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## Results Presentation

For the Half Year Ended  
31 December 2016

# Today

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- **Strategic Update**
- **Financials**
- **Outlook**

# Delivering on our Vision



In the last six months:

**\$109 billion** new lending to personal and business customers

**140,000** new home loans, including **15,000** first home buyers

**\$3.5 billion** new loans to **12,700** small businesses

**\$1.2 billion** new lending to farmers and other rural customers

**1.5 million** new deposit accounts

# This Result

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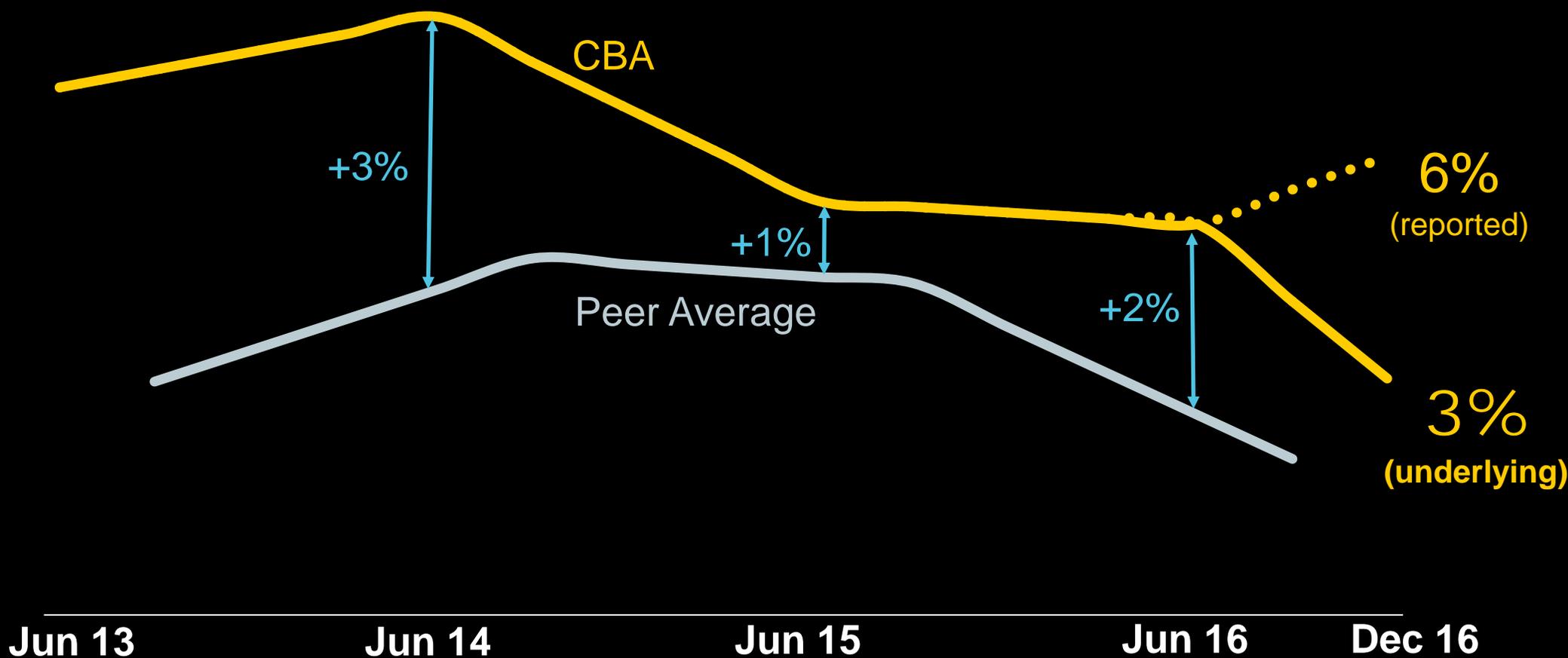
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	Dec 16 vs Dec 15	
Statutory Profit	<b>6%</b>	
Cash NPAT	<b>2%</b>	
Cash Earnings per Share (\$)	<b>2.86</b>	Flat
Dividend per Share (\$)	<b>1.99</b>	+1 cent
ROE – Cash	<b>16.0%</b>	(130) bpts

# Long term growth focus

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## Income Growth (%)

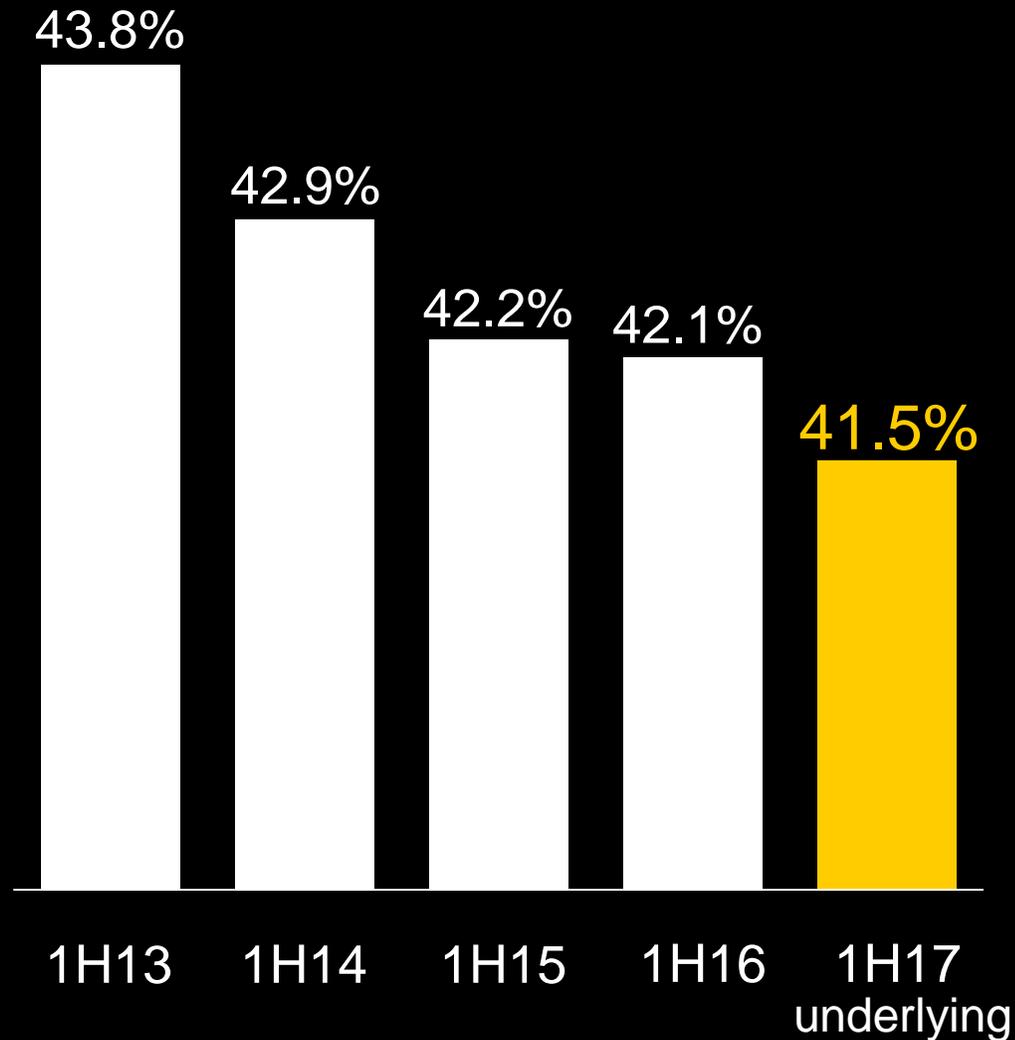


Total Operating Income growth on prior comparative period - CBA June Financial Years, Peers September

# Productivity enabling ongoing investment

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## Cost to Income (%)



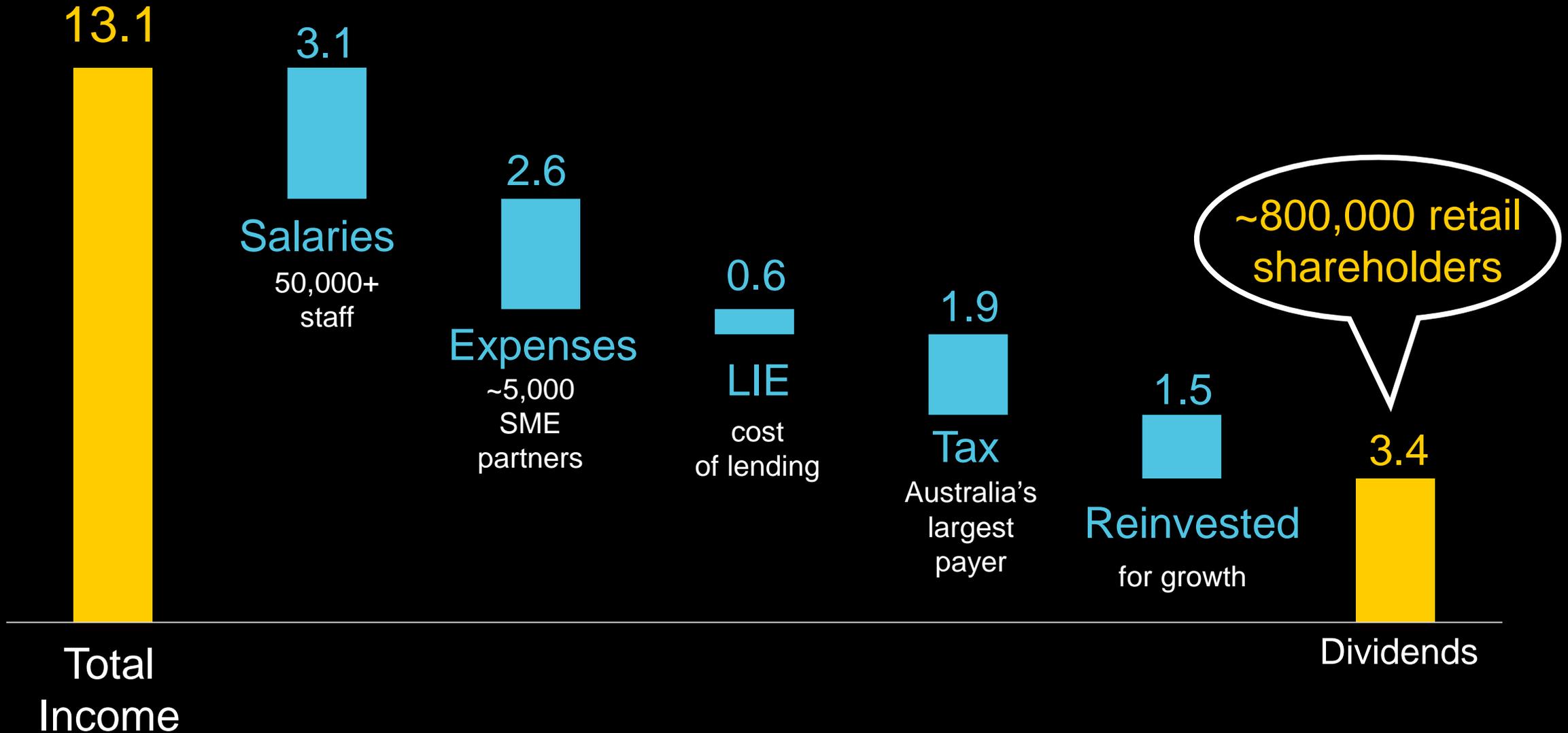
## Investment



# Contributing to our economy and community

\$ billion

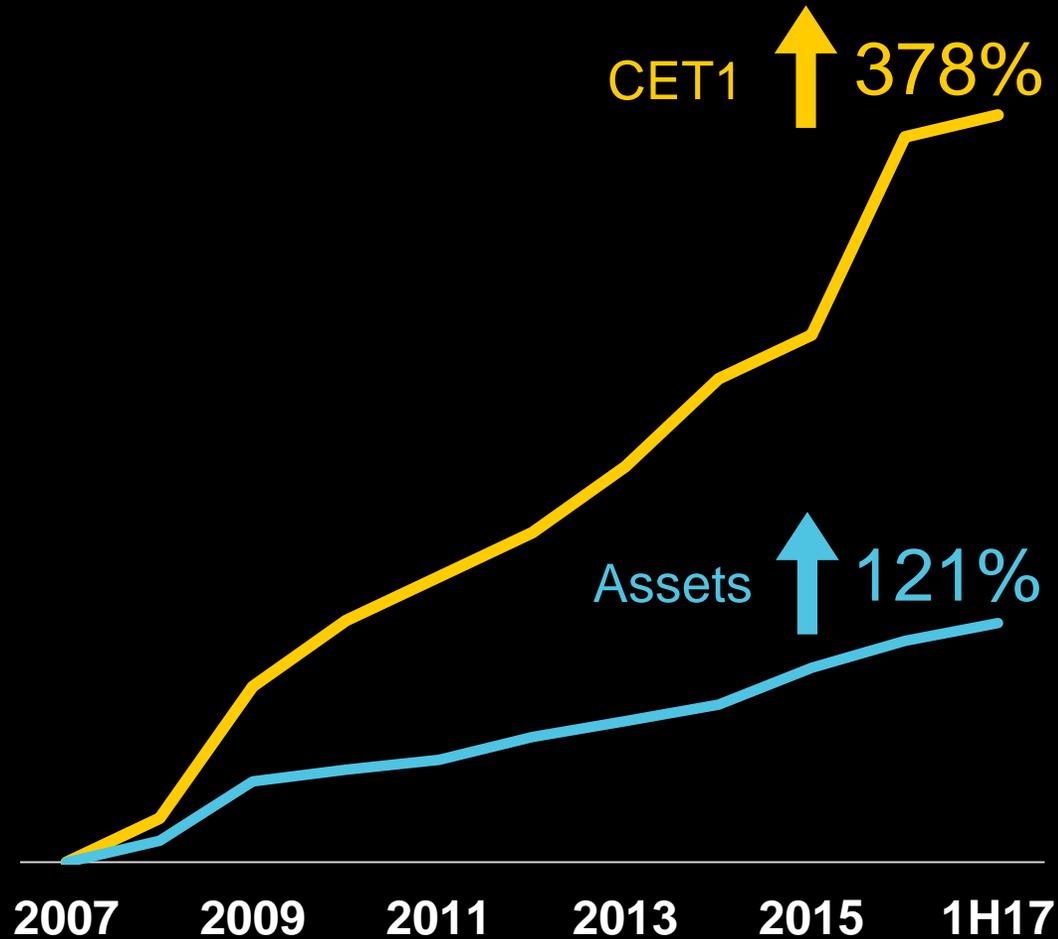
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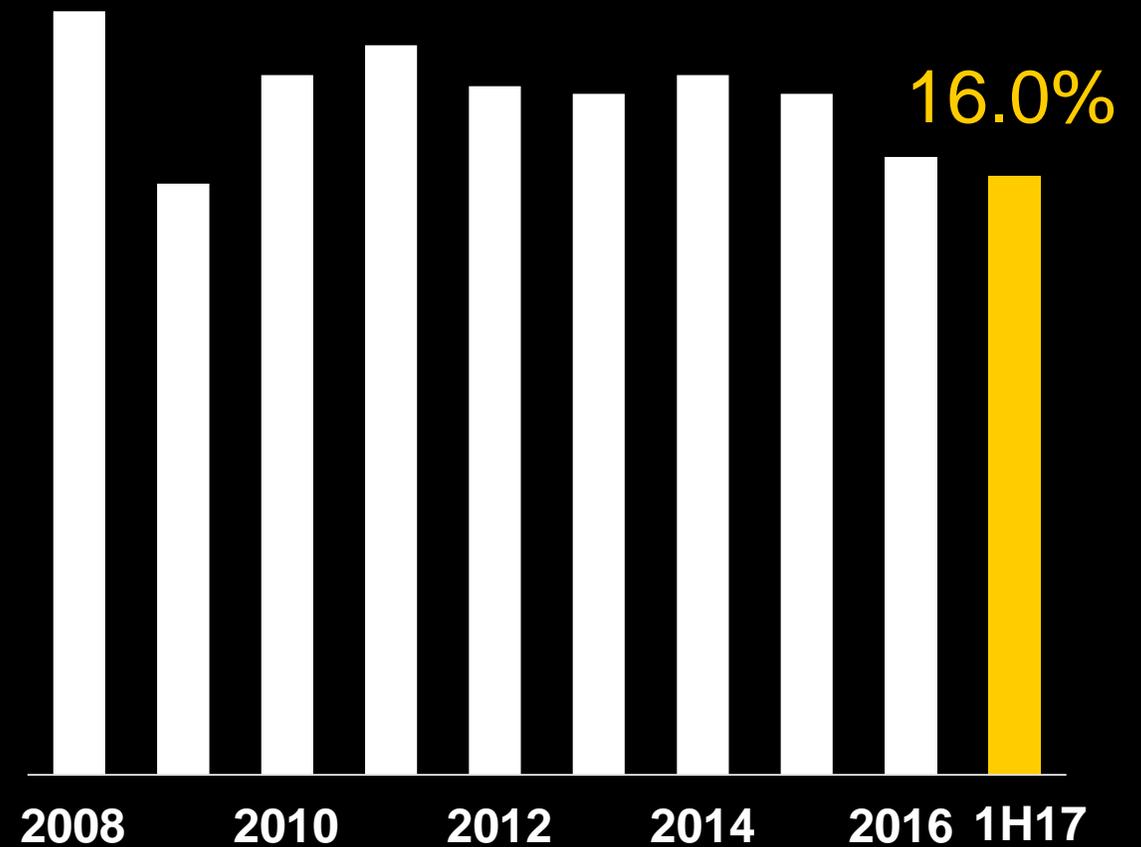
# Managing for today's environment

