Debt Investor Discussion Pack

For the half year ended 31 December 2019

CommonwealthBank

Important information

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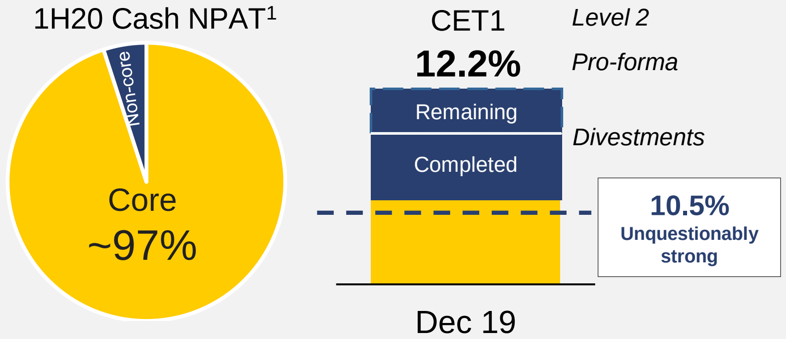
Strategic overview

Good progress on becoming a simpler, better bank

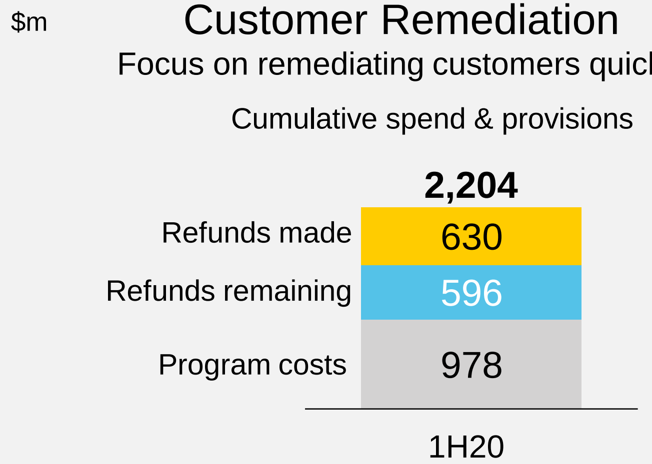
Simpler Bank

Divestments well progressed,
facilitating renewed focus on core franchise



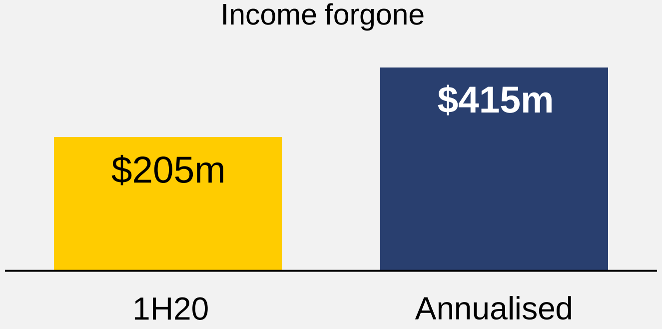
Customer Remediation

Focus on remediating customers quickly



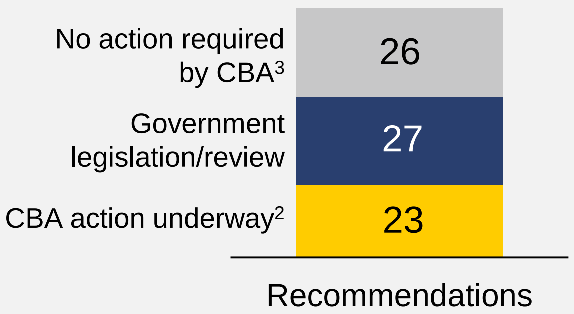
Better Customer Outcomes

Delivering better customers outcomes through
eliminated or reduced fees and charges



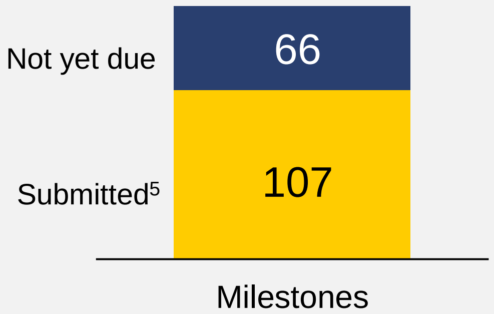
Royal Commission

Well progressed on implementing the
recommendations of the Royal Commission[2]



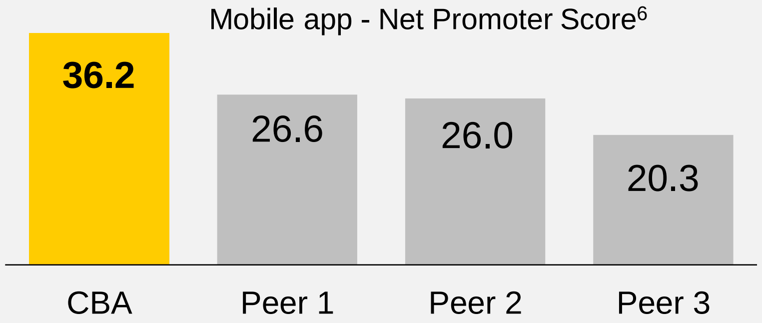
Remedial Action Plan[4]

Continued progress on the Remedial Action Plan in
response to the APRA Prudential Inquiry



Best in Digital

Continuing to build on our market leading digital
banking presence



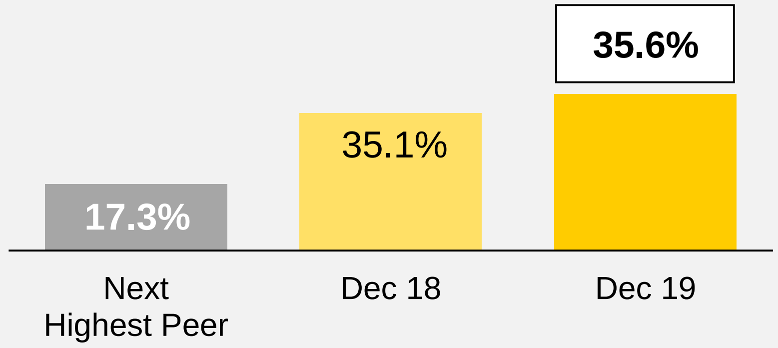
1. Presented on a continuing operations basis. 2. Recommendations that are underway - some requiring legislative action to complete. 3. No action required as action is with Government/ regulator or CBA does not operate in that business. 4. The Remedial Action Plan is CBA's response to the recommendations contained in the Final Report of the Australian Prudential Regulation Authority (APRA) Prudential Inquiry into CBA released in May 18. Reflects revised milestones as outlined in the Independent Reviewers' most recently published report. 5. To Independent Reviewer. 6. Net Promoter Score (NPS) - Mobile App (via mobile app on a mobile phone or tablet) 6 months to Dec 19: Roy Morgan Research.

Franchise strength

Strong operational performance within core franchise enabling consistent returns

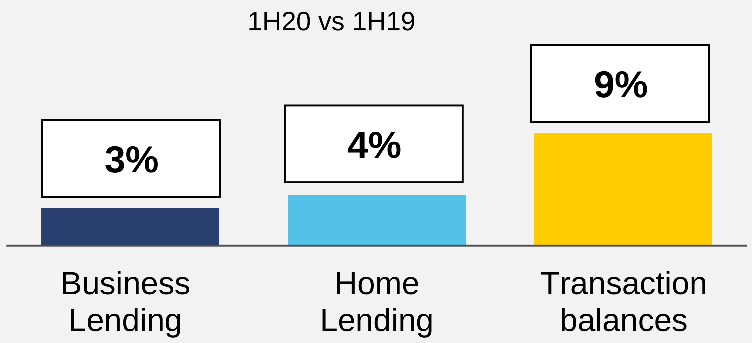
MFI share[1]

Main Financial Institution share further improved to 35.6% (more than one-third of all Australians)



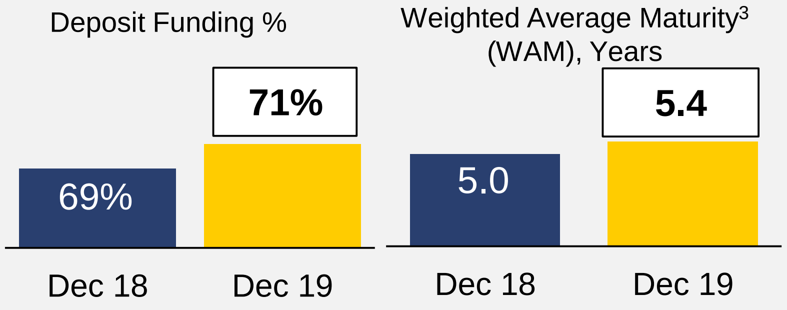
Volume growth[2]

Solid growth in our core markets of business lending, home lending and transactions.



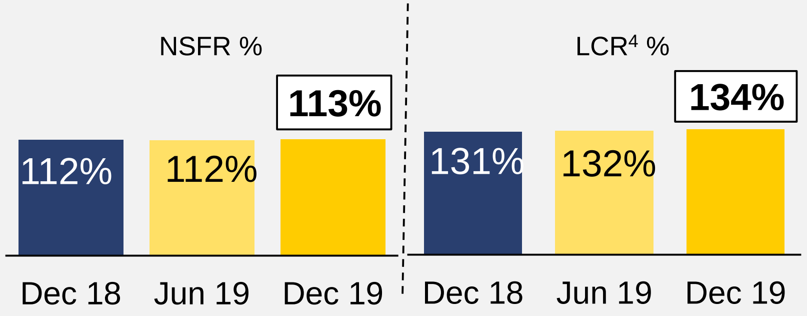
Funding

Resilient funding with ongoing customer deposit growth and lengthened wholesale funding portfolio



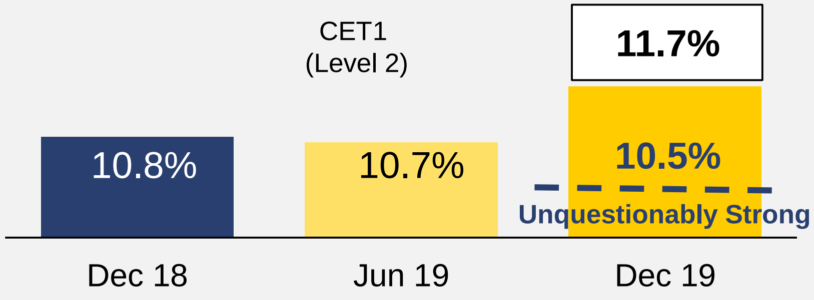
Liquidity metrics

Efficient balance sheet mix supporting a strong NSFR and sound liquidity position



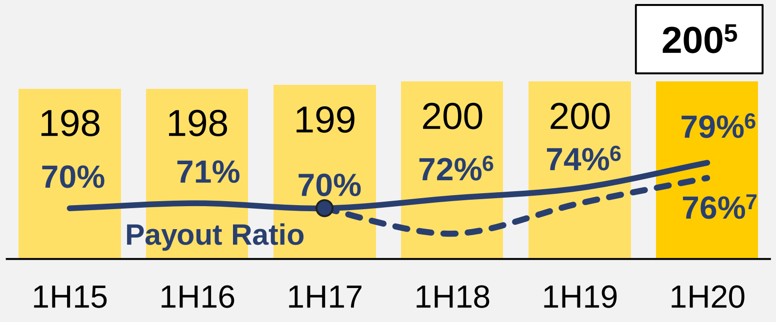
Capital

Strong surplus capital position, with CET1 (Level 2) at 11.7%, well above "Unquestionably Strong"



Dividend Per Share

Core franchise strength enabling consistent returns, with a stable dividend and strong payout ratio



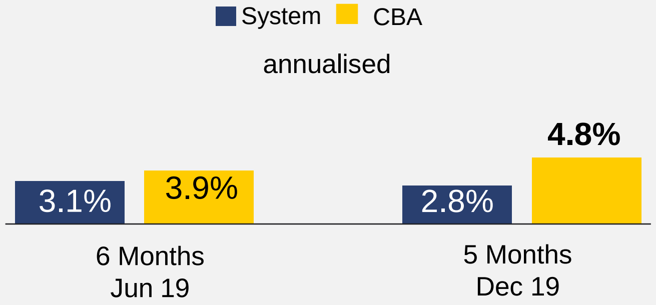
1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month averages to December 2018 & 12 month averages to December 2019), excl. unable to identify MFI. 2. Average balances. 3. Long term wholesale funding (>12 months). 4. Quarter average. 5. The DRP will apply with no discount and will be neutralised. 6. Payout ratios including the impact of notable items. 7. Payout ratio excluding the impact of notable items.

Volume growth and market share

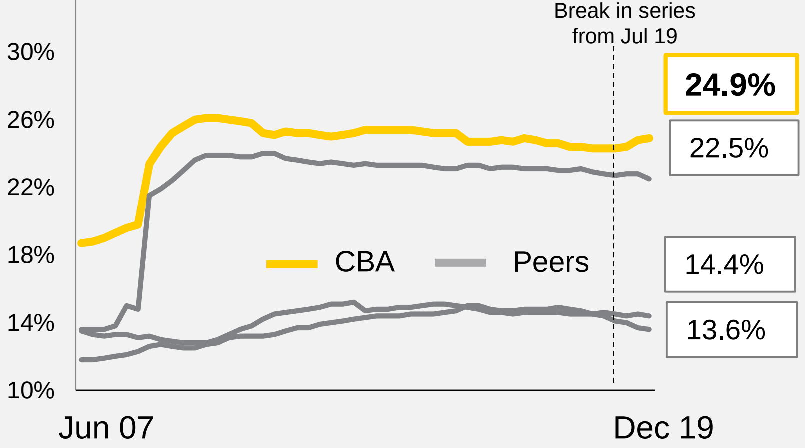
Above system growth in home lending and household deposits this half

Home Lending

Volume growth[1]

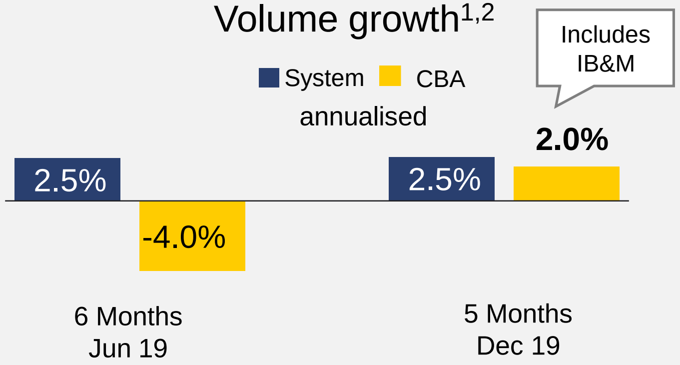


Market share[5]

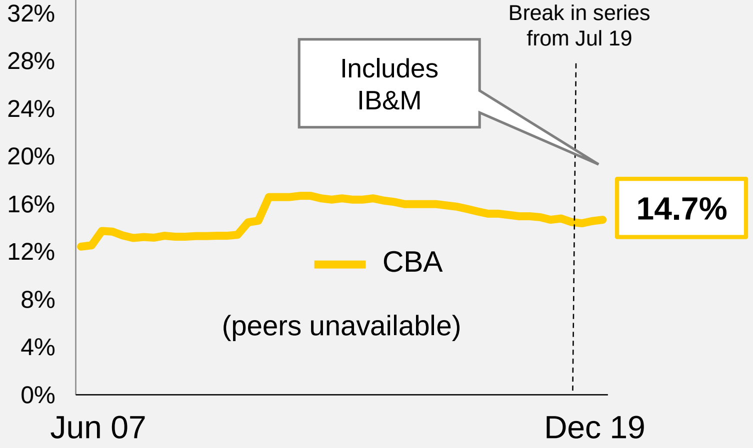


Business Lending

Volume growth[1,2]

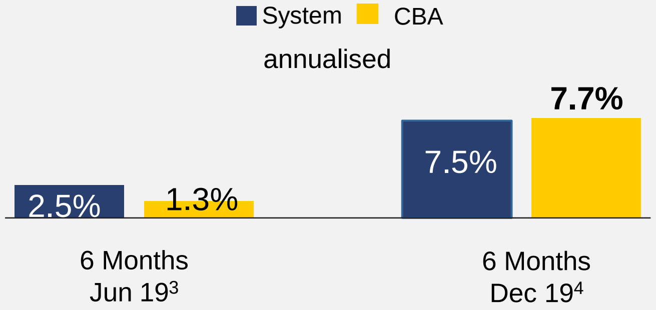


Market share[5]

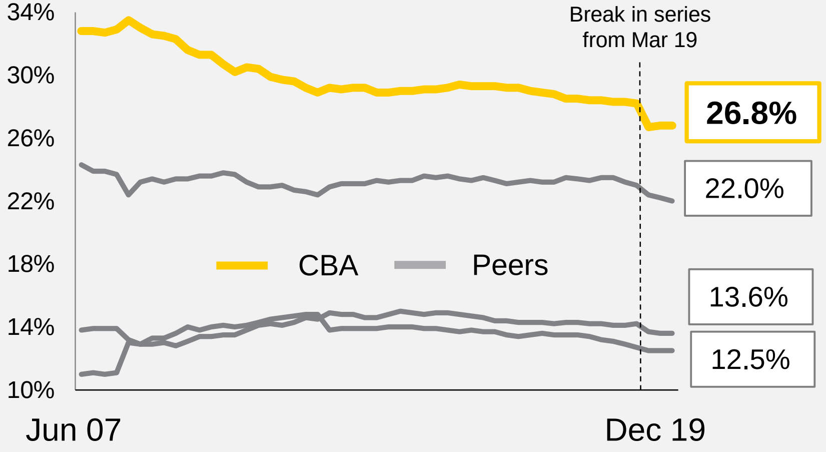


Household Deposits

Volume growth



Market share[6]



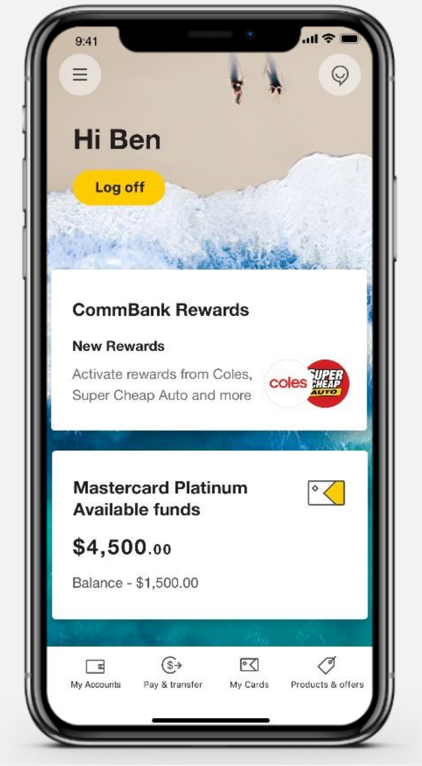
1. Source: RBA Lending and Credit Aggregates. RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019, therefore volume growth has been calculated for the 5 months to December 2019. 2. Excludes CMPF. 3. Source: APRA Monthly Banking Statistics (MBS). 4. Source: APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS). 5. Source: RBA Lending and Credit Aggregates, series break due to new regulatory definitions set by APRA from 1 July 2019. As a result of this change, market share is not comparable to previous reporting periods. 6. Market share calculated based on APRA MADIS from Mar 19, with prior periods based on MBS publication. As a result of this change, market share is not comparable to previous reporting periods.

Best in digital

Leading recognition and engagement – strong growth

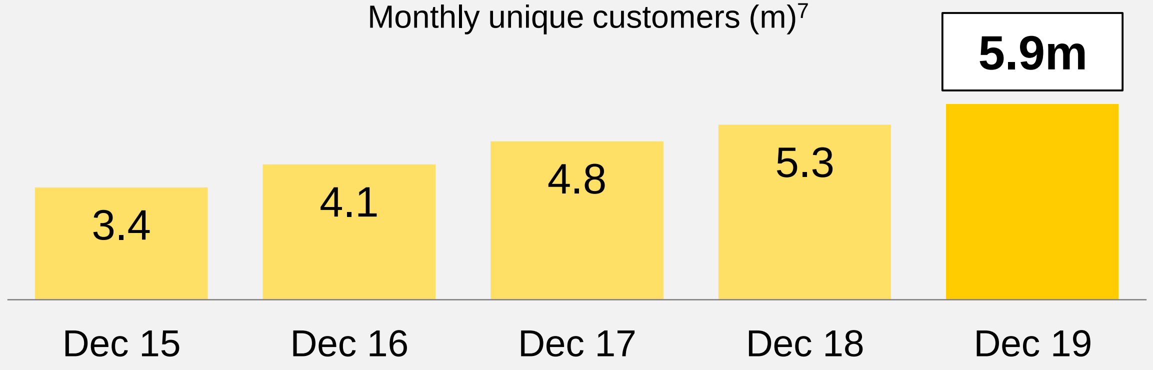
Recognition and engagement

- **#1** Mobile app Net Promoter Score[1]
- **#1** Online banking (Canstar - 10 years in a row)[2]
- **#1** Mobile banking (Canstar - 4 years in a row)[3]
- **#1** Ranked in Australia (Forrester – 3 years in a row)[4]
- **#1** Most Innovative Major Bank (DBM Australian Financial Awards)[5]
- **#1** Best Major Digital Bank (DBM Australian Financial Awards)[6]



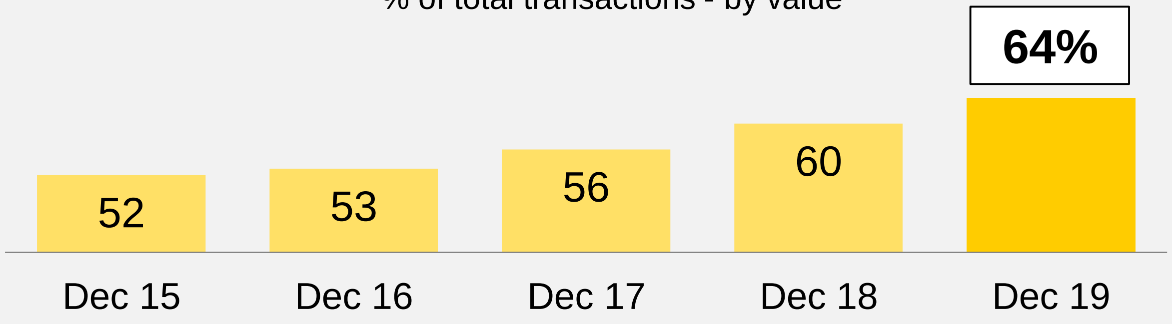
CommBank app users

Monthly unique customers (m)[7]



Digital transactions

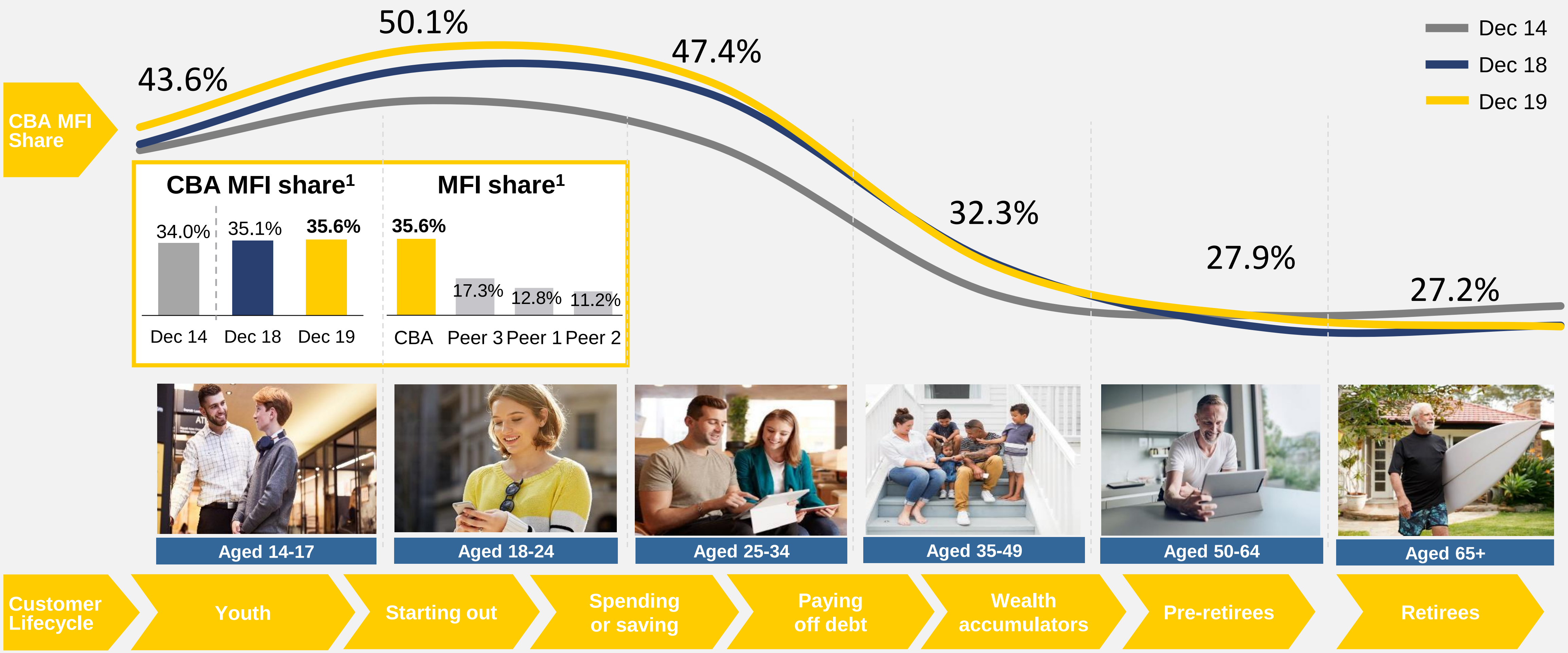
% of total transactions - by value[8]



1, 2, 3, 4, 5, 6, 7, 8. Refer to notes slide at the back of this presentation for source information.

Lead in retail banking

Franchise strength supporting customers across the lifecycle[1]



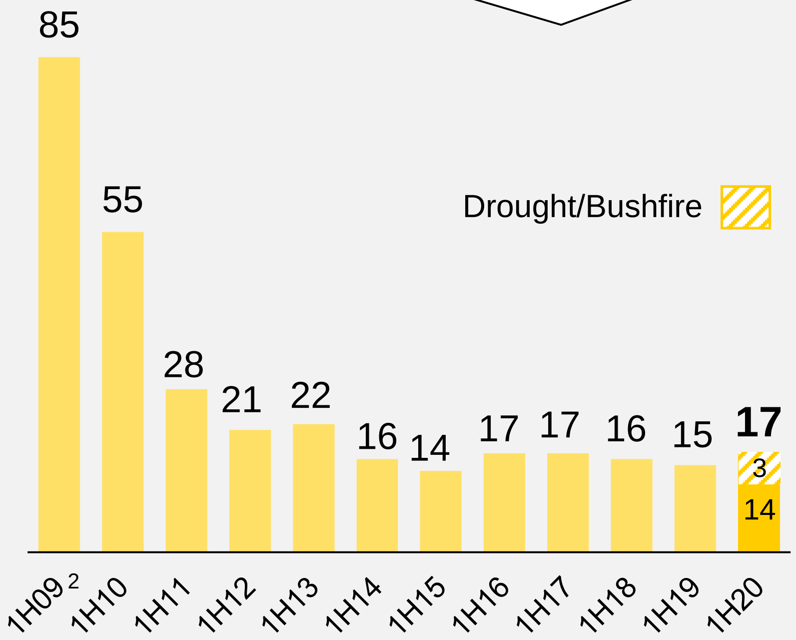
1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan's Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month average to Dec 2014, 12 month average to Dec 2018 & 12 month average to Dec 2019), excl. unable to identify MFI.

Credit risk

Sound portfolio quality – Loan Impairment Expense at 17 basis points – stable TIA

Loan Loss Rate[1] - Group

		ex. drought/bushfire provision
Consumer	14	13
Corporate	24	18
Group	**17**	**14**



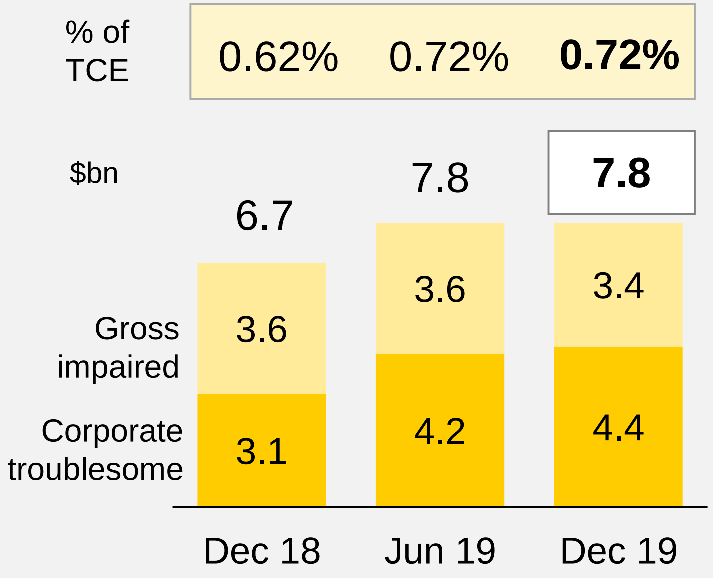
Loan Loss Rate[1] – Divisions

RBS – lower arrears, improving property market
BPB – higher collective provisions for drought and bushfires; retail and construction

bpts	1H19	1H20
RBS	16	13
BPB	19	24
IB&M	7	14
ASB	11	5
Group[3]	**15**	**17**

TIA

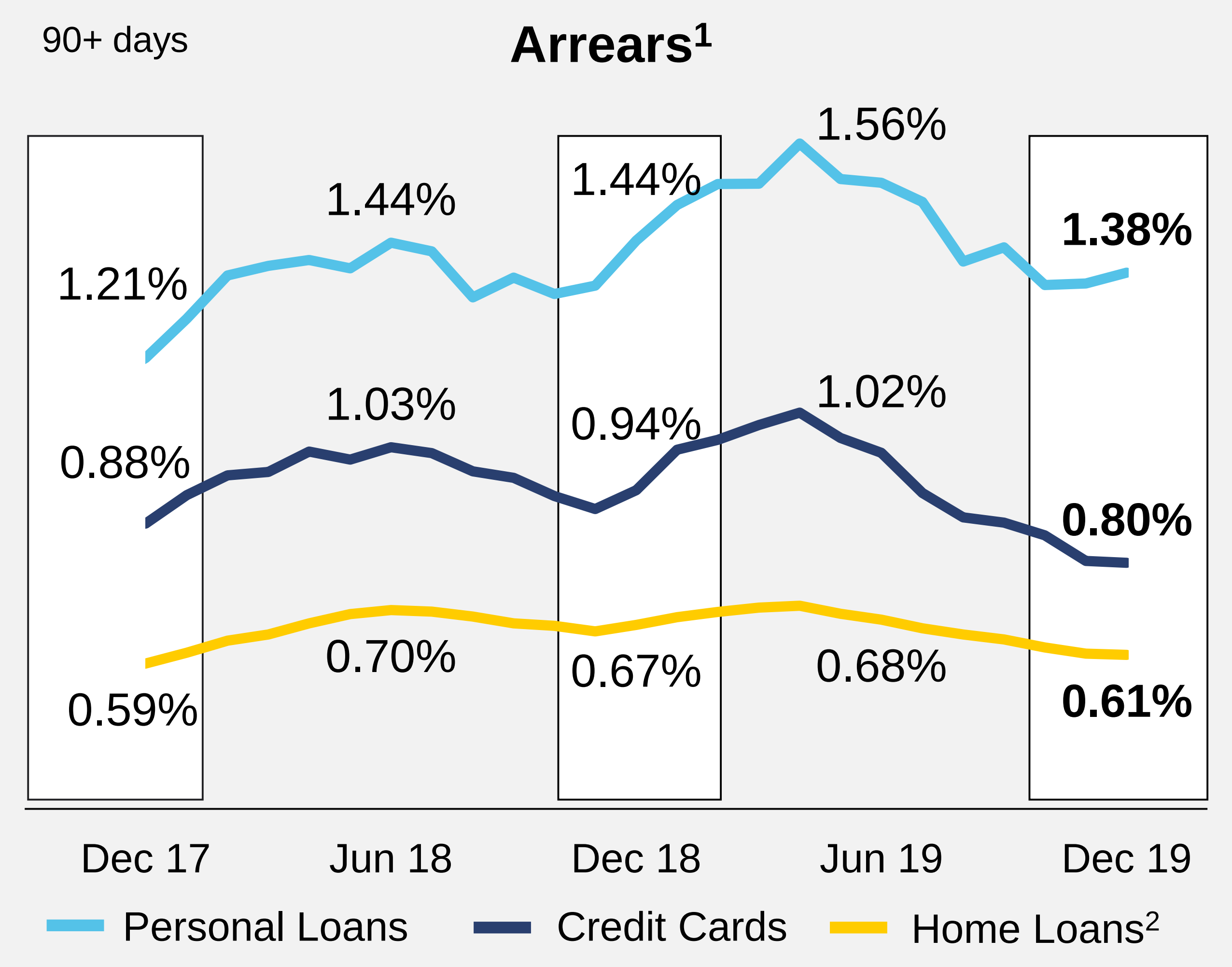
- Improved retail portfolios
- Pockets of stress remain in discretionary retail, construction and agriculture

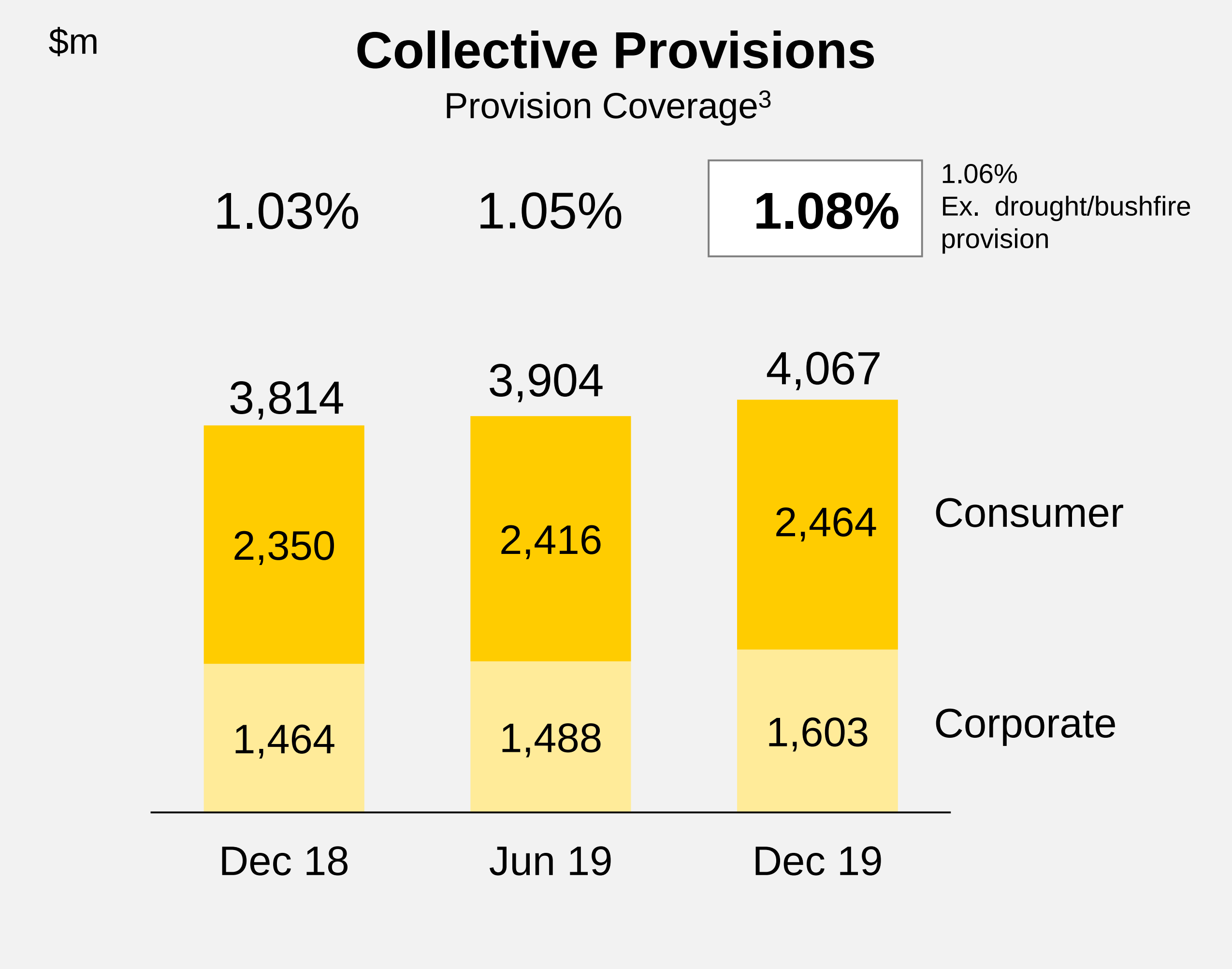


1. Cash Loan Impairment Expense annualised as a percentage of average Gross Loans and Acceptances (GLAA) (bpts). 2. FY09 includes Bankwest on a pro-forma basis. 3. Includes Other.

Consumer arrears & provisions

Improved consumer arrears – conservative provisioning



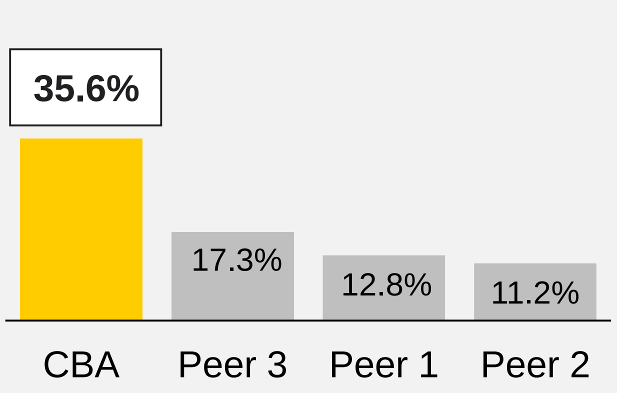


1. Group consumer arrears including New Zealand. 2. Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans. 3. Collective provisions divided by credit risk weighted assets.

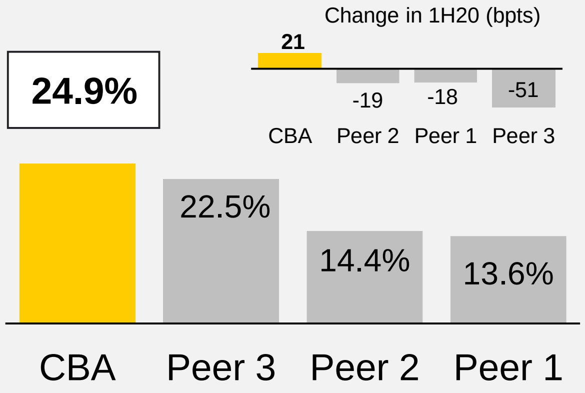
Why CBA?

