



CommonwealthBank 

RESULTS PRESENTATION

FOR THE FULL YEAR ENDED 30 JUNE 2016

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 10 AUGUST 2016

**WHEN
WE BELIEVE,
WE CAN.**

Our Strategy

Customer Focus

Capabilities

People



Productivity



Technology



Strength



Growth Opportunities

“One CommBank”

Continued growth in business and institutional banking

Disciplined capability-led growth outside Australia



TSR Outperformance



Our Vision and Values

Our Vision

**To excel at
securing and
enhancing
the financial
wellbeing of
people, businesses
and communities**

Our Values

**Integrity
Accountability
Collaboration
Excellence
Service**



Overview

- ◆ Result again built on the consistent execution of a 10 year strategy:
 - Customer satisfaction, innovation, strength
- ◆ Changing operating context, impacting returns:
 - Economic sentiment
 - Interest rates
 - Competitive intensity
 - Regulatory compliance/costs
- ◆ Long-term focus, continuing to reinvest



Additional information

Snapshot FY16¹

Financial

Cash earnings (\$m)	9,450	3%
ROE (Cash)	16.5%	(170) bpts
Cash EPS (\$)	5.55	-
DPS (\$)	4.20	-
Cost-to-Income	42.4%	(40) bpts
NIM (%)	2.07	(2) bpts
NIM (%) ex Treasury & Markets	2.06	-

Operating Performance²

Group (\$m)	14,177	6%
Retail Banking Services (\$m)	6,988	10%
Business and Private Banking (\$m)	2,419	6%
Institutional Banking & Markets ³ (\$m)	1,772	(3%)
Wealth Management (\$m)	717	15%
NZ (NZ\$m)	1,444	4%
Bankwest (\$m)	1,082	-

Balance Sheet

Total assets (\$bn)	933	7%
Total liabilities (\$bn)	872	6%
FUA (\$bn) – average	143	4%
RWA (\$bn)	395	7%
Provisions to Credit RWAs (%)	1.09%	(5) bpts

Capital & Funding

Capital – CET1 (Int'l) ⁴	14.4%	170 bpts
Capital – CET1 (APRA)	10.6%	150 bpts
LT wholesale funding WAM (yrs)	4.1	0.3yrs
Deposit funding (%)	66%	1%
Liquidity Coverage Ratio (%)	120%	-
Leverage Ratio (APRA)	5.0%	N/A ⁵

1. All movements on prior comparative period unless stated 2. Operating Performance is Total Operating Income less Operating Expense 3. Growth (1%) ex CVA / FVA 4. Internationally comparable capital - refer glossary for definition 5. The Group commenced disclosure of its leverage ratio at 30 September 2015, thus no comparatives have been presented



Cash NPAT up 3%

	Jun 16		Jun 16 vs Jun 15
Statutory Profit (\$m)	9,227	↑	2%
Cash NPAT (\$m)	9,450	↑	3%
ROE – Cash (%)	16.5%	↓	(170) bpts
Cash Earnings per Share (\$)	5.55	→	-
Dividend per Share (\$)	4.20	→	-



Additional information

Business Unit Summary

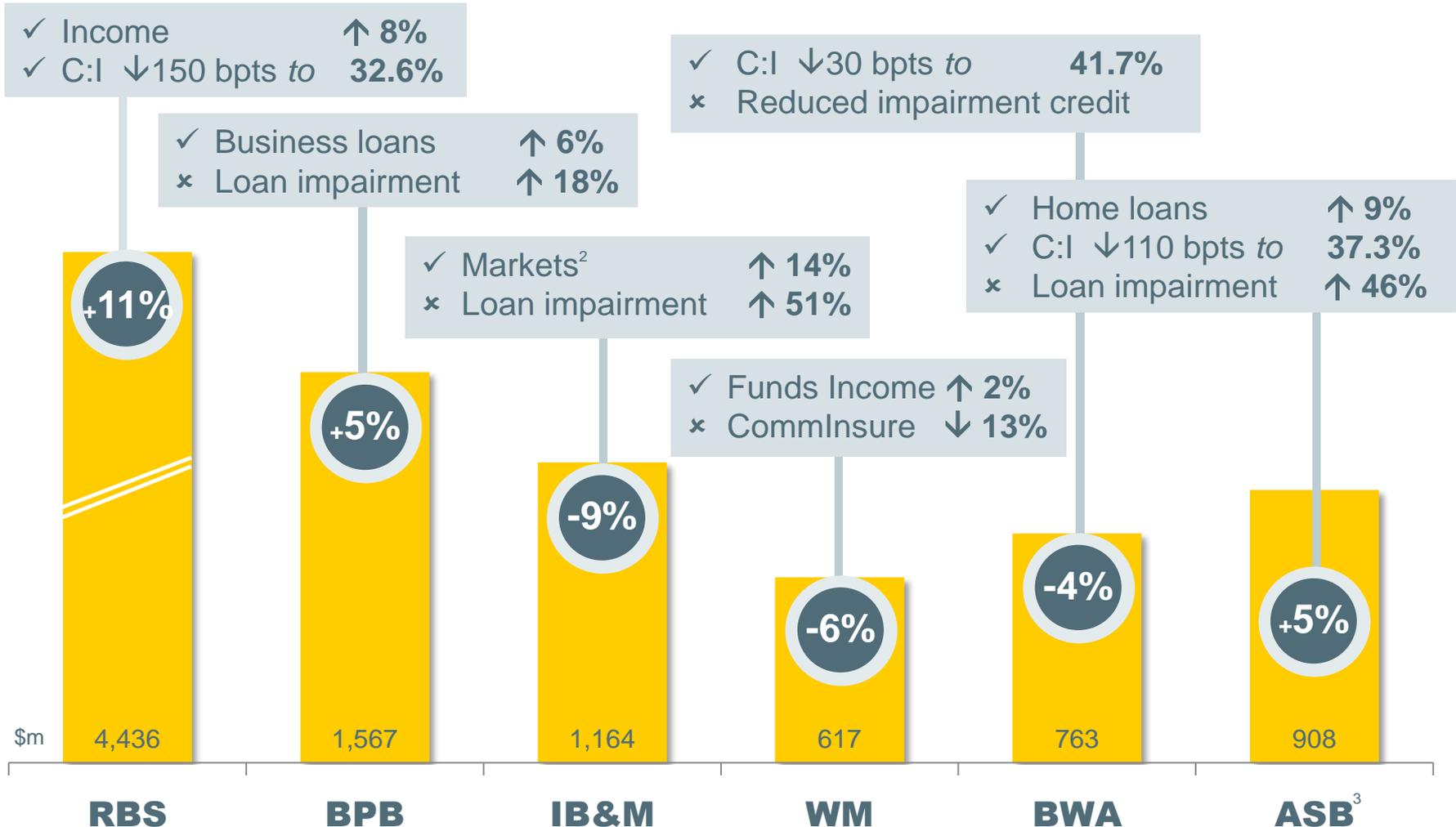
Business Unit ¹	% of Group NPAT	FY16 vs FY15					
		Operating Income	Costs	Operating Performance	LIE	Cash NPAT	Cost-to-Income Jun 16
RBS	47%	8%	3%	10%	5%	11%	33%
BPB	17%	5%	4%	6%	18%	5%	38%
IB&M	12%	2%	11%	(3%)	51%	(9%)	38%
IB&M ² ex CVA / FVA	13%	3%	11%	(1%)	51%	(7%)	37%
Wealth	7%	2%	(3%)	15%	n/a	(6%)	70%
ASB ³	9%	6%	3%	8%	46%	5%	37%
BWA ⁴	8%	(1%)	(2%)	-	(80%)	(4%)	42%
IFS	0%	13%	39%	(37%)	large	(57%)	81%

1. Excludes Corporate Centre and Other. 2. % of Group NPAT calculated based on Group result excluding CVA / FVA
3. ASB result in NZD except for "% of Group NPAT", which is in AUD. 4. BWA LIE represents a reduction in loan impairment benefit.



Divisional Contributions

Cash NPAT FY16¹



1. All movements on prior comparative period except where noted
 2. Growth in Markets income excluding derivative valuation adjustments
 3. ASB result and performance metrics in NZD

Continued focus on the customer

Customer Satisfaction

Retail

#1

- 13 consecutive months to Jun 16

Business

= #1

- First or equal first - all key segments

Wealth

#1

- Regained #1 in adviser satisfaction in Apr 16

IFS

#1

- PT Bank Commonwealth (Indonesia)

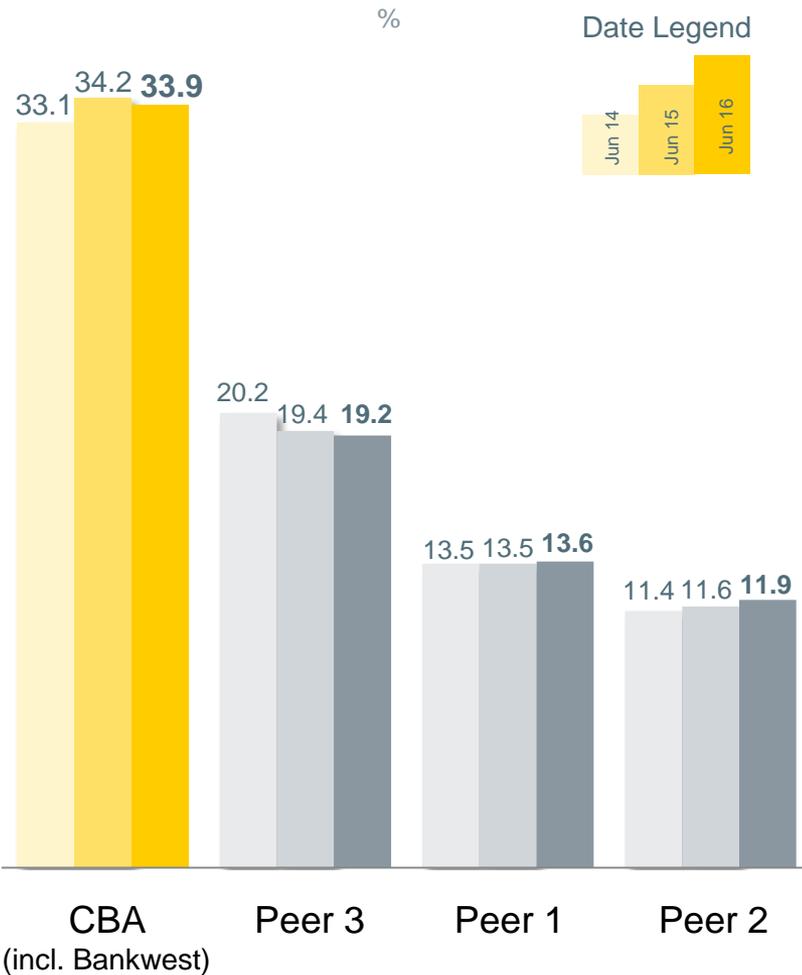
Internet

#1

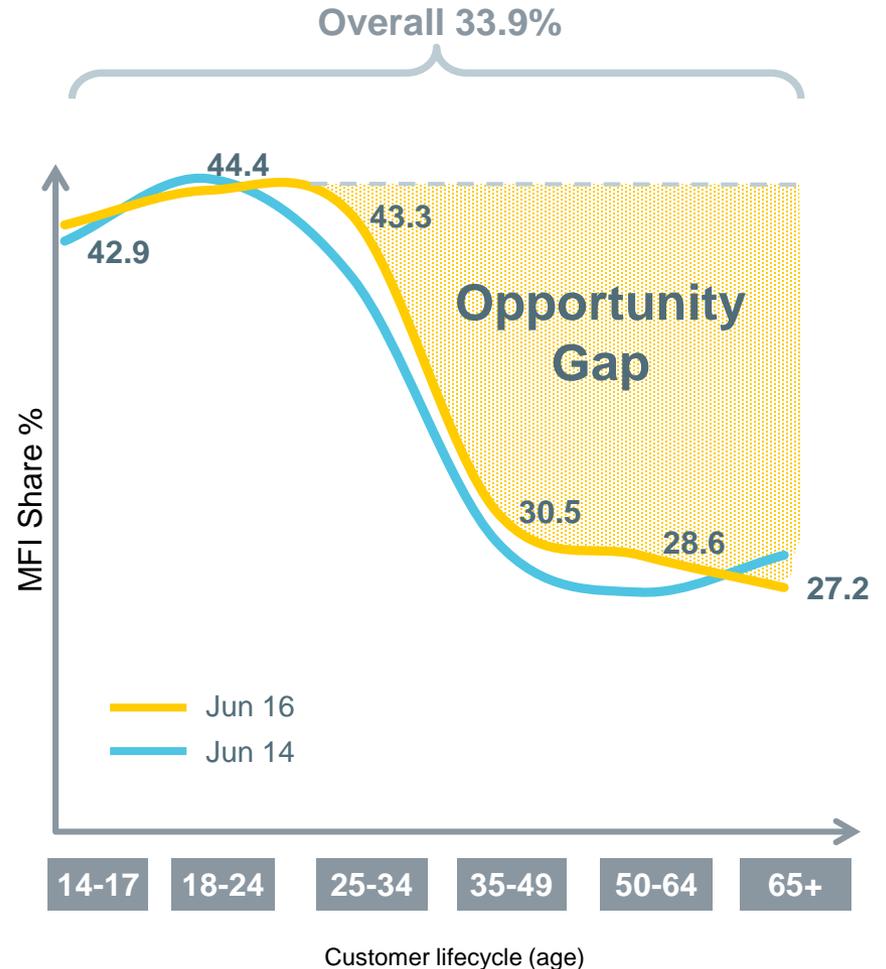
- First or equal first since May 2013



MFI Share



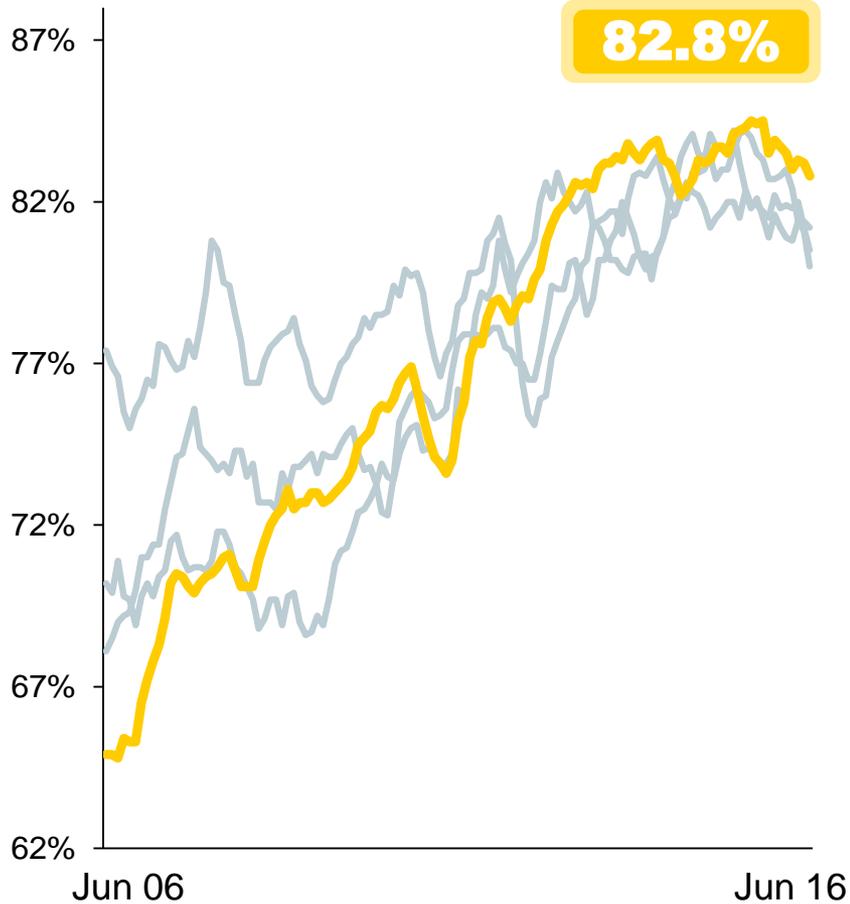
MFI Share by Age



Customer focus - more needs met

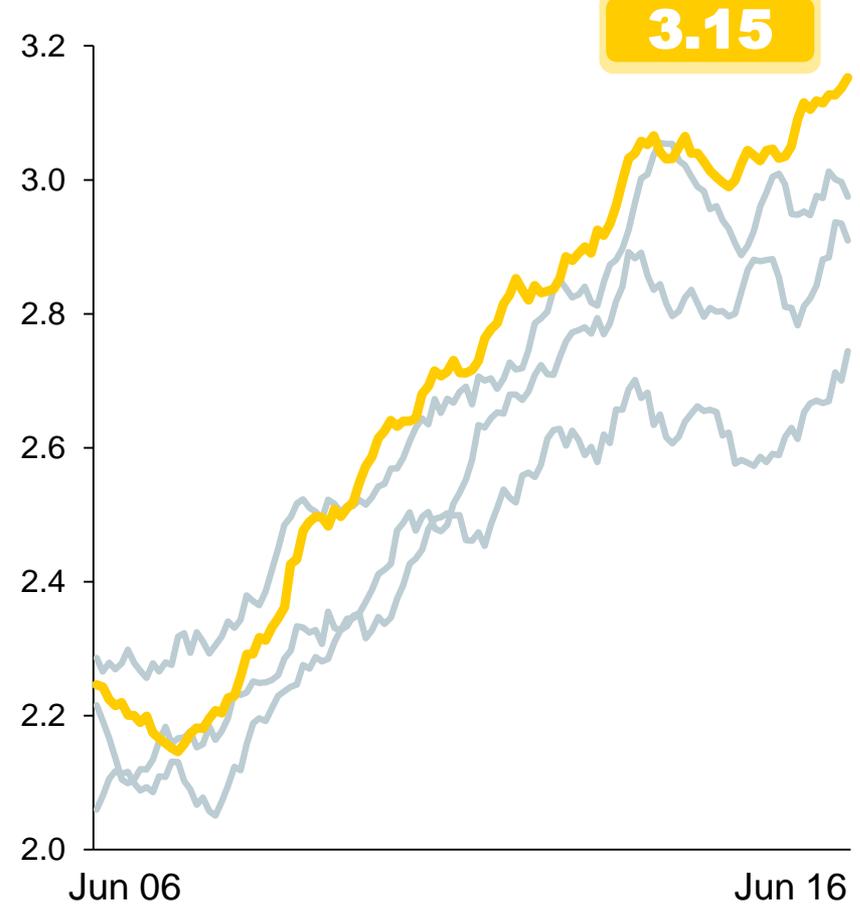
Retail Customer Satisfaction

% Satisfied ('Very Satisfied' or 'Fairly Satisfied')



Customer Needs Met

(#)



**Additional
information**
Market Share¹

%	Jun 16	Dec 15	Jun 15
Home loans	25.3	25.1	25.2
Credit cards – RBA ²	24.4	24.7	24.3
Other household lending ³	16.8	16.9	17.4
Household deposits ⁴	29.2	29.1	29.0
Business lending – RBA	16.9	17.0	17.0
Business lending – APRA	18.7	18.7	18.8
Business deposits – APRA	20.2	20.3	20.3
Asset finance	12.8	13.1	13.2
Equities trading	4.7	5.6	6.0
Equities – online retail trading ⁵	55.8	56.1	55.6
Australian Retail – administrator view ⁶	15.7	15.6	15.8
FirstChoice Platform ⁶	11.1	11.0	11.1
Australia life insurance (total risk) ⁶	11.4	11.6	12.1
Australia life insurance (individual risk) ⁶	10.9	11.0	11.6
NZ home loans	21.8	21.8	21.7
NZ retail deposits	21.0	20.9	21.4
NZ business lending	12.4	11.9	11.6
NZ retail FUA ⁶	15.6	15.7	16.2
NZ annual inforce premiums ⁶	28.5	28.7	28.8

1. Prior periods have been restated in line with market updates 2. As at 31 May 16 3. Includes personal loans, margin loans and other forms of lending to individuals 4. Comparatives have been restated to include the impact of new market entrants. 5. CommSec market share is an internally derived number based on publically available ASX data 6. As at 31 Mar 16.



Ongoing volume growth

Balance Growth¹

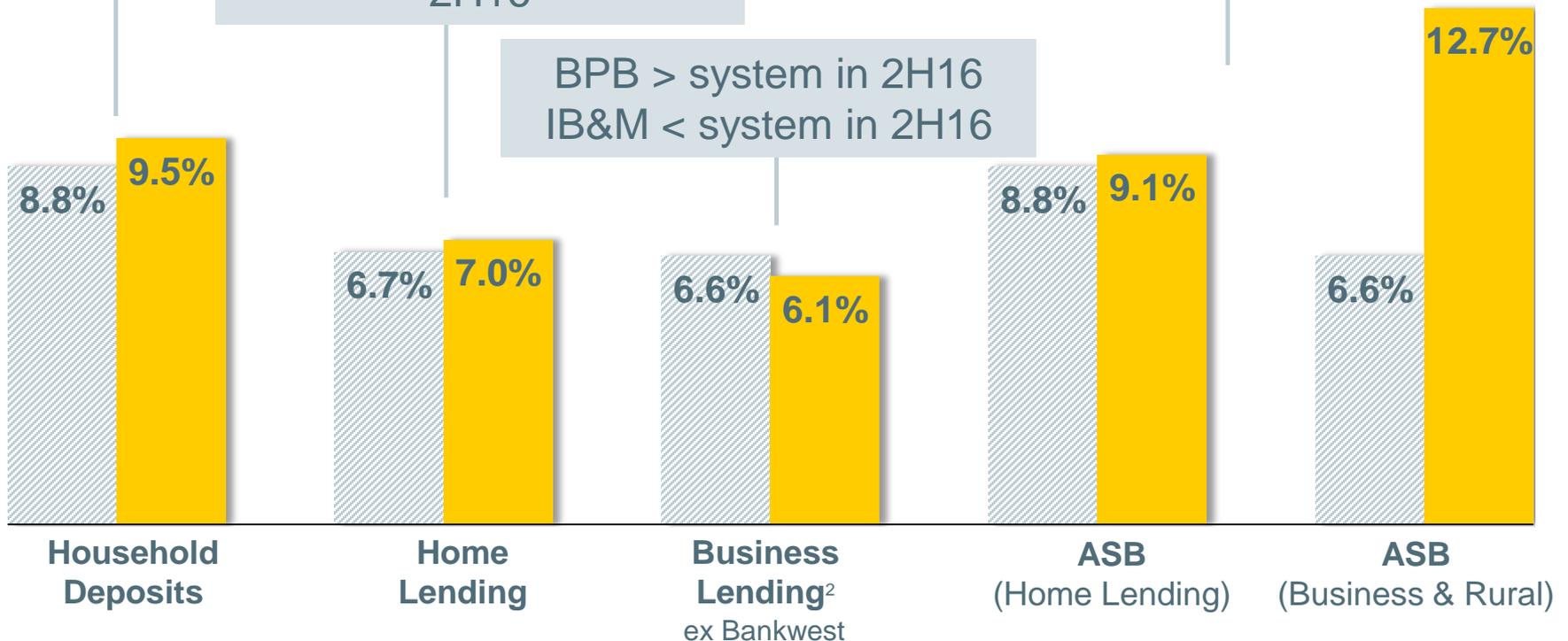
12 months to Jun 16

Driven by continued strong growth in Transaction Accounts

Above system growth in 2H16

ASB – strong growth across the board: housing, business, rural

BPB > system in 2H16
IB&M < system in 2H16

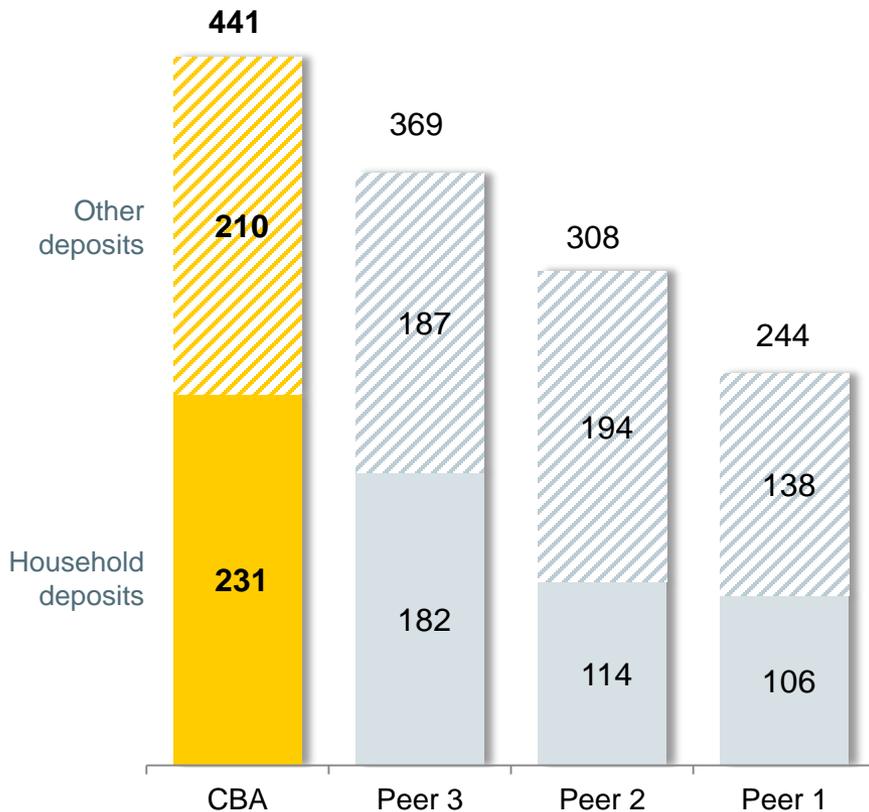


1. Spot balance growth twelve months to June 2016. Source RBA/APRA/RBNZ. CBA includes BWA except Business Lending. 2. Domestic Lending balance growth (BPB & IB&M). Source RBA.



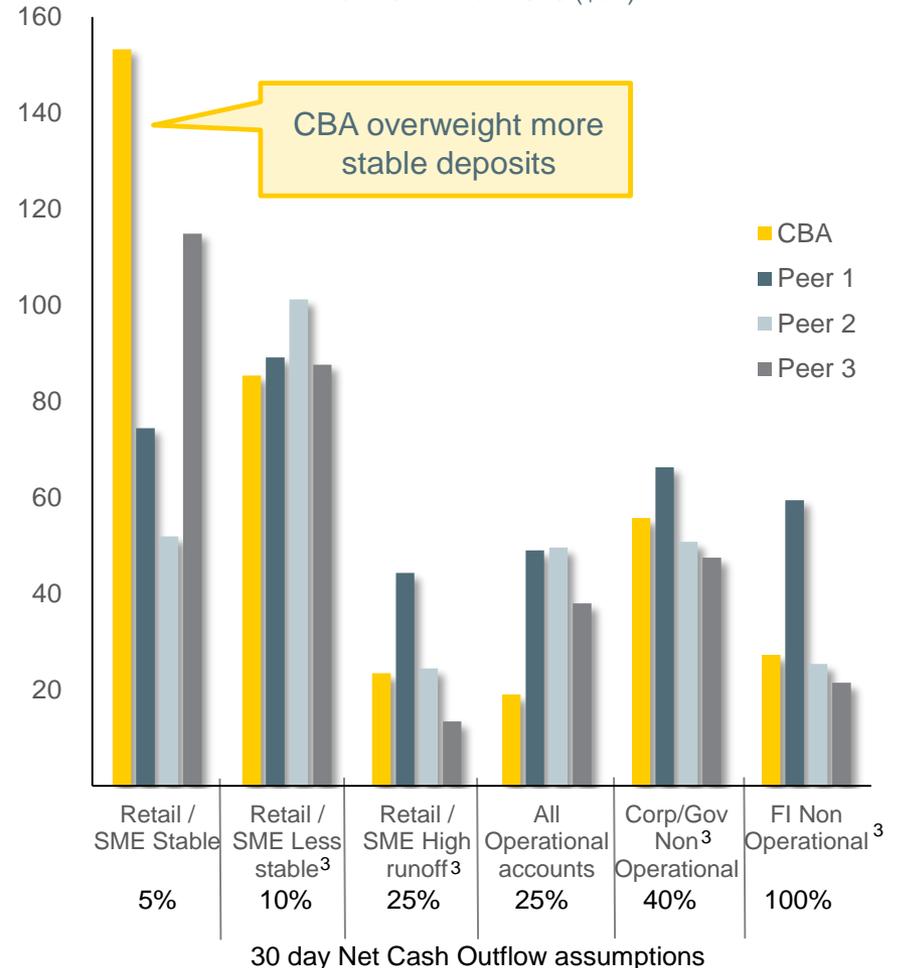
Deposits vs Peers¹

June 2016 (\$bn)



Deposits in LCR calculation²

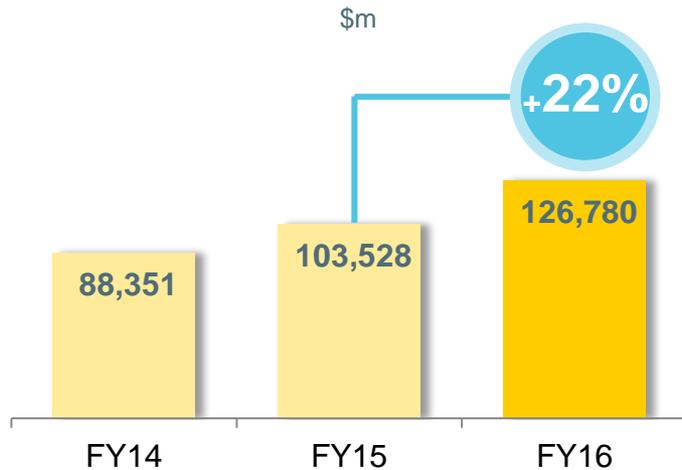
As at 31 March 2016 (\$bn)



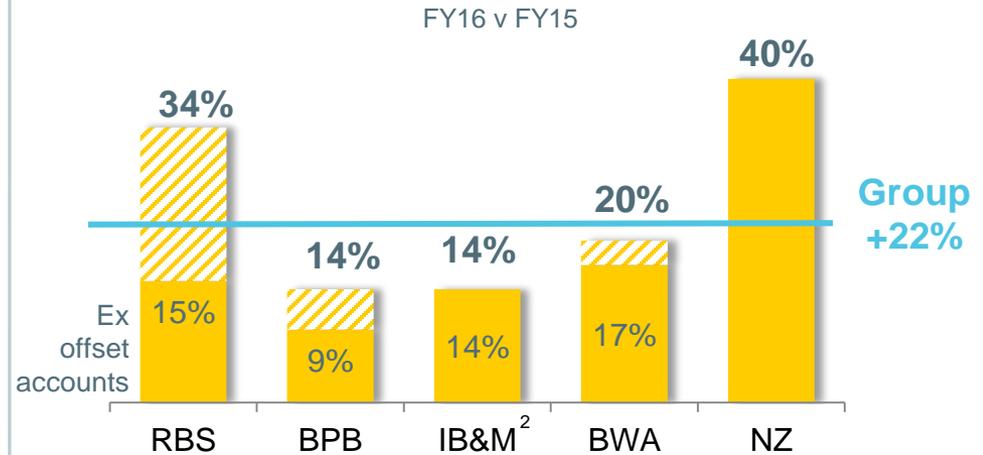
1. Source: APRA. Total deposits (excluding CD's). CBA includes Bankwest. 2. Source: Pillar 3 Regulatory Disclosure, 31 March 2016 3. Peer comparisons are calculated from disclosures assuming there are not material balances in the "notice period deposits that have been called" and the "fully insured non-operational deposits" categories.

Transaction Banking¹

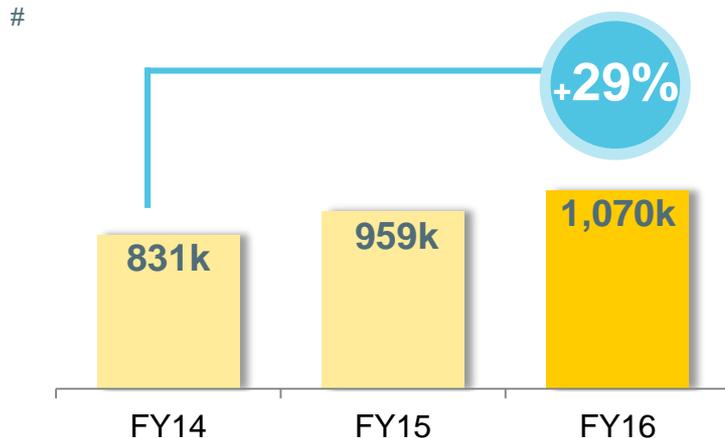
Group Transaction Balances



Strong growth across divisions



RBS New Transaction Accounts³



Innovation & Simplicity

- ✓ Real time
- ✓ Instant Banking
- ✓ Fast, simple processes

1. Includes non-interest bearing deposits. 2. Excludes Cash Management Pooling Facilities (CMPF). 3. Number of new RBS personal transaction accounts, including offset accounts.



Innovation and Simplicity

Simplified Personal Loans

Based on what you've told us we've estimated that you'd have...



- Existing expenses/debts
- New loan repayments
- Total remaining

It looks like you'd be spending **97%** of your monthly income if you get this loan.

Consider reviewing your loan options, allowing extra for unexpected costs e.g. interest rate increases if you've got variable rate loans or car repairs.

Easy application and approval with focus on financial wellbeing



Simplified Home Loans

Easy conversion of conditional to full approval

GOOD NEWS! YOUR LOAN HAS BEEN **CONDITIONALLY APPROVED**



Jane Citizen

Application number: 1234567890

About your application
Your next steps are explained in your conditional eligibility letter. A copy of your letter will be saved in your NetBank inbox for your records. [Review your application](#)

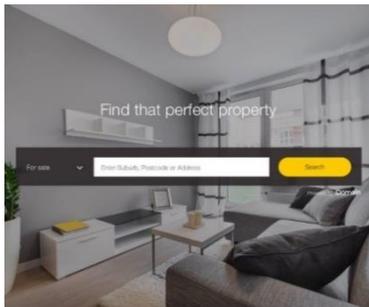
We're here to help
To speak with one of our Home Lending Specialists call 13 22 24. 9am to 6pm, 365 days or [message us anytime](#)

Found the perfect property?

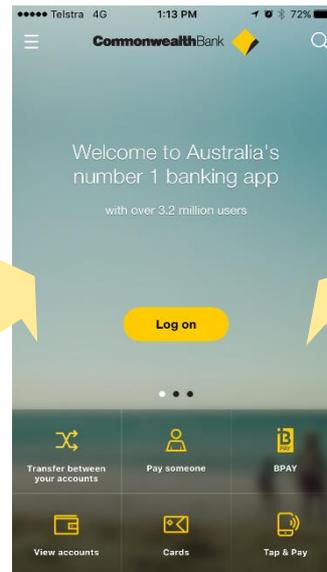
Keep the ball rolling and apply online for a home loan today.

[Apply now](#)

Enhanced Property Search



Now across key platforms – property listings, prices etc



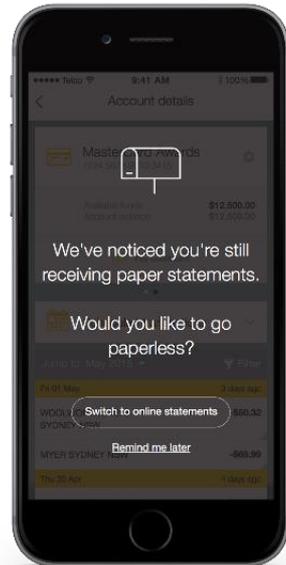
Instant Banking

Open, fund and access transaction accounts in under 5 minutes



Innovation and Simplicity

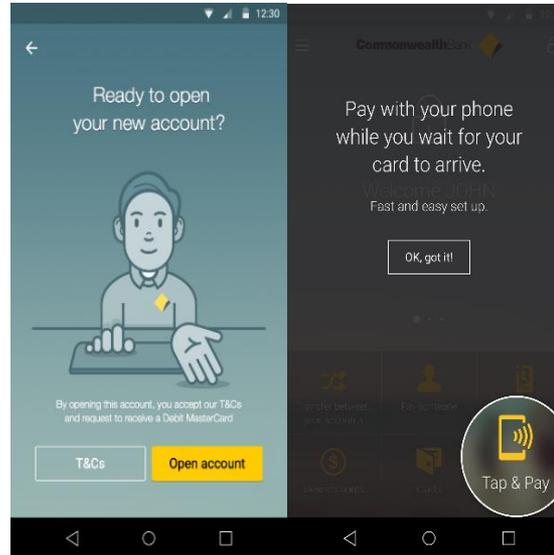
Paperless Statements



October 2015

Move to paperless statements with a single click - over 800,000 additional accounts now paperless¹

Instant Banking



May 2016

New transaction accounts opened < 5 minutes + instant access via Cardless Cash, Tap & Pay

Photo a bill



June 2016

BPAY details automatically populated from photo – simple click for payment

1. Since launch in October 2015

Innovation and Simplicity

OnDeck

Awarded
Best
Fintech/Bank
Collaboration ¹



Kounta on Albert

kounta™
On Albert Hub



Innovation Labs



Melbourne "pop-up"

February 2016

Exclusive banking
referral arrangement
with leading online
small business lender

March 2016

40k+ Albert terminals,
24 apps incl. Kounta -
cloud based system for
orders, payments,
inventory update -
same time, one device

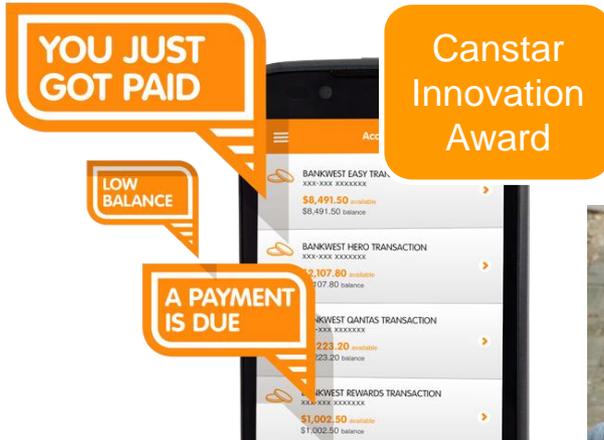
May 2016

Sydney, Hong Kong,
London -
Supporting an
innovation ecosystem
with clients,
government and
communities

1. Australian FinTech Awards.

Innovation and Simplicity

Easy Alerts



October 2015

Customisable push notifications for deposits, high/low balance & payment reminders

Albert



Roll-out

Now with 40,000+ devices in market
60% new merchants to CBA

TYME



May 2016

Customer on-boarding in ~5 minutes with biometric identification (500 kiosks¹)

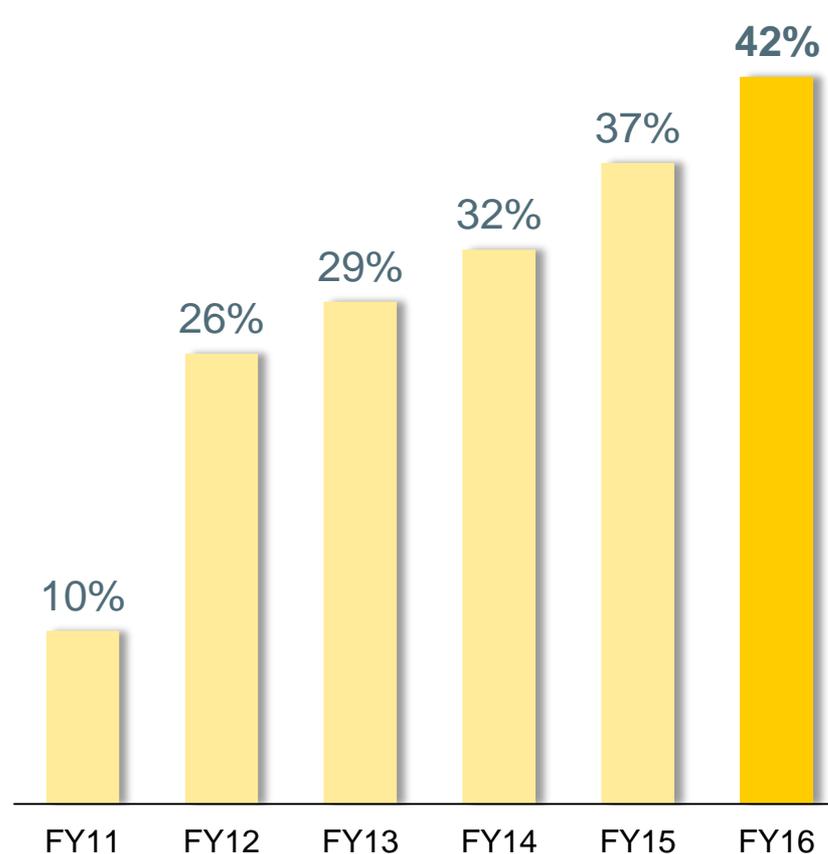
1. In Pick 'n' Pay stores within South Africa

Productivity Metrics

Measure	Metric	Timeframe
Asset Finance Approval – turnaround times	Settlement Received to Funded (for the new Fast Lane abridged settlement process)	FY16 vs FY15
SME Loan Approval (IFS) – turnaround times	Median turnaround time in days from SME customers wanting to have an unsecured or secured loan with CBA China county banks to credit approval	May 16 vs May 15
Colonial First State Customer Request – turnaround times	Median time in hours from customer request receipt time until request is fully processed by CFS Investor Services	Mar 16 vs Dec 14
Bankwest Small Business Personal Liability Credit Card – turnaround times (TAT)	TAT in calendar days from when the customer requests the application (sales enquiry) to the time the customer has their credit card ordered using the 75th percentile as a measure	FY16 vs FY15

Personal Loans – Same day funding

% of new loans funded same day¹



1. Percentage of personal loans funded on day of application, excluding applications referred for manual decisioning and fraud verification



Productivity + Efficiency + Investment

Productivity

↓ 73%

Asset Finance Approval
(Turnaround time)

↓ 72%

SME Loan Approval - IFS
(Turnaround time)

↓ 85%

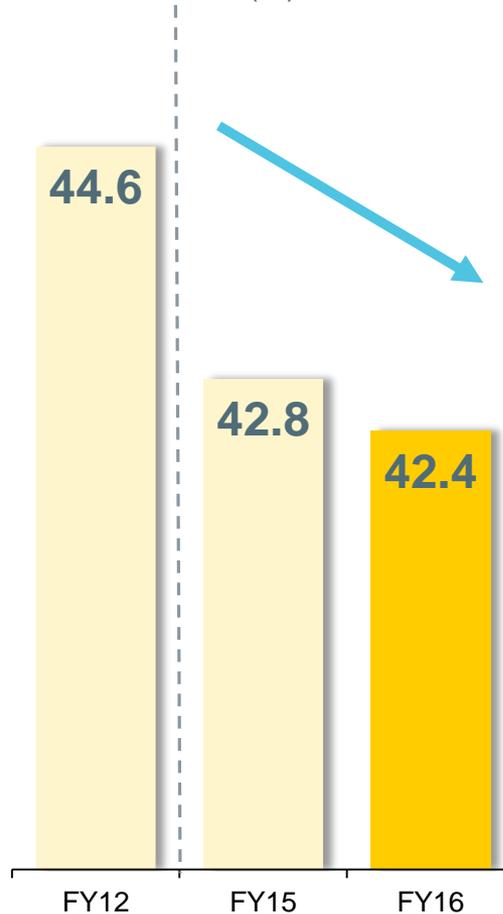
Colonial Customer Requests
(Turnaround time)

↓ 97%

Bankwest Small Business Credit Card
(Turnaround time)

Cost-to-Income

(%)



Reinvestment

(\$m)

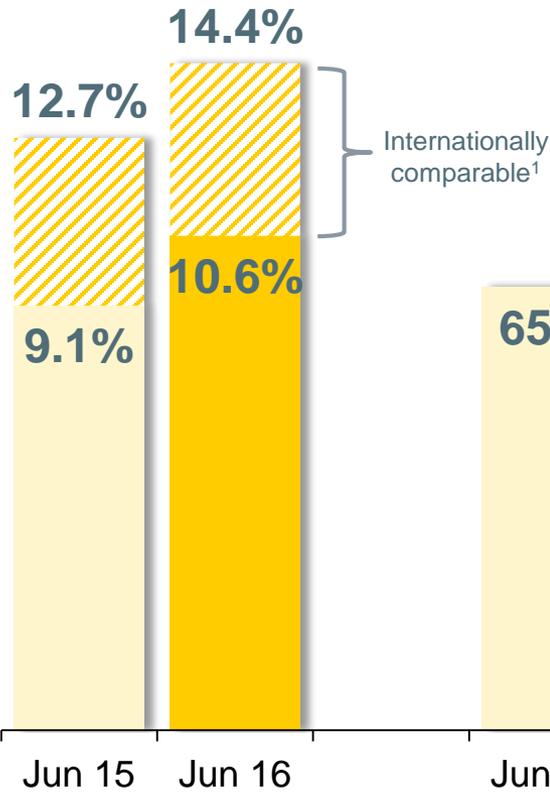
+10%



Strength

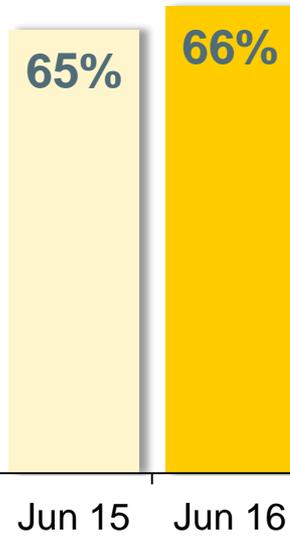
Capital

Basel III
Common Equity Tier 1



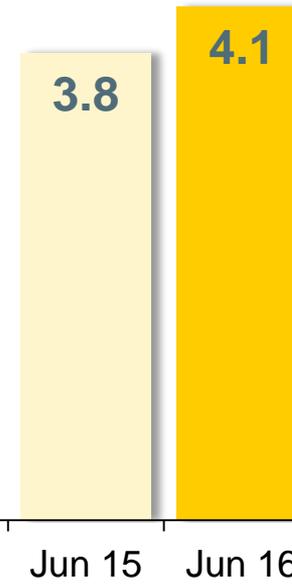
Deposit Funding

% of Total Funding



Wholesale Funding

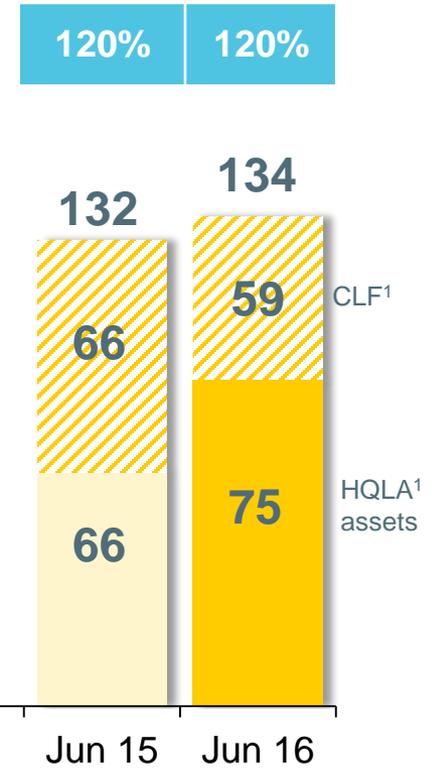
Portfolio Tenor²
(years)



Liquidity³

\$bn

LCR



1. Refer glossary for definitions. 2. Weighted Average Maturity of long term wholesale debt. Includes all deals with first call or residual maturity of 12 months or greater. 3. Liquids are reported net of applicable regulatory haircuts.