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## Capital Management



## Return on Equity





# Strategic Update

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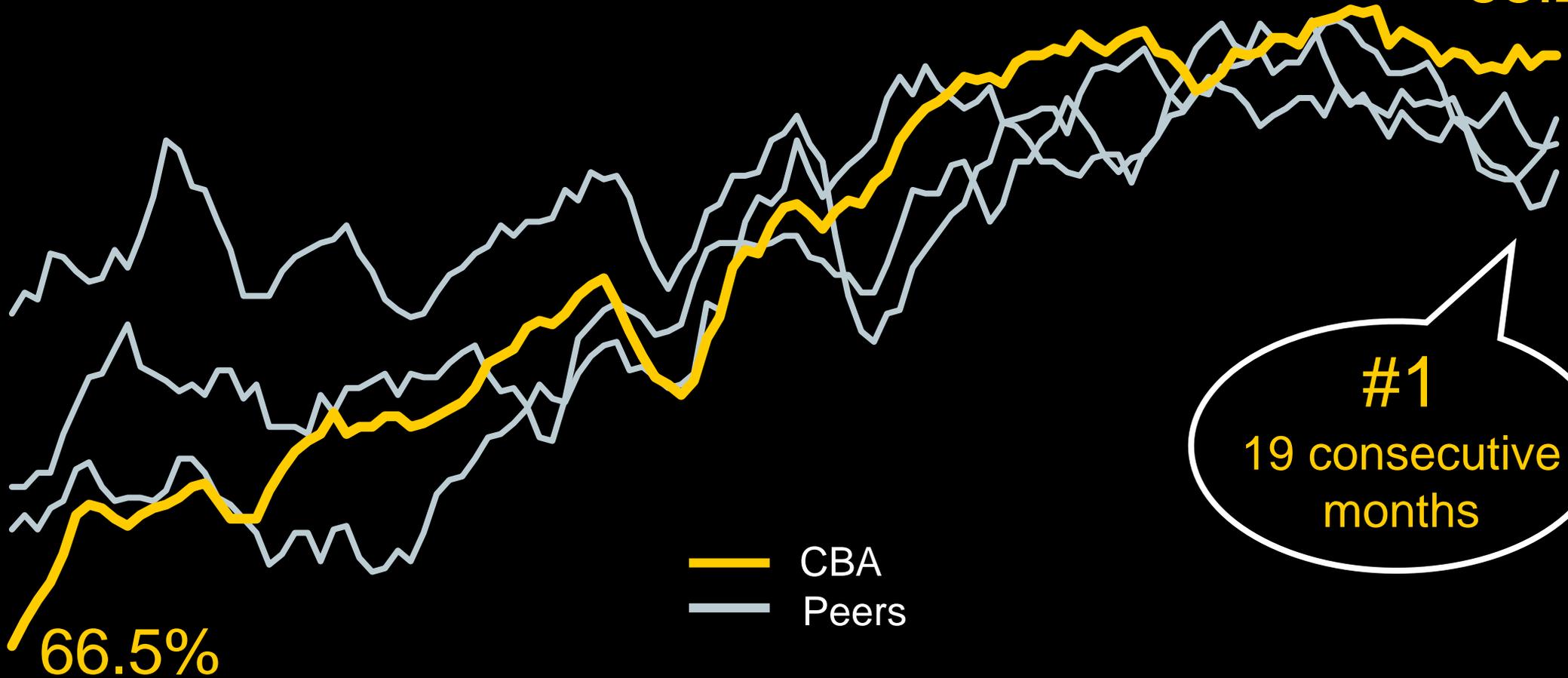
- 1 Consumer
- 2 Business
- 3 International

# Delivering for customers

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## Retail Customer Satisfaction

83.2%



#1  
19 consecutive months

— CBA  
— Peers

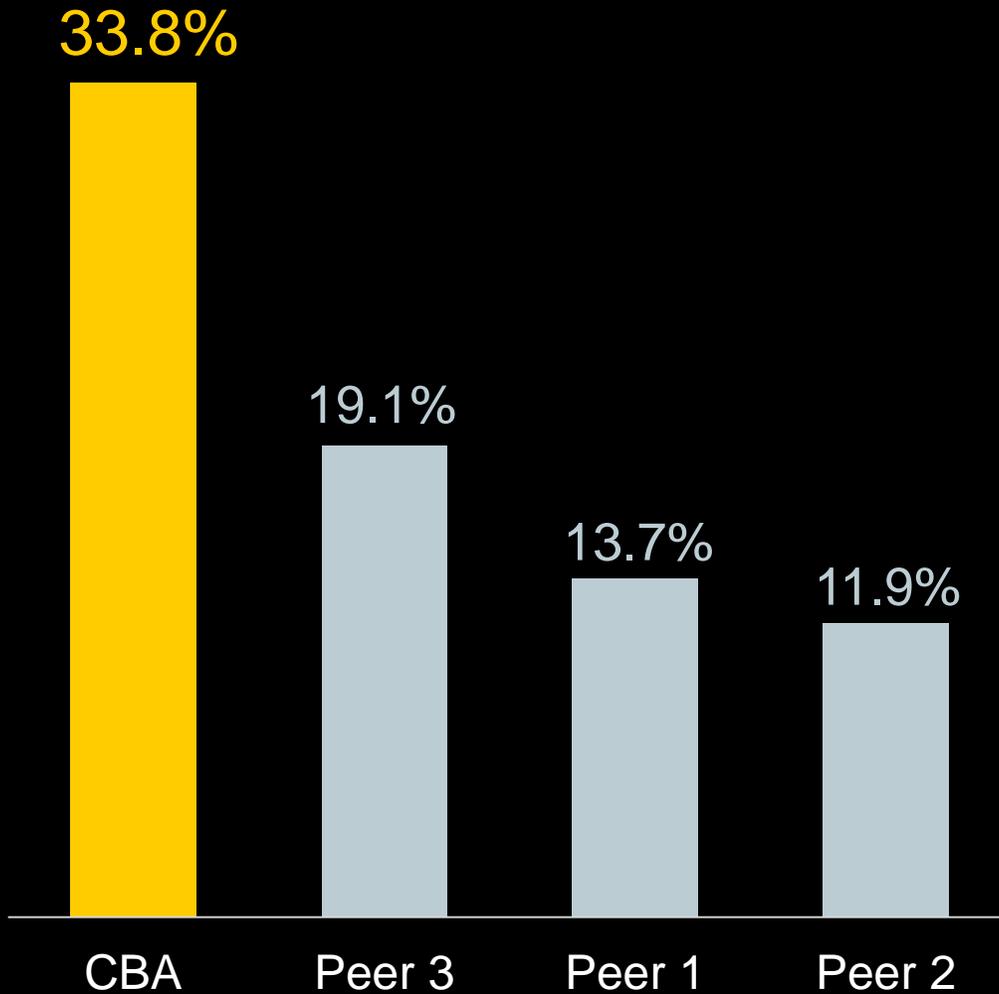
Dec 06

Dec 16

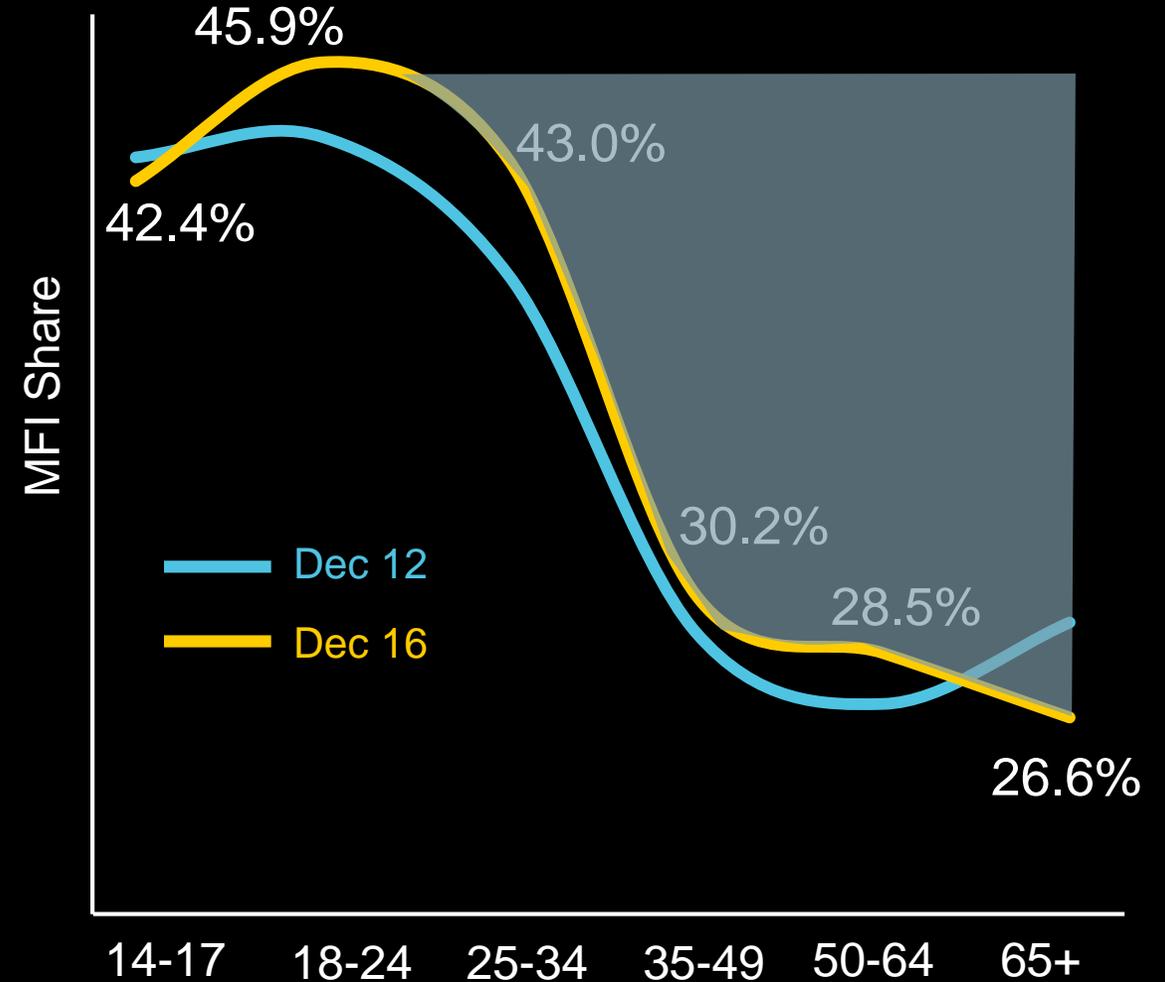
# MFI share - a strength and opportunity

