

# ASX ANNOUNCEMENT



## COMMONWEALTH BANK OF AUSTRALIA 2015 FULL YEAR PROFIT ANNOUNCEMENT TEMPLATE

**SYDNEY, 30 JULY 2015:** The Commonwealth Bank of Australia (“the Group”) is scheduled to announce its annual results on 12 August 2015. A results briefing will be hosted by the Chief Executive Officer, Ian Narev, and Chief Financial Officer, David Craig, at 10.30am (Australian Eastern Standard time) on 12 August 2015. This briefing will be available via webcast on the Commonwealth Bank Shareholder Centre ([www.commbank.com.au/shareholder](http://www.commbank.com.au/shareholder)) and Commonwealth Bank App.

In addition to the full year results release, an Excel template populated with current period financial results and comparative information will be published on the website.

This release provides:

- Details of a derivative valuation adjustment methodology change, comprising the impact of the adoption of a Funding Valuation Adjustment (FVA) (Section 1); and
- Financial comparative tables for the 2015 Full Year Profit Announcement, reflecting the full year restated comparative information (Section 2).

In order to assist users in analysing the Group’s financial information, the financial comparative template, which is unchanged from the 2015 interim results, is also now available in user-friendly Excel format on the website at:

[www.commbank.com.au/about-us/shareholders/financial-information/results.html](http://www.commbank.com.au/about-us/shareholders/financial-information/results.html)

**ENDS**

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30 July 2015

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## Section 1 – Derivative Valuation Adjustments

The 2015 Full Year Profit Announcement includes a methodology change to derivative valuation, comprising the introduction of a Funding Valuation Adjustment (FVA) to the fair value of derivatives, which resulted in an \$81 million (pre-tax) one-off reduction to Other banking income (within Trading income).

## Section 2 – Comparative Restatements

There have been no significant changes to comparative information since our interim results release. However, as previously reported, a number of enhancements were made to financial reporting in the prior half, namely:

- **Small Business** – the Group has created a new Small Business customer channel within Retail Banking Services, to which all non-relationship managed business clients primarily from Business and Private Banking have been transferred. This re-segmentation will not impact the Group's results, but will result in changes to the presentation of the Profit and Loss and the Balance Sheet of the affected business segments.
- **Deposit reclassification** – deposit products have been reclassified to align more consistently with the changing nature of product usage by the customer. For example, the 'Business Online Saver' deposit product, which was previously classified as a transaction deposit due to its "at-call" nature, has been reclassified to savings deposits. This is a presentational change only and has no impact on regulatory treatment or market share statistics.
- **Other changes** – minor refinements have been made to the allocation of customer balances and associated revenue and expenses between business segments. These refinements will not impact the Group's results, but will result in changes to presentation of the Profit and Loss and the Balance Sheet of the affected business segments.

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## Impact of Prior Half Financial Reporting Enhancements on Prior Full Year

The impact of the changes made in the prior half on each segment's full year Cash NPAT for the comparative period is set out below.

### Segment Cash NPAT (impact by adjustment type)

Full Year Ended 30 June 2014								
	<b>Retail Banking Services</b>	<b>Business and Private Banking</b>	<b>Institutional Banking and Markets</b>	<b>Wealth Management</b>	<b>New Zealand</b>	<b>Bankwest</b>	<b>IFS and Other</b>	<b>Group</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Cash NPAT - as published	3,472	1,526	1,258	793	742	680	209	8,680
Restatements:								
Small Business re-segmentation	205	(205)	-	-	-	-	-	-
Other	1	-	(6)	(4)	-	(5)	14	-
<b>Cash NPAT - as restated</b>	<b>3,678</b>	<b>1,321</b>	<b>1,252</b>	<b>789</b>	<b>742</b>	<b>675</b>	<b>223</b>	<b>8,680</b>

### Segment Cash NPAT (impact by P&L line item)

Full Year Ended 30 June 2014								
	<b>Retail Banking Services</b>	<b>Business and Private Banking</b>	<b>Institutional Banking and Markets</b>	<b>Wealth Management</b>	<b>New Zealand</b>	<b>Bankwest</b>	<b>IFS and Other</b>	<b>Group</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Cash NPAT - as published	3,472	1,526	1,258	793	742	680	209	8,680
Restatements:								
Increase/(decrease) in Total operating income	379	(397)	(13)	(1)	-	-	32	-
(Increase)/decrease in Operating expenses	(70)	88	4	(5)	-	(7)	(10)	-
(Increase)/decrease in Loan impairment expense	(16)	16	-	-	-	-	-	-
(Increase)/decrease in Corporate tax expense	(87)	88	3	2	-	2	(8)	-
<b>Cash NPAT - as restated</b>	<b>3,678</b>	<b>1,321</b>	<b>1,252</b>	<b>789</b>	<b>742</b>	<b>675</b>	<b>223</b>	<b>8,680</b>

