



ASX announcement

2020 Half Year Results Presentation and Investor Discussion Pack

Wednesday 12 February 2020 (SYDNEY): Commonwealth Bank of Australia (CBA) provides the attached 2020 Half Year Results Presentation and Investor Discussion Pack for the half year ended 31 December 2019.

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

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Results Presentation and Investor Discussion Pack

For the half year ended 31 December 2019

Important information

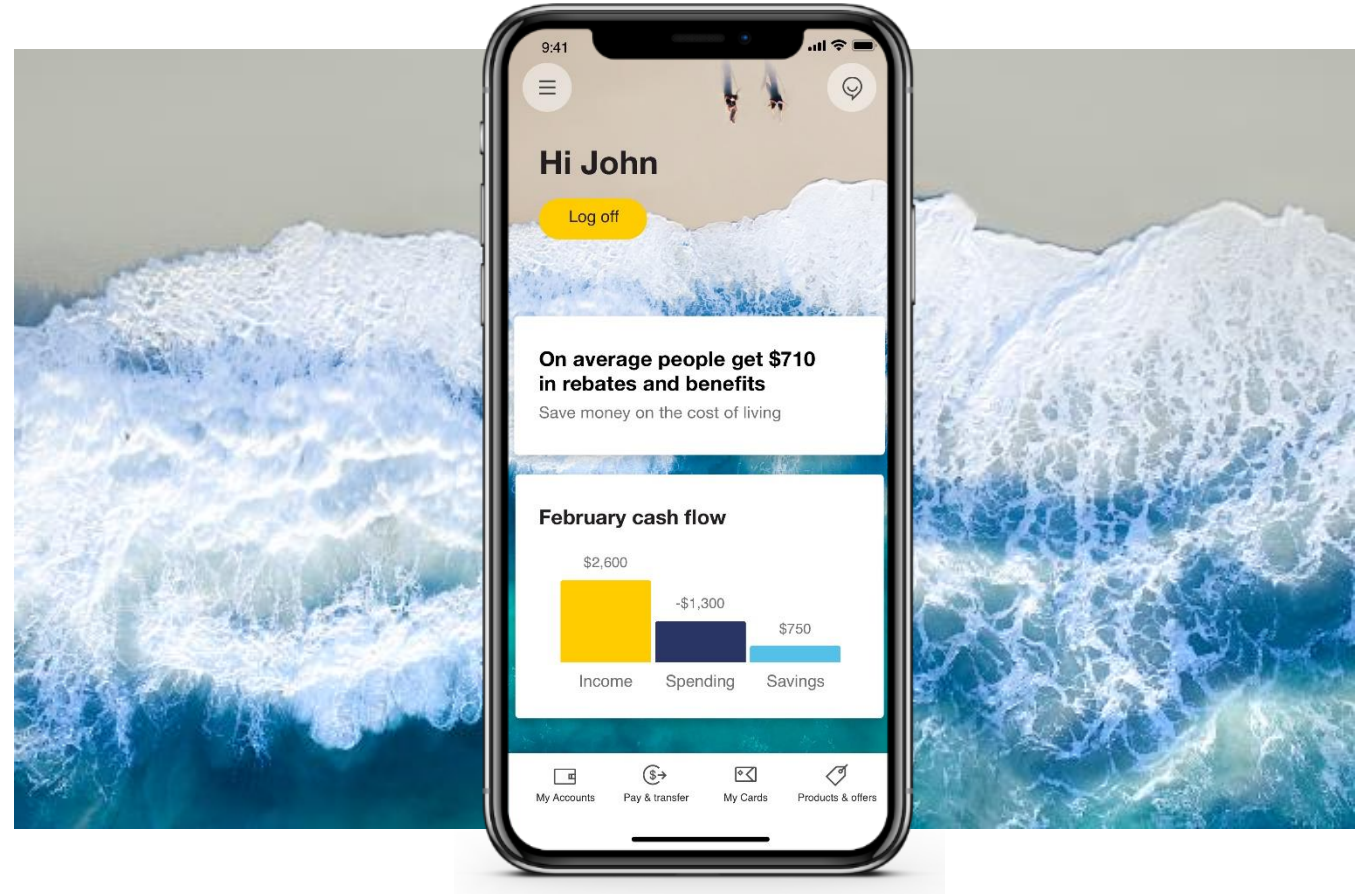
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Results Presentation

Matt Comyn, Chief Executive Officer

Overview



Core franchise strength underpinning consistent returns

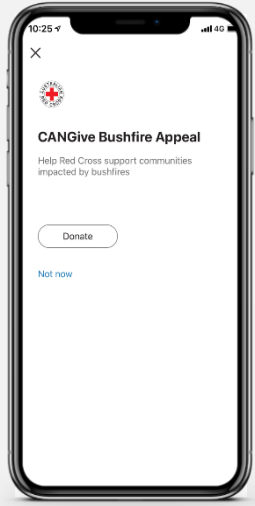
- **Core franchise strength** – balanced outcomes, strong execution
- **Strategic progress** – well positioned for future challenges/opportunities
- **Supporting customers and communities** – drought and bushfire relief

Australian bushfires



Supporting customers and communities impacted by the devastating bushfires

CANGive bushfire appeal



- **\$4.6 million** raised from customers for Australian Red Cross
- CBA matching dollar for dollar¹

Emergency assistance package



- Available to customers – individuals, businesses, volunteer firefighters
- Emergency accommodation assistance, loan restructuring, waiving of selected fees/charges

Bushfire recovery grants



- Up to **\$50,000** for replacement/repair of community facilities
- CBA contribution expected to exceed **\$10 million** in total value¹

1. CBA dollar for dollar contribution included in Bushfire Recovery Grants.

This result¹



Lower cash profit – strong capital – stable dividend

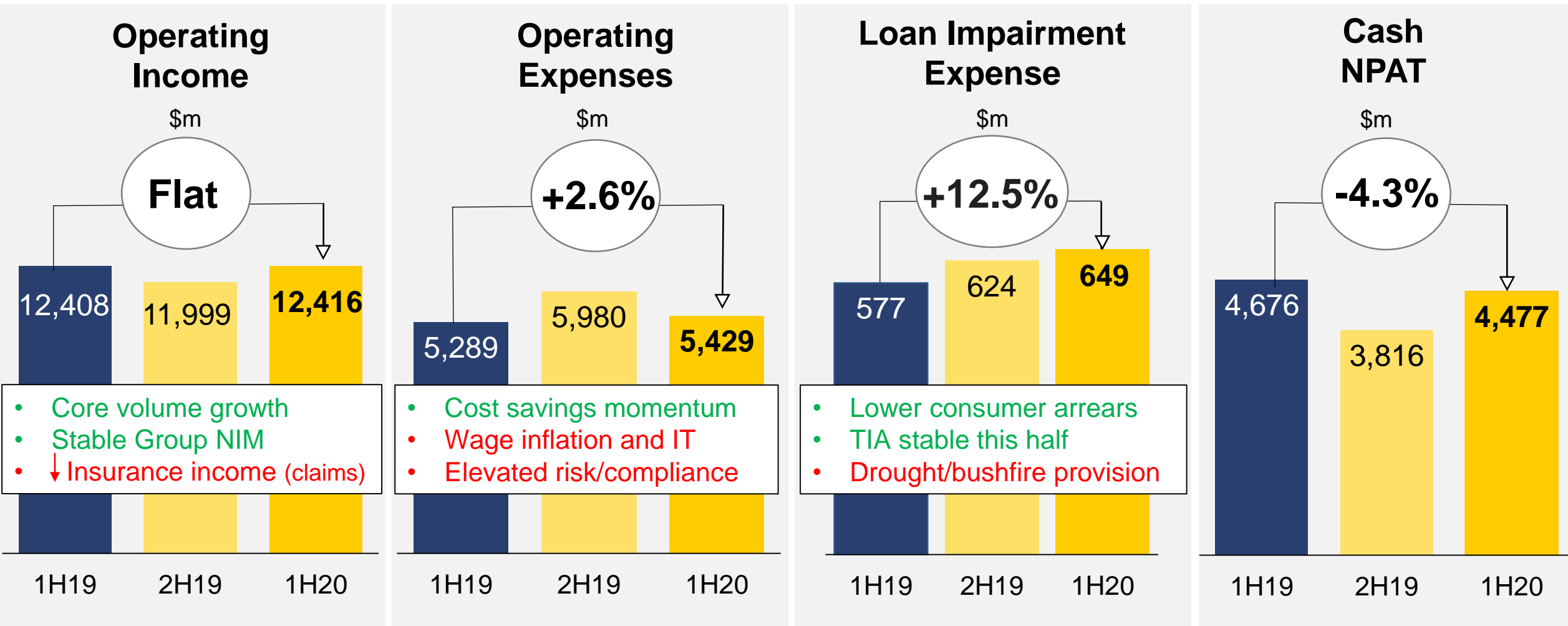
	1H20	1H20 vs 1H19
■ Statutory profit (\$m)	6,161	+34.0%
■ Cash NPAT (\$m)	4,477	(4.3%)
■ CET1 (% , Level 2)	11.7%	+90bpts
■ EPS (cash, \$)	2.53	(12c)
■ Dividend per share (\$)	2.00	Flat

1. Statutory profit, CET1 and Dividend per share include discontinued operations. Cash NPAT and EPS are on a continuing operations basis.

Cash NPAT¹



Cash NPAT down 4.3% – positives outweighed by impacts of a challenging operating context



1. Presented on a continuing operations basis.

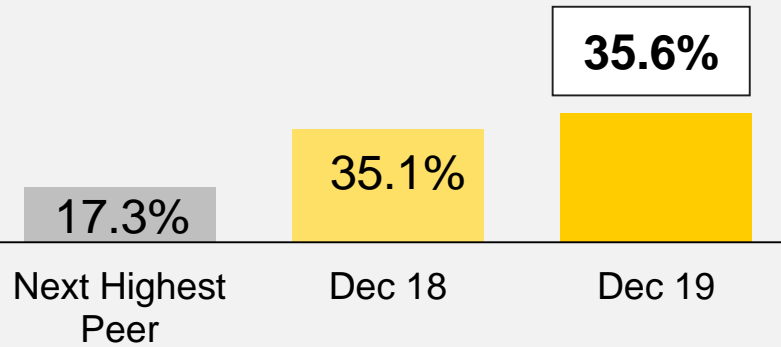
Core franchise strength

Strong operational performance – enabling consistent returns

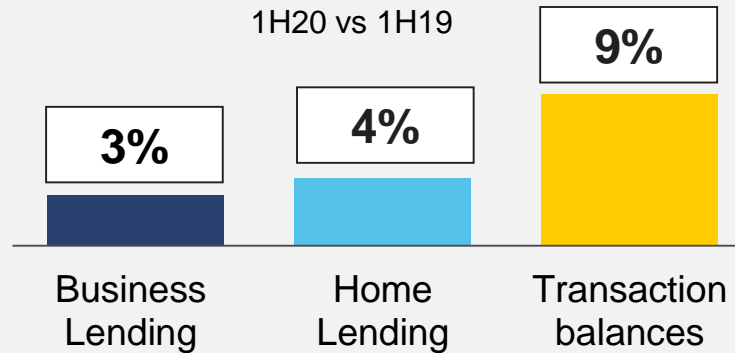


Franchise strength

MFI Share¹

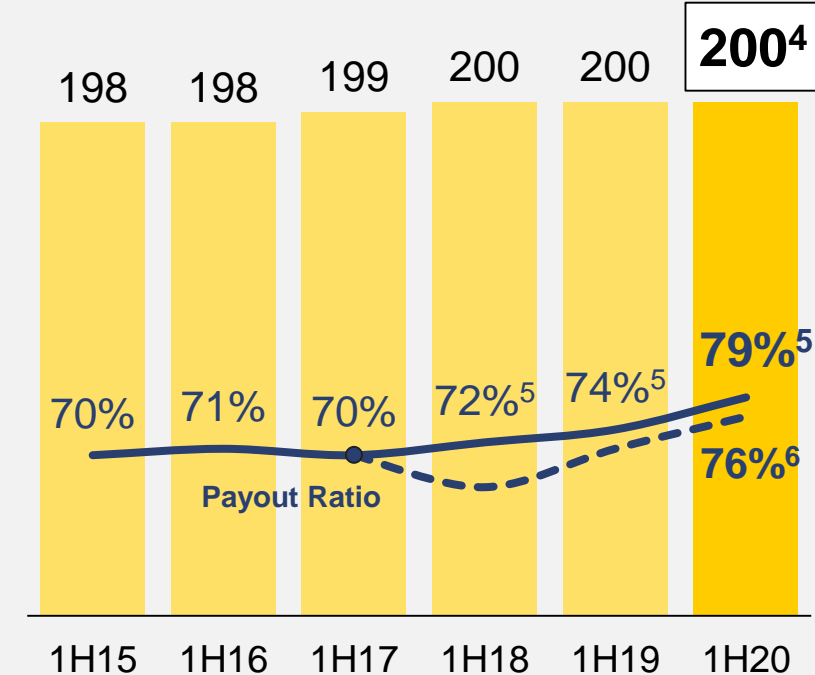


Volume Growth²

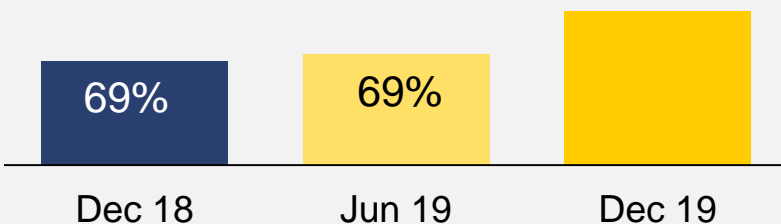


Consistent returns

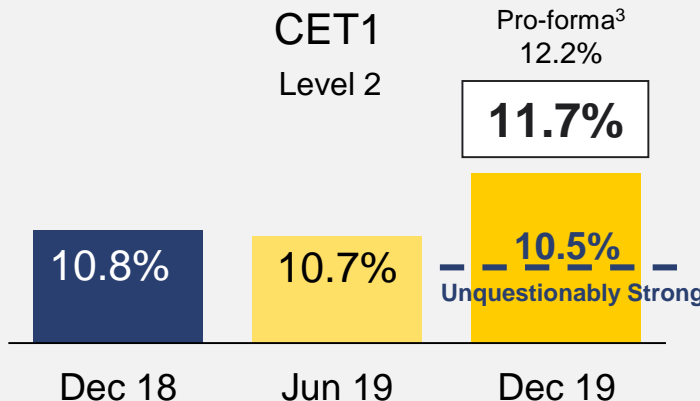
Dividend per Share (cents)



Deposit funding



CET1 Level 2



1. Refer to notes slide at the back of this presentation for source information. 2. Average balances. 3. Pro-forma includes expected CET1 uplift from the finalisation of remaining divestments. 4. The DRP will apply with no discount and will be neutralised. 5. Payout ratios including the impact of notable items. 6. Payout ratio excluding the impact of notable items.

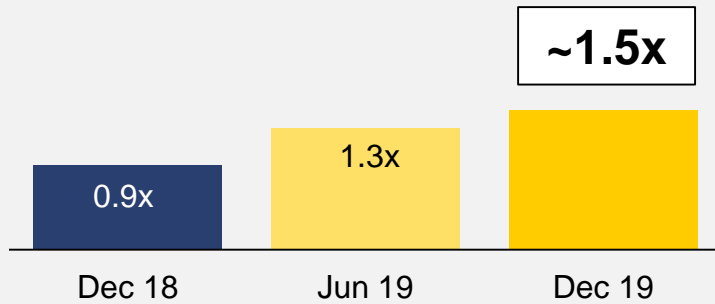
Home lending update



Above system quality growth driven by new lending in core segments

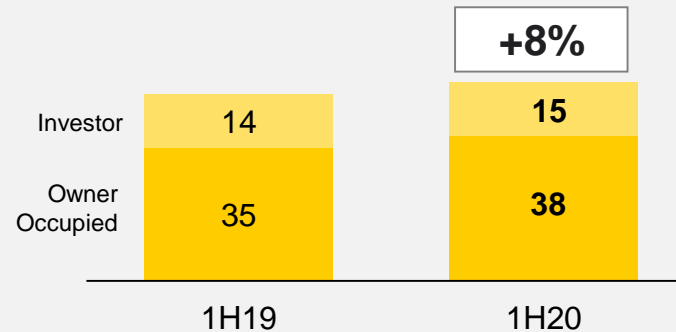
Above system growth

CBA growth vs system¹



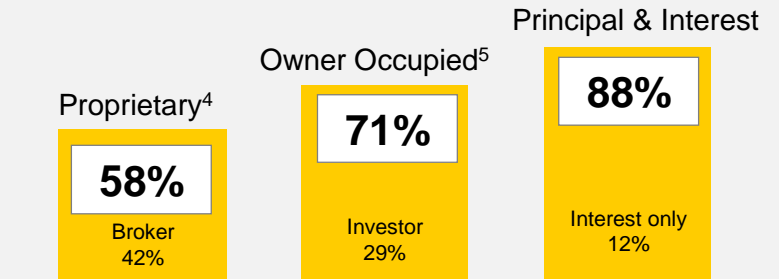
New lending up 8%

Fundings² (\$bn)



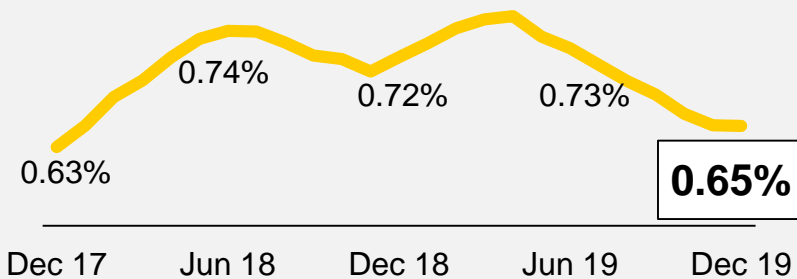
Strongest lending in core segments

Fundings 1H20³



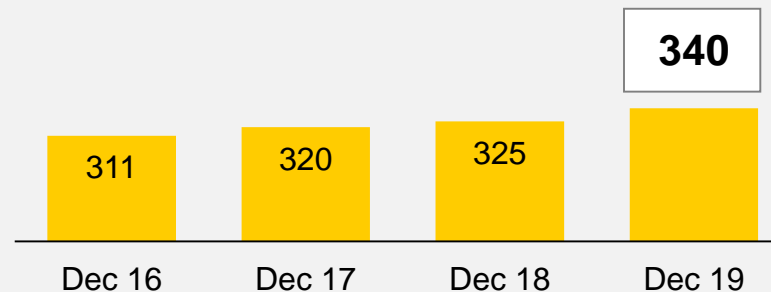
Improved arrears

Home Loan arrears (90+ days)⁶



Maintaining credit availability

Average funding size² (\$'000)



Rate discounting (front vs back book)⁷

- Differential <30 basis points
- Average additional discounts of ~25bpts provided to ~\$130bn of back-book loans over last 3 years⁸
- ACCC interim report end March

1. System source: RBA Lending and Credit Aggregates. RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019, therefore volume growth has been calculated for the 5 months to December 2019. 2. Includes RBS internal refinancing, excludes Viridian Line of Credit (VLOC) and excludes Bankwest internal refinancing. 3. Excludes Bankwest. 4. Includes Viridian Line of Credit (VLOC). 5. Calculated on fundings excluding Viridian Line of credit (VLOC). 6. CBA including Bankwest, excluding New Zealand. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans. 7. As at December 2019. 8. Discounts relate to SVR wealth package discounts.

Strategic progress



Managing current challenges – positioning for the future



A simpler bank

- Well progressed with divestments
- Core franchise delivering >97% of Cash NPAT
- Cost savings momentum



A better bank

- Remediation – \$630m returned to customers
- APRA Remedial Action Plan – on track, more to do
- Royal Commission – 23 applicable recommendations underway



Best in digital

- Creating brilliant customer experiences – #1 app¹
- Building on our strong technology foundations
- Innovating for future growth – X15 Ventures, Klarna



Lead in retail & commercial banking

- Enhanced core product offerings
- Improving Net Promoter Scores
- Market share gains – MFI, Home Loans, Deposits

1. Refer to notes slide at the back of this presentation for source information.

Lead in retail and commercial banking



Enhancing core product offering for our customers



World debit card and Ultimate Awards credit card

Access exclusive
overseas travel benefits



Fee free Business Transaction Account

Making digital business transaction
banking free and seamless



Home Loan Compassionate Care

Supporting customers and
their families in difficult times¹

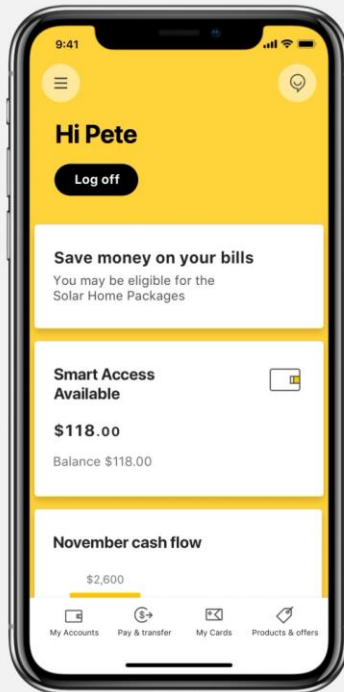
1. Compassionate Care - cover for terminal illness or death. Up to 12 months worth of loan repayment support. Protects borrowers, their spouse and dependent children under 18 years old. Available to existing and new Owner Occupied home loan customers. Other conditions apply.

Creating brilliant customer experiences



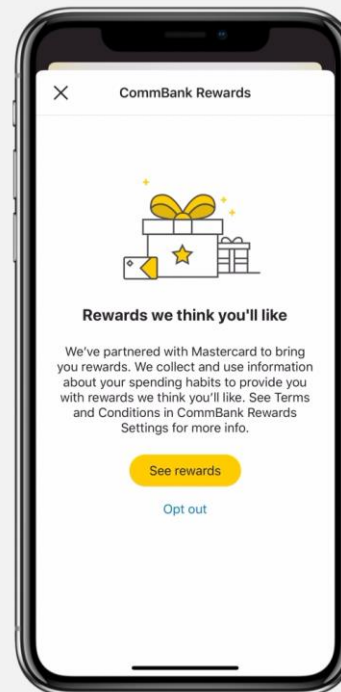
Extending our market leading CommBank app

#1 App Relaunch



Improving financial wellbeing and putting customers in control

CommBank Rewards



Rewarding loyal customers through personalised cashback offers

CommBank Secure



Protecting customers from fraud and cyber threats, 24/7

Building on our technology foundations



Leading in technology, now and into the future

A history of leadership

- Leading assets
 - CommBank app
 - NetBank
 - CommBiz
- Leading infrastructure
 - Real-time core
 - CommSee
 - Customer Engagement Engine



Current focus

- Modernising systems
- Engineering for resilience
- Digitising end-to-end
- Improving data
- Global partnerships

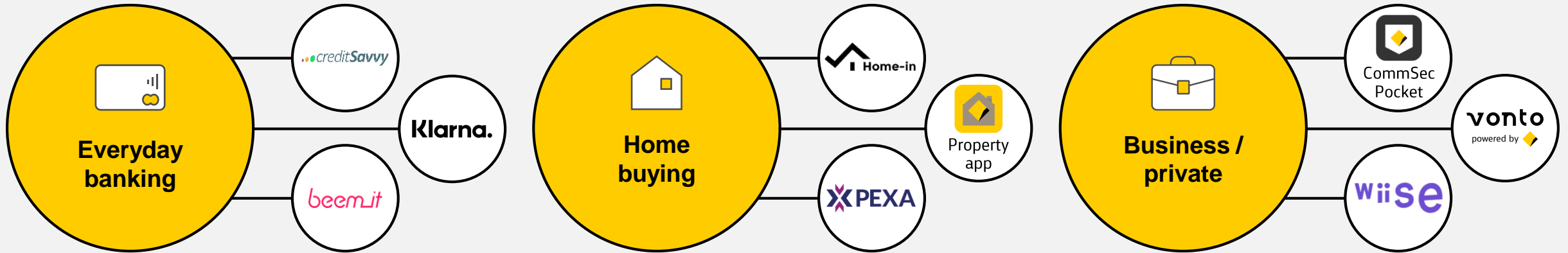


Delivering outcomes

- Leading experiences
- Lower risk
- Lower cost
- Greater velocity
- Greater security

Innovating for future growth

Portfolio of ventures to enhance our core business



x15

A dedicated vehicle for building new products and services for our customers

25
ventures
Over the next 5 years

Cornerstone partners



High Growth Ventures



Microsoft



Results Presentation

Alan Docherty, Chief Financial Officer

Summary



Adapting to current environment – building on our strengths and staying disciplined

Context

- Lower interest rates
- Constrained consumer
- Regulatory focus
- Pressure on earnings



Response

- Operational execution
- Conservative balance sheet
- Cost and capital discipline
- Underpin consistent returns



Outcomes

- Volume growth in core markets
- Stable NIM
- Improved credit quality, lower arrears
- Lengthened funding profile
- Growing cost savings momentum
- Strong surplus capital generation
- Dividend maintained, DRP neutralised
- TSR outperformance vs peers

Statutory vs Cash NPAT

Lower earnings for discontinued operations



\$m	1H19	2H19	1H20	
Statutory NPAT	4,599	3,972	6,161	
Less				
Cash NPAT - discontinued operations	92	122	17	• Earnings virtually all divested
Non-cash items:				
- Gains/(losses) on disposals and transaction costs ¹	(74)	13	1,631	• GAM profit on sale 1,688 • Other (57)
- Hedging ² & other	(95)	21	36	• Realisation and recycling of losses on maturing hedges to cash P&L
Cash NPAT – continuing operations	4,676	3,816	4,477	

1. 1H20 includes gains net of transaction costs associated with disposal of CFSGAM (\$1,688m), Count Financial (\$52m) and Aegis (\$9m), partly offset by losses net of transaction costs associated with disposal of CommInsure (-\$116m), and other businesses (-\$2m). 1H19 includes transaction and separation costs associated with CFSGAM (-\$100m), CommInsure (-\$38m), NewCo demerger (-\$18m), loss net of transaction costs associated with disposal of TymeDigital SA (-\$22m) and other businesses (-\$9m), partly offset by \$113m gain net of transaction costs associated with disposal of Sovereign. 2. Includes unrealised accounting gains and losses arising from the application of "AASB 139 Financial Instruments: Recognition and Measurement".



1H20 result¹

Cash NPAT down 4.3% - positives outweighed by impacts of a challenging operating context

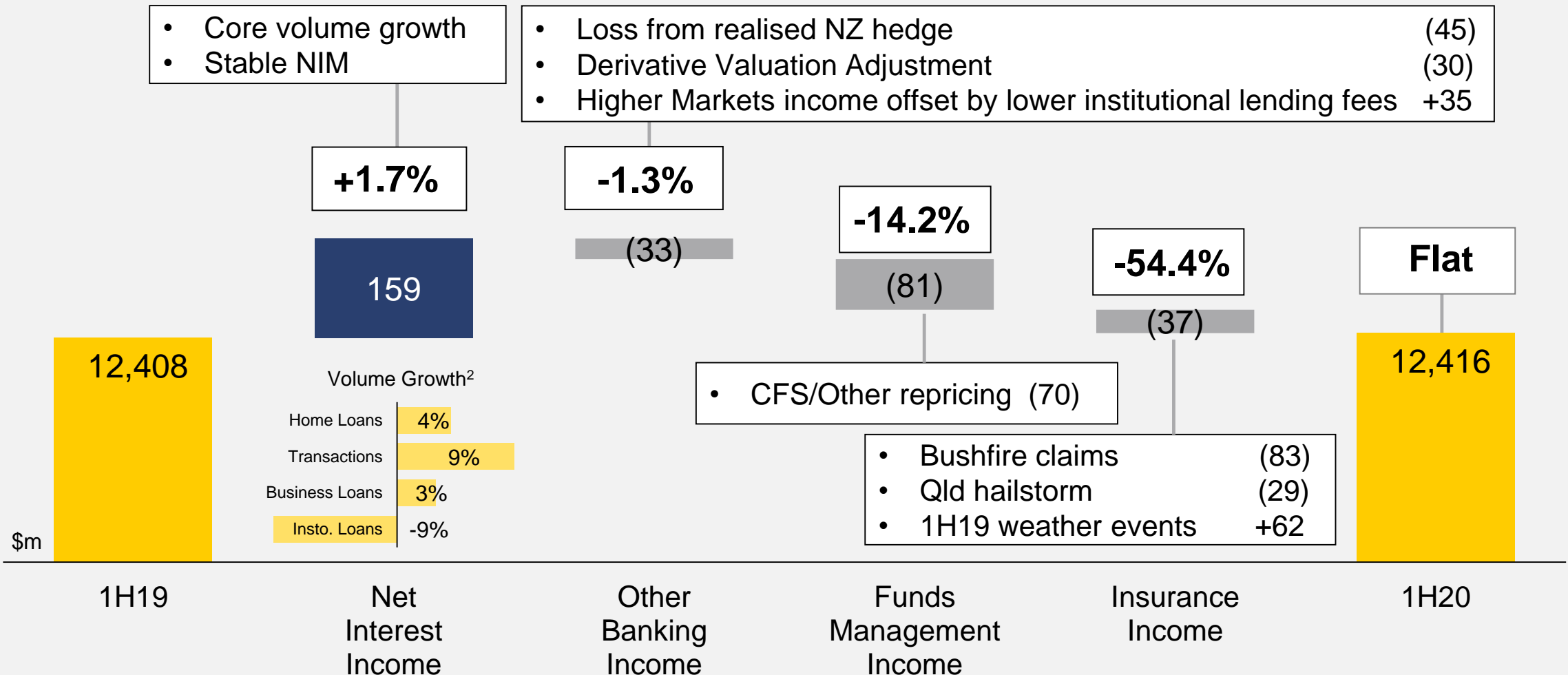
	1H20 \$m	1H20 vs 1H19
Operating Income	12,416	→ Flat
Operating Expenses	5,429	↑ 2.6%
Operating Performance	6,987	↓ (1.9%)
Loan Impairment Expense	649	↑ 12.5%
Cash NPAT	4,477	↓ (4.3%)

1. Presented on a continuing operations basis.

Flat operating income¹



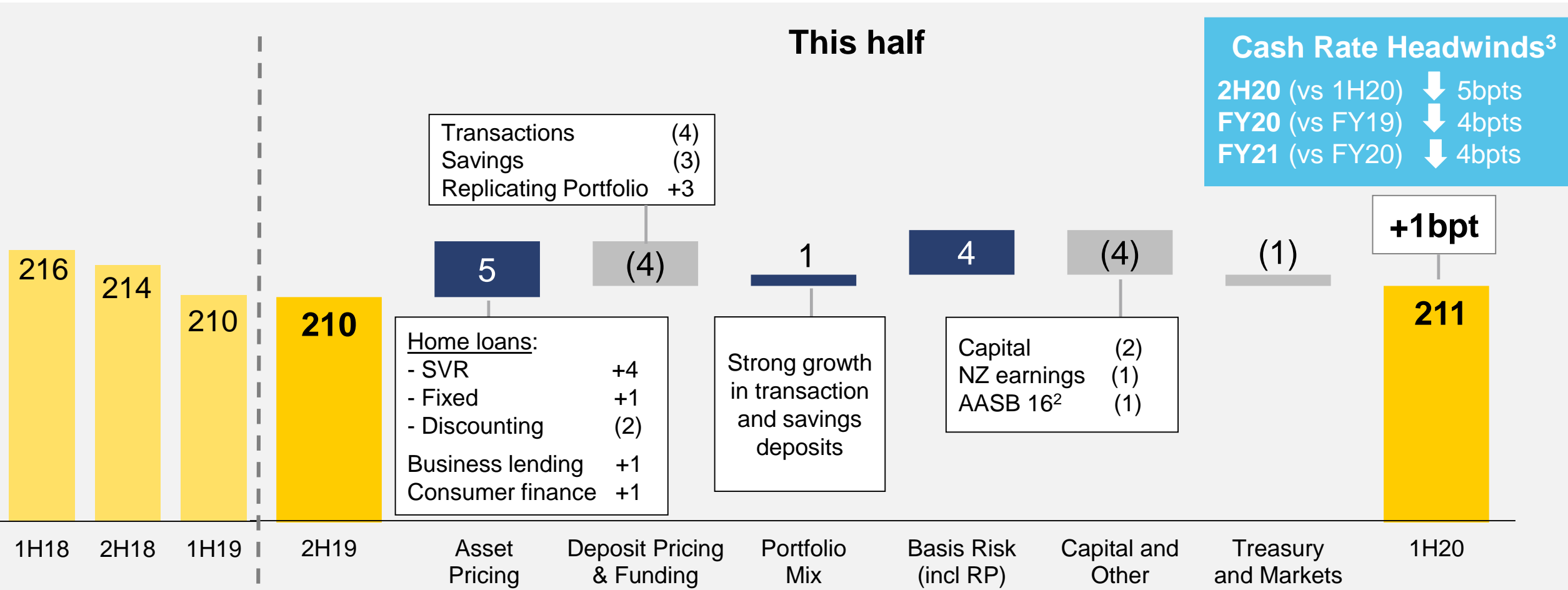
Volume growth offset by bushfire related claims, customer fee removals and loss on NZ hedge



1. Presented on a continuing operations basis. 2. Average balances.

Group margin¹

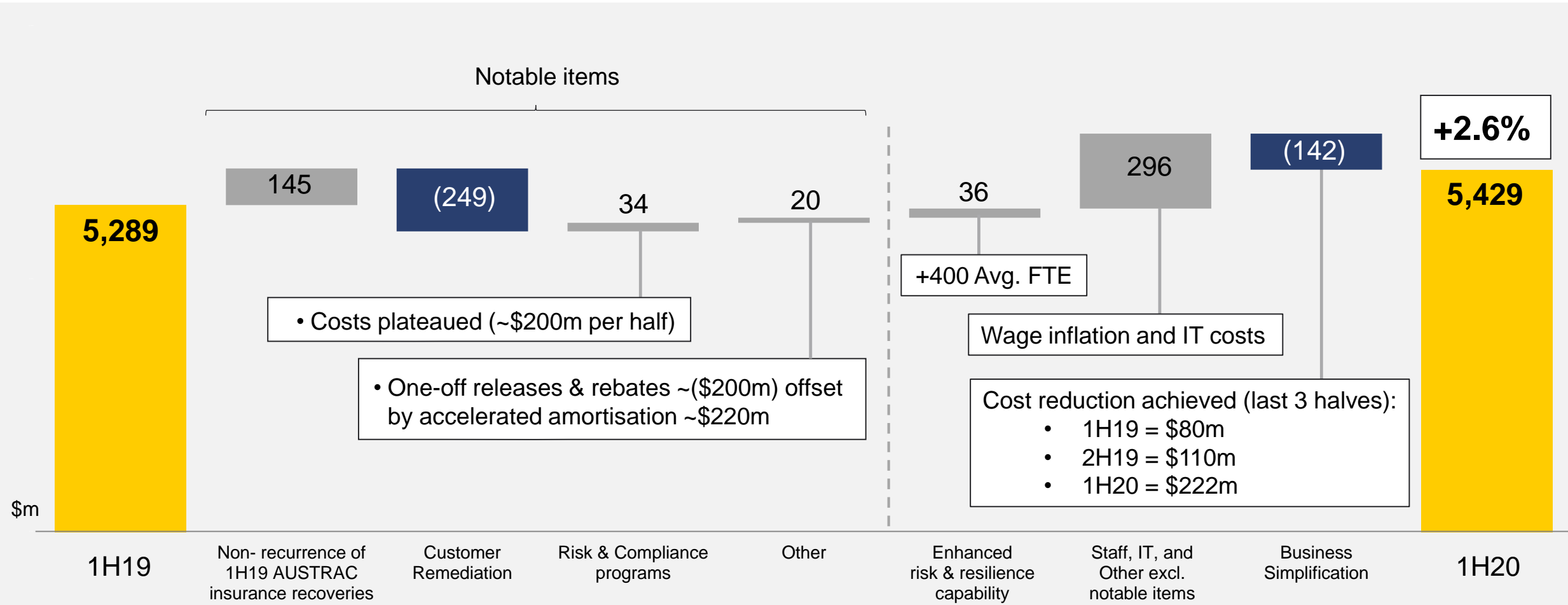
Broadly flat in 1H20 – lower basis risk partly offset by the impact of cash rate reductions



1. Presented on a continuing operations basis. 2. The implementation of AASB16 results in the recognition of a lease liability and therefore higher interest expense. 3. Estimated impact of the RBA's cash rate cuts in June, July and October 2019 on Group NIM, including the deposits impact, lower expected replicating portfolio and equity hedge benefits, and flow through of announced repricing. Excludes impact of any future cash rate change.

Operating expenses up 2.6%¹

Impacted by wage inflation, elevated risk and compliance costs



1. Presented on a continuing operations basis.

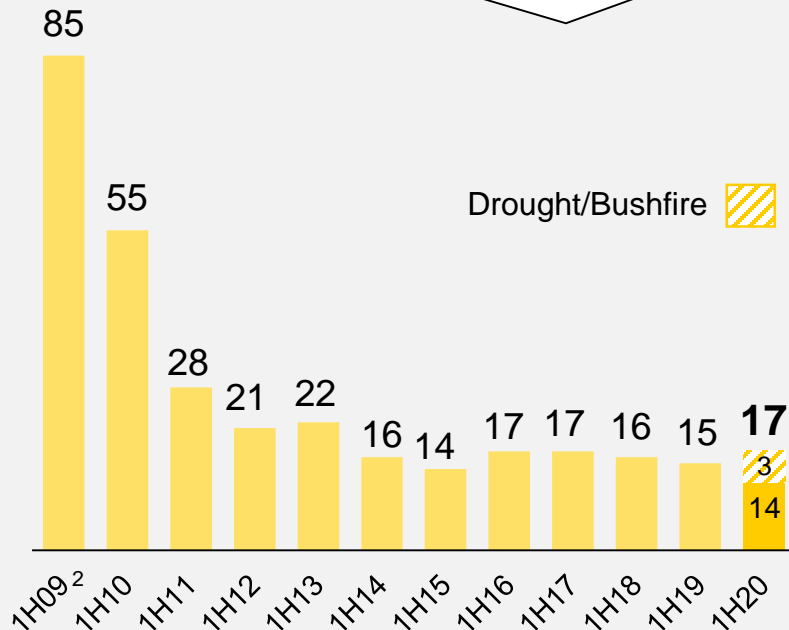
Credit risk



Sound portfolio quality – Loan Impairment Expense at 17 basis points – stable TIA

Loan Loss Rate¹ - Group

		ex. drought/bushfire provision
Consumer	14	13
Corporate	<u>24</u>	<u>18</u>
Group	17	14



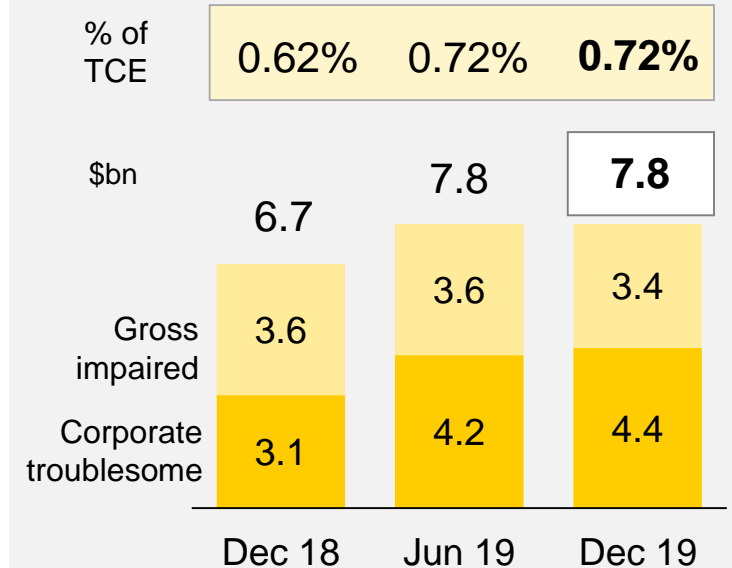
Loan Loss Rate¹ – Divisions

RBS – lower arrears, improving property market
BPB – higher collective provisions for drought and bushfires; retail and construction

bpts	1H19	1H20
RBS	16	13
BPB	19	24
IB&M	7	14
ASB	11	5
Group³	15	17

TIA

- Improved retail portfolios
- Pockets of stress remain in discretionary retail, construction and agriculture

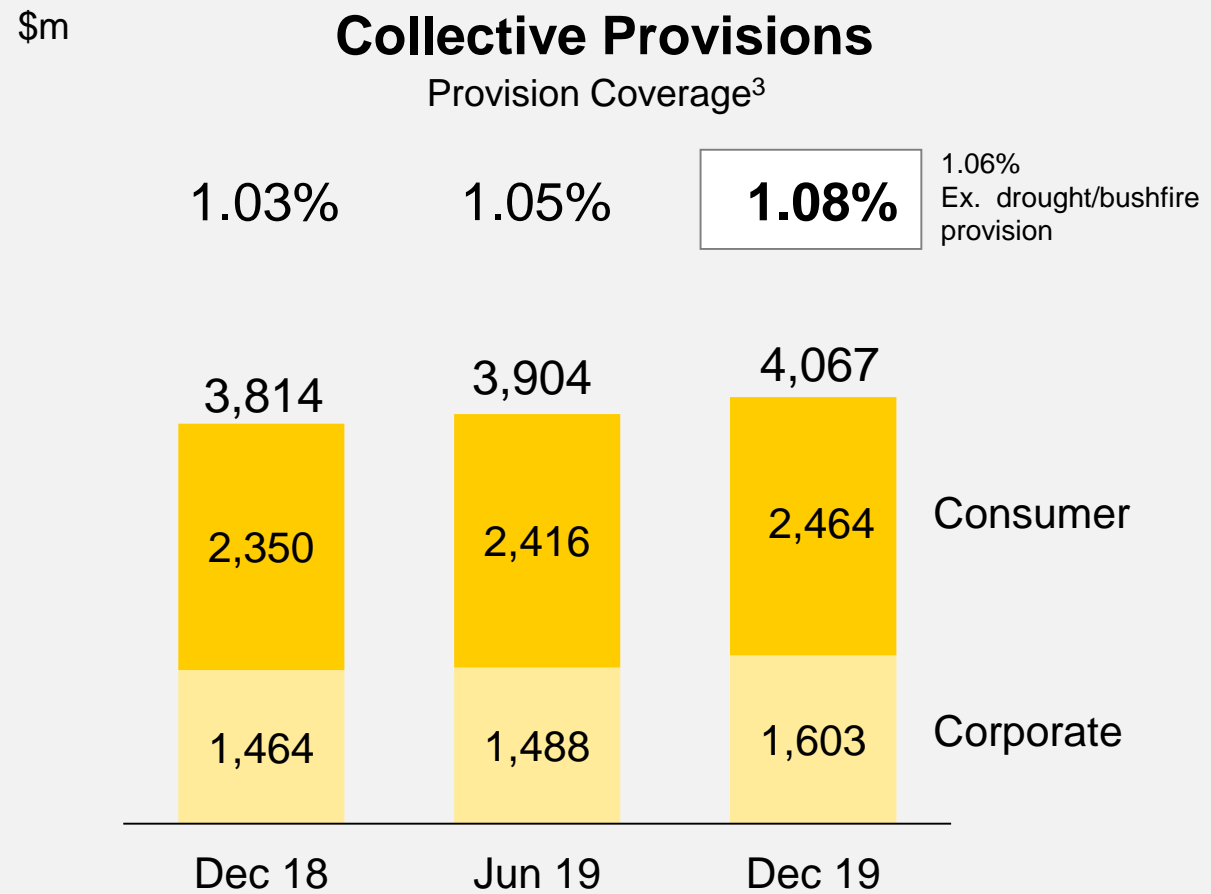
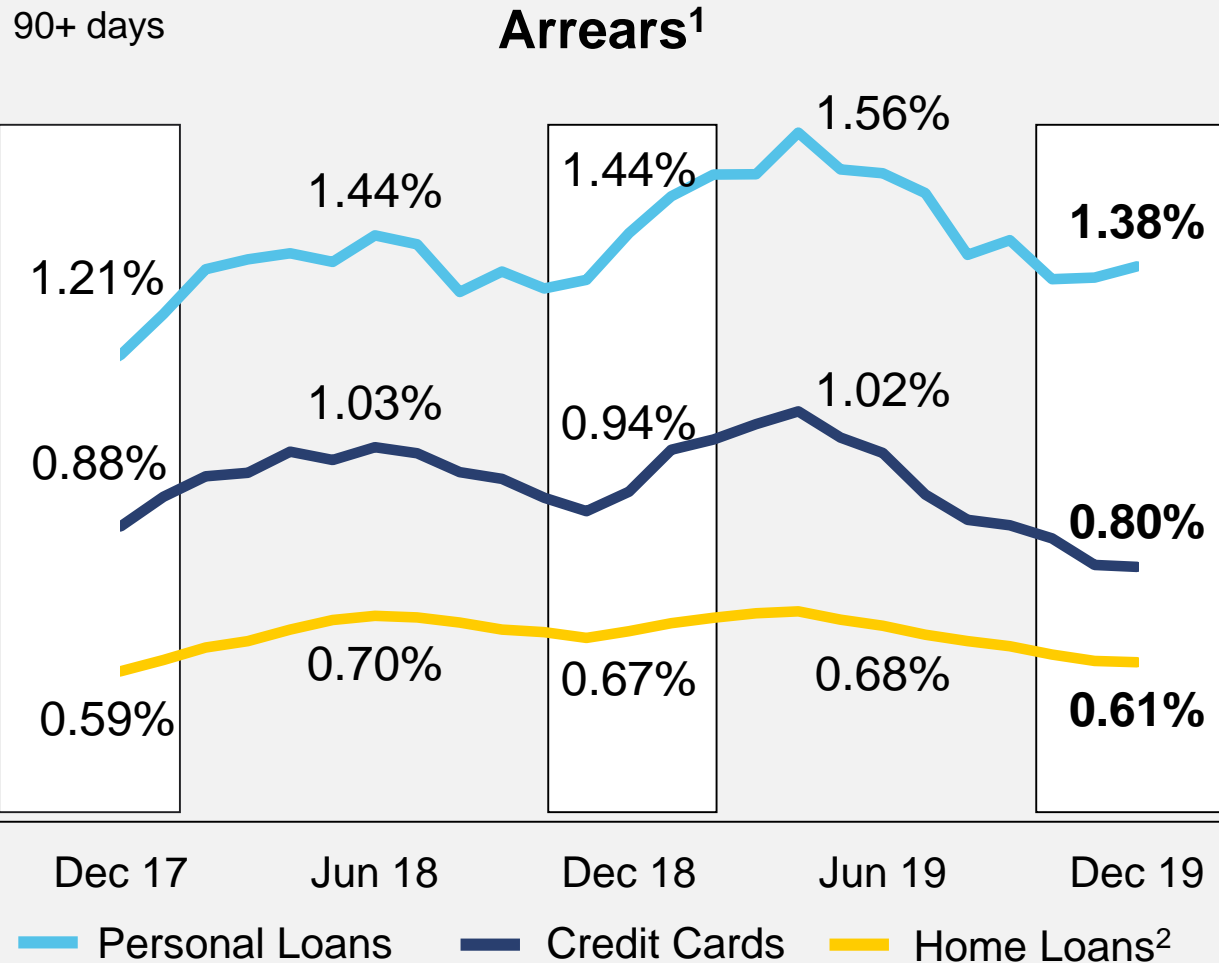


1. Cash Loan Impairment Expense annualised as a percentage of average Gross Loans and Acceptances (GLAA) (bpts). 2. FY09 includes Bankwest on a pro-forma basis. 3. Includes Other.

Consumer arrears & provisions



Improved consumer arrears – conservative provisioning



1. Group consumer arrears including New Zealand. 2. Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans. 3. Collective provisions divided by credit risk weighted assets.

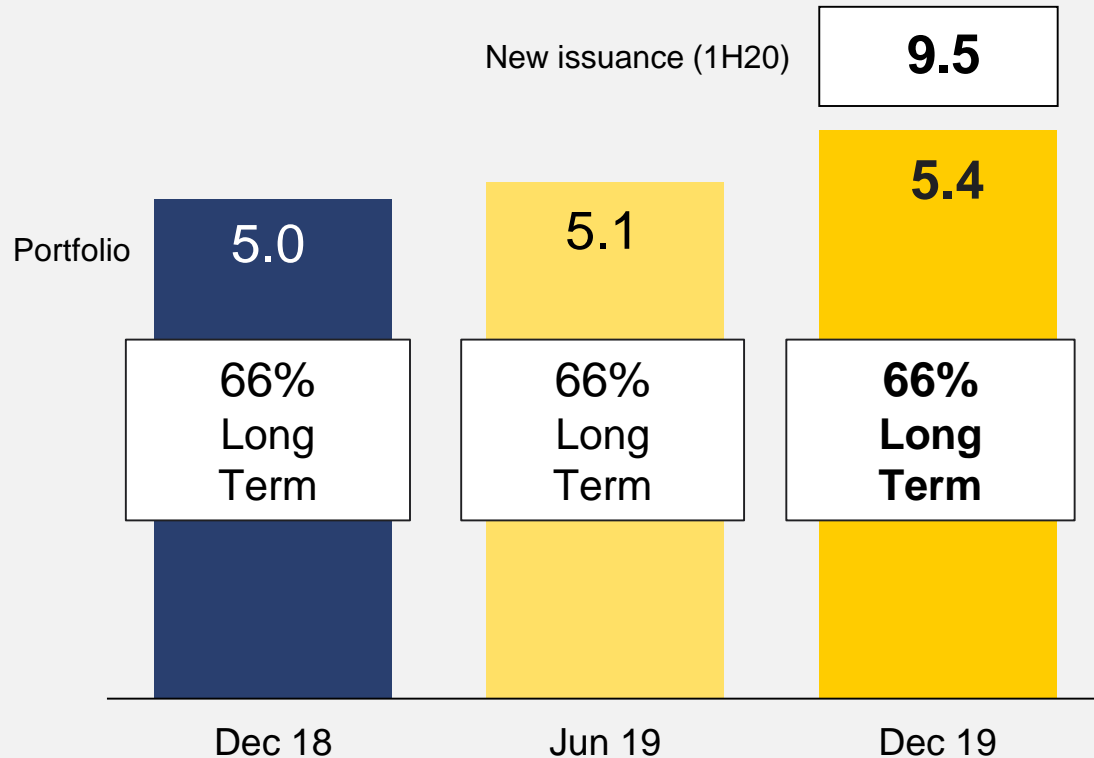
Wholesale funding



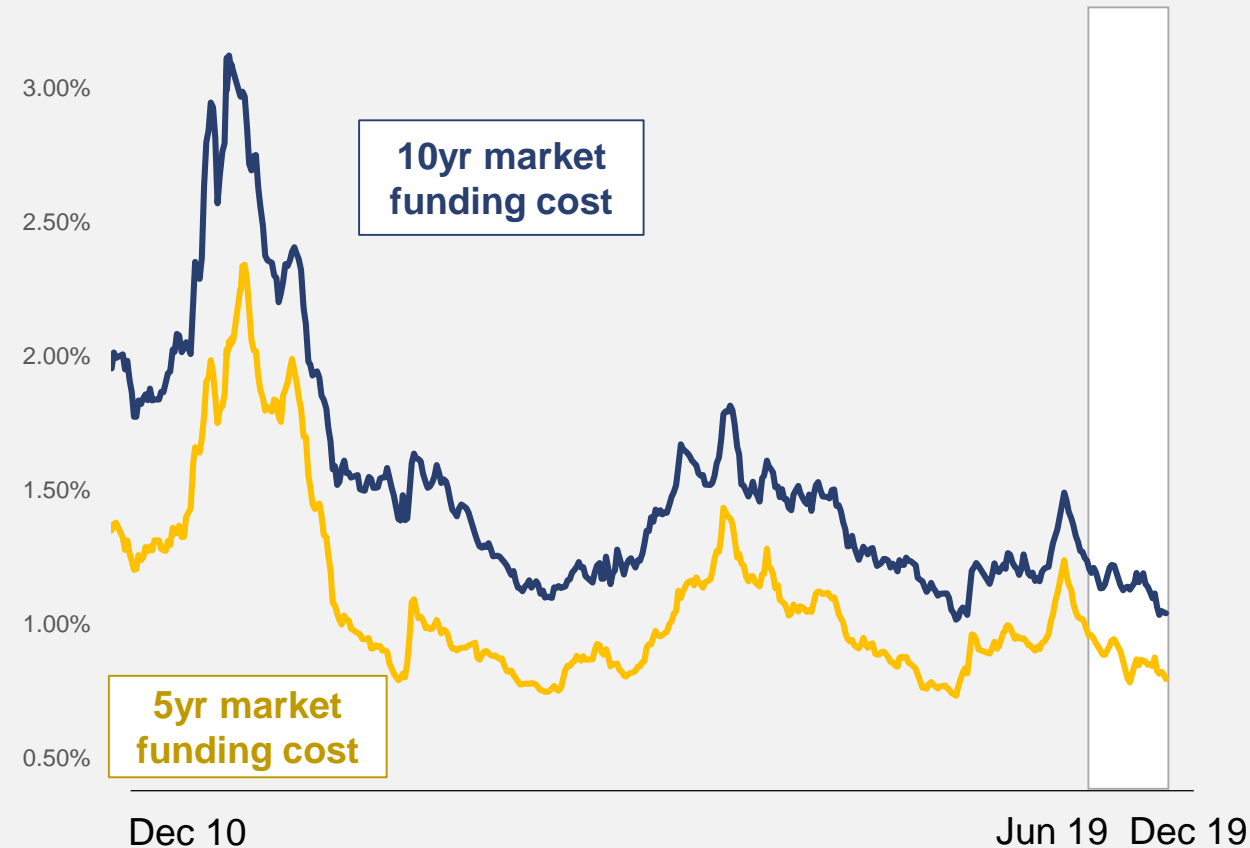
Further extended funding maturity profile – strong market conditions persist

Long term funding¹

Weighted Average Maturity (WAM), Years



Indicative funding costs²

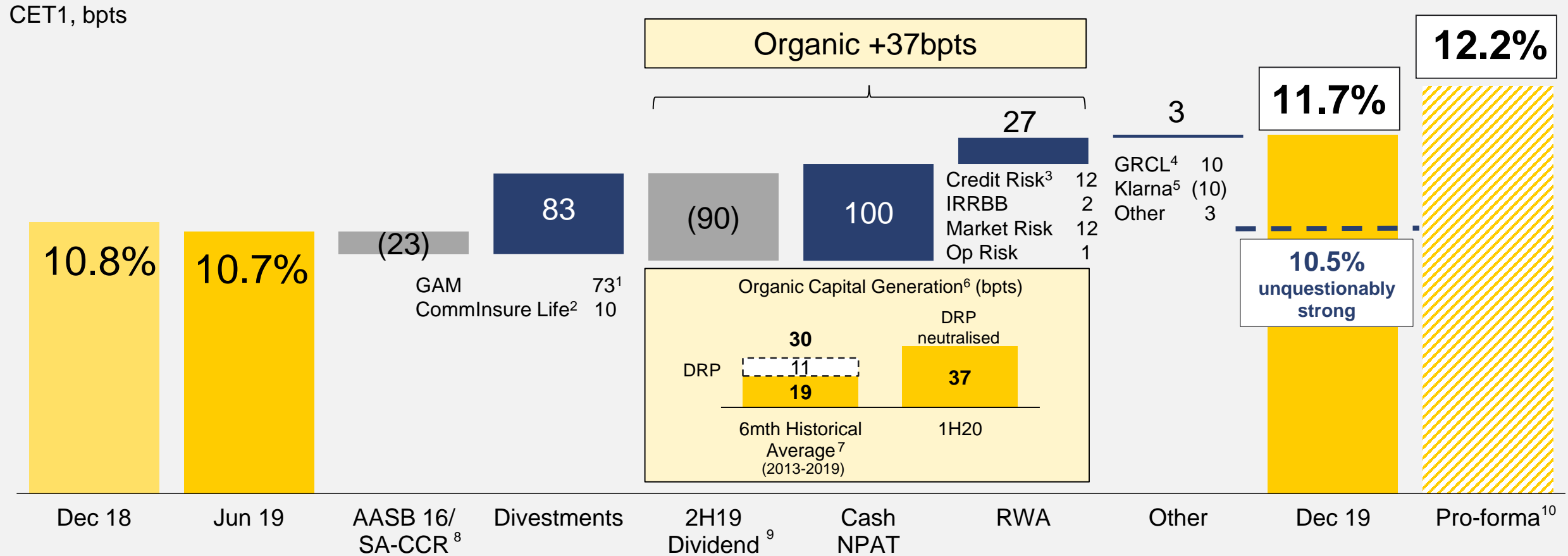


1. Long term wholesale funding (>12 months). 2. Indicative funding costs across major currencies. Represents the spread in BBSW equivalent terms on a swapped basis.

CET1 Capital (Banking Group “Level 2”)



Continuing to generate strong organic capital despite elevated payout ratio



1. Divestment of CFS GAM revised to 73bpts following finalisation of transaction (price adjustment, transaction costs, and tax). 2. CommInsure Life reflects the benefit from cash proceeds received in 1H20. 3. Excludes RWA's from the implementation of AASB 16 and SA-CCR. 4. Effective 31 December 2019, the Group's General Reserve for Credit Losses (GRCL) is lower than the provision recognised for accounting purposes, resulting in no additional GRCL requirement. 5. Strategic investment in Klarna. 6. Organic capital generation is Cash NPAT less dividends (net of DRP) and underlying RWA (excluding major regulatory treatments). 7. Historical average since implementation of Basel III in 2013. 8. APS180 Standardised Approach to measuring counterparty credit risk (SA-CCR): impact revised from 7bpts to 12bpts following model refinement and consultation with APRA. 9. 2019 final dividend included the on market purchase of shares in respect of the DRP. 10. Pro-forma includes expected CET1 uplift from the finalisation of remaining divestments - CommInsure Life 29bpts, BoComm 18bpts, and PTCL 7bpts.

Unquestionably strong

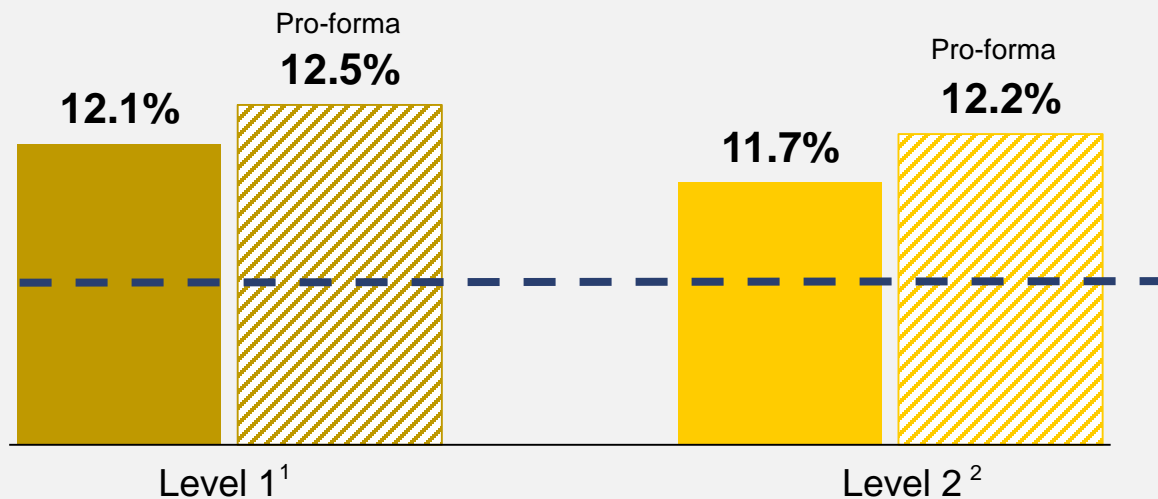


Significant capital surplus at both Level 1 and Level 2 – clarity on capital targets

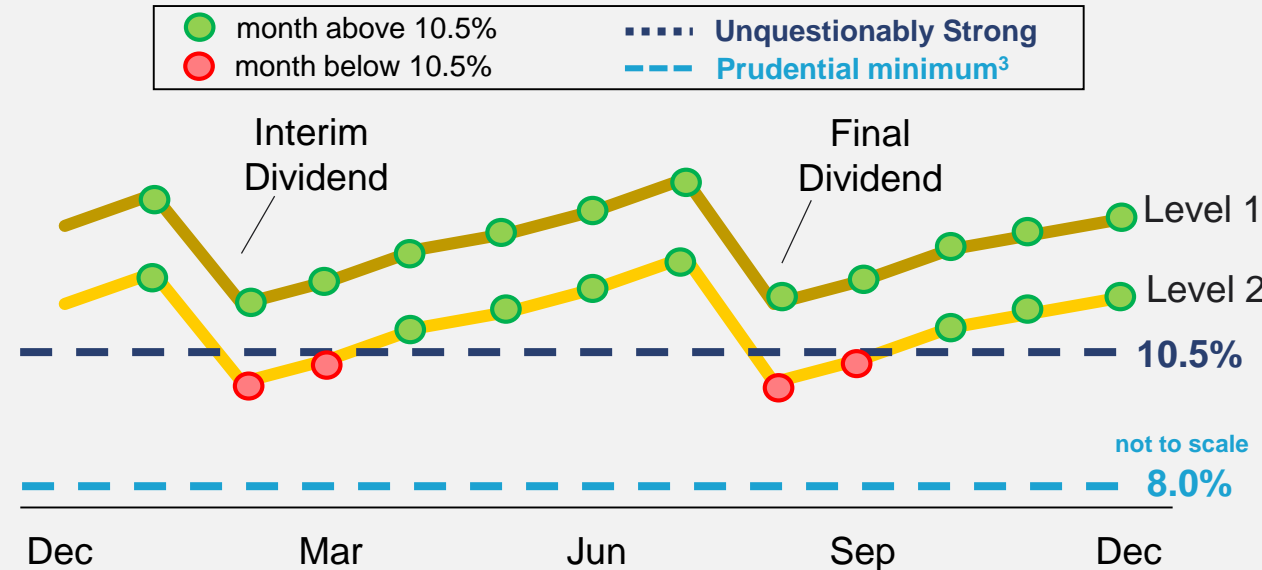
- Very strong surplus at both Level 1 and Level 2
- Capital management and planning gives consideration to both Level 1 and Level 2 capital
- Strong franchise capital generation provides added flexibility

- Target at or above 10.5% for majority of year (7mths+)
- Binding constraint is the lower of Level 1 and Level 2
- Historical track record:
 - Net organic capital generation (after dividend) of ~\$2bn (~40bpts) p.a.; and
 - DRP can raise a further \$0.5bn (undiscounted) to \$1.5bn (discounted) per half (approximately +20-65bpts p.a.)

CET1



Illustrative



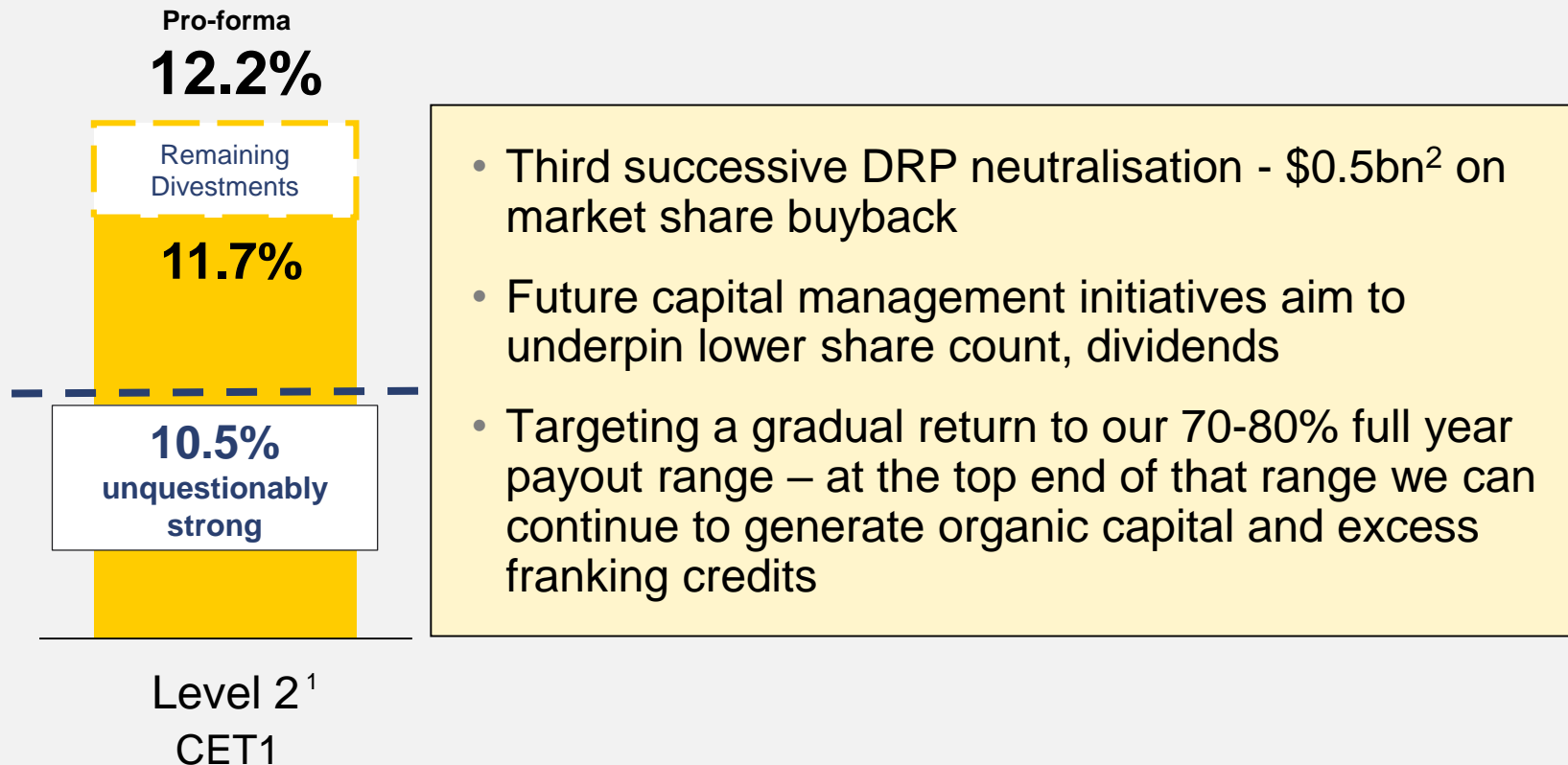
1. Level 1 is the CBA parent bank, offshore branches, and extended license entities approved by APRA. 2. Level 2 is the consolidated banking group (including banking subsidiaries such as ASB Bank, PT Bank Commonwealth (Indonesia) etc.) and excluding the insurance and funds management businesses. 3. Under APS 111, if CET1 Capital levels fall below 8% then restrictions may be placed on the portion of earnings available for the payment of dividends and other discretionary payments.

Capital management



Surplus capital position provides opportunity to consider capital management initiatives

Prevailing Operating Conditions



- Third successive DRP neutralisation - \$0.5bn² on market share buyback
- Future capital management initiatives aim to underpin lower share count, dividends
- Targeting a gradual return to our 70-80% full year payout range – at the top end of that range we can continue to generate organic capital and excess franking credits

Prepared for a range of possible macro-economic outcomes

- Capital planning includes consideration of changes in RWA (growth/quality) or earnings that may arise from alternative economic scenarios.
- Capital management tools available under alternative scenarios/outcomes include the issuance of shares under the DRP, a discounted DRP, underwritten dividend or the raising of capital.