CommonwealthBank



RESULTS PRESENTATION

FOR THE FULL YEAR ENDED 30 JUNE 2016

DAVID CRAIG
CHIEF FINANCIAL OFFICER

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 10 AUGUST 2016

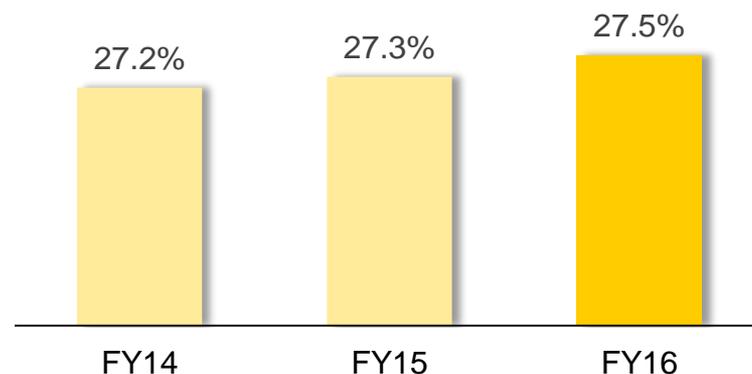
**WHEN
WE BELIEVE,
WE CAN.**

Non-cash items

\$m	Jun 16	Jun 15
Cash NPAT	9,450	9,137
Non-cash items		
Hedging and IFRS volatility		
<ul style="list-style-type: none"> Unrealised accounting gains and losses arising from the application of "AASB 139 Financial Instruments: Recognition and Measurement" 	(200)	6
Other		
<ul style="list-style-type: none"> Bankwest non-cash items Treasury shares valuation adjustment 	(27)	(52)
	4	(28)
Total non-cash items	(223)	(74)
Statutory NPAT	9,227	9,063

Tax

Effective Tax Rate "cash basis" (%)



- Australia's largest tax payer¹
- Effective tax rate reflects global business mix
- Signatory of Voluntary Tax Transparency Code

1. Bloomberg, July 2016

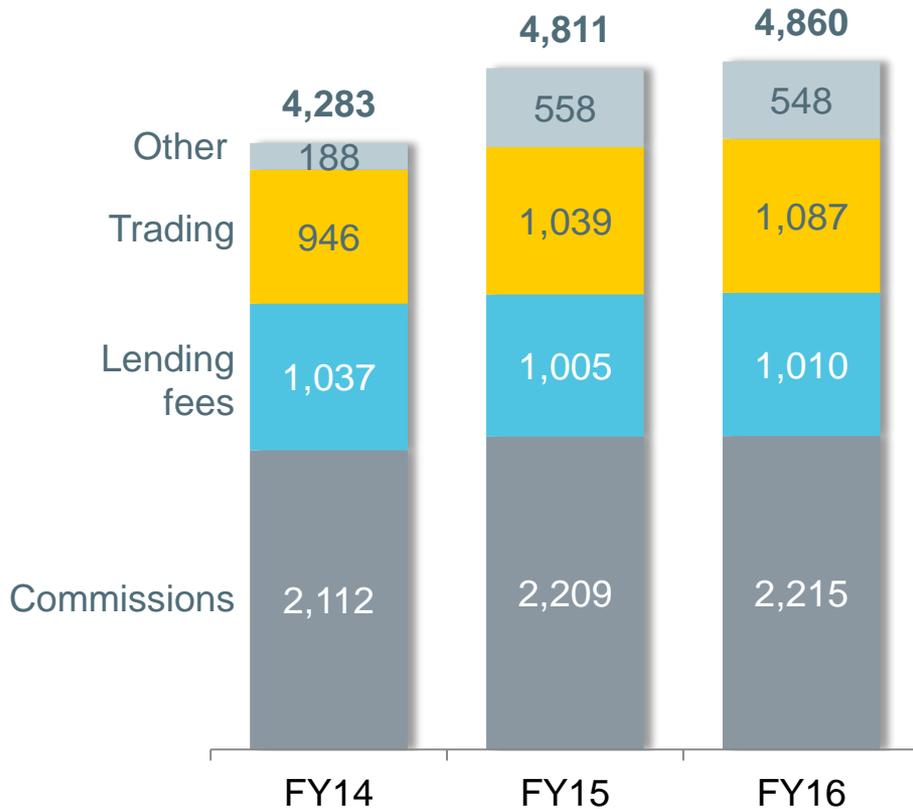
Good operating result

\$m	Jun 16	Jun 16 vs Jun 15
Operating income	24,606	5%
Operating expenses	(10,429)	4%
Operating performance	14,177	6%
Investment experience	141	(33%)
Loan impairment expense	(1,256)	27%
Tax and non-controlling interests	(3,612)	4%
Cash NPAT	9,450	3%
Statutory NPAT	9,227	2%



Other Banking Income

\$m



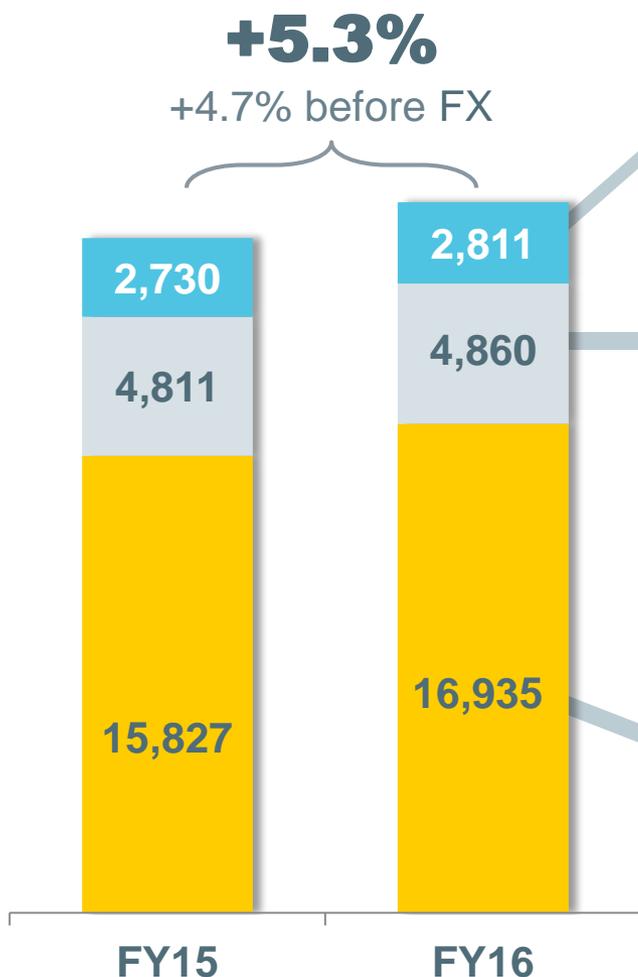
Trading Income

\$m



Operating Income up 5%

\$m



Funds & Insurance		+3%
Average FUA	↑	4%
Insurance income	→	flat

Other Banking Income		+1%
FVA / CVA	↓	(\$35m)
Trading (ex FVA/CVA)	↑	8%
OBI (ex Trading)	→	flat

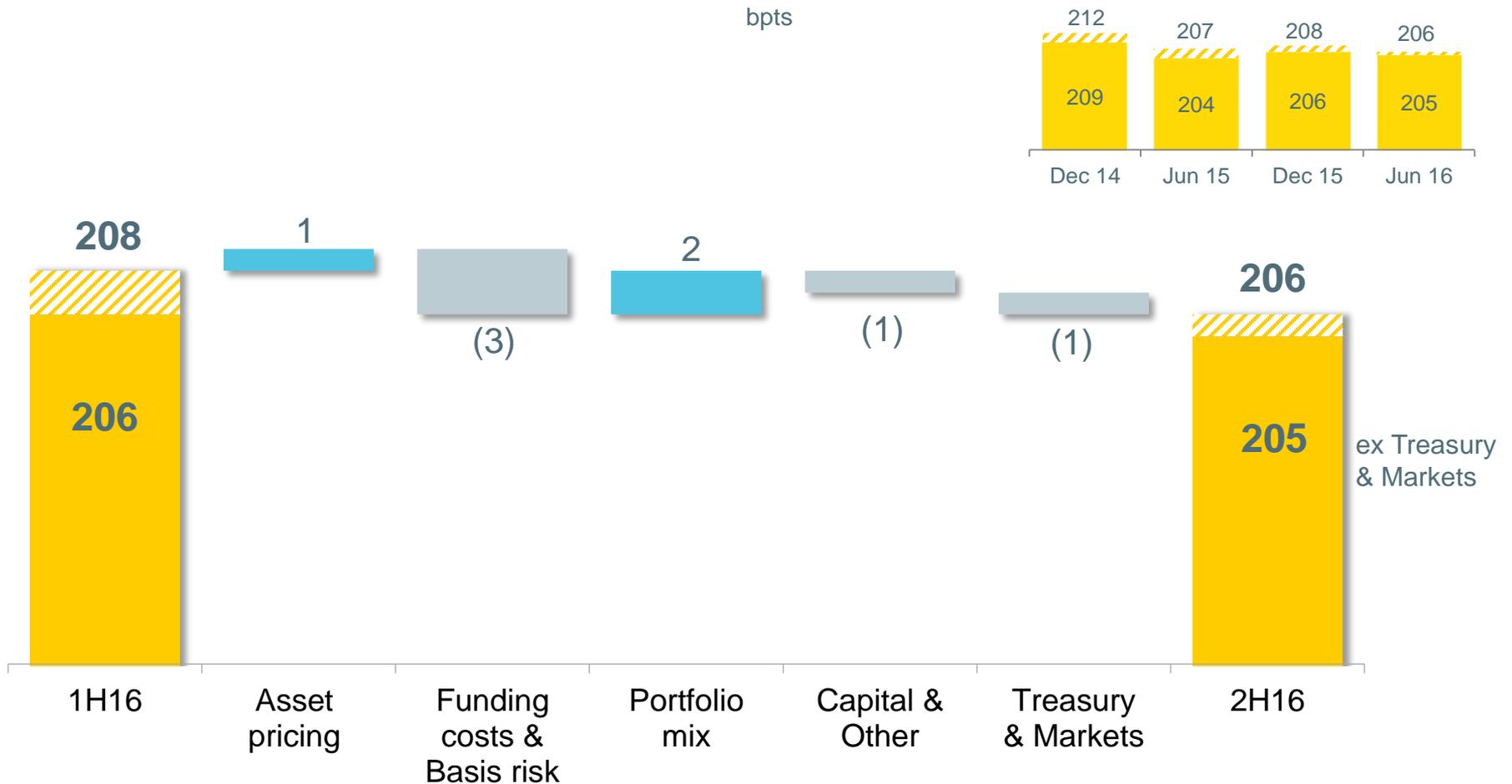
Net Interest Income		+7%
Volume	↑	8%
Margin	↓	(2) bpts

12 Month Movement



Underlying¹ Group NIM down 1bpt

6 Month Movement

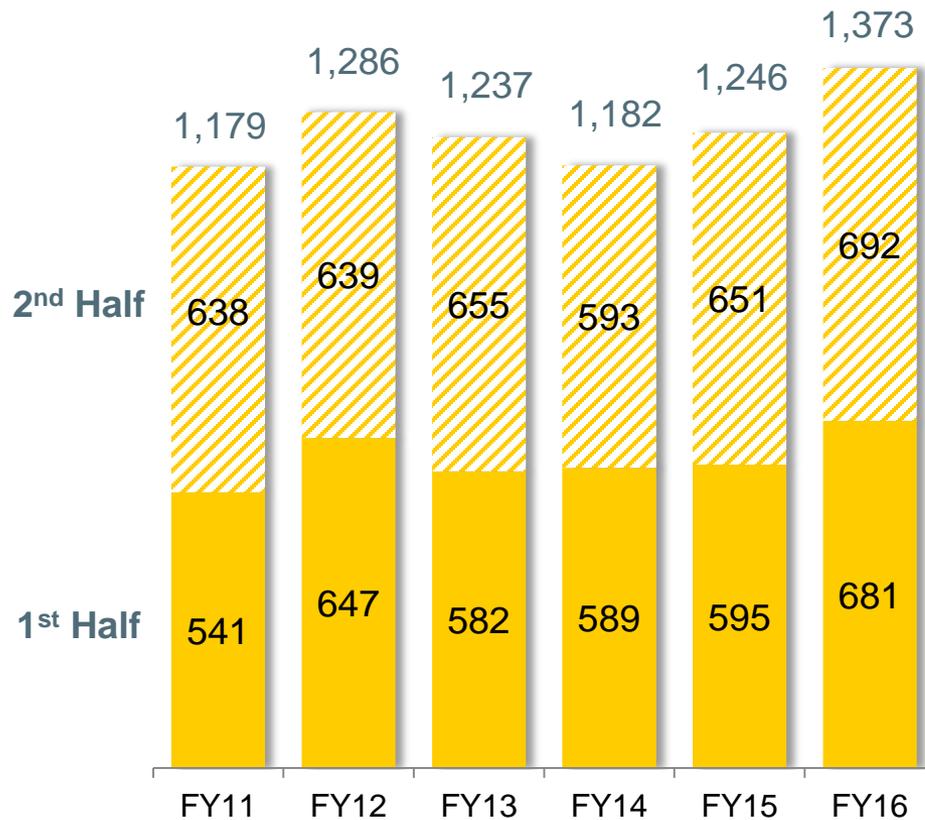


1. Excluding Treasury and Markets



Gross Investment Spend

\$m



Investment Spend

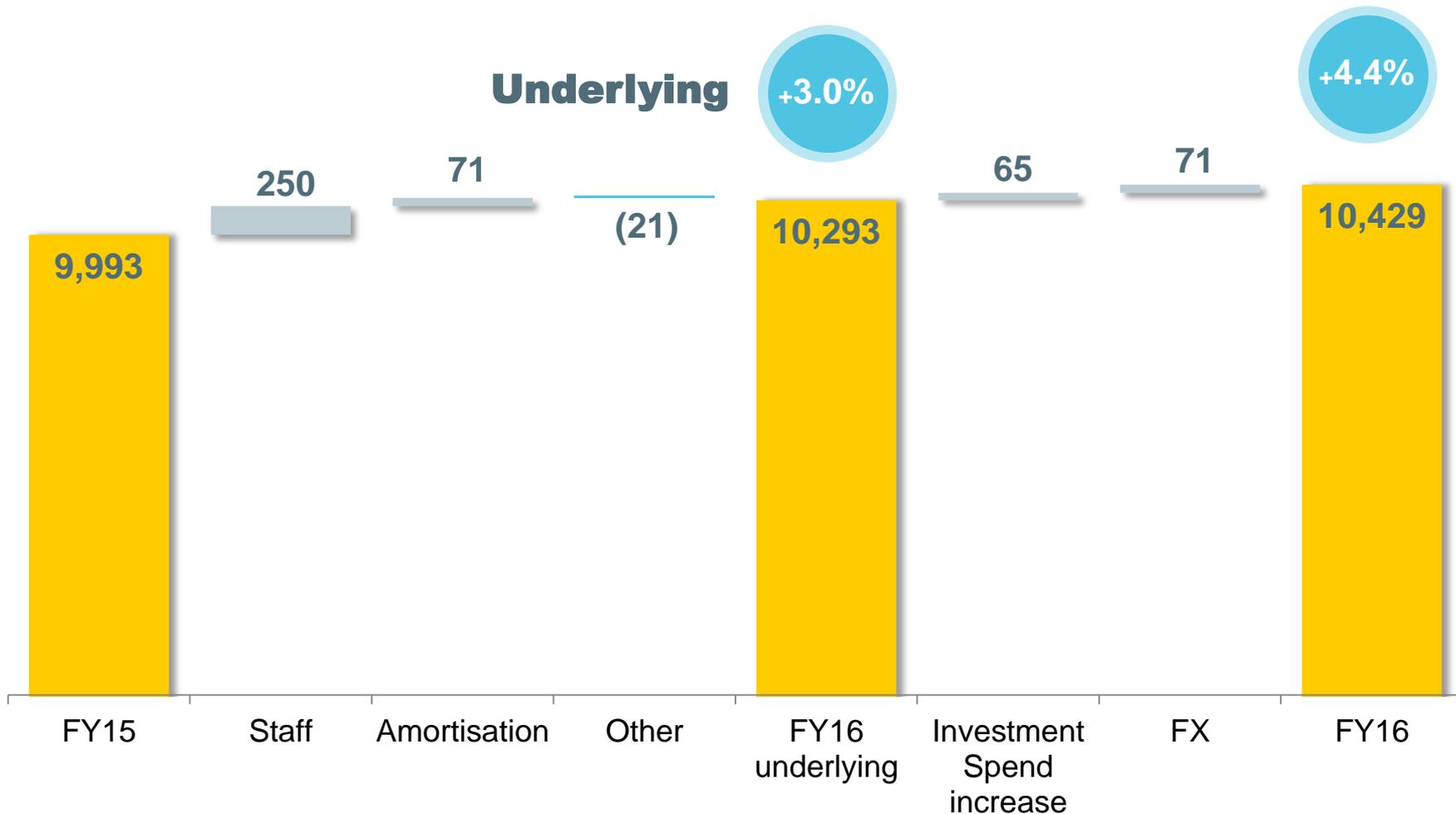
% of total



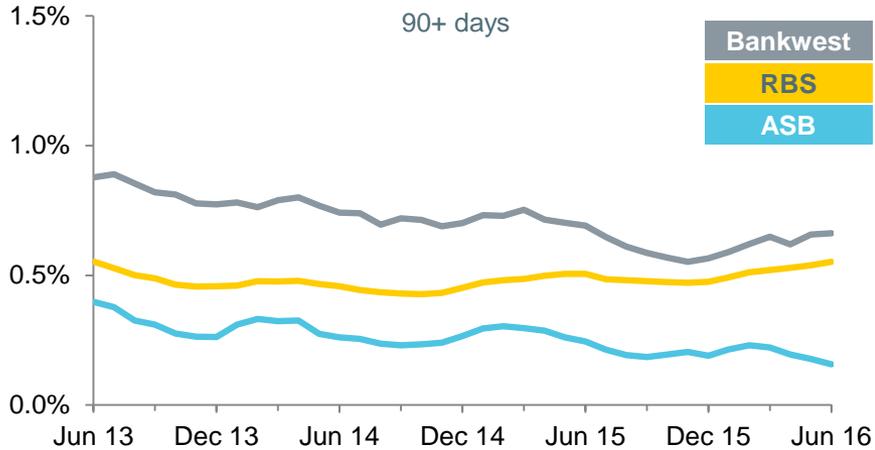
Underlying expenses up 3%

Total Operating Expenses

\$m



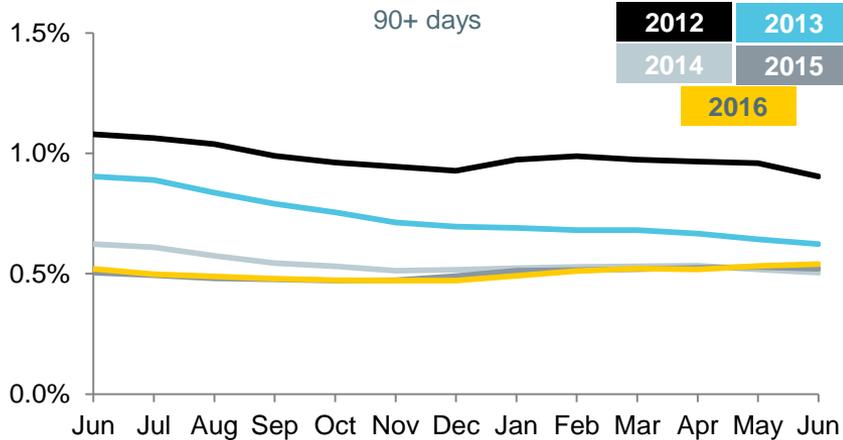
Home Loan Arrears



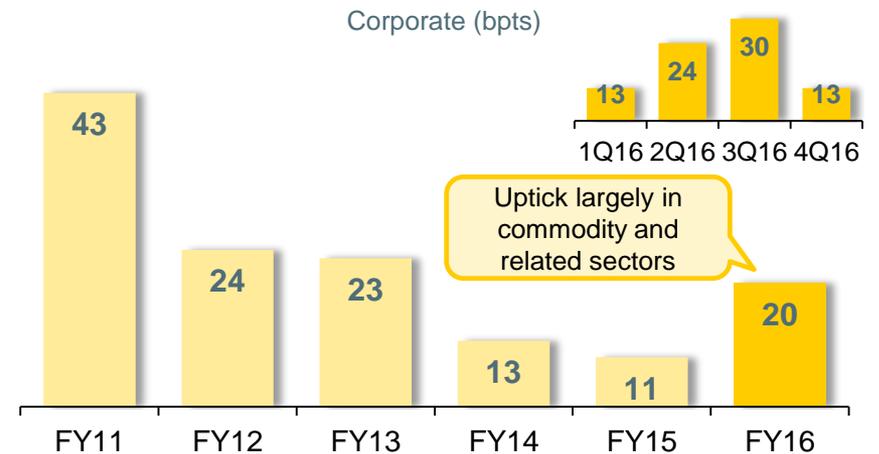
LIE to Gross Loans



Group Home Loan Arrears



LIE to Gross Loans

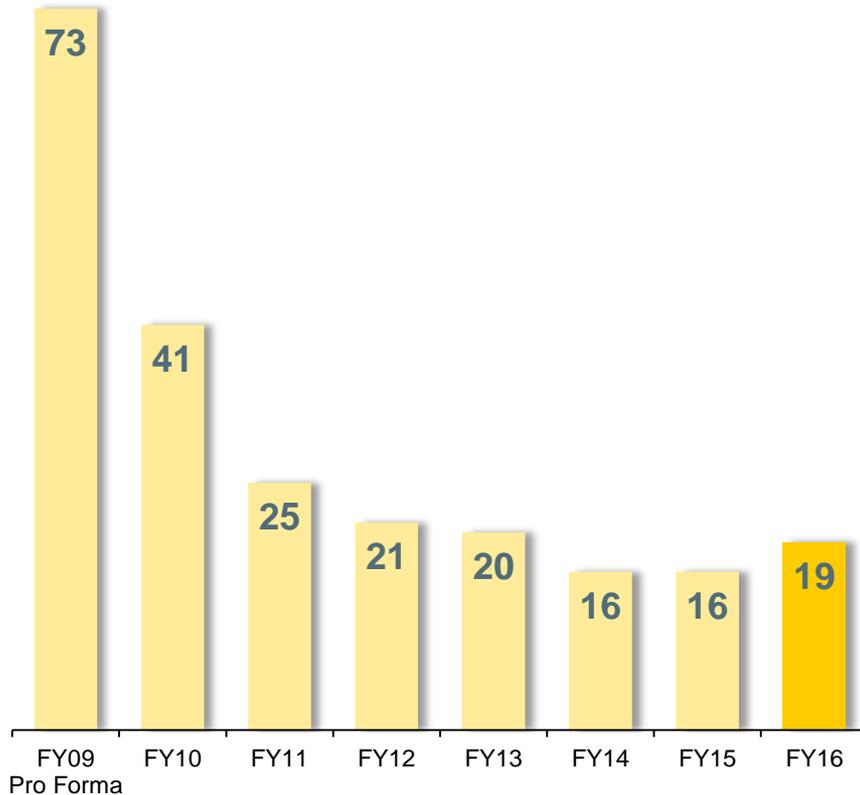


LIE percentage of average GLA. Consumer represents Retail Banking Services, ASB Retail, Bankwest Retail and IFS Retail. Corporate represents Institutional Banking and Markets, Business and Private Banking, ASB Business, Bankwest Business, IFS Business and other corporate related expense. Statutory Corporate LIE for FY13 26 bpts and FY14 11 bpts.

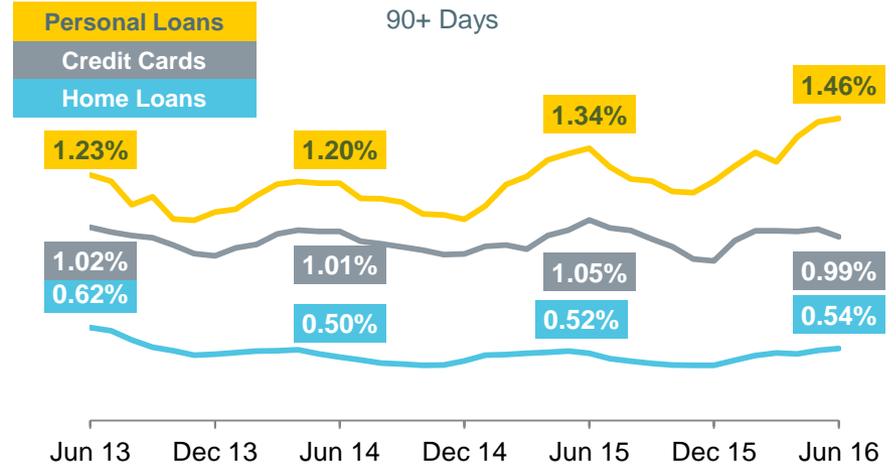
Sound credit quality

Loan Impairment Expense

CBA Group (bpts)



Consumer Arrears

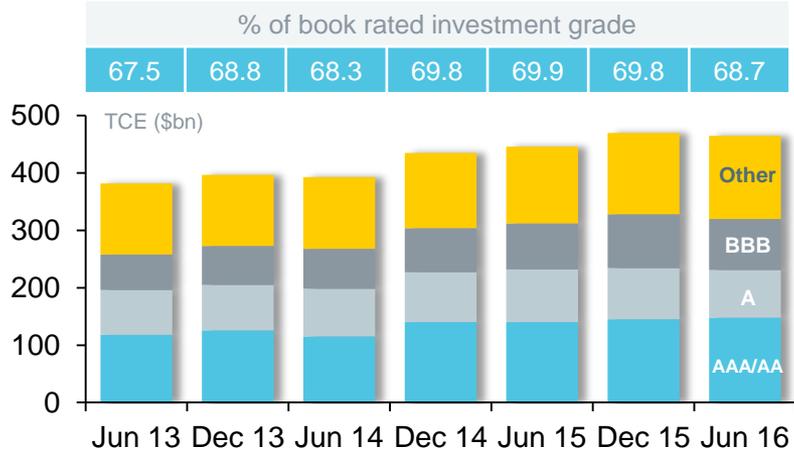


Troublesome and Impaired Assets

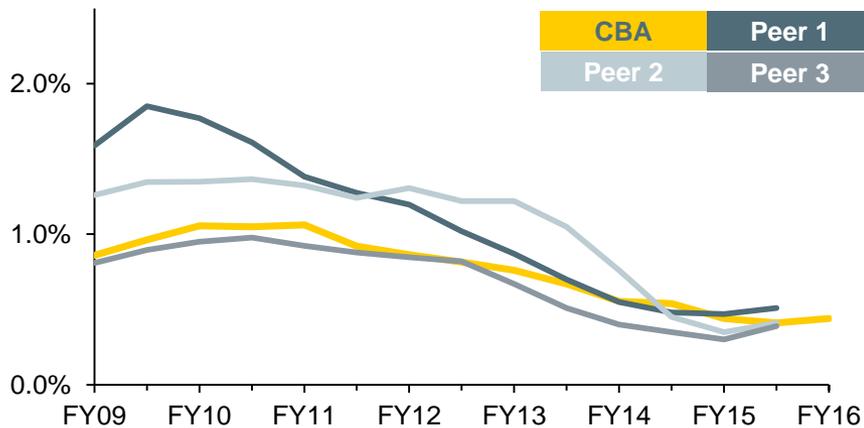


Cash LIE basis points (bpts) calculated as a percentage of average GLA. FY09 includes Bankwest on a pro-forma basis and is based on LIE for the year. Statutory LIE for FY10 48 bpts, FY13 21 bpts and FY14 16 bpts. Consumer Home Loan Arrears exclude Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans.

Commercial Portfolio Quality



Impaired Assets to GLAs

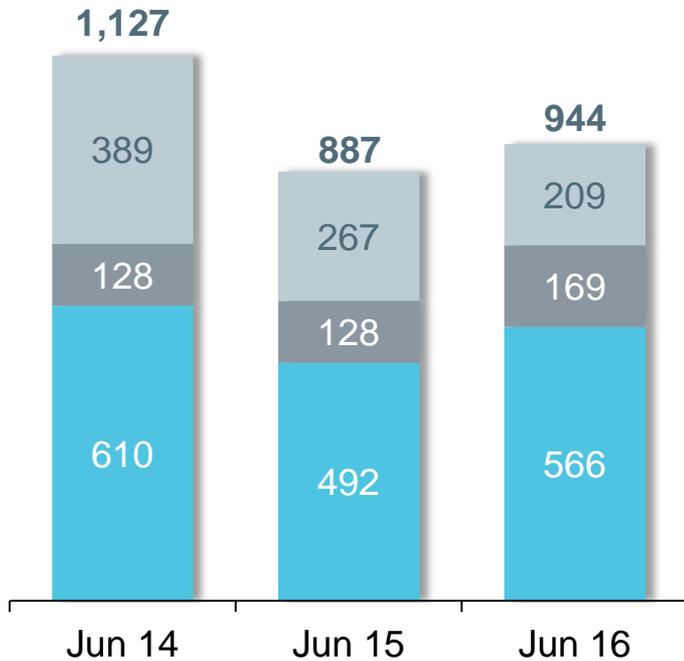


CBA grades in S&P equivalents. Impaired Assets based on financial year data (CBA: 30 June, Peers: 30 September).

Strong provisioning

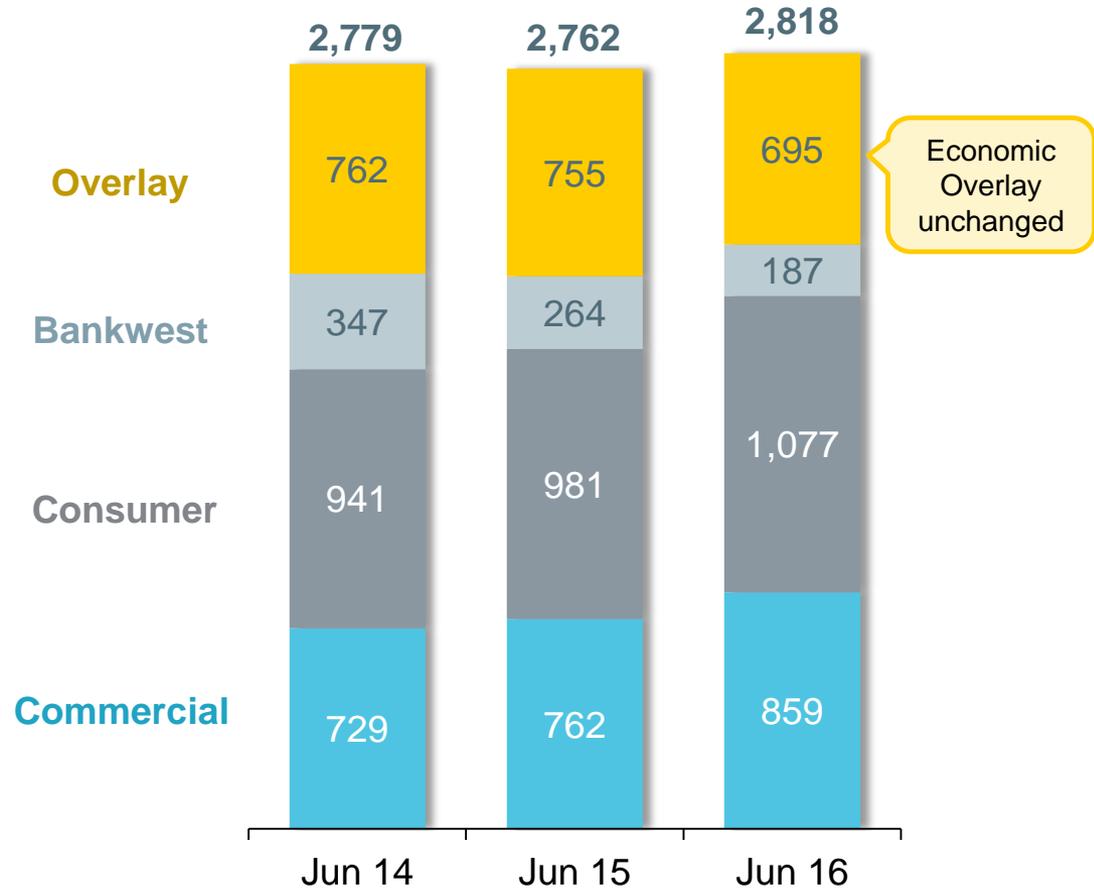
Individual Provisions

\$m



Collective Provisions

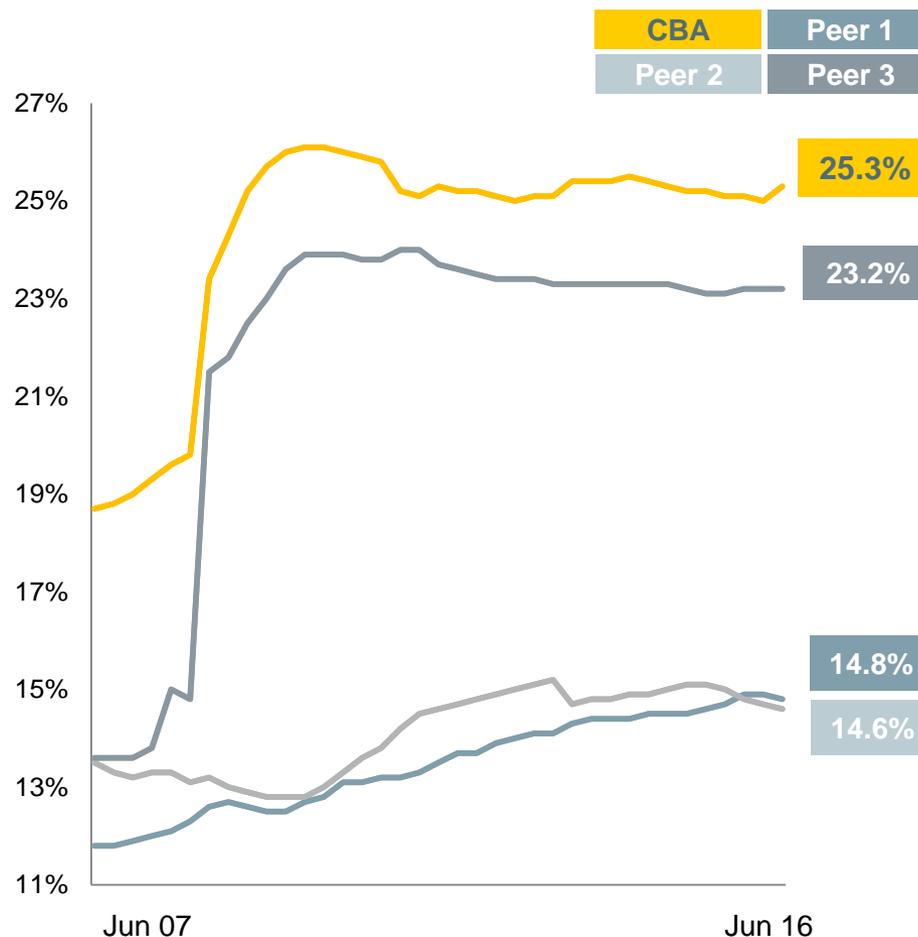
\$m



Retail Banking Services

\$m	FY16	FY16 vs FY15
Home loans	4,100	9%
Consumer finance	2,520	4%
Retail deposits	3,149	11%
Distribution	427	8%
Other	165	0%
Total banking income	10,361	8%
Operating expenses	(3,373)	3%
Operating performance	6,988	10%
Loan impairment expense	(660)	5%
Tax	(1,892)	11%
Cash net profit after tax	4,436	11%

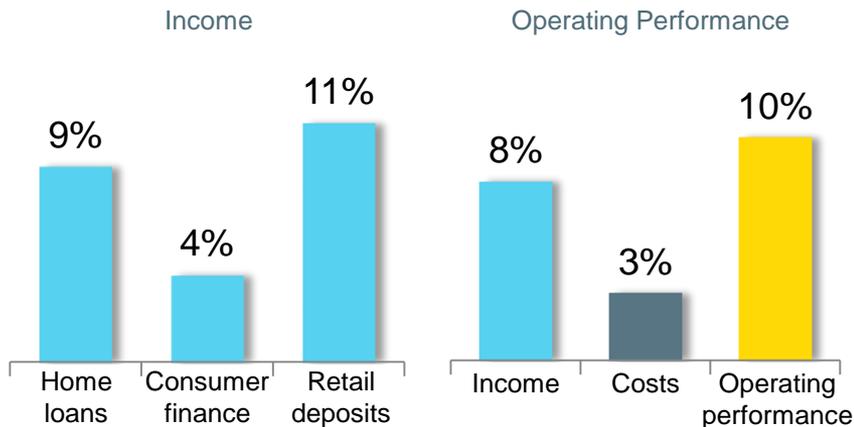
Home Loan Market Share



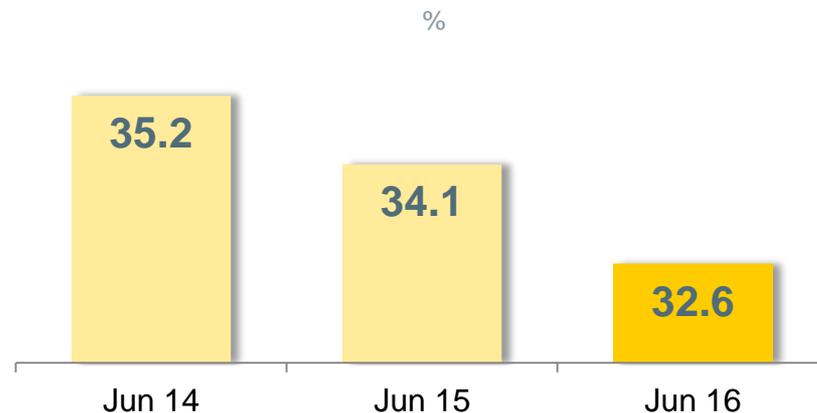
Source: RBA/APRA. CBA includes Bankwest

Retail Banking Services

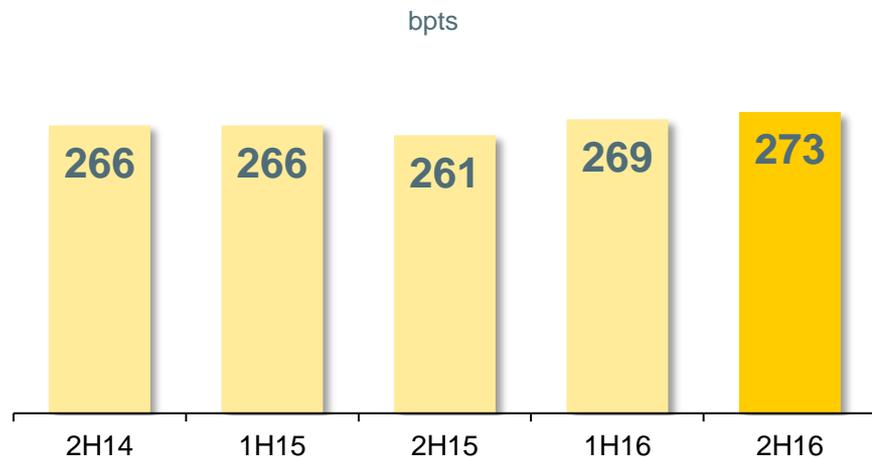
FY16 vs FY15



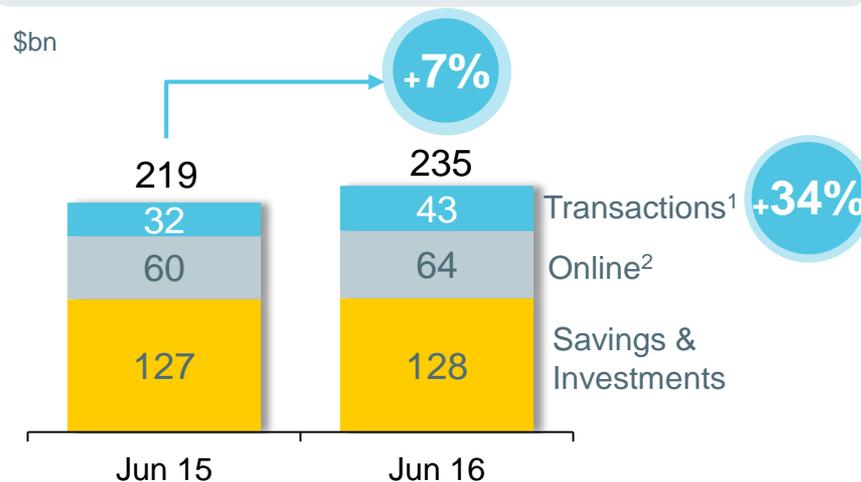
Cost-to-Income Ratio



RBS Margin



Retail Deposit Mix



1. Transactions includes non-interest bearing deposits.
2. Online includes NetBank Saver, Goal Saver and Business Online Saver.



Business & Private Banking

\$m	FY16	FY16 vs FY15
Corporate Financial Services	1,395	6%
Regional and Agribusiness	646	1%
Local Business Banking	1,137	5%
Private Bank	366	11%
CommSec	364	7%
Total banking income	3,908	5%
Operating expenses	(1,489)	4%
Operating performance	2,419	6%
Loan impairment expense	(179)	18%
Tax	(673)	5%
Cash net profit after tax	1,567	5%

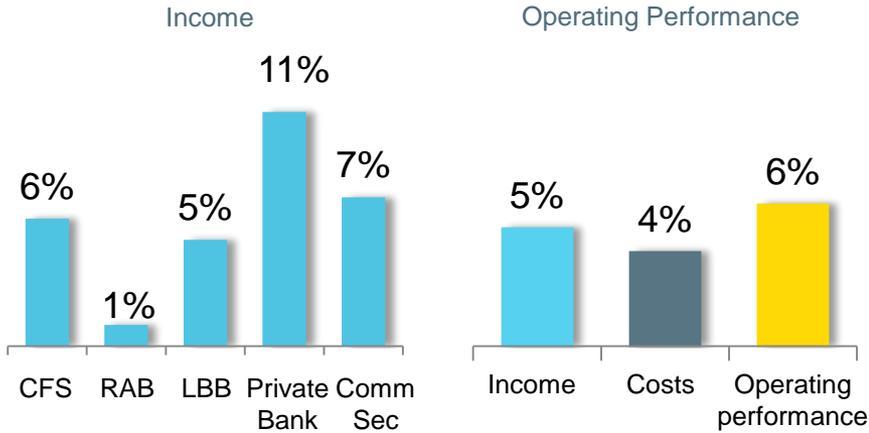
Institutional Banking & Markets

\$m	FY16	FY16 vs FY15
Institutional Banking	2,164	0%
Markets	689	9%
Total banking income	2,853	2%
Operating expenses	(1,081)	11%
Operating performance	1,772	(3%)
Loan impairment expense	(252)	51%
Tax	(356)	(6%)
Cash net profit after tax	1,164	(9%)

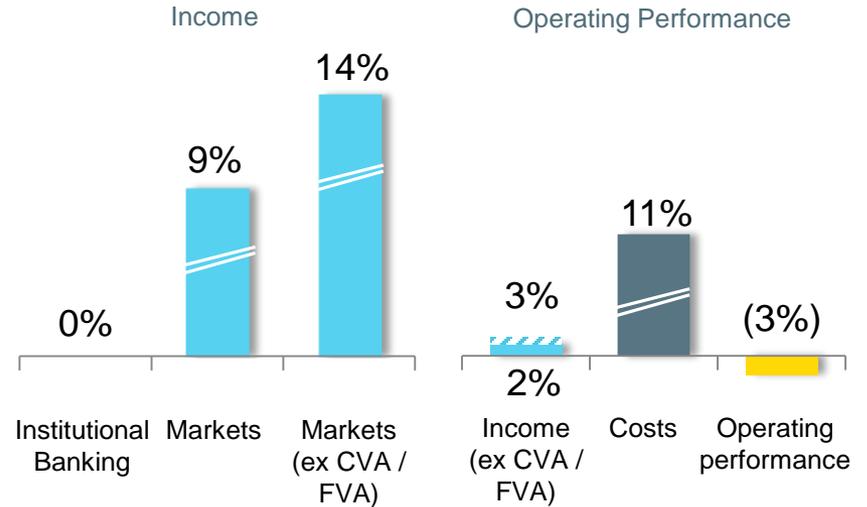


Corporate

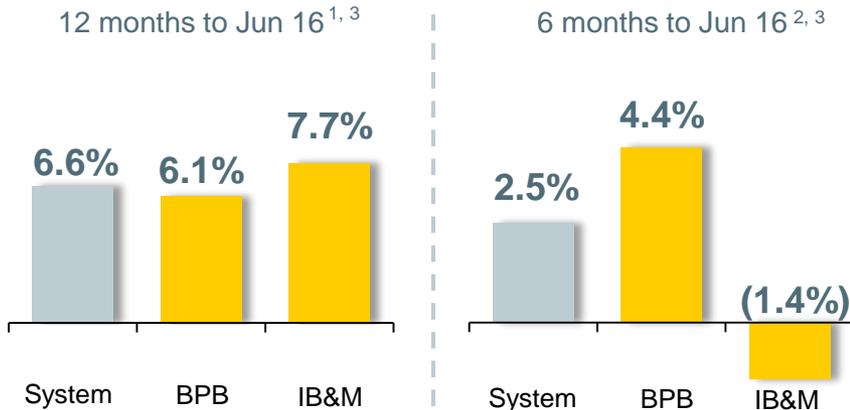
BPB – FY16 vs FY15



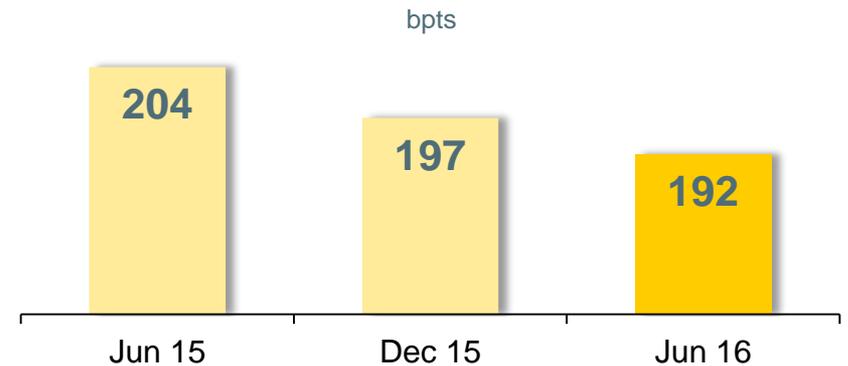
IB&M – FY16 vs FY15



Australian Business Lending Growth



NIM⁴



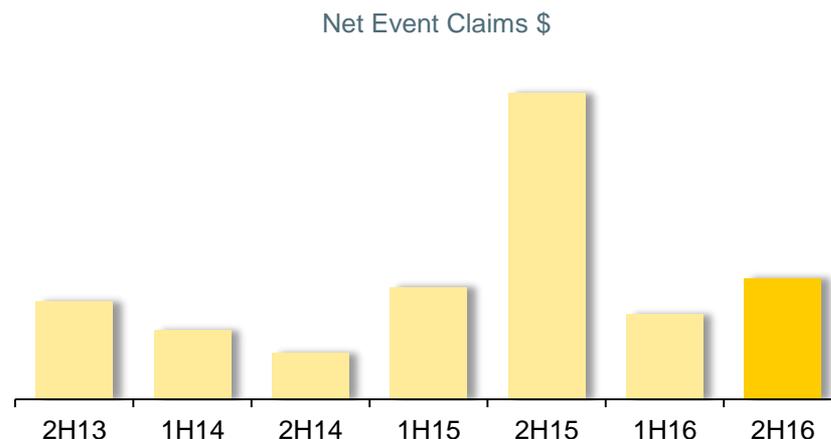
1. Spot balance growth twelve months to June 2016. 2. Spot balance growth six months to June 2016. 3. Source RBA. IB&M represents Core Domestic Lending balance growth and excludes Cash Management Pooling Facilities (CMPF). 4. Combined Institutional Banking and Markets and Business and Private Banking.



