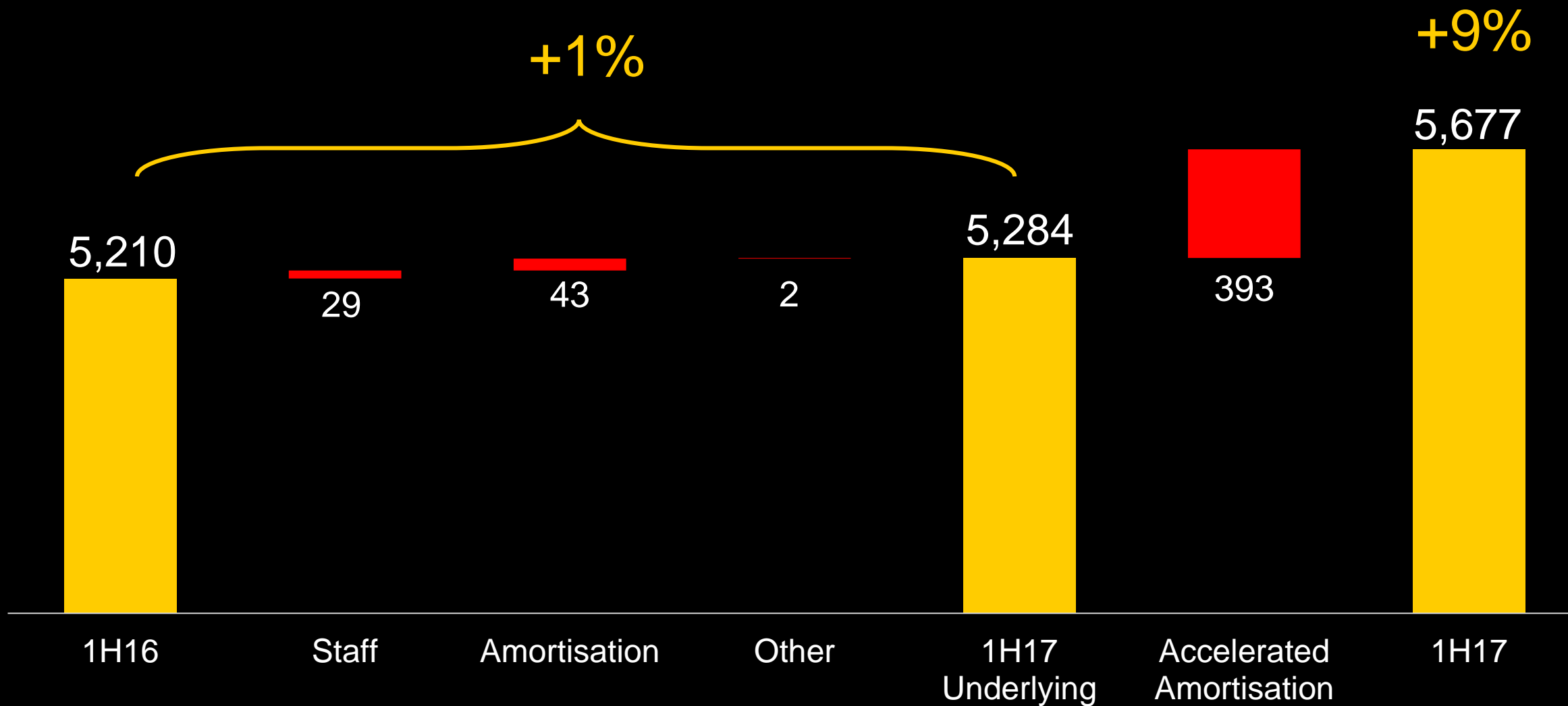
Amortisation

Other

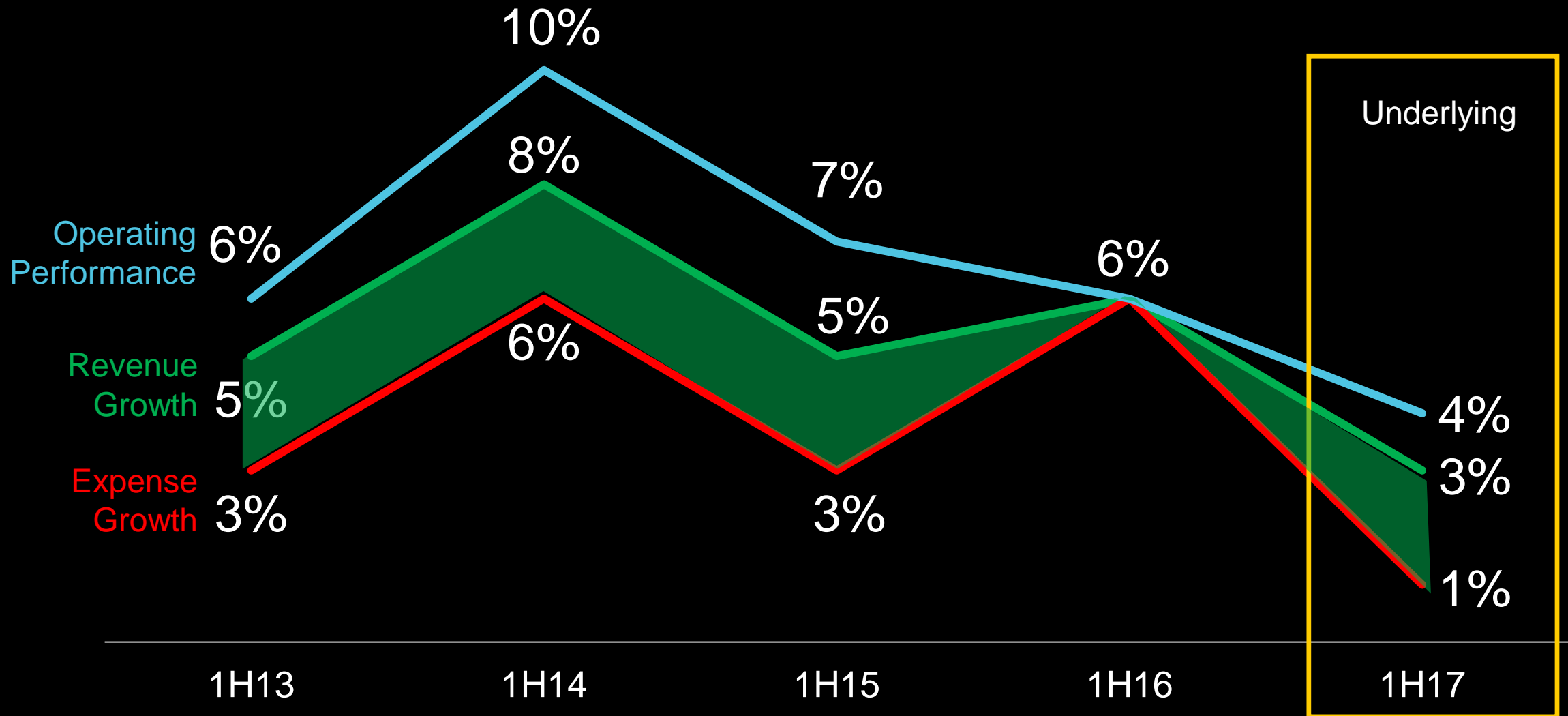
1H17  
Underlying

Accelerated  
Amortisation

1H17



# Cost discipline sustains **positive jaws**

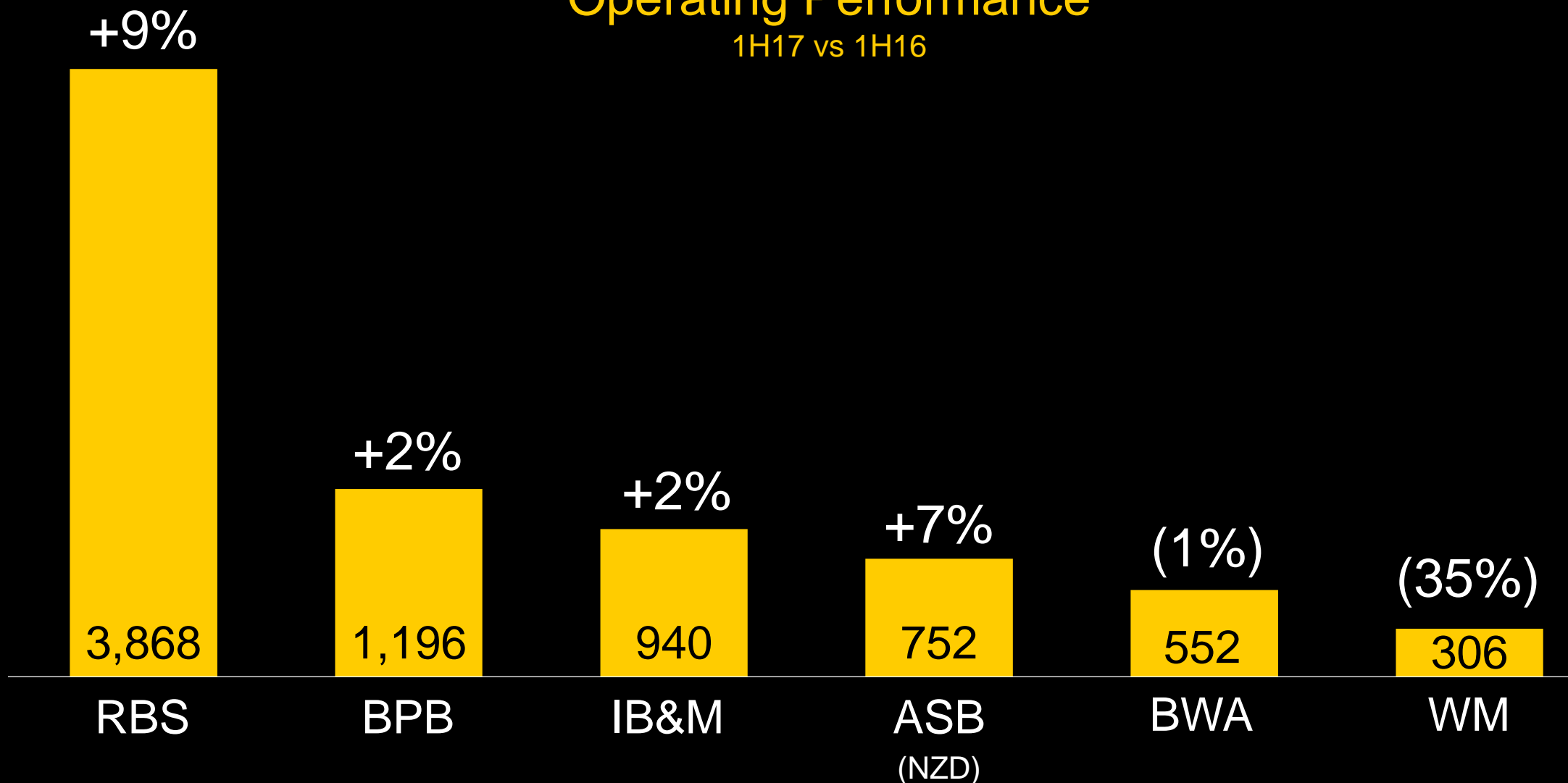