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### Overall



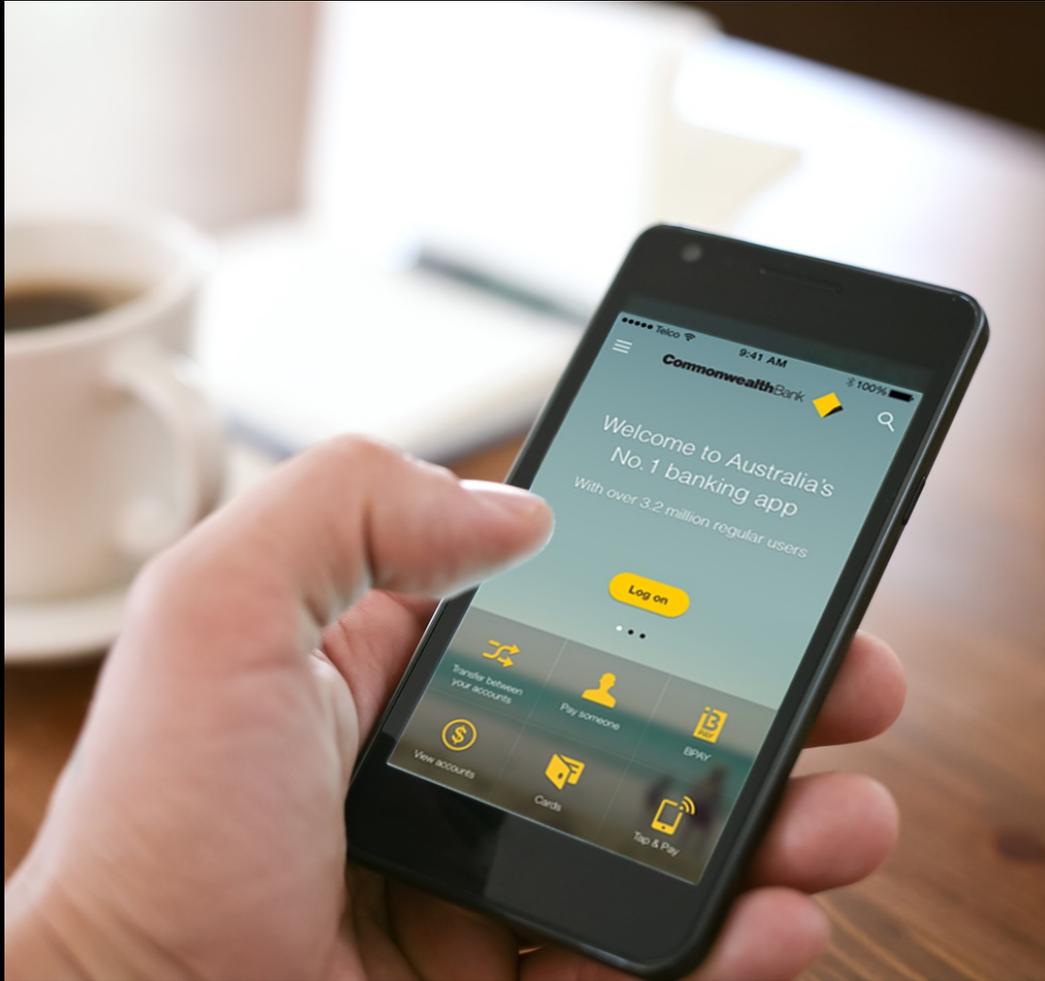
### Customer lifecycle by age



# The digital revolution

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**5.8m** customers now using digital

**53%** of total transactions (by \$)

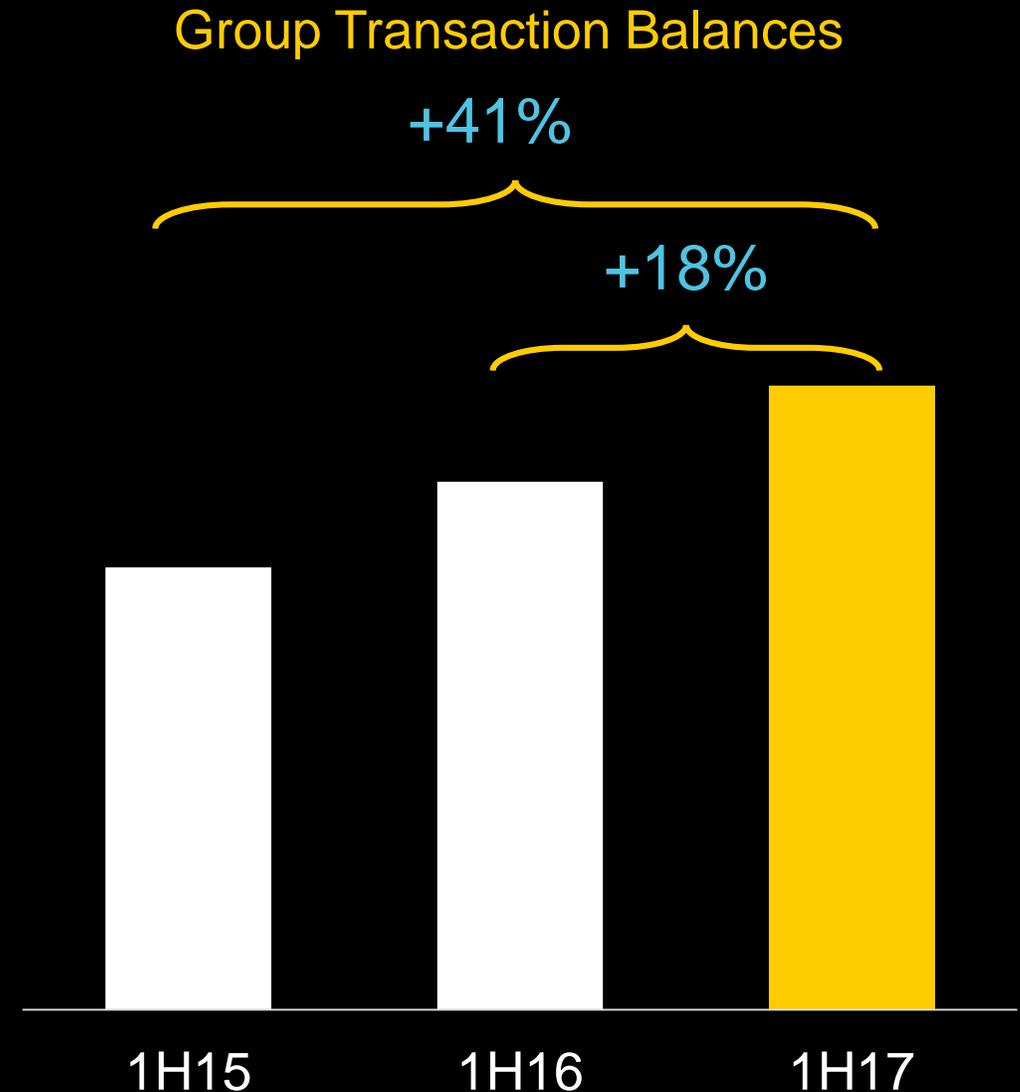
**25%** of new account openings

**3mins** to open new accounts

**80%** of logins via mobile

# Real time banking

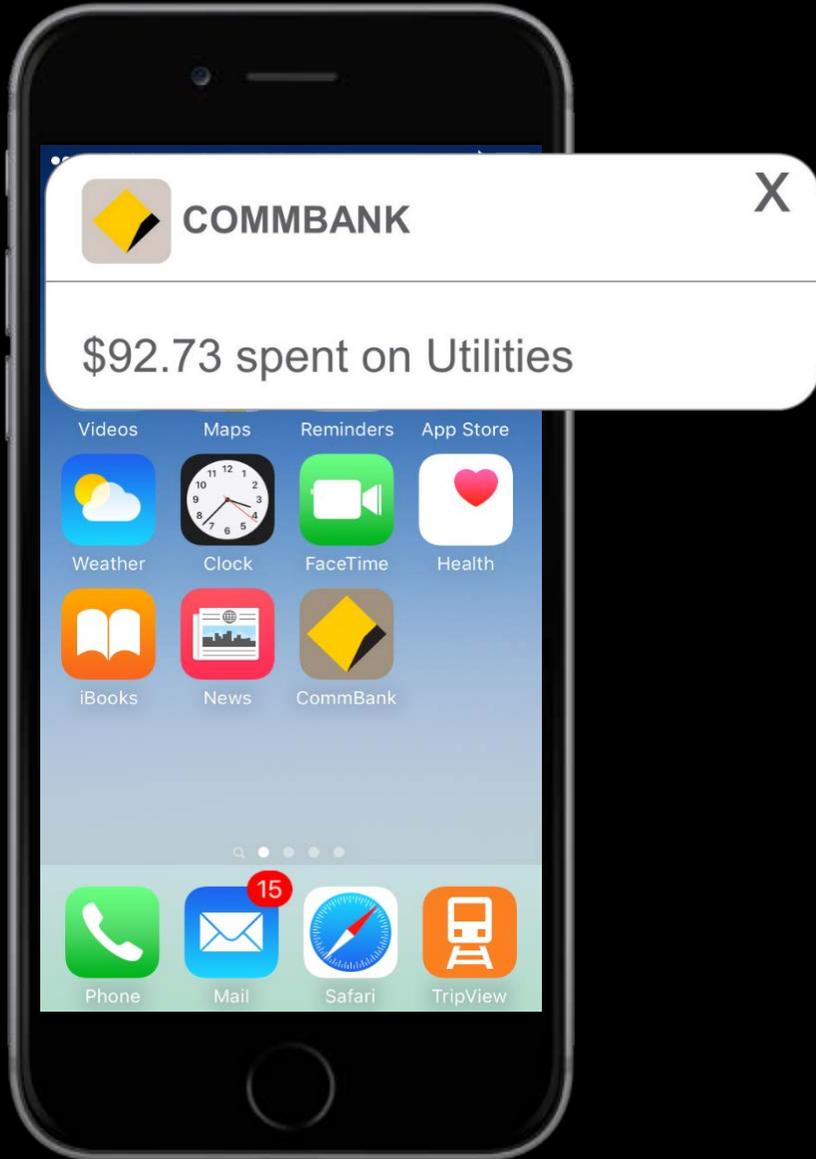
- Used by 15 million customers since 2012
- Originate and transact in real time: *anywhere, anytime, any device*
- Instant banking: fast and simple
- Driving customer satisfaction



# On-going real time innovation

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Instant Receipt



Storm Alerts



# Branches **remain key**

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## **Customer Relationships**

- 68k Customer insights each week
- 32k Financial Health Checks each week
- 24k Video-conferencing referrals 1H17



## **Efficiency**

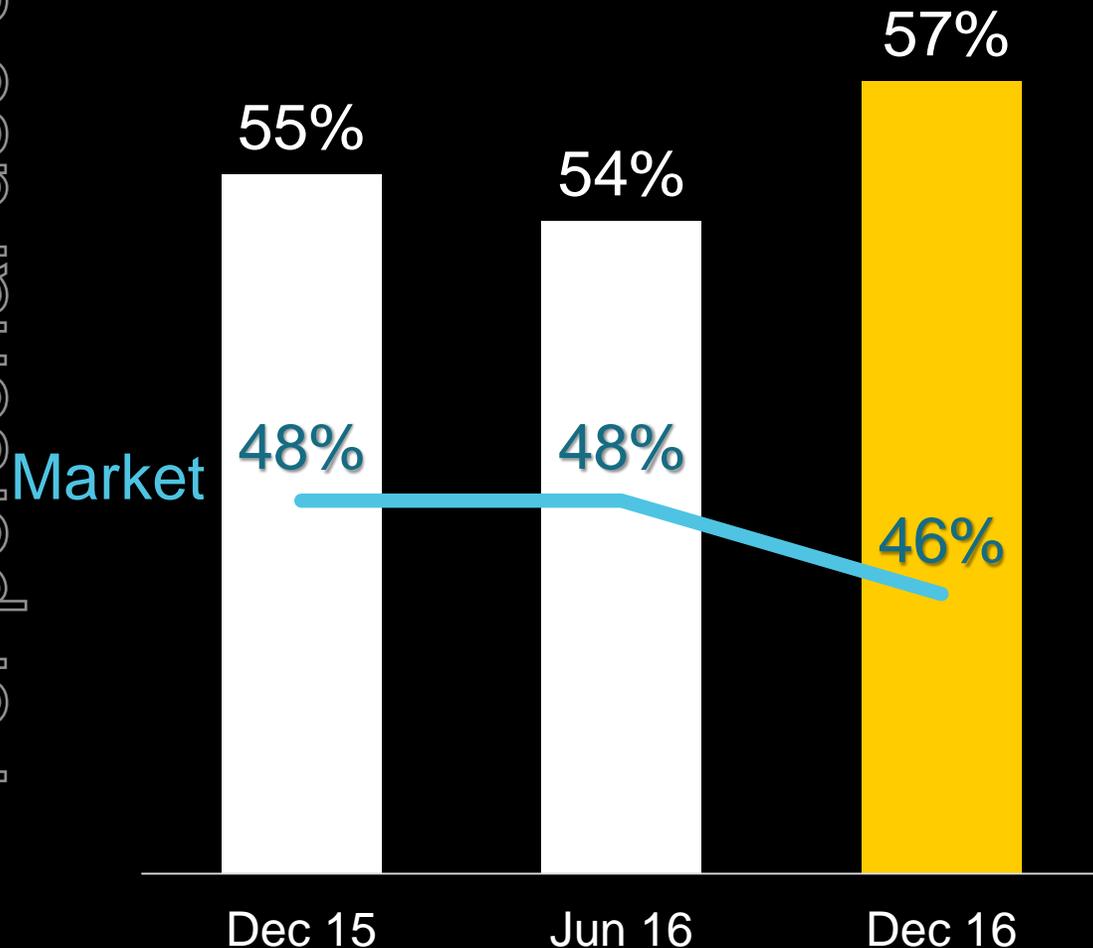
- New format – 88 locations
- 50% reduction in branch space
- IDMs across network by end 2017

# Branches remain key – home lending

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## Proprietary % of Total Flows

RBS



- Branch applications up 13%
- Smarter analytics:
  - 10x increase in branch leads
  - higher contact rate (now 95%)
  - higher conversion rates (3x)
- Extra branch lenders

# Broad customer relationships

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- **FirstChoice** Australia's most popular platform (7 years)
- **CFS** Trusted with >\$100bn of Australia's investments/savings
- **CommSec** One in every two retail trades (non-advised)
- **CommInsure** One in every four CBA home loan customers

# Focus on Better Banking

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## Improving

- Agribusiness customer assistance measures introduced
- Financial inclusion action plan launched
- Making it easier to avoid credit card late payment fees

## Listening

- Customer Advocate appointed
- New Industry Whistleblower principles developed (with ABA)

## Putting things right

- Open Advice Review assessments completed
- First phase of pre 2012 review of advice under licence conditions for CFP and FWL completed and phase 2 progressing
- Ongoing service fee reviews on track for June completion
- CommInsure review completed



# Strategic Update

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- 1 Consumer
- 2 Business**
- 3 International

