



**Commonwealth**Bank 

# RESULTS PRESENTATION

FOR THE FULL YEAR ENDED 30 JUNE 2016

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

**WHEN  
WE BELIEVE,  
WE CAN.**

# Our Strategy

## Customer Focus

### Capabilities

People



Productivity



Technology



Strength



### Growth Opportunities

“One CommBank”

Continued growth in business and institutional banking

Disciplined capability-led growth outside Australia



## TSR Outperformance



# Our Vision and Values

## Our Vision

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

## Our Values

**Integrity  
Accountability  
Collaboration  
Excellence  
Service**



# Overview

- ◆ Result again built on the consistent execution of a 10 year strategy:
  - Customer satisfaction, innovation, strength
- ◆ Changing operating context, impacting returns:
  - Economic sentiment
  - Interest rates
  - Competitive intensity
  - Regulatory compliance/costs
- ◆ Long-term focus, continuing to reinvest



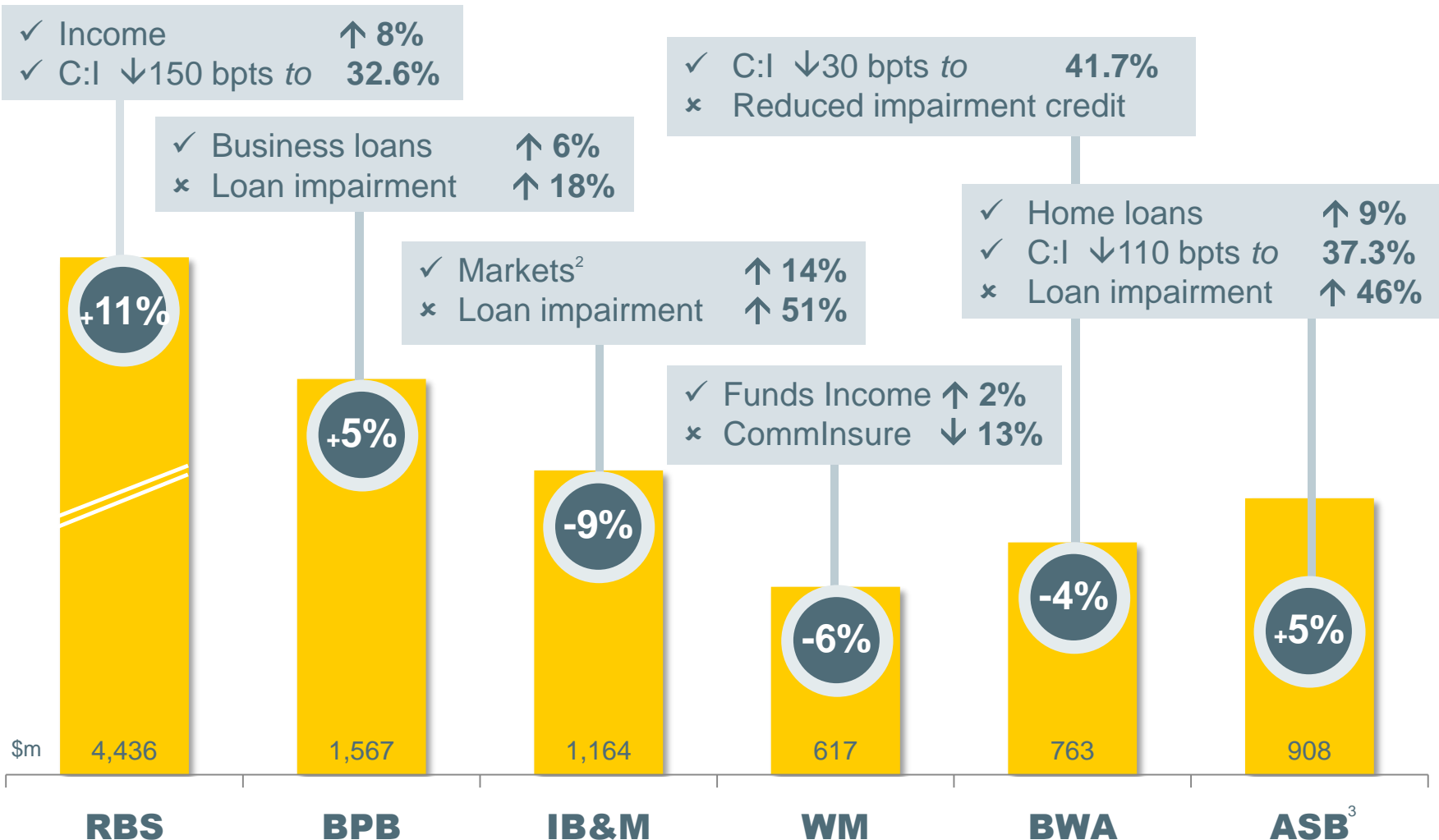
# Cash NPAT up 3%

	Jun 16		Jun 16 vs Jun 15
Statutory Profit (\$m)	9,227	↑	2%
Cash NPAT (\$m)	9,450	↑	3%
ROE – Cash (%)	16.5%	↓	(170) bpts
Cash Earnings per Share (\$)	5.55	→	-
Dividend per Share (\$)	4.20	→	-



# Divisional Contributions

## Cash NPAT FY16<sup>1</sup>



1. All movements on prior comparative period except where noted  
 2. Growth in Markets income excluding derivative valuation adjustments  
 3. ASB result and performance metrics in NZD

# Continued focus on the customer

## Customer Satisfaction

**Retail**

**#1**

- 13 consecutive months to Jun 16

**Business**

**= #1**

- First or equal first - all key segments

**Wealth**

**#1**

- Regained #1 in adviser satisfaction in Apr 16

**IFS**

**#1**

- PT Bank Commonwealth (Indonesia)

**Internet**

**#1**

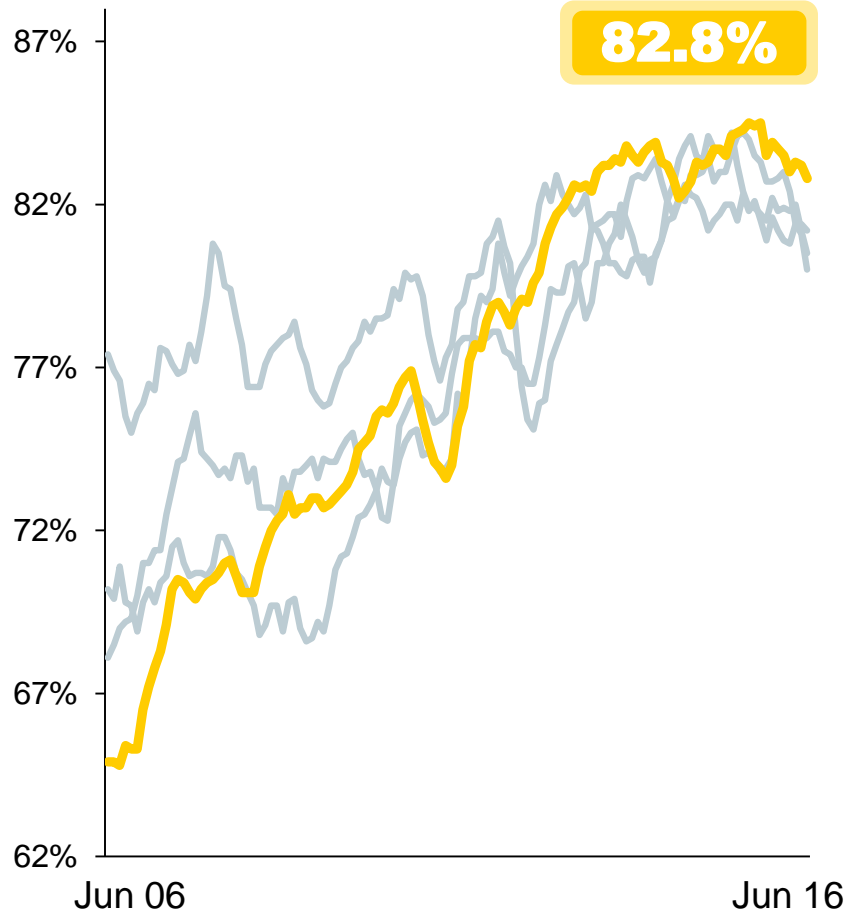
- First or equal first since May 2013



# Customer focus - more needs met

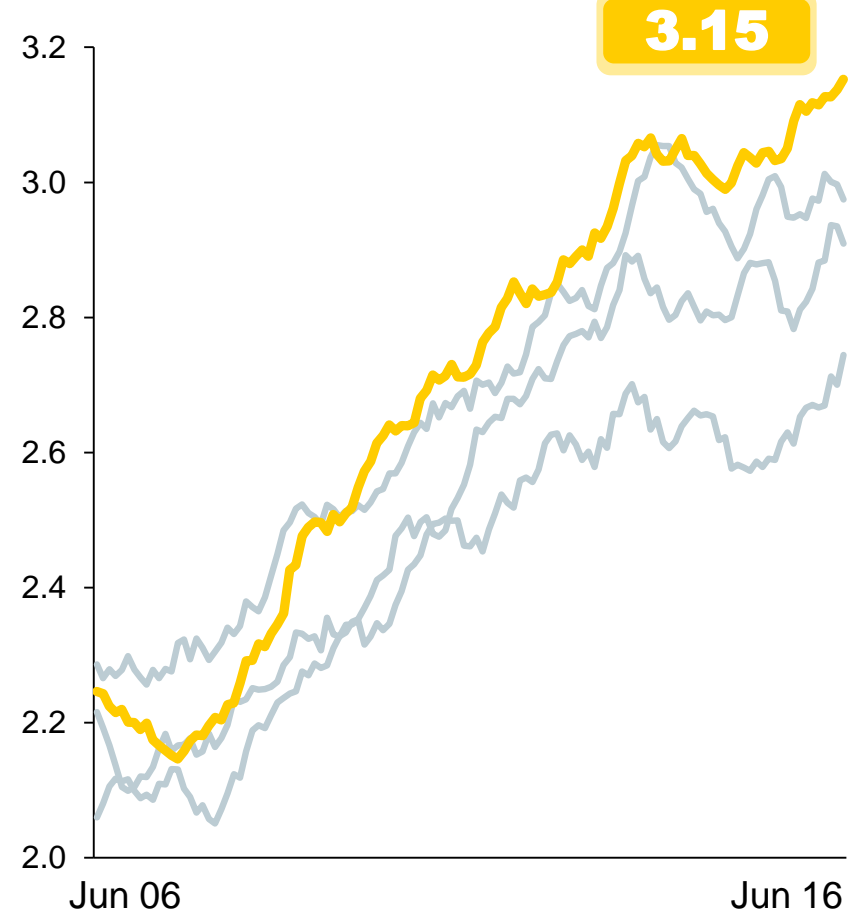
## Retail Customer Satisfaction

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



## Customer Needs Met

(#)





