



## 2019 half year highlights

For the six months ended 31 December 2018<sup>1</sup>

- **Cash NPAT** of \$4,676 million, an increase of 1.7% on the six months to December 2017. Statutory NPAT of \$4,599 million.
- **Operating income** of \$12,408 million, down 1.9% with growth in lending and deposits offset by lower net interest margin, lower trading and fee income, and the impact of weather events.
- **Operating expenses** of \$5,289 million, a reduction of 3.1%, however risk, compliance and remediation costs remained elevated.
- **Interim dividend** of \$2.00 per share, fully franked. Almost three quarters of cash net profit after tax is being returned to shareholders as dividends.

### Net profit after tax

Cash NPAT

**\$4,676m**

up 1.7%

### Earnings per share

Cash basic

**265.2c**

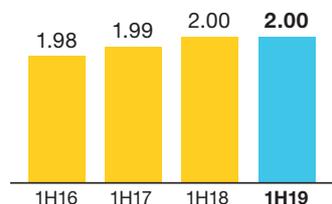
up 0.9 cents

### Interim dividend

\$ per share

**\$2.00**

fully franked,  
paid on 28 March 2019

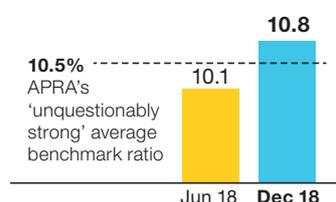


### Capital

Common Equity Tier 1 Capital Ratio (CET1, APRA)

**10.8%**

an important measure of the Bank's ability to absorb unexpected losses

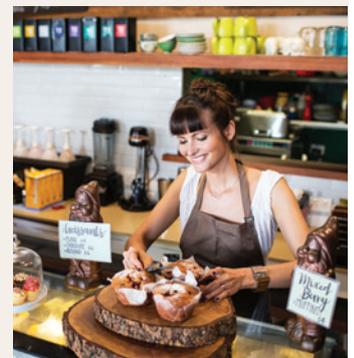


## Delivering for our customers and community

### Supporting Australian businesses

**\$580m**

of new lending for Australian businesses every week in 2018. This year we are rolling out same day decisions on simple business lending and removing more business banking fees



### Contributing to the community

**\$140m**

invested in our communities in the six months to December 2018

### Helping Australian home buyers

**126,000**

new loans in the half year to help customers buy a home<sup>2</sup>

### Australia's leading digital bank

**6.7m**

active digital customers<sup>3</sup>  
6.5m logons per day<sup>4</sup>

### Putting customers in control

**138m**

mobile notifications every month to give customers control of their finances<sup>5</sup>



**“The Royal Commission has been a thorough and valuable process and we are committed to implementing its recommendations.”**

## Chairman’s message

Dear Shareholder,

**During the six months to 31 December 2018, your Bank continued to deliver strong customer and core business outcomes in a difficult period.**

We served 16.1 million customers, and maintained strong positions in home lending, household deposits and digital banking. We also helped over 785,000 Australian small business customers run and grow their businesses. The Bank’s balance sheet was strengthened, with the Group’s key capital measure now above the ‘unquestionably strong’ level set by the Australian Prudential Regulation Authority (APRA). As a result of this performance, the Board maintained a fully franked interim dividend of \$2.00 per share, returning \$3.5 billion to shareholders as dividends.

### Royal Commission

It was also a challenging and very disappointing period for the Bank. During the Royal Commission we saw the impact of the Bank’s past failings on our customers and on the community’s trust in us. The Royal Commission has been a thorough and valuable process and we are committed to implementing its recommendations. We do not underestimate the task ahead, and are acutely aware that in order to rebuild confidence in the Bank, we must ensure these failures of people, policies and processes never occur again, and that we entrench a more accountable and customer-focused culture. This change is already underway.

