

Results Presentation & Investor Discussion Pack

For the full year ended
30 June 2017

Ian Narev, Chief Executive Officer

Rob Jesudason, Chief Financial Officer

CommonwealthBank



Commonwealth Bank of Australia | ACN 123 123 124 | 9 August 2017



This result



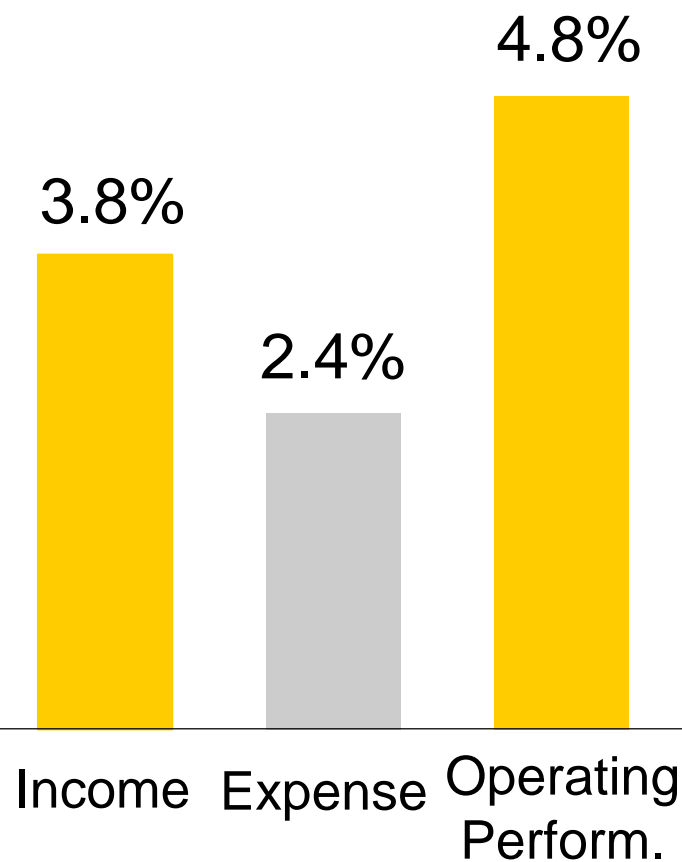
		Jun 17 vs Jun 16	
▶ Statutory Profit (\$m)	9,928	7.6%	⬆️
▶ Cash NPAT (\$m)	9,881	4.6%	⬆️
▶ Cash Earnings per Share (\$)	5.74	3.5%	⬆️
▶ Dividend per Share (\$)	4.29	2.1%	⬆️
▶ ROE – Cash		16.0%	(from 16.5%)

Managing for today's environment

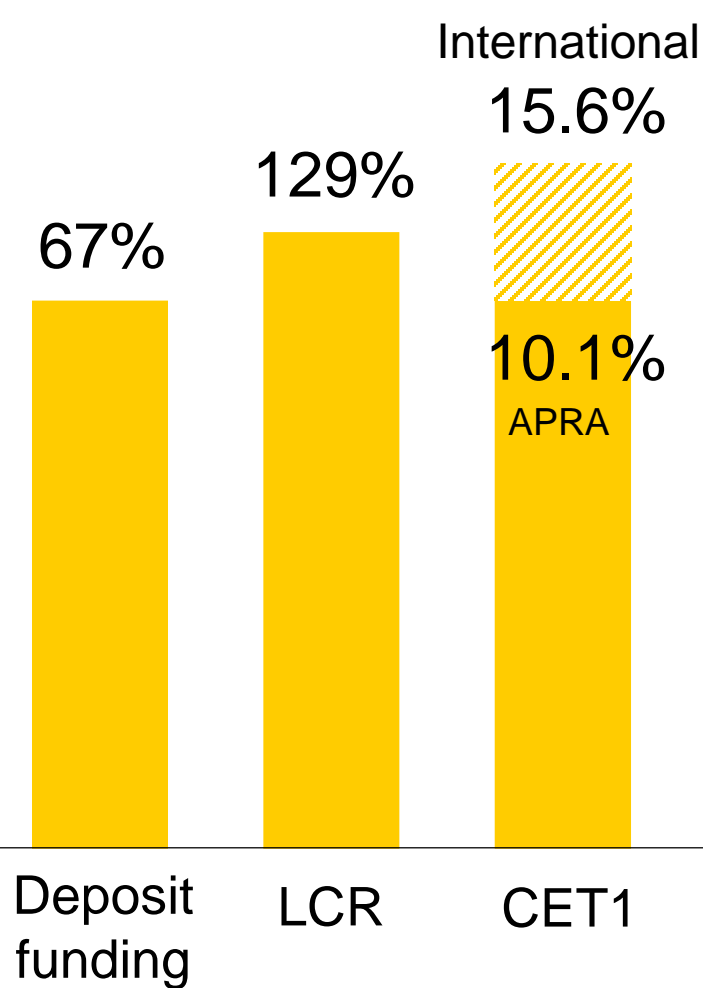


Positive Jaws

FY17 vs FY16
Underlying¹



Strength




Returns




1. In order to present an underlying view of the result, FY17 growth rates have been adjusted to exclude a \$397m gain on sale of the Group's remaining investment in Visa Inc in Other banking income, and a \$393m one-off expense for acceleration of amortisation on certain software assets.

Delivering for all our stakeholders




 **16.6 million**
customers

Our Customers

 **~800,000**
shareholders

Our Shareholders

 **\$3.9bn**
in taxes
Australia's largest taxpayer

Our Community

 **51,800**
people in 11 countries

Our People

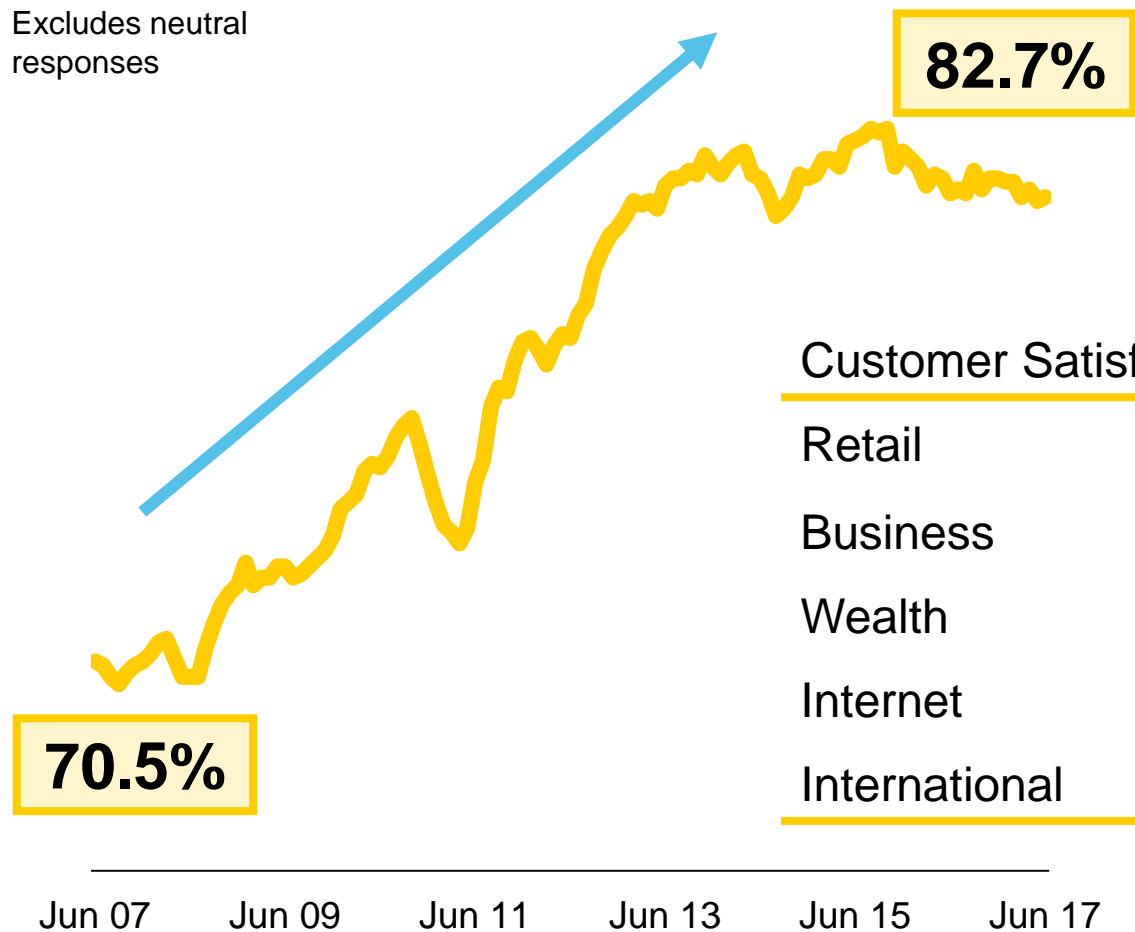
Delivering for our customers



Satisfied Customers

Retail MFI¹

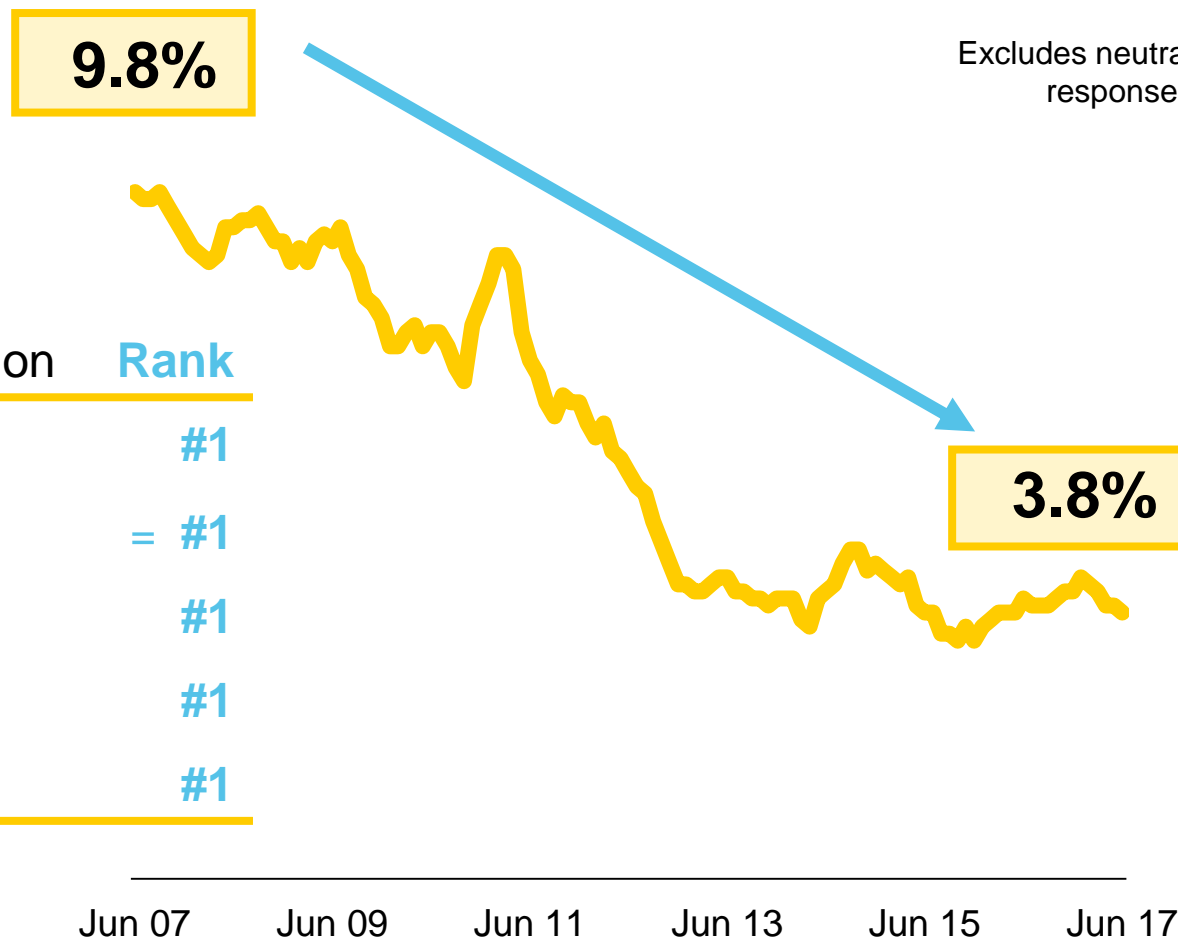
Excludes neutral responses



Dissatisfied Customers

Retail MFI¹

Excludes neutral responses









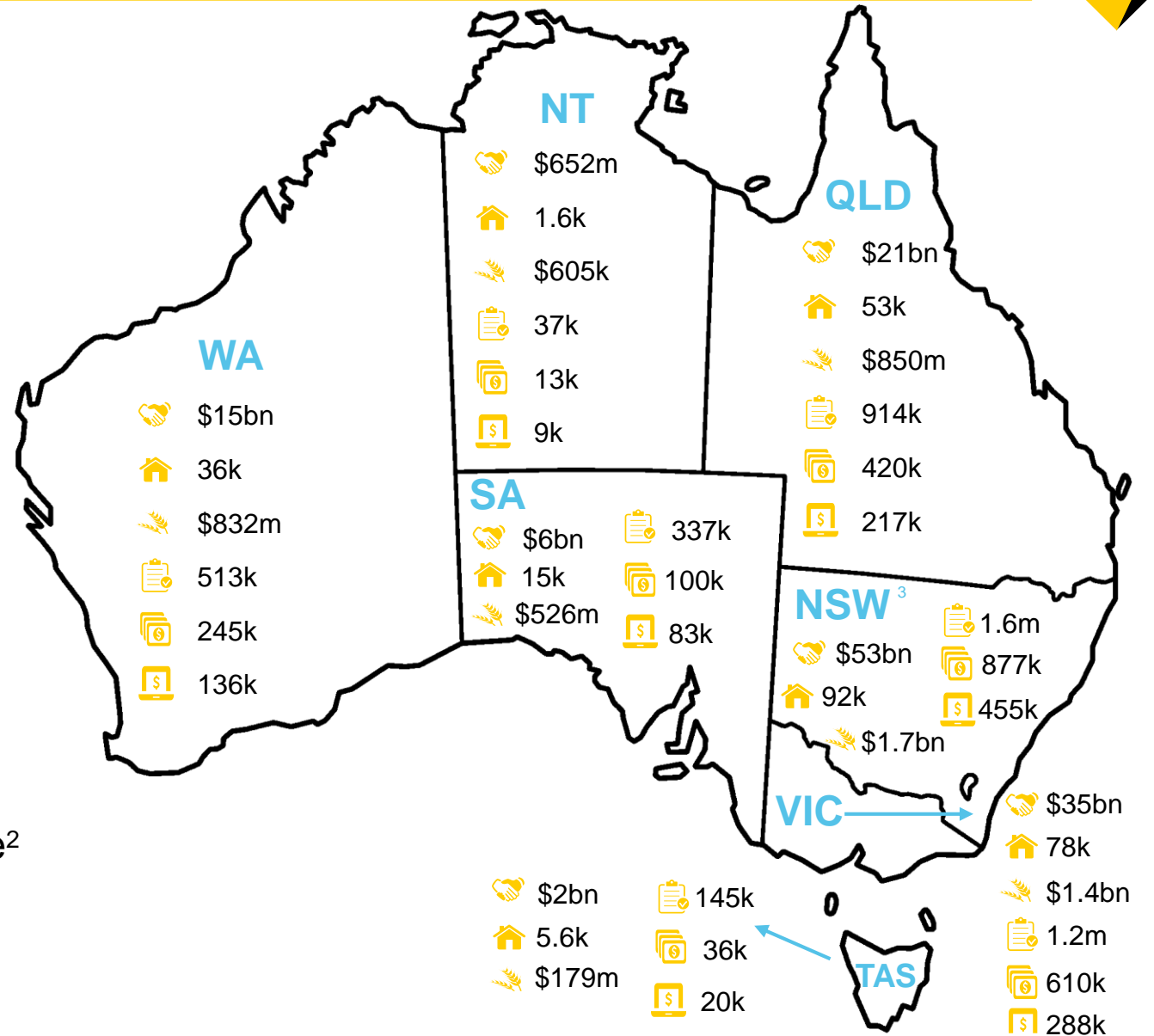
Customer Satisfaction	Rank
Retail	#1
Business	= #1
Wealth	#1
Internet	#1
International	#1

1. Source: Roy Morgan. Excludes "Can't say" and "N/A" responses. Refer notes slide at back of this presentation for source information.

Delivering for our customers

FY17¹

-  **\$197bn** in total new lending
-  **330,000** new home loans
-  **\$6bn** in new loans to rural customers
-  Insured more than **6m** customers
-  **2.7m** new deposit accounts
-  Helped **1.8m** customers invest for the future²



1. Group totals (Australia and Offshore) 2. Superannuation and managed funds 3. NSW includes ACT

Delivering for our customers – One CommBank



Smarter analytics

62,000 customer insights each week

More leads

43,000 video-conferencing referrals in FY17

More lenders

93 new branch lenders in FY17

Insurance

8% growth in home & contents insurance¹

Branch investment

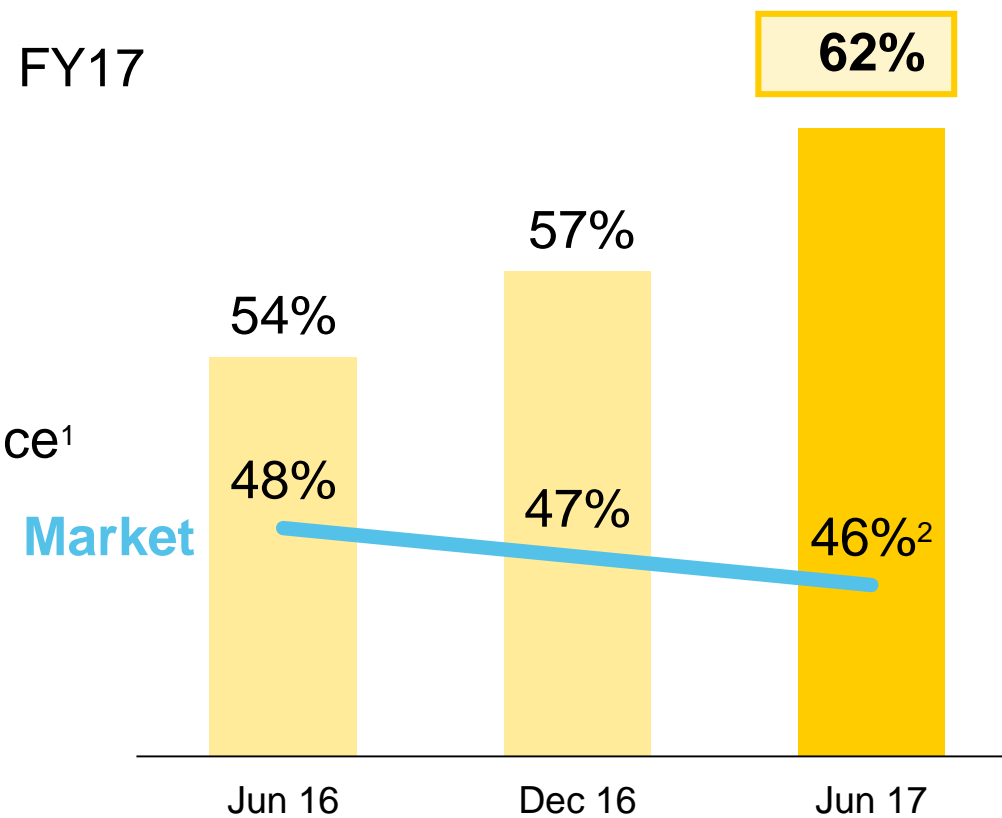
226 new format locations

Smaller footprint

50% reduction in branch space

Proprietary % of Total Flows

Home lending (RBS)

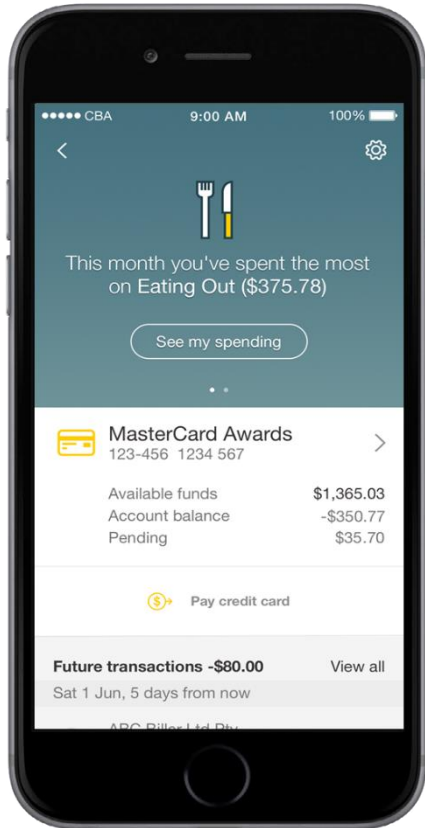


1. Policies with new home loans

2. Market as at Mar 17

Delivering for our customers - Financial Wellbeing

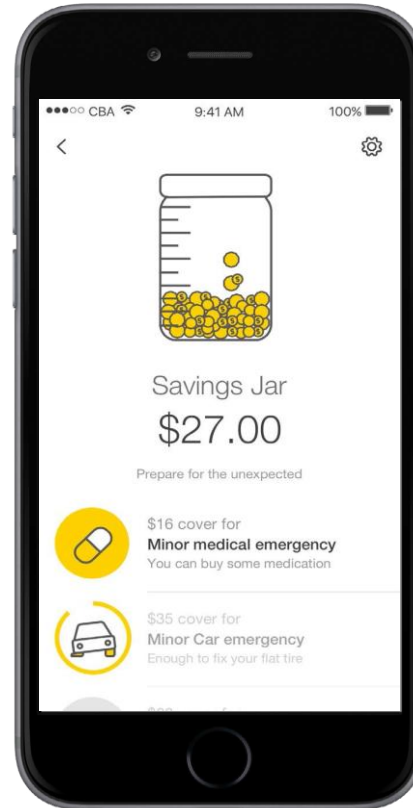
Spend Tracker



Developed in the CommBank lab – with the help of our customers

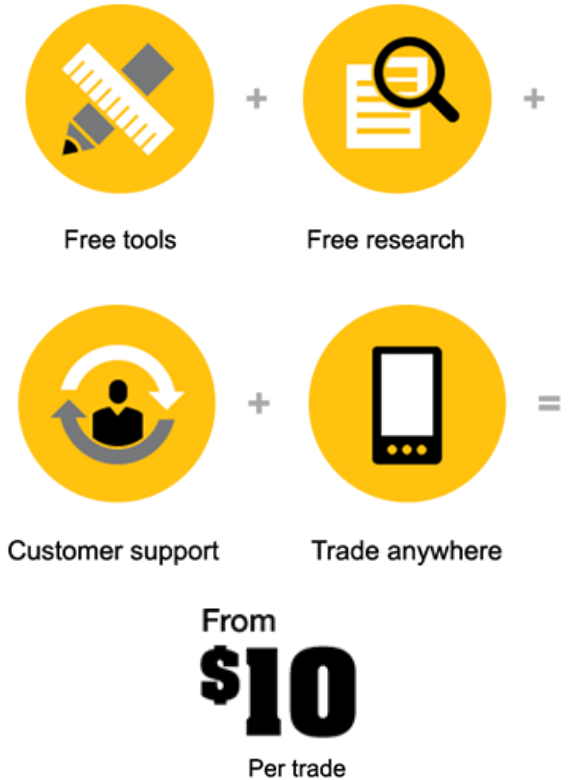
Tracking everyday expenses to make budgeting easier

Savings Jar



Watch your small change add up to bigger savings

CommSec \$10 Trade

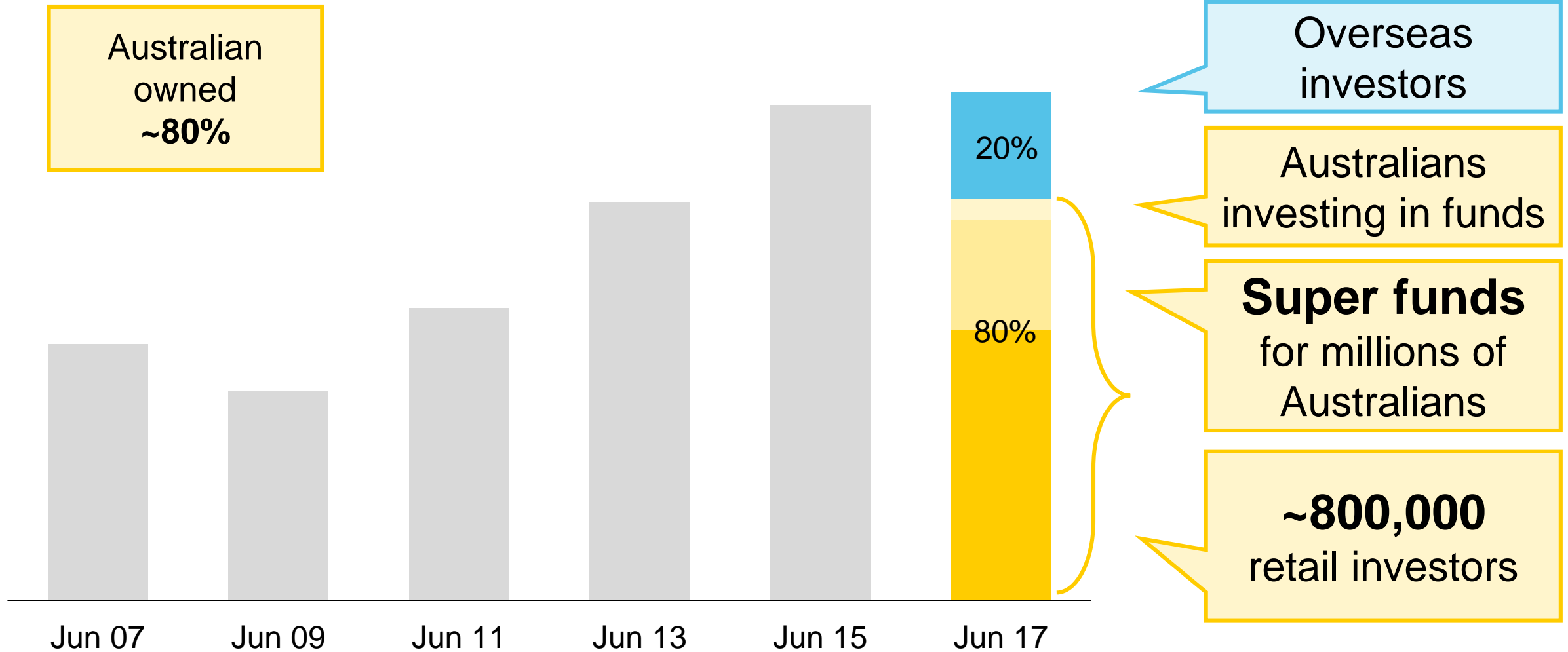


Making share investing accessible and affordable

Delivering for our **shareholders**



CBA Market Capitalisation



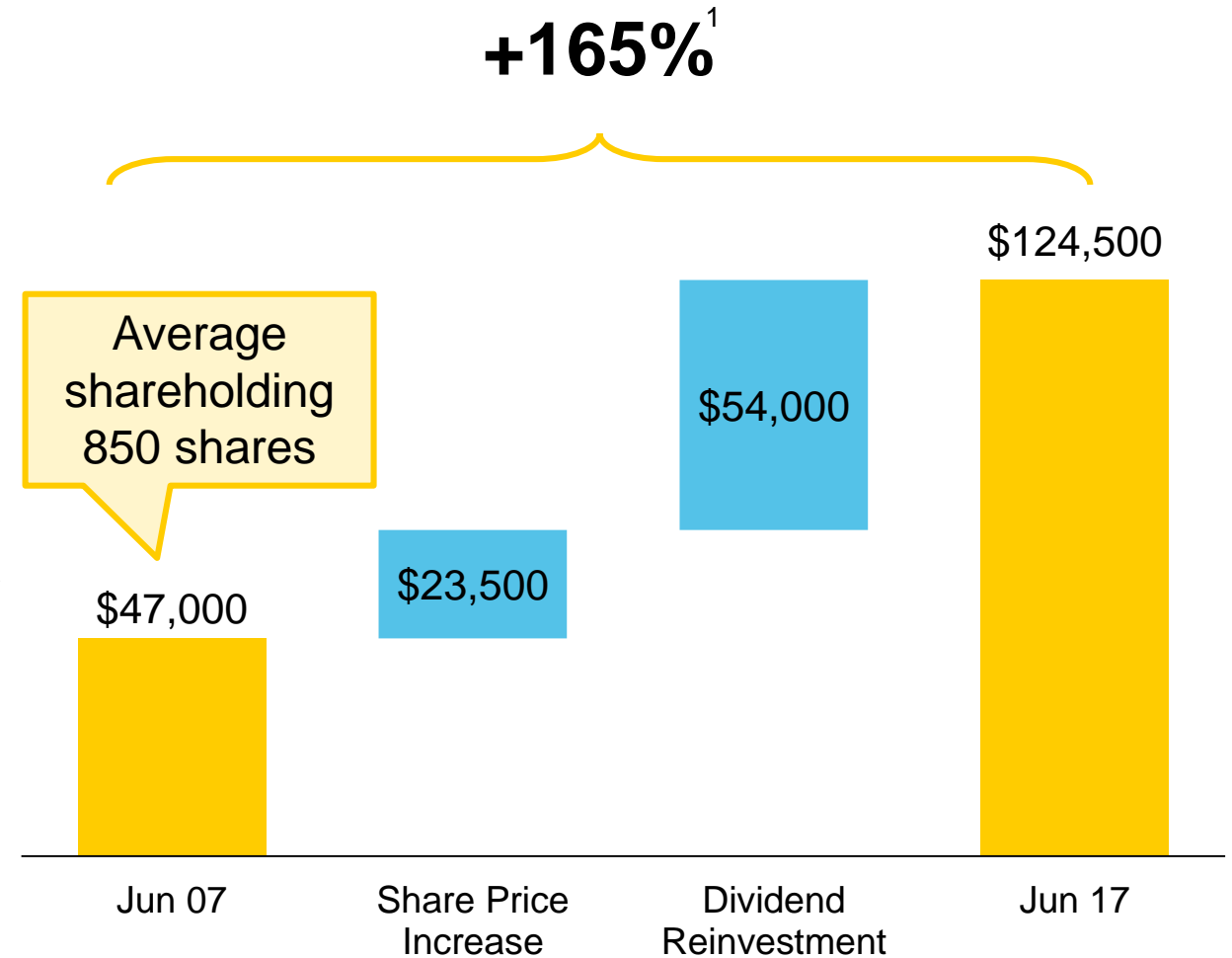
Delivering for our shareholders

Our Owners



- ▶ 75% of profit returned to shareholders
- ▶ ~800,000 retail investors
- ▶ Millions more via super funds

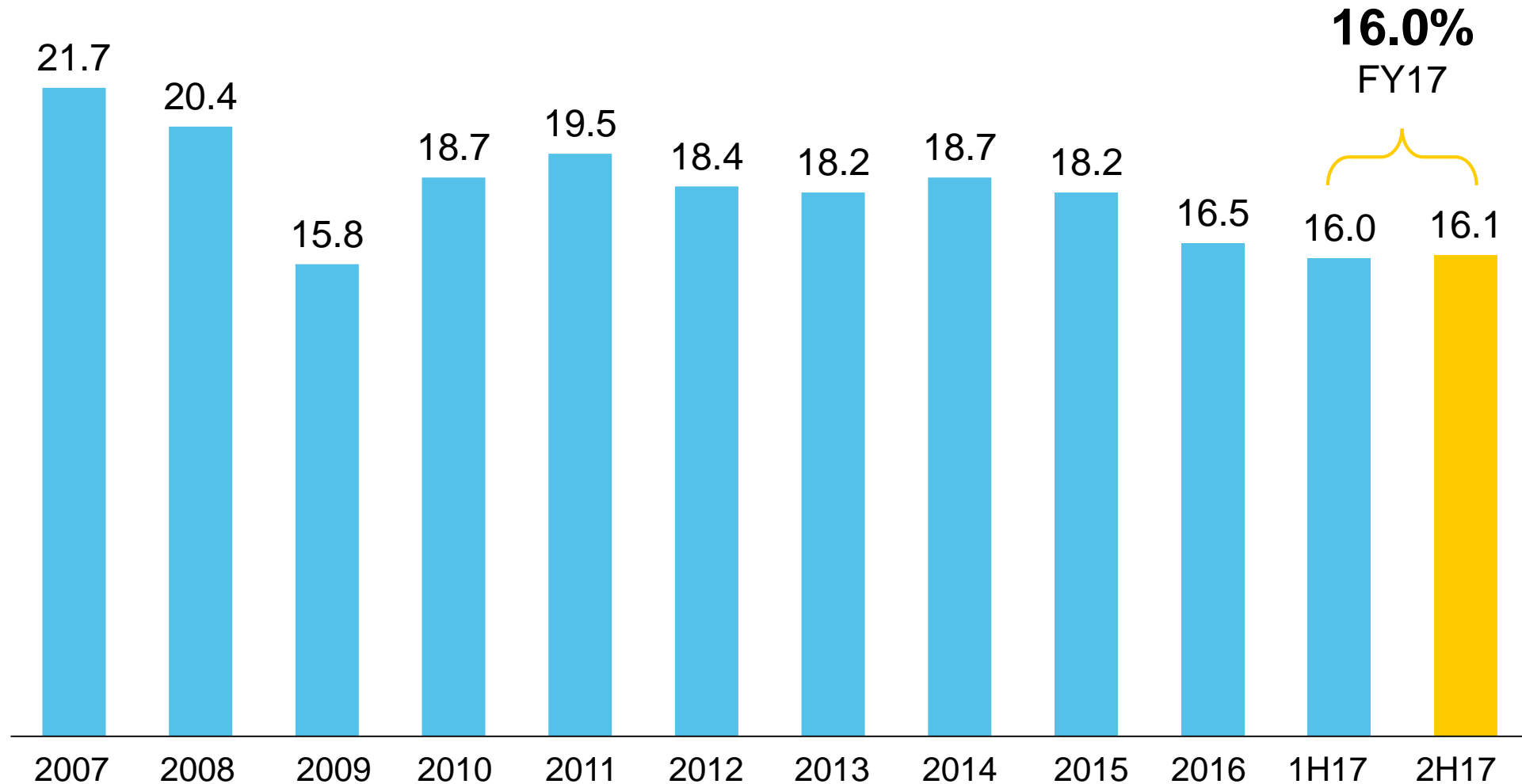
Total Return (10yrs)



All figures are approximates

1. Return of 190% achieved when franking credits are included

Delivering for our **shareholders** - Return on Equity



Delivering for our **community** – strength for all stakeholders



Australia's largest taxpayer



- ▶ \$3.9bn in taxes¹ in FY17
- ▶ Equivalent to 260 schools; 6 hospitals
- ▶ Banking levy a further impost

A responsible corporate citizen

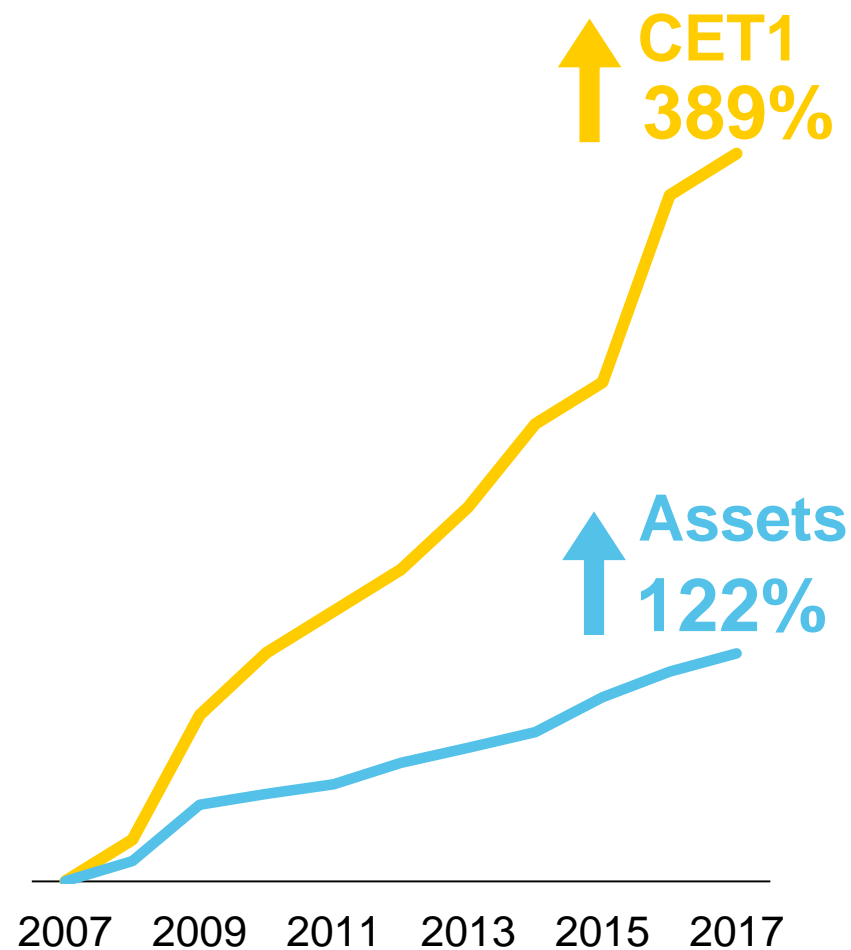


- ▶ \$272m invested in the community FY17
- ▶ Almost 575,000 students in Start Smart
- ▶ Employer of choice for gender equality

Delivering for our **community** - strength



	Jun 07	Jun 17
Deposit funding	54%	67%
Long term funding %	49%	60%
WAM ¹ – new issuance	3.4 yrs	5.2 yrs
Liquid assets	\$15bn ²	\$142bn
CET1 (APRA)	4.5%	10.1%



1. Weighted Average Maturity of wholesale funding - includes debt with an original maturity or call date of greater than 12 months (including loan capital)

2. Assumes current LCR-type treatment of liquid assets

Key themes



- Continuing to leverage our customer franchise
- Strategic approach to costs and investment
- Adjusting for the environment
- Further strengthening our balance sheet

This result



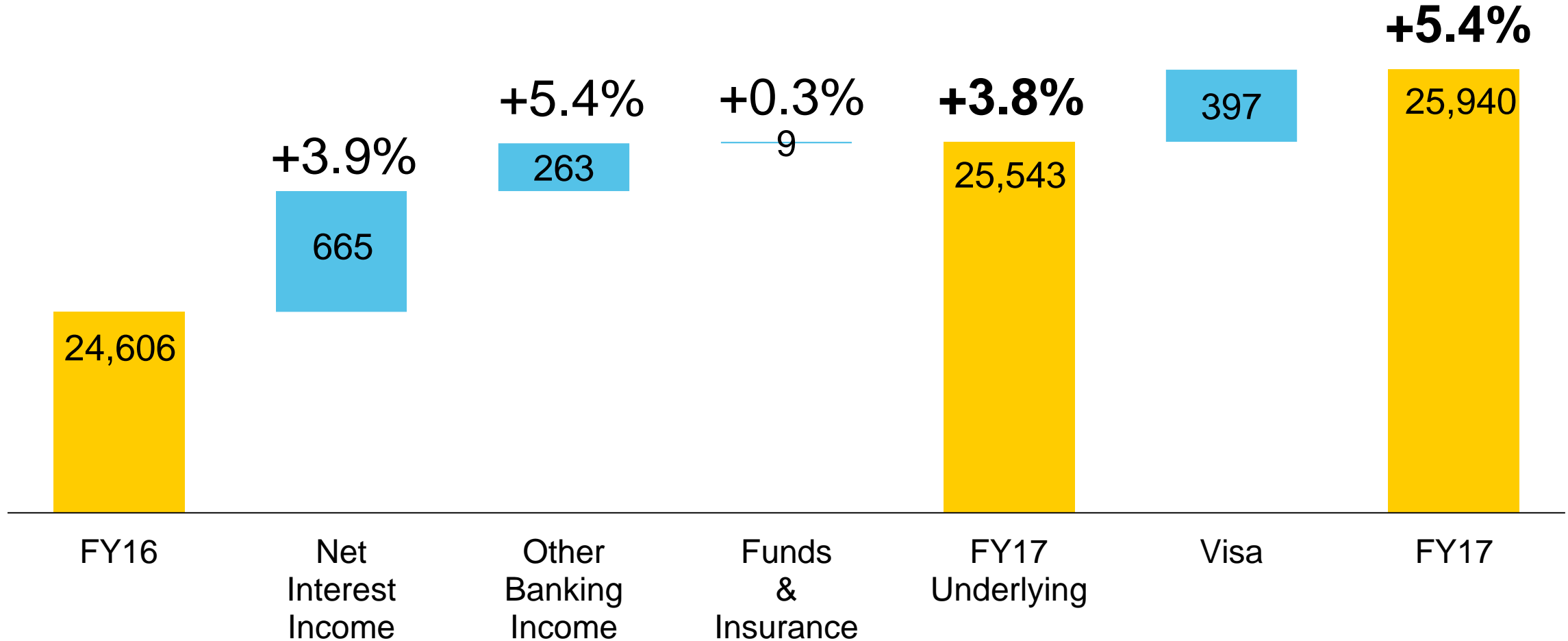
	\$m	Jun 17 vs Jun 16	Underlying ¹	
Operating Income	25,940	5.4%	3.8%	Ex Visa Volume Margin \$397m (1H17) ↑ 6% ↓ 3 bpts
Operating Expense	11,078	6.2%	2.4%	Ex Amort. Investment* \$393m (1H17) ↑ 35% (2H17)
Operating Performance	14,862	4.9%		* expensed
Loan Impairment	1,095	(12.8%)		Benign conditions (15 bpts in FY17)
Cash NPAT	9,881	4.6%		Tax rate 28.4% (FY16: 27.5%)

1. In order to present an underlying view of the result, FY17 growth rates have been adjusted to exclude a \$397m gain on sale of the Group's remaining investment in Visa Inc in Other banking income, and a \$393m one-off expense for acceleration of amortisation on certain software assets.

Underlying operating income **up 3.8%**

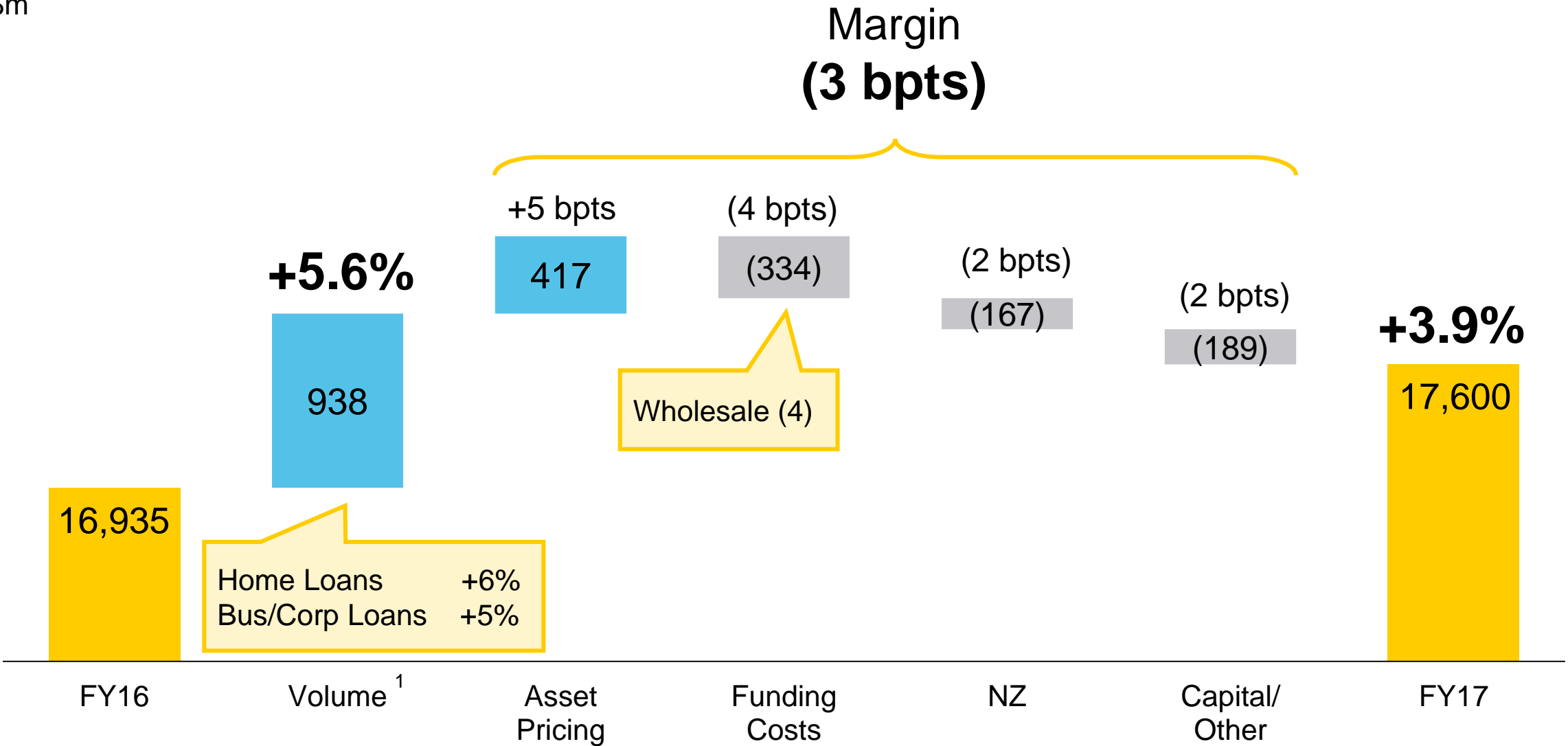


\$m



Net Interest Income – balancing volume and margin

\$m



1. Average interest earning assets

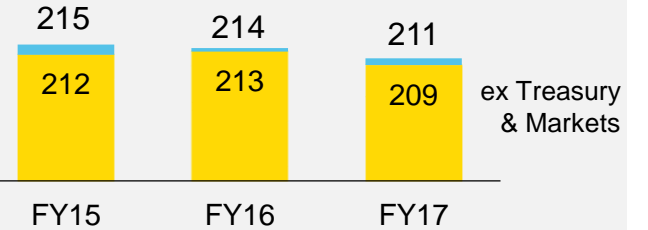
Margin flat this half or +2 bpts ex Treasury & Markets

bpts

Down 3 bpts over 12 months

+2 bpts

Group NIM



211



1H17

(1)

Business lending competition offsetting home loan repricing

Asset Pricing

3

Deposits

Funding Costs

1

Portfolio Mix

(1)

Capital & Other

213



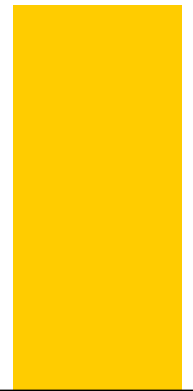
Sub Total

(2)

Liquids (3)

Treasury & Markets

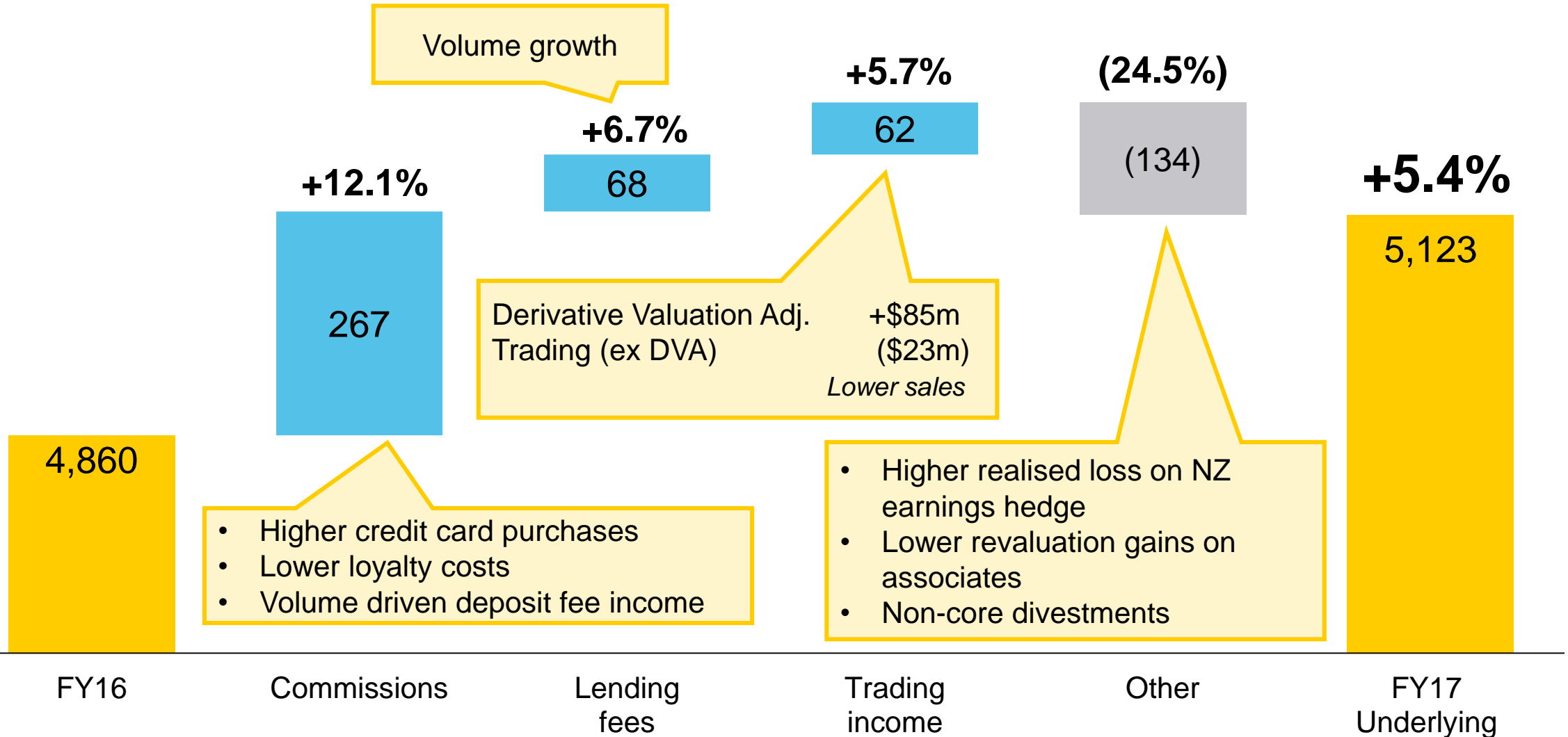
211



2H17

Other Banking Income¹ up 5.4%

\$m

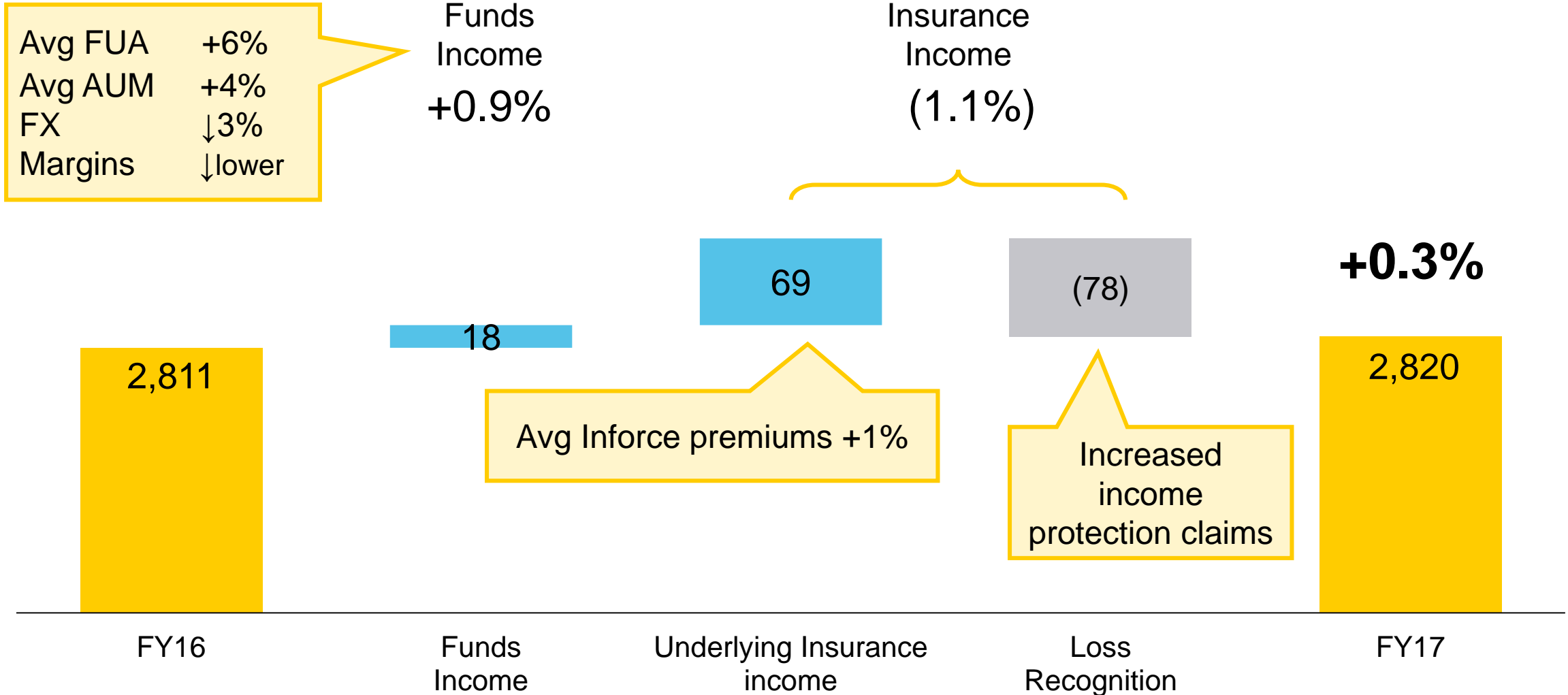


1. In order to present an underlying view of the result, FY17 figures have been adjusted to exclude a \$397m gain on sale of the Group's remaining investment in Visa Inc

Funds & Insurance income flat



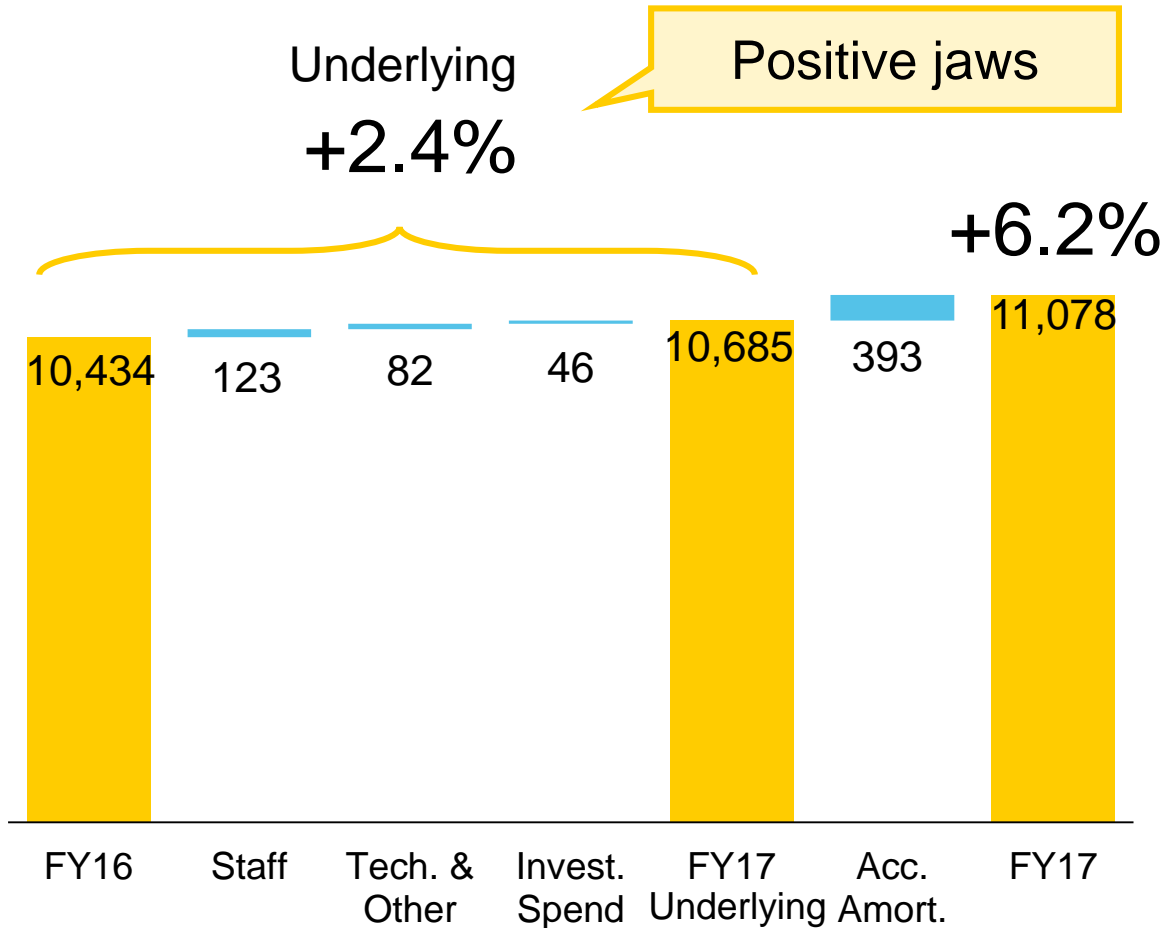
\$m



Managing costs whilst investing through the cycle

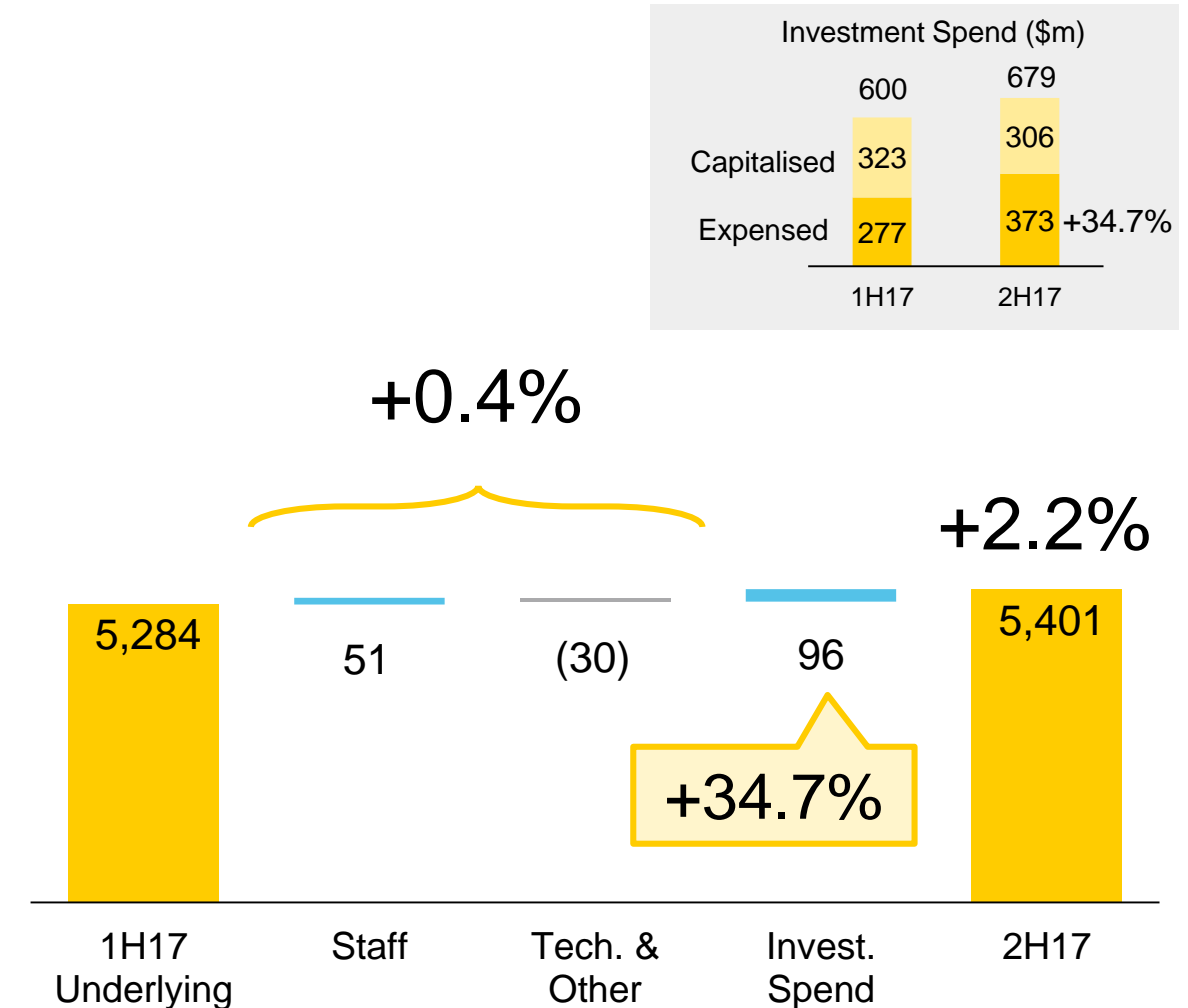
\$m

FY17 vs FY16



\$m

2H17 vs 1H17



Divisional contributions

FY17 vs FY16



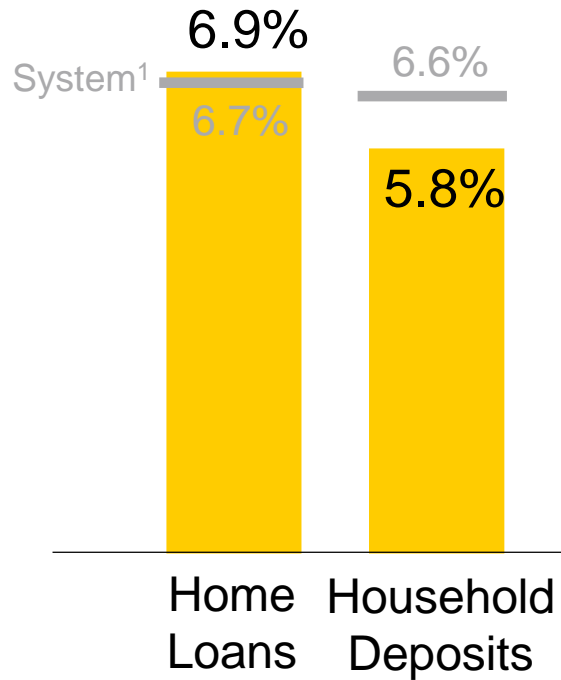
Business Unit ¹	% of Group NPAT	Operating Income	Operating Expenses	Operating Performance	LIE	Cash NPAT	Cost-to-Income FY17
RBS	50.2%	6.8%	2.3%	8.9%	5.4%	9.3%	30.8%
BPB	16.6%	3.4%	4.2%	2.8%	(58.0%)	7.7%	39.1%
IB&M	13.2%	(1.3%)	(0.9%)	(1.6%)	(74.6%)	9.7%	37.6%
Wealth	5.6%	(2.5%)	(1.7%)	(4.6%)	n/a	(9.6%)	70.9%
ASB ²	9.5%	4.8%	0.8%	7.1%	(46.9%)	13.0%	35.8%
BWA	7.1%	0.7%	2.7%	(0.7%)	large	(9.8%)	42.1%
IFS	0.9%	(0.8%)	(12.8%)	44.1%	(3.0%)	78.8%	69.4%

