Commonwealth Bank of Australia

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	AA-
Short-Term IDR	F1+
Viability Rating	aa-
Support Rating	1
Support Rating Floor	A
Sovereign Risk	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA

Outlooks

Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

Commonwealth Bank of Australia

	31 Dec 18	30 Jun 18
Total assets (USDbn)	691.3	720.7
Total assets (AUDbn)	980.4	975.2
Total equity (AUDbn)	68.6	67.9
Operating profit (AUDbn)	6.3	14.2
Published net income (AUDbn)	4.6	9.3
Comprehensive income (AUDbn)	5.0	9.4
Impaired loans/gross loans (%)	0.4	0.4
Operating profit/risk-weighted assets (%)	2.8	3.1
Fitch Core Capital/Fitch Core Capital-adjusted risk weighted assets (%)	11.8	11.1
Loans/customer deposits (%)	131.8	131.6

Source: Fitch Ratings, Fitch Solutions

Related Research

2019 Peer Review: Australian Major Banks (March 2019)

Commonwealth Bank of Australia - Ratings Navigator (February 2019)

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Key Rating Drivers

Remediation Challenges: The Negative Outlook on Commonwealth Bank of Australia's (CBA) Long-Term Issuer Default Rating (IDR) reflects challenges in remediating shortcomings in operational risk management that contributed to a number of conduct and compliance issues over more than a decade.

Strong Company Profile: CBA's Viability Rating and IDRs reflect the strength of its company profile in its home markets of Australia and New Zealand, where it has a high market share across most products. This in turn supports the bank's financial profile. Divestment of the life insurance and wealth businesses reduces earning diversity somewhat, although this should be offset by a simpler business that is less exposed to conduct issues.

Solid Financial Profile: CBA's market-leading position in Australian retail banking has not been substantially eroded despite the conduct issues, which has supported peer-leading profitability and sound asset quality. Both measures are likely to come under some pressure in 2019 due to a more challenging operating environment, although Fitch Ratings expects profitability and asset quality to compare favourably with similarly rated peers through the cycle.

Capital Targets Manageable: CBA's capitalisation continues to improve and the bank has met the "unquestionably strong" common equity Tier 1 target of 10.5% well ahead of the 1 January 2020 implementation date. Asset sales will further boost capitalisation and a return of some surplus capital to shareholders is possible. Some of the surplus may also be used to help its New Zealand subsidiary, ASB Bank Limited (AA-/Negative/a), meet more stringent capital requirements proposed by the Reserve Bank of New Zealand.

Wholesale Funding Reliance: CBA's high reliance on offshore wholesale funding relative to many similarly rated peers remains a weakness and is unlikely to improve significantly in the short-term, although a slowdown in system credit growth could lead to a modest cut. Liquidity is managed well to offset this risk.

Support Unaffected by Regulatory Proposals: Our view on support remains unaffected by proposals to use existing capital instruments to attain loss-absorbing capacity requirements. We may revise this view upon the introduction of a senior non-preferred instrument.

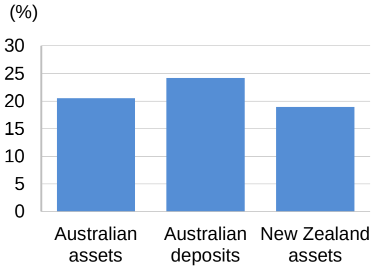
Rating Sensitivities

Impact of Remediation: CBA's Viability Rating and IDR may be downgraded if management fails to stop risks from its remediation of operational and compliance shortcomings from spilling over into the ongoing business. This is most likely to manifest in weakening earnings relative to peers. Ratings are also likely to come under pressure if shortcomings are identified in other risk controls, such as credit or market risk. The Outlook could be revised to Stable if successful remediation does not affect the ongoing business.

Economic Shock: An unemployment or interest-rate shock could pressure asset quality, profitability and capitalisation, which may result in negative rating action. Deterioration in the funding and liquidity profile could leave CBA more susceptible to prolonged funding-market dislocation, which could also pressure ratings.

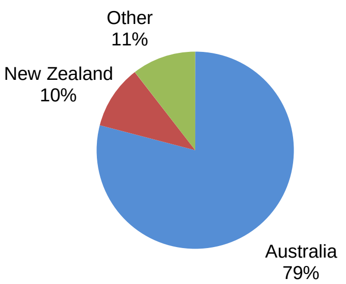
Increased Competition: CBA's strong company profile may be pressured should competition, particularly in the digital space, increase significantly. However, this appears unlikely to occur in the next two to three years.

Market Share
30 September 2018



Source: Fitch Ratings, Australian Prudential Regulation Authority, Reserve Bank of New Zealand

Geographic Diversification
% of exposure at default at end-1H19



Source: Fitch Ratings, Fitch Solutions, CBA

Related Criteria
Bank Rating Criteria (October 2018)

Operating Environment

Please see *2019 Peer Review: Australian Major Banks* for details.

Company Profile

CBA has a strong company profile in Australia and New Zealand as one of the four large banks in both markets. It has strong market share across most sectors, but has historically been a dominant player in retail banking. A series of misconduct issues dating back over a decade do not appear to have significantly damaged the franchise or its reputation, as measured by market share. However, this remains a longer-term risk as the bank remediates shortcomings in its operational risk controls and culture, as management focus may be taken away from day-to-day operations, leading to erosion in CBA's earnings relative to peers.