### Improvements to governance, culture and accountability

Building on work that started in 2017 to improve governance, culture and accountability at the Bank, your Board and Executive

Leadership Team have been intently focused on implementing the recommendations of last year’s APRA Prudential Inquiry into CBA. The recent independent assessment of our progress noted that we are on track to deliver against the 154 milestones detailed in our Remedial Action Plan.

Progress to-date includes the establishment of clear values expectations and a new Code of Conduct for our people. We have strengthened oversight by the Board and its Committees, and have made the Executive Leadership Team collectively accountable for non-financial risk, as well as financial risk, in the business. Important changes have also been made to leaders’ remuneration to ensure they deliver on these priorities, and that there are consequences when accountabilities are not met.

### A clear path forward

Over the coming months we will be accelerating the work being done to respond to the Royal Commission Final Report and to deliver on our Remedial Action Plan.

We are fully committed to making the changes required because we believe it will make us a better bank for our customers, our people, our communities, and for you, our shareholders.

Thank you for your ongoing support.

**Catherine Livingstone AO**  
Chairman

## Royal Commission

**The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry delivered its Final Report on 4 February 2019.**

The Final Report is the result of a year-long inquiry into the financial services industry, including consumer and business lending, financial services for Australians who live in remote and regional communities, superannuation, insurance and financial advice. It identifies failings both in our business and across the industry, and highlights many examples of poor customer outcomes that should not have occurred.

In the context of preparing and responding to the Commission’s inquiries, the Bank analysed and reviewed more than 16 million documents, responded to 167 Notices to Produce and provided more than 220,000 documents to the Commission.

The Final Report contains 76 recommendations for reform and change. We will work constructively with government and regulators to implement the recommendations and have been proactively making the necessary changes to our business.

Changes we have already made include the removal of sales incentives for bank tellers, the rebating of grandfathered commissions for Commonwealth Financial Planning (CFP) customers, and our decision to move from an ongoing service fee financial advice model to one where CFP customers will pay for advice services when they are delivered.



**“There is much work ahead to transform the Commonwealth Bank, but we have a clear strategy, a strong franchise and dedicated people.”**

## CEO’s message

Dear Shareholder,

**Last August we announced our strategy to become a simpler, better bank.**

My focus since then has been on addressing issues, delivering better customer outcomes and simplifying our business model.

### Putting our customers first

In this time I’ve written to 8 million of our customers, to let them know about the changes we are making, and to ask for feedback on how we can be a better bank. My leadership team and I have listened to the 14,000 responses I received and have taken action to put our customers first.

A very clear message has been that customers want service over sales, so we have removed financial incentives for tellers and are focused on only selling our customers the products that are right for their needs.

We launched several new initiatives that remove customer pain points and that support customers experiencing financial difficulties. We now provide smart alerts to help customers avoid unnecessary fees and charges, such as advance notice of credit card payments and overdrawn alerts with a grace period. We also assigned a dedicated team for small business customers in financial difficulty, and provided tailored support for drought-affected farmers.

### Focusing on our strengths

We have made good progress on simplifying our business model to focus on the retail and business banking divisions that deliver 95% of the Bank’s earnings. What was especially pleasing

about our financial results for the first half of 2019 was that they demonstrate the strength and resilience of these core businesses. We saw home lending growth of 4%, business lending up 5%, and transaction deposit growth of 8%.

### Best in digital

We have responded to strong customer demand for innovative digital banking experiences, by continuing to invest in our market-leading CommBank app and by forming partnerships that give customers more flexibility and choice. Our recent launch of Apple Pay underscores that commitment.

With over 6.7 million active digital customers, we will continue to invest in leading-edge technology to not only meet but exceed customer expectations. CommBank has now been Canstar’s *Bank of the Year – Mobile Banking* for three years running and *Bank of the Year – Online Banking* for nine years running.

There is much work ahead to transform the Commonwealth Bank, but we have a clear strategy, a strong franchise and dedicated people. You have my commitment, and that of my leadership team, to make sure it happens.

Thank you for your support.

