Today

- Strategic Update
- Financials
- Outlook
In the last six months:

- $109 billion new lending to personal and business customers
- 140,000 new home loans, including 15,000 first home buyers
- $3.5 billion new loans to 12,700 small businesses
- $1.2 billion new lending to farmers and other rural customers
- 1.5 million new deposit accounts
<table>
<thead>
<tr>
<th></th>
<th>Dec 16 vs Dec 15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statutory Profit</strong></td>
<td>6%</td>
</tr>
<tr>
<td><strong>Cash NPAT</strong></td>
<td>2%</td>
</tr>
<tr>
<td><strong>Cash Earnings per Share ($)</strong></td>
<td>2.86</td>
</tr>
<tr>
<td><strong>Dividend per Share ($)</strong></td>
<td>1.99</td>
</tr>
<tr>
<td><strong>ROE – Cash</strong></td>
<td>16.0%</td>
</tr>
</tbody>
</table>

This Result

- Statutory Profit: 6%
- Cash NPAT: 2%
- Cash Earnings per Share: 2.86
- Dividend per Share: 1.99
- ROE – Cash: 16.0%

Comparisons:
- Statutory Profit: Flat (130) bpts
- Cash NPAT: +1 cent
- Cash Earnings per Share: Flat
- Dividend per Share: +1 cent
- ROE – Cash: (130) bpts
Long term growth focus

Income Growth (%)

CBA

+3%

+1%

+2%

Peer Average

6% (reported)

3% (underlying)

Total Operating Income growth on prior comparative period - CBA June Financial Years, Peers September
Productivity enabling ongoing investment

Cost to Income (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost to Income (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H13</td>
<td>43.8%</td>
</tr>
<tr>
<td>1H14</td>
<td>42.9%</td>
</tr>
<tr>
<td>1H15</td>
<td>42.2%</td>
</tr>
<tr>
<td>1H16</td>
<td>42.1%</td>
</tr>
<tr>
<td>1H17</td>
<td>41.5% (underlying)</td>
</tr>
</tbody>
</table>

Investment

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity &amp; Growth</td>
<td>53%</td>
</tr>
<tr>
<td>Risk &amp; Compliance</td>
<td>36%</td>
</tr>
<tr>
<td>Branches &amp; Other</td>
<td>11%</td>
</tr>
</tbody>
</table>

Total Investment: $600m

1H17
Contributing to our economy and community

Total Income

13.1

Salaries
3.1
50,000+ staff

Expenses
2.6
~5,000 SME partners

LIE
0.6
cost of lending

Tax
1.9
Australia's largest payer

Reinvested
1.5
for growth

Dividends
3.4

~800,000 retail shareholders
Managing for today’s environment

Capital Management
- CET1: 378%
- Assets: 121%

Return on Equity
- 2008: 16.0%
Strategic Update

1. Consumer
2. Business
3. International
Delivering for customers

Retail Customer Satisfaction

83.2%

#1
19 consecutive months

66.5%
MFI share – a strength and opportunity

Overall

- CBA: 33.8%
- Peer 3: 19.1%
- Peer 1: 13.7%
- Peer 2: 11.9%

Customer lifecycle by age

- Dec 12:
  - 14-17: 42.4%
  - 18-24: 45.9%
  - 25-34: 43.0%
  - 35-49: 30.2%
  - 50-64: 28.5%
  - 65+: 26.6%
- Dec 16:
  - 14-17: 42.4%
  - 18-24: 45.9%
  - 25-34: 43.0%
  - 35-49: 30.2%
  - 50-64: 28.5%
  - 65+: 26.6%
The **digital** revolution

- **5.8m** customers now using digital
- **53%** of total transactions (by $)
- **25%** of new account openings
- **3mins** to open new accounts
- **80%** of logins via mobile
Real time banking

- Used by 15 million customers since 2012
- Originate and transact in real time: *anywhere, anytime, any device*
- Instant banking: fast and simple
- Driving customer satisfaction

Group Transaction Balances

- 1H15
- 1H16
- 1H17

+41%
+18%
On-going real time innovation

UBIMET Warning RED: Thunderstorm from W, lightning, heavy rain, hail, damaging wind gusts
07/12 5:27pm – 07/12 6:57pm
Branches remain key

Customer Relationships
- 68k Customer insights each week
- 32k Financial Health Checks each week
- 24k Video-conferencing referrals 1H17