### Segment Cost to Income Ratios

Full Year Ended 30 June 2014								
	<b>Retail Banking Services</b>	<b>Business and Private Banking</b>	<b>Institutional Banking and Markets</b>	<b>Wealth Management</b>	<b>New Zealand</b>	<b>Bankwest</b>	<b>IFS and Other</b>	<b>Group</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Operating expenses to total operating income - as published	36.0	37.0	35.3	66.7	42.0	44.8	n/a	42.9
Operating expenses to total operating income - as restated	35.2	38.7	35.4	66.9	42.0	45.2	n/a	42.9

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## Segment Balance Sheet

	As at 30 June 2014							
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	IFS and Other	Group
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Total assets - as published	281,062	103,864	149,802	20,759	65,736	76,795	93,433	791,451
Increase/(decrease)	9,711	(9,409)	(302)	-	-	-	-	-
<b>Total assets - as restated</b>	<b>290,773</b>	<b>94,455</b>	<b>149,500</b>	<b>20,759</b>	<b>65,736</b>	<b>76,795</b>	<b>93,433</b>	<b>791,451</b>
Total liabilities - as published	196,853	69,691	145,457	24,133	58,149	45,671	202,149	742,103
Increase/(decrease)	6,531	(7,556)	1,025	-	-	-	-	-
<b>Total liabilities - as restated</b>	<b>203,384</b>	<b>62,135</b>	<b>146,482</b>	<b>24,133</b>	<b>58,149</b>	<b>45,671</b>	<b>202,149</b>	<b>742,103</b>

## Balance Sheet Product Reclassification and Small Business Re-segmentation

	As Published					As Restated	
	30 Jun 14 \$M	Retail Banking Services \$M	Business and Private Banking \$M	Institutional Banking and Markets \$M	IFS \$M	Total Adjustment \$M	30 Jun 14 \$M
<b>Interest bearing liabilities</b>							
Transaction deposits	102,086	(3,405)	(11,673)	(10,061)	-	(25,139)	76,947
Savings deposits	127,430	6,947	10,118	10,624	23	27,712	155,142
Investment deposits	195,529	2,580	(5,455)	325	(23)	(2,573)	192,956
Other demand deposits	60,832	-	-	-	-	-	60,832
<b>Total interest bearing liabilities</b>	<b>485,877</b>	<b>6,122</b>	<b>(7,010)</b>	<b>888</b>	<b>-</b>	<b>-</b>	<b>485,877</b>

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## Financial Comparative Tables for the 2015 Full Year Profit Announcement

<b>Group Performance Summary</b>	<b>Full Year Ended</b>	
	<b>30 Jun 15</b>	<b>30 Jun 14</b>
	<b>\$M</b>	<b>\$M</b>
Net interest income	-	15,091
Other banking income	-	4,323
<b>Total banking income</b>	-	19,414
Funds management income	-	1,933
Insurance income	-	819
<b>Total operating income</b>	-	22,166
Investment experience	-	235
<b>Total income</b>	-	22,401
Operating expenses	-	(9,499)
Loan impairment expense	-	(953)
<b>Net profit before tax</b>	-	11,949
Corporate tax expense	-	(3,250)
Non controlling interests	-	(19)
<b>Net profit after tax ("cash basis")</b>	-	8,680
Hedging and IFRS volatility	-	6
Other non-cash items	-	(55)
<b>Net profit after tax ("statutory basis")</b>	-	8,631
<b>Represented by:</b>		
Retail Banking Services	-	3,678
Business and Private Banking	-	1,321
Institutional Banking and Markets	-	1,252
Wealth Management	-	789
New Zealand	-	742
Bankwest	-	675
IFS and Other	-	223
Net profit after tax ("cash basis")	-	8,680
Investment experience - after tax	-	(197)
<b>Net profit after tax ("underlying basis")</b>	-	8,483