1. Excludes Corporate Centre and other 2. ASB result in NZD except for "% of Group NPAT", which is in AUD



Volume growth

12 months

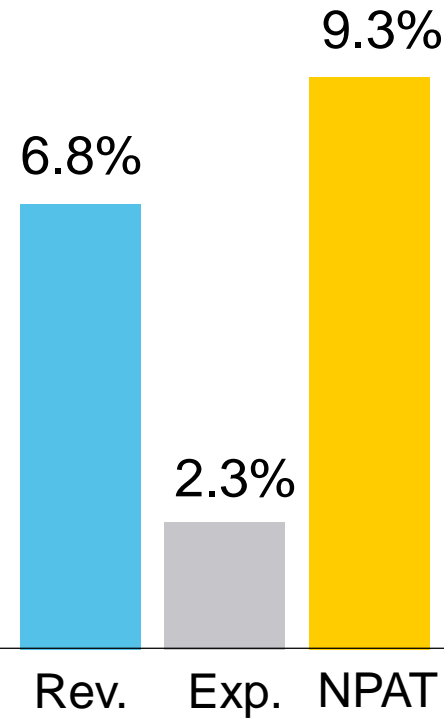


Margins

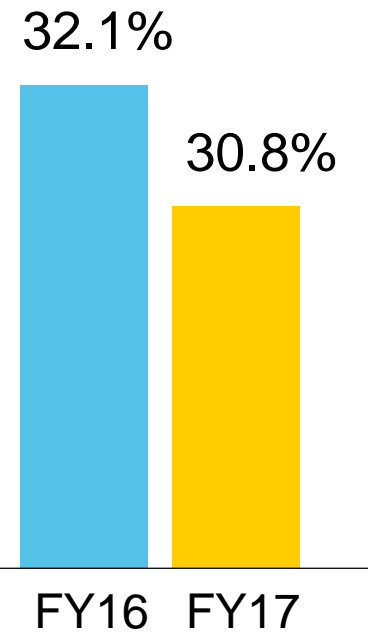
Home loan repricing and improved deposit margins in 2H17 partially offset by mix changes²



Revenue up 6.8%



Lower cost-to-income



1. Adjusted for new market entrants/reporting changes 2. Lower growth in consumer finance products

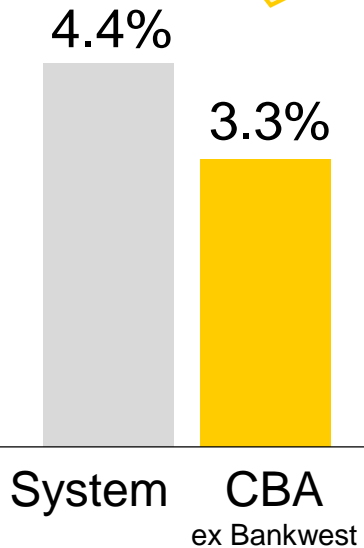
Corporate



Volume growth

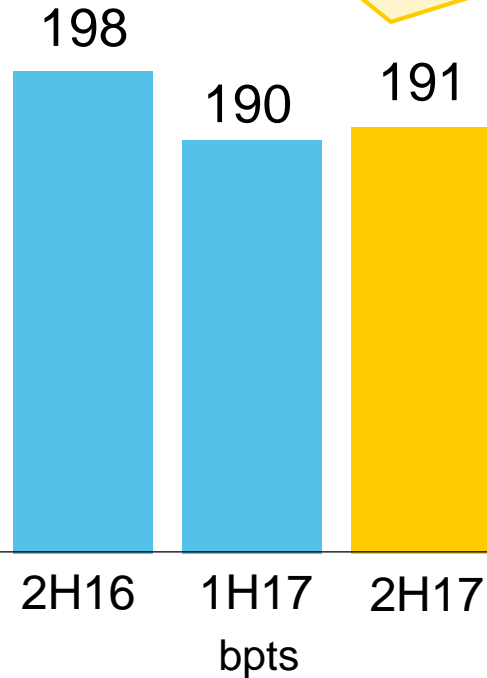
12 months

BPB +5.8%
IB&M flat



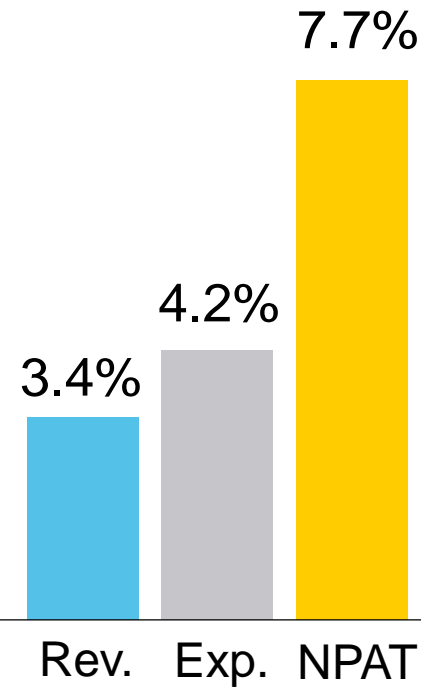
Margins¹

Favourable deposit mix in 2H17 offsetting lending competition and shift to fee-based products



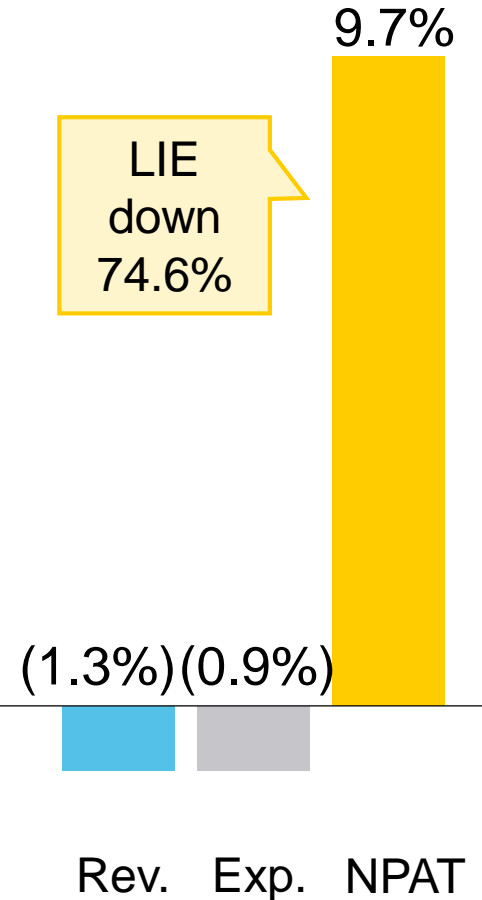
BPB - investment in the frontline

BPB



IB&M – low impairments

IB&M



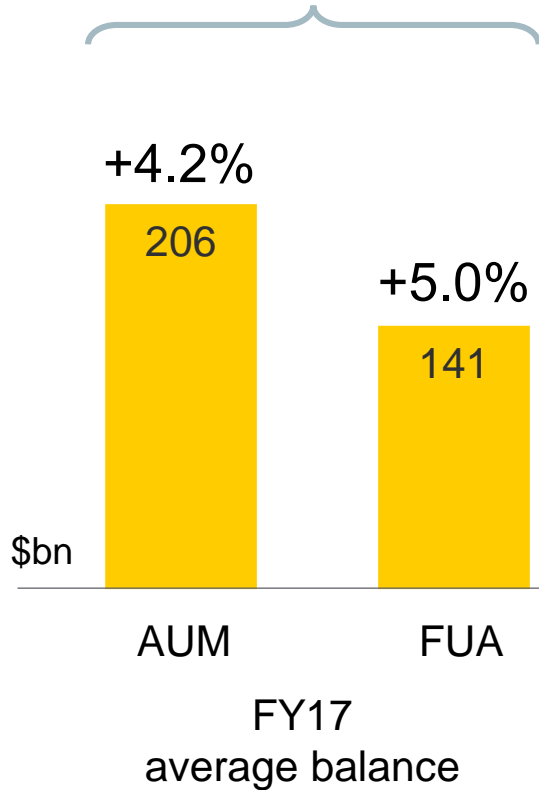
1. Combined Institutional Banking and Markets and Business and Private Banking

Wealth



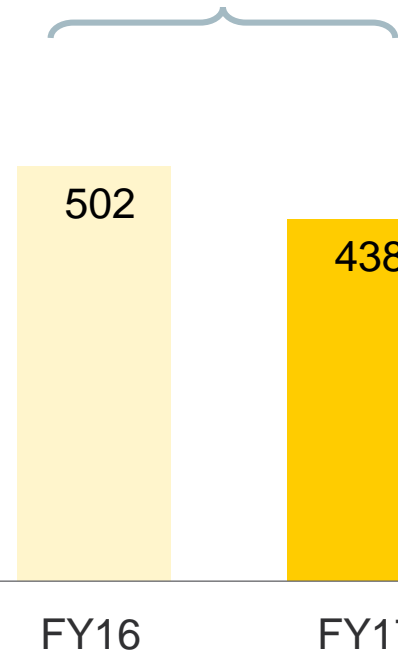
Funds

Offset by FX and lower margins
– mix and remediation

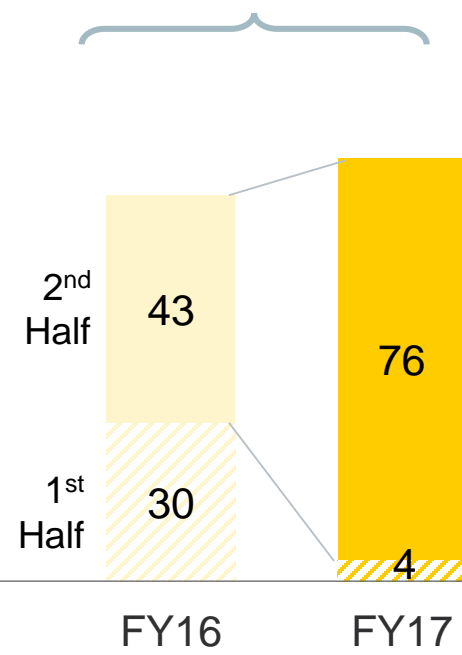


Insurance

Insurance Income
\$m
(12.7%)

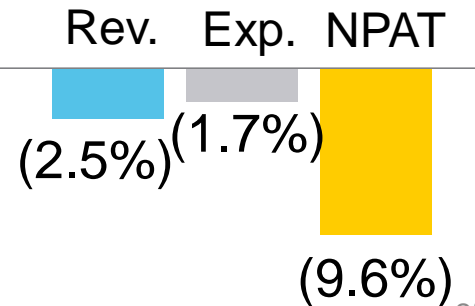


General Insurance
Net Event Claims \$m
+9.5%

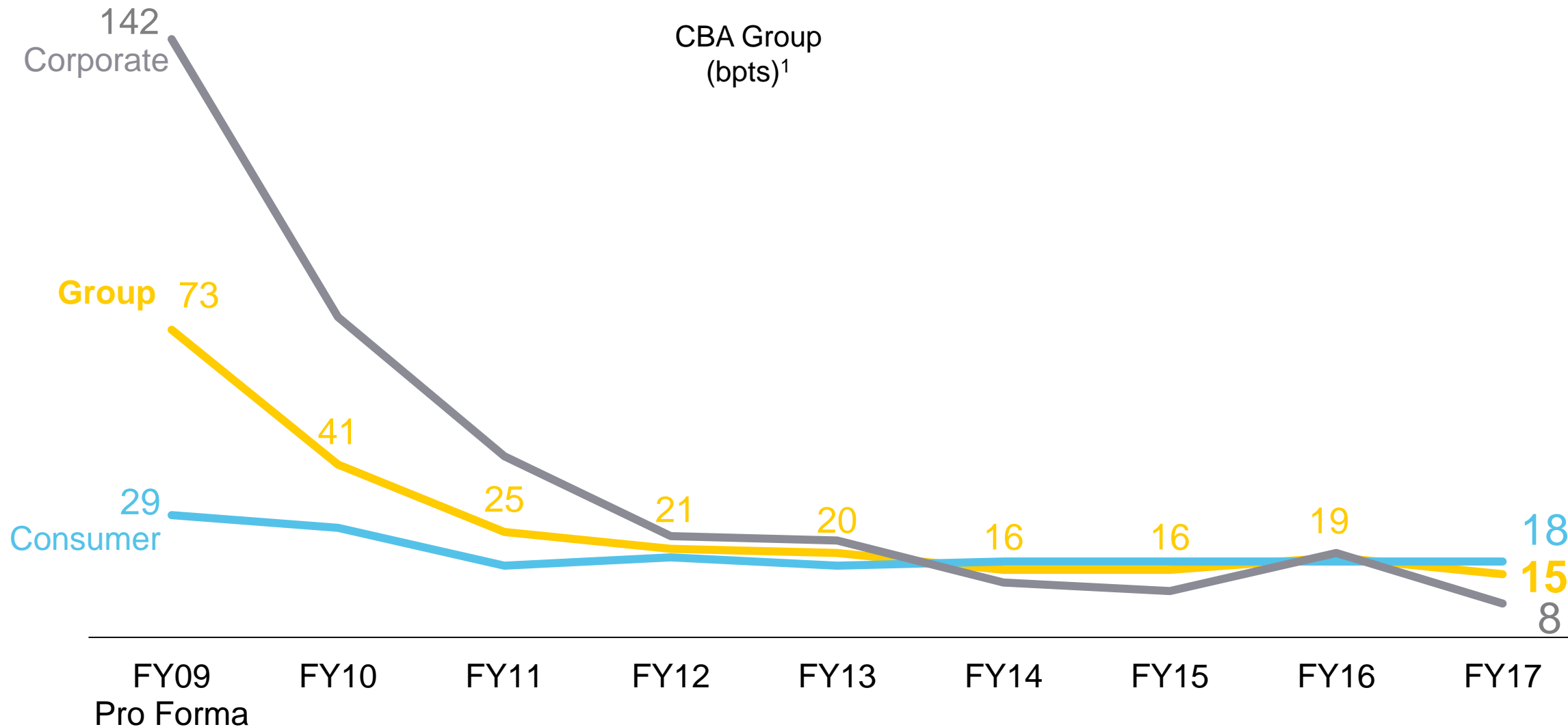


Profit lower

Includes higher
loss recognition
(+\$78m)



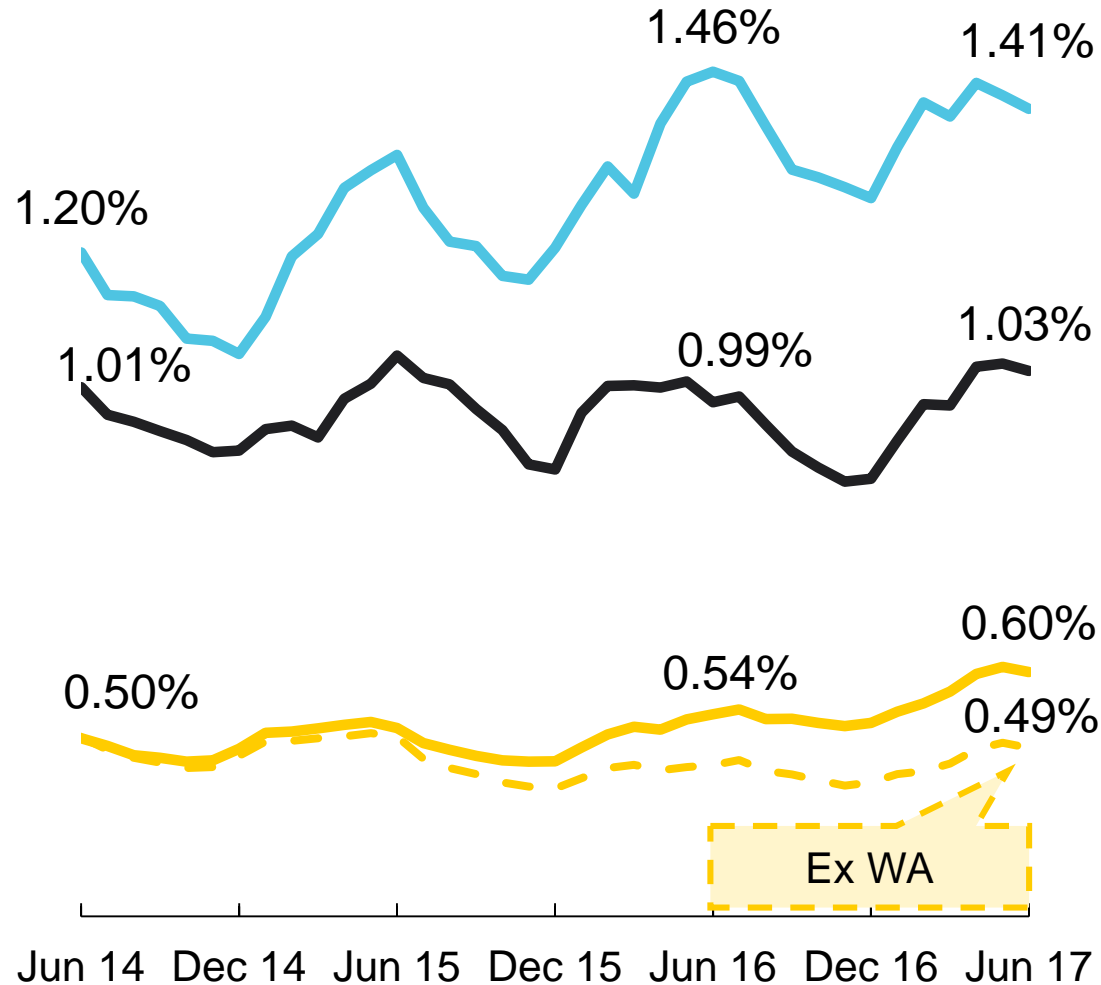
Impairment expense remains low



1. Cash LIE as a percentage of average GLAA (bpts). FY09 includes Bankwest on a pro-forma basis and is based on LIE for the year. Statutory LIE for FY10 48 bpts and FY13 21 bpts.

Consumer arrears

90+ days



Personal Loans

- Improving profile
- Remains elevated in WA

Credit Cards

- Seasonally higher 2nd half

Home Loans¹

- Remains low
- Elevated in WA (1.23%)²

WA Home Loans

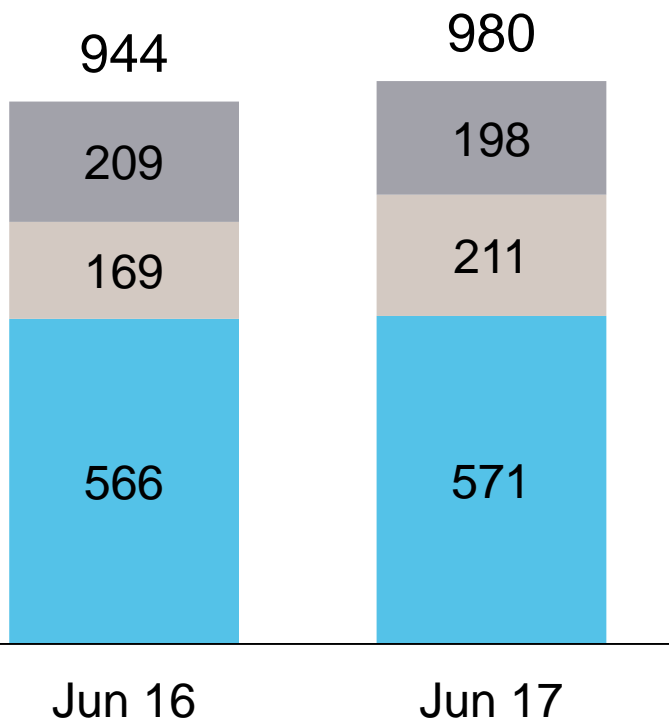
- Increased provisions
- Rigorous stress testing
- Credit policy tightening

1. Excludes Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans. 2. Excludes Line of Credit (Viridian LOC/Equity Line).

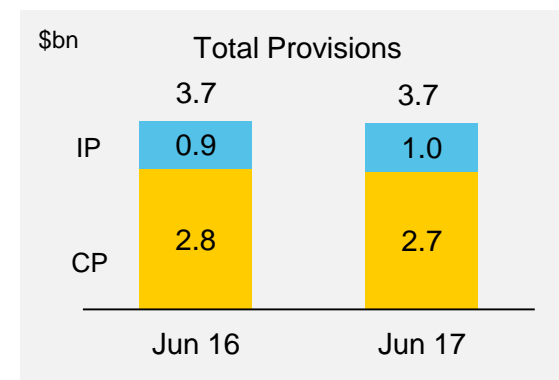
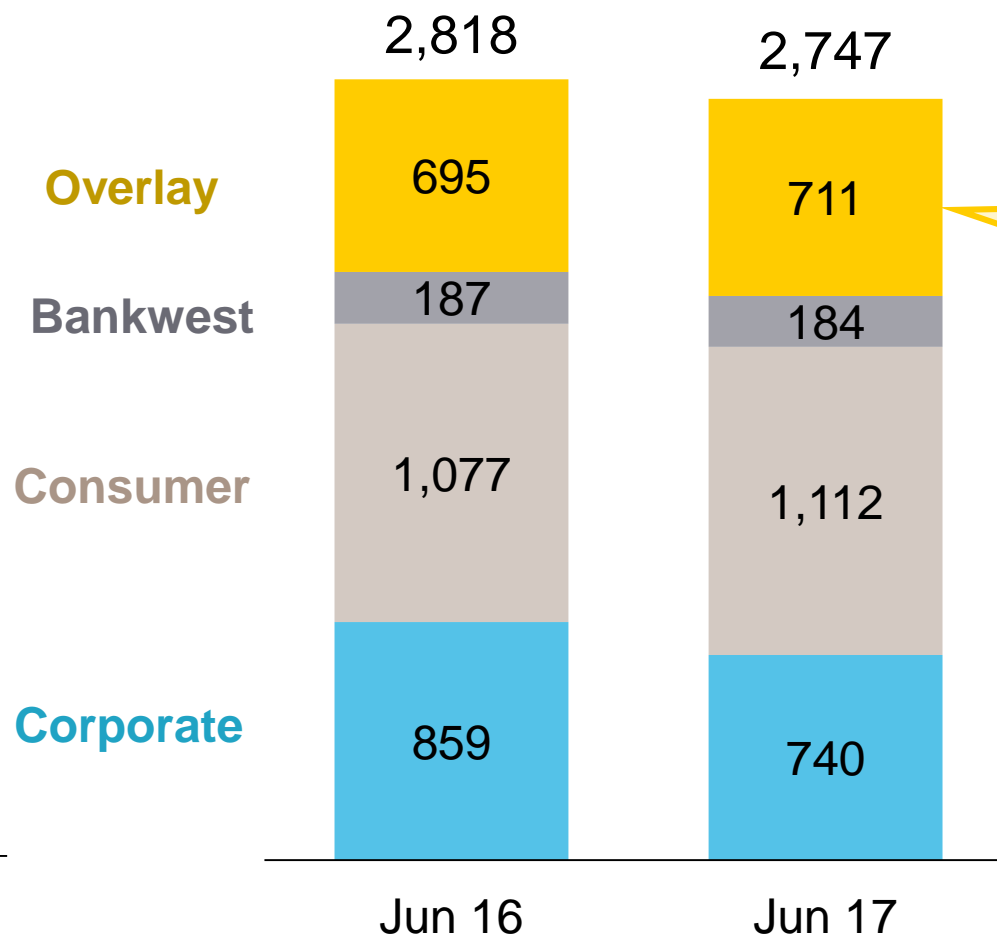
Total provisions of \$3.7bn

\$m

Individual provisions



Collective provisions



Economic overlay unchanged

Further **strengthening** our balance sheet



Deposit funding

67%

NSFR

107%

target range 108 - 110% (FY19)

Wholesale funding tenor – portfolio

4.1 yrs

Wholesale funding tenor – new

5.2 yrs

Wholesale funding – long term

60%

LCR

129%

target range 115-130%

RWA optimisation

+25 bpts

RWA¹ contribution to CET1 2H17

CET1 (APRA)

10.1%

APRA benchmark 10.5% by 1 Jan 2020

ROE (cash)

16.0%

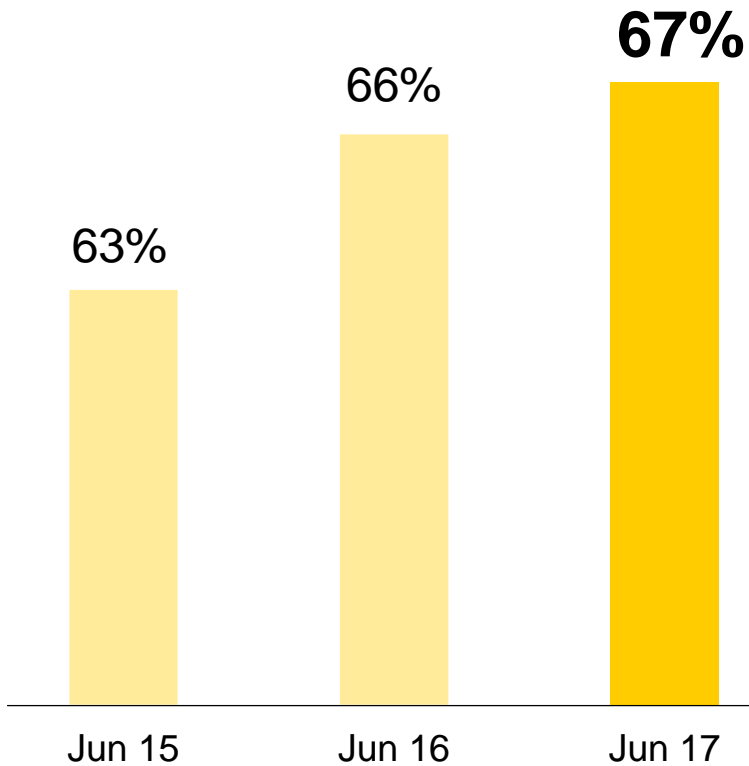
1. Underlying - excluding changes to regulatory treatments

Funding and liquidity



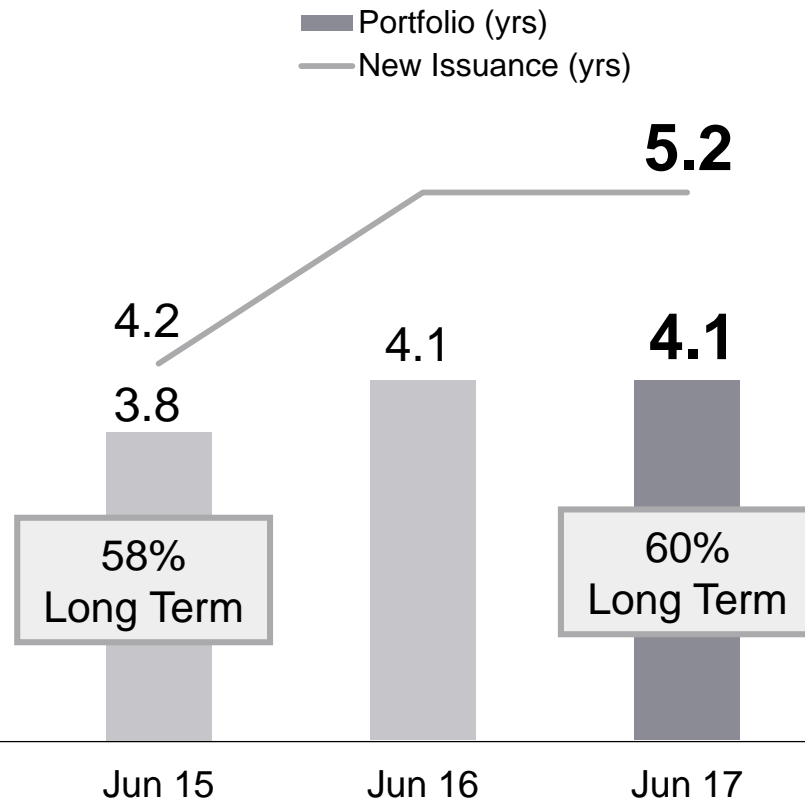
Deposit Funding

- Transaction account growth
- NSFR 107%



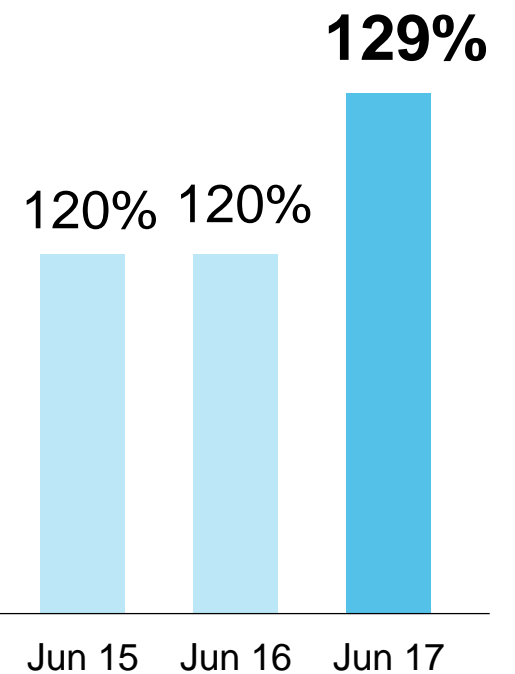
Wholesale Funding

- Lengthening portfolio
- More long term funding



LCR

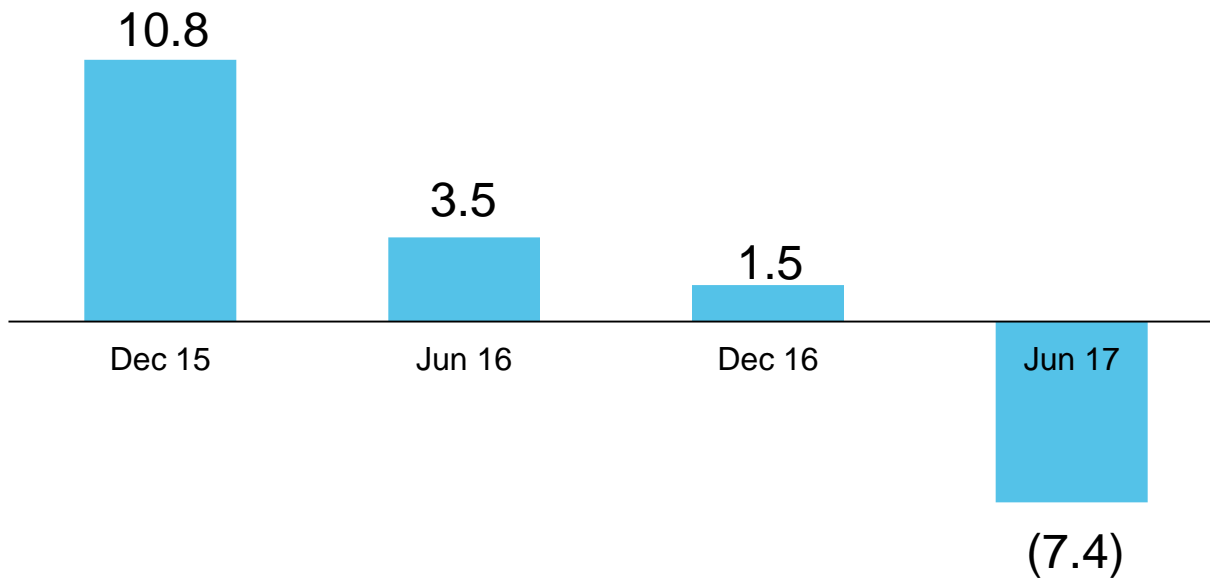
- Liquid assets increased
- CLF reduced



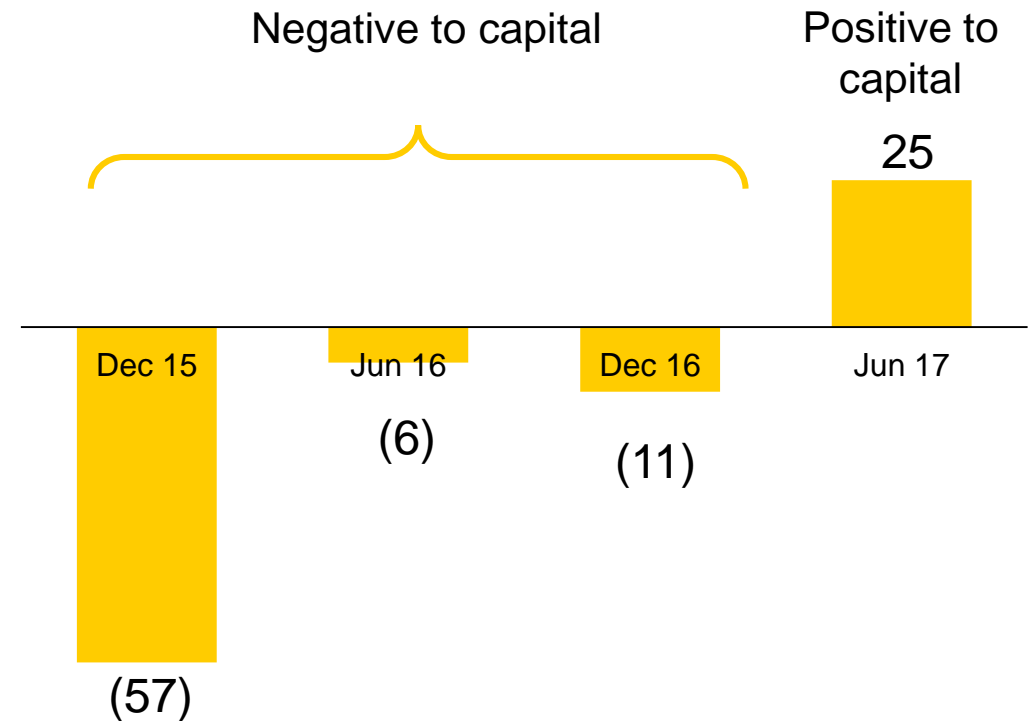
Optimising the balance sheet



Corporate Credit RWAs¹
Movement
(\$bn)



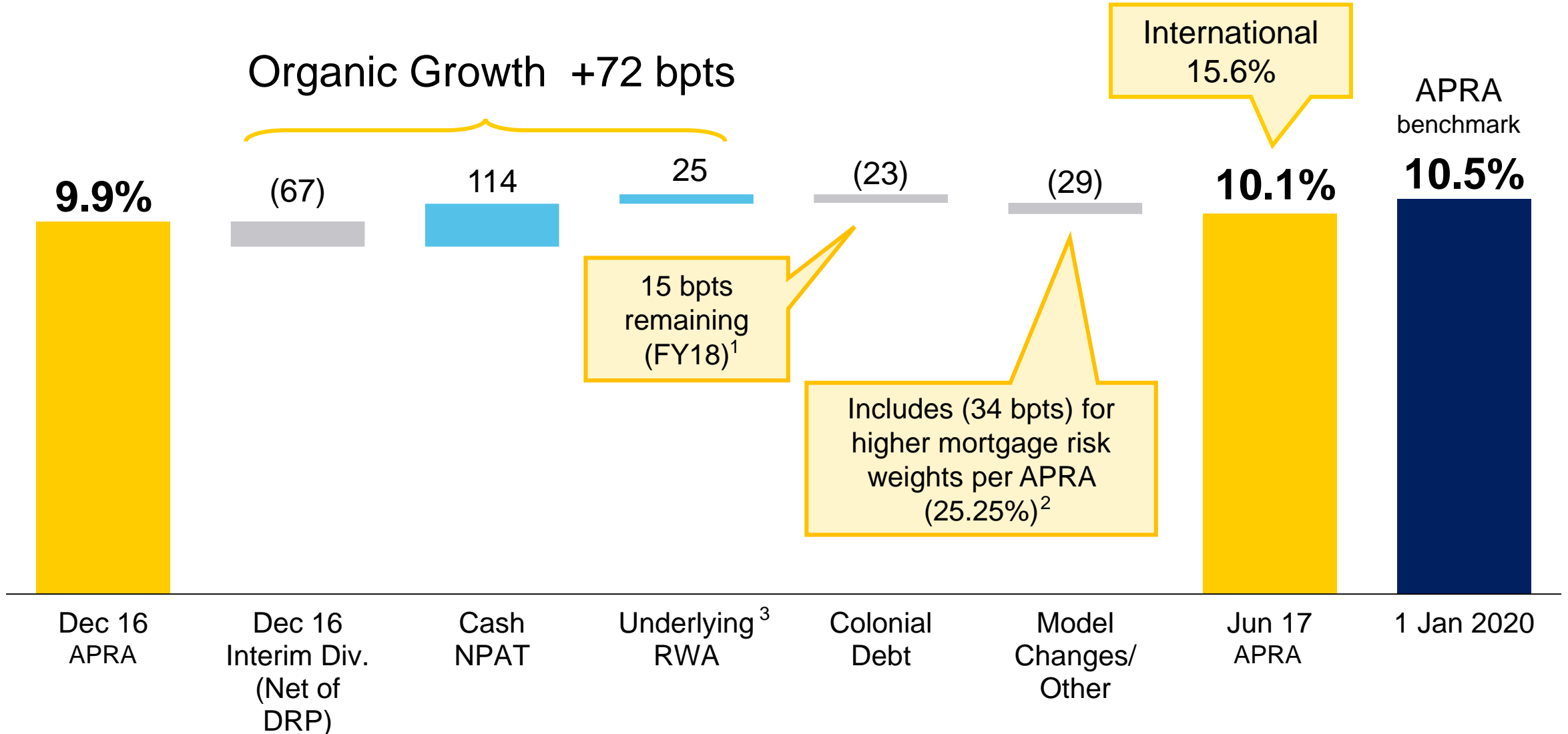
Group RWA²
CET1 (APRA) impact
(bpts)



1. Includes Advance IRB Corporate, SME Corporate and Specialised lending, excludes FX

2. Underlying - excluding changes to regulatory treatments

CET1 of 10.1% – organic growth +72 bpts



1. \$350m (8 bpts) on 28 Aug 17; \$315m (7 bpts) on 24 Jun 18

2. Consistent with APRA's requirement for an average mortgage risk weighting across all IRB ADI's of at least 25 per cent

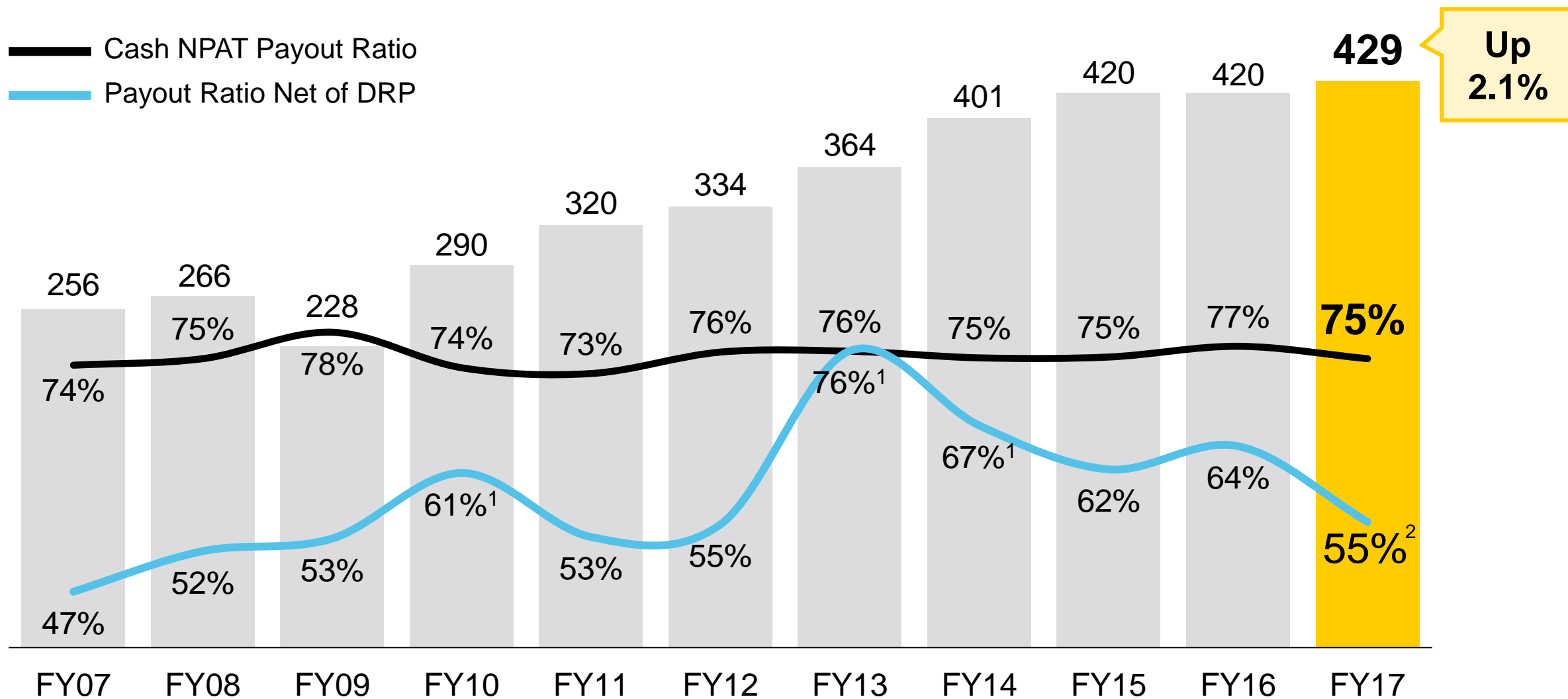
3. Underlying - excludes changes to regulatory treatments

Dividend

cents per share

— Cash NPAT Payout Ratio

— Payout Ratio Net of DRP



1. DRP Neutralised: 2H10, 1H13, 2H13 and 2H14

2. Assumes 2H17 DRP participation of 35%

Managing for unquestionably strong



↑ DRP 1.5% discount

↑ Organic generation *(average 52 bpts pa last 5 years)*¹

↑ Balance sheet optimisation

↓ Non-recourse debt *(-15 bpts in FY18 then completed)*

APRA
10.5%
benchmark

1. Represents cash NPAT less dividends (net of DRP), and movements in RWA (excluding impact of regulatory change)

Summary



- Continuing to leverage our customer franchise
- Strategic approach to costs and investment
- Adjusting for the environment
- Further strengthening our balance sheet

Outlook



- Economic indicators generally positive
- Ongoing concerns about job security, wage growth and cost of living
- Need continuing broad productive business investment – next wave post mining and construction investment
- For CBA, on-going focus on strength, customer engagement and technology, and more emphasis on productivity
- People the key

CBA overview

Our people and customers

- 51,800 people serving 16.6m customers
- #1 in retail customer satisfaction
- =#1 in business customer satisfaction
- #1 market share in home lending
- #1 market share in household deposits

Technology and innovation

- 1st Australian bank to go real-time, 24x7
- 15m customers using real time banking
- Digital >50% transactions by value
- #1 free financial app in Australia
- #1 internet customer satisfaction

Financial strength

- ~800,000 shareholders
- Total assets of \$976bn
- CET1 (APRA) 10.1%
- Underlying¹ cost-to-income 41.8%
- Deposit funding 67%

	Aust.	NZ	Other	Total
Customers	13.8m	2.3m	0.5m	16.6m
Staff	41.6k	5.7k	4.5k	51.8k
Branches	1,121	123	106	1,350
ATMs	4,398	427	166	4,991

Online Customers	6.2 million
Customer Sat.- Internet	#1
Logons per week CommBank app and Netbank	40 million
Online account opening Savings and transaction accounts	<3 minutes
CommBank app mobile users	4.4 million

Market Capitalisation	#1
CET1 - APRA	10.1%
CET1 - International	15.6%
Total Assets	\$976bn
Credit Ratings	AA-/Aa3/AA-

1. In order to present an underlying view of the result, FY17 growth rates have been adjusted to exclude a \$397m gain on sale of the Group's remaining investment in Visa Inc in Other banking income, and a \$393m one-off expense for acceleration of amortisation on certain software assets. Refer to the slide at the back of this presentation for source information

Customer focus



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



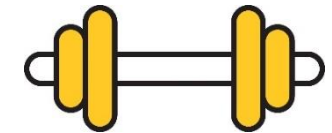
Technology



Productivity



Strength



Our
Growth
Opportunities

“One CommBank”

Continued growth in business and institutional banking

Disciplined capability-led growth outside Australia



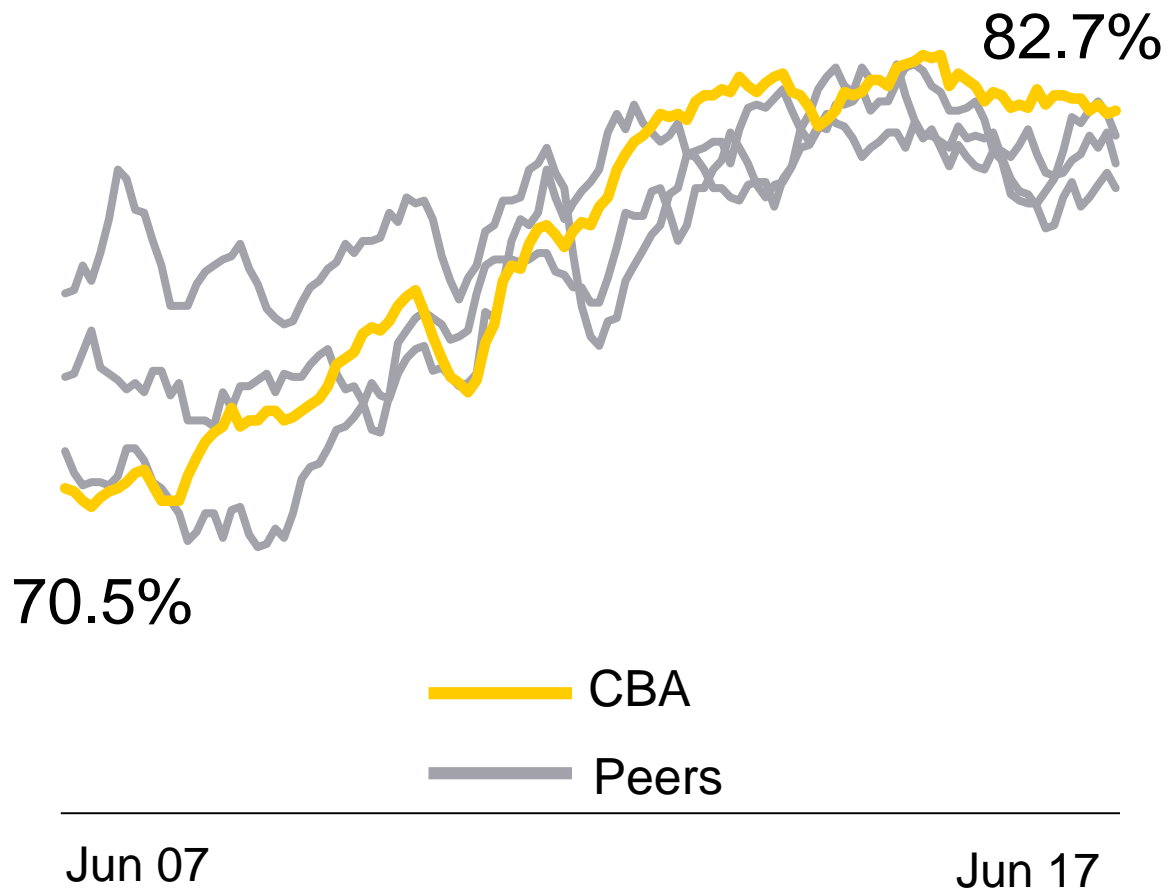
TSR Outperformance

Delivering for customers



Retail Customer Satisfaction

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



Customer Satisfaction Rankings

Business¹ = #1

Wealth #1

IFS #1

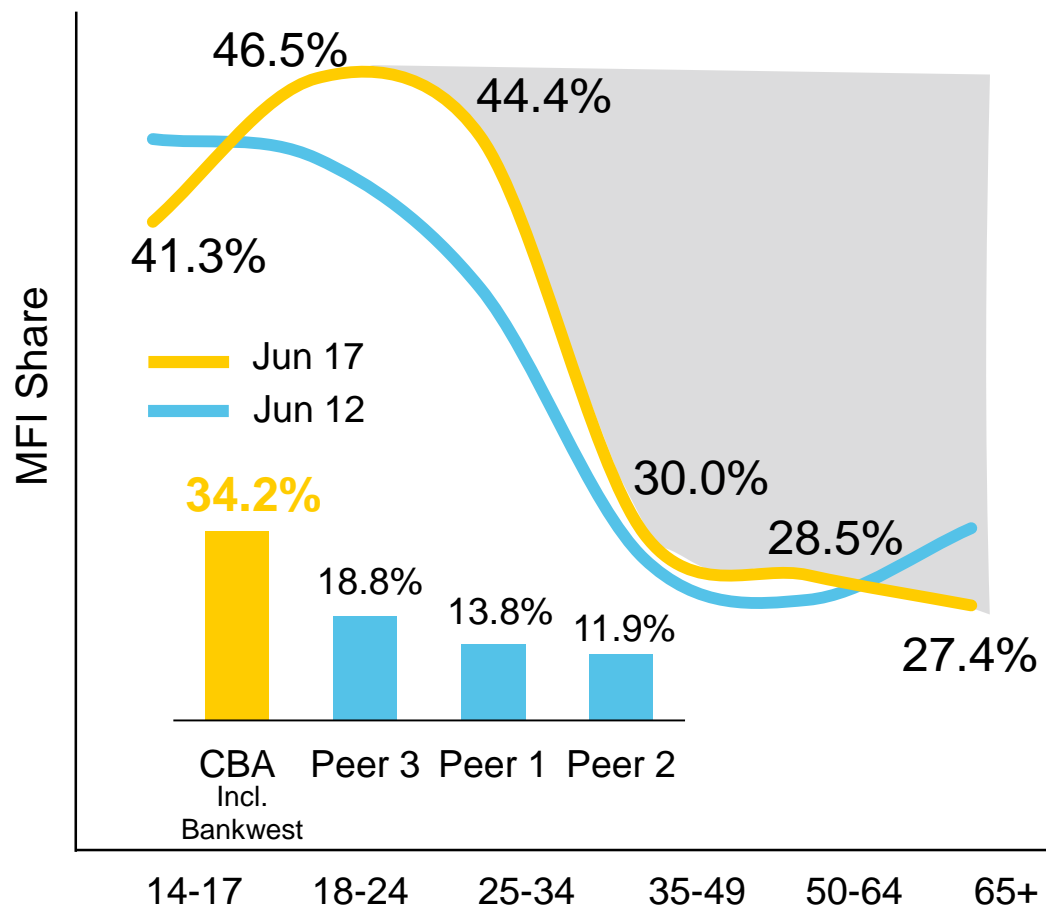
Internet #1

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.

