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

Financial Data

Commonwealth Bank of Australia

	31 Dec 17	30 Jun 17
Total assets (USDbn)	750.3	751.0
Total assets (AUDbn)	961.9	976.4
Total equity (AUDbn)	66.1	63.7
Operating profit (AUDbn)	7.0	13.9
Published net income (AUDbn)	4.9	10.0
Comprehensive income (AUDbn)	4.6	9.2
Impaired loans/gross loans (%)	0.4	0.4
Operating profit/risk-weighted assets (%)	3.1	3.2
Fitch Core Capital (FCC)/FCC-adjusted risk-weighted assets (%)	11.4	10.9
Loans/customer deposits (%)	130.8	131.8

Related Research

2018 Peer Review: Australian Major Banks (March 2018)

Commonwealth Bank of Australia - Ratings Navigator (March 2018)

Fitch: CBA AML Defence In Line with Agency Expectations (December 2017)

Fitch: Misconduct Inquiry Adds to Challenges at Australian Banks (November 2017)

Fitch: CBA's Life-Insurance Business Sale Supports Credit Profile (September 2017)

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Key Rating Drivers

Macroeconomic Risks Still High: Regulatory restrictions combined with actions taken by Commonwealth Bank of Australia (CBA) have helped lower the risk associated with high household debt and low wage growth. However, households remain susceptible to a sharp rise in unemployment or interest rates, although this is not Fitch Ratings' base case.

Strong Domestic Retail Franchise: CBA's leading market share in Australian and New Zealand retail banking provides it with some price-setting powers and allows the bank to operate a simple business model with stable earnings. Increased scrutiny from regulators around conduct and competition from digital disruptors may pressure this strength, although this is more likely to occur beyond the next two to three years.

Reputational Risks Remain: Conduct-related issues have increased CBA's vulnerability to reputational damage, which in turn could affect its franchise and, ultimately, its rating, in the longer term. This does not appear to have occurred to date, with limited movement in CBA's market share across a number of products.

Underwriting Further Tightened: Fitch expects CBA to further tighten underwriting standards through 2018, both in response to pressure in some industries and to reflect changes imposed by the regulator. This should help CBA maintain sound asset quality through the business cycle, although we expect some deterioration in 2018.

Regulatory Capital Changes Manageable: CBA has a strong loss-absorption capacity and should have little difficulty in meeting the regulator's "unquestionably strong" common equity Tier 1 (CET1) capital ratio target through internal sources ahead of the 2020 deadline. Similarly, changes to the regulatory capital framework to align with the finalised Basel III rules should not be onerous to implement.

Liquidity Management Supports Funding: CBA's reliance on offshore wholesale funding remains a weakness relative to most similarly rated international peers, but the bank's improved liquidity position helps offset this risk.

Strengthened Resolution Framework: CBA's Support Rating Floor reflects its high systemic importance. The Support Rating Floor may be lowered if Australia's resolution framework is strengthened and sovereign support becomes less likely in our view.

Rating Sensitivities

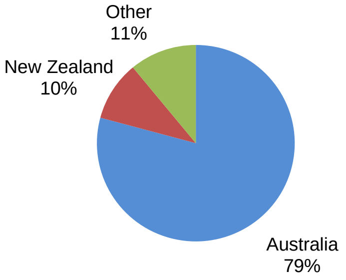
Weaker Operating Environment: A sharp slowdown in the Australian economy that leads to significantly higher unemployment, or a sharp increase in interest rates for borrowers, could pressure CBA's asset quality, profitability and capitalisation, and result in a ratings downgrade.

Funding, Liquidity Worsening: A significant weakening of CBA's funding and liquidity profile would increase its susceptibility to large disruptions in global funding markets and would be likely to pressure ratings.

Adverse Inquiry Outcomes: Findings of systemic failures by inquiries into the Australian banking system and CBA would place downward pressure on our view of risk appetite and, ultimately, CBA's rating. Longer term, the outcomes of the inquiries, as well as competition from non-bank lenders, particularly in the digital space, may pressure CBA's company profile, profitability and ratings, although we do not expect this in the next two to three years.

Geographic Diversification

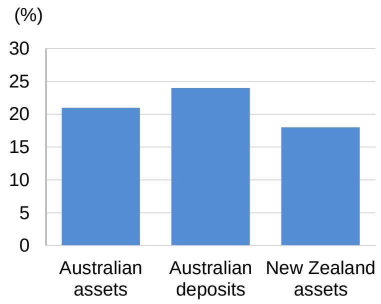
% of exposure at default at end-1H18



Source: CBA Pillar III report

Market Share

30 September 2017



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

Operating Environment

Details of the operating environment can be found in our report, *2018 Peer Review: Australian Major Banks*, published 6 March 2018.