# More satisfied customers - business

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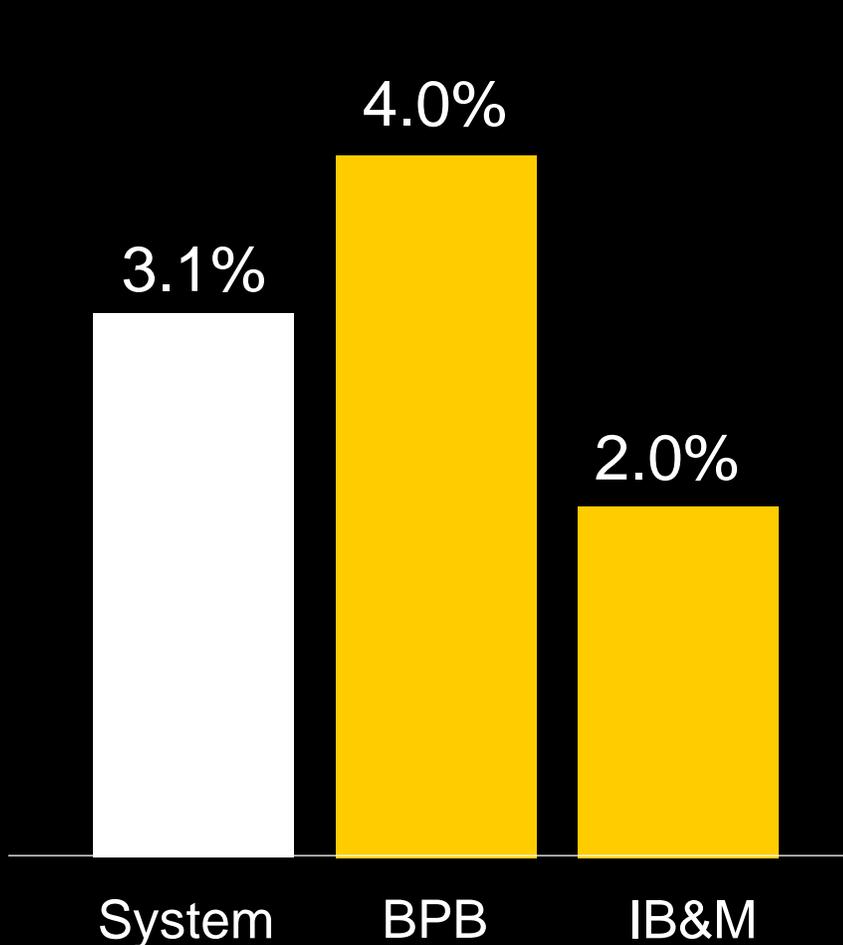
\*Outright or equal 1<sup>st</sup>

# Corporate – targeted growth

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## Australian Lending Growth

6 months

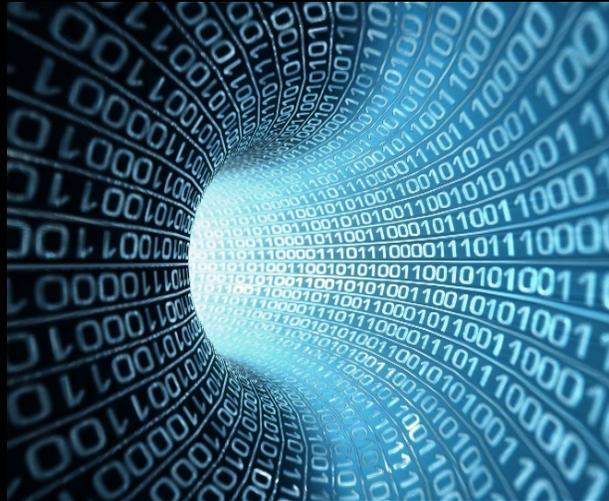


- Supporting growth in the economy
- BPB – diversified growth
- IB&M (3 years):
  - 129 mandate wins
  - Transaction balances up 59%
- Relationship focus + real time technology

# Transformative technology a differentiator

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## Blockchain



First interbank open account transaction

First global government bond trial

## Digital & Analytics



Empowering clients with insights based on real-time customer behaviours

## Payments



Landmark partnerships with Alipay and Barclays

Albert and Pi

# Transformative technology - **Albert**

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70,000  
devices

64%  
new merchants to  
CBA

39  
apps in total

13  
new apps last six  
months





# Strategic Update

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- 1 Consumer
- 2 Business
- 3 **International**

# TYME kiosk

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## Self service on-boarding

- Account creation on the spot
- Debit card issuance

## Identity and authentication

- Biometric capture
- External verification of identity



# Innovation via **partnerships**

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Strategic retail partner

10 year partnership

1,000 locations

10 million rewards customers

10,000 till points



Strategic BEE partner

Broad based local  
ownership

10% future shareholder in  
CBA South Africa

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685  
kiosks

across South Africa,  
since launch May 2016

9  
months

from concept to rollout

100,000  
enrolments

through Pick 'n Pay and  
Boxer stores

4  
minutes

to on-board new  
customers

\$4

on-boarding cost per  
customer

# SmartPOS prototype

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## Security

Strictest global security standards

## Payments

Contactless, NFC, Wallet

## Open Apps & VAS

Open platform app development, CommBank access

## 2x Cameras

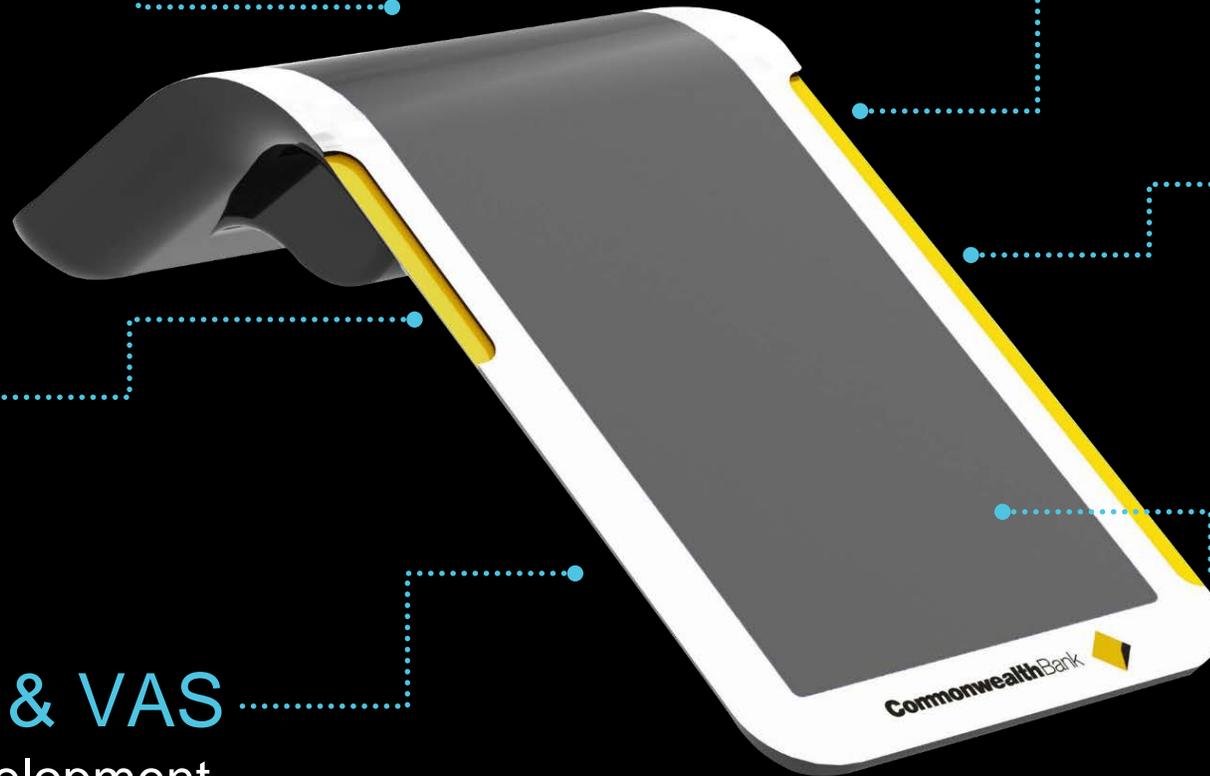
Voucher, coupon, QR, bar code scanning

## Connectivity

4G, Antenna & Wi-Fi, Bluetooth and GPS

## Touch

7" high resolution multi-touch screen

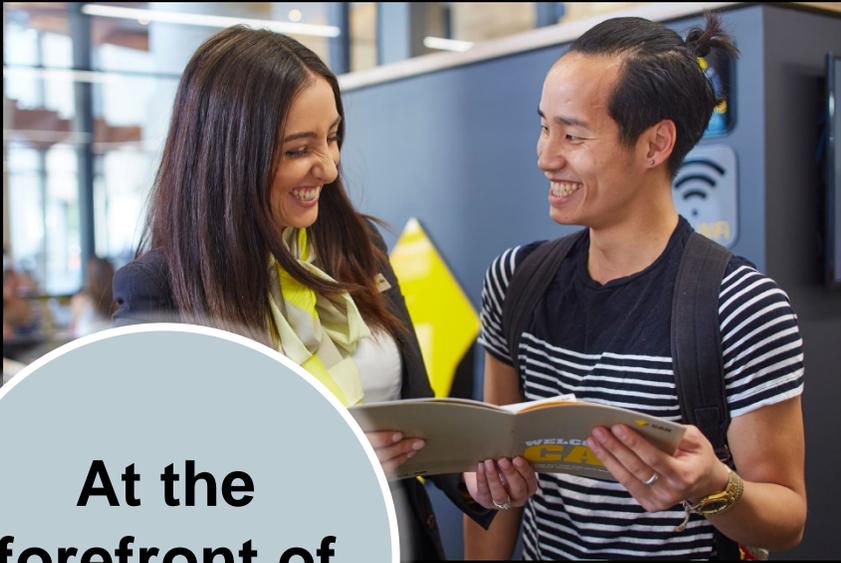


# Summary

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**Driving  
strong  
consumer  
franchise**



**At the  
forefront of  
innovation**

**Focus on  
long term  
growth**



**Investing  
for the  
long term**



## Results Presentation

For the Half Year Ended  
31 December 2016

DAVID CRAIG  
CHIEF FINANCIAL OFFICER

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 15 FEBRUARY 2017

# This Result

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Dec 16 vs  
Dec 15

Statutory Profit (\$m)

4,895



6%

Cash NPAT (\$m)

4,907



2%

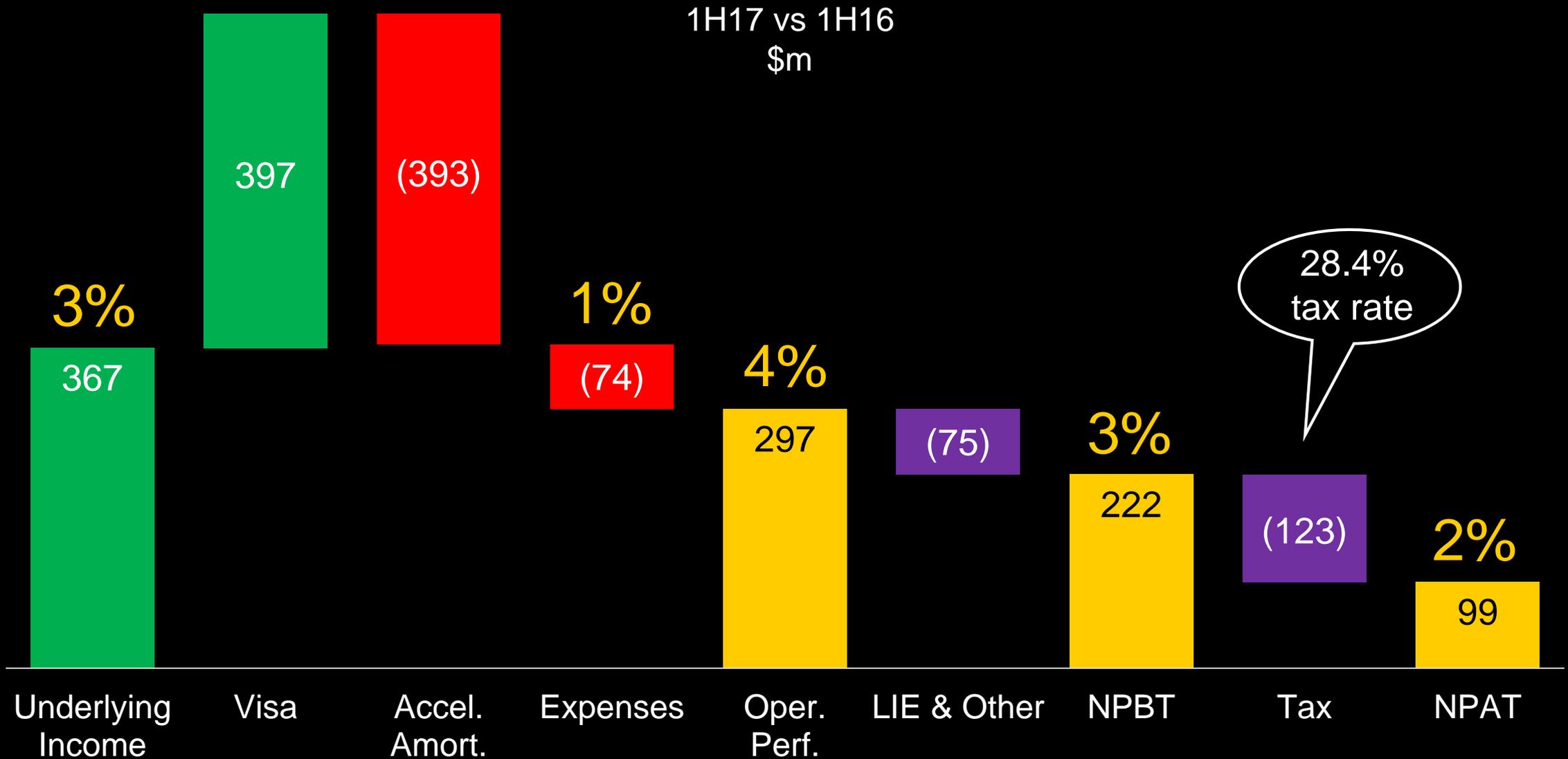
ROE – Cash

16.0%

(130) bpts

# Components of growth

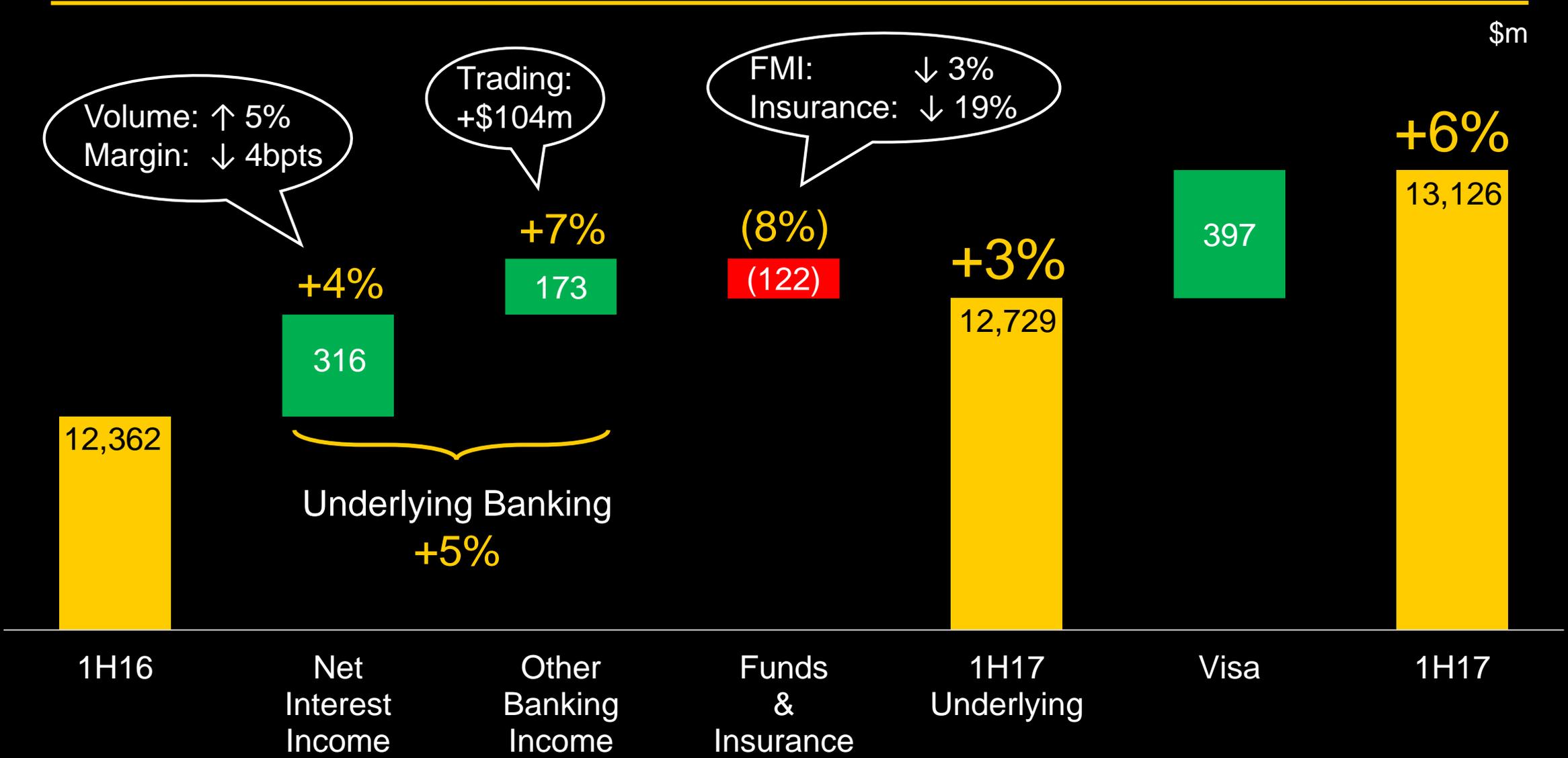
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# Income – **balancing** volume & margins