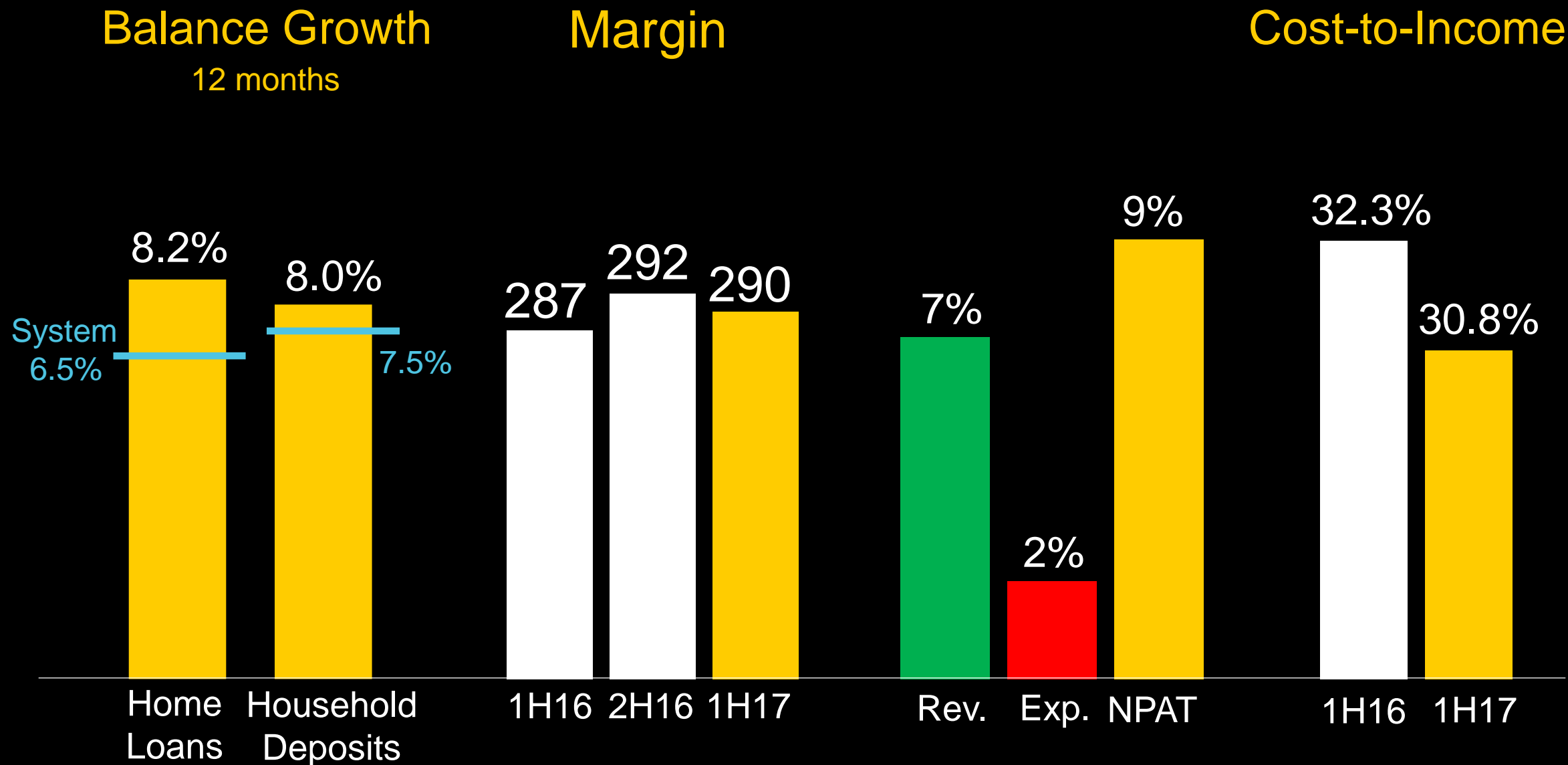
# Divisional contributions

\$m

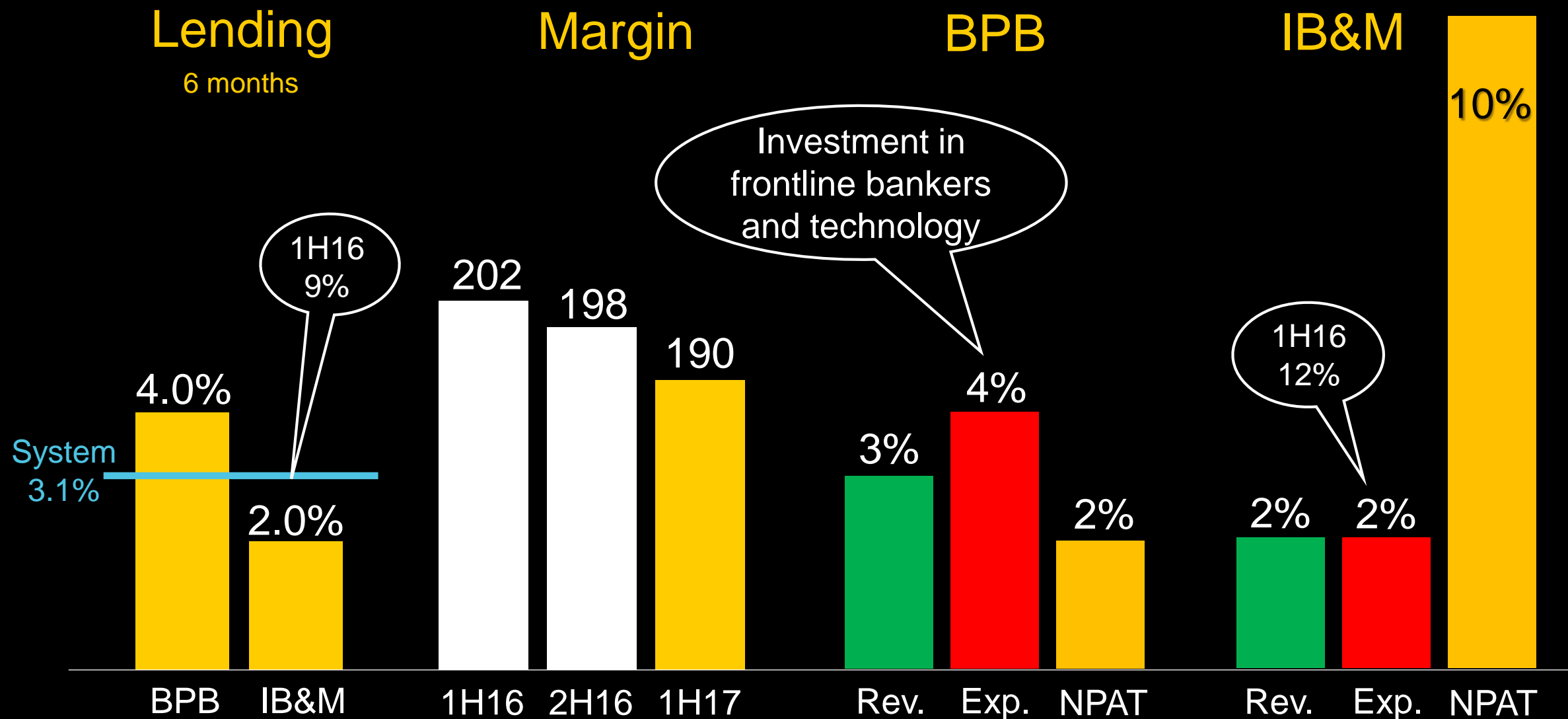
## Operating Performance 1H17 vs 1H16



# RBS – strong growth, further