Company Profile

CBA has a strong franchise in its home markets of Australia and New Zealand, particularly in retail banking, resulting in high market share and a sound competitive position. Its large franchise also provides a degree of pricing power. We expect CBA to maintain its competitive position in the medium term. Conduct related issues may cause reputational damage to the CBA brand, although this does not appear to have occurred to date. The announced sale of CBA's life insurance business is unlikely to affect the bank's franchise.

CBA has a stable, transparent and simple business model that offsets the lack of geographic diversification relative to some international peers. The bank maintains a critical mass in its operating segments and markets, with a focus on traditional commercial banking businesses that have limited exposure to volatile trading and investment-banking sectors. Loans are the largest part of CBA's balance sheet, at 77% of total assets at end-2017 (1H18), and result in net interest income dominating revenue – accounting for about 70% of revenue since the financial year ending June 2010 (FY10) – and relatively stable earnings in light of the nature of the lending undertaken.

Management and Strategy

We continue to view CBA's management team as having a high degree of depth, stability and experience, despite changes. The CEO will retire in early April 2018, in part due to the bank's failure to adhere to anti-money laundering requirements, to be replaced by CBA's current retail banking head.

The bank's strategy remains broadly unchanged, with a focus on organic growth in the bank's home markets, and is likely to remain so under the new CEO. We do not expect significant acquisitions. CBA targets peer-leading customer satisfaction scores, main financial institution metrics and share of wallet within its core retail segment. This is supported through the bank's investment in technology, which also addresses emerging risks from digital disruptors.

CBA has a solid record of meeting strategic goals; it has consistently reported sector-leading profitability and maintained customer satisfaction metrics at the top-end of peers for several years.

Risk Appetite

The bank's underwriting standards are broadly in line with those of domestic peers and are arguably stronger than those of many international peers, given the focus on lower-risk lending types, such as residential mortgages.

Lending standards and criteria were tightened in 2017, particularly for residential mortgages. This was due partly to further regulatory intervention in the market and means CBA's mortgage underwriting approach is similar to that of other Australian banks. Cash flow/serviceability is the main form of loan assessment, with collateral assumed to be a secondary source of loan repayment. There is a high level of security coverage in the loan book nonetheless – 80% was fully secured at FYE17, with a further 5% partially secured.

Mortgages made up two-thirds of gross loans at end-1H18, a reflection of CBA's retail focus. We expect investor, interest-only and broker-sourced loans to perform worse in a downturn than amortising owner-occupier mortgages sourced through branches. Investor loans made up 32% of CBA's Australian mortgage portfolio, which is toward the lower end of domestic peers, while mortgages originating through brokers were about average at 45%. Brokers have no

Related Criteria

Global Bank Rating Criteria (November 2016) credit approval authority, with underwriting being 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. Interest only loans made up 33% of total mortgages at end-1H18, down from 39% at FYE17, with the sharp fall due to regulatory intervention in the market – interest-only loans made up just 21% of new mortgages in 1H18.

CBA's commercial exposures are well diversified by industry, with commercial property the largest non-financial industry exposure at 6% of exposure at default (EaD) at end-1H18. 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 EaD.

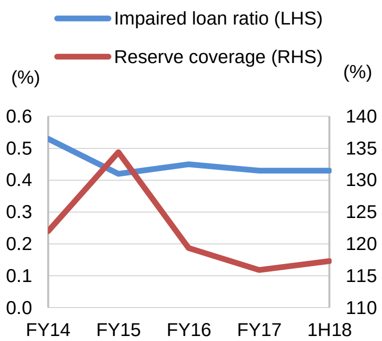
CBA's approach to provisioning is consistent with that of local peers – the bank implements economic or management overlays when it observes events that may lead to losses, despite operating under the Australian equivalent of IFRS (pre-IFRS9). This leads to a high level of provisioning by international standards, particularly in light of security coverage in the book.

We continue to see CBA's risk controls as broadly robust, despite a number of conduct-related incidents in the previous few years. Indications that these are more than isolated incidents may result in Fitch reviewing its assessment of CBA's risk controls, risk appetite and rating. An independent prudential inquiry into the bank's governance, culture and accountability, established in late August 2017, is due to report at the end of April 2018 – this inquiry is the most likely forum to identify any broad risk-management failings at the bank.

Asset growth is likely to ease in line with the system in 2018, with regulatory restrictions on mortgage lending and a slowing housing market limiting mortgage growth. We expect non-mortgage consumer loan growth to remain subdued due to high household debt and low wage growth. Business-loan growth may pick up slightly, but this is unlikely to be significant.

CBA's lack of investment and capital market-related businesses means market risk emerges mainly through non-trading activities. Interest rate risk in the banking book is the largest component of non-traded market risk and accounted for 6% of risk-weighted assets at end-1H18. Exposures were modest on the measures reported by CBA. Traded market risk is small, at 1% of risk-weighted assets at end-1H18, and arises primarily from client trades. Foreign currency risk is managed through the use of derivative products – CBA's only significant exposure to unhedged foreign exchange risk relates to its New Zealand and Asian operations.

