



CommonwealthBank



RESULTS PRESENTATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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

**WHEN
WE BELIEVE,
WE CAN.**

Disclaimer

The material that follows is a presentation of general background information about the Group's activities current at the date of the presentation, 10 February 2016. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Cash Profit

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

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

Our Vision and Values

Our Vision

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

Our Values

Integrity

Accountability

Collaboration

Excellence

Service

Additional information

Snapshot 1H16¹

Financial

| | | |
|--|-------|------------|
| Cash earnings (\$m) | 4,804 | 4% |
| ROE (Cash) | 17.2% | (140) bpts |
| Cash EPS (\$) | 2.84 | 1% |
| DPS (\$) | 1.98 | - |
| Cost-to-Income | 42.2% | - |
| NIM (%) ² | 2.06 | - |
| NIM (%) ex Treasury & Markets ² | 2.04 | - |

Operating Performance³

| | | |
|---------------------------------------|-------|------|
| Group (\$m) | 7,146 | 6% |
| Retail Banking Services (\$m) | 3,466 | 8% |
| Business and Private Banking (\$m) | 1,219 | 5% |
| Institutional Banking & Markets (\$m) | 904 | (5%) |
| Wealth Management (\$m) | 462 | 13% |
| NZ (NZ\$m) | 741 | 7% |
| Bankwest (\$m) | 550 | 1% |

Balance Sheet

| | | |
|-------------------------------|-------|-----------|
| Total assets (\$bn) | 903 | 6% |
| Total liabilities (\$bn) | 843 | 5% |
| FUA (\$bn) – average | 143 | 7% |
| RWA (\$bn) | 393 | 11% |
| Provisions to Credit RWAs (%) | 1.11% | (14) bpts |

Capital & Funding

| | | |
|-----------------------------------|-------|------------------|
| Capital – CET1 (Int) ⁴ | 14.3% | N/A |
| Capital – CET1 (APRA) | 10.2% | 100 bpts |
| LT wholesale funding WAM (yrs) | 3.9 | - |
| Deposit funding (%) | 64% | 1% |
| Liquidity Coverage Ratio (%) | 123% | large |
| Leverage Ratio (APRA) (%) | 5.0% | N/A ⁵ |

¹ All movements on prior comparative period unless stated otherwise

² Movement on prior half

³ Operating Performance is Total Operating Income less Operating Expense

⁴ Analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015)

⁵ The Group commenced disclosure of its leverage ratio at 30 September 2015, thus no comparatives have been presented

Cash NPAT up 4%

| | Dec 15 | Dec 15 vs Dec 14 |
|------------------------------|--------------|---------------------|
| Statutory Profit (\$m) | 4,618 | 2% |
| Cash NPAT (\$m) | 4,804 | 4% |
| ROE – Cash (%) | 17.2% | (140) bpts |
| Cash Earnings per Share (\$) | 2.84 | 1% |
| Dividend per Share (\$) | 1.98 | - |



Additional information

Business Unit Summary

| Business Unit ¹ | % of Group NPAT | 1H16 vs 1H15 | | | | | |
|---|-----------------|------------------|-------|-----------------------|-------|--------------|-----------------------|
| | | Operating Income | Costs | Operating Performance | LIE | Cash NPAT | Cost-to-Income Dec 15 |
| RBS | 45% | 7% | 4% | 8% | 14% | 8% | 33% |
| BPB | 17% | 5% | 4% | 5% | 13% | 5% | 38% |
| IB&M | 13% | 1% | 12% | (5%) | 44% | (6%) | 37% |
| IB&M² ex CVA / FVA | 13% | 8% | 12% | 5% | 44% | 4% | 36% |
| Wealth | 8% | 9% | 6% | 13% | n/a | 7% | 64% |
| NZ³ | 9% | 6% | 4% | 7% | 11% | 4% | 39% |
| BWA⁴ | 8% | 0% | (2%) | 1% | (38%) | (1%) | 42% |
| IFS | 0% | 21% | 64% | (45%) | large | (80%) | 82% |

1 Excludes Corporate Centre and Other

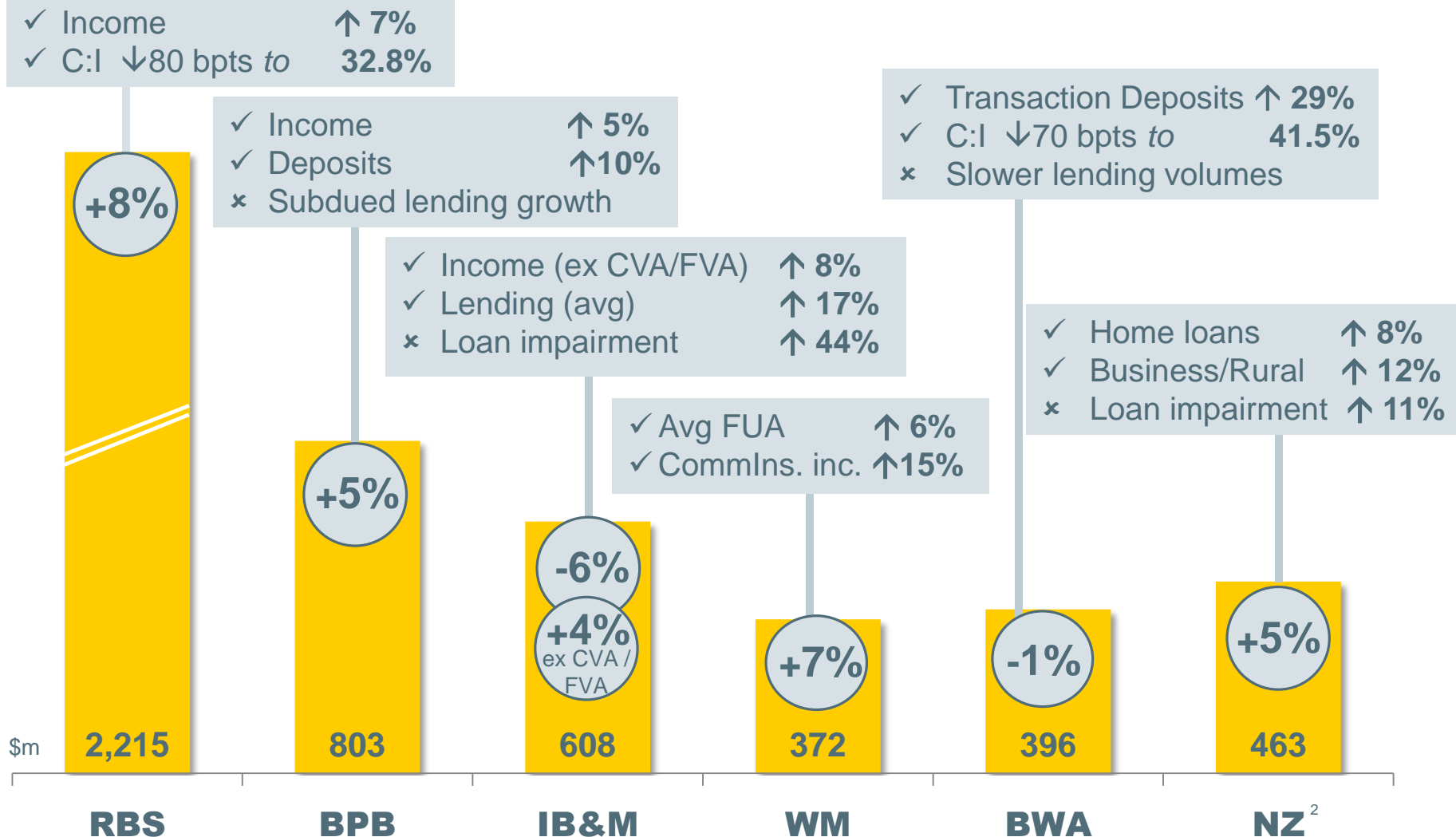
2 % of Group NPAT calculated based of Group result excluding CVA / FVA

3 NZ result in NZD except for “% of Group NPAT”, which is in AUD

4 BWA LIE represents a reduction in loan impairment benefit

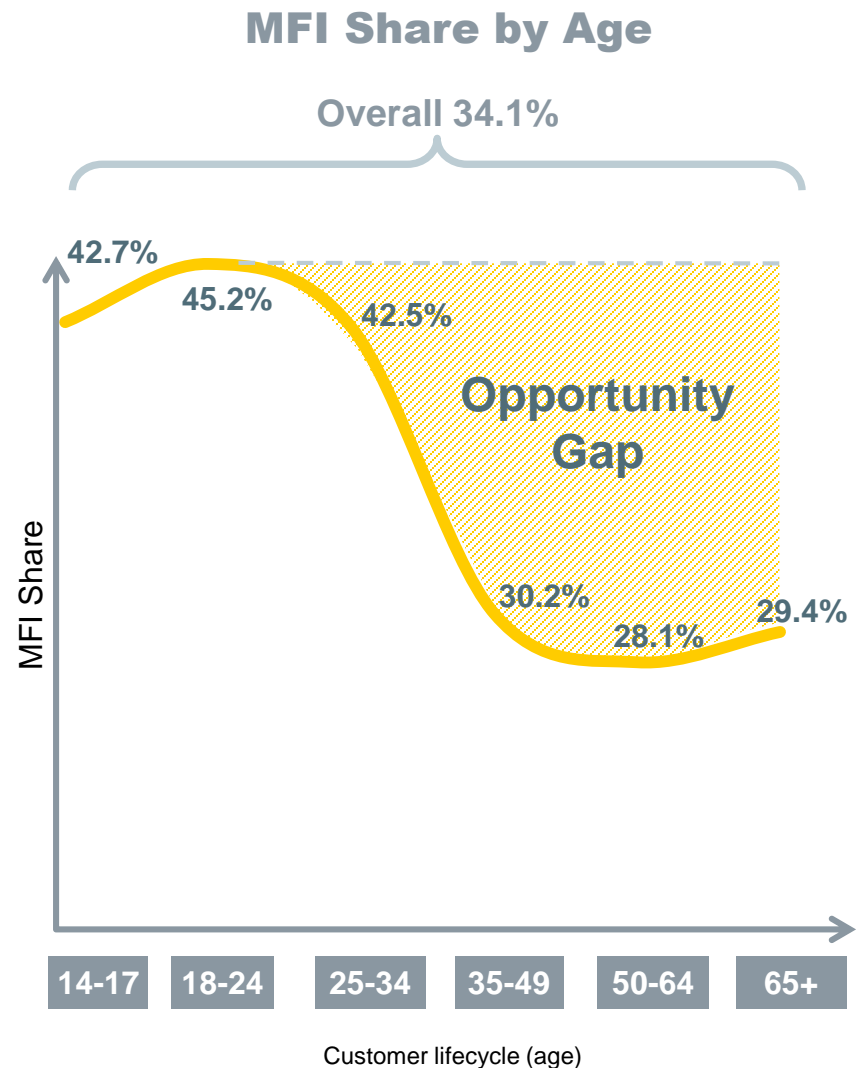
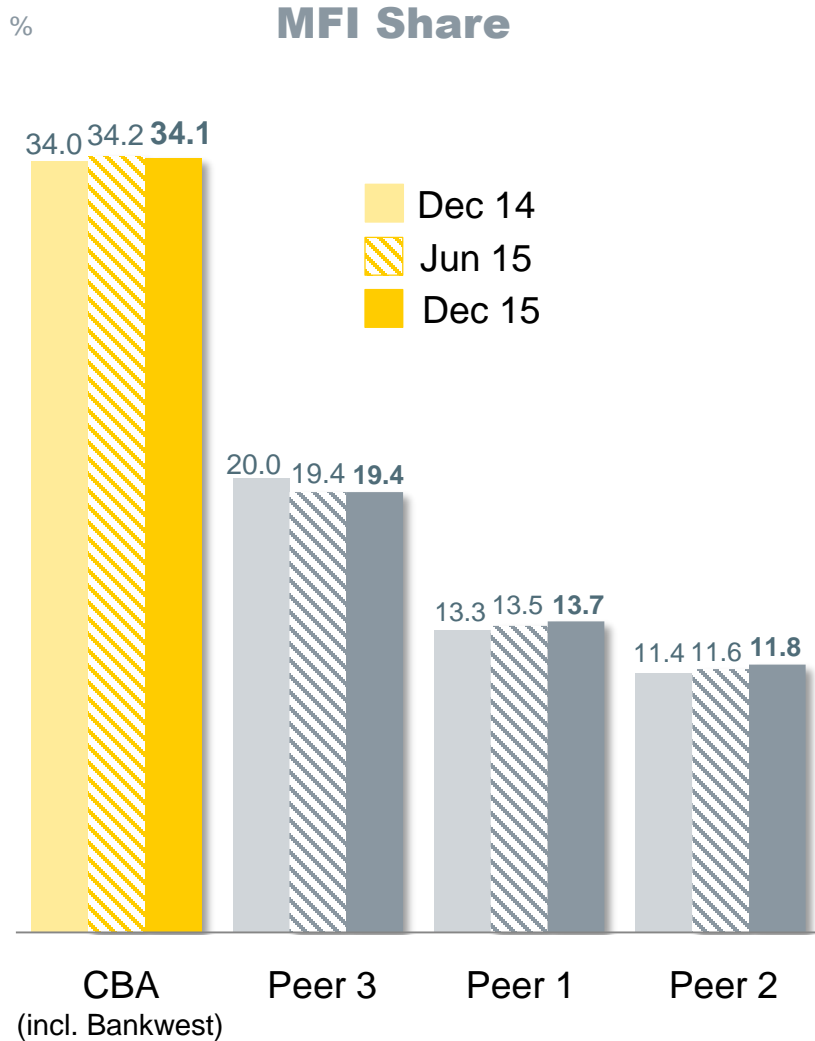
All divisions contributing

Cash NPAT 1H16¹



¹ All movements on prior comparative period except where noted

² NZ result in AUD, performance metrics in NZD. Home loan and Business/Rural growth, source RBNZ 12 months to Dec 15.



Continued focus on the customer

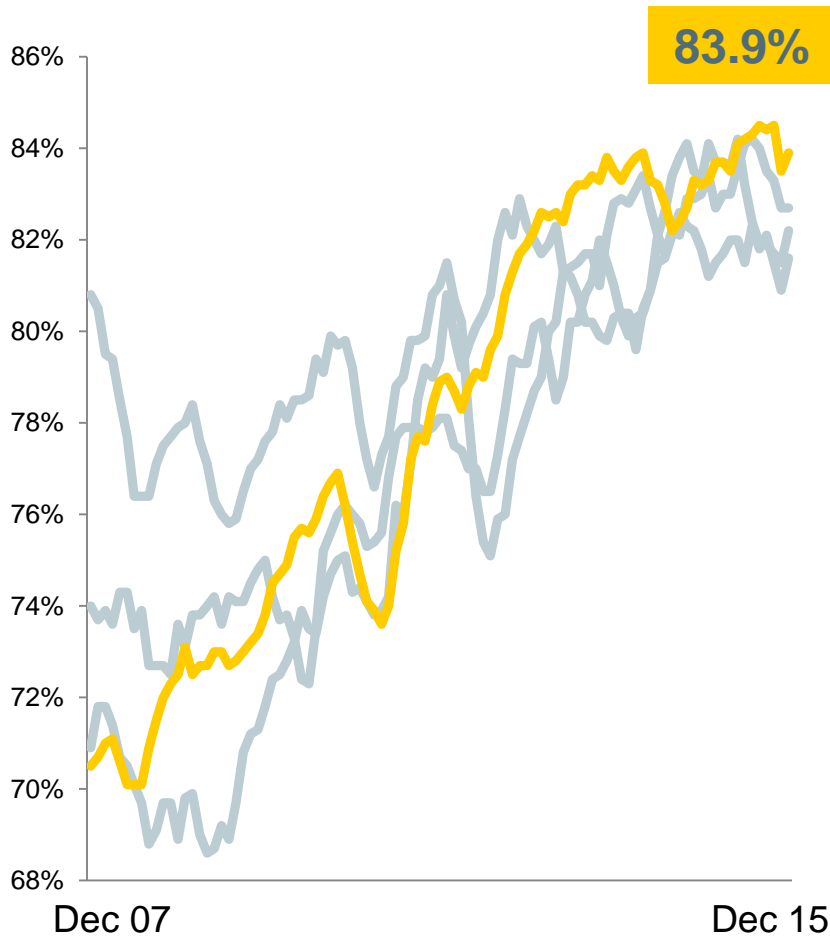
| | Ranking |
|----------------------------------|---------|
| Customer Satisfaction - Retail | #1 |
| Customer Satisfaction - Business | = #1 |
| Customer Satisfaction - Wealth | #2 |
| Customer Satisfaction - IFS | #1 |
| Customer Satisfaction - Internet | #1 |

Notes

Customer focus - more needs met

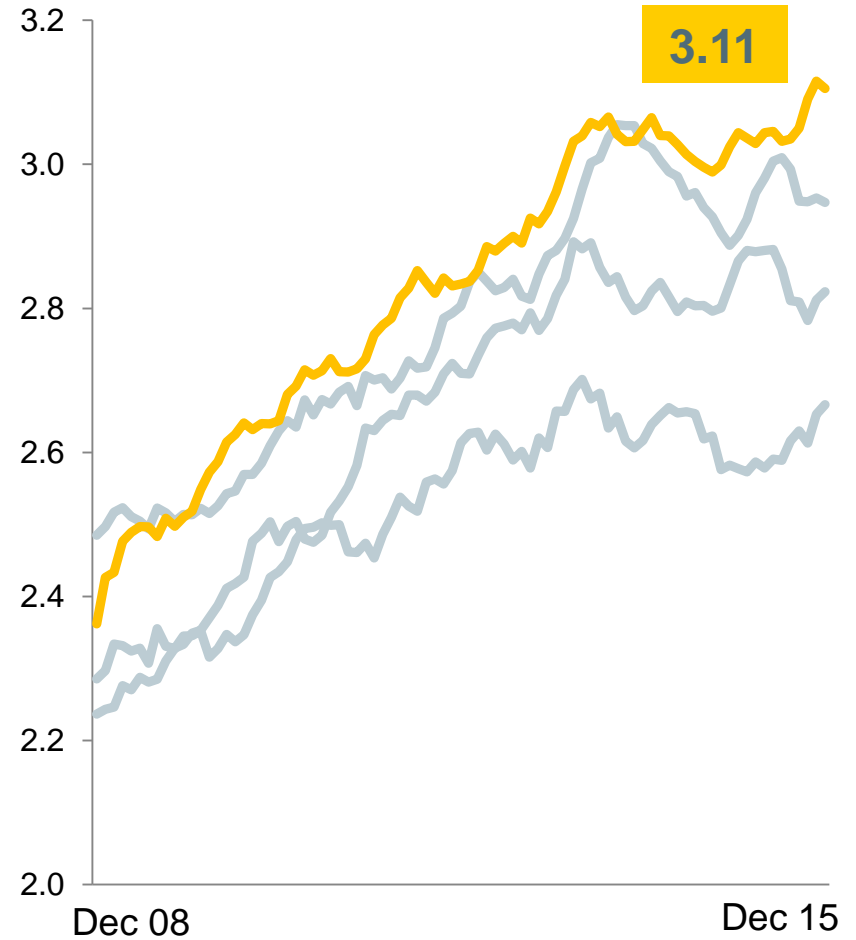
Retail Customer Satisfaction

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



Customer Needs Met

(#)



Additional information

Market Share¹

| % | Dec 15 | Jun 15 | Dec 14 |
|---|--------|--------|--------|
| Home loans | 25.1 | 25.3 | 25.4 |
| Credit cards – RBA ² | 24.4 | 24.3 | 25.1 |
| Other household lending ³ | 16.6 | 16.3 | 16.6 |
| Household deposits ⁴ | 29.3 | 29.5 | 29.1 |
| Business lending – RBA | 17.0 | 17.1 | 17.1 |
| Business lending - APRA | 18.6 | 18.8 | 18.5 |
| Business deposits – APRA | 20.1 | 20.2 | 20.5 |
| Asset finance | 13.1 | 13.2 | 13.4 |
| Equities trading | 5.6 | 6.0 | 5.7 |
| Australian Retail – administrator view ⁵ | 16.0 | 16.0 | 16.1 |
| FirstChoice Platform ⁵ | 11.3 | 11.3 | 11.4 |
| Australia life insurance (total risk) ⁵ | 11.8 | 12.1 | 11.9 |
| Australia life insurance (individual risk) ⁵ | 11.3 | 11.6 | 11.9 |
| NZ home loans | 21.8 | 21.7 | 21.7 |
| NZ retail deposits | 20.9 | 21.4 | 20.6 |
| NZ business lending | 13.0 | 11.6 | 11.5 |
| NZ retail FUA ⁶ | 16.2 | 16.2 | 16.5 |
| NZ annual inforce premiums | 28.8 | 28.8 | 29.0 |

1 Prior periods have been restated in line with market updates. 2 As at 30 November 2015. 3 Other household lending market share includes personal loans, margin loans and other forms of lending to individuals. 4 Comparatives have not been restated to include the impact of new market entrants in the current period. 5 As at 30 September 2015. 6 As at 30 June 2015, the last reported result available



Ongoing volume growth

Balance Growth¹

12 months to Dec 15

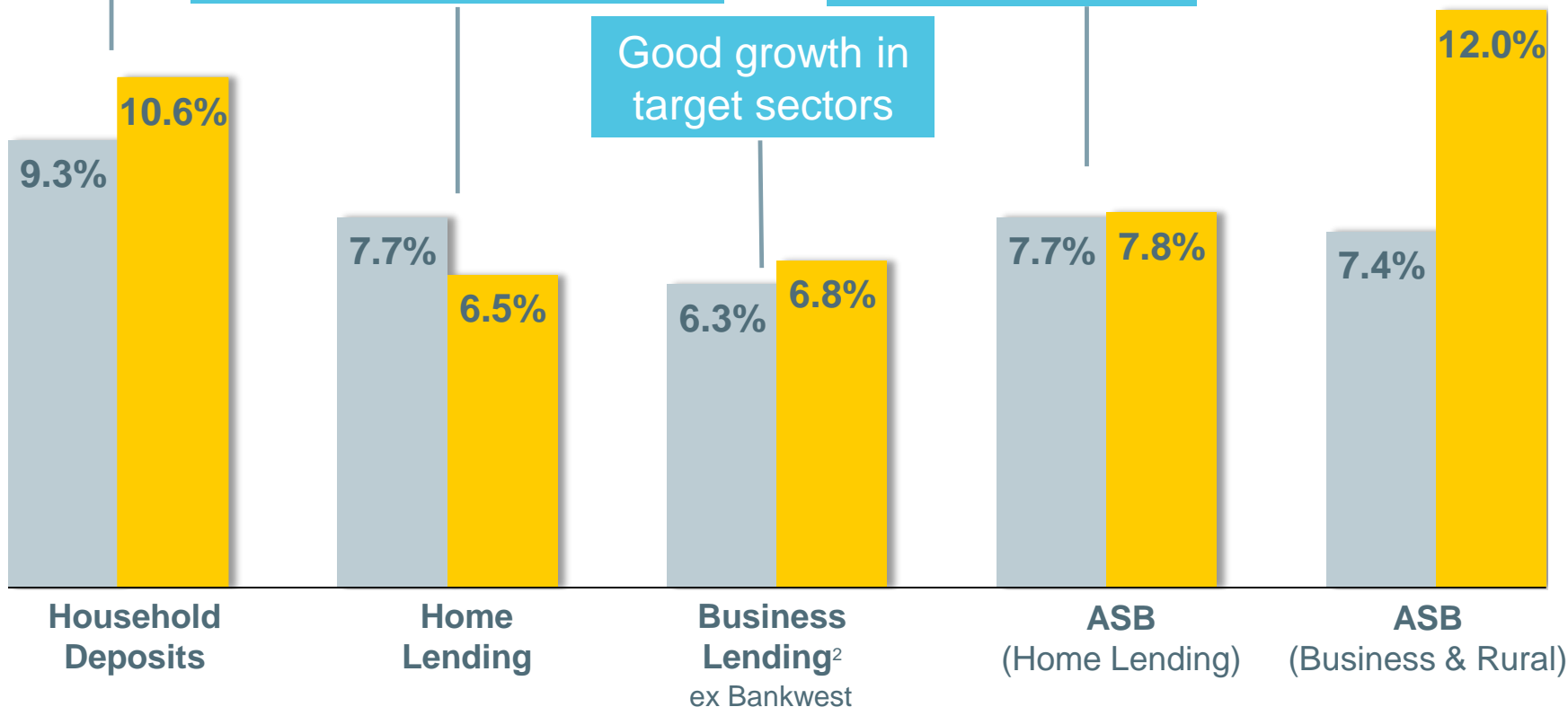
Continued strong growth in Transaction Accounts

A balanced volume/margin outcome

Growth in line with system

Reflects long term investment in frontline

Good growth in target sectors



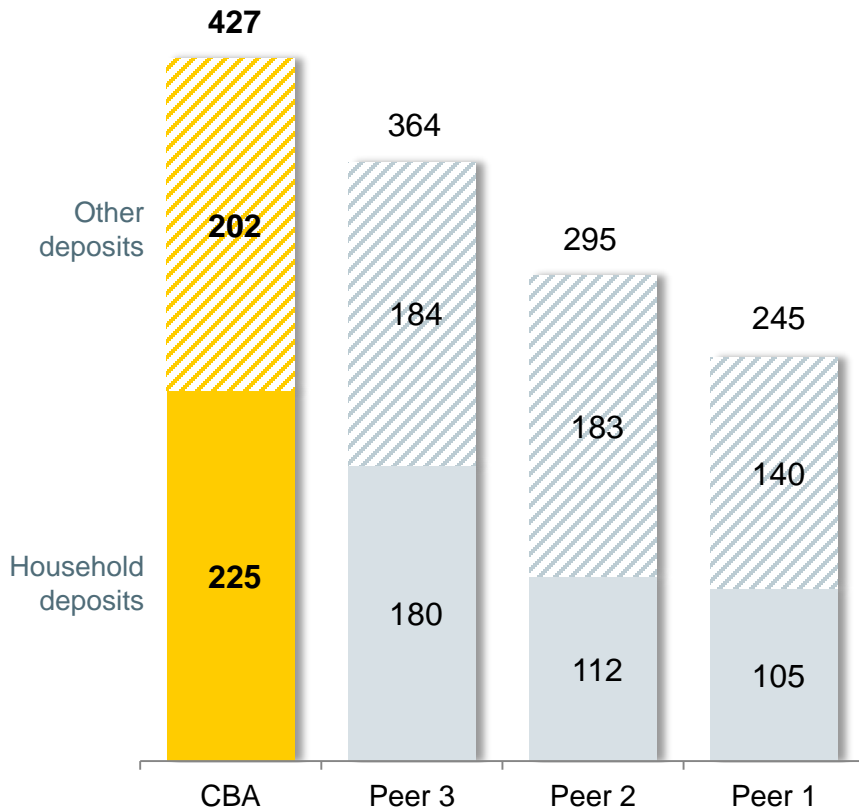
System CBA

¹ Spot balance growth twelve months to December 2015. Source RBA/APRA/RBNZ. CBA includes BWA except Business Lending.

² Domestic Lending balance growth (BPB & IB&M). Source RBA.

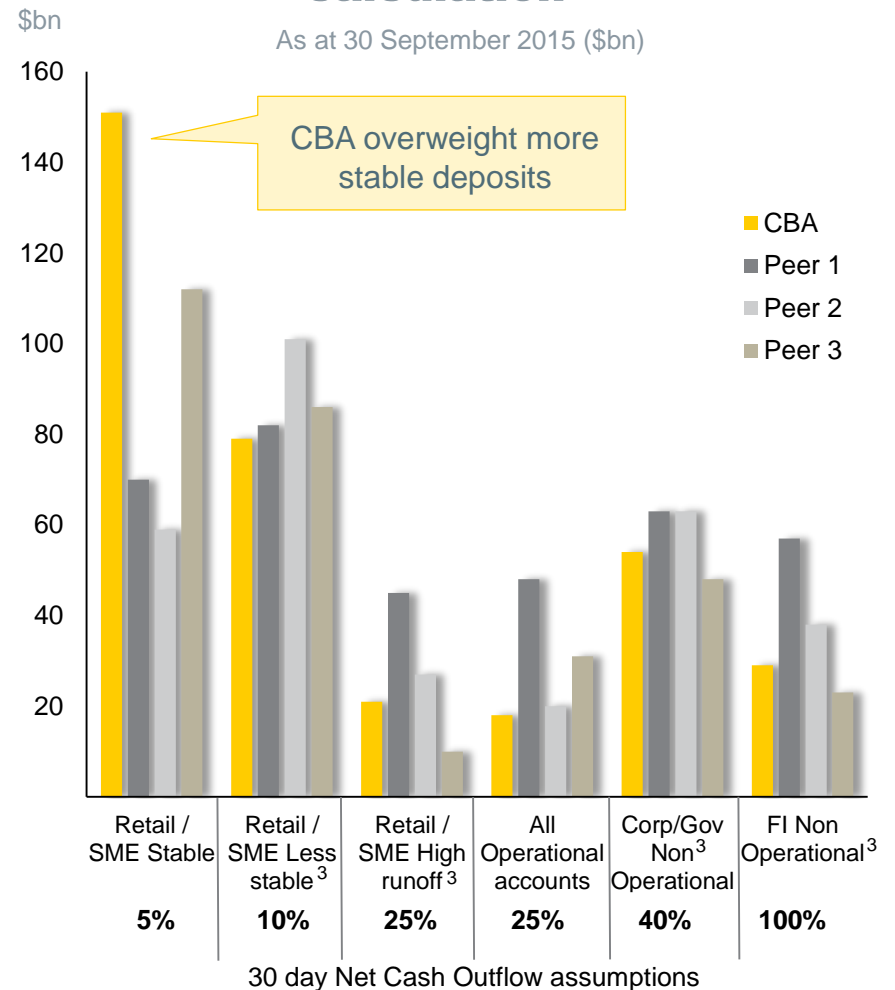
Deposits vs Peers¹

Dec 15
\$bn



Treatment of Deposits in LCR calculation²

As at 30 September 2015 (\$bn)



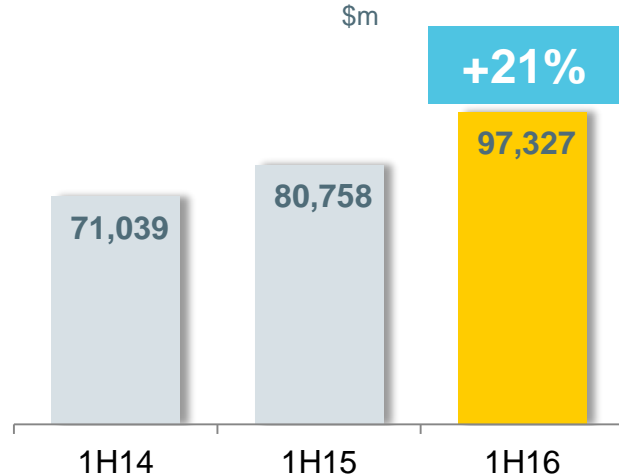
¹ Source: APRA. Total deposits (excluding CD's). CBA includes Bankwest.

² Source : Pillar 3 Regulatory Disclosure, 30 Sep 2015

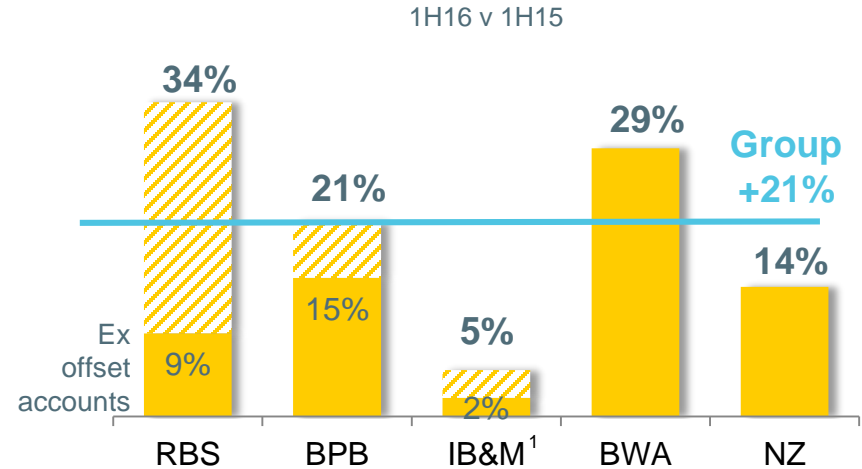
³ Peer comparisons are calculated from disclosures assuming there are not material balances in the "notice period deposits that have been called" and the "fully insured non-operational deposits" categories

Transaction Banking

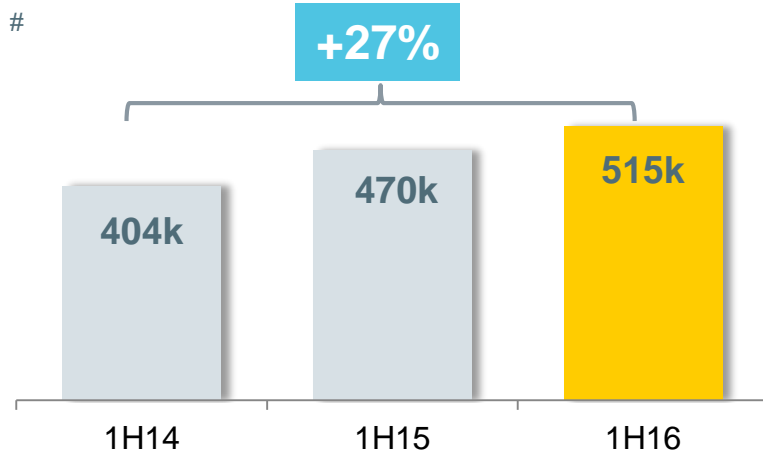
Group Transaction Balances



Strong growth across divisions



RBS New Transaction Accounts²



- Fast, simple processes in real time
- Growing digital - 15% of new accounts
- Real time funds transfer from other banks
- Continuous product innovation:
 - Cardless Cash, Tap & Pay, Intelligent Deposit Machines, Real Time Alerts, Foreign Current Accounts, Digital wallet

¹ Excludes Cash Management Pooling Facilities (CMPF)

² Number of new accounts. Includes offset accounts. Personal transaction accounts in RBS.

Customer Focus

Capabilities

People



Productivity



Technology



Strength



Growth Opportunities

“One CommBank”

Continued growth in business and institutional banking

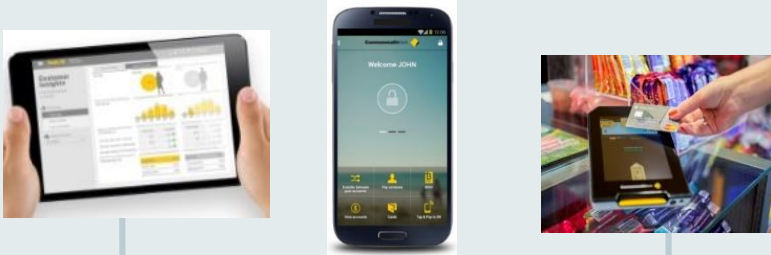
Disciplined capability-led growth outside Australia



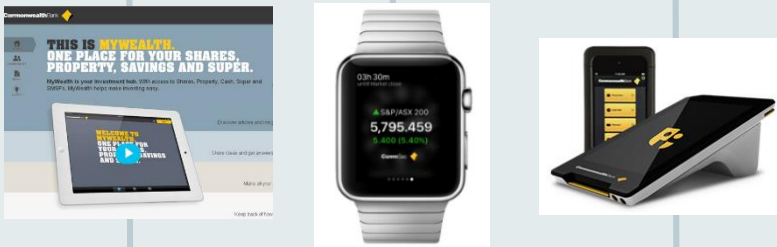
TSR Outperformance

Continuous Innovation

2010 – 2015

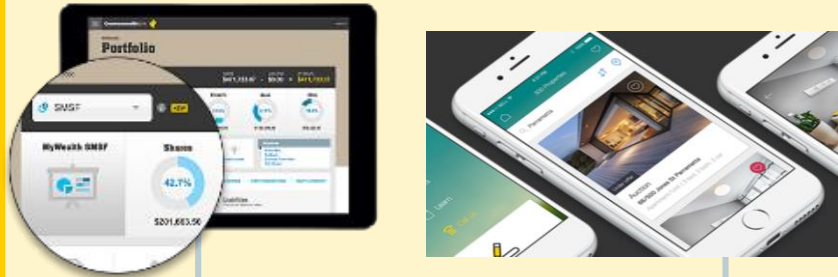


Everyday settlement, Online origination, MyWealth, Pi & Leo, Touch ID, Portfolio View, Small Business app, Daily IQ, PayTag, Tap&Pay, VC in branches, Apps for smart watches and tablets, PEXA property settlement, Cardless cash, Cancel and Replace & Temp Lock, Lock & Limit, Albert, Innovation Lab



Real time banking (Core)

1H16



- Innovating in Wealth, ASB & IFS
- Expanding the digital wallet
- New property app
- Exploring new opportunities: Blockchain, Quantum, Cyber Security etc.



Continuous Innovation

Wealth

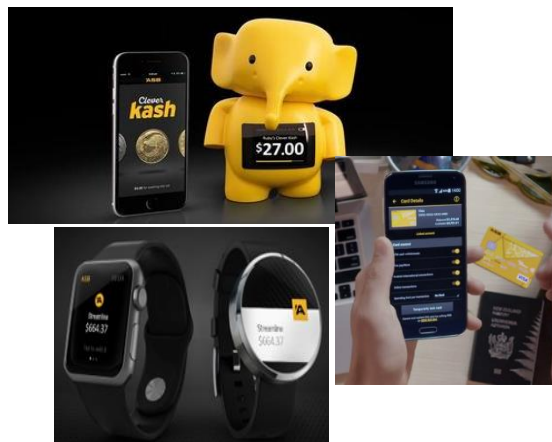


Portfolio View - SMSF

Complete view of investment portfolio - shares, cash, property

Latest insights at the customer's fingertips

ASB



Clever Kash – cashless interactive moneybox

37% increase in Mobile app users¹

Mobile app 1st in customer satisfaction²

TYME



Rapid cycle testing of digital strategy solutions

R&D + partnerships + banking licence

Kiosk developed for low cost physical presence

¹ 12 months to December 2015

² Customer Retail Market Monitor, Camorra Research, December 2015

Exploring new opportunities

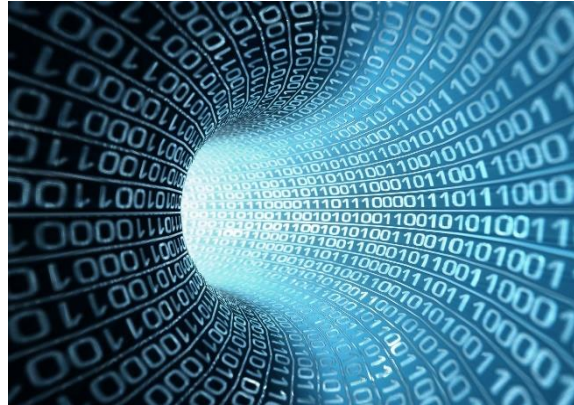
Supporting Australia's growing digital economy

Quantum



Supporting Australian researchers in developing the world's first silicon-based quantum computer

Blockchain



Driving collaboration and innovation through the R3 partnership and the CBA-sponsored workshops

Cyber Security



Partnership with UNSW in a centre of expertise boosting Australia's reserve of security engineering professionals

Productivity

Case Study

Retail Collections & Customer Solutions¹

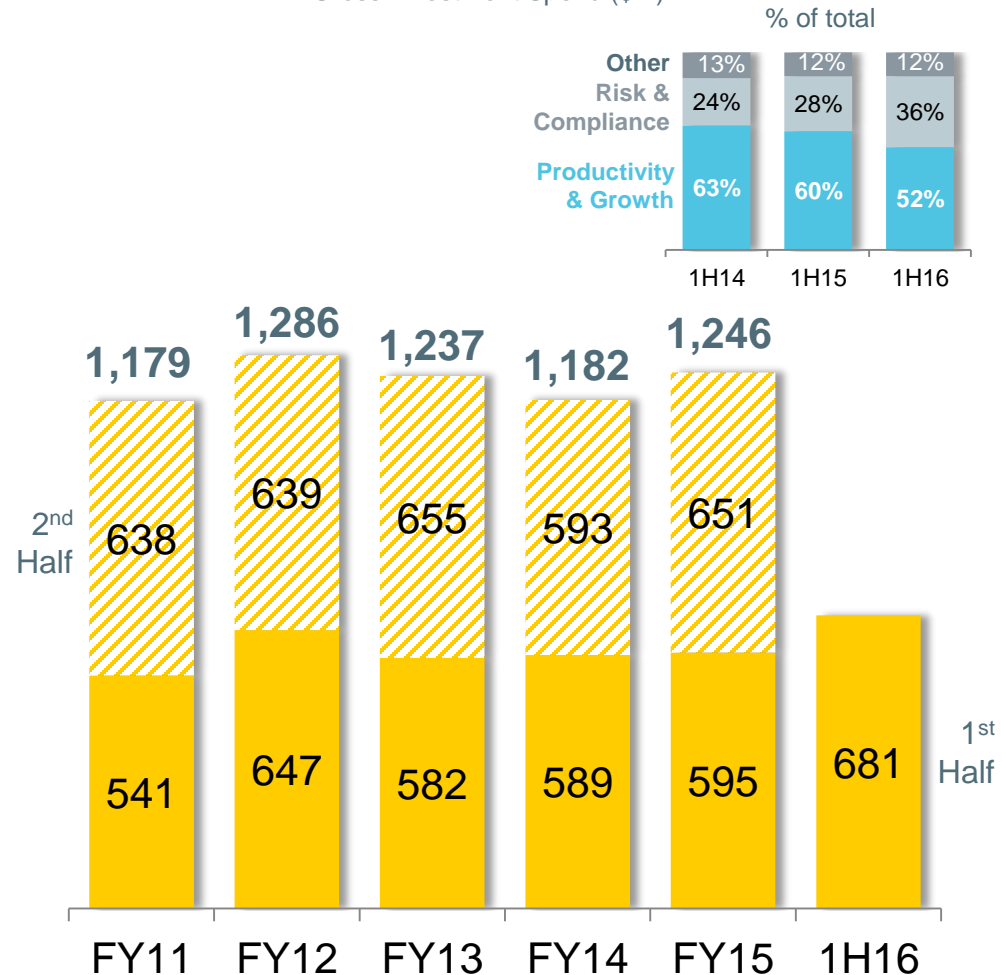
Continuous improvement culture, process simplification and elimination of non-value tasks, supported by robust measurement systems

| | | |
|----------------------|---|-----|
| Hand-offs | ↓ | 90% |
| Turnaround times | ↓ | 60% |
| Cost to Collect | ↓ | 20% |
| Employee Engagement* | | 86% |

* 2% above Global Best in Class (Kenexa)

Enabling Reinvestment

Gross Investment Spend (\$m)



1. All movements since inception of productivity programme (3-5 yrs)

Notes

Strength to support our customers

Capital

Basel III
Common Equity Tier 1

Deposit Funding

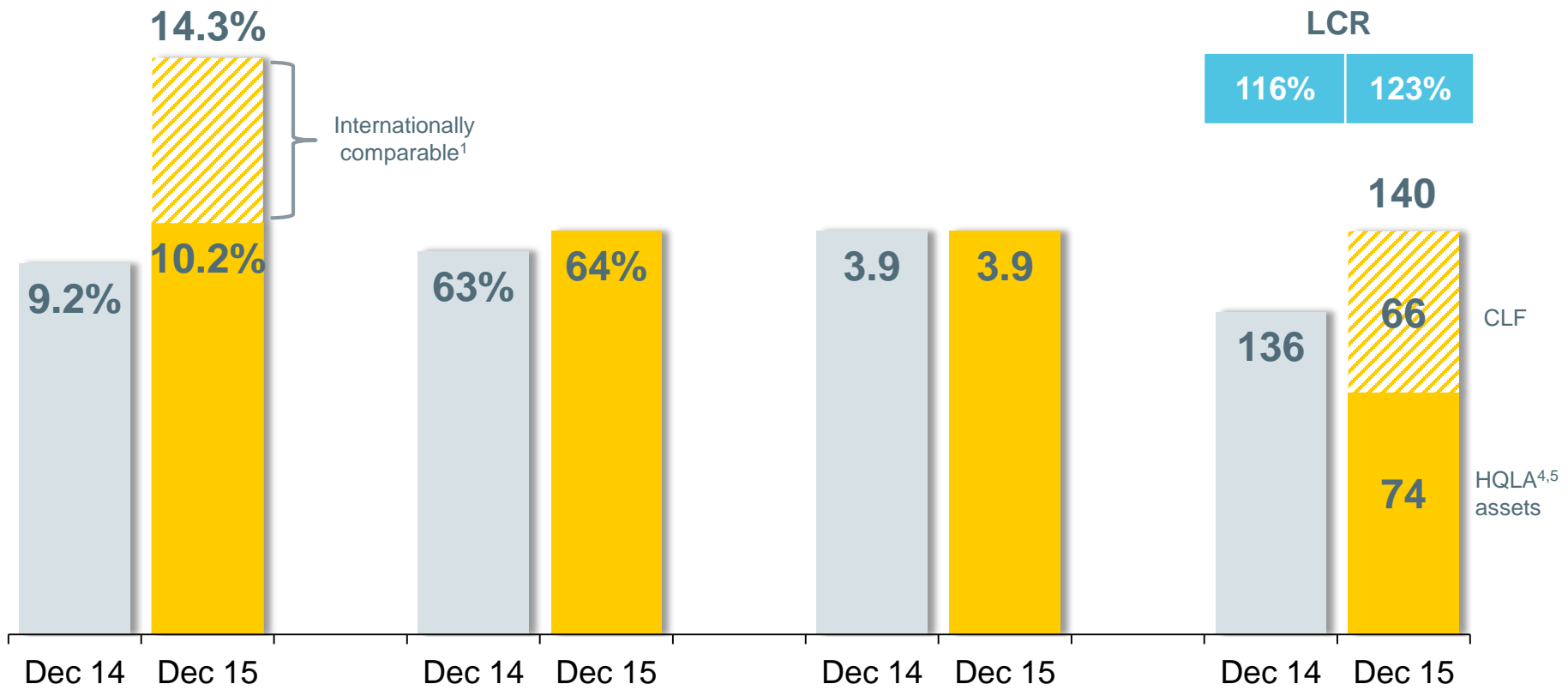
% of Total Funding

Wholesale Funding

Portfolio Tenor²
(years)

Liquidity³

\$bn



1 Analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015)
 2 Weighted Average Maturity of long term wholesale debt. Includes all deals with first call or residual maturity of 12 months or greater.
 3 Liquids are reported net of applicable regulatory haircuts. Dec 14 adjusted to align with final reporting with APRA.
 4 The Exchange Settlement Account (ESA) balance is netted down by the Reserve Bank of Australia open-repo of internal RMBS.
 5 Qualifying HQLA includes cash, Govt and Semi Govt securities. Also includes \$5.6bn of RBNZ eligible securities.

Lined area for notes.



