

Media Release

CBA 1H17 Results

For the half year ended 31 December 2016¹
Reported 15 February 2017



CommonwealthBank

Summary

- Statutory net profit after tax (NPAT) of \$4,895 million, up 6%.²
- Cash NPAT of \$4,907 million, up 2%.
- Operating income of \$13,126 million, up 6%.
- Interim dividend of \$1.99 per share, up 1 cent.
- Earnings per share (cash) of \$2.86, flat.
- Return on equity (cash) of 16.0%.
- Common Equity Tier 1 capital ratio of 9.9% on an APRA basis, 15.4% on an internationally comparable basis.

Financial snapshot

Performance	Cash basis	Underlying cash basis ³
Total operating income (vs 1H16)	6%	3%
Operating expenses (vs 1H16)	9%	1%
Operating performance (vs 1H16)	4%	4%
Cost-to-income	43.3%	41.5%
Loan impairment expense (vs 1H16)	17 bpts - flat	
Net interest margin (vs 1H16)	2.11% - down 4 bpts	

CEO Comment: Ian Narev

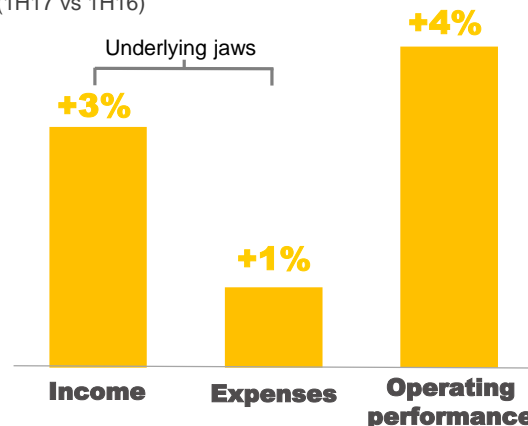
“We have maintained our commitment to our long term strategy. We have invested carefully but consistently over many years, leading to ongoing revenue and balance sheet growth, and continuous innovation for our customers. At the same time, our emphasis on productivity has ensured that expense growth is fit for the times.”

Managing for today's environment

- Income growth, combined with cost control, delivered “positive jaws” for the Group on an underlying basis.³
- Strong home lending and solid corporate lending, together with growth in deposits, underpinned income.
- Productivity measures delivered lower expenses, with the Group's cost-to-income ratio falling 60 basis points to 41.5% on an underlying basis.
- Margins were impacted by higher funding costs, with the Group's net interest margin down 4 basis points to 2.11%.

Positive jaws

(1H17 vs 1H16)



¹ Unless otherwise indicated all comparisons are to the prior comparative period (pcp), the half year ended 31 December 2015.

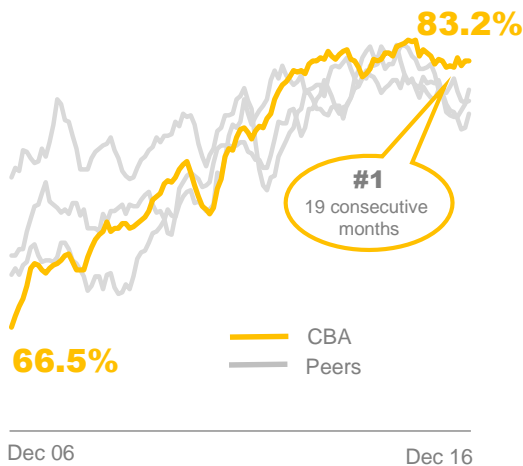
² For an explanation of and reconciliation between statutory and cash NPAT, refer to pages 2, 3 and 15 of the Group's Profit Announcement for the half year ended 31 December 2016, available at commbank.com.au/shareholder.

³ “Underlying basis” excludes a \$397 million gain on sale of the Group's remaining investment in Visa Inc. and a \$393 million one-off expense for acceleration of amortisation on certain software assets.

