



Debt Investor Discussion Pack

For the half year ended 31 December 2018



CommonwealthBank

First Half Summary

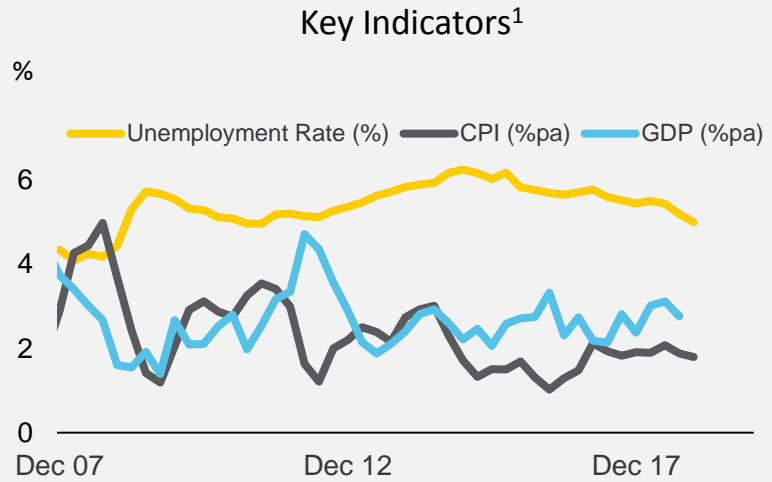


- ▶ Results show continued core business momentum
- ▶ Addressing issues and earning trust
- ▶ Business resilience in a challenging period
- ▶ Discipline on costs and capital

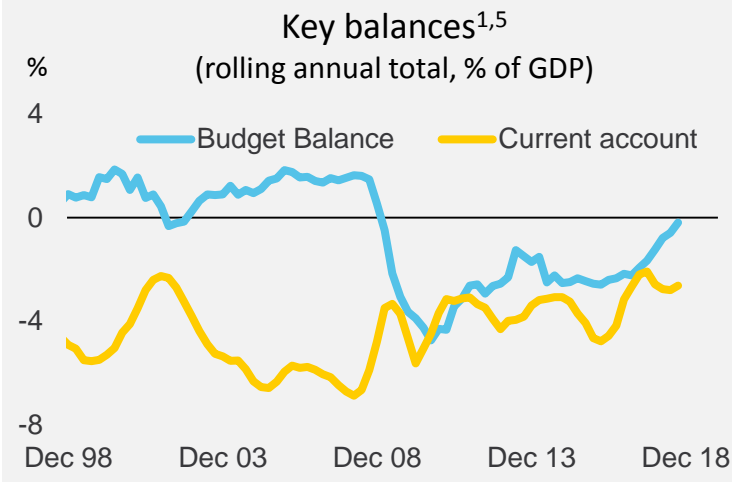
Australia – a favourable starting point



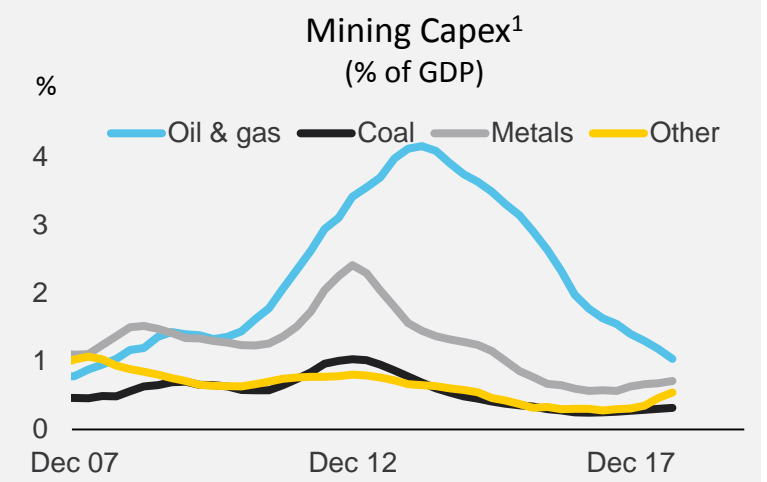
Economy in good shape – growth at trend, at full employment, stable inflation...



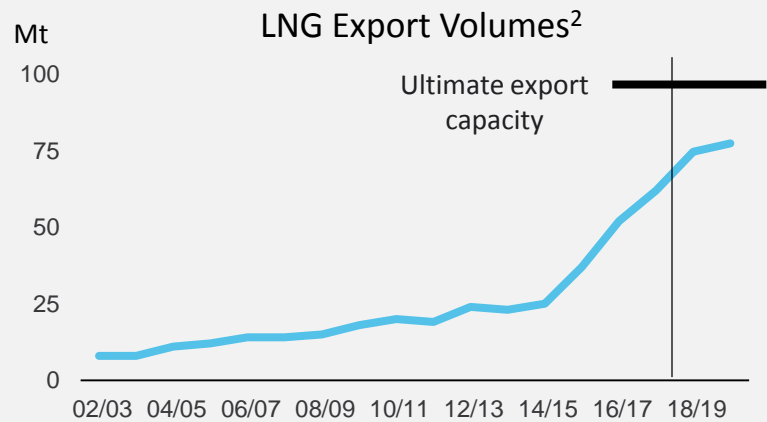
...with major economic imbalances narrowing...



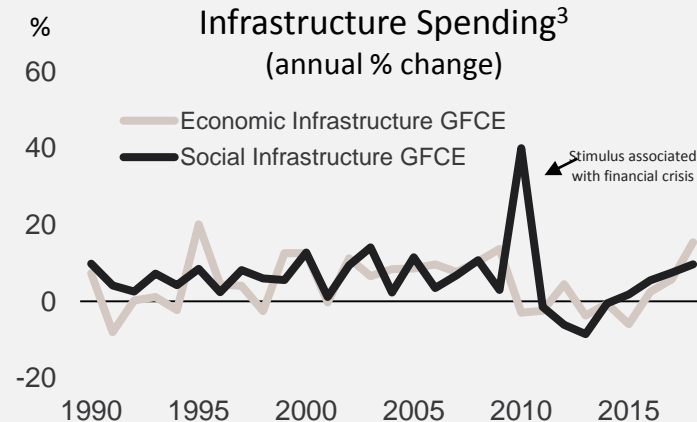
...and the drag from falling mining capex at an end



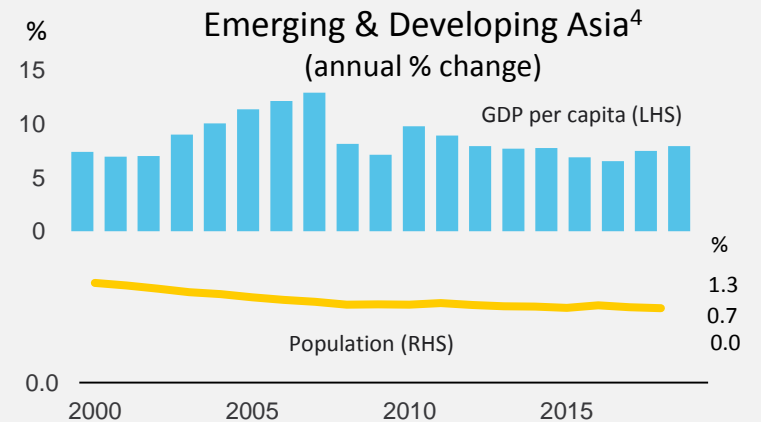
The lift in resource exports continues...



...the infrastructure boom rolls on...



...and Asian incomes keep growing

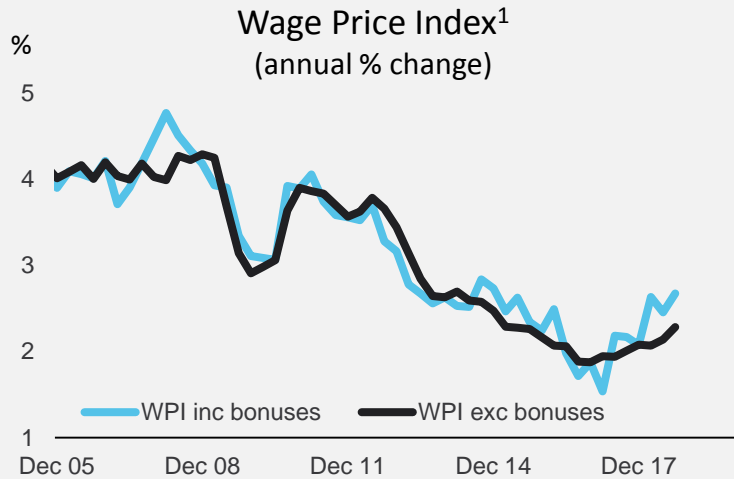


1. Source: ABS. 2. Source: Dept of Industry, Innovation & Science. 3. Source: ABS/ CBA. 4. Source: IMF. 5. Source: Dept of Finance.

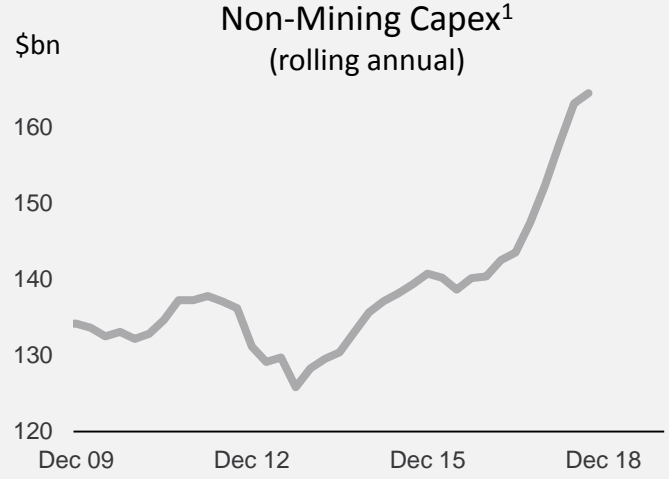
Australia – some risks easing, some lifting



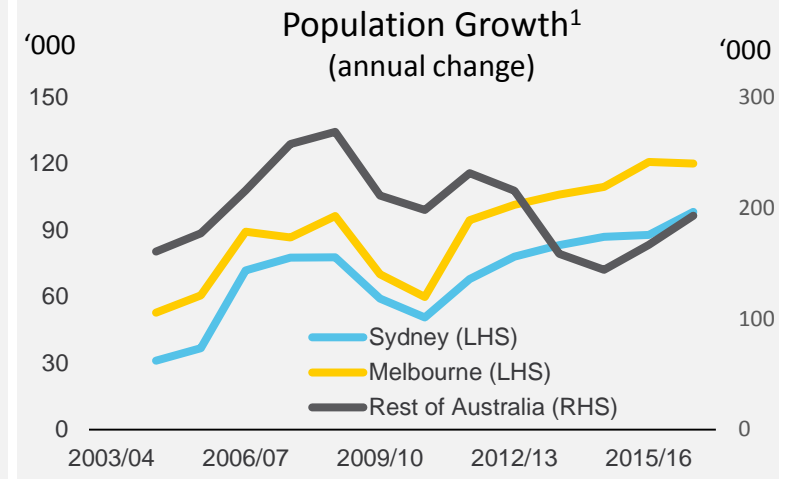
Wages growth slowly lifting



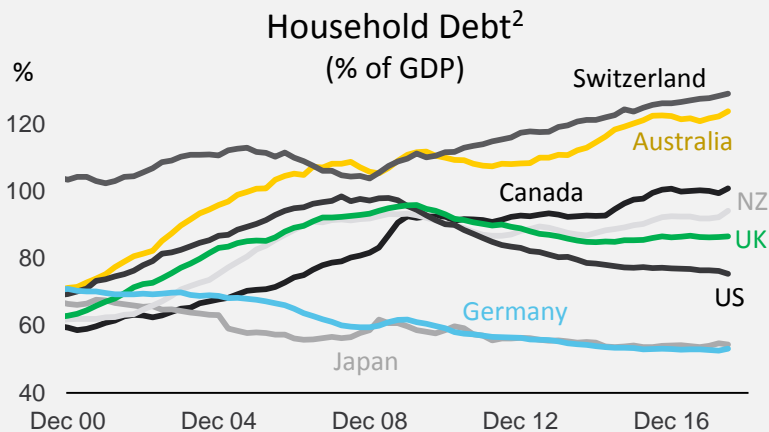
The long awaited pick up in non-mining capex is underway



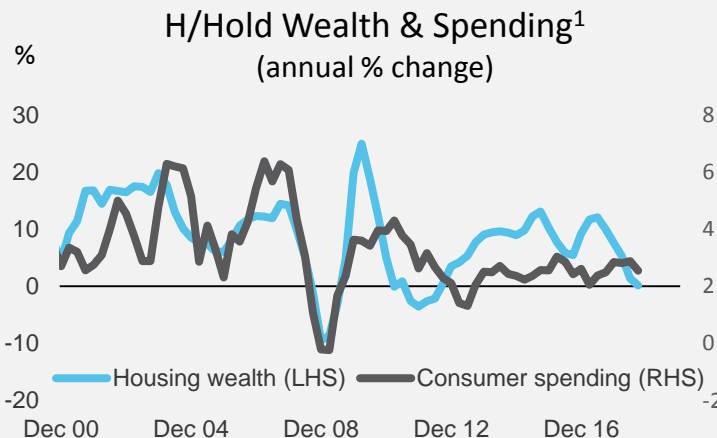
Demographics limit the residential construction downside



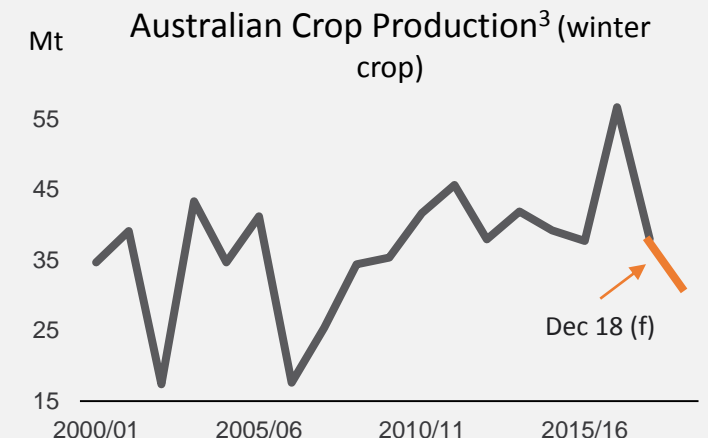
High debt, rollover of I-O loans, falling house prices, credit supply issues...



...a threat to consumer spending



The drag from the drought continues



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

First half result to 31 December¹



Cash NPAT higher – resilient business – dividend maintained

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

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

Addressing issues and earning trust

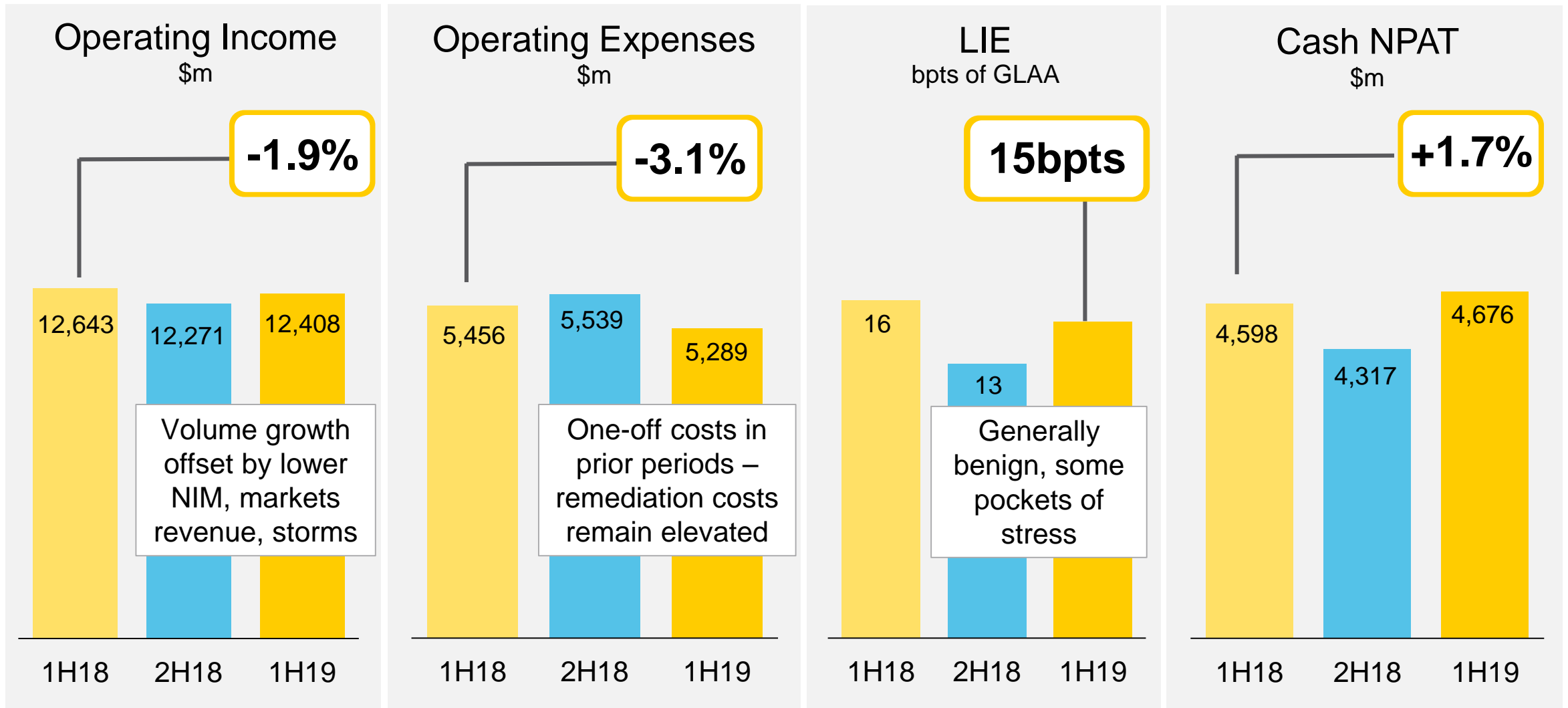


- ▶ Focus on customer remediation
- ▶ Implementing program to address APRA report
- ▶ Consultation with regulators
 - ▶ APRA - International comparability
 - ▶ APRA - TLAC
 - ▶ RBNZ - Capital
- ▶ Royal Commission
- ▶ Political environment – election in May

Key outcomes¹



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

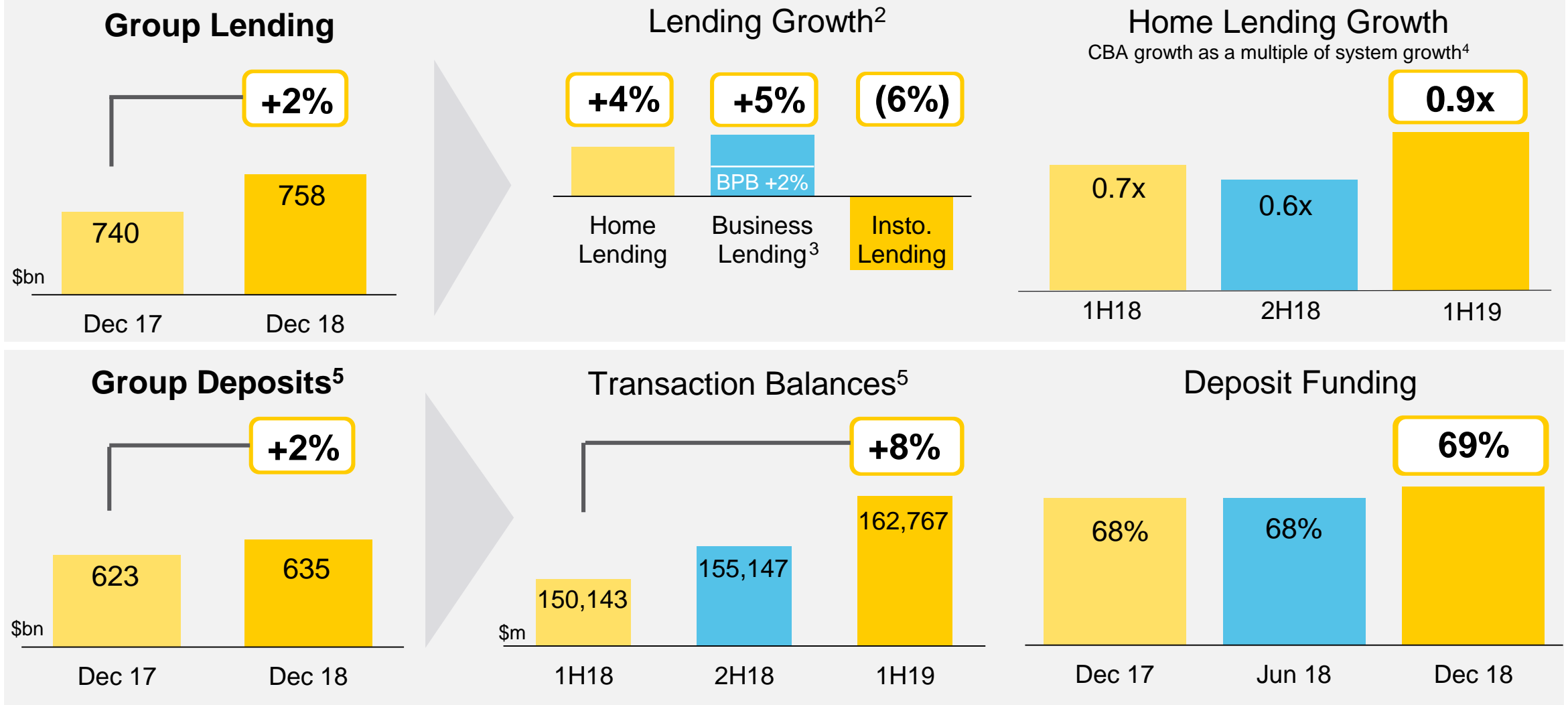


1. Presented on a continuing operations basis.

Franchise strength



Volume growth¹ – resilient core business in a challenging period

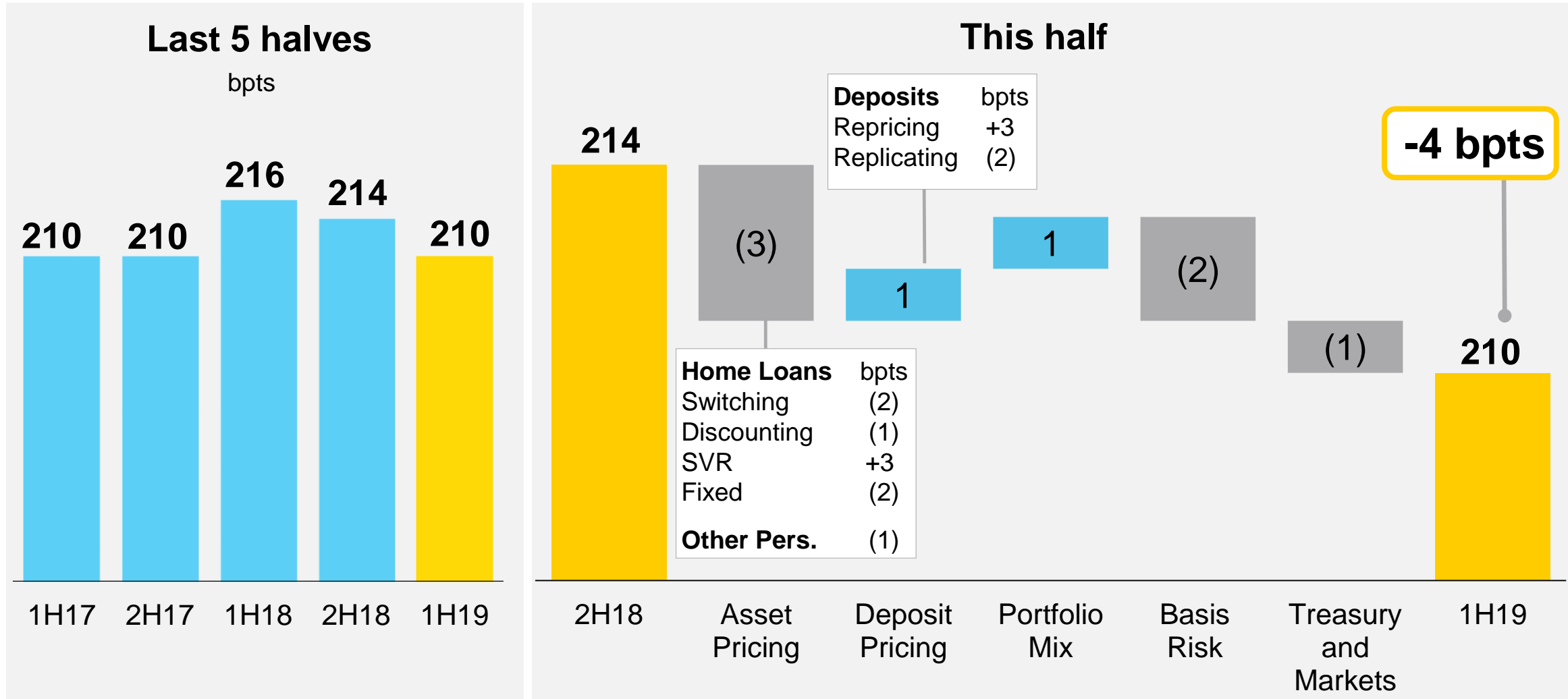


1. Spot balances. 2. Dec 18 vs Dec 17. 3. Includes NZ. 4. System source RBA Lending and Credit Aggregates. CBA includes Bankwest and subsidiaries. System adjusted for new market entrants. 5. Includes non-interest bearing deposits.

Group margin¹



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

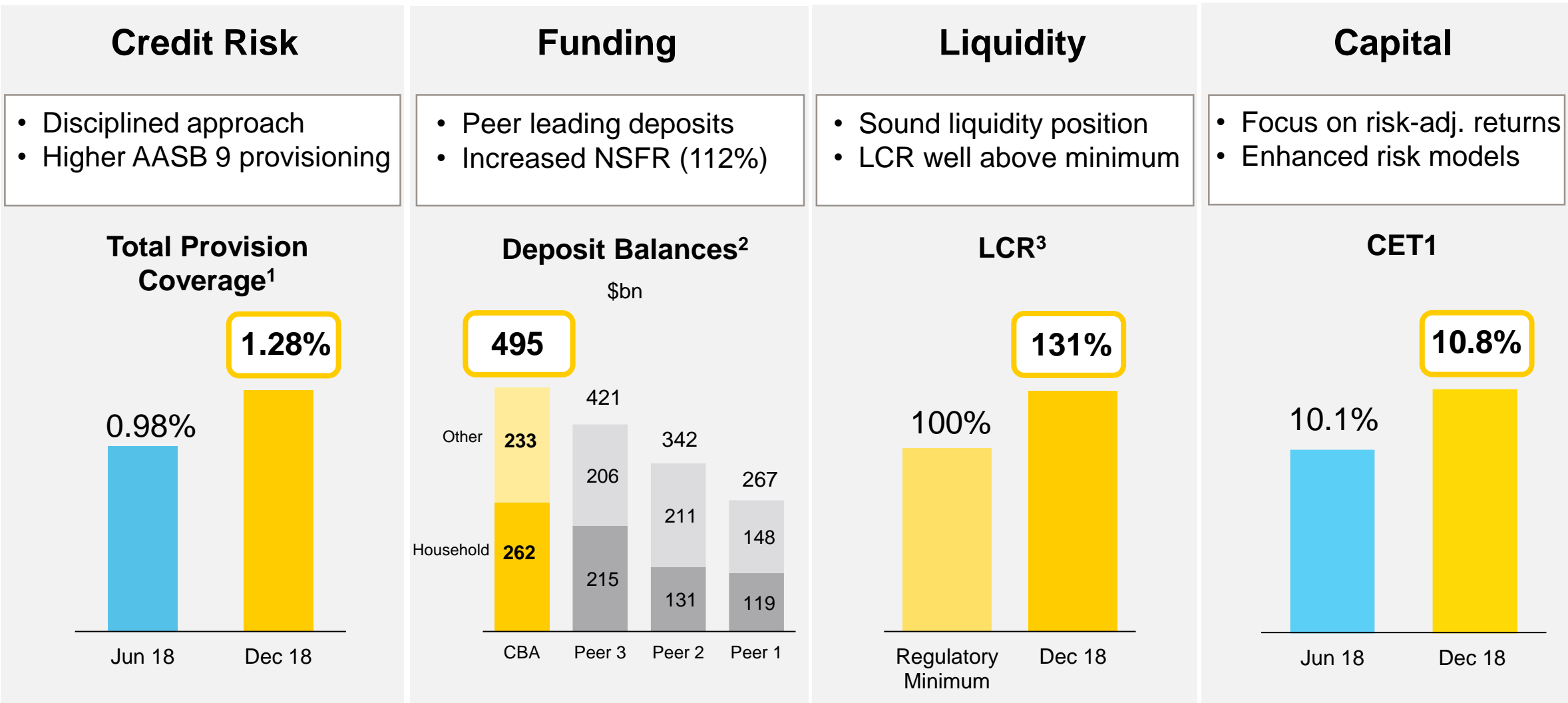


1. Comparative information has been restated to conform to presentation in the current period. Presented on a continuing operations basis.

