



# Results Presentation and Investor Discussion Pack

For the half year ended 31 December 2018



CommonwealthBank

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## **Results Presentation**

Matt Comyn, Chief Executive Officer

Alan Docherty, Chief Financial Officer

# ■ Presentation agenda



- Business update Matt Comyn
- Half-year results Alan Docherty
- Outlook & summary Matt Comyn
- Questions & Answers

# Our strategy



**Become a simpler, better bank for our customers**

Simplify our business

Lead in retail and commercial banking

Best in digital

**Supported by stronger capabilities**

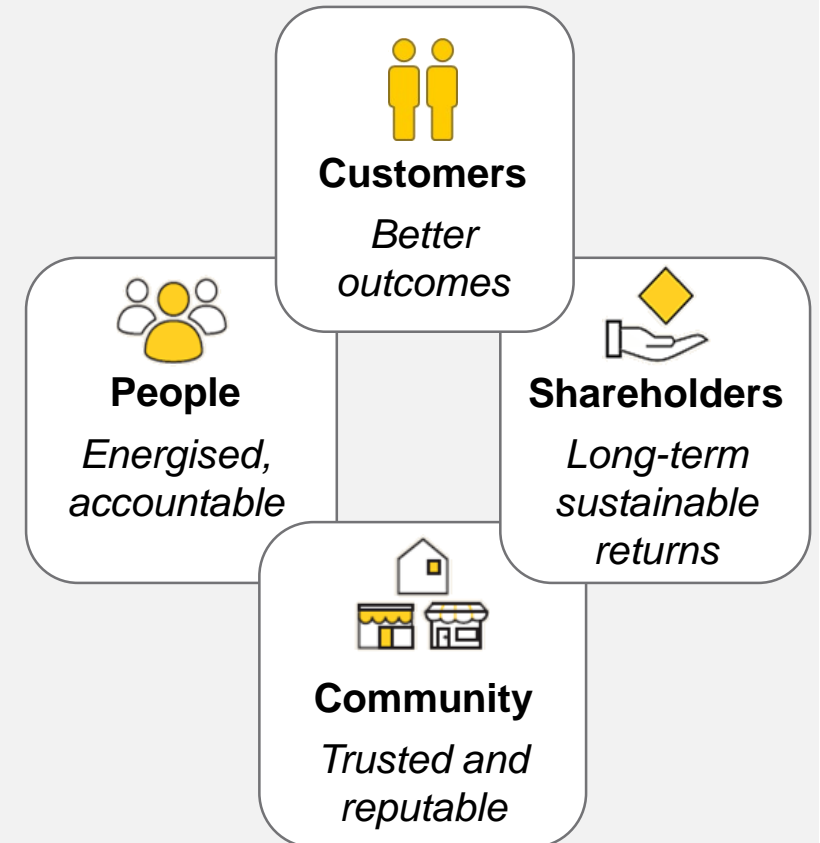
Operational  
risk and  
compliance

Cost  
reduction

Data and  
analytics

Innovation

**To deliver balanced and sustainable outcomes**





## **A simpler, better bank**

- Addressing issues, remediating customers, earning trust
- Progress on divestments and a simpler operating model
- Best in digital – largest customer base, leading assets

## **This Result**

- Business resilience in a challenging period
- Franchise strength – home lending and deposits
- Balance sheet strength – CET1 10.8%, dividend maintained

# A better bank



## Addressing issues, earning trust

- ▶ 8 million customers written to directly
- ▶ Smart alerts to help customers avoid unnecessary charges
- ▶ Teller sales incentives removed
- ▶ New Code of Conduct for staff
- ▶ Instalment lending for persistent and problematic debt
- ▶ Tailored support for drought-affected farmers
- ▶ Response to Prudential Inquiry on track – 43 of 154 milestones submitted<sup>1</sup>

# Royal Commission



- ▶ Thorough examination of the industry
- ▶ Too many examples of poor customer outcomes
- ▶ We will work constructively with government and regulators
- ▶ Committed to addressing past failings
- ▶ Focused on putting our customers first



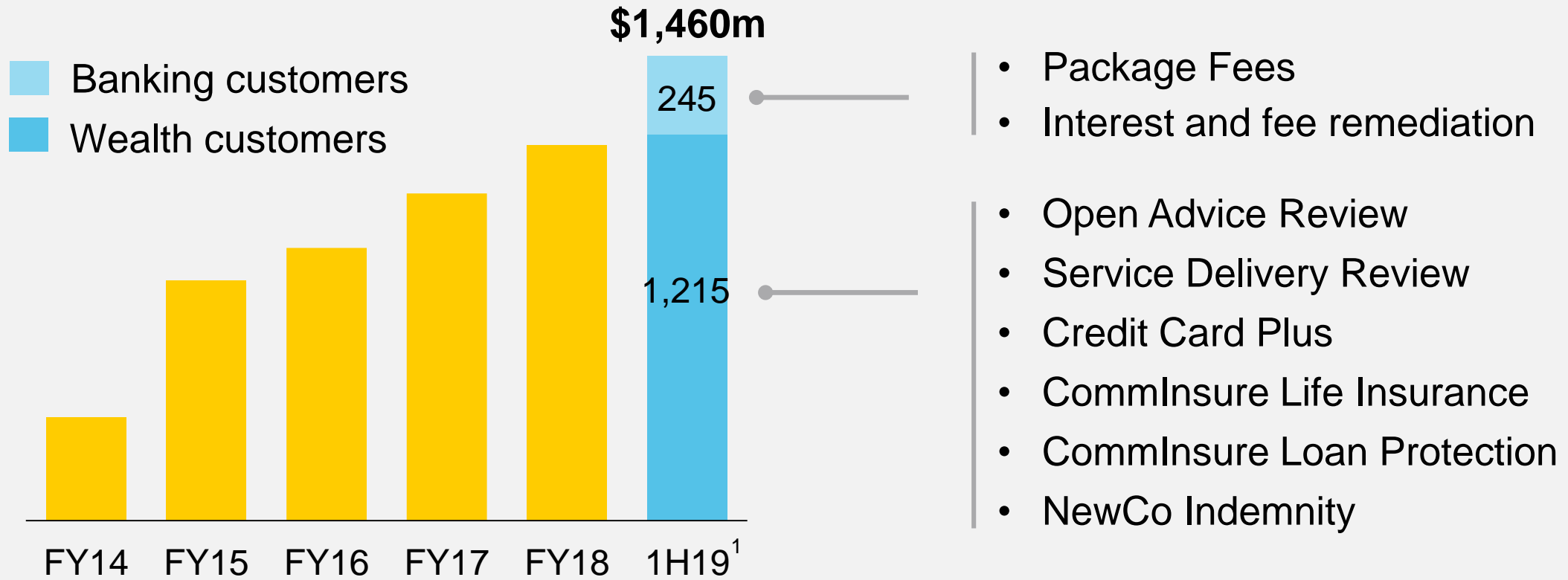
# Remediating customers



Committed to addressing issues and earning trust

## Remediation and Program Costs

Cumulative spend and provisions



1. Includes \$580m for Advice Review program costs (ASX Announcement 9 October 2018). The Advice Review program costs included Future Advice Model and Regulatory Reform spend of \$122m.

# A simpler bank



## Divestments/demerger/reviews

- Sovereign – completed
- TymeDigital – completed
- BoComm Life – announced
- CommInsure Life – announced
- CFSGAM – announced
- PTCL – announced
- NewCo – CEO appointed
- General Insurance – strategic review
- VIB – strategic review

~5%  
of 1H19  
Cash NPAT

## A simpler, better bank

- Focused core businesses
  - Bankwest integrated into RBS
  - Small Business consolidated in BPB
- Discipline and focused strategy in IB&M
- PEXA investment to strengthen home buying ecosystem

~95%  
of 1H19  
Cash NPAT

# A simpler bank – cost reduction



Focus on core business to enable efficiencies, ongoing investment and innovation

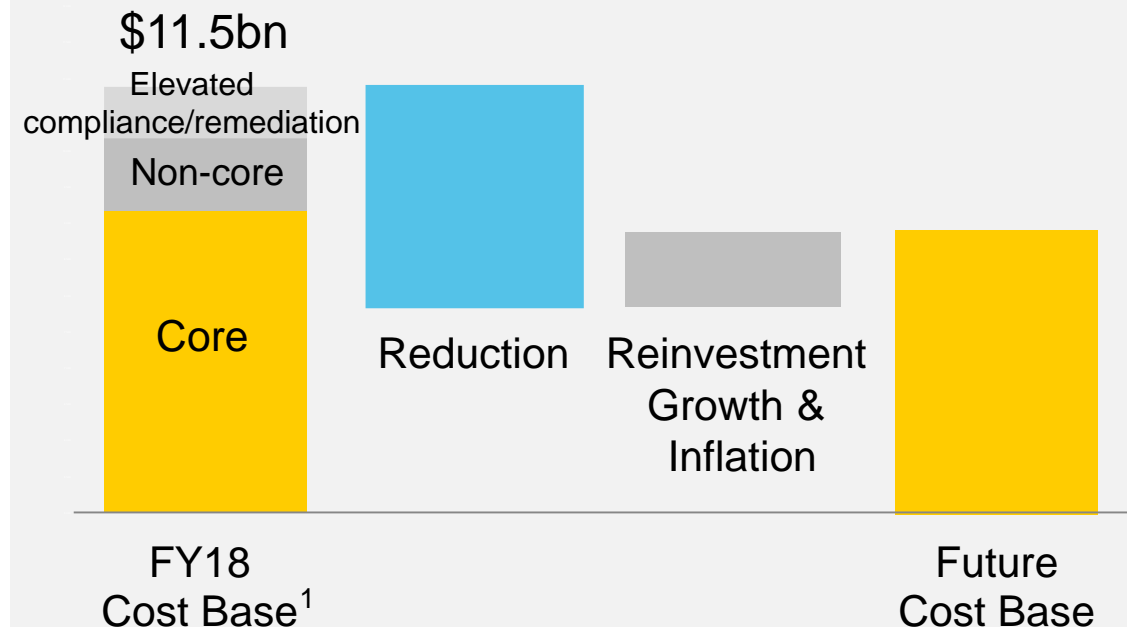
## A simpler bank

- End-to-end digitisation
- Unit cost of technology and change
- Better cost discipline
- Simpler operating model

## Targets

- Lower absolute cost base (normalised for divestments)
- Cost-to-income ratio below 40%

A lower absolute cost base underpinned by simpler, more focused and highly digitised businesses, with efficiencies supporting ongoing investment and innovation



1. FY18 headline operating expenses excluding AUSTRAC penalty of \$700m.

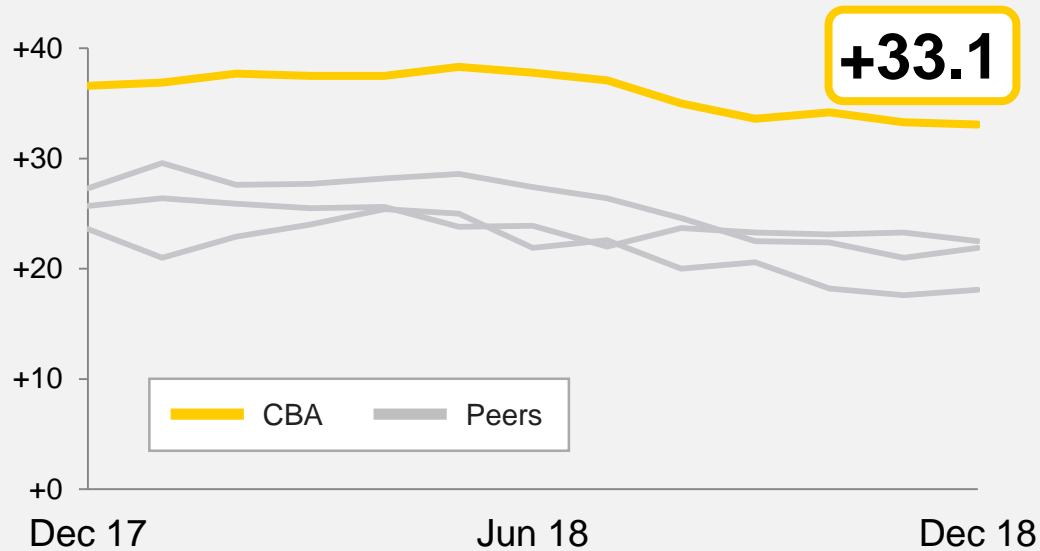
# Best in Digital



## Leading Assets, Leading Satisfaction

### Mobile App Net Promoter Score<sup>1</sup>

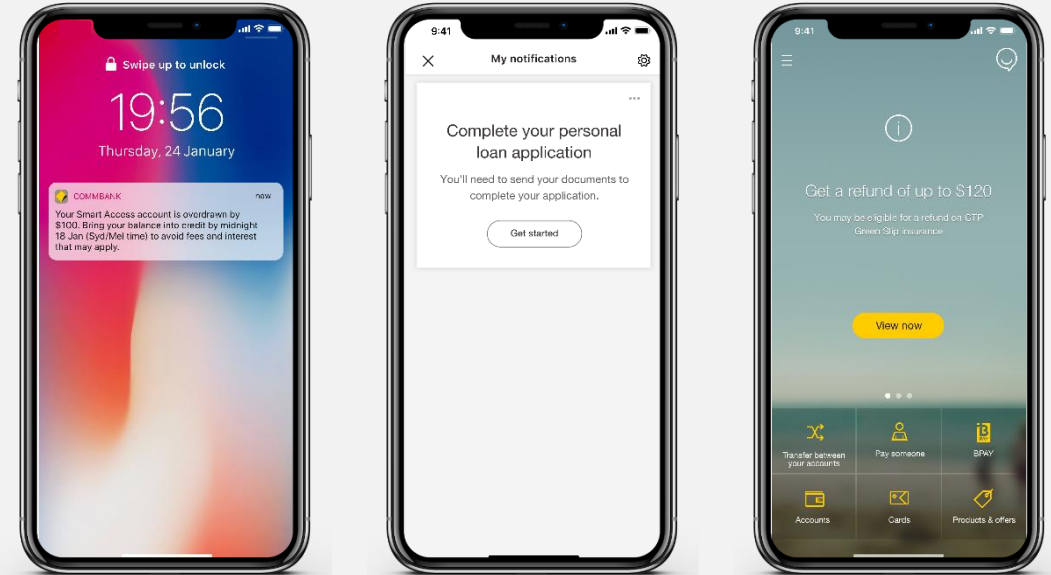
Customer's likelihood to recommend main financial institution based on use of Internet Banking services via Mobile App



**+33.1**

|                          |                                 |   |   |
|--------------------------|---------------------------------|---|---|
| <b>6.7m</b>              | <b>#1</b>                       | <b>#1</b>                                       | <b>=3<sup>rd</sup></b>                    |
| Active digital customers | Net Promoter Score <sup>1</sup> | Ranked in Australia (Forrester <sup>2,3</sup> ) | Ranked Globally (Forrester <sup>4</sup> ) |

## Proactive, Simple and Easy



- Overdrawn alerts with grace period
- Documents uploaded instantly (Personal Loans)
- Improved outcomes for customers (e.g. NSW CTP refunds)

1, 2, 3, 4. Refer to notes at the back of this presentation for further source information. Active digital customers includes total number of customers that logged onto Netbank, CommBank Mobile App, CommBank Tablet App or the Old Mobile App at least once in the month of December 2018. Excludes Face ID logons. Net Promoter Score and rankings relate to CommBank Mobile App.

# This result<sup>1</sup>



Cash NPAT higher – resilient business – dividend maintained

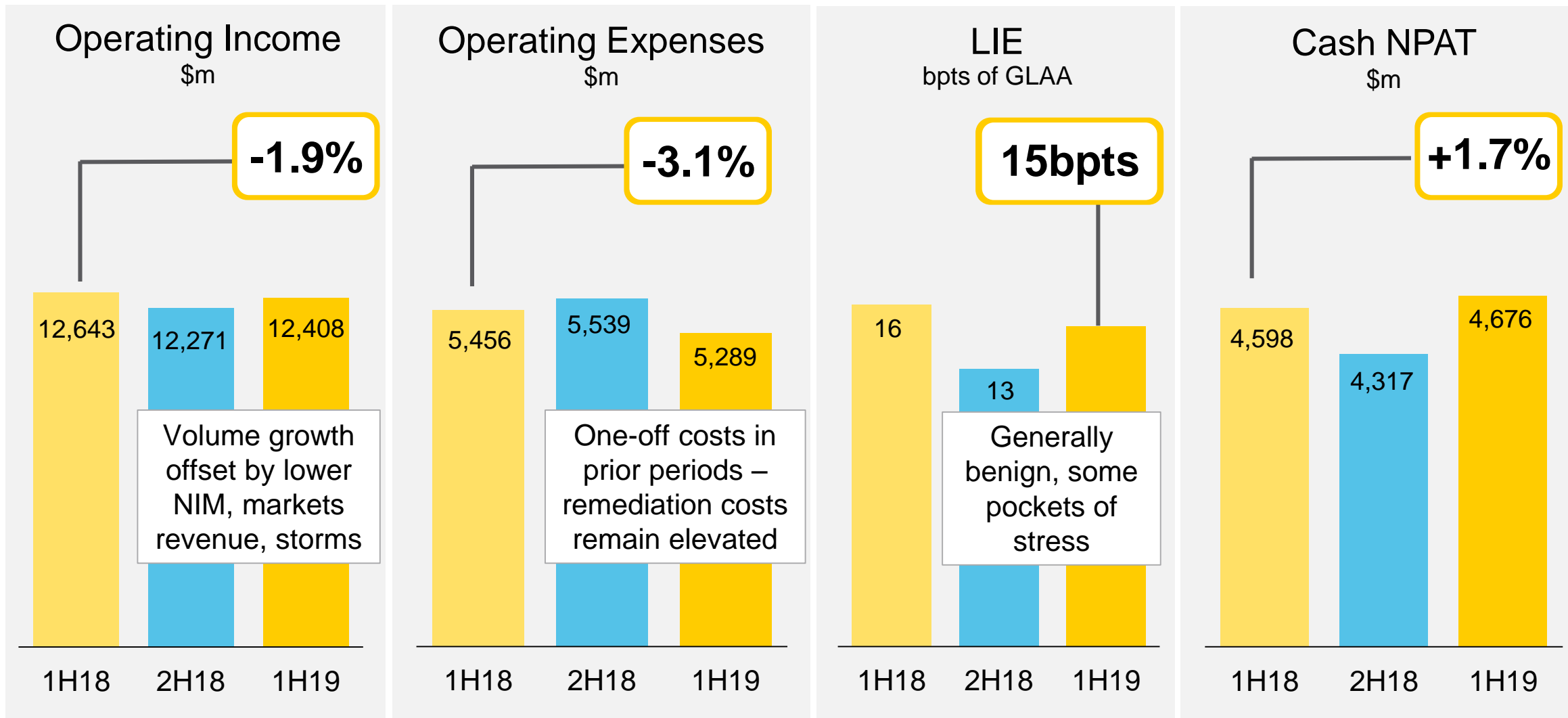
|                           | 1H19   | 1H19 vs<br>1H18 | 1H19 vs<br>2H18 |
|---------------------------|--------|-----------------|-----------------|
| ▶ Statutory profit (\$m)  | 4,599  | <b>(6.3%)</b>   | <b>+4.0%</b>    |
| ▶ Cash NPAT (\$m)         | 4,676  | <b>+1.7%</b>    | <b>+8.3%</b>    |
| ▶ ROE (cash, %)           | 13.8%  | <b>(40)bpts</b> | <b>+70bpts</b>  |
| ▶ CET1 (%)                | 10.8%  | <b>+40bpts</b>  | <b>+70bpts</b>  |
| ▶ EPS (cash, cents)       | 265.2c | <b>+0.9c</b>    |                 |
| ▶ Dividend per share (\$) | 2.00   | <b>Flat</b>     |                 |

1. Statutory profit, CET1 and Dividend per share include discontinued operations. Cash NPAT, ROE and EPS are on a continuing operations basis.

# Key outcomes<sup>1</sup>



Margin pressures impacting income. Compliance/remediation costs remain elevated.

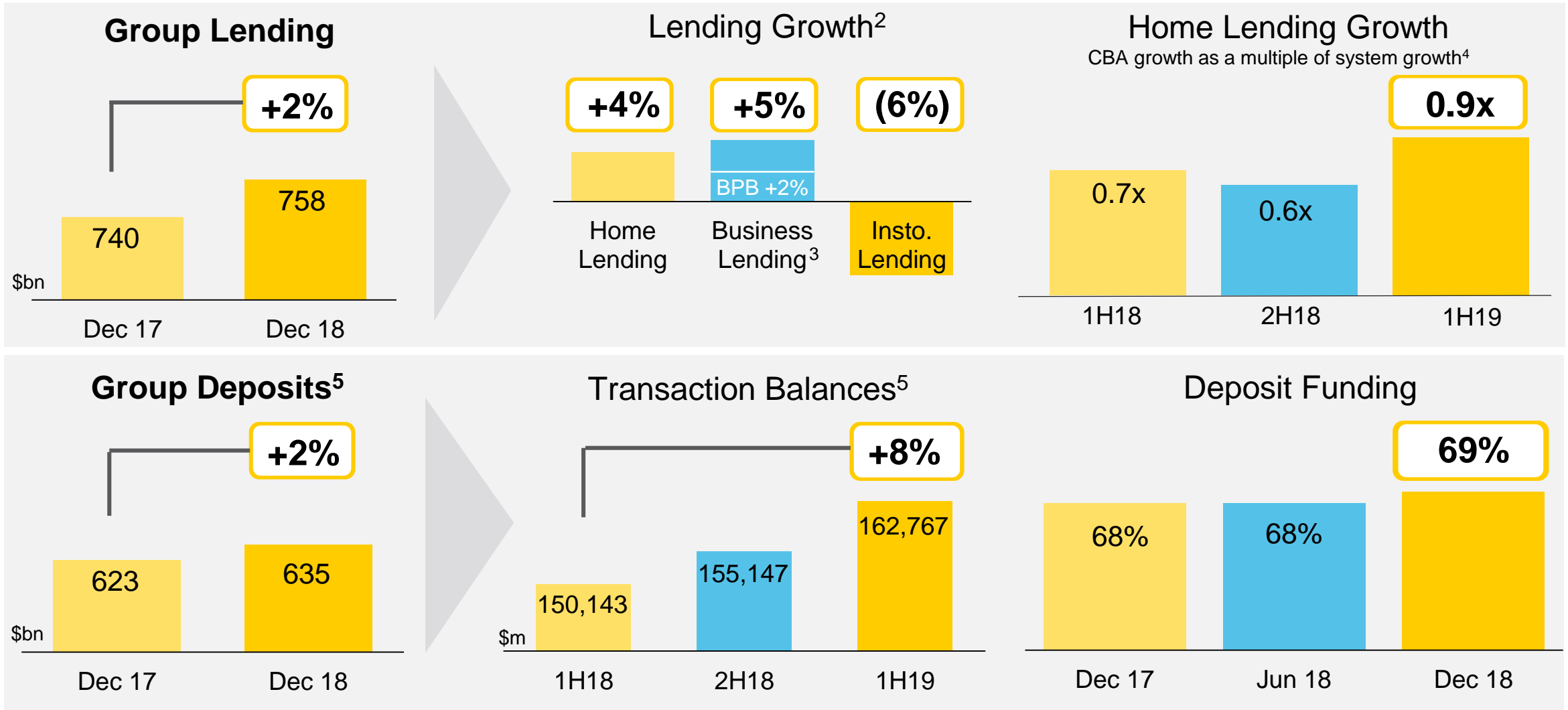


1. Presented on a continuing operations basis.

# Franchise strength



## Volume growth<sup>1</sup> – resilient core business in a challenging period



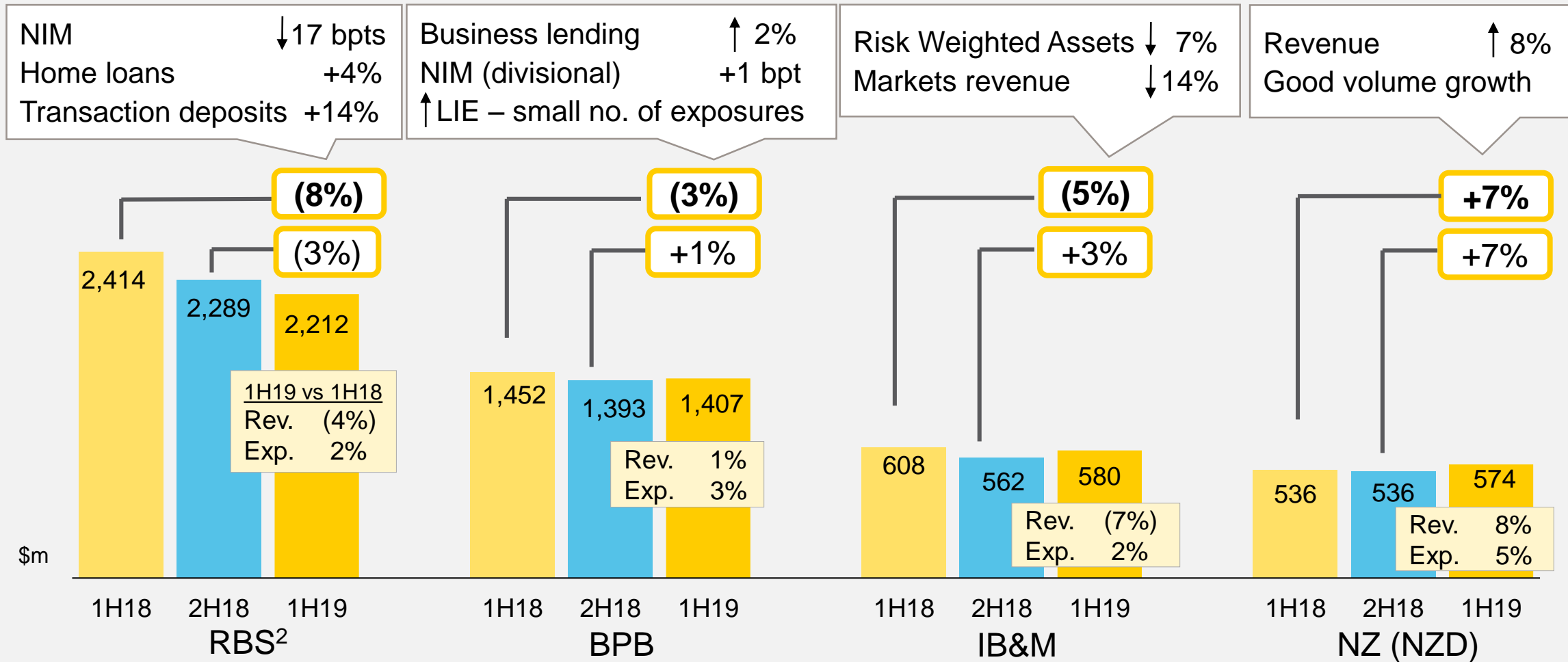
1. Spot balances. 2. Dec 18 vs Dec 17. 3. Includes NZ. 4. System source RBA Lending and Credit Aggregates. CBA includes Bankwest and subsidiaries. System adjusted for new market entrants. 5. Includes non-interest bearing deposits.

# Business Units<sup>1</sup>



## Mixed results – margin pressures impacting

Cash NPAT



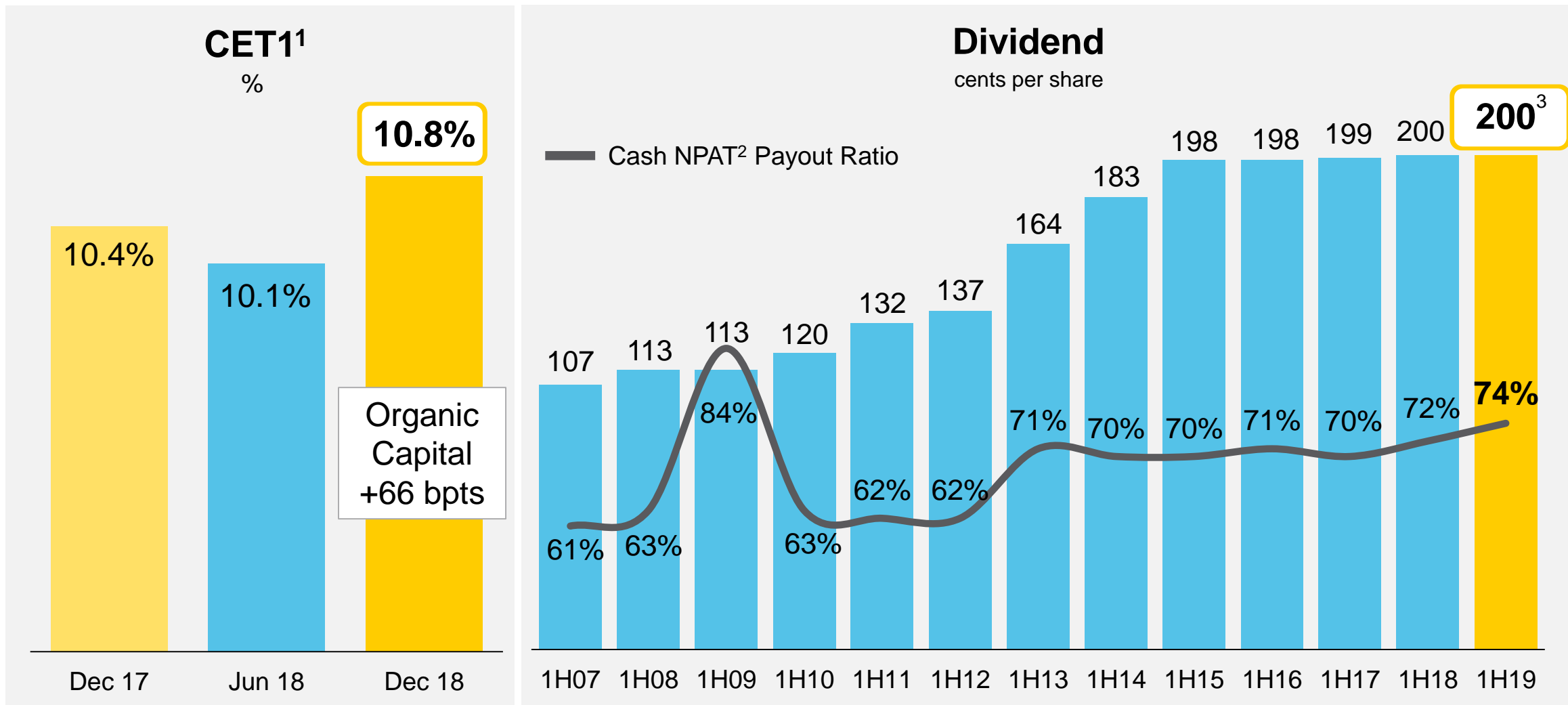
1. Presented on a continuing operations basis. 2. Includes Bankwest and Commonwealth Financial Planning, excludes General Insurance and Mortgage Broking consolidation. Transaction deposits excludes non-interest bearing deposits.



# Balance sheet strength – supporting dividend



Strong capital – interim dividend of \$2.00, payout of 74%



1. APRA CET1 = Common Equity Tier 1 Capital, spot basis. 2. Cash NPAT inclusive of discontinued operations. 3. The DRP will apply with no discount and will be neutralised.

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## **Results Presentation**

Alan Docherty, Chief Financial Officer

# Summary



## Long term focus delivering strong core business outcomes in a challenging context

- ▶ A disciplined approach
  - Better outcomes for customers
  - Appropriate risk appetite and balance sheet settings
  - Emphasis on risk-adjusted returns
- ▶ Responding to a challenging context
  - Margin pressures – funding costs, competition
  - Softening housing market, slower consumer credit growth
  - Revenue down 2%
  - Risk & compliance uplift and customer remediation costs remain elevated
- ▶ Delivering strong core business outcomes
  - Home loans +4% (owner-occupied +6.5%)<sup>1</sup>
  - Transaction deposits +8% (RBS +14%)
  - Capital (CET1) +70 bpts (organic growth +66 bpts)

# Statutory vs Cash NPAT



## Lower earnings for discontinued operations

| \$m   | 1H18         | 2H18         | 1H19         |
|---|--------------|--------------|--------------|
| <b>Statutory NPAT</b>                               | 4,906        | 4,423        | <b>4,599</b> |
| Less  |              |              |              |
| Cash NPAT - discontinued operations                 | 273          | 224          | <b>92</b>    |
| Non-cash items:                                     |              |              |              |
| - Transaction costs/gains on disposals <sup>1</sup> | (57)         | (126)        | <b>(74)</b>  |
| - Hedging <sup>2</sup> & other                      | 92           | 8            | <b>(95)</b>  |
| <b>Cash NPAT – continuing operations</b>            | <b>4,598</b> | <b>4,317</b> | <b>4,676</b> |

- Commlnsure Life – higher claims, lower premiums
- GAM – lower performance fees
- Sovereign – sold Jul 18

- Loss on NZ hedge - AUD depreciating against NZD






1. Current period includes CFSGAM and Commlnsure (-\$138m), gain on sale of Sovereign (+\$113m), sale of TymeDigital (-\$22m) and other (-\$27m).

2. Includes unrealised accounting gains and losses arising from the application of “AASB 139 Financial Instruments: Recognition and Measurement”.

# 1H19 result<sup>1</sup>



Cash NPAT up 1.7% – one-off costs in prior period

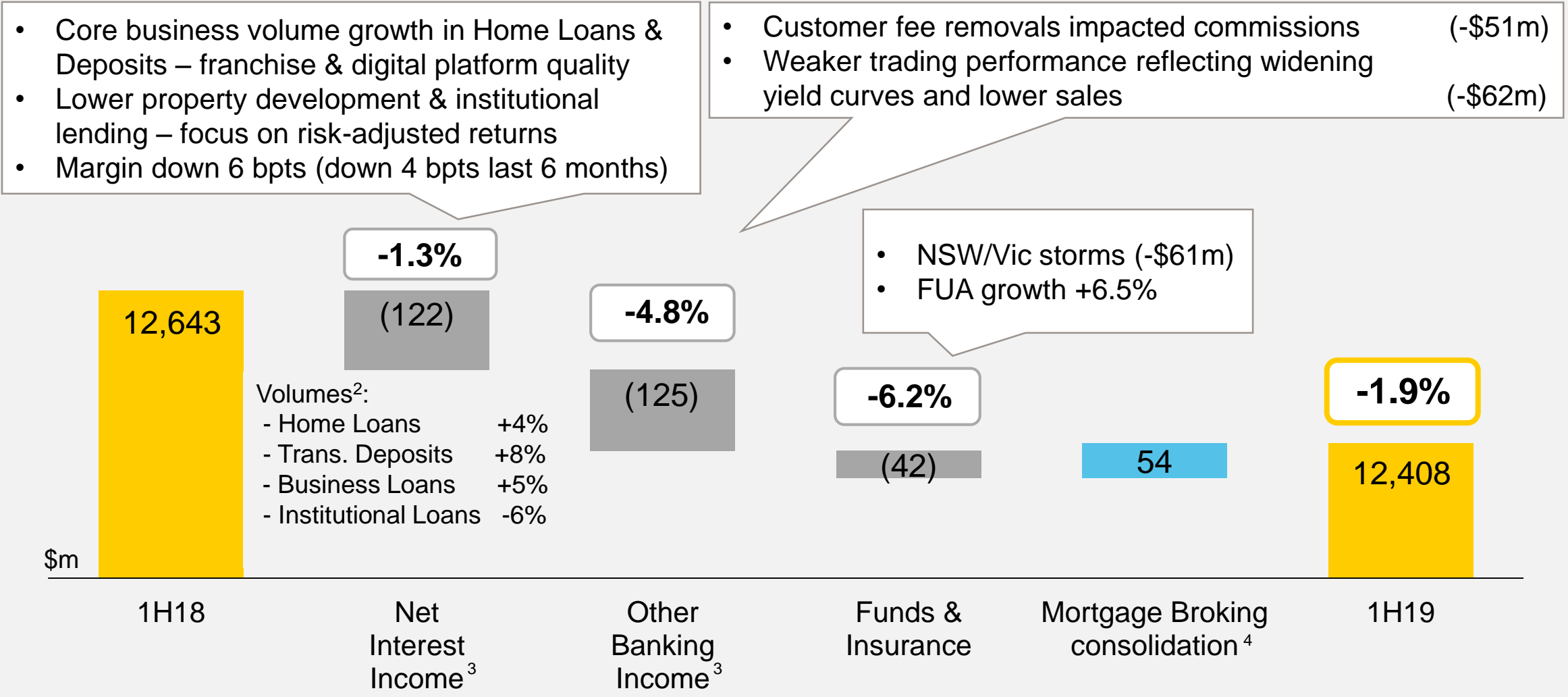
|                       | 1H19<br>\$m  | 1H19 vs<br>1H18   |
|-----------------------|--------------|---|
| Operating Income      | 12,408       |  (1.9%)        |
| Operating Expense     | 5,289        |  (3.1%)        |
| Operating Performance | 7,119        |  (0.9%)        |
| Loan Impairment       | 577          |  (3.2%)      |
| <b>Cash NPAT</b>      | <b>4,676</b> |  <b>1.7%</b> |

1. Presented on a continuing operations basis.

# Operating income down 1.9%<sup>1</sup>



## Volume growth offset by NIM decline, lower trading income and weather events

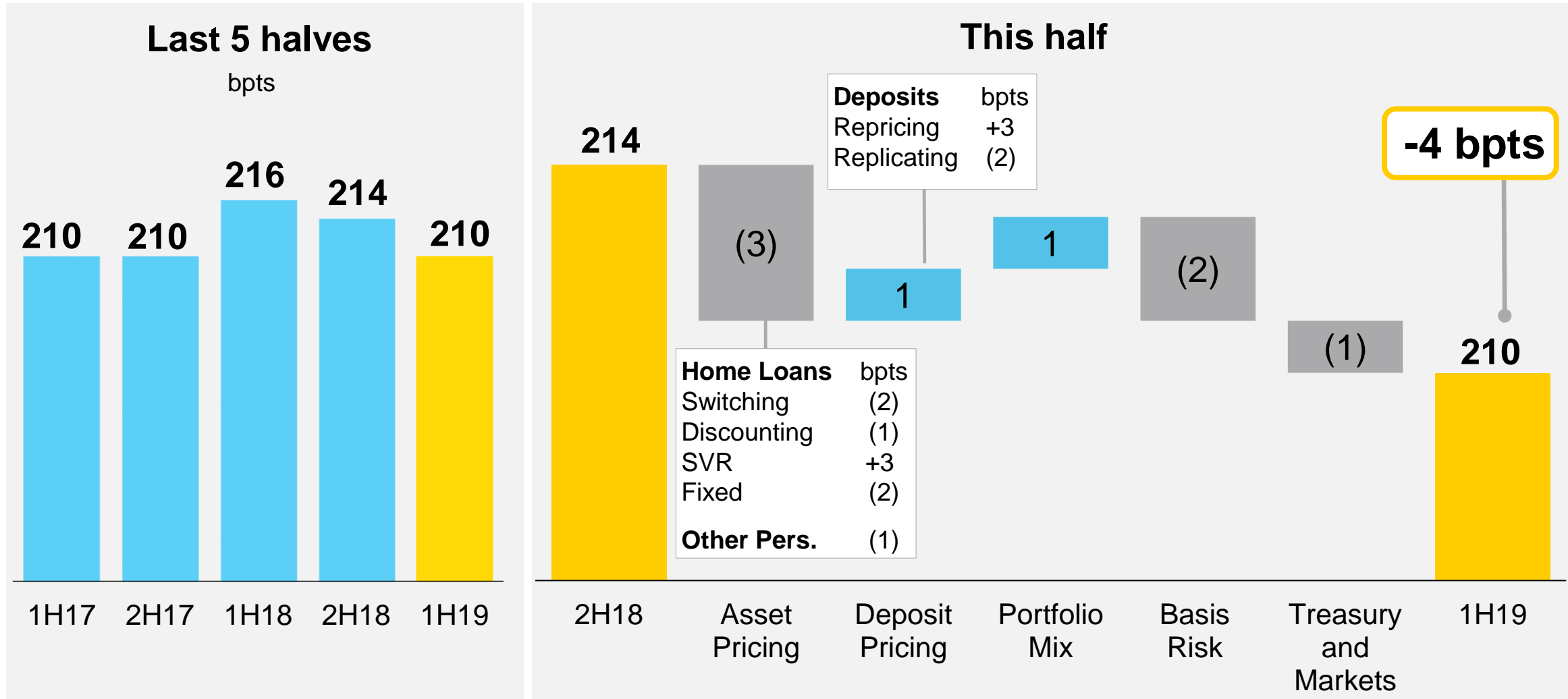


1. Presented on a continuing operations basis. 2. Spot balances. 3. Excludes Mortgage Broking consolidation. 4. Includes AHL and increased revenue from implementation of AASB 15. Composed of \$55m in OBI and -\$1m in NII.

# Group margin<sup>1</sup>



Down 4 bpts this half – home loan margin pressures, basis risk, replicating portfolio

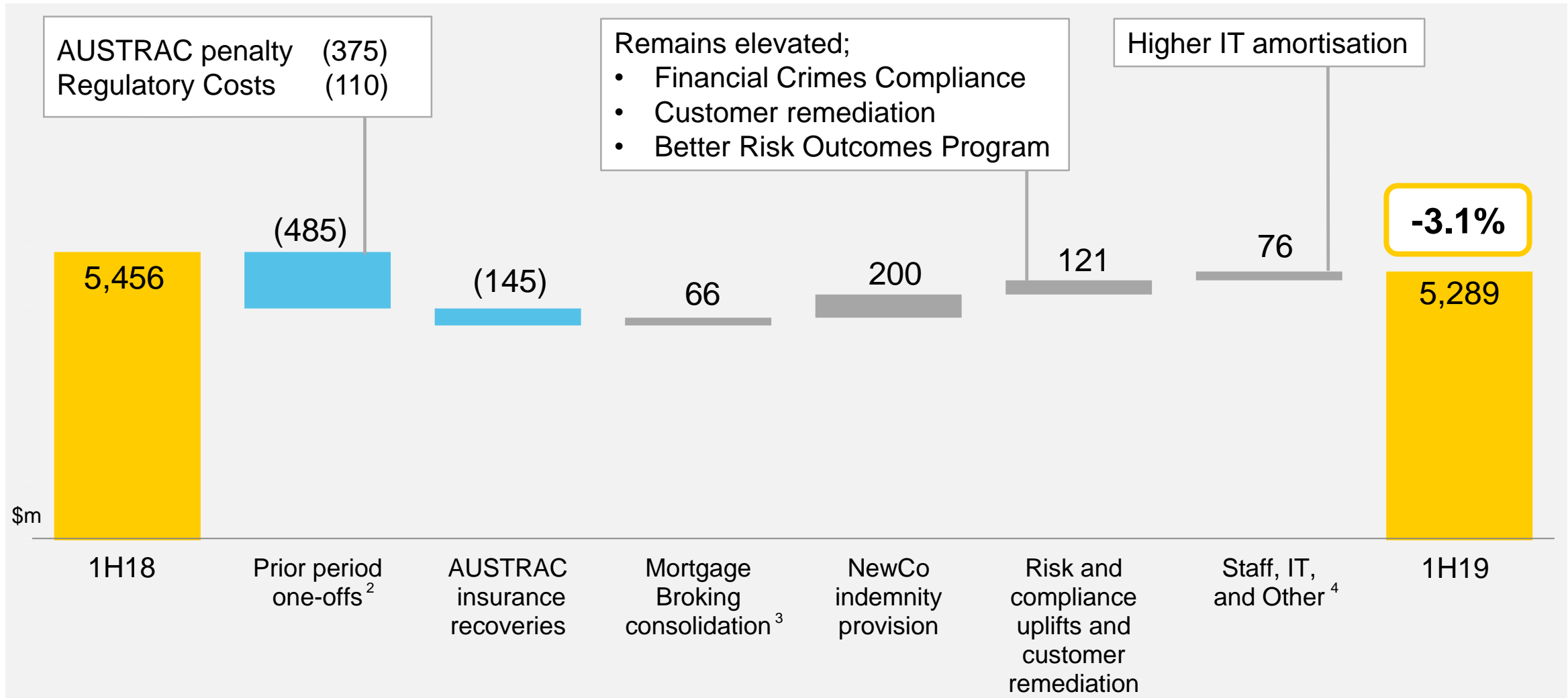


1. Comparative information has been restated to conform to presentation in the current period. Presented on a continuing operations basis.

# Operating expenses<sup>1</sup>



## Movement benefits from prior period one-offs, AUSTRAC insurance recovery



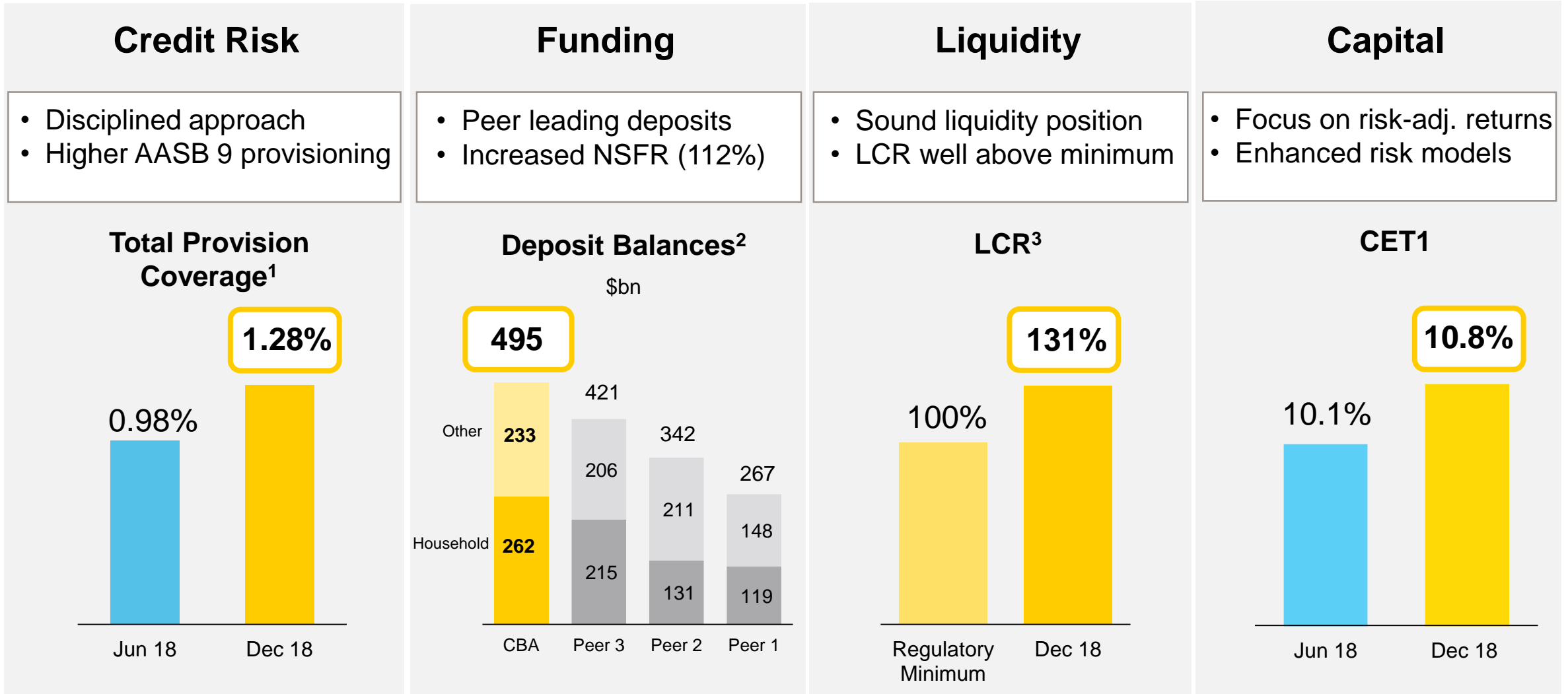
1. Presented on a continuing operations basis. 2. Prior period = 1H18. 3. Includes AHL and the impact of the implementation of AASB 15. 4. Excludes staff costs related to the NewCo indemnity provision, the Program of Action, and other risk and compliance uplifts.



# Balance sheet resilience



Conservative settings – prepared for a range of possible macro-economic outcomes

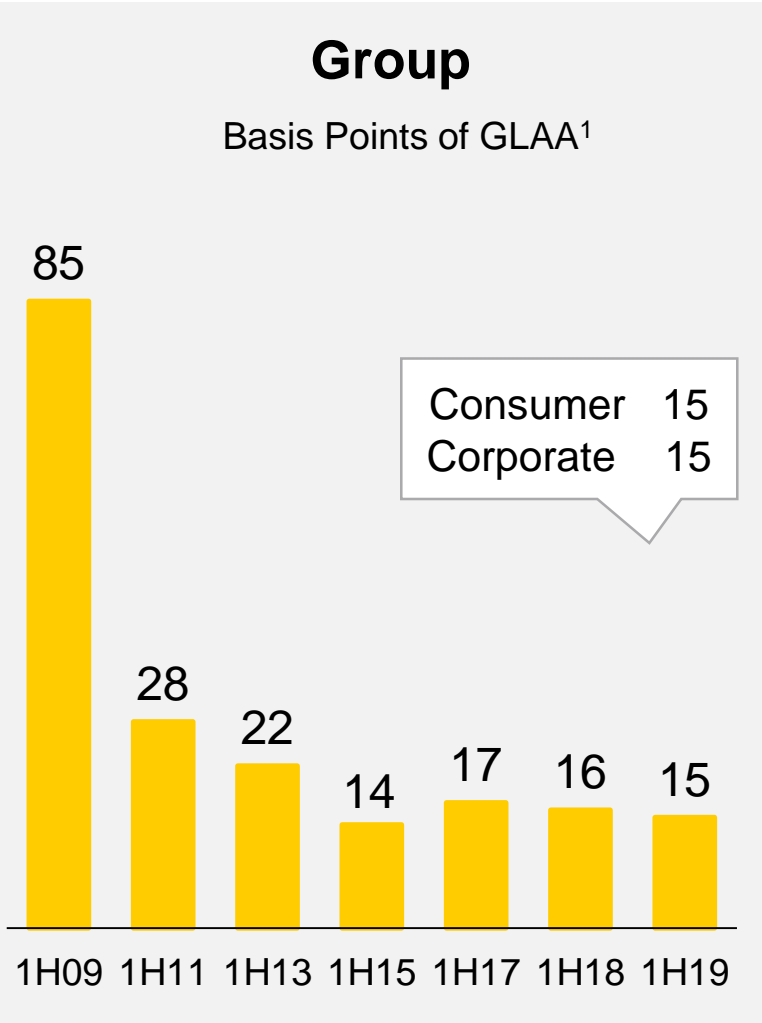


1. Total provisions divided by credit risk weighted assets. 2. Source: APRA Monthly Banking Statistics. Total deposits (excluding CD's). CBA includes Bankwest. 3. Pillar 3 quarterly average.

# Credit risk



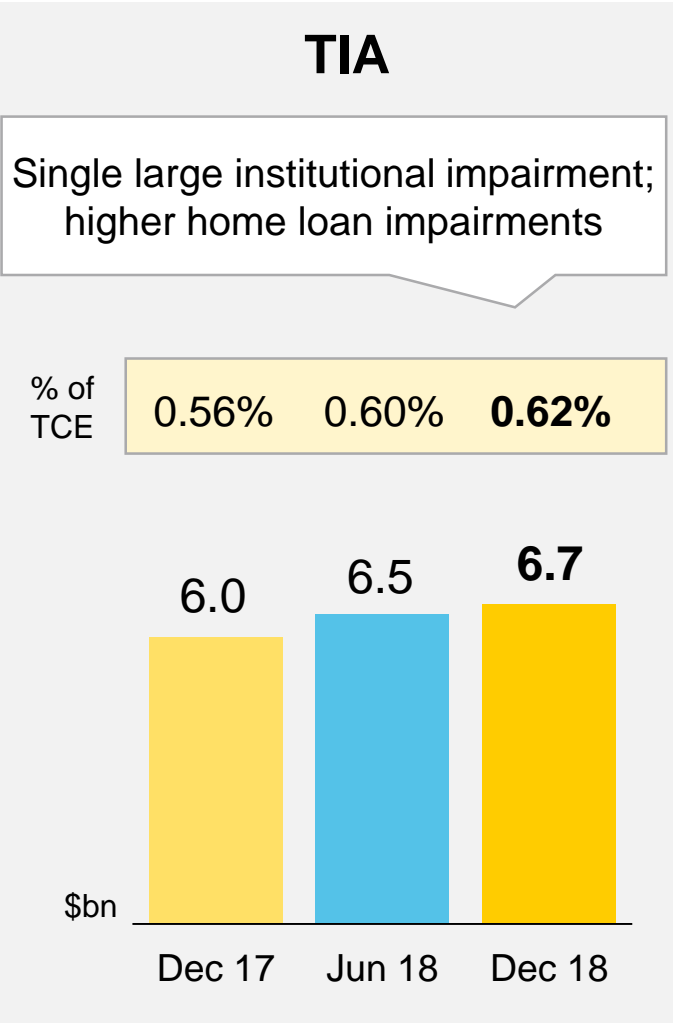
## Credit risk outcomes generally benign – LIE at 15 basis points



### LIE/GLAA

BPB – Small number of larger impairments  
IB&M – Ongoing portfolio optimisation

| bpts                     | 1H18      | 1H19      |
|--------------------------|-----------|-----------|
| RBS                      | 17        | 16        |
| BPB                      | 13        | 19        |
| IB&M                     | 18        | 7         |
| ASB                      | 6         | 11        |
| <b>Group<sup>2</sup></b> | <b>16</b> | <b>15</b> |

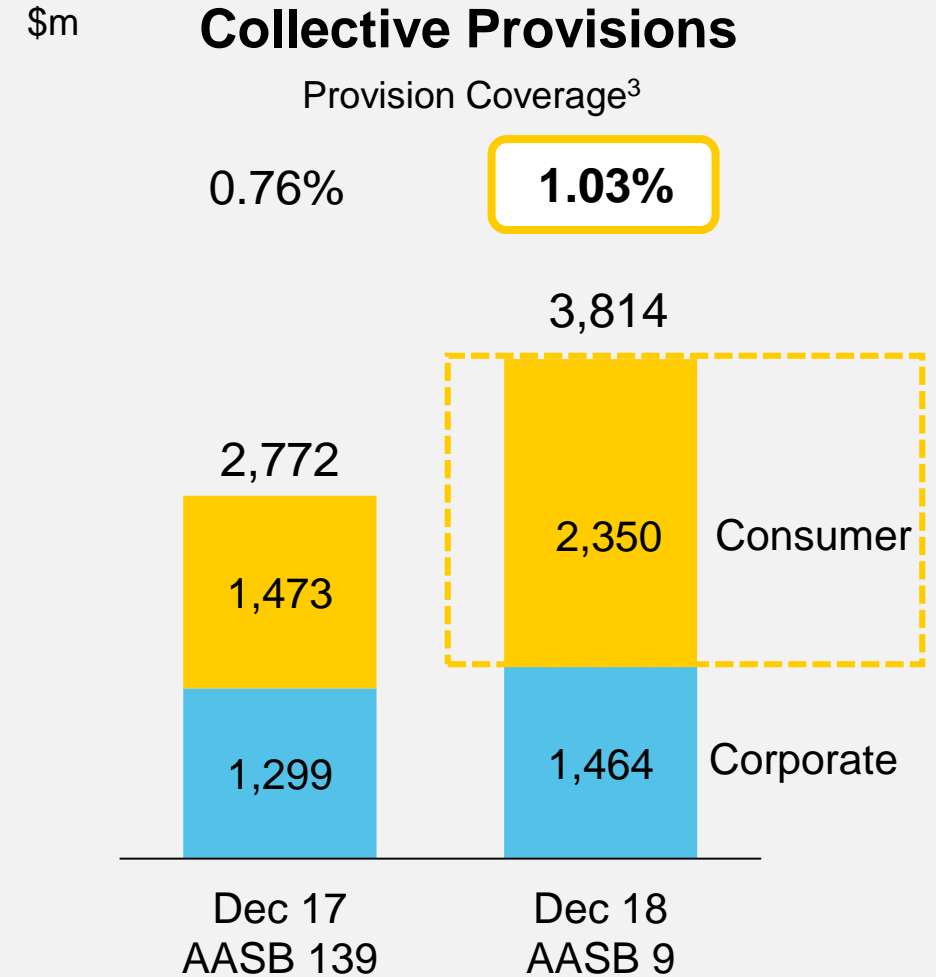
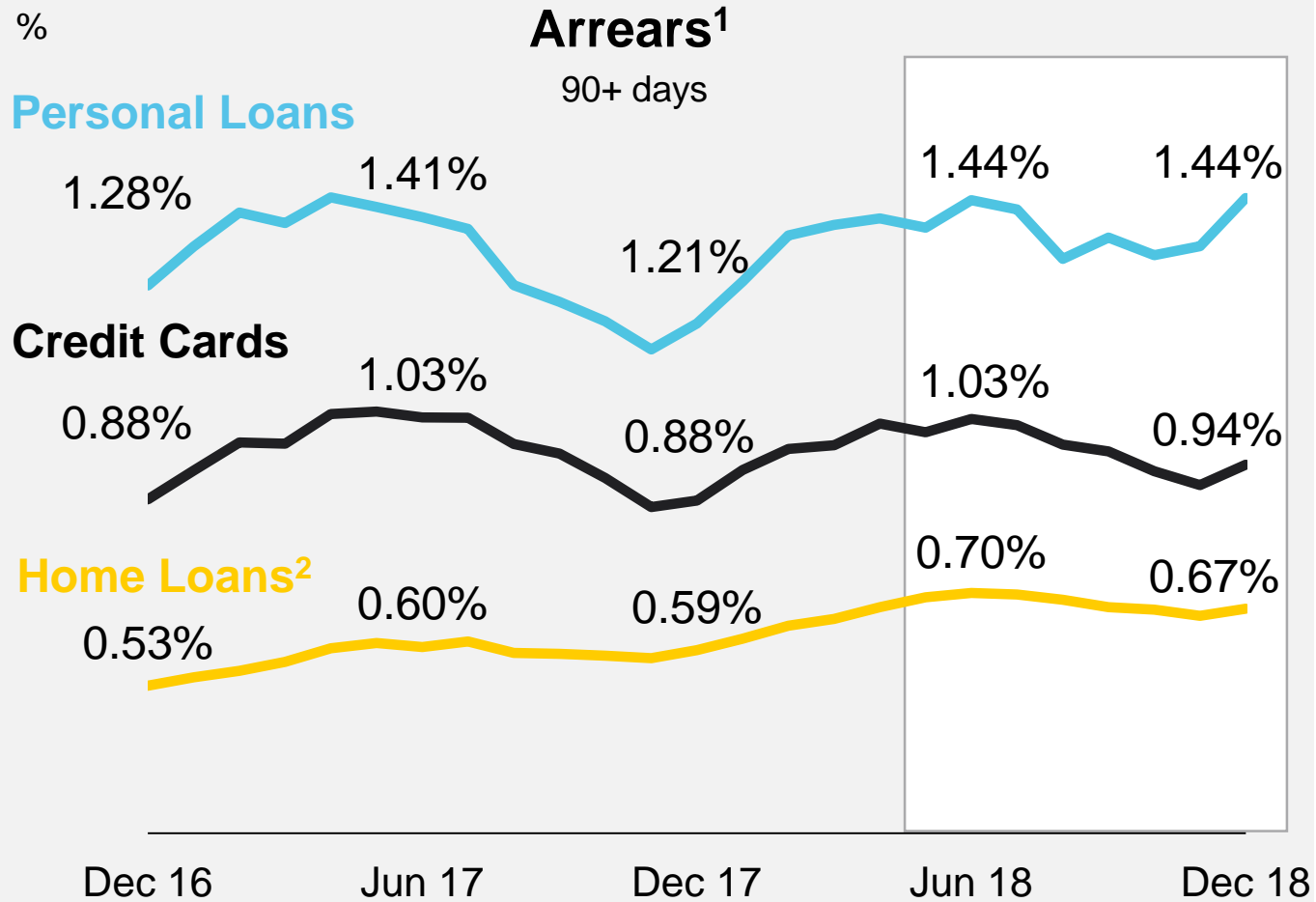


1. Cash LIE as a percentage of average Gross Loans and Acceptances (GLAA) (bpts) annualised. 1H09 includes Bankwest on a pro-forma basis. 2. Includes Other.