Our customer franchise



Customer lifecycle by age

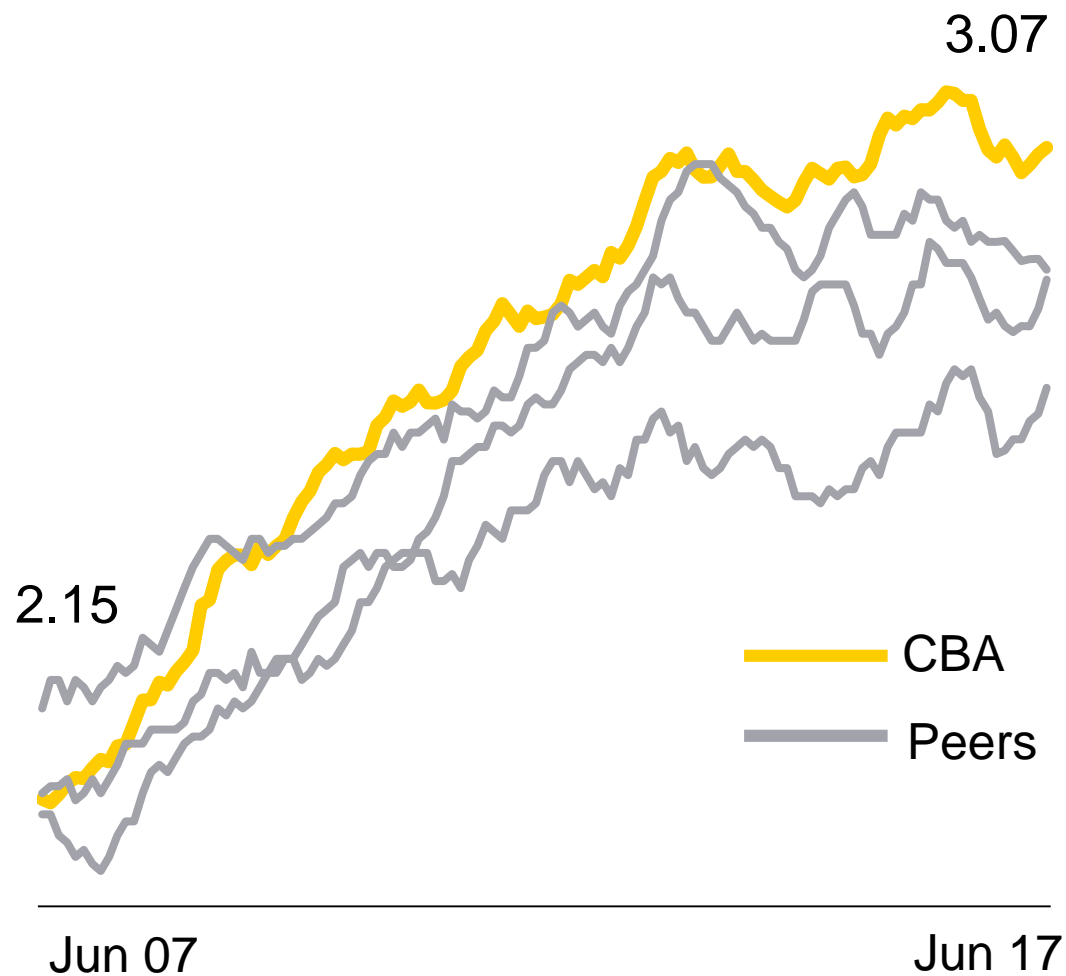


- ▶ Serving 16.6 million customers
- ▶ MFI for 1 in 3 Australians
- ▶ Leading market shares in home lending 25.2% and household deposits 28.8%
- ▶ Highest share-of-wallet amongst peer group (3.07 products per customer)

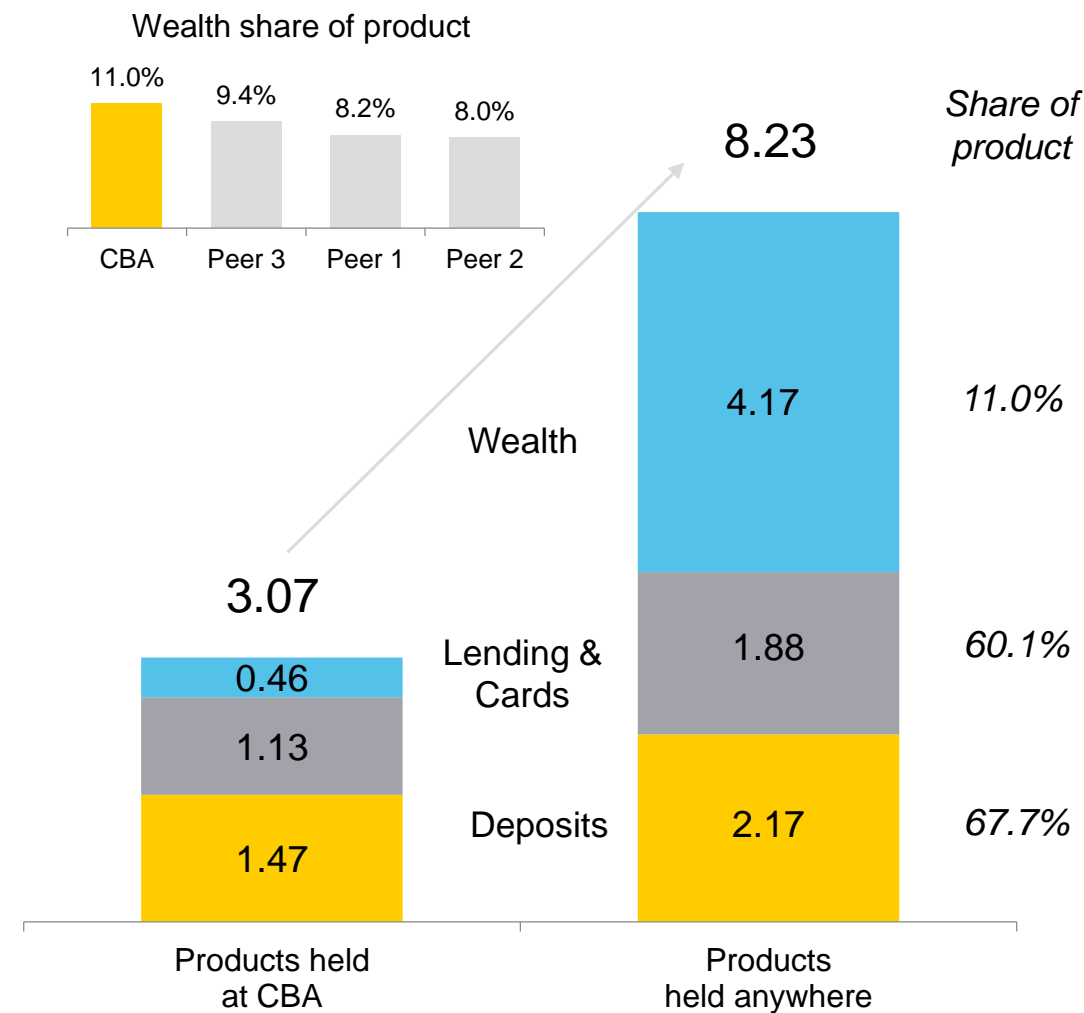
Customer needs met



Overall



Share of Product



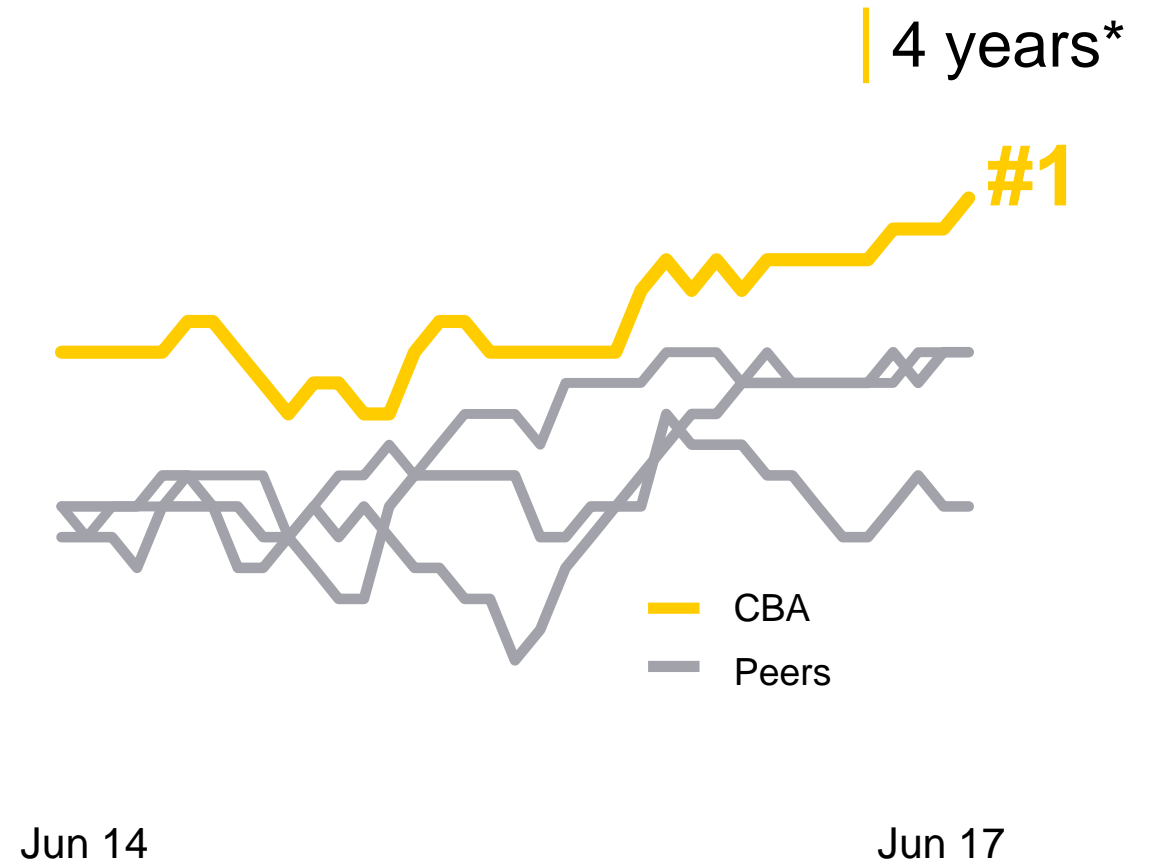
Delivering for customers – business



Customer Satisfaction (DBM)

Micro = #1
Small = #1
Medium = #1
Large #1

Customer Satisfaction (DBM, Large)

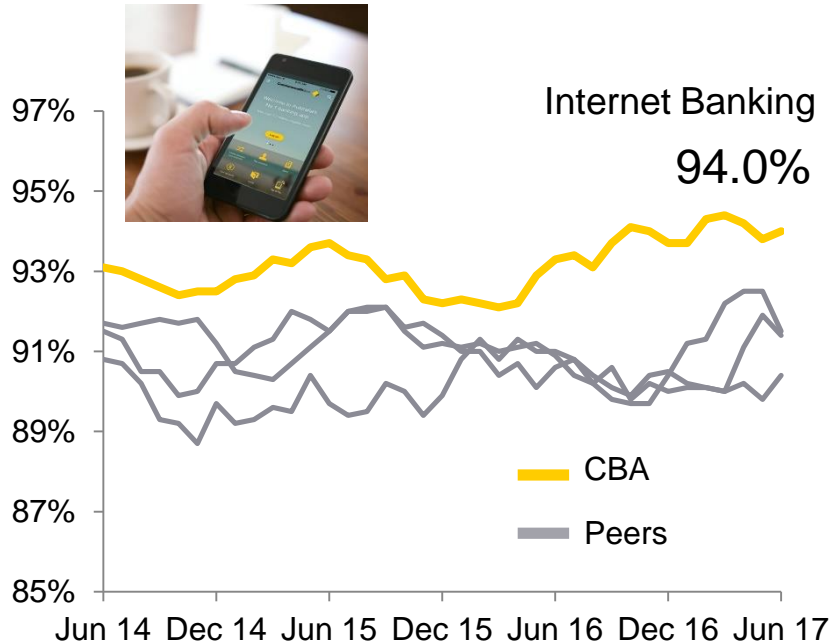


* Outright or equal 1st

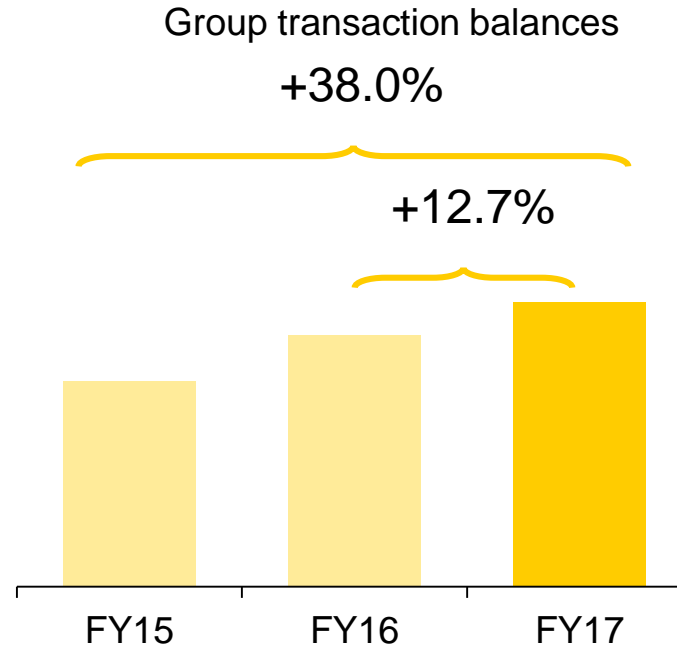
Australia's leading technology bank



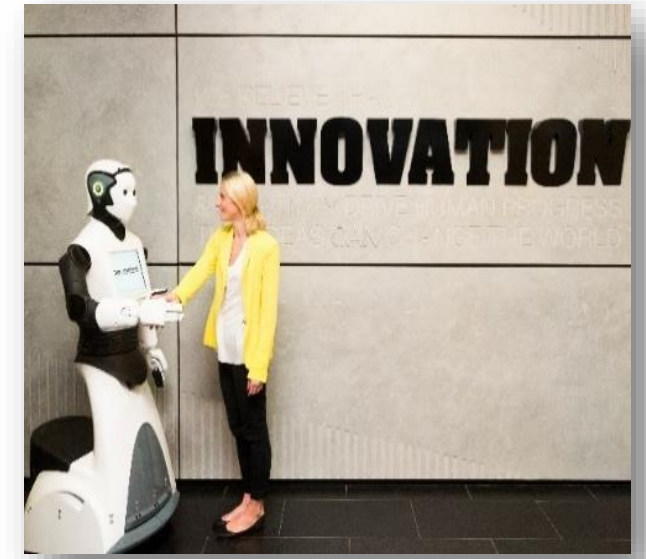
More satisfied customers



Leader in real-time



Forefront of innovation



- 6.2 million active online customers
- Digital >50% transactions by value
- #1 free financial app in Australia
- #1 internet customer satisfaction
- #1 on social media
- #1 online banking (Canstar) – 8yrs

- 1st Australian bank real-time, 24x7
- Real-time since 2010, used by 15 million customers
- Originate and transact in real time: anywhere, anytime, any device
- Strong growth driver - transactions

- Innovating across our business
- Collaborating with industry and the broader community on emerging technologies – quantum computing, blockchain, robotics etc

Innovating in Business – business insights

Daily IQ

Providing business clients with customised insights to enhance their financial success.

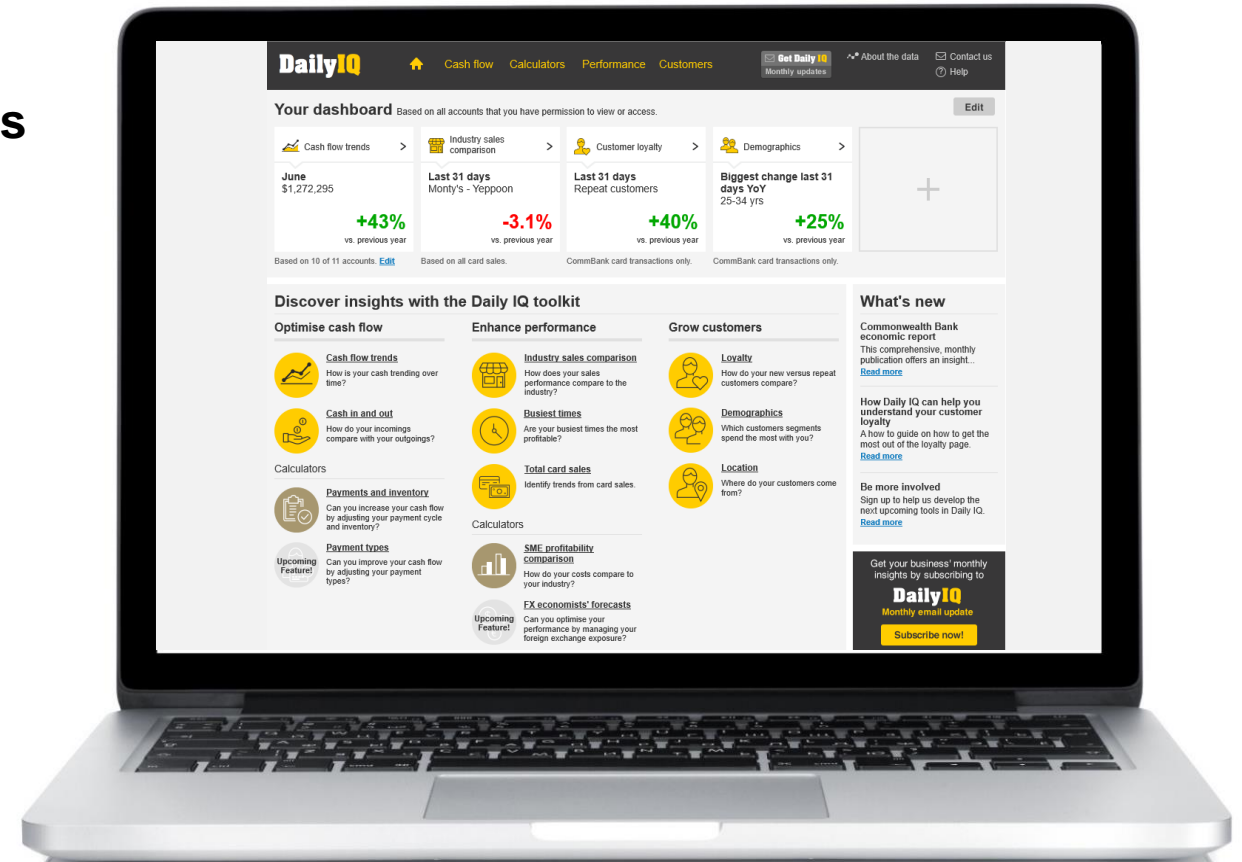
Daily IQ 2.0 enables clients to:

- identify opportunities to optimise their cash flow
- compare their key performance metrics to their industry
- identify business risks'
- discover more about their customers, including demographics, customer loyalty and spending patterns

MySkin Laser Clinics

Busiest Times data has assisted with optimising resources across all stores, making considerable savings to the bottom line.

“Daily IQ gave us the confidence to open a store in a new location knowing we already had clientele in the area.”



Over 230,000 NetBank and CommBiz users have 24/7 access to insights about their business through Daily IQ

Business & Private Banking



Investing in people



- 100 new business banking staff in key growth locations across Agri, Health, Professional Services and Not-for-Profit sectors

Investing in technology



- 250% increase in client contact volume over last 6 months
- Best-in-class sales tools and training programs

Investing in products

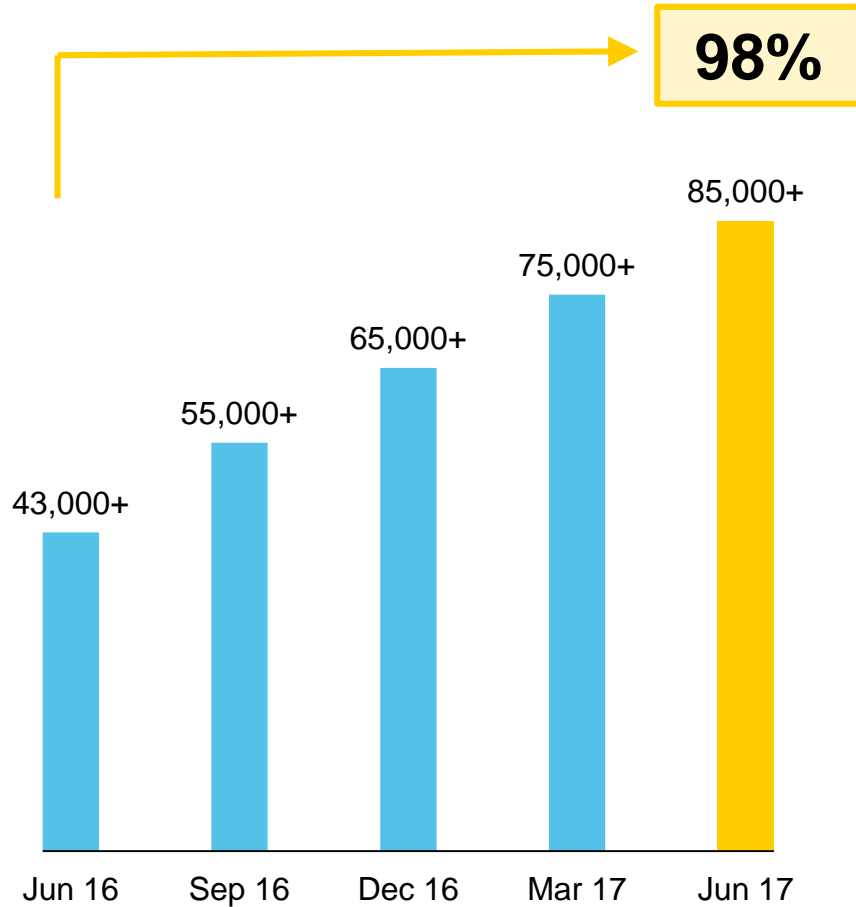


- >80% of BBL¹ now digitally enabled via NetBank and CommBiz
- >85% of BBL re-draws completed online
- MRL² now digitally enabled via CommBiz (including multiple self-service capabilities)
- SmartSign – 80% of Asset Finance customers can sign documents online and be funded within 2 hours

Innovating in Albert



Number of devices



85,000+
devices

64% new
merchants to CBA

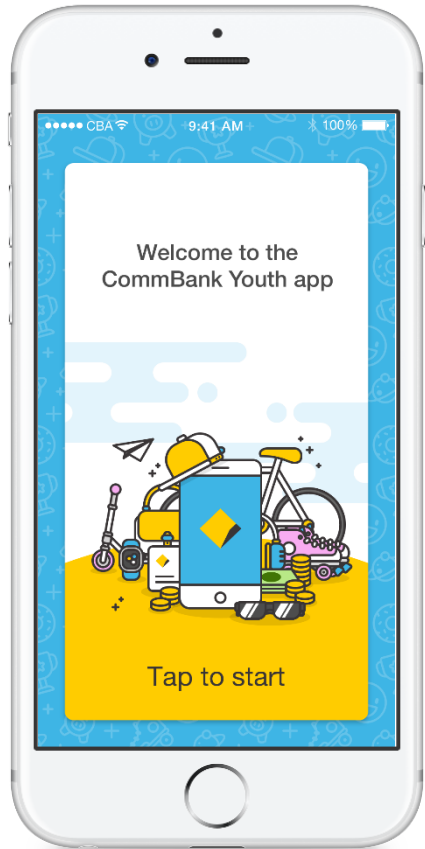


44
apps in total

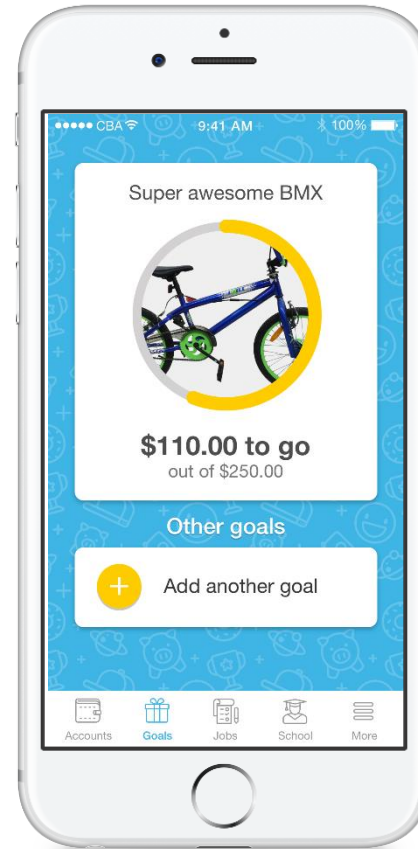
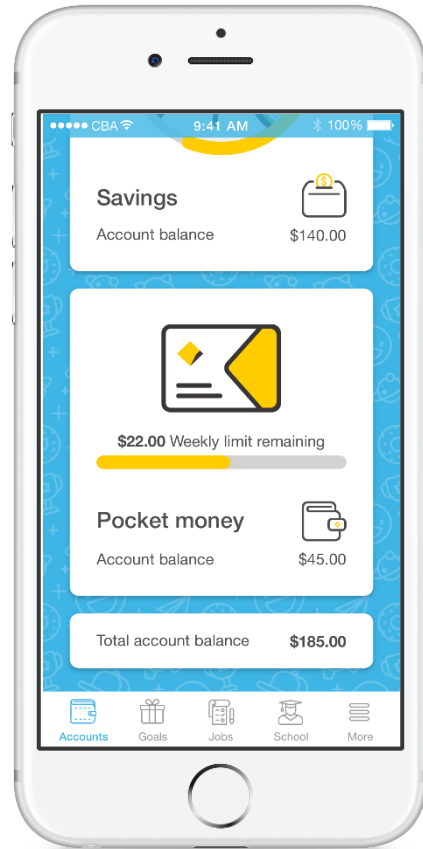
18
new apps in FY17

Innovating in retail – Youth app

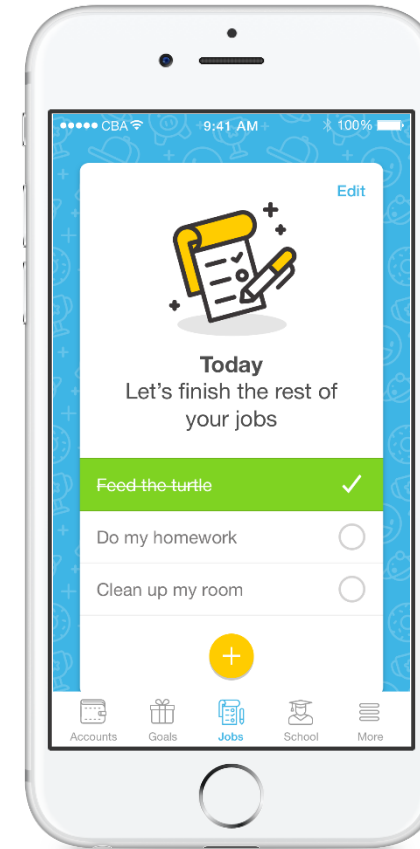
A fun and safe way to help younger customers to save and spend responsibly



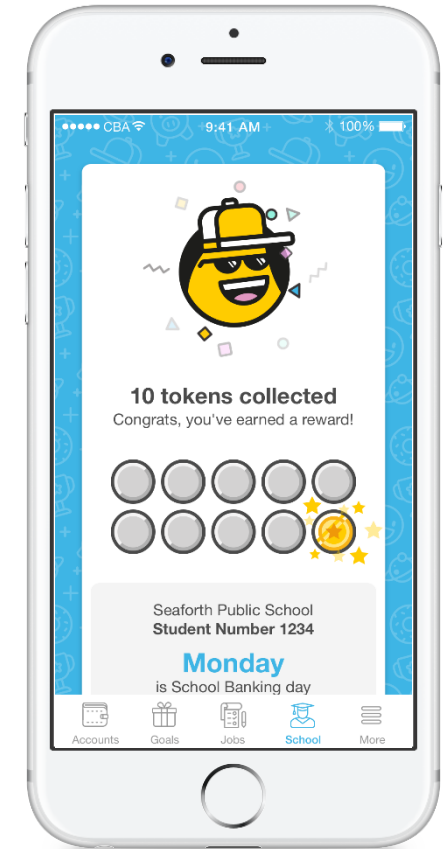
View accounts & balances



Set savings goals



Set and complete jobs



View School Banking tokens

22,222 downloads and **7,764** registrations since launch Apr 17

Innovating in Wealth - simplicity

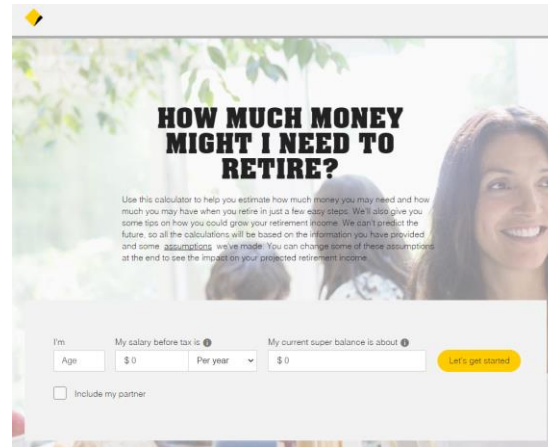


Retail Life Insurance



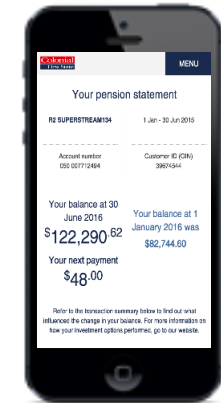
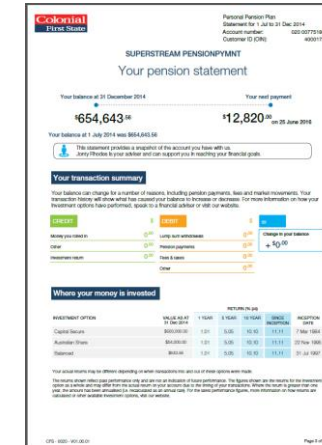
Enhancing the underwriting process by offering customers tele-interviewing to obtain cover in a single transaction over the phone

CBA Retirement Calculator



Customers can now estimate and better understand their retirement income and receive tips on how to make it grow. Over 47,500 visitors since launch.

CFS Pension Statements



New online statements provide more personalised content with suggested actions, delivered with increased online security and accessible via any device

Innovating in IFS



South Africa

Money Transfer



- On the spot account creation via 710 self-service kiosks (Pick n Pay and Boxer stores)
- Launched May 2016
- 9 months from concept to rollout
- 4 minutes to on-board new customers
- \$4 on-boarding cost per customer

Key Partnerships



- 10 year partnership
- 1,000 locations
- 10 million loyalty customers
- 10,000 till points



- Broad based local ownership
- 10% future shareholder in CBA South Africa

Indonesia



- On the spot account creation, card issuance
- Identity/authentication - local ID card reader
- Debit card activation through attached POS

Collaborating on emerging technologies



Developed a **Quantum computer** simulator to create quantum software before the hardware has been built

First to enable **Mobile to mobile payments** between Australia and the UK, in partnership with Barclays

Collaborating with Stockland, University of Technology Sydney and the Australian Technology Network of Universities research into **Social robotics**

Payment partnerships

Australia's first MoU with Alipay to enhance the payment experience for Chinese tourists

Blockchain trade

World first global trade transaction between two independent banks using blockchain

Card innovation

Pilot use of a credit card for travel on Transport for NSW services

Cryptobond

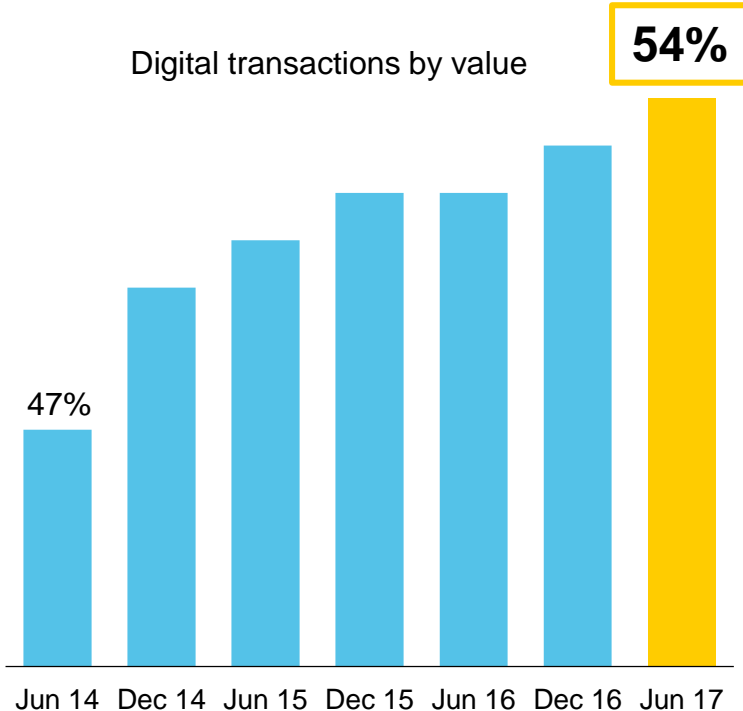
World first government bond issued using blockchain with Queensland Treasury Corporation



Delivering for customers – real time, digital banking

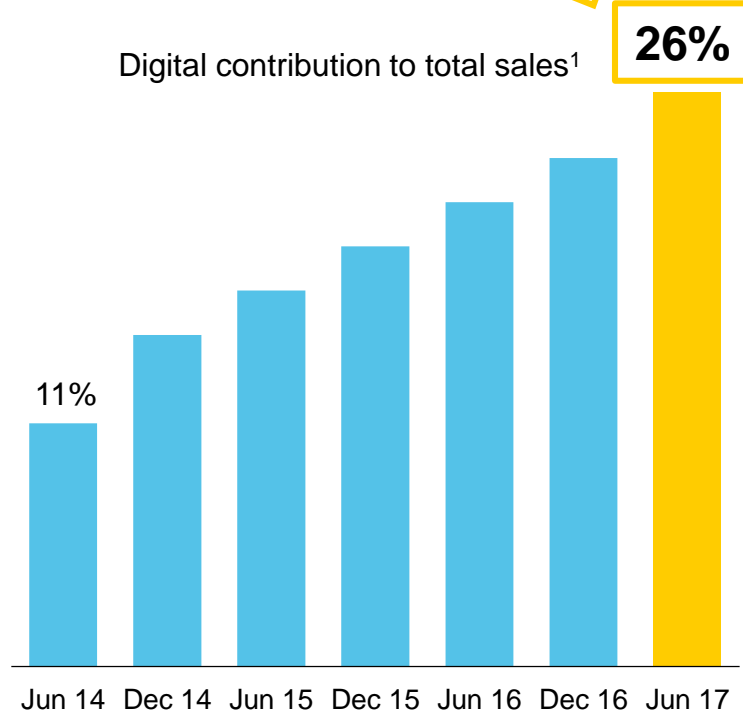
Digital - transactions

54% of all transactions by value now digital



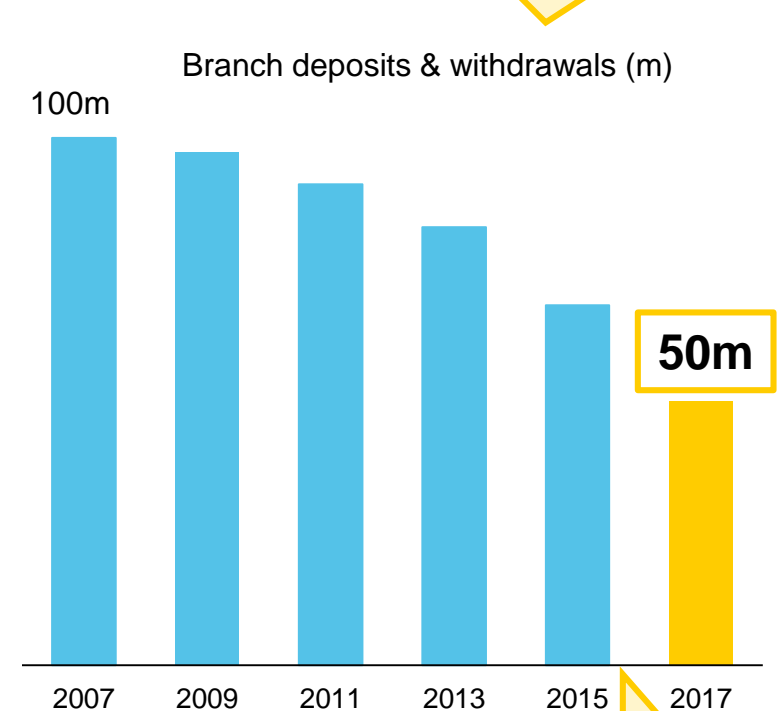
Digital - sales

26% of retail product sales now digital



Repositioning branches

50% smaller footprint – 226 locations



Real time banking – originate and transact in real time – anytime, anywhere, any device

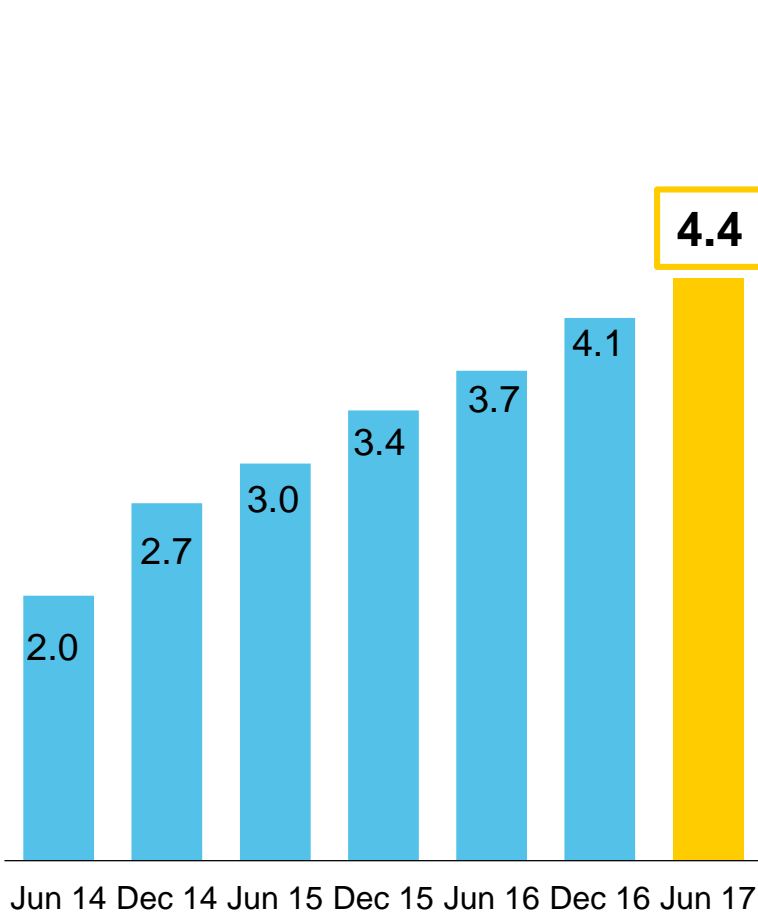
1. Quality new accounts (QNA) for key products originated end-to-end including deposits, credit cards, home loans, personal loans, insurance and business accounts. QNA demonstrates certain types of transactional activity such as deposits, loan repayment deductions etc.

The digital revolution – customer take-up



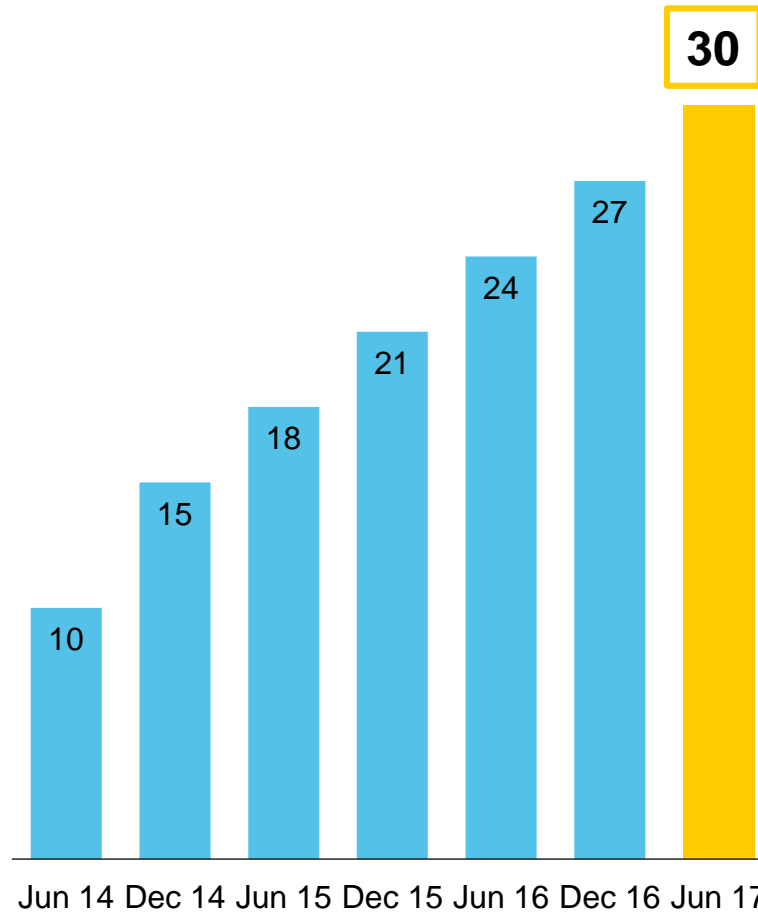
CommBank app users¹

Monthly unique customers (m)



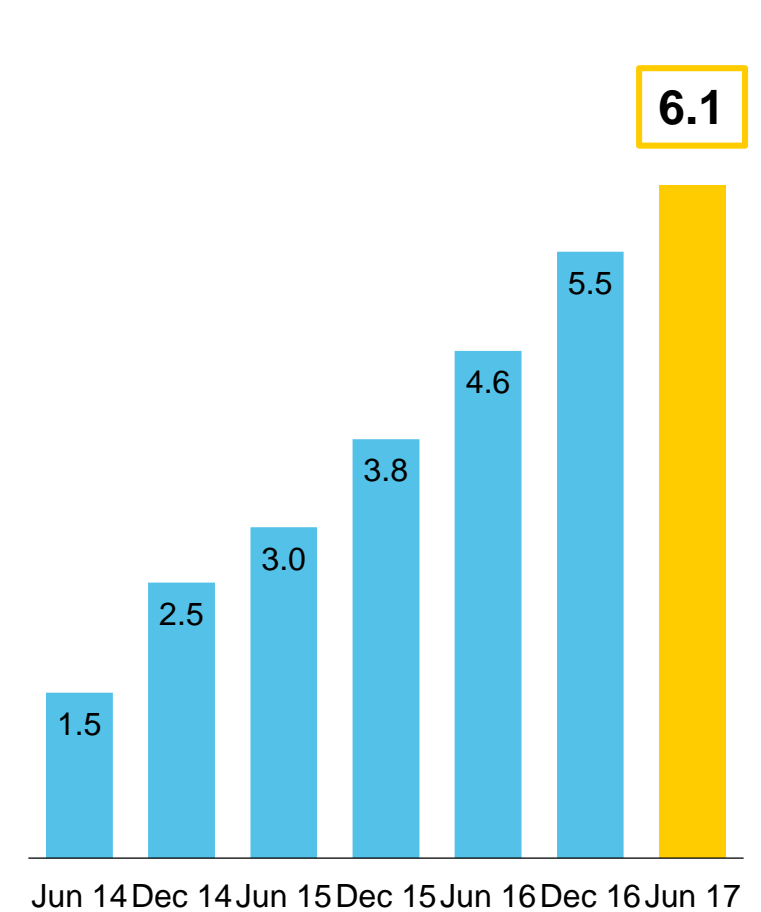
CommBank app

Logons per week (m)



CommBank app

Transactions per week (\$bn)²



Data refers to CommBank app mobile users

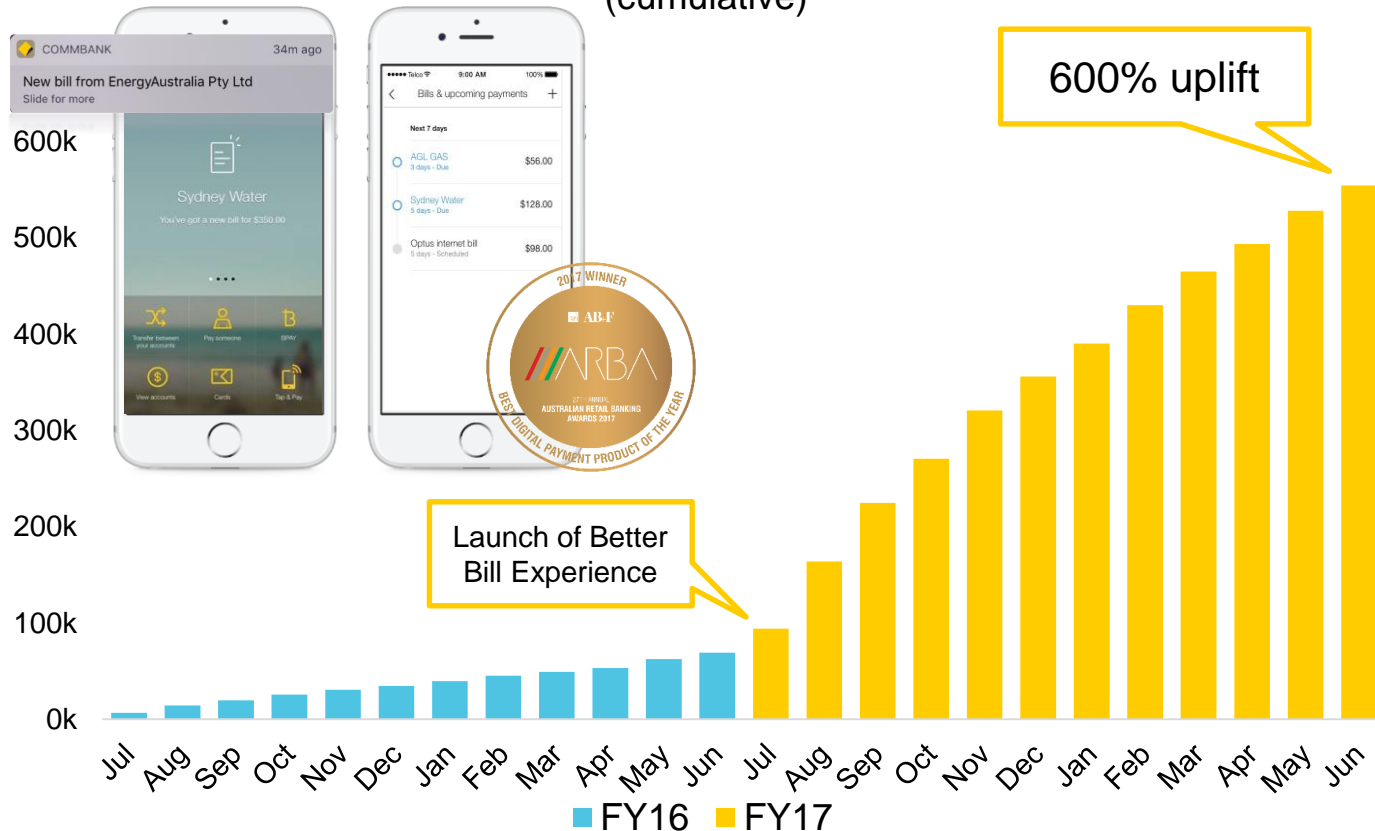
1. Monthly unique users of the CommBank app, defined as anyone who logs into the app for the month 2. Includes BPAY

The digital revolution – transaction migration



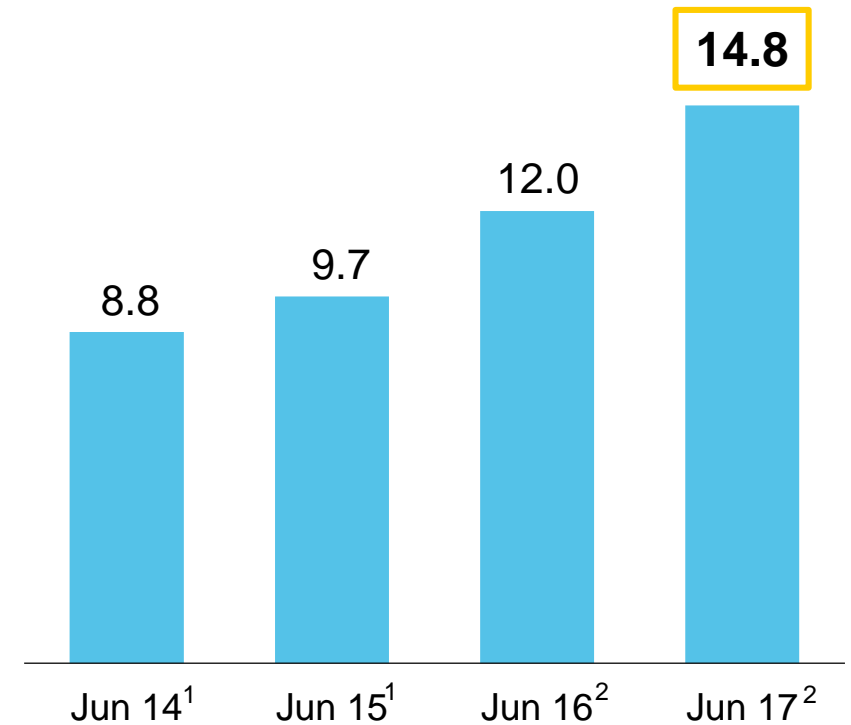
A better bill experience

New bill registrations
(cumulative)



Accounts with e-statements

Total Accounts with e-statements
(m)



- Photo-a-bill launched May 2016
- Pre-populate BPay
- Bills sent directly to app or NetBank

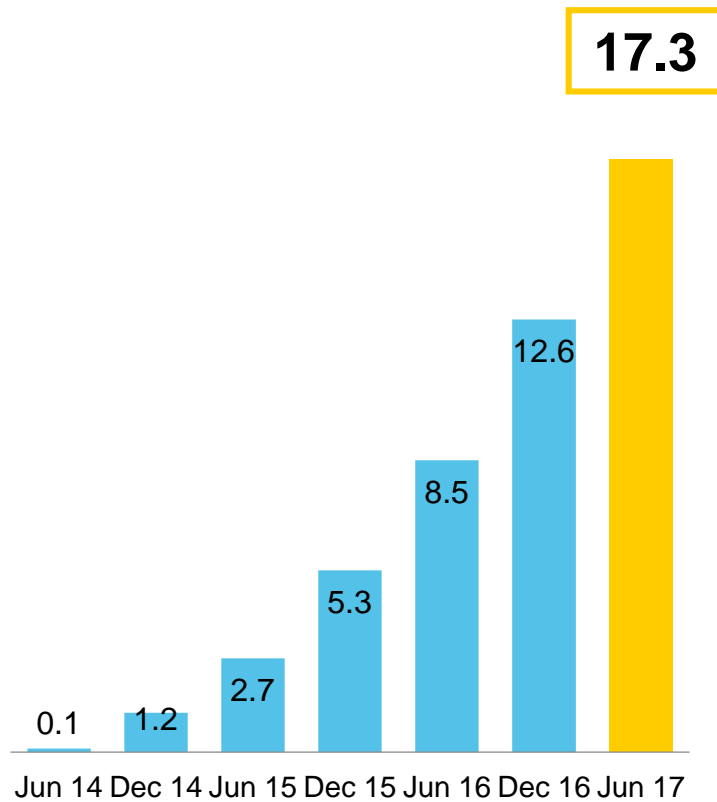
1. Credit Card, transaction and savings accounts
2. Credit card, transaction, savings, personal loans, home loans

The digital revolution – customer experience & security



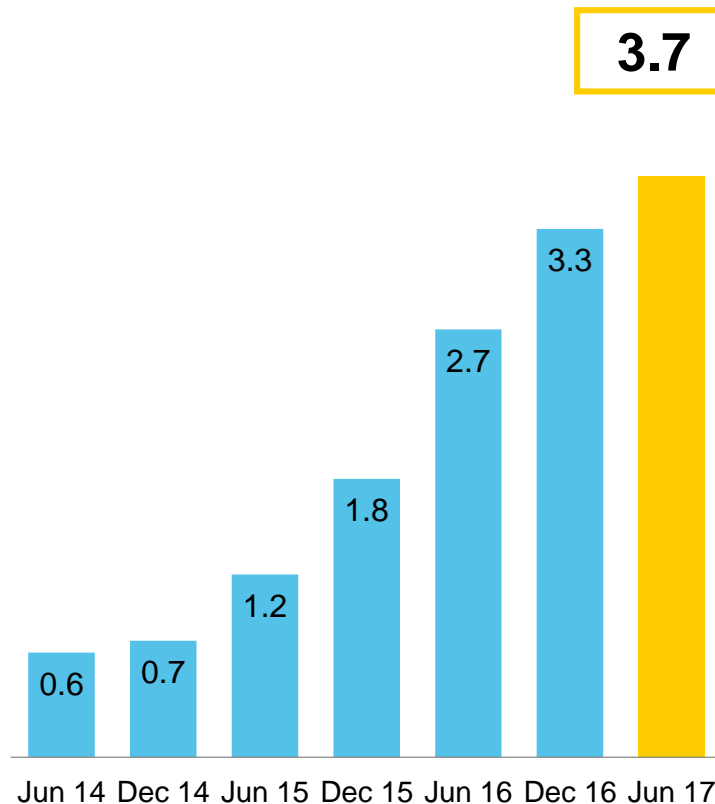
Cardless Cash

Cumulative volume of unique transactions (m)¹



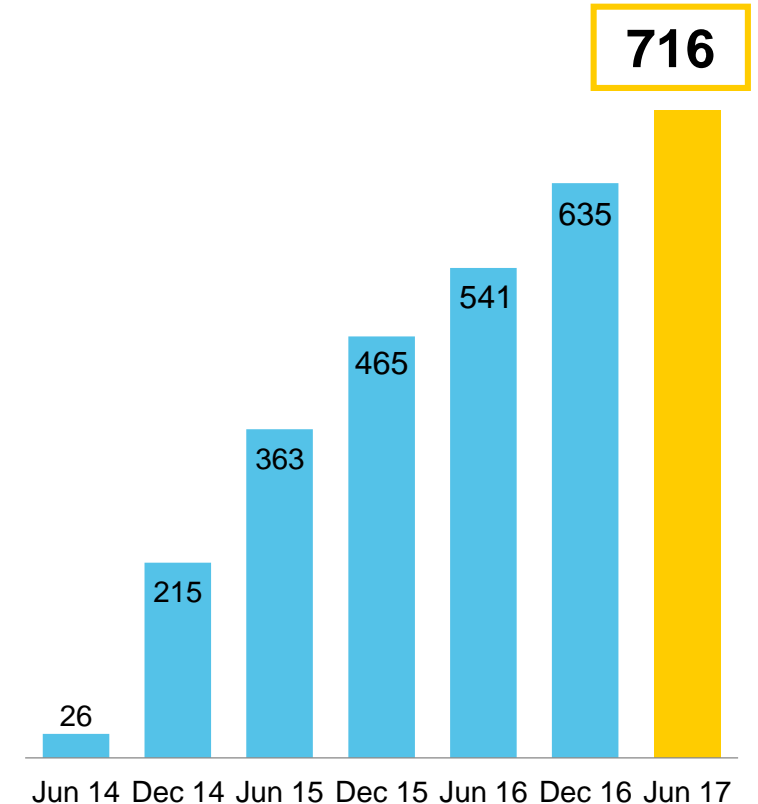
Tap & Pay

Volume of transactions per quarter (m)²



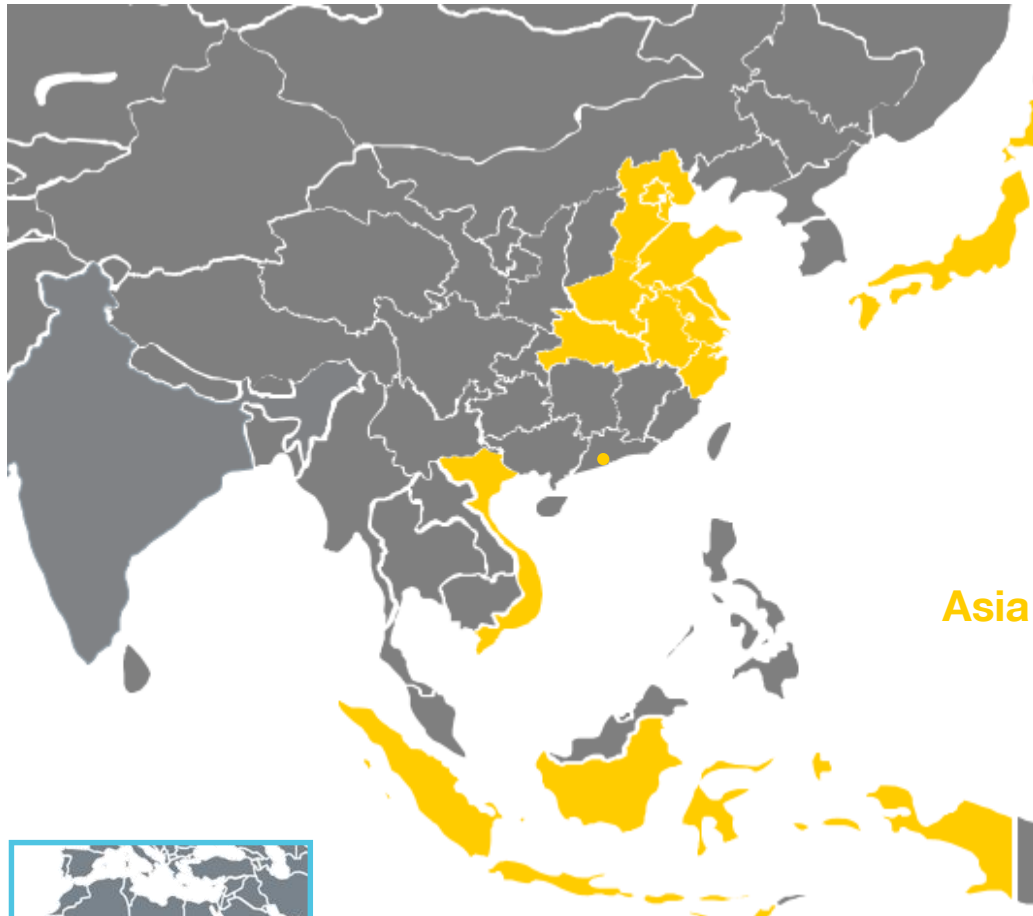
Lock, Block & Limit

Number of accounts enrolled (k)³



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

CBA in Asia and South Africa



Asia



South Africa

Map not to scale

China

- Bank of Hangzhou (18%): 196 branches
- Qilu Bank (20%): 128 branches
- County Banking (Henan & Hebei)¹:
 - 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 12 provinces
- First State Cinda JV (46%) and First State Investments Hong Kong
- Colonial Mutual Group Beijing Rep Office

Indonesia

- PT Bank Commonwealth (99%): 55 branches and 144 ATMs
- PT Commonwealth Life (80%): 25 life offices
- PT First State Investments

Vietnam

- Vietnam International Bank (20%): 156 branches and 400 ATMs
- Hanoi Representative Office

Singapore

- CBA branch
- First State Investments

Japan

- Tokyo CBA branch
- First State Investments

South Africa

- CBSA: 710 kiosks

1. On 27 July 2017, CBA entered into an agreement to transfer CBA's County Bank ownership in China to Qilu Bank, subject to regulatory approvals

Corporate responsibility



Improving our customers' experience



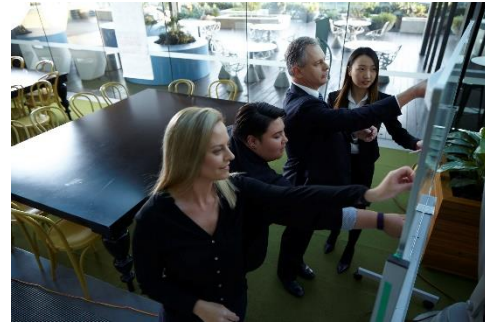
- Independent Customer Advocate appointed
- Community Council established
- Financial wellbeing initiatives
- Developed quantum computer simulator
- Business Insights Report launched

Empowering & supporting our communities



- Start Smart classes to 574k students
- 12 Teaching Fellowships awarded
- Youth App
- JumpStart app for Indigenous businesses
- Financial Inclusion Action Plan
- MoneyTransfer kiosks

A healthy & engaged workforce



- 44% women in Manager and above roles
- 0.8% Indigenous workforce
- Whistleblower Protection Officer appointed
- 69% of people working flexibly
- Launched Thrive portal

Environmental stewardship



- \$1.02 billion climate bonds arranged
- 48.5% reduction in direct emissions since 2009
- 34 branches with solar panels
- Climate position statement developed
- Colonial First State signatory to UN PRI

Building a strong and responsible business



- 2,768 employees trained in ESG¹
- \$1.5 million spend with 17 Indigenous suppliers
- Updated Supplier Code of Conduct
- Slavery and Human Trafficking Statement
- Tax Transparency Code

1. Environment, Social and Governance

Supporting the transition to a low carbon economy

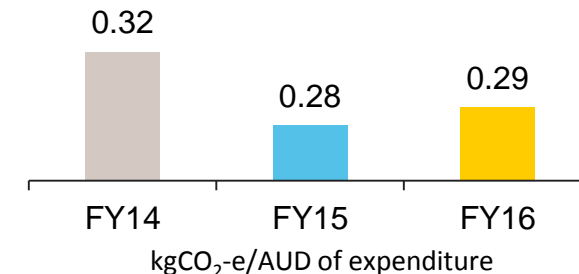
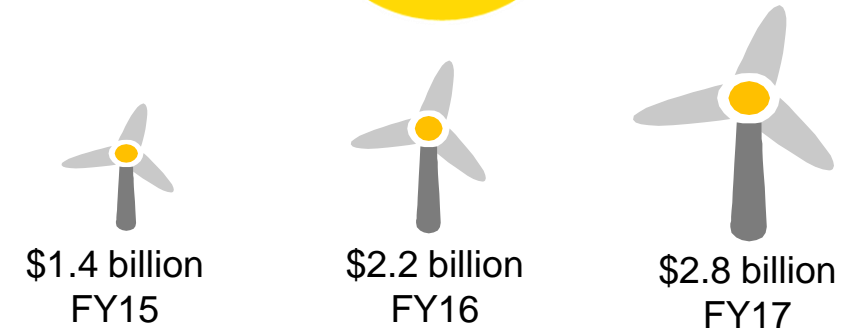
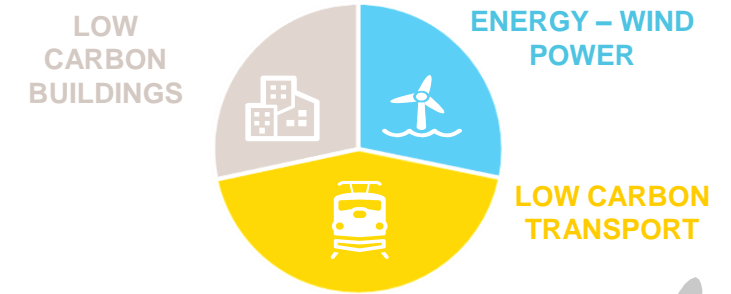


At A\$650 million, our climate bond is **Australia's largest \$A climate bond** issued by a bank

Our lending exposure to **renewable energy generation has grown** to \$2.8 billion

Strengthened our **ESG Lending Assessment Tool** which includes a compulsory ESG risk assessment process for all loans in IB&M and larger loans in BPB, Bankwest and ASB

Released the third report on the **emissions intensity of our business lending portfolio** 0.29 kgCO₂-e/AUD for FY16



Corporate responsibility – performance data

	FY17	FY16	FY15	
Environment	Employees completing ESG training	2,768	1,786	-
	Renewable energy lending exposure (\$bn)	2.8	2.2	1.4
	Business lending emissions intensity (kgCO ₂ -e/AUD)	Dependent on client FY17 data ¹	0.29	0.28
	Total greenhouse gas emissions (Group) (tCO ₂ -e)	204,317 ²	164,111	179,276
	Emissions per FTE (Australia) Scope 1 + 2 (tCO ₂ -e)	2.3	2.6	2.7
Social	Employee Engagement Index (CBA) (%)	78	77	81
	Women in Manager and above roles (%)	44.4	43.6	43.2
	Lost Time Injury Frequency Rate (LTIFR)	1.1	1.5	2.0
	Total community investment (\$m)	272	262	243
Governance	Training hours per employee	39.1	34.3	31.1
	Female directors on Board (%)	40	33	27
	SpeakUP Program cases (#)	171	-	-
	<i>Whistleblower cases (#)</i>	44	-	-
	Training completion rates on 'Our Commitments' (%)	97.6	-	-



CFSGAM: Sharing our interactive case study map, 'live' proxy voting and climate change information with our customers via a digital platform



1. Our finance emissions method relies on client-specific data which limits the timing we can undertake and release the analysis. 2. In 2017 for the first time we have included data centres outside of our operational control. A full list of non-financial reporting metrics is available in the 2017 Corporate Responsibility Report, available at: www.commbank.com.au/investors/corporate-responsibility

Financials

CommonwealthBank



CBA in FY17



Strength and Returns

- ▶ Cash NPAT up 4.6% to \$9,881m
- ▶ Cost-to-Income improved to 41.8%¹
- ▶ CET1 (APRA) of 10.1%
- ▶ International CET1 of 15.6%
- ▶ Cash Return on Equity of 16.0%
- ▶ \$4.29 dividend per share, fully franked

Delivering for all our Stakeholders

- ▶ Australia's largest taxpayer - \$3.9bn² in FY17
- ▶ Serving 16.6 million customers
- ▶ MFI for one in three Australians
- ▶ #1 in retail customer satisfaction
- ▶ Employing 51,800 people
- ▶ 75% of profits returned to 800,000 shareholders

1. In order to present an underlying view of the result, FY17 growth rates have been adjusted to exclude a \$397m gain on sale of the Group's remaining investment in Visa Inc in Other banking income, and a \$393m one-off expense for acceleration of amortisation on certain software assets. 2. Group total

FY17 - result overview¹



Financial

Statutory NPAT (\$m)	9,928	7.6%
Cash earnings (\$m)	9,881	4.6%
ROE % (cash)	16.0	(50) bpts
EPS \$ (cash)	5.74	20 cents
DPS \$	4.29	9 cents
Underlying ² C:I	41.8%	(60) bpts
NIM (%)	2.11	(3) bpts
Operating Income (\$m)	25,940	5.4%
Expenses (\$m)	11,078	6.2%
LIE to GLAA (bpts)	15	(4) bpts

Balance Sheet, Capital & Funding

Capital – CET1 (Int'l) ³	15.6%	120 bpts
Capital – CET1 (APRA)	10.1%	(50) bpts
Total assets (\$bn)	976	4.6%
Total liabilities (\$bn)	913	4.6%
Average FUA (\$bn)	153	5.6%
Deposit funding	67%	1%
LT wholesale funding WAM	4.1 yrs	-
Liquidity coverage ratio	129%	9%
Leverage ratio (APRA)	5.1%	10 bpts
Net stable funding ratio	107%	n/a
Credit Ratings ⁴	AA-/Aa3/AA-	Refer footnote 4

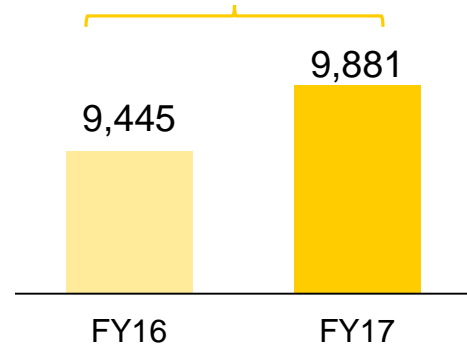
1. All movements on prior comparative period unless stated 2. In order to present an underlying view of the result, FY17 growth rates have been adjusted to exclude a \$397m gain on sale of the Group's remaining investment in Visa Inc in Other banking income, and a \$393m one-off expense for acceleration of amortisation on certain software assets. 3. Internationally comparable capital - refer glossary for definition 4. S&P, Moody's and Fitch. S&P put major Australian Banks on "Outlook Negative" 7 Jul 16. Moody's lowered the rating on 19 Jun 17, outlook "Stable". Fitch updated the outlook on the bank sector to "Negative" on 2 Dec 16 – though individual CBA issuer rating remained "Stable".