# Ongoing volume growth

## Balance Growth<sup>1</sup>

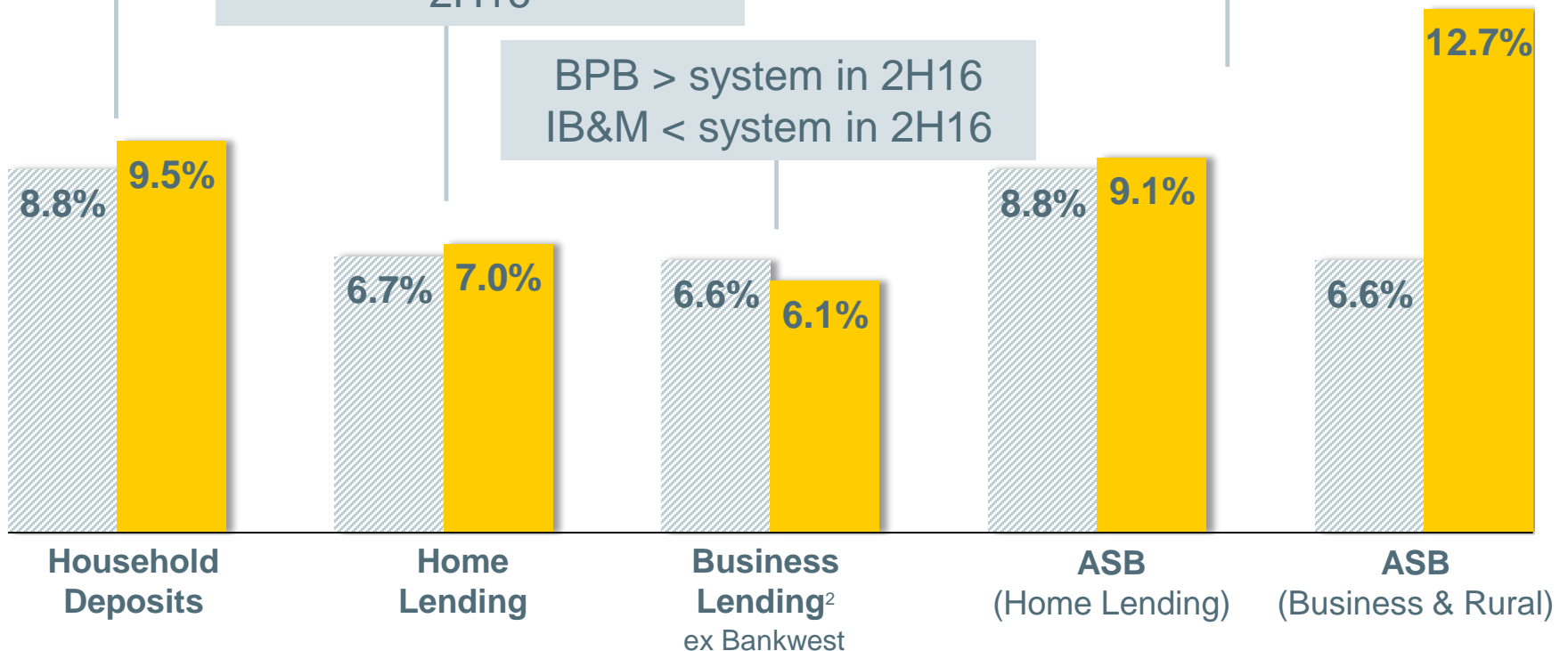
12 months to Jun 16

Driven by continued strong growth in Transaction Accounts

Above system growth in 2H16

ASB – strong growth across the board: housing, business, rural

BPB > system in 2H16  
IB&M < system in 2H16

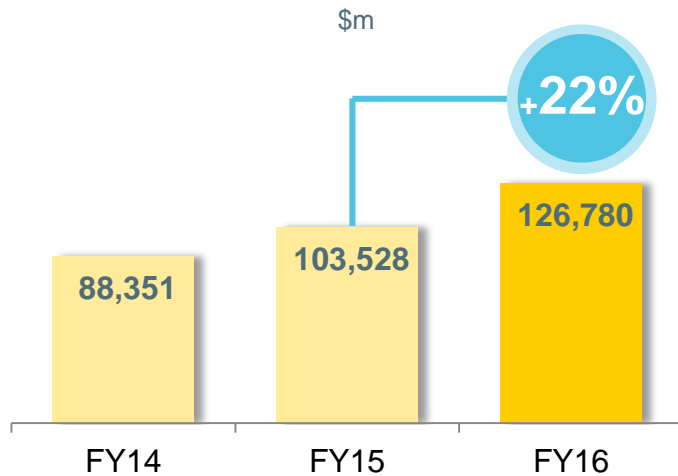


1. Spot balance growth twelve months to June 2016. Source RBA/APRA/RBNZ. CBA includes BWA except Business Lending. 2. Domestic Lending balance growth (BPB & IB&M). Source RBA.

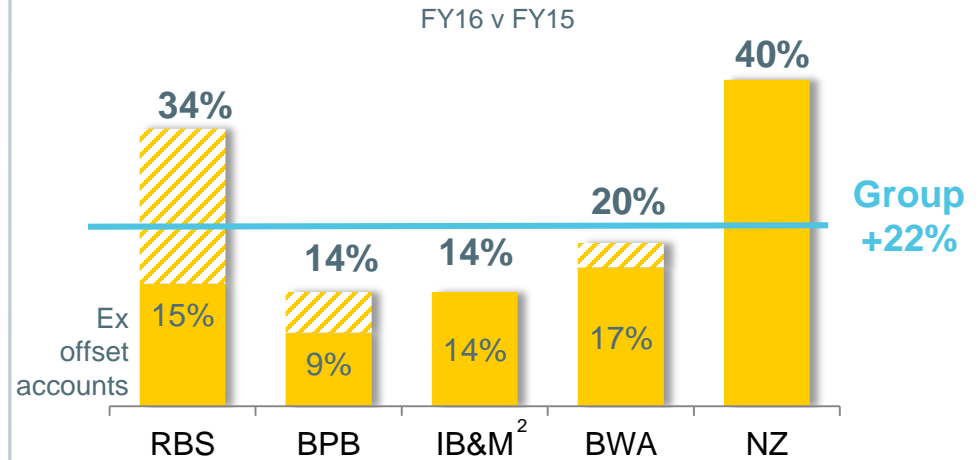


# Transaction Banking<sup>1</sup>

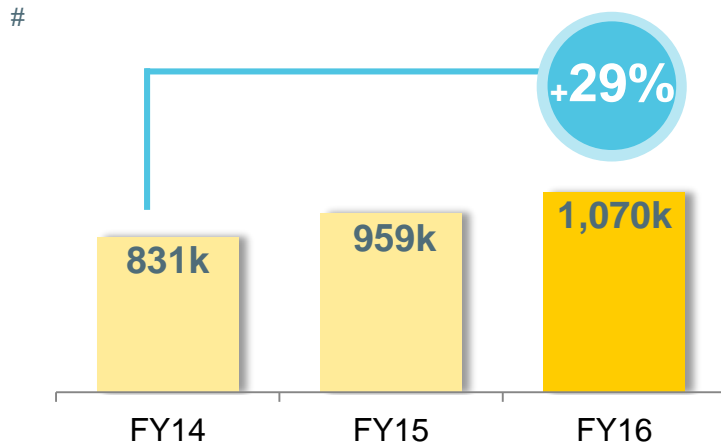
## Group Transaction Balances



## Strong growth across divisions



## RBS New Transaction Accounts<sup>3</sup>



## Innovation & Simplicity

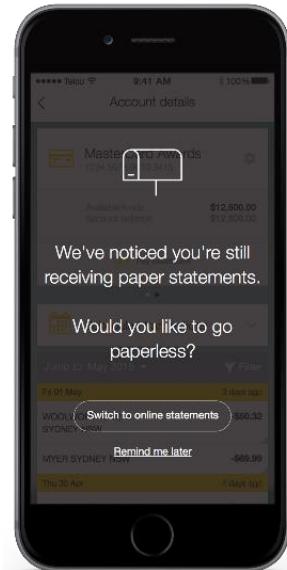
- ✓ Real time
- ✓ Instant Banking
- ✓ Fast, simple processes

1. Includes non-interest bearing deposits. 2. Excludes Cash Management Pooling Facilities (CMPF). 3. Number of new RBS personal transaction accounts, including offset accounts.



# Innovation and Simplicity

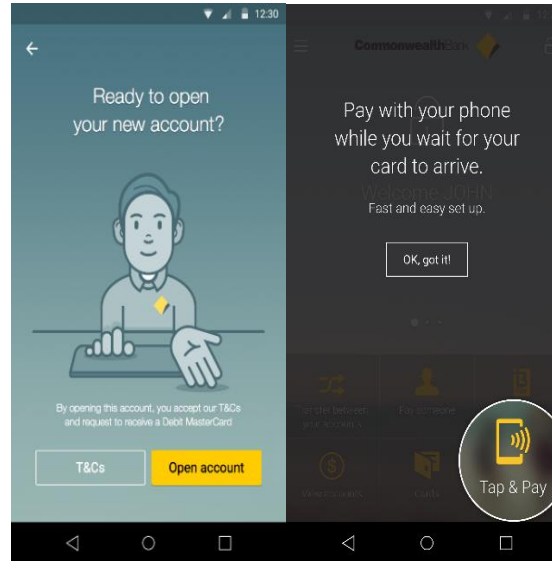
## Paperless Statements



October 2015

Move to paperless statements with a single click - over 800,000 additional accounts now paperless<sup>1</sup>

## Instant Banking



May 2016

New transaction accounts opened < 5 minutes + instant access via Cardless Cash, Tap & Pay

## Photo a bill



June 2016

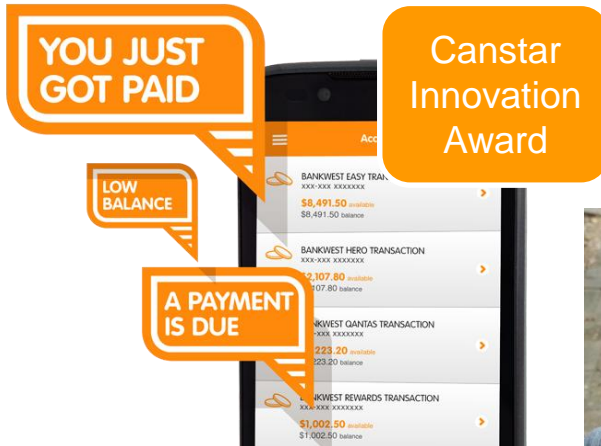
BPAY details automatically populated from photo – simple click for payment

1. Since launch in October 2015



# Innovation and Simplicity

## Easy Alerts



## Albert



## TYME



October 2015

Customisable push notifications for deposits, high/low balance & payment reminders

Roll-out

Now with 40,000+ devices in market  
60% new merchants to CBA

May 2016

Customer on-boarding in ~5 minutes with biometric identification (500 kiosks<sup>1</sup>)