**Matt Comyn**  
Chief Executive Officer

## Become a simpler, better bank for our customers

### Our Purpose

Improve the financial wellbeing of our customers and communities

### Our Values

- We do what is right
- We are accountable
- We are dedicated to service
- We pursue excellence
- We get things done

## To deliver balanced and sustainable outcomes



## Offering customers the best in digital banking

**As customers increasingly use their mobile phones for banking, we aim to provide the leading digital services and experience.**

More than 5 million customers actively use our CommBank App. New features include overdrawn alerts, push reminders for loan and credit card payments, and instant document uploads for personal loans.

We have also alerted customers to rebates they are entitled to receive, like the NSW CTP refund and the low income household electricity rebate.

The launch of Apple Pay complements our existing leading payment options like Beem it and PayID which help customers make and receive payments quickly and securely.

We will continue to listen to our customers and to invest in technologies that make banking easy, convenient and accessible.

### CommBank App

# #1

ranked mobile banking app in Australia, equal #3 globally (Forrester)<sup>6</sup>



## Working towards a low carbon future

**We have signed a 12 year Power Purchasing Agreement with the largest wind farm in New South Wales to cut our costs, lower our emissions and increase our competitiveness.**

The majority of CBA's NSW and ACT operations will be powered by renewable electricity in 2019 with 96,000 MWh of clean power sourced directly from Sapphire Wind Farm. This transition will reduce our carbon emissions by 60% and save on energy costs.

CBA is a key financier of Sapphire Wind Farm which will generate enough energy to power an estimated 115,000 households and offset 700,000 tonnes of carbon emissions per year.

To further reinforce our commitment to a lower carbon future, we have also become the first Australian corporate to join the global RE100 initiative – setting a goal to source 100% of our electricity consumption from renewable electricity by 2030.

### Environment

# 65%

CBA is now sourcing nearly two thirds of its national electricity needs from renewable energy



Sapphire Wind Farms, image provided by CWP Renewables

## Key dates and contacts

### 2019 Financial calendar

<b>28 Mar</b>	Interim dividend payment date
<b>7 Aug</b>	Full year results and final dividend announcement date
<b>14 Aug</b>	Ex-dividend date for final dividend
<b>15 Aug</b>	Record Date for final dividend
<b>16 Aug</b>	Dividend Reinvestment Plan participation deadline
<b>26 Sep</b>	Final dividend payment date
<b>16 Oct</b>	Annual General Meeting

Dates may be altered by the Commonwealth Bank should circumstances require. Any changes will be advised to the Australian Securities Exchange.

### Link Market Services

If you have any questions about your shareholding visit the Link Investor Centre or contact our share registrar at:

 [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

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1 Comparisons are to the half year ended 31 December 2017. Financials are presented on a continuing operations basis except statutory profit, dividend per share and CET1 which include discontinued operations. Discontinued operations include the Bank's Australia and New Zealand life insurance businesses (Commlinsure Life and Sovereign), BoComm Life, TymeDigital SA, Colonial First State Global Asset Management and PT Commonwealth Life.

2 New home loans exclude top-ups.

3 Total number of customers that logged into Netbank, CommBank Mobile App, CommBank Tablet App or the Old Mobile App at least once in the month of December 2018. Excludes Face ID logons.

4 Total average NetBank, CommBank Mobile App, CommBank Tablet App and Old Mobile App logons per day in the month of December 2018. Excludes Face ID logons.

5 Total number of push notifications sent out to customers in the month of December 2018.

6 #1 ranked mobile banking app as per the Forrester Banking Wave™: Australian Mobile Apps, Q2 2018. Commonwealth Bank of Australia received the highest Industry Wave™ overall score among mobile apps in Australia in Forrester's proprietary Industry Wave™ evaluation. Equal #3 globally as per the Forrester Banking Wave™: Global Mobile Apps Summary, 2018. Published September 2018. The CommBank App tied with a North American bank for the third highest score globally. Forrester Research does not endorse any company included in any Industry Wave™ report and does not advise any person or organisation to select the products or services of any particular company based on the ratings included in such reports.