Sound Asset Quality



Source: CBA, Fitch

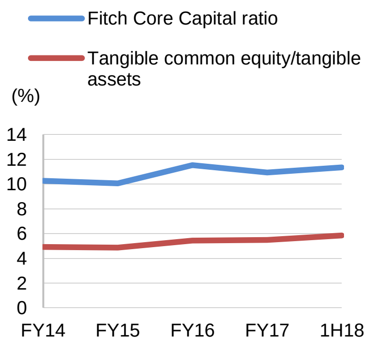
Financial Profile

Asset Quality

CBA has adequate asset quality, reflecting its conservative risk appetite. Significant asset-quality weakening appears to be unlikely absent a sharp economic slowdown, such as may occur if China's economic expansion was to severely decelerate. This would most likely be first seen in the commercial-loan portfolio before substantial losses emerged from the mortgage book. Higher unemployment or sharp interest-rate rises remain the most likely drivers of losses in the mortgage portfolio, although high debt levels, high underemployment or low wage growth also increase households' susceptibility to these factors.

Offset accounts provide a buffer to the mortgage portfolio. These balances, which offset the outstanding mortgage balance of borrowers when determining the interest charged on the loan, totalled AUD41 billion, or 9% of CBA's Australian mortgage balances, at end-1H18.

Improved Capitalisation



Source: CBA, Fitch

We expect a modest deterioration in asset quality in 2018, reflecting pressure in some industries, such as retail. However, Fitch's base case for the economies of Australia and New Zealand mean meaningful deterioration is not probable. Provisioning levels are generally above those reported by international peers, although below that of other Australian major banks, and should increase when IFRS9 is implemented from July 2018. Industry and single-name concentration remains modest.

Earnings and Profitability

We expect continued earning pressure for all Australian banks, including CBA, due to lower loan growth, tighter net interest margins from competition for quality assets and low interest rates, higher impairment charges and continued IT investment. In addition, a number of inquiries into the system and CBA may affect profitability by limiting CBA's ability to fully reprice assets to address funding cost or regulatory changes. Repricing investor and interest-only mortgages to meet regulatory restrictions on growth was a key reason for the rise in CBA's net interest margin in 2017.

Capitalisation and Leverage

CBA's capital position is likely to remain strong and the bank should not find it difficult to meet the regulator's 10.5% requirement for an "unquestionably strong" CET1 ratio well ahead of the January 2020 implementation date. CBA estimates that the sale of its life insurance operation would, on a pro forma basis at FYE17, add about 70bp to its CET1 ratio, more than offsetting the forecast 25bp pro forma impact from the implementation of IFRS9. Capital management, such as return of capital to shareholders, is possible once the sale is completed, although management may wish to wait until the regulatory inquiries have concluded.

CBA has adequate internal capital generation due to its strong and stable profitability, and we expect this to continue, even with some modest pressure on profitability. Participation in the dividend reinvestment programme helps support capital generation. The participation rate is typically 10%-15%, but can rise to 35%-40% if a discount on the share price is applied.

Funding and Liquidity

The deposit base of CBA, along with Australia's other major banks, is likely to benefit from a flight-to-quality in a systemic crisis, reflecting the strength of the bank's deposit franchise in Australia and New Zealand. Sound liquidity coverage and access to contingent liquidity through the central bank, if required, in addition to the deposit franchise, help offset reliance on offshore wholesale funding markets, which is a weakness relative to similarly rated international peers.

CBA manages its offshore wholesale funding reliance well, with the book diversified by currency, maturity, investor and product. Borrowings in foreign currency are swapped back into the functional currency (primarily Australian or New Zealand dollars) to mitigate foreign-currency risk. Liquidity management has also improved significantly since the 2008 global financial crisis, meaning the bank can (and has) sit out of the market for long periods if conditions are unfavourable.

CBA's improved liquidity position is reflected in its regulatory liquidity ratios – it reported an average liquidity coverage ratio of 135% in the December 2017 quarter, with a period-end ratio of 131%, and estimated its net stable funding ratio at 110% at end-1H18. The bank's regulatory liquid assets totalled AUD139 billion at end-1H18, above the total wholesale funding maturing in 2018 of AUD132 billion.