Operations are being refocused on core banking in Australia and New Zealand, with CBA having sold or being in the process of selling a number of overseas and non-banking businesses. This will simplify the organisation, but will also reduce earnings and, to a lesser extent, geographic diversity. Nevertheless, the nature of CBA's lending activities mean earnings should remain stable relative to many international peers through a cycle.

Management and Strategy

The Australian Prudential Regulation Authority (APRA) prudential inquiry identified failings within CBA's culture and governance, which led to Fitch lowering its mid-point for management and strategy in May 2018 and revising the Outlook on the Long-Term IDR to Negative.

There has been significant turnover at the board and senior-executive level since 2017, which should support the level of change required to meet the recommendations outlined in the prudential-inquiry report, as people that were not associated with the issues can address them. In addition, the strategic focus on simplifying the organisation by exiting non-core businesses and CBA's leading position in retail and commercial banking in Australia and New Zealand may assist the core business through the remediation process. It is likely to be several years before the success of the remediation process and new strategic direction is known.

Risk Appetite

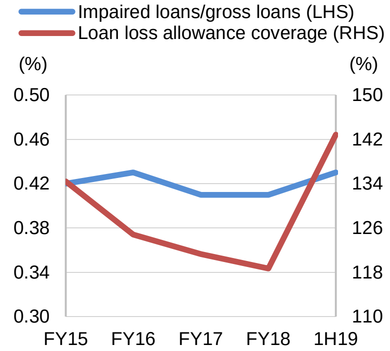
Fitch's reassessment of CBA's operational risk controls, an area where the prudential inquiry identified failings, was an important driver of our revision of the bank's risk appetite and the Outlook on its rating. A remediation programme has been established and agreed with APRA, but it is in the early stages and complex. Successful remediation without additional shortcomings being identified will be a key consideration to resolving the Negative Outlook.

The additional AUD1 billion operational-risk capital charge imposed by APRA following its inquiry has been manageable for CBA and was the only financial penalty imposed. The risk of further remediation costs and fines for historical misconduct cases is high, but should also be manageable. Class action law suits are also possible; the effect of these is less certain, but they are likely to take a number of years to resolve if they emerge.

Credit risk is the largest source of risk for the bank, despite its operational-risk shortcomings, accounting for 83% of risk-weighted assets at end-2018 (end-1H19). The prudential inquiry did not identify significant problems with CBA's credit-risk controls or framework.

Loans made up 77% of CBA's total assets at end-1H19 and are the main source of the bank's credit risk. We view CBA's underwriting standards as low risk and more stringent than global industry practice, highlighted by a high proportion of secured lending, particularly for residential mortgages. Standards are in line with those of domestic peers, in large part due to regulatory intervention in the residential-mortgage market and increased public scrutiny of the sector.

Sound Asset Quality



Source: Fitch Ratings, Fitch Solutions

Serviceability is the main form of assessment, despite the high proportion of secured lending – 81% of loans were fully secured at FYE18, with a further 5% partially secured. Mortgages made up 68% of gross loans at end-1H19, a reflection of CBA's retail focus. Exposure to riskier mortgage types, such as investor and interest-only loans, has fallen since FYE15, driven by regulatory intervention. These made up 31% and 26%, respectively, of total mortgages at end-1H19 – the former is at the low-end for Australian major banks, while the latter is in the middle of the domestic peer group.

Mortgages originated through brokers were at about the domestic peer average at 45%. Brokers have no credit-approval authority, with underwriting completed by CBA – this is consistent with most Australian banks. Nevertheless, broker-sourced loans appear to be more susceptible to operational-risk issues, such as application fraud, than loans sourced through proprietary channels, partly due to the broker-compensation framework.

CBA's commercial exposure is well-diversified by industry, with commercial property the largest non-financial, non-consumer industry exposure at 6% of exposure at default at end-1H19. CBA continued to mitigate risk in this segment by lowering exposure to apartment developments, particularly outside Sydney. All other non-financial commercial exposures were less than 3% of exposure at default.

CBA's loan-loss allowance levels were boosted following the implementation of the Australian equivalent of IFRS9 on 1 July 2018. Coverage of impaired loans was higher than that of many similarly rated peers, even prior to the new standards, although it had lagged domestic peers.

Loan growth is likely to remain subdued in 2019, reflecting general system pressure, including a housing-market slowdown. We do not expect growth in risk-weighted assets to outpace capital growth for a prolonged period.

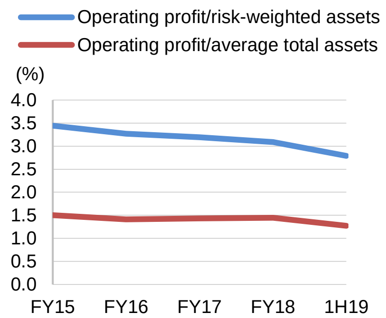
Market risk remains modest and emerges mainly through interest-rate risk in the banking book rather than trading activity. This reflects CBA's business model and is therefore unlikely to change significantly in the medium term.