Result overview



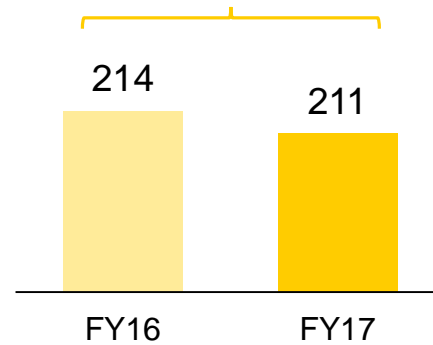
Cash Earnings (\$m)

+4.6%



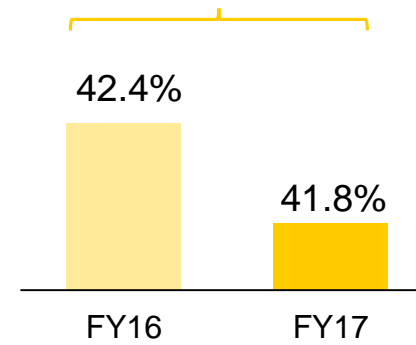
NIM

(3) bpts



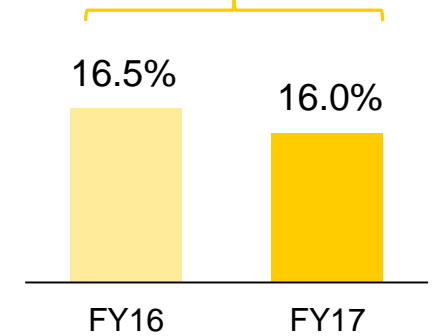
Underlying¹ C:I

(60) bpts



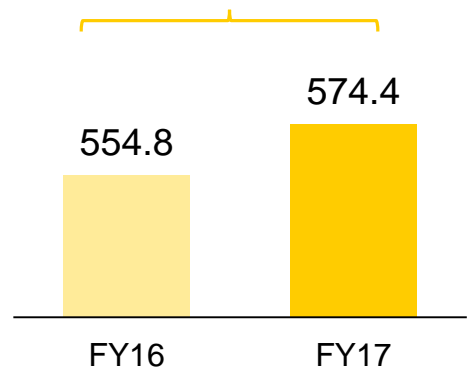
Cash ROE

(50) bpts



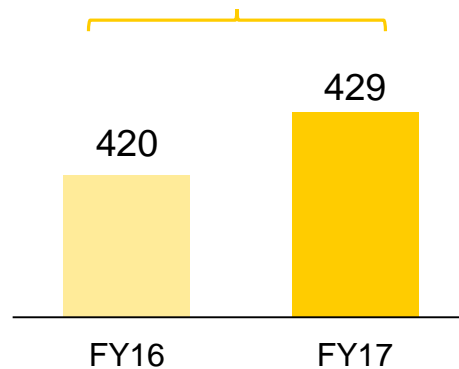
Cash EPS (cents)

+3.5%



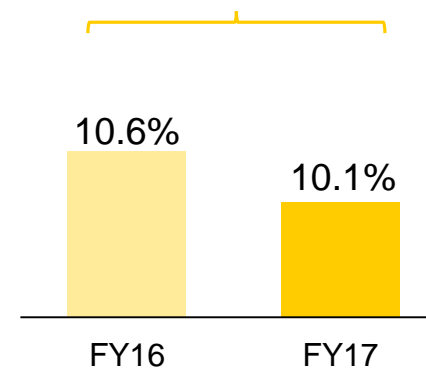
DPS (cents)

+9 cents



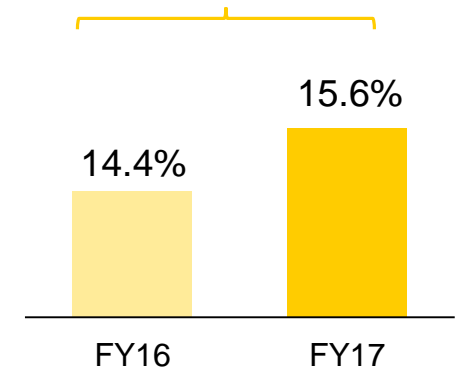
CET1 (APRA)

(50) bpts



CET1 (International)²

+120 bpts



1. In order to present an underlying view of the result, FY17 growth rates have been adjusted to exclude a \$397m gain on sale of the Group's remaining investment in Visa Inc in Other banking income, and a \$393m one-off expense for acceleration of amortisation on certain software assets. 2. Internationally comparable capital - refer glossary for definition

Statutory NPAT up 7.6%



\$m	Jun 17	Jun 16	
Cash NPAT	9,881	9,445	↑ 4.6%
Hedging and IFRS volatility ¹	73	(199)	NZ revenue hedge
Bankwest non-cash items	(3)	(27)	
Treasury shares valuation adjustment	(23)	4	
Total non-cash items	47	(222)	
Statutory NPAT	9,928	9,223	↑ 7.6%

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

Banking levy¹

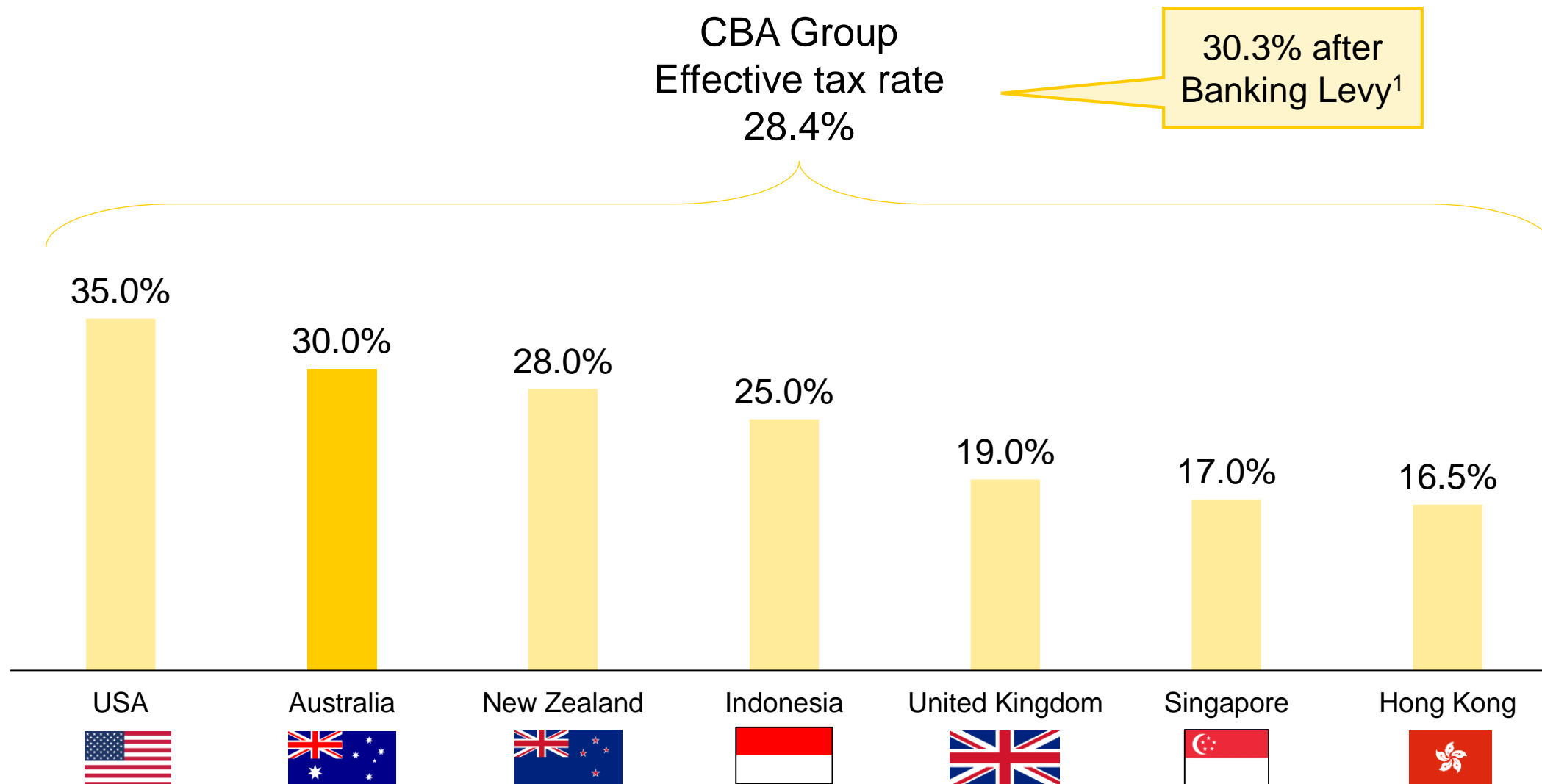


	\$m
Total liabilities	898,722
<u>Exclusions:</u>	
Financial Claims Scheme deposits	(238,500)
Derivatives	(32,094)
Tier 1 capital securities	(8,160)
Exchange Settlement Account	(5,161)
Adjusted liabilities	614,807

- Applicable to ADIs with liabilities >A\$100bn, i.e. major banks and Macquarie Bank
- Effective from 1 Jul 17 with the first report due Feb 18 & first payment due Mar 18
- Levy is based on 0.06% per annum of Total “Adjusted” Liabilities of the CBA parent

$$\begin{aligned} \$614,807 \times 0.06\% &= \mathbf{\$369m} \text{ (pre-tax)} \\ &= \mathbf{\$258m} \text{ (post tax)} \end{aligned}$$

Corporate tax rates by country of CBA's key operations



1. The illustrative estimated annualised cost of the new Australian bank levy based on 30 June 2017 balance sheet is \$258m after tax. Treated as a tax (and not an expense) this increases the effective tax rate from 28.4% to 30.3%.

Divisional contributions

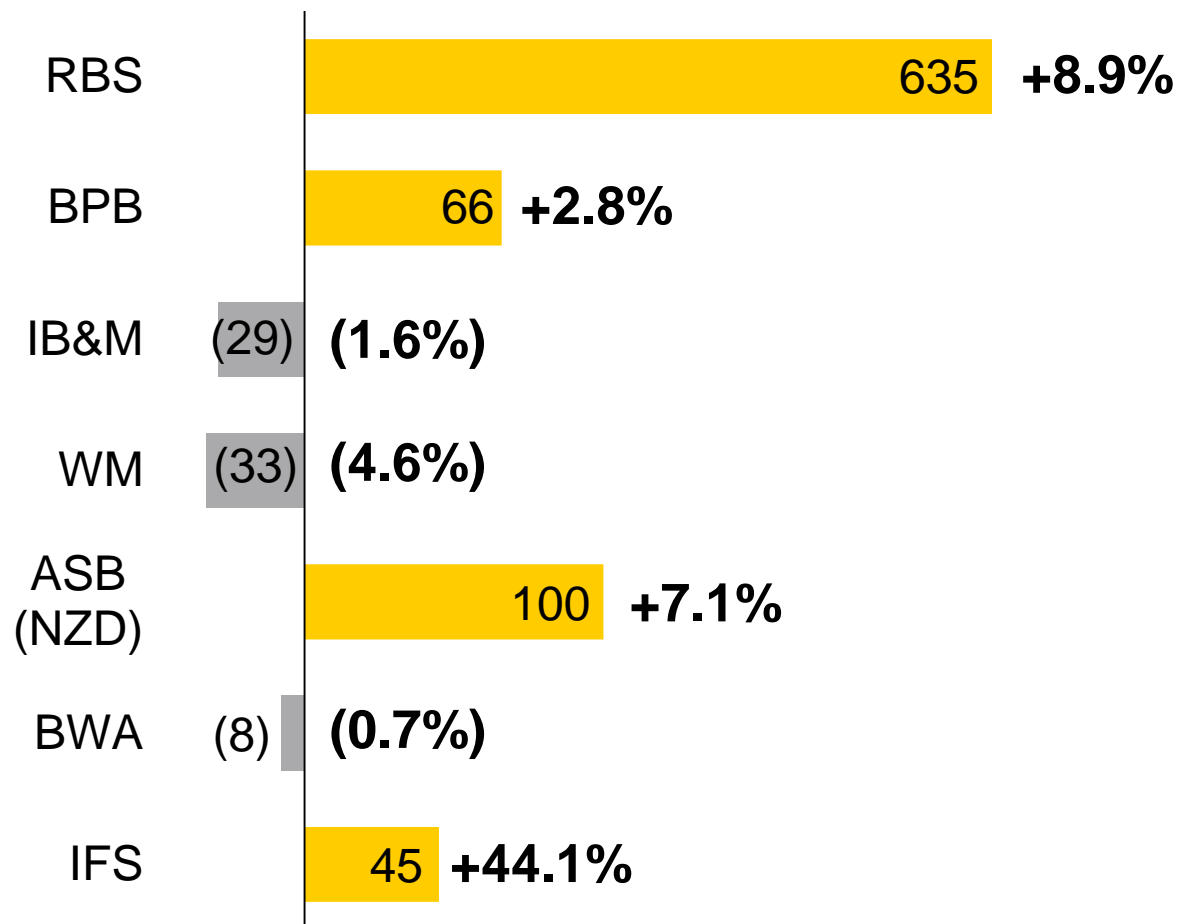


\$m

Operating Performance

FY17 vs FY16

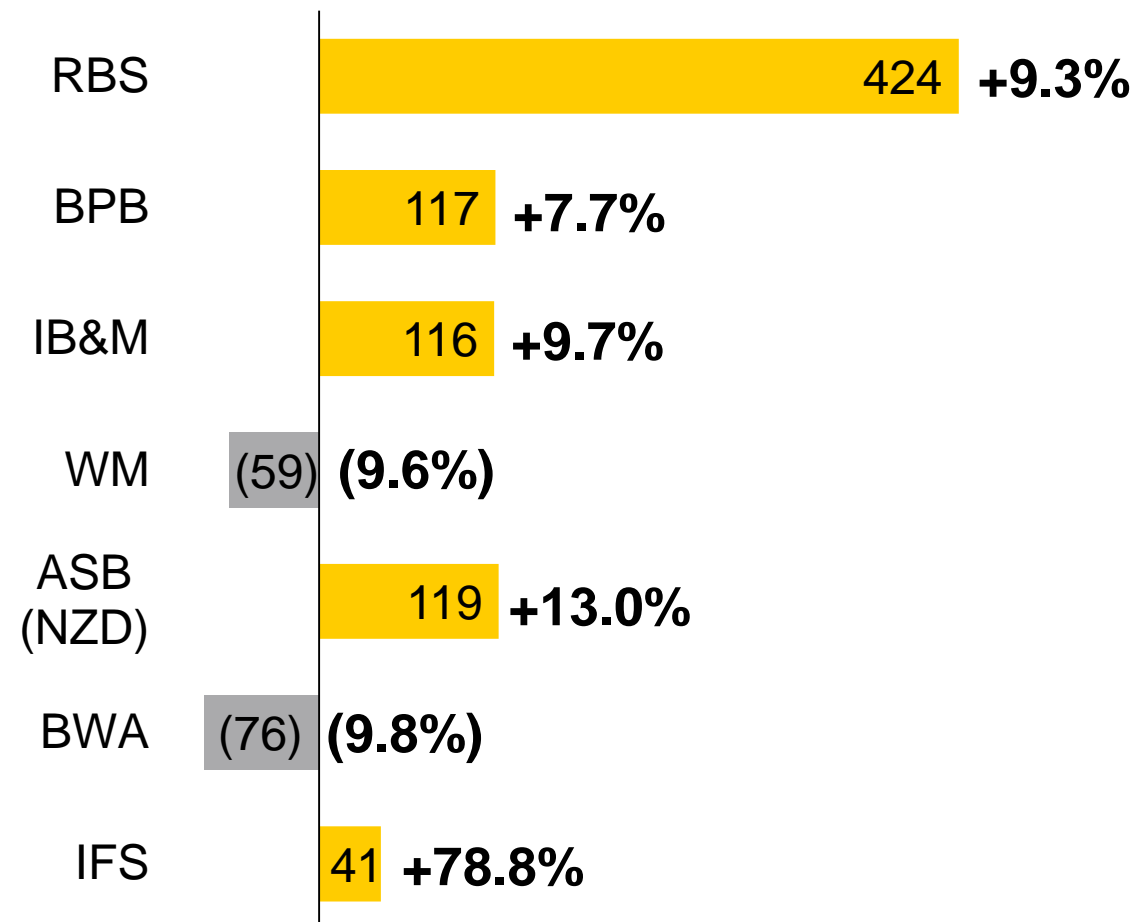
Operating Income less Operating Expenses



\$m

Cash NPAT

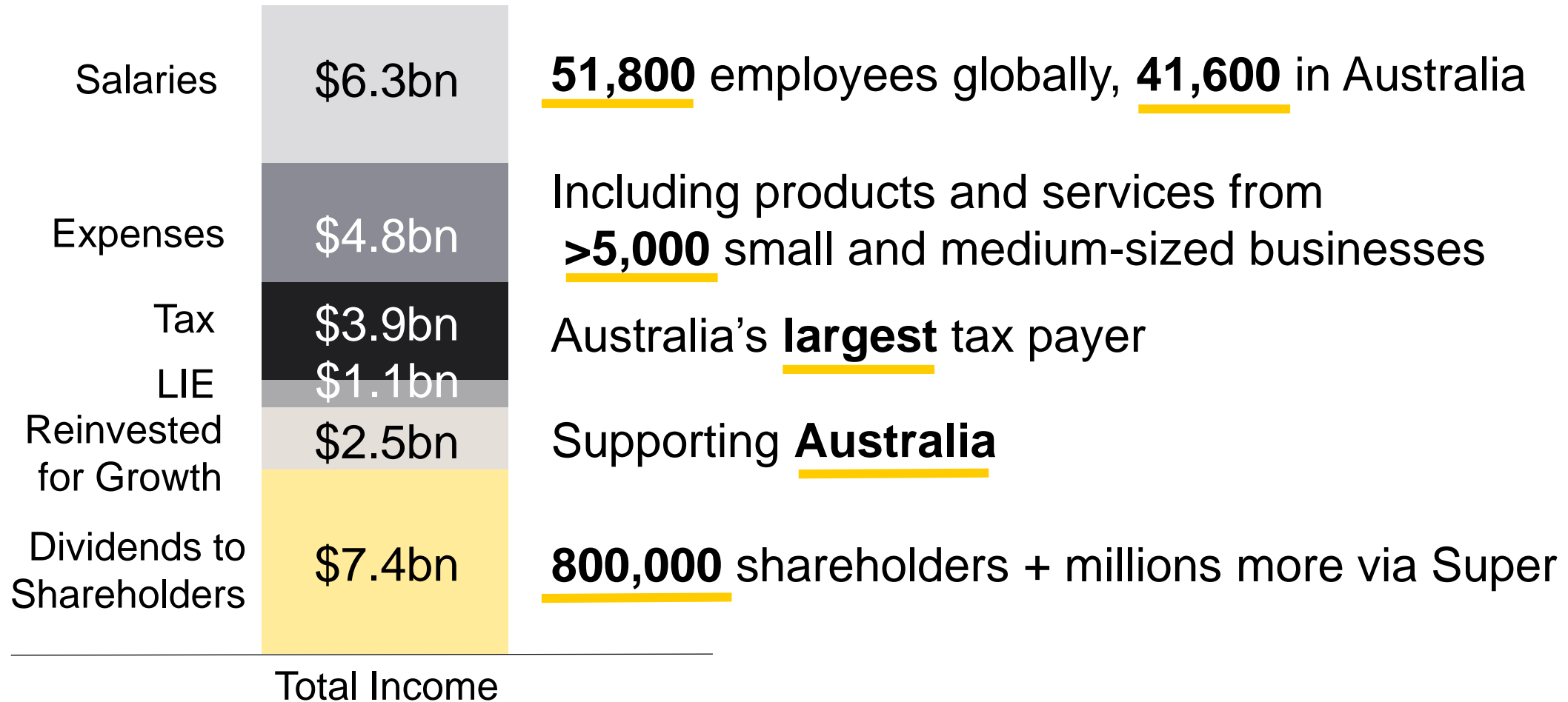
FY17 vs FY16



Our total income – benefiting all our stakeholders



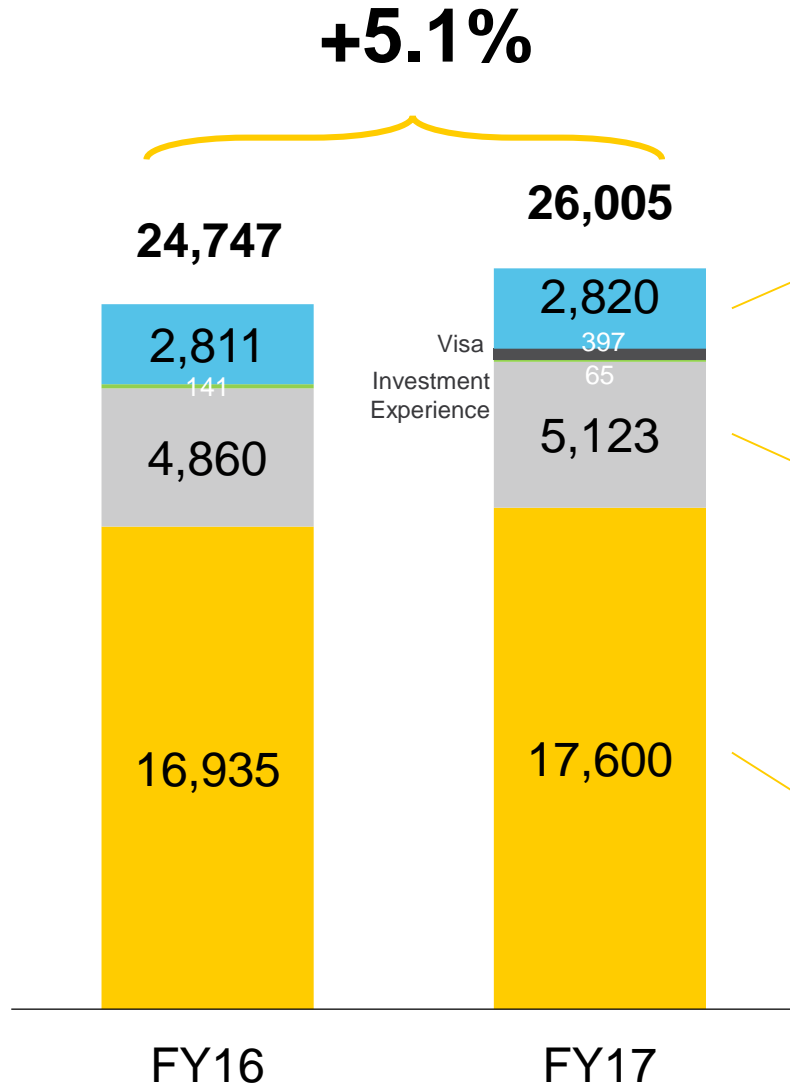
\$26.0bn



Total income drivers



\$m



Funds & Insurance

0.3%

Average FUA

5.6%

Insurance income

(1.1%)

Other Banking Income¹

5.4%

Derivative Valuation Adjustment (DVA)

+\$85m

Trading (ex DVA)

(2.0%)

Commissions

12.1%

Net Interest Income

3.9%

Volume

5.6%

Margin

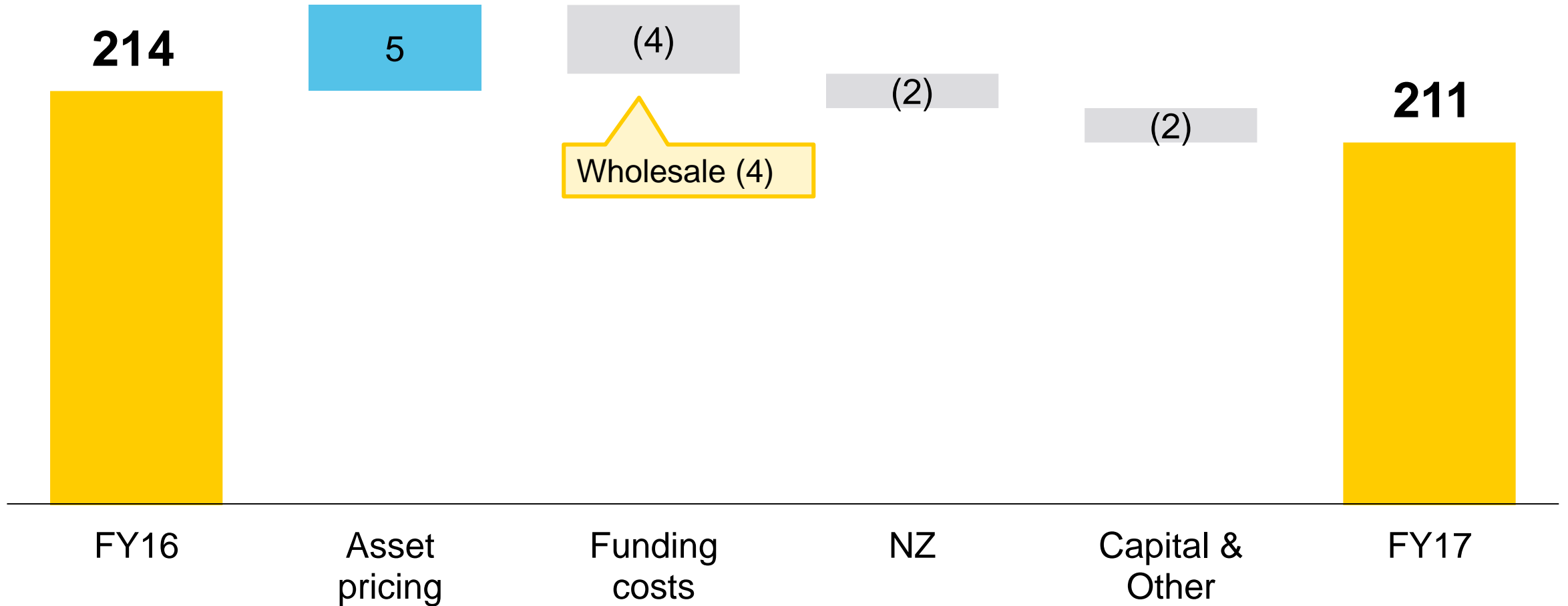
(3) bpts

1. In order to present an underlying view of the result, FY17 growth rates have been adjusted to exclude a \$397m gain on sale of the Group's remaining investment in Visa Inc.

Over 12 months, Group NIM down 3 bpts



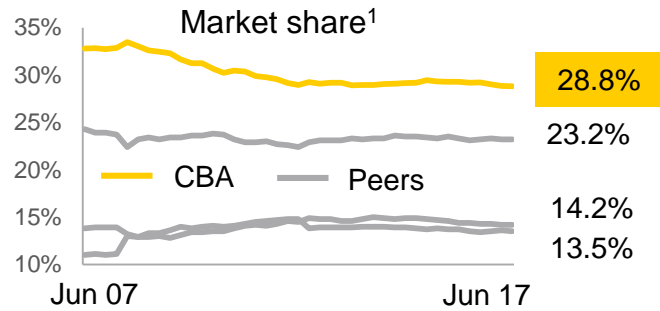
bpts



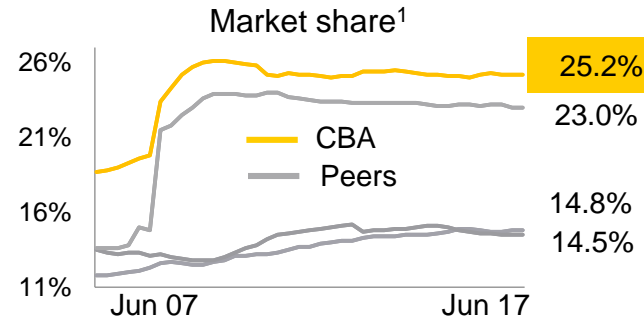
Volume growth¹



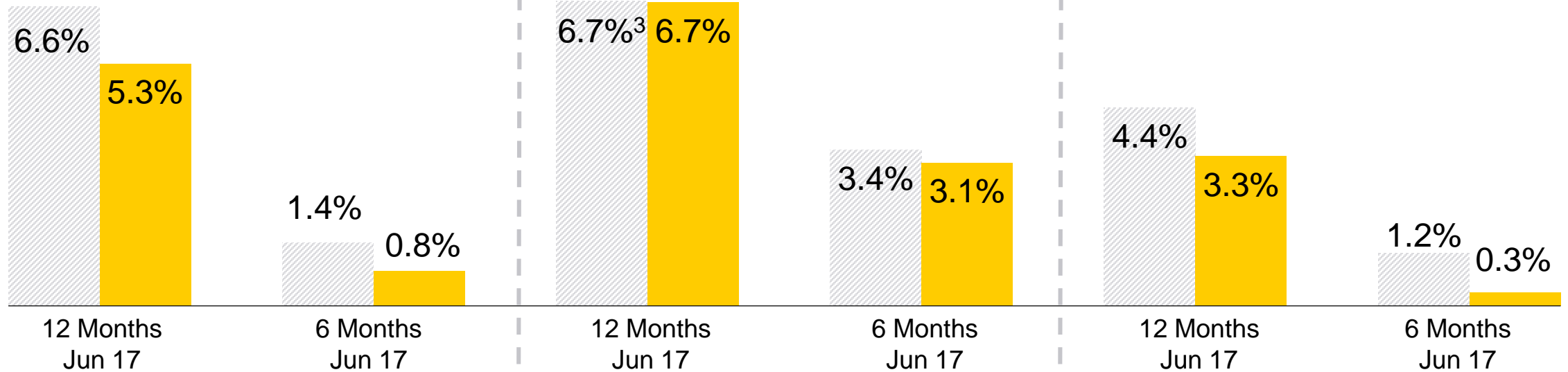
Household Deposits



Home Lending



Business Lending² ex Bankwest



System CBA

1. Source RBA/APRA/RBNZ. CBA includes BWA except Business Lending. 2. Domestic Lending balance growth (BPB & IB&M ex CMPF). Source RBA. 3. Adjusted for new market entrants/reporting changes

Market share¹



%	Jun 17	Dec 16	Jun 16
Home loans ²	25.2	25.2	25.2
Credit cards – RBA ³	24.3	24.4	24.4
Other household lending ⁴	17.0	16.9	16.8
Household deposits	28.8	29.0	29.2
Business lending – RBA	16.5	16.6	16.9
Business lending – APRA	18.6	18.6	18.8
Business deposits – APRA	20.3	19.8	20.2
Asset finance	12.5	12.7	12.9
Equities trading	3.9	4.0	4.7
Australian Retail – administrator view ⁵	15.6	15.5	15.6
FirstChoice Platform ⁵	10.8	10.8	11.0
Australia life insurance (total risk) ⁵	10.6	11.1	11.4
Australia life insurance (individual risk) ⁵	10.1	10.2	10.7
NZ home loans ⁶	21.7	n/a	n/a
NZ customer deposits ⁶	17.8	n/a	n/a
NZ business lending ⁶	14.4	n/a	n/a
NZ retail FUA	15.3	15.5	15.4
NZ annual inforce premiums	27.9	28.0	28.4

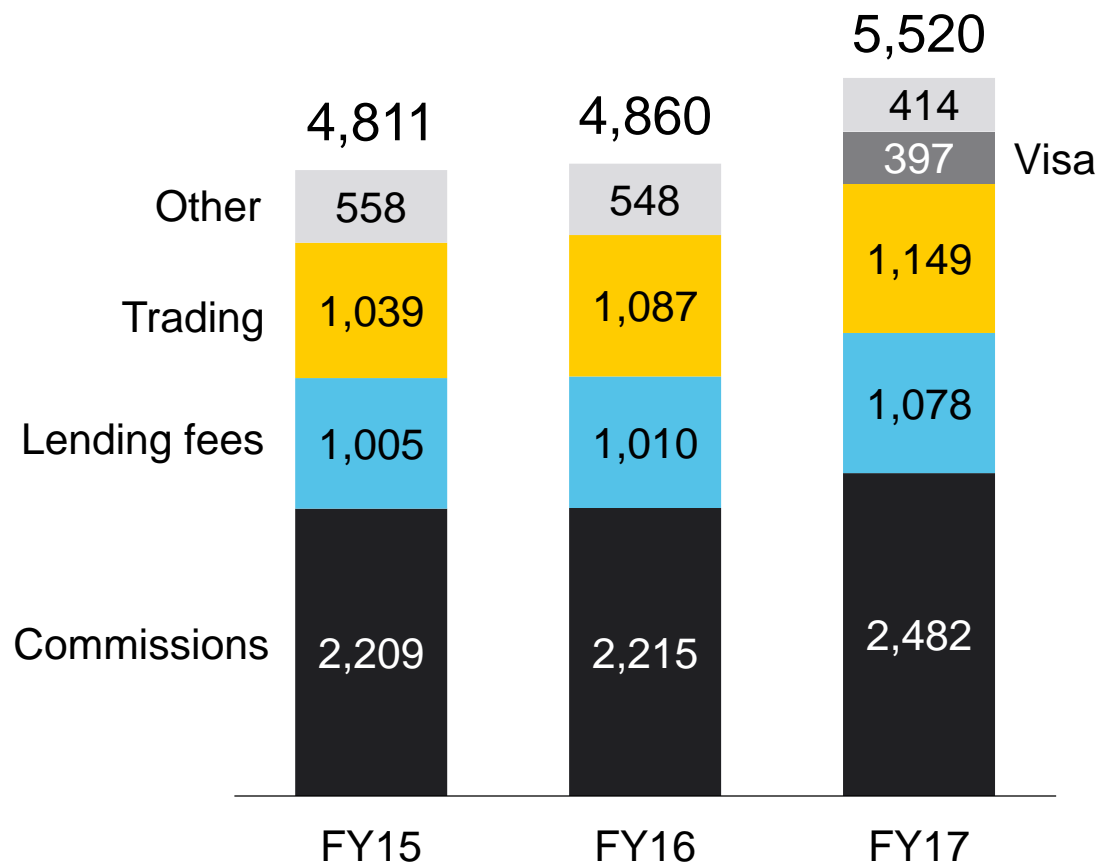
1. Prior periods have been restated in line with market updates 2. Adjusted for new market entrants/reporting changes 3. As at 31 May 17 4. Includes personal loans, margin loans and other forms of lending to individuals 5. As at 31 Mar 17. 6. RBNZ published data collection has changed based on a new collection template implemented with all NZ banks. The RBNZ has not republished the equivalent metrics on a restated basis for Jun 16. The restated Dec 16 metrics will be presented in Dec 17 allowing for comparatives on a twelve month basis.

Other banking income higher



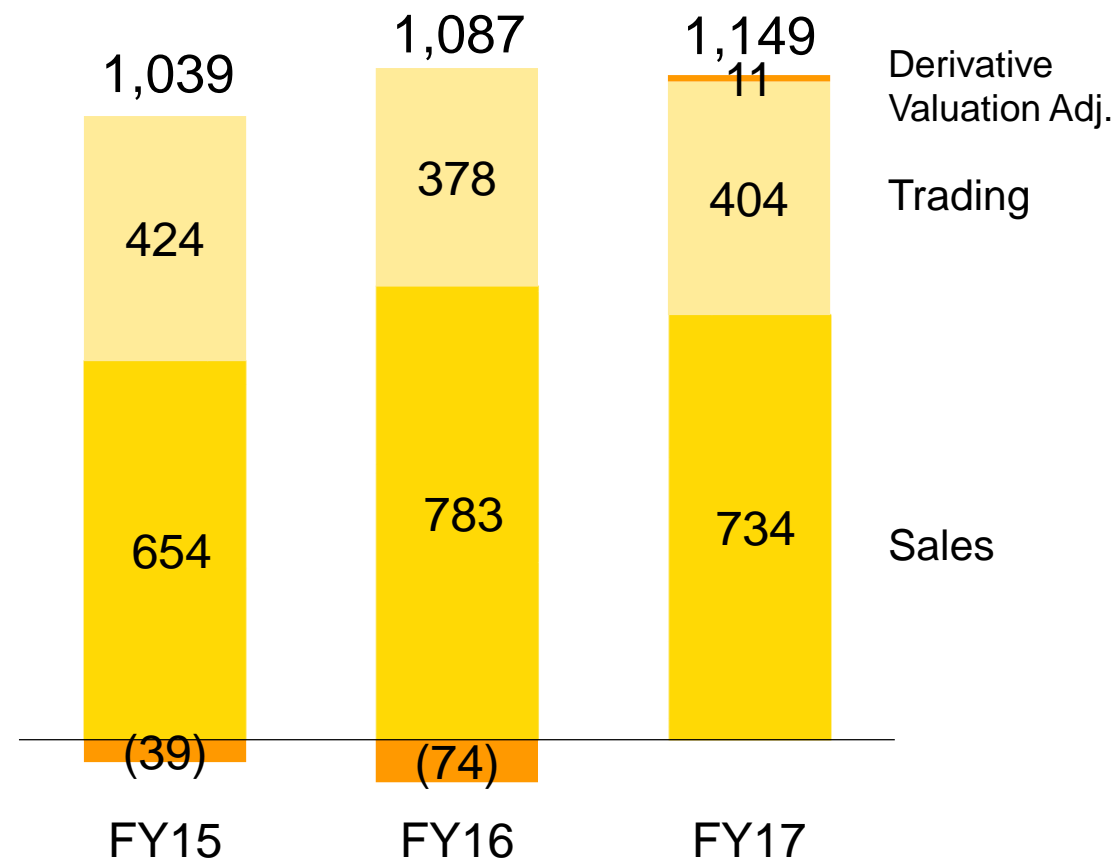
Other banking income

\$m

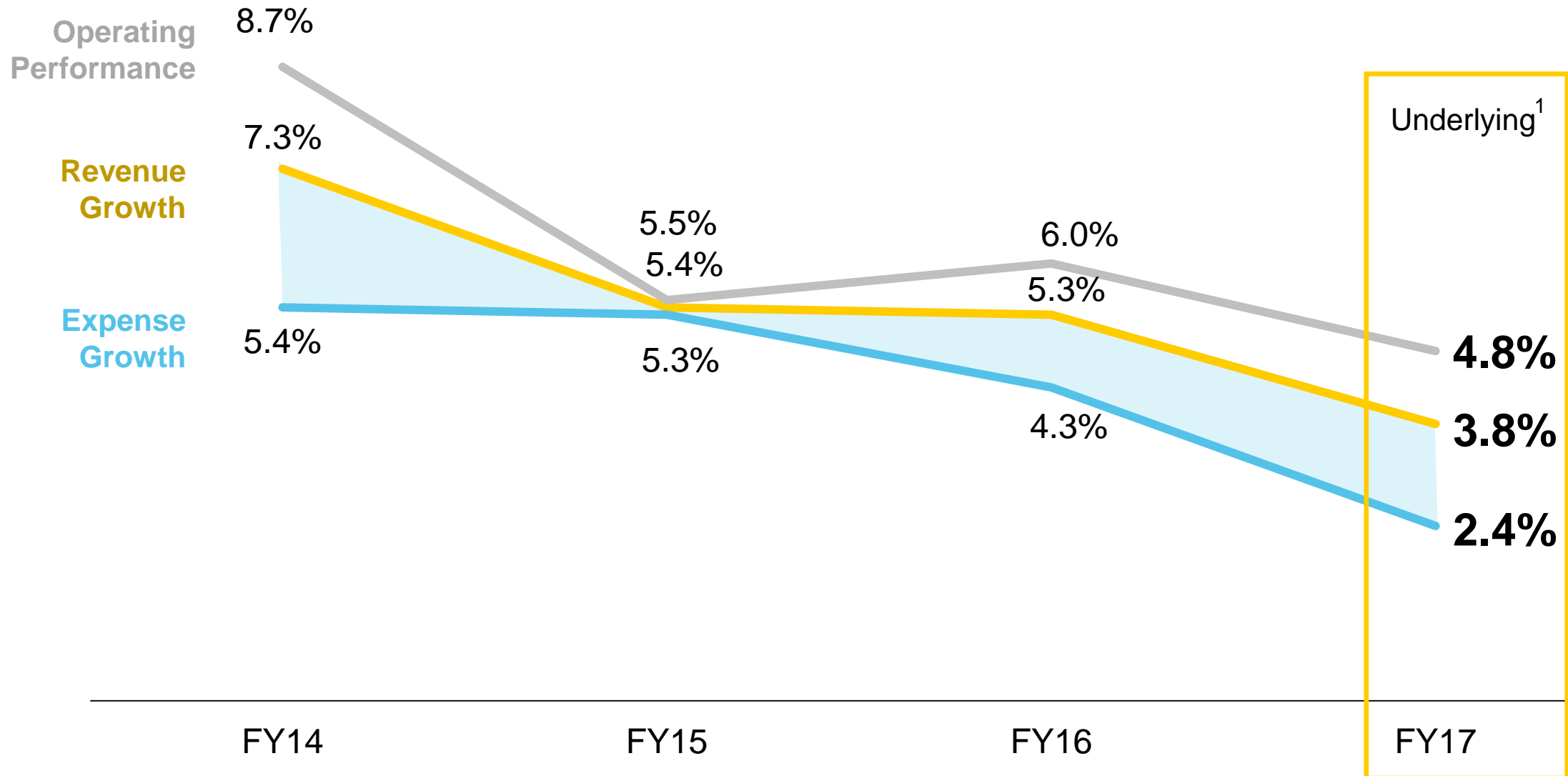


Trading income

\$m



Strategic approach to costs: positive jaws + continuing to invest



1. In order to present an underlying view of the result, FY17 growth rates have been adjusted to exclude a \$397m gain on sale of the Group's remaining investment in Visa Inc in Other banking income, and a \$393m one-off expense for acceleration of amortisation on certain software assets.

Strategic approach to costs: positive jaws + continuing to invest

Cost to Income

(%)

42.8%



FY15

42.4%



FY16

underlying¹

41.8%



FY17

Expensed:

Gross investment spend

\$m

1,246



FY15

1,373



FY16

1,279



FY17

2nd Half

1st Half

539

604

650

Investment spend

% of total

12%



FY15

12%



FY16

10%



FY17

Branches & Other

Risk & Compliance

Productivity & Growth

1. In order to present an underlying view of the result, FY17 growth rates have been adjusted to exclude a \$397m gain on sale of the Group's remaining investment in Visa Inc in Other banking income, and a \$393m one-off expense for acceleration of amortisation on certain software assets.

Increased risk & compliance spend

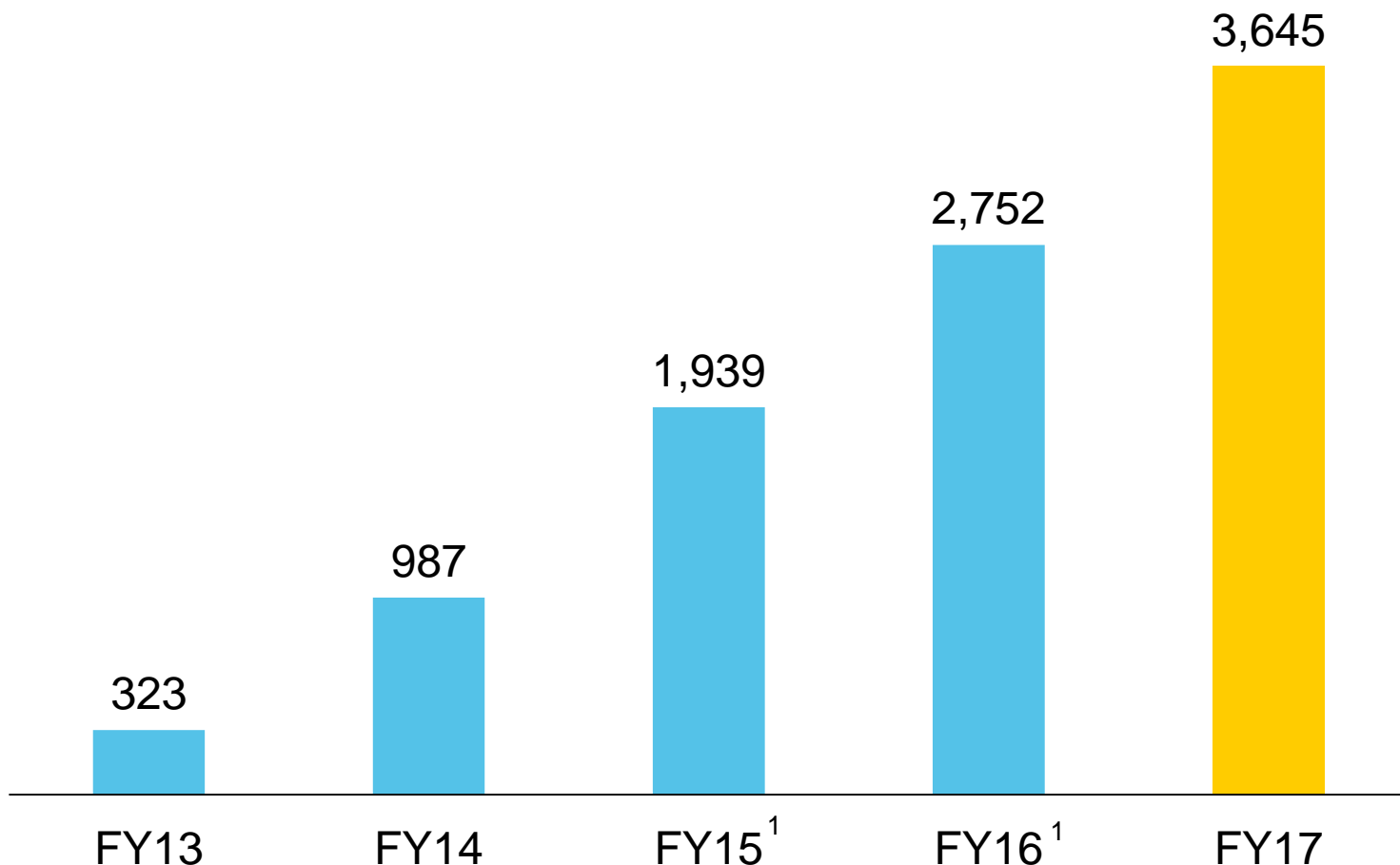


(\$m)

Cumulative

Spend over 5 years

**FY13-17
CAGR
29%**



Examples

- AML (Anti-Money Laundering)
- FATCA (Foreign Account Tax Compliance Act)
- Stronger Super
- Future Of Financial Advice
- Common Reporting Standard

AML

- Invested more than **\$230m** in our Anti-Money Laundering compliance and reporting processes and systems
- Annually, approximately **4 million** transactions² reported to AUSTRAC (Australian Transaction Reports and Analysis Centre)
- CBA employees required to complete mandatory training on the Anti-Money Laundering and Counter-Terrorism Financing Act

1. Comparative information for FY15 and FY16 has been restated to conform to presentation in the current period. 2. Includes International Funds Transfer Instructions (IFTIs), Threshold Transaction Reports (TTRs) and Suspicious Matter Reports (SMRs)

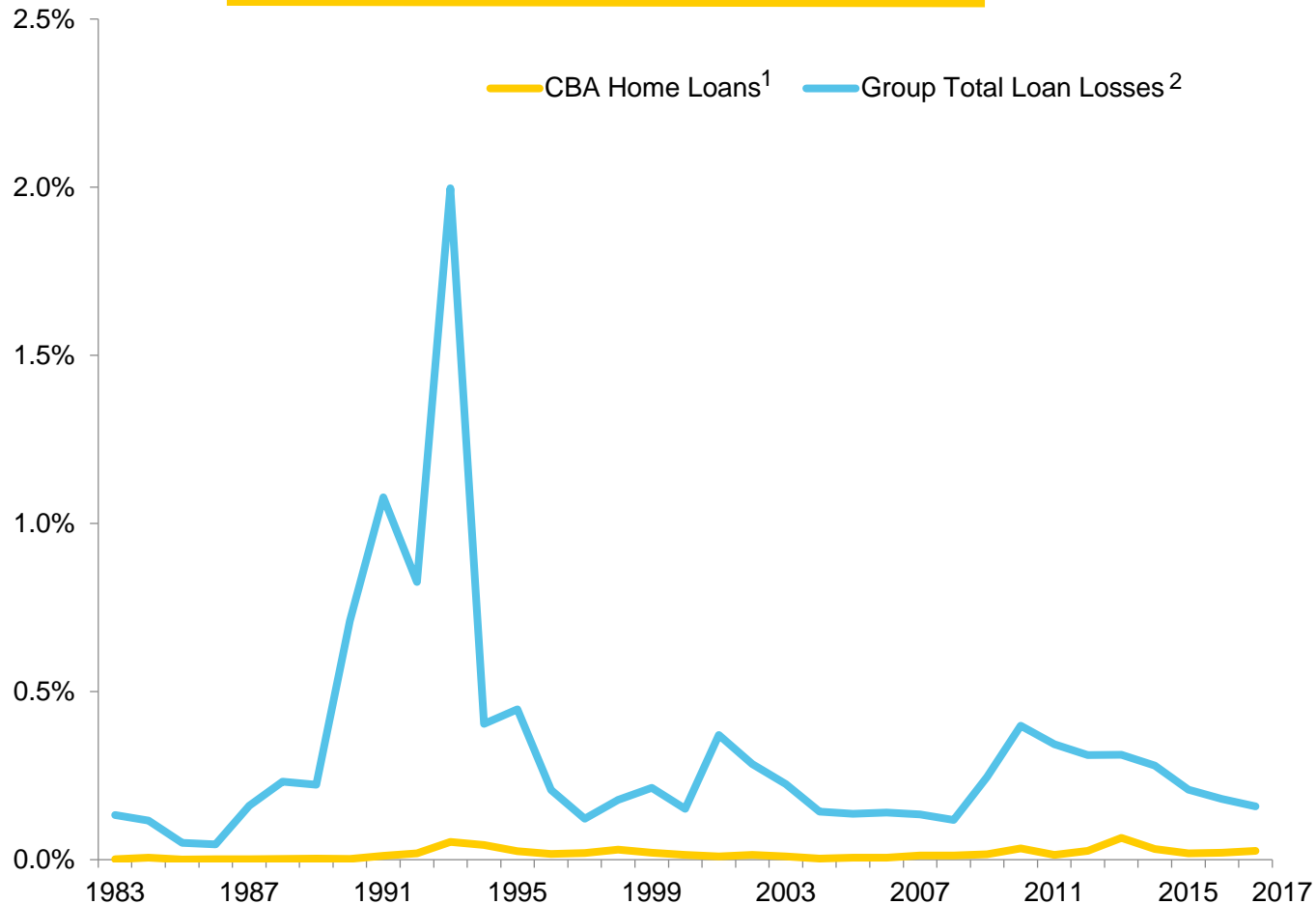
Notes



CBA home loan portfolio - overview and historical losses



Losses to average gross loans



- FY17 losses of 3 bpts
- Portfolio dynamic LVR³ of 50%
- Maximum LVR of 95% all loans⁴
- Limited low doc lending (with LMI)⁵
- Servicing buffer +2.25% or min floor⁶
- Full recourse lending
- Regular stress testing

1. CBA Home Loans represents Australian Home Loans and includes Bankwest from 2009. 2. Group includes all losses for the Group (CBA/Bankwest/ASB). Losses includes write-offs from collective and individual provisions, less recoveries. 3. LVR defined as current balance/current valuation. 4. For Bankwest, maximum LVR excludes any capitalised mortgage insurance. 5. For low doc lending, documentation is required, including Business Activity Statements. 6. Higher of customer rate plus 2.25% or minimum floor rate.

Home loan portfolio – Australia



Portfolio ¹	Jun 16	Dec 16	Jun 17
Total Balances - Spot (\$bn)	409	423	436
Total Balances - Average (\$bn)	395	416	423
Total Accounts (m)	1.8	1.8	1.8
Variable Rate (%)	85	85	84
Owner Occupied (%)	62	63	63
Investment (%)	33	33	33
Line of Credit (%)	5	4	4
Proprietary (%)	55	54	54
Broker (%)	45	46	46
Interest Only (%) ²	39	40	39
Lenders' Mortgage Insurance (%) ²	24	23	22
Low Doc (%) ²	0.7	0.6	0.5
Mortgagee In Possession (bpts)	5	5	5
Annualised Loss Rate (bpts)	2	2	3
Portfolio Dynamic LVR (%) ³	50	51	50
Customers in Advance (%) ⁴	77	77	77
Payments in Advance incl. offset ⁵	31	35	33

New Business ¹	Jun 16	Dec 16	Jun 17
Total Funding (\$bn)	51	53	49
Average Funding Size (\$'000) ⁶	299	311	309
Serviceability Buffer (%) ⁷	2.25	2.25	2.25
Variable Rate (%)	85	89	85
Owner Occupied (%)	65	62	67
Investment (%)	33	37	32
Line of Credit (%)	2	1	1
Proprietary (%)	50	54	57
Broker (%)	50	46	43
Interest Only (%) ^{2,8}	40	42	39
Lenders' Mortgage Insurance (%) ²	14	14	16
Low Doc (%) ²	0.03	0.02	0.03

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 amount ahead of monthly minimum repayment; includes offset facilities.

5. Average number of monthly payments ahead of scheduled repayments.

6. Average Funding Size defined as funded amount / number of funded accounts.

7. Serviceability test based on the higher of the customer rate plus a 2.25% interest rate buffer or a minimum floor rate.

8. APRA benchmark reporting on a different basis using limits and includes all construction loans (Jul 17: <30%).

Home loan portfolio – RBS

Portfolio ¹	Jun 16	Dec 16	Jun 17	New Business ¹	Jun 16	Dec 16	Jun 17
Total Balances - Spot (\$bn)	345	357	368	Total Funding (\$bn)	43	47	41
Total Balances - Average (\$bn)	332	351	357	Average Funding Size (\$'000) ⁶	299	313	305
Total Accounts (m)	1.5	1.5	1.5	Serviceability Buffer (%) ⁷	2.25	2.25	2.25
Variable Rate (%)	84	85	83	Variable Rate (%)	86	90	85
Owner Occupied (%)	60	61	61	Owner Occupied (%)	65	62	65
Investment (%)	35	35	35	Investment (%)	34	37	34
Line of Credit (%)	5	4	4	Line of Credit (%)	1	1	1
Proprietary (%)	59	58	59	Proprietary (%)	54	57	62
Broker (%)	41	42	41	Broker (%)	46	43	38
Interest Only (%) ²	39	40	39	Interest Only (%) ²	38	40	38
Lenders' Mortgage Insurance (%) ²	22	21	20	Lenders' Mortgage Insurance (%) ²	13	13	14
Low Deposit Premium (%) ²	7	6	6	Low Deposit Premium (%) ²	4	4	5
Low Doc (%) ²	0.7	0.6	0.5	Low Doc (%) ²	0.03	0.02	0.04
Mortgagee In Possession (bpts)	5	5	5				
Annualised Loss Rate (bpts)	2	3	3				
Portfolio Dynamic LVR (%) ³	49	50	49				
Customers in Advance (%) ⁴	75	76	76				
Payments in Advance incl. offset ⁵	33	37	35				

1. Includes retail mortgages originated outside of RBS. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. 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 amount ahead of monthly minimum repayment; includes offset facilities.

5. Average number of payments ahead of scheduled repayments.

6. Average Funding Size defined as funded amount / number of funded accounts.

7. Serviceability test based on the higher of the customer rate plus a 2.25% interest rate buffer or a minimum floor rate.