\$m

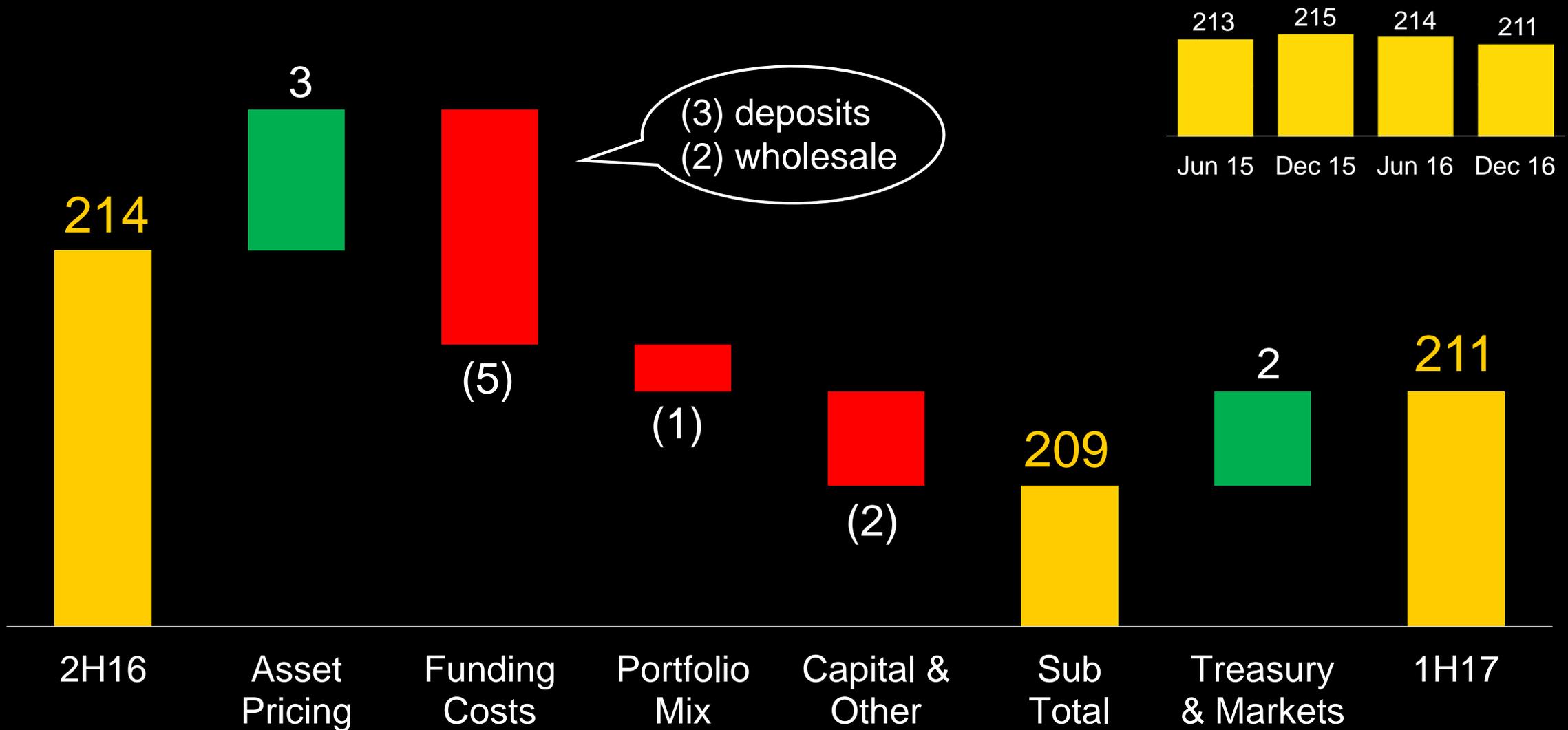
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# Margin – down 3 bpts on higher funding costs

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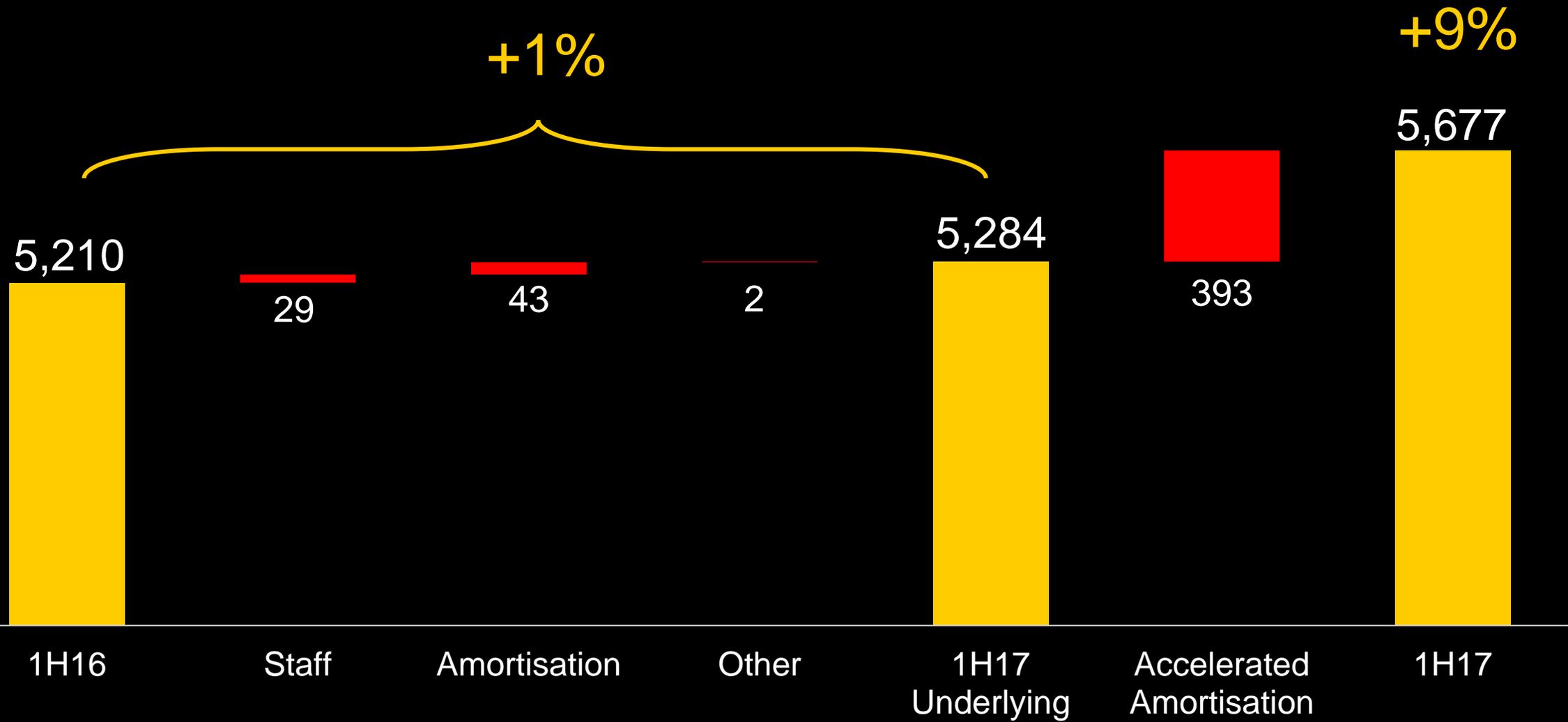
bpts



# Expenses – tightly controlled

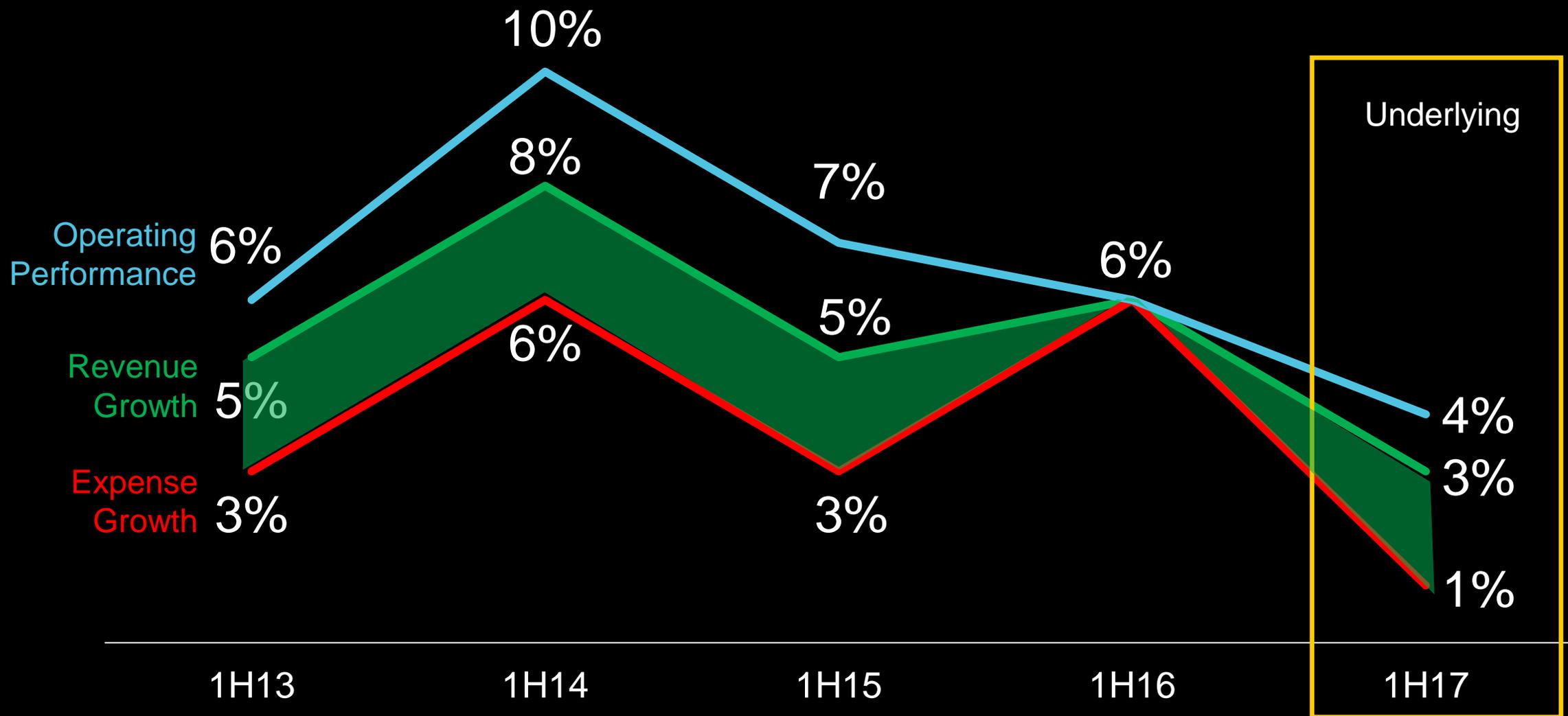
\$m

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# Cost discipline sustains positive jaws

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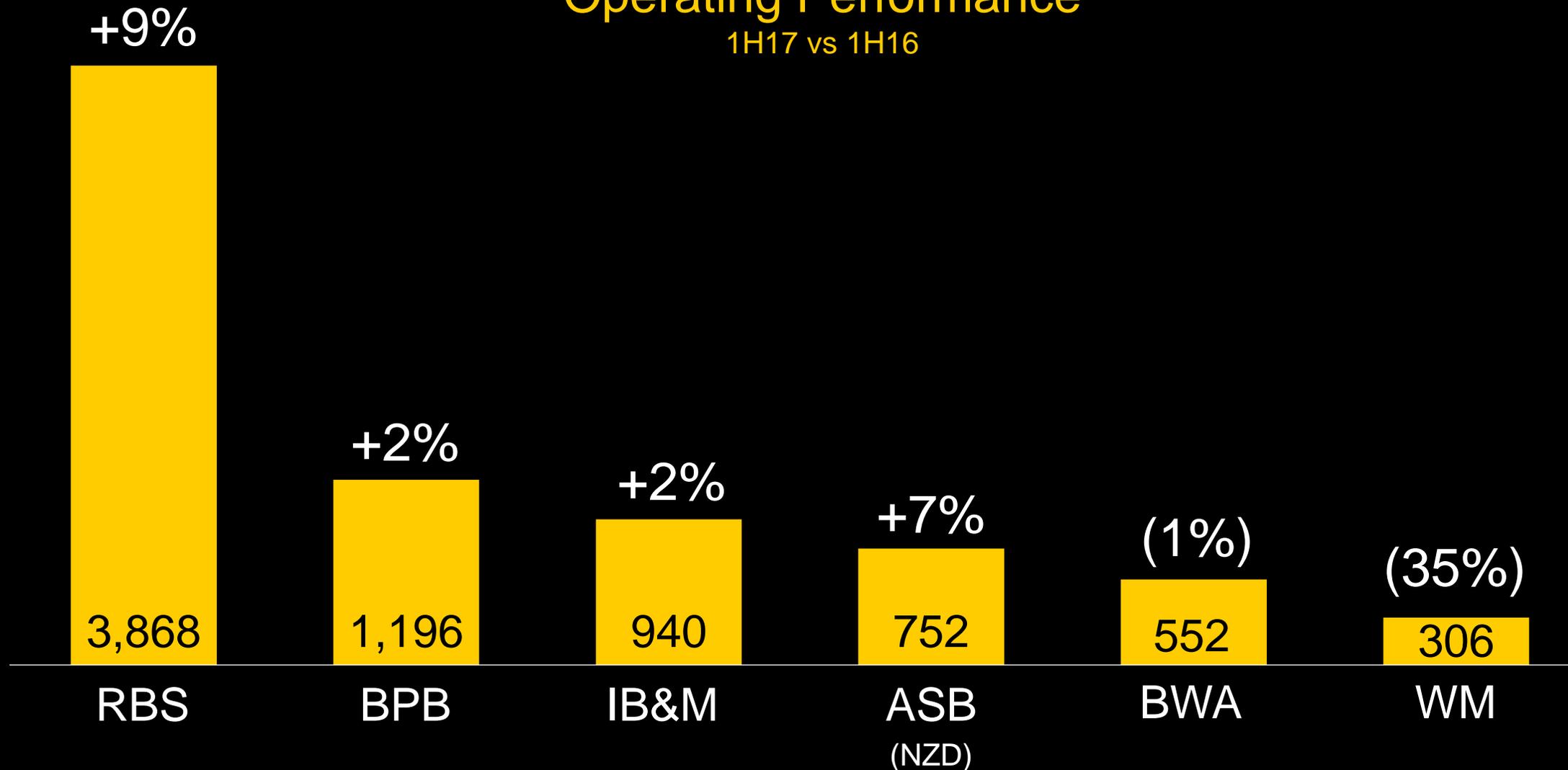