1. In Pick 'n' Pay stores within South Africa



# Productivity + Efficiency + Investment

## Productivity

↓ 73%

**Asset Finance Approval**  
(Turnaround time)

↓ 72%

**SME Loan Approval - IFS**  
(Turnaround time)

↓ 85%

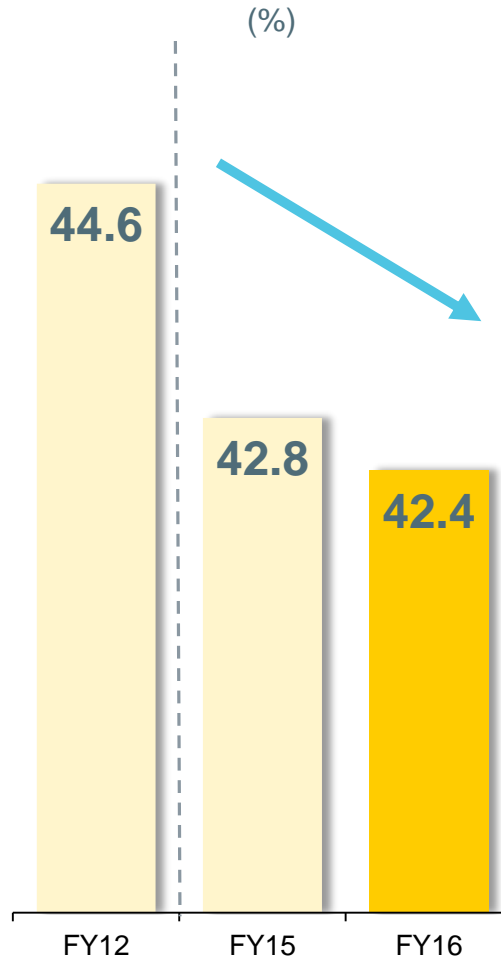
**Colonial Customer Requests**  
(Turnaround time)

↓ 97%

**Bankwest Small Business Credit Card**  
(Turnaround time)

## Cost-to-Income

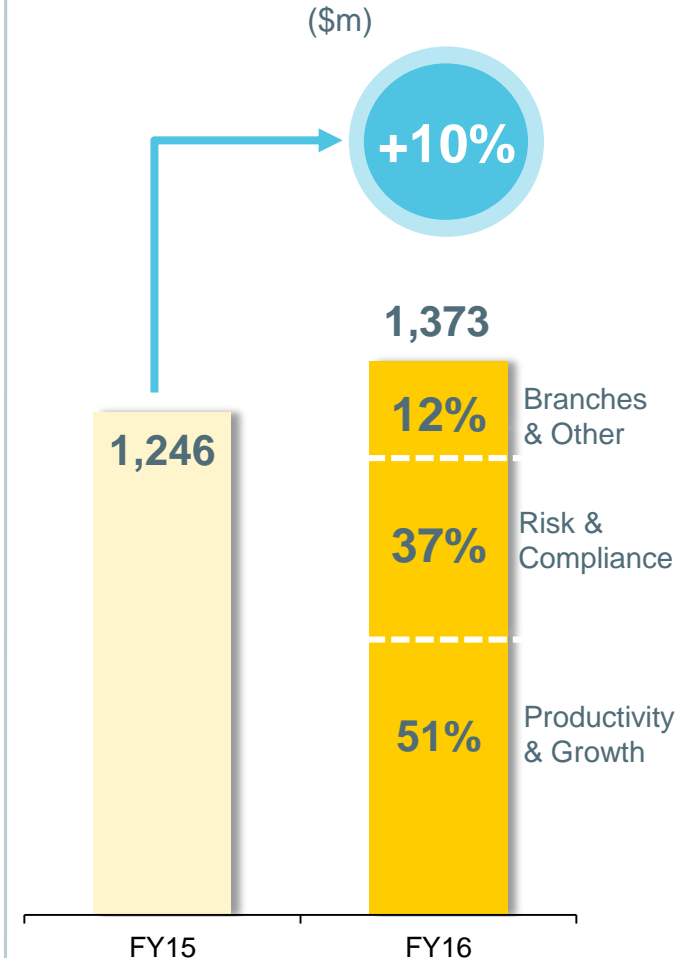
(%)



## Reinvestment

(\$m)

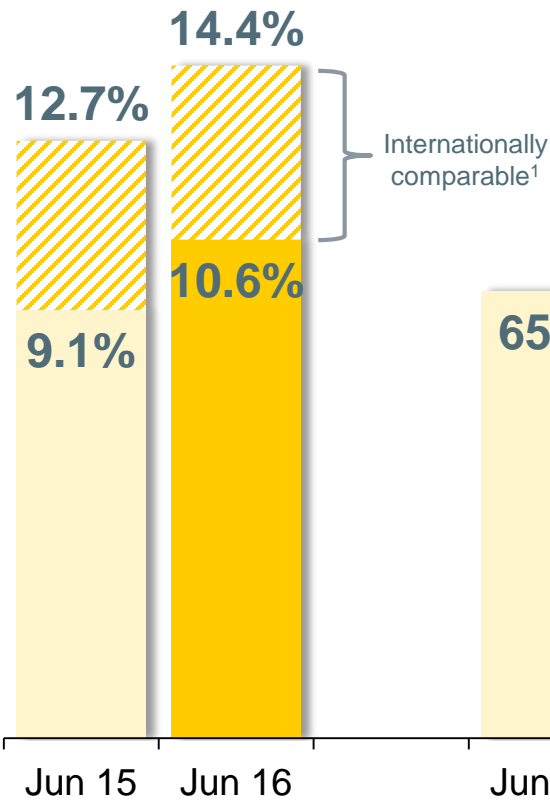
+10%



# Strength

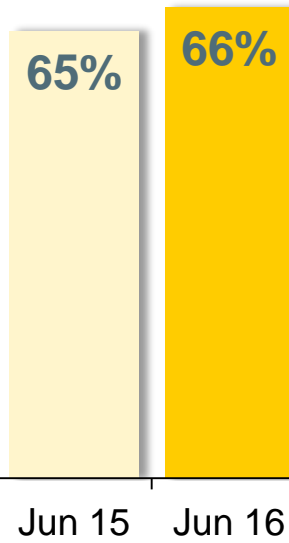
## Capital

Basel III  
Common Equity Tier 1



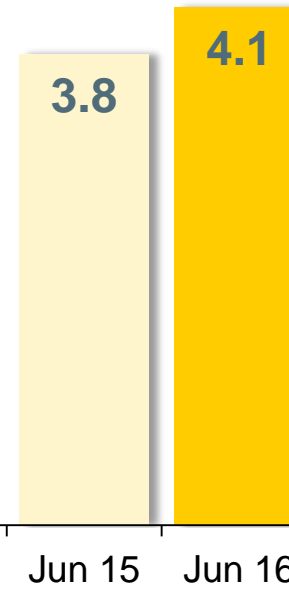
## Deposit Funding

% of Total Funding



## Wholesale Funding

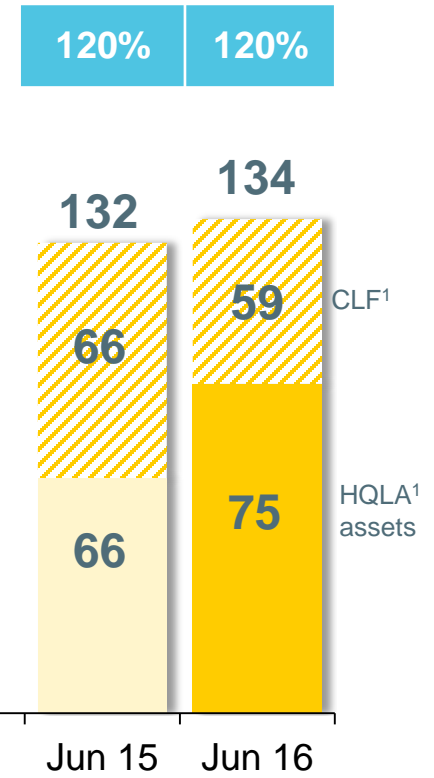
Portfolio Tenor²  
(years)



## Liquidity³

\$bn

LCR



1. Refer glossary for definitions. 2. Weighted Average Maturity of long term wholesale debt. Includes all deals with first call or residual maturity of 12 months or greater. 3. Liquids are reported net of applicable regulatory haircuts.





**Commonwealth**Bank 

# RESULTS PRESENTATION

FOR THE FULL YEAR ENDED 30 JUNE 2016

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DAVID CRAIG  
CHIEF FINANCIAL OFFICER

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

**WHEN  
WE BELIEVE,  
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# Good operating result

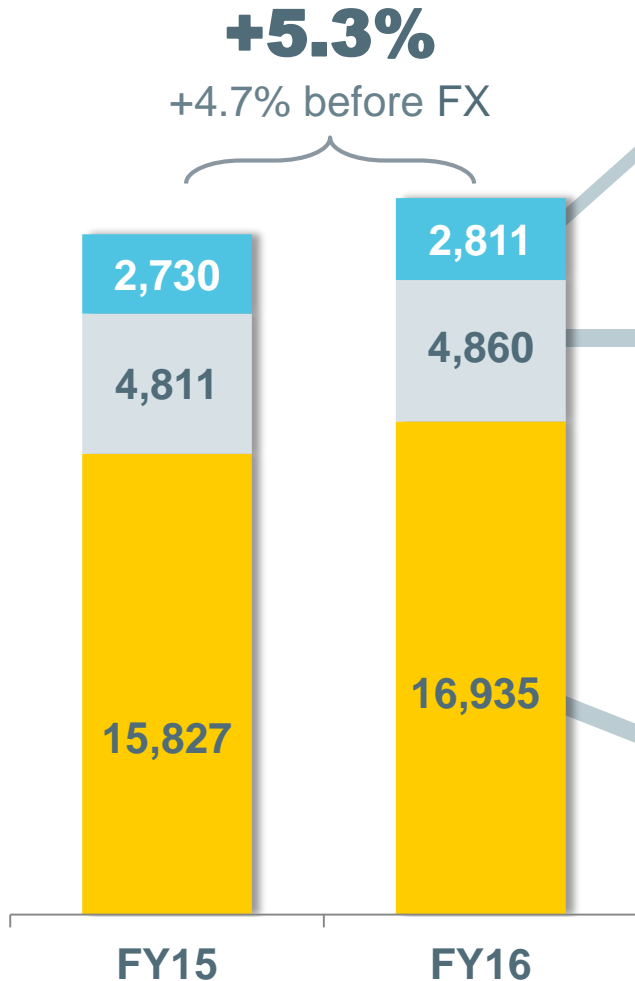
\$m	Jun 16	Jun 16 vs Jun 15
Operating income	24,606	5%
Operating expenses	(10,429)	4%
<b>Operating performance</b>	<b>14,177</b>	<b>6%</b>
Investment experience	141	(33%)
Loan impairment expense	(1,256)	27%
Tax and non-controlling interests	(3,612)	4%
<b>Cash NPAT</b>	<b>9,450</b>	<b>3%</b>
<b>Statutory NPAT</b>	<b>9,227</b>	<b>2%</b>





