DEBT INVESTOR UPDATE

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

CommonwealthBank

Notes

Disclaimer

The material that follows is a presentation of general background information about the Group's activities current at the date of the presentation, 11 February 2015. It is information given in summary form and does not purport to be complete. It 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.

Cash Profit

The Management Discussion and Analysis discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared and reviewed in accordance with the Corporations Act 2001 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 Group's underlying operating results, excluding items that introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently with the prior comparative period and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from statutory profit is provided in the reconciliation of the Net profit after tax ("cash basis") on page 3 of the Profit Announcement (PA) and described in greater detail on page 15 of the PA and can be accessed at our website:
http://www.commbank.com.au/about-us/shareholders/financial-information/results/

Results & Strategy

CBA overview – 1H 15[1]

	Aust	NZ	Other	Total
Customers	12.5m	2.2m	0.4m	**15.1m**
Staff	41,900	5,600	5,000	**52,500**
Branches[2]	1,150	140	115	**1,405**
ATMs[2]	4,400	466	173	**5,039**
Market capitalisation (ASX)				**#1**
Credit Ratings (S&P, Moodys, Fitch)				**AA-/Aa2 /AA-**
Household deposits – market share[3]				**#1**
Home lending – market share[4]				**#1**
FirstChoice platform – market share[5]				**#1**

Financial

Cash earnings ($m)	4,623	8%
ROE (Cash)	18.6%	(10) bpts
Cash EPS ($)	2.84	8%
DPS ($)	1.98	8%
Cost-to-Income	42.2%	(70) bpts
NIM (bpts)	212	(2) bpts

Balance Sheet

Total assets ($bn)	851	9%
Total liabilities ($bn)	800	9%
FUA ($bn)	275	5%
RWA ($bn)	353	6%
Provisions to Credit RWAs (bpts)	125	(27 bpts)

Capital & Funding

Capital – CET1 (Int'l)[6]	13.3%	na
Capital – CET1 (APRA)	9.2%	70 bpts
LT wholesale funding WAM (yrs)	3.9	0.1
Deposit funding	63%	-
Liquids ($bn)	151	10%

1. All movements on prior comparative period unless stated otherwise.
2. Includes fully owned entities only 3. Source: APRA 4. Source: RBA 5.Source: Plan for Life
6 The Group has revised its international measure of CET1 at 31 December 2014 with the methodology consistent with that detailed in the August 2014 PwC Australia report commissioned by the ABA. The key changes in methodology include differences in calculating RWA for residential mortgages, specialised lending and corporate exposures.

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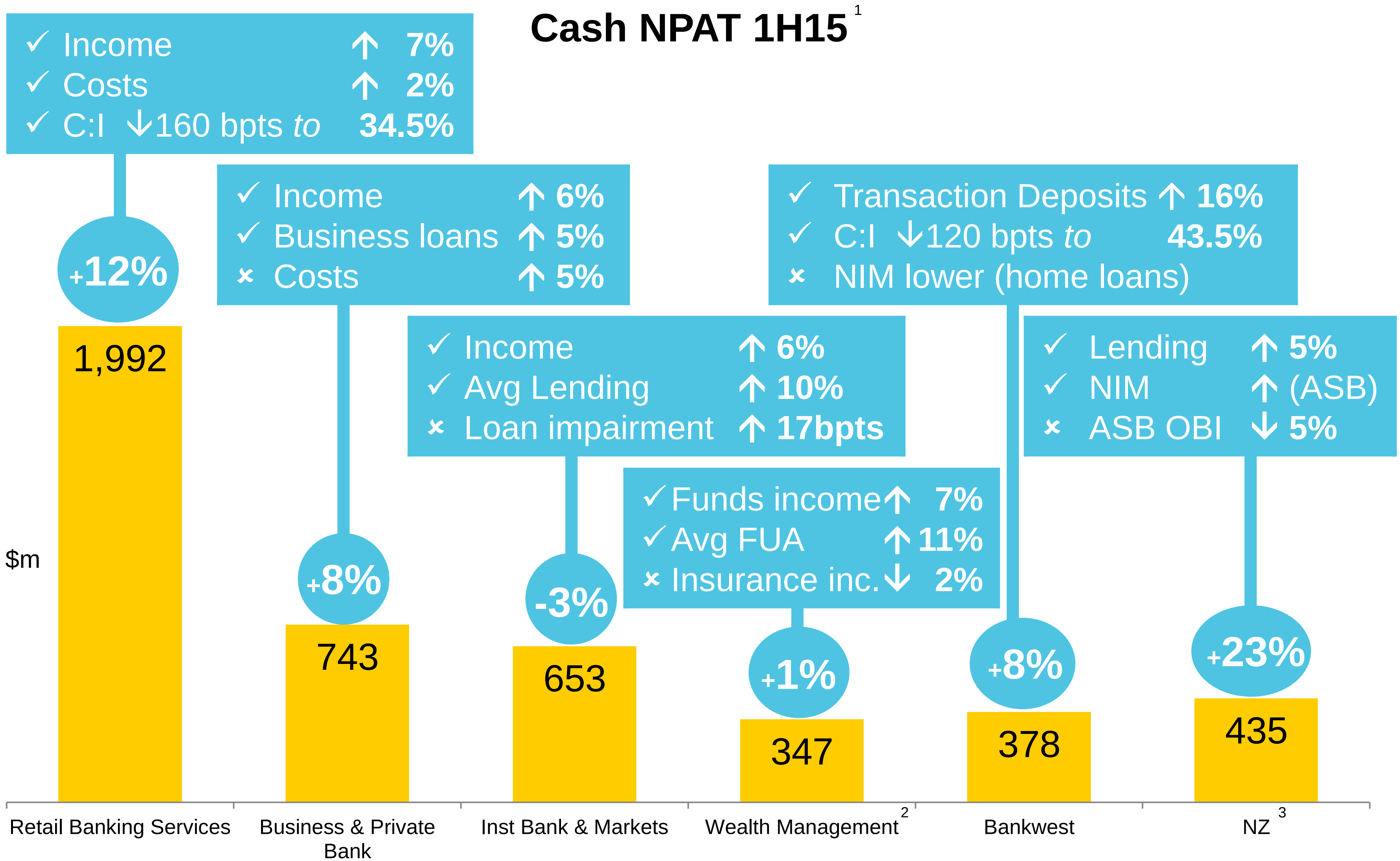
Divisional results