More satisfied customers

Retail customer satisfaction

(% 'very satisfied' or 'fairly satisfied')



As at 31 December 2016, the Group ranked:

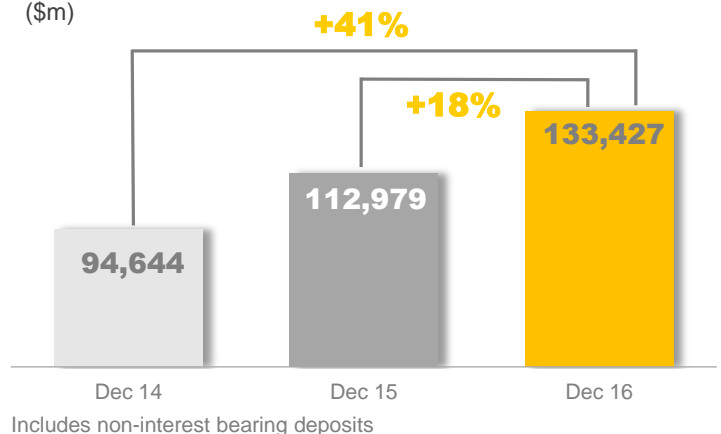
- #1 for retail customer satisfaction for 19 consecutive months (Roy Morgan Research Retail MFI Customer Satisfaction);
- #1 or equal #1 for small business customer satisfaction for 28 consecutive months and #1 or equal #1 for large corporates for 4 years (DBM);⁴
- #1 for online and mobile banking (CANSTAR);
- #1 for wealth (Wealth Insights Platform Service Level Survey); and
- #1 for International Financial Services (PT Bank Commonwealth Indonesia, MRI Standards for Customer Service Excellence).

Deposit growth

- Customer satisfaction supported growth in deposits across the Group, with Group transaction balances up 18%.
- Retail Banking Services achieved 30% growth in transaction deposits and a 16% increase in new transaction accounts (including offset accounts).
- Total customer deposits increased 8% to \$541 billion, and contributed 66% of total Group funding.

Group transaction balances

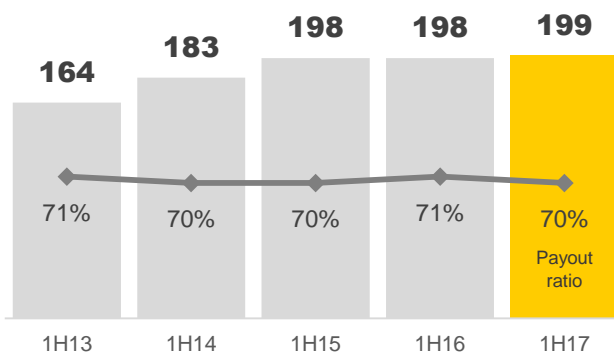
(\$m)



Consistent dividends

Interim dividend

(cents per share)

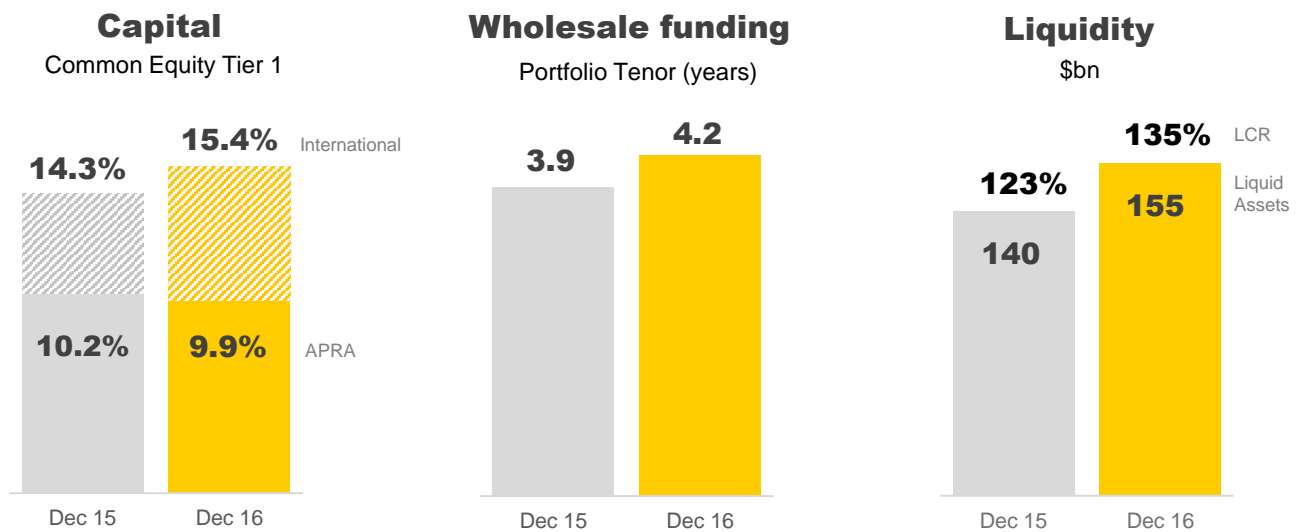


The Group's performance supported the Board's aim of consistent dividends for shareholders.