# Operating Income up 5%

\$m



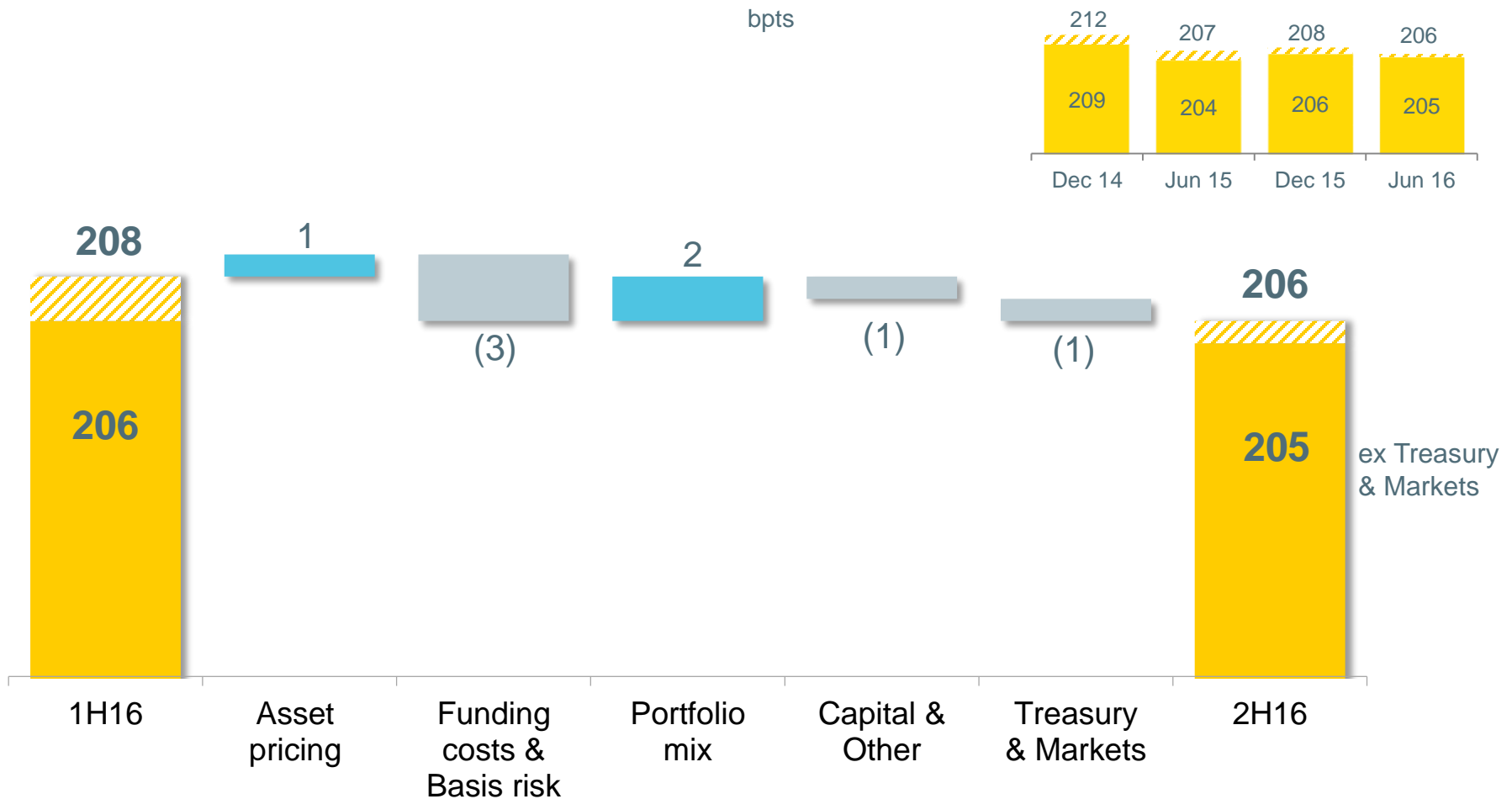
Funds & Insurance		+3%
Average FUA	↑	4%
Insurance income	→	flat

Other Banking Income		+1%
FVA / CVA	↓	(\$35m)
Trading (ex FVA/CVA)	↑	8%
OBI (ex Trading)	→	flat

Net Interest Income		+7%
Volume	↑	8%
Margin	↓	(2) bpts

# Underlying<sup>1</sup> Group NIM down 1bpt

## 6 Month Movement



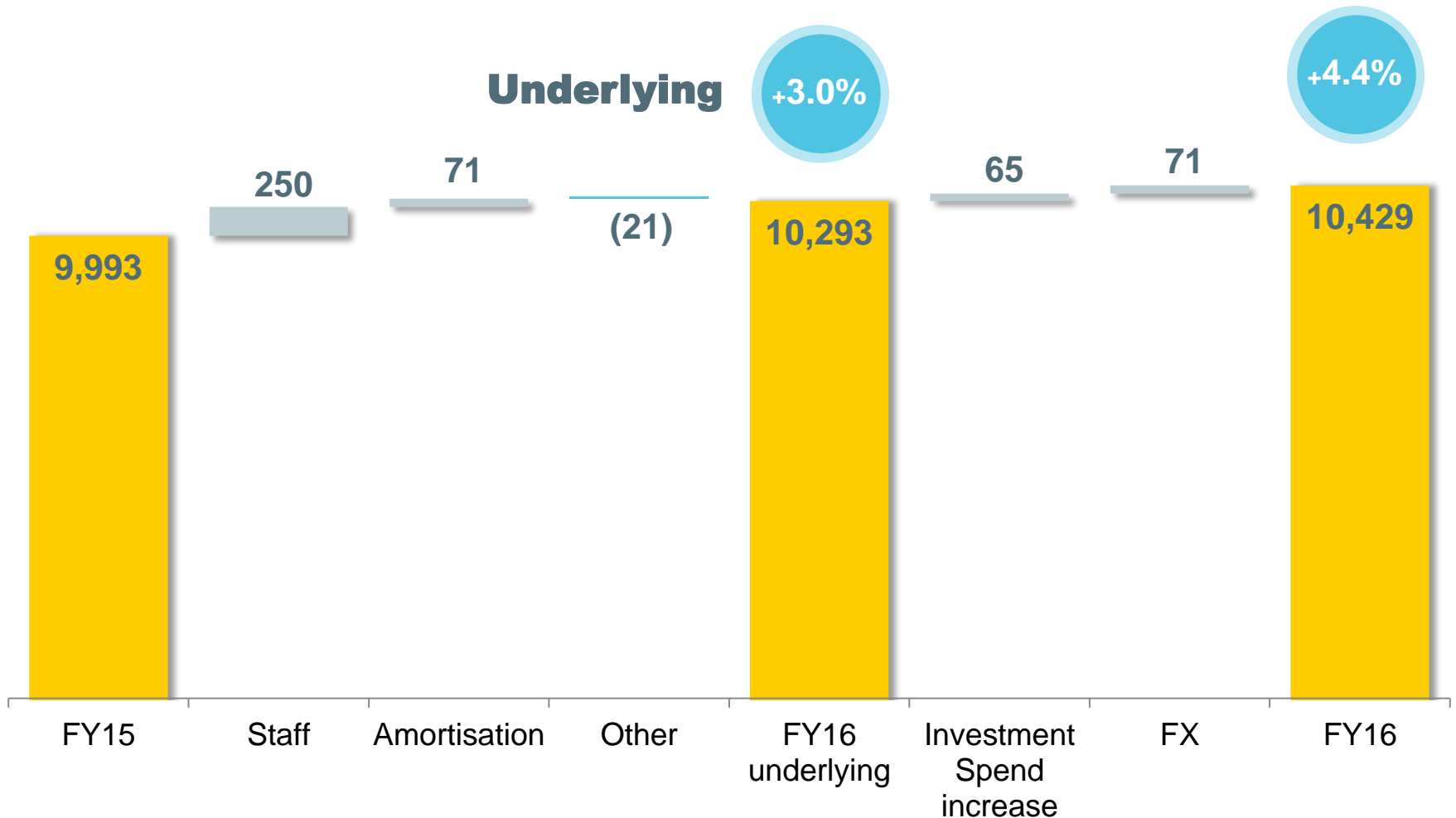
1. Excluding Treasury and Markets



# Underlying expenses up 3%

## Total Operating Expenses

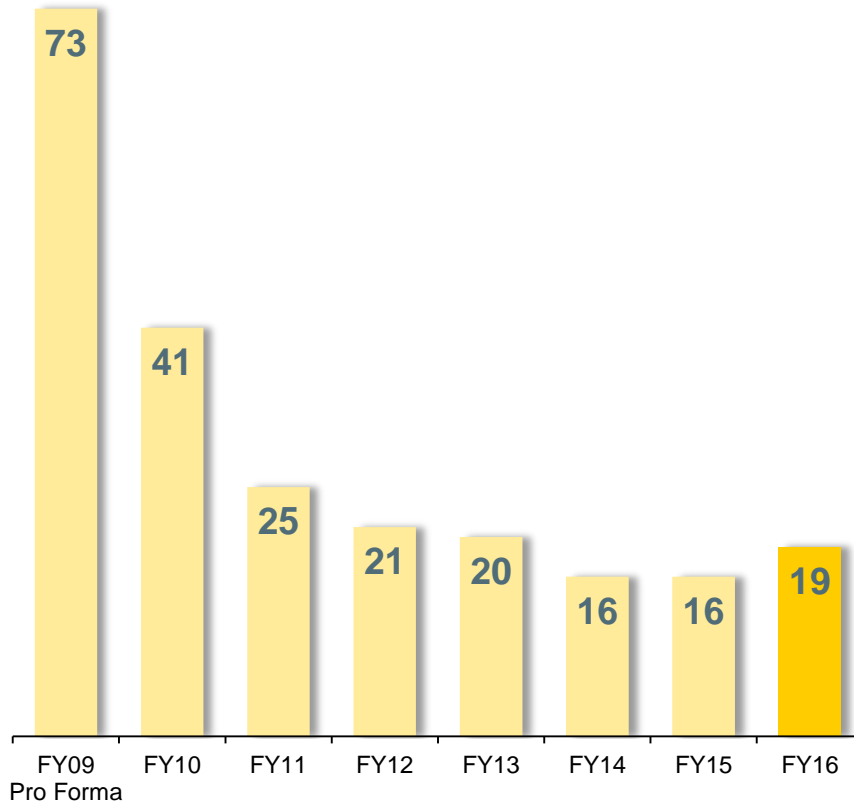
\$m



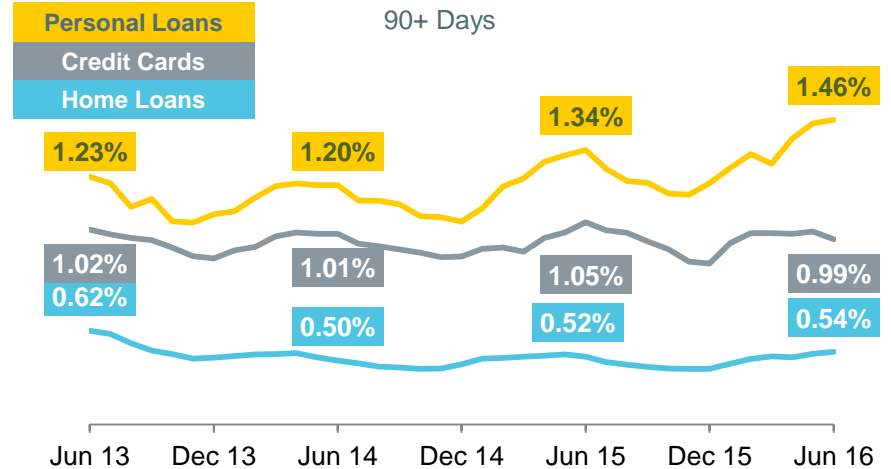
# Sound credit quality

## Loan Impairment Expense

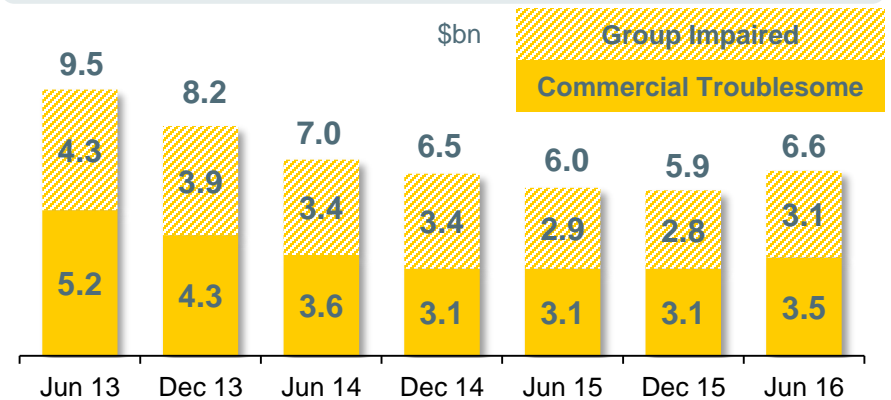
CBA Group (bpts)