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Key Performance Indicators	Full Year Ended	
	30 Jun 15	30 Jun 14
<b>Group</b>		
Statutory net profit after tax (\$M)	-	8,631
Cash net profit after tax (\$M)	-	8,680
Net interest margin (%)	-	2.14
Average interest earning assets (\$M)	-	705,371
Average interest bearing liabilities (\$M)	-	661,733
Funds Under Administration (FUA) - average (\$M)	-	263,860
Average inforce premiums (\$M)	-	3,068
Funds management income to average FUA (%)	-	0.73
Insurance income to average inforce premiums (%)	-	26.7
Operating expenses to total operating income (%)	-	42.9
Effective corporate tax rate (%)	-	27.2
<b>Retail Banking Services</b>		
Cash net profit after tax (\$M)	-	3,678
Operating expenses to total banking income (%)	-	35.2
<b>Business and Private Banking</b>		
Cash net profit after tax (\$M)	-	1,321
Operating expenses to total banking income (%)	-	38.7
<b>Institutional Banking and Markets</b>		
Cash net profit after tax (\$M)	-	1,252
Operating expenses to total banking income (%)	-	35.4
<b>Wealth Management</b>		
Cash net profit after tax (\$M)	-	789
FUA - average (\$M)	-	241,405
Average inforce premiums (\$M)	-	2,237
Funds management income to average FUA (%)	-	0.70
Insurance income to average inforce premiums (%)	-	25.7
Operating expenses to net operating income (%)	-	66.9
<b>New Zealand</b>		
Cash net profit after tax (\$M)	-	742
FUA - average (\$M)	-	10,877
Average inforce premiums (\$M)	-	590
Funds management income to average FUA (%) <sup>(1)</sup>	-	0.55
Insurance income to average inforce premiums (%) <sup>(1)</sup>	-	33.2
Operating expenses to total operating income (%) <sup>(1)</sup>	-	42.0
<b>Bankwest</b>		
Cash net profit after tax (\$M)	-	675
Operating expenses to total banking income (%)	-	45.2
<b>Capital (Basel III)</b>		
Common Equity Tier 1 (Internationally Comparable %)	-	n/a
Common Equity Tier 1 (APRA %)	-	9.3

(1) Key financial metrics are calculated in New Zealand dollar terms.

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## Retail Banking Services

	Full Year Ended	
	30 Jun 15	30 Jun 14
	\$M	\$M
Net interest income	-	7,307
Other banking income	-	1,695
<b>Total banking income</b>	-	9,002
Operating expenses	-	(3,173)
Loan impairment expense	-	(582)
<b>Net profit before tax</b>	-	5,247
Corporate tax expense	-	(1,569)
<b>Cash net profit after tax</b>	-	3,678
<b>Income analysis</b>		
<b>Net interest income</b>		
Home loans	-	3,465
Consumer finance	-	1,782
Retail deposits	-	1,964
Other	-	96
<b>Total net interest income</b>	-	7,307
<b>Other banking income</b>		
Home loans	-	211
Consumer finance	-	545
Retail deposits	-	455
Distribution	-	393
Other	-	91
<b>Total other banking income</b>	-	1,695
<b>Total banking income</b>	-	9,002

	Full Year Ended	
	30 Jun 15	30 Jun 14
<b>Key Financial Metrics</b>		
<b>Performance indicators</b>		
Return on assets (%)	-	1.3
Impairment expense annualised as a % of average GLAA's (%)	-	0.21
Operating expenses to total banking income (%)	-	35.2
<b>Other asset/liability information</b>		
Average interest earning assets (\$M)	-	281,676
Average interest bearing liabilities (\$M)	-	191,866

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## Business and Private Banking

	Full Year Ended	
	30 Jun 15	30 Jun 14
	\$M	\$M
Net interest income	-	2,695
Other banking income	-	764
<b>Total banking income</b>	-	3,459
Operating expenses	-	(1,338)
Loan impairment expense	-	(237)
<b>Net profit before tax</b>	-	1,884
Corporate tax expense	-	(563)
<b>Cash net profit after tax</b>	-	1,321
<b>Income analysis</b>		
<b>Net interest income</b>		
Corporate Financial Services	-	918
Regional & Agribusiness	-	549
Local Business Banking	-	841
Private Bank	-	245
CommSec	-	142
<b>Total net interest income</b>	-	2,695
<b>Other banking income</b>		
Corporate Financial Services	-	281
Regional & Agribusiness	-	88
Local Business Banking	-	178
Private Bank	-	52
CommSec	-	165
<b>Total other banking income</b>	-	764
<b>Total banking income</b>	-	3,459
<b>Income by product:</b>		
Business products	-	2,093
Retail products	-	918
Equities and Margin Lending	-	277
Markets	-	123
Other	-	48
<b>Total banking income</b>	-	3,459

	Full Year Ended	
	30 Jun 15	30 Jun 14
<b>Key Financial Metrics</b>		
<b>Performance indicators</b>		
Return on assets (%)	-	1.4
Impairment expense annualised as a % of average GLAA's (%)	-	0.26
Operating expenses to total banking income (%)	-	38.7
<b>Other asset/liability information</b>		
Average interest earning assets (\$M)	-	91,900
Average interest bearing liabilities (\$M)	-	55,817