Balance sheet resilience



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

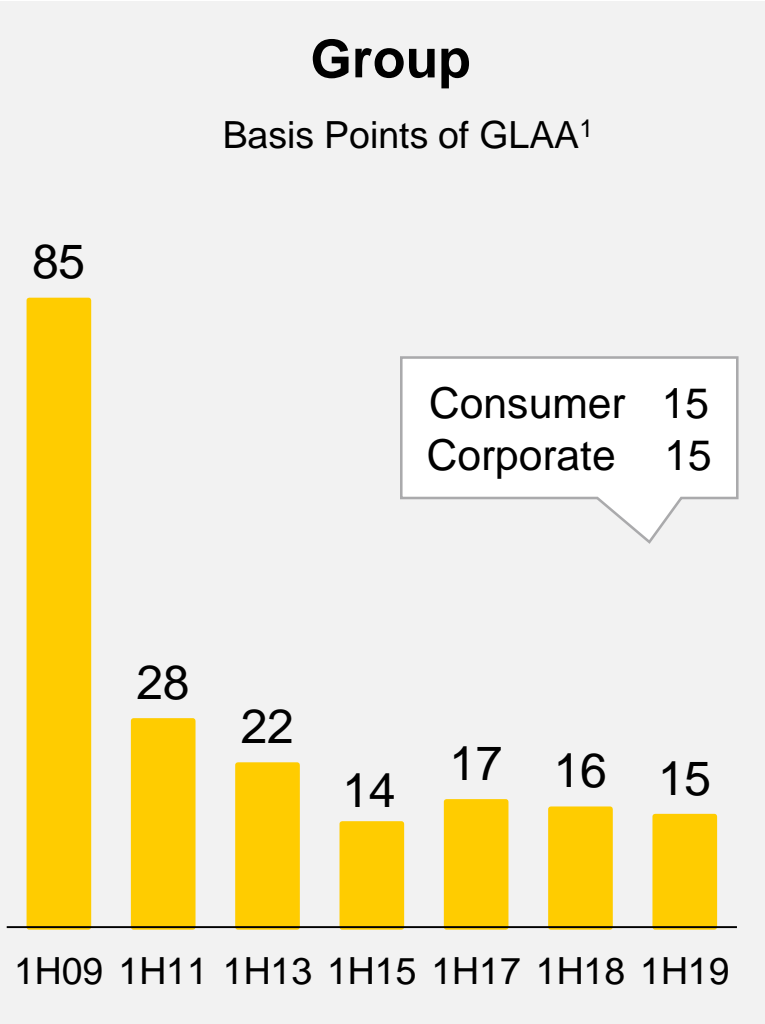


1. Total provisions divided by credit risk weighted assets. 2. Source: APRA Monthly Banking Statistics. Total deposits (excluding CD's). CBA includes Bankwest. 3. Pillar 3 quarterly average.

Credit risk



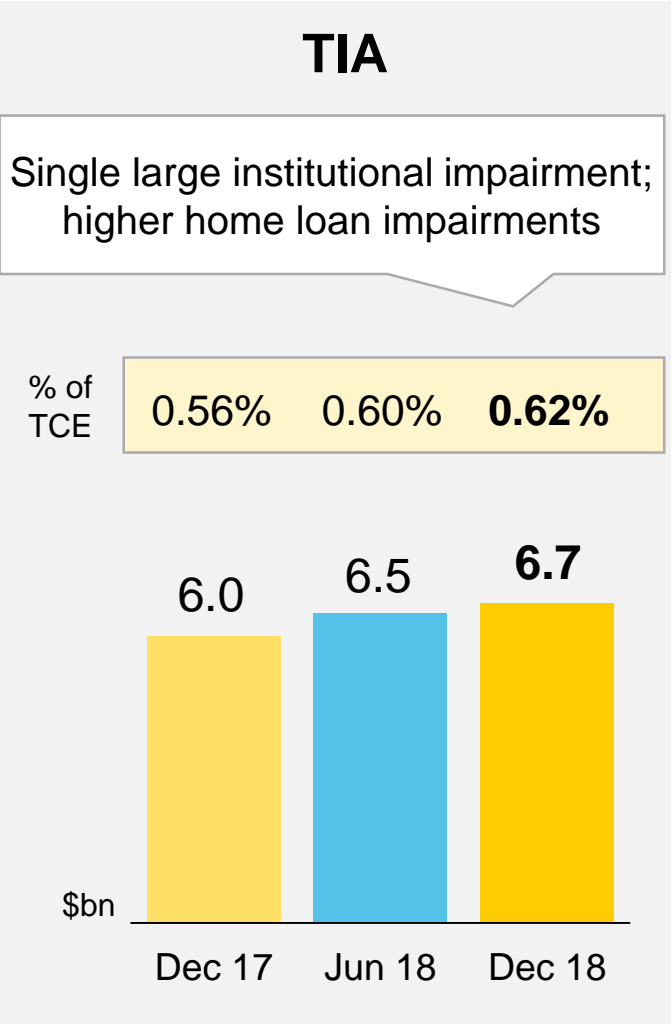
Credit risk outcomes generally benign – LIE at 15 basis points



LIE/GLAA

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

bpts	1H18	1H19
RBS	17	16
BPB	13	19
IB&M	18	7
ASB	6	11
Group²	16	15

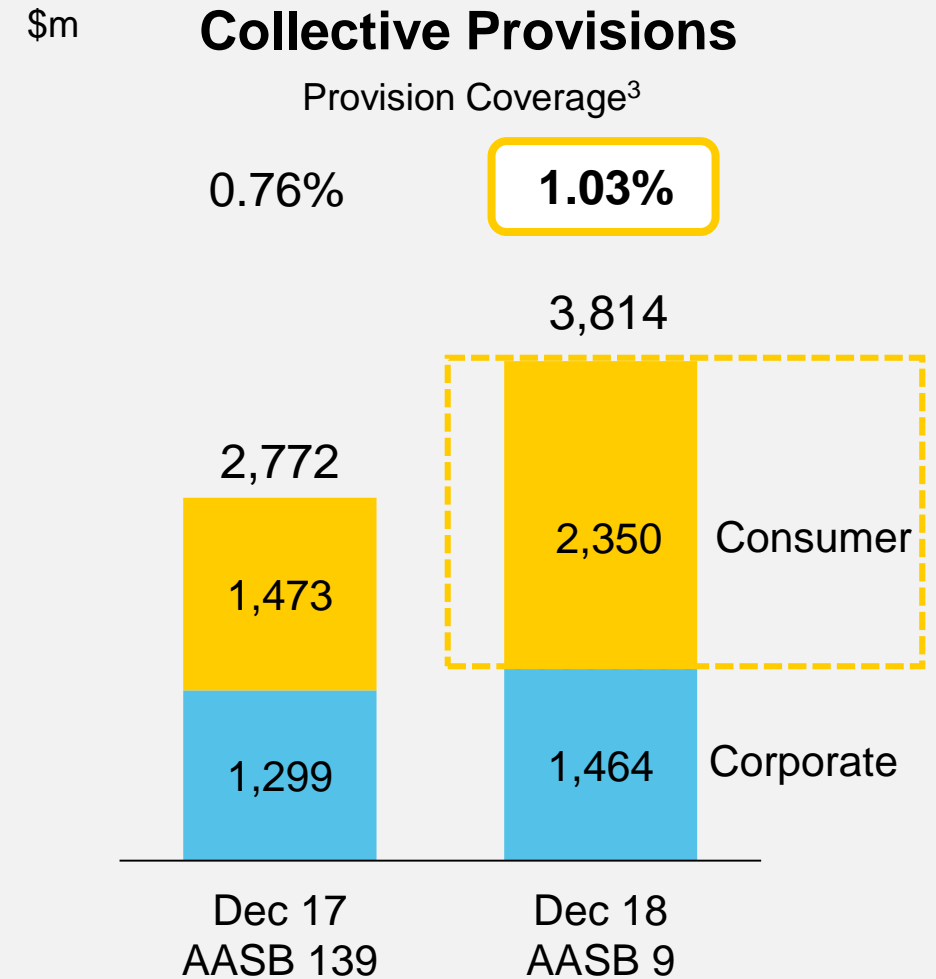
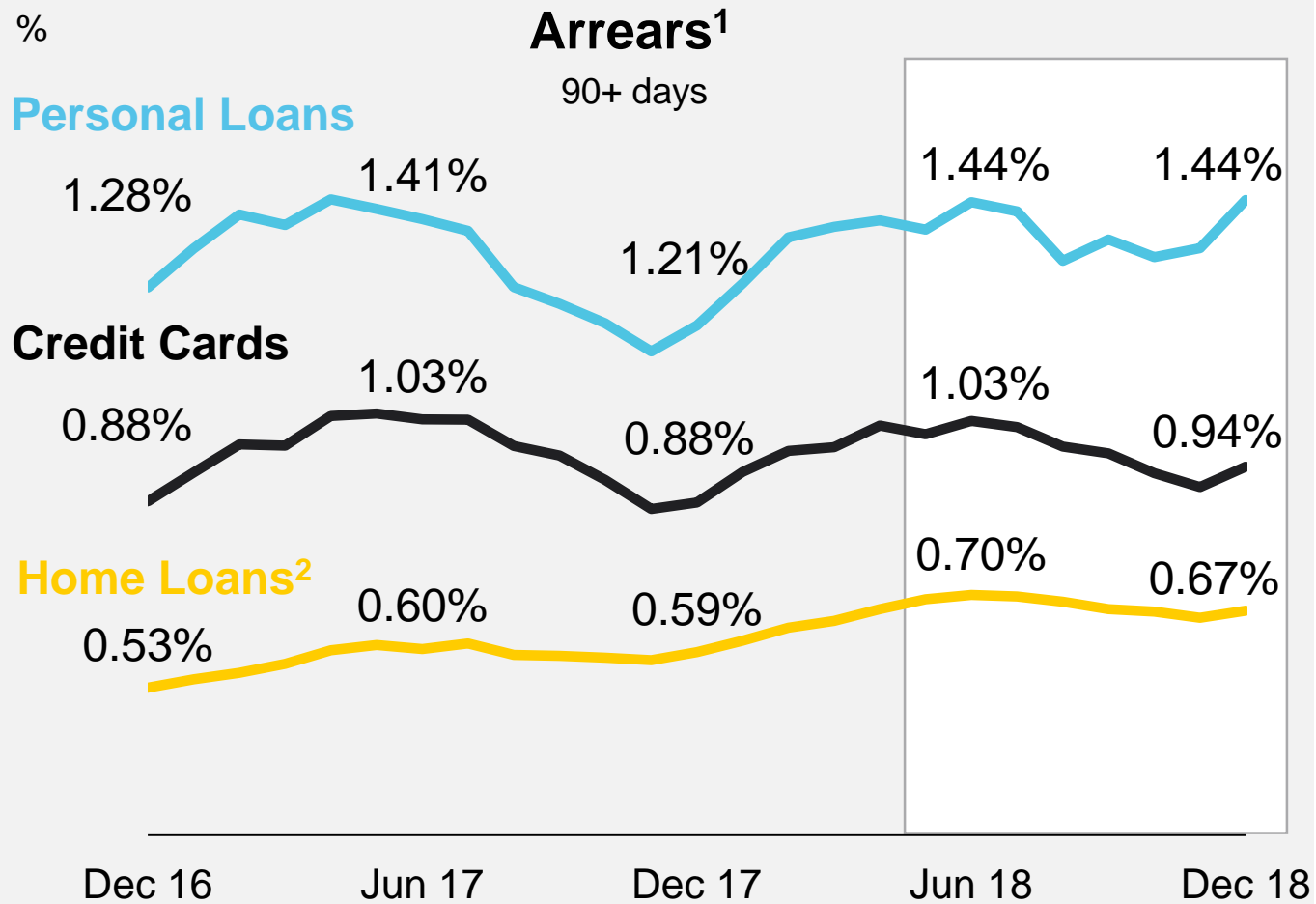


1. Cash LIE as a percentage of average Gross Loans and Acceptances (GLAA) (bpts) annualised. 1H09 includes Bankwest on a pro-forma basis. 2. Includes Other.

Credit risk – consumer arrears & provisions



Economic conditions broadly supportive, but some pockets of stress

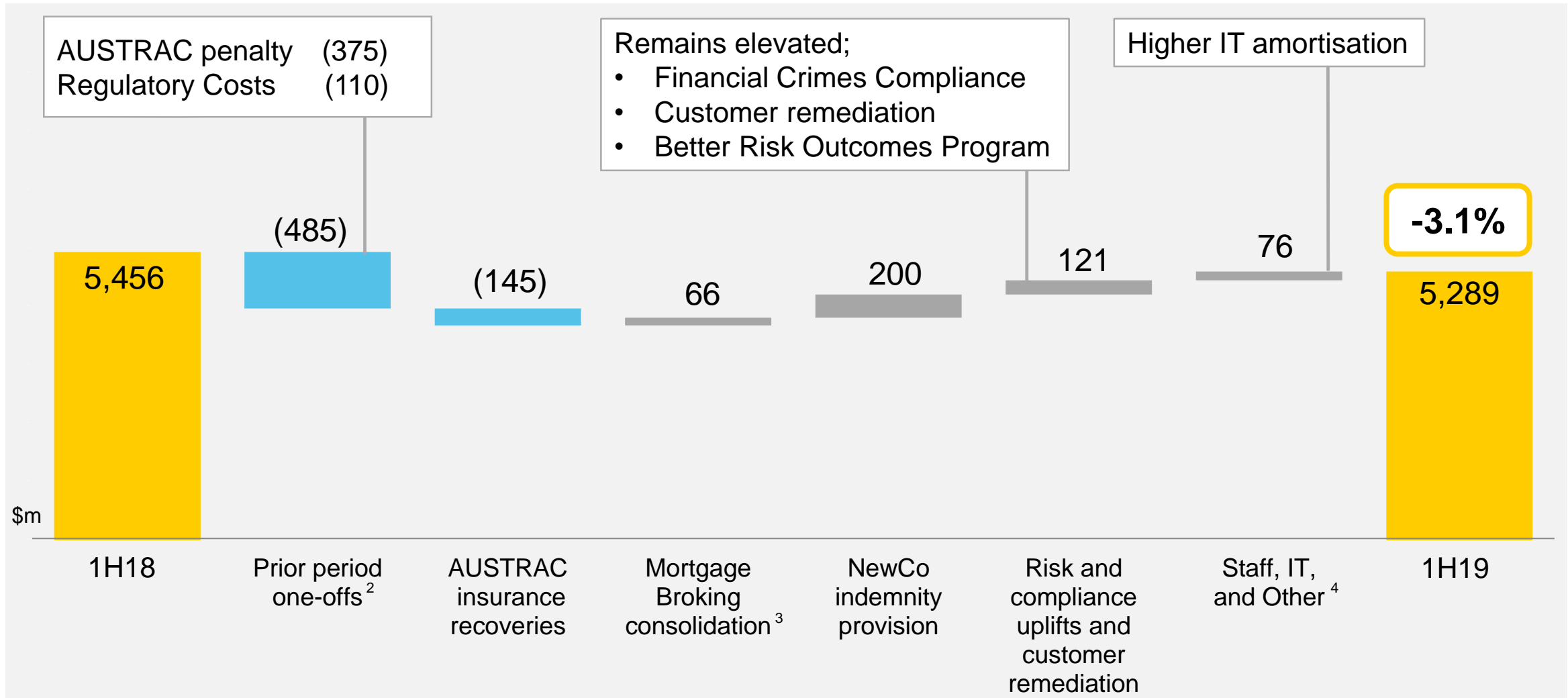


1. Group consumer arrears including New Zealand. 2. Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans. 3. Collective provisions divided by credit risk weighted assets.

Operating expenses¹



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

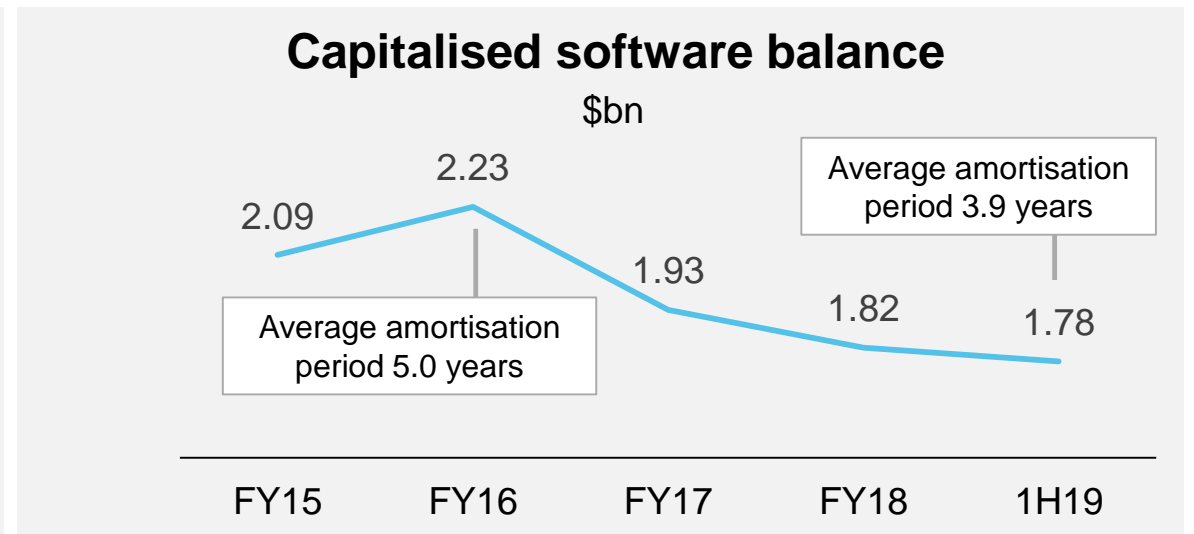
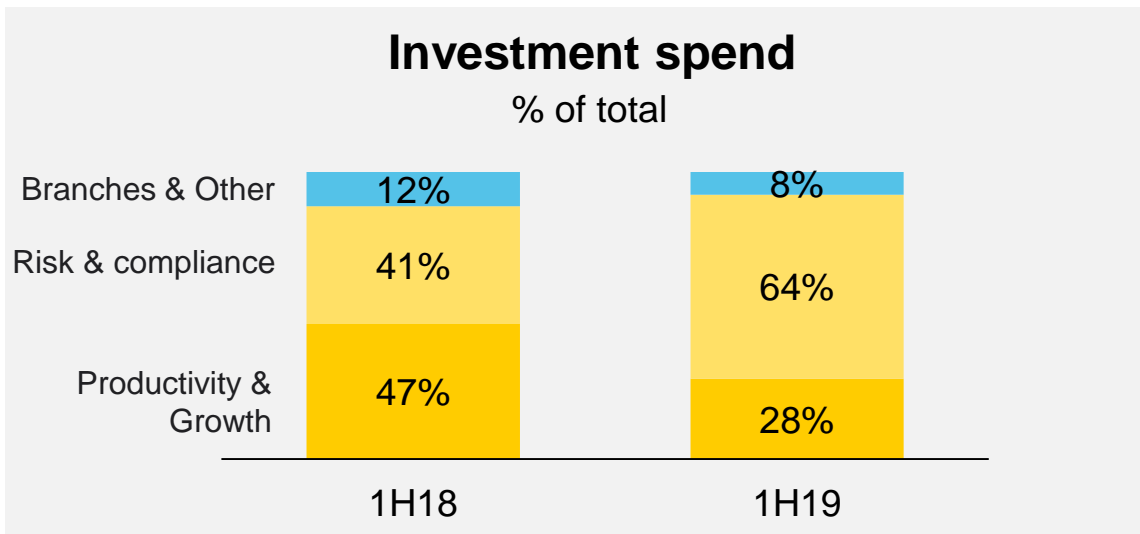
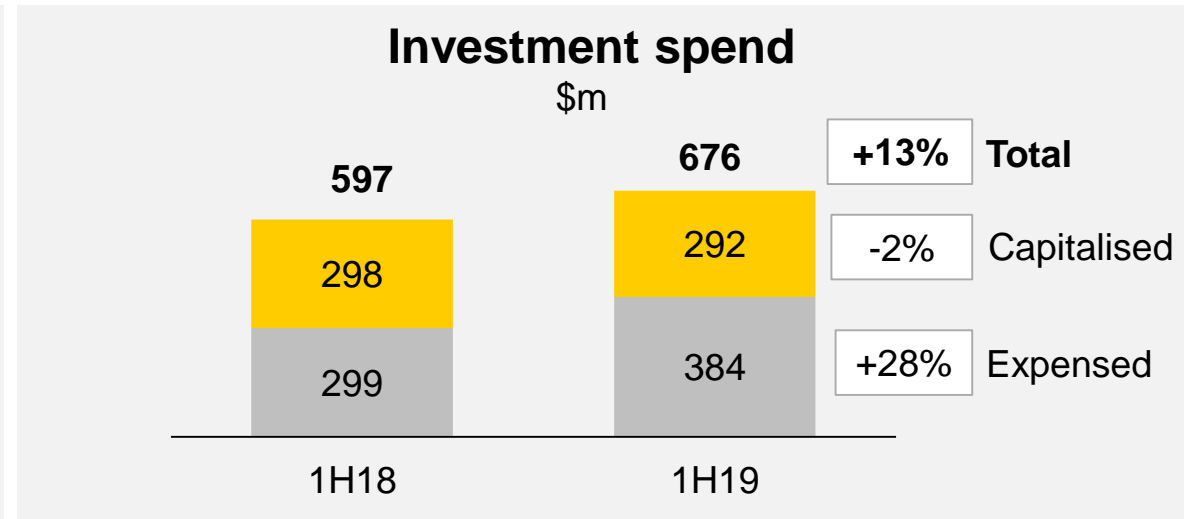
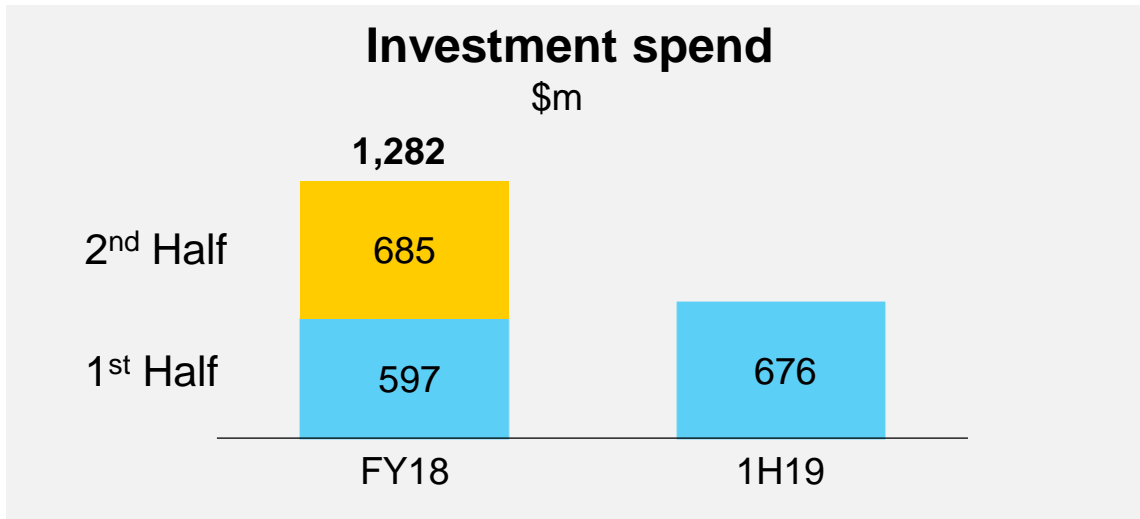


1. Presented on a continuing operations basis. 2. Prior period = 1H18. 3. Includes AHL and the impact of the implementation of AASB 15. 4. Excludes staff costs related to the NewCo indemnity provision, the Program of Action, and other risk and compliance uplifts.

Investment spend¹



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



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

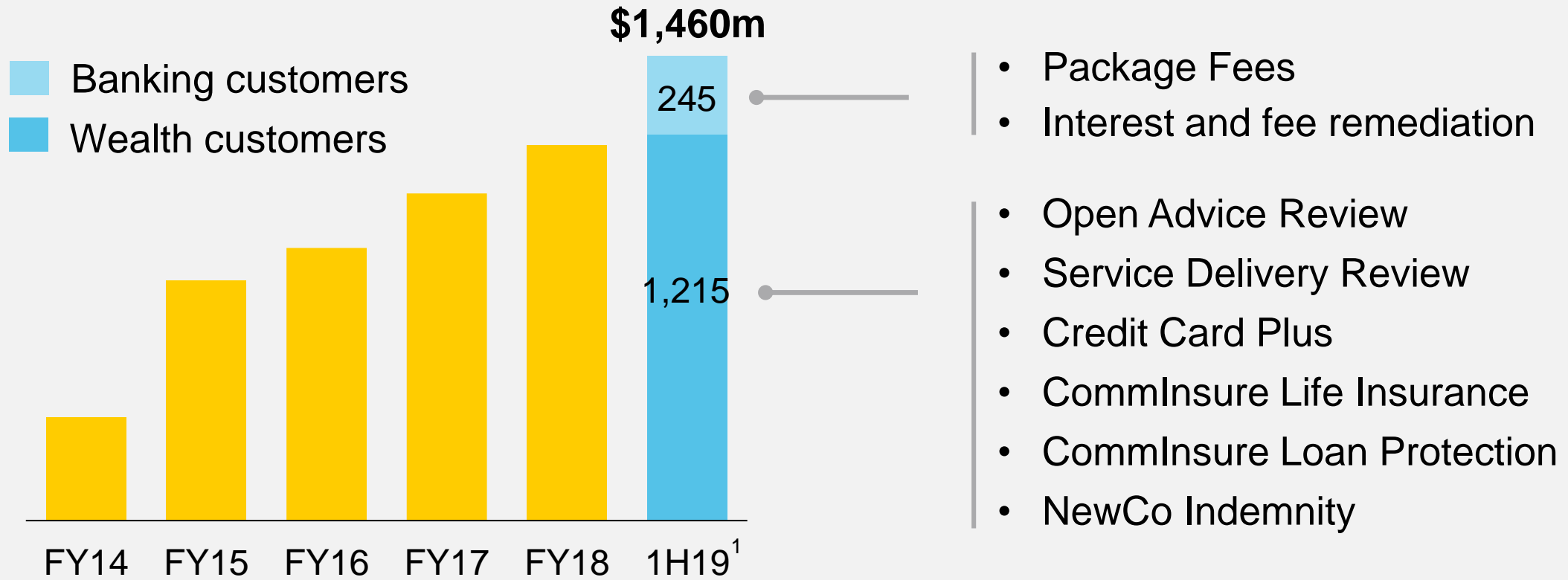
Remediating customers



Committed to addressing issues and earning trust

Remediation and Program Costs

Cumulative spend and provisions

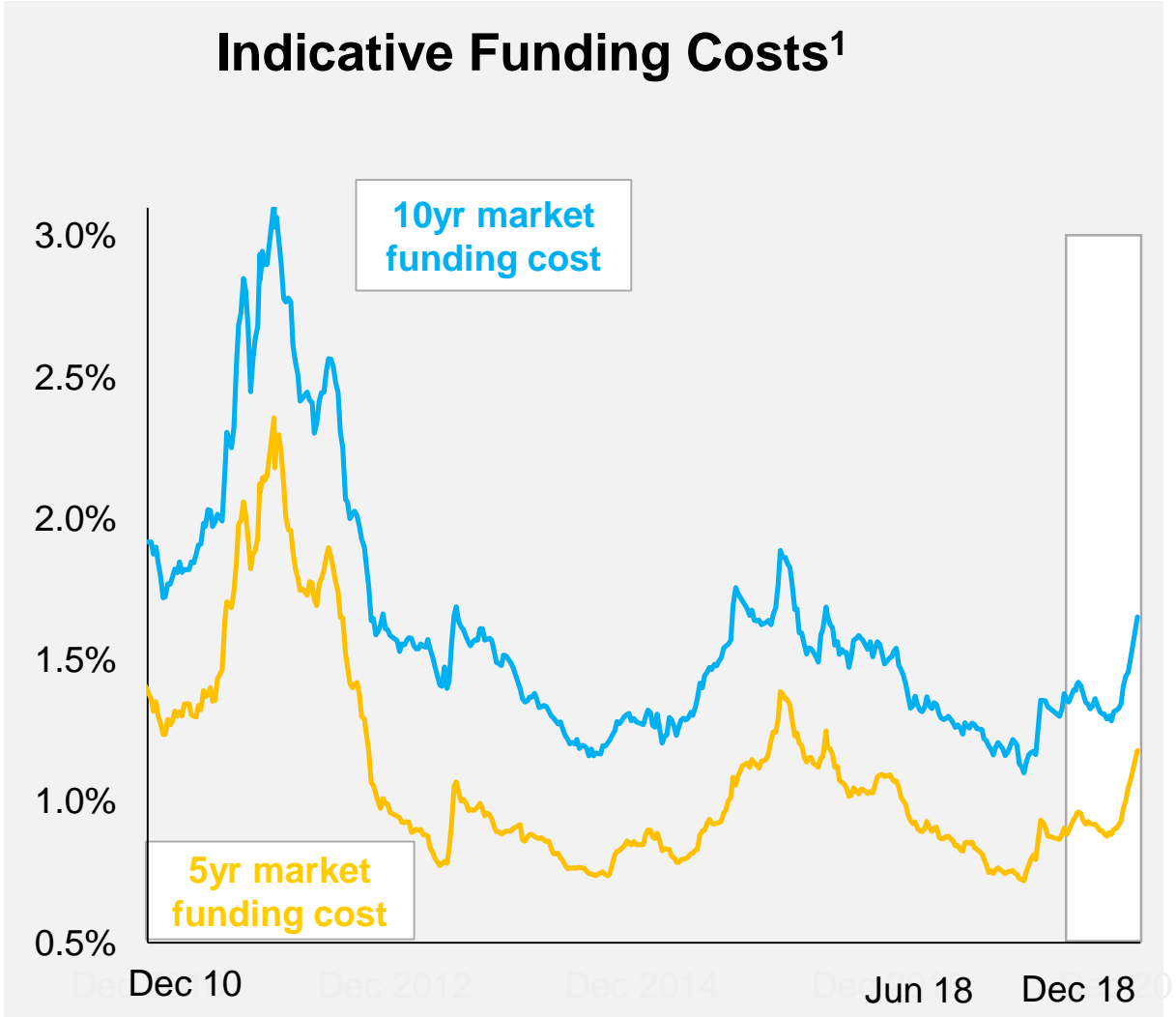
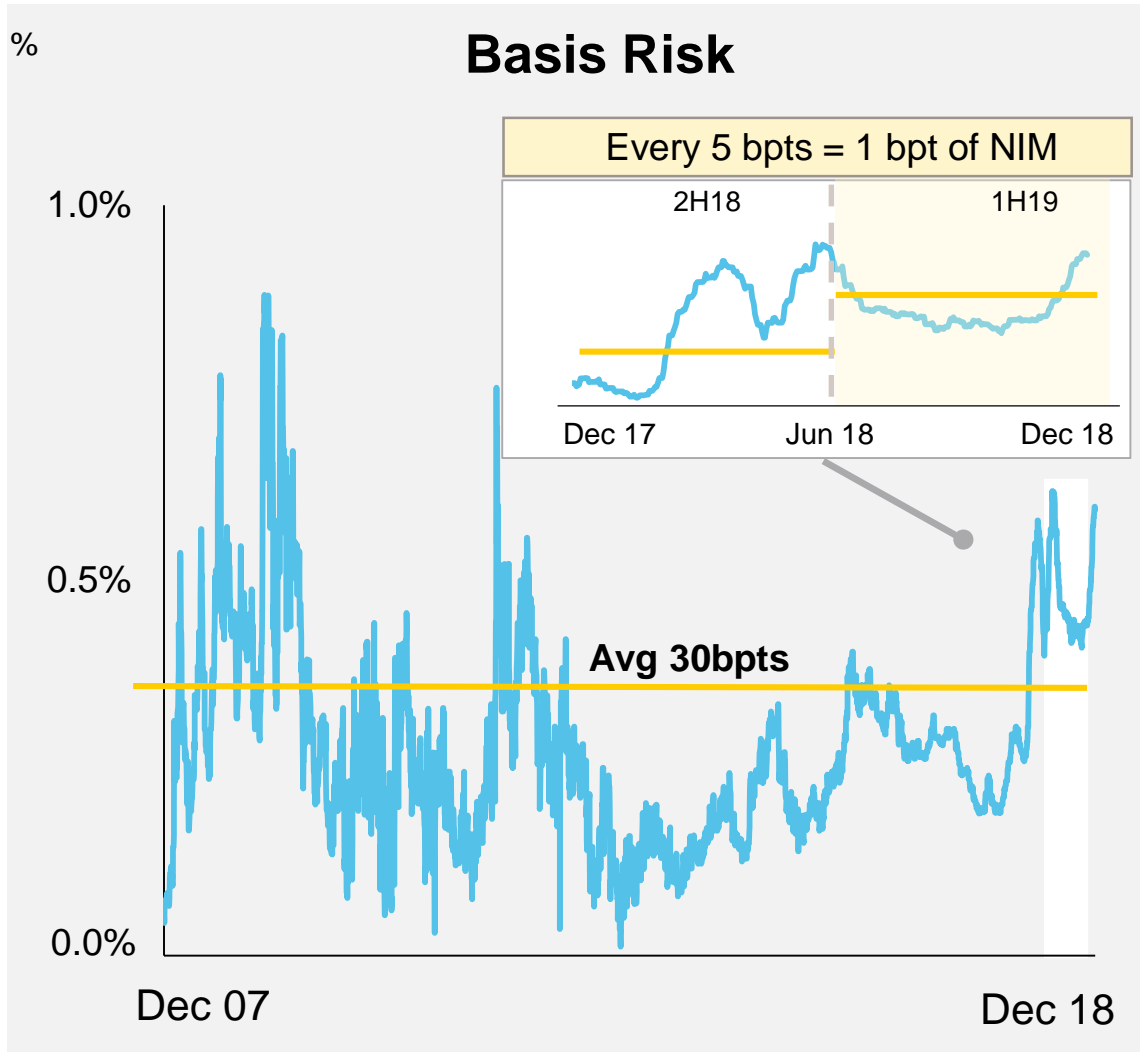


1. Includes \$580m for Advice Review program costs (ASX Announcement 9 October 2018). The Advice Review program costs included Future Advice Model and Regulatory Reform spend of \$122m.