Economic outlook



Economy and business underpinned by fundamental support for long-term growth

- Australian economy underpinned by good long-term fundamentals
 - Growing population
 - Strong trade and fiscal position
 - Pipeline of infrastructure investment
 - Key indicators improving – housing, unemployment
- Global near-term uncertainties and risks
- For CBA
 - Focused on core businesses and continued execution
 - Capacity and appetite to lend more to support the economy
 - Investing in innovation and growth

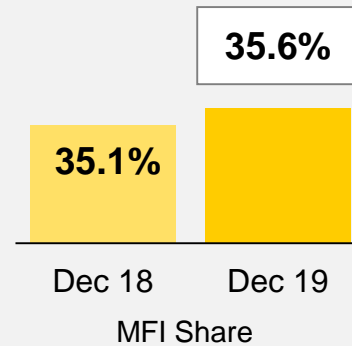
Summary

Core franchise strength delivering balanced outcomes – positioning for the future



Customer

- MFI share up 0.5% to 35.6%
- Improving Net Promoter Scores
- Volume growth in core markets

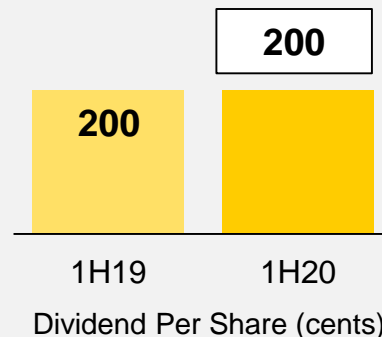


Financial

- Stable margin
- Cost savings momentum
- Sound credit quality

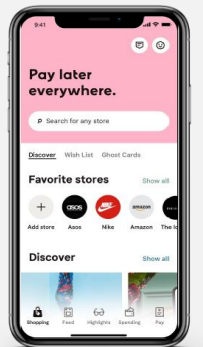
Strength

- Strong capital surplus
- Organic capital growth
- Dividend unchanged



Best in digital

- #1 mobile app
- Building on technology foundations
- Next era – X15 Ventures, Klarna





Overview & Strategy

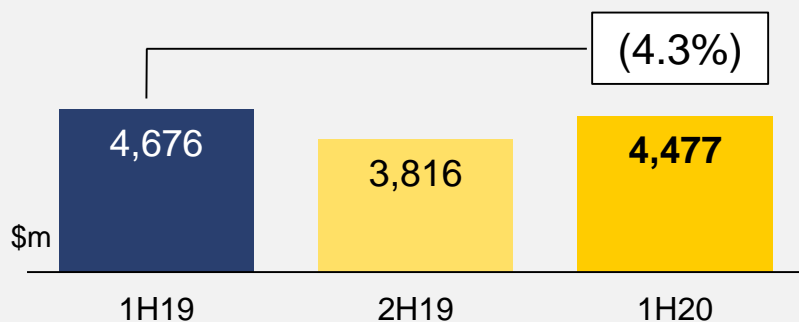


Financial overview¹



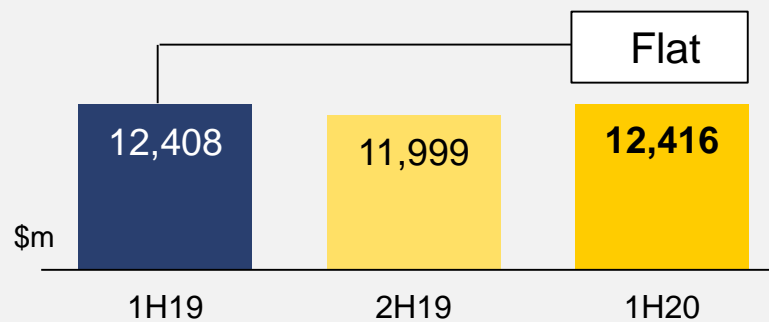
A solid result – dividend maintained

Cash NPAT
Lower Cash NPAT



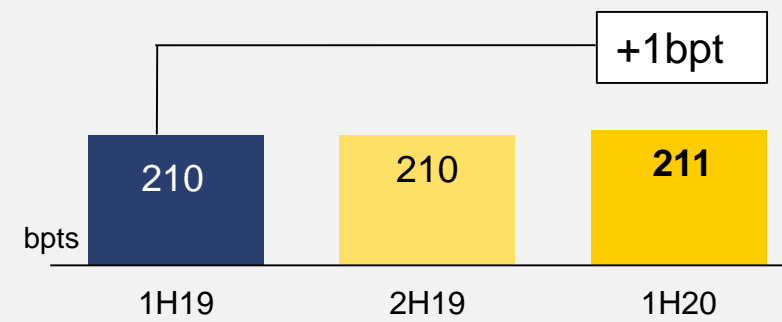
Operating income

Income flat, with volume growth in core markets and stable NIM offset by lower non-interest income



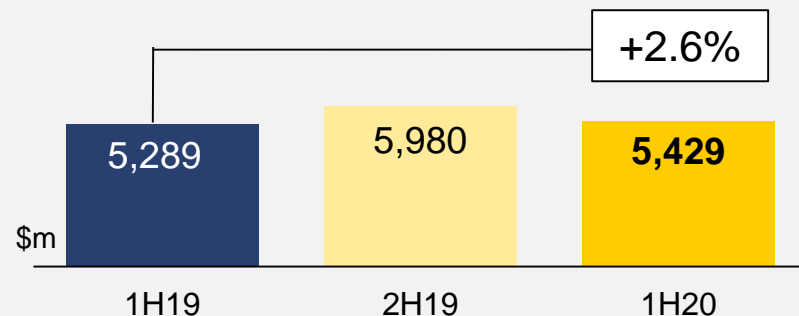
Group NIM

Lower basis risk partly offset by the impact of cash rate reductions



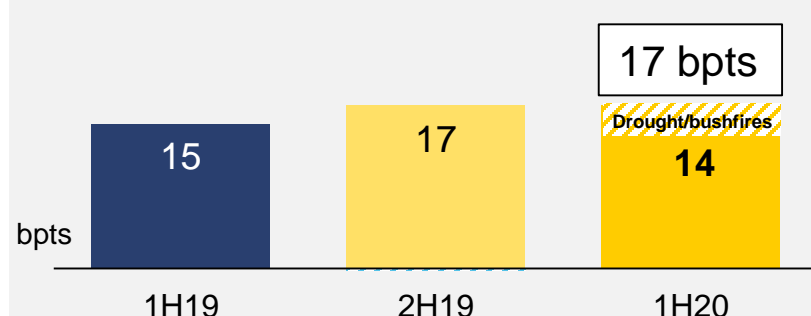
Operating expenses

Growing cost savings momentum, offset by wage inflation, elevated risk and compliance costs



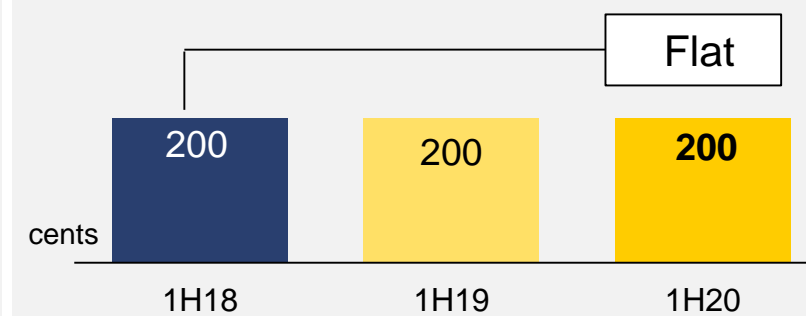
Loan Impairment Expense²

Sound portfolio credit quality highlighted by lower consumer arrears; new drought/bushfire provisions



Dividend Per Share

Core franchise strength enabling consistent returns - interim dividend unchanged



1. Presented on a continuing operations basis. 2. Cash Loan Impairment Expense annualised as a percentage of average Gross Loans and Acceptances (GLAA) (bpts).

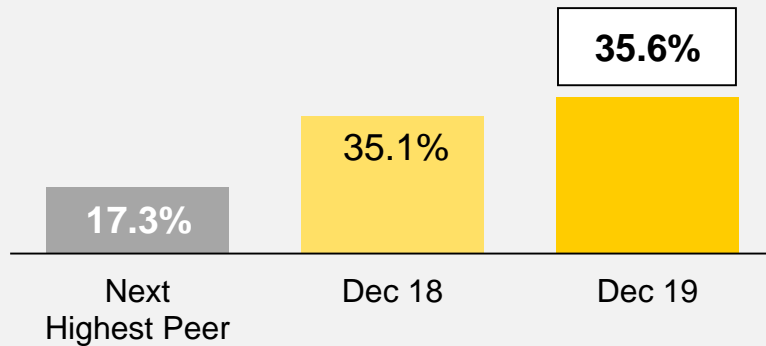
Franchise strength



Strong operational performance within core franchise enabling consistent returns

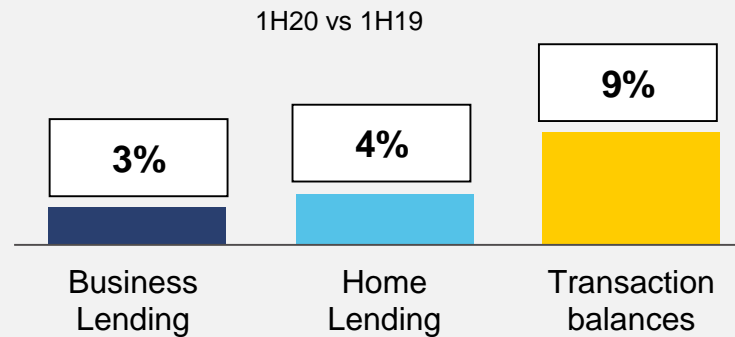
MFI share¹

Main Financial Institution share further improved to 35.6% (more than one-third of all Australians)



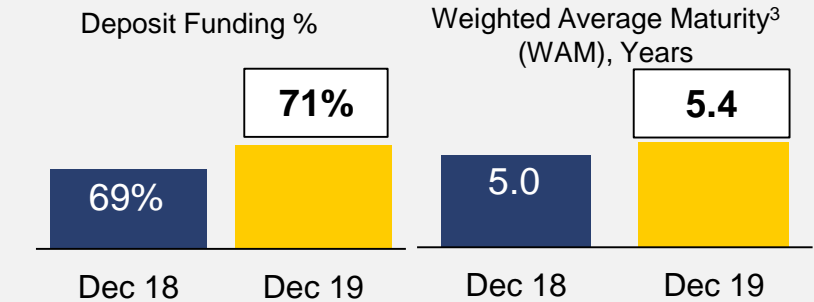
Volume growth²

Solid growth in our core markets of business lending, home lending and transactions.



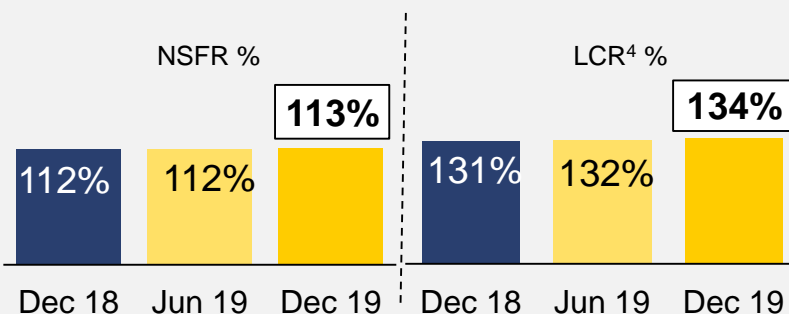
Funding

Resilient funding with ongoing customer deposit growth and lengthened wholesale funding portfolio



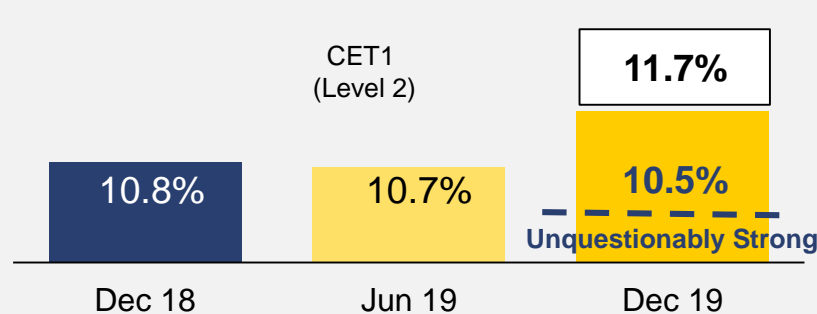
Liquidity metrics

Efficient balance sheet mix supporting a strong NSFR and sound liquidity position



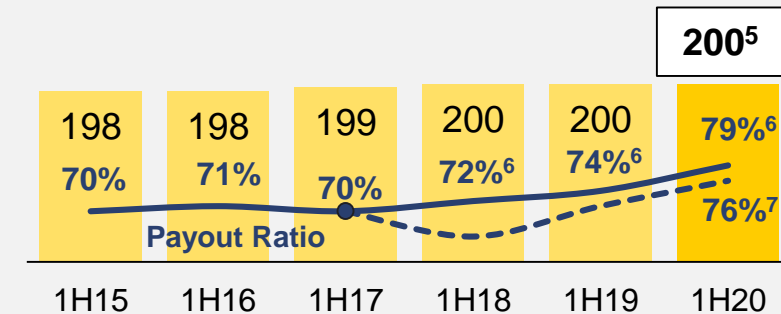
Capital

Strong surplus capital position, with CET1 (Level 2) at 11.7%, well above "Unquestionably Strong"



Dividend Per Share

Core franchise strength enabling consistent returns, with a stable dividend and strong payout ratio



1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month averages to December 2018 & 12 month averages to December 2019), excl. unable to identify MFI. 2. Average balances. 3. Long term wholesale funding (>12 months). 4. Quarter average. 5. The DRP will apply with no discount and will be neutralised. 6. Payout ratios including the impact of notable items. 7. Payout ratio excluding the impact of notable items.

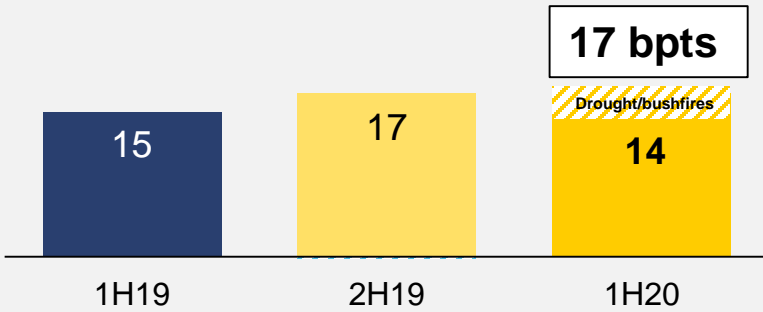
Asset quality

Portfolio credit quality sound – low loss rates and arrears



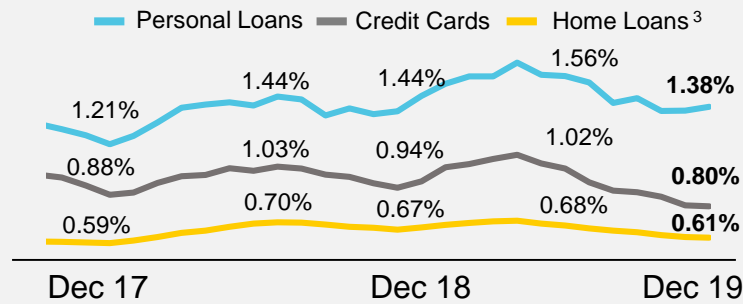
Loan Impairment Expense¹

Portfolio credit quality remains sound with Loan Impairment Expense at 17bpts



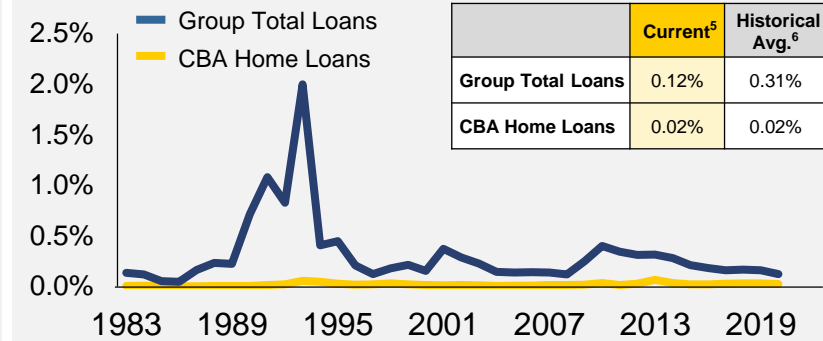
Consumer arrears²

Consumer arrears lower across all portfolios
Arrears 90+ days



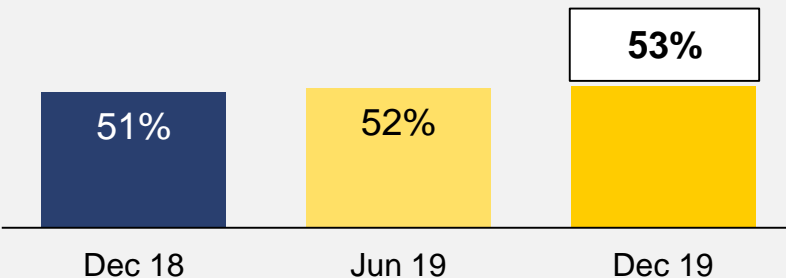
Loan losses⁴

Portfolio losses remain low



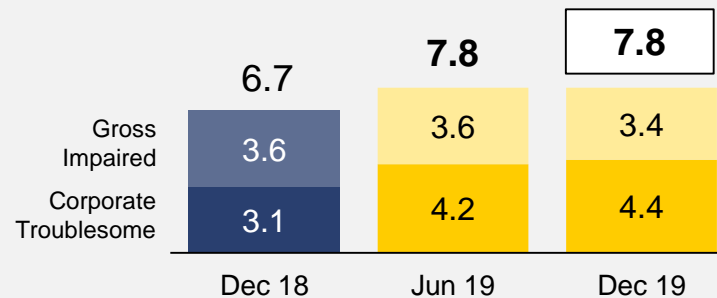
Average Portfolio DLVR⁷

Average Portfolio DLVR relatively stable



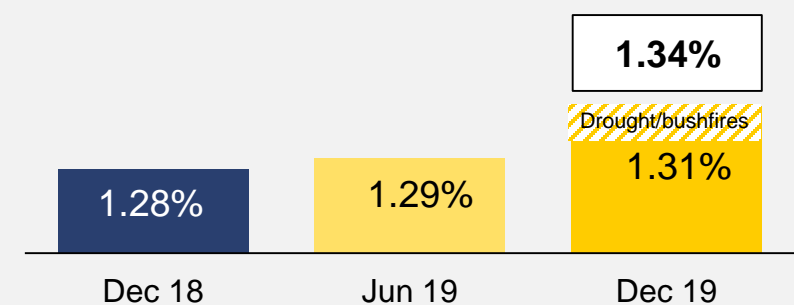
Troublesome and Impaired Assets

Improved credit quality across retail portfolio, corporate book stabilising



Provision coverage⁸

Prudent levels of credit provisioning maintained – new drought/bushfire provision



1. Cash Loan Impairment Expense annualised as a percentage of average Gross Loans and Acceptances (GLAA) (bpts). 2. Group consumer arrears including New Zealand. 3. Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans. 4. Bankwest included from FY09. 5. Half-year losses annualised. 6. Historical average from 1983. 7. Average Portfolio Dynamic LVR, Based on accounts. Includes Bankwest, Line of Credit and Reverse Mortgage. 8. Total provisions divided by credit risk weighted assets.

Strategic overview

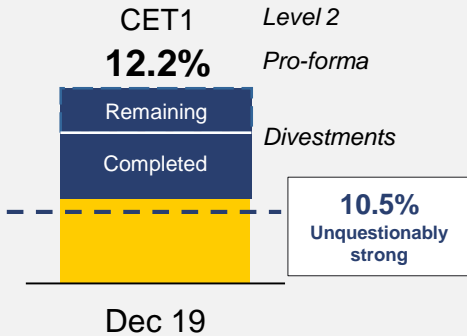
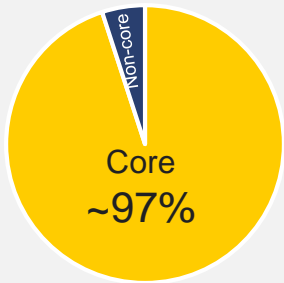


Good progress on becoming a simpler, better bank

Simpler Bank

Divestments well progressed, facilitating renewed focus on core franchise

1H20 Cash NPAT¹

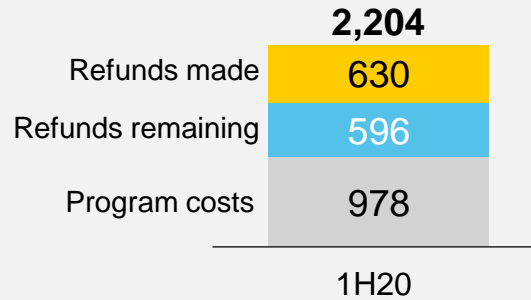


\$m

Customer Remediation

Focus on remediating customers quickly

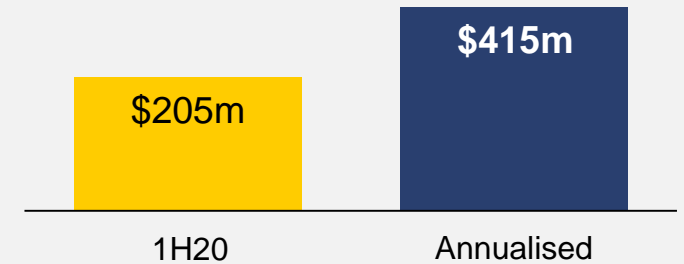
Cumulative spend & provisions



Better Customer Outcomes

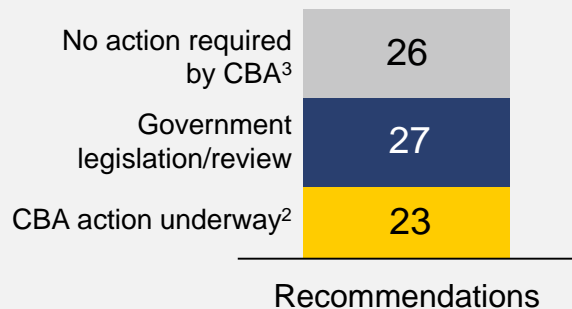
Delivering better customers outcomes through eliminated or reduced fees and charges

Income forgone



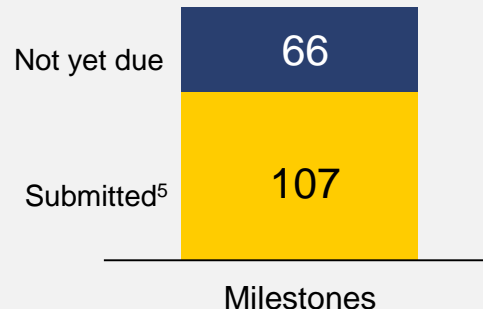
Royal Commission

Well progressed on implementing the recommendations of the Royal Commission²



Remedial Action Plan⁴

Continued progress on the Remedial Action Plan in response to the APRA Prudential Inquiry



Best in Digital

Continuing to build on our market leading digital banking presence

Mobile app - Net Promoter Score⁶



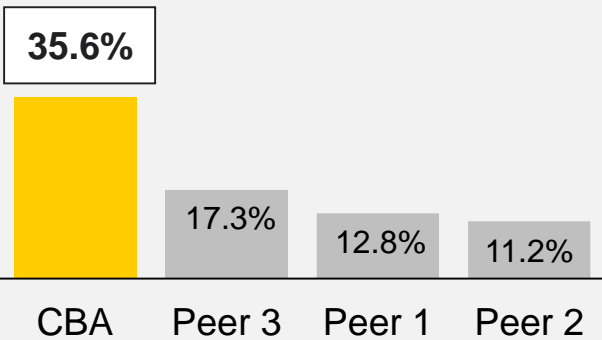
1. Presented on a continuing operations basis. 2. Recommendations that are underway - some requiring legislative action to complete. 3. No action required as action is with Government/ regulator or CBA does not operate in that business. 4. The Remedial Action Plan is CBA's response to the recommendations contained in the Final Report of the Australian Prudential Regulation Authority (APRA) Prudential Inquiry into CBA released in May 18. Reflects revised milestones as outlined in the Independent Reviewers' most recently published report. 5. To Independent Reviewer. 6. Net Promoter Score (NPS) - Mobile App (via mobile app on a mobile phone or tablet) 6 months to Dec 19: Roy Morgan Research. 35

Why CBA?

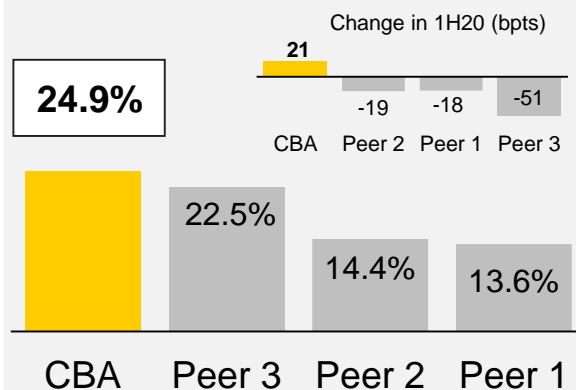
Leading franchise - leading returns



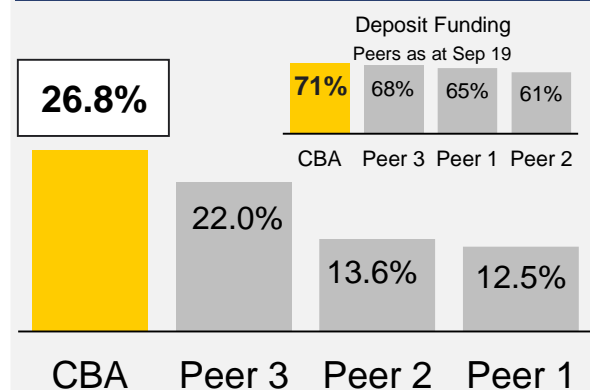
MFI share¹



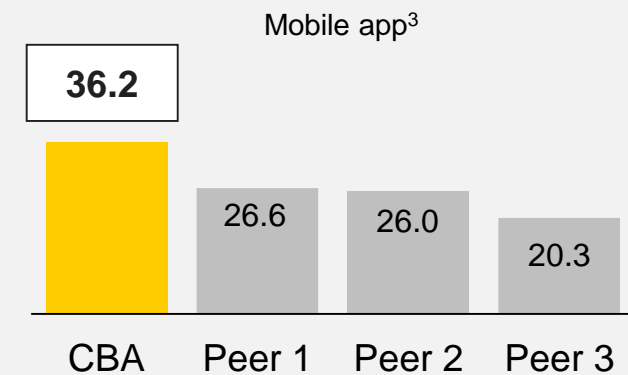
Home Lending share²



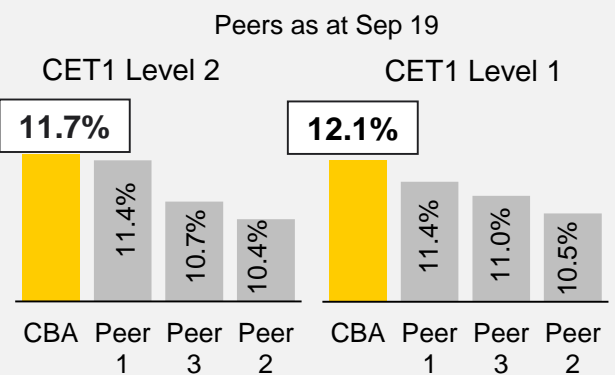
Household Deposits share²



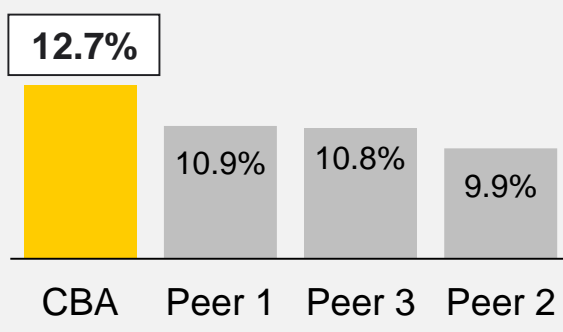
Net Promoter Score



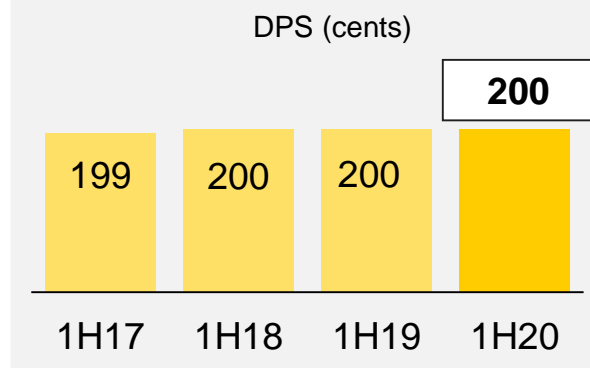
Capital



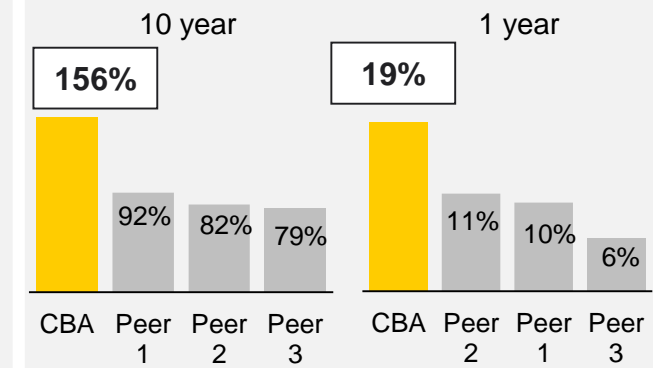
ROE (cash)⁴



Dividend



Total Shareholder Return⁵



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

A bank for all Australians

Australia's leading bank



\$53 billion
in new home lending^{1,2}



\$19 billion
in new business lending^{1,4}



\$3 billion
in new lending to small
businesses^{1,5}



>\$18 million
in drought and bushfire
assistance



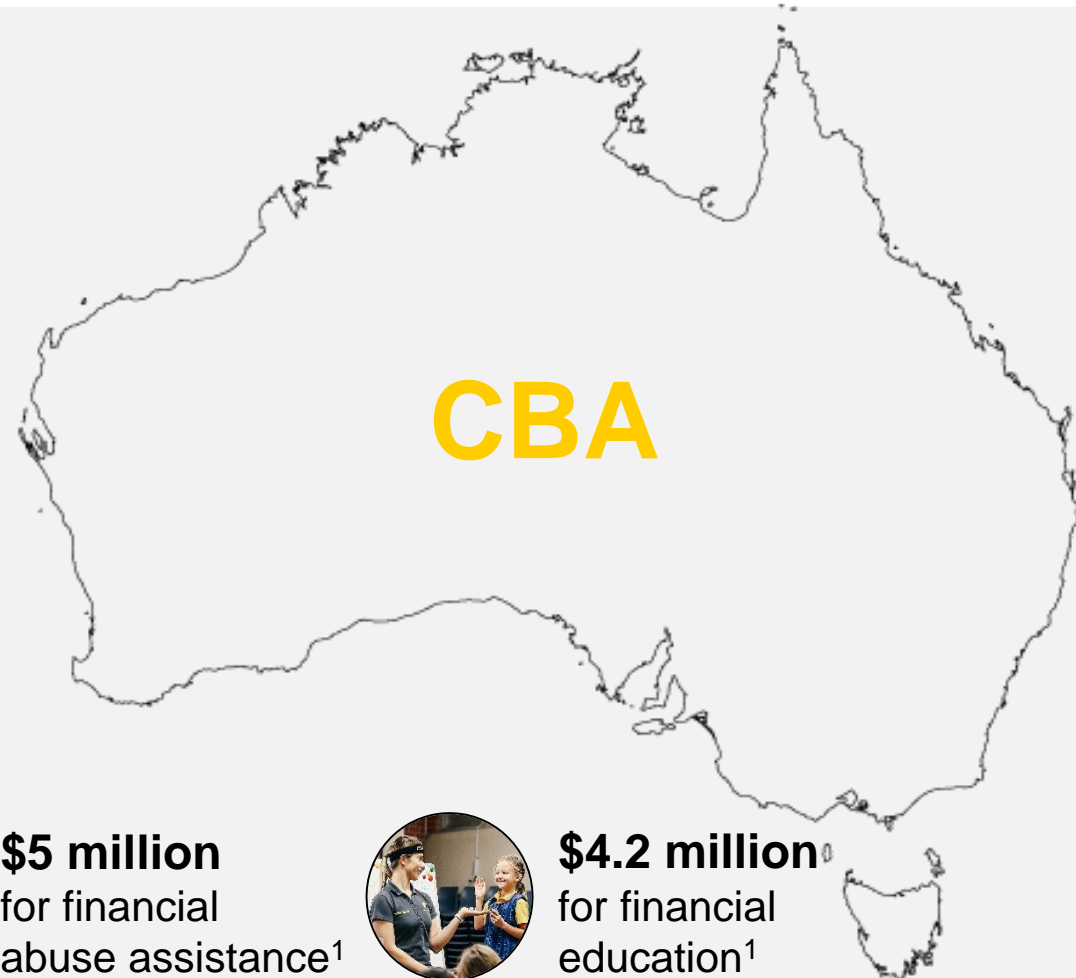
Stable dividend to
~830,000
shareholders



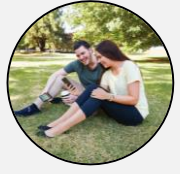
\$5 million
for financial
abuse assistance¹



\$4.2 million
for financial
education¹



>17m
Customers



Call centres
Australia based



595k
new retail transaction
accounts opened^{1,3}



1,134 branches
Largest network



3,597 ATMs
Largest network



1. 6 months to December 2019. 2. Includes RBS internal refinancing, excludes Viridian Line of Credit (VLOC) and excludes Bankwest internal refinancing. 3. Number of new personal transaction accounts, excluding offset accounts. Includes CBA and Bankwest. 4. Includes Commercial Lending, Asset Finance and Institutional Lending (excluding other interest earning lending assets, primarily Cash Management Pooling Facilities, Leasing, Trade Finance, and Debt Markets). 5. A subset of total new lending for Australian businesses defined as "Small Business" as per ABA definition.

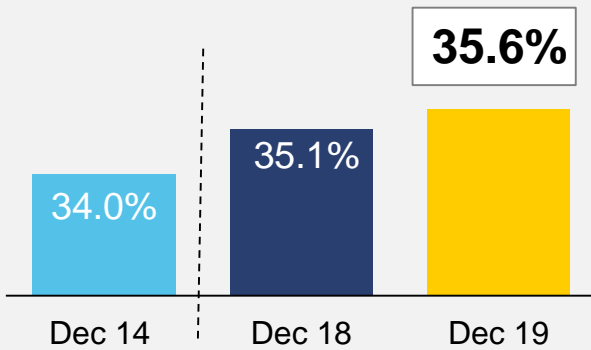
Balanced outcomes

Delivering for all our stakeholders

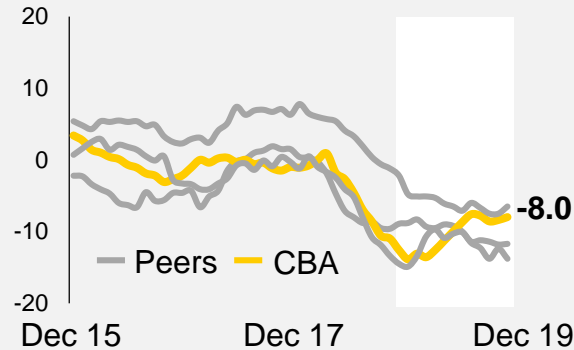


Customers

MFI Share¹

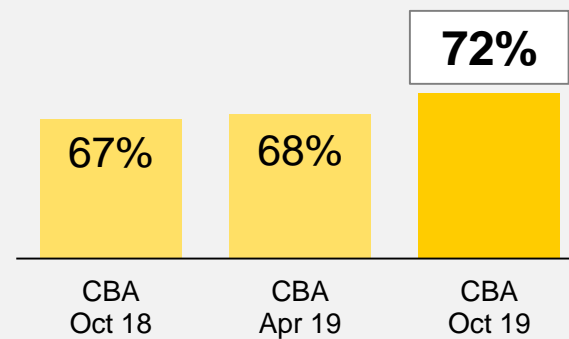


Consumer NPS²



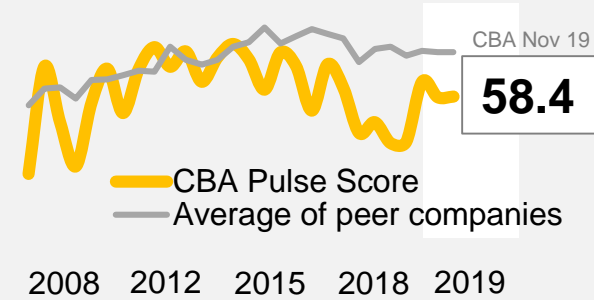
People

Employee engagement³

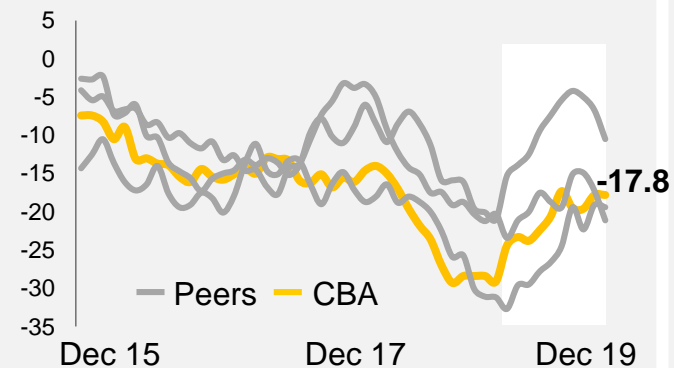


Communities

Reputation score⁴

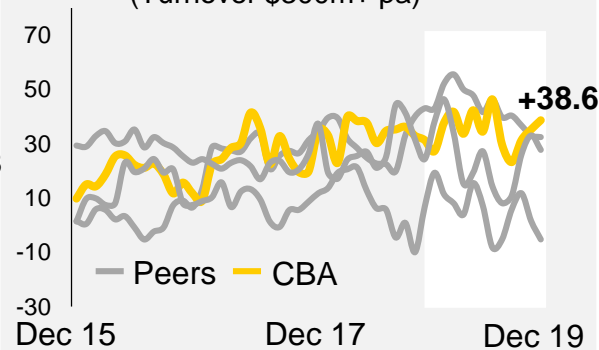


Business NPS⁵



Institutional NPS⁶

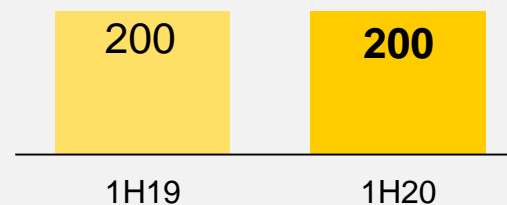
(Turnover \$300m+ pa)



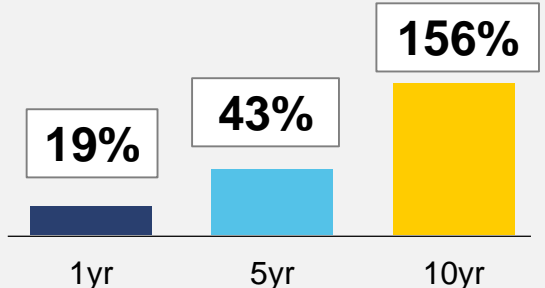
Shareholders

Dividend

DPS (cents)



Total Shareholder Return⁷



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

Increased regulatory requirements



Engaging with our regulators across a range of matters

- **Royal Commission** – addressing recommendations and implementing the necessary changes, regulators investigating referred matters
- **APRA** – delivering all 173 milestones of the Remedial Action Plan, with updates to APRA by the Independent reviewer every 3 months. Delivering on APRA requirements and recommendations as part of their ongoing prudential supervision
- **ASIC** – focused on constructive and transparent engagement across a range of matters including close and continuous monitoring, industry and targeted reviews, current enforceable undertakings and investigation of a range of matters breach reported and/or considered by the Royal Commission, including several investigations relating to the superannuation and financial advice businesses
- **Financial crime** – continued strengthening of financial crime capabilities, responding to ongoing requests from domestic and offshore regulators
- **Risk uplift** – engaging with regulators on large improvement programs for data management and privacy
- **Remediation and compliance programs** – investigating and scoping programs, remediating and refunding customers and fixing business processes and systems
- **Banking Code of Practice** – new code from 1 July 2019
- **New legislation** – delivering on key government policies on comprehensive credit reporting and open banking
- **New regulatory obligations** – ensuring compliance with new requirements, including data security, large credit exposures and compliance with RBNZ BS11 requirements for our New Zealand subsidiary ASB
- **Litigation** – managing litigation including the ongoing CBA shareholder and four superannuation class actions
- **Employee matters** – working with Fair Work Ombudsman to assist with its investigation into issues relating to employee arrangements and entitlements, and engaging with other key stakeholders

Delivering long-term sustainable returns



Building on our competitive advantages and becoming a simpler, better bank

Building on our competitive advantages



- **Leading franchise**
 - Largest customer base
 - Broadest distribution network
 - Technology leader
- **Strong balance sheet**
 - Unquestionably strong capital
 - 71% deposit funded
 - Conservative business settings



Becoming a simpler, better bank



- **Divesting non-core**
 - Reduced business complexity
 - Better risk outcomes
 - Surplus capital
- **Focus on core**
 - Innovation and simplification
 - Absolute cost reduction
 - Better customer outcomes



Delivering growth & sustainable returns



- **Strong growth**
 - Seek opportunities to invest in core
 - Target sub 40% cost-to-income
 - Organic capital generation
- **Sustainable returns**
 - Efficient management of surplus capital
 - Dividend per share
 - Long term payout ratio 70-80%

Our strategy

Continued progress on becoming a simpler, better bank for our customers

Become a simpler, better bank for our customers

Execution priorities

Simplify our business

Lead in retail and commercial banking

Best in digital

Supported by stronger capabilities

Operational risk
and compliance

Data and analytics

Cost reduction

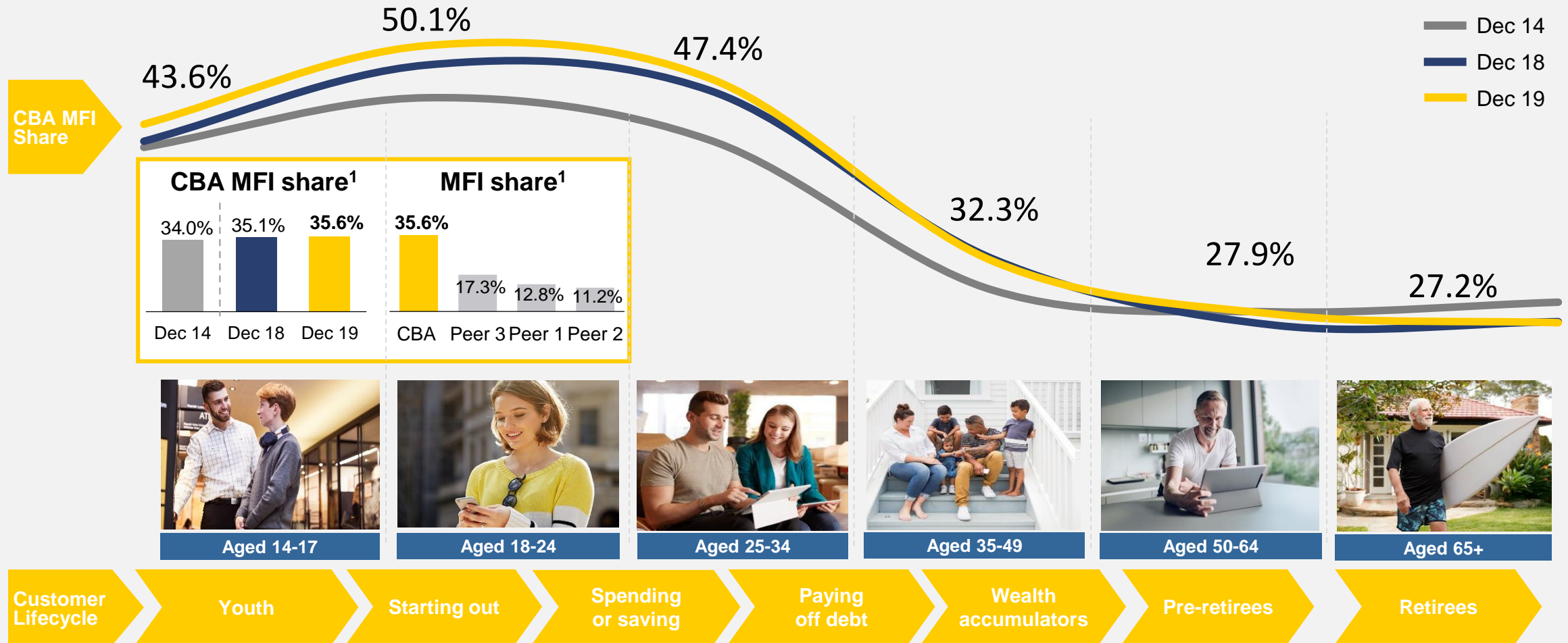
Innovation

To deliver balanced and sustainable outcomes



Lead in retail banking

Franchise strength supporting customers across the lifecycle¹



1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan's Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month average to Dec 2014, 12 month average to Dec 2018 & 12 month average to Dec 2019), excl. unable to identify MFI.

Lead in commercial banking



Utilising digital capabilities to drive innovation and better customer service

Smarter everyday banking



Zero fee option when you switch to digital, with smart alerts for you to stay in control

Enhanced service model



Increased access to same day lending decisions through BizExpress with dedicated business bankers

Growing businesses



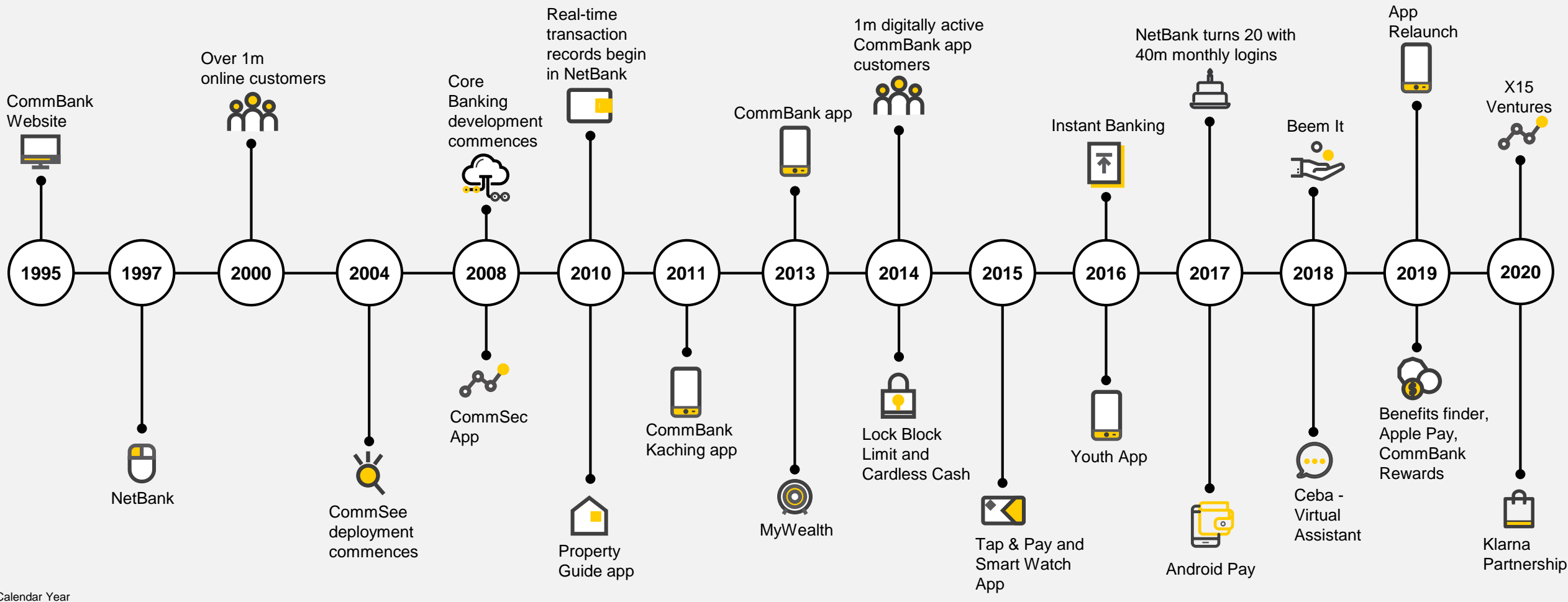
\$19bn of new lending to businesses in Australia¹
\$3bn of new lending to Small Businesses²
>2,450 Business Bankers and Specialists³
>240 Locations supporting Business Banking customers³

1. Includes Commercial Lending, Asset Finance and Institutional Lending (excluding other interest earning lending assets, primarily Cash Management Pooling Facilities, Leasing, Trade Finance, and Debt Markets). 2. A subset of total new lending for Australian businesses defined as "Small Business" as per ABA definition. 3. Business and Private Banking (BPB), excludes Institutional Banking.

Best in digital



A history of innovation - moving toward data-driven, personalised, digital-era experiences



Calendar Year

Best in digital



Australia's #1 banking app - delivering leading customer experiences

Mobile banking leader

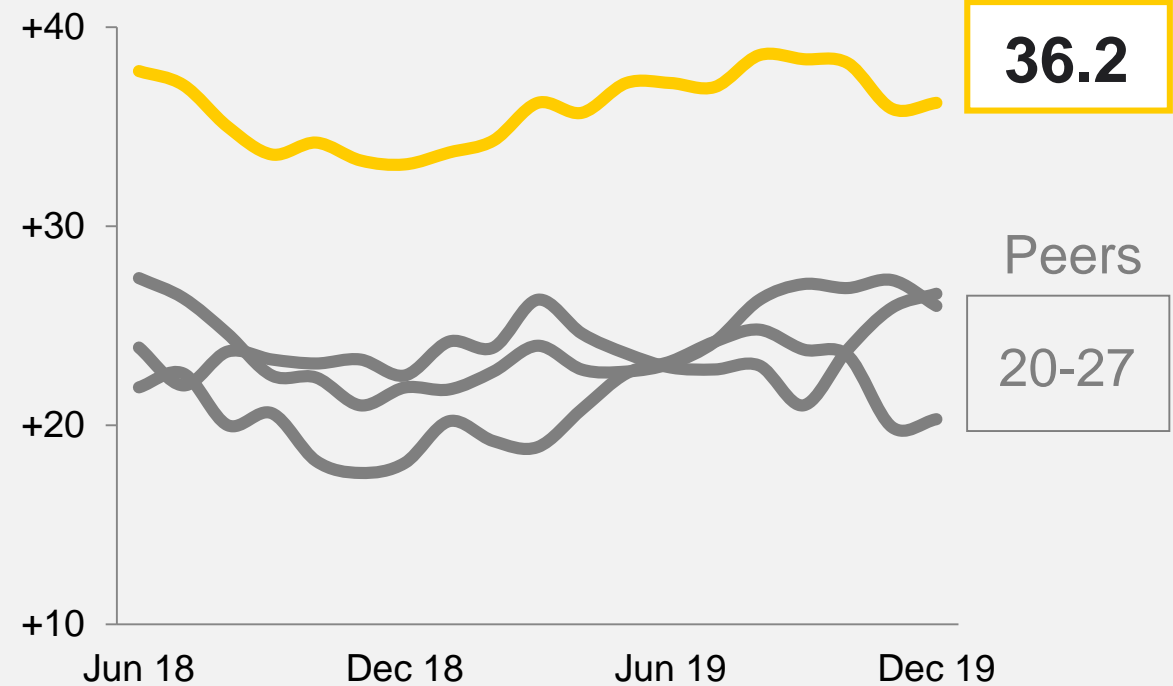
Forrester Banking Wave™: Australian Mobile Apps Q2 2019¹



Leading customer experience

Net Promoter Score

Customer's likelihood to recommend main financial institution based on use of internet banking services via mobile app²



1. The Forrester Banking Wave™ is copyrighted by Forrester Research, Inc. Forrester and Forrester Wave™ are trademarks of Forrester Research, Inc. The Forrester Banking Wave™ is a graphical representation of Forrester's call on a market. Forrester does not endorse any company, product, or service depicted in the Forrester Banking Wave™. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. 2. Net Promoter Score (NPS) - Mobile App (via mobile app on a mobile phone or tablet): Roy Morgan Research. Australian population 14+ who used the internet banking services of their (self-nominated) main financial institution in the last 4 weeks, rolling average of the last 6 months of spot scores, as at December 2019. Rank based on comparison to ANZ, NAB and Westpac (at a brand level). Net Promoter®, Net Promoter System®, Net Promoter Score®, NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. 45

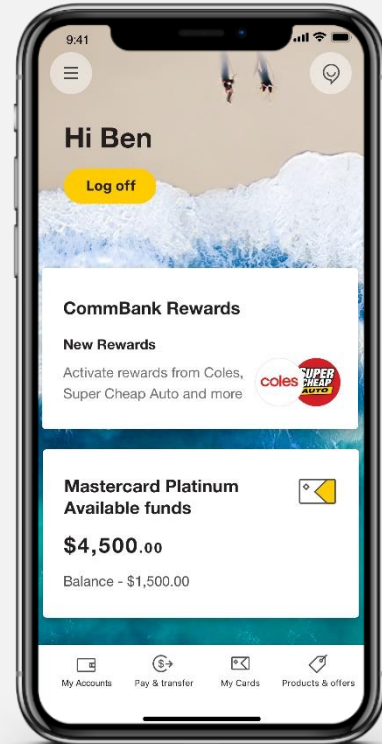
Best in digital



Leading recognition and engagement – strong growth

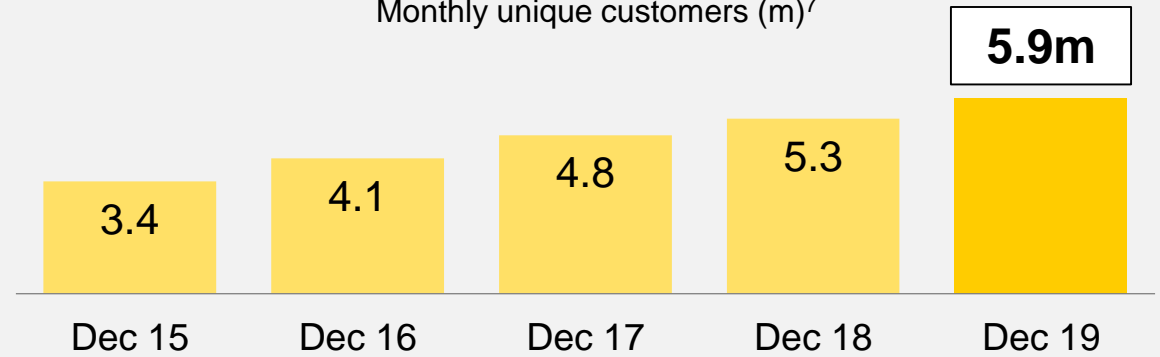
Recognition and engagement

- #1** Mobile app Net Promoter Score¹
- #1** Online banking (Canstar - 10 years in a row)²
- #1** Mobile banking (Canstar - 4 years in a row)³
- #1** Ranked in Australia (Forrester – 3 years in a row)⁴
- #1** Most Innovative Major Bank (DBM Australian Financial Awards)⁵
- #1** Best Major Digital Bank (DBM Australian Financial Awards)⁶



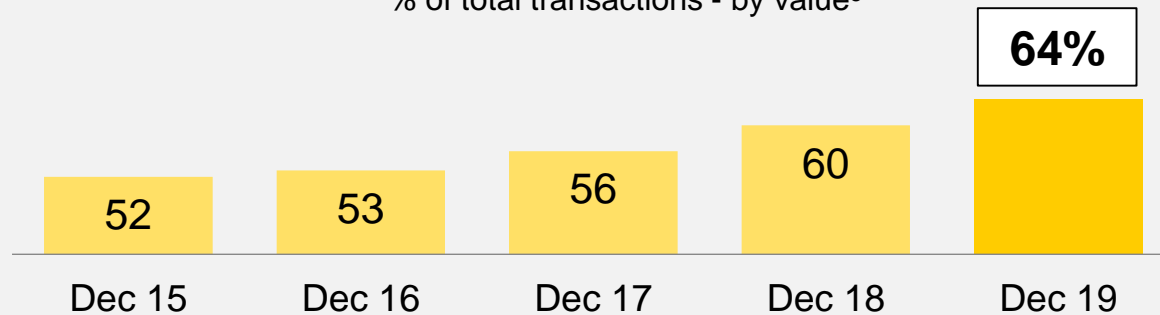
CommBank app users

Monthly unique customers (m)⁷



Digital transactions

% of total transactions - by value⁸

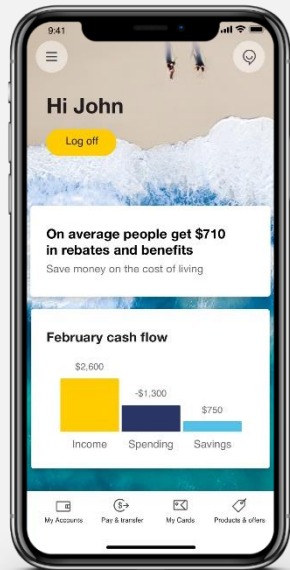


Best in digital



Delivering simple, smart and secure solutions for our customers

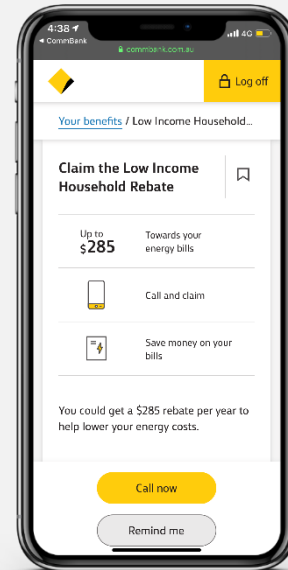
Simple



App relaunched

- Personalised experiences
- Customisable features
- Greater accessibility

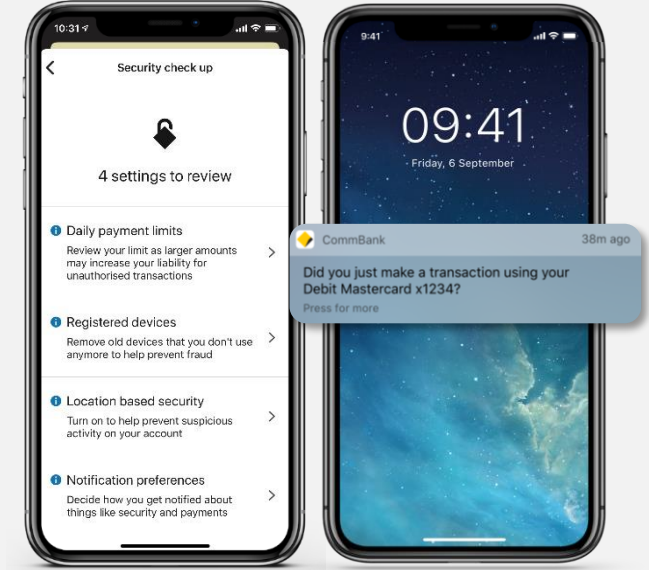
Smart



Benefits finder now live

- Connecting customers to >200 benefits
- Internationally recognised¹
- Over 1.3m customer visits

Secure



Protecting customers 24/7

- 100% security guarantee²
- New security features and experiences
- Educating customers and the community

1. CBA recognised as a Gartner Eye on Innovation award winner for Benefits finder. Awarded October 2019.
2. See terms and conditions at <https://www.commbank.com.au/support/security/security-guarantee.html>

Best in digital



CommBank app completely redesigned – further enhancing the customer experience

Get Cardless Cash
Nearest ATM 50m away
192 Ann St, Brisbane

February spend

Groceries -\$589	Shopping -\$450	Home -\$231
---------------------	--------------------	----------------

Mastercard Platinum
Available funds
\$4,500.00
Balance -\$1,500.00

CommBank Rewards
New Rewards
Activate rewards from Coles, Super Cheap Auto and more

Netflix payment
We've noticed this payment has increased by \$2.00

Credit card X1234 is overdue
Pay now to avoid a \$20 late fee

First home loan repayment is due in 5 days
Your first home loan repayment is due soon.

On average people get \$710 in rebates and benefits
Save money on the cost of living

February cash flow

Income: \$2,600	Spending: -\$1,300	Savings: \$750
-----------------	--------------------	----------------

You've received a tax refund
Pay off your debt and get ahead on your mortgage repayments

Hi John
Log off

On average people get \$710 in rebates and benefits
Save money on the cost of living

February cash flow

Income: \$2,600
Spending: -\$1,300
Savings: \$750

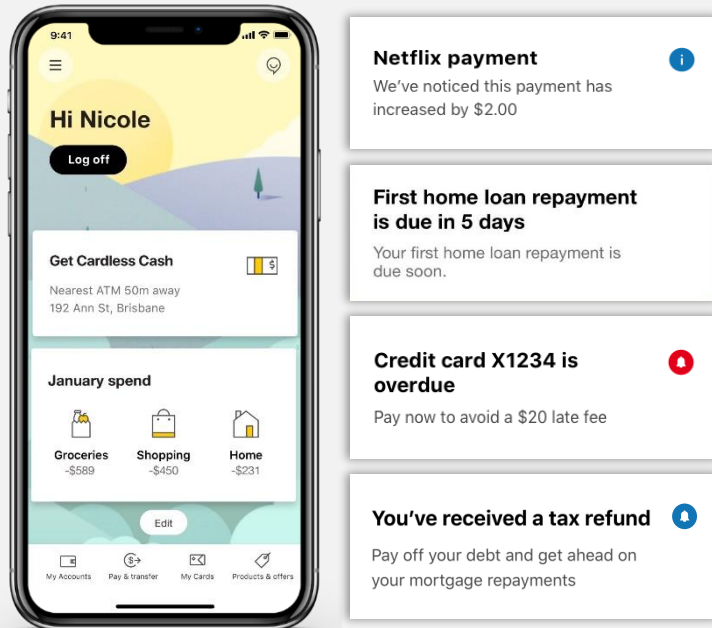
My Accounts | Pay & transfer | My Cards | Products & offers

Best in digital



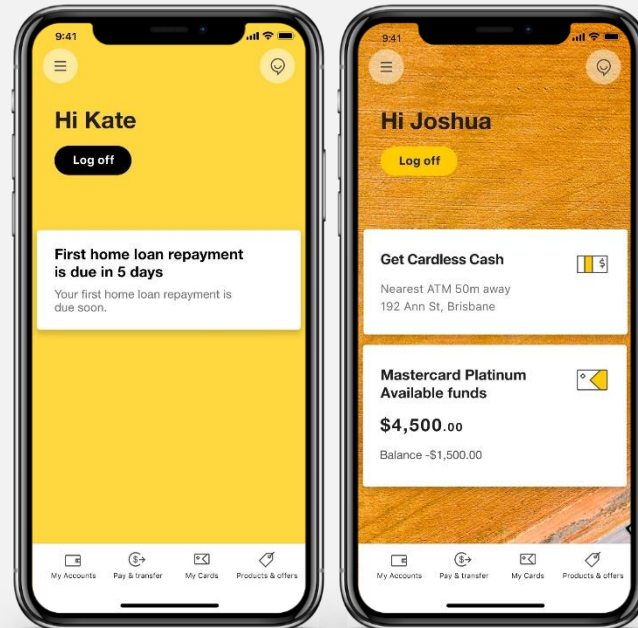
Entirely familiar, yet completely redesigned, the next era for Australia's #1 banking app

Personalised



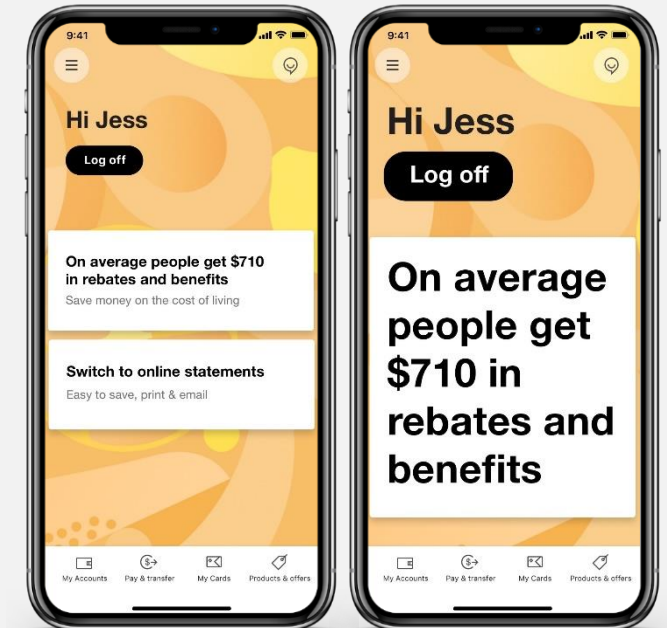
Using data to create individual experiences that help our customers manage their financial wellbeing

Customisable



Empowering customers to choose how their app looks and surface their most used features

Accessible



Designed for our broad customer base, with options such as adjustable fonts allowing the app to be used more widely

CommBank Rewards



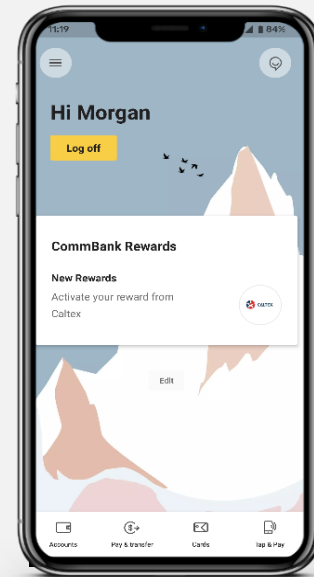
Rewarding customers with cashbacks when paying with a CommBank debit/credit Mastercard

Personalised rewards



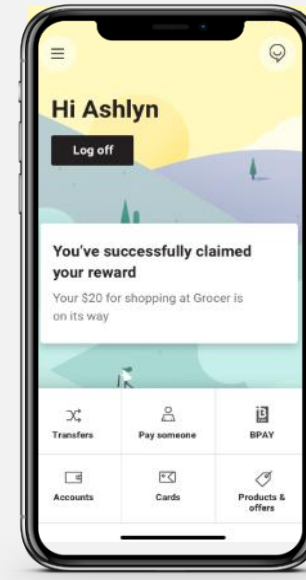
Based on where you shop

Get notified



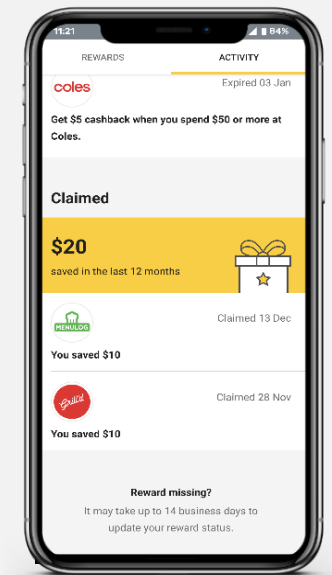
Get notified when new rewards are available

Earn cashbacks



Receive cashbacks within 5-14 business days

Track savings



Track how much you have saved

Innovating for future growth

A strong pipeline of innovation



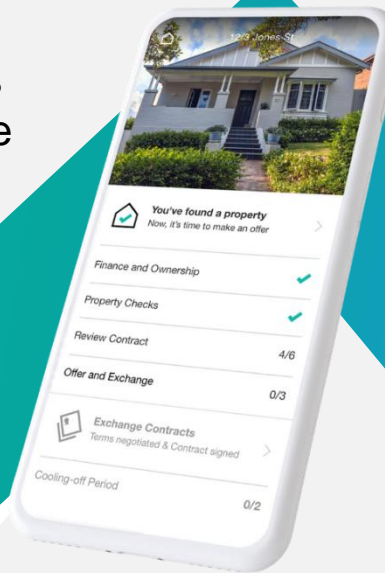
vonto



- Tool for small business owners
- Aggregating and analysing data
- Providing actionable insights

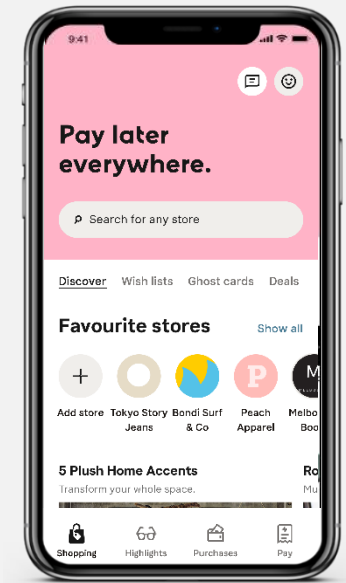


Home buying is hard – we make it *simpler*



- Streamlining the home buying process
- Contract review through to settlement
- Step-by-step guidance along the way

Klarna.