efficiency gains



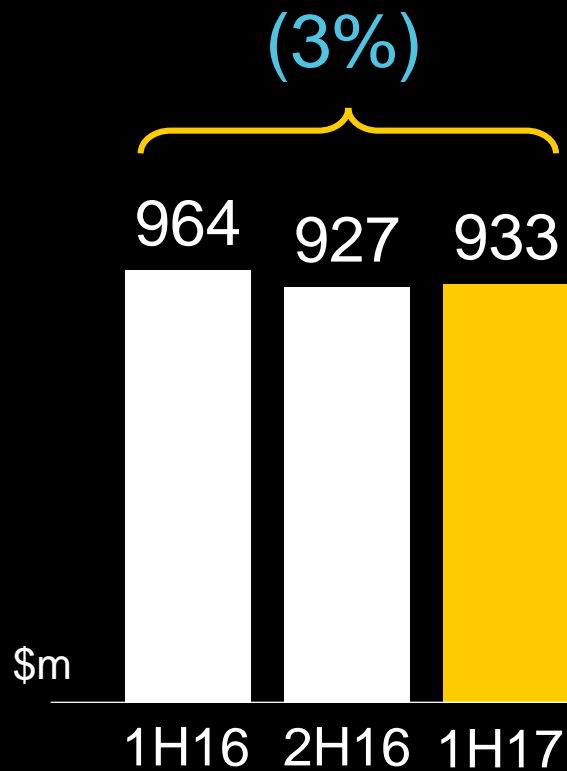
# Corporate – targeted growth



# Wealth – responding to challenges

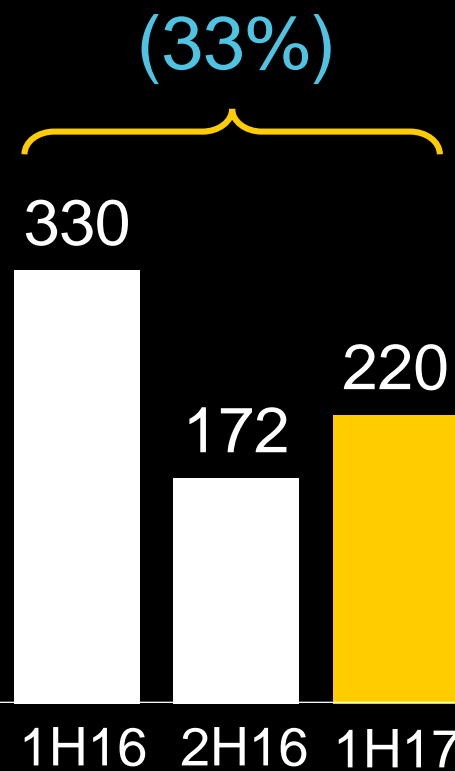
## Funds Income

- Avg FUA +3%
- Margins ↓ (mix)