Financial Profile

Asset Quality

We expect CBA's asset quality to display a very high degree of stability and low losses through business cycles, reflecting its conservative credit-risk appetite. This is reflected in a heavy weighting towards secured exposures from retail customers, which are more diverse and have historically performed better than business loans through a cycle. Nonetheless, pressure in some industries may see a modest increase in impaired-loan levels during 2019. More significant risks to the Australian and New Zealand economy, and therefore CBA's asset quality, are most likely to manifest from an external shock, although this is not Fitch's base case. In addition, high household debt and low wage growth increase household's susceptibility to an unemployment or interest-rate shock. We continue to expect large losses to arise in commercial-loan portfolios before substantial losses emerge from the mortgage portfolio.

Earning Pressure



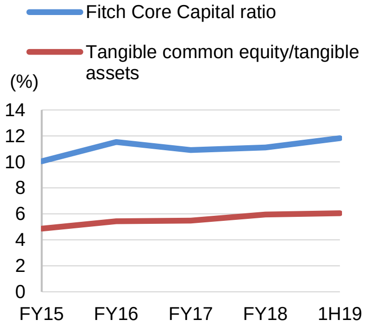
Source: Fitch Ratings, Fitch Solutions

Earnings and Profitability

Earning pressure is likely to remain through 2019, as loan-growth remains modest, low interest rates and rising funding costs pressure the net interest margin, compliance and conduct costs remain elevated and loan-impairment charges rise from low levels.

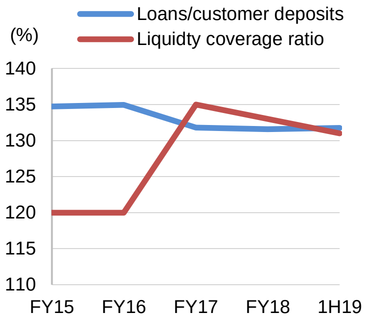
CBA is among the most profitable of similarly rated peers, but this position may come under pressure if conduct remediation distracts management's focus from the ongoing business; this is the main driver for our negative outlook on the earning and profitability mid-point. Absolute profit levels will also be affected by asset sales, although these should improve profitability.

Improved Capitalisation



Source: Fitch Ratings, Fitch Solutions

Sound Liquidity



Source: Fitch Ratings, Fitch Solutions

Capitalisation and Leverage

We expect CBA's capital position to remain commensurate with risks, with solid buffers maintained above regulatory minimum requirements. This will in part be driven by strengthened regulatory capital requirements that require CBA to target a 10.5% common equity Tier 1 ratio from 2020; CBA had already exceeded this requirement at end-1H19, with a ratio of 10.8%. Asset sales and adequate profitability mean the bank should have little difficulty in maintaining this position. The asset sales may see some capital returned to shareholders, although part of the surplus may also be used to help CBA's New Zealand subsidiary, ASB Bank, meet increased regulatory-capital requirements proposed by the Reserve Bank of New Zealand.

CBA's ability to generate capital from internal sources should remain solid, despite the probable pressure on profitability. The dividend payout ratio is high relative to many international peers due to features of the Australian tax system, but participation in the dividend reinvestment programme supports capital generation.

Funding and Liquidity

CBA's deposit portfolio in Australia and New Zealand benefits from the strength of its franchise, particularly among retail customers. We do not expect the proportion of deposits in the funding structure (67% at end-1H19) to increase materially – system deposit growth is likely to remain limited while wage growth is slow and the nature of Australia's superannuation system creates an incentive for retail customers to save outside of the banking system. We expect wholesale funding, particularly from offshore sources, to be a key component of the funding portfolio due to these limits, and is a weakness relative to many similarly rated international peers.

CBA's wholesale funding is well diversified by currency, maturity, investor and product, which helps offset some risk. Borrowing in foreign currencies are swapped back into the functional currency (primarily Australian or New Zealand dollars) to mitigate foreign-currency risk, while sound liquidity management, as reflected in regulatory liquidity ratios, allows the bank to sit out of the market during unfavourable market conditions, which it has done.

CBA reported an average liquidity coverage ratio of 131% in the December 2018 quarter, while its net stable funding ratio was 112%. CBA's regulatory liquid assets totalled AUD140 billion, above the total wholesale funding maturing in 2019 of AUD127 billion.

Peer Analysis

Domestic Peer Data

(%)	ANZ[a]	CBA[b]	NAB[c]	WBC[d]
Earnings and profitability				
Core metric				
Operating profit/risk-weighted assets	2.40	2.79	2.16	2.78
Complimentary metrics				
Net interest income/average earning assets	1.76	2.10	1.78	2.00
Non-interest expense/gross revenue	48.33	43.17	50.29	43.59
Loans and securities impairment charges/ pre-impairment operating profit	6.83	8.43	8.61	5.67
Operating profit/average total assets	1.01	1.27	1.05	1.36
Net income/average total equity	10.82	13.40	11.29	12.88
Capitalisation and leverage				
Core metric				
Fitch Core Capital/Fitch Core Capital-adjusted risk-weighted assets	12.51	11.83	10.40	11.62
Complimentary metrics				
Basel leverage ratio	5.50	5.60	5.38	5.84
Tangible common equity/tangible assets	5.70	6.05	5.25	5.96
Common equity Tier 1 regulatory capital ratio	11.40	10.80	10.20	10.63
Impaired loans less loan loss allowances/ Fitch Core Capital[e]	-3.61	-2.64	4.99	-2.83
Asset quality				
Core metric				
Impaired loans/gross loans[e]	0.28	0.43	0.95	0.20
Complimentary metrics				
Growth of gross loans	5.06	1.50	4.19	3.59
Loan loss allowances/impaired loans[e]	205.43	142.84	63.43	198.73
Loan-impairment charges/average gross loans	0.12	0.16	0.14	0.10
Funding and liquidity				
Core metric				
Loans/customer deposits	124.87	131.76	142.15	137.62
Complimentary metrics				
Liquidity coverage ratio	138.00	131.00	129.00	133.00
Customer deposits/total funding (including preference shares and hybrids)	65.22	66.89	56.63	67.10