Peer Analysis

Domestic Peer Data

(%)	ANZ[a]	CBA[b]	NAB[a]	WBC[a]
Earnings and profitability				
Core metric				
Operating profit/risk-weighted assets	2.57	3.14	2.27	2.78
Complimentary metrics				
Net interest income/average earning assets	2.00	2.16	1.85	2.06
Non-interest expense/gross revenue	46.31	42.01	47.33	43.88
Loans and securities impairment charges/ pre-impairment operating profit	10.65	7.87	8.68	7.06
Operating profit/average total assets	1.09	1.43	1.09	1.30
Net income/average total equity	11.01	15.02	10.99	13.65
Capitalisation and leverage				
Core metric				
Fitch Core Capital/FCC-adjusted risk-weighted assets	11.36	11.36	10.30	11.44
Complimentary metrics				
Basel leverage ratio	5.40	5.40	5.54	5.70
Tangible common equity/tangible assets	5.75	5.86	5.23	5.79
CET1 regulatory capital ratio	10.60	10.40	10.06	10.56
Internal capital generation	3.74	7.55	1.11	5.15
Impaired loans less reserves for impaired loans/Fitch Core Capital	-3.78	-1.10	-3.95	-2.86
Asset-quality				
Core metric				
Impaired loans/gross loans	0.37	0.43	0.30	0.22
Complimentary metrics				
Growth of gross loans	-0.33	0.62	2.33	3.39
Reserves for impaired loans/impaired loans	179.32	117.30	193.05	185.86
Loan-impairment charges/average gross loans	0.22	0.17	0.16	0.13
Funding and liquidity				
Core metric				
Loans/customer deposits	123.88	130.80	136.89	141.32
Complimentary metrics				
Liquidity coverage ratio	135.00	135.00	123.00	124.00
Customer deposits/total funding (excluding derivatives)	65.29	66.91	58.09	65.27

[a] FY17 numbers at end-September 2017
[b] 1H18 numbers at end-December 2017
Source: Bank financials, Fitch

Commonwealth Bank of Australia
Income Statement

	31 Dec 2017			30 Jun 2017		30 Jun 2016		30 Jun 2015	
	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	12,348.2	15,831.0	3.52	30,723.0	3.27	30,966.0	3.44	31,476.0	3.76
2. Other Interest Income	1,051.4	1,348.0	0.30	2,570.0	0.27	2,851.0	0.32	2,669.0	0.32
3. Dividend Income	2.3	3.0	0.00	10.0	0.00	12.0	0.00	16.0	0.00
4. Gross Interest and Dividend Income	**13,402.0**	**17,182.0**	**3.82**	**33,303.0**	**3.55**	**33,829.0**	**3.76**	**34,161.0**	**4.08**
5. Interest Expense on Customer Deposits	3,159.0	4,050.0	0.90	10,453.0	1.11	11,685.0	1.30	12,936.0	1.54
6. Other Interest Expense	3,023.3	3,876.0	0.86	5,240.0	0.56	5,197.0	0.58	5,386.0	0.64
7. Total Interest Expense	**6,182.3**	**7,926.0**	**1.76**	**15,693.0**	**1.67**	**16,882.0**	**1.88**	**18,322.0**	**2.19**
8. Net Interest Income	**7,219.7**	**9,256.0**	**2.06**	**17,610.0**	**1.87**	**16,947.0**	**1.88**	**15,839.0**	**1.89**
9. Net Gains (Losses) on Trading and Derivatives	439.1	563.0	0.13	1,211.0	0.13	1,015.0	0.11	944.0	0.11
10. Net Gains (Losses) on Other Securities	108.4	139.0	0.03	433.0	0.05	(27.0)	(0.00)	251.0	0.03
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	110.0	141.0	0.03	844.0	0.09	1,006.0	0.11	1,014.0	0.12
13. Net Fees and Commissions	1,149.7	1,474.0	0.33	3,080.0	0.33	2,885.0	0.32	2,727.0	0.33
14. Other Operating Income	901.7	1,156.0	0.26	2,165.0	0.23	2,144.0	0.24	2,129.0	0.25
15. Total Non-Interest Operating Income	**2,708.9**	**3,473.0**	**0.77**	**7,733.0**	**0.82**	**7,023.0**	**0.78**	**7,065.0**	**0.84**
16. Personnel Expenses	2,386.0	3,059.0	0.68	6,268.0	0.67	6,169.0	0.69	5,826.0	0.70
17. Other Operating Expenses	1,784.6	2,288.0	0.51	4,330.0	0.46	3,925.0	0.44	3,690.0	0.44
18. Total Non-Interest Expenses	**4,170.7**	**5,347.0**	**1.19**	**10,598.0**	**1.13**	**10,094.0**	**1.12**	**9,516.0**	**1.14**
19. Equity-accounted Profit/ Loss - Operating	150.5	193.0	0.04	292.0	0.03	289.0	0.03	285.0	0.03
20. Pre-Impairment Operating Profit	**5,908.5**	**7,575.0**	**1.69**	**15,037.0**	**1.60**	**14,165.0**	**1.57**	**13,673.0**	**1.63**
21. Loan Impairment Charge	464.9	596.0	0.13	1,095.0	0.12	1,256.0	0.14	988.0	0.12
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	**5,443.6**	**6,979.0**	**1.55**	**13,942.0**	**1.48**	**12,909.0**	**1.44**	**12,685.0**	**1.51**
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	6.0	0.00	0.0	0.00	n.a.	-
26. Non-recurring Expense	3.1	4.0	0.00	4.0	0.00	60.0	0.01	83.0	0.01
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	**5,440.5**	**6,975.0**	**1.55**	**13,944.0**	**1.48**	**12,849.0**	**1.43**	**12,602.0**	**1.50**
30. Tax expense	1,615.4	2,071.0	0.46	3,992.0	0.42	3,606.0	0.40	3,528.0	0.42
31. Profit/Loss from Discontinued Operations	8.6	11.0	0.00	n.a.	-	n.a.	-	n.a.	-
32. Net Income	**3,833.7**	**4,915.0**	**1.09**	**9,952.0**	**1.06**	**9,243.0**	**1.03**	**9,074.0**	**1.08**
33. Change in Value of AFS Investments	(28.1)	(36.0)	(0.01)	(52.0)	(0.01)	(316.0)	(0.04)	(45.0)	(0.01)
34. Revaluation of Fixed Assets	n.a.	n.a.	-	23.0	0.00	1.0	0.00	15.0	0.00
35. Currency Translation Differences	(181.7)	(233.0)	(0.05)	(282.0)	(0.03)	383.0	0.04	398.0	0.05
36. Remaining OCI Gains/(losses)	(2.3)	(3.0)	(0.00)	(408.0)	(0.04)	219.0	0.02	347.0	0.04
37. Fitch Comprehensive Income	**3,621.5**	**4,643.0**	**1.03**	**9,233.0**	**0.98**	**9,530.0**	**1.06**	**9,789.0**	**1.17**
38. Memo: Profit Allocation to Non-controlling Interests	7.0	9.0	0.00	24.0	0.00	20.0	0.00	21.0	0.00
39. Memo: Net Income after Allocation to Non-controlling Interests	3,826.7	4,906.0	1.09	9,928.0	1.06	9,223.0	1.03	9,053.0	1.08
40. Memo: Common Dividends Relating to the Period	1,870.4	2,398.0	0.53	6,084.0	0.65	5,771.0	0.64	6,148.0	0.73
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	56.0	0.01	52.0	0.01
Exchange rate		USD1 = AUD1.282051		USD1 = AUD1.3001		USD1 = AUD1.3466		USD1 = AUD1.3021	