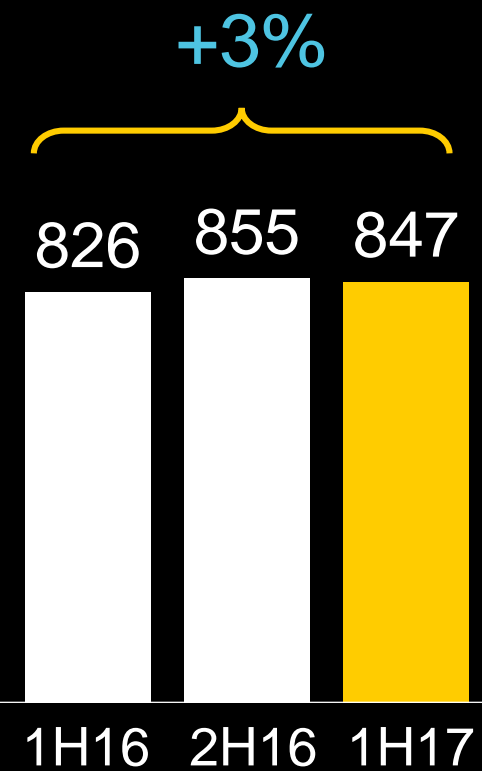
## Insurance Income

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



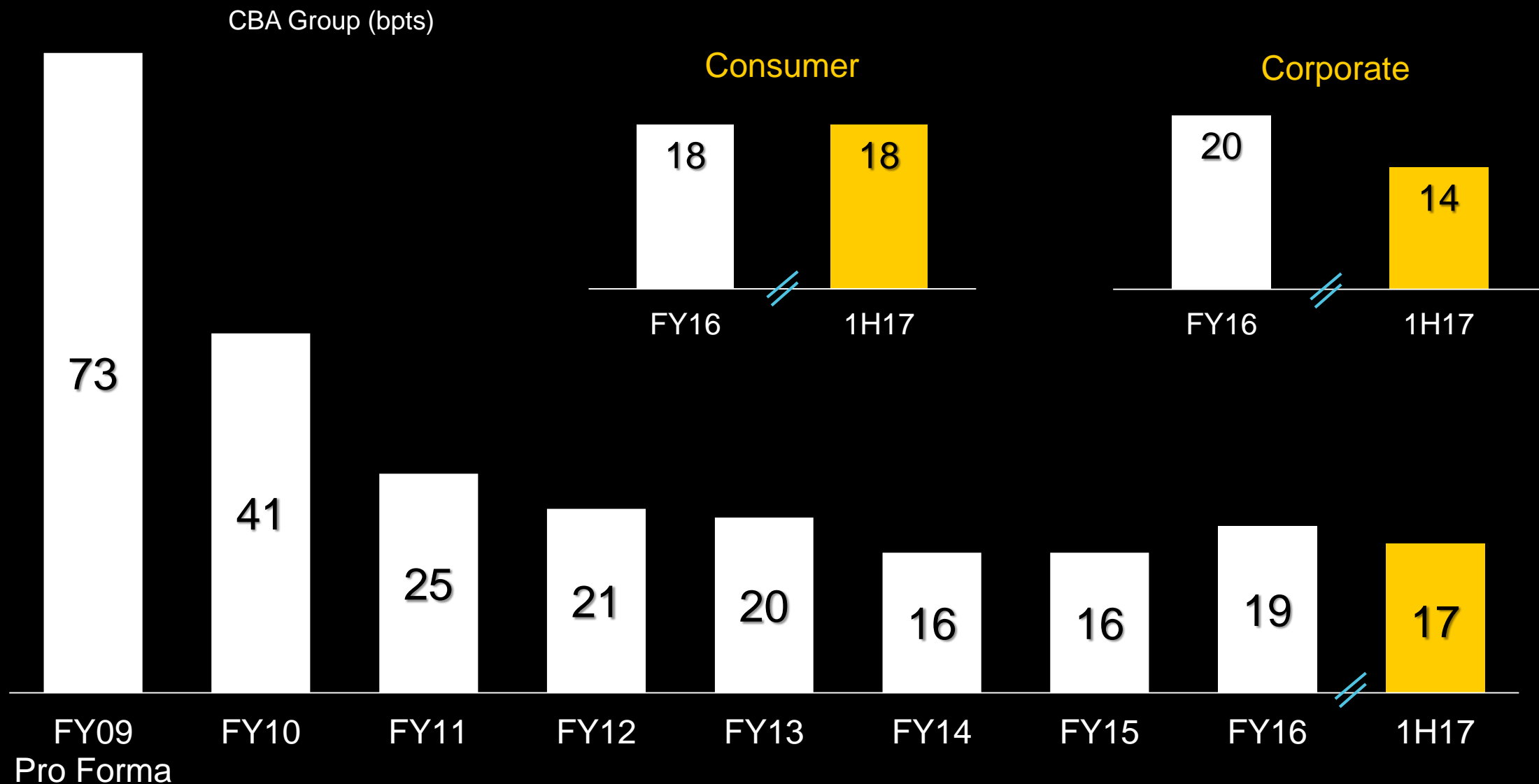
## Costs

- ↑ Remediation costs
- Productivity gains

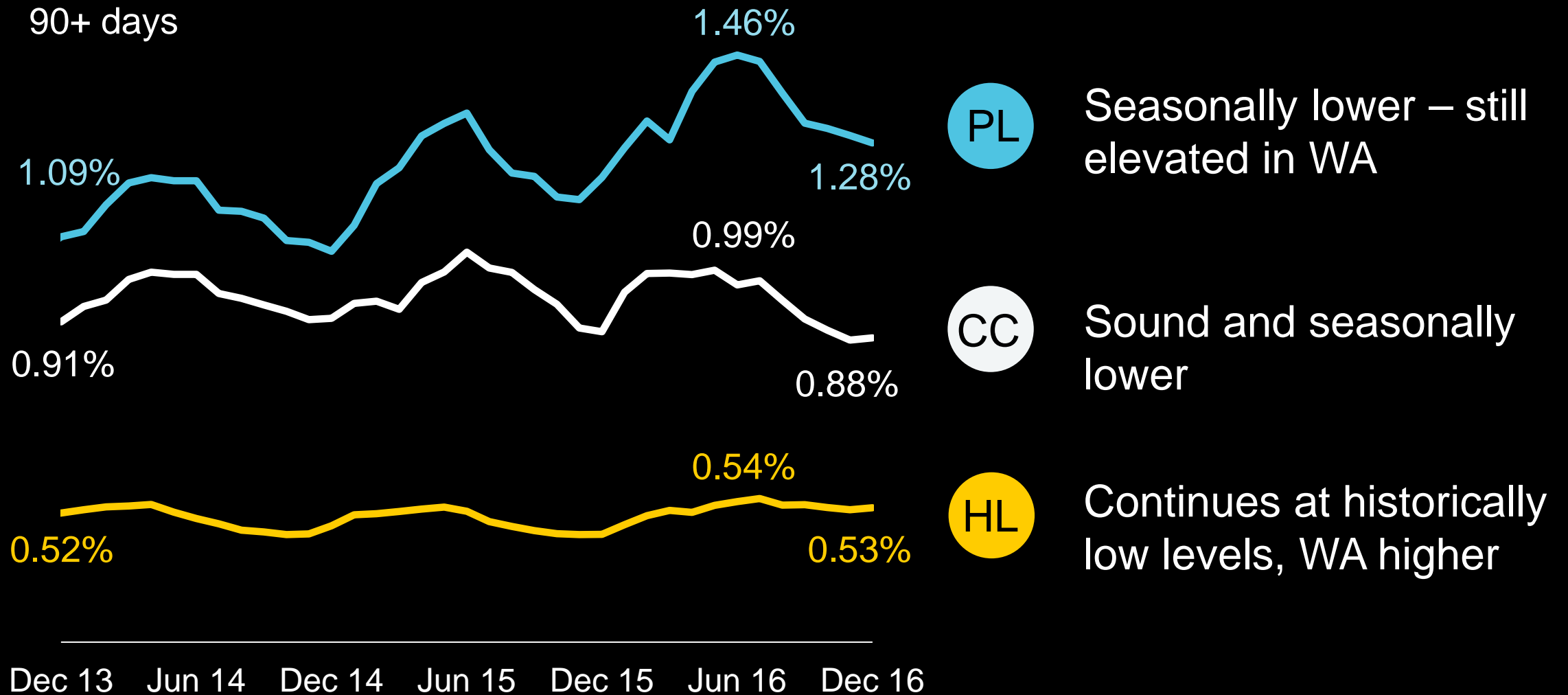