# Credit risk – consumer arrears & provisions



Economic conditions broadly supportive, but some pockets of stress

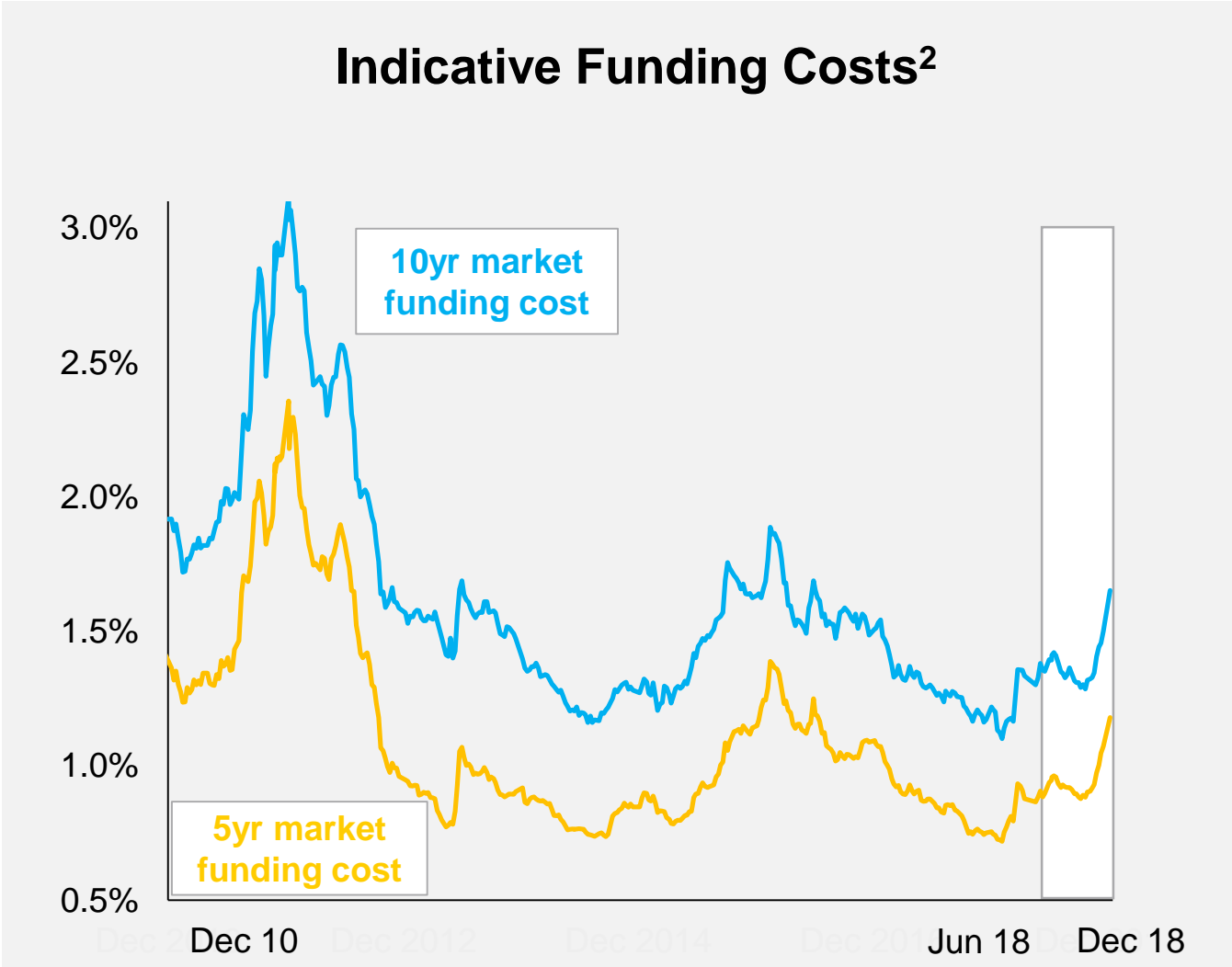
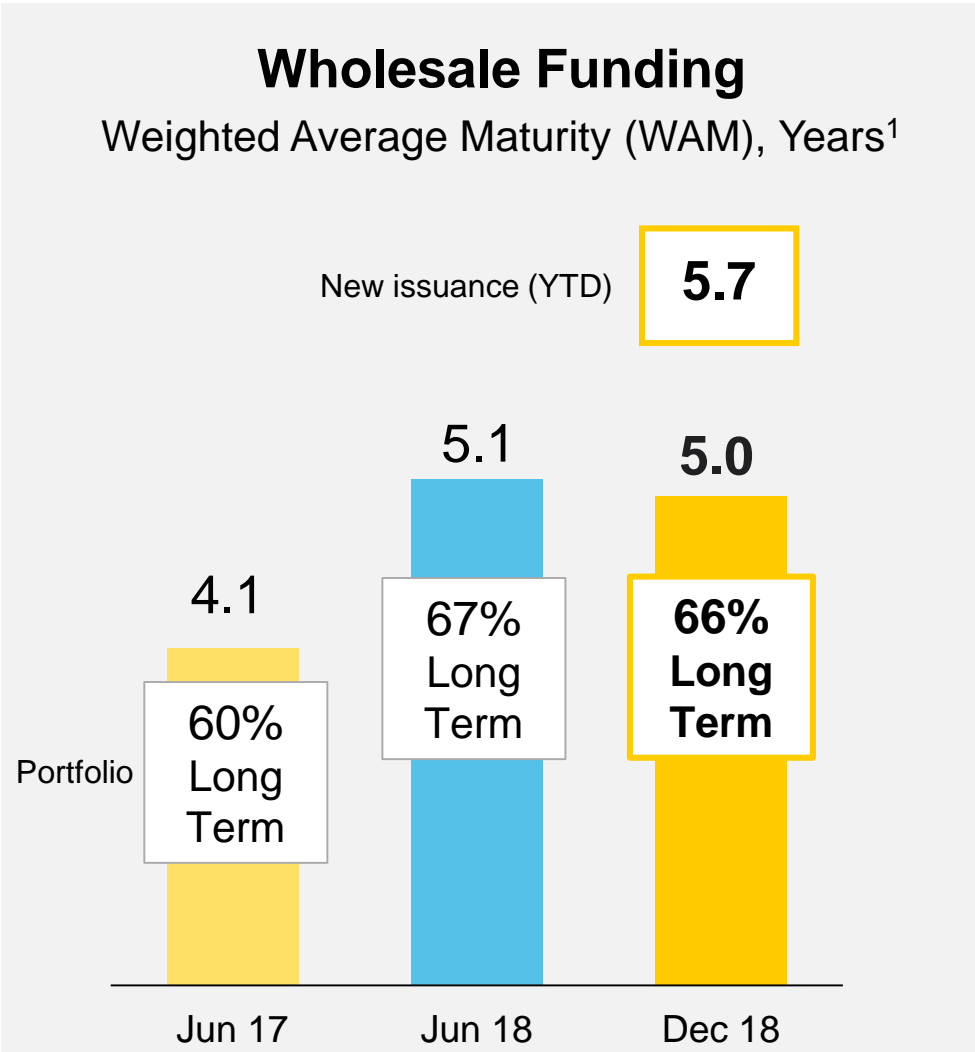


1. Group consumer arrears including New Zealand. 2. Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans. 3. Collective provisions divided by credit risk weighted assets.

# Wholesale funding



## Portfolio WAM maintained – funding cost pressures emerging

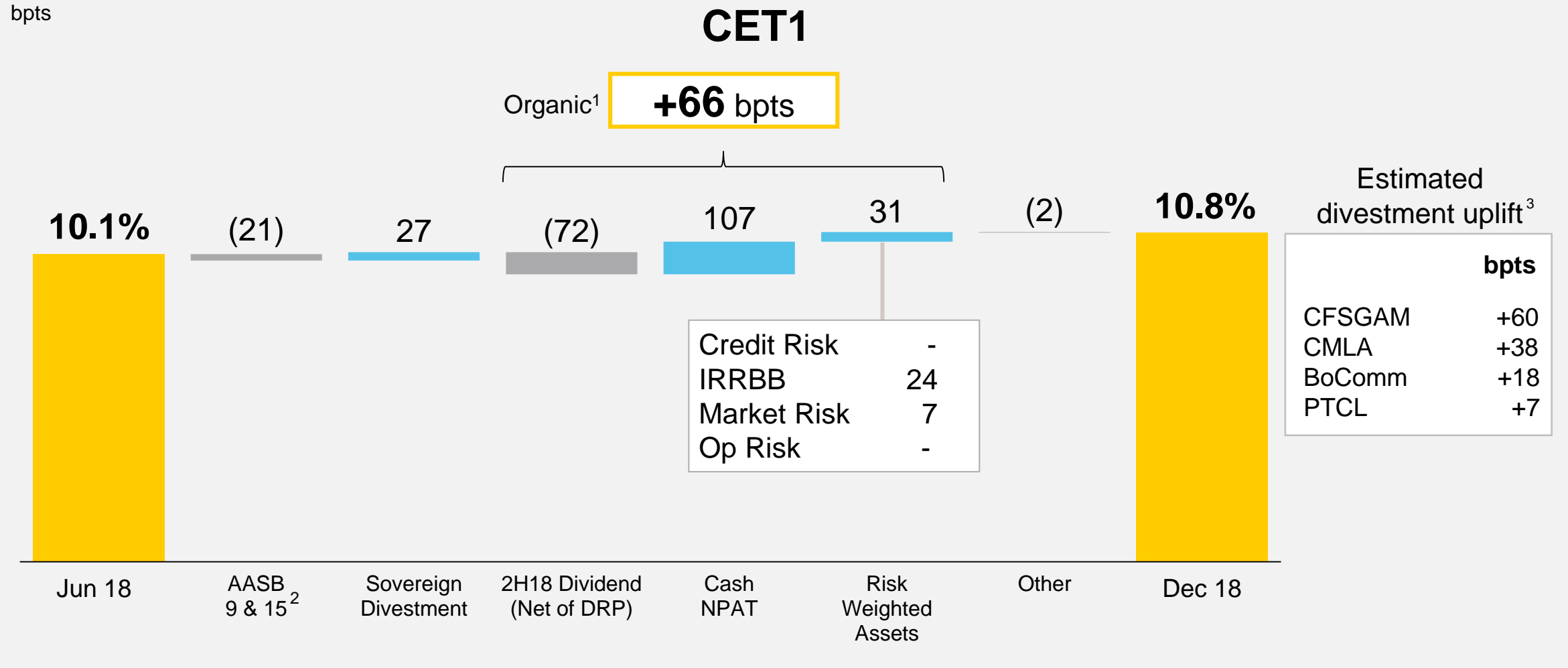


1. Long term wholesale funding (>12 months). 2. Indicative funding costs across major currencies. Represents the spread in BBSW equivalent terms on a swapped basis.

# Capital



## Another period of strong organic capital generation



1. Organic capital generation is Cash NPAT less dividends (net of DRP) and underlying RWA (excluding major regulatory treatments). 2. Includes impact of AASB 9 and AASB 15 implemented on 1 July 2018. 3. Estimated CET1 uplifts from previously announced divestments, subject to regulatory approvals. The sale of BoComm Life is a condition precedent for the sale of CMLA.

# Capital generation

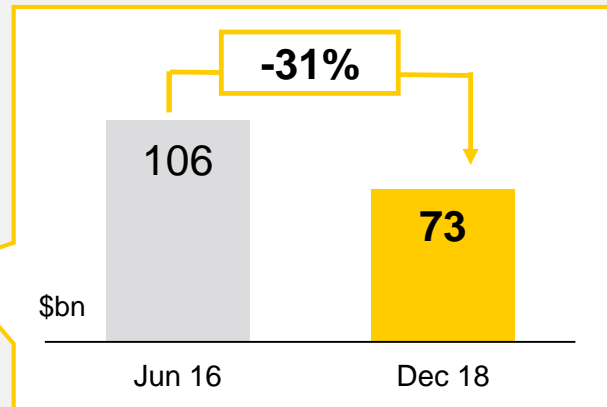


## Focus on capital efficient NPAT growth

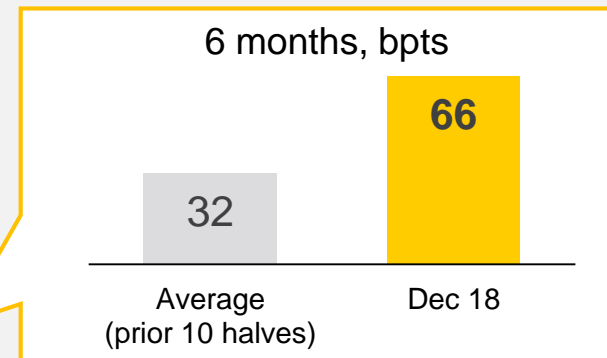
### Organic Capital Generation

| 1H19                         | \$m          | Bpts       |
|------------------------------|--------------|------------|
| RBS                          | 2,419        | 54         |
| BPB                          | 1,701        | 38         |
| IB&M                         | 1,215        | 28         |
| New Zealand                  | 381          | 9          |
| IFS and Other                | 154          | 3          |
| <b>Core</b>                  | <b>5,870</b> | <b>132</b> |
| Wealth                       | 265          | 6          |
| 2H18 Dividend (net DRP)      | (3,316)      | (72)       |
| <b>Total Organic Capital</b> | <b>2,819</b> | <b>66</b>  |

### IB&M Credit RWA



### Organic Capital Generation



### Future Opportunities

- Simpler operating model
- Cost reduction
- Emphasis on regulatory risk-adjusted returns
- Improved data quality/models

# Economic outlook



- ▶ GDP at trend
- ▶ Full employment
- ▶ Growing population
- ▶ Wage growth edging higher
- ▶ Budget on path to surplus
- ▶ Managed cooling of house prices

## Last 12 months

- ▶ Stable lending policy
- ▶ Approval rates unchanged
- ▶ Average loan size increasing
- ▶ Borrowers not utilising capacity
- ▶ Lower application volumes

# Summary



- ▶ Focus on core business momentum
- ▶ Addressing issues and earning trust
- ▶ Increased funding costs
- ▶ Discipline on costs and capital





# Group Overview

# CBA overview

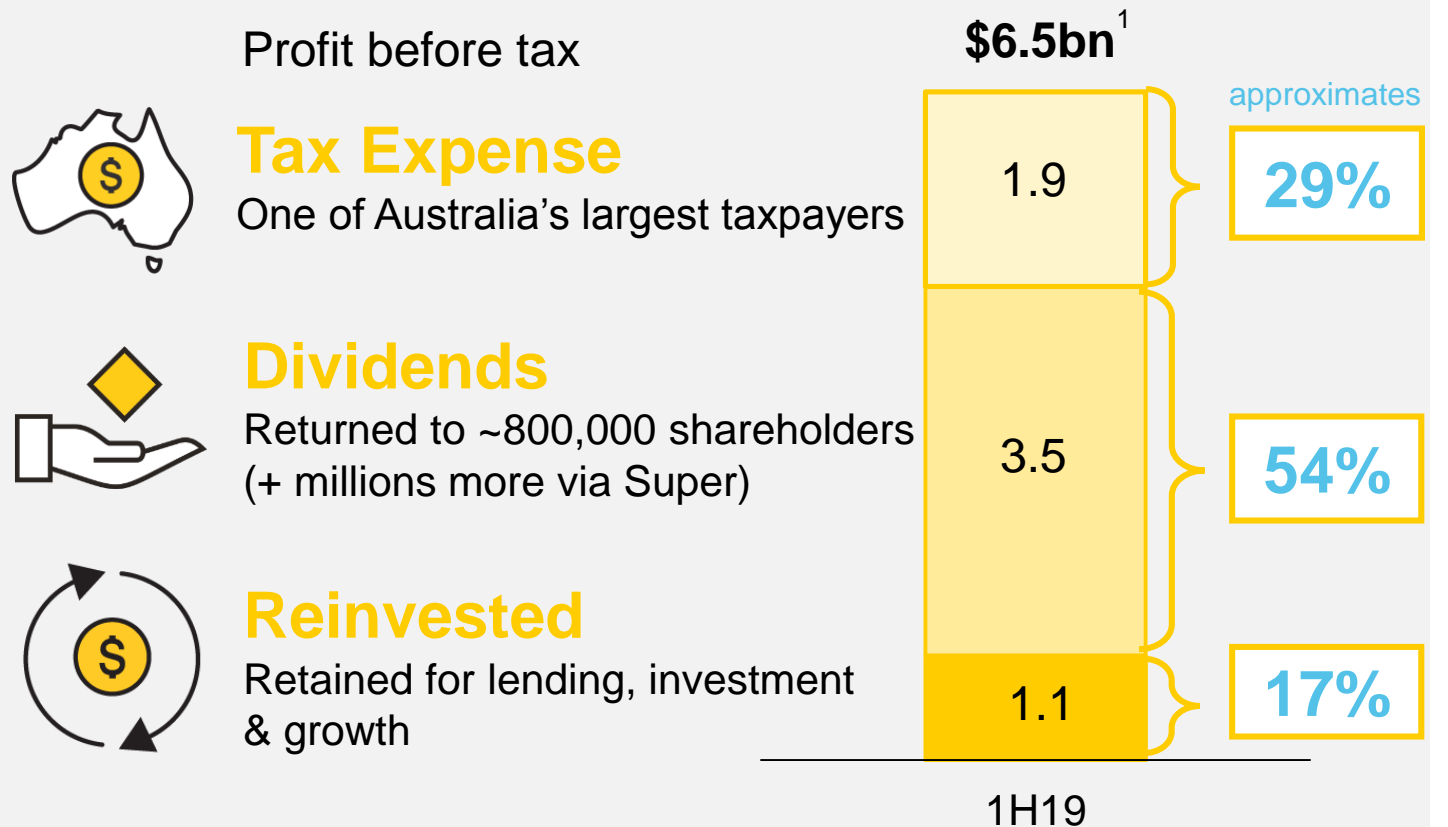


A leading employer serving 16m customers and delivering back to the community

## Our Bank

|                                    |              |
|------------------------------------|--------------|
| Customers <sup>1</sup>             | 16.1m        |
| Staff <sup>1</sup>                 | 48.0k        |
| Branches                           | 1,192        |
| ATMs                               | 4,118        |
| Market Capitalisation <sup>2</sup> | #2           |
| Total Assets                       | \$980bn      |
| Credit Ratings <sup>3</sup>        | AA-/Aa3 /AA- |

## Our Profits



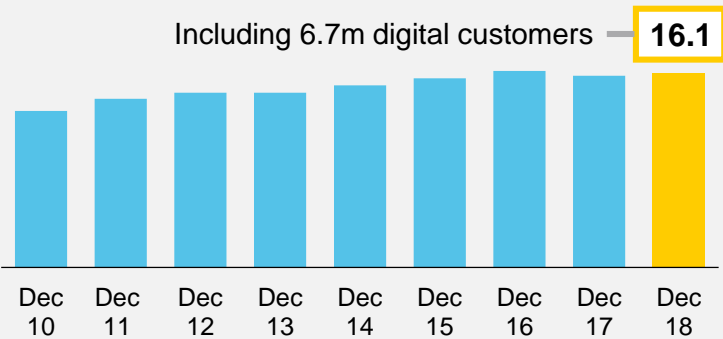
1. Presented on a continuing operations basis. 2. 2nd largest Australian company by total market capitalisation – source Bloomberg 31 December 2018. Ranking takes into account companies with dual listings. 3. Credit ratings - S&P, Moody's and Fitch. S&P put major Australian Banks on "Outlook Negative" 7 Jul 16. Moody's lowered the rating on 19 Jun 17, outlook "Stable". Fitch lowered the Outlook on CBA to "Negative" on 7 May 2018.

# CBA overview

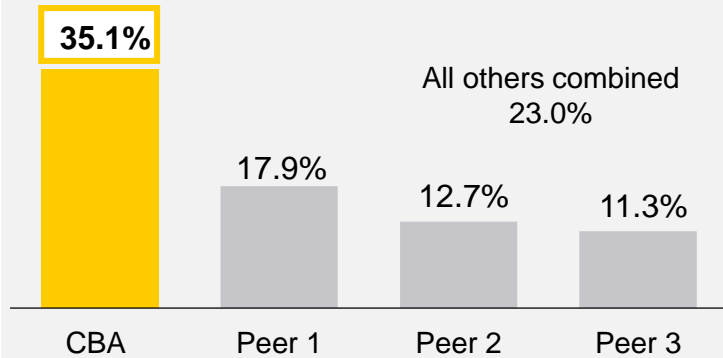


## Strong customer base and market share positions, technology leadership, strength

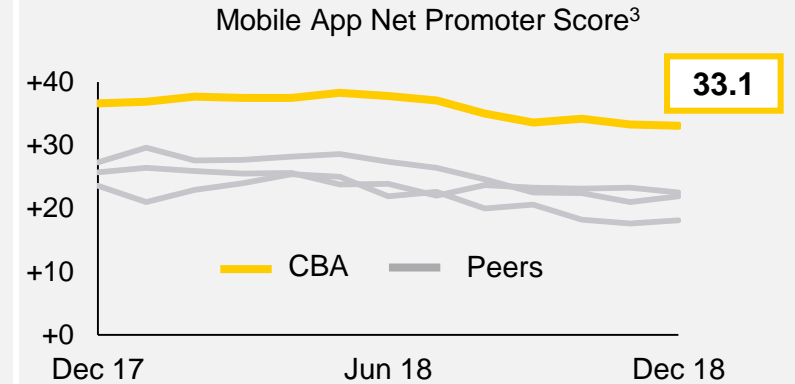
### Over 16 million customers<sup>1</sup>



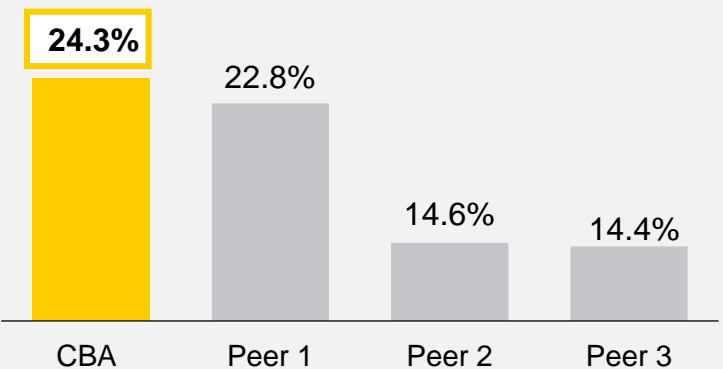
### Largest share of MFI customers<sup>2</sup>



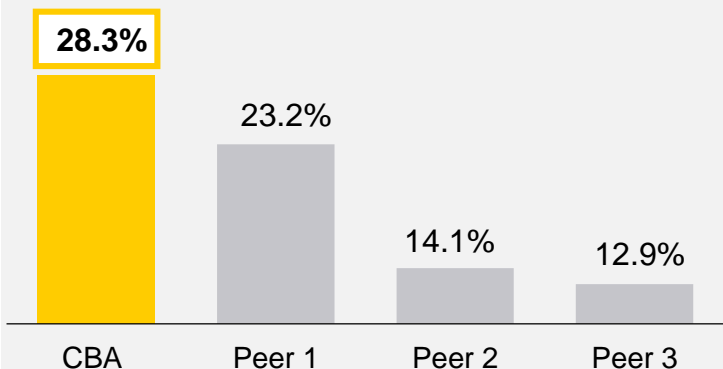
### Leading digital assets and advocacy



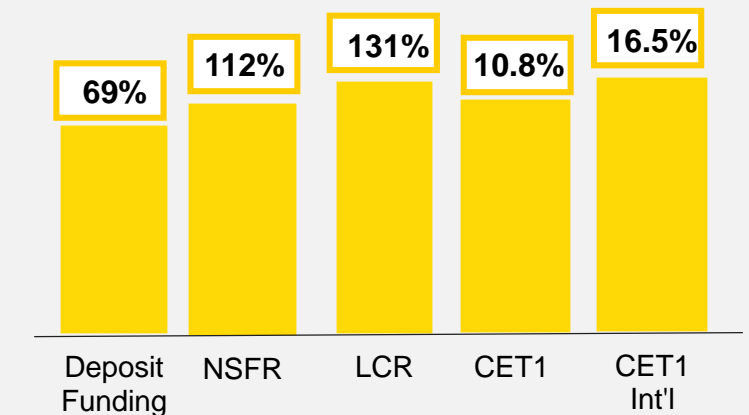
### Leading home lending share<sup>4</sup>



### Leading household deposits share<sup>4</sup>



### Balance sheet strength

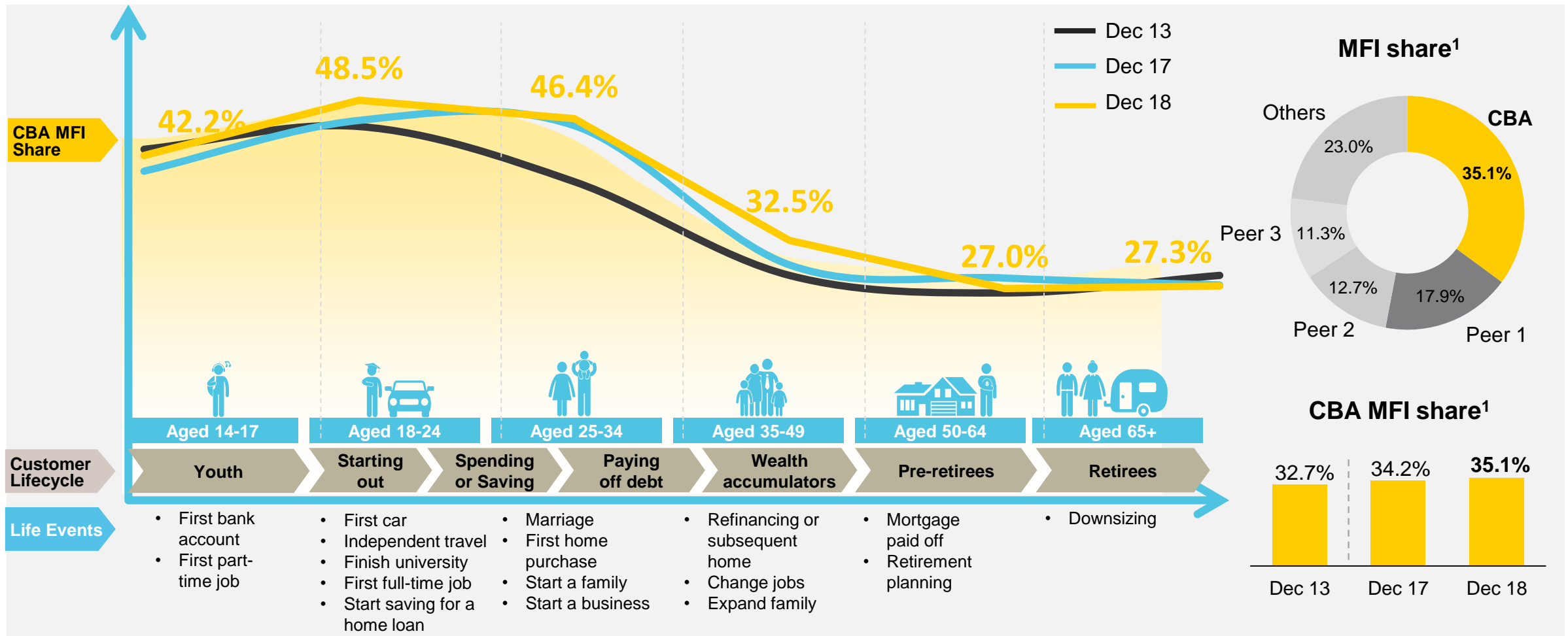


1. Presented on a continuing operations basis. 2. Source: Roy Morgan's Single Source survey conducted by Roy Morgan. 3. Sourced from Roy Morgan Research Single Source, 6 month moving average to December 2018. 4. Sources: RBA Lending and Credit Aggregates and APRA Monthly Banking Statistics. CBA includes BWA and subsidiaries.

# Franchise strength



The Group maintains Australia's largest share of MFI customers<sup>1</sup>



1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers includes ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan's Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month average to December 2013, 12 month average to December 2017 & 12 month average to December 2018).

# Best in Digital

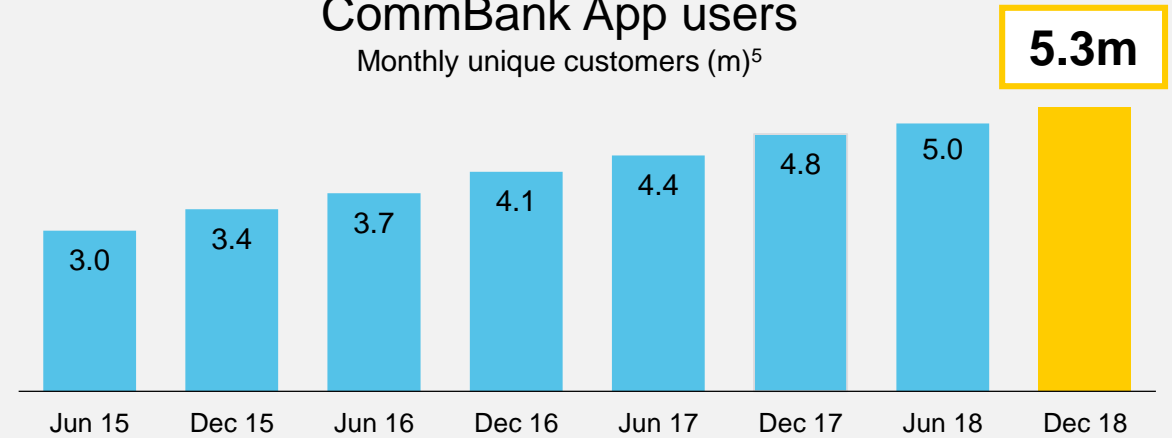


## Unrivalled digital engagement



### CommBank App users

Monthly unique customers (m)<sup>5</sup>



**6.7m**

Active digital customers<sup>1</sup>

**6.5m**

Digital logons per day<sup>2</sup>

**#1**

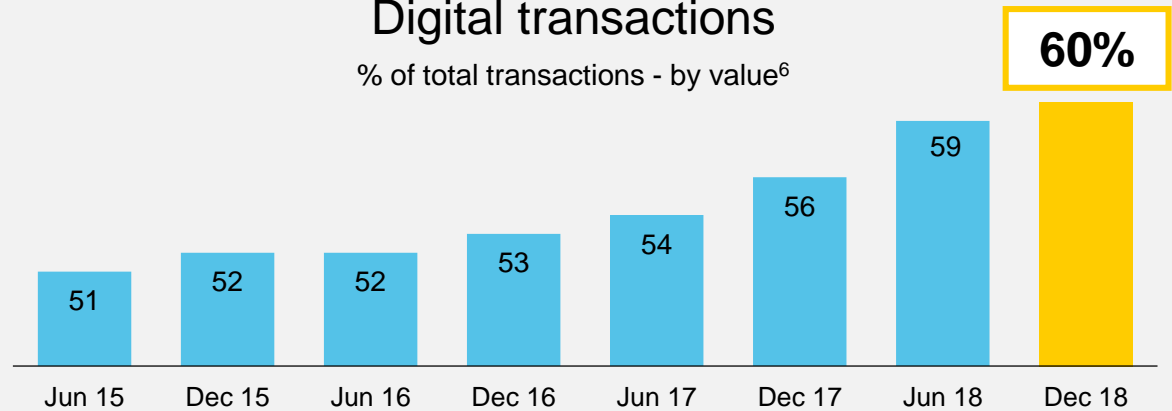
in Online Banking<sup>3</sup> 9 years running

**#1**

in Mobile Banking<sup>4</sup> 3 years running

### Digital transactions

% of total transactions - by value<sup>6</sup>



1. Total number of customers that logged into Netbank, CommBank Mobile App, CommBank Tablet App or the Old Mobile App at least once in the month of December 2018. Excludes Face ID logons. 2. Total average NetBank, CommBank Mobile App, CommBank Tablet App and Old Mobile App logons per day in the month of December 2018. Excludes Face ID logons. 3. Online banking: CBA won Canstar's *Bank of the Year – Online Banking* award for 2018 (for the 9th year in a row). Awarded June 2018. 4. Mobile banking: CBA won Canstar's *Bank of the Year - Mobile Banking* award for 2018 (for the 3<sup>rd</sup> year in a row). Awarded June 2018. 5. The total number of customers that have logged onto the CommBank Mobile App at least once in the month of December 2018. Excludes Face ID logons. 6. Digital transactions include transfers and BPAY payments made in CommBank App and NetBank.

# Best in Digital

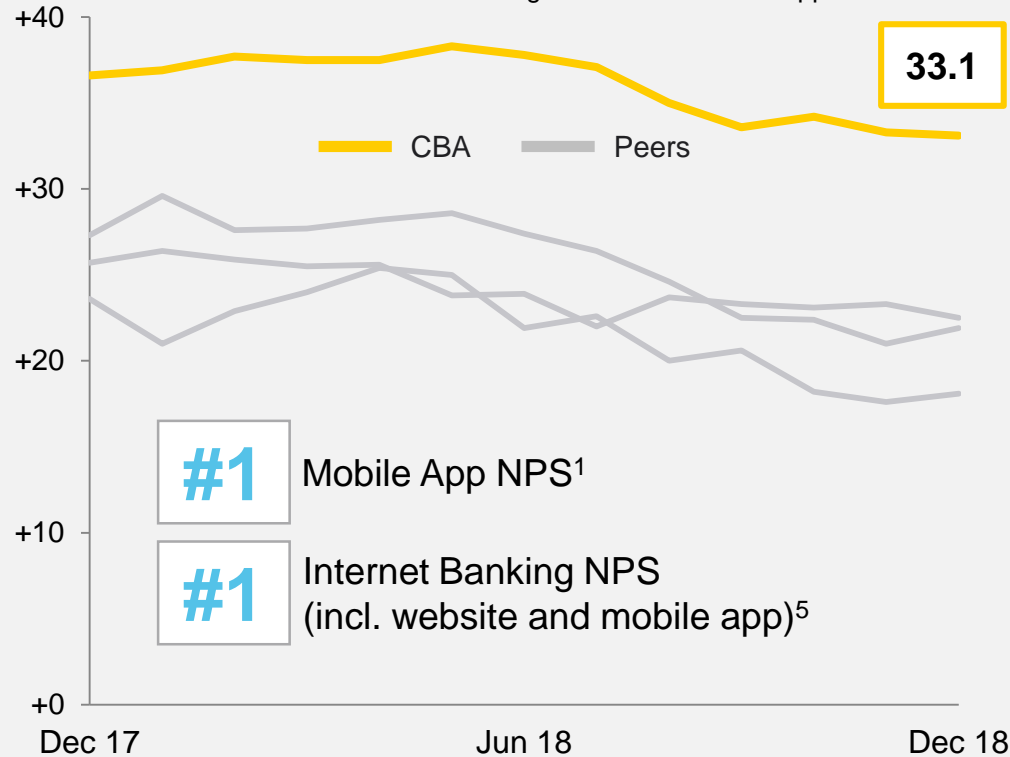


## Market leading digital assets and customer advocacy

### Leading customer advocacy

Mobile App Net Promoter Score<sup>1</sup>

Customer's likelihood to recommend main financial institution based on use of Internet Banking services via Mobile App



### “A global mobile banking leader”

Forrester Banking Wave™: Global Mobile Apps Asia Pacific 2018<sup>3</sup>



- Forrester reviewed mobile banking apps in Australia<sup>2</sup> and Worldwide<sup>3,4</sup>
- CBA ranked;
  - **1<sup>st</sup>** in Australia<sup>2</sup>
  - **1<sup>st</sup>** in APAC<sup>3</sup>
  - **=3<sup>rd</sup>** globally<sup>4</sup>

1, 2, 3, 4, 5. Refer to notes slide at back of this presentation for source information. 3. The Forrester Banking Wave™ is copyrighted by Forrester Research, Inc. Forrester and Forrester Wave™ are trademarks of Forrester Research, Inc. The Forrester Banking Wave™ is a graphical representation of Forrester's call on a market. Forrester does not endorse any company, product, or service depicted in the Forrester Banking Wave™. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change.

# Best in Digital – a history of technology leadership



## NetBank – 1997

- Full functionality 24 hour online banking service
- #1 Online Banking 9yrs in a row from 2010 (Canstar)<sup>1</sup>

## CommBank App – 2013

- #1 Mobile Banking App 3yrs in a row from 2016 (Canstar)<sup>2</sup>

## Ceba – 2018

- AI-powered chatbot to assist with 340 banking tasks
- #1 Most Innovative Channel Experience (ARBA)<sup>3</sup>

- **Simple**
- **Standardised**
- **Re-usable**
- **Dynamic**

## CommSee – 2005

- Proprietary customer relationship system
- Single view of customer across all channels

## Core Banking – 2009

- Real-time banking and settlement
- Standardisation and system simplification
- Greater reliability

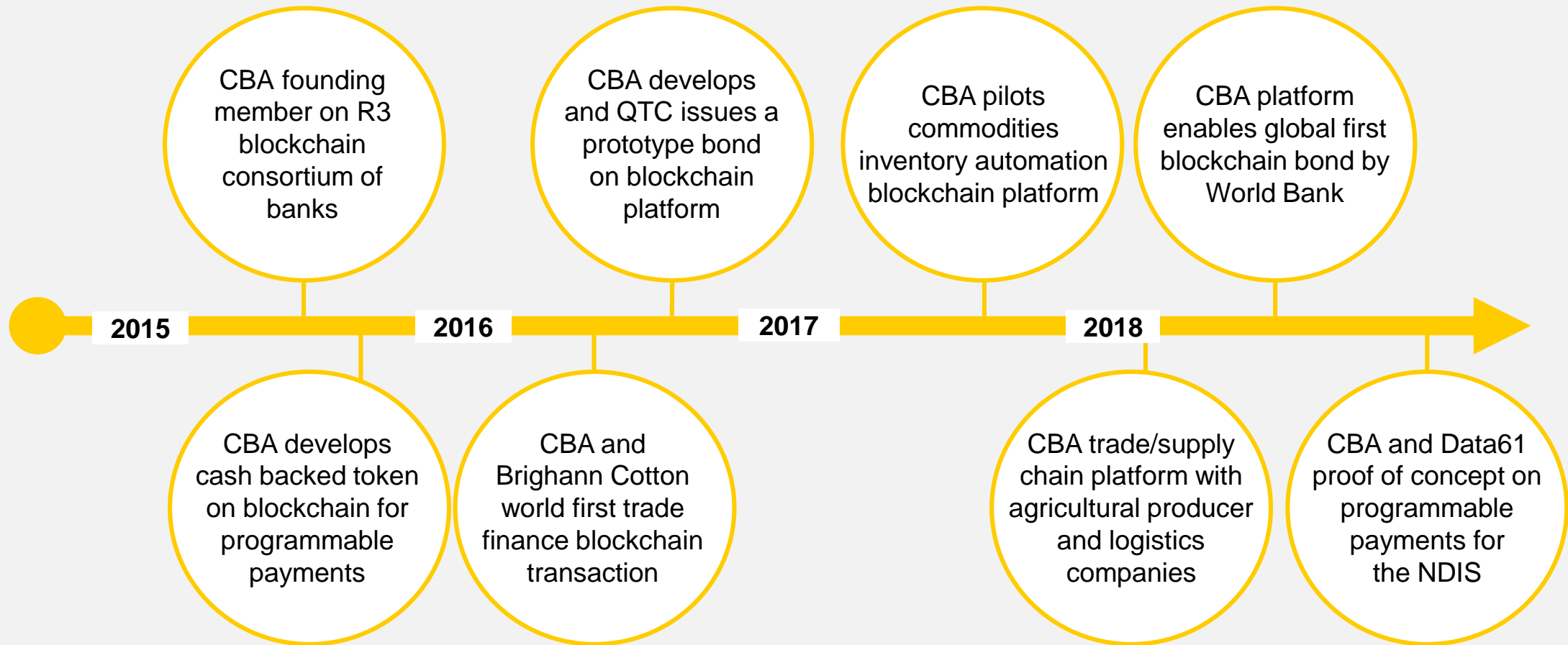
## Customer Engagement Engine – 2014

- More than 200 multi-channel Next Best Conversations by AI and machine learning
- 40m personalised customer notifications per month
- 22m interactions per day, decisions on 30bn data points

## Blockchain– 2018

- CBA platform enables global first blockchain bond by World Bank

# Leading blockchain commercialisation







## Collaborating to innovate for customers and communities

### Making payments faster

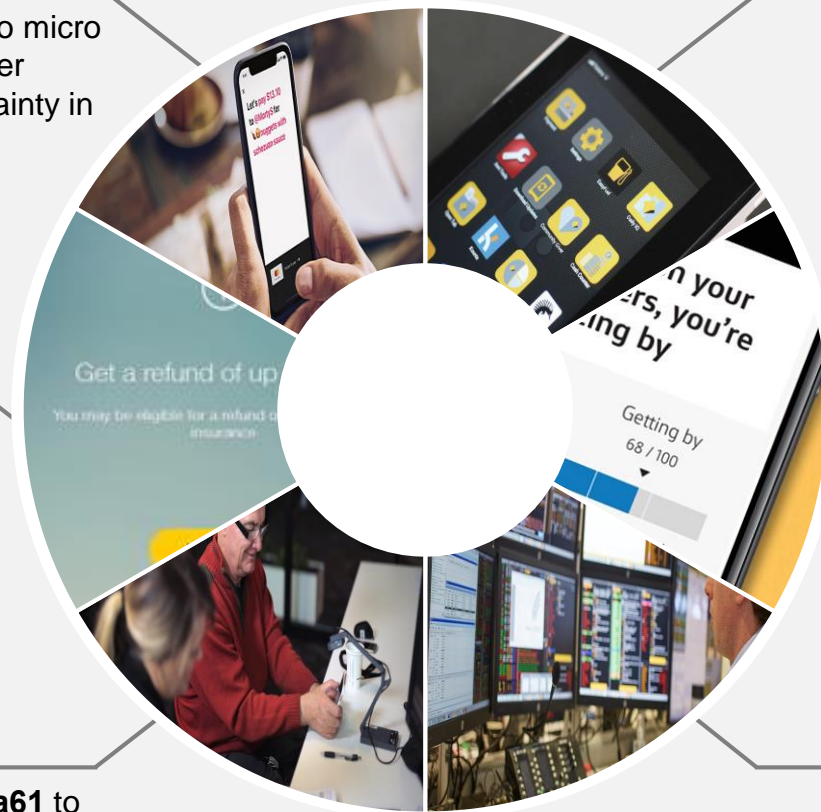
Expanding the **Beem it** instant payment solutions to micro and small businesses, in collaboration with two other major banks, to ensure business owners have certainty in payments by processing transactions in real-time

### Connecting with Government rebates

Using data and digital assets to raise awareness of, and connect customers with, external rebates for which they may be eligible such as the **NSW Compulsory Third Party refund**

### Making Money Smart

Developing a world-leading app with **CSIRO's Data61** to trial programmable money enabled by a blockchain token solution. This 'smart money' was tested via a case study with the **National Disability Insurance Scheme**



### Improving health care payments

Delivering a best-in-class integrated payments, claiming, and healthcare directory solution for patients and healthcare providers, through an exclusive partnership with **Whitecoat**

### Promoting Financial Wellbeing

Working with the **University of Melbourne** to develop a world-first 'Financial Wellbeing Scale' to help educate customers on their financial situation

### Shaping capital markets

Pioneering innovation in capital markets alongside the **World Bank**, issuing the world's first bond managed on a blockchain platform, raising \$110m from institutional investors

# Re-segmentation



**A simpler operating model aligned to meeting customer needs in core markets**

**RBS**

**An integrated retail bank, supported by simple financial planning and insurance offerings**








- Bankwest
  - Commonwealth Financial Planning
  - General Insurance (non core)
  - Small Business (to BPB)
  - Home Lending
  - Deposits and Everyday Banking
  - Consumer Finance
- } unchanged

**BPB**

**More targeted business segments with distinct service models**

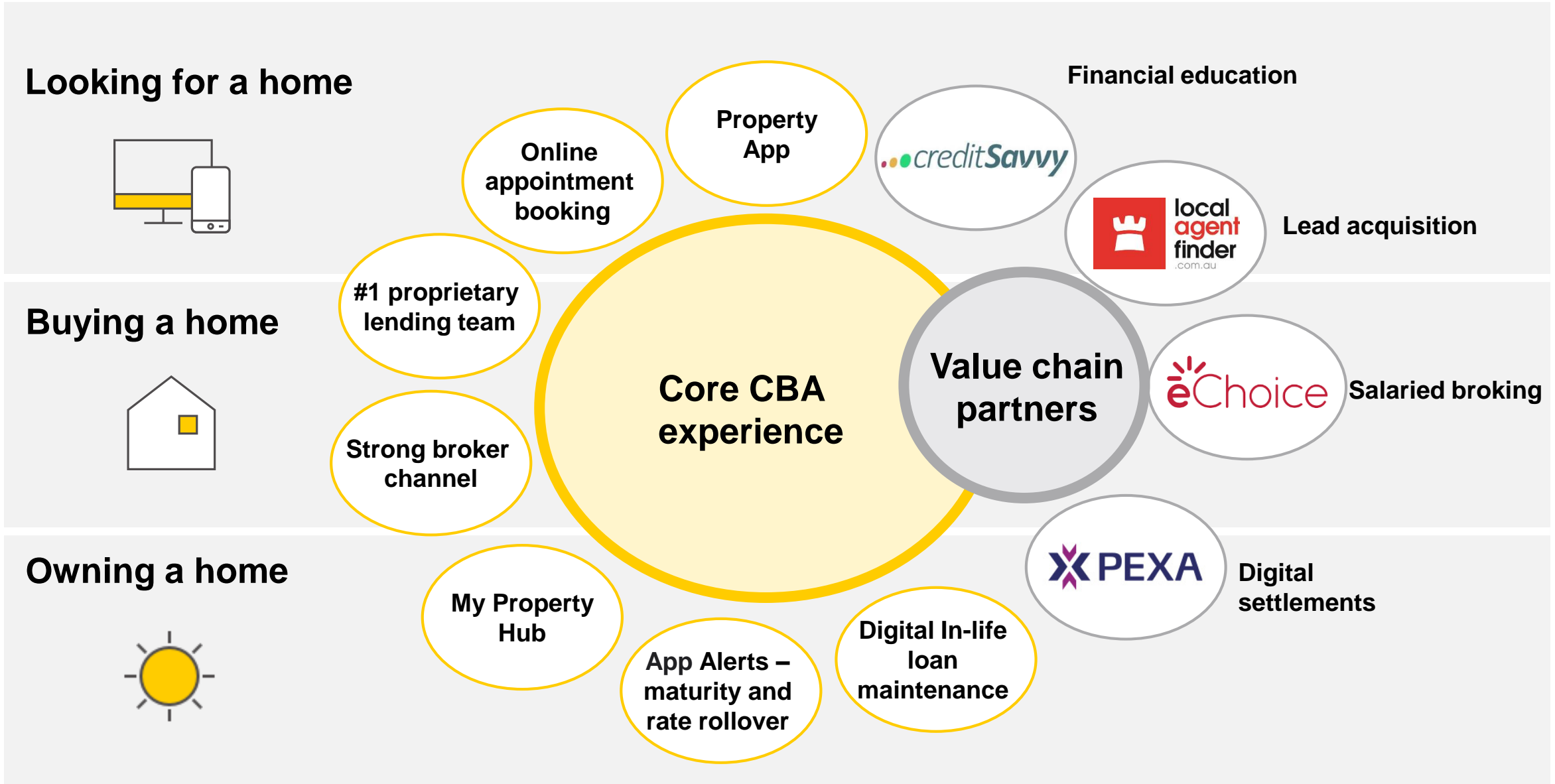


-  Business and Corporate
  -  Regional and Agribusiness
  -  Small Business
  -  Private Bank
  -  CommSec
- } unchanged

 = Face-to Face relationship management     = Branch, Digital, Direct Channels and 'Hub' relationship management

Previous BPB structure - Corporate Financial Services, Business Banking SME, Regional and Agribusiness Banking.

# Enhanced customer propositions - home buying



# Deliver balanced and sustainable outcomes



## Our Purpose

Improve the financial wellbeing of our customers and communities

## Our Values

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

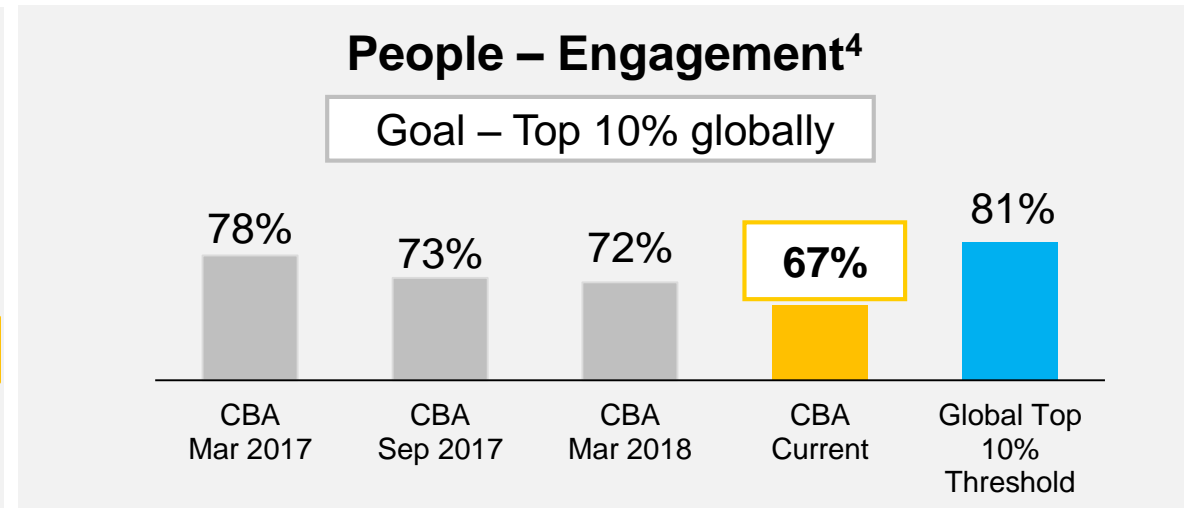
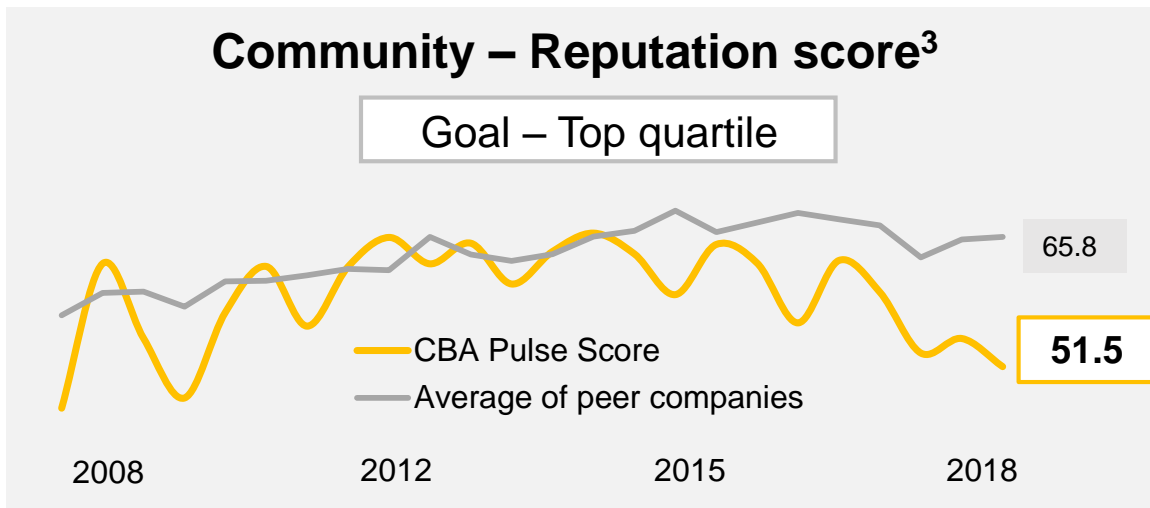
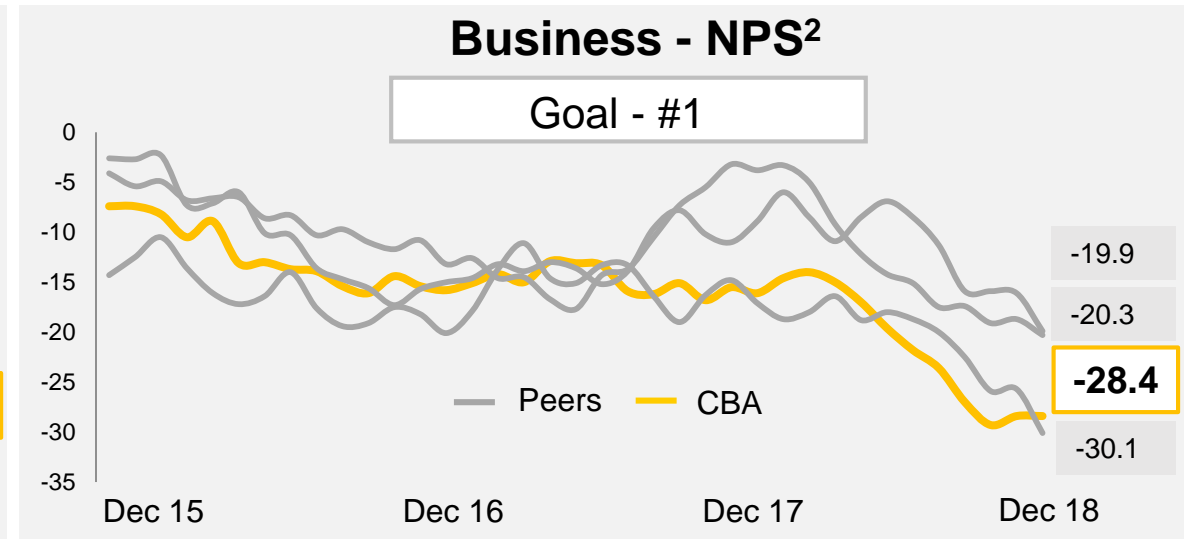
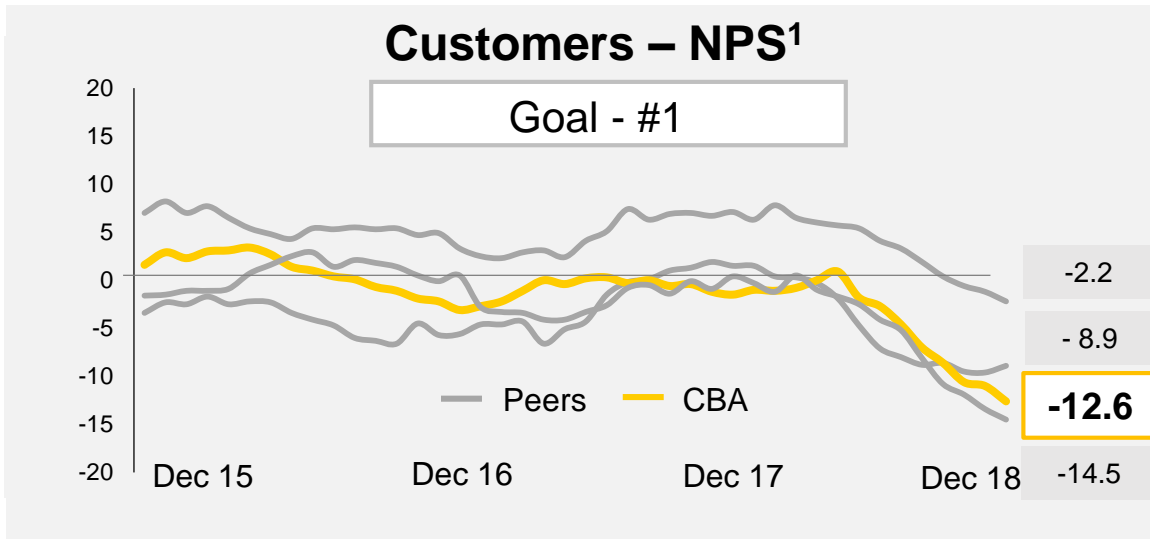
|  |  |   |
|--|--|---|
|  <b>Customers</b>      | <ul style="list-style-type: none"><li>• Better customer outcomes</li><li>• Lead in customer experience</li><li>• Resolve issues fairly and quickly</li></ul> | <b>#1<br/>NPS<sup>1,2</sup></b>             |
|  <b>Community</b>      | <ul style="list-style-type: none"><li>• Earn trust</li><li>• Contribute to our communities</li><li>• Engage openly and transparently</li></ul>               | <b>Top quartile<br/>RepTrak<sup>3</sup></b> |
|  <b>People</b>         | <ul style="list-style-type: none"><li>• Energised and accountable</li><li>• Clarity of purpose</li><li>• Strong leadership</li></ul>                         | <b>Top 10%<br/>engagement<sup>4</sup></b>   |
|  <b>Shareholders</b> | <ul style="list-style-type: none"><li>• Focus on core businesses</li><li>• Reduce cost and risk</li><li>• Invest and innovate to deliver growth</li></ul>    | <b>Top quartile<br/>TSR<sup>5</sup></b>     |

1, 2, 3, 4, 5. Refer to notes slide at back of this presentation for source information.