## Consumer Arrears



## Troublesome and Impaired Assets



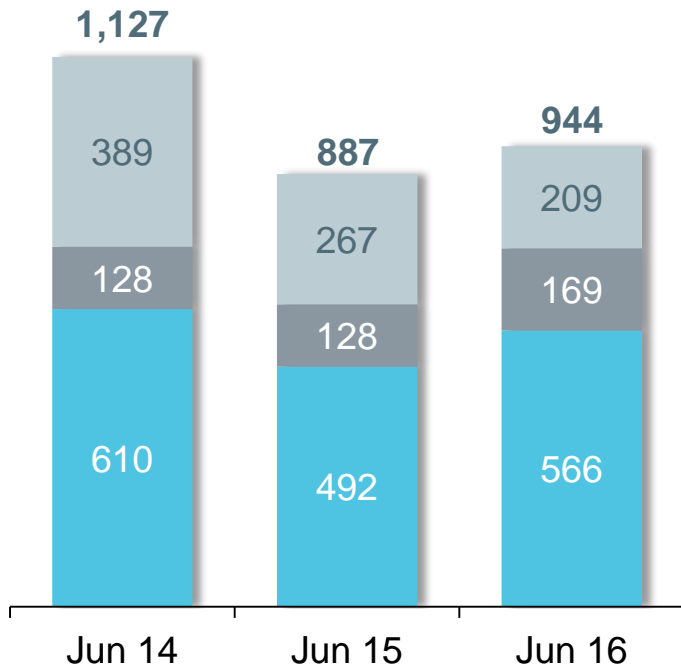
Cash LIE basis points (bpts) calculated as a percentage of average GLA. FY09 includes Bankwest on a pro-forma basis and is based on LIE for the year. Statutory LIE for FY10 48 bpts, FY13 21 bpts and FY14 16 bpts. Consumer Home Loan Arrears exclude Reverse Mortgage, Commonwealth Portfolio Loan (RBS only)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



# Strong provisioning

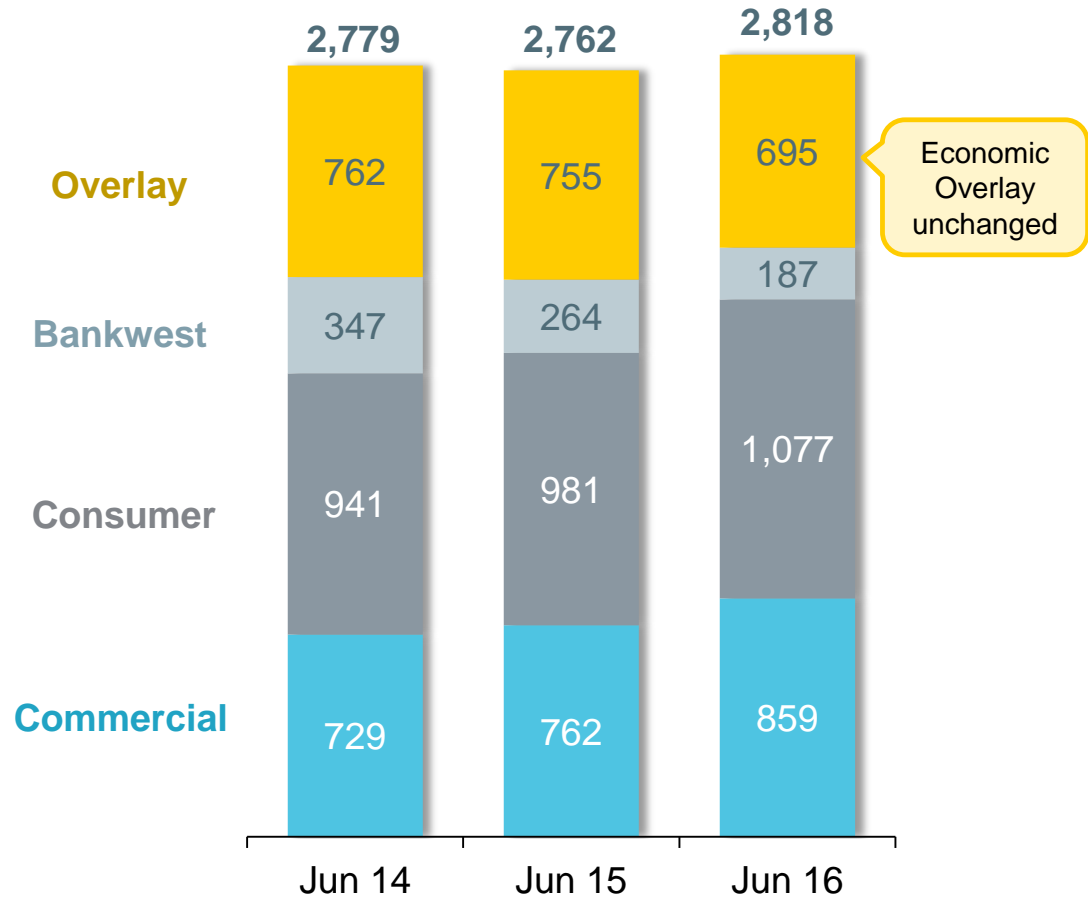
## Individual Provisions

\$m



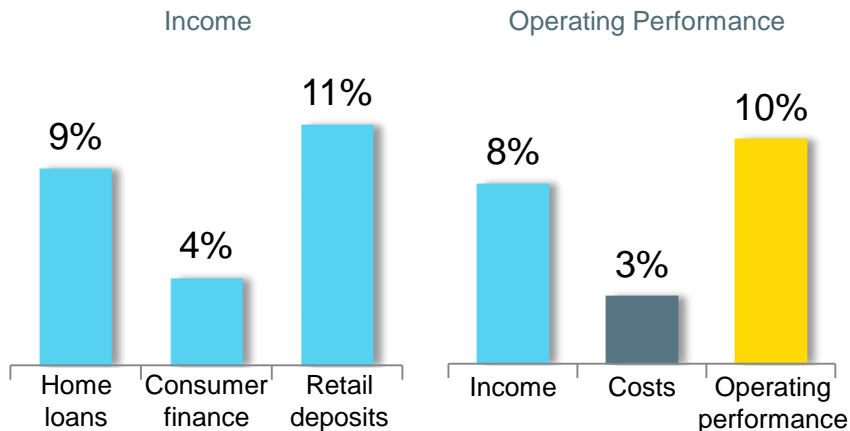
## Collective Provisions

\$m

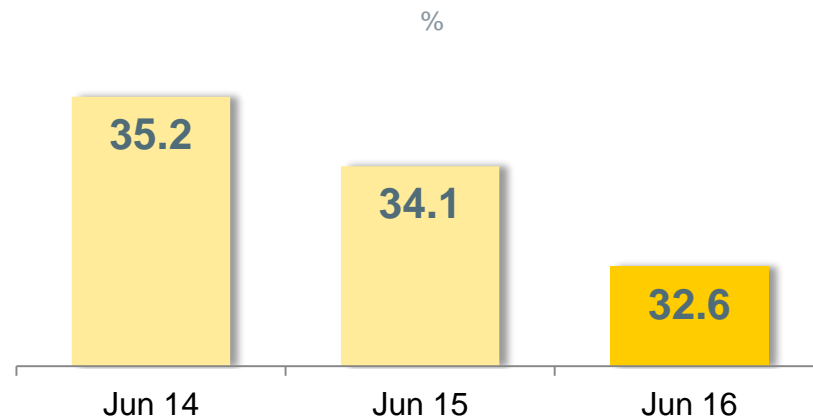


# Retail Banking Services

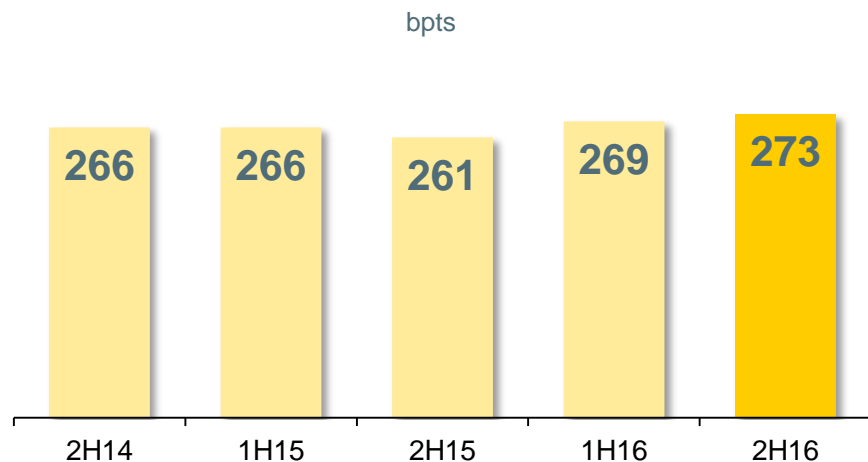
## FY16 vs FY15



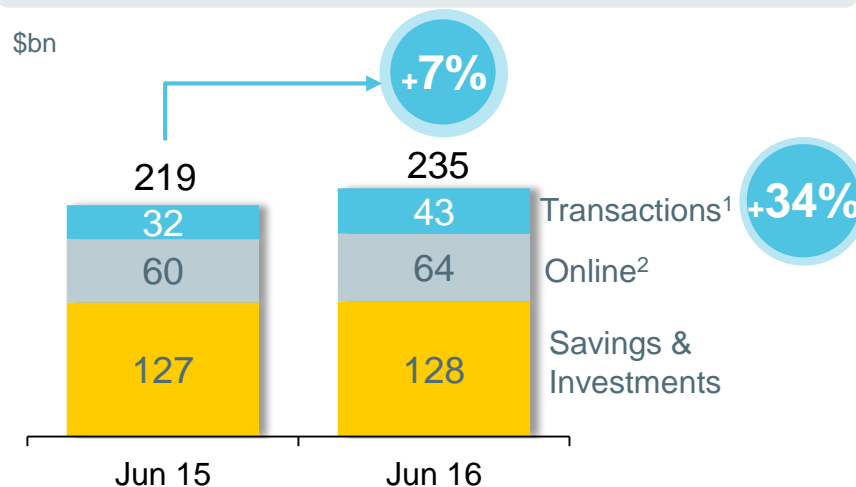
## Cost-to-Income Ratio



## RBS Margin



## Retail Deposit Mix

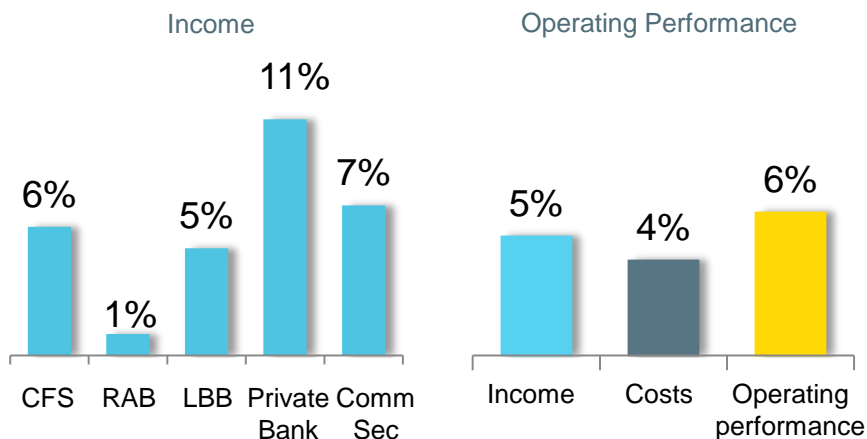


1. Transactions includes non-interest bearing deposits.  
2. Online includes NetBank Saver, Goal Saver and Business Online Saver.