Funding costs



Some funding cost pressures emerging

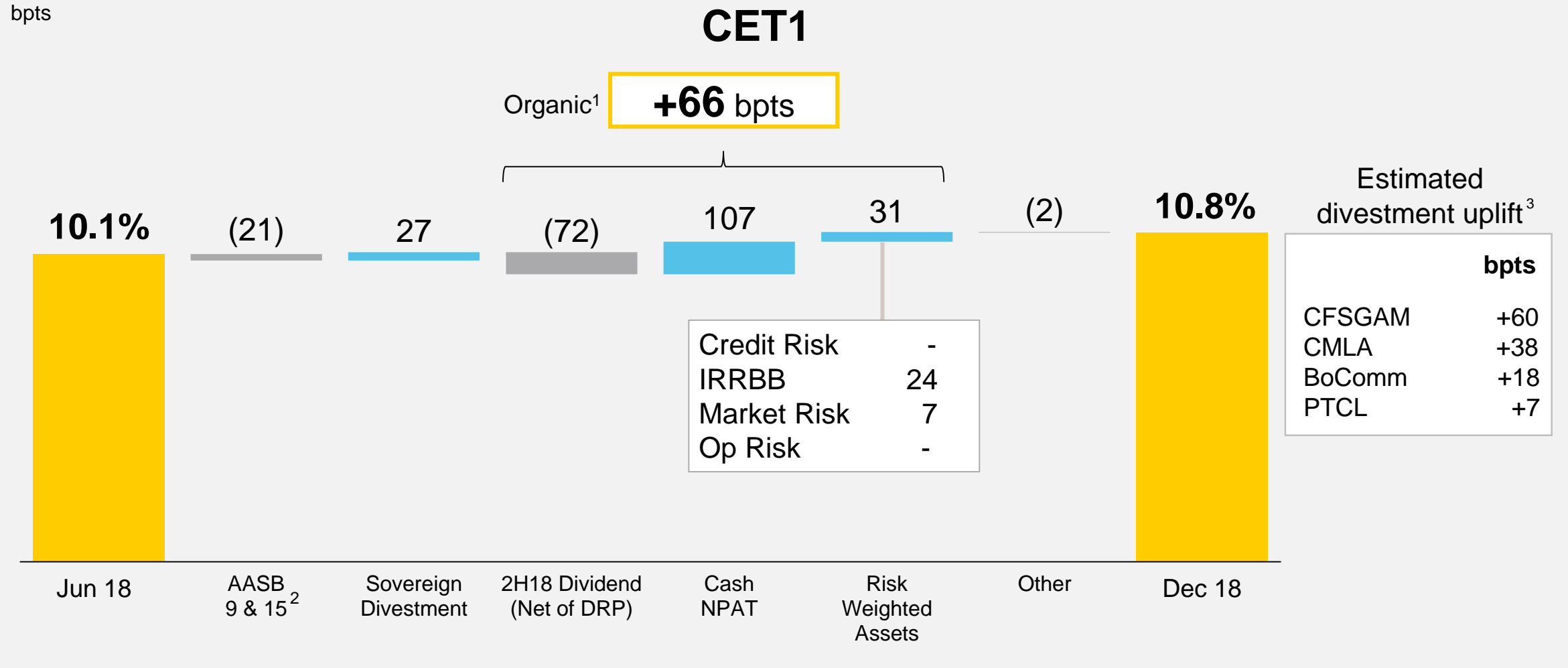


1. Indicative funding costs across major currencies. Represents the spread in BBSW equivalent terms on a swapped basis.

Capital



Another period of strong organic capital generation



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

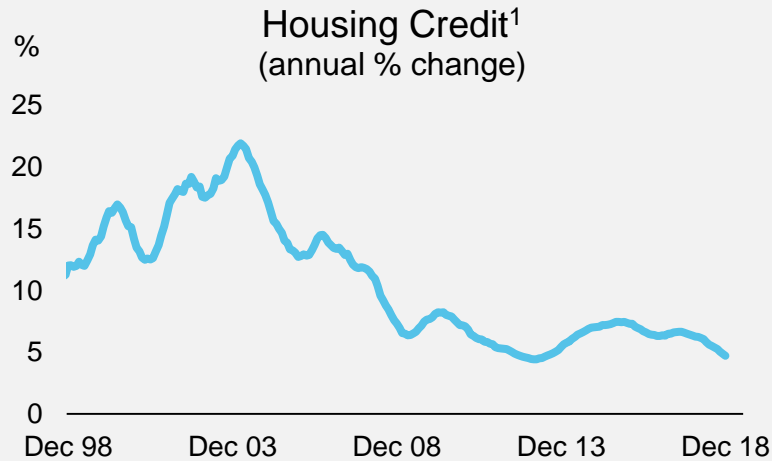


Home and Consumer Lending

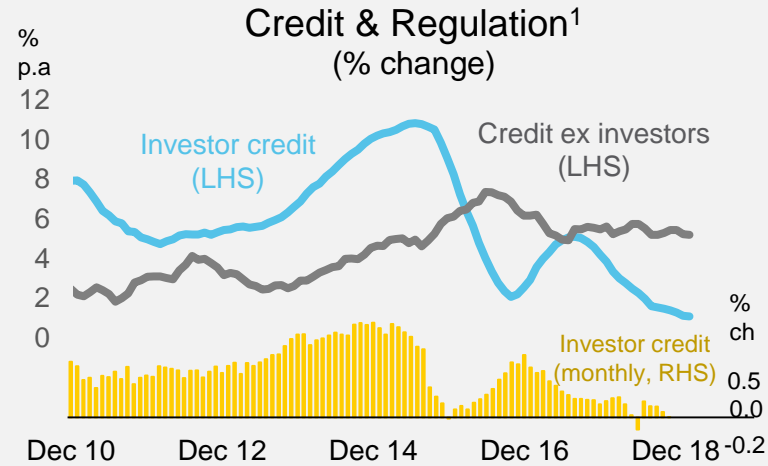
Home lending – system overview



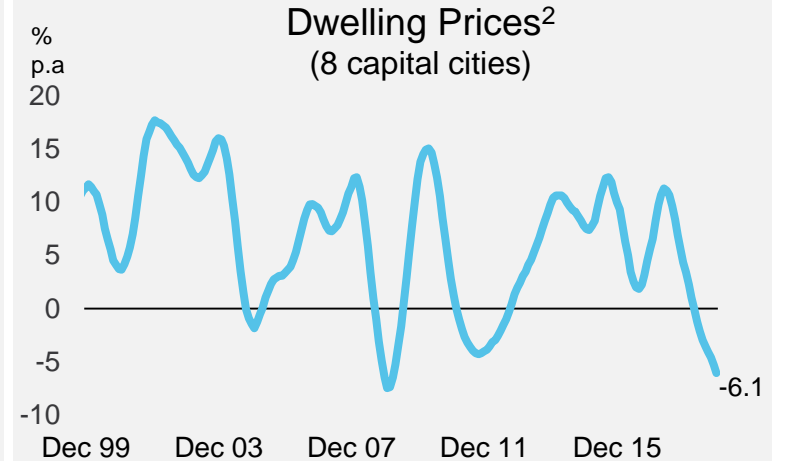
Housing credit growth has slowed....



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



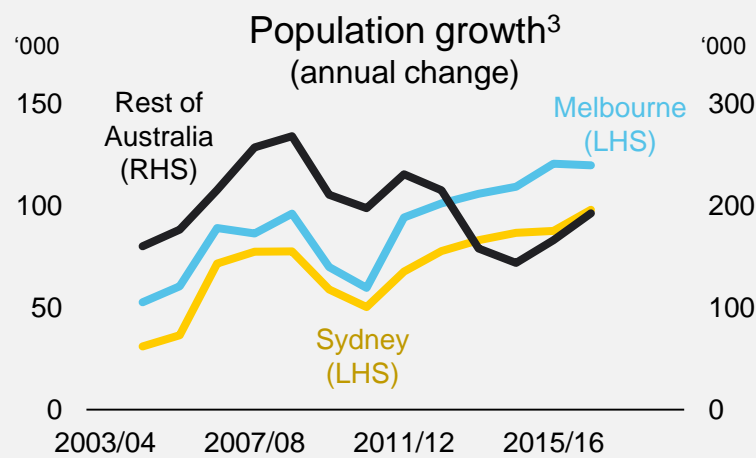
Regulation and softer market conditions are weighing on house prices...



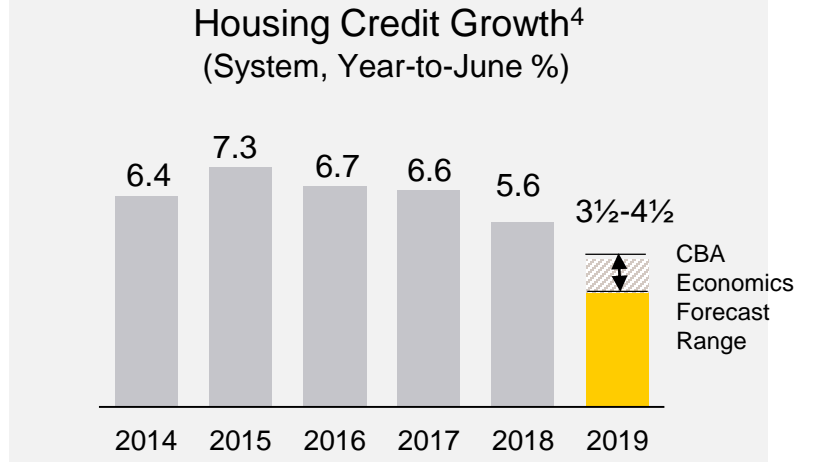
...with the largest declines in Sydney & Melbourne²

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

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



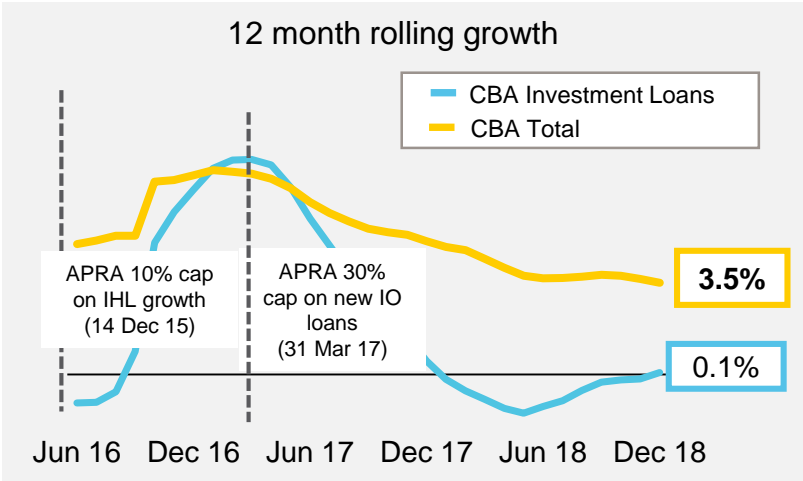
....limiting downside risk to overall system growth through 2019



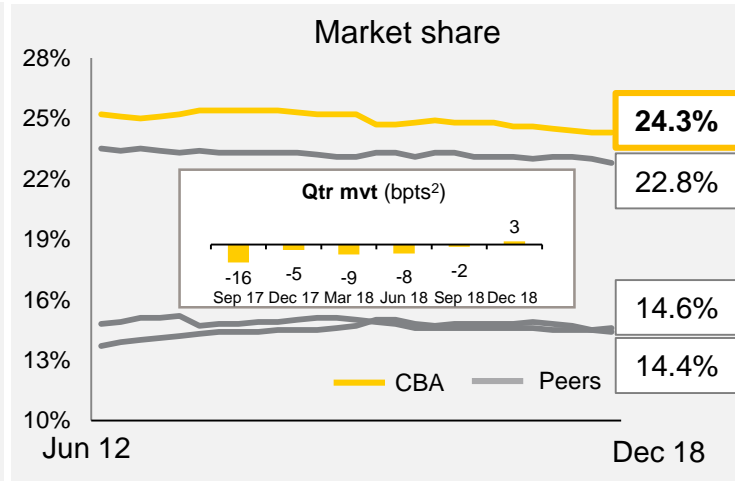
Home lending - CBA¹



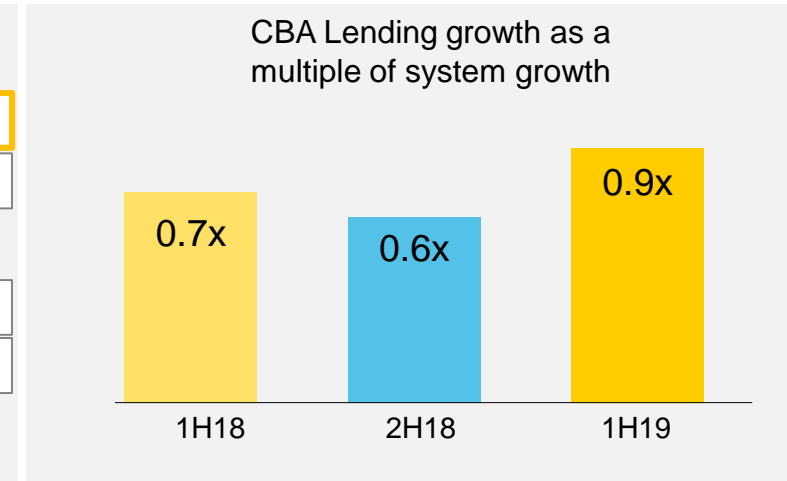
CBA took early measures to manage regulatory requirements...



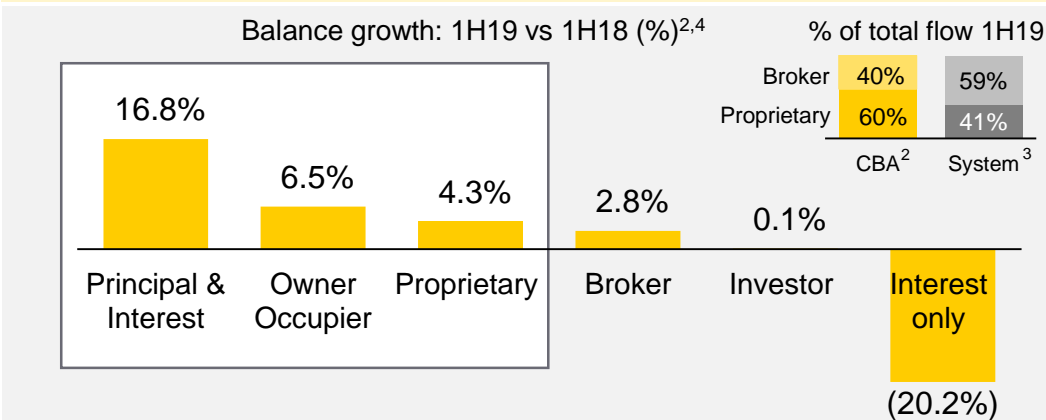
...ceding some market share as a result, particularly in FY18



Growth is now broadly in line with system



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



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

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

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

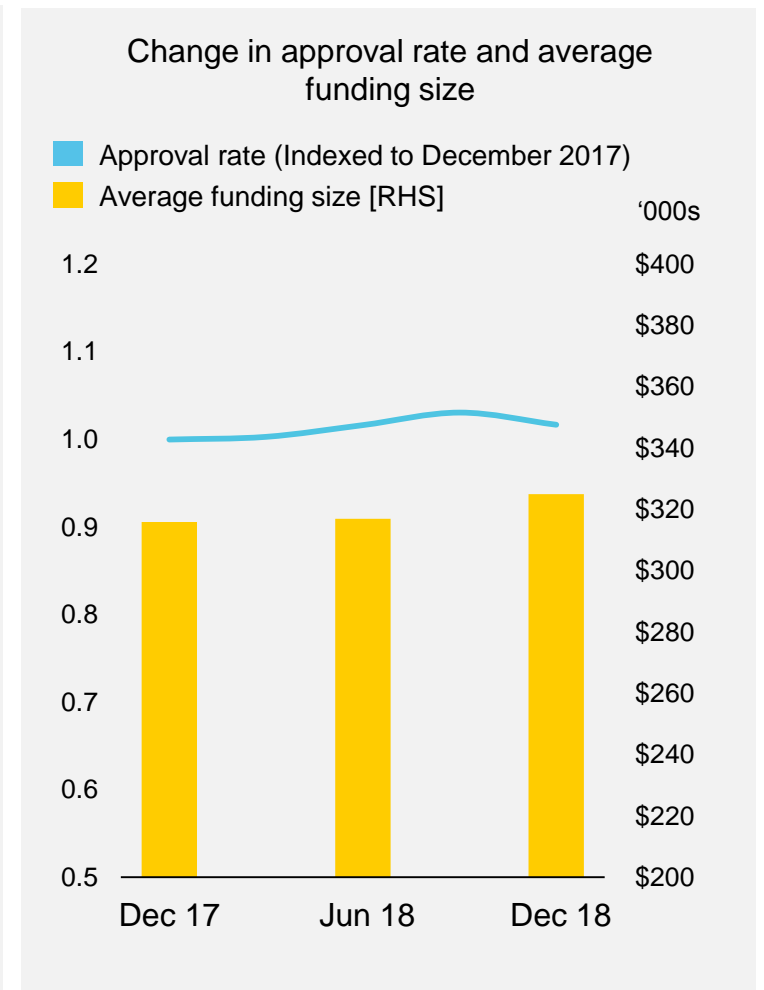
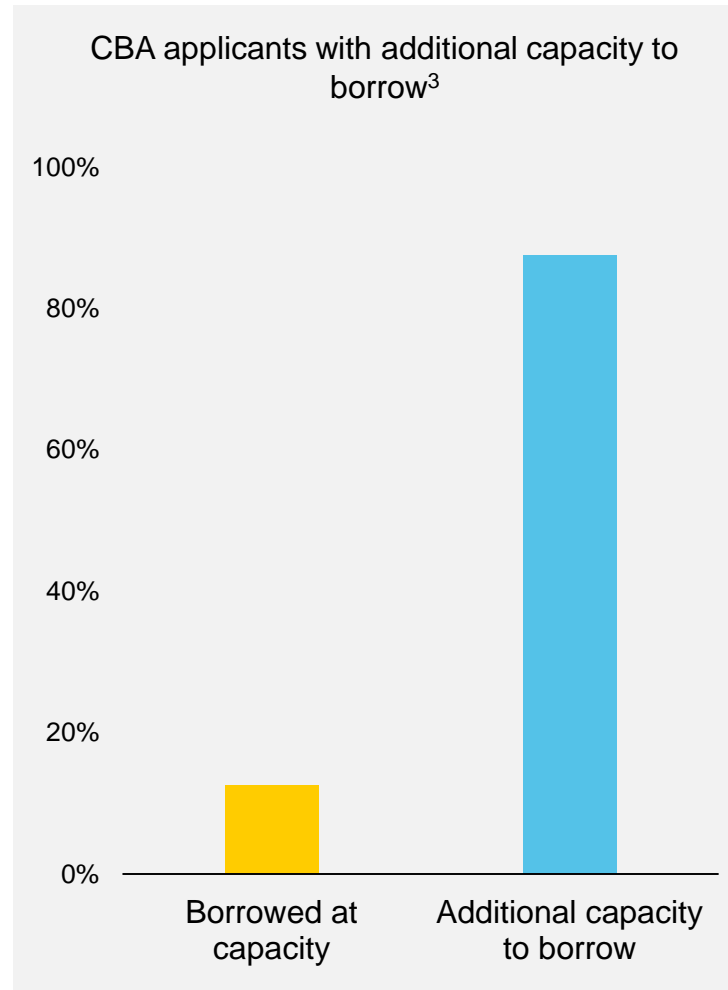
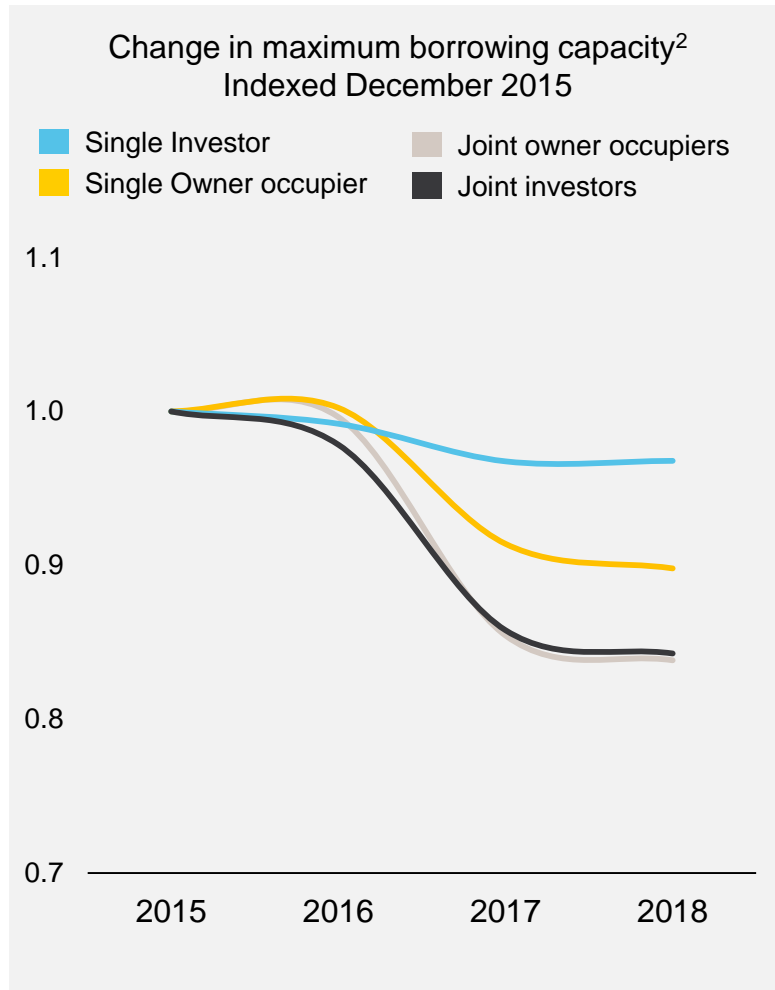
Borrowing capacity relatively stable¹



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

...few borrowers utilise their full capacity

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



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

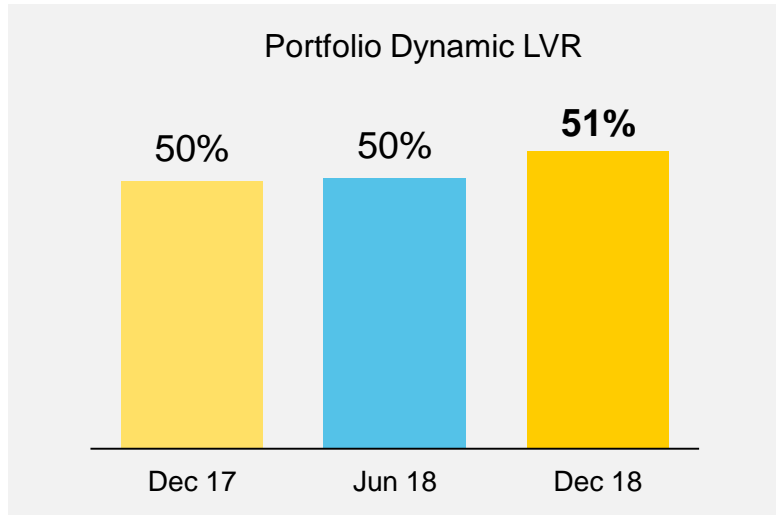
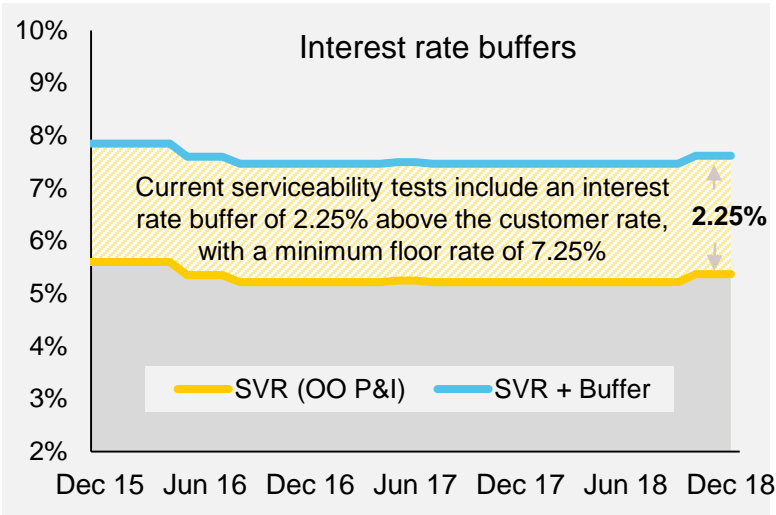
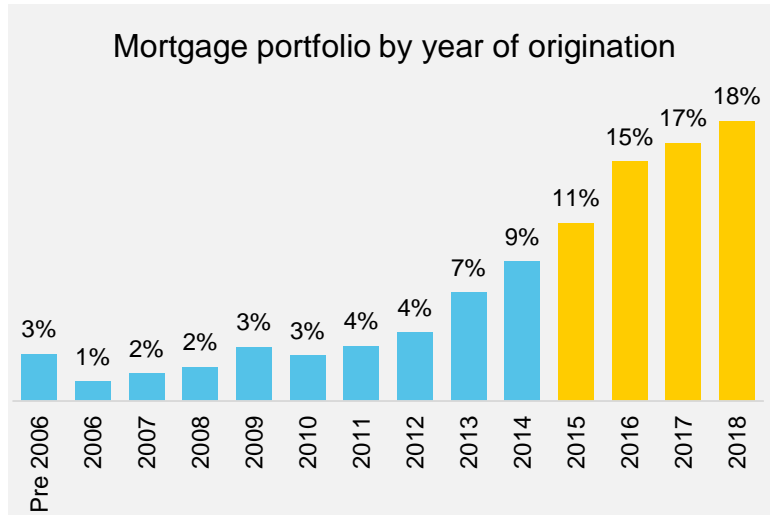
Portfolio quality remains sound¹



Approximately 61%² of the book originated under tightened standards...