[a] ANZ Bank New Zealand Limited (AA-/Stable). FY18 numbers at end-September 2018
[b] 1H19 numbers at end-December 2018
[c] National Australia Bank Limited (AA-/Negative). FY18 numbers at end-September 2018
[d] Westpac Banking Corporation (AA-/Stable). FY18 numbers at end-September 2018
[e] NAB uses Stage 3 loans under Australian equivalents of IFRS9, others yet to transition
Source: Fitch Ratings, Fitch Solutions

Commonwealth Bank of Australia
Income Statement

	31 Dec 2018			30 Jun 2018		30 Jun 2017		30 Jun 2016	
	6 Months - Interim USDm Reviewed - Unqualified	6 Months - Interim AUDm Reviewed - Unqualified	As % of Earning Assets	Year End AUDm Audited - Unqualified	As % of Earning Assets	Year End AUDm Audited - Unqualified	As % of Earning Assets	Year End AUDm Audited - Unqualified	As % of Earning Assets
1. Interest Income on Loans	11,419.1	16,195.0	3.53	31,714.0	3.44	30,723.0	3.27	30,966.0	3.44
2. Other Interest Income	1,157.1	1,641.0	0.36	2,829.0	0.31	2,570.0	0.27	2,851.0	0.32
3. Dividend Income	1.4	2.0	0.00	10.0	0.00	10.0	0.00	12.0	0.00
4. Gross Interest and Dividend Income	**12,577.6**	**17,838.0**	**3.89**	**34,553.0**	**3.75**	**33,303.0**	**3.55**	**33,829.0**	**3.76**
5. Interest Expense on Customer Deposits	2,926.2	4,150.0	0.91	10,243.0	1.11	10,453.0	1.11	11,685.0	1.30
6. Other Interest Expense	3,209.6	4,552.0	0.99	5,959.0	0.65	5,240.0	0.56	5,197.0	0.58
7. Total Interest Expense	**6,135.8**	**8,702.0**	**1.90**	**16,202.0**	**1.76**	**15,693.0**	**1.67**	**16,882.0**	**1.88**
8. Net Interest Income	**6,441.8**	**9,136.0**	**1.99**	**18,351.0**	**1.99**	**17,610.0**	**1.87**	**16,947.0**	**1.88**
9. Net Fees and Commissions	988.6	1,402.0	0.31	2,967.0	0.32	3,080.0	0.33	2,885.0	0.32
10. Net Gains (Losses) on Trading and Derivatives	355.4	504.0	0.11	1,037.0	0.11	1,211.0	0.13	1,015.0	0.11
11. Net Gains (Losses) on Assets and Liabilities at FV	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Gains (Losses) on Other Securities	(70.5)	(100.0)	(0.02)	62.0	0.01	433.0	0.05	(27.0)	(0.00)
13. Net Insurance Income	49.4	70.0	0.02	302.0	0.03	844.0	0.09	1,006.0	0.11
14. Other Operating Income	510.5	724.0	0.16	2,295.0	0.25	2,165.0	0.23	2,144.0	0.24
15. Total Non-Interest Operating Income	**1,833.3**	**2,600.0**	**0.57**	**6,663.0**	**0.72**	**7,733.0**	**0.82**	**7,023.0**	**0.78**
16. Total Operating Income	**8,275.1**	**11,736.0**	**2.56**	**25,014.0**	**2.71**	**25,343.0**	**2.70**	**23,970.0**	**2.67**
17. Personnel Expenses	2,027.2	2,875.0	0.63	5,939.0	0.64	6,268.0	0.67	6,169.0	0.69
18. Other Operating Expenses	1,544.9	2,191.0	0.48	4,148.0	0.45	4,330.0	0.46	3,925.0	0.44
19. Total Non-Interest Expenses	**3,572.0**	**5,066.0**	**1.10**	**10,087.0**	**1.09**	**10,598.0**	**1.13**	**10,094.0**	**1.12**
20. Equity-accounted Profit/ Loss - Operating	125.5	178.0	0.04	323.0	0.04	292.0	0.03	289.0	0.03
21. Pre-Impairment Operating Profit	**4,828.5**	**6,848.0**	**1.49**	**15,250.0**	**1.65**	**15,037.0**	**1.60**	**14,165.0**	**1.57**
22. Loan Impairment Charge	406.8	577.0	0.13	1,079.0	0.12	1,095.0	0.12	1,256.0	0.14
23. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
24. Operating Profit	**4,421.7**	**6,271.0**	**1.37**	**14,171.0**	**1.54**	**13,942.0**	**1.48**	**12,909.0**	**1.44**
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Goodwill Impairment	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Non-recurring Income	102.2	145.0	0.03	n.a.	-	6.0	0.00	0.0	0.00
28. Non-recurring Expense	2.8	4.0	0.00	751.0	0.08	4.0	0.00	60.0	0.01
29. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
30. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
31. Pre-tax Profit	**4,521.1**	**6,412.0**	**1.40**	**13,420.0**	**1.45**	**13,944.0**	**1.48**	**12,849.0**	**1.43**
32. Tax expense	1,291.0	1,831.0	0.40	4,026.0	0.44	3,992.0	0.42	3,606.0	0.40
33. Profit/Loss from Discontinued Operations	19.7	28.0	0.01	(46.0)	(0.00)	n.a.	-	n.a.	-
34. Net Income	**3,249.8**	**4,609.0**	**1.01**	**9,348.0**	**1.01**	**9,952.0**	**1.06**	**9,243.0**	**1.03**
35. Change in Value of AFS Investments	(59.2)	(84.0)	(0.02)	(77.0)	(0.01)	(52.0)	(0.01)	(316.0)	(0.04)
36. Revaluation of Fixed Assets	4.2	6.0	0.00	31.0	0.00	23.0	0.00	1.0	0.00
37. Currency Translation Differences	272.2	386.0	0.08	5.0	0.00	(282.0)	(0.03)	383.0	0.04
38. Remaining OCI Gains/(losses)	86.0	122.0	0.03	92.0	0.01	(408.0)	(0.04)	219.0	0.02
39. Fitch Comprehensive Income	**3,553.0**	**5,039.0**	**1.10**	**9,399.0**	**1.02**	**9,233.0**	**0.98**	**9,530.0**	**1.06**
40. Memo: Profit Allocation to Non-controlling Interests	7.1	10.0	0.00	19.0	0.00	24.0	0.00	20.0	0.00
41. Memo: Net Income after Allocation to Non-controlling Interests	3,242.8	4,599.0	1.00	9,329.0	1.01	9,928.0	1.06	9,223.0	1.03
42. Memo: Common Dividends Relating to the Period	2,496.1	3,540.0	0.77	7,570.0	0.82	7,408.0	0.79	7,189.0	0.80
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	56.0	0.01
Exchange rate		USD1 = AUD1.418238		USD1 = AUD1.352996		USD1 = AUD1.3001		USD1 = AUD1.3466	