# Divisional contributions

\$m

## Operating Performance 1H17 vs 1H16

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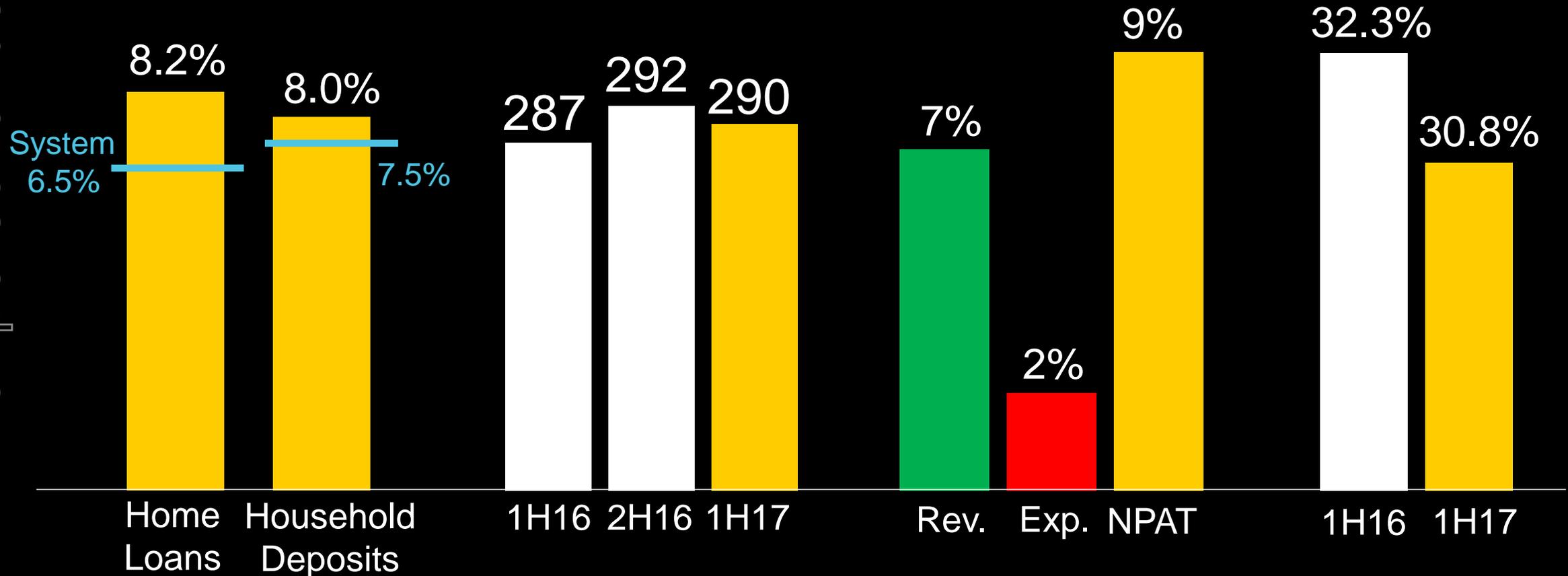
# RBS – strong growth, further efficiency gains

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## Balance Growth 12 months

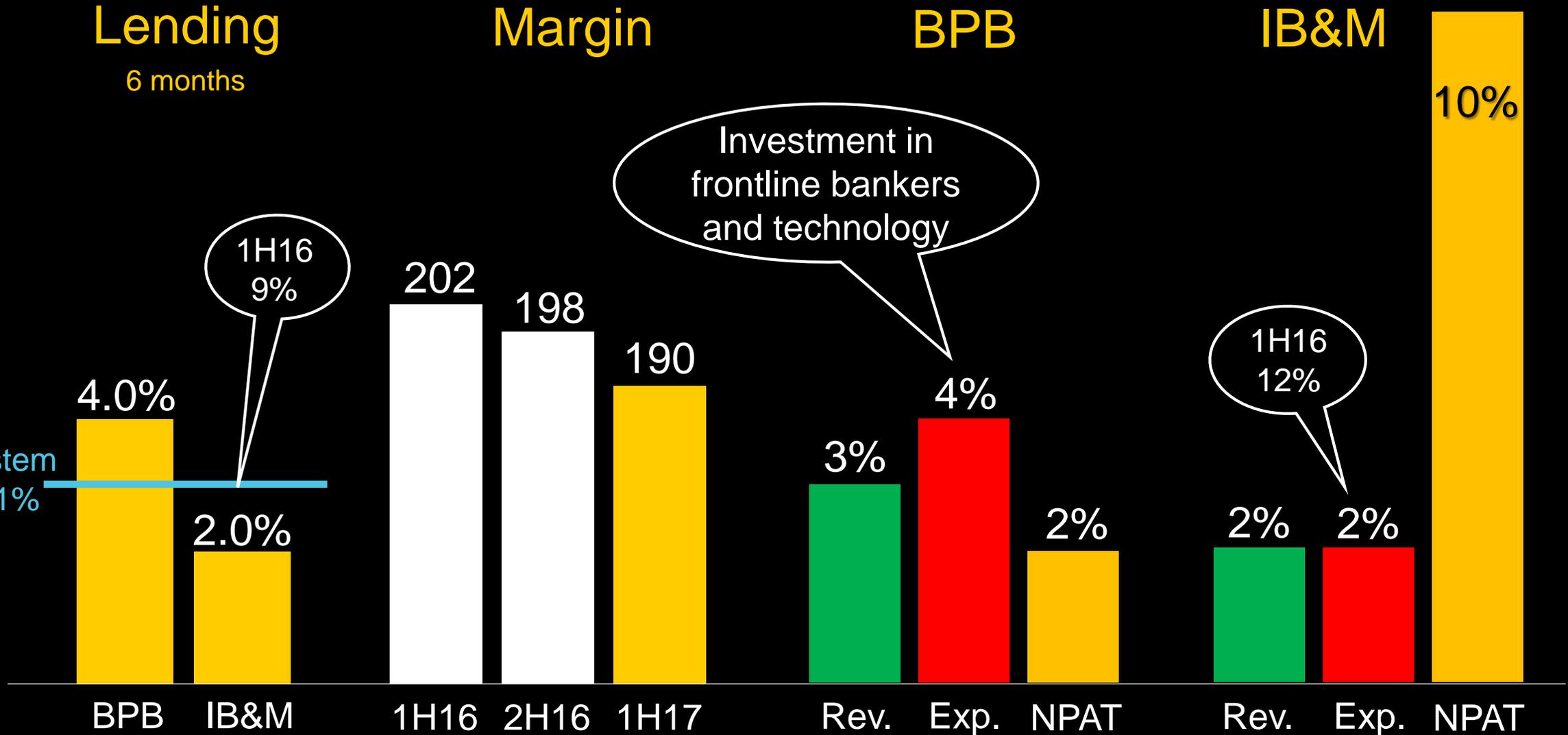
## Margin

## Cost-to-Income



# Corporate – targeted growth

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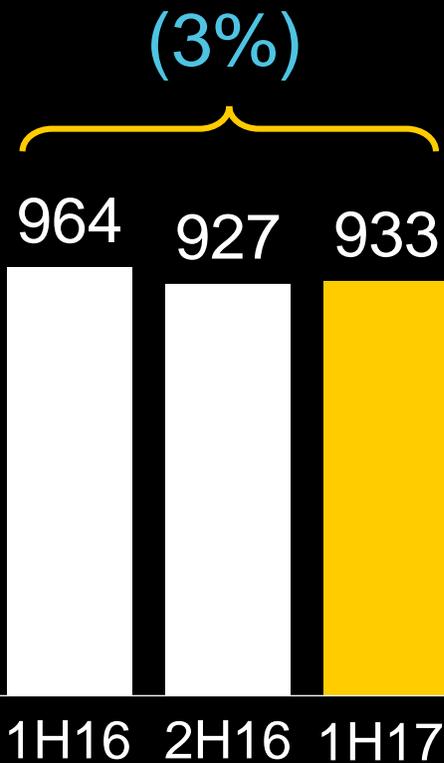


# Wealth - responding to challenges

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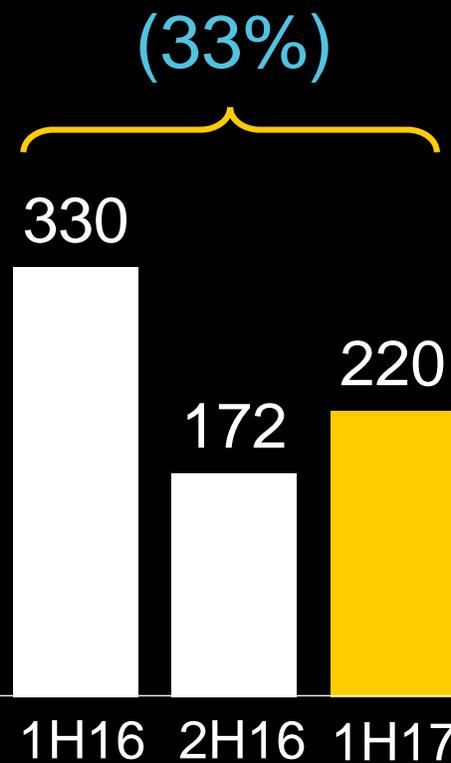
## Funds Income

- Avg FUA +3%
- Margins ↓ (mix)



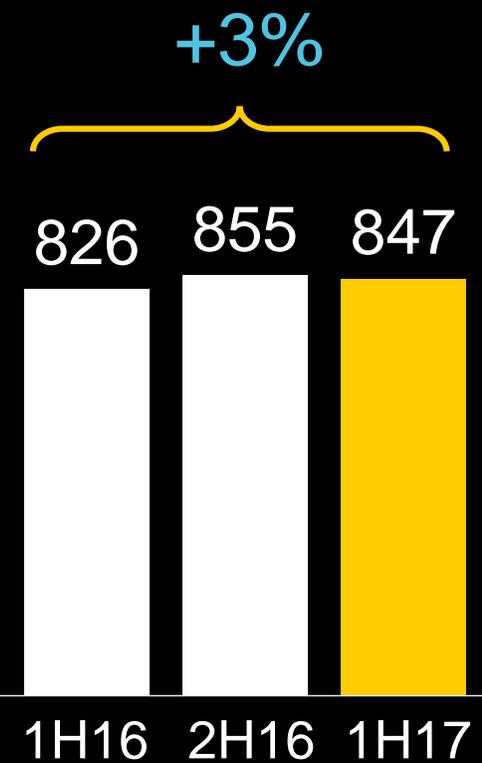
## Insurance Income

- Loss recognition \$90m
- GI premiums ↑ 9%



## Costs

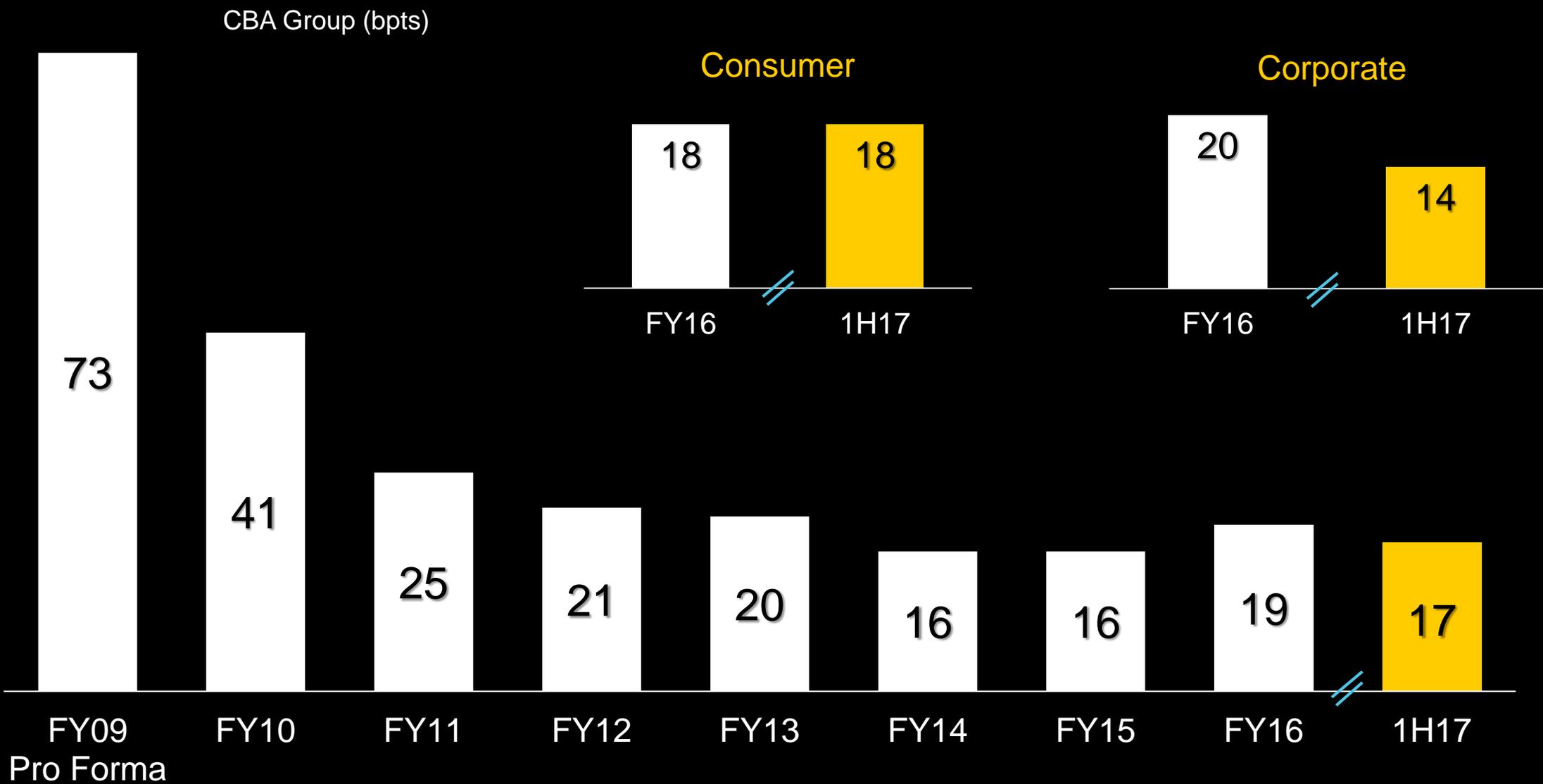
- ↑ Remediation costs
- Productivity gains