Leading franchise - leading returns

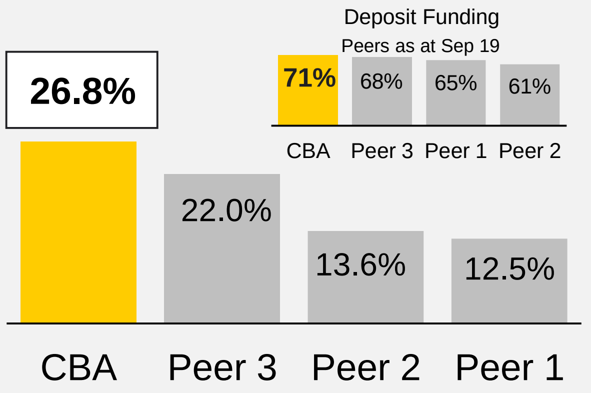
MFI share[1]



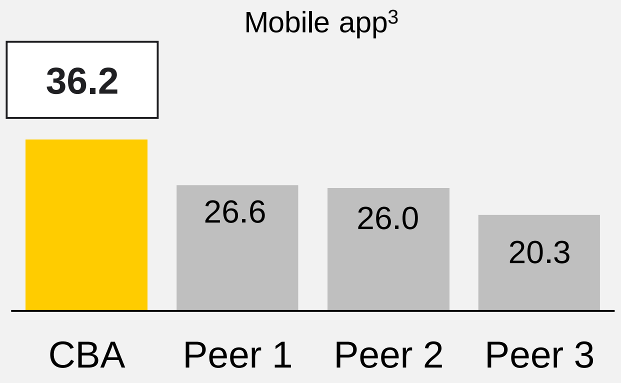
Home Lending share[2]



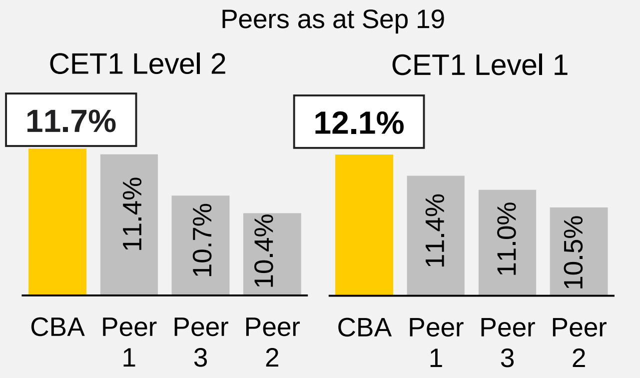
Household Deposits share[2]



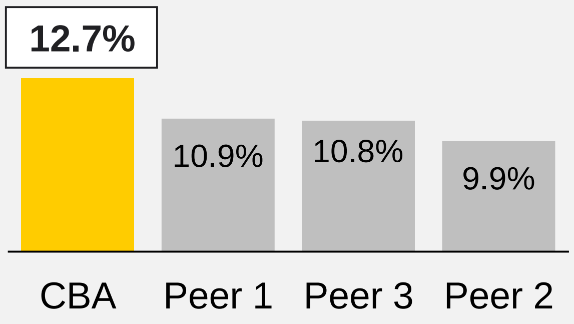
Net Promoter Score



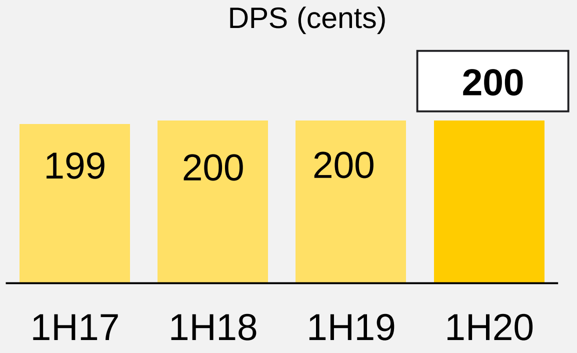
Capital



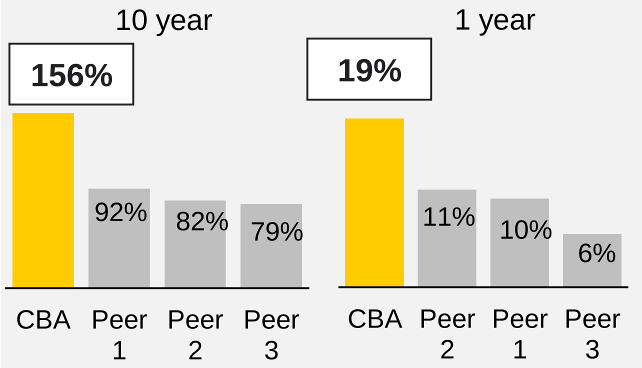
ROE (cash)[4]



Dividend



Total Shareholder Return[5]



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

Financial Overview

Overview - 1H20 result[1]

Key outcomes summary

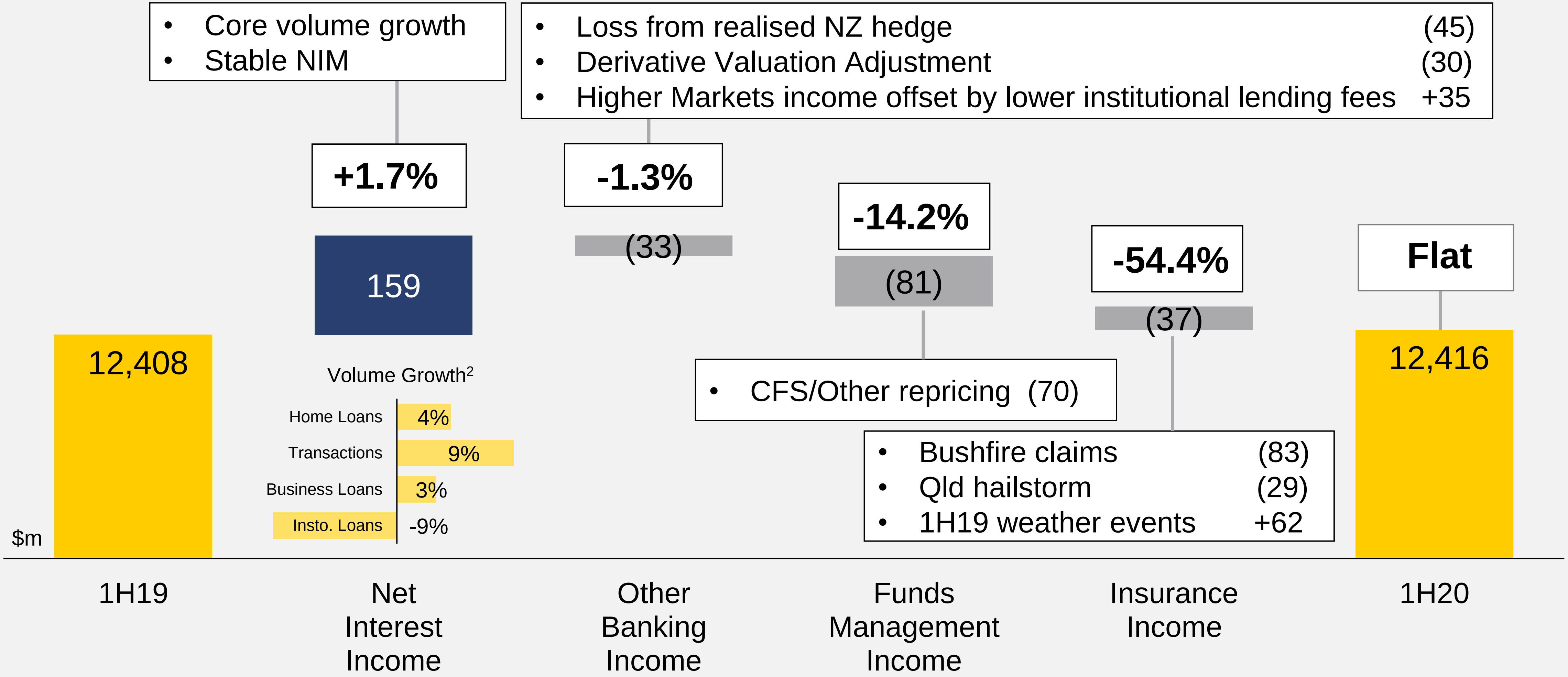
Financial		
Statutory NPAT[2] ($m)	6,161	+34.0%
Cash NPAT[3] ($m)	4,477	(4.3%)
ROE[3] % (cash)	12.7	(110) bpts
EPS[3] cents (cash)	253	(12c)
DPS[2] $	2.00	Flat
Cost-to-income[3] (%)	43.7	+110 bpts
NIM[3] (%)	2.11	+1 bpt
Op income[3] ($m)	12,416	Flat
Op expenses[3] ($m)	5,429	+2.6%
LIE to GLAA (bpts)	17	+2 bpts

Balance sheet, capital & funding		
Capital – CET1[2,4](Int'l)	17.5%	+100 bpts
Capital – CET1[2] (APRA)	11.7%	+90 bpts
Total assets ($bn)	980	Flat
Total liabilities ($bn)	909	(0.3%)
Average FUA[3] ($bn)	174	+8.2%
Deposit funding	71%	+2.0%
LT wholesale funding WAM	5.4 yrs	+0.4yrs
Liquidity coverage ratio[5]	134%	+3.0%
Leverage ratio (APRA)	6.1%	+50 bpts
Net stable funding ratio	113%	+1.0%
Credit Ratings[6]	AA-/Aa3/AA-	Refer footnote 6

1. All movements on prior comparative period unless otherwise stated. 2. Includes discontinued operations. 3. Presented on a continuing operations basis. 4. Internationally comparable capital - refer glossary for definition. 5. Quarter average. 6. S&P, Moody's and Fitch. S&P revised Australian Major Banks outlook to "Stable" from "Negative" on 9 July 2019. Moody's lowered the rating on 19 June 2017, outlook "Stable". Fitch updated outlook on CBA to negative on 7 May 2018.

Flat operating income[1]

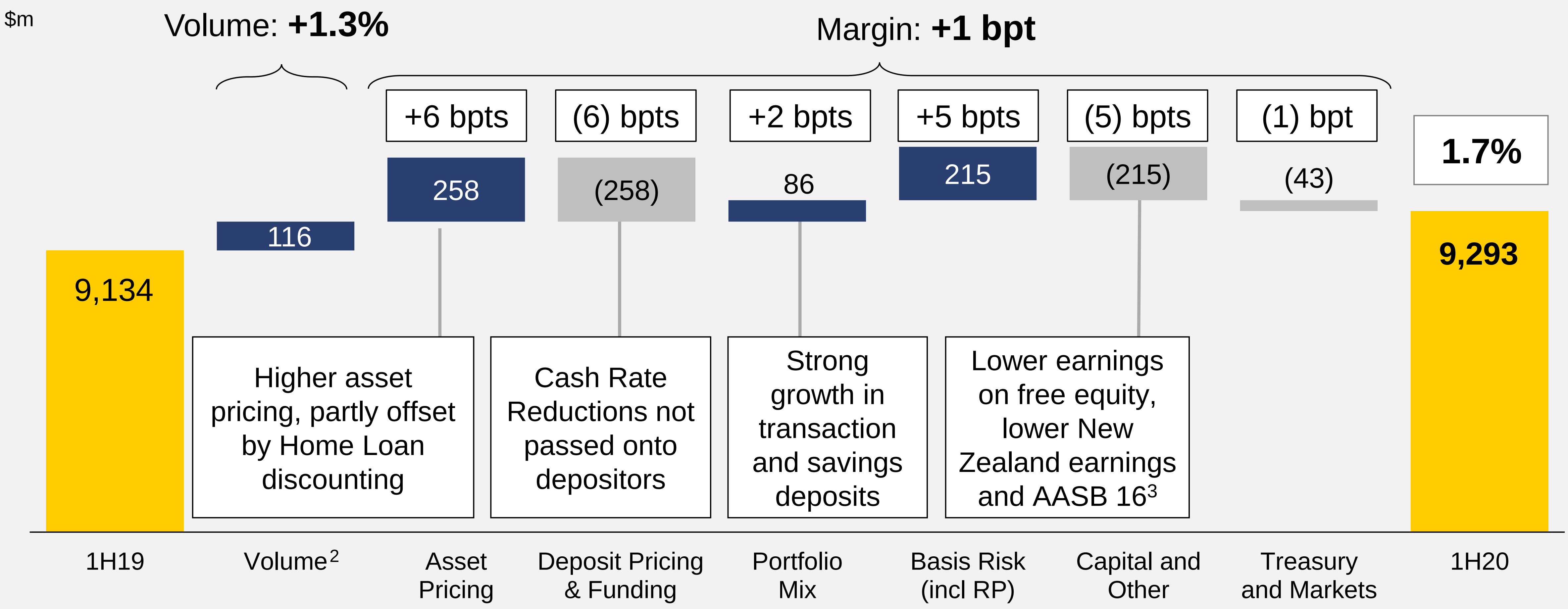
Volume growth offset by bushfire related claims, customer fee removals and loss on NZ hedge



1. Presented on a continuing operations basis. 2. Average balances.

Net interest income[1]

Volume growth and lower basis risk, partly offset by impacts of cash rate reductions



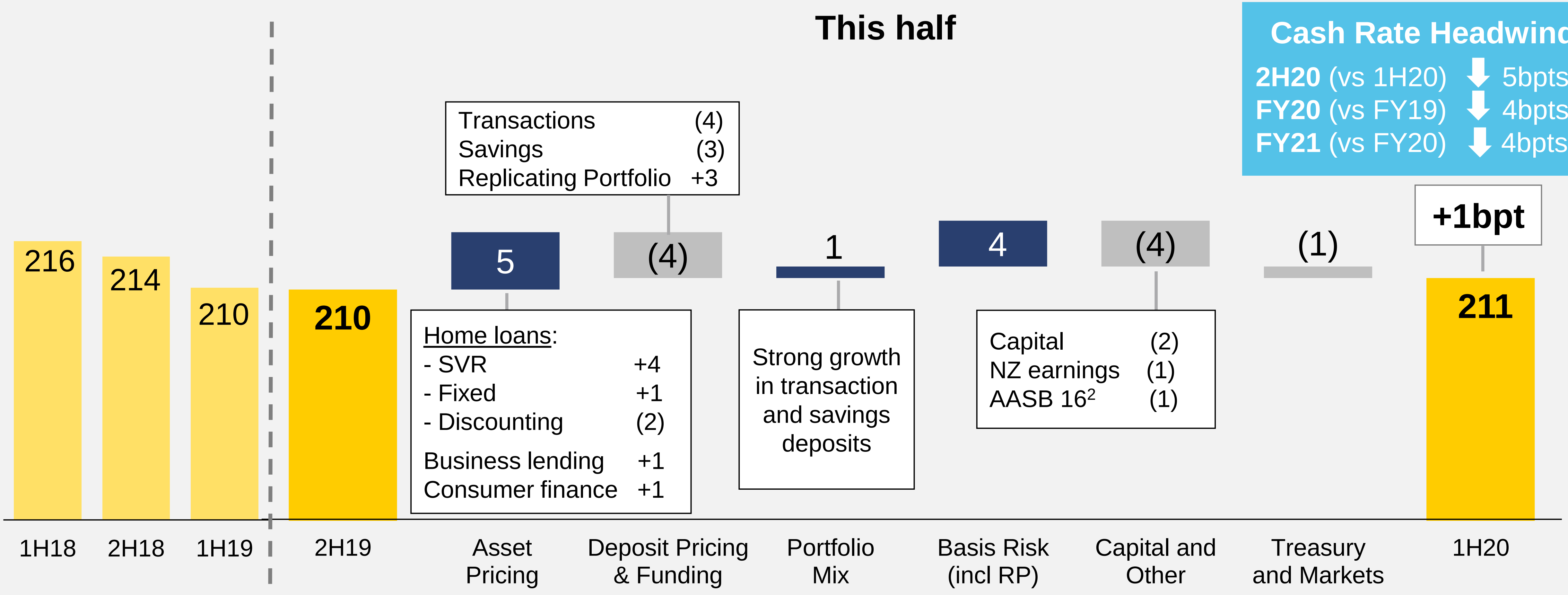
1. Presented on a continuing operations basis. 2. Average interest earning assets. 3. The implementation of AASB16 results in the recognition of a lease liability and therefore higher interest expense.

Group margin[1]

Broadly flat in 1H20 – lower basis risk partly offset by the impact of cash rate reductions

Cash Rate Headwinds[3]

2H20 (vs 1H20) ⬇ 5bpts
FY20 (vs FY19) ⬇ 4bpts
FY21 (vs FY20) ⬇ 4bpts

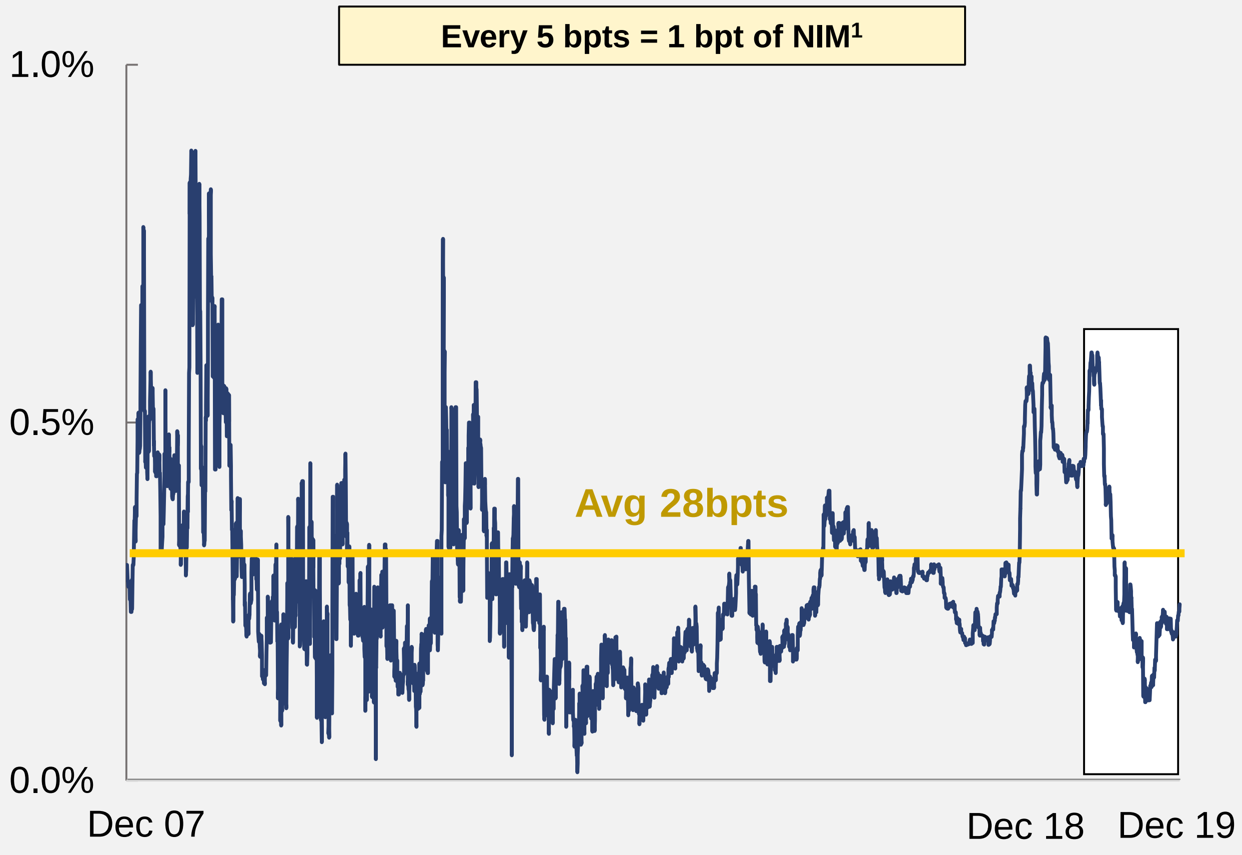


1. Presented on a continuing operations basis. 2. The implementation of AASB16 results in the recognition of a lease liability and therefore higher interest expense. 3. Estimated impact of the RBA's cash rate cuts in June, July and October 2019 on Group NIM, including the deposits impact, lower expected replicating portfolio and equity hedge benefits, and flow through of announced repricing. Excludes impact of any future cash rate change.

Group margin

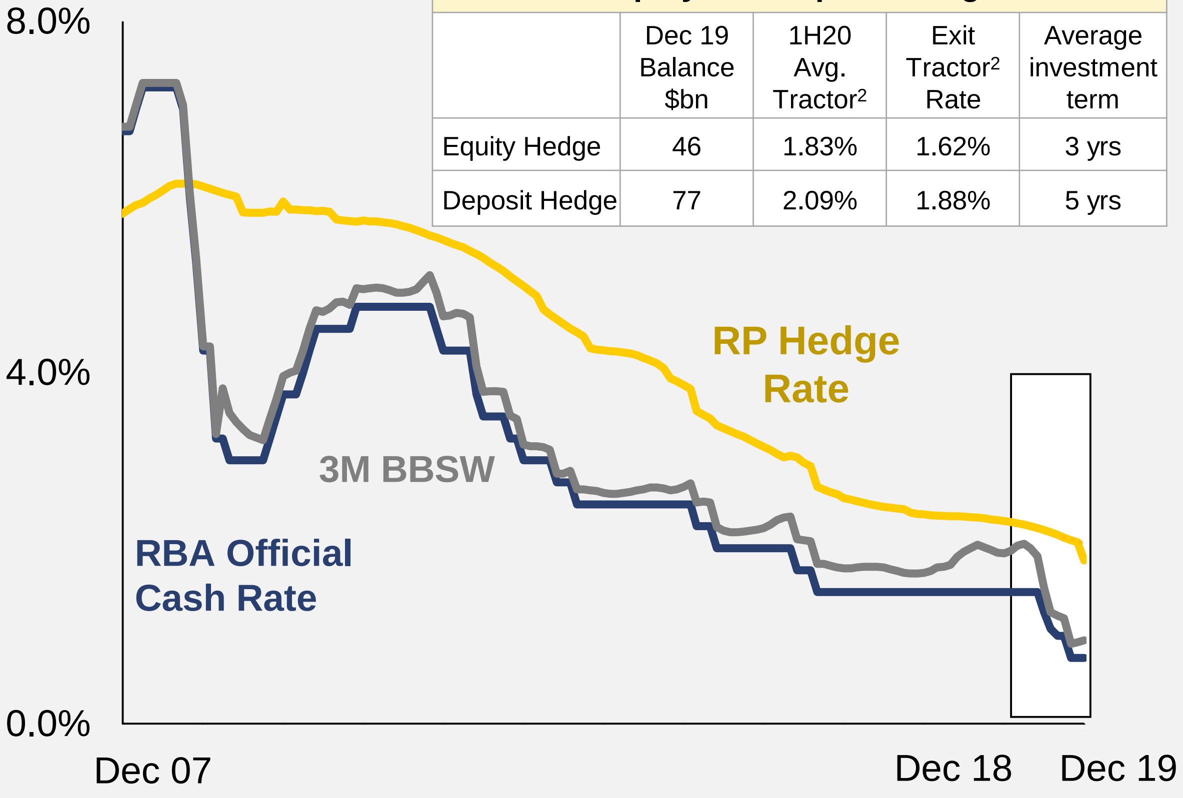
Basis risk back to post-GFC norms in the current half

Basis Risk



Replicating Portfolio (RP) & Equity Hedge

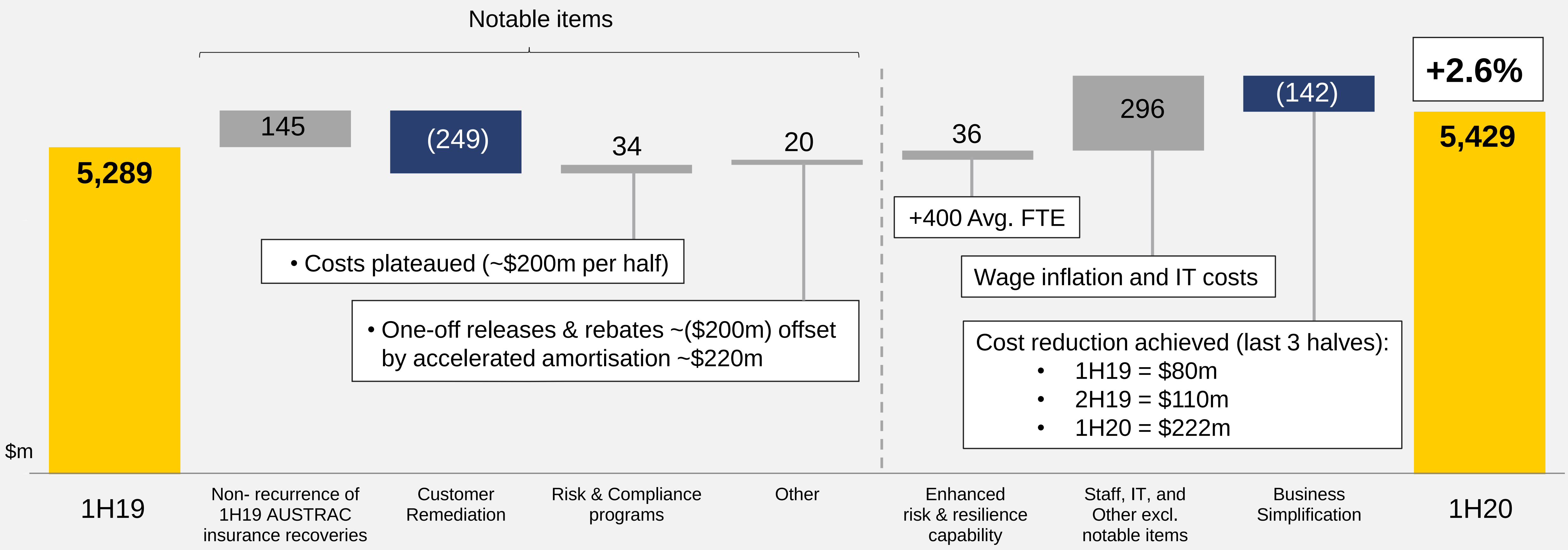
Equity and Deposit Hedge				
	Dec 19 Balance $bn	1H20 Avg. Tractor[2]	Exit Tractor[2] Rate	Average investment term
Equity Hedge	46	1.83%	1.62%	3 yrs
Deposit Hedge	77	2.09%	1.88%	5 yrs



1. Includes the impact of basis risk on replicating portfolio. 2. Tractor is the moving average hedge rate on equity and rate insensitive deposits.

Operating expenses up 2.6%[1]

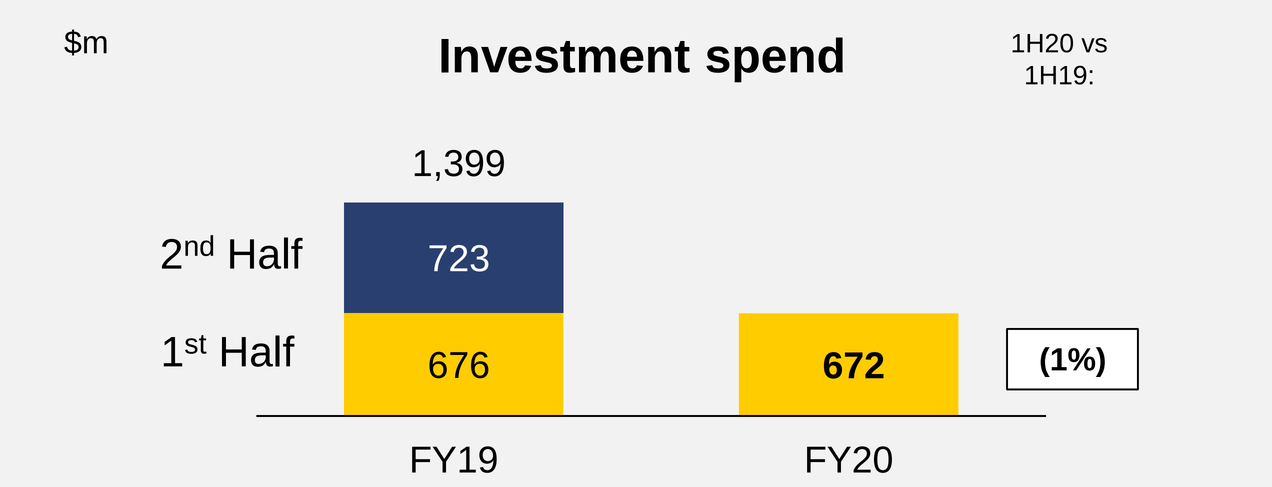
Impacted by wage inflation, elevated risk and compliance costs

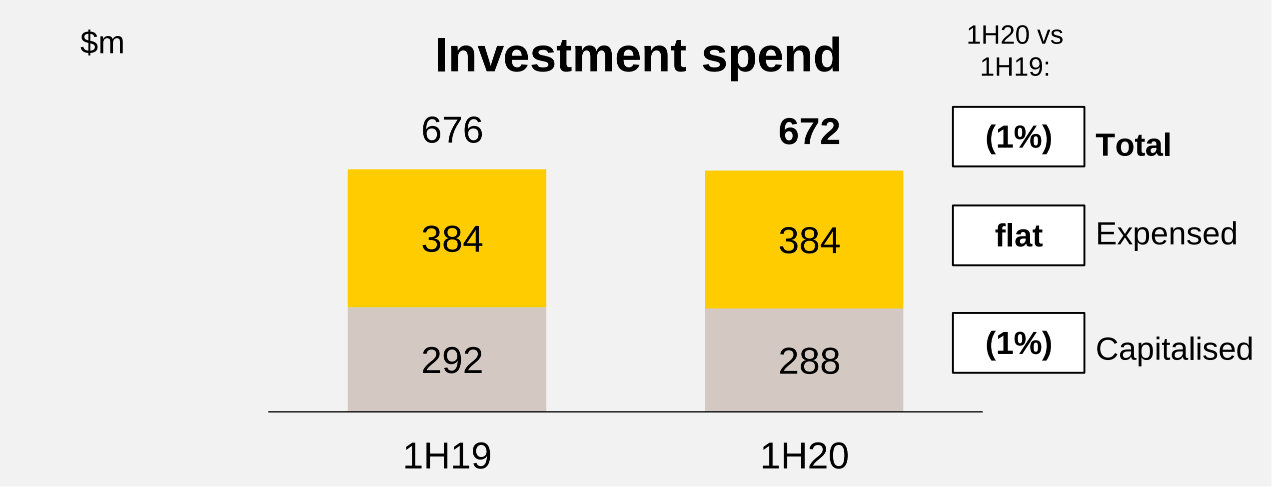


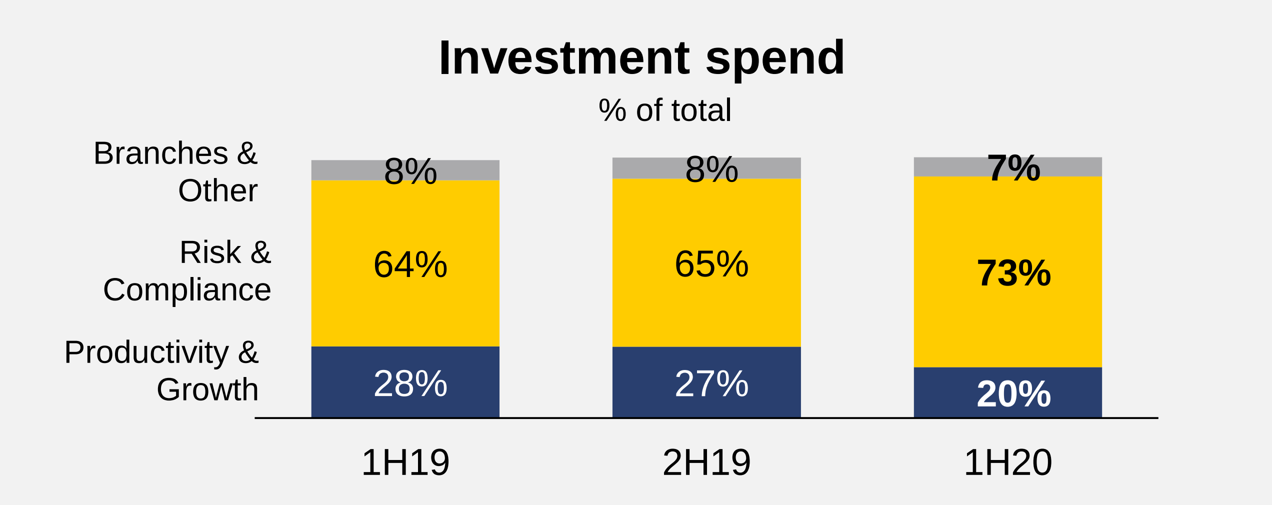
1. Presented on a continuing operations basis.

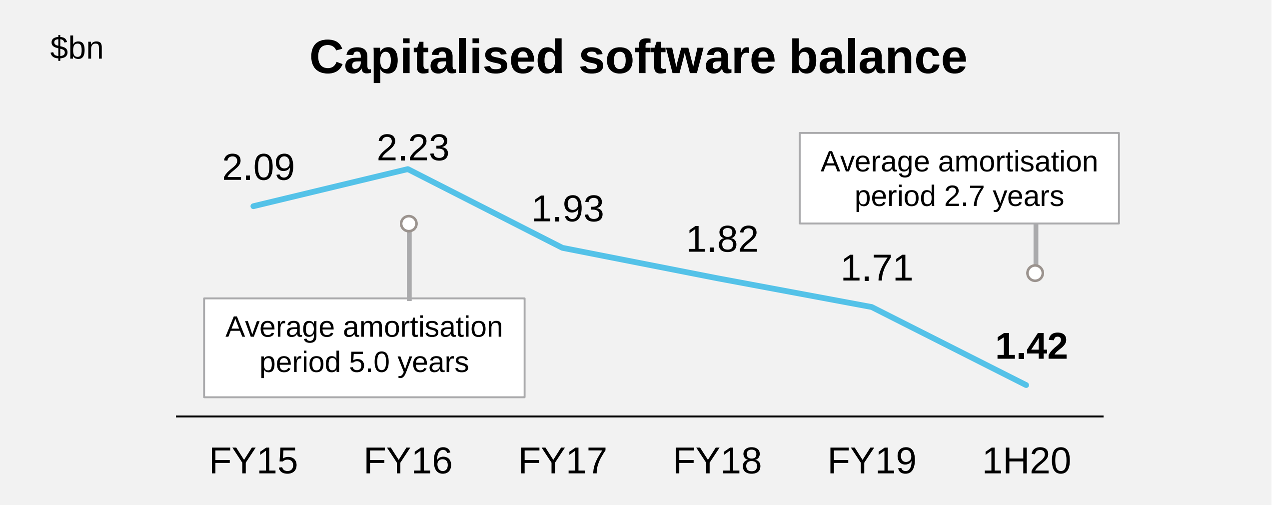
Investment spend[1]

Flat this half – risk and compliance now 73% of total spend









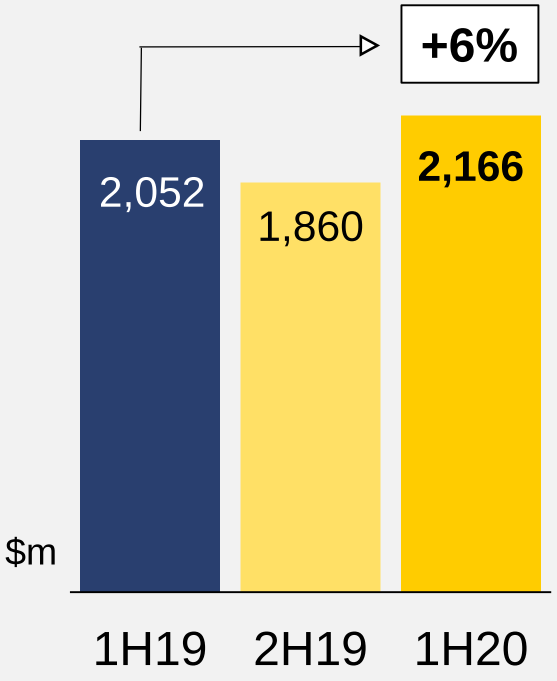
1. Presented on continuing operations basis.

Cash NPAT by division[1]

Mixed results across business units

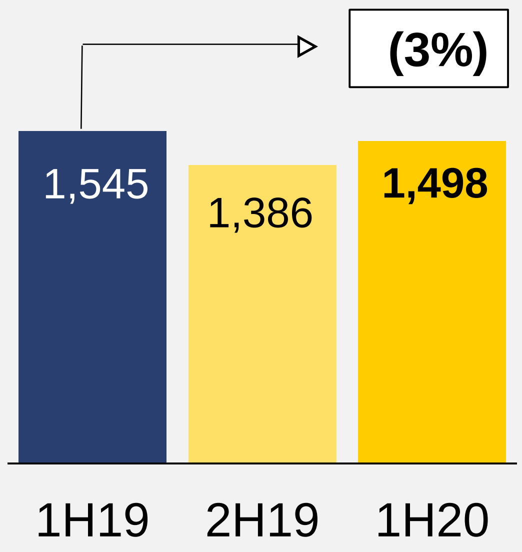
RBS[2]

- Income +3%
- Costs +2%
- Impairment (13%)



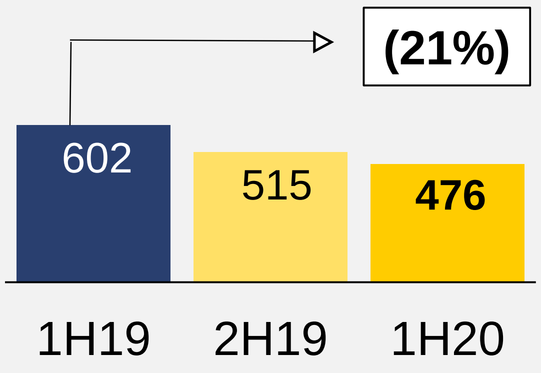
BPB

- Income +1%
- Costs +4%
- Impairment +32%



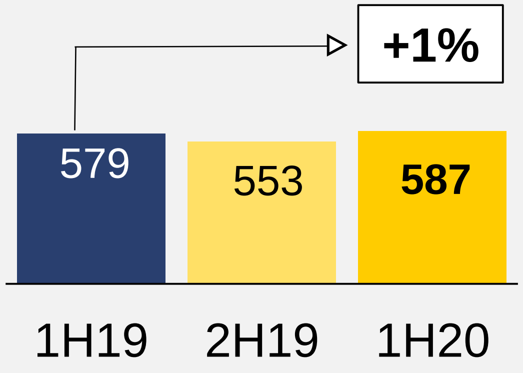
IB&M

- Income (9%)
- Costs (1%)
- Impairment +71%



NZ (NZD)

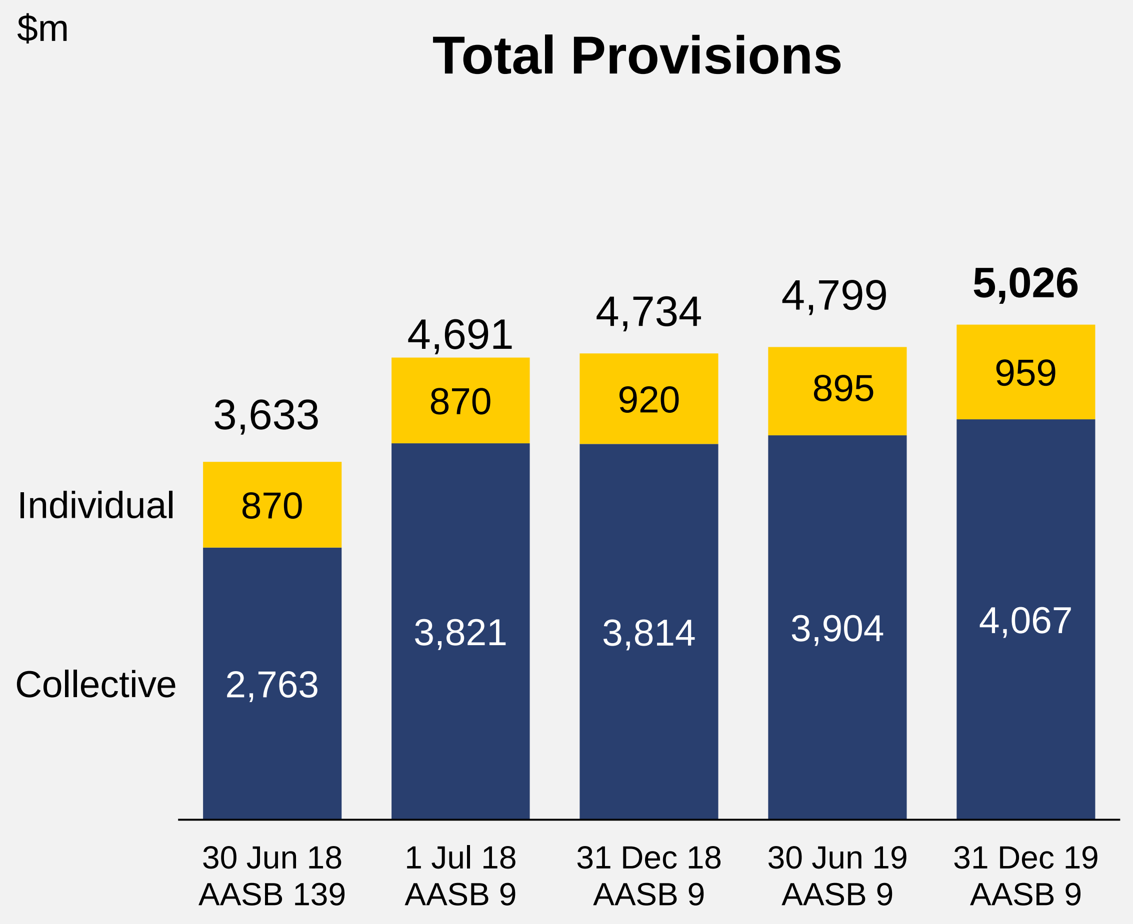
- Income +2%
- Costs +7%
- Impairment (51%)



1. Presented on a continuing operations basis. 2. Includes Bankwest and Commonwealth Financial Planning, excludes General Insurance and Mortgage Broking consolidation.