CommonwealthBank



RESULTS PRESENTATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

DAVID CRAIG
CHIEF FINANCIAL OFFICER

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

**WHEN
WE BELIEVE,
WE CAN.**

**Additional
information****Non-cash items**

| \$m | Dec 15 | Dec 14 |
|--|--------------|--------------|
| Cash NPAT | 4,804 | 4,623 |
| Non-cash items | | |
| Hedging and IFRS volatility | | |
| ▪ Unrealised accounting gains and losses arising from the application of “AASB 139 Financial Instruments: Recognition and Measurement” | (151) | (42) |
| Other | | |
| ▪ Bankwest non-cash items | (26) | (26) |
| ▪ Treasury shares valuation adjustment | (9) | (20) |
| Total non-cash items | (186) | (88) |
| Statutory NPAT | 4,618 | 4,535 |



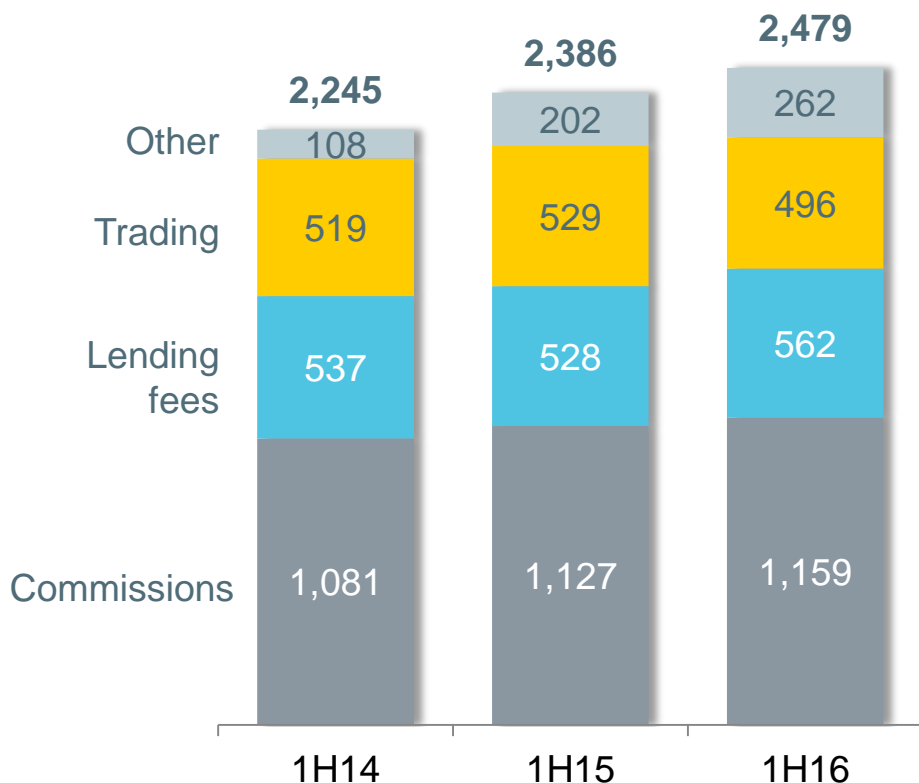
Good operating result

| \$m | Dec 15 | Dec 14 | Dec 15 vs Dec 14 |
|-----------------------------------|--------------|--------------|------------------|
| Operating income | 12,362 | 11,647 | 6% |
| Operating expenses | (5,216) | (4,914) | 6% |
| Operating performance | 7,146 | 6,733 | 6% |
| Investment experience | 58 | 80 | (28%) |
| Loan impairment expense | (564) | (440) | 28% |
| Tax and non-controlling interests | (1,836) | (1,750) | 5% |
| Cash NPAT | 4,804 | 4,623 | 4% |
| Statutory NPAT | 4,618 | 4,535 | 2% |



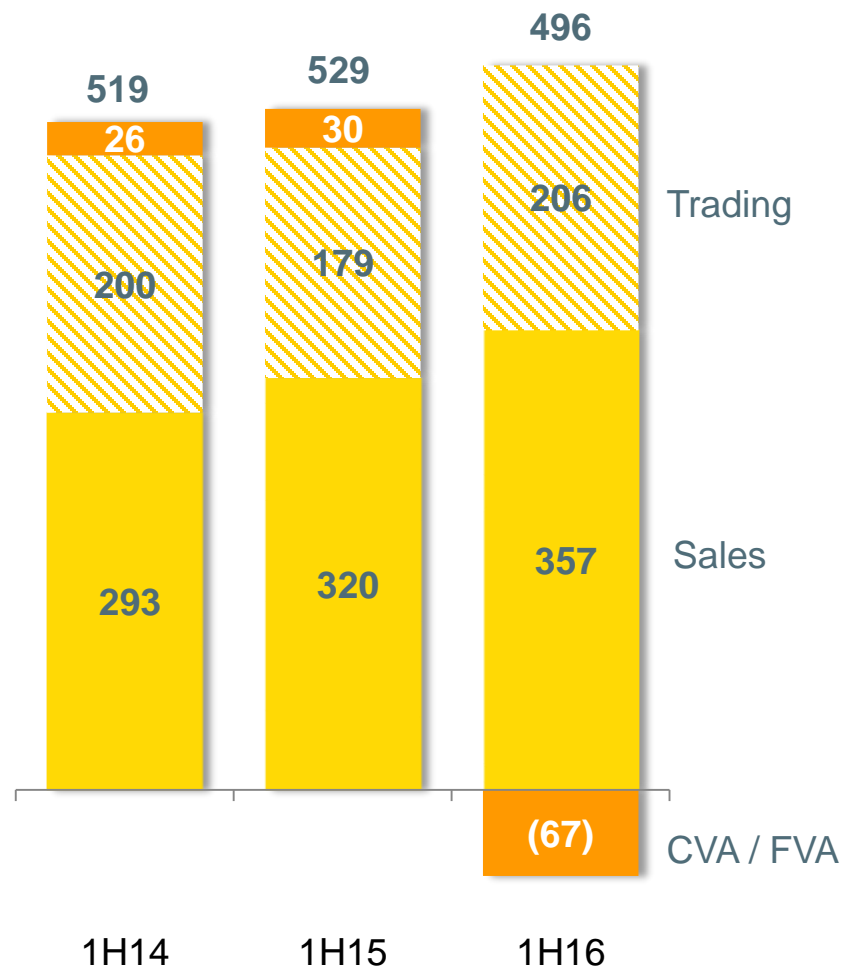
Other Banking Income

\$m



Trading Income

\$m

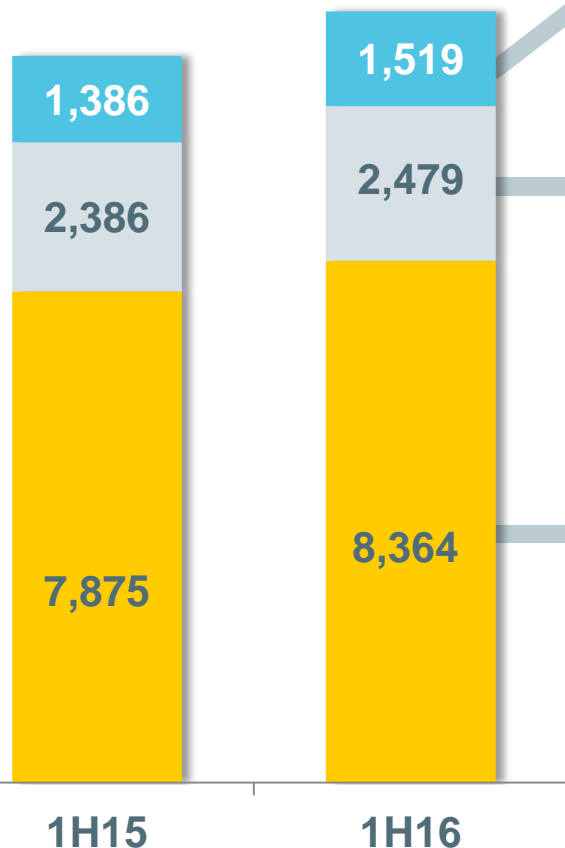


Operating Income up 6%

\$m

+6%

+5% before FX



Funds & Insurance

+10%

| | | |
|------------------|---|-----|
| Average FUA | ↑ | 7% |
| Insurance income | ↑ | 17% |

Other Banking Income

+4%

| | | |
|----------------------|---|---------|
| FVA / CVA | ↓ | (\$97m) |
| Trading (ex FVA/CVA) | ↑ | 13% |
| OBI (ex Trading) | ↑ | 7% |

Net Interest Income

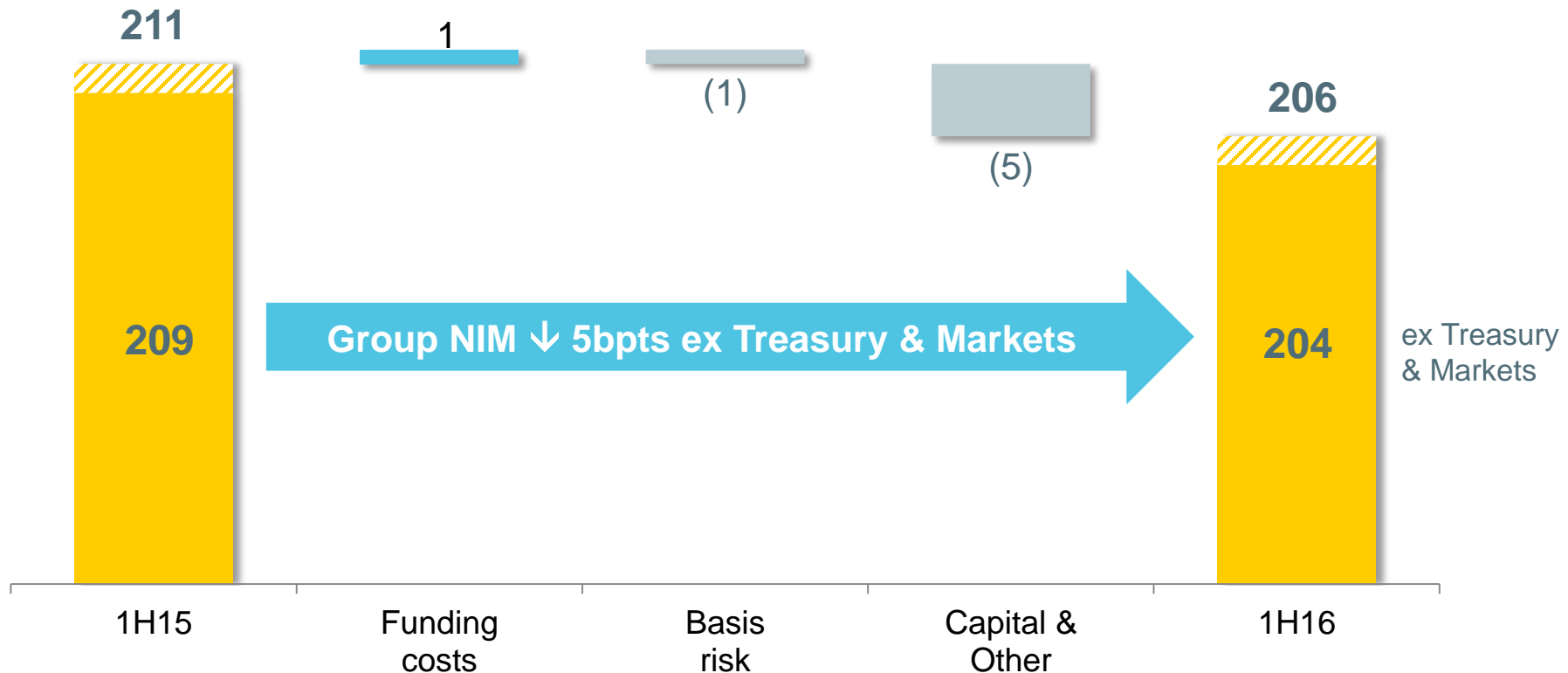
+6%

| | | |
|--------|---|---------|
| Volume | ↑ | 9% |
| Margin | ↓ | (5bpts) |



12 Month Movement

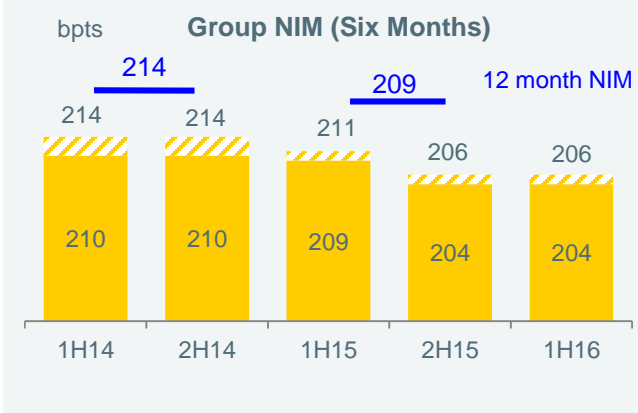
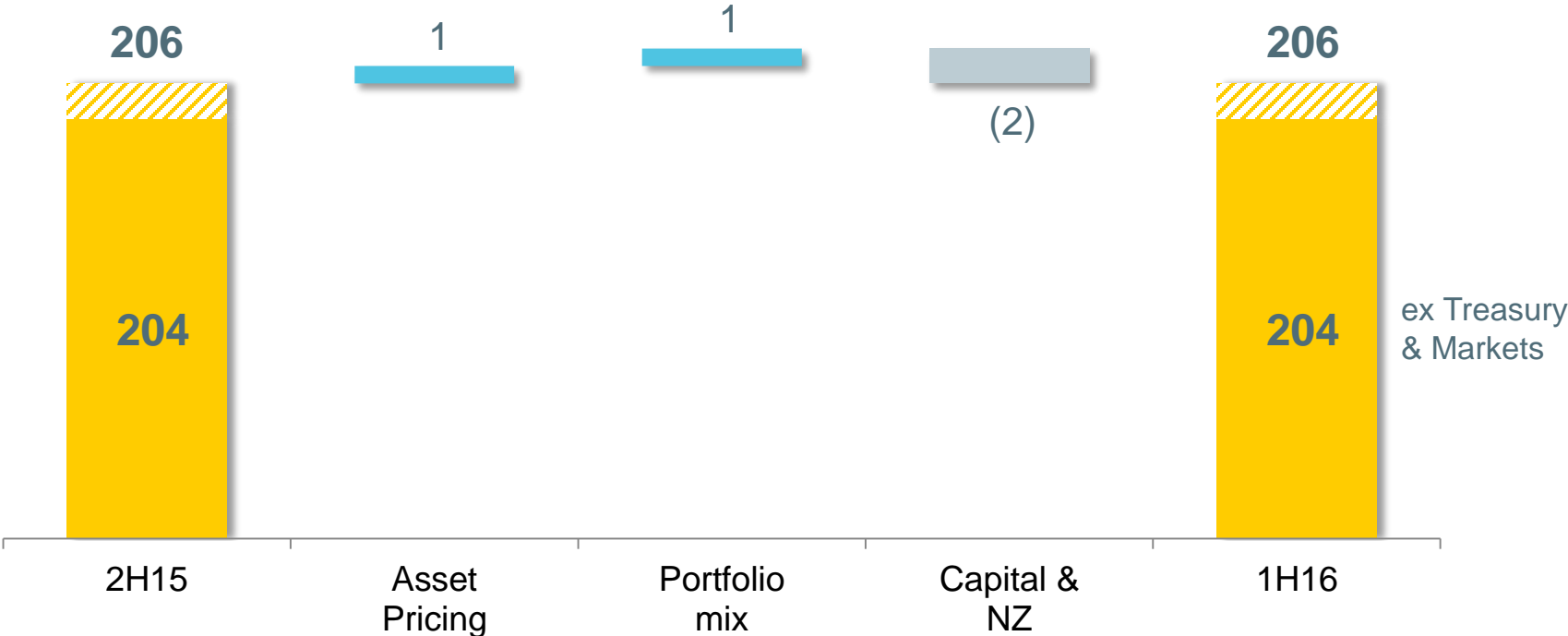
bpts



Group NIM flat

6 Month Movement

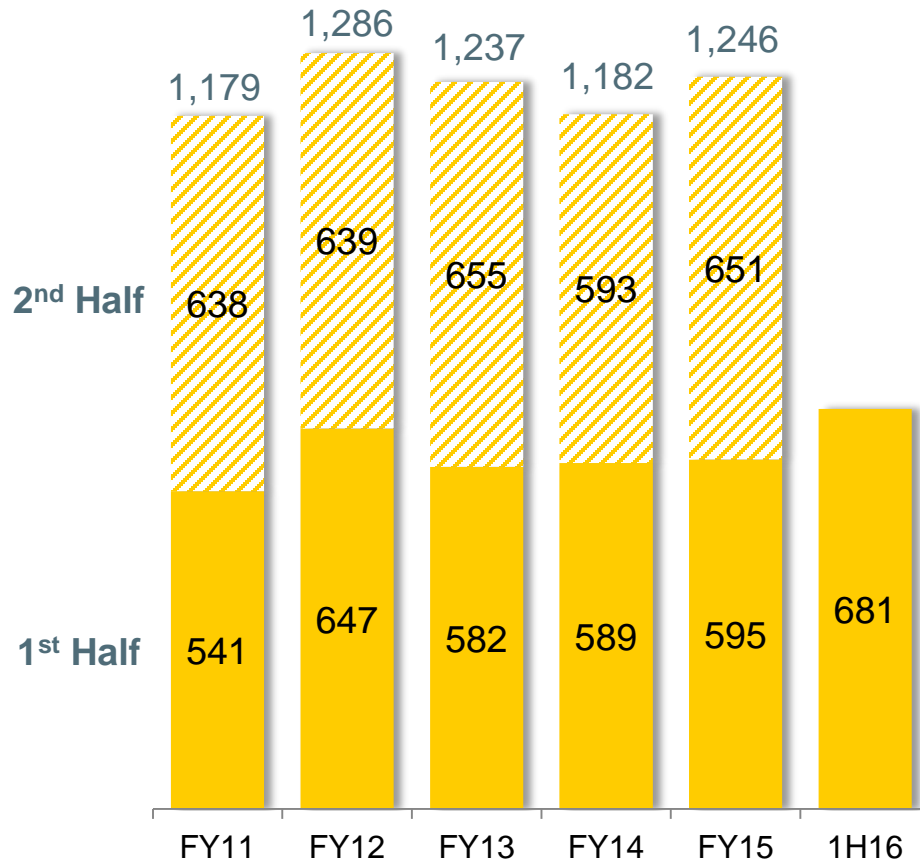
bpts



ex Treasury & Markets

Gross Investment Spend

\$m



Investment Spend

% of total

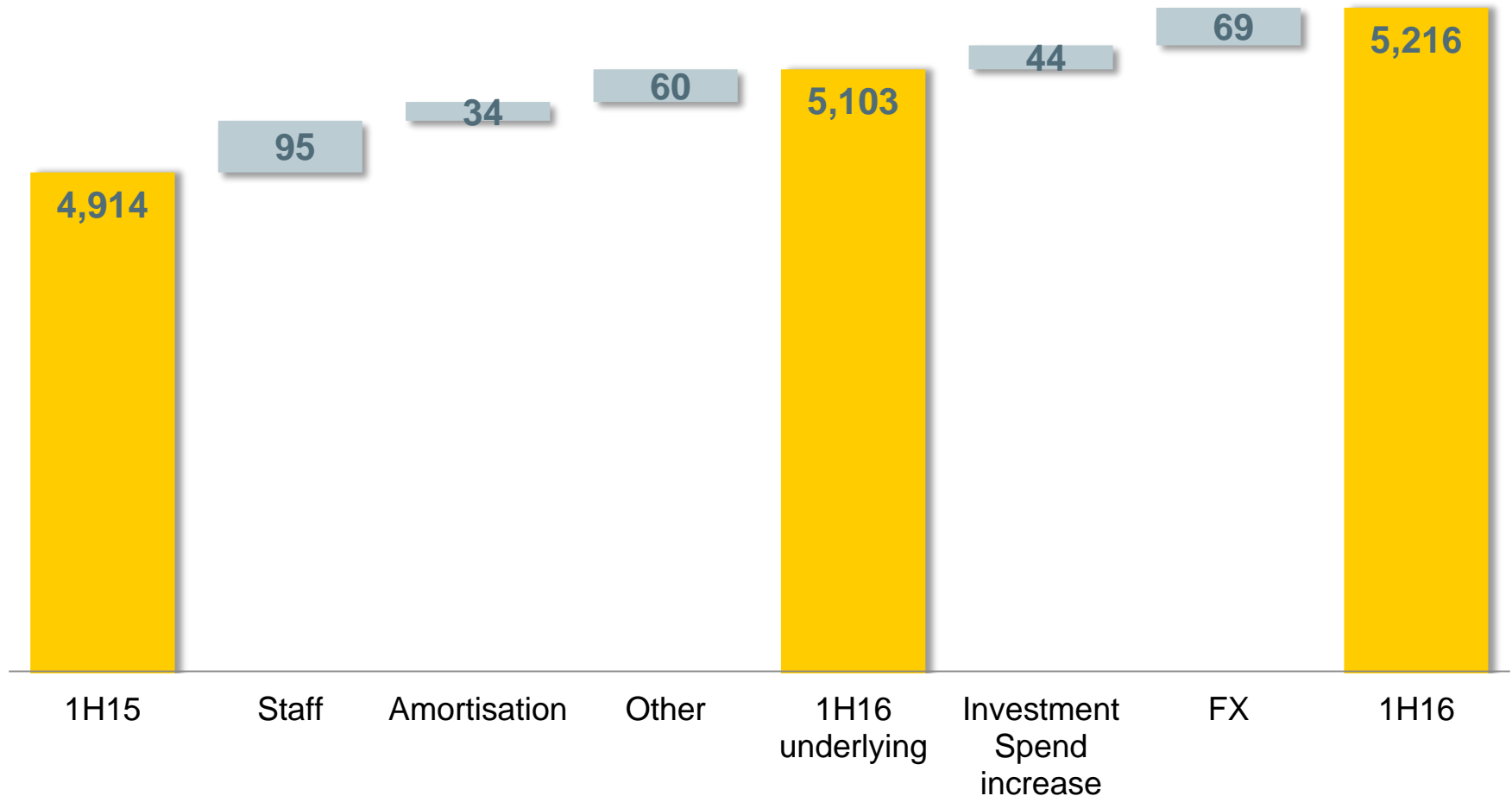


Underlying expenses up 3.8%

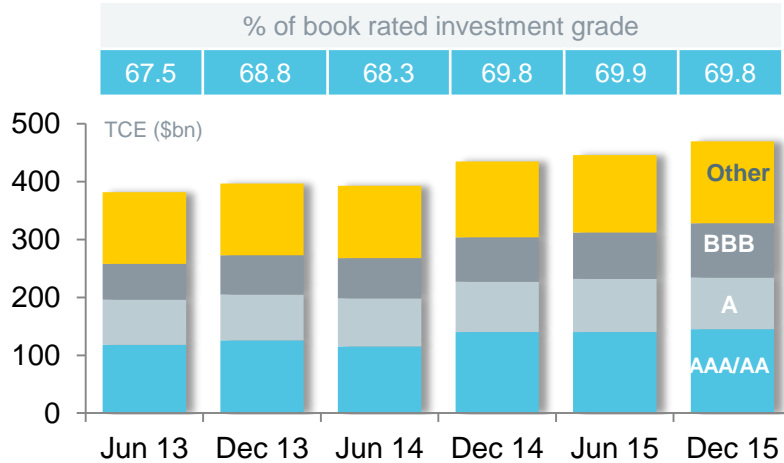
\$m

**Underlying
+ 3.8%**

+ 6.1%

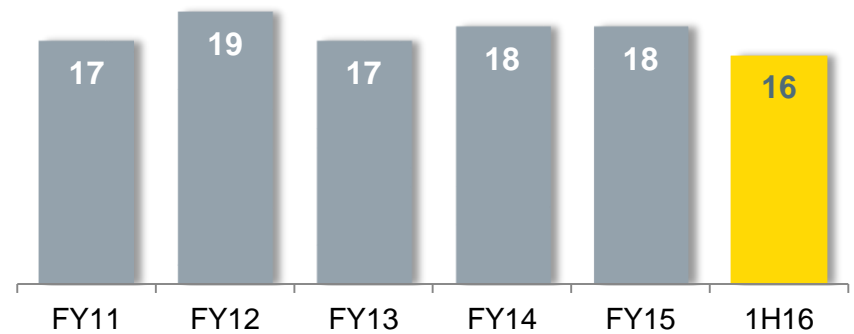


Commercial Portfolio Quality



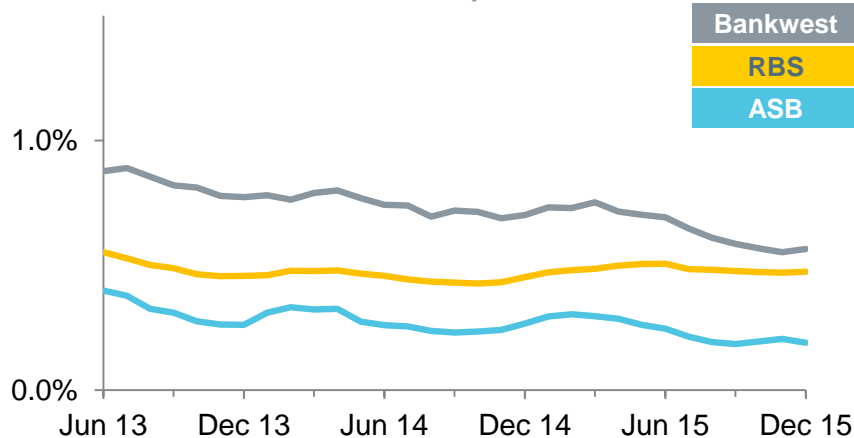
LIE to Gross Loans

Consumer (bpts)



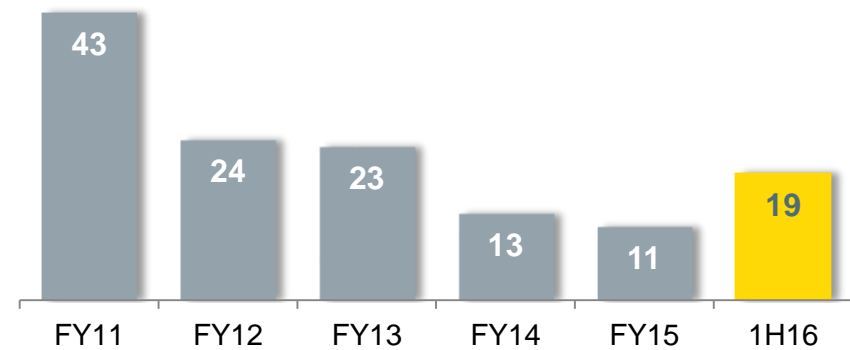
Home Loan Arrears

90+ days



LIE to Gross Loans

Corporate (bpts)

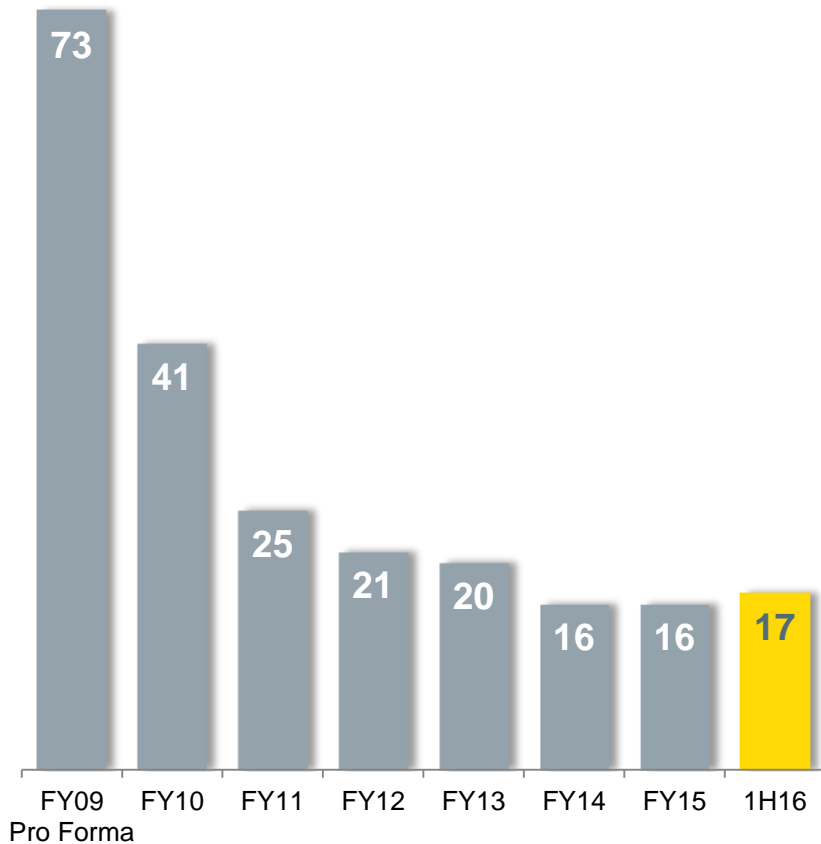


TCE (Total Committed Exposure) = balance for uncommitted facilities or greater of limit or balance for committed facilities. Calculated before collateralisation. Includes Bank and Sovereign exposures. CBA grades in S&P equivalents. LIE (Loan Impairment Expense) Basis points calculated as a percentage of average Gross Loans and Acceptances (GLA). Consumer represents Retail Banking Services, ASB Retail, Bankwest Retail and IFS Retail. Home Loan Arrears exclude Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans. Corporate represents Institutional Banking and Markets, Business and Private Banking, ASB Business, Bankwest Business, IFS Business and other corporate related expense. Statutory Corporate LIE for FY13 26 bpts and FY14 11 bpts.

Sound credit quality

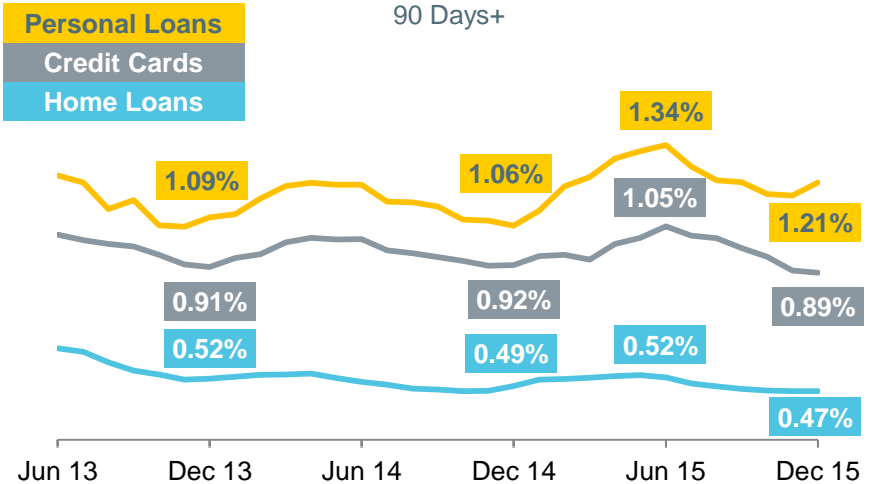
Loan Impairment Expense

CBA Group (bpts)



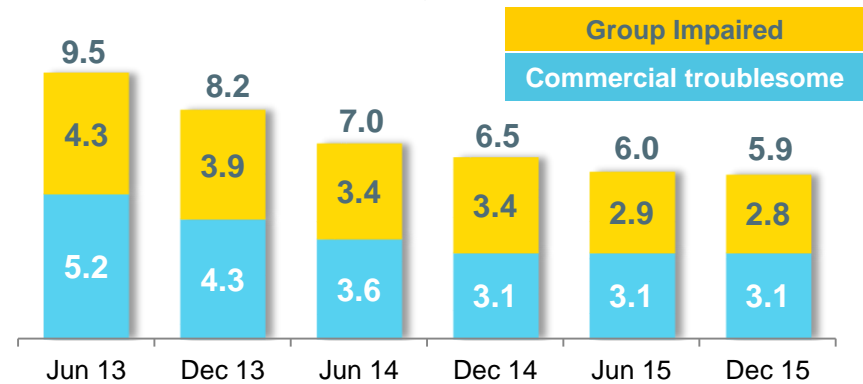
Consumer Arrears

90 Days+



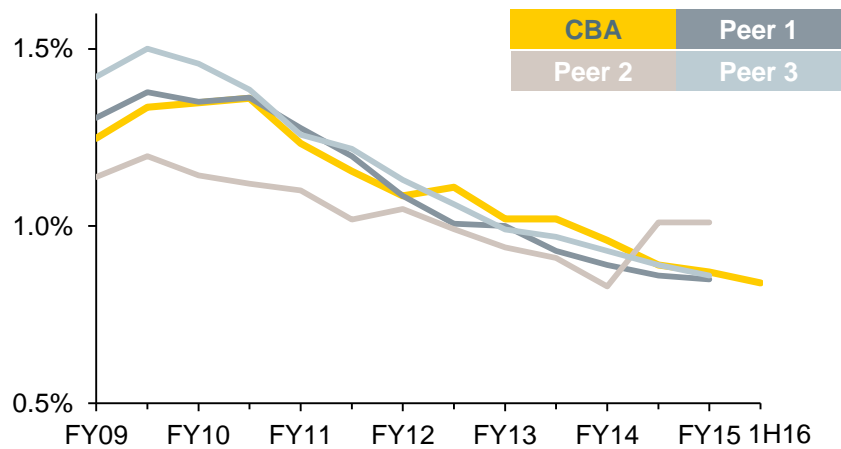
Troublesome and Impaired Assets

\$bn

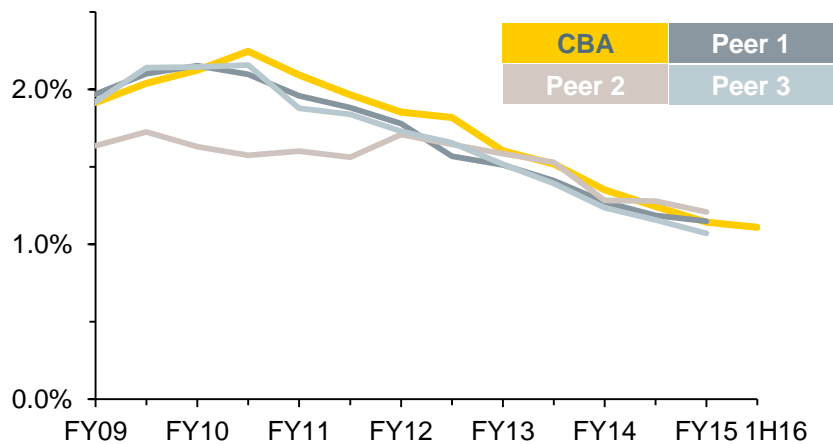


LIE (Loan Impairment Expense): Basis points calculated as a percentage of average Gross Loans and Acceptances (GLA). FY09 includes Bankwest on a pro-forma basis and is based on impairment expense for the year. Statutory Loan Impairment Expense for FY10 48 bpts, FY13 21 bpts and FY14 16 bpts. Consumer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

Collective Provisions to Credit RWA



Total Provisions to Credit RWA

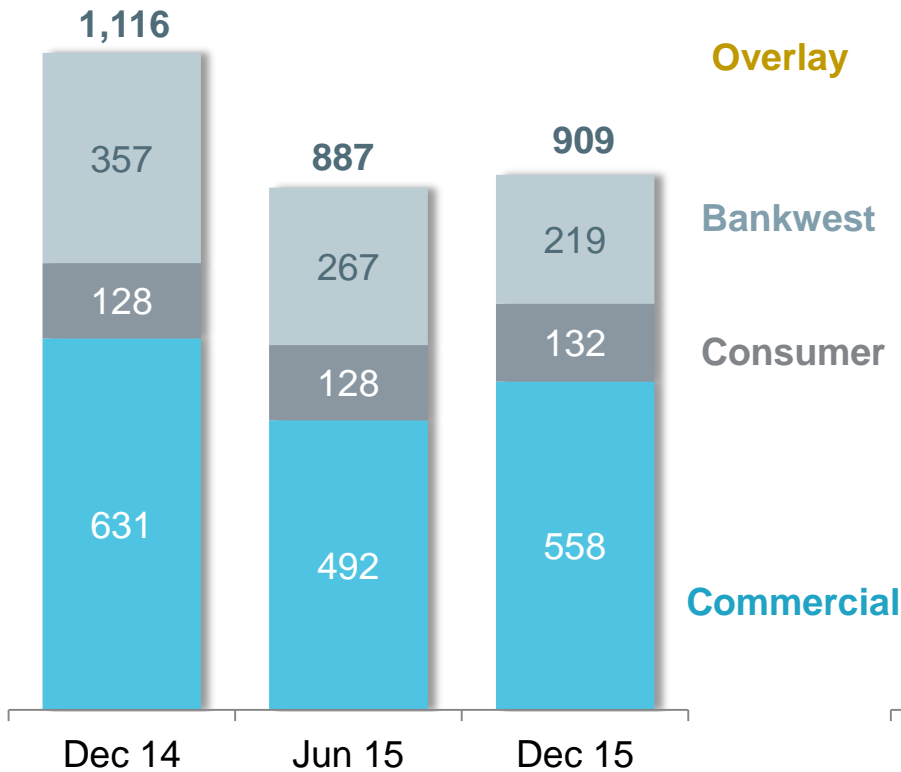


Charts based on financial year data (CBA: 31 December and 30 June, Peers: 31 March and 30 September). Provisions do not include General Reserve for Credit Losses, equity reserves or other similar adjustments. All ratios subsequent to 1 January 2013 are based on Basel III credit RWA, all ratios prior to this date are based on Basel II/Basel 2.5 credit RWA.

Strong provisioning

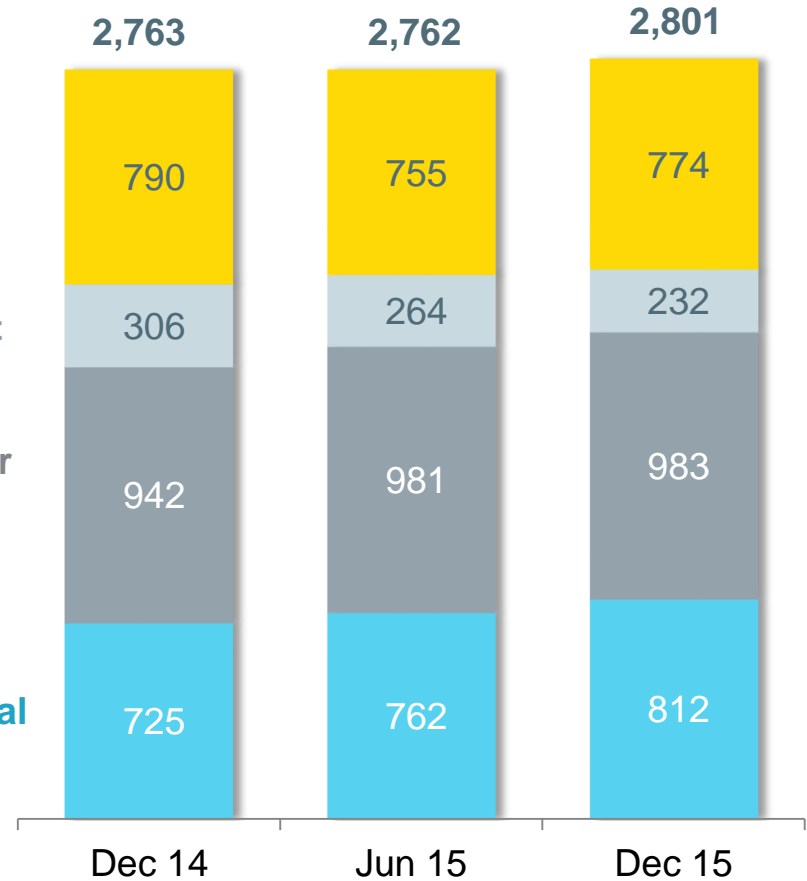
Individual Provisions

\$m



Collective Provisions

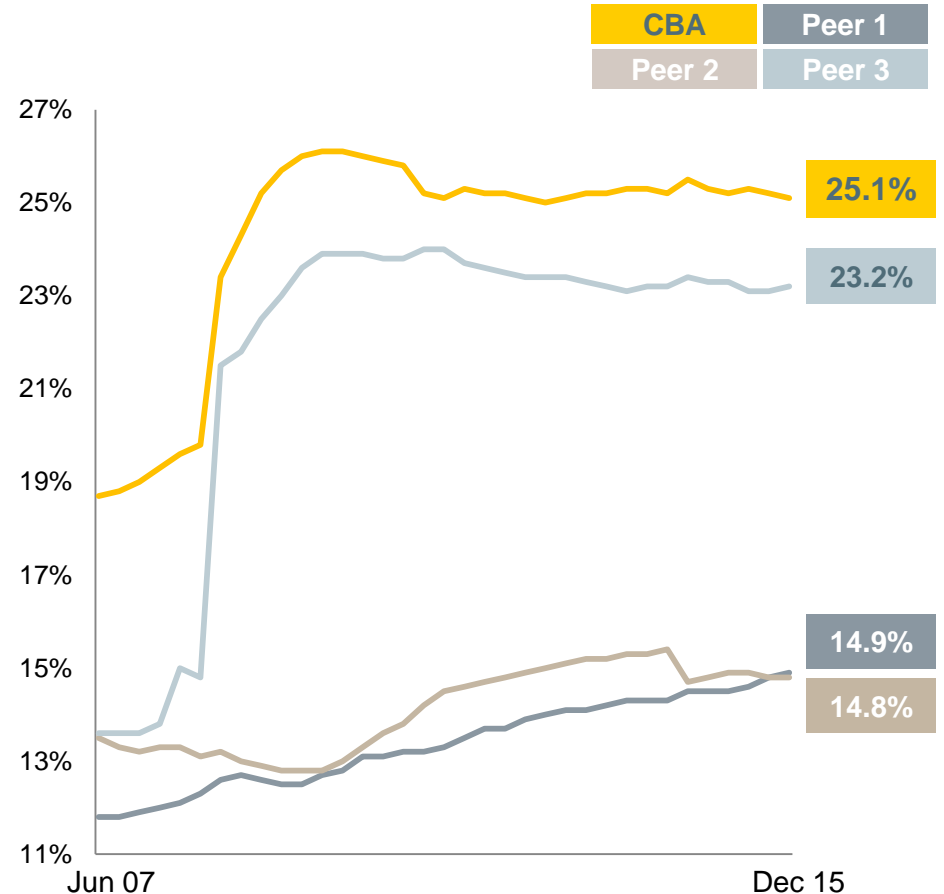
\$m



Retail Banking Services

| \$m | 1H16 | 1H16 vs 1H15 |
|----------------------------------|--------------|--------------|
| Home loans | 2,081 | 8% |
| Consumer finance | 1,278 | 6% |
| Retail deposits | 1,498 | 7% |
| Distribution | 223 | 9% |
| Other | 80 | (9%) |
| Total banking income | 5,160 | 7% |
| Operating expenses | (1,694) | 4% |
| Operating performance | 3,466 | 8% |
| Loan impairment expense | (305) | 14% |
| Tax | (946) | 8% |
| Cash net profit after tax | 2,215 | 8% |

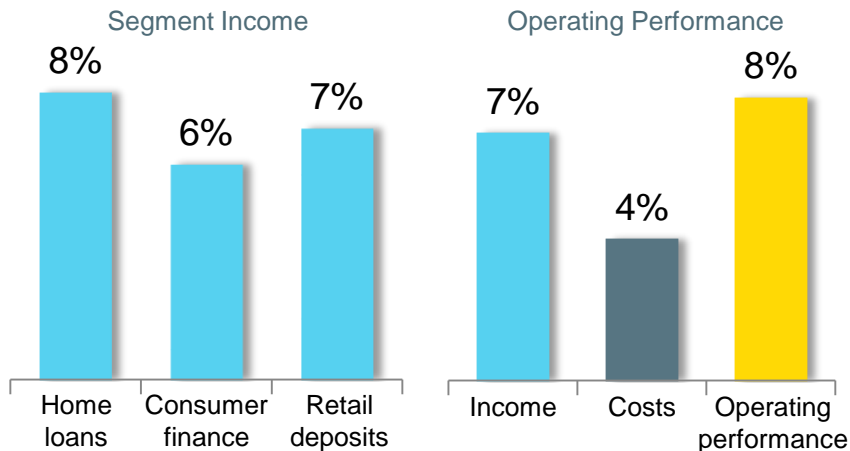
Home Loan Market Share



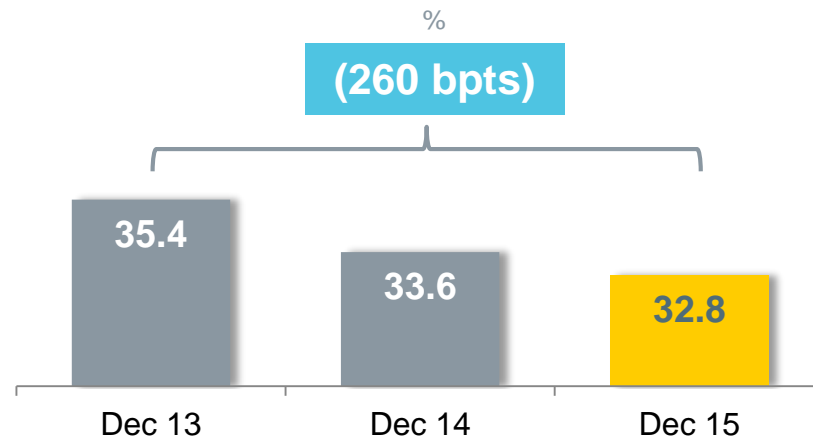
Source: RBA/APRA. CBA includes Bankwest

Retail Banking Services

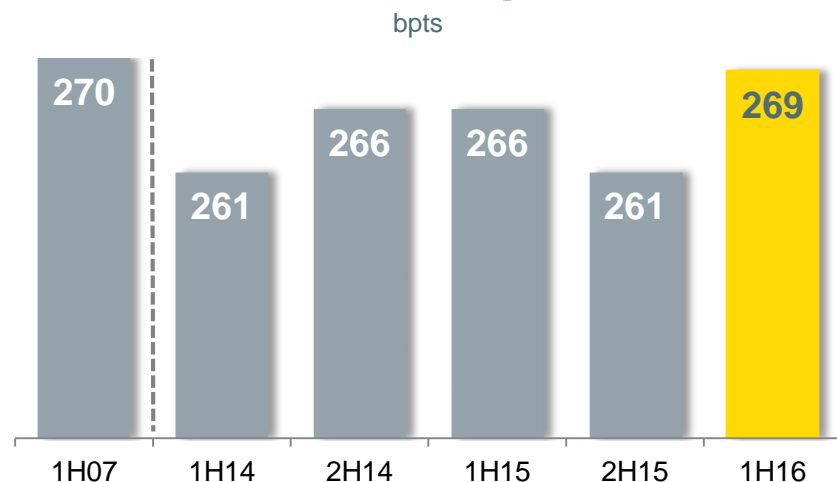
1H16 vs 1H15



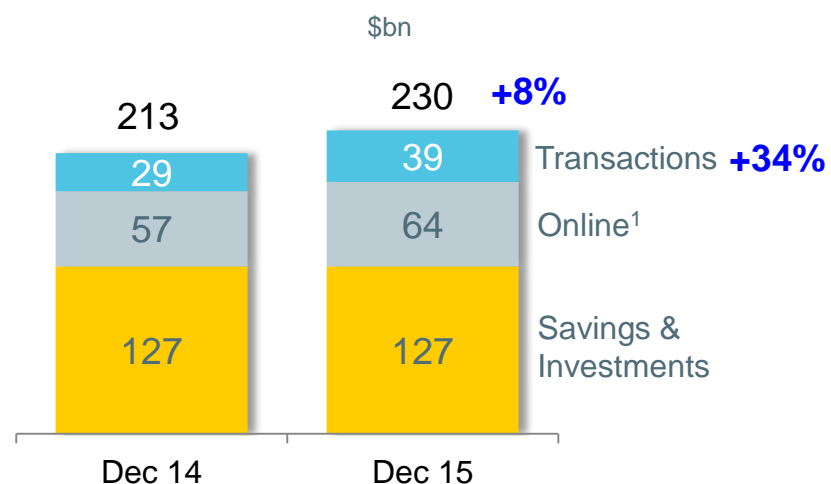
Cost-to-Income Ratio



RBS Margin



Retail Deposit Mix



¹ Online includes NetBank Saver, Goal Saver and Business Online Saver

Business & Private Banking

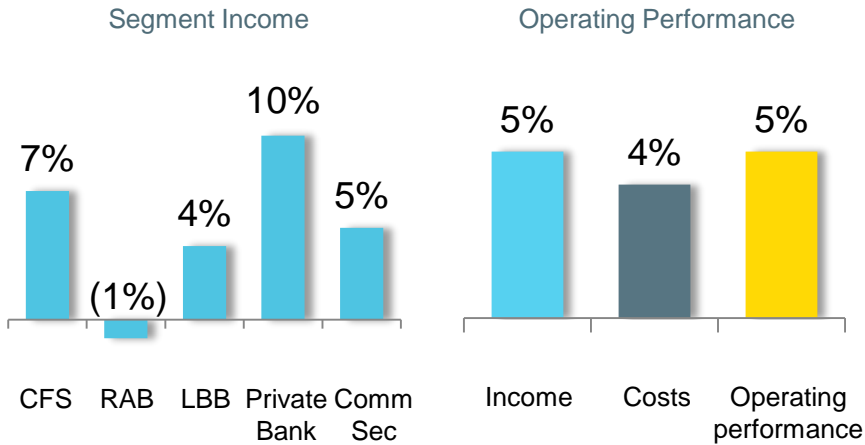
| \$m | 1H16 | 1H16 vs 1H15 |
|----------------------------------|--------------|-----------------|
| Corporate Financial Services | 709 | 7% |
| Regional and Agribusiness | 322 | (1%) |
| Local Business Banking | 569 | 4% |
| Private Bank | 181 | 10% |
| CommSec | 180 | 5% |
| Total banking income | 1,961 | 5% |
| Operating expenses | (742) | 4% |
| Operating performance | 1,219 | 5% |
| Loan impairment expense | (71) | 13% |
| Tax | (345) | 5% |
| Cash net profit after tax | 803 | 5% |

Institutional Banking & Markets

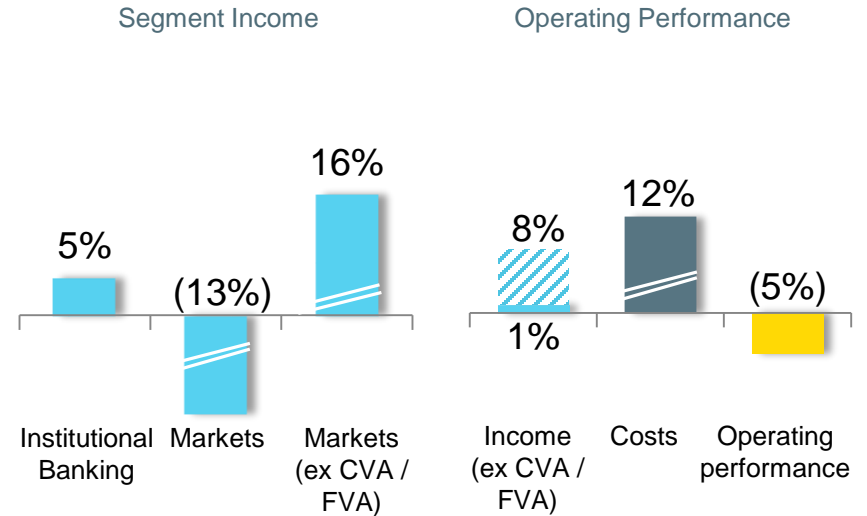
| \$m | 1H16 | 1H16 vs 1H15 |
|----------------------------------|--------------|-----------------|
| Institutional Banking | 1,127 | 5% |
| Markets | 311 | (13%) |
| | | |
| | | |
| | | |
| Total banking income | 1,438 | 1% |
| Operating expenses | (534) | 12% |
| Operating performance | 904 | (5%) |
| Loan impairment expense | (140) | 44% |
| Tax | (156) | (25%) |
| Cash net profit after tax | 608 | (6%) |

Corporate

BPB – 1H16 vs 1H15

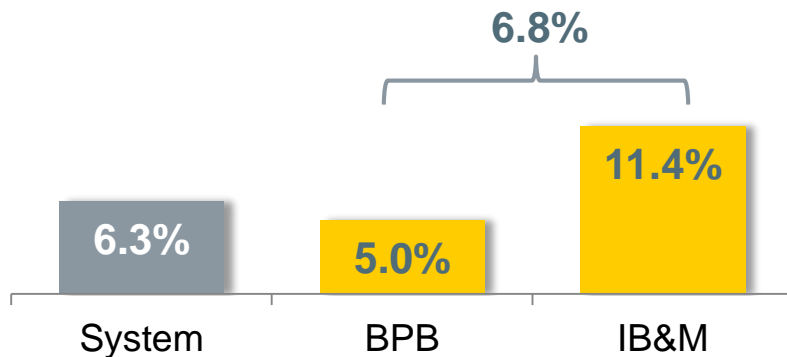


IB&M –1H16 vs 1H15



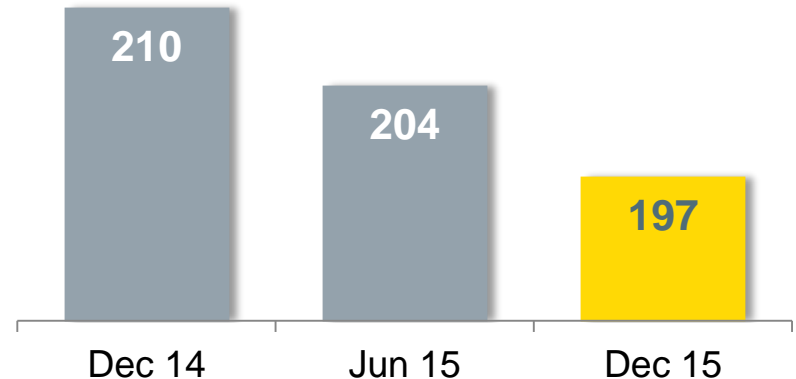
Australian Business Lending Growth

12 months to Dec 15¹



NIM²

bpts



¹ Spot balance growth twelve months to December 15. Source RBA. IB&M represents Core Domestic Lending balance growth and excludes Cash Management Pooling Facilities (CMPF). CMPF included in total growth rate shown.