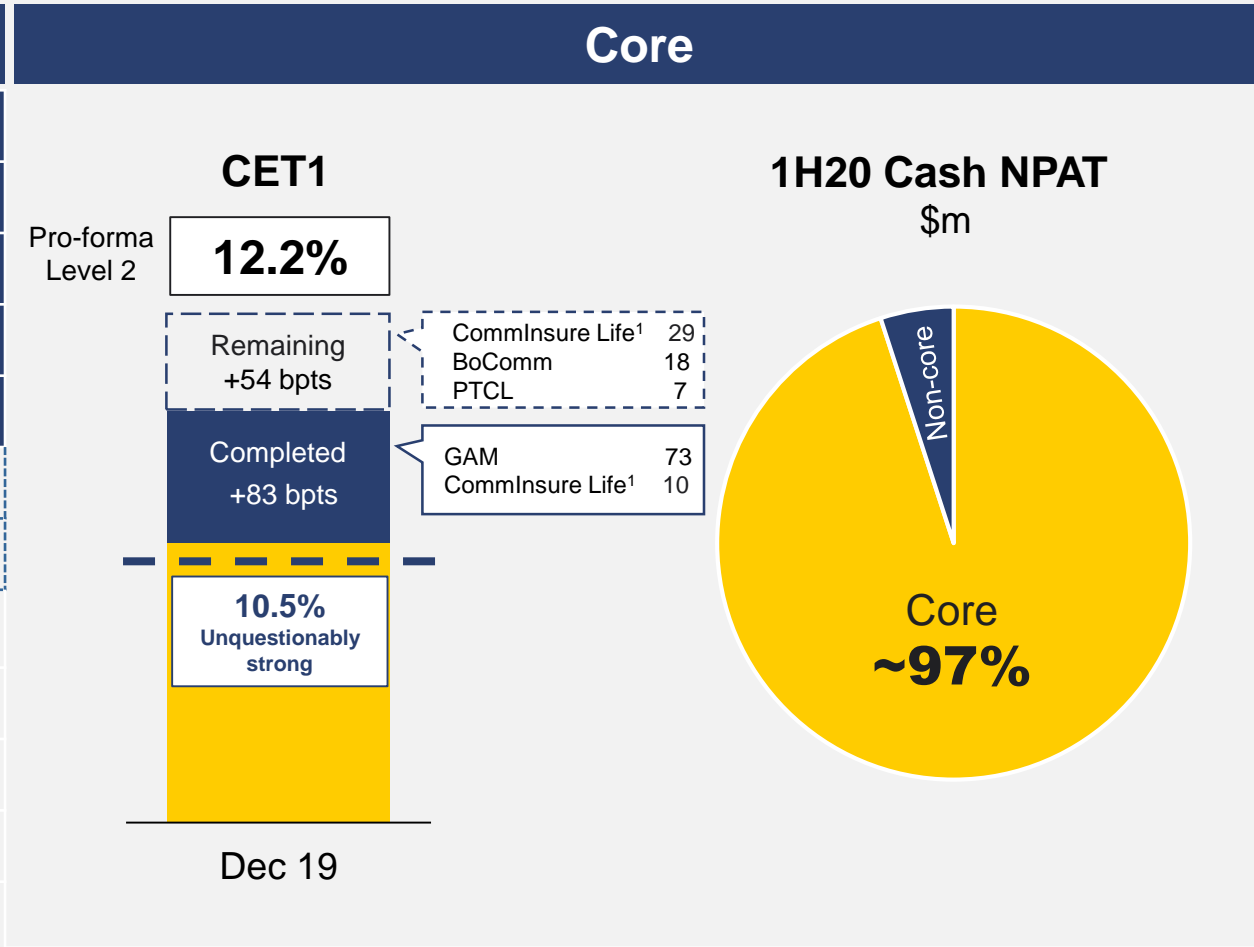
- Universal shopping experience
- Integrated into the CommBank app
- Authorisation and credit checks

A simpler bank

Committed to becoming a simpler, better bank for our customers



Status	
Sovereign	Completed Jul 18
TymeDigital	Completed Nov 18
CFSGAM	Completed Aug 19
Aligned Advice – Count Financial	Completed Oct 19
CommInsure Life ¹	JCA entered Nov 19
BoCommLife	Expected completion 2H20
PT Commonwealth Life	Expected completion 2H20
Aligned Advice – Fin. Wisdom	Assisted closure 2H20
Aligned Advice – CFP-Pathways	Cessation 2H20
General Insurance	Strategic review
Vietnam International Bank	Strategic review
Other wealth businesses ²	Intention to exit



1. On 1 November 2019, full control of CommInsure Life was transferred to AIA, with the divestment to proceed through either a share sale or a statutory asset transfer. Under a share sale, the transaction is expected to complete shortly following the completion of BoCommLife. In the event of a statutory asset transfer, the transaction is expected to complete around the end of calendar year 2020, with the proceeds to be received in instalments. CBA has received an upfront payment equivalent to 10bpts of CET1 Capital, with the remaining outstanding instalments estimated at approximately 29bpts of CET1 Capital. 2. Includes Colonial First State, Aussie Home Loans and CBA's minority shareholdings in ASX-listed Mortgage Choice and CountPlus. The Group has committed to exiting these businesses/ investments over time, and continues to actively explore a range of alternatives to achieve this.

A better bank



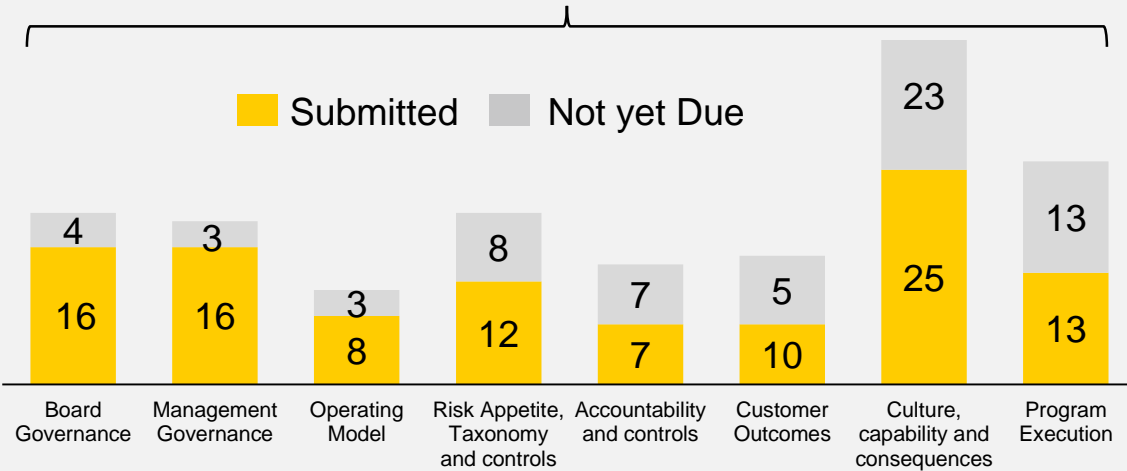
Progress underway on Remedial Action Plan and Royal Commission recommendations

Remedial Action Plan¹

Dec 19

107
submitted²

Submitted Not yet Due



- 62% of milestones submitted²
- All milestones to be submitted by June 2021

Royal Commission

Dec 19

23
underway³

No action required by CBA⁴

26

No action required as action is with government/regulator or CBA does not operate in that business

Government legislation/review

27

Actively participating in consultation processes and preparing to implement

CBA action underway³

23

Taking proactive action, with some requiring legislative action to complete

Recommendations

- Working closely with industry bodies to progress industry-wide reforms
- Action taken forms part of a wider program of reform at CBA

1. The Remedial Action Plan is CBA's response to the recommendations contained in the Final Report of the Australia Prudential Regulation Authority (APRA) Prudential Inquiry into CBA released in May 18. Reflects revised milestones as outlined in the Independent Reviewers most recently published report. 2. To Independent Reviewer. 3. Recommendations that are underway - some requiring legislative action to complete. 4. No action required as action is with Government/ regulator or CBA does not operate in that business.

A better bank



Doing business openly, responsibly and sustainably

Banking Code of Practice



- New code 1 July 2019 – updated 1 March 2020.
- Provides strong, enforceable and more customer focused standards for banks to deliver.
- Aligns with CBA's commitment to improve the financial wellbeing of our customers and communities.

Open Banking



- Enabling customers to take control of their data, with the right to direct data to accredited third parties. Information protected by new privacy obligations.
- From 1 July 2019, CBA began publishing product data via a public Application Programming Interface (API).
- Consumers will be able to share their data, with different products progressively enabled from July 2020.

Comprehensive Credit Reporting

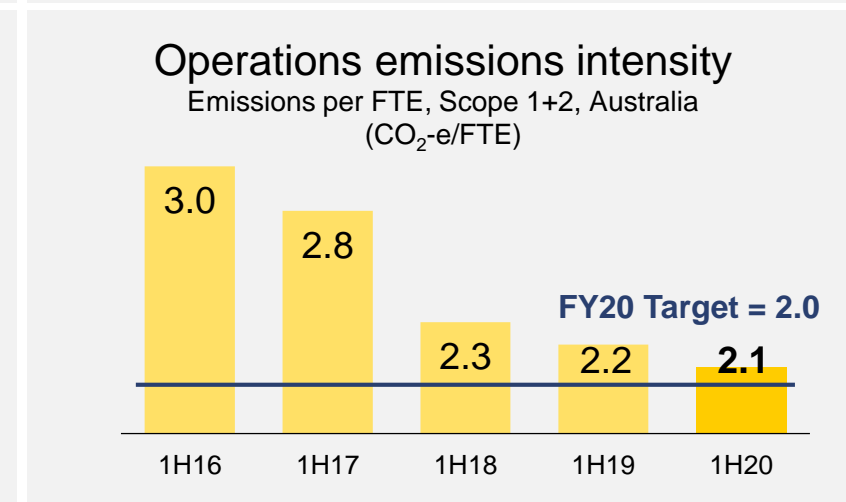
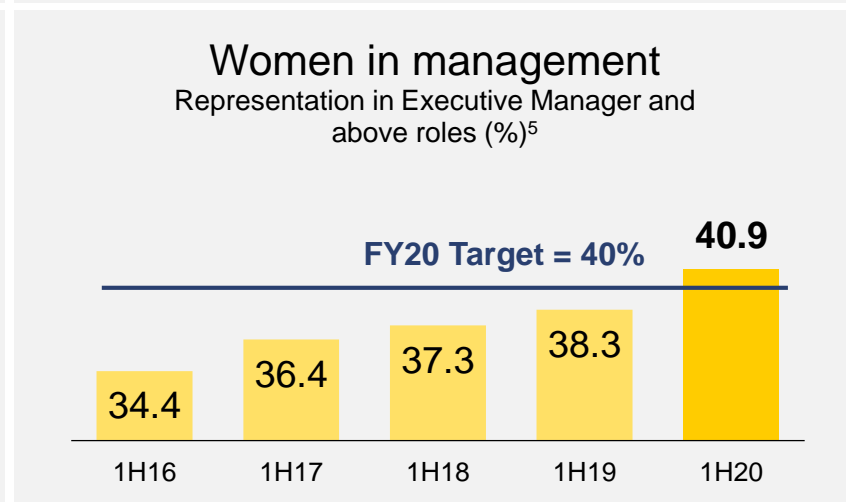
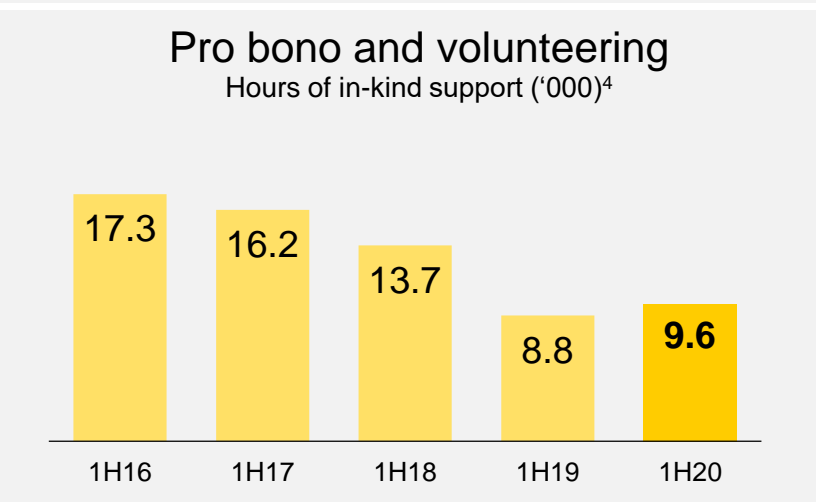
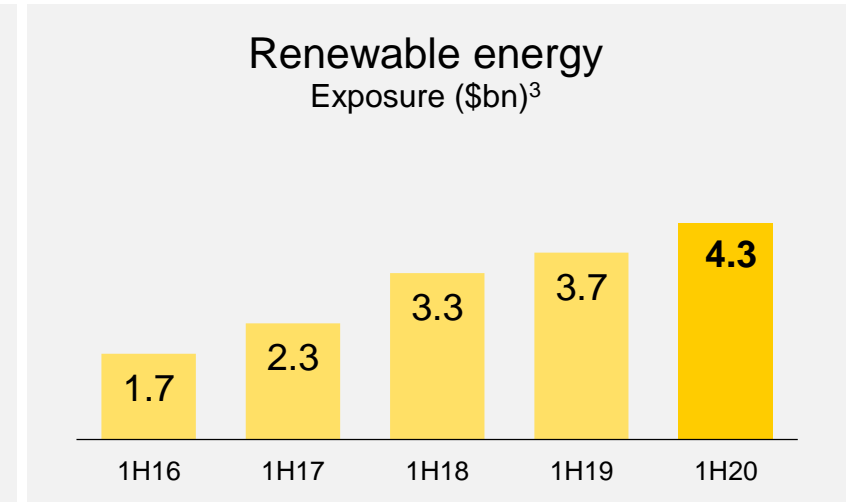
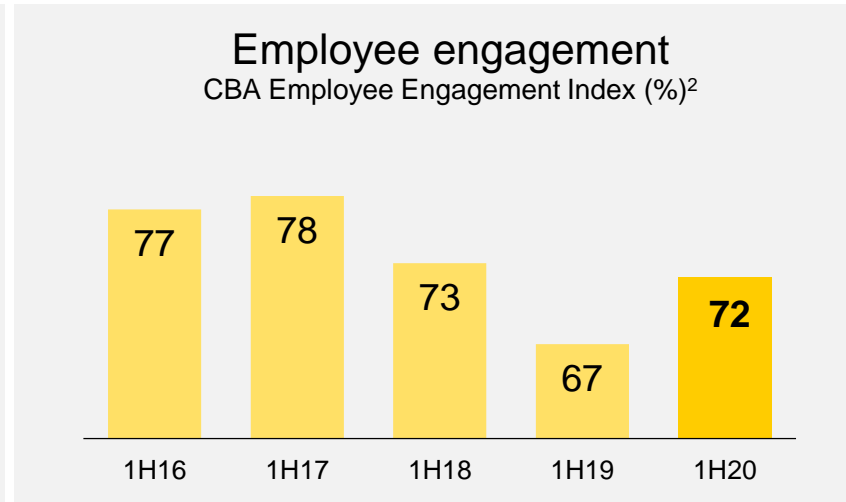
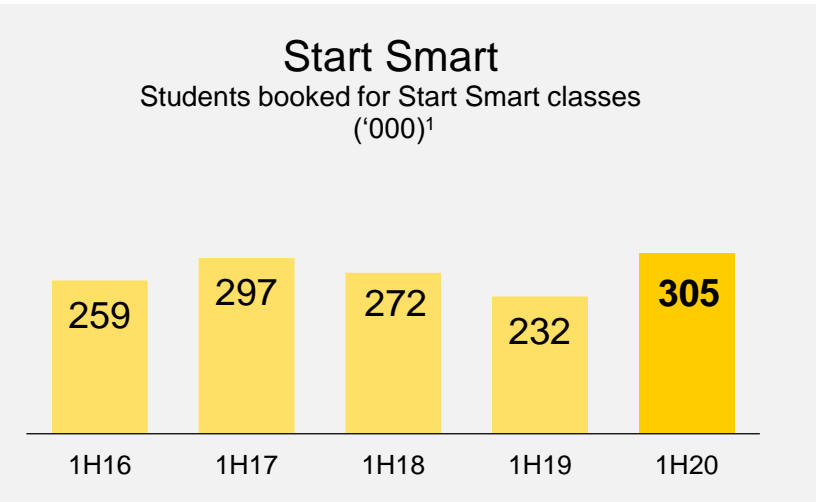


- Enhancing customers financial security and enabling better risk based decisions for credit applications.
- Use of CCR data for decisions on home lending and unsecured credit applications commenced October 2018.
- CBA implemented the supply of 100% of retail credit accounts in September 19.

A better bank



Delivering balanced and consistent outcomes



1. Start Smart sessions cover different topics and the same student may be booked to attend a number of sessions. 2. People and Culture survey measures satisfaction, retention, advocacy and pride, showing the proportion of employees replying with a score of 4 or 5. 3. Includes lending and banking services. 4. CBA and Bankwest volunteering hours. 5. Excludes ASB.

A better bank



Climate change risks and opportunities

Understanding and managing risk

- We report our approach to managing climate change risk in line with the recommendations of the **Task-Force on Climate-related Financial Disclosures (TCFD)**^{1,2}
- Undertake detailed **climate scenario analysis** to understand the impact of climate change on the Bank and our customers:
 - Home lending and insurance portfolio - physical risk¹
 - Business lending - transition risk¹
 - Agribusiness lending - physical risk²
- **Assessing carbon emissions** of our business lending portfolio³ and equity investments⁴
- Compulsory **ESG Risk Assessment** of all Institutional Bank and large business loans

Implementing responses, setting targets

- The Bank's Environmental and Social Policy⁵ **climate commitments** include:
 - Exit thermal coal mining and coal fired power generation by 2030, subject to Australia having a secure energy platform
 - Only provide banking and finance activity to new oil, gas or metallurgical coal projects if supported by ESG assessment and in line with the Paris Agreement
- Provide **low carbon project funding** of \$15bn by 2025
- Source **100% of our electricity consumption** from renewable energy by 2030 (reached 65% in 1H20 for Australian operations)
- **Reduce operational emissions** per FTE to 2.0tCO₂-e by 2020 (2.1tCO₂-e in 1H20)

Seizing opportunities

- **Support for low carbon projects** (exposure of \$5.1bn as at 30 Jun 19), including renewable electricity generation (exposure of \$4.3bn as at 31 Dec 19).
- Informing our Regional and Agribusiness Banking team on climate scenario analysis, to **support direct engagement with our customers** on risks and opportunities
- More than 5,000 home loan customers benefited from CommBank's **green mortgage** cashback offer
- Launched new **Green, Social and Sustainability Funding Framework**⁶

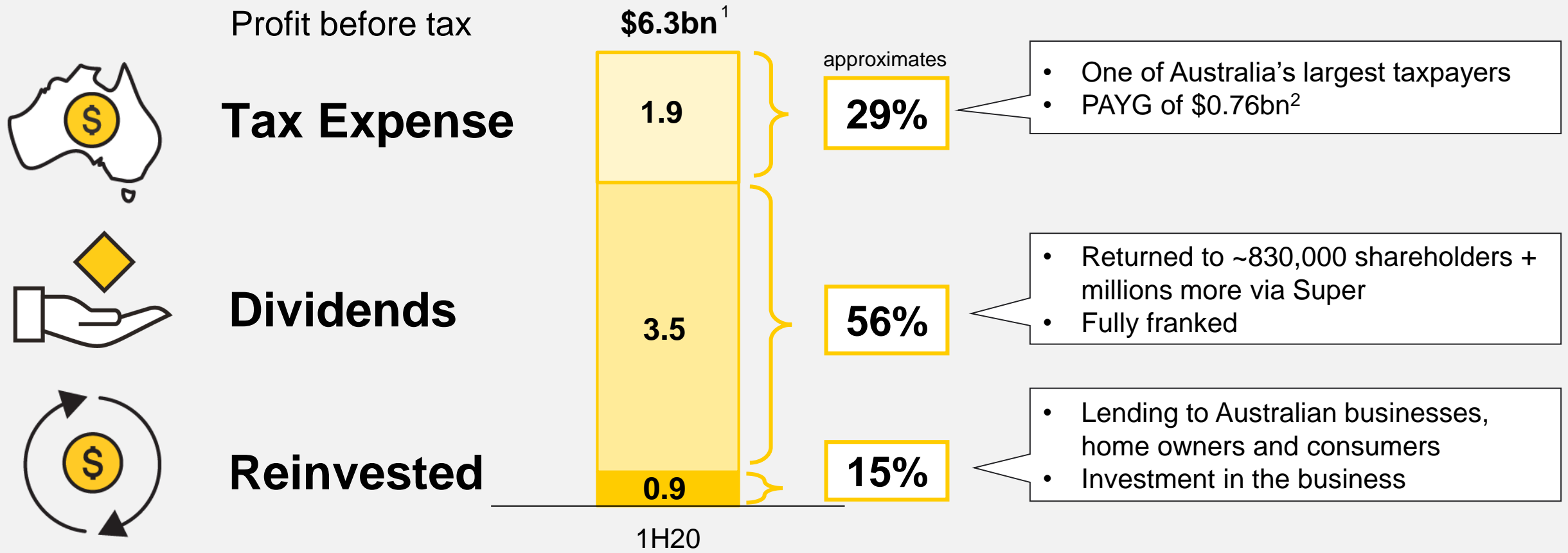


Financial Overview



Our profits

85% of profits paid in tax and returned to shareholders



1. Presented on a continuing operations basis. 2. PAYG represents tax collected for the ATO in respect of payments made to employees of the Group.

Overview - 1H20 result¹



Key outcomes summary

Financial

Statutory NPAT ² (\$m)	6,161	+34.0%
Cash NPAT ³ (\$m)	4,477	(4.3%)
ROE ³ % (cash)	12.7	(110) bpts
EPS ³ cents (cash)	253	(12c)
DPS ² \$	2.00	Flat
Cost-to-income ³ (%)	43.7	+110 bpts
NIM ³ (%)	2.11	+1 bpt
Op income ³ (\$m)	12,416	Flat
Op expenses ³ (\$m)	5,429	+2.6%
LIE to GLAA (bpts)	17	+2 bpts

Balance sheet, capital & funding

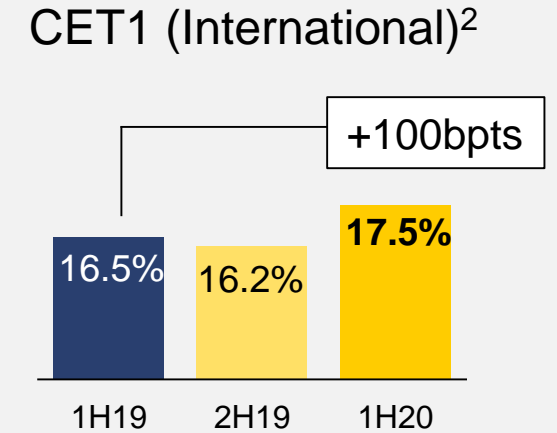
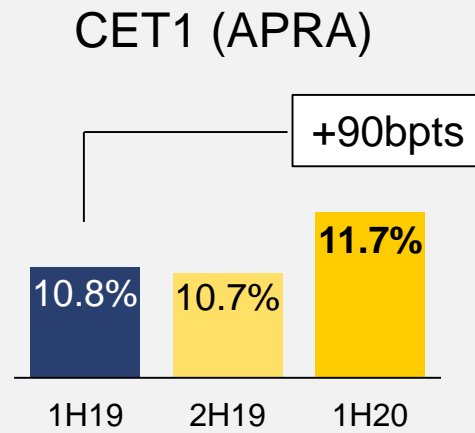
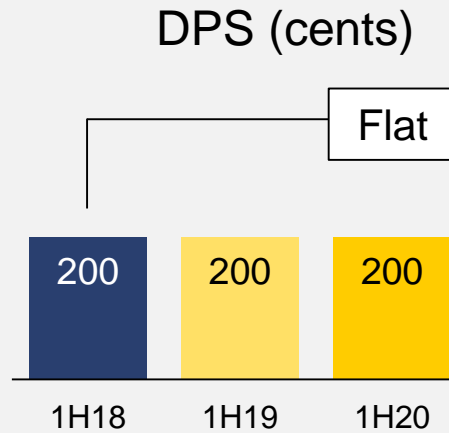
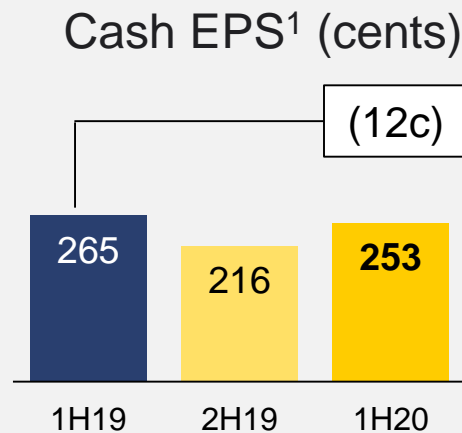
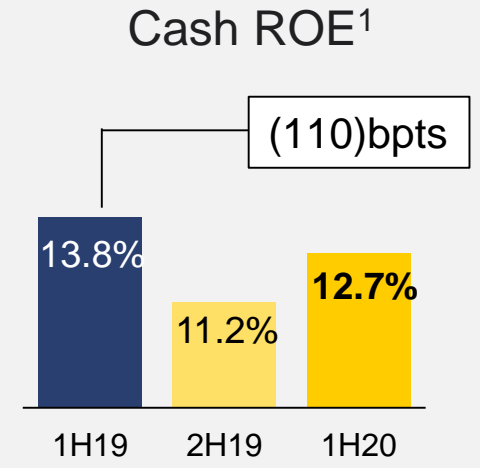
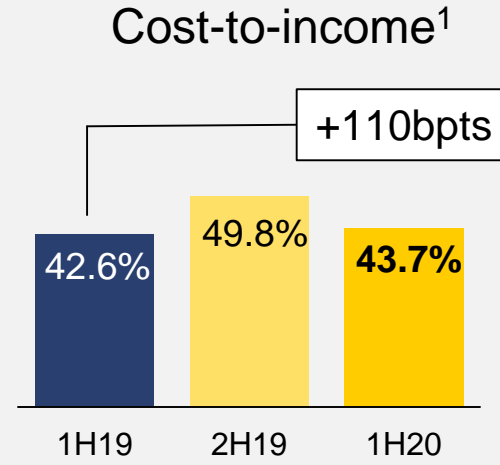
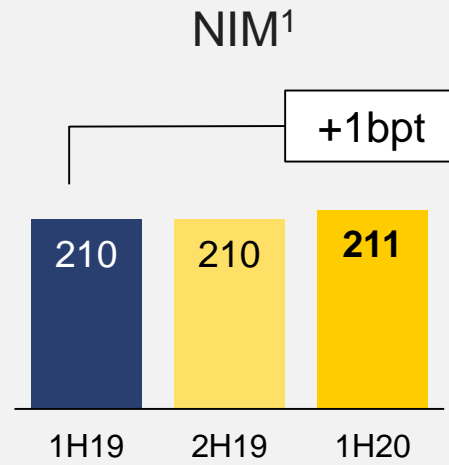
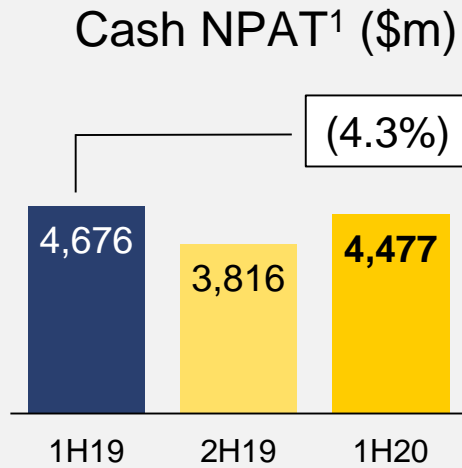
Capital – CET1 ^{2,4} (Int'l)	17.5%	+100 bpts
Capital – CET1 ² (APRA)	11.7%	+90 bpts
Total assets (\$bn)	980	Flat
Total liabilities (\$bn)	909	(0.3%)
Average FUA ³ (\$bn)	174	+8.2%
Deposit funding	71%	+2.0%
LT wholesale funding WAM	5.4 yrs	+0.4yrs
Liquidity coverage ratio ⁵	134%	+3.0%
Leverage ratio (APRA)	6.1%	+50 bpts
Net stable funding ratio	113%	+1.0%
Credit Ratings ⁶	AA-/Aa3/AA-	Refer footnote 6

1. All movements on prior comparative period unless otherwise stated. 2. Includes discontinued operations. 3. Presented on a continuing operations basis. 4. Internationally comparable capital - refer glossary for definition. 5. Quarter average. 6. S&P, Moody's and Fitch. S&P revised Australian Major Banks outlook to "Stable" from "Negative" on 9 July 2019. Moody's lowered the rating on 19 June 2017, outlook "Stable". Fitch updated outlook on CBA to negative on 7 May 2018.

Overview - 1H20 result



Key outcomes summary



1. Presented on a continuing operations basis. 2. Internationally comparable capital - refer to glossary for definition.

Overview - 1H20 result



Key financial outcomes

Financial year ended ("cash basis")	Incl. discontinued operations		Continuing operations	
	1H20	1H20 vs 1H19	1H20	1H20 vs 1H19
Cash net profit after tax	\$4,494m	(5.7%)	\$4,477m	(4.3%)
Cost-to-income ¹	44.4%	Flat	43.7%	+110 bpts
Effective tax rate	29.3%	+90 bpts	29.4%	+90 bpts
Cost of Capital	10.0%	Flat	10.0%	Flat
Profit after capital charge (PACC) ²	\$2,319m	(12.4%)	\$2,373m	(10.8%)
Earnings per share (basic)	254c	(16c)	253c	(12c)
Return on equity	12.7%	(140)bpts	12.7%	(110)bpts

1. Operating expenses to operating income. 2. The Group uses PACC as a key measure of risk adjusted profitability. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments. The decrease on the prior year includes the impact of increasing capital levels.

Overview - 1H20 result



Notable items

Continuing operations (\$m)	1H20	1H19	1H20 vs 1H19	2H19
Op. expenses incl. notable items and prior period one offs	5,429	5,289	140	5,980
Notable items:				
- AUSTRAC insurance recovery	-	(145)	145	-
- Aligned Advice remediation	-	200	(200)	334
- Total	-	55	(55)	334
Customer remediation, risk and compliance programs:				
- Customer remediation	30	79	(49)	305
- Risk & compliance programs and other	196	142	54	216
- Total	226	221	5	521
Op. expenses excl. notable items and prior period one-offs	5,203	5,013	190	5,125

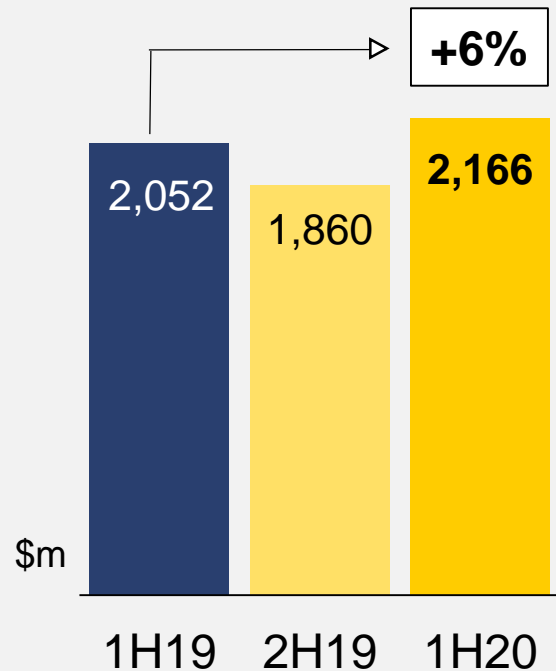
Cash NPAT by division¹

Mixed results across business units



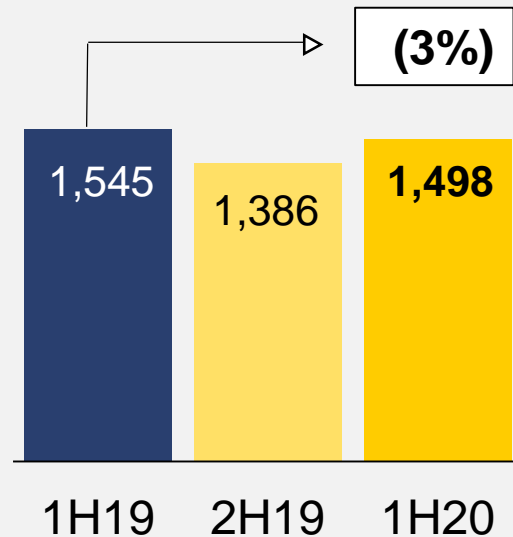
RBS²

- Income +3%
- Costs +2%
- Impairment (13%)



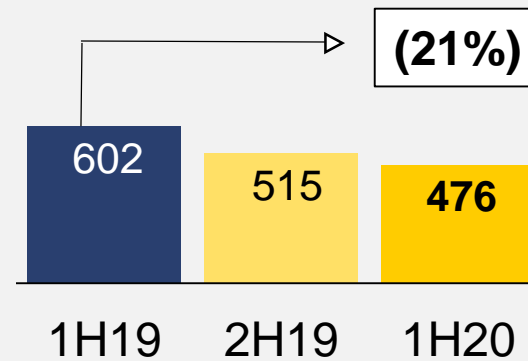
BPB

- Income +1%
- Costs +4%
- Impairment +32%



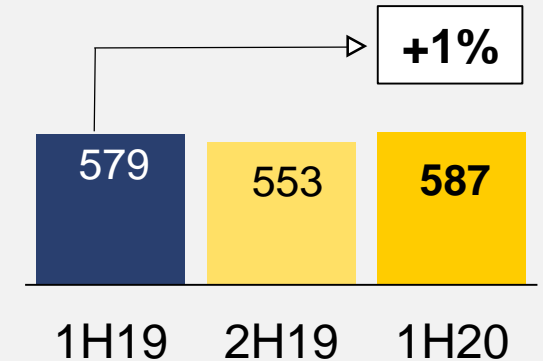
IB&M

- Income (9%)
- Costs (1%)
- Impairment +71%



NZ (NZD)

- Income +2%
- Costs +7%
- Impairment (51%)

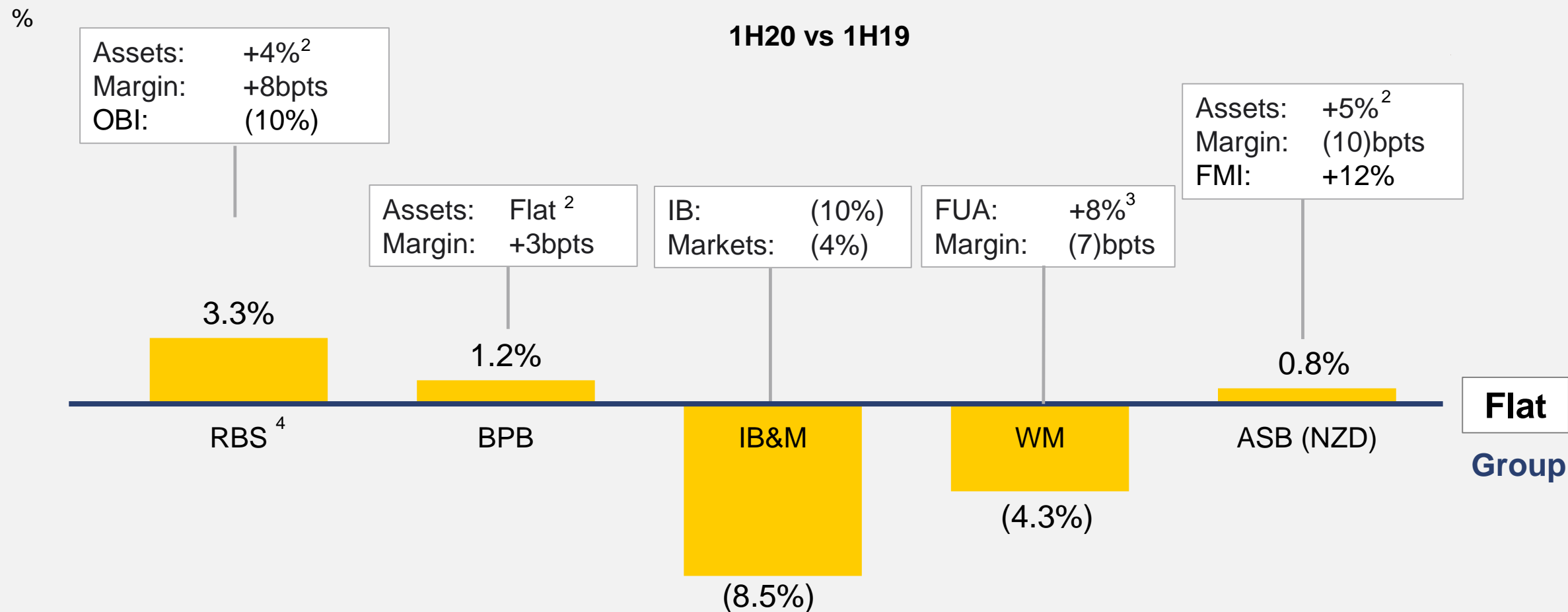


1. Presented on a continuing operations basis. 2. Includes Bankwest and Commonwealth Financial Planning, excludes General Insurance and Mortgage Broking consolidation.

Operating income by division¹



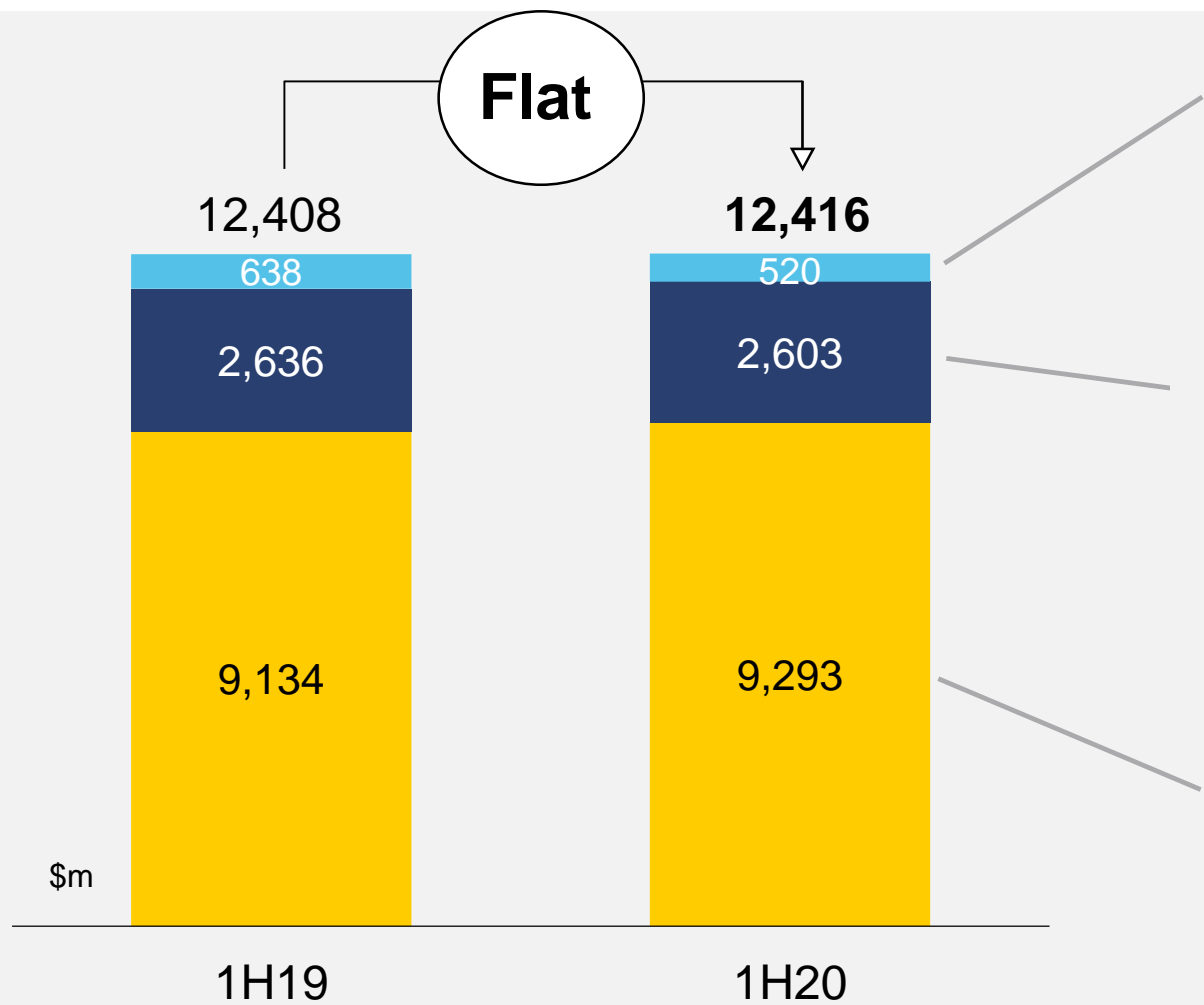
Volume growth offset by fee income forgone



1. Presented on a continuing operations basis. 2. Movement in average interest earning assets. 3. Movement in average funds under administration. 4. To present an underlying view of the RBS result, the impact of General Insurance and Mortgage Broking consolidation has been excluded.

Total operating income drivers¹

Higher volumes offset by lower Funds and Insurance



Funds & Insurance

(18.5%)

Bushfire claims

(\$83m)

BCO² – CFS/Other repricing

(\$70m)

Average FUA

+8.2%

Other Banking Income

(1.3%)

Derivative Valuation Adjustment (XVA)

(\$30m)

Lending fees

(4.7%)

Trading (excl. XVA)

+22.3%

Commissions

(2.9%)

Net Interest Income

+1.7%

Volume

+1.3%

Margin

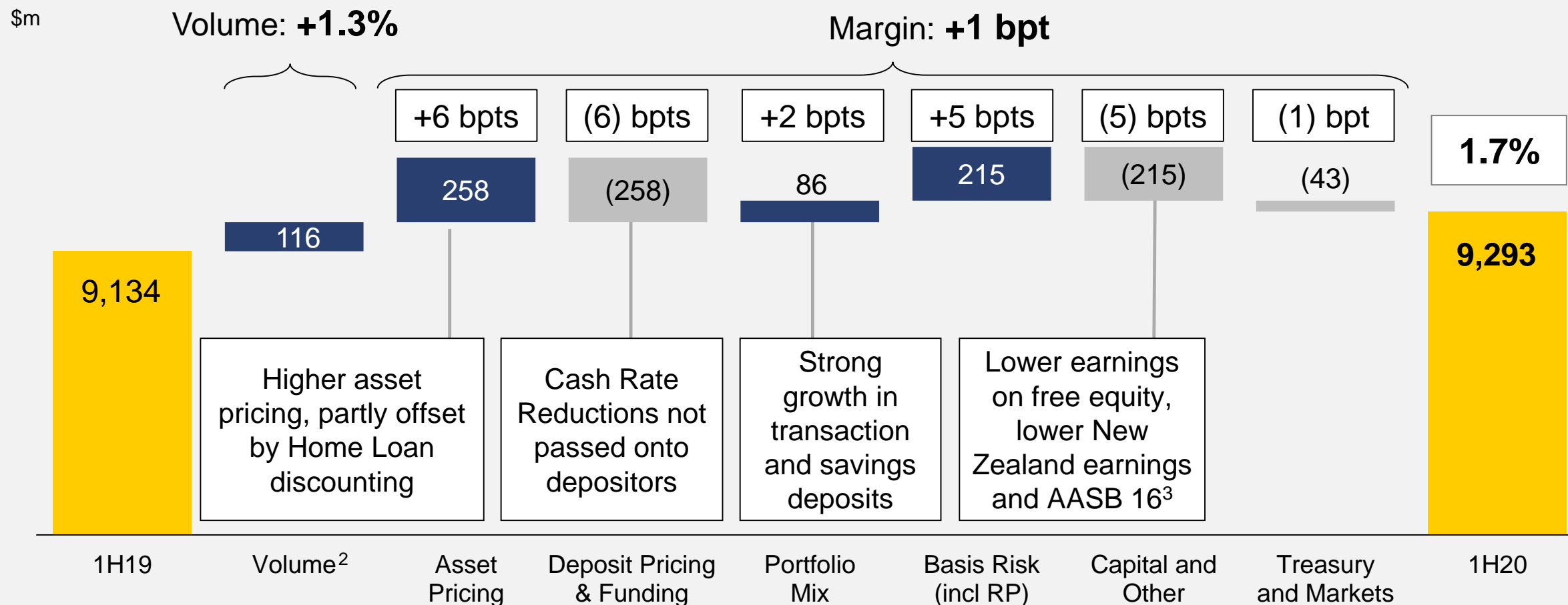
+1bpt

1. Presented on a cash continuing operations basis. 2. Better Customer Outcomes.

Net interest income¹



Volume growth and lower basis risk, partly offset by impacts of cash rate reductions

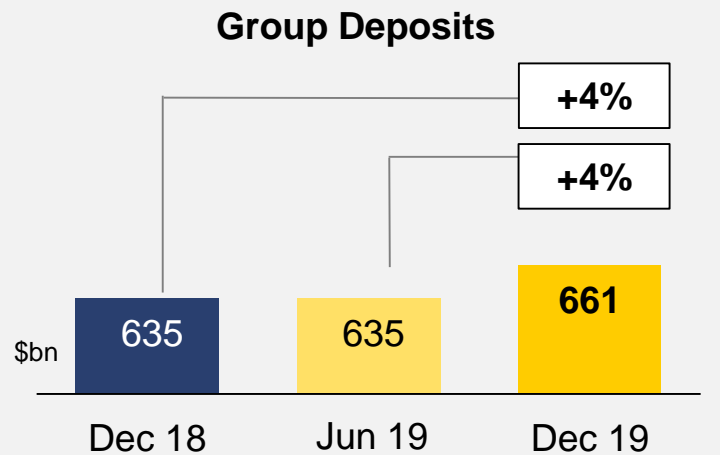
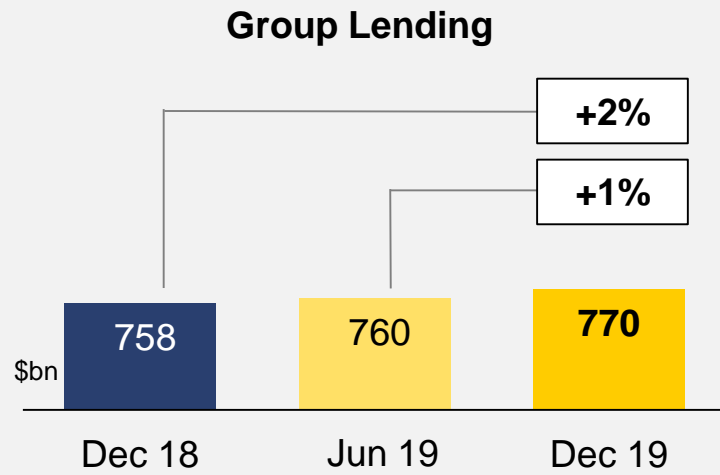


1. Presented on a continuing operations basis. 2. Average interest earning assets. 3. The implementation of AASB16 results in the recognition of a lease liability and therefore higher interest expense.

Balance sheet



Core franchise strengths in home lending and deposits remain evident



\$m	Dec 18	Jun 19	Dec 19	Dec 19 vs Jun 19	Dec 19 vs Dec 18
Home Loans	512,505	522,942	535,090	2.3%	4.4%
Consumer finance	22,690	21,993	21,167	(3.8%)	(6.7%)
Business and corporate loans	222,996	214,953	214,145	(0.4%)	(4.0%)
Total Group Lending	758,191	759,888	770,402	1.4%	1.6%
Non-lending interest earning assets	151,819	148,967	151,355	1.6%	(0.3%)
Other assets (including held for sale)	70,420	67,647	58,111	(14.1%)	(17.5%)
Total Assets	980,430	976,502	979,868	0.3%	(0.1%)
Total interest bearing deposits	583,780	581,416	600,197	3.2%	2.8%
Non-interest bearing trans. deposits	51,656	53,896	60,871	12.9%	17.8%
Total Group Deposits	635,436	635,312	661,068	4.1%	4.0%
Debt issues	168,904	164,022	153,327	(6.5%)	(9.2%)
Other interest bearing liabilities	54,388	54,840	56,507	3.0%	3.9%
Other liabilities (including held for sale)	53,124	52,679	37,813	(28.2%)	(28.8%)
Total Liabilities	911,852	906,853	908,715	0.2%	(0.3%)

Volume growth and market share

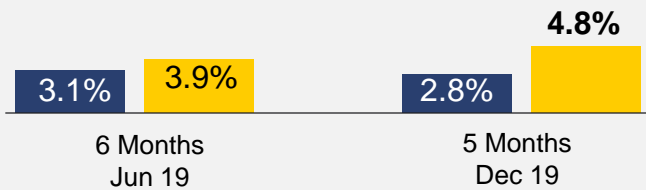


Above system growth in home lending and household deposits this half

Home Lending

Volume growth¹

■ System ■ CBA
annualised

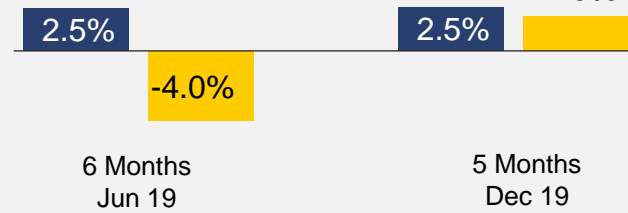


Business Lending

Volume growth^{1,2}

■ System ■ CBA
annualised

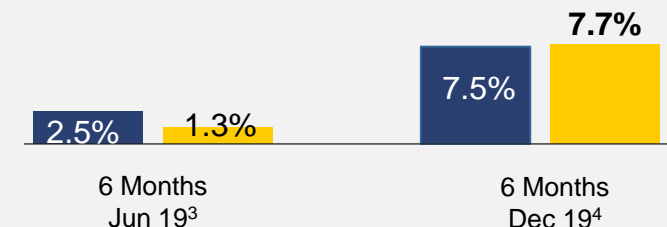
Includes IB&M



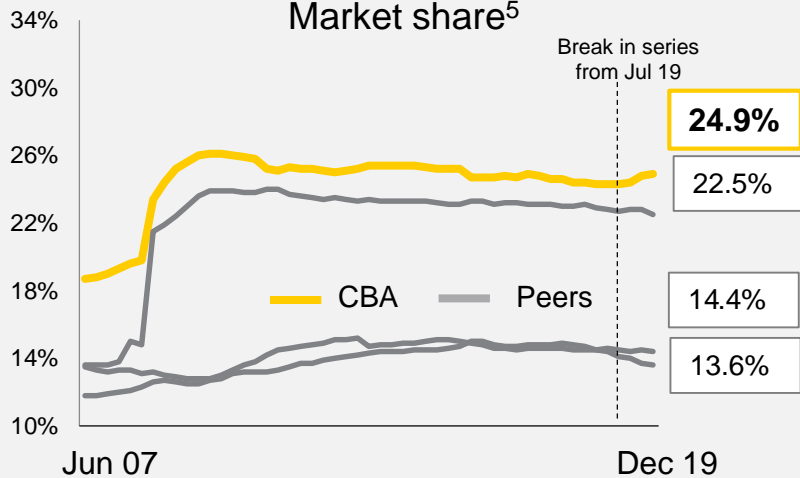
Household Deposits

Volume growth

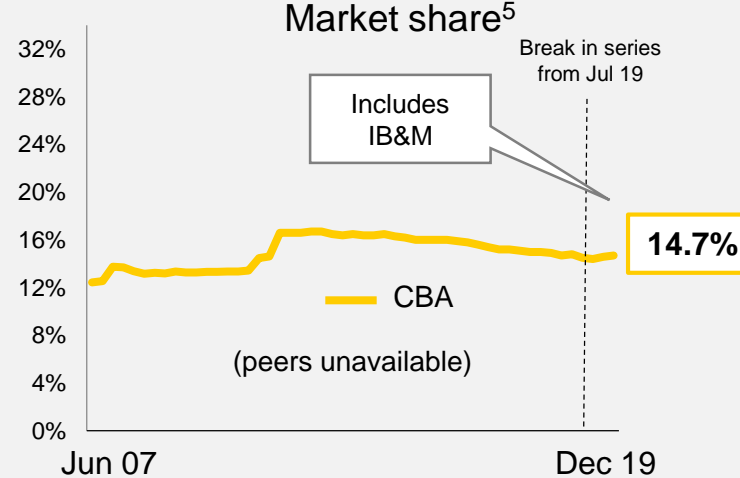
■ System ■ CBA
annualised



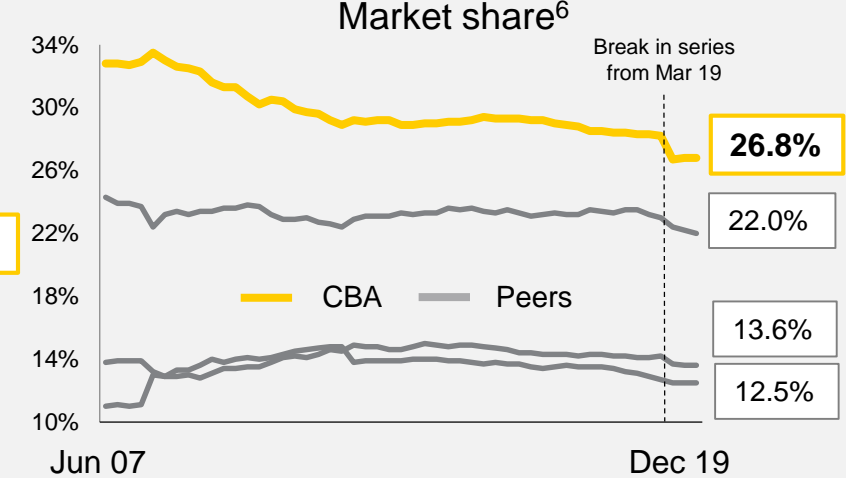
Market share⁵



Market share⁵



Market share⁶



1. Source: RBA Lending and Credit Aggregates. RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019, therefore volume growth has been calculated for the 5 months to December 2019. 2. Excludes CMPF. 3. Source: APRA Monthly Banking Statistics (MBS). 4. Source: APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS). 5. Source: RBA Lending and Credit Aggregates, series break due to new regulatory definitions set by APRA from 1 July 2019. As a result of this change, market share is not comparable to previous reporting periods. 6. Market share calculated based on APRA MADIS from Mar 19, with prior periods based on MBS publication. As a result of this change, market share is not comparable to previous reporting periods.

Market share



Leading market shares in core markets

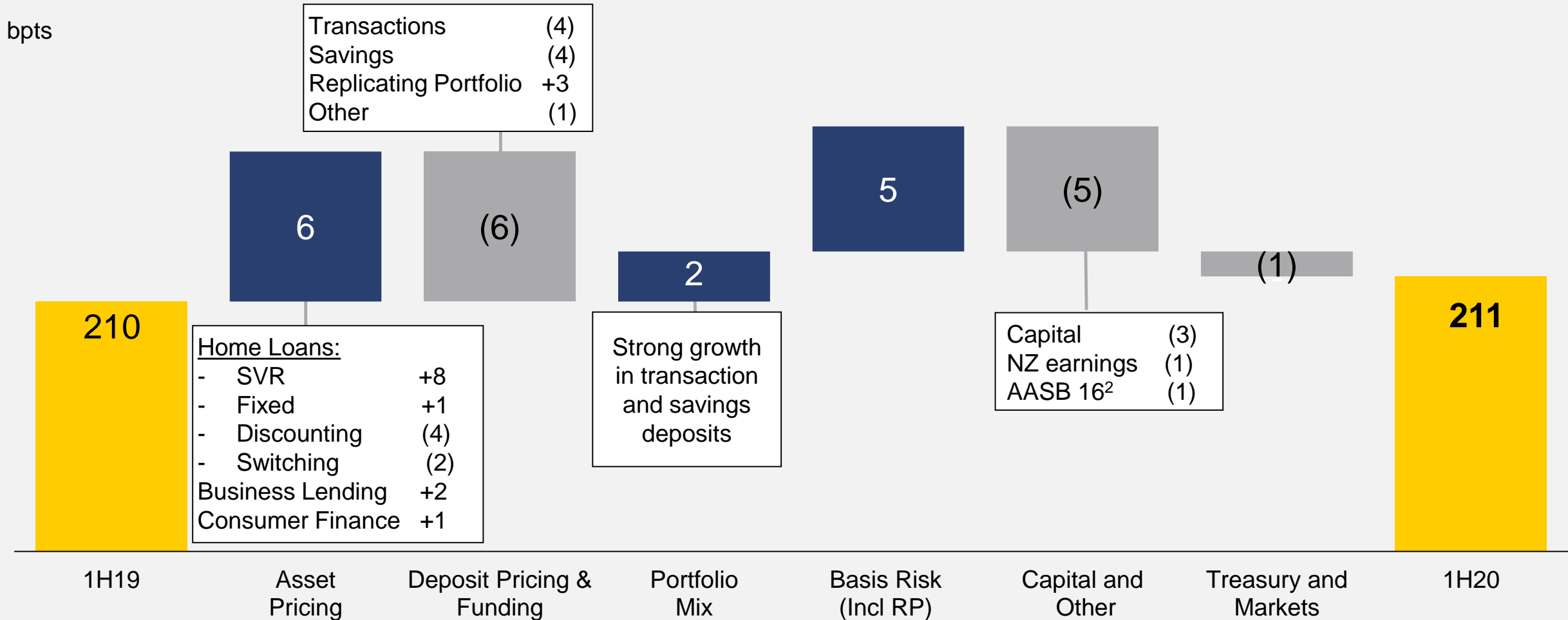
%	Dec 19	Jun 19	Dec 18
Home loans – RBA ¹	24.9	N/A – series break	N/A – series break
Home loans - APRA ²	25.5	25.2	N/A – series break
Credit cards - APRA ²	26.6	26.6	N/A – series break
Other household lending - APRA ^{2,3}	19.2	19.3	N/A – series break
Household deposits - APRA ²	26.8	26.7	N/A – series break
Business lending – RBA ¹	14.7	N/A – series break	N/A – series break
Business lending – APRA ²	16.7	16.7	N/A – series break
Business deposits – APRA ²	19.9	19.7	N/A – series break
Equities trading	3.9	3.7	3.7
Australian Retail - administrator view ⁴	15.6	15.2	15.2
FirstChoice Platform ⁴	10.8	10.6	10.6
NZ home loans	21.5	21.7	21.6
NZ customer deposits	17.8	17.7	17.9
NZ business lending	15.2	15.4	15.3
NZ retail AUM ⁵	15.2	15.4	15.3

1. Source: RBA Lending and Credit Aggregates. RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019, therefore the 31 December 2019 market share is not comparable to the prior reporting periods. 2. CBA's market share for 31 December 2019 and 30 June 2019 have been calculated based on APRA's new Monthly Authorised Deposit-taking Institutions Statistics (MADIS) publication. As a result of this change, the 31 December 2018 Market Share is not comparable to the other reporting periods. 3. Other Household Lending market share includes personal loans, margin loans and other forms of lending to individuals. 4. Strategic Insights, as at September 2019. 5. As at September 2019. Presented on a continuing operations basis.

Group margin¹



Broadly flat – lower basis risk partly offset by impact of cash rate reductions



1. Presented on a continuing operations basis. 2 The implementation of AASB16 results in the recognition of a lease liability and therefore higher interest expense.

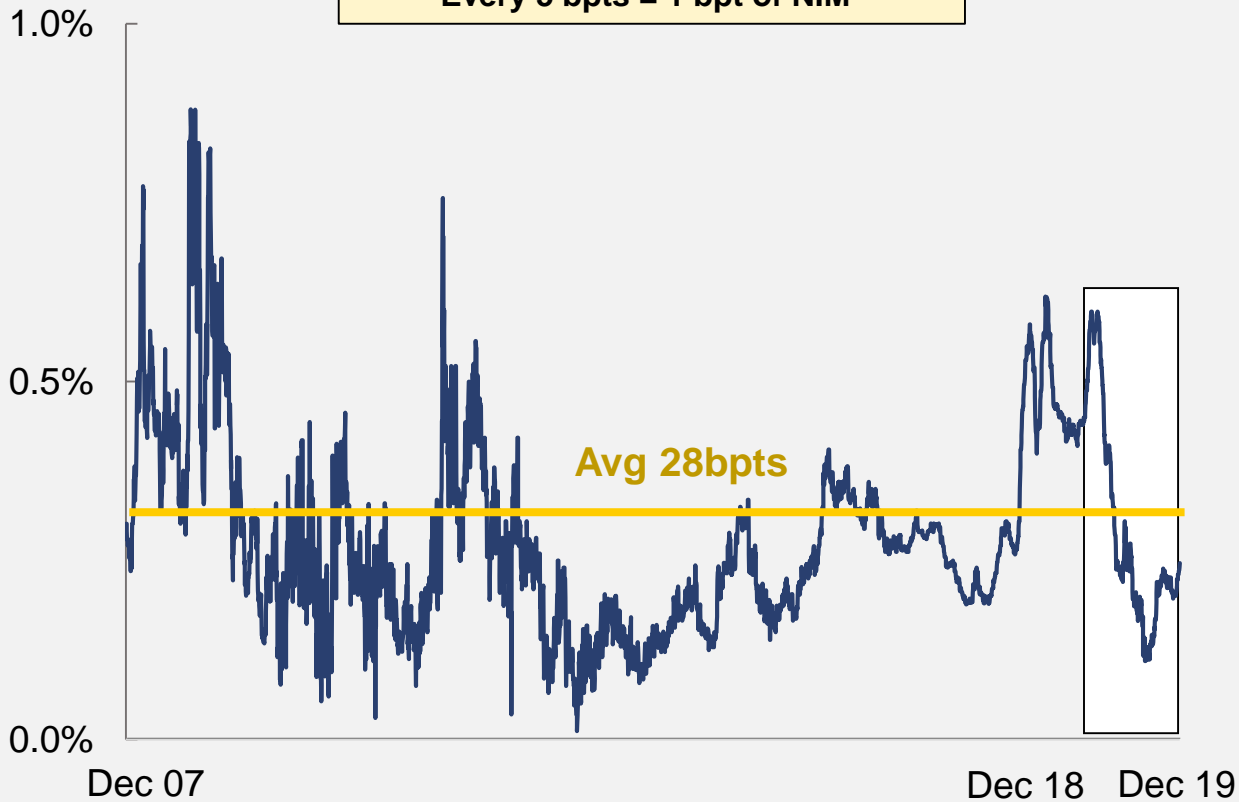
Group margin



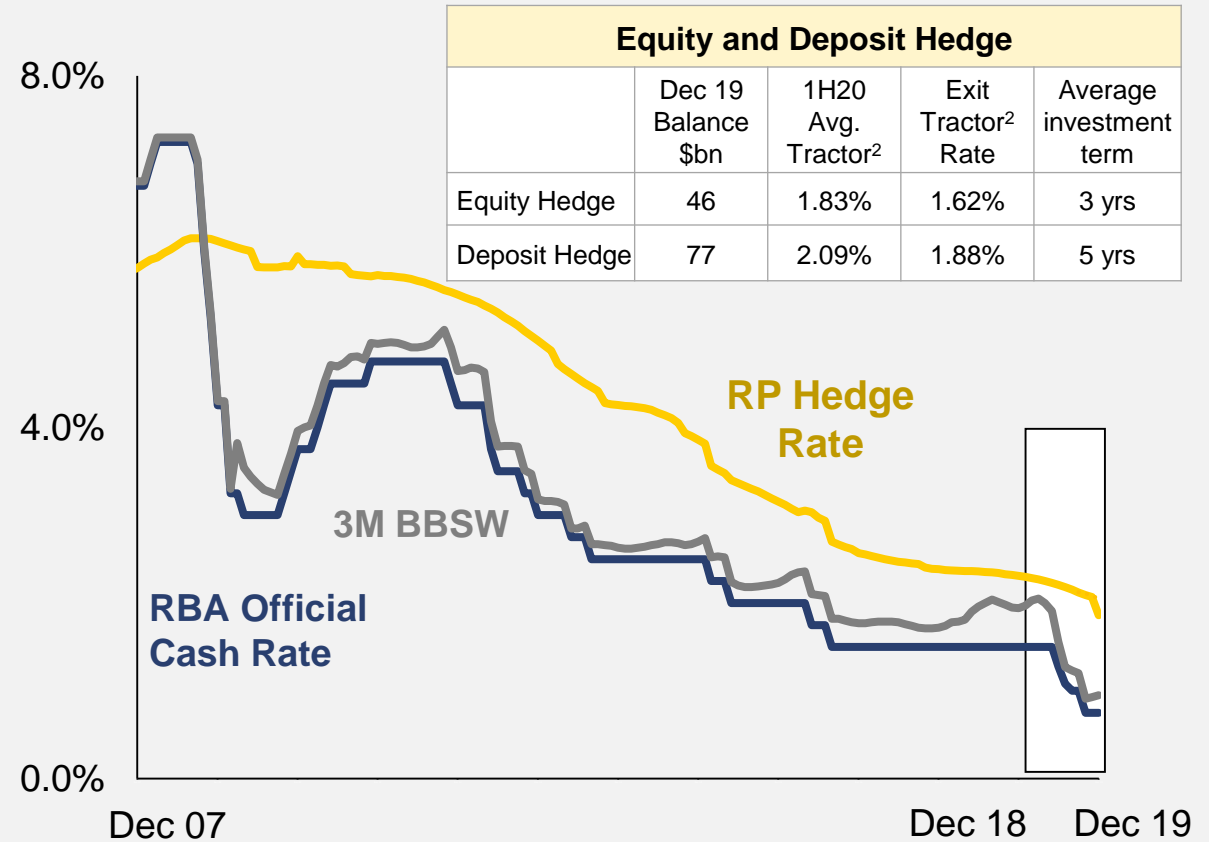
Basis risk back to post-GFC norms in the current half

Basis Risk

Every 5 bpts = 1 bpt of NIM¹



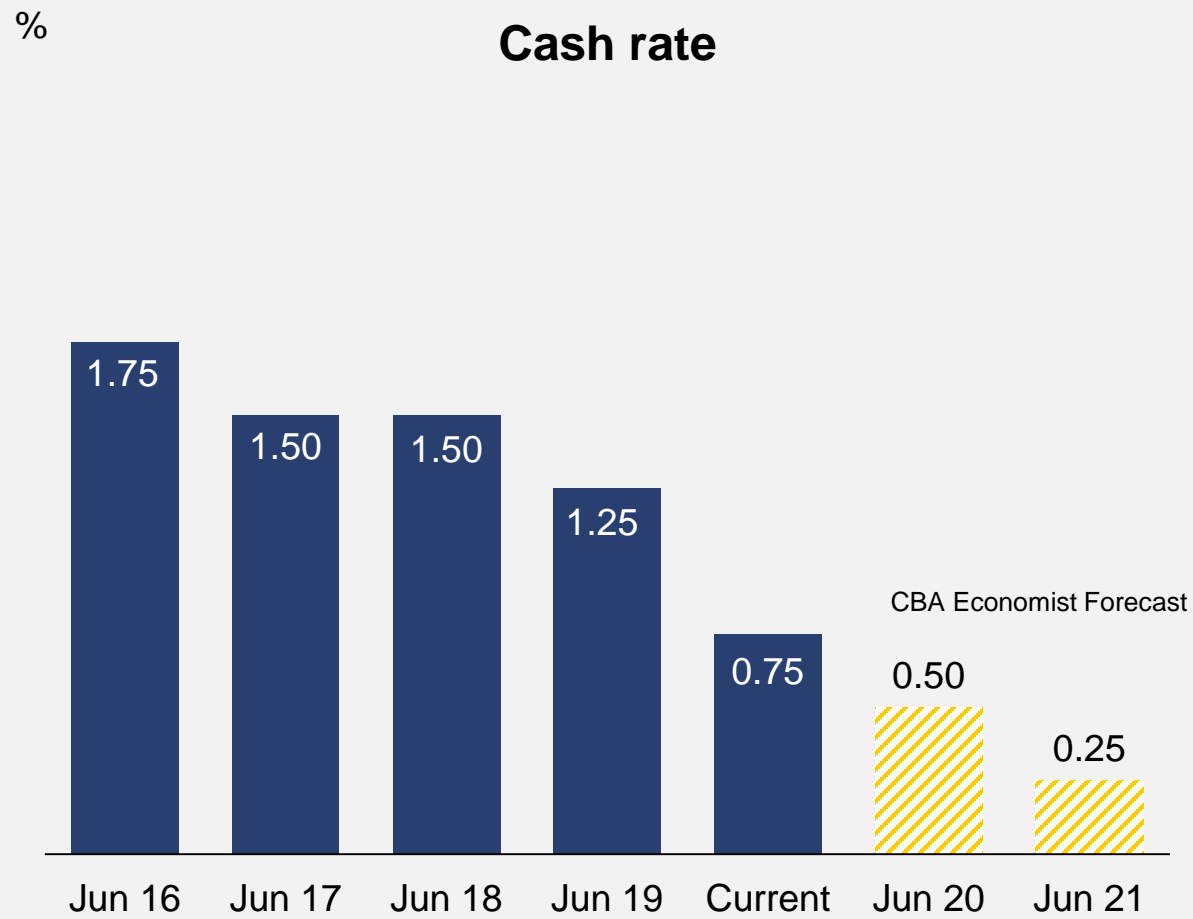
Replicating Portfolio (RP) & Equity Hedge



1. Includes the impact of basis risk on replicating portfolio. 2. Tractor is the moving average hedge rate on equity and rate insensitive deposits.