Source: Fitch Ratings, Fitch Solutions

Commonwealth Bank of Australia
Balance Sheet

	31 Dec 2018			30 Jun 2018		30 Jun 2017		30 Jun 2016	
	6 Months - Interim USDm	6 Months - Interim AUDm	As % of Assets	Year End AUDm	As % of Assets	Year End AUDm	As % of Assets	Year End AUDm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	361,367.4	512,505.0	52.27	501,665.0	51.44	485,857.0	49.76	456,074.0	48.88
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	25,502.0	2.62	24,896.0	2.55	25,243.0	2.71
4. Corporate & Commercial Loans	n.a.	n.a.	-	0.0	0.00	n.a.	-	n.a.	-
5. Other Loans	173,195.9	245,633.0	25.05	219,803.0	22.54	224,702.0	23.02	217,799.0	23.34
6. Less: Loan Loss Allowances	3,265.3	4,631.0	0.47	3,605.0	0.37	3,693.0	0.38	3,718.0	0.40
7. Net Loans	**531,298.0**	**753,507.0**	**76.85**	**743,365.0**	**76.23**	**731,762.0**	**74.95**	**695,398.0**	**74.53**
8. Gross Loans	**534,563.3**	**758,138.0**	**77.33**	**746,970.0**	**76.60**	**735,455.0**	**75.33**	**699,116.0**	**74.93**
9. Memo: Impaired Loans included above	2,285.9	3,242.0	0.33	3,037.0	0.31	3,045.0	0.31	2,979.0	0.32
10. Memo: Specific Loan Loss Allowances	648.7	920.0	0.09	870.0	0.09	971.0	0.10	935.0	0.10
B. Other Earning Assets									
1. Loans and Advances to Banks	5,460.3	7,744.0	0.79	15,117.0	1.55	18,318.0	1.88	13,792.0	1.48
2. Reverse Repos and Securities Borrowing	n.a.	n.a.	-	13,520.0	1.39	22,733.0	2.33	8,925.0	0.96
3. Derivatives	20,144.0	28,569.0	2.91	32,133.0	3.30	31,724.0	3.25	46,567.0	4.99
4. Trading Securities and at FV through Income	24,427.5	34,644.0	3.53	32,512.0	3.33	33,815.0	3.46	35,547.0	3.81
5. Securities at FV through OCI / Available for Sale	53,056.0	75,246.0	7.67	82,240.0	8.43	83,535.0	8.56	80,898.0	8.67
6. Securities at Amortised Cost / Held to Maturity	4,928.7	6,990.0	0.71	n.a.	-	n.a.	-	n.a.	-
7. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Securities	**82,412.1**	**116,880.0**	**11.92**	**114,752.0**	**11.77**	**117,350.0**	**12.02**	**116,445.0**	**12.48**
9. Memo: Government Securities included Above	n.a.	n.a.	-	64,490.0	6.61	68,678.0	7.03	64,886.0	6.95
10. Memo: Total Securities Pledged	n.a.	n.a.	-	15,495.0	1.59	16,360.0	1.68	17,228.0	1.85
11. Equity Investments in Associates	1,996.1	2,831.0	0.29	2,842.0	0.29	2,778.0	0.28	2,776.0	0.30
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	383.0	0.04	14,193.0	1.45	14,084.0	1.51
14. Other Earning Assets	n.a.	n.a.	-	379.0	0.04	463.0	0.05	1,431.0	0.15
15. Total Earning Assets	**641,310.6**	**909,531.0**	**92.77**	**922,491.0**	**94.60**	**939,321.0**	**96.21**	**899,418.0**	**96.40**
C. Non-Earning Assets									
1. Cash and Due From Banks	26,243.8	37,220.0	3.80	17,002.0	1.74	14,836.0	1.52	12,246.0	1.31
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	207.0	0.02
3. Foreclosed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	1,704.2	2,417.0	0.25	2,576.0	0.26	3,873.0	0.40	3,940.0	0.42
5. Goodwill	4,246.1	6,022.0	0.61	6,941.0	0.71	7,872.0	0.81	7,925.0	0.85
6. Other Intangibles	1,508.2	2,139.0	0.22	2,082.0	0.21	2,152.0	0.22	2,459.0	0.26
7. Current Tax Assets	n.a.	n.a.	-	24.0	0.00	23.0	0.00	17.0	0.00
8. Deferred Tax Assets	1,223.3	1,735.0	0.18	1,439.0	0.15	906.0	0.09	389.0	0.04
9. Discontinued Operations	10,726.0	15,212.0	1.55	15,626.0	1.60	n.a.	-	n.a.	-
10. Other Assets	4,339.2	6,154.0	0.63	6,984.0	0.72	7,335.0	0.75	6,607.0	0.71
11. Total Assets	**691,301.5**	**980,430.0**	**100.00**	**975,165.0**	**100.00**	**976,318.0**	**100.00**	**933,001.0**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Total Customer Deposits	405,708.4	575,391.0	58.69	567,624.0	58.21	558,035.0	57.16	518,061.0	55.53