....with significant interest rate buffers in place

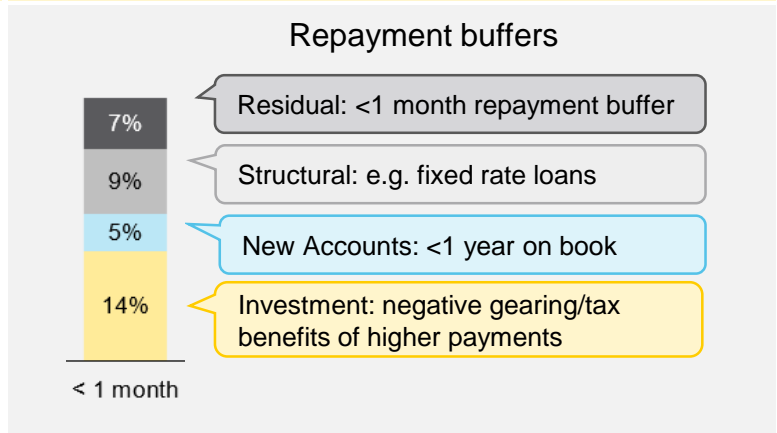
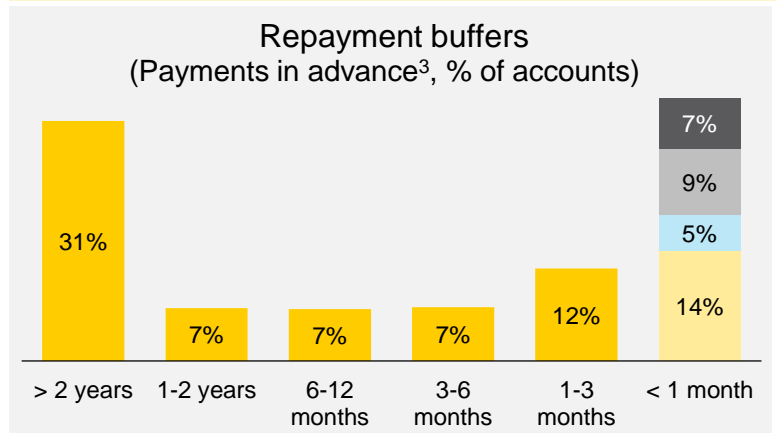
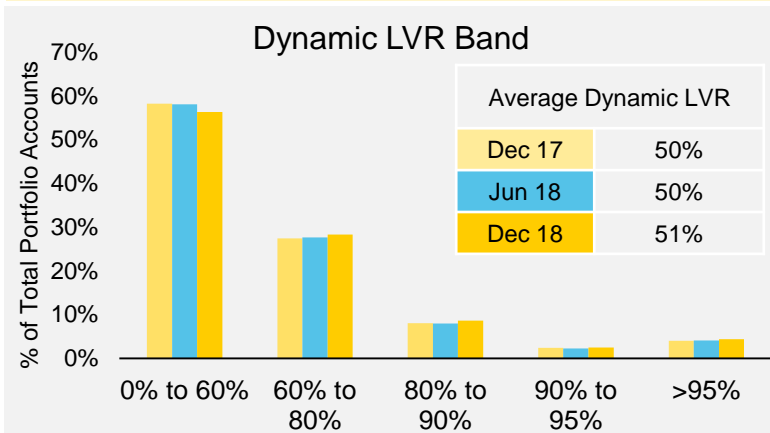
Despite recent house price softening, LVR's remain strong...



...with the majority of the portfolio well secured

Significant repayment buffers in place

Small number of residual accounts with less than 1 month buffer



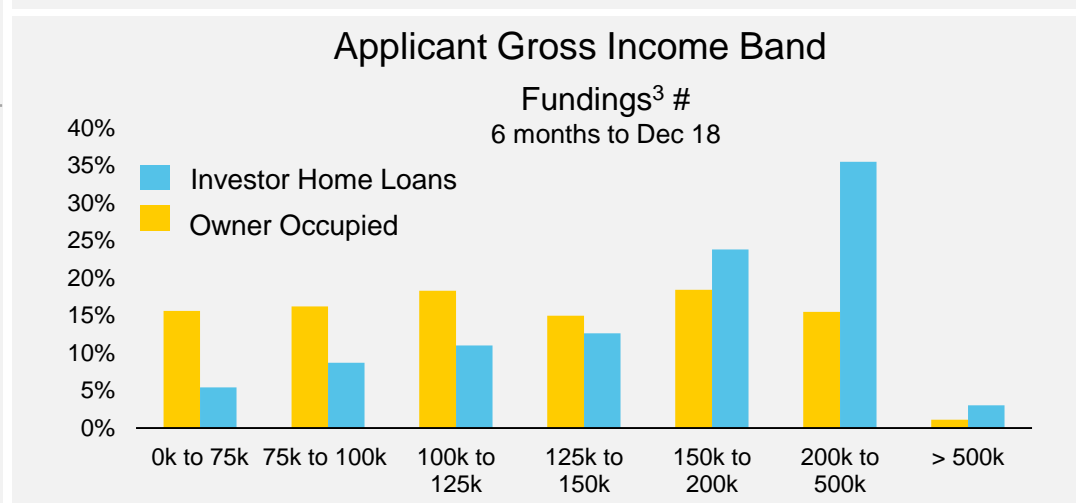
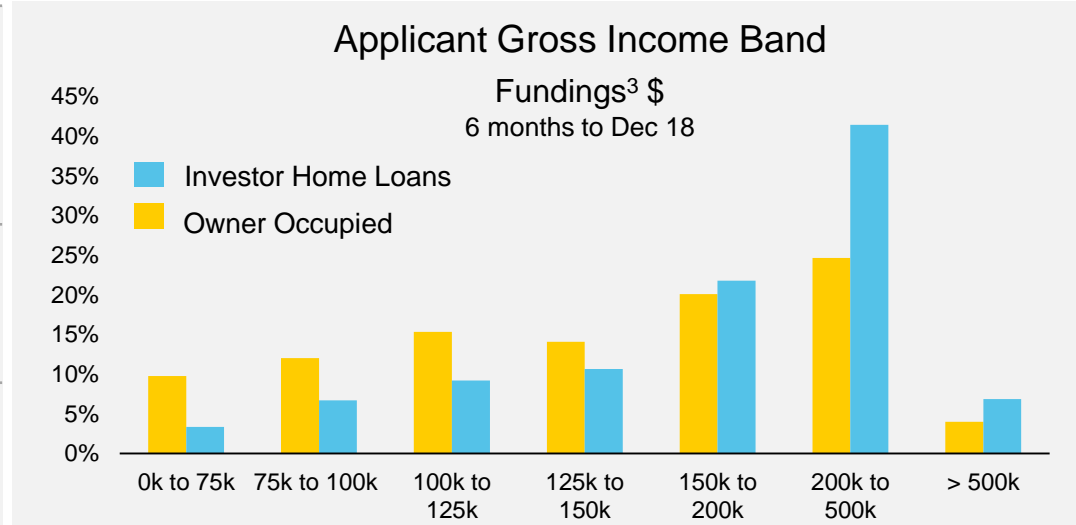
1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loans and Residential Mortgage Group. 2. Loans on book that originated from 2015. 3. Includes offset facilities, excludes loans in arrears.

Serviceability Assessment¹



Current assessment criteria summarised below

Income	<ul style="list-style-type: none"> All income used in application to assess serviceability is verified 80% or lower cap on less stable income sources (e.g. rent, bonuses) Limits on investor income allowances, e.g. RBS restrict rental yield to 4.8% and use of negative gearing where LVR>90%
Living Expenses	<ul style="list-style-type: none"> Living expenses captured for all customers Servicing calculations use the higher of declared expenses or HEM adjusted by income and household size
Interest Rates	<ul style="list-style-type: none"> Assess customer ability to pay based on the higher of the customer rate plus serviceability buffer² (+2.25%) or the minimum floor rate (7.25%) Interest Only (IO) loans assessed on principal and interest basis over the residual term of the loan
Existing Debt	<ul style="list-style-type: none"> CBA requires and reviews transaction statements to identify undisclosed debts Automatic review of CBA personal transaction account data to identify undisclosed customer obligations All existing customer commitments are verified For repayments on existing mortgage debt: <ul style="list-style-type: none"> CBA repayments recalculated using the assessment rate (min. 7.25% p.a.) over remaining loan term 30% buffer implemented for OFI debt



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

Home loan portfolio – CBA



A balanced approach to portfolio quality, growth and returns

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

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

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

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

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

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

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

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

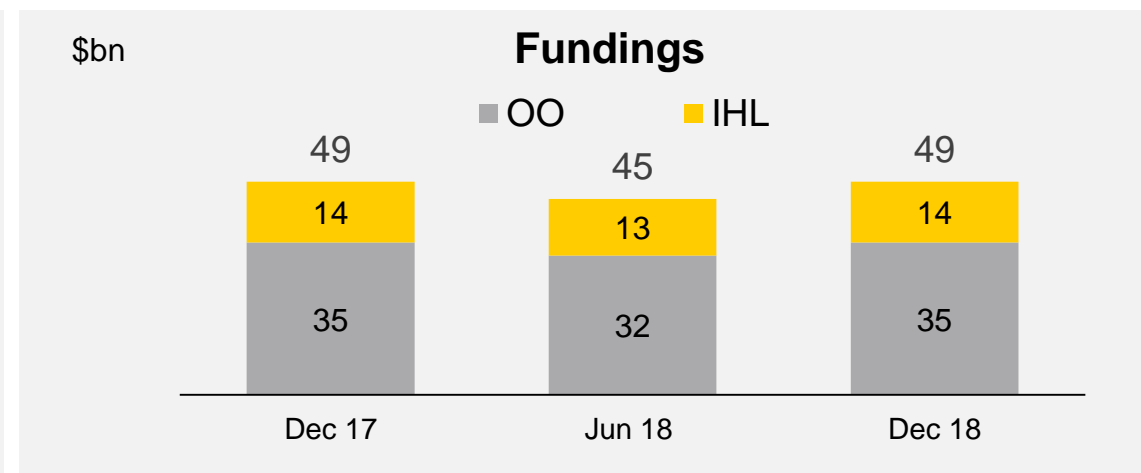
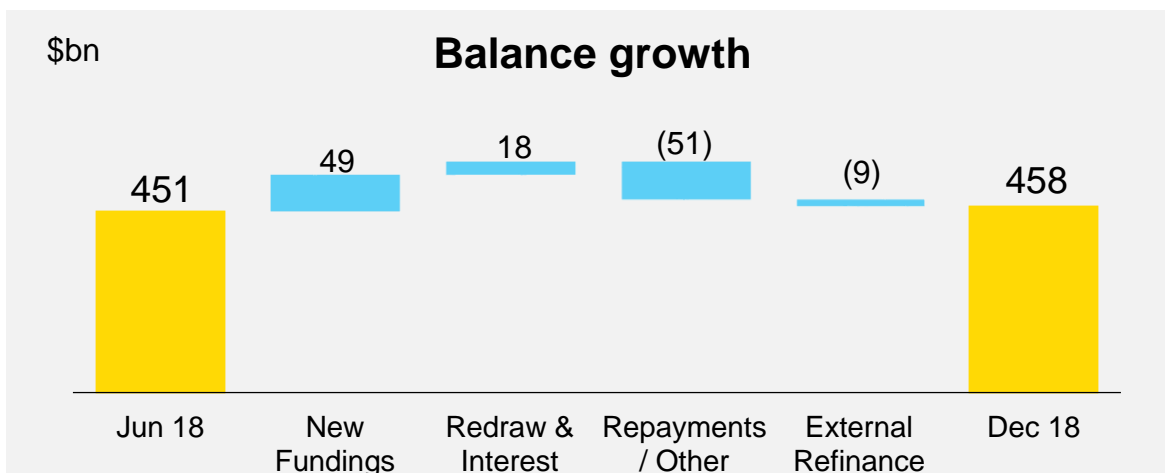
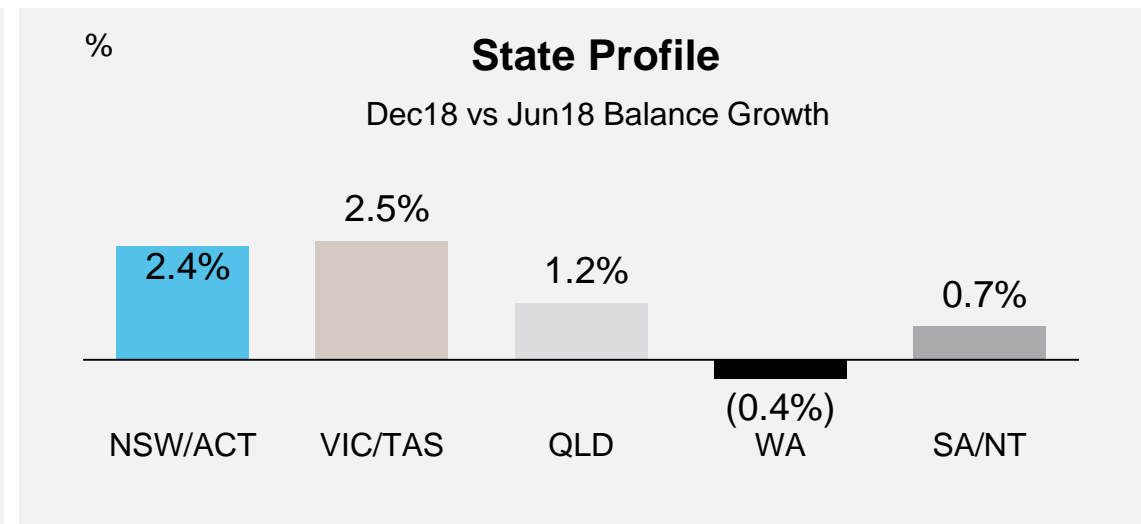
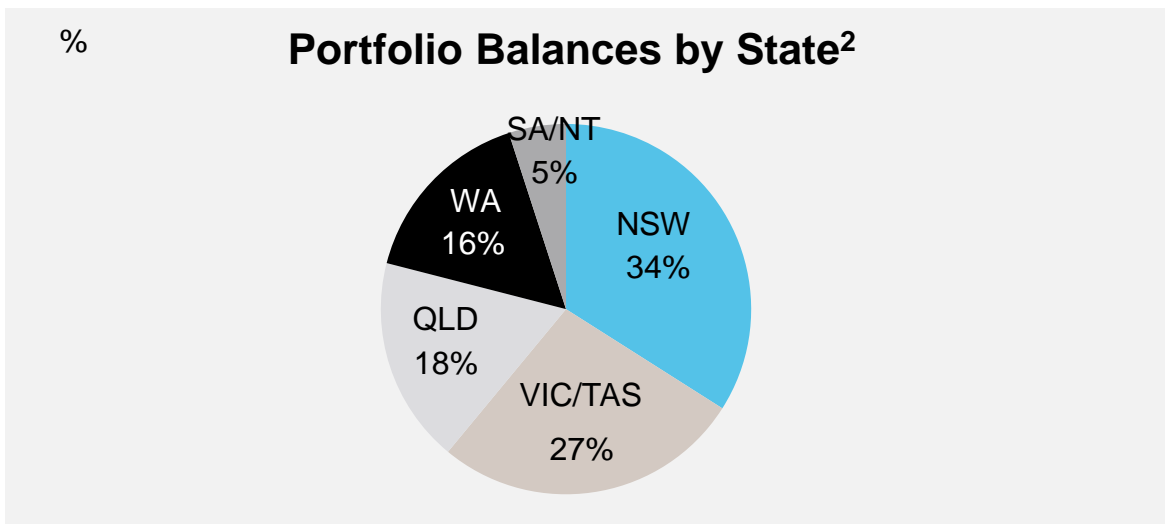
7. Serviceability test based on the higher of the customer rate plus a 2.25% interest rate buffer or a minimum floor rate.

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

Portfolio mix and growth¹



Portfolio mix and growth weighted to NSW and Victoria

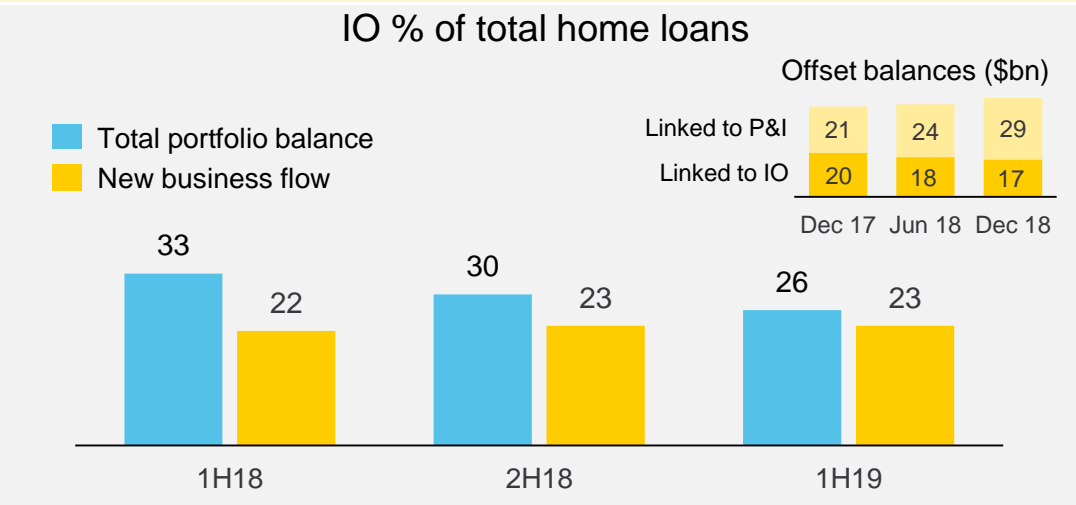


1. CBA including Bankwest. 2. State Profile excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. State Profile determined by location of the underlying security.

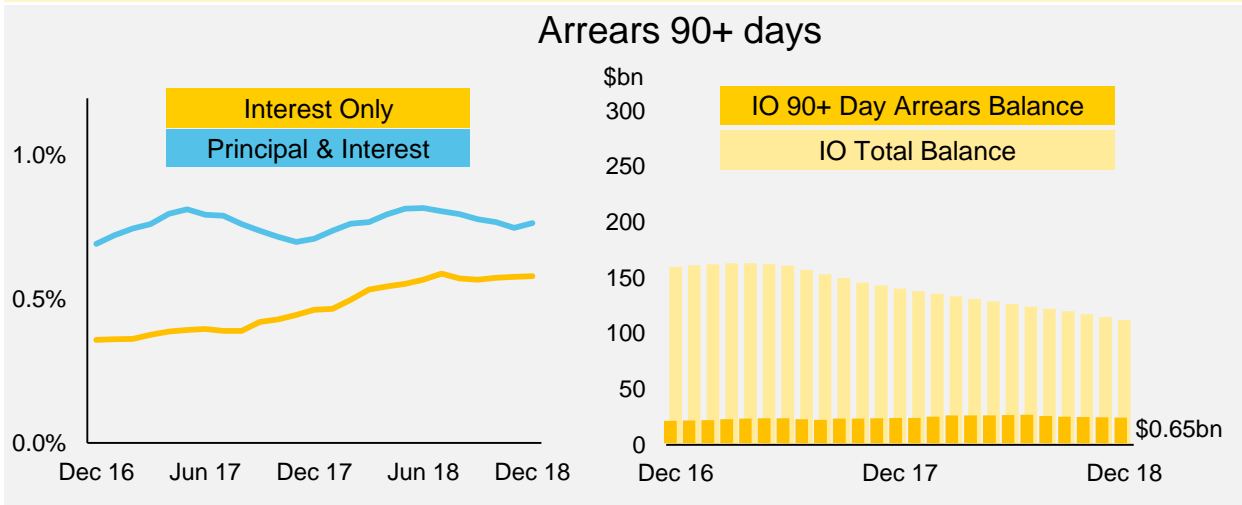
Interest only (IO) home loans¹



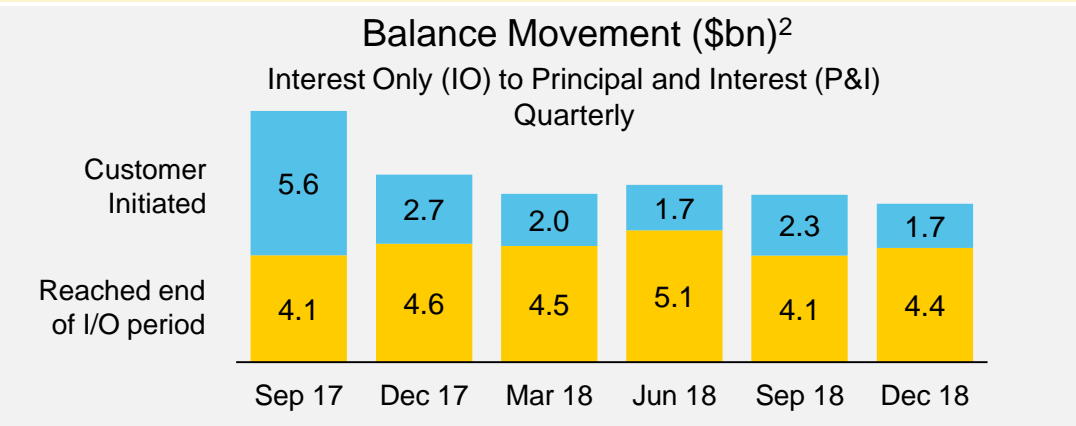
IO loans accounting for a reducing proportion of total portfolio balances



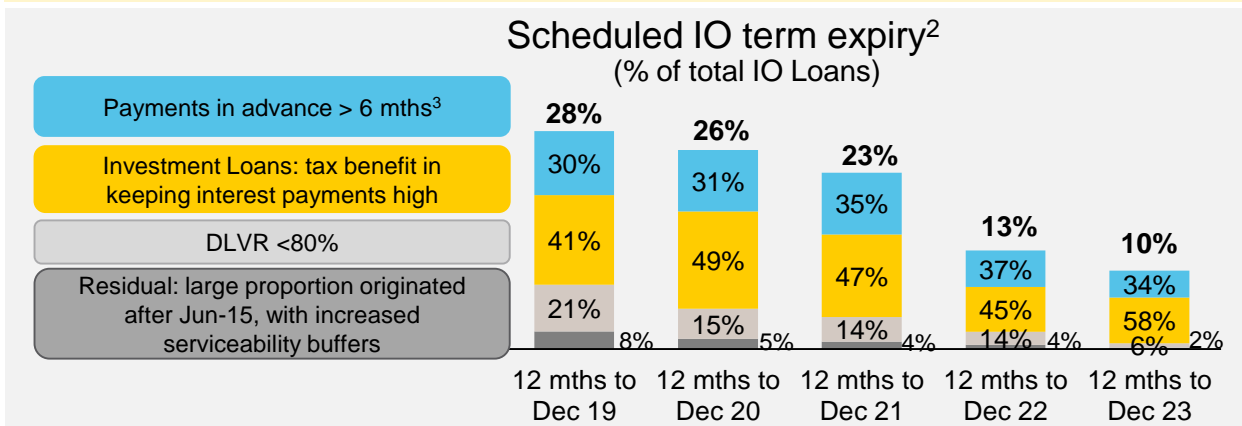
A recent modest uptick in IO arrears rates in part driven by the “denominator” effect of reduced IO balances



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



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

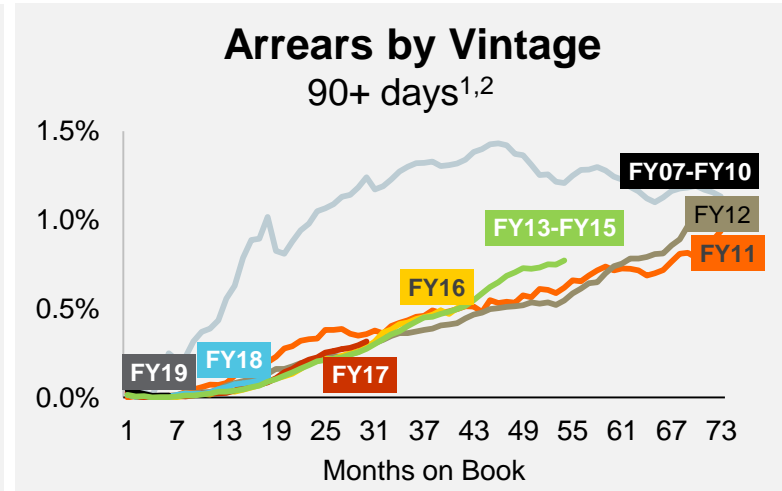
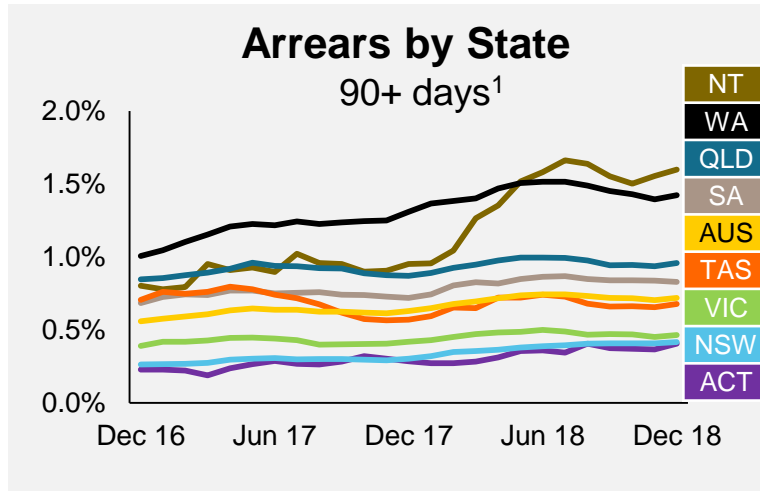
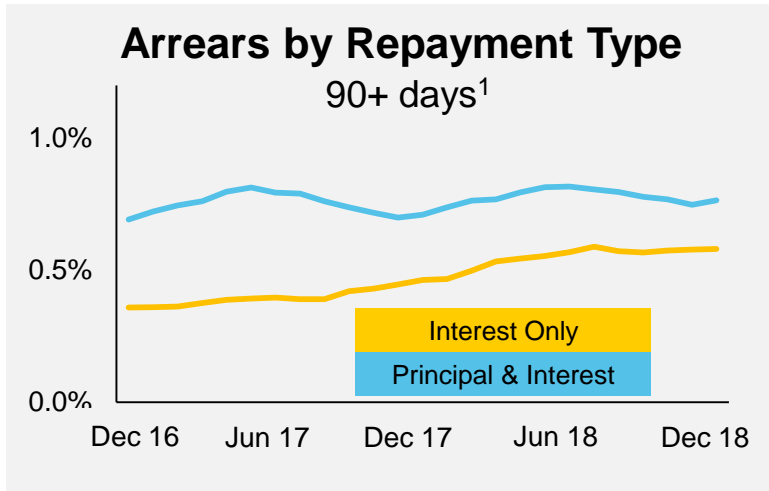
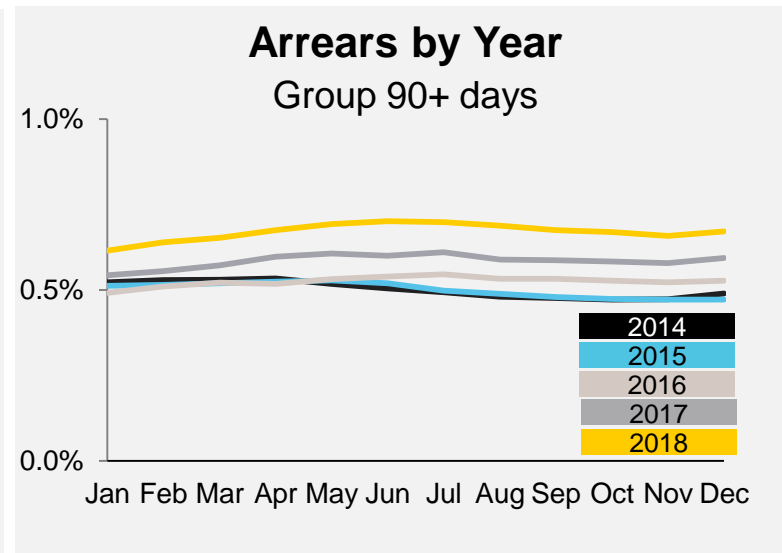
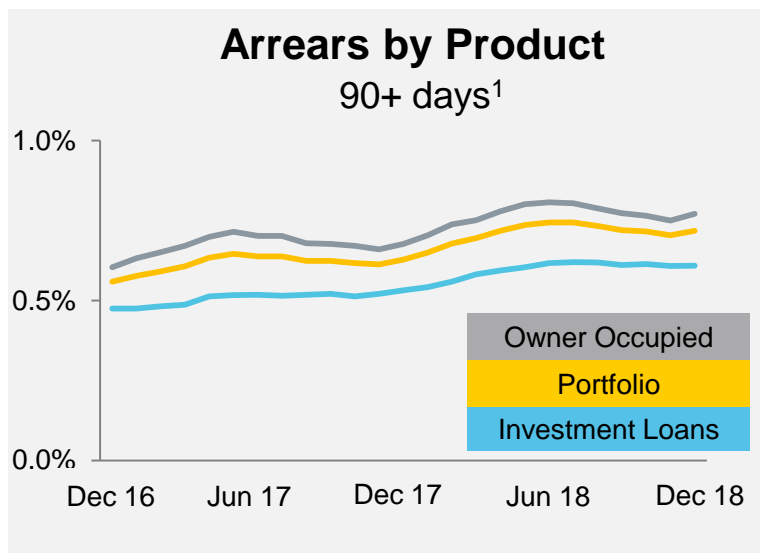
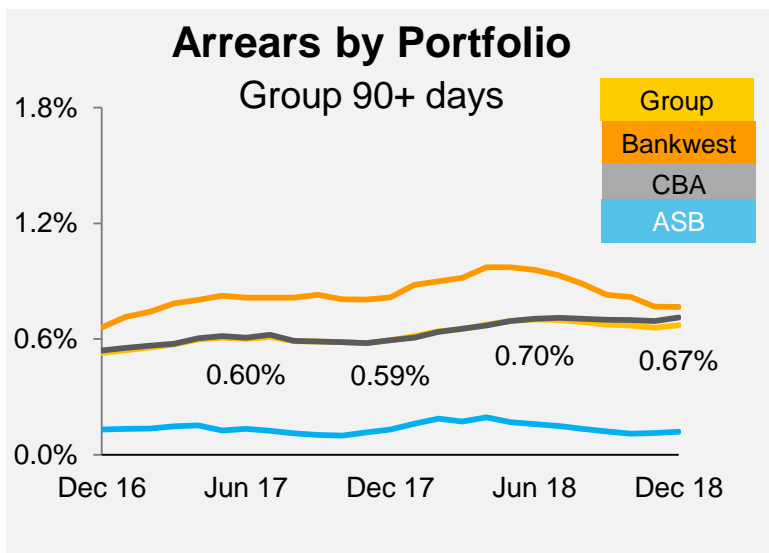


1. CBA including Bankwest unless stated otherwise. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Excludes Bankwest. 3. Payments in Advance defined as the number of monthly payments ahead of scheduled repayments by 6 or more months.