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## Institutional Banking and Markets

	<b>Full Year Ended</b>	
	<b>30 Jun 15</b>	<b>30 Jun 14</b>
	<b>\$M</b>	
Net interest income	-	1,404
Other banking income	-	1,262
<b>Total banking income</b>	-	2,666
Operating expenses	-	(943)
Loan impairment expense	-	(61)
<b>Net profit before tax</b>	-	1,662
Corporate tax expense	-	(410)
<b>Cash net profit after tax</b>	-	1,252
<b>Income analysis</b>		
<b>Net interest income</b>		
Institutional Banking	-	1,248
Markets	-	156
<b>Total net interest income</b>	-	1,404
<b>Other banking income</b>		
Institutional Banking	-	782
Markets	-	480
<b>Total other banking income</b>	-	1,262
<b>Total banking income</b>	-	2,666
<b>Income by product</b>		
Institutional products	-	1,741
Asset leasing	-	238
Markets	-	636
Other	-	51
<b>Total banking income</b>	-	2,666
<b>Key Financial Metrics</b>		
<b>Performance indicators</b>		
Return on assets (%)	-	0.8
Impairment expense annualised as a % of average GLAA's (%)	-	0.07
Operating expenses to total banking income (%)	-	35.4
<b>Other asset/liability information</b>		
Average interest earning assets (\$M)	-	127,754
Average interest bearing deposits (\$M)	-	124,820

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## Wealth Management

	Full Year Ended	
	30 Jun 15	30 Jun 14
	\$M	\$M
Funds management income	-	1,699
Insurance income	-	575
<b>Total operating income</b>	-	2,274
Operating expenses	-	(1,522)
<b>Net profit before tax</b>	-	752
Corporate tax expense	-	(182)
<b>Underlying profit after tax</b>	-	570
Investment experience after tax	-	118
<b>Cash net profit after tax (excluding Property)</b>	-	688
Property net profit after tax	-	101
<b>Cash net profit after tax (including Property)</b>	-	789
<b>Represented by:</b>		
CFS Global Asset Management	-	238
Colonial First State	-	184
CommInsure	-	374
Property	-	101
Other	-	(108)
<b>Cash net profit after tax</b>	-	789

	Full Year Ended	
	30 Jun 15	30 Jun 14
<b>Key Financial Metrics</b>		
<b>Performance indicators</b>		
Funds management income to average FUA (%)	-	0.70
Insurance income to average inforce premiums (%)	-	25.7
Operating expenses to total operating income (%)	-	66.9
Funds under administration - average (\$M)	-	241,405
Funds under administration - spot (\$M)	-	253,483
Assets under management - average (\$M)	-	173,417
Assets under management - spot (\$M)	-	180,848
Retail net funds flows (Australian Retail) (\$M)	-	3,188
Annual Inforce Premiums - average (\$M)	-	2,237
Annual Inforce Premiums - spot (\$M)	-	2,309

	Full Year Ended							
	CFS		Colonial		CommInsure		Other	
	Global Asset Management		First State					
	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Gross Funds management income	-	919	-	1,003	-	165	-	-
Volume expenses	-	(180)	-	(175)	-	(33)	-	-
<b>Funds management income</b>	-	739	-	828	-	132	-	-
Gross Insurance income	-	-	-	-	-	725	-	-
Volume expenses	-	-	-	-	-	(150)	-	-
<b>Insurance income</b>	-	-	-	-	-	575	-	-
<b>Total operating income</b>	-	739	-	828	-	707	-	-
Operating expenses	-	(468)	-	(590)	-	(314)	-	(150)
<b>Net profit before tax</b>	-	271	-	238	-	393	-	(150)
Corporate tax expense	-	(42)	-	(68)	-	(111)	-	39
<b>Underlying profit after tax</b>	-	229	-	170	-	282	-	(111)
Investment experience after tax	-	9	-	14	-	92	-	3
<b>Cash net profit after tax</b>	-	238	-	184	-	374	-	(108)

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## Bankwest

	Full Year Ended	
	30 Jun 15	30 Jun 14
	\$M	\$M
Net interest income	-	1,577
Other banking income	-	206
<b>Total banking income</b>	-	1,783
Operating expenses	-	(806)
Loan impairment expense	-	(11)
<b>Net profit before tax</b>	-	966
Corporate tax expense	-	(291)
<b>Cash net profit after tax</b>	-	675