2. Deposits from Banks	15,896.5	22,545.0	2.30	20,899.0	2.14	28,432.0	2.91	28,771.0	3.08
3. Repos and Securities Lending	12,672.8	17,973.0	1.83	14,696.0	1.51	16,270.0	1.67	17,124.0	1.84
4. Commercial Paper and Short-term Borrowings	30,774.8	43,646.0	4.45	66,782.0	6.85	81,150.0	8.31	81,893.0	8.78
5. Customer Deposits and Short-term Funding	**465,052.4**	**659,555.0**	**67.27**	**670,001.0**	**68.71**	**683,887.0**	**70.05**	**645,849.0**	**69.22**
6. Senior Unsecured Debt	119,056.9	168,851.0	17.22	99,579.0	10.21	96,016.0	9.83	88,343.0	9.47
7. Subordinated Borrowing	n.a.	n.a.	-	13,460.0	1.38	10,310.0	1.06	8,380.0	0.90
8. Covered Bonds	n.a.	n.a.	-	32,758.0	3.36	28,984.0	2.97	31,802.0	3.41
9. Other Long-term Funding	n.a.	n.a.	-	21,991.0	2.26	22,101.0	2.26	21,080.0	2.26
10. Total LT Funding	**119,056.9**	**168,851.0**	**17.22**	**167,788.0**	**17.21**	**157,411.0**	**16.12**	**149,605.0**	**16.03**
11. Memo: o/w matures in less than 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Trading Liabilities	6,367.1	9,030.0	0.92	1,724.0	0.18	2,525.0	0.26	2,749.0	0.29
13. Total Funding	**590,476.4**	**837,436.0**	**85.42**	**839,513.0**	**86.09**	**843,823.0**	**86.43**	**798,203.0**	**85.55**
14. Derivatives	18,547.7	26,305.0	2.68	28,472.0	2.92	30,330.0	3.11	39,921.0	4.28
15. Total Funding and Derivatives	**609,024.0**	**863,741.0**	**88.10**	**867,985.0**	**89.01**	**874,153.0**	**89.54**	**838,124.0**	**89.83**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	1,530.8	2,171.0	0.22	1,670.0	0.17	1,518.0	0.16	1,447.0	0.16
4. Current Tax Liabilities	282.7	401.0	0.04	952.0	0.10	1,450.0	0.15	1,022.0	0.11
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	332.0	0.03	340.0	0.04
6. Other Deferred Liabilities	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
7. Discontinued Operations	10,118.2	14,350.0	1.46	14,900.0	1.53	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	670.0	0.07	12,588.0	1.29	13,110.0	1.41
9. Other Liabilities	5,893.2	8,358.0	0.85	11,596.0	1.19	14,201.0	1.45	11,230.0	1.20
10. Total Liabilities	**626,848.9**	**889,021.0**	**90.68**	**897,773.0**	**92.06**	**904,242.0**	**92.62**	**865,273.0**	**92.74**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	16,098.1	22,831.0	2.33	9,532.0	0.98	8,416.0	0.86	7,164.0	0.77
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
G. Equity									
1. Common Equity	46,518.3	65,974.0	6.73	65,630.0	6.73	61,245.0	6.27	57,280.0	6.14
2. Non-controlling Interest	389.9	553.0	0.06	554.0	0.06	546.0	0.06	550.0	0.06
3. Securities Revaluation Reserves	38.8	55.0	0.01	149.0	0.02	226.0	0.02	278.0	0.03
4. Foreign Exchange Revaluation Reserves	583.8	828.0	0.08	448.0	0.05	457.0	0.05	739.0	0.08
5. Fixed Asset Revaluations and Other Accumulated OCI	823.6	1,168.0	0.12	1,079.0	0.11	1,186.0	0.12	1,717.0	0.18
6. Total Equity	**48,354.4**	**68,578.0**	**6.99**	**67,860.0**	**6.96**	**63,660.0**	**6.52**	**60,564.0**	**6.49**
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as Equ	48,354.4	68,578.0	6.99	67,860.0	6.96	63,660.0	6.52	60,564.0	6.49
8. Total Liabilities and Equity	**691,301.5**	**980,430.0**	**100.00**	**975,165.0**	**100.00**	**976,318.0**	**100.00**	**933,001.0**	**100.00**
9. Memo: Fitch Core Capital	37,146.1	52,682.0	5.37	50,957.0	5.23	47,707.0	4.89	45,553.0	4.88
Exchange rate		USD1 = AUD1.418238		USD1 = AUD1.352996		USD1 = AUD1.3001		USD1 = AUD1.3466	