Home loan arrears



Arrears trends reflecting some pockets of stress

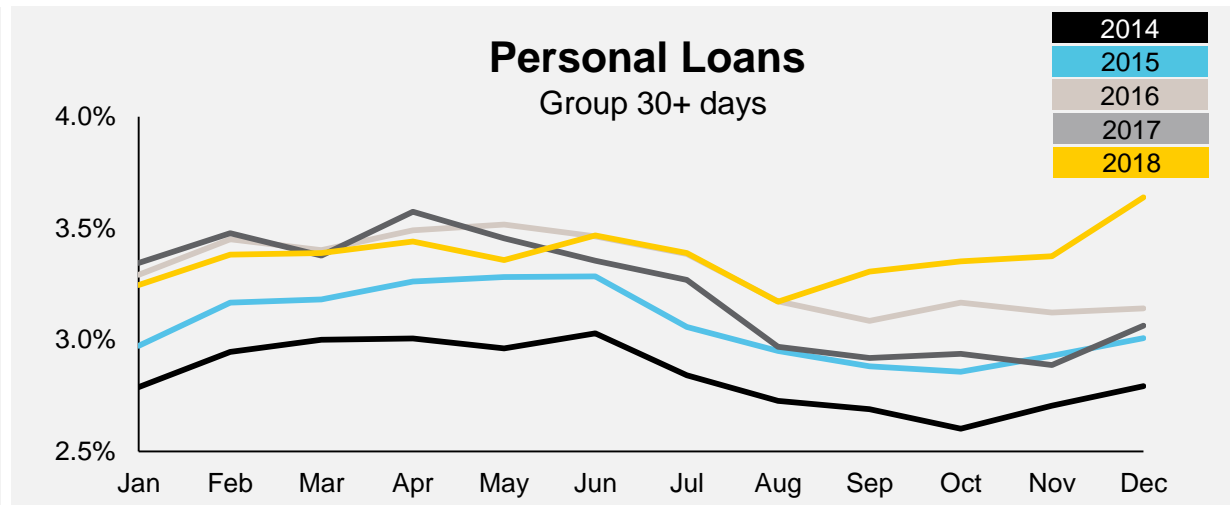
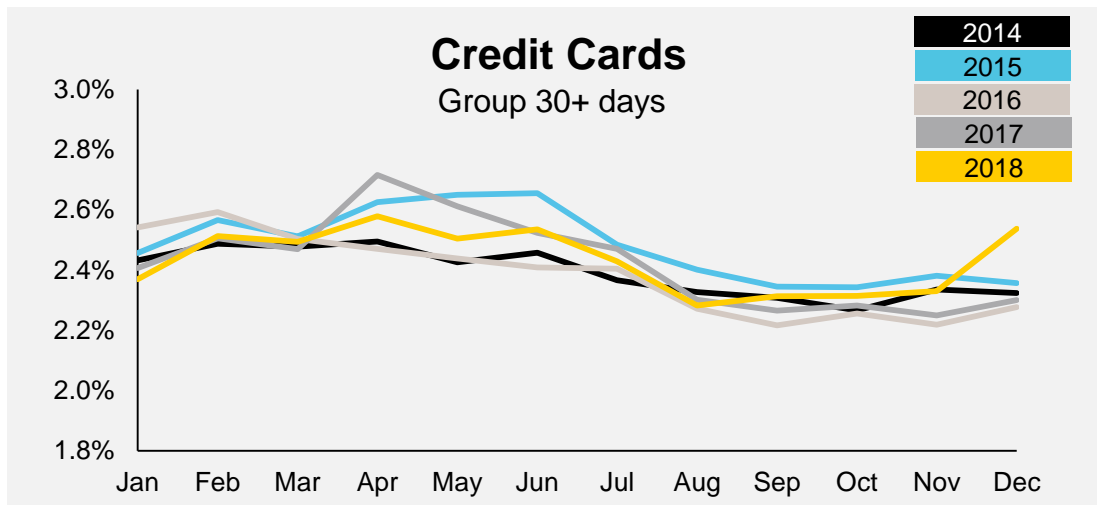
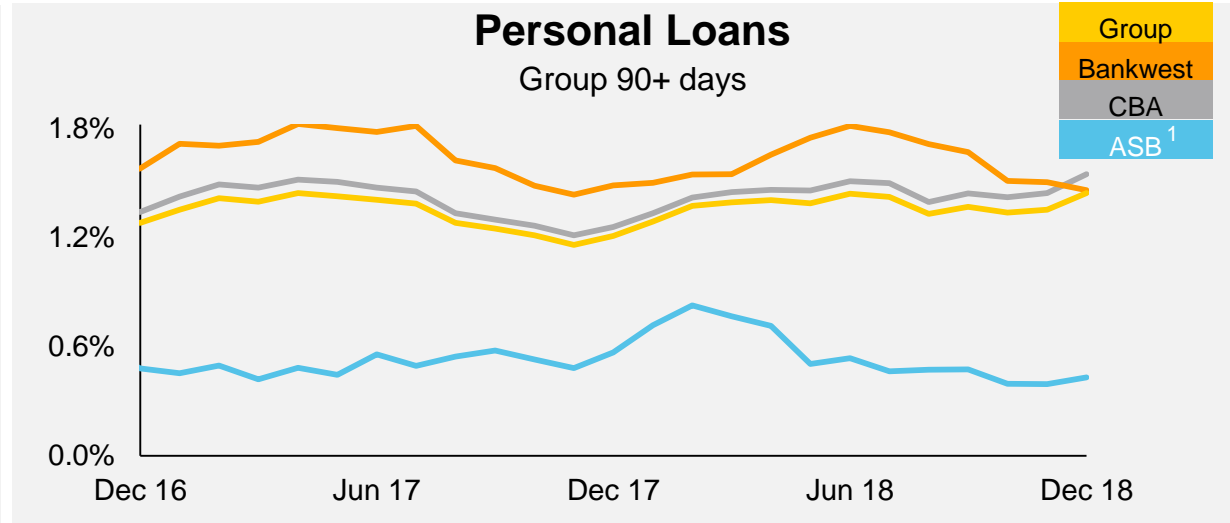
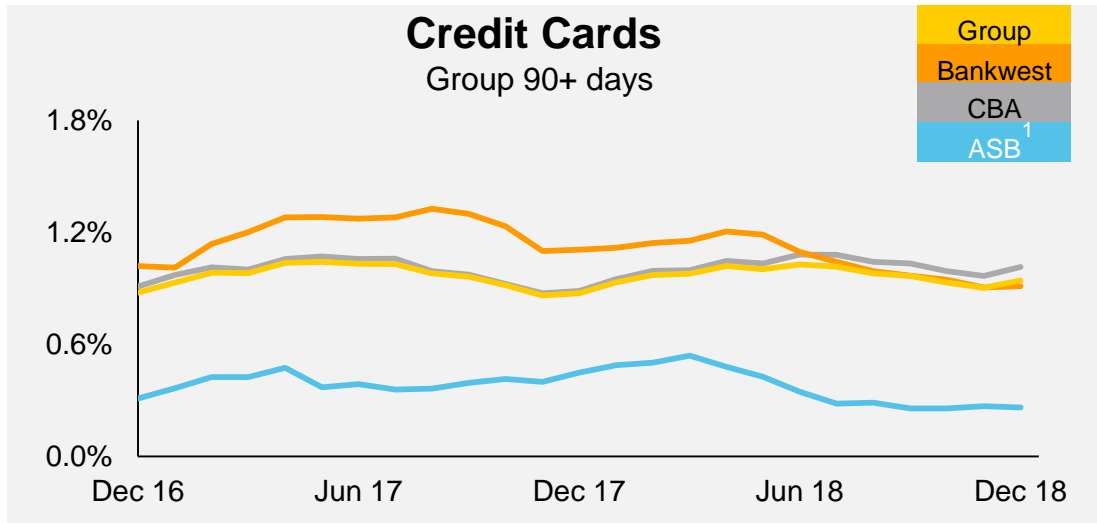


1. CBA including Bankwest. Excludes Line of Credit, Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group. 2. Bankwest included from FY08.

Consumer arrears



Uptick in 30+ day arrears – some pockets of stress



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

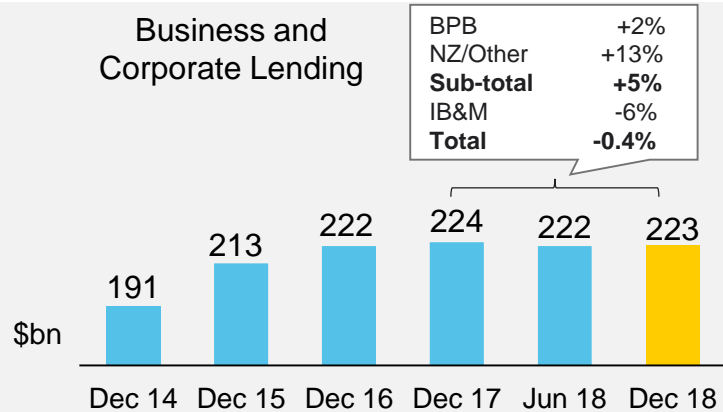


Business and Corporate Lending

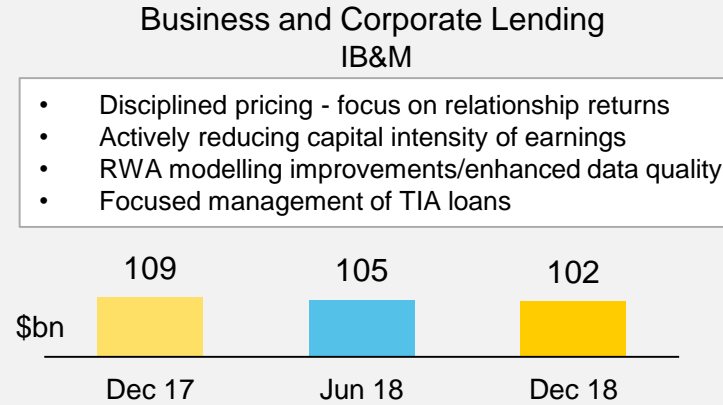
Business and Corporate Lending



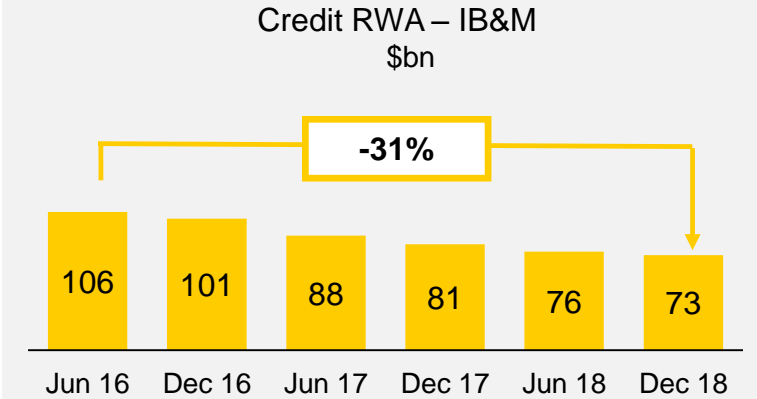
Total lending balances remain relatively flat...



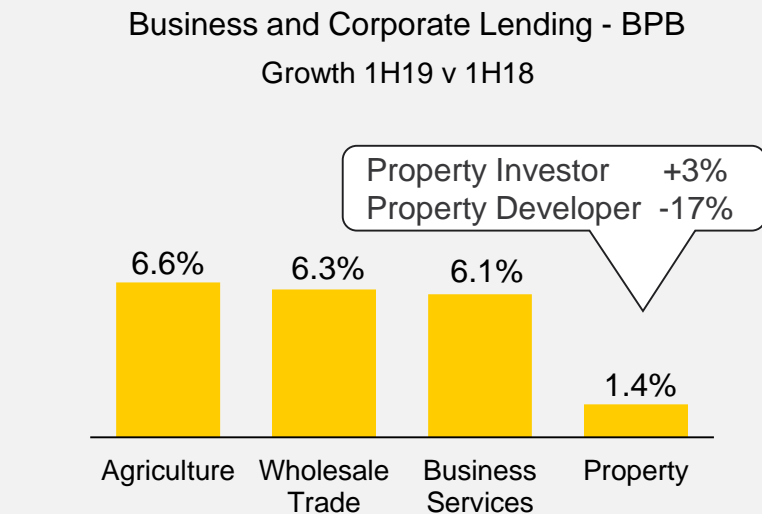
...driven in large part by portfolio optimisation in the Institutional book



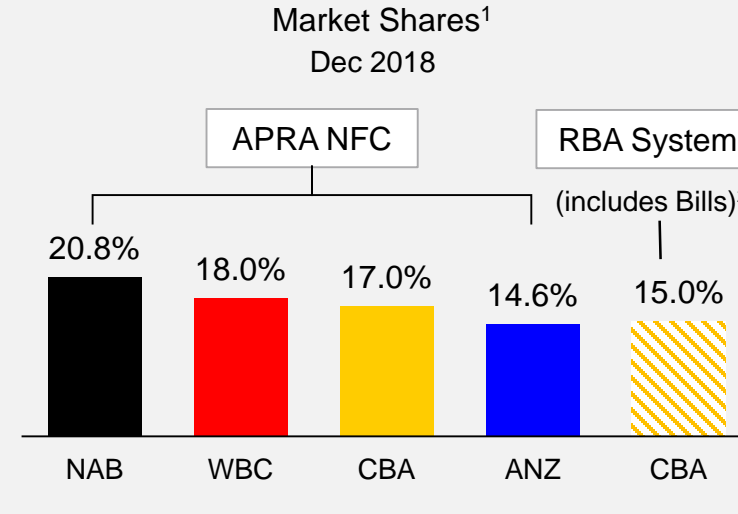
IB&M Credit RWA's have reduced significantly over recent years



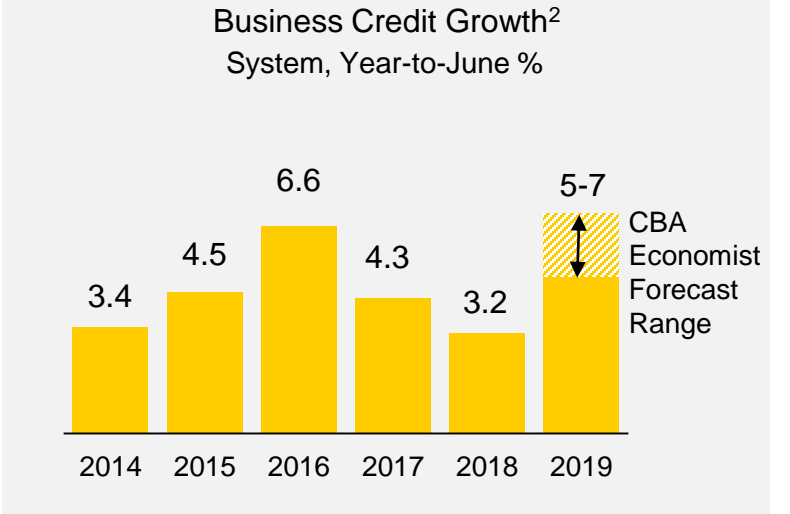
BPB growth in diversified industries, with slowdown in property



CBA remains relatively underweight in business lending...



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



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

Portfolio quality¹



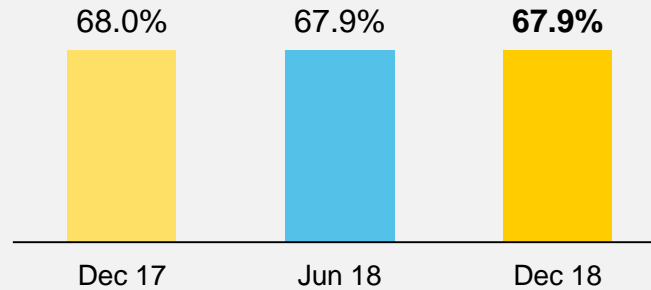
Approximately 68% investment grade – weighted to Australia/NZ

Exposures by Industry

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

Corporate Portfolio Quality

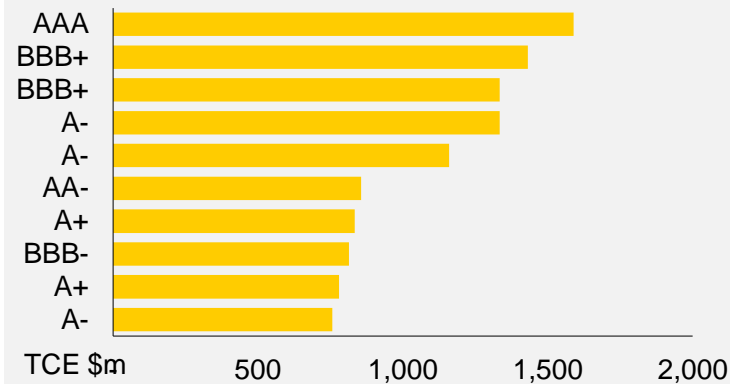
Investment Grade



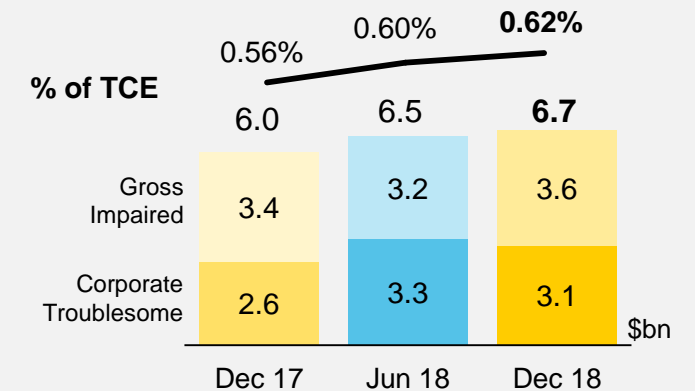
Group TCE by Geography

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

Top 10 Commercial Exposures



Troublesome and Impaired Assets



1. CBA grades in S&P equivalents.

Credit exposure summary



TIA/TCE up slightly at 0.62%

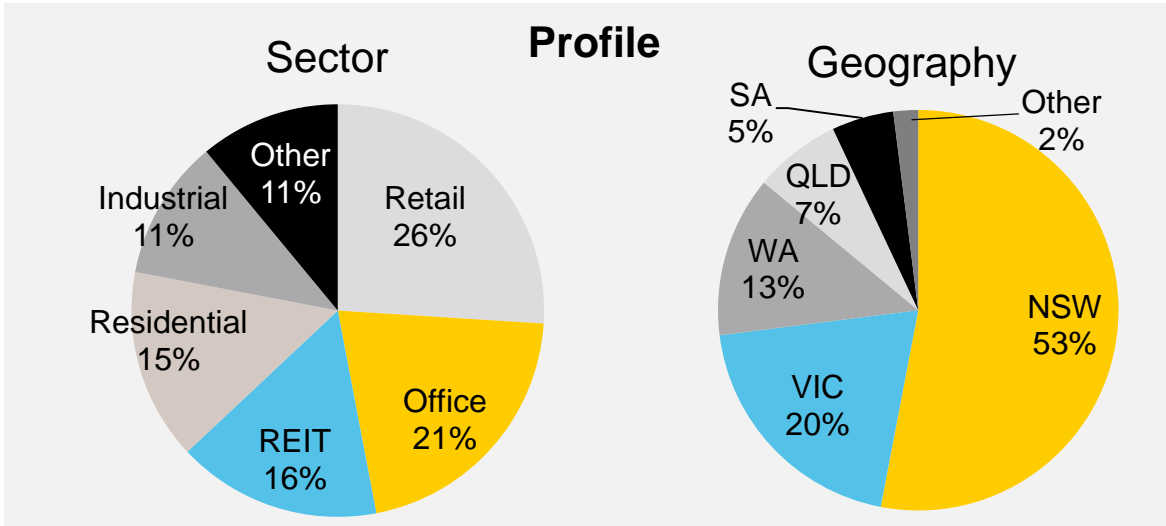
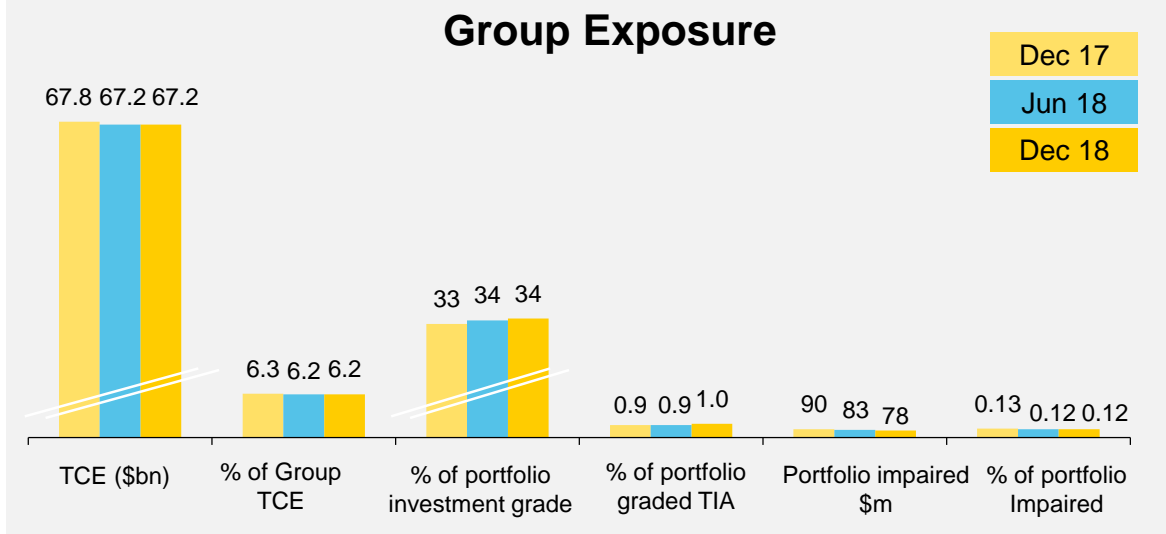
	Group TCE		TIA \$m		TIA % of TCE	
	Jun 18	Dec 18	Jun 18	Dec 18	Jun 18	Dec 18
Consumer	57.4%	57.8%	1,659	1,832	0.27%	0.29%
Sovereign	9.3%	10.0%	-	-	-	-
Property	6.2%	6.2%	632	652	0.94%	0.97%
Banks	5.5%	4.6%	9	9	0.01%	0.02%
Finance – Other	5.2%	4.9%	31	78	0.05%	0.15%
Retail, Wholesale Trade	2.0%	2.0%	487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

Commercial property



Portfolio weighted to NSW – TIA low at 1.0%

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



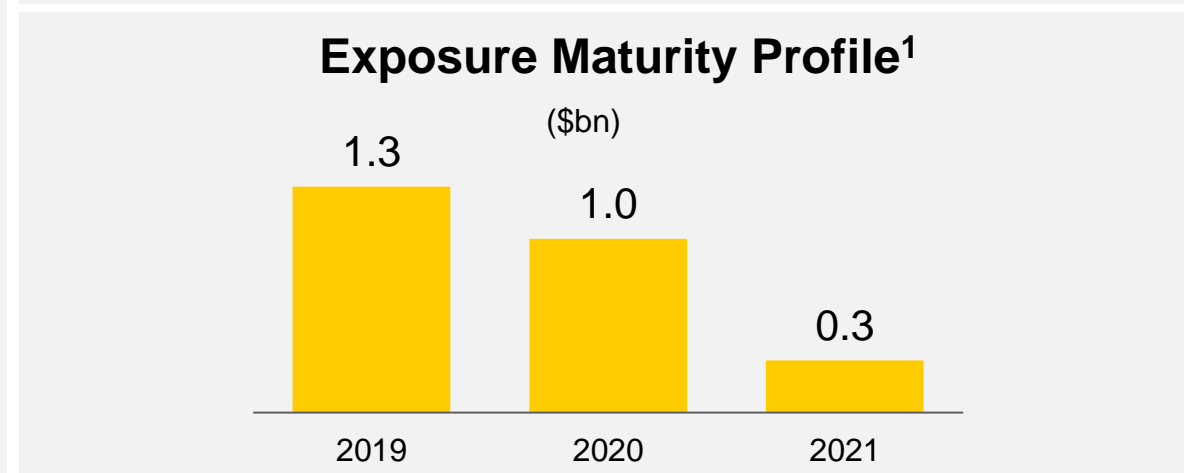
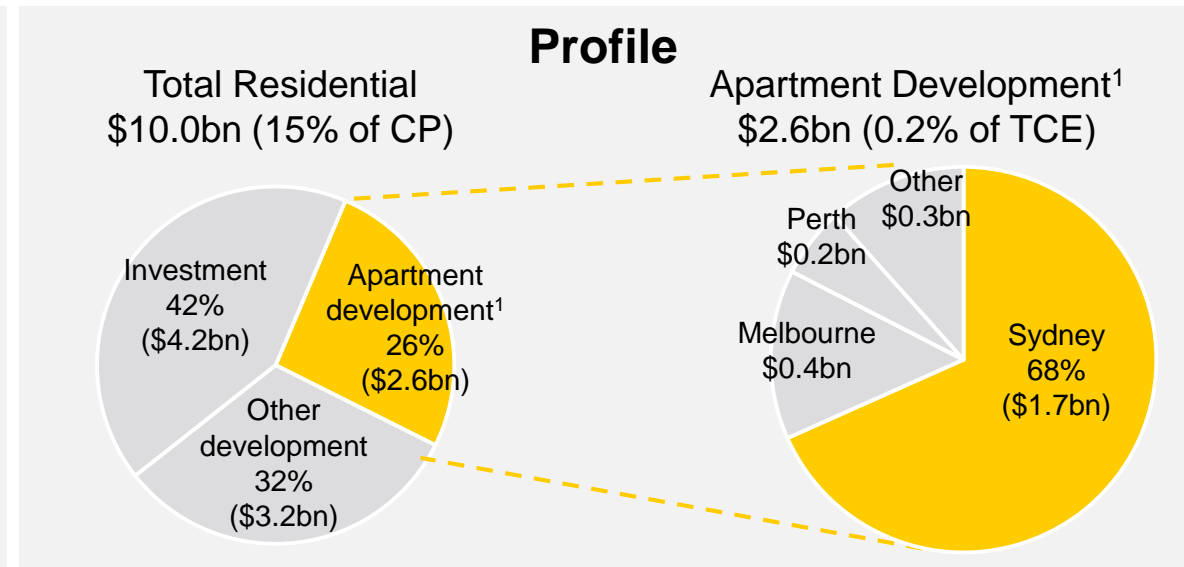
Sector profile is Group wide Commercial Property. Geographic profile is domestic Commercial Property.

Residential apartments – weighted to Sydney



Apartment development repayments largely driving portfolio dynamics

- Apartment Development¹ exposure reduced by \$1.2bn in the 6 months to Dec 18.
- Facilities being repaid on time from pre-sale settlements.
- Weighting to Sydney remained stable over the last 6 months.
- Sydney developments are diversified across the metropolitan area.
- Last 6 months repayments drove a decrease in Portfolio Qualifying Pre-sales (QPS)² to 109.8% from 112.1%.
- Portfolio LVR broadly stable at 55.9%.
- Ongoing comprehensive market, exposure and settlement monitoring on the portfolio.



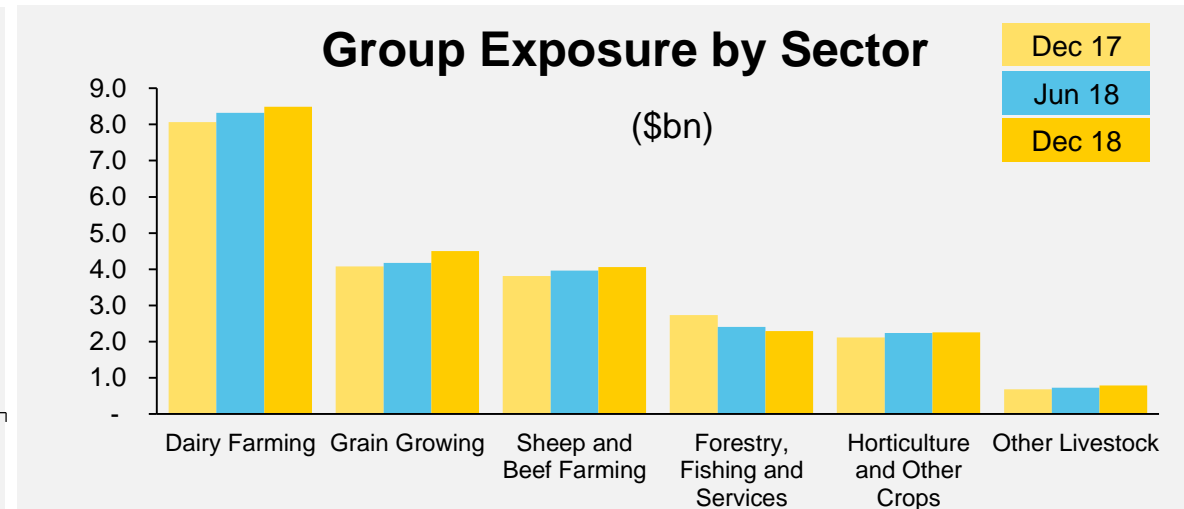
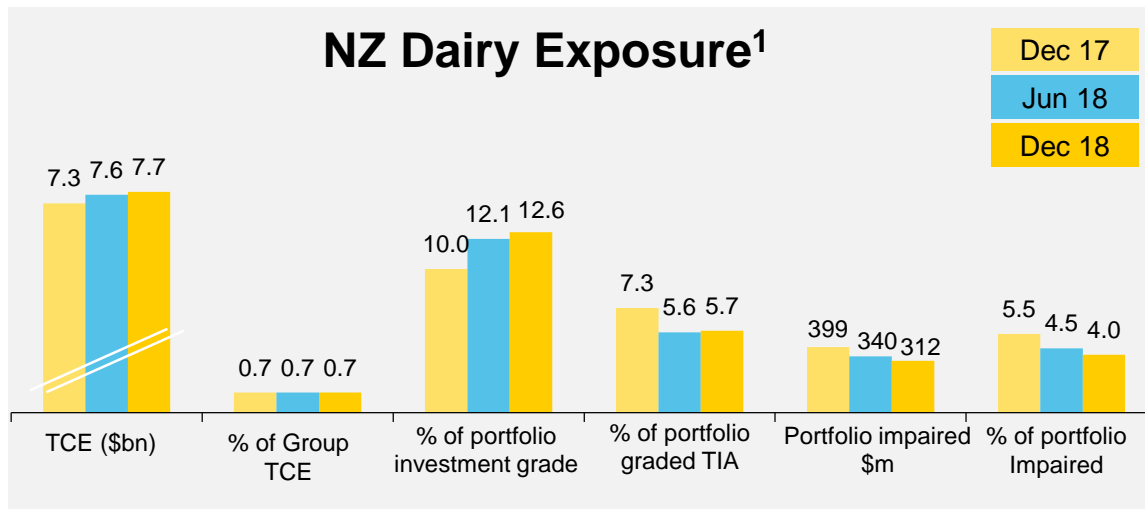
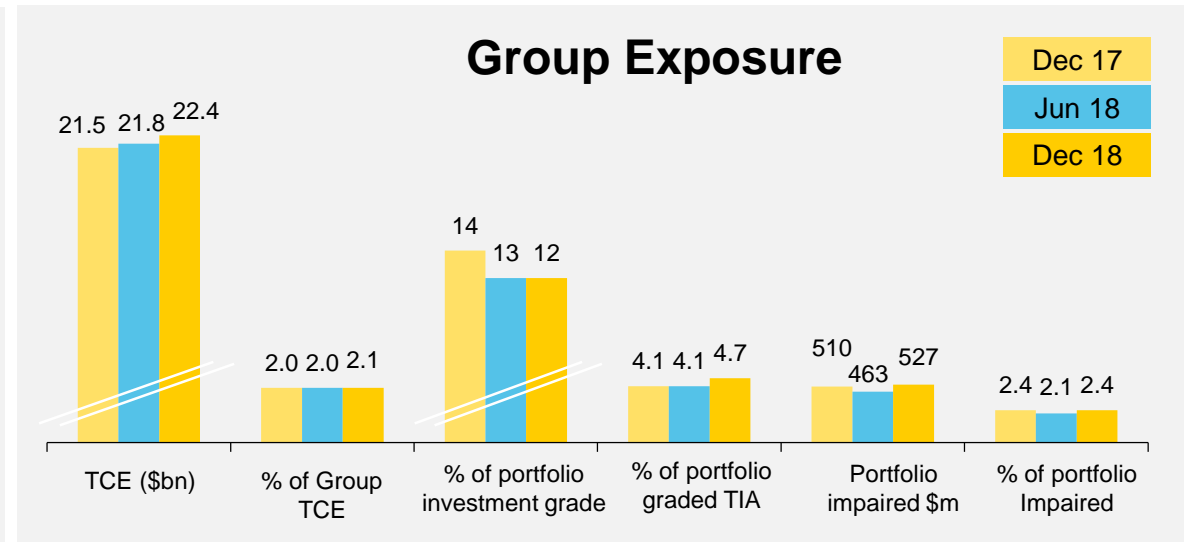
1. Apartment Developments > \$20m. Brisbane, Melbourne and Perth defined as all postcodes within a 15km radius of the capital city and Sydney is all metropolitan Sydney based on location of the development. Other is all other locations. 2. QPS cover is the ratio of Qualifying Pre Sales to loan exposures.