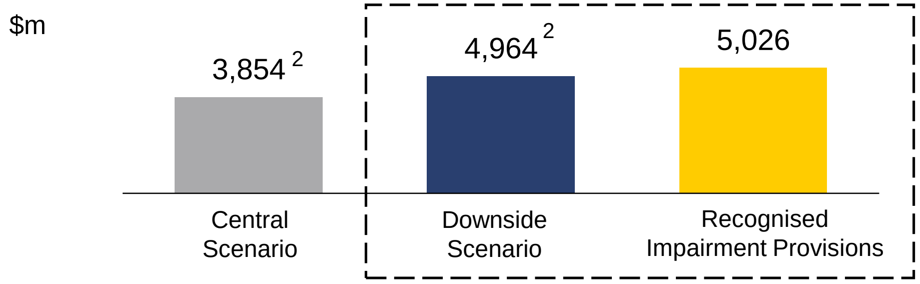
Provisions

Increased provisioning for emerging risks



- AASB 9 adopted from 1 July 2018, increasing impairment provisions by $1,058 million due to recognition of impairment losses on a forward looking basis.
- Collective Provisions include the impact of four probability-weighted economic scenarios[1] and adjustments for emerging risk at an industry, geography or segment level.
- Currently holding ~$1.2 billion in impairment provisions over and above the Central (base case) economic scenario.
- Adequately provisioned for a Downside economic scenario.

Alternate economic scenarios



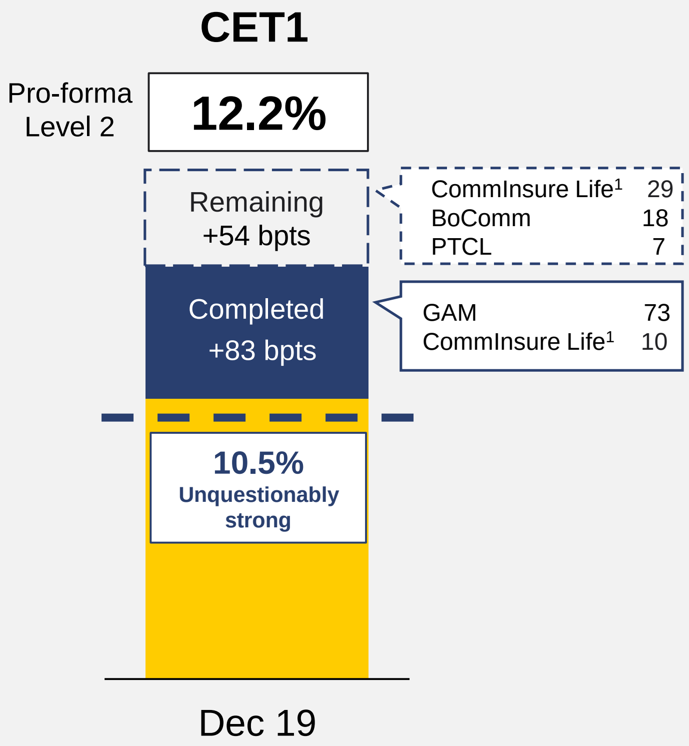
1. Central, Upside, Downside and Severe Downside. Central: Considers the Group's base case assumptions. Upside and Downside: Reflect the lowest/highest impairment losses over an approximate 10 year cycle. Severe Downside: Extremely adverse conditions. 2. Assuming 100% weighting and holding all other assumptions including forward looking adjustments constant.

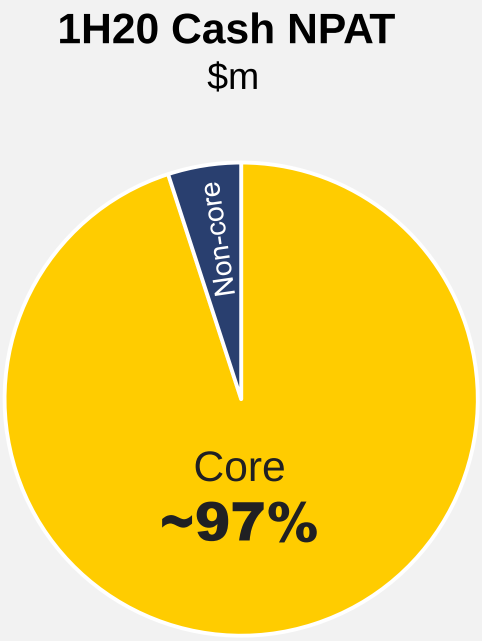
A simpler bank

Committed to becoming a simpler, better bank for our customers

Status	
Sovereign	Completed Jul 18
TymeDigital	Completed Nov 18
CFSGAM	Completed Aug 19
Aligned Advice – Count Financial	Completed Oct 19
CommInsure Life[1]	JCA entered Nov 19
BoCommLife	Expected completion 2H20
PT Commonwealth Life	Expected completion 2H20
Aligned Advice – Fin. Wisdom	Assisted closure 2H20
Aligned Advice – CFP-Pathways	Cessation 2H20
General Insurance	Strategic review
Vietnam International Bank	Strategic review
Other wealth businesses [2]	Intention to exit

Core





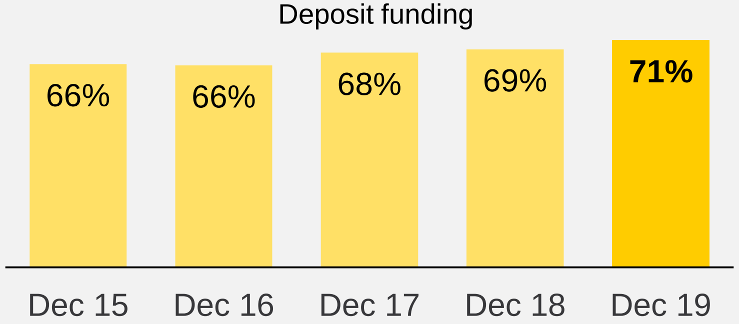
1. On 1 November 2019, full control of CommInsure Life was transferred to AIA, with the divestment to proceed through either a share sale or a statutory asset transfer. Under a share sale, the transaction is expected to complete shortly following the completion of BoCommLife. In the event of a statutory asset transfer, the transaction is expected to complete around the end of calendar year 2020, with the proceeds to be received in instalments. CBA has received an upfront payment equivalent to 10bpts of CET1 Capital, with the remaining outstanding instalments estimated at approximately 29bpts of CET1 Capital. 2. Includes Colonial First State, Aussie Home Loans and CBA's minority shareholdings in ASX-listed Mortgage Choice and CountPlus. The Group has committed to exiting these businesses/ investments over time, and continues to actively explore a range of alternatives to achieve this.

Funding, Liquidity and Capital

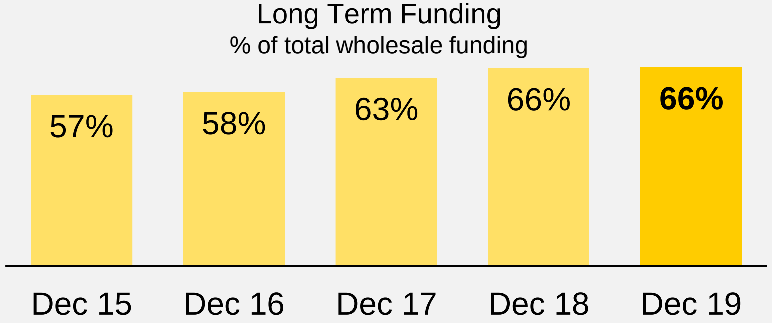
Funding overview

Resilient balance sheet – prepared for a range of macro-economic outcomes

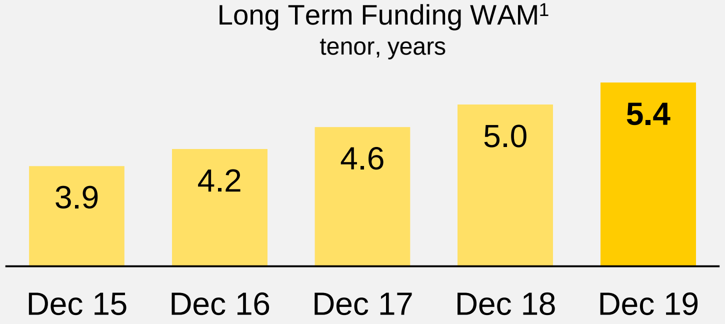
Resilient balance sheet with ongoing customer deposit growth



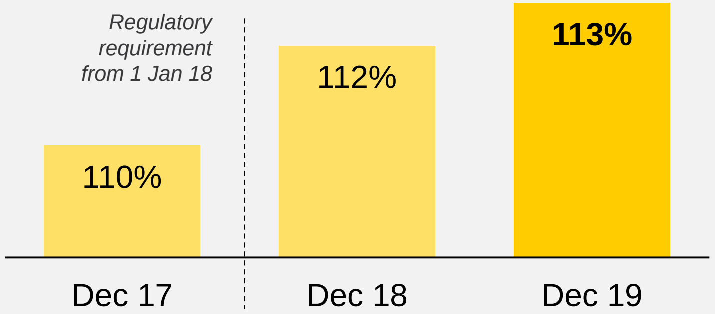
Stable wholesale funding composition weighted to longer term funding…



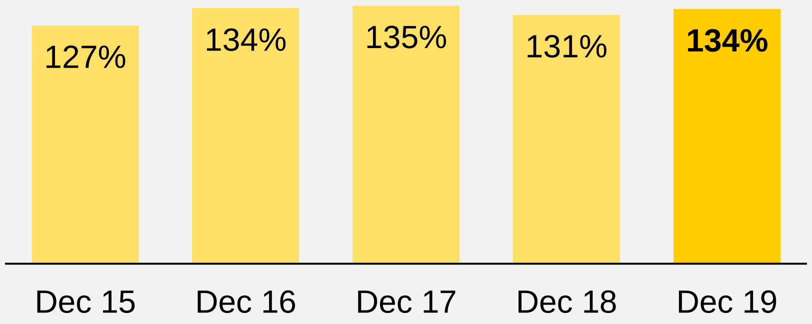
...with a >5.0yrs WAM to reduce refinancing risk



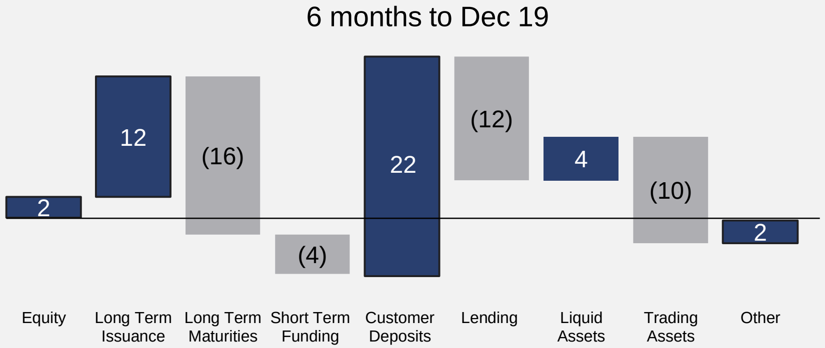
Efficient balance sheet mix supporting a strong NSFR…



…and a sound liquidity position with LCR[2] at 134%...



…allowing for a reduction in wholesale funding in 1H20

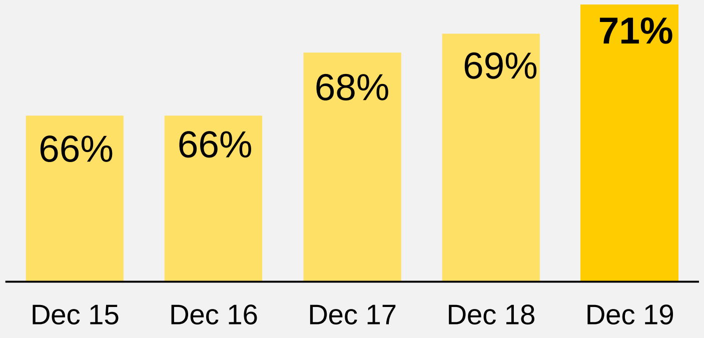


1. Represents the weighted average maturity of outstanding long term wholesale debt with a residual maturity greater than 12 months as at reporting date. 2. Quarter Average.

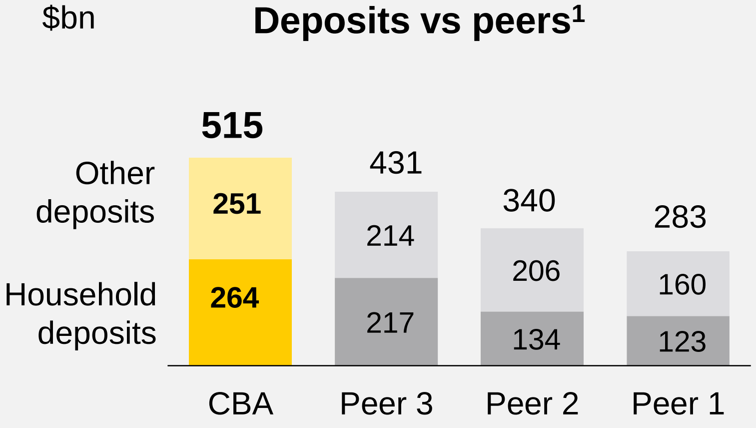
Deposit funding

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

Deposit funding

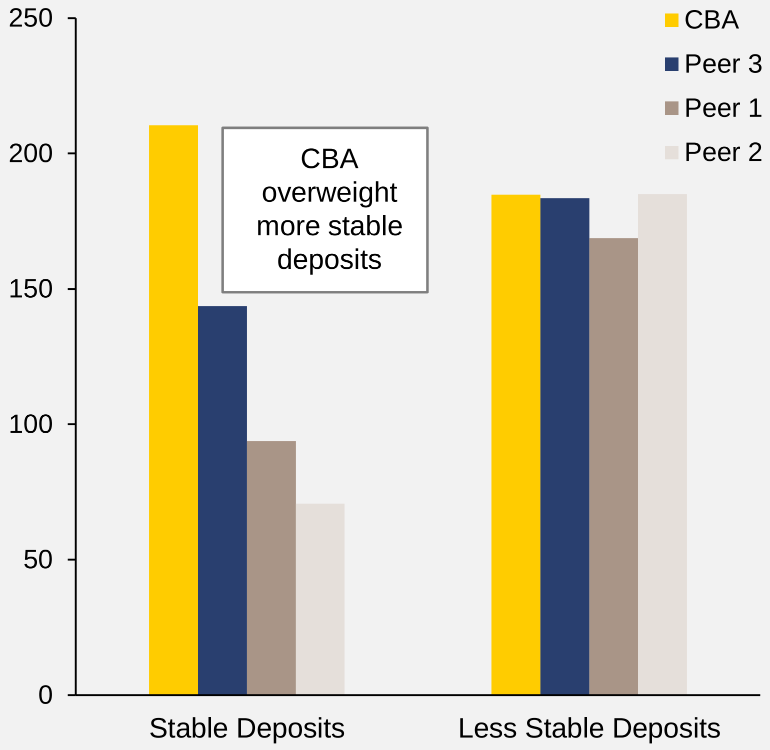


Deposits vs peers[1]

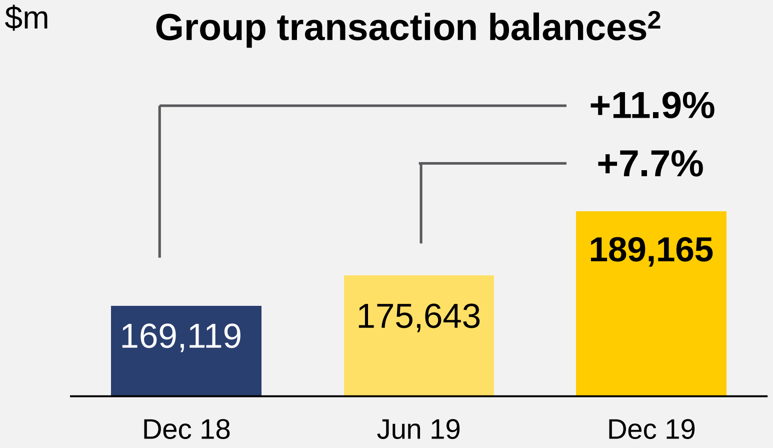


Deposits in NSFR[5]

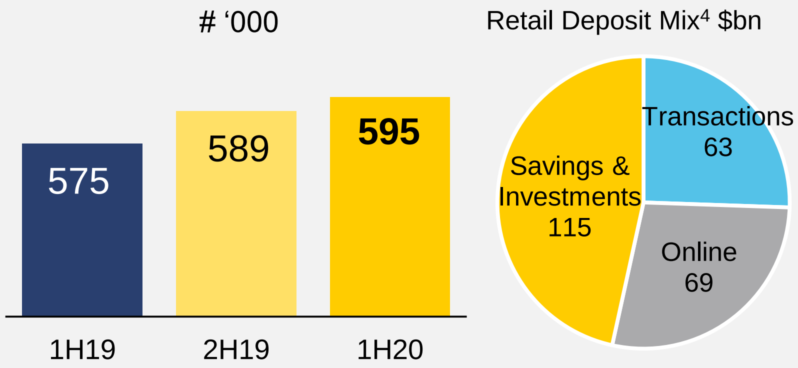
As at 31 Dec 2019 ($bn)
Peers as at 30 September 2019[6]



Group transaction balances[2]



New transaction accounts[3]

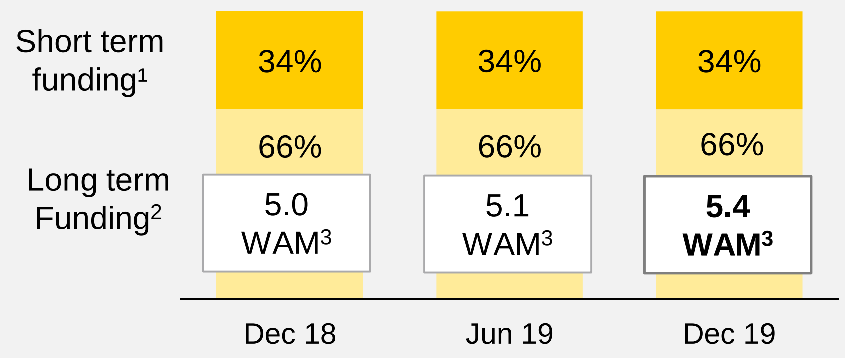


1. Source: APRA Monthly Authorised Deposit Taking Institution Statistics. Total deposits (excluding CDs). 2. Includes non-interest bearing deposits. 3. Number of new personal transaction accounts, excluding offset accounts, includes CBA and Bankwest. 4. Transactions includes non-interest bearing deposits and transaction offsets. Excludes business deposits. Online includes NetBank Saver, Goal Saver, Business Online Saver, Bankwest Hero Saver, Smart eSaver and Telenet Saver. Savings and Investment includes savings offset accounts. 5. Stable and less stable deposits in NSFR calculation. Excludes operational deposits, other deposits and wholesale funding. 6. Source: 30 September 2019 Pillar 3 Regulatory Disclosures; CBA reported as at 31 December 2019.

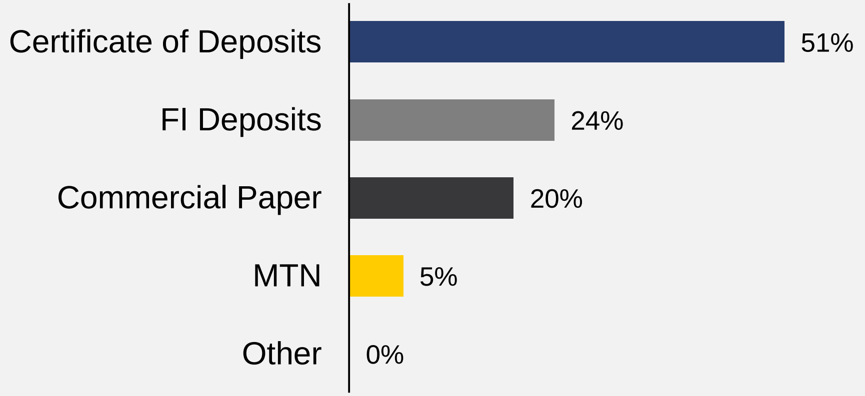
Wholesale funding

Diversified wholesale funding across product, currency and tenor

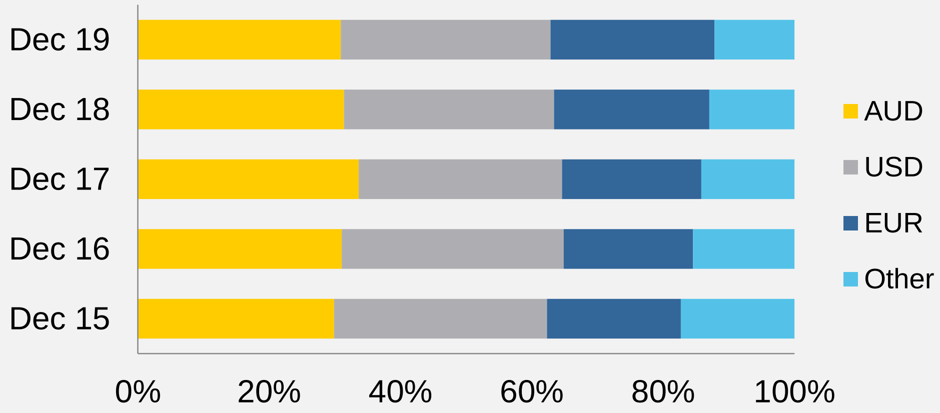
Portfolio mix



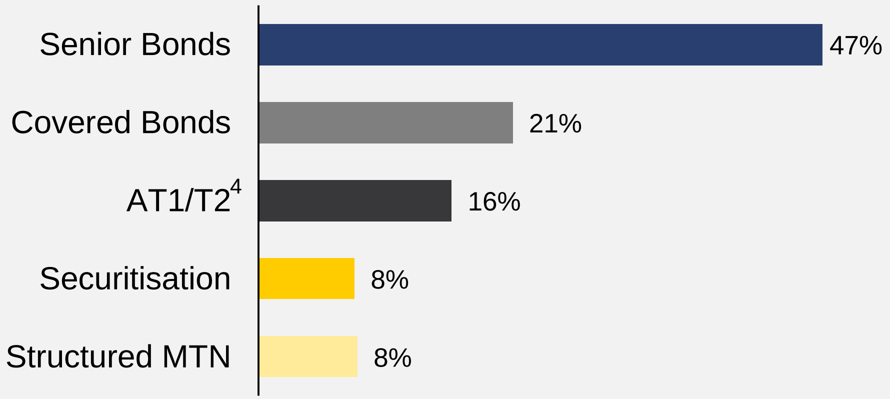
Short term funding by product[1]



Long term funding by currency[2]



Long term funding by product[2]



1. Includes the categories 'central bank deposits' and 'due to other financial institutions'. 2. Includes IFRS MTM and derivative FX revaluation, and includes debt with an original maturity or call date of greater than 12 months (including loan capital). 3. Represents the weighted average maturity of outstanding long term wholesale debt with a residual maturity greater than 12 months as at reporting date. 4. Additional Tier 1 and Tier 2 Capital.

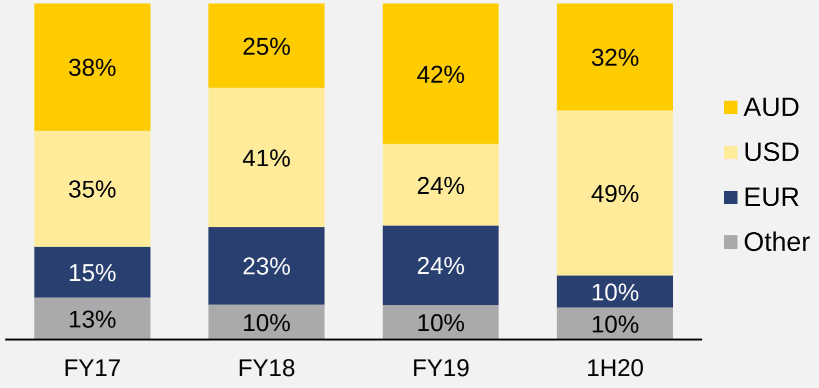
Long term funding

$12bn long term wholesale funding issuance completed 1H20

Group 1H20 benchmark issuance

Date	Entity	Type	Tenor (yr)	Volume (m)	Spread at Issue (bpts)
Aug 19	ASB	NZD Senior	3	NZD 600	MS + 85
Sep 19	CBA	USD Tier 2	15NC10/20	USD 2,500	T+205 / T+170
Sep 19	ASB	EUR Senior	10	EUR 500	MS + 65
Oct 19	CBA	USD Covered	3	USD 1,500	MS + 30
Nov 19	CBA	AUD Tier 1	7.5	AUD 1,650	3m BBSW +300
Dec 19	CBA	Securitisation	2.9	AUD 1,500	AONIA + 125

New term issuance by currency



New term issuance by tenor

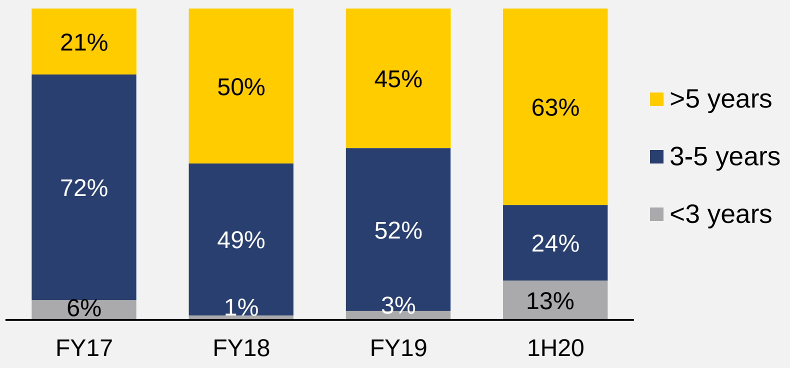
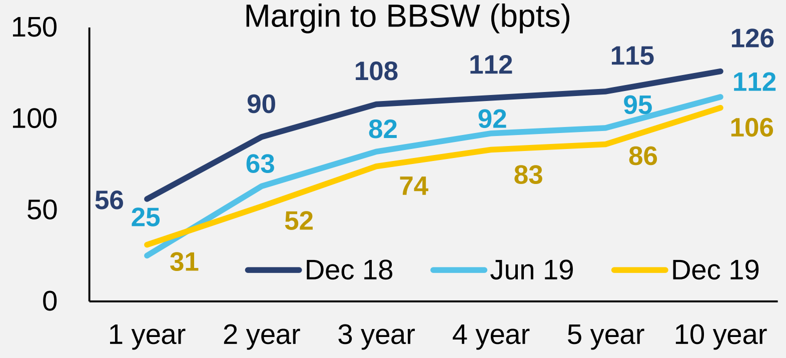
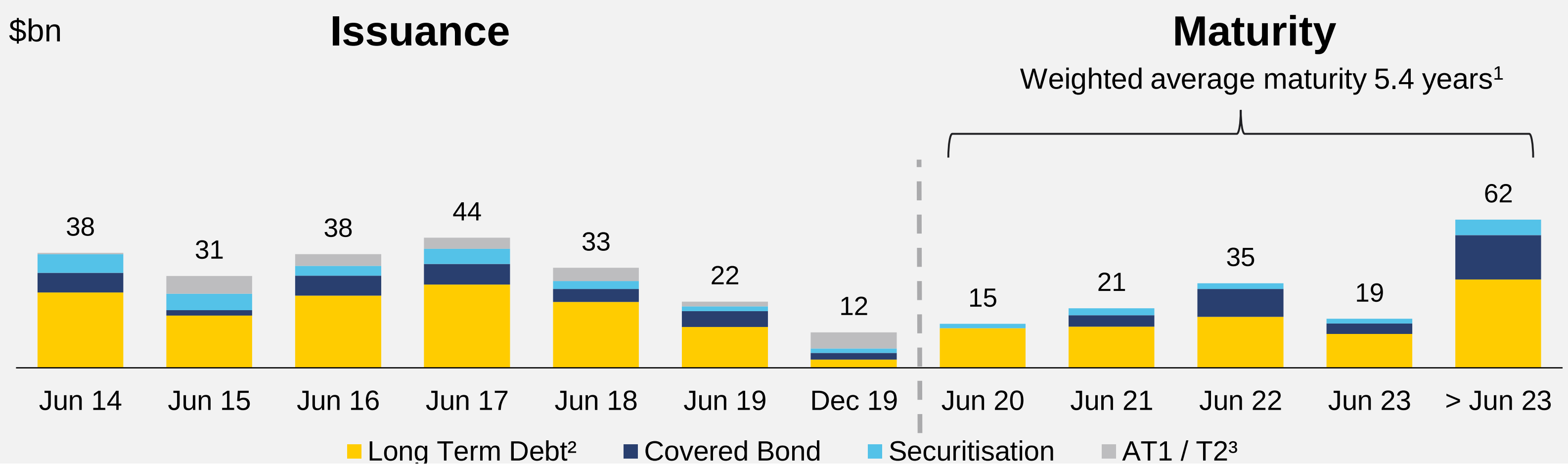


Chart totals do not add to 100% due to rounding.

Indicative funding cost curves



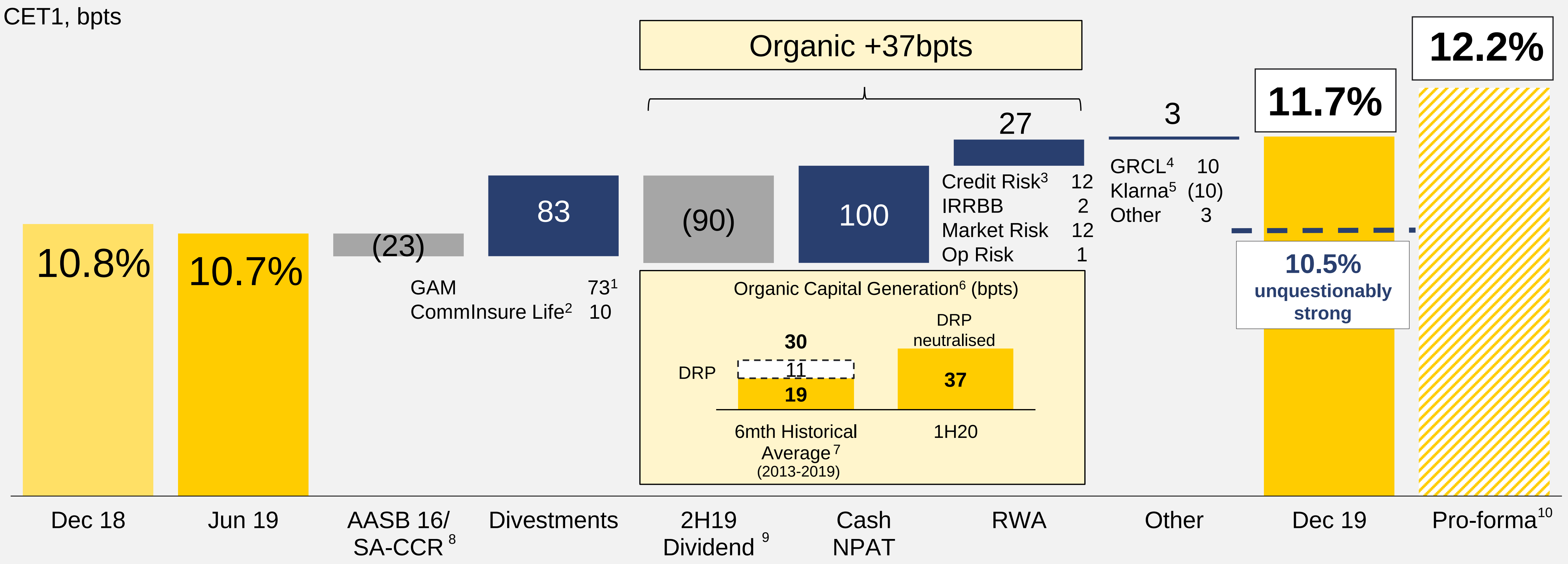
Issuance / Maturity



1. Represents the weighted average maturity of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 December 2019. 2. Includes Senior Bonds and Structured MTN. 3. Additional Tier 1 and Tier 2 Capital.

CET1 Capital (Banking Group "Level 2")

Continuing to generate strong organic capital despite elevated payout ratio

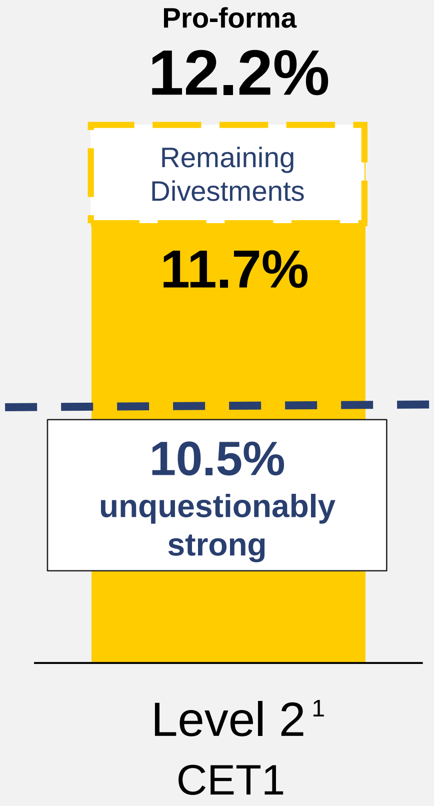


1. Divestment of CFS GAM revised to 73bpts following finalisation of transaction (price adjustment, transaction costs, and tax). 2. CommInsure Life reflects the benefit from cash proceeds received in 1H20. 3. Excludes RWA's from the implementation of AASB 16 and SA-CCR. 4. Effective 31 December 2019, the Group's General Reserve for Credit Losses (GRCL) is lower than the provision recognised for accounting purposes, resulting in no additional GRCL requirement. 5. Strategic investment in Klarna. 6. Organic capital generation is Cash NPAT less dividends (net of DRP) and underlying RWA (excluding major regulatory treatments). 7. Historical average since implementation of Basel III in 2013. 8. APS180 Standardised Approach to measuring counterparty credit risk (SA-CCR): impact revised from 7bpts to 12bpts following model refinement and consultation with APRA. 9. 2019 final dividend included the on market purchase of shares in respect of the DRP. 10. Pro-forma includes expected CET1 uplift from the finalisation of remaining divestments - CommInsure Life 29bpts, BoComm 18bpts, and PTCL 7bpts.

Capital management

Surplus capital position provides opportunity to consider capital management initiatives

Prevailing Operating Conditions



- Third successive DRP neutralisation - $0.5bn[2] on market share buyback
- Future capital management initiatives aim to underpin lower share count, dividends
- Targeting a gradual return to our 70-80% full year payout range – at the top end of that range we can continue to generate organic capital and excess franking credits

Prepared for a range of possible macro-economic outcomes

- Capital planning includes consideration of changes in RWA (growth/quality) or earnings that may arise from alternative economic scenarios.
- Capital management tools available under alternative scenarios/outcomes include the issuance of shares under the DRP, a discounted DRP, underwritten dividend or the raising of capital.

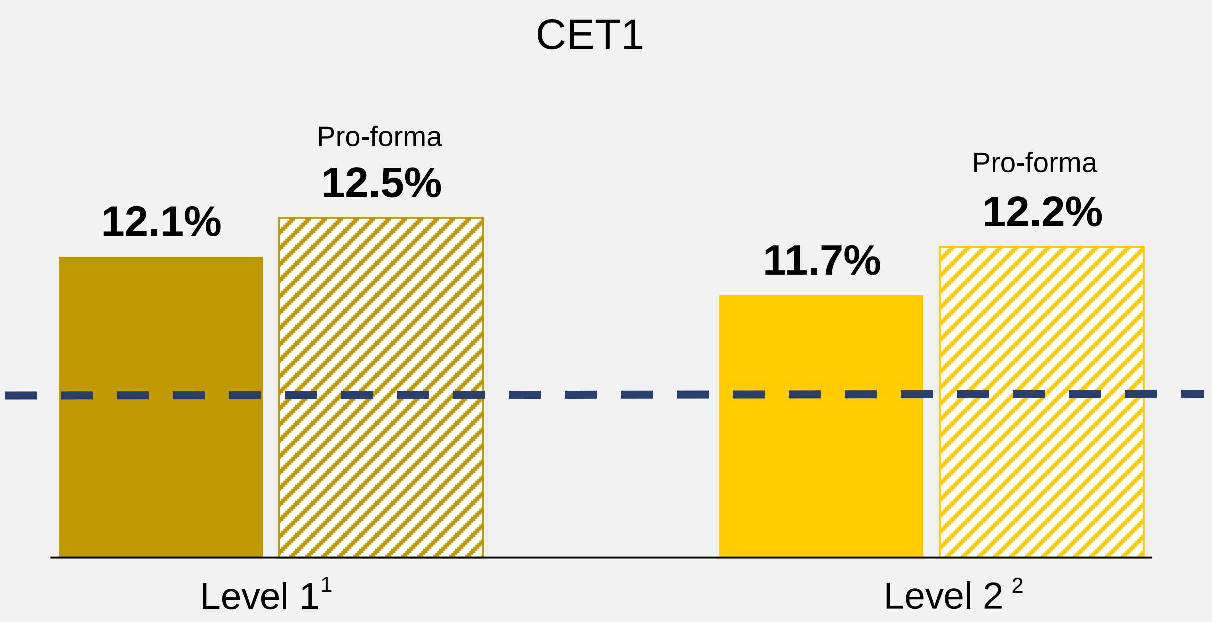
1. Level 2 is the consolidated banking group (including banking subsidiaries such as ASB Bank, PT Bank Commonwealth (Indonesia) etc.) and excluding the insurance and funds management businesses.
2. Assuming 15% participation rate in 1H20 interim dividend reinvestment plan.