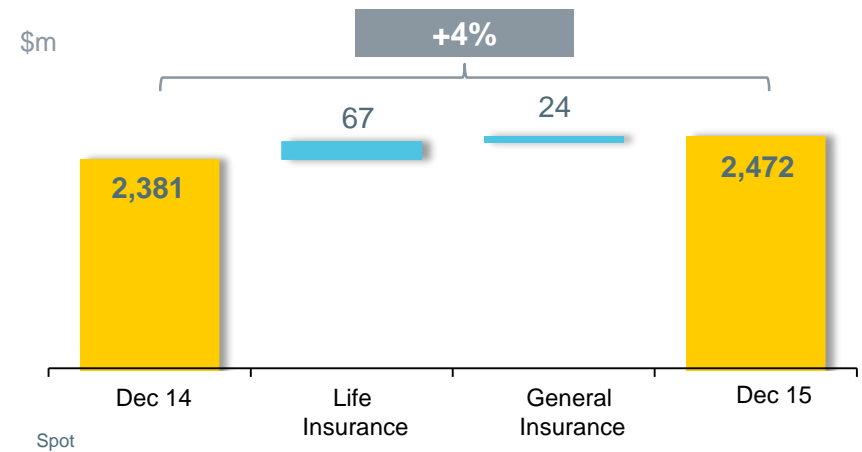
² Combined Institutional Banking and Markets and Business and Private Banking



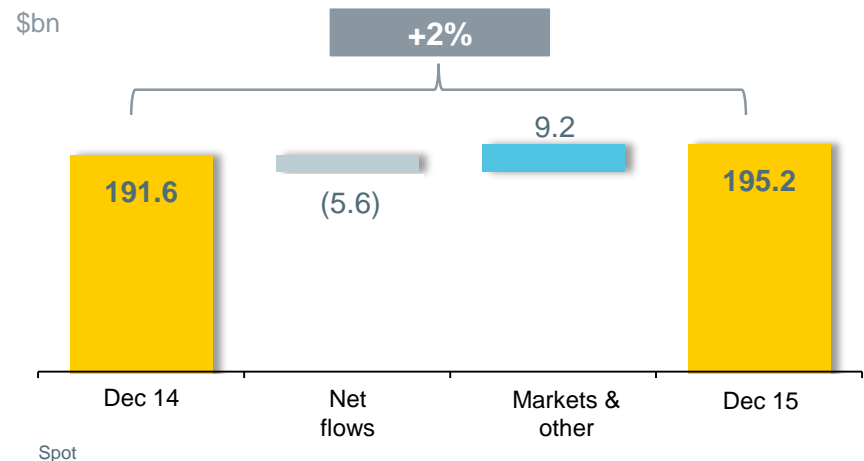
Wealth Management

| \$m | 1H16 | 1H16 vs 1H15 |
|---|--------------|--------------|
| CFSGAM | 437 | 9% |
| Colonial First State (CFS) ¹ | 467 | 4% |
| CommInsure (CI) | 390 | 15% |
| Total operating income | 1,294 | 9% |
| Operating expenses | (832) | 6% |
| Tax | (131) | 24% |
| Underlying profit after tax | 331 | 10% |
| Investment experience | 41 | (13%) |
| Cash net profit after tax | 372 | 7% |

Insurance Inforce



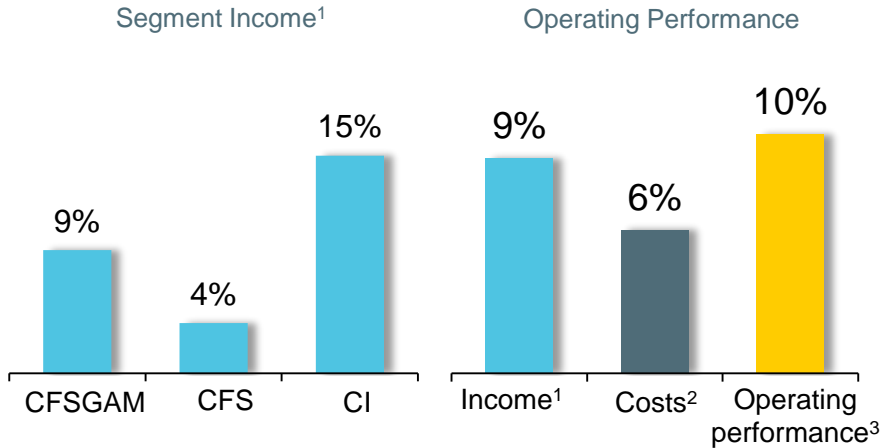
AUM²



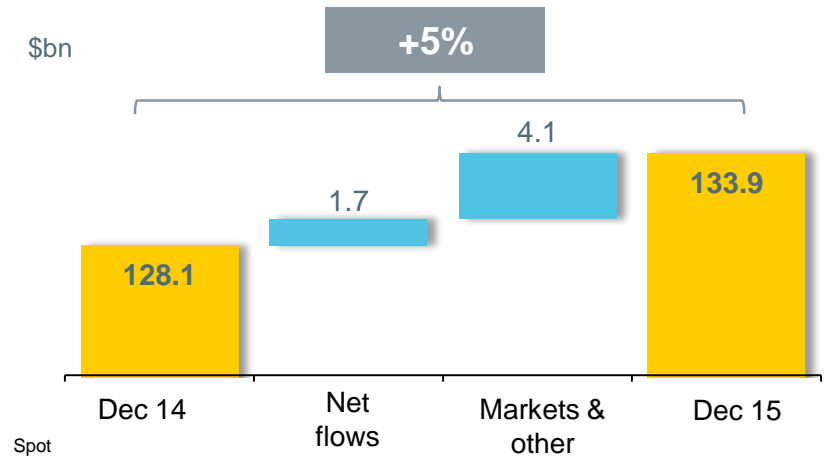
¹ Colonial First State incorporates the results of all Wealth Management Financial Planning businesses
² AUM include Realindex Investments and exclude the Group's interest in the First State Cinda Fund Management Company Limited

Wealth Management

1H16 vs 1H15

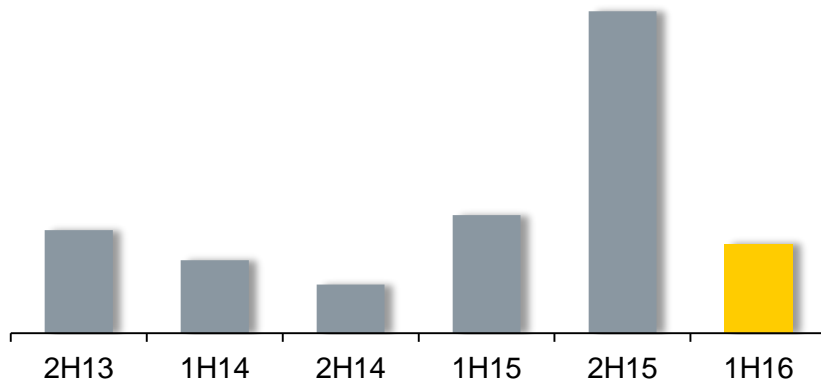


FUA



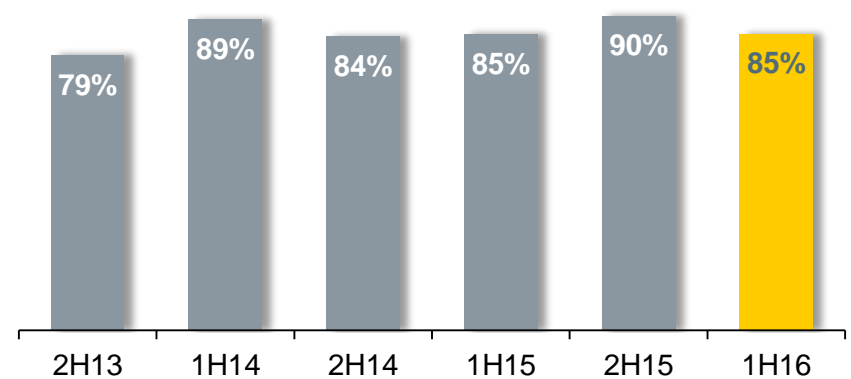
General Insurance Claims

Net Event Claims \$



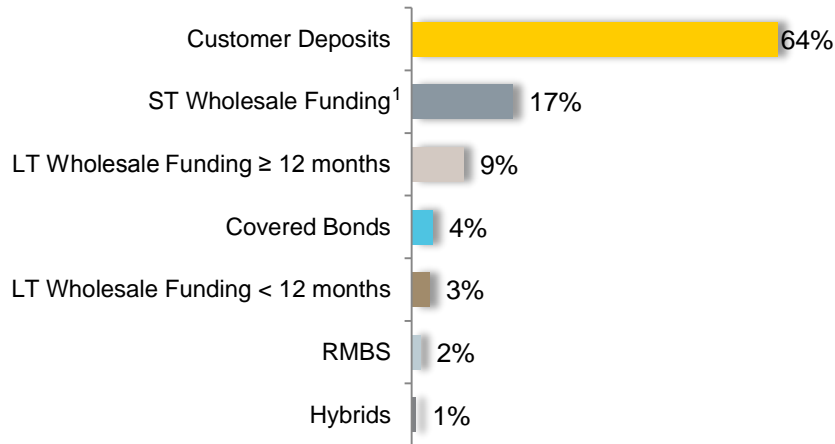
CFSGAM Funds Performance

3 year rolling average of percentage of funds outperforming benchmark returns

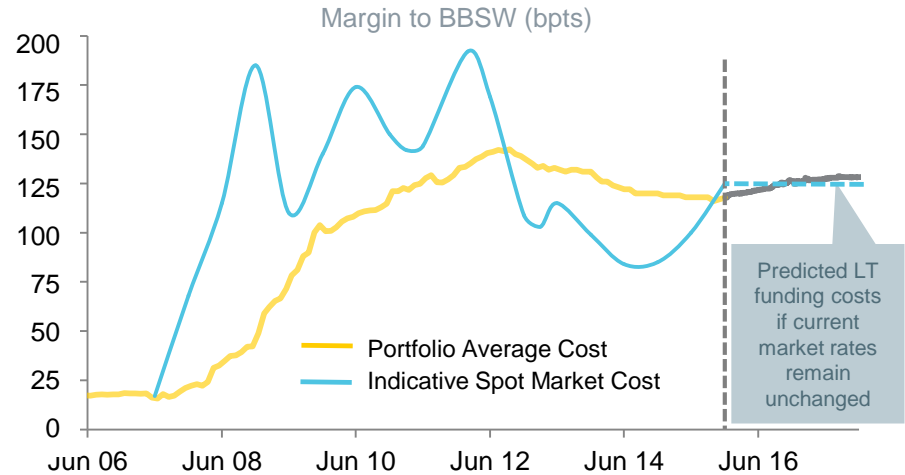


1 Total operating income
2 Operating expenses
3 Underlying profit after tax

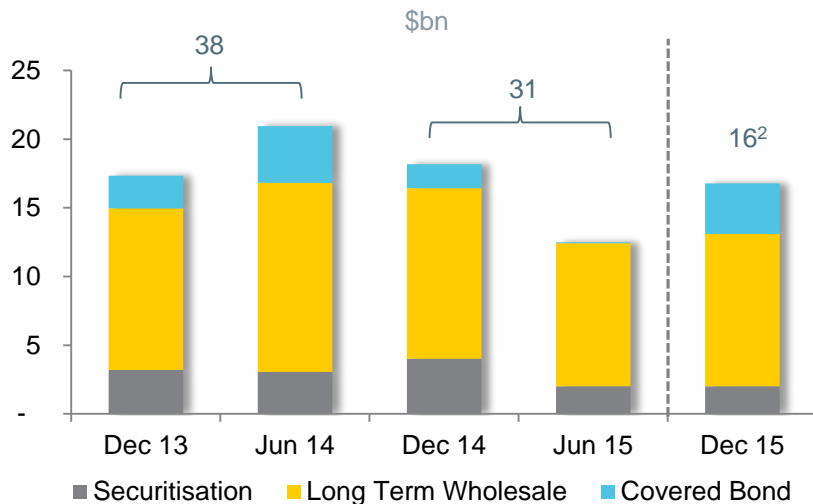
Funding Composition



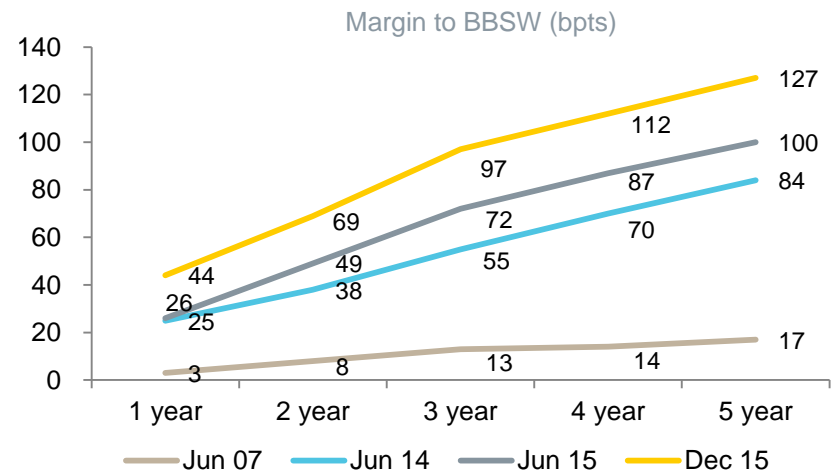
Average Long Term Funding Costs



Issuance

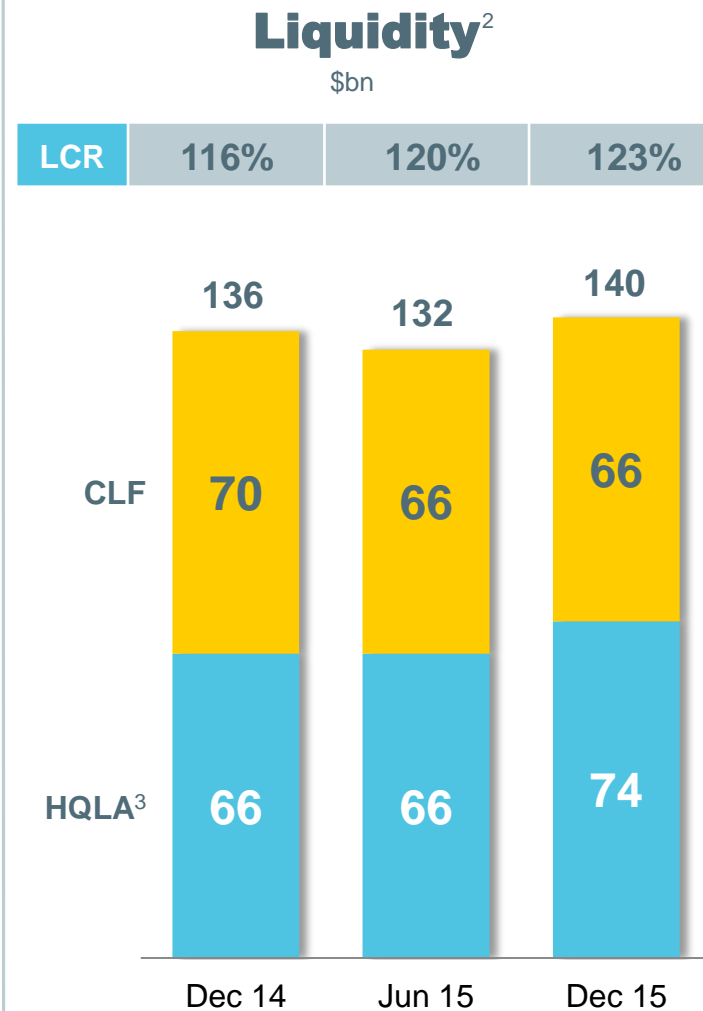
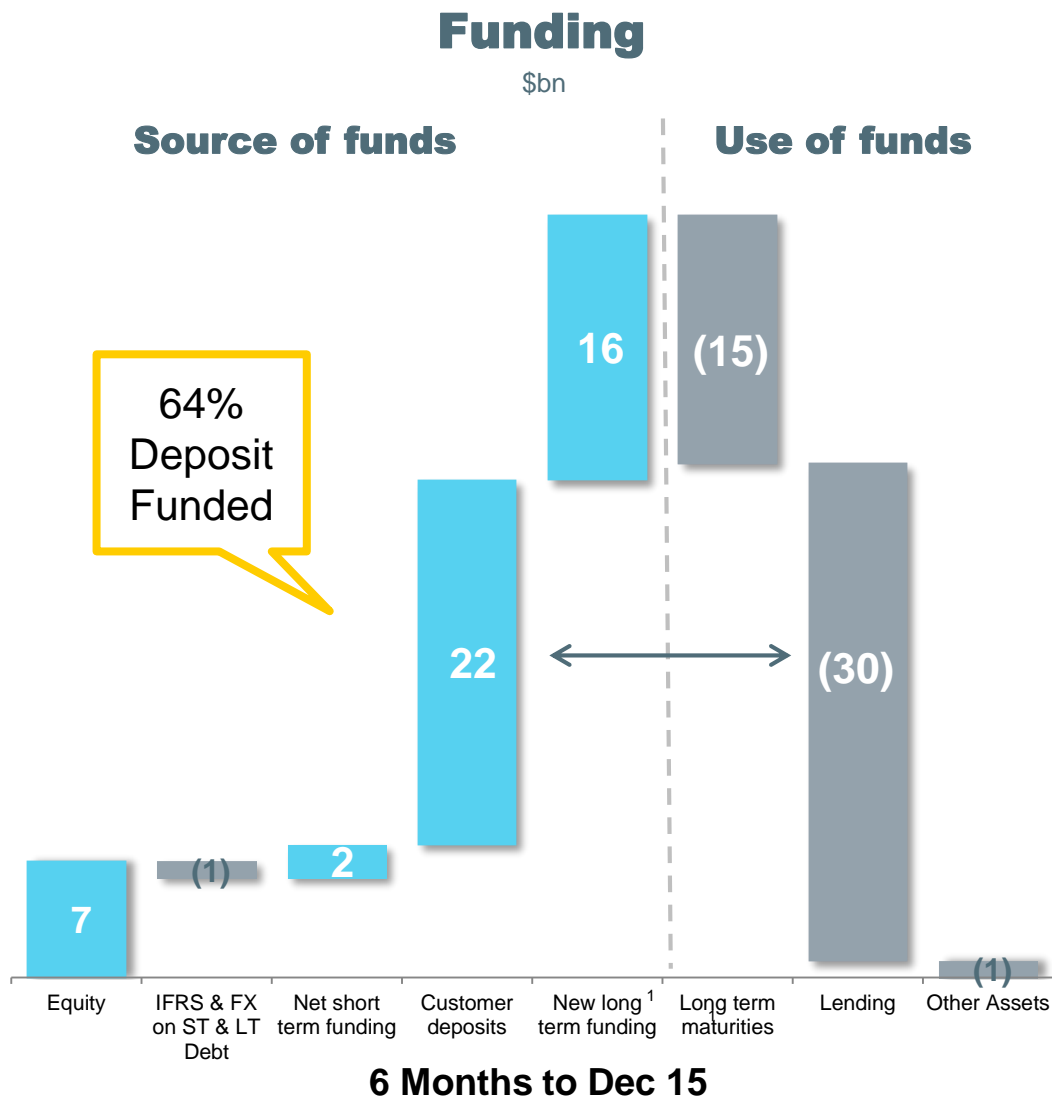


Indicative Funding Cost Curves



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

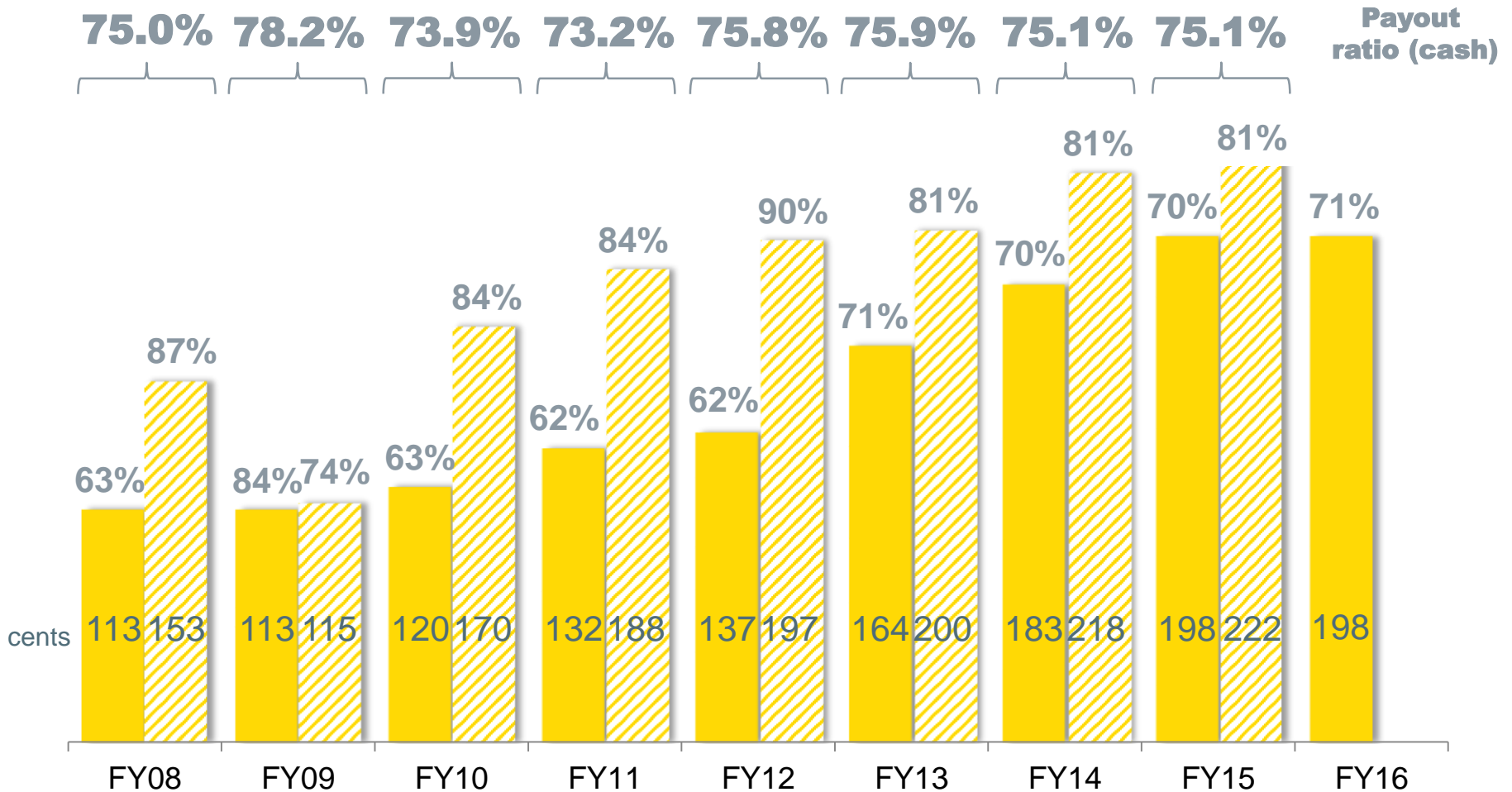
Funding and Liquidity



1 Includes restructure of swaps and reclassification of deals between short and long term funding

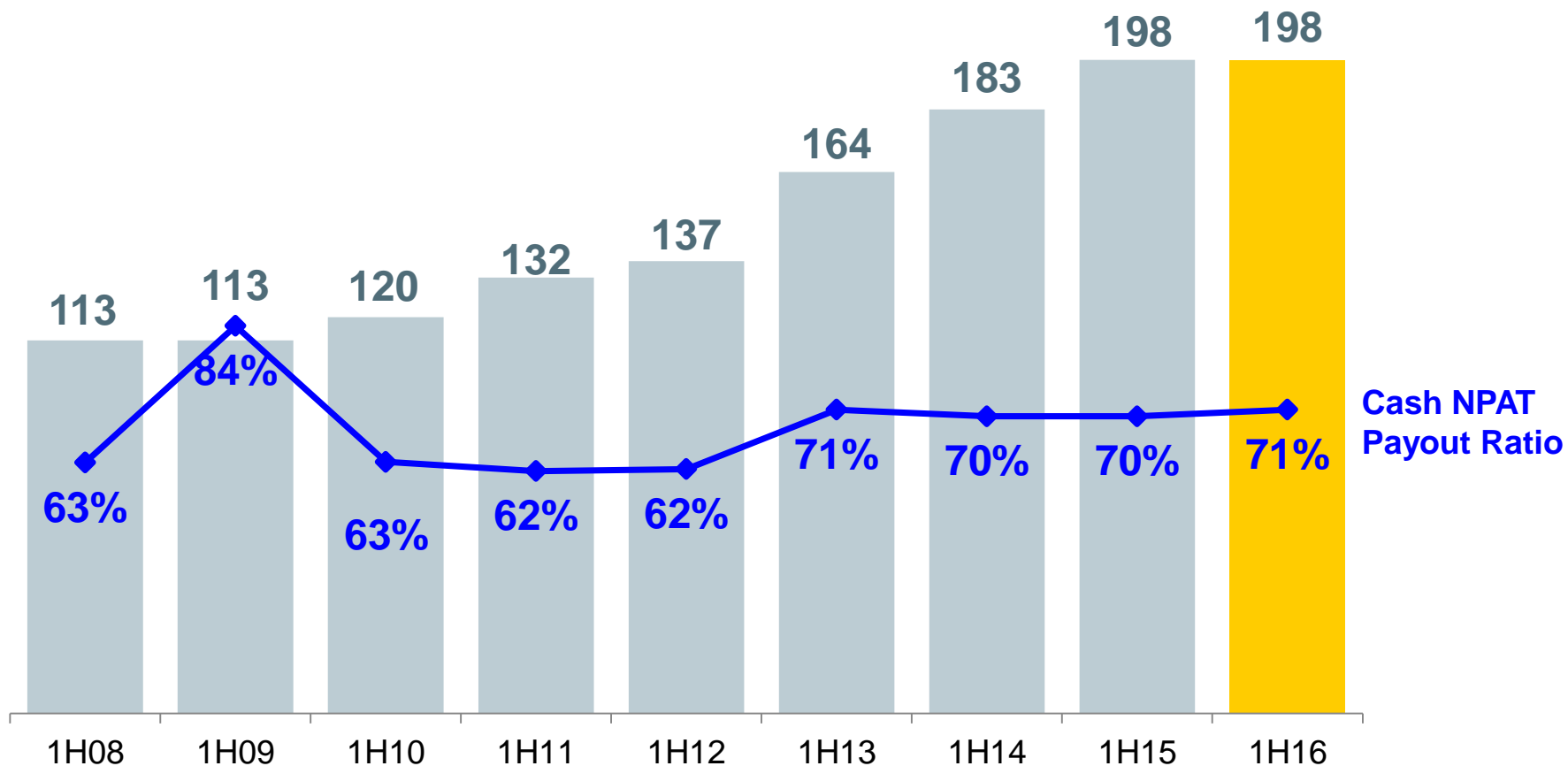
2 Liquids are reported net of applicable regulatory haircuts. Dec 14 adjusted to align with final reporting with APRA.

3 The Exchange Settlement Account (ESA) balance is netted down by the Reserve Bank of Australia open-repo of internal RMBS



Interim Dividend

cents per share



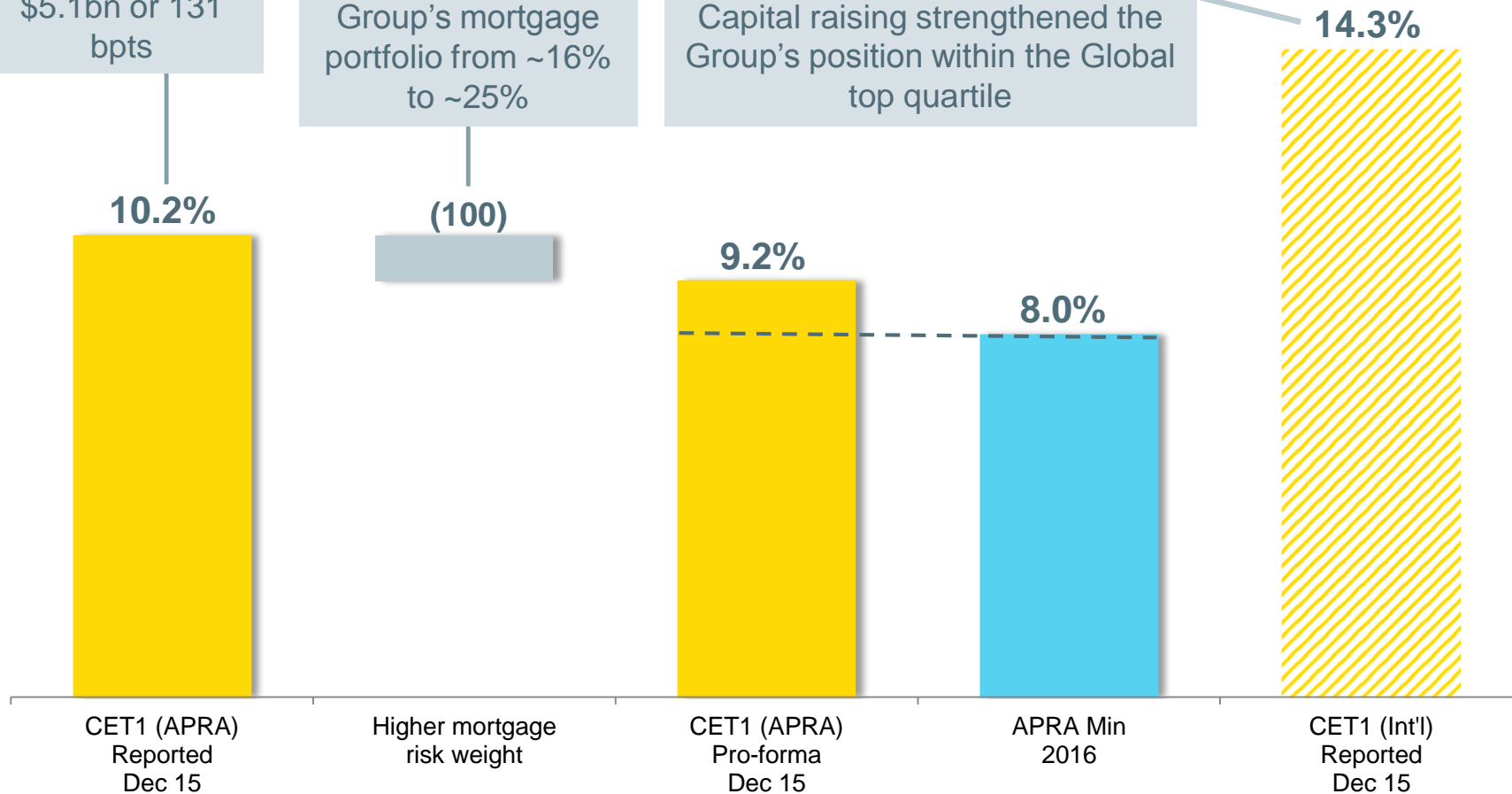
Additional information

Pro-forma Capital

Entitlement offer (Aug-15) raised \$5.1bn or 131 bpts

From July 2016 - increases average risk weight for the Group's mortgage portfolio from ~16% to ~25%

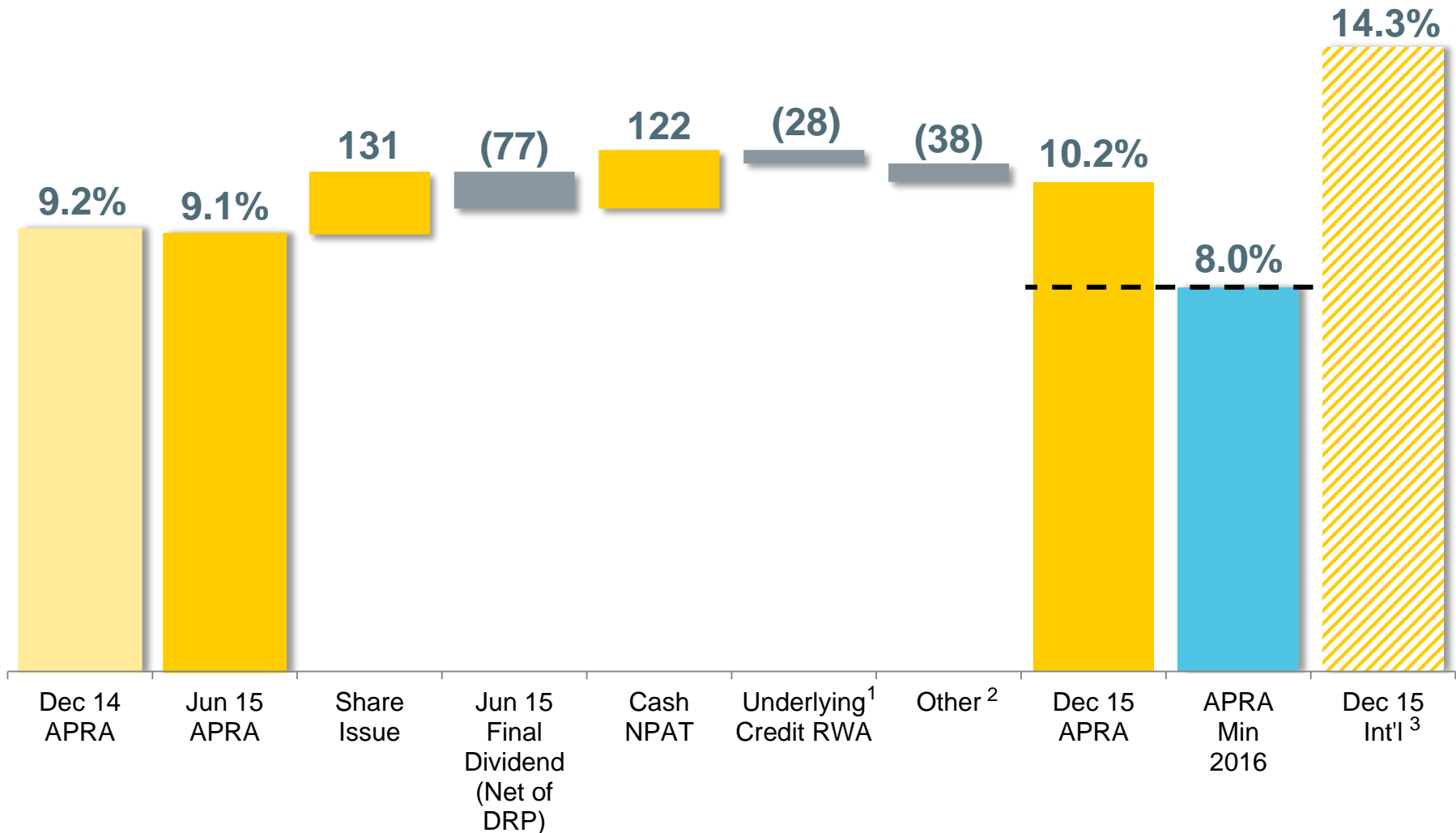
Mortgage risk weight change has no impact on the Group's internationally comparable ratio. Capital raising strengthened the Group's position within the Global top quartile



Strong Capital Position

CET1

bpts



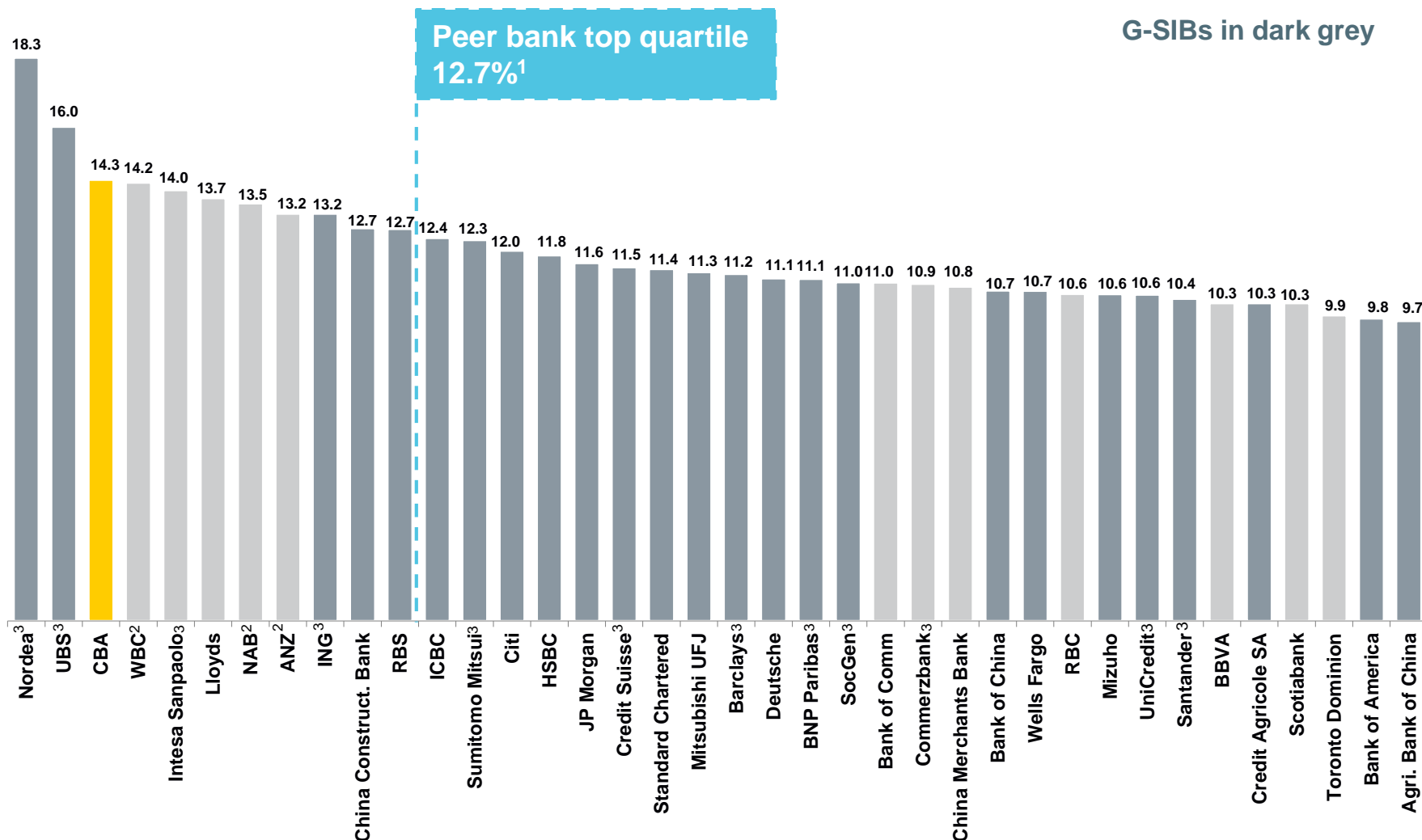
1 Excludes impact of FX and change in regulatory treatments.

2 Primarily relates to growth in IRRBB RWA and the impact of Credit RWA regulatory treatments.

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



International Peer Basel III CET1



Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 4 February 2016 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.

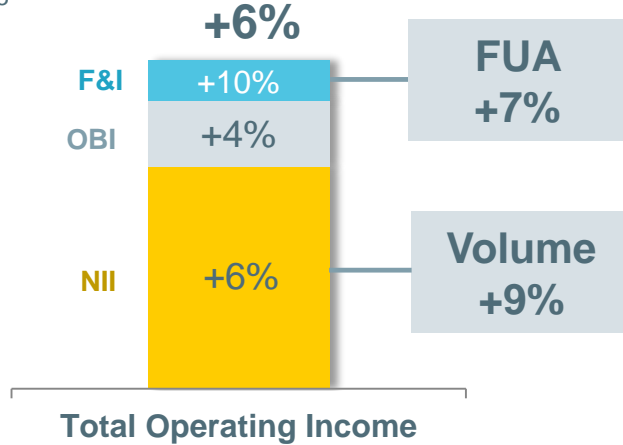
- 1 Calculated top quartile of above peer group
- 2 Domestic peer figures as at 30 September 2015, WBC reported pro-forma at 30 September 2015
- 3 Deduction for accrued expected future dividends added back for comparability

Notes

Summary

A volume driven income result

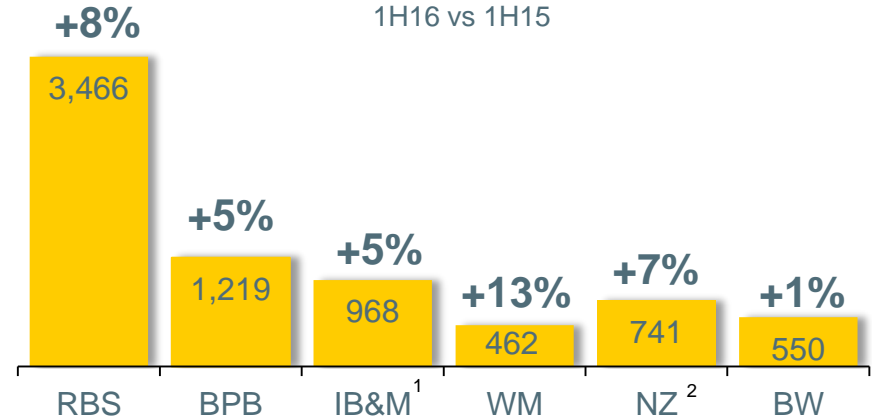
1H16 vs 1H15



Good operating performance

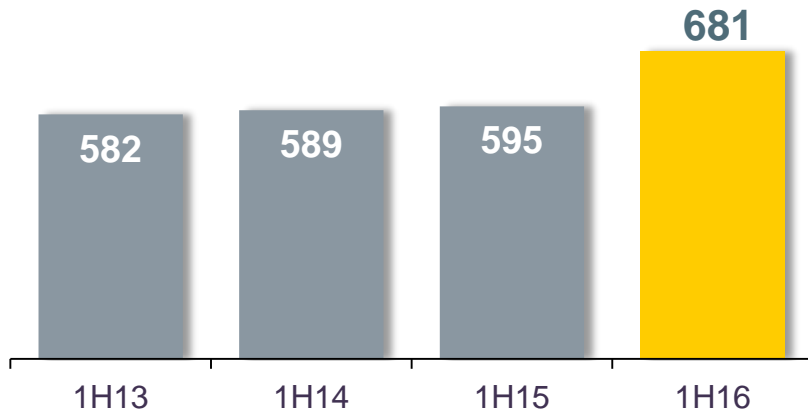
(Income less operating expense, \$m)

1H16 vs 1H15

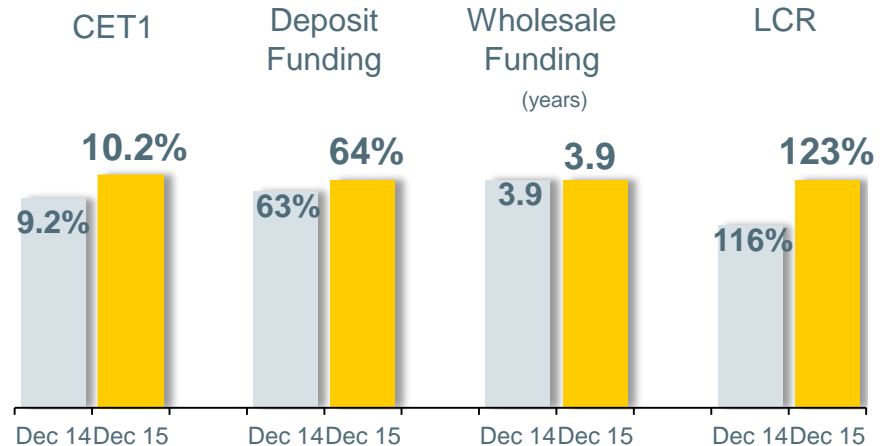


Continuing to invest

\$m



Strength



¹ IB&M ex CVA/FVA

² In NZD



CommonwealthBank



RESULTS PRESENTATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

IAN NAREV
CHIEF EXECUTIVE OFFICER

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

**WHEN
WE BELIEVE,
WE CAN.**

Supporting jobs and growth

- ◆ \$6 billion in salaries and wages to 41,000 Australians and 51,000 people overall
- ◆ \$4 billion to 6,000 SME partners and suppliers
- ◆ Over \$3 billion in tax, representing more than 4.5% of Australia's total corporate tax
- ◆ \$5.5 billion in dividends to Australian shareholders, including more than 800,000 households, either directly or through Australian super funds

Additional information

Economic Indicators

| | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------|----------------------------------|------|------|------|------|------|-------|-------|
| World | GDP | 4.2 | 3.4 | 3.3 | 3.4 | 3.1 | 3.1 | 3.3 |
| Australia | Credit Growth % – Total | 2.6 | 4.4 | 3.1 | 5.0 | 6.0 | 5½-6½ | 4¾-6¾ |
| | Credit Growth % – Housing | 6.1 | 5.0 | 4.6 | 6.4 | 7.3 | 6-7 | 5-7 |
| | Credit Growth % – Business | -2.3 | 4.4 | 1.2 | 3.4 | 4.5 | 5½-6½ | 5-7 |
| | Credit Growth % – Other Personal | 0.6 | -1.2 | 0.2 | 0.6 | 0.8 | 0-1 | ½-2½ |
| | GDP % | 2.4 | 3.6 | 2.4 | 2.5 | 2.2 | 2.5 | 3.1 |
| | CPI % | 3.1 | 2.3 | 2.3 | 2.7 | 1.7 | 1.5 | 2.2 |
| | Unemployment rate % | 5.0 | 5.2 | 5.4 | 5.8 | 6.2 | 5.9 | 5.6 |
| Cash Rate % | 4¾ | 3½ | 2¾ | 2½ | 2 | 2 | 2 | |
| New Zealand | Credit Growth % – Total | 1.5 | 3.2 | 4.0 | 4.2 | 6.4 | 5½-7½ | 3½-5½ |
| | Credit Growth % – Housing | 1.2 | 1.8 | 5.0 | 5.3 | 5.6 | 6-8 | 3-5 |
| | Credit Growth % – Business | 1.2 | 3.9 | 1.9 | 3.1 | 6.2 | 5-7 | 5-7 |
| | Credit Growth % – Agriculture | -0.8 | 3.0 | 4.4 | 3.7 | 7.6 | 5-7 | 4-6 |
| | GDP % | 1.1 | 2.8 | 2.3 | 3.0 | 3.3 | 2.2 | 2.9 |
| | CPI % | 3.8 | 2.2 | 0.8 | 1.5 | 0.6 | 0.6 | 1.6 |
| | Unemployment rate % | 6.6 | 6.6 | 6.7 | 6.0 | 5.8 | 5.8 | 6.0 |
| | Overnight Cash Rate % | 2.5 | 2.5 | 2.5 | 3.25 | 3.25 | 2.25 | 2.00 |

CBA Economics Forecasts

Credit Growth
GDP, Unemployment & CPI
Cash Rate

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

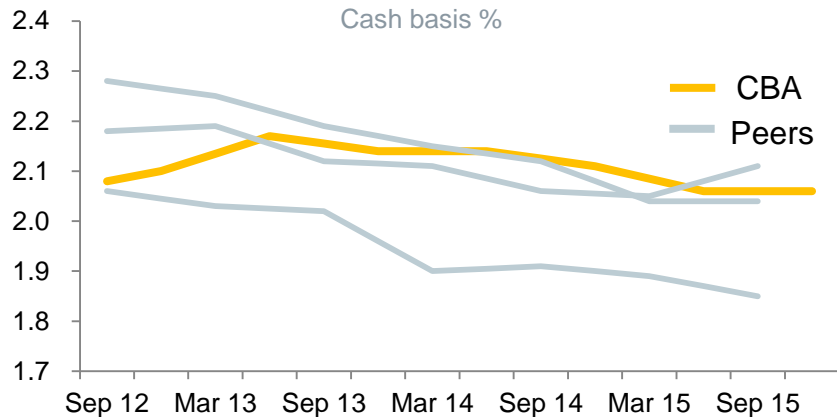
World GDP = Calendar Year Average
■ = forecast

Outlook

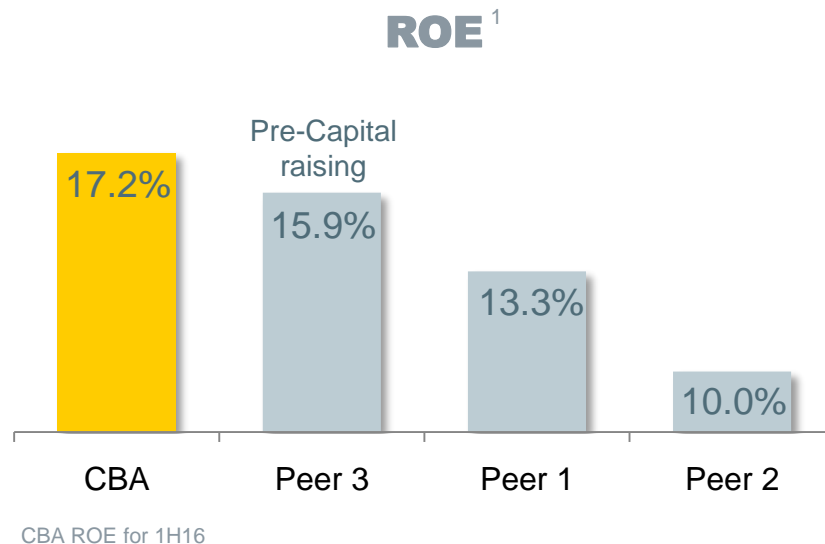
- ◆ Steady transition, driven by sound monetary policy and lower AUD
- ◆ Global volatility warrants caution, but overreaction also a threat
- ◆ Long term policy needed for on-going transition: tax, infrastructure, spending
- ◆ Financial services a prevailing strength – must be forward looking post FSI
- ◆ Continuation of long-term strategy for CBA

Group NIM

Cash basis %

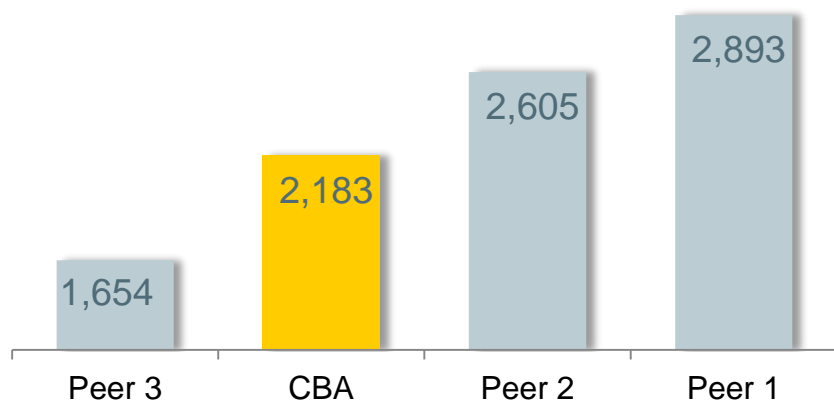


ROE¹



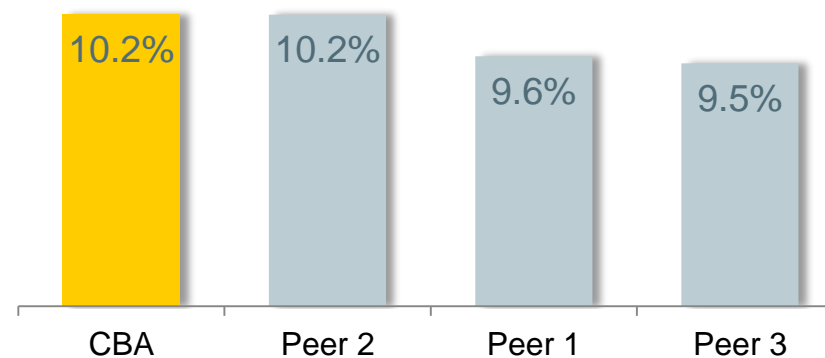
Capitalised Software²

\$m



Capital³

APRA CET1



¹ CBA is half to December 2015. Peers are half to September 2015. ROE for Peer 3 does not include the impact of its capital raising (completed post September 2015).

² Reported CBA is at December 2015. Peers as at September 2015.

³ CBA as at December 2015. Peers 1, 2 and 3 as at September 2015.

Summary

- ◆ Operating momentum across all businesses from ongoing customer focus
- ◆ Continuing commitment to invest – adapting a strong franchise for the future
- ◆ Circumspect about global volatility. Long-term strategies and policies needed for continuing economic transition in Australia

CommonwealthBank



RESULTS PRESENTATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

SUPPLEMENTARY SLIDES

| | |
|------------------------------------|-----|
| Overview, Customers & People | 65 |
| Technology & Innovation | 80 |
| Strength – Capital, Funding & Risk | 100 |
| Business Performance | 130 |
| Economic Indicators | 147 |



**WHEN
WE BELIEVE,
WE CAN.**

CBA Overview

| | Australia | NZ | Other | Total | |
|---|------------------------------------|--------|-------|-------------|--------|
| People, Customers & Delivery | Customers | 13.0m | 2.2m | 0.5m | 15.7m |
| | Staff | 41,400 | 5,700 | 4,600 | 51,700 |
| | Branches | 1,148 | 134 | 147 | 1,429 |
| | ATMs | 4,393 | 460 | 174 | 5,027 |
| | | | | | |
| Customer Satisfaction | Retail | | | #1 | |
| | Business | | | = #1 | |
| | Internet Banking | | | #1 | |
| Market Shares | Main Financial Institution (MFI) | | | 34.1% | #1 |
| | Home Lending ¹ | | | 25.1% | #1 |
| | Household Deposits ² | | | 29.3% | #1 |
| | FirstChoice Platform ³ | | | 11.3% | #1 |
| Strength | Market Capitalisation ⁴ | | | \$131bn | #1 |
| | Capital (CET1) | | | 10.2% | |
| | Total Assets | | | \$903bn | |
| | Credit Ratings ⁵ | | | AA-/Aa2/AA- | |

Refer notes slide at back of this presentation for source information

1 Source: RBA

2 Source: APRA

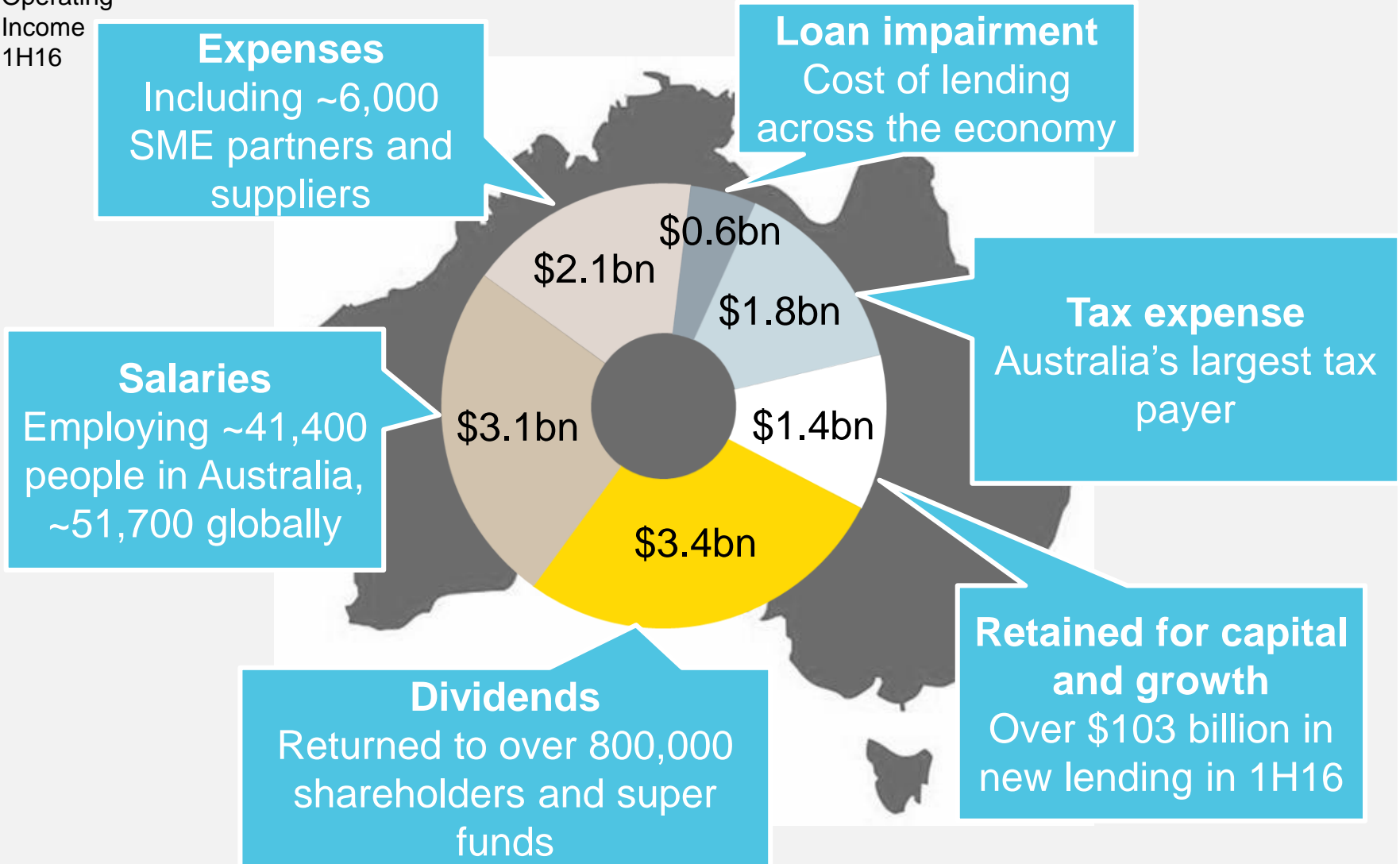
3 Source: Plan for Life Sep-15

4 Sourced from Bloomberg 8 February 2016

5 S&P, Moody's, Fitch

Broad contributor to Australian wellbeing

Operating
Income
1H16



Creating jobs and opportunities

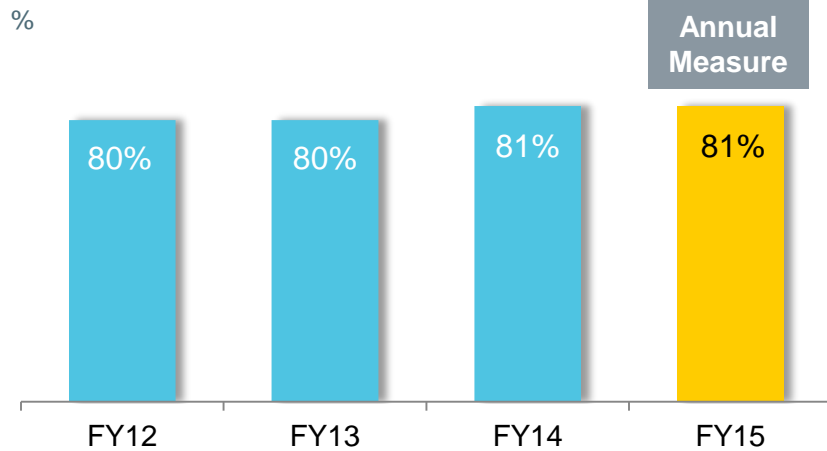


- Employing over 1 in 11 people working in the Australian financial services sector
- Paid \$2.5bn in wages to Australian households in 1H16

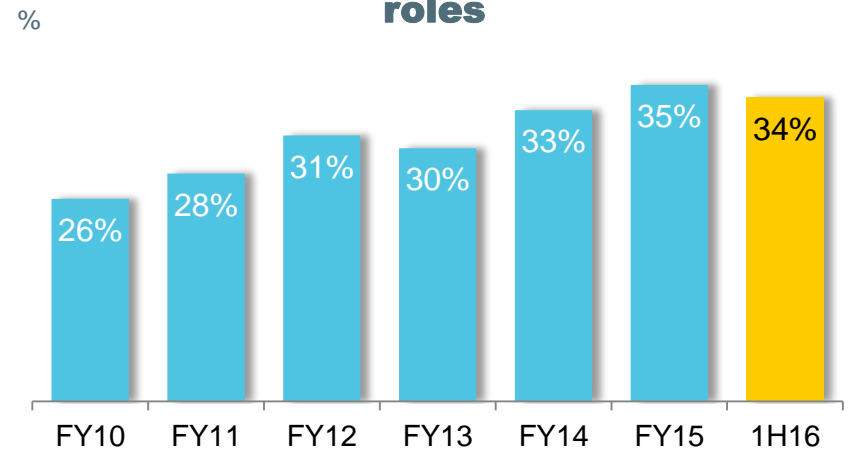
- Providing direct employment to ~41,400 people in Australia, ~51,700 people globally
- Paid over \$2bn to ~6,000 suppliers in 1H16 – supporting employment across the economy

Our People

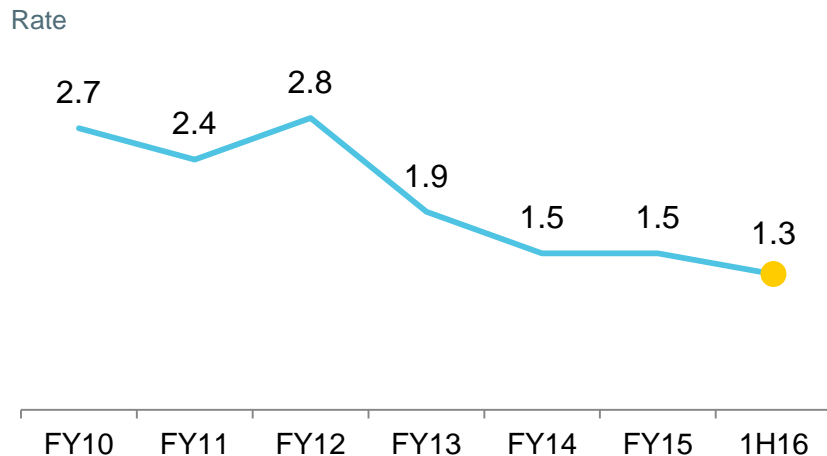
Employee Engagement Index Score



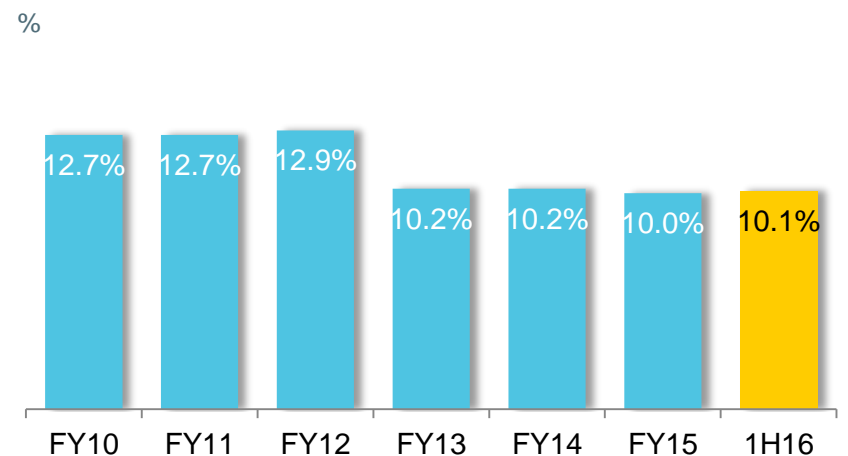
Women in Executive Manager and above roles



Lost Time Injury Frequency Rate

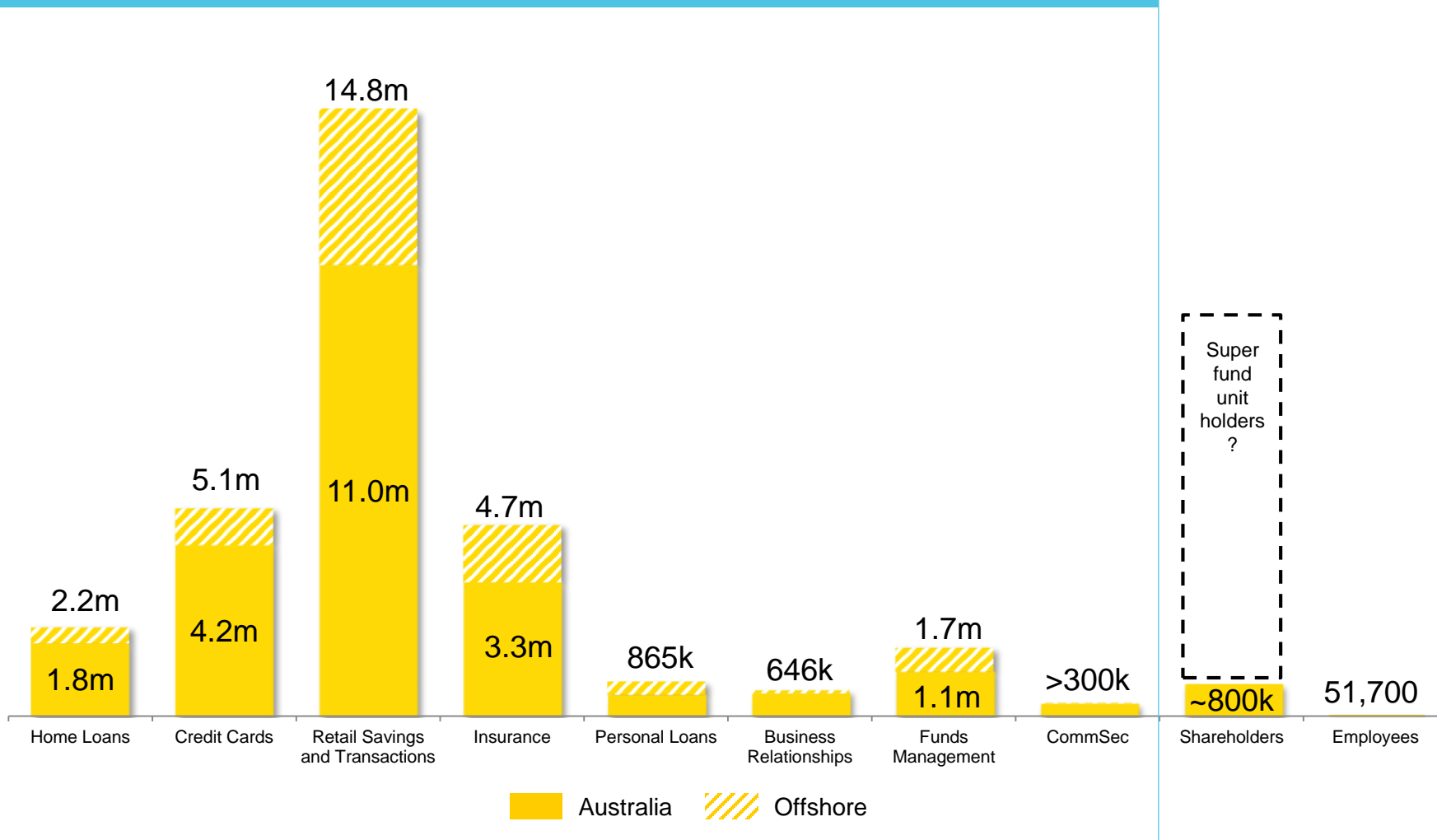


Employee Turnover – Voluntary



Our Stakeholders

Customer Product Holdings¹



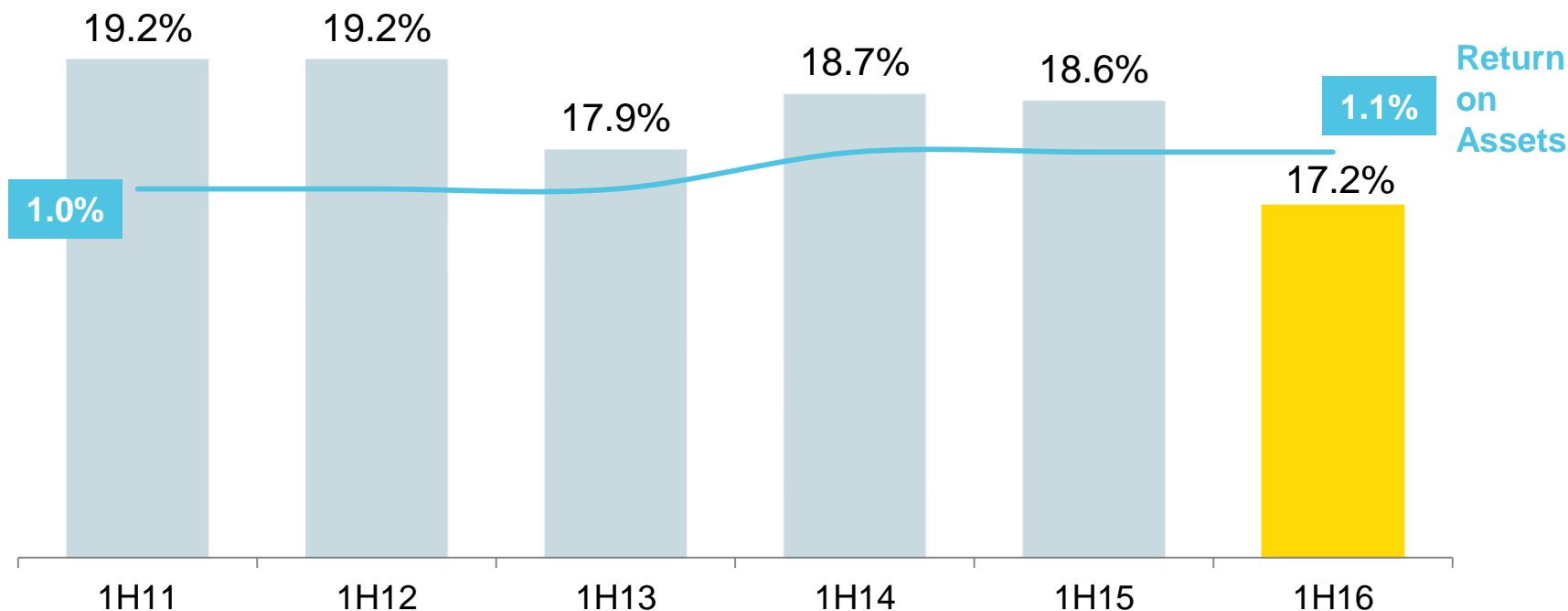
¹ Customers who hold at least one product in each of the major product categories shown. Totals not mutually exclusive – includes cross product holdings. Figures are approximates only and may include some level of duplication across customer segments. CommSec total includes active accounts only. Figures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

Delivering consistent returns

Cash ROE

CBA Ranking¹

| Market Cap (ASX) | Dividend declared | Taxes Paid | Return on Equity | Return on Assets |
|------------------|-------------------|-----------------|------------------|------------------|
| 1 st | 1 st | 1 st | 29 th | 80 th |



¹ Most recent annual results data amongst ASX 100 companies. Sourced from Bloomberg 8 February 2016.