Impact of low interest rates

Managing a low interest rate environment



Approach

- Group wide co-ordination
- Preserving strong funding & liquidity position, optimising portfolio composition
- Granular deposit margin management aligned with customer and regulatory value
- Product structuring, focusing on customer value
- Reviewing risk management strategies in relation to Interest Rate Risk
- Operational risk management, reviewing systems, product terms & documentation

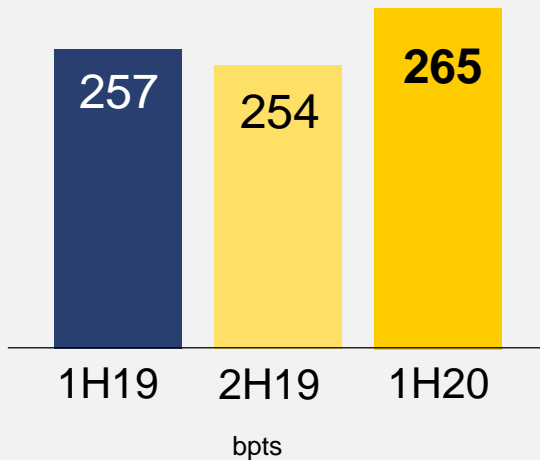
Margins by division

Mixed results across business units



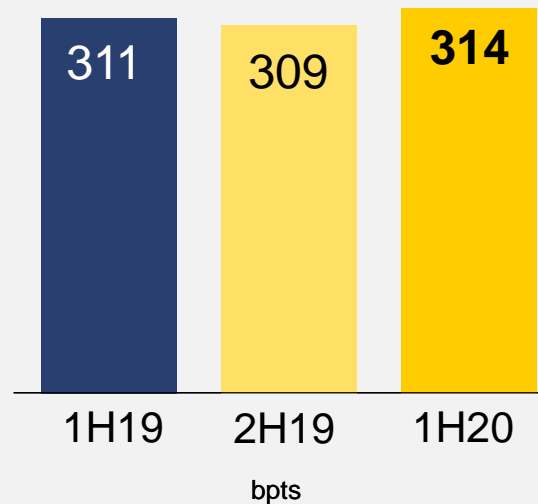
RBS

Lower basis risk & home loan repricing partially offset by lower deposit margins and home loan discounting



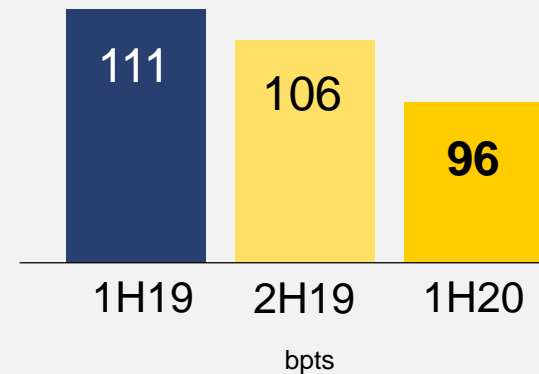
BPB

Higher business lending and home loan margins, partly offset by lower deposit margins



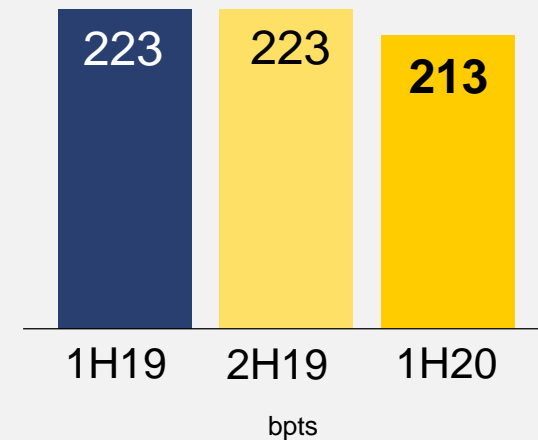
IB&M

Lower bond yields and commodities financing income offset in other banking income, lower deposit margins and earnings on equity



NZ (ASB)

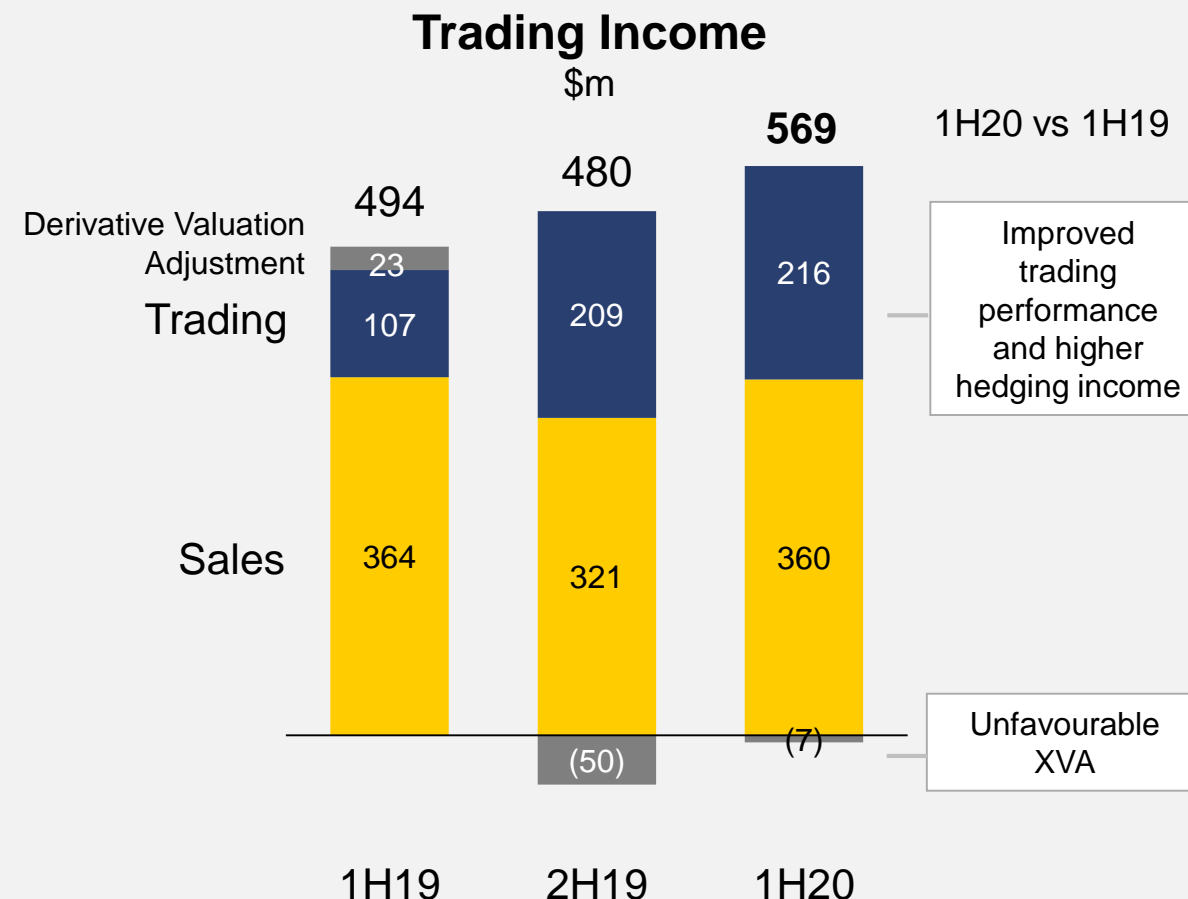
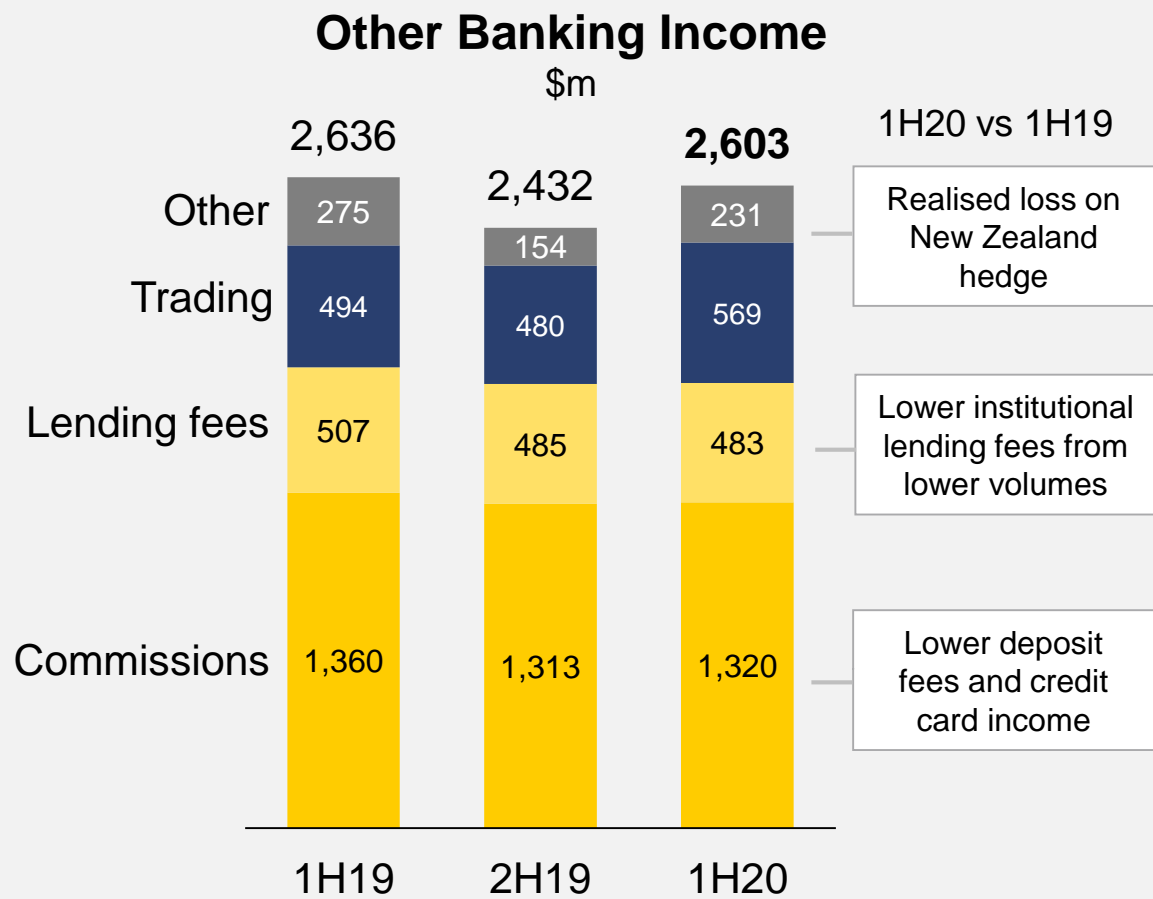
Declining margin reflecting the lower interest rate environment in NZ



Other banking income (OBI)¹



Lower OBI from realised loss on New Zealand hedge, lower commissions and lending fees



1. Presented on a continuing operations basis.

Income forgone



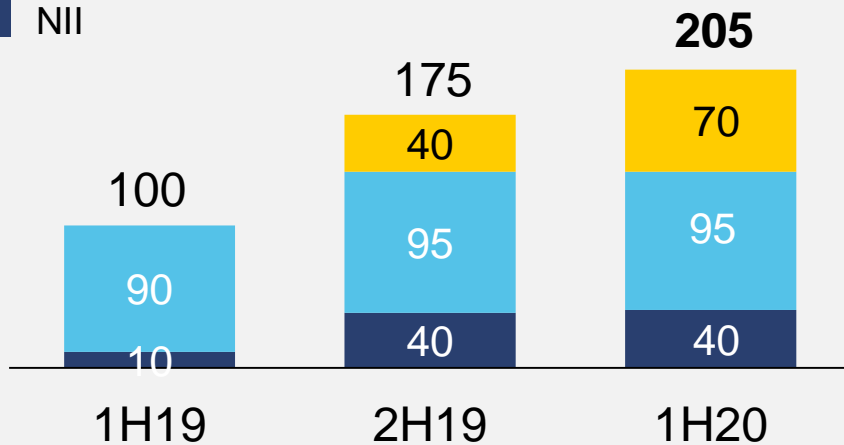
Delivering savings to customers – impact largely embedded in run-rate

Income forgone by line item

\$m

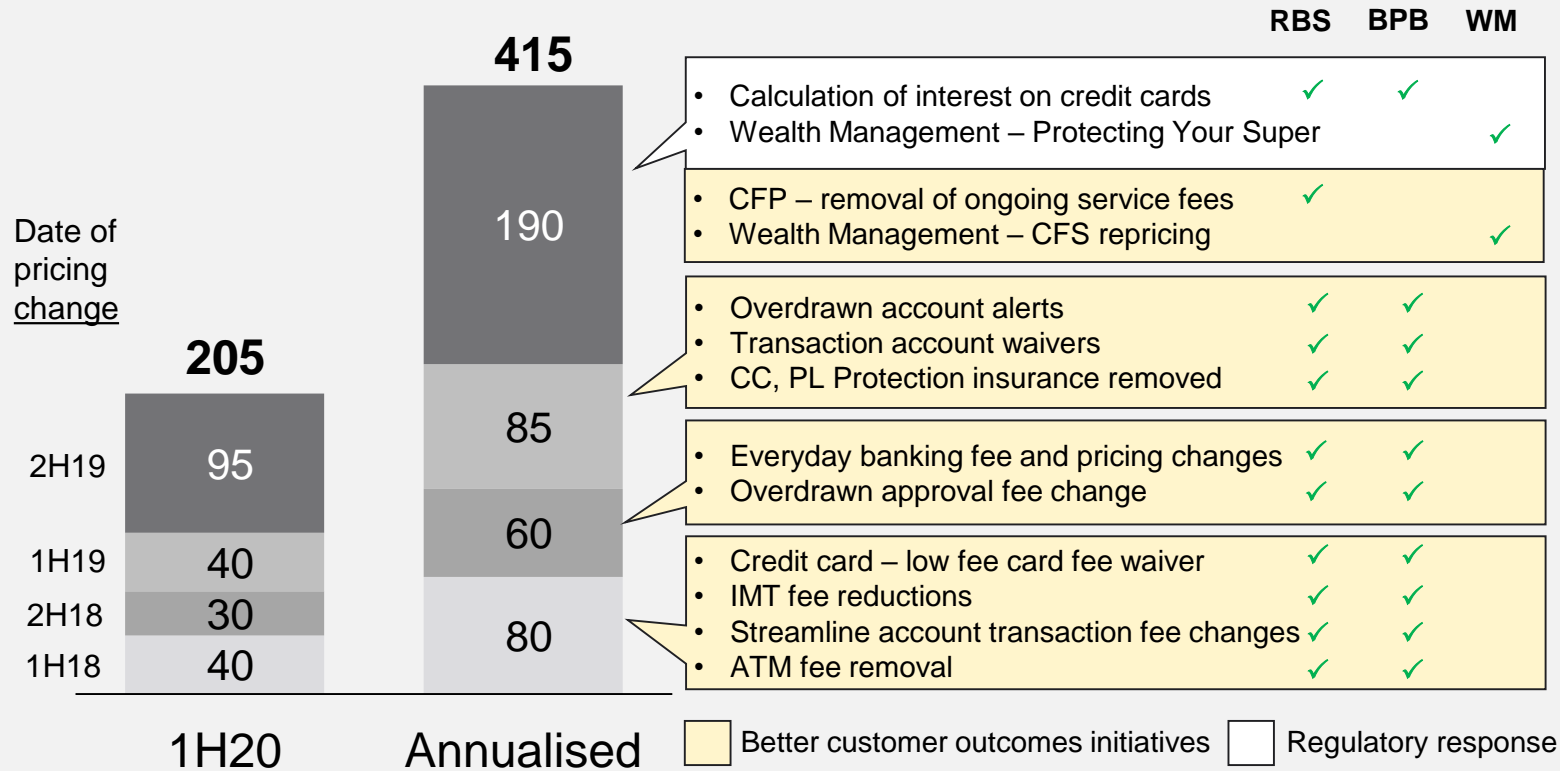
	RBS	BPB	WM	Total
FMI	25	-	45	70
OBI	90	5	-	95
NII	35	5	-	40
Total	150	10	45	205

- FMI
- OBI
- NII



Income forgone by date of initiative

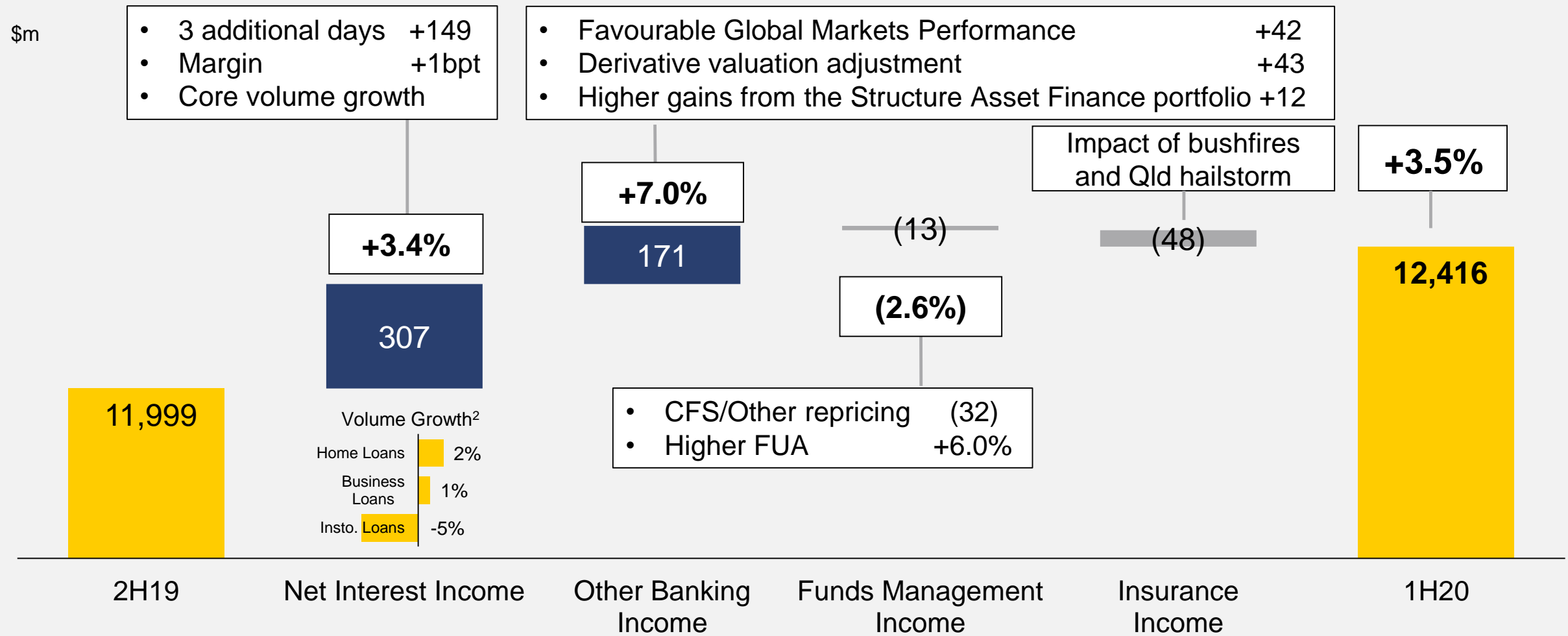
\$m



Sequential operating income up 3.5%¹



Driven by core volume growth, 3 additional days, favourable Markets performance and DVA



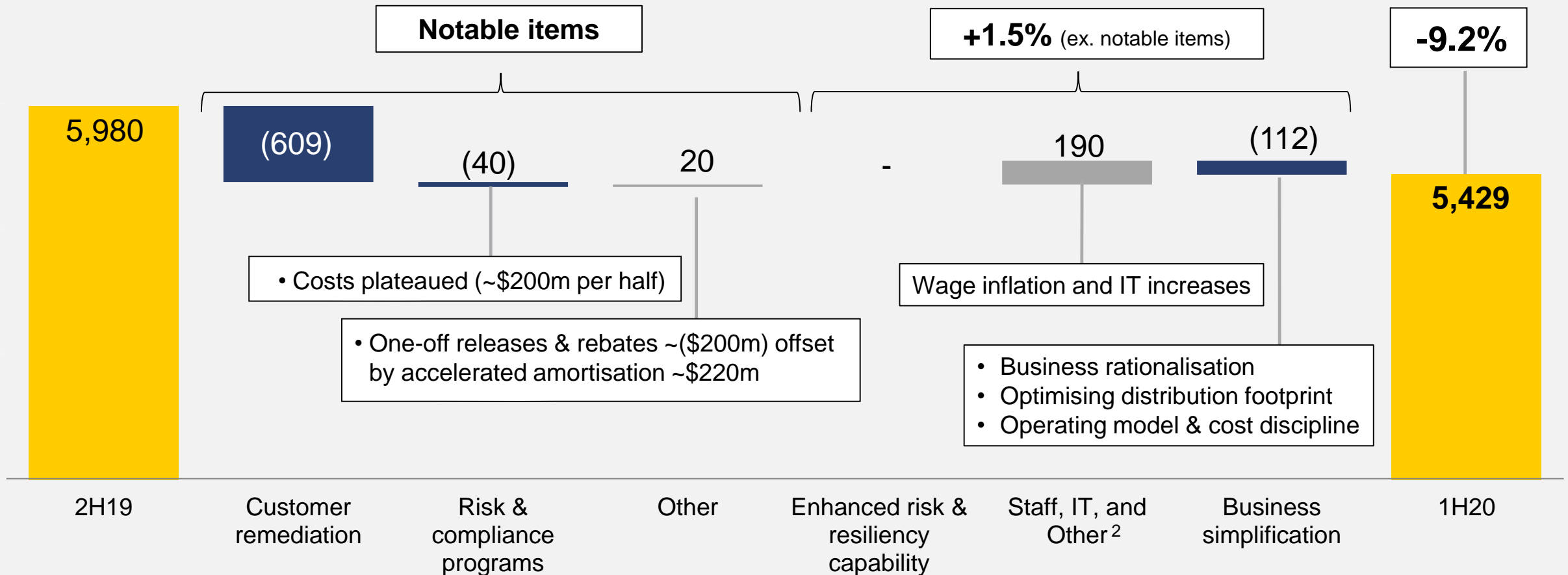
1. Presented on a continuing operations basis. 2. Average balances.

Sequential operating expenses down 9.2%¹



Impacted by lower customer remediation costs, partly offset by wage inflation and IT

\$m



1. Presented on a continuing operations basis. 2. Excludes staff, IT and other costs related to notable items, enhanced risk and resiliency capability and simplification.

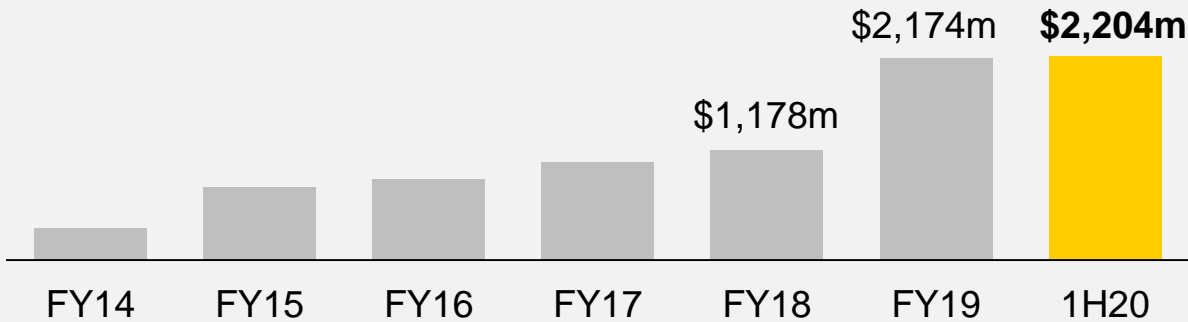
Customer remediation

Committed to remediating customer quickly



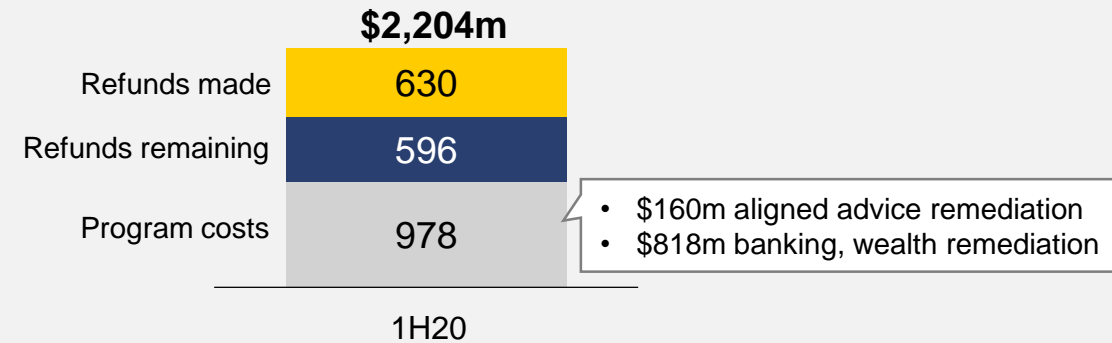
Remediation and program costs

Cumulative spend and provisions

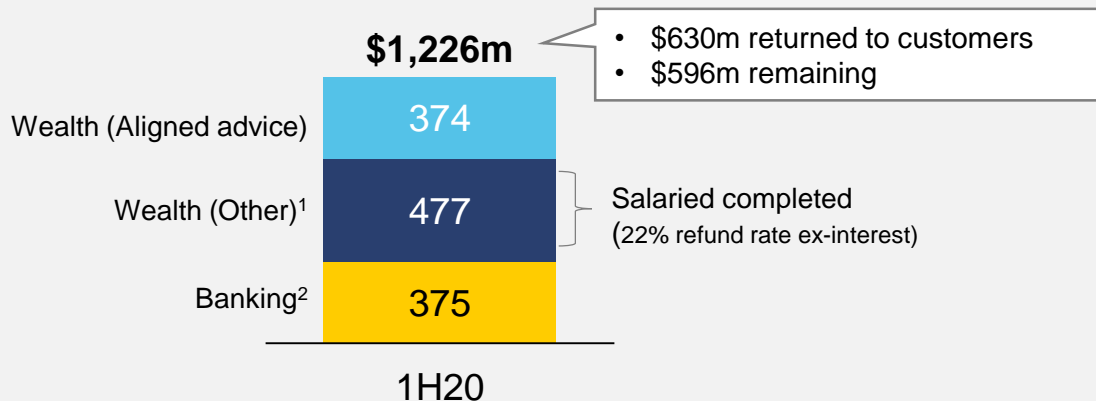


Composition

Cumulative spend and provisions



Customer Refunds



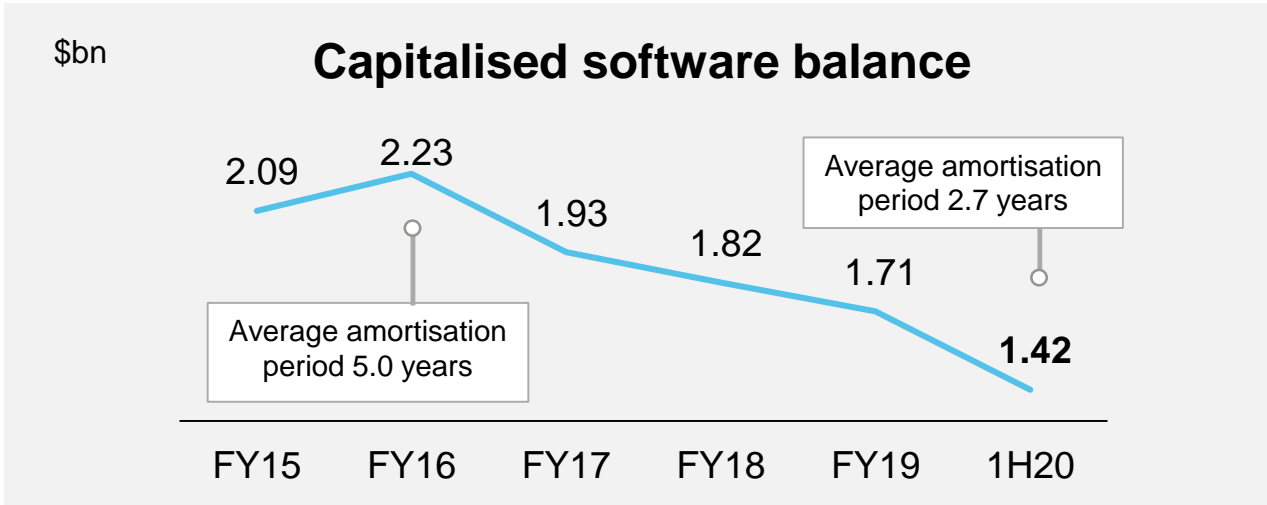
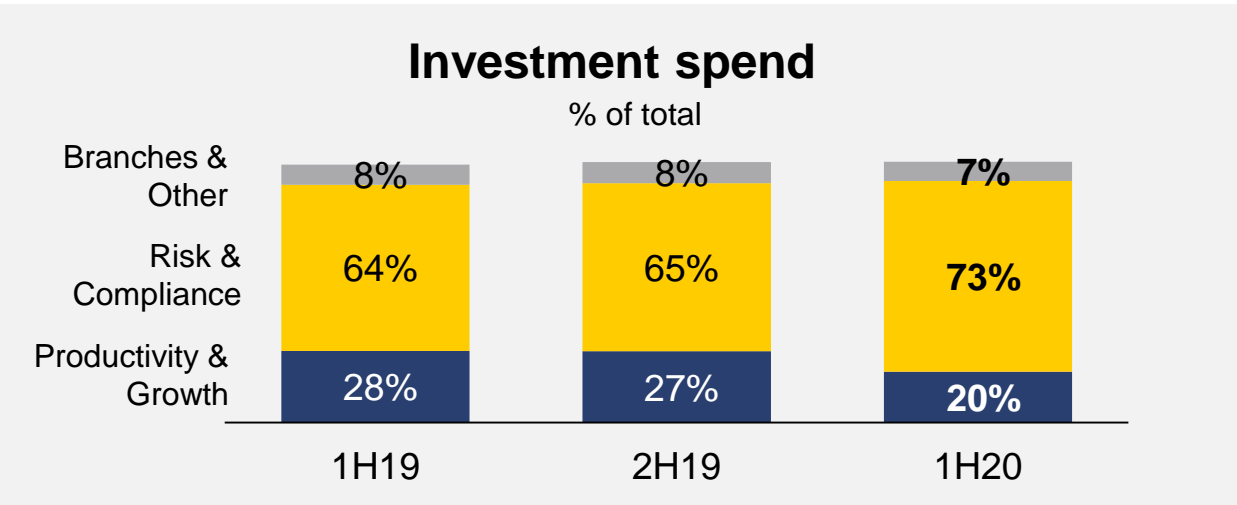
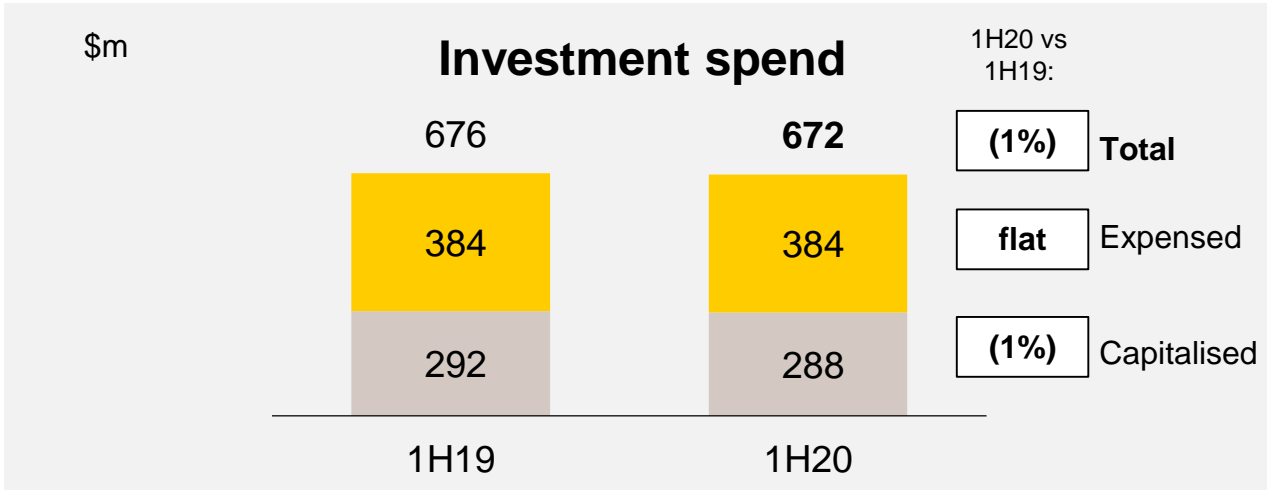
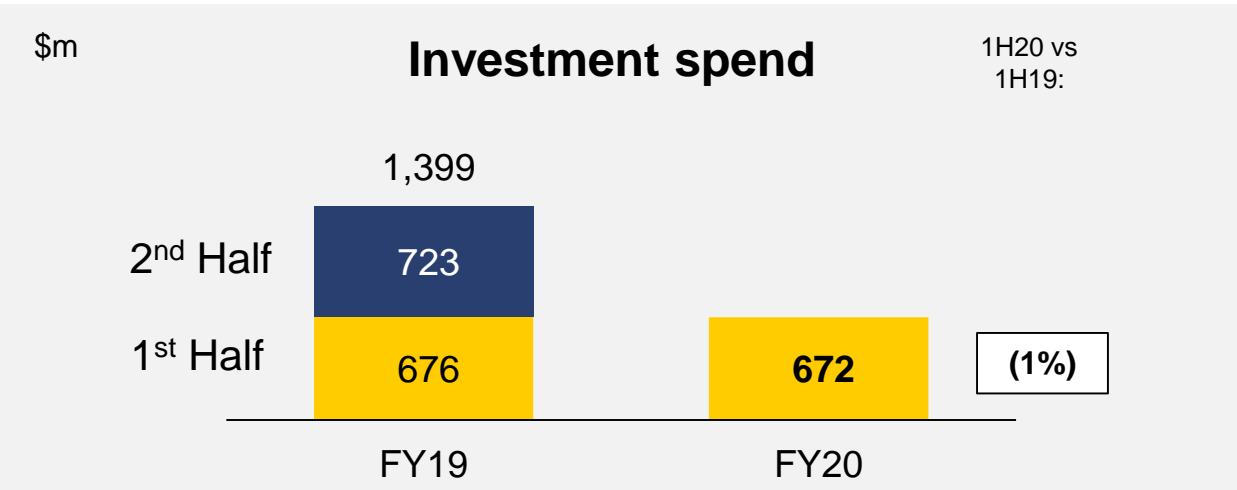
Aligned Advice remediation – key assumptions

	Salaried	Aligned Advice
Period	FY09-FY18	FY09-FY18
Estimated fees received by advisors	~\$0.5bn	~\$1bn
Refund rate excluding interest	22%	24% ³
Refund rate including interest	27%	36%

1. Includes an estimate of refunds and interest to customers relating to advice quality, fees where no service was provided in the Commonwealth Financial Planning Business, Credit Card Plus, CommInsure Life Insurance and Loan Protection Insurance. 2. Includes Business banking remediation, package fees, interest and fee remediation. 3. An increase/(decrease) in the failure rate by 1% would result in an increase/(decrease) in the provision of approximately \$20 million.

Investment spend¹

Flat this half – risk and compliance now 73% of total spend



1. Presented on continuing operations basis.

Strategic cost reduction

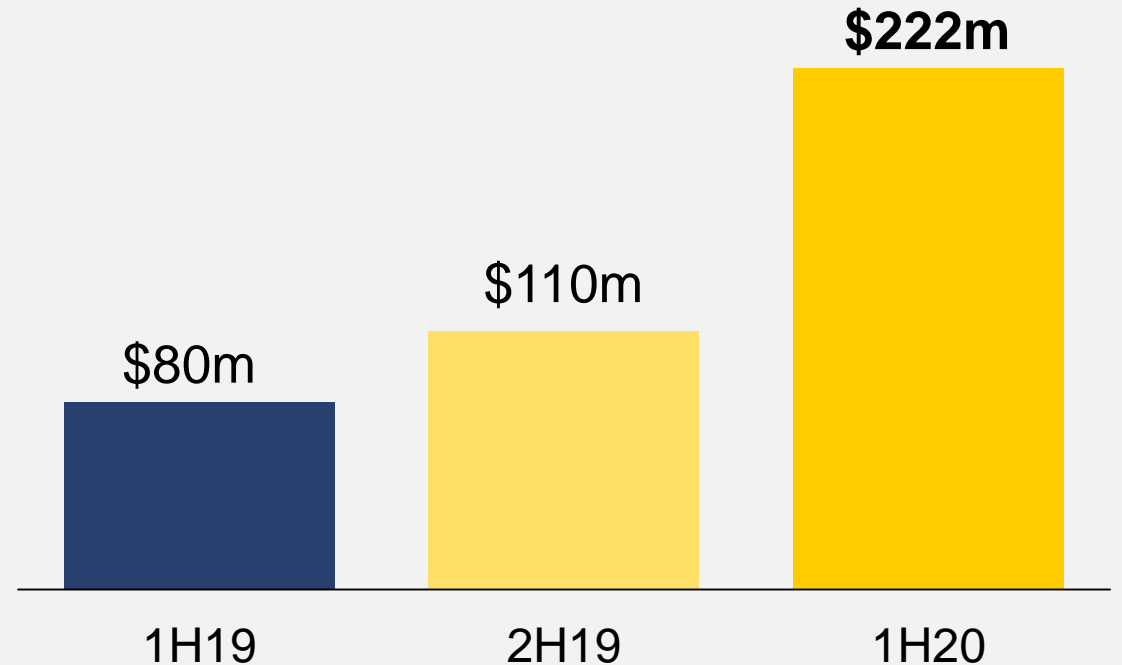


Increasing momentum – committed to long term cost reduction

Focus	Approach
Embed better cost discipline	Tighten discretionary spend and realise cost benefits of portfolio changes
Simplify technology	Simplify IT architecture and reduce the unit costs of technology
Make it simpler for customers to bank with us	Ongoing digitisation benefits
Make it simpler for our people	Simpler operating model

Progress to-date

Cost reduction achieved (last three halves)



Balance sheet resilience

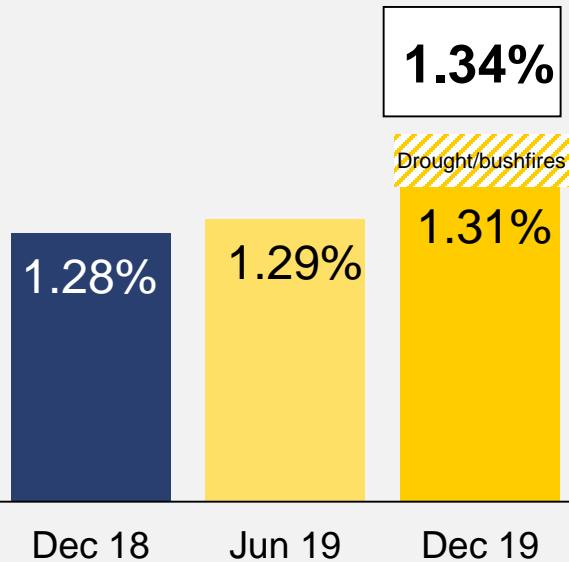


Conservative settings – prepared for a range of possible macro-economic outcomes

Credit Risk

- Disciplined approach
- Drought/bushfire provision

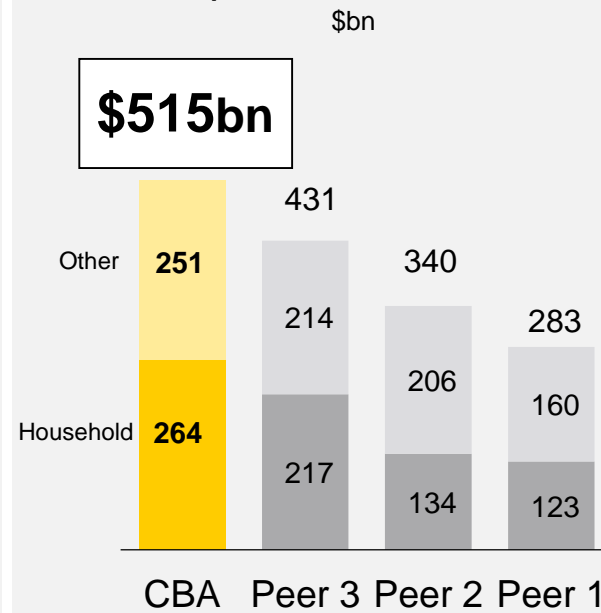
Total Provision Coverage¹



Funding

- Peer leading deposits
- Stable NSFR 113%

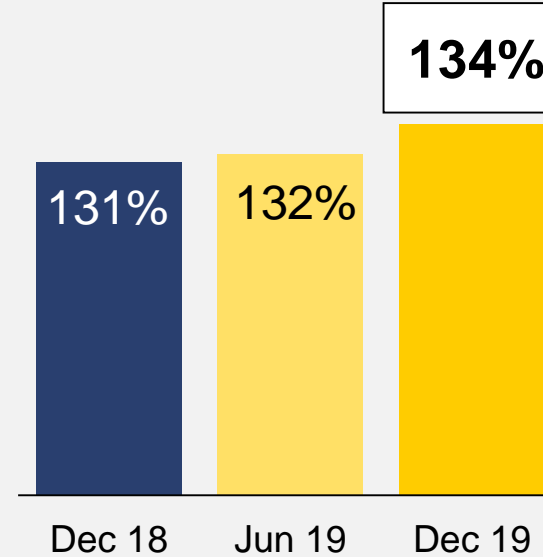
Deposit Balances²



Liquidity

- Sound liquidity position
- LCR well above minimum

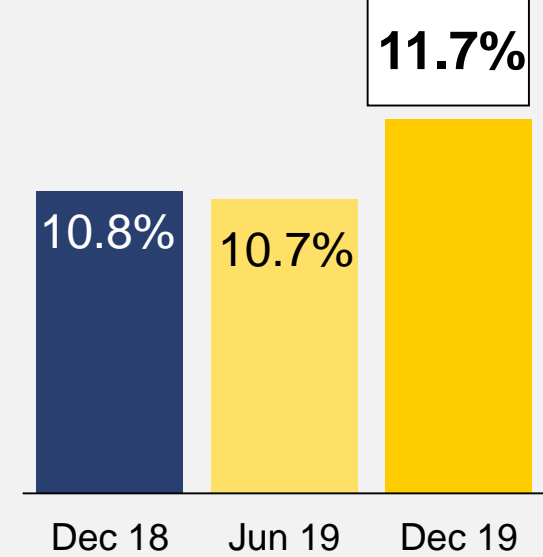
LCR³



Capital

- Unquestionably strong
- Neutralisation of DRP

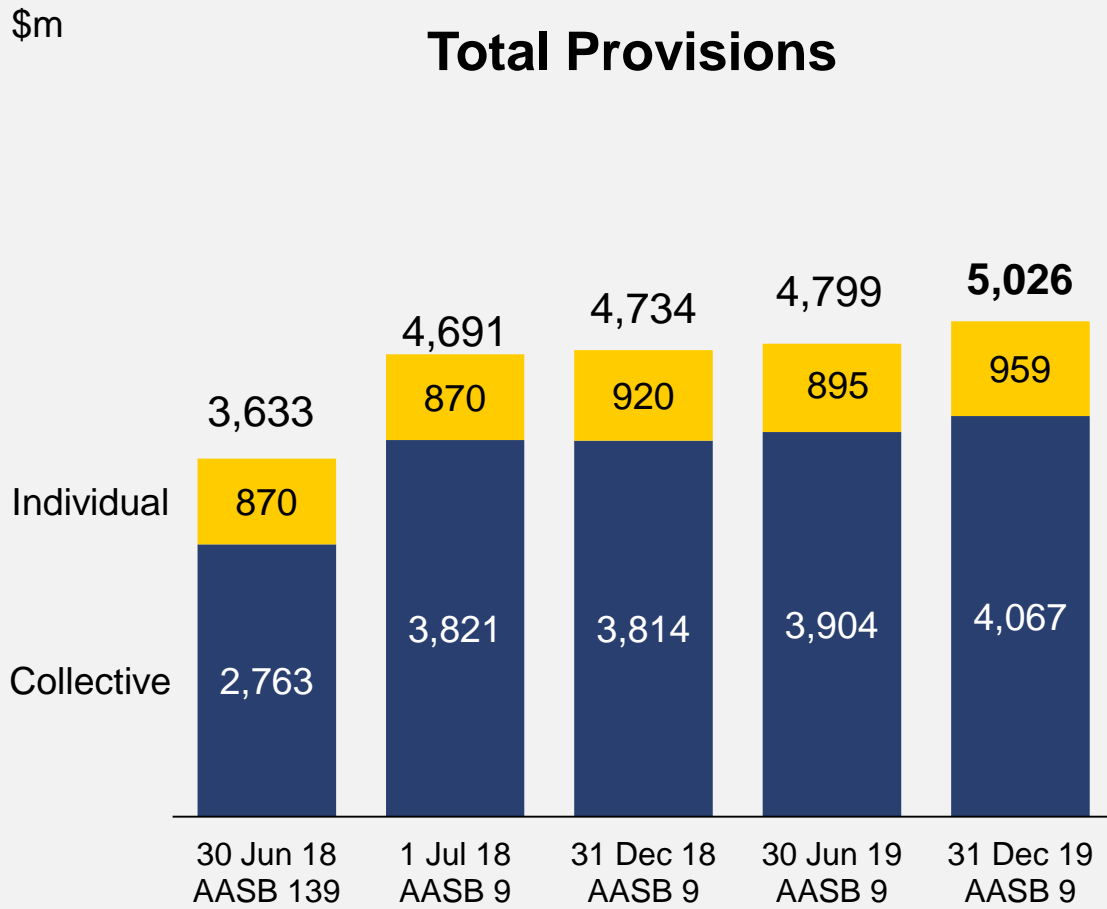
CET1
Level 2



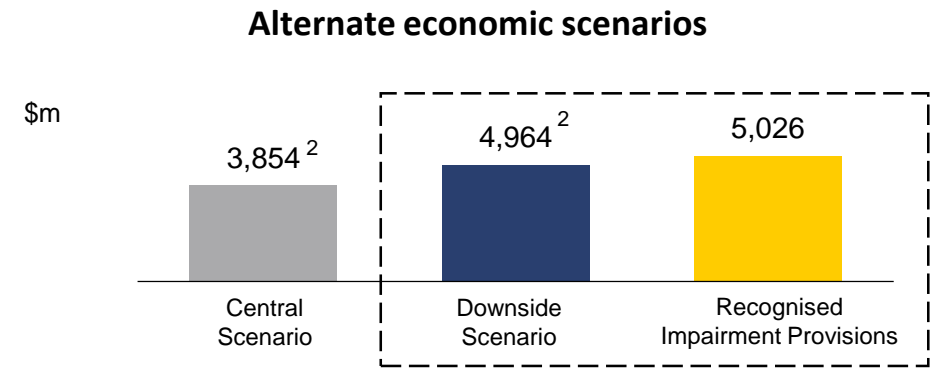
1. Total provisions divided by credit risk weighted assets. 2. Source: APRA Monthly Authorised Deposit Taking Institution Statistics. Total deposits (excluding CDs). 3. Quarter average.

Provisions

Increased provisioning for emerging risks



- AASB 9 adopted from 1 July 2018, increasing impairment provisions by \$1,058 million due to recognition of impairment losses on a forward looking basis.
- Collective Provisions include the impact of four probability-weighted economic scenarios¹ and adjustments for emerging risk at an industry, geography or segment level.
- Currently holding ~\$1.2 billion in impairment provisions over and above the Central (base case) economic scenario.
- Adequately provisioned for a Downside economic scenario.



1. Central, Upside, Downside and Severe Downside. Central: Considers the Group's base case assumptions. Upside and Downside: Reflect the lowest/highest impairment losses over an approximate 10 year cycle. Severe Downside: Extremely adverse conditions. 2. Assuming 100% weighting and holding all other assumptions including forward looking adjustments constant.

Provisions

Increased provisioning for emerging risks



Overview

- AASB 9 classifies loans into stages;
 - Stage 1 – Performing
 - Stage 2 – Significantly Increased Credit Risk
 - Stage 3 – Non-performing (impaired)
- Stage 2 is defined based on a significant deterioration in internal credit risk ratings, as well as other indicators such as arrears
- Assessment of Stage 2 includes the impact of forward looking adjustments for emerging risk

Exposures by stage

		Credit exposure (\$bn)		Credit provisions (\$m)	
		Jun 19 ¹	Dec 19	Jun 19	Dec 19
Collectively Assessed	Stage 1	747,787	768,166	905	965
	Stage 2 ²	164,238	157,106	2,519	2,614
	Stage 3	4,605	4,460	480	488
Individually Assessed	Stage 3	2,095	2,118	895	959
Total		918,726	931,850	4,799	5,026

1. Comparative information has been restated to conform to presentation in the current period. 2. The assessment of significant increase in credit risk includes the impact of forward looking adjustments for emerging risk at an industry, geographical location or a particular portfolio segment level, which are calculated by stressing an exposure's internal credit rating grade at the reporting date. This accounts for approximately 64% of Stage 2 credit exposures for the Group as at 31 December 2019. 83

Divisional contributions¹

Mixed results across business units

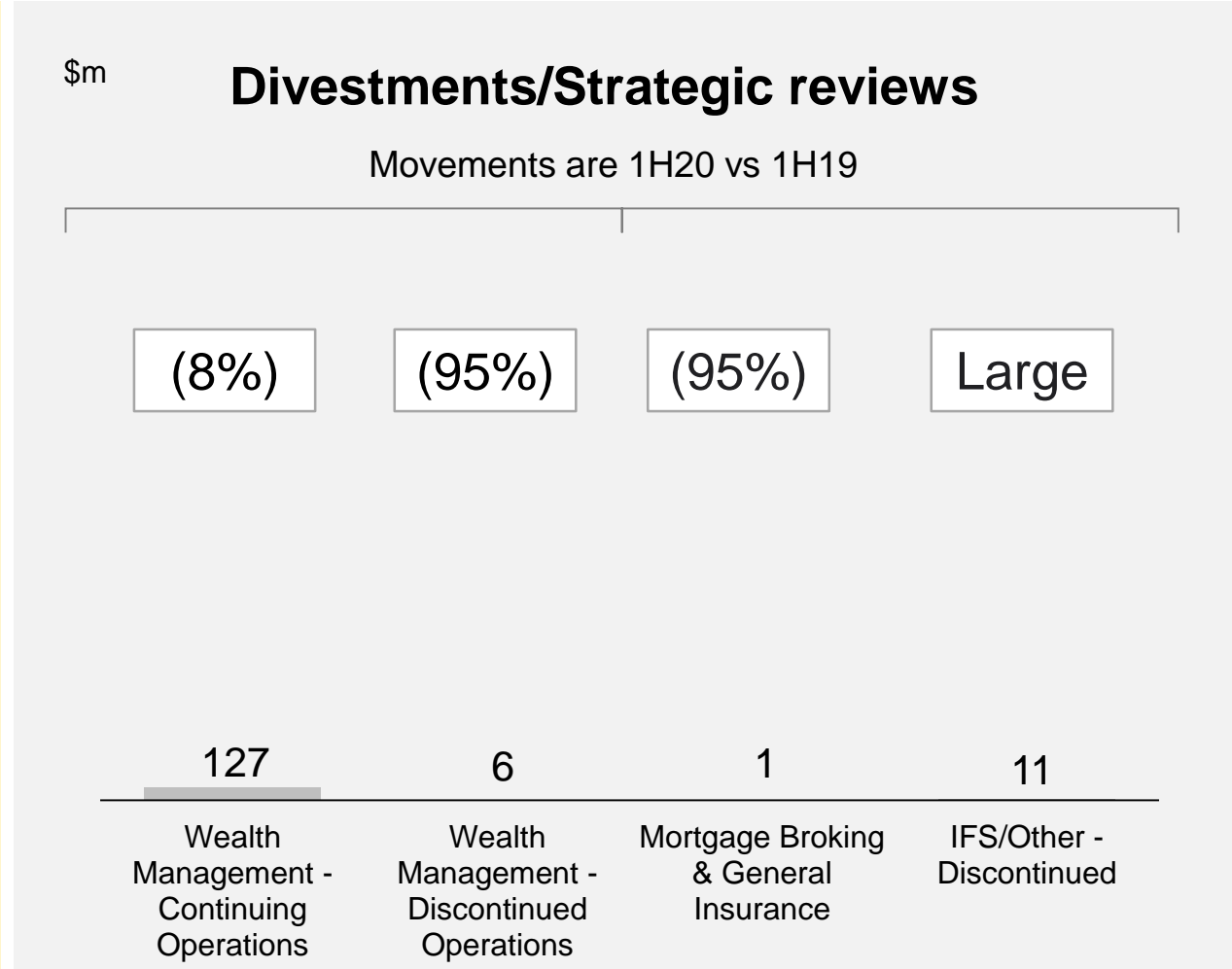
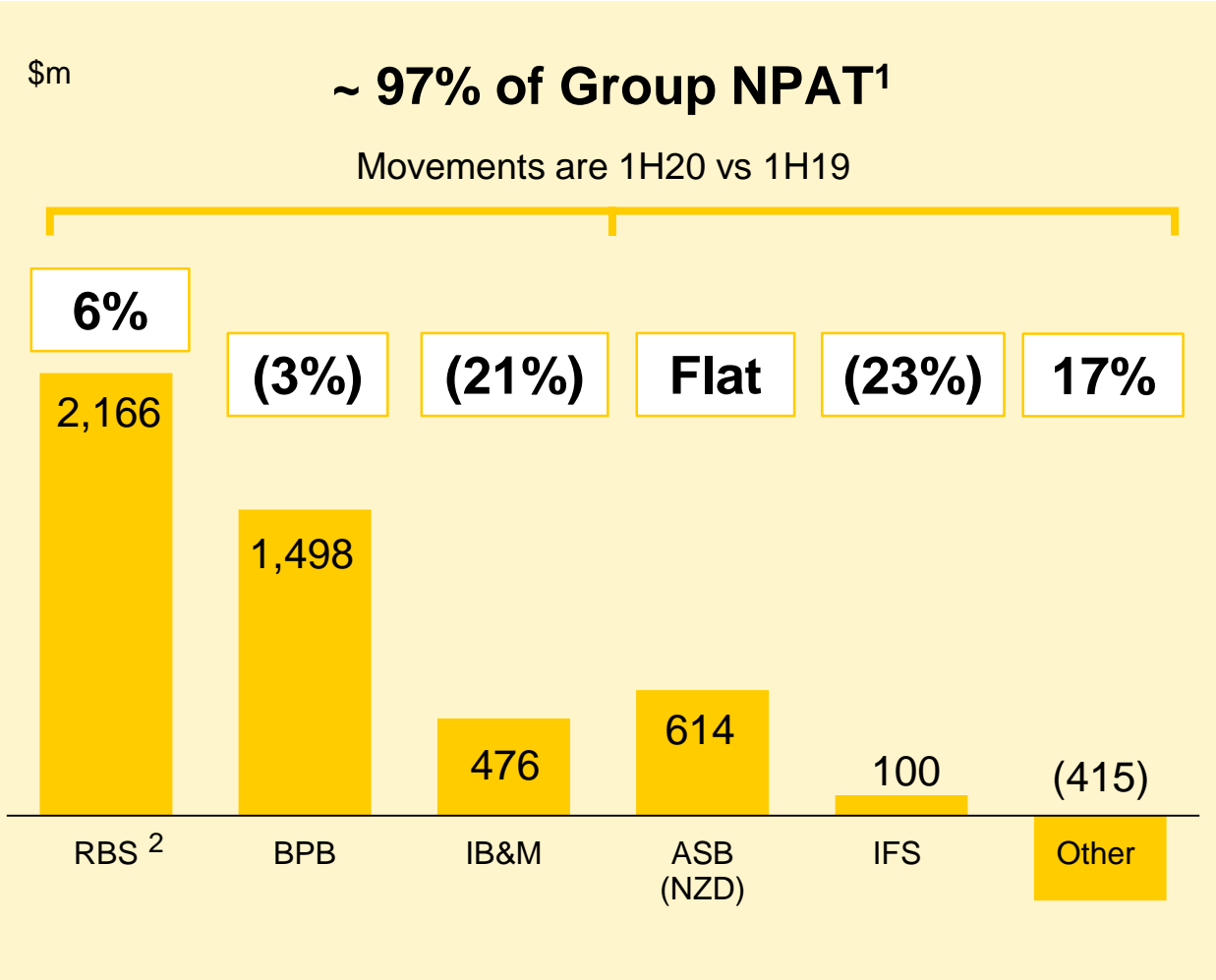


Business Unit	% of Group NPAT 1H20 ²	Operating Income	Operating Expenses	Operating Performance	Loan Impairment Expense	Cash NPAT	Cost-to-Income 1H20
RBS³	48.4%	3.3%	2.4%	3.8%	(13.4%)	5.6%	37.9%
BPB	33.5%	1.2%	4.2%	(0.3%)	32.0%	(3.0%)	35.1%
IB&M	10.6%	(8.5%)	(1.0%)	(13.1%)	71.1%	(20.9%)	40.8%
WM	2.8%	(4.3%)	0.4%	(10.6%)	n/a	(8.0%)	60.2%
ASB⁴	12.9%	0.8%	7.2%	(2.6%)	(51.1%)	Flat	36.7%
IFS	2.2%	(11.6%)	(9.4%)	(12.8%)	90.9%	(23.1%)	36.2%

1. Presented on a continuing operations basis, showing 1H20 vs 1H19 movements. 2. Excludes Corporate Centre and Other, and therefore does not add to 100%. 3. RBS result excluding General Insurance and Mortgage Broking consolidation. 4. ASB result in NZD except for “% of Group NPAT”, which is in AUD.

Business units

Core businesses contribute 97% of Group NPAT

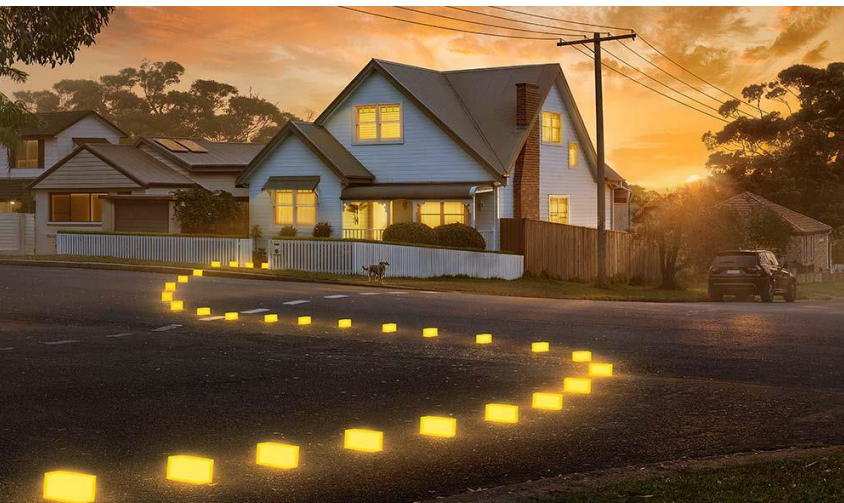


1. Calculation based on the sum of the BU NPAT figures presented above divided by 1H20 cash NPAT (incl. discontinued operations). 2. Includes Bankwest and Commonwealth Financial Planning, excludes General Insurance and Mortgage Broking.

Retail Banking Services (RBS)¹

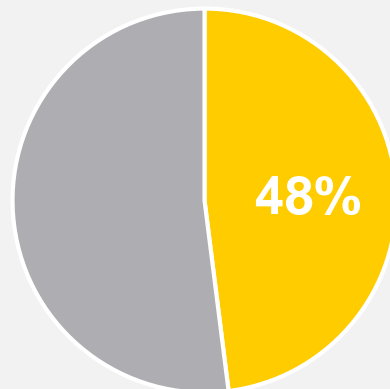


Home loan growth above system – margin performance driven by lower funding costs & repricing

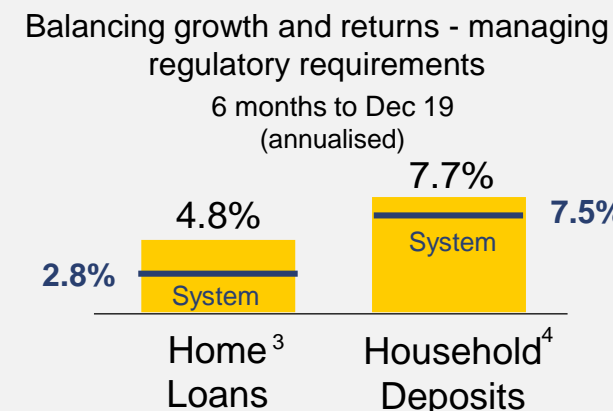


RBS provides simple, convenient and affordable banking products and services to personal customers, through Australia's largest branch and ATM network, and market leading digital channels.

% of Group NPAT²



Volume growth



\$m	Dec 18	Dec 19	%
Income	5,235	5,406	3
Expense	(2,001)	(2,050)	2
LIE	(305)	(264)	(13)
NPAT	2,052	2,166	6

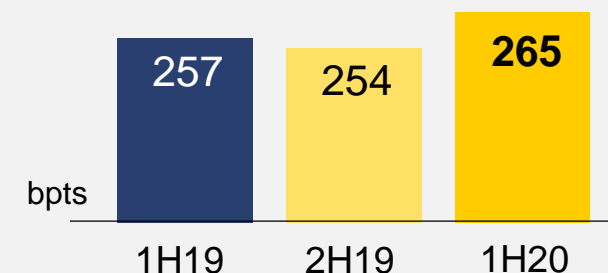
Income: Improved margin & sustained volume growth.

Expenses: Inflation, risk and compliance & amortisation, partly offset by productivity.

LIE: Lower collective provisions from lower arrears.

Margin

Driven by lower wholesale funding costs & home loan repricing



1. Includes Bankwest and Commonwealth Financial Planning, excludes General Insurance and Mortgage Broking consolidation. 2. Group Cash NPAT excludes Corporate Centre and Other. 3. Source: RBA Lending and Credit Aggregates. RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019, therefore volume growth has been calculated for the 5 months to December 2019. 4. Growth over 6 month period to Dec 19. Source: APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS.)

Business & Private Banking (BPB)

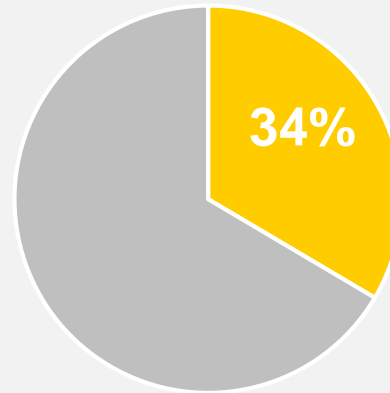


Higher lending margins offset by higher staff, risk and compliance expenses, higher LIE



Business and Private Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions as well as providing banking and advisory services for high net worth individuals. We also provide Australia's leading equities trading and margin lending services through our CommSec business.

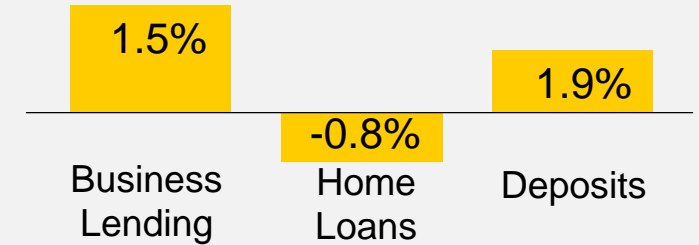
% of Group NPAT¹



Volume growth

Dec 19 vs Dec 18

Business Services	+5%
Hospitality	+5%
Property Investment	+5%



\$m	Dec 18	Dec 19	%
Income	3,626	3,670	1
Expense	(1,237)	(1,289)	4
LIE	(181)	(239)	32
NPAT	1,545	1,498	(3)

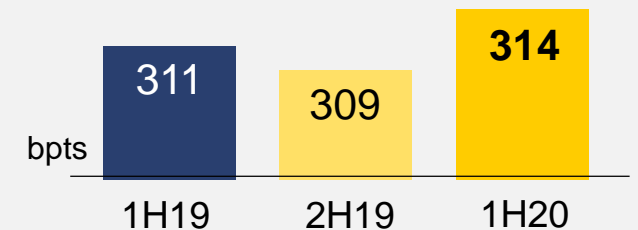
Income - higher NIM, flat asset growth.

Expenses – staff, risk and compliance spend.

LIE - higher collective provisions

Margin

Higher business lending and home loan margins, partly offset by lower deposit margins

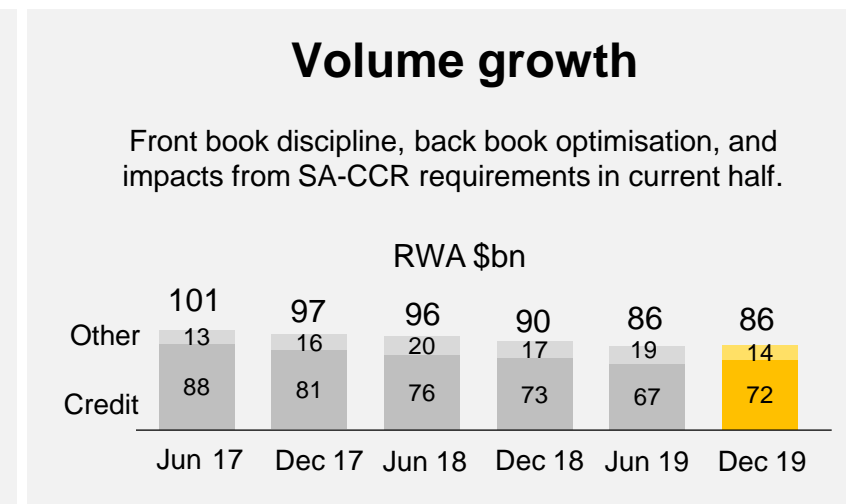
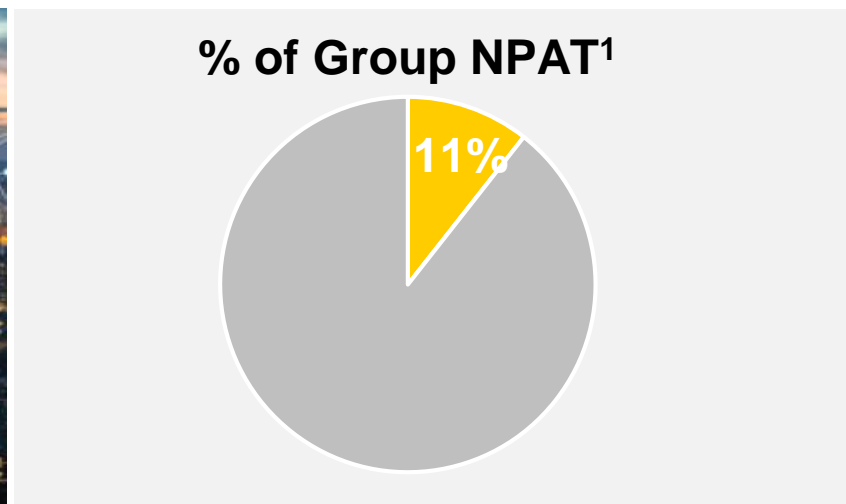


1. Group Cash NPAT excludes Corporate Centre and Other.

Institutional Banking and Markets (IB&M)



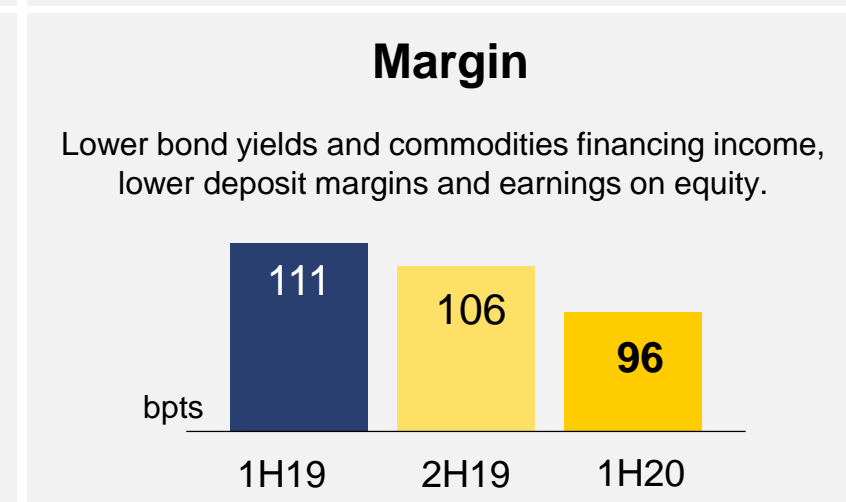
Lower lending volumes, lower interest rate environment and unfavourable XVA



Institutional Banking and Markets serves the commercial and wholesale banking needs of large Corporate, Institutional and Government clients across a full range of financial services solutions, including access to debt capital markets, transaction banking, working capital and risk management.