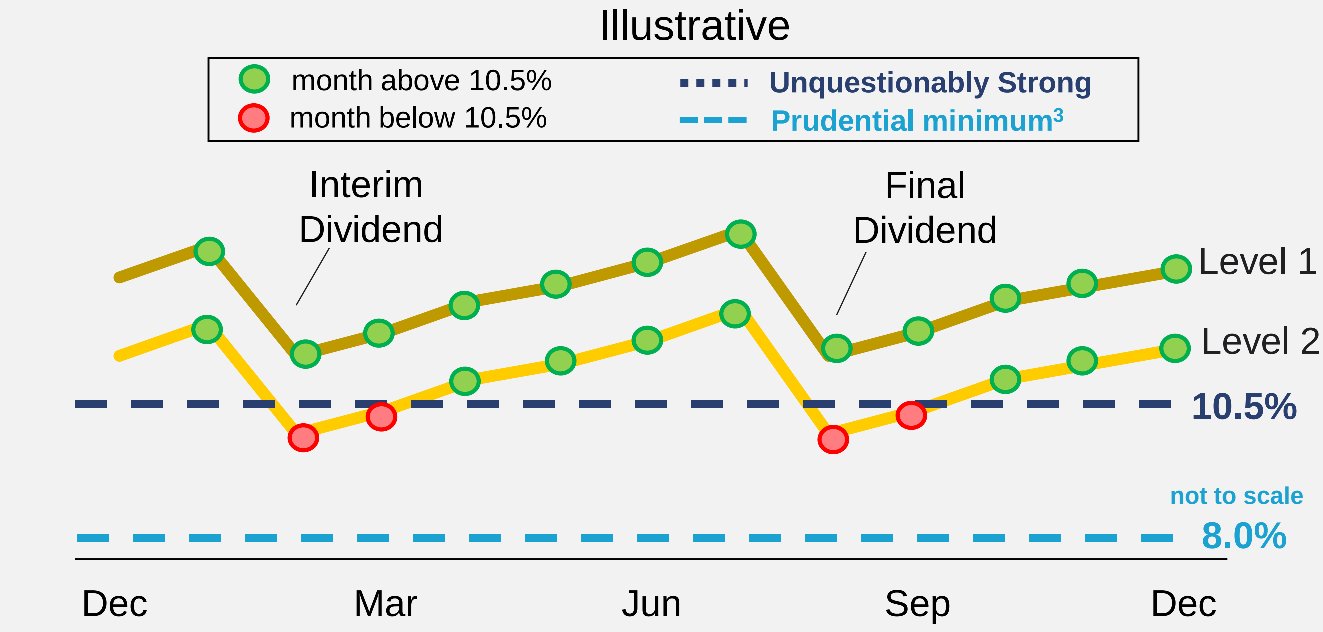
Unquestionably strong

Significant capital surplus at both Level 1 and Level 2 – clarity on capital targets

- Very strong surplus at both Level 1 and Level 2
- Capital management and planning gives consideration to both Level 1 and Level 2 capital
- Strong franchise capital generation provides added flexibility

- Target at or above 10.5% for majority of year (7mths+)
- Binding constraint is the lower of Level 1 and Level 2
- Historical track record:
  – Net organic capital generation (after dividend) of ~$2bn (~40bpts) p.a.; and
  – DRP can raise a further $0.5bn (undiscounted) to $1.5bn (discounted) per half (approximately +20-65bpts p.a.)

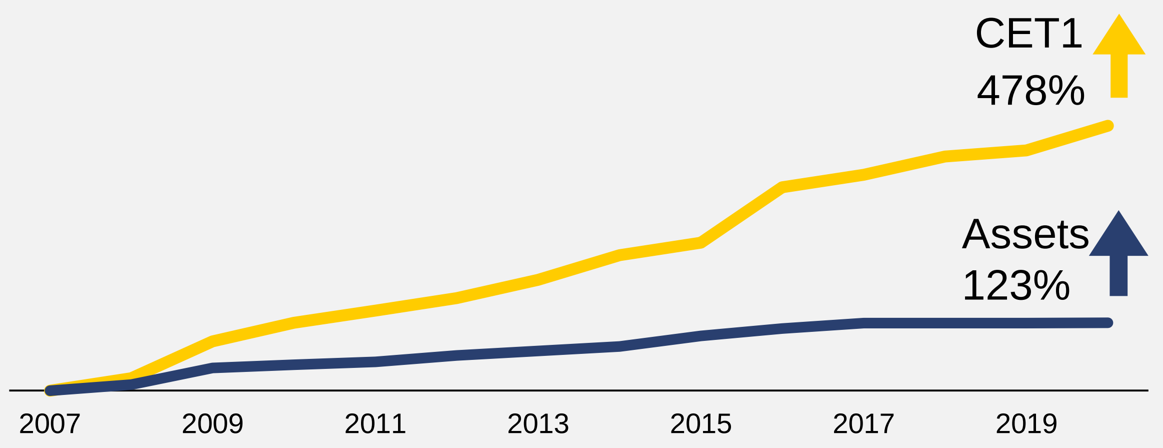


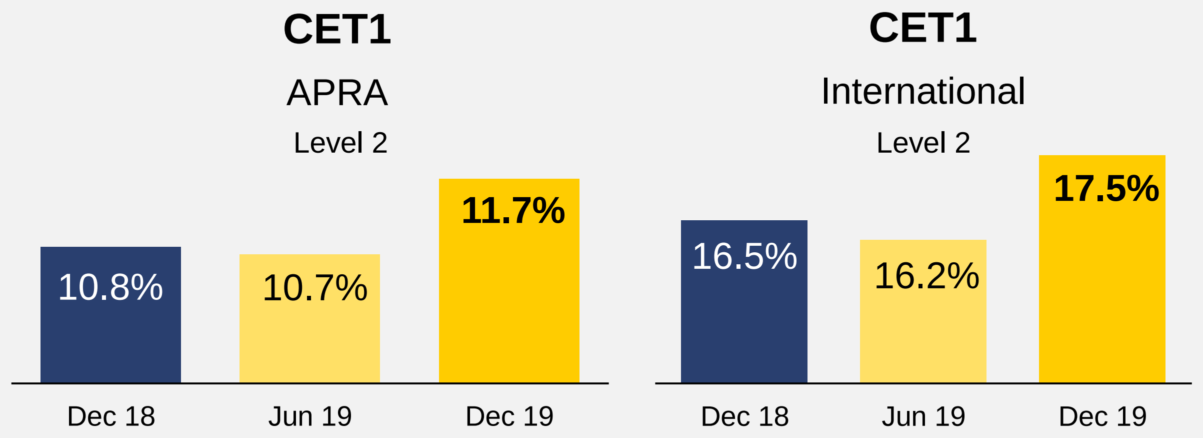


1. Level 1 is the CBA parent bank, offshore branches, and extended license entities approved by APRA. 2. Level 2 is the consolidated banking group (including banking subsidiaries such as ASB Bank, PT Bank Commonwealth (Indonesia) etc.) and excluding the insurance and funds management businesses. 3. Under APS 111, if CET1 Capital levels fall below 8% then restrictions may be placed on the portion of earnings available for the payment of dividends and other discretionary payments.

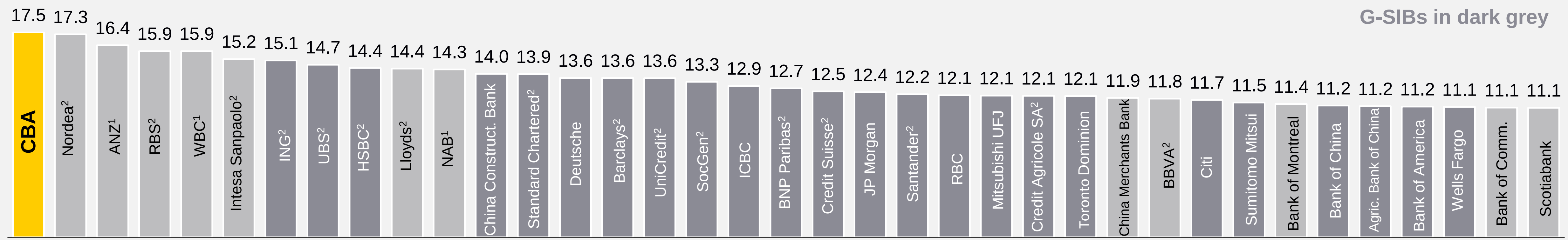
Capital overview

Strong capital position maintained





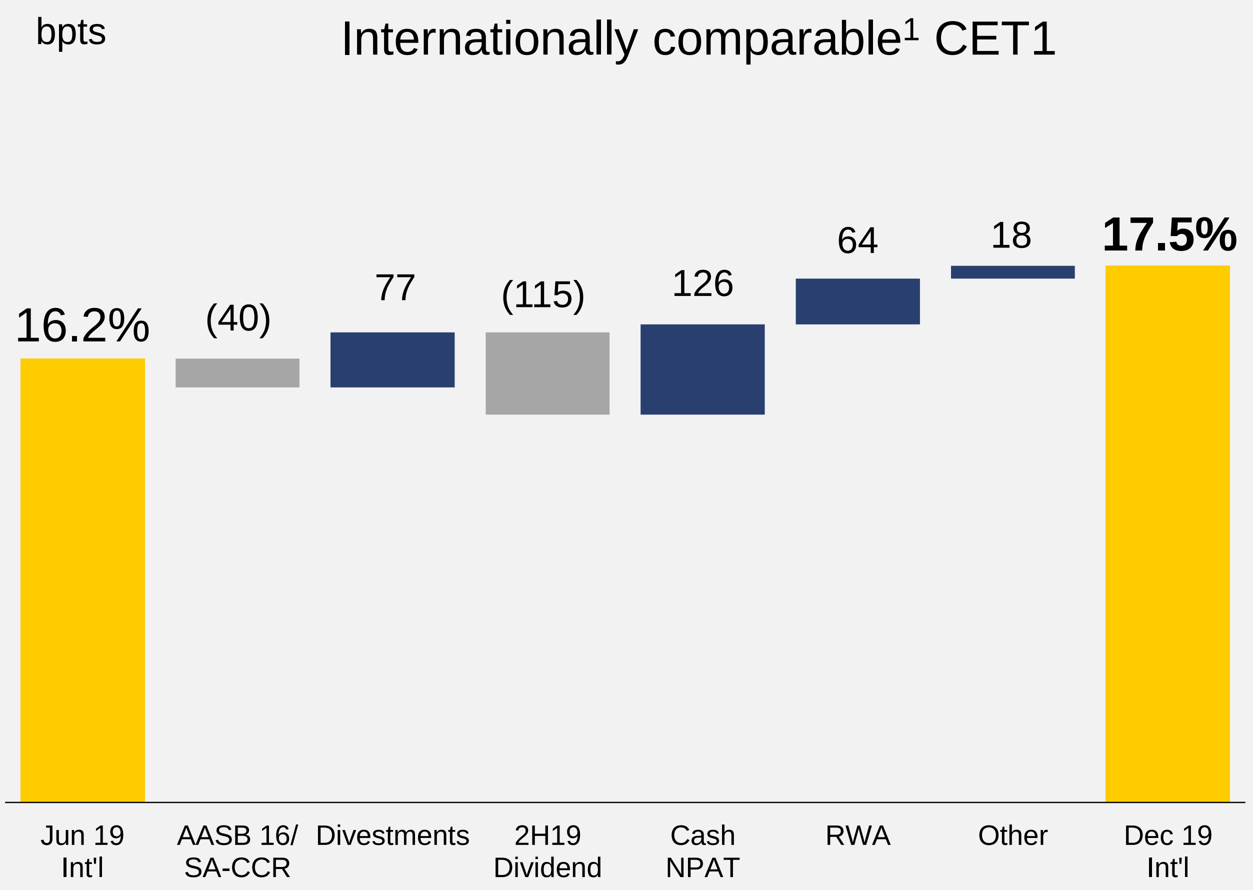
International CET1 ratios



Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 6 February 2020 assuming Basel III capital reforms fully implemented. Peer group comprises listed commercial banks with total assets in excess of A$900 billion and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate. 1. Domestic peer figures as at 30 September 2019. 2. Deduction for accrued expected future dividends added back for comparability.

CET1 – internationally comparable

The Group's CET1 ratio of 11.7% translates to 17.5% on an international basis, up from 16.2%



CET1 APRA	**11.7%**
Equity investments	1.0%
Capitalised expenses	0.1%
Deferred tax assets	0.4%
IRRBB RWA	0.2%
Residential mortgages	2.3%
Other retail standardised exposures	0.1%
Unsecured non-retail exposures	0.4%
Non-retail undrawn commitments	0.4%
Specialised lending	0.8%
Currency conversion	0.1%
CET1 internationally comparable	**17.5%**
Tier 1 internationally comparable	**20.5%**
Total capital internationally comparable	**24.6%**

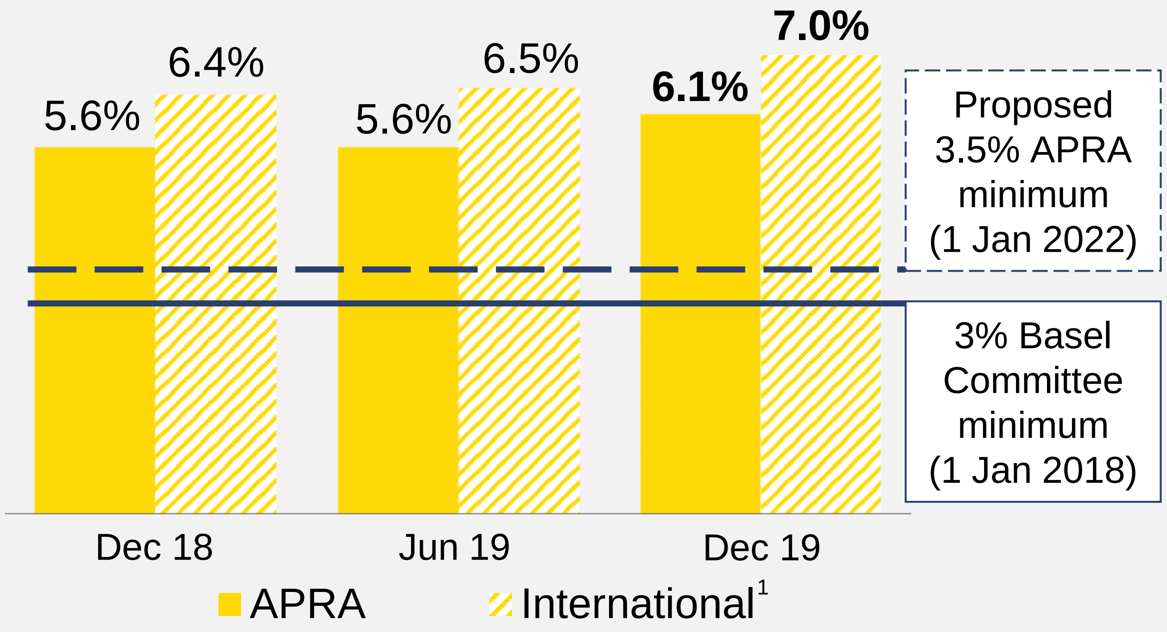
1. Internationally comparable capital - refer glossary for definition.

Leverage ratio

CBA leverage ratio well above proposed APRA minimum

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

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



$m	Dec 19
Tier 1 Capital	63,218
Total Exposures	1,040,423
Leverage Ratio (APRA)	**6.1%**

$m	Dec 19
Group Total Assets	**979,868**
Less subsidiaries outside the scope of regulatory consolidations	(7,283)
Add net derivative adjustment	1,832
Add securities financing transactions	307
Less asset amounts deducted from Tier 1 Capital	(18,250)
Add off balance sheet exposures	83,949
Total Exposures	**1,040,423**

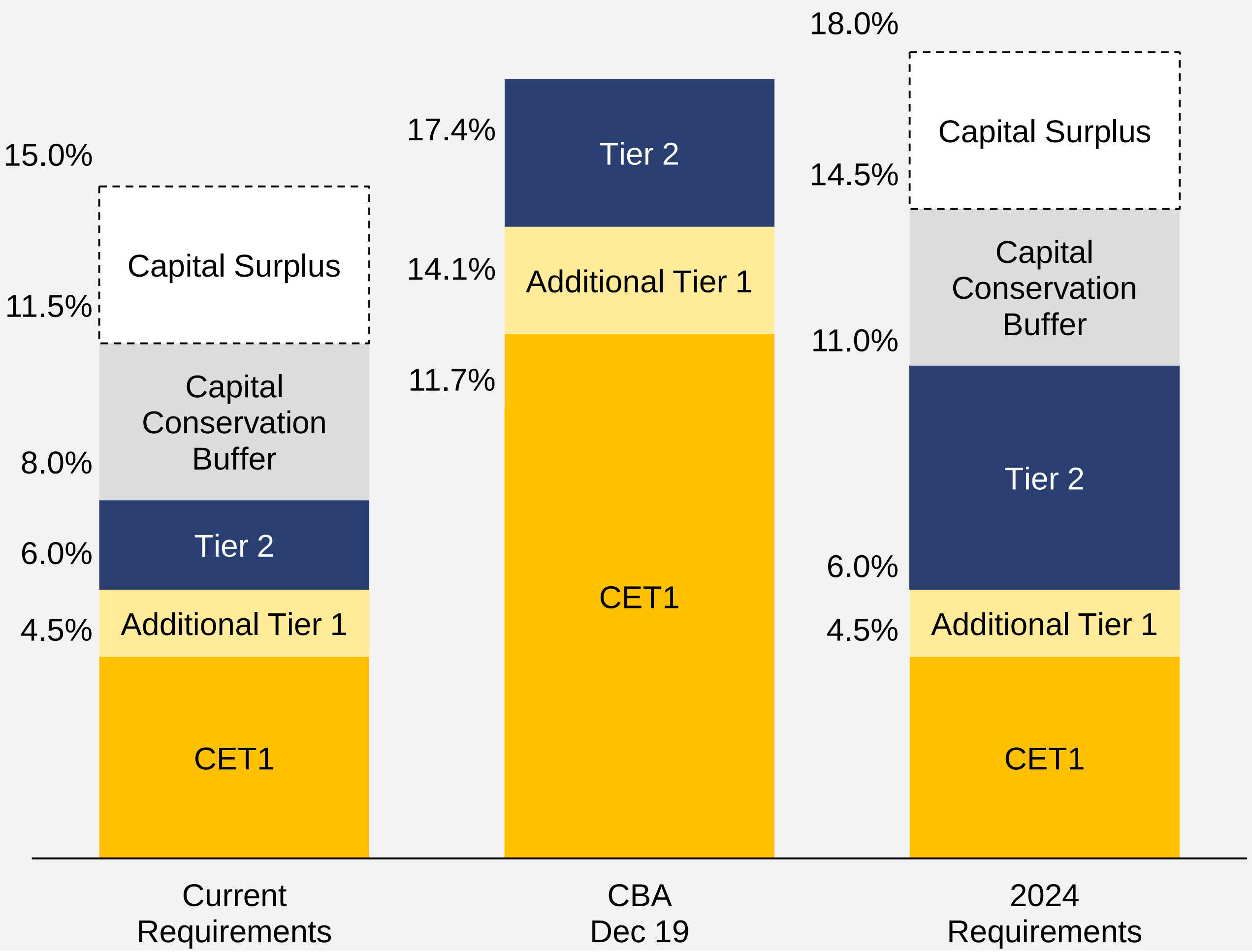
1. The Tier 1 capital included in the calculation of the internationally comparable leverage ratio aligns with the 13 July 2015 APRA study entitled "International capital comparison study", and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

Regulatory capital changes

Change	Details	Implementation
APRA's unquestionably strong	• Capital to exceed unquestionably strong benchmark of CET1 >10.5% by 1 Jan 2020.	1 Jan 2020
APRA's revisions to the ADI capital framework	APRA commenced consultation on: • Revisions to risk-based capital requirements for credit, interest rate risk in the banking book and operational risk; • Transparency, comparability and flexibility of the ADI capital framework; and • Measurement of capital (APS 111), including capital treatment of parent ADI investments in banking and insurance subsidiaries. APRA is expected to commence consultation on the Fundamental Review of the Trading Book in 2020 (APS 116)	1 Jan 2022 (APS 111 and Operational RWA Jan 2021, APS 116 2023)
Loss Absorbing Capacity ("LAC")	• Total Capital increase of 3% for all domestically systemically important banks (D-SIBs)	1 Jan 2024
RBNZ Capital Review	• RWA of internal ratings based banks will increase to 90% of that required under a standardised approach; • D-SIB Tier 1 capital requirement of 16% with at least 13.5% in the form of CET1; and • Implementation from Jul 2020 with a transitional period of 7 years.	1 Jul 2027 (7 year transition period from Jul 2020)
Leverage ratio	• Proposed minimum 3.5% from 1 Jan 2022.	1 Jan 2022
APS 220 Credit Risk Management	• Enhancements covering a broad range of issues including credit standards, ongoing monitoring and management of credit portfolios and Board oversight. From a regulatory capital perspective, proposals include the removal of the General Reserve for Credit Losses (GRCL) from provision requirements. Consultation closed Jun 2019.	1 Jan 2021

APRA's LAC requirements

3% increase in Total Capital by 2024 to increase loss absorbing capacity (LAC)



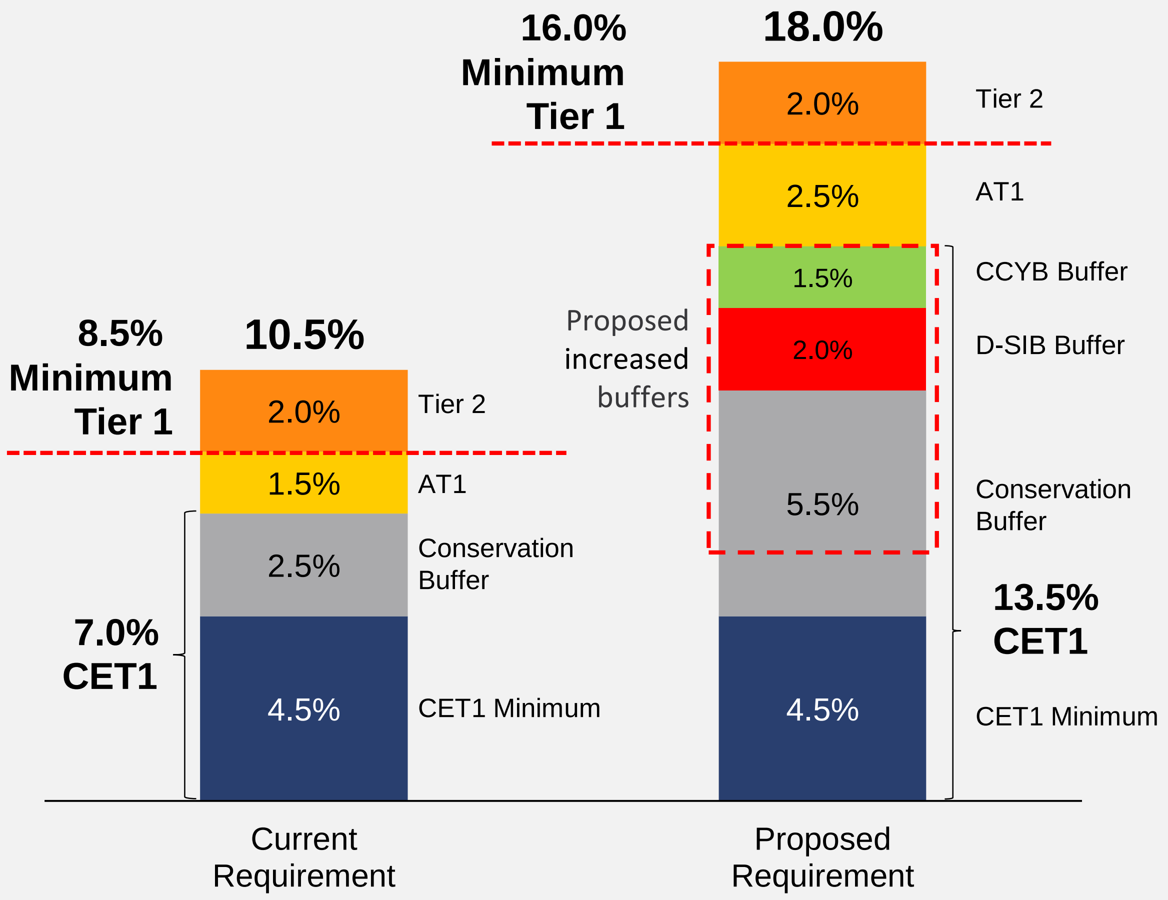
- Additional 3% of RWA in Total Capital applicable to all domestically systemically important banks (D-SIBs) by 1 Jan 24.
- This represents additional $13.5bn of Total Capital requirement for CBA.
- 1H20 LAC qualifying issuances included $1.65bn Additional Tier 1 and $3.8bn Tier 2.
- Over the next four years, APRA will consider feasible alternative methods for raising additional 1-2% of RWA, in consultation with industry and other stakeholders.

$bn	Dec 19
Risk Weighted Assets	449.2
Tier 2 requirement @ 5%	22.5
Existing Tier 2 at Dec 19 @ 3.3%	14.7
Current shortfall (excluding AT 1)	7.8

RBNZ capital requirements

New Zealand Tier 1 minimum to increase to 16%

RBNZ capital requirement changes



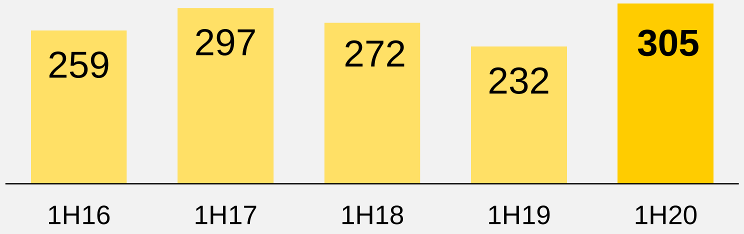
- ASB will require an additional ~NZ$3bn in Tier 1 capital (of which ~NZ$2.5bn must be CET1 capital) assuming current balance sheet size and composition, and under APRA's proposed revisions to APS111, an equity injection of additional capital into ASB over the transition period would eventually result in a reduction in CBA's Level 1 CET1 ratio.
- Implementation to commence from July 2020 with a transitional period of 7 years.
- CBA's Level 2 CET1 ratio will not be affected by these requirements.
- CBA well placed to meet changes and will consider ways to minimise the financial impact from the requirements while supporting our customers and growth in the New Zealand economy.

Balanced Outcomes

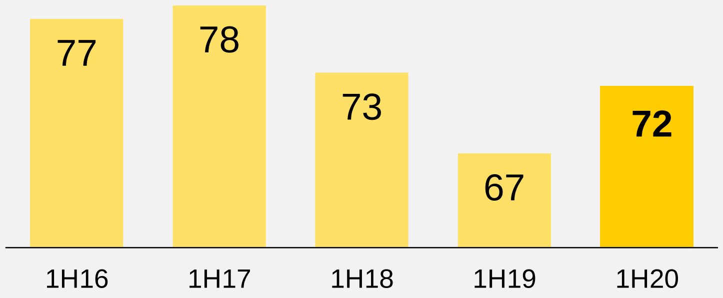
A better bank

Delivering balanced and consistent outcomes

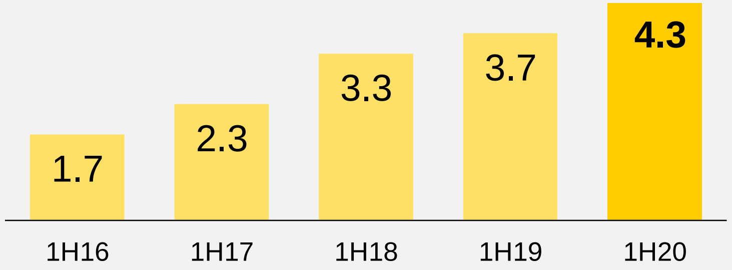
Start Smart
Students booked for Start Smart classes ('000)[1]



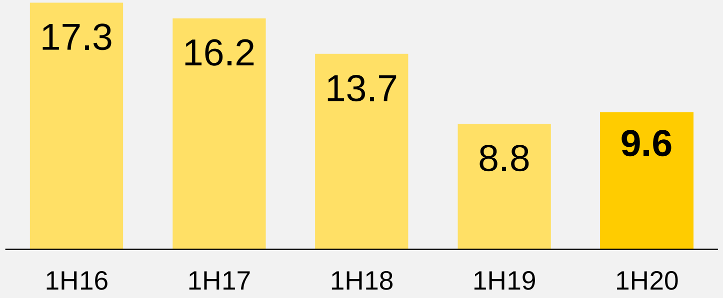
Employee engagement
CBA Employee Engagement Index (%)[2]



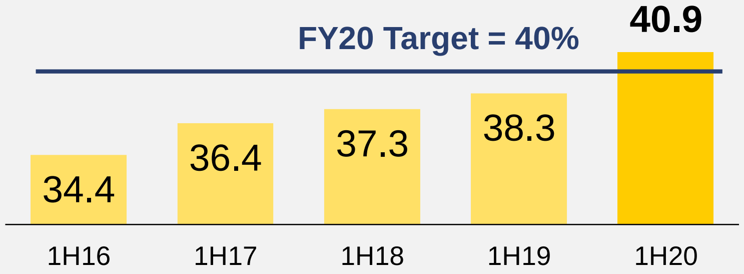
Renewable energy
Exposure ($bn)[3]



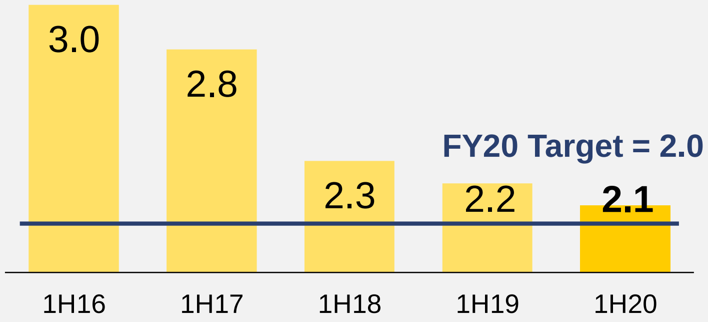
Pro bono and volunteering
Hours of in-kind support ('000)[4]



Women in management
Representation in Executive Manager and above roles (%)[5]



Operations emissions intensity
Emissions per FTE, Scope 1+2, Australia (CO_2-e/FTE)



1. Start Smart sessions cover different topics and the same student may be booked to attend a number of sessions. 2. People and Culture survey measures satisfaction, retention, advocacy and pride, showing the proportion of employees replying with a score of 4 or 5. 3. Includes lending and banking services. 4. CBA and Bankwest volunteering hours. 5. Excludes ASB.

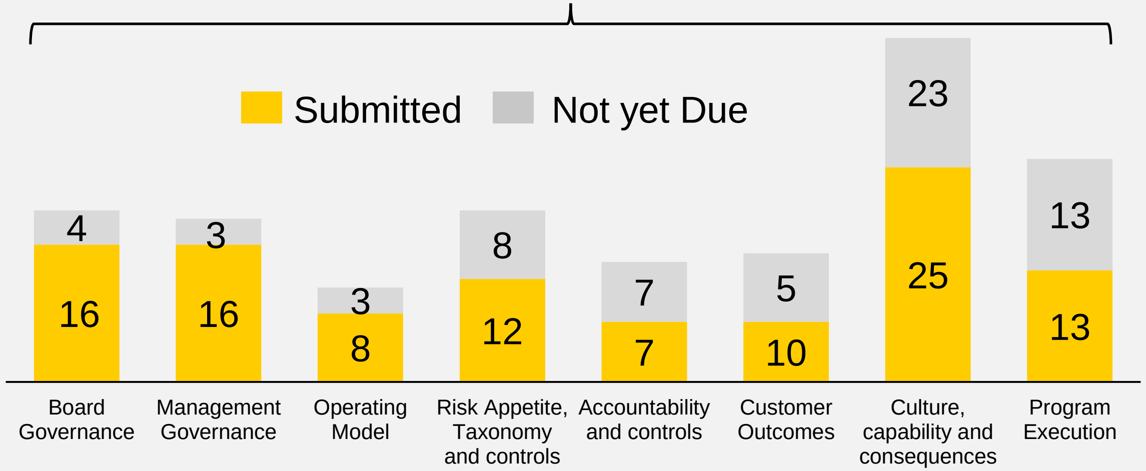
A better bank

Progress underway on Remedial Action Plan and Royal Commission recommendations

Remedial Action Plan[1]

Dec 19

107
submitted[2]

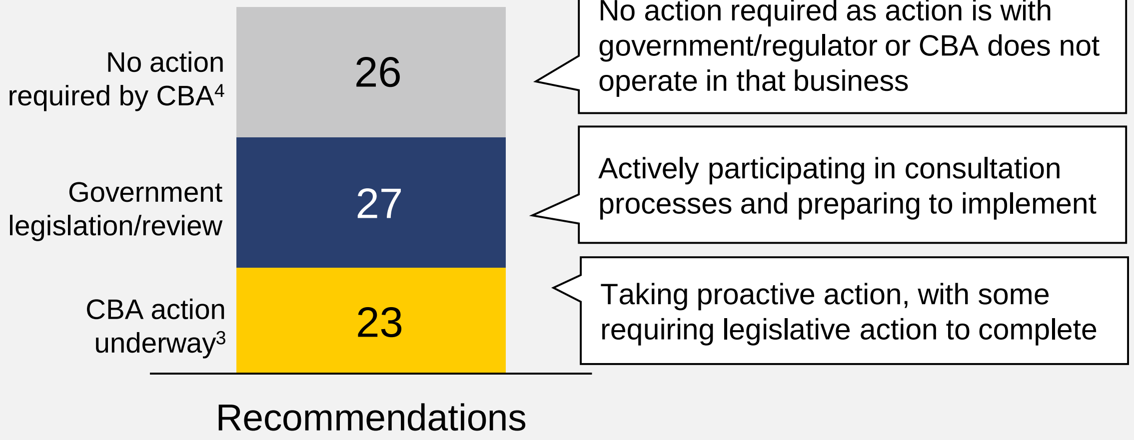


- 62% of milestones submitted[2]
- All milestones to be submitted by June 2021

Royal Commission

Dec 19

23
underway[3]



- Working closely with industry bodies to progress industry-wide reforms
- Action taken forms part of a wider program of reform at CBA

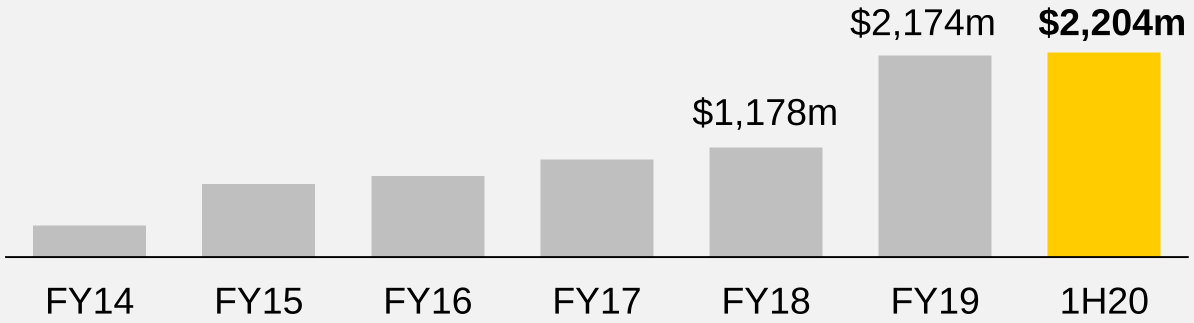
1. The Remedial Action Plan is CBA’s response to the recommendations contained in the Final Report of the Australia Prudential Regulation Authority (APRA) Prudential Inquiry into CBA released in May 18. Reflects revised milestones as outlined in the Independent Reviewers most recently published report. 2. To Independent Reviewer. 3. Recommendations that are underway - some requiring legislative action to complete. 4. No action required as action is with Government/ regulator or CBA does not operate in that business.

Customer remediation

Committed to remediating customer quickly

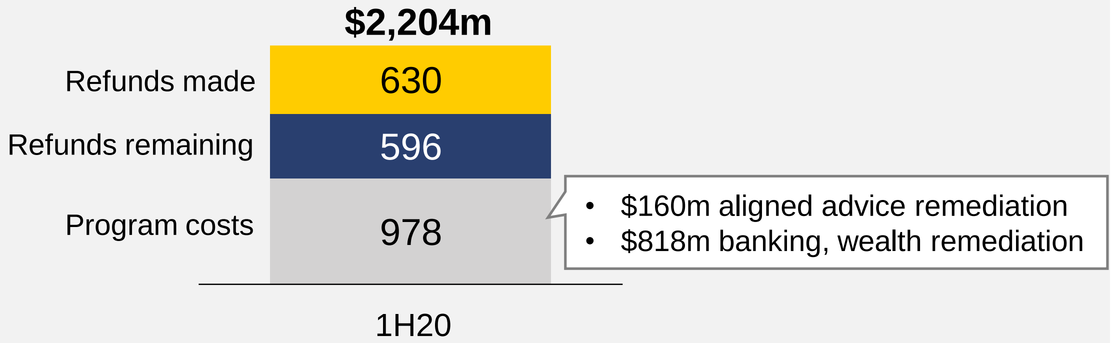
Remediation and program costs

Cumulative spend and provisions

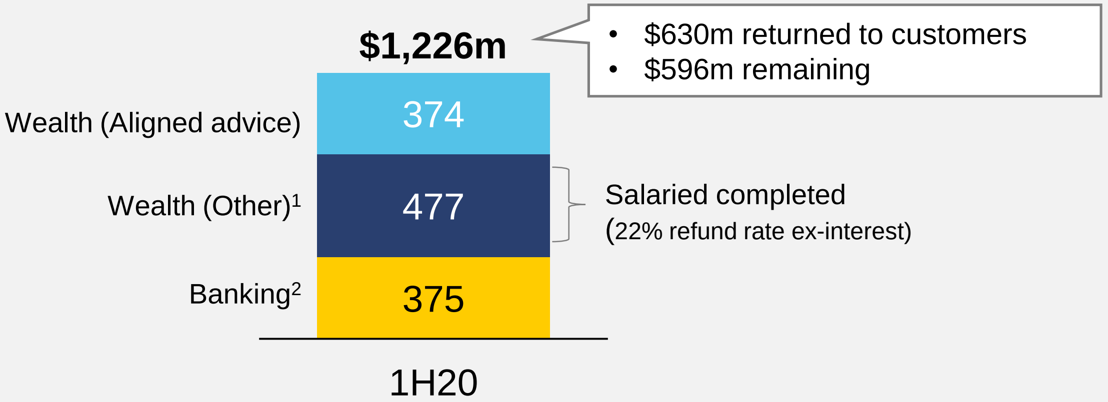


Composition

Cumulative spend and provisions



Customer Refunds



Aligned Advice remediation – key assumptions

	Salaried	Aligned Advice
Period	FY09-FY18	FY09-FY18
Estimated fees received by advisors	~$0.5bn	~$1bn
Refund rate excluding interest	22%	24%[3]
Refund rate including interest	27%	36%

1. Includes an estimate of refunds and interest to customers relating to advice quality, fees where no service was provided in the Commonwealth Financial Planning Business, Credit Card Plus, CommInsure Life Insurance and Loan Protection Insurance. 2. Includes Business banking remediation, package fees, interest and fee remediation. 3. An increase/(decrease) in the failure rate by 1% would result in an increase/(decrease) in the provision of approximately $20 million.