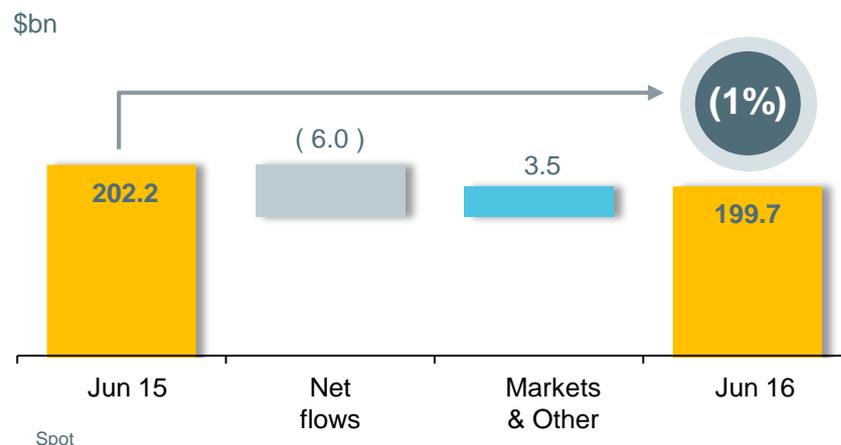
Wealth Management

\$m	FY16	FY16 vs FY15
Colonial First State (CFS) ¹	929	7%
CFSGAM	842	(1%)
CommInsure (CI)	622	(2%)
Total operating income	2,393	2%
Operating expenses	(1,676)	(3%)
Operating performance	717	15%
Tax	(185)	25%
Underlying profit after tax	532	12%
Investment experience	85	(52%)
Cash net profit after tax	617	(6%)

General Insurance Claims



Assets Under Management²

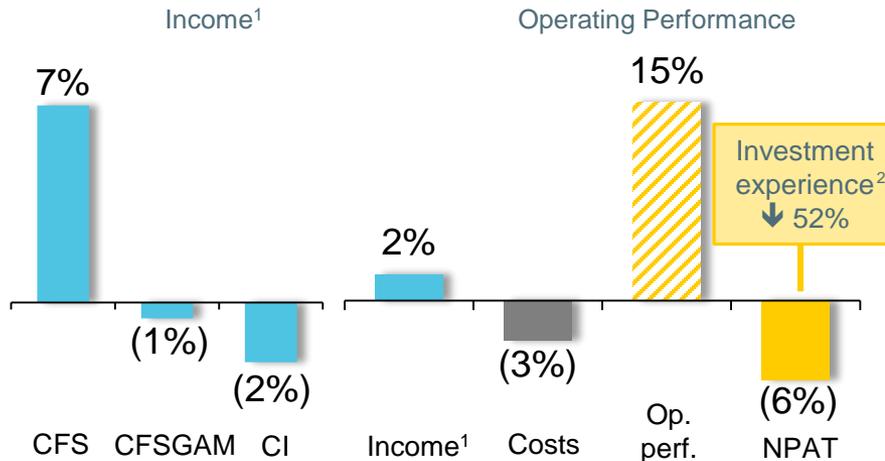


1. Colonial First State incorporates the results of all Wealth Management Financial Planning businesses

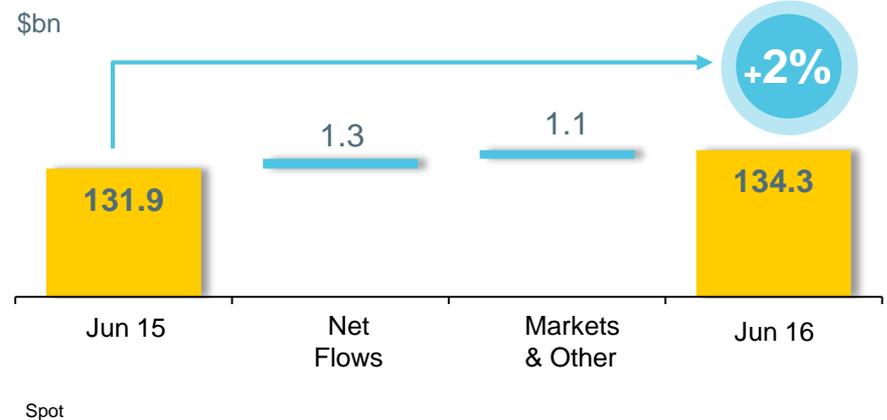
2. AUM includes Realindex Investments and excludes the Group's interest in the First State Cinda Fund Management Company Ltd

Wealth Management

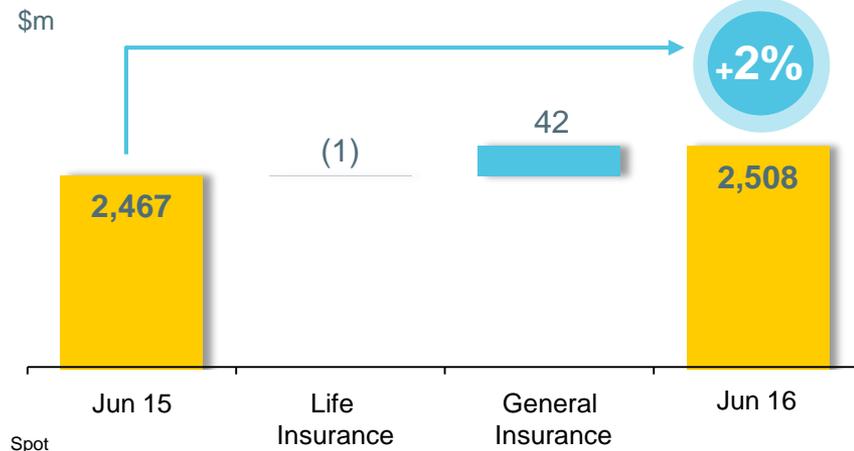
FY16 vs FY15



Funds Under Administration

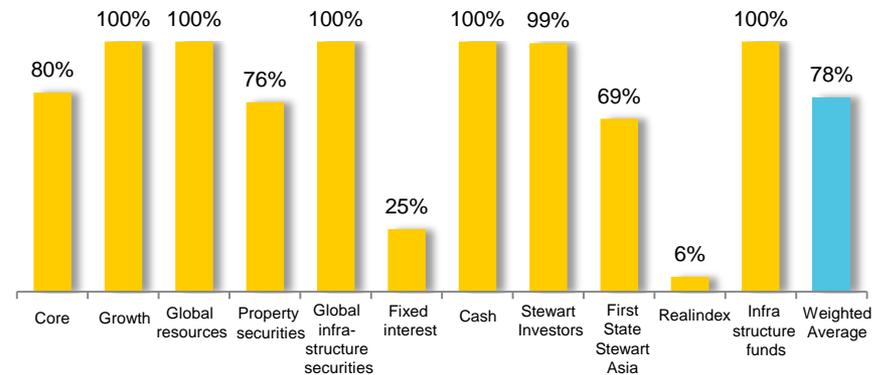


Insurance Inforce



CFSGAM Funds Performance

3 year rolling average of percentage of assets outperforming benchmark returns

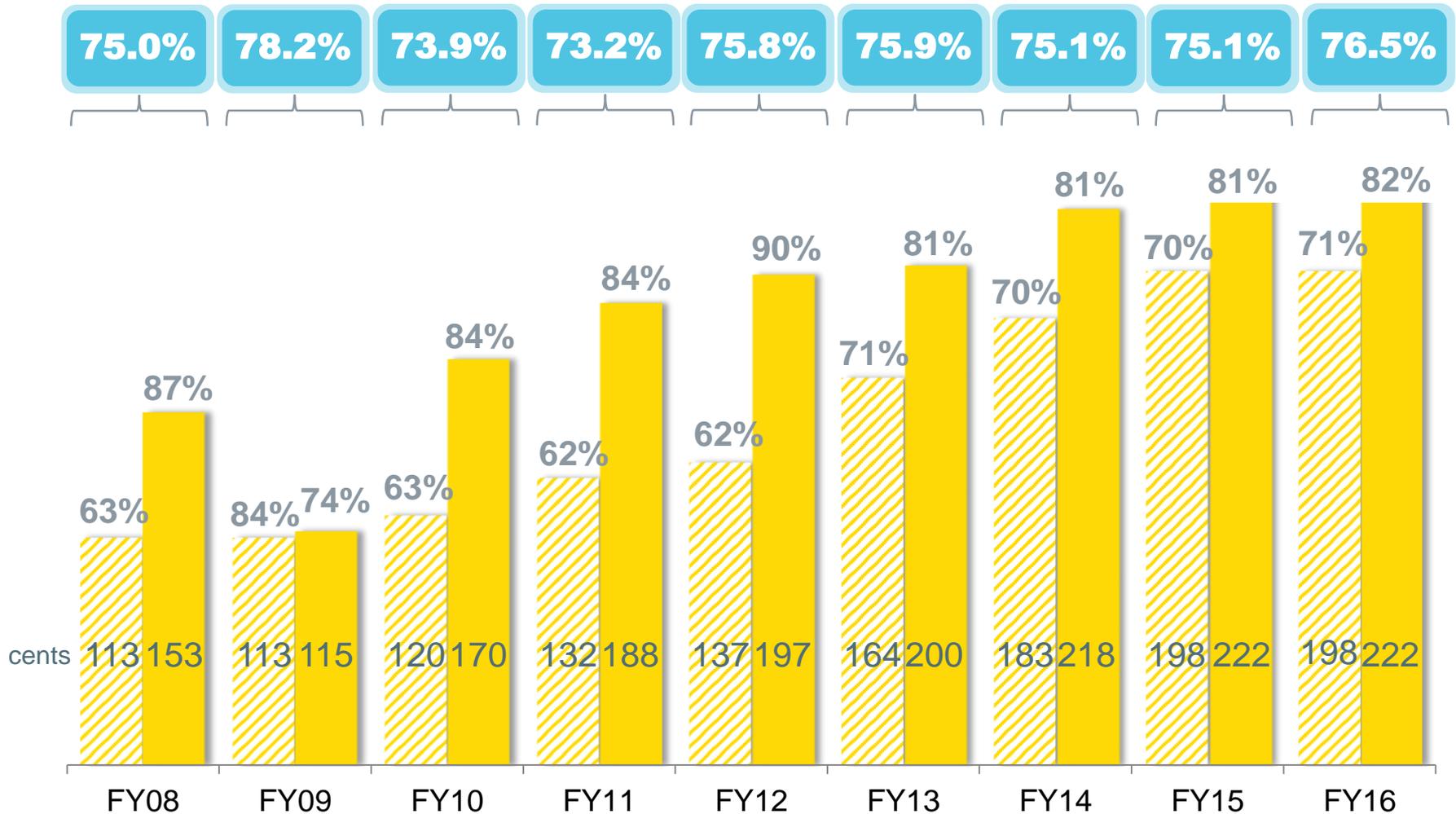


1. Total operating income

2. Driven by non-recurrence of divestments and investment revaluation gains in the prior year



Payout ratio (cash)

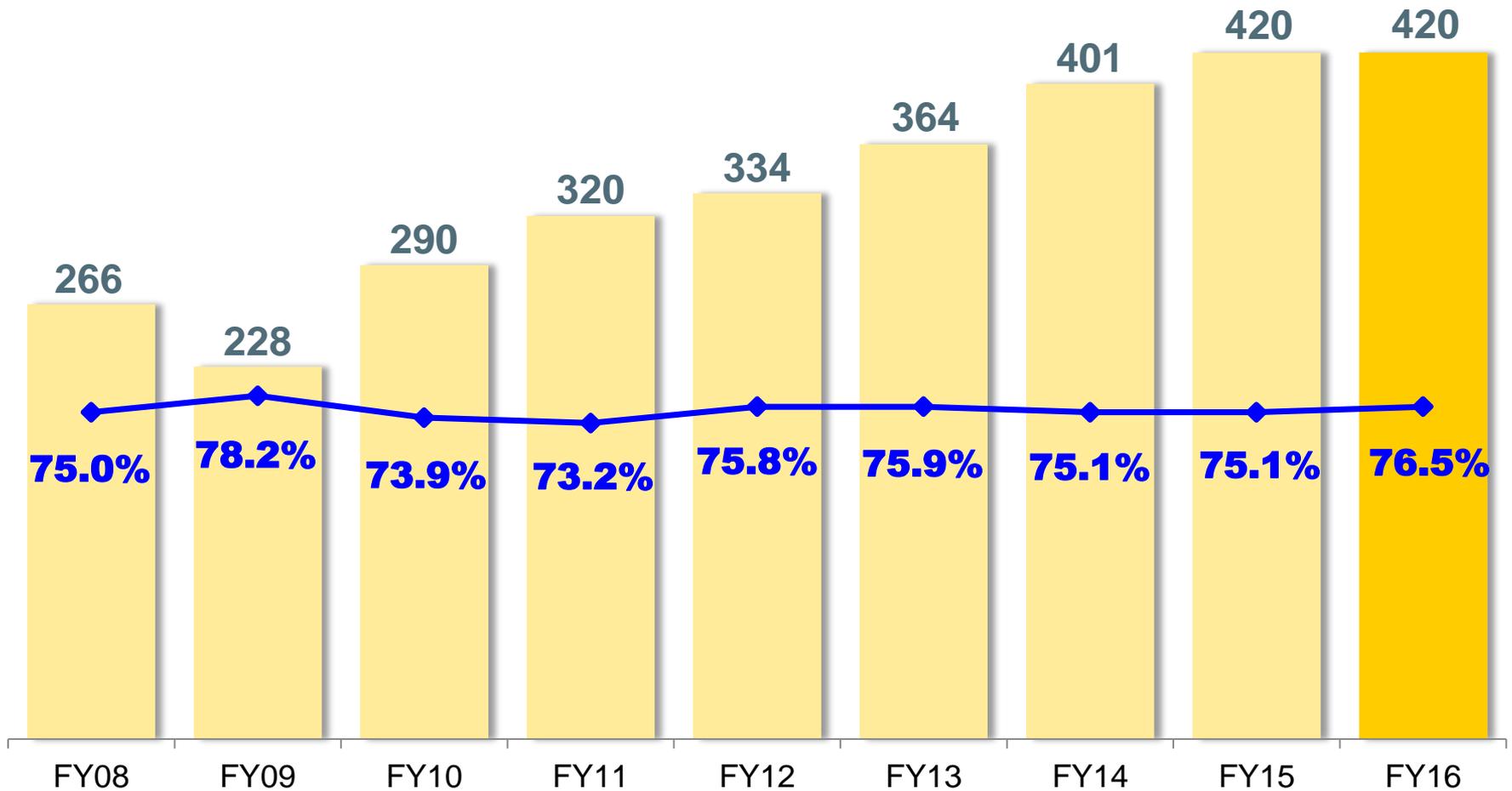


 Interim  Final



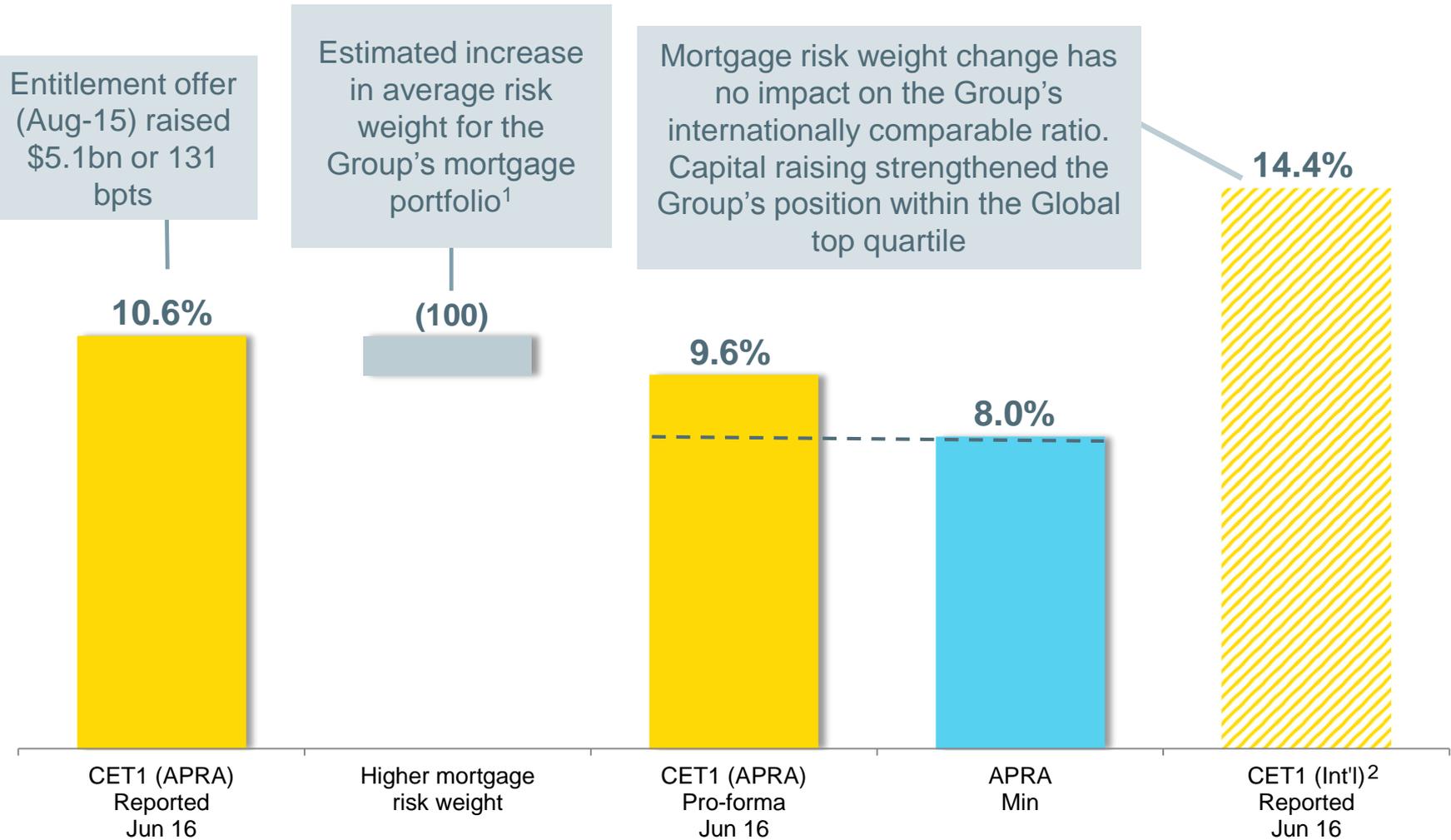
Dividend maintained

cents per share



◆ Cash NPAT Payout Ratio





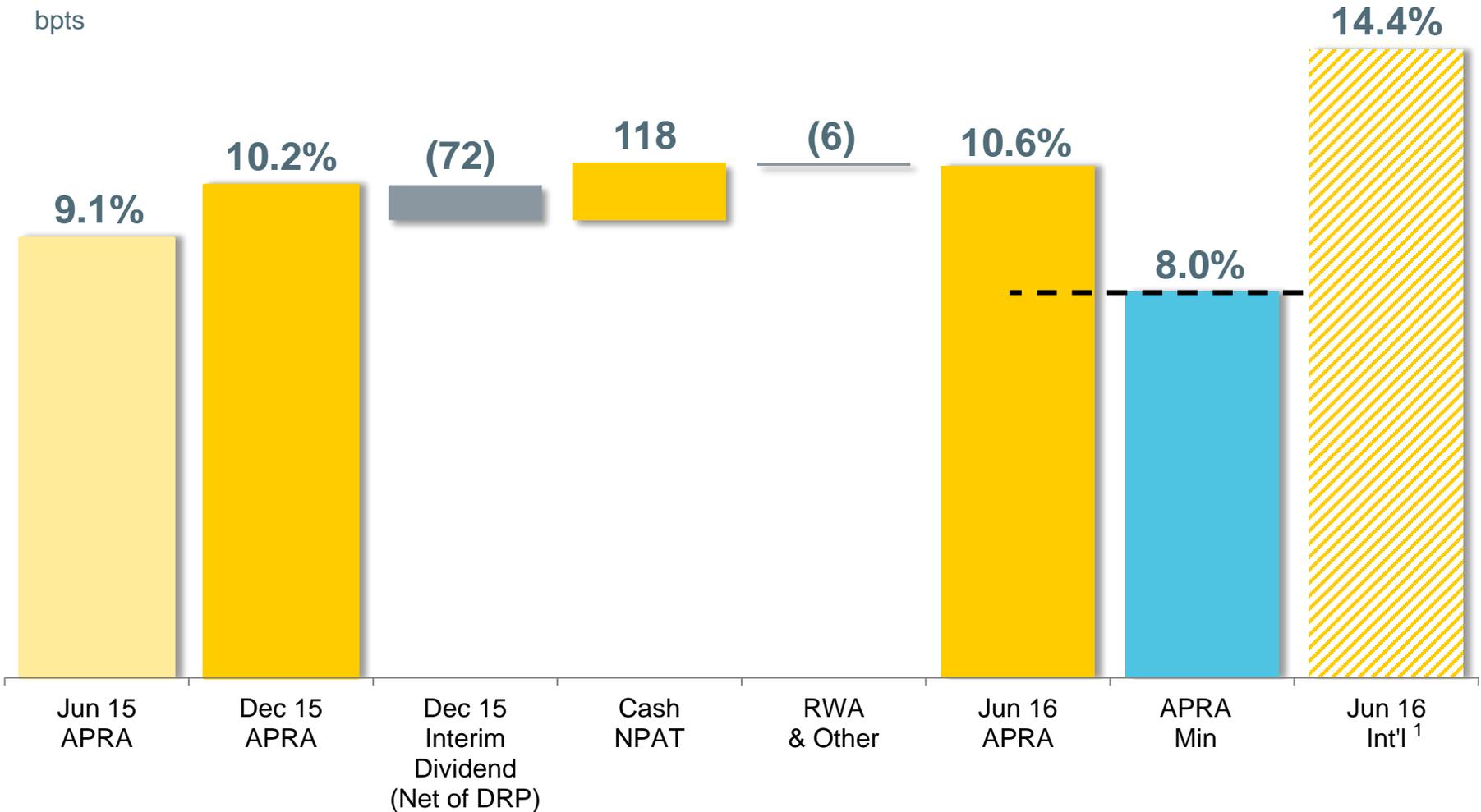
Note: Colonial Group debt – first tranche matured in April 2015 (\$350m). Remaining debt to mature in FY17 (\$1,200m or 30bpts of CET1) and FY18 (\$665m or 15bpts of CET1).

1. On 5 August 2016, APRA reaffirmed its aim to increase the average risk weight on Australian mortgages measured across all IRB ADIs to an average of at least 25 per cent. APRA has advised both recalibration and modelling changes which are likely to lead to some volatility in mortgage risk weights over coming quarters as these changes are finalised. 2. Refer glossary for definition

Strong Capital Position

CET1

bpts

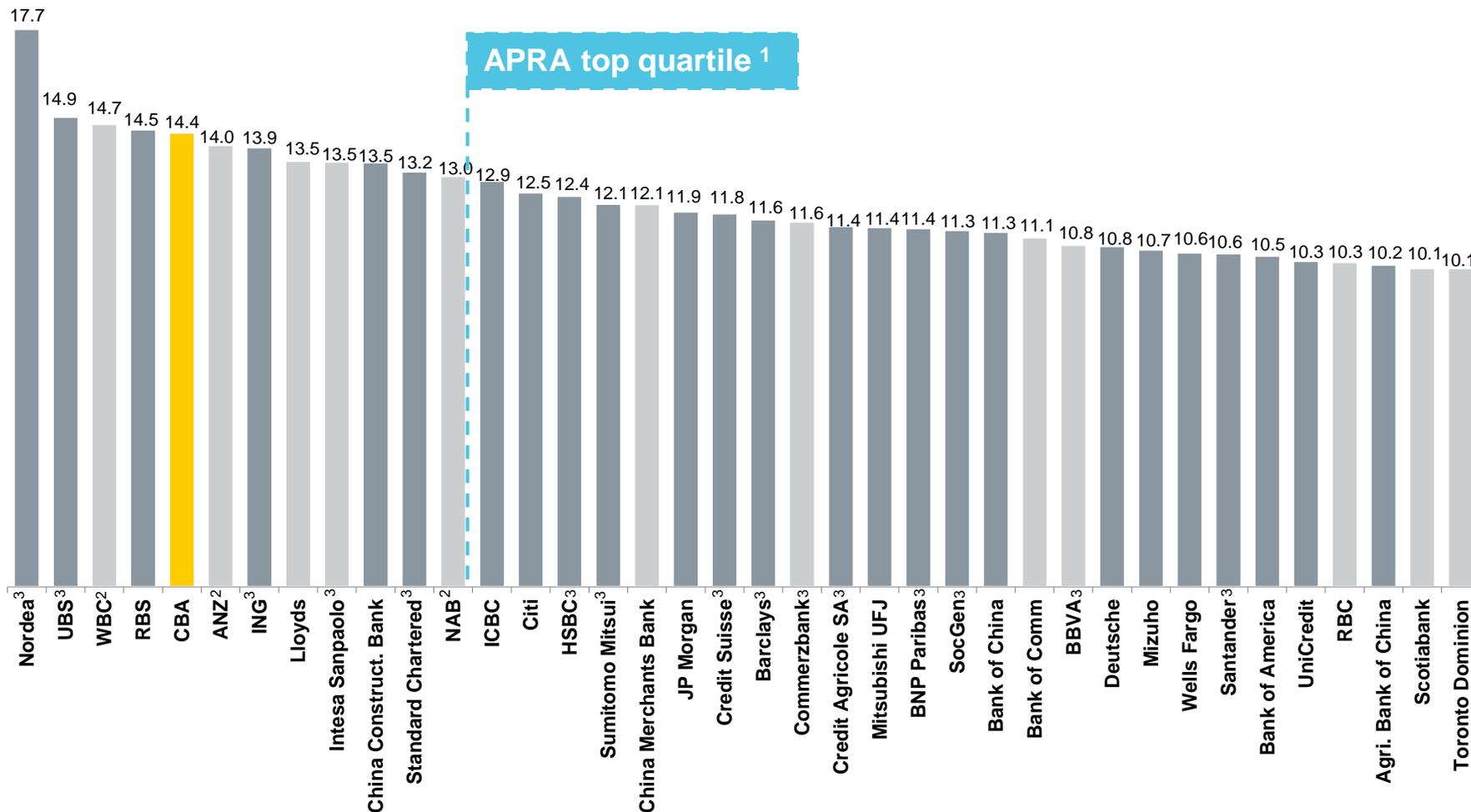


1. Internationally comparable capital - refer glossary for definition



International Peer Basel III CET1

G-SIBs in dark grey



Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 5 August 2016 assuming Basel III capital reforms fully implemented.

Peer group comprises listed commercial banks with total assets in excess of A\$750 billion and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate.

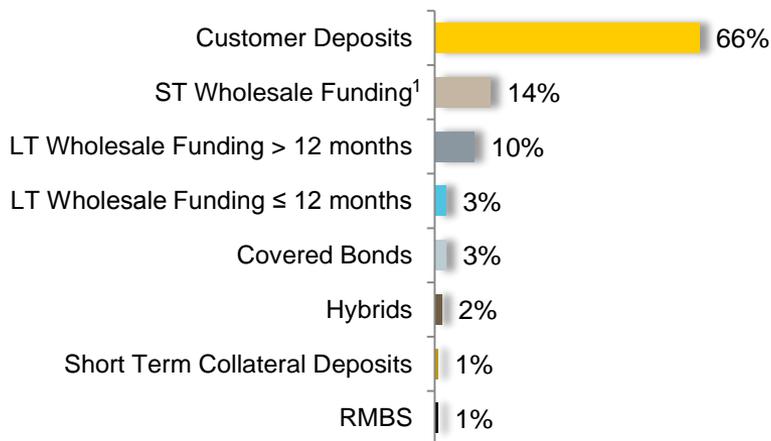
1. APRA Insight Issue Two "International capital comparison update" (4 July 2016)

2. Domestic peer figures as at 31 March 2016. NAB included in peer bank top quartile in accordance with APRA update (see 1 above).

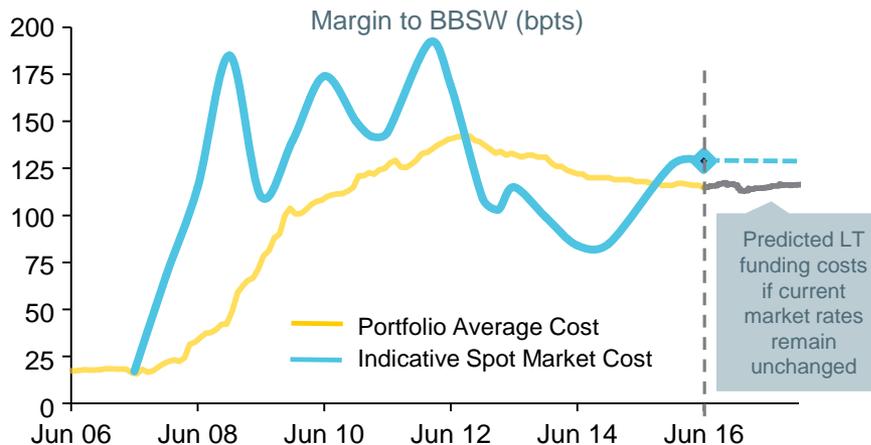
3. Deduction for accrued expected future dividends added back for comparability



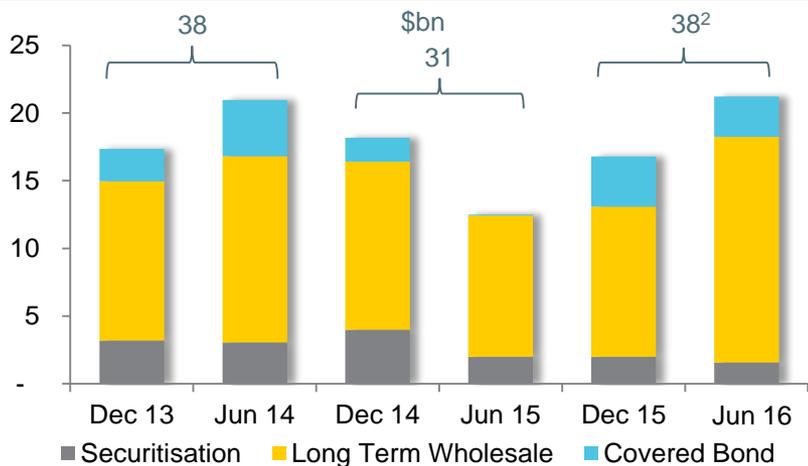
Funding Composition



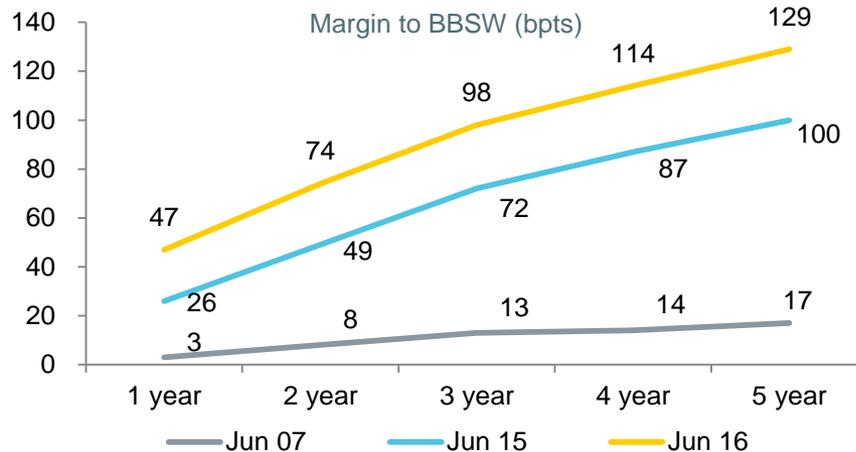
Average Long Term Funding Costs



Issuance



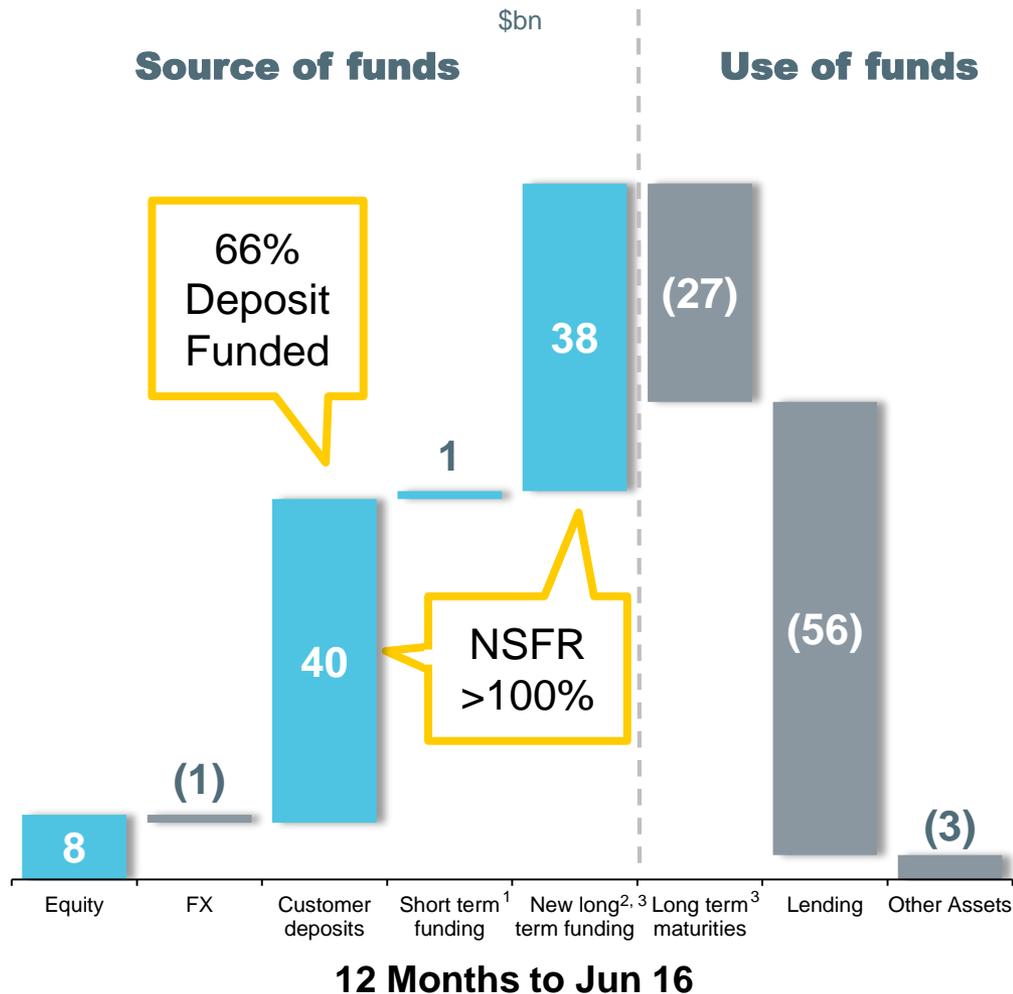
Indicative Funding Cost Curves



1. Includes the categories 'central bank deposits' and 'due to other financial institutions' (including collateral received) 2. Includes restructure of swaps and reclassification of deals between short and long term funding

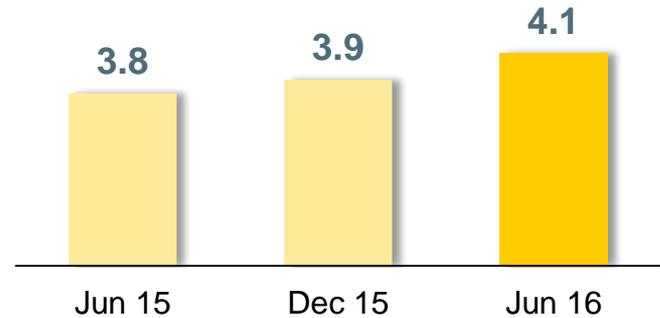
Funding and Liquidity

Funding



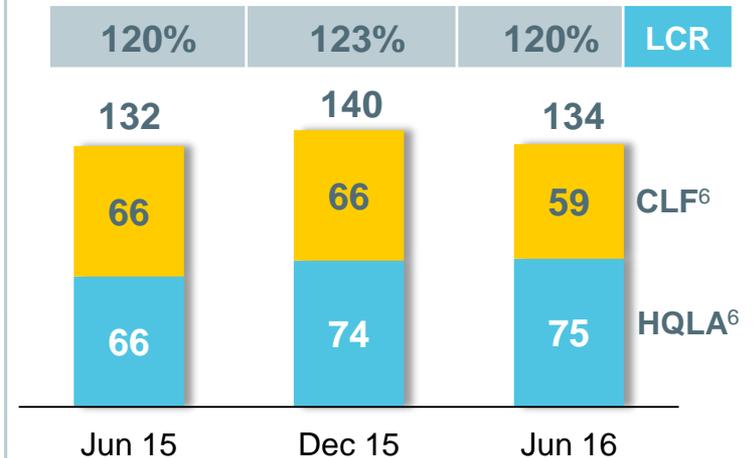
Long Term Funding

Portfolio Tenor (years)⁴



Liquidity⁵

\$bn

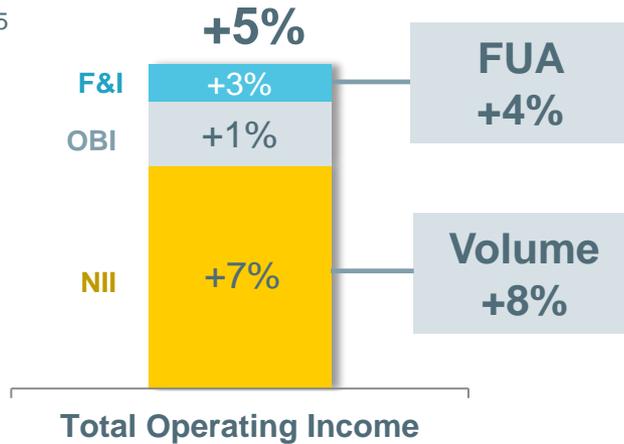


1. Includes net short term collateral deposits. 2. Includes restructure of swaps. 3. Reported at historical FX rates. 4. Weighted Average Maturity of long term wholesale debt. Includes all deals with first call or residual maturity of 12 months or greater. 5. Liquids are reported net of applicable regulatory haircuts. 6. Refer glossary for definition.

Summary

A volume driven income result

FY16 vs FY15



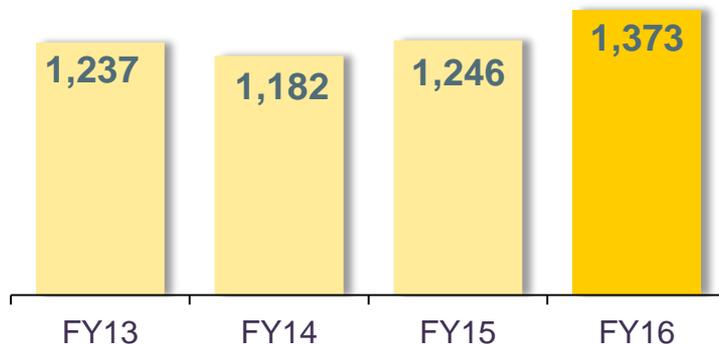
Good operating performance

(Income less operating expenses, \$m)
FY16 vs FY15

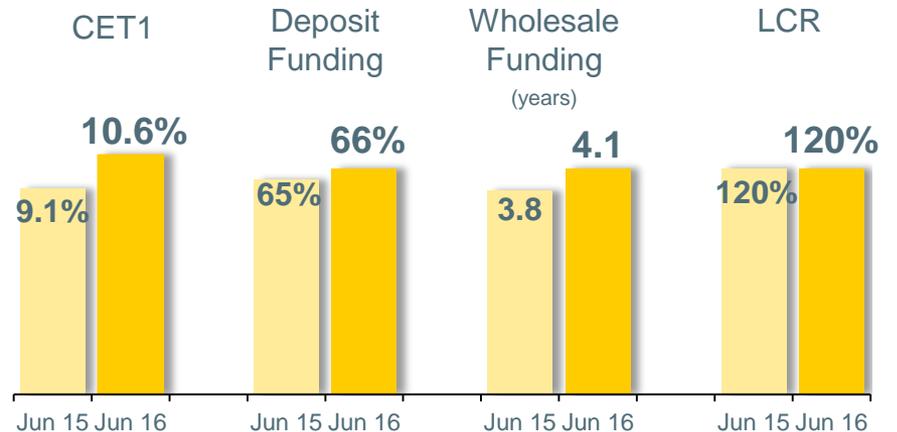


Continuing to invest

\$m



Strength



1. IB&M ex CVA/FVA
2. In NZD





CommonwealthBank 

RESULTS PRESENTATION

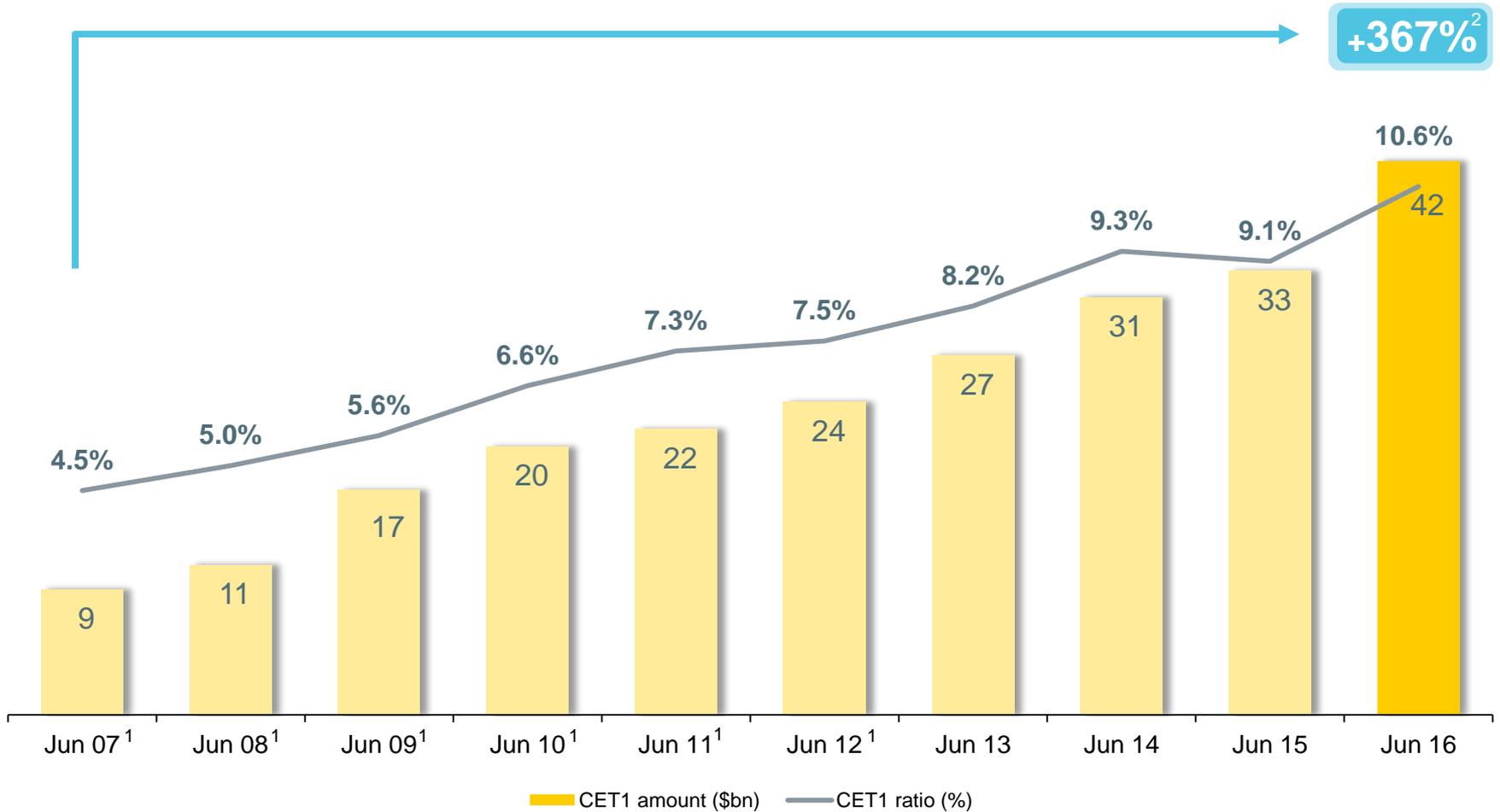
FOR THE FULL YEAR ENDED 30 JUNE 2016

IAN NAREV
CHIEF EXECUTIVE OFFICER

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 10 AUGUST 2016

**WHEN
WE BELIEVE,
WE CAN.**

CET1



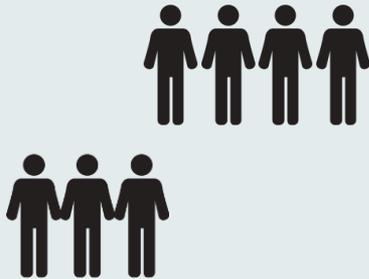
+367%²

1. Calculated Basel III equivalent
 2. Growth relates to change in dollar value of CET1

Depositors and shareholders fund our lending to borrowers

Depositors

11.3 million
deposit customers



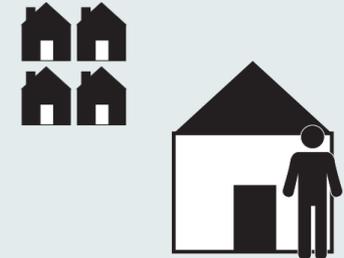
Shareholders

Over **800,000**
Australian households are
direct shareholders and
millions more individuals
through their
superannuation funds



Borrowers

1.9 million
home loan customers



A customer who invests in a 3
year term deposit offer will earn

\$575
more per year*

76%

of profits are paid to
shareholders as dividends.
The average retail shareholder
will receive \$3,738 this year

\$403
per year saved on the average
variable home loan**

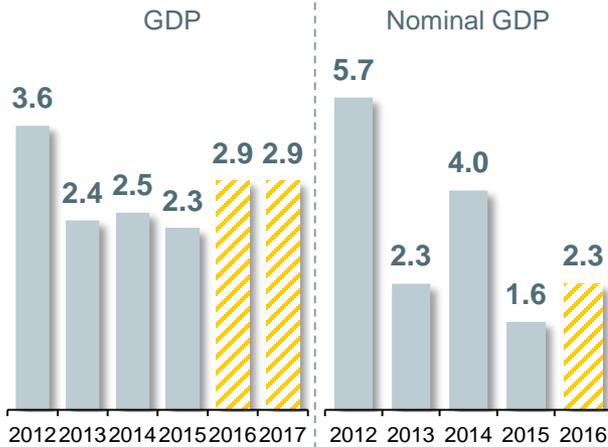
* based on the average customer term deposit balance and CBA 3 year TD offer announced on 2 August, 2016

** based on rate reduction announced on 2 August, 2016

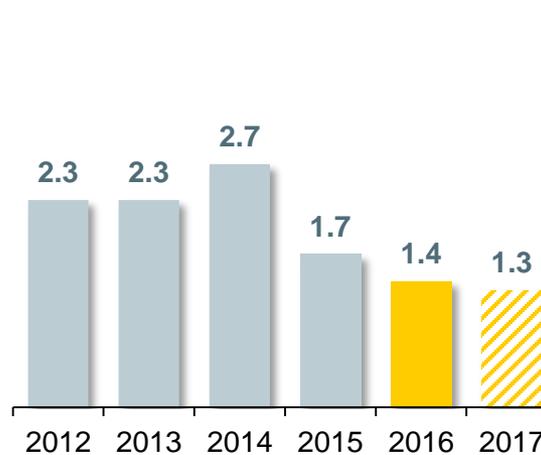
Additional information

Economic Indicators (June FY)