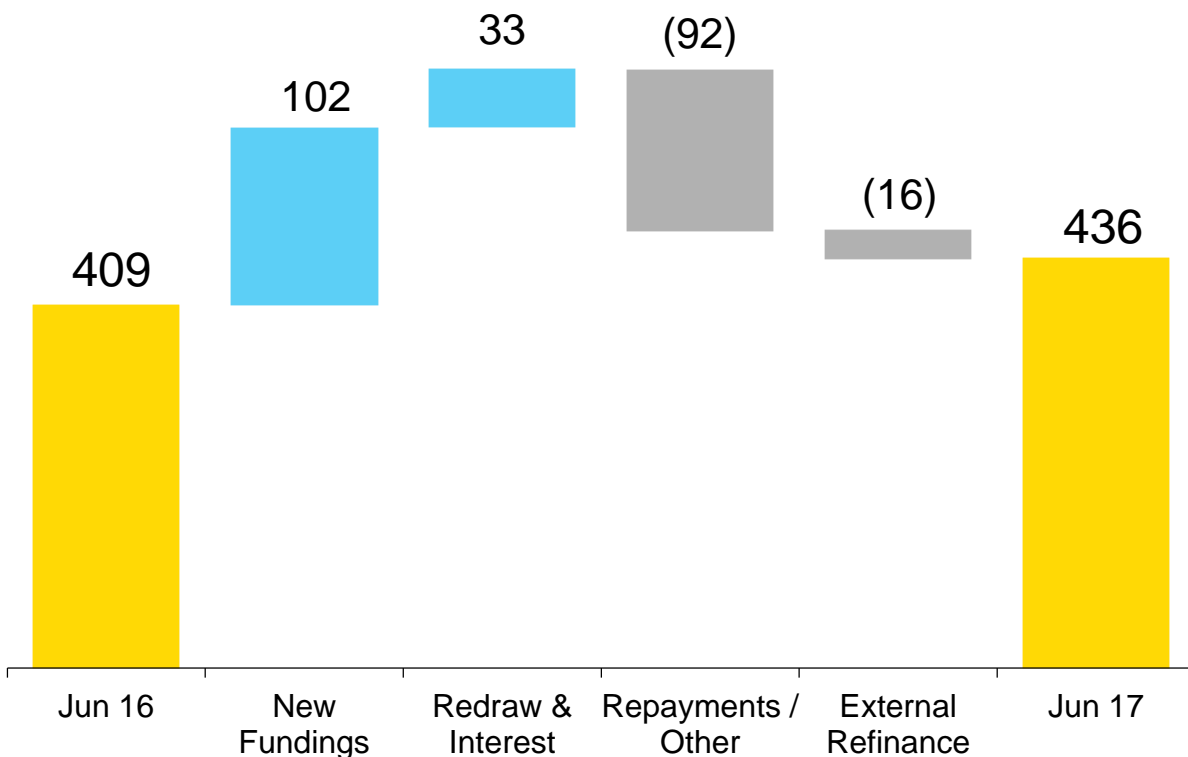
Australian home loans – portfolio growth profile



\$bn

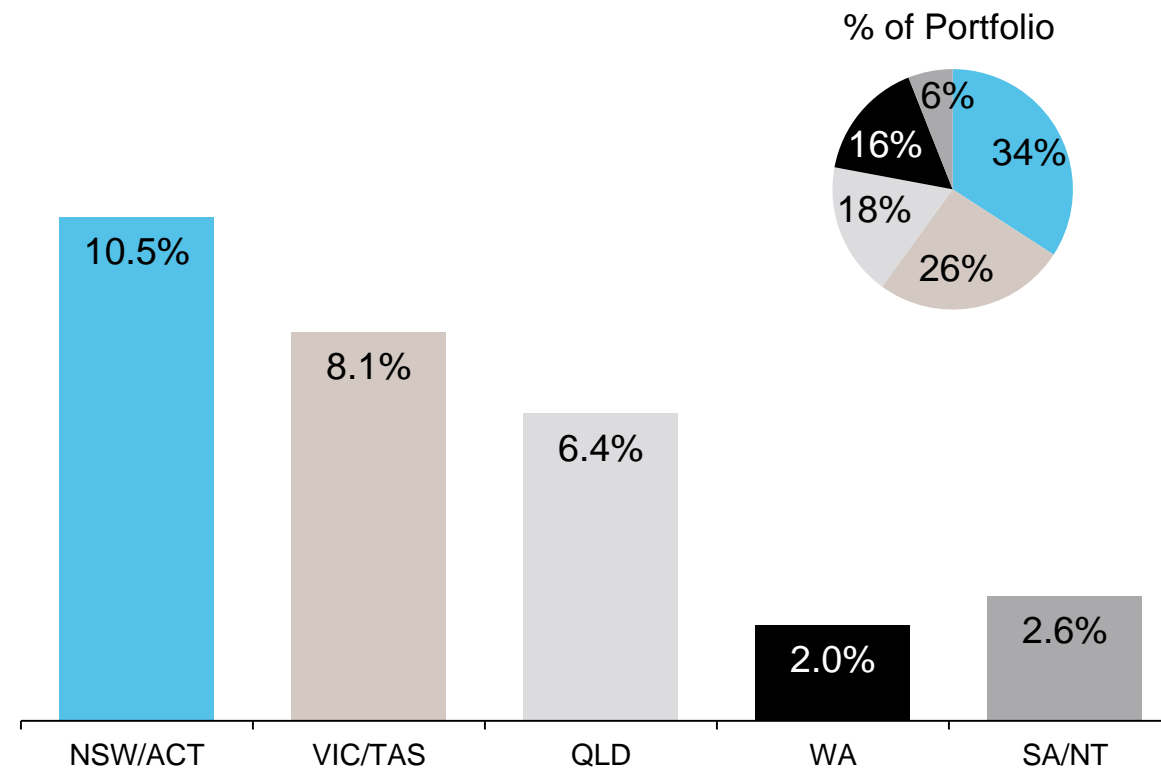
Balance Growth

FY17



State Profile

FY17 Balance Growth

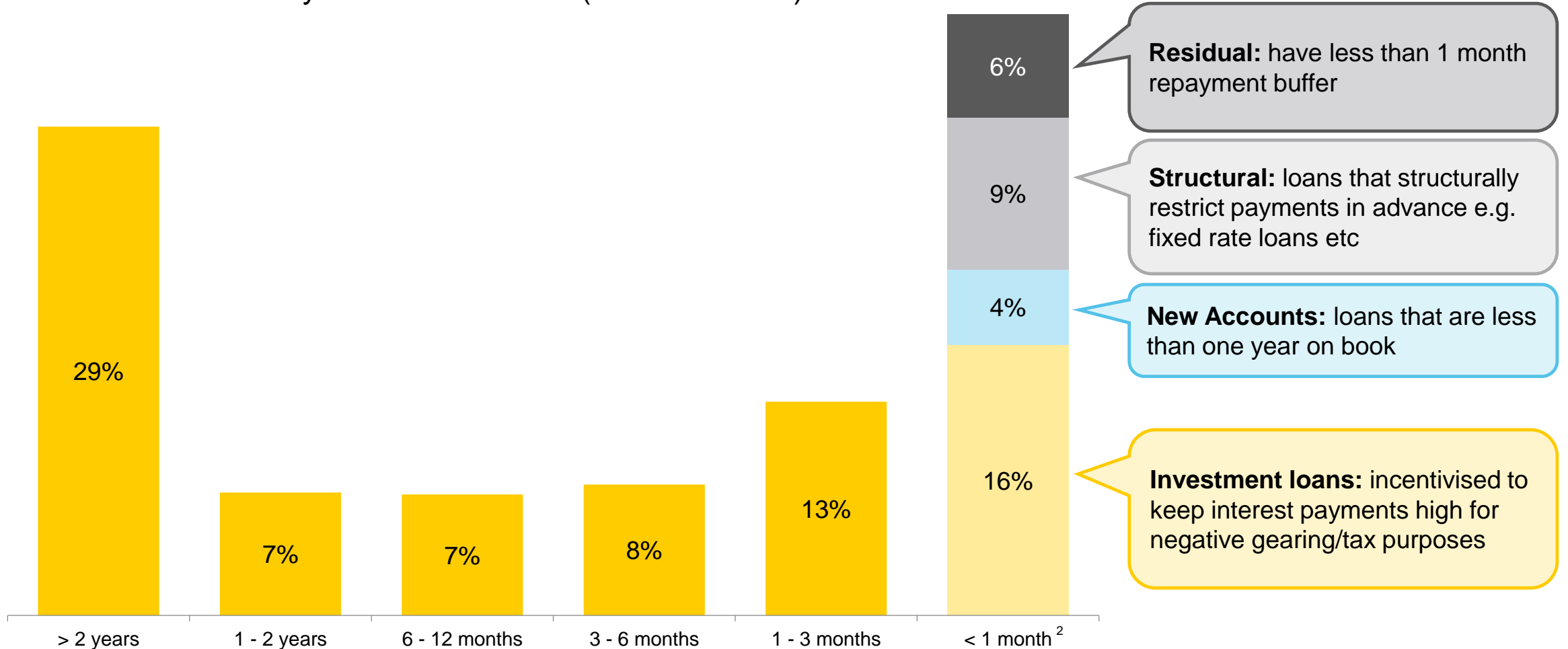


Includes RBS and Bankwest. State Profile exclude Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans (RBS only) and Residential Mortgage Group (RBS only) loans. State Profile determined by location of the underlying security

RBS Payments in advance¹



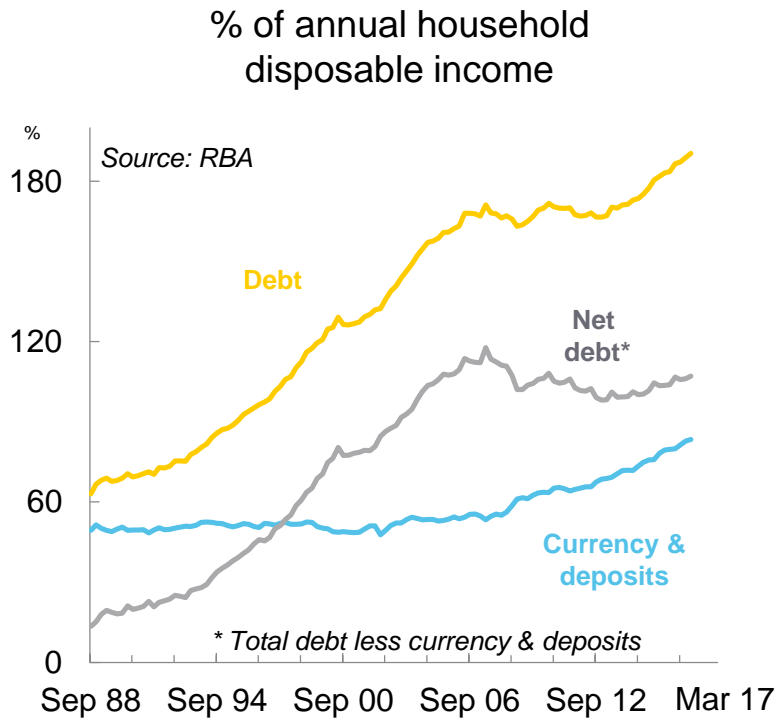
Payments in advance (% of accounts)



1. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group loans; Includes offset facilities; Loans in arrears (1%) are excluded. 2. Consists of loans that are up-to-date (23%) and less than one month in advance (12%).

Serviceability

Across the system, whilst gross household debt has risen, net debt has remained stable



Taking into account the growth in mortgage offset/equity accounts, net debt has been stable for the past decade, and below the 2006 peak

Key Origination Requirements¹

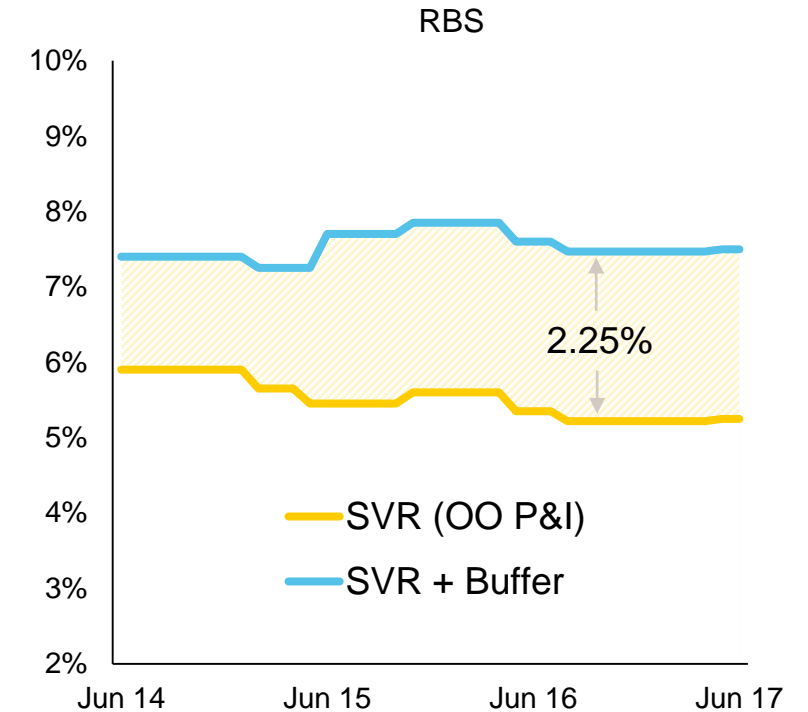
Serviceability

- | | |
|-----------------------------|---|
| Income | <ul style="list-style-type: none"> 80% cap on less certain income sources (e.g. rent, bonuses etc.) Limits on investor income allowances e.g. RBS restrict the use of negative gearing where LVR>90% |
| Expenses | <ul style="list-style-type: none"> Higher of declared expenses or HEM adjusted by income Buffer applied to existing mortgage repayments |
| Interest rate buffer | Loan serviceability buffer of 2.25% above the customer rate, with a minimum floor rate (RBS: 7.25% pa, Bankwest: 7.35%) |
| Interest only (IO) | IO loans assessed on principal and interest basis over the residual term of the loan |

Key policy changes

- Postcode based risk settings
- Maximum LVR of 80% for IO loans

Interest rate buffers built into serviceability tests²

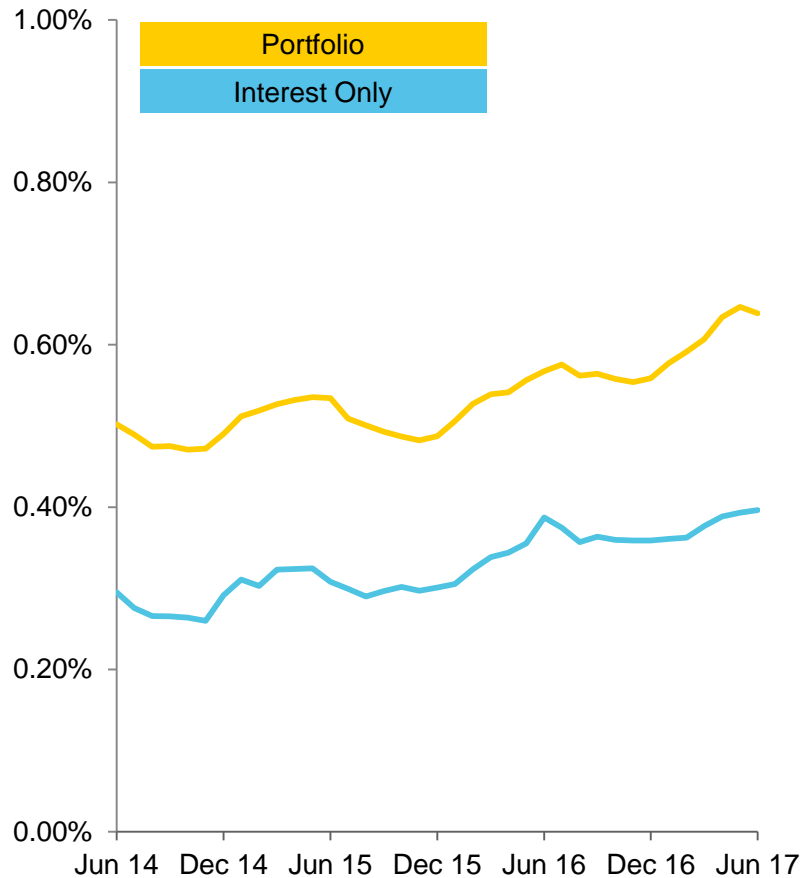


Customer serviceability tests include an interest rate buffer of 2.25% above the customer rate, with a minimum floor rate of 7.25%

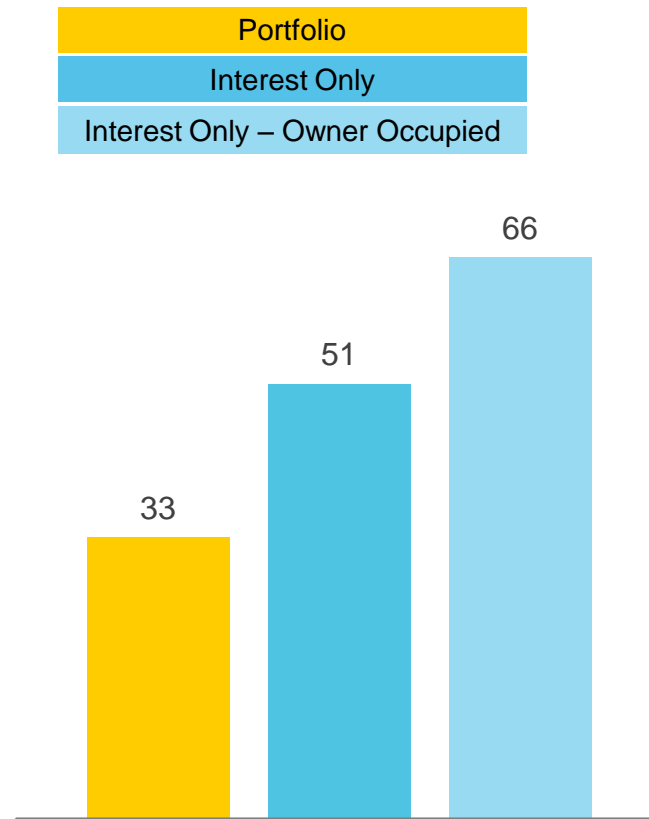
Interest only



Arrears
90+ days



Payments in Advance
(Jun 17)



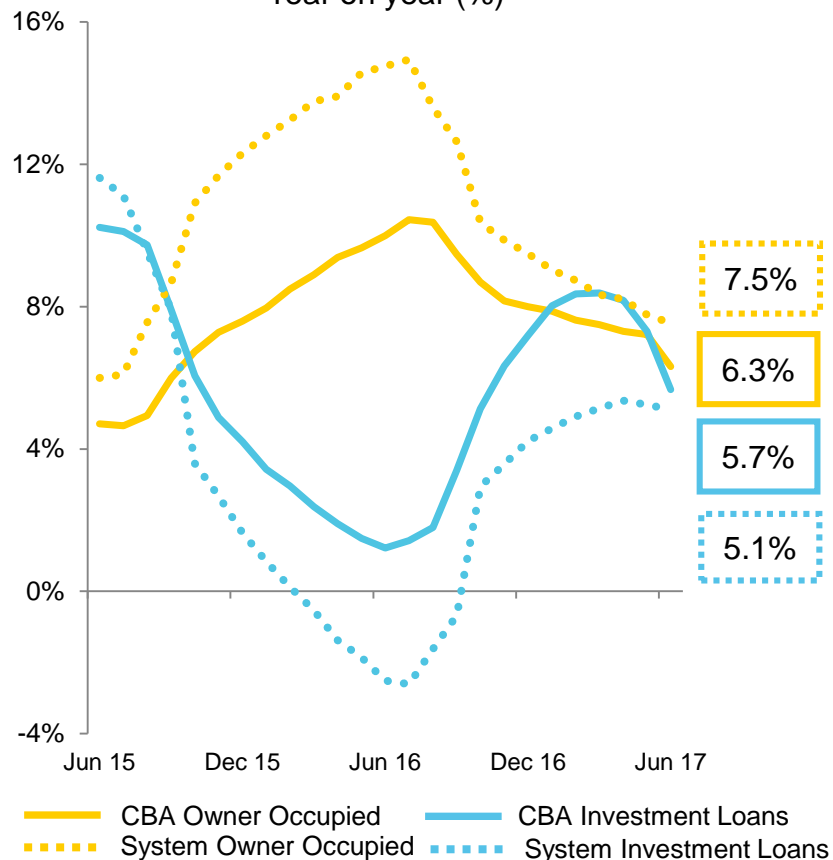
- Maximum LVR of 80% at origination
- Assessed on a P&I basis over the residual term of the loan
- Borrower profile skewed toward higher income bands and investors
- Lower arrears than overall portfolio
- Pricing and policy measures taken to reduce lending proportions below APRA's 30% threshold

Investor lending



Growth¹

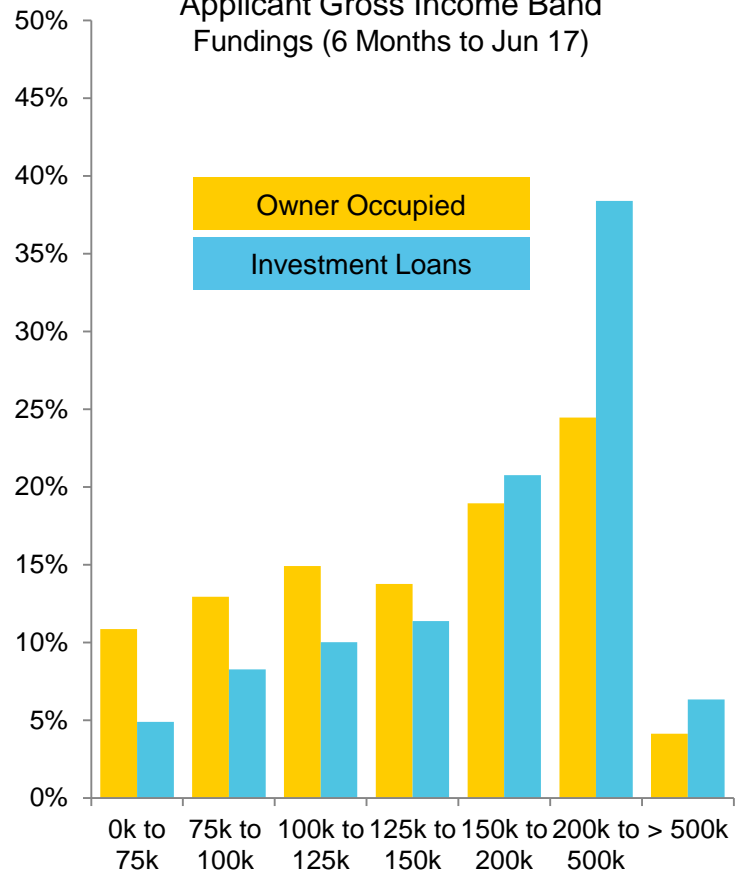
Year on year (%)



Investment home loan growth running below APRA 10% cap

Income Profile²

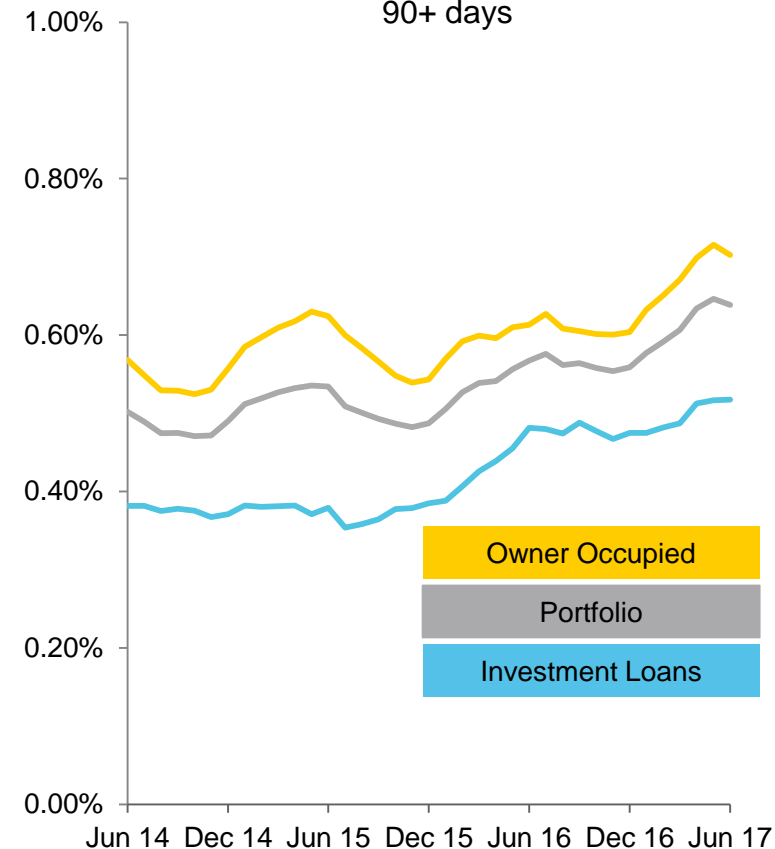
Applicant Gross Income Band Fundings (6 Months to Jun 17)



Investor borrowers skewed to higher income bands

Arrears²

90+ days



Investment loan arrears below that of overall portfolio

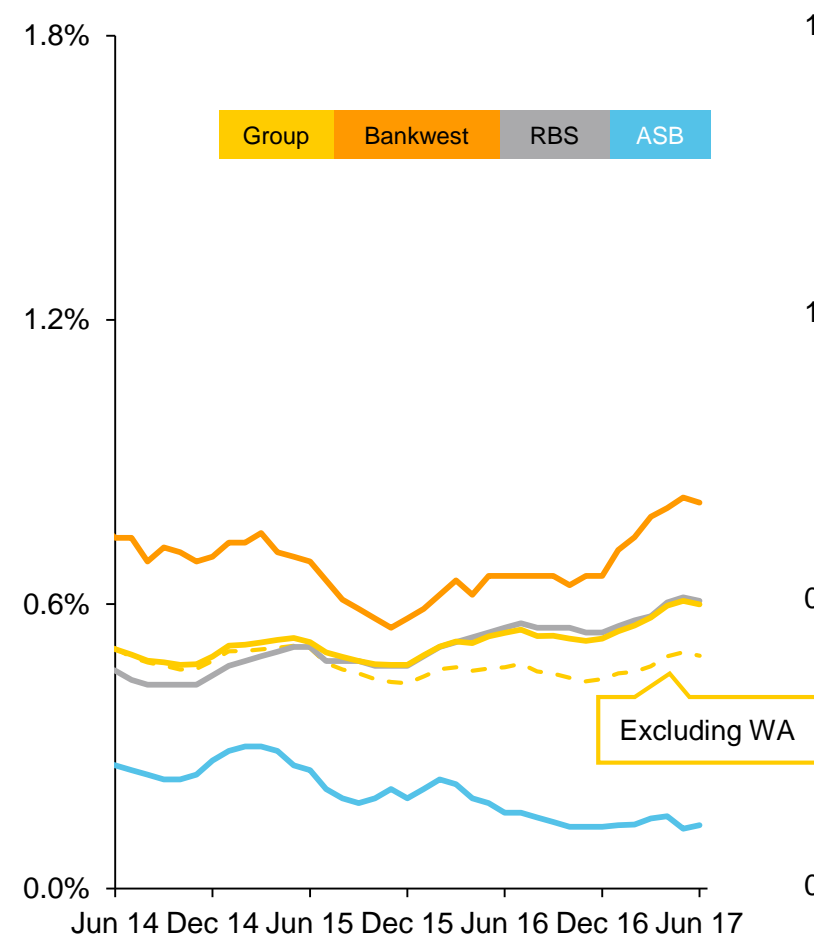
1. Based on APRA Banking Statistics; includes Line of Credit. 2. Australian Home Loans. Includes RBS and Bankwest except where noted. Income Bands, Arrears and Profile: excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans except where noted. Fundings based on dollars.

CBA home loan portfolio arrears



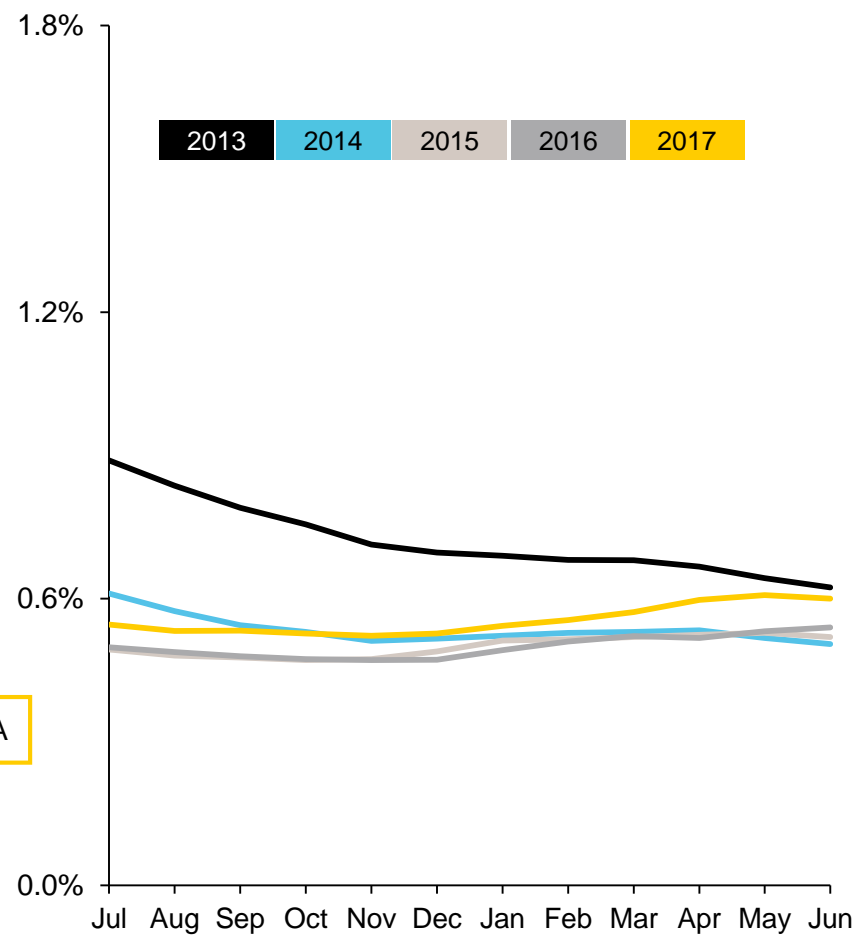
Arrears by BU

Group 90+ days¹



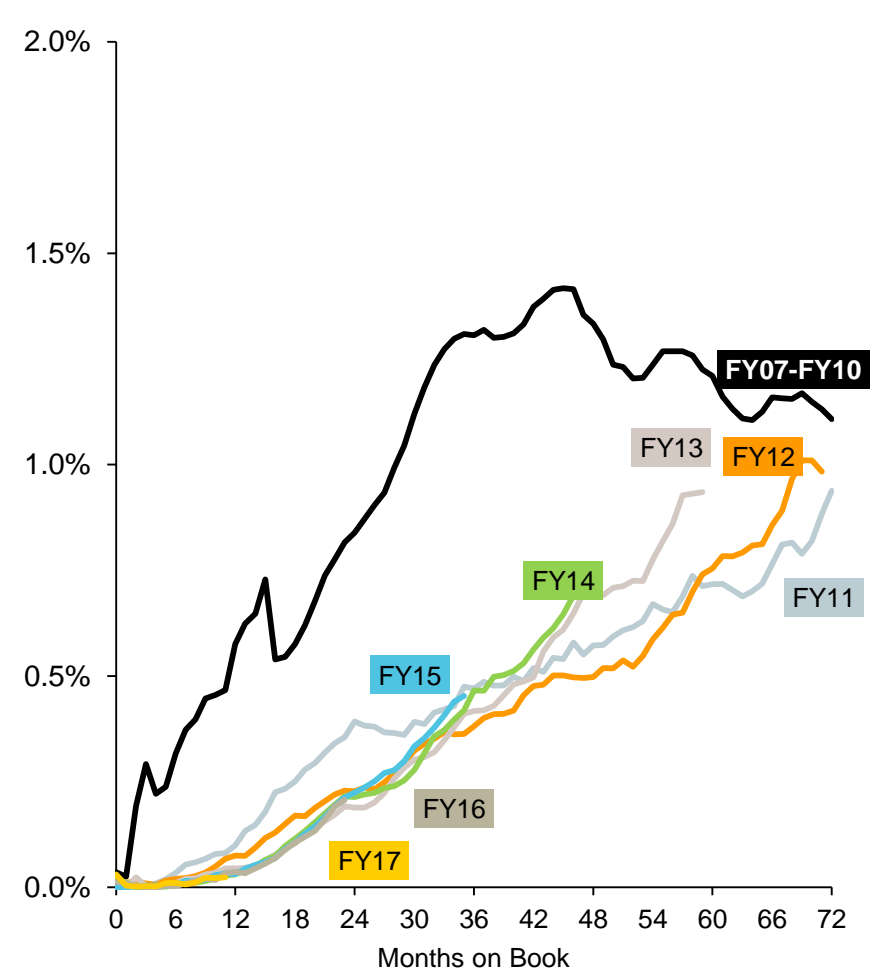
Arrears by Year

Group 90+ days¹



Arrears by Vintage

Australia² 90+ days

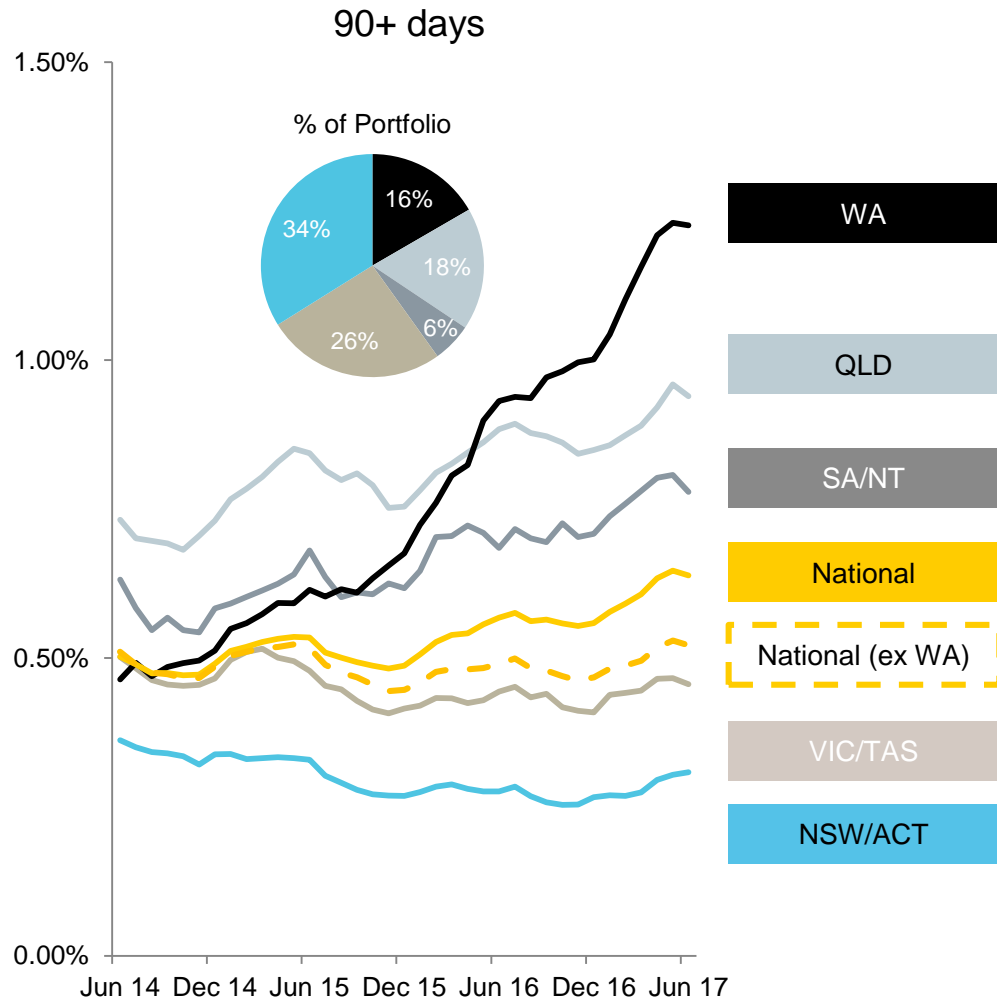


1. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans. 2. Bankwest included from FY08.

Portfolio arrears – Australian Home Loans by State



Home loan arrears



Western Australia

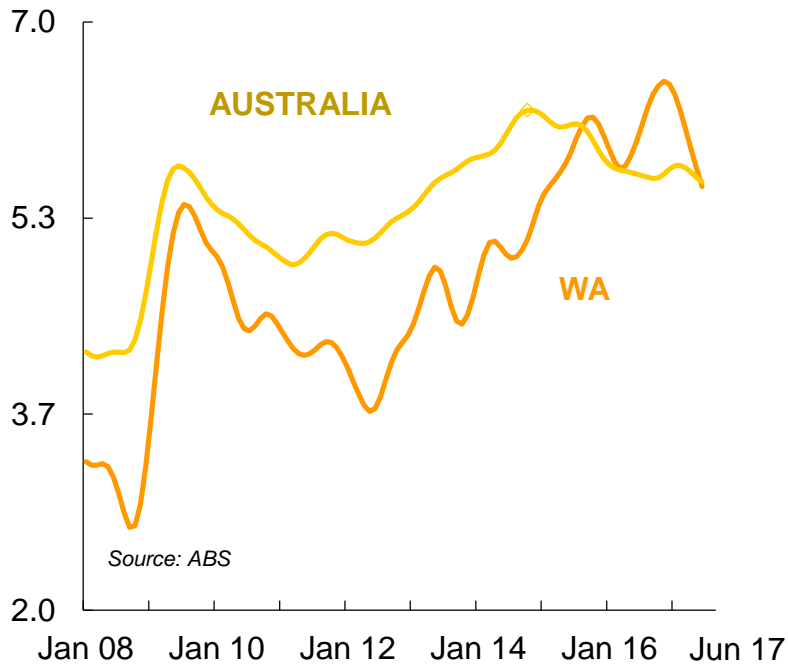
- Rigorous stress testing
- Credit policy tightening eg LVR caps, insurance requirements
- Tailored treatments by segment
- Early engagement with IHL accounts secured by multiple properties
- Increased provisions

WA economic overview



Unemployment

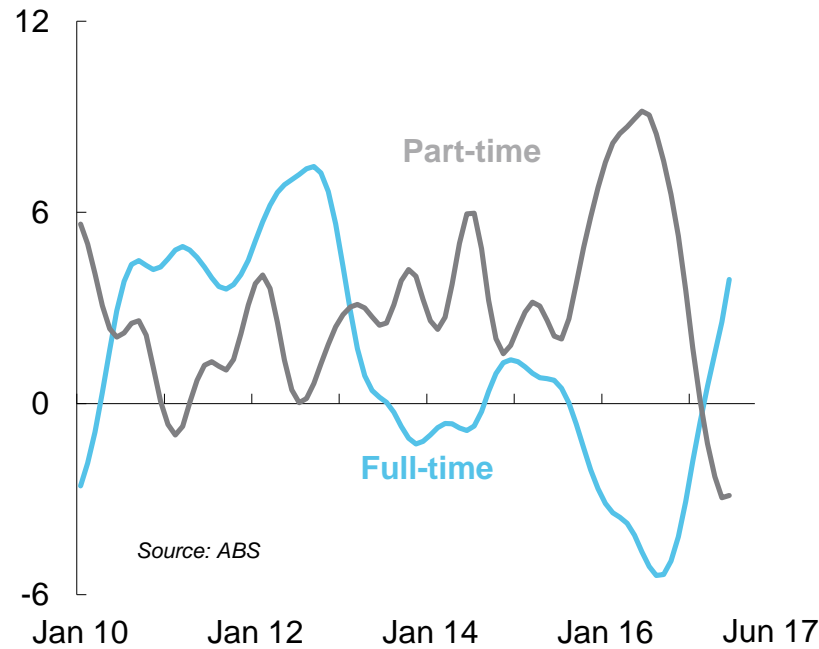
Unemployment rates (%)



The unemployment rate has peaked and is now in line with the national average.

Employment

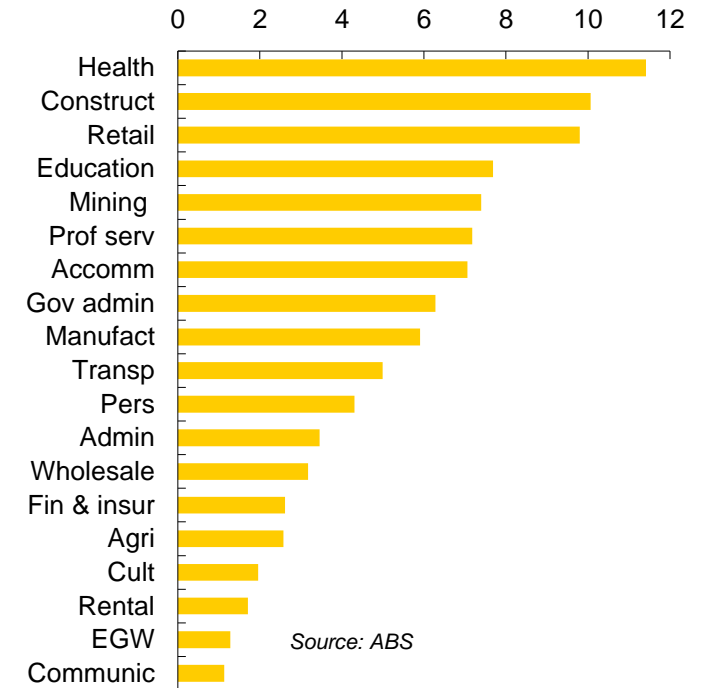
WA Employment Growth (annual % change)



Full time employment growth has lifted. A sign of an improving labour market.

Jobs by Sector

WA Jobs by sector (% of total)

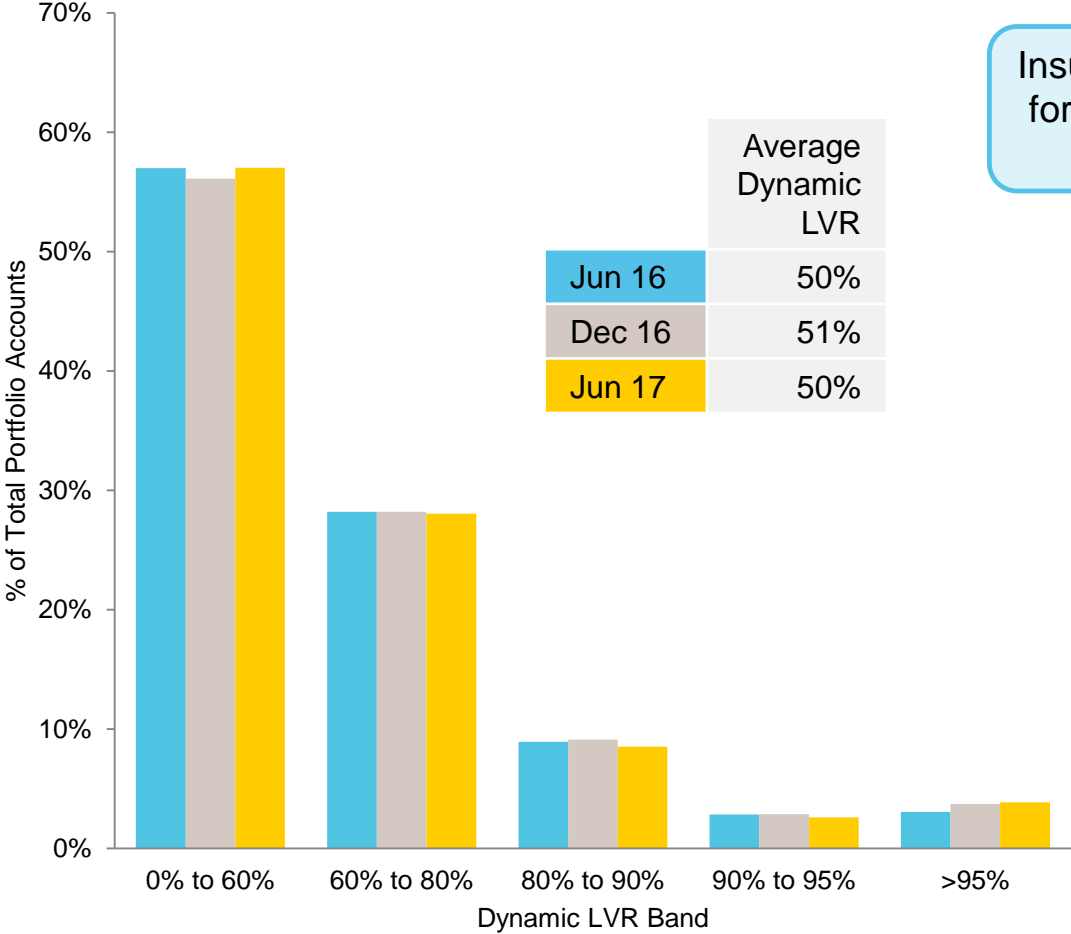


The WA economy is more diversified than is generally appreciated. Health, construction, retail and education sectors are the biggest employers.

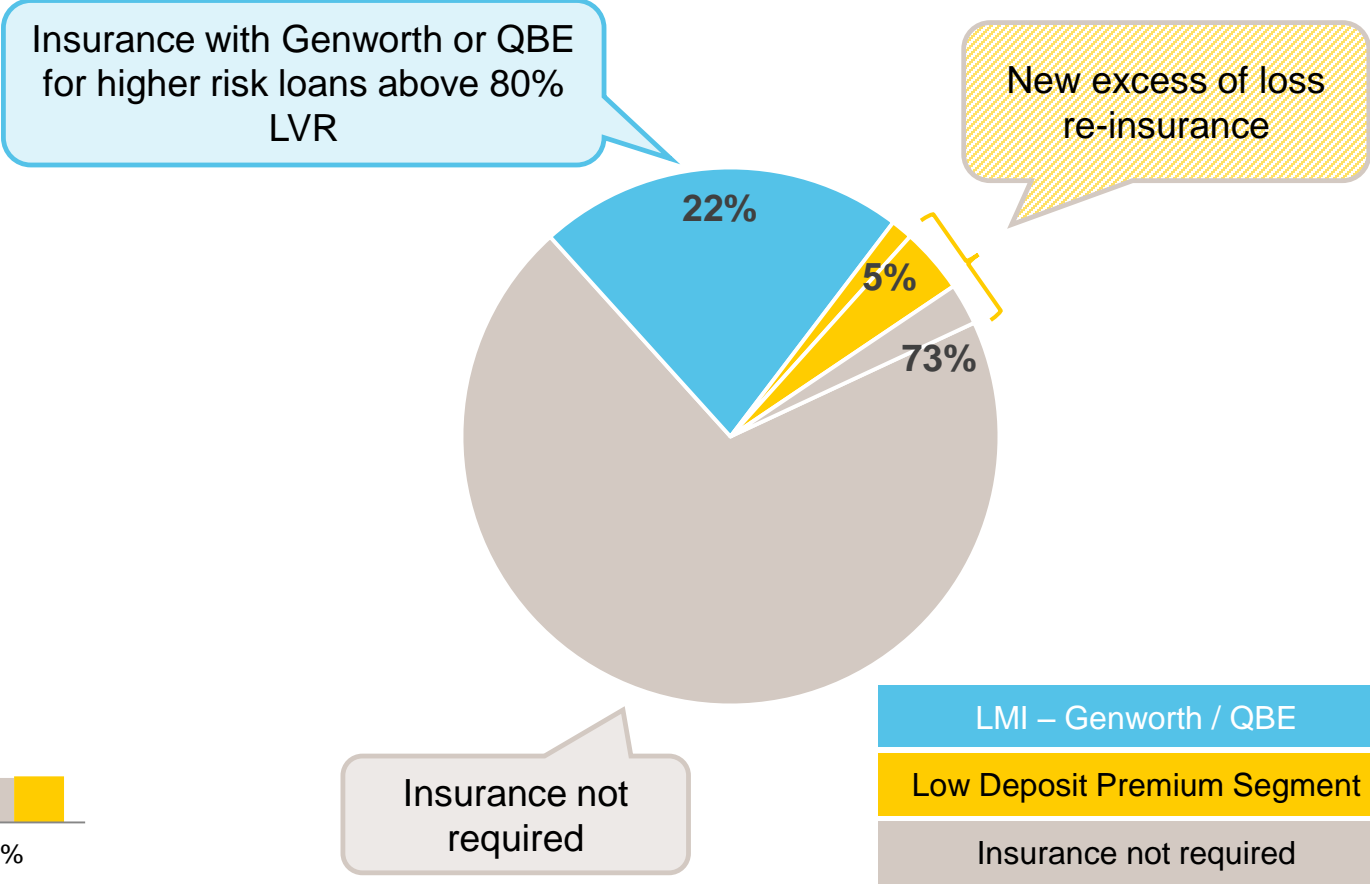
Loan to Value Ratio (LVR) and portfolio insurance



Home Loan Dynamic LVR¹



Portfolio Insurance Profile²
% of Australian Home Loan portfolio



1. Australian Home Loans. Dynamic LVR is current balance / current valuation. 2. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group loans. 89

Home loans stress test – Australia



Assumptions and Outcomes

Assumptions (%)	Base	Year 1	Year 2	Year 3
Cash Rate	1.5	1.0	0.5	0.5
Unemployment	5.8	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	50%	50%	50%
Outcomes (\$m)	Total	Year 1	Year 2	Year 3
Stressed Losses	3,944	684	1,224	2,036
Insured Losses	1,031	190	325	517
Net Losses	2,913	494	899	1,520
Net Losses (bpts)	58.6	9.9	17.9	31.1
PD %	n/a	1.0	1.7	2.4

Summary

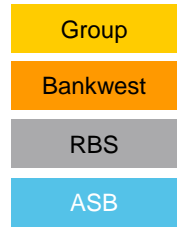
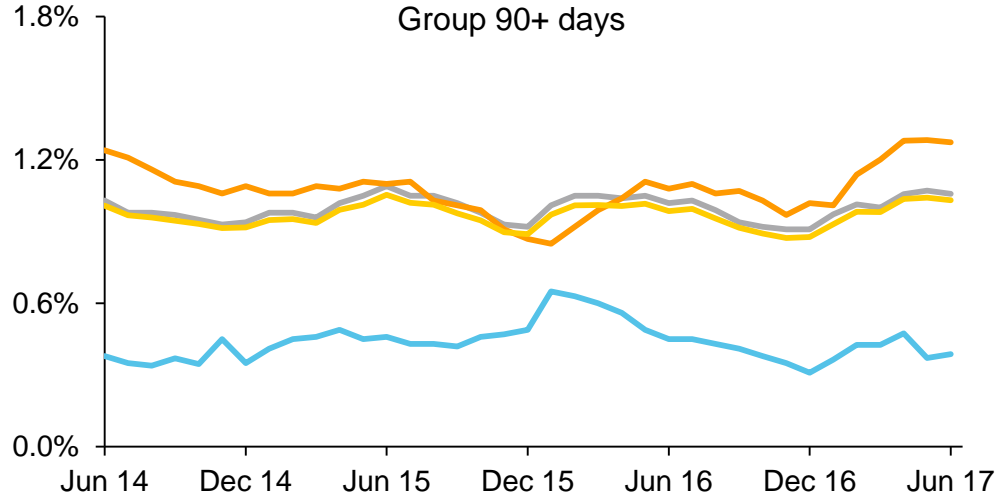
- 3 year scenario of cumulative 31% house price decline, peak 11% unemployment and a reduction in the cash rate to 0.5%.
- Total net losses after LMI recoveries over 3 years of \$2.9bn.
- Higher losses from assuming lower recoveries from LMI.
- Stress Test loss outcomes updated to take into account potential stress from higher risk segments such as investor, interest only loans, 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.

Consumer arrears



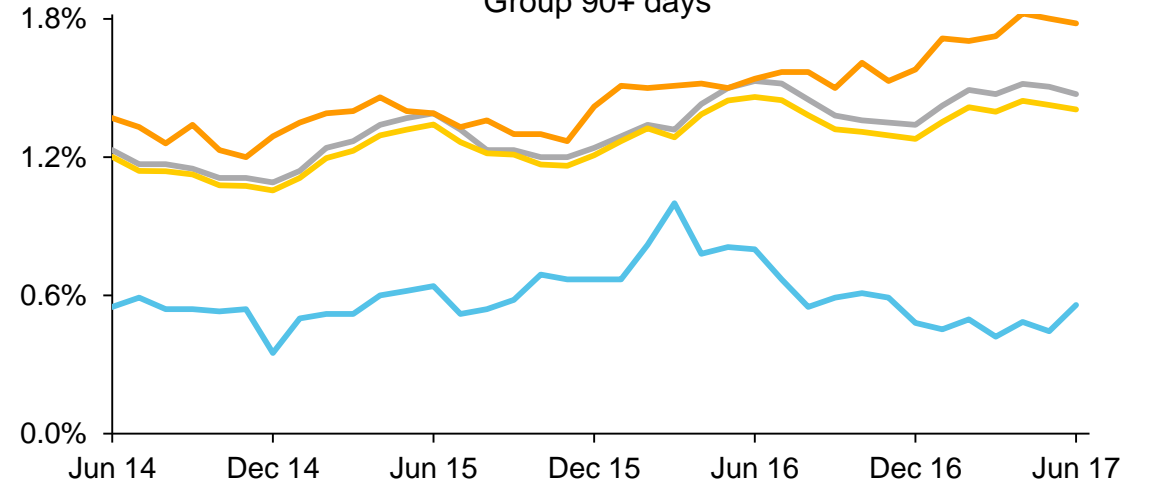
Credit Cards

Group 90+ days



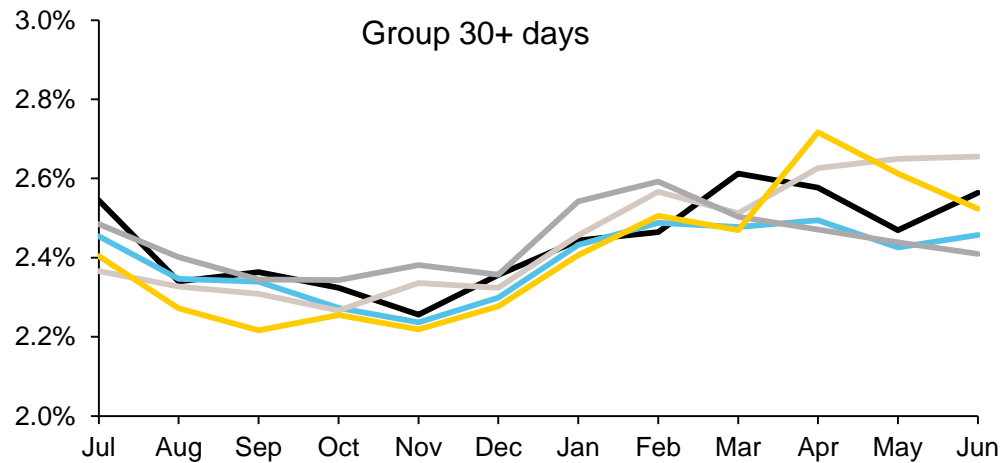
Personal Loans

Group 90+ days



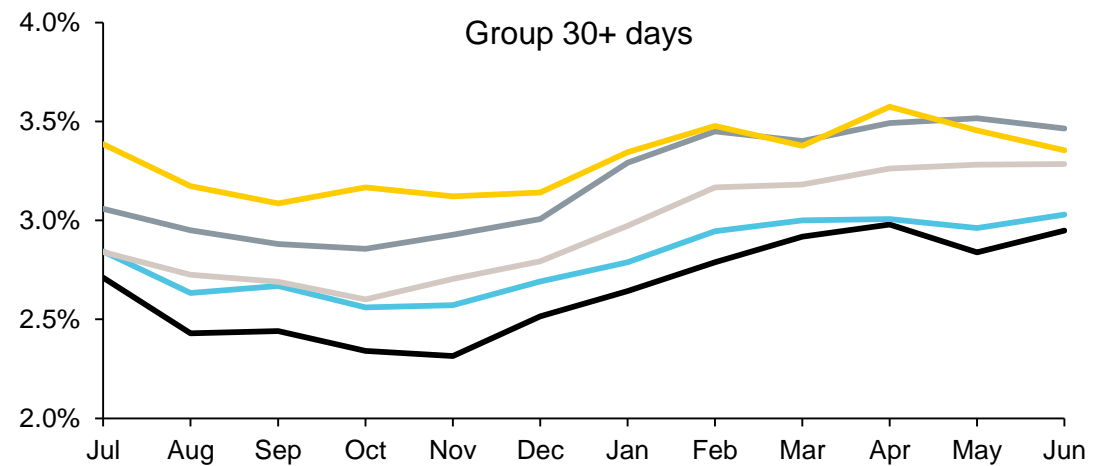
Credit Cards

Group 30+ days



Personal Loans

Group 30+ days



Regulatory exposure mix



Portfolio	Regulatory Credit Exposure Mix			
	CBA	Peer 1	Peer 2	Peer 3
Residential Mortgages	56%	41%	45%	58%
Corporate, SME, Specialised Lending	27%	31%	38%	29%
Bank	4%	5%	5%	2%
Sovereign	9%	15%	10%	7%
Qualifying Revolving	3%	3%	1%	2%
Other Retail	1%	5%	1%	2%
Total	100%	100%	100%	100%

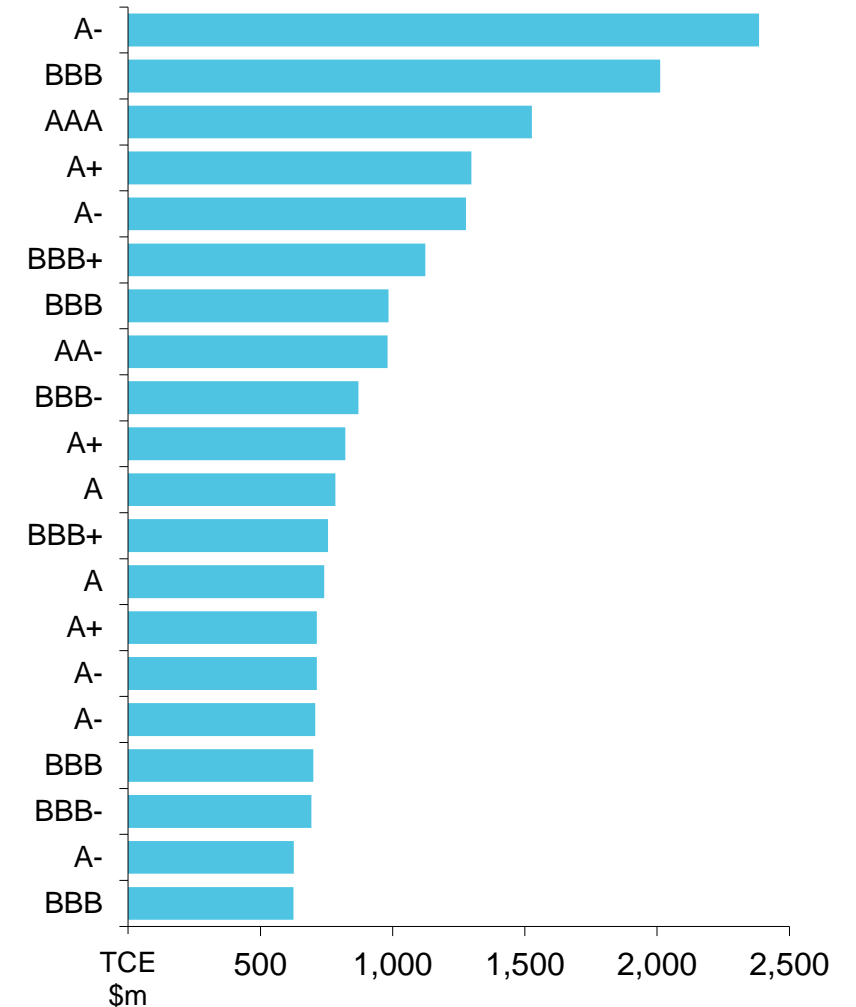
Sector exposures



Exposures by Industry

TCE \$bn	AAA to AA-	A+ to A-	BBB+ to BBB-	Other	Jun 17
Sovereign	98.8	6.2	0.5	0.1	105.6
Property	2.1	6.0	15.3	47.1	70.5
Banks	30.3	26.7	6.7	2.3	66.0
Finance - Other	22.9	22.2	7.3	2.4	54.8
Retail & Wholesale Trade	-	2.6	6.4	14.7	23.7
Agriculture	-	0.5	2.5	18.7	21.7
Manufacturing	-	3.9	5.8	7.7	17.4
Transport	-	1.5	9.3	5.5	16.3
Mining	0.1	3.9	6.2	4.5	14.7
Energy	0.3	2.2	8.5	1.5	12.5
All other excl. Consumer	1.5	7.4	22.2	42.6	73.7
Total	156.0	83.1	90.7	147.1	476.9

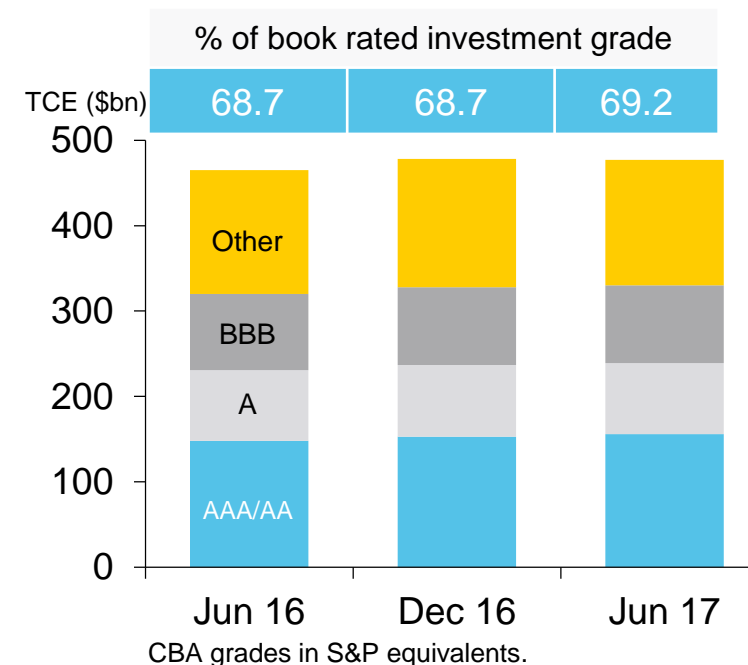
Top 20 Commercial Exposures



Credit exposures by industry

	Group TCE		TIA \$m		TIA % of TCE	
	Dec 16	Jun 17	Dec 16	Jun 17	Dec 16	Jun 17
Consumer	54.8%	55.4%	1,409	1,578	0.24%	0.26%
Sovereign	9.5%	9.7%	-	-	-	-
Property	6.7%	6.5%	630	693	0.87%	0.98%
Banks	6.3%	6.1%	9	9	0.01%	0.01%
Finance – Other	5.1%	5.0%	58	50	0.10%	0.09%
Retail & Wholesale Trade	2.4%	2.2%	571	474	2.20%	2.00%
Agriculture	2.0%	2.0%	1,104	1,019	5.21%	4.70%
Manufacturing	1.6%	1.6%	600	430	3.48%	2.47%
Transport	1.5%	1.5%	513	436	3.25%	2.65%
Mining	1.4%	1.4%	538	477	3.62%	3.23%
Business Services	1.3%	1.3%	186	165	1.36%	1.13%
Energy	1.2%	1.1%	49	90	0.38%	0.72%
Construction	0.8%	0.8%	281	290	3.10%	3.19%
Health & Community	0.7%	0.7%	215	197	2.94%	2.45%
Culture & Recreation	0.7%	0.7%	71	54	0.91%	0.73%
Other	4.0%	4.0%	561	538	1.31%	1.23%
Total	100.0%	100.0%	6,795	6,500	0.63%	0.60%