Increased regulatory requirements

Engaging with our regulators across a range of matters

- **Royal Commission** – addressing recommendations and implementing the necessary changes, regulators investigating referred matters
- **APRA** – delivering all 173 milestones of the Remedial Action Plan, with updates to APRA by the Independent reviewer every 3 months. Delivering on APRA requirements and recommendations as part of their ongoing prudential supervision
- **ASIC** – focused on constructive and transparent engagement across a range of matters including close and continuous monitoring, industry and targeted reviews, current enforceable undertakings and investigation of a range of matters breach reported and/or considered by the Royal Commission, including several investigations relating to the superannuation and financial advice businesses
- **Financial crime** – continued strengthening of financial crime capabilities, responding to ongoing requests from domestic and offshore regulators
- **Risk uplift** – engaging with regulators on large improvement programs for data management and privacy
- **Remediation and compliance programs** – investigating and scoping programs, remediating and refunding customers and fixing business processes and systems
- **Banking Code of Practice** – new code from 1 July 2019
- **New legislation** – delivering on key government policies on comprehensive credit reporting and open banking
- **New regulatory obligations** – ensuring compliance with new requirements, including data security, large credit exposures and compliance with RBNZ BS11 requirements for our New Zealand subsidiary ASB
- **Litigation** – managing litigation including the ongoing CBA shareholder and four superannuation class actions
- **Employee matters** – working with Fair Work Ombudsman to assist with its investigation into issues relating to employee arrangements and entitlements, and engaging with other key stakeholders

The Bank and its operations are subject to heightened regulatory scrutiny and requirements. Regulatory actions (including potential enforcement actions) or policy changes may negatively impact the Bank's financial position or standing. There are a range of matters where the outcome and any associated costs cannot be reliably estimated. For further disclosure refer to Note 7.2 to the Financial Statements in the Group's 31 December 2019 Profit Announcement.

A better bank

Climate change risks and opportunities

Understanding and managing risk

- We report our approach to managing climate change risk in line with the recommendations of the **Task-Force on Climate-related Financial Disclosures** (TCFD)[1,2]
- Undertake detailed **climate scenario analysis** to understand the impact of climate change on the Bank and our customers:
  - Home lending and insurance portfolio - physical risk[1]
  - Business lending - transition risk[1]
  - Agribusiness lending - physical risk[2]
- **Assessing carbon emissions** of our business lending portfolio[3] and equity investments[4]
- Compulsory **ESG Risk Assessment** of all Institutional Bank and large business loans

Implementing responses, setting targets

- The Bank's Environmental and Social Policy[5] **climate commitments** include:
  - Exit thermal coal mining and coal fired power generation by 2030, subject to Australia having a secure energy platform
  - Only provide banking and finance activity to new oil, gas or metallurgical coal projects if supported by ESG assessment and in line with the Paris Agreement
- Provide **low carbon project funding** of $15bn by 2025
- Source **100% of our electricity consumption** from renewable energy by 2030 (reached 65% in 1H20 for Australian operations)
- **Reduce operational emissions** per FTE to 2.0tCO2-e by 2020 (2.1tCO2-e in 1H20)

Seizing opportunities

- **Support for low carbon projects** (exposure of $5.1bn as at 30 Jun 19), including renewable electricity generation (exposure of $4.3bn as at 31 Dec 19).
- Informing our Regional and Agribusiness Banking team on climate scenario analysis, to **support direct engagement with our customers** on risks and opportunities
- More than 5,000 home loan customers benefited from CommBank's **green mortgage** cashback offer
- Launched new **Green, Social and Sustainability Funding Framework**[6]

1. For details, see 2018 TCFD reporting commbank.com.au/TCFD2018. 2. For details, see 2019 TCFD reporting commbank.com.au/TCFD2019. 3. The full assessed emissions analysis including the detailed methodology is available at commbank.com.au/CRreporting. 4. See page 61 of the 2019 Annual Report www.commbank.com.au/annualreports. 5. For more information, see commbank.com.au/ESFramework. 6. Available at commbank.com.au/sustainabilityinstruments.

Green, Social and Sustainability Funding Framework

Published February 2020

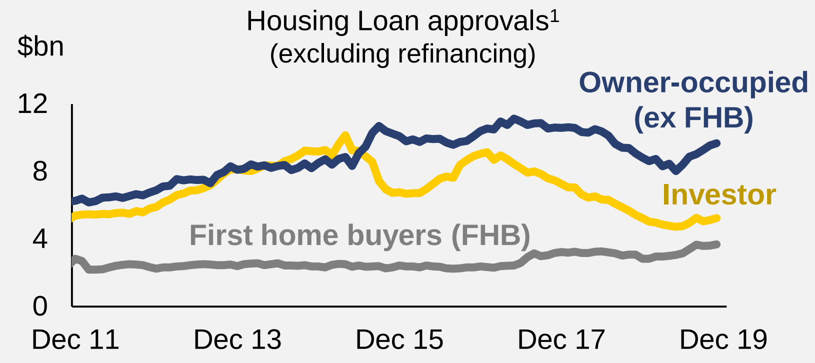
www.commbank.com.au/sustainabilityinstruments

Home Lending

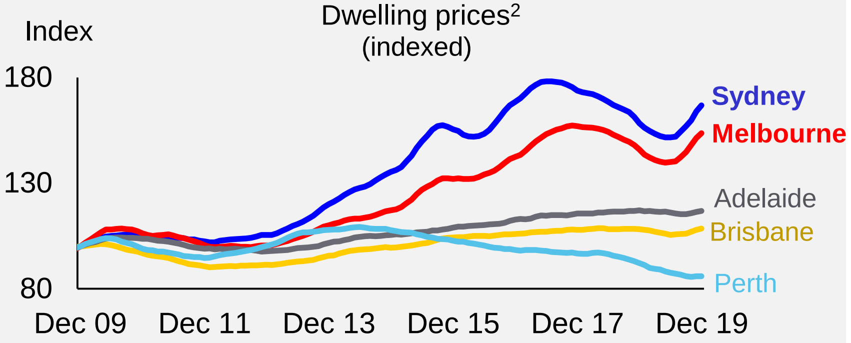
Home lending – system overview

Lower interest rates supporting new lending and debt repayment

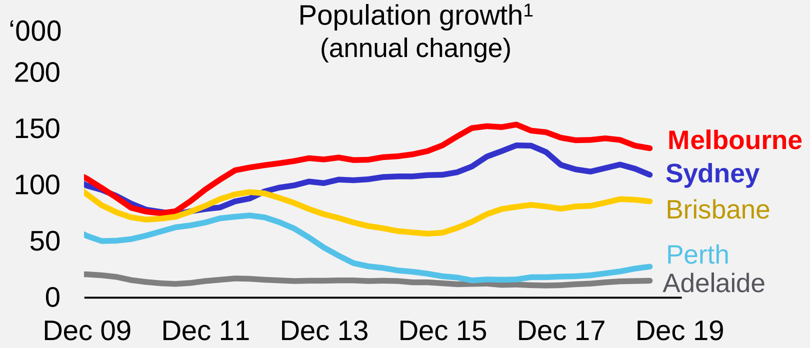
Lower interest rates supportive of new lending



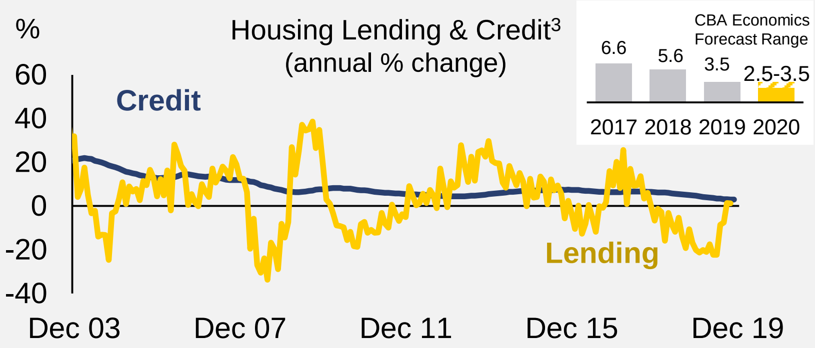
New lending demand underpins rising house prices, particularly in Sydney and Melbourne



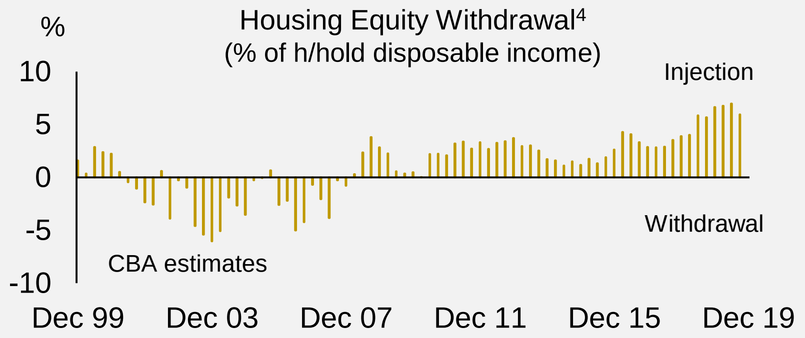
Demand is further supported by population growth



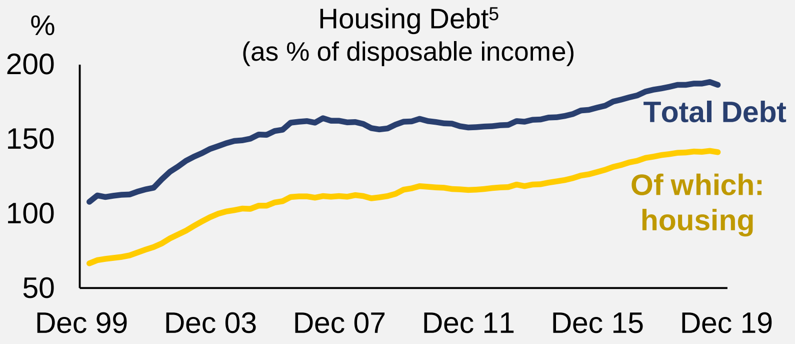
Net system growth remains subdued despite rising lending



as borrowers take advantage of lower rates to pay down debt



…resulting in a stabilisation in household debt to income levels



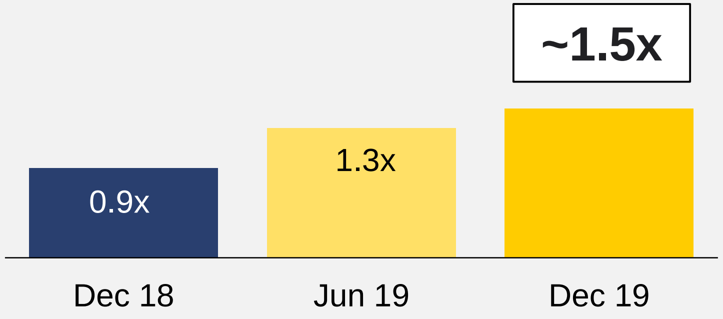
1. Source: ABS. 2. Source: CoreLogic. 3. Source: ABS, RBA. 4. Source: ABS, RBA, CBA. 5. Source: RBA

Home lending – CBA overview

Above system growth driven by new lending in priority segments

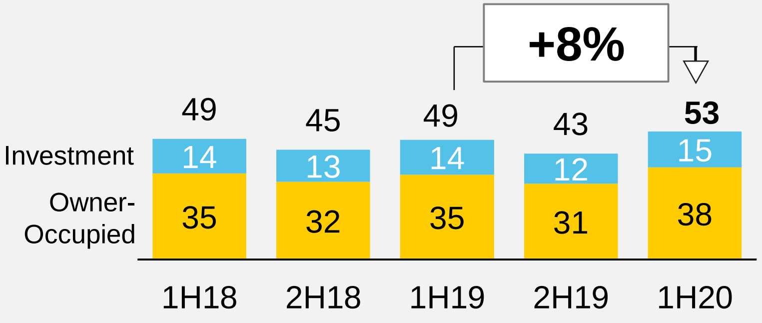
CBA balance growth above system

CBA growth vs system[1]



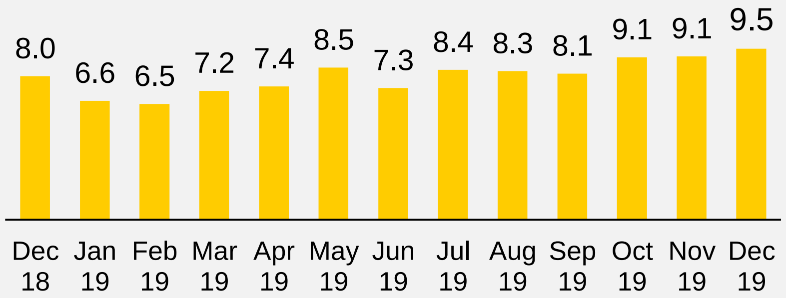
Growth driven by new fundings

Home Loan Fundings ($bn)[2]

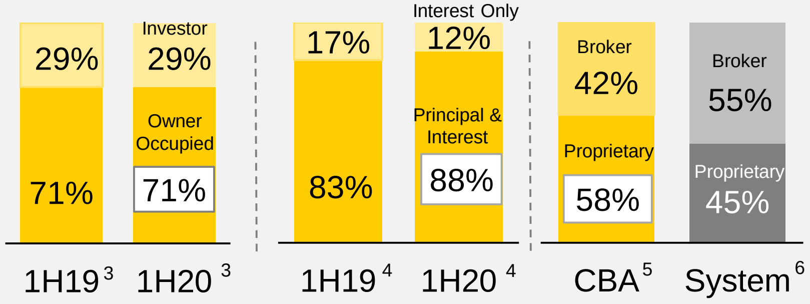


Fundings remain strong

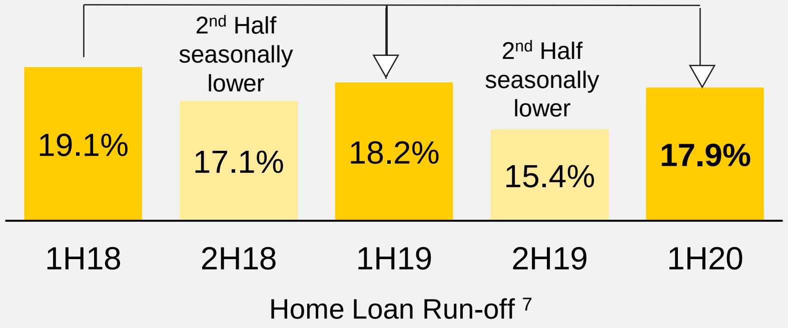
Fundings[2] ($bn)



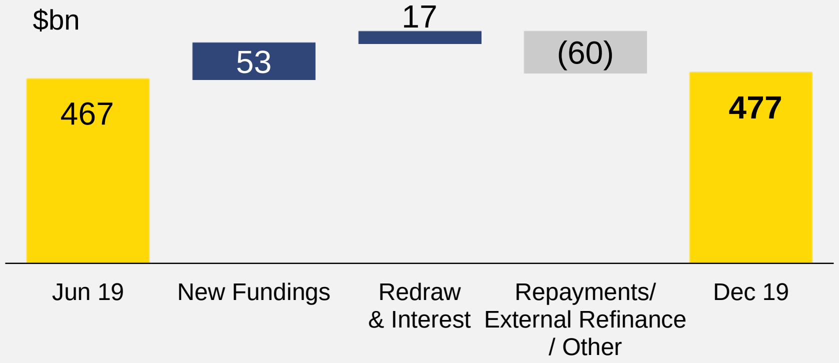
Focus remains on our core market of owner-occupier, proprietary lending



Runoff relatively stable despite lower interest rates



Net growth reflects the combination of new lending, redraws and run-off [8]



1 . System source: RBA Lending and Credit Aggregates. RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019, therefore volume growth has been calculated for the 5 months to December 2019. 2. Includes RBS internal refinancing, excludes Viridian Line of Credit (VLOC) and excludes Bankwest internal refinancing. 3. Includes internal refinancing, excludes VLOC and Bankwest. 4. Calculated on fundings excluding VLOC and Bankwest. 5. Includes VLOC, excludes Bankwest. 6. System is the Sep 2019 quarter data. Source: MFAA. 7. Half yearly run-off annualised. Excludes Bankwest internal refinancing. 8. Presented on a gross basis before value attribution to other business units. Includes RBS internal refinancing, VLOC and excludes Bankwest internal refinancing.

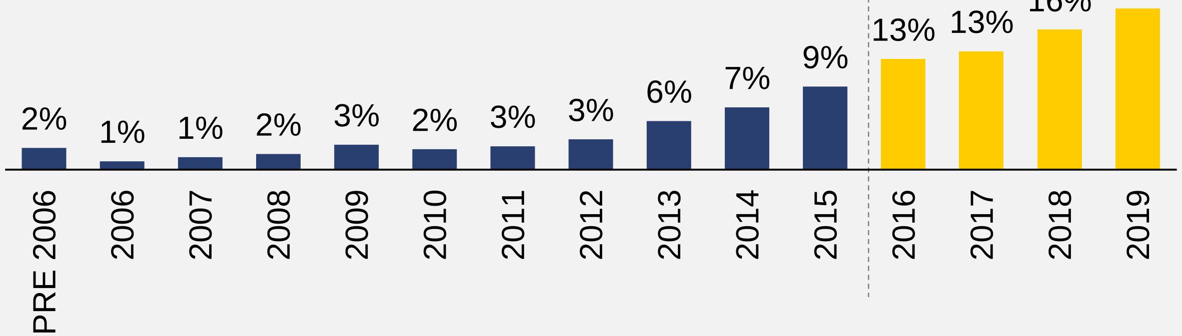
Serviceability assessment[1]

Tighter serviceability and underwriting standards in recent years

~60% of the book originated under tightened standards from 2016

- Serviceability buffers on income and debt in line with regulatory guidance
- Household and income-scaled living expense model applied
- Limits on lending in high risk areas and non-residents
- Serviceability assessments prior to in-life IO switching
- LVR limits on interest only and investment lending
- Limits on lending with high Debt-to-Income ratios
- HEM measure updated periodically
- Data-driven liability verification tools, including Comprehensive Credit Reporting
- Mandatory capture for some expense categories

Mortgage portfolio by year of origination



New Loan Assessment

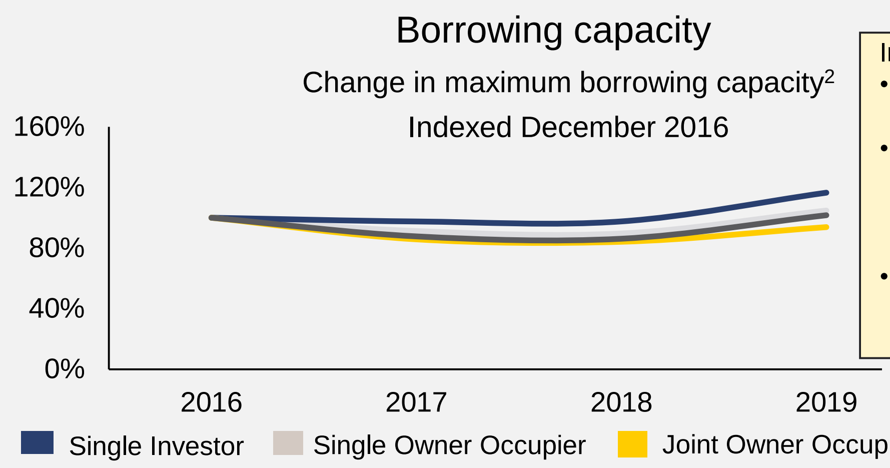
Income	▪ All income used in application to assess serviceability is verified ▪ 80% or lower cap on less stable income sources (e.g rent, bonus) ▪ 90% cap on tax free income, including Government benefits ▪ Limits on investor income allowances, e.g. RBS restrict rental yield to 4.8% and use of negative gearing where LVR>90%
Living Expenses	▪ Living expenses captured for all customers ▪ Servicing calculations use the higher of declared expenses or HEM adjusted by income and household size ▪ Continued focus on reducing HEM reliance
Interest Rates	▪ Assess customer ability to pay based on the higher of the customer rate plus serviceability buffer[2] or minimum floor rate ▪ Interest Only (IO) loans assessed on principal and interest basis over the residual term of the loan

Existing Debt	▪ All existing customer commitments are verified
	▪ Review of transaction statements to identify undisclosed debts
	▪ Automatic review of CBA personal transaction account and Comprehensive Credit Reporting (CCR) data to identify undisclosed customer obligations
	▪ Limits on high Debt-to-Income lending – threshold of 9x, Risk Assessment monitoring from 6x
	▪ For repayments on existing mortgage debt:
	  ▪ CBA & OFI repayments recalculated using the higher of the actual rate plus a buffer or minimum floor over remaining loan term
	  ▪ Credit cards repayments calculated at an assessment rate of 3.82%

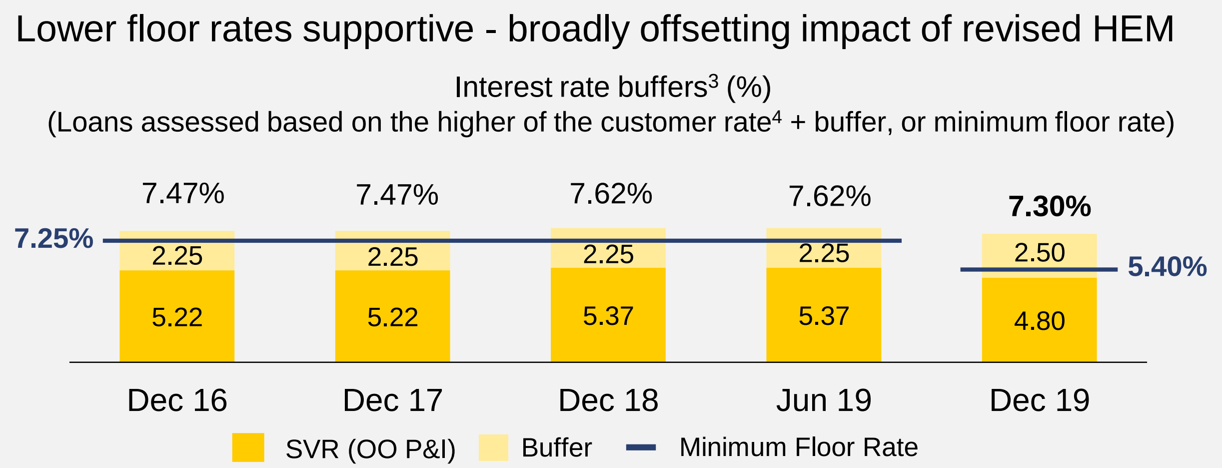
1. CBA excluding Bankwest unless stated otherwise. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Customer rate includes any customer discounts that may apply.

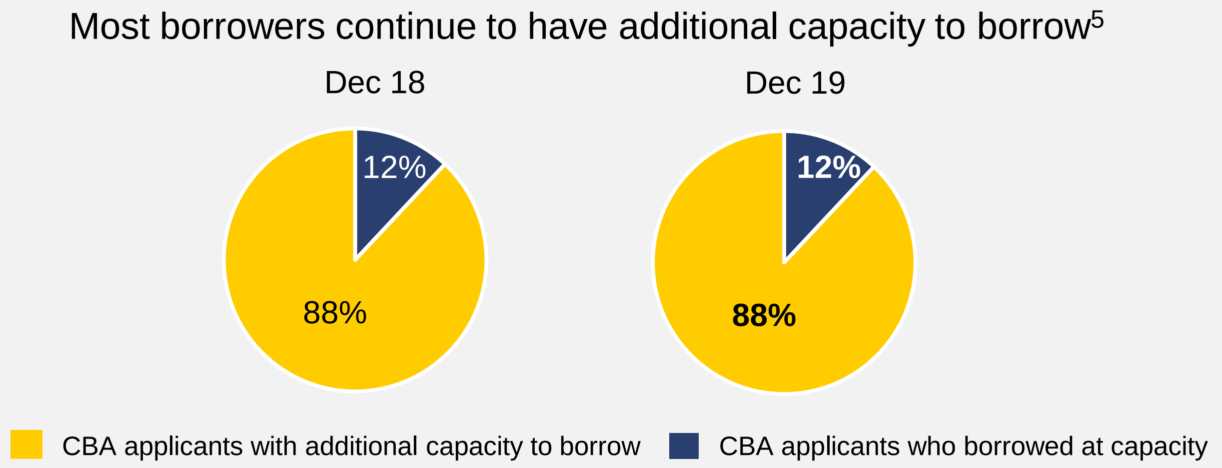
Borrowing capacity[1]

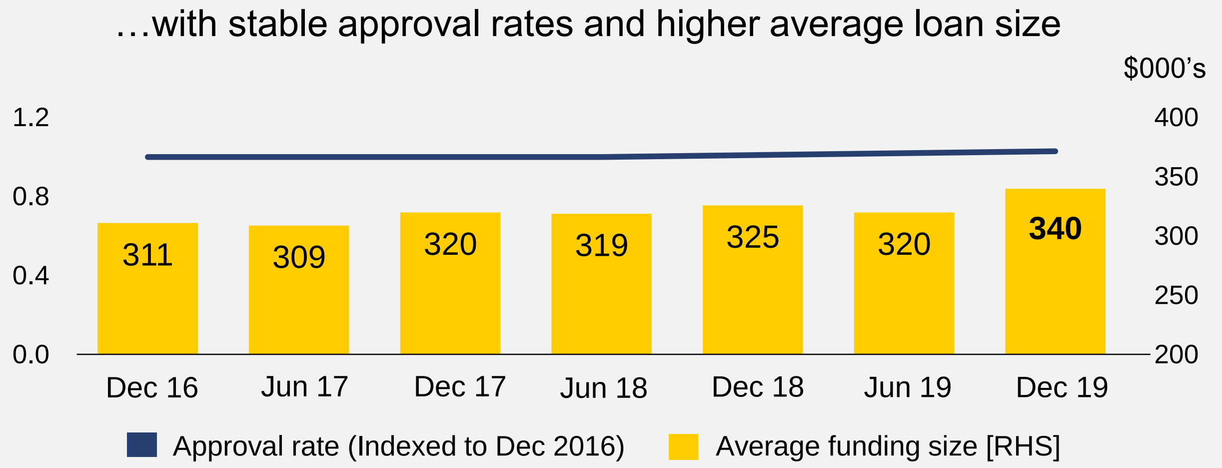
Maintaining credit availability – lending growth well within risk appetite



Increase driven by:
- Reduction in floor assessment rate
- Replacement of 30% loading on OFI mortgages with amortised amounts
- Reduced pricing following cash rate changes



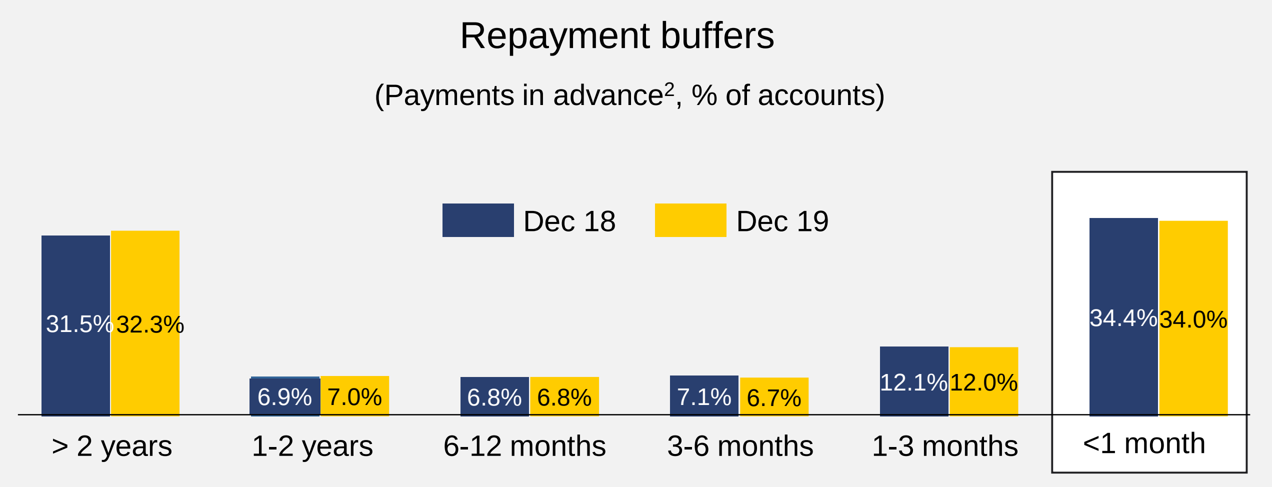


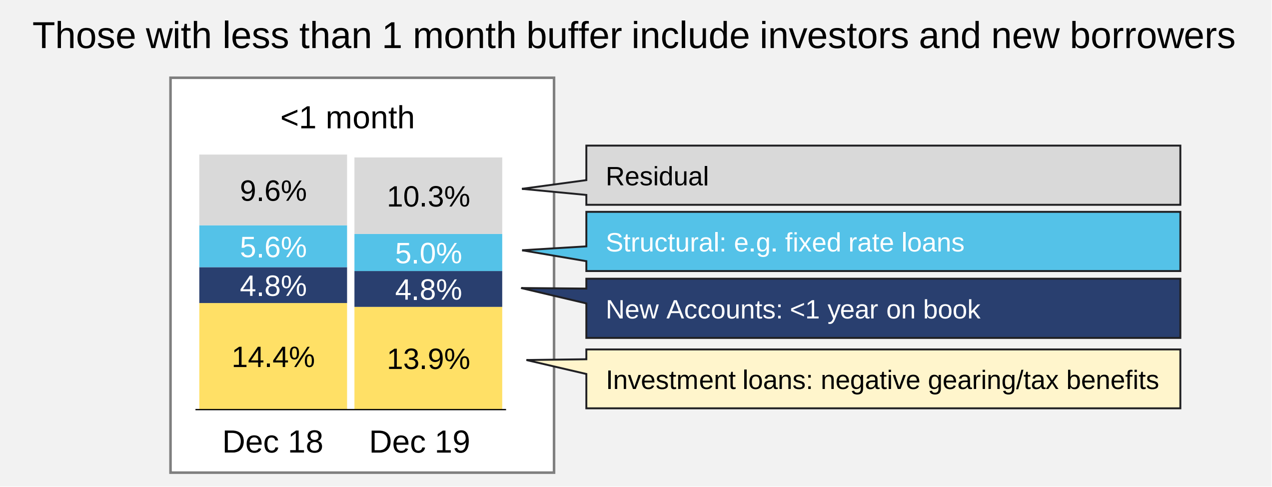


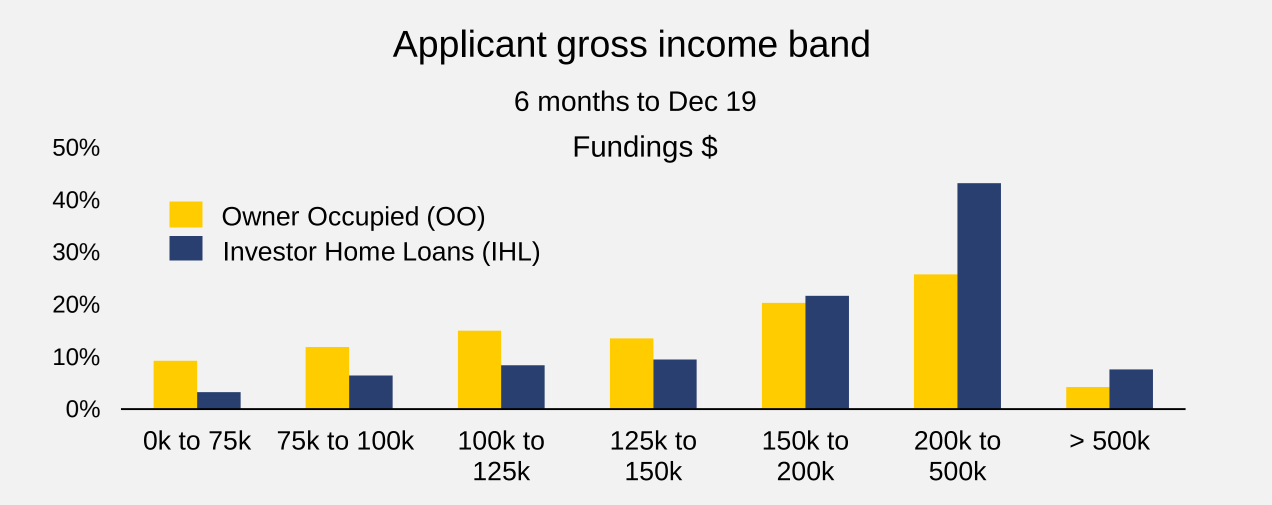
1. CBA excluding Bankwest. 2. Scenarios based on differing assumptions with respect to family types, number of dependents, loan size, income sources and existing liabilities/commitments. 3. Effective 5 July 2019, APRA advised that ADIs will set their own floor for use in serviceability assessments. From 22 July a minimum floor rate of 5.75% and a buffer of 2.50% was implemented. The minimum floor rate was further reduced to 5.40% effective 9 November 2019. 4 Customer rate includes any customer discounts that may apply. 5. Applications that have passed system serviceability test; borrowed at capacity reflects applicants with minimal net income surplus.

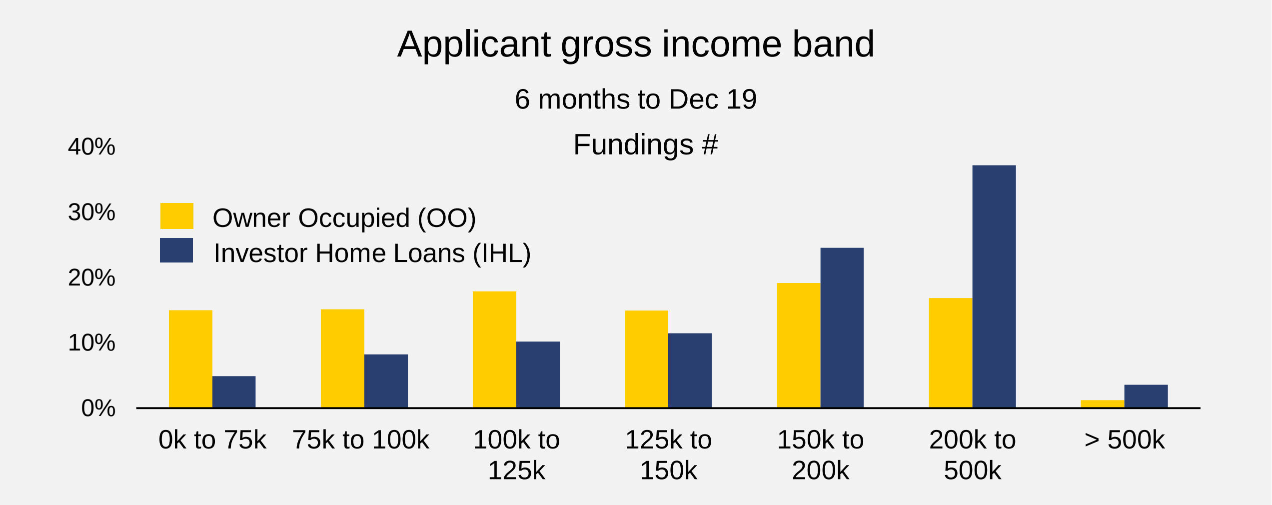
Portfolio quality remains sound[1]

Strong repayment buffers in place





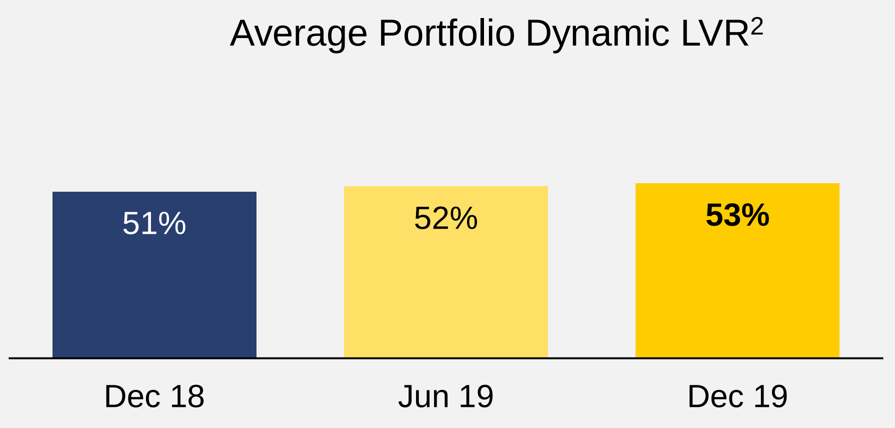


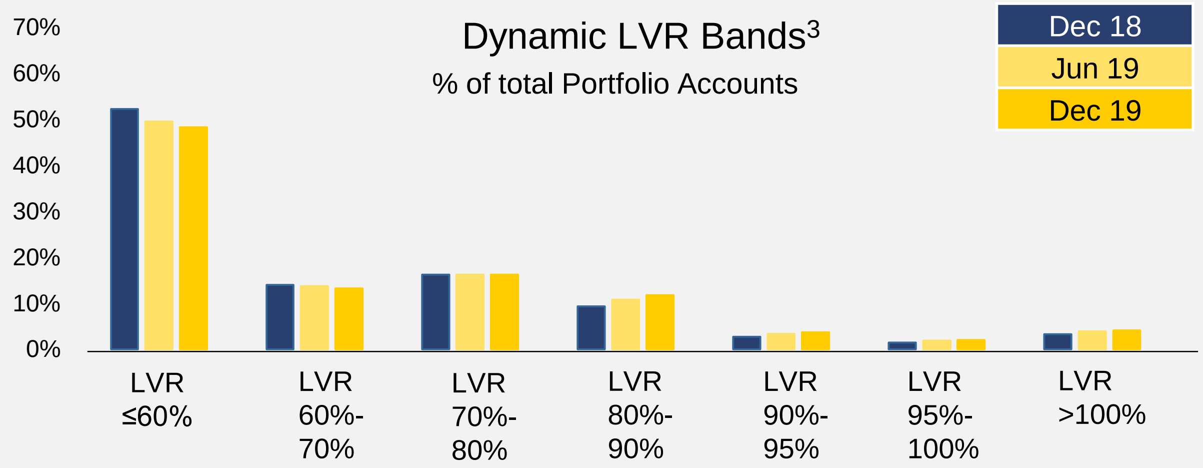


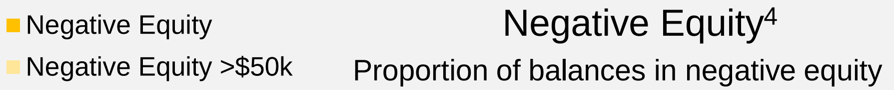
1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group. 2. Includes offset facilities, excludes loans in arrears.