Investing in Australia

\$2m

In grants to 228 youth focused organisations

55,056

Visitors to the Spirit of Anzac Centenary Experience

65

Cricket clubs sponsored

88,248

Calls to our Indigenous customer assistance line

\$470k

Raised for the Clown Doctors

184

Australians recognised as 'Australians of the Day'

258,679

Students received Start Smart education

21

CareerTracker Indigenous interns

115

Community organisations provided with volunteers



Corporate Responsibility

Our vision is to excel at securing and enhancing the financial wellbeing of people, businesses and communities. In November 2015, we have launched a set of practical guidelines to clarify what our vision and values mean for our people on a day-to-day basis.

Our corporate responsibility efforts help us deliver on our vision with a focus on how we do business and our role in society.



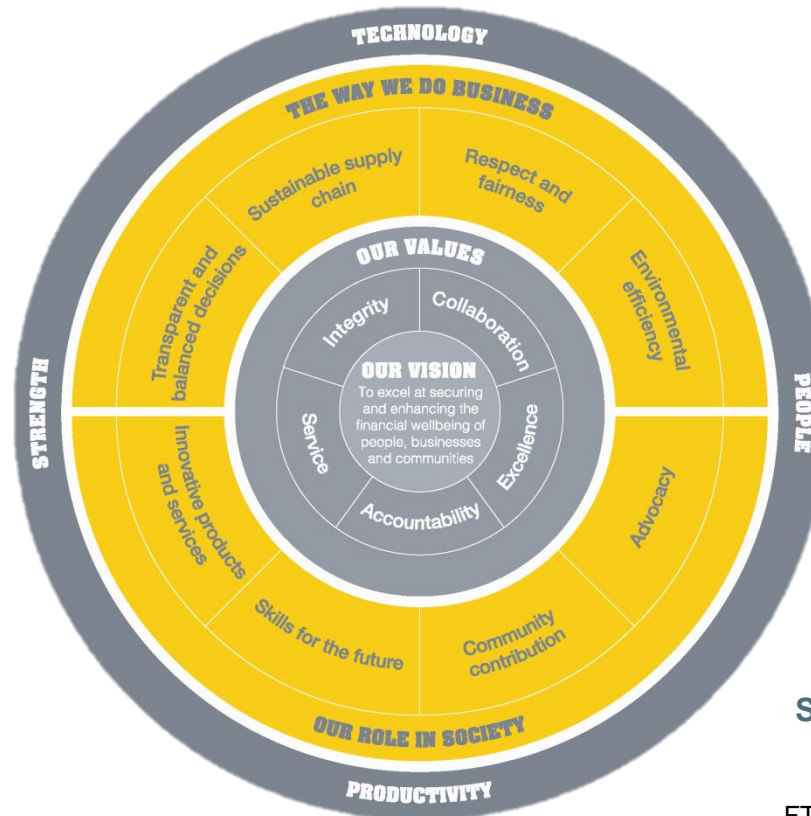
The most sustainable bank in the world

Announced at the World Economic Forum, the G100 is the global index of the world's most sustainable corporations. Ranked 4th overall in 2016, the Group has been recognised as the most sustainable company in Australia and the most sustainable bank in the world.



Leader in climate disclosure

The Group is included in the CDP ASX 200 Climate Disclosure Leadership Index in 2015 for the seventh consecutive year.



MEMBER OF
Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

A leading sustainability-driven company

The DJSI World is the first global index to track the financial performance of the leading sustainability-driven companies worldwide. In 2015, the Group is once again included in the Dow Jones Sustainability World Index (DJSI).



FTSE4Good

Strong environmental, social and governance practices

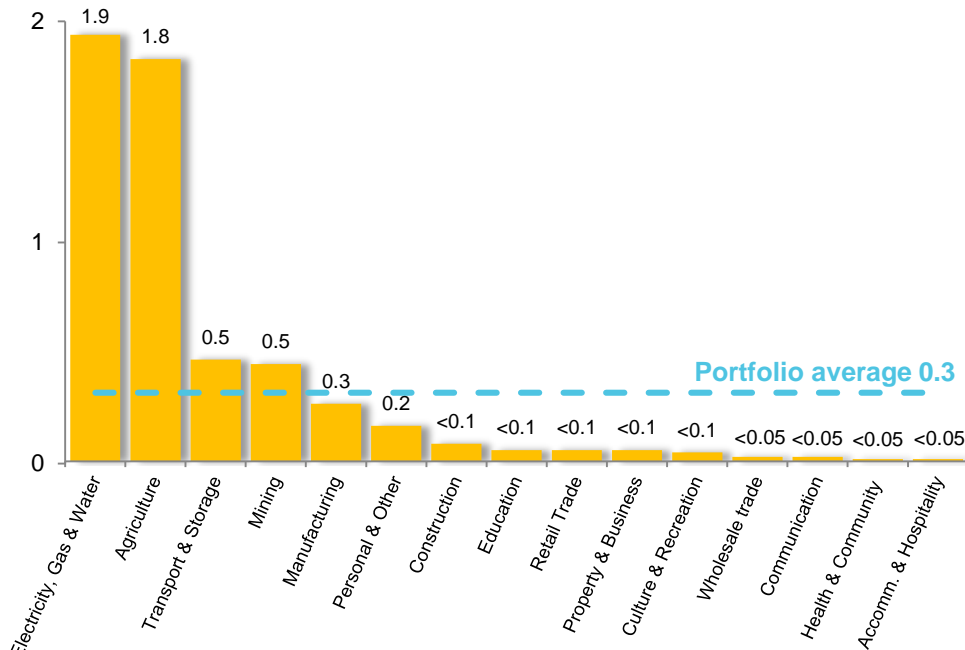
The Group continues to be listed on the FTSE4Good. The FTSE4Good Index Series comprises companies demonstrating strong Environmental, Social and Governance (ESG) practices.

Assessed Carbon Emissions

During 1H16 the Group (supported by Ernst & Young) undertook a detailed assessment of the carbon emissions arising from our business lending. The detailed diagnostics and resulting insights provide us with a robust quantitative basis to identify and act on key opportunities to reduce the carbon emissions arising from our business lending portfolio.

CBA Group Business Lending Emissions Intensity (EI) of Expenditure

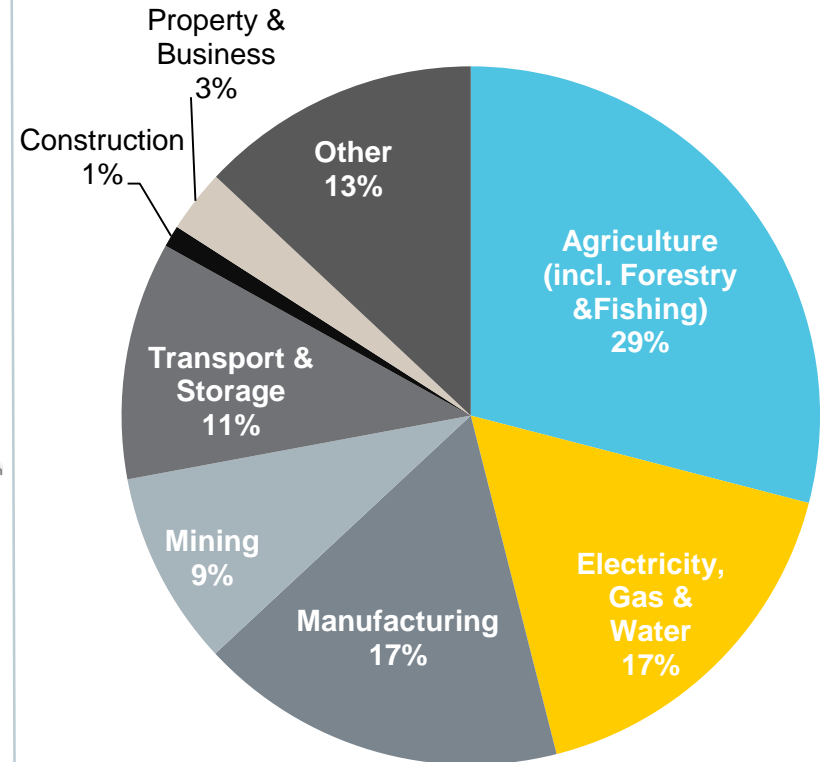
EI of Expenditure (kgCO_{2e}/AUD)



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

CBA Group Business Lending Emissions Profile

% of actual emissions in each sector



For detailed methodology on the above financed emissions and a more detailed focus on the assessed finance emissions of the Group Lending to the Energy Sector, please refer to <https://www.commbank.com.au/content/dam/commbank/about-us/docs/sustainability-20151103-assessed-emissions-lending-port.pdf>. For CBA Group Sector Exposures please refer to relevant pages in this presentation.

Corporate Responsibility

The way we do business



TRANSPARENT AND BALANCED DECISIONS

- Released Wealth Management Responsible Investing framework integrating ESG considerations across our Wealth Management investment processes.
- Released financed carbon emissions report assessing the carbon emissions intensity of our business lending portfolio.
- Released 'Our Approach To Tax' document in the public domain.



SUSTAINABLE SUPPLY CHAIN

- Released Human Rights Position Statement formalising our commitments to respect human rights across all operations, including our supply chain practices.
- Published Supplier Code of Conduct in the Sustainability Report 2015.



RESPECT AND FAIRNESS

- Awarded Employer of Choice for Gender Equality from the Workplace Gender Equality Agency.
- Announced new 40 per cent target for women in Executive Manager and above positions by 2020.
- Placed 21 Indigenous interns across the business in line with our CareerTrackers commitment.



ENVIRONMENTAL EFFICIENCY

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

Corporate Responsibility

Our role in society



INNOVATIVE PRODUCTS AND SERVICES

- Expanded digital wallet giving our customers more convenient access to finances.
- Committed \$10 million to support Australian researchers to build the world's first silicon-based quantum computer in Sydney.
- Announced as Corporate partner for the Sydney International Blockchain conference which brings together regulators, policy makers, technologists and media.



SKILLS FOR THE FUTURE

- Start Smart financial literacy program on track to reach 500,000 bookings for FY16.
- Committed \$1.6m investment to develop a centre of expertise for cyber security education with UNSW.
- Recognised 15 teachers via the CommBank Teaching Awards who are developing the financial literacy skills of their students.



COMMUNITY CONTRIBUTION

- Supported 115 community organisations across Australia with CommBank volunteers.
- Worked with Blackcard to develop a Group-wide Cultural Capability Framework to build strong relationships with Aboriginal and Torres Strait Islander people, businesses and communities.



ADVOCACY

- Partnered with the Australian National Committee for UN Women to accelerate gender equality and female empowerment.
- Supporter of the 2015 Social Ventures Australia Education Dialogue.

Sustainability Scorecard

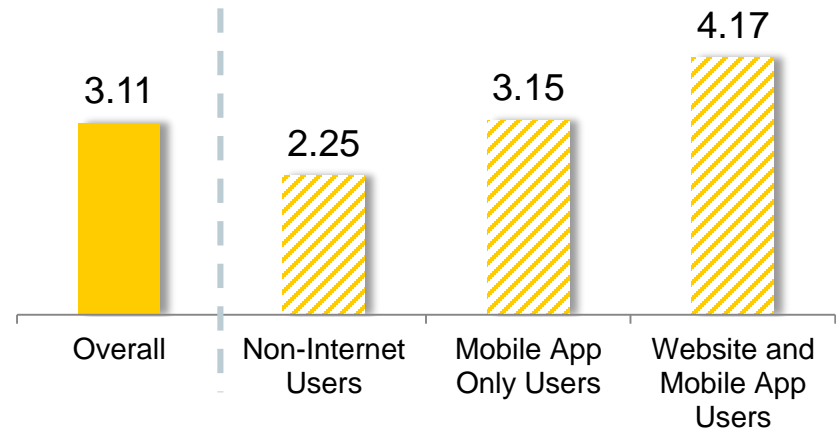
| | | Units | 1H16 | FY15 | FY14 | FY13 | FY12 | FY11 |
|-----------------------------|---|---------------------|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Customer satisfaction | Roy Morgan MFI Retail Customer Satisfaction | % Rank | 83.9 1 st | 84.2 1 st | 83.2 1 st | 83.0 1 st | 79.0 2 nd | 75.2 4 th |
| | DBM Business Financial Services Monitor | Avg. score Rank | 7.4 =1 st | 7.5 =1 st | 7.4 =1 st | 7.4 =1 st | 7.3 =1 st | 7.1 =2 nd |
| | Wealth Insights Platform Service Level Survey | Avg. score Rank | Annual | 7.75 2 nd | 7.94 1 st | 8.32 1 st | 7.86 1 st | 7.74 1 st |
| People | Employee Engagement Index Score | % | Annual | 81 | 81 | 80 | 80 | n/a |
| | Employee Turnover Voluntary | % | 10.1 | 10.0 | 10.2 | 10.2 | 12.9 | 12.7 |
| | Women in Manager and above roles | % | 43.3 | 43.2 | 42.9 | 42.0 | 42.0 | 43.6 |
| | Women in Executive Manager and above roles | % | 34.4 | 35.0 | 32.8 | 30.3 | 30.9 | 28.2 |
| | Lost Time Injury Frequency Rate (LTIFR) | Rate | 1.3 | 1.5 | 1.5 | 1.9 | 2.8 | 2.4 |
| | Absenteeism | Rate | 6.0 | 6.0 | 6.1 | 6.2 | 6.2 | 6.0 |
| Greenhouse Gas Emissions | Scope 1 emissions | tCO ₂ -e | 3,720 | 7,249 | 7,936 | 8,064 | 8,192 | 8,183 |
| | Scope 2 emissions | tCO ₂ -e | 40,404 | 86,264 | 91,275 | 100,997 | 118,047 | 137,948 |
| | Scope 3 emissions | tCO ₂ -e | 17,979 | 39,361 | 44,826 | 47,438 | 47,667 | 63,719 |
| Financial literacy programs | School Banking students (active) | Number | 288,458 | 310,474 | 273,034 | 233,217 | 191,416 | 140,280 |
| | Start Smart students (booked) | Number | 258,679 | 298,505 | 288,728 | 284,834 | 235,735 | 200,081 |

Customer needs met

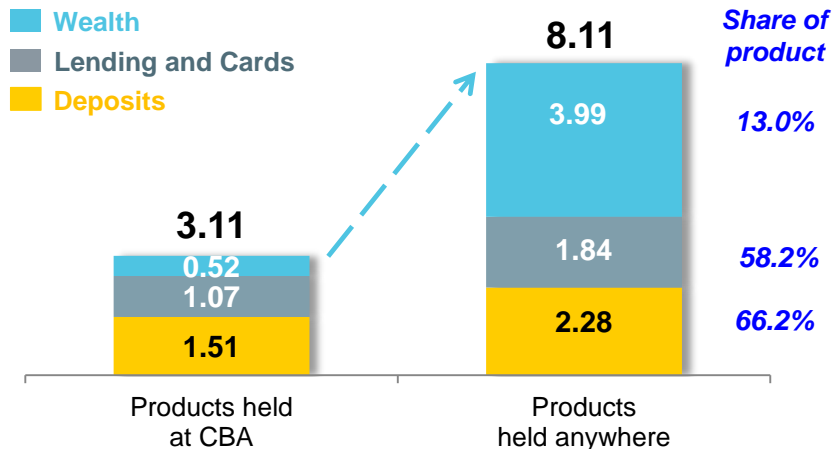
By Age

| Age Band | Products per Customer |
|------------------|-----------------------|
| 14 – 17 | 1.41 |
| 18 – 24 | 2.66 |
| 25 – 34 | 3.33 |
| 35 – 49 | 3.38 |
| 50 – 64 | 3.34 |
| 65+ | 2.49 |
| Total 18+ | 3.11 |

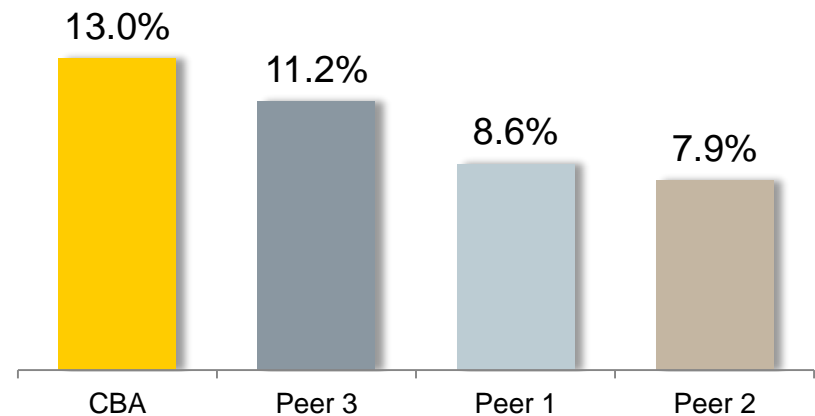
Internet Banking



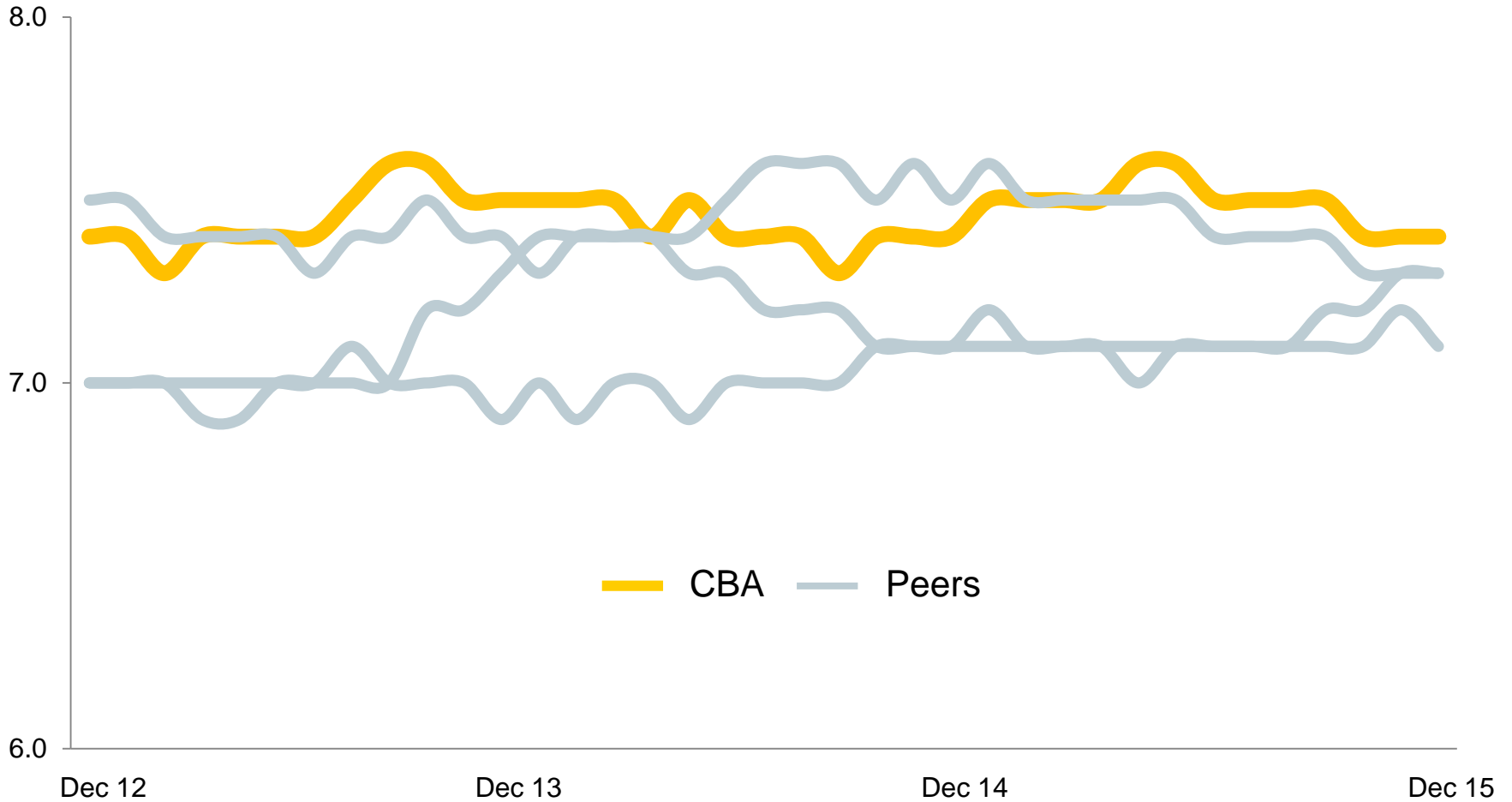
Share of Product



Wealth – Share of Product



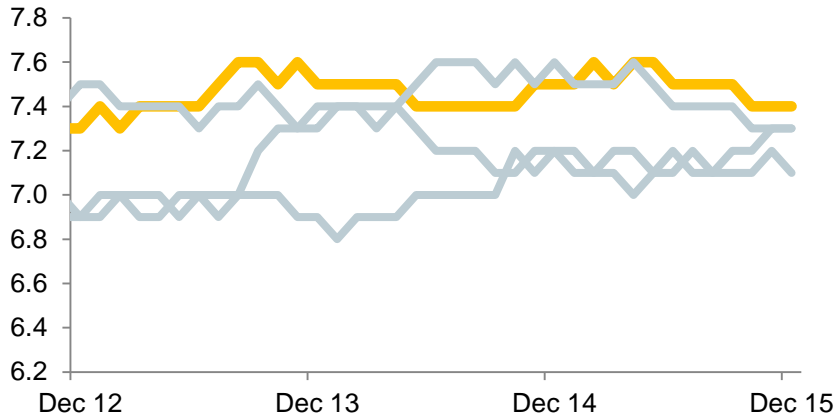
Business Customer Satisfaction



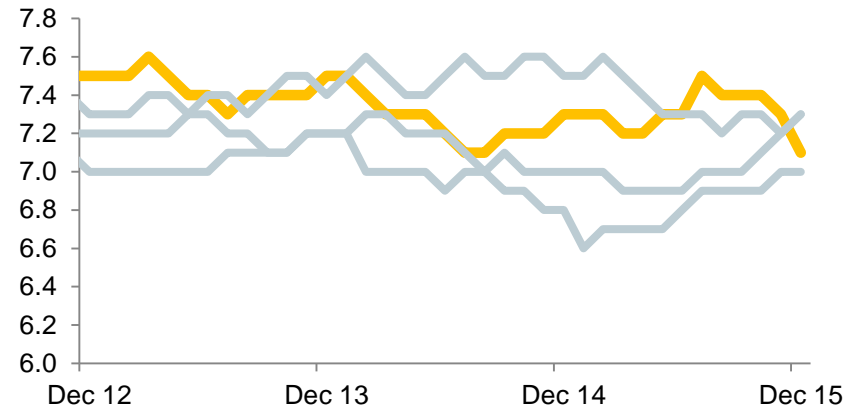
Customer Satisfaction - Average

Business Customer Satisfaction

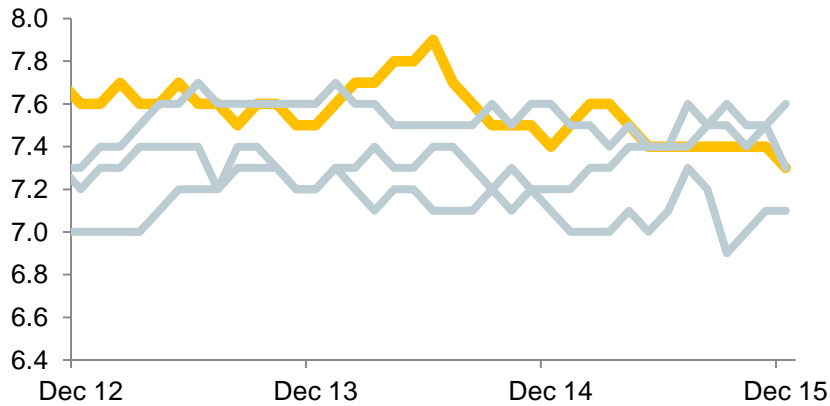
Micro



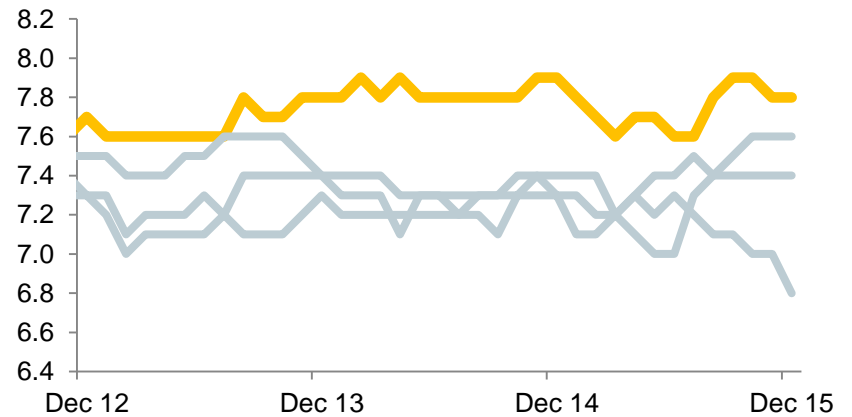
Small



Medium



Large



Refer notes slide at back of this presentation for source information

Australia's leading technology bank

#1

**Free
financial
app**

#1

**Social
&
Facebook**

#1

**Online
Banking
(CANSTAR)**

5.4m active
online
users

#1

**Customer
Satisfaction
(Internet Banking
Services)**

#1

**Banking
App
(Money Magazine)**

#1

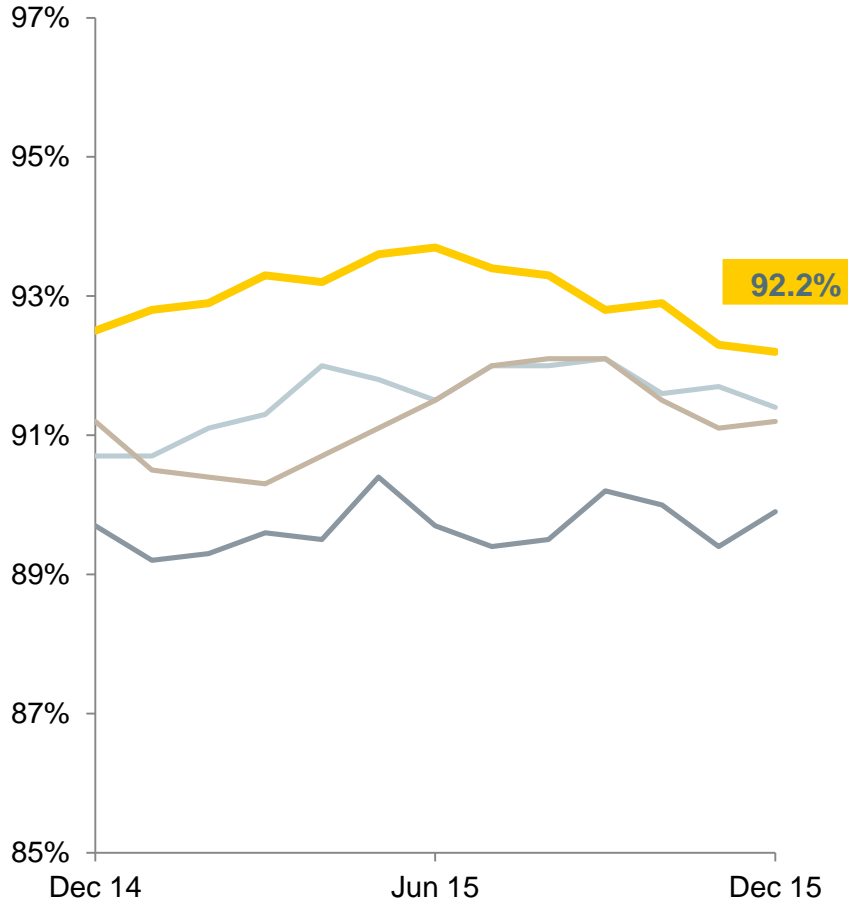
**Internet
Business Bank
(AB+F)**



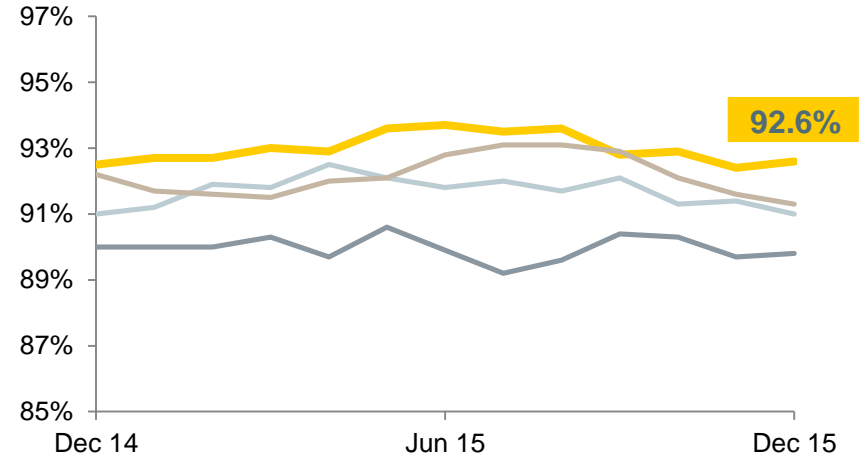
Customer Satisfaction - Online

Internet Banking

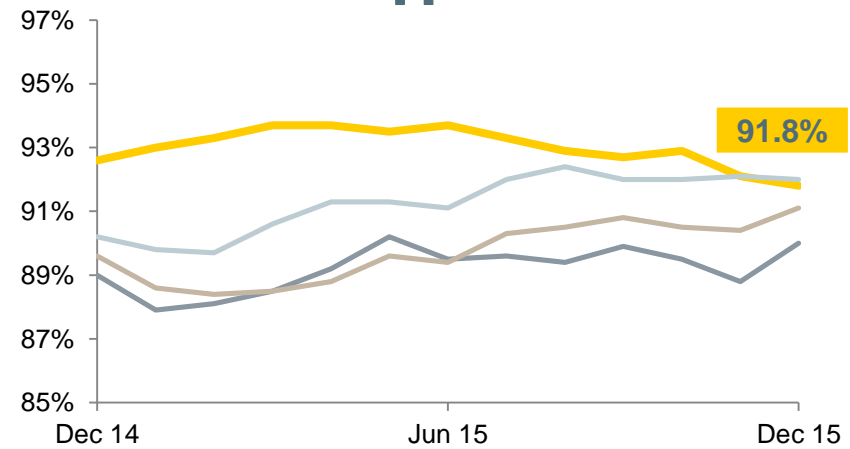
Satisfaction with Internet Banking Services via "Website" or "App"



Website



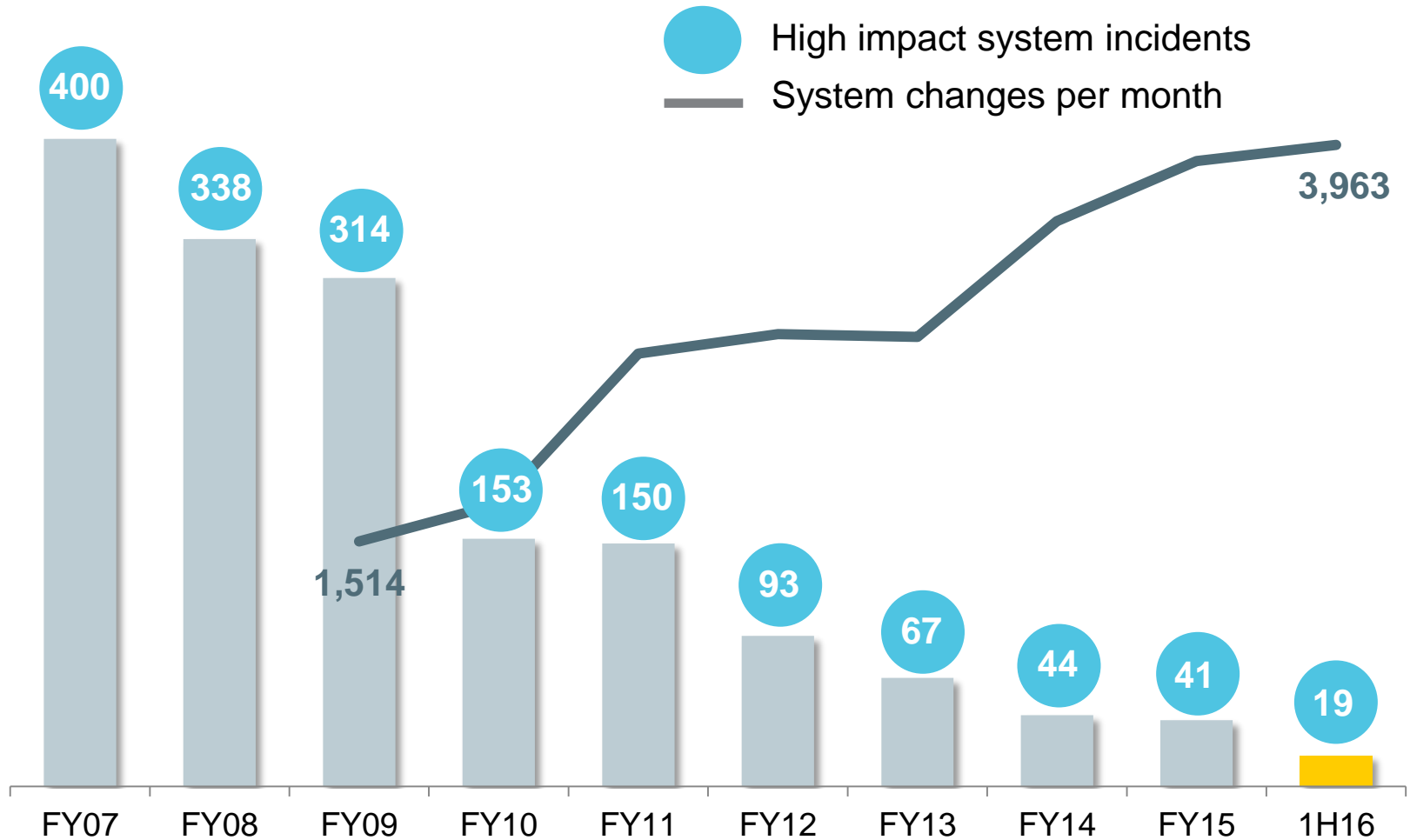
Apps



Refer notes slide at back of this presentation for source information

■ CBA ■ Peer 1 ■ Peer 2 ■ Peer 3

Accelerated change, more reliable systems



World class technology & operations



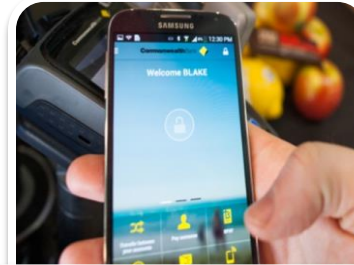
Revitalised front-line

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



State-of-the-art Core

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



Innovation Culture

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



The Digital Future

- Simple, personalised digital experiences
- Anywhere, anytime, any device
- Standardised, scalable, reliable & secure
- Customer insights through analytics

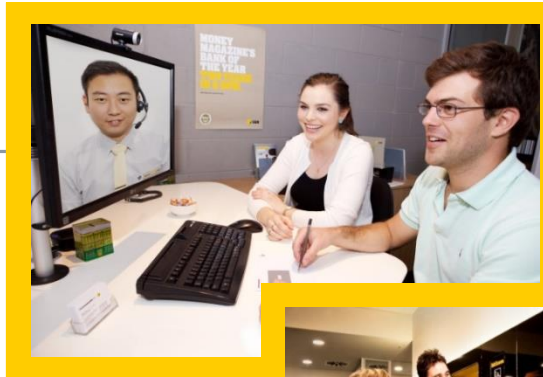


Distribution Transformation

Smaller, smarter branch design

In all branches¹ -
access to CBA
specialists
~ 32,000 calls in
1H16

Video Conferencing



Self Service



68 express
branches –
focus on
self service

Tablets and
software for branch
concierges to
enhance customer
flow



Express Branch

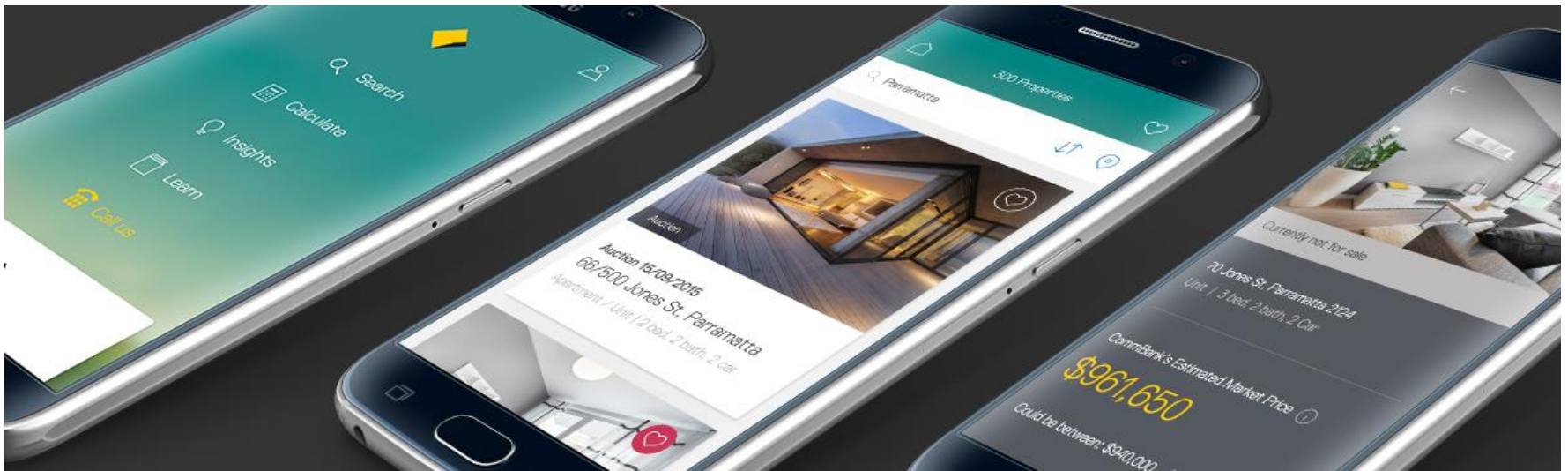
Dedicated small
business capability
with 165 specialists

Over 597 Intelligent
Deposit Machines
allowing anytime
cash and cheque
deposits – 94% self
service rate for
deposits in express
branches

¹ Excludes Bankwest and a very small number of CBA Branches

Property app

Guiding customers through the home buying journey



October 2015

- Estimated market prices and suburb insights
- Search tools, calculators, real time property listings
- Simplified conditional pre-approval with instant response

Note: Android version launched in October 2015, iOS version launched February 2016.