Agriculture



Well diversified portfolio, weighted to NZ dairy

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



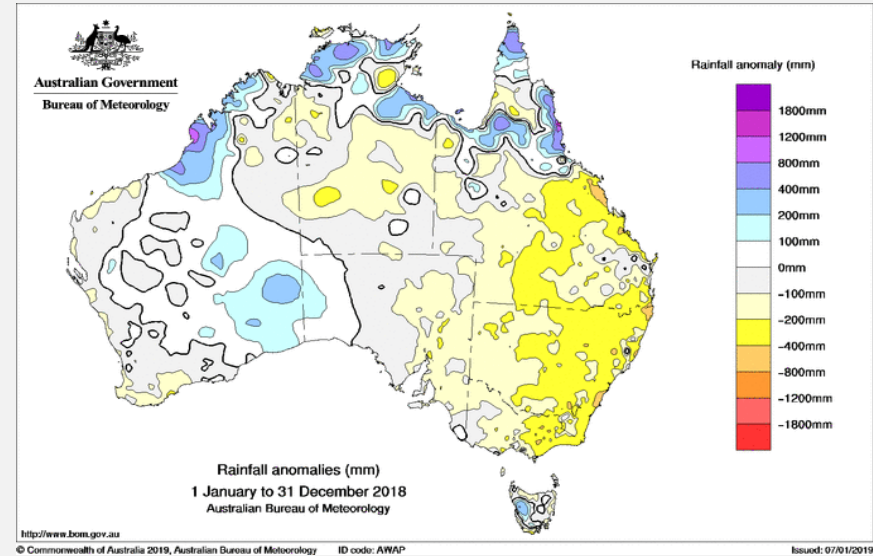
1. New Zealand dairy exposure (AUD) included in Group exposure.

Drought affected areas

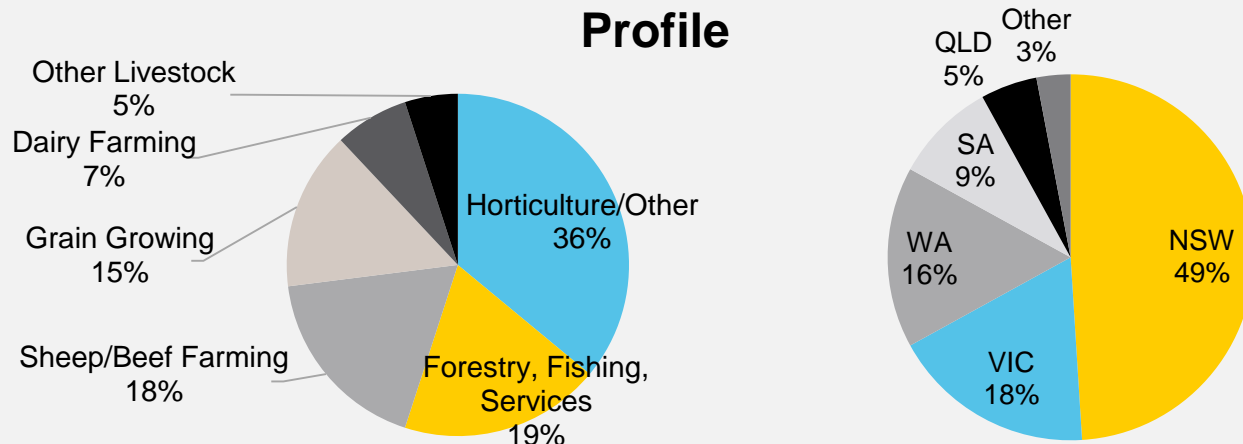


\$8 million raised to support farmers and communities in drought affected regions

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



Profile



Australian Agriculture Exposure

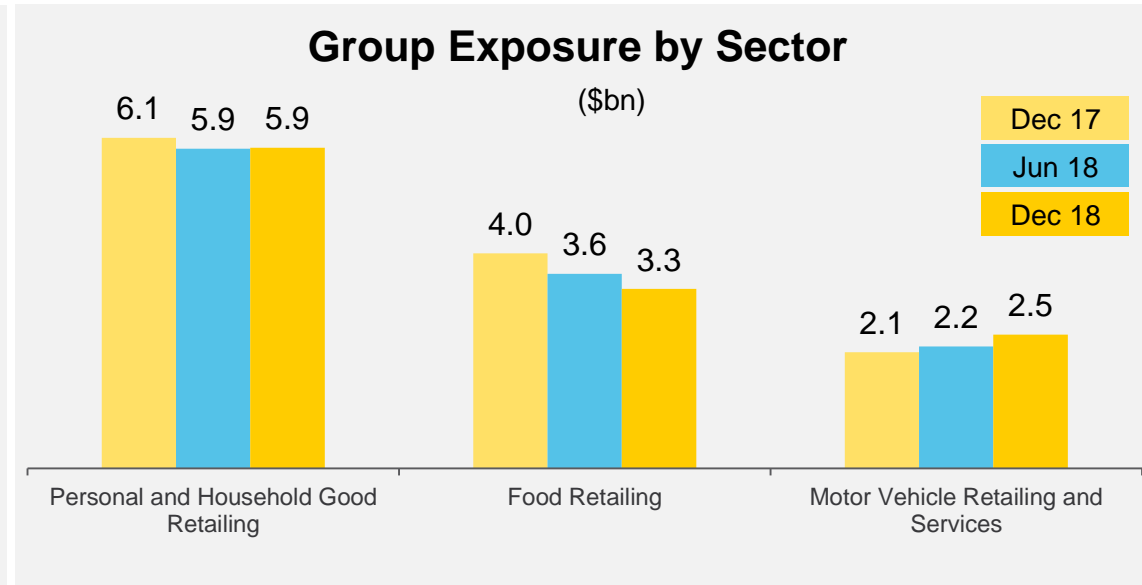
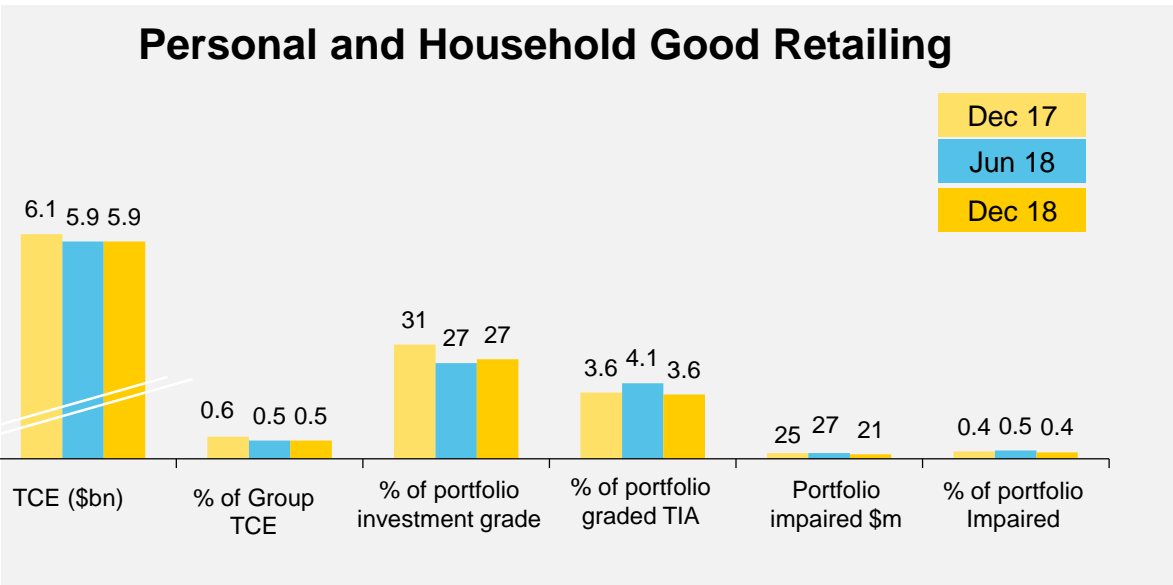
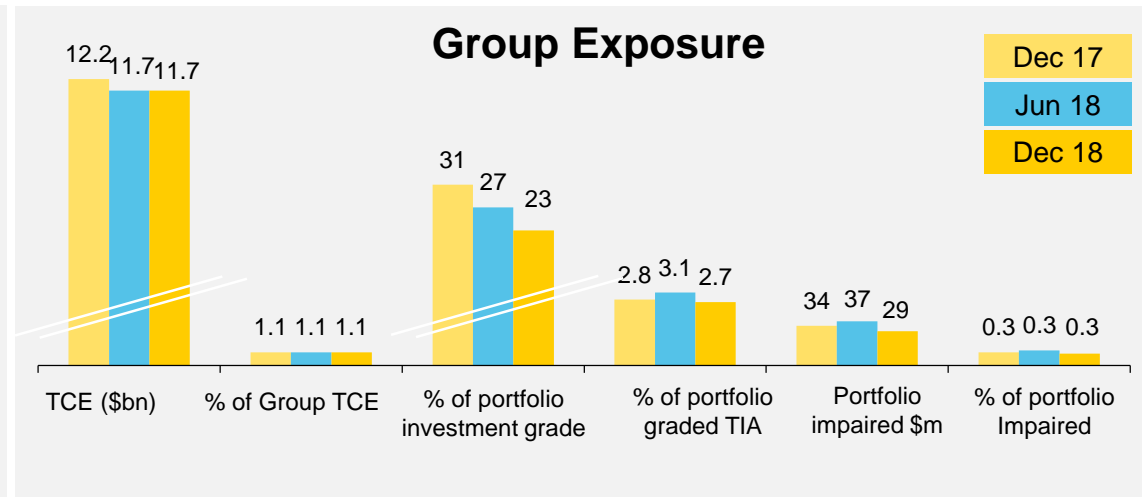
	Dec 17	Jun 18	Dec 18
Exposure (TCE)	\$11.1bn	\$11.0bn	\$11.2bn
% of Group TCE	1.03%	1.02%	1.03%
% of portfolio investment grade	16%	12%	10%
% of portfolio graded TIA	2.5%	3.6%	4.6%
% of portfolio impaired	0.8%	0.7%	1.6%

Retail trade



Conditions remain challenging

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



Commonwealth Bank



Deposits, Funding, Liquidity and Capital



Funding overview

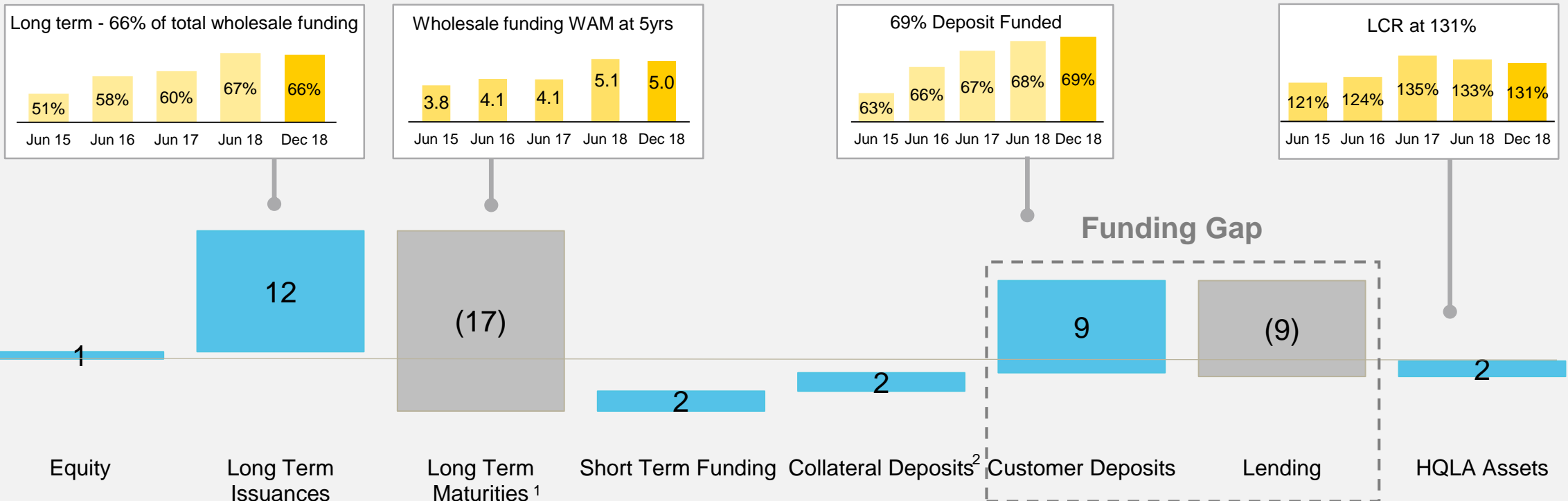


Strong funding position maintained

\$bn

Sources of funds

Uses of funds



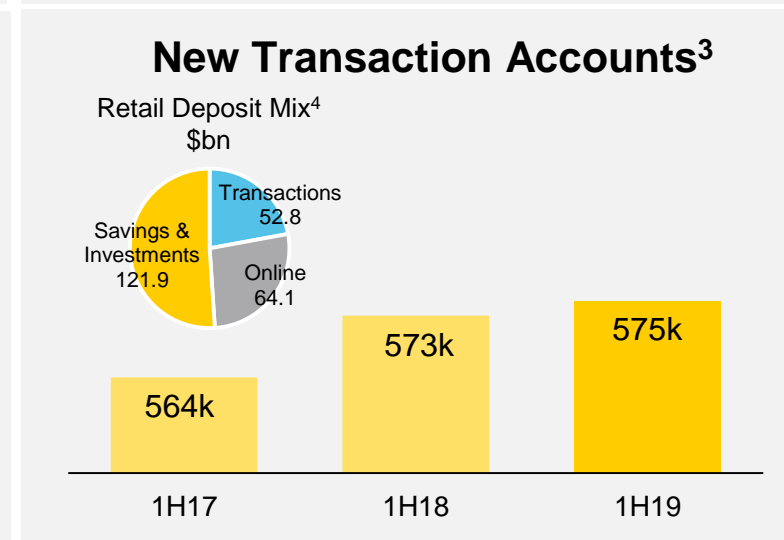
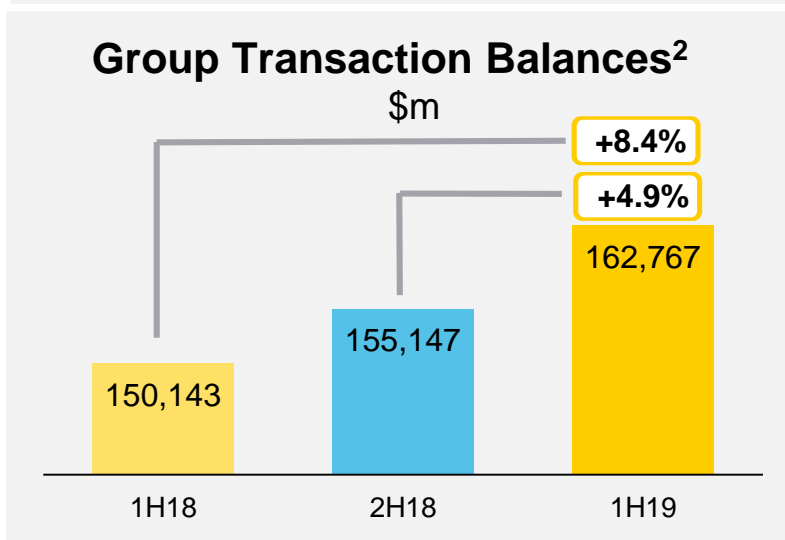
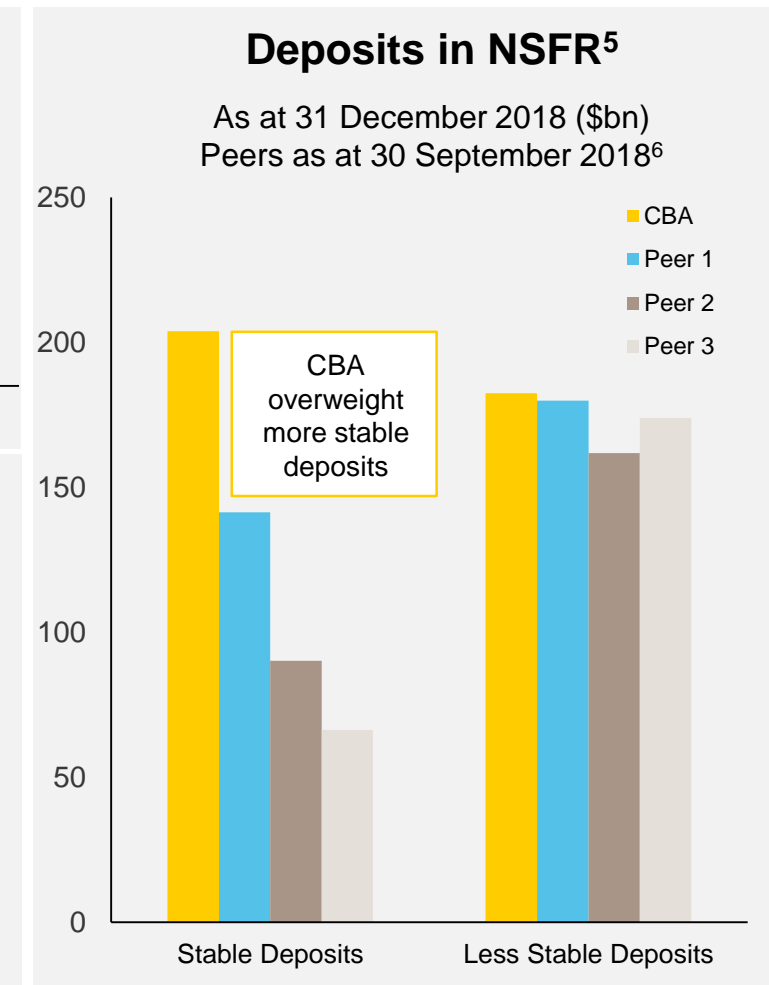
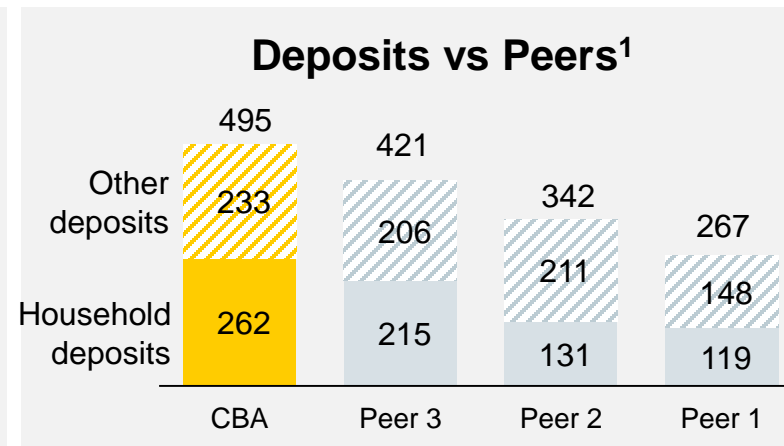
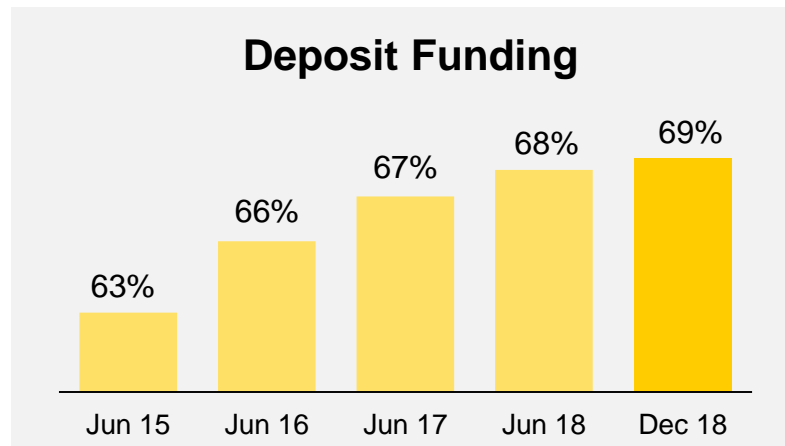
6 months to Dec 18³

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

Deposit funding



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



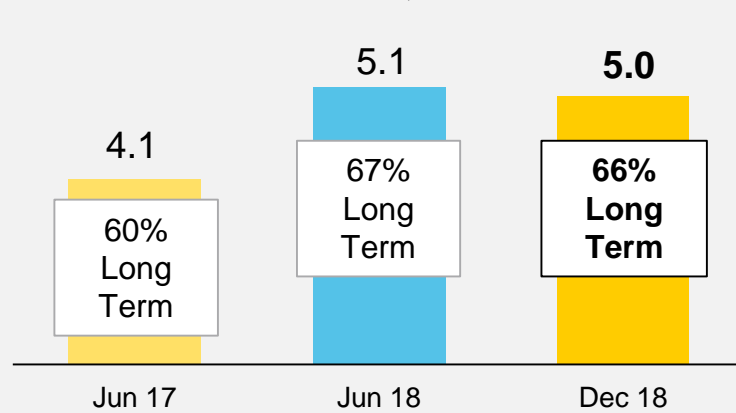
1. Source: APRA Monthly Banking Statistics. Total deposits (excluding CD's). CBA includes Bankwest. 2. Includes non-interest bearing deposits. 3. Number of new personal transaction accounts, excluding offset accounts, includes CBA and Bankwest. 4. Transactions includes non-interest bearing deposits and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

Wholesale funding

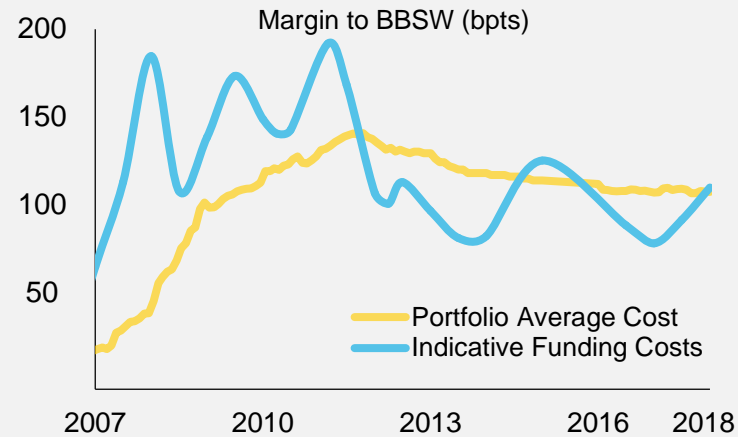


Diversified wholesale funding across product, currency and tenor

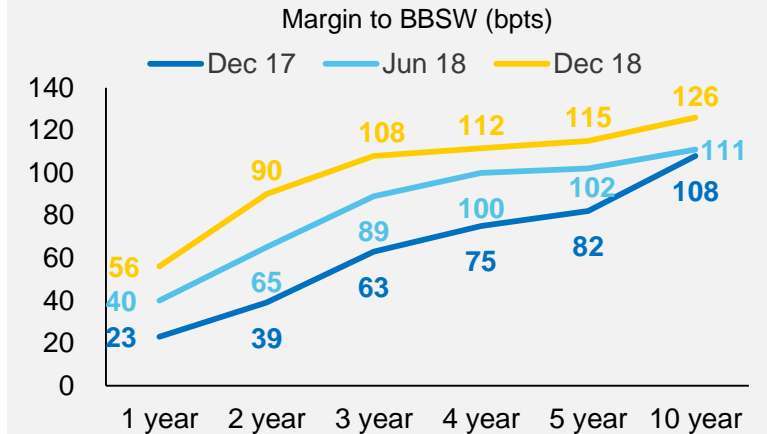
Weighted Average Maturity Portfolio, Years¹



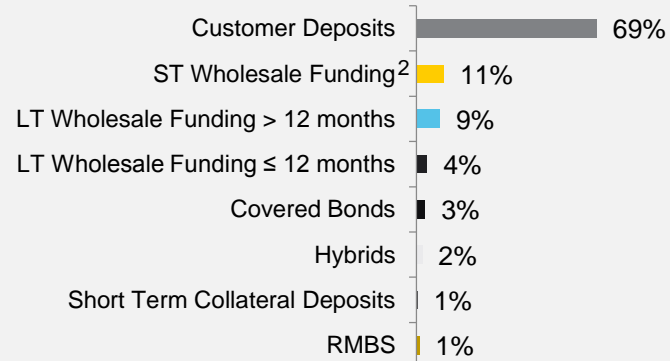
Average long term funding costs



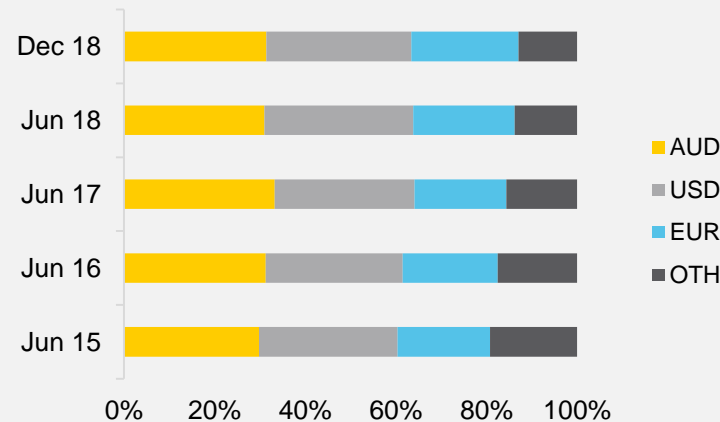
Indicative funding cost curves



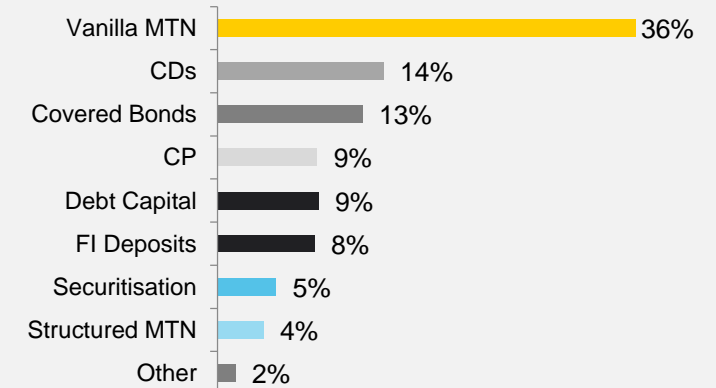
Funding composition



Term funding by currency³



Wholesale funding by product



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

Wholesale funding – issuance and maturity

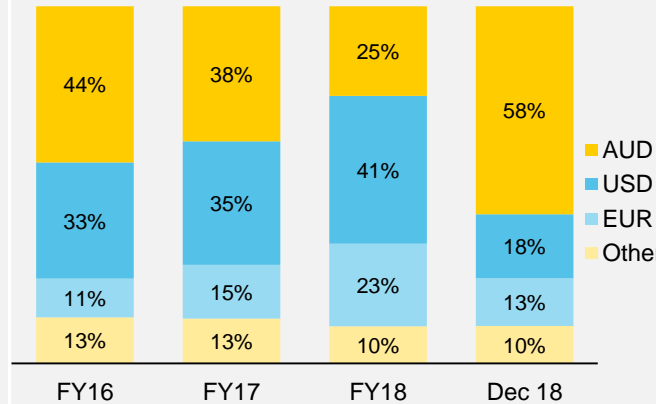


\$12bn wholesale issuance completed 1H19

1H19 benchmark issuance

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

New term issuance by currency



New term issuance by tenor

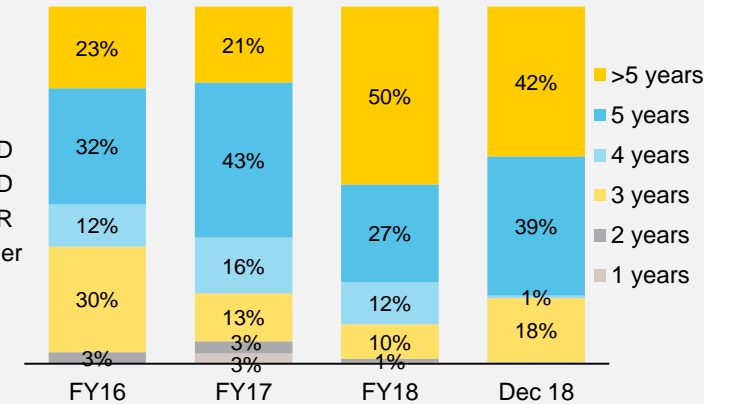
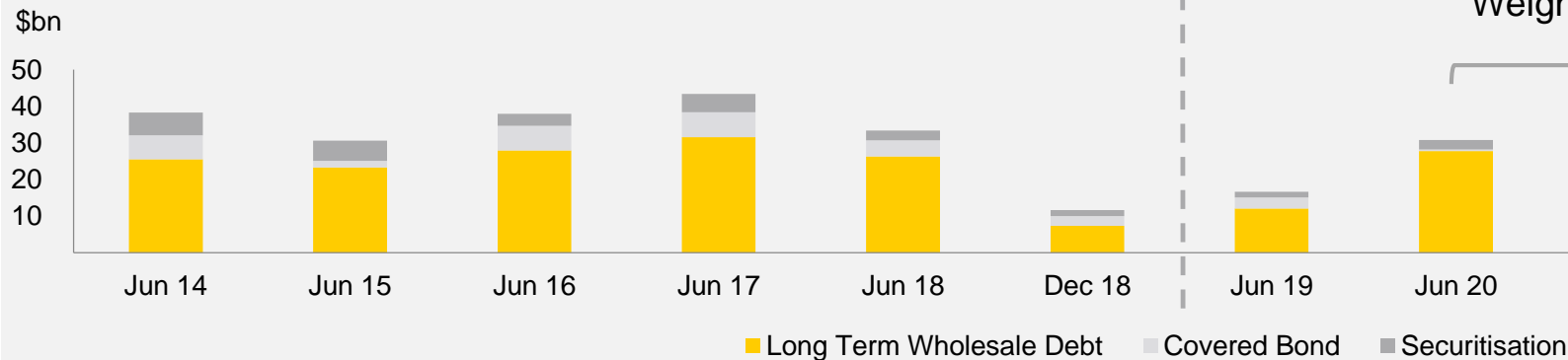


Chart totals do not add to 100% due to rounding.