# Impairment expense **remains low**

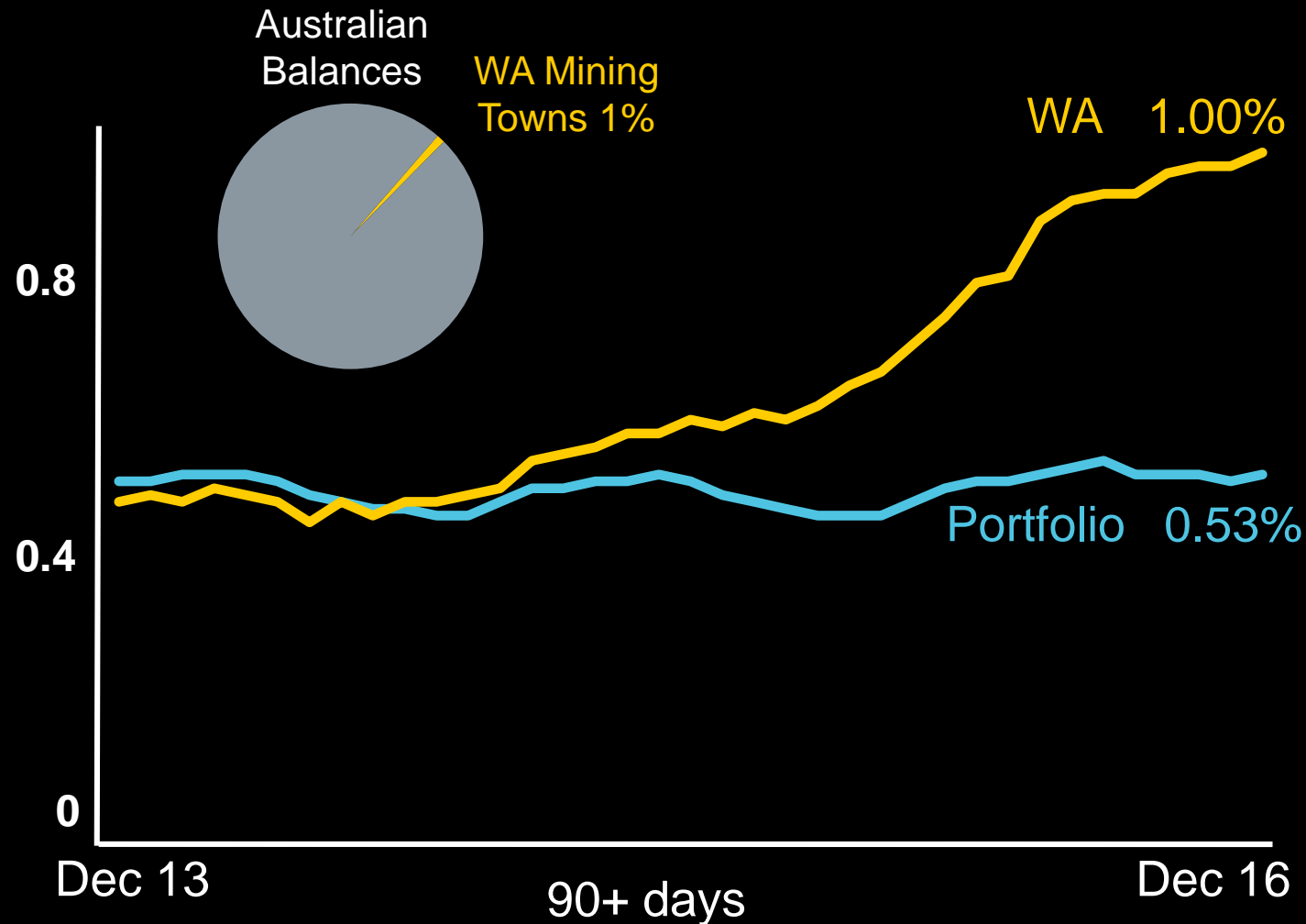


# Consumer Arrears **lower** this half



# WA arrears - impacted by mining downturn

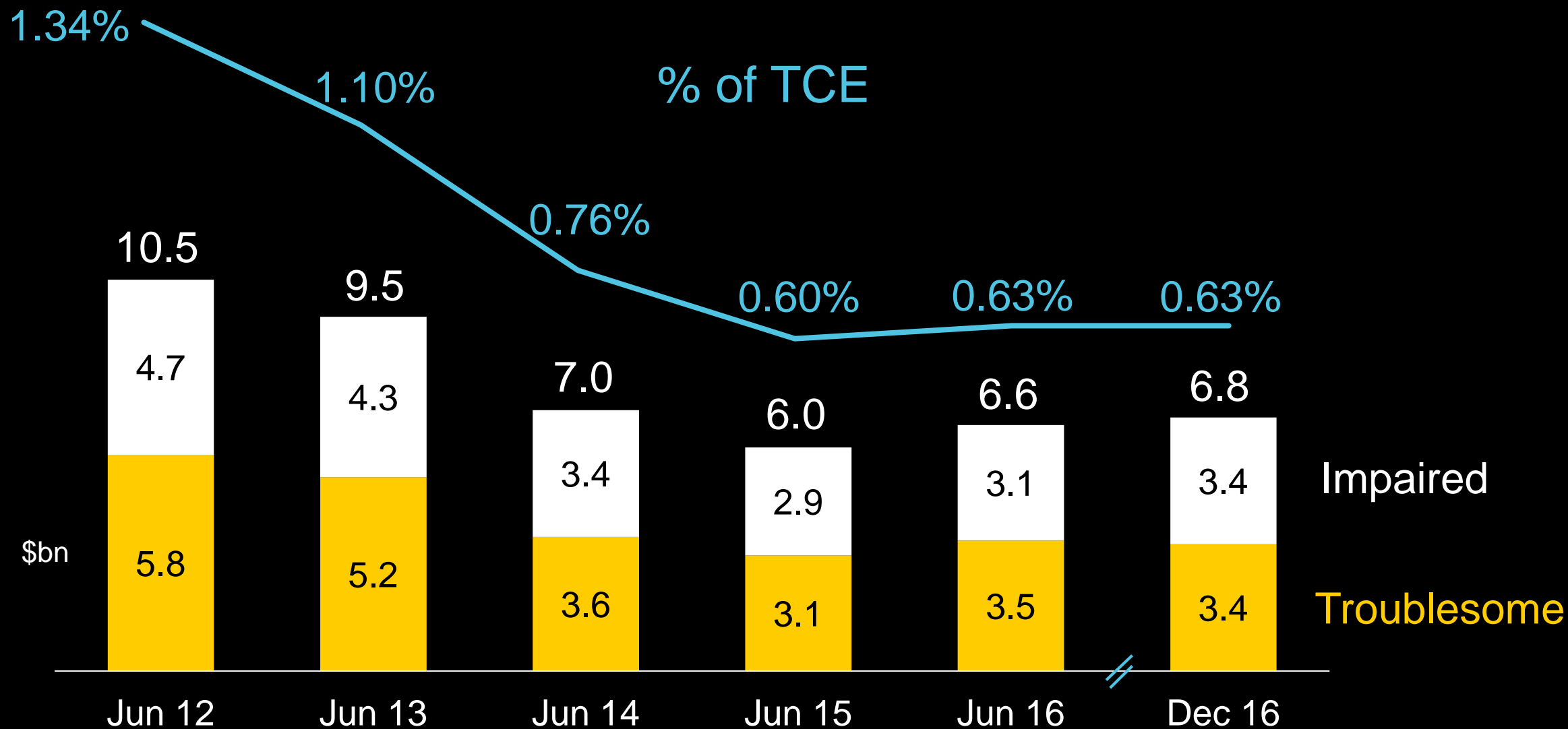
## Home Loan Arrears



### *Higher Risk Locations:*