# Deliver balanced and sustainable outcomes



Committed to becoming a simpler, better bank, with measurable targets



1, 2, 3, 4. Refer to notes slide at back of this presentation for source information.

# Doing business sustainably



## Delivering balanced and sustainable outcomes for all our stakeholders



**1<sup>st</sup>** Australian corporate to join the global Renewable Energy 100 initiative – committing to 100% renewable electricity by 2030.



**65%** of the Group's national electricity needs sourced from renewable energy from January 2019.



**\$7.86 million** raised in conjunction with our people, customers and the Australian Red Cross to help support farmers and communities in drought affected regions.



**5 year** Bank@Post partnership with Australia Post to provide greater access to over-the-counter banking services for customers – especially for those in rural and regional areas.

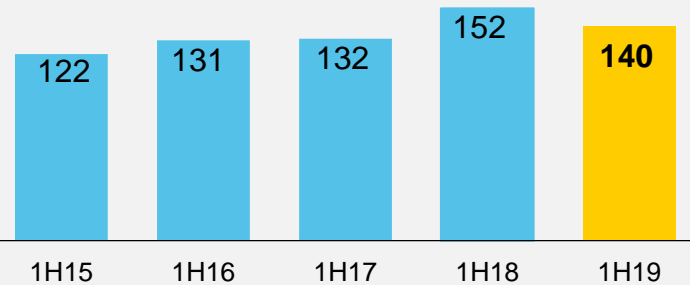
# Doing business sustainably



## Key non-financial performance metrics

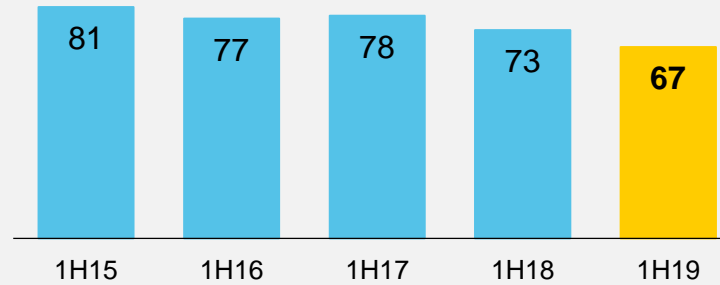
### Community investment

Total community investment (\$m)<sup>1</sup>



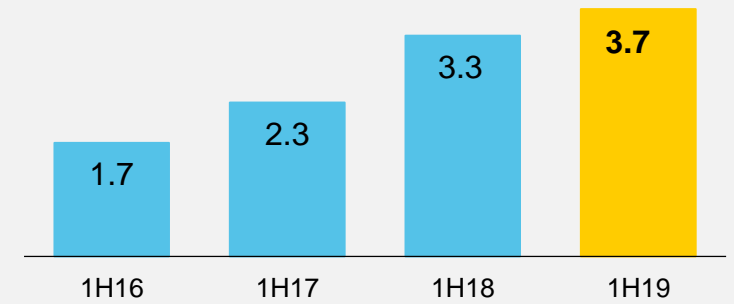
### Employee engagement

CBA Employee Engagement Index (%)<sup>2</sup>



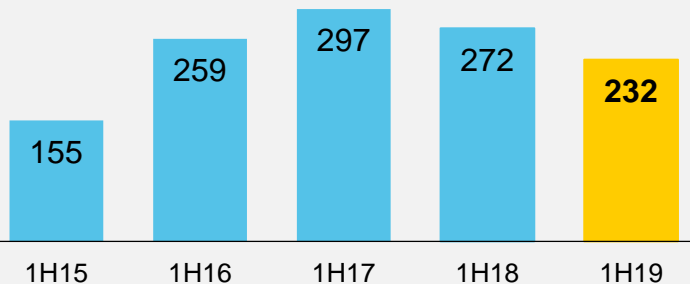
### Renewable energy

Exposure (\$bn)<sup>3</sup>



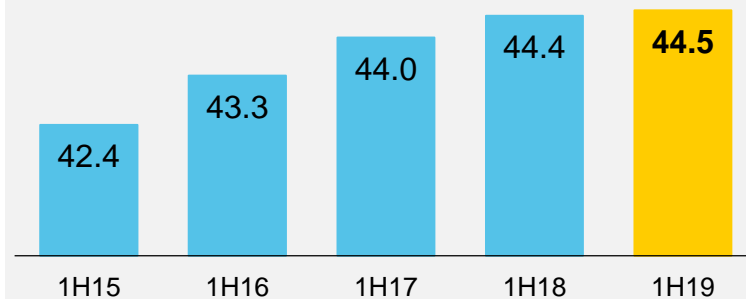
### Start Smart

Students booked for Start Smart classes ('000)<sup>4</sup>



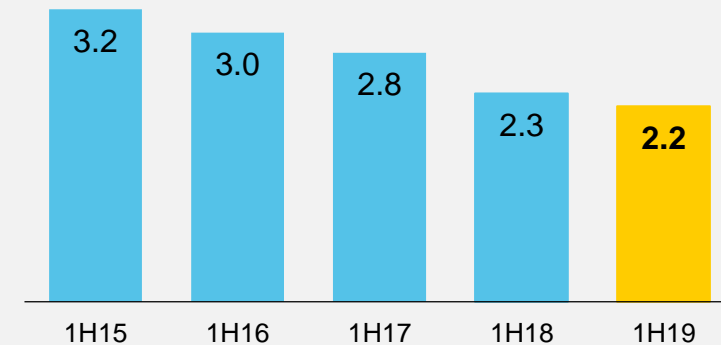
### Women in management

Representation in Manager and above roles (%)<sup>5</sup>



### Operation emissions intensity

Emissions per FTE, Scope 1+2, Australia (CO<sub>2</sub>-e/FTE)



1. Community investment includes forgone revenue, cash, time and management costs. 2. People and Culture survey measures satisfaction, retention, advocacy and pride, showing the proportion of employees replying with a score of 4 or 5. 1H15, 1H16 and 1H17 are annual survey results. 3. Includes lending and banking services. 4. Start Smart classes cover different topics and the same student may be booked to attend a number of sessions. 5. Excludes ASB and Sovereign employees.

# Task Force on Climate-related Financial Disclosures<sup>1</sup>



## Transitioning to a low carbon economy – taking action on climate change

Delivered first TCFD disclosures in 2018<sup>2</sup>  
 Updated disclosures to be published in 2019 Annual Report

| Governance   | Strategy   | Risk management  | Metrics and targets   |
|--|--|--|---|
| <ul style="list-style-type: none"> <li>Board oversight of climate risks and opportunities through Risk Management Framework</li> </ul> | <ul style="list-style-type: none"> <li>First phase of scenario analysis completed<sup>2</sup> <ul style="list-style-type: none"> <li>Physical risk – home lending and insurance</li> <li>Transition risk – business lending</li> </ul> </li> <li>Second phase of scenario analysis underway</li> <li>Continued development of strategic responses</li> </ul> | <ul style="list-style-type: none"> <li>Risk identification and management informed by climate scenario analysis</li> <li>ESG risk assessment, including climate risk, for business lending</li> <li>Energy value chain analysis and reporting</li> </ul> | <ul style="list-style-type: none"> <li>Source 100% renewable energy by 2030</li> <li>Low carbon project funding of \$15bn by 2025 – \$7.3bn committed exposure as at 30 June 2018</li> <li>Assessment of business lending emissions</li> <li>Progress against emissions reduction target (scope 1 and 2)</li> </ul> |

1. The Financial Stability Board’s Task Force on Climate-related Financial Disclosures developed recommendations, released in June 2017, on financial disclosures to help investors better understand climate-related risks and opportunities to support more appropriate pricing of risks and allocation of capital globally. 2. The first phase of our climate scenario analysis can be found on pages 48-60 in our 2018 Annual Report [www.commbank.com.au/annual-reports](http://www.commbank.com.au/annual-reports)





# Financial Overview

# 1H19 – result overview<sup>1</sup>



## Financial

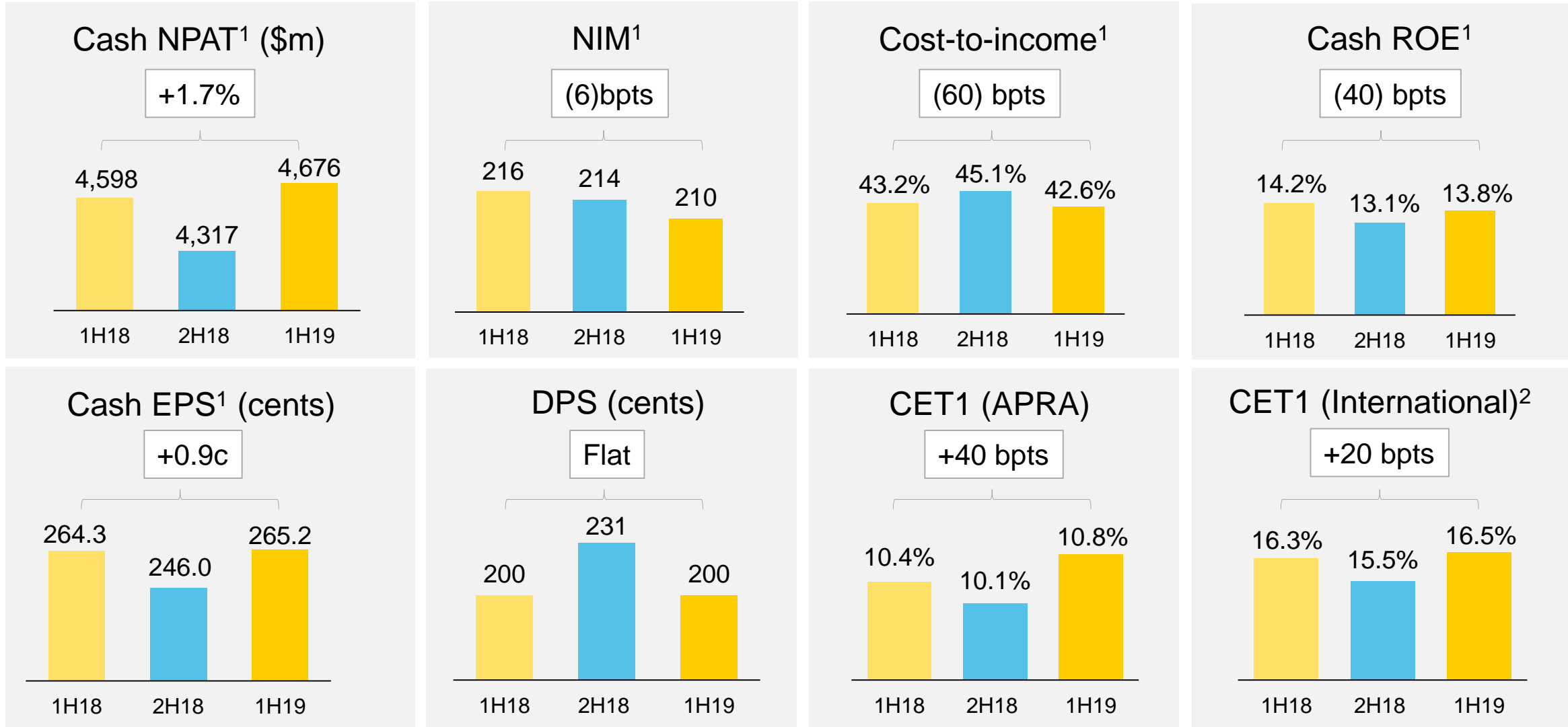
|                                   |        |          |
|-----------------------------------|--------|----------|
| Statutory NPAT <sup>2</sup> (\$m) | 4,599  | (6.3%)   |
| Cash NPAT <sup>3</sup> (\$m)      | 4,676  | 1.7%     |
| ROE <sup>3</sup> % (cash)         | 13.8   | (40)bpts |
| EPS <sup>3</sup> cents (cash)     | 265.2  | +0.9c    |
| DPS <sup>2</sup> \$               | 2.00   | Flat     |
| Cost-to-income <sup>3</sup> (%)   | 42.6   | (60)bpts |
| NIM <sup>3</sup> (%)              | 2.10   | (6)bpts  |
| Op income <sup>3</sup> (\$m)      | 12,408 | (1.9%)   |
| Op expenses <sup>3</sup> (\$m)    | 5,289  | (3.1%)   |
| LIE to GLAA (bpts)                | 15     | (1)bpt   |

## Balance Sheet, Capital & Funding

|                                       |             |                  |
|---------------------------------------|-------------|------------------|
| Capital – CET1 (Int'l) <sup>4</sup>   | 16.5%       | 20 bpts          |
| Capital – CET1 (APRA)                 | 10.8%       | 40 bpts          |
| Total assets (\$bn)                   | 980         | 1.9%             |
| Total liabilities (\$bn)              | 912         | 1.8%             |
| Average FUA <sup>3</sup> (\$bn)       | 161         | 6.5%             |
| Deposit funding                       | 69%         | 1%               |
| LT wholesale funding WAM              | 5.0 yrs     | 0.4 yrs          |
| Liquidity coverage ratio <sup>5</sup> | 131%        | (4%)             |
| Leverage ratio (APRA)                 | 5.6%        | 20 bpts          |
| Net stable funding ratio              | 112%        | 2%               |
| Credit Ratings <sup>6</sup>           | AA-/Aa3/AA- | Refer footnote 6 |

1. All movements on prior comparative period unless otherwise stated. 2. Includes discontinued operations. 3. Presented on a continuing operations basis. 4. Internationally comparable capital - refer glossary for definition. 5. Pillar 3 quarterly average. 6. S&P, Moody's and Fitch. S&P put major Australian Banks on "Outlook Negative" 7 Jul 16. Moody's lowered the rating on 19 Jun 17, outlook "Stable". Fitch updated outlook on CBA to negative on 7 May 2018.

# 1H19 – result overview



1. Presented on a continuing operations basis. 2. Internationally comparable capital - refer to glossary for definition.

# Key Comparative Financial Metrics



## Cash NPAT (continuing operations) up 1.7%

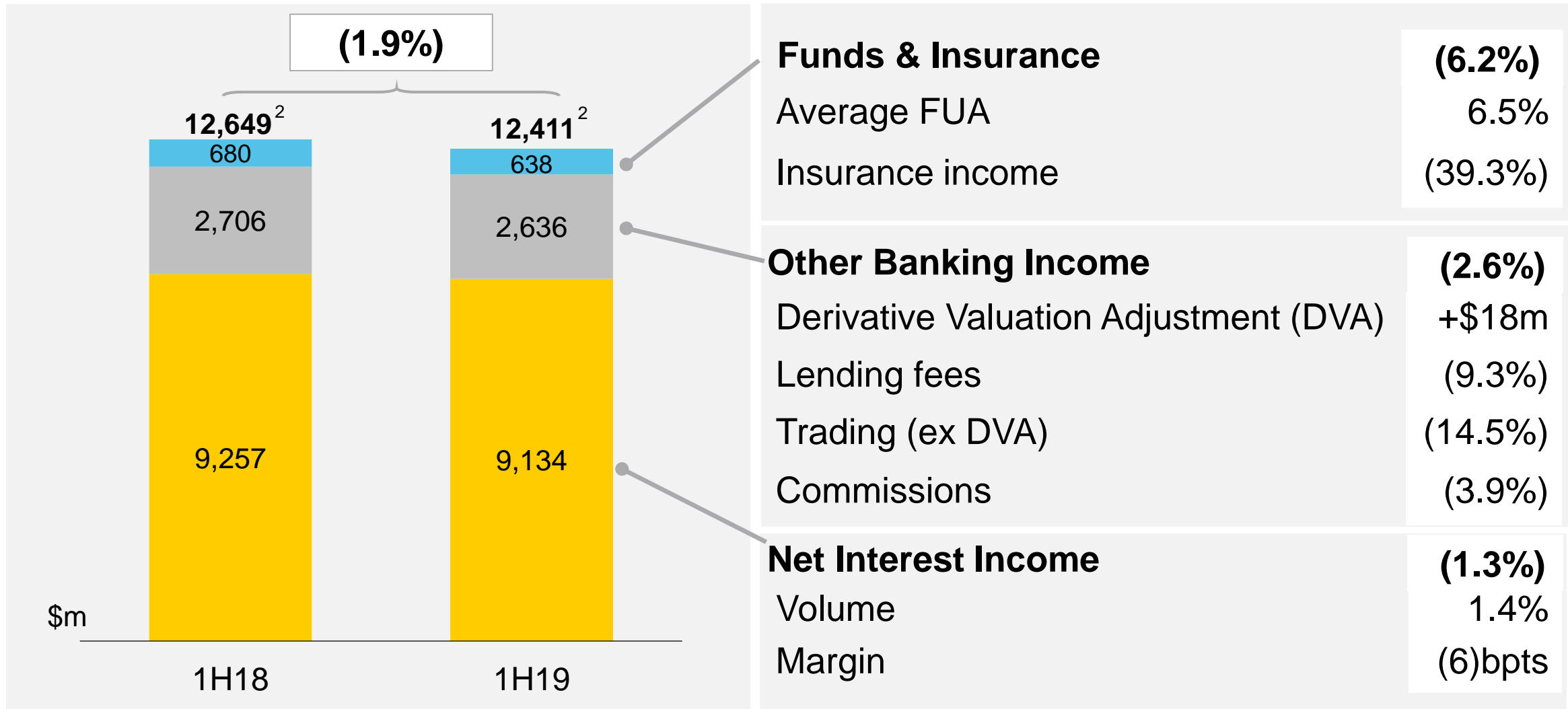
|   | Incl. discontinued operations |                 | Continuing operations |                 |
|---|-------------------------------|-----------------|-----------------------|-----------------|
|   | Dec 18                        | Dec 18 v Dec 17 | Dec 18                | Dec 18 v Dec 17 |
| Half year ended (“cash basis”)                  |                               |                 |                       |                 |
| Cash net profit after tax                       | \$4,768m                      | (2.1%)          | \$4,676m              | 1.7%            |
| Cost-to-income <sup>1</sup>                     | 44.4%                         | 10 bpts         | 42.6%                 | (60)bpts        |
| Effective tax rate                              | 28.4%                         | (150)bpts       | 28.5%                 | (170)bpts       |
| Profit after capital charge (PACC) <sup>2</sup> | \$2,647m                      | (15.3%)         | \$2,660m              | (10.9%)         |
| Earnings per share (basic)                      | 270.4c                        | (9.6)c          | 265.2c                | +0.9c           |
| Return on equity                                | 14.1%                         | (90)bpts        | 13.8%                 | (40)bpts        |

1. Operating expenses to operating income. 2. The Group uses PACC, a risk adjusted measure, as a key measure of financial performance. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments.

# Total income drivers<sup>1</sup>



## Higher volumes offset by lower margin and OBI

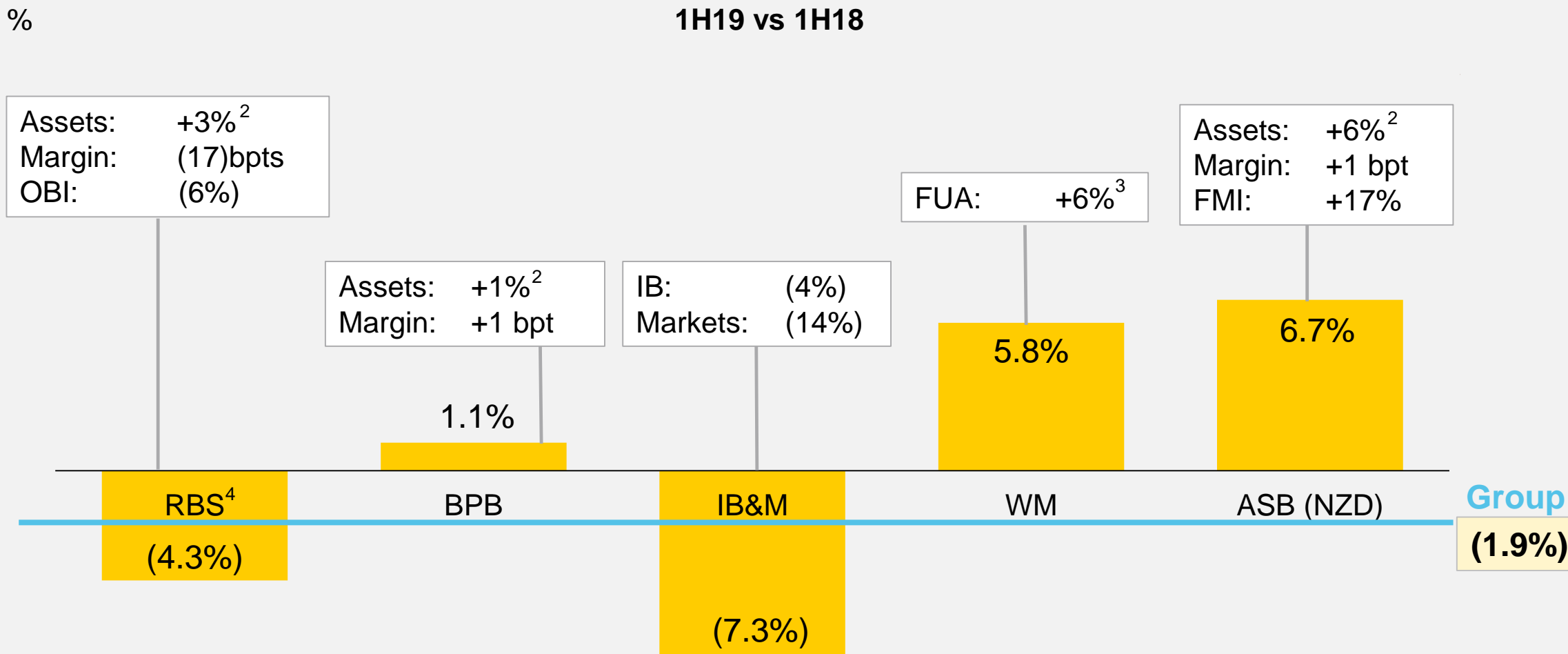


1. Presented on a cash continuing operations basis. 2. Totals shown include investment experience of \$6m in 1H18 and \$3m in 1H19.

# Operating income by line of business<sup>1</sup>



## Mixed results in a challenging period

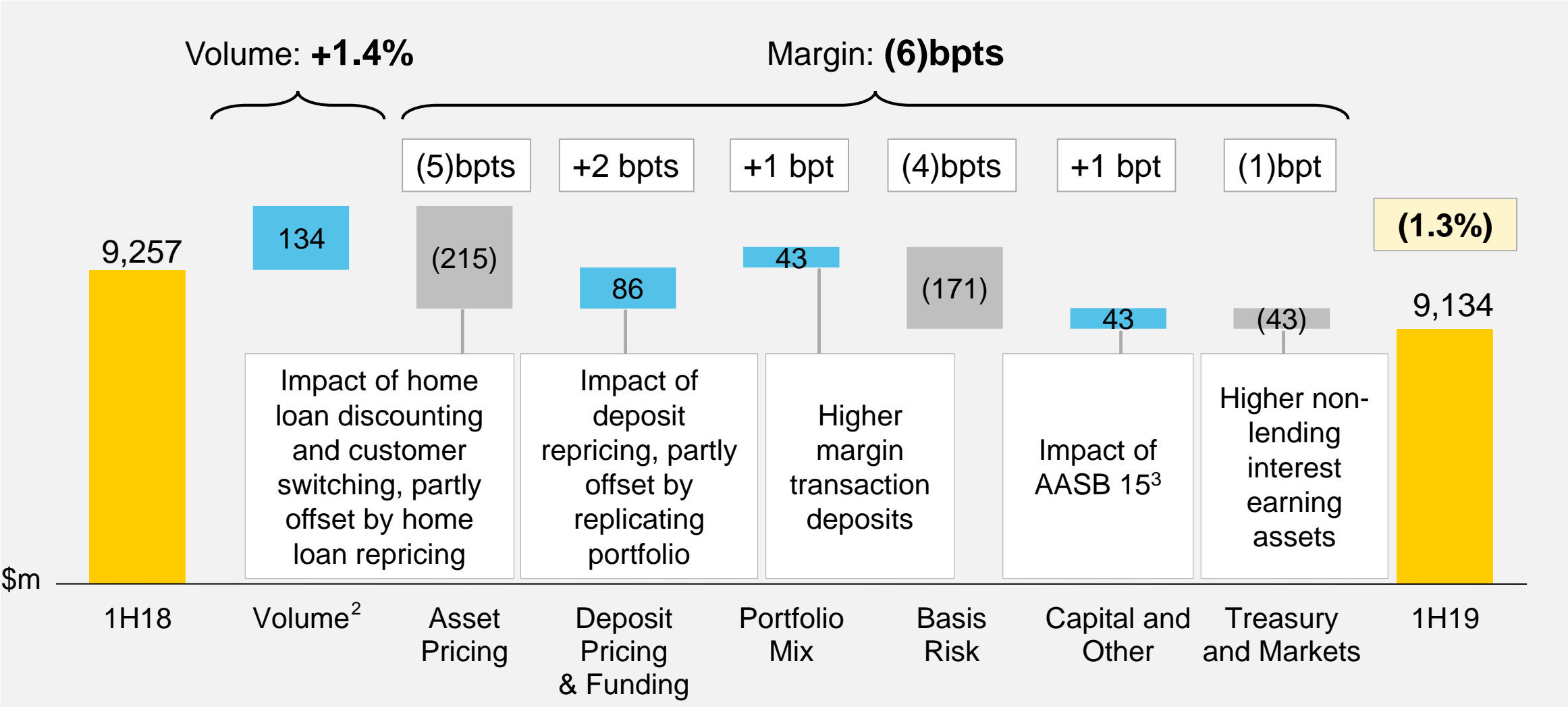


1. Presented on a continuing operations basis. Excludes Corporate Centre and other. 2. Movement in average interest earning assets. 3. Movement in average funds under administration. 4. To present an underlying view of the RBS result, the impact of General Insurance and Mortgage Broking consolidation has been excluded.

# Net Interest Income<sup>1</sup>

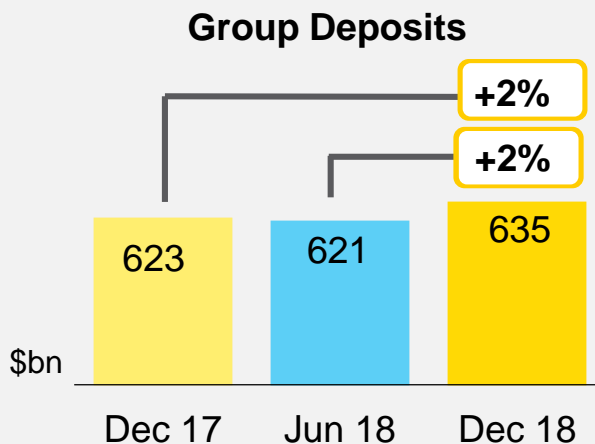
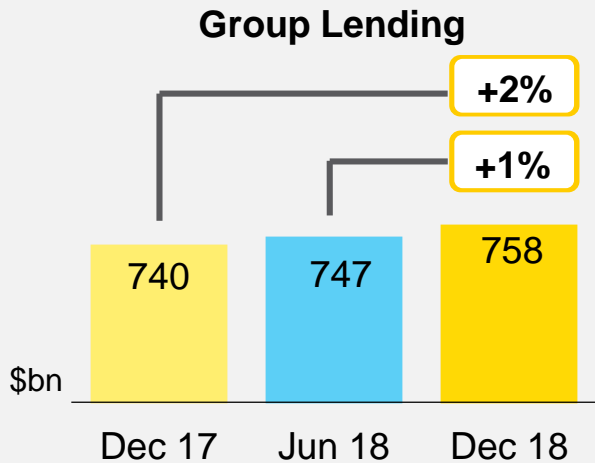


## Volume growth offset by lower NIM (basis risk + home loan margins)



1. Presented on a continuing operations basis. 2. Average interest earning assets. 3. From 1 July 2018 upfront lending fees are now recognised in NII over the life of the contractual agreement.

# Balance Sheet



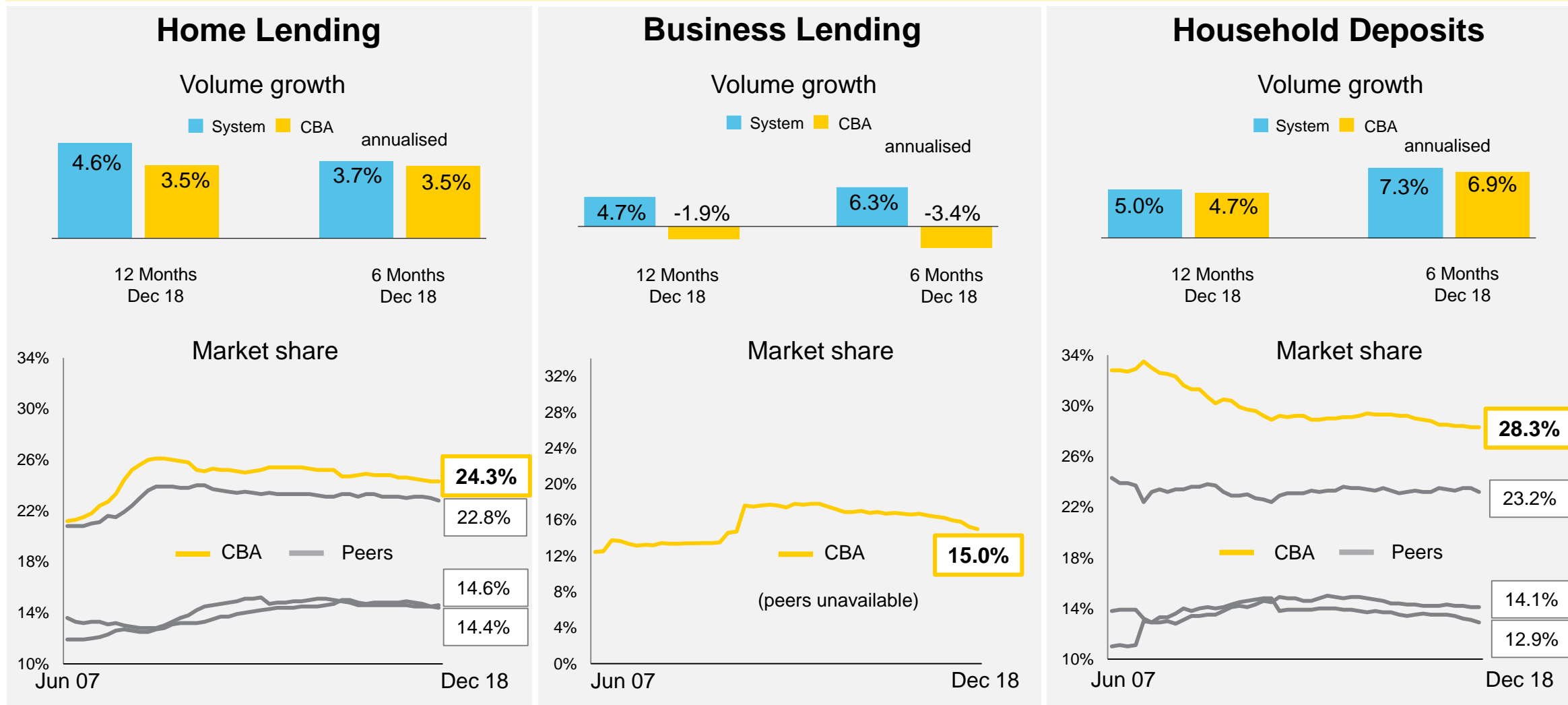
| \$m   | Dec 17         | Jun 18         | Dec 18         | Dec 18 vs Jun 18 | Dec 18 vs Dec 17 |
|---|----------------|----------------|----------------|------------------|------------------|
| Home Loans                                  | 492,688        | 501,665        | 512,505        | 2.2%             | 4.0%             |
| Consumer finance                            | 23,593         | 23,317         | 22,690         | -2.7%            | -3.8%            |
| Business and corporate loans                | 223,981        | 222,367        | 222,996        | 0.3%             | -0.4%            |
| <b>Total Group Lending</b>                  | <b>740,262</b> | <b>747,349</b> | <b>758,191</b> | <b>1.5%</b>      | <b>2.4%</b>      |
| Non-lending interest earning assets         | 151,695        | 150,306        | 151,819        | 1.0%             | 0.1%             |
| Other assets (including held for sale)      | 69,973         | 77,510         | 70,420         | -9.1%            | 0.6%             |
| <b>Total Assets</b>                         | <b>961,930</b> | <b>975,165</b> | <b>980,430</b> | <b>0.5%</b>      | <b>1.9%</b>      |
| Total interest bearing deposits             | 576,666        | 571,677        | 583,780        | 2.1%             | 1.2%             |
| Non-interest bearing trans. deposits        | 46,608         | 48,831         | 51,634         | 5.7%             | 10.8%            |
| <b>Total Group Deposits</b>                 | <b>623,274</b> | <b>620,508</b> | <b>635,414</b> | <b>2.4%</b>      | <b>1.9%</b>      |
| Debt issues                                 | 166,732        | 172,673        | 168,904        | -2.2%            | 1.3%             |
| Other interest bearing liabilities          | 53,983         | 54,124         | 54,388         | 0.5%             | 0.8%             |
| Other liabilities (including held for sale) | 51,850         | 60,000         | 53,146         | -11.4%           | 2.5%             |
| <b>Total Liabilities</b>                    | <b>895,839</b> | <b>907,305</b> | <b>911,852</b> | <b>0.5%</b>      | <b>1.8%</b>      |



# Volume growth and market share<sup>1</sup>



## Leading market share across home lending and deposits



1. Sources: RBA Lending and Credit Aggregates and APRA Monthly Banking Statistics. CBA includes Bankwest and subsidiaries. Comparatives have been updated to reflect market restatements. Business lending excludes CMPF.

# Market share<sup>1</sup>



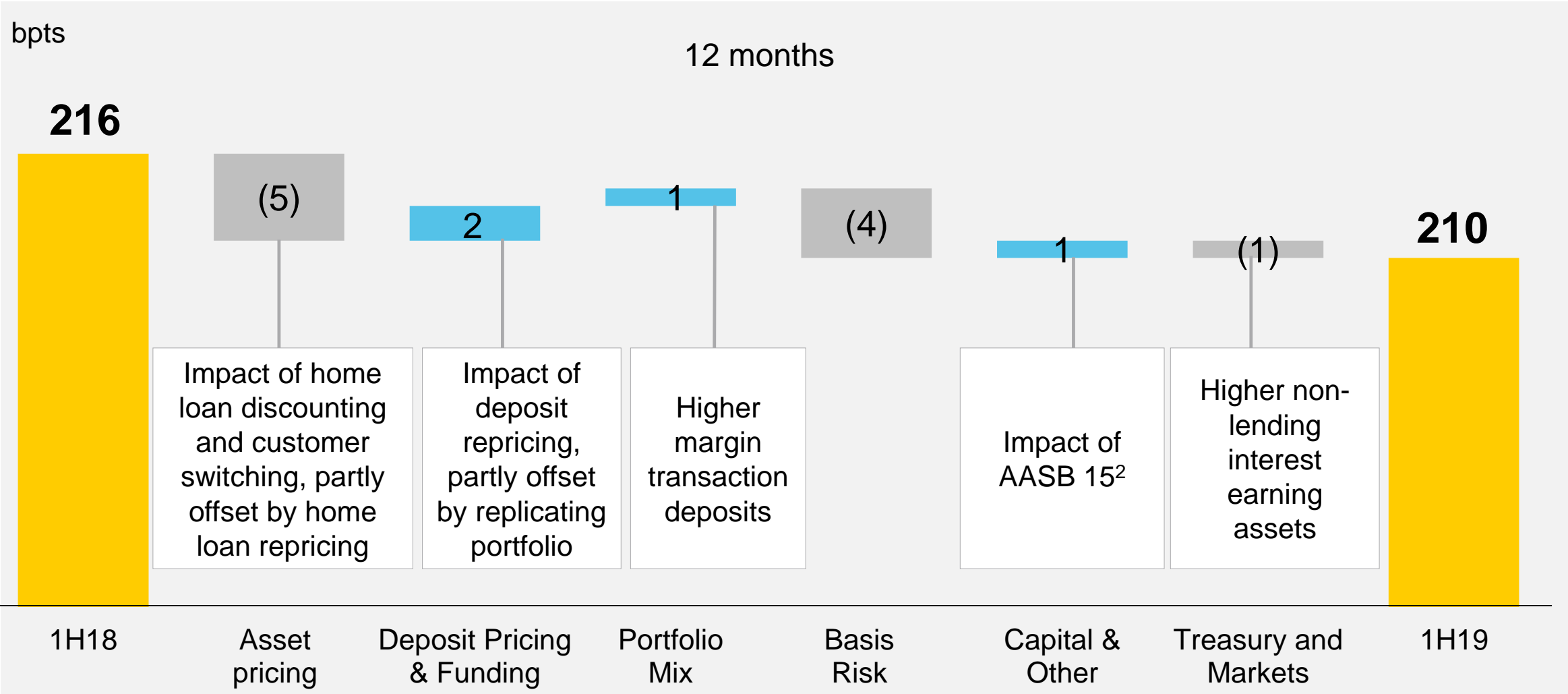
| %   | Dec-18 | Jun-18 | Dec-17 |
|---|--------|--------|--------|
| Home loans  | 24.3   | 24.4   | 24.6   |
| Credit cards <sup>(2)</sup>                                   | 26.6   | 27.2   | 27.3   |
| Other household lending <sup>(3)</sup>                        | 28.2   | 28.0   | 27.3   |
| Household deposits  | 28.3   | 28.4   | 28.5   |
| Business lending – RBA  | 15.0   | 15.8   | 16.2   |
| Business lending - APRA                                       | 17.0   | 17.8   | 18.4   |
| Business deposits – APRA                                      | 19.7   | 20.2   | 20.4   |
| Equities trading  | 3.7    | 4.1    | 4.0    |
| Australian Retail - administrator view <sup>(4)</sup>         | 15.3   | 15.3   | 15.4   |
| FirstChoice Platform <sup>(4)</sup>                           | 10.6   | 10.7   | 10.7   |
| Australia life insurance (total risk) <sup>(4) (5)</sup>      | 7.9    | 8.0    | 9.9    |
| Australia life insurance (individual risk) <sup>(4) (5)</sup> | 9.3    | 9.5    | 9.7    |
| NZ home loans   | 21.6   | 21.7   | 21.8   |
| NZ customer deposits  | 17.9   | 17.8   | 17.8   |
| NZ business lending   | 15.3   | 15.0   | 14.5   |
| NZ retail AUM <sup>(6)</sup>                                  | 15.3   | 15.0   | 14.9   |
| NZ annual inforce premiums <sup>(5)</sup>                     | -      | 27.3   | 26.8   |

1. Current period and comparatives have been updated to reflect market restatements. 2. Credit Cards Market Share data has been sourced from APRA Monthly Banking Statistics back series, Loans to Households: Credit Cards. The RBA Credit Cards source previously used for calculating Credit Cards Market Share, is no longer published. 3. Other Household Lending market share includes personal loans, margin loans and other forms of lending to individuals. 4. As at 30 September 2018. 5. Metrics relate to discontinued operations. 6. Presented on a continuing operations basis.

# Group NIM<sup>1</sup>



**Down 6 bpts over 12 months due to basis risk, home loan discounting and switching**

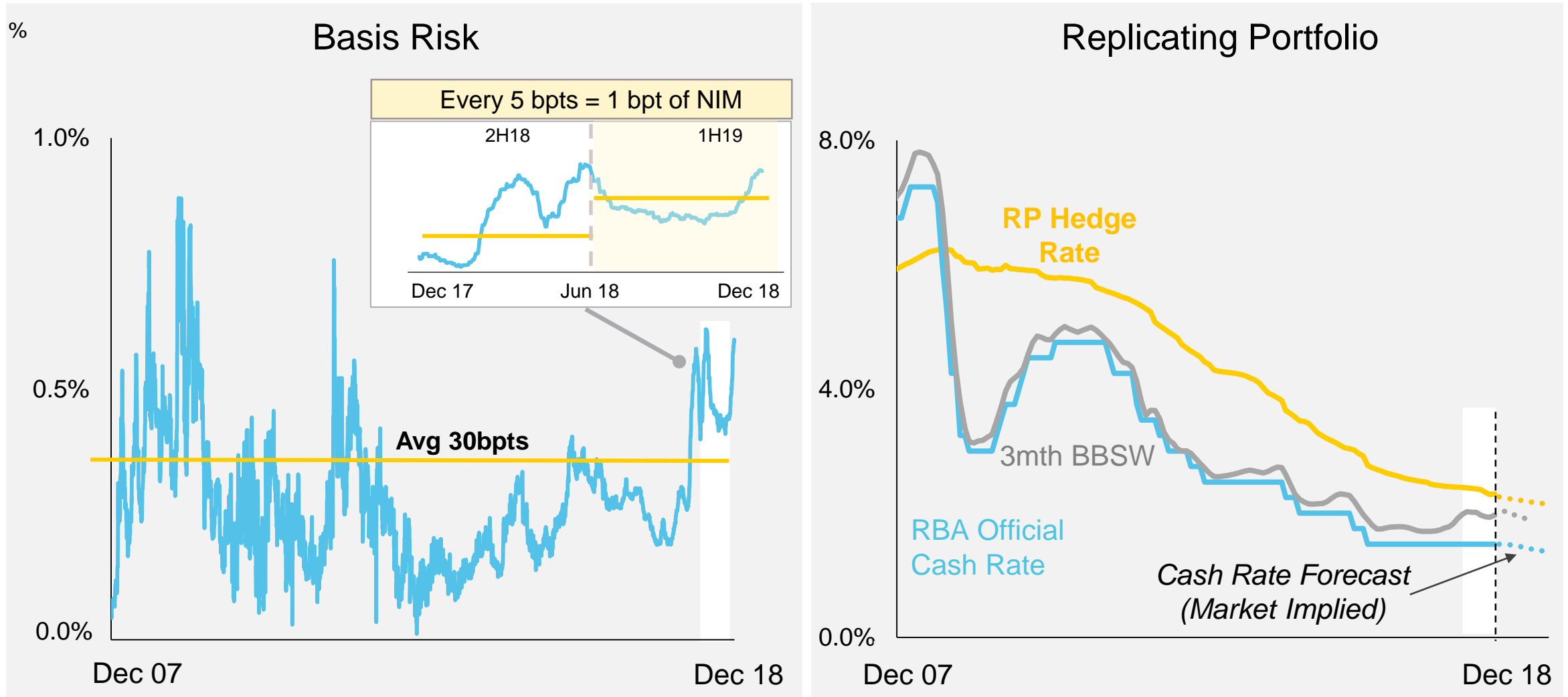


1. Presented on a continuing operations basis. 2. From 1 July 2018 upfront lending fees are now recognised in NII over the life of the contractual agreement.

# Group margin – basis risk and replicating portfolio



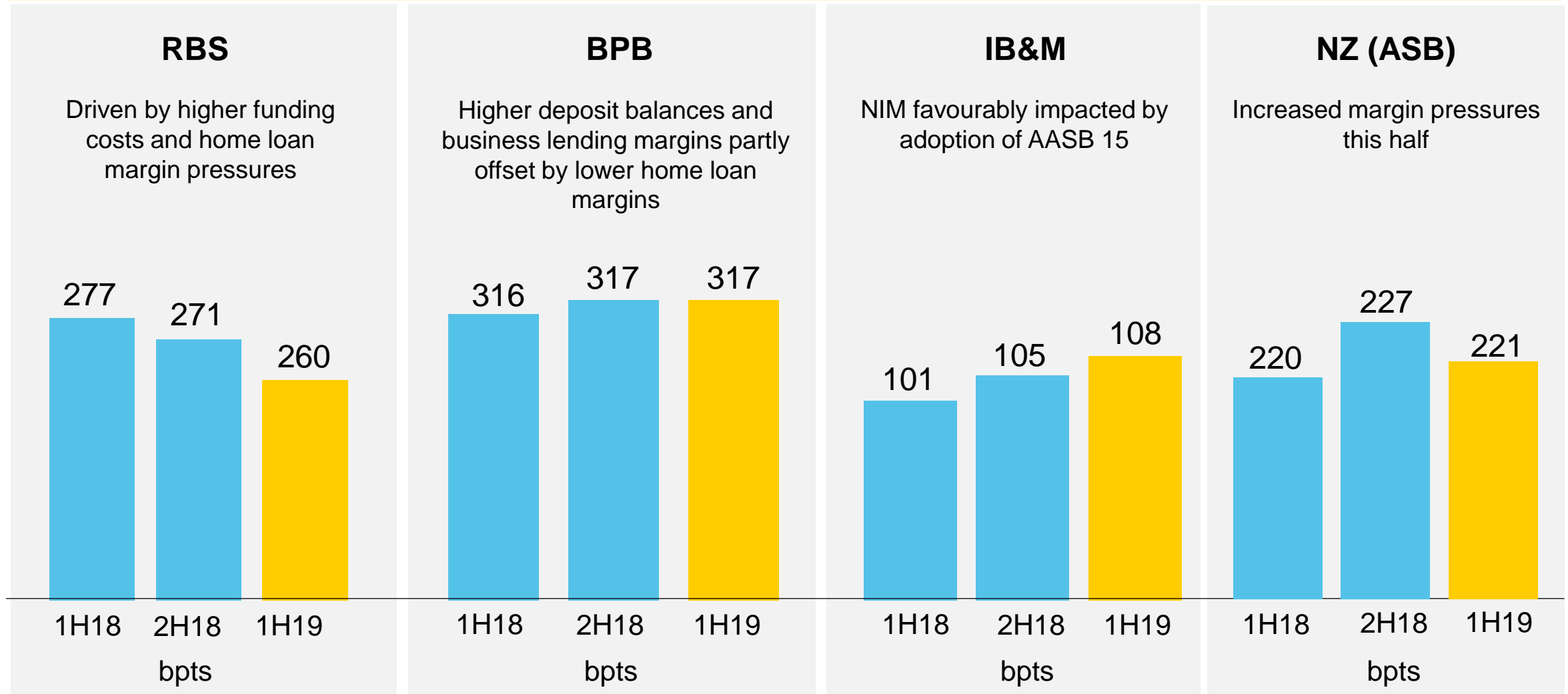
Impact as expected – contributing -4 bpts of Group NIM movement this half



# Margins by division



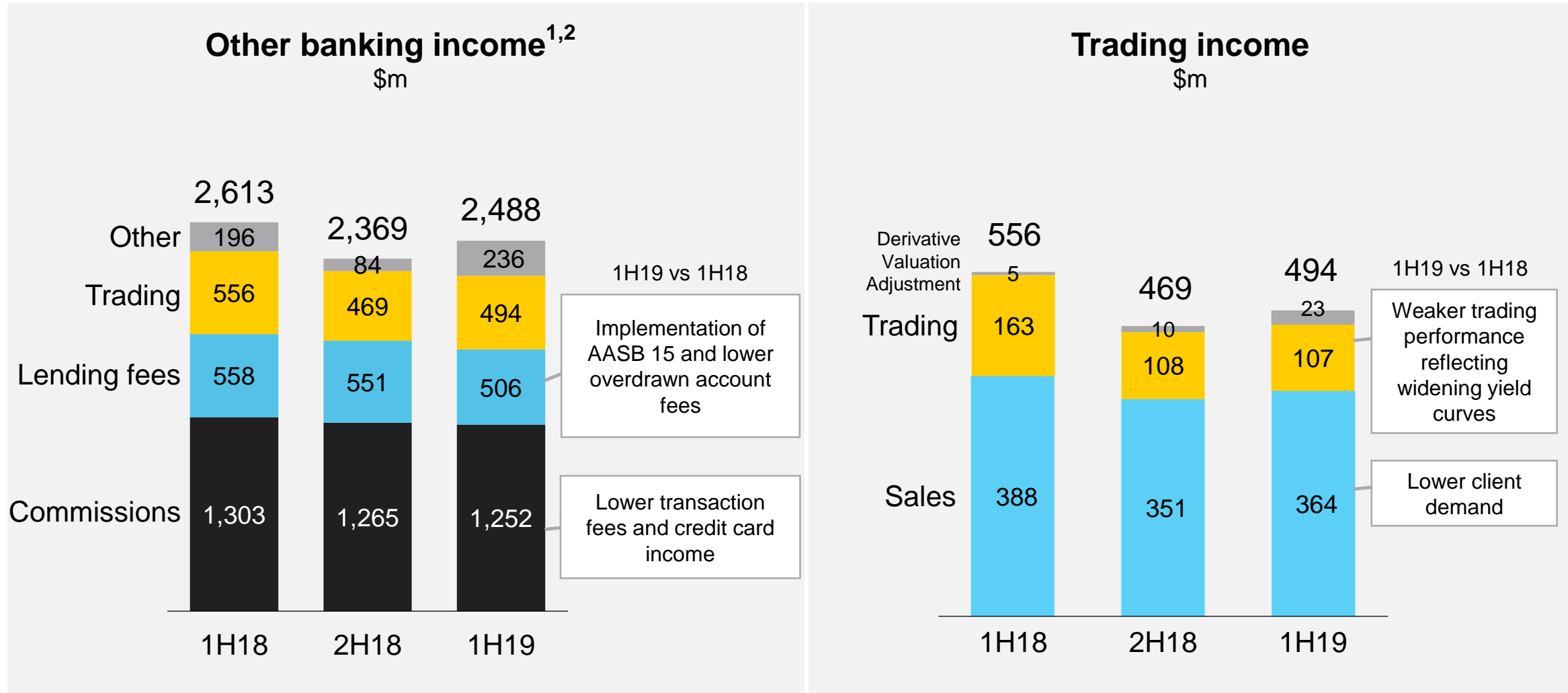
## Improved margins in business/corporate businesses – home loans impacting RBS



# Other banking income



**Subdued OBI from lower trading income, reduced transaction and lending fees**



1. Presented on a continuing operations basis. 2. Excludes the impact of Mortgage Broking consolidation.

# Sequential operating income up 1.1%<sup>1</sup>

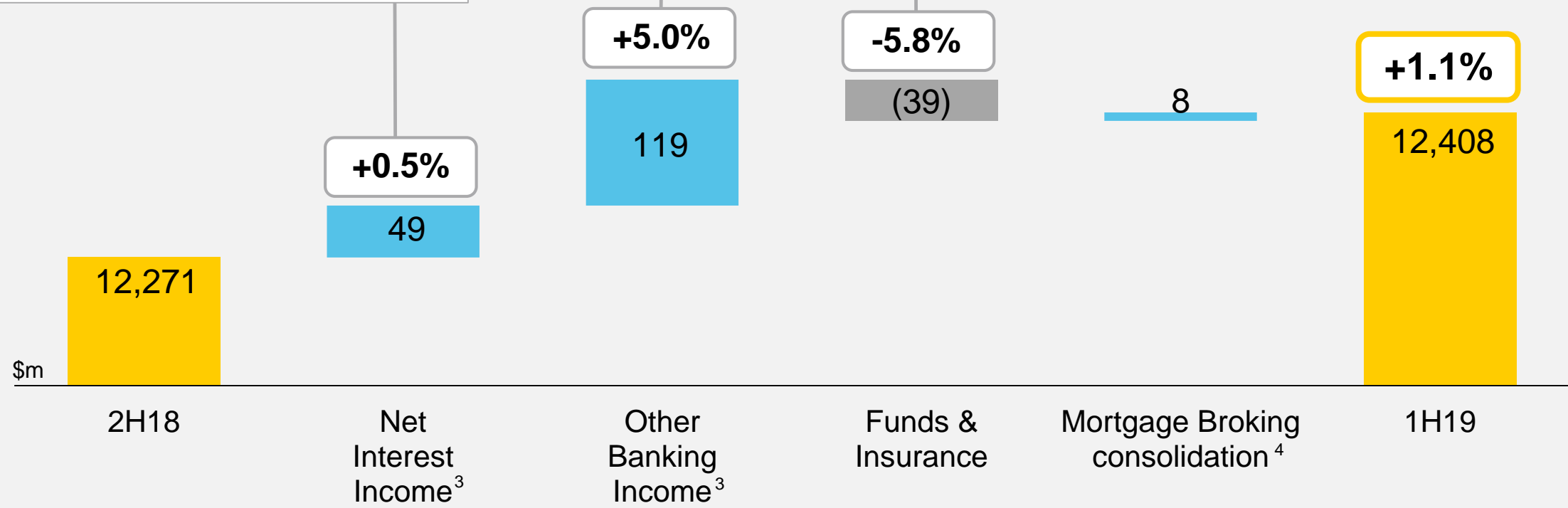


## Benefiting from seasonal factors and favourable hedging

|                       |         |
|-----------------------|---------|
| 3 additional days     | +\$151m |
| Margin:               | -4 bpts |
| Volume <sup>2</sup> : |         |
| Home Loans            | +2.2%   |
| Business Loans        | +2.5%   |
| Institutional Loans   | (2.2%)  |

|                           |  |
|---------------------------|--|
| Hedging                   | 80 non-recurrence of restructure of economic hedge |
| Trading                   | 25 favourable Derivative Valuation Adjustment      |
| Commissions/Lending/Other | 14   |

|                |       |
|----------------|-------|
| NSW/Vic storms | (61)  |
| FUA            | +2.5% |

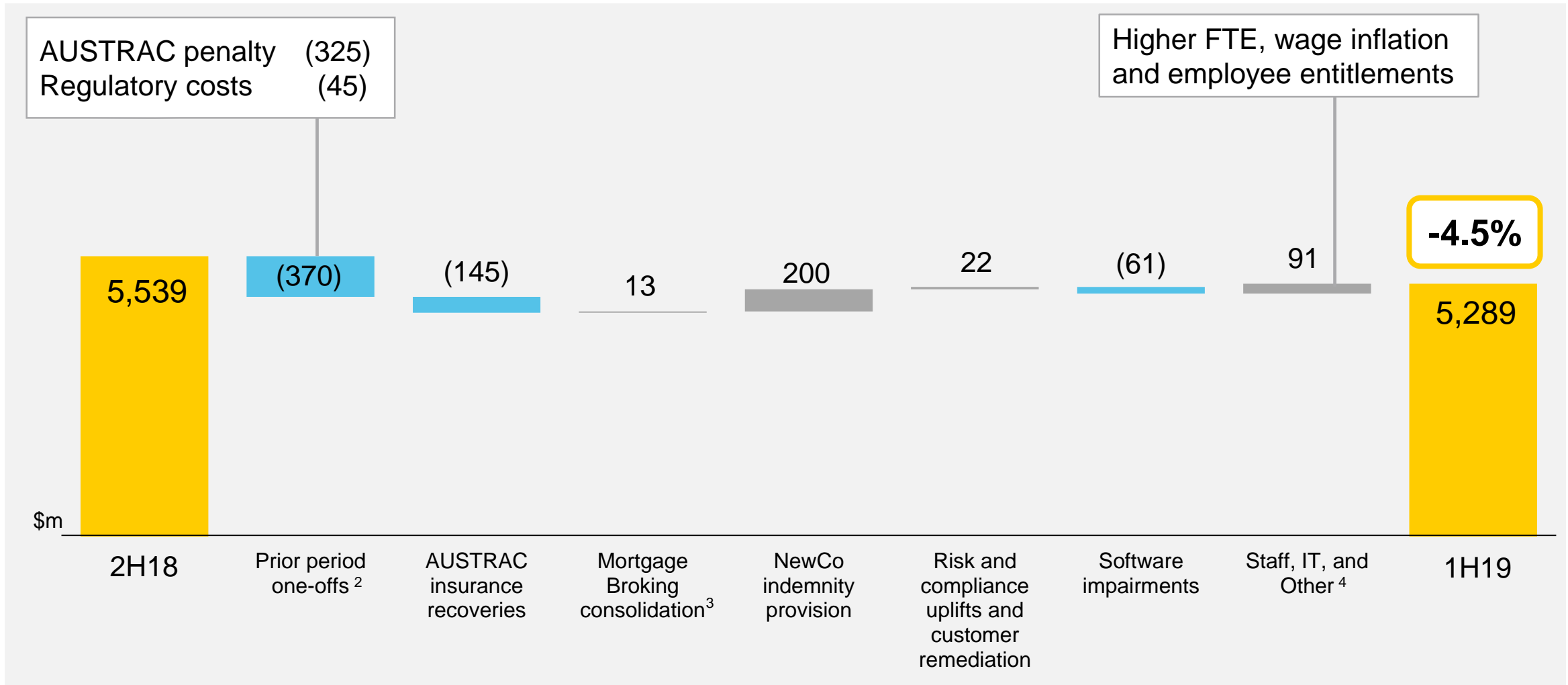


1. Presented on a continuing operations basis. 2. Spot balances. 3. Excludes Mortgage Broking consolidation. 4. Includes AHL and increased revenue from the implementation of AASB 15.