Innovating in Business

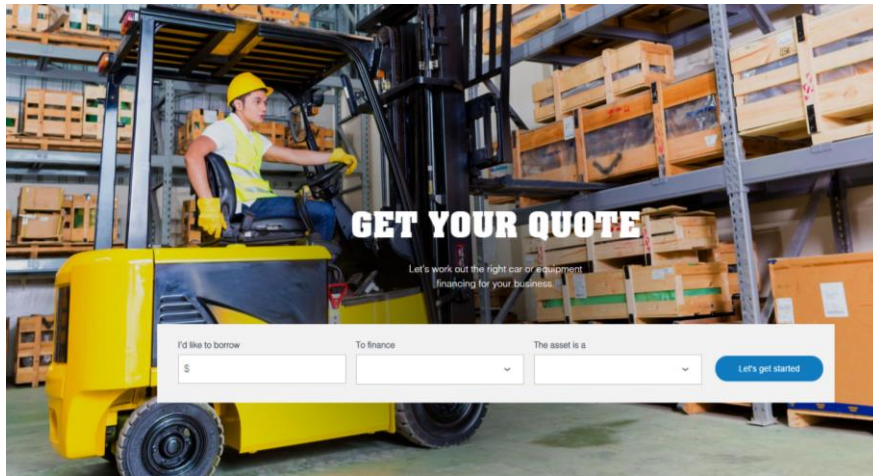
Albert



- Global first-to-market EFTPOS tablet
- Transforming the way merchants interact with their customers
- Market leading platform enabling merchants to easily access solutions for their businesses
- Now with 17,000+ devices in market across 15,000+ merchants
- Currently 19 apps available for merchants with 50+ apps in development

Innovating in Business

Asset Finance



- Industry leading online quote tool for car and equipment finance
- Instant customised quotes – request a call back or apply online, 24/7

August 2015

Simple Business Overdraft



- Launch of new Simple Business Overdraft product
- Online application for an unsecured overdraft up to \$50,000

November 2015

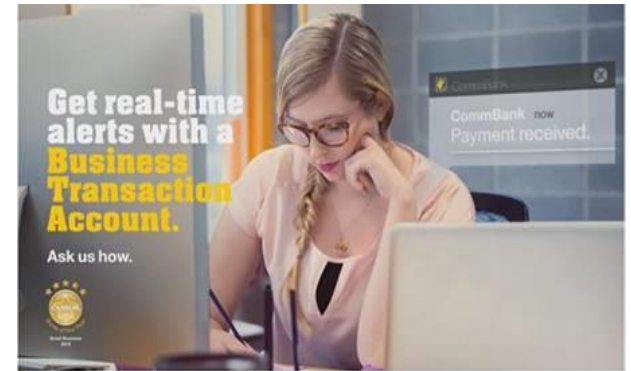
Growing Small Business

Small Business
Bank of the
Year (Canstar)

Ranked =1st in
DBM Micro
business
customer
satisfaction

Dedicated
small business
banking
capability in
~500 branches

Launch of Simple Business
Overdraft - simple and easy
application (up to \$50k),
approved in 30mins and funded
the same day



Delivered over 6k
Albert merchant
terminals, giving
customers market
leading payment
technology

First bank to offer
free, real-time 24/7
transaction account
alerts, making cash-
flow easy for
customers

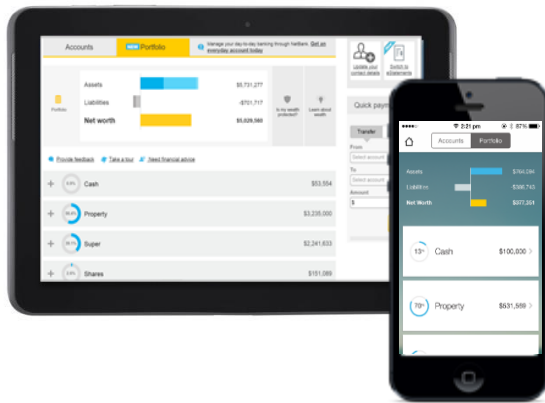
Building stronger
customer
relationships
with a 38% uplift
in financial health
checks

Exclusive banking
partnership with
On-Deck a leading
online small
business lender

Innovating in Wealth Management

Enhanced experience for both customers and advisors

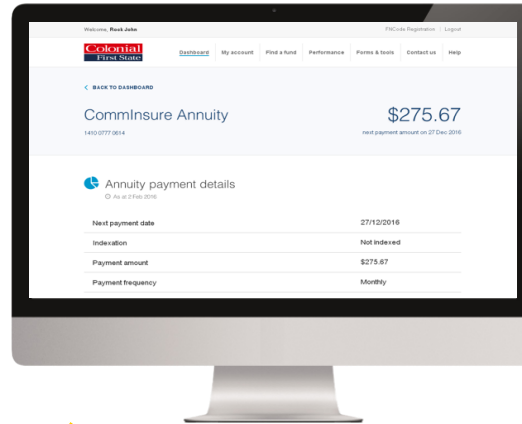
Portfolio View SMSF



September 2015

Complete view of investment portfolio - shares, cash, property and more
Latest insights at the customer's fingertips

CFS Retail Platforms

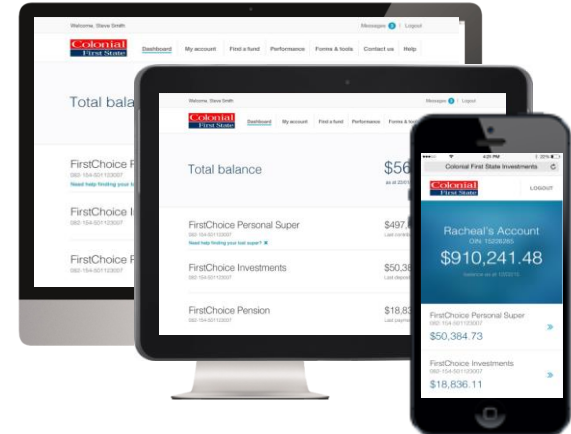


August 2015

First to market – now offering annuities on platform

**CBA
First**

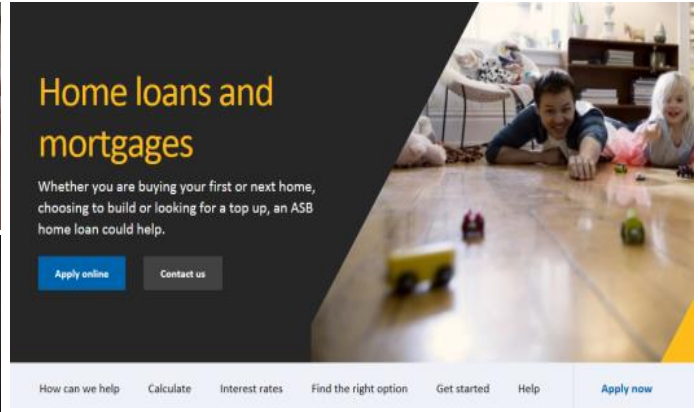
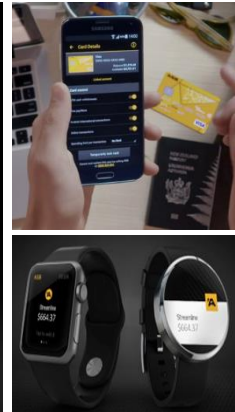
First Net Investor



June 2015

Colonial First State superannuation and managed funds – now on mobile, tablet and online

Innovating in NZ

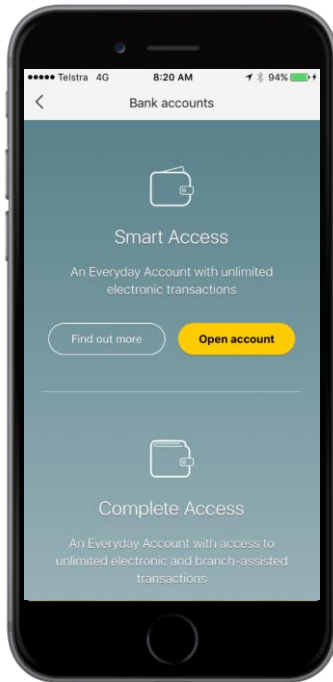


- **Clever Kash – cashless interactive moneybox, helping children understand the value of money as we move towards a cashless society**
- **ASB's mobile app users up 37% in last 12 months**
- **1st in Mobile app satisfaction at 88%¹**
- **Launched re-designed and responsive website pages for Personal, Home & Business Loans and Accounts and Cards**
- **Number of digital releases doubled this year, delivering improvements to customers every 5.3 days**

¹ Customer Retail Market Monitor, Camorra Research, December 2015

Growing the Digital Wallet

Self-serve options



July 2015

Browse and apply for a wider range of products from the CommBank app

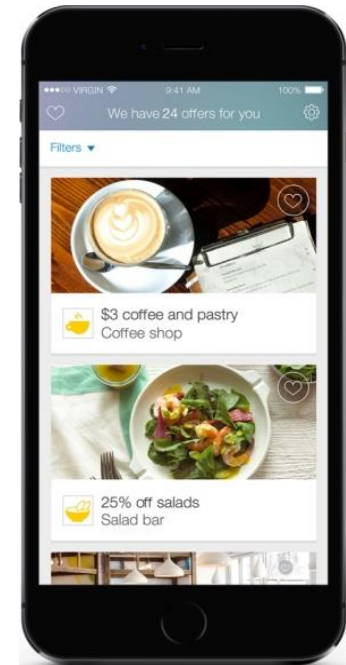
Loyalty cards



July 2015

Store your loyalty cards in the CommBank app

Merchant offers



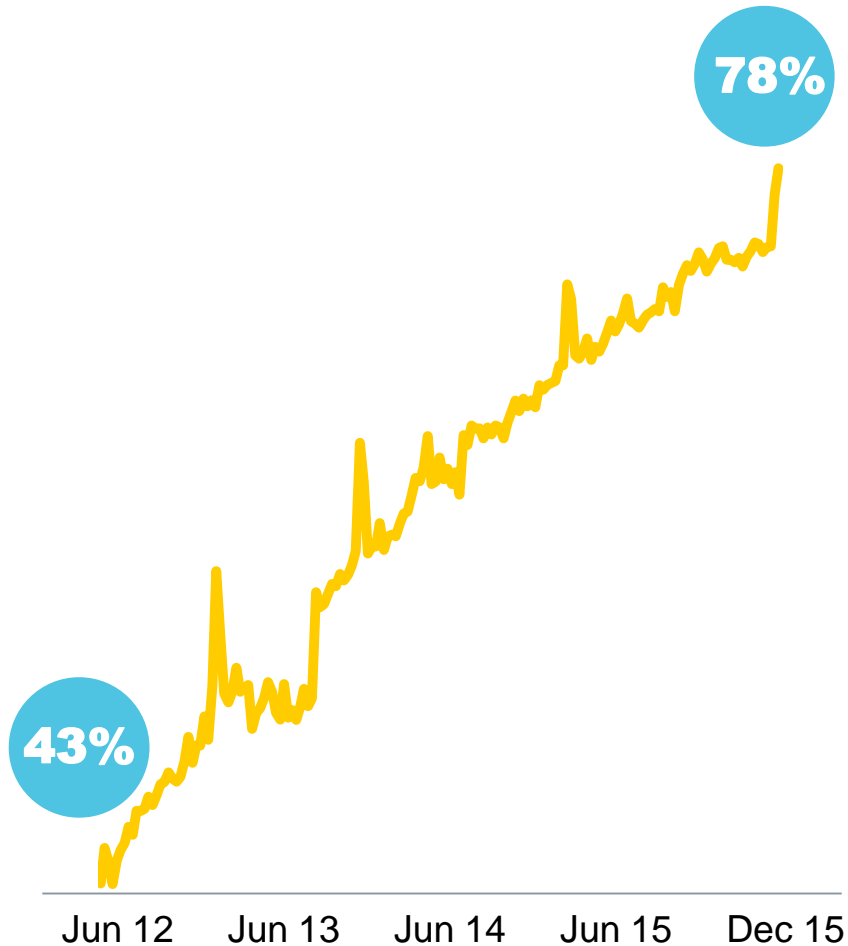
August 2015

Tailored merchant offers when shopping in select Westfield shopping centres

Growing Mobile

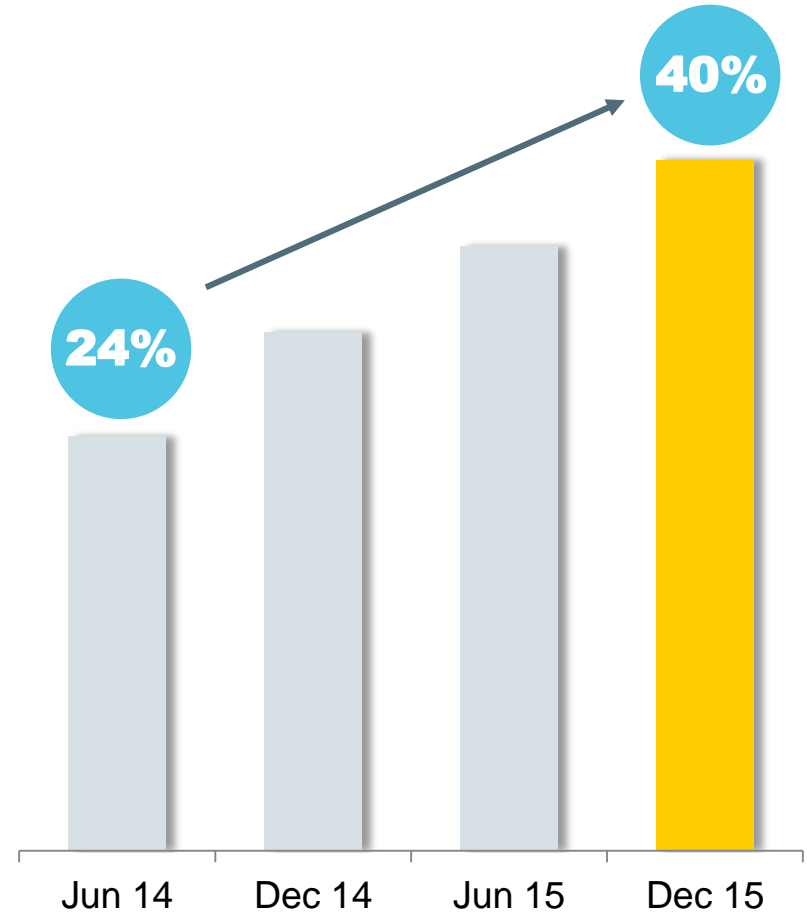
Mobile % of Online logins

NetBank & App



Mobile % of Online Sales

RBS¹



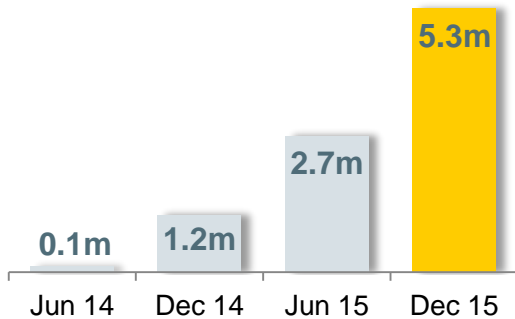
¹ RBS Products included: Savings & Transaction accounts (QNA), Credit Cards (exc. limit increases), Car & Home Insurance (Net new policies written), Essential Super (QNA), Personal Loans (Total fundings), Mortgage Lending, Consumer Credit Insurance, Personal Savings (\$) and Personal Overdrafts (#)



Growing Mobile

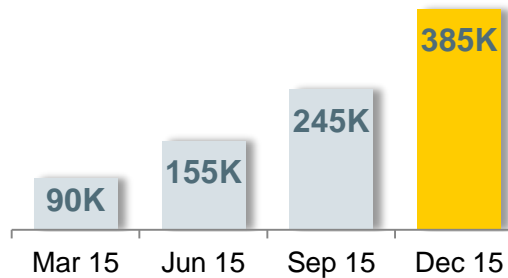
Cardless Cash

Total number of transactions



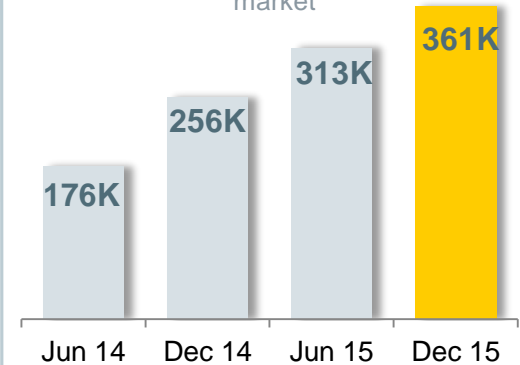
Tap & Pay

Number of cards (quarterly figures)¹



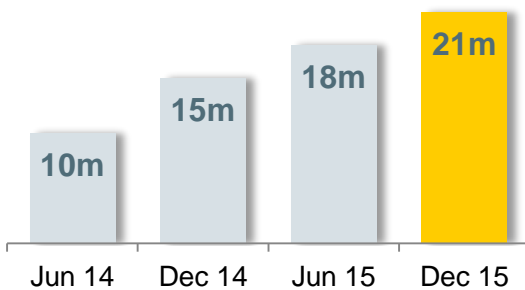
Pay Tag

Number of Pay Tags in market



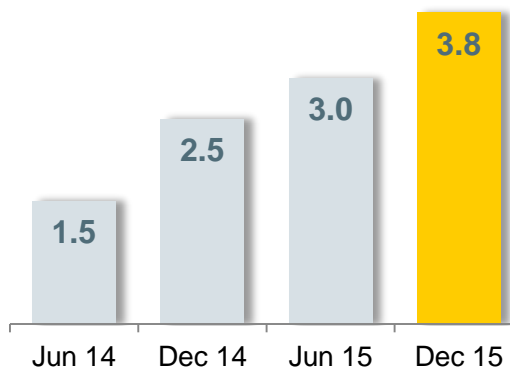
CBA App

Logons per week



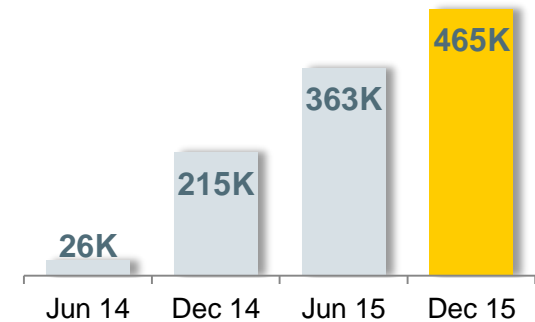
CBA App

Transactions per week (\$bn)



Lock, Block & Limit

Number of accounts enrolled

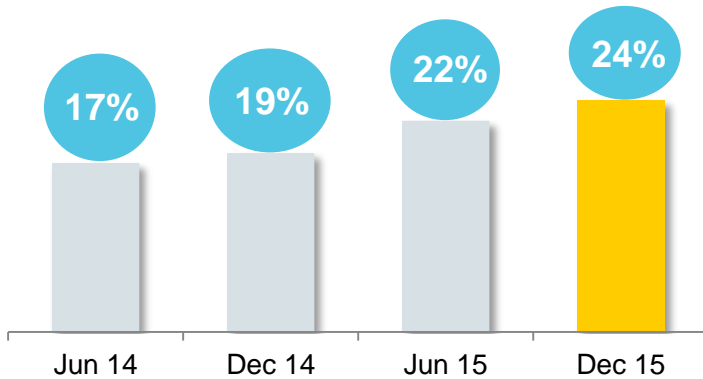


¹ Debit launched March 2015, Credit launched Nov 2015

Growing Online

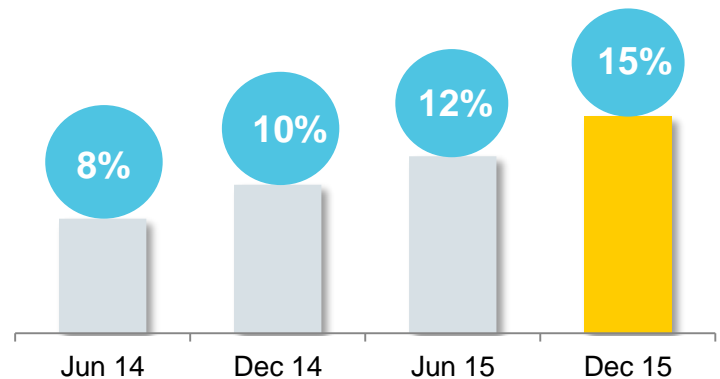
Personal loans¹

% of Sales Online



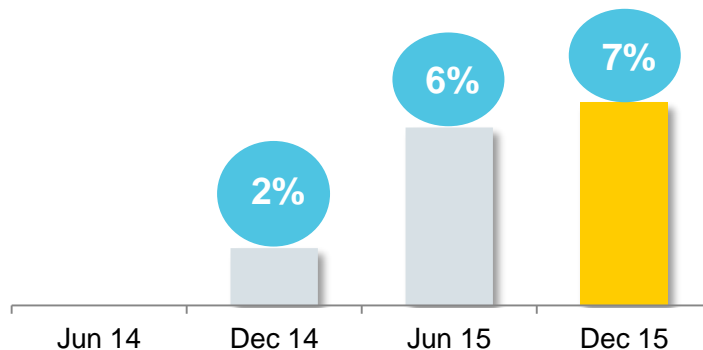
Transaction accounts^{1, 2}

% of Sales Online



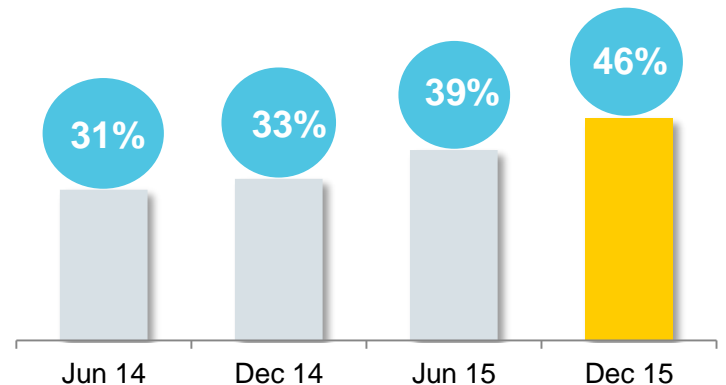
Business transaction accounts^{1,2}

% of Sales Online



Credit cards^{1, 2}

% of Sales Online



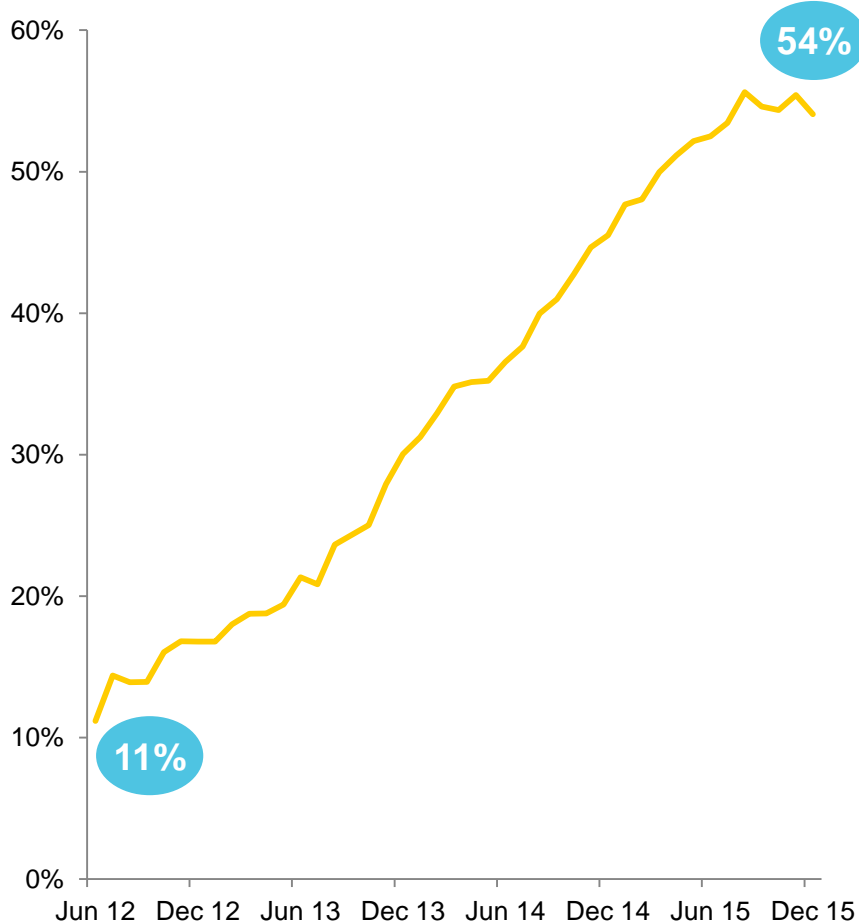
¹ RBS 6 month rolling averages

² QNA = Quality New Account – a new account which demonstrates certain types of transactional activity such as deposits, loan repayment deductions etc

Self service acceleration

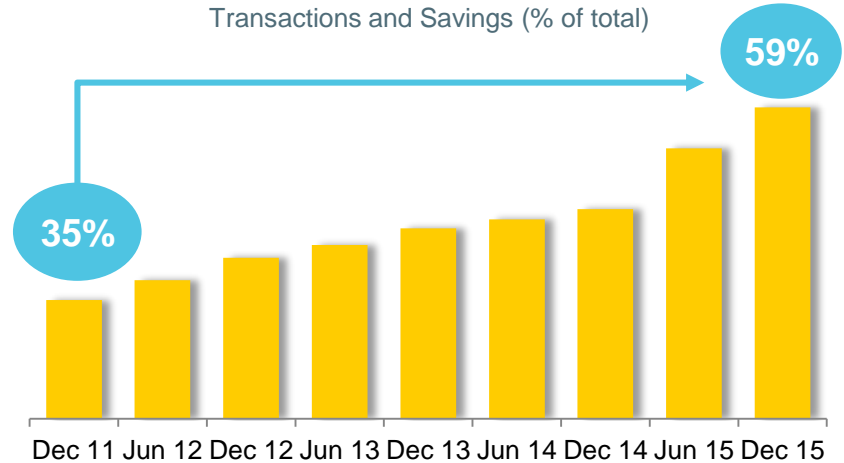
Intelligent Deposit Machines (IDMs)

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



Accounts with e-statements

Transactions and Savings (% of total)



Accounts with e-statements

Credit Cards (% of total)

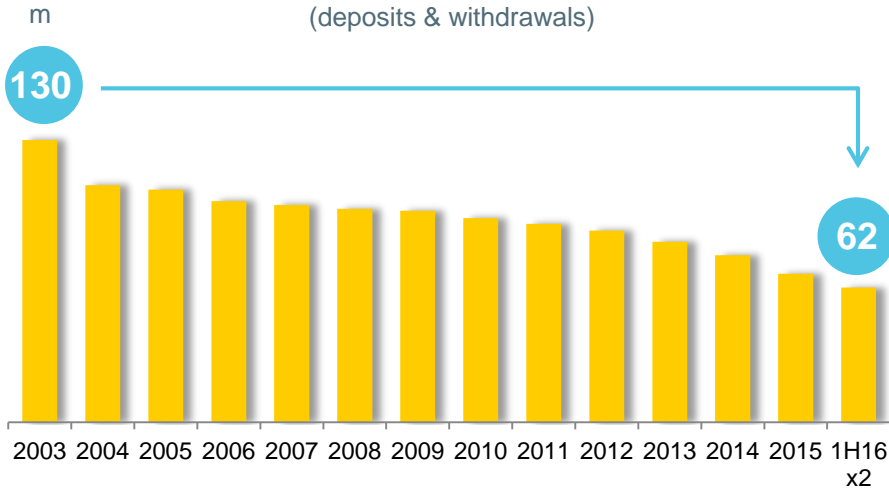


¹ The Intelligent Deposit Machine rate has been aligned with other migration measures

Transaction volumes

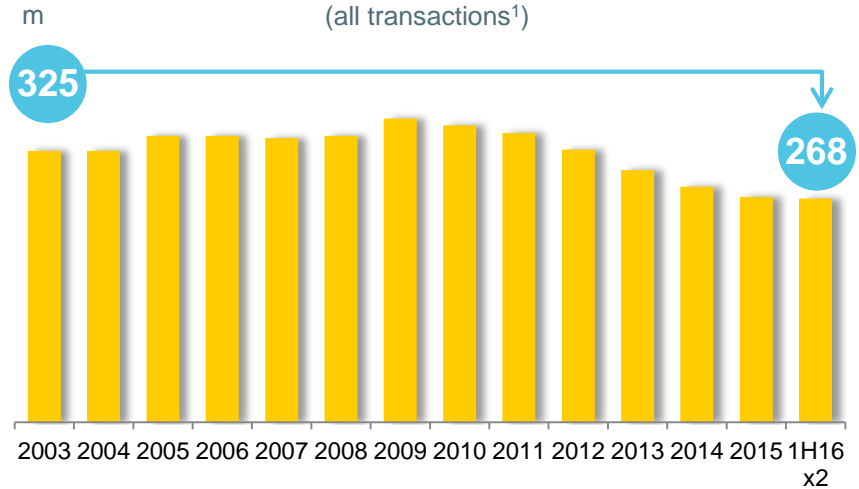
Branch

(deposits & withdrawals)



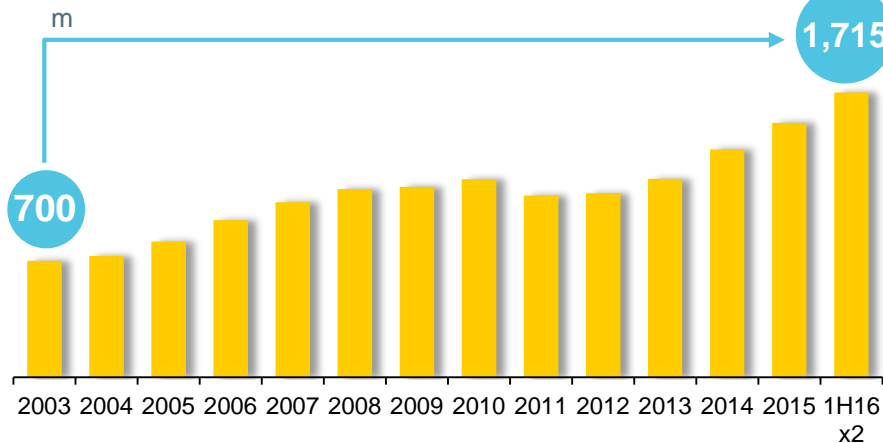
ATM

(all transactions¹)



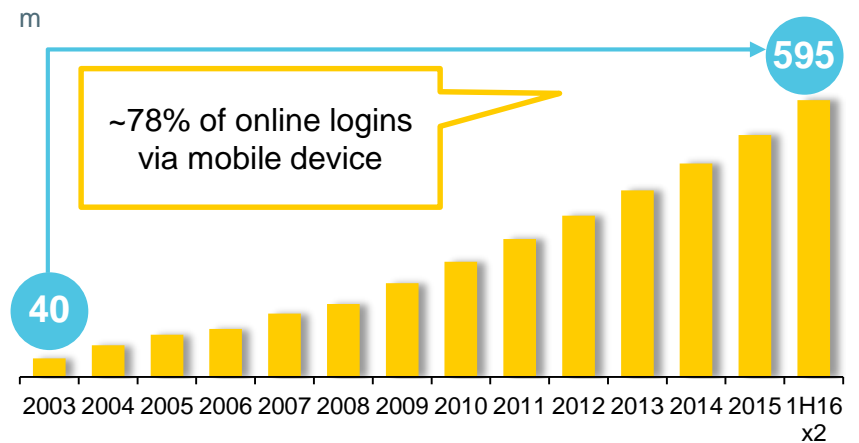
Point of Sale²

(all transactions, including credit cards)



Internet³

(transactions of value)



All figures are approximates

1 All cardholder transactions at Australian-located CBA ATMs

2 Calendar years to 2006; financial years thereafter. Includes EFTPOS Payments Australia Ltd (EPAL), MasterCard and Visa volumes only.

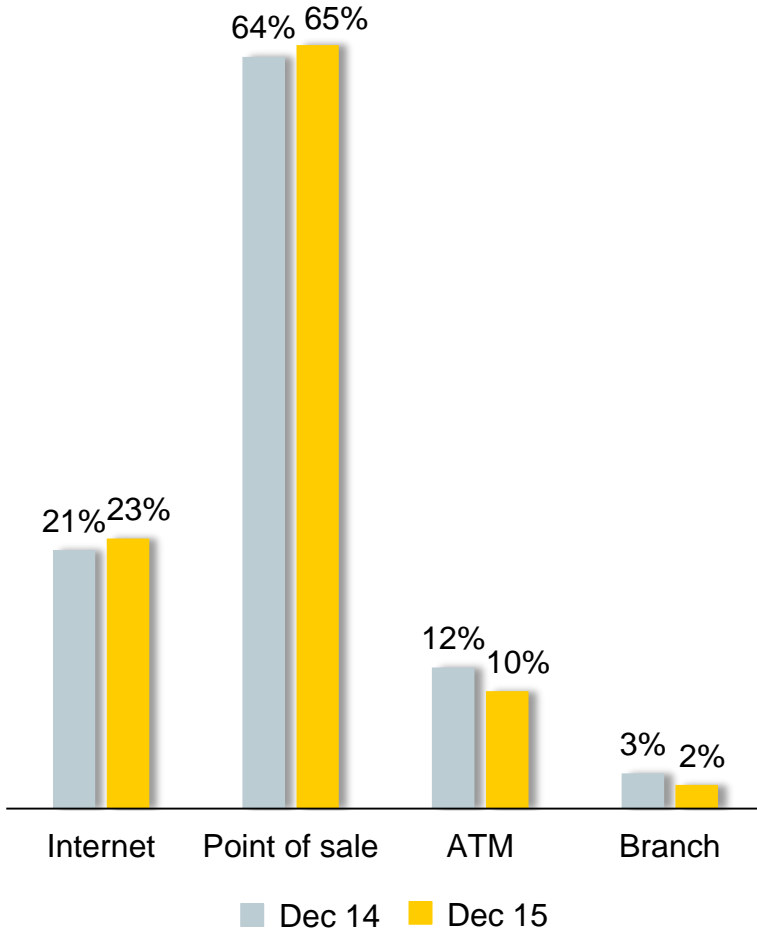
3 Calendar years to 2007; financial years thereafter. Includes BPAY.



Transaction volumes

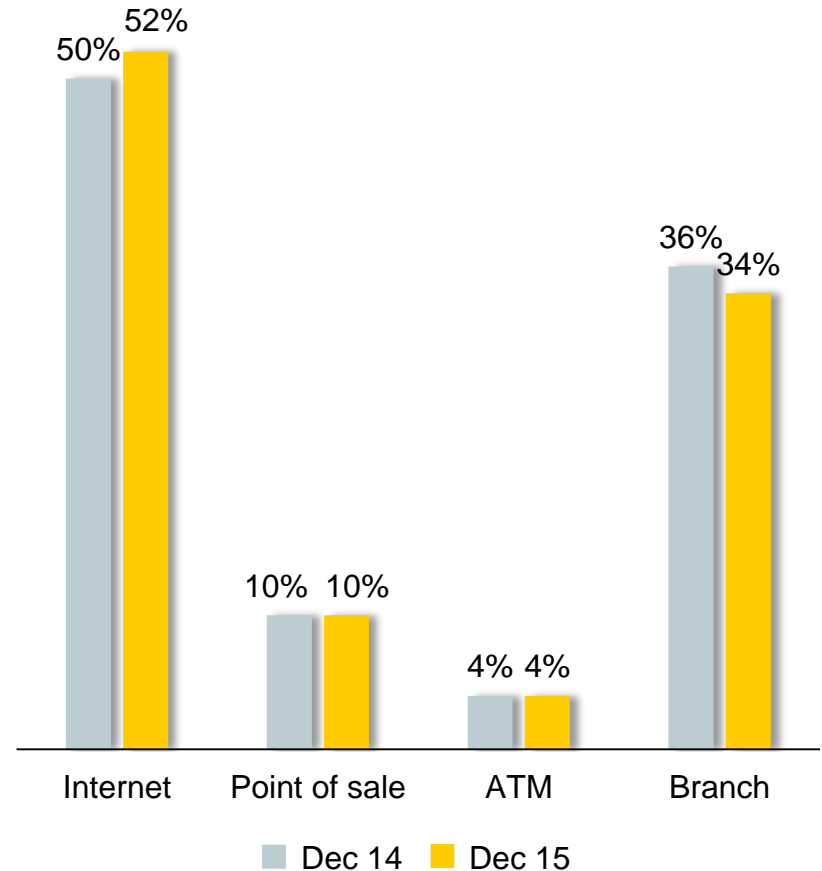
Number %

Percentage of total transactions by number



Value %

Percentage of total transactions by \$ value



The Shingo Institute

Shingo Institute

Recognises world-class, lean organisations and operational excellence

Undertake a complete assessment of an organisation's culture and how well it drives world-class results and whether an organisation is fundamentally improving for the long-term

Shingo Principles

- Create Value for Customers
- Focus on Process
- Respect Every Individual
- Embrace Scientific Thinking



CBA awarded Shingo Silver Medallion

The Shingo Institute Silver Medallion awarded to CBA's Retail Bank Collections & Customer Solutions Team

The Silver Medallion

- Highest Shingo Award ever for a Financial Services Institution globally
- Highest Shingo Award ever, across all industries, in Australia



Retail Collections & Customer Solutions

- ✓ 75% reduction in "time-to-yes" for contract variation requests
- ✓ 90% reduction in non-value added hand-offs
- ✓ 60% reduction in turnaround times in asset management
- ✓ 86% employee engagement index - 2% above Global Best in Class¹
- ✓ 94% of employees proud to work for our organisation (up from 85%)
- ✓ 20% reduction in overall cost to collect

RBS Home Loan Portfolio

| Portfolio ¹ | Dec 14 | Jun 15 | Dec 15 | New Business ¹ | Dec 14 | Jun 15 | Dec 15 |
|---|--------|--------|--------|--|--------|--------|--------|
| Total Balances - Spot (\$bn) | 310 | 321 | 331 | Total Funding (\$bn) | 40 | 80 | 44 |
| Total Balances - Average (\$bn) | 306 | 311 | 326 | Average Funding Size (\$'000) | 267 | 274 | 304 |
| Total Accounts (m) | 1.5 | 1.5 | 1.5 | Serviceability Buffer (%) ⁶ | 1.5 | 2.25 | 2.25 |
| Variable Rate (%) | 81 | 84 | 84 | Variable Rate (%) | 83 | 87 | 90 |
| Owner Occupied (%) | 58 | 58 | 59 | Owner Occupied (%) | 60 | 59 | 65 |
| Investment (%) | 36 | 36 | 35 | Investment (%) | 36 | 37 | 32 |
| Line of Credit (%) | 6 | 6 | 6 | Line of Credit (%) | 4 | 4 | 3 |
| Proprietary (%) | 62 | 61 | 60 | Proprietary (%) | 60 | 59 | 55 |
| Broker (%) | 38 | 39 | 40 | Broker (%) | 40 | 41 | 45 |
| Interest Only (%) ² | 36 | 38 | 38 | Interest Only (%) ² | 38 | 39 | 38 |
| Lenders' Mortgage Insurance (%) ² | 24 | 24 | 23 | Lenders' Mortgage Insurance (%) ² | 19 | 19 | 15 |
| Low Deposit Premium (%) ² | 7 | 7 | 7 | Low Deposit Premium (%) ² | 8 | 7 | 6 |
| Mortgagee In Possession (%) | 0.04 | 0.04 | 0.04 | | | | |
| Portfolio Dynamic LVR (%) ³ | 48 | 48 | 48 | | | | |
| Customers in Advance (%) ⁴ | 76 | 76 | 76 | | | | |
| Payments in Advance incl. offset (#) ⁵ | 26 | 28 | 31 | | | | |
| Payments in Advance exc. offset (#) ⁵ | 7 | 7 | 7 | | | | |

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

Australian Home Loan Portfolio¹

| Portfolio ¹ | Dec 14 | Jun 15 | Dec 15 | New Business ¹ | Dec 14 | Jun 15 | Dec 15 |
|--|--------|--------|--------|--|--------|--------|--------|
| Total Balances - Spot (\$bn) | 370 | 383 | 393 | Total Funding (\$bn) | 46 | 94 | 50 |
| Total Balances - Average (\$bn) | 365 | 371 | 388 | Average Funding Size (\$'000) | 269 | 274 | 302 |
| Total Accounts (m) | 1.7 | 1.7 | 1.7 | Serviceability Buffer (%) (RBS) ⁶ | 1.5 | 2.25 | 2.25 |
| Variable Rate (%) | 82 | 85 | 85 | Variable Rate (%) | 84 | 87 | 90 |
| Owner Occupied (%) | 60 | 60 | 62 | Owner Occupied (%) | 61 | 60 | 66 |
| Investment (%) | 34 | 35 | 33 | Investment (%) | 36 | 37 | 31 |
| Line of Credit (%) | 6 | 5 | 5 | Line of Credit (%) | 3 | 3 | 3 |
| Proprietary (%) | 57 | 57 | 56 | Proprietary (%) | 57 | 55 | 52 |
| Broker (%) | 43 | 43 | 44 | Broker (%) | 43 | 45 | 48 |
| Interest Only (%) ² | 36 | 37 | 38 | Interest Only (%) ² | 39 | 41 | 39 |
| Lenders' Mortgage Insurance (%) ² | 27 | 26 | 25 | Lenders' Mortgage Insurance (%) ² | 22 | 21 | 16 |
| Mortgagee In Possession (%) | 0.04 | 0.04 | 0.04 | | | | |
| Portfolio Dynamic LVR (%) ³ | 50 | 50 | 50 | | | | |
| Customers in Advance (%) ⁴ | 78 | 77 | 78 | | | | |
| Payments in Advance incl offset (#) ⁵ | 25 | 27 | 29 | | | | |
| Payments in Advance ex offset (RBS) ⁵ | 7 | 7 | 7 | | | | |

1. CBA and Bankwest, except where noted. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 12 months to June and 6 months to December.

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

3. LVR defined as current balance/current valuation. RBS results restated based on enhanced methodology using up-to-date data, Bankwest excludes guarantor securities.

4. Any payment ahead of monthly minimum repayment. Includes offset facilities.

5. Average number of payments ahead of scheduled repayments.

6. Serviceability test based on the higher of the customer rate plus a 2.25% interest rate buffer or a minimum floor rate. Dec 14 and Jun 15 RBS only.

Australian Home Loan Portfolio

Strong Portfolio Quality

- ▶ Portfolio losses continue to be low (1H16: 2.4bpts)
- ▶ 78% of customers paying in advance² by 29 months on average, including offset facilities
- ▶ Mortgage offset balances up 22% in 1H16 to \$27 billion
- ▶ Regular stress testing undertaken to identify areas of sensitivity
- ▶ Portfolio dynamic LVR³ of 50% (RBS: 48%, Bankwest: 55%)
- ▶ Limited “low doc”⁴ lending (0.1% of approvals and <1% of the portfolio)
- ▶ Investment loan growth <10%. Investment loan arrears below portfolio average

Servicing Criteria

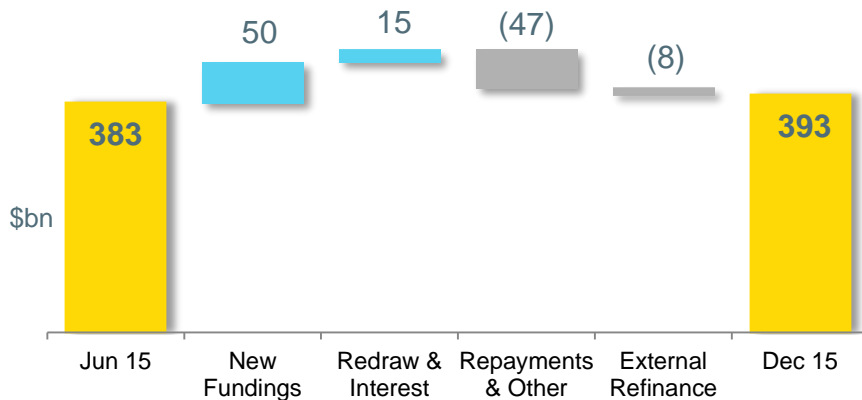
- ▶ RBS – Higher of customer rate plus 2.25% or minimum floor rate of 7.25% pa
- ▶ BW – Higher of customer go-to rate plus 2.25% or 7.60% benchmark rate. Minimum floor rate is 7.35% pa
- ▶ 80% cap on less certain income sources (e.g. rent, bonuses etc.)
- ▶ Maximum LVR of 95%⁵ for all loans
- ▶ Lenders’ Mortgage Insurance (LMI) required for higher LVR loans
- ▶ Limits on investor income allowances e.g. RBS restrict the use of negative gearing where LVR>90%
- ▶ Buffer applied to existing mortgage repayments
- ▶ Interest only loans assessed on principal and interest basis

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



Australian Home Loans

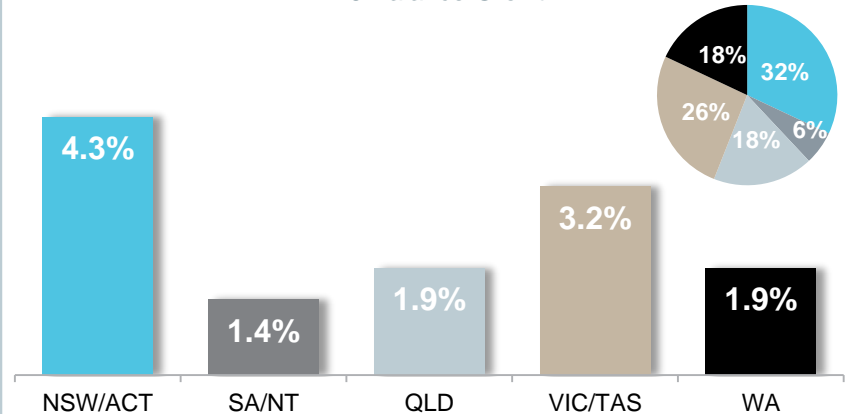
Balance Growth



State Profile

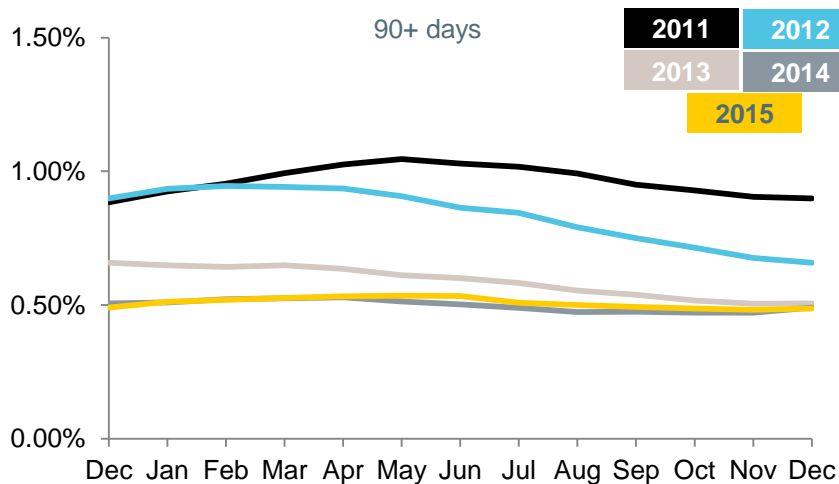
1H16 Balance Growth

% of Portfolio



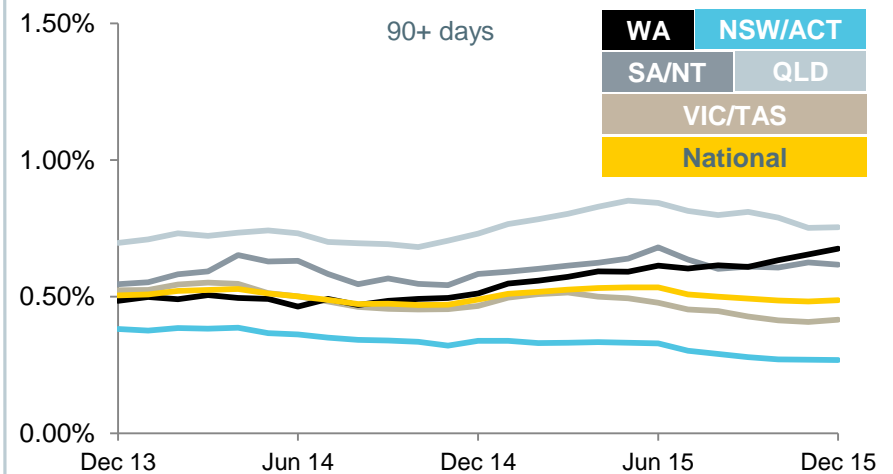
Arrears

90+ days



Arrears by State

90+ days



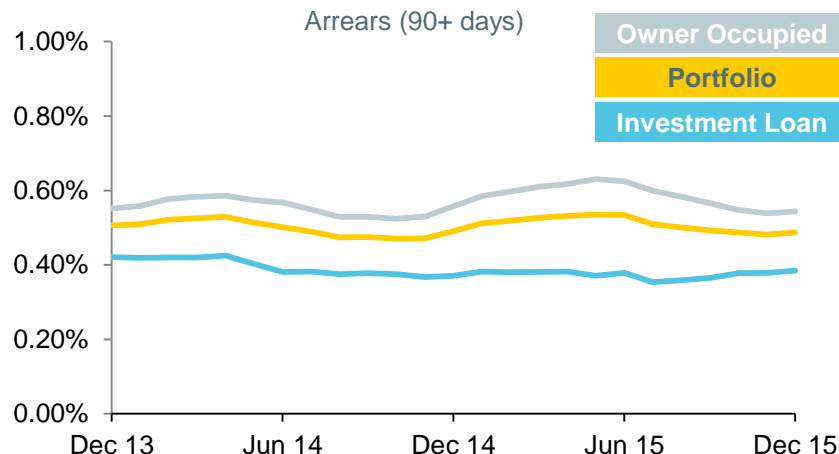
Includes CBA and Bankwest. State Profile and Arrears exclude Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans (RBS only) and Residential Mortgage Group (RBS only) loans.

Australian Investment Home Loans

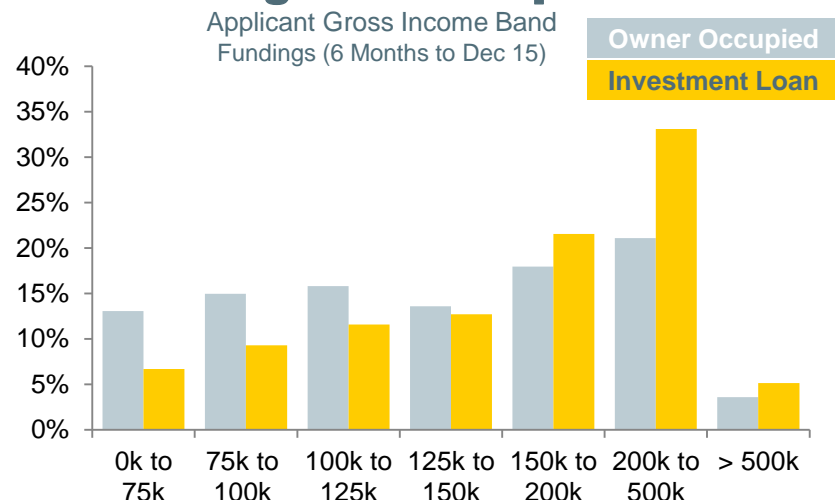
Overview

- Modest balance growth <10%
- Arrears lower than overall portfolio
- Strong borrower profile – skewed to higher income bands
- Credit policy restrictions e.g. LVR caps reduced
- Differential pricing for investment lending

Relatively low arrears



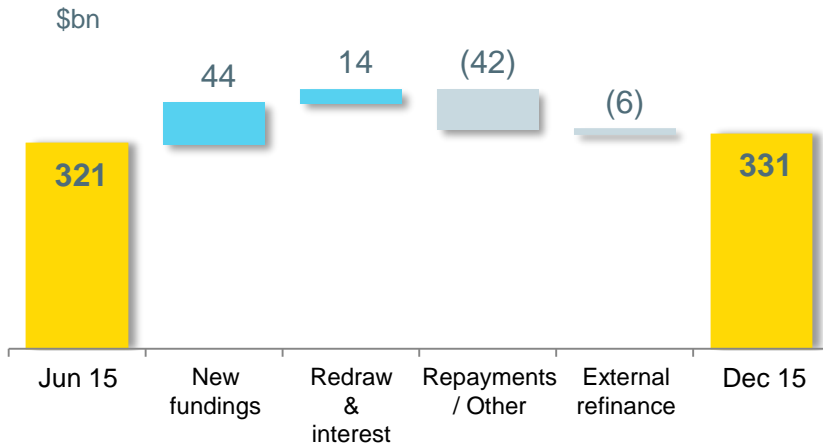
Strong borrower profile



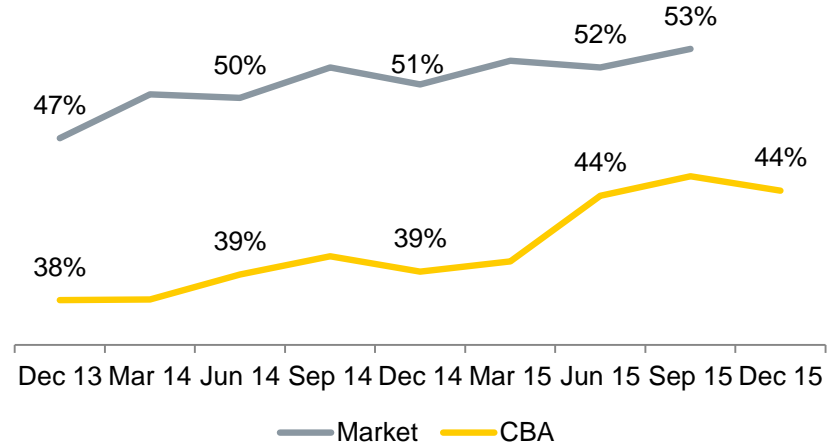
Includes CBA and Bankwest except where noted. Income Bands and Arrears: excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans. Fundings based on dollars.

RBS Home Loan Growth Profile

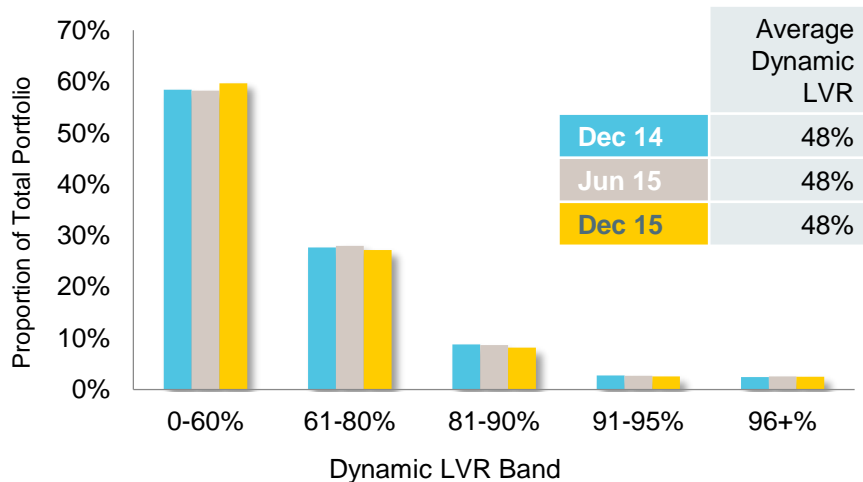
Home Loan Balances



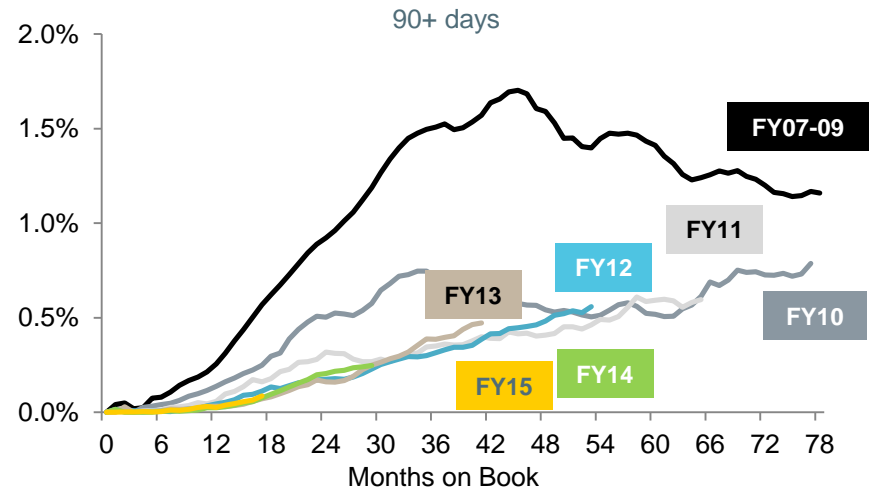
Broker Share of Fundings¹



Home Loan Dynamic LVR²



Home Loan Arrears by Vintage³

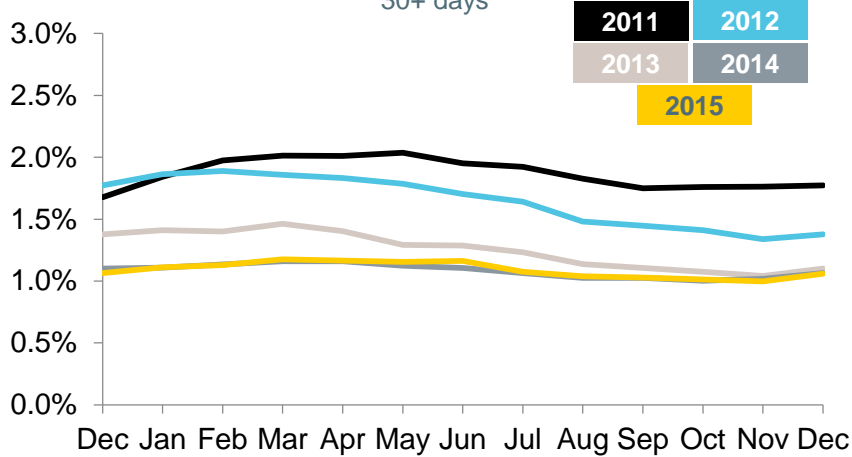


1. % of home loan fundings (\$'s). Market represents quarterly MFAA data up to Sep 15. 2 Dynamic LVR is current balance / current valuation; results restated based on enhanced methodology using up-to-date data. 3. Vintage Arrears includes: Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.

RBS Consumer Arrears

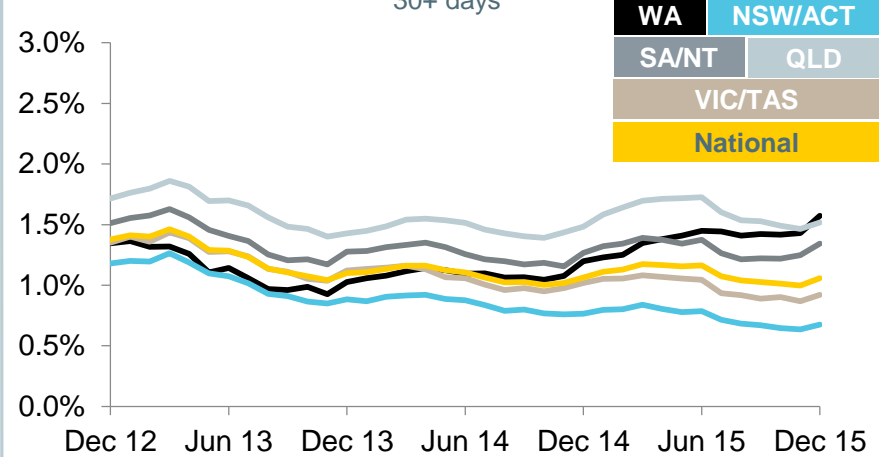
Home Loans

30+ days



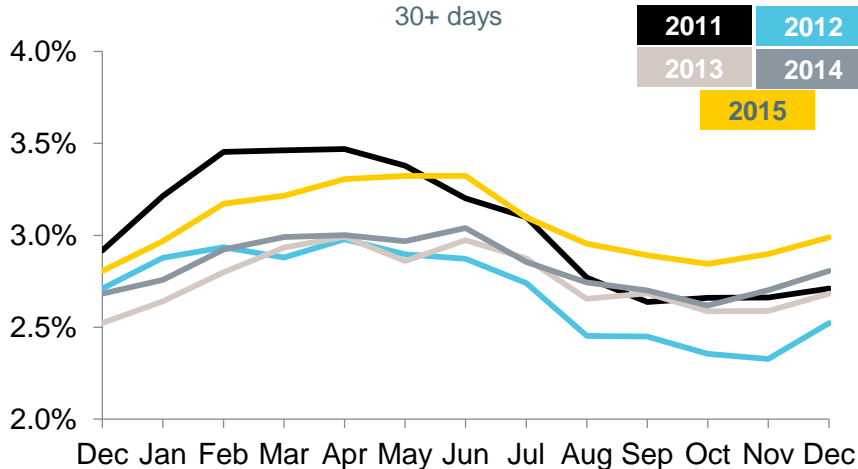
Home Loans by State

30+ days



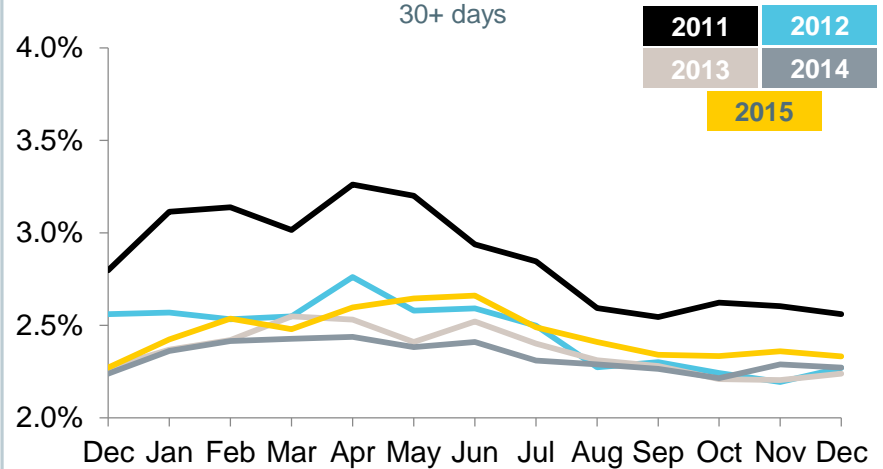
Personal Loans

30+ days



Credit Cards

30+ days

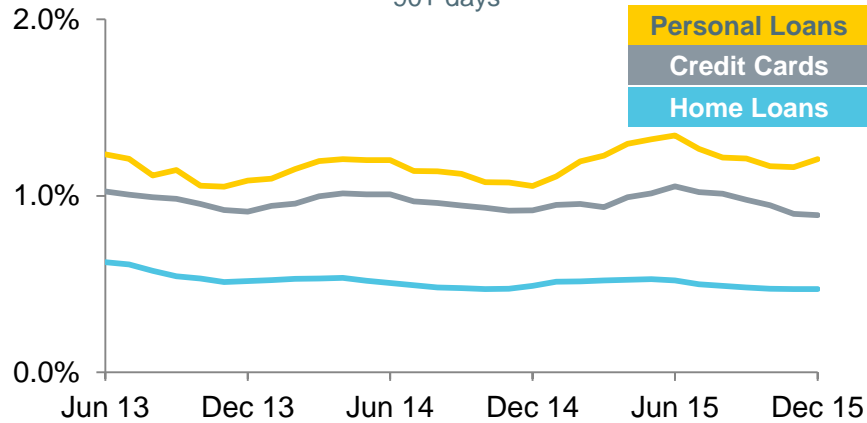


Arrears not consistently measured/defined across the industry. CBA definition is conservative as it includes Hardship accounts. Home Loans exclude Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.