Portfolio LVRs[1]

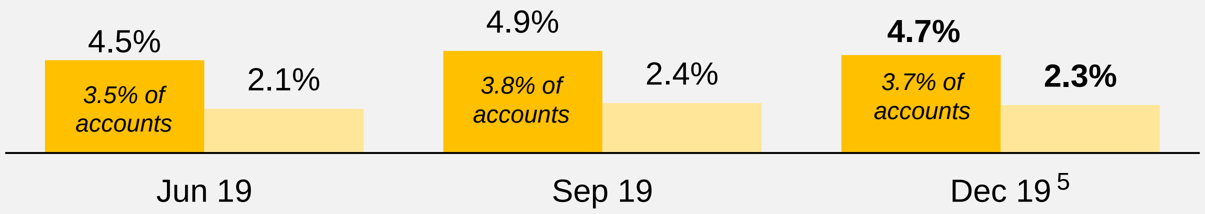
Portfolio LVRs relatively stable – modest uptick in higher LVR bands

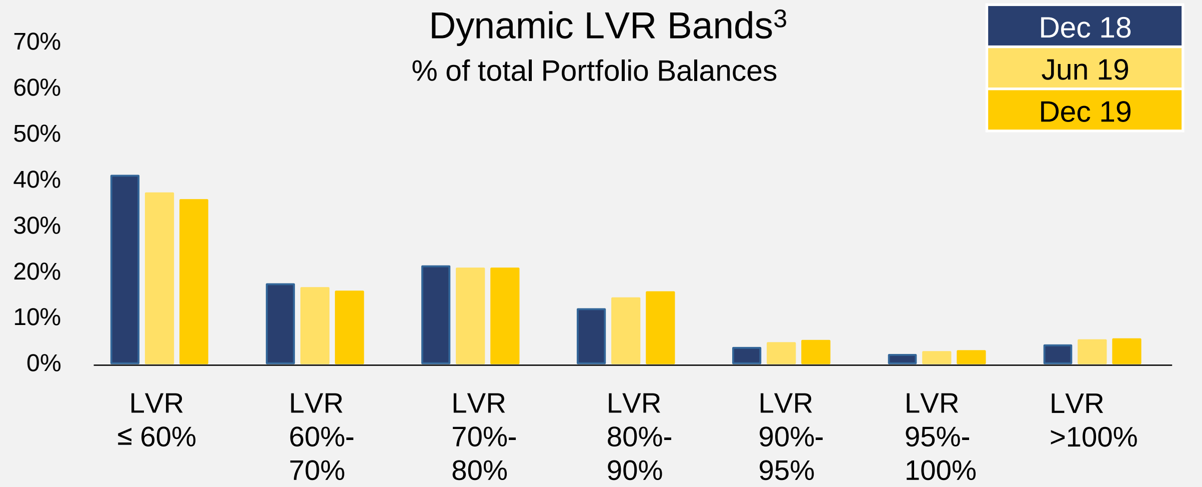






- Negative Equity balances peaked in Aug 19 (4.9%), but improved in the Dec 19 quarter.
- 70% of negative equity is from WA and QLD. 71% of customers ahead of repayments.
- Over 50% of home loans in negative equity have Lenders Mortgage Insurance.
- CBA updates house prices monthly using internal and external valuation data.





1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group. 2. Based on accounts. Includes Bankwest, Line of Credit and Reverse Mortgage. 3. Taking into account cross-collateralisation. Offset balances not considered. 4. Negative equity arises when the outstanding loan (less offsets) exceeds house value. Based on outstanding balances, taking into account cross-collateralisation and offset balances. 5. Based on Dec 19 valuations.

Home loan portfolio – CBA

A balanced approach to portfolio quality, growth and returns

Portfolio[1]	Dec 18	Jun 19	Dec 19
Total Balances - Spot ($bn)	458	467	477
Total Balances - Average ($bn)	455	462	472
Total Accounts (m)	1.8	1.8	1.8
Variable Rate (%)	80	80	81
Owner Occupied (%)	66	66	67
Investment (%)	31	31	31
Line of Credit (%)	3	3	2
Proprietary (%)	55	54	54
Broker (%)	45	46	46
Interest Only (%)[2]	26	22	19
Lenders' Mortgage Insurance (%)[2]	21	21	21
Mortgagee In Possession (bpts)	5	6	5
Negative Equity (%)[3]	3.7	4.5	4.7
Annualised Loss Rate (bpts)	3	3	2
Portfolio Dynamic LVR (%)[4]	51	52	53
Customers in Advance (%)[5]	78	78	82
Payments in Advance incl. offset[6]	35	33	35
Offset Balances – Spot ($bn)	46	45	49

New Business[1]	Dec 18	Jun 19	Dec 19
Total Funding ($bn)	49	43	53
Average Funding Size ($'000)[7]	326	320	343
Serviceability Buffer (%)[8]	2.25	2.25	2.50
Variable Rate (%)	82	80	90
Owner Occupied (%)	70	71	72
Investment (%)	29	28	28
Line of Credit (%)	0.7	0.4	0.3
Proprietary (%)	55	52	52
Broker (%)	45	48	48
Interest Only (%)	23	22	20
Lenders' Mortgage Insurance (%)[2]	16	18	19

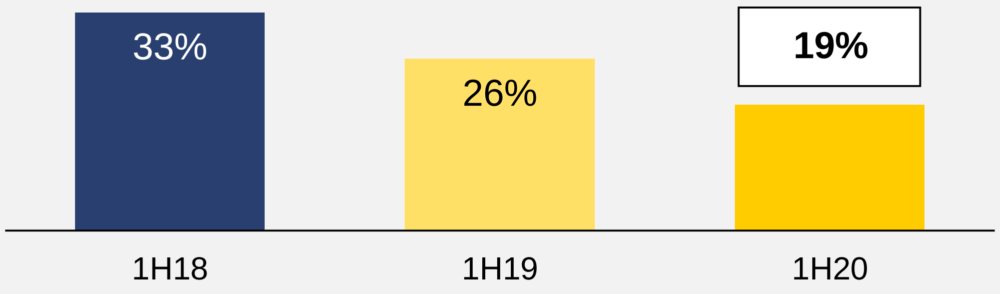
1. CBA including Bankwest. All portfolio and new business metrics are based on balances and fundings respectively, unless stated otherwise. All new business metrics are based on 6 months to Dec18, Jun19, Dec19. Excludes ASB.
2. Excludes Line of Credit (Viridian LOC/Equity Line).
3. Negative equity arises when the outstanding loan balance (less offset balances) exceeds updated house value. Based on outstanding balances, taking into account both cross-collateralisation and offset balances. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group.
4. Dynamic LVR defined as current balance/current valuation.
5. Any amount ahead of monthly minimum repayment; includes offset facilities.
6. Average number of monthly payments ahead of scheduled repayments.
7. Average Funding Size defined as funded amount / number of funded accounts.
8. Serviceability test based on the higher of the customer rate plus an interest rate buffer or min floor rate.

Interest Only (IO) home loans[1]

Reducing proportion of IO home loans for total portfolio and new business flow

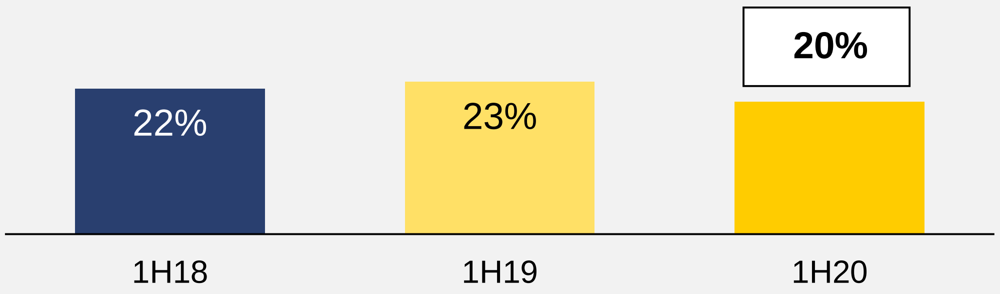
Proportion of IO loans reducing

IO % of total home loans – total portfolio balance

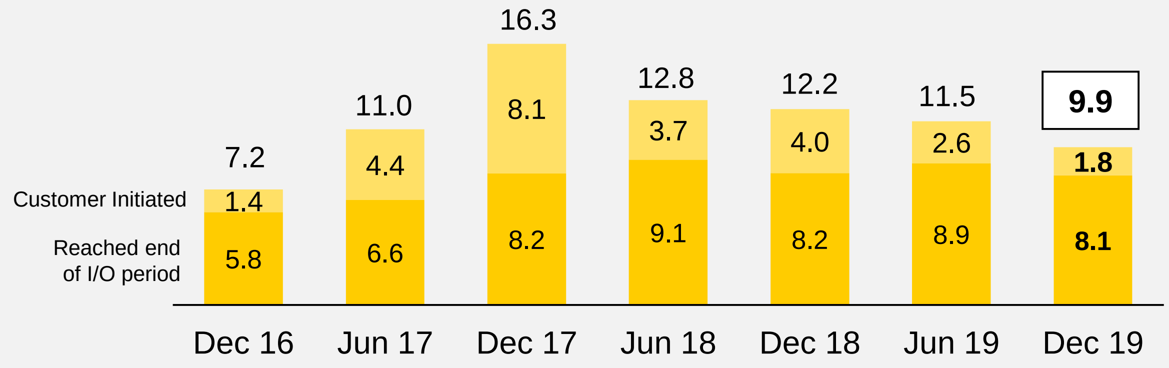


Augmented by a reducing proportion of total new business flows

IO % of total home loans – new business flow

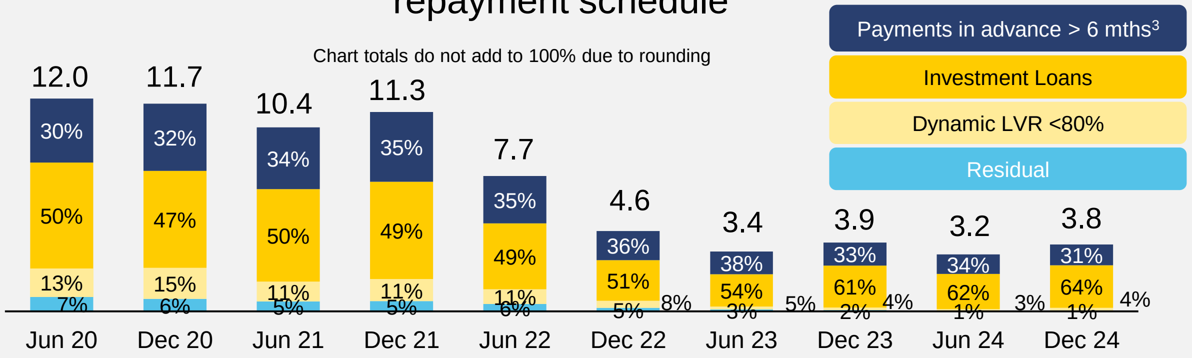


Switching from IO to principal and interest peaked in Dec 17 half



Balance Movement ($bn)[2]

IO portfolio is dominated by investor loans, and customers ahead of their repayment schedule



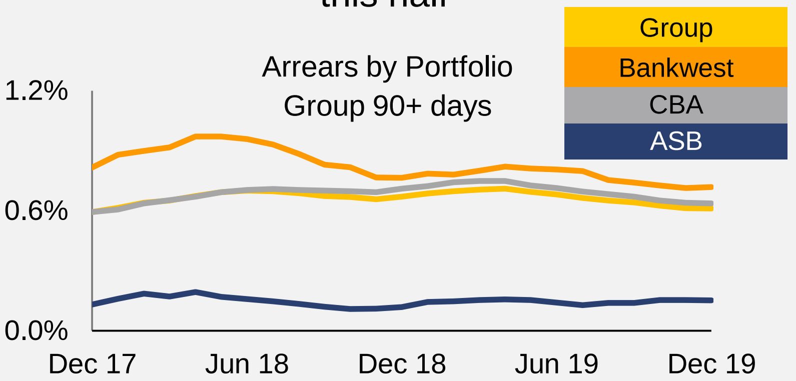
Scheduled IO term expiry – 6 months ending ($bn)[2]

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

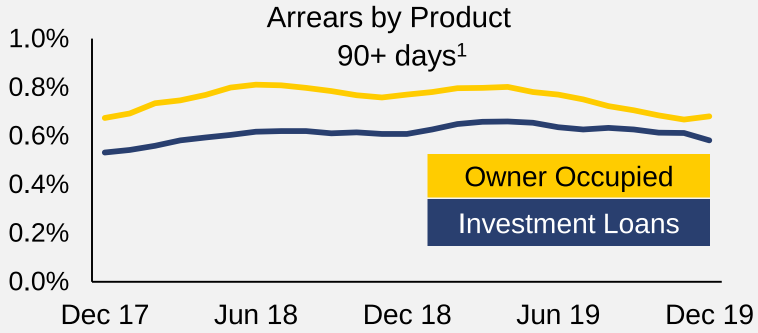
Home loan arrears

Group portfolio arrears improving

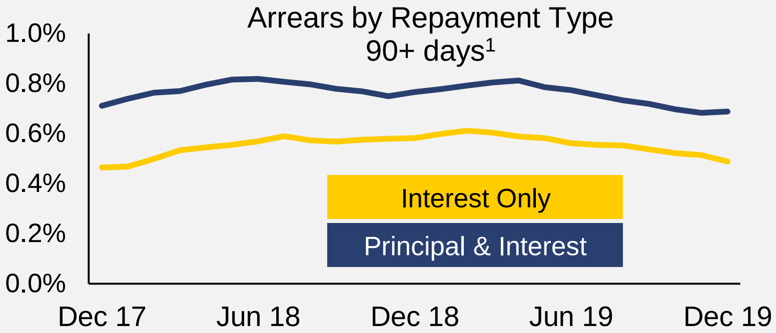
Group portfolio arrears improved this half



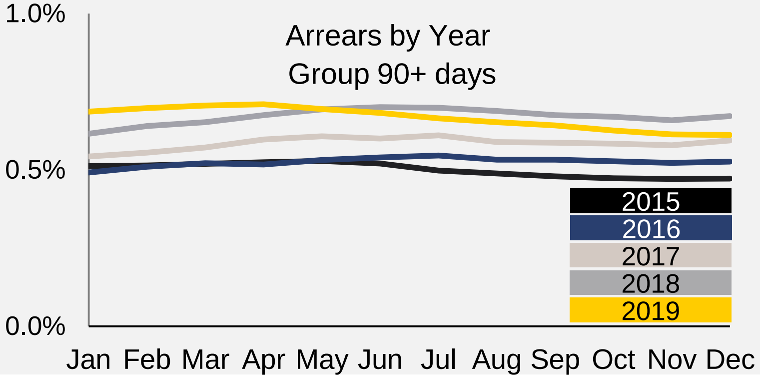
Trends are broadly consistent across loan types



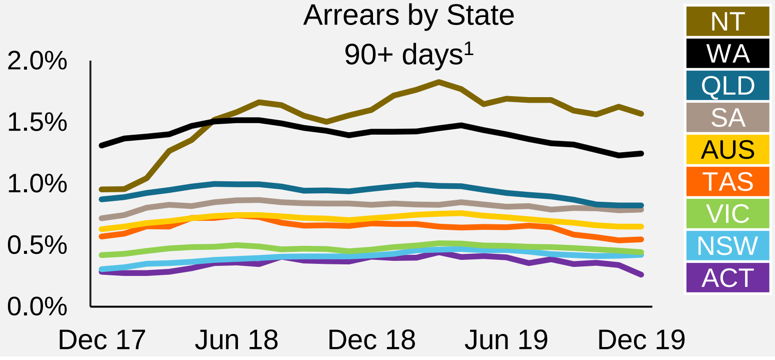
…with interest only arrears improved over last 12 months



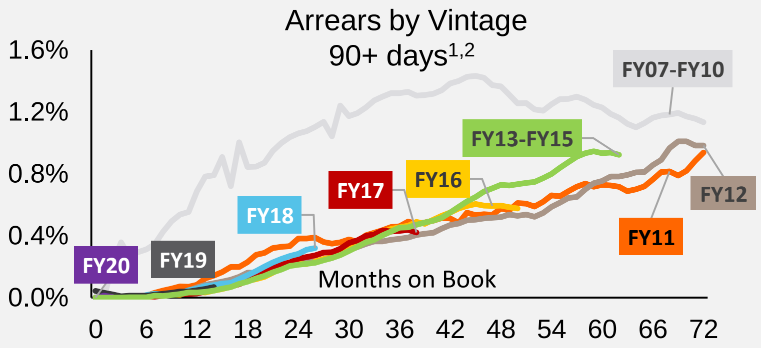
Overall arrears down on 2018, though marginally elevated vs prior years



Improved arrears across states



Sound origination quality



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

Home loan impairments

A rigorous approach in the identification of impairments

Home loan impairments

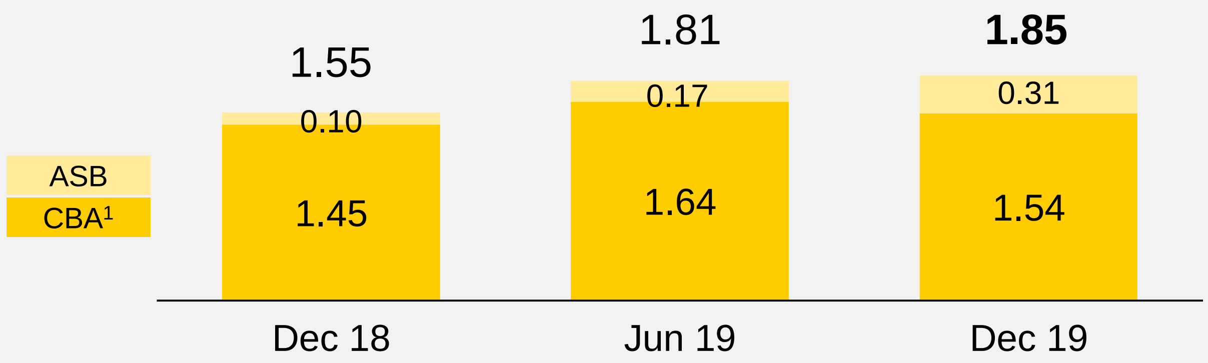
Overview

- WA/QLD account for 63% of total impaired home loans[1].
- ASB recently adopted a centralised hardship management model which drove the recent increase in impairments.

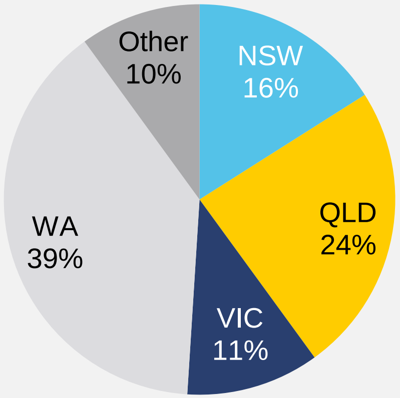
Process for identification of impairments[1]

- Impairments aligned to APRA prudential standard (APS220).
- Impairment assessment commences earlier than 90 days past due.
- Impairment is triggered where the refreshed security valuation is less than the loan balance by ≥$1. All home loans sharing the collateral with the impaired loan are also recorded as impaired.
- Impaired accounts that are 90+ days past due are included in 90+ arrears reporting.

Impaired home loans ($bn)



Impaired home loans – Dec 19 profile[1]

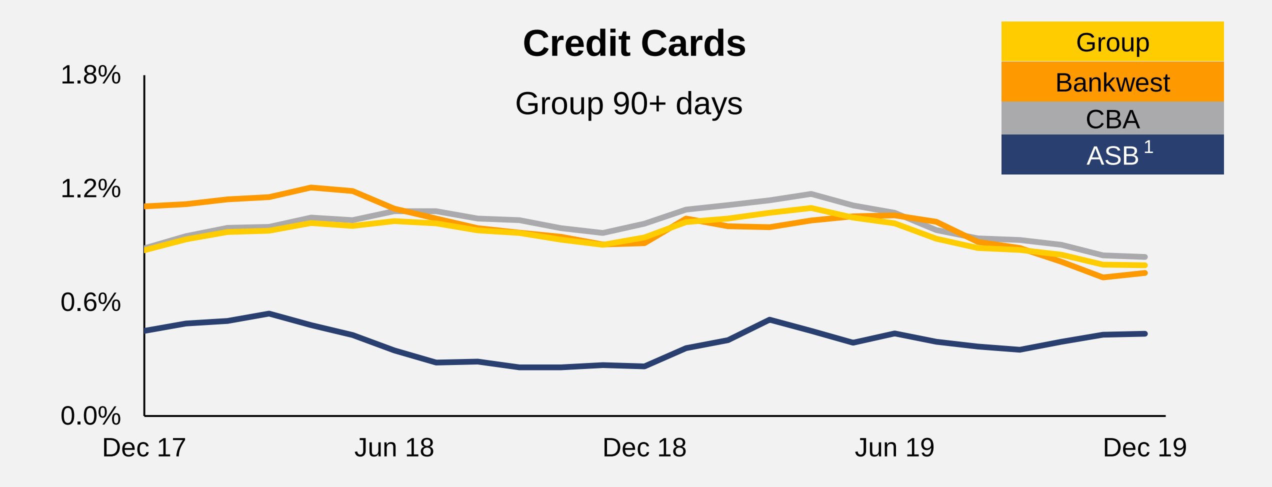


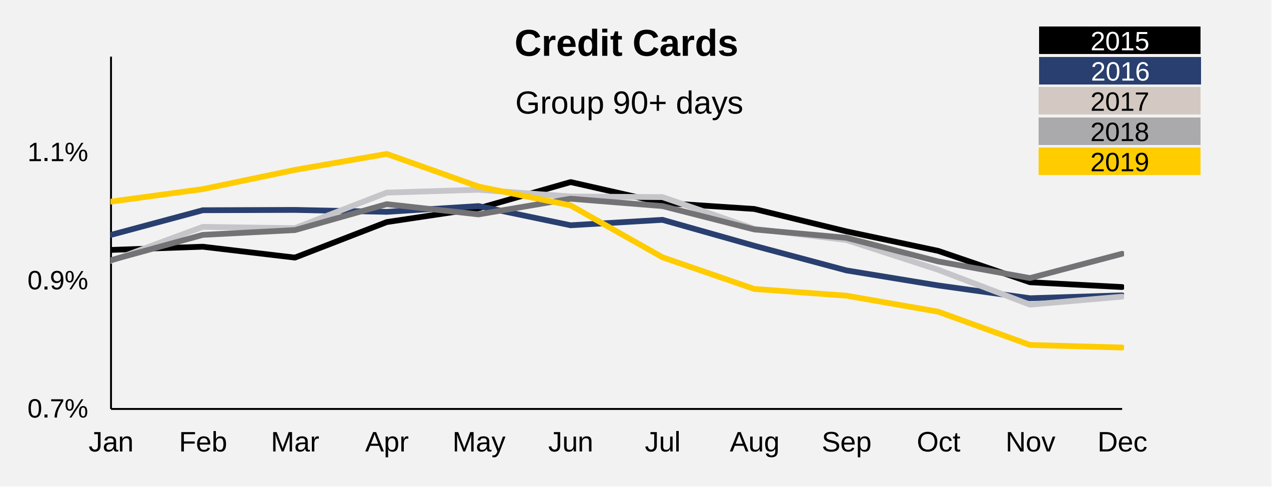
1. CBA including Bankwest

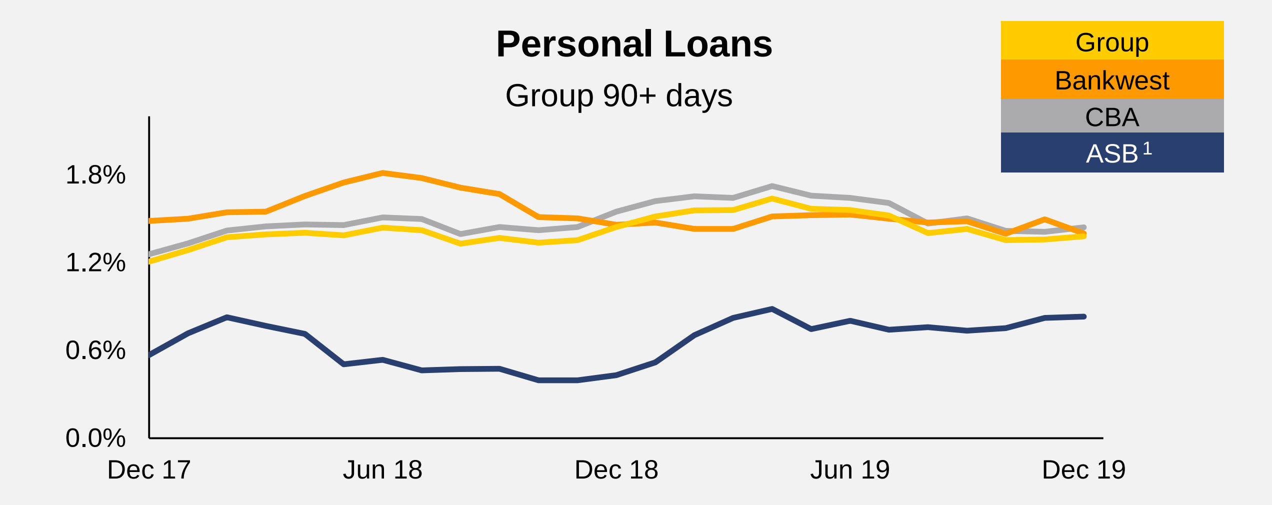
Asset Quality

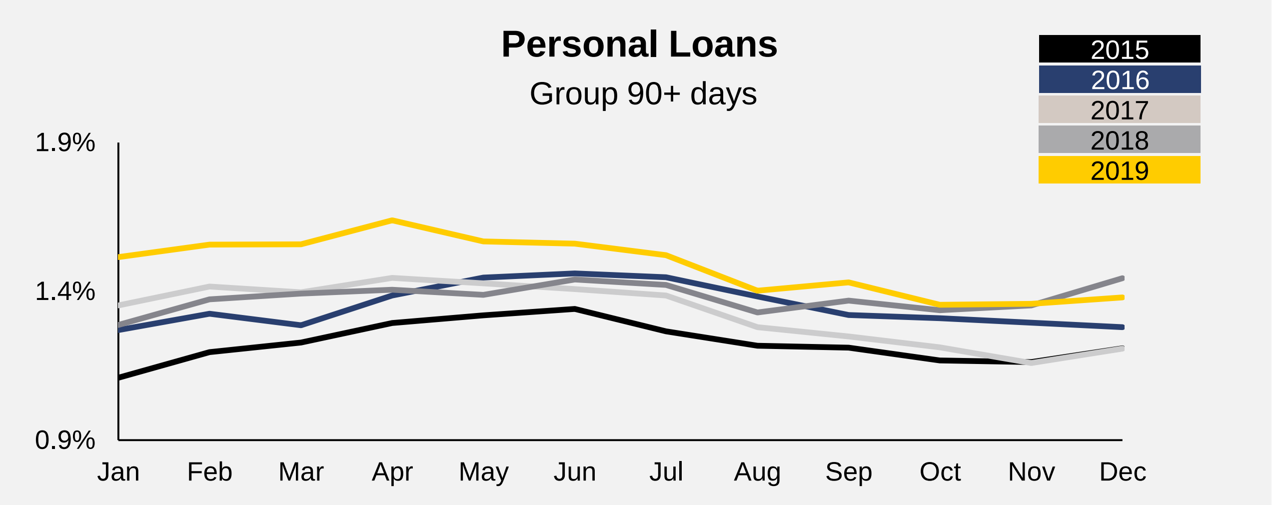
Consumer arrears

Sound credit quality







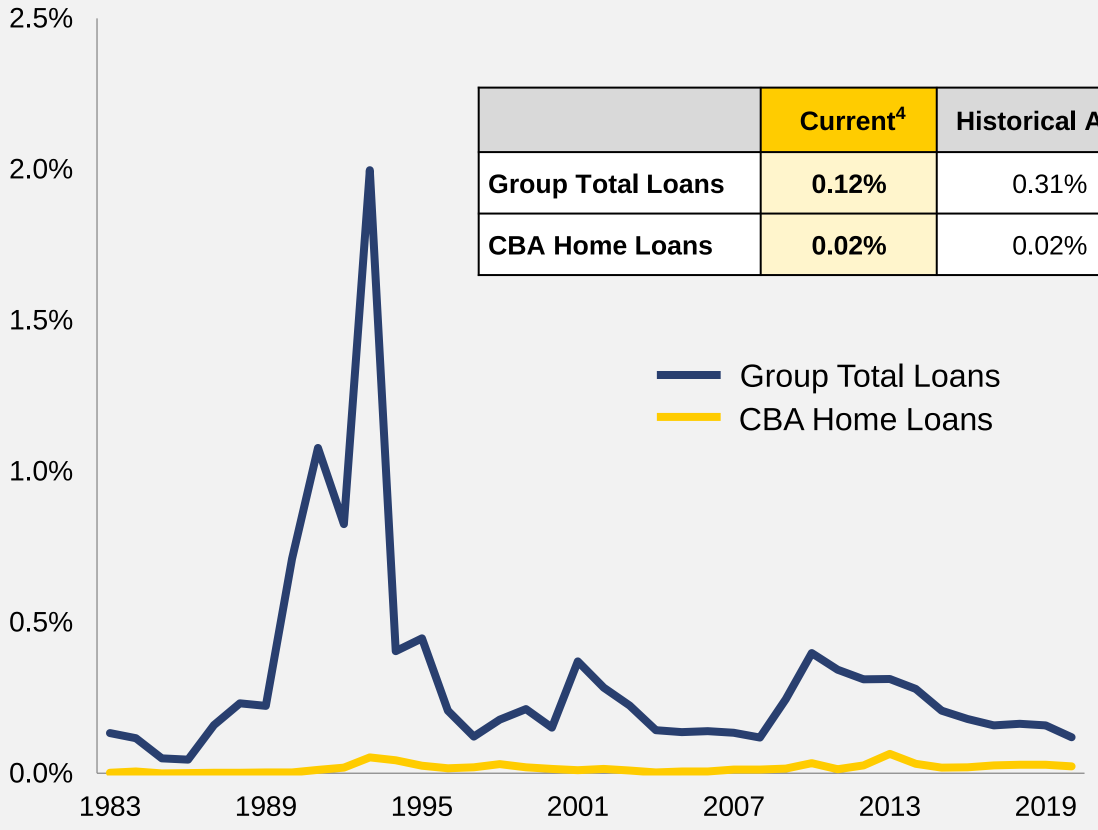


1. ASB write-off Credit Card and Personal Loans typically around 90 days past due if no agreed repayment plan.

Portfolio losses, insurance and stress testing[1]

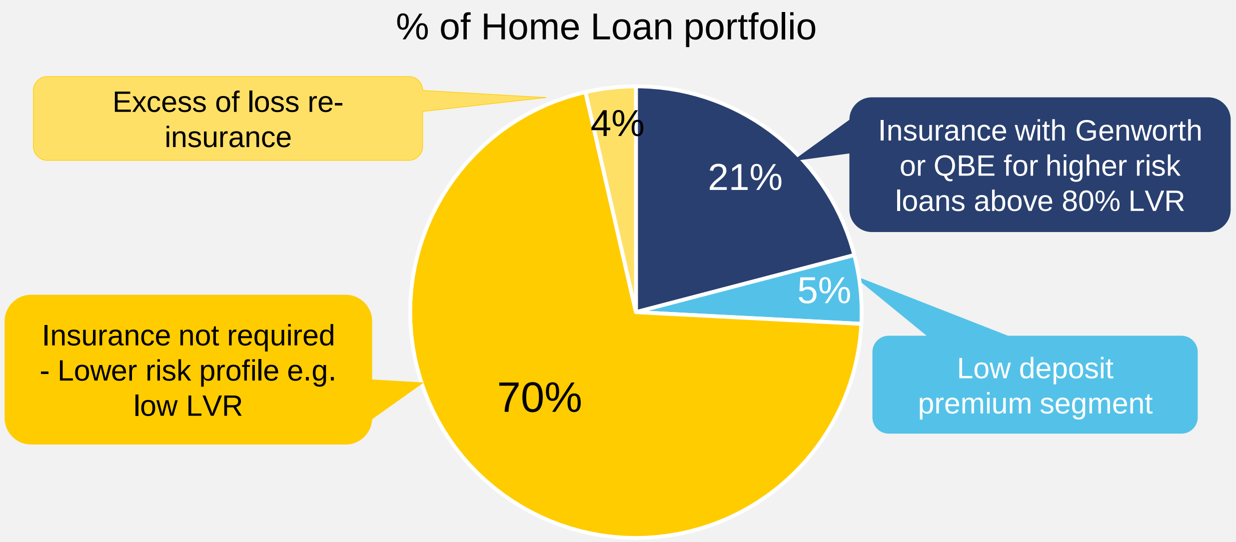
Portfolio losses remain low and manageable in a severe stress scenario

Losses to average gross loans[2]



	Current[4]	Historical Avg.[5]
Group Total Loans	**0.12%**	0.31%
CBA Home Loans	**0.02%**	0.02%

Portfolio Insurance Profile[3]



Stress testing

- A severe stress test scenario is modelled on an ongoing basis.
- Scenario includes stresses to house prices (31% decline), unemployment (11%), cash rates (reduced to 0.5%).
- Stressed Losses[6] are estimated over three years: Gross 3-year losses of $4.78bn, or $3.51bn net of insurance.

1. CBA including Bankwest. 2. Bankwest included from FY09. 3. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 4. Half-year losses annualised. 5. Historical average from 1983. 6. Increase in gross stressed losses from last half reflects slow down in housing market. Net losses reflect stressed macroeconomic and LMI assumptions (50%). Results based on June 2019 data.

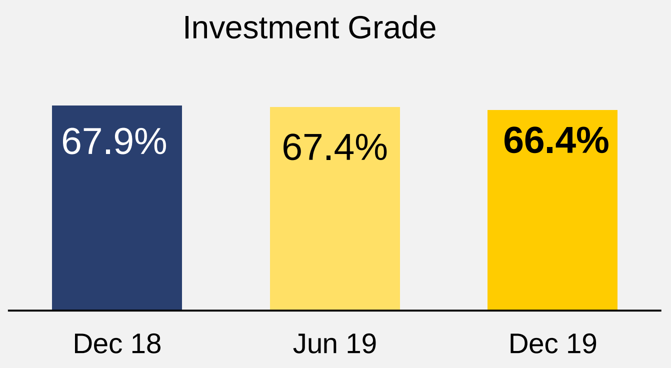
Portfolio quality[1]

66% investment grade – weighted to Australia/NZ

Exposures by Industry

TCE $bn	AAA to AA-	A+ to A-	BBB+ to BBB-	Other	Dec 19
Sovereign	97.0	10.3	0.6	-	**107.9**
Property	3.6	6.2	16.4	44.9	**71.1**
Banks	16.0	15.1	1.7	0.1	**32.9**
Finance - Other	23.0	22.1	4.8	3.4	**53.3**
Retail & Wholesale Trade	0.1	1.1	4.1	15.0	**20.3**
Agriculture	-	0.1	3.0	19.5	**22.6**
Manufacturing	-	2.0	4.6	7.6	**14.2**
Transport	-	1.0	7.2	6.0	**14.2**
Mining	-	2.7	5.7	2.6	**11.0**
Energy	0.2	2.2	5.8	1.9	**10.1**
All other ex Consumer	2.2	6.2	17.7	42.1	**68.2**
Total	**142.1**	**69.0**	**71.6**	**143.1**	**425.8**

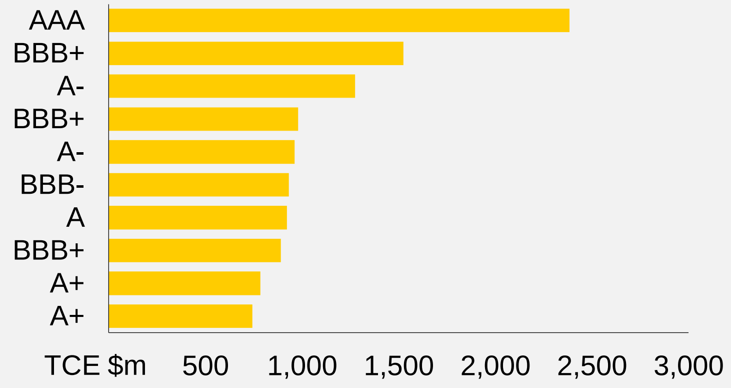
Corporate portfolio quality



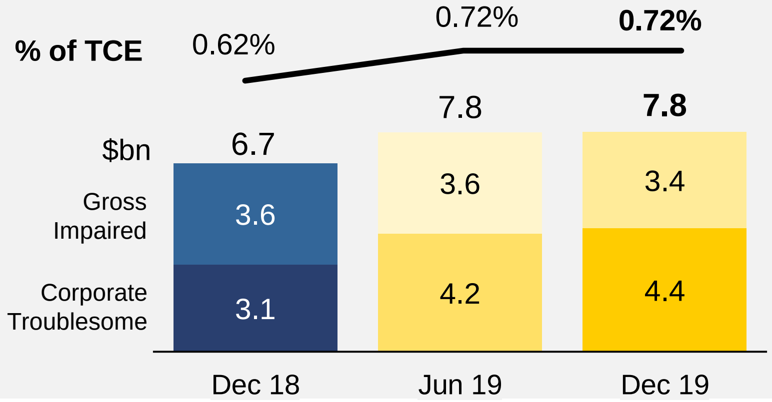
Group TCE by geography

	Dec 18	Jun 19	Dec 19
Australia	77.9%	78.4%	79.5%
New Zealand	10.4%	10.6%	10.8%
Europe	3.9%	3.5%	2.8%
Other	7.8%	7.5%	6.9%

Top 10 commercial exposures



Troublesome and Impaired Assets



1. CBA grades in S&P equivalents.

Credit exposure summary

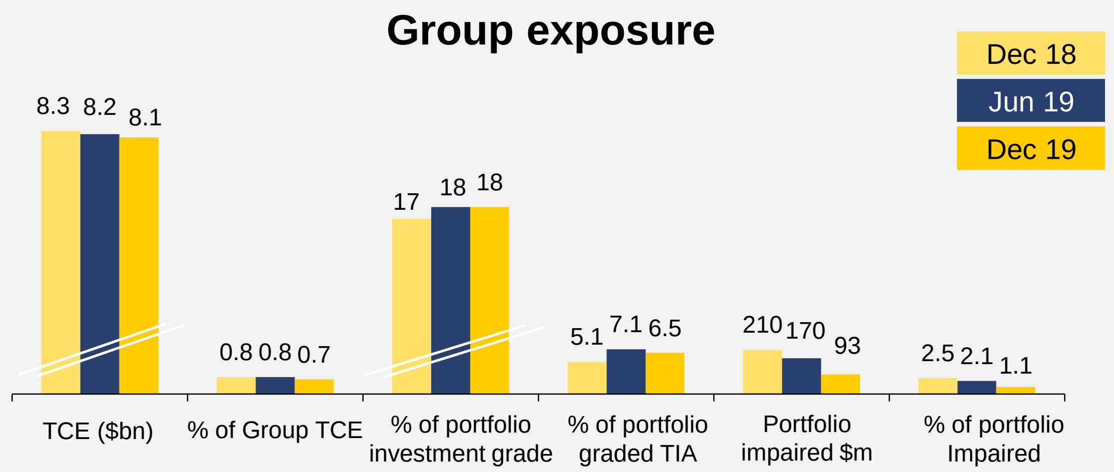
TIA/TCE at 0.72% - pockets of sectoral stress remain

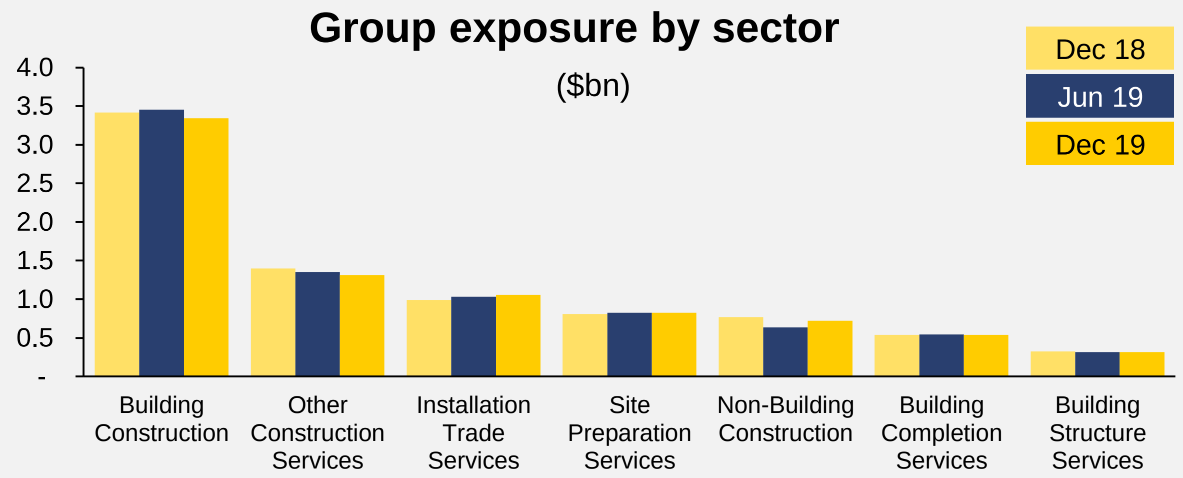
	Group TCE		TIA $m		TIA % of TCE	
	Jun 19	Dec 19	Jun 19	Dec 19	Jun 19	Dec 19
Consumer	58.6%	60.0%	2,101	2,111	0.33%	0.32%
Sovereign	9.7%	9.9%	-	-	-	-
Property	6.3%	6.5%	775	835	1.14%	1.17%
Banks	4.5%	3.0%	9	-	0.02%	-
Finance – Other	4.9%	4.9%	35	33	0.07%	0.06%
Retail & Wholesale Trade	1.9%	1.9%	636	647	3.16%	3.18%
Agriculture	2.1%	2.1%	989	927	4.40%	4.10%
Manufacturing	1.4%	1.3%	403	487	2.71%	3.43%
Transport	1.4%	1.3%	259	363	1.72%	2.55%
Mining	1.1%	1.0%	199	145	1.74%	1.32%
Business Services	1.1%	1.1%	333	438	2.72%	3.70%
Energy	0.9%	0.9%	86	81	0.84%	0.80%
Construction	0.8%	0.7%	579	530	7.10%	6.53%
Health & Community	0.8%	0.8%	224	94	2.47%	1.06%
Culture & Recreation	0.6%	0.6%	101	70	1.64%	1.13%
Other	3.9%	4.0%	1,070	1,049	2.51%	2.44%
Total	**100.0%**	**100.0%**	**7,799**	**7,810**	**0.72%**	**0.72%**

Sector focus – Construction

Outlook remains cautious

- Exposures of $8.1bn (0.7% of Group TCE) with no material changes to sector composition.
- Portfolio rated 18% investment grade and 41% of exposures secured.
- Industry deterioration continues due to difficult market conditions causing sustained elevated levels of TIAs. Impaired portfolio is lower than a year ago, following a large single name write off in December 2018.
- Increased Construction provisions to address previously uncaptured indirect risks related to other industries.
- New origination guides introduced as detailed monitoring and centralised management of the portfolio continues.
- The credit outlook remains moderately cautious despite a positive growth outlook from large Government supported infrastructure projects.