# Sequential operating expenses down 4.5%<sup>1</sup>



Impacted by NewCo indemnity provision, remediation and staff costs



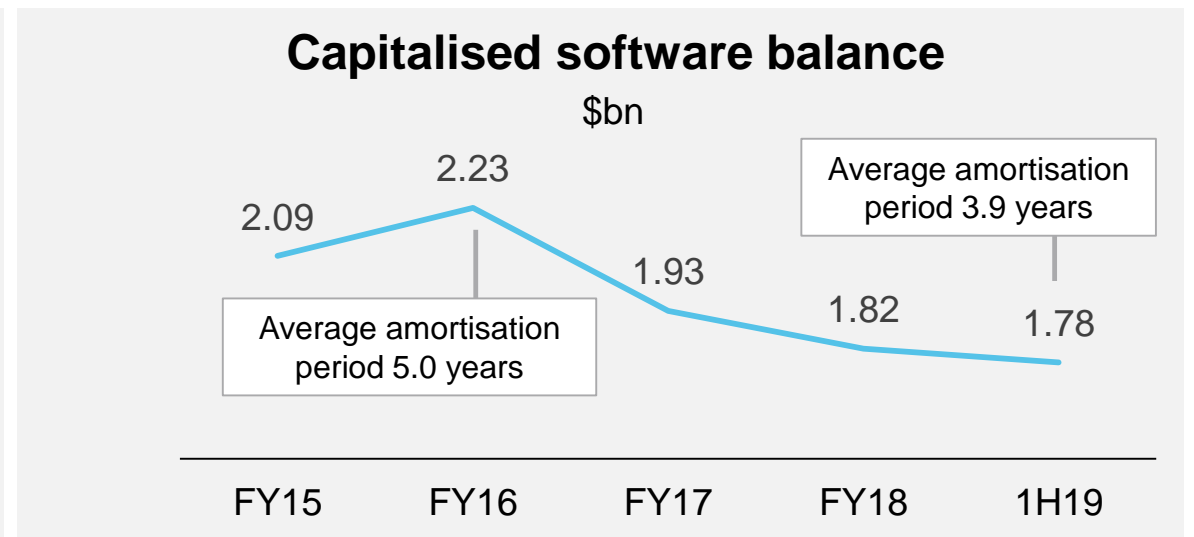
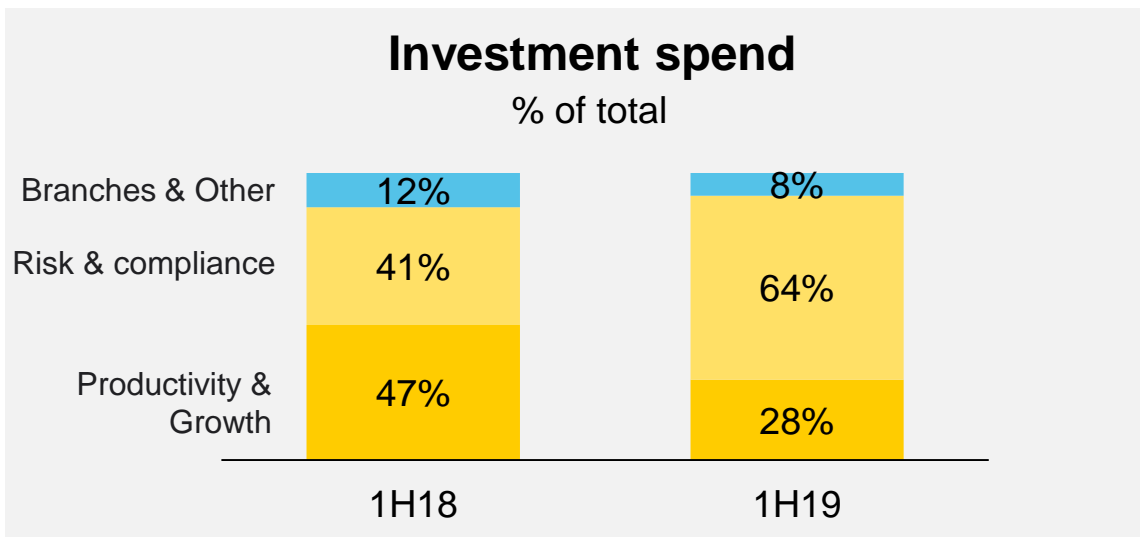
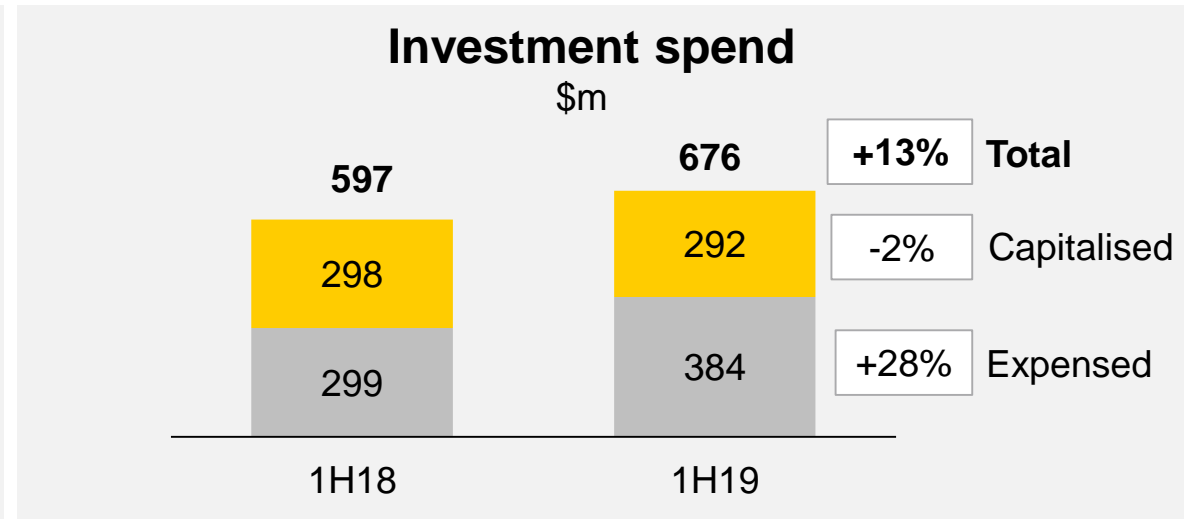
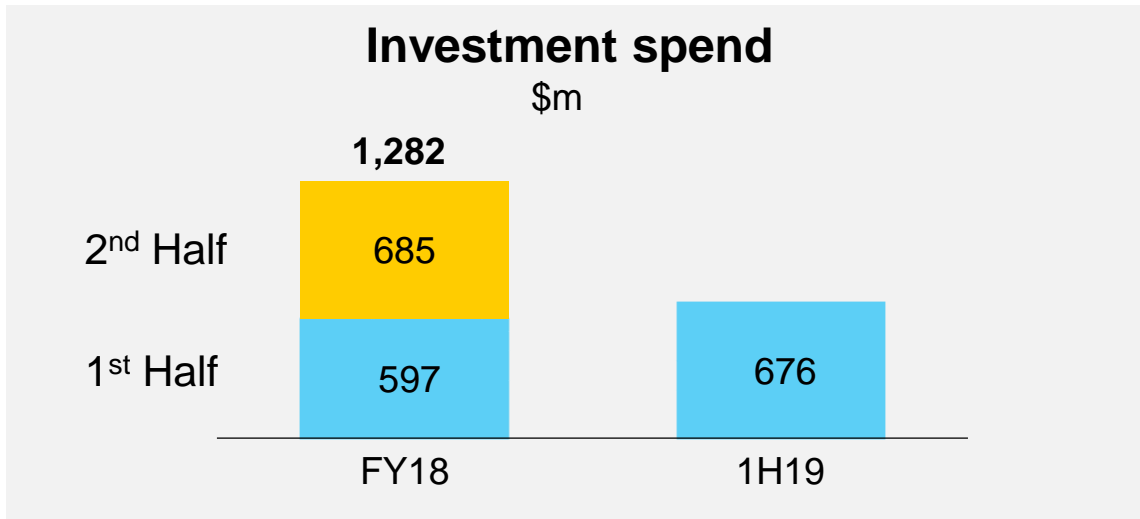
1. Presented on a continuing operations basis. 2. Prior period = 2H18. 3. Includes AHL and the impact of the implementation of AASB 15. 4. Excludes staff costs related to customer remediation, and risk and compliance uplifts.



# Investment spend<sup>1</sup>



Up 13% on 1H18 – risk and compliance now 64% of total spend



1. Comparative information has been restated to conform to presentation in the current period.

# Divisional contributions<sup>1</sup>



## Mixed results in a challenging period

| 1H19 vs 1H18               |                      |                  |                    |                       |         |               |                     |
|----------------------------|----------------------|------------------|--------------------|-----------------------|---------|---------------|---------------------|
| Business Unit <sup>2</sup> | % of Group NPAT 1H19 | Operating Income | Operating Expenses | Operating Performance | LIE     | Cash NPAT     | Cost-to-Income 1H19 |
| RBS <sup>3</sup>           | 47.7%                | (4.3%)           | 2.3%               | <b>(7.9%)</b>         | (2.8%)  | <b>(8.4%)</b> | 37.6%               |
| BPB                        | 30.1%                | 1.1%             | 3.5%               | <b>(0.1%)</b>         | 54.6%   | <b>(3.1%)</b> | 34.3%               |
| IB&M                       | 12.4%                | (7.3%)           | 1.6%               | <b>(12.3%)</b>        | (63.8%) | <b>(4.6%)</b> | 39.4%               |
| WM                         | 2.9%                 | 5.8%             | (2.7%)             | <b>19.4%</b>          | n/a     | <b>17.2%</b>  | 56.7%               |
| ASB <sup>4</sup>           | 12.1%                | 6.7%             | 4.6%               | <b>7.9%</b>           | 73.1%   | <b>5.7%</b>   | 34.8%               |
| IFS                        | 2.5%                 | 3.7%             | (24.8%)            | <b>35.0%</b>          | (66.7%) | <b>81.5%</b>  | 37.9%               |

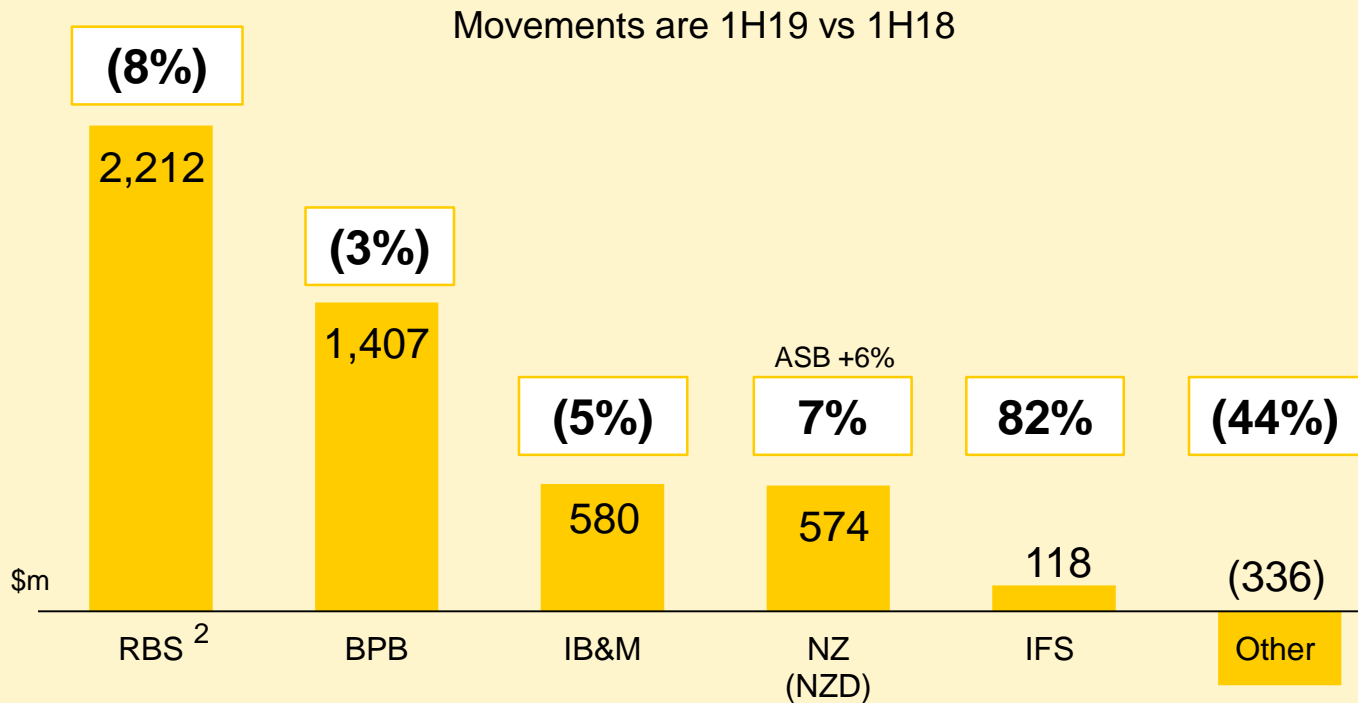
1. Presented on a continuing operations basis. 2. Excludes Corporate Centre and Other, and therefore does not add to 100%. 3. RBS result excluding General Insurance and Mortgage Broking consolidation, except for “% of Group NPAT”. 4. ASB result in NZD except for “% of Group NPAT”, which is in AUD.

# Business Units



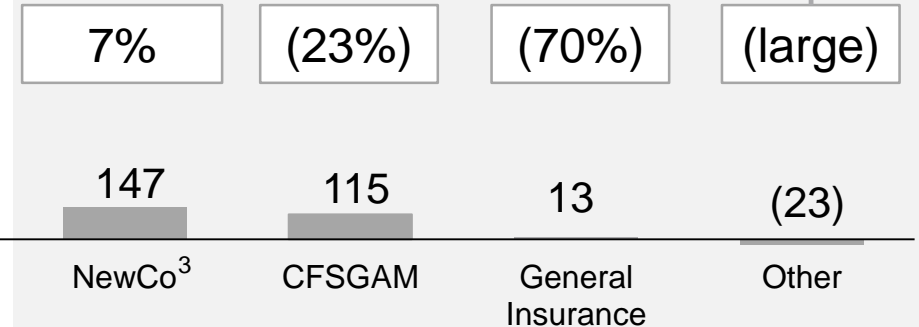
## Mixed results in a challenging period

~ 95% of Group NPAT<sup>1</sup>



## Divestments/Demerger/ Strategic Reviews

|                  |      |
|------------------|------|
| Life             | 12   |
| IFS Discontinued | (30) |
| Sovereign        | -    |
| Eliminations     | (5)  |

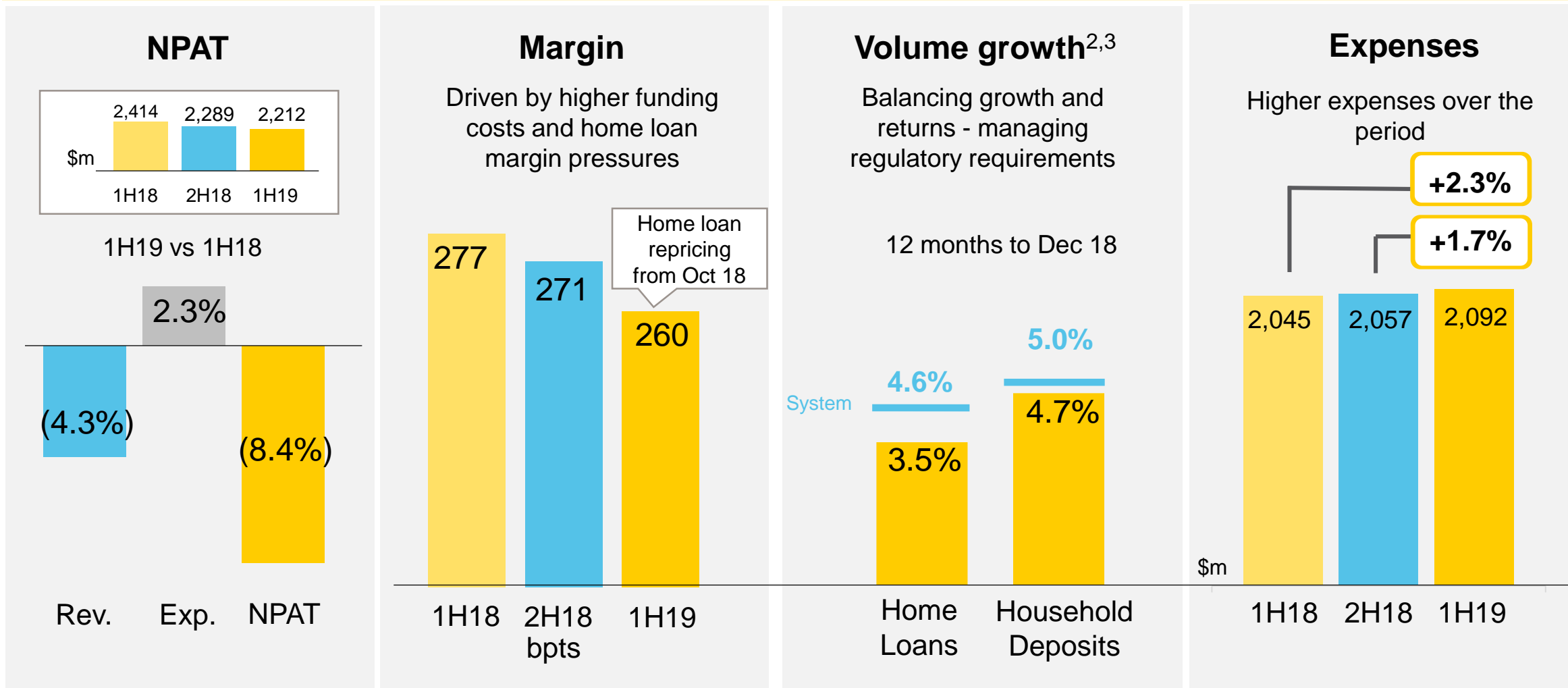


1. Calculation based on the sum of the BU NPAT figures presented above divided by 1H19 cash NPAT (incl. discontinued operations). 2. Includes Bankwest and Commonwealth Financial Planning, excludes General Insurance and Mortgage Broking. 3. The pro-forma financial disclosures provide an unaudited and indicative view of the businesses that CBA intends to demerge (NewCo). The information provided is for information purposes only and is not a representation or forecast of the financial position or future performance of NewCo. Past performance and trends should not be relied upon as being indicative of future performance. Further information regarding the demerger and NewCo will be provided to shareholders in due course. NewCo includes some elements currently disclosed in other divisions.

# Retail Banking Services (RBS)<sup>1</sup>



## Income and NPAT lower on reduced margins

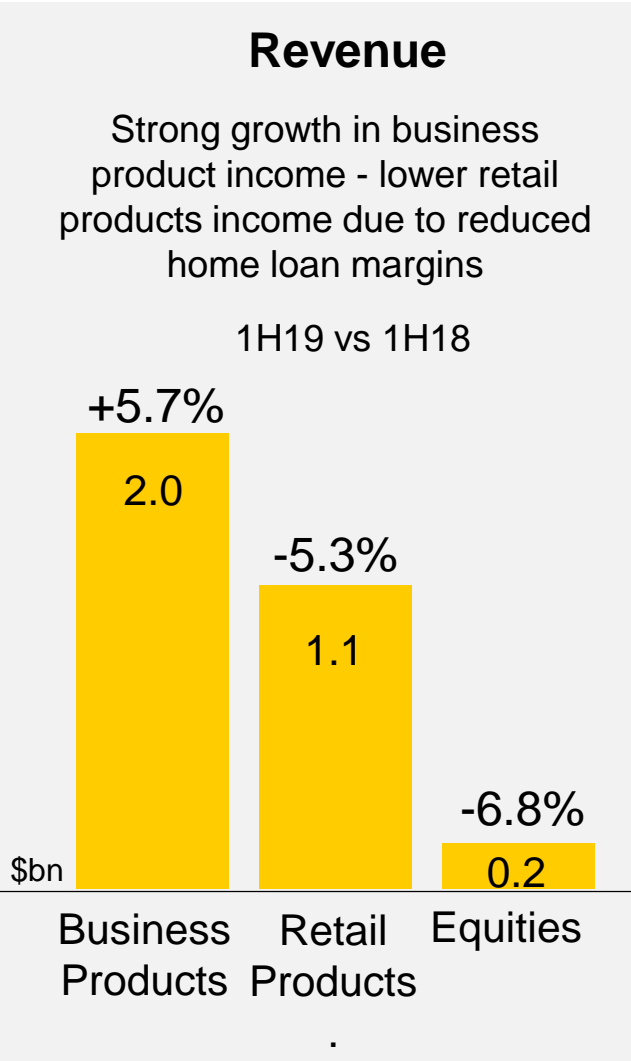
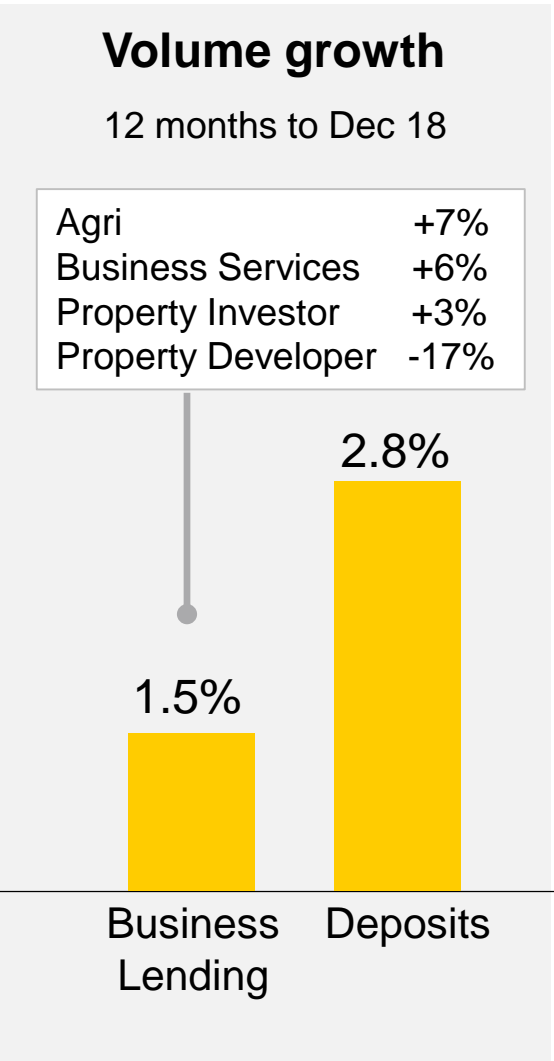
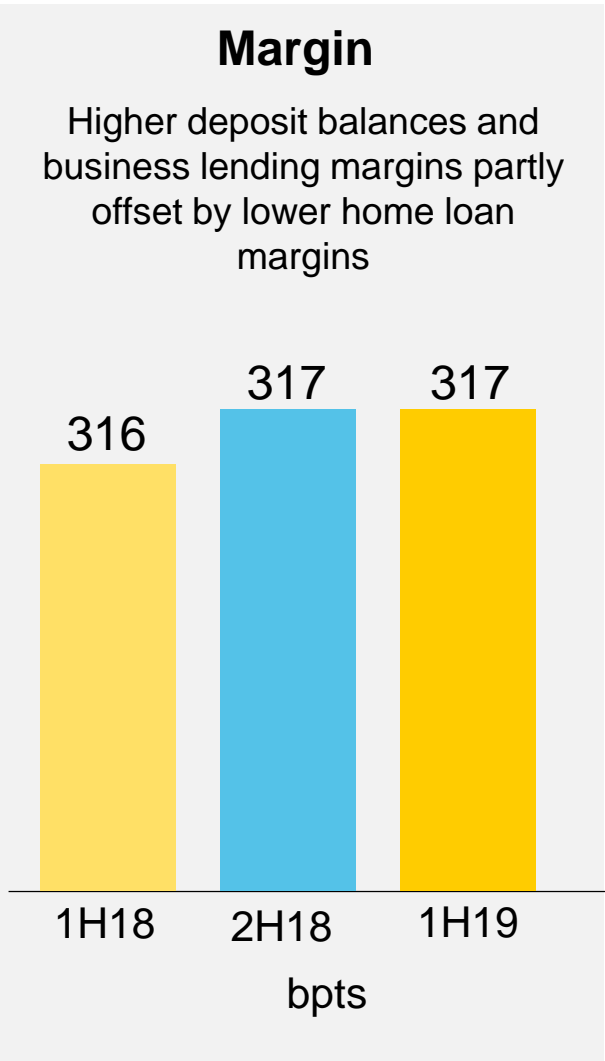
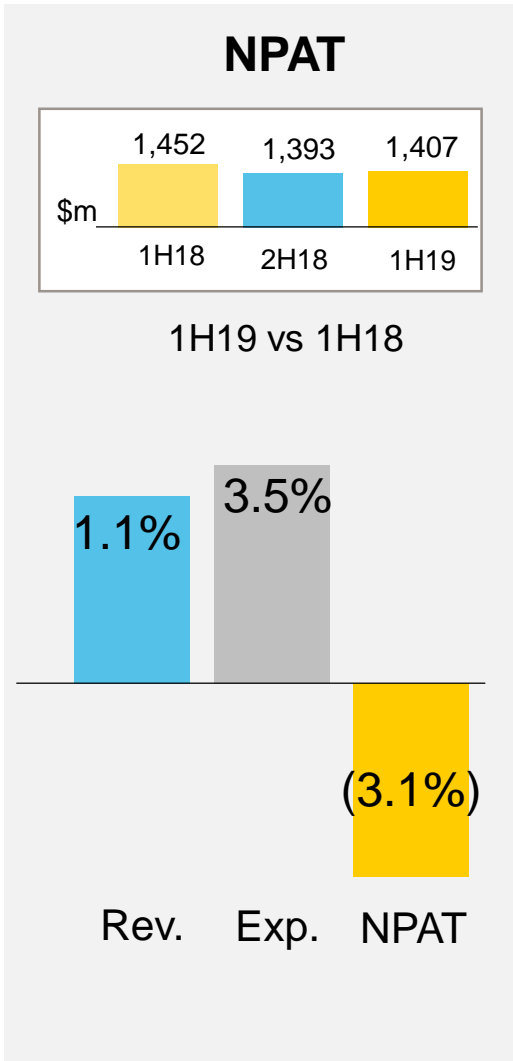


1. Includes Bankwest and Commonwealth Financial Planning, excludes General Insurance and Mortgage Broking consolidation. 2. Source: RBA Lending and Credit Aggregates and APRA Monthly Banking Statistics. 3. System adjusted for new market entrants.

# Business & Private Banking (B&PB)



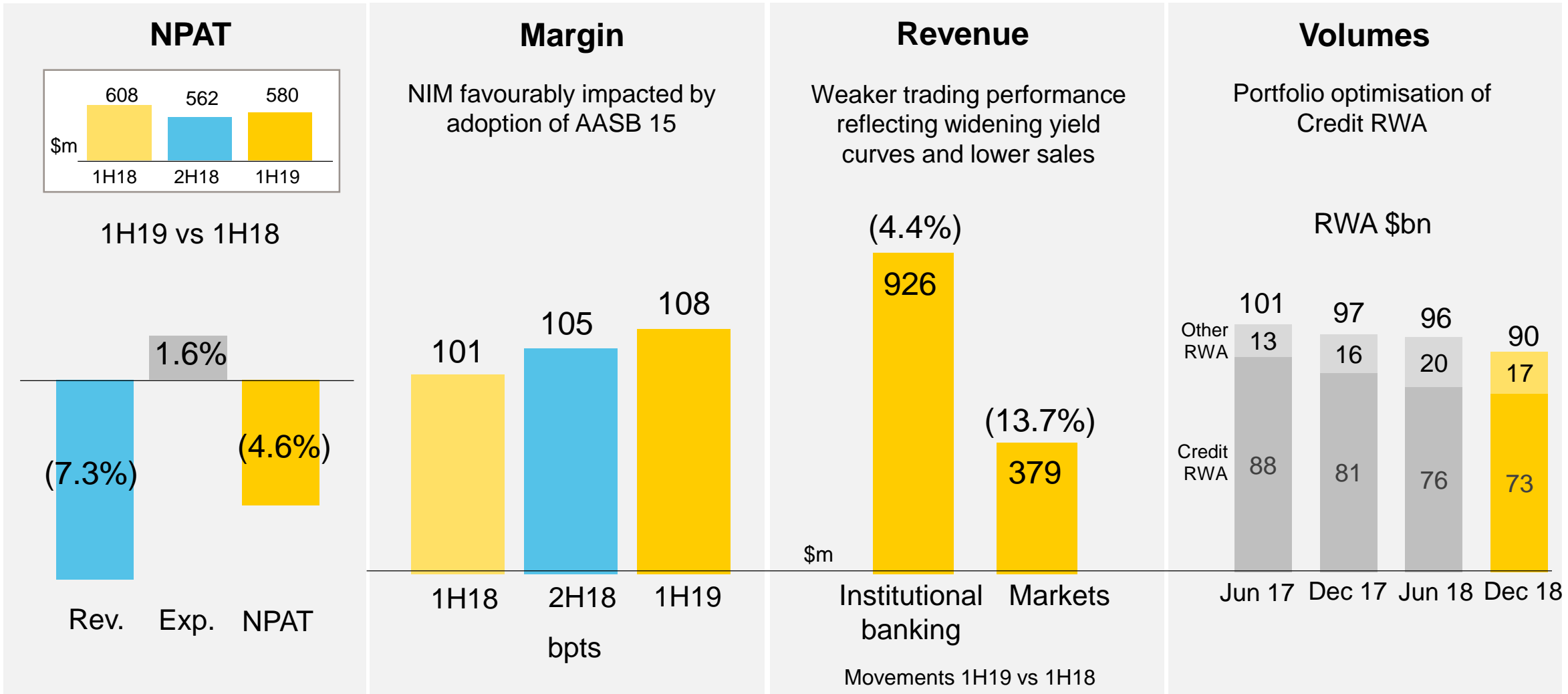
**Subdued profit outcome – impacted by home loan margins and increased LIE**



# Institutional Banking and Markets (IB&M)



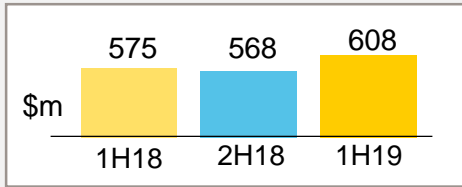
## Lower markets revenue, continued focus on RWA optimisation



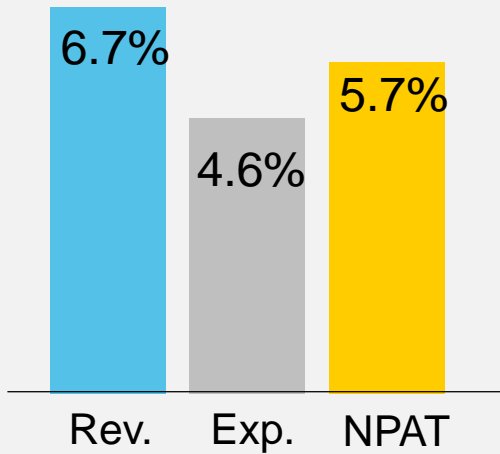


# Good revenue growth partly offset by elevated expenses

## NPAT

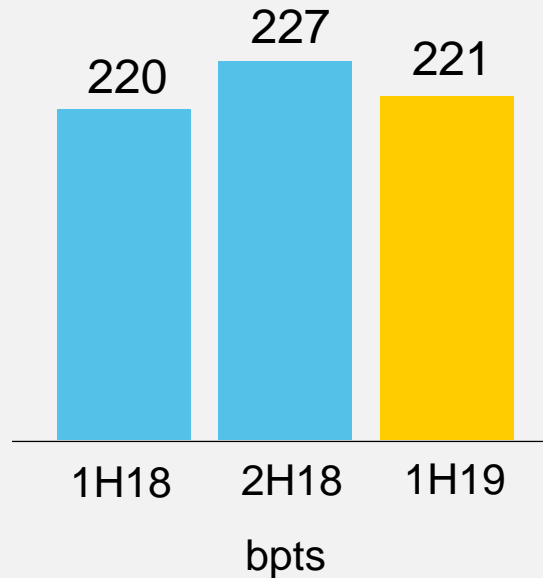


1H19 vs 1H18



## Margin

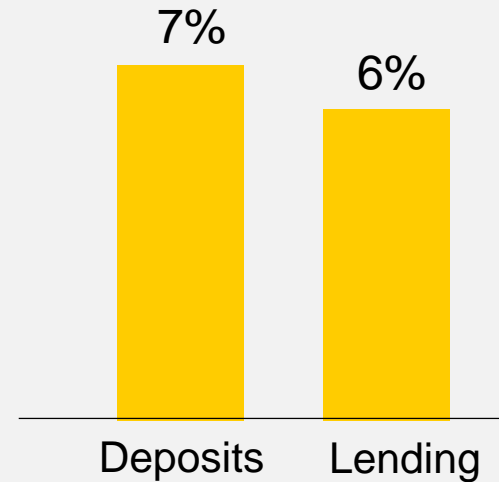
Increased margin pressures



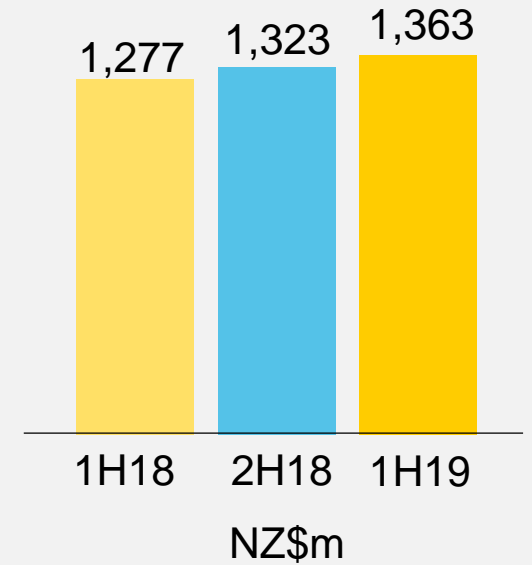
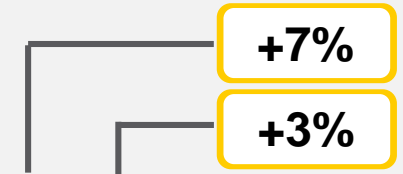
## Volume growth

Solid volume growth in lending and deposits

12 months to Dec 18

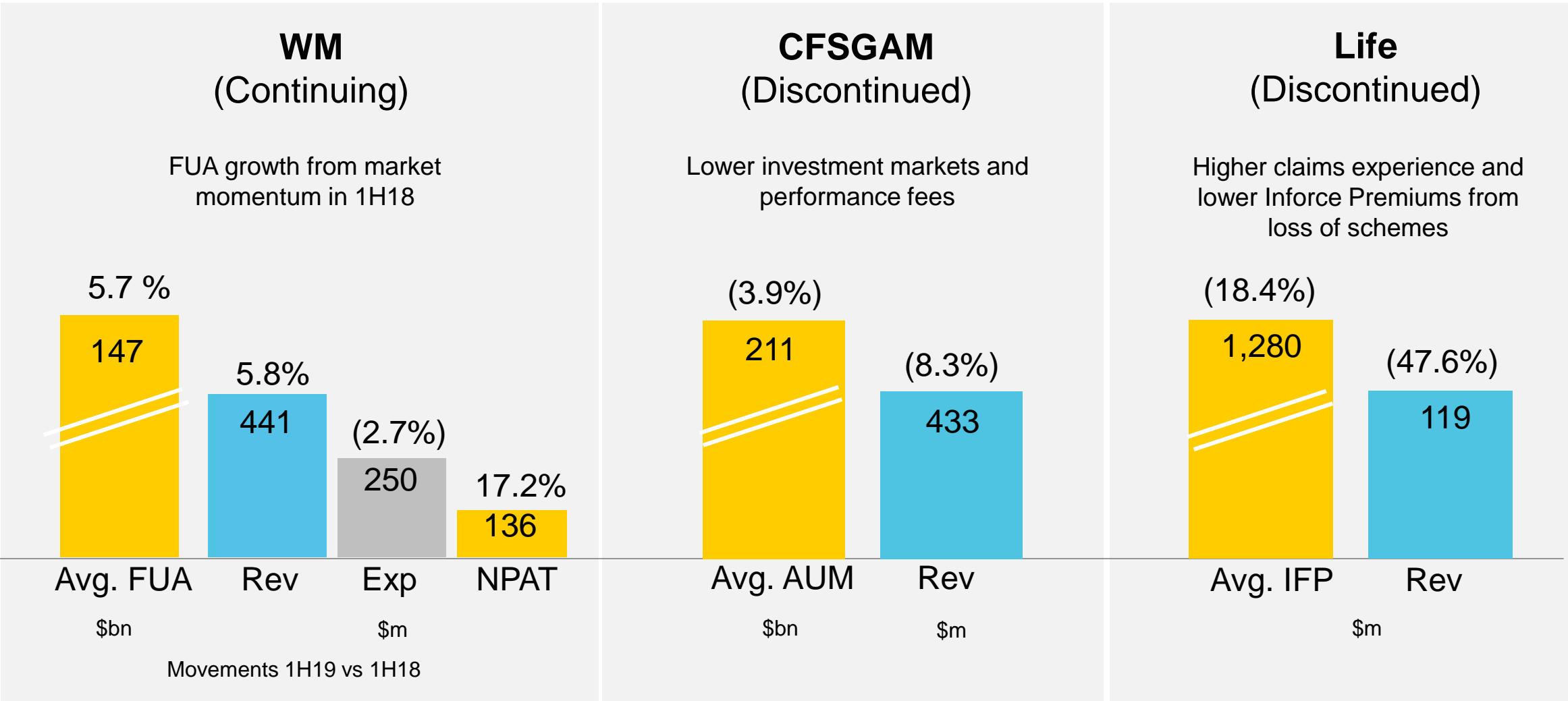


## Revenue





## Continuing operations benefited from average FUA growth



WM continuing incorporates the results of Colonial First State and Aligned Advice businesses of Financial Wisdom, Count Financial and CFP Pathways.



# Divestments and demerger status



| Divestments - Completed |   | Completion Date                      |
|-------------------------|---|--------------------------------------|
| Sovereign               | <ul style="list-style-type: none"> <li>NZ life insurance operation</li> <li>Divestment to AIA Group</li> </ul>  | July 2018                            |
| TymeDigital             | <ul style="list-style-type: none"> <li>South African operation</li> <li>Sale to minority shareholder, African Rainbow Capital</li> </ul>  | Nov 2018                             |
| Divestments – Ongoing   |   | Target Completion<br>(Calendar Year) |
| BoComm Life             | <ul style="list-style-type: none"> <li>Chinese life insurance operation</li> <li>Divestment of CBA's 37.5% stake announced May 18</li> <li>Remains subject to regulatory approvals</li> </ul>                             | 1H 2019                              |
| CommInsure Life         | <ul style="list-style-type: none"> <li>Australian life insurance operation</li> <li>Divestment announced Sep 17</li> <li>Remains conditional upon the transfer of the BoComm Life stake out of CommInsure Life</li> </ul> | 1H 2019                              |
| PTCL                    | <ul style="list-style-type: none"> <li>Indonesian life insurance operation</li> <li>Divestment of CBA's 80% interest announced Oct 18</li> <li>Remains subject to regulatory approvals</li> </ul>                         | 1H 2019                              |
| CFSGAM                  | <ul style="list-style-type: none"> <li>Global diversified asset manager</li> <li>Divestment announced Oct 18</li> <li>Remains subject to regulatory approvals</li> </ul>  | Mid 2019                             |
| Demerger – Ongoing      |   | Target Completion<br>(Calendar Year) |
| NewCo                   | <ul style="list-style-type: none"> <li>Includes wealth management and mortgage broking businesses</li> <li>Remains subject to approvals</li> </ul>  | Late 2019                            |

# NewCo<sup>1</sup> – indicative



| Profit & Loss                   |       |              |                   |
|---------------------------------|-------|--------------|-------------------|
| \$m                             | 1H18  | 1H19         | Mvt %             |
| Operating income                | 515   | <b>577</b>   | 12 <sup>2</sup>   |
| Operating expenses              | (328) | <b>(372)</b> | (13) <sup>2</sup> |
| Net profit before tax           | 187   | <b>205</b>   | 10                |
| Corporate tax expense           | (53)  | <b>(65)</b>  | 23                |
| Underlying profit after tax     | 134   | <b>140</b>   | 4                 |
| Investment experience after tax | 3     | <b>7</b>     | large             |
| <b>Cash NPAT</b>                | 137   | <b>147</b>   | 7                 |

| Key Financial Metrics                           |         |                |         |
|---|---------|----------------|---------|
|   | 1H18    | 1H19           | Mvt %   |
| Operating expense to total operating income (%) | 63.7    | <b>64.5</b>    | 80 bpts |
| FUA – average (\$m) <sup>3</sup>                | 129,203 | <b>136,742</b> | 6       |
| FUA – spot (\$m) <sup>3</sup>                   | 133,564 | <b>131,897</b> | (1)     |
| Number of FTEs <sup>4</sup>                     | n/a     | <b>2,500</b>   | n/a     |
| Net tangible assets                             | n/a     | <b>722</b>     | n/a     |

1. The pro-forma financial disclosures above provide an unaudited and indicative view of the businesses that CBA intends to demerge (NewCo) as confirmed by CBA on 31 October 2018. The information provided above is for information purposes only and is not a representation or forecast of the financial position or future performance of NewCo. Past performance and trends should not be relied upon as being indicative of future performance. Further information regarding the demerger and NewCo will be provided to shareholders in due course. 2. On 25 August 2017, CBA acquired the remaining 20% share in AHL, bringing its shareholding to 100%. As a result, the Bank now controls and consolidates AHL. This was equity accounted for in July 2017 and August 2017 in the prior period. 3. FUA excludes Commonwealth Bank Group Super. 4. FTEs are approximate to give an indicative view and include support unit FTEs.

# CBA excluding NewCo – indicative<sup>1</sup>



## Financials

|                             | CBA Including NewCo | CBA Excluding NewCo | Mvt \$m        |
|-----------------------------|---------------------|---------------------|----------------|
| 1H19 (\$m) “cash basis”     |                     |                     |                |
| Total banking income        | 11,770              | 11,634              | (136)          |
| Funds management income     | 570                 | 129                 | (441)          |
| Insurance Income            | 68                  | 68                  | -              |
| Total operating income      | 12,408              | 11,831              | (577)          |
| Investment experience       | 3                   | (5)                 | (8)            |
| Total income                | 12,411              | 11,826              | (585)          |
| Operating expenses          | (5,289)             | (4,917)             | 372            |
| LIE                         | (577)               | (577)               | -              |
| Tax and other               | (1,869)             | (1,803)             | 66             |
| <b>Cash NPAT</b>            | <b>4,676</b>        | <b>4,529</b>        | <b>(147)</b>   |
| Goodwill                    | 6,022               | 4,922               | (1,100)        |
| Other net assets            | 62,003              | 61,281              | (722)          |
| <b>Shareholders’ Equity</b> | <b>68,025</b>       | <b>66,203</b>       | <b>(1,822)</b> |

## Key Financial Metrics

| Key Metrics                                     | CBA Including NewCo | CBA Excluding NewCo | Mvt        |
|---|---------------------|---------------------|------------|
| NIM   | 2.10%               | 2.10%               | Flat       |
| Operating expense to total operating income (%) | 42.6%               | 41.6%               | (100)bpts  |
| Spot FTE  | 42,519              | 40,019              | (2,500)    |
| EPS (cash) - cents                              | 265.2               | 256.8               | (8.4)cents |
| CET1 – APRA                                     | 10.8%               | 10.8% <sup>2</sup>  | Flat       |

Represents elimination of goodwill and investments in subsidiaries – there is no material impact on the CET1 ratio (excl. transaction/separation costs), as these amounts are already fully deducted from CET1 capital

1. Presented on a continuing operations basis. Pro-forma financial disclosures provide an unaudited and indicative view of CBA excluding NewCo. Goodwill excludes \$1,733 million of goodwill associated with discontinued operations. 2. Excludes the impact of transaction and separation costs.

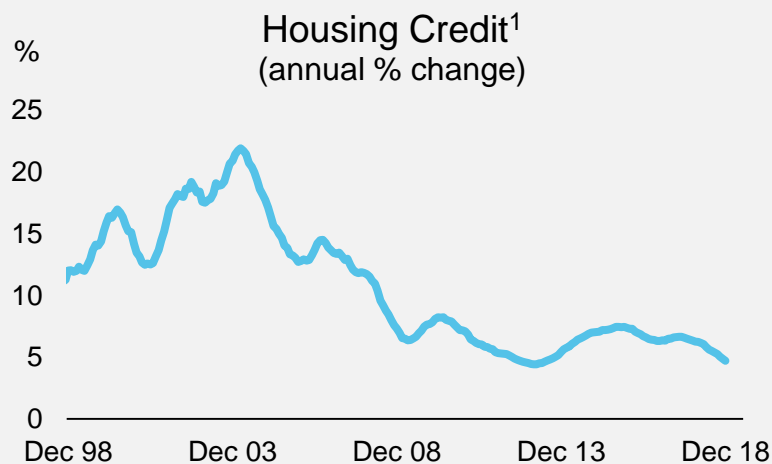


# Home and Consumer Lending

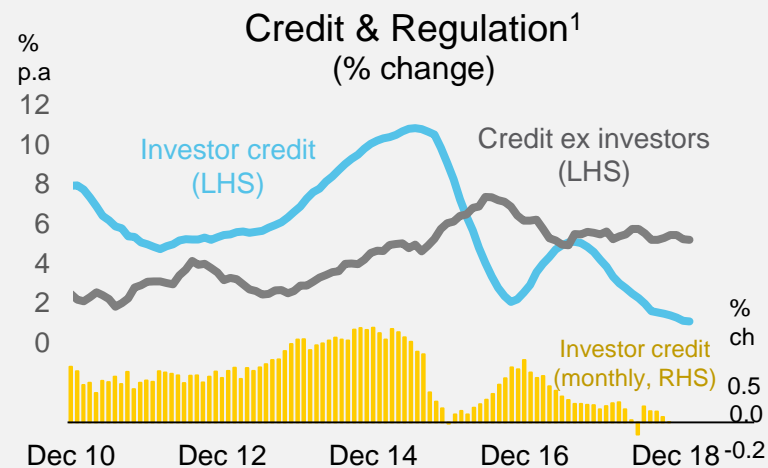
# Home lending – system overview



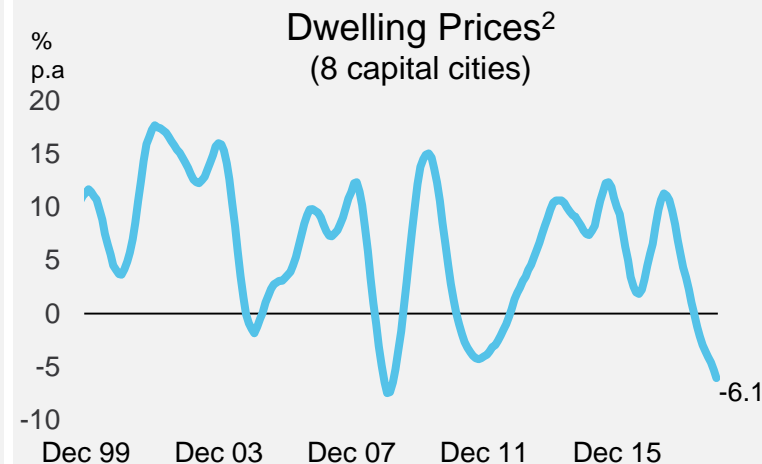
## Housing credit growth has slowed....



## ...with much of the slowing reflecting tighter regulatory control



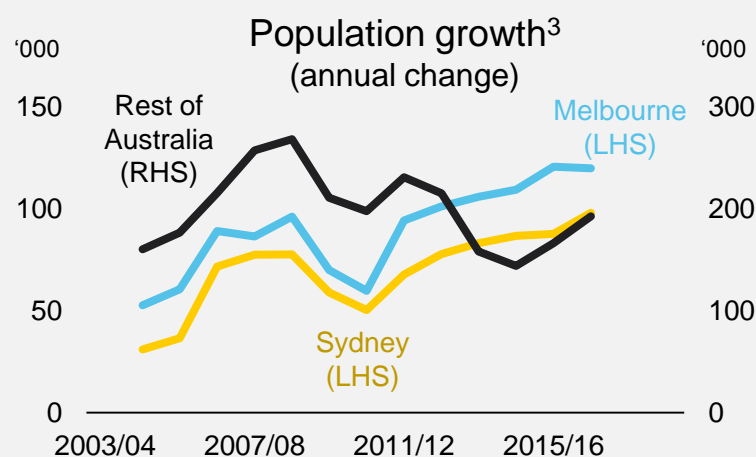
## Regulation and softer market conditions are weighing on house prices...



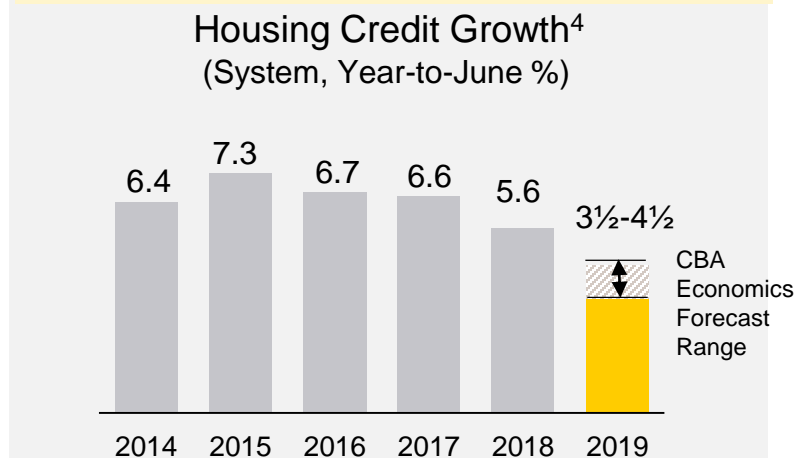
## ...with the largest declines in Sydney & Melbourne<sup>2</sup>

| Period movements to Dec 18 (%)   | 3 Years    | 1 Year      | 6 Months    |
|----------------------------------|------------|-------------|-------------|
| Sydney                           | 1.9        | -8.9        | -6.0        |
| Melbourne                        | 10.5       | -7.0        | -5.4        |
| Brisbane                         | 3.7        | 0.2         | -0.1        |
| Adelaide                         | 7.5        | 1.3         | 0.6         |
| Perth                            | -10.3      | -4.7        | -4.4        |
| <b>Capital Cities (Combined)</b> | <b>3.6</b> | <b>-6.1</b> | <b>-4.4</b> |

## Population growth and housing demand is strongest in Sydney & Melbourne...



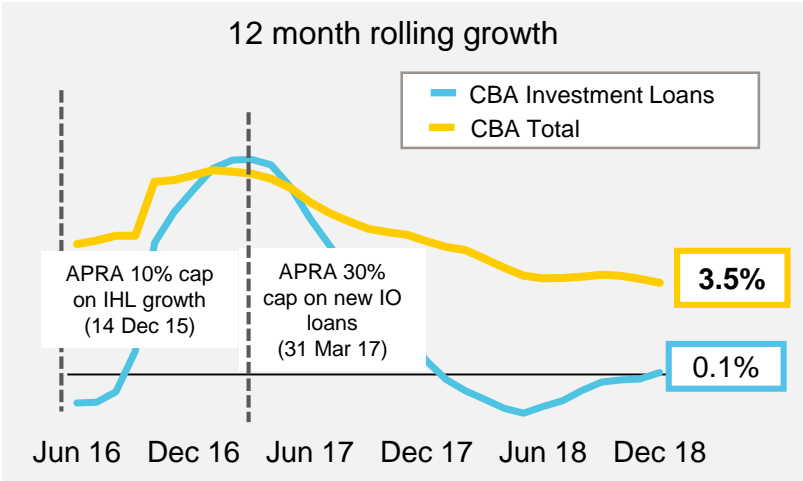
## ....limiting downside risk to overall system growth through 2019



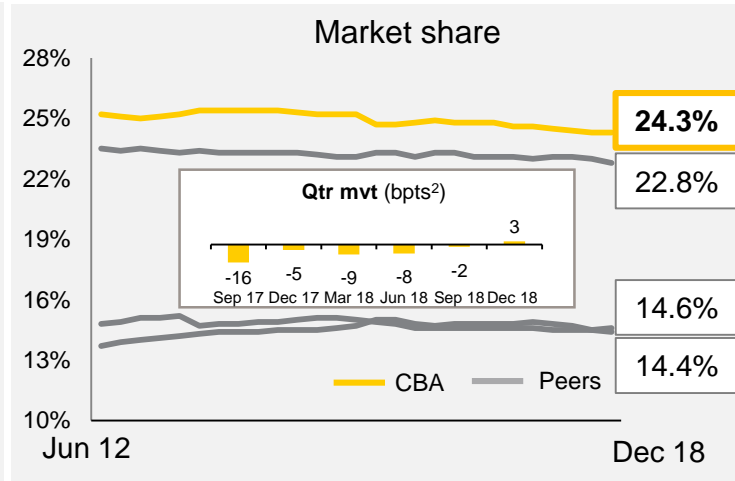
# Home lending - CBA<sup>1</sup>



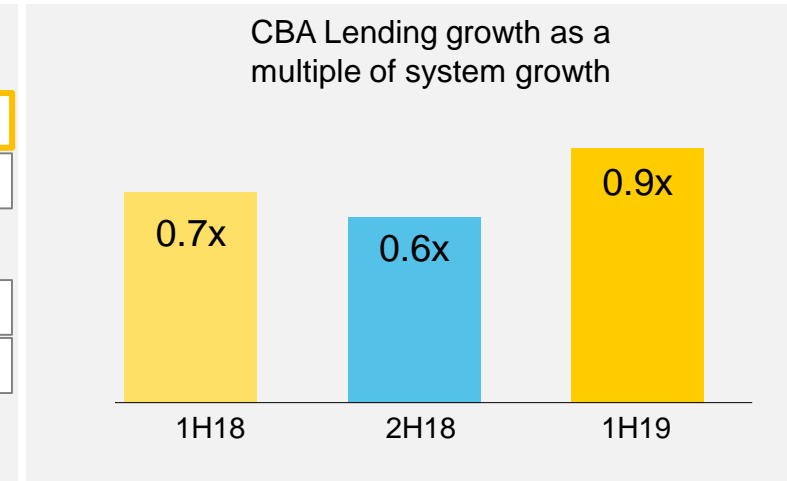
## CBA took early measures to manage regulatory requirements...