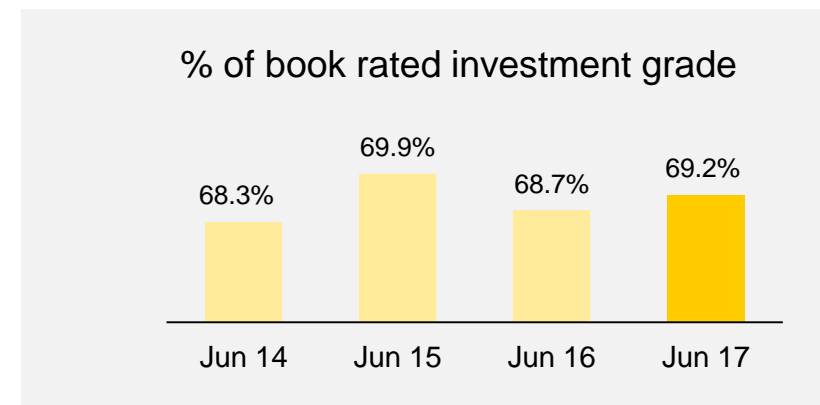
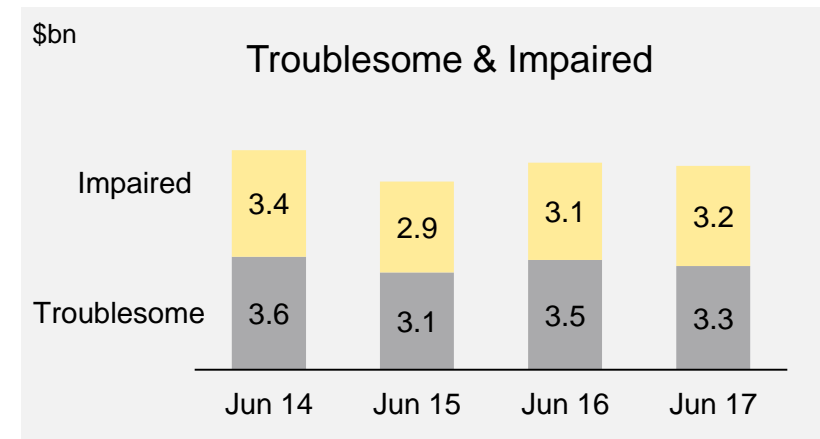
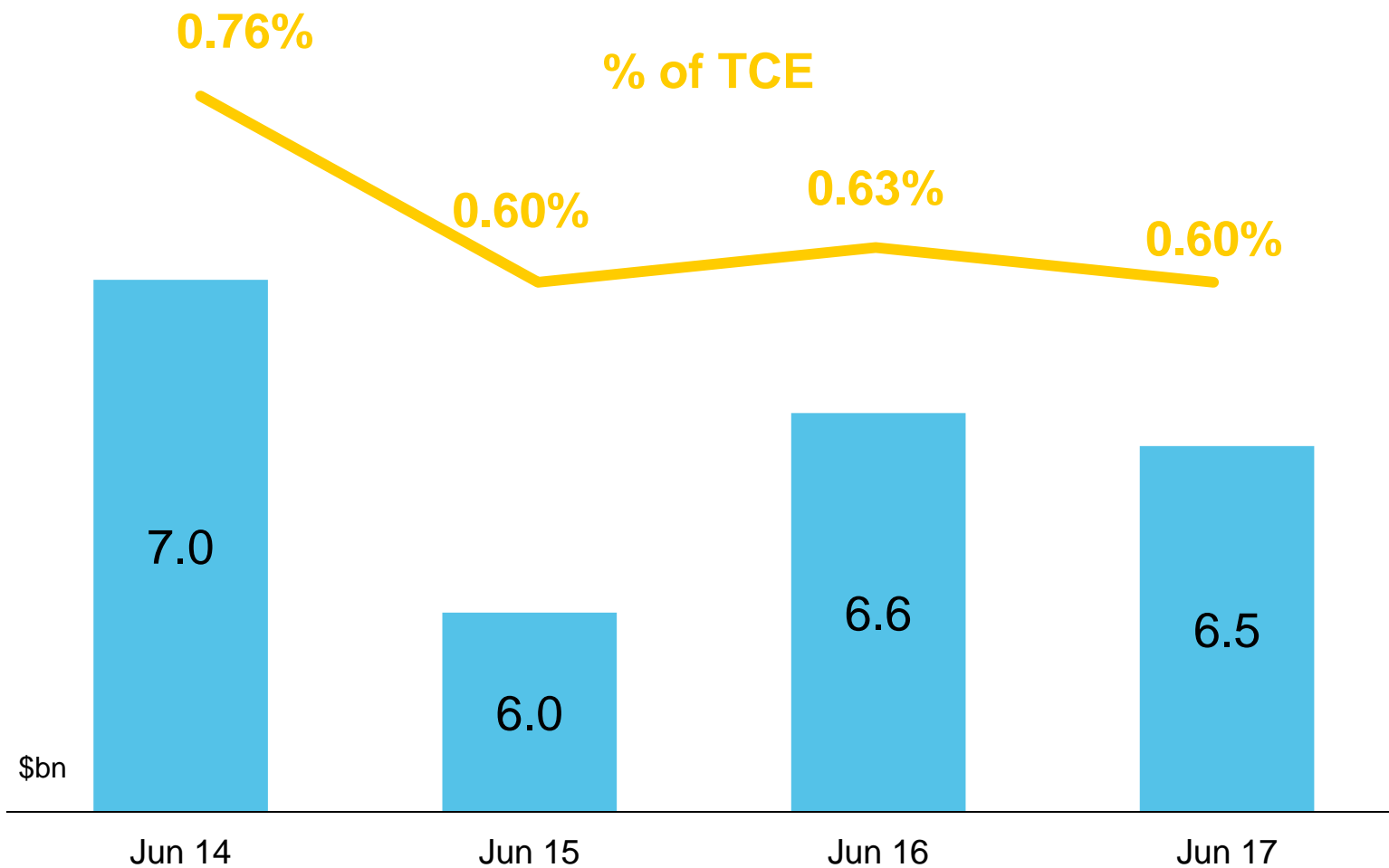
Corporate Portfolio Quality



Group TCE by Geography

	Jun 16	Dec 16	Jun 17
Australia	76.7%	76.4%	76.9%
New Zealand	9.2%	9.7%	9.7%
Europe	5.4%	5.8%	5.5%
Other	8.7%	8.1%	7.9%

TIAs relatively low and stable



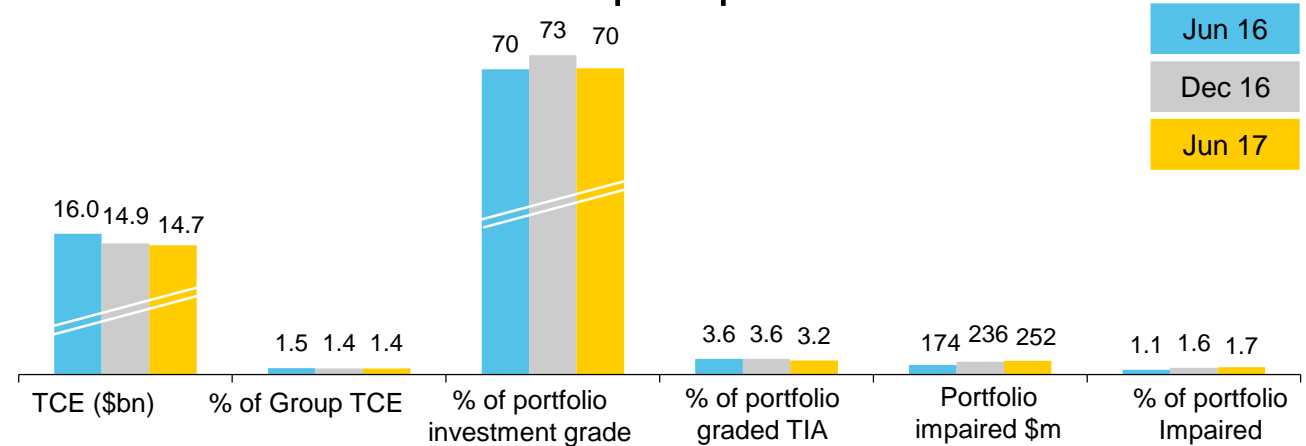
Mining, oil & gas – lower exposure



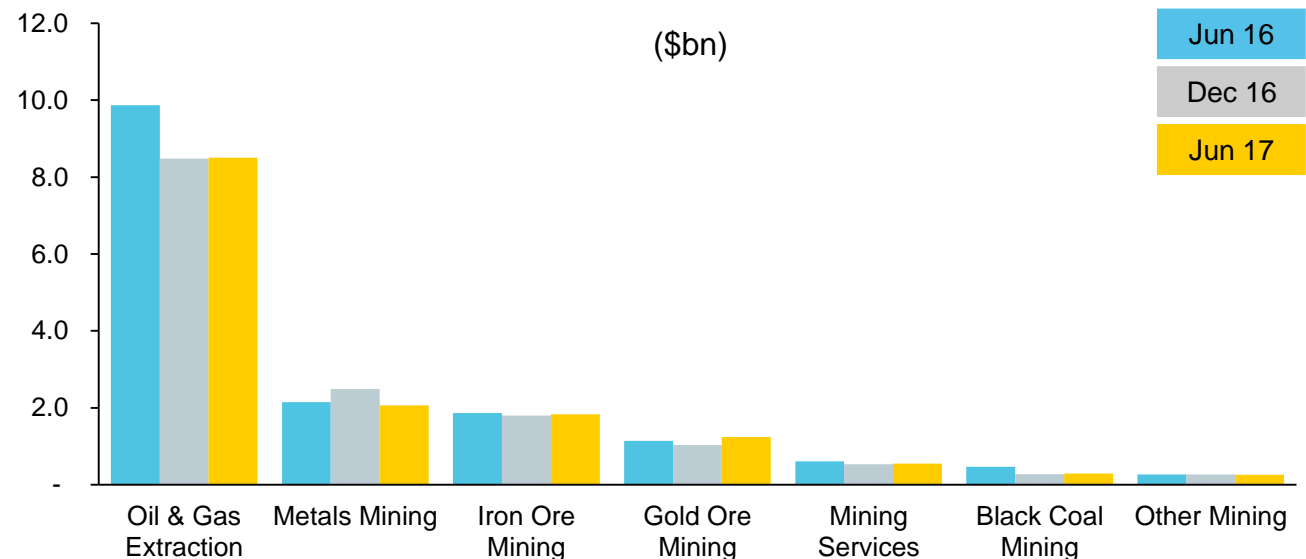
Overview

- Exposure of \$14.7bn (1.4% of Group TCE), \$0.2bn reduction on prior half due to ongoing active portfolio management and repayments.
- Relatively stable performance over the past 12 months:
 - 70% investment grade.
 - Diversified by commodity/customer/region.
 - Focus on quality, low cost projects with strong fundamentals and sponsors.
- Mining services exposure remains modest (3% of total).
- Oil and Gas Extraction is the largest sub-sector (58% of total): 77% investment grade with 31% related to LNG – typically supported by strong sponsors with significant equity contribution.
- TIA level reduced to 3.2% of the portfolio
- General improvement in trading conditions across the Commodity sector. Remain cautious of risk of commodity price pull back. Continued selective approach to new origination.

Group Exposure



Group Exposure by Sector



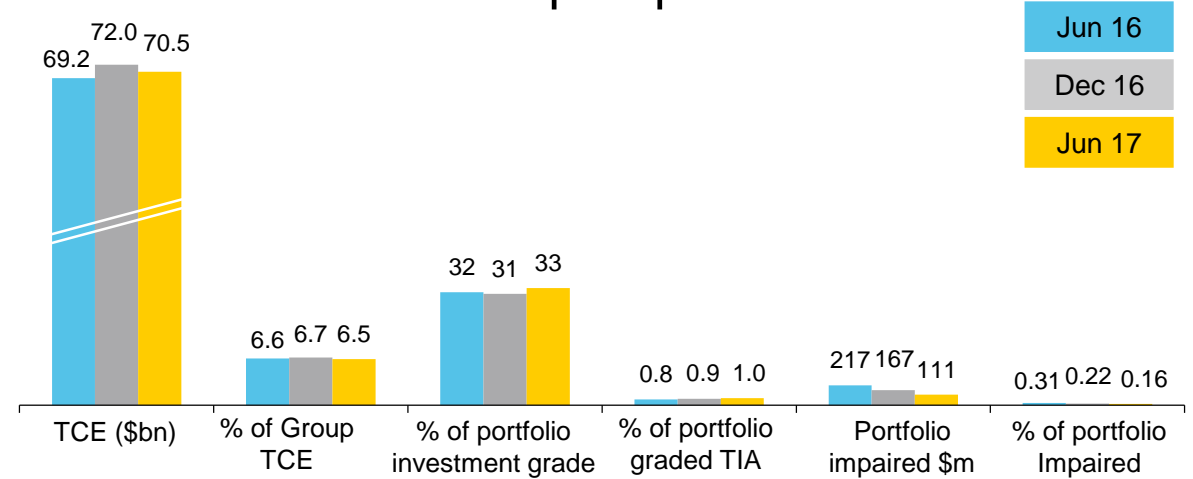
Commercial property – lower exposure



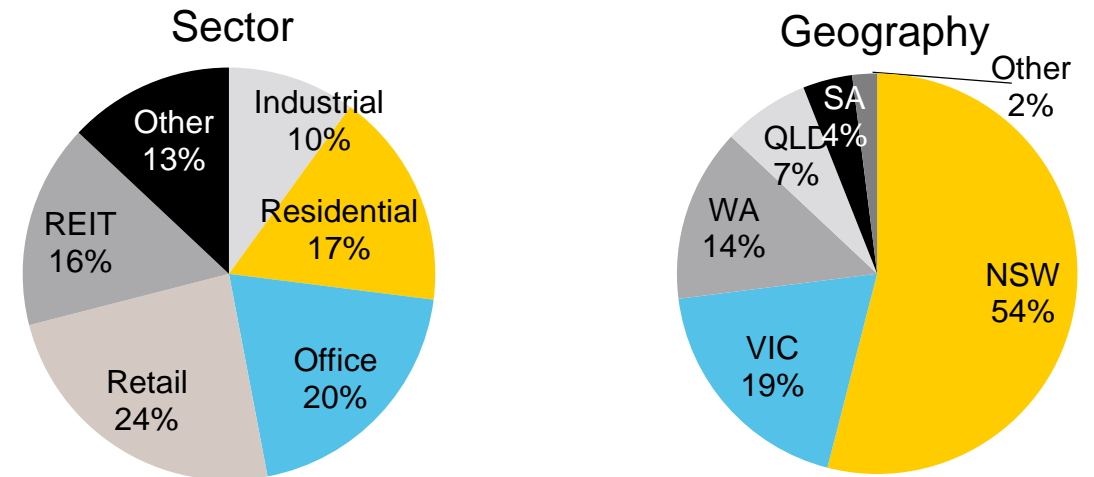
Overview

- Exposure has reduced in the half year, though remains diversified across sectors and by counterparties.
- 86.3% of Commercial Property exposure to investors and REITS, 13.7% to developments (down from 14.7% at the half).
- Top 20 counterparties primarily investment grade (weighted average rating of BBB equivalent) and account for 14.0% of Commercial property exposure.
- 33% of the portfolio investment grade, majority of sub-investment grade exposures secured (96%).
- Impaired exposures remain low (0.2% of the portfolio).
- Portfolio weighting to NSW increased (up from 52% at the half) driven by Sydney's strong economic, employment and population growth and large percentage reductions in apartment exposures in other states during the half.
- Development exposure continues to reduce due to repayments from completed projects and active management of risk appetite in areas of concern.
- Ongoing comprehensive market, exposure and underwriting monitoring on the portfolio.

Group Exposure



Profile



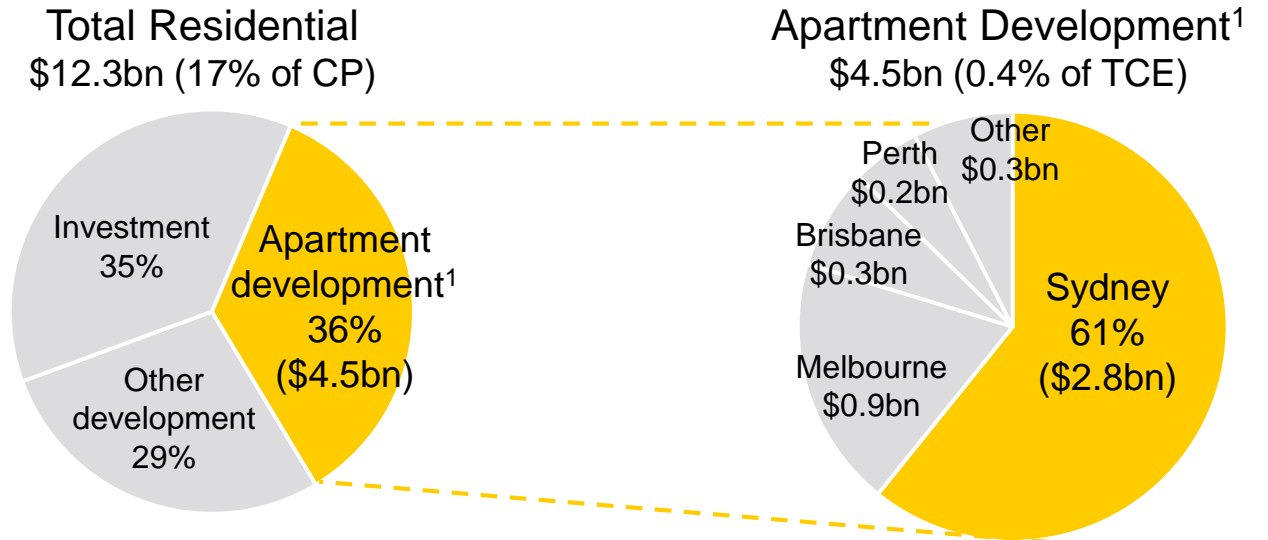
Residential apartments – weighted to Sydney

Overview¹

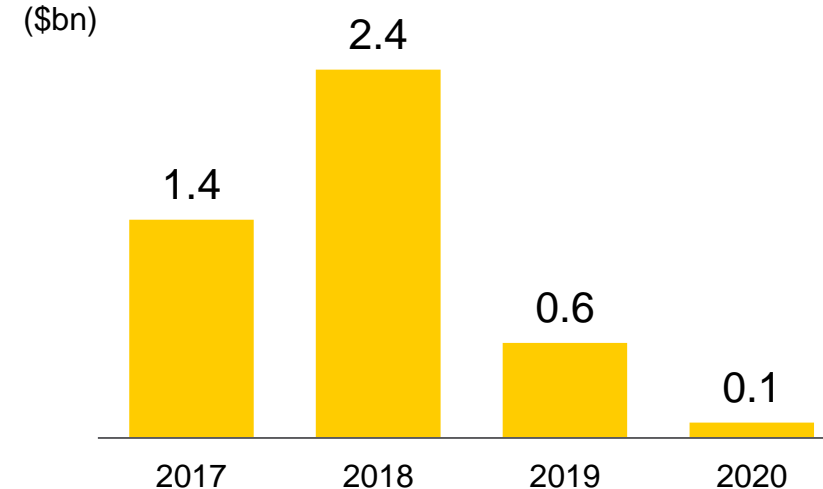
- Apartment Development exposure reduced \$0.7bn (-14%) for the half
- Facilities being repaid on time from pre-sale settlements
- Weighting to Sydney increasing as exposures to other capital cities reducing proportionally quicker
- Qualifying pre-sales of 111.4%²
- Lower Portfolio LVR of 59.0%
- Sydney developments are diversified across the metropolitan area
- Ongoing comprehensive market, exposure and settlement monitoring on the portfolio.

1. Apartment Developments > \$20m. Brisbane, Melbourne and Perth defined as all postcodes within a 15km radius of the capital city and Sydney is all metropolitan Sydney based on location of the development. Other is all other locations.
 2. 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.

Profile (Jun 17)



Exposure Maturity Profile¹



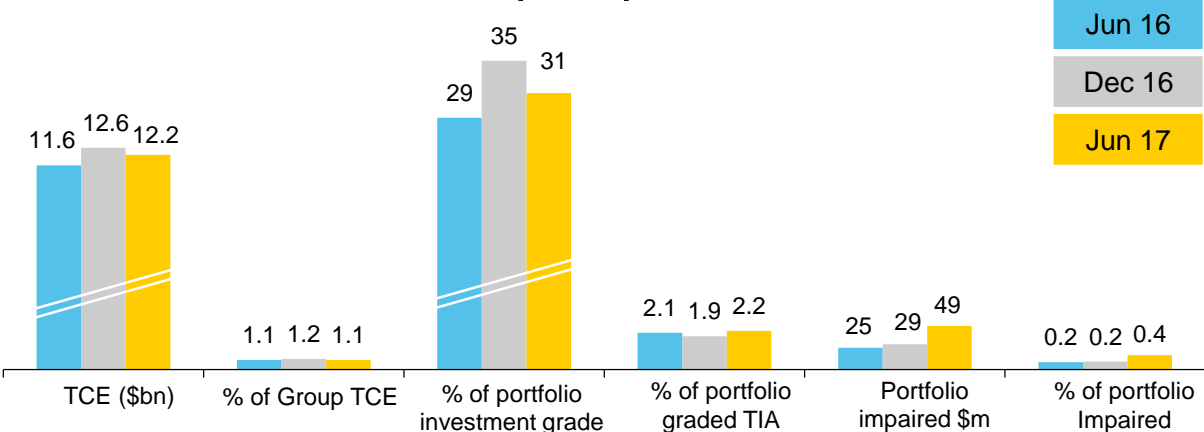
Retail trade



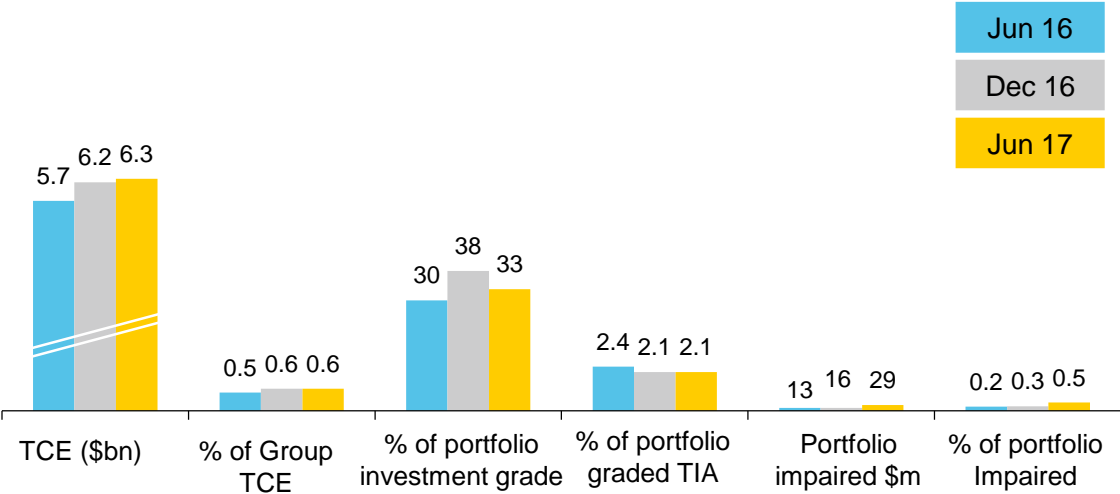
Overview

- Exposure of \$12.2bn (1.1% of Group TCE), \$0.4bn reduction on prior half.
- Personal and household good retailing accounts for \$6.3bn (0.6% of Group TCE)
- Increased online retailing will present additional challenges; increasing volume and margin competition for both online and in-store sales
- Despite pressures in retail sector, through effective transaction appetite and risk management, portfolio health remains sound

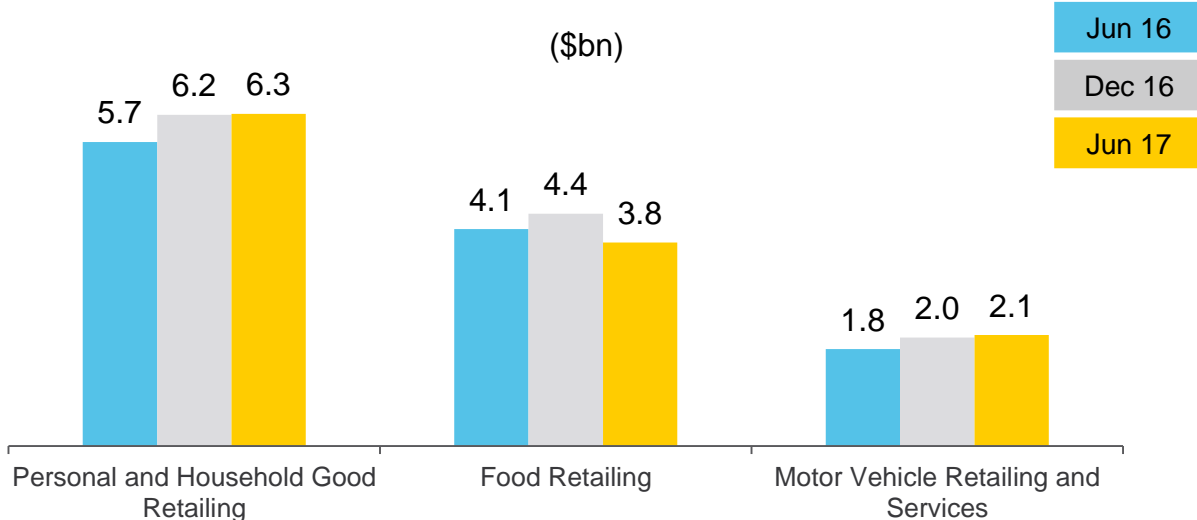
Group Exposure



Personal and Household Good Retailing



Group Exposure by Sector



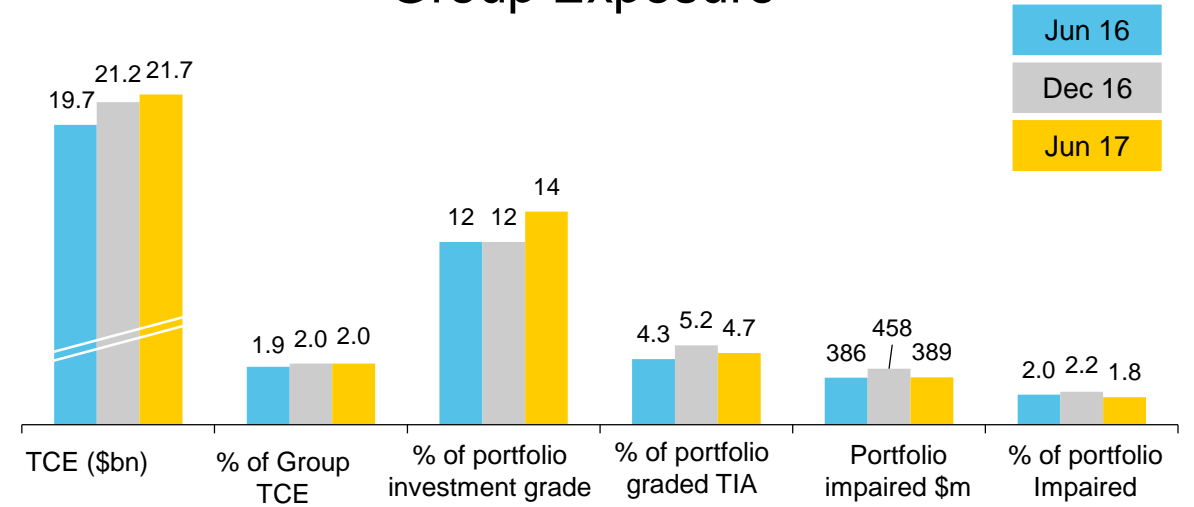
Agriculture – NZ Dairy portfolio quality improving



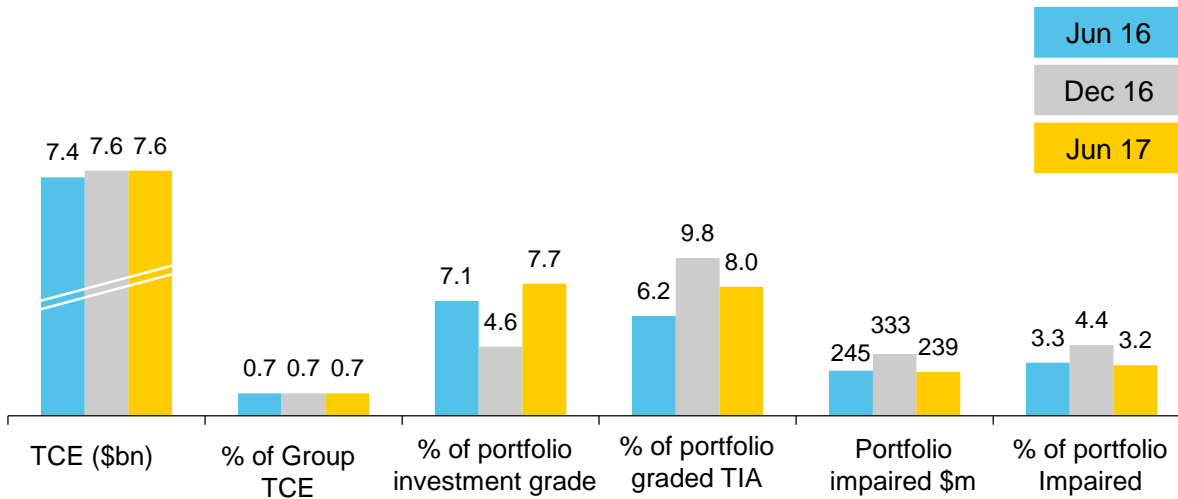
Overview

- Exposure of \$21.7bn (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.
 - Improvement in milk prices is leading to a reduction in TIA levels.
 - Outlook is dependent on improved milk prices being sustained

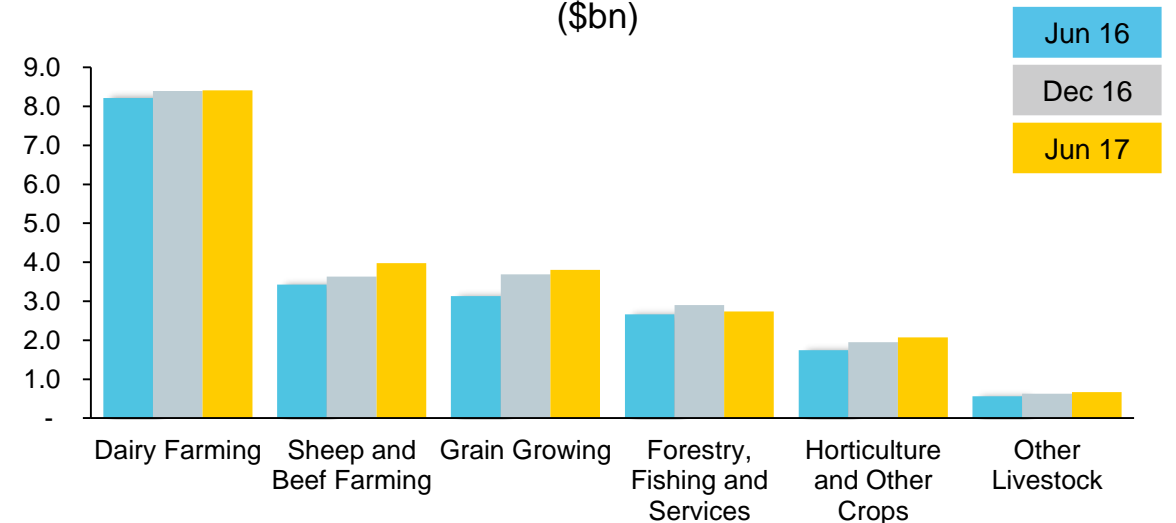
Group Exposure



NZ Dairy Exposure

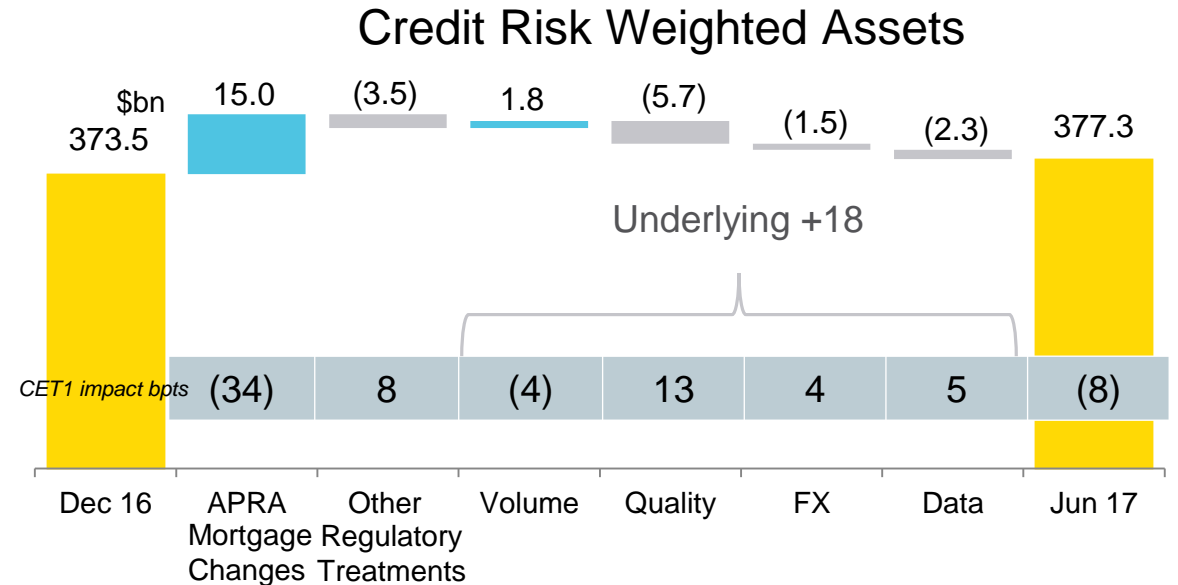
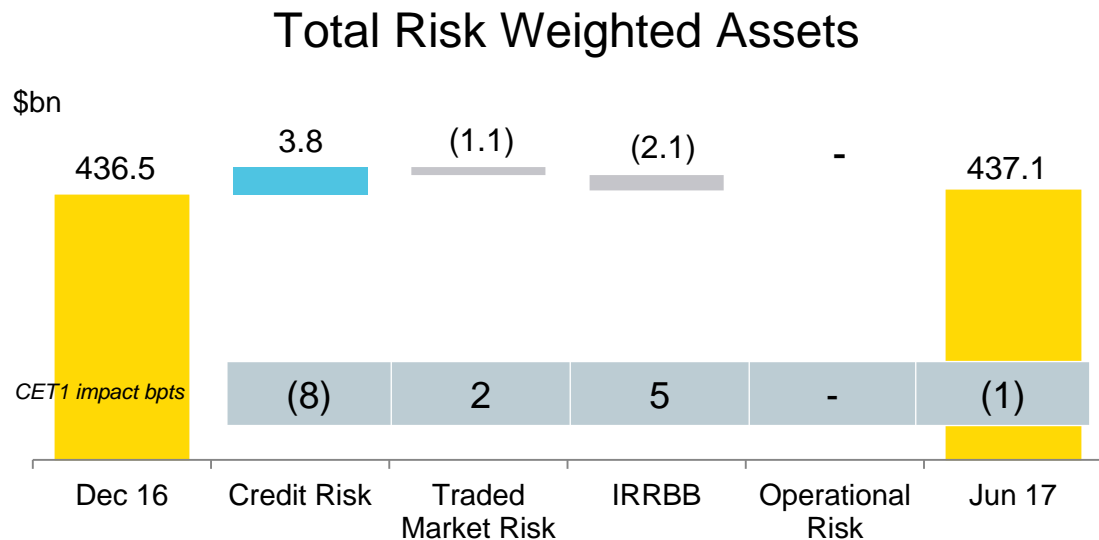
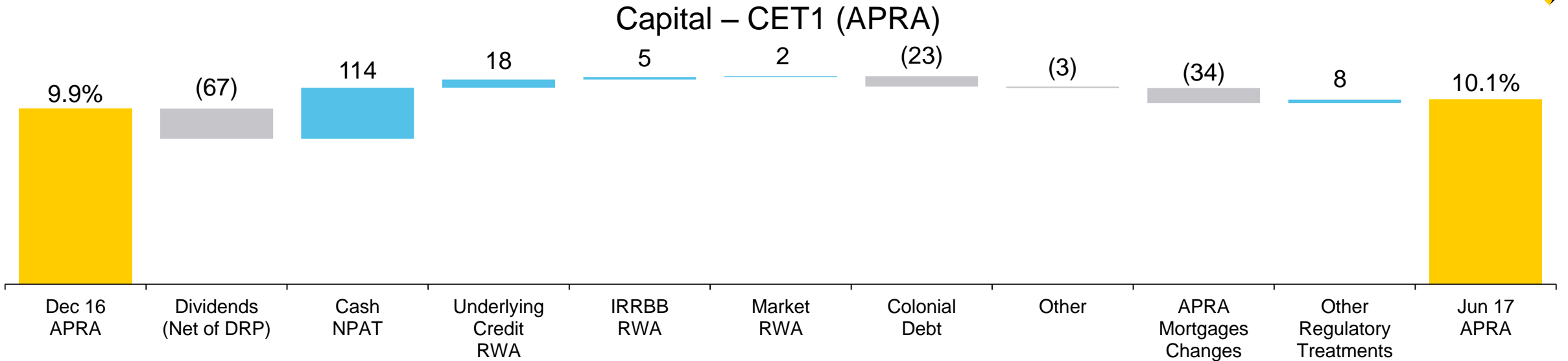


Group Exposure by Sector



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

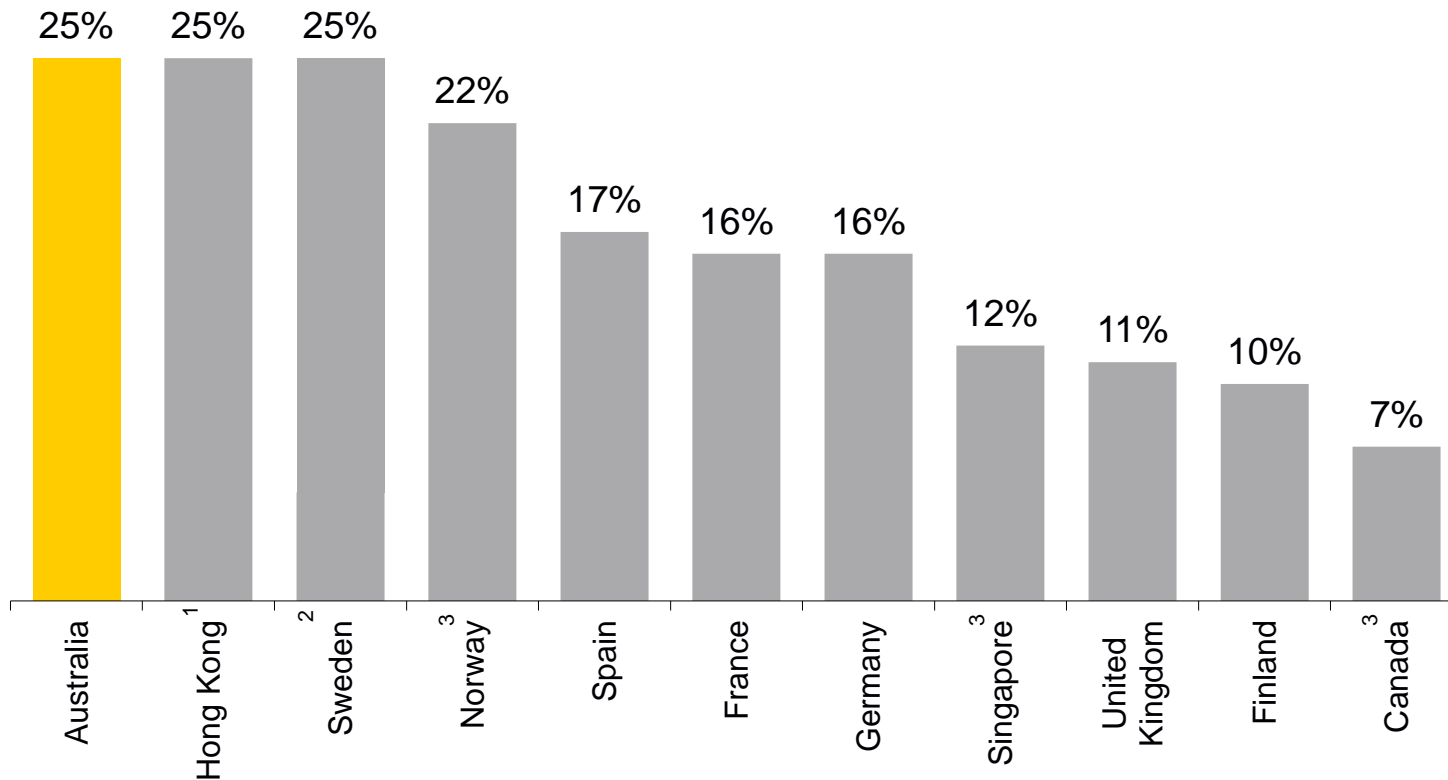
Capital drivers



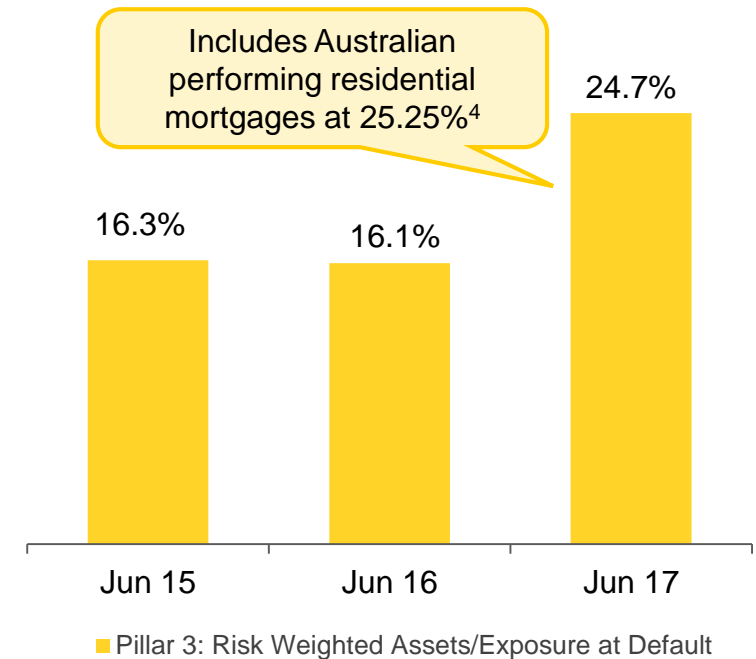
Residential mortgage risk weights



Residential mortgage risk weights by country



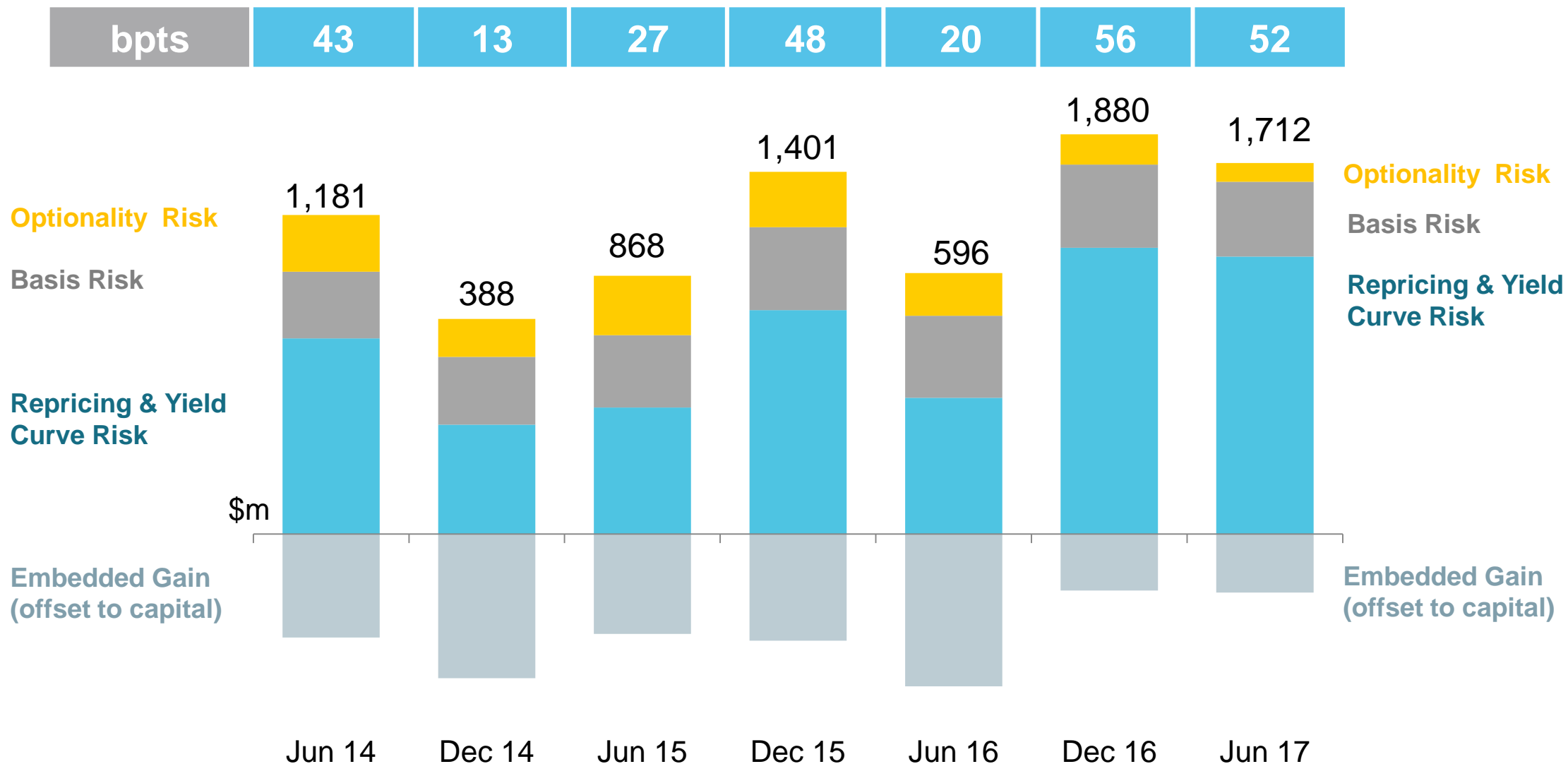
Group IRB residential mortgage risk weights



Source: Fourth report on the consistency of risk weighted assets, European Banking Authority, 11 June 2014

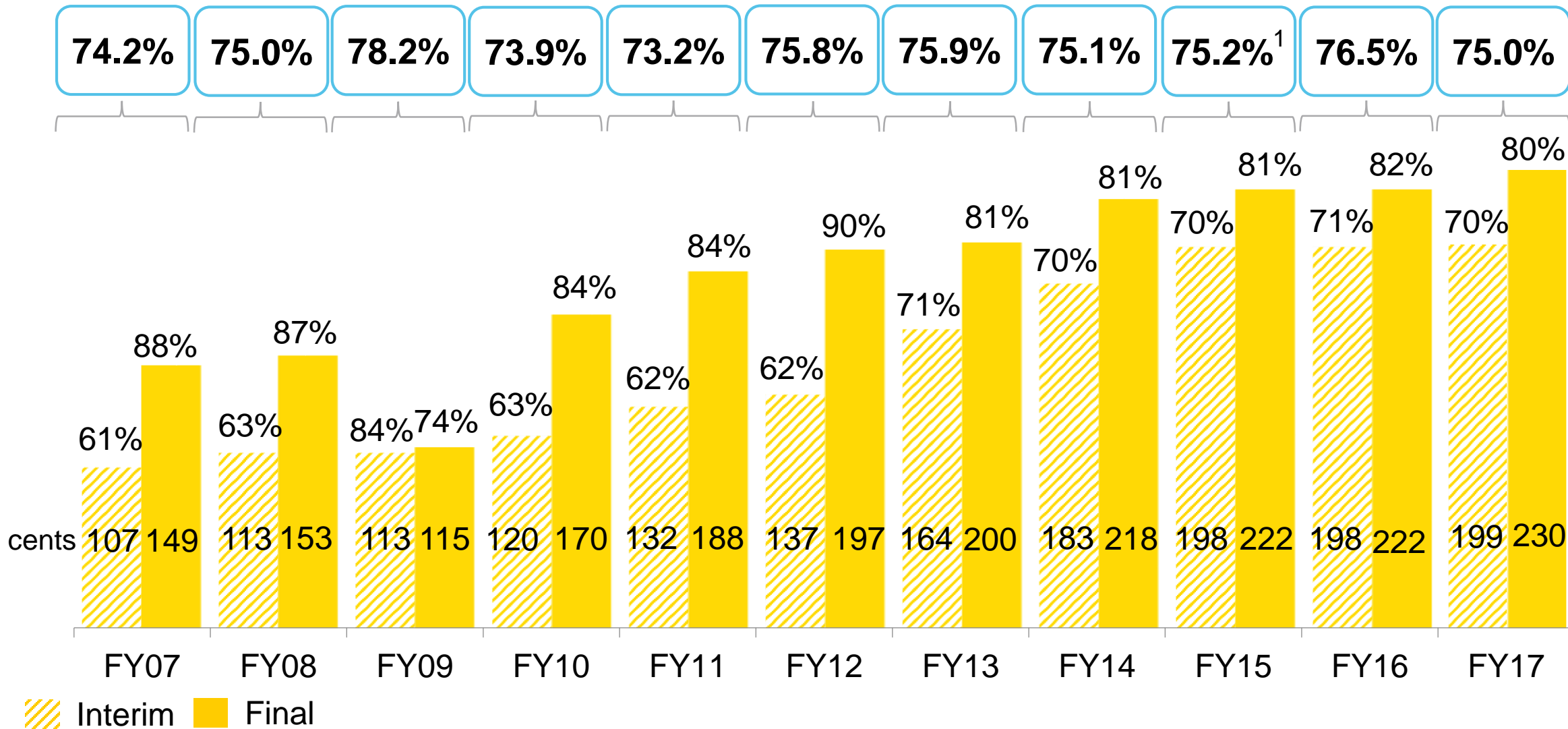
1. The Hong Kong regulator has applied a risk-weight floor of 25% (previously 15%) to new Hong Kong residential mortgages granted from May 2017
2. The Swedish regulator has imposed a risk weight floor for Swedish mortgages of 25%, which is implemented as a Pillar 2 charge
3. Sourced from public disclosures of major banks in those countries
4. APRA has applied a risk-weight minimum of 25% (allowing for a Basel expected loss adjustment) on performing Australian IRB residential mortgages. CBA meets this requirement.

Interest rate risk in the banking book



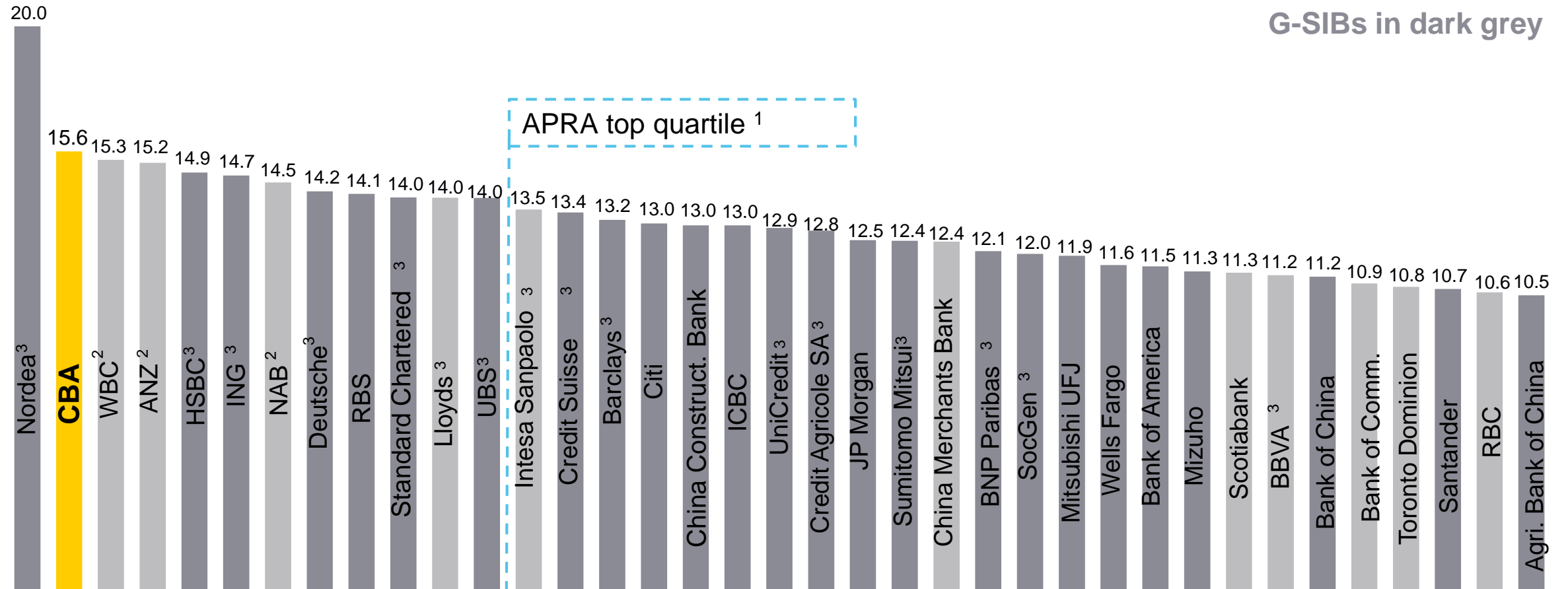
Dividends over time

Payout ratio (cash)



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

International CET1 ratios



Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 3 August 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 has estimated that the 75% percentile is likely to be in the order of 14 per cent as at end December 2016. APRA Information Paper “Strengthening banking system resilience – establishing unquestionably strong capital ratios” (19 July 2017)

2. Domestic peer figures as at 31 March 2017

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 30 June 2017, between the APRA Basel III capital requirements and internationally comparable capital ratio¹.

CET1 APRA		10.1%
Equity investments	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements.	0.9%
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 RWA	APRA requires capital to be held for Interest Rate Risk in the Banking Book (IRRBB). The BCBS does not have any capital requirement.	0.5%
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.	1.8%
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.	0.5%
Non-retail undrawn commitments	Credit conversion factor of 75%, compared to 100% under APRA's requirements.	0.4%
Specialised lending	Use of AIRB 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	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		15.6%
Tier 1 Internationally Comparable		18.0%
Total Capital Internationally Comparable		20.4%

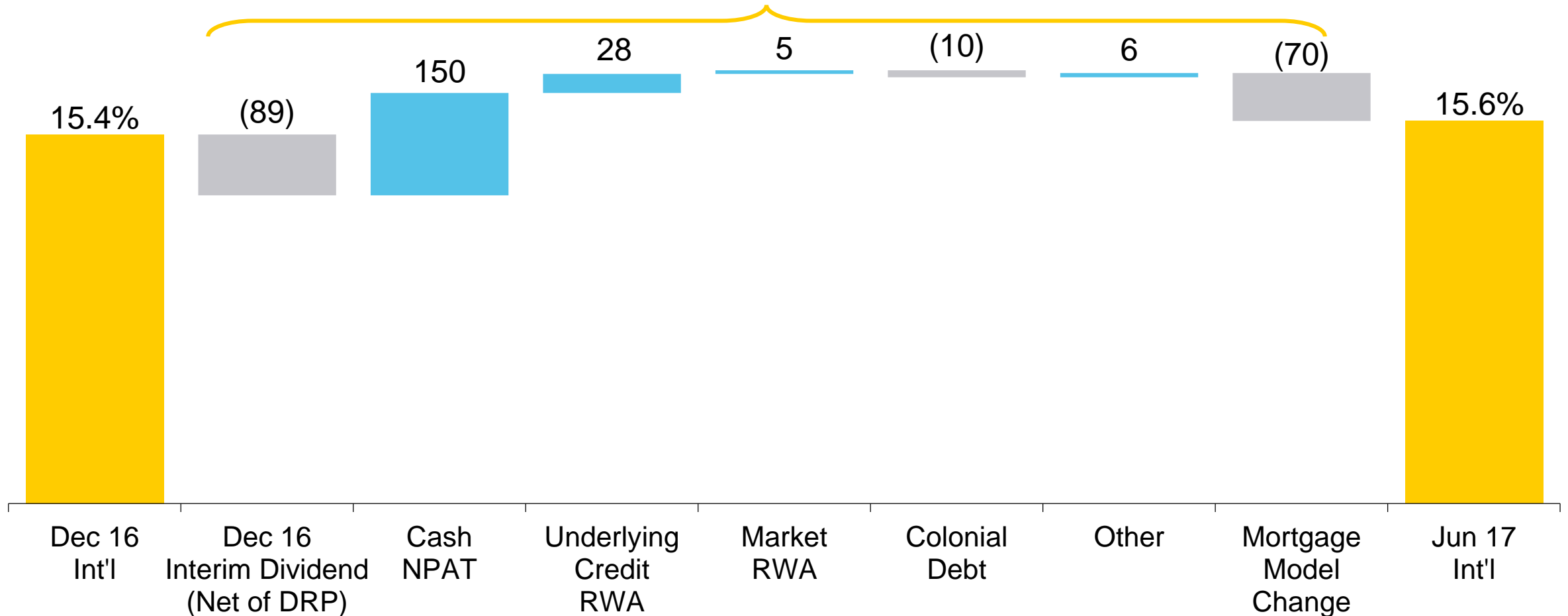
1. Analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015)

CET1 – Internationally comparable



(bpts)

Internationally Comparable¹ CET1 impacted by APRA increase in risk weights for Australian residential mortgages implemented effective 30 June 2017



1. Internationally comparable capital - refer glossary for definition

Regulatory expected loss

\$m	Jun 16	Dec 16	Jun 17
Regulatory Expected Loss (EL)	4,430	4,698	4,736
Eligible Provisions (EP)			
Collective Provisions ¹	2,562	2,561	2,486
Specific Provisions ^{1,2}	1,801	1,900	1,856
General Reserve for Credit Losses adjustment	552	532	589
Less: ineligible provisions (standardised portfolio)	(609)	(268)	(257)
Total Eligible Provisions	4,306	4,725	4,674
Regulatory EL in Excess of EP	124	(27)	62
Common Equity Tier 1 Adjustment ³	314	220	218

1. Includes transfer from collective provision to specific provisions (Jun 17: \$261m, Dec 16: \$246m, Jun 16: \$256m). 2. Specific provisions includes partial write offs (Jun 17: \$615m, Dec 16: \$637m, Jun 16: \$601m). 3. Excess of eligible provisions compared to expected loss for defaulted exposures (Jun 17: \$156m, Dec 16: \$247m, Jun 16: \$190m), not available to reduce the shortfall for non-defaulted exposures.

Leverage ratio – above Basel minimum

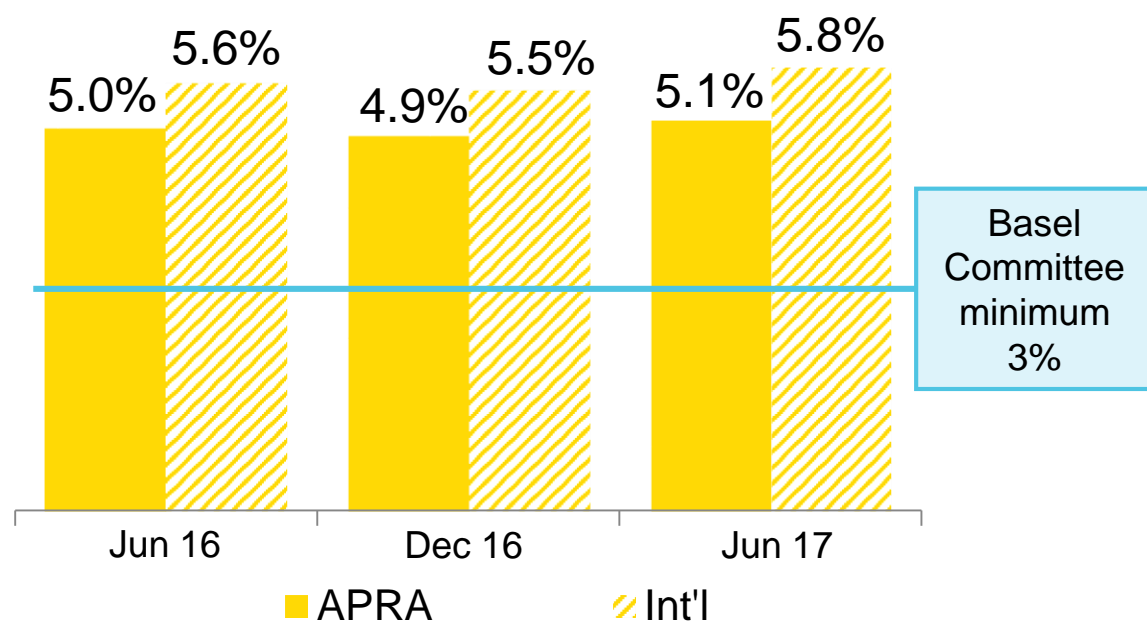


CBA Leverage Ratio well above prescribed Basel Committee minimum

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	Jun 17
Tier 1 Capital	52,684
Total Exposures	1,027,958
Leverage Ratio (APRA)	5.1%

\$m	Jun 17
Group Total Assets	976,374
Less subsidiaries outside the scope of regulatory consolidations	(17,362)
Add net derivative adjustment	489
Add securities financing transactions	1,617
Less asset amounts deducted from Tier 1 Capital	(19,261)
Add off balance sheet exposures	86,101
Total Exposures	1,027,958

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

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 Group².
- 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

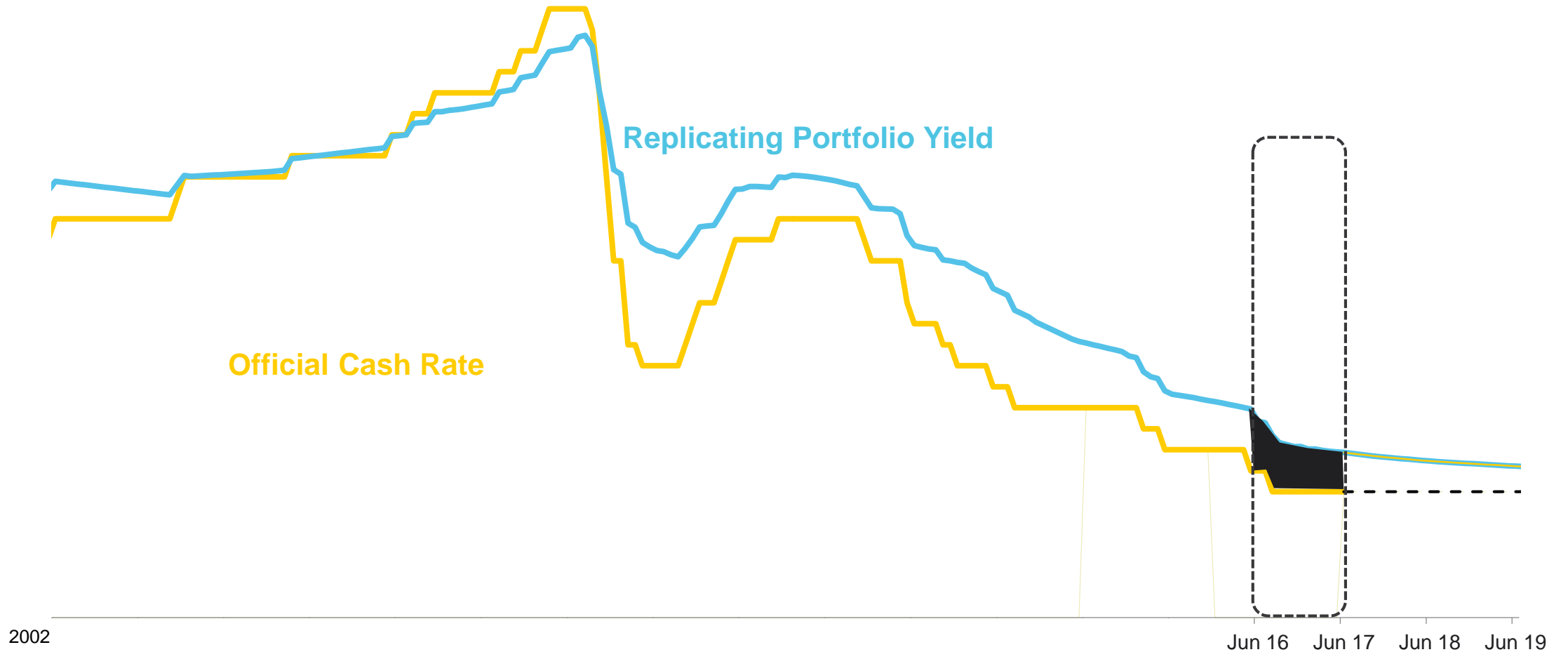
CET1 ratio	Value range	% of earnings able to be used for discretionary payments
Above top of CCB	Greater than PCR + 3.5%	100%
4 th Quartile	Top of range: PCR + 3.5% Bottom of range: greater than PCR + 2.625%	60%
3 rd Quartile	Top of range: PCR + 2.625% Bottom of range: greater than PCR + 1.75%	40%
2 nd Quartile	Top of range: PCR + 1.75% Bottom of range: greater than PCR + 0.875%	20%
1 st Quartile	Top of range: PCR + 0.875% Bottom of range: PCR	0%
Prudential capital requirement (PCR) ³	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. 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. 3. 4.5% minimum plus any additional amount required by APRA.