\$m	Dec 18	Dec 19	%
Income	1,323	1,210	(9)
Expense	(499)	(494)	(1)
LIE	(38)	(65)	71
NPAT	602	476	(21)

Income – lower lending volumes, deposit margins and XVA.
Expenses – productivity initiatives offset by higher IT and risk/compliance expenses.
LIE – lower CP releases, and lower single name impairments

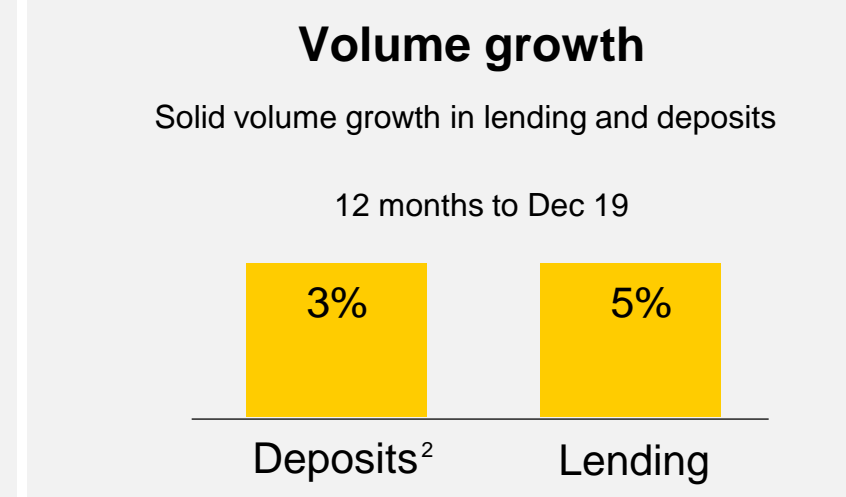
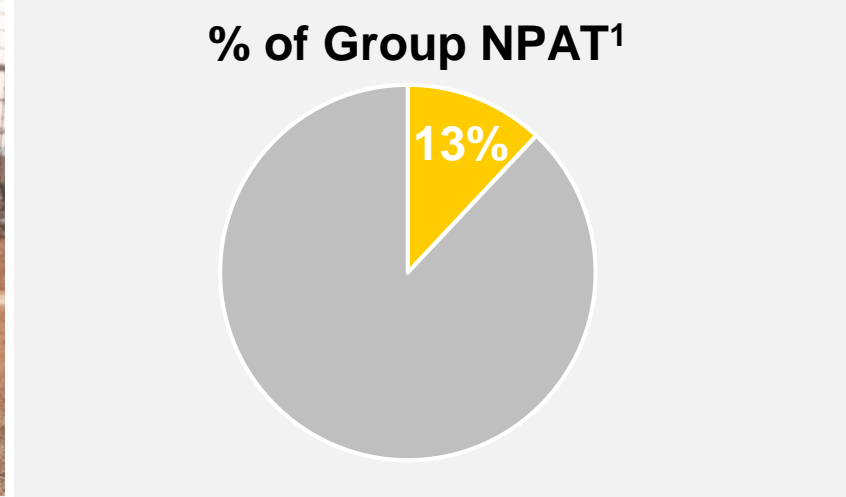


1. Group Cash NPAT excludes Corporate Centre and Other.

ASB



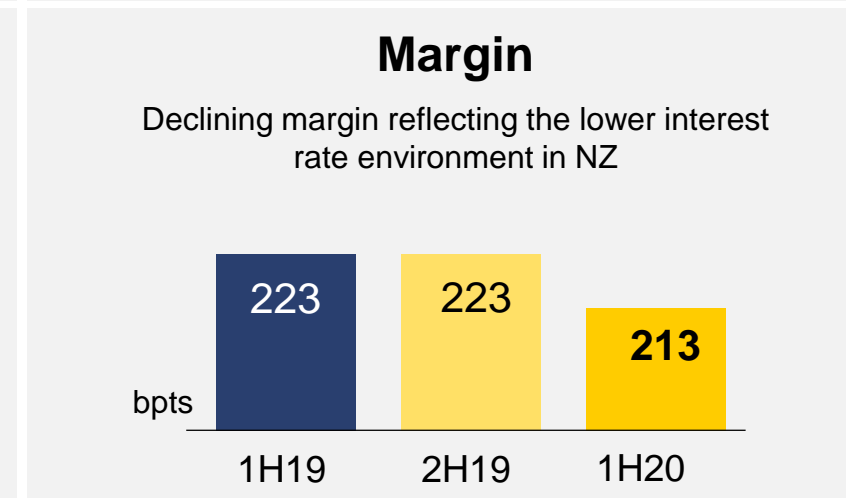
Solid volume growth, partly offset by declining margin and higher expenses



ASB provides a range of banking, wealth and insurance products and services to its personal, business, rural and corporate customers through multiple channels including an extensive network of branches and ATMs, contact centres, digital platforms and relationship managers.

\$m	Dec 18	Dec 19	%
Income	1,372	1,383	1
Expense	(474)	(508)	7
LIE	(45)	(22)	(51)
NPAT	614	614	Flat

Income – Volume growth, partly offset by lower NIM.
Expenses – Technology and risk/compliance costs.
LIE – Lower rural provisioning.



1. Group Cash NPAT excludes Corporate Centre and Other. 2. Excludes non-interest bearing liabilities.

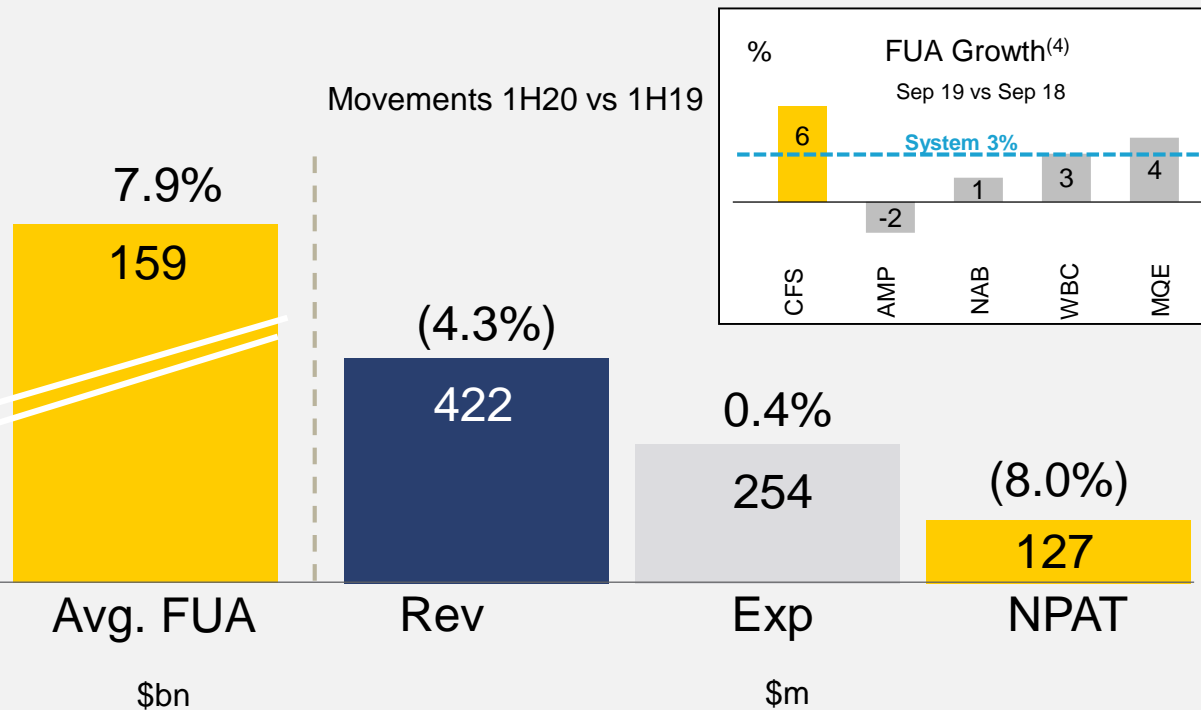
Wealth

Continuing operations benefited from average FUA growth

Wealth¹ (Continuing)

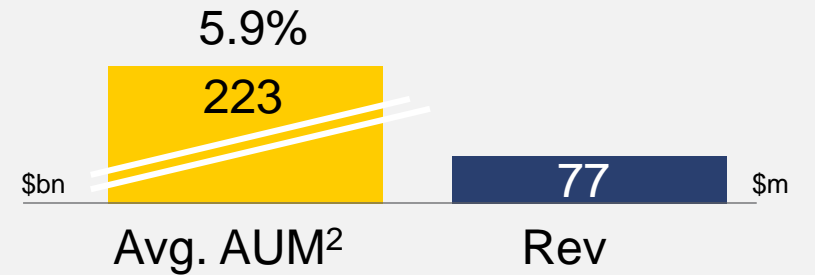
Higher average FUA has been mainly offset by platform pricing changes

Movements 1H20 vs 1H19



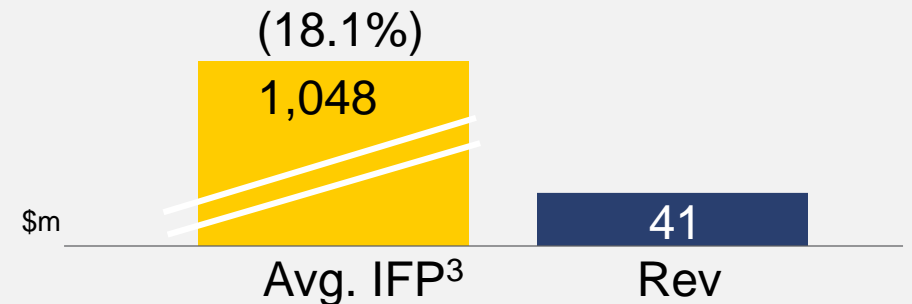
CFSGAM (Discontinued)

CFSGAM was sold to Mitsubishi UFJ Trust and Banking Corporation (MUTB). Results reflect performance up until 2 August 2019



Life (Discontinued)

CBA implemented a Joint Co-operation Agreement (JCA) with AIA in November 2019. Results reflect performance up until 1 November 2019



1. Incorporates the results of Colonial First State and Aligned Advice businesses of Financial Wisdom, Count Financial and CFP-Pathways. 2. AUM average has been calculated using the average for the period the Group owned CFSGAM up until 2 August 19. 3. Inforce Premium average has been calculated using the average for the period the Group owned CommInsure Life up until 1 November 19. 4.

Source: Strategic Insights Retail Market Share Sep 19 vs Sep 18.



Home and Consumer Lending

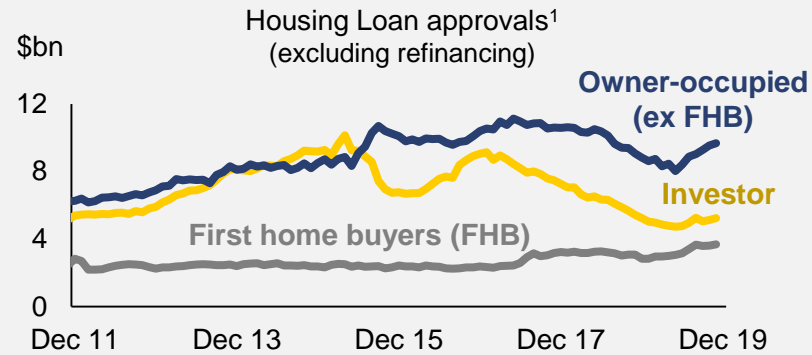


Home lending – system overview

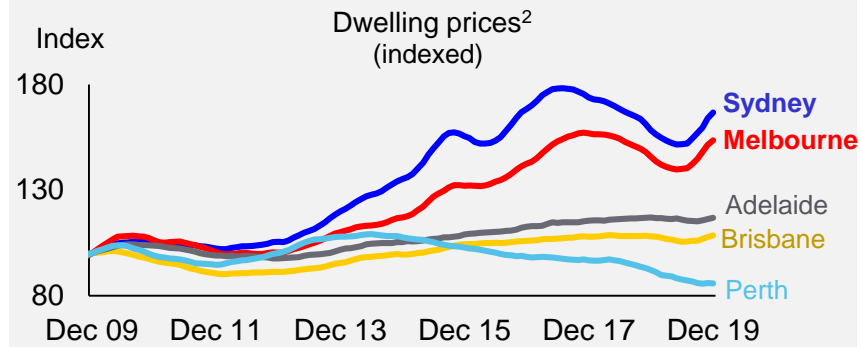


Lower interest rates supporting new lending and debt repayment

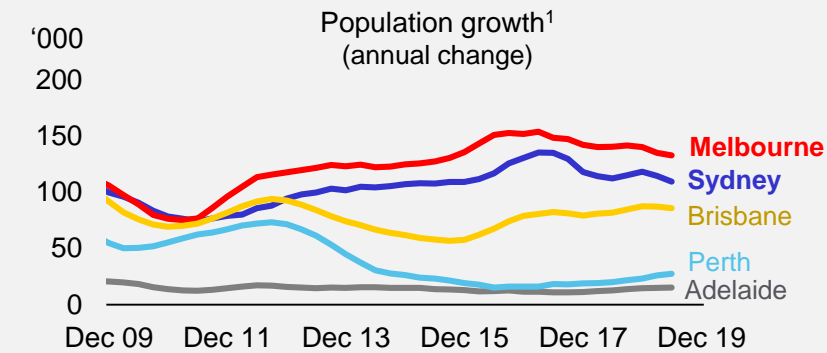
Lower interest rates supportive of new lending



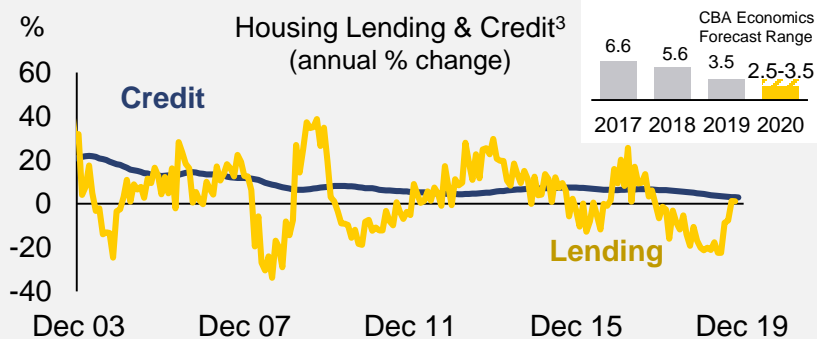
New lending demand underpins rising house prices, particularly in Sydney and Melbourne



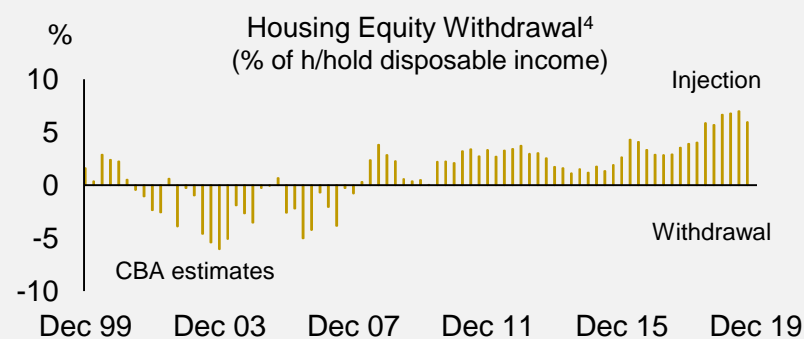
Demand is further supported by population growth



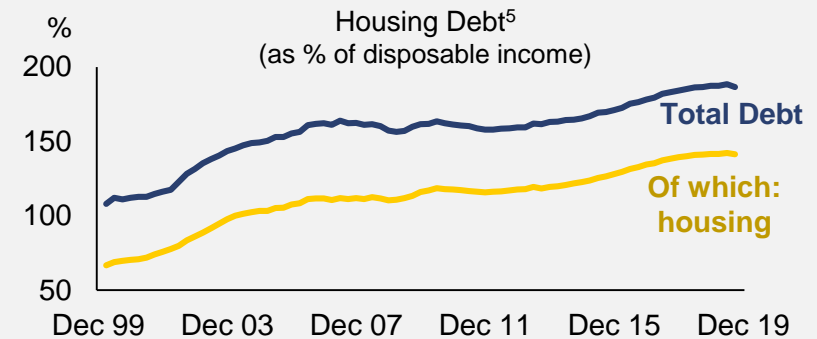
Net system growth remains subdued despite rising lending



as borrowers take advantage of lower rates to pay down debt



...resulting in a stabilisation in household debt to income levels



1. Source: ABS. 2. Source: CoreLogic. 3. Source: ABS, RBA. 4. Source: ABS, RBA, CBA. 5. Source: RBA

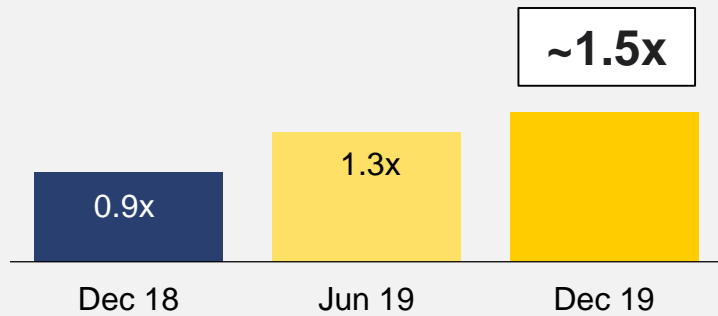
Home lending – CBA overview



Above system growth driven by new lending in priority segments

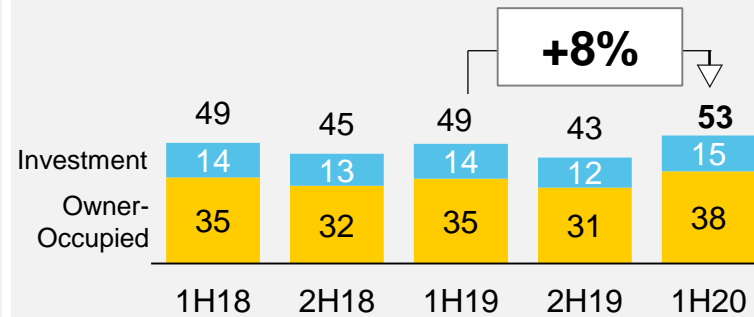
CBA balance growth above system

CBA growth vs system¹



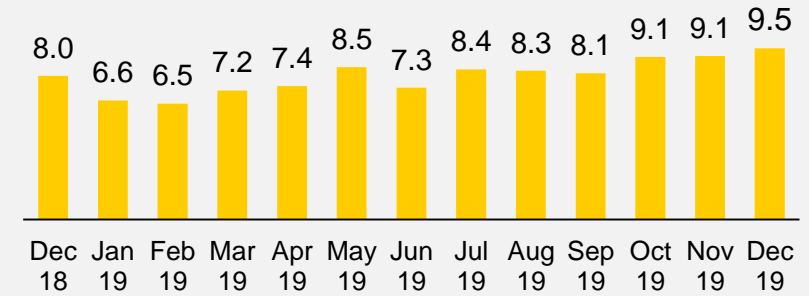
Growth driven by new fundings

Home Loan Fundings (\$bn)²

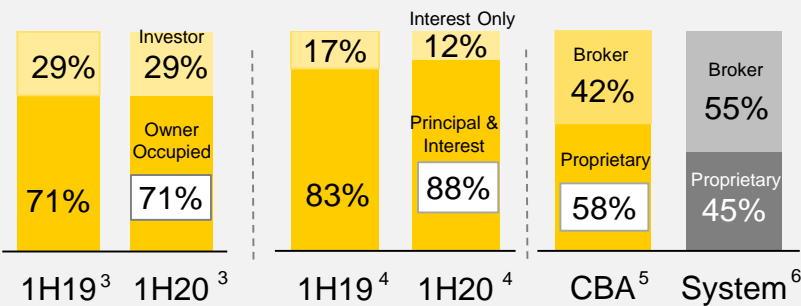


Fundings remain strong

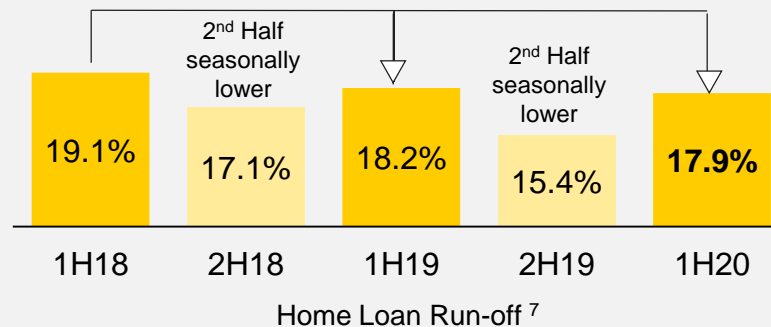
Fundings² (\$bn)



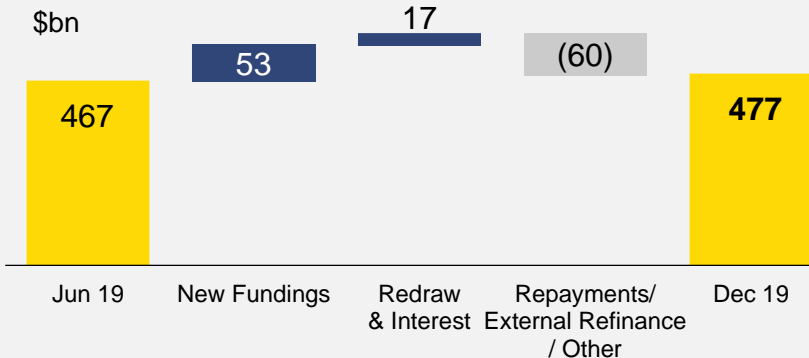
Focus remains on our core market of owner-occupier, proprietary lending



Runoff relatively stable despite lower interest rates



Net growth reflects the combination of new lending, redraws and run-off⁸



1. System source: RBA Lending and Credit Aggregates. RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019, therefore volume growth has been calculated for the 5 months to December 2019. 2. Includes RBS internal refinancing, excludes Viridian Line of Credit (VLOC) and excludes Bankwest internal refinancing. 3. Includes internal refinancing, excludes VLOC and Bankwest. 4. Calculated on fundings excluding VLOC and Bankwest. 5. Includes VLOC, excludes Bankwest. 6. System is the Sep 2019 quarter data. Source: MFAA. 7. Half yearly run-off annualised. Excludes Bankwest internal refinancing. 8. Presented on a gross basis before value attribution to other business units. Includes RBS internal refinancing, VLOC and excludes Bankwest internal refinancing.

Serviceability assessment¹

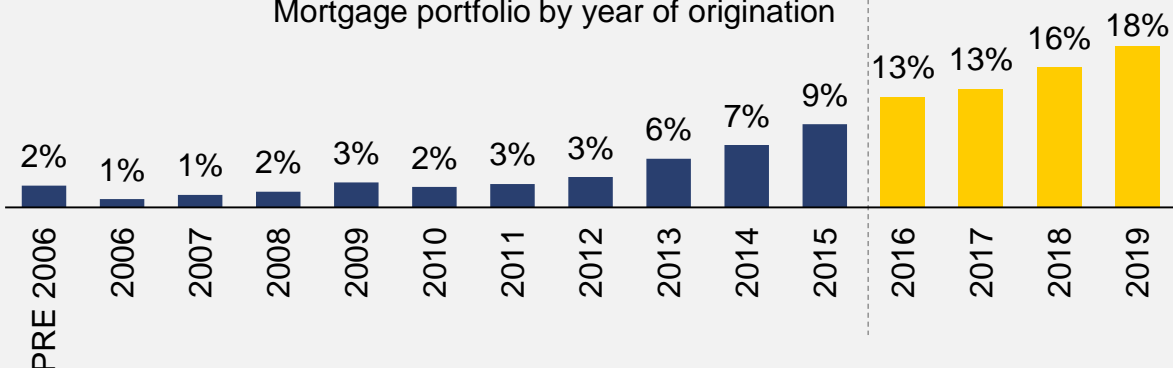


Tighter serviceability and underwriting standards in recent years

~60% of the book originated under tightened standards from 2016

- Serviceability buffers on income and debt in line with regulatory guidance
- Household and income-scaled living expense model applied
- Limits on lending in high risk areas and non-residents
- Serviceability assessments prior to in-life IO switching
- LVR limits on interest only and investment lending
- Limits on lending with high Debt-to-Income ratios
- HEM measure updated periodically
- Data-driven liability verification tools, including Comprehensive Credit Reporting
- Mandatory capture for some expense categories

Mortgage portfolio by year of origination



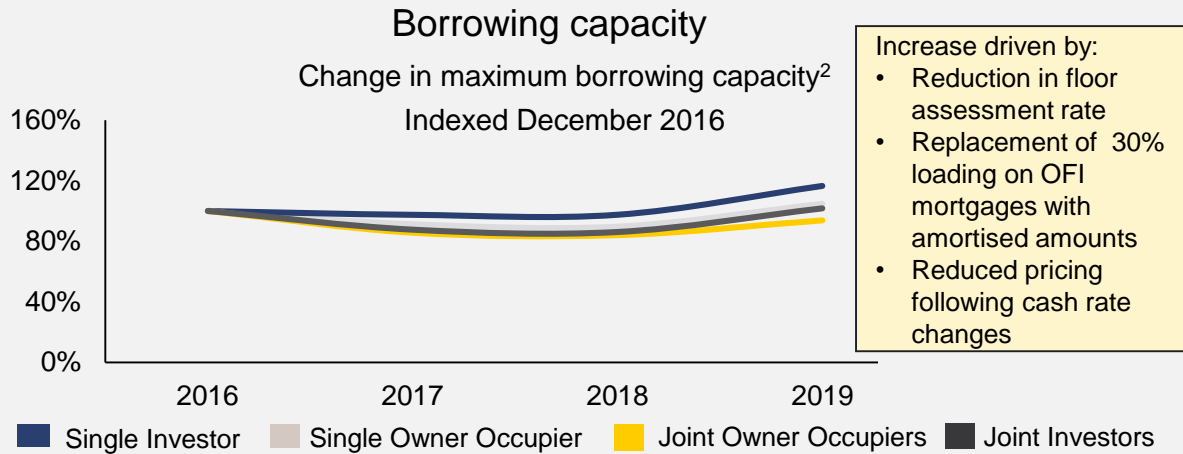
New Loan Assessment

Income	<ul style="list-style-type: none"> • All income used in application to assess serviceability is verified • 80% or lower cap on less stable income sources (e.g rent, bonus) • 90% cap on tax free income, including Government benefits • Limits on investor income allowances, e.g. RBS restrict rental yield to 4.8% and use of negative gearing where LVR>90%
Living Expenses	<ul style="list-style-type: none"> • Living expenses captured for all customers • Servicing calculations use the higher of declared expenses or HEM adjusted by income and household size • Continued focus on reducing HEM reliance
Interest Rates	<ul style="list-style-type: none"> • Assess customer ability to pay based on the higher of the customer rate plus serviceability buffer² or minimum floor rate • Interest Only (IO) loans assessed on principal and interest basis over the residual term of the loan
Existing Debt	<ul style="list-style-type: none"> • All existing customer commitments are verified • Review of transaction statements to identify undisclosed debts • Automatic review of CBA personal transaction account and Comprehensive Credit Reporting (CCR) data to identify undisclosed customer obligations • Limits on high Debt-to-Income lending – threshold of 9x, Risk Assessment monitoring from 6x • For repayments on existing mortgage debt: <ul style="list-style-type: none"> • CBA & OFI repayments recalculated using the higher of the actual rate plus a buffer or minimum floor over remaining loan term • Credit cards repayments calculated at an assessment rate of 3.82%

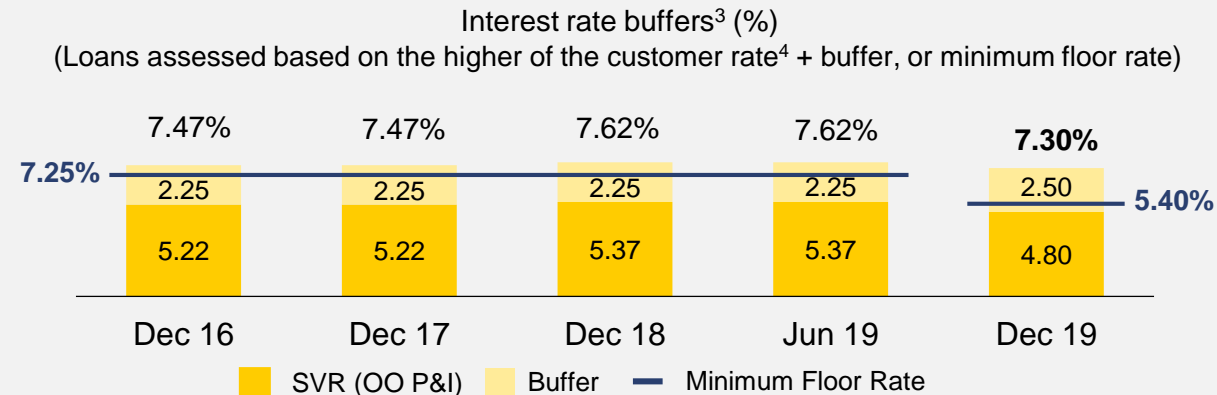
1. CBA excluding Bankwest unless stated otherwise. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Customer rate includes any customer discounts that may apply.

Borrowing capacity¹

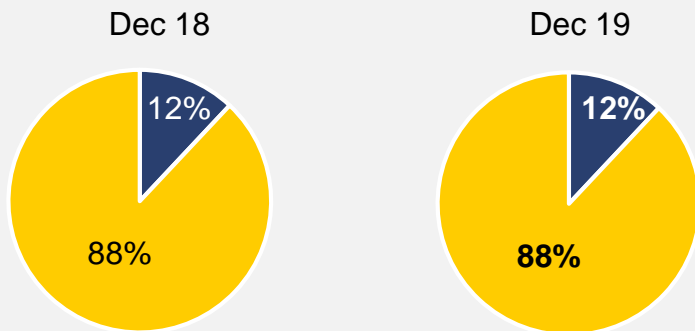
Maintaining credit availability – lending growth well within risk appetite



Lower floor rates supportive - broadly offsetting impact of revised HEM

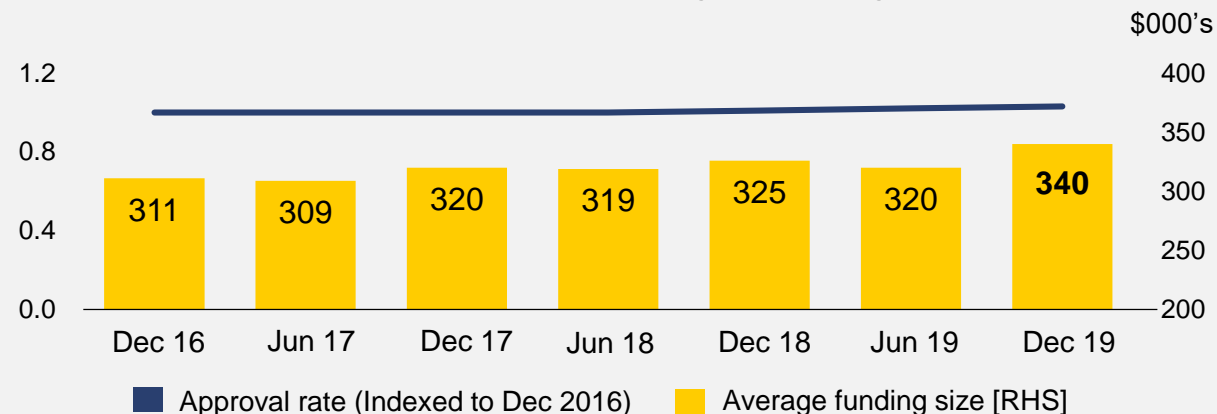


Most borrowers continue to have additional capacity to borrow⁵



Legend: CBA applicants with additional capacity to borrow (Yellow), CBA applicants who borrowed at capacity (Blue)

...with stable approval rates and higher average loan size



1. CBA excluding Bankwest. 2. Scenarios based on differing assumptions with respect to family types, number of dependents, loan size, income sources and existing liabilities/commitments. 3. Effective 5 July 2019, APRA advised that ADIs will set their own floor for use in serviceability assessments. From 22 July a minimum floor rate of 5.75% and a buffer of 2.50% was implemented. The minimum floor rate was further reduced to 5.40% effective 9 November 2019. 4 Customer rate includes any customer discounts that may apply. 5. Applications that have passed system serviceability test; borrowed at capacity reflects applicants with minimal net income surplus.

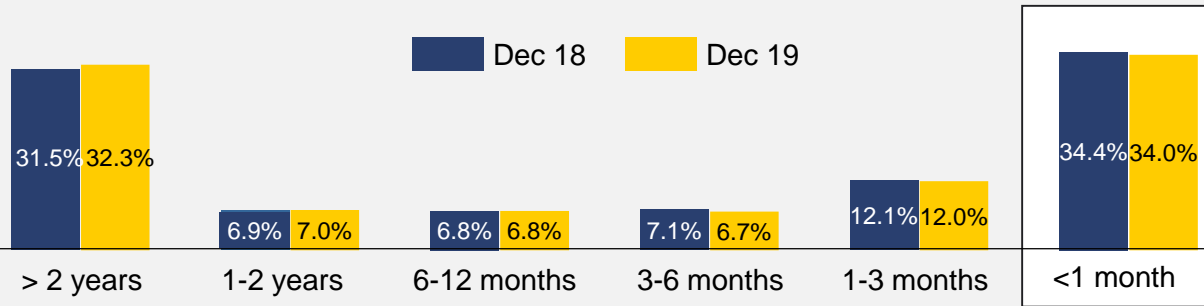
Portfolio quality remains sound¹

Strong repayment buffers in place

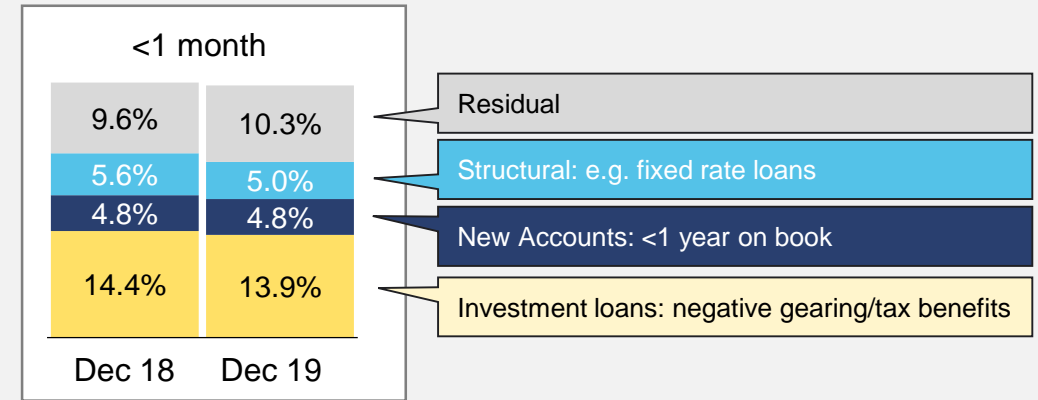


Repayment buffers

(Payments in advance², % of accounts)



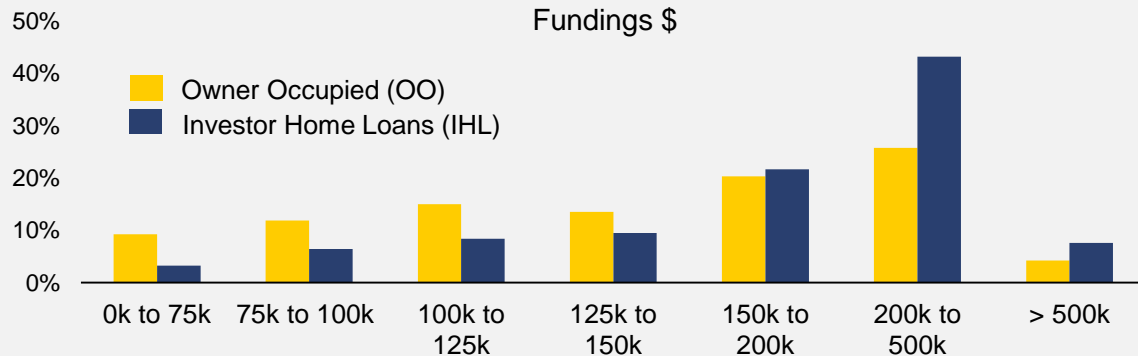
Those with less than 1 month buffer include investors and new borrowers



Applicant gross income band

6 months to Dec 19

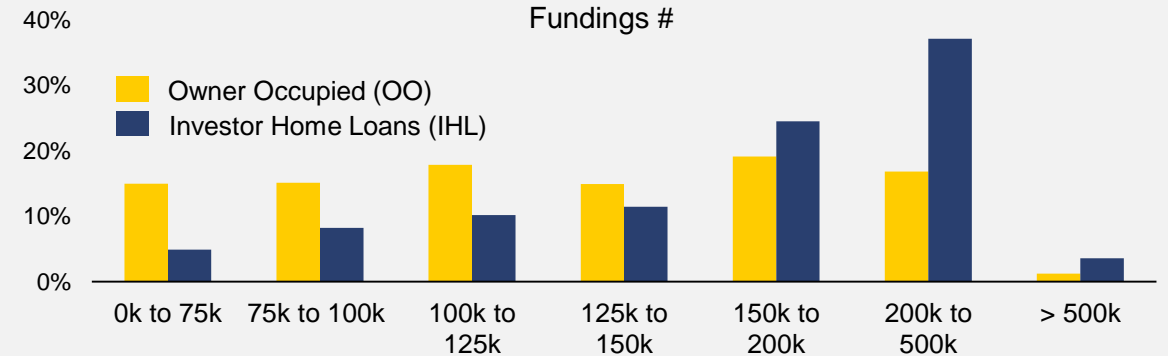
Fundings \$



Applicant gross income band

6 months to Dec 19

Fundings #



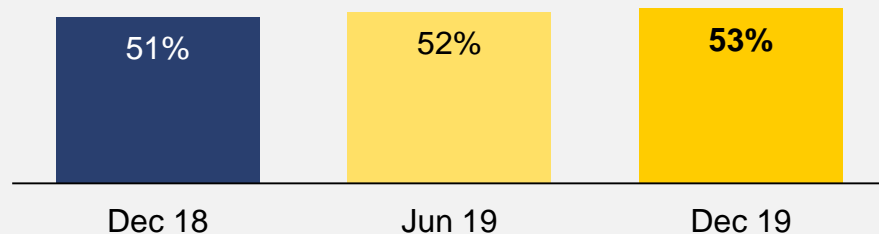
1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group. 2. Includes offset facilities, excludes loans in arrears.

Portfolio LVRs¹



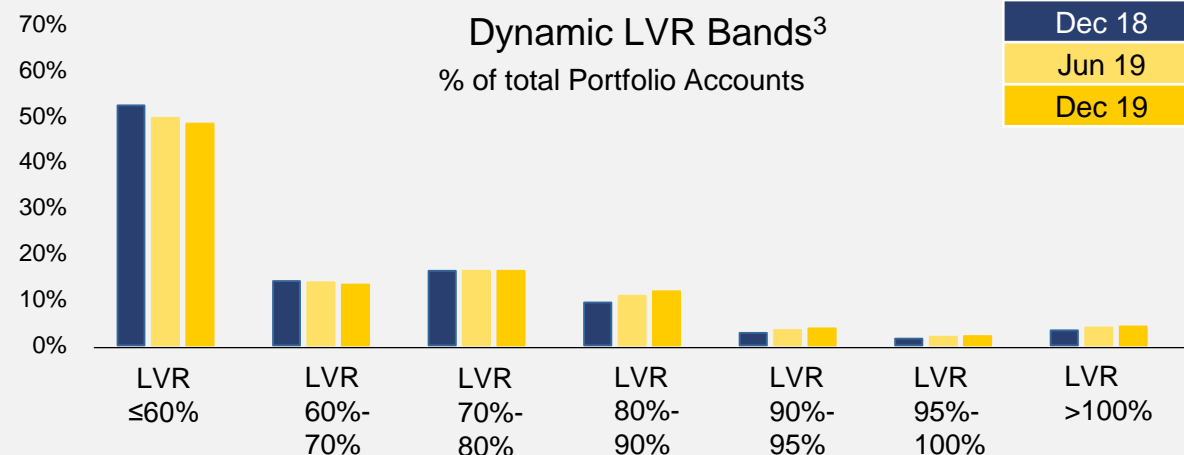
Portfolio LVRs relatively stable – modest uptick in higher LVR bands

Average Portfolio Dynamic LVR²



Dynamic LVR Bands³

% of total Portfolio Accounts

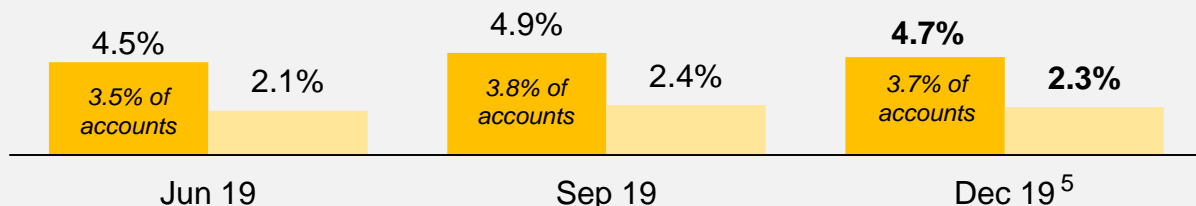


Negative Equity⁴

Proportion of balances in negative equity

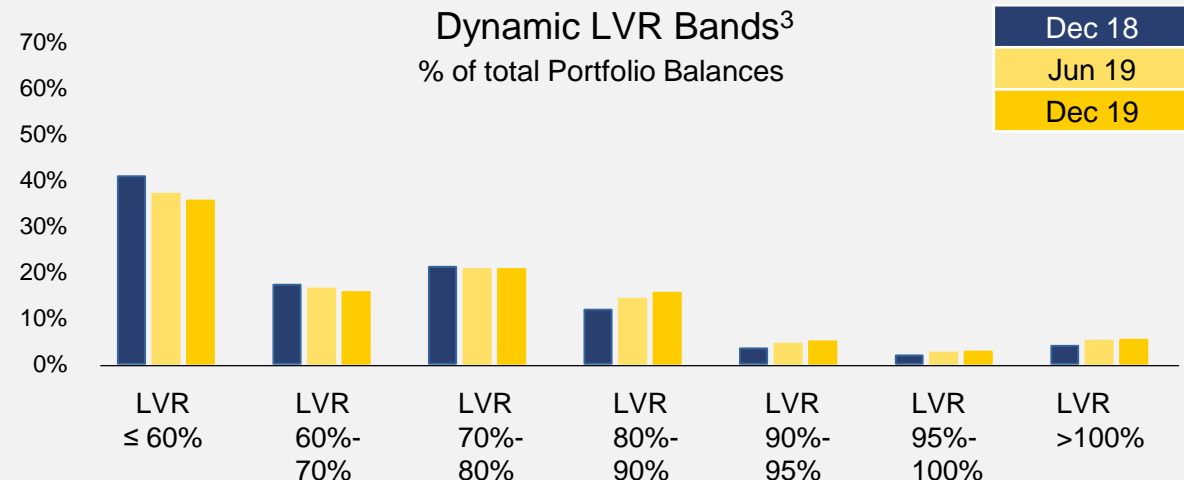
- Negative Equity
- Negative Equity >\$50k

- Negative Equity balances peaked in Aug 19 (4.9%), but improved in the Dec 19 quarter.
- 70% of negative equity is from WA and QLD. 71% of customers ahead of repayments.
- Over 50% of home loans in negative equity have Lenders Mortgage Insurance.
- CBA updates house prices monthly using internal and external valuation data.



Dynamic LVR Bands³

% of total Portfolio Balances



1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group. 2. Based on accounts. Includes Bankwest, Line of Credit and Reverse Mortgage. 3. Taking into account cross-collateralisation. Offset balances not considered. 4. Negative equity arises when the outstanding loan (less offsets) exceeds house value. Based on outstanding balances, taking into account cross-collateralisation and offset balances. 5. Based on Dec 19 valuations.

Home loan portfolio – CBA



A balanced approach to portfolio quality, growth and returns

Portfolio ¹	Dec 18	Jun 19	Dec 19
Total Balances - Spot (\$bn)	458	467	477
Total Balances - Average (\$bn)	455	462	472
Total Accounts (m)	1.8	1.8	1.8
Variable Rate (%)	80	80	81
Owner Occupied (%)	66	66	67
Investment (%)	31	31	31
Line of Credit (%)	3	3	2
Proprietary (%)	55	54	54
Broker (%)	45	46	46
Interest Only (%) ²	26	22	19
Lenders' Mortgage Insurance (%) ²	21	21	21
Mortgagee In Possession (bpts)	5	6	5
Negative Equity (%) ³	3.7	4.5	4.7
Annualised Loss Rate (bpts)	3	3	2
Portfolio Dynamic LVR (%) ⁴	51	52	53
Customers in Advance (%) ⁵	78	78	82
Payments in Advance incl. offset ⁶	35	33	35
Offset Balances – Spot (\$bn)	46	45	49

New Business ¹	Dec 18	Jun 19	Dec 19
Total Funding (\$bn)	49	43	53
Average Funding Size (\$'000) ⁷	326	320	343
Serviceability Buffer (%) ⁸	2.25	2.25	2.50
Variable Rate (%)	82	80	90
Owner Occupied (%)	70	71	72
Investment (%)	29	28	28
Line of Credit (%)	0.7	0.4	0.3
Proprietary (%)	55	52	52
Broker (%)	45	48	48
Interest Only (%)	23	22	20
Lenders' Mortgage Insurance (%) ²	16	18	19

1. CBA including Bankwest. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 6 months to Dec18, Jun19, Dec19. Excludes ASB.
2. Excludes Line of Credit (Viridian LOC/Equity Line).
3. Negative equity arises when the outstanding loan balance (less offset balances) exceeds updated house value. Based on outstanding balances, taking into account both cross-collateralisation and offset balances. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group.
4. Dynamic LVR defined as current balance/current valuation.
5. Any amount ahead of monthly minimum repayment; includes offset facilities.
6. Average number of monthly payments ahead of scheduled repayments.
7. Average Funding Size defined as funded amount / number of funded accounts.
8. Serviceability test based on the higher of the customer rate plus an interest rate buffer or min floor rate.

Home loan portfolio – CBA ex Bankwest



A balanced approach to portfolio quality, growth and returns

Portfolio ¹	Dec 18	Jun 19	Dec 19
Total Balances - Spot (\$bn)	388	395	403
Total Balances - Average (\$bn)	384	391	399
Total Accounts (m)	1.5	1.5	1.6
Variable Rate (%)	80	79	81
Owner Occupied (%)	64	65	66
Investment (%)	33	32	31
Line of Credit (%)	3	3	3
Proprietary (%)	59	59	59
Broker (%)	41	41	41
Interest Only (%) ²	26	22	19
Lenders' Mortgage Insurance (%) ²	19	19	19
First Home Buyers (%)	9.5	9.7	9.7
Mortgagee In Possession (bpts)	4	5	5
Annualised Loss Rate (bpts)	3	3	2
Portfolio Dynamic LVR (%) ³	50	51	52
Customers in Advance (%) ⁴	77	77	80
Payments in Advance incl. offset ⁵	37	35	37
Offset Balances – Spot (\$bn)	40	39	42

New Business ¹	Dec 18	Jun 19	Dec 19
Total Funding (\$bn)	42	36	44
Average Funding Size (\$'000) ⁶	325	317	340
Serviceability Buffer (%) ⁷	2.25	2.25	2.50
Variable Rate (%)	81	80	90
Owner Occupied (%)	70	70	71
Investment (%)	29	29	29
Line of Credit (%)	0.6	0.4	0.3
Proprietary (%)	60	59	58
Broker (%)	40	41	42
Interest Only (%)	23	22	20
Lenders' Mortgage Insurance (%) ²	15	18	19
First Home Buyers (%)	12.3	11.6	12.2

1. CBA excluding Bankwest. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 6 months to Dec18, Jun19, and Dec19.

2. Excludes ASB. Excludes Line of Credit (Viridian LOC).

3. Dynamic 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 an interest rate buffer or min floor rate.

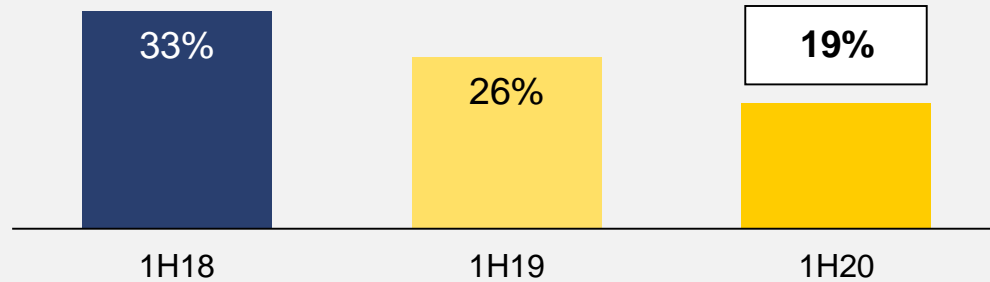
Interest Only (IO) home loans¹



Reducing proportion of IO home loans for total portfolio and new business flow

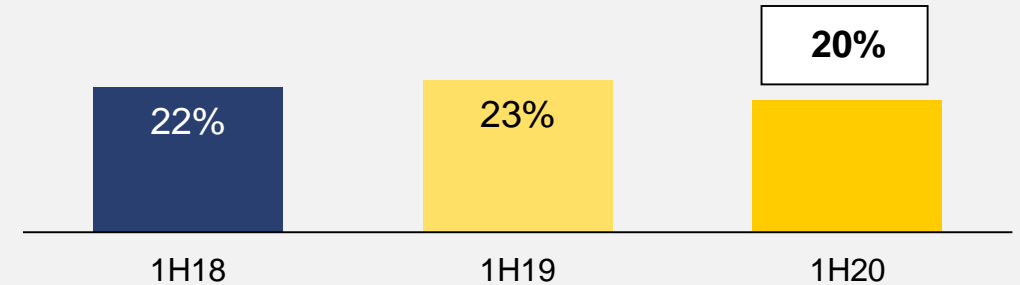
Proportion of IO loans reducing

IO % of total home loans – total portfolio balance

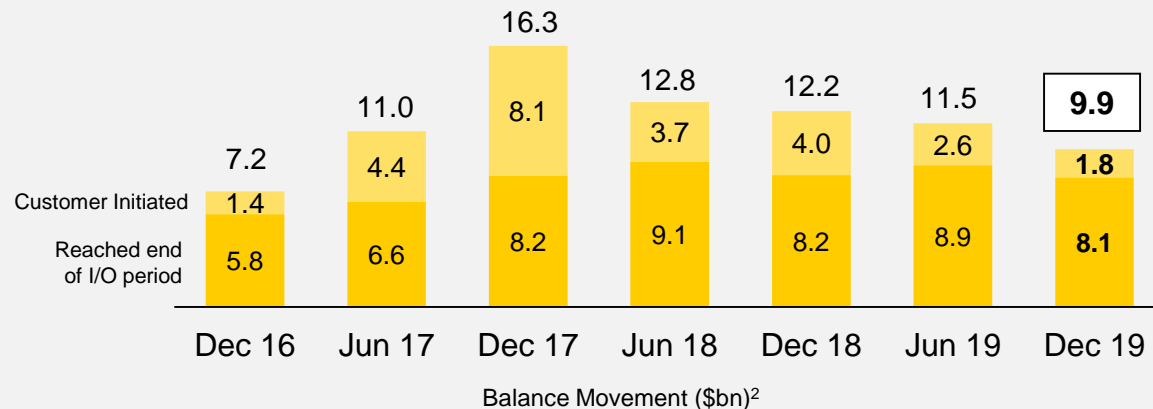


Augmented by a reducing proportion of total new business flows

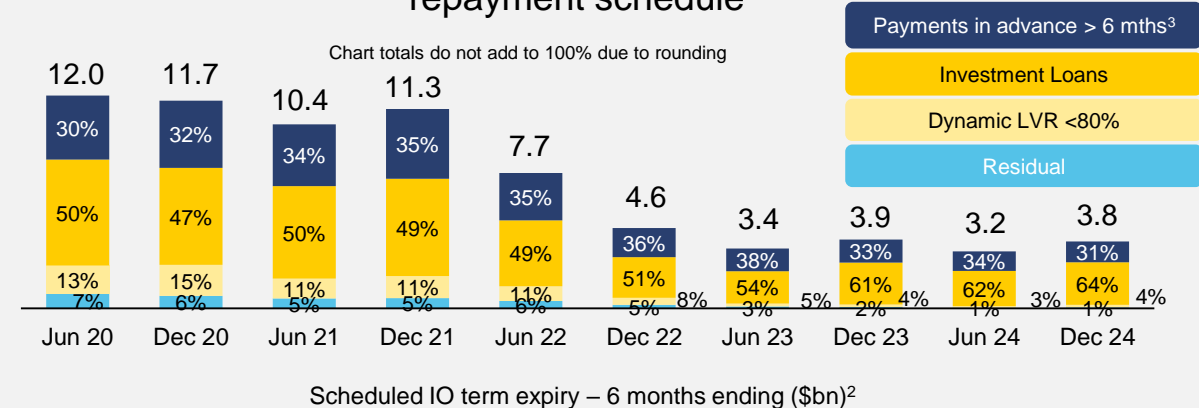
IO % of total home loans – new business flow



Switching from IO to principal and interest peaked in Dec 17 half



IO portfolio is dominated by investor loans, and customers ahead of their repayment schedule



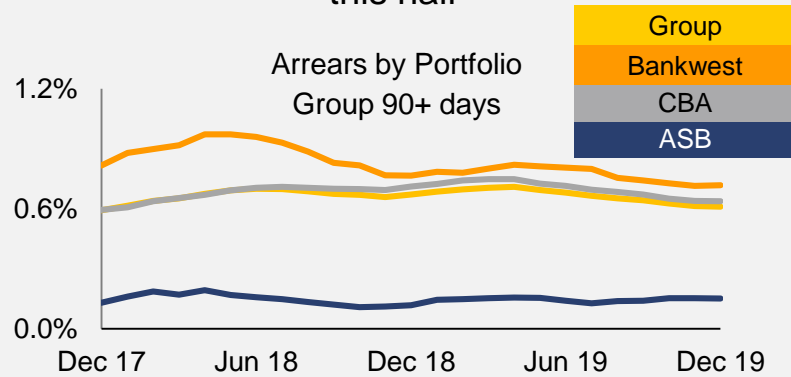
1. CBA including Bankwest unless stated otherwise. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Excludes Bankwest. 3. Payments in Advance defined as the number of monthly payments ahead of scheduled repayments by 6 or more months. 100

Home loan arrears

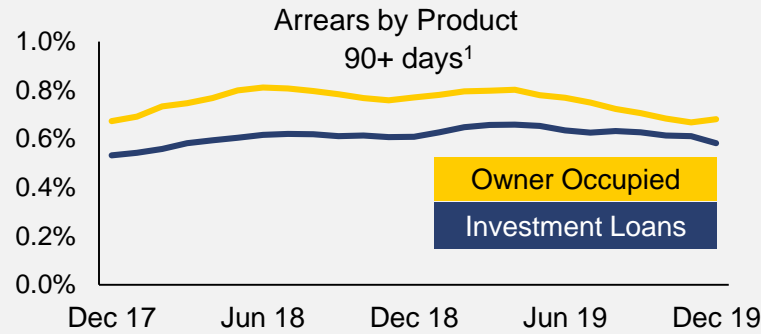
Group portfolio arrears improving



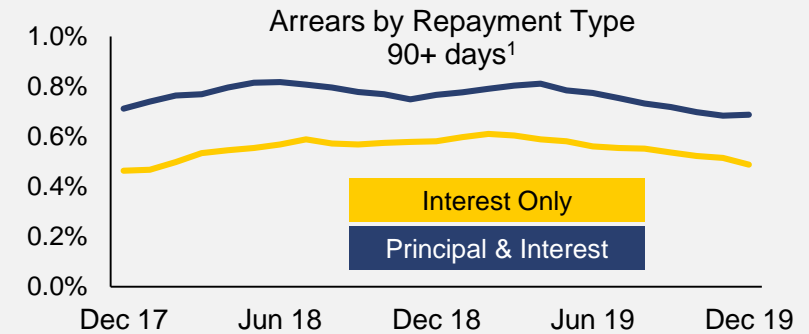
Group portfolio arrears improved this half



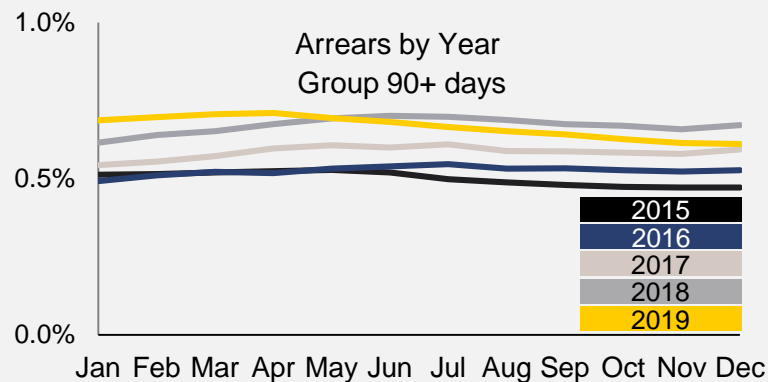
Trends are broadly consistent across loan types



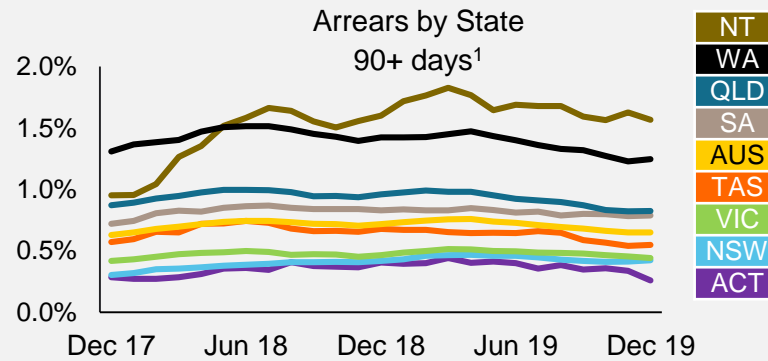
...with interest only arrears improved over last 12 months



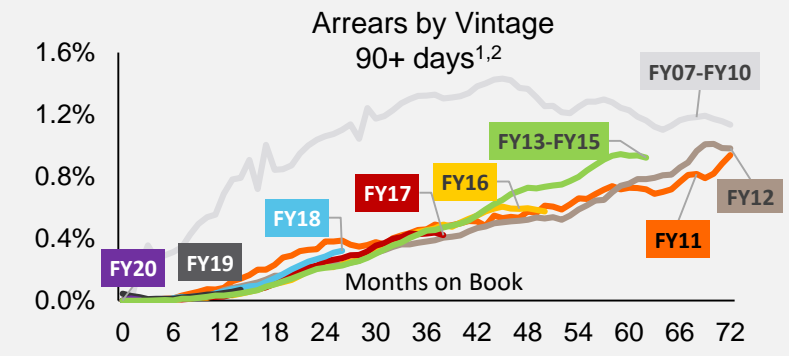
Overall arrears down on 2018, though marginally elevated vs prior years



Improved arrears across states



Sound origination quality



1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Bankwest included from FY08.

Home loan impairments

A rigorous approach in the identification of impairments

Home loan impairments

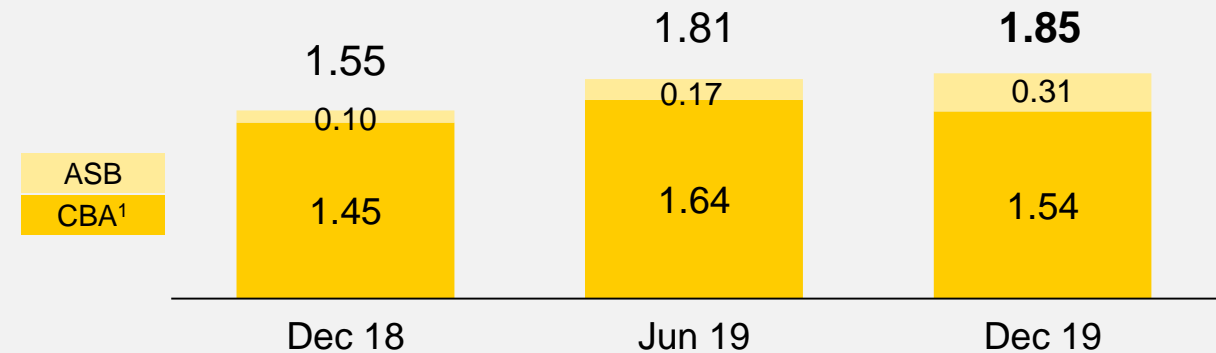
Overview

- WA/QLD account for 63% of total impaired home loans¹.
- ASB recently adopted a centralised hardship management model which drove the recent increase in impairments.

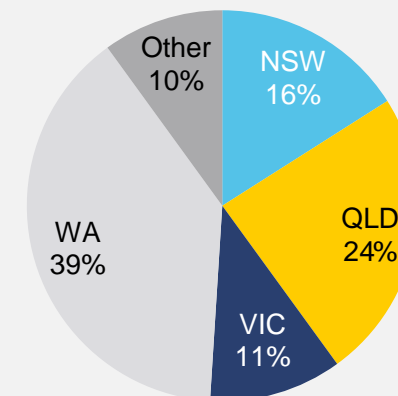
Process for identification of impairments¹

- Impairments aligned to APRA prudential standard (APS220).
- Impairment assessment commences earlier than 90 days past due.
- Impairment is triggered where the refreshed security valuation is less than the loan balance by $\geq \$1$. All home loans sharing the collateral with the impaired loan are also recorded as impaired.
- Impaired accounts that are 90+ days past due are included in 90+ arrears reporting.

Impaired home loans (\$bn)



Impaired home loans – Dec 19 profile¹



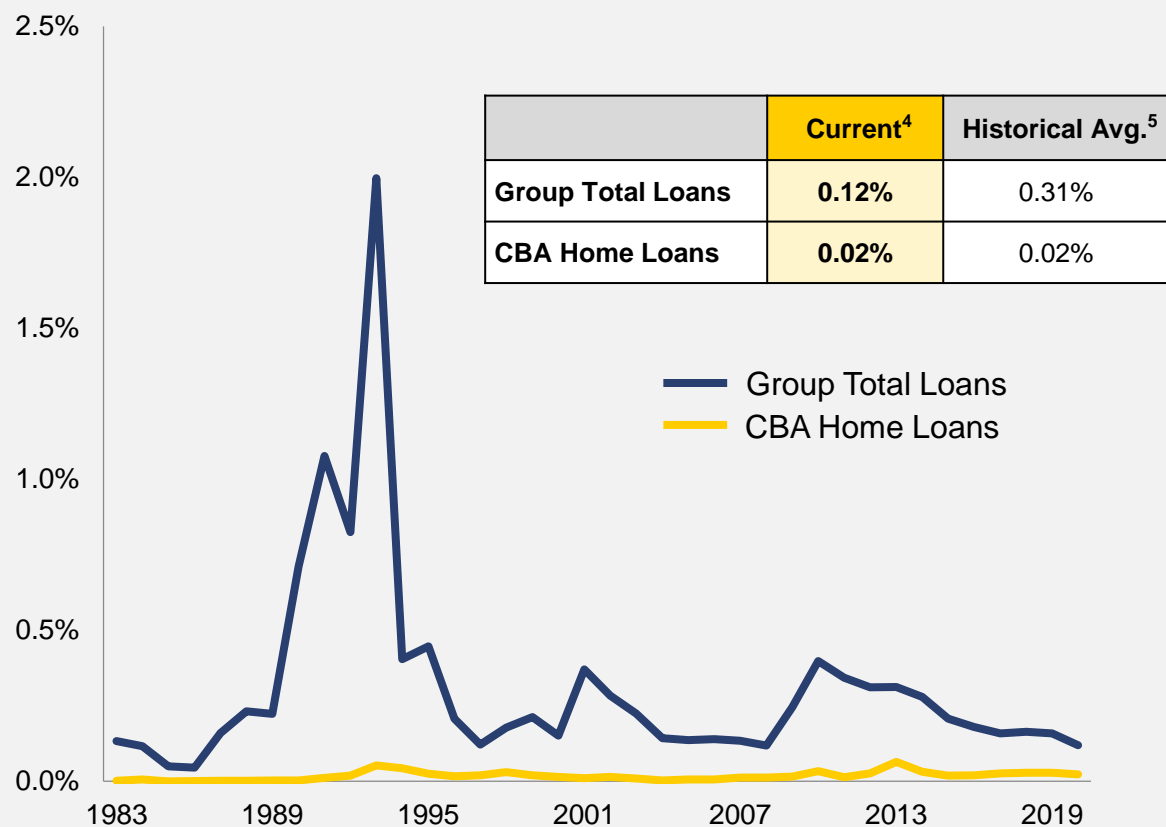
1. CBA including Bankwest

Portfolio losses, insurance and stress testing¹

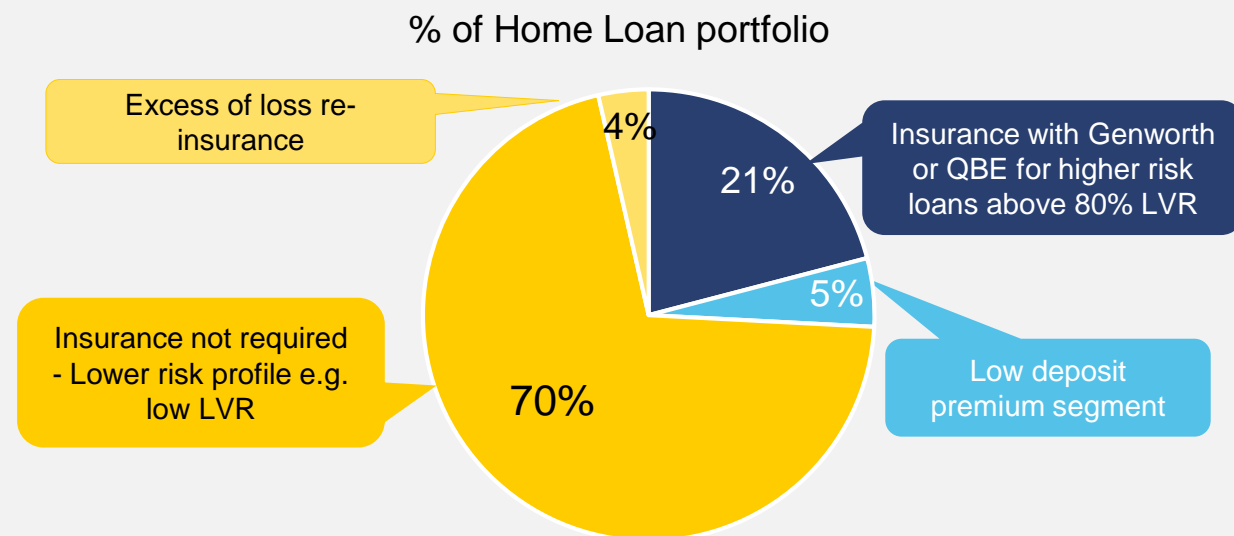


Portfolio losses remain low and manageable in a severe stress scenario

Losses to average gross loans²



Portfolio Insurance Profile³



Stress testing

- A severe stress test scenario is modelled on an ongoing basis.
- Scenario includes stresses to house prices (31% decline), unemployment (11%), cash rates (reduced to 0.5%).
- Stressed Losses⁶ are estimated over three years: Gross 3-year losses of \$4.78bn, or \$3.51bn net of insurance.