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

# TIA *marginally* higher

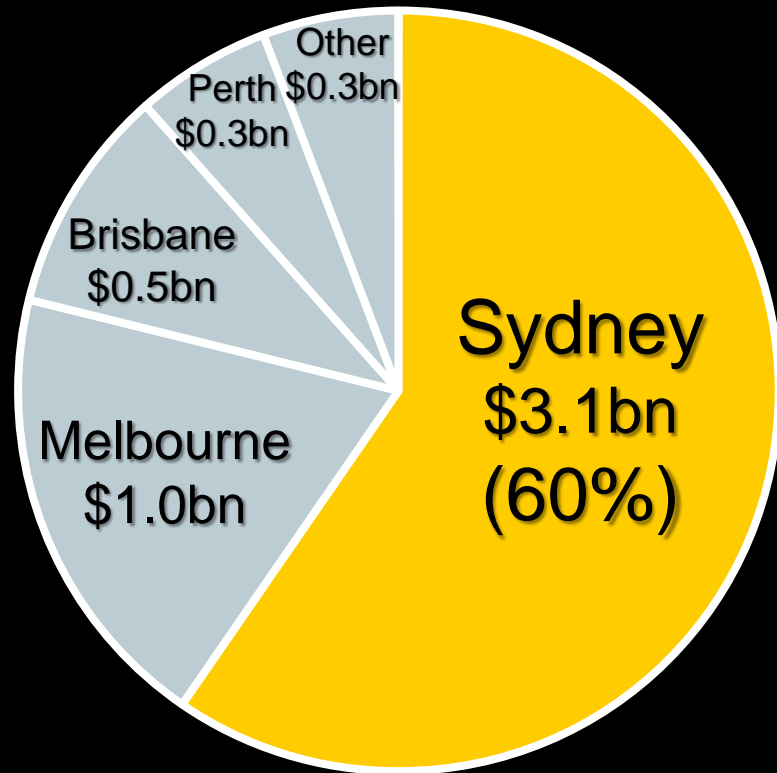




# Apartment development - **weighted to Sydney**

---

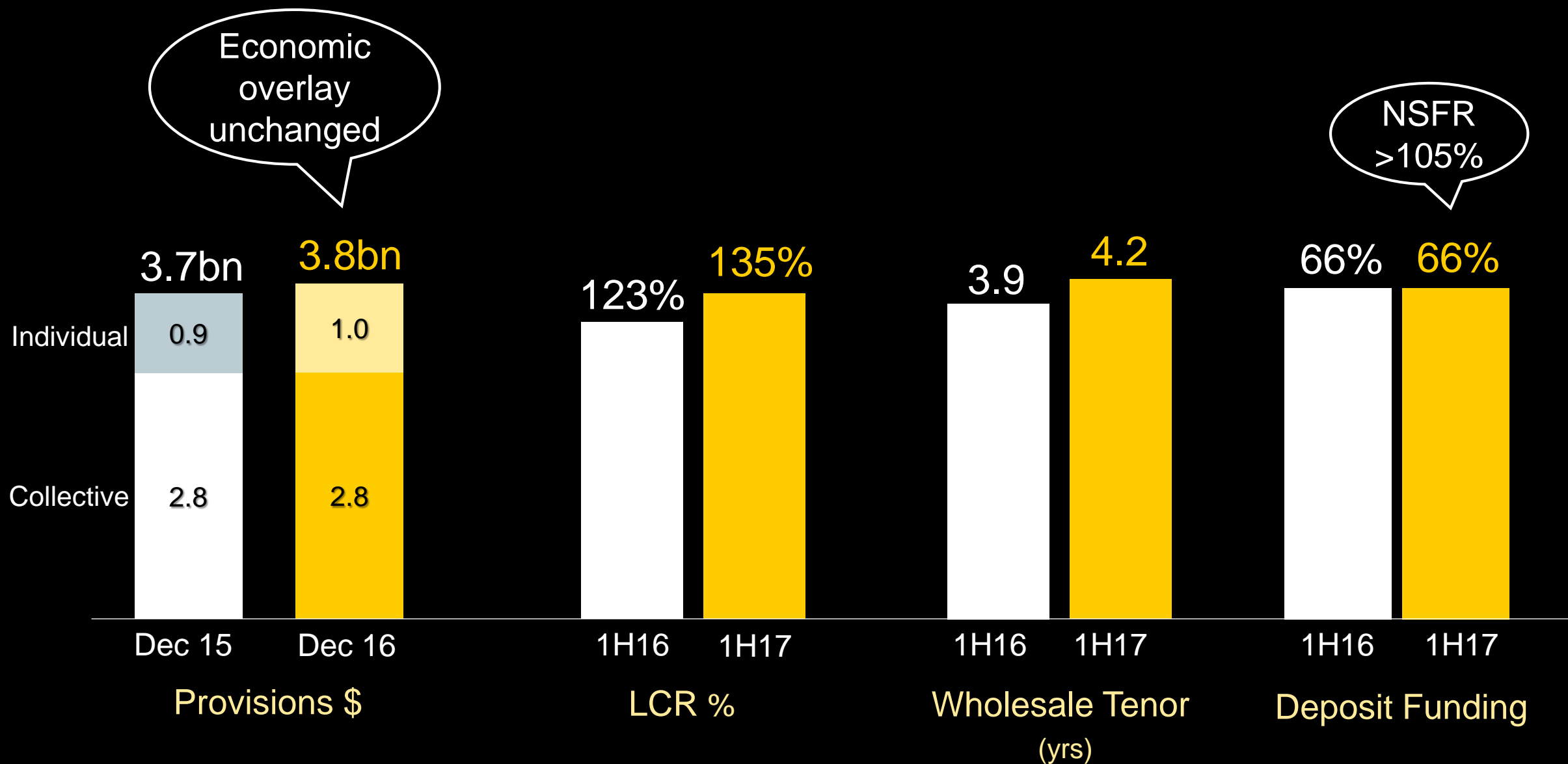
**\$5.2bn**  
(0.5% of TCE)