\$m

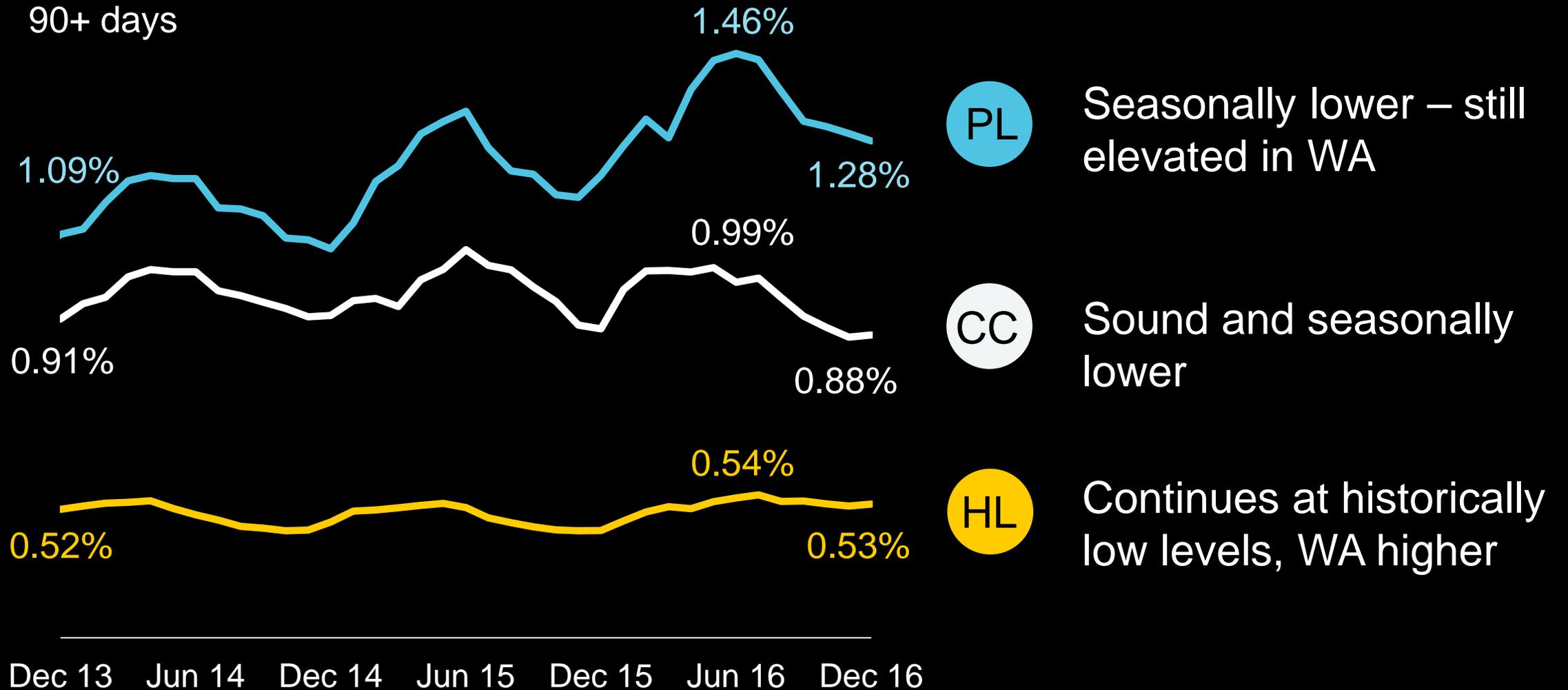
# Impairment expense **remains low**

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# Consumer Arrears **lower** this half

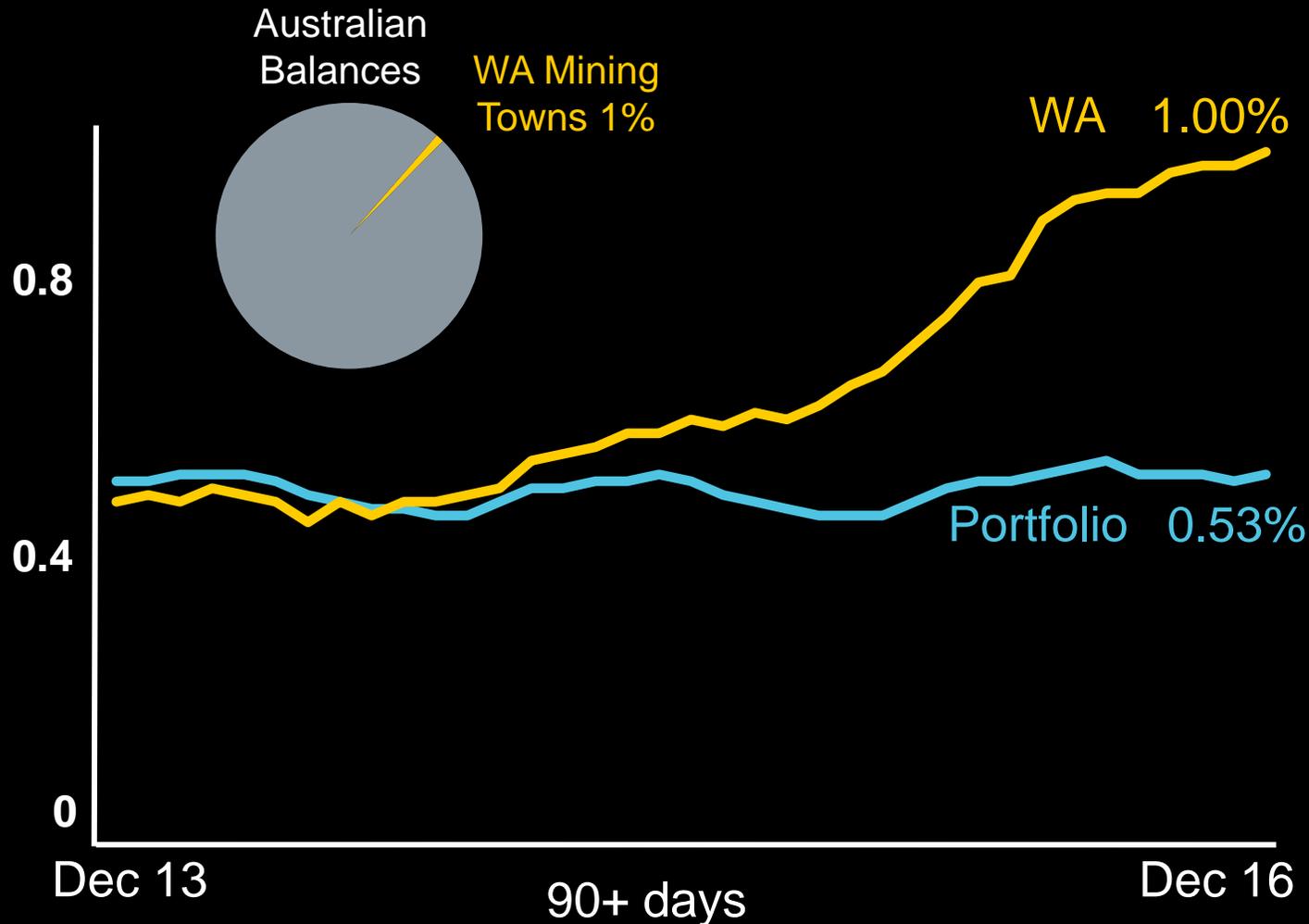
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# WA arrears - impacted by mining downturn

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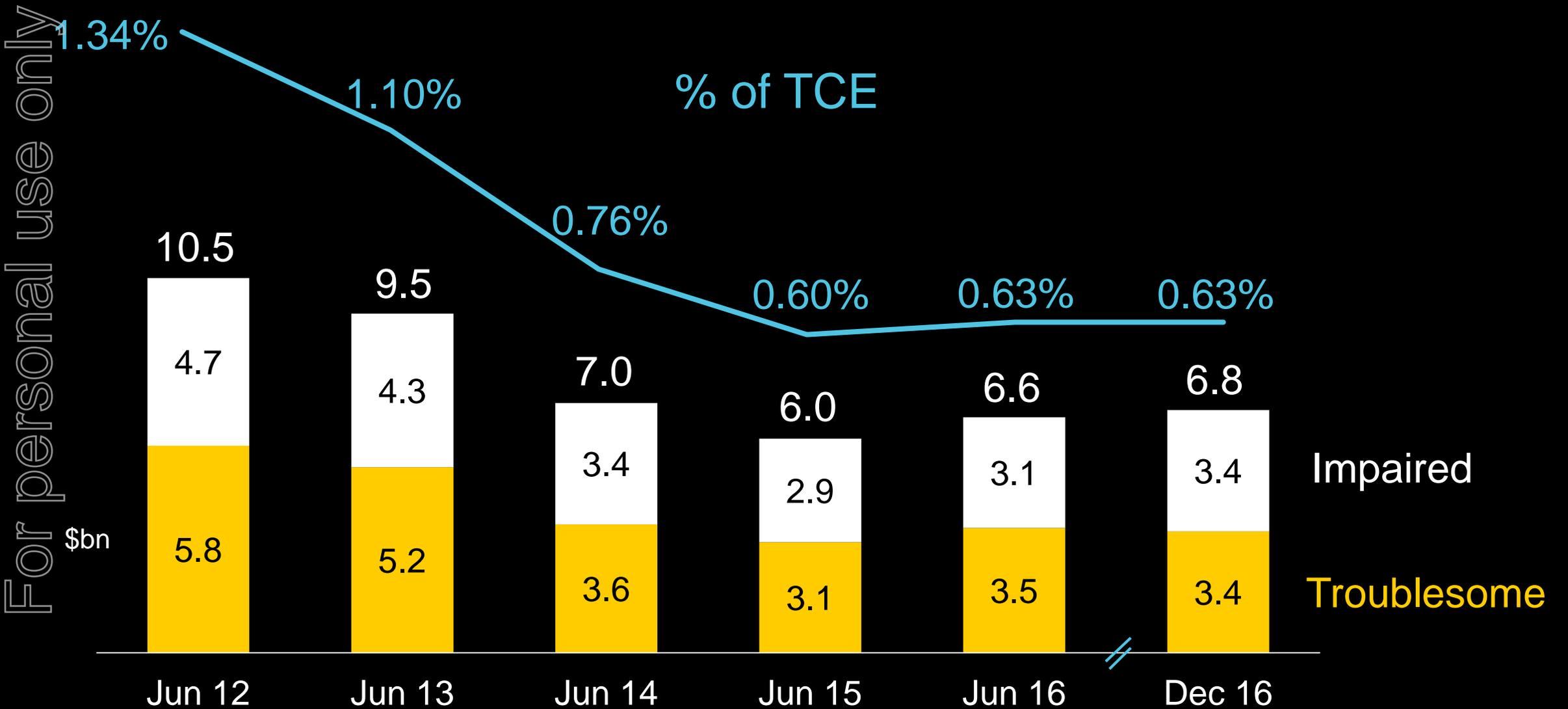
## Home Loan Arrears



### Higher Risk Locations:

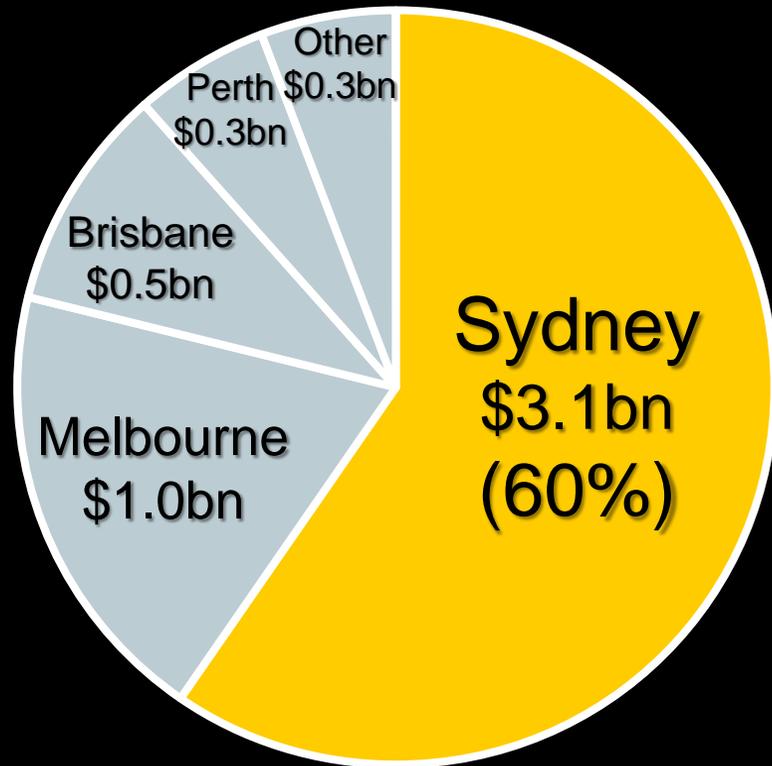
- Increased provisions
- Rigorous stress testing
- Credit policy tightening
- LVR caps
- Insurance requirements

# TIA marginally higher



# Apartment development - **weighted to Sydney**

**\$5.2bn**  
(0.5% of TCE)



Australia-wide, >\$20m

- Strong qualifying pre-sales (110.1%)
- Portfolio LVR of 59.9%
- Tighter underwriting
  - lower % foreign pre-sales
- Repayments on time from settlements