Efficiency
- New format – 88 locations
- 50% reduction in branch space
- IDMs across network by end 2017
Branches remain key – **home lending**

**Proprietary % of Total Flows**

- **RBS**
  - Branch applications up 13%
  - Smarter analytics:
    - 10x increase in branch leads
    - higher contact rate (now 95%)
    - higher conversion rates (3x)
  - Extra branch lenders

- **Market**
  - Dec 15: 48%
  - Jun 16: 48%
  - Dec 16: 46%
## Broad customer relationships

<table>
<thead>
<tr>
<th>Brand</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FirstChoice</td>
<td>Australia’s most popular platform (7 years)</td>
</tr>
<tr>
<td>CFS</td>
<td>Trusted with &gt;$100bn of Australia’s investments/savings</td>
</tr>
<tr>
<td>CommSec</td>
<td>One in every two retail trades (non-advised)</td>
</tr>
<tr>
<td>CommInsure</td>
<td>One in every four CBA home loan customers</td>
</tr>
<tr>
<td><strong>Focus on Better Banking</strong></td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Improving</strong></td>
<td><strong>Listening</strong></td>
</tr>
<tr>
<td>- Agribusiness customer assistance measures introduced</td>
<td>- Customer Advocate appointed</td>
</tr>
<tr>
<td>- Financial inclusion action plan launched</td>
<td>- New Industry Whistleblower principles developed (with ABA)</td>
</tr>
<tr>
<td>- Making it easier to avoid credit card late payment fees</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Strategic Update

1 Consumer

2 Business

3 International
More **satisfied customers** - business

<table>
<thead>
<tr>
<th>Customer Size</th>
<th>Customer Satisfaction (DBM)</th>
<th>Customer Satisfaction (DBM, Large)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>#1</td>
<td>#1</td>
</tr>
<tr>
<td>Small</td>
<td>#1</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>#1</td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>#1</td>
<td></td>
</tr>
</tbody>
</table>
Corporate – **targeted growth**

**Australian Lending Growth**

6 months

- Supporting growth in the economy
- BPB – diversified growth
- IB&M (3 years):
  - 129 mandate wins
  - Transaction balances up 59%
- Relationship focus + real time technology
Transformative technology a differentiator

Blockchain
First interbank open account transaction
First global government bond trial

Digital & Analytics
Empowering clients with insights based on real-time customer behaviours

Payments
Landmark partnerships with Alipay and Barclays
Albert and Pi
Transformative technology - Albert

70,000 devices
64% new merchants to CBA
13 new apps last six months

39 apps in total
Strategic Update

1. Consumer
2. Business
3. International
TYME kiosk

Self service on-boarding
- Account creation on the spot
- Debit card issuance

Identity and authentication
- Biometric capture
- External verification of identity
Innovation via partnerships

**Pick n Pay**
- Strategic retail partner
- 10 year partnership
- 1,000 locations
- 10 million rewards customers
- 10,000 till points

**African Rainbow Capital (ARC)**
- Strategic BEE partner
- Broad based local ownership
- 10% future shareholder in CBA South Africa
685 kiosks across South Africa, since launch May 2016

9 months from concept to rollout

100,000 enrolments through Pick ’n Pay and Boxer stores

4 minutes to on-board new customers

$4 on-boarding cost per customer
SmartPOS prototype

Security
Strictest global security standards

Payments
Contactless, NFC, Wallet

Open Apps & VAS
Open platform app development, CommBank access

2x Cameras
Voucher, coupon, QR, bar code scanning

Connectivity
4G, Antenna & Wi-Fi, Bluetooth and GPS

Touch
7” high resolution multi-touch screen
Focus on long term growth

Driving strong consumer franchise

At the forefront of innovation

Investing for the long term
Results Presentation
For the Half Year Ended
31 December 2016

DAVID CRAIG
CHIEF FINANCIAL OFFICER
COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 15 FEBRUARY 2017
## This Result

<table>
<thead>
<tr>
<th>Metric</th>
<th>Dec 16</th>
<th>Dec 15</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Profit ($m)</td>
<td>4,895</td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td>Cash NPAT ($m)</td>
<td>4,907</td>
<td></td>
<td>2%</td>
</tr>
<tr>
<td>ROE – Cash</td>
<td>16.0%</td>
<td>(130) bpts</td>
<td></td>
</tr>
</tbody>
</table>
Components of growth