Commonwealth Bank of Australia
Balance Sheet

	31 Dec 2017			30 Jun 2017		30 Jun 2016		30 Jun 2015	
	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	384,296.7	492,688.0	51.22	485,857.0	49.76	456,074.0	48.88	422,851.0	48.41
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	24,896.0	2.55	25,243.0	2.71	23,441.0	2.68
4. Corporate & Commercial Loans	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	192,933.8	247,351.0	25.71	224,702.0	23.01	217,799.0	23.34	196,588.0	22.51
6. Less: Reserves for Impaired Loans	2,903.9	3,723.0	0.39	3,693.0	0.38	3,718.0	0.40	3,618.0	0.41
7. Net Loans	**574,326.6**	**736,316.0**	**76.55**	**731,762.0**	**74.95**	**695,398.0**	**74.53**	**639,262.0**	**73.19**
8. Gross Loans	**577,230.5**	**740,039.0**	**76.93**	**735,455.0**	**75.33**	**699,116.0**	**74.93**	**642,880.0**	**73.60**
9. Memo: Impaired Loans included above	2,475.7	3,174.0	0.33	3,187.0	0.33	3,116.0	0.33	2,692.0	0.31
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	5,424.9	6,955.0	0.72	18,318.0	1.88	13,792.0	1.48	16,541.0	1.89
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	22,733.0	2.33	8,925.0	0.96	13,846.0	1.59
3. Trading Securities and at FV through Income	27,872.5	35,734.0	3.71	33,815.0	3.46	35,547.0	3.81	27,702.0	3.17
4. Derivatives	19,677.8	25,228.0	2.62	31,724.0	3.25	46,567.0	4.99	46,154.0	5.28
5. Available for Sale Securities	65,452.2	83,913.0	8.72	83,535.0	8.56	80,898.0	8.67	74,684.0	8.55
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Equity Investments in Associates	2,145.0	2,750.0	0.29	2,778.0	0.28	2,776.0	0.30	2,637.0	0.30
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	**115,147.5**	**147,625.0**	**15.35**	**174,585.0**	**17.88**	**174,713.0**	**18.73**	**165,023.0**	**18.89**
10. Memo: Government Securities included Above	n.a.	n.a.	-	68,678.0	7.03	64,886.0	6.95	47,681.0	5.46
11. Memo: Total Securities Pledged	n.a.	n.a.	-	16,360.0	1.68	17,228.0	1.85	13,113.0	1.50
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	298.0	382.0	0.04	14,193.0	1.45	14,084.0	1.51	14,585.0	1.67
14. Other Earning Assets	173.2	222.0	0.02	463.0	0.05	1,431.0	0.15	1,944.0	0.22
15. Total Earning Assets	**695,370.2**	**891,500.0**	**92.68**	**939,321.0**	**96.21**	**899,418.0**	**96.40**	**837,355.0**	**95.87**
C. Non-Earning Assets									
1. Cash and Due From Banks	29,111.2	37,322.0	3.88	14,836.0	1.52	12,246.0	1.31	15,792.0	1.81
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	207.0	0.02	212.0	0.02
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	2,055.3	2,635.0	0.27	3,873.0	0.40	3,940.0	0.42	2,833.0	0.32
5. Goodwill	5,357.0	6,868.0	0.71	7,872.0	0.81	7,925.0	0.85	7,599.0	0.87
6. Other Intangibles	1,692.6	2,170.0	0.23	2,152.0	0.22	2,459.0	0.26	2,371.0	0.27
7. Current Tax Assets	n.a.	n.a.	-	23.0	0.00	17.0	0.00	15.0	0.00
8. Deferred Tax Assets	1,007.0	1,291.0	0.13	962.0	0.10	389.0	0.04	455.0	0.05
9. Discontinued Operations	11,618.1	14,895.0	1.55	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	4,094.2	5,249.0	0.55	7,335.0	0.75	6,607.0	0.71	7,026.0	0.80
11. Total Assets	**750,305.6**	**961,930.0**	**100.00**	**976,374.0**	**100.00**	**933,001.0**	**100.00**	**873,446.0**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	289,726.4	371,444.0	38.61	363,274.0	37.21	347,549.0	37.25	303,015.0	34.69