Group Consumer Arrears

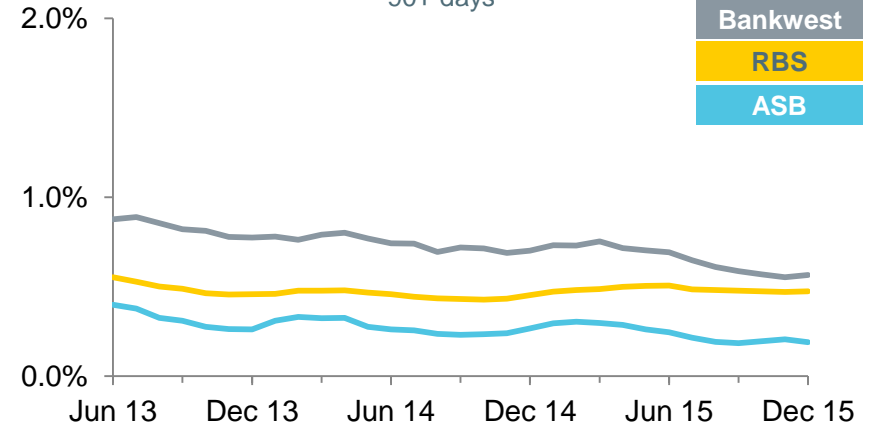
Consumer Portfolios

90+ days



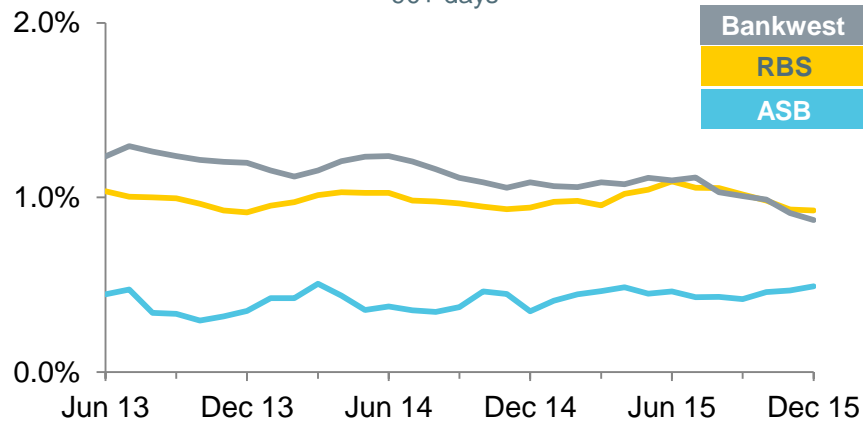
Home Loans

90+ days



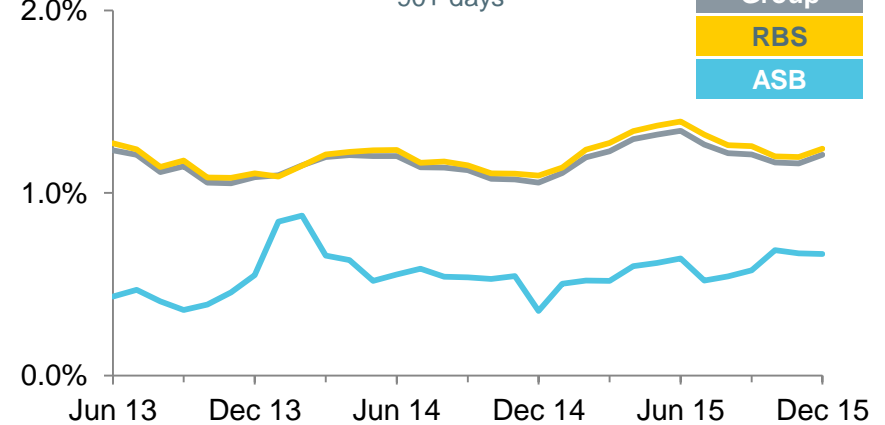
Credit Cards

90+ days



Personal Loans

90+ days



Consumer represents Retail Banking Services, ASB Retail and Bankwest Retail. **Credit Card** arrears not measured/defined consistently across the industry. CBA definition is conservative as it includes Hardship accounts. **Personal Loans** includes unsecured and secured loans. ASB write-off Credit Card and Personal Loans typically around 90 days past due if no agreed repayment plan. **Home Loans** exclude Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans.



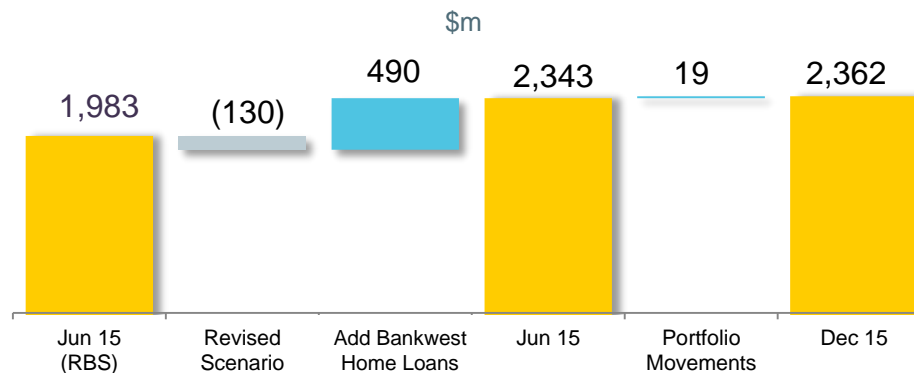
Australian Home Loans – Stress Test

Assumptions and Outcomes

| Assumptions (%) | Base | Year 1 | Year 2 | Year 3 |
|--------------------------------------|------|--------|--------|--------|
| Cash Rate | 2.0 | 1.0 | 0.5 | 0.5 |
| Unemployment | 6.1 | 7.5 | 9.5 | 11.0 |
| Hours under-employed | 10.7 | 13.1 | 16.1 | 18.4 |
| Cumulative reduction in house prices | n/a | 10.0 | 23.0 | 31.0 |

| Outcomes (\$m) | Total | Year 1 | Year 2 | Year 3 |
|-------------------|--------------|--------|--------|--------|
| Stressed Losses | 3,745 | 580 | 1,252 | 1,913 |
| Insured Losses | 1,383 | 220 | 467 | 696 |
| Net Losses | 2,362 | 360 | 785 | 1,217 |
| Net Losses (bpts) | 52.3 | 8.0 | 17.2 | 27.1 |
| PD % | n/a | 1.4 | 2.0 | 2.5 |

Net Losses



Summary

- Stress Test outcomes have been updated for a revised stress scenario (-\$0.1bn) and addition of Bankwest home loans (+\$0.5bn)
- Refreshed “stress test” scenario represents a severe but plausible commodities-led recession
- Total net losses after LMI recoveries over 3 years of \$2.4bn remain largely unchanged



Regulatory Exposure Mix

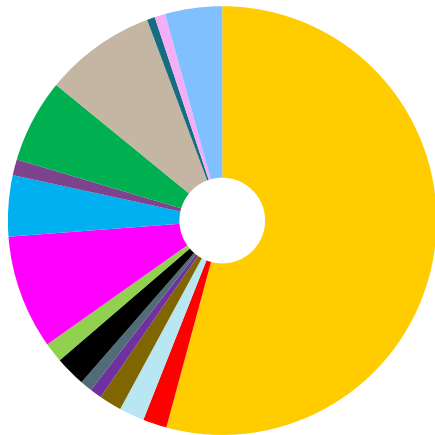
| Portfolio | Regulatory Credit Exposure Mix | | | |
|-------------------------------------|--------------------------------|-------------|-------------|-------------|
| | CBA | Peer 1 | Peer 2 | Peer 3 |
| Residential Mortgages | 55% | 35% | 40% | 55% |
| Corporate, SME, Specialised Lending | 27% | 33% | 40% | 31% |
| Bank | 5% | 12% | 10% | 3% |
| Sovereign | 9% | 13% | 8% | 7% |
| Qualifying Revolving | 3% | 2% | 1% | 2% |
| Other Retail | 1% | 5% | 1% | 2% |
| Total Advanced | 100% | 100% | 100% | 100% |

Source: Pillar 3 disclosures for CBA as at December 2015 and Peers as at September 2015. Excludes Standardised (including Other Assets), CVA and Securitisation, which represents 7% of CBA, 9% of Peer 1, 20% of Peer 2 and 5% of Peer 3 before exclusion.



Credit Exposures by Industry

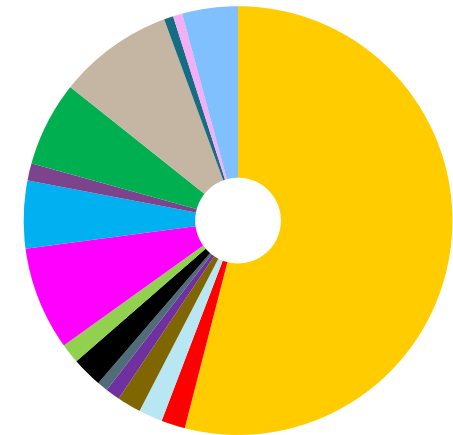
Jun 15



| | Jun 15 | Dec 15 |
|----------------------|-------------|-------------|
| Consumer | 54.2% | 54.0% |
| Agriculture | 1.8% | 1.8% |
| Mining | 1.9% | 1.8% |
| Manufacturing | 1.7% | 1.8% |
| Energy | 0.9% | 1.1% |
| Construction | 0.9% | 0.8% |
| Retail & Wholesale | 2.3% | 2.3% |
| Transport | 1.5% | 1.5% |
| Banks | 8.6% | 7.8% |
| Finance – other | 4.6% | 5.1% |
| Business Services | 1.2% | 1.3% |
| Property | 6.3% | 6.4% |
| Sovereign | 8.4% | 8.7% |
| Health & Community | 0.6% | 0.7% |
| Culture & Recreation | 0.8% | 0.7% |
| Other | 4.3% | 4.2% |
| Total | 100% | 100% |

| | |
|---------------------|-------|
| Australia | 76.6% |
| New Zealand | 8.5% |
| Europe | 5.6% |
| Other International | 9.3% |

Dec 15



| | |
|---------------------|-------|
| Australia | 75.4% |
| New Zealand | 8.8% |
| Europe | 6.4% |
| Other International | 9.4% |

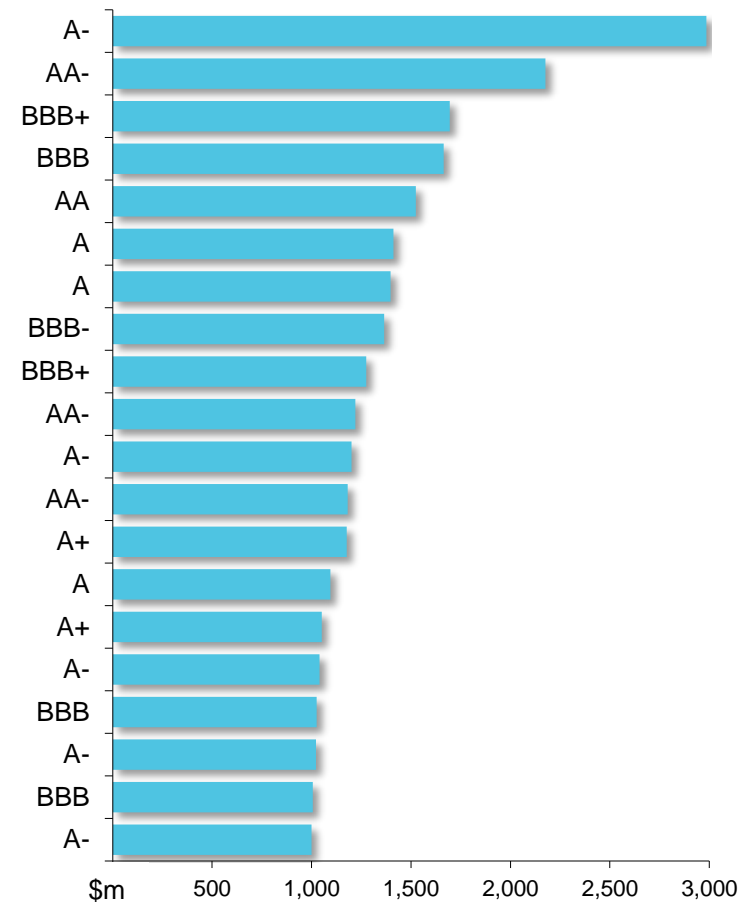
TCE (Total Committed Exposure) basis = balance for uncommitted facilities and the greater of limit or balance for committed facilities. Calculated before collateralisation. Includes ASB and Bankwest and excludes settlement exposures.

Sector Exposures

Commercial Exposures by Industry

| TCE \$bn | AAA to AA- | A+ to A- | BBB+ to BBB- | Other | Dec 15 |
|-------------------------|--------------|-------------|--------------|--------------|--------------|
| Banks | 30.9 | 38.5 | 9.7 | 2.2 | 81.3 |
| Finance Other | 22.9 | 17.4 | 9.8 | 3.0 | 53.1 |
| Property | 1.6 | 6.0 | 13.5 | 44.8 | 65.9 |
| Sovereign | 82.7 | 6.7 | 0.5 | 0.4 | 90.3 |
| Manufacturing | 1.5 | 3.8 | 6.1 | 7.1 | 18.5 |
| Trade | 1.0 | 1.7 | 6.9 | 14.6 | 24.2 |
| Agriculture | - | 0.3 | 1.7 | 16.5 | 18.5 |
| Energy | 0.2 | 1.7 | 8.7 | 0.8 | 11.4 |
| Transport | 0.3 | 2.1 | 8.7 | 4.8 | 15.9 |
| Mining | 2.0 | 4.9 | 7.0 | 5.0 | 18.9 |
| All other (ex Consumer) | 1.5 | 6.1 | 21.8 | 43.0 | 72.4 |
| Total | 144.6 | 89.2 | 94.4 | 142.2 | 470.4 |

Top 20 Commercial Exposures

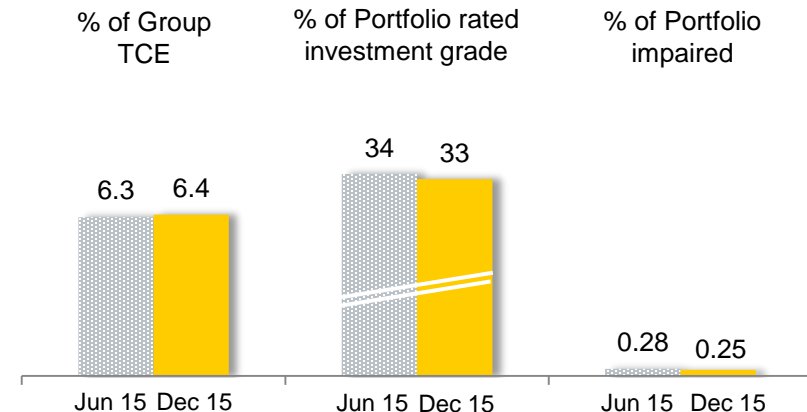


Commercial Property

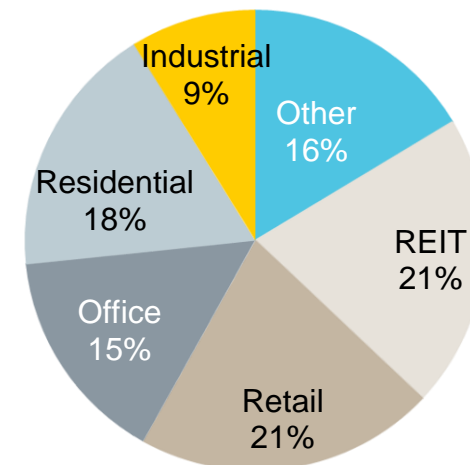
Overview

- Exposure of \$65.9bn (6.4% of Group TCE) diversified across sectors/geography/counterparties
- Less than 0.3% of total exposures impaired; less than 3% of sub-investment grade exposures unsecured
- Portfolio remains well provisioned
- Portfolio highly weighted to NSW (59%);
 - Sydney CBD Office – lowest vacancy rate nationally – 2016 supply increase primarily committed
 - Sydney Residential – supply is demand driven, with vacancy rates below national average
- Other Markets (Office):
 - Melbourne CBD vacancy rate stable at ~10%, with high levels of tenant take-up expected to see vacancy rates fall to ~8% by end 2016
 - Perth and Brisbane CBD's impacted by resource sector weakness – vacancy rates expected to peak in 2016
- Residential apartments:
 - National vacancy rate ~ 2.6% - below long term avg (3%)
 - Melbourne vacancy rate expected to rise off a low base but buoyed by depth of occupier market and strong population growth
 - Perth vacancy has risen to ~ 4.1%, impacted by restructuring in the resource sector

Group Exposure



Group Sector Profile

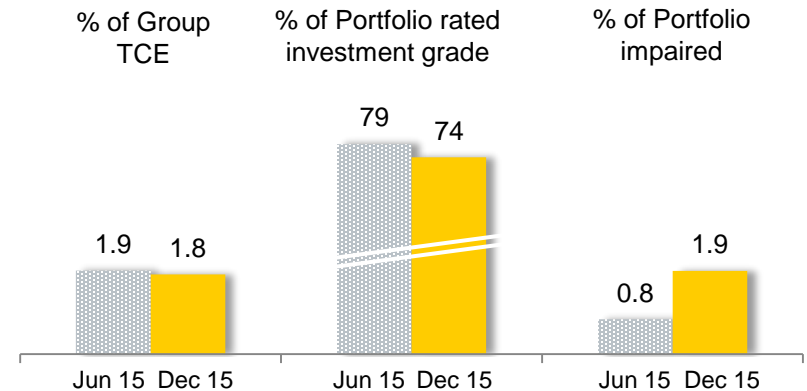


Mining, Oil and Gas

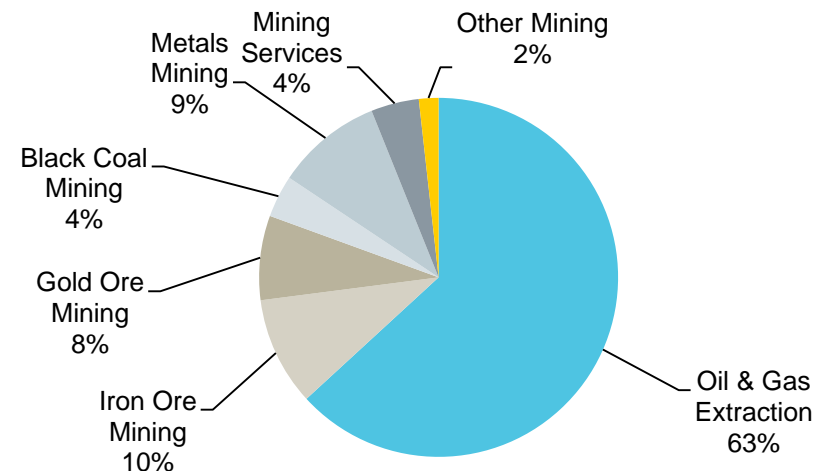
Overview

- Exposure of \$18.9bn (1.8% of Group TCE)
- Sound portfolio that continues to perform acceptably notwithstanding recent deterioration in commodity prices:
 - 74% investment grade
 - Diversified by commodity/customer/region
 - Focus on quality sponsors, with low cost operating models
 - Mining services exposure modest (4% of Mining)
- Conservative debt-sizing metrics, commodity price decks and technical due diligence used to assess projects
- Oil and Gas sub-sector (63% of total):
 - 79% investment grade
 - 30% relates to LNG – typically supported by strong sponsors with significant equity contribution
- Market conditions expected to remain challenging in near term – industry responding via cost management actions; reduced discretionary capex

Group Exposure

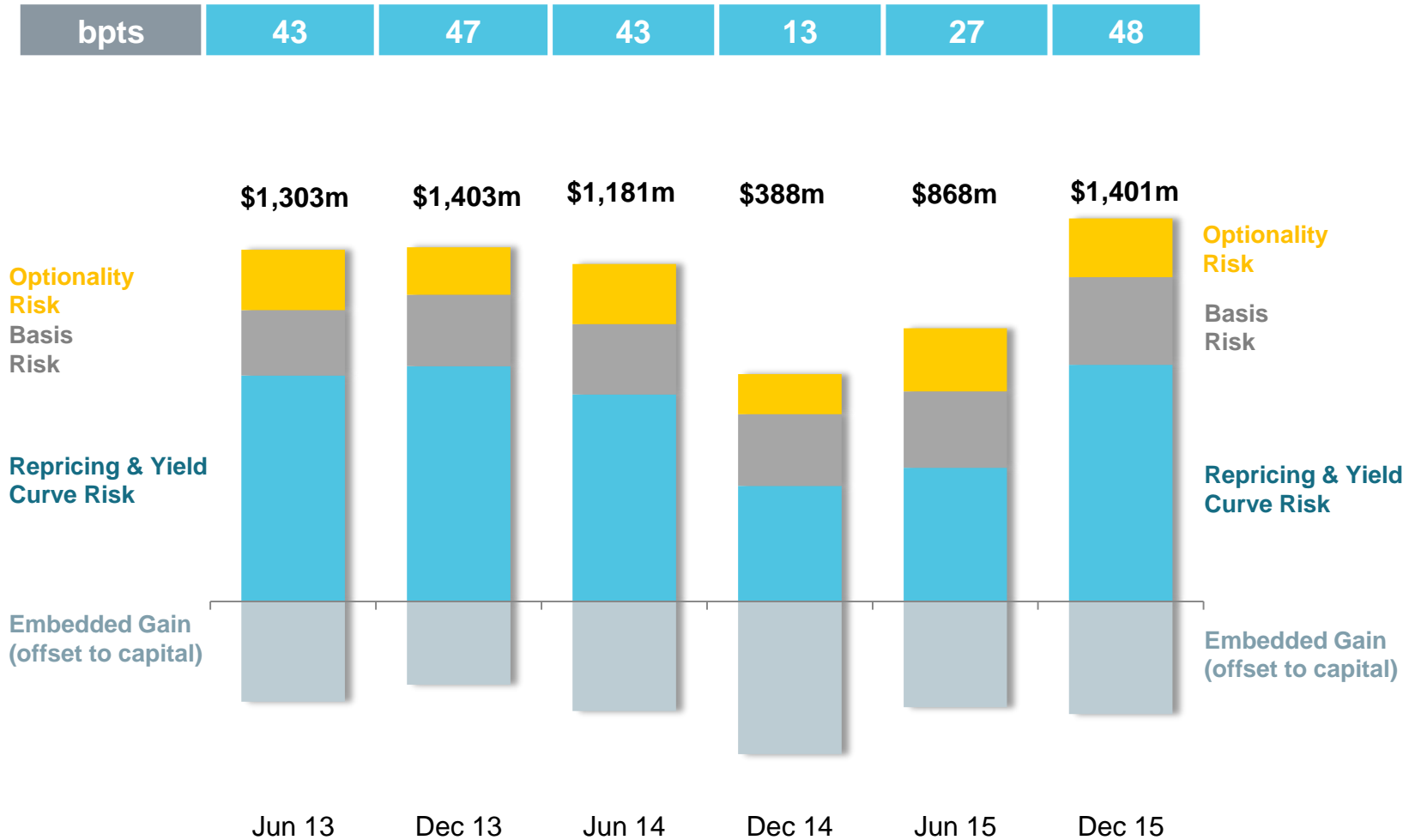


Mining, Oil and Gas by Sector



TCE (Total Committed Exposure) basis. TCE = balance for uncommitted facilities and the greater of limit or balance for committed facilities. Calculated before collateralisation. Includes ASB and Bankwest.

Interest Rate Risk in the Banking Book



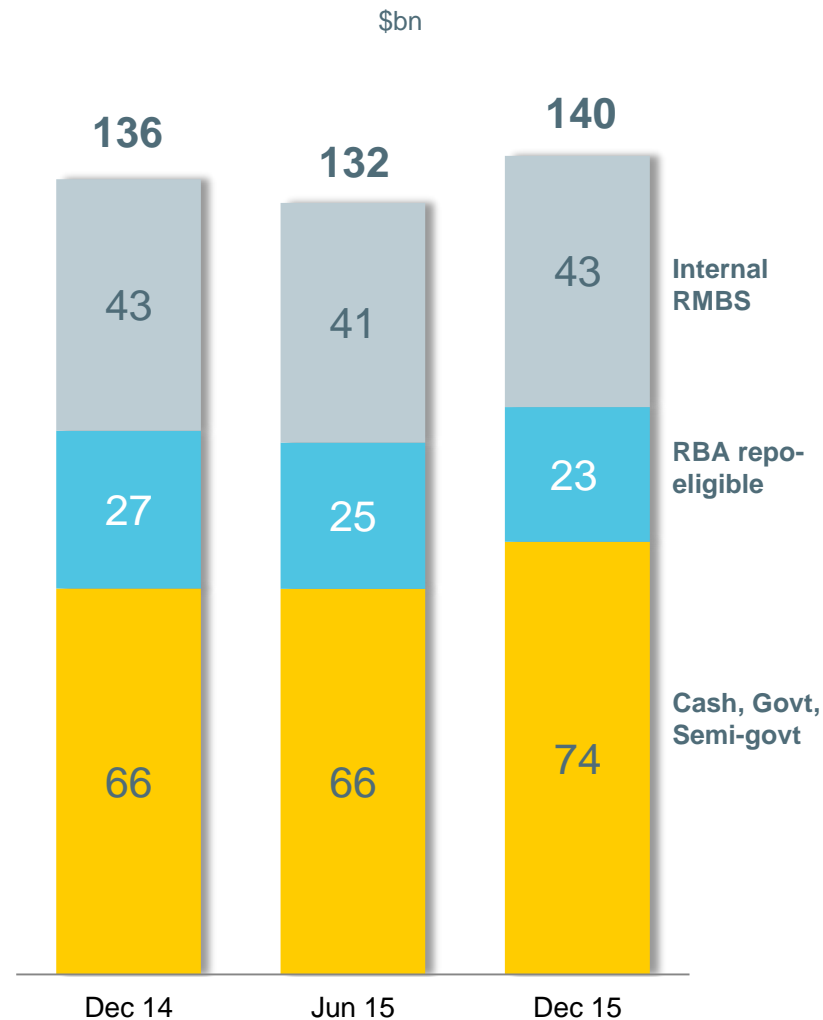
Capital (\$m) assigned to interest rate risk in banking book per APS117. Bpts (basis points) of APRA CET1 ratio.

Liquidity Coverage Ratio

- ◆ LCR 123% at 31 Dec 2015
- ◆ HQLA increased 12% while Net Cash Outflows increased 3%

| Liquidity Coverage Ratio (\$bn) | Dec 15 | Jun 15 | Change |
|----------------------------------|-------------|-------------|-----------------|
| High Quality Liquid Assets | 74 | 66 | 12% |
| Committed Liquidity Facility | 66 | 66 | - |
| Total LCR liquid assets | 140 | 132 | 6% |
| <i>Net Cash Outflows due to:</i> | | | |
| Customer deposits | 67 | 66 | 2% |
| Wholesale funding | 25 | 31 | (18%) |
| Other | 21 | 14 | 50% |
| Net Cash Outflows | 113 | 110 | 3% |
| LCR | 123% | 120% | 300 bpts |

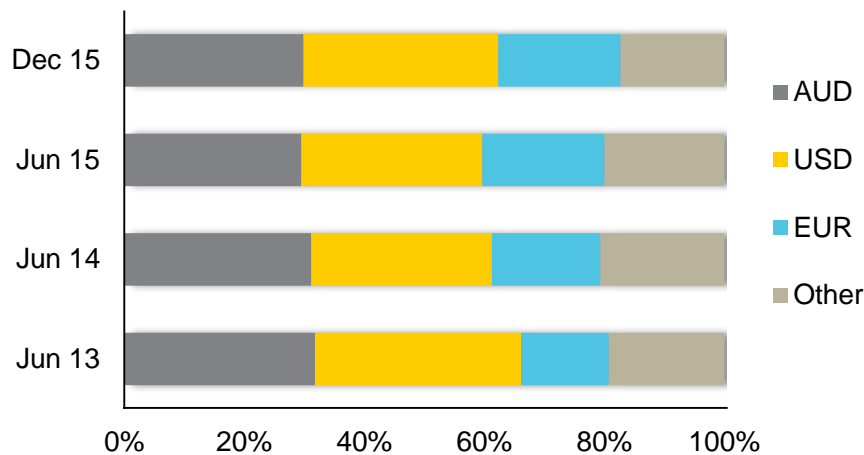
LCR Qualifying Liquid Assets¹



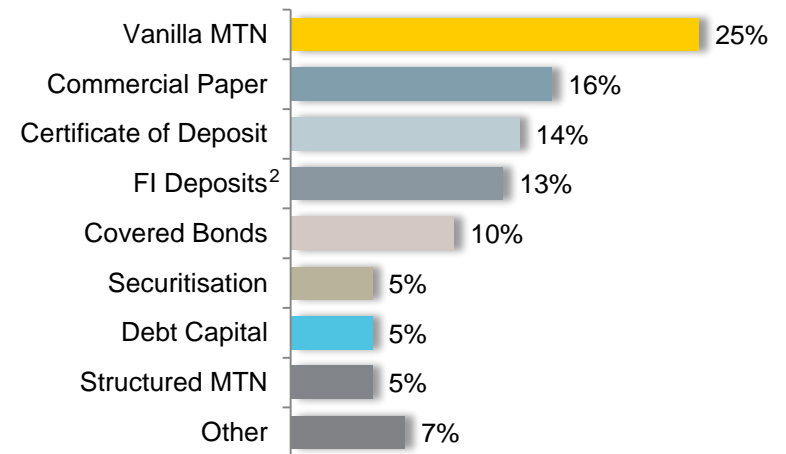
¹ Liquids are reported net of applicable regulatory haircuts. Dec 14 adjusted from Pro-forma to align with final reporting with APRA.

Funding - Portfolio

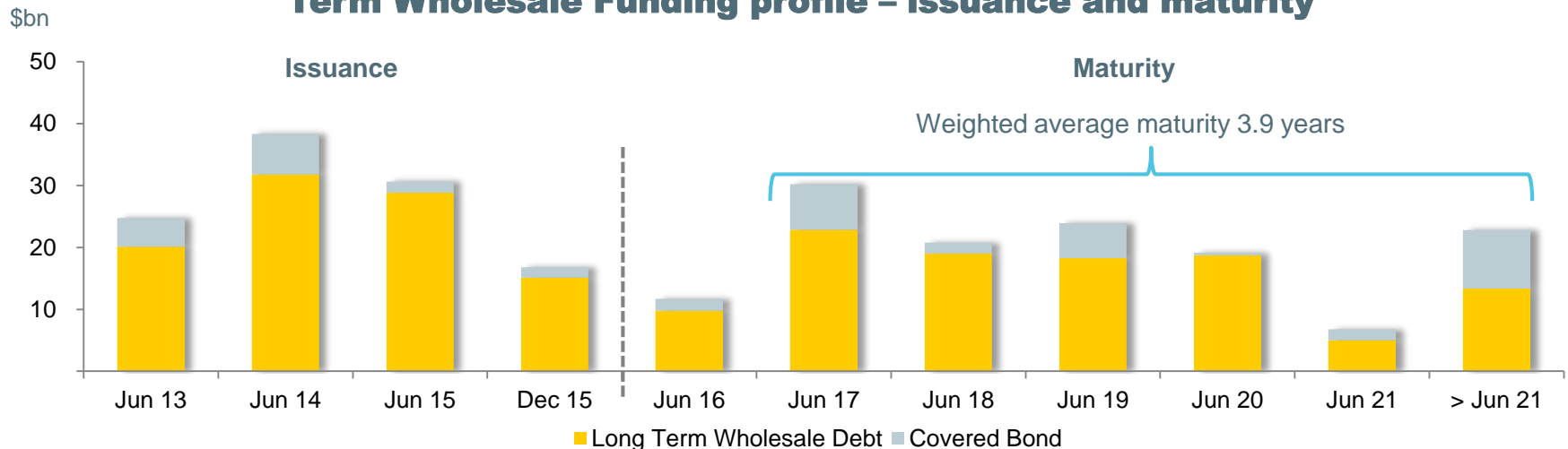
Term Wholesale Funding by Currency¹



Wholesale Funding by Product



Term Wholesale Funding profile – issuance and maturity

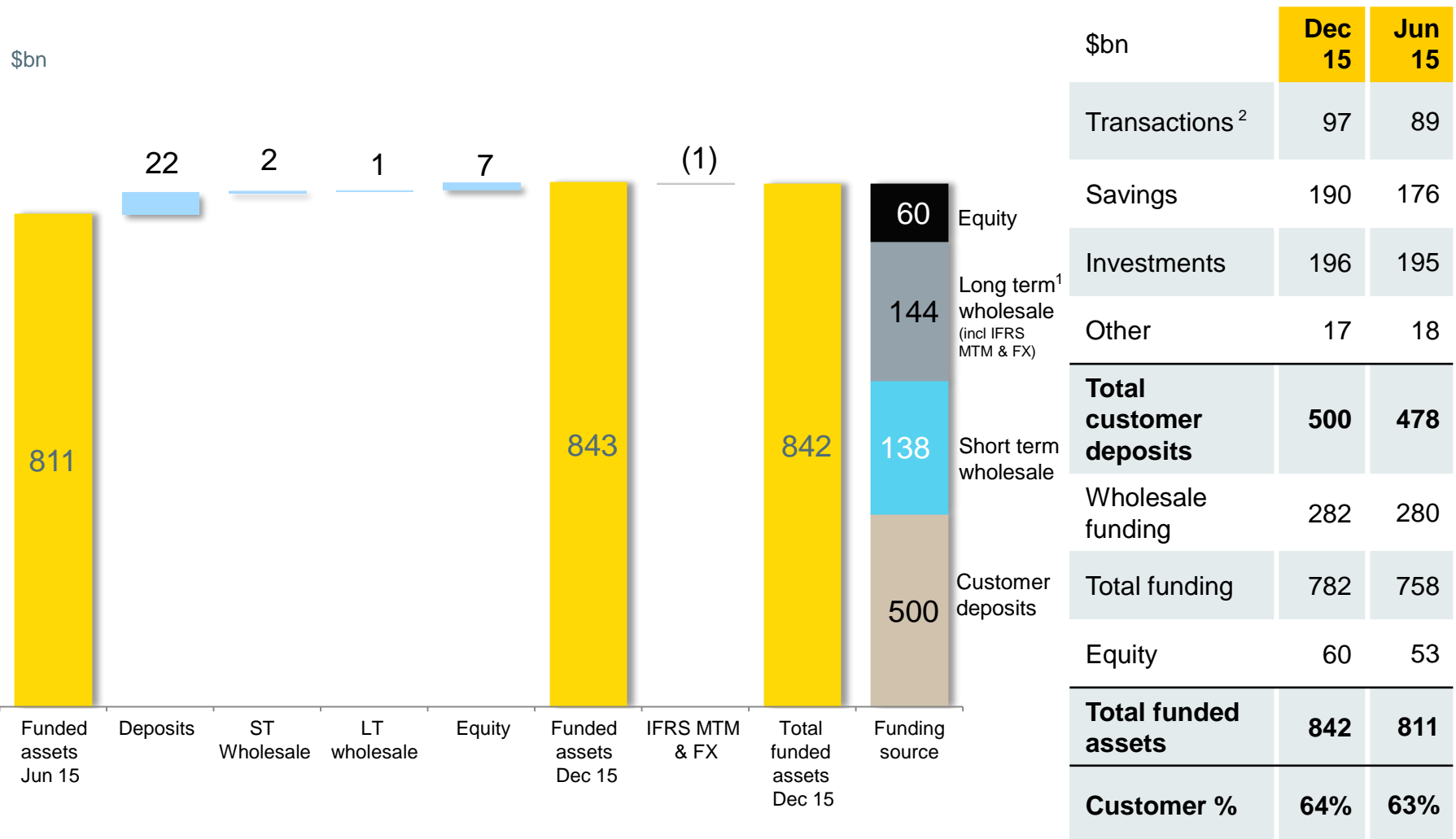


¹ Includes loan capital

² Includes Interbank, Central Bank and Gross collateral received deposits



Funded Assets



1 Maturity based on original issuance date

2 Comparatives have been restated to conform to presentation in the current period

APRA & International Comparison

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

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

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

APRA & International Comparison

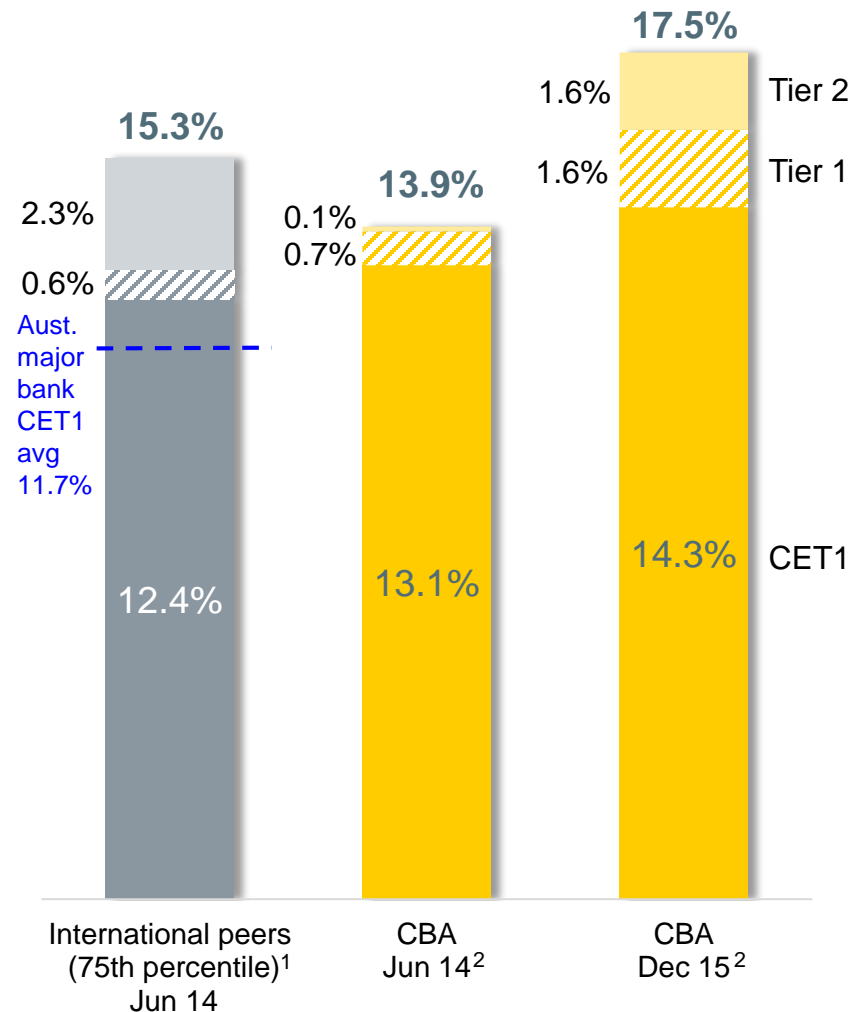
The following table provides details on the differences, as at 31 December 2015, between the APRA Basel III capital requirements and internationally comparable capital ratios¹.

| | |
|--|--------------|
| CET1 Basel III (APRA) | 10.2% |
| Equity investments | 0.9% |
| Capitalised expenses | 0.1% |
| Deferred tax assets | 0.2% |
| IRRBB | 0.5% |
| Residential mortgages | 0.7% |
| Other retail standardised exposures | 0.1% |
| Unsecured non-retail exposures | 0.6% |
| Non-retail undrawn commitments | 0.4% |
| Specialised lending | 0.5% |
| Currency conversion threshold | 0.1% |
| Total adjustments | 4.1% |
| CET1 Basel III (Internationally Comparable) | 14.3% |

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

Strong Capital – International Basis

- ◆ In July 2015, APRA published a study that compared the major banks' capital ratios against a set of international peers
- ◆ CBA's internationally comparable ratios align with the APRA Study
- ◆ CBA's internationally comparable CET1, Tier 1 and Total Capital ratios are in the top quartile of international peers
- ◆ CBA raised ~\$5bn in CET1 in the December 2015 half year

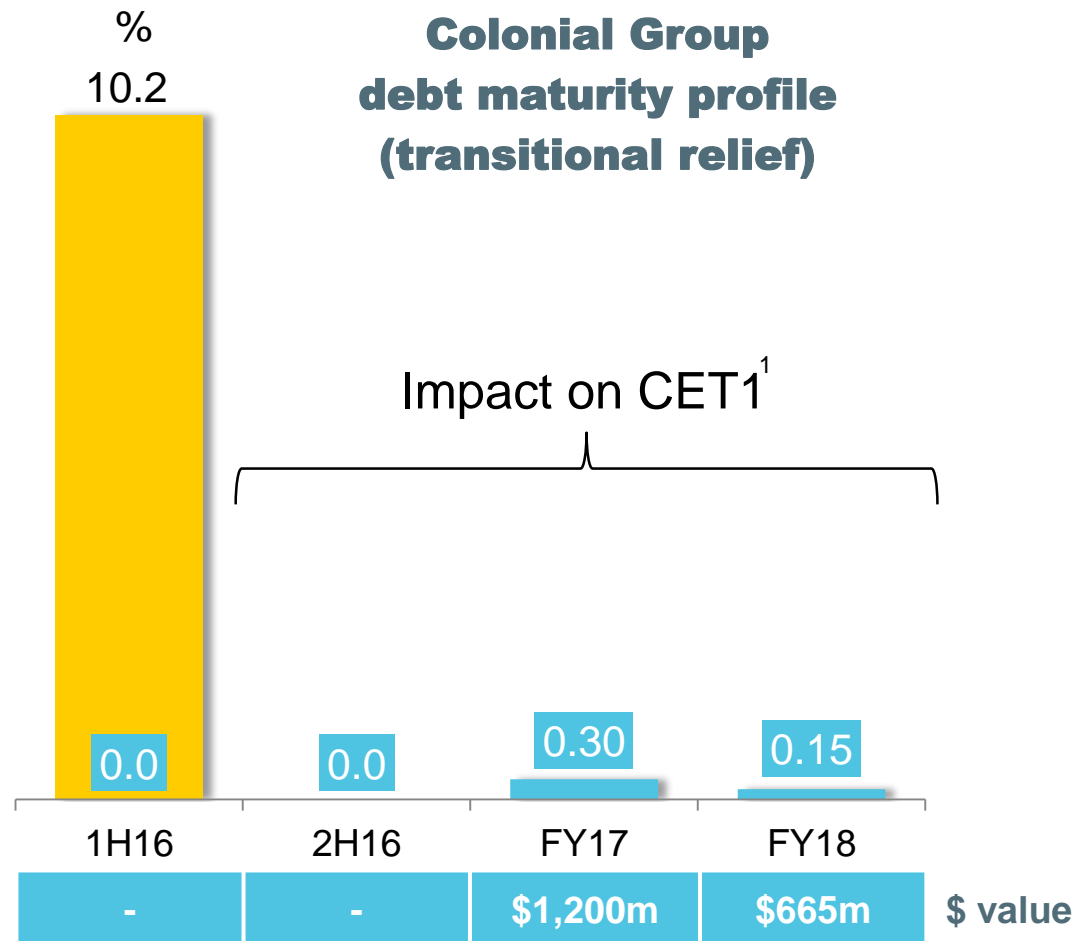


1 Figure 2, APRA, Information paper "International capital comparison study", 13 July 2015; Table A.3, Basel Committee on Banking Supervision, "Basel III Monitoring Report", March 2015

2 Assumes Basel III requirements have been fully implemented and that any transitional rules are no longer applicable

Colonial Group Debt

- ◆ Capital benefit from Colonial Group phased out as existing debt matures
- ◆ First tranche matured in April 2015 (\$350m). Remaining debt to mature across FY17 and FY18
- ◆ Timing of APRA Level 3 capital reforms not known, but not expected to be material for the Group



¹ CET1 (APRA) impact based on Dec 15 RWA. Future growth in RWAs is expected to reduce the impact.

D-SIB and CCB

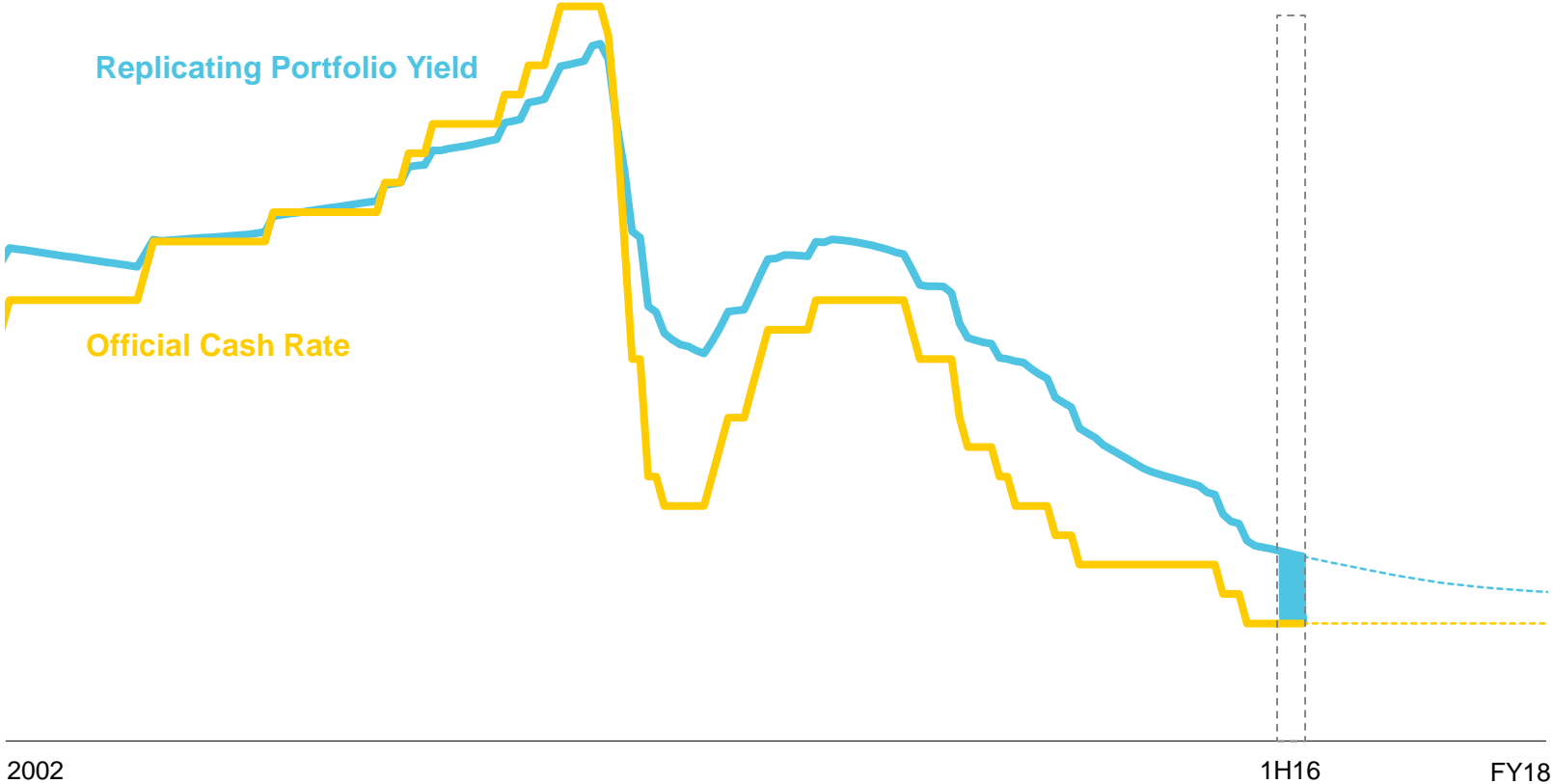
- ◆ In December 2013, APRA announced that the Australian major banks are domestic systemically-important banks (D-SIBs)
- ◆ From 1 January 2016, D-SIBs are required to hold 1% additional capital in the form of CET1 (called the D-SIB buffer)
- ◆ D-SIB buffer forms part of the capital conservation buffer (CCB) – from 1 January 2016, if a bank's CET1 ratio falls within the capital conservation buffer, then it will only be able to use a certain percentage of its earnings to make discretionary payments such as dividends, hybrid Tier 1 distributions and bonuses

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

Above example assumes the total CCB (including the D-SIB buffer) is 3.5%

Replicating Portfolio

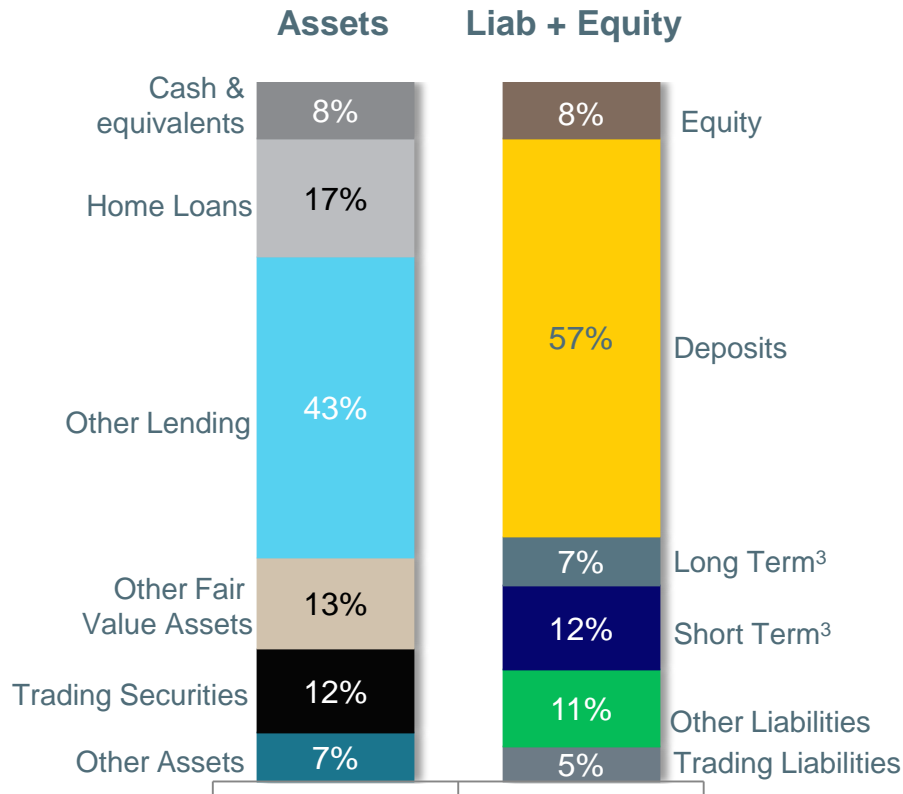
Actual and Forecast Scenario



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

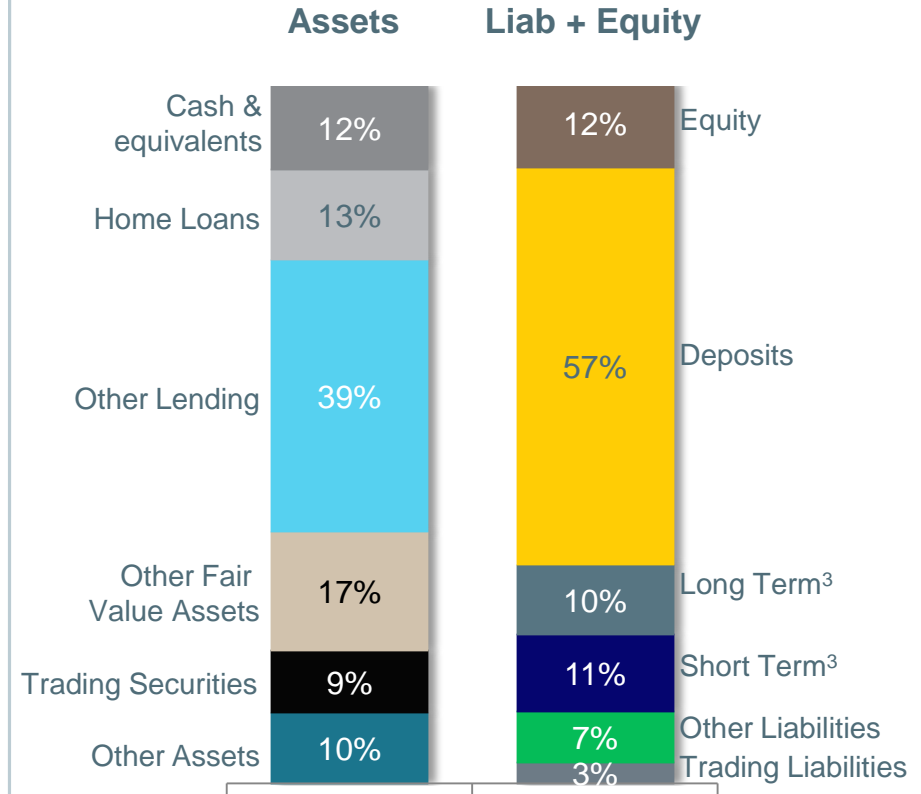
UK and US Balance Sheet Comparison ^{1,2}

United Kingdom



Based on analysis of Lloyds, RBS, HSBC and Barclays as at 30 June 2015.
Average of four banks.

USA



Based on analysis of Citigroup, JP Morgan, Bank of America and Wells Fargo as at 30 September 2015.
Average of four banks.