1H17 vs 1H16

$\text{m}$

<table>
<thead>
<tr>
<th>Component</th>
<th>1H17</th>
<th>1H16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Income</td>
<td>367</td>
<td>(367)</td>
<td>3%</td>
</tr>
<tr>
<td>Visa</td>
<td>397</td>
<td>397</td>
<td>1%</td>
</tr>
<tr>
<td>Accel. Amort.</td>
<td>(393)</td>
<td>(393)</td>
<td>1%</td>
</tr>
<tr>
<td>Expenses</td>
<td>(74)</td>
<td>(74)</td>
<td>0%</td>
</tr>
<tr>
<td>Oper. Perf.</td>
<td>297</td>
<td>297</td>
<td>4%</td>
</tr>
<tr>
<td>LIE &amp; Other</td>
<td>(75)</td>
<td>(75)</td>
<td>0%</td>
</tr>
<tr>
<td>NPBT</td>
<td>222</td>
<td>222</td>
<td>3%</td>
</tr>
<tr>
<td>Tax</td>
<td>(123)</td>
<td>(123)</td>
<td>2%</td>
</tr>
<tr>
<td>NPAT</td>
<td>99</td>
<td>99</td>
<td>0%</td>
</tr>
</tbody>
</table>

28.4% tax rate
## Income – balancing volume & margins

<table>
<thead>
<tr>
<th>Category</th>
<th>1H16</th>
<th>1H17</th>
<th>Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>12,362</td>
<td>12,729</td>
<td>367</td>
<td>+6%</td>
</tr>
<tr>
<td>Other Banking Income</td>
<td>316</td>
<td>173</td>
<td>-143</td>
<td>-45%</td>
</tr>
<tr>
<td>Funds &amp; Insurance</td>
<td>12,729</td>
<td>397</td>
<td>-12,332</td>
<td>-95%</td>
</tr>
<tr>
<td>Underlying Banking</td>
<td>12,362</td>
<td>13,126</td>
<td>764</td>
<td>+6%</td>
</tr>
</tbody>
</table>

- **Volume:** ↑ 5%
- **Margin:** ↓ 4bps
- **Trading:** +$104m
- **FMI:** ↓ 3%
- **Insurance:** ↓ 19%
- **Trading:** +$104m

**Notes:**
- Trading income increased by $104m.
- FMI decreased by 3%.
- Insurance income decreased by 19%.
- Underlying banking income increased by 5%.

---

**Visa:**
- 397 million
- 12,729 million
- 13,126 million

---

**Legend:**
- ↑: Increase
- ↓: Decrease
- bpts: Basis points
- %: Percentage
### Margin – down 3 bpts on higher funding costs

**2H16**
- **Asset Pricing**: 3 bpts
- **Funding Costs**: 214 bpts
- **Portfolio Mix**: (3) deposits
- **Capital & Other**: (2) wholesale

<table>
<thead>
<tr>
<th>Period</th>
<th>Asset Pricing</th>
<th>Funding Costs</th>
<th>Portfolio Mix</th>
<th>Capital &amp; Other</th>
<th>Sub Total</th>
<th>Treasury &amp; Markets</th>
<th>1H17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun 15</td>
<td>213</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec 15</td>
<td>215</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jun 16</td>
<td>214</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec 16</td>
<td>211</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Expenses – *tightly controlled*

<table>
<thead>
<tr>
<th></th>
<th>1H16</th>
<th>Staff</th>
<th>Amortisation</th>
<th>Other</th>
<th>1H17 Underlying</th>
<th>Accelerated Amortisation</th>
<th>1H17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td>$5,210</td>
<td>$29</td>
<td>$43</td>
<td>$2</td>
<td>$5,284</td>
<td>$393</td>
<td>$5,677</td>
</tr>
</tbody>
</table>

+1% +9%
Cost discipline sustains positive jaws

- Operating Performance: 6% (1H13), 8% (1H14), 7% (1H15), 6% (1H16), 4% (1H17)
- Revenue Growth: 5% (1H13), 6% (1H14), 5% (1H15), 3% (1H16), 3% (1H17)
- Expense Growth: 3% (1H13), 6% (1H14), 3% (1H15), 6% (1H16), 1% (1H17)
Divisional contributions

Operating Performance 1H17 vs 1H16

RBS: +9%
BPB: +2%
IB&M: +2%
ASB (NZD): +7%
BWA: (1%)
WM: (35%)
RBS – strong **growth**, further **efficiency gains**