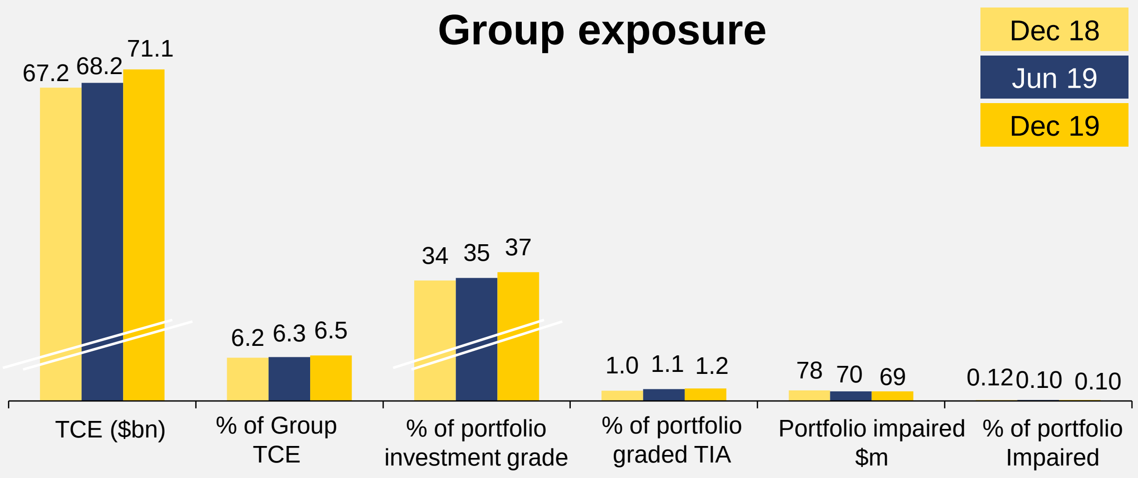




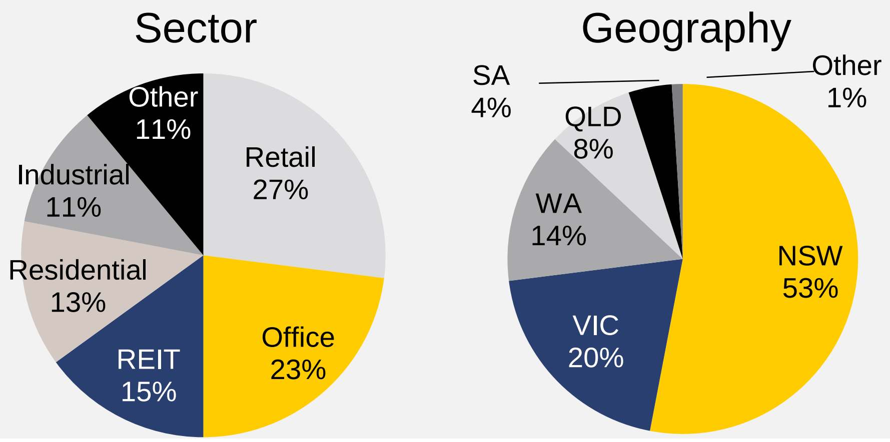
Sector focus – Commercial Property

Portfolio weighted to NSW – TIA's remain low at 1.2%

- Increase in Property exposures of 4.3% for the half driven by increased exposure to investors.
- Diversified across sectors and by counterparty with the top 20 counterparties representing 16.8% of the portfolio and having a weighted average rating of BBB equivalent.
- Lower apartment development exposures.
- Modest increase in investment grade exposures to 37% of the portfolio, 91% of sub-investment grade exposures fully secured.
- Impaired exposures remain low at 0.10% of the portfolio.
- Geographical weighting remained steady this half.
- Outlook remains cautious, maintaining close portfolio oversight.



Profile[1]



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

Sector focus – Residential Apartments

Weighted to Sydney – portfolio dynamics broadly stable during the half year

- Apartment Development[1] exposure reduced by $3.3bn (63%) since Dec 16.
- Project specific issues for a small number of projects resulting in pre-sale settlements taking longer, delaying full repayment.
- Metropolitan Sydney represents 60% of the Apartment Development[1] exposure.
- Portfolio LVR and Qualifying Pre-sales (QPS)[2] broadly stable at 55.2% and 108.8% respectively.
- Short duration portfolio with >95% of exposure maturing by the end of 2021.

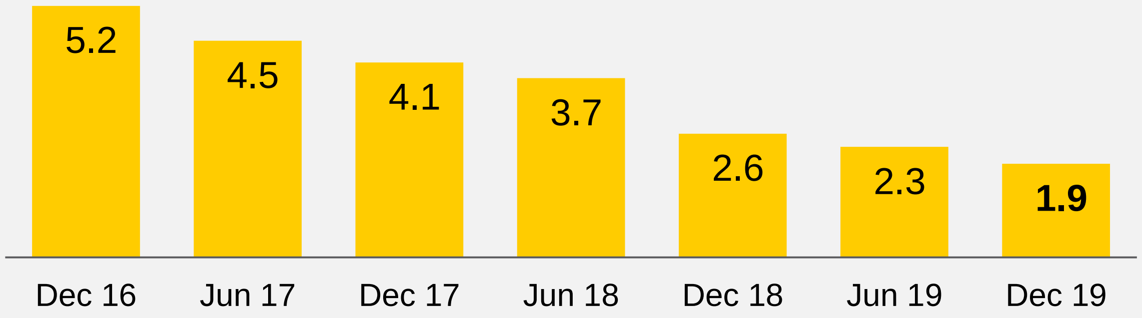
Profile

Total Residential
$9.0bn (13% of CP)

Apartment Development[1]
$1.9bn (0.2% of TCE)

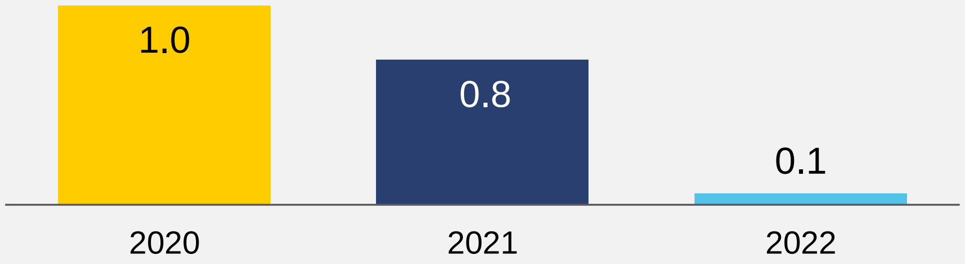
Residential Apartment Development

Total Exposure ($bn)



Exposure maturity profile[1]

($bn)

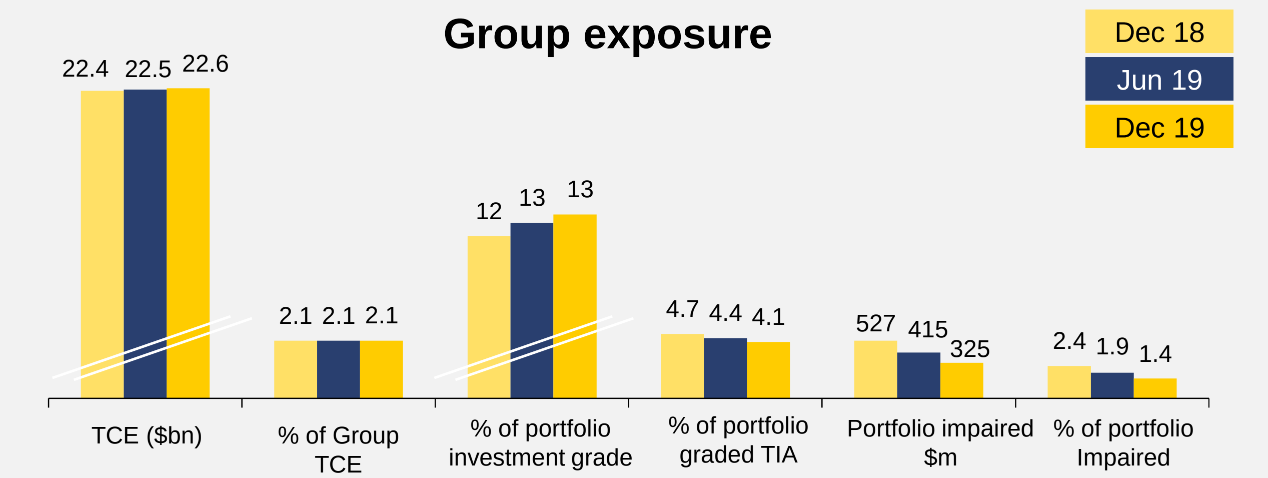


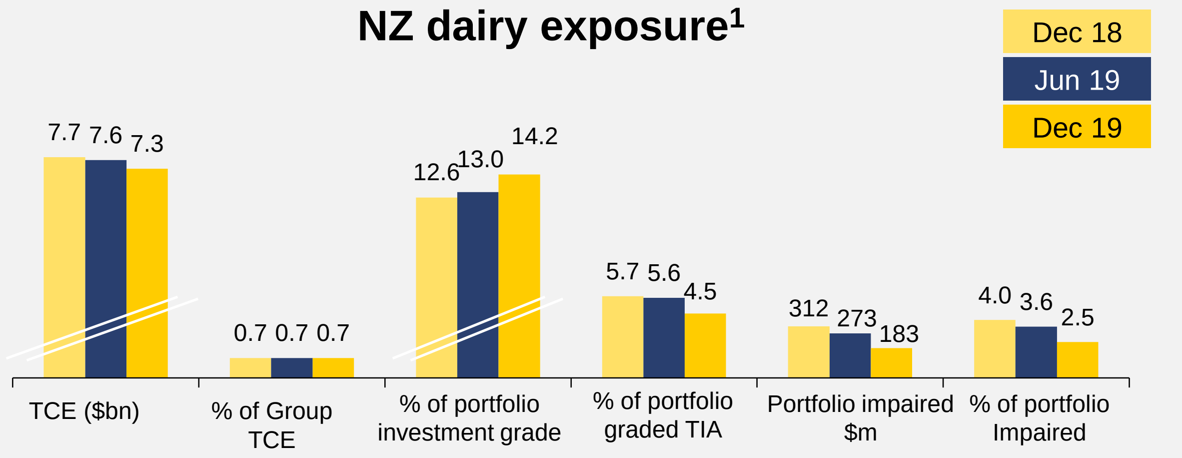
1. Apartment Developments > $20m. Brisbane, Melbourne and Perth defined as all postcodes within a 15km radius of the capital city and Sydney is all metropolitan Sydney based on location of the development. Other is all other locations. 2. QPS cover is the ratio of Qualifying Pre Sales to loan exposures.

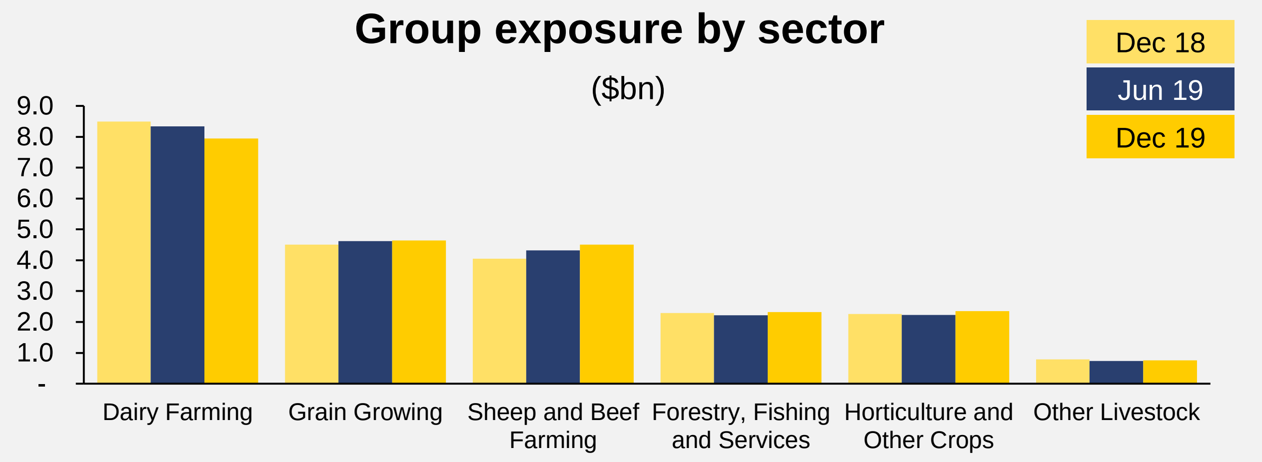
Sector focus – Agriculture

Well diversified portfolio, weighted to NZ dairy

- Group agriculture exposure of $22.6bn (2.1% of Group TCE) – diversified by geography, sector, client base.
- Australian agriculture portfolio continues to face drought conditions with additional impact expected from bushfires. The Australian dairy sector continues to encounter challenging conditions as do other industries impacted by the high cost of feed and water.
- NZ dairy sector outlook is improving with market forecast for 2019/20 milk prices continuing to support recovery in the NZ dairy portfolio.







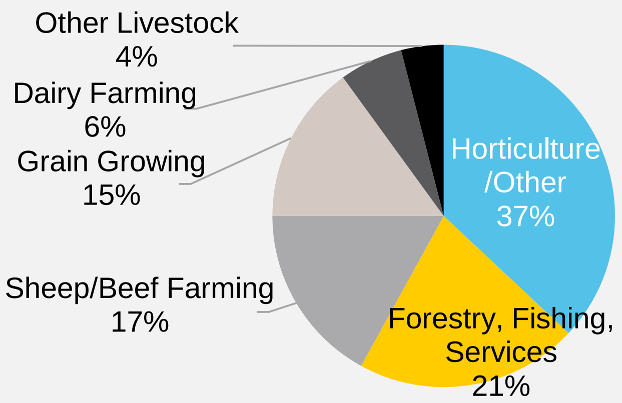
1. New Zealand dairy exposure (AUD) included in Group exposure.

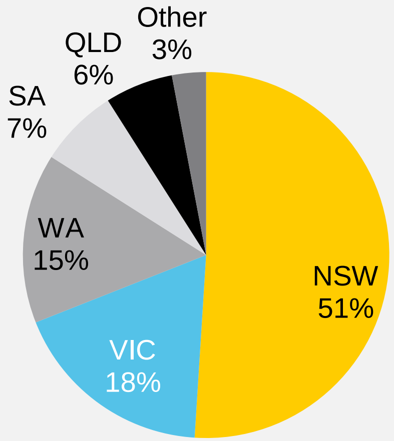
Sector focus – drought affected areas

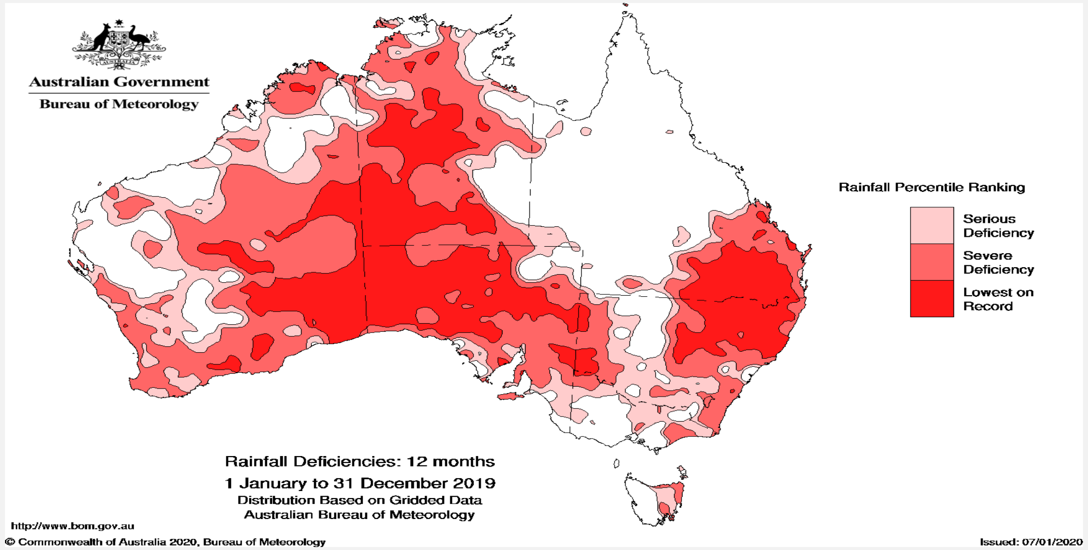
Supporting those in drought affected regions – $100m provision for drought and bushfires

- Emergency Assistance Package enacted June 2018 for drought and measures extended to fire affected customers in November 2019.
- Drought conditions continue to deteriorate predominantly in NSW and QLD with pockets of VIC, SA and WA also impacted.
- Past droughts have not materially impacted the portfolio's performance due to diversification by geography, industry and exposure size.
- $100m forward looking provision raised for drought and bushfire impacts.

Profile







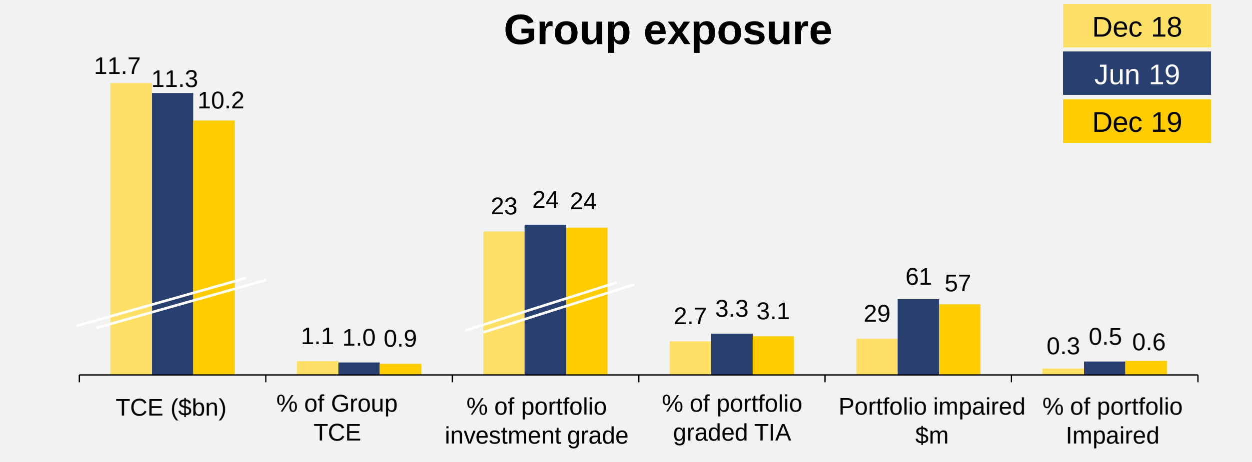
Australian Agriculture Exposure

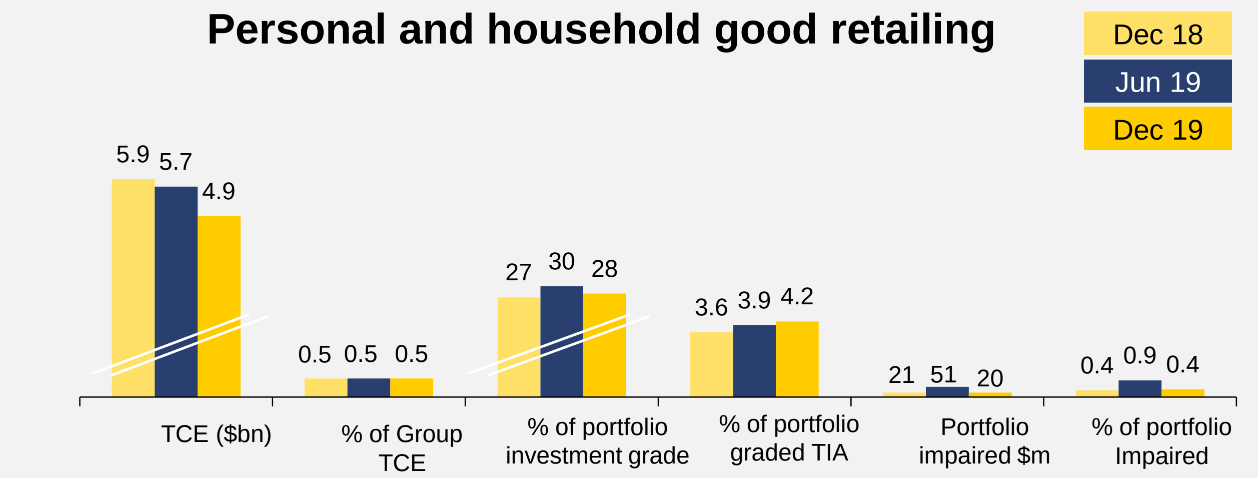
	Dec 18	Jun 19	Dec 19
Exposure (TCE)	$11.2bn	$11.2bn	$11.7bn
% of Group TCE	1.03%	1.03%	1.08%
% of portfolio investment grade	10%	11%	11%
% of portfolio graded TIA	4.6%	4.2%	4.3%
% of portfolio impaired	1.6%	0.8%	0.8%

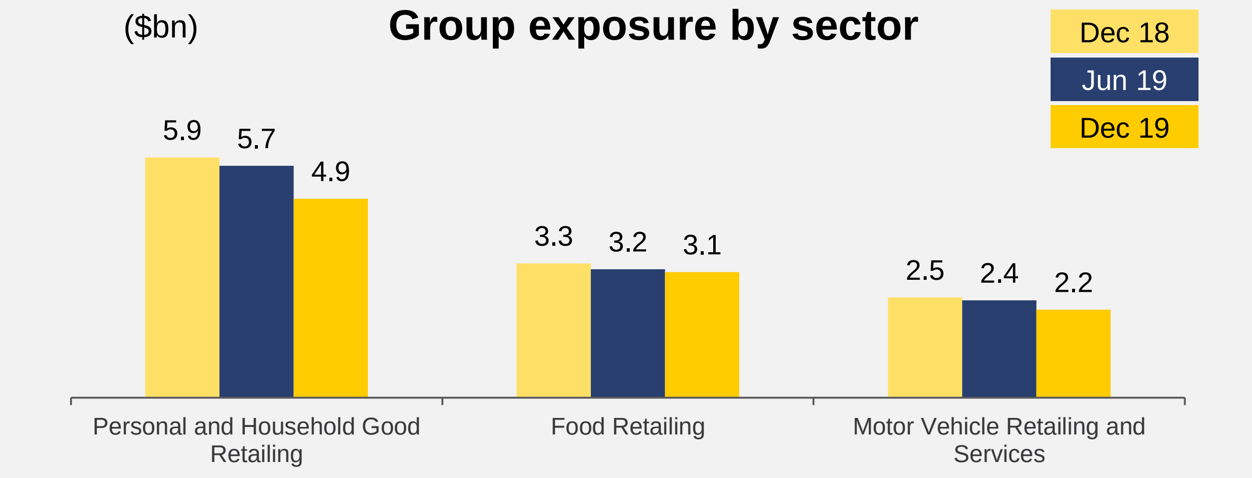
Sector focus – retail trade

Conditions remain challenging

- The retail trade sector remains weak, challenged by low wage growth, continued subdued consumer sentiment and online disruption.
- Retail trading conditions, particularly in the discretionary retail sectors, are expected to continue to be challenged by higher competition and downward pressure on prices and profitability.
- Group exposure reduced by $1.5bn over past 12 months.



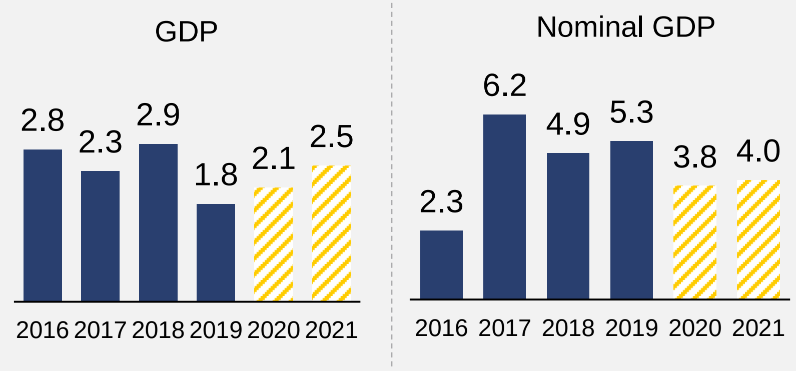




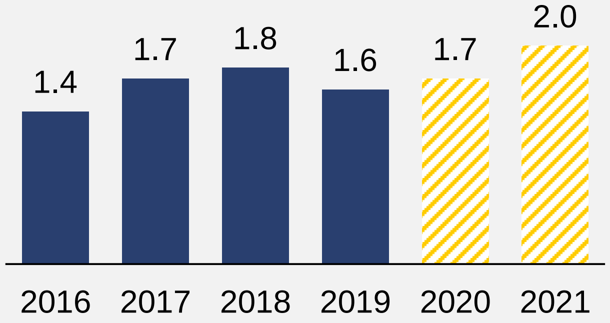
Economic Overview

Key Australian economic indicators (June FY)

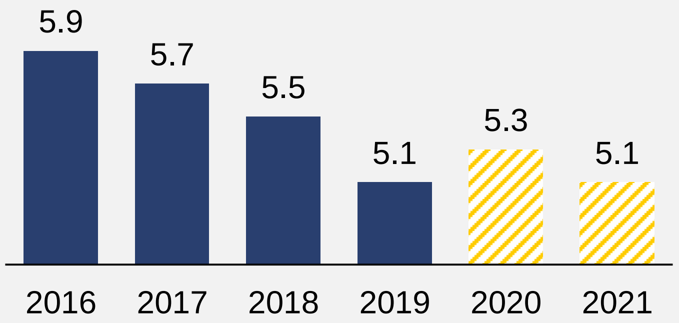
GDP %



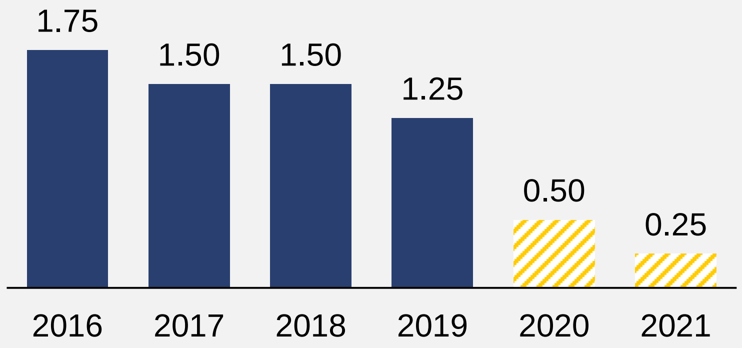
Underlying CPI %



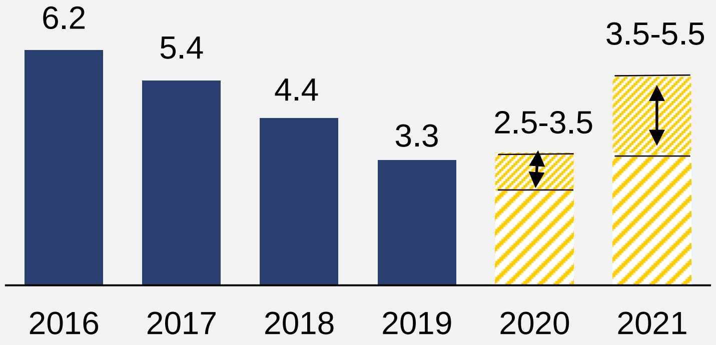
Unemployment rate %



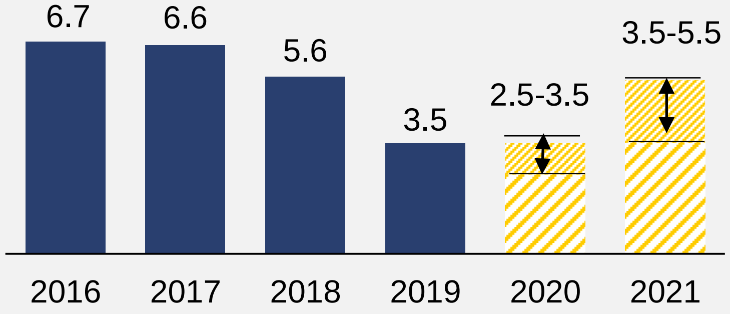
Cash rate %



Total credit growth %



Housing credit growth %



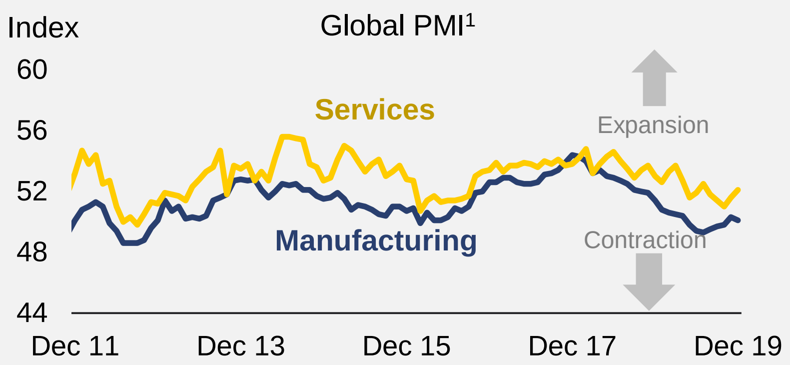
Credit Growth	= 12 months to June
GDP, Unemployment & CPI	= Financial year average
Cash Rate	= As at June

= forecast

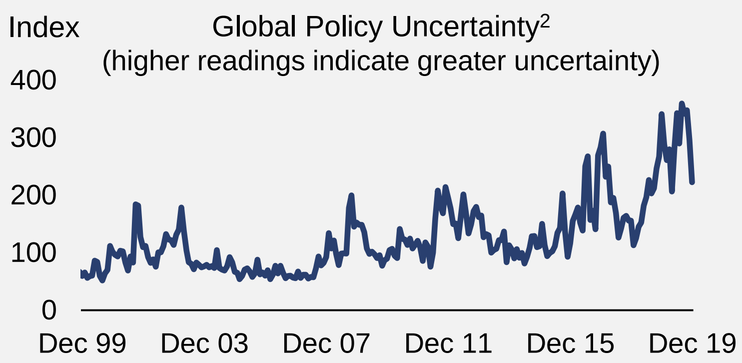
The Global Economy

Risks remain elevated despite some improvement

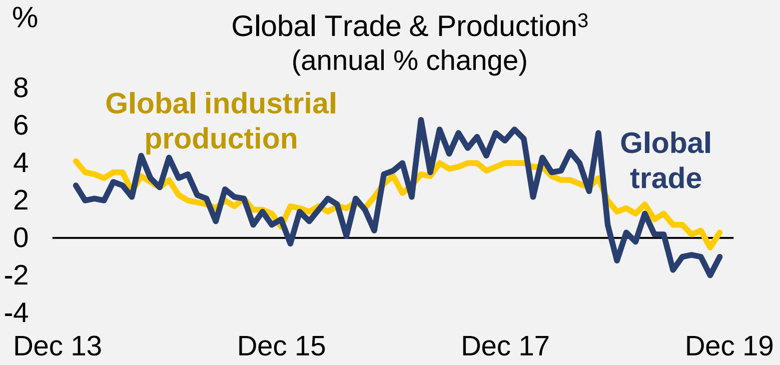
The global economy slowed in 2019…



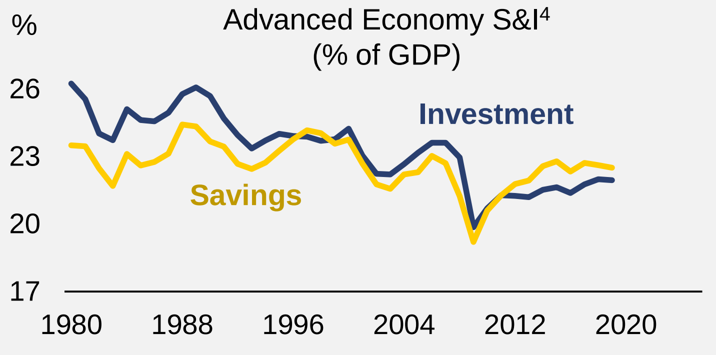
…as the trade war lifted uncertainty…



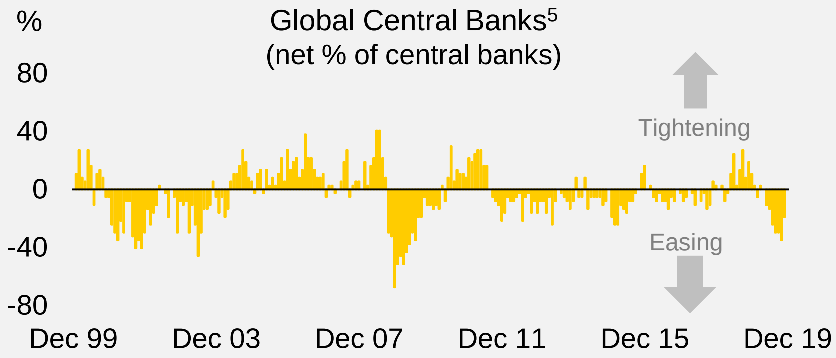
…and global trade and production weakened



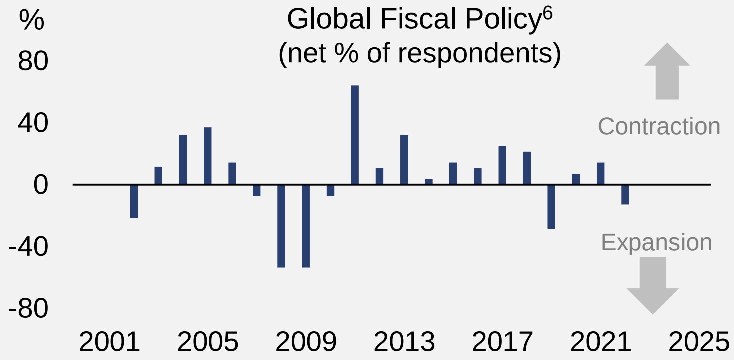
Uncertainty also depresses capex and lifts savings



Central banks are easing policy again



Fiscal policy could play a greater role

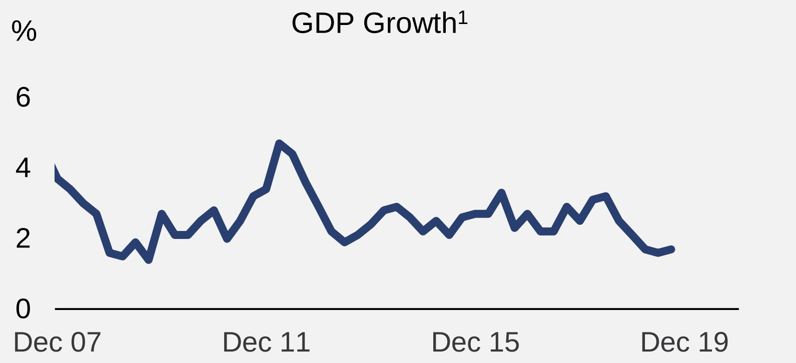


1. Source: IHS Markit. 2. Source: PolicyUncertainty.com. 3. Source: CBP. 4. Source: IMF. 5. Source: BIS/CBA. 6. Source: IMF/CBA.