Australia-wide, >\$20m

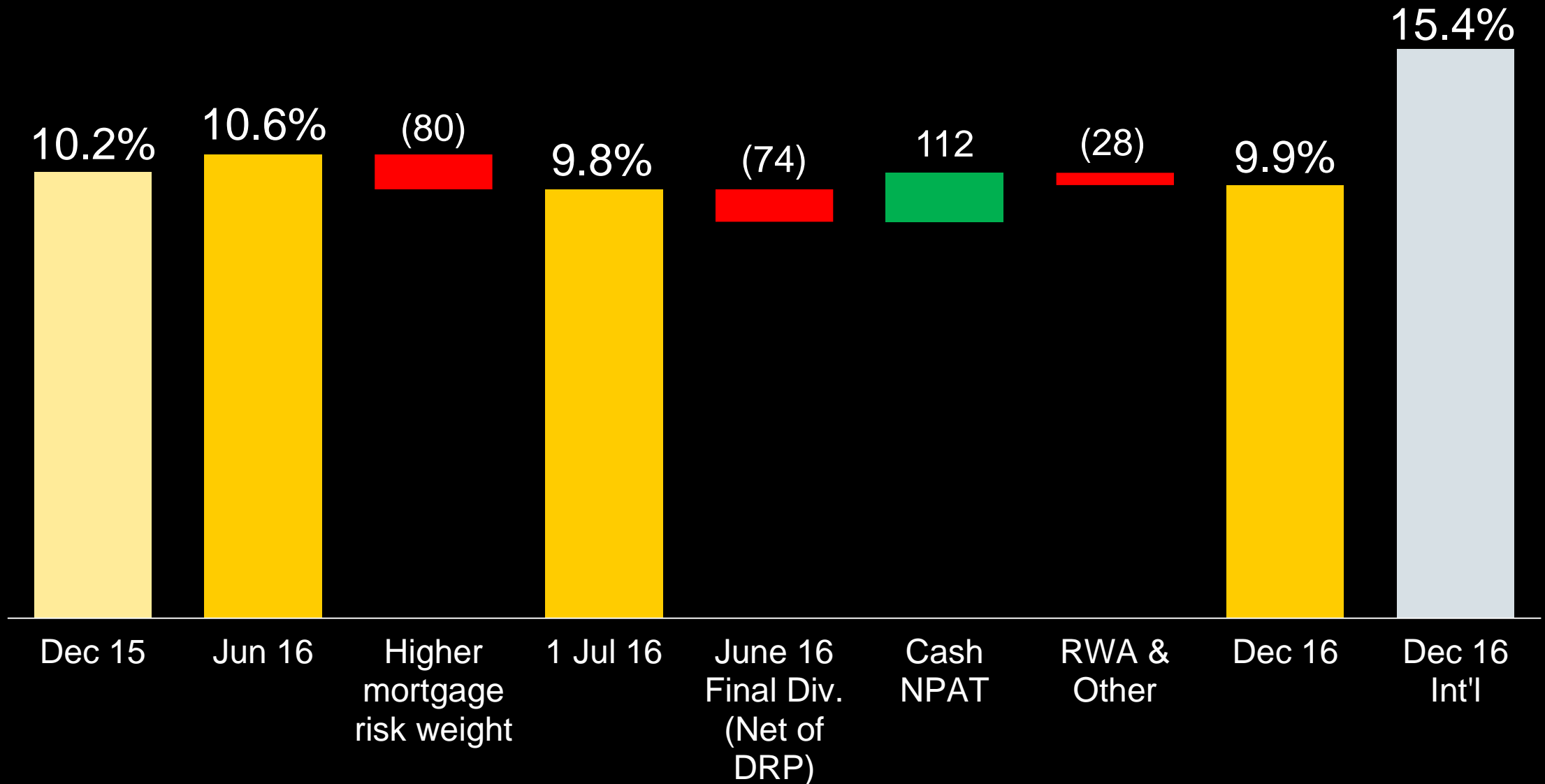
- Strong qualifying pre-sales (110.1%)
- Portfolio LVR of 59.9%
- Tighter underwriting
  - lower % foreign pre-sales
- Repayments on time from settlements