Source: Fitch Ratings, Fitch Solutions

Commonwealth Bank of Australia
Summary Analytics

	31 Dec 2018 6 Months - Interim	30 Jun 2018 Year End	30 Jun 2017 Year End	30 Jun 2016 Year End
A. Interest Ratios				
1. Interest Income/ Average Earning Assets	4.10	4.04	3.99	4.28
2. Interest Income on Loans/ Average Gross Loans	4.54	4.53	4.52	4.80
3. Interest Expense on Customer Deposits/ Average Customer Deposits	1.72	1.82	1.94	2.16
4. Interest Expense/ Average Interest-bearing Liabilities	2.26	2.13	2.08	2.30
5. Net Interest Income/ Average Earning Assets	2.10	2.15	2.11	2.14
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.97	2.02	1.98	1.98
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.10	2.15	2.11	2.14
B. Other Operating Profitability Ratios				
1. Operating Profit/ Risk Weighted Assets	2.79	3.09	3.19	3.27
2. Non-Interest Expense/ Gross Revenues	43.17	40.33	41.82	42.11
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	8.43	7.08	7.28	8.87
4. Operating Profit/ Average Total Assets	1.27	1.45	1.43	1.41
5. Non-Interest Income/ Gross Revenues	22.15	26.64	30.51	29.30
6. Non-Interest Expense/ Average Total Assets	1.03	1.03	1.09	1.10
7. Pre-impairment Op. Profit/ Average Equity	19.91	23.15	24.26	24.48
8. Pre-impairment Op. Profit/ Average Total Assets	1.39	1.56	1.55	1.55
9. Operating Profit/ Average Equity	18.24	21.51	22.49	22.31
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	13.40	14.19	16.05	15.97
2. Net Income/ Average Total Assets	0.94	0.96	1.02	1.01
3. Fitch Comprehensive Income/ Average Total Equity	14.65	14.27	14.89	16.47
4. Fitch Comprehensive Income/ Average Total Assets	1.02	0.96	0.95	1.04
5. Taxes/ Pre-tax Profit	28.56	30.00	28.63	28.06
6. Net Income/ Risk Weighted Assets	2.05	2.04	2.28	2.34
D. Capitalization				
1. FCC/ FCC-Adjusted Risk Weighted Assets	11.83	11.11	10.92	11.54
2. Tangible Common Equity/ Tangible Assets	6.05	5.95	5.49	5.43
3. Equity/ Total Assets	6.99	6.96	6.52	6.49
4. Basel Leverage Ratio	5.60	5.50	5.10	5.00
5. Common Equity Tier 1 Capital Ratio	10.80	10.10	10.10	10.60
6. Fully Loaded Common Equity Tier 1 Capital Ratio	n.a.	10.10	10.10	10.60
7. Tier 1 Capital Ratio	12.90	12.30	12.10	12.30
8. Total Capital Ratio	15.80	15.00	14.20	14.30
9. Impaired Loans less Loan Loss Allowances/ Fitch Core Capital	(2.64)	(1.11)	(1.36)	(1.62)
10. Impaired Loans less Loan Loss Allowances/ Equity	(2.03)	(0.84)	(1.02)	(1.22)
11. Cash Dividends Paid & Declared/ Net Income	76.81	80.98	74.44	78.38
12. Risk Weighted Assets/ Total Assets	45.40	47.03	44.77	42.30
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
E. Loan Quality				
1. Impaired Loans/ Gross Loans	0.43	0.41	0.41	0.43
2. Growth of Gross Loans	1.50	1.57	5.20	8.75
3. Loan Loss Allowances/ Impaired Loans	142.84	118.70	121.28	124.81
4. Loan Impairment Charges/ Average Gross Loans	0.16	0.15	0.16	0.19
5. Growth of Total Assets	0.54	(0.12)	4.64	6.82
6. Loan Loss Allowances/ Gross Loans	0.61	0.48	0.50	0.53
7. Net Charge-offs/ Average Gross Loans	0.16	0.17	0.17	0.18
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.43	0.41	0.41	0.43
F. Funding and Liquidity				
1. Loans/ Customer Deposits	131.76	131.60	131.79	134.95
2. Liquidity Coverage Ratio	131.00	133.00	135.00	120.00
3. Customer Deposits/ Total Funding (including Pref. Shares & Hybrids)	66.89	66.85	65.48	64.33
4. Interbank Assets/ Interbank Liabilities	34.35	72.33	64.43	47.94
5. Net Stable Funding Ratio	112.00	112.00	n.a.	n.a.
6. Growth of Total Customer Deposits	1.37	1.72	7.72	8.58