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	151,594.6	194,352.0	20.20	194,761.0	19.95	170,512.0	18.28	174,097.0	19.93
4. Total Customer Deposits	**441,321.0**	**565,796.0**	**58.82**	**558,035.0**	**57.15**	**518,061.0**	**55.53**	**477,112.0**	**54.62**
5. Deposits from Banks	19,083.5	24,466.0	2.54	28,432.0	2.91	28,771.0	3.08	36,416.0	4.17
6. Repos and Cash Collateral	9,570.6	12,270.0	1.28	16,270.0	1.67	17,124.0	1.84	12,976.0	1.49
7. Commercial Paper and Short-term Borrowings	36,701.3	47,053.0	4.89	81,150.0	8.31	81,893.0	8.78	90,175.0	10.32
8. Total Money Market and Short-term Funding	**506,676.4**	**649,585.0**	**67.53**	**683,887.0**	**70.04**	**645,849.0**	**69.22**	**616,679.0**	**70.60**
9. Senior Unsecured Debt (original maturity > 1 year)	129,877.8	166,510.0	17.31	96,016.0	9.83	88,343.0	9.47	76,039.0	8.71
10. Subordinated Borrowing	n.a.	n.a.	-	10,310.0	1.06	8,380.0	0.90	6,226.0	0.71
11. Covered Bonds	n.a.	n.a.	-	28,984.0	2.97	31,802.0	3.41	28,755.0	3.29
12. Other Long-term Funding	n.a.	n.a.	-	22,101.0	2.26	21,080.0	2.26	18,602.0	2.13
13. Total LT Funding (original maturity > 1 year)	**129,877.8**	**166,510.0**	**17.31**	**157,411.0**	**16.12**	**149,605.0**	**16.03**	**129,622.0**	**14.84**
14. Derivatives	18,379.1	23,563.0	2.45	30,330.0	3.11	39,921.0	4.28	35,213.0	4.03
15. Trading Liabilities	7,293.0	9,350.0	0.97	2,525.0	0.26	2,749.0	0.29	4,438.0	0.51
16. Total Funding	**662,226.4**	**849,008.0**	**88.26**	**874,153.0**	**89.53**	**838,124.0**	**89.83**	**785,952.0**	**89.98**
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	1,653.6	2,120.0	0.22	1,518.0	0.16	1,447.0	0.16	1,469.0	0.17
4. Current Tax Liabilities	500.8	642.0	0.07	1,450.0	0.15	1,022.0	0.11	661.0	0.08
5. Deferred Tax Liabilities	n.a.	n.a.	-	332.0	0.03	340.0	0.04	351.0	0.04
6. Other Deferred Liabilities	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
7. Discontinued Operations	11,343.5	14,543.0	1.51	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	375.2	481.0	0.05	12,588.0	1.29	13,110.0	1.41	13,461.0	1.54
9. Other Liabilities	6,911.6	8,861.0	0.92	14,201.0	1.45	11,230.0	1.20	11,961.0	1.37
10. Total Liabilities	**683,011.1**	**875,655.0**	**91.03**	**904,242.0**	**92.61**	**865,273.0**	**92.74**	**813,855.0**	**93.18**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	15,743.5	20,184.0	2.10	8,416.0	0.86	7,164.0	0.77	6,598.0	0.76
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	0.0	0.00	939.0	0.11
G. Equity									
1. Common Equity	49,953.6	64,043.0	6.66	61,301.0	6.28	57,280.0	6.14	49,147.0	5.63
2. Non-controlling Interest	432.1	554.0	0.06	546.0	0.06	550.0	0.06	562.0	0.06
3. Securities Revaluation Reserves	148.2	190.0	0.02	226.0	0.02	278.0	0.03	594.0	0.07
4. Foreign Exchange Revaluation Reserves	173.2	222.0	0.02	457.0	0.05	739.0	0.08	356.0	0.04
5. Fixed Asset Revaluations and Other Accumulated OCI	844.0	1,082.0	0.11	1,186.0	0.12	1,717.0	0.18	1,395.0	0.16
6. Total Equity	**51,551.0**	**66,091.0**	**6.87**	**63,716.0**	**6.53**	**60,564.0**	**6.49**	**52,054.0**	**5.96**
7. Total Liabilities and Equity	**750,305.6**	**961,930.0**	**100.00**	**976,374.0**	**100.00**	**933,001.0**	**100.00**	**873,446.0**	**100.00**
8. Memo: Fitch Core Capital	39,062.4	50,080.0	5.21	47,763.0	4.89	45,553.0	4.88	37,096.0	4.25
Exchange rate		USD1 = AUD1.282051		USD1 = AUD1.3001		USD1 = AUD1.3466		USD1 = AUD1.3021	