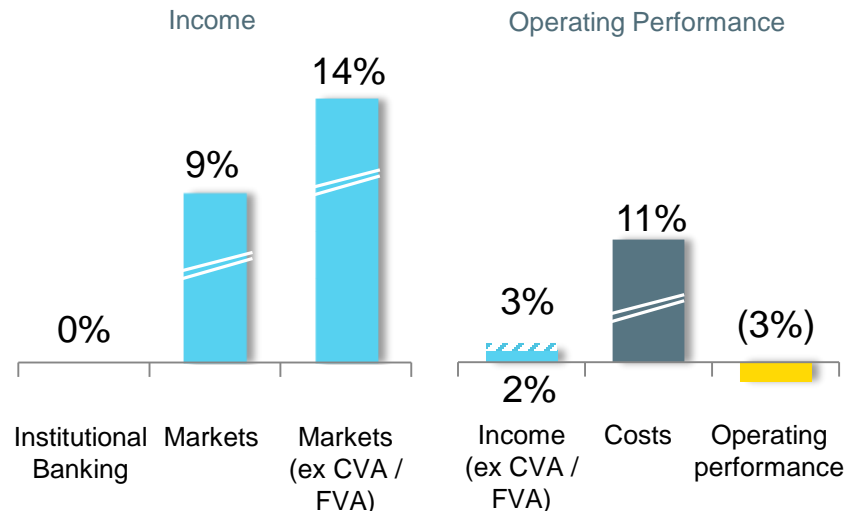


# Corporate

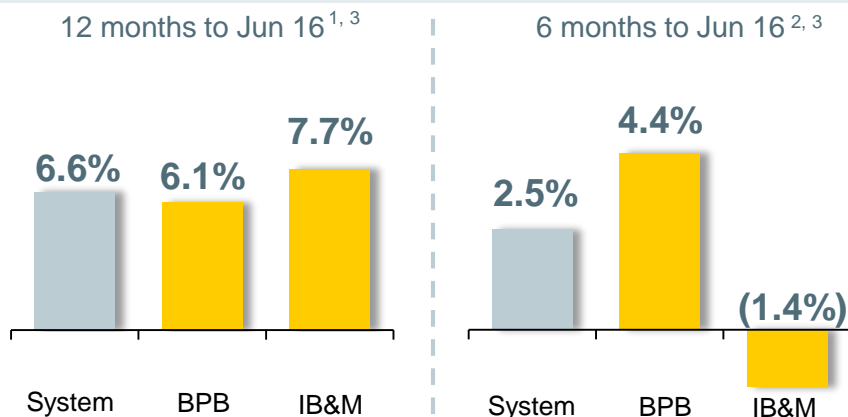
## BPB – FY16 vs FY15



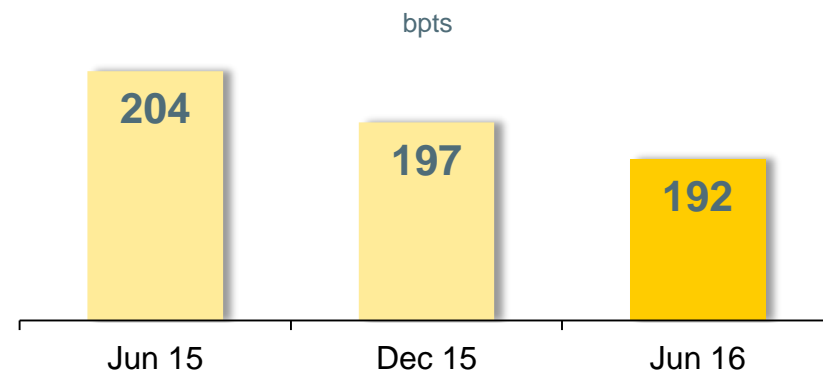
## IB&M – FY16 vs FY15



## Australian Business Lending Growth



## NIM<sup>4</sup>

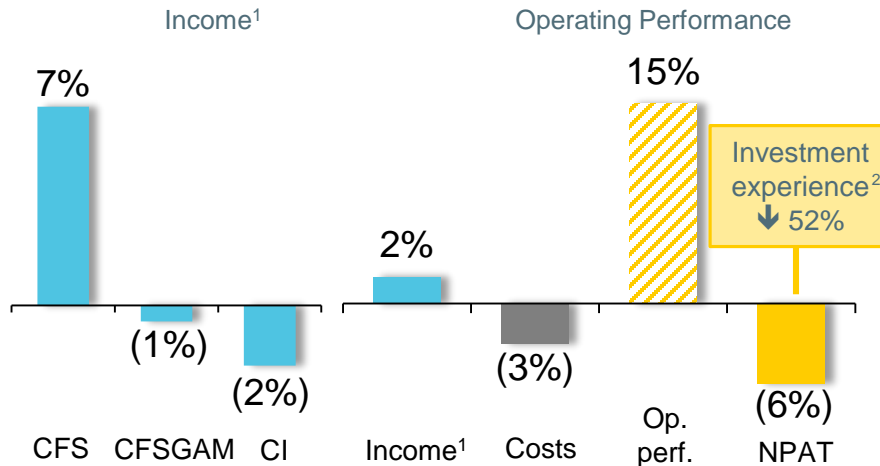


1. Spot balance growth twelve months to June 2016. 2. Spot balance growth six months to June 2016. 3. Source RBA. IB&M represents Core Domestic Lending balance growth and excludes Cash Management Pooling Facilities (CMPF). 4. Combined Institutional Banking and Markets and Business and Private Banking.