### Balance Growth
- 12 months
- **Home Loans**: 8.2%
- **Household Deposits**: 8.0%
- **System**: 6.5%

### Margin
- **1H16**: 287
- **2H16**: 292
- **1H17**: 290
- **Rev.**: 7%
- **Exp.**: 2%
- **NPAT**: 9%

### Cost-to-Income
- **1H16**: 32.3%
- **1H17**: 30.8%
Corporate – **targeted** growth

<table>
<thead>
<tr>
<th>Lending</th>
<th>Margin</th>
<th>BPB</th>
<th>IB&amp;M</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPB</td>
<td>202</td>
<td>198</td>
<td>190</td>
</tr>
<tr>
<td>1H16</td>
<td>4.0%</td>
<td>2.0%</td>
<td>3.1%</td>
</tr>
<tr>
<td>2H16</td>
<td>198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1H17</td>
<td>190</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rev.</td>
<td>3%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Exp.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPAT</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Investment in frontline bankers and technology

System 3.1%

1H16 9%

1H16 12%
Wealth – responding to challenges

Funds Income
- Avg FUA +3%
- Margins ↓ (mix)

Insurance Income
- Loss recognition $90m
- GI premiums ↑ 9%

Costs
- Remediation costs
- Productivity gains

$m

<table>
<thead>
<tr>
<th></th>
<th>1H16</th>
<th>2H16</th>
<th>1H17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds Income</td>
<td>964</td>
<td>927</td>
<td>933</td>
</tr>
<tr>
<td>Insurance Income</td>
<td>330</td>
<td>172</td>
<td>220</td>
</tr>
<tr>
<td>Costs</td>
<td>826</td>
<td>855</td>
<td>847</td>
</tr>
</tbody>
</table>

1H16
2H16
1H17

(3%)

(33%)

+3%
Impairment expense remains low

CBA Group (bpts)

- FY09 Pro Forma: 73
- FY10: 41
- FY11: 25
- FY12: 21
- FY13: 20
- FY14: 16
- FY15: 16
- FY16: 19
- 1H17: 17

Consumer
- FY16: 18
- 1H17: 18

Corporate
- FY16: 20
- 1H17: 14
Consumer Arrears lower this half

- 90+ days:
  - Dec 13: 1.09%
  - Jun 14: 1.09%
  - Dec 14: 1.09%
  - Jun 15: 0.99%
  - Dec 15: 0.99%
  - Jun 16: 0.88%
  - Dec 16: 0.88%

- PL (Seasonally lower – still elevated in WA):
  - Dec 13: 1.46%
  - Jun 14: 1.28%
  - Dec 14: 1.28%
  - Jun 15: 0.99%
  - Dec 15: 0.99%
  - Jun 16: 0.54%
  - Dec 16: 0.54%

- CC (Sound and seasonally lower):
  - Dec 13: 0.52%
  - Jun 14: 0.52%
  - Dec 14: 0.52%
  - Jun 15: 0.52%
  - Dec 15: 0.52%
  - Jun 16: 0.52%
  - Dec 16: 0.52%

- HL (Continues at historically low levels, WA higher):
  - Dec 13: 0.52%
  - Jun 14: 0.52%
  - Dec 14: 0.52%
  - Jun 15: 0.52%
  - Dec 15: 0.52%
  - Jun 16: 0.52%
  - Dec 16: 0.52%
WA arrears - impacted by mining downturn

Higher Risk Locations:

- Increased provisions
- Rigorous stress testing
- Credit policy tightening
  - LVR caps
  - Insurance requirements
TIA marginally higher

% of TCE

Jun 12 | Jun 13 | Jun 14 | Jun 15 | Jun 16 | Dec 16

$bn | $ | $ | $ | $ | $

5.8 | 5.2 | 3.6 | 3.1 | 3.4 | 3.4

4.7 | 4.3 | 3.4 | 2.9 | 3.1 | 3.4

10.5 | 9.5 | 7.0 | 6.0 | 6.6 | 6.8

$bn

Impaired

Troublesome
Apartment development - weighted to Sydney

$5.2bn
(0.5% of TCE)

- Sydney $3.1bn (60%)
- Melbourne $1.0bn
- Brisbane $0.5bn
- Perth $0.3bn
- Other

- Strong qualifying pre-sales (110.1%)
- Portfolio LVR of 59.9%
- Tighter underwriting
  - lower % foreign pre-sales
- Repayments on time from settlements