Commonwealth Bank of Australia
Summary Analytics

	31 Dec 2017 6 Months - Interim	30 Jun 2017 Year End	30 Jun 2016 Year End	30 Jun 2015 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	4.50	4.52	4.80	5.04
2. Interest Expense on Customer Deposits/ Average Customer Deposits	1.70	1.94	2.16	2.54
3. Interest Income/ Average Earning Assets	4.00	3.99	4.28	4.52
4. Interest Expense/ Average Interest-bearing Liabilities	2.08	2.08	2.30	2.57
5. Net Interest Income/ Average Earning Assets	2.16	2.11	2.14	2.10
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	2.02	1.98	1.98	1.96
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.16	2.11	2.14	2.09
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	27.28	30.51	29.30	30.85
2. Non-Interest Expense/ Gross Revenues	42.01	41.82	42.11	41.55
3. Non-Interest Expense/ Average Assets	1.09	1.09	1.10	1.13
4. Pre-impairment Op. Profit/ Average Equity	23.15	24.25	24.48	26.72
5. Pre-impairment Op. Profit/ Average Total Assets	1.55	1.55	1.55	1.62
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	7.87	7.28	8.87	7.23
7. Operating Profit/ Average Equity	21.33	22.48	22.31	24.79
8. Operating Profit/ Average Total Assets	1.43	1.43	1.41	1.50
9. Operating Profit / Risk Weighted Assets	3.14	3.19	3.27	3.44
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	15.02	16.05	15.97	17.73
2. Net Income/ Average Total Assets	1.00	1.02	1.01	1.08
3. Fitch Comprehensive Income/ Average Total Equity	14.19	14.89	16.47	19.13
4. Fitch Comprehensive Income/ Average Total Assets	0.95	0.95	1.04	1.16
5. Taxes/ Pre-tax Profit	29.69	28.63	28.06	28.00
6. Net Income/ Risk Weighted Assets	2.21	2.28	2.34	2.46
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	11.36	10.93	11.54	10.06
2. Tangible Common Equity/ Tangible Assets	5.86	5.49	5.43	4.86
3. Tier 1 Regulatory Capital Ratio	12.40	12.10	12.30	11.20
4. Total Regulatory Capital Ratio	14.80	14.20	14.30	12.70
5. Common Equity Tier 1 Capital Ratio	10.40	10.10	10.60	9.10
6. Equity/ Total Assets	6.87	6.53	6.49	5.96
7. Cash Dividends Paid & Declared/ Net Income	48.79	61.13	63.04	68.33
8. Internal Capital Generation	7.55	6.07	5.64	5.52
E. Loan Quality				
1. Growth of Total Assets	(1.48)	4.65	6.82	10.36
2. Growth of Gross Loans	0.62	5.20	8.75	6.85
3. Impaired Loans/ Gross Loans	0.43	0.43	0.45	0.42
4. Reserves for Impaired Loans/ Gross Loans	0.50	0.50	0.53	0.56
5. Reserves for Impaired Loans/ Impaired Loans	117.30	115.88	119.32	134.40
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	(1.10)	(1.06)	(1.32)	(2.50)
7. Impaired Loans less Reserves for Impaired Loans/ Equity	(0.83)	(0.79)	(0.99)	(1.78)
8. Loan Impairment Charges/ Average Gross Loans	0.17	0.16	0.19	0.16
9. Net Charge-offs/ Average Gross Loans	0.16	0.17	0.18	0.21
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.43	0.43	0.45	0.42
F. Funding and Liquidity				
1. Loans/ Customer Deposits	130.80	131.79	134.95	134.74
2. Interbank Assets/ Interbank Liabilities	28.43	64.43	47.94	45.42
3. Customer Deposits/ Total Funding (excluding derivatives)	66.91	65.48	64.33	62.92
4. Liquidity Coverage Ratio	135.00	135.00	120.00	120.00
5. Net Stable Funding Ratio	110.00	n.a.	n.a.	n.a.