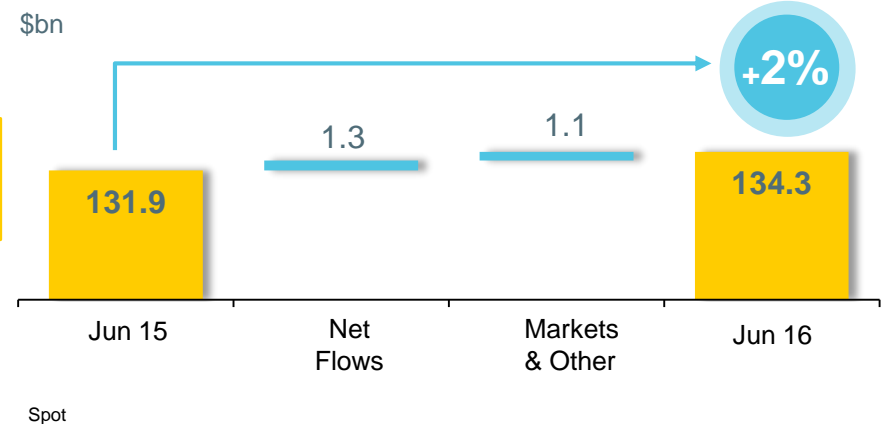


# Wealth Management

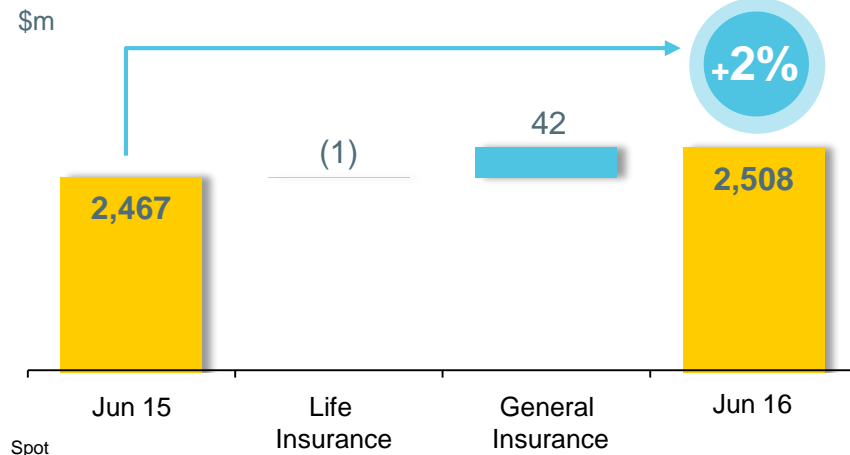
## FY16 vs FY15



## Funds Under Administration

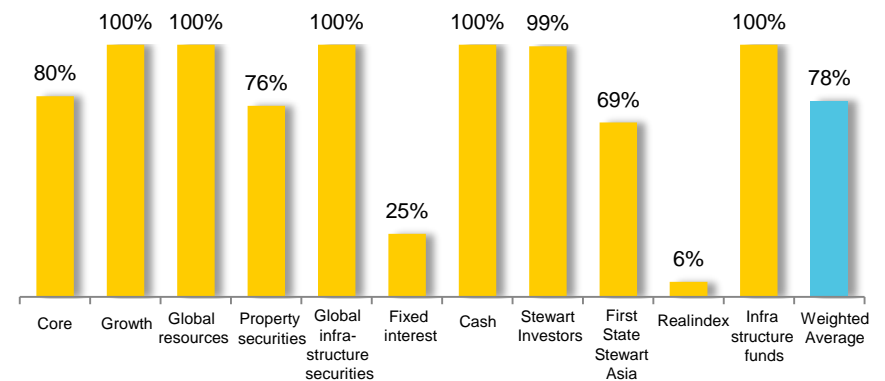


## Insurance Inforce



## CFSGAM Funds Performance

3 year rolling average of percentage of assets outperforming benchmark returns



1. Total operating income

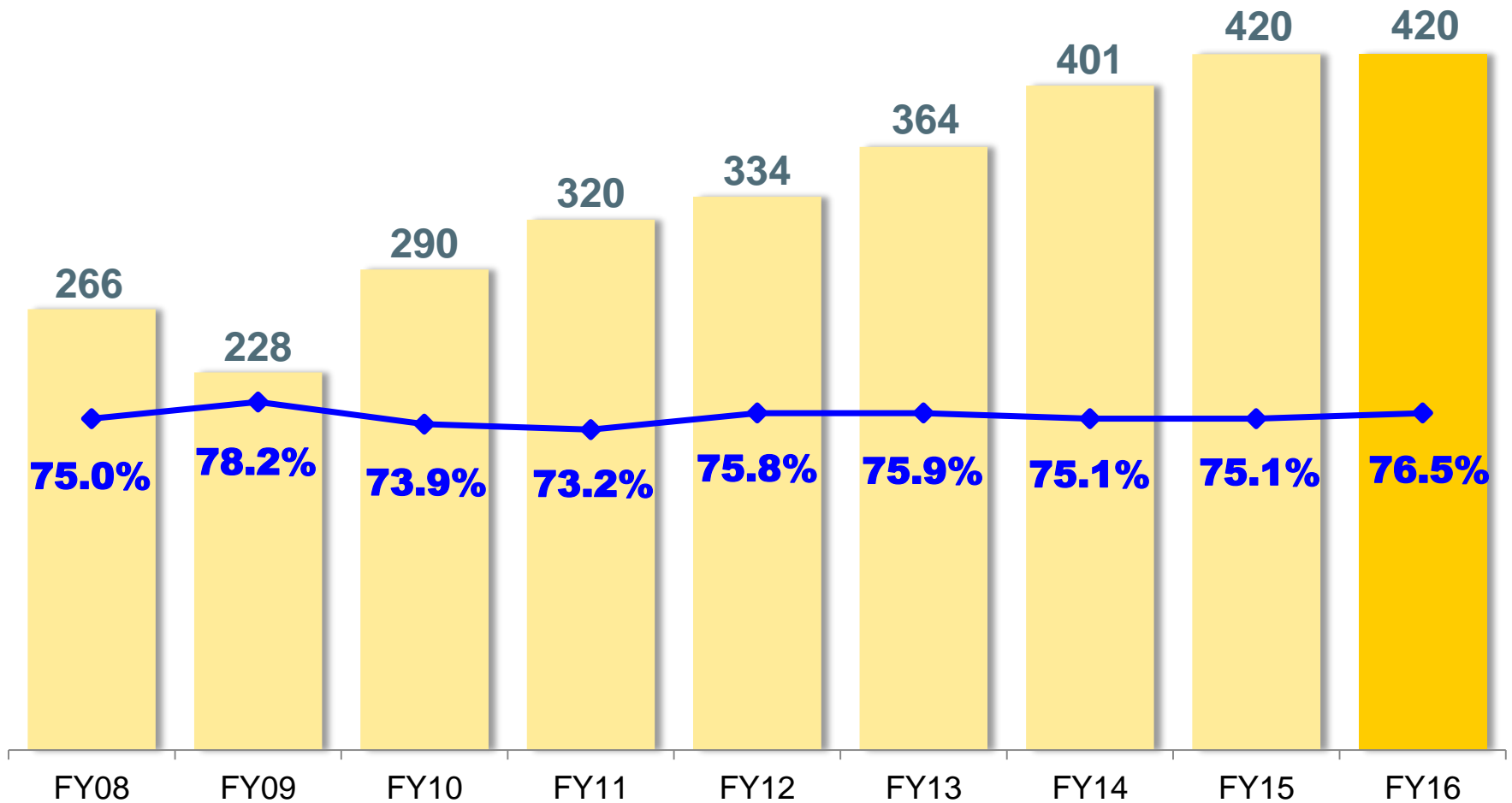
2. Driven by non-recurrence of divestments and investment revaluation gains in the prior year





# Dividend maintained

cents per share



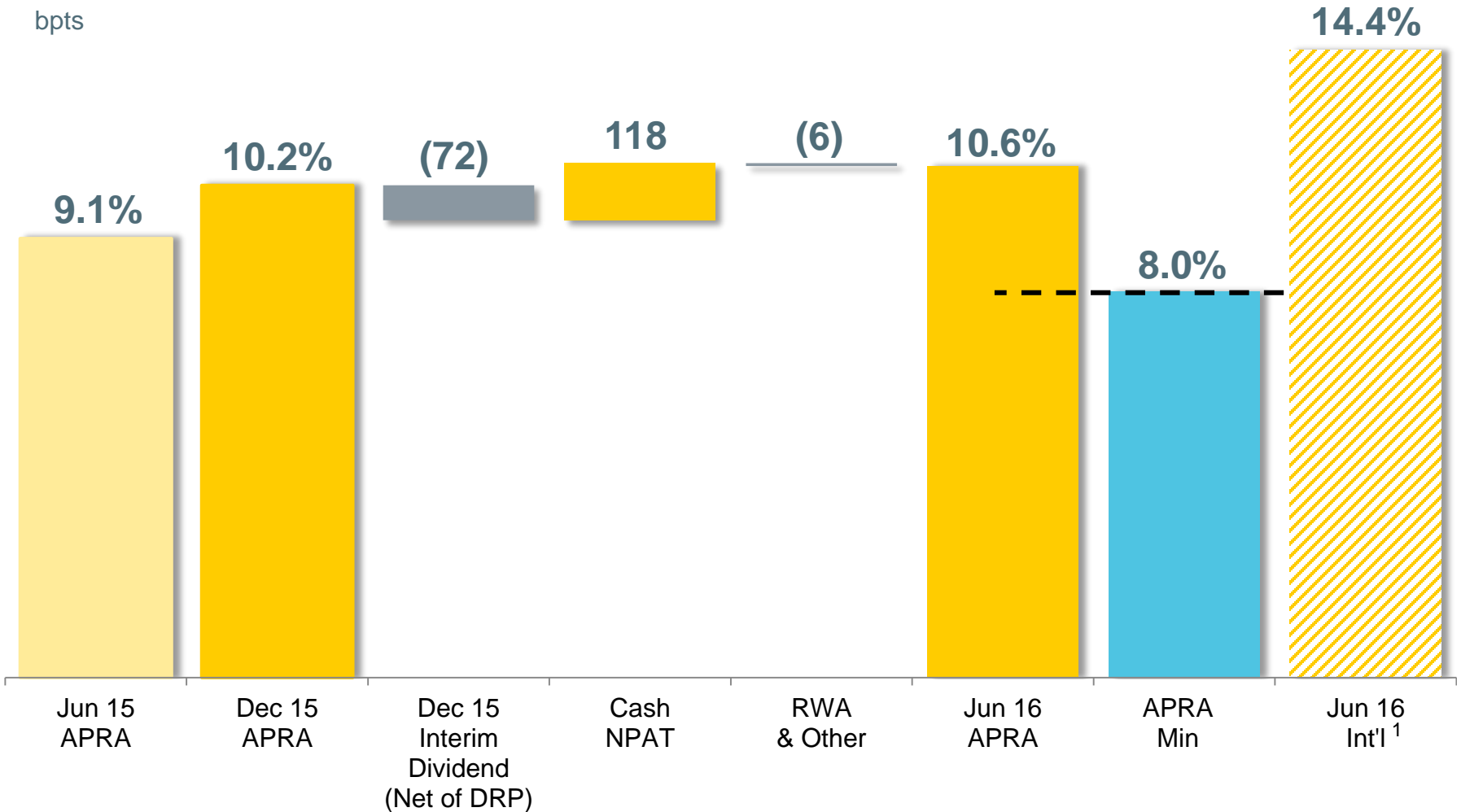
◆ Cash NPAT Payout Ratio



# Strong Capital Position

## CET1

bpts

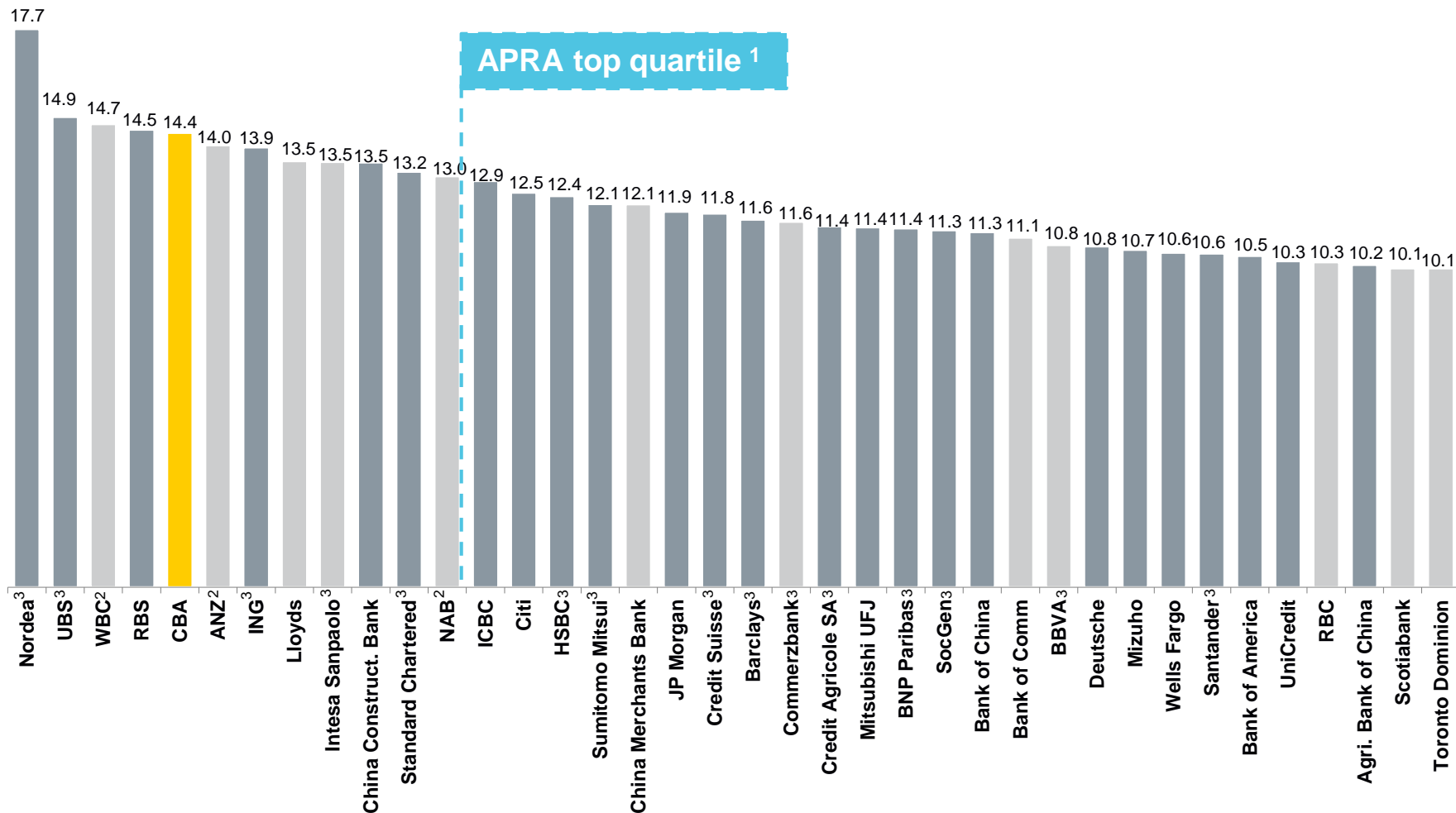


1. Internationally comparable capital - refer glossary for definition



# International Peer Basel III CET1

G-SIBs in dark grey



Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 5 August 2016 assuming Basel III capital reforms fully implemented.

Peer group comprises listed commercial banks with total assets in excess of A\$750 billion and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate.