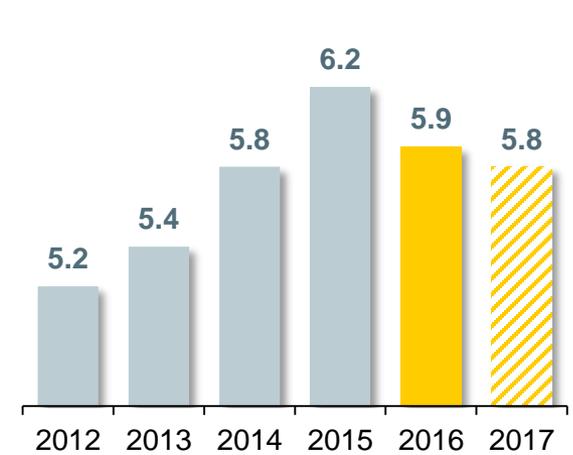
GDP %



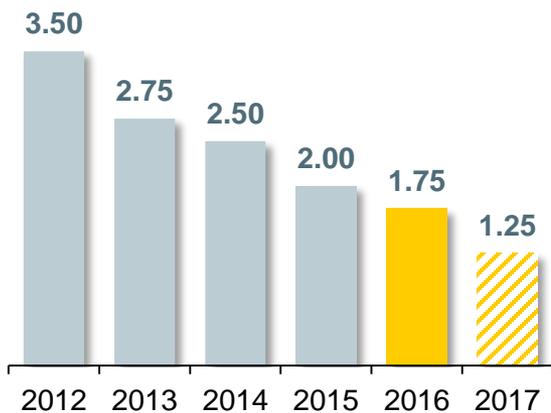
CPI%



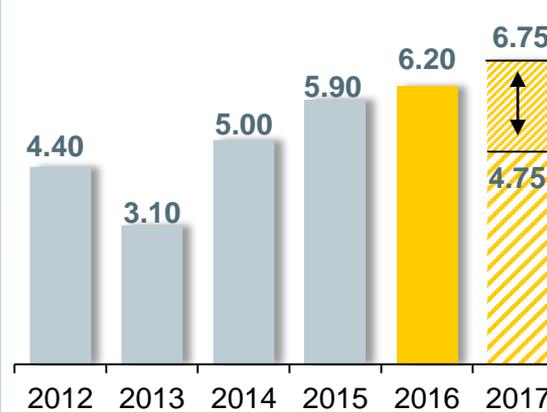
Unemployment Rate %



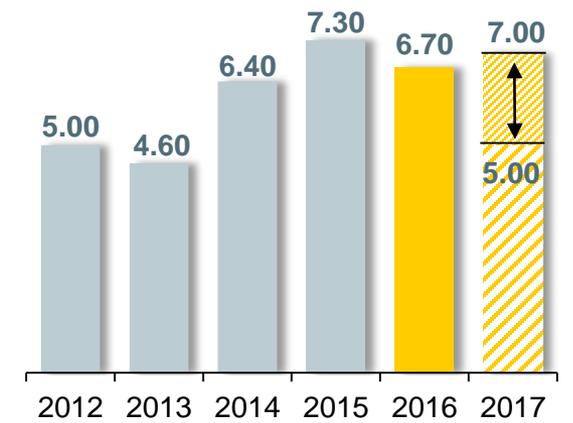
Cash Rate %



Total Credit Growth %



Housing Credit Growth %



Credit Growth
GDP, Unemployment & CPI
Cash Rate

= 12 months to June qtr
= Financial year average
= As at end June qtr

▨ = forecast

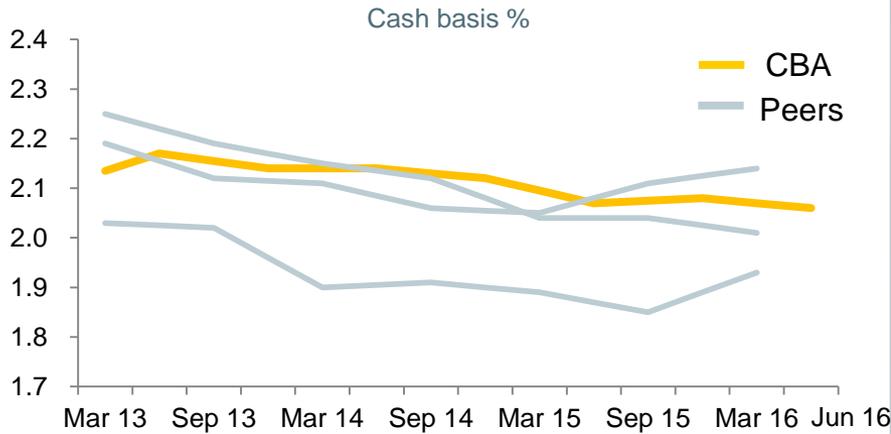


Outlook

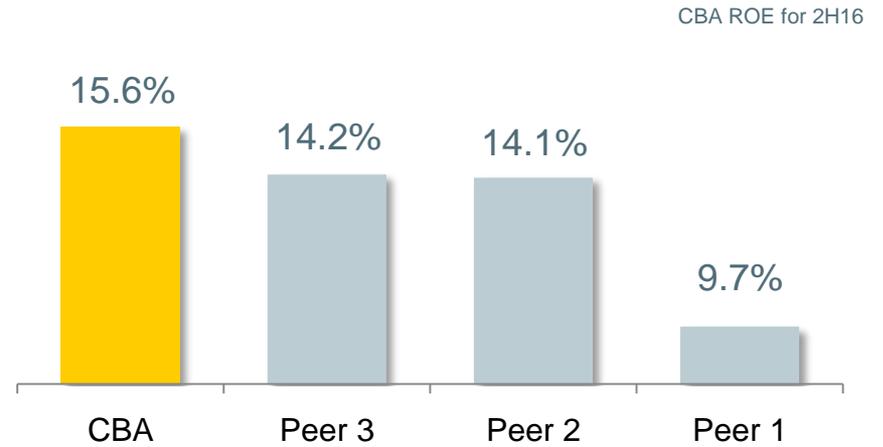
- ◆ Solid underlying GDP growth and stable employment, but nominal growth remains weak
- ◆ Globally, monetary stimulus unable to offset low confidence from weak incomes and instability
- ◆ “More of the same” the most likely scenario, but with some downside risk
- ◆ For CBA – conservatism, focus on the long-term, wary of structural responses to cyclical trends



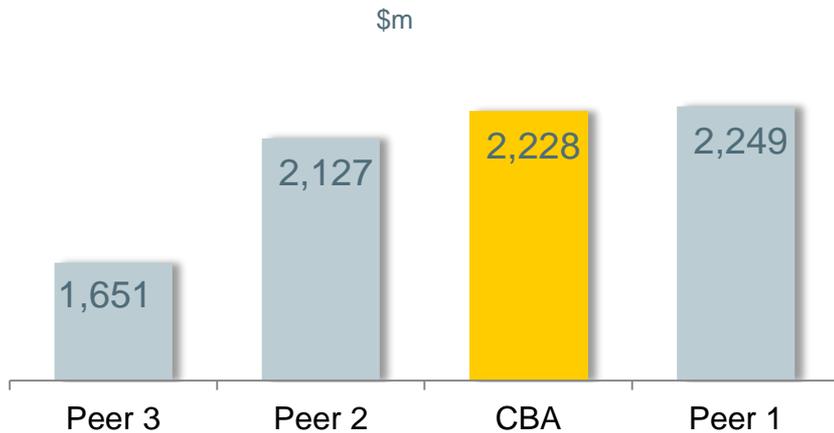
Group NIM



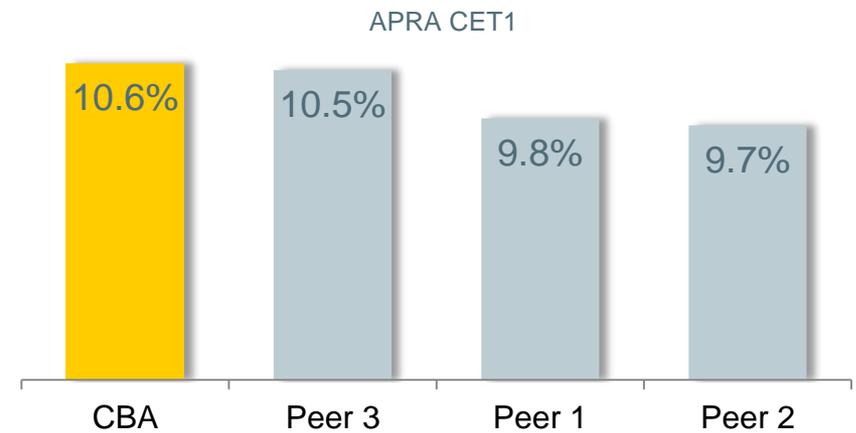
ROE¹



Capitalised Software²



Capital³



1. CBA is half to June 2016. Peers are half to March 2016. 2. Reported CBA is at June 2016. Peers as at March 2016.
3. CBA as at June 2016. Peers as at March 2016.

Summary

- ◆ Result again built on the consistent execution of a 10 year strategy:
 - Customer satisfaction, innovation, strength
- ◆ Changing operating context, impacting returns:
 - Economic sentiment
 - Interest rates
 - Competitive intensity
 - Regulatory compliance/costs
- ◆ Long-term focus, continuing to reinvest



CommonwealthBank



RESULTS PRESENTATION

FOR THE FULL YEAR ENDED 30 JUNE 2016

SUPPLEMENTARY SLIDES

Overview, Customers & People	65
Technology & Innovation	83
Risk & Credit Quality	95
Capital & Funding	111
Economic Indicators	125



**WHEN
WE BELIEVE,
WE CAN.**

CBA Overview

	Australia	NZ	Other	Total	
People, Customers & Delivery	Customers	13.1m	2.3m	0.5m	15.9m
	Staff	41,400	5,800	4,500	51,700
	Branches	1,131	133	145	1,409
	ATMs	4,381	445	172	4,998
Customer Satisfaction	Retail			#1	
	Business			= #1	
	Internet Banking			#1	
Market Shares	Main Financial Institution (MFI)			#1	
	Home Lending ¹			#1	
	Household Deposits ²			#1	
	FirstChoice Platform ³			#1	
Strength	Market Capitalisation ⁴			#1	
	Capital (CET1)			10.6%	
	Total Assets			\$933bn	
	Credit Ratings ⁵			AA-*/Aa2/AA-	

Refer notes slide at back of this presentation for source information

1. Source: RBA 2. Source: APRA 3. Source: Plan for Life Mar-16 4. Source: Bloomberg, 27 Jul 2016 5. S&P, Moody's, Fitch
* S&P put major Australian Banks on "Outlook Negative" 7 Jul 2016

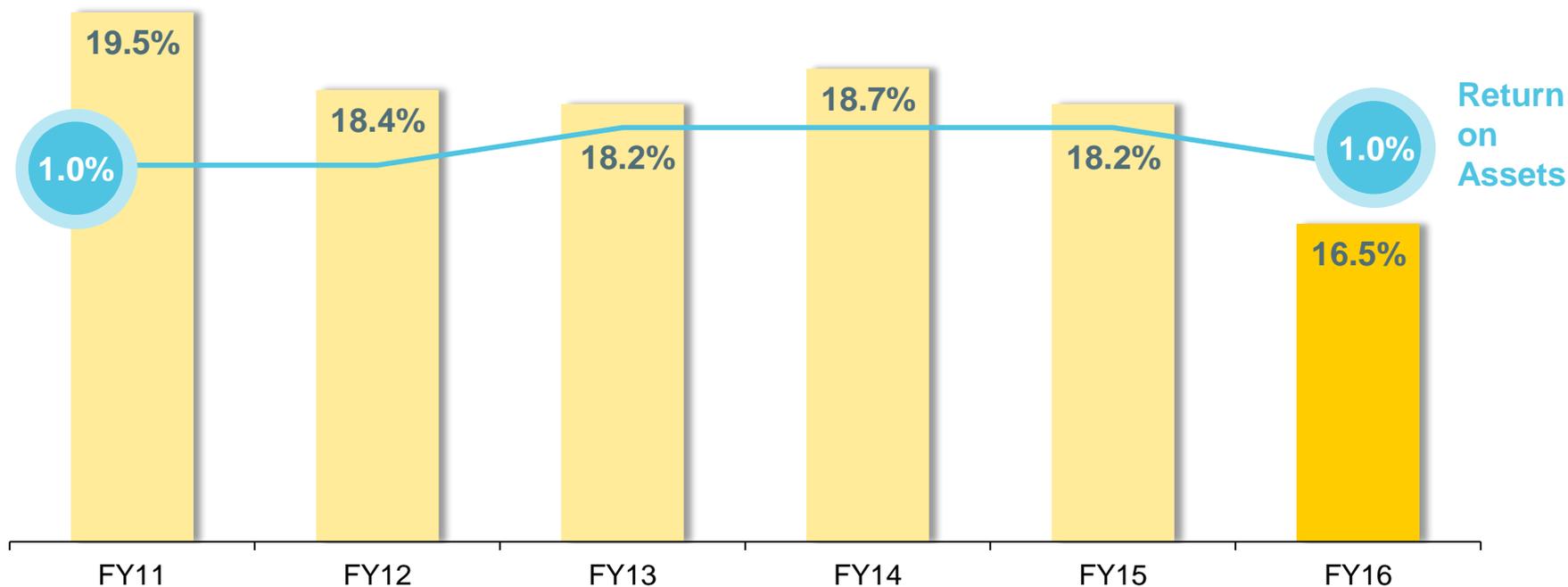


Sector leading returns

Cash ROE

CBA Ranking¹

Market Cap (ASX)	Dividend declared	Taxes Paid	Return on Equity	Return on Assets
1 st	1 st	1 st	31 st	81 st



1. Most recent annual results data amongst ASX 100 companies. Sourced from Bloomberg 27 July 2016.



Broad contributor to Australian wellbeing

Operating Income FY16

\$24.6bn

Expenses

Including ~5,000 SME partners and suppliers (>90% Australian)

Loan impairment

Cost of lending across the economy

Tax expense

Australia's largest tax payer¹ and signatory of the Voluntary Tax Transparency Code

Salaries

Employing ~41,400 people in Australia, ~51,700 globally

\$6.2bn

\$1.3bn

\$3.6bn

\$2.3bn

\$7bn

Retained for capital and growth

Over \$192 billion in new lending in FY16

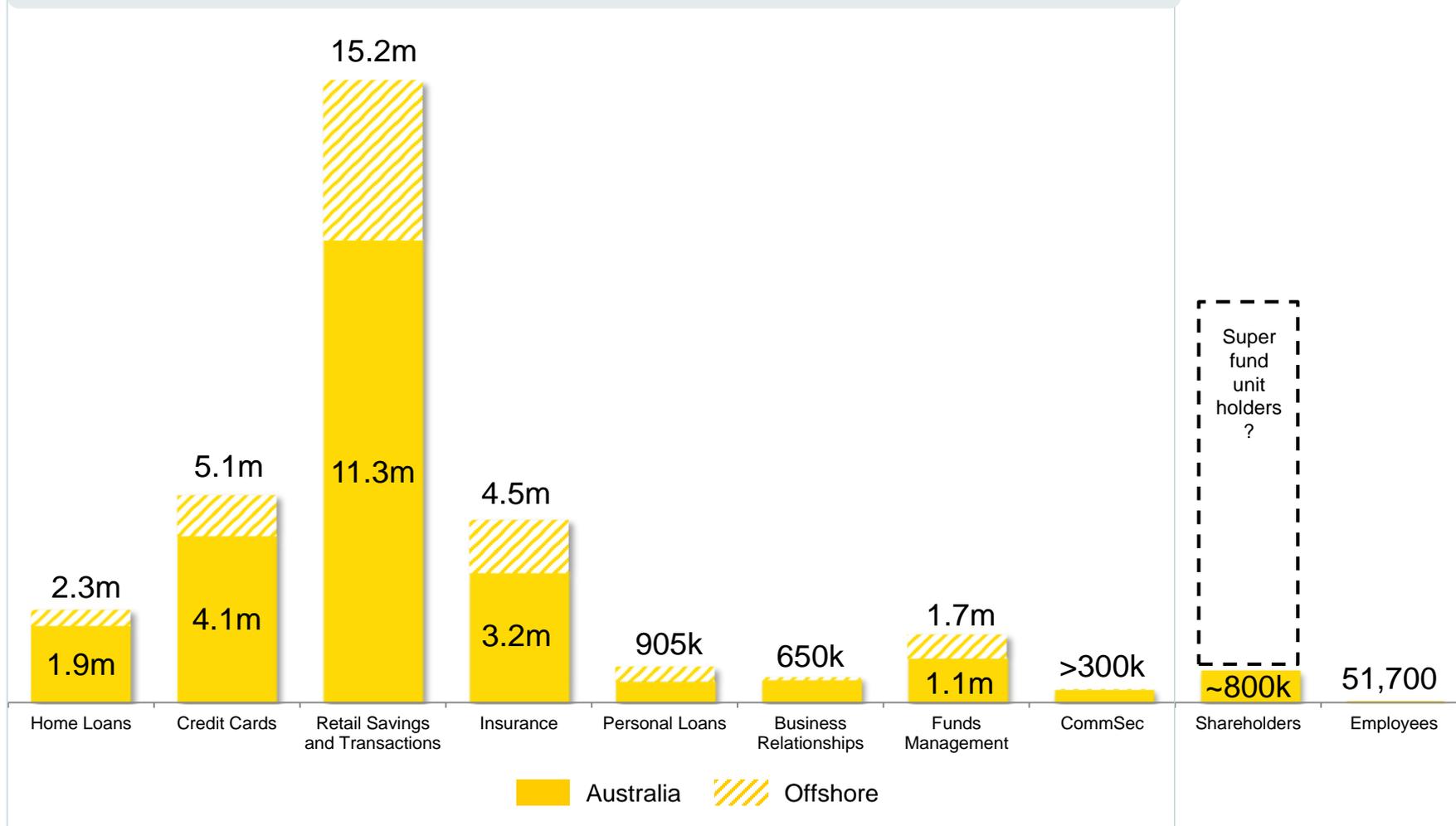
Dividends

Returned to over 800,000 shareholders & super funds



Our Stakeholders

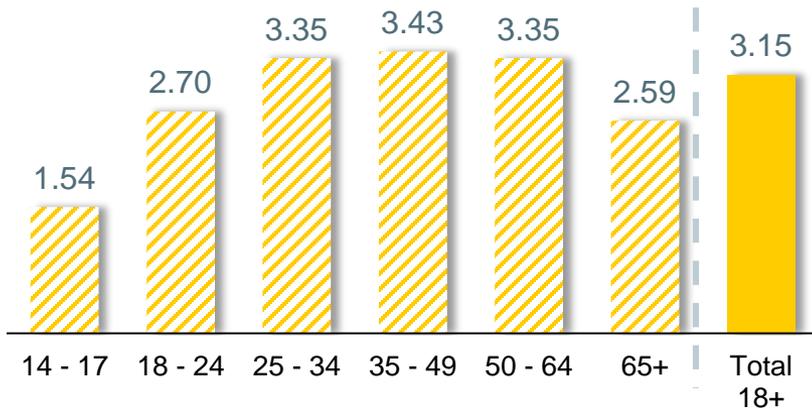
Customer Product Holdings¹



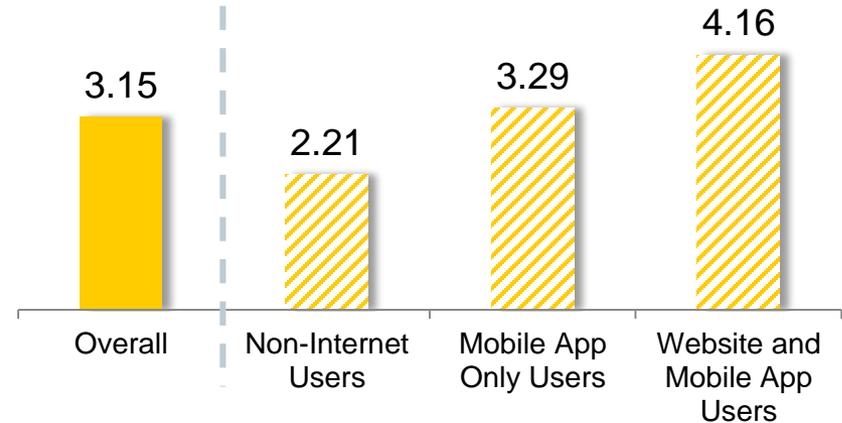
1. Customers who hold at least one product in each of the major product categories shown. Totals not mutually exclusive – includes cross product holdings. Figures are approximates only and may include some level of duplication across customer segments. CommSec total includes active accounts only. Figures may reflect restatements consistent with current period reporting.

Customer needs met

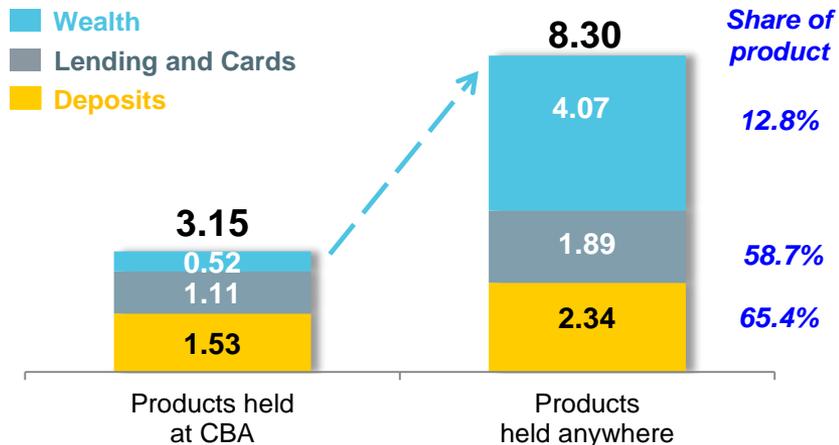
By Age



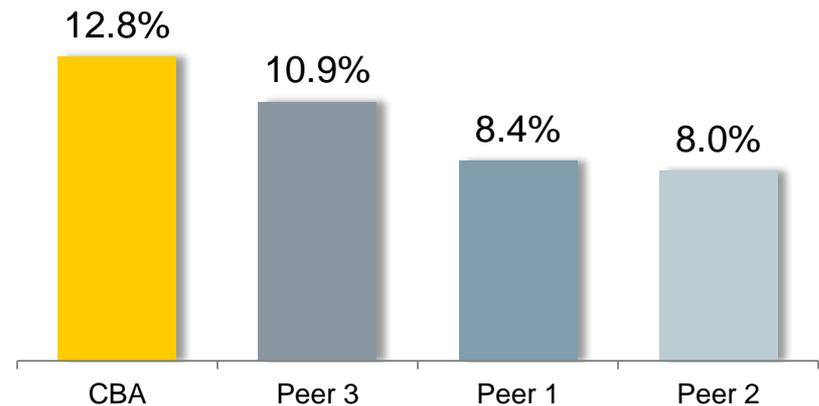
By Channel



Share of Product



Wealth – Share of Product



Corporate Responsibility Strategy

Our Vision

To excel at securing and enhancing the financial wellbeing of people, businesses and communities

Our Values



Corporate Responsibility Strategy

Our role in society

Our people

The way we do business

Build capability

Innovate purposefully

Fairness and respect

Community minded

Transparently

Influence for good

Sustainably



Corporate Responsibility

Our vision is to excel at securing and enhancing the financial wellbeing of people, businesses and communities. **Our corporate responsibility efforts help us deliver on our vision with a focus on our role in society, our people and the way we do business.**



The most sustainable bank in the world

The Group has been recognised as the most sustainable company in Australia and the most sustainable bank in the world¹

A great place to work

- WGEA³ citation retained
- Named 2nd most inclusive employer in the 2016 Australian Workplace Equality Index (AWEI) Awards, which recognises workplace support for LGBTI people.
- Employee network Unity named the 2016 LGBTI Employee Network of the Year.



A leading sustainability-driven company

In 2015/16, the Group was once again included in the Dow Jones Sustainability World Index (DJSI)².



Leader in climate disclosure

The Group has been included in the CDP ASX 200 Climate Disclosure Leadership Index for the seventh consecutive year.



FTSE4Good

Strong environmental, social and governance practices

The Group continues to be listed on the FTSE4Good Index - comprising companies demonstrating strong Environmental, Social and Governance (ESG) practices.



1. World Economic Forum, G100 - the global index of the world's most sustainable corporations. 2. The DJSI World is the first global index to track the financial performance of the leading sustainability-driven companies worldwide. 3. Workplace Gender Equality Agency

Corporate Responsibility

Our role in society



Build capability

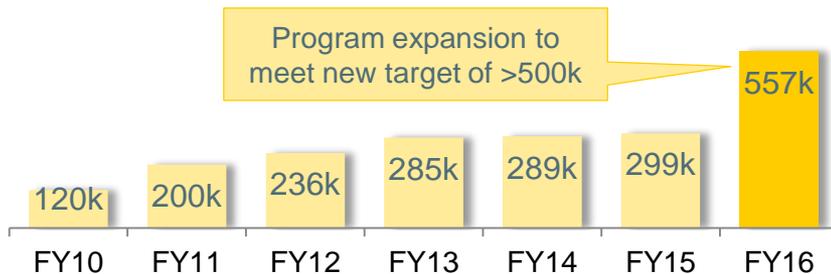
- Delivering on 2015 \$50 million investment commitment to education over 3 years
- Doubled investment in Start Smart financial literacy program leading to 550,000+ students registered
- Learning Impact Fund launched to evaluate education programs in Australia to raise the academic achievement of children and young adults
- \$1.6 million investment to develop a centre of expertise for cyber security education with UNSW



Innovate purposefully

- Australia's leading technology bank
- \$10 million provided (of \$15 million commitment) in FY16 to support Australian researchers in building the world's first silicon-based quantum computer in Sydney
- Innovation labs bringing clients, government and communities together to explore the latest FinTech developments

Start Smart students (registered) ¹



1. Start Smart students' refers to the number of students booked to attend Commonwealth Bank's Start Smart Programs during a 12 month period

Corporate Responsibility

Our people



Fairness and respect

- Employer of Choice for Gender Equality
- Named second most inclusive employer in the 2016 Australian Workplace Equality Index (AWEI) Awards and employee network Unity was named the 2016 LGBTI Employee Network of the Year
- Announced new 40 per cent target for women in Executive Manager and above positions by 2020

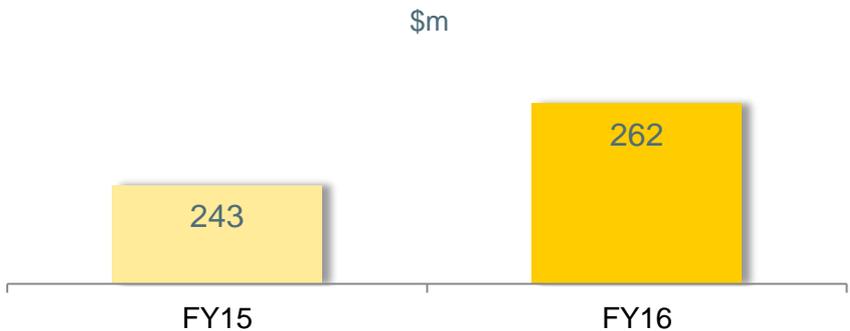
Women in Executive Manager and above roles¹



Community minded

- Committed to national Financial Inclusion Action Plan (FIAP) program alongside 10 other community and industry organisations
- More than \$262m in total community investment
- Granted \$2m to 229 grassroots programs through the Staff Community Fund, Australia's longest-running workplace-giving program

Total Community Investment²



1. Percentage of roles at the level of Executive Manager and above filled by women, in relation to the total headcount at this level. Comparatives have been restated to include IFS. 2. Total community investment includes investment in the form of cash, time, foregone revenue and program implementation costs. This figure was measured in this way for the first time in FY15.

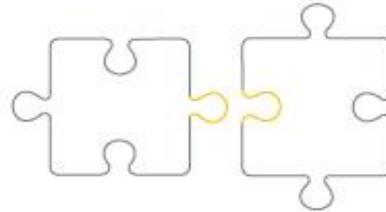
Corporate Responsibility

The way we do business



Transparently

- Committed to addressing community concerns about industry conduct
- Released Wealth Management Responsible Investing framework - integrating ESG considerations across our investment processes
- 1,786 professionals trained on ESG matters
- Released financed carbon emissions report assessing the carbon emissions intensity of our business lending portfolio



Influence for good

- The Group was closely involved through the full process of government consultation and engagement to the Financial System Inquiry (FSI)
- Released Human Rights Position Statement formalising our commitment to respect human rights across all operations, including our supply chain practices
- Launched Elevate Reconciliation Action Plan in June 2016



Sustainably

- Updated Group Environment Policy acknowledging international efforts to limit global warming to two degrees
- First Australian Bank to be awarded a 5 Star Green Star rating for our current branch design
- Commonwealth Bank Place is the first Australian office awarded a 6 Star Green Star rating across all four aspects: design, construction, interior fit-out and operation performance



Corporate Responsibility Scorecard

		FY16	FY15	FY14	FY13	FY12	FY11
Customer satisfaction	Roy Morgan MFI Retail Customer Satisfaction % - Rank (CBA) ¹	82.8 1 st	84.2 1 st	83.2 1 st	83.0 1 st	79.0 2 nd	75.2 4 th
	DBM Business Financial Services Monitor (avg) - Rank (CBA) ²	7.2 =1 st	7.5 =1 st	7.4 =1 st	7.4 =1 st	7.3 =1 st	7.1 =2 nd
	Wealth Insights Platform Service Level Survey (avg) - Rank (CBA) ³	8.07 1 st	7.75 2 nd	7.94 1 st	8.32 1 st	7.86 1 st	7.74 1 st
People	Employee Engagement Index Score (CBA) % ⁴	77	81	81	80	80	n/a
	Employee Turnover Voluntary % ⁵	11.3	10.2	10.2	10.2	12.9	12.7
	Women in Manager and above roles % ⁶	43.6	43.2	42.9	42.0	42.0	43.6
	Women in Executive Manager and above roles % ⁶	35.2	33.9	31.8	30.3	30.9	28.2
	Lost Time Injury Frequency Rate (LTIFR) ⁷	1.2	1.9	1.5	1.9	2.8	2.4
	Absenteeism Rate ⁸	6.0	6.0	6.1	6.2	6.2	6.0
Greenhouse Gas Emissions	Scope 1 emissions tCO ₂ -e (CBA) ⁹	6,847	7,249	7,936	8,064	8,192	8,183
	Scope 2 emissions tCO ₂ -e (CBA) ⁹	81,307	86,264	91,275	100,997	118,047	137,948
	Scope 3 emissions tCO ₂ -e (CBA) ⁹	33,854	39,361	44,826	47,438	47,667	63,719
Financial Literacy Programs	School Banking students (active) ¹⁰	330,874	310,474	273,034	233,217	191,416	140,280
	Start Smart students (booked) ¹¹	557,475	298,505	288,728	284,834	235,735	200,081

All metrics capture data of the wholly owned and operated entities of the Commonwealth Bank Group (the Group) unless otherwise stated. For definitions and notes, please refer source slide at the end of this presentation.

Investing in our society

#1

**Largest tax payer
in Australia**

550,000+

**Students
registered for Start
Smart financial
education**

\$262m

**Total
Community
Investment**

\$2m

**In grants to 229
youth focused
organisations**

170,357

**Calls to our
Indigenous
customer
assistance line**

2,400+

**Businesses
engaged with our
innovation labs**

52%

**Student customers
saving regularly
via School Banking**

21

**CareerTrackers
Indigenous interns**

\$1.6m

**Toward cyber
security education**



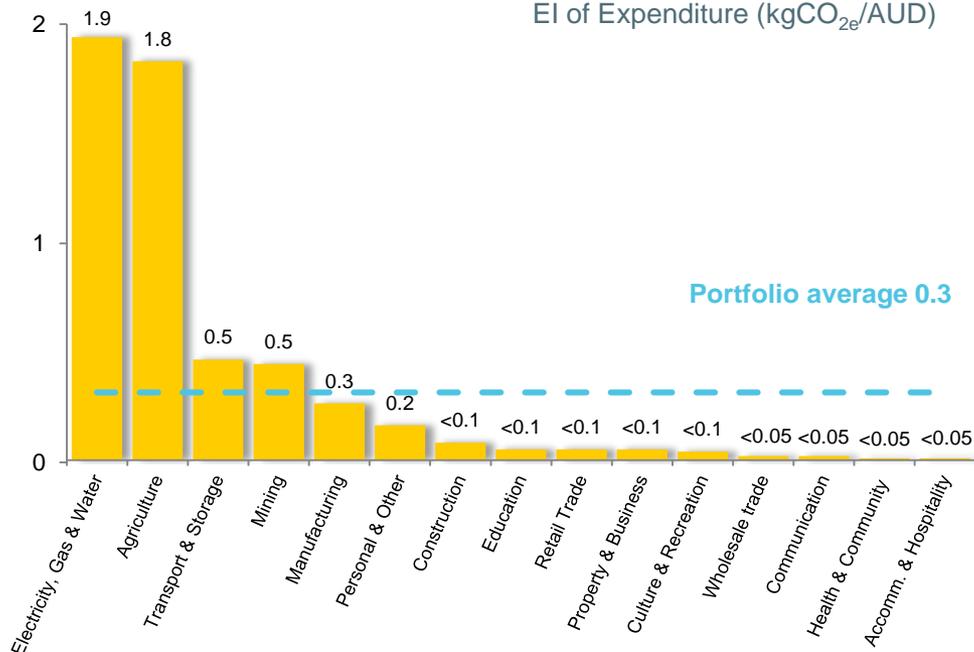
Supporting the transition to a low carbon economy

Detailed assessment undertaken of the carbon emissions arising from the Group's business lending, providing the analysis and insights to identify and act on key opportunities to reduce these carbon emissions.

The Group's lending exposure to renewable electricity generation reached \$2.2 billion as at 30 June 2016, more than 5 times our exposure to direct coal related electricity generation. The next iteration of the Group's assessed carbon emissions reporting will be available in the coming months.

CBA Group Business Lending Emissions Intensity (EI) of Expenditure

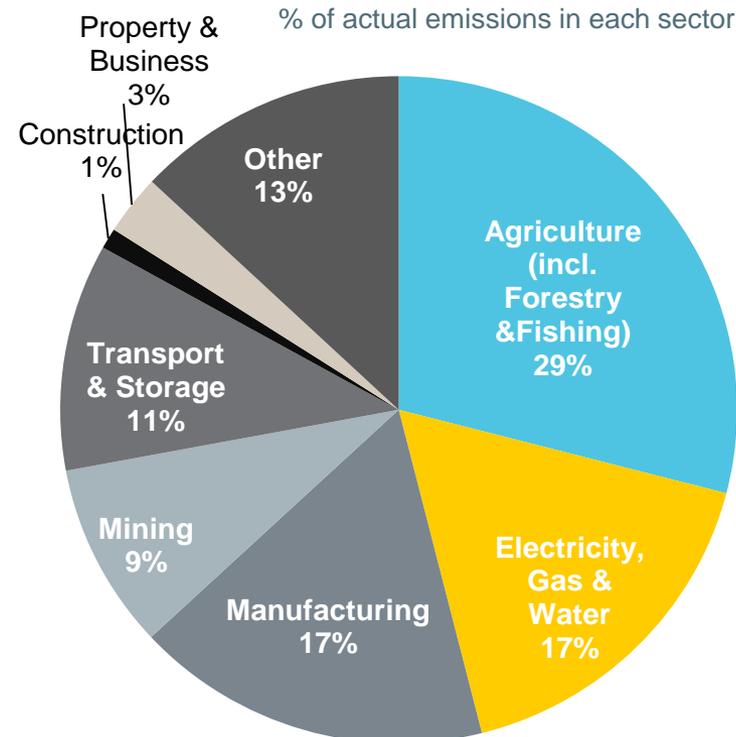
EI of Expenditure (kgCO_{2e}/AUD)



Weighted portfolio average EI of expenditure includes a double count of electricity scope 1 emissions across all sectors. Sector classification defined by ANZSIC main business activity.

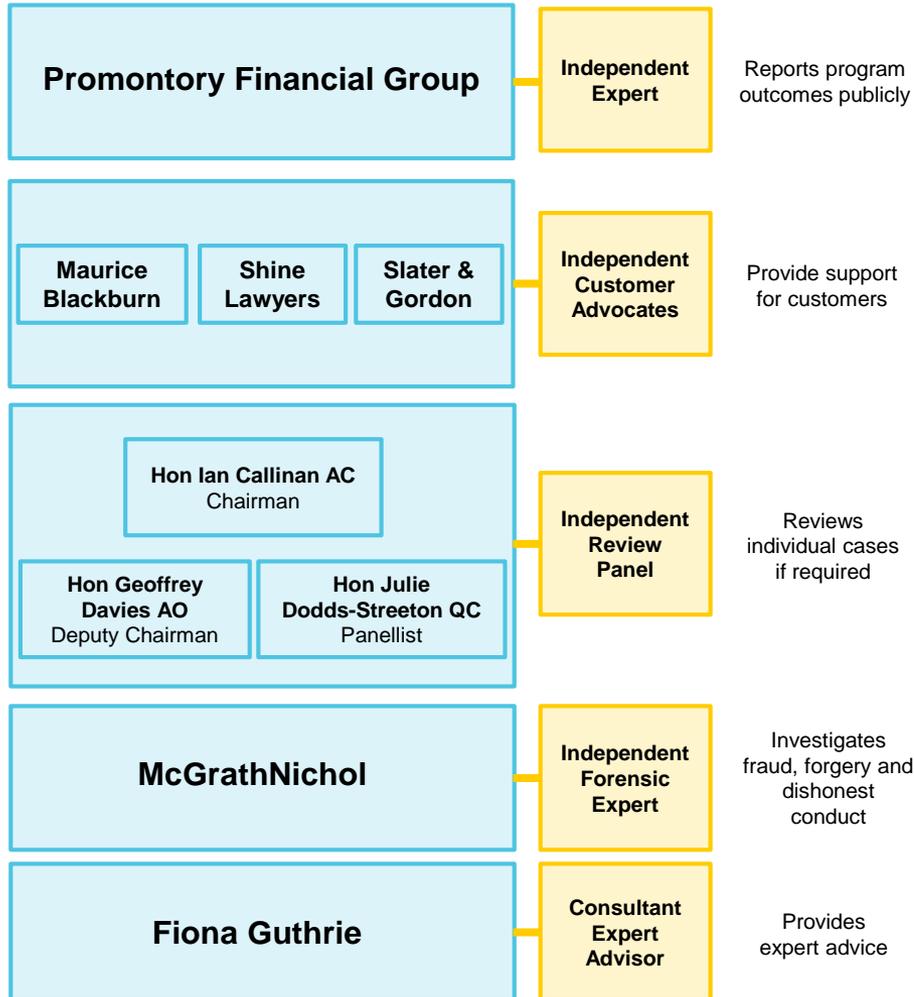
CBA Group Business Lending Emissions Profile

% of actual emissions in each sector



Open Advice Review

Program

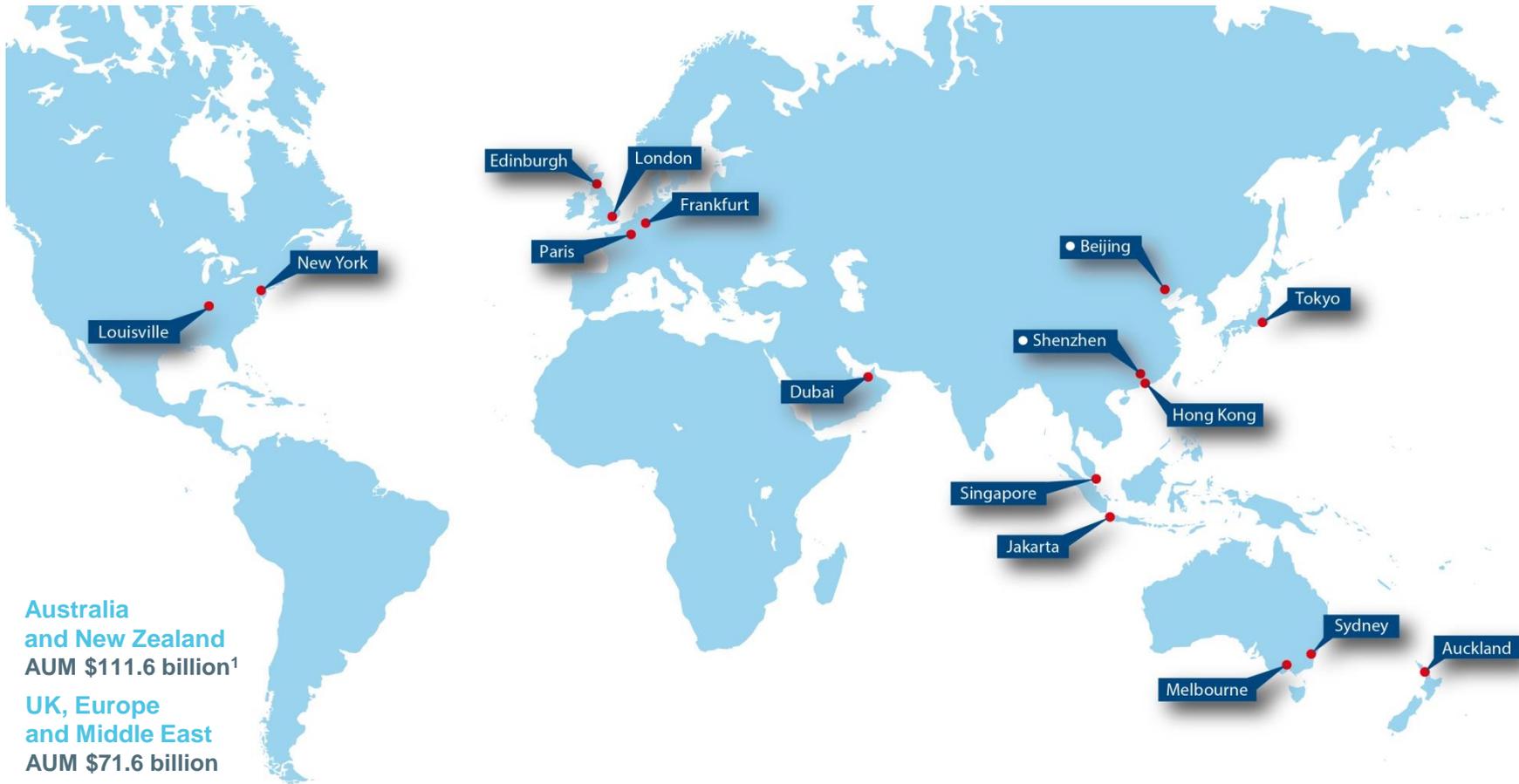


Progress

- ◆ Offer to review advice provided to all Financial Wisdom and Commonwealth Financial Planning customers between September 2003 and July 2012
- ◆ Opened 3 July 2014. Expressions of interest closed 3 July 2015, registrations closed 3 July 2016
- ◆ 350,000 letters sent to current CFP customers
- ◆ Over 500 people working on the program
- ◆ As at 10 August 2016:
 - ◆ Approx. 8,600 customers have requested a review of their advice
 - ◆ 5,000 assessments issued
 - ◆ Compensation offered in 666 cases (\$8.7m)
- ◆ On track to deliver all assessments by the end of the 2016 calendar year
- ◆ Promontory Financial Group's sixth progress report to be delivered in September 2016



CFSGAM – Global Reach



○ Joint venture

Australia and New Zealand
AUM \$111.6 billion¹

UK, Europe and Middle East
AUM \$71.6 billion

Asia (incl. Japan)
AUM \$9.7 billion

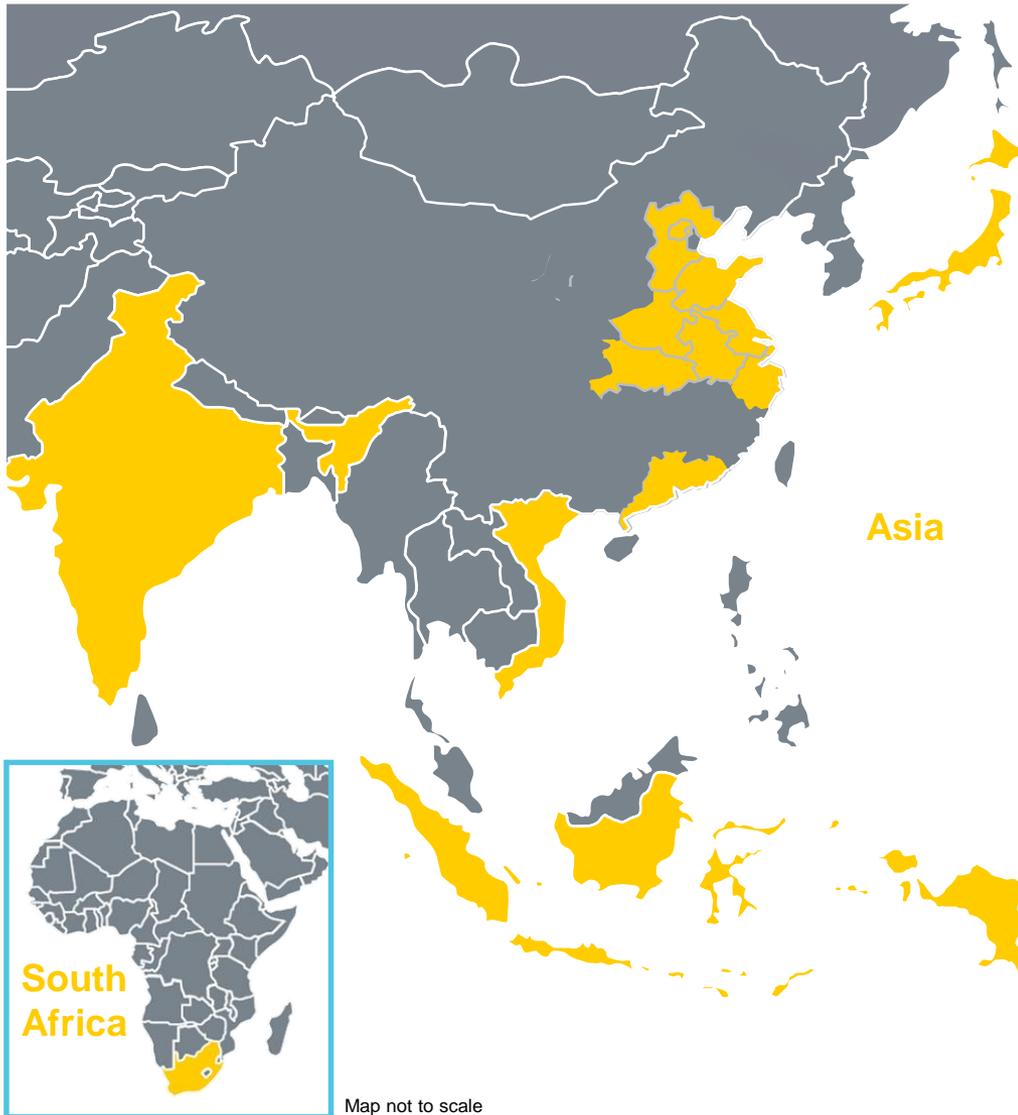
North America
AUM \$6.8 billion²

Spot

1. Assets under management indicated above includes Realindex Investments which is a wholly owned investment management subsidiary of the Colonial First State group of companies 2. USA assets managed through CFSAMAL (Australia based non-domiciled), FSII (UK based non-domiciled), FSI Singapore (Singaporean based non-domiciled), USA SEC Registered Investment Advisers



CBA in Asia and South Africa



China

- ◆ Bank of Hangzhou (20%): 189 branches
- ◆ Qilu Bank (20%): 120 branches
- ◆ County Banking (Henan & Hebei):
 - 15 branches (10 @ 100% holding, 5 @ 80% holding)
 - 8 sub-branches (2 @ 100% holding, 6 @ 80% holding)
- ◆ CBA Beijing, Shanghai and Hong Kong branches
- ◆ BoCommLife (37.5%): operating in 11 provinces
- ◆ First State Investments Hong Kong and First State Cinda JV (46%)
- ◆ Colonial Mutual Group Beijing Rep Office

Indonesia

- ◆ PT Bank Commonwealth (98%): 90 branches and 144 ATMs
- ◆ PT Commonwealth Life (80%): 29 life offices
- ◆ First State Investments

Vietnam

- ◆ Vietnam International Bank (20%): 155 branches
- ◆ Hanoi Representative Office
- ◆ Ho Chi Minh City CBA branch; 28 ATMs

Singapore

- ◆ CBA branch
- ◆ First State Investments

Japan

- ◆ Tokyo CBA branch
- ◆ First State Investments

South Africa

- ◆ CBA SA (TYME entities)

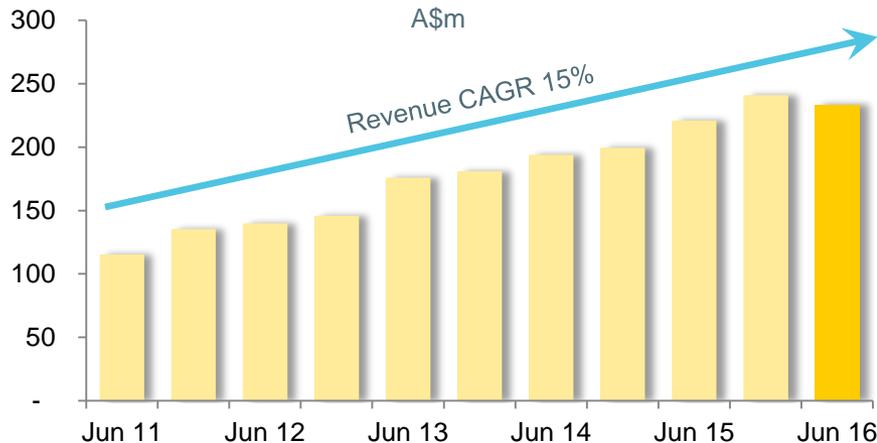
India

- ◆ Mumbai CBA branch

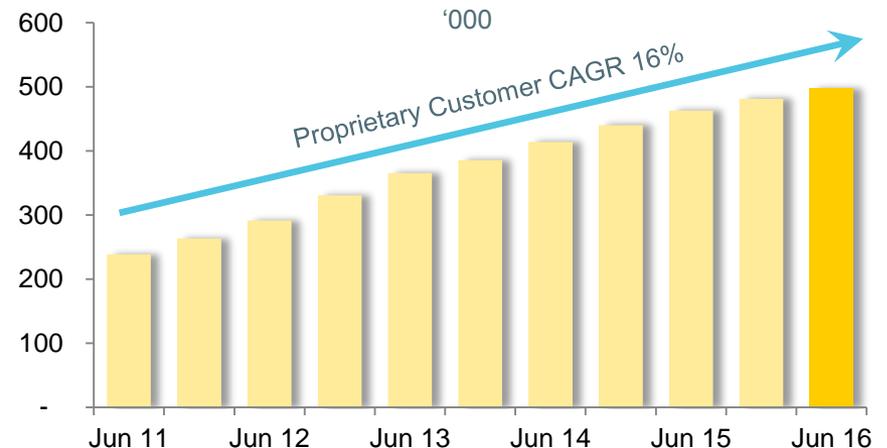


IFS – Continued growth¹

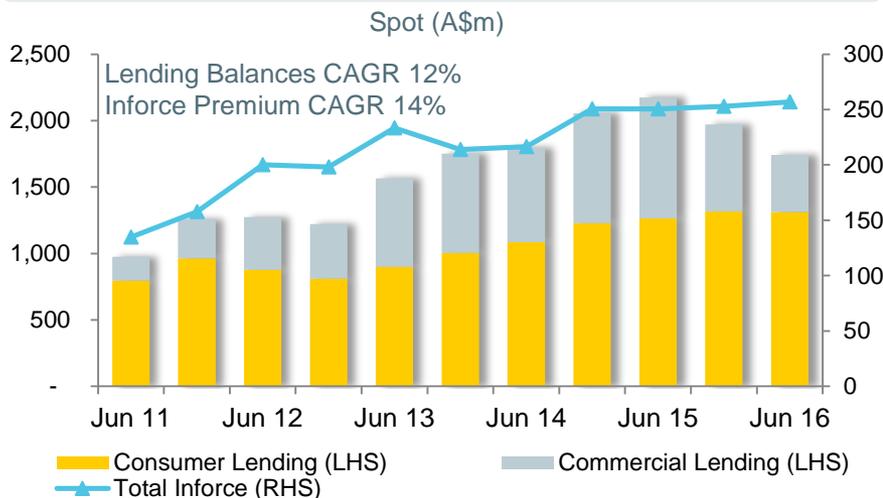
Revenue



Direct Proprietary Customers



Proprietary Loans & Inforce Premium



Proprietary Income



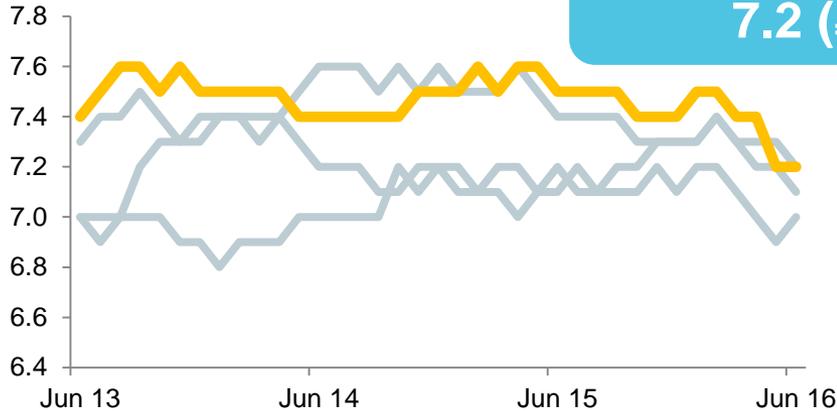
1. International Financial Services incorporates the Asian retail and business banking operations (Indonesia, China, Vietnam and India), associate investments in two Chinese and one Vietnamese bank and a Chinese life insurance business, the life insurance operations in Indonesia and a financial services technology business in South Africa.