# Balance sheet strength

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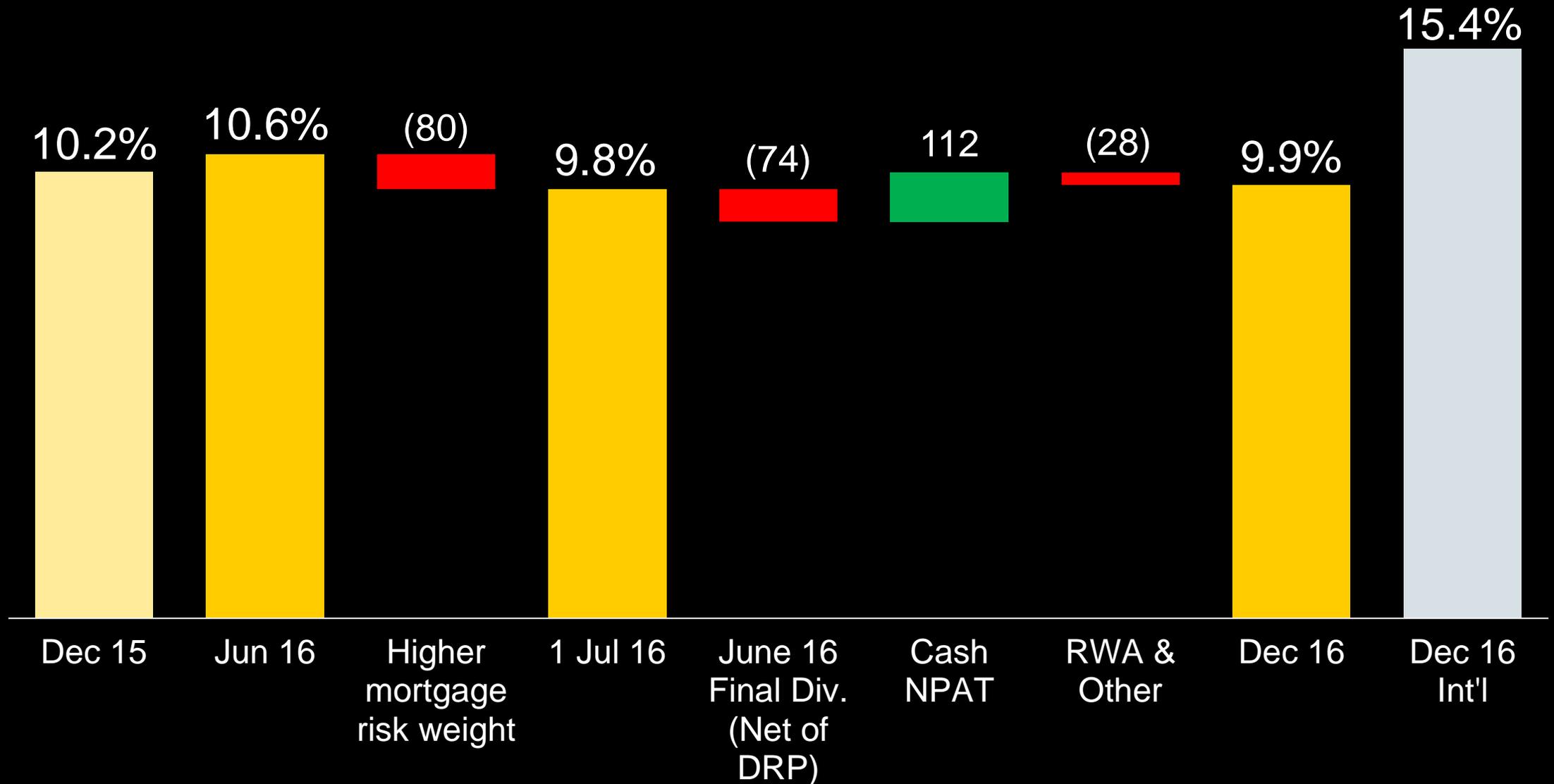
Economic overlay unchanged

NSFR >105%



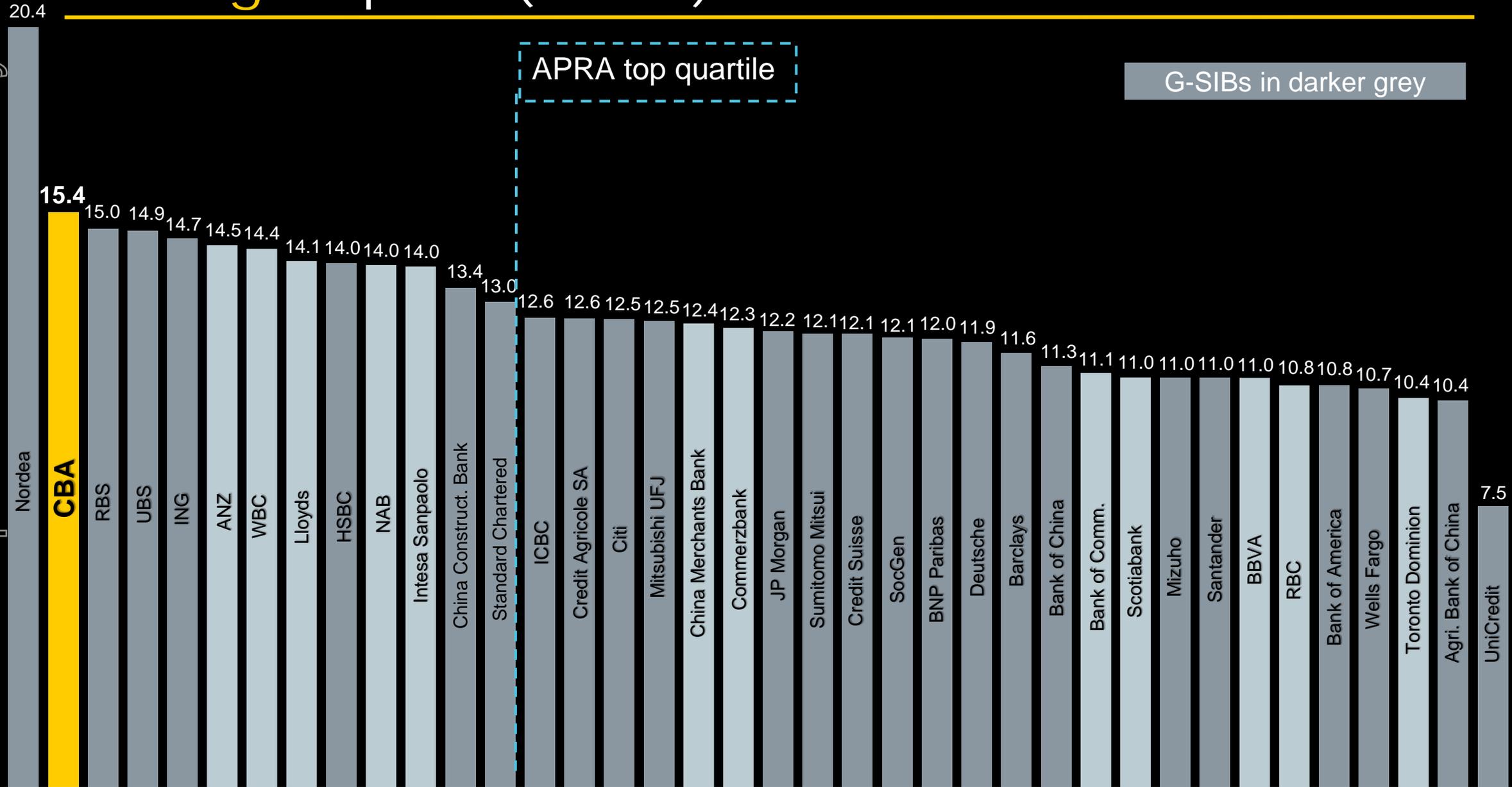
# Strong Capital

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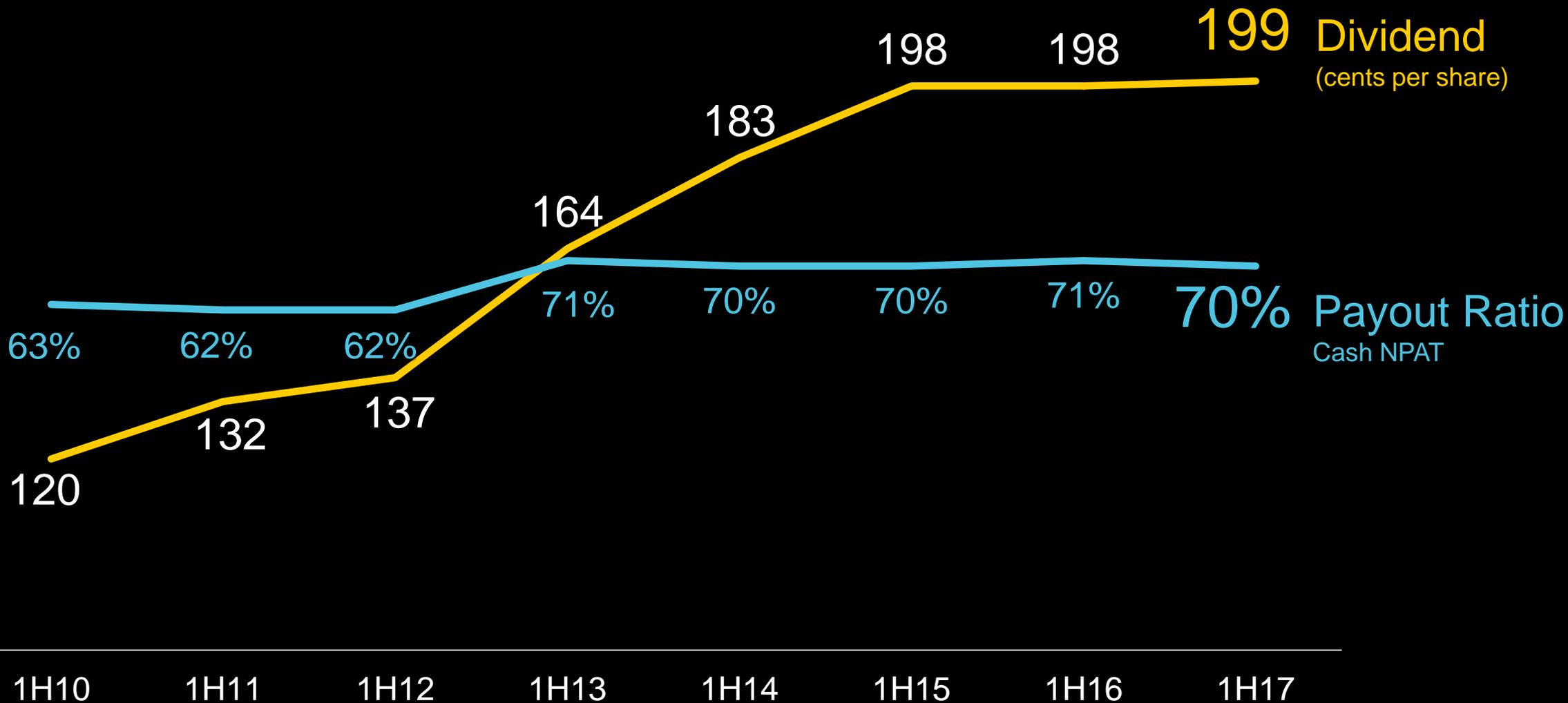
# Strong Capital (CET1)

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# Increased Dividend

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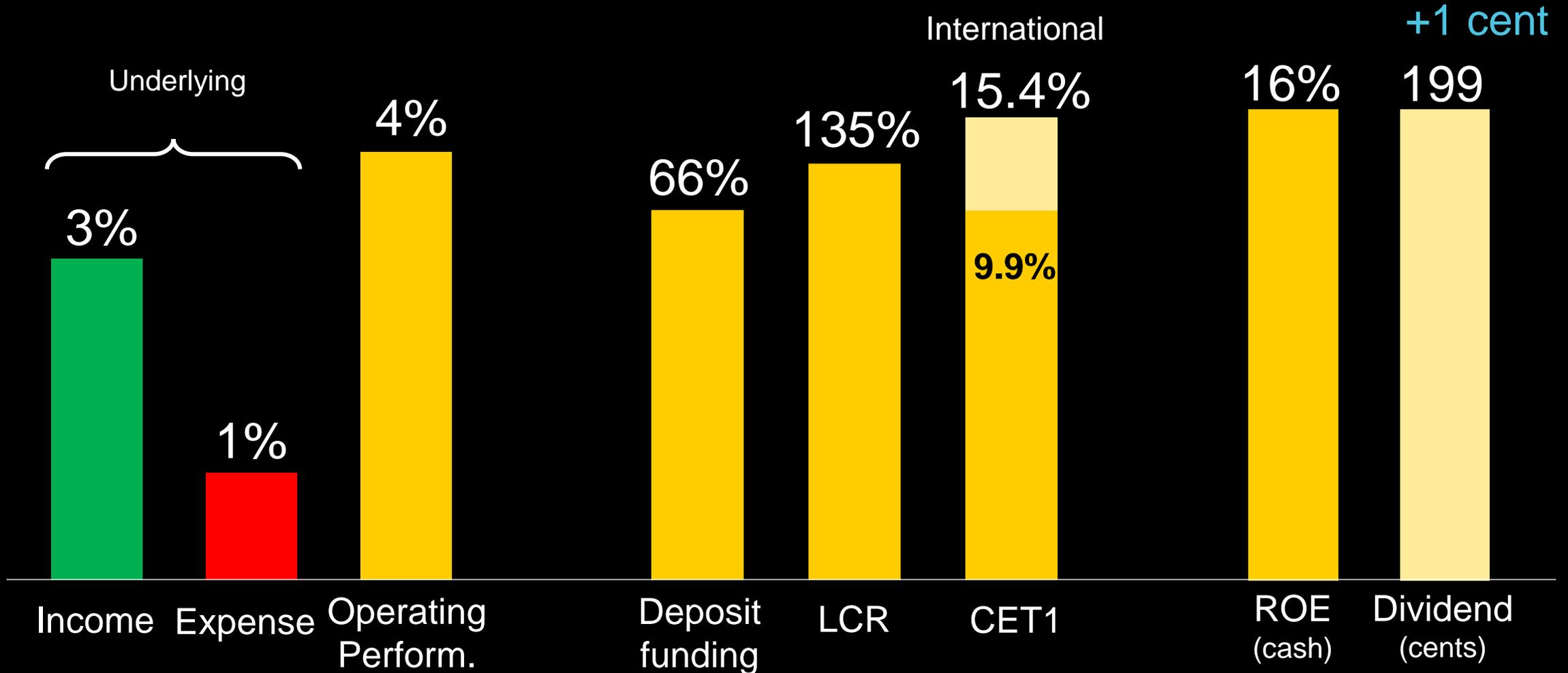
# Summary – managing for today's environment

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## Positive “Jaws”

## Strength

## Returns



# Outlook

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- Globally – heightened geopolitical and market volatility
- Domestically – some positive trends:
  - Improving commodity prices, terms-of-trade
  - Export sector
- For CBA:
  - Focus on the long term
  - Supporting Australia through strength, investment and innovation

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