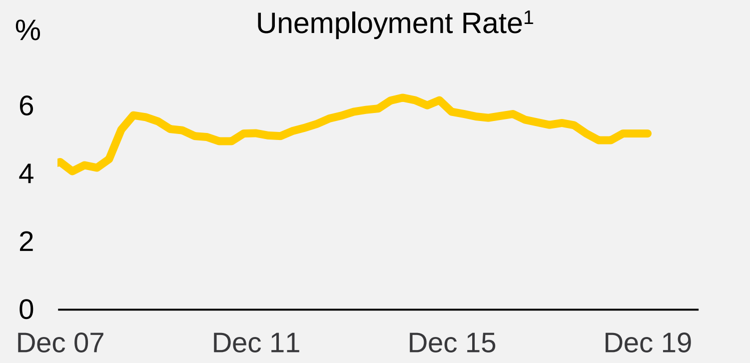
The Australian Economy

Sluggish growth & low inflation

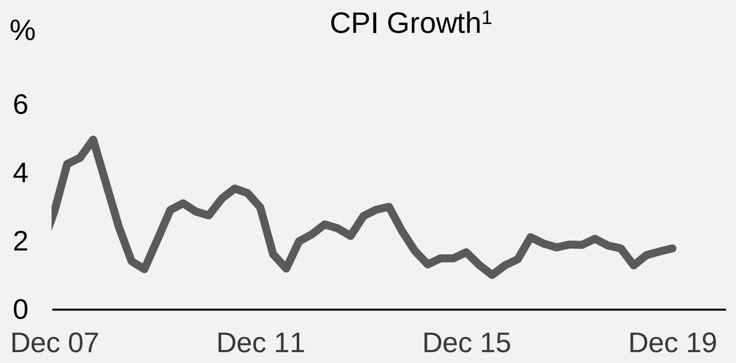
Real GDP growth is at the low end of the range



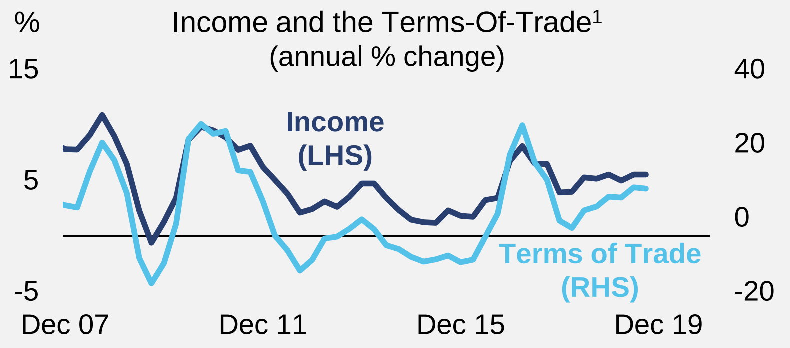
Progress in reducing unemployment



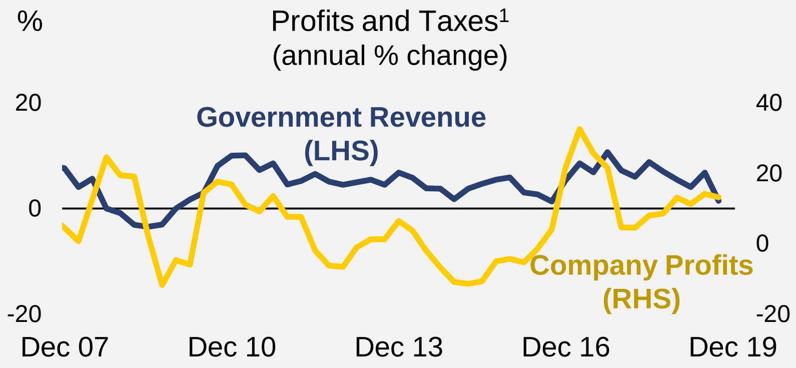
Inflation rates remain low



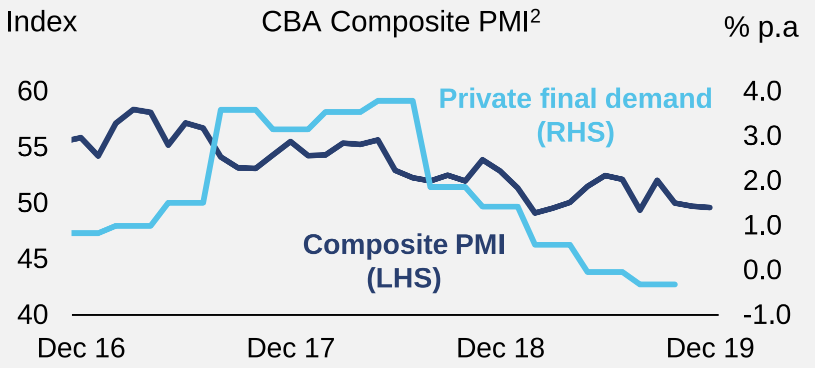
Nominal GDP growth to slow as terms of trade fall



Weaker incomes impact on profits and taxes



Business surveys show caution

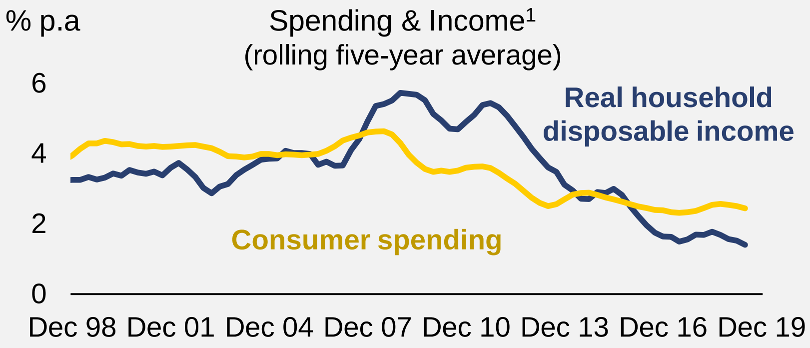


1. Source: ABS. 2. Source: IHS Markit/CBA/ABS.

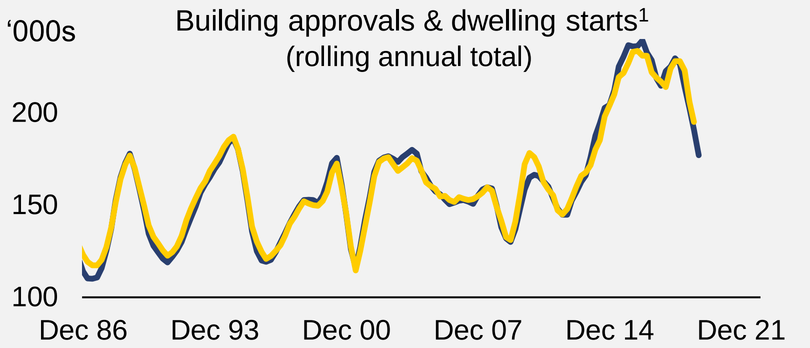
The Australian Economy

Domestic risks centred on households

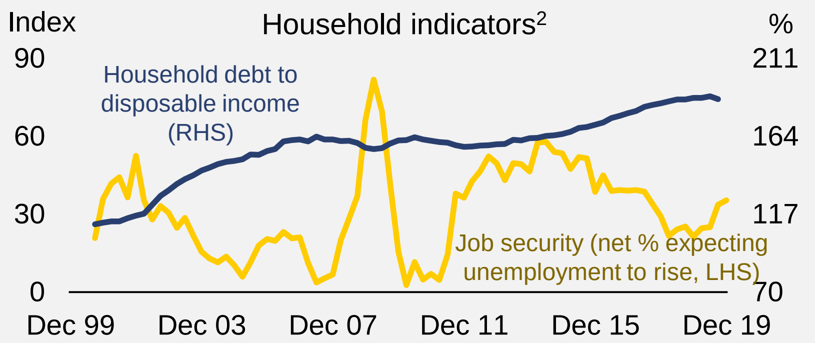
Consumer spending remains soft



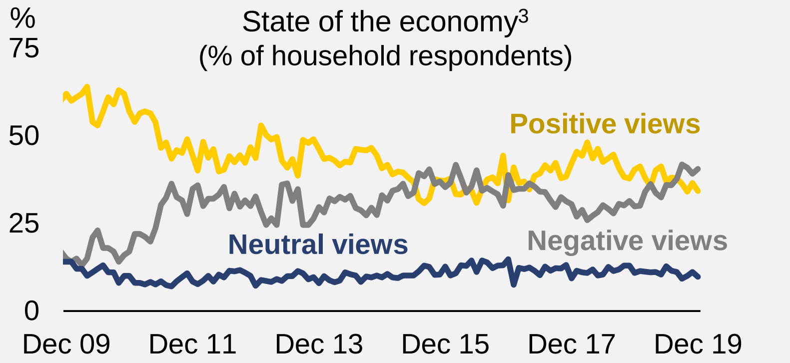
Residential construction is falling



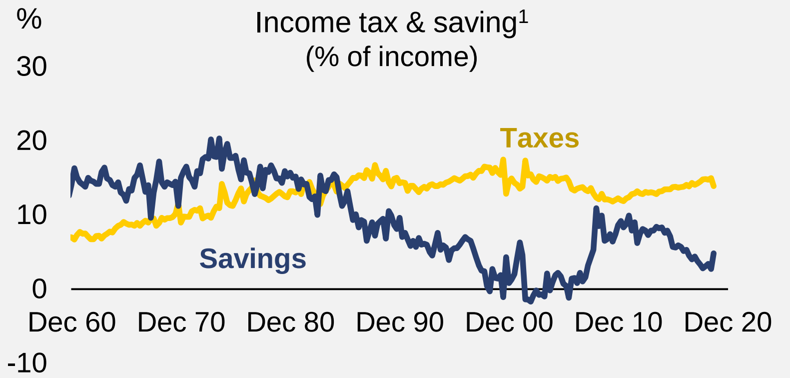
Household debt is high and job security fears persist



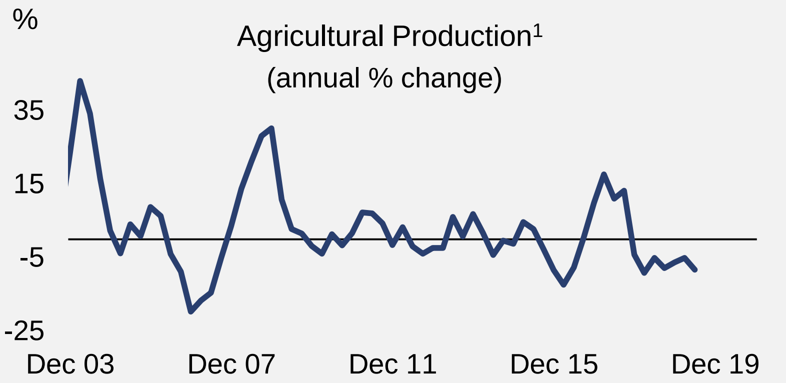
Policy stimulus is proving less effective as rate cuts impact on sentiment



Tax cuts have largely been saved, not spent



The drought continues and the bushfire threat remains intense

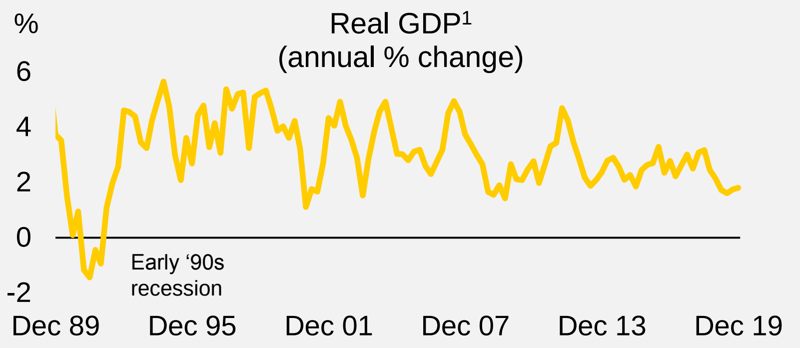


1. Source: ABS. 2. Source: RBA/WBC Melbourne Institute. 3. Source: CBA viewpoint

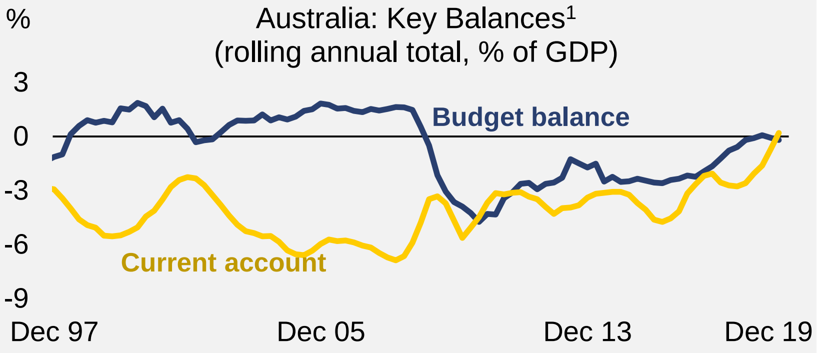
The Australian Economy

Some positives

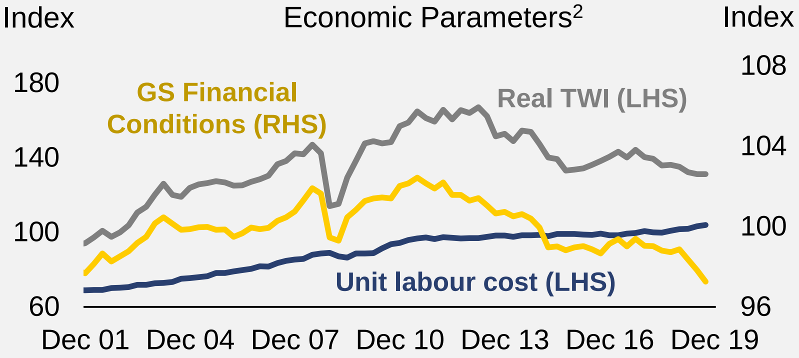
The 29-year plus expansion highlights Australia's economic resilience



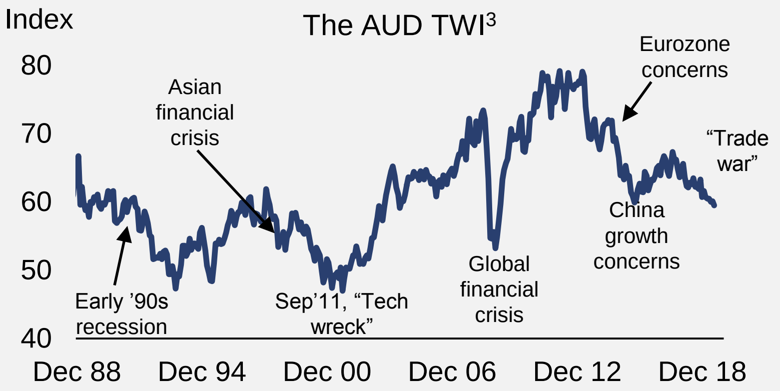
The "twin surpluses" provide some protection



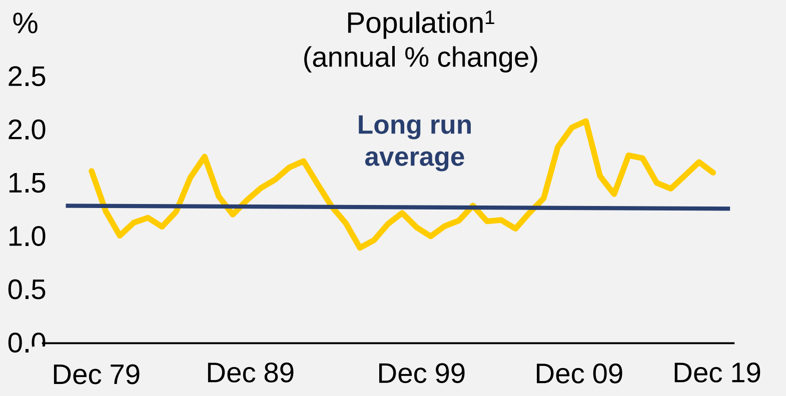
Economic parameters are favourable



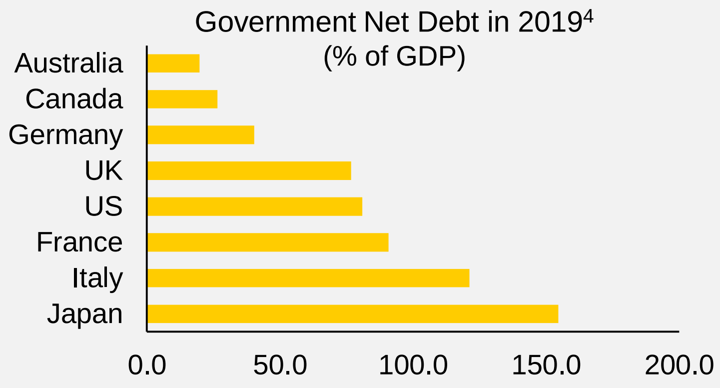
The AUD remains an effective shock absorber



Population growth is strong, supporting demand



Public debt is low

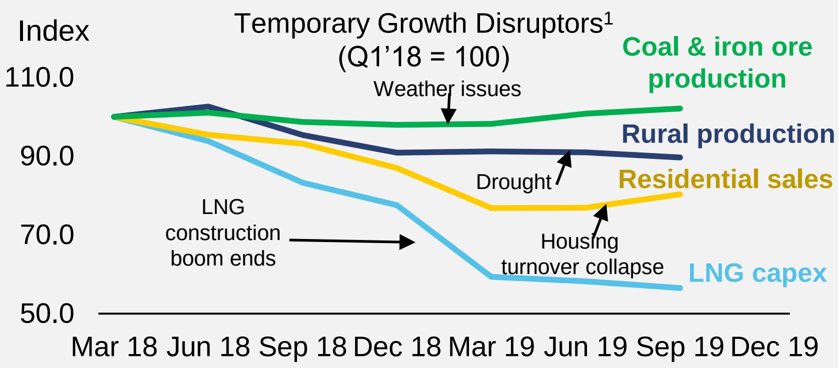


1. Source: ABS. 2. Source: RBA/ABS/Goldman Sachs. 3. Source: Bloomberg. 4. Source: AOFM.

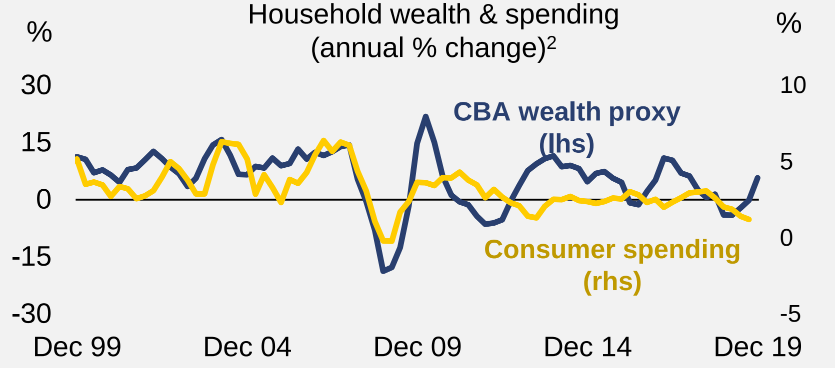
The Australian Economy

Some positives

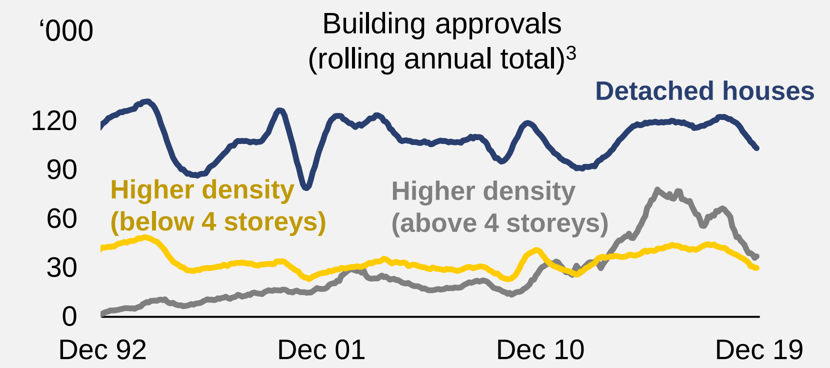
Some of the temporary constraints on economic growth are easing



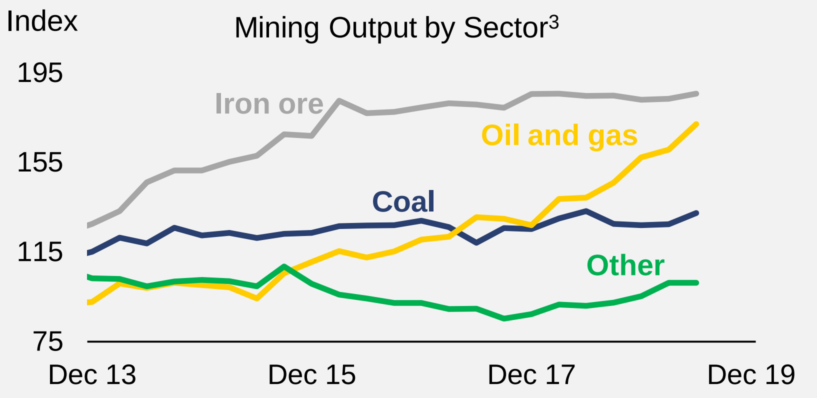
The turn in the housing market is boosting household wealth



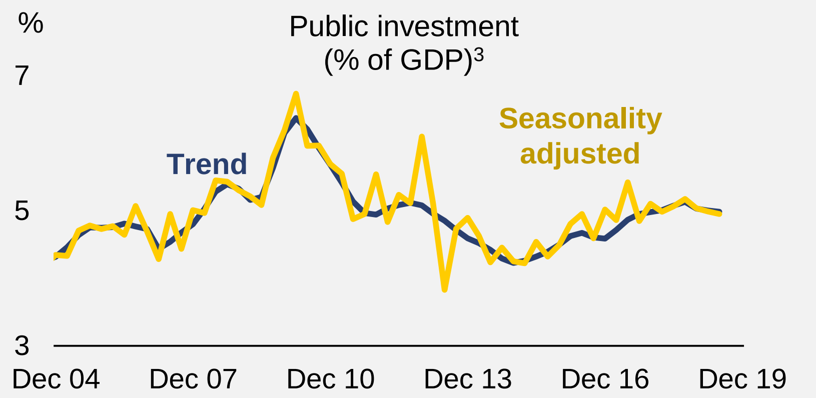
Leading indicators like building approvals suggest a bottom in resi construction



The LNG boom continues



The infrastructure boom rolls on



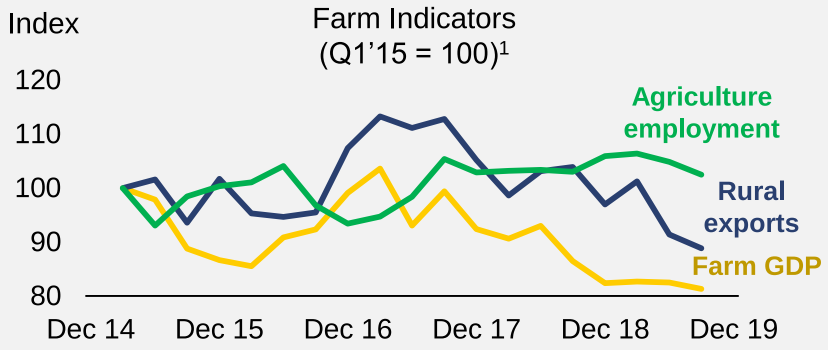
The boost from Asian incomes continues

1. Source: CBA/ABS. 2. Source: CBA/ABS/Bloomberg. 3. Source: ABS. 4. Source: ABS/CBA.

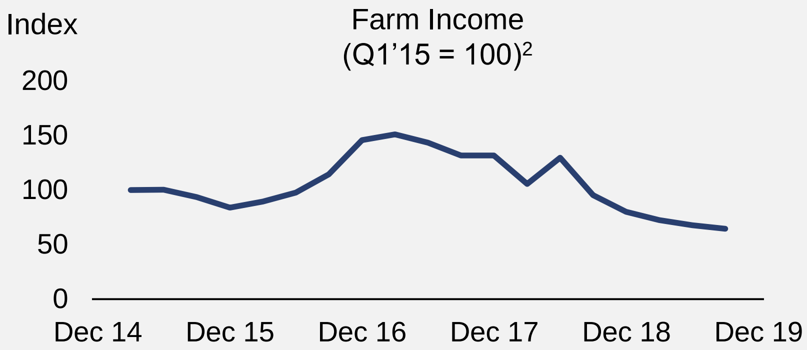
Australian Drought and Bushfires

Challenges ahead for affected regions

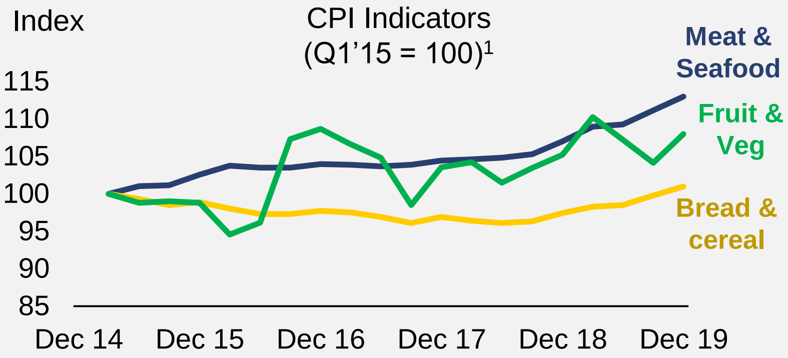
Drought exerting a prolonged drag on the economy with declining farm production…



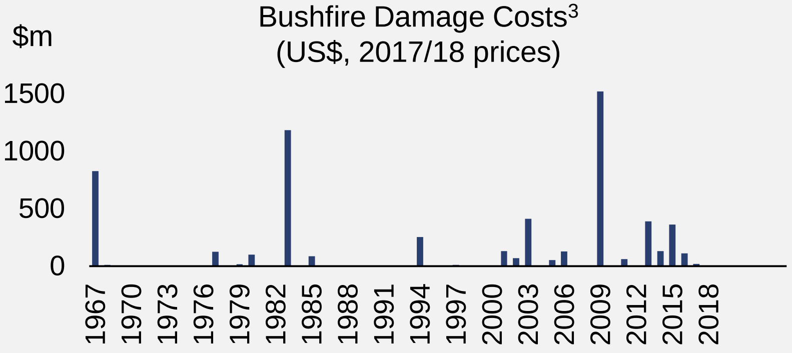
…and falling farm incomes that contribute to weaknesses in household income



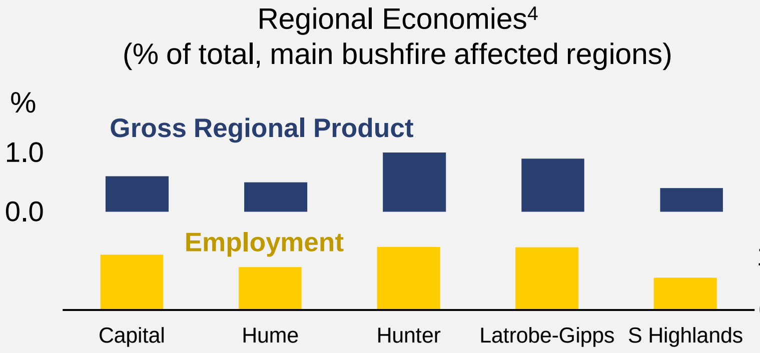
We are now seeing a meaningful impact on CPI growth



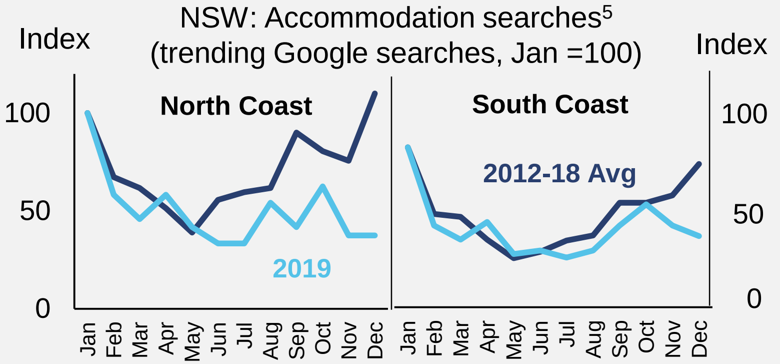
Potential impact of current bushfires is skewed towards high end of the historical range



Main bushfire affected regions account for 3.5% of GDP and 3.8% of employment



Google search activity point to a sizable negative for tourism

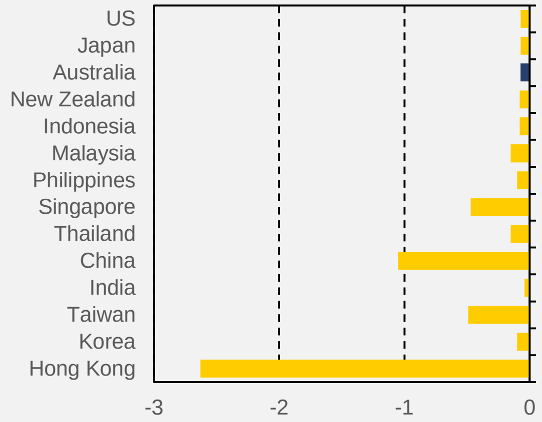


1. Source: ABS/CBA. 2. Source: ABS/CBA. 3. Source: EM-DAT: The Emergency Events Database - Universite catholique de Louvain (UCL) - CRED, D. Guha-Sapir - www.emdat.be, Brussels, Belgium
4. DIIS. 5. Source: Google Trends.

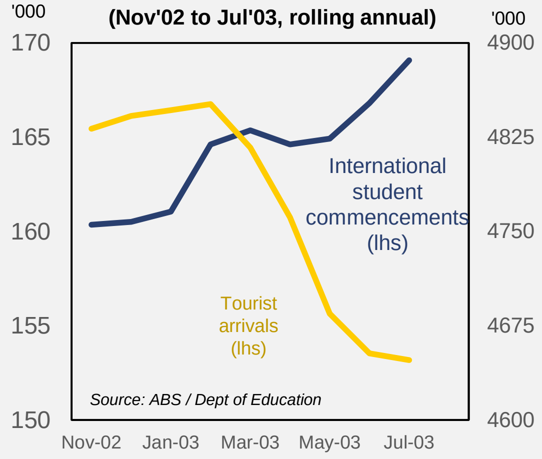
The Coronavirus

An emerging risk

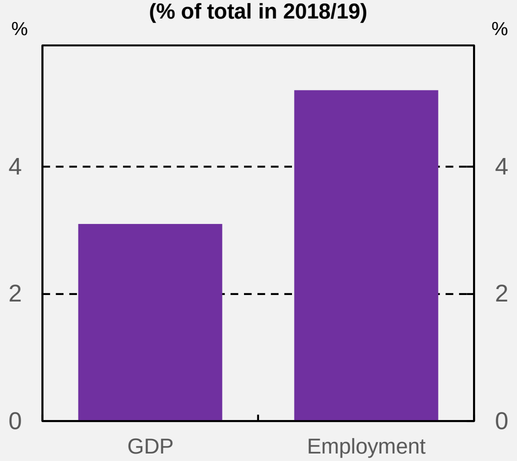
SARS IMPACT ON GDP IN 2003[1]
(% reduction)



TOURISM & EDUCATION & SARS[2]
(Nov'02 to Jul'03, rolling annual)



TOURISM & THE ECONOMY[3]
(% of total in 2018/19)



China & Australia[4]		
Chinese share of:	**2003**	**2019**
Australian exports	8%	34%
Iron ore exports	32%	82%
Tourist arrivals	4%	15%
Student commencements	20%	24%
Memo items:		
Tourism (% of GDP)	3%	3%
Education (% of GDP)	5%	5%

- Geo-medical events impact on economic activity via a reduction in spending as consumers become more cautious, an associated reduction in business and consumer confidence and an increase in costs (eg disease prevention, screening etc).
- The SARS event in 2003 is the only recent benchmark. Largest impacts on Hong Kong (2.6% off 2003 GDP growth), China (-1.1%), Singapore (-0.5%). Australian impact relatively modest (-0.1%). It's reasonable to expect a bigger impact this time – China is a bigger player.
- Most likely economic impacts for Australia are in Tourism and Education – currently represent ~3% and ~5% of GDP respectively. Education spending tends to be "sticky". Reduced outbound tourism will help offset lower inbound tourism.

1. Source: McKibbin. 2. Source: ABS / Dept of Education. 3. Source: ABS. 4. Source: ABS, Dept of Foreign Affairs & Trade, Dept of Education.

Sources, Glossary & Notes

Sources and Notes

Why CBA?

Slide 36

1. MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. Main Financial Institution (MFI) definition: In the Roy Morgan Single Source Survey MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month averages to December 2018 & 12 month averages to December 2019), excl. unable to identify MFI.
2. RBA Lending and Credit Aggregates (Home Loans) and APRA Monthly Authorised Deposit-taking Institution Statistics (Deposits). RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019, therefore home loan volume growth has been calculated for the 5 months to December 2019.
3. Net Promoter Score (NPS) - Mobile App (via mobile app on a mobile phone or tablet): Roy Morgan Research. Australian population 14+ who used the internet banking services of their (self-nominated) main financial institution in the last 4 weeks, rolling average of the last 6 months of spot scores, as at December 2019. Rank based on comparison to ANZ, NAB and Westpac (at a brand level). Net Promoter®, Net Promoter System®, Net Promoter Score®, NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.
4. Peers as reported at September 2019. On continuing operations basis where applicable.
5. Source: Bloomberg. Total Shareholder Return as at 31 Dec 19.

Best in digital

Slide 46

1. Net Promoter Score (NPS) - Mobile App (via mobile app on a mobile phone or tablet): Roy Morgan Research. Australian population 14+ who used the internet banking services of their (self-nominated) main financial institution in the last 4 weeks, rolling average of the last 6 months of spot scores, as at December 2019. Rank based on comparison to ANZ, NAB and Westpac (at a brand level). Net Promoter®, Net Promoter System®, Net Promoter Score®, NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.
2. Online banking: CBA won Canstar's *Bank of the Year - Online Banking* award for 2019 (for the 10th year in a row). Awarded June 2019.
3. Mobile banking: CBA won Canstar's *Bank of the Year - Mobile Banking* award for 2019 (for the 4th year in a row). Awarded June 2019.
4. The Forrester Banking Wave™: Australian Mobile Apps, Q2 2019. Commonwealth Bank of Australia received the highest industry Wave™ overall score among mobile apps in Australia in Forrester's proprietary Industry Wave™ evaluation. Forrester Research does not endorse any company included in any Industry Wave™ report and does not advise any person or organization to select the products or services of any particular company based on the ratings included in such reports.
5. DBM Australian Financial Awards - Most Innovative Major Bank. Presented February 2019. Award based on DBM's Consumer Atlas data January to December 2018.
6. DBM Australian Financial Awards - Best Major Digital Bank. Presented February 2019. Award based on DBM Atlas data January to December 2018
7. The total number of customers that have logged into the CommBank mobile app at least once in the month of December 2019. Includes Face ID logons.
8. The total value ($) of transfers and BPAY payments made in digital (NetBank, the CommBank mobile app, CommBank tablet app and old mobile app) as a proportion of the total value ($) of transfers in over-the-counter, ATM, EFTPOS and digital transactions over the period of June – December 2019.

Sources and Notes

Cash Profit

The Profit Announcement discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared in accordance with the Corporations Act and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Bank's operating results. It is not a measure based on cash accounting or cash flows. The items excluded from cash profit, such as hedging and IFRS volatility and losses or gains on acquisition, disposal, closure and demerger of businesses are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from cash profit is provided on page 3 of the Group's 31 December 2019 Profit Announcement (PA), which can be accessed at our website: www.commbank.com.au/results

Images

Glossary

Capital & Other

Risk Weighted Assets or RWA	The value of the Group's On and Off Balance Sheet assets are adjusted by risk weights calculated according to various APRA prudential standards. For more information, refer to the APRA website.
CET1 Expected Loss (EL) Adjustment	CET1 adjustment that represents the shortfall between the calculated EL and Eligible Provisions (EP) with respect to credit portfolios which are subject to the Basel advanced capital IRB approach. The adjustment is assessed separately for both defaulted and non-defaulted exposures. Where there is an excess of EL over EP in either assessments, the difference must be deducted from CET1. For non-defaulted exposures where the EL is lower than the EP, this may be included in Tier 2 capital up to a maximum of 0.6% of total credit RWAs.
Leverage Ratio	Tier 1 Capital divided by Total Exposures, with this ratio expressed as a percentage. Total exposures is the sum of On Balance Sheet items, derivatives, securities financing transactions (SFTs), and Off Balance Sheet items, net of any Tier 1 regulatory deductions that are already included in these items.
Internationally Comparable Capital	The Internationally Comparable CET1 ratio is an estimate of the Group's CET1 ratio calculated using rules comparable with our global peers. The analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).
Derivative Valuation Adjustments (XVA)	A number of different valuation adjustments are made to the value of derivative contracts to reflect the additional costs or benefits in holding these contracts. The material valuation adjustments included within the CBA result are CVA and FVA.
Credit Value Adjustment (CVA)	The market value of the counterparty credit risk on the derivative portfolio, calculated as the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of a counterparty's default.
Funding Valuation Adjustment (FVA)	The expected funding cost or benefit over the life of the uncollateralised derivative portfolio.

Funding & Risk

Liquidity Coverage Ratio (LCR)	The LCR is the first quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 Jan 2015. It requires Australian ADIs to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.
High Quality Liquid Assets (HQLA)	As defined by APRA in Australian Prudential Standard APS210: Liquidity. Qualifying HQLA includes cash, government and semi-government securities, and RBNZ eligible securities.
Committed Liquidity Facility (CLF)	Given the limited amount of Commonwealth government and Semi-government debt in Australia, participating ADIs can access contingent liquidity via the RBA's CLF. The amount of the CLF for each ADI is set annually by APRA. To access the CLF, ADIs need to meet certain conditions and pledge qualifying securities to the RBA.
Net Stable Funding Ratio (NSFR)	The NSFR is the second quantitative liquidity measure of the Basel III reforms, in addition to the LCR. It was implemented by APRA in Australia on 1 Jan 2018. It requires Australian ADIs to fund their assets with sufficient stable funding to reduce funding risk over a one year horizon. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding.
TIA	Corporate Troublesome and Group Impaired assets.
Corporate Troublesome	Corporate Troublesome includes exposures where customers are experiencing financial difficulties which, if they persist, could result in losses of principal or interest, and exposures where repayments are 90 days or more past due and the value of security is sufficient to recover all amounts due.
Total Committed Exposure (TCE)	Total Committed Exposure is defined as the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes settlement exposures.
Credit Risk Estimates (CRE)	Refers to the Group's regulatory estimates of long-run Probability of Default (PD), downturn Loss Given Default (LGD) and Exposure at Default (EAD).