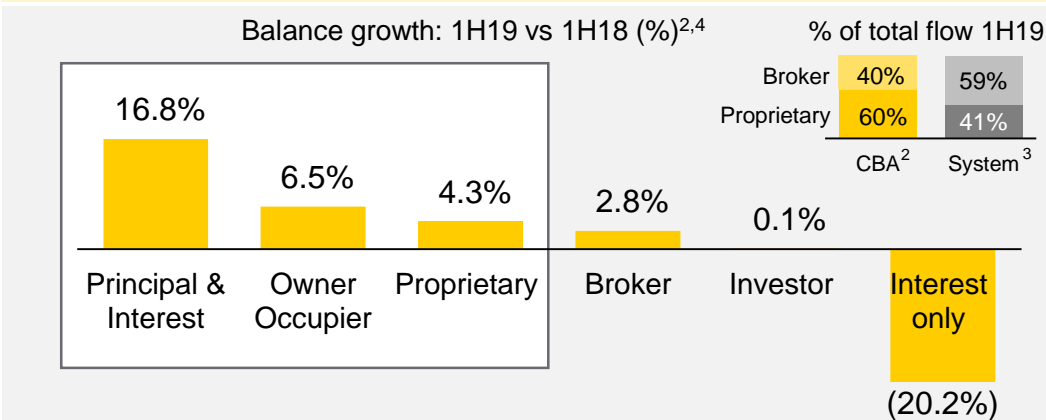
## ...ceding some market share as a result, particularly in FY18



## Growth is now broadly in line with system .....



## ...with the bank remaining focused on its core markets of owner-occupied and proprietary lending ...



## ...and embedding strengthened servicing policies and practices implemented from Dec 15

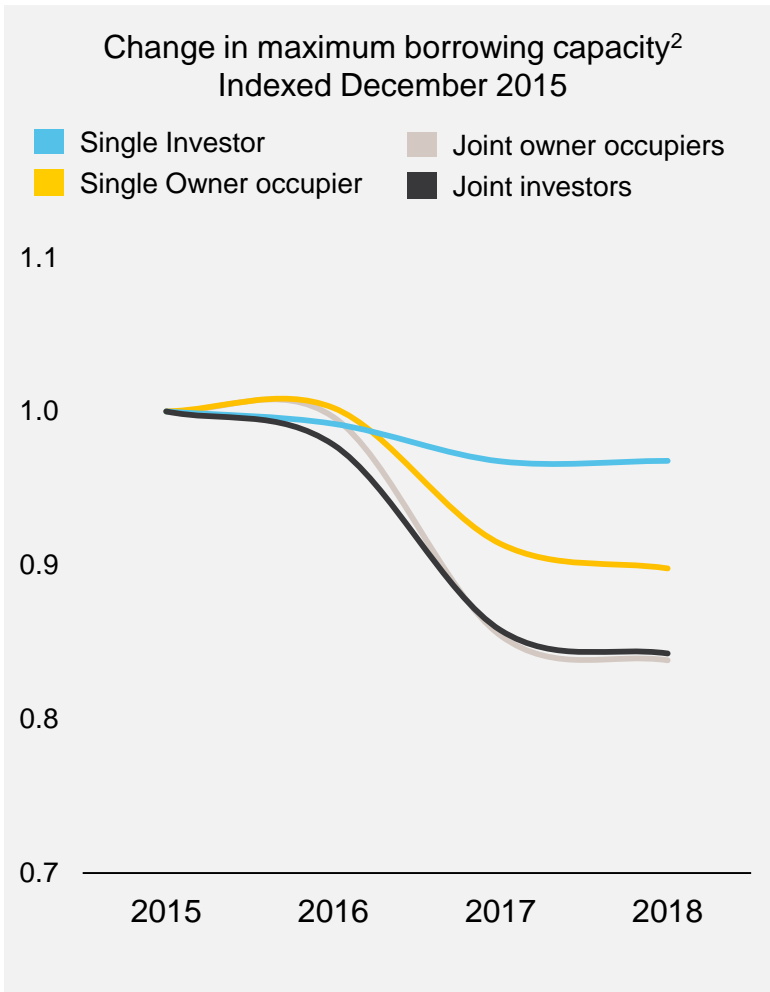
- Increased serviceability buffers on income and debt in line with regulatory guidance
- Income and household-scaled living expense models used in serviceability test
- Limits on lending in high risk areas and to non-residents
- LVR limits on interest only and investment lending
- Limited periods of interest only repayments to 5 years maximum
- Removed Low Doc loans from sale
- Introduced limits on high Debt-to-Income ratios
- Introduced serviceability assessments prior to in-life interest only switching
- Implemented data-driven liability verification tools, including Comprehensive Credit Reporting

1. CBA including Bankwest unless noted otherwise. Market share includes subsidiaries. Market share and system source: RBA Lending and Credit Aggregates adjusted for new entrants and APRA Monthly Banking Statistics. 2. Excludes Bankwest. 3. System as at Sep 18 quarter source: MFAA. 4. Includes Residential Mortgage Group (RMG). Interest only, Principal and interest, Investor and owner occupier growth excludes Viridian line of credit (VLOC).

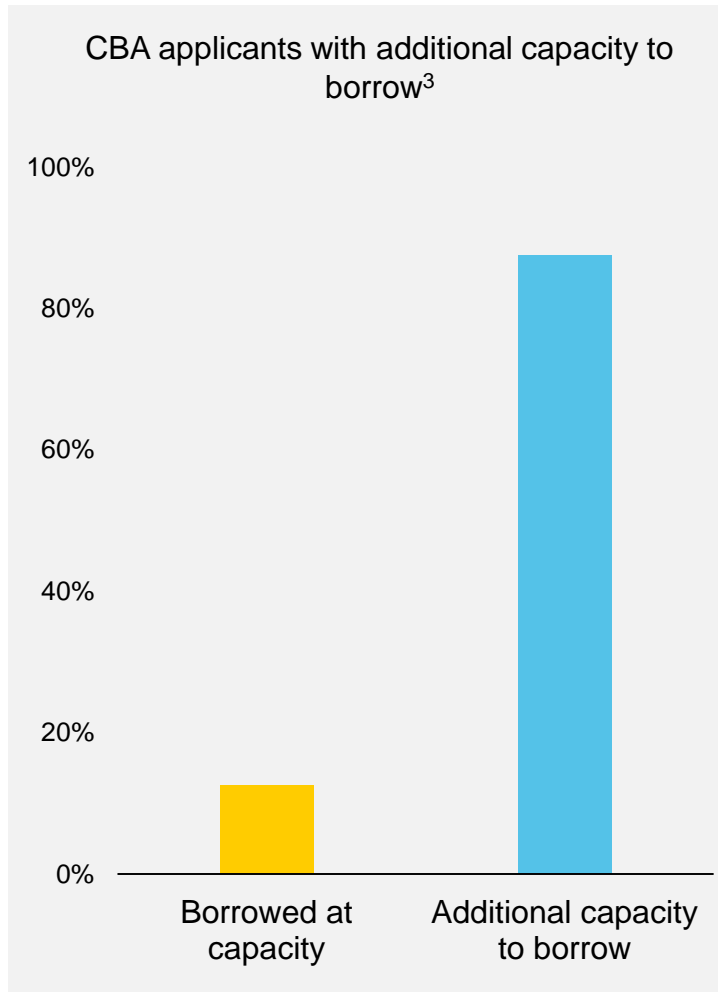
# Borrowing capacity relatively stable<sup>1</sup>



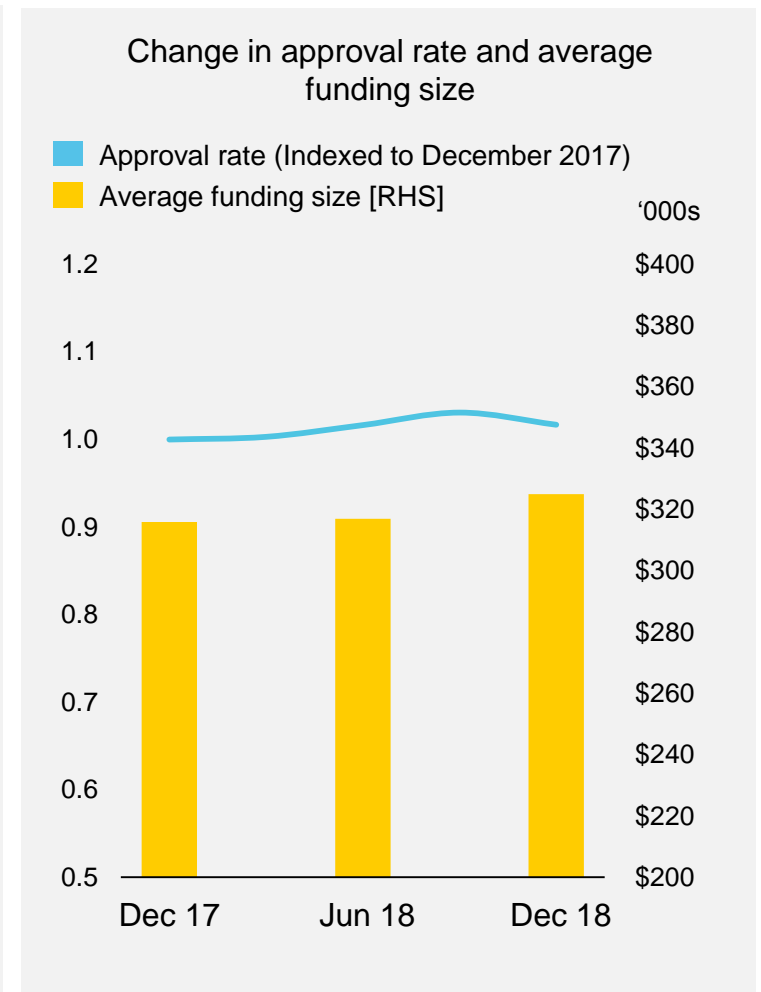
## Maximum borrowing capacity stable over the last 12 months for average income



## ...few borrowers utilise their full capacity



## ...with minimal change in average loan size and approval rates



1. CBA excluding Bankwest. 2. Scenarios based on differing assumptions with respect to family types, number of dependents, loan size, income sources and existing liabilities/commitments. 3. Applications that have passed system serviceability test; borrowed at capacity reflects applicants with minimal net income surplus.

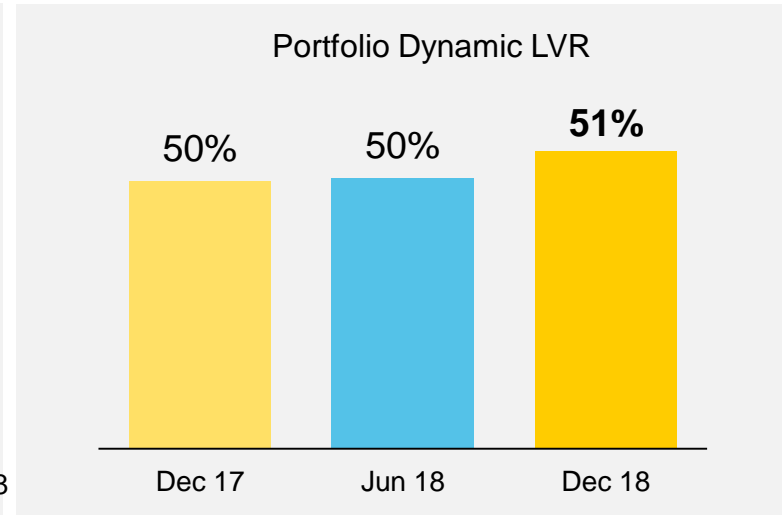
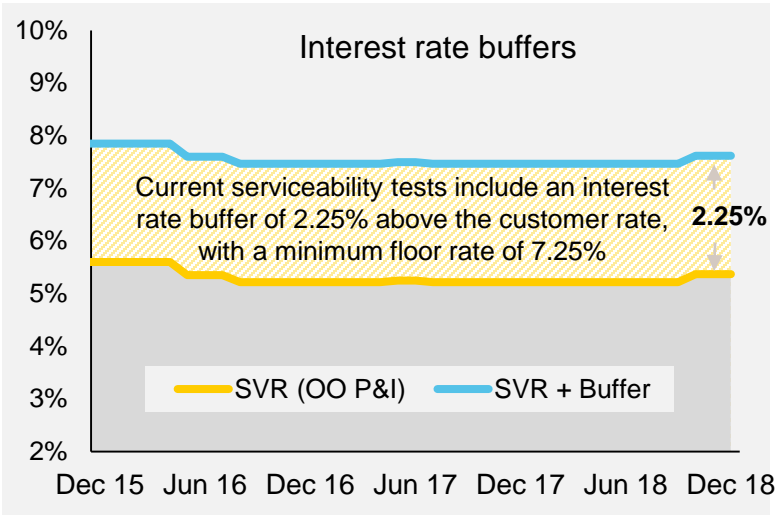
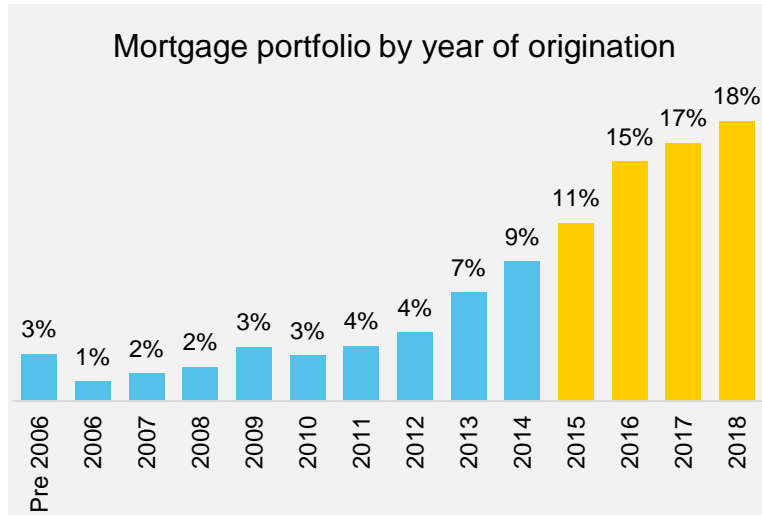
# Portfolio quality remains sound<sup>1</sup>



Approximately 61%<sup>2</sup> of the book originated under tightened standards...

....with significant interest rate buffers in place

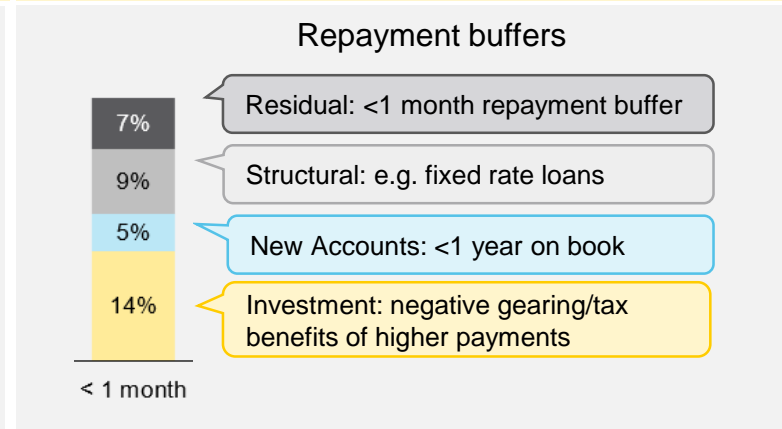
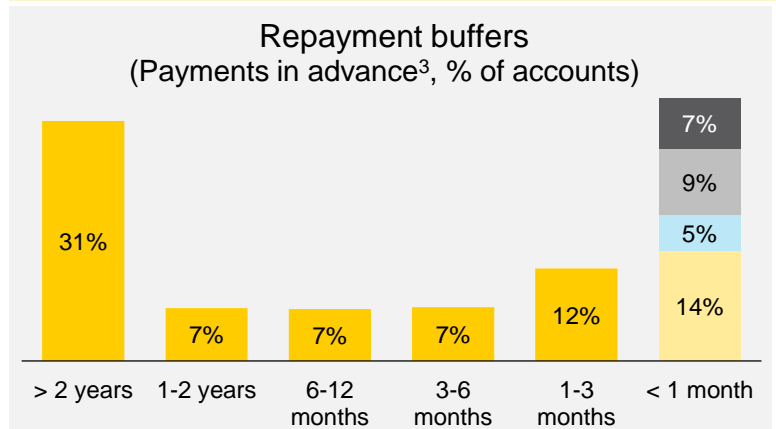
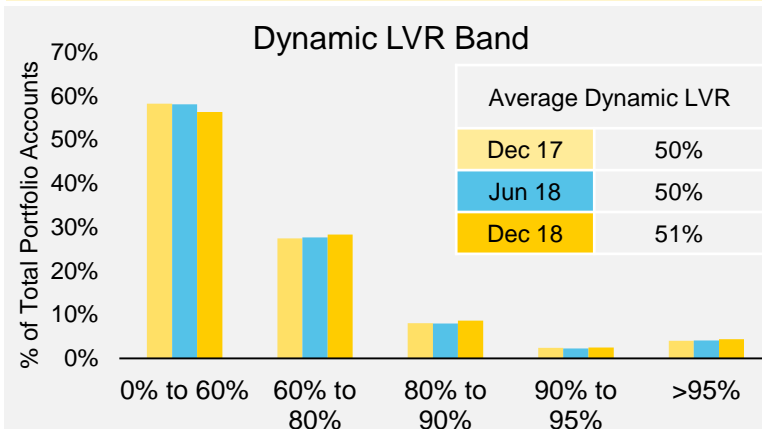
Despite recent house price softening, LVR's remain strong...



...with the majority of the portfolio well secured

Significant repayment buffers in place

Small number of residual accounts with less than 1 month buffer



1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group. 2. Loans on book that originated from 2015. 3. Includes offset facilities, excludes loans in arrears.

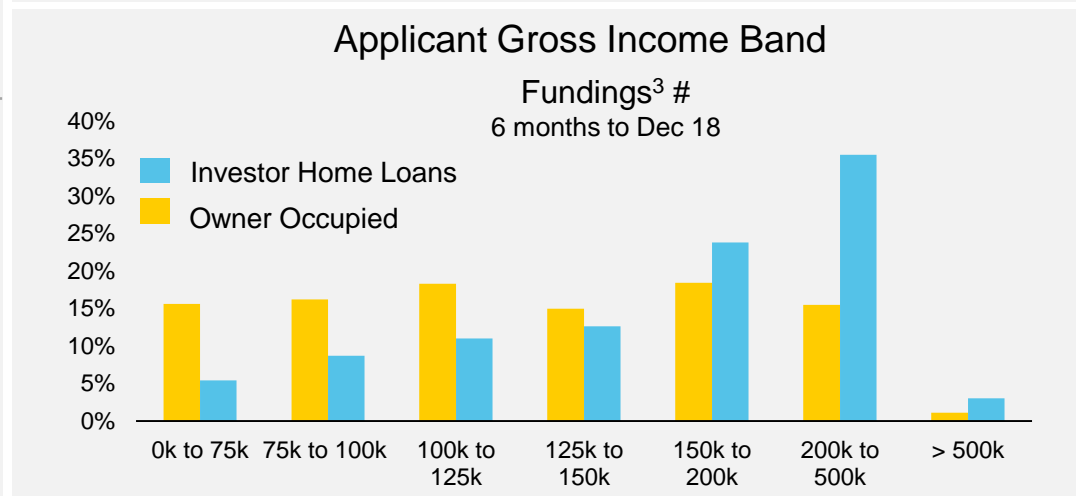
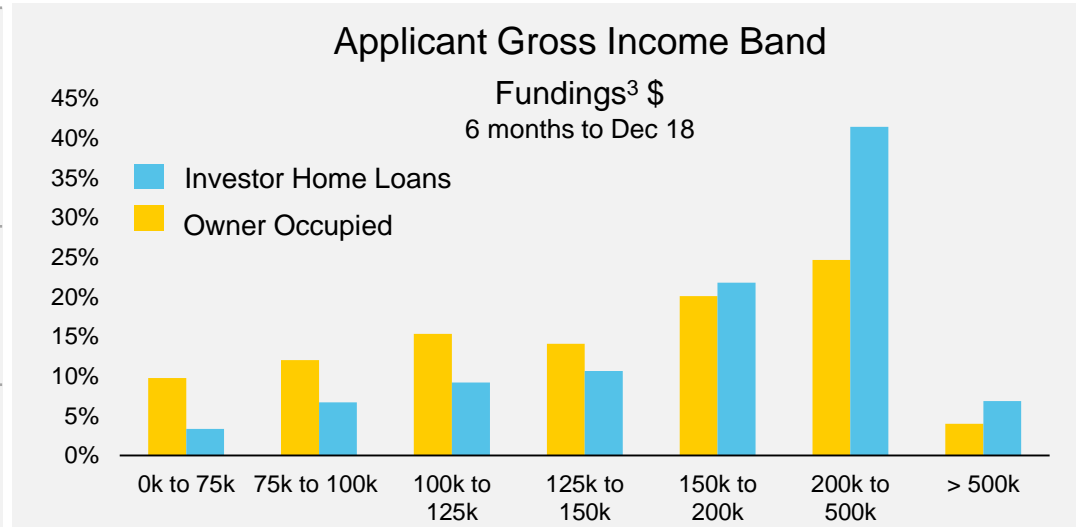


# Serviceability Assessment<sup>1</sup>



## Current assessment criteria summarised below

|                        |   |
|------------------------|---|
| <b>Income</b>          | <ul style="list-style-type: none"> <li>All income used in application to assess serviceability is verified</li> <li>80% or lower cap on less stable income sources (e.g. rent, bonuses)</li> <li>Limits on investor income allowances, e.g. RBS restrict rental yield to 4.8% and use of negative gearing where LVR&gt;90%</li> </ul>   |
| <b>Living Expenses</b> | <ul style="list-style-type: none"> <li>Living expenses captured for all customers</li> <li>Servicing calculations use the higher of declared expenses or HEM adjusted by income and household size</li> </ul>   |
| <b>Interest Rates</b>  | <ul style="list-style-type: none"> <li>Assess customer ability to pay based on the higher of the customer rate plus serviceability buffer<sup>2</sup> (+2.25%) or the minimum floor rate (7.25%)</li> <li>Interest Only (IO) loans assessed on principal and interest basis over the residual term of the loan</li> </ul>   |
| <b>Existing Debt</b>   | <ul style="list-style-type: none"> <li>CBA requires and reviews transaction statements to identify undisclosed debts</li> <li>Automatic review of CBA personal transaction account data to identify undisclosed customer obligations</li> <li>All existing customer commitments are verified</li> <li>For repayments on existing mortgage debt:             <ul style="list-style-type: none"> <li>CBA repayments recalculated using the assessment rate (min. 7.25% p.a.) over remaining loan term</li> <li>30% buffer implemented for OFI debt</li> </ul> </li> </ul> |



1. CBA excluding Bankwest unless stated otherwise. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. 'SVR Owner Occupier Principal and Interest rate + 2.25% Buffer' excludes discounts. 3. CBA including Bankwest.

# Home loan portfolio – CBA



## A balanced approach to portfolio quality, growth and returns

| Portfolio <sup>1</sup>                        | Dec 17 | Jun 18 | Dec 18 |
|---|--------|--------|--------|
| Total Balances - Spot (\$bn)                  | 444    | 451    | 458    |
| Total Balances - Average (\$bn)               | 440    | 443    | 455    |
| Total Accounts (m)                            | 1.8    | 1.8    | 1.8    |
| Variable Rate (%)                             | 82     | 81     | 80     |
| Owner Occupied (%)                            | 64     | 65     | 66     |
| Investment (%)                                | 32     | 32     | 31     |
| Line of Credit (%)                            | 4      | 3      | 3      |
| Proprietary (%)                               | 55     | 55     | 55     |
| Broker (%)                                    | 45     | 45     | 45     |
| Interest Only (%) <sup>2</sup>                | 33     | 30     | 26     |
| Lenders' Mortgage Insurance (%) <sup>2</sup>  | 22     | 21     | 21     |
| Mortgagee In Possession (bpts)                | 5      | 5      | 5      |
| Annualised Loss Rate (bpts)                   | 2      | 3      | 3      |
| Portfolio Dynamic LVR (%) <sup>3</sup>        | 50     | 50     | 51     |
| Customers in Advance (%) <sup>4</sup>         | 77     | 78     | 78     |
| Payments in Advance incl. offset <sup>5</sup> | 33     | 32     | 35     |
| Offset Balances – Spot (\$bn)                 | 41     | 42     | 46     |

| New Business <sup>1</sup>                    | Dec 17 | Jun 18 | Dec 18 |
|--|--------|--------|--------|
| Total Funding (\$bn)                         | 49     | 45     | 49     |
| Average Funding Size (\$'000) <sup>6</sup>   | 320    | 319    | 326    |
| Serviceability Buffer (%) <sup>7</sup>       | 2.25   | 2.25   | 2.25   |
| Variable Rate (%)                            | 82     | 86     | 82     |
| Owner Occupied (%)                           | 71     | 70     | 70     |
| Investment (%)                               | 28     | 29     | 29     |
| Line of Credit (%)                           | 1      | 1      | 1      |
| Proprietary (%)                              | 60     | 59     | 55     |
| Broker (%)                                   | 40     | 41     | 45     |
| Interest Only (%)                            | 22     | 23     | 23     |
| Lenders' Mortgage Insurance (%) <sup>2</sup> | 17     | 16     | 16     |
| Debt-to-Income <sup>8</sup> (DTI) > 6 (%)    | 17     | 12     | 12     |

1. CBA including Bankwest. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 6 months to Dec 17, Jun 18 and Dec 18. Excludes ASB.

2. Excludes Line of Credit (Viridian LOC/Equity Line).

3. Dynamic LVR defined as current balance/current valuation.

4. Any amount ahead of monthly minimum repayment; includes offset facilities.

5. Average number of monthly payments ahead of scheduled repayments.

6. Average Funding Size defined as funded amount/number of funded accounts.

7. Serviceability test based on the higher of the customer rate plus a 2.25% interest rate buffer or a minimum floor rate.

8. Total Debt Amount/Gross Income; excludes Bridging Loans

# Home loan portfolio – CBA ex Bankwest



## A balanced approach to portfolio quality, growth and returns

| Portfolio <sup>1</sup>                        | Dec 17 | Jun 18 | Dec 18 |
|---|--------|--------|--------|
| Total Balances - Spot (\$bn)                  | 374    | 381    | 388    |
| Total Balances - Average (\$bn)               | 371    | 374    | 384    |
| Total Accounts (m)                            | 1.5    | 1.5    | 1.5    |
| Variable Rate (%)                             | 82     | 81     | 80     |
| Owner Occupied (%)                            | 63     | 64     | 64     |
| Investment (%)                                | 33     | 33     | 33     |
| Line of Credit (%)                            | 4      | 3      | 3      |
| Proprietary (%)                               | 59     | 59     | 59     |
| Broker (%)                                    | 41     | 41     | 41     |
| Interest Only (%) <sup>2</sup>                | 34     | 30     | 26     |
| Lenders' Mortgage Insurance (%) <sup>2</sup>  | 20     | 19     | 19     |
| Mortgagee In Possession (bpts)                | 5      | 4      | 4      |
| Annualised Loss Rate (bpts)                   | 3      | 3      | 3      |
| Portfolio Dynamic LVR (%) <sup>3</sup>        | 48     | 49     | 50     |
| Customers in Advance (%) <sup>4</sup>         | 76     | 76     | 77     |
| Payments in Advance incl. offset <sup>5</sup> | 35     | 34     | 37     |
| Offset Balances – Spot (\$bn)                 | 36     | 36     | 40     |

| New Business <sup>1</sup>                    | Dec 17 | Jun 18 | Dec 18 |
|--|--------|--------|--------|
| Total Funding (\$bn)                         | 42     | 39     | 42     |
| Average Funding Size (\$'000) <sup>6</sup>   | 316    | 317    | 325    |
| Serviceability Buffer (%) <sup>7</sup>       | 2.25   | 2.25   | 2.25   |
| Variable Rate (%)                            | 82     | 86     | 81     |
| Owner Occupied (%)                           | 69     | 70     | 70     |
| Investment (%)                               | 30     | 29     | 29     |
| Line of Credit (%)                           | 1      | 1      | 1      |
| Proprietary (%)                              | 64     | 63     | 60     |
| Broker (%)                                   | 36     | 37     | 40     |
| Interest Only (%)                            | 22     | 23     | 23     |
| Lenders' Mortgage Insurance (%) <sup>2</sup> | 15     | 15     | 15     |

1. CBA excluding Bankwest. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. New business metrics are based on 6 months to Dec 17, Jun 18 and Dec 18. Excludes ASB.

2. Excludes Line of Credit (Viridian LOC/Equity Line).

3. Dynamic LVR defined as current balance/current valuation.

4. Any amount ahead of monthly minimum repayment; includes offset facilities.

5. Average number of monthly payments ahead of scheduled repayments.

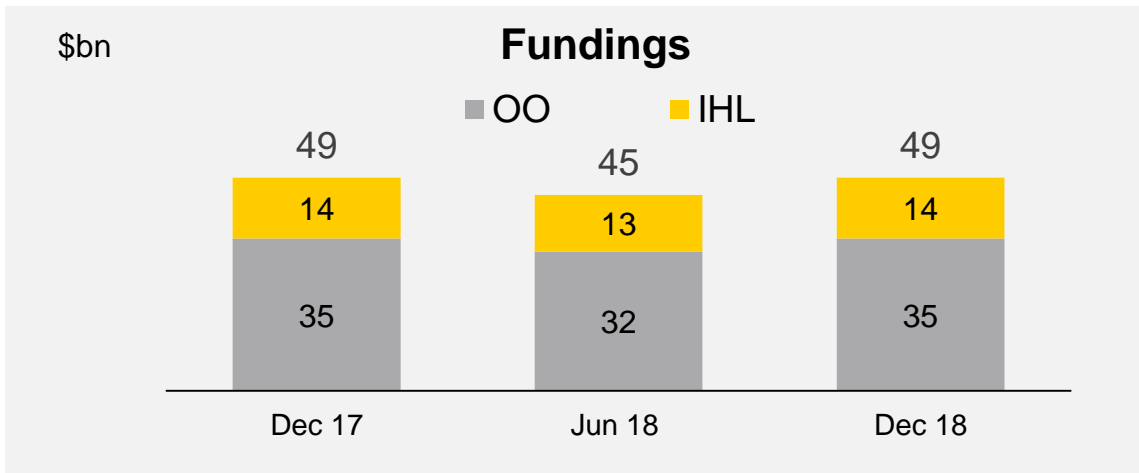
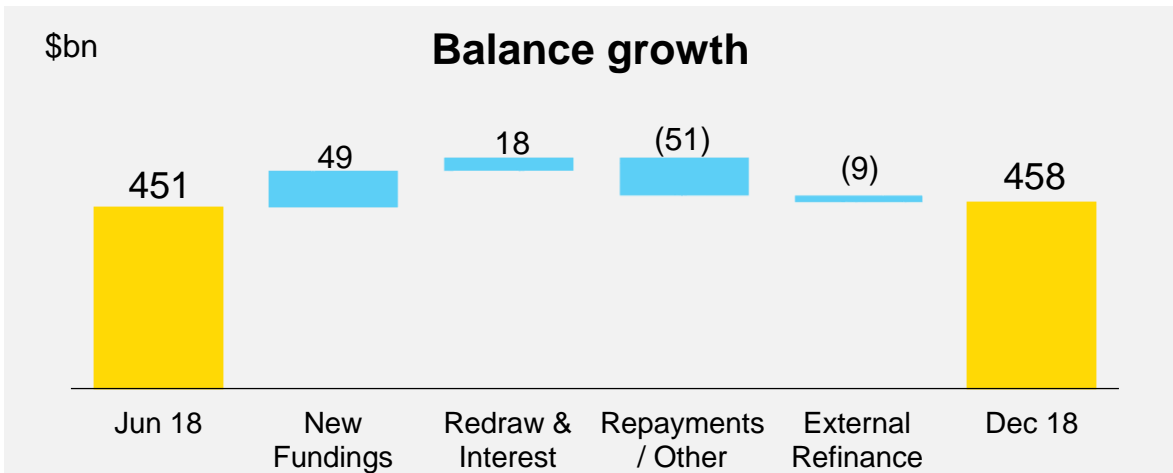
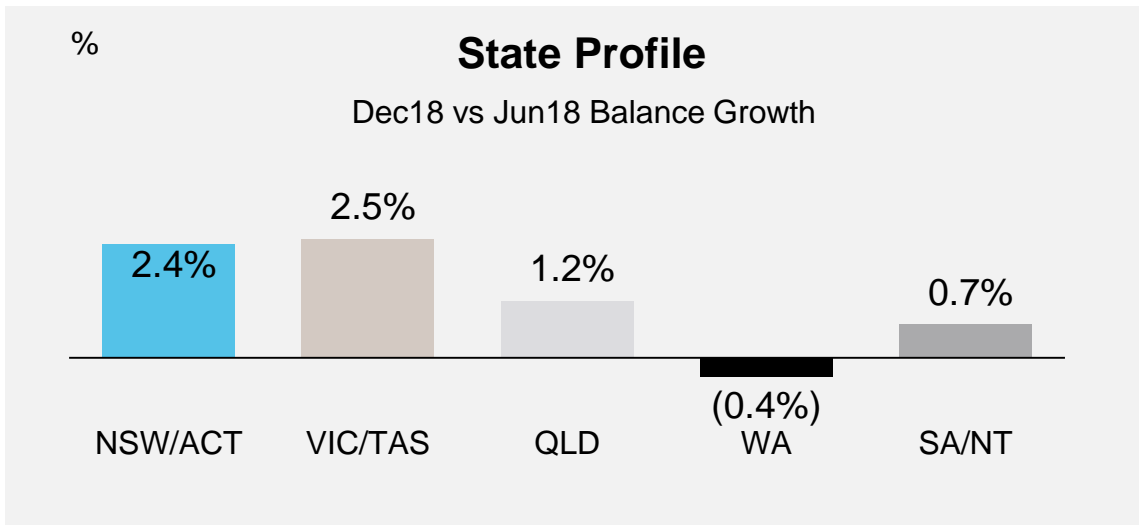
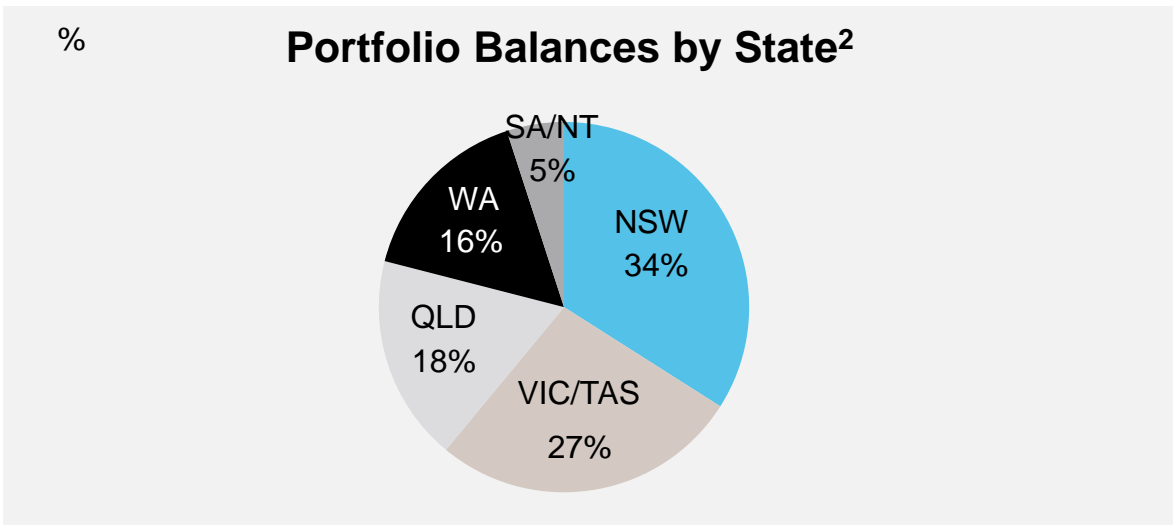
6. Average Funding Size defined as funded amount/number of funded accounts.

7. Serviceability test based on the higher of the customer rate plus a 2.25% interest rate buffer or a minimum floor rate.

# Portfolio mix and growth<sup>1</sup>



## Portfolio mix and growth weighted to NSW and Victoria

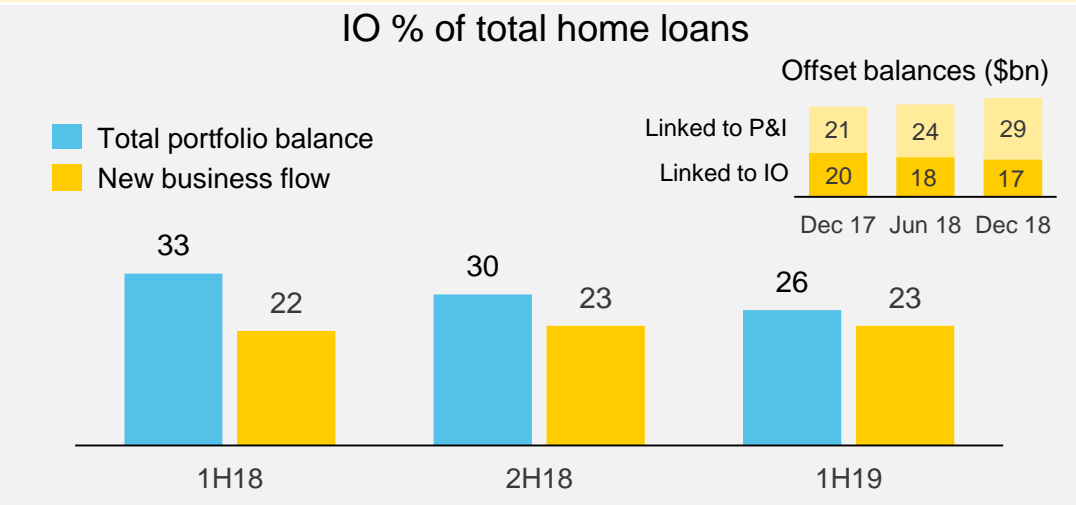


1. CBA including Bankwest. 2. State Profile excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. State Profile determined by location of the underlying security.

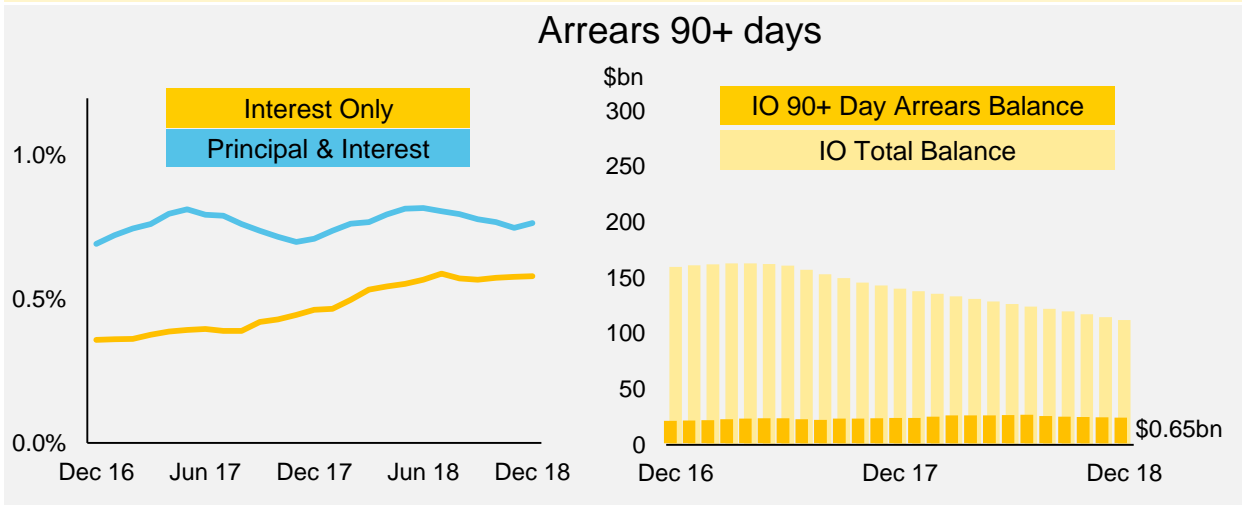
# Interest only (IO) home loans<sup>1</sup>



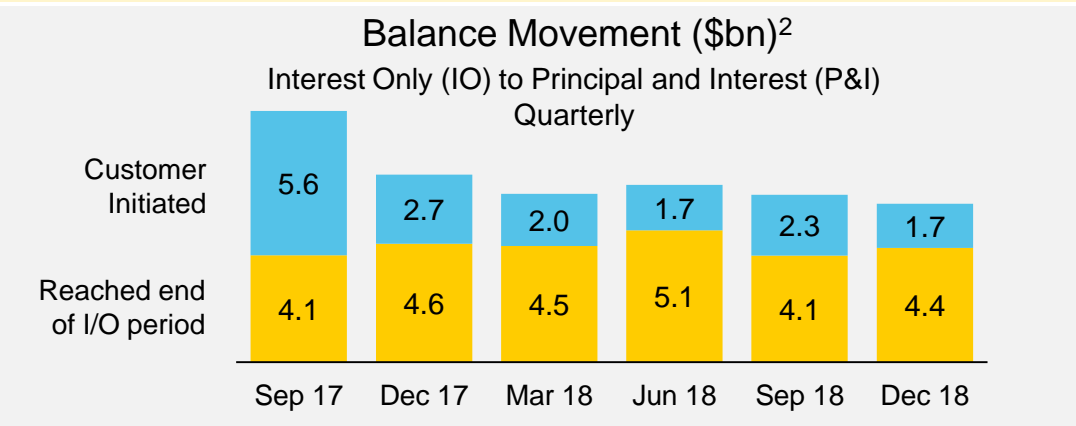
## IO loans accounting for a reducing proportion of total portfolio balances



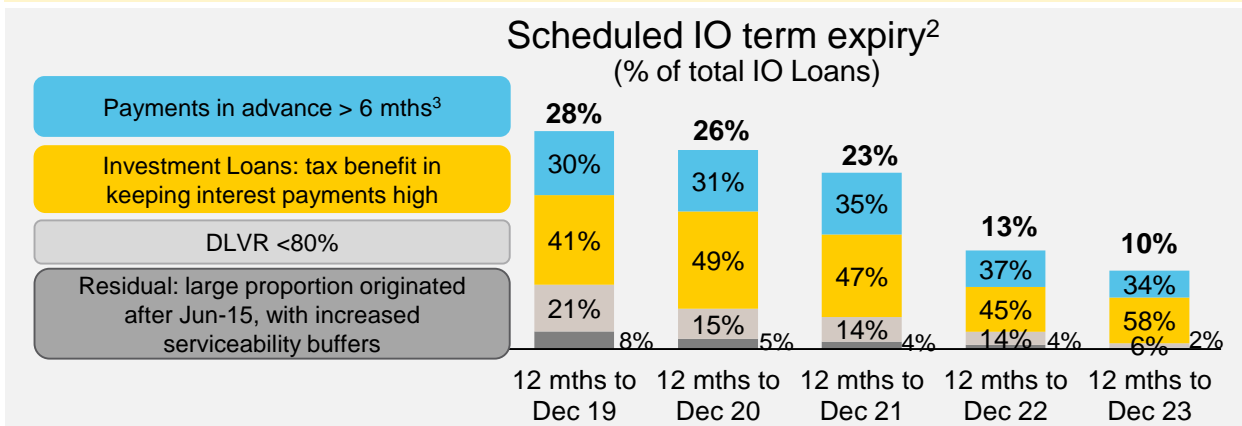
## A recent modest uptick in IO arrears rates in part driven by the “denominator” effect of reduced IO balances



## Switching from IO to Principal and Interest (P&I) peaked in the Sep 17 quarter



## Large proportion of IO loans for investment purposes, with remainder characterised by strong repayment/serviceability buffers

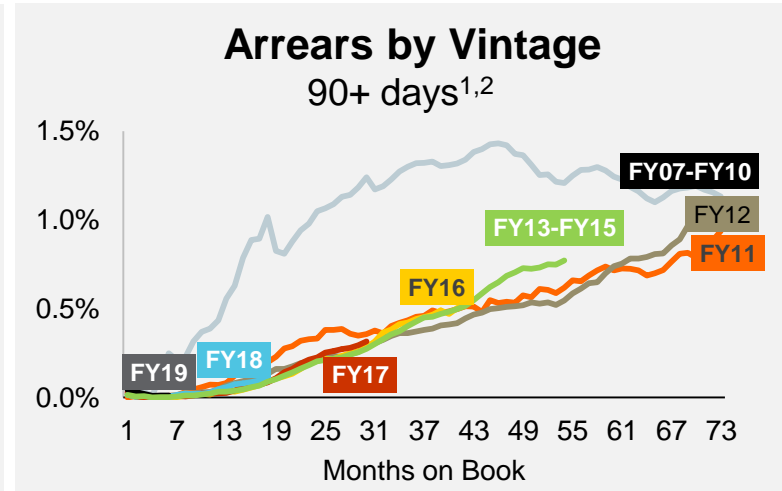
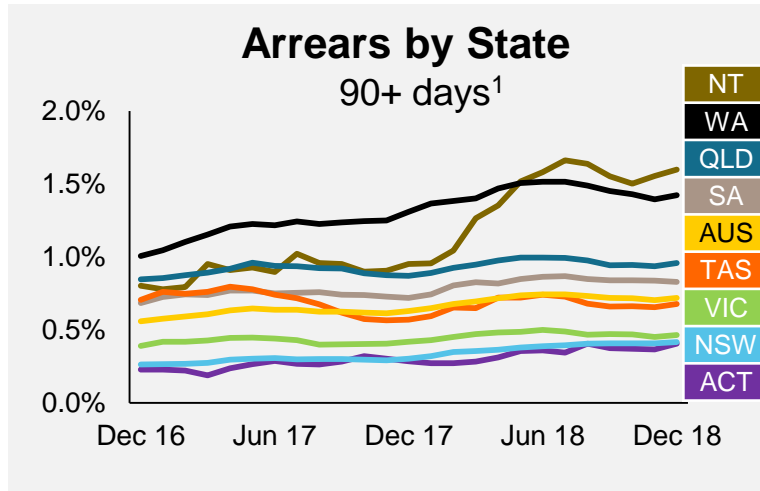
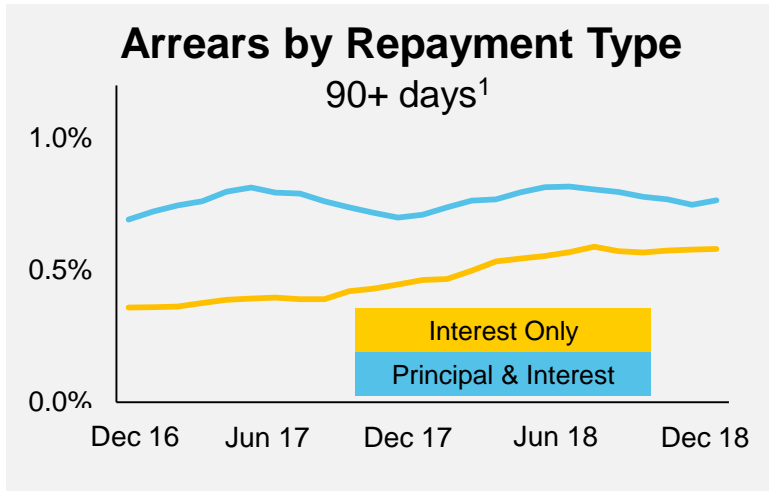
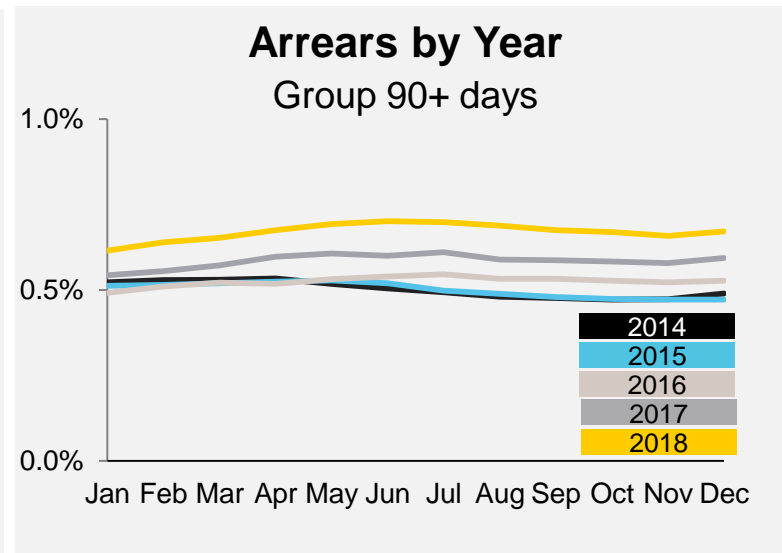
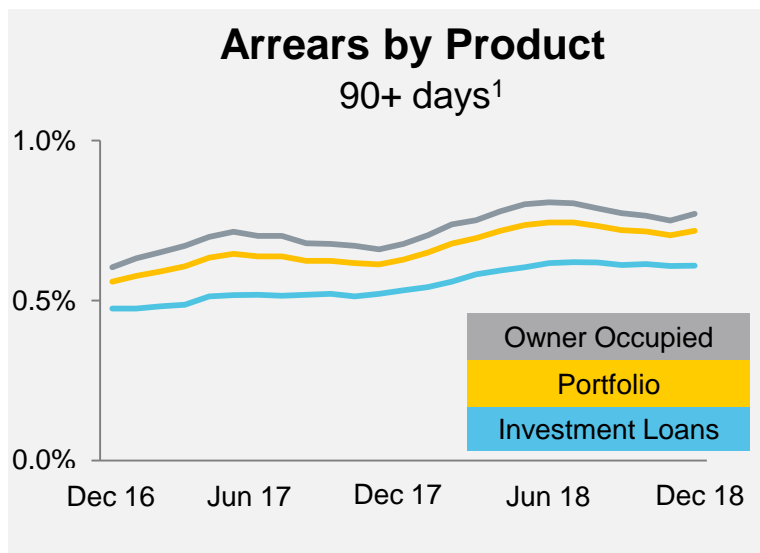
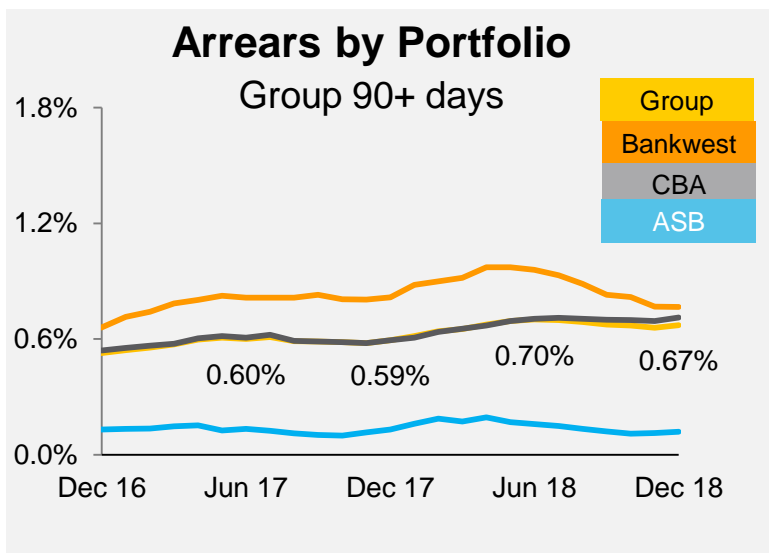


1. CBA including Bankwest unless stated otherwise. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Excludes Bankwest. 3. Payments in Advance defined as the number of monthly payments ahead of scheduled repayments by 6 or more months.

# Home loan arrears



## Arrears trends reflecting some pockets of stress



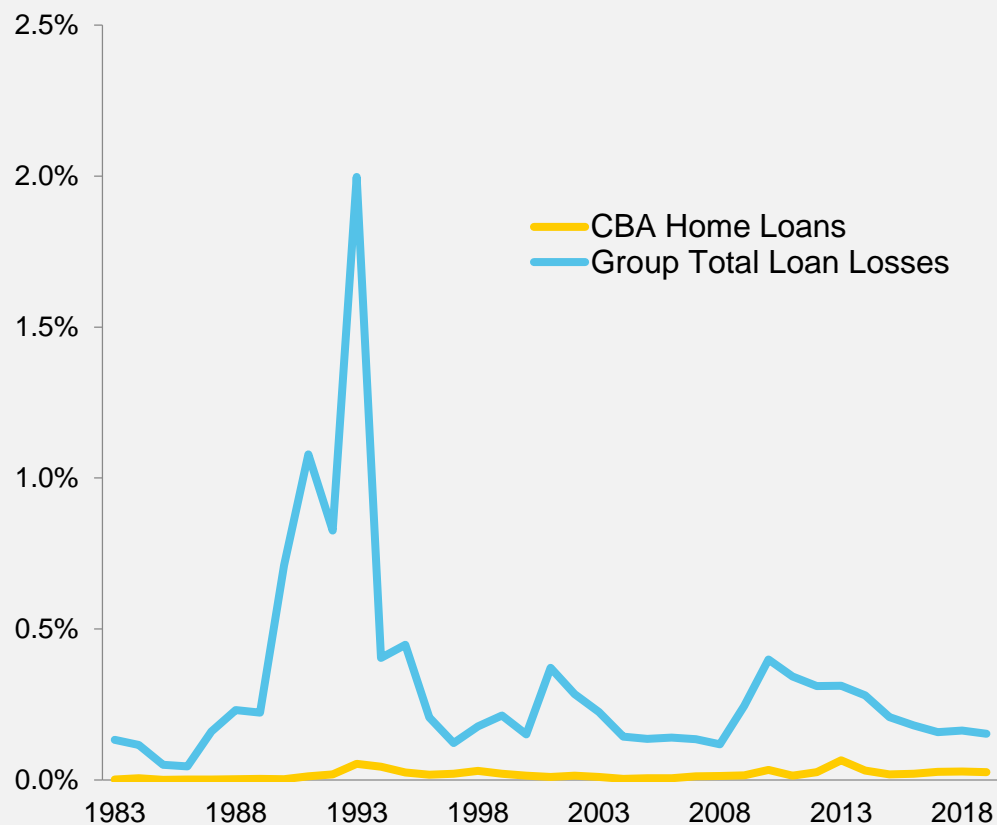
1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Bankwest included from FY08.