# Balance sheet strength

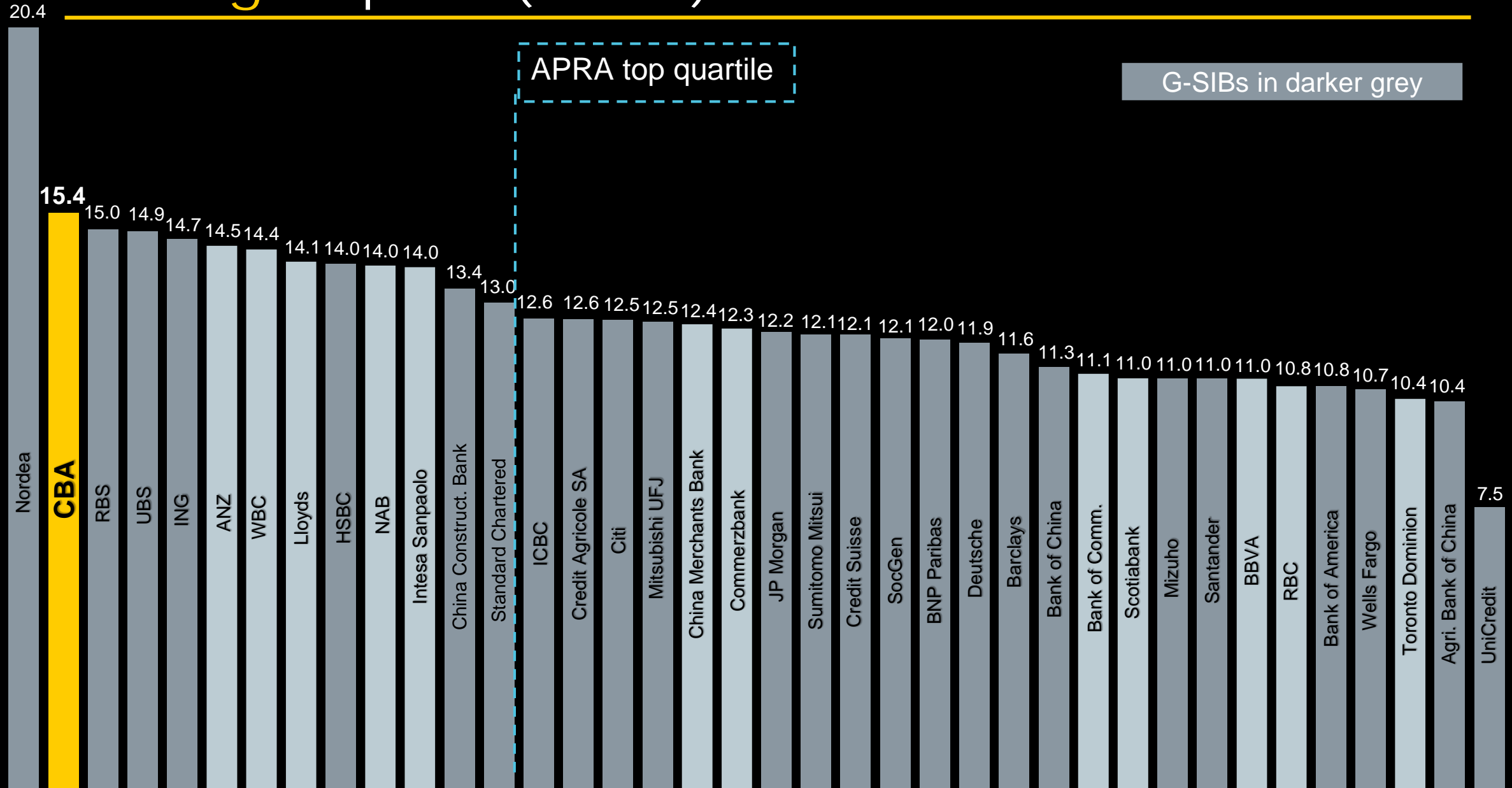


# Strong Capital

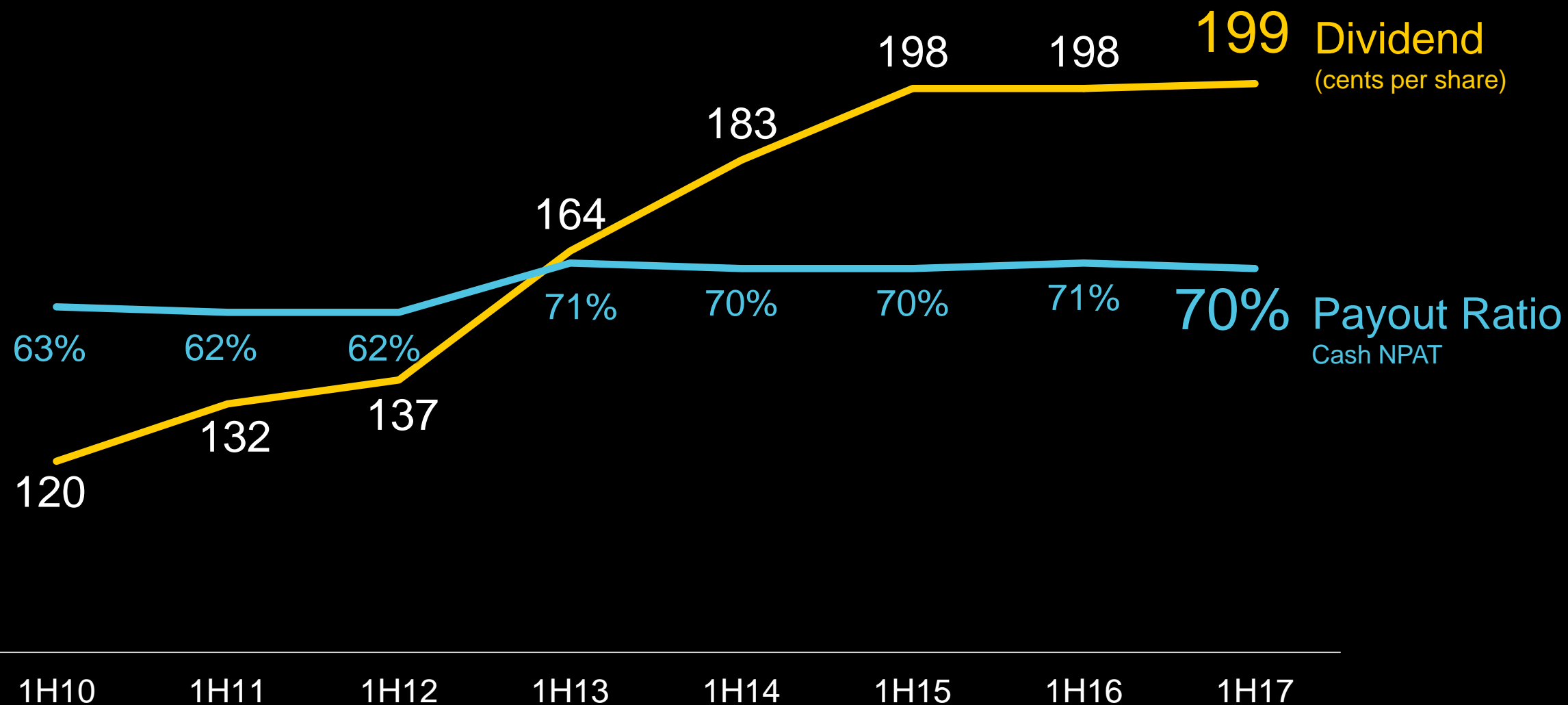
---



# Strong Capital (CET1)



# Increased Dividend



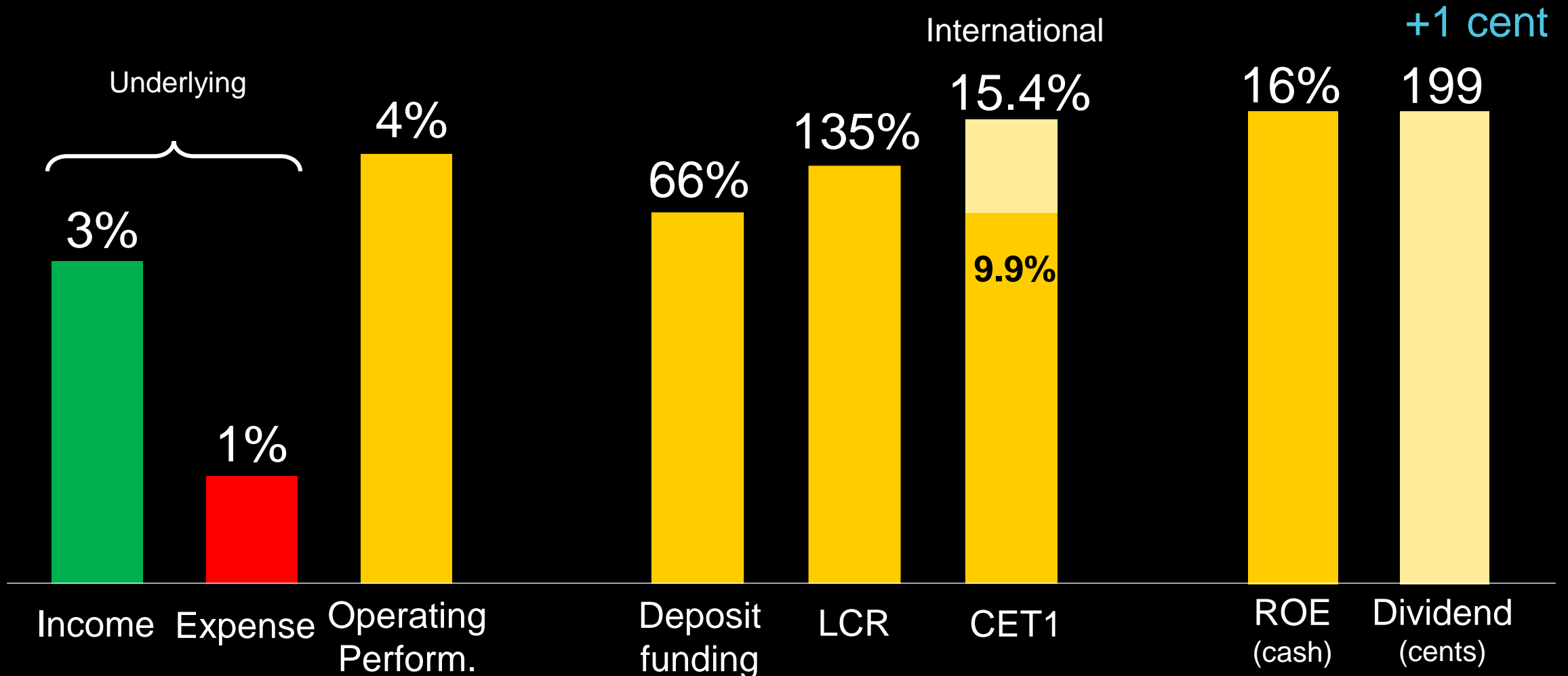


# Summary – managing for today's environment

## Positive “Jaws”

## Strength

## Returns



# 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





# Results Presentation

For the Half Year Ended  
31 December 2016