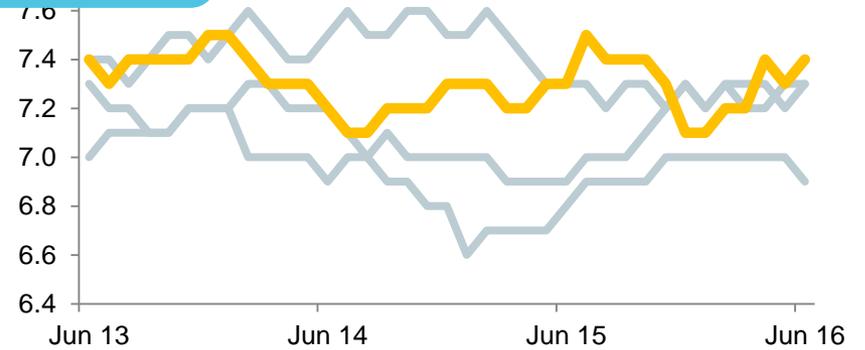
Business Customer Satisfaction

Micro

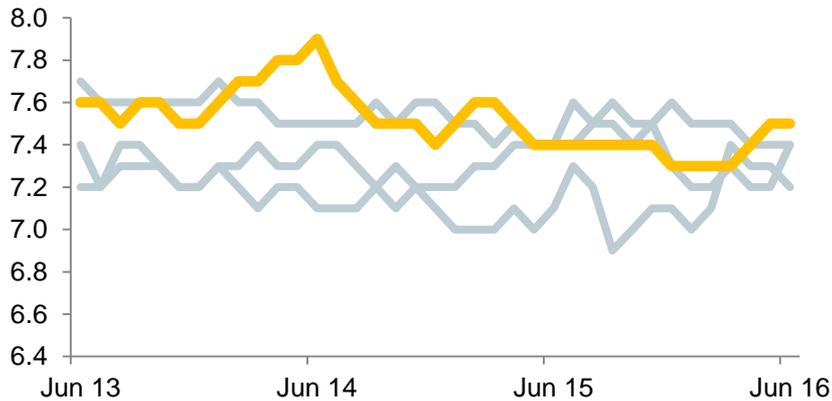
CBA all segments:
7.2 (= #1)



Small

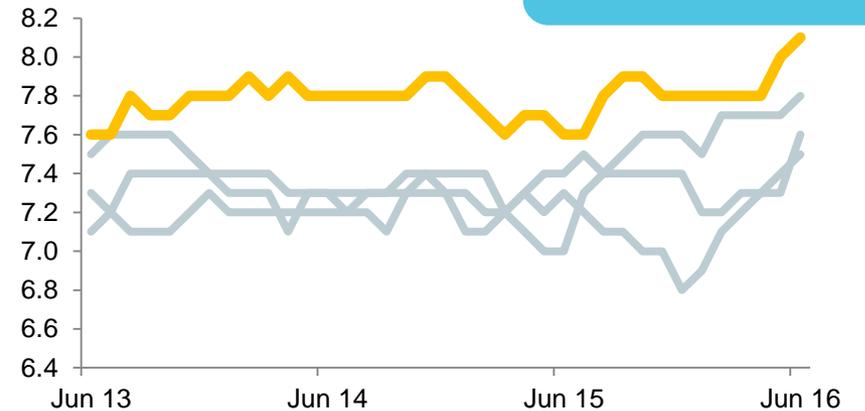


Medium



Large

IB&M first/equal first –
57 consecutive months



World class technology & operations



Revitalised front-line

- Single view of customer across channels
- CommSee
- Revitalised Processes



State-of-the-art Core

- Legacy system replacement
- Real-time banking
- Straight-through processing
- Simplified architecture
- Resilient systems



Innovation Culture

- Innovation Lab
- Leading apps for phones, tablets and smart watches
- Pi, Albert, Leo, Emmy



The Digital Future

- Simple, personalised digital experiences
- Building an innovation ecosystem
- Anywhere, anytime, any device
- Customer insights through analytics
- Standardised, scalable, reliable & secure systems



Australia's leading technology bank

#1

**Free
financial
app**

#1

**Online Banking
7 years in a row
(CANSTAR)**

#1

**Customer Satisfaction
Internet Banking Services
(Roy Morgan)**

#1

**Following
on
social media**

#1

**Innovative Business
Product – Daily IQ
(AB+F)**

#1

**Client
Feedback
(Peter Lee Associates)**

#1

**Internet Business
Bank – CommBiz
(AB+F)**

#1

**Innovative Card &
Payment product –
Mobile Wallet
(AB&F)**

#1

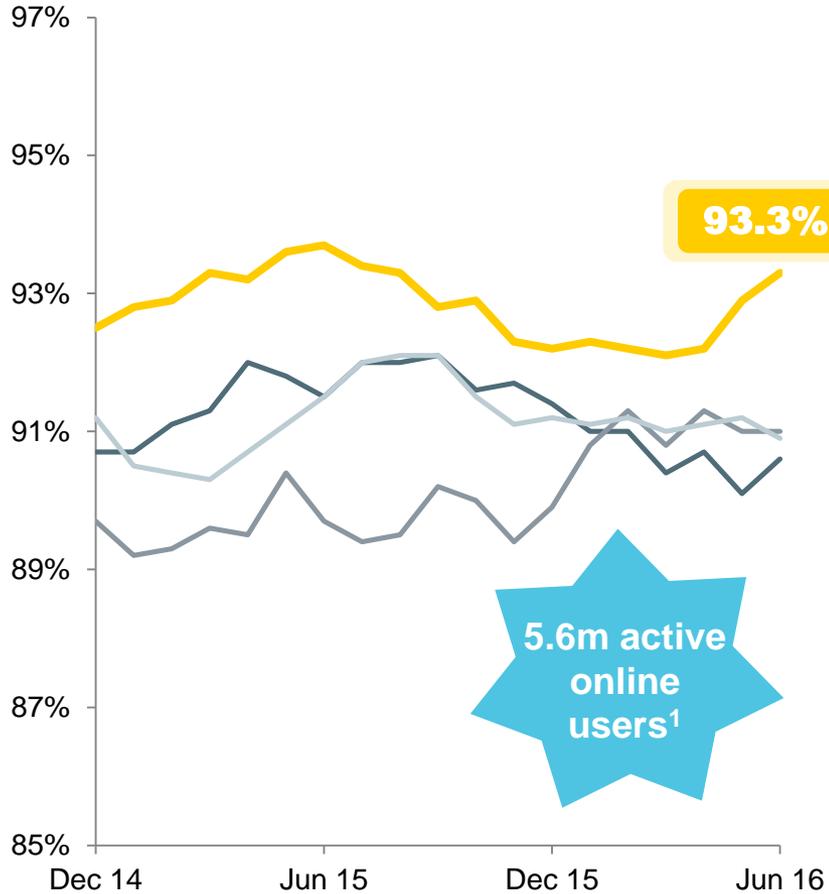
**Mobile
Banking
(CANSTAR)**



Customer Satisfaction - Online

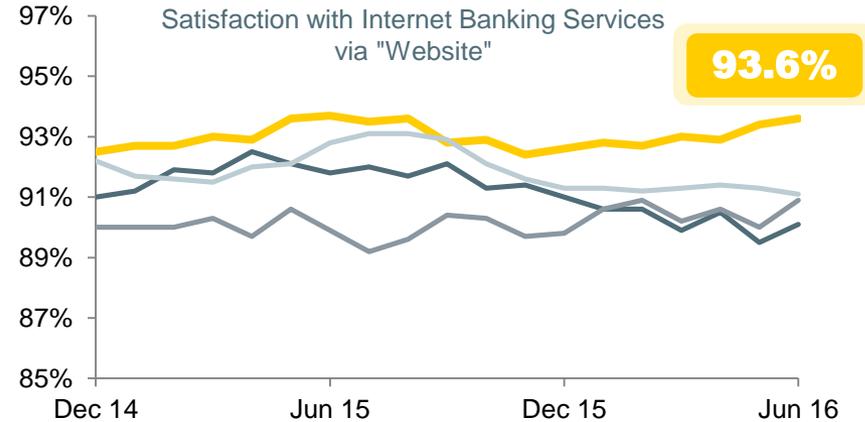
Internet Banking

Satisfaction with Internet Banking Services via "Website" or "App"



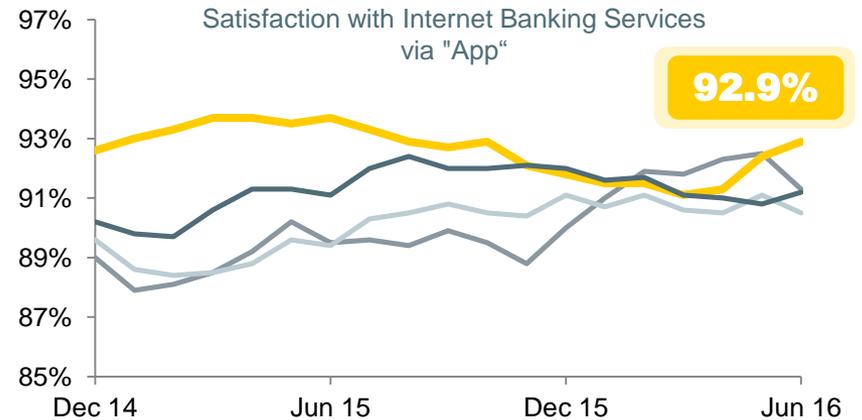
Website

Satisfaction with Internet Banking Services via "Website"



App

Satisfaction with Internet Banking Services via "App"

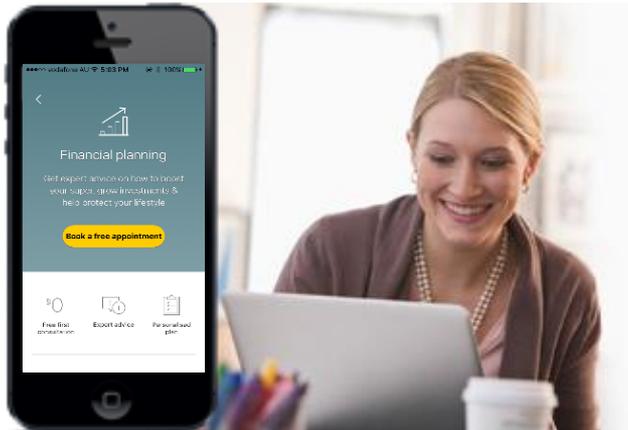


Refer notes slide at back of this presentation for source information
 1. Unique number of customers who have logged into NetBank or CommBank App in June 2016.

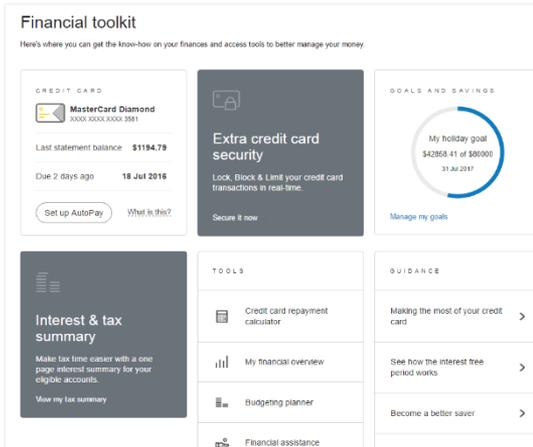


Innovation and Simplicity

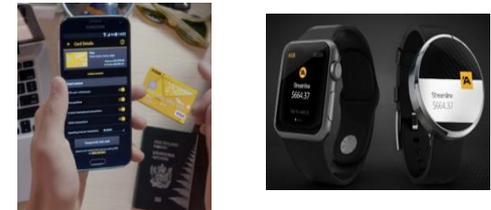
Wealth Solutions



Financial Toolkit



NZ



October 2015 – June 2016

Online features include:
 Interactive & personalised general insurance quotes
 Business Essential Super – 600+ accounts opened
 Book appointments online

March 2016

Toolkit gives customers assistance with planning, saving and budgeting
 240,000 customers have used the Financial Toolkit since launch

June 2016

Clever Kash - cashless interactive moneybox
 1st in Mobile app satisfaction at 87%¹

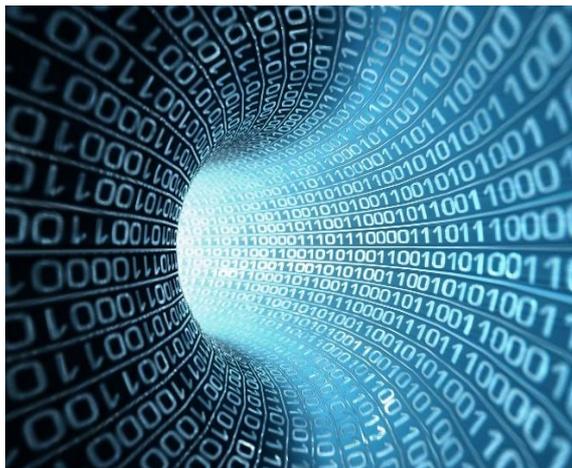
Exploring new opportunities

Quantum



Our \$15m investment is supporting Australian researchers to develop the world's first silicon-based quantum computer

Blockchain



Investigating and experimenting widely with the technology – working on 25+ use cases for blockchain technology with our partners

Cyber security



Partnering with UNSW to deliver training to more than 16,000 people – boosting Australia's reserve of security engineering professionals



Small Business

Access to specialists available within every branch, with increased small business capabilities

Over 170k conversations (58k in branch) with small business customers to better understand their business and their needs

Australian first real-time transaction account alerts

Recently launched data feed integration between NetBank and Xero



Bank of the Year – Small Business (Canstar)

Ranked #1 in small business customer satisfaction for 19 consecutive months to Jun 16

Small business customers using market leading Albert technology (25k devices)

Simple Business Overdraft limits up 47%

40k+ customers using new asset finance online quoting with real time decisioning and same day funding

Distribution Transformation

Video Conferencing

Access to CBA specialists,
almost 60k calls in FY16

Small Business

165 dedicated specialists
58k conversations in FY16

Express Branches

82 sites and growing

Concierge

Supported by tablets and
software to enhance
customer flow

Self Service

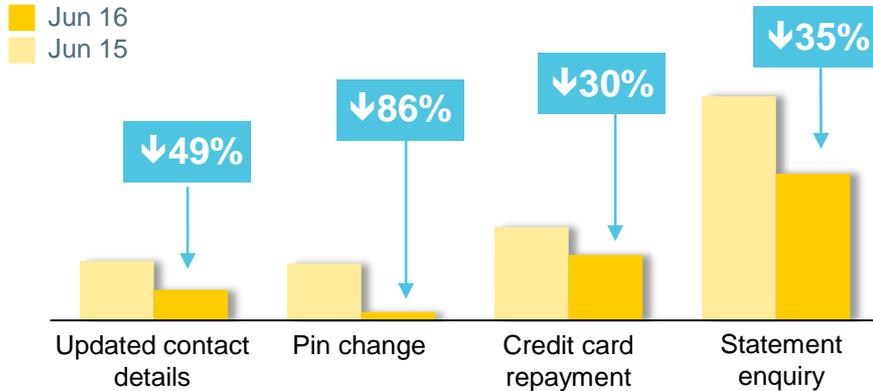
700+ Intelligent Deposit
Machines (IDMs) -
55% of total deposits in IDM
branches



Self Service and Digital

Simple activities move to digital

Migration of selected services
low-value add interactions in branch per month (m)



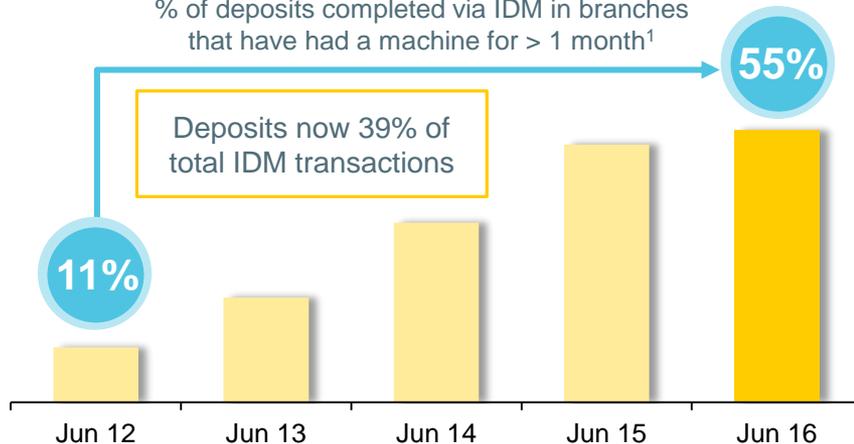
Accounts with e-statements

Transactions and Savings (% of total)



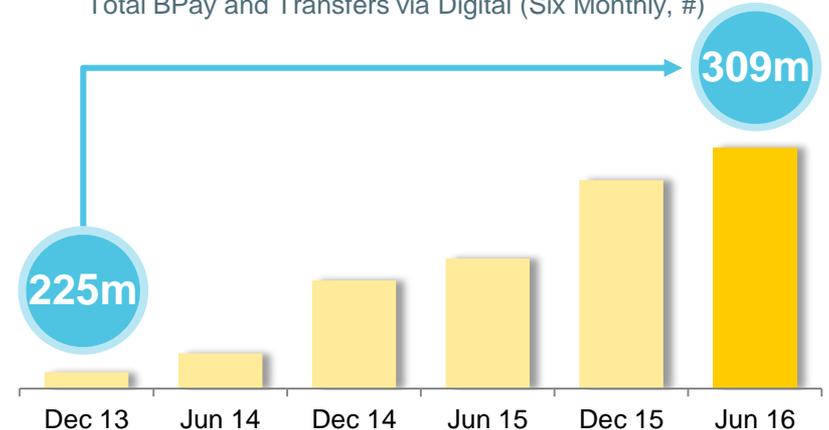
Intelligent Deposit Machines (IDMs)

% of deposits completed via IDM in branches that have had a machine for > 1 month¹



Digital Transactions

Total BPay and Transfers via Digital (Six Monthly, #)



1. The Intelligent Deposit Machine rate has been aligned with other migration measures



Self Service and Digital

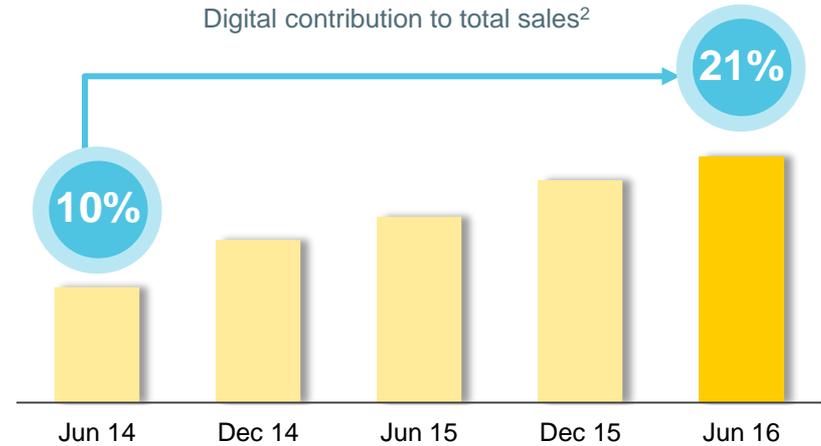
Digital adoption increasing

Total # logons (Six Monthly)
on NetBank and CommBank App (m)¹



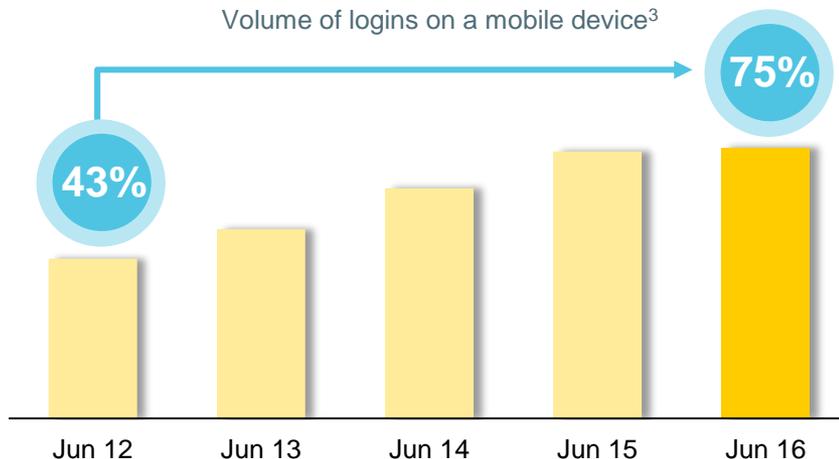
Sales rapidly growing

Digital contribution to total sales²



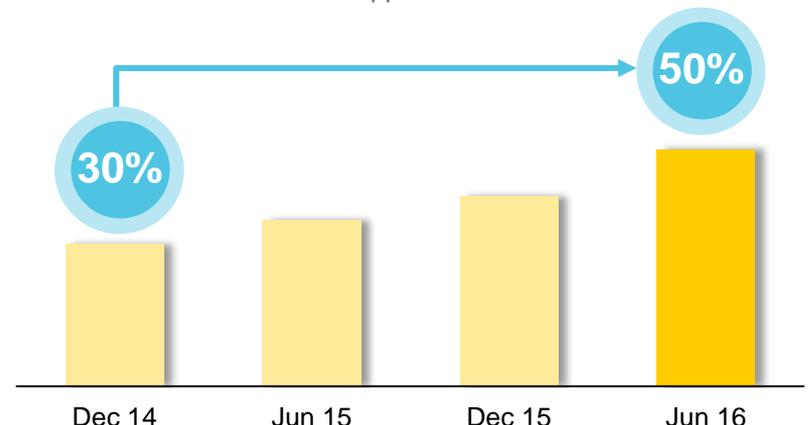
Mobile % of Online logins

Volume of logins on a mobile device³



Mobile % of Online Sales

Volume of submitted applications on a mobile device^{3,4}

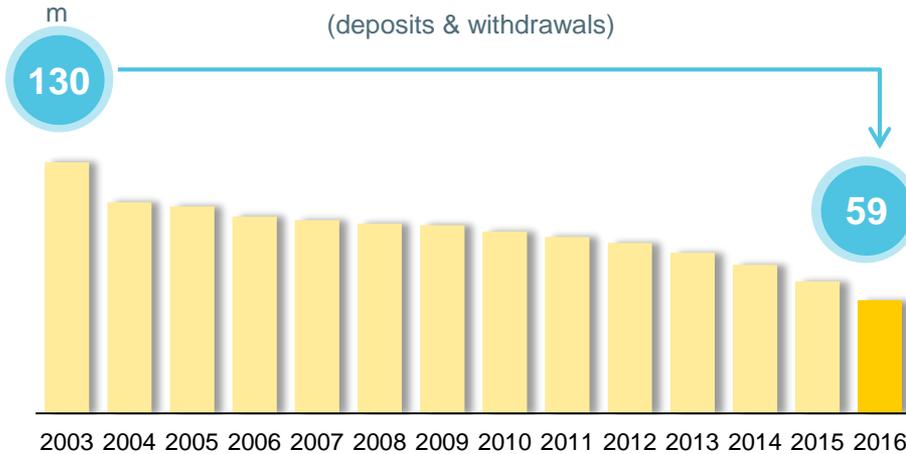


1. Includes logons to previous app. 2. 6 month rolling average of key retail products originated end-to-end in digital 3. Incl. App and NetBank via web browser on a mobile device 4. Including Savings & Transaction accounts, Credit Cards, Car & Home Insurance, Essential Super, Personal Loans, Mortgage Lending, Consumer Credit Insurance, Personal Savings and Personal Overdrafts.

Transaction volumes

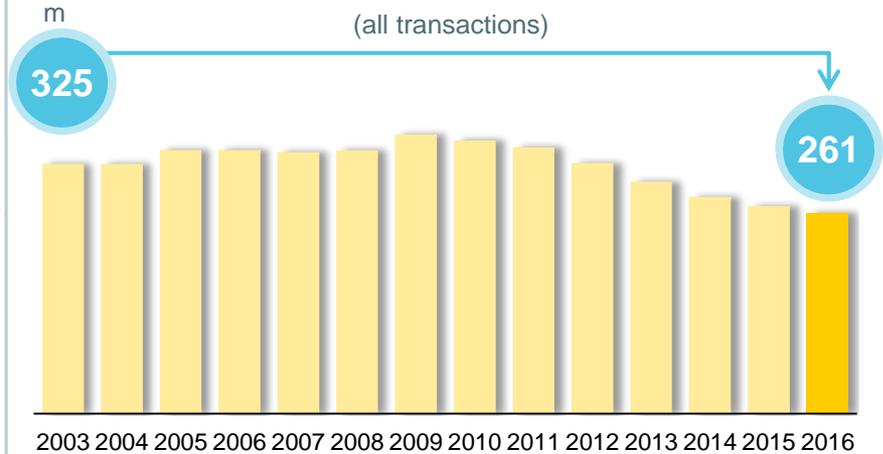
Branch

(deposits & withdrawals)



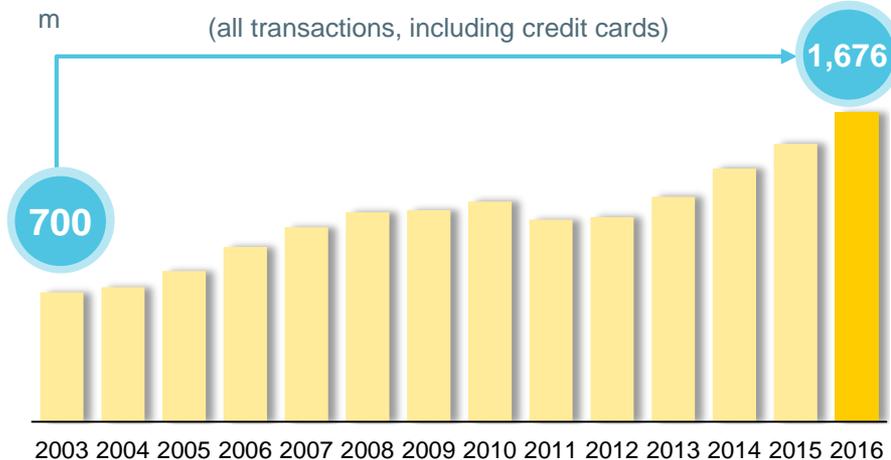
ATM¹

(all transactions)



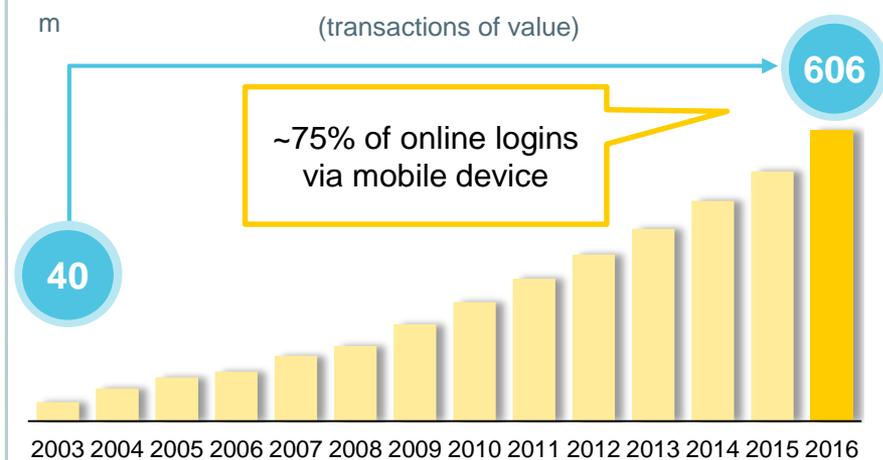
Point of Sale²

(all transactions, including credit cards)



Internet³

(transactions of value)



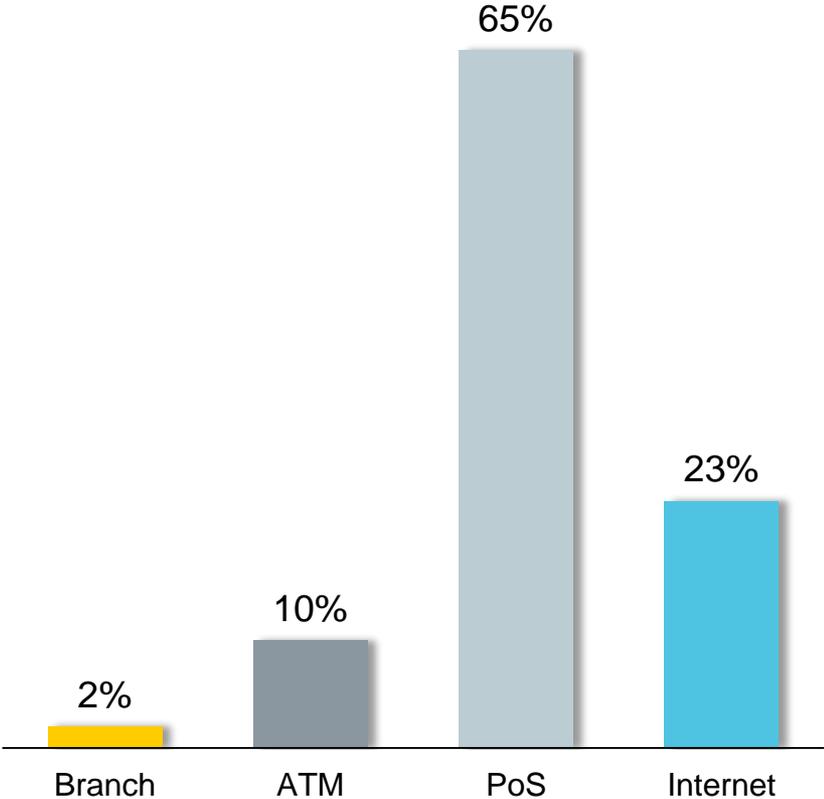
All figures are approximates. 1. All cardholder transactions at Australian CBA ATMs. ATM includes IDMs and an increase in the dollar value of deposits. ATM only transactions reduced for FY16. 2. Calendar years to 2006; financial years thereafter. Includes EFTPOS Payments Australia Ltd (EPAL), MasterCard and Visa volumes only. 3. Calendar years to '07; financial years thereafter. Includes BPAY.



Transaction volumes

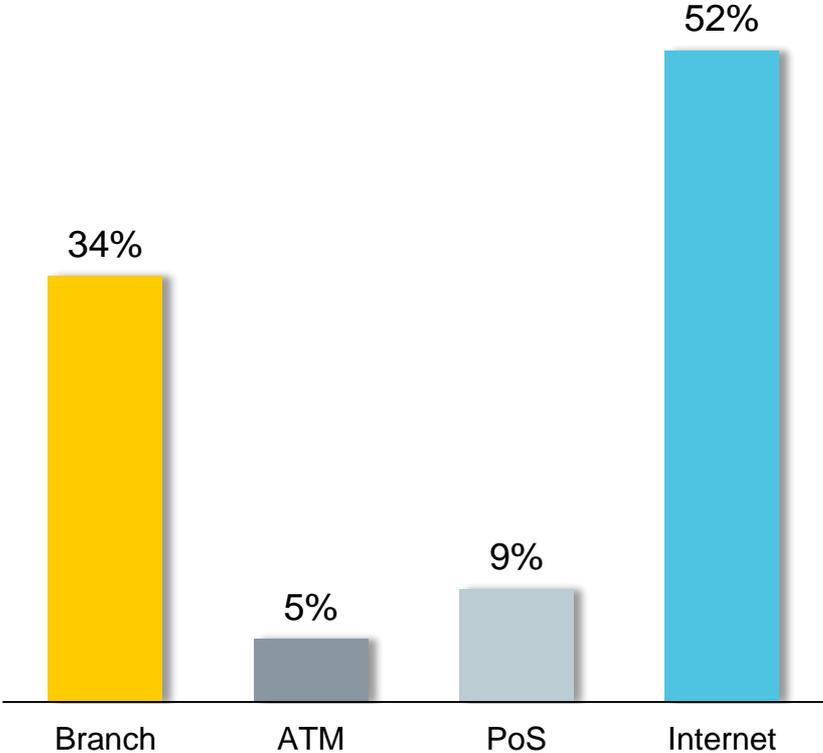
By Number

FY16
% of total



By \$ Value

FY16
% of total



Self Service and Digital

Cardless Cash

Cumulative volume of unique transactions (m)¹



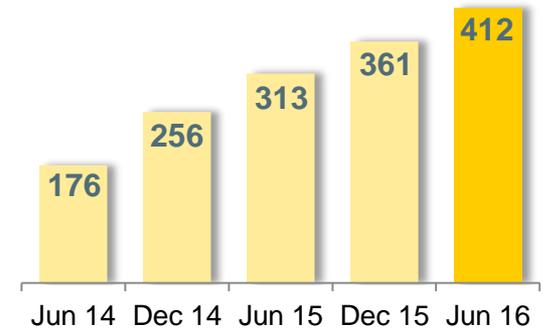
Tap & Pay

Volume of transactions per quarter (m)²



Pay Tag

Number of Pay Tags in market (k)



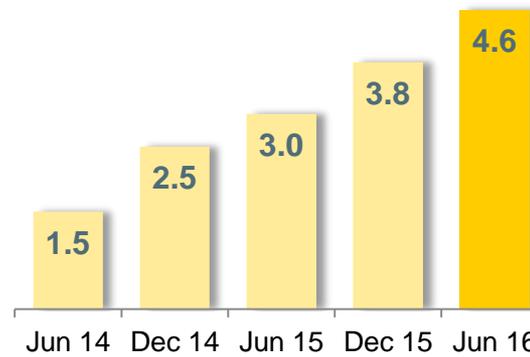
CommBank App

Logons per week (m)



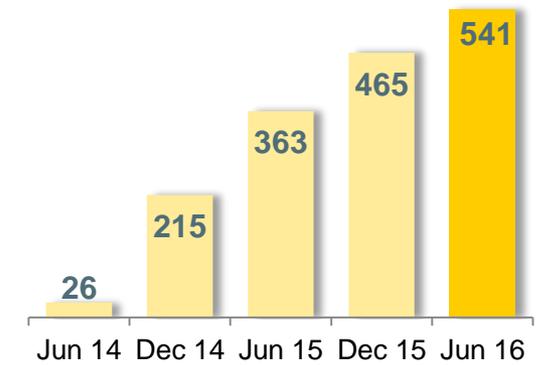
CommBank App

Transactions per week (\$bn)³



Lock, Block & Limit

Number of accounts enrolled (k)⁴



1. Launched April 2014 2. Volume of transactions using Tap & Pay (inc. HCE/Pay Tag) 3. Includes BPAY 4. Number of unique accounts that have enrolled for Lock, Block and Limit (excl. temp. lock)



RBS Home Loan Portfolio

Portfolio ¹	Jun 15	Dec 15	Jun 16	New Business ¹	Jun 15	Dec 15	Jun 16
Total Balances - Spot (\$bn)	321	331	345	Total Funding (\$bn)	80	44	87
Total Balances - Average (\$bn)	311	326	332	Average Funding Size (\$'000)	274	304	302
Total Accounts (m)	1.5	1.5	1.5	Serviceability Buffer (%) ⁶	2.25	2.25	2.25
Variable Rate (%)	84	84	84	Variable Rate (%)	87	90	88
Owner Occupied (%)	58	59	60	Owner Occupied (%)	59	65	65
Investment (%)	36	35	35	Investment (%)	37	32	33
Line of Credit (%)	6	6	5	Line of Credit (%)	4	3	2
Proprietary (%)	61	60	59	Proprietary (%)	59	55	55
Broker (%)	39	40	41	Broker (%)	41	45	45
Interest Only (%) ²	38	38	39	Interest Only (%) ²	39	38	38
Lenders' Mortgage Insurance (%) ²	24	23	22	Lenders' Mortgage Insurance (%) ²	19	15	14
Low Deposit Premium (%) ²	7	7	7	Low Deposit Premium (%) ²	7	6	5
Mortgagee In Possession (bpts)	4	4	5				
Annualised Loss Rate (bpts)	2	2	2				
Portfolio Dynamic LVR (%) ³	48	48	49				
Customers in Advance (%) ⁴	76	76	75				
Payments in Advance incl. offset ⁵	28	31	33				

1. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 12 months to June and 6 months to December.
2. Excludes Line of Credit (Viridian LOC).
3. LVR defined as current balance/current valuation.
4. Any payment ahead of monthly minimum repayment; includes offset facilities.
5. Average number of payments ahead of scheduled repayments.
6. Serviceability test based on the higher of the customer rate plus a 2.25% interest rate buffer or a minimum floor rate.



Australian Home Loan Portfolio¹

Strong Portfolio Quality

- ▶ Portfolio losses continue to be low (FY16: 2bpts)
- ▶ 77% of customers paying in advance² by 31 months on average, including offset facilities
- ▶ Regular stress testing undertaken to identify areas of sensitivity
- ▶ Portfolio dynamic LVR³ of 50% (RBS: 49%, Bankwest: 56%)
- ▶ Limited “low doc”⁴ lending (0.05% of approvals and <1% of the portfolio)
- ▶ Modest growth in Investment Home Loans; Investment loan arrears below portfolio average
- ▶ Low proportion of loans reliant on foreign income (<1% of originations) as a result of strict lending criteria

Servicing Criteria

- ▶ Higher of customer rate plus 2.25% or minimum floor rate (RBS: 7.25% pa, Bankwest: 7.35% pa)
- ▶ 80% cap on less certain income sources (e.g. rent, bonuses etc.)
- ▶ Maximum LVR of 95%⁵ for all loans
- ▶ Lenders’ Mortgage Insurance (LMI) required for higher risk loans, including high LVR loans
- ▶ Limits on investor income allowances e.g. RBS restrict the use of negative gearing where LVR>90%
- ▶ Buffer applied to existing mortgage repayments
- ▶ Interest only loans assessed on principal and interest basis

1. RBS and Bankwest, except where noted. 2. Defined as any payment ahead of monthly minimum repayment; includes offset facilities. 3. LVR defined as current balance/current valuation. 4. RBS Only. Documentation is required, including Business Activity Statements. 5. For Bankwest, maximum LVR excludes any capitalised mortgage insurance.



Australian Home Loan Portfolio¹

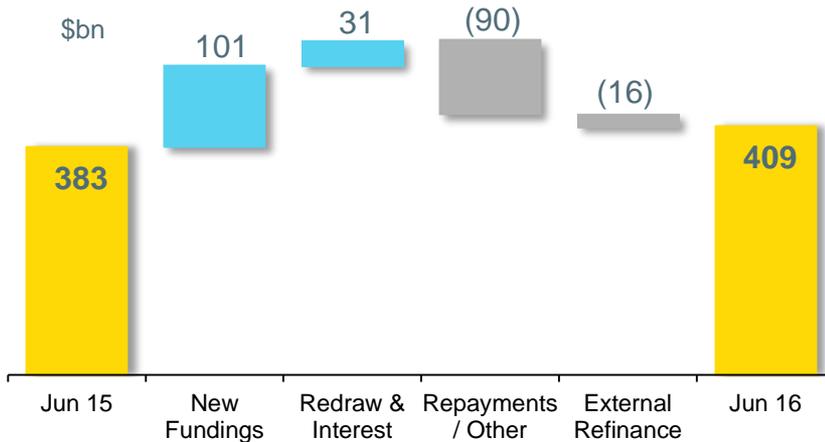
Portfolio ¹	Jun 15	Dec 15	Jun 16	New Business ¹	Jun 15	Dec 15	Jun 16
Total Balances - Spot (\$bn)	383	393	409	Total Funding (\$bn)	94	50	101
Total Balances - Average (\$bn)	371	388	395	Average Funding Size (\$'000)	274	302	300
Total Accounts (m)	1.7	1.7	1.8	Serviceability Buffer (%) ⁶	2.25	2.25	2.25
Variable Rate (%)	85	85	85	Variable Rate (%)	87	90	88
Owner Occupied (%)	60	62	62	Owner Occupied (%)	60	66	66
Investment (%)	35	33	33	Investment (%)	37	31	32
Line of Credit (%)	5	5	5	Line of Credit (%)	3	3	2
Proprietary (%)	57	56	55	Proprietary (%)	55	52	51
Broker (%)	43	44	45	Broker (%)	45	48	49
Interest Only (%) ²	37	38	39	Interest Only (%) ²	41	39	40
Lenders' Mortgage Insurance (%) ²	26	25	24	Lenders' Mortgage Insurance (%) ²	21	16	15
Mortgagee In Possession (bpts)	4	4	5				
Annualised Loss Rate (bpts)	2	2	2				
Portfolio Dynamic LVR (%) ³	49	49	50				
Customers in Advance (%) ⁴	77	78	77				
Payments in Advance incl. offset ⁵	27	29	31				

1. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 12 months to June and 6 months to December.
2. Excludes Line of Credit (Viridian LOC/Equity Line).
3. LVR defined as current balance/current valuation. Comparative information has been reclassified to conform to presentation in the current period.
4. Any payment ahead of monthly minimum repayment; includes offset facilities.
5. Average number of payments ahead of scheduled repayments.
6. Serviceability test based on the higher of the customer rate plus a 2.25% interest rate buffer or a minimum floor rate. Jun 15 RBS only.