# Portfolio losses, insurance and stress testing<sup>1</sup>

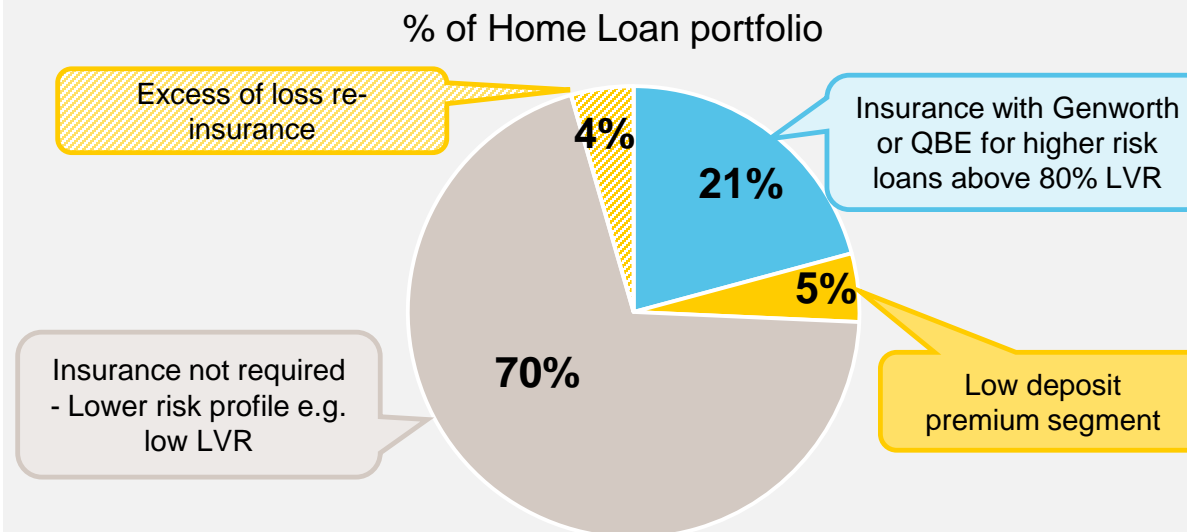


## Losses remain low - and manageable under a severe stress scenario

### Losses to average gross loans<sup>2</sup>



### Portfolio Insurance Profile<sup>3</sup>



### Stress testing

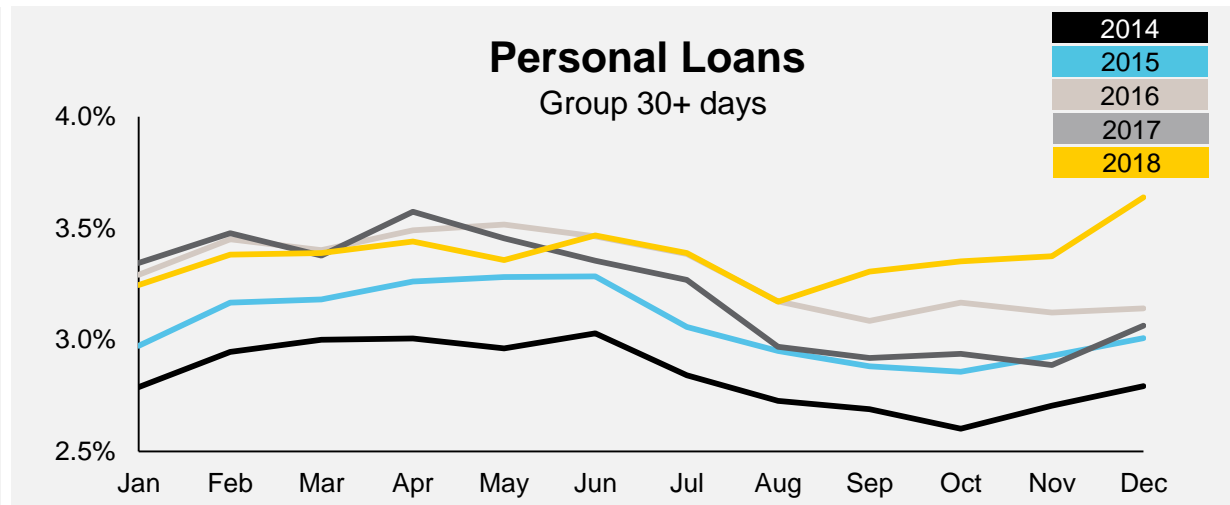
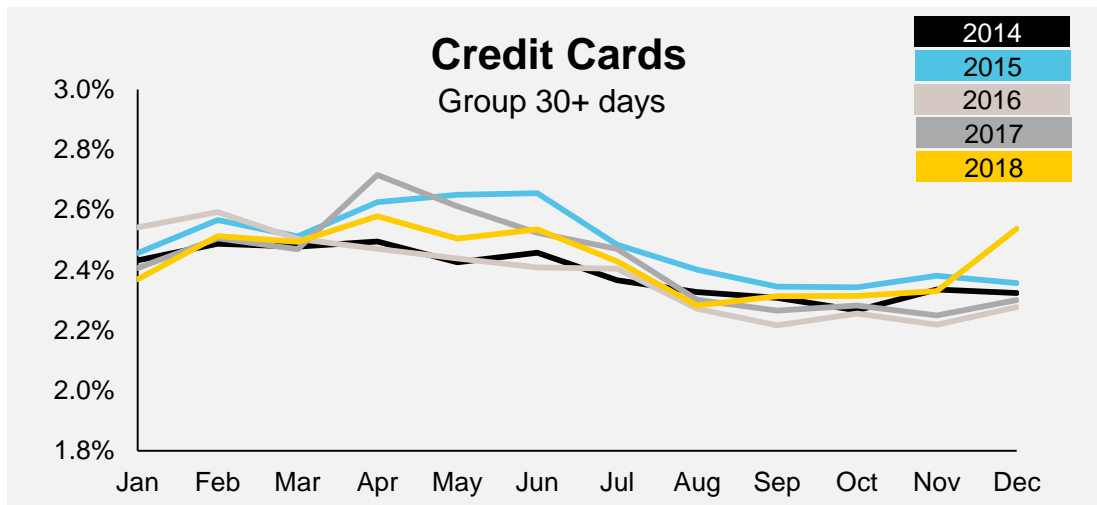
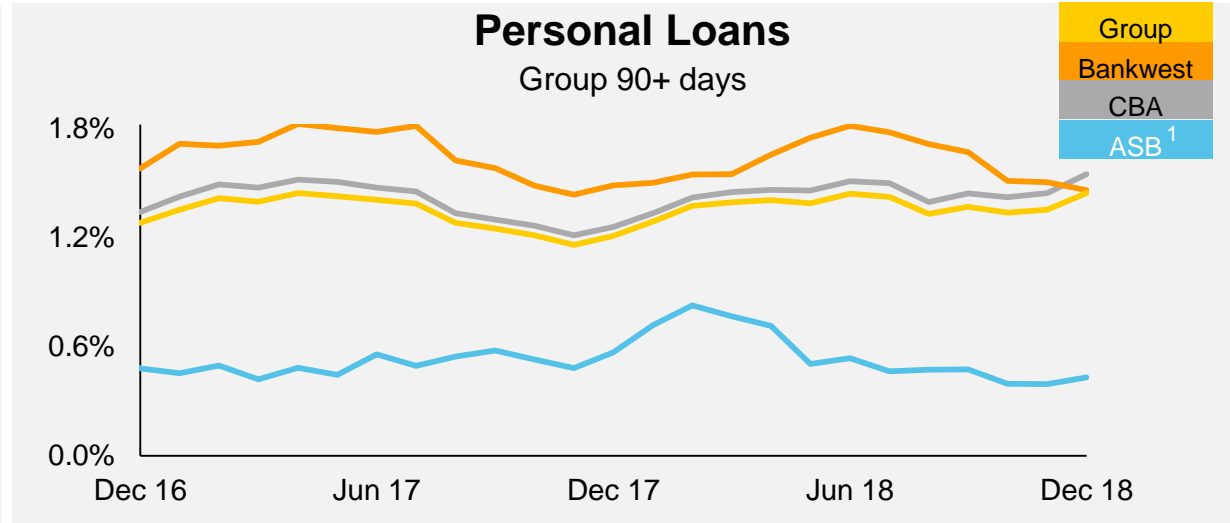
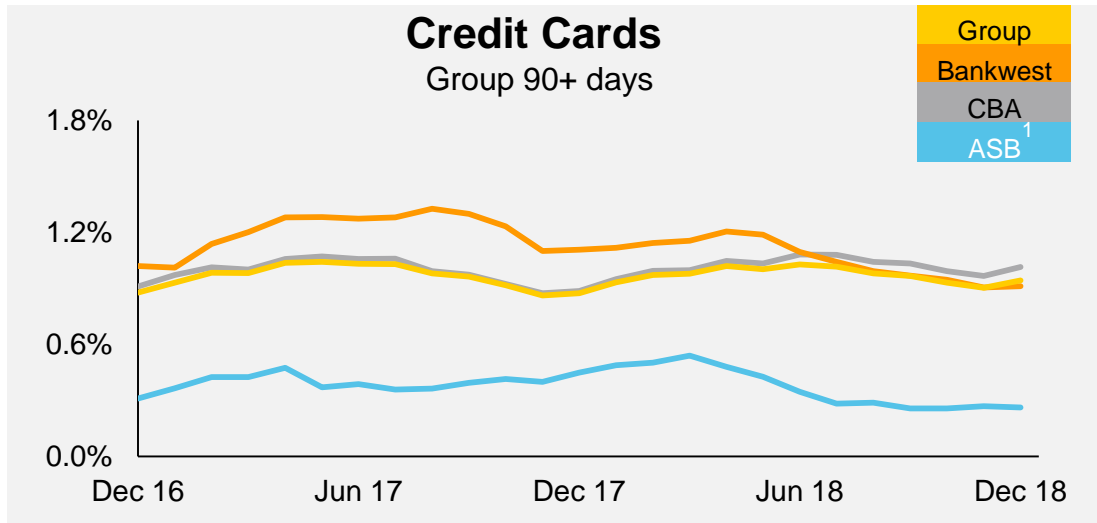
- A severe stress test scenario is modelled on an ongoing basis.
- Scenario includes stresses to house prices (31% decline), unemployment (11%), cash rates (reduced to 0.5%).
- Losses<sup>4</sup> are estimated over three years: Gross 3-year losses of \$3.85b, or \$3.06b net of insurance.

1. CBA including Bankwest. 2. Bankwest included from FY09. 3. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 4. Reduction in gross stressed losses from last half reflects enhancements in the stress test framework. Net losses reflect stressed macroeconomic and LMI assumptions (50%). Scenario does not include any benefits of Excess of Loss Re-insurance. Results based on June 2018 data.

# Consumer arrears



## Uptick in 30+ day arrears – some pockets of stress



1. ASB write-off Credit Card and Personal Loans typically around 90 days past due if no agreed repayment plan.



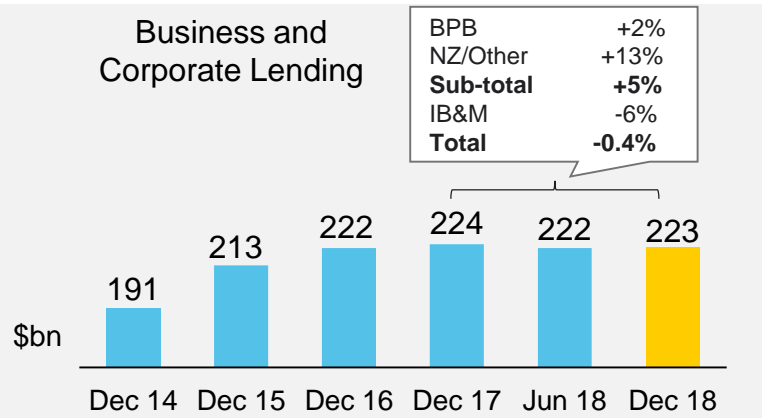


# Business and Corporate Lending

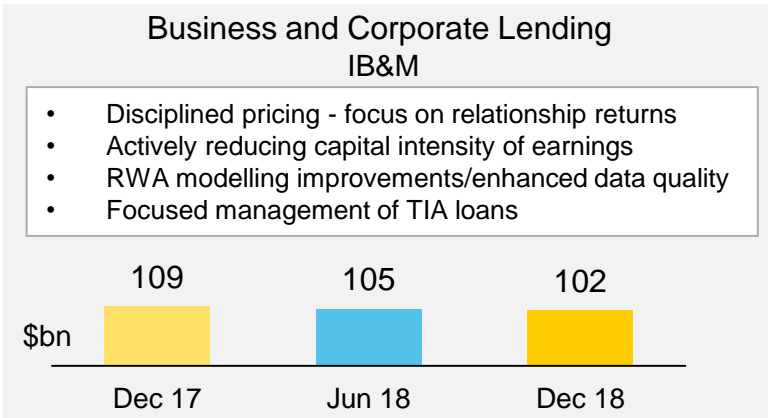
# Business and Corporate Lending



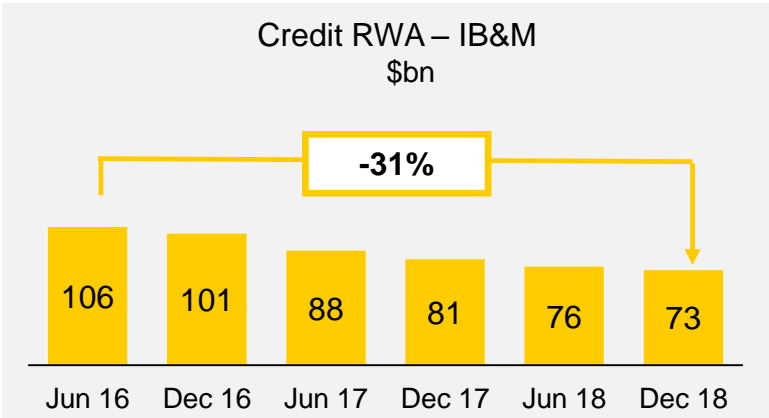
## Total lending balances remain relatively flat...



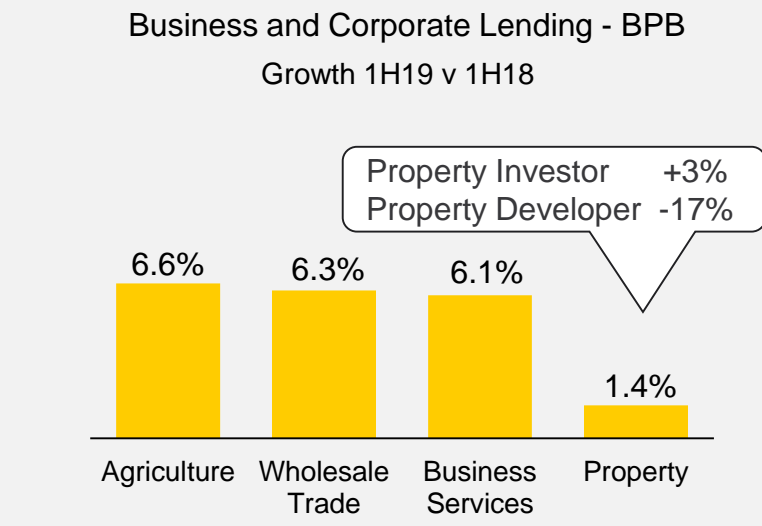
## ...driven in large part by portfolio optimisation in the Institutional book



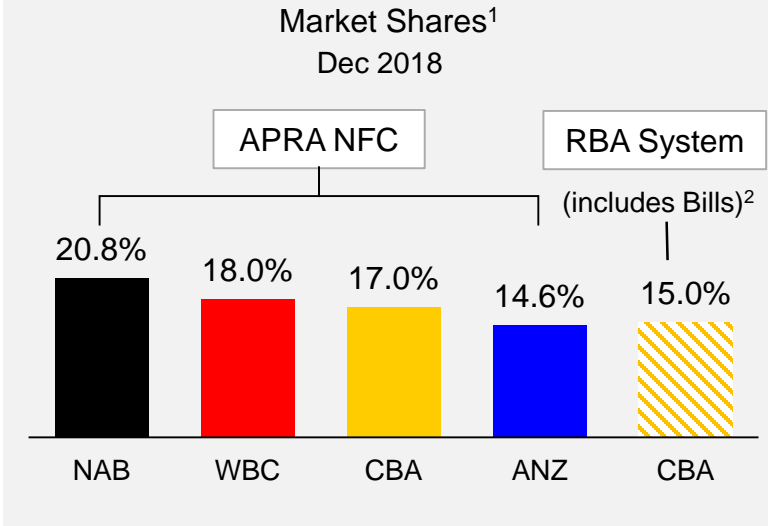
## IB&M Credit RWA's have reduced significantly over recent years



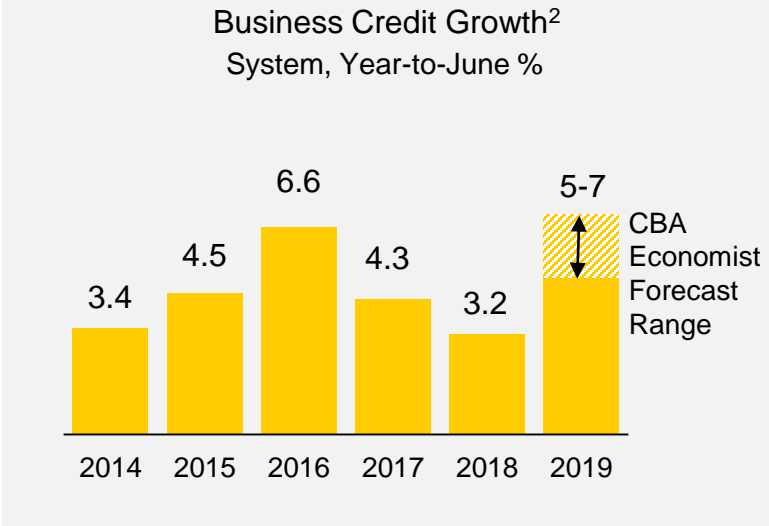
## BPB growth in diversified industries, with slowdown in property



## CBA remains relatively underweight in business lending...



## ...representing a source of opportunity in a growing market



1. Source: APRA Monthly Banking Statistics (excludes Bills). CBA includes Bankwest. 2. Source: RBA Lending and Credit Aggregates.

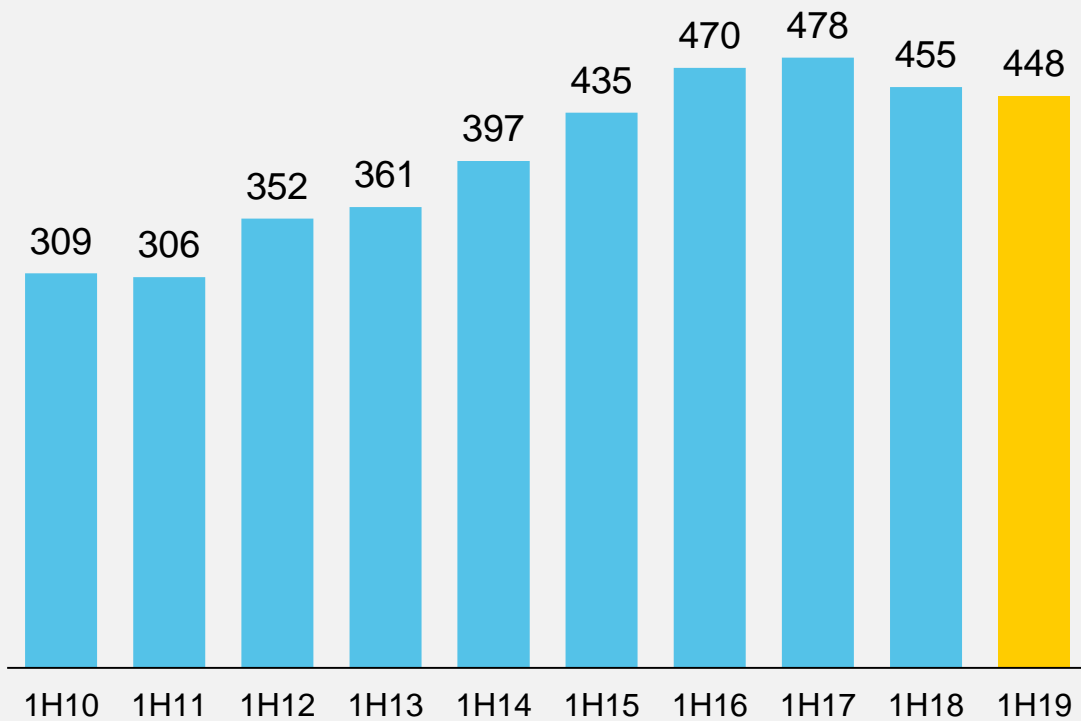
# Corporate lending



Overall book quality remains sound, with cash LIE at 15 bpts of GLAA

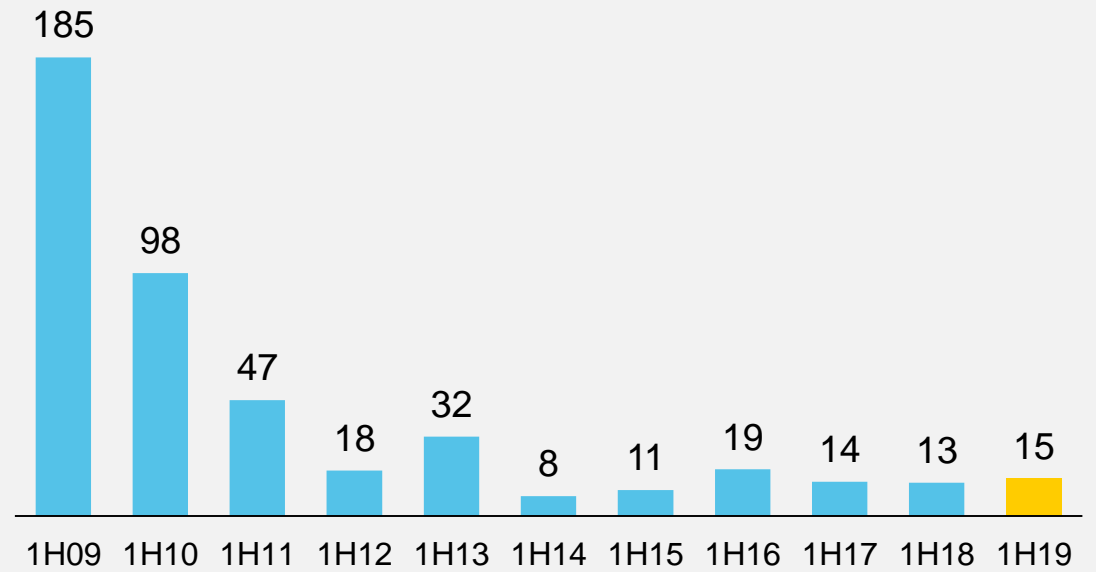
## Corporate

Total Credit Exposures  
\$bn



## Corporate LIE

Basis Points of GLAA  
bpts



# Portfolio quality<sup>1</sup>



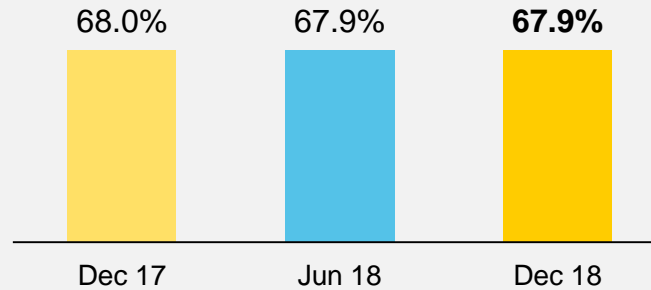
## Approximately 68% investment grade – weighted to Australia/NZ

### Exposures by Industry

| TCE \$bn                 | AAA to AA-   | A+ to A-    | BBB+ to BBB- | Other        | Dec 18       |
|--------------------------|--------------|-------------|--------------|--------------|--------------|
| Sovereign                | 100.0        | 7.7         | 0.6          | -            | 108.3        |
| Property                 | 3.4          | 6.3         | 13.5         | 44.0         | 67.2         |
| Banks                    | 22.2         | 23.2        | 4.3          | -            | 49.7         |
| Finance - Other          | 23.2         | 24.2        | 4.4          | 1.9          | 53.7         |
| Retail & Wholesale Trade | 0.1          | 1.1         | 4.6          | 16.4         | 22.2         |
| Agriculture              | -            | 0.1         | 2.5          | 19.8         | 22.4         |
| Manufacturing            | -            | 2.8         | 4.4          | 8.0          | 15.2         |
| Transport                | -            | 1.2         | 8.7          | 6.1          | 16.0         |
| Mining                   | 0.1          | 3.5         | 6.2          | 3.8          | 13.6         |
| Energy                   | 0.3          | 1.5         | 5.9          | 1.7          | 9.4          |
| All other ex Consumer    | 1.6          | 7.3         | 18.9         | 42.0         | 69.8         |
| <b>Total</b>             | <b>150.9</b> | <b>78.9</b> | <b>74.0</b>  | <b>143.7</b> | <b>447.5</b> |

### Corporate Portfolio Quality

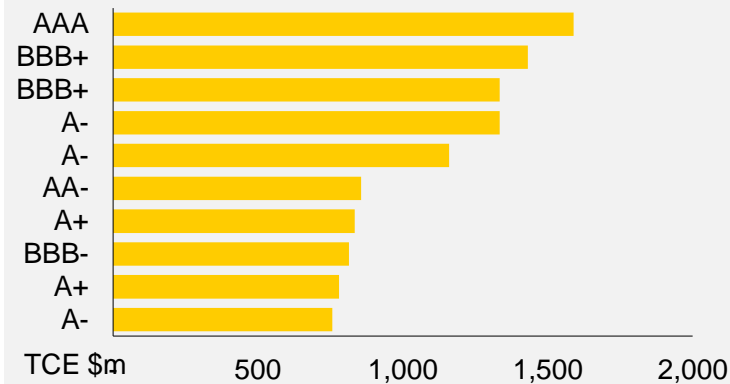
#### Investment Grade



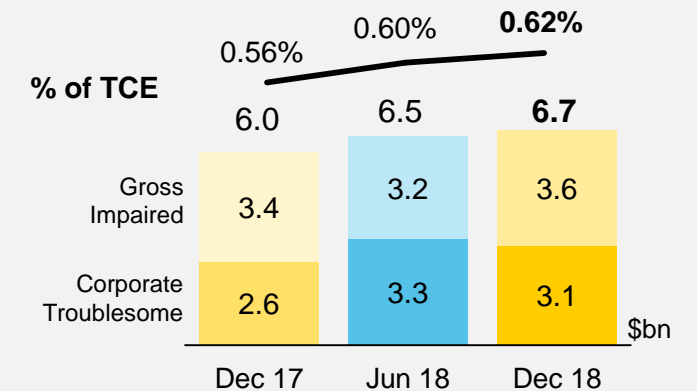
### Group TCE by Geography

|             | Dec 17 | Jun 18 | Dec 18 |
|-------------|--------|--------|--------|
| Australia   | 77.7%  | 77.6%  | 77.9%  |
| New Zealand | 9.9%   | 10.0%  | 10.4%  |
| Europe      | 4.9%   | 4.7%   | 3.9%   |
| Other       | 7.5%   | 7.7%   | 7.8%   |

### Top 10 Commercial Exposures



### Troublesome and Impaired Assets



1. CBA grades in S&P equivalents.

# Credit exposure summary



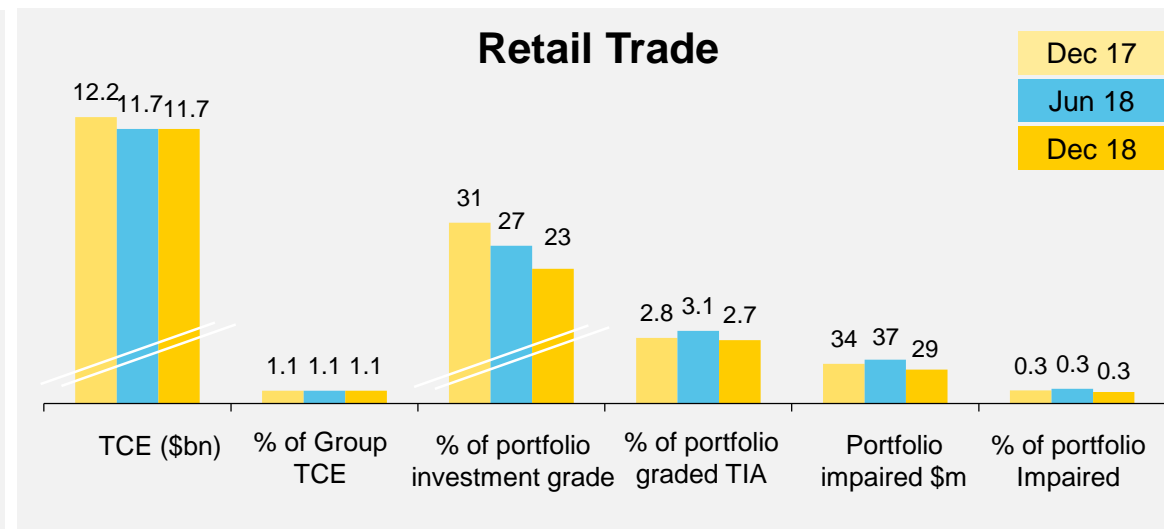
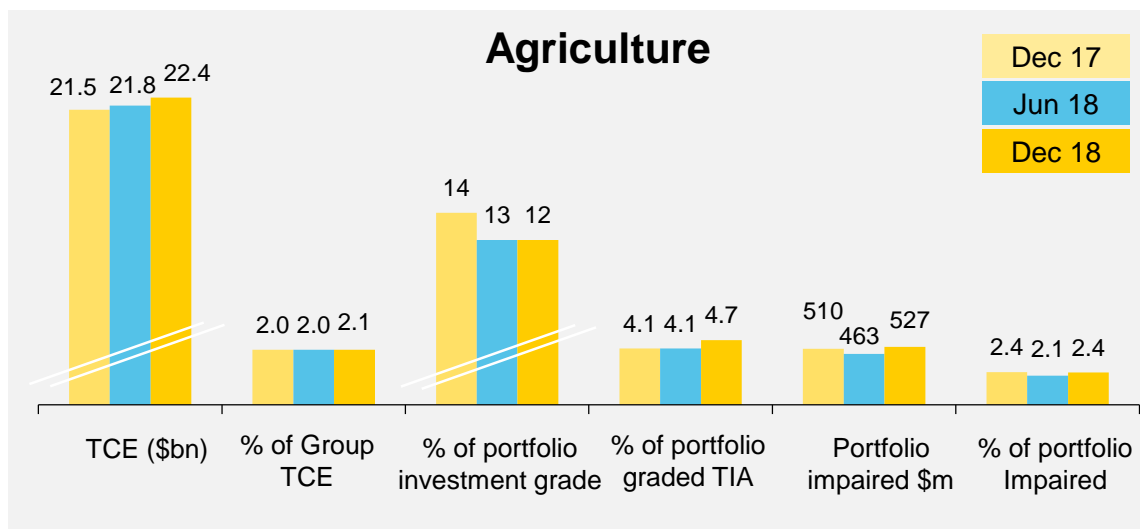
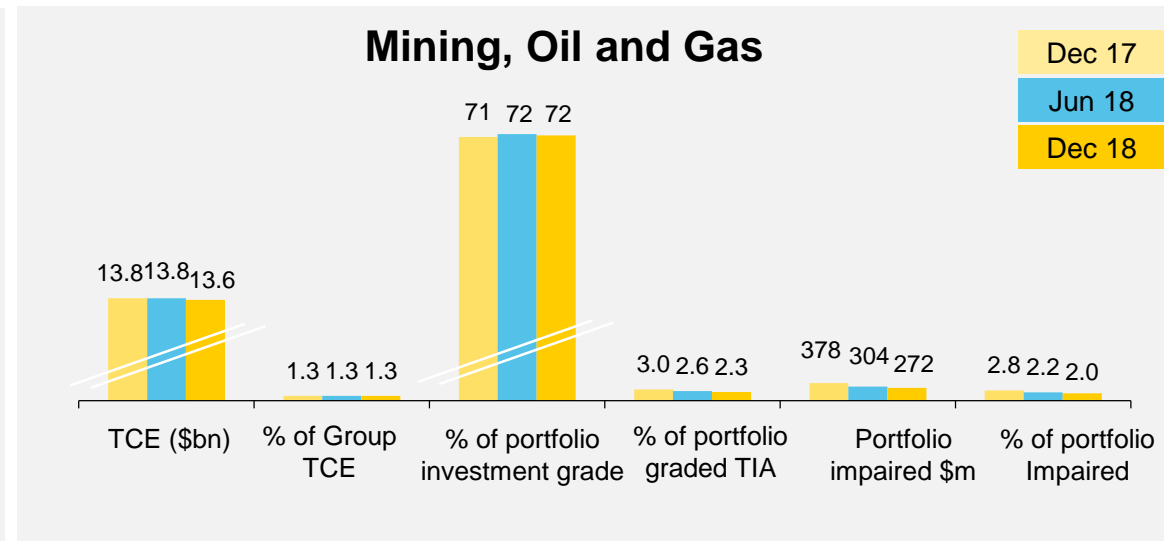
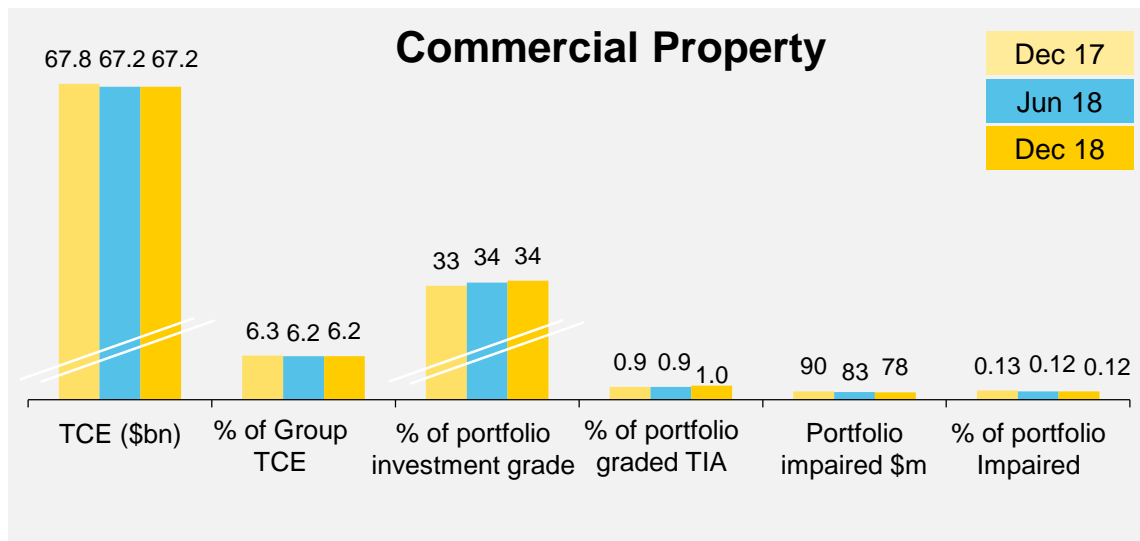
## TIA/TCE up slightly at 0.62%

|                         | Group TCE     |               | TIA \$m      |              | TIA % of TCE |              |
|-------------------------|---------------|---------------|--------------|--------------|--------------|--------------|
|                         | Jun 18        | Dec 18        | Jun 18       | Dec 18       | Jun 18       | Dec 18       |
| Consumer                | 57.4%         | 57.8%         | 1,659        | 1,832        | 0.27%        | 0.29%        |
| Sovereign               | 9.3%          | 10.0%         | -            | -            | -            | -            |
| Property                | 6.2%          | 6.2%          | 632          | 652          | 0.94%        | 0.97%        |
| Banks                   | 5.5%          | 4.6%          | 9            | 9            | 0.01%        | 0.02%        |
| Finance – Other         | 5.2%          | 4.9%          | 31           | 78           | 0.05%        | 0.15%        |
| Retail, Wholesale Trade | 2.0%          | 2.0%          | 487          | 478          | 2.21%        | 2.15%        |
| Agriculture             | 2.0%          | 2.1%          | 900          | 1,042        | 4.12%        | 4.65%        |
| Manufacturing           | 1.4%          | 1.4%          | 350          | 375          | 2.34%        | 2.46%        |
| Transport               | 1.4%          | 1.5%          | 659          | 225          | 4.29%        | 1.41%        |
| Mining                  | 1.3%          | 1.3%          | 364          | 314          | 2.64%        | 2.30%        |
| Business Services       | 1.2%          | 1.3%          | 184          | 278          | 1.44%        | 1.97%        |
| Energy                  | 1.0%          | 0.9%          | 4            | 2            | 0.04%        | 0.02%        |
| Construction            | 0.7%          | 0.8%          | 297          | 419          | 3.68%        | 5.08%        |
| Health & Community      | 0.9%          | 0.8%          | 218          | 222          | 2.38%        | 2.49%        |
| Culture & Recreation    | 0.6%          | 0.6%          | 41           | 62           | 0.62%        | 0.93%        |
| Other                   | 3.9%          | 3.8%          | 706          | 761          | 1.67%        | 1.82%        |
| <b>Total</b>            | <b>100.0%</b> | <b>100.0%</b> | <b>6,541</b> | <b>6,749</b> | <b>0.60%</b> | <b>0.62%</b> |

# Sectors of interest



## Broadly stable outcomes across most sectors

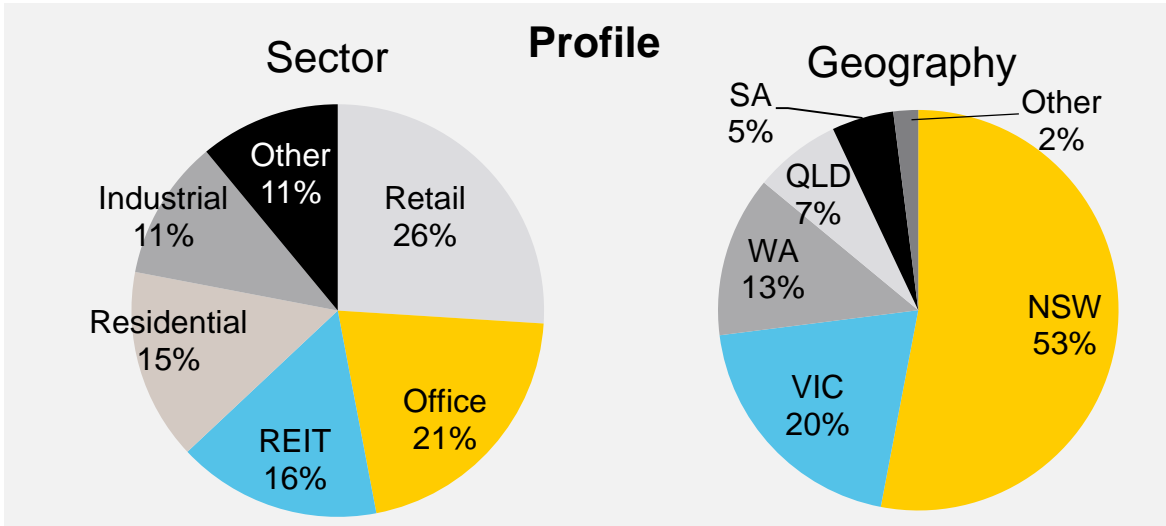
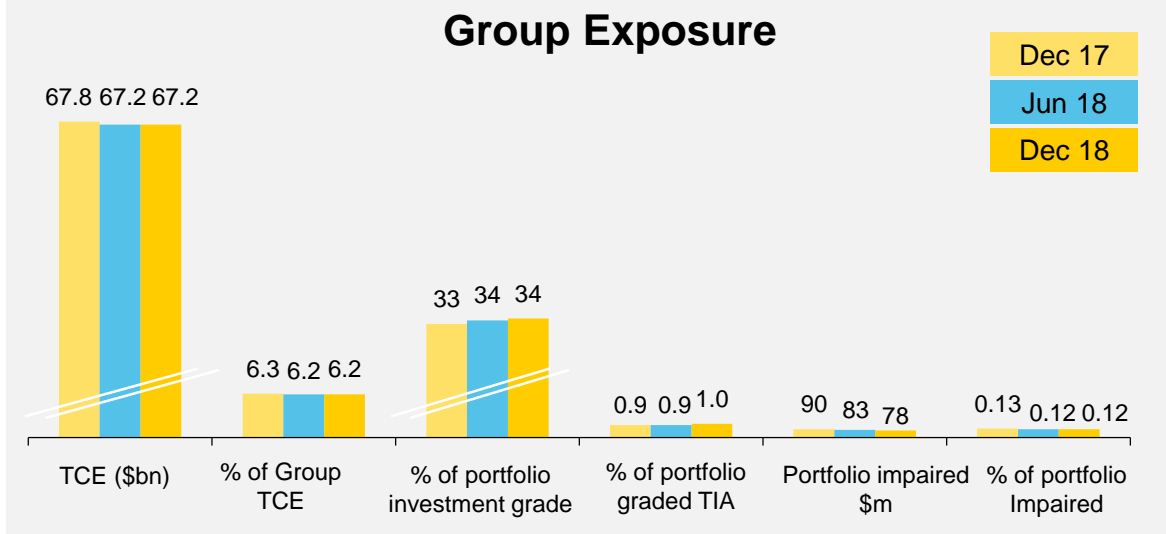


# Commercial property



## Portfolio weighted to NSW – TIA low at 1.0%

- Exposure has remained flat in the half year.
- Diversified across sectors and by counterparty.
- Lower apartment development exposures.
- Top 20 counterparties primarily investment grade (weighted average rating of BBB equivalent) and account for 16.4% of Commercial property exposure.
- 34% of the portfolio investment grade, majority of sub-investment grade exposures secured (91%).
- Impaired exposures remain low (0.12% of the portfolio).
- Geographical weighting remaining steady during the half.
- Ongoing comprehensive market, exposure monitoring of the portfolio.



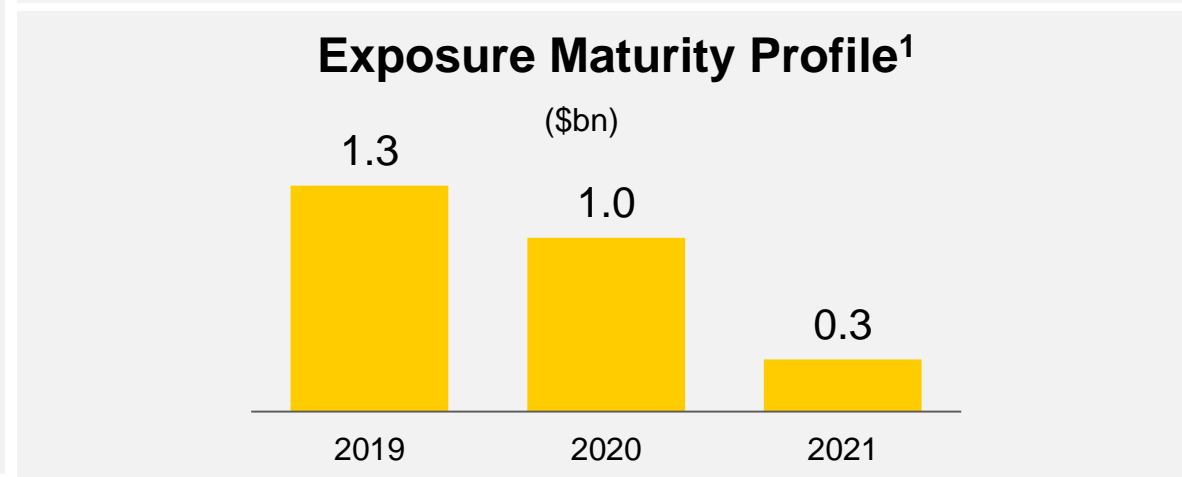
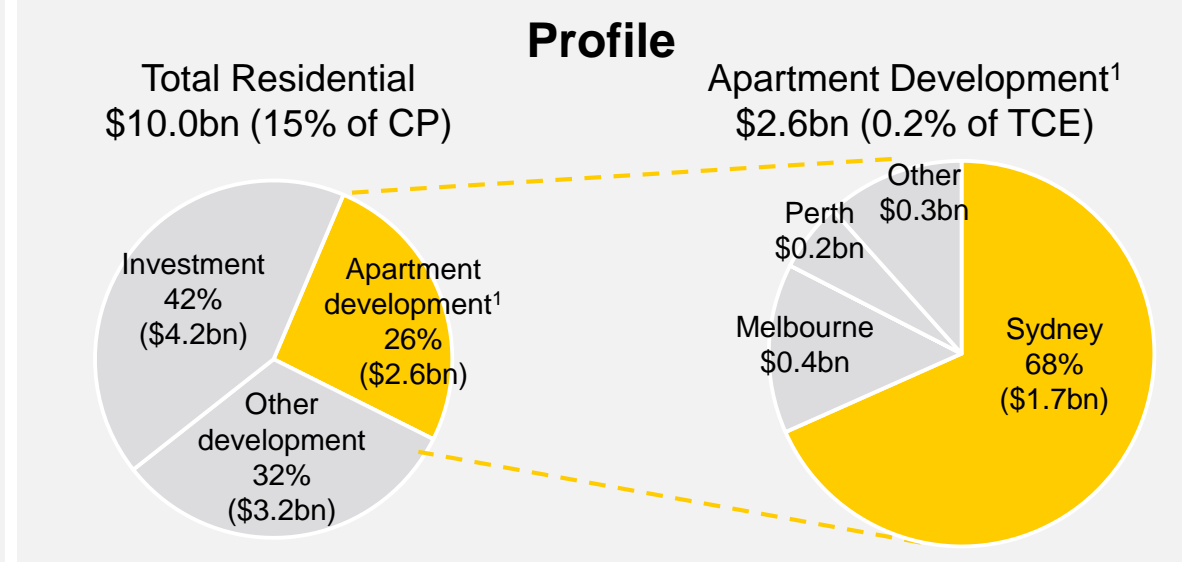
Sector profile is Group wide Commercial Property. Geographic profile is domestic Commercial Property.

# Residential apartments – weighted to Sydney



## Apartment development repayments largely driving portfolio dynamics

- Apartment Development<sup>1</sup> exposure reduced by \$1.2bn in the 6 months to Dec 18.
- Facilities being repaid on time from pre-sale settlements.
- Weighting to Sydney remained stable over the last 6 months.
- Sydney developments are diversified across the metropolitan area.
- Last 6 months repayments drove a decrease in Portfolio Qualifying Pre-sales (QPS)<sup>2</sup> to 109.8% from 112.1%.
- Portfolio LVR broadly stable at 55.9%.
- Ongoing comprehensive market, exposure and settlement monitoring on the portfolio.



1. Apartment Developments > \$20m. Brisbane, Melbourne and Perth defined as all postcodes within a 15km radius of the capital city and Sydney is all metropolitan Sydney based on location of the development. Other is all other locations. 2. QPS cover is the ratio of Qualifying Pre Sales to loan exposures.

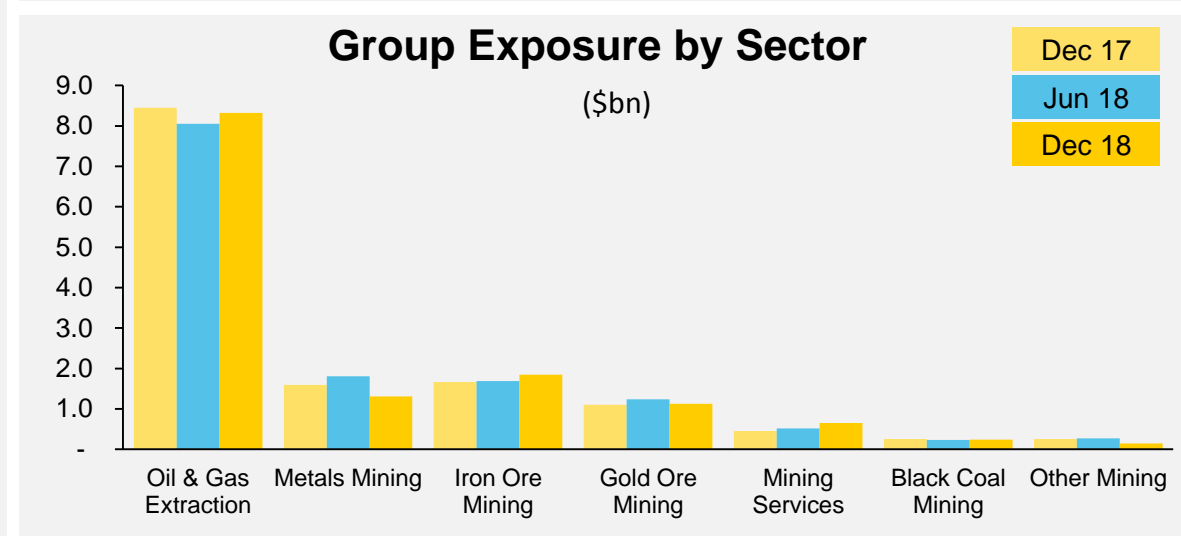
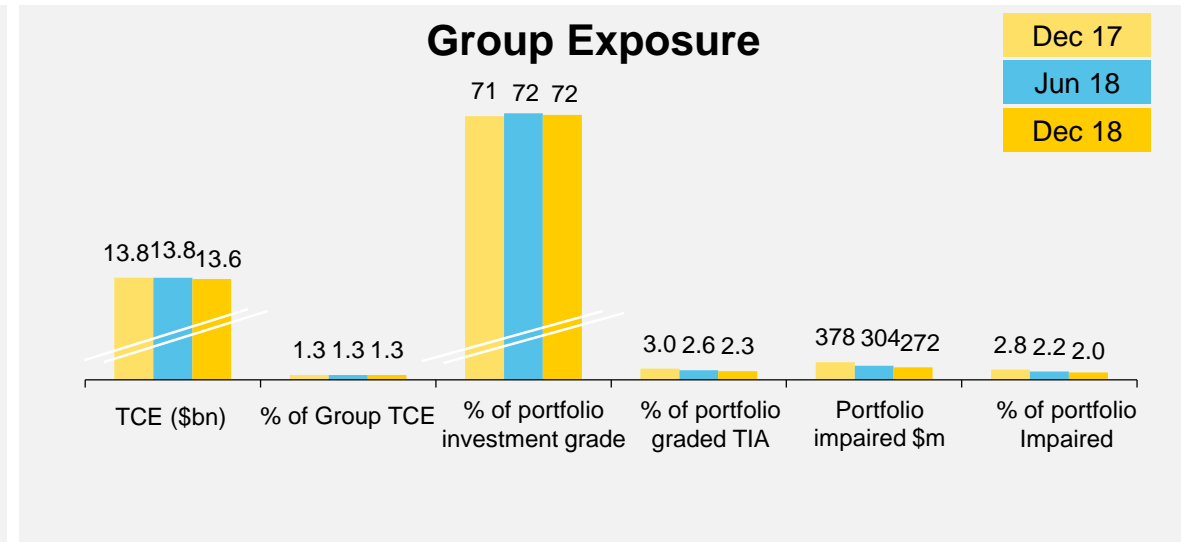


# Mining, oil & gas



## Exposures broadly stable, well diversified

- Exposures of \$13.6bn (1.3% of Group TCE).
- Stable performance over the past 6 months:
  - 72% investment grade
  - Diversified by commodity/customer/region.
  - Focus on quality, low cost projects with strong fundamentals and sponsors.
- Oil & Gas Extraction the largest sub-sector (61% of total), 71% investment grade with 21% related to LNG Terminals – typically supported by strong sponsors with significant equity contribution and offtake contracts from well-rated counterparties.
- Portfolio impaired level decreased further to 2.0% due to repayments and write-downs.
- Increased commodity price volatility in latter part of 2018.
- Stable outlook, however remain cautious of risk to further commodity price pull back.

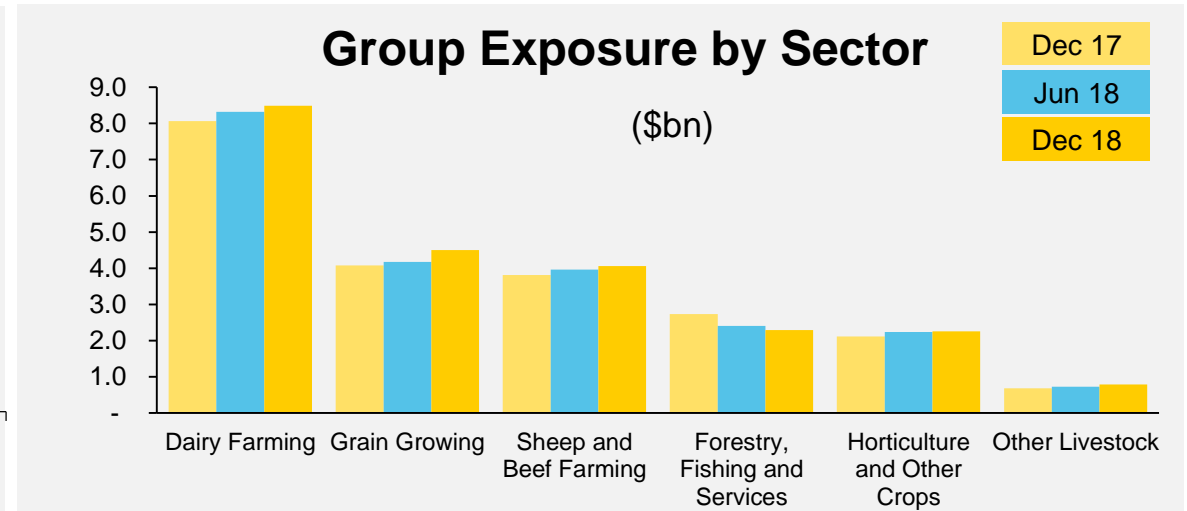
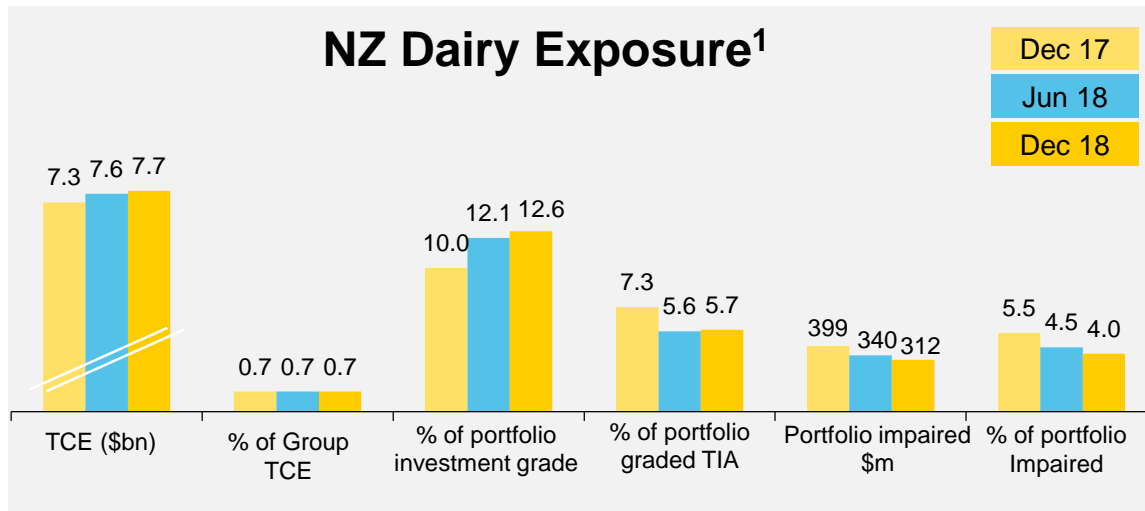
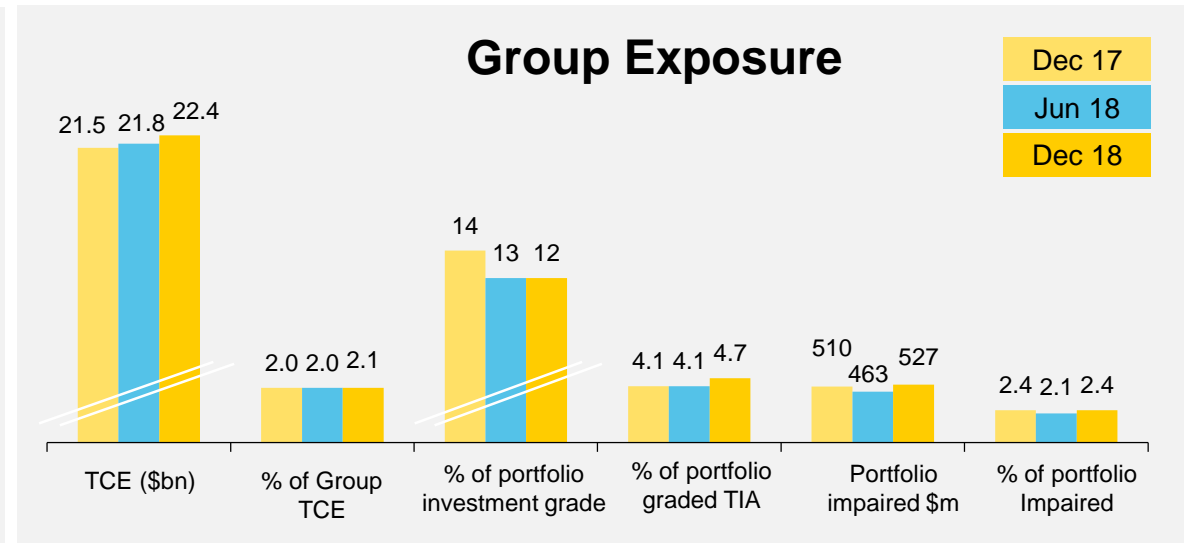


# Agriculture



## Well diversified portfolio, weighted to NZ dairy

- Group agriculture exposure of \$22.4bn (2.1% of Group TCE) – well diversified by geography, sector and client base.
- Australian agriculture portfolio performance stable with some headwinds from weak seasonal and drought conditions.
- NZ Dairy portfolio is stable, with market forecasts for 2018/19 milk prices above industry average breakeven. This will support continued portfolio recovery.