Replicating portfolio



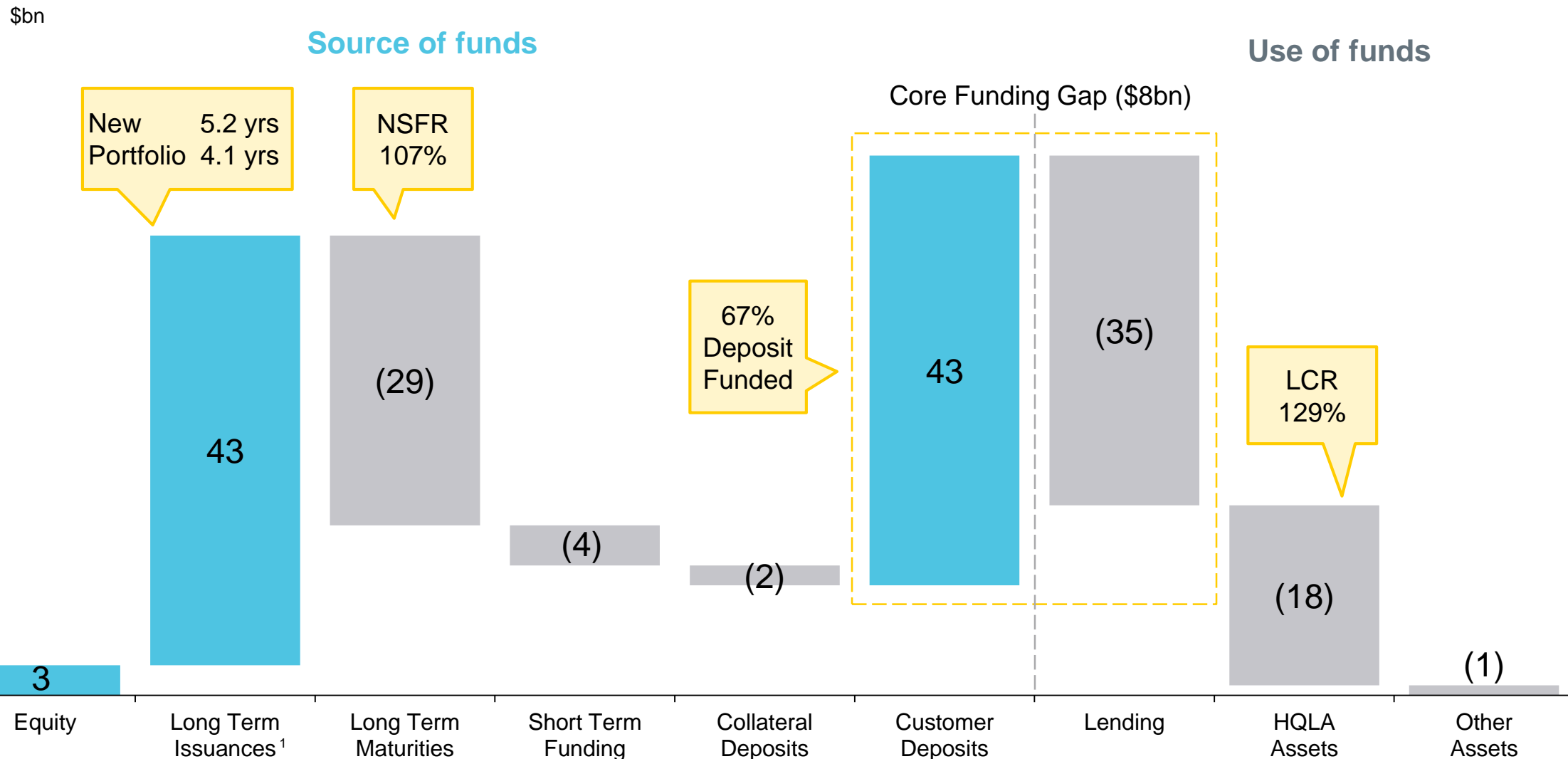
Actual and Forecast Scenario



Funding overview



12 months to June 2017



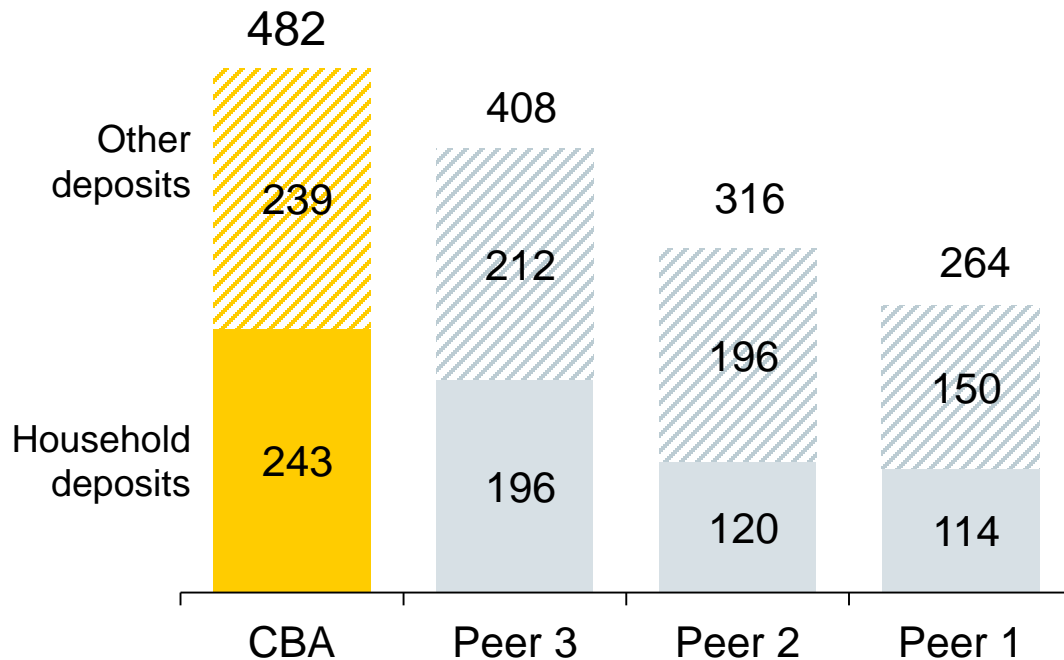
1. Reported at historical FX rates

Deposit funding



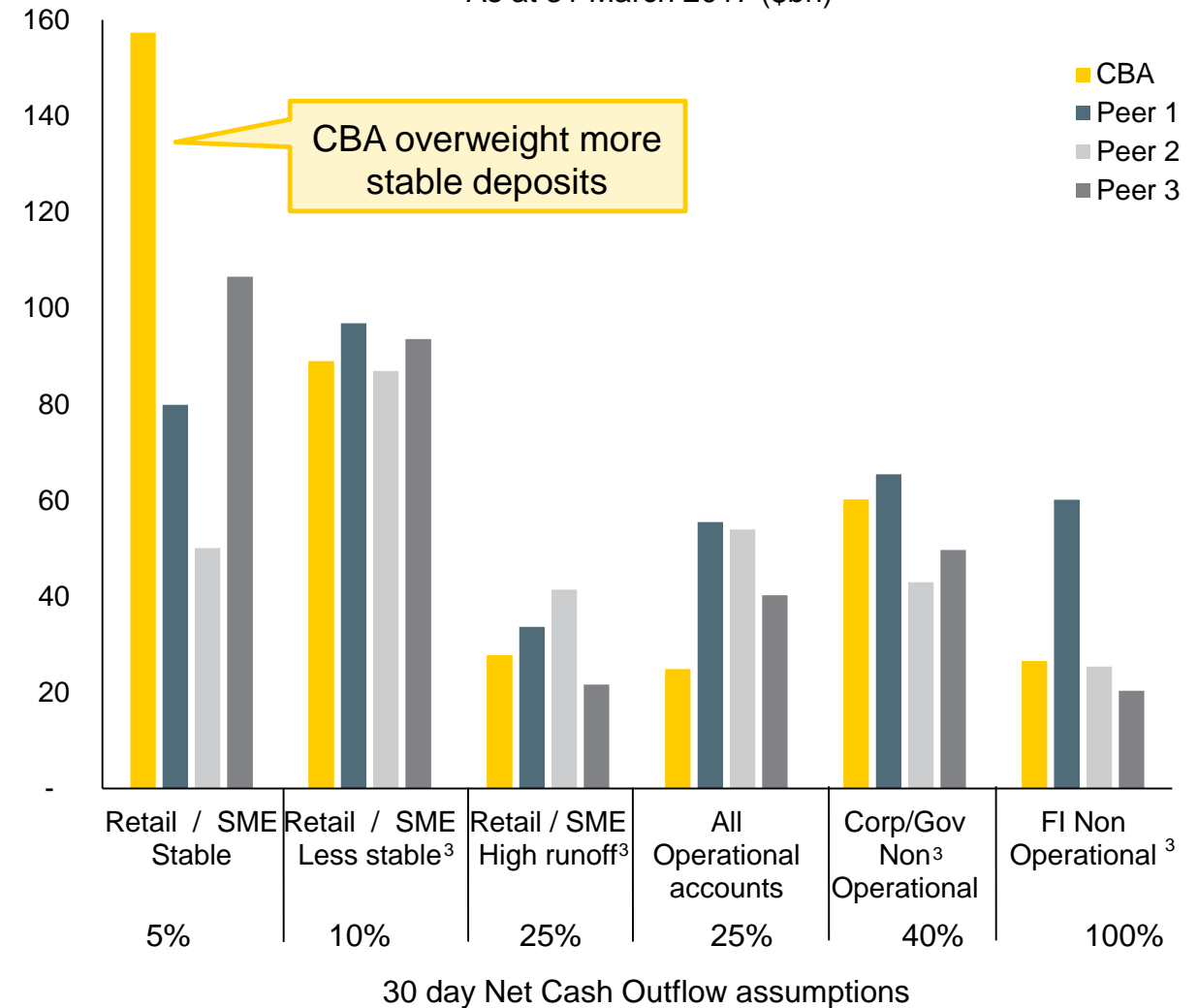
Deposits vs Peers¹

June 2017 (\$bn)



Deposits in LCR calculation²

As at 31 March 2017 (\$bn)

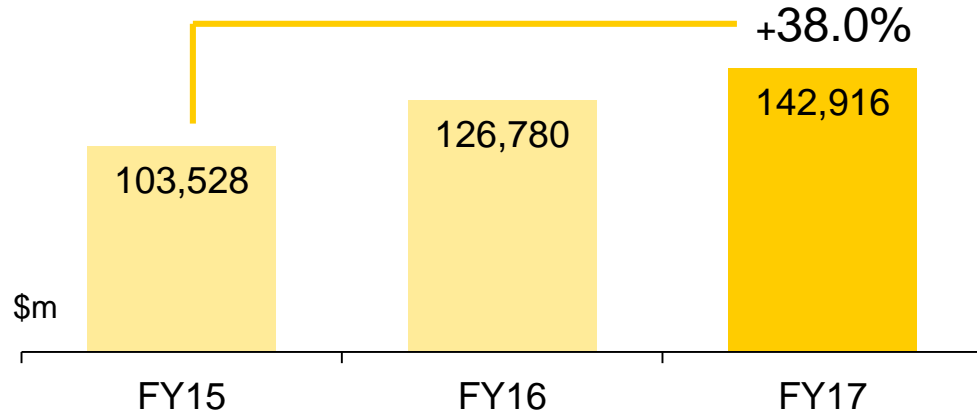


1. Source: APRA. Total deposits (excluding CD's). CBA includes Bankwest. 2. Source: 30 June 2017 Pillar 3 Regulatory Disclosure for 31 March 2017 3. Peer comparisons are calculated from disclosures assuming there are not material balances in the "notice period deposits that have been called" and the "fully insured non-operational deposits" categories.

Deposit funding – transactions

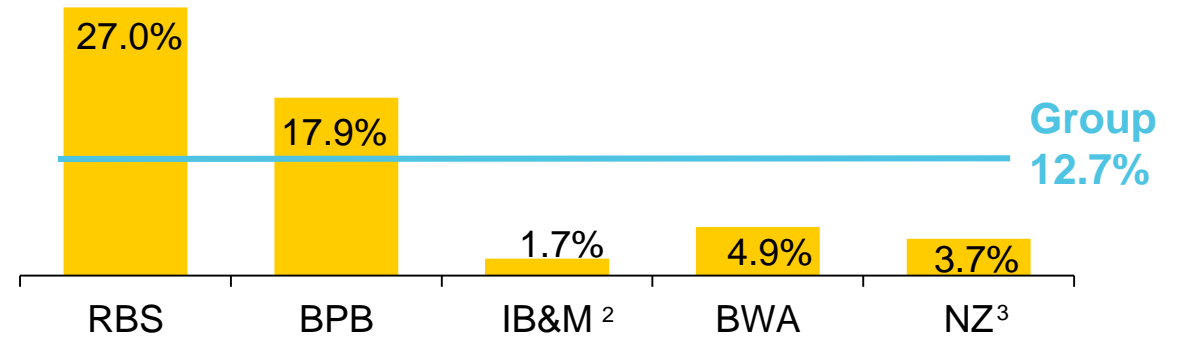


Group Transaction Balances¹



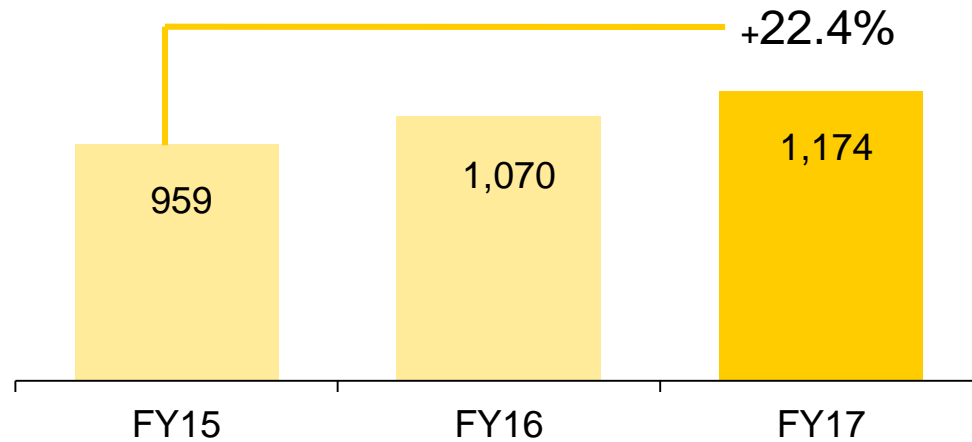
Growth across divisions

FY17 v FY16

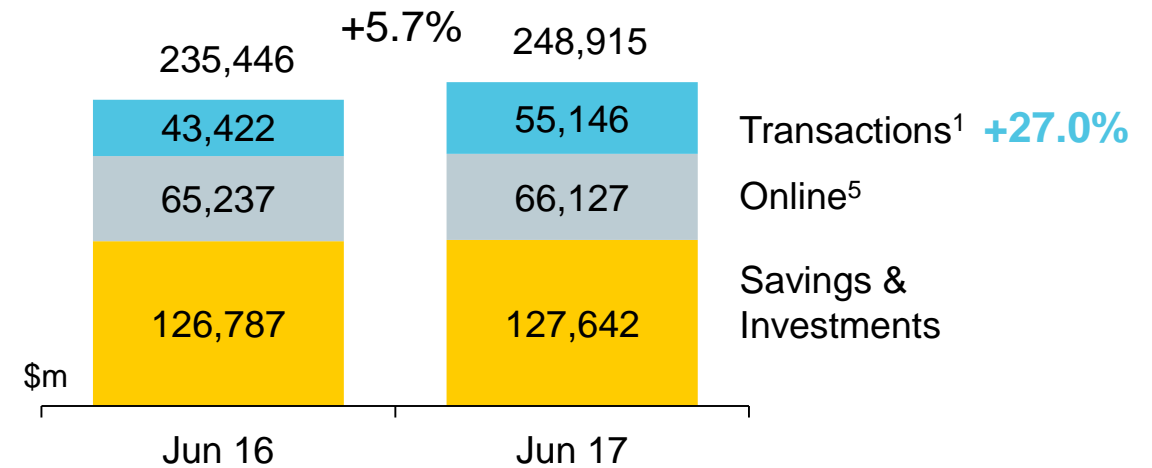


RBS New Transaction Accounts⁴

'000



Retail Deposit Mix

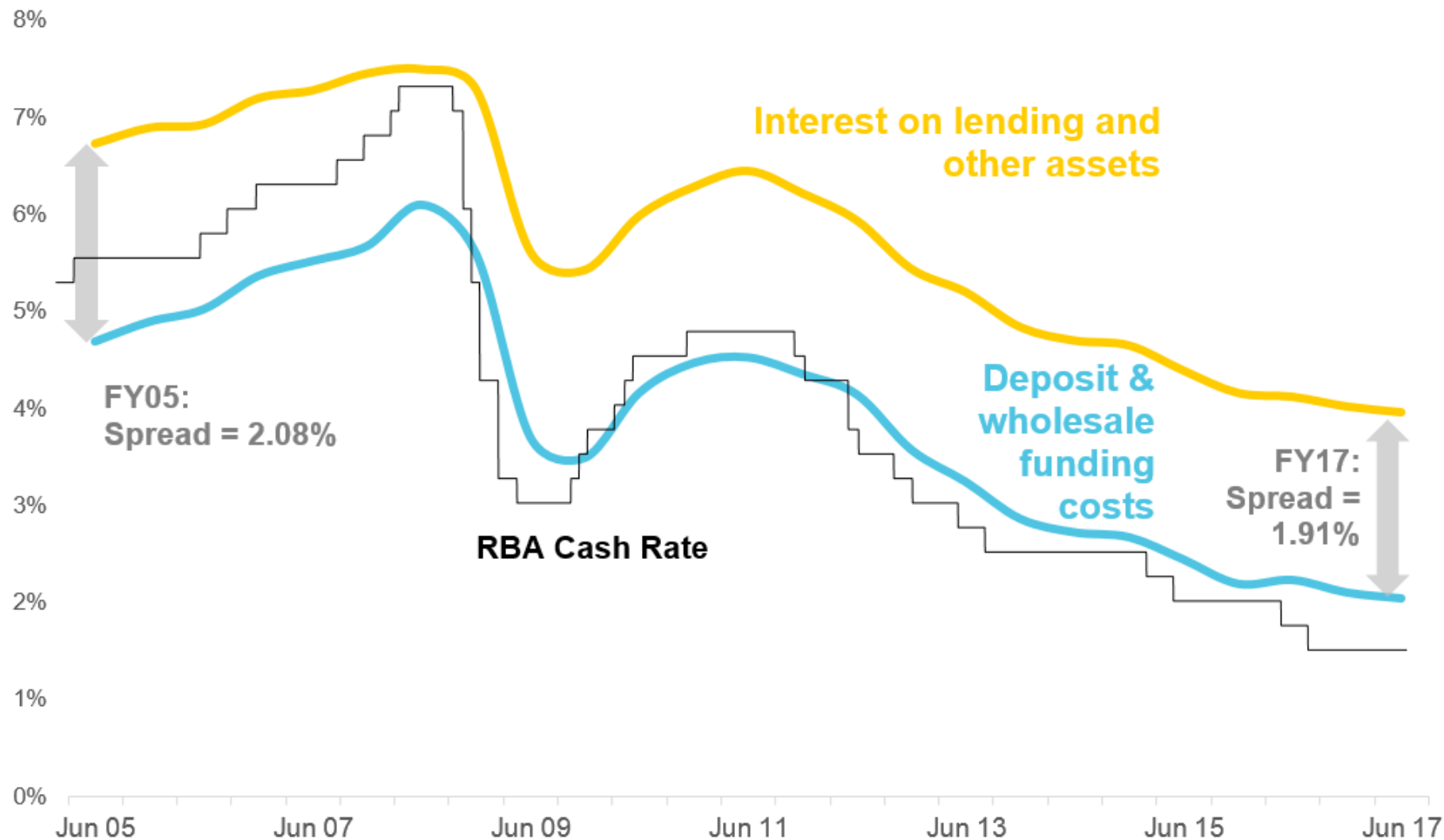


1. Includes non-interest bearing deposits 2. Includes pooling facilities 3. In NZD 4. Number of new RBS personal transaction accounts, including offset accounts 5. Online includes NetBank Saver, Goal Saver and Business Online Saver

Funding costs vs cash rate



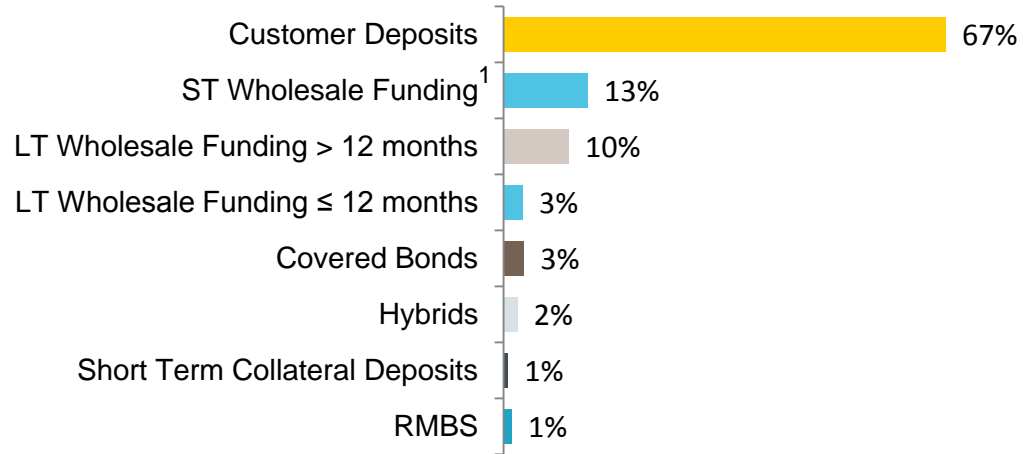
- RBA cash rate and lending rates track similar though not identical path - reflecting global markets
- Spread between funding costs and lending rates narrowed as not all funding costs are passed on



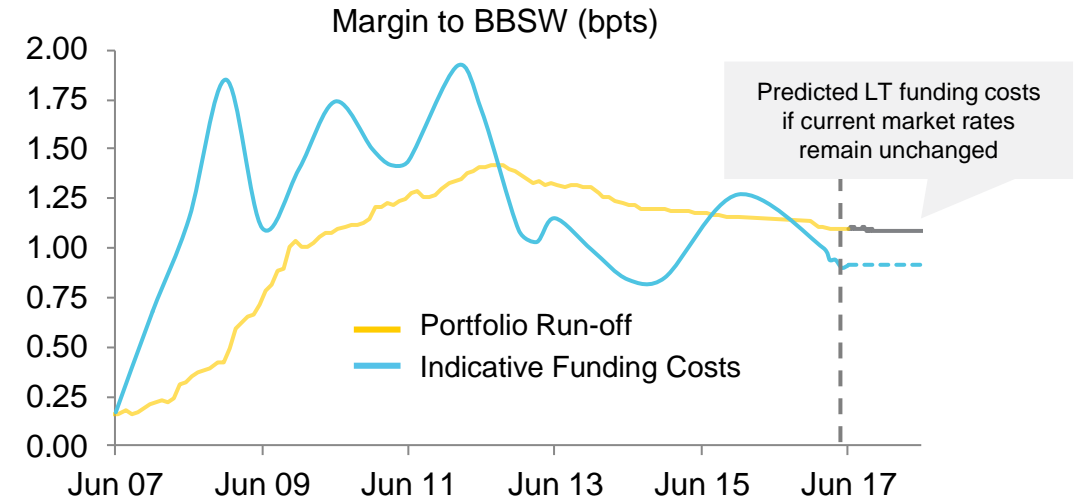
Wholesale Funding – overview



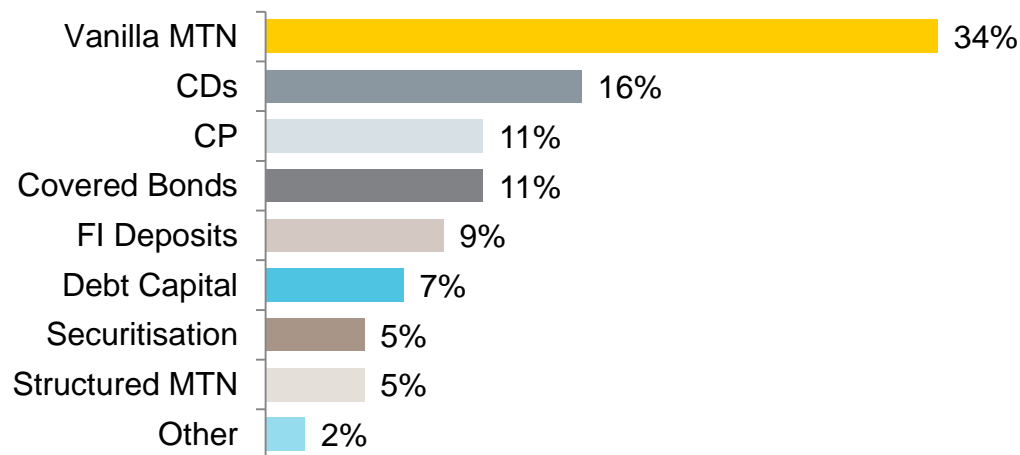
Funding composition



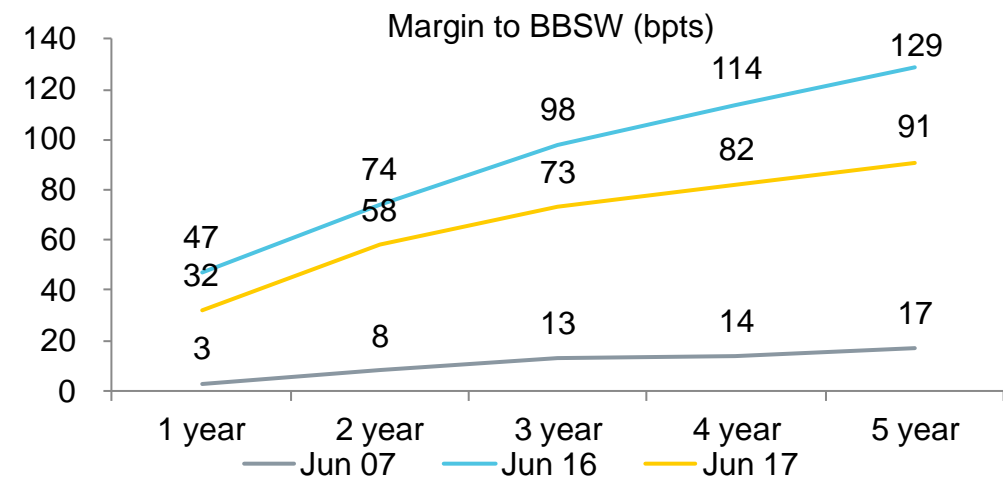
Average long term funding costs



Wholesale Funding by product



Indicative funding cost curves

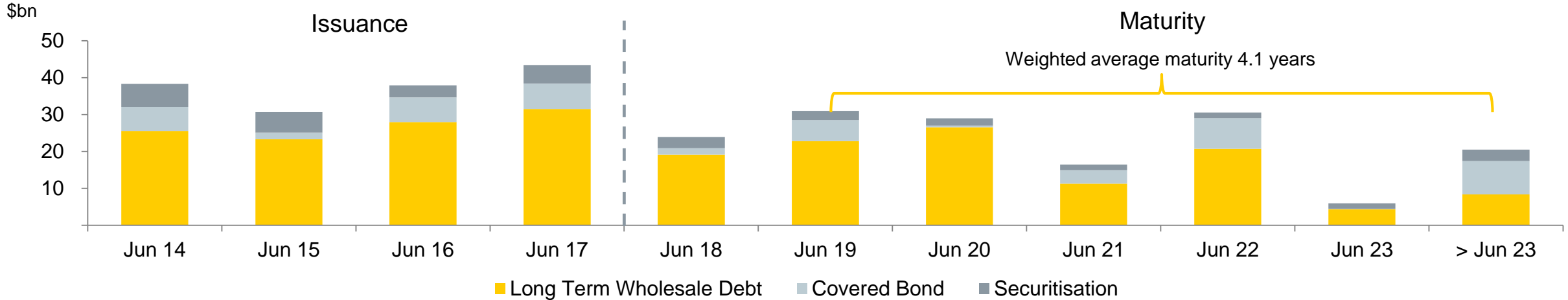


1. Includes the categories 'central bank deposits' and 'due to other financial institutions' (including collateral received) 2. Includes restructure of swaps and reclassification of deals between short and long term funding

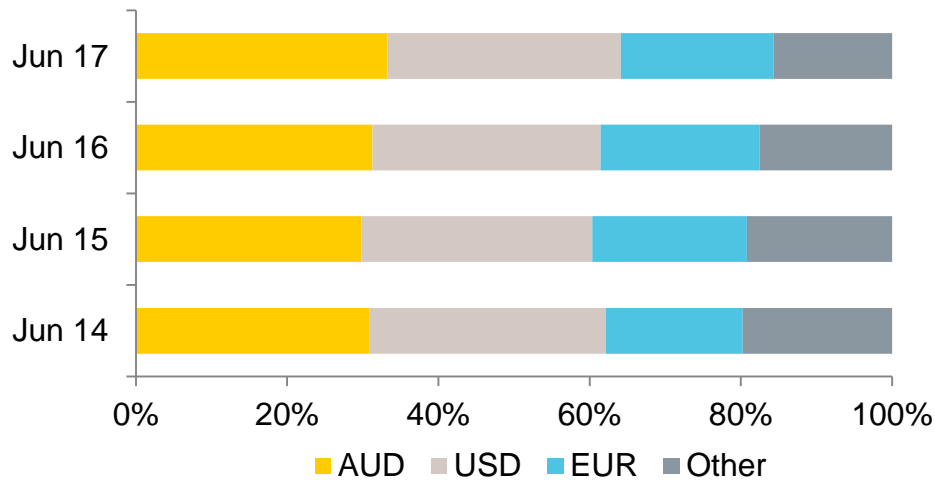
Wholesale Funding – portfolio



Term Wholesale Funding profile – issuance and maturity



Term Wholesale Funding by Currency¹



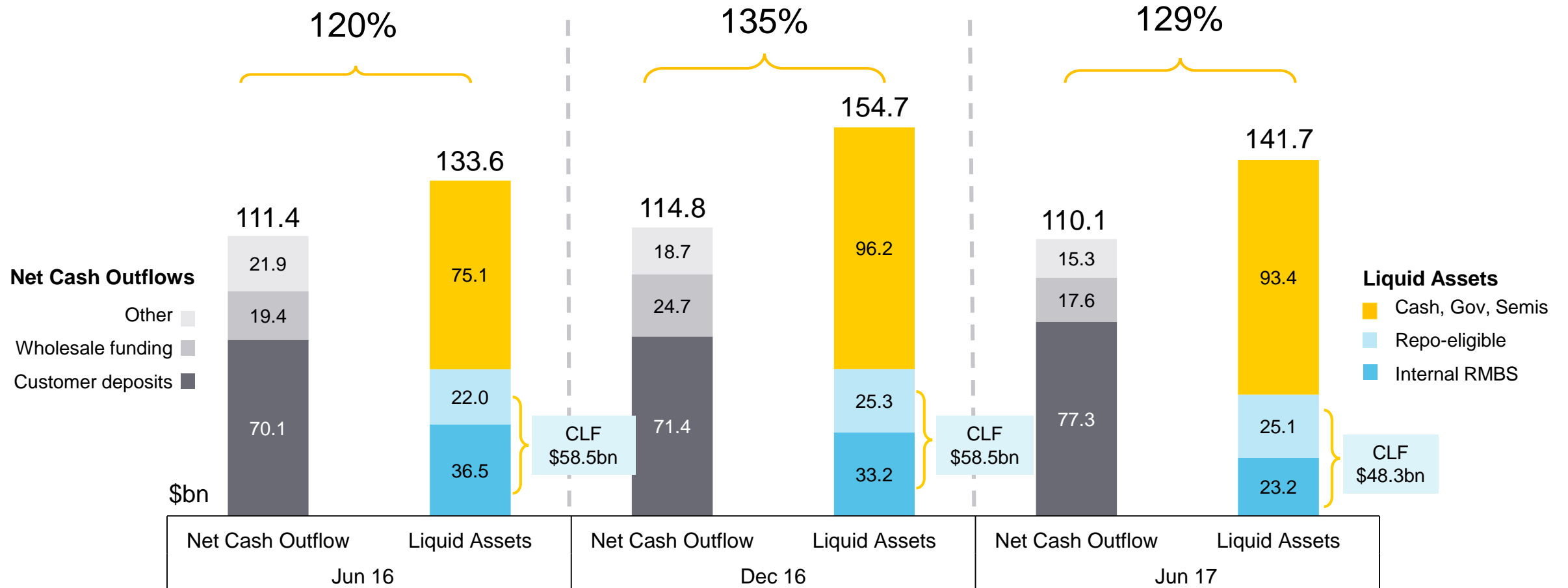
Date	Type	Currency	Size (m)	Tenor (yrs)	Spread (bps)
Jul 16	Senior	AUD	2,275	5	3m BBSW+121
Jul 16	Covered Bond	EUR	1,250	10	MS +20
Aug 16	Senior	USD	3,300	2, 5, 10	T+65, 85, 110
Oct 16	Tier 2	USD	750	5	T+210
Oct 16	Senior	USD	1,000 / 750	3	T+80 / USDL+64
Nov 16	Covered Bond	AUD	2,300	5, 10	3mth BBSW +85 / +102
Dec 16	RMBS	AUD	1,840	3.5	1m BBSW + 111
Jan 17	Senior	AUD	2,650	5	3m BBSW +111
Mar 17	Senior	USD	1,500 / 1,500	3, 5	T+72 / +80 USDL +45 / 70
Mar 17	Climate bond	AUD	650	5	3m BBSW +92
Apr 17	Senior	EUR	750	5.25	MS +32
Apr 17	Covered Bond	EUR	750	7	MS +6
Jun 17	RMBS	AUD	2,400	3.5	1m BBSW +107

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

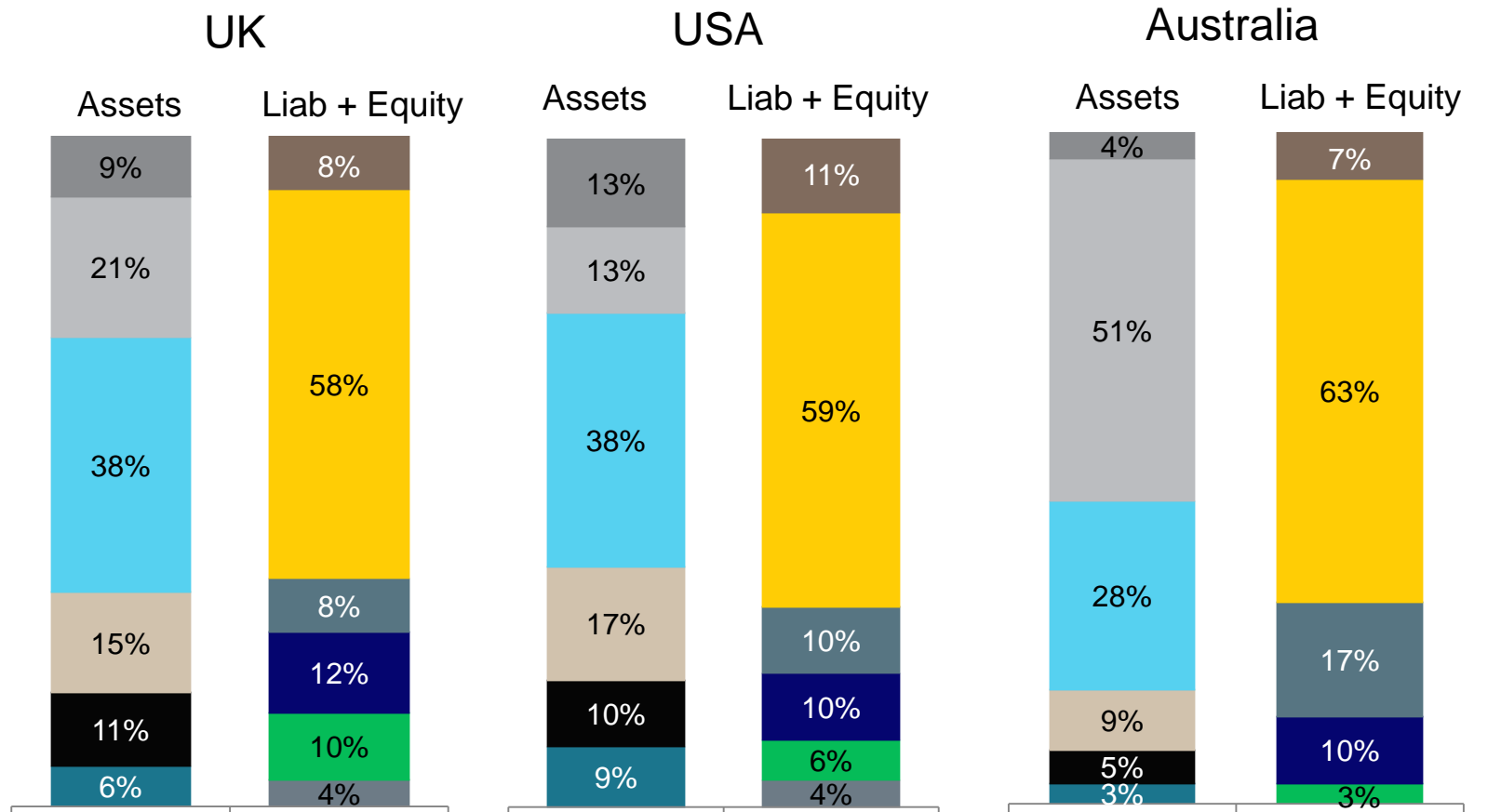
Liquidity Coverage Ratio (LCR)



- LCR 129% at 30 Jun 2017
- Committed Liquidity Facility reduced by \$10.2bn on 1 Jan 2017 to \$48.3bn
- The Group's Net Stable Funding Ratio (NSFR) is 107%



Balance sheet comparisons^{1,2}



Based on an average of Lloyds, RBS, HSBC and Barclays as at 31 Dec 16.

Based on an average of Citigroup, JP Morgan, Bank of America and Wells Fargo as at 31 Mar 17.

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

- Cash & equivalents
- Home Loans
- Other Lending
- Other Fair Value Assets
- Trading Securities
- Other Assets
- Equity
- Deposits
- Long Term³
- Short Term³
- Other Liabilities
- Trading Liabilities

Comparison

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 ⁴	
	Amortised cost	Fair Value
CBA	83%	17%
UK	43%	57%
US	54%	46%

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

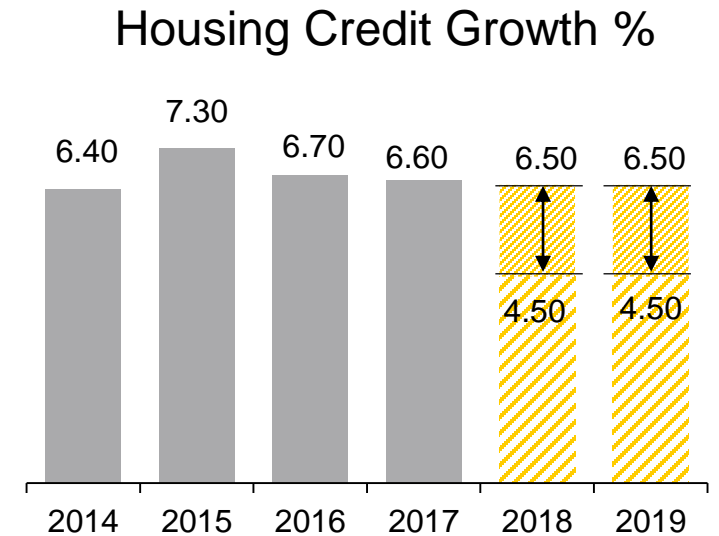
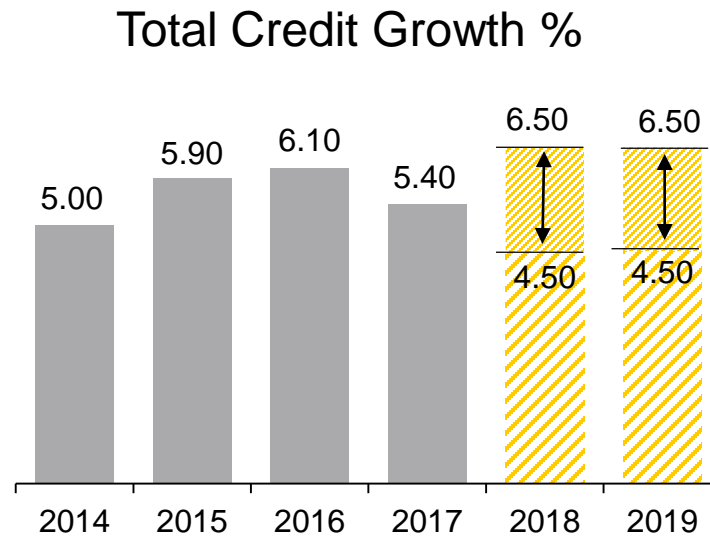
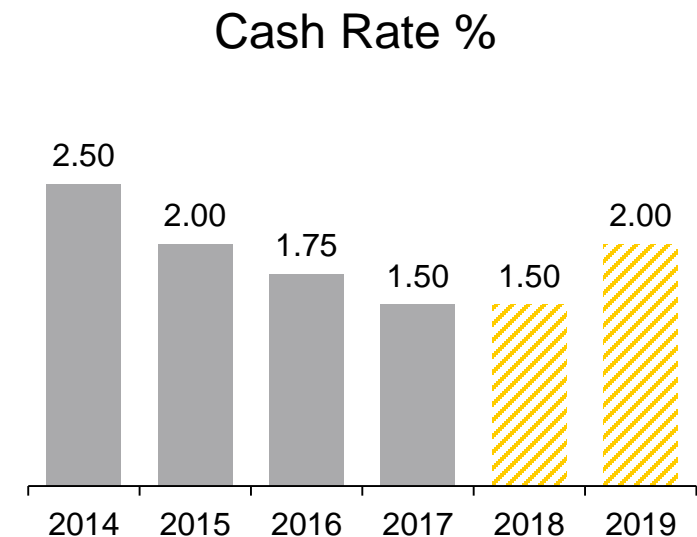
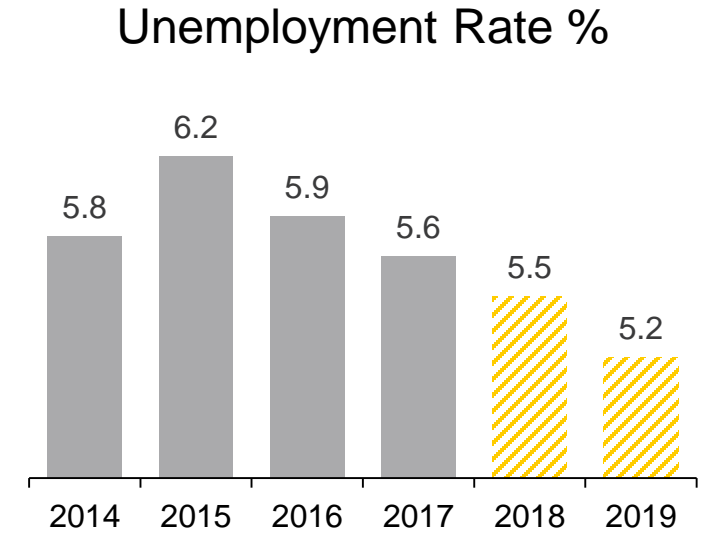
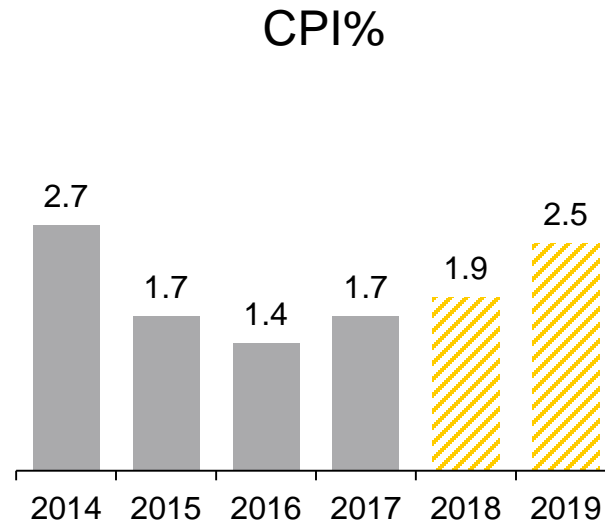
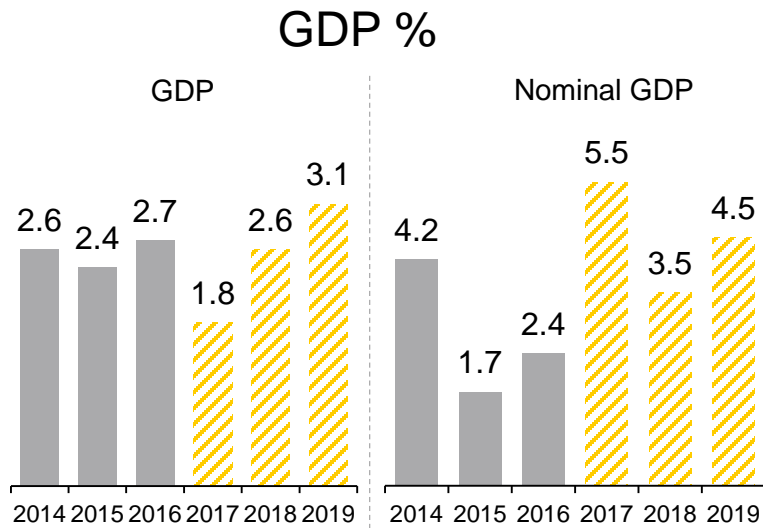
- CBA has a higher proportion of long term wholesale funding than US and UK banks. This means CBA has lower dependence on wholesale funding markets in any given period compared to US and UK banks.

Regulatory change timetable

	2017	2018	2019	2020	2021
APRA					
Financial System Inquiry	Competition Increase in mortgage risk weights	Unquestionably strong¹ ADIs to target unquestionably strong capital ratios, which will also cover "Basel IV" proposals. Discussion papers, draft prudential standards released for consultation		Release of final prudential standards	Implementation
Leverage ratio	Disclosure requirements only	Implementation			
Securitisation	Implementation				
Counterparty Credit Risk	Implementation				
Basel Committee					
Standardised & Advanced Credit Risk	"Basel IV" BCBS expected to finalise APRA will finalise with "Unquestionably strong"				Implementation to be advised
Capital floors					Implementation to be advised
Standardised Operational Risk					Implementation to be advised
Market Risk					Implementation ²
IRRBB	Finalised Jan 2016	Additional disclosures from 2018			
NSFR	Finalised Apr 2016	Implementation			
IFRS 9 Provisioning	Implementation				

1. APRA Information Paper "Strengthening banking system resilience – establishing unquestionably strong capital ratios" (19 July 2017). 2. APRA advised in March 2017 that finalisation for Australian regulatory purposes not expected until beginning of 2020 at the earliest, with implementation 12 months after the regulations have been finalised.

Key economic indicators (June FY)



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)



		2013	2014	2015	2016	2017	2018	2019
World	GDP	3.3	3.4	3.2	3.1	3.2	3.5	3.5
Australia	Credit Growth % – Total	3.1	5.0	5.9	6.1	5.4	4½ - 6½	4½ - 6½
	Credit Growth % – Housing	4.6	6.4	7.3	6.7	6.6	4½ - 6½	4½ - 6½
	Credit Growth % – Business	1.2	3.4	4.4	6.5	4.4	5-7	5-7
	Credit Growth % – Other Personal	0.2	0.6	0.8	-0.8	-1.4	0-2	0-2
	GDP %	2.6	2.6	2.4	2.7	1.8	2.6	3.1
	CPI %	2.3	2.7	1.7	1.4	1.7	1.9	2.5
	Unemployment rate %	5.4	5.8	6.2	5.9	5.6	5.5	5.2
	Cash Rate %	2¾	2½	2	1¾	1½	1½	2
New Zealand	Credit Growth % – Total	4.3	4.4	5.8	7.7	6-7	4-6	4-6
	Credit Growth % – Housing	5.2	5.3	5.4	8.8	7-8	4-6	3½-5½
	Credit Growth % – Business	2.8	2.8	5.9	7.2	6-7	5-7	4½-6½
	Credit Growth % – Agriculture	4.1	3.4	7.4	6.0	2-3	2½-4½	4-6
	GDP %	2.3	2.5	3.3	2.7	2.8	3.2	3.7
	CPI %	0.8	1.5	0.6	0.3	1.4	1.4	1.5
	Unemployment rate %	6.2	5.5	5.4	5.2	5.0	4.8	4.6
	Overnight Cash Rate %	2.5	3.25	3.25	2.25	1.75	1.75	2.0

Credit Growth
GDP, Unemployment & CPI
Cash Rate

= 12 months to June
= Financial year average
= As at June

World GDP

= Calendar Year Average
= forecast

The global backdrop is improving

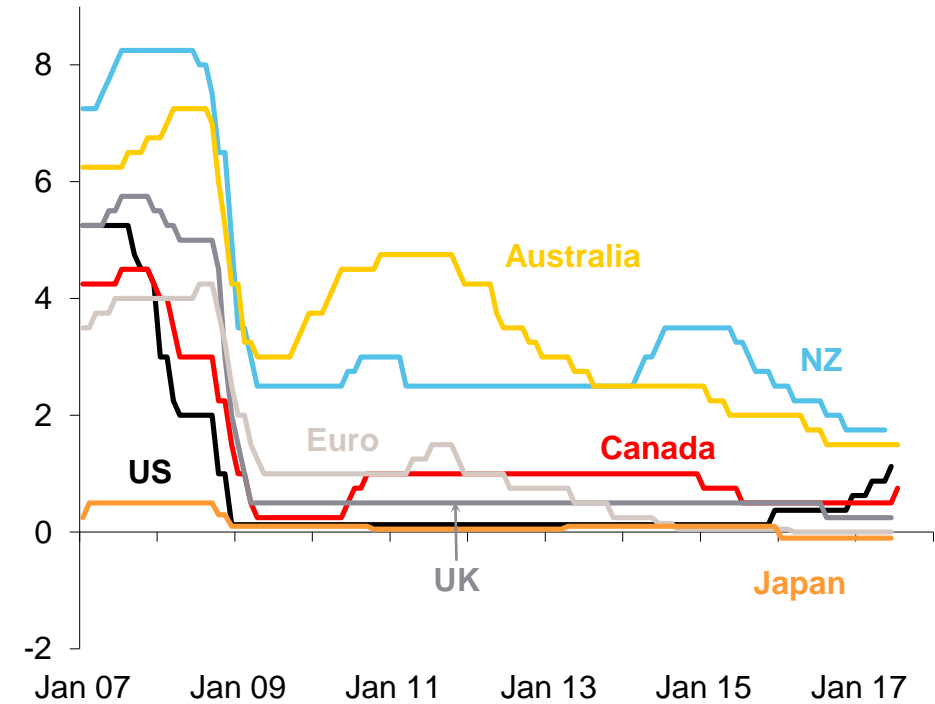


Global Growth¹
(average annual % change)



Policy makers are becoming increasingly confident that a sustained global upturn is underway, helped by rising capex and rising employment

Global Policy Settings²
Official Interest Rates (%)



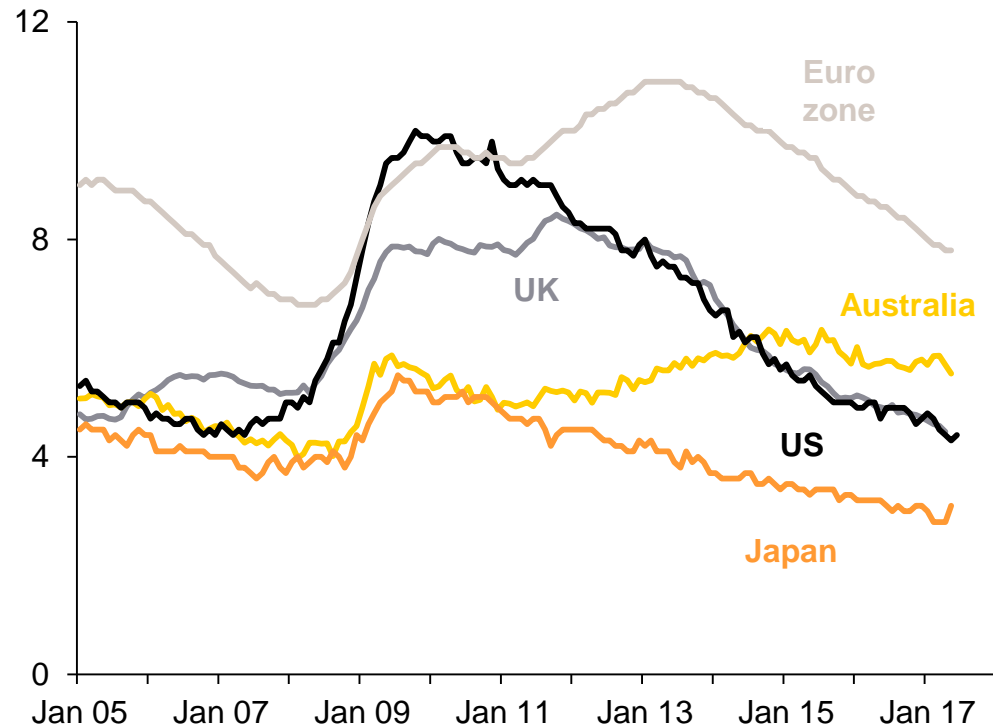
Policy makers in some economies are starting the process of policy normalisation and others may soon follow

The global backdrop is improving



Labour Markets¹

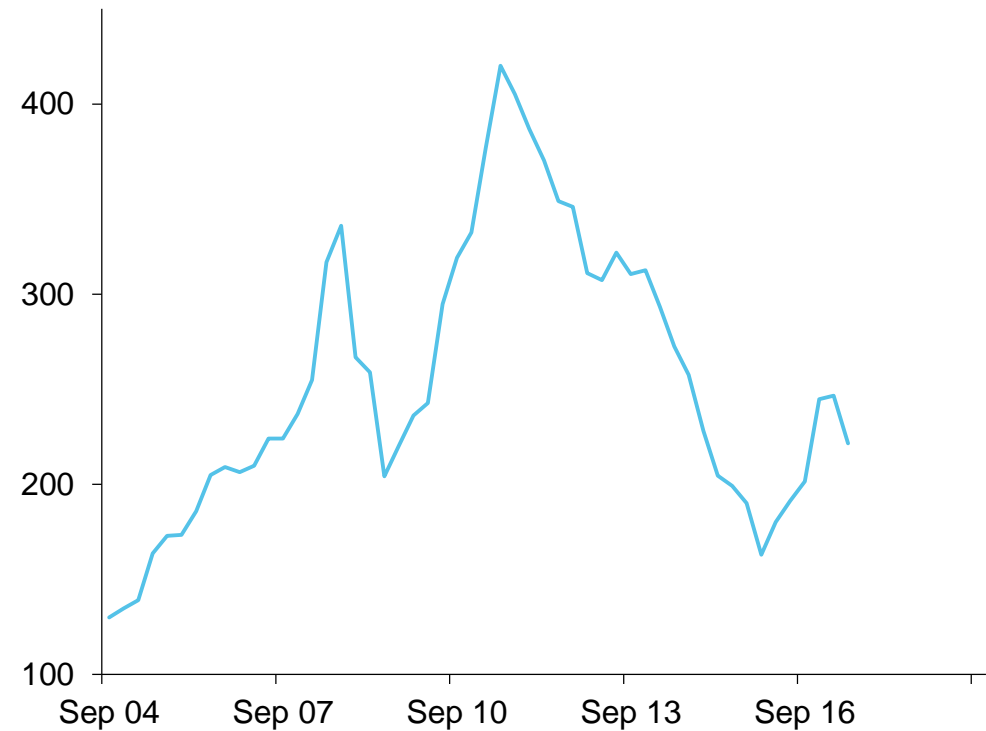
Unemployment rate (%)



Global growth is generating job gains and unemployment is falling

Commodity Prices²

CBA commodity price index



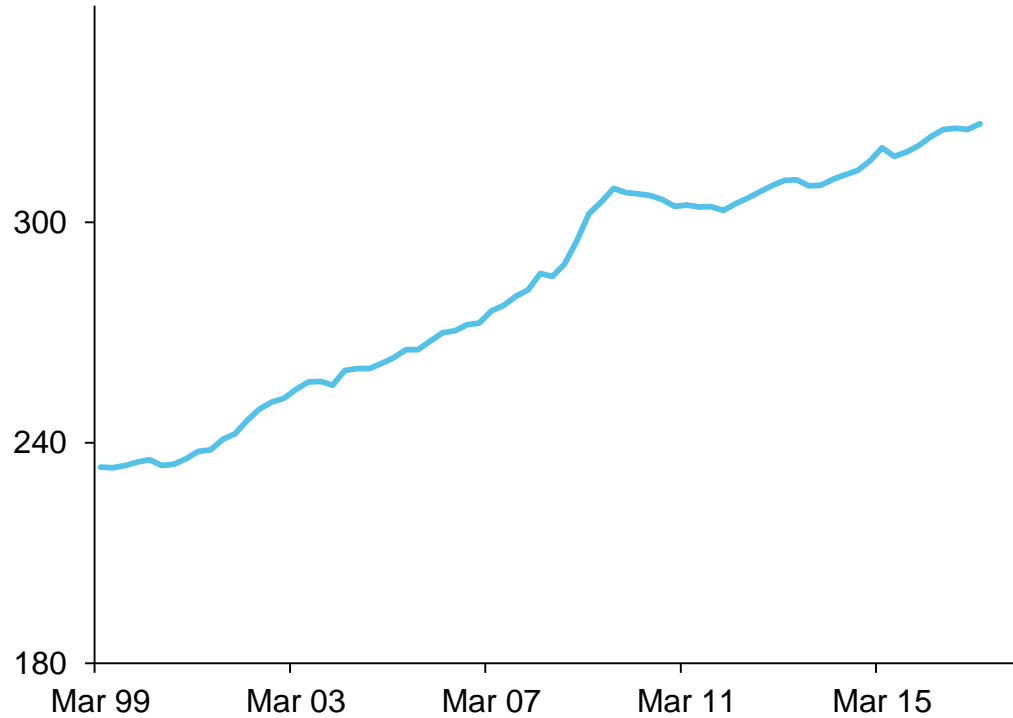
Commodity prices are volatile but are beyond the low point for the cycle