1 Based on statutory balance sheets.

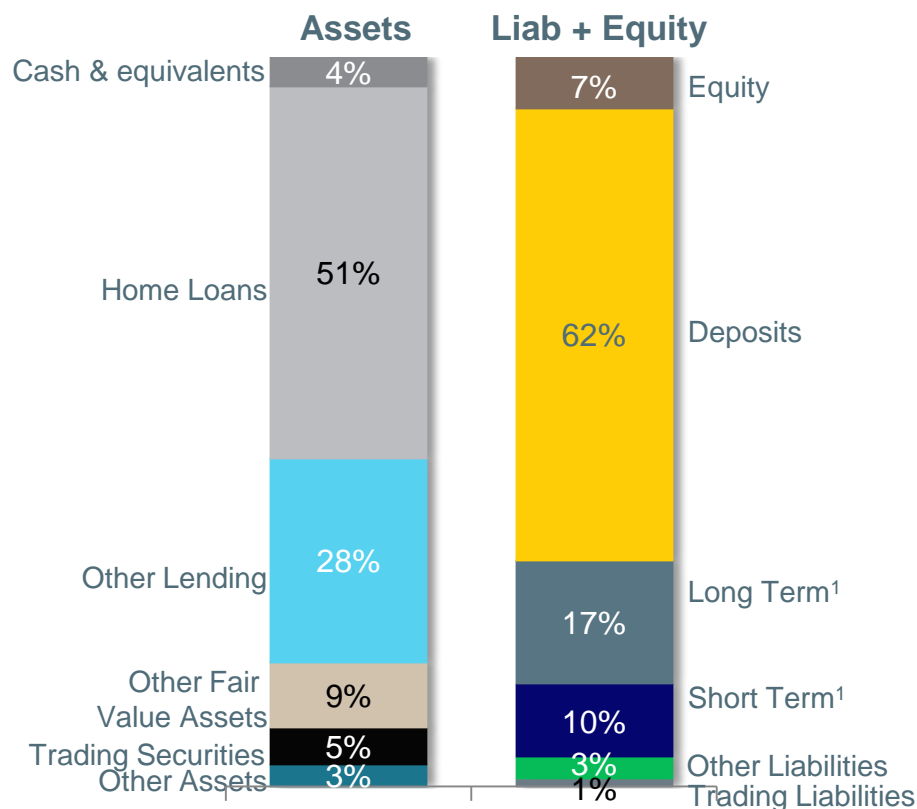
2 Balance sheets do not include derivative assets and liabilities.

3 Wholesale funding.



Australian Banks – Safe Assets, Secure Funding

Commonwealth Bank



CBA balance sheet as at 31 December 2015.
Balance sheet does not include derivative assets and liabilities.
Based on statutory balance sheet.

Balance Sheet Comparisons

Assets – CBA has a safe, conservative asset profile:

- 51% of balance sheet is home loans, which are stable/long term.
- Trading securities and other fair value assets comprise just 14% of CBA balance sheet compared to 25% and 26% for UK and US banks respectively.
- CBA's balance sheet is less volatile due to a lower proportion of fair value assets.

| | Assets* | |
|-----|----------------|------------|
| | Amortised cost | Fair Value |
| CBA | 82% | 18% |
| UK | 45% | 55% |
| US | 55% | 45% |

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

- Higher deposit base than US and UK banks (62% including 32% of stable household deposits).
- CBA wholesale funding profile has a longer duration than UK banks. This means CBA has lower dependence on wholesale funding markets in any given period compared to UK banks.

* Includes grossed up derivatives.

¹ Wholesale funding - based on residual maturity

Regulatory Expected Loss

| \$m | Dec 15 | Jun 15 | Dec 14 |
|--|--------------|--------------|--------------|
| Regulatory Expected Loss (EL) | 4,214 | 4,083 | 4,281 |
| Eligible Provisions (EP) | | | |
| Collective Provisions ¹ | 2,656 | 2,599 | 2,613 |
| Specific Provisions ^{1,2} | 1,649 | 1,656 | 1,956 |
| General Reserve for Credit Losses adjustment | 386 | 346 | 321 |
| less ineligible provisions ³ | (592) | (593) | (711) |
| Total Eligible Provisions | 4,099 | 4,008 | 4,179 |
| Regulatory EL in Excess of EP | 115 | 75 | 102 |
| Common Equity Tier 1 Adjustment⁴ | 245 | 134 | 102 |

¹ Includes transfer from collective provision to specific provisions in accordance with APS 220 requirements (Dec 15: \$145m, Jun 15: \$163m, Dec 14: \$150m)

² Specific provisions at Dec 15 includes \$595m partial write offs (Jun 15: \$606m, Dec 14: \$690m)

³ Includes provisions for assets under standardised portfolio

⁴ Expected loss and eligible provisions are assessed separately for defaulted and non-defaulted exposures. At Dec 15, there was an excess of eligible provisions compared to expected loss for defaulted exposures of \$130m (Jun 15: \$59m), which is not available to reduce the shortfall for non-defaulted exposures in the CET1 calculation.



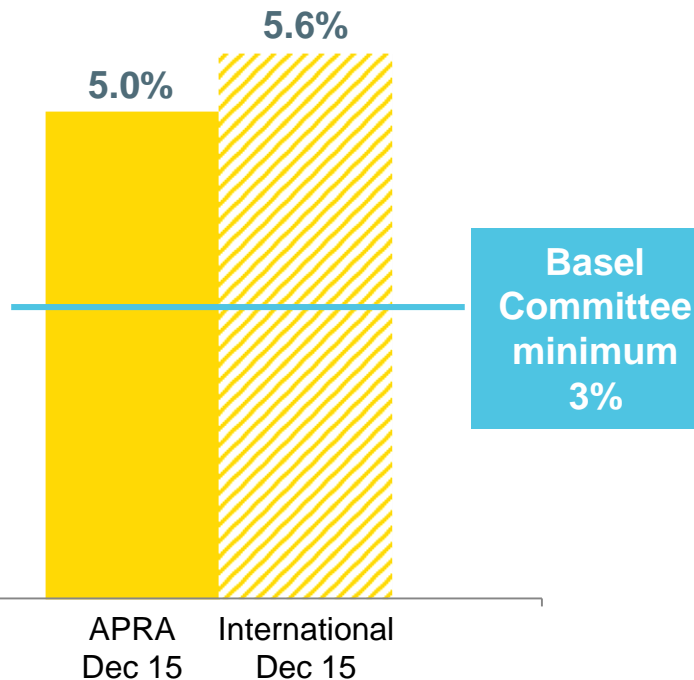
Leverage Ratio

CBA Leverage Ratio well above prescribed Basel Committee minimum

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

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

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



Reconciliation (\$m) – APRA basis

Dec 15

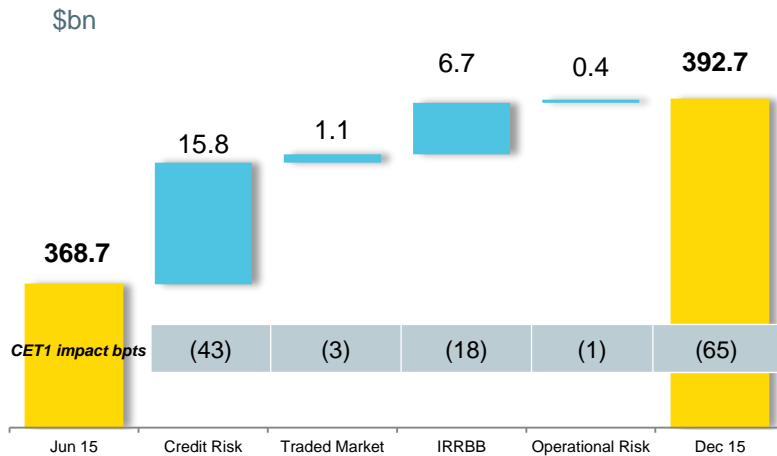
| | |
|---|----------------|
| Tier 1 Capital | 47,972 |
| Total Exposures | 952,969 |
| Leverage Ratio (APRA) | 5.0% |
| Group Total Assets | 903,075 |
| Less non consolidated subsidiaries | (14,863) |
| Less net derivative adjustment | (1,954) |
| Add securities financing transactions | 1,195 |
| Less asset amounts deducted from Tier 1 | (17,540) |
| Add off balance sheet credit exposures | 83,056 |
| Total Exposures | 952,969 |

Regulatory Change

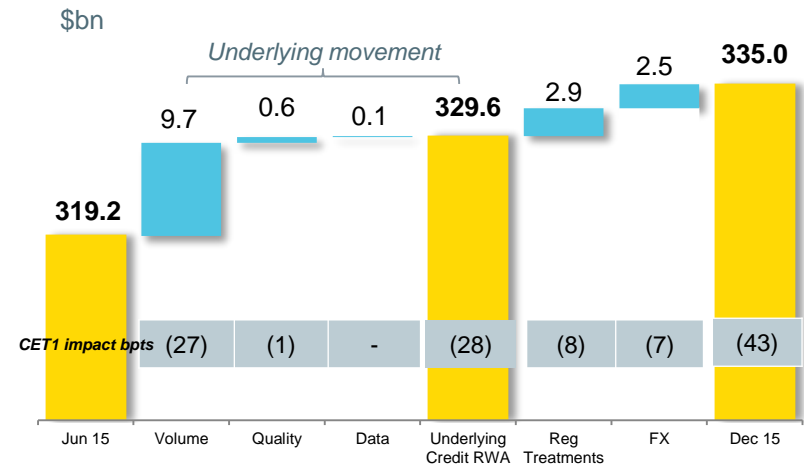
| APRA | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------------|---|---|----------------|------------------------------|
| Leverage ratio | First disclosed | | | Implementation | |
| CCB + D-SIB | | Implementation 1 Jan 2016 – CCB CET1 2.5% + D-SIB CET1 1.0% | | | |
| Counter Cyclical Capital Buffer | | Implementation 1 Jan 2016 – CCYB CET1 0% | | | |
| LCR | Implementation | | | | |
| Level 3 | | | Implementation – min 12 months after release of final standards | | |
| Response to FSI | | Mortgage risk weight average 25% from 1 Jul 2016 | | | |
| Basel Committee | | | | | |
| Capital floors | Consultation | Expected to be finalised 2016 | | | Implementation to be advised |
| Standardised Credit Risk | Consultation | Expected to be finalised 2016 | | | Implementation to be advised |
| Standardised Operational Risk | Consultation | Expected to be finalised 2016 | | | Implementation to be advised |
| Market Risk | | Finalised Jan 2016 | | | Implementation |
| IRRBB | Consultation | | | | |
| NSFR | | | Consultation | Implementation | |
| Other | | | | | |
| TLAC (FSB) | | APRA to consult | | | Implementation to be advised |

RWA & Capital Usage

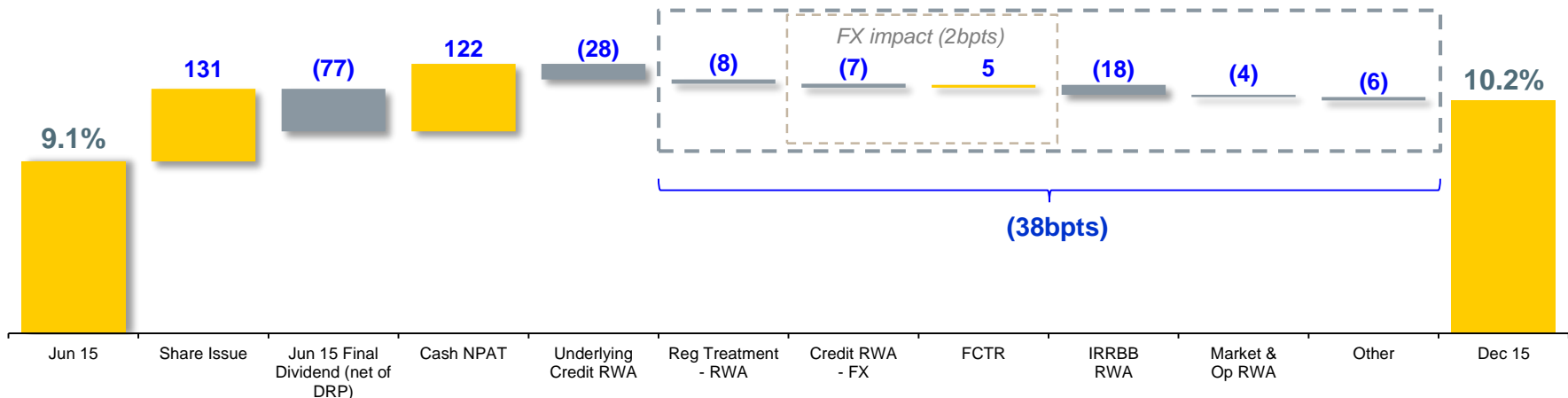
Total Risk Weighted Assets



Credit Risk Weighted Assets



Capital Usage – CET1 (APRA)



Basis points contribution to change in APRA CET1 ratio. CRE (Credit Risk Estimates) refers to the Group's estimates of regulatory long-run PD, downturn LGD and EAD.

RBS – 6 Month Periods

| \$m | | Dec 15 | Jun 15 | Dec 14 | Dec 15 vs Jun 15 | Dec 15 vs Dec 14 |
|--------------------------------|------------------|--------------|--------------|--------------|------------------|------------------|
| Net interest income | Home loans | 1,971 | 1,752 | 1,809 | 13% | 9% |
| | Consumer finance | 997 | 954 | 925 | 5% | 8% |
| | Retail deposits | 1,238 | 1,179 | 1,157 | 5% | 7% |
| | Other | 30 | 32 | 40 | (6%) | (25%) |
| | | 4,236 | 3,917 | 3,931 | 8% | 8% |
| Other banking income | Home loans | 110 | 106 | 111 | 4% | (1%) |
| | Consumer finance | 281 | 266 | 279 | 6% | 1% |
| | Retail deposits | 260 | 254 | 249 | 2% | 4% |
| | Distribution | 223 | 192 | 204 | 16% | 9% |
| | Other | 50 | 45 | 48 | 11% | 4% |
| | 924 | 863 | 891 | 7% | 4% | |
| Total banking income | Home loans | 2,081 | 1,858 | 1,920 | 12% | 8% |
| | Consumer finance | 1,278 | 1,220 | 1,204 | 5% | 6% |
| | Retail deposits | 1,498 | 1,433 | 1,406 | 5% | 7% |
| | Distribution | 223 | 192 | 204 | 16% | 9% |
| | Other | 80 | 77 | 88 | 4% | (9%) |
| | 5,160 | 4,780 | 4,822 | 8% | 7% | |
| Operating expenses | | (1,694) | (1,654) | (1,622) | 2% | 4% |
| Loan impairment expense | | (305) | (358) | (268) | (15%) | 14% |
| Cash NPAT | | 2,215 | 1,940 | 2,054 | 14% | 8% |

Retail Banking Services

| \$m | Dec 15 | | Dec 15 vs Jun 15 | | Dec 15 vs Dec 14 |
|-----------------------------|--------------|------------|--|-----------|---|
| Home loans | 2,081 | 12% | <ul style="list-style-type: none"> Higher lending margins, due to investor and variable rate pricing | 8% | <ul style="list-style-type: none"> Improved margins from investor and variable rate pricing |
| Consumer finance | 1,278 | 5% | <ul style="list-style-type: none"> Increased credit card spend due to seasonal demand | 6% | <ul style="list-style-type: none"> Favourable unsecured lending margins |
| Retail Deposits | 1,498 | 5% | <ul style="list-style-type: none"> Growth in transaction and savings account balances | 7% | <ul style="list-style-type: none"> Solid balance growth in transaction and savings |
| Distribution | 223 | 16% | <ul style="list-style-type: none"> Seasonally higher growth in foreign exchange transactions | 9% | <ul style="list-style-type: none"> Increased foreign exchange transactions |
| Other | 80 | 4% | <ul style="list-style-type: none"> Higher merchant fee income | (9%) | <ul style="list-style-type: none"> Lower business lending balances |
| Total banking income | 5,160 | 8% | | 7% | |
| Operating expenses | (1,694) | 2% | <ul style="list-style-type: none"> Inflation related increases & seasonally higher loyalty expenses partly offset by productivity initiatives | 4% | <ul style="list-style-type: none"> Inflation & volume related increases and continued investment in technology |
| Loan impairment expense | (305) | (15%) | <ul style="list-style-type: none"> Seasonally lower arrears across all portfolios | 14% | <ul style="list-style-type: none"> Higher home loan losses relating to mining towns and arrears in personal loans |
| Cash NPAT | 2,215 | 14% | | 8% | |



BPB – 6 Month Periods¹

| \$m | | Dec 15 | Jun 15 | Dec 14 | Dec 15 vs Jun 15 | Dec 15 vs Dec 14 |
|--------------------------------|------------------------------|------------|------------|------------|------------------|------------------|
| Net interest income | Corporate Financial Services | 554 | 520 | 516 | 7% | 7% |
| | Regional & Agribusiness | 279 | 274 | 281 | 2% | (1%) |
| | Local Business Banking | 478 | 457 | 459 | 5% | 4% |
| | Private Bank | 150 | 135 | 134 | 11% | 12% |
| | CommSec | 77 | 73 | 76 | 5% | 1% |
| | | 1,538 | 1,459 | 1,466 | 5% | 5% |
| Other banking income | Corporate Financial Services | 155 | 140 | 146 | 11% | 6% |
| | Regional & Agribusiness | 43 | 39 | 44 | 10% | (2%) |
| | Local Business Banking | 91 | 84 | 86 | 8% | 6% |
| | Private Bank | 31 | 29 | 30 | 7% | 3% |
| | CommSec | 103 | 100 | 95 | 3% | 8% |
| | | 423 | 392 | 401 | 8% | 5% |
| Total banking income | Corporate Financial Services | 709 | 660 | 662 | 7% | 7% |
| | Regional & Agribusiness | 322 | 313 | 325 | 3% | (1%) |
| | Local Business Banking | 569 | 541 | 545 | 5% | 4% |
| | Private Bank | 181 | 164 | 164 | 10% | 10% |
| | CommSec | 180 | 173 | 171 | 4% | 5% |
| | | 1,961 | 1,851 | 1,867 | 6% | 5% |
| Operating expenses | | (742) | (717) | (711) | 3% | 4% |
| Loan impairment expense | | (71) | (89) | (63) | (20%) | 13% |
| Cash NPAT | | 803 | 731 | 764 | 10% | 5% |

¹ Comparative information has been restated to conform with presentation in the current year

Business and Private Banking

| \$m | Dec 15 | Dec 15 vs Jun 15 | | Dec 15 vs Dec 14 | |
|------------------------------|--------------|------------------|--|------------------|--|
| Corporate Financial Services | 709 | 7% | <ul style="list-style-type: none"> Solid Commercial Lending and Deposit balance growth | 7% | <ul style="list-style-type: none"> Strong Deposit balance growth and solid Lending balance growth partly offset by decline in Global Markets |
| Regional & Agribusiness | 322 | 3% | <ul style="list-style-type: none"> Higher Trade Finance and Home Lending margins | (1%) | <ul style="list-style-type: none"> Commercial Lending margin compression Decline in Global Markets partly offset by solid Deposit balance growth |
| Local Business Banking | 569 | 5% | <ul style="list-style-type: none"> Solid Lending and Deposit balance growth Higher Home Lending margins | 4% | <ul style="list-style-type: none"> Solid Lending and Deposit balance growth |
| Private Bank | 181 | 10% | <ul style="list-style-type: none"> Solid Home Lending balance growth and higher margins | 10% | <ul style="list-style-type: none"> Strong Deposit and Advisory growth, combined with higher Home Loan margins |
| CommSec | 180 | 4% | <ul style="list-style-type: none"> Increased equities trading volumes partly offset by slight yield decline | 5% | <ul style="list-style-type: none"> Increased equities trading volumes partly offset by slight yield decline |
| Total banking income | 1,961 | 6% | | 5% | |
| Operating expenses | (742) | 3% | <ul style="list-style-type: none"> Inflation-related salary increases, investment in frontline and key product development initiatives, partly offset by productivity initiatives | 4% | <ul style="list-style-type: none"> Inflation-related salary increases, investment in frontline, key product development initiatives Partly offset by the benefit of productivity savings |
| Loan impairment expense | (71) | (20%) | <ul style="list-style-type: none"> An increase in write-backs and lower collective provisions | 13% | <ul style="list-style-type: none"> An increase in client exposure partly offset by lower level of write-backs and lower individual provisions |
| Cash NPAT | 803 | 10% | | 5% | |

IB&M – 6 Month Periods

| \$m | | Dec 15 | Jun 15 | Dec 14 | Dec 15 vs Jun 15 | Dec 15 vs Dec 14 |
|--------------------------------|-----------------------|------------|------------|------------|------------------|------------------|
| Net interest income | Institutional Banking | 724 | 666 | 670 | 9% | 8% |
| | Markets | 61 | 58 | 48 | 5% | 27% |
| | | 785 | 724 | 718 | 8% | 9% |
| Other banking income | Institutional Banking | 403 | 432 | 404 | (7%) | - |
| | Markets | 250 | 216 | 308 | 16% | (19%) |
| | | 653 | 648 | 712 | 1% | (8%) |
| Total banking income | Institutional Banking | 1,127 | 1,098 | 1,074 | 3% | 5% |
| | Markets | 311 | 274 | 356 | 14% | (13%) |
| | | 1,438 | 1,372 | 1,430 | 5% | 1% |
| Operating expenses | | (534) | (495) | (475) | 8% | 12% |
| Loan impairment expense | | (140) | (70) | (97) | large | 44% |
| Cash NPAT | | 608 | 636 | 649 | (4%) | (6%) |

Institutional Banking and Markets

| \$m | Dec 15 | Dec 15 vs Jun 15 | Dec 15 vs Dec 14 |
|-----------------------------|--------------|--|---|
| Institutional Banking | 1,127 | 3% <ul style="list-style-type: none"> ▪ Growth in average lending and leasing balances; partly offset by lower leasing and deposit margins | 5% <ul style="list-style-type: none"> ▪ Increase in average lending and leasing balances; partly offset by lower margins |
| Markets | 311 | 14% <ul style="list-style-type: none"> ▪ Positive sales and trading performance | (13%) <ul style="list-style-type: none"> ▪ Unfavourable derivative valuation adjustments |
| Total banking income | 1,438 | 5% | 1% |
| Operating expenses | (534) | 8% <ul style="list-style-type: none"> ▪ Investment in technology and people | 12% <ul style="list-style-type: none"> ▪ Increased investment in technology and people |
| Loan impairment expense | (140) | large <ul style="list-style-type: none"> ▪ Increased collective provisions and lower level of write-backs; partly offset by higher recoveries | 44% <ul style="list-style-type: none"> ▪ Higher individual provisions |
| Cash NPAT | 608 | (4%) | (6%) |

WM – 6 Month Periods

| \$m | | Dec 15 | Jun 15 | Dec 14 | Dec 15 vs Jun 15 | Dec 15 vs Dec 14 |
|------------------------------------|------------------|------------|------------|------------|------------------|------------------|
| Total operating income | CFSGAM | 437 | 445 | 402 | (2%) | 9% |
| | CFS ¹ | 467 | 415 | 451 | 13% | 4% |
| | CI | 390 | 298 | 338 | 31% | 15% |
| | | 1,294 | 1,158 | 1,191 | 12% | 9% |
| Operating expenses | CFSGAM | (291) | (269) | (257) | 8% | 13% |
| | CFS ¹ | (307) | (440) | (295) | (30%) | 4% |
| | CI | (162) | (157) | (162) | 3% | 0% |
| | Other | (72) | (77) | (69) | (6%) | 4% |
| | (832) | (943) | (783) | (12%) | 6% | |
| Underlying profit after tax | CFSGAM | 118 | 146 | 114 | (19%) | 4% |
| | CFS ¹ | 109 | (16) | 108 | Large | 1% |
| | CI | 161 | 102 | 124 | 58% | 30% |
| | Other | (57) | (59) | (44) | (3%) | 30% |
| | 331 | 173 | 302 | 91% | 10% | |
| Cash Net profit after tax | CFSGAM | 120 | 174 | 113 | (31%) | 6% |
| | CFS ¹ | 115 | (17) | 111 | Large | 4% |
| | CI | 191 | 153 | 163 | 25% | 17% |
| | Other | (54) | (6) | (38) | Large | 42% |
| | 372 | 304 | 349 | 22% | 7% | |

¹ Colonial First State incorporates the results of all Wealth Management financial planning businesses

Wealth Management

| \$m | Dec 15 | Dec 15 vs Jun 15 | Dec 15 vs Dec 14 |
|-------------------------------|--------------|---|--|
| CFSGAM | 437 | (2%) <ul style="list-style-type: none"> Average AUM ↓2% (spot ↓3%), weaker global investment markets, offset by investment outperformance and benefit of a lower AUD | 9% <ul style="list-style-type: none"> Average AUM ↑6% (spot ↑2%), investment outperformance, benefit of a lower AUD and improving margins |
| CFS ¹ | 467 | 13% <ul style="list-style-type: none"> Average FUA flat growth (spot ↑2%), no additional provisioning for customer remediation, positive net flows, offset by lower investment market returns | 4% <ul style="list-style-type: none"> Average FUA ↑6% (spot ↑5%), positive net flows, solid investment performance partially offset by lower platform margins |
| CI | 390 | 31% <ul style="list-style-type: none"> Average Annual inforce premiums ↑2% (spot flat growth), lower weather event claims, repricing benefits, improved lapses offset by legacy investments run-off | 15% <ul style="list-style-type: none"> Average Annual inforce premiums ↑5% (spot ↑4%), lower weather event claims, repricing benefits, improved lapses offset by lower new business sales and legacy investments run-off |
| Total operating income | 1,294 | 12% | 9% |
| Operating expenses | (832) | (12%) <ul style="list-style-type: none"> Non-recurring costs of customer remediation, benefit of productivity initiatives, offset by the impact of a lower AUD and higher salary related costs | 6% <ul style="list-style-type: none"> Impact of lower AUD, increased investment spend, higher salary related costs partially offset by productivity savings |
| Cash NPAT | 372 | 22% | 7% |

¹ Colonial First State incorporates the results of all Wealth Management financial planning businesses

CFSGAM – Global Reach

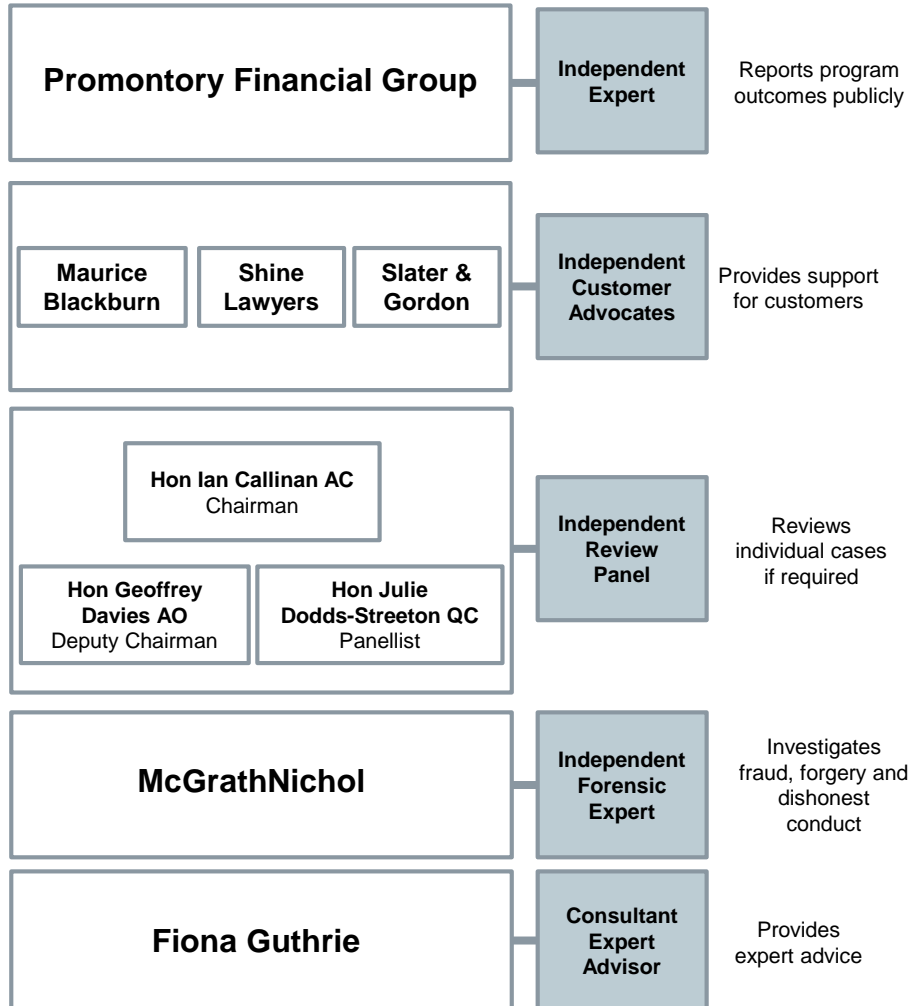


¹ Assets under management indicated above includes Realindex Investments which is a wholly owned investment management subsidiary of the Colonial First State group of companies

² USA assets managed through CFSAMAL (Australia based non-domiciled), FSII (UK based non-domiciled), FSI Singapore (Singaporean based non-domiciled), USA SEC Registered Investment Advisers

Open Advice Review

Program



Progress

- Offer to review advice provided to all Financial Wisdom and Commonwealth Financial Planning customers between September 2003 and July 2012
- Opened 3 July 2014. Expressions of interest closed 3 July 2015, customers have 12 months to register
- 350,000 letters sent to current CFP customers
- Over 500 people working to deliver the program
- As at 31 December 2015:
 - over 8,000 customers have requested to have their advice reviewed
 - 1,937 assessments completed
 - compensation offered in 171 cases totalling \$2.9 million
- On track to deliver majority of assessments by end of 2016
- Promontory Financial Group's fifth progress report to be delivered in May 2016

NZ – 6 Month Periods

| NZ\$m | | Dec 15 | Jun 15 | Dec 14 | Dec 15 vs Jun 15 | Dec 15 vs Dec 14 |
|--|-------|--------------|--------------|--------------|------------------|------------------|
| Net interest income | ASB | 844 | 820 | 823 | 3% | 3% |
| | Other | (16) | (5) | 4 | Large | Large |
| | | 828 | 815 | 827 | 2% | - |
| Other banking income | ASB | 228 | 191 | 186 | 19% | 23% |
| | Other | (18) | (17) | (16) | 6% | 13% |
| | | 210 | 174 | 170 | 21% | 24% |
| Total banking income | ASB | 1,072 | 1,011 | 1,009 | 6% | 6% |
| | Other | (34) | (22) | (12) | 55% | Large |
| | | 1,038 | 989 | 997 | 5% | 4% |
| Funds management income | | 43 | 39 | 38 | 10% | 13% |
| Insurance income | | 140 | 131 | 119 | 7% | 18% |
| Total operating income | | 1,221 | 1,159 | 1,154 | 5% | 6% |
| Operating expenses | | (480) | (468) | (461) | 3% | 4% |
| Loan impairment expense | | (41) | (52) | (37) | (21%) | 11% |
| Investment experience after tax | | 4 | 2 | 5 | Large | (20%) |
| Corporate tax expense | | (189) | (158) | (167) | 20% | 13% |
| Cash NPAT | | 515 | 483 | 494 | 7% | 4% |

New Zealand

| NZ\$m | Dec 15 | Dec 15 vs Jun 15 | | Dec 15 vs Dec 14 | |
|------------------------|------------|------------------|---|------------------|---|
| ASB Operating Income | 1,114 | 6% | <ul style="list-style-type: none"> Lending ↑ 5% and retail deposits ↑ 4% (spot) Higher other banking income | 7% | <ul style="list-style-type: none"> Lending ↑ 10% and retail deposits ↑ 14% (spot) Market pressure on lending and deposit margins |
| ASB Operating Expenses | (414) | 2% | <ul style="list-style-type: none"> Inflation related salary increases Continued investment in frontline capability and technology | 4% | <ul style="list-style-type: none"> Inflation related salary increases Continued investment in frontline capability and technology |
| ASB Impairment Expense | (41) | (21%) | <ul style="list-style-type: none"> Lower home loan arrears and higher business lending write-backs Higher rural lending provisioning | 11% | <ul style="list-style-type: none"> Increase in rural provisioning Lower home loan arrears |
| Sovereign Cash NPAT | 54 | (18%) | <ul style="list-style-type: none"> Lower investment returns and higher lapse rates Higher tax expense following a change in tax legislation | (5%) | <ul style="list-style-type: none"> Lower investment returns and higher lapse rates Inforce premiums ↑ 4% |
| Cash NPAT | 515 | 7% | | 4% | |

Bankwest – 6 Month Periods

| \$m | Dec 15 | Jun 15 | Dec 14 | Dec 15 vs Jun 15 | Dec 15 vs Dec 14 |
|-----------------------------------|------------|------------|------------|------------------|------------------|
| Net interest income | 833 | 823 | 835 | 1% | - |
| Other banking income | 107 | 107 | 109 | - | (2%) |
| Total banking income | 940 | 930 | 944 | 1% | - |
| Operating expenses | (390) | (389) | (398) | - | (2%) |
| Loan impairment benefit (expense) | 16 | 24 | 26 | (33%) | (38%) |
| Net profit before tax | 566 | 565 | 572 | - | (1%) |
| Corporate tax expense | (170) | (170) | (172) | - | (1%) |
| Cash NPAT | 396 | 395 | 400 | - | (1%) |

Bankwest

| \$m | Dec 15 | Dec 15 vs Jun 15 | Dec 15 vs Dec 14 |
|-----------------------------------|------------|------------------|------------------|
| Total banking income | 940 | 1% | - |
| Operating expenses | (390) | - | (2%) |
| Loan impairment benefit (expense) | 16 | (33%) | (38%) |
| Cash NPAT | 396 | - | (1%) |

- Modest growth across key products reflecting challenging market conditions
- Lower Business Lending and cash rate impacted Deposit margins

- Balance growth across key product lines
- Lower net interest margin due to competitive market conditions

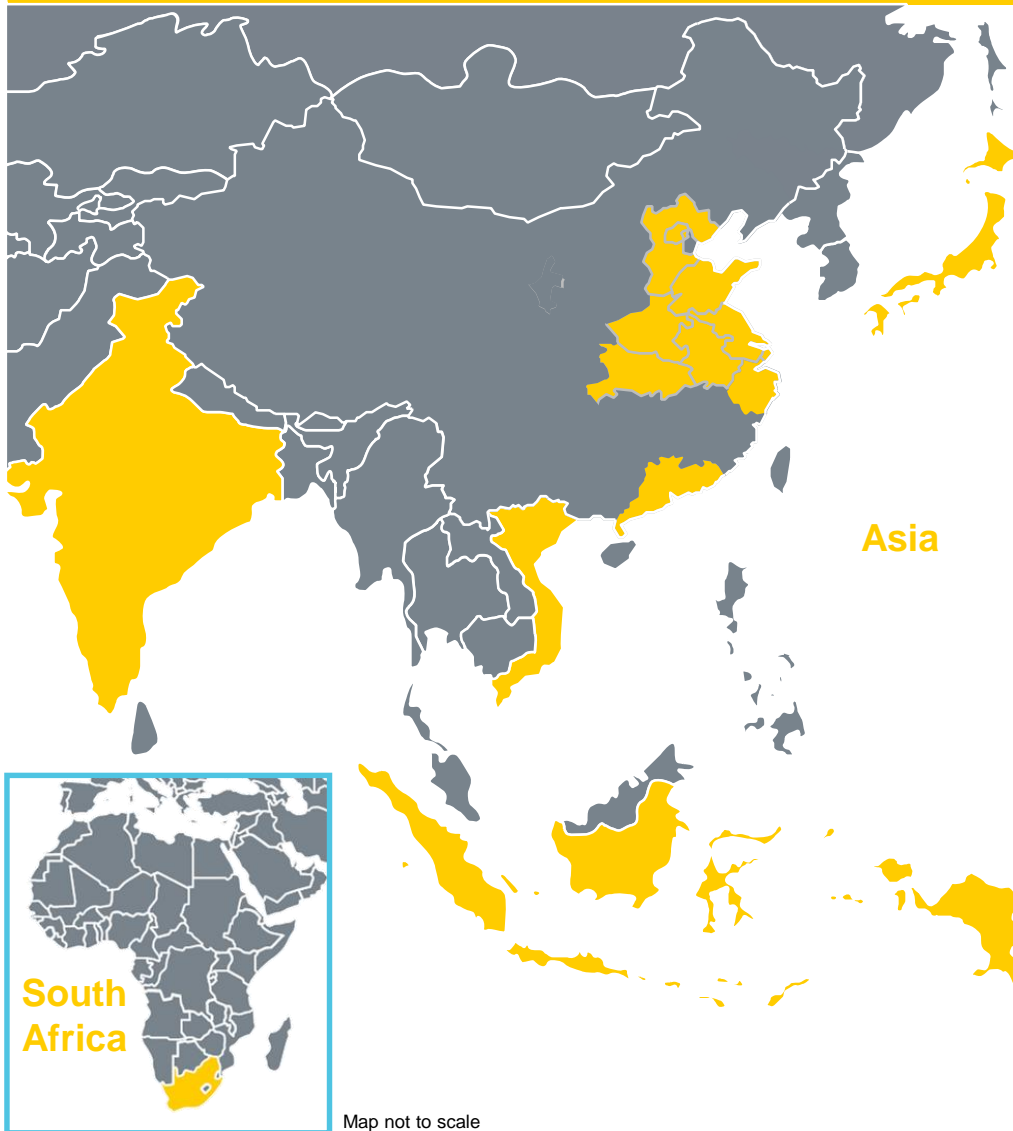
- Disciplined cost management offsetting targeted business investment

- Focus on productivity and disciplined cost management

- Continued, albeit slower, run-off of troublesome and impaired portfolio

- Continued run-off of troublesome and impaired portfolio and an improvement in overall credit quality

CBA in Asia and South Africa



Map not to scale

China

- ◆ Bank of Hangzhou (20%): 171 branches
- ◆ Qilu Bank (20%): 113 branches
- ◆ County Banking
 - Henan: 7 banks and 7 branches (5 banks and 6 branches @ 80% and 2 banks and 1 branch @ 100% holding)
 - Hebei: 8 banks (5 banks @ 80% and 3 banks @ 100% shareholding).
- ◆ CBA Beijing, Shanghai and Hong Kong branches
- ◆ BoCommLife JV (37.5%): operating in 10 provinces
- ◆ First State Investments Hong Kong and First State Cinda JV (46%)
- ◆ Colonial Mutual Group Beijing Rep Office

Indonesia

- ◆ PT Bank Commonwealth (99%): 91 branches and 144 ATMs
- ◆ PT Commonwealth Life (80%): 31 life offices
- ◆ First State Investments

Vietnam

- ◆ Vietnam International Bank (20%): 159 branches
- ◆ Hanoi Representative Office
- ◆ Ho Chi Minh City CBA branch; 30 ATMs

Singapore

- ◆ CBA branch,
- ◆ First State Investments

Japan

- ◆ Tokyo CBA branch, First State Investments

South Africa

- ◆ CBA SA

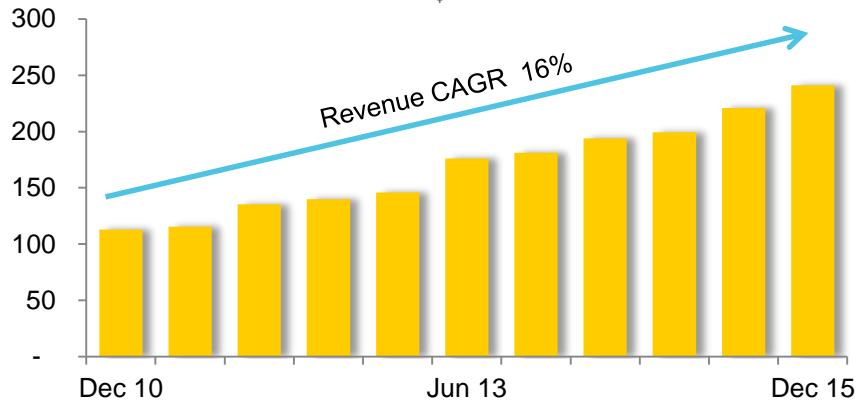
India

- ◆ Mumbai CBA branch

IFS – Continued growth¹

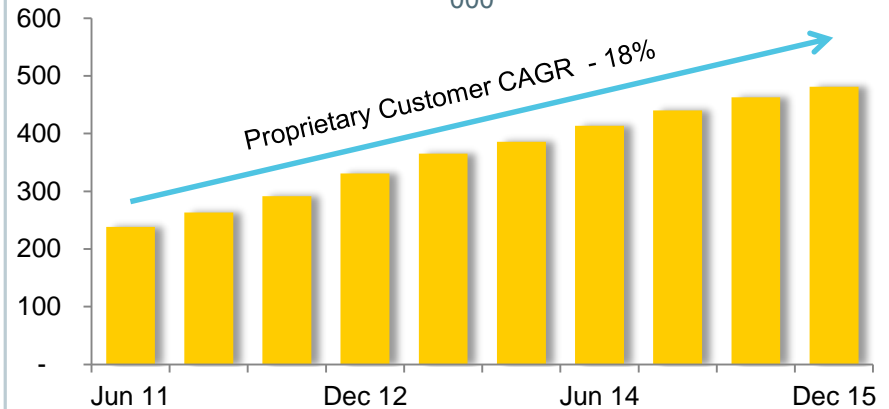
Revenue

A\$m



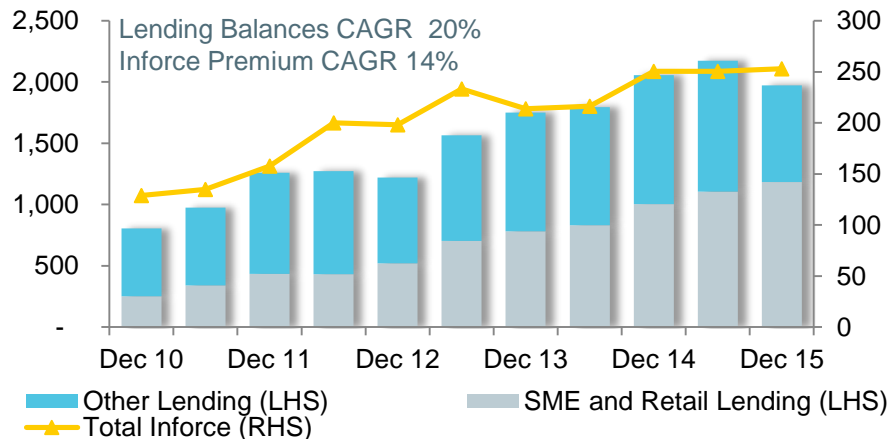
Direct Proprietary Customers

'000



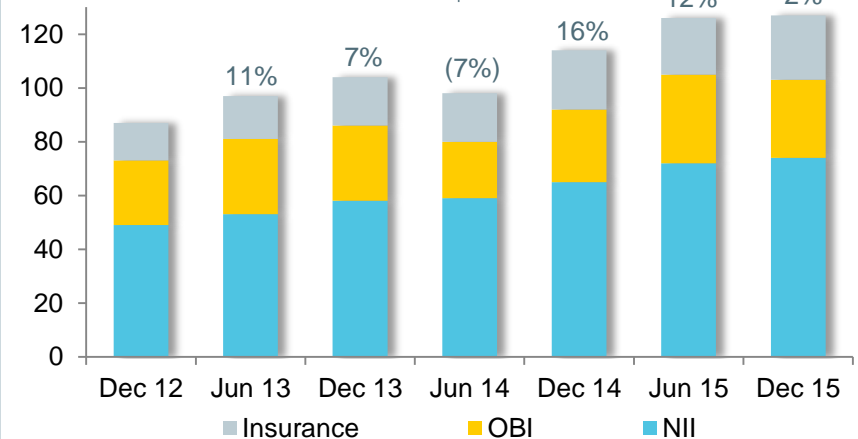
Proprietary Loans & Inforce Premium

Spot (A\$m)



Proprietary Income

A\$m



Note: % growth reflects growth on prior period

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

CVA / FVA

CVA/FVA (\$67m) in 1H16 largely driven by movement in counterparty credit spreads

Drivers

1H16

FX Rates

Weaker AUD



Interest Rates

Falling AUD and USD interest rates



Commodity Prices

Commodity prices lower



New Trades (net of maturities)

Net trade population increase



EXPOSURE



Counterparty Credit Spreads



CVA¹

Widening spreads

(\$67m)



CBA Funding Spreads



FVA²

Impact minimal due to offsetting funding costs and benefits

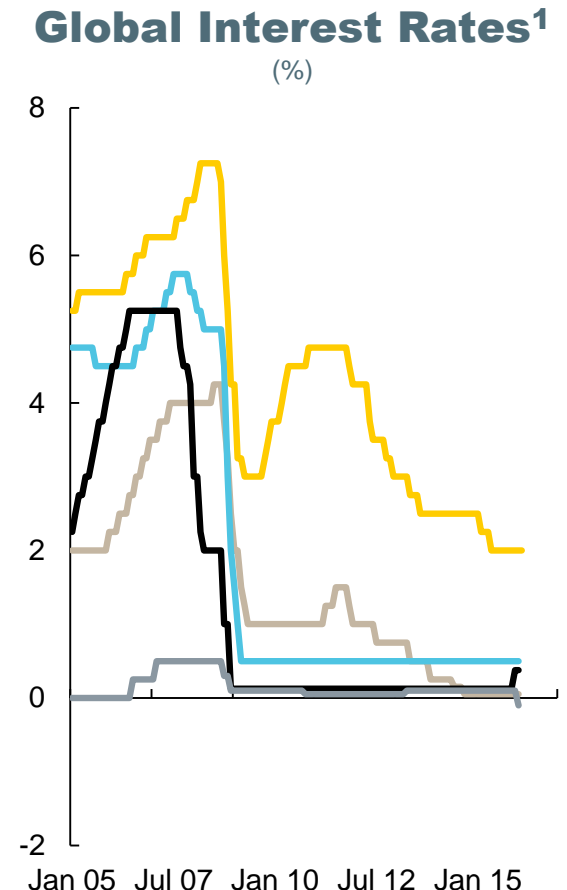
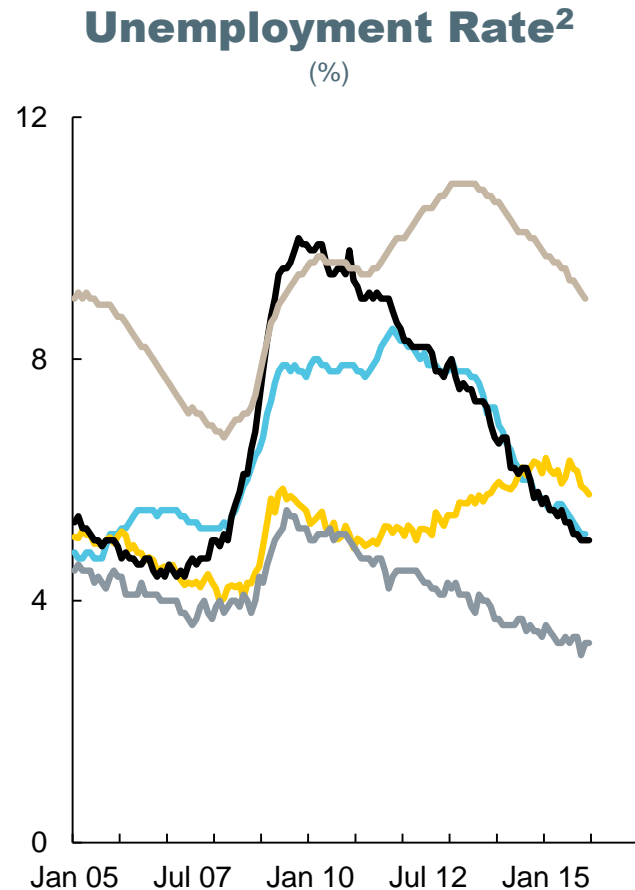
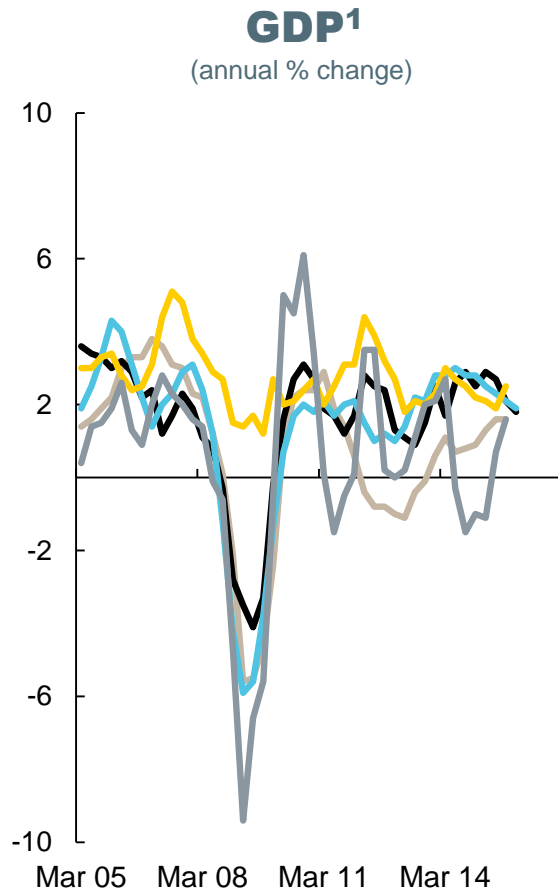
¹ CVA is the MTM valuation adjustment to reflect our exposure to uncollateralised counterparties in over the counter (OTC) derivatives

² FVA is the expected funding cost over the life of the derivative



Australia remains well placed

Australia is now well into its 24th year of continuous economic growth. The lower Australian dollar is helping and Australian policy makers retain some firepower.



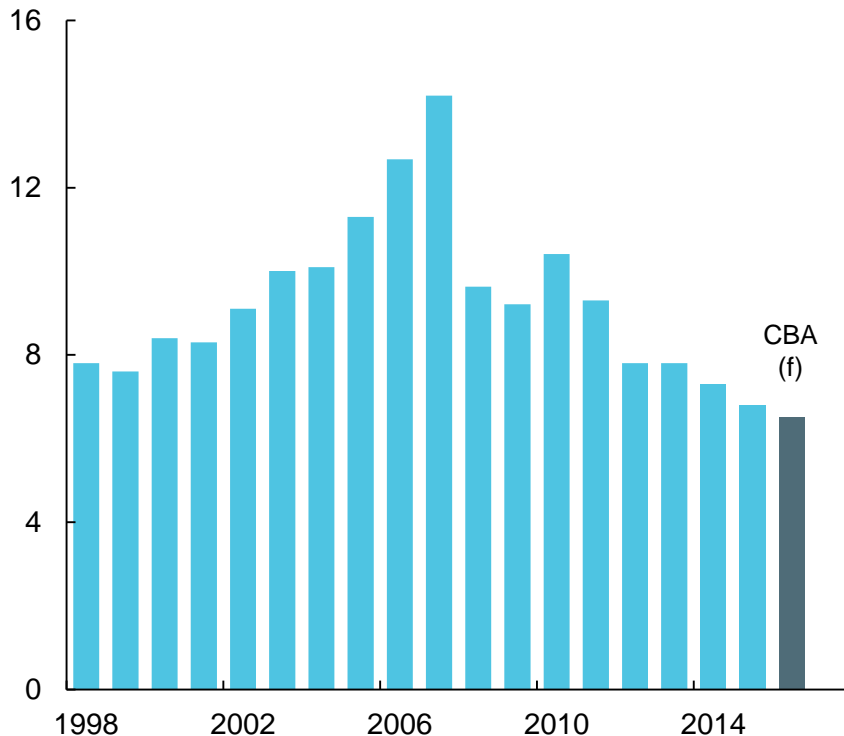
1 Source: Bloomberg
2 Source: CEIC

Chinese economic growth is slowing

The global economy has become increasingly dependent on China and the rest of emerging Asia to drive economic growth and commodity demand. Therefore, the slowdown in Chinese economy is a concern. We expect the Chinese economy to grow by 6½% in 2016, assisted by interest rate cuts, a lower currency and supportive fiscal policy.