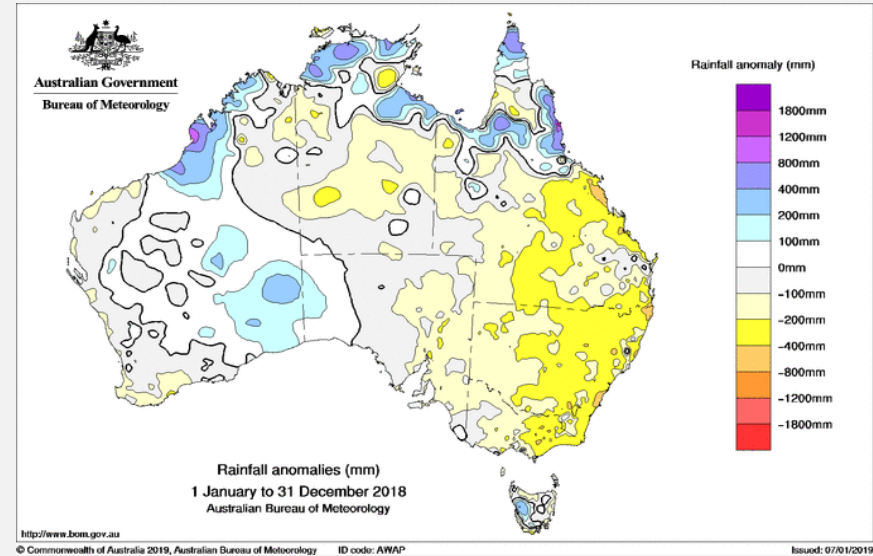
1. New Zealand dairy exposure (AUD) included in Group exposure.

# Drought affected areas

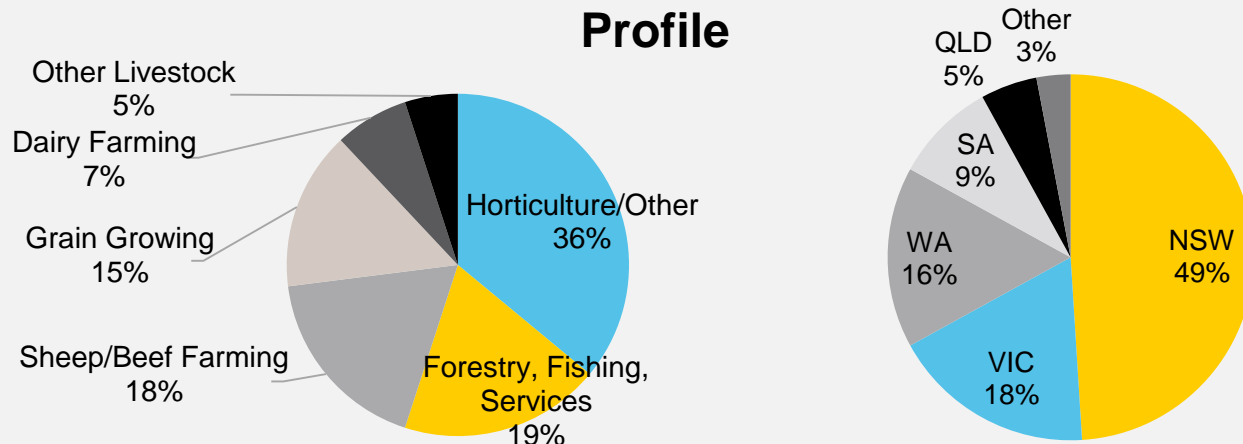


## \$8 million raised to support farmers and communities in drought affected regions

- Drought has become more pronounced in NSW and Victoria, with conditions drier than long term averages.
- Past droughts have not materially impacted the portfolio's performance due to diversification by geography, industry and exposure size.
- The impact on clients is being closely monitored, with the drought's severity expected to become more evident over the next 12 to 18 months. 2017 was a good crop year and commodity prices have been favourable, which assisted clients leading into the drought.
- CBA enacted its emergency assistance package in June 2018 for drought impacted clients.



### Profile



### Australian Agriculture Exposure

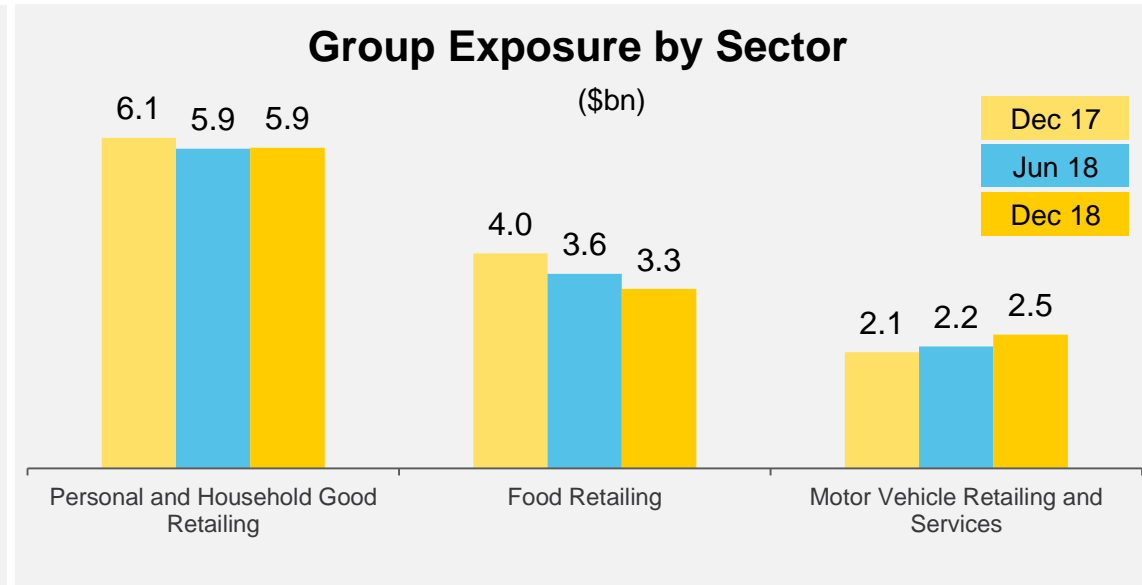
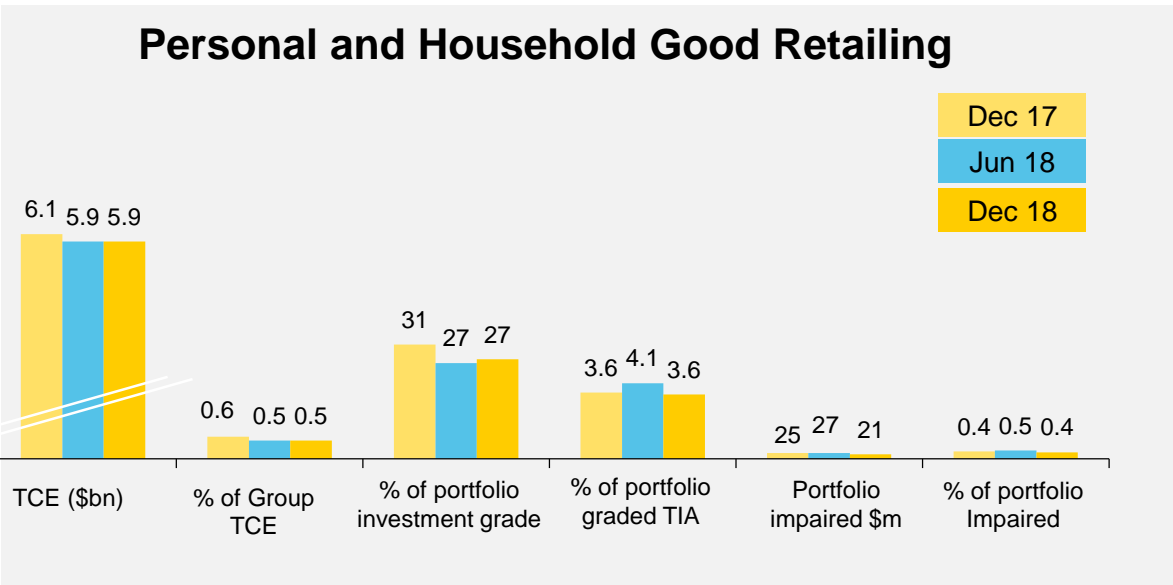
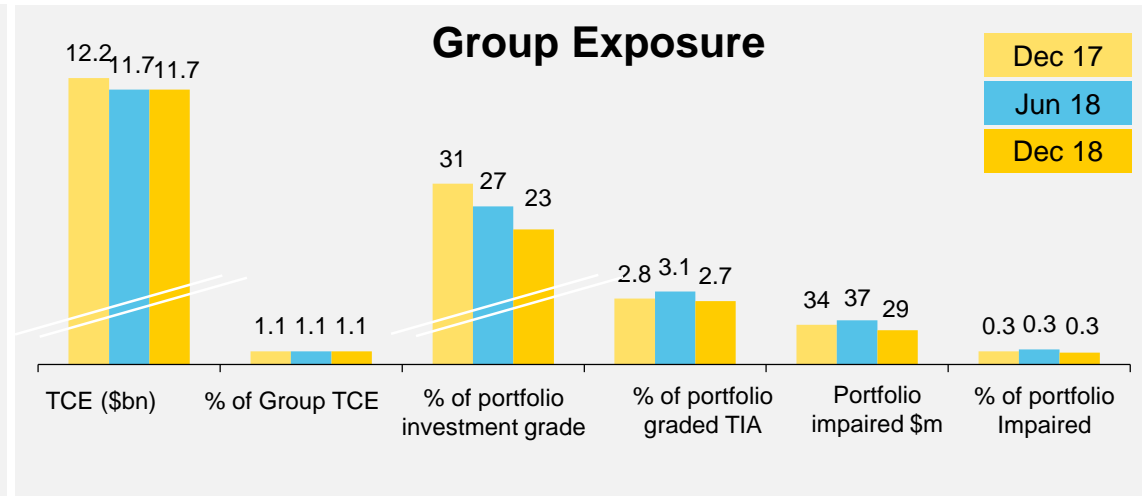
|                                 | Dec 17   | Jun 18   | Dec 18   |
|---------------------------------|----------|----------|----------|
| Exposure (TCE)                  | \$11.1bn | \$11.0bn | \$11.2bn |
| % of Group TCE                  | 1.03%    | 1.02%    | 1.03%    |
| % of portfolio investment grade | 16%      | 12%      | 10%      |
| % of portfolio graded TIA       | 2.5%     | 3.6%     | 4.6%     |
| % of portfolio impaired         | 0.8%     | 0.7%     | 1.6%     |

# Retail trade



## Conditions remain challenging

- The retail trade sector remains challenged by low wage growth, pressure on consumer disposable income, online disrupters and continued subdued consumer sentiment (despite an improvement in employment conditions).
- Discretionary Retail is expected to weaken further with higher competition and downward pressure on prices and profitability.



Commonwealth Bank

# Deposits, Funding and Liquidity



# Funding overview

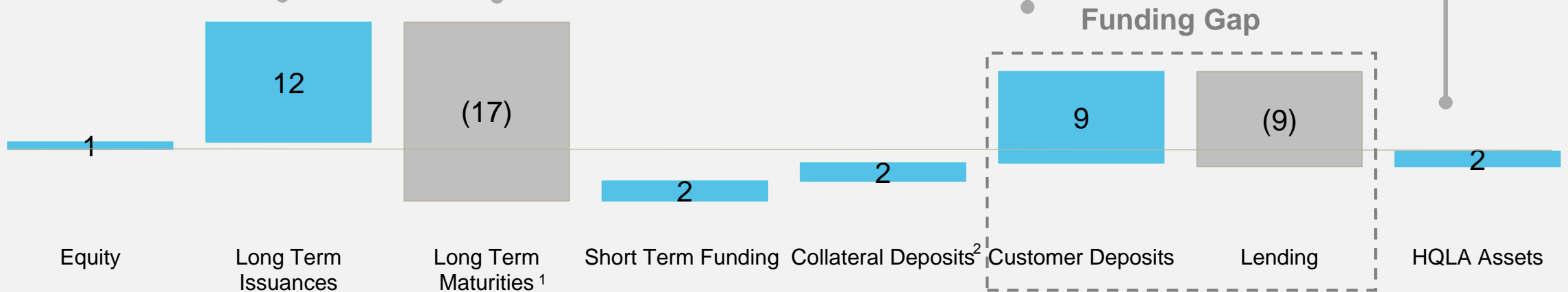
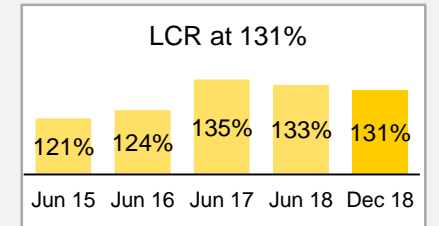
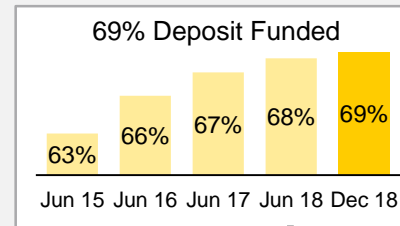
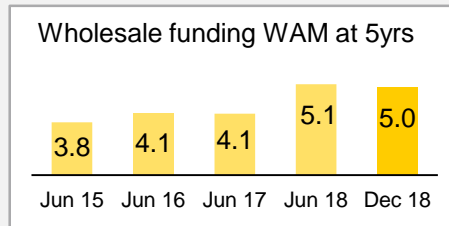
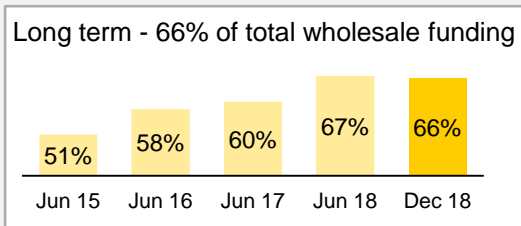


## Strong funding position maintained

\$bn

### Sources of funds

### Uses of funds



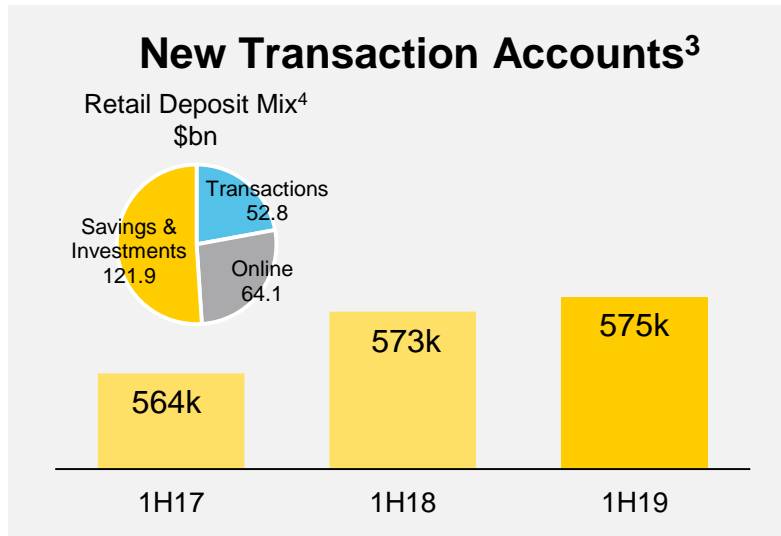
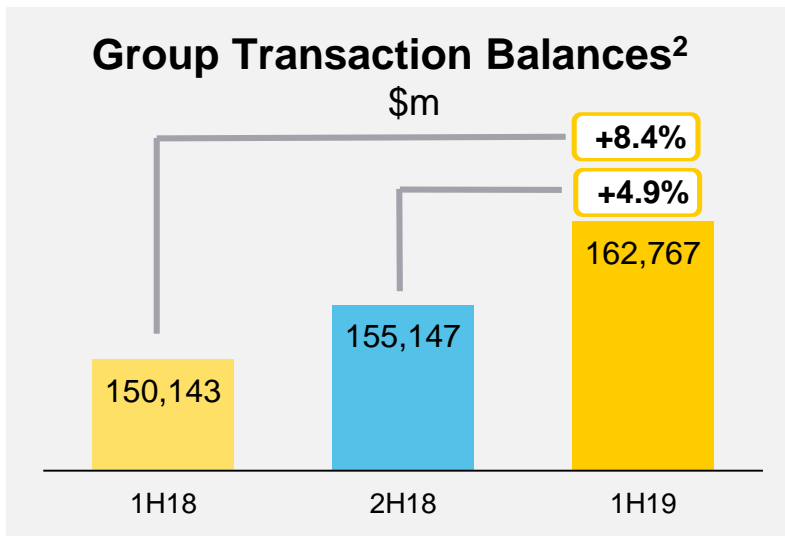
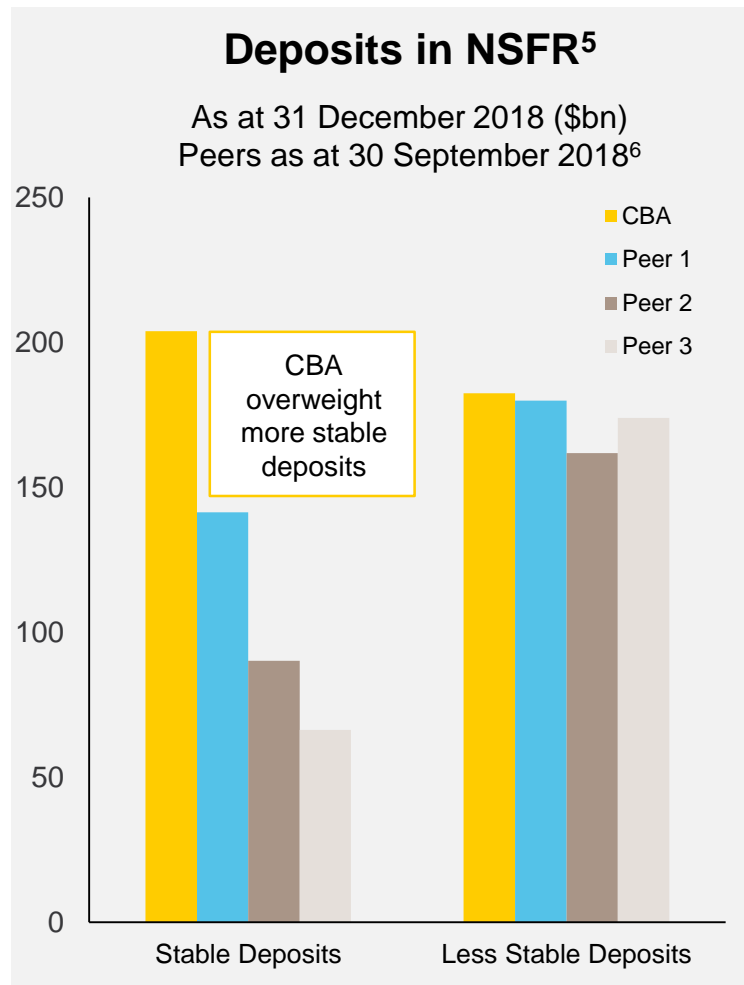
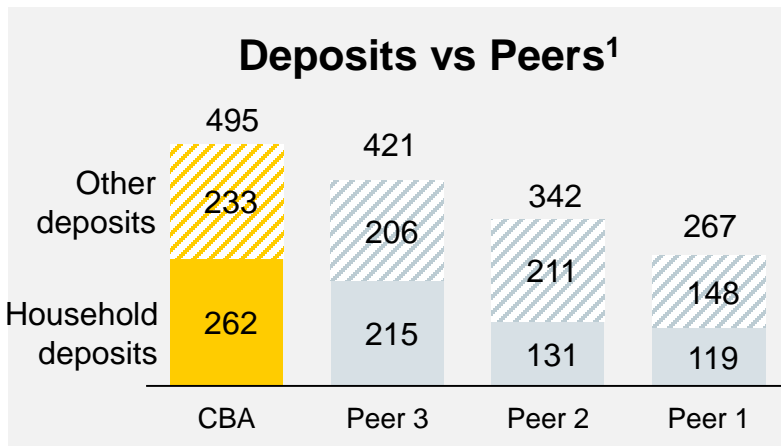
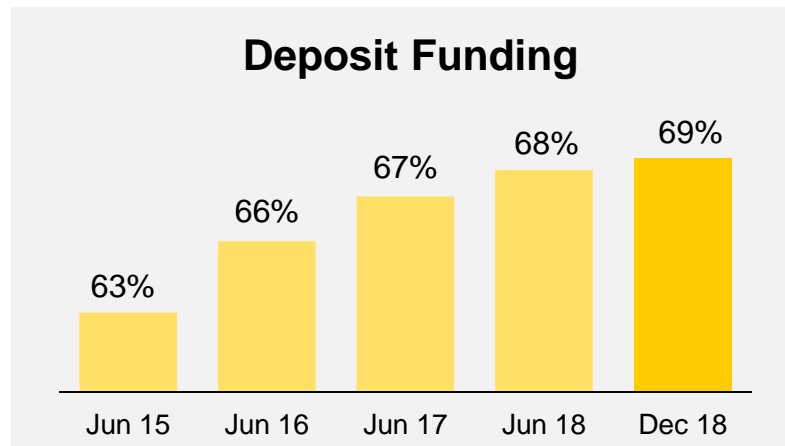
6 months to Dec 18<sup>3</sup>

1. Reported at historical FX rates. 2. Netted with FX revaluation. 3. Numbers do not sum to zero due to rounding.

# Deposit funding



## The Group maintains the highest share of stable, household deposits in Australia



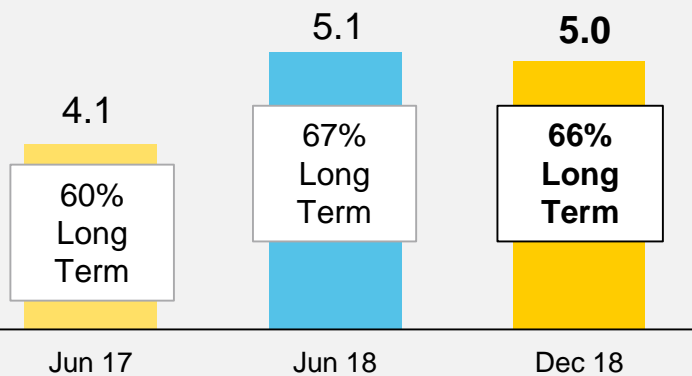
1. Source: APRA Monthly Banking Statistics. Total deposits (excluding CD's). CBA includes Bankwest. 2. Includes non-interest bearing deposits. 3. Number of new personal transaction accounts, excluding offset accounts, includes CBA and Bankwest. 4. Transactions includes non-interest bearing deposits and transaction offsets. Online includes NetBank Saver, Goal Saver, Bankwest Hero Saver, Smart eSaver and Telenet Saver. Savings and Investment includes savings offset accounts. 5. Stable and less stable deposits in NSFR calculation. Excludes operational deposits, other deposits and wholesale funding. 6. Source: 30 September 2018 Pillar 3 Regulatory Disclosures; CBA reported as at 31 December 2018.

# Wholesale funding

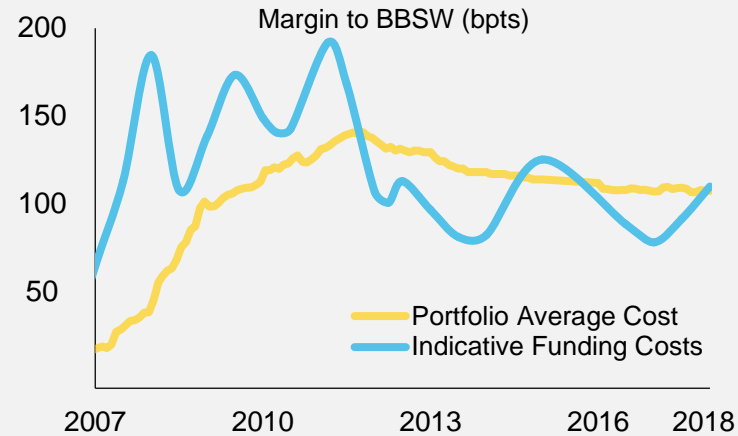


## Diversified wholesale funding across product, currency and tenor

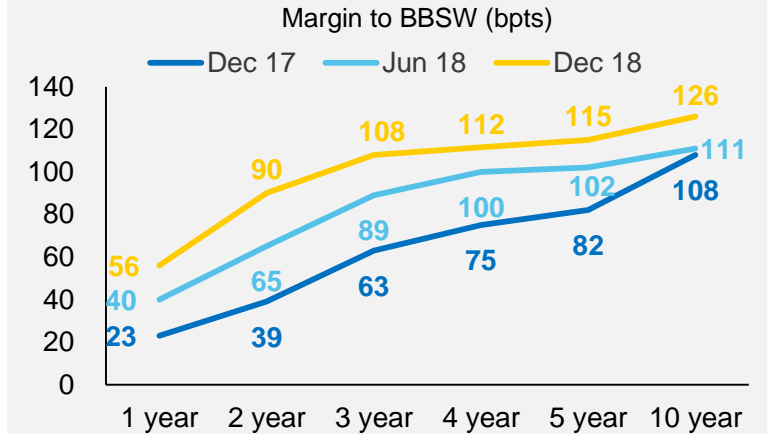
### Weighted Average Maturity Portfolio, Years<sup>1</sup>



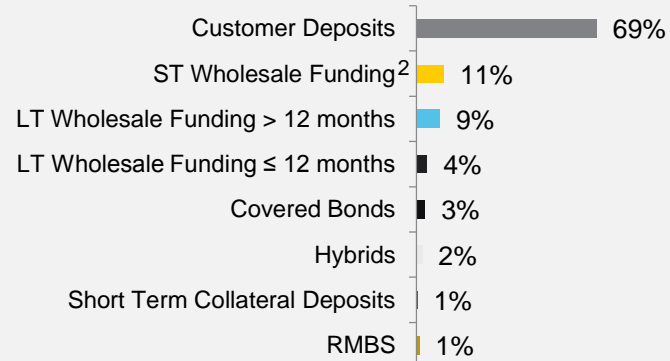
### Average long term funding costs



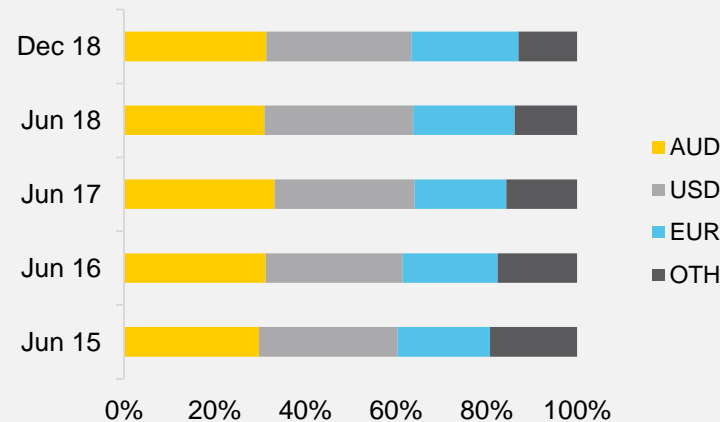
### Indicative funding cost curves



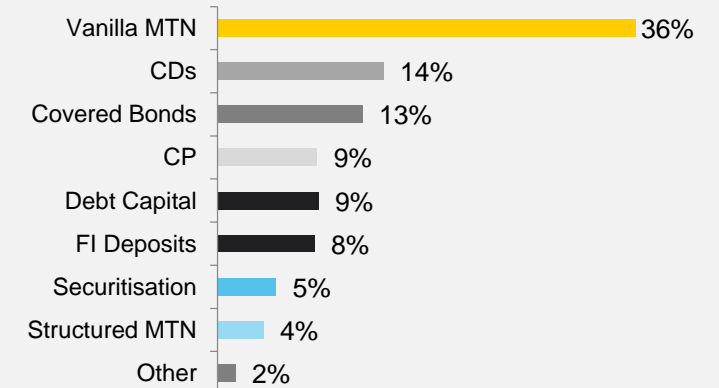
### Funding composition



### Term funding by currency<sup>3</sup>



### Wholesale funding by product



1. Long term wholesale funding (>12 months). 2. Includes the categories 'central bank deposits' and 'due to other financial institutions'. 3. Includes debt with an original maturity or call date of greater than 12 months (including loan capital).



# Wholesale funding – issuance and maturity

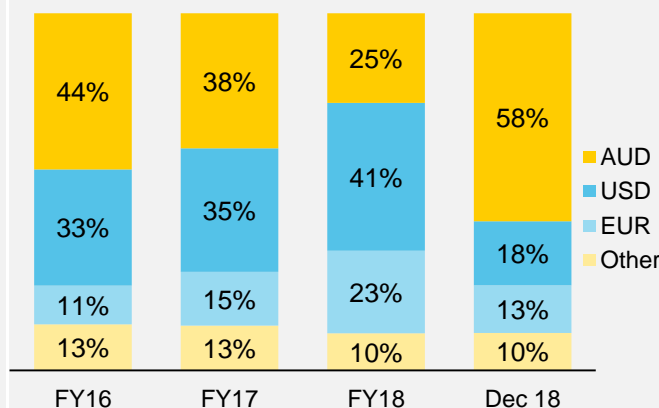


## \$12bn wholesale issuance completed 1H19

### 1H19 benchmark issuance

| Date   | Type        | Tenor (yr) | Volume (m) | Spread at Issue (bpts) |
|--------|-------------|------------|------------|------------------------|
| Jul-18 | GBP Senior  | 3          | GBP 250    | 3m GBP Libor +45       |
| Jul-18 | USD Covered | 5          | USD 1,250  | MS +40                 |
| Aug-18 | AUD Senior  | 3, 5       | AUD 3,500  | 3m BBSW +73 / 93       |
| Sep-18 | NZD Senior  | 5          | NZD 450    | BKBM +102              |
| Sep-18 | AUD RMBS    | 6.8        | AUD 1,630  | 1m BBSW +132           |
| Oct-18 | EUR Covered | 7          | EUR 500    | MS +16                 |
| Dec-18 | AUD Tier 1  | 5.4        | AUD 1,500  | 3m BBSW +370           |

### New term issuance by currency



### New term issuance by tenor

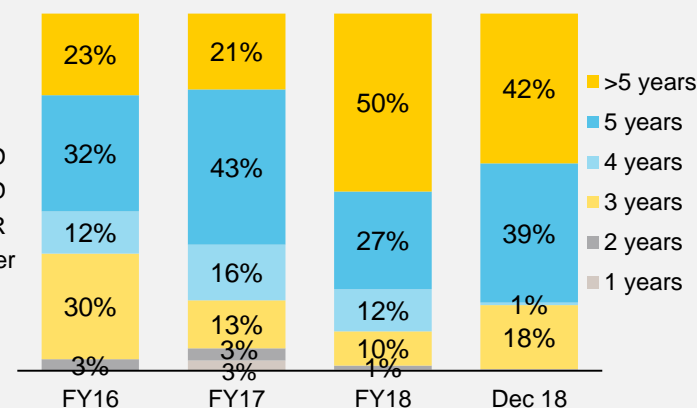
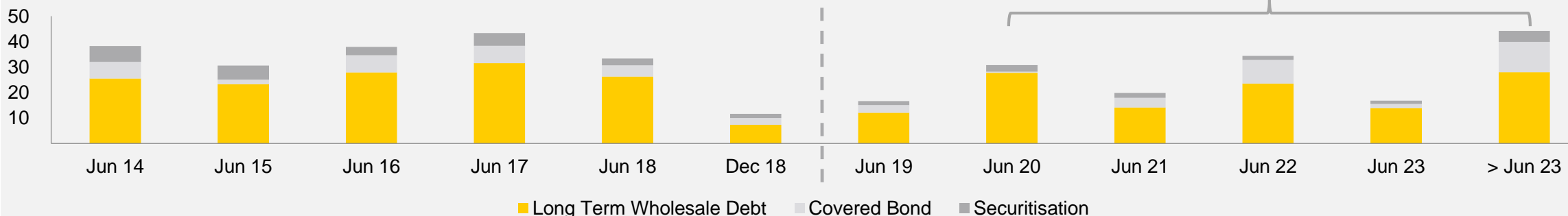


Chart totals do not add to 100% due to rounding.

### Issuance

\$bn



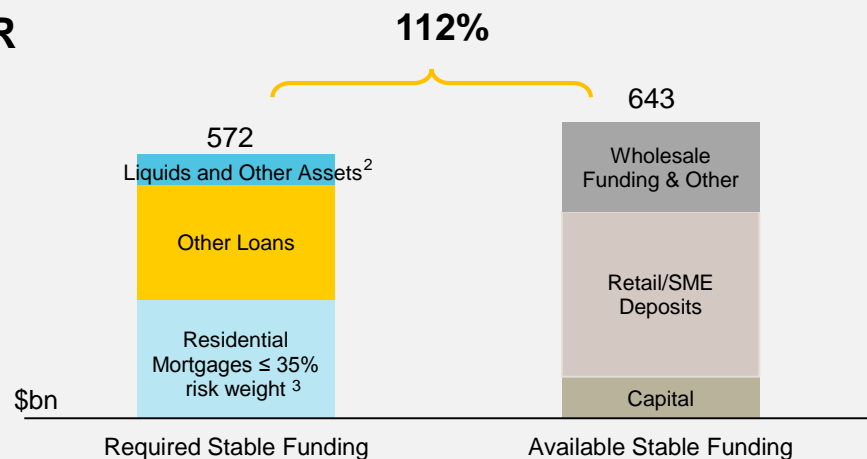
# Funding and Liquidity Metrics<sup>1</sup>



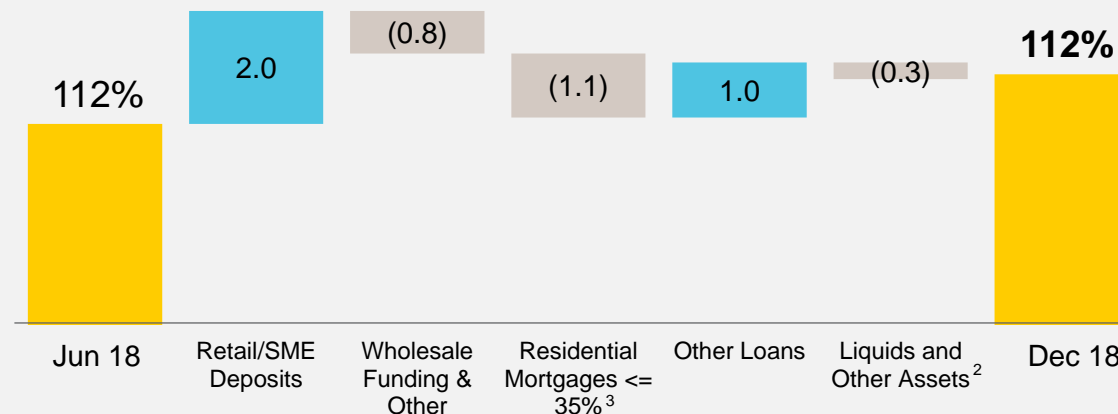
## Strong funding and liquidity positions maintained

### NSFR

Dec 18

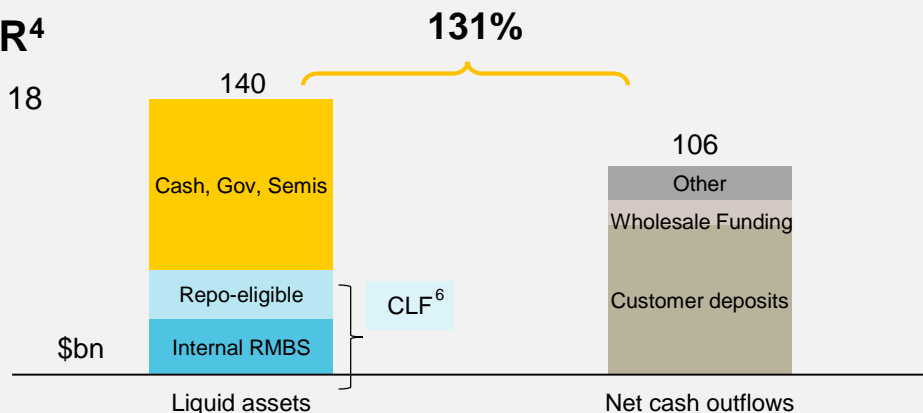


### NSFR (%)

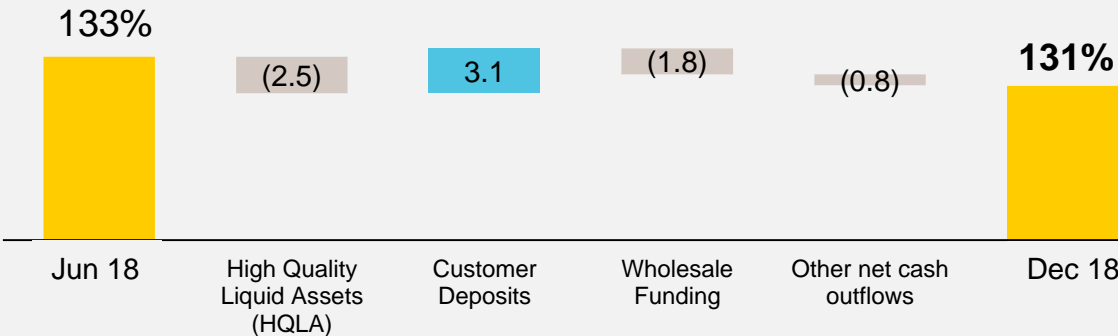


### LCR<sup>4</sup>

Dec 18



### LCR (%)<sup>5</sup>



1. All figures shown on a Level 2 basis. 2. 'Other assets' includes non-performing loans, off-balance sheet items, net derivatives and other assets. 3. This represents residential mortgages with risk weighting ≤35% under APRA standard APS112 Capital Adequacy: Standardised Approach to Credit Risk. 4. Pillar 3 quarterly average. 5. Calculation reflects movements in both the numerator and denominator. 6. The Group's CLF for calendar year 2018 was \$53.3bn, which included \$29bn of internal RMBS. For calendar year 2019 the Group's CLF is \$50.7bn.

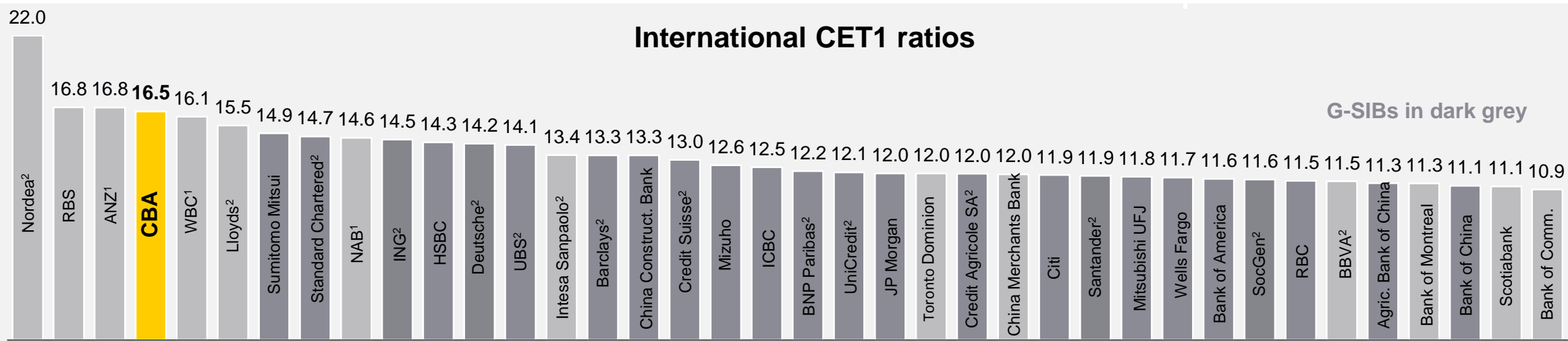
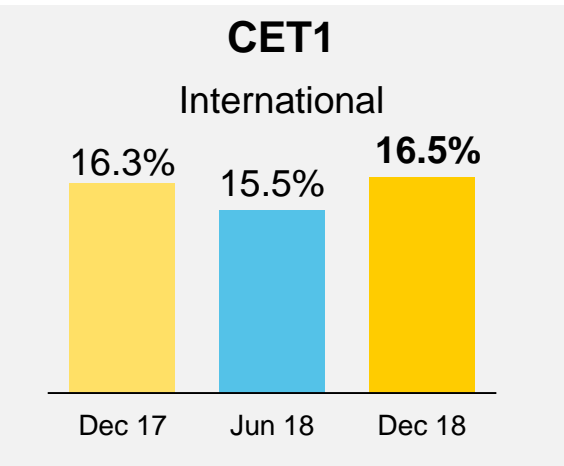
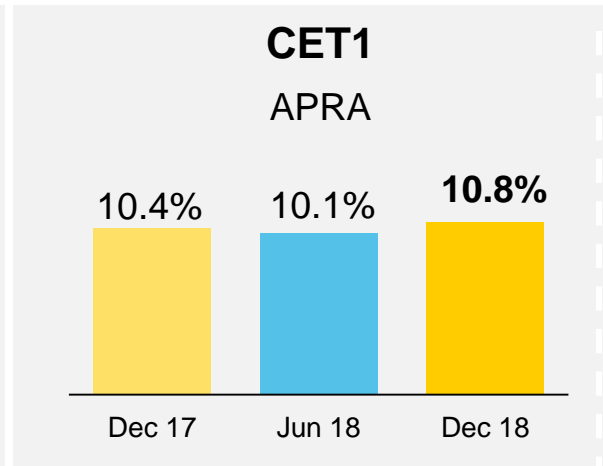
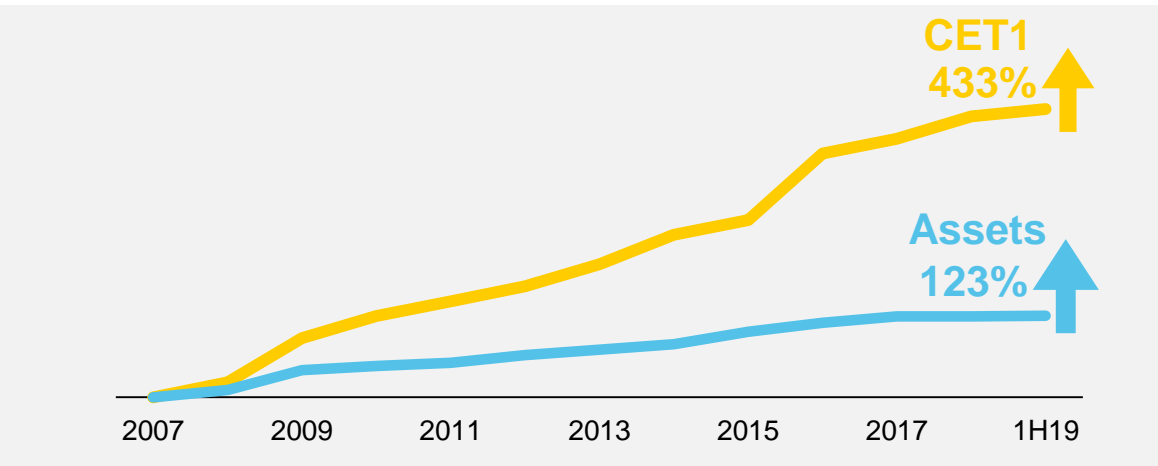


# Capital

# Capital Overview



## Strong capital position maintained over time



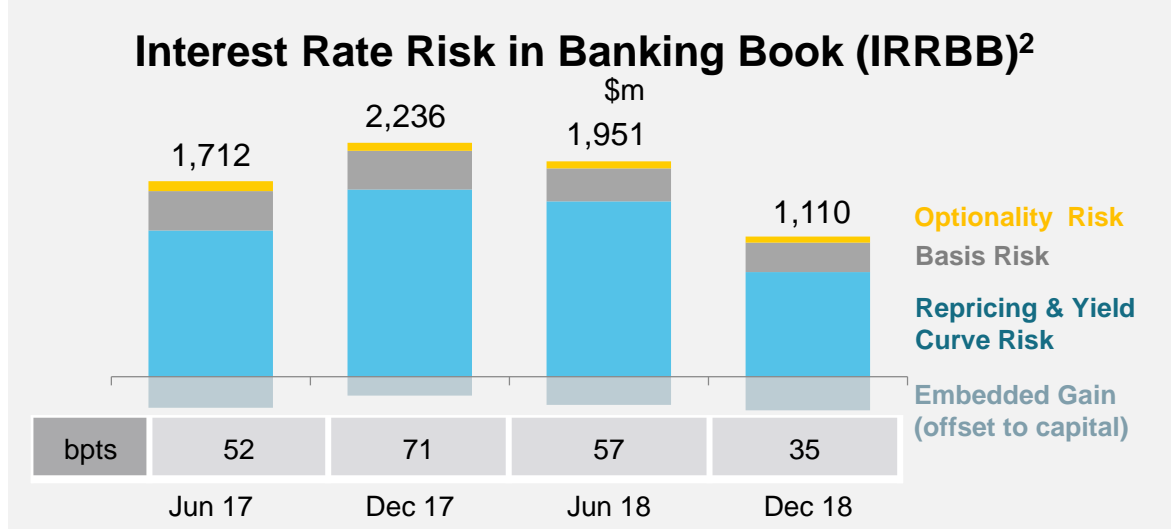
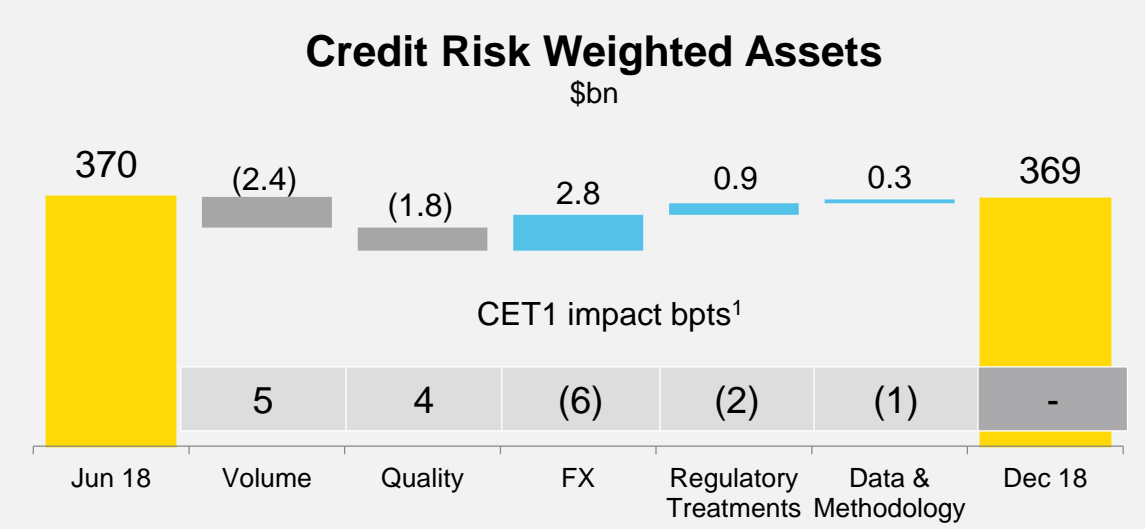
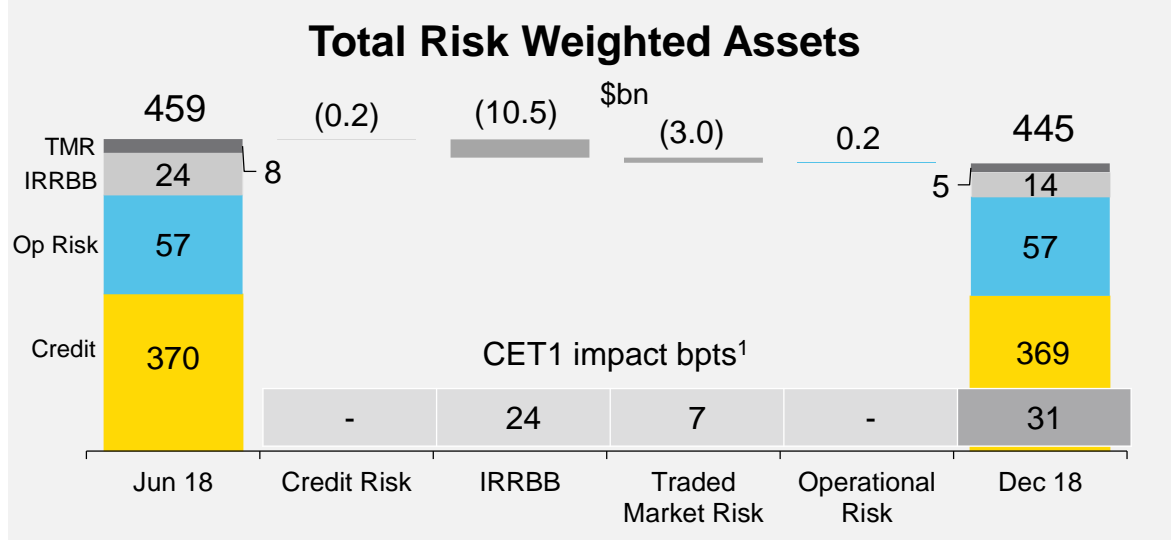
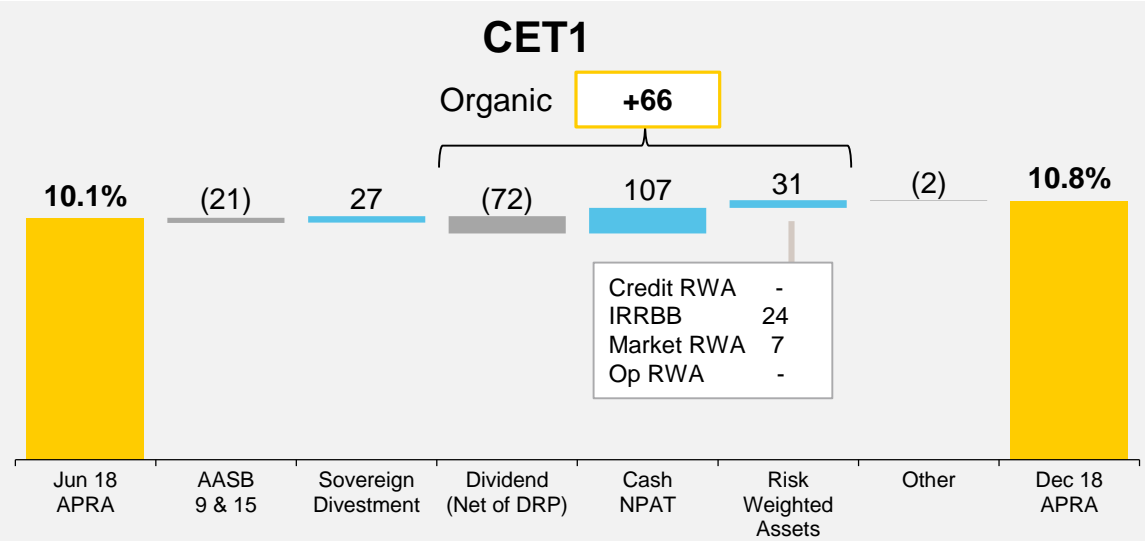
Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 30 January 2019 assuming Basel III capital reforms fully implemented. Peer group comprises listed commercial banks with total assets in excess of A\$800 billion and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate.

1. Domestic peer figures as at 30 September 2018. 2. Deduction for accrued expected future dividends added back for comparability.

# Capital drivers



## Credit RWA flat in the half

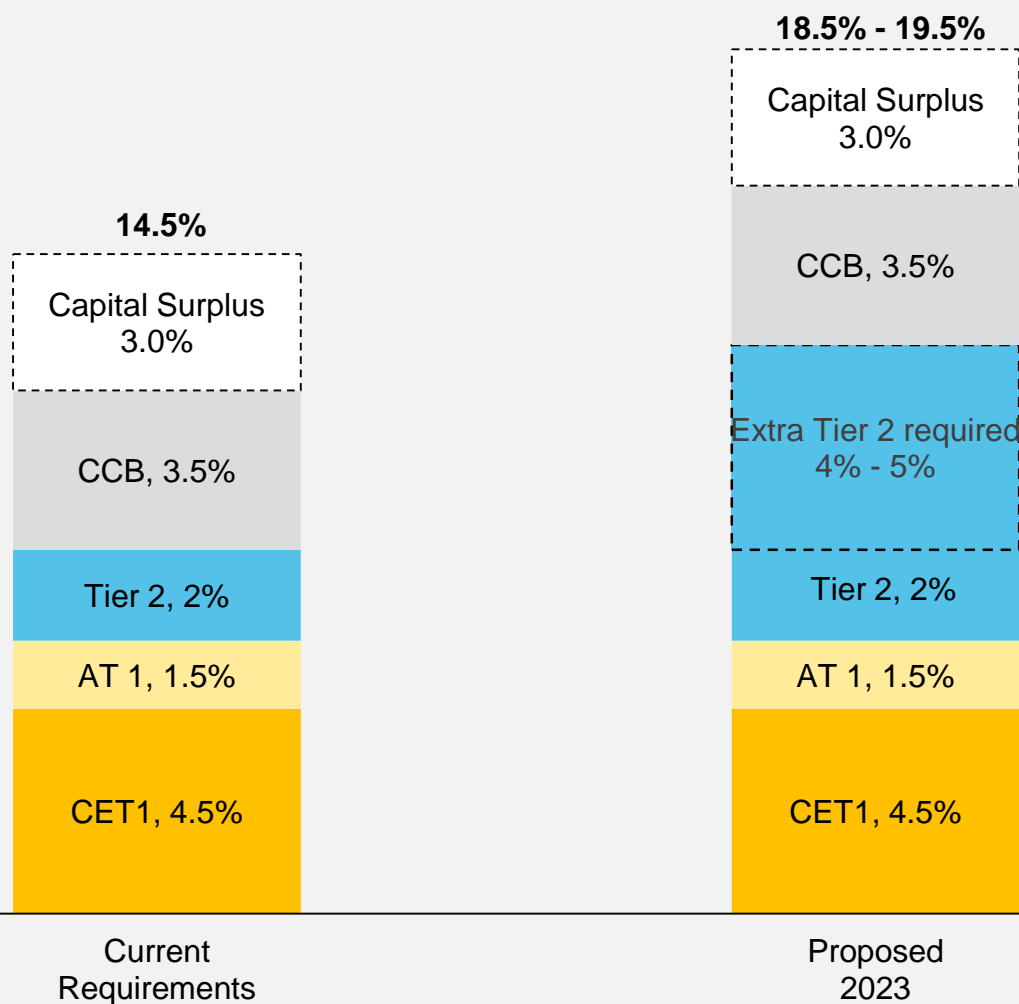


1. Basis points contribution to change in APRA CET1 ratio. 2. Capital (Dec 18: \$1,110m) assigned to interest rate risk in banking book per APS117. Basis points of APRA CET1 ratio. 109

# APRA's LAC proposal



## 4%-5% increase in Total Capital by 2023 to increase loss absorbing capacity (LAC)



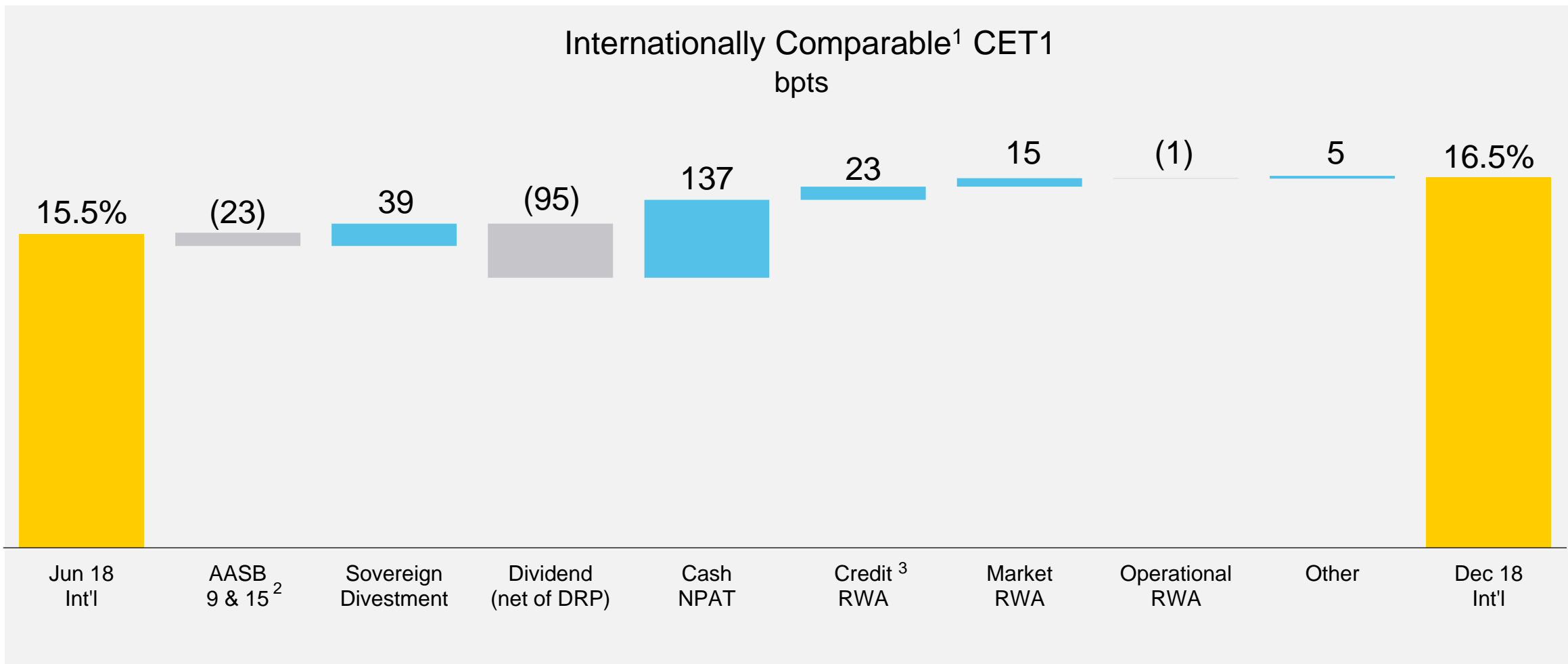
- APRA commenced consultation on a proposed 4%-5% increase in LAC for D-SIBs by 2023.
- The 4 majors are collectively engaging with APRA on the proposal.
- APRA proposes Tier 2 as the primary instrument to meet LAC requirements.
- Peer jurisdictions without exception introduced new LAC eligible instruments.
- Finalisation of requirements expected in 2019, with a 4 year implementation.

| \$m   | Dec 18         |
|---|----------------|
| <b>Risk Weighted Assets</b>                 | <b>445,144</b> |
| <b>Potential extra Tier 2 required @ 4%</b> | <b>17,806</b>  |
| <b>Potential extra Tier 2 required @ 5%</b> | <b>22,257</b>  |

# CET1 – internationally comparable



Higher international ratio driven by strong organic capital generation



1. Internationally comparable capital - refer glossary for definition. 2. Includes impact of AASB 9 and AASB 15 implemented on 1 July 2018. 3. Movement primarily relates to the impact of the introduction of the new mortgage models (previously, APRA required a 25.25% minimum for Australian mortgages).