Source: Fitch Ratings, Fitch Solutions

Commonwealth Bank of Australia
Reference Data

	31 Dec 2018			30 Jun 2018		30 Jun 2017		30 Jun 2016	
	6 Months - Interim USDm	6 Months - Interim AUDm	As % of Assets	Year End AUDm	As % of Assets	Year End AUDm	As % of Assets	Year End AUDm	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	4,411.8	6,257.0	0.64	6,265.0	0.64	7,424.0	0.76	6,216.0	0.67
4. Acceptances and documentary credits reported off-balance sheet	377.2	535.0	0.05	761.0	0.08	1,183.0	0.12	1,308.0	0.14
5. Committed Credit Lines	114,164.2	161,912.0	16.51	162,090.0	16.62	173,555.0	17.78	170,742.0	18.30
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Off-Balance Sheet items	4,993.5	7,082.0	0.72	6,080.0	0.62	2,970.0	0.30	4,204.0	0.45
8. Total Assets under Management	275,037.1	390,068.0	39.79	361,241.0	37.04	366,205.0	37.51	335,536.0	35.96
B. Average Balance Sheet									
1. Average Loans	498,488.3	706,975.0	72.11	699,909.0	71.77	680,154.0	69.67	644,747.0	69.10
2. Average Earning Assets	608,969.7	863,664.0	88.09	854,264.0	87.60	834,741.0	85.50	790,596.0	84.74
3. Average Total Assets	689,454.1	977,810.0	99.73	976,287.0	100.12	972,333.0	99.59	916,264.0	98.21
4. Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Average Interest-Bearing Liabilities	539,157.7	764,654.0	77.99	759,583.0	77.89	755,612.0	77.39	733,754.0	78.64
6. Average Common equity	46,397.0	65,802.0	6.71	63,639.3	6.53	59,854.7	6.13	54,075.7	5.80
7. Average Equity	48,101.2	68,219.0	6.96	65,870.3	6.75	61,993.3	6.35	57,865.0	6.20
8. Average Customer Deposits	337,465.2	478,606.0	48.82	563,818.3	57.82	538,763.3	55.18	540,813.0	57.96
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	**n.a.**	**n.a.**	**-**	**13,460.0**	**1.38**	**10,310.0**	**1.06**	**8,380.0**	**0.90**
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets									
1. Risk Weighted Assets	313,871.2	445,144.0	45.40	458,612.0	47.03	437,063.0	44.77	394,667.0	42.30
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	**313,871.2**	**445,144.0**	**45.40**	**458,612.0**	**47.03**	**437,063.0**	**44.77**	**394,667.0**	**42.30**
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	**313,871.2**	**445,144.0**	**45.40**	**458,612.0**	**47.03**	**437,063.0**	**44.77**	**394,667.0**	**42.30**
E. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	48,354.4	68,578.0	6.99	67,860.0	6.96	63,660.0	6.52	60,564.0	6.49
2. Fair-value adjustments relating to own credit risk on debt issued	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	4,246.1	6,022.0	0.61	6,941.0	0.71	7,872.0	0.81	7,925.0	0.85
5. Other intangibles	1,508.2	2,139.0	0.22	2,082.0	0.21	2,152.0	0.22	2,459.0	0.26
6. Deferred tax assets deduction	1,223.3	1,735.0	0.18	1,439.0	0.15	630.0	0.06	49.0	0.01
7. Net asset value of insurance subsidiaries	4,230.6	6,000.0	0.61	6,441.0	0.66	5,299.0	0.54	4,578.0	0.49
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fund for general banking risks if not already included and readily convertible into equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Fitch Core Capital	**37,146.1**	**52,682.0**	**5.37**	**50,957.0**	**5.23**	**47,707.0**	**4.89**	**45,553.0**	**4.88**

Exchange Rate	USD1 = AUD1.418238	USD1 = AUD1.352996	USD1 = AUD1.3001	USD1 = AUD1.3466

Source: Fitch Ratings, Fitch Solutions

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.