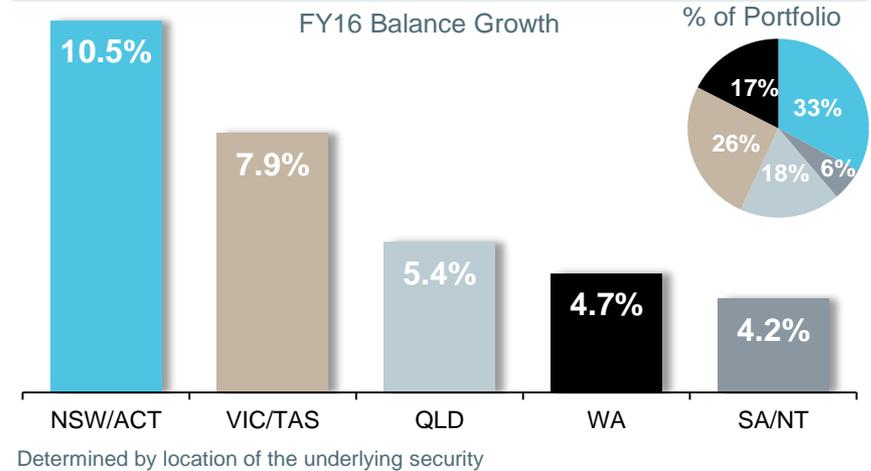


Australian Home Loans

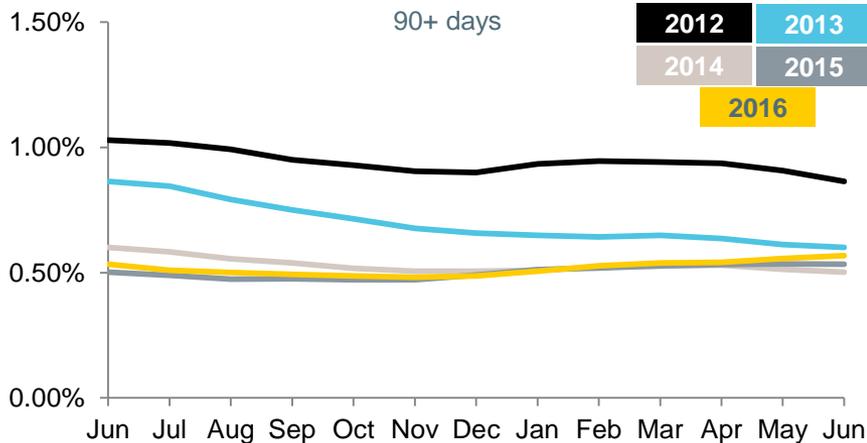
Balance Growth



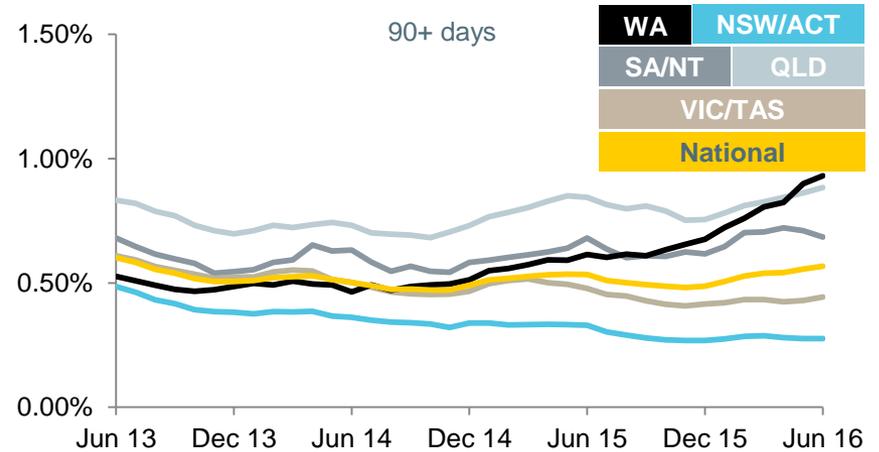
State Profile



Arrears

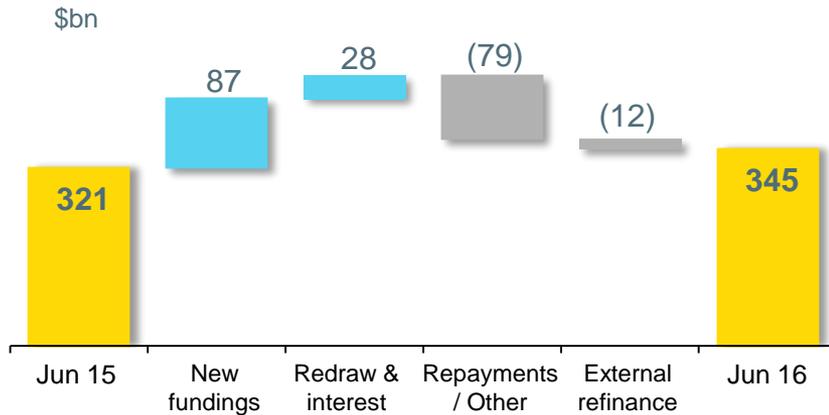


Arrears by State

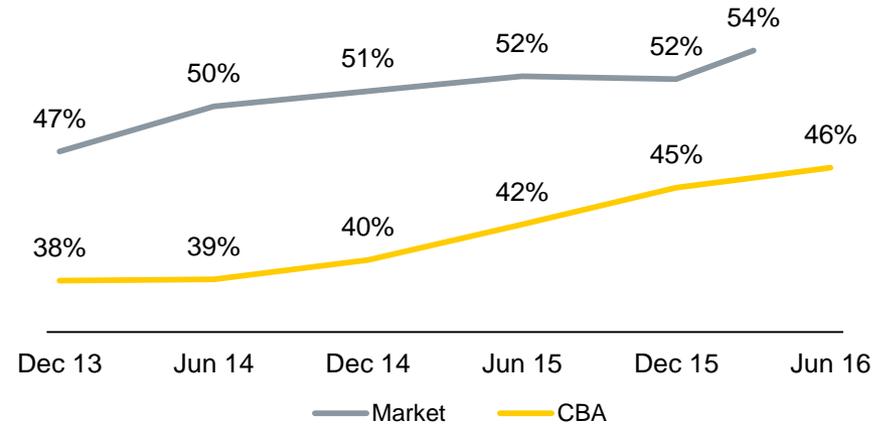


RBS Home Loan Growth Profile

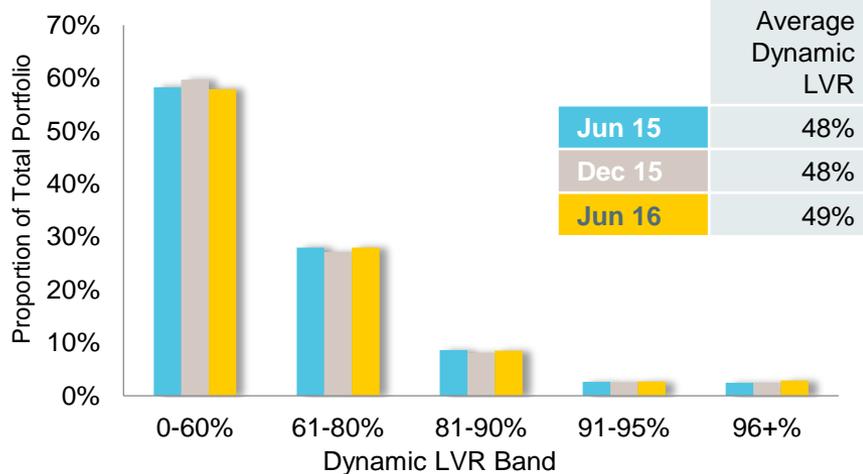
Home Loan Balances



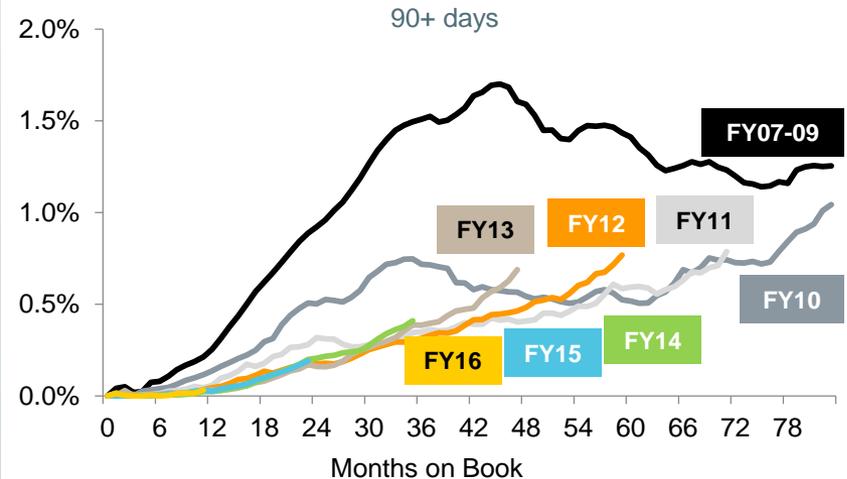
Broker Share of Fundings¹



Home Loan Dynamic LVR²



Home Loan Arrears by Vintage³



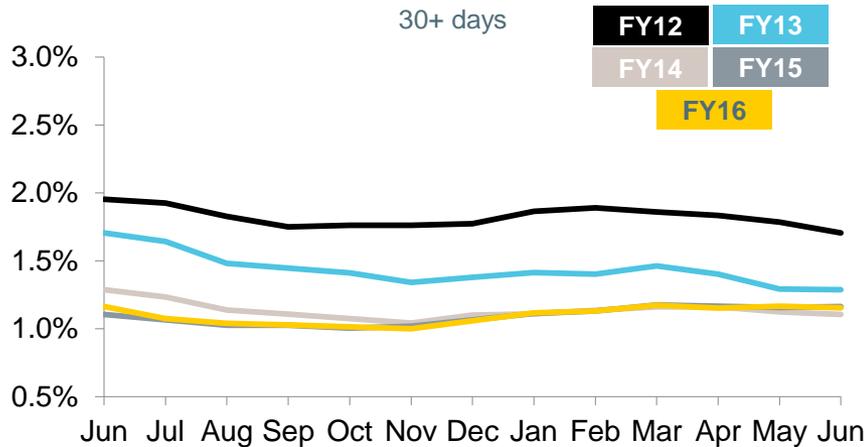
1. % of home loan fundings (\$'s). Market represents quarterly MFAA data up to Mar 16. CBA includes Residential Mortgage Group.

2. Dynamic LVR is current balance / current valuation. 3. Vintage ARrears includes: Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.

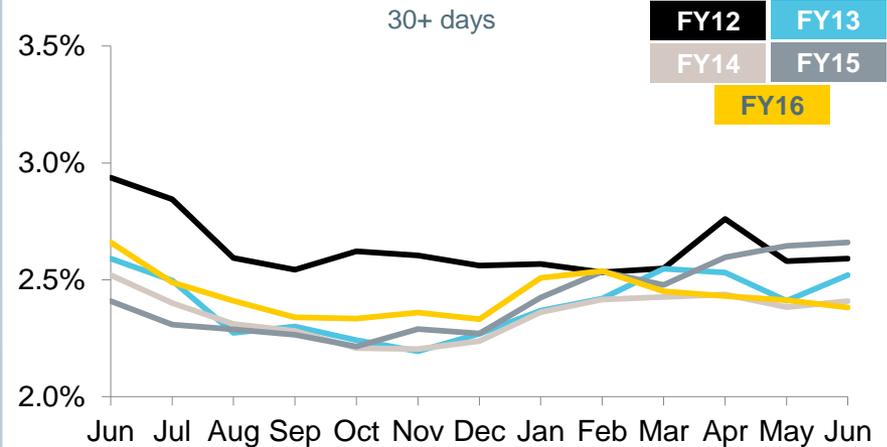


RBS Consumer Arrears

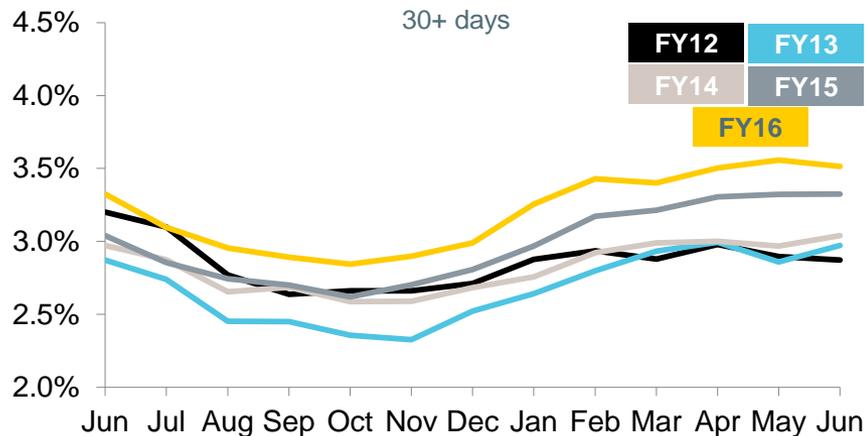
Home Loans



Credit Cards



Personal Loans

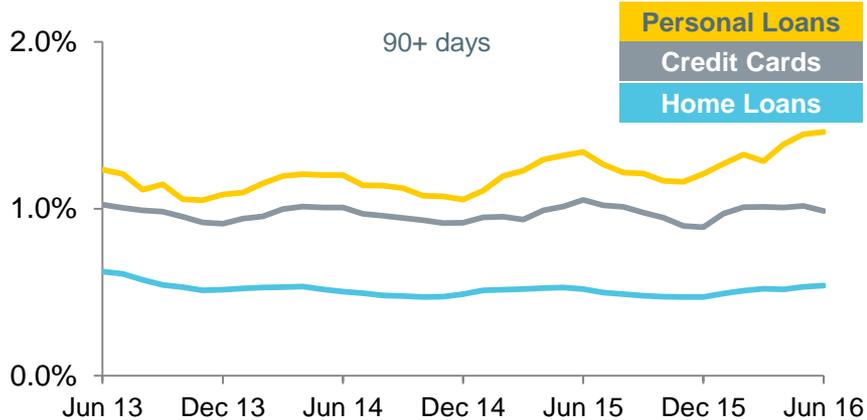


Consumer Arrears

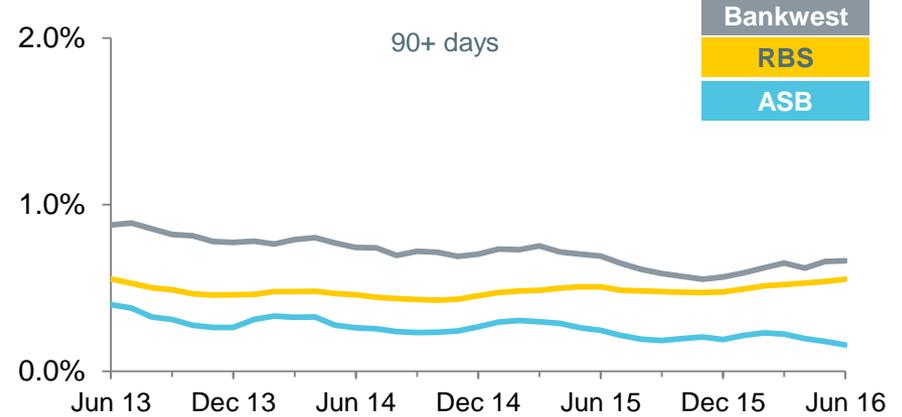
- ▶ Home Loan arrears stable year on year. WA and QLD portfolios continue to experience stress, mainly due to mining towns, while NSW improved.
- ▶ Personal Loan arrears remain elevated mainly due to economic worsening in WA and QLD.
- ▶ Lower Credit Card arrears benefiting from improved collections strategies.

Group Consumer Arrears

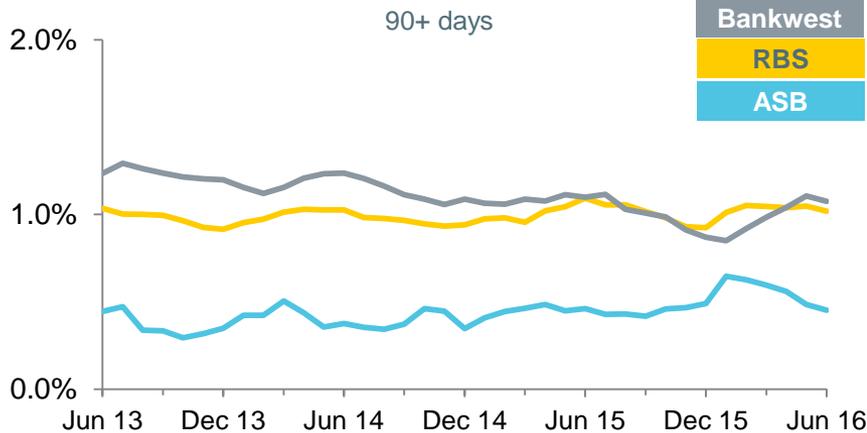
Consumer Portfolios



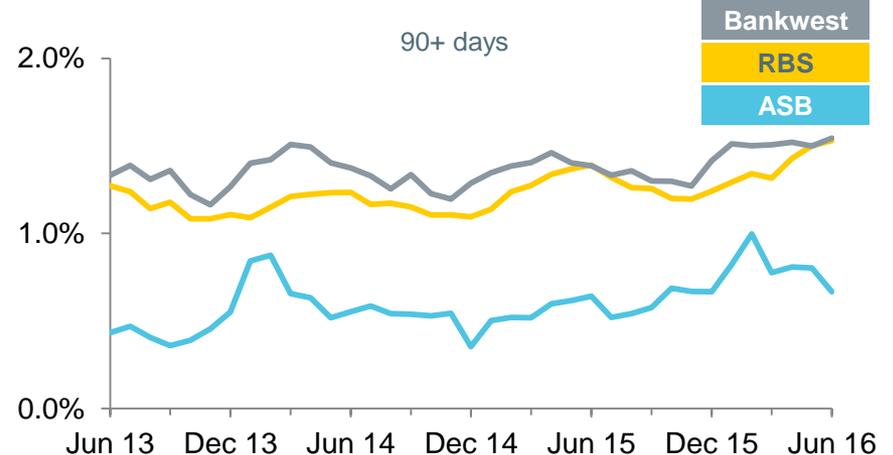
Home Loans



Credit Cards



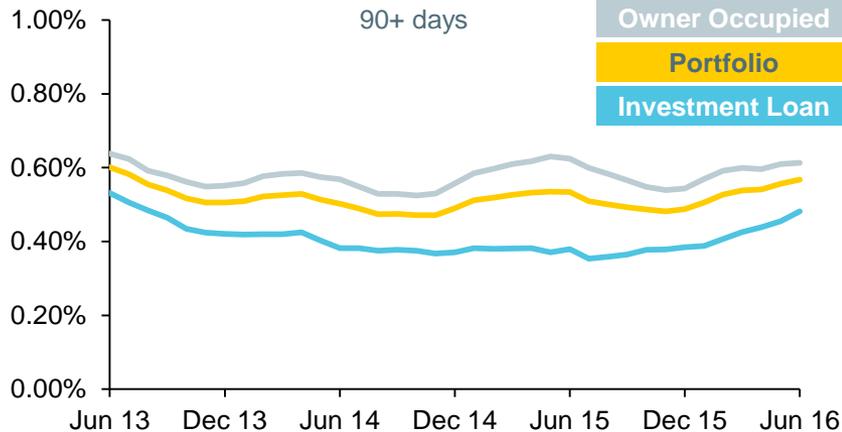
Personal Loans



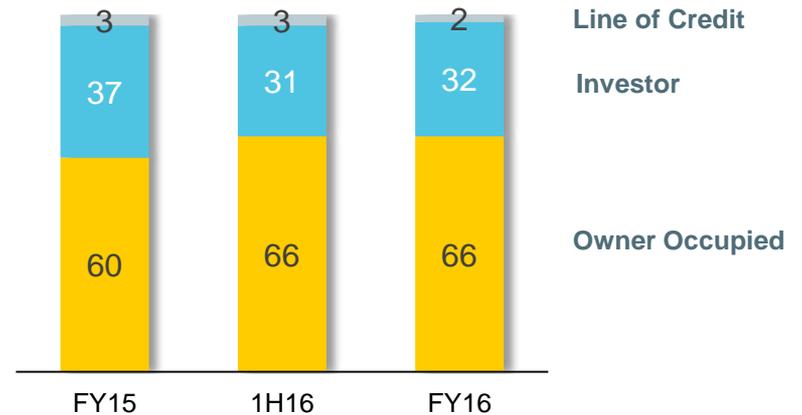
Consumer represents Retail Banking Services, ASB Retail and Bankwest Retail. ASB write-off Credit Card and Personal Loans typically around 90 days past due if no agreed repayment plan. Home Loans exclude Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans.

Australian Investment Home Loans

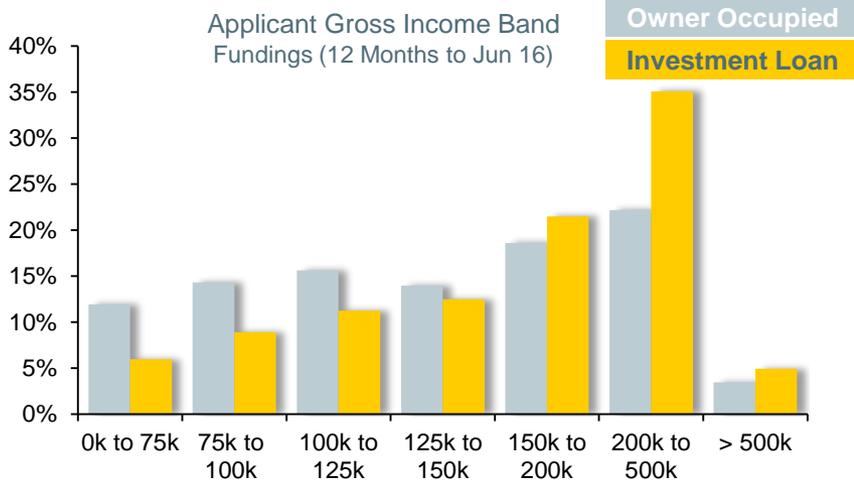
Arrears



New Business Profile (%)



Borrower Profile



Investment Home Loans

- ▶ Modest growth in Investment Home Loans (<10%)
- ▶ Arrears lower than overall portfolio
- ▶ Strong borrower profile skewed to higher income bands
- ▶ Differential pricing for investment home loans

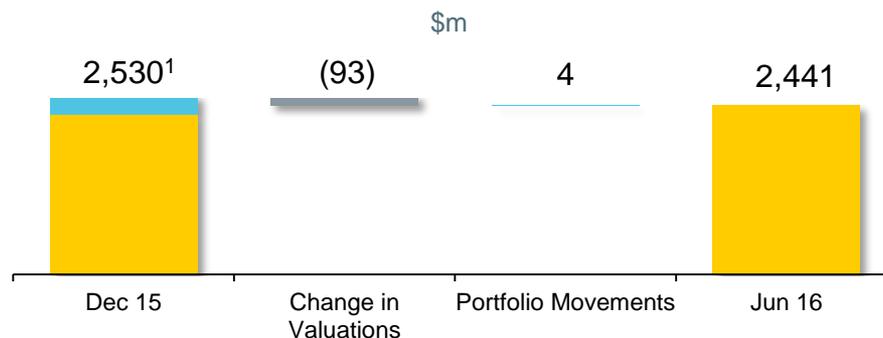
Australian Home Loans – Stress Test

Assumptions and Outcomes

Assumptions (%)	Base	Year 1	Year 2	Year 3
Cash Rate	2.0	1.0	0.5	0.5
Unemployment	5.8	7.5	9.5	11.0
Hours under-employed	10.2	12.4	15.3	17.4
Cumulative reduction in house prices	n/a	10.0	23.0	31.0
LMI claim payout ratio	n/a	70%	70%	70%

Outcomes (\$m)	Total	Year 1	Year 2	Year 3
Stressed Losses	3,794	634	1,279	1,881
Insured Losses	1,353	237	457	659
Net Losses	2,441	397	822	1,222
Net Losses (bpts)	52.8	8.7	17.6	26.5
PD %	n/a	1.3	1.8	2.3

Net Losses



1. December 2015 result includes restatement due to Bankwest model alignment (+\$168m).

Summary

- ▶ Stress Test scenario represents a severe but plausible commodities-led recession.
- ▶ Stress Test loss outcomes have been updated to take into account increase in property valuations (-\$93m).
- ▶ Total net losses after LMI recoveries over 3 years have decreased by \$89m to \$2.4bn.



Regulatory Exposure Mix

Portfolio	Regulatory Credit Exposure Mix			
	CBA	Peer 1	Peer 2	Peer 3
Residential Mortgages	56%	39%	45%	55%
Corporate, SME, Specialised Lending	27%	33%	39%	30%
Bank	4%	6%	5%	3%
Sovereign	9%	14%	8%	8%
Qualifying Revolving	3%	3%	2%	2%
Other Retail	1%	5%	1%	2%
Total Advanced	100%	100%	100%	100%

Source: Pillar 3 disclosures for CBA as at June 2016 and Peers as at March 2016. Excludes Standardised (including Other Assets), CVA and Securitisation, which represents 7% of CBA, 6% of Peer 1, 6% of Peer 2 and 4% of Peer 3 before exclusion.

Credit Exposures by Industry

	TCE		TIA \$m		TIA % of TCE	
	Jun 15	Jun 16	Jun 15	Jun 16	Jun 15	Jun 16
Consumer	54.2%	54.9%	1,353	1,405	0.25%	0.24%
Sovereign	8.4%	9.0%	-	-	-	-
Banks	8.6%	6.8%	10	10	0.01%	0.01%
Property	6.3%	6.6%	562	544	0.90%	0.79%
Finance – Other	4.6%	5.2%	87	64	0.19%	0.12%
Retail & Wholesale	2.3%	2.4%	387	694	1.69%	2.71%
Agriculture	1.8%	1.9%	905	853	4.97%	4.32%
Manufacturing	1.7%	1.6%	374	597	2.24%	3.56%
Transport ¹	1.5%	1.5%	426	405	2.83%	2.51%
Mining ¹	1.9%	1.5%	374	583	2.01%	3.63%
Business Services	1.2%	1.2%	137	155	1.16%	1.26%
Energy	0.9%	1.1%	64	50	0.72%	0.45%
Construction	0.9%	0.8%	267	407	3.07%	4.85%
Health & Community	0.6%	0.7%	71	64	1.10%	0.87%
Culture & Recreation	0.8%	0.7%	250	125	3.26%	1.77%
Other	4.3%	4.1%	647	636	1.52%	1.48%
Total	100.0%	100.0%	5,914	6,592	0.60%	0.63%

1. Comparative information has been reclassified to conform to presentation in the current period. Refer glossary for definition of terms.

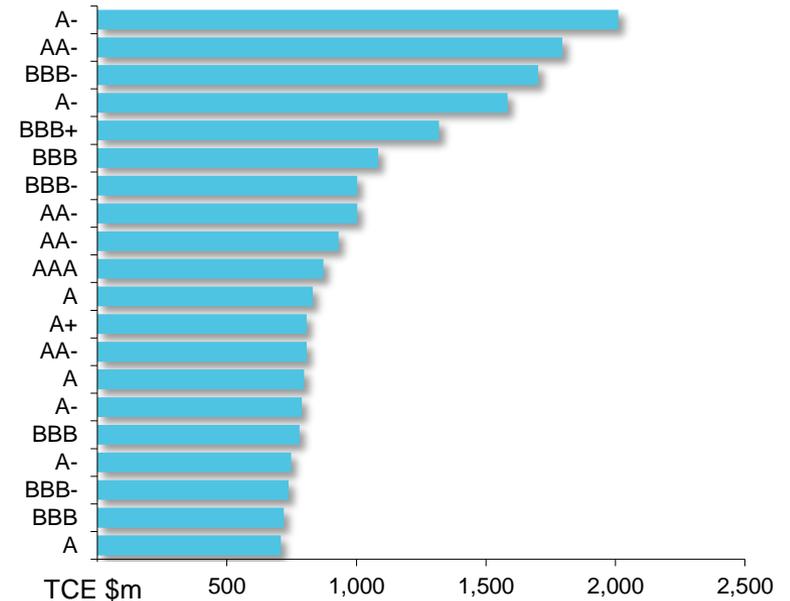


Sector Exposures

Exposures by Industry

TCE \$bn	AAA to AA-	A+ to A-	BBB+ to BBB-	Other	Jun 16
Sovereign	87.3	6.8	0.2	0.3	94.6
Banks	31.7	29.7	8.0	2.4	71.8
Property	1.7	5.8	14.3	47.4	69.2
Finance - Other	22.9	19.0	9.3	3.1	54.3
Retail & Wholesale	-	3.6	7.1	15.0	25.7
Agriculture	-	0.5	1.9	17.3	19.7
Manufacturing	1.0	3.5	5.2	7.1	16.8
Transport	0.2	1.5	9.1	5.3	16.1
Mining	1.3	3.8	6.0	4.9	16.0
Energy	0.2	1.6	8.3	1.1	11.2
All other excl. Consumer	1.5	6.7	19.3	41.8	69.3
Total	147.8	82.5	88.7	145.7	464.7

Top 20 Commercial Exposures



Group TCE by Geography

	Jun 15	Dec 15	Jun 16
Australia	76.6%	75.4%	76.7%
New Zealand	8.5%	8.8%	9.2%
Europe	5.6%	6.4%	5.4%
Other International	9.3%	9.4%	8.7%

CBA grades in S&P equivalents.

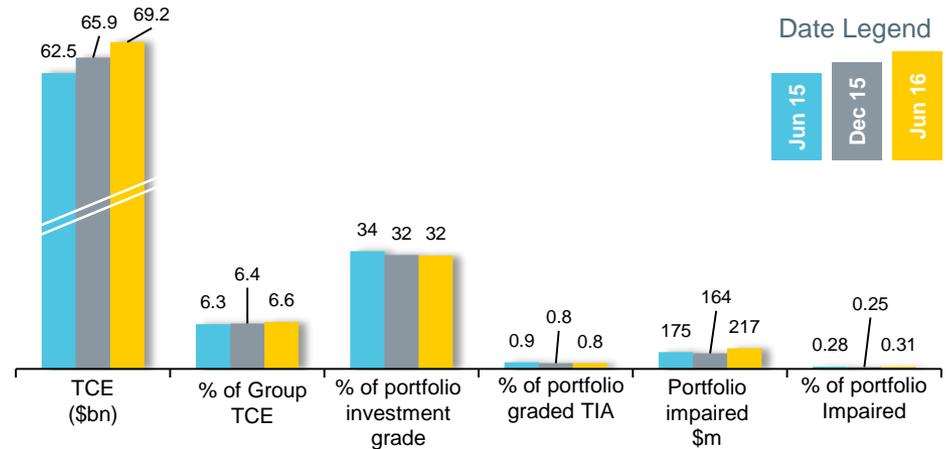


Commercial Property

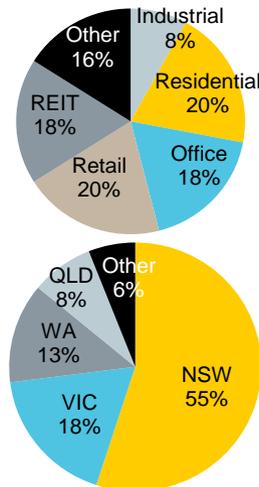
Overview

- Exposure of \$69.2bn (6.6% of Group TCE) diversified across sectors/geography/counterparties.
- 32% of the portfolio investment grade, majority of sub-investment grade exposures secured (96%).
- Portfolio highly weighted to NSW (55%, Dec 15: 54%)² - with stronger demand due to Sydney's strong economic position, employment and population growth.
- Sydney and Melbourne CBD office vacancy rates have improved, whilst Perth and Brisbane, impacted by resource sector weaknesses, continuing to rise.
- Retail rental growth consistent with previous quarters, with positive growth across the CBD bulky goods sub-sectors, sub-regional and neighbourhood sectors in Sydney and all sub-sectors in Melbourne.
- Residential exposure primarily to apartment developments in capital city metropolitan areas.
- Residential geographical profile generally aligned with the domestic Commercial Property geographic profile.
- Ongoing comprehensive market, portfolio and underwriting monitoring on the development portfolio.

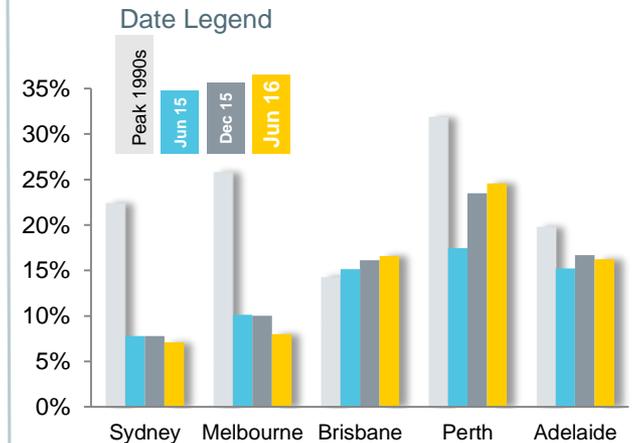
Group Exposure



Profile¹



Office CBD Vacancy Rates



Source: JLL Research

1. Sector profile is Group wide Commercial Property, geographic profile is domestic Commercial Property.
 2. Comparative information has been reclassified to conform to presentation in the current period.

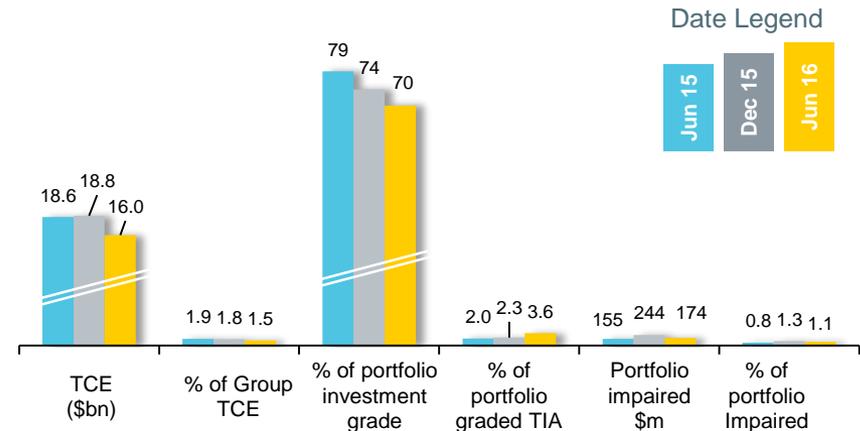


Mining, Oil and Gas

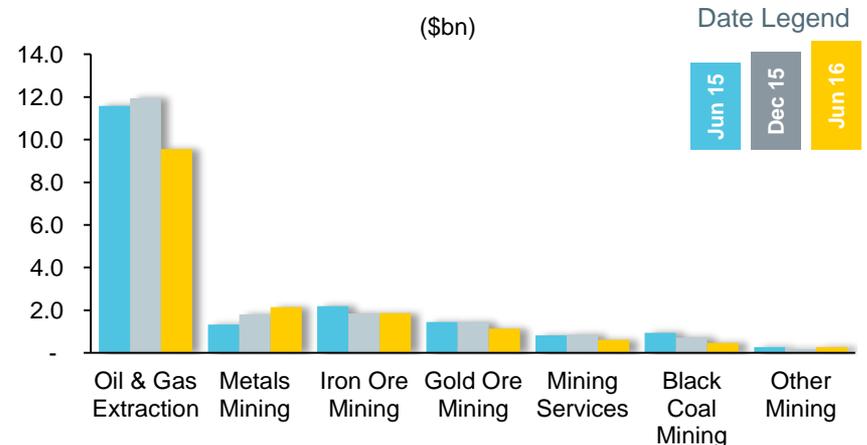
Overview

- Exposure of \$16.0bn (1.5% of Group TCE), \$2.8bn reduction from Dec 15 due to active portfolio management, repayments and limited origination.
- Portfolio continues to perform acceptably:
 - 70% investment grade.
 - Diversified by commodity/customer/region.
 - Focus on quality, low cost sponsors.
- Mining services exposure modest (4% of total).
- Oil and Gas Extraction is the largest sub-sector (60% of total): 75% investment grade with 33% related to LNG – typically supported by strong sponsors with significant equity contribution.
- TIA level has increased as commodity prices remain lower for longer.
- Impaired asset coverage ratio is 47%.
- Market conditions expected to remain challenging in near term – Producers have implemented significant cost reductions and discretionary capital expenditure scale back.

Group Exposure



Mining, Oil and Gas by Sector

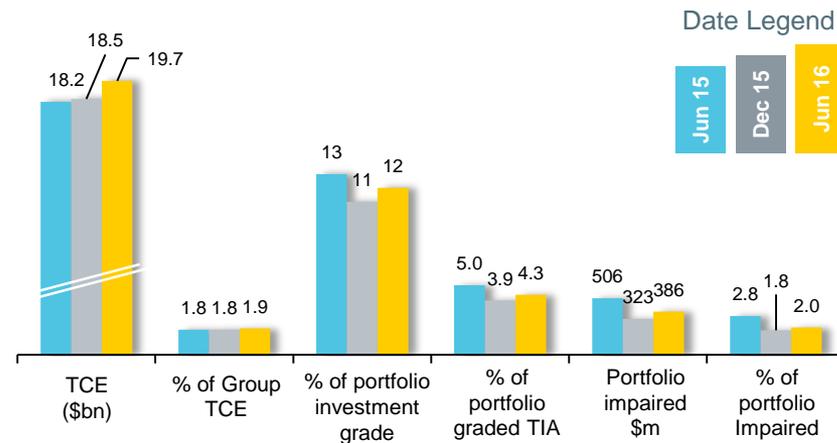


Agriculture

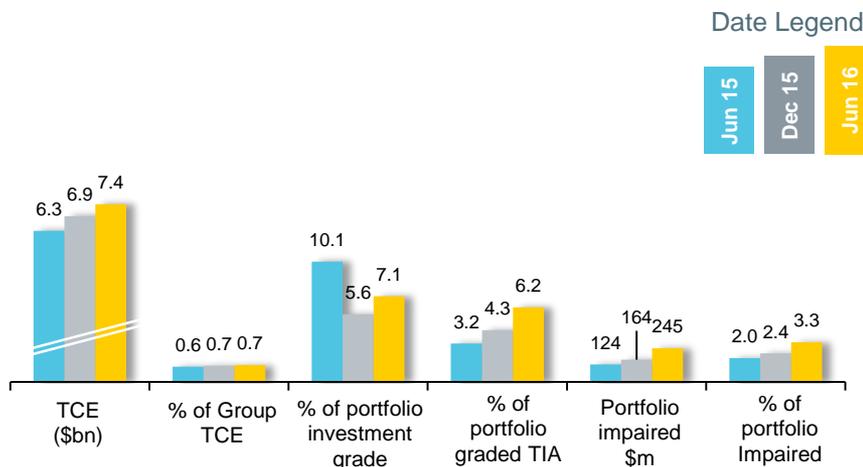
Overview

- Exposure of \$19.7bn (1.9% of Group TCE) is well diversified by geography, sector and client base.
- Australian agriculture portfolio performing well.
- NZ dairy portfolio:
 - Represents 0.7% of Group TCE. Continues to perform acceptably, notwithstanding deterioration in global milk prices.
 - Provision levels increased in the half year.
 - Based on milk price forecasts the outlook remains challenging in the near term.

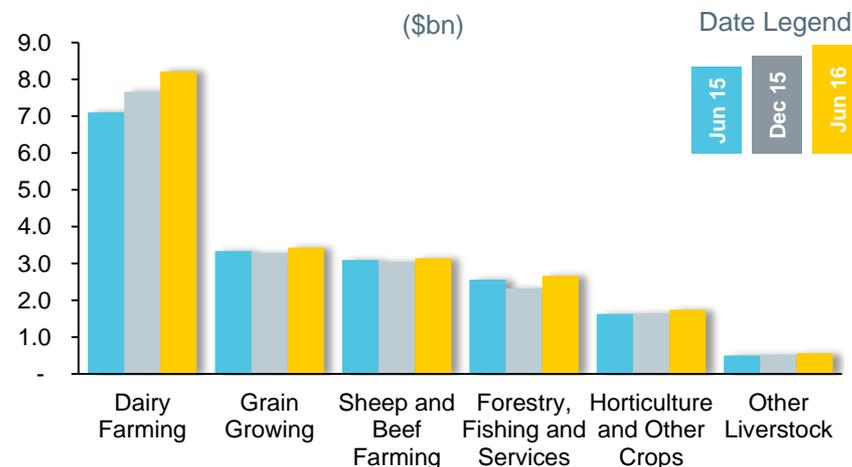
Group Exposure



NZ Dairy Exposure¹



Group Exposure by Sector



1. New Zealand dairy exposure (AUD) included in Group exposure.

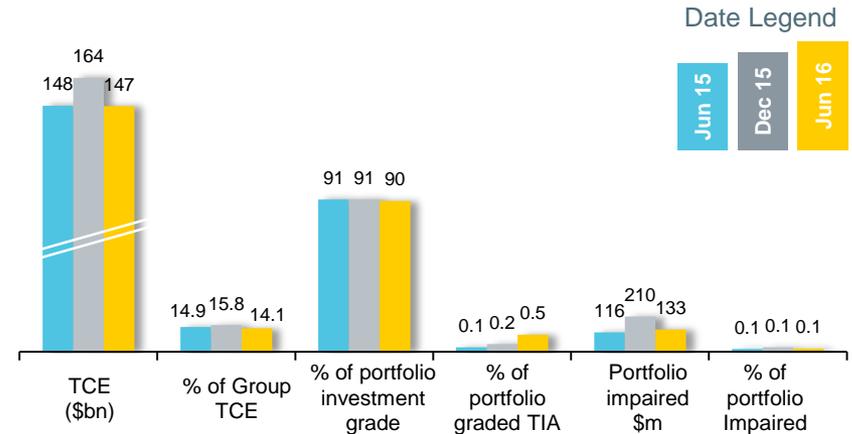


Offshore Exposure

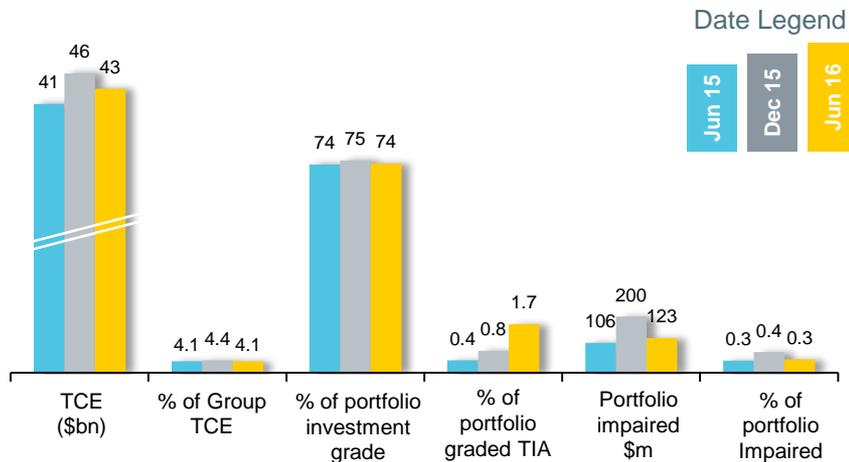
Overview

- Exposure of \$147bn (14.1% of Group TCE) with 70% to Banks, Sovereigns and Other Finance sectors.
- Excluding Banks, Sovereigns and Other Finance:
 - Exposure of \$43bn with \$22bn to Mining, Retail & Wholesale Trade and Transport.
 - 74% is rated investment grade.
 - TIAs have increased to 1.7% in the last 12 months due to downgrades in commodity and commodity related sectors.