1. APRA Insight Issue Two "International capital comparison update" (4 July 2016)

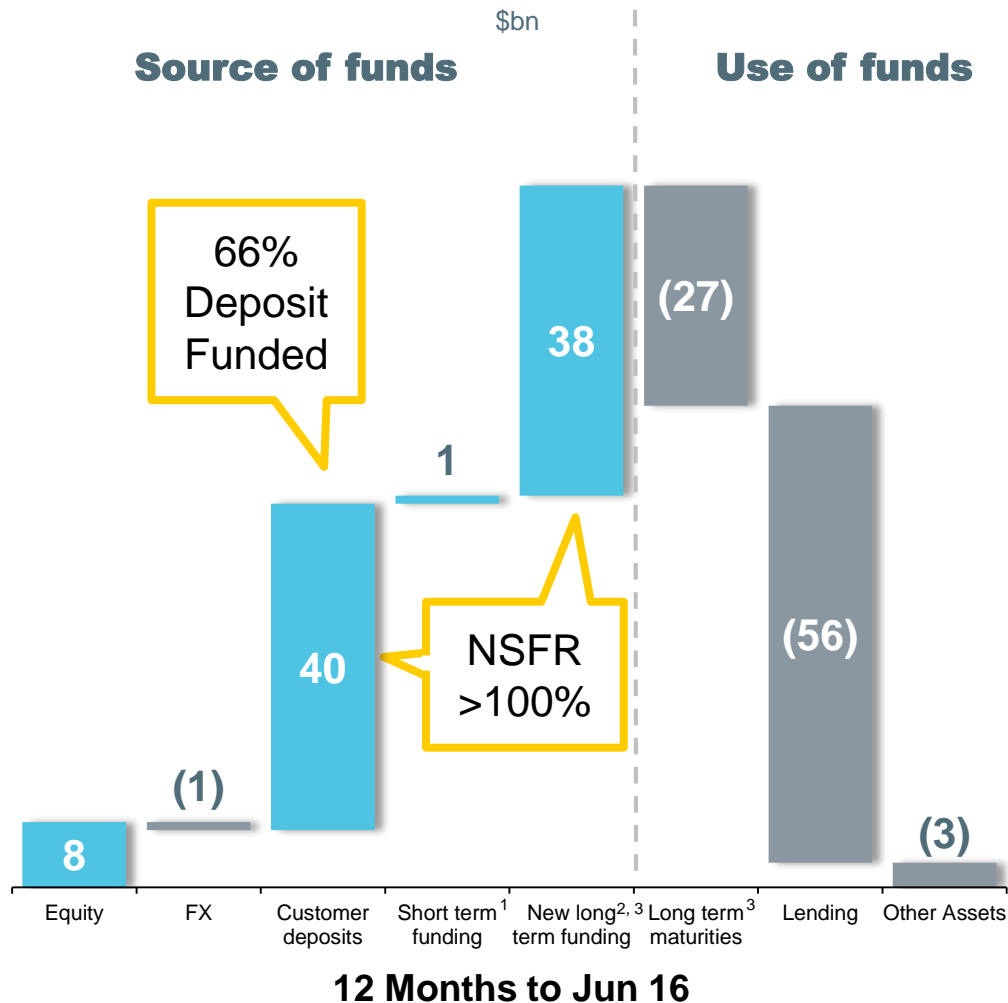
2. Domestic peer figures as at 31 March 2016. NAB included in peer bank top quartile in accordance with APRA update (see 1 above).

3. Deduction for accrued expected future dividends added back for comparability



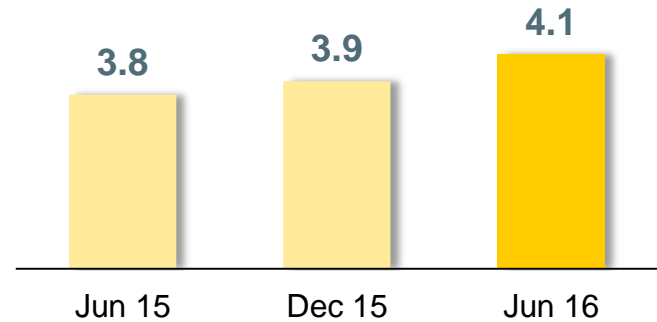
# Funding and Liquidity

## Funding



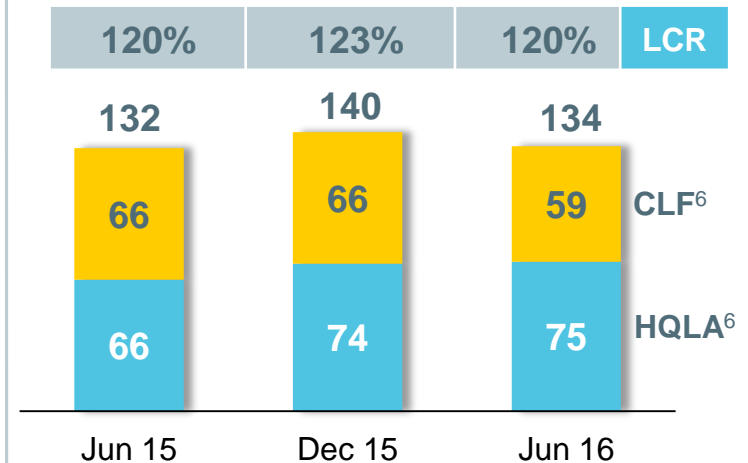
## Long Term Funding

Portfolio Tenor (years)<sup>4</sup>



## Liquidity<sup>5</sup>

\$bn

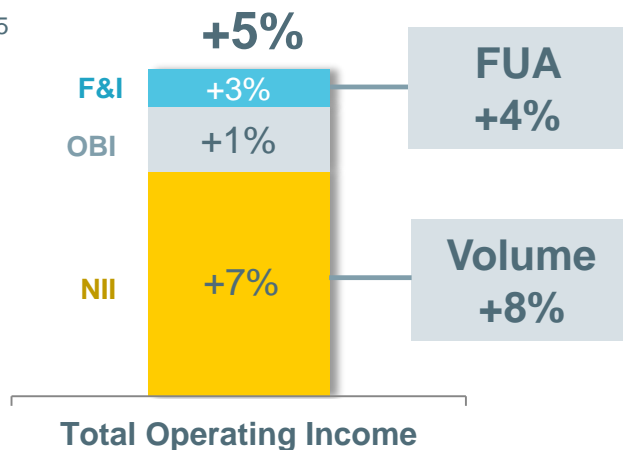


1. Includes net short term collateral deposits. 2. Includes restructure of swaps. 3. Reported at historical FX rates. 4. Weighted Average Maturity of long term wholesale debt. Includes all deals with first call or residual maturity of 12 months or greater. 5. Liquids are reported net of applicable regulatory haircuts. 6. Refer glossary for definition.

# Summary

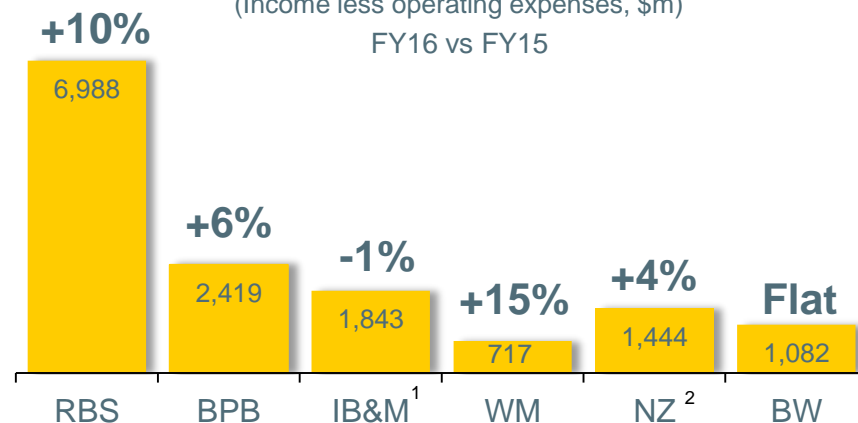
## A volume driven income result

FY16 vs FY15



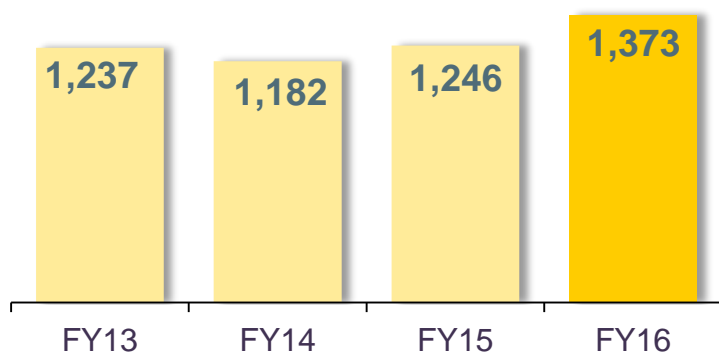
## Good operating performance

(Income less operating expenses, \$m)  
FY16 vs FY15

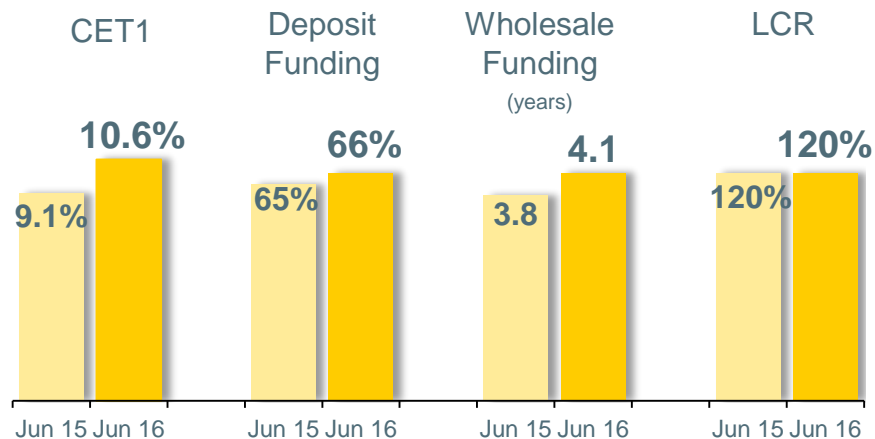


## Continuing to invest

\$m



## Strength



1. IB&M ex CVA/FVA  
2. In NZD



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IAN NAREV  
CHIEF EXECUTIVE OFFICER

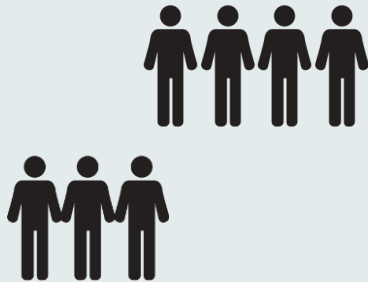
COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 10 AUGUST 2016

**WHEN  
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# Depositors and shareholders fund our lending to borrowers

## Depositors

**11.3 million**  
deposit customers



## Shareholders

Over **800,000**  
Australian households are  
direct shareholders and  
millions more individuals  
through their  
superannuation funds



## Borrowers

**1.9 million**  
home loan customers



A customer who invests in a 3  
year term deposit offer will earn

**\$575**  
more per year\*

**76%**

of profits are paid to  
shareholders as dividends.  
The average retail shareholder  
will receive \$3,738 this year

**\$403**  
per year saved on the average  
variable home loan\*\*

\* based on the average customer term deposit balance and CBA 3 year TD offer announced on 2 August, 2016

\*\* based on rate reduction announced on 2 August, 2016

# Outlook

- ◆ Solid underlying GDP growth and stable employment, but nominal growth remains weak
- ◆ Globally, monetary stimulus unable to offset low confidence from weak incomes and instability
- ◆ “More of the same” the most likely scenario, but with some downside risk
- ◆ For CBA – conservatism, focus on the long-term, wary of structural responses to cyclical trends





# Summary

- ◆ Result again built on the consistent execution of a 10 year strategy:
  - Customer satisfaction, innovation, strength
- ◆ Changing operating context, impacting returns:
  - Economic sentiment
  - Interest rates
  - Competitive intensity
  - Regulatory compliance/costs
- ◆ Long-term focus, continuing to reinvest





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