Key Financial Metrics	Full Year Ended	
	30 Jun 15	30 Jun 14
<b>Performance indicators</b>		
Return on assets (%)	-	0.9
Impairment expense annualised as a % of average GLAA's (%)	-	0.01
Operating expenses to total banking income (%)	-	45.2
<b>Other asset/liability information</b>		
Average interest earning assets (\$M)	-	74,568
Average interest bearing liabilities (\$M)	-	42,608

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## IFS and Other

	Full Year Ended	
	30 Jun 15	30 Jun 14
	\$M	\$M
IFS	-	81
Corporate Centre	-	69
Eliminations/ Unallocated	-	73
<b>Cash net profit after tax</b>	-	223

## Corporate Centre

	Full Year Ended	
	30 Jun 15	30 Jun 14
	\$M	\$M
Net interest income	-	555
Other banking income	-	150
<b>Total operating income</b>	-	705
Operating expenses	-	(626)
<b>Net profit before tax</b>	-	79
Corporate tax expense	-	(10)
<b>Cash net profit after tax</b>	-	69

## Eliminations/Unallocated

	Full Year Ended	
	30 Jun 15	30 Jun 14
	\$M	\$M
Net interest income	-	59
Other banking income	-	(119)
<b>Total banking income</b>	-	(60)
Funds management income	-	37
Insurance income	-	6
<b>Total operating income</b>	-	(17)
Loan impairment expense	-	(4)
<b>Net profit before tax</b>	-	(21)
Corporate tax expense	-	91
Non-controlling interests	-	(14)
<b>Underlying profit after tax</b>	-	56
Investment experience after tax	-	17
<b>Cash net profit after tax</b>	-	73

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## Financial Reporting by Segments

	Full Year Ended 30 June 2014							
	<b>Retail Banking Services</b>	<b>Business and Private Banking</b>	<b>Institutional Banking and Markets</b>	<b>Wealth Management</b>	<b>New Zealand</b>	<b>Bankwest</b>	<b>Other</b>	<b>Total</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Net interest income	7,307	2,695	1,404	-	1,378	1,577	730	15,091
Other banking income	1,695	764	1,262	-	192	206	204	4,323
<b>Total banking income</b>	<b>9,002</b>	<b>3,459</b>	<b>2,666</b>	<b>-</b>	<b>1,570</b>	<b>1,783</b>	<b>934</b>	<b>19,414</b>
Funds management income	-	-	-	1,836	60	-	37	1,933
Insurance income	-	-	-	575	202	-	42	819
<b>Total operating income</b>	<b>9,002</b>	<b>3,459</b>	<b>2,666</b>	<b>2,411</b>	<b>1,832</b>	<b>1,783</b>	<b>1,013</b>	<b>22,166</b>
Investment experience	-	-	-	202	5	-	28	235
<b>Total income</b>	<b>9,002</b>	<b>3,459</b>	<b>2,666</b>	<b>2,613</b>	<b>1,837</b>	<b>1,783</b>	<b>1,041</b>	<b>22,401</b>
Operating expenses	(3,173)	(1,338)	(943)	(1,593)	(805)	(806)	(841)	(9,499)
Loan impairment expense	(582)	(237)	(61)	-	(51)	(11)	(11)	(953)
<b>Net profit before tax</b>	<b>5,247</b>	<b>1,884</b>	<b>1,662</b>	<b>1,020</b>	<b>981</b>	<b>966</b>	<b>189</b>	<b>11,949</b>
Corporate tax expense	(1,569)	(563)	(410)	(231)	(239)	(291)	53	(3,250)
Non-controlling interests	-	-	-	-	-	-	(19)	(19)
<b>Net profit after tax ("cash basis")</b>	<b>3,678</b>	<b>1,321</b>	<b>1,252</b>	<b>789</b>	<b>742</b>	<b>675</b>	<b>223</b>	<b>8,680</b>
Hedging and IFRS volatility	-	-	-	-	10	-	(4)	6
Other non-cash items	-	-	25	(24)	-	(56)	-	(55)
<b>Net profit after tax ("statutory basis")</b>	<b>3,678</b>	<b>1,321</b>	<b>1,277</b>	<b>765</b>	<b>752</b>	<b>619</b>	<b>219</b>	<b>8,631</b>
<b>Additional information</b>								
Amortisation and depreciation	(31)	(35)	(61)	(22)	(74)	(106)	(398)	(727)
<b>Balance Sheet</b>								
Total assets	290,773	94,455	149,500	20,759	65,736	76,795	93,433	791,451
Total liabilities	203,384	62,135	146,482	24,133	58,149	45,671	202,149	742,103