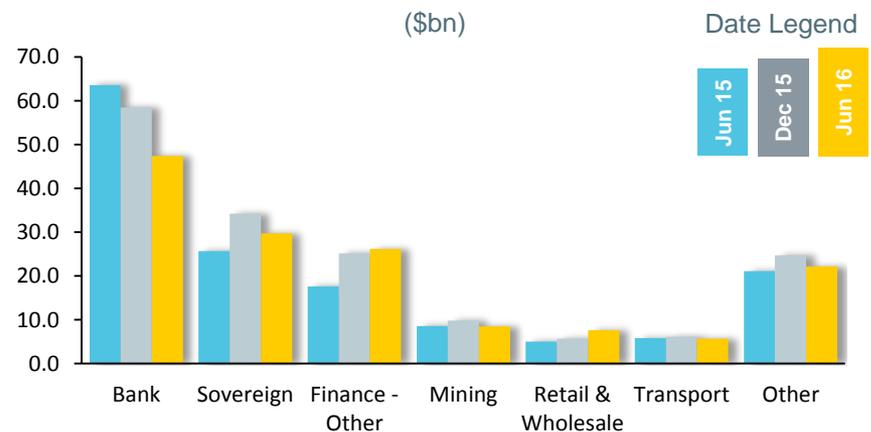
Offshore Exposure



Commercial Offshore Exposure (Excl. Banks/Sovereigns/Other Finance)



Offshore by Sector

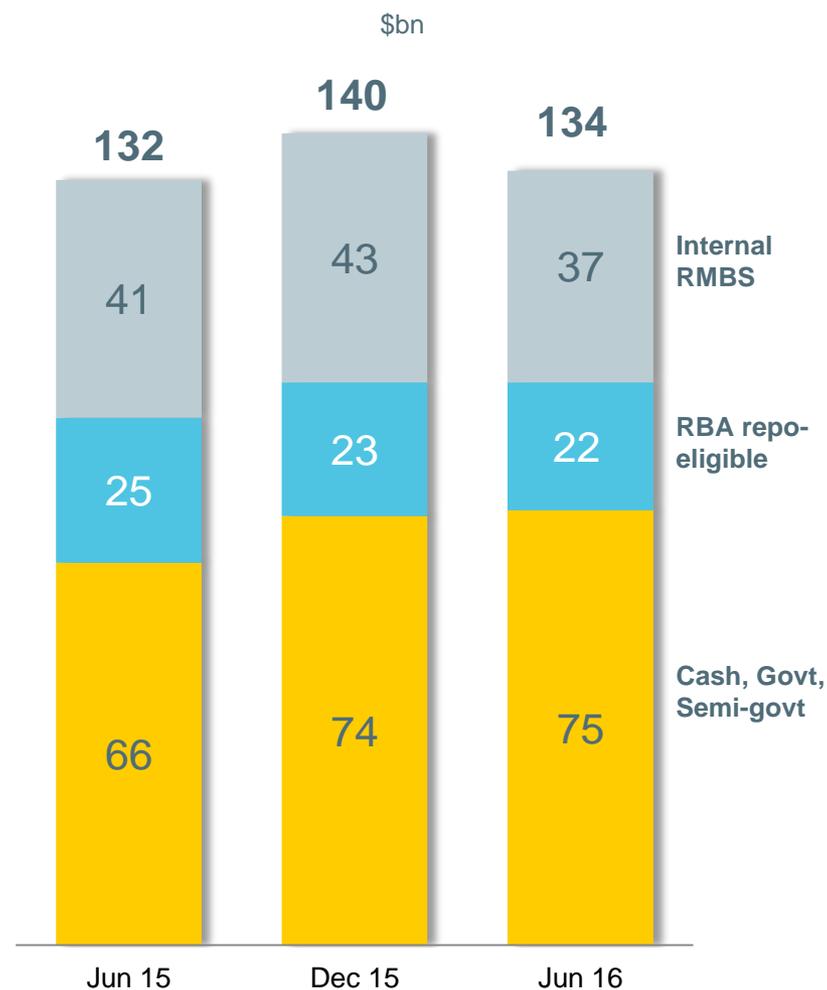


Liquidity Coverage Ratio

- ◆ LCR 120% at 30 Jun 2016
- ◆ Committed Liquidity Facility reduced by \$7.5bn
- ◆ The Group's Net Stable Funding Ratio (NSFR) is currently above the 100% requirement

Liquidity Coverage Ratio (\$bn)	Jun 16	Jun 15	Change (\$bn)
High Quality Liquid Assets	75.1	65.9	9.2
Committed Liquidity Facility	58.5	66.0	(7.5)
Total LCR liquid assets	133.6	131.9	1.3%
<i>Net Cash Outflows due to:</i>			
Customer deposits	70.1	65.8	4.3
Wholesale funding	19.4	30.8	(11.4)
Other	21.9	13.8	8.1
Net Cash Outflows	111.4	110.4	1.0
LCR	120%	120%	-

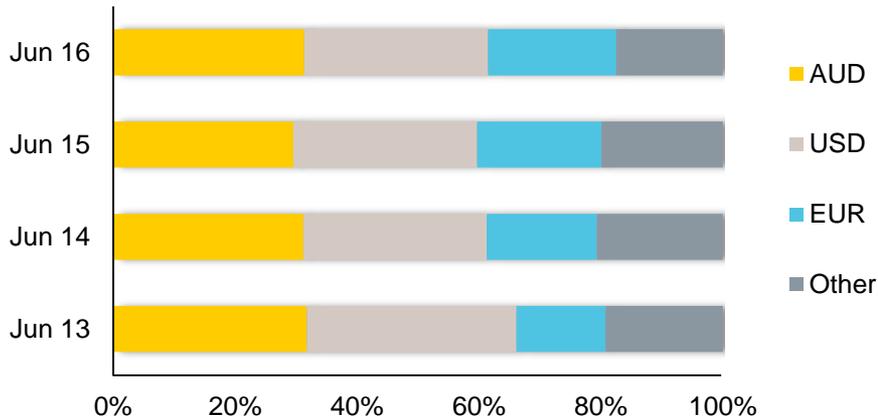
LCR Qualifying Liquid Assets¹



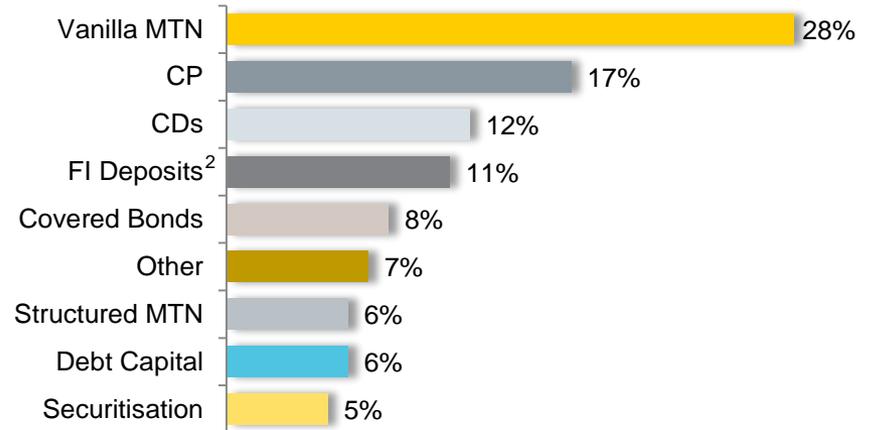
1. Liquids are reported net of applicable regulatory haircuts

Funding - Portfolio

Term Wholesale Funding by Currency¹



Wholesale Funding by Product



Term Wholesale Funding profile – issuance and maturity

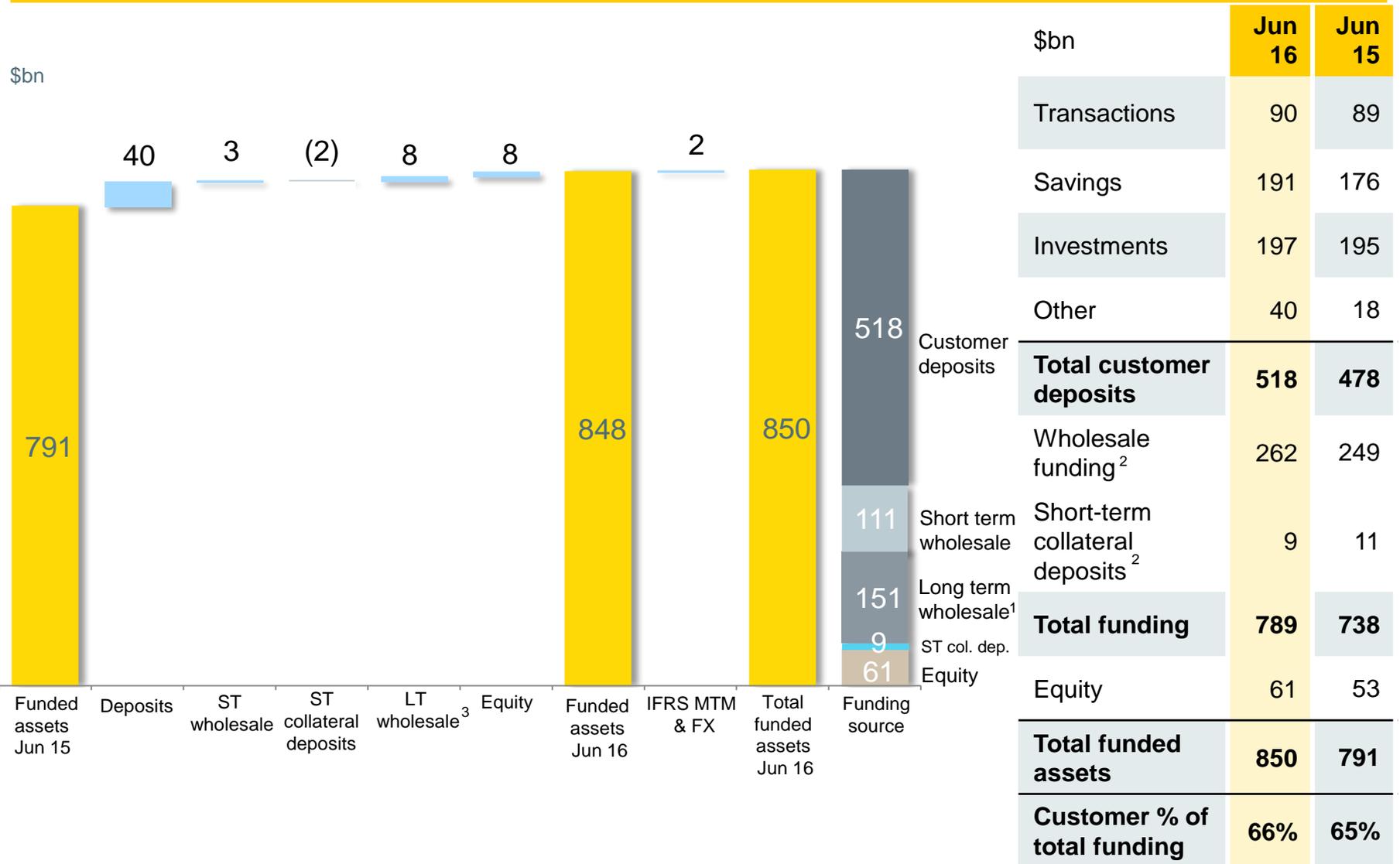


1. Includes loan capital

2. Includes Interbank and Central Bank



Funded Assets



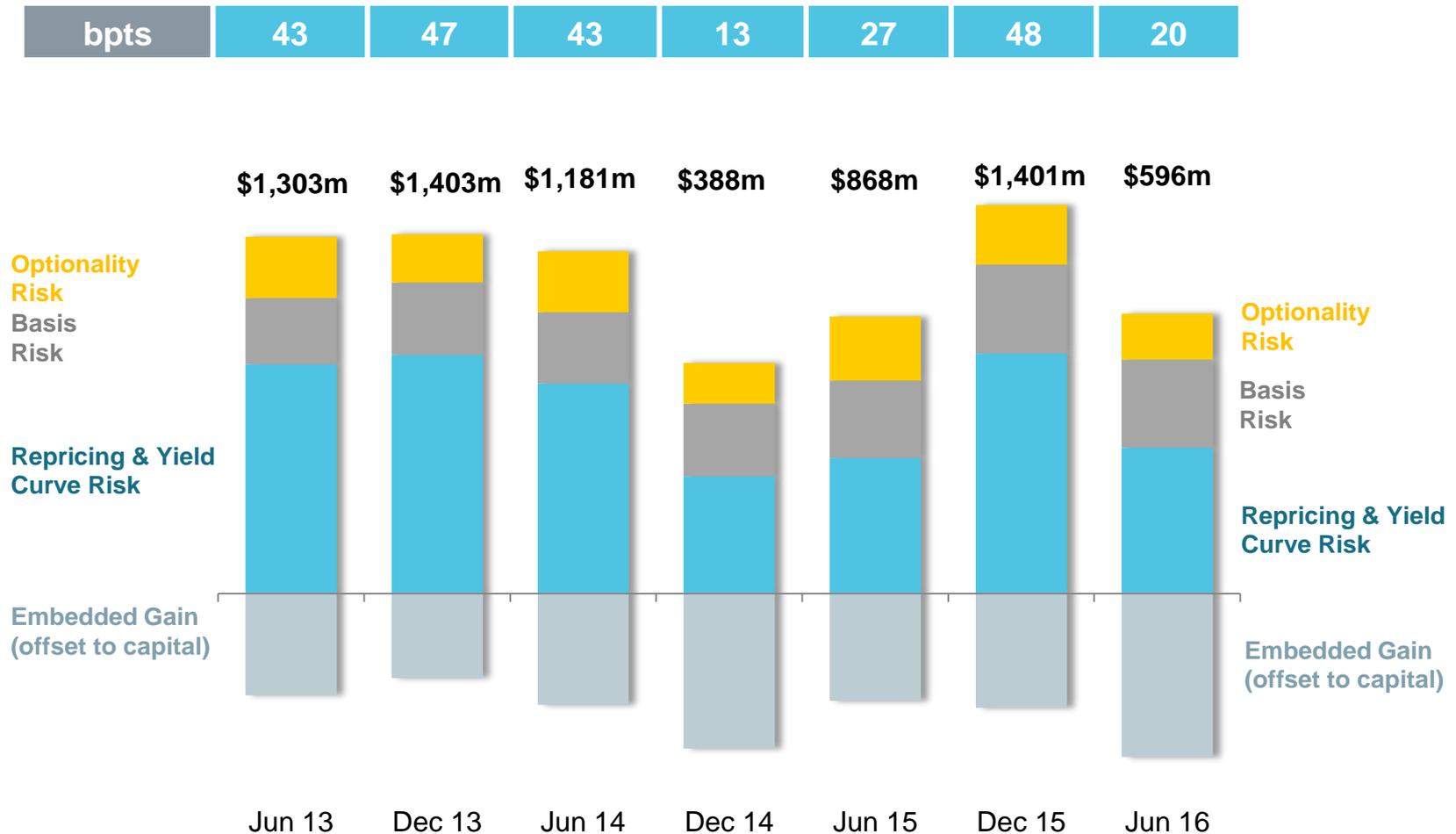
1. Includes IFRS MTM and FX. Maturity based on original issuance date.

2. Wholesale funding and net short-term collateral deposits have been restated to better align with peers and international best practice.

3. LT wholesale funding is reported at current FX rate.

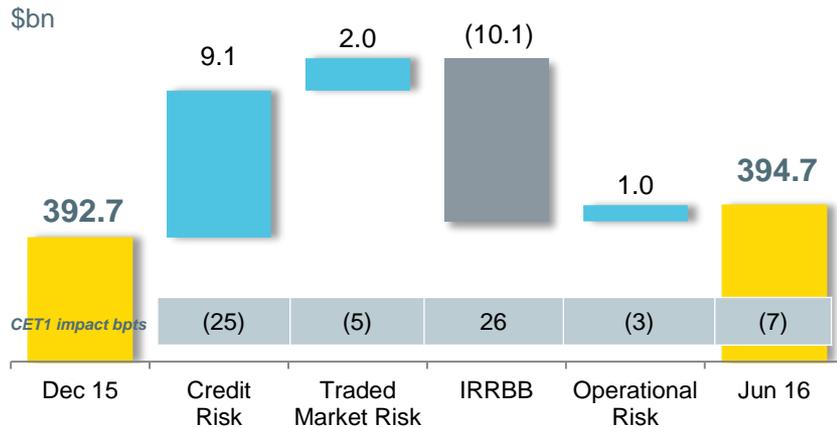


Interest Rate Risk in the Banking Book

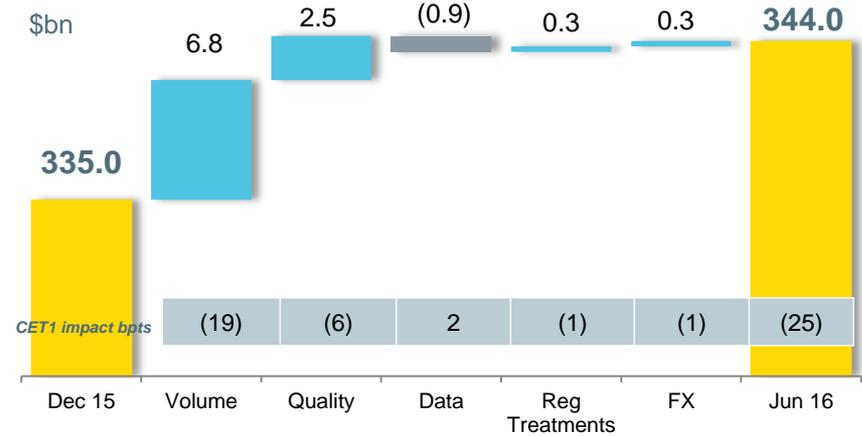


RWA & Capital Usage

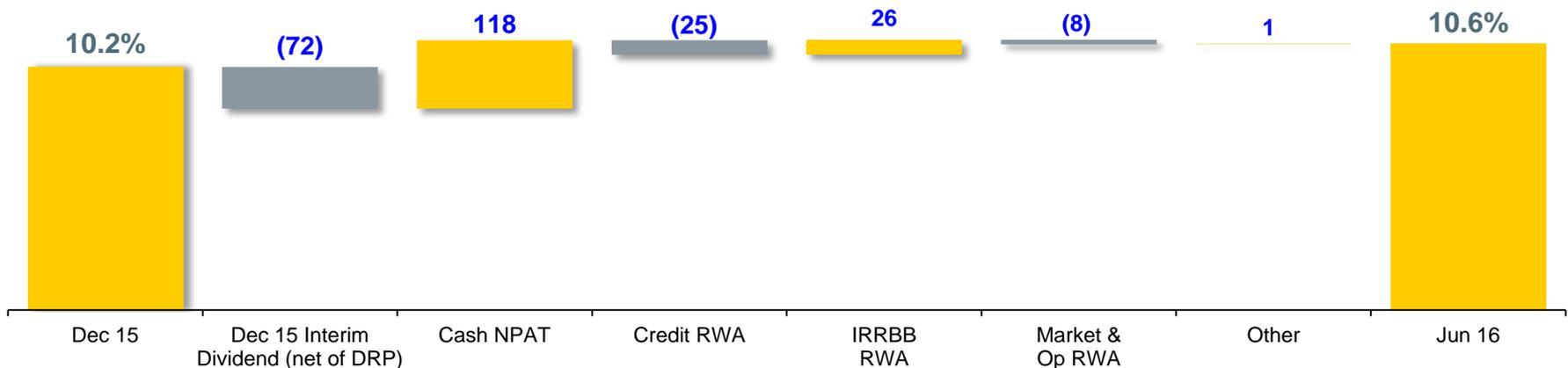
Total Risk Weighted Assets



Credit Risk Weighted Assets



Capital Usage – CET1 (APRA)



Basis points contribution to change in APRA CET1 ratio.



APRA & International Comparison

The APRA Basel III capital requirements are more conservative than those of the Basel Committee on Banking Supervision (BCBS), leading to lower reported capital ratios. In July 2015, APRA published a study that compared the major banks' capital ratios against a set of international peers¹

Equity investments	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements.
Capitalised expenses	Balances are risk weighted, compared to a 100% CET1 deduction under APRA's requirements.
Deferred tax assets	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements.
IRRBB	APRA requires capital to be held for Interest Rate Risk in the Banking Book (IRRBB). The BCBS does not have any capital requirement.
Residential mortgages	Loss Given Default (LGD) of 15%, compared to the 20% LGD floor under APRA's requirements.
Other retail standardised exposures	Risk-weighting of 75%, rather than 100% under APRA's requirements.
Corporate exposures	Unsecured non-retail exposures: LGD of 45%, compared to the 60% or higher LGD under APRA's requirements. Non-retail undrawn commitments: Credit conversion factor of 75%, compared to 100% under APRA's requirements.
Specialised lending	Use of IRB probabilities of default (PD) and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factor.
Currency conversion threshold	Increase in the A\$ equivalent concessional threshold level for small business retail and small/medium enterprise corporate exposures.

1. APRA study entitled "International capital comparison study" (13 July 2015)

APRA & International Comparison

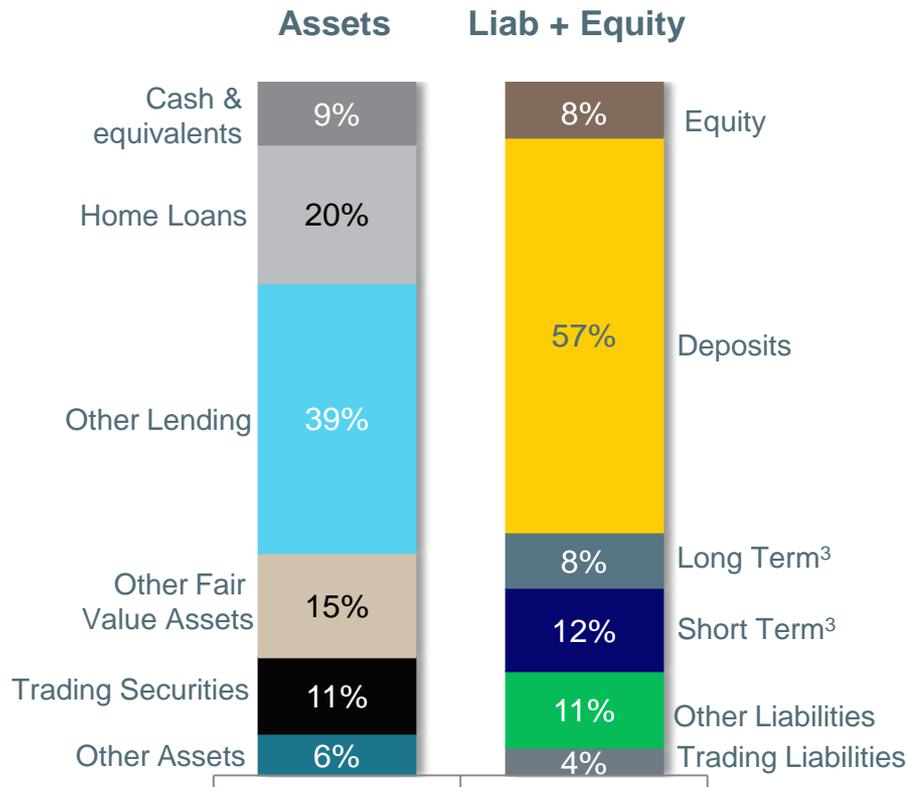
The following table provides details on the differences, as at 30 June 2016, between the APRA Basel III capital requirements and internationally comparable capital ratio¹.

CET1 Basel III (APRA)	10.6%
Equity investments	0.8%
Capitalised expenses	0.1%
Deferred tax assets	0.3%
IRRBB	0.2%
Residential mortgages	0.7%
Other retail standardised exposures	0.1%
Unsecured non-retail exposures	0.6%
Non-retail undrawn commitments	0.4%
Specialised lending	0.5%
Currency conversion threshold	0.1%
Total adjustments	3.8%
CET1 Basel III (Internationally Comparable)	14.4%

1. Analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015)

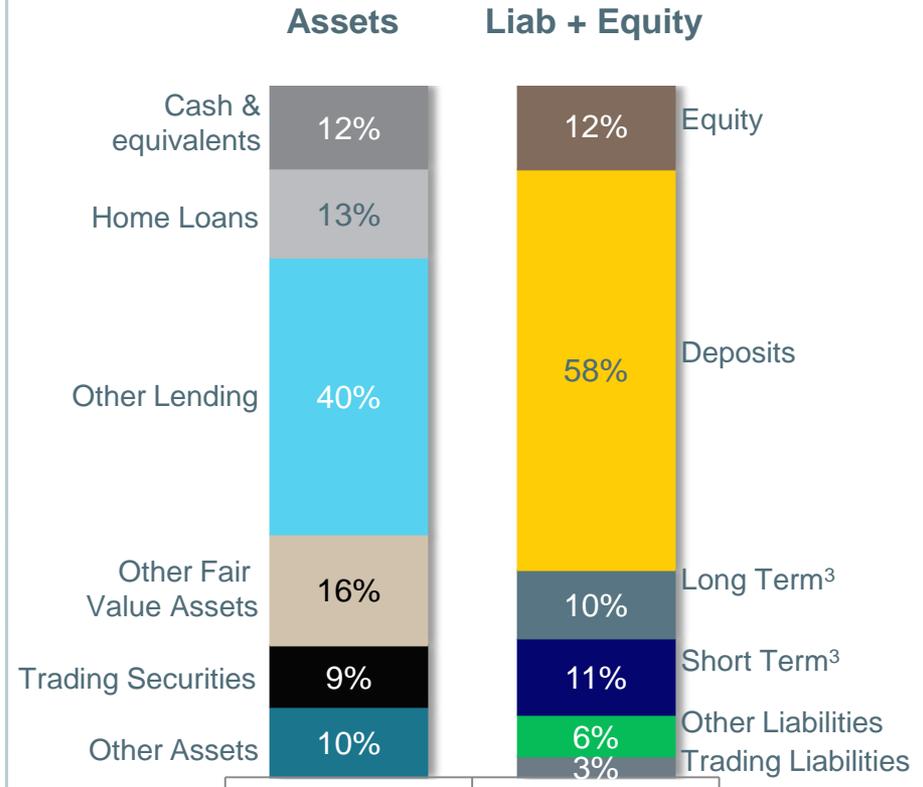
UK and US Balance Sheet Comparison ^{1,2}

United Kingdom



Based on analysis of Lloyds, RBS, HSBC and Barclays as at 30 June 2016.
Average of four banks.

USA

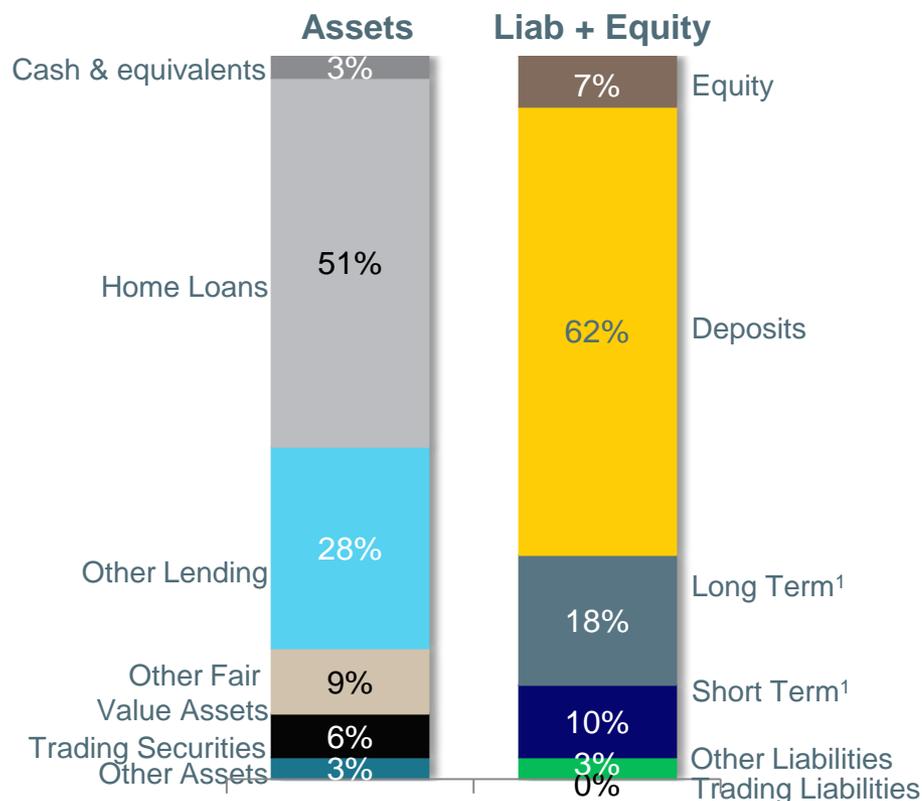


Based on analysis of Citigroup, JP Morgan, Bank of America and Wells Fargo as at 31 March 2016.
Average of four banks.

1. Based on statutory balance sheets.
2. Balance sheets do not include derivative assets and liabilities.
3. Wholesale funding

Australian Banks – Safe Assets, Secure Funding

Commonwealth Bank



CBA balance sheet as at 30 June 2016.
Balance sheet does not include derivative assets and liabilities.
Based on statutory balance sheet.

Balance Sheet Comparisons

Assets – CBA has a safe, conservative asset profile:

- 51% of balance sheet is home loans, which are stable/long term.
- Trading securities and other fair value assets comprise just 15% of CBA balance sheet compared to 26% and 25% for UK and US banks respectively.
- CBA's balance sheet is less volatile due to a lower proportion of fair value assets.

	Assets*	
	Amortised cost	Fair Value
CBA	81%	19%
UK	42%	58%
US	55%	45%

Funding – CBA has a secure, sustainable low risk funding profile:

- Higher deposit base than US and UK banks (62% including 31% of household deposits).
- CBA wholesale funding profile has a longer duration than UK banks. This means CBA has lower dependence on wholesale funding markets in any given period compared to UK banks.

* Includes grossed up derivatives.

Capital Conservation Buffer (CCB)

- ◆ The Australian major banks are domestic systemically-important banks (D-SIBs). From 1 January 2016, D-SIBs are required to hold 1% additional capital in the form of CET1 (called the D-SIB buffer).
- ◆ The Countercyclical Capital Buffer (CCyB), which was also effective from 1 January 2016, currently has no material impact on the Group¹.
- ◆ Both the D-SIB and CCyB form part of the CCB. From 1 January 2016, if a bank's CET1 ratio falls within the CCB, they may be restricted from making discretionary payments such as dividends, hybrid Tier 1 distributions and bonuses

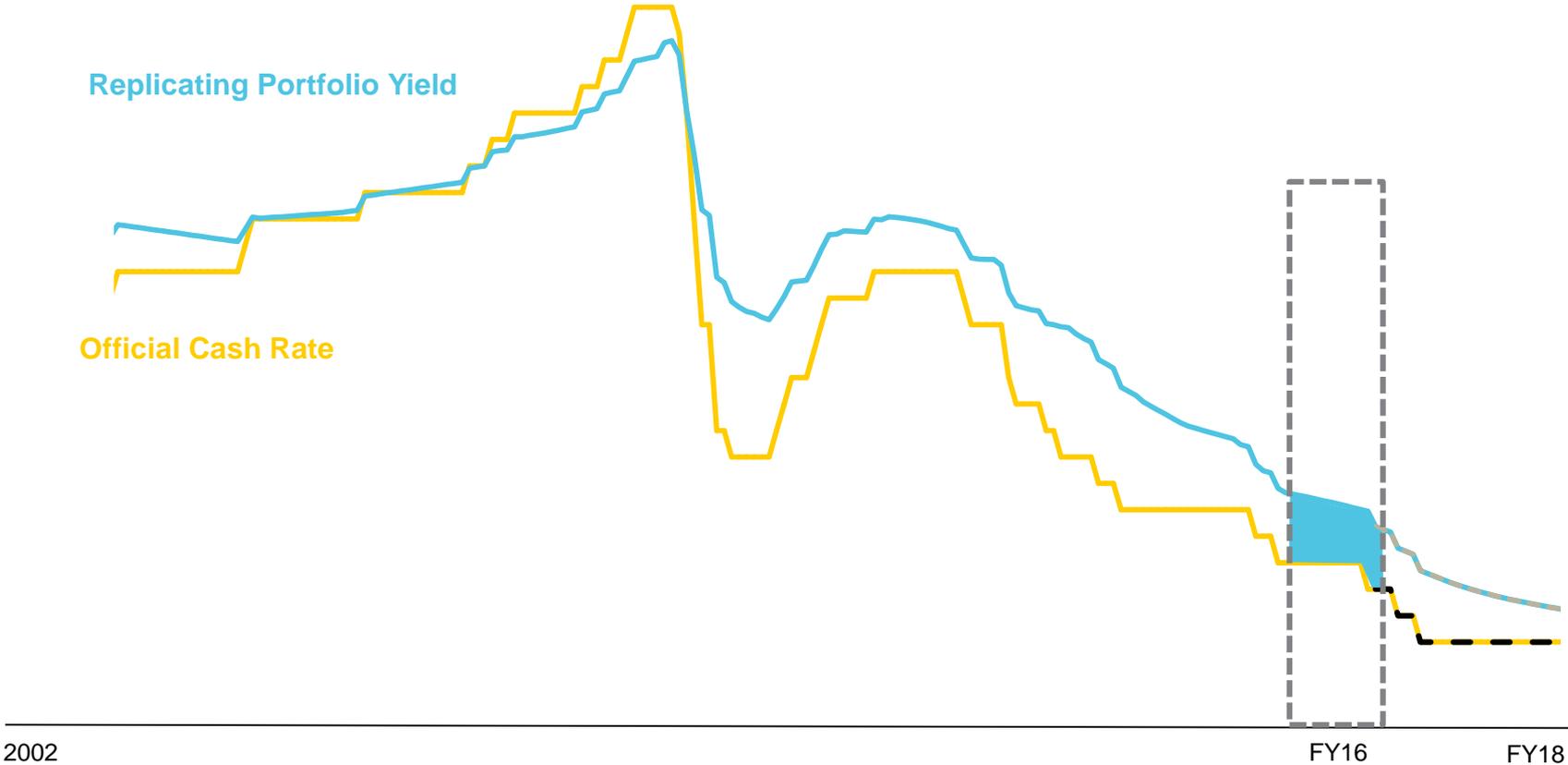
CET1 ratio	Value	% of earnings able to be used for discretionary payments
Above top of CCB	PCR + 3.5%, and above	100%
Fourth quartile of CCB	Less than PCR + 3.5%	60%
Third quartile of CCB	Less than PCR + 2.625%	40%
Second quartile of CCB	Less than PCR + 1.75%	20%
First quartile of CCB	Less than PCR + 0.875%	0%
Prudential capital ratio (4.5% minimum plus any additional amount required by APRA)	PCR	0%

Above example assumes the total CCB (including the D-SIB buffer of 1% and CCyB of 0%) is 3.5%

1. In December 2015, APRA announced that the CCyB for Australian exposures has been set at 0%. The Group has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed.

Replicating Portfolio

Actual and Forecast Scenario



Replicating portfolio provides partial economic hedge for certain liabilities and assets that display imperfect correlation between the cash rate and the product interest rate



Regulatory Expected Loss

\$m	Jun 16	Dec 15	Jun 15
Regulatory Expected Loss (EL)	4,430	4,214	4,083
Eligible Provisions (EP)			
Collective Provisions ¹	2,562	2,656	2,599
Specific Provisions ^{1,2}	1,801	1,649	1,656
General Reserve for Credit Losses adjustment	552	386	346
less ineligible provisions (standardised portfolio)	(609)	(592)	(593)
Total Eligible Provisions	4,306	4,099	4,008
Regulatory EL in Excess of EP	124	115	75
Common Equity Tier 1 Adjustment³	314	245	134

1. Includes transfer from collective provision to specific provisions (Jun 16: \$256m, Dec 15: \$145m, Jun 15: \$163m). 2. Specific provisions includes partial write offs (Jun 16: \$601m, Dec 15: \$595m, Jun 15: \$606m). 3. Excess of eligible provisions compared to expected loss for defaulted exposures (Jun 16: \$190m, Dec 15: \$130m, June 15: \$59m), not available to reduce the shortfall for non-defaulted exposures.



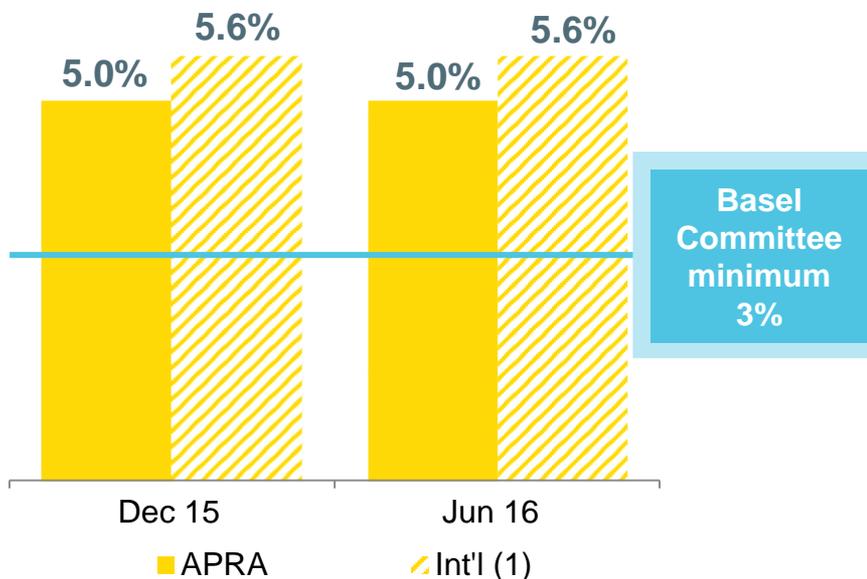
Leverage Ratio

CBA Leverage Ratio well above prescribed Basel Committee minimum

Leverage ratio introduced to constrain the build-up of leverage in the banking system.

Scheduled to be introduced as a minimum requirement from 1 January 2018.

$$\text{Leverage ratio} = \frac{\text{Tier 1 Capital}}{\text{Total Exposures}}$$



\$m	Jun 16
Tier 1 Capital	48,553
Total Exposures	980,846
Leverage Ratio (APRA)	5.0%

\$m	Jun 16
Group Total Assets	933,078
Less subsidiaries outside the scope of regulatory consolidations	(16,625)
Less net derivative adjustment	(1,662)
Add securities financing transactions	493
Less asset amounts deducted from Tier 1 Capital	(18,140)
Add off balance sheet exposures	83,702
Total Exposures	980,846

1. Tier 1 capital included in the calculation of the internationally comparable leverage ratio aligns with the APRA study entitled "international capital comparison study" (13 July 2015), and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

Regulatory Change

	2016	2017	2018	2019
APRA				
Leverage ratio	Disclosure requirements only		Implementation	
CCB + D-SIB	Implemented 1 Jan 2016 CCB CET1 2.5% + D-SIB CET1 1.0%			
Countercyclical Capital Buffer (CCyB)	Implemented 1 Jan 2016 – not material			
Response to FSI		Implementation from 1 Jul 2016 – increase in mortgage risk weights		
Basel Committee				
Standardised & Advanced Credit Risk	Consultation - expected to be finalised in 2016		Implementation to be advised	
Capital floors	Consultation - expected to be finalised in 2016		Implementation to be advised	
Standardised Operational Risk	Consultation - expected to be finalised in 2016		Implementation to be advised	
Market Risk	Finalised Jan 2016			Implementation
IRRBB	Finalised Mar 2016		Additional disclosures from 2018	
NSFR	Consultation		Implementation	



Economic Indicators

		2011	2012	2013	2014	2015	2016	2017
World	GDP	4.2	3.4	3.3	3.4	3.1	3.0	3.2
Australia	Credit Growth % – Total	2.6	4.4	3.1	5.0	5.9	6.2	4¾-6¾
	Credit Growth % – Housing	6.1	5.0	4.6	6.4	7.3	6.7	5-7
	Credit Growth % – Business	-2.3	4.4	1.2	3.4	4.4	6.6	5-7
	Credit Growth % – Other Personal	0.6	-1.2	0.2	0.6	0.8	-0.8	½-2½
	GDP %	2.4	3.6	2.4	2.5	2.3	2.9	2.9
	CPI %	3.1	2.3	2.3	2.7	1.7	1.4	1.3
	Unemployment rate %	5.0	5.2	5.4	5.8	6.2	5.9	5.8
	Cash Rate %	4¾	3½	2¾	2½	2	1¾	1¼
New Zealand	Credit Growth % – Total	1.5	3.2	4.0	4.2	6.4	6½-8½	4½-6½
	Credit Growth % – Housing	1.2	1.8	5.0	5.3	5.6	7-9	5-7
	Credit Growth % – Business	1.2	3.9	1.9	3.1	6.2	5-7	5-7
	Credit Growth % – Agriculture	-0.8	3.0	4.4	3.7	7.6	6-8	4-6
	GDP %	1.1	2.8	2.3	3.0	3.3	2.6	3.6
	CPI %	3.8	2.2	0.8	1.5	0.6	0.4	0.9
	Unemployment rate %	6.6	6.6	6.7	6.0	5.8	5.4	5.6
	Overnight Cash Rate %	2.5	2.5	2.5	3.25	3.25	2.25	1.75

Credit Growth
GDP, Unemployment & CPI
Cash Rate

= 12 months to June qtr
= Financial year average
= As at end June qtr

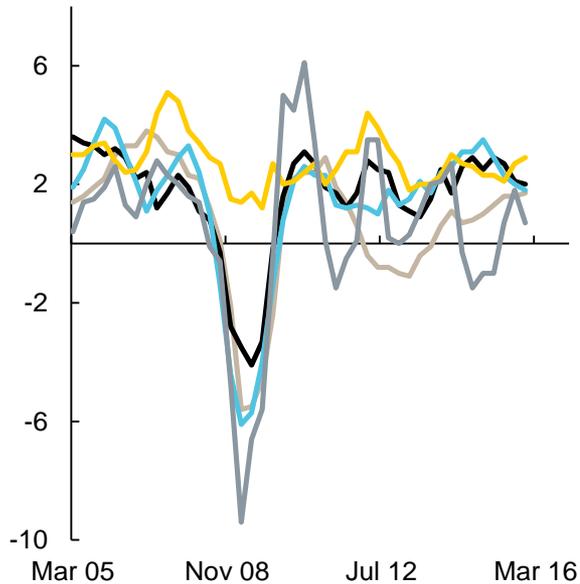
World GDP
■

= Calendar Year Average
= forecast

Australia remains well placed, but exposed to global uncertainty

GDP¹

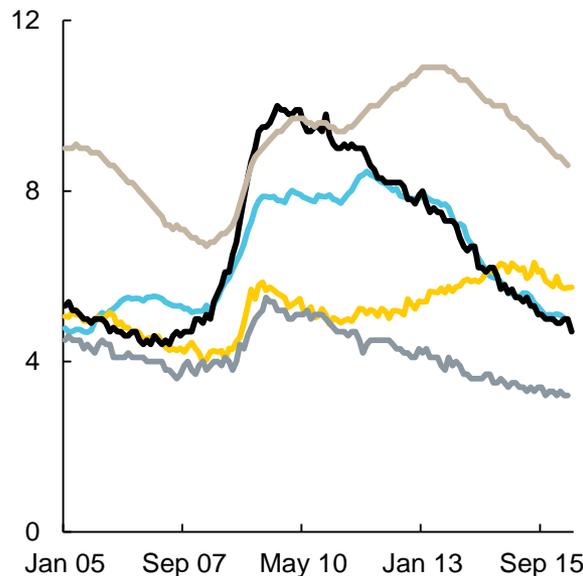
(annual % change)



Australia is into its 25th year
of continuous economic
growth

Unemployment Rate²

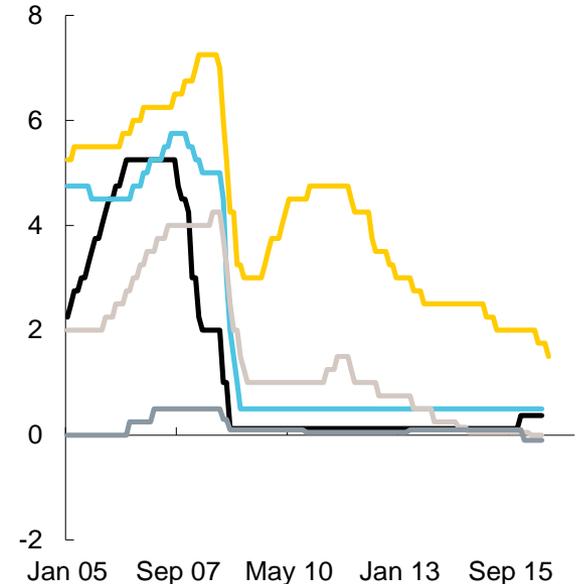
(%)



Unemployment
rates trending lower

Global Interest Rates¹

(%)



Australian policy makers
retain some firepower

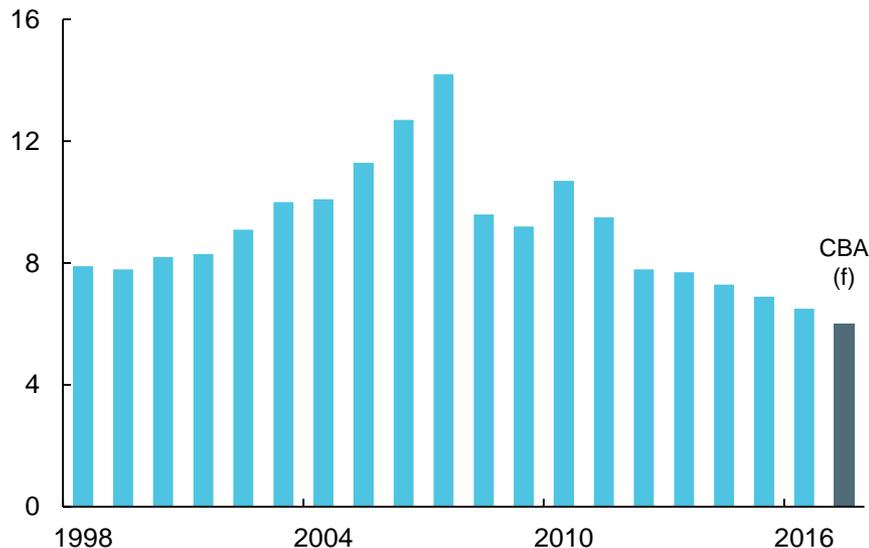
1. Source: Bloomberg
2. Source: CEIC



Chinese economic growth is slowing

China: GDP¹

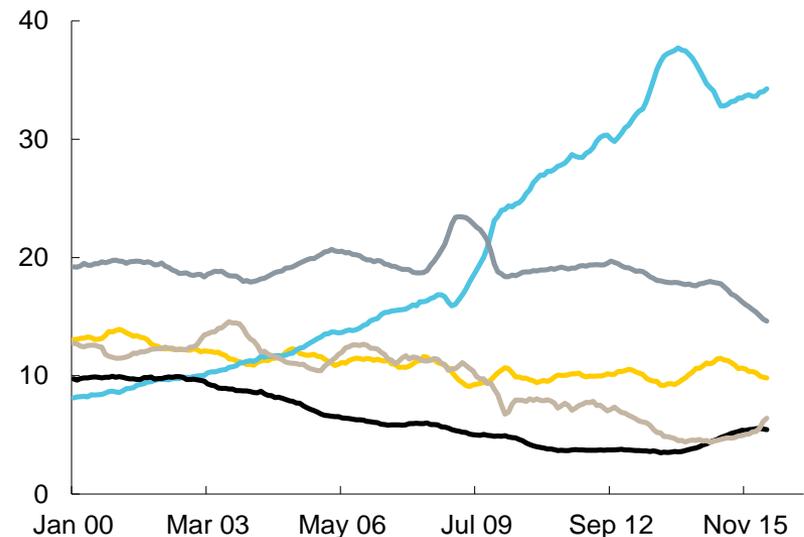
(annual % change)



We expect the Chinese economy to grow by 6% in 2017, with lower interest rates and supportive fiscal policy.

Export Shares²

(% of share of annual exports)



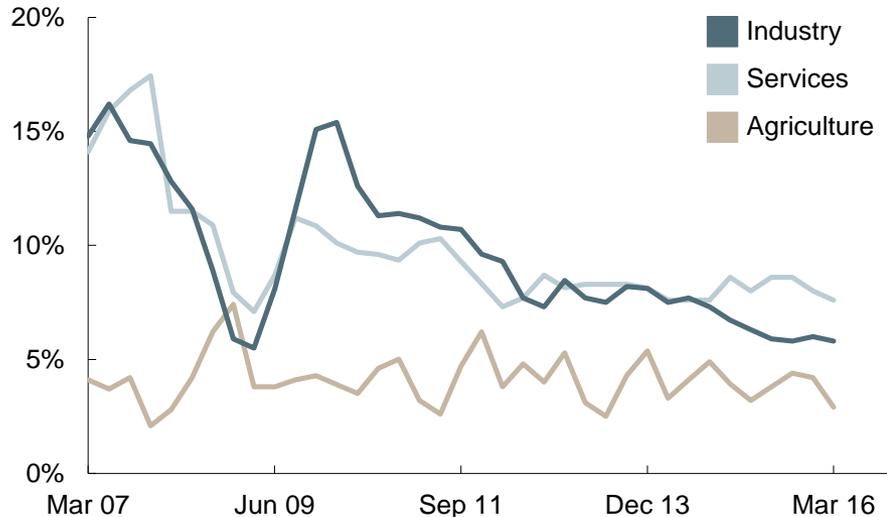
China and the rest of emerging Asia drive global economic growth and commodity demand. Slower growth in China is a risk for the global economy and Australia.



Growth in China is shifting away from resource-intensive industries

China GDP growth by industry¹

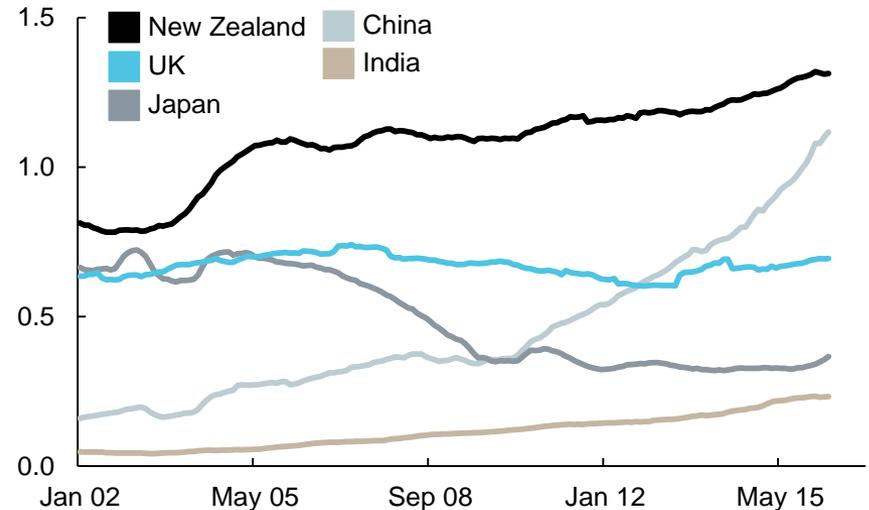
(annual % change)



China continues to transition from investment led growth to consumption/services driven growth. This process means slower demand growth for resource-based goods.

Short term overseas arrivals²

(rolling annual total millions)



China's transition presents opportunities for Australia. Rising incomes in China will benefit the education, tourism and agricultural sectors in Australia. There is also scope for health and financial exports to China.

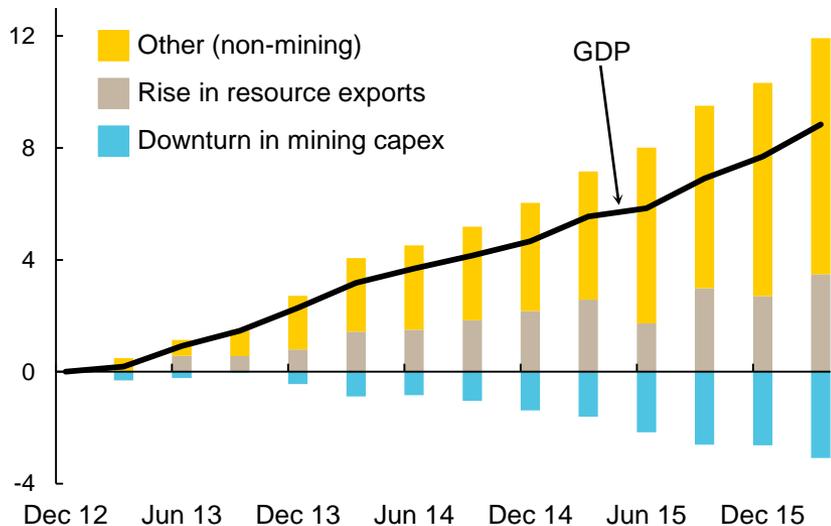
1. Source: CEIC
2. Source: ABS



The domestic growth transition continues

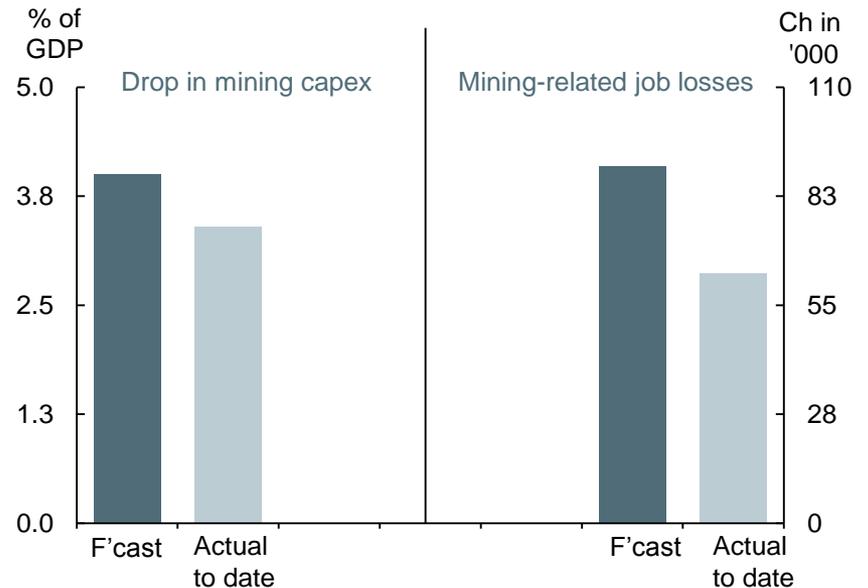
Growth drivers from mining peak¹

(cumulative contribution to GDP since end 2012)



The transition from mining to other sources of growth continues. We are further through the investment downturn than many appreciate.