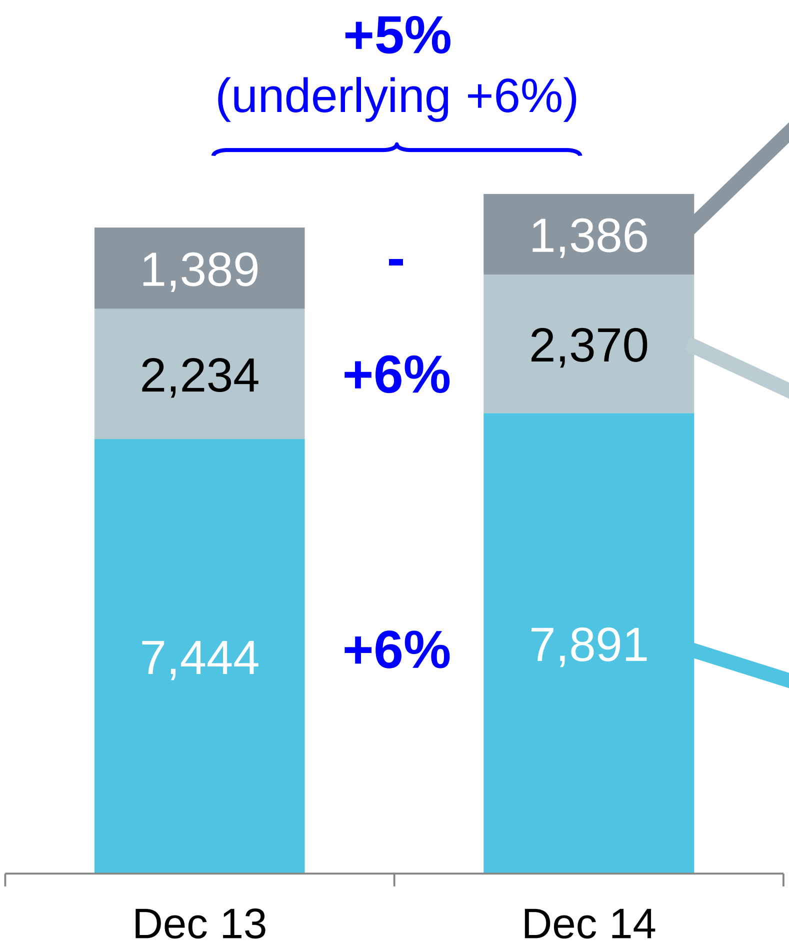


1 All movements on prior comparative period except where noted
2 Excluding Property
3 NZ result in AUD, performance metrics in NZD

Income

$m

Operating Income



Funds & Insurance (underlying +7%)		
Property non-recurring[1]		($100m)
Underlying FUA[1]	↑	10%
Funds management margin	↓	6bpts