Issuance



Maturity

Weighted average maturity 5 years

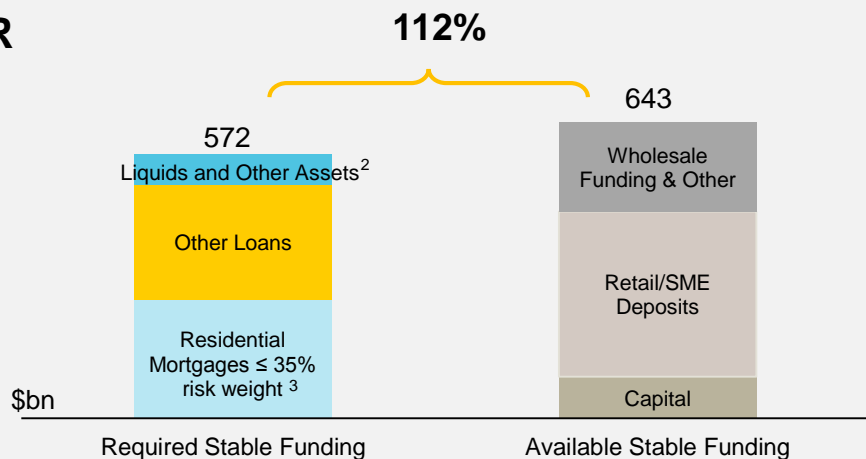
Funding and Liquidity Metrics¹



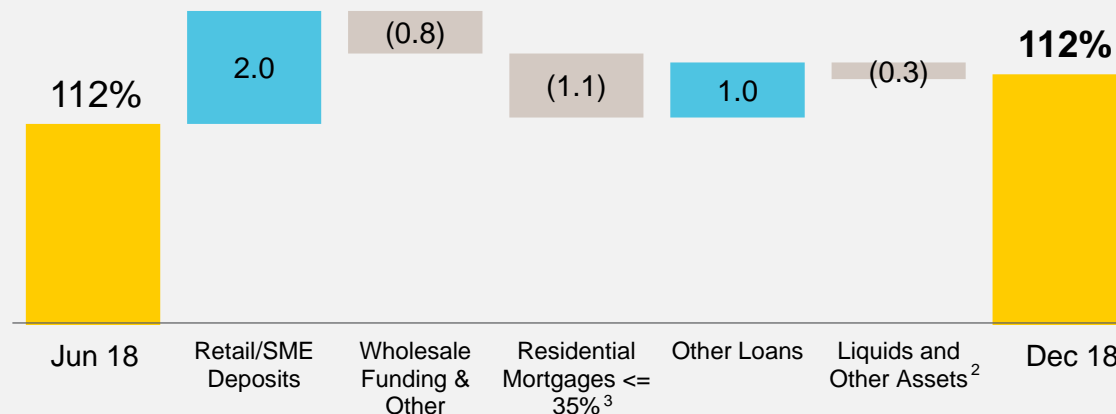
Strong funding and liquidity positions maintained

NSFR

Dec 18

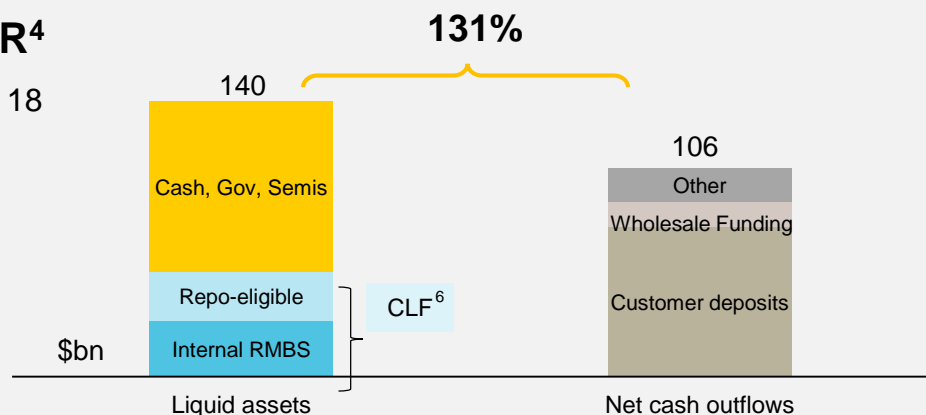


NSFR (%)

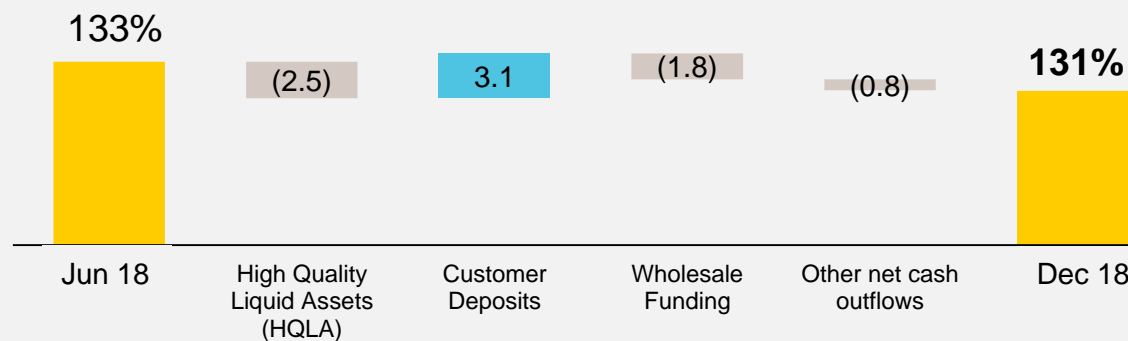


LCR⁴

Dec 18



LCR (%)⁵

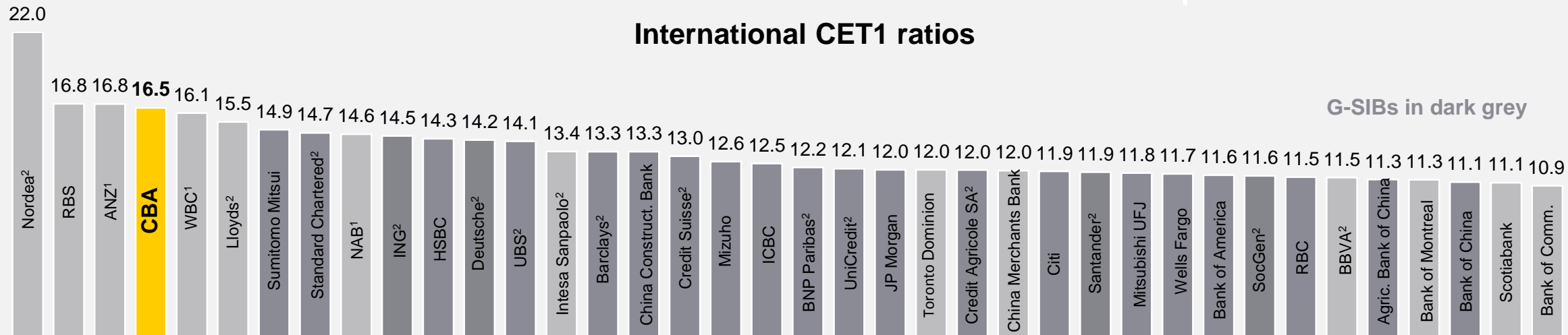
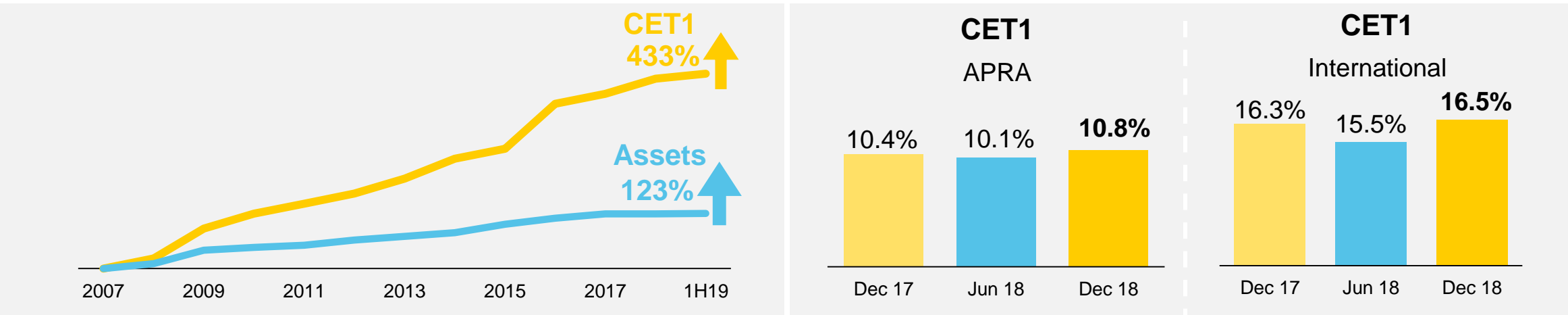


1. All figures shown on a Level 2 basis. 2. 'Other assets' includes non-performing loans, off-balance sheet items, net derivatives and other assets. 3. This represents residential mortgages with risk weighting ≤35% under APRA standard APS112 Capital Adequacy: Standardised Approach to Credit Risk. 4.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

Capital Overview



Strong capital position maintained over time



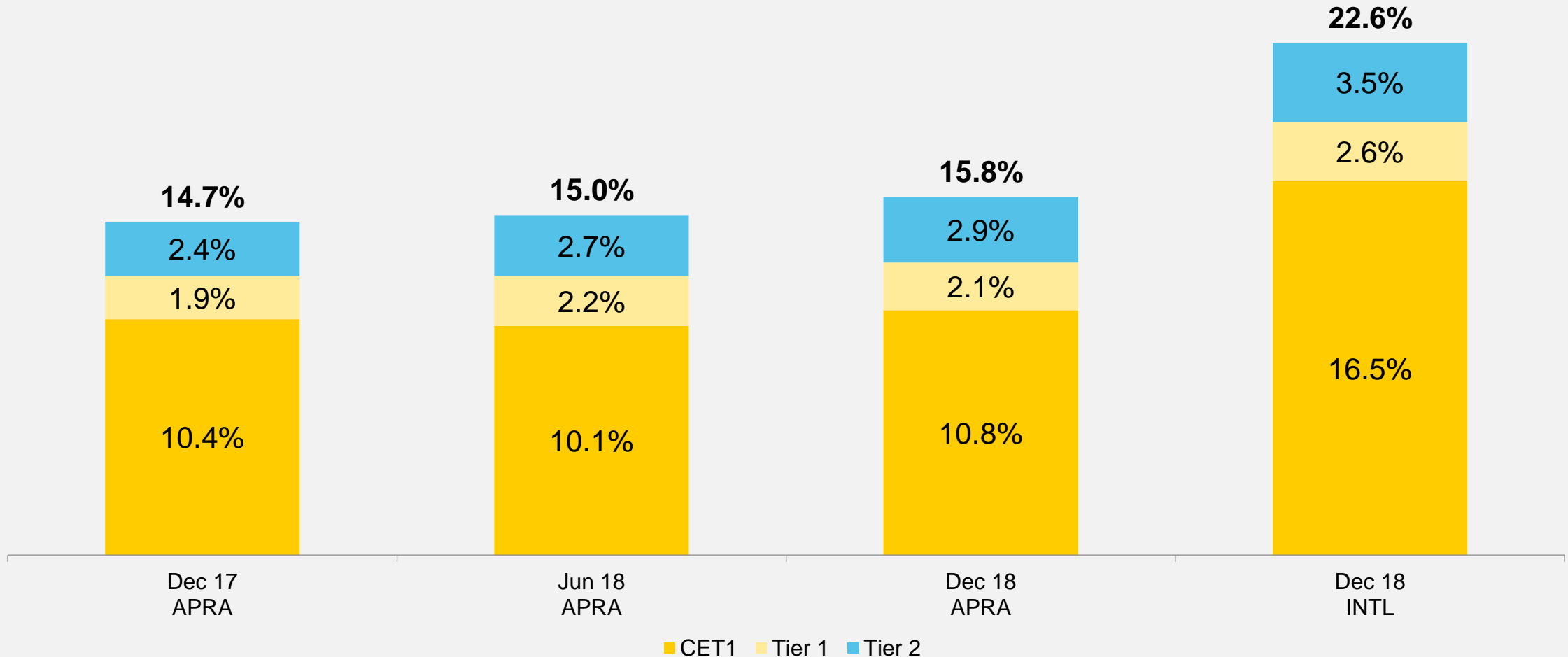
Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 30 January 2019 assuming Basel III capital reforms fully implemented. Peer group comprises listed commercial banks with total assets in excess of A\$800 billion and which have disclosed fully implemented Basel III ratios or provided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

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

Total capital levels



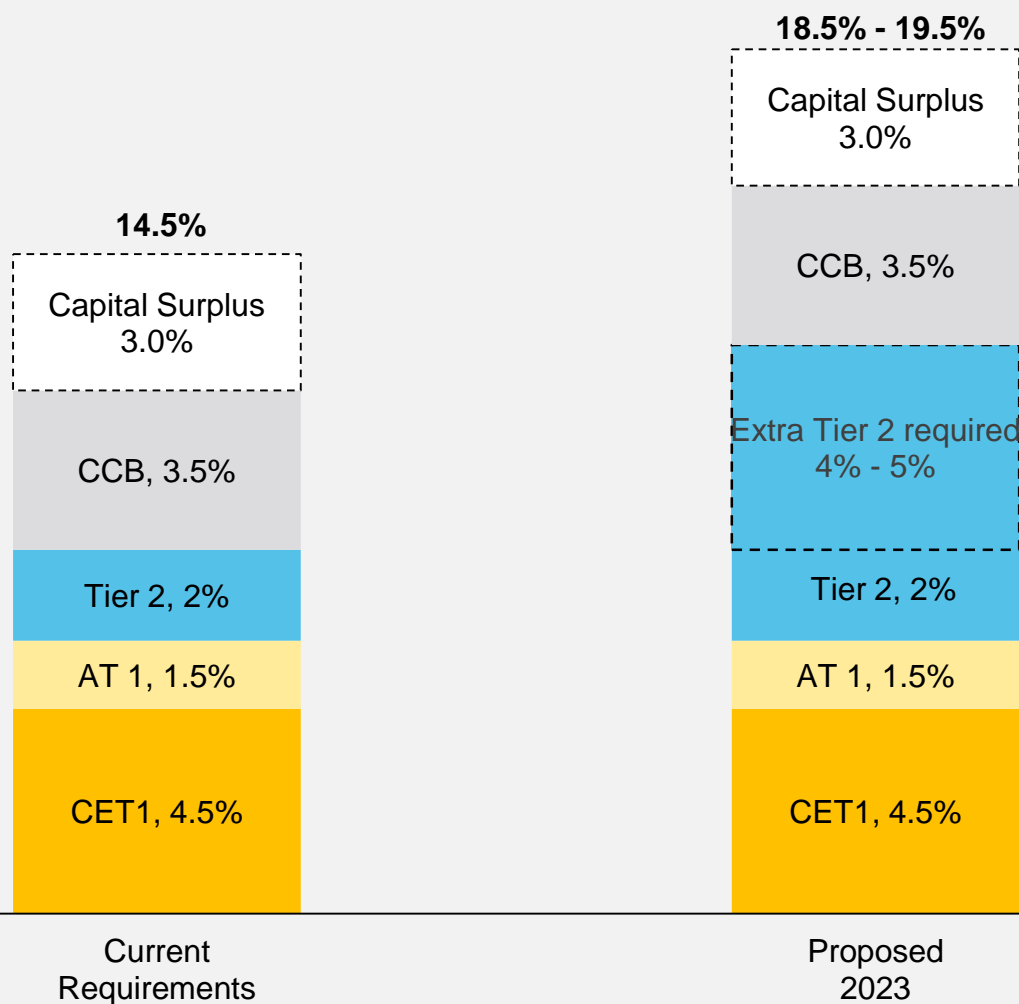
Well positioned for “unquestionably strong”: > 10.5% APRA CET1 by 1 Jan, 2020



APRA's LAC proposal



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



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

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

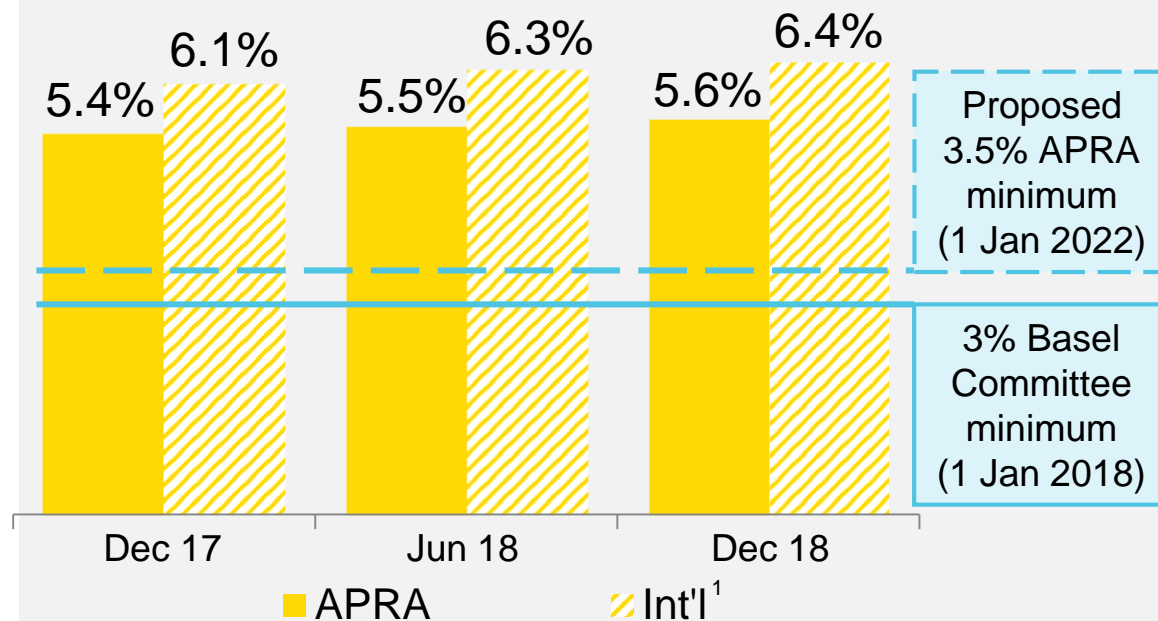
Leverage ratio



CBA leverage ratio well above proposed APRA minimum

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

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



\$m	Dec 18
Tier 1 Capital	57,518
Total Exposures	1,026,240
Leverage Ratio (APRA)	5.6%
\$m	Dec 18
Group Total Assets	980,430
Less subsidiaries outside the scope of regulatory consolidations	(17,243)
Add net derivative adjustment	2,193
Add securities financing transactions	422
Less asset amounts deducted from Tier 1 Capital	(19,929)
Add off balance sheet exposures	80,367
Total Exposures	1,026,240