Progress on the transition²



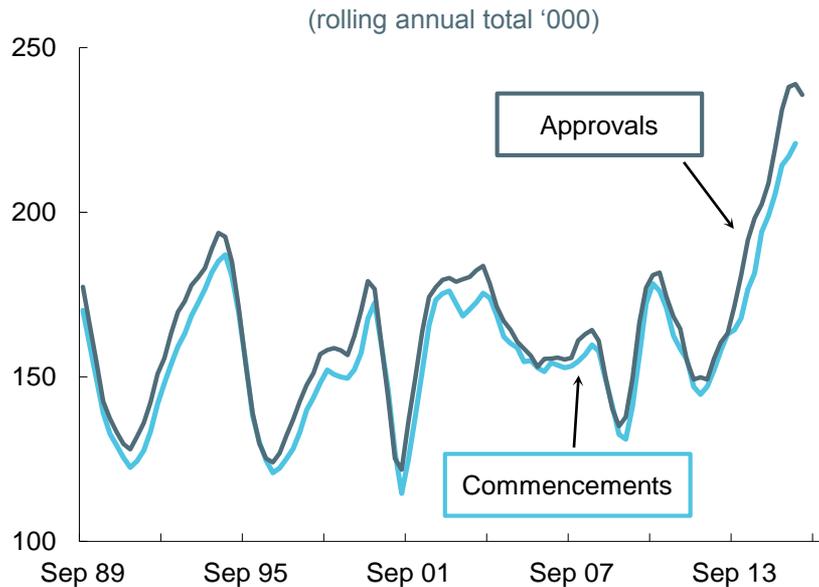
Australia is around 80% of the way through the anticipated decline in mining capex. At the same time, we are also around 70% of the way through the expected loss of mining construction-related jobs.

1. Source: ABS
2. Source: ABS / CBA



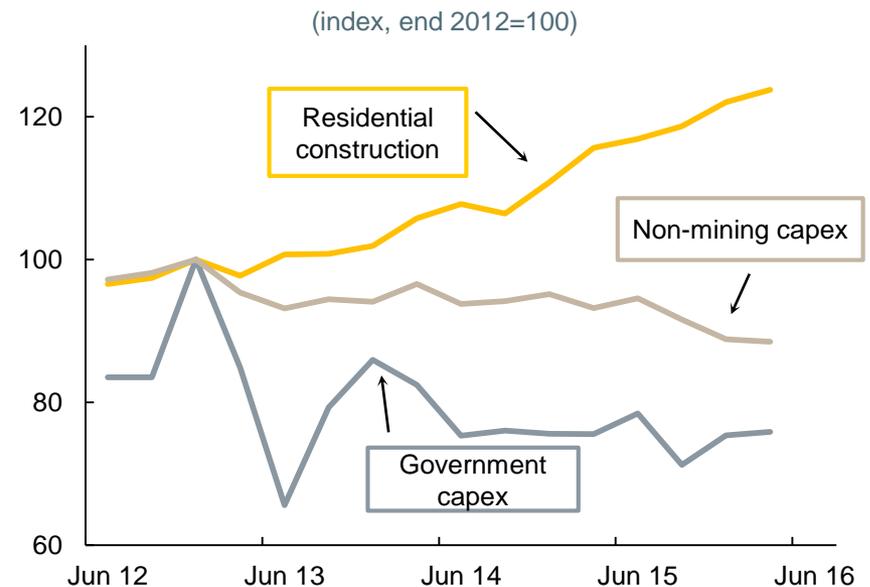
But the transition is uneven

Dwelling construction¹



A record residential construction boom is underway, lifting employment and related parts of retail like hardware, furnishings and white goods.

Transition drivers¹

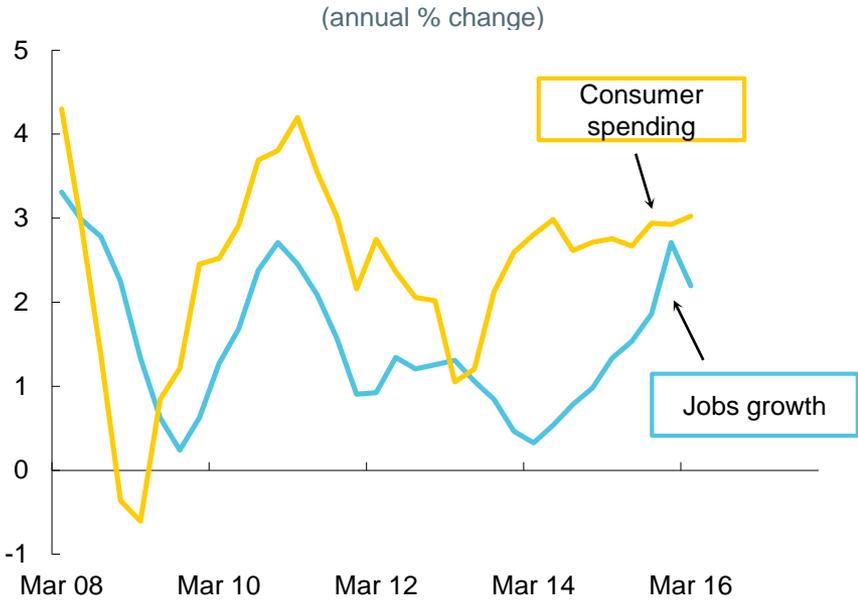


The transition is not uniform. Other parts of the transition have failed to fire. Businesses have been reluctant to invest and governments have not lifted capex.



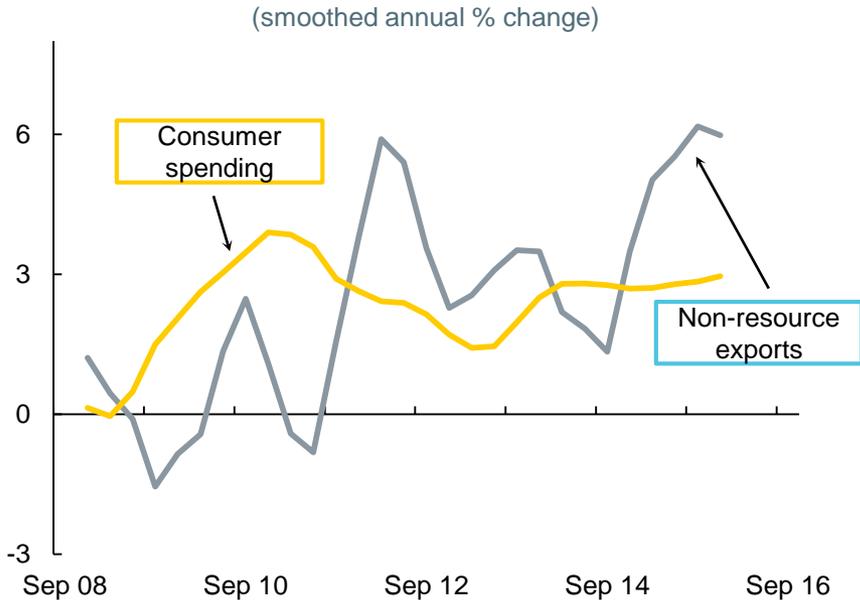
Consumer spending has lifted & the lower currency is supporting service industries

Employment & the consumer¹



Other parts of the transition are more encouraging. An improvement in the labour market is positive for consumer spending, despite the weakness in wages growth.

Some “surprises”¹



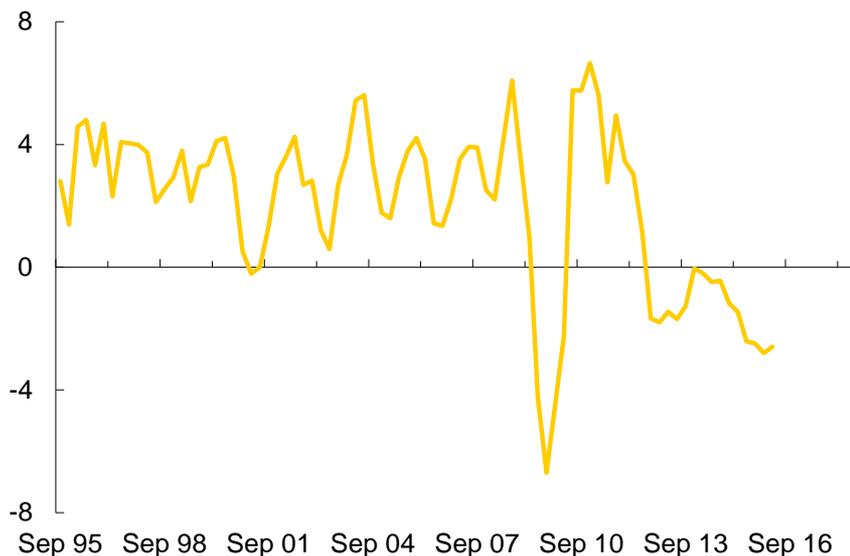
The lower Australian dollar helps lift tourism exports and enhances the competitiveness of domestic manufacturing and service providers.

1. Source: ABS

There is an income threat because of the declines in commodity prices

Per capita income¹

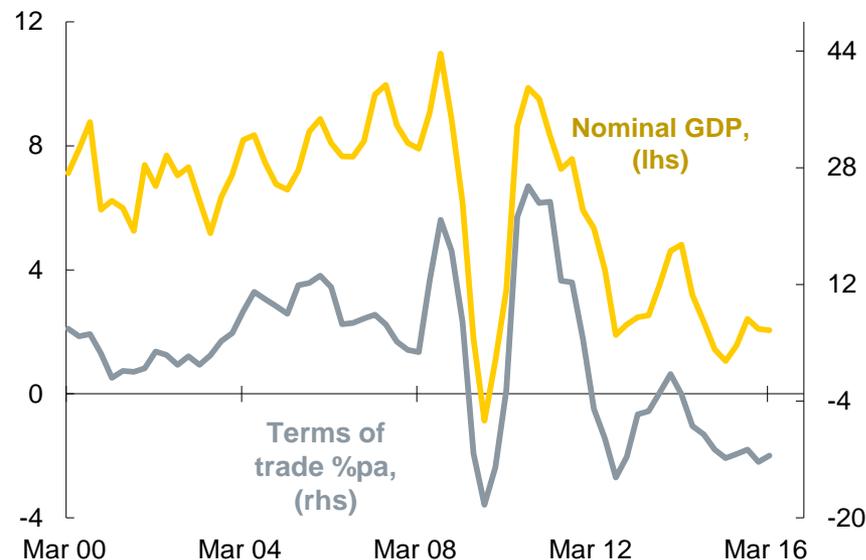
(real net national disposable income % per annum)



Real gross domestic income per capita has been falling for some time. Lower bulk commodity prices depress national income and profits growth which flow back to the tax base and wages.

Income & the terms-of-trade¹

(annual % change)



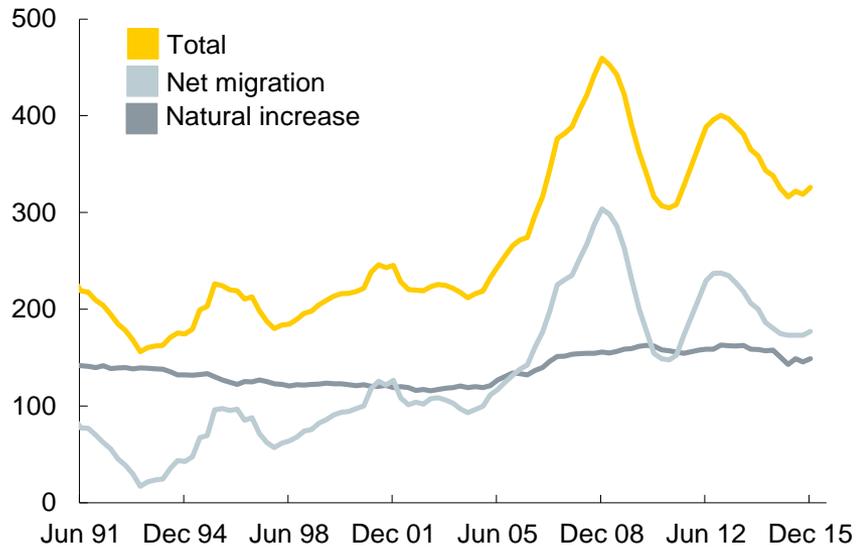
Income weakness is a key source of risk to the economy in 2016/17. Falling commodity prices are driving the terms-of-trade lower. And a falling terms-of-trade weighs on incomes.



The housing market is slowing

Population growth¹

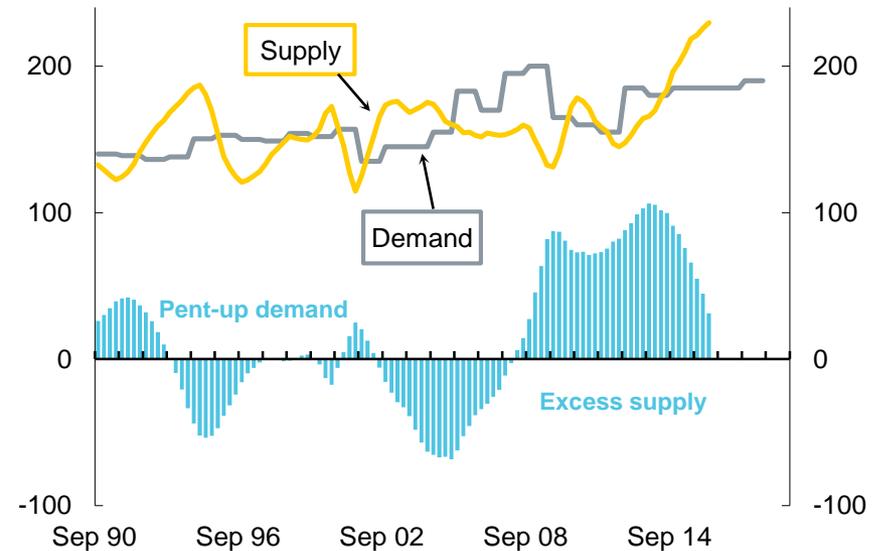
(moving annual total '000)



Population growth has slowed as net migration eased. Therefore, the underlying demand for new dwellings has stepped down.

CBA: Housing demand & supply²

('000)

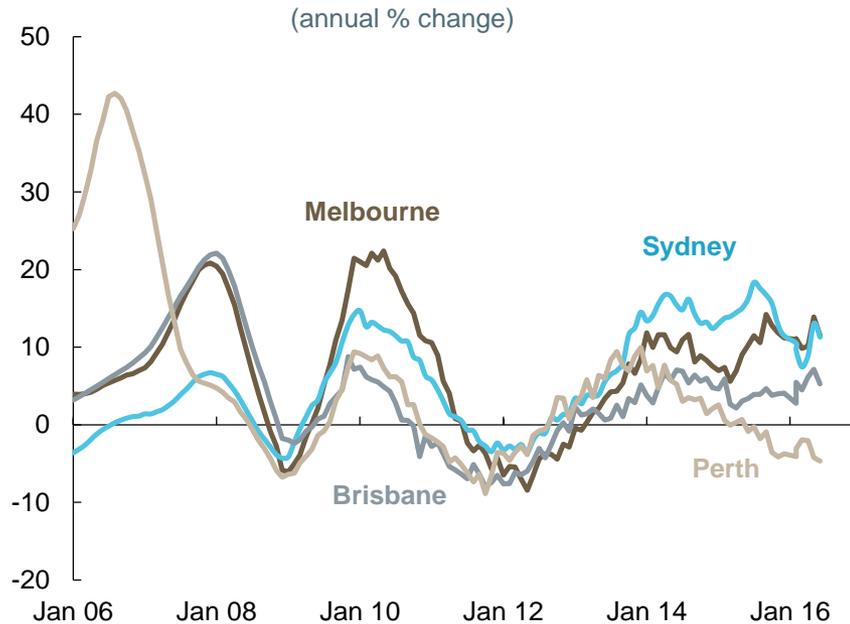


Housing supply is now running ahead of housing demand, satisfying some past backlog.

1. Source: ABS
2. Source: ABS / CBA

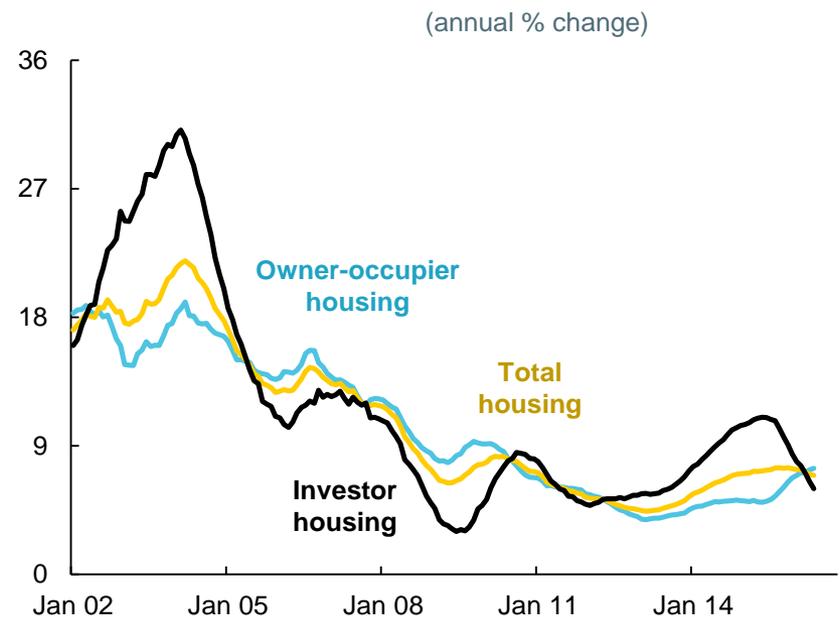
Dwelling price growth diverges

Dwelling prices²



Dwelling price growth varies widely by region. House and apartment price growth has lifted a little in recent months.

Housing credit growth²

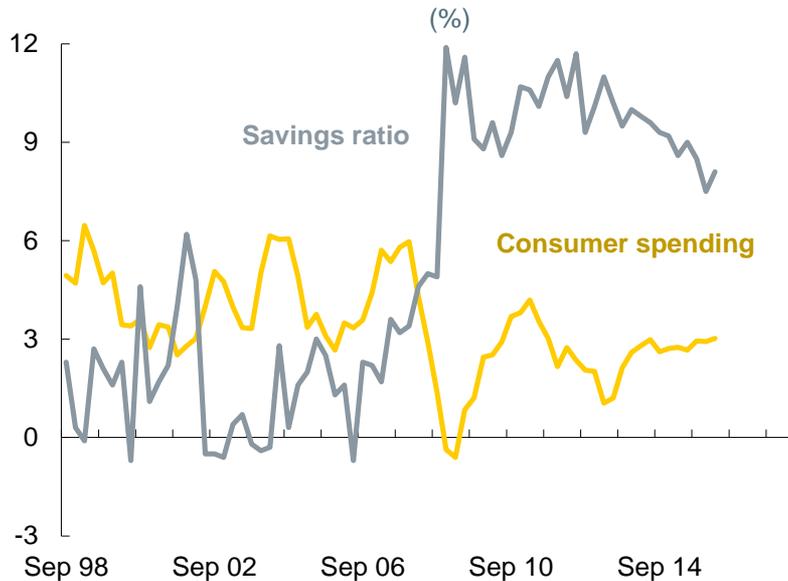


Higher dwelling prices, regulatory changes to investor lending and lower mortgage rates have produced divergent credit growth.

1. Source: CoreLogic RP Data
2. Source: RBA

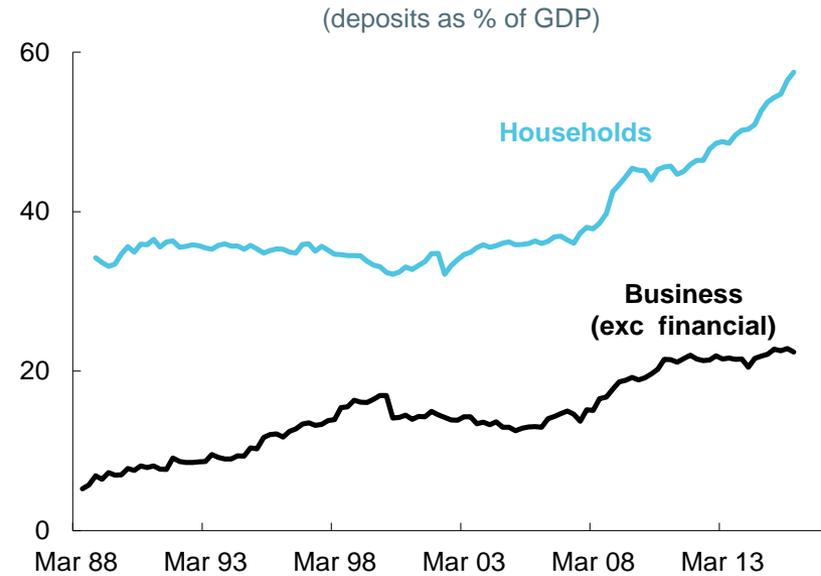
Household balance sheets remain strong

Saving ratio¹



The household savings rate remains at a relatively high level, but has eased over the past year. Consumer spending growth is running in line with longer term averages.

Cash holdings²



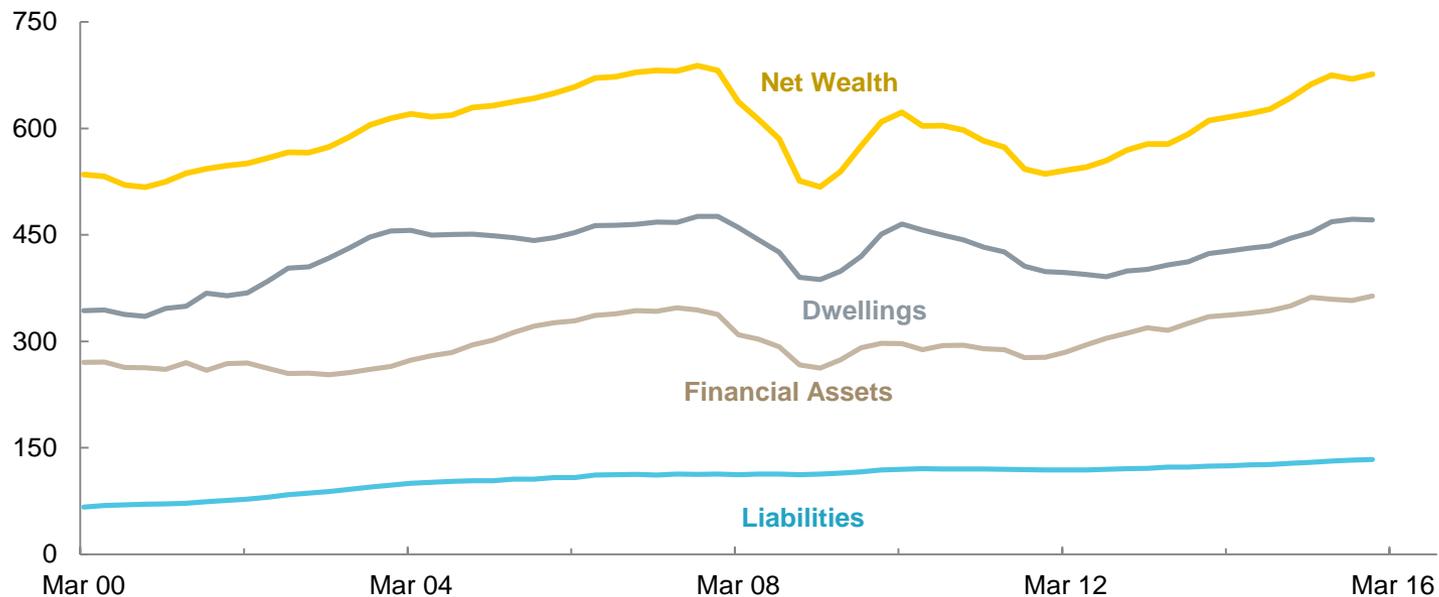
Australian businesses and households have significant holdings of cash which makes them well placed to deal with global risks.



Households in better shape in net terms

Household Wealth and Liabilities¹

(% of annual household disposable income)



Household net worth has improved despite an increase in debt, driven by a large increase in the value of residential assets. Households would be vulnerable to a fall in asset values and/or a rise in interest rates.



Factors that typically characterise a house price bubble are not evident in Australia

Housing “Bubble” – typical characteristics

Current position in Australia

Unsustainable asset prices

- ◆ Prices were supported by underbuilding in past years but demand and supply are now more in balance.
- ◆ Dwelling price growth is slowing across the nation.
- ◆ Strong lift in construction will dampen dwelling price growth
- ◆ Residential rental yields stabilising as new supply rises

Speculative investment artificially inflates asset prices

- ◆ Investor interest is a rational response to low interest rates, rising risk appetite and the pursuit of yield
- ◆ Investor demand now easing after APRA’s regulatory changes

Strong volume growth driven by relaxed lending standards

- ◆ Minimal “low doc” lending
- ◆ Mortgage insurance for higher LVR loans
- ◆ Full recourse lending
- ◆ Lift in rates for investors as a macroprudential policy response

Interaction of high debt levels and interest rates

- ◆ A high proportion of borrowers ahead of required repayment levels
- ◆ Interest rate buffers built into loan serviceability tests at application
- ◆ Housing credit growth remains modest and at the bottom end of the range of the past three decades.

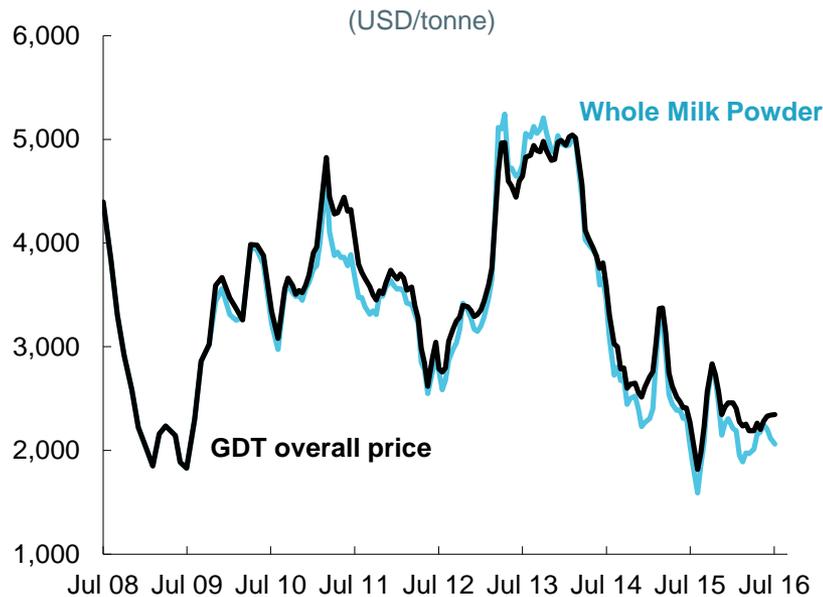
Domestic economic shock – trigger for price correction

- ◆ Respectable Australian economic growth outcomes
- ◆ Unemployment rate has fallen and arrears rates are low



New Zealand

Global dairy trade auction results¹



Dairy prices weakened over 2014 and 2015. A gradual recovery is expected over 2016 as production falls in response to ongoing lower prices.

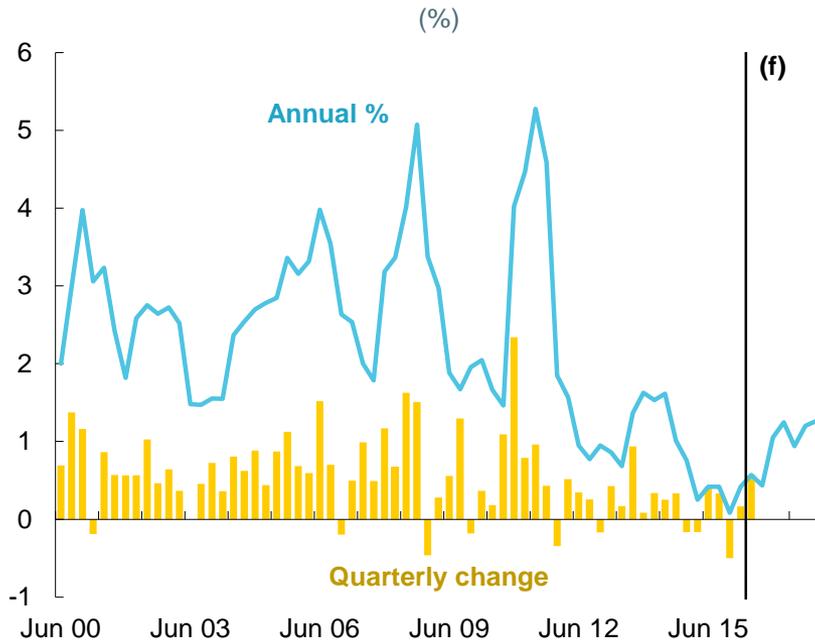
NZ short term arrivals²



Meanwhile, tourism (now the biggest foreign exchange earner) is going from strength to strength. Chinese visitor numbers have soared over the past few years.

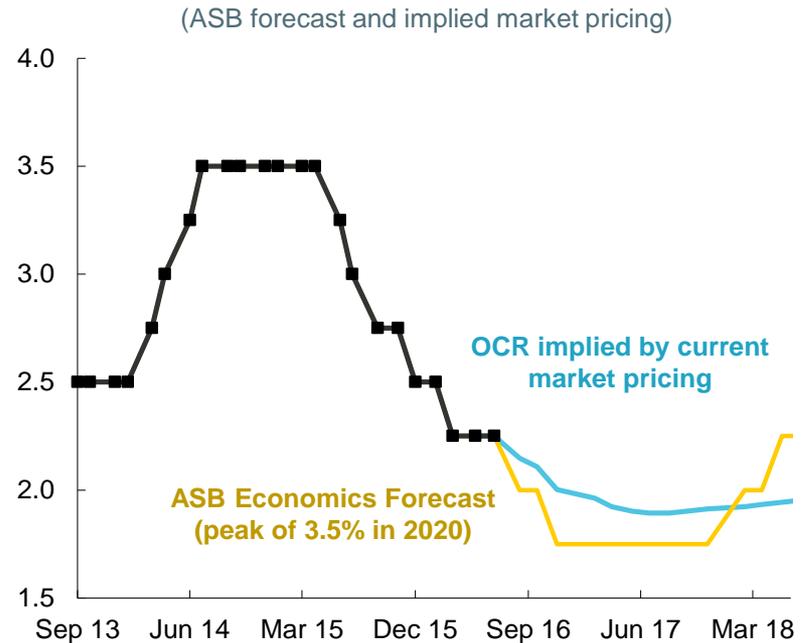
New Zealand

NZ CPI inflation¹



The inflation environment remains very subdued. The recent NZ dollar appreciation may see inflation staying lower for longer.

OCR forecasts²

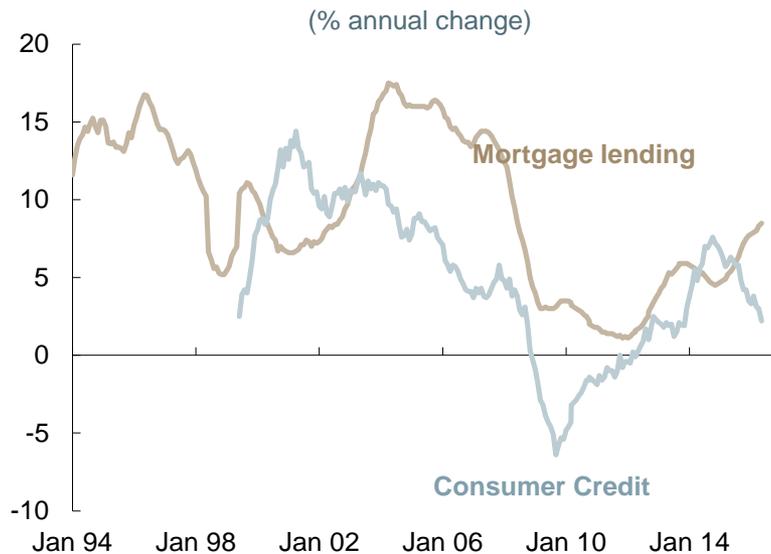


The RBNZ has cut the Official Cash Rate from 3.5% to 2.25%. We expect the RBNZ will cut the OCR even further.



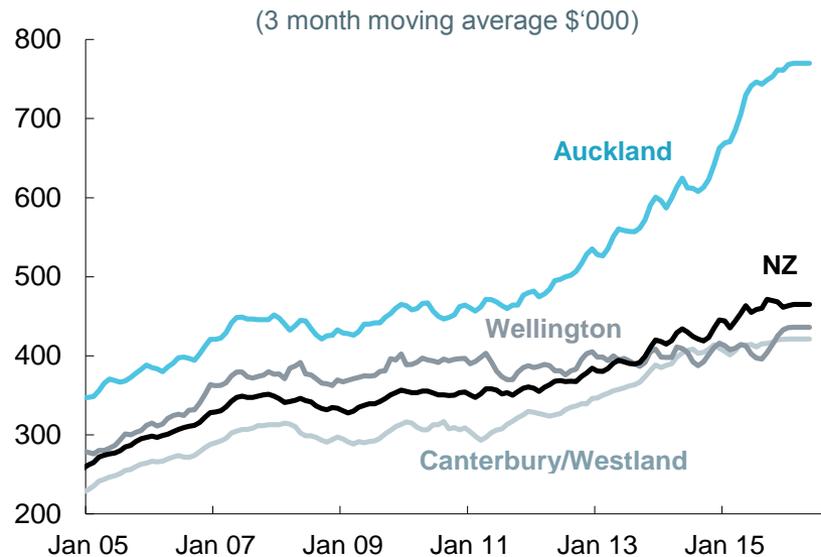
New Zealand

NZ household lending growth¹



The Auckland market has shrugged off the impact of 2015's Auckland-only investor lending restrictions and nationwide tax changes. The relaxing of ex-Auckland lending restrictions has also contributed to a strong pick-up elsewhere.

NZ median house price²



Still-strong migration inflows and low interest rates will continue to support the housing market and mortgage credit growth, though at a slightly slower pace than in 2015. Additional lending restrictions, if implemented, may weigh on growth over 2017.

1. Source: RBNZ / ASB
2. Source: REINZ



Customer Metrics - Sources

- 1 Roy Morgan Research Retail Main Financial Institution (MFI) Customer Satisfaction. Australian population 14+. % “Very Satisfied” or “Fairly Satisfied” with relationship with that MFI. 6 month rolling average to June 2016. Peers includes ANZ, NAB and Westpac. CBA excludes Bankwest. (Slides 11, 13 & 65)
- 2 Customer Needs Met / Products per Customer – Roy Morgan Research. Australian Population 18+, Banking and Finance products per Banking and Finance customer at main financial institution. 6 month rolling average to June 2016. CBA excludes Bankwest. Rank based on comparison to ANZ, NAB and Westpac. Wealth includes Superannuation, Insurance and Managed Investments. Share of product is calculated by dividing Products held at CBA by Products held anywhere. “Internet Banking” refers to CBA customers who conducted internet banking in the last 4 weeks. Note: Individual products may not add up to the overall totals due to rounding. (Slides 13 & 69)
- 3 Roy Morgan Research, Australians 14+, Proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution (MFI Share), 12 month average to June 2016. Peers includes ANZ, NAB and Westpac (incl. St George Group). CBA includes Bankwest. “Internet Banking” refers to customers who conducted internet banking via app and website anywhere in the last 4 weeks. (Slides 12 & 65)
- 4 DBM Business Financial Services Monitor (June 2016), average satisfaction rating of business customers’ Main Financial Institution (MFI), across all Australian businesses, using an 11 pt scale where 0 is Extremely Dissatisfied and 10 is Extremely Satisfied, 6 month rolling average. (Slides 11, 65, & 82)
- 5 DBM Business Financial Services Monitor. Micro businesses are defined as those with annual turnover up to \$1 million, Small businesses are those with annual turnover of \$1 million to less than \$5 million, Medium businesses are those with annual turnover of \$5 million to less than \$50 million, Large businesses are those with annual turnover of \$50m to less than \$500m, and IB&M businesses are those with annual turnover of \$100 million or more. All charts use a 6 month rolling average. (Slide 82)
- 6 Wealth Insights platform service and overall satisfaction score - Ranking of Colonial First State (the platform provider) is calculated based on the weighted average (using Plan for Life FUA) of the overall adviser satisfaction scores of FirstChoice and FirstWrap compared with the weighted average of other platform providers in the relevant peer set. The relevant peer set includes platforms belonging to Westpac, NAB, ANZ, AMP and Macquarie in the Wealth Insights survey. This measure is updated annually in April. (Slide 11 & 65)
- 7 PT Bank Commonwealth in Indonesia rated number one among foreign banks for customer service as measured by MRI (one of the leading industry Standards for Customer Service Excellence). (Slide 11)
- 8 Proportion of Banking & Finance customers’ Wealth products captured by the financial institution. Roy Morgan Research. Australian Population 18+ , 6 month average to June 2016. Calculated by dividing Wealth products held at institution by products held anywhere. Wealth Products includes Total Insurance (excl. Private Health), Managed Investments and Superannuation. CBA excludes Bankwest. (Slide 69)
- 9 Roy Morgan Research. Australian population 14+. Proportion of customers who conducted internet banking via website or app with their Main Financial Institution in the last 4 weeks, who are either “Very Satisfied” or “Fairly Satisfied” with the service provided by that institution. 6 month average to June 2016. Rank based on comparison to ANZ, NAB and Westpac. (Slides 10, 65, 84 & 85)
- 10 Roy Morgan Research. Australian population 14+. Proportion of customers who conducted internet banking via website with their Main Financial Institution in the last 4 weeks, who are either “Very Satisfied” or “Fairly Satisfied” with the service provided by that institution. 6 month average to June 2016. Rank based on comparison to ANZ, NAB and Westpac. (Slide 85)
- 11 Roy Morgan Research. Australian population 14+. Proportion of customers who conducted internet banking via an app with their Main Financial Institution in the last 4 weeks, who are either “Very Satisfied” or “Fairly Satisfied” with the service provided by that institution. 6 month average to June 2016. Rank based on comparison to ANZ, NAB and Westpac. (Slide 85)



Sustainability Scorecard – Sources and definitions

All metrics capture data of the wholly owned and operated entities of the Commonwealth Bank Group (the Group) unless otherwise stated.

1. The metric represents the proportion of retail Main Financial Institution (MFI) customers surveyed by Roy Morgan Research that are either 'Very Satisfied' or 'Fairly Satisfied' with their overall relationship (defined as customers who consider CBA to be their main financial institution, and hold at least a Deposit/Transaction account) with their financial institution on a scale of 1 to 5 where 1 is 'Very Dissatisfied' and 5 is 'Very Satisfied'. The metric is reported as a 6 month rolling average, based on the Australian population aged 14 and over. The ranking refers to CBA's position relative to the other three main Australian banks (Westpac, NAB and ANZ).
2. The metric represents the average satisfaction of CBA's Business and Institutional Banking customers as measured by DBM's Business Financial Services Monitor. Respondents rate their overall satisfaction using an 11-point scale (where 0 is 'Extremely Dissatisfied' and 10 is 'Extremely Satisfied'). Results are reported as a 6 month rolling average as at 30 June. The rank refers to CBA's position relative to the other three major Australian banks (Westpac, NAB and ANZ).
3. The Colonial First State (the platform provider) score is calculated based on the weighted average (using Funds Under Administration (FUA) from the most recent Plan for Life FUA subscription database) of the overall satisfaction scores (out of 10) of FirstChoice and FirstWrap. The ranking is calculated by comparing the overall satisfaction score with the weighted average of other platform providers in the relevant peer set. The relevant peer set includes platforms belonging to Westpac, NAB, ANZ, AMP and Macquarie Bank in the Wealth Insights survey.
4. The index shows the proportion of employees replying with a score of 4 or 5 to four engagement questions. These questions relate to satisfaction, retention, advocacy and pride on a scale of 1-5 (5 is "Strongly Agree", 1 is "Strongly Disagree"). The result captures the responses of CBA employees only.
5. Employee turnover refers to all voluntary exits of permanent employees as a percentage of the average, permanent headcount paid directly by the Group (full-time, part-time, job share or on extended leave), excluding ASB and Sovereign. Due to events recorded after the close of the previous reporting period, 2015 result has been restated from 10.0% to 10.2%.
6. Percentage of roles at the level of both Manager and Executive Manager and above filled by women, in relation to the total headcount at this level. Headcount captures permanent headcount (full-time, part-time, job share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group, excluding ASB and Sovereign. Due to the expansion of the reporting scope for the Group, the 2014 and 2015 figures have been restated.
7. LTIFR is the reported number of occurrences of lost time arising from injury or disease that have resulted in an accepted workers compensation claim, for each million hours worked by the average number of domestic employees (permanent, casual and contractors paid directly by the Group) over the year. Data is presented using the information available as at 30 June for each financial year.
8. Absenteeism refers to the average number of sick leave days (and for CommSec employees, carers leave days) per domestic full-time equivalent (FTE). Absenteeism is the annualised figure as at 31 May each year. Figures prior to 2012 are for CBA domestic only.
9. Scope 1 carbon emissions relate to the consumption of natural gas and stationary fuel by domestic retail and commercial properties. It also includes the business use of our domestic tool-of-trade vehicle fleet. Scope 2 carbon emissions relate to the electricity use by domestic retail, commercial, ATMs and certain residential properties. Scope 3 carbon emissions relate to indirect emissions associated with Scope 1 and 2, rental car and taxi use, business use of private vehicles, dedicated bus service, business flights, office paper and waste to landfill.
10. The number of active School Banking students who banked at least once during a 12 month period through a School Banking school.
11. The number of students booked to attend Commonwealth Bank's Start Smart Programs during a 12 month period.

Technology - Sources

Sources for 'Australia's leading technology bank' (slide 84)

- 1 Free financial app: CommBank app on iOS and Android in Australia. Sources are the Apple App Store and the Google Play Store.
- 2 Online banking: CBA won Canstar's *Bank of the Year – Online Banking* award for 2016 (for the 7th year in a row). Awarded May 2016.
- 3 Customer satisfaction – internet banking services: Roy Morgan Research. Australian population 14+. Proportion of customers who conducted internet banking via website or app with their Main Financial Institution in the last 4 weeks, who are either “Very Satisfied” or “Fairly Satisfied” with the service provided by that institution. Rank based on comparison to ANZ, NAB and Westpac. CBA held the number one position for Overall Satisfaction the entire financial year 2016.
- 4 Social media: CBA's combined following across its main Facebook, LinkedIn, Twitter and Instagram sites is the largest of the main Australian banks (subsidiary and associated pages not included in count). In addition, global independent website *The Financial Brand* rates the social media presence of banks and credit unions globally. For the second quarter of 2016, CBA is the #1 Australian bank on their list: <http://thefinancialbrand.com/59589/power-100-2016-q2-bank-rankings/>.
- 5 Australian Banking and Finance magazine awarded CBA the *Most Innovative Business Bank Product (for Daily IQ)* at the Corporate & Business Banking Awards 2015.
- 6 Client feedback: Peter Lee Associated ranked CommBiz 1st or equal 1st across all eight platform measures including processing, security features, integration with accounting systems, overall features/ functionality, user friendliness, overall value for money, reporting, customer service and support, ease of use of platform via smartphone/tablet.
- 7 Australian Banking and Finance magazine awarded CBA the *Best Internet Business Bank award* at the Corporate & Business Banking Awards 2015.
- 8 Australian Banking and Finance magazine awarded CBA the *Innovative Card & Payment Product of the year* for Mobile Wallet. Awarded June 2016.
- 9 Mobile banking: CBA won Canstar's *Bank of the Year - Mobile Banking* award for 2016. Awarded May 2016.

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Glossary of Key Definitions

Capital & Other

Risk Weighted Assets or RWA The value of the Group's On and Off Balance Sheet assets are adjusted by risk weights calculated according to various APRA prudential standards. For more information, refer to the APRA website.

CET1 Expected Loss (EL) Adjustment CET1 adjustment that represents the shortfall between the calculated regulatory expected loss and eligible provisions with respect to credit portfolios which are subject to the Basel advanced capital IRB approach. The adjustment is assessed separately for both defaulted and non-defaulted exposures. Where there is an excess of regulatory expected loss over eligible provisions in both assessments, the difference must be deducted from CET1. For non-defaulted exposures where the EL is lower than the eligible provisions, this may be included in Tier 2 capital up to a maximum of 0.6% of total credit RWAs.

Leverage Ratio Tier 1 Capital divided by Total Exposures, with this ratio expressed as a percentage. Total exposures is the sum of On Balance Sheet items, derivatives, securities financing transactions (SFTs), and Off Balance Sheet items, net of any Tier 1 regulatory deductions that are already included in these items.

Internationally comparable capital The Internationally Comparable CET1 ratio is an estimate of the Group's CET1 ratio calculated using rules comparable with our global peers. The analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).

Credit value adjustment (CVA) Valuation adjustment to reflect the market view of counterparty credit risk on over the counter (OTC) derivatives.

Funding valuation adjustment (FVA) The expected funding cost or benefit over the life of the uncollateralised derivative portfolio.

Funding & Risk

Liquidity coverage ratio (LCR) The LCR is a quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 Jan 2015. It requires Australian ADI's to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.

High quality liquid assets (HQLA) As defined by APRA in Australian Prudential Standard APS210: Liquidity. Qualifying HQLA includes cash, Govt and Semi Govt securities, and RBNZ eligible securities (\$6.2bn for FY16). The Exchange Settlement Account (ESA) balance is netted down by the Reserve Bank of Australia open-repo of internal RMBS.

Committed liquidity facility (CLF) The Reserve Bank of Australia (RBA) provides the CLF to participating ADIs under the LCR as a shortfall in Commonwealth government and Semi-government securities exists in Australia. ADIs can draw under the CLF in a liquidity crisis against qualifying securities pledged to the RBA. The amount of the CLF for each ADI is set by APRA annually.

TIA Commercial Troublesome and (Group) Impaired assets.

Commercial Troublesome Commercial Troublesome includes exposures where customers are experiencing financial difficulties which, if they persist, could result in losses of principal or interest, and exposures where repayments are 90 days or more past due and the value of security is sufficient to recover all amounts due.

Total Committed Exposure (TCE) Total Committed Exposure is defined as the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes settlement exposures.

Credit Risk Estimates (CRE) Refers to the Group's regulatory estimates of long-run Probability of Default (PD), downturn Loss Given Default (LGD) and Exposure at Default (EAD).



Disclaimer & Important Notice

Disclaimer

The material in this presentation is general background information about the Group and its activities current as at the date of the presentation, 10 August 2016. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

Any forward-looking statements included in this presentation speak only as at the date of this presentation and undue reliance should not be placed upon such statements. Although the Group believes the forward-looking statements to be reasonable, they are not certain. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise is disclaimed.

The Group is under no obligation to update any of the forward-looking statements contained within this presentation, subject to disclosure requirements applicable to the Group.

Cash Profit

The Management Discussion and Analysis discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared and reviewed in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Group's underlying operating results, excluding items that introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently with the prior comparative period and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from statutory profit is provided in the reconciliation of the Net profit after tax ("cash basis") on page 3 of the Profit Announcement (PA) and described in greater detail on page 15 of the PA and can be accessed at our website:

<http://www.commbank.com.au/about-us/shareholders/financial-information/results/>



CommonwealthBank 

RESULTS PRESENTATION

FOR THE FULL YEAR ENDED 30 JUNE 2016

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 10 AUGUST 2016

**WHEN
WE BELIEVE,
WE CAN.**