1. CBA including Bankwest. 2. Bankwest included from FY09. 3. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 4. Half-year losses annualised. 5. Historical average from 1983. 6. Increase in gross stressed losses from last half reflects slow down in housing market. Net losses reflect stressed macroeconomic and LMI assumptions (50%). Results based on June 2019 data.

First Home Loan Deposit Scheme

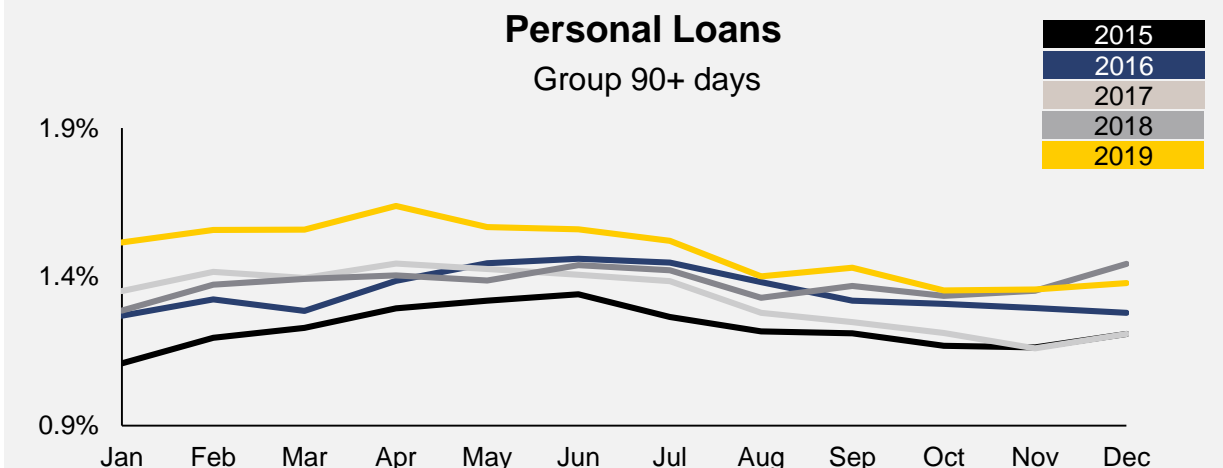
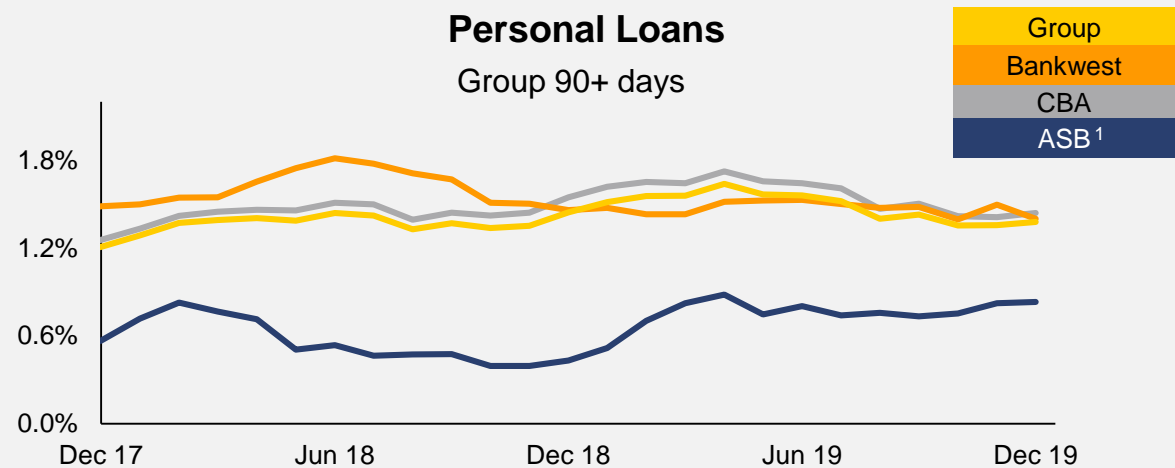
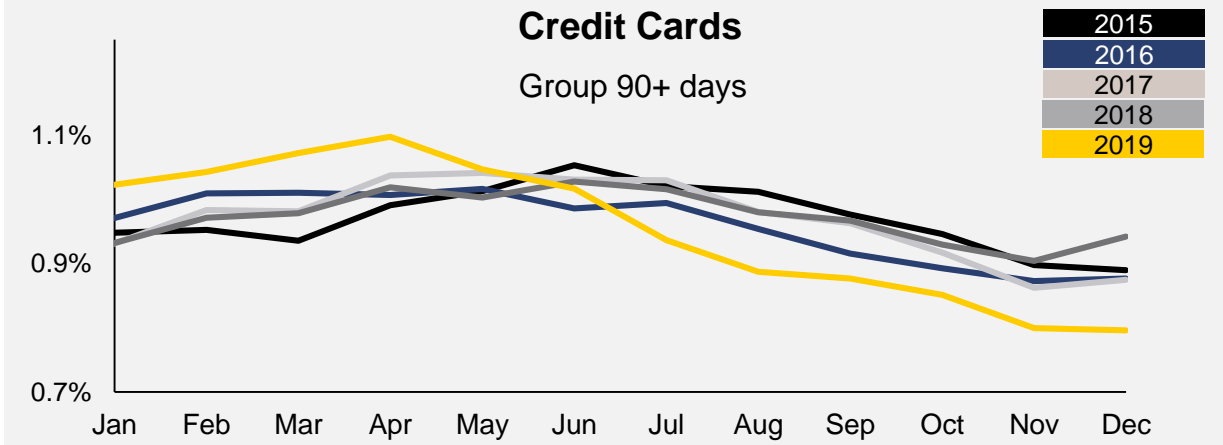
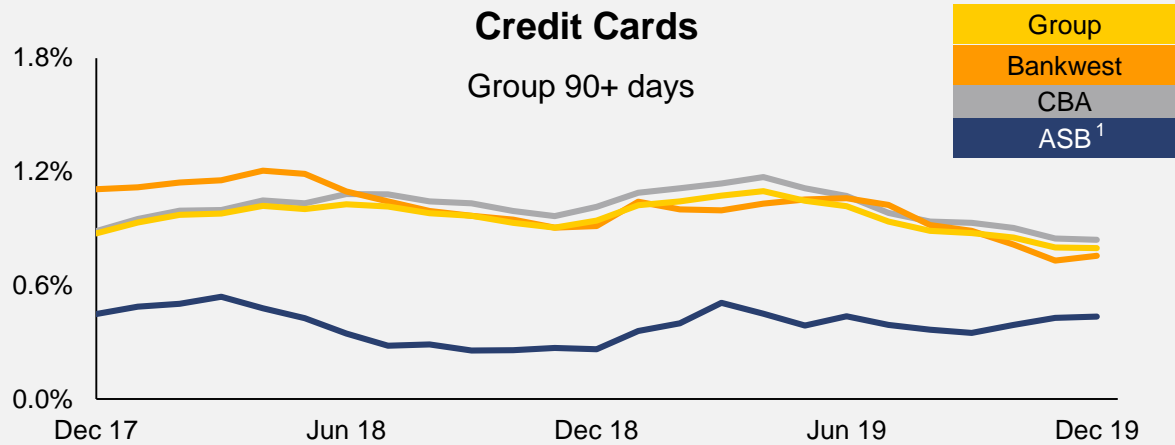
Helping customers to buy their first home with a smaller deposit

- Australian Government initiative, from 1 Jan 2020
- Supporting eligible first home buyers purchase a home
- Minimum deposit of 5% of the property's value
- Supporting up to 10,000 home loans each financial year
- Panel of participating lenders, including Commonwealth Bank



Consumer arrears

Sound credit quality



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



Business and Corporate Lending

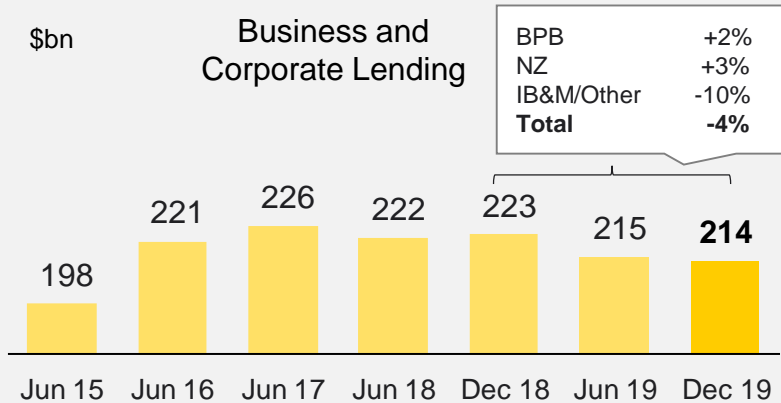


Business and Corporate Lending



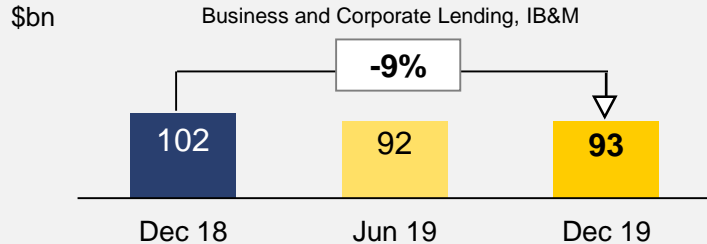
Lending growth in priority segments – offset by portfolio optimisation

Total lending balances down 4% from Dec 18

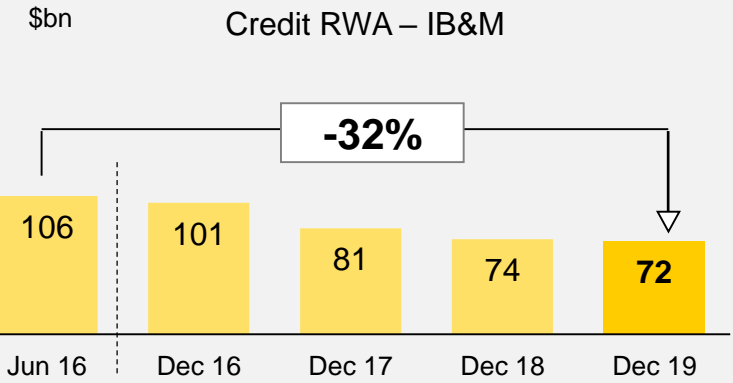


Front book discipline and portfolio optimisation

- Disciplined pricing - focus on relationship returns
- Actively reducing capital intensity of earnings
- RWA modelling improvements/enhanced data quality
- Focused management of TIA loans

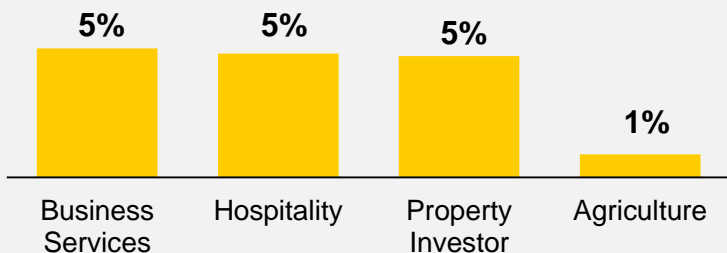


IB&M Credit RWA's significantly reduced



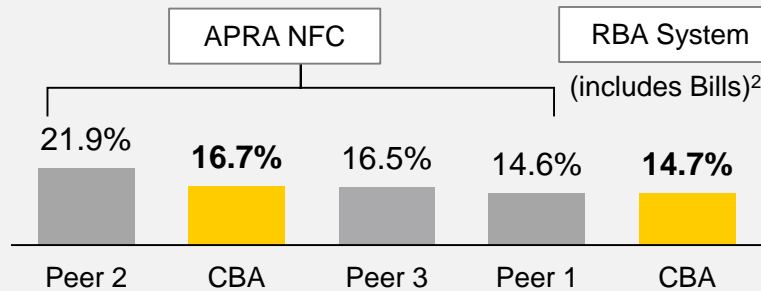
BPB growth in diversified industries
Business and Corporate Lending - BPB

Growth 1H20 v 1H19



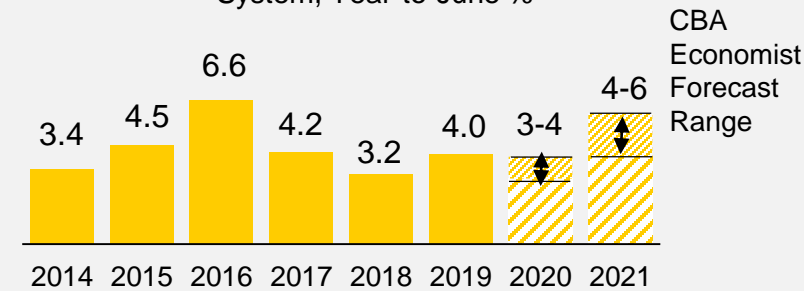
CBA remains underweight business lending...

Market Shares¹
Dec 2019



...representing opportunity in a growing market

Business Credit Growth³
System, Year-to-June %



1. Source: APRA Monthly ADI Statistics (excludes Bills). CBA includes Bankwest. 2. Source: RBA Lending and Credit Aggregates. 3. Source: RBA.

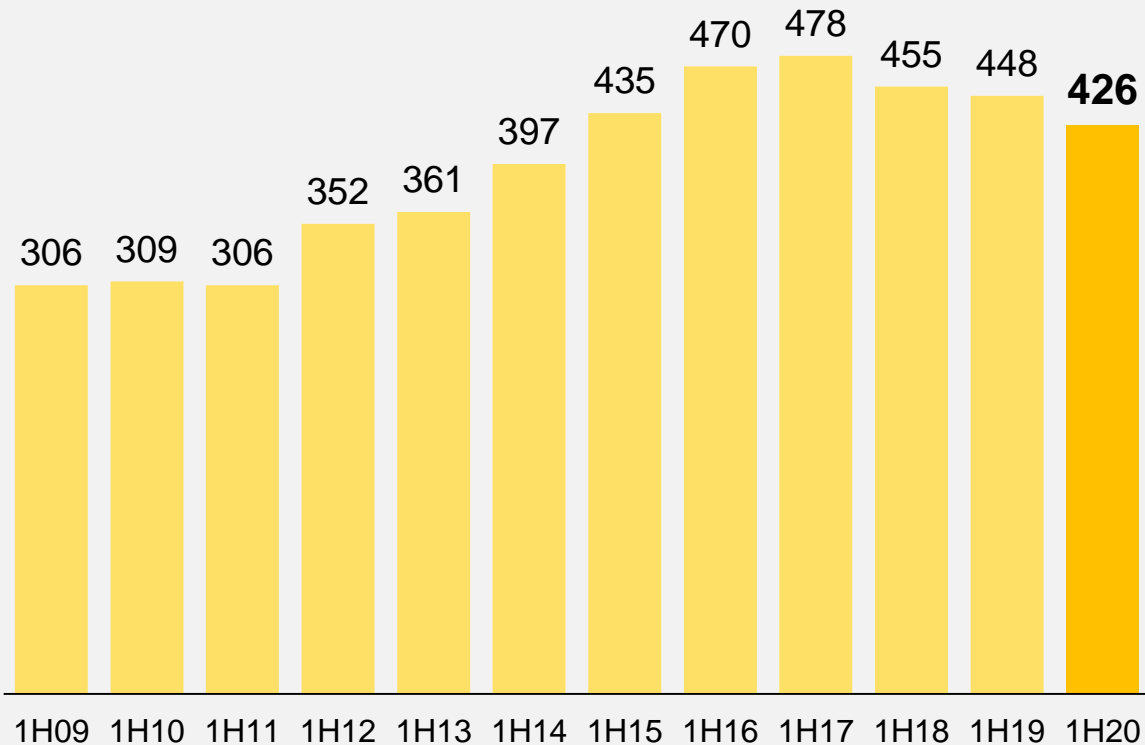
Corporate lending

Overall book quality remains sound



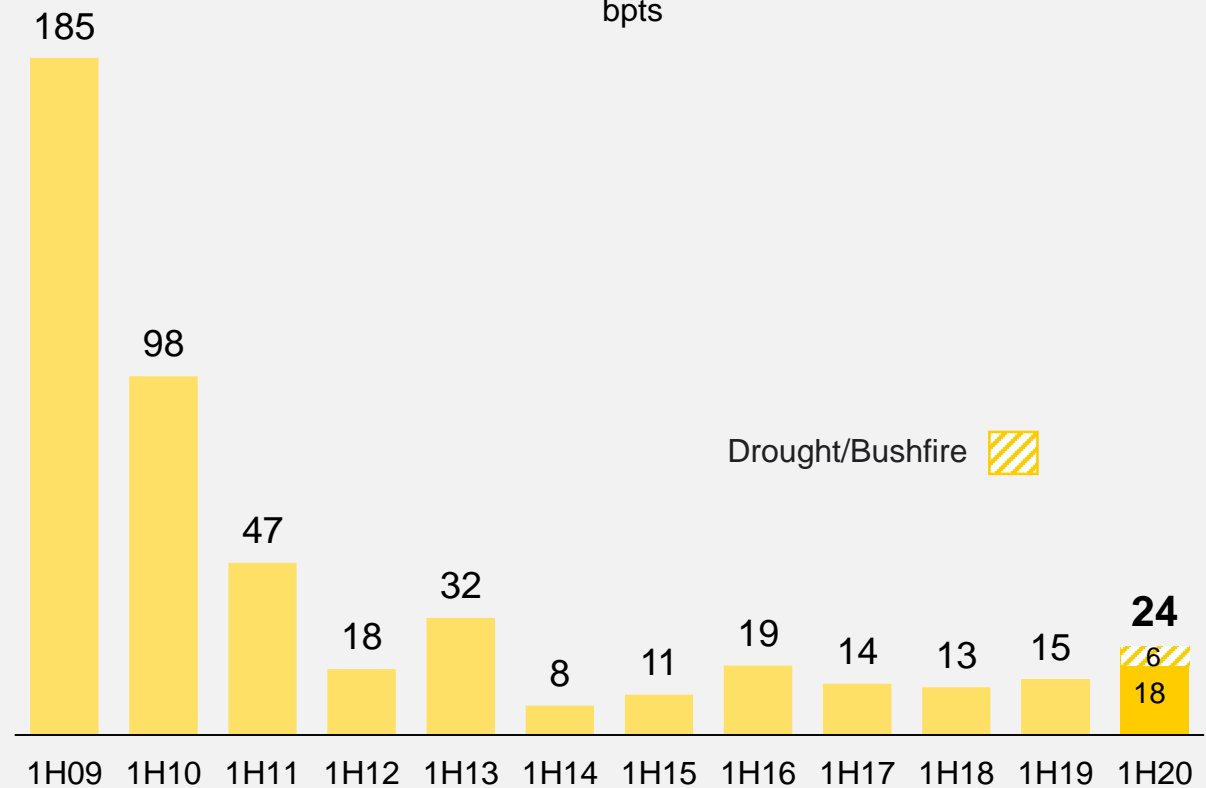
Corporate

Total Credit Exposures
\$bn



Corporate Loan Impairment Expense¹

Basis Points of GLAA
bpts



1. Cash Loan Impairment Expense annualised as a percentage of average Gross Loans and Acceptances (GLAA) (bpts).

Portfolio quality¹

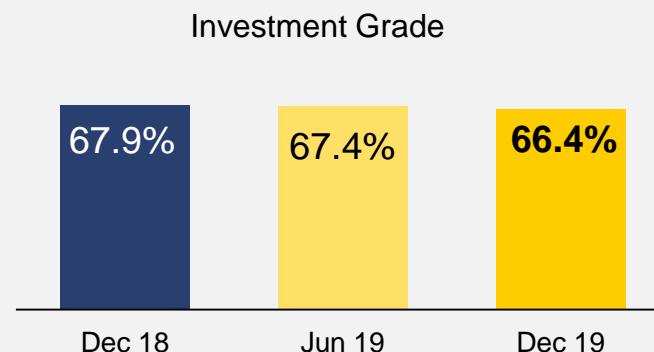
66% investment grade – weighted to Australia/NZ



Exposures by Industry

TCE \$bn	AAA to AA-	A+ to A-	BBB+ to BBB-	Other	Dec 19
Sovereign	97.0	10.3	0.6	-	107.9
Property	3.6	6.2	16.4	44.9	71.1
Banks	16.0	15.1	1.7	0.1	32.9
Finance - Other	23.0	22.1	4.8	3.4	53.3
Retail & Wholesale Trade	0.1	1.1	4.1	15.0	20.3
Agriculture	-	0.1	3.0	19.5	22.6
Manufacturing	-	2.0	4.6	7.6	14.2
Transport	-	1.0	7.2	6.0	14.2
Mining	-	2.7	5.7	2.6	11.0
Energy	0.2	2.2	5.8	1.9	10.1
All other ex Consumer	2.2	6.2	17.7	42.1	68.2
Total	142.1	69.0	71.6	143.1	425.8

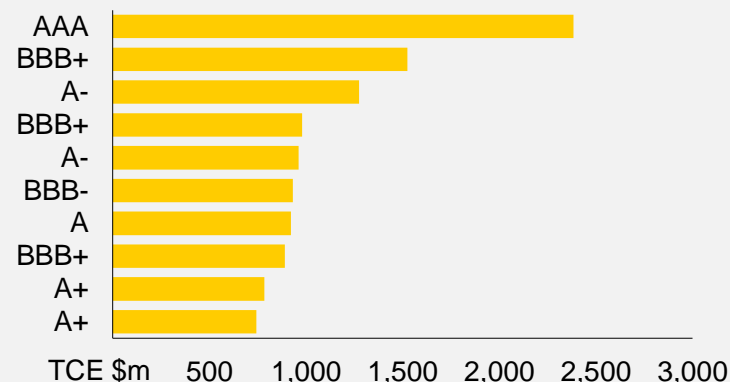
Corporate portfolio quality



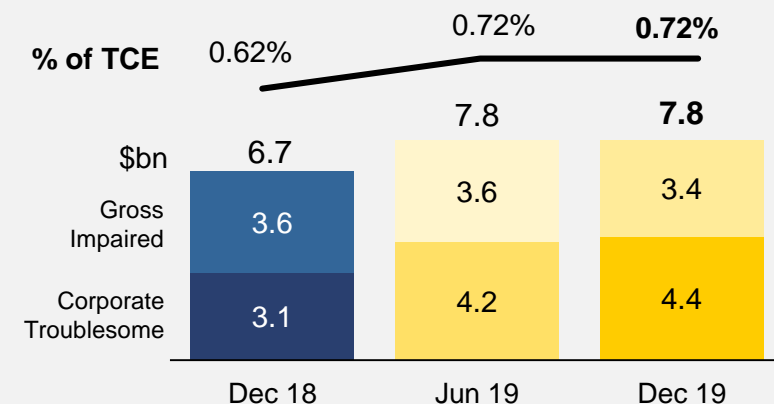
Group TCE by geography

	Dec 18	Jun 19	Dec 19
Australia	77.9%	78.4%	79.5%
New Zealand	10.4%	10.6%	10.8%
Europe	3.9%	3.5%	2.8%
Other	7.8%	7.5%	6.9%

Top 10 commercial exposures



Troublesome and Impaired Assets



1. CBA grades in S&P equivalents.

Credit exposure summary



TIA/TCE at 0.72% - pockets of sectoral stress remain

	Group TCE		TIA \$m		TIA % of TCE	
	Jun 19	Dec 19	Jun 19	Dec 19	Jun 19	Dec 19
Consumer	58.6%	60.0%	2,101	2,111	0.33%	0.32%
Sovereign	9.7%	9.9%	-	-	-	-
Property	6.3%	6.5%	775	835	1.14%	1.17%
Banks	4.5%	3.0%	9	-	0.02%	-
Finance – Other	4.9%	4.9%	35	33	0.07%	0.06%
Retail & Wholesale Trade	1.9%	1.9%	636	647	3.16%	3.18%
Agriculture	2.1%	2.1%	989	927	4.40%	4.10%
Manufacturing	1.4%	1.3%	403	487	2.71%	3.43%
Transport	1.4%	1.3%	259	363	1.72%	2.55%
Mining	1.1%	1.0%	199	145	1.74%	1.32%
Business Services	1.1%	1.1%	333	438	2.72%	3.70%
Energy	0.9%	0.9%	86	81	0.84%	0.80%
Construction	0.8%	0.7%	579	530	7.10%	6.53%
Health & Community	0.8%	0.8%	224	94	2.47%	1.06%
Culture & Recreation	0.6%	0.6%	101	70	1.64%	1.13%
Other	3.9%	4.0%	1,070	1,049	2.51%	2.44%
Total	100.0%	100.0%	7,799	7,810	0.72%	0.72%

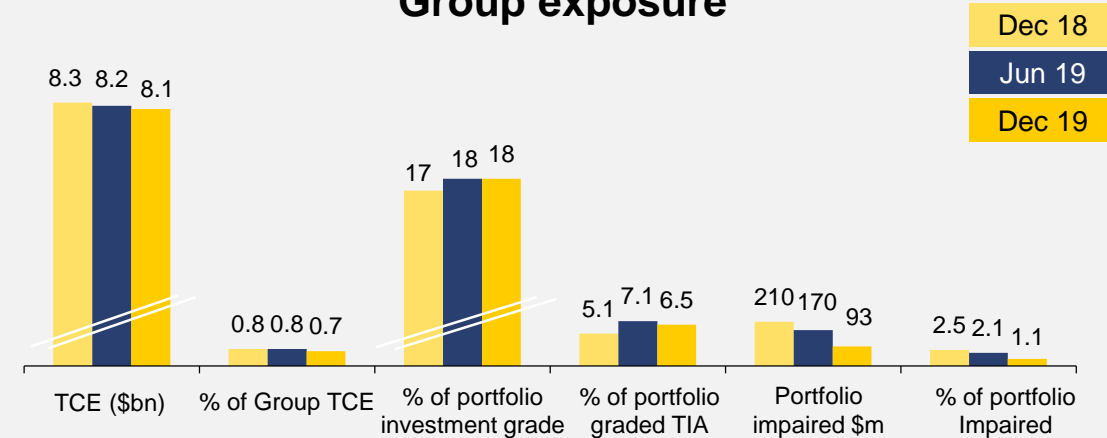
Sector focus – Construction



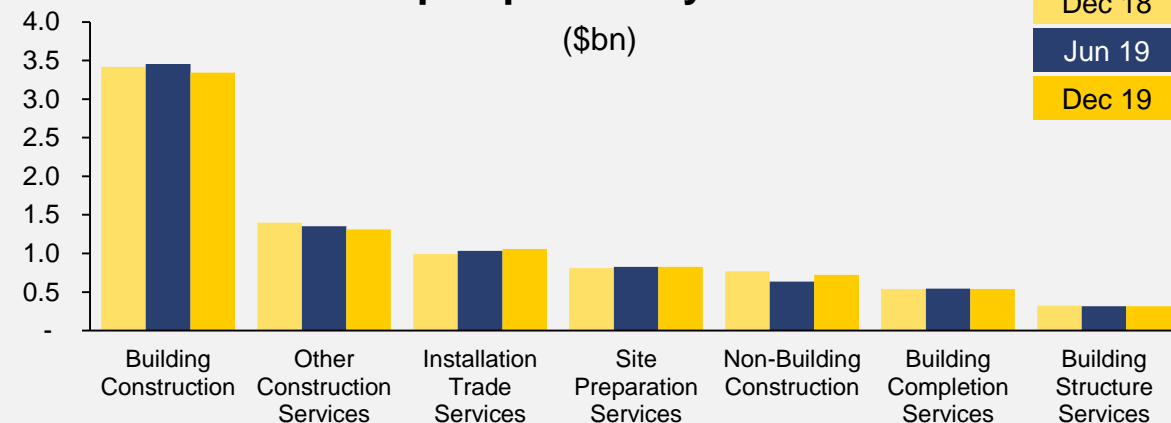
Outlook remains cautious

- Exposures of \$8.1bn (0.7% of Group TCE) with no material changes to sector composition.
- Portfolio rated 18% investment grade and 41% of exposures secured.
- Industry deterioration continues due to difficult market conditions causing sustained elevated levels of TIAs. Impaired portfolio is lower than a year ago, following a large single name write off in December 2018.
- Increased Construction provisions to address previously uncaptured indirect risks related to other industries.
- New origination guides introduced as detailed monitoring and centralised management of the portfolio continues.
- The credit outlook remains moderately cautious despite a positive growth outlook from large Government supported infrastructure projects.

Group exposure



Group exposure by sector

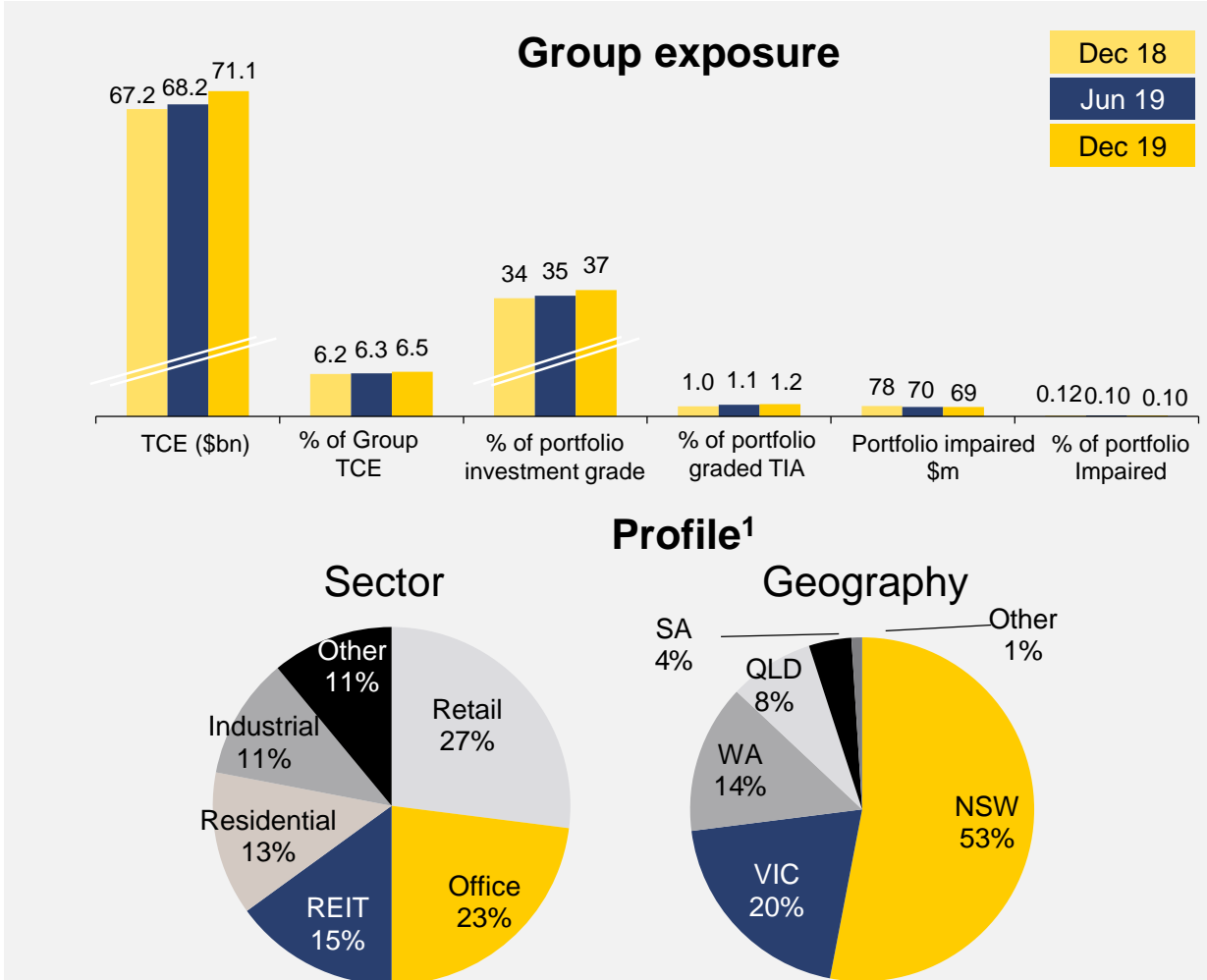


Sector focus – Commercial Property



Portfolio weighted to NSW – TIA's remain low at 1.2%

- Increase in Property exposures of 4.3% for the half driven by increased exposure to investors.
- Diversified across sectors and by counterparty with the top 20 counterparties representing 16.8% of the portfolio and having a weighted average rating of BBB equivalent.
- Lower apartment development exposures.
- Modest increase in investment grade exposures to 37% of the portfolio, 91% of sub-investment grade exposures fully secured.
- Impaired exposures remain low at 0.10% of the portfolio.
- Geographical weighting remained steady this half.
- Outlook remains cautious, maintaining close portfolio oversight.



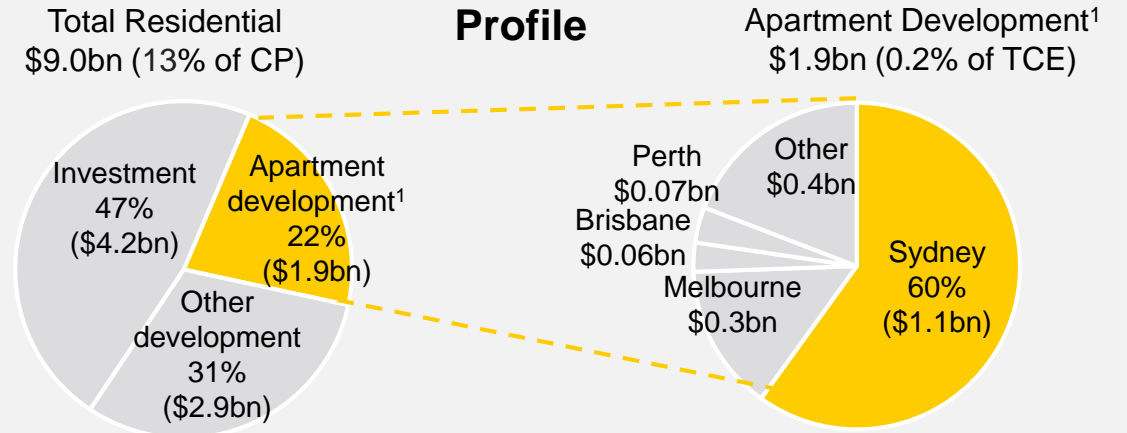
1. Sector profile is Group wide Commercial Property. Geographic profile is domestic Commercial Property.

Sector focus – Residential Apartments

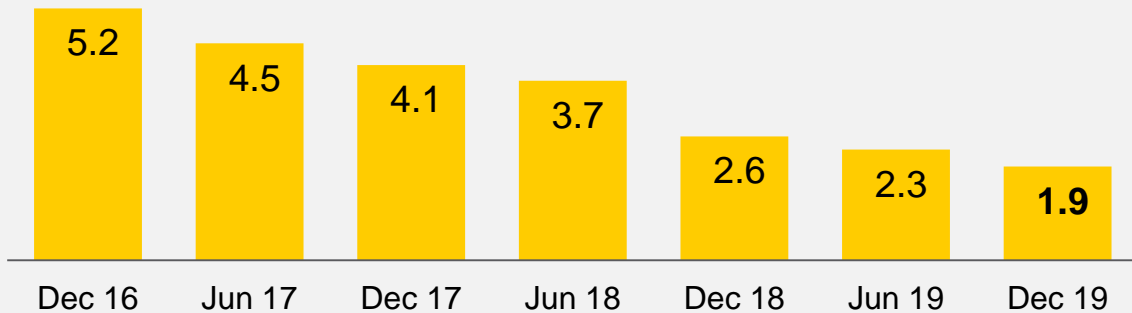


Weighted to Sydney – portfolio dynamics broadly stable during the half year

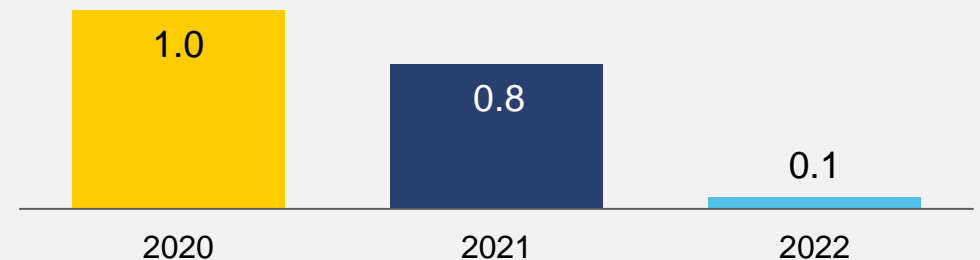
- Apartment Development¹ exposure reduced by \$3.3bn (63%) since Dec 16.
- Project specific issues for a small number of projects resulting in pre-sale settlements taking longer, delaying full repayment.
- Metropolitan Sydney represents 60% of the Apartment Development¹ exposure.
- Portfolio LVR and Qualifying Pre-sales (QPS)² broadly stable at 55.2% and 108.8% respectively.
- Short duration portfolio with >95% of exposure maturing by the end of 2021.



Residential Apartment Development
Total Exposure (\$bn)



Exposure maturity profile¹
(\$bn)



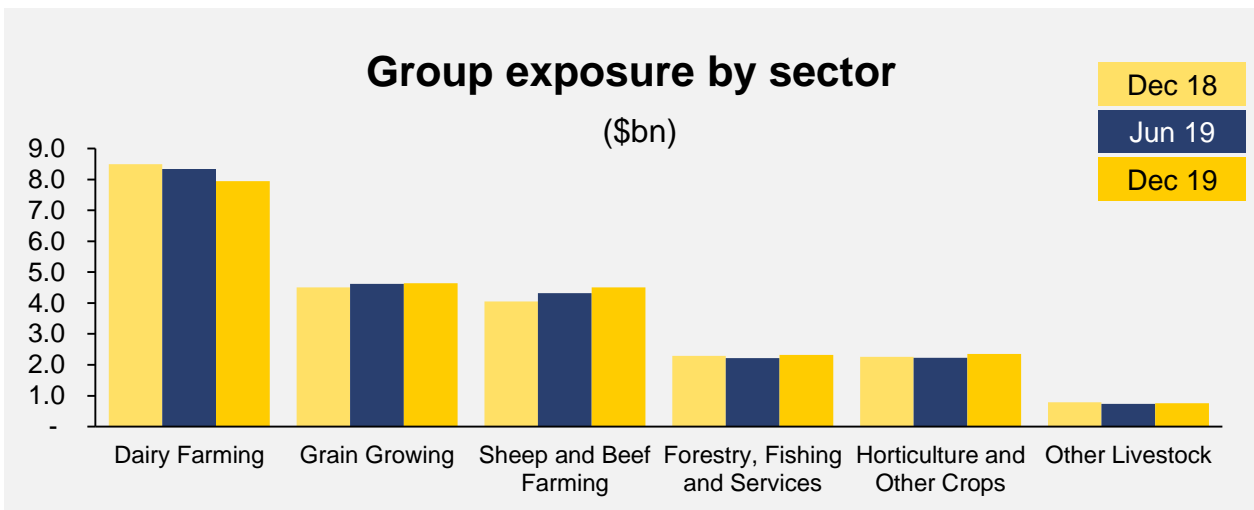
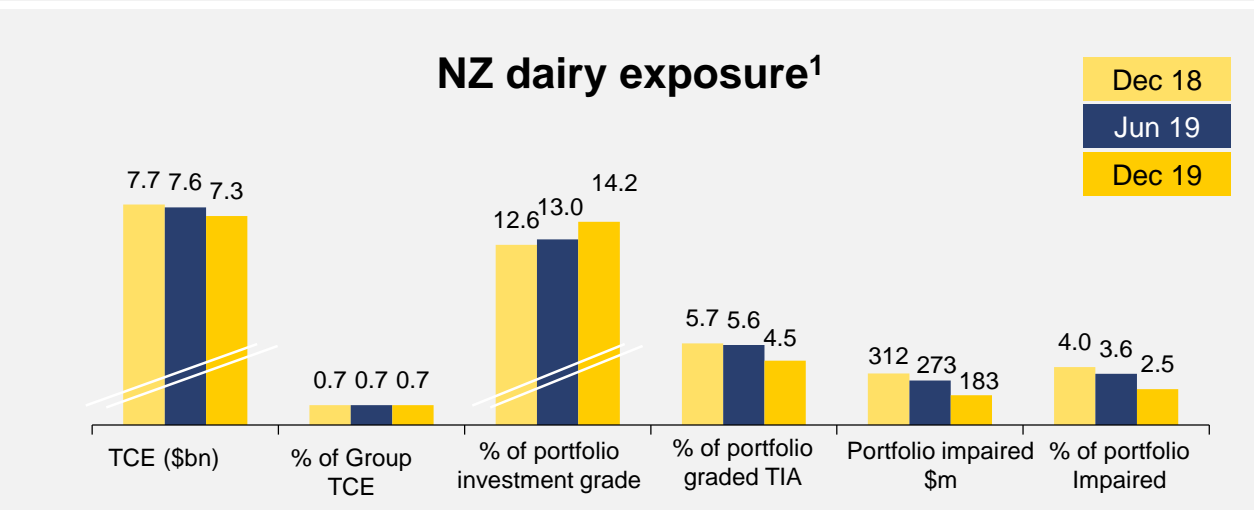
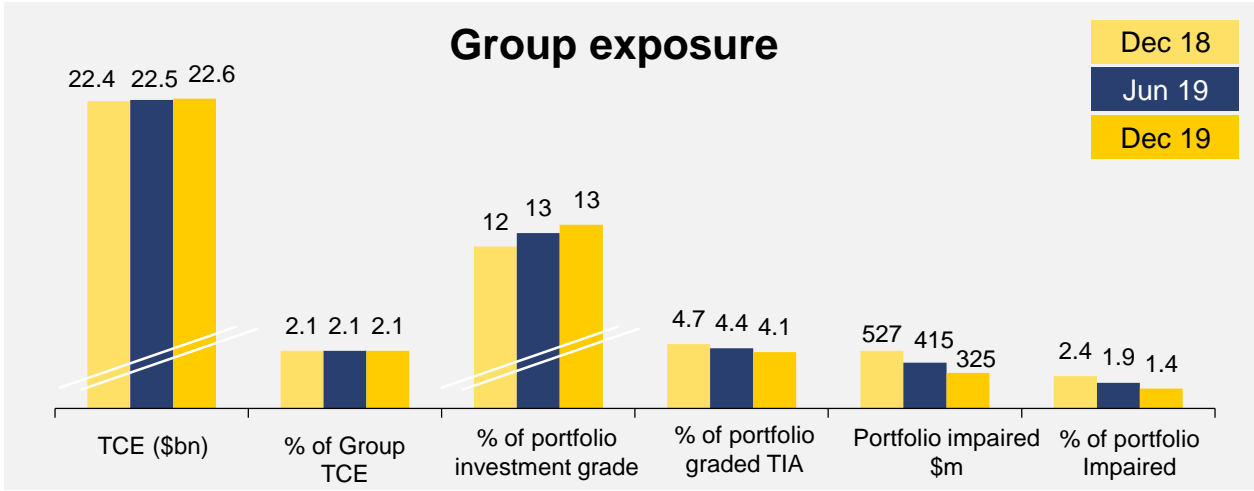
1. Apartment Developments > \$20m. Brisbane, Melbourne and Perth defined as all postcodes within a 15km radius of the capital city and Sydney is all metropolitan Sydney based on location of the development. Other is all other locations. 2. QPS cover is the ratio of Qualifying Pre Sales to loan exposures.

Sector focus – Agriculture

Well diversified portfolio, weighted to NZ dairy



- Group agriculture exposure of \$22.6bn (2.1% of Group TCE) – diversified by geography, sector, client base.
- Australian agriculture portfolio continues to face drought conditions with additional impact expected from bushfires. The Australian dairy sector continues to encounter challenging conditions as do other industries impacted by the high cost of feed and water.
- NZ dairy sector outlook is improving with market forecast for 2019/20 milk prices continuing to support recovery in the NZ dairy portfolio.



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

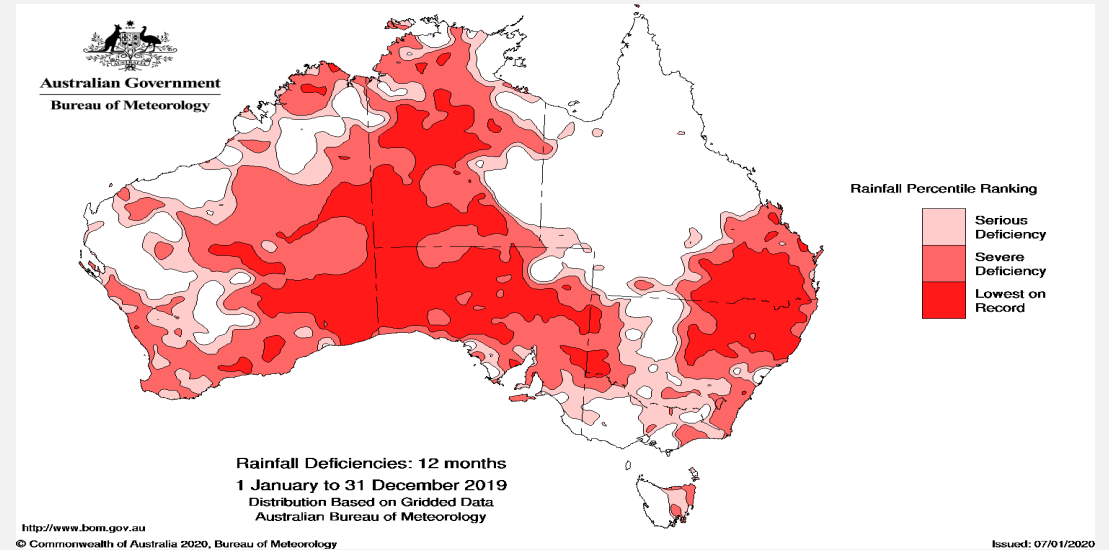
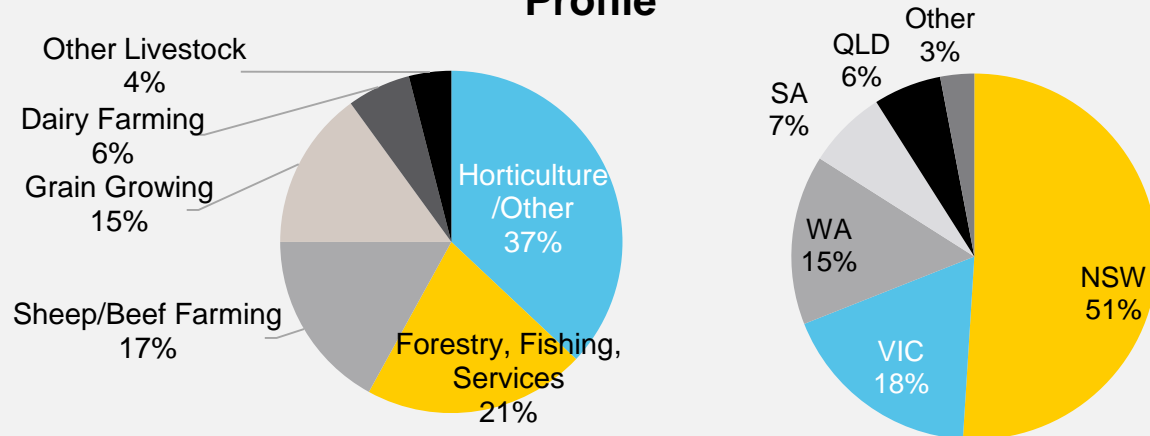
Sector focus – drought affected areas

Supporting those in drought affected regions – \$100m provision for drought and bushfires



- Emergency Assistance Package enacted June 2018 for drought and measures extended to fire affected customers in November 2019.
- Drought conditions continue to deteriorate predominantly in NSW and QLD with pockets of VIC, SA and WA also impacted.
- Past droughts have not materially impacted the portfolio's performance due to diversification by geography, industry and exposure size.
- \$100m forward looking provision raised for drought and bushfire impacts.

Profile



Australian Agriculture Exposure

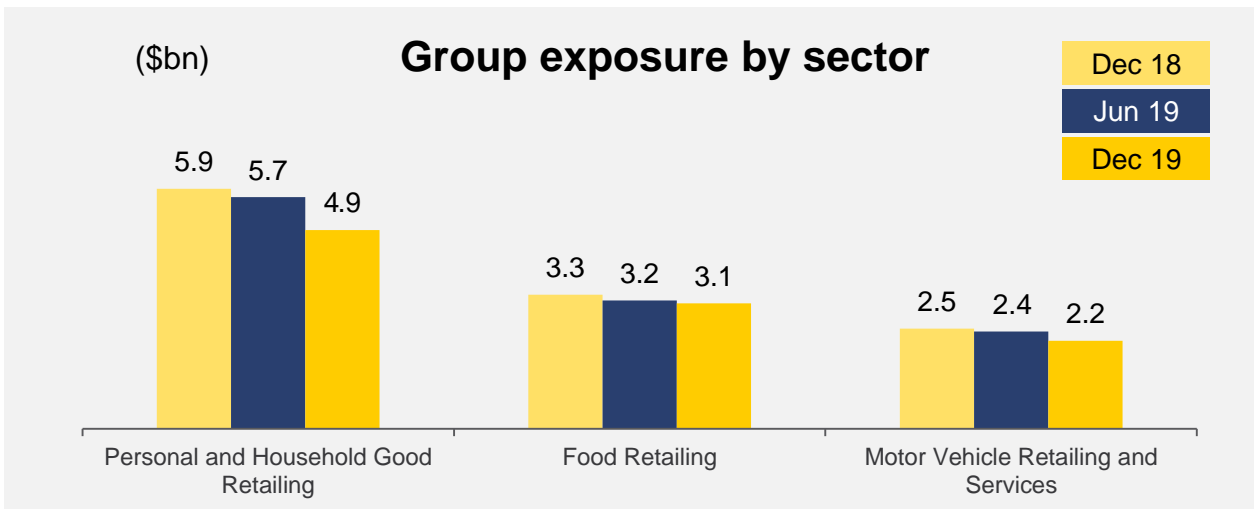
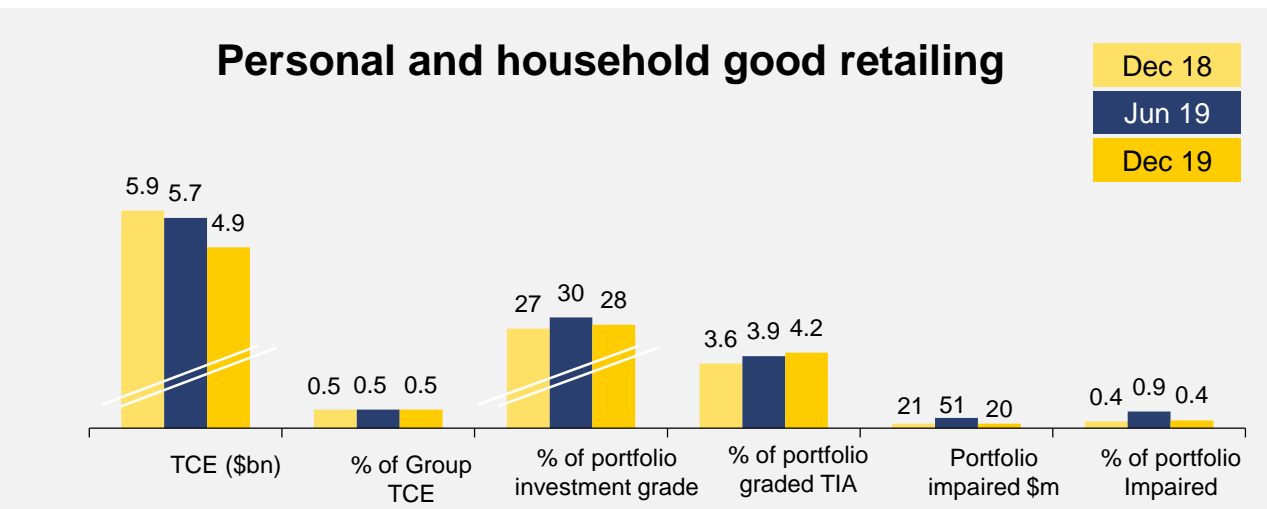
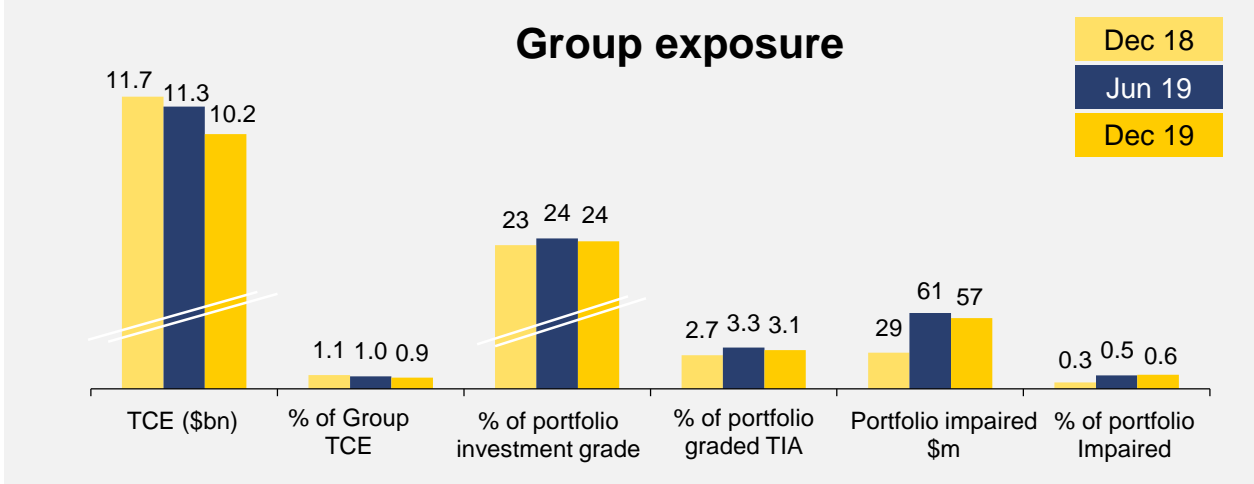
	Dec 18	Jun 19	Dec 19
Exposure (TCE)	\$11.2bn	\$11.2bn	\$11.7bn
% of Group TCE	1.03%	1.03%	1.08%
% of portfolio investment grade	10%	11%	11%
% of portfolio graded TIA	4.6%	4.2%	4.3%
% of portfolio impaired	1.6%	0.8%	0.8%

Sector focus – retail trade



Conditions remain challenging

- The retail trade sector remains weak, challenged by low wage growth, continued subdued consumer sentiment and online disruption.
- Retail trading conditions, particularly in the discretionary retail sectors, are expected to continue to be challenged by higher competition and downward pressure on prices and profitability.
- Group exposure reduced by \$1.5bn over past 12 months.





Deposits, Funding and Liquidity



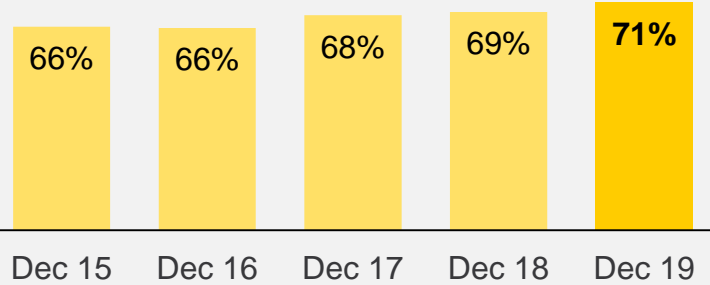
Funding overview



Resilient balance sheet – prepared for a range of macro-economic outcomes

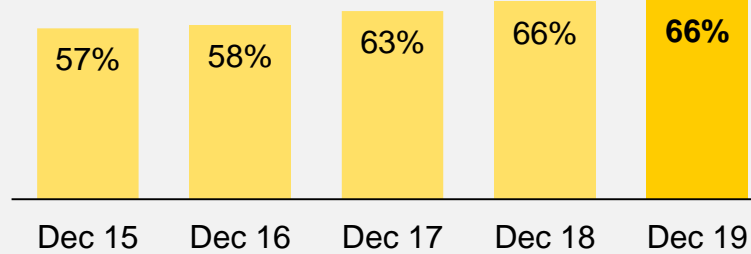
Resilient balance sheet with ongoing customer deposit growth

Deposit funding



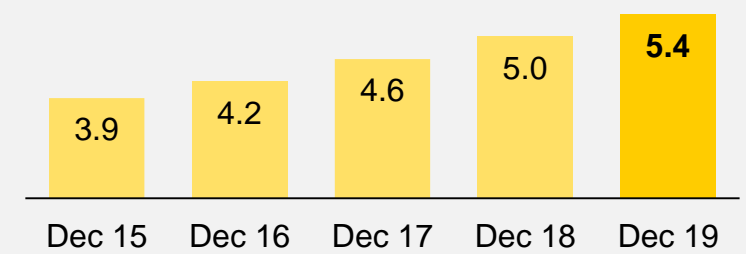
Stable wholesale funding composition weighted to longer term funding...

Long Term Funding
% of total wholesale funding



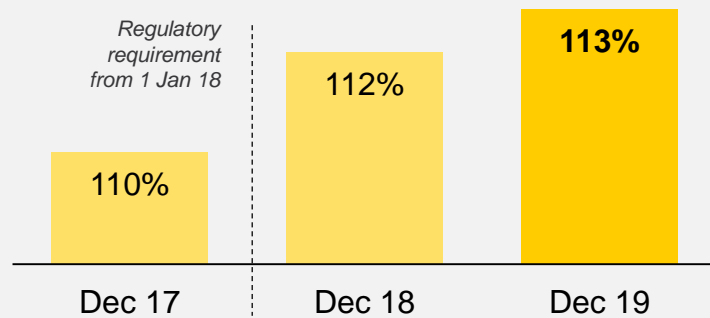
...with a >5.0yrs WAM to reduce refinancing risk

Long Term Funding WAM¹
tenor, years

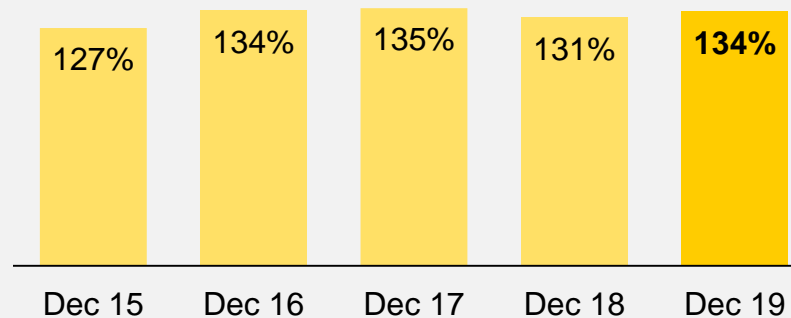


Efficient balance sheet mix supporting a strong NSFR...

Regulatory requirement from 1 Jan 18

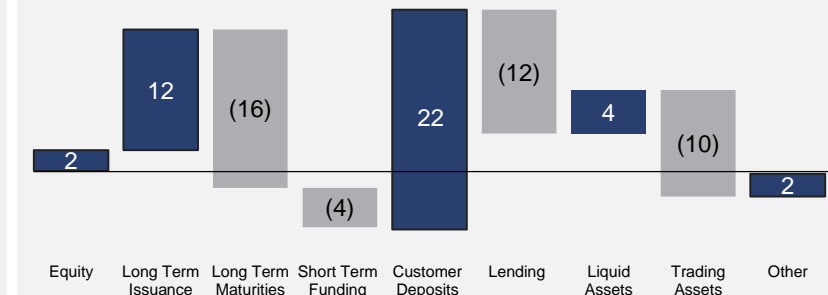


...and a sound liquidity position with LCR² at 134%...



...allowing for a reduction in wholesale funding in 1H20

6 months to Dec 19



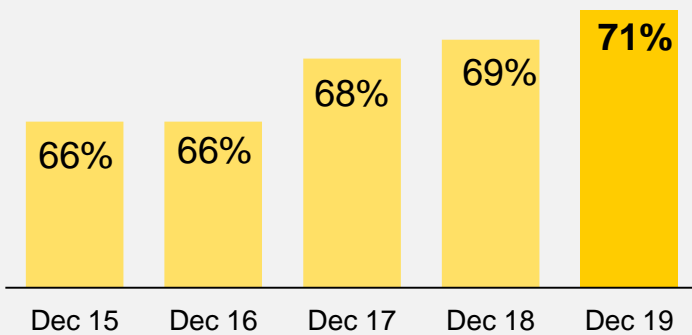
1. Represents the weighted average maturity of outstanding long term wholesale debt with a residual maturity greater than 12 months as at reporting date. 2. Quarter Average.

Deposit funding

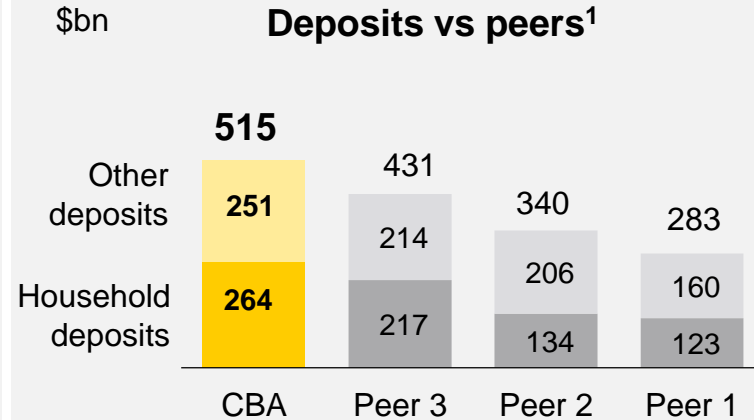
The Group maintains the highest share of stable household deposits in Australia



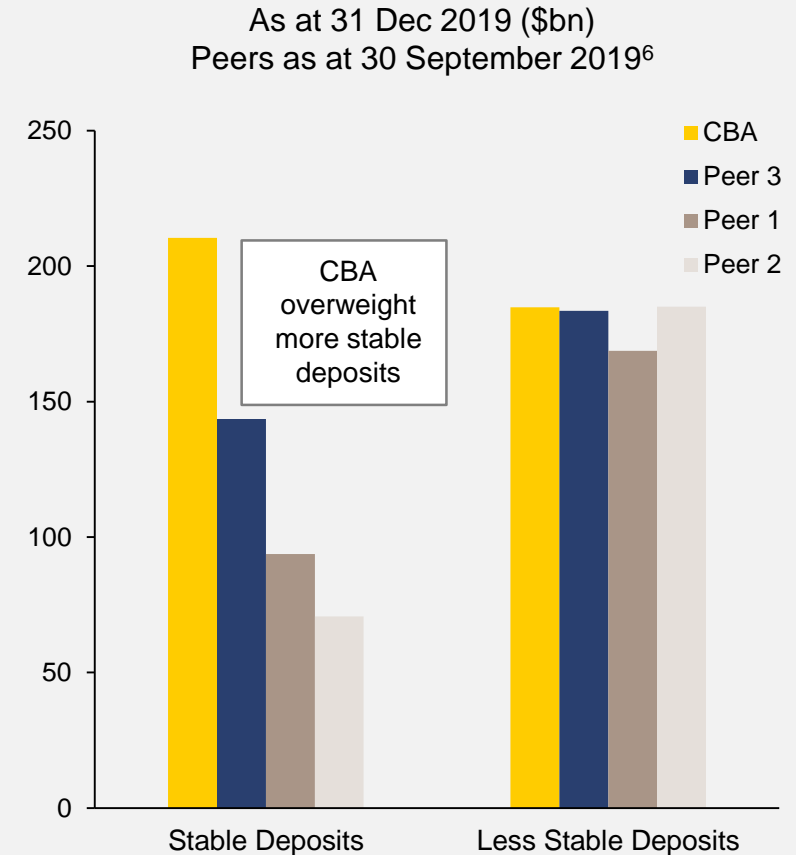
Deposit funding



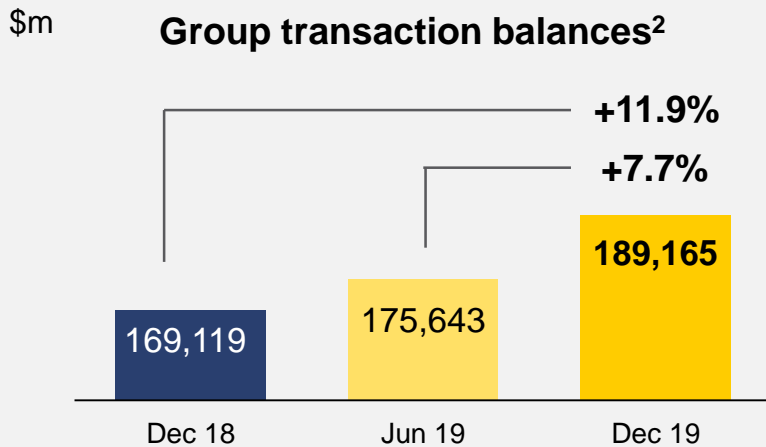
Deposits vs peers¹



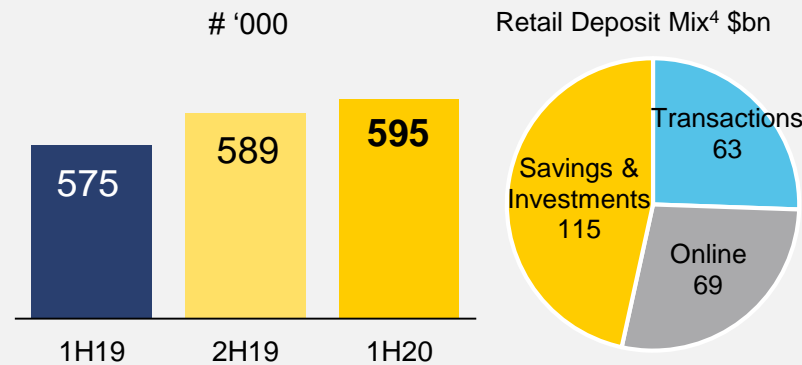
Deposits in NSFR⁵



Group transaction balances²



New transaction accounts³



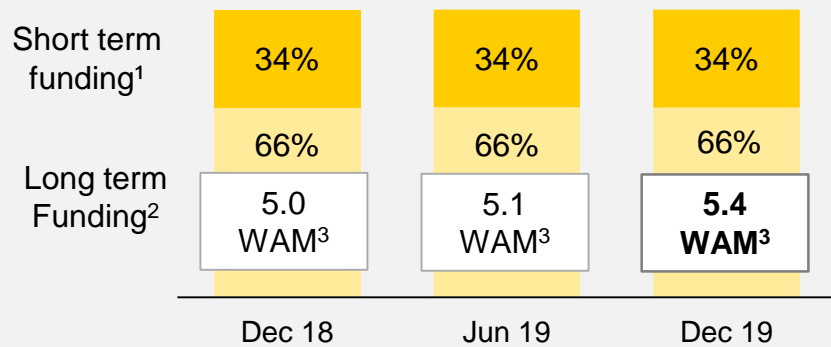
1. Source: APRA Monthly Authorised Deposit Taking Institution Statistics. Total deposits (excluding CDs). 2. Includes non-interest bearing deposits. 3. Number of new personal transaction accounts, excluding offset accounts, includes CBA and Bankwest. 4. Transactions includes non-interest bearing deposits and transaction offsets. Excludes business deposits. Online includes NetBank Saver, Goal Saver, Business Online Saver, Bankwest Hero Saver, Smart eSaver and Telenet Saver. Savings and Investment includes savings offset accounts. 5. Stable and less stable deposits in NSFR calculation. Excludes operational deposits, other deposits and wholesale funding. 6. Source: 30 September 2019 Pillar 3 Regulatory Disclosures; CBA reported as at 31 December 2019.