Australia-wide, >$20m
Balance sheet strength

Economic overlay unchanged

NSFR >105%

<table>
<thead>
<tr>
<th></th>
<th>Dec 15</th>
<th>Dec 16</th>
<th>1H16</th>
<th>1H17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions $</td>
<td>3.7bn</td>
<td>3.8bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual</td>
<td>0.9</td>
<td>1.0</td>
<td>123%</td>
<td>135%</td>
</tr>
<tr>
<td>Collective</td>
<td>2.8</td>
<td>2.8</td>
<td>123%</td>
<td>135%</td>
</tr>
<tr>
<td>LCR %</td>
<td></td>
<td></td>
<td>3.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Wholesale Tenor (yrs)</td>
<td></td>
<td></td>
<td>3.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Deposit Funding</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
</tr>
</tbody>
</table>
Strong Capital

<table>
<thead>
<tr>
<th>Date</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 15</td>
<td>10.2%</td>
</tr>
<tr>
<td>Jun 16</td>
<td>10.6%</td>
</tr>
<tr>
<td>Higher mortgage risk weight</td>
<td>(80)</td>
</tr>
<tr>
<td>1 Jul 16</td>
<td>9.8%</td>
</tr>
<tr>
<td>June 16 Final Div. (Net of DRP)</td>
<td>(74)</td>
</tr>
<tr>
<td>Cash NPAT</td>
<td>112</td>
</tr>
<tr>
<td>RWA &amp; Other</td>
<td>(28)</td>
</tr>
<tr>
<td>Dec 16</td>
<td>9.9%</td>
</tr>
<tr>
<td>Dec 16 Int'l</td>
<td>15.4%</td>
</tr>
</tbody>
</table>
Strong Capital (CET1)

APRA top quartile

G-SIBs in darker grey

Nordea 15.4
CBA 15.0
RBS 14.9
UBS 14.7
ING 14.5
ANZ 14.4
WBC 14.1
Lloyds 14.0
HSBC 14.0
NAB 14.0
Intesa Sanpaolo 13.4
China Construct. Bank 13.0
Standard Chartered 12.6
ICBC 12.6
Credit Agricole SA 12.5
Citi 12.5
Mitsubishi UFJ 12.4
UBS 12.3
China Merchants Bank 12.2
Commerzbank 12.1
JP Morgan 12.1
Sumitomo Mitsui 12.0
HSBC 11.9
SocGen 11.6
Deutsche 11.6
Barclays 11.3
Bank of China 11.1
Bank of Comm. 11.0
Scotiabank 11.0
Mizuho 11.0
Mitsubishi UFJ 11.0
Sanander 11.0
BBVA 10.8
Bank of America 10.8
Wells Fargo 10.7
Toronto Dominion 10.4
Agr. Bank of China 10.4
UniCredit 7.5
## Increased Dividend

<table>
<thead>
<tr>
<th></th>
<th>Dividend (cents per share)</th>
<th>Payout Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H10</td>
<td>120</td>
<td>63%</td>
</tr>
<tr>
<td>1H11</td>
<td>132</td>
<td>62%</td>
</tr>
<tr>
<td>1H12</td>
<td>137</td>
<td>62%</td>
</tr>
<tr>
<td>1H13</td>
<td>164</td>
<td>71%</td>
</tr>
<tr>
<td>1H14</td>
<td>183</td>
<td>70%</td>
</tr>
<tr>
<td>1H15</td>
<td>198</td>
<td>70%</td>
</tr>
<tr>
<td>1H16</td>
<td>198</td>
<td>71%</td>
</tr>
<tr>
<td>1H17</td>
<td>199</td>
<td>70%</td>
</tr>
</tbody>
</table>

Cash NPAT
Summary – managing for today’s environment

Positive “Jaws”
- Underlying
  - Income: 3%
  - Expense: 1%
  - Operating Perform.: 4%

Strength
- Deposit funding: 66%
- LCR: 135%
- CET1: 15.4%
  - International: 9.9%

Returns
- ROE (cash): 16%
- Dividend (cents): 199
  +1 cent
Outlook

- Globally – heightened geopolitical and market volatility

- Domestically – some positive trends:
  - Improving commodity prices, terms-of-trade
  - Export sector

- For CBA:
  - Focus on the long term
  - Supporting Australia through strength, investment and innovation