- Interim dividend of \$1.99, fully franked, up 1 cent.
- Dividend payout ratio of 70% of cash NPAT.
- Ex-dividend date - 22 February 2017.
- Record Date - 23 February 2017.
- Interim dividend payment date - 4 April 2017.
- The dividend reinvestment plan (DRP) continues to apply with no discount, and the deadline for notifying participation in the DRP is 24 February 2017.

⁴ Small businesses are those with annual turnover up to \$1 million, large businesses are those with annual turnover of \$50m to less than \$500m.

Balance sheet strength

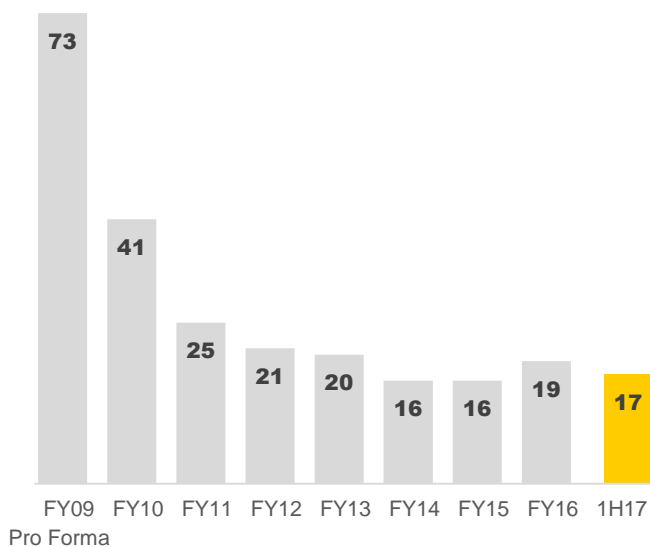


- Capital generated by earnings was offset primarily by APRA's requirement to hold an additional 80 basis points of capital for Australian residential mortgages (implemented 1 July 2016) and the 2016 full year dividend. CBA ranks near the top of the top quartile of international peer banks for CET1.
- The Group strengthened its funding position in the period, with the average tenor of long term wholesale funding increasing to 4.2 years.
- The Group's Liquidity Coverage Ratio (LCR) increased to 135% and the leverage ratio was 4.9% (APRA basis).

Credit quality

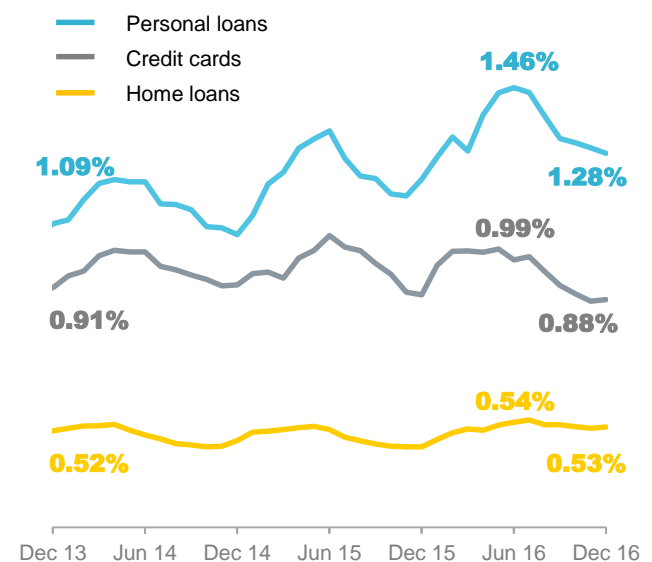
Loan impairment expense

Group (basis points)



Consumer arrears

90+ days



- Overall, loan impairment expense (LIE) remains low, at 17 basis points of gross loans and acceptances.
- Consumer LIE was flat at 18 basis points, while corporate LIE fell to 14 basis points from 20 basis points (both on the prior financial year).
- Personal loan arrears were seasonally lower, although still elevated in Western Australia.
- Home loan arrears continue at low levels, despite higher arrears in Western Australia.

Delivering on our Vision

In the six months ended 31 December 2016, CBA continued to secure the financial wellbeing of people, businesses and communities by providing trusted services and funding community initiatives.

- \$109 billion in new lending to personal and business customers.
- 140,000 new home loans, including 15,000 for first home buyers.
- \$3.5 billion in new loans to 12,700 small businesses.
- \$1.2 billion in new lending to farmers and other rural customers.
- 1.5 million new deposit accounts.
- \$132 million of investment into the community through donations, volunteer time and support for local projects.