Wholesale funding

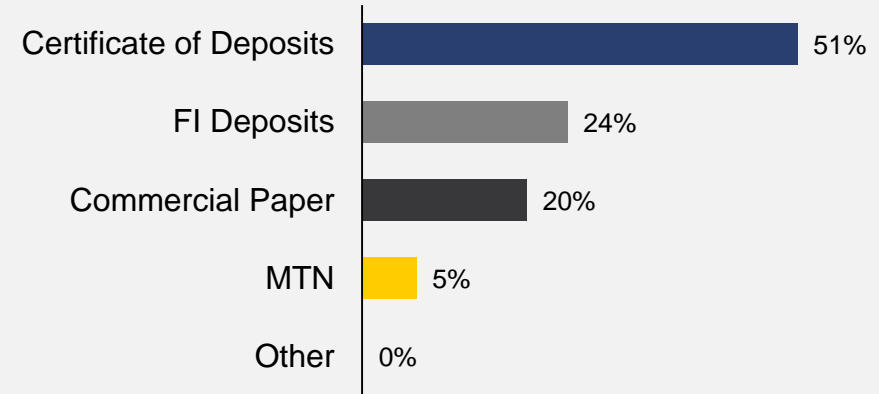


Diversified wholesale funding across product, currency and tenor

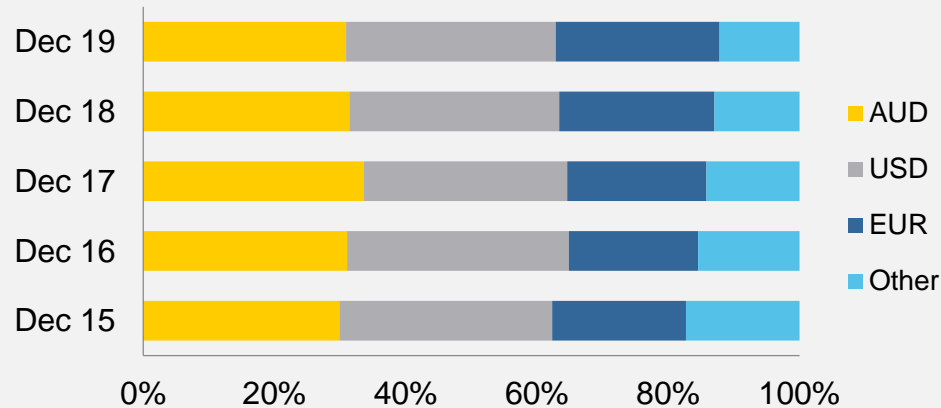
Portfolio mix



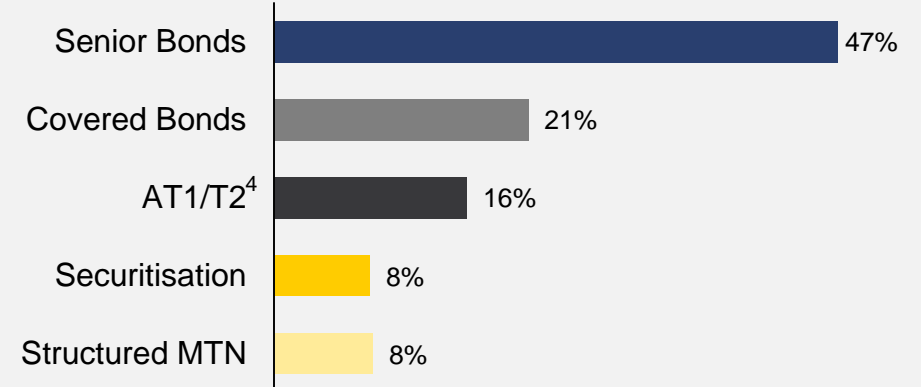
Short term funding by product¹



Long term funding by currency²



Long term funding by product²



1. Includes the categories 'central bank deposits' and 'due to other financial institutions'. 2. Includes IFRS MTM and derivative FX revaluation, and includes debt with an original maturity or call date of greater than 12 months (including loan capital). 3. Represents the weighted average maturity of outstanding long term wholesale debt with a residual maturity greater than 12 months as at reporting date. 4. Additional Tier 1 and Tier 2 Capital.

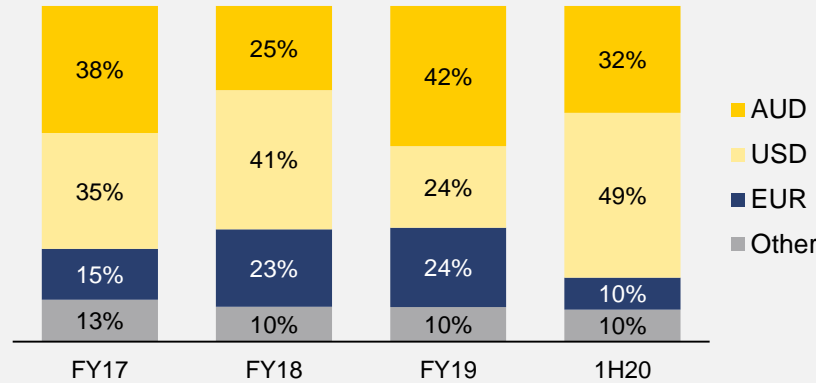
Long term funding

\$12bn long term wholesale funding issuance completed 1H20

Group 1H20 benchmark issuance

Date	Entity	Type	Tenor (yr)	Volume (m)	Spread at Issue (bpts)
Aug 19	ASB	NZD Senior	3	NZD 600	MS + 85
Sep 19	CBA	USD Tier 2	15NC10/20	USD 2,500	T+205 / T+170
Sep 19	ASB	EUR Senior	10	EUR 500	MS + 65
Oct 19	CBA	USD Covered	3	USD 1,500	MS + 30
Nov 19	CBA	AUD Tier 1	7.5	AUD 1,650	3m BBSW +300
Dec 19	CBA	Securitisation	2.9	AUD 1,500	AONIA + 125

New term issuance by currency



New term issuance by tenor

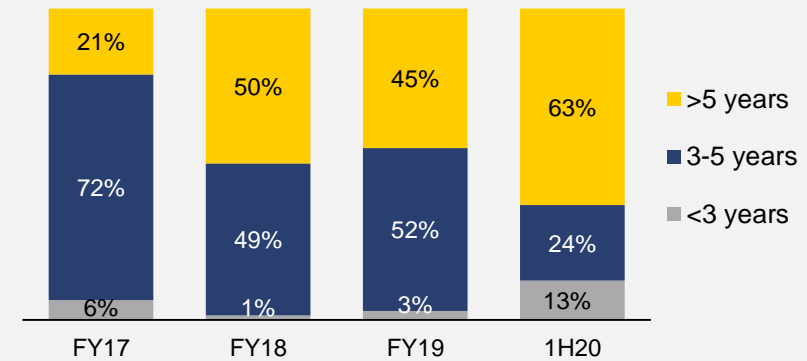
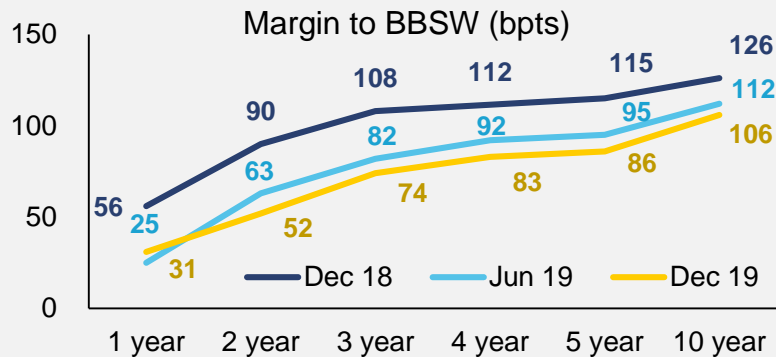
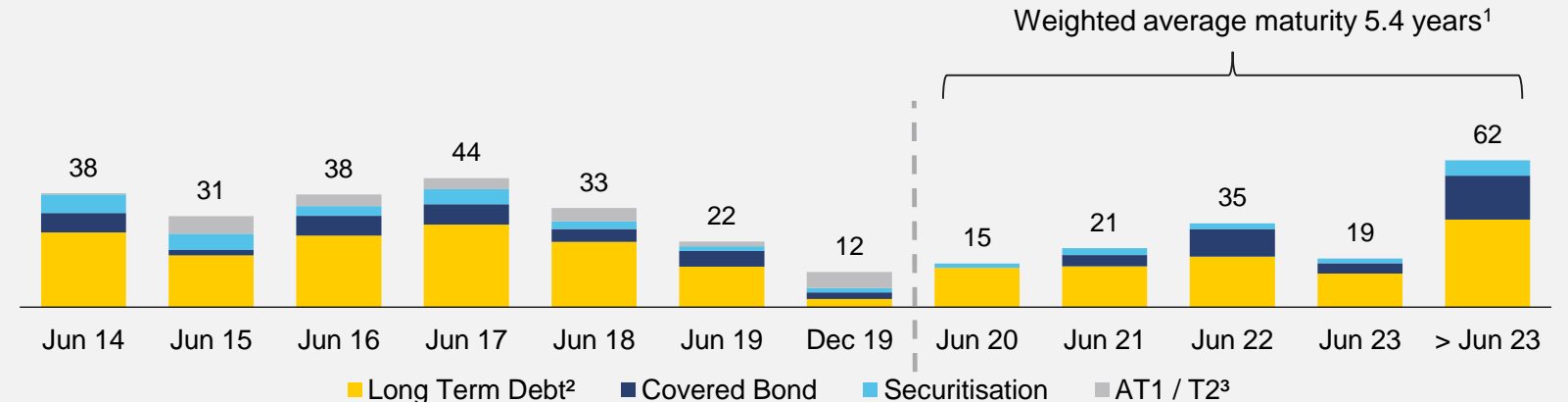


Chart totals do not add to 100% due to rounding.

Indicative funding cost curves



Issuance



Weighted average maturity 5.4 years¹

1. Represents the weighted average maturity of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 December 2019. 2. Includes Senior Bonds and Structured MTN. 3. Additional Tier 1 and Tier 2 Capital.

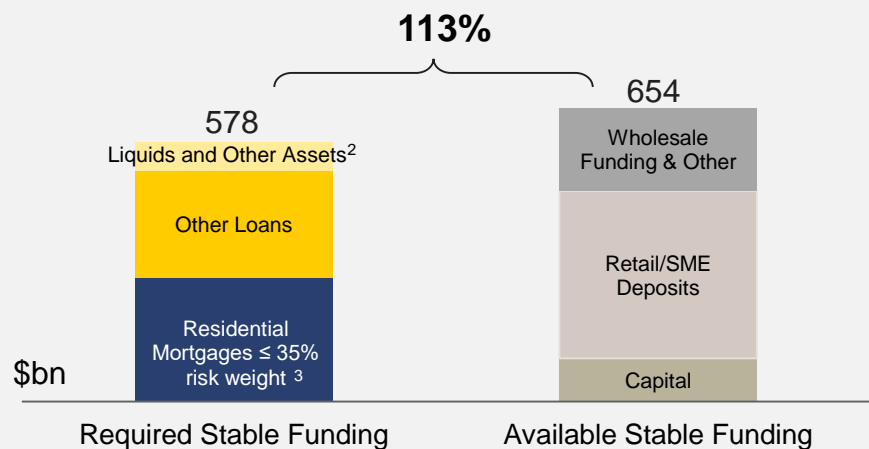
Funding and Liquidity metrics¹



Strong funding and liquidity positions maintained

NSFR

Dec 19

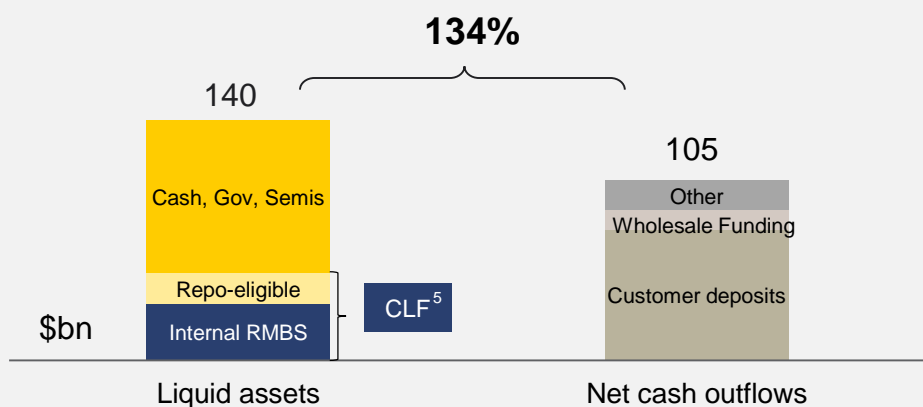


NSFR (%)

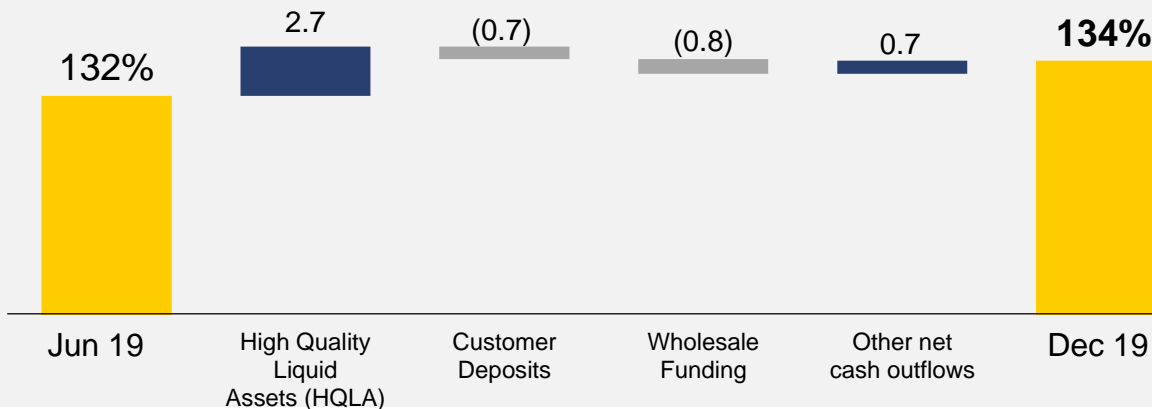


LCR⁴

Dec 19



LCR (%)⁶



1. All figures shown on a Level 2 basis. 2. 'Other assets' includes non-performing loans, off-balance sheet items, net derivatives and other assets. 3. This represents residential mortgages with risk weighting ≤35% under APRA standard APS112 Capital Adequacy: Standardised Approach to Credit Risk. 4. Quarter average. 5. The Group's CLF for calendar year 2019 is \$50.7bn. 6. Calculation reflects movements in both the numerator and denominator.

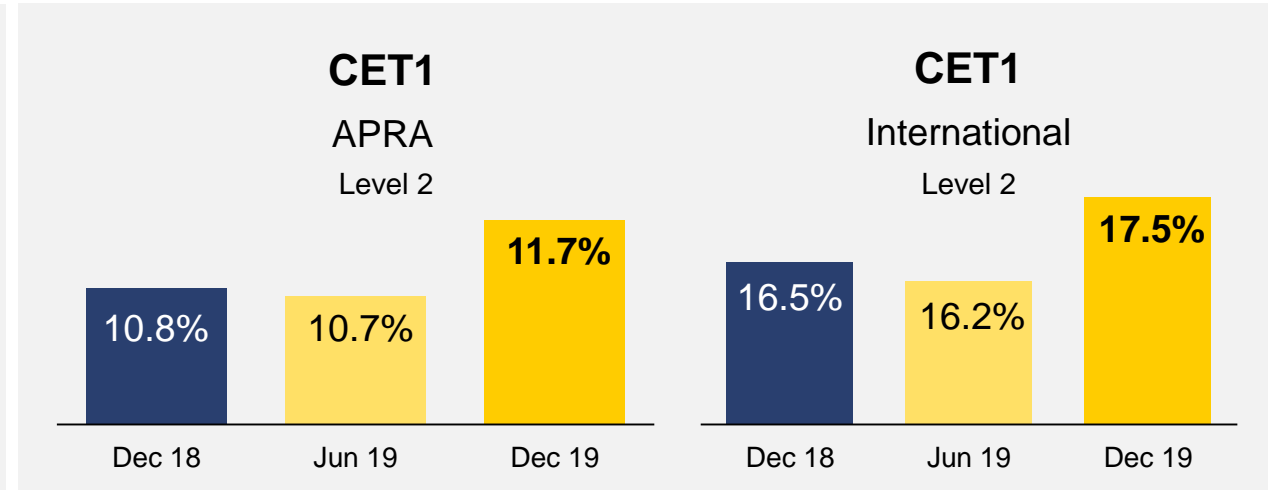
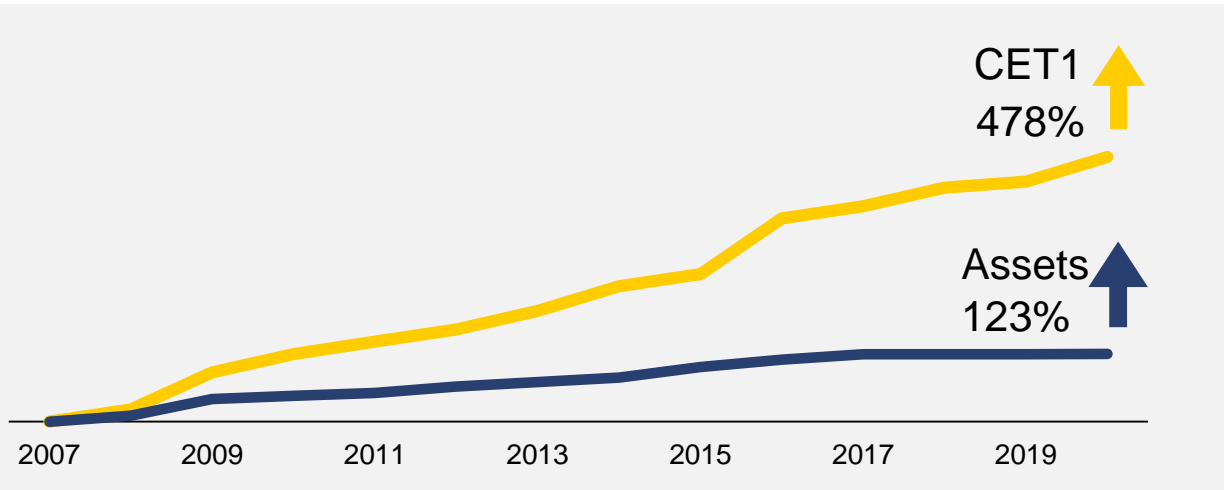


Capital

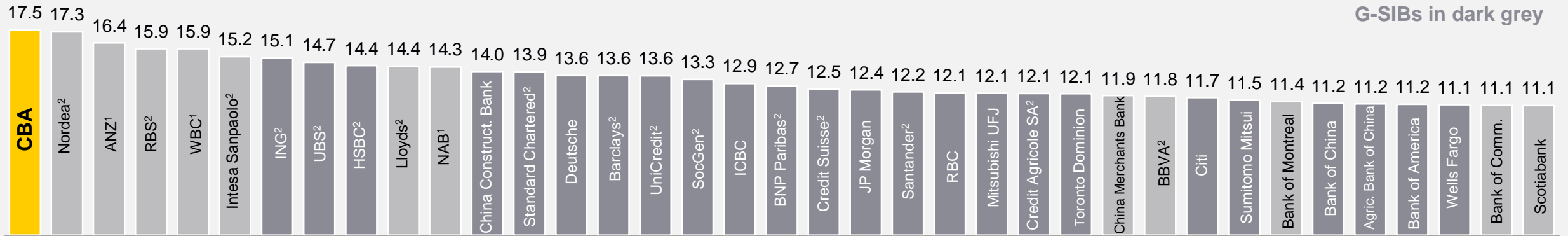


Capital overview

Strong capital position maintained



International CET1 ratios

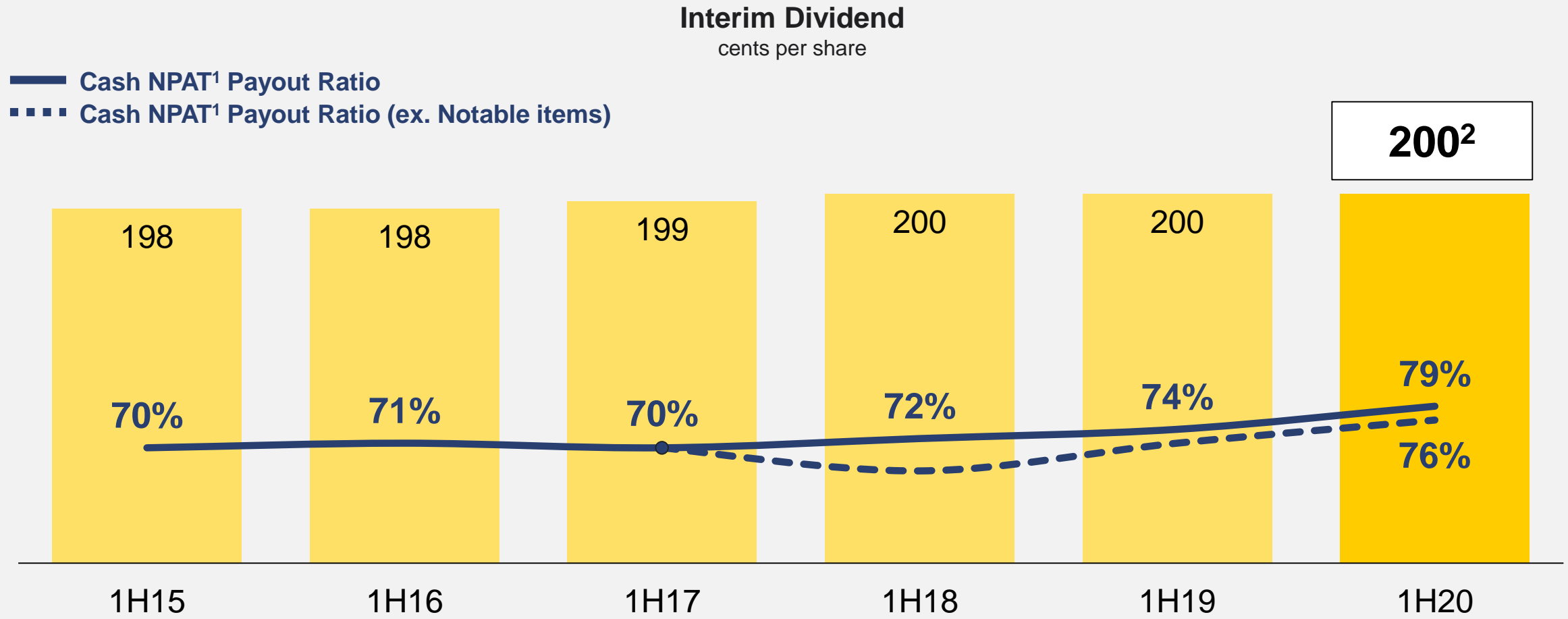


Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 6 February 2020 assuming Basel III capital reforms fully implemented. Peer group comprises listed commercial banks with total assets in excess of A\$900 billion and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate. 1. Domestic peer figures as at 30 September 2019. 2. Deduction for accrued expected future dividends added back for comparability.

Dividends



Always mindful of the importance of dividends to shareholders



1. Cash NPAT inclusive of discontinued operations. 2. The DRP will apply with no discount and will be neutralised.

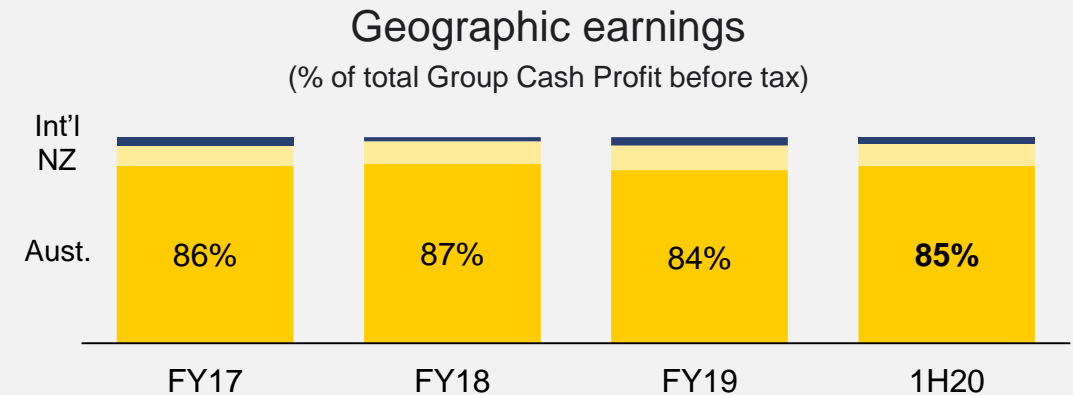
Franking

Geographical profit mix supports full franking of dividends

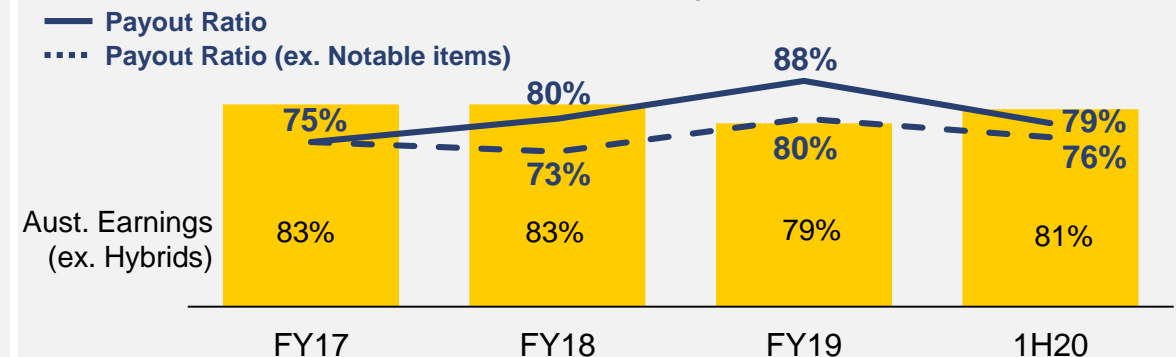
Overview

- CBA's actual dividend franking account balance for tax purposes is currently ~\$3bn¹.
- The interim dividend will utilise ~\$1.5bn of franking credits.
- Approximately 85% of CBA's profit is generated domestically on which Australian tax is paid at ~30%²
- Hybrid securities provide holders with franking benefits, which utilise ~4% of franking credits generated.
- The net effect is CBA generates franking credits on ~81% of the reported profit.
- CBA will generate excess franking credits if the average long-term payout ratio is maintained at 80% or below.
- Due regard must be had to tax rules relating to franking credits when considering capital management initiatives.

Geographical distribution



Dividend payout ratio

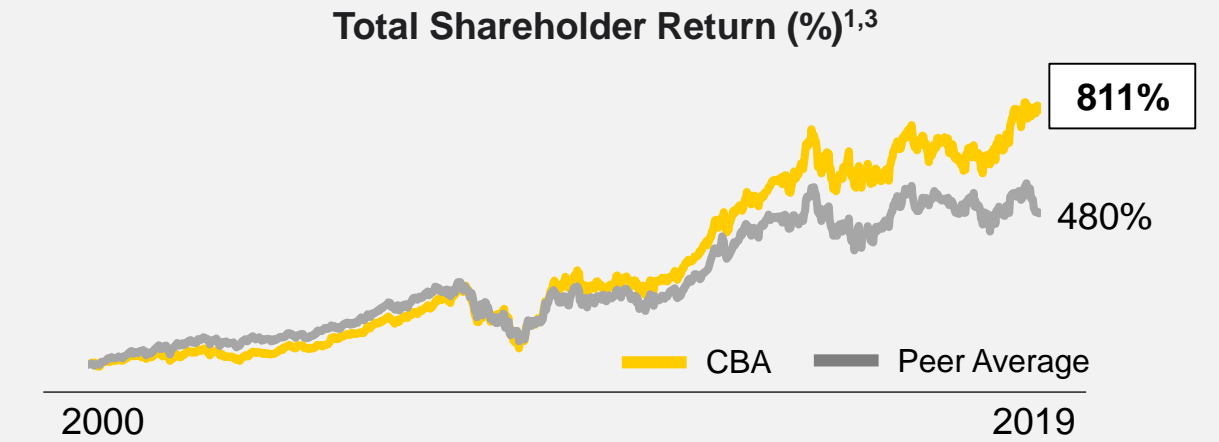
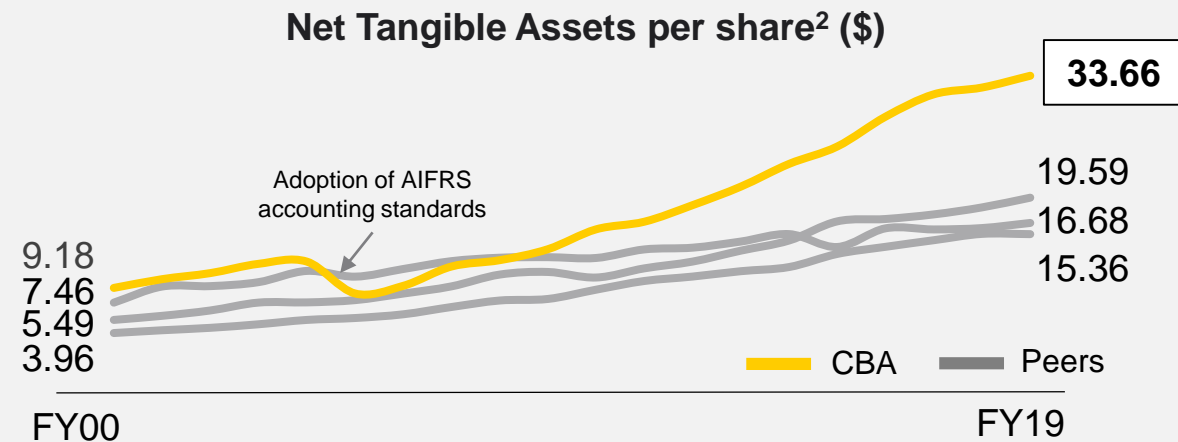
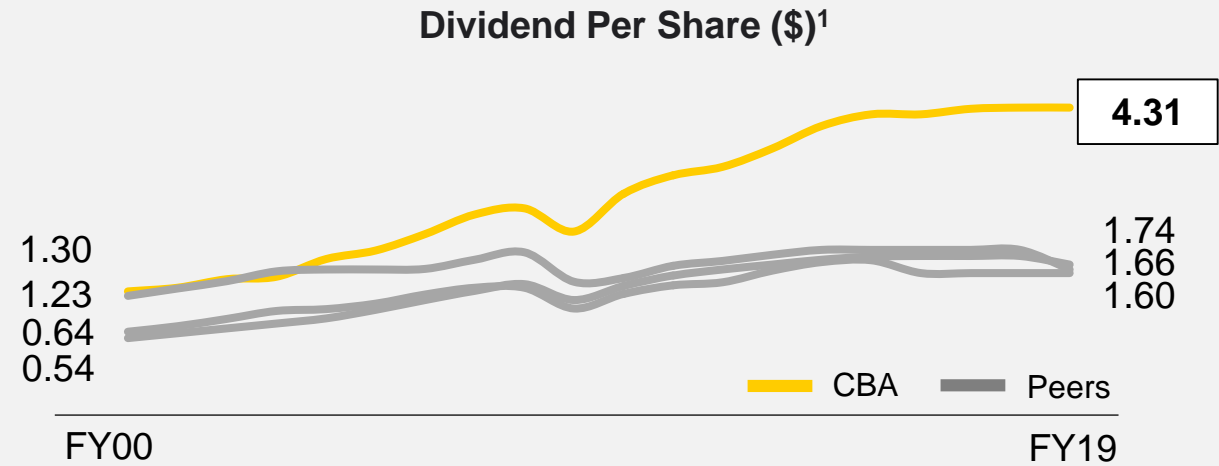
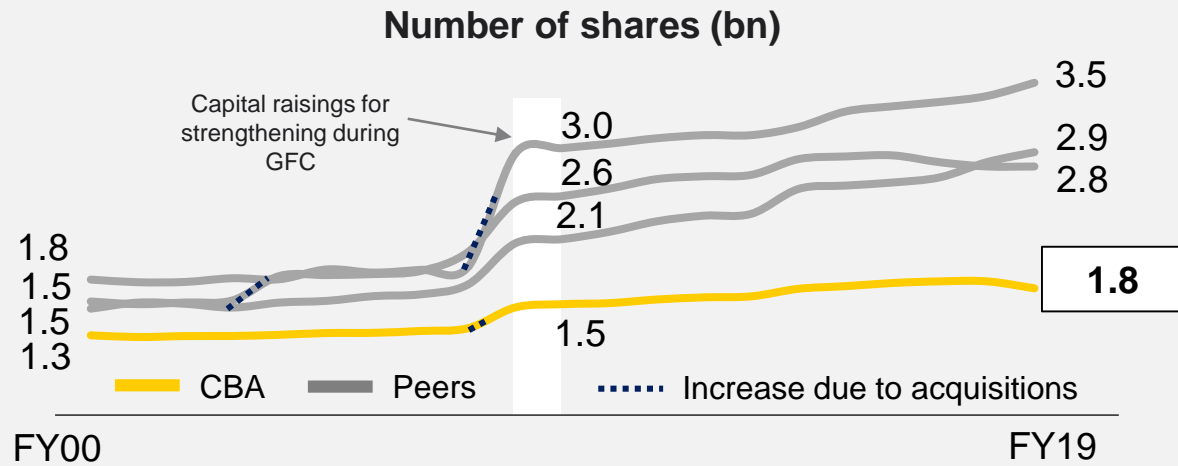


1. The dividend franking account balance reported in the financial statements of \$1.26bn is different to the actual franking balance as per the tax law, as the balance in the financial statements is required to take into account the impact of declared dividends and accrued tax liabilities. 2. The effective tax rate on Australian profits may be above or below the Australian corporate tax rate of 30% as a result of tax and accounting differences such as non deductible expenses and the concessional offshore banking unit regime. 126

Capital



Lower share count supports shareholder returns and a consistent dividend

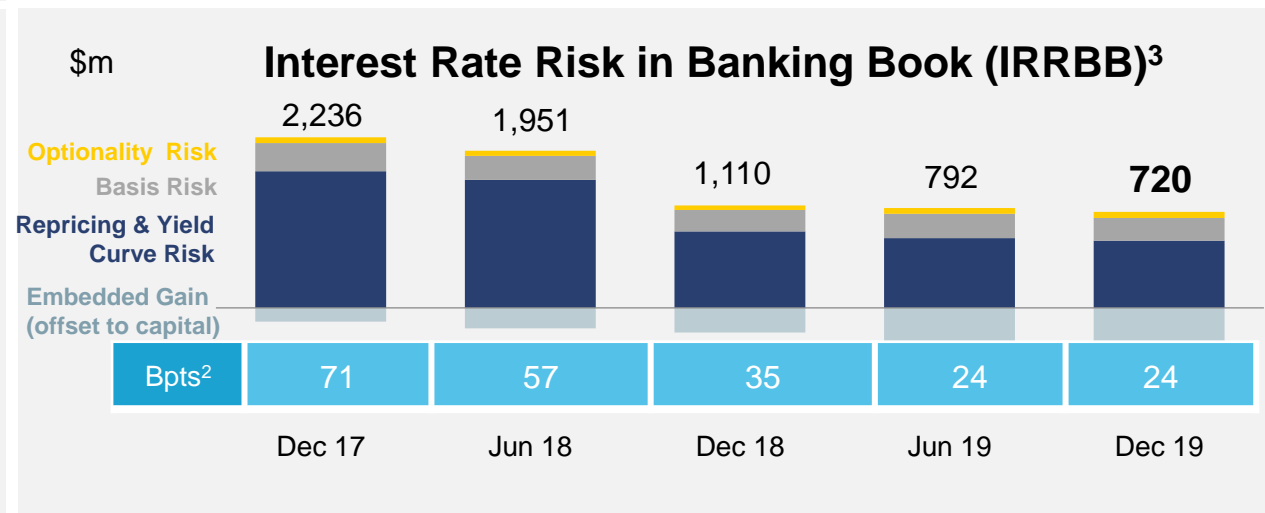
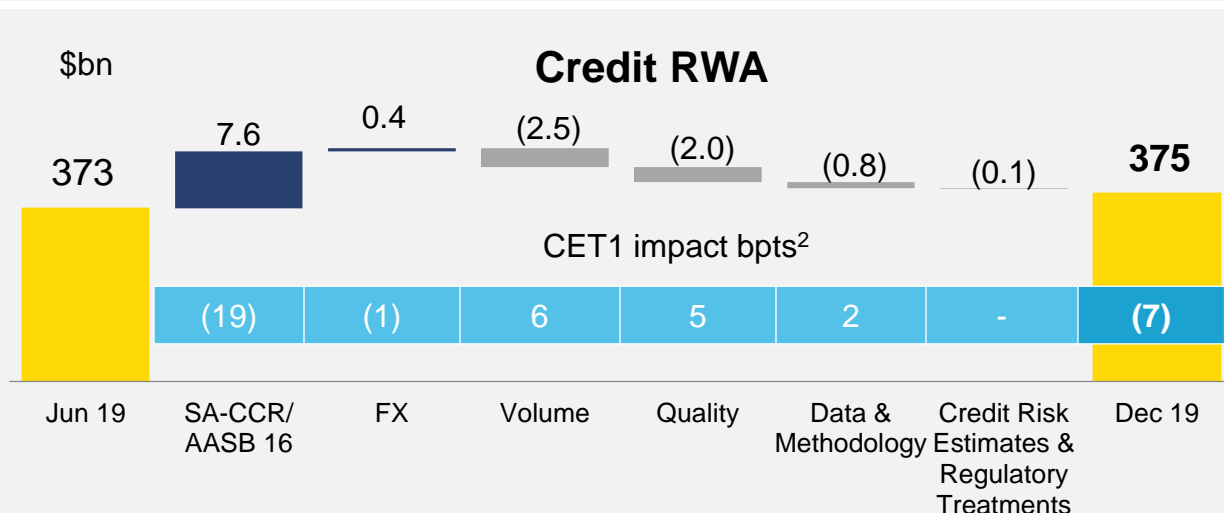
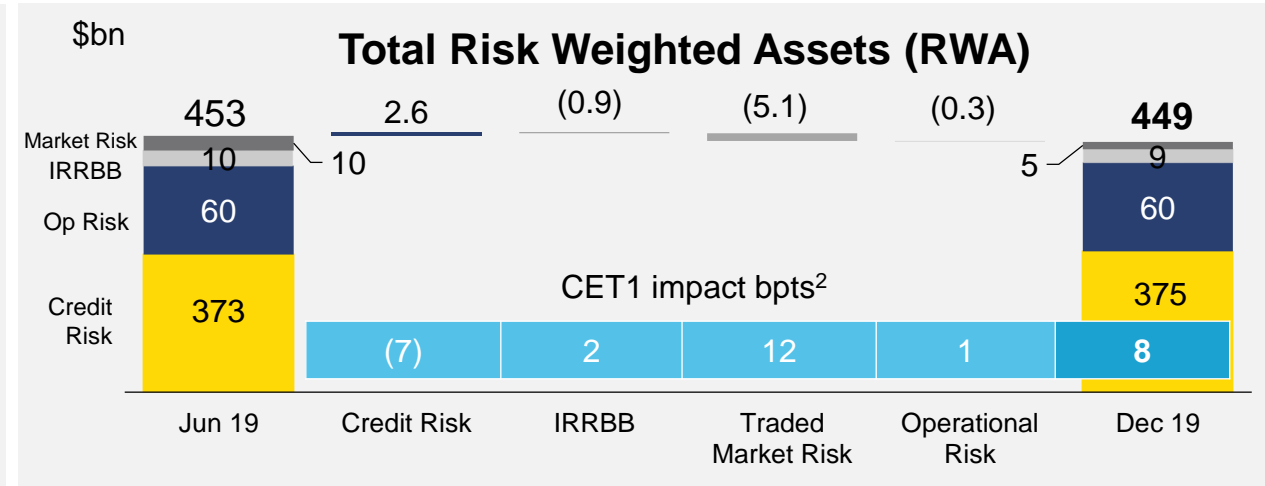
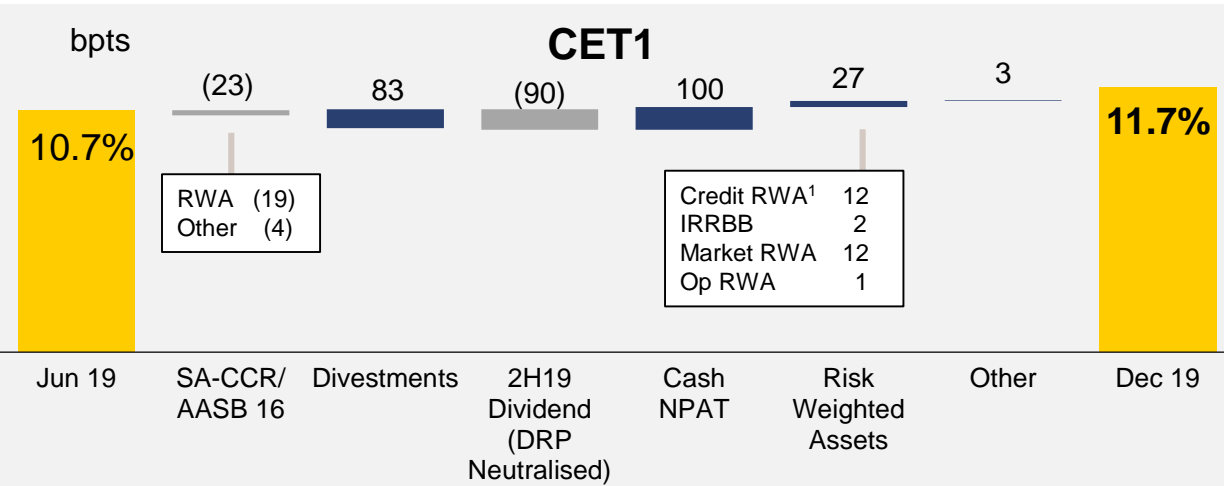


1. Source: Bloomberg. 2. Net tangible assets per share as reported. FY00 – FY04 Net Tangible Assets have not been normalised for the impact of the transition to AIFRS in 2005. 3. Peer average is the average of our major bank peers.

Capital drivers



Lower Risk Weighted Assets this half



1. Excludes the Credit RWA impact of SA-CCR and AASB 16. 2. Basis points contribution to change in APRA CET1 ratio. 3. Capital (Dec 19: \$720m) assigned to interest rate risk in banking book per APS117. Basis points of APRA CET1 ratio.

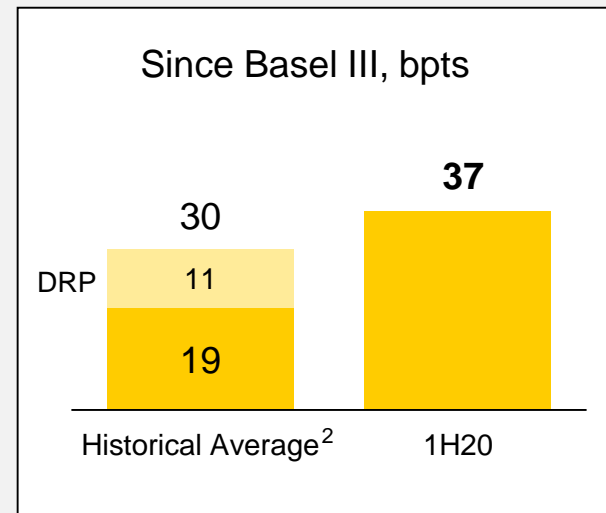
Capital generation

Focus on capital efficient NPAT growth

Organic Capital Generation¹

1H20	\$m	Bpts
RBS	2,243	50
BPB	1,528	34
IB&M	999	22
New Zealand	426	9
Wealth	296	7
IFS and Other	213	5
Dividend (net DRP)	(4,089)	(90)
Total Organic Capital	1,616	37

Organic capital generation



Opportunities

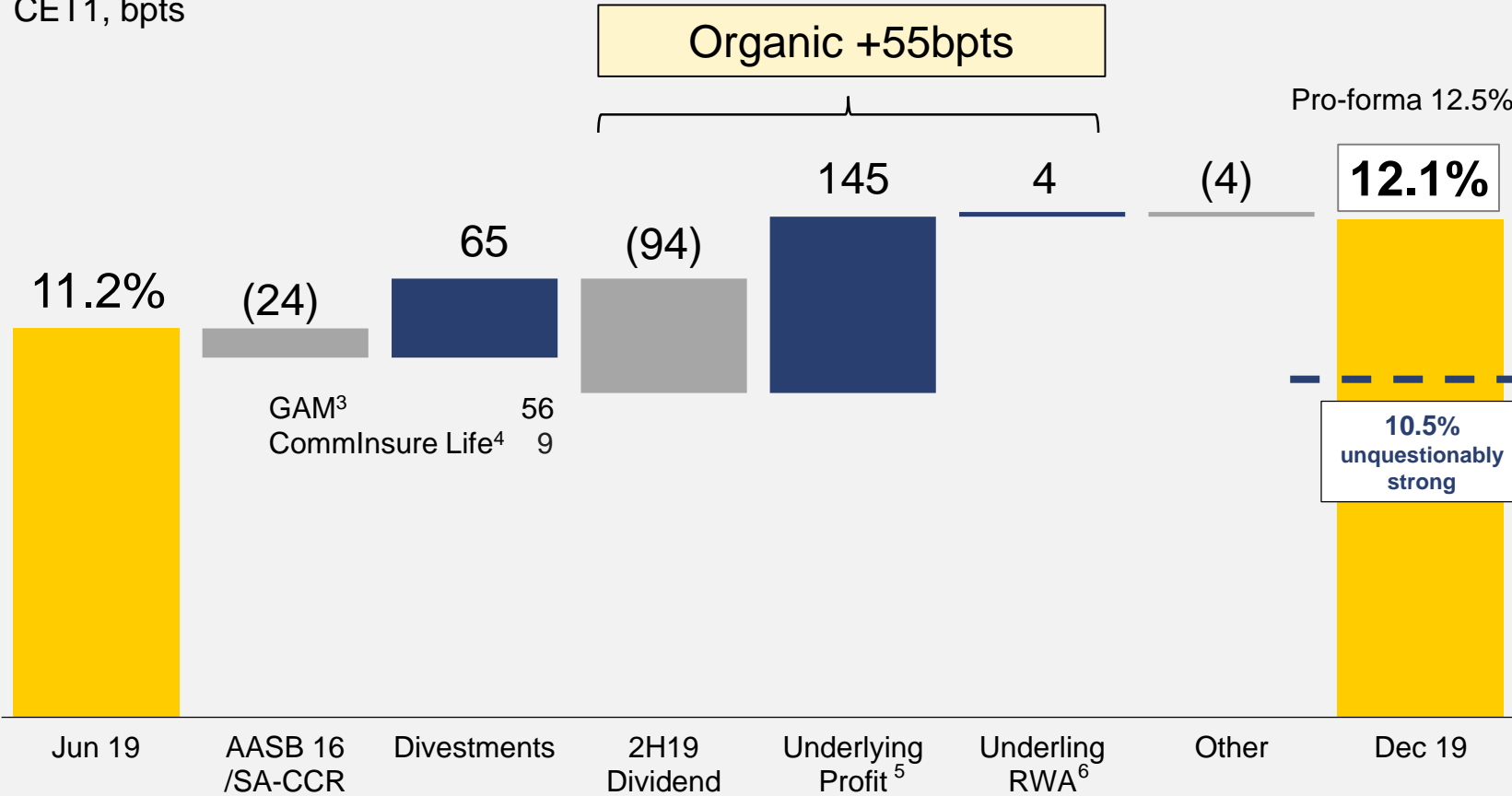
- Simpler operating model
- Cost reduction
- Capital efficient NPAT growth
- Improved data quality/models/pricing tools

CET1 (Level 1)



The Group's CET1 Level 1¹ is 40bpts higher than Level 2² at 12.1%, up from 11.2% in Jun 19

CET1, bpts



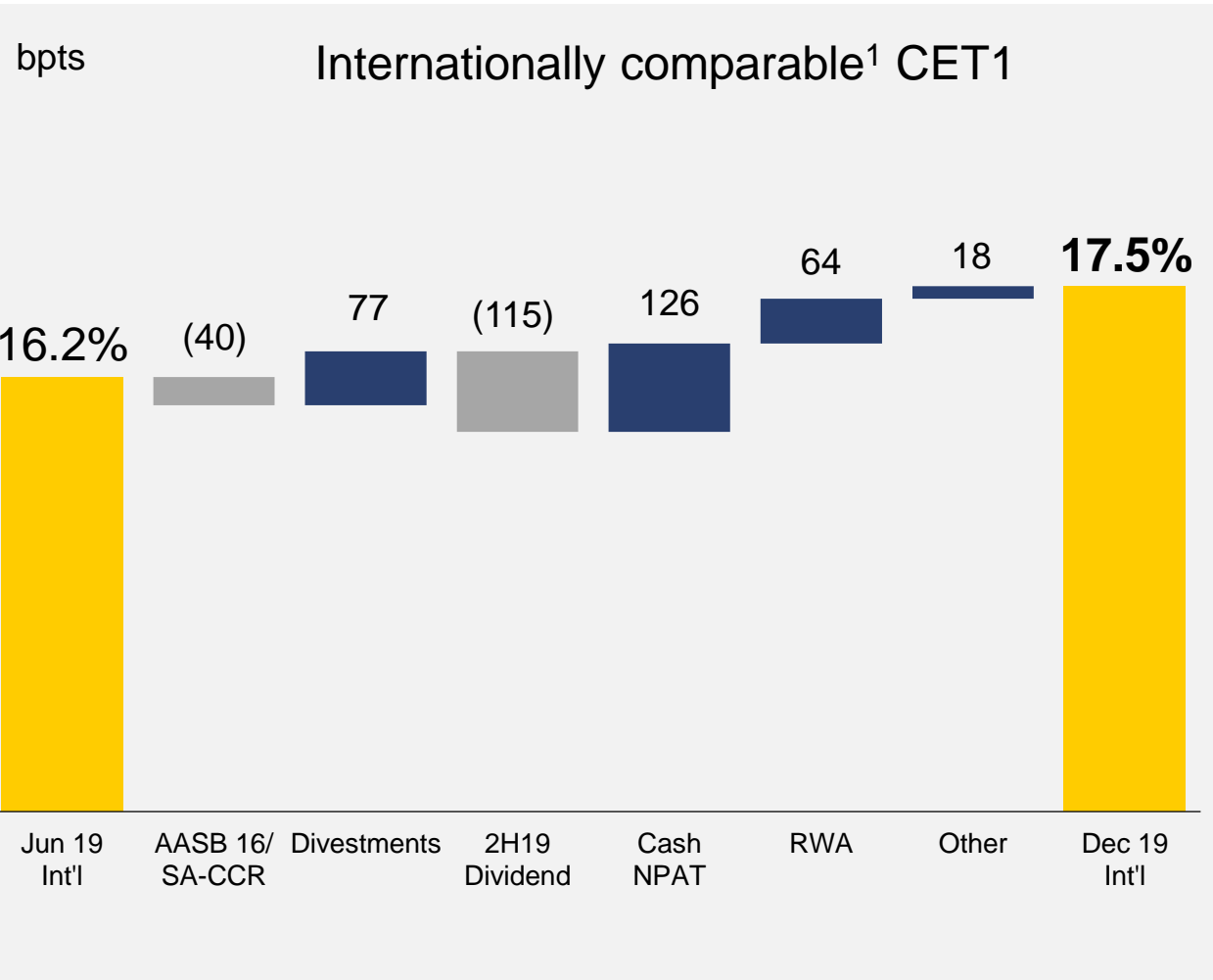
Differences between Level 1 and Level 2	Impact (bpts)
Lower RWA's at Level 1 due to the exclusion of banking subsidiaries	135
Investment in insurance subsidiaries risk weighted at 400% at Level 1 - full deduction at Level 2	10
Lower reserves and retained earnings at Level 1	(30)
Investments in regulated banking subsidiaries (e.g. ASB) risk weighted at 400% ⁷ at L1, eliminated at L2	(70)
Other	(5)
Level 1 vs Level 2	40

1. Level 1 is the CBA parent bank, offshore branches, and extended license entities approved by APRA. 2. Level 2 is the consolidated banking group (including banking subsidiaries such as ASB Bank, PT Bank Commonwealth (Indonesia) etc.) and excluding the insurance and funds management businesses. 3. GAM impact of 56 bpts lower than level 2 impact of 73 bpts as not all proceeds were repatriated back to CBA (Level 1) - including funds withheld to repay remainder of Colonial Debt. 4. CommInsure Life reflects the benefit from cash proceeds in 1H20. 5. Excludes profit/loss on sale of announced divestments and includes dividend income received from subsidiaries. 6. Excludes RWA's from the implementation of AASB 16 and SA-CCR. 7. Under proposed changes to APS 111 risk weighting will move to 250%, capped at 10% of CET1 capital, above which investments are treated as a 100% CET1 deduction.

CET1 – internationally comparable



The Group's CET1 ratio of 11.7% translates to 17.5% on an international basis, up from 16.2%



CET1 APRA	11.7%
Equity investments	1.0%
Capitalised expenses	0.1%
Deferred tax assets	0.4%
IRRBB RWA	0.2%
Residential mortgages	2.3%
Other retail standardised exposures	0.1%
Unsecured non-retail exposures	0.4%
Non-retail undrawn commitments	0.4%
Specialised lending	0.8%
Currency conversion	0.1%
CET1 internationally comparable	17.5%
Tier 1 internationally comparable	20.5%
Total capital internationally comparable	24.6%

1. Internationally comparable capital - refer glossary for definition.

Regulatory expected loss



Increase in provisions due to implementation of AASB 9

\$m	Dec 18	Jun 19	Dec 19
Regulatory Expected Loss (EL)	4,600	4,706	4,440
Eligible Provisions (EP)			
Collective Provisions ¹	3,453 ²	3,510 ²	3,663 ²
Specific Provisions ^{1,3}	1,650	1,751	1,647
General Reserve for Credit Losses adjustment ⁴	539	515	-
Less: ineligible provisions (standardised portfolio)	(325)	(353)	(330)
Total Eligible Provisions	5,317	5,423	4,980
Regulatory EL in Excess of EP ⁵	(717) ²	(717) ²	(540) ²
Common Equity Tier 1 Adjustment	_2	_2	_2

1. Includes transfer from collective provision to specific provisions (Dec 19: \$404m Jun 19: \$394m, Dec 18: \$361m). 2. Implementation of AASB 9 on 1 July 2018 has increased collective provisions, resulting in the CET1 deduction reducing to nil. 3. Specific provisions includes partial write offs (Dec 19: \$284m Jun 19: \$462m, Dec 18: \$369m). 4. Effective 31 December 2019, the Group's General Reserve for Credit Losses (GRCL) is lower than the provision recognised for accounting purposes, resulting in no additional GRCL requirement. 5. Excess of eligible provisions for non-defaulted exposures 132 included in Tier 2 capital (Dec 19: \$240m Jun 19: \$527m, Dec 18: \$521m).

Regulatory capital changes

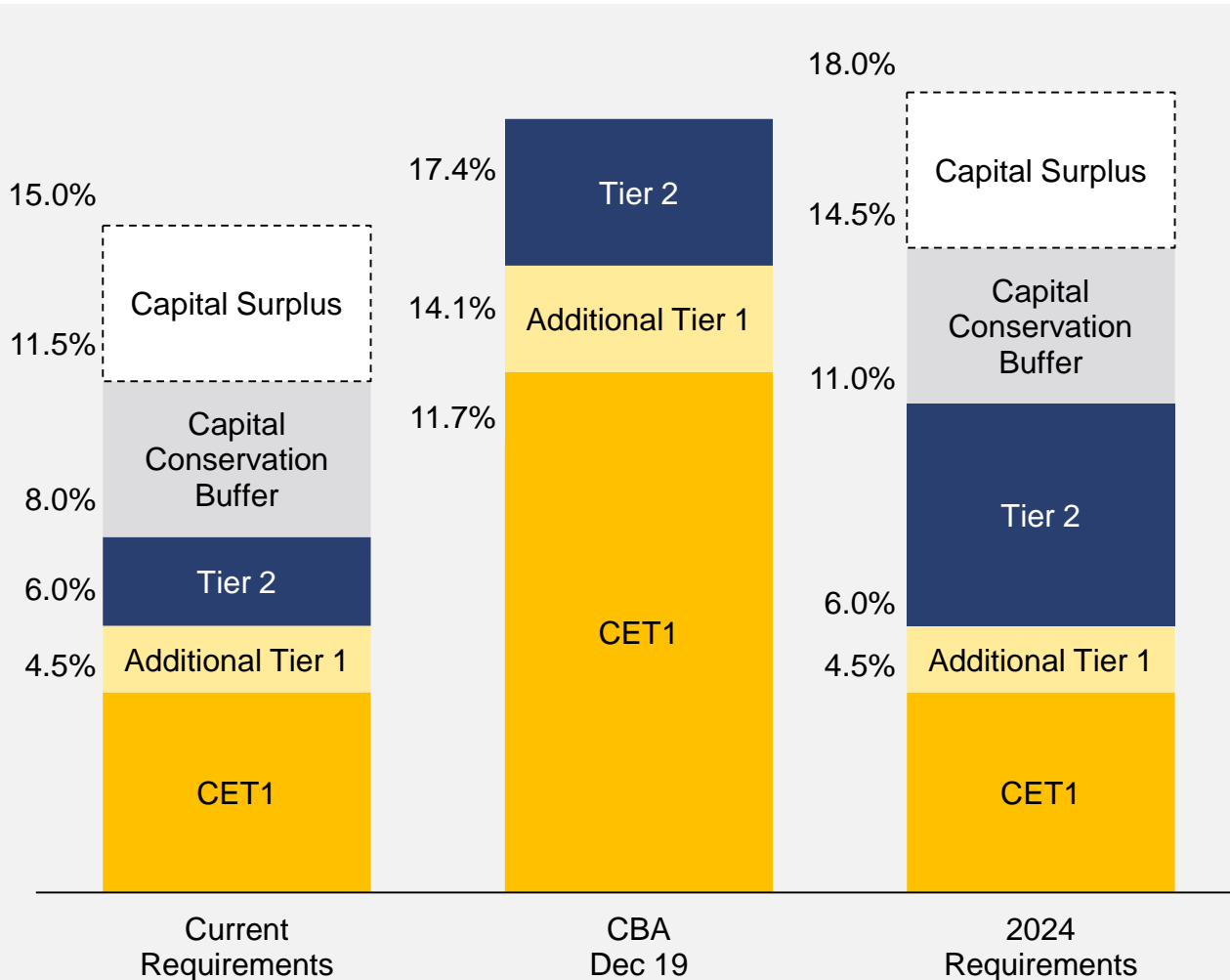


Change	Details	Implementation
APRA's unquestionably strong	<ul style="list-style-type: none"> Capital to exceed unquestionably strong benchmark of CET1 >10.5% by 1 Jan 2020. 	1 Jan 2020
APRA's revisions to the ADI capital framework	<p>APRA commenced consultation on:</p> <ul style="list-style-type: none"> Revisions to risk-based capital requirements for credit, interest rate risk in the banking book and operational risk; Transparency, comparability and flexibility of the ADI capital framework; and Measurement of capital (APS 111), including capital treatment of parent ADI investments in banking and insurance subsidiaries. <p>APRA is expected to commence consultation on the Fundamental Review of the Trading Book in 2020 (APS 116)</p>	1 Jan 2022 (APS 111 and Operational RWA Jan 2021, APS 116 2023)
Loss Absorbing Capacity ("LAC")	<ul style="list-style-type: none"> Total Capital increase of 3% for all domestically systemically important banks (D-SIBs) 	1 Jan 2024
RBNZ Capital Review	<ul style="list-style-type: none"> RWA of internal ratings based banks will increase to 90% of that required under a standardised approach; D-SIB Tier 1 capital requirement of 16% with at least 13.5% in the form of CET1; and Implementation from Jul 2020 with a transitional period of 7 years. 	1 Jul 2027 (7 year transition period from Jul 2020)
Leverage ratio	<ul style="list-style-type: none"> Proposed minimum 3.5% from 1 Jan 2022. 	1 Jan 2022
APS 220 Credit Risk Management	<ul style="list-style-type: none"> Enhancements covering a broad range of issues including credit standards, ongoing monitoring and management of credit portfolios and Board oversight. From a regulatory capital perspective, proposals include the removal of the General Reserve for Credit Losses (GRCL) from provision requirements. Consultation closed Jun 2019. 	1 Jan 2021

APRA's LAC requirements



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



- Additional 3% of RWA in Total Capital applicable to all domestically systemically important banks (D-SIBs) by 1 Jan 24.
- This represents additional \$13.5bn of Total Capital requirement for CBA.
- 1H20 LAC qualifying issuances included \$1.65bn Additional Tier 1 and \$3.8bn Tier 2.
- Over the next four years, APRA will consider feasible alternative methods for raising additional 1-2% of RWA, in consultation with industry and other stakeholders.

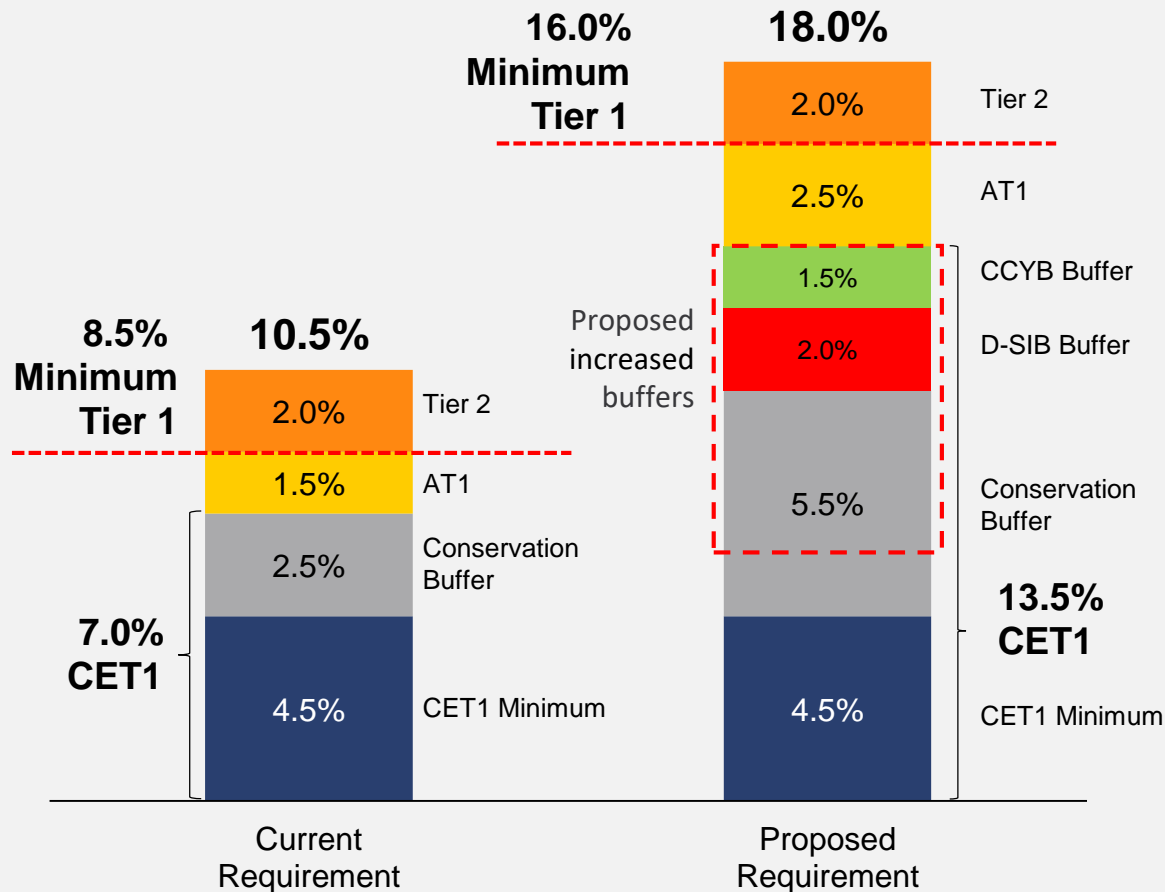
\$bn	Dec 19
Risk Weighted Assets	449.2
Additional Total Capital requirement @ 3%	13.5
1H20 LAC qualifying issuance	5.5

RBNZ capital requirements

New Zealand Tier 1 minimum to increase to 16%



RBNZ capital requirement changes



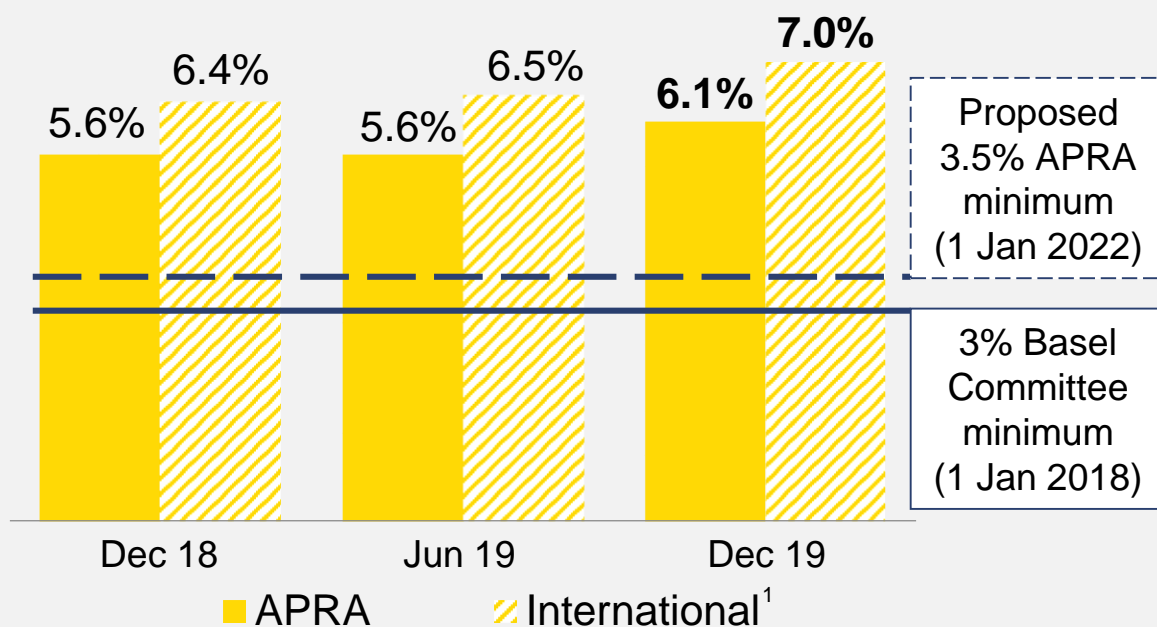
- ASB will require an additional ~NZ\$3bn in Tier 1 capital (of which ~NZ\$2.5bn must be CET1 capital) assuming current balance sheet size and composition, and under APRA's proposed revisions to APS111, an equity injection of additional capital into ASB over the transition period would eventually result in a reduction in CBA's Level 1 CET1 ratio.
- Implementation to commence from July 2020 with a transitional period of 7 years.
- CBA's Level 2 CET1 ratio will not be affected by these requirements.
- CBA well placed to meet changes and will consider ways to minimise the financial impact from the requirements while supporting our customers and growth in the New Zealand economy.

Leverage ratio

CBA leverage ratio well above proposed APRA minimum

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

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



\$m	Dec 19
Tier 1 Capital	63,218
Total Exposures	1,040,423
Leverage Ratio (APRA)	6.1%

\$m	Dec 19
Group Total Assets	979,868
Less subsidiaries outside the scope of regulatory consolidations	(7,283)
Add net derivative adjustment	1,832
Add securities financing transactions	307
Less asset amounts deducted from Tier 1 Capital	(18,250)
Add off balance sheet exposures	83,949
Total Exposures	1,040,423

1. 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.