Rising debt levels are a significant global risk



Global Debt¹

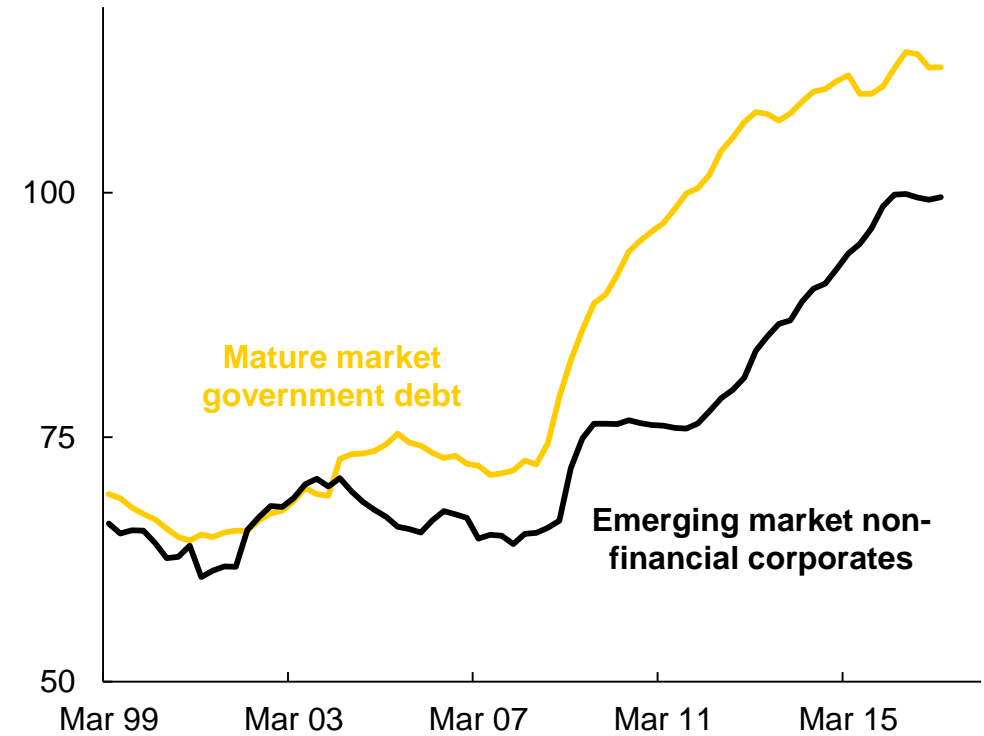
% of GDP



Global debt continues to rise and now stands at a record 327% of global GDP

Global Debt¹

% of GDP



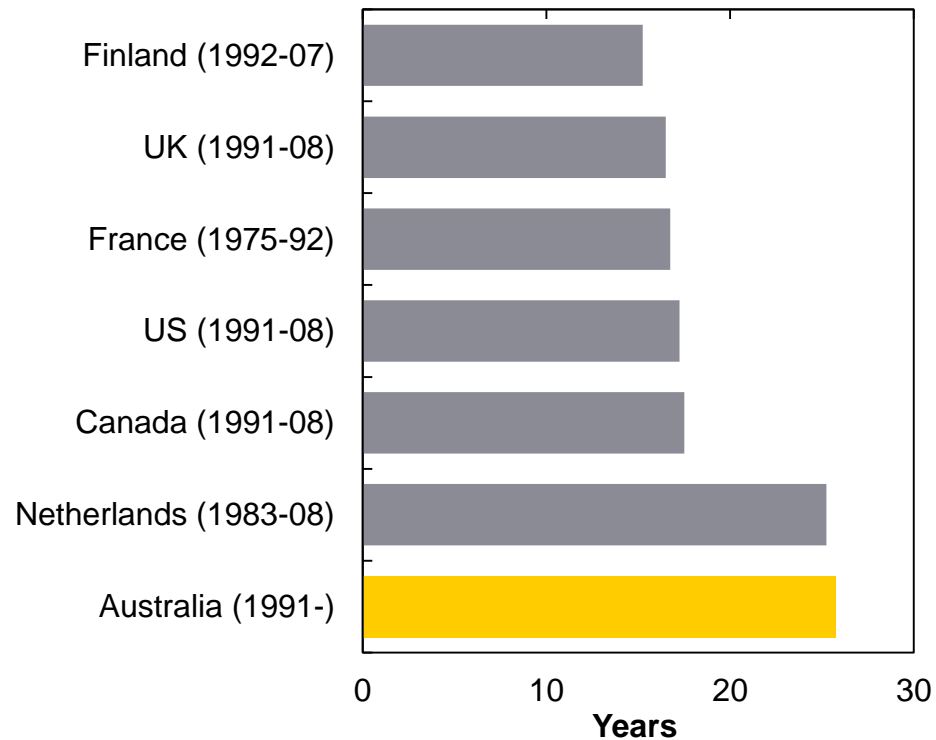
At the global level, the sectors most exposed are governments in the mature economies and non-financial corporates in the emerging market economies

Australia remains well placed



The longest expansion

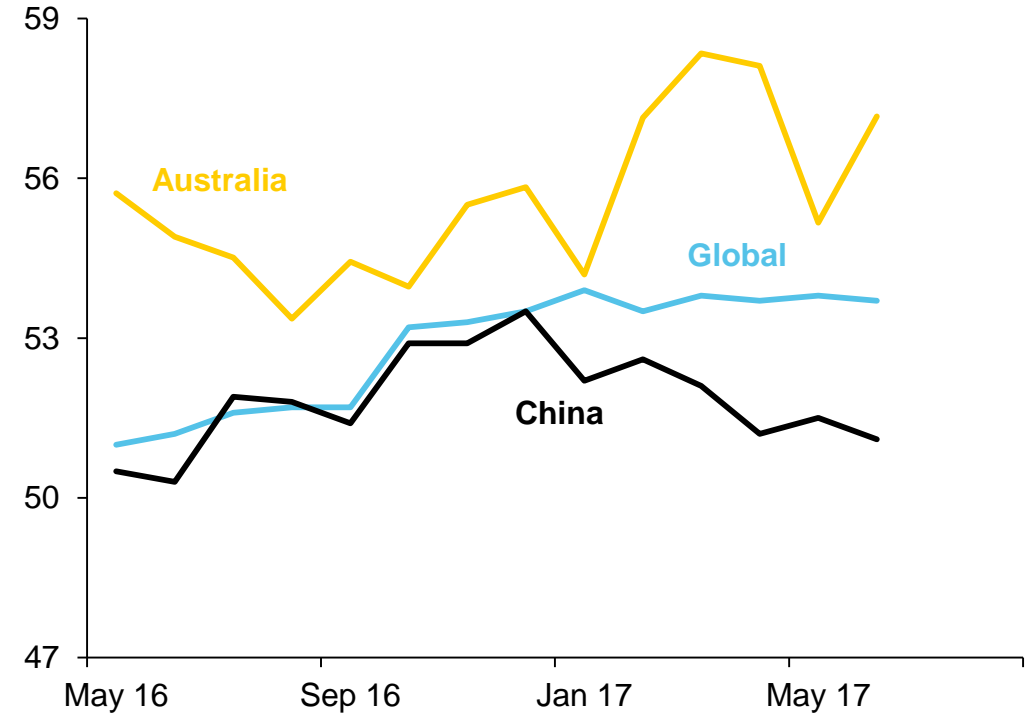
Years of continuous growth



Australia is now the economy with the longest economic expansion in the modern era

Favourable momentum¹

Composite PMI (index)



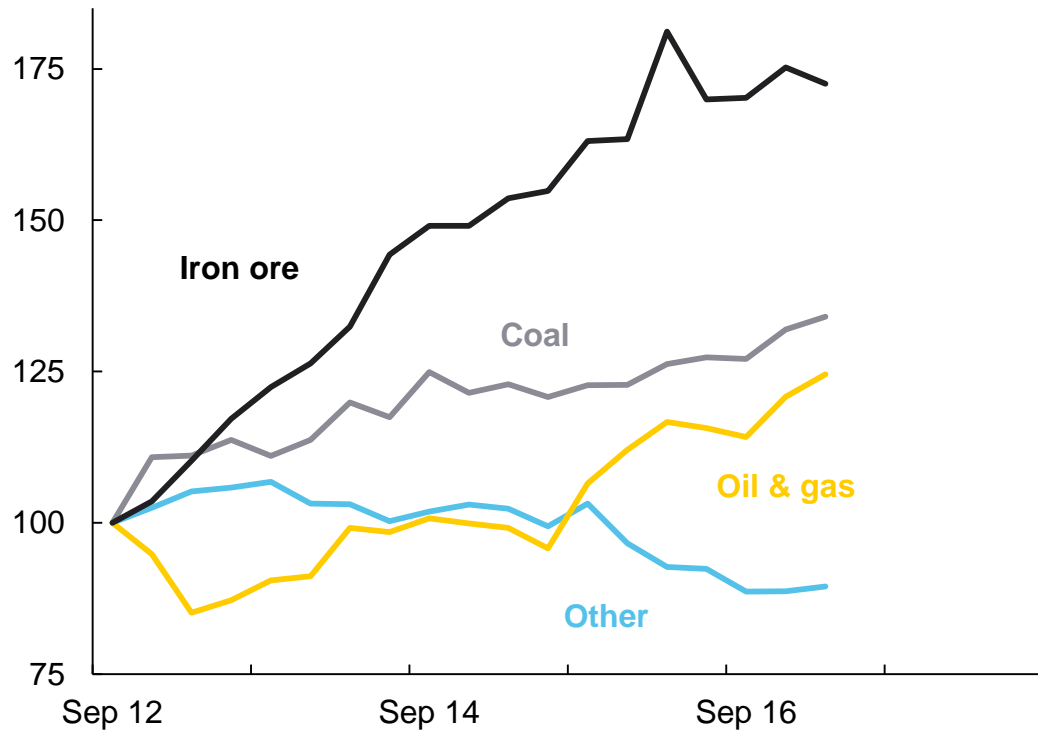
CBA's Purchasing Manager Indexes (PMI) are signalling positive economic momentum with Australia performing well relative to the rest of the world

Growth positives



Resources

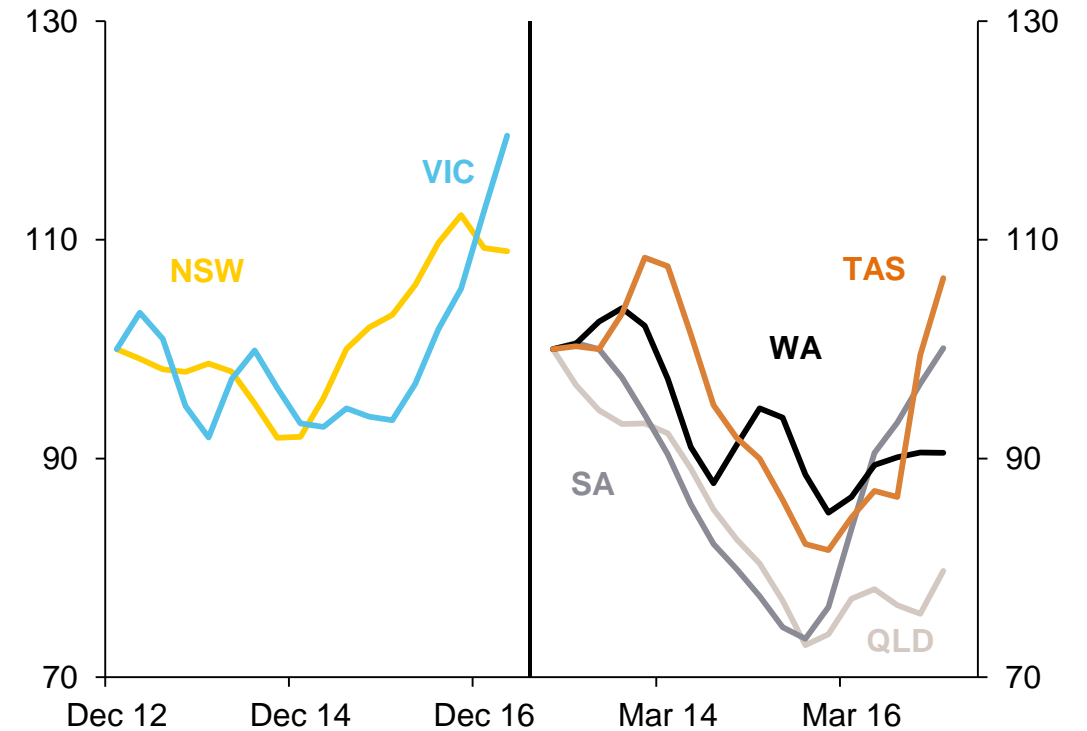
Mining output by sector (index, QIII'12=100)



New capacity means a significant lift in resource production and exports is underway

Infrastructure

State public capex (index, trend, Dec'12=100)



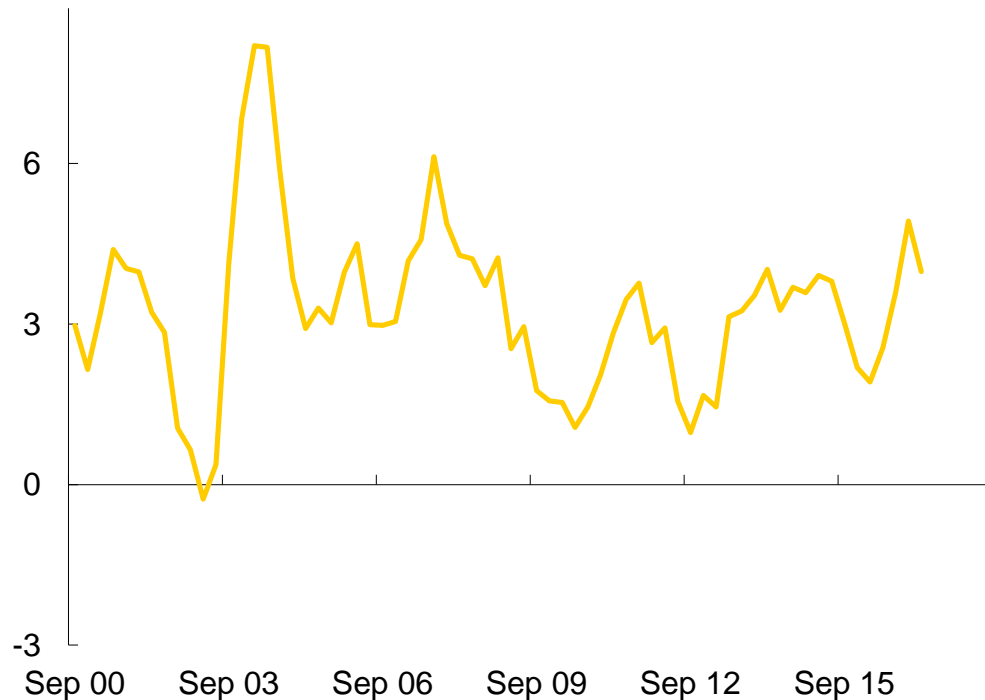
A major infrastructure boom at the State and Federal level is underway

Growth positives



Asian income growth¹

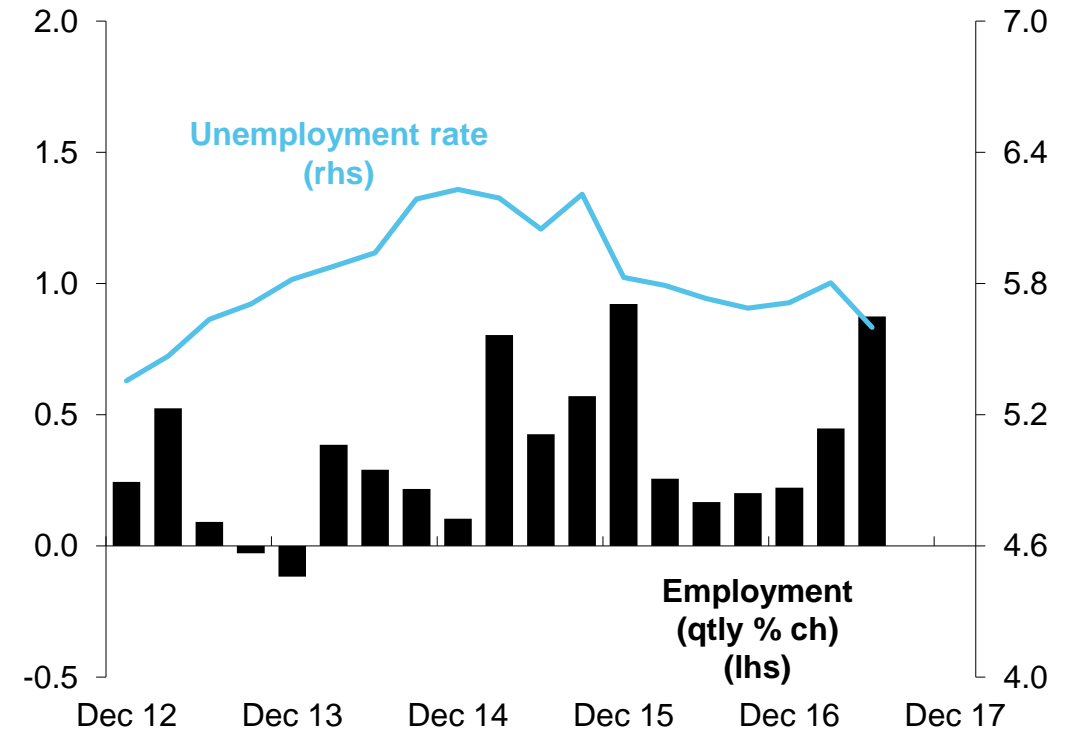
Asian income growth proxy
(Australian GDP exposed to Asian income growth, % pa)



Strong growth in Asian incomes is driving key parts of the Australian economy, such as education and tourism

Labour market²

(%)



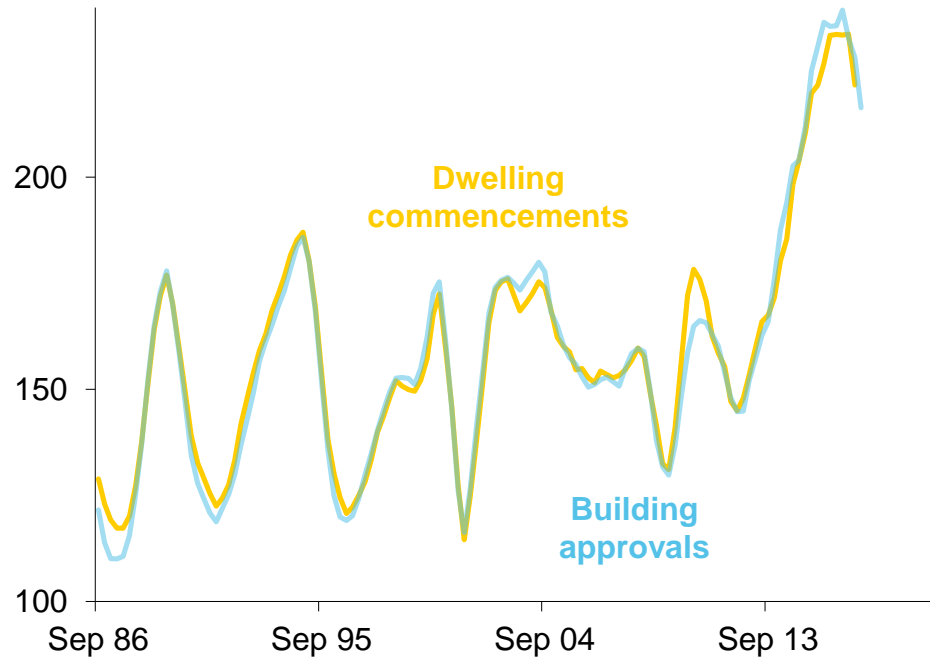
Jobs growth has picked up and the unemployment rate is falling again

Growth disappointments



Residential construction

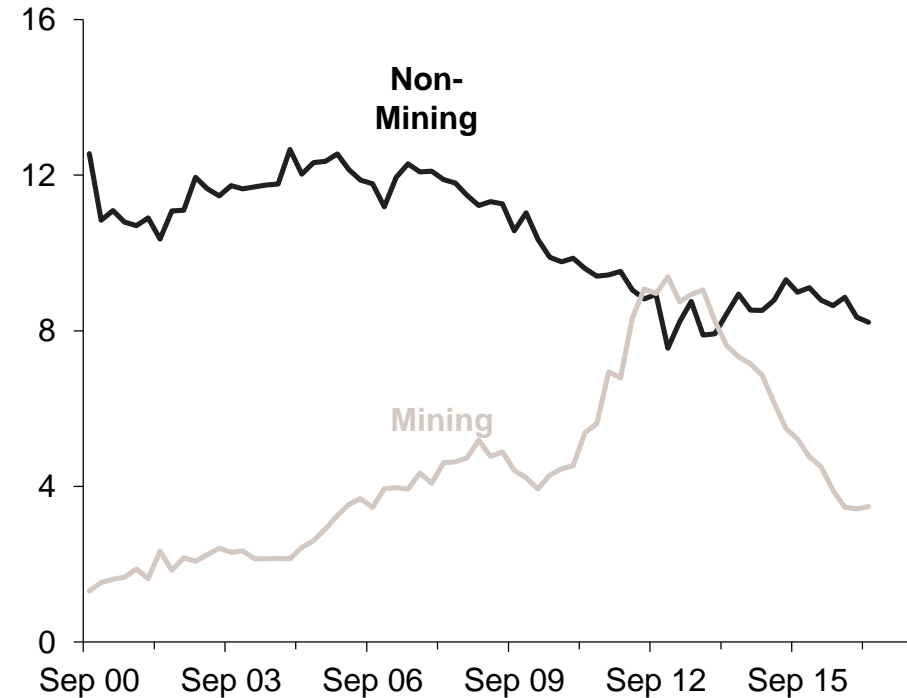
Dwelling construction (rolling annual total, '000)



The residential construction boom is peaking and activity is set to slow over the next year

Business capex

Business investment (% of GDP)



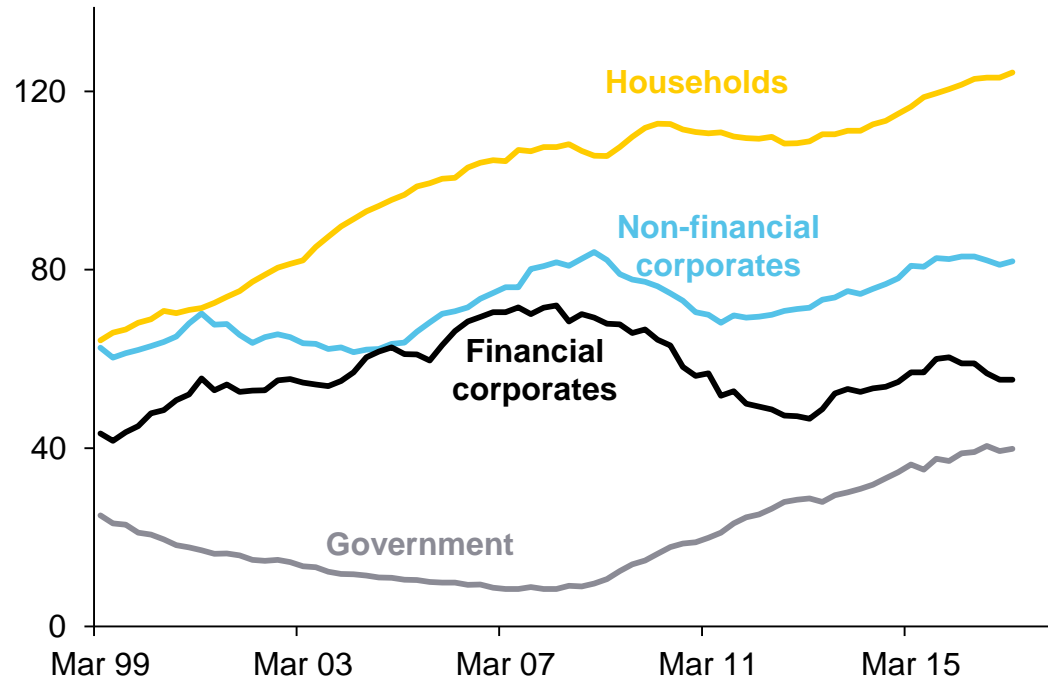
The decline in mining capex is nearly complete but non-mining business remain reluctant to invest

Growth risks



Household debt¹

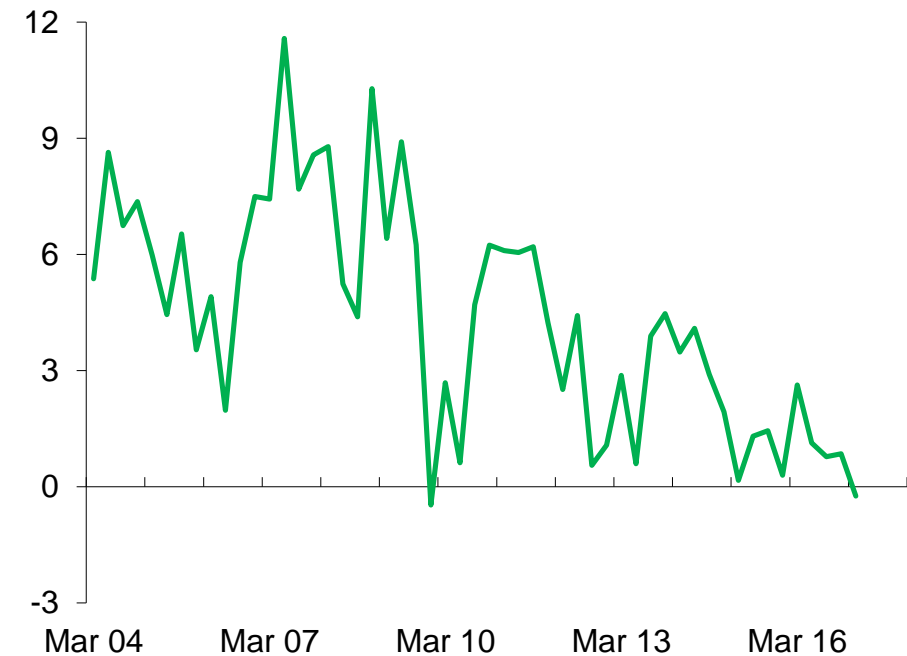
Australia: Debt (% of GDP)



Government debt has continued to rise, but Australian households look most exposed

Household income²

H/hold disposable income per capita (annual % change)



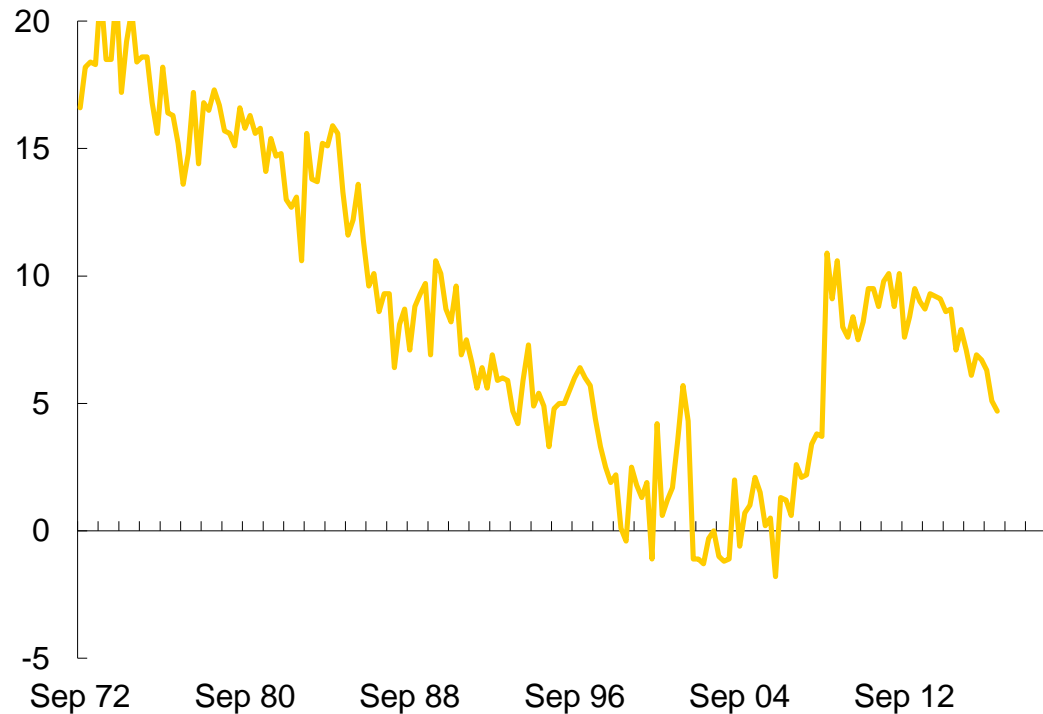
Household disposable income growth per capita is very weak, largely due to low wages growth

Growth risks



Savings ratio

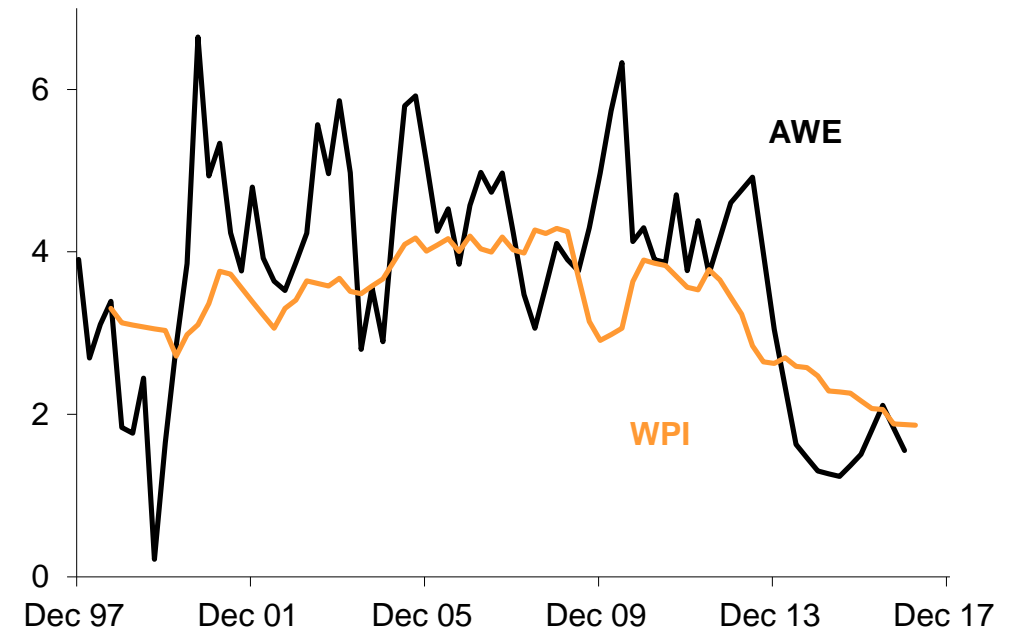
(%)



The decline in the savings ratio has supported consumer spending in the face of weak household income growth, but the ability to cut savings further is limited

Wages growth

Wage measures (annual % change)



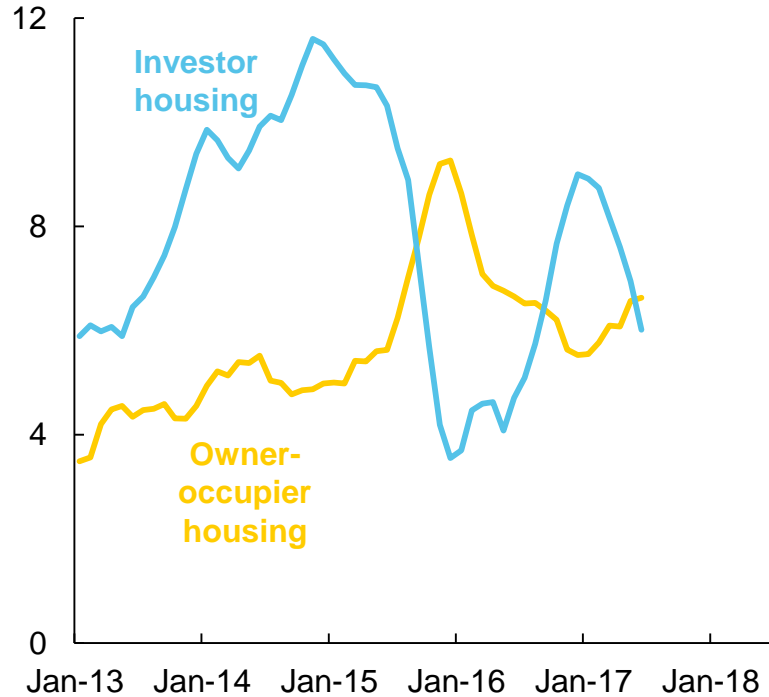
Wages growth has continued to slow due to elevated labour market slack, but the growth rate should bottom out from here

Housing fundamentals suggest price growth should slow



Credit growth¹

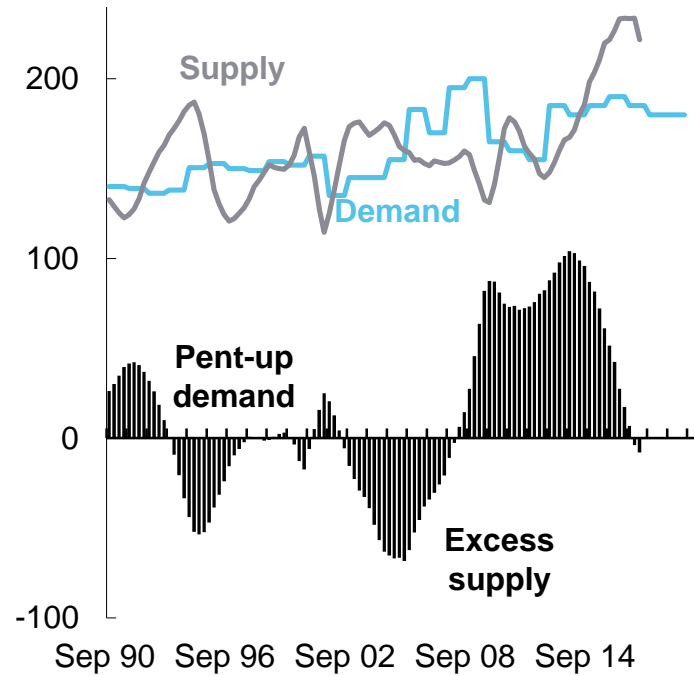
Credit growth (three months ended annualised rate, %)



Credit growth for housing has slowed because lending growth to investors has eased

Housing supply and demand²

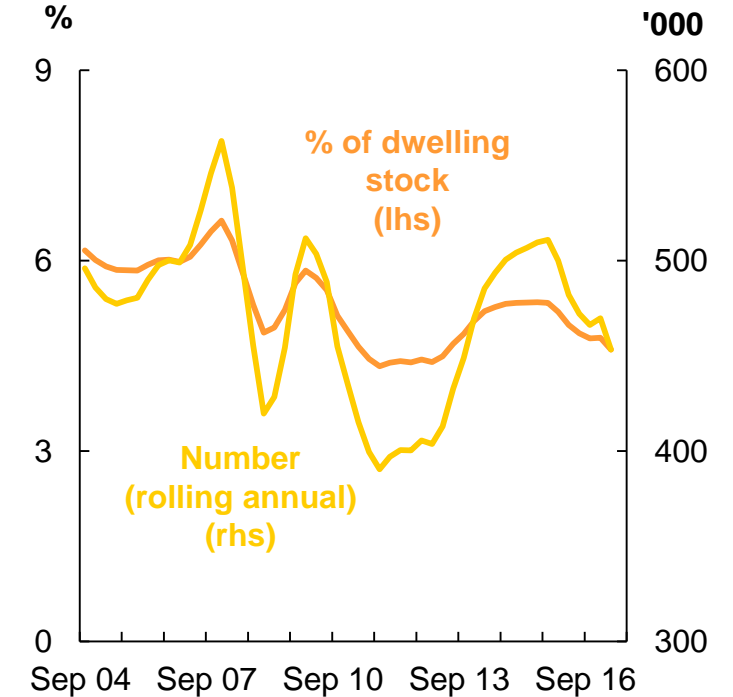
CBA: Housing demand & supply ('000)



Pent-up demand for housing is estimated to be met and there is still a large number of dwellings to be completed

Sales activity³

Dwelling turnover ('000)



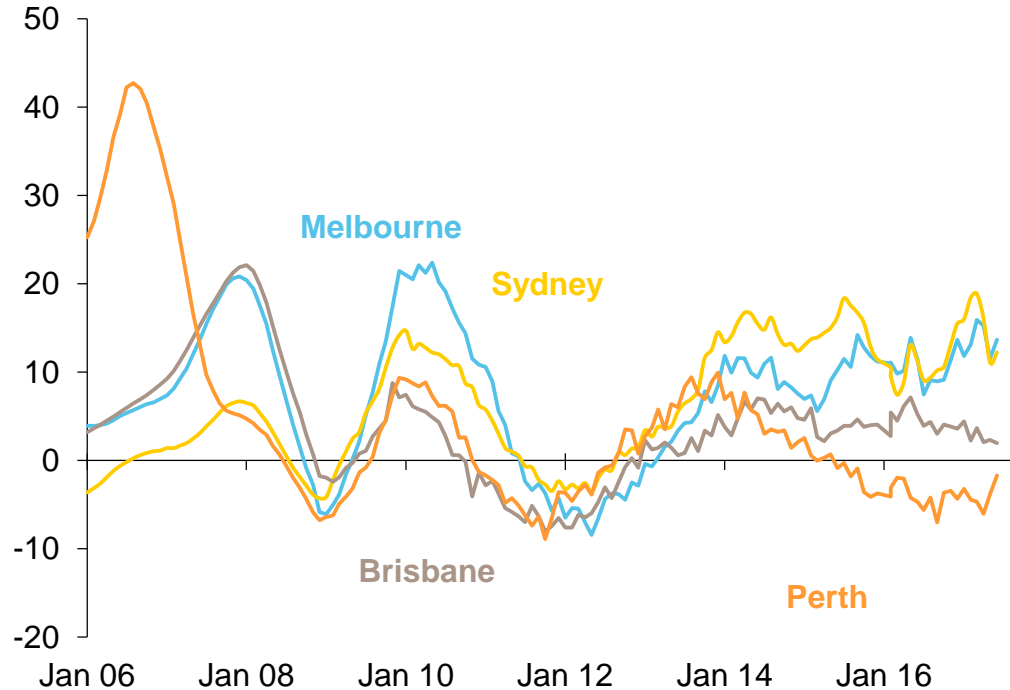
Dwelling sales activity is easing as affordability bites and regulatory restraint takes effect

Dwelling price momentum has eased



Dwelling prices¹

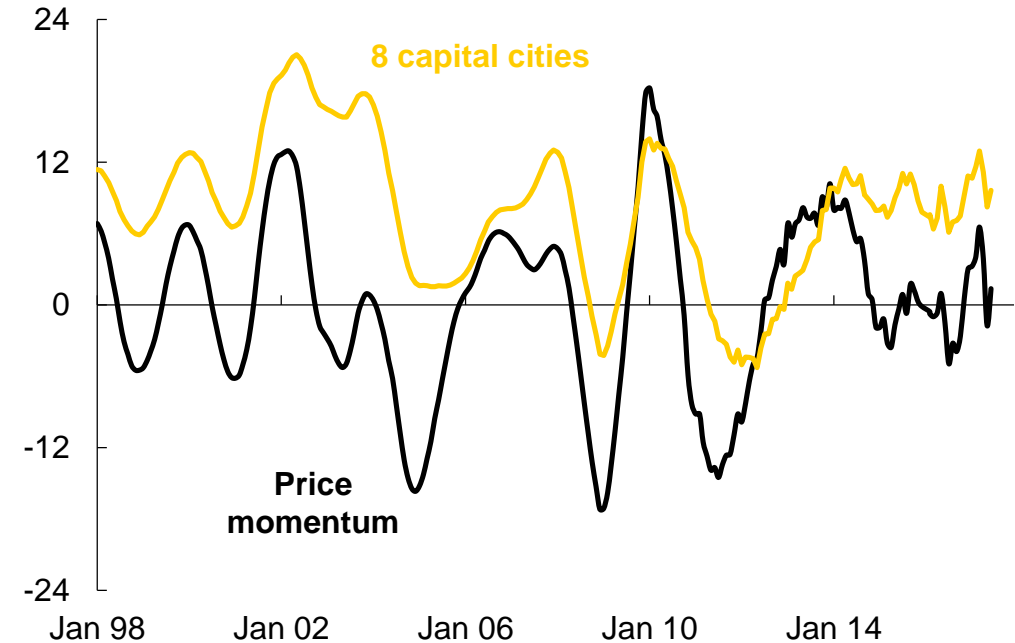
(annual change %)



Annual dwelling price growth remains buoyant in Sydney and Melbourne, but growth rates have come down in recent months

Dwelling price momentum²

Dwelling prices (annual % change)



Dwelling price growth momentum has eased. Supervisory measures announced by APRA are having the desired impact on dwelling price growth

Typical housing bubble factors not evident in Australia



Housing “Bubble” – typical characteristics

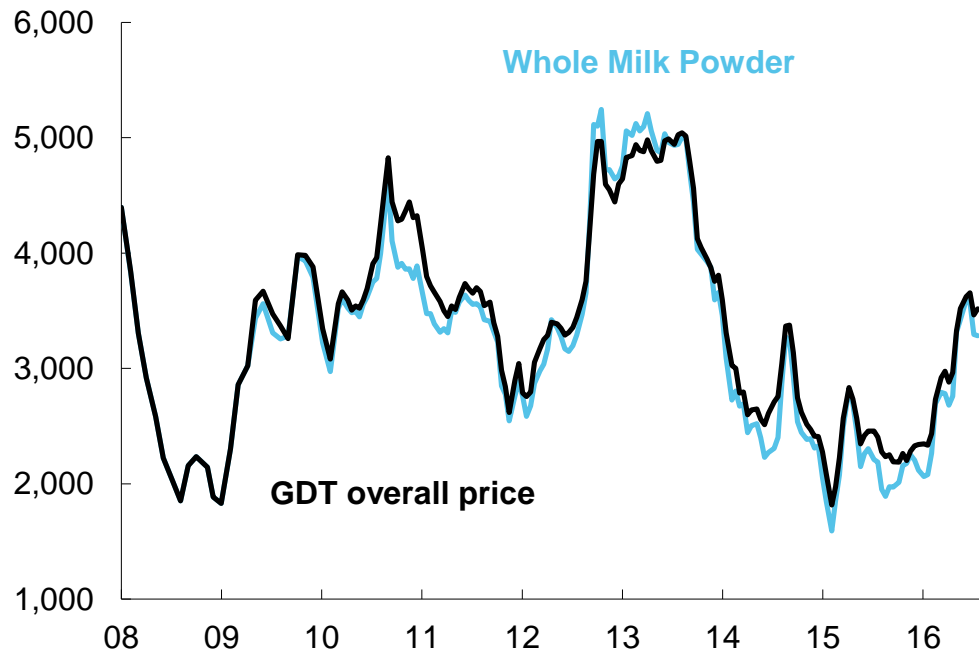
Current position in Australia

Unsustainable asset prices	<ul style="list-style-type: none">• Strong building in recent years means that demand and supply are now more in balance• Price growth has slowed in some areas but remains solid in others• Construction is slowing but should remain solid this year. There is some risk of oversupply of apartments in some capital cities• Residential rental yields easing as new supply rises
Speculative investment artificially inflates asset prices	<ul style="list-style-type: none">• Investor interest has been a rational response to low interest rates, elevated risk appetite and the pursuit of yield• Investor demand is slowing following APRA’s latest regulatory changes and higher interest rates from the major lenders
Strong volume growth driven by relaxed lending standards	<ul style="list-style-type: none">• Share of high LVR lending falling and minimal “low doc” lending• Mortgage insurance for higher LVR loans• Full recourse lending• Restrictions on interest only lending, lift in rates for investors as a macroprudential policy response
Interaction of high debt levels and interest rates	<ul style="list-style-type: none">• A high proportion of borrowers ahead of required repayment levels, large mortgage offset balances• Interest rate buffers built into loan serviceability tests at application• Housing credit growth remains modest and at the bottom end of the range for the past three decades.
Domestic economic shock – trigger for price correction	<ul style="list-style-type: none">• Respectable Australian economic growth outcomes• Unemployment rate has fallen and arrears rates are low

New Zealand

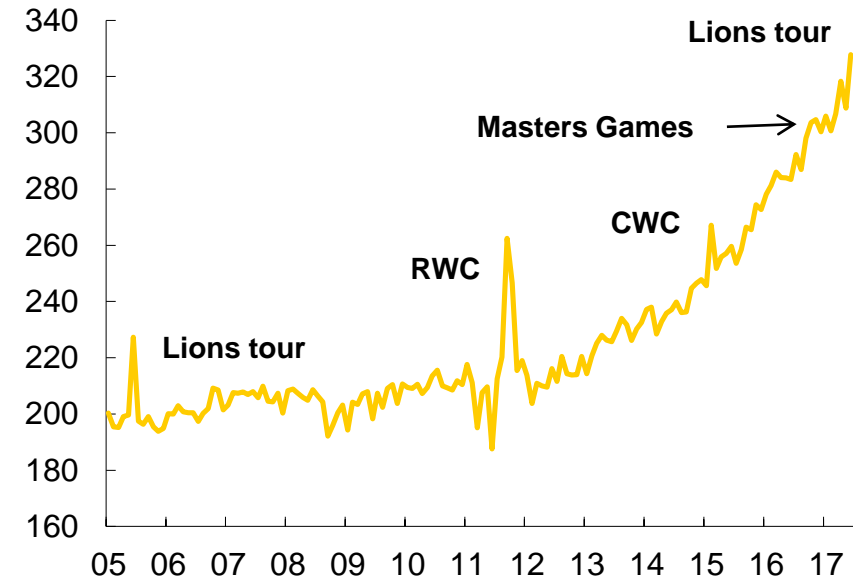


Global dairy trade auction results¹
(USD/tonne)



Dairy prices recovered substantially in the second half of 2016. Farmers' cashflows are lifting substantially, and will increasingly filter through to domestic spending over 2018.

NZ short term arrivals²
(monthly, seasonally adjusted)



Tourism (the other significant export earner) has seen strong visitor growth and been well-supported by special events. However, the firm NZD has tempered per-person spend and accommodation capacity constraints are emerging.

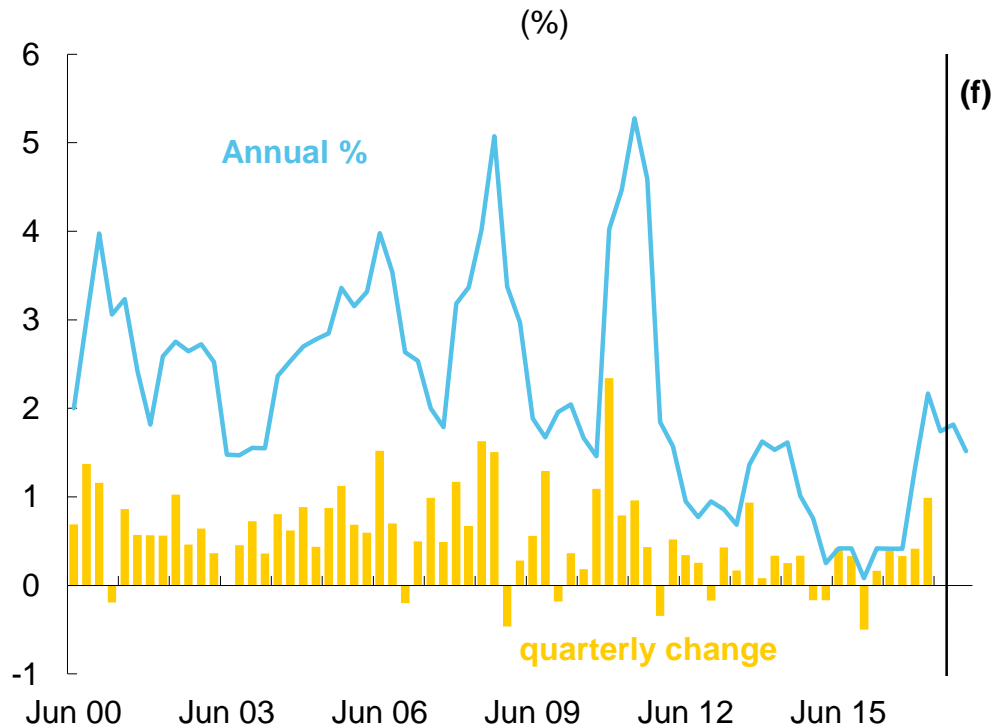
1. Source: GlobalDairyTrade

2. Source: Stats NZ

New Zealand

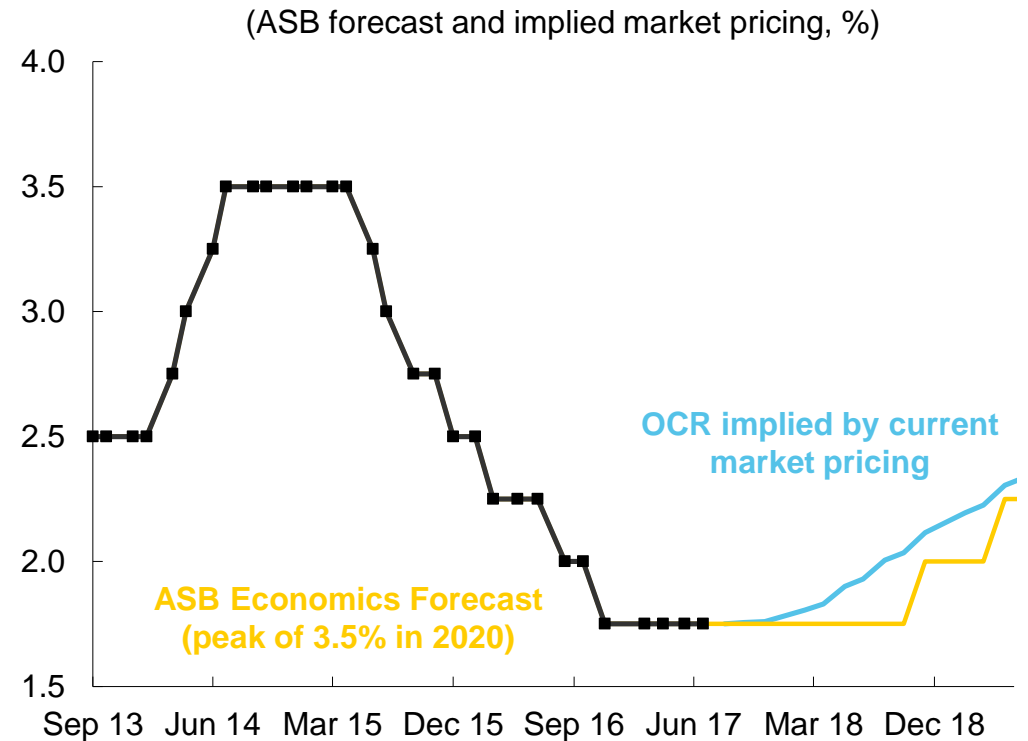


NZ CPI inflation¹



Inflation has recover to around the mid-point of the 1-3% target band after a sustained period of low inflation. Inflation will likely range around 1% to 2% over the next year.

OCR forecasts²



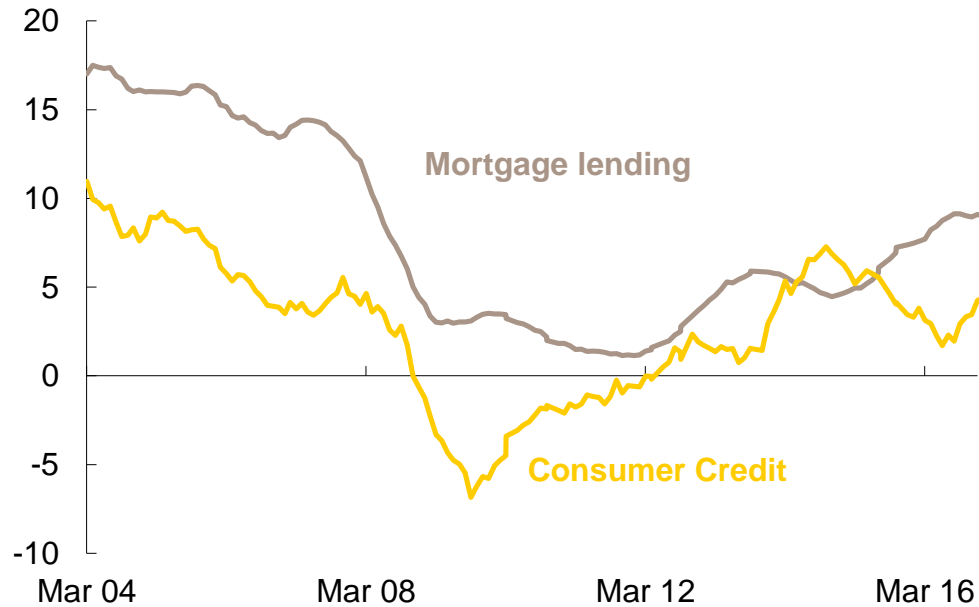
We expect the RBNZ to remain on hold for an extended period, until early 2019. There is very little need for rate cuts or hikes in the near term.

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

New Zealand

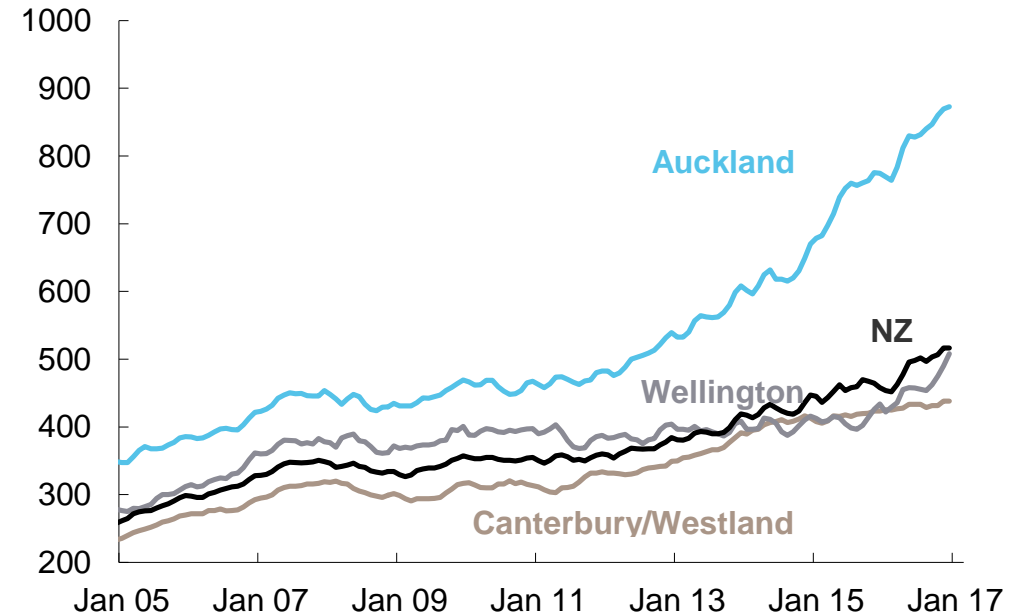


NZ household lending growth¹ (annual % change)



Home lending growth has been decelerating to date over 2017. The RBNZ's nationwide loan restrictions on residential property have contributed to a cooler housing market. Credit growth will continue slowing over 2017 in line with the softening housing market.

NZ median house price² (3 month moving average, \$'000)



House prices are flat/down in Auckland, and price growth is slowing elsewhere, but the housing market is still being supported by strong net migration inflows (particularly in Auckland) and still-low interest rates. Auckland's housing stock remains undersupplied.

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 June 2017. Peers includes ANZ, NAB and Westpac. CBA excludes Bankwest. (Slide 5, 40, 41, & 61)
- 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 June 2017. CBA excludes Bankwest. Wealth includes Superannuation, Insurance and Managed Investments. Share of product is calculated by dividing Products held at CBA by Products held anywhere. (Slide 41 & 42)
- 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 June 2017. Peers includes ANZ, NAB and Westpac (incl. St George Group). CBA includes Bankwest. (Slide 41 & 61)
- 4 Proportion of Banking & Finance customers’ Wealth products captured by the financial institution. Roy Morgan Research. Australian Population 18+ , 6 month average to June 2017. 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 42)
- 5 DBM Business Financial Services Monitor (June 2017), 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. (Slide 5, 40 & 43)
- 6 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 43)
- 7 The Colonial First State (CFS, the platform provider) score is calculated based on the weighted average (using Funds Under Administration (FUA) from the Strategic Insights (formerly known as Plan for Life) FUA subscription database) of the overall satisfaction scores (out of 10, from the annual Wealth Insights Platform Service Level Survey) of FirstChoice and FirstWrap. The ranking is calculated by comparing the overall satisfaction score with the weighted average of other platform providers in the relevant peer set (using the same FUA weighted methodology as the CFS score). The relevant peer set includes platforms belonging to Westpac, NAB, ANZ, AMP and Macquarie Bank in the Wealth Insights survey. This measure is updated annually in April. (Slide 5 & 40)
- 8 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 & 40)
- 9 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 with Internet Banking the entire financial year 2017. (Slide 5 & 40)

CBA overview metrics



Sources for 'CBA overview' slide 38

Our people and customers

- 1 Customer satisfaction – Retail: 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 June 2017. Peers includes ANZ, NAB and Westpac. CBA excludes Bankwest.
- 2 Customer satisfaction – Business: DBM Business Financial Services Monitor (June 2017), 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.
- 3 Home lending market share – source RBA.
- 4 Household deposits market share – source APRA.

Technology and innovation

- 1 Free financial app: CommBank app on iOS and Android in Australia. Sources are the Apple App Store and the Google Play Store.
- 2 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 with Internet Banking the entire financial year 2017.

Financial strength

- 1 Largest Australian company by market capitalisation – source Bloomberg, 4 Aug 17.
- 2 CET1 International - Internationally comparable capital - refer glossary for definition
- 3 Credit ratings - S&P, Moody’s and Fitch. S&P put major Australian Banks on “Outlook Negative” 7 Jul 16. Moody’s lowered the rating on 19 Jun 17, outlook “Stable”. Fitch updated the outlook on the bank sector to “Negative” on 2 Dec 16 – though individual CBA issuer rating remained “Stable”.

Technology metrics



Sources for 'Australia's leading technology bank' slide 44

- 1 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 with Internet Banking the entire financial year 2017.
- 2 Free financial app: CommBank app on iOS and Android in Australia. Sources are the Apple App Store and the Google Play Store.
- 3 Online banking: CBA won Canstar's *Bank of the Year – Online Banking* award for 2017 (for the 8th year in a row). Awarded June 2017. <https://www.canstar.com.au/online-banking/top-online-mobile-banking-app-award-winners-2017/>
- 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 2017, CBA is the #1 Australian bank on their list: <https://thefinancialbrand.com/66150/power-100-2017-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. Awarded January 2017. Source: <http://moneymag.com.au/best2017/>
- 8 Australian Banking and Finance magazine awarded CBA the *Best Digital Payment Product of the Year* for Better Bill Experience. Awarded June 2017. <https://www.rfigroup.com/australian-banking-and-finance/news/westpac-takes-top-gongs-retail-banking-awards>
- 9 Mobile banking: CBA won Canstar's *Bank of the Year - Mobile Banking* award for 2017. Awarded June 2017. <https://www.canstar.com.au/online-banking/top-online-mobile-banking-app-award-winners-2017/>

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).
Derivative Valuation Adjustments	A number of different valuation adjustments are made to the value of derivative contracts to reflect the additional costs in holding these contracts. The material valuation adjustments included within the CBA result are CVA and FVA.
Credit value adjustment (CVA)	The market value of counterparty credit risk on uncollateralised derivative assets, calculated as the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of a counterparty's default
Funding valuation adjustment (FVA)	The expected funding cost or benefit over the life of the uncollateralised derivative portfolio.

Funding & Risk

Liquidity coverage ratio (LCR)	The LCR is the first quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 Jan 2015. It requires Australian 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, 9 August 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.

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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 audited 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 year 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/>