Delivering innovation



Digital banking

- TYME, CBA's wholly owned financial services technology company in South Africa, has developed a kiosk which can on-board new customers through biometric authentication in 4 minutes.
- The kiosks enable customers to transfer money and make payments, and can issue personalised debit cards.
- 685 kiosks have been installed in-store at Pick n Pay, one of South Africa's largest retailers.
- 100,000 customers have enrolled since launch in May 2016.

Outlook

CEO Comment: Ian Narev

"The combination of geopolitical volatility and weak economic recovery in parts of the world means the risk of market volatility, and indeed economic shock, remains heightened. At the same time, recent trends in the Australian economy are more positive. Our job as a major financial institution is to maintain a focus on the long term, whilst ensuring that we can withstand nearer term shocks. Our contribution to Australia's economic growth must continue to be the combination of strength and innovation that has served Australia well through global volatility. So we will continue to manage our balance sheet, and our expenditure, conservatively. But we will also continue to invest confidently so we can play our part in the bright future that we see for Australia".

Media

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Key financial information

Half Year Ended

Group performance summary ⁽¹⁾	31 Dec 16	30 Jun 16	31 Dec 15	Dec 16 vs	Dec 16 vs
	\$M	\$M	\$M	Jun 16 %	Dec 15 %
Net interest income	8,743	8,508	8,427	3	4
Other banking income ⁽²⁾	2,986	2,444	2,416	22	24
Total banking income	11,729	10,952	10,843	7	8
Funds management income	1,004	984	1,032	2	(3)
Insurance income	393	308	487	28	(19)
Total operating income	13,126	12,244	12,362	7	6
Investment experience	16	83	58	(81)	(72)
Total income	13,142	12,327	12,420	7	6
Operating expenses ⁽³⁾	(5,677)	(5,224)	(5,210)	9	9
Loan impairment expense	(599)	(692)	(564)	(13)	6
Net profit before tax	6,866	6,411	6,646	7	3
Net profit after tax ("cash basis")	4,907	4,637	4,808	6	2
Net profit after tax ("statutory basis")	4,895	4,600	4,623	6	6
	31 Dec 16	30 Jun 16	31 Dec 15	Dec 16 vs	Dec 16 vs
Cash net profit after tax, by division ⁽¹⁾	\$M	\$M	\$M	Jun 16 %	Dec 15 %
Retail Banking Services	2,466	2,268	2,272	9	9
Business and Private Banking	791	748	774	6	2
Institutional Banking and Markets	683	568	622	20	10
Wealth Management	249	236	376	6	(34)
New Zealand	471	417	464	13	2
Bankwest	355	375	403	(5)	(12)
IFS and Other	(108)	25	(103)	large	5
	31 Dec 16	30 Jun 16	31 Dec 15	Dec 16 vs	Dec 16 vs
Shareholder ratios & performance indicators ⁽¹⁾				Jun 16 %	Dec 15 %
Earnings Per Share - "cash basis" - basic (cents)	285.8	270.3	284.6	6	-
Return on equity - "cash basis" (%)	16.0	15.6	17.3	40 bpts	(130) bpts
Return on average total assets - "cash basis" (%)	1.0	1.0	1.1	-	(10) bpts
Dividends per share - fully franked (cents)	199	222	198	(10)	1
Dividend payout ratio - "cash basis" (%)	69.9	82.4	70.8	large	(90) bpts
Average interest earning assets (\$M) ⁽⁴⁾	823,058	800,379	780,921	3	5
Funds Under Administration - average (\$M)	150,134	145,299	144,751	3	4
Assets Under Management - average (\$M)	206,996	200,075	203,603	3	2
Net interest margin (%)	2.11	2.14	2.15	(3) bpts	(4) bpts
Operating expenses to total operating income (%) ⁽⁵⁾	43.3	42.7	42.1	60 bpts	120 bpts

⁽¹⁾ Comparative information has been restated to reflect refinements to the allocation of customer balances, revenue and expense methodology including updated transfer pricing allocations, and changes to the recognition of Global Asset Management long-term incentives in Wealth Management.

⁽²⁾ The current half includes a \$397 million gain on sale of the Group's remaining investment in Visa Inc.

⁽³⁾ The current half includes a \$393 million one-off expense for acceleration of amortisation on certain software assets.

⁽⁴⁾ Net of average mortgage offset balances.

⁽⁵⁾ Excluding a \$397 million gain on sale of the Group's remaining investment in Visa Inc. and a \$393 million one-off expense for acceleration of amortisation on certain software assets, operating expenses to total operating income is 41.5% for the current period.