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

Regulatory capital change timetable



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



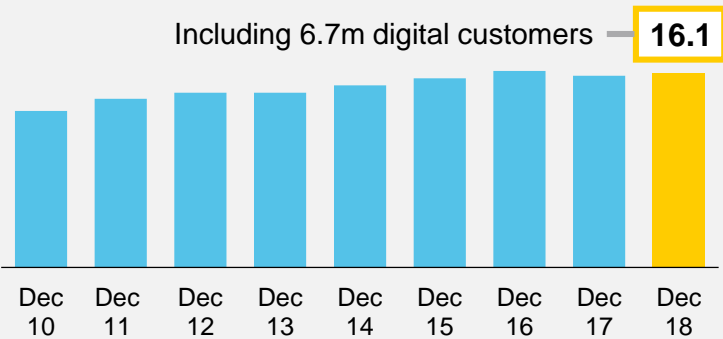
Group Overview

CBA overview

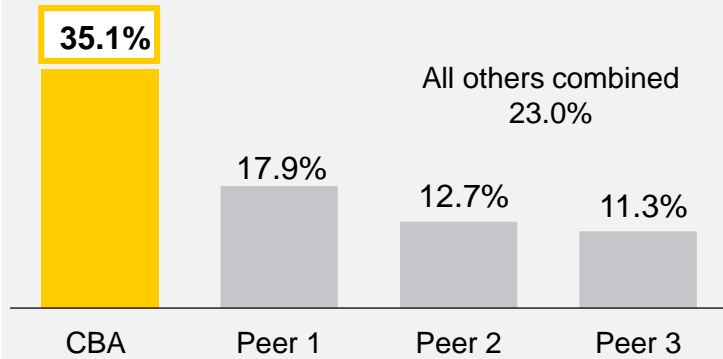


Strong customer base and market share positions, technology leadership, strength

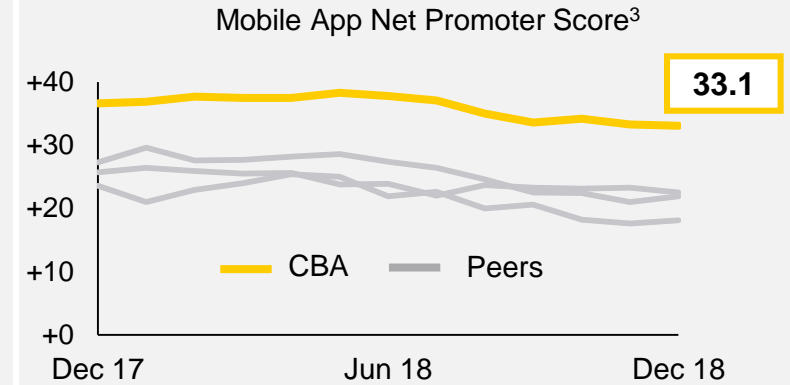
Over 16 million customers¹



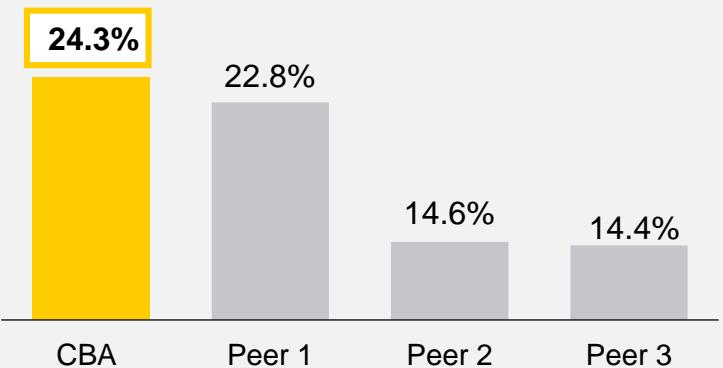
Largest share of MFI customers²



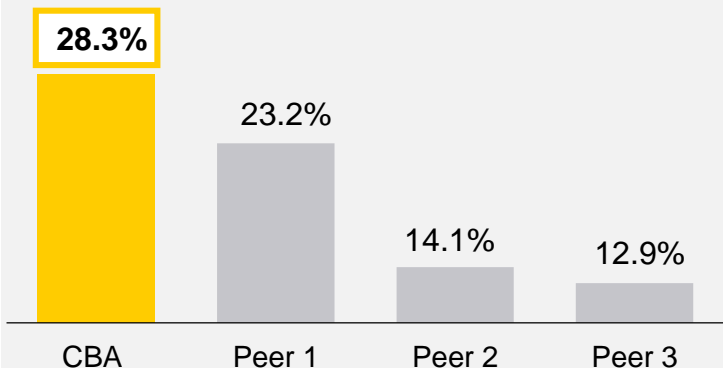
Leading digital assets and advocacy



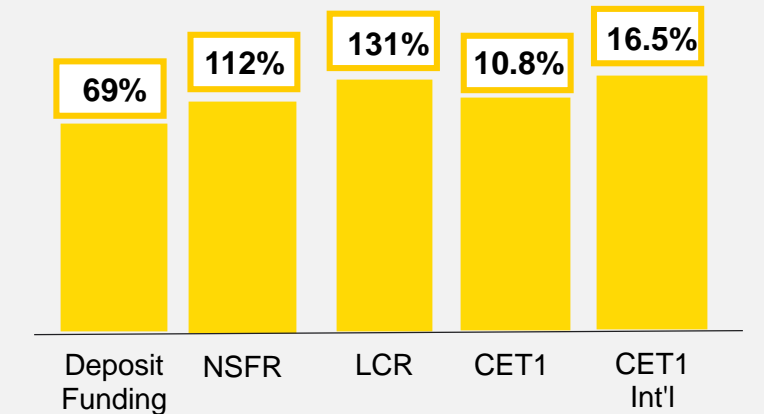
Leading home lending share⁴



Leading household deposits share⁴



Balance sheet strength



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

Our strategy



Become a simpler, better bank for our customers

Simplify our business

Lead in retail and commercial banking

Best in digital

Supported by stronger capabilities

Operational
risk and
compliance

Cost
reduction

Data and
analytics

Innovation

To deliver balanced and sustainable outcomes



A simpler bank



Divestments/demerger/reviews

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

~5%
of 1H19
Cash NPAT

A simpler, better bank

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

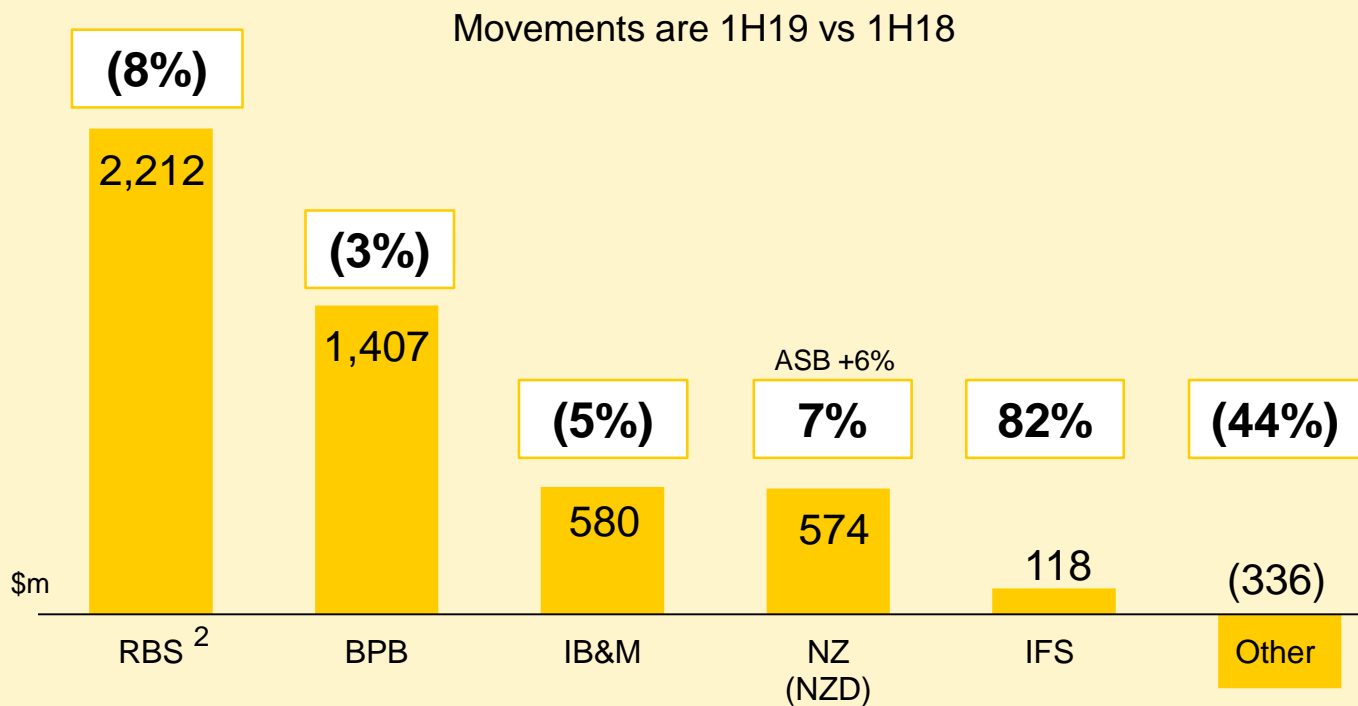
~95%
of 1H19
Cash NPAT

Business Units



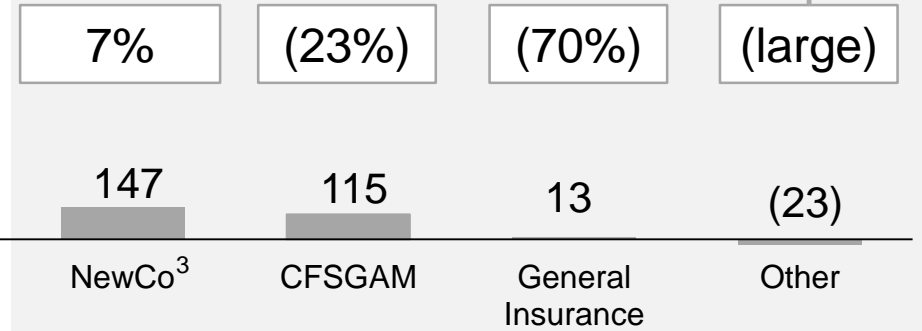
Mixed results in a challenging period

~ 95% of Group NPAT¹



Divestments/Demerger/ Strategic Reviews

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



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

Best in Digital

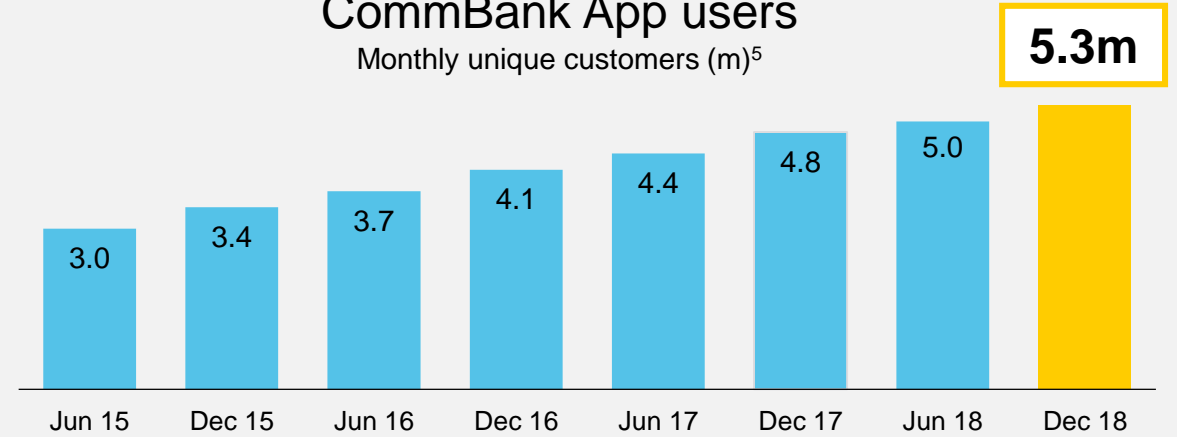


Unrivalled digital engagement



CommBank App users

Monthly unique customers (m)⁵



6.7m

Active digital customers¹

6.5m

Digital logons per day²

#1

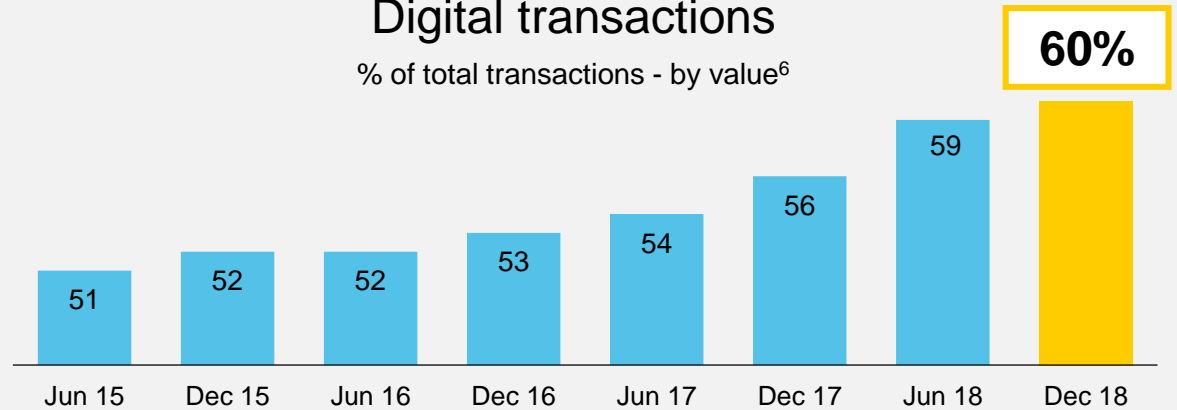
in Online Banking³ 9 years running

#1

in Mobile Banking⁴ 3 years running

Digital transactions

% of total transactions - by value⁶



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

Doing business sustainably



Delivering balanced and sustainable outcomes for all our stakeholders



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



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



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



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

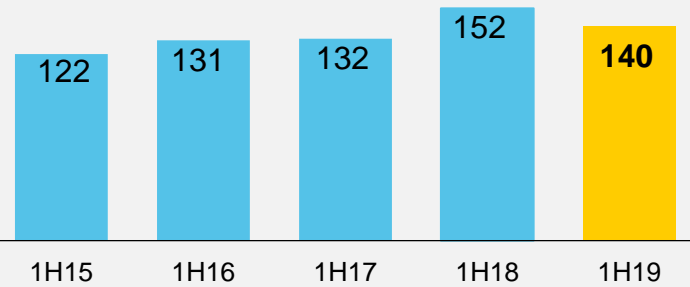
Doing business sustainably



Key non-financial performance metrics

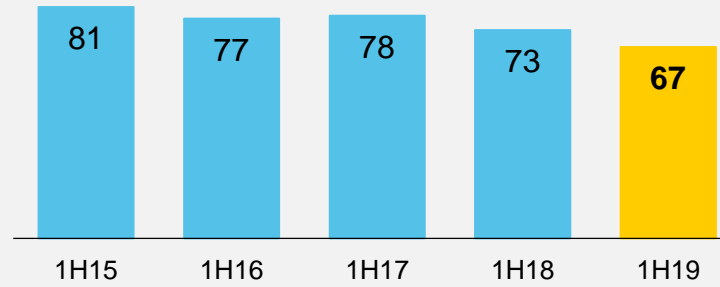
Community investment

Total community investment (\$m)¹



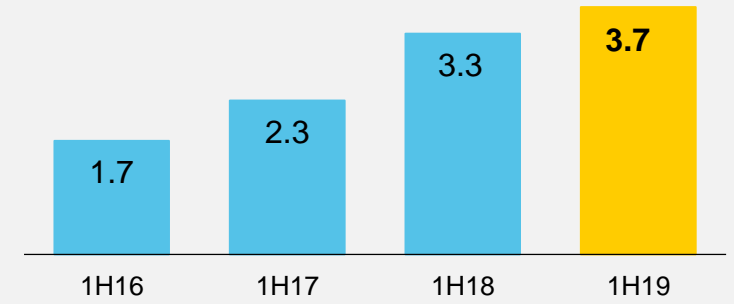
Employee engagement

CBA Employee Engagement Index (%)²



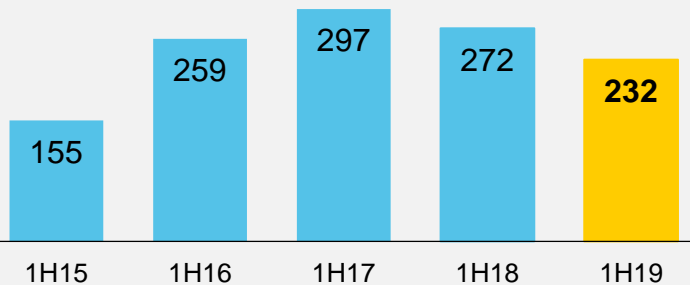
Renewable energy

Exposure (\$bn)³



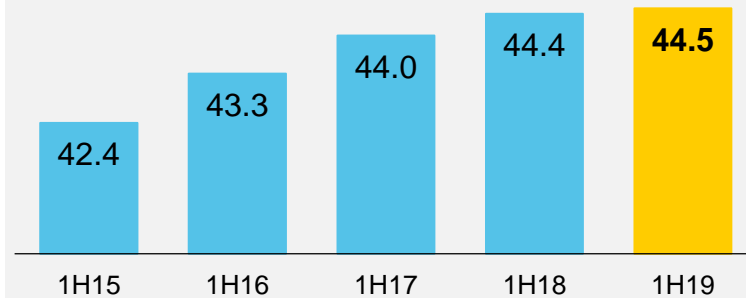
Start Smart

Students booked for Start Smart classes ('000)⁴



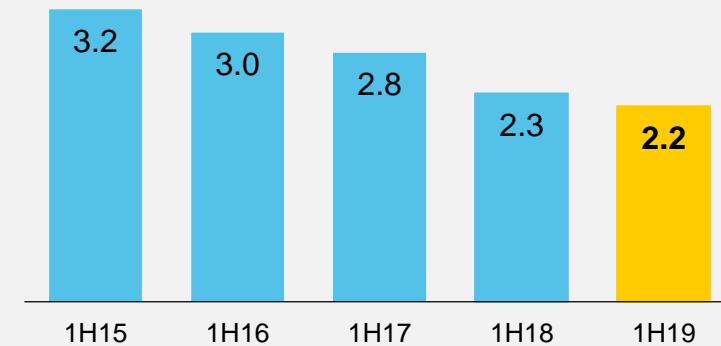
Women in management

Representation in Manager and above roles (%)⁵



Operation emissions intensity

Emissions per FTE, Scope 1+2, Australia (CO₂-e/FTE)



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

Task Force on Climate-related Financial Disclosures¹



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

Delivered first TCFD disclosures in 2018²
 Updated disclosures to be published in 2019 Annual Report

Governance	Strategy	Risk management	Metrics and targets
<ul style="list-style-type: none"> Board oversight of climate risks and opportunities through Risk Management Framework 	<ul style="list-style-type: none"> First phase of scenario analysis completed² <ul style="list-style-type: none"> Physical risk – home lending and insurance Transition risk – business lending Second phase of scenario analysis underway Continued development of strategic responses 	<ul style="list-style-type: none"> Risk identification and management informed by climate scenario analysis ESG risk assessment, including climate risk, for business lending Energy value chain analysis and reporting 	<ul style="list-style-type: none"> Source 100% renewable energy by 2030 Low carbon project funding of \$15bn by 2025 – \$7.3bn committed exposure as at 30 June 2018 Assessment of business lending emissions Progress against emissions reduction target (scope 1 and 2)

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

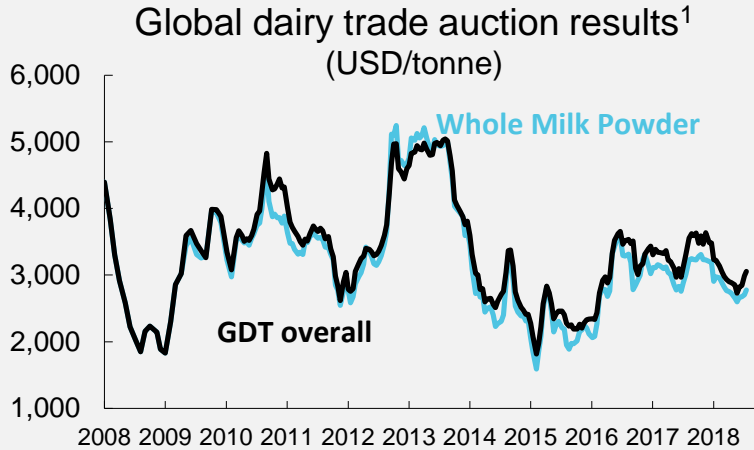


New Zealand

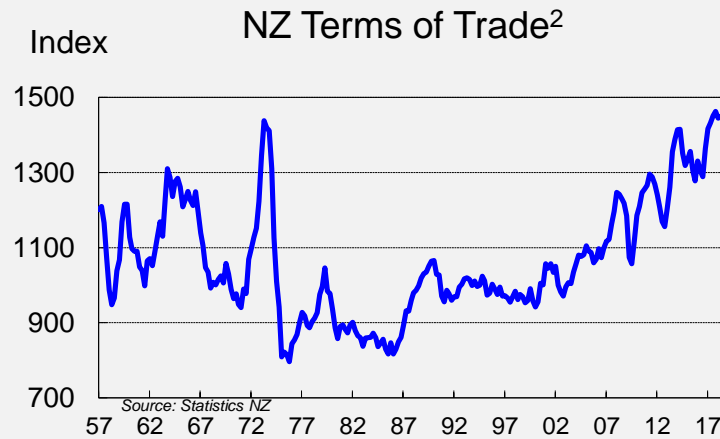
New Zealand



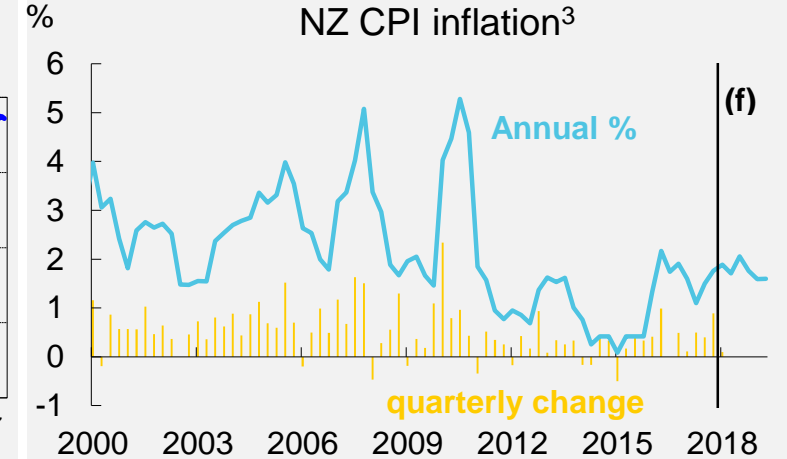
Dairy prices have remained relatively steady since late 2016



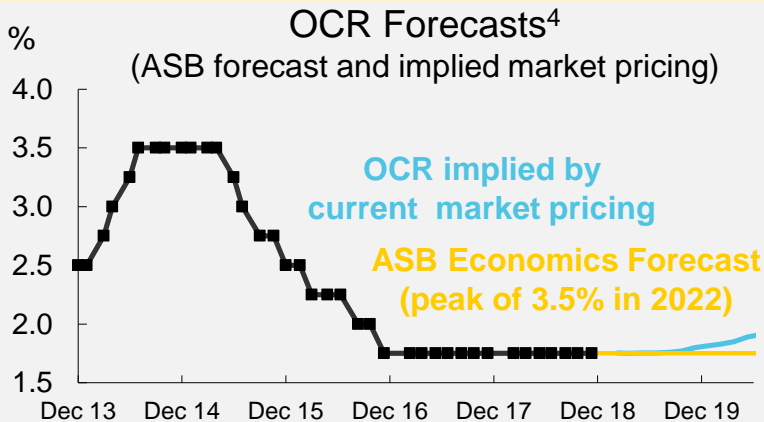
NZ's terms of trade expected to remain near record highs



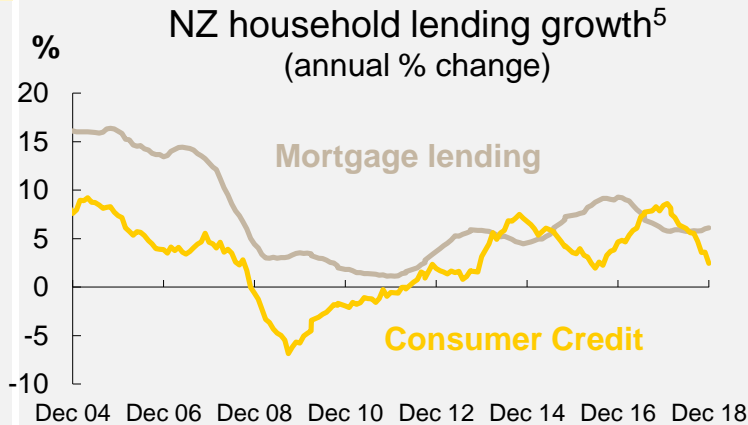
Inflation is likely to range between 1-2% over next few years



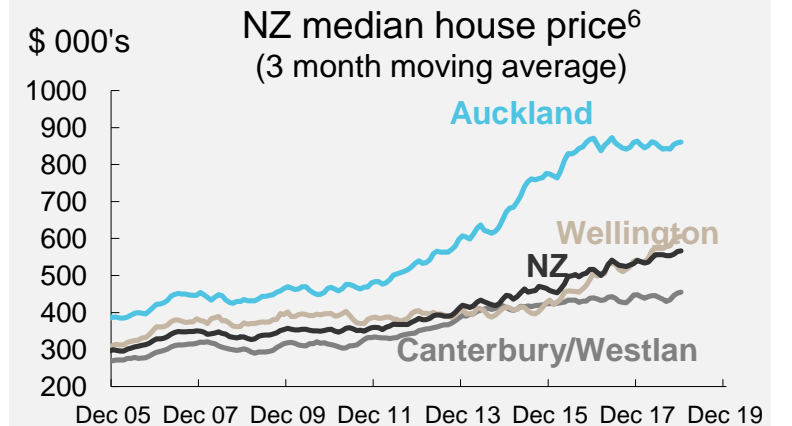
Expect RBNZ to remain on hold until at least August 2020



Home lending growth steadied in 2018 after decelerating in 2017



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

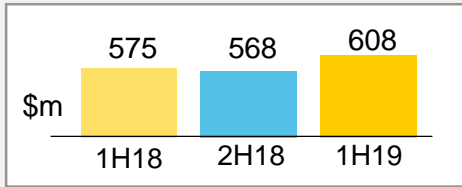


1. Source: GlobalDairyTrade. 2. Source: Stats NZ. 3. Source: Stats NZ/ASB. 4. Source: ASB. 5. Source: RBNZ/ASB. 6. Source: REINZ.

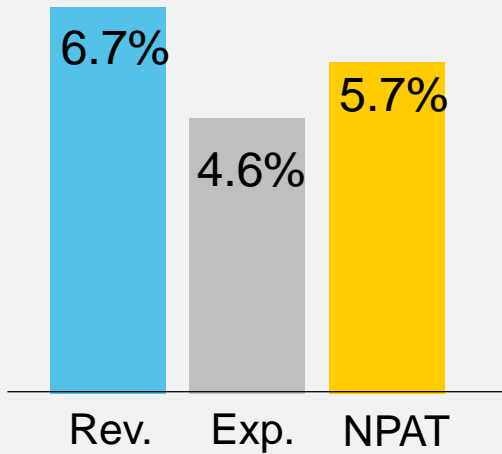


Good revenue growth partly offset by elevated expenses

NPAT

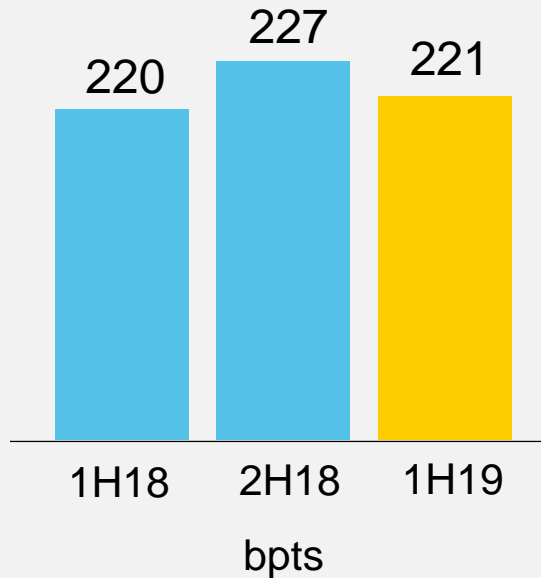


1H19 vs 1H18



Margin

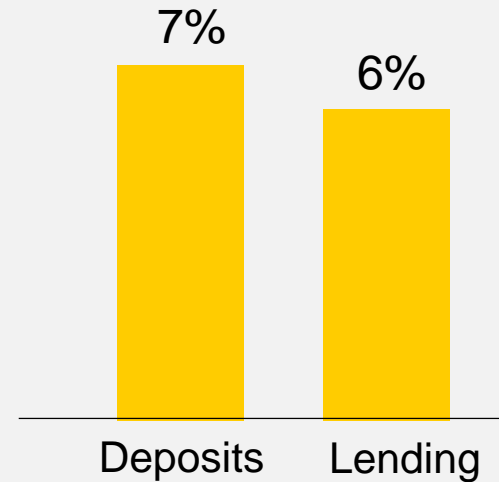
Increased margin pressures



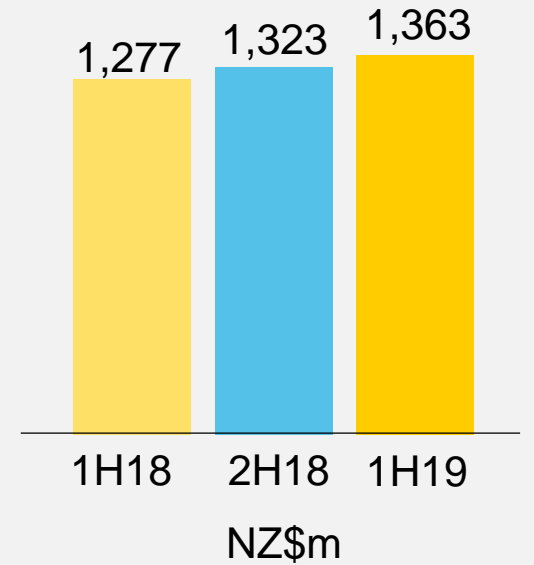
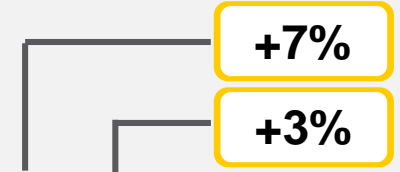
Volume growth

Solid volume growth in lending and deposits

12 months to Dec 18



Revenue



Key economic indicators (June FY)

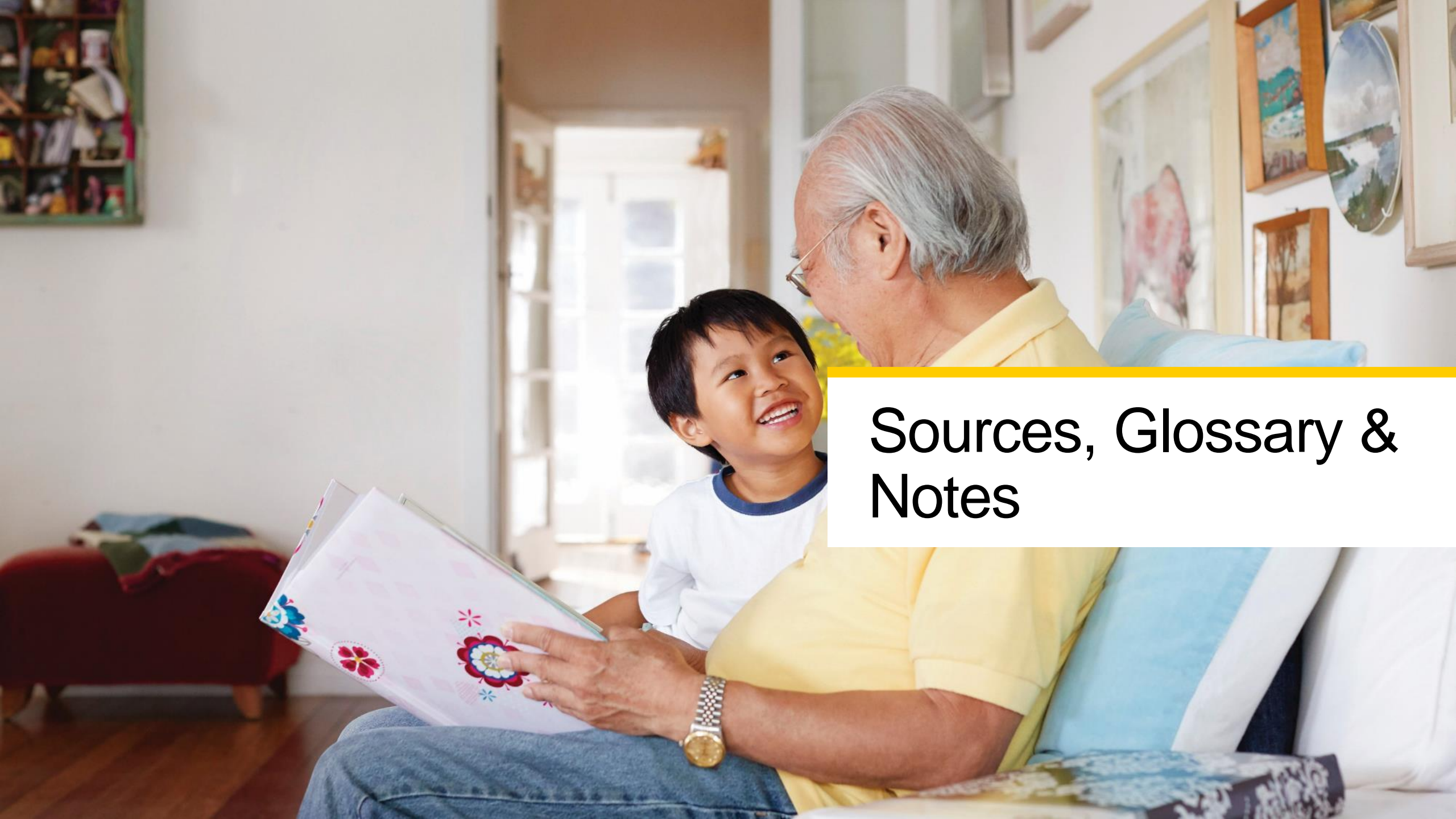


		2013	2014	2015	2016	2017	2018	2019	2020
World	GDP	3.5	3.6	3.5	3.3	3.8	3.7	3.5	3.6
Australia	Credit Growth % – Total	3.1	5.0	5.9	6.2	5.4	4.5	3-5	3½-5½
	Credit Growth % – Housing	4.6	6.4	7.3	6.7	6.6	5.6	3½-4½	4-6
	Credit Growth % – Business	1.2	3.4	4.5	6.6	4.3	3.2	5-7	4-6
	Credit Growth % – Other Personal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

Credit Growth
GDP, Unemployment & CPI
Cash Rate

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

World GDP = Calendar Year Average
= forecast



Sources, Glossary & Notes



Capital & Other		Funding & Risk	
Risk Weighted Assets or RWA	The value of the Group's On and Off Balance Sheet assets are adjusted by risk weights calculated according to various APRA prudential standards. For more information, refer to the APRA website.	Liquidity coverage ratio (LCR)	The LCR is the first quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 Jan 2015. It requires Australian ADI's to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.
CET1 Expected Loss (EL) Adjustment	CET1 adjustment that represents the shortfall between the calculated EL and eligible provisions (EP) with respect to credit portfolios which are subject to the Basel advanced capital IRB approach. The adjustment is assessed separately for both defaulted and non-defaulted exposures. Where there is an excess of EL over EP in either assessments, the difference must be deducted from CET1. For non-defaulted exposures where the EL is lower than the EP, this may be included in Tier 2 capital up to a maximum of 0.6% of total credit RWAs.	High quality liquid assets (HQLA)	As defined by APRA in Australian Prudential Standard APS210: Liquidity. Qualifying HQLA includes cash, Govt and Semi Govt securities, and RBNZ eligible securities.
Leverage Ratio	Tier 1 Capital divided by Total Exposures, with this ratio expressed as a percentage. Total exposures is the sum of On Balance Sheet items, derivatives, securities financing transactions (SFTs), and Off Balance Sheet items, net of any Tier 1 regulatory deductions that are already included in these items.	Committed liquidity facility (CLF)	Given the limited amount of Commonwealth government and Semi-government debt in Australia, participating ADIs can access contingent liquidity via the RBA's CLF. The amount of the CLF for each ADI is set annually by APRA. To access the CLF, ADIs need to meet certain conditions and pledge qualifying securities to the RBA.
Internationally comparable capital	The Internationally Comparable CET1 ratio is an estimate of the Group's CET1 ratio calculated using rules comparable with our global peers. The analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).	Net Stable Funding Ratio	The NSFR is the second quantitative liquidity measure of the Basel III reforms, in addition to the LCR. It was implemented by APRA in Australia on 1 Jan 2018. It requires Australian ADIs to fund their assets with sufficient stable funding to reduce funding risk over a one year horizon. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding.
Derivative Valuation Adjustments (DVA)	A number of different valuation adjustments are made to the value of derivative contracts to reflect the additional costs in holding these contracts. The material valuation adjustments included within the CBA result are CVA and FVA.	TIA	Corporate Troublesome and Group Impaired assets.
Credit value adjustment (CVA)	The market value of counterparty credit risk on uncollateralised derivative assets, calculated as the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of a counterparty's default.	Corporate Troublesome	Corporate Troublesome includes exposures where customers are experiencing financial difficulties which, if they persist, could result in losses of principal or interest, and exposures where repayments are 90 days or more past due and the value of security is sufficient to recover all amounts due.
Funding valuation adjustment (FVA)	The expected funding cost or benefit over the life of the uncollateralised derivative portfolio.	Total Committed Exposure (TCE)	Total Committed Exposure is defined as the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes settlement exposures.
		Credit Risk Estimates (CRE)	Refers to the Group's regulatory estimates of long-run Probability of Default (PD), downturn Loss Given Default (LGD) and Exposure at Default (EAD).



Disclaimer

The material in this presentation is general background information about the Group and its activities current as at the date of the presentation, 6 February 2019. It is information given in summary form and does not purport to be complete. Information in this presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consider these factors, and consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

This presentation may contain certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and the securities laws of other jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “would”, “could”, “expect”, “intend”, “plan”, “aim”, “estimate”, “target”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” or other similar words, and include statements regarding the Group’s intent, belief or current expectations with respect to the Group’s business and operations, market conditions, results of operations and financial condition, capital adequacy and risk management. Any forward-looking statements included in this presentation speak only as at the date of this presentation and undue reliance should not be placed upon such statements. Although the Group believes the forward-looking statements to be reasonable, they are not certain and involve known and unknown risks and assumptions, many of which are beyond the control of the Group, which may cause actual results, conditions or circumstances to differ materially from those expressed or implied in such statements. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements, whether as a result of new information, future events or results or otherwise, is disclaimed.

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Cash Profit

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

www.commbank.com.au/results

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