Other Banking Income		
Commissions/fees/other	↑	8%
Trading	↑	1%

Net Interest Income		
Volume	↑	7%
Margin	↓	2bpts

1 Wealth Management

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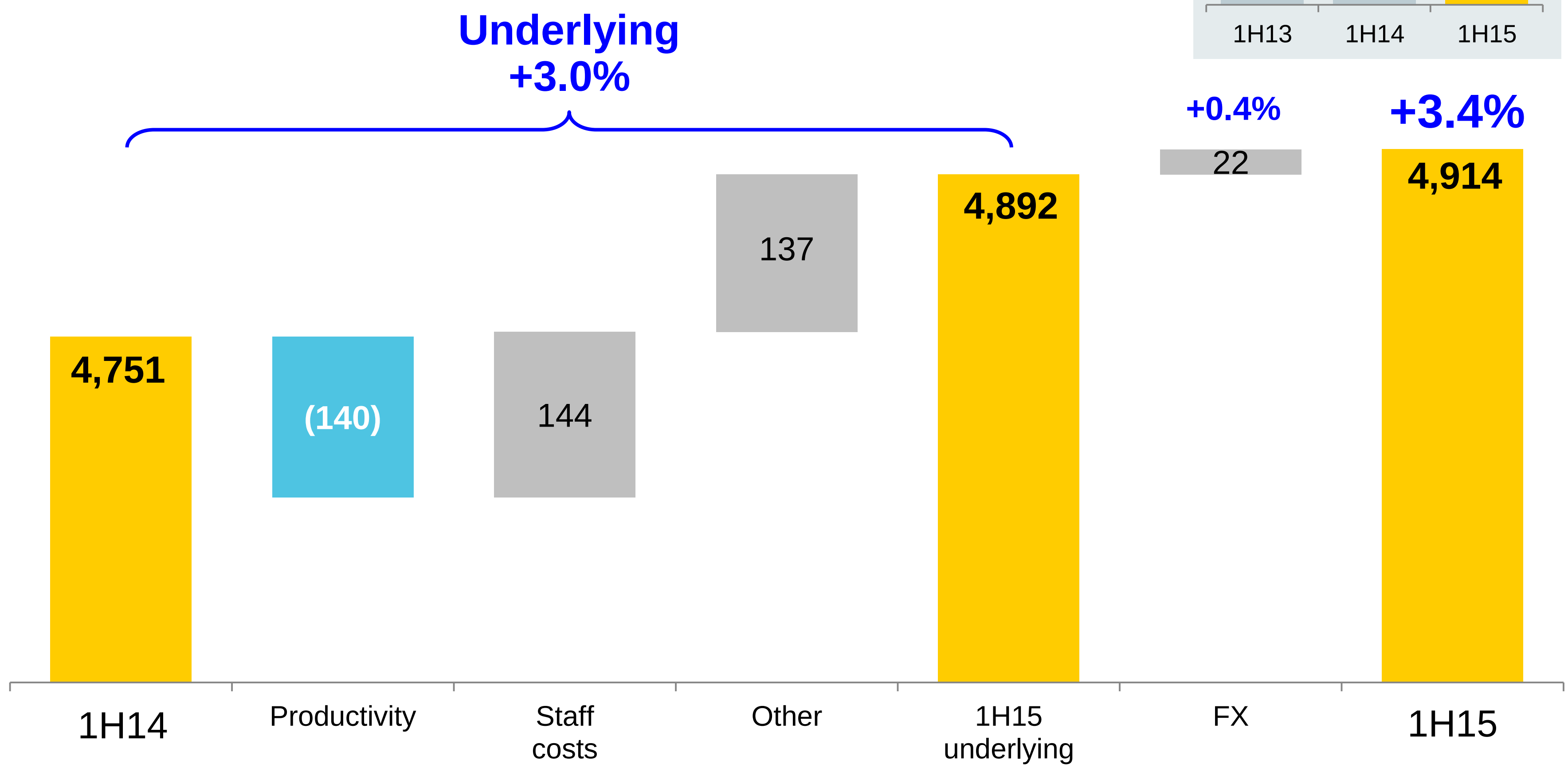
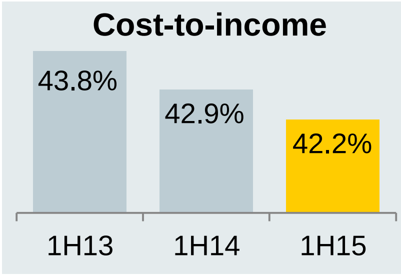