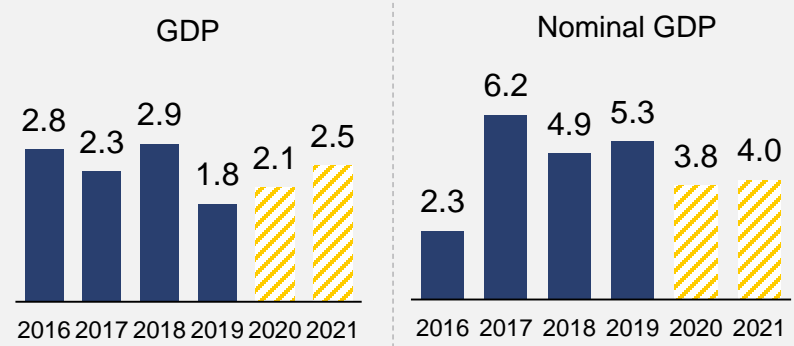
Economic Overview



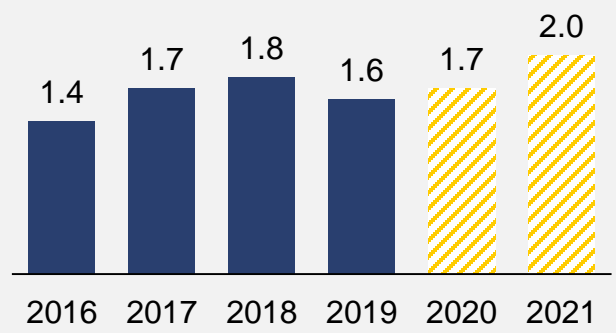


Key Australian economic indicators (June FY)

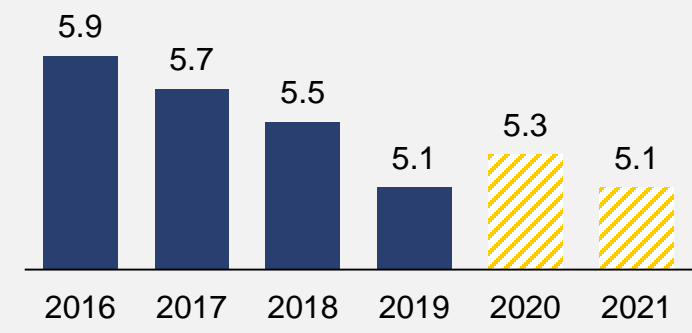
GDP %



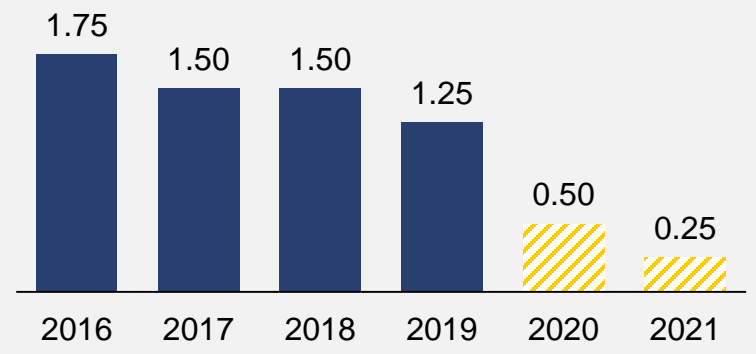
Underlying CPI %



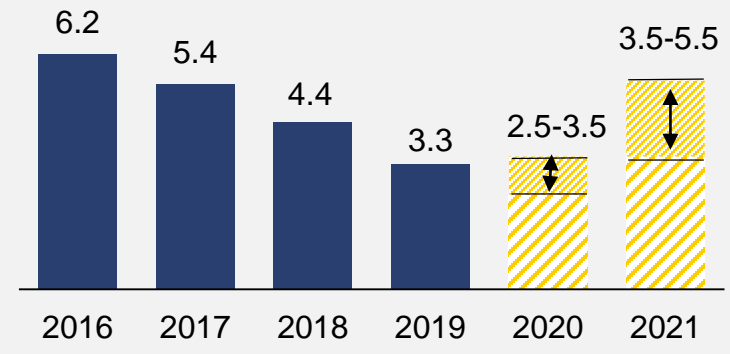
Unemployment rate %



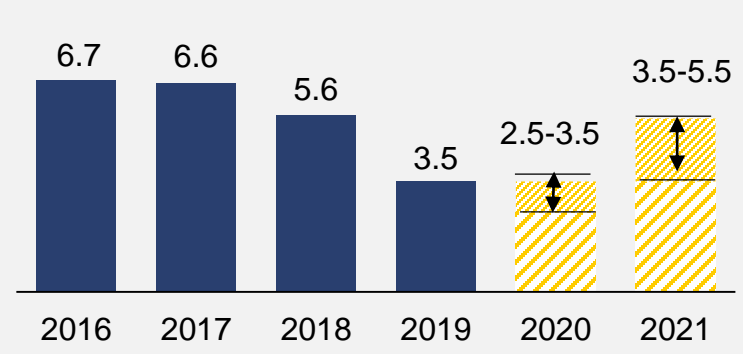
Cash rate %



Total credit growth %



Housing credit growth %



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

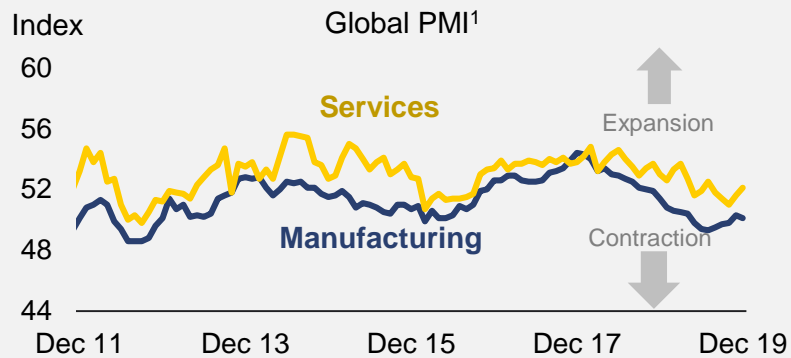
= forecast

The Global Economy

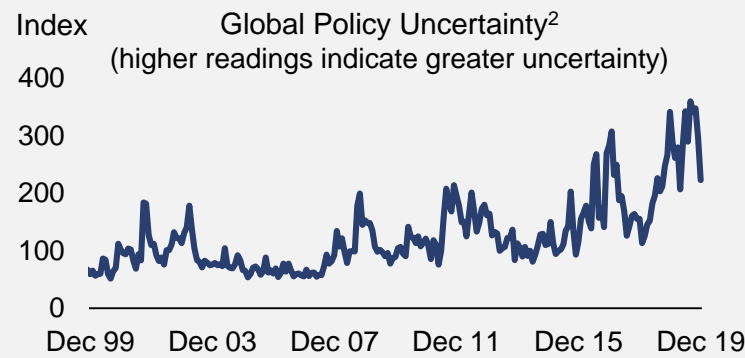


Risks remain elevated despite some improvement

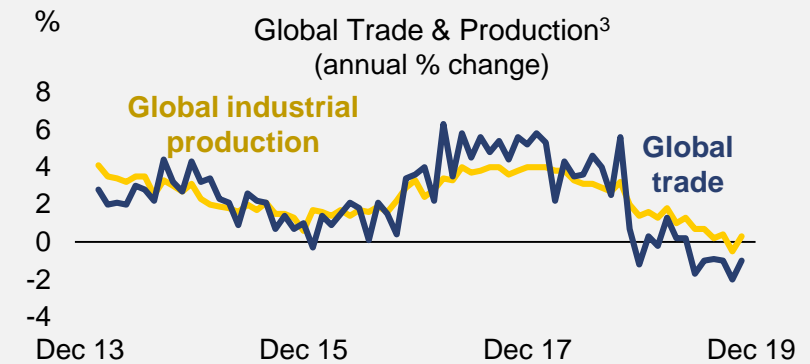
The global economy slowed in 2019...



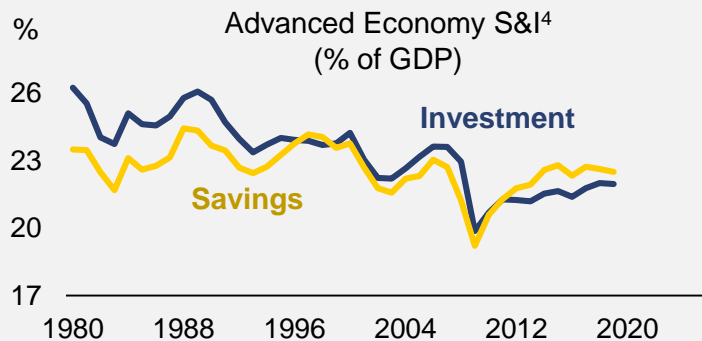
...as the trade war lifted uncertainty...



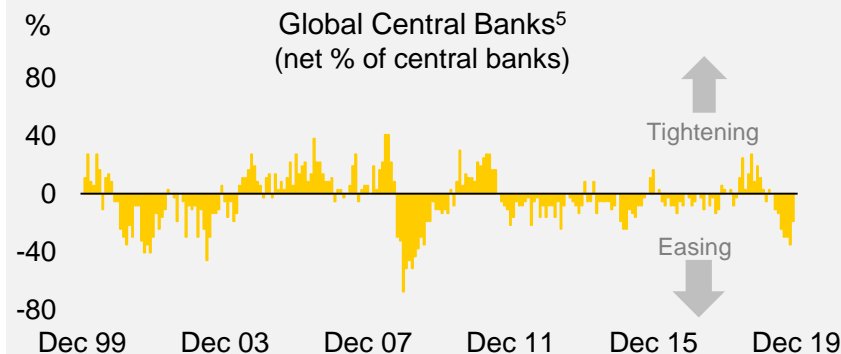
...and global trade and production weakened



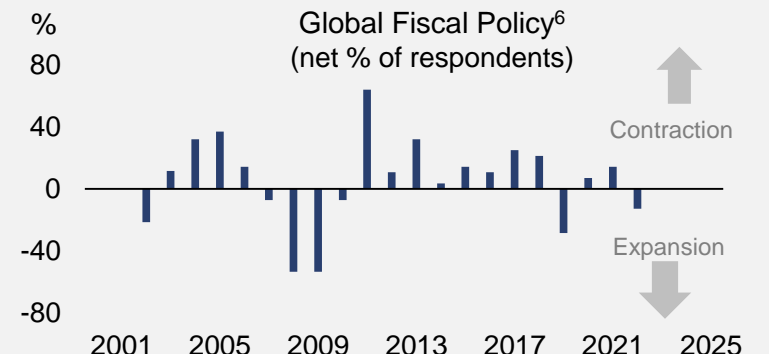
Uncertainty also depresses capex and lifts savings



Central banks are easing policy again



Fiscal policy could play a greater role



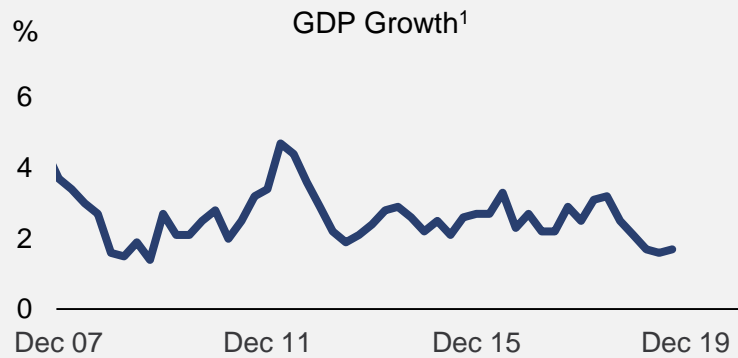
1. Source: IHS Markit. 2. Source: PolicyUncertainty.com. 3. Source: CBP. 4. Source: IMF. 5. Source: BIS/CBA. 6. Source: IMF/CBA.

The Australian Economy

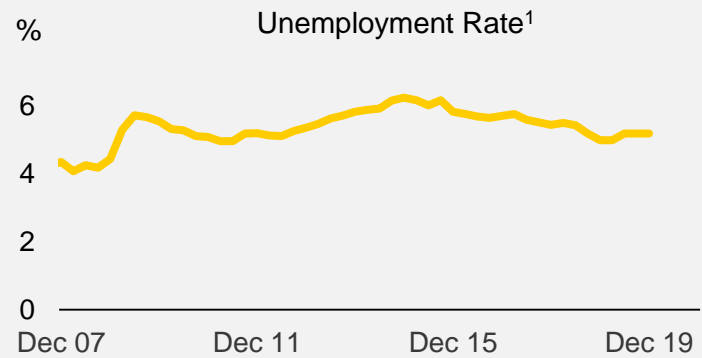


Sluggish growth & low inflation

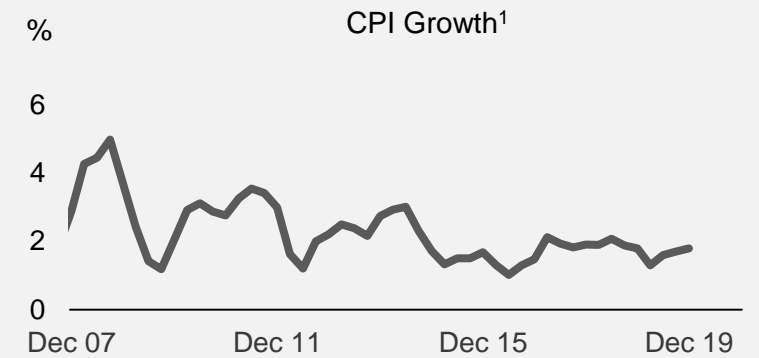
Real GDP growth is at the low end of the range



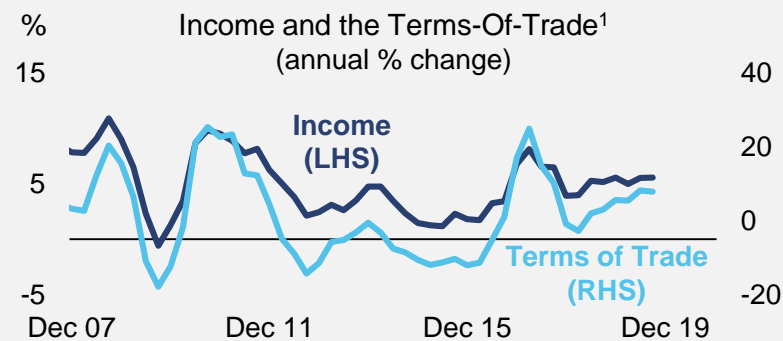
Progress in reducing unemployment



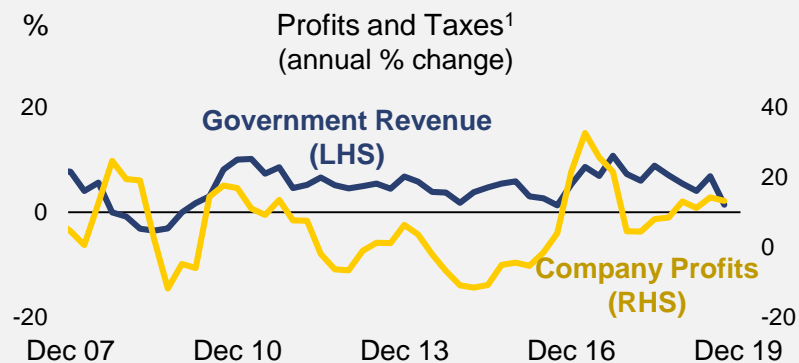
Inflation rates remain low



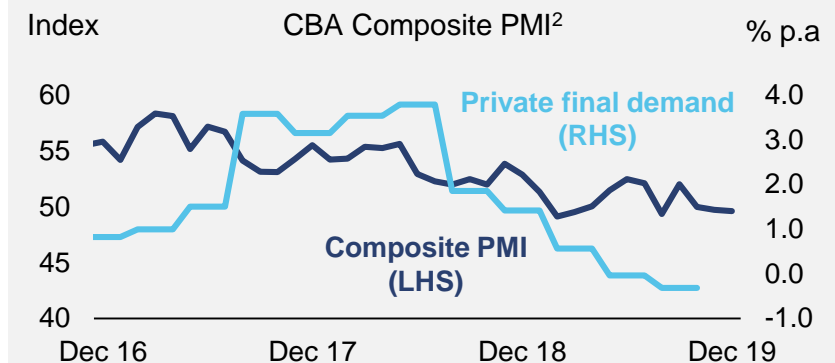
Nominal GDP growth to slow as terms of trade fall



Weaker incomes impact on profits and taxes



Business surveys show caution



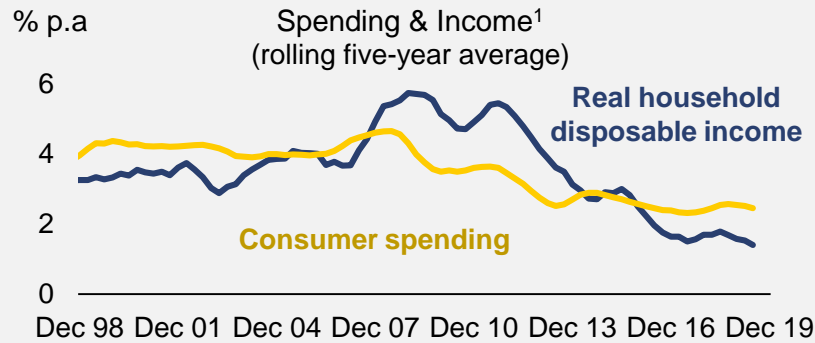
1. Source: ABS. 2. Source: IHS Markit/CBA/ABS.

The Australian Economy

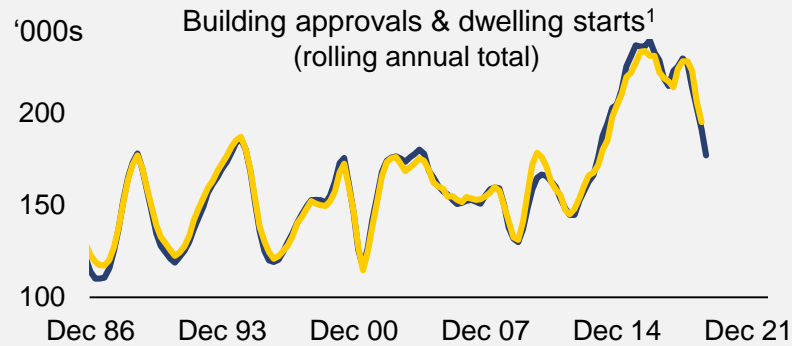


Domestic risks centred on households

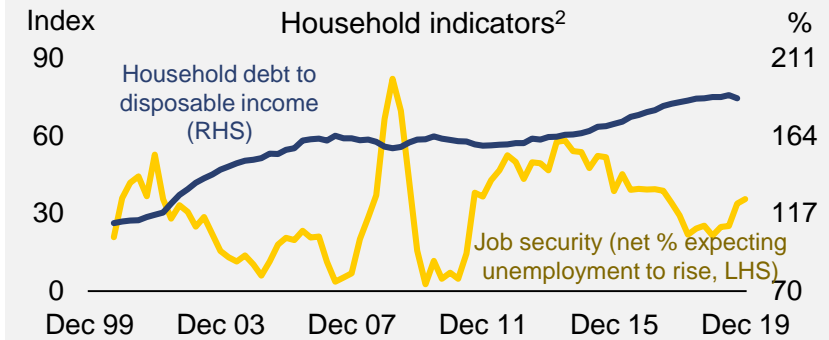
Consumer spending remains soft



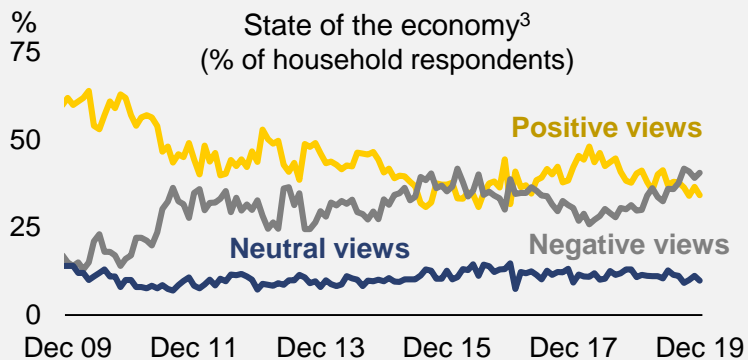
Residential construction is falling



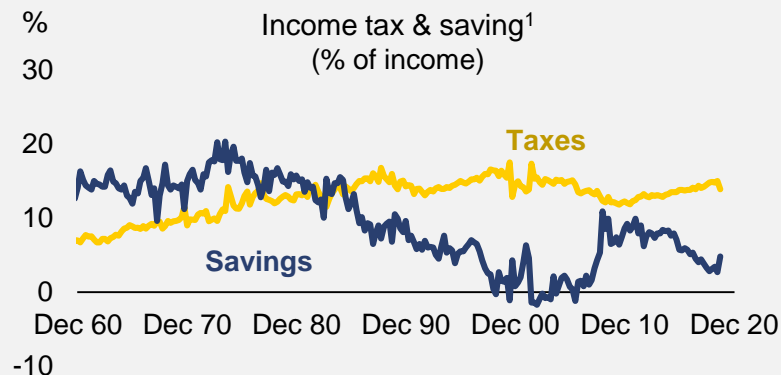
Household debt is high and job security fears persist



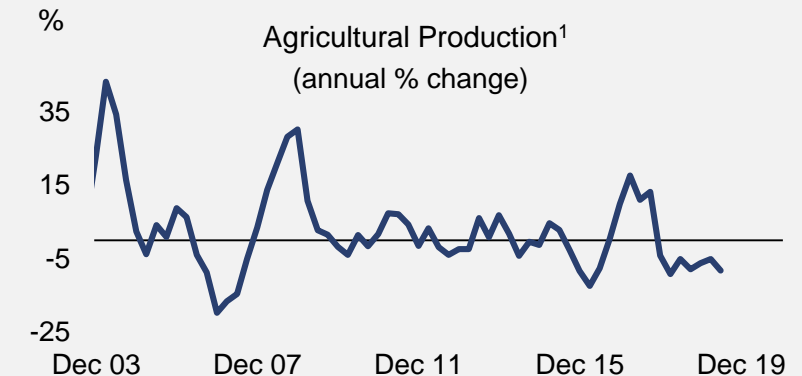
Policy stimulus is proving less effective as rate cuts impact on sentiment



Tax cuts have largely been saved, not spent



The drought continues and the bushfire threat remains intense



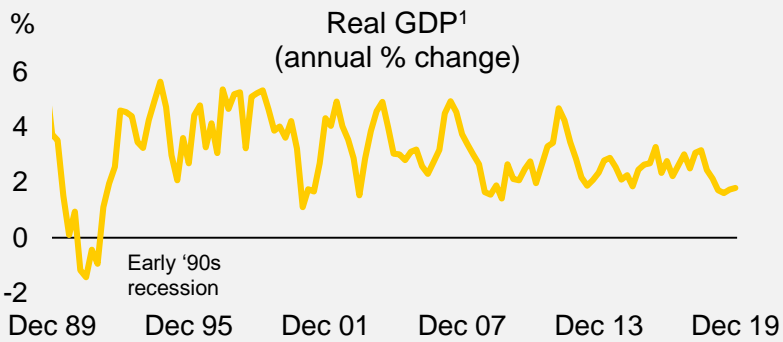
1. Source: ABS. 2. Source: RBA/WBC Melbourne Institute. 3. Source: CBA viewpoint

The Australian Economy

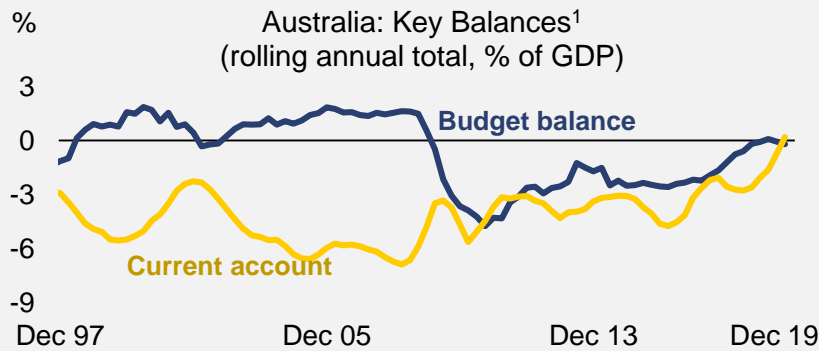
Some positives



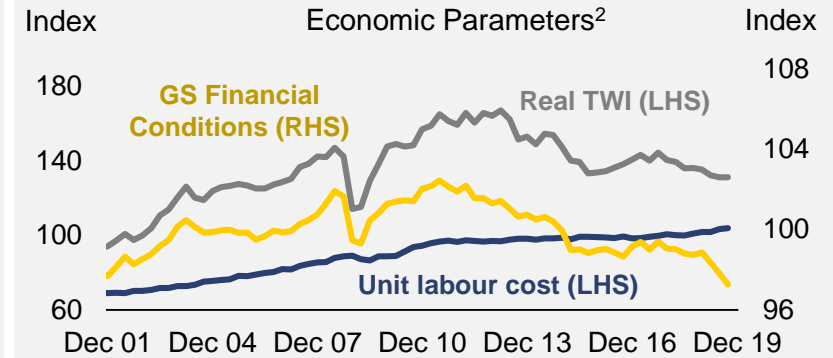
The 29-year plus expansion highlights Australia's economic resilience



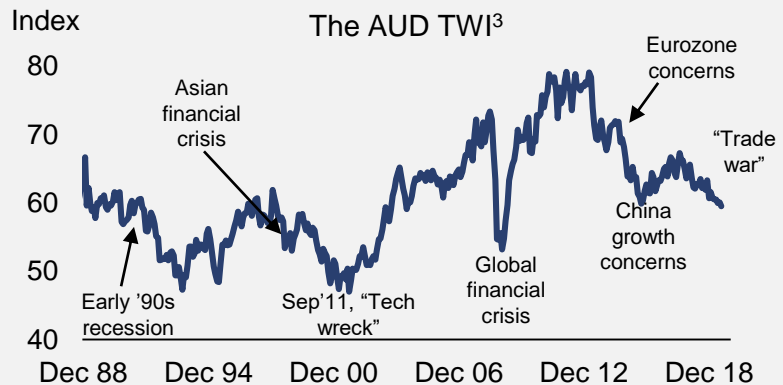
The "twin surpluses" provide some protection



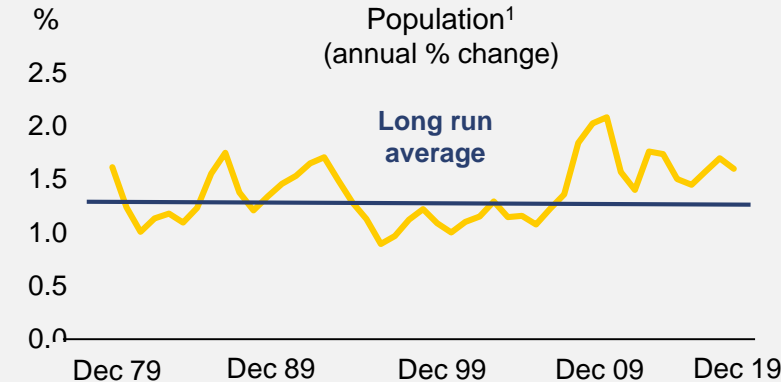
Economic parameters are favourable



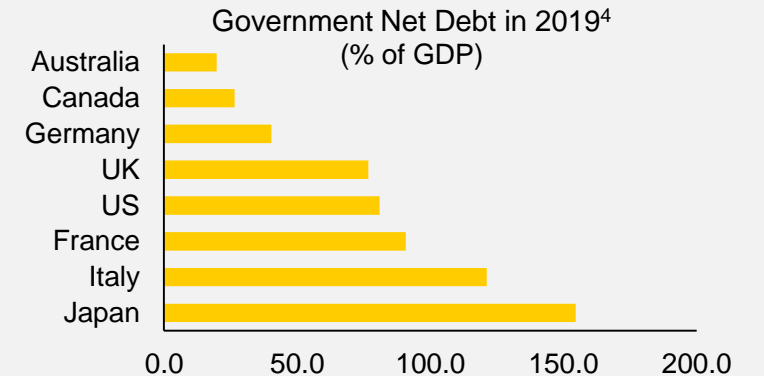
The AUD remains an effective shock absorber



Population growth is strong, supporting demand



Public debt is low



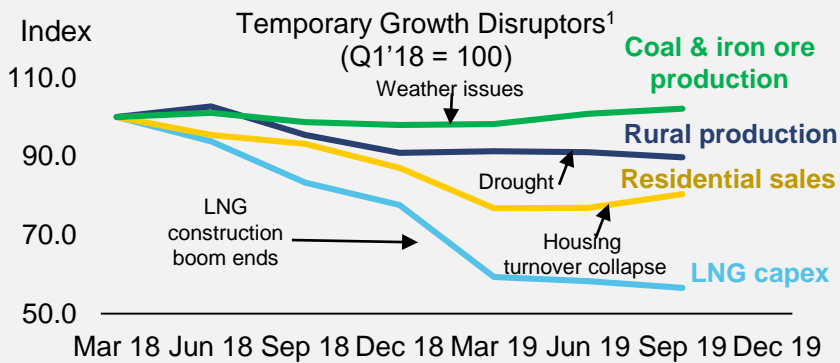
1. Source: ABS. 2. Source: RBA/ABS/Goldman Sachs. 3. Source: Bloomberg. 4. Source: AOFM.

The Australian Economy

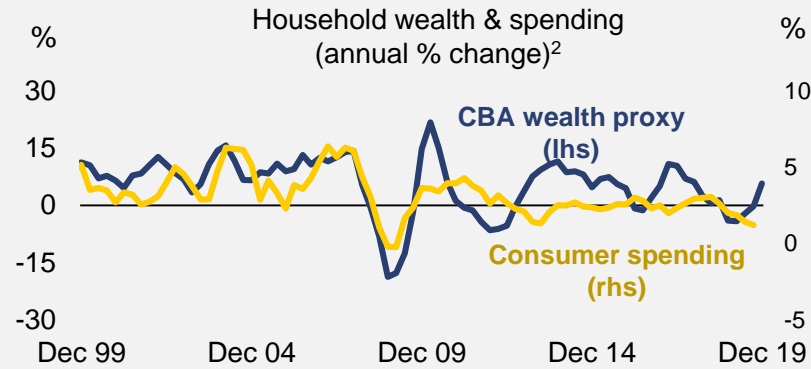


Some positives

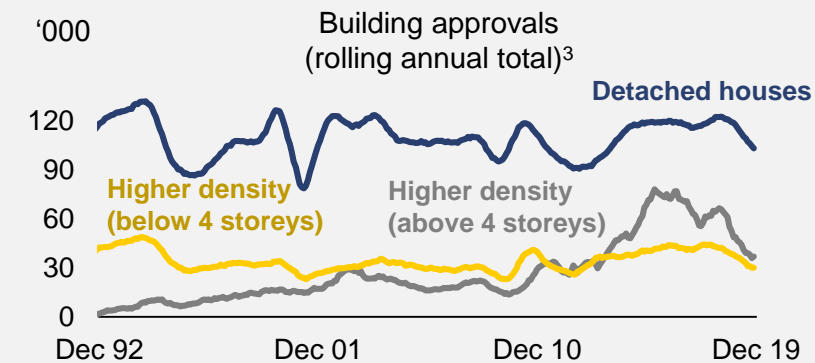
Some of the temporary constraints on economic growth are easing



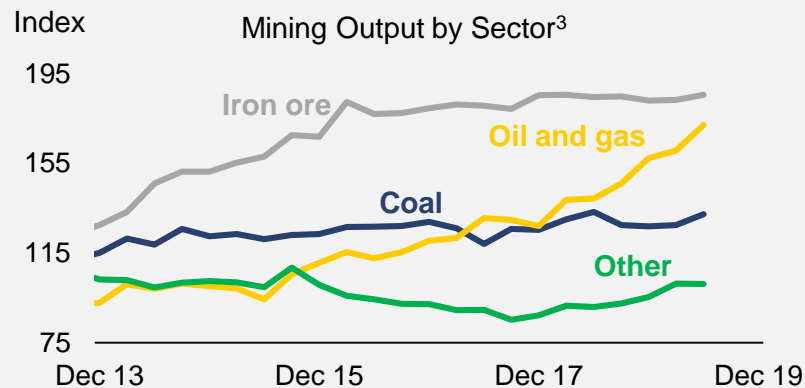
The turn in the housing market is boosting household wealth



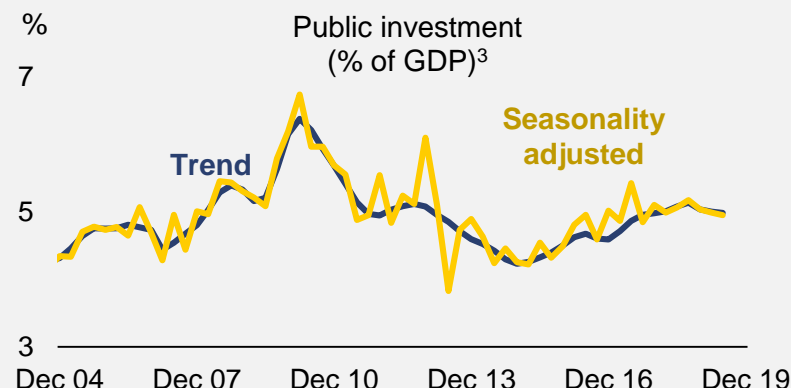
Leading indicators like building approvals suggest a bottom in resi construction



The LNG boom continues



The infrastructure boom rolls on



The boost from Asian incomes continues



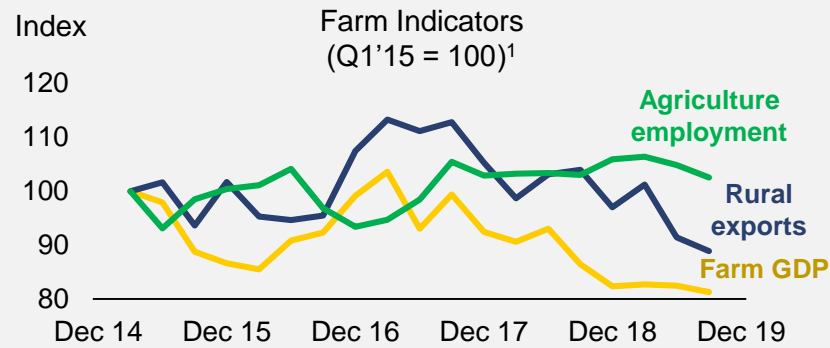
1. Source: CBA/ABS. 2. Source: CBA/ABS/Bloomberg. 3. Source: ABS. 4. Source: ABS/CBA.

Australian Drought and Bushfires

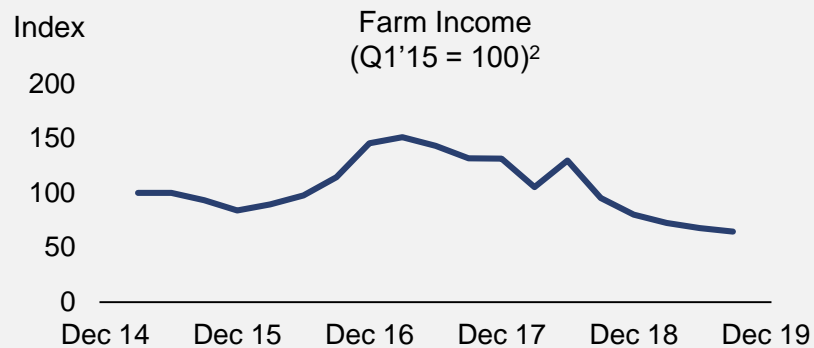


Challenges ahead for affected regions

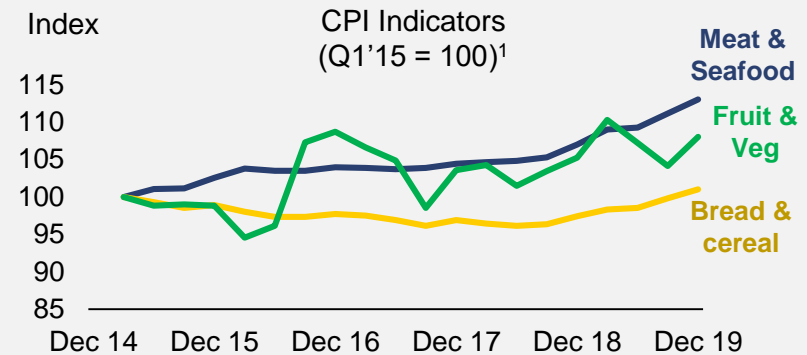
Drought exerting a prolonged drag on the economy with declining farm production...



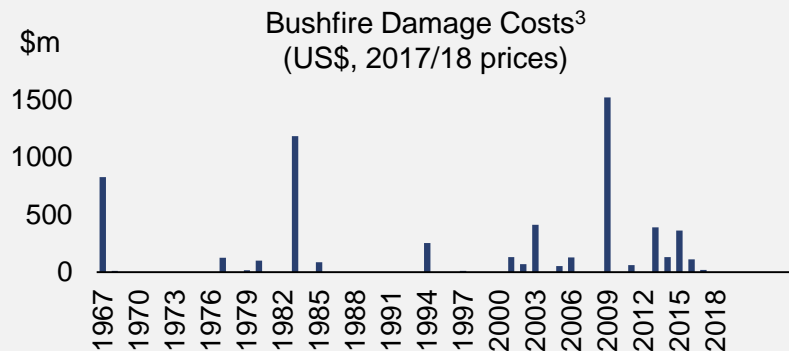
...and falling farm incomes that contribute to weaknesses in household income



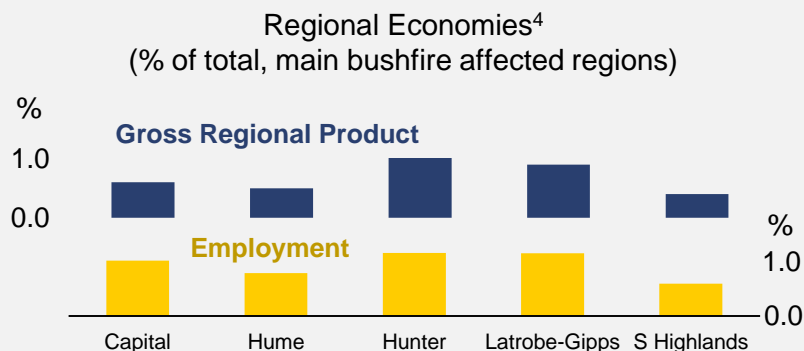
We are now seeing a meaningful impact on CPI growth



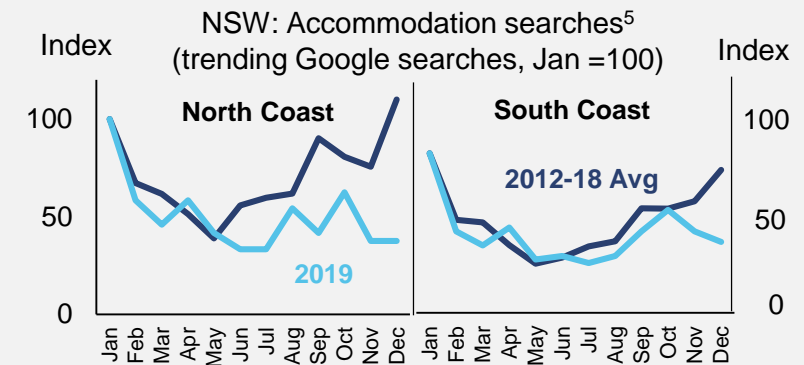
Potential impact of current bushfires is skewed towards high end of the historical range



Main bushfire affected regions account for 3.5% of GDP and 3.8% of employment



Google search activity point to a sizable negative for tourism

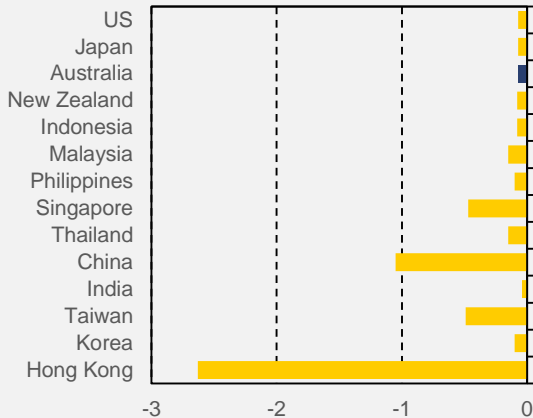


The Coronavirus

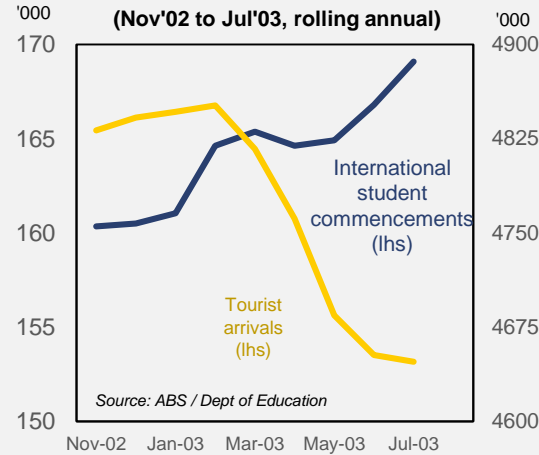
An emerging risk



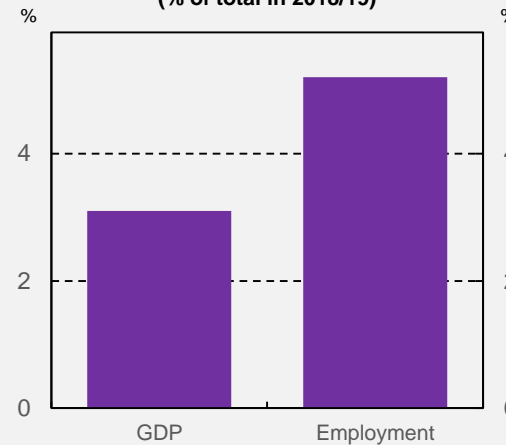
SARS IMPACT ON GDP IN 2003¹
(% reduction)



TOURISM & EDUCATION & SARS²
(Nov'02 to Jul'03, rolling annual)



TOURISM & THE ECONOMY³
(% of total in 2018/19)



China & Australia⁴

Chinese share of:	2003	2019
Australian exports	8%	34%
Iron ore exports	32%	82%
Tourist arrivals	4%	15%
Student commencements	20%	24%
Memo items:		
Tourism (% of GDP)	3%	3%
Education (% of GDP)	5%	5%

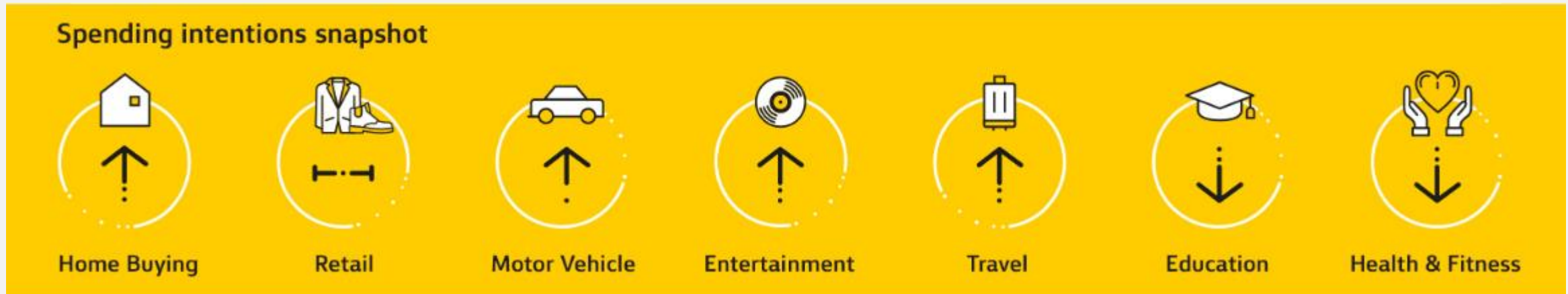
- Geo-medical events impact on economic activity via a reduction in spending as consumers become more cautious, an associated reduction in business and consumer confidence and an increase in costs (eg disease prevention, screening etc).
- The SARS event in 2003 is the only recent benchmark. Largest impacts on Hong Kong (2.6% off 2003 GDP growth), China (-1.1%), Singapore (-0.5%). Australian impact relatively modest (-0.1%). It's reasonable to expect a bigger impact this time – China is a bigger player.
- Most likely economic impacts for Australia are in Tourism and Education – currently represent ~3% and ~5% of GDP respectively. Education spending tends to be “sticky”. Reduced outbound tourism will help offset lower inbound tourism.

1. Source: McKibbin. 2. Source: ABS / Dept of Education. 3. Source: ABS. 4. Source: ABS, Dept of Foreign Affairs & Trade, Dept of Education.

Household Spending Intention Series



Household Spending Intention Series (HSIS) at end 2019

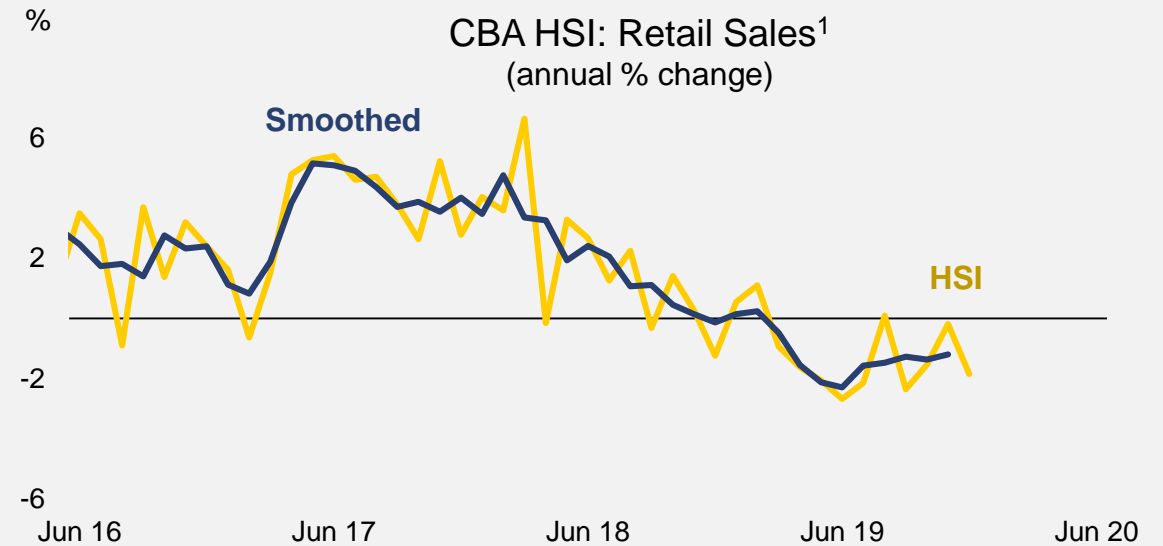
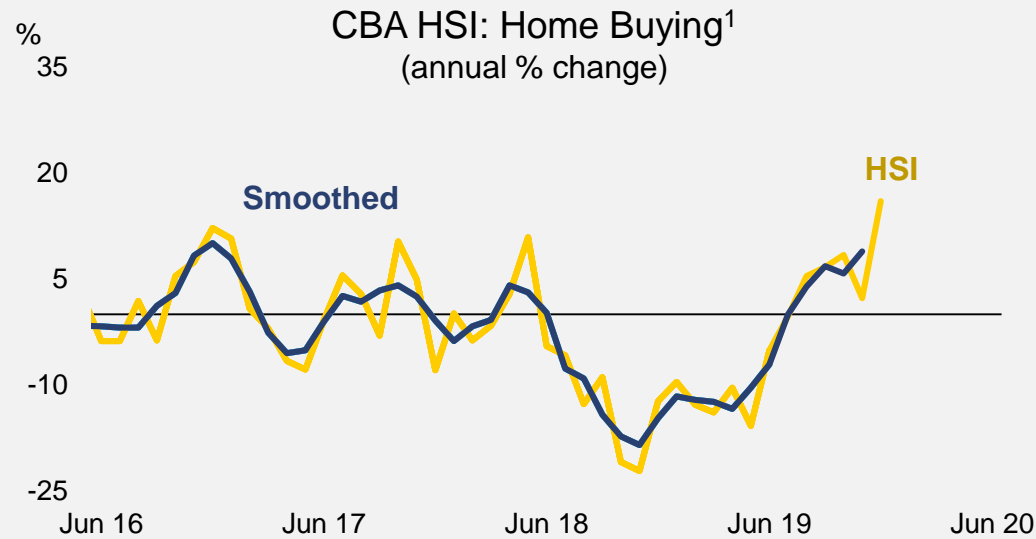


- Combines actual CBA transactional data and publically available Google Trends search data.
- Combined, these two data sets provide unique insights and a new perspective on the Australian economy.
- Results are published monthly for 7 different categories of the economy: Home buying, Retail, Travel, Health & Fitness, Entertainment, Education and Motor Vehicles.
- Readings at the end of 2019 show households remain very happy to spend on housing. But they remain cautious about spending at the retail level. And within the overall consumer mix, the preference is to spend on “experiences” over “goods”.

Household Spending Intention Series



Home buying intentions and retail sales

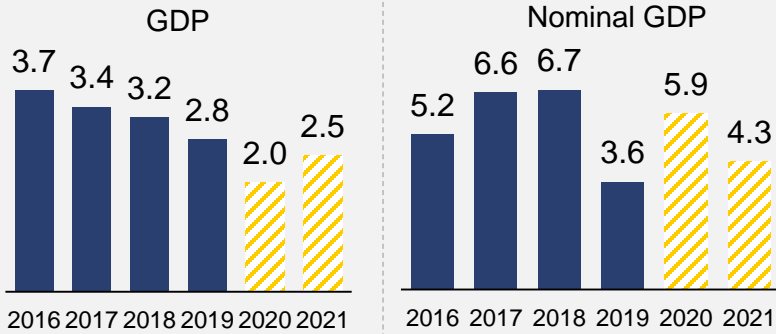


- Combines actual CBA transactional data and Google Trends search data to derive a measure of spending intentions.
- The one area where monetary policy stimulus is clearly working is the housing market. The sharp uptrend in home buying intentions continues.
- Retail spending intentions suggest a gentle turn is underway. But the turn looks modest when benchmarked against record low mortgage rates, the wealth boost from rising house prices, solid jobs growth and tax rebates.

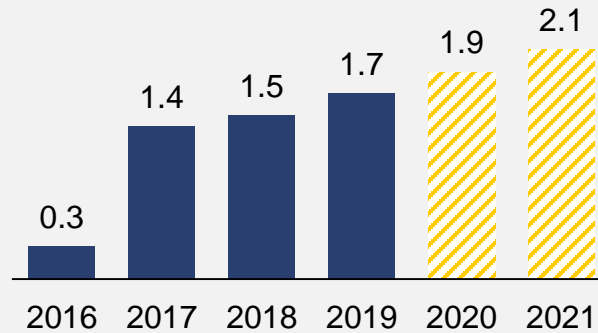


New Zealand economic indicators (June FY)

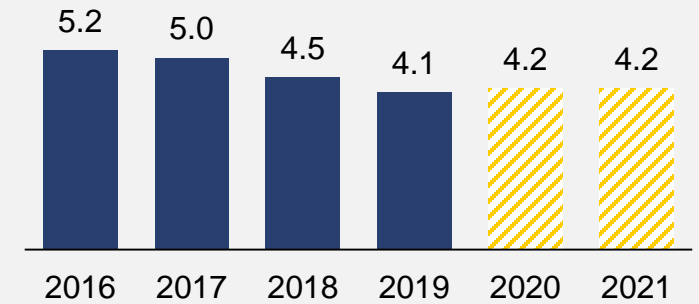
GDP %



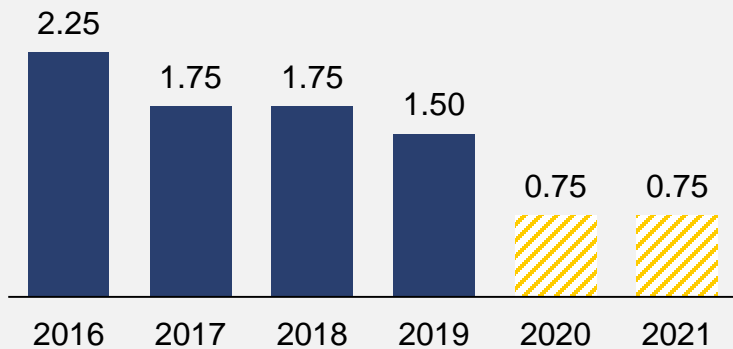
CPI %



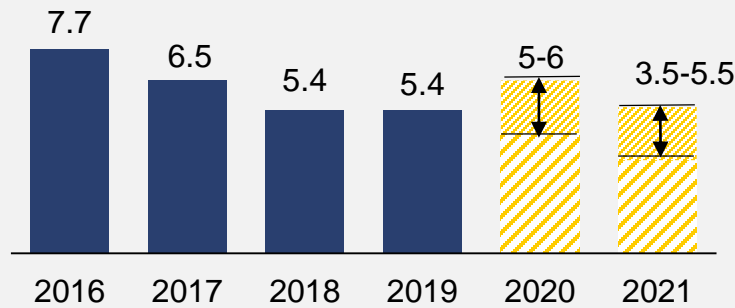
Unemployment rate %



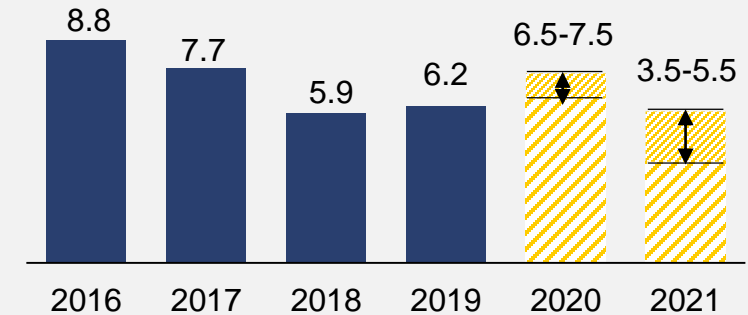
Cash rate %



Total credit growth %



Housing credit growth %



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

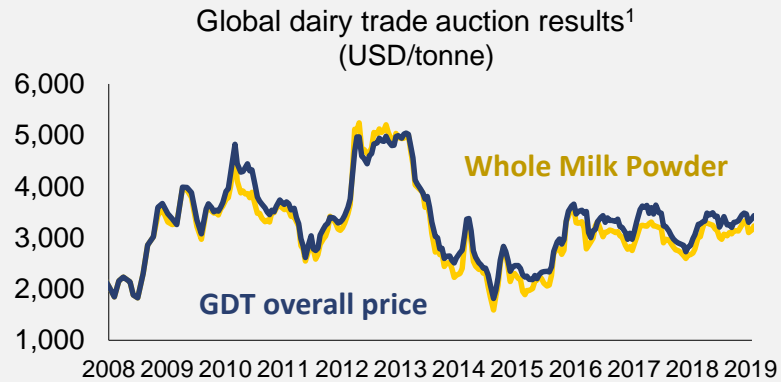
= forecast

New Zealand

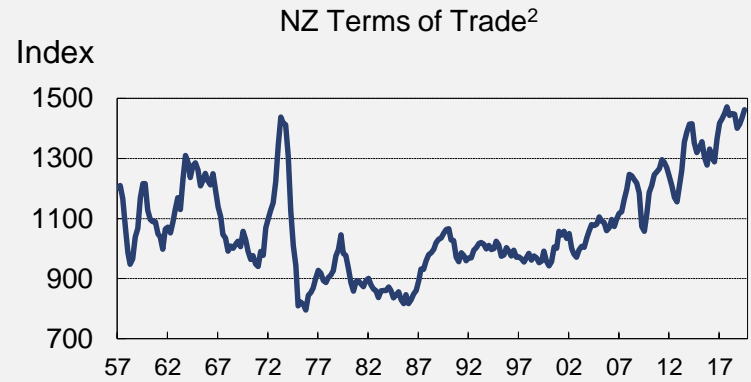


NZ economy has some solid supports

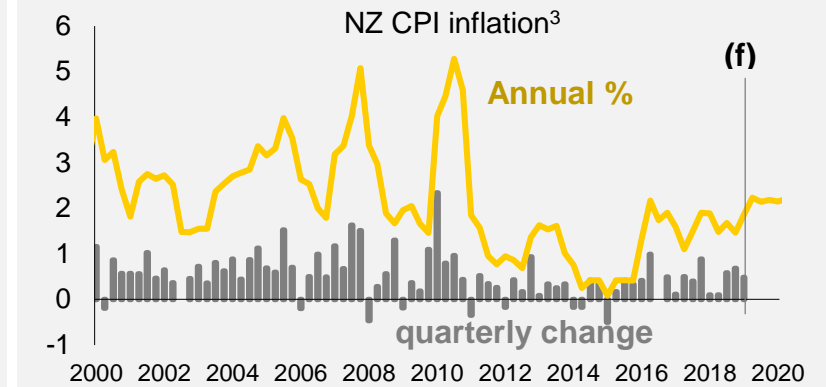
Dairy prices support above-average earnings



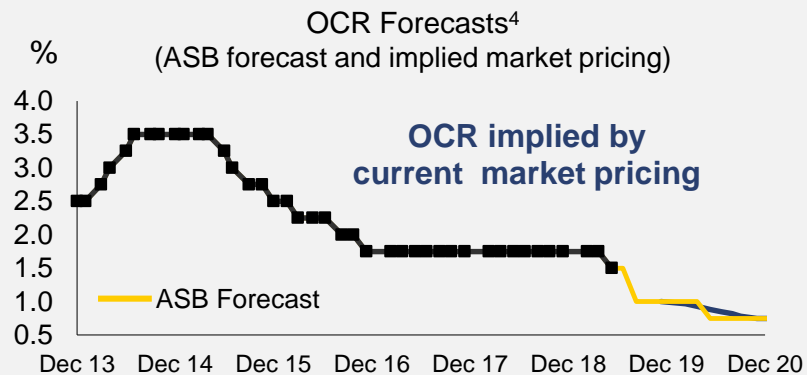
NZ's Terms of Trade expected to remain high



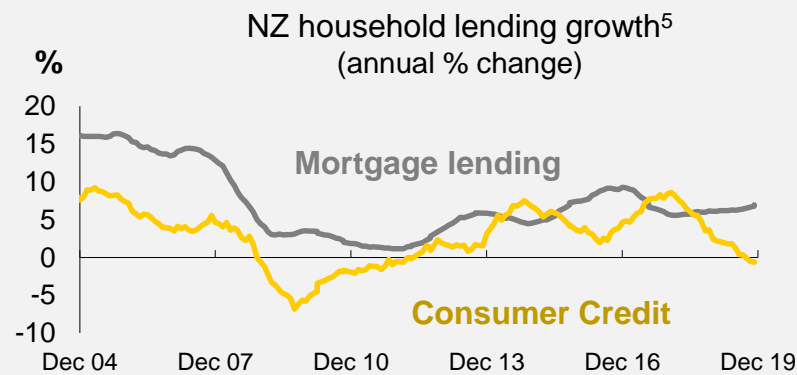
Inflation to hold up near 2%



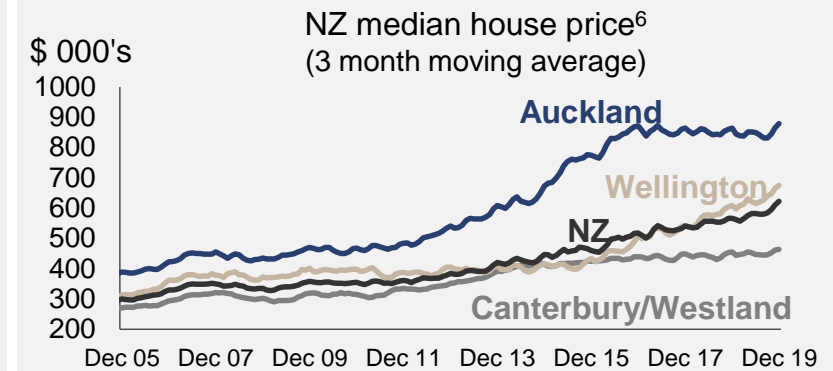
RBNZ may cut OCR to 0.75% in 2020



Home lending growth up over FY20



Price growth lifting, including in Auckland



1. Source: GlobalDairyTrade. 2. Source: Statistics NZ. 3. Source: Statistics NZ/ASB. 4. Source: ASB. 5. Source: RBNZ. 6. Source: REINZ.



Sources, Glossary & Notes



Sources and Notes



Core franchise strength

Slide 9

1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month averages to December 2018 & 12 month averages to December 2019), excl. unable to identify MFI.

Strategic progress

Slide 11

1. The Forrester Banking Wave™: Australian Mobile Apps, Q2 2019. Commonwealth Bank of Australia received the highest industry Wave™ overall score among mobile apps in Australia in Forrester's proprietary Industry Wave™ evaluation. Forrester Research does not endorse any company included in any Industry Wave™ report and does not advise any person or organization to select the products or services of any particular company based on the ratings included in such reports.

Why CBA?

Slide 36

1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month averages to December 2018 & 12 month averages to December 2019), excl. unable to identify MFI.
2. RBA Lending and Credit Aggregates (Home Loans) and APRA Monthly Authorised Deposit-taking Institution Statistics (Deposits). RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019, therefore home loan volume growth has been calculated for the 5 months to December 2019.
3. Net Promoter Score (NPS) - Mobile App (via mobile app on a mobile phone or tablet): Roy Morgan Research. Australian population 14+ who used the internet banking services of their (self-nominated) main financial institution in the last 4 weeks, rolling average of the last 6 months of spot scores, as at December 2019. Rank based on comparison to ANZ, NAB and Westpac (at a brand level). Net Promoter®, Net Promoter System®, Net Promoter Score®, NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.
4. Peers as reported at September 2019. On continuing operations basis where applicable.
5. Source: Bloomberg. Total Shareholder Return as at 31 Dec 19.

Sources and Notes



Balanced outcomes

Slide 38

1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month averages to December 2018 & 12 month averages to December 2019), excl. unable to identify MFI.
2. DBM Consumer MFI *Net Promoter Score. Based on Australian population aged 14+ years old rating their Main Financial Institution. Net Promoter Score refers to customer likelihood to recommend their MFI using a scale from 0-10 (where 0 is 'Not at all likely' and 10 is 'Extremely likely') and NPS is calculated by subtracting the percentage of Detractors (scores 0-6) from the percentage of Promoters (scores 9-10). NPS results are shown as a six-month rolling average. For the major banks, NPS is reported for main brand only. *Net Promoter Score is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld.
3. People Engagement score overall from bi-annual engagement survey.
4. Reputation score amongst top 16 ASX customer-facing companies. Source: RepTrak, Reputation Institute, November 2019.
5. DBM Business MFI *Net Promoter Score: Based on Australian businesses rating their Main Financial Institution for Business Banking. Net Promoter Score refers to customer likelihood to recommend their MFI using a scale from 0-10 (where 0 is 'Extremely unlikely' and 10 is 'Extremely likely') and NPS is calculated by subtracting the percentage of Detractors (scores 0-6) from the percentage of Promoters (scores 9-10). NPS results are shown as a six-month rolling average. For the major banks, NPS is reported for main brand only. *Net Promoter Score is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld.
6. DBM Institutional \$300M+ Business MFI *Net Promoter Score: Based on Australian businesses with an annual revenue of \$300M or more for the previous financial year rating their Main Financial Institution for Business Banking. Net Promoter Score refers to customer likelihood to recommend their MFI using a scale from 0-10 where (where 0 is 'Extremely unlikely' and 10 is 'Extremely likely') and NPS is calculated by subtracting the percentage of Detractors (scores 0-6) from the percentage of Promoters (scores 9-10). NPS results are shown as a six-month rolling average. For the major banks, NPS is reported for main brand only. *Net Promoter Score is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld.
7. Source: Bloomberg. Total Shareholder Return as at 31 December 19.

Sources and Notes



Best in digital

Slide 46

1. Net Promoter Score (NPS) - Mobile App (via mobile app on a mobile phone or tablet): Roy Morgan Research. Australian population 14+ who used the internet banking services of their (self-nominated) main financial institution in the last 4 weeks, rolling average of the last 6 months of spot scores, as at December 2019. Rank based on comparison to ANZ, NAB and Westpac (at a brand level). Net Promoter®, Net Promoter System®, Net Promoter Score®, NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.
2. Online banking: CBA won Canstar's *Bank of the Year - Online Banking* award for 2019 (for the 10th year in a row). Awarded June 2019.
3. Mobile banking: CBA won Canstar's *Bank of the Year - Mobile Banking* award for 2019 (for the 4th year in a row). Awarded June 2019.
4. The Forrester Banking Wave™: Australian Mobile Apps, Q2 2019. Commonwealth Bank of Australia received the highest industry Wave™ overall score among mobile apps in Australia in Forrester's proprietary Industry Wave™ evaluation. Forrester Research does not endorse any company included in any Industry Wave™ report and does not advise any person or organization to select the products or services of any particular company based on the ratings included in such reports.
5. DBM Australian Financial Awards - Most Innovative Major Bank. Presented February 2019. Award based on DBM's Consumer Atlas data January to December 2018.
6. DBM Australian Financial Awards - Best Major Digital Bank. Presented February 2019. Award based on DBM Atlas data January to December 2018
7. The total number of customers that have logged into the CommBank mobile app at least once in the month of December 2019. Includes Face ID logons.
8. The total value (\$) of transfers and BPAY payments made in digital (NetBank, the CommBank mobile app, CommBank tablet app and old mobile app) as a proportion of the total value (\$) of transfers in over-the-counter, ATM, EFTPOS and digital transactions over the period of June – December 2019.

Cash Profit

The Profit Announcement discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared in accordance with the Corporations Act and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Bank's operating results. It is not a measure based on cash accounting or cash flows. The items excluded from cash profit, such as hedging and IFRS volatility and losses or gains on acquisition, disposal, closure and demerger of businesses are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from cash profit is provided on page 3 of the Group's 31 December 2019 Profit Announcement (PA), which can be accessed at our website: www.commbank.com.au/results

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Glossary



Capital & Other

Risk Weighted Assets 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 EL and Eligible Provisions (EP) with respect to credit portfolios which are subject to the Basel advanced capital IRB approach. The adjustment is assessed separately for both defaulted and non-defaulted exposures. Where there is an excess of EL over EP in either assessments, the difference must be deducted from CET1. For non-defaulted exposures where the EL is lower than the EP, this may be included in Tier 2 capital up to a maximum of 0.6% of total credit RWAs.
Leverage Ratio	Tier 1 Capital divided by Total Exposures, 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 (XVA)	A number of different valuation adjustments are made to the value of derivative contracts to reflect the additional costs or benefits in holding these contracts. The material valuation adjustments included within the CBA result are CVA and FVA.
Credit Value Adjustment (CVA)	The market value of the counterparty credit risk on the derivative portfolio, calculated as the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of a counterparty's default.
Funding Valuation Adjustment (FVA)	The expected funding cost or benefit over the life of the uncollateralised derivative portfolio.

Funding & Risk

Liquidity Coverage Ratio (LCR)	The LCR is the first quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 Jan 2015. It requires Australian ADIs to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.
High Quality Liquid Assets (HQLA)	As defined by APRA in Australian Prudential Standard APS210: Liquidity. Qualifying HQLA includes cash, government and semi-government securities, and RBNZ eligible securities.
Committed Liquidity Facility (CLF)	Given the limited amount of Commonwealth government and Semi-government debt in Australia, participating ADIs can access contingent liquidity via the RBA's CLF. The amount of the CLF for each ADI is set annually by APRA. To access the CLF, ADIs need to meet certain conditions and pledge qualifying securities to the RBA.
Net Stable Funding Ratio (NSFR)	The NSFR is the second quantitative liquidity measure of the Basel III reforms, in addition to the LCR. It was implemented by APRA in Australia on 1 Jan 2018. It requires Australian ADIs to fund their assets with sufficient stable funding to reduce funding risk over a one year horizon. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding.
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).

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Thank You



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