Commonwealth Bank of Australia
Reference Data

	31 Dec 2017			30 Jun 2017		30 Jun 2016		30 Jun 2015	
	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	5,063.8	6,492.0	0.67	7,424.0	0.76	6,216.0	0.67	6,181.0	0.71
4. Acceptances and documentary credits reported off-balance sheet	1,006.2	1,290.0	0.13	1,183.0	0.12	1,308.0	0.14	1,764.0	0.20
5. Committed Credit Lines	131,216.3	168,226.0	17.49	173,555.0	17.78	170,742.0	18.30	165,511.0	18.95
7. Other Off-Balance Sheet items	4,260.4	5,462.0	0.57	2,970.0	0.30	4,204.0	0.45	4,120.0	0.47
8. Total Assets under Management	302,121.4	387,335.0	40.27	366,205.0	37.51	335,536.0	35.96	334,071.0	38.25
B. Average Balance Sheet									
Average Loans	544,095.4	697,558.0	72.52	680,154.0	69.66	644,747.0	69.10	624,324.0	71.48
Average Earning Assets	664,187.3	851,522.0	88.52	834,741.0	85.49	790,596.0	84.74	755,872.0	86.54
Average Assets	757,710.1	971,423.0	100.99	972,389.0	99.59	916,320.0	98.21	843,380.0	96.56
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	590,810.3	757,449.0	78.74	755,612.0	77.39	733,754.0	78.64	713,084.0	81.64
Average Common equity	48,884.2	62,672.0	6.52	59,854.7	6.13	54,075.7	5.80	47,290.7	5.41
Average Equity	50,624.7	64,903.5	6.75	62,012.0	6.35	57,865.0	6.20	51,171.0	5.86
Average Customer Deposits	369,641.3	473,899.0	49.27	538,763.3	55.18	540,813.0	57.96	510,104.0	58.40
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.	-	10,310.0	1.06	8,380.0	0.90	6,226.0	0.71
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets									
1. Risk Weighted Assets	343,852.2	440,836.0	45.83	437,063.0	44.76	394,667.0	42.30	368,721.0	42.21
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	343,852.2	440,836.0	45.83	437,063.0	44.76	394,667.0	42.30	368,721.0	42.21
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	343,852.2	440,836.0	45.83	437,063.0	44.76	394,667.0	42.30	368,721.0	42.21
E. Equity Reconciliation									
1. Equity	51,551.0	66,091.0	6.87	63,716.0	6.53	60,564.0	6.49	52,054.0	5.96
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	0.0	0.00	939.0	0.11
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	51,551.0	66,091.0	6.87	63,716.0	6.53	60,564.0	6.49	52,993.0	6.07
F. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	51,551.0	66,091.0	6.87	63,716.0	6.53	60,564.0	6.49	52,054.0	5.96
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	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	5,357.0	6,868.0	0.71	7,872.0	0.81	7,925.0	0.85	7,599.0	0.87
5. Other intangibles	1,692.6	2,170.0	0.23	2,152.0	0.22	2,459.0	0.26	2,371.0	0.27
6. Deferred tax assets deduction	1,007.0	1,291.0	0.13	630.0	0.06	49.0	0.01	104.0	0.01
7. Net asset value of insurance subsidiaries	4,432.0	5,682.0	0.59	5,299.0	0.54	4,578.0	0.49	4,884.0	0.56
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. Fitch Core Capital	**39,062.4**	**50,080.0**	**5.21**	**47,763.0**	**4.89**	**45,553.0**	**4.88**	**37,096.0**	**4.25**
Exchange Rate		USD1 = AUD1.282051		USD1 = AUD1.3001		USD1 = AUD1.3466		USD1 = AUD1.3021	

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.