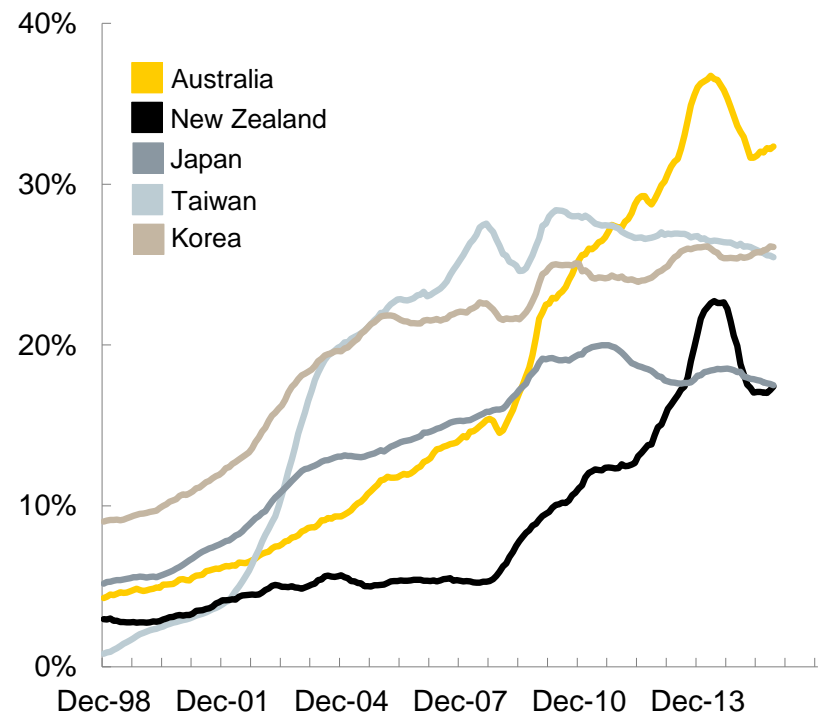
China: GDP¹

(annual % change)



Share of Exports to China²

(% of exports, rolling annual total)



1 Source: National Bureau of Statistics of China / CBA

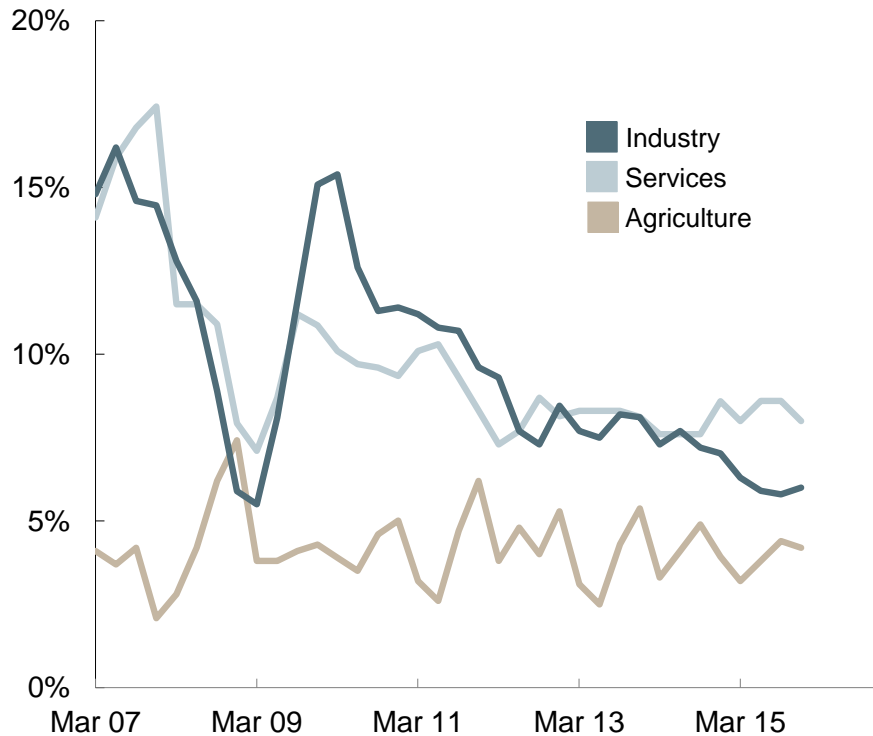
2 Source: CEIC



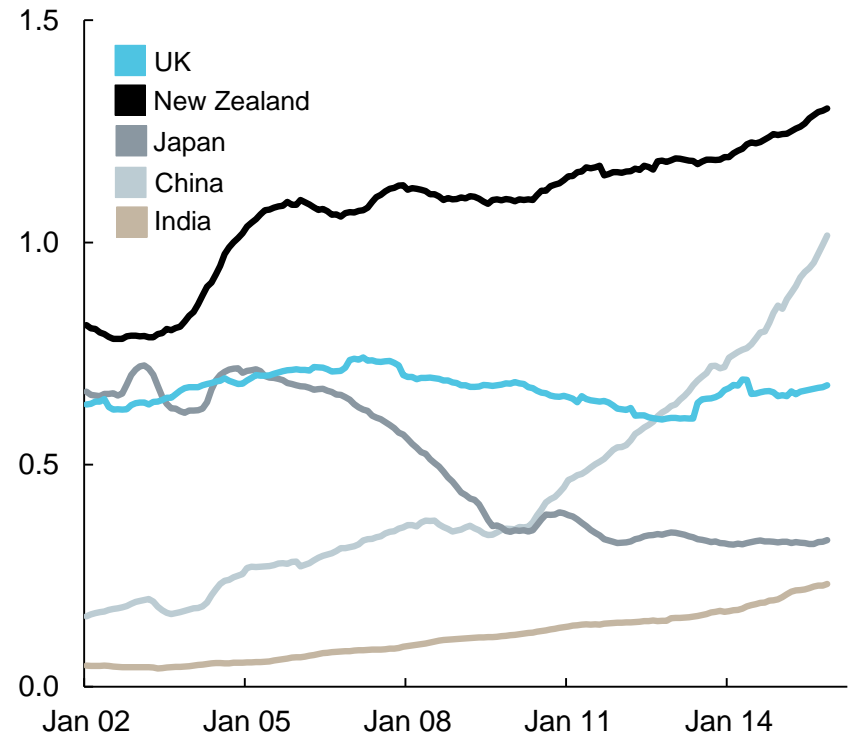
Growth in China is shifting away from resource-intensive industries

China is transitioning from infrastructure/investment led growth to consumption/services led growth. This process means lower demand for resource-based goods. However, the transition also offers opportunities to Australia. Rising Chinese incomes will benefit the education, tourism and agricultural sectors in Australia. An aging population will help health and financial services.

China GDP growth by industry¹
(annual % change)



Short term overseas arrivals²
(rolling annual total millions)



¹ Source: CEIC

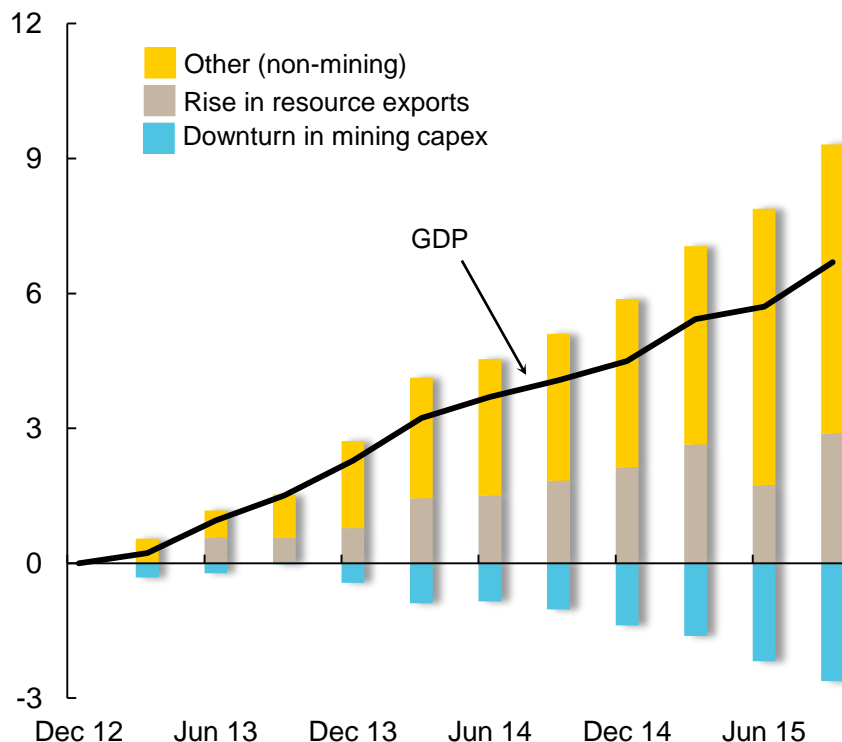
² Source: ABS

The domestic growth transition continues

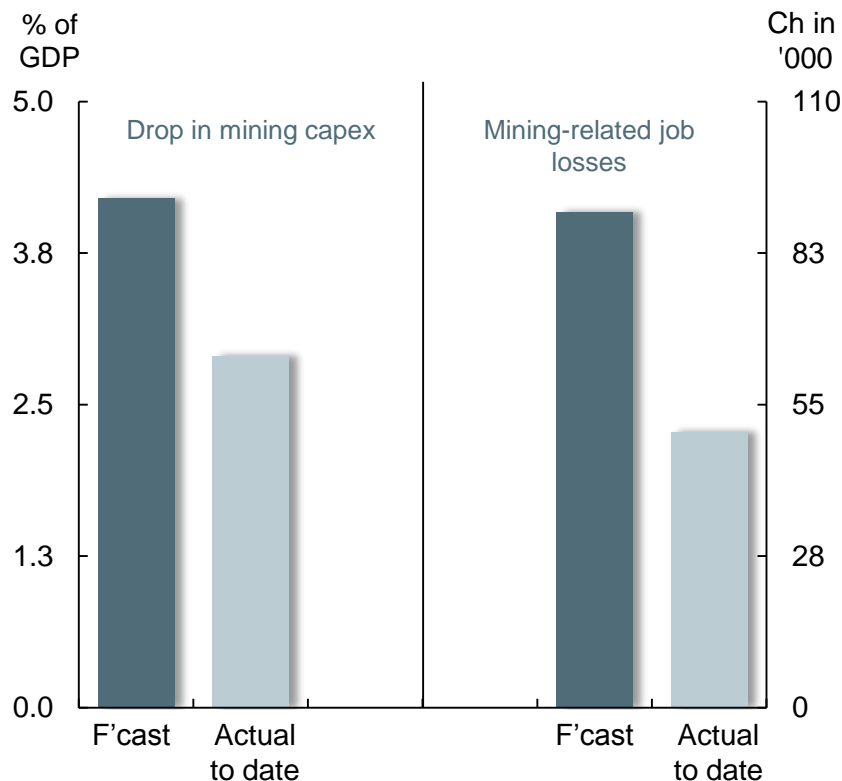
The transition from mining to non-mining led growth is proceeding. We are further through the mining capex downturn than most were expecting. Australia is currently 70% of the way through the anticipated decline in mining capex. At the same time, we are also nearly 60% of the way through the expected loss of mining construction-related jobs.

Growth drivers from mining peak¹

(cumulative contribution to GDP since end 2012)



Progress on the transition²



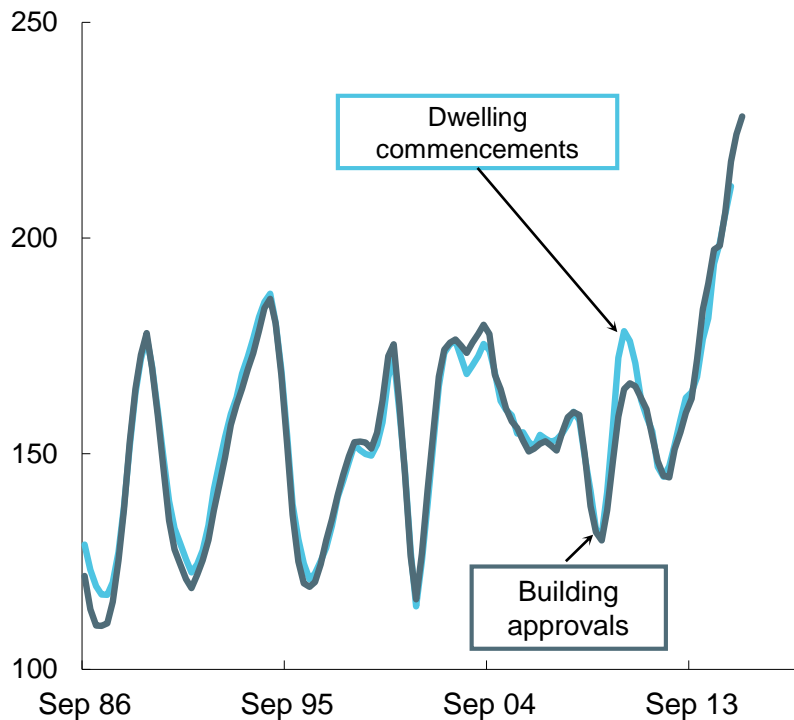
¹ Source: ABS
² Source: ABS / CBA

But the transition is uneven

A major residential construction boom is underway. Building houses is an effective generator of jobs and activity. But other parts of the transition have failed to fire. Businesses have been reluctant to invest and governments have cut capex.

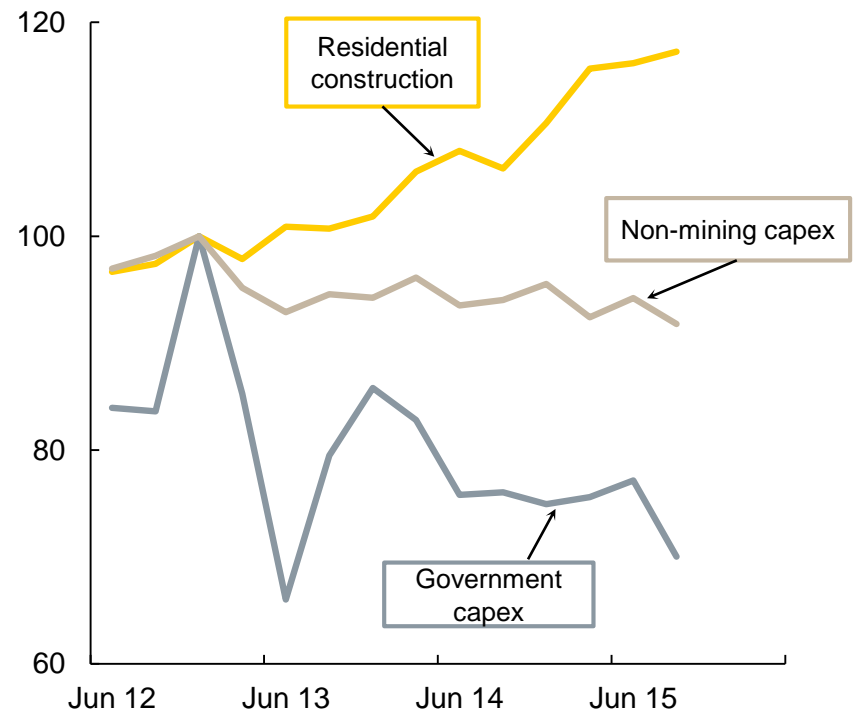
Dwelling construction¹

(rolling annual total '000)



Transition drivers¹

(index; end 2012=100)



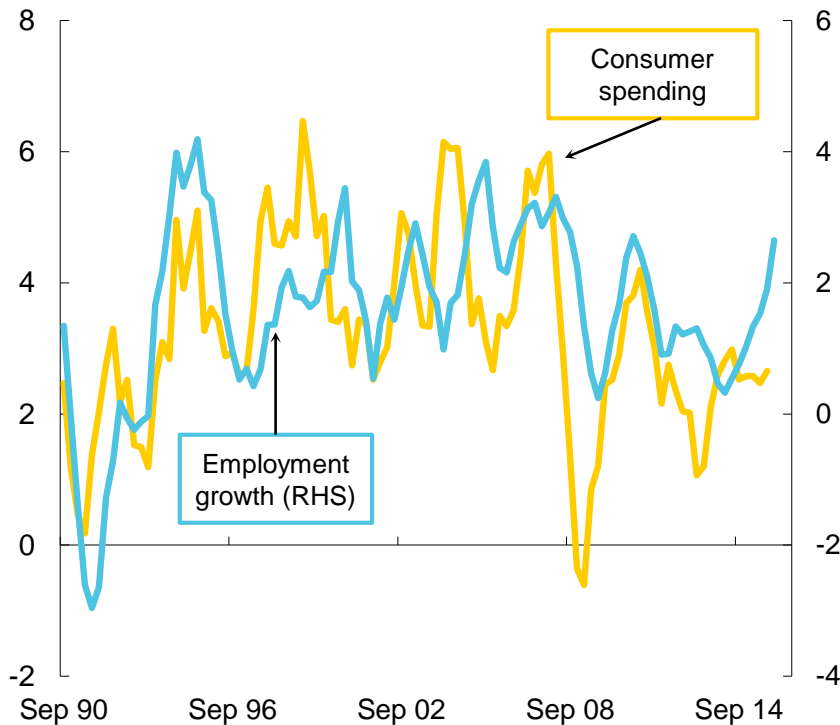
¹ Source: ABS

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

Other parts of the transition are more encouraging. An improvement in the labour market is positive for consumer spending, despite the weakness in wages growth. The Australian dollar is declining and is an important driver of incomes in exporters and import-competing businesses.

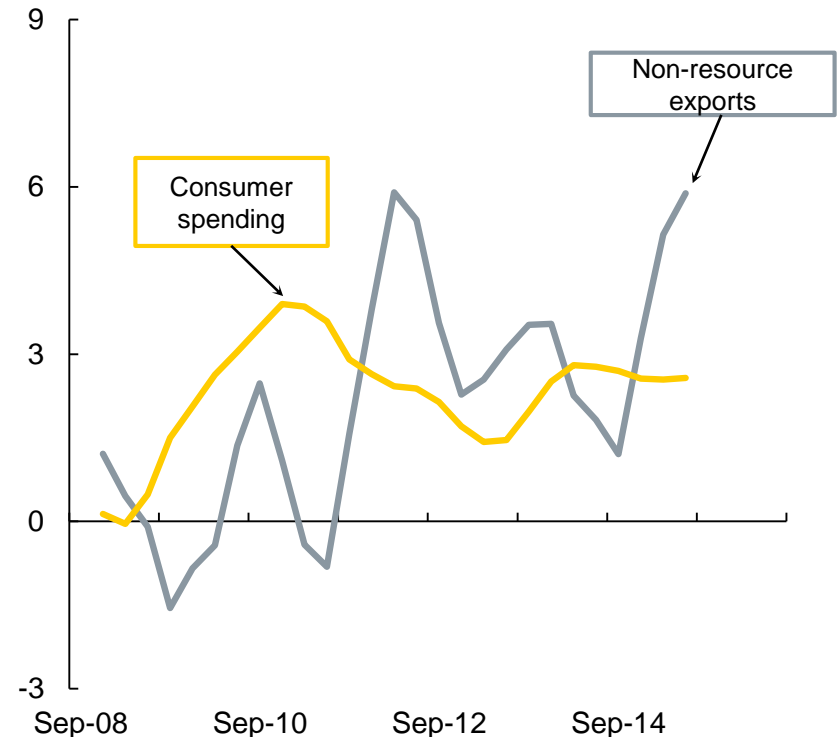
Employment & the consumer¹

(annual % change)



Some “surprises”¹

(smoothed annual % change)



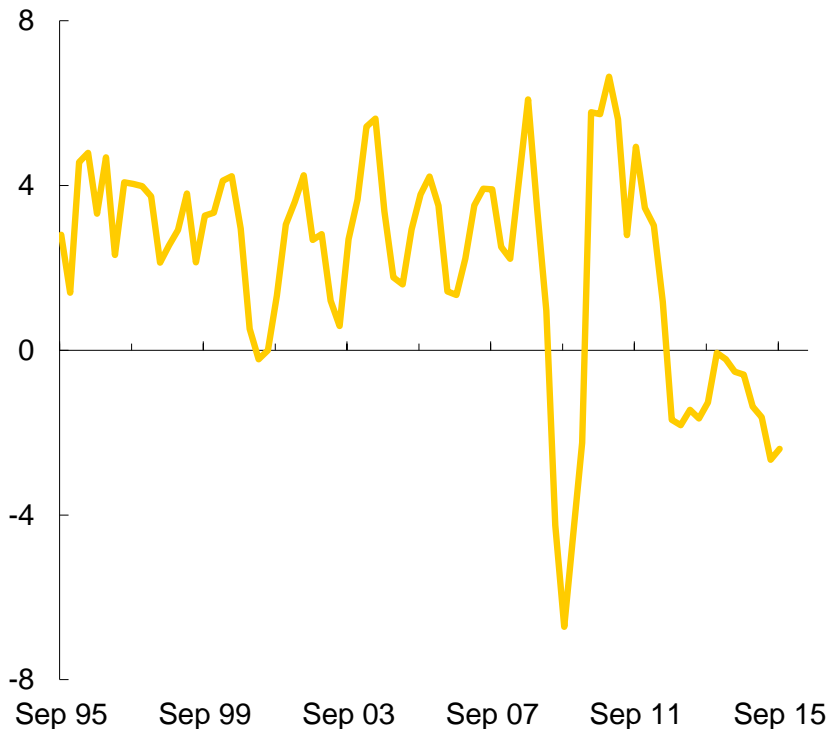
¹ Source: ABS

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

Income weakness is a key source of risk to the economy in 2016. Falling commodity prices are driving the terms-of-trade lower. And a falling term-of-trade weighs on incomes. Real gross domestic income per capita has been falling for some time. A weak Chinese economy has weighed on commodity demand. But rising supply is the main drag on prices.

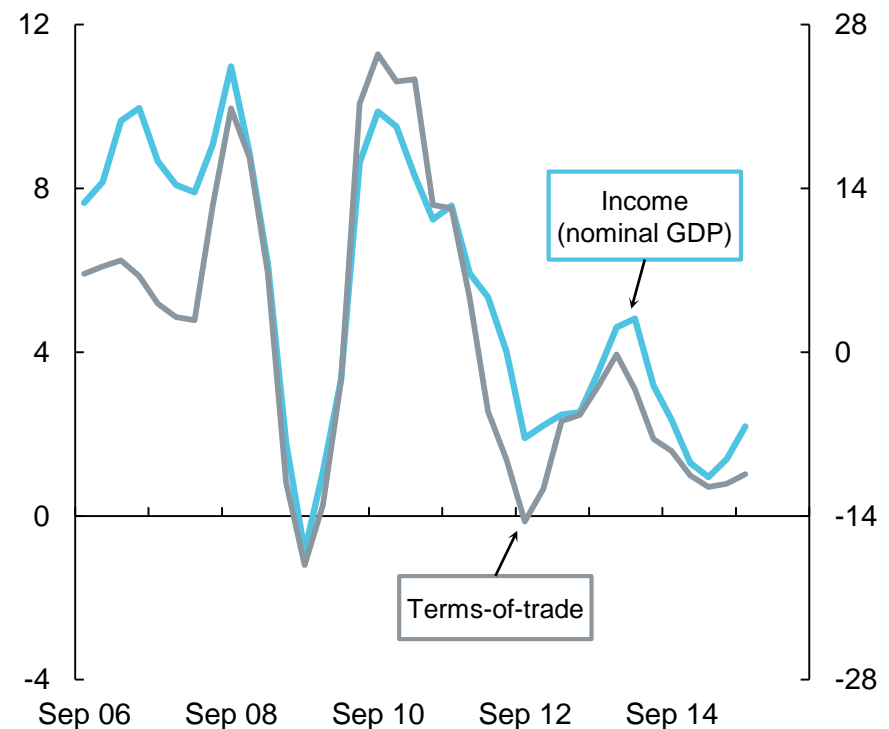
Per capita income¹

(real net national disposable income % per annum)



Income & the terms-of-trade

(annual % change)



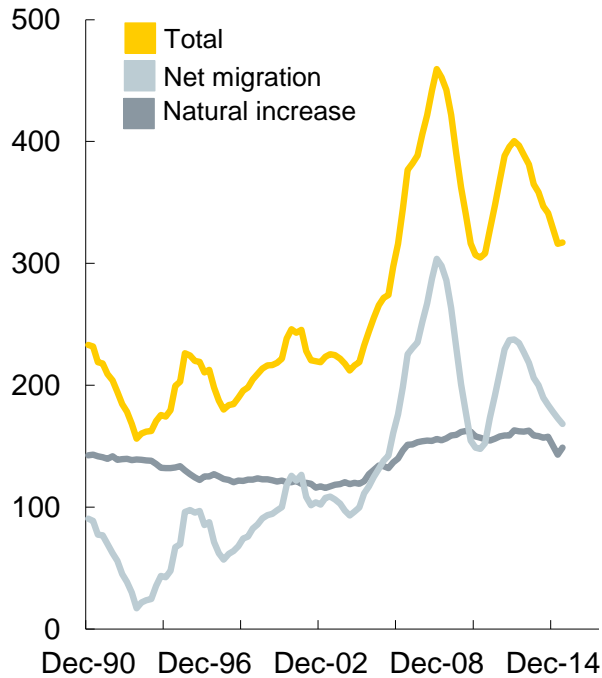
1 Source: ABS

The housing market is slowing

Population growth slowed as migration has eased. Therefore, the underlying demand for new dwellings has stepped down. Housing supply is now running ahead of housing demand satisfying some past backlog. Dwelling construction will still remain high in 2016 because of approvals for medium-high density dwellings. But the growth of new construction has slowed.

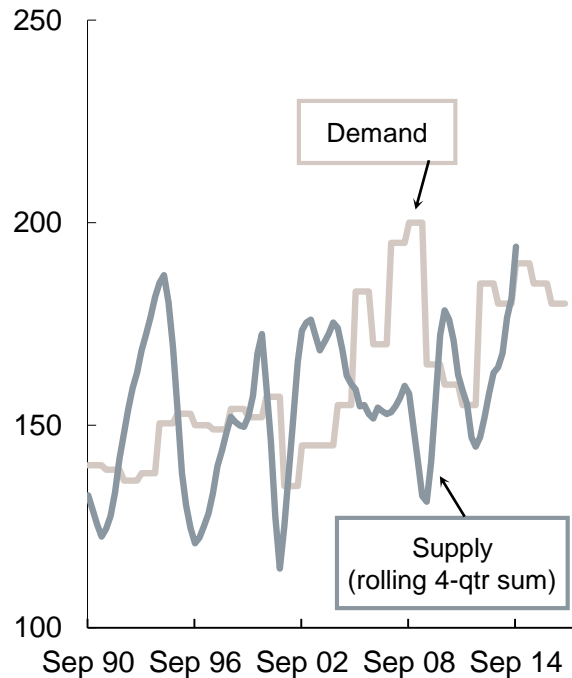
Population growth¹

(moving annual total '000)



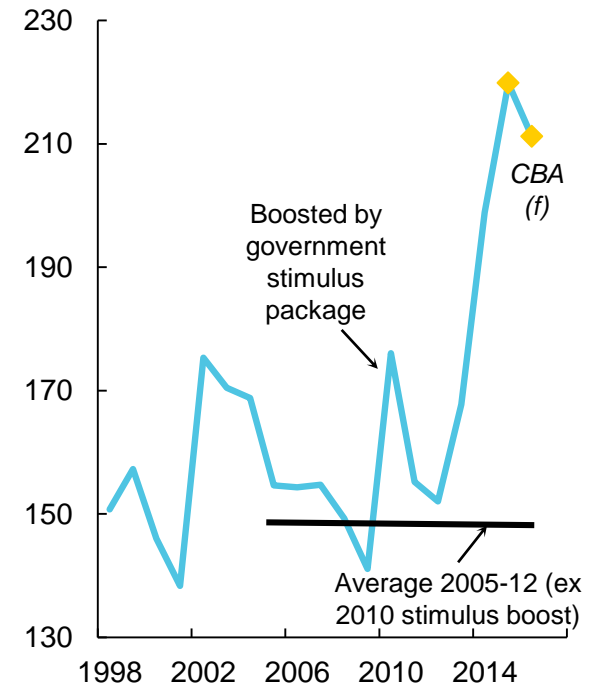
Housing demand & supply²

('000)



Dwelling commencements¹

('000)



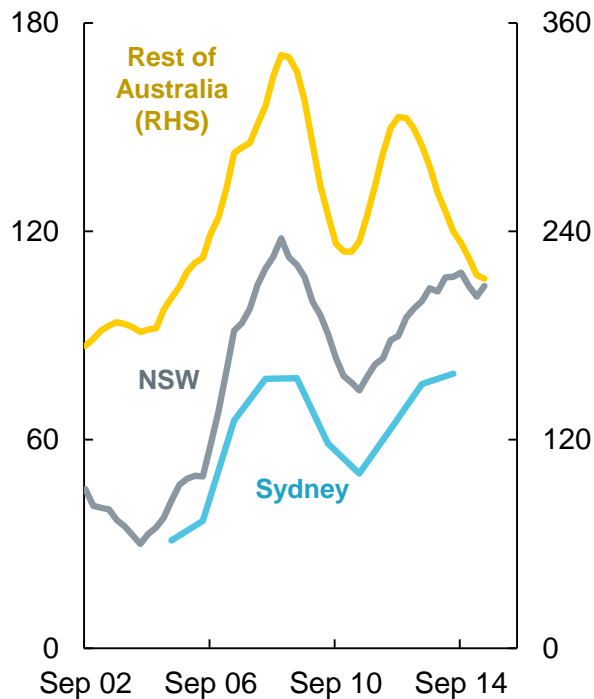
1 Source: ABS
2 Source: ABS / CBA

Dwelling price growth stabilising nationally

Dwelling price growth varies widely by region. House and apartment price growth is now stabilising, rather than lifting. Higher dwelling prices and a nudge up in variable mortgage rates is reducing the incentive for owner-occupiers. And slower rental growth, higher borrowing costs and tighter lending standards are reducing the attractiveness for investors.

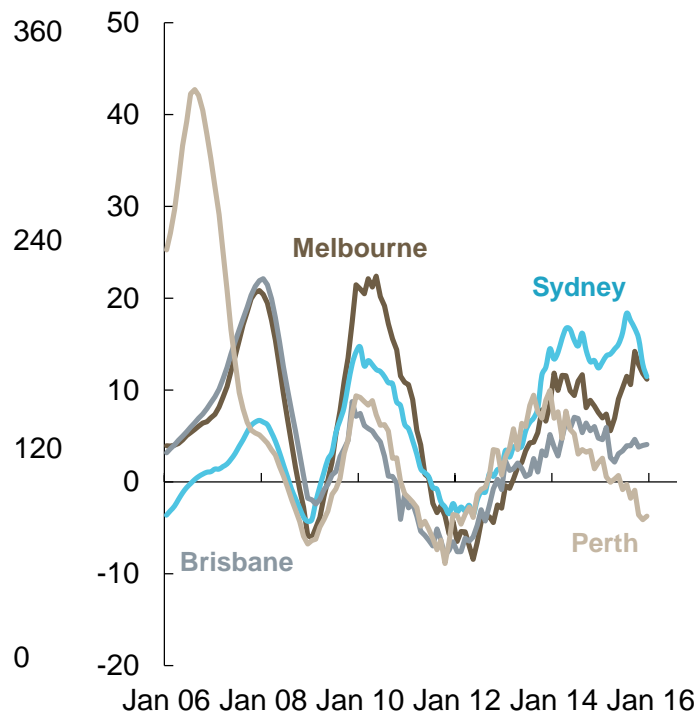
Population growth¹

(annual change '000)



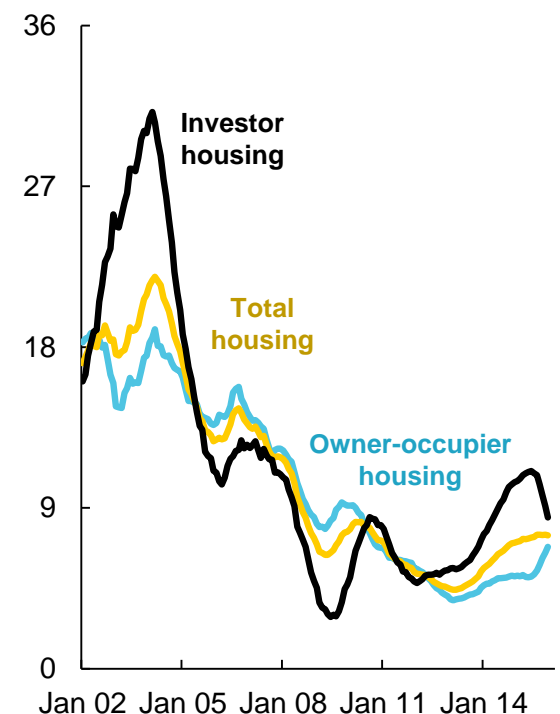
Dwelling prices²

(annual % change)



Housing credit growth³

(annual % change)



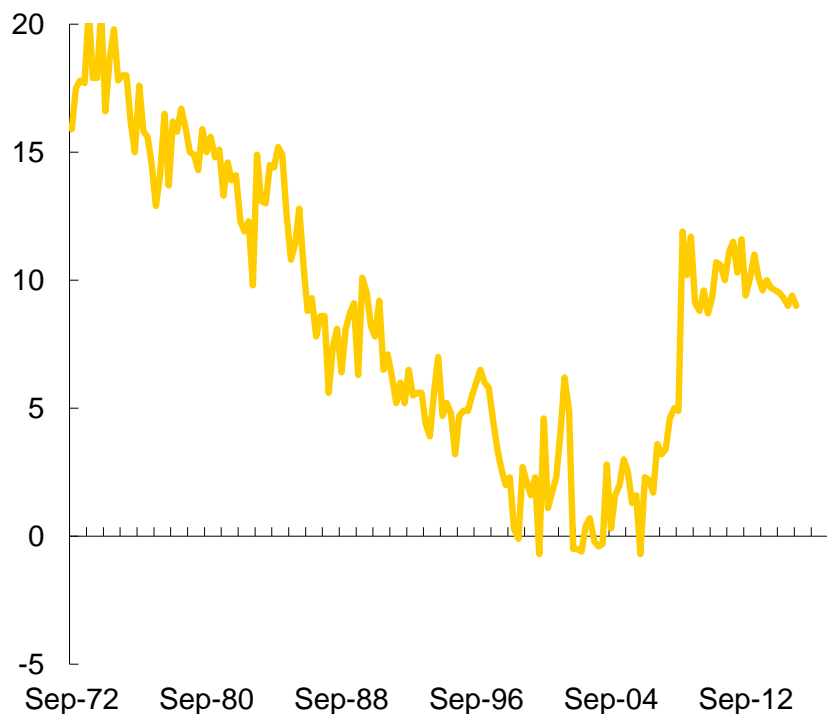
1 Source: ABS
 2 Source: CoreLogic RP Data
 3 Source: RBA

Household balance sheets remain strong

Volatility in global markets remains high, driven by concerns about US Federal Reserve interest rate rises and uncertainty over China's growth story. But Australian businesses and households are well placed to deal with these global risks. Households have cut back their use of consumer debt (credit cards, margin loans). Housing debt is being repaid at a faster than usual rate. The savings ratio remains at the higher end of the range for the past 30 years.

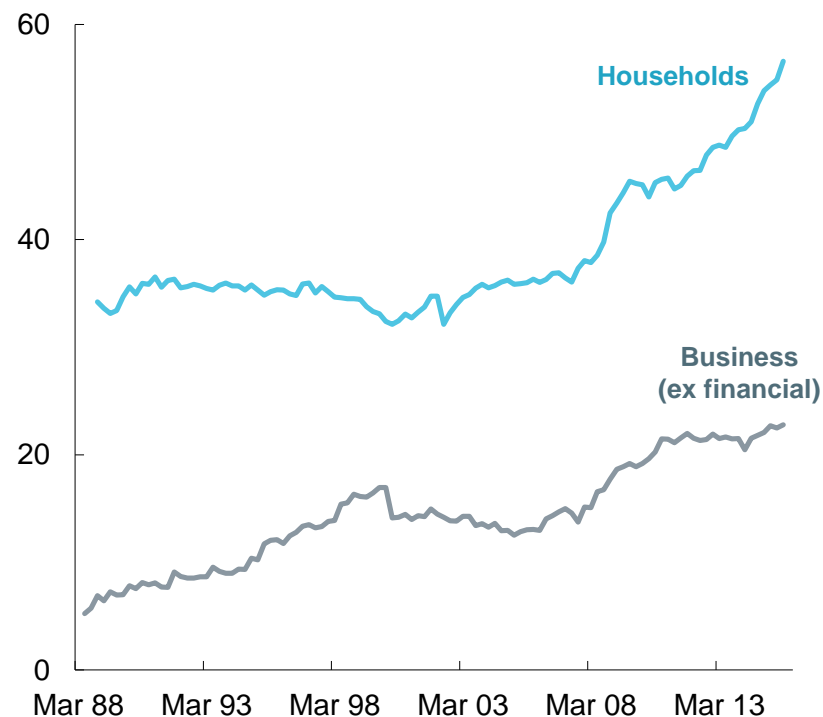
Saving ratio¹

(%)



Cash holdings²

(deposits as % of GDP)



1 Source: ABS

2 Source: ABS / RBA

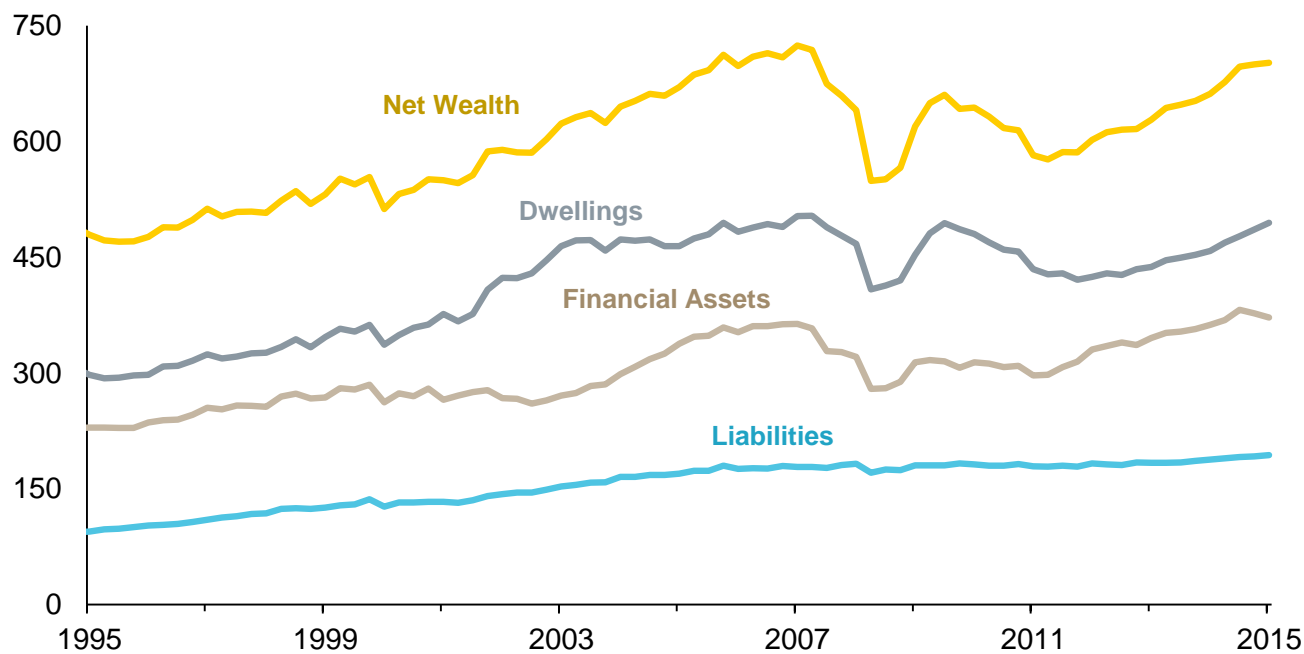


Households in better shape in net terms

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

Household Wealth and Liabilities¹

(% of annual household disposable income)



¹ Disposable income is after tax and before the deduction of interest payments. Source: ABS / RBA.

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

Housing “Bubble” – typical characteristics

Current position in Australia

Unsustainable asset prices

- ◆ Prices supported by underbuilding in previous years leading to pent-up demand for dwellings
- ◆ Dwelling price growth is slowing across the nation
- ◆ Strong lift in construction and decline in rental yields to dampen dwelling price growth

Speculative investment artificially inflates asset prices

- ◆ Investor interest is a rational response to low interest rates, rising risk appetite and the pursuit of yield
- ◆ Investor demand now easing

Strong volume growth driven by relaxed lending standards

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

Interaction of high debt levels and interest rates

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

Domestic economic shock – trigger for price correction

- ◆ Respectable Australian economic growth outcomes
- ◆ Unemployment rate has risen but arrears rates are low

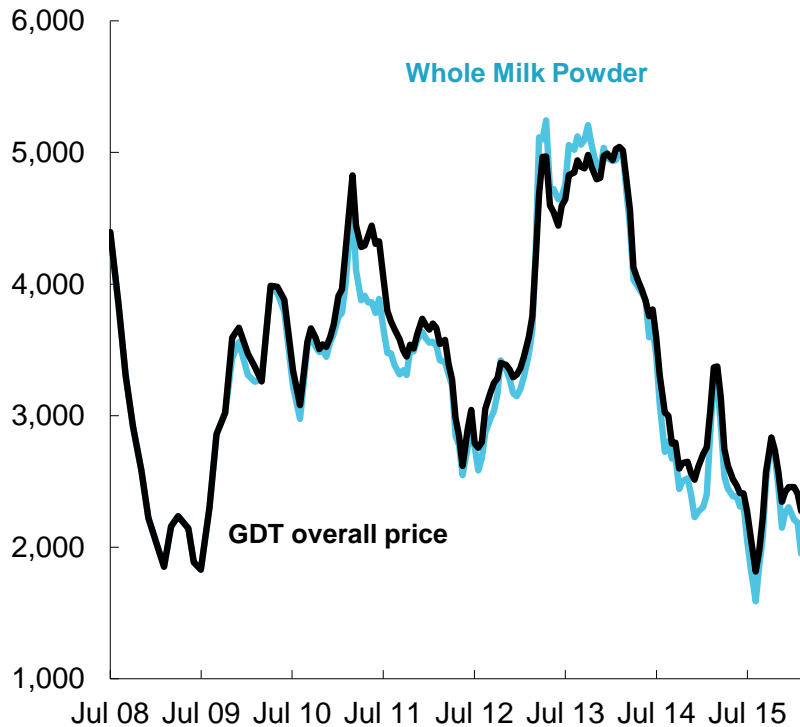


New Zealand

Dairy prices weakened over 2014 and 2015. A gradual recovery is expected over 2016, with the lagged impact of the lower NZD/USD further boosting local currency revenues. Meanwhile, tourism (2nd biggest foreign exchange earner) is going from strength to strength. Chinese visitor numbers have soared over the past few years.

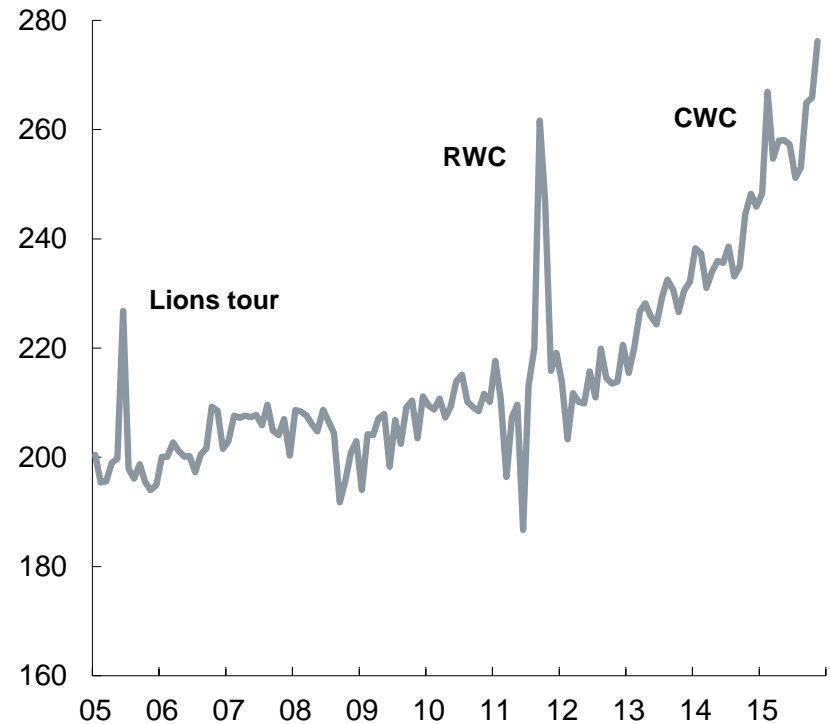
Global dairy trade auction results¹

(USD/tonne)



NZ short term arrivals²

(monthly, seasonally adjusted '000)



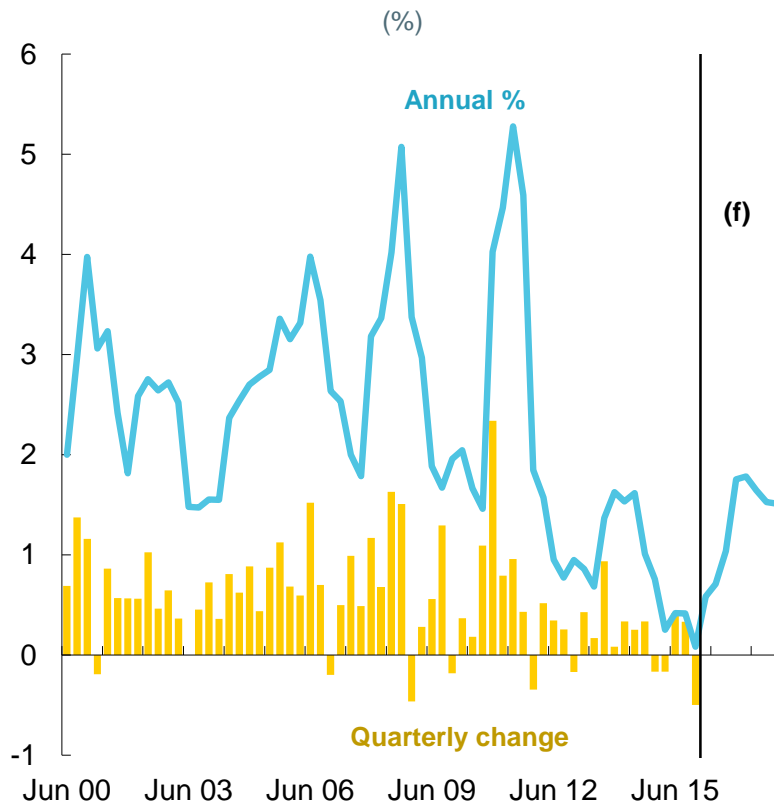
¹ Source: GlobalDairyTrade

² Source: Stats NZ

New Zealand

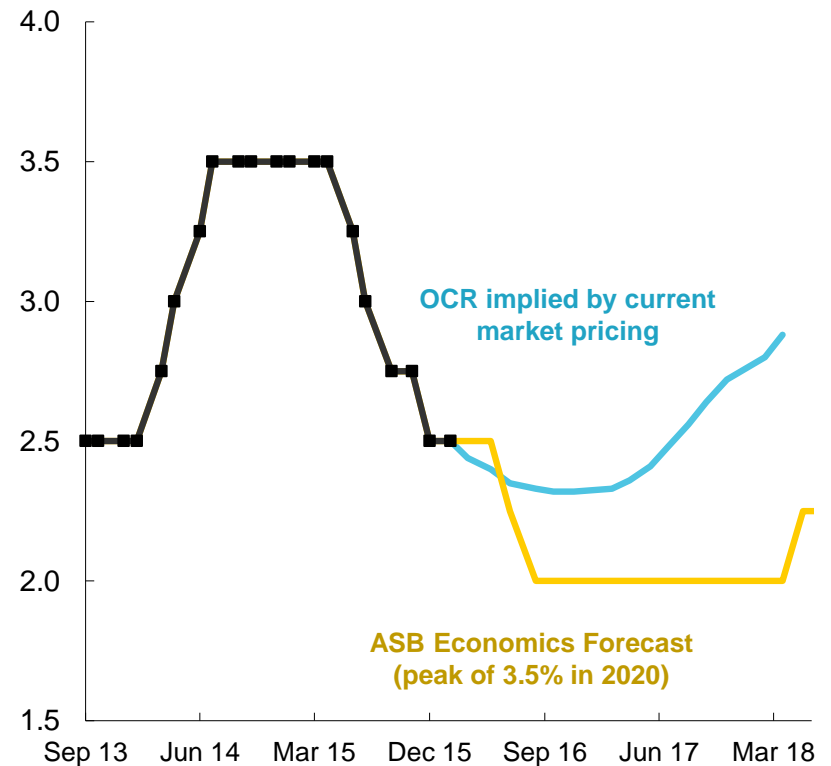
The inflation environment remains very subdued, even with the impact of the NZ dollar depreciation. The RBNZ has cut the Official Cash Rate from 3.5% to 2.5%. Risks are the RBNZ will eventually cut the OCR even further in 2016.

NZ CPI inflation¹



OCR forecasts²

(ASB forecast and implied market pricing)



1 Source: Stats NZ / ASB

2 Source: ASB



New Zealand

Auckland-only investor lending restrictions and nationwide tax changes (including the requirement for all investors to have tax numbers to complete property transactions) are biting in the Auckland housing market. The relaxing of ex-Auckland lending restrictions is, in contrast, contributing to a degree of pick-up elsewhere, particularly in the centres close to Auckland. Still-strong migration inflows and low interest rates will continue to support the housing market and mortgage credit growth, though at a slower pace than in 2015.

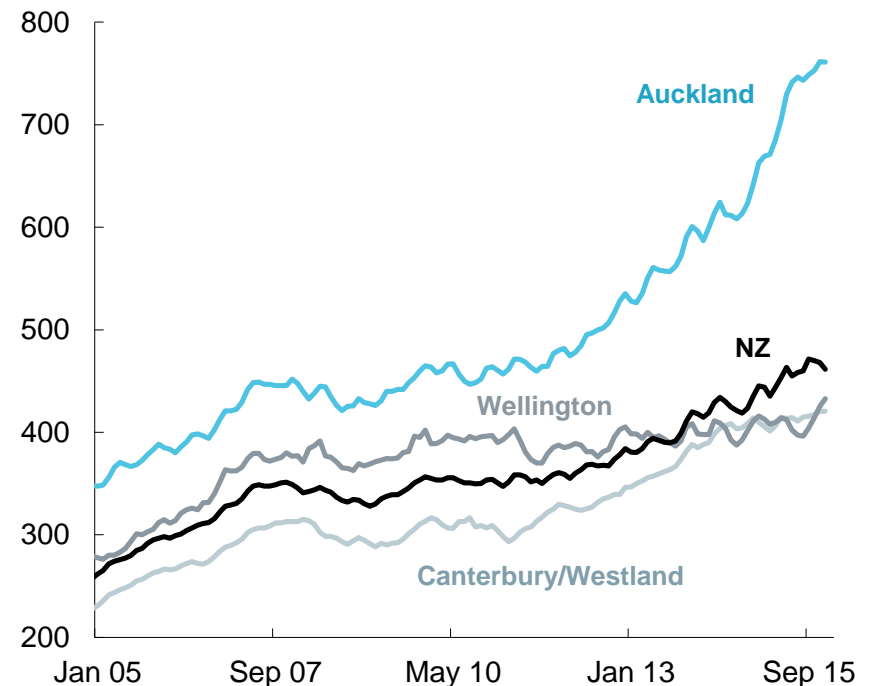
NZ household lending growth¹

(% annual change)



NZ median house price²

(3 month moving average \$'000)



1 Source: RBNZ / ASB

2 Source: REINZ

Customer Metrics - Sources

- 1 Roy Morgan Research Retail Main Financial Institution (MFI) Customer Satisfaction. Australian population 14+, % “Very Satisfied” or “Fairly Satisfied” with relationship with that MFI. 6 month rolling average to December 2015. Peers includes ANZ, NAB and Westpac. CBA excludes Bankwest. (Slides 9, 11, 65 & 76)
- 2 Customer Needs Met / Products per Customer – Roy Morgan Research. Australian Population 18+ (14+ included for Internet Banking), Banking and Finance products per Banking and Finance customer at financial institution. 6 month rolling average to December 2015. CBA excludes Bankwest. Rank based on comparison to ANZ, NAB and Westpac. Wealth includes Superannuation, Insurance and Managed Investments. Share of product is calculated by dividing Products held at CBA by Products held anywhere. “Internet Banking” refers to CBA customers who conducted internet banking in the last 4 weeks. Note: Individual products may not add up to the overall totals due to rounding. (Slides 11 & 77)
- 3 Roy Morgan Research, Australians 14+, Proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution (MFI Share), 12 month average to December 2015. Peers includes ANZ, NAB and Westpac (incl. St George Group). CBA includes Bankwest. “Internet Banking” refers to customers who conducted internet banking via app and website anywhere in the last 4 weeks. (Slides 8 & 65)
- 4 DBM Business Financial Services Monitor (December 2015), average satisfaction rating of business customers’ Main Financial Institution (MFI), across all Australian businesses, using an 11 pt scale where 0 is Extremely Dissatisfied and 10 is Extremely Satisfied, 6 month rolling average. (Slides 9, 65, 76 & 78)
- 5 DBM Business Financial Services Monitor. Micro businesses are defined as those with annual turnover up to \$1 million, Small businesses are those with annual turnover of \$1 million to less than \$5 million, Medium businesses are those with annual turnover of \$5 million to less than \$50 million, and Large businesses are those with annual turnover of \$50m to less than \$500m. All charts use a 6 month rolling average. (Slide 79)
- 6 Wealth Insights overall satisfaction score - Ranking of Colonial First State (the platform provider) is calculated based on the weighted average (using Plan for Life FUA) of the overall satisfaction scores of FirstChoice and FirstWrap compared with the weighted average of other platform providers in the relevant peer set. The relevant peer set includes platforms belonging to Westpac, NAB, ANZ, AMP and Macquarie in the Wealth Insights survey. This measure is updated annually in April. (Slide 9 & 76)
- 7 PT Commonwealth Life won Contact Centre Service Excellence Awards 2015 conducted by Marketing Magazine and Service Excellence Magazine. This is the 10th consecutive year the team has been recognised with a Service Excellence rating. (Slide 9)
- 8 Proportion of Banking & Finance customers’ Wealth products captured by the financial institution. Roy Morgan Research. Australian Population 18+ , 6 month average to December 2015. Calculated by dividing Wealth products held at institution by products held anywhere. Wealth Products includes Total Insurance (excl. Private Health), Managed Investments and Superannuation. CBA excludes Bankwest. (Slide 77)
- 9 Roy Morgan Research. Australian population 14+. Proportion of customers who conducted internet banking via website or app with their Main Financial Institution in the last 4 weeks, who are either “Very Satisfied” or “Fairly Satisfied” with the service provided by that institution. 6 month average to December 2015. Rank based on comparison to ANZ, NAB and Westpac. (Slides 9, 65 & 81)
- 10 Roy Morgan Research. Australian population 14+. Proportion of customers who conducted internet banking via website with their Main Financial Institution in the last 4 weeks, who are either “Very Satisfied” or “Fairly Satisfied” with the service provided by that institution. 6 month average to December 2015. Rank based on comparison to ANZ, NAB and Westpac. (Slide 81)
- 11 Roy Morgan Research. Australian population 14+. Proportion of customers who conducted internet banking via an app with their Main Financial Institution in the last 4 weeks, who are either “Very Satisfied” or “Fairly Satisfied” with the service provided by that institution. 6 month average to December 2015. Rank based on comparison to ANZ, NAB and Westpac. (Slide 81)

Technology - Sources

Sources for 'Australia's leading technology bank' (slide 80)

- 1 Free financial app: CommBank app on iOS and Android in Australia. Sources are the Apple App Store and the Google Play Store.
- 2 Social and Facebook: CBA's combined following across Facebook, Twitter, LinkedIn and Google+ is the largest of the main Australian banks. In addition, global independent website *The Financial Brand* rates the social media presence of banks and credit unions globally. For the second quarter of 2015, CBA is the #1 Australian bank on their list: <http://thefinancialbrand.com/52746/>
- 3 Online banking: CBA won Canstar's Bank of the Year – Online Banking award for 2015 (for the sixth year in a row). Awarded June 2015.
- 4 Active online users: As of January 2015, the term 'active' refers to customers who have been active for the past month
- 5 Customer satisfaction – internet banking services: Roy Morgan Research. Australian population 14+. Proportion of customers who conducted internet banking via an app with their Main Financial Institution in the last 4 weeks, who are either "Very Satisfied" or "Fairly Satisfied" with the service provided by that institution. Rank based on comparison to ANZ, NAB and Westpac. CBA held the number one position for the entire year of 2015.
- 6 Banking app: CBA won Money Magazine's Best of the Best 2015 award in the Best Innovative Banking App category for the Cardless Cash & Lock, Block, Limit features. Also, CBA won the Best App design award by Good Design Awards 2015, and CBA won Gold in the 2015 AUS [app] Design Awards. Canstar awarded CBA the 'Innovation Excellence' award for Cardless Cash and Lock, Block & Limit.
- 7 Internet Business Bank: Australian Banking and Finance magazine awarded CBA the 2015 Best Internet Business Bank award.

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CommonwealthBank 

RESULTS PRESENTATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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

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