# Regulatory expected loss



## Increase in provisions due to implementation of AASB 9

| \$m  | Dec 17       | Jun 18       | Dec 18             |
|--|--------------|--------------|--------------------|
| <b>Regulatory Expected Loss (EL)</b>                 | <b>4,592</b> | <b>4,453</b> | <b>4,600</b>       |
| Eligible Provisions (EP)                             |              |              |                    |
| Collective Provisions <sup>1</sup>                   | 2,525        | 2,484        | 3,453 <sup>2</sup> |
| Specific Provisions <sup>1,3</sup>                   | 1,813        | 1,581        | 1,650              |
| General Reserve for Credit Losses adjustment         | 554          | 589          | 539                |
| Less: ineligible provisions (standardised portfolio) | (253)        | (253)        | (325)              |
| <b>Total Eligible Provisions</b>                     | <b>4,639</b> | <b>4,401</b> | <b>5,317</b>       |
| Regulatory EL in Excess of EP <sup>4</sup>           | (47)         | 52           | (717) <sup>2</sup> |
| Common Equity Tier 1 Adjustment                      | 99           | 212          | _ <sup>2</sup>     |

1. Includes transfer from collective provision to specific provisions (Dec 18: \$361m, Jun 18: \$279m, Dec 17: \$247m). 2. Implementation of AASB 9 on 1 July 2018 has increased collective provisions, resulting in the CET1 deduction reducing to nil. 3. Specific provisions includes partial write offs (Dec 18: \$369m, Jun 18: \$432m Dec 17: \$588m). 4. Excess of eligible provisions for non-defaulted exposures included in Tier 2 capital (Dec 18: \$521m, Jun 18: nil, Dec 17: nil).



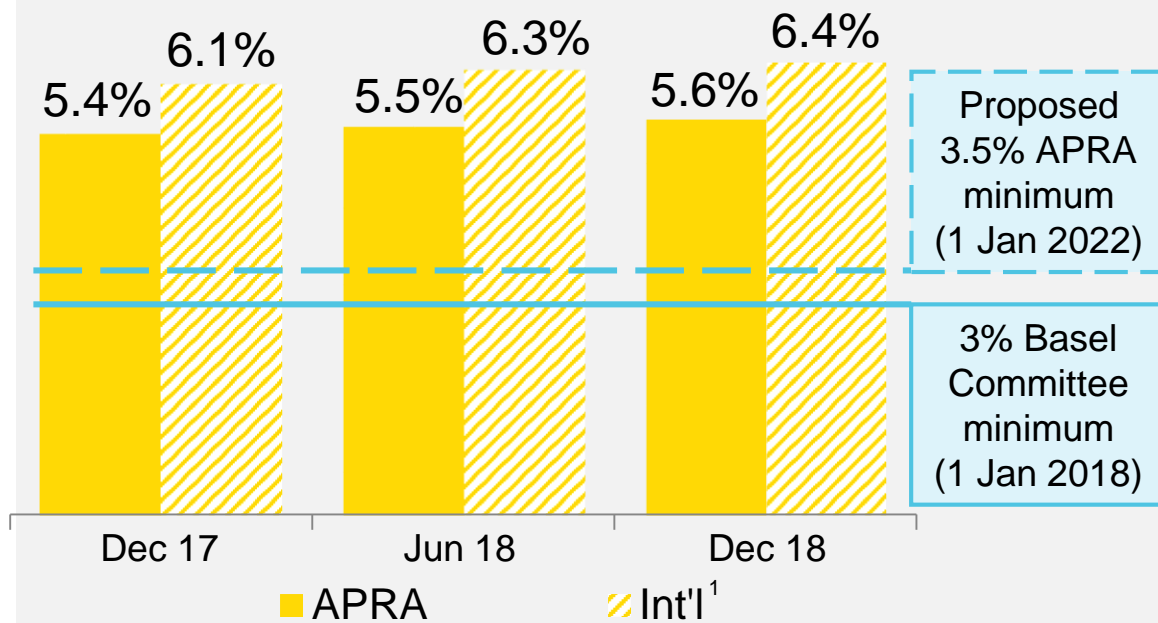
# Leverage ratio



## CBA leverage ratio well above proposed APRA minimum

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

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



| \$m                          | Dec 18      |
|------------------------------|-------------|
| Tier 1 Capital               | 57,518      |
| Total Exposures              | 1,026,240   |
| <b>Leverage Ratio (APRA)</b> | <b>5.6%</b> |

| \$m  | Dec 18           |
|--|------------------|
| <b>Group Total Assets</b>  | <b>980,430</b>   |
| Less subsidiaries outside the scope of regulatory consolidations | (17,243)         |
| Add net derivative adjustment                                    | 2,193            |
| Add securities financing transactions                            | 422              |
| Less asset amounts deducted from Tier 1 Capital                  | (19,929)         |
| Add off balance sheet exposures                                  | 80,367           |
| <b>Total Exposures</b>   | <b>1,026,240</b> |

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

# Regulatory capital change timetable

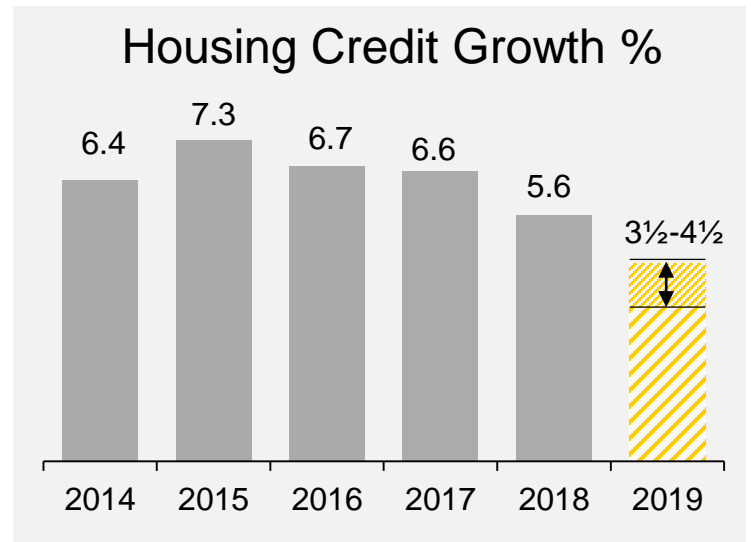
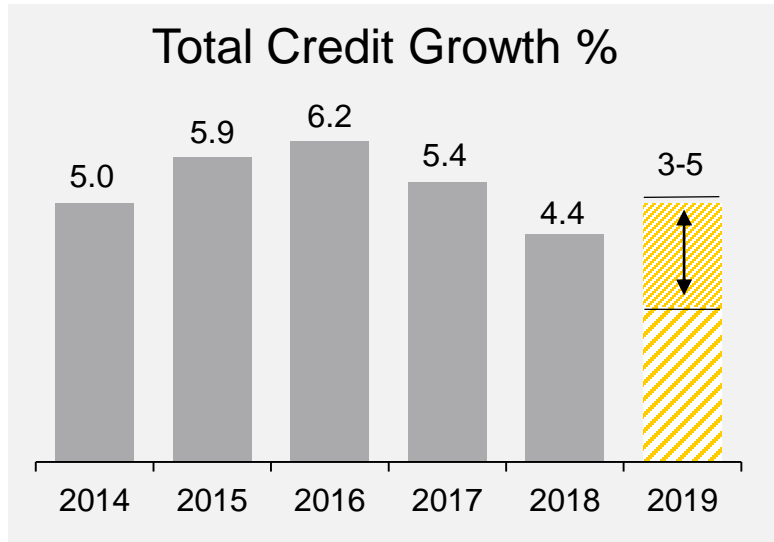
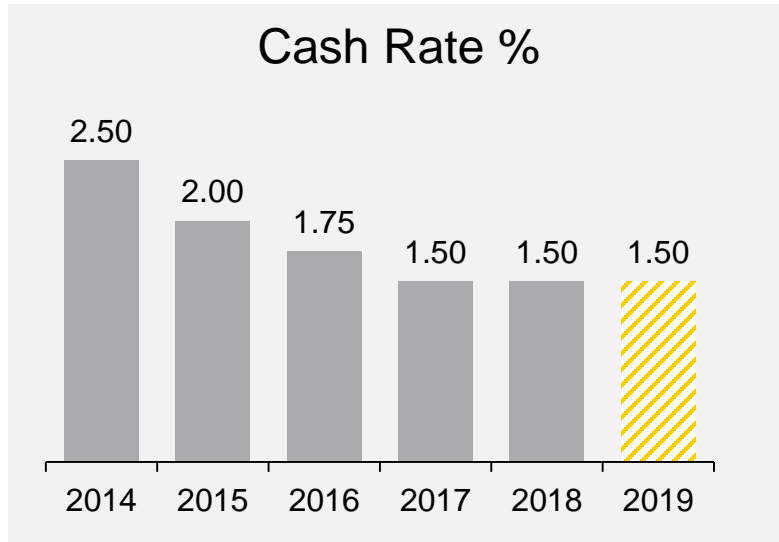
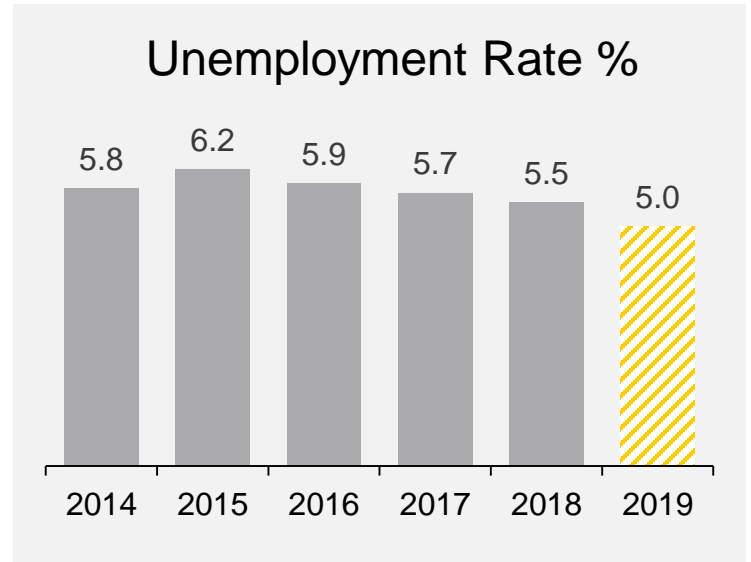
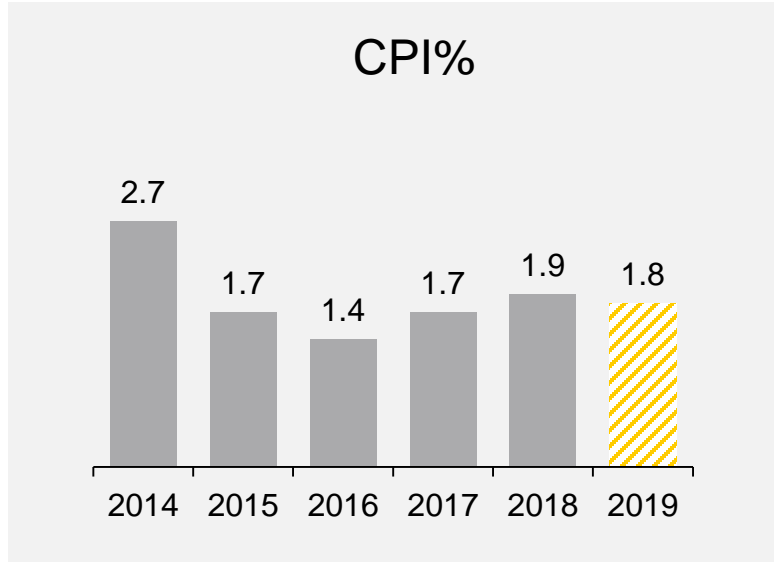
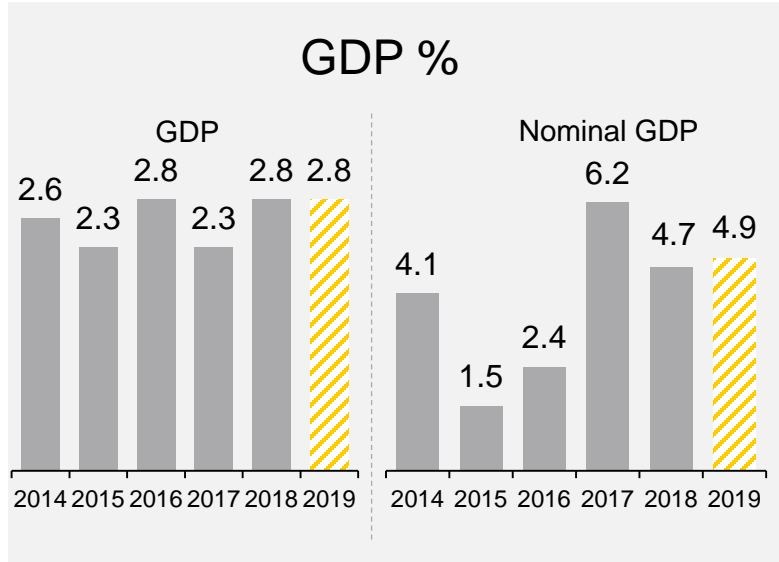


|   | 2018  | 2019  | 2020 | 2021 | 2022   | 2023   |
|---|---|---|------|------|--|--|
| <b>APRA's unquestionably strong</b>               | <p>Capital to exceed unquestionably strong benchmark of CET1 &gt;10.5% by 1 Jan 2020</p>  |   |      |      |  |  |
| <b>APRA's revisions the ADI capital framework</b> | <p>APRA commenced consultation in 2018 on:</p> <ul style="list-style-type: none"> <li>• Revisions to risk-based capital requirements for credit, interest rate risk in the banking book and operational risk</li> <li>• Transparency, comparability and flexibility of the ADI capital framework</li> </ul> |   |      |      | <p>Implementation date<br/>1 Jan 2022</p>                          |  |
| <b>Leverage ratio</b>                             | <p>APRA commenced consultation in 2018</p>  | <p>APRA expects that IRB ADIs will continue to report leverage ratios under the existing framework</p>  |      |      | <p>Implementation of proposed minimum 3.5% from<br/>1 Jan 2022</p> |  |
| <b>Loss Absorbing Capacity ("LAC")</b>            | <p>APRA commenced consultation in Nov 2018</p>  | <p>Proposed 4%-5% increase to Total Capital</p>   |      |      |  | <p>Implementation proposed from<br/>1 Jan 2023</p> |
| <b>Counterparty Credit Risk</b>                   |   | <p>Implementation 1 July 2019</p>   |      |      |  |  |
| <b>AASB 16 Leasing</b>                            |   | <p>Implementation 1 July 2019</p>   |      |      |  |  |
| <b>RBNZ Capital Review</b>                        | <p>RBNZ commenced consultation in 2017, final consultation paper released Dec 2018</p>  | <ul style="list-style-type: none"> <li>• RBNZ proposed higher RWA for IRB banks from Jun 2020 (Effectively 90% of RWA on standardised basis)</li> <li>• RBNZ proposed higher minimum capital requirements, to be phased in by 2023 (Tier 1 minimum 16% for D-SIBs, including a countercyclical buffer of 1.5%)</li> </ul> |      |      |  |  |



# Economic Overview

# Key economic indicators (June FY)



Credit Growth = 12 months to June qtr  
 GDP, Unemployment & CPI = Financial year average  
 Cash Rate = As at June

= forecast

Source: ABS, RBA

# Key economic indicators (June FY)



|                    |                                  | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019     | 2020    |
|--------------------|----------------------------------|------|------|------|------|------|------|----------|---------|
| <b>World</b>       | GDP                              | 3.5  | 3.6  | 3.5  | 3.3  | 3.8  | 3.7  | 3.5      | 3.6     |
| <b>Australia</b>   | Credit Growth % – Total          | 3.1  | 5.0  | 5.9  | 6.2  | 5.4  | 4.5  | 3-5      | 3½-5½   |
|                    | Credit Growth % – Housing        | 4.6  | 6.4  | 7.3  | 6.7  | 6.6  | 5.6  | 3½-4½    | 4-6     |
|                    | Credit Growth % – Business       | 1.2  | 3.4  | 4.5  | 6.6  | 4.3  | 3.2  | 5-7      | 4-6     |
|                    | Credit Growth % – Other Personal | 0.2  | 0.6  | 0.8  | -0.6 | -1.0 | -1.3 | -3 to -1 | -1 to 1 |
|                    | GDP %                            | 2.6  | 2.6  | 2.3  | 2.8  | 2.3  | 2.8  | 2.8      | 3.2     |
|                    | CPI %                            | 2.3  | 2.7  | 1.7  | 1.4  | 1.7  | 1.9  | 1.8      | 2.4     |
|                    | Unemployment rate %              | 5.4  | 5.8  | 6.2  | 5.9  | 5.7  | 5.5  | 5.0      | 4.8     |
|                    | Cash Rate %                      | 2.75 | 2.50 | 2.00 | 1.75 | 1.50 | 1.50 | 1.50     | 2.00    |
| <b>New Zealand</b> | Credit Growth % – Total          | 4.3  | 4.4  | 5.8  | 7.7  | 6.5  | 5.4  | 4-6      | 3½-5½   |
|                    | Credit Growth % – Housing        | 5.2  | 5.3  | 5.4  | 8.8  | 7.7  | 5.9  | 5-6      | 4-5     |
|                    | Credit Growth % – Business       | 2.8  | 2.8  | 5.9  | 7.2  | 6.2  | 5.7  | 5-6      | 5-6     |
|                    | Credit Growth % – Agriculture    | 4.1  | 3.4  | 7.4  | 6.0  | 2.6  | 2.8  | 3-4      | 3½-4½   |
|                    | GDP %                            | 2.2  | 2.7  | 4.0  | 3.6  | 3.4  | 3.1  | 2.6      | 3.2     |
|                    | CPI %                            | 0.8  | 1.5  | 0.6  | 0.3  | 1.4  | 1.5  | 1.7      | 1.6     |
|                    | Unemployment rate %              | 6.1  | 5.6  | 5.4  | 5.2  | 5.0  | 4.5  | 4.1      | 4.1     |
|                    | Overnight Cash Rate %            | 2.50 | 3.25 | 3.25 | 2.25 | 1.75 | 1.75 | 1.75     | 1.75    |

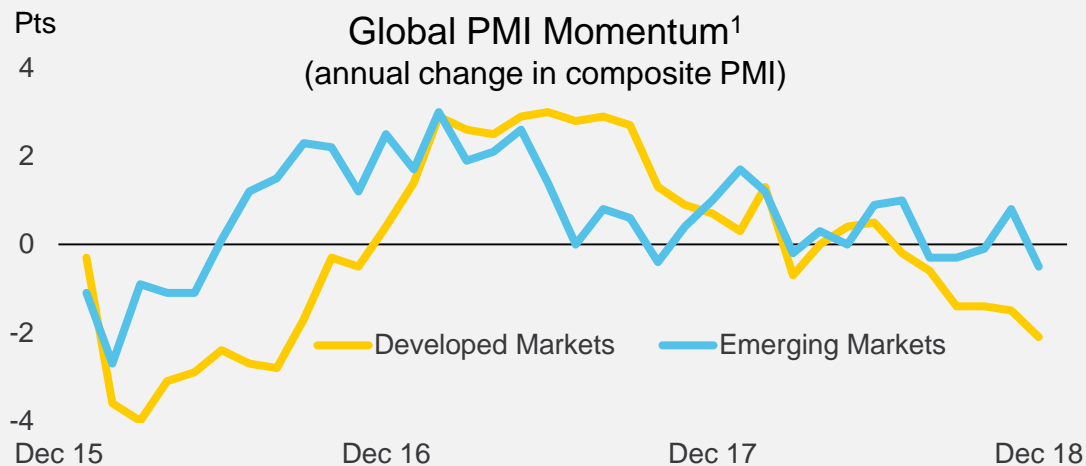
Credit Growth = 12 months to June  
 GDP, Unemployment & CPI = Financial year average  
 Cash Rate = As at June

World GDP = Calendar Year Average  
 = forecast

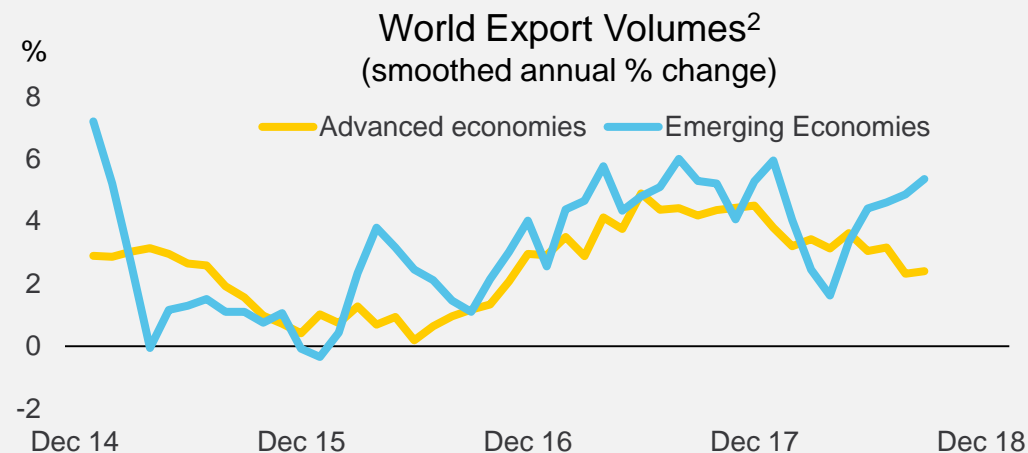
# Global growth risks have increased



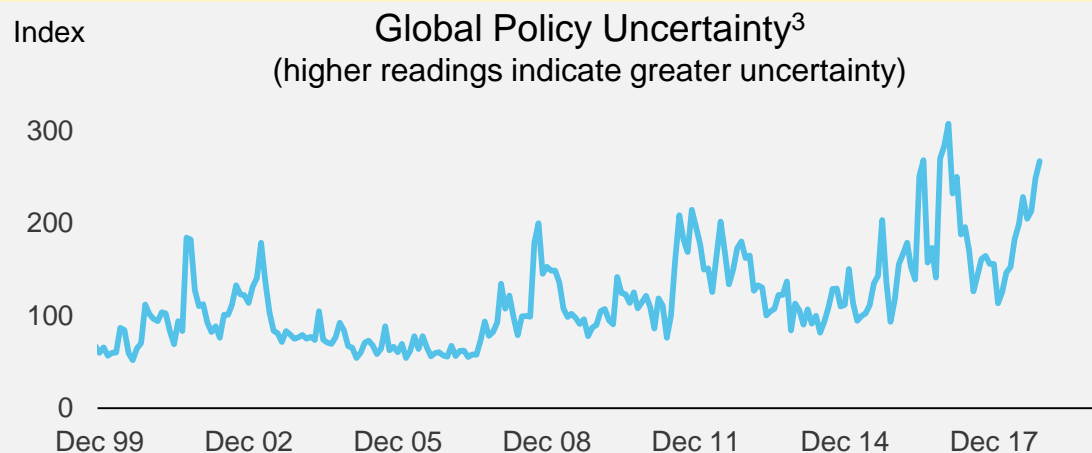
## The global expansion is becoming more uneven...



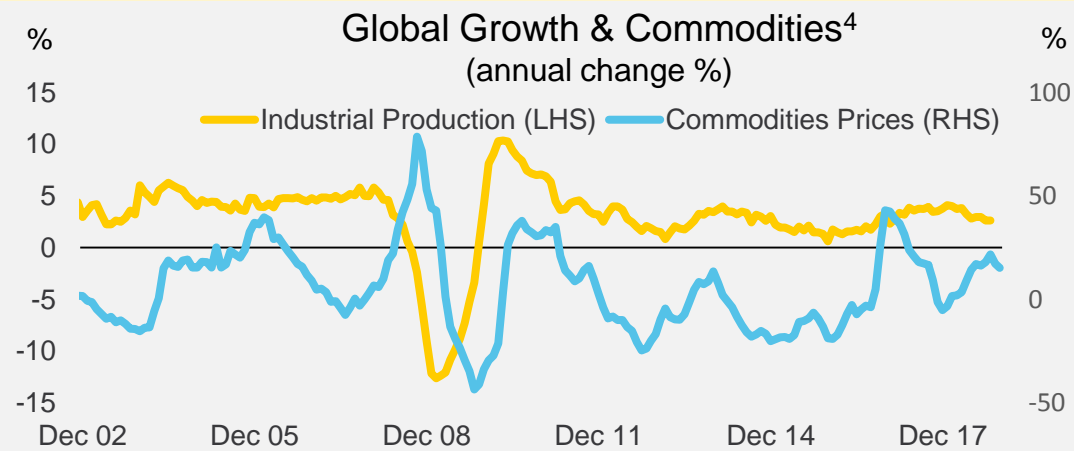
## ...as trade issues and fears of a policy mistake bite



## Global policy uncertainty is elevated



## But expected growth rates should support Australian commodity prices

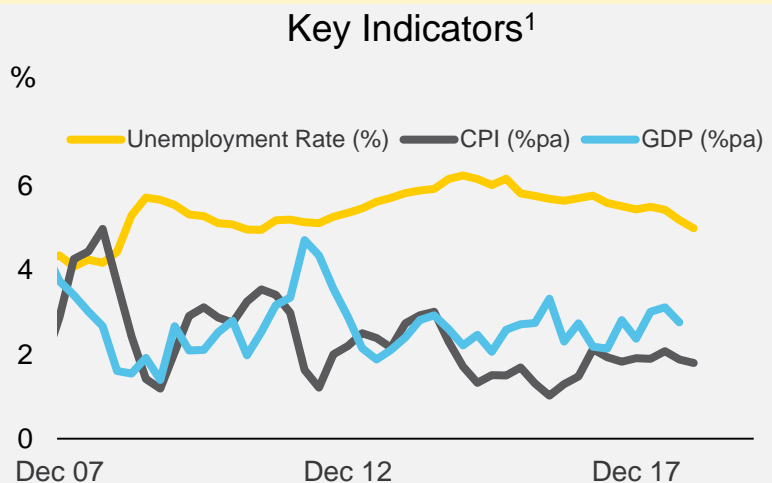


1. Source: IHS Markit. 2. Source: CPB World Trade Monitor. 3. Source: PolicyUncertainty.com. 4. Source: Bloomberg.

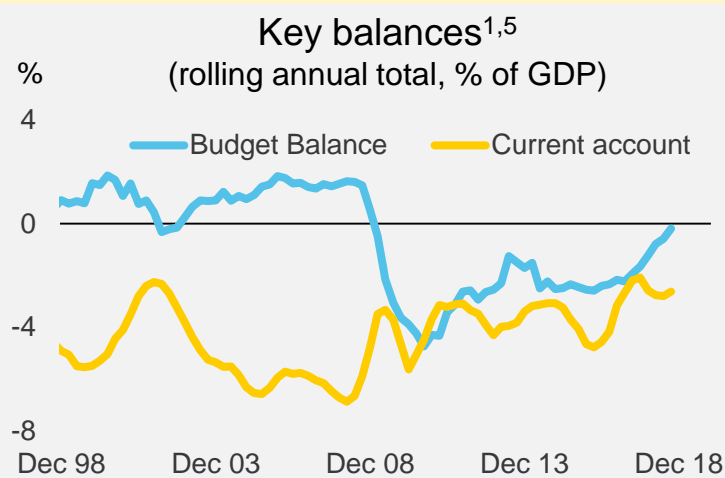
# Australia – a favourable starting point



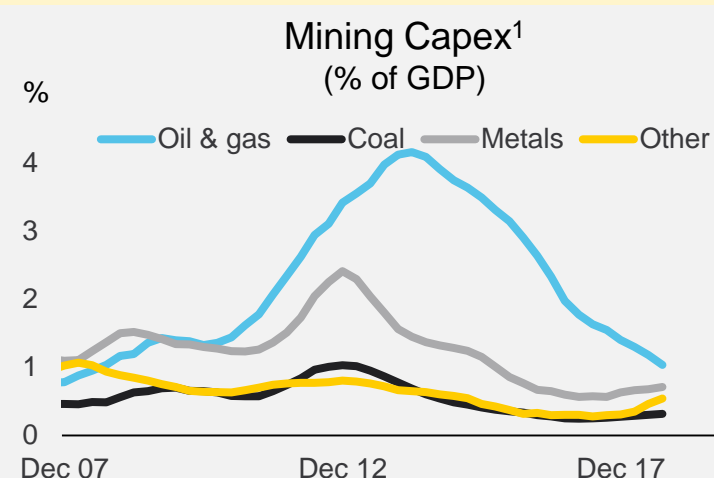
## Economy in good shape – growth at trend, at full employment, stable inflation...



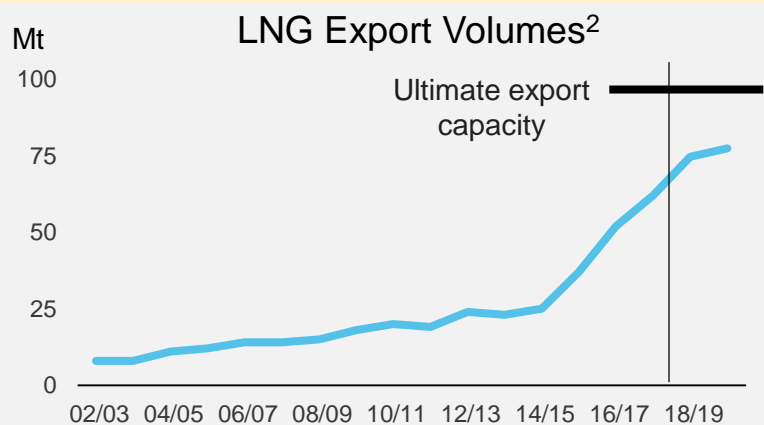
## ...with major economic imbalances narrowing...



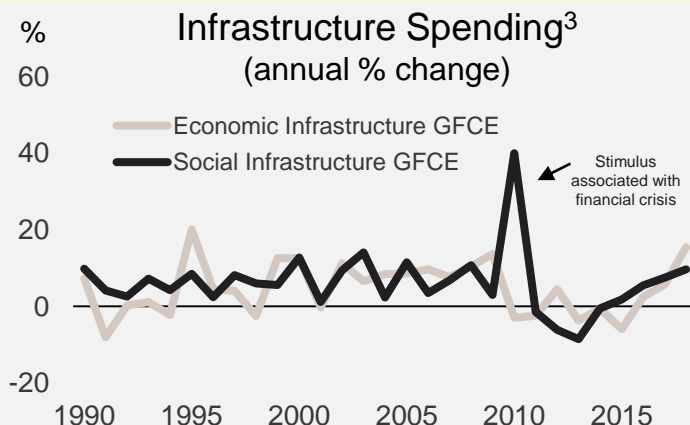
## ...and the drag from falling mining capex at an end



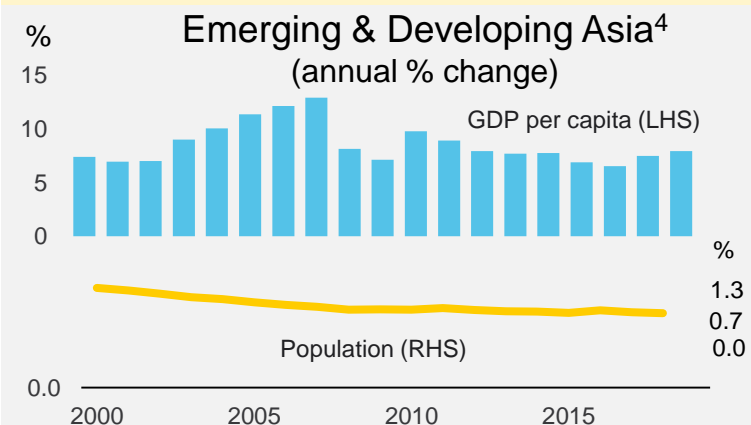
## The lift in resource exports continues...



## ...the infrastructure boom rolls on...



## ...and Asian incomes keep growing

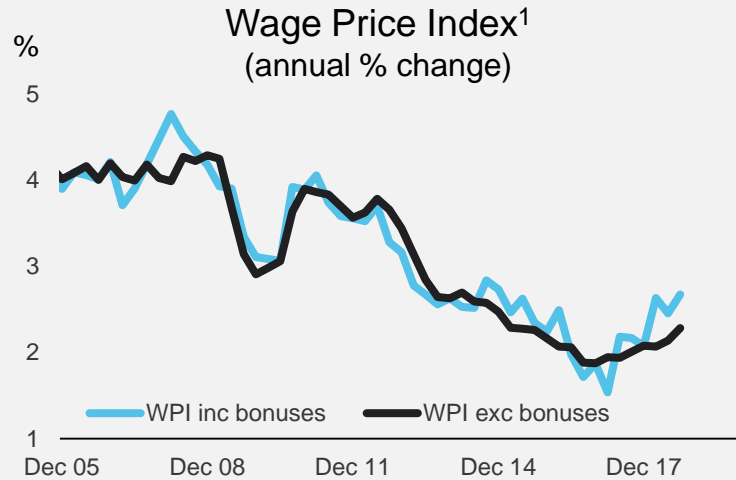


1. Source: ABS. 2. Source: Dept of Industry, Innovation & Science. 3. Source: ABS/ CBA. 4. Source: IMF. 5. Source: Dept of Finance.

# Australia – some risks easing, some lifting



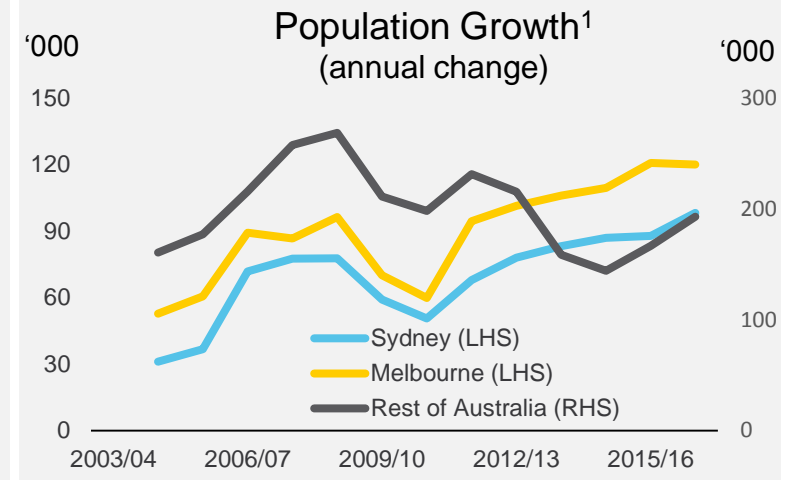
## Wages growth slowly lifting



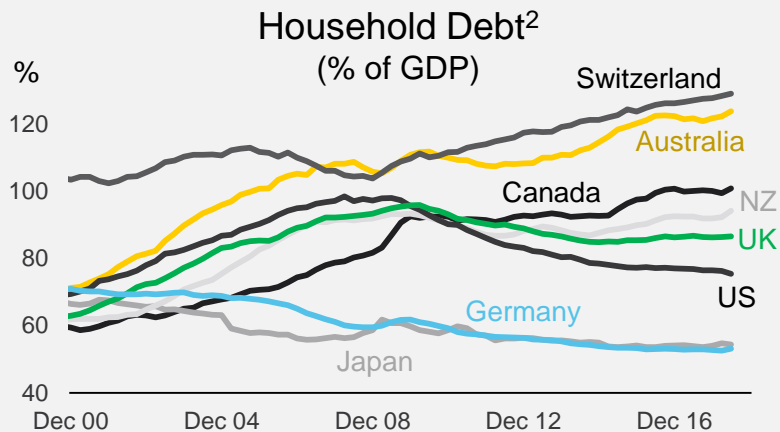
## The long awaited pick up in non-mining capex is underway



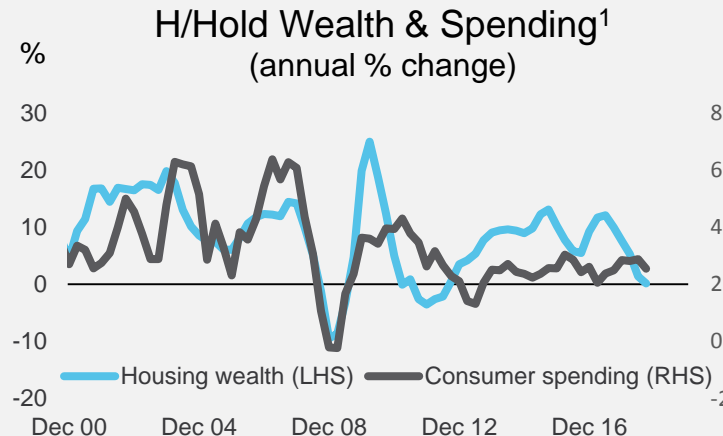
## Demographics limit the residential construction downside



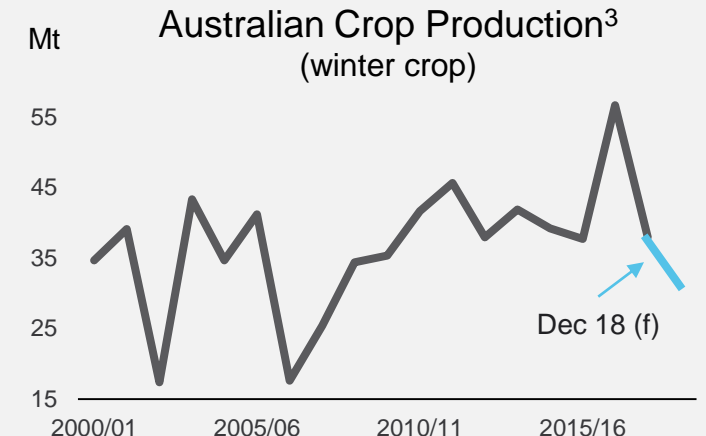
## High debt, rollover of I-O loans, falling house prices, credit supply issues...



## ...a threat to consumer spending



## The drag from the drought continues



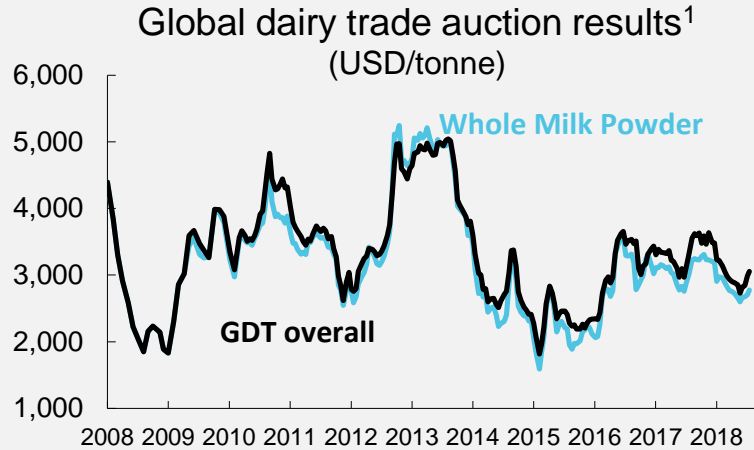
1. Source: ABS. 2. Source: IIF. 3. ABARES Crop Report.



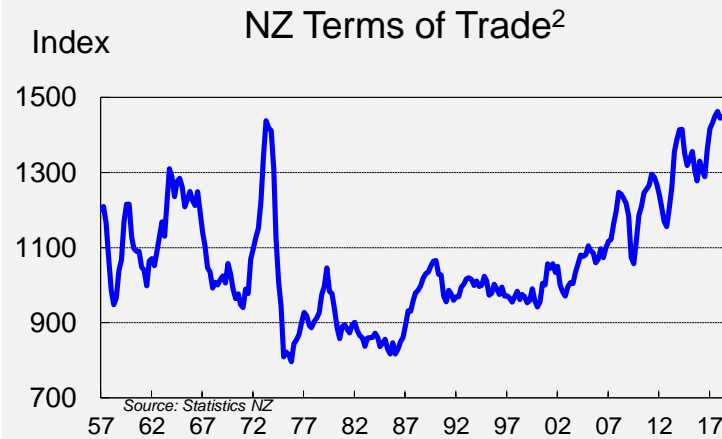
# New Zealand



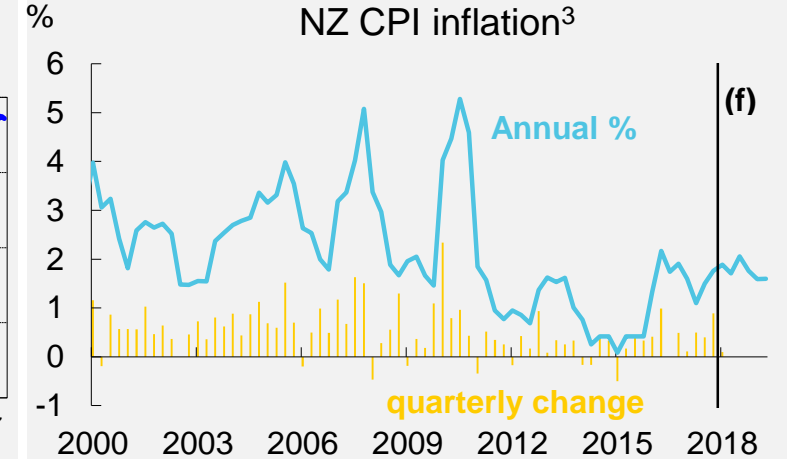
**Dairy prices have remained relatively steady since late 2016**



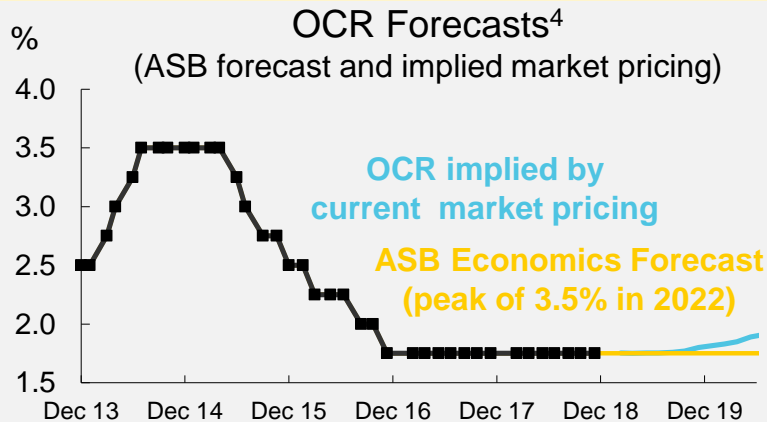
**NZ's terms of trade expected to remain near record highs**



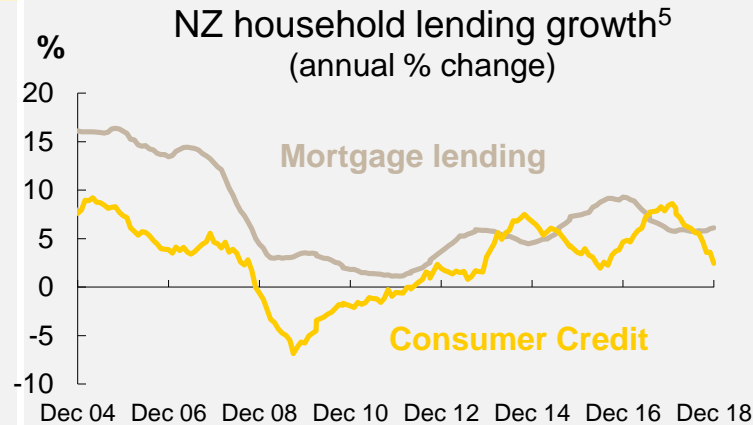
**Inflation is likely to range between 1-2% over next few years**



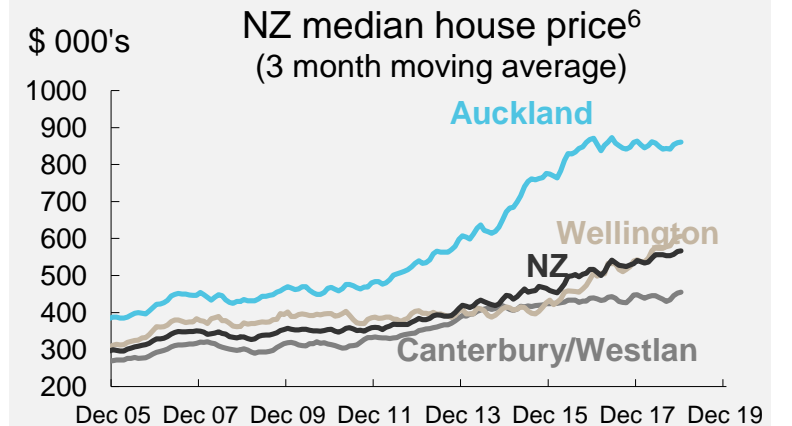
**Expect RBNZ to remain on hold until at least August 2020**

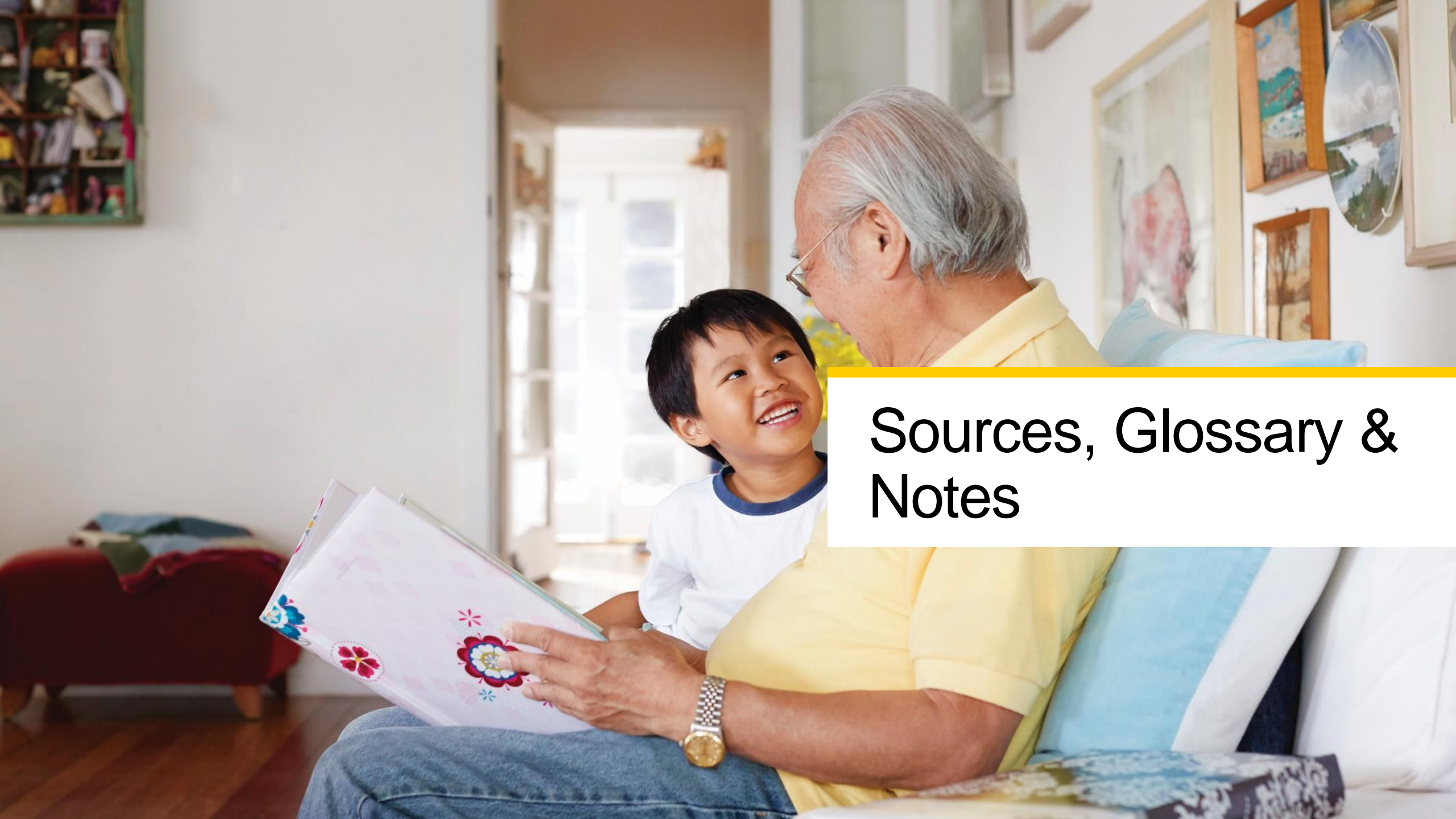


**Home lending growth steadied in 2018 after decelerating in 2017**



**House prices are down in Auckland and Christchurch, growing in other regions**





## Sources, Glossary & Notes



## Best in digital (slides 12, 38)

1. Net Promoter Score – Mobile App (via mobile app on a mobile phone or tablet): Roy Morgan Research. Australian population 14+ who used the internet banking services of their (self-nominated) main financial institution in the last 4 weeks, rolling average of the last 6 months of spot scores, as at December 2018. Rank based on comparison to ANZ, NAB and Westpac.
2. The Forrester Banking Wave™: Australian Mobile Apps, Q2 2018. Commonwealth Bank of Australia received the highest industry Wave™ overall score among mobile apps in Australia in Forrester's proprietary Industry Wave™ evaluation. Forrester Research does not endorse any company included in any Industry Wave™ report and does not advise any person or organization to select the products or services of any particular company based on the ratings included in such reports.
3. The Forrester Banking Wave™: Global Mobile Apps – Asia Pacific 2018. Commonwealth Bank of Australia received the highest industry Wave™ overall score among mobile apps in APAC in Forrester's proprietary Industry Wave™ evaluation. Forrester Research does not endorse any company included in any Industry Wave™ report and does not advise any person or organization to select the products or services of any particular company based on the ratings included in such reports.
4. The Forrester Banking Wave™: Global Mobile Apps Summary, 2018. Published September 2018. The CommBank App tied with a North American bank for the third highest score globally. Forrester Research does not endorse any company included in any Industry Wave™ report and does not advise any person or organization to select the products or services of any particular company based on the ratings included in such reports.
5. Net Promoter Score – Mobile App (via mobile app on a mobile phone or tablet), Website and Internet Banking (via the website or mobile app): Roy Morgan Research. Australian population 14+ who used the internet banking services of their (self-nominated) main financial institution in the last 4 weeks, rolling average of the last 6 months of spot scores, as at December 2018. Rank based on comparison to ANZ, NAB and Westpac.

## Deliver balanced and sustainable outcomes (slides 44,45)

- 1 DBM Consumer MFI \*Net Promoter Score. The data is among Australian Population 14+. Net Promoter score refers to a customers' likelihood to recommend their main financial institution. Using a scale from 0-10 (where 0 being 'Not at all likely' and 10 being 'Extremely likely') and is calculated by subtracting the percentage of Total Detractors (0-6) from the percentage of Promoters (9-10). Note that percentage signs are not used to report NPS. A 6-month rolling average for consumer MFI customer is used. CBA excludes Bankwest, Westpac exclude St George. \*Net Promoter Score is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld
- 2 DBM Business MFI \*Net Promoter Score measures the net likelihood of recommendation to others of a customer's main financial institution. Using a scale of 0 to 10 (0 means 'extremely unlikely' and 10 means 'extremely likely'), the 0-6 raters (detractors) are deducted from the 9-10 raters (promoters). A 6-month rolling data for business MFI customer is used. CBA excludes Bankwest and Westpac excludes St George. \*Net Promoter Score is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld.
- 3 Reputation score amongst top 16 ASX customer-facing companies. Source: RepTrak, Reputation Institute, November 2018.
- 4 People engagement score. Source of global benchmark: IBM Kenexa, November 2018.
- 5 Total Shareholder Return amongst ASX20 excluding mining companies



| Capital & Other                        |   | Funding & Risk                     |   |
|--|---|------------------------------------|---|
| 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.   | Liquidity coverage ratio (LCR)     | The LCR is the first 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.  |
| CET1 Expected Loss (EL) Adjustment     | CET1 adjustment that represents the shortfall between the calculated EL and eligible provisions (EP) 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 EL over EP in either assessments, the difference must be deducted from CET1. For non-defaulted exposures where the EL is lower than the EP, this may be included in Tier 2 capital up to a maximum of 0.6% of total credit RWAs. | 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.   |
| 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.   | Committed liquidity facility (CLF) | Given the limited amount of Commonwealth government and Semi-government debt in Australia, participating ADIs can access contingent liquidity via the RBA's CLF. The amount of the CLF for each ADI is set annually by APRA. To access the CLF, ADIs need to meet certain conditions and pledge qualifying securities to the RBA.   |
| 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).   | Net Stable Funding Ratio           | The NSFR is the second quantitative liquidity measure of the Basel III reforms, in addition to the LCR. It was implemented by APRA in Australia on 1 Jan 2018. It requires Australian ADIs to fund their assets with sufficient stable funding to reduce funding risk over a one year horizon. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding. |
| Derivative Valuation Adjustments (DVA) | A number of different valuation adjustments are made to the value of derivative contracts to reflect the additional costs in holding these contracts. The material valuation adjustments included within the CBA result are CVA and FVA.  | TIA                                | Corporate Troublesome and Group Impaired assets.  |
| Credit value adjustment (CVA)          | The market value of counterparty credit risk on uncollateralised derivative assets, calculated as the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of a counterparty's default.  | Corporate Troublesome              | Corporate 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.   |
| Funding valuation adjustment (FVA)     | The expected funding cost or benefit over the life of the uncollateralised derivative portfolio.  | 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).  |



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## Cash Profit

The Profit Announcement discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared in accordance with the Corporations Act 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 Bank’s operating results. It is not a measure based on cash accounting or cash flows. The items excluded from cash profit, such as hedging and IFRS volatility and losses or gains on acquisition, disposal, closure and demerger of businesses are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from cash profit is provided on page 4 of the Profit Announcement (PA), which can be accessed at our website:

[www.commbank.com.au/results](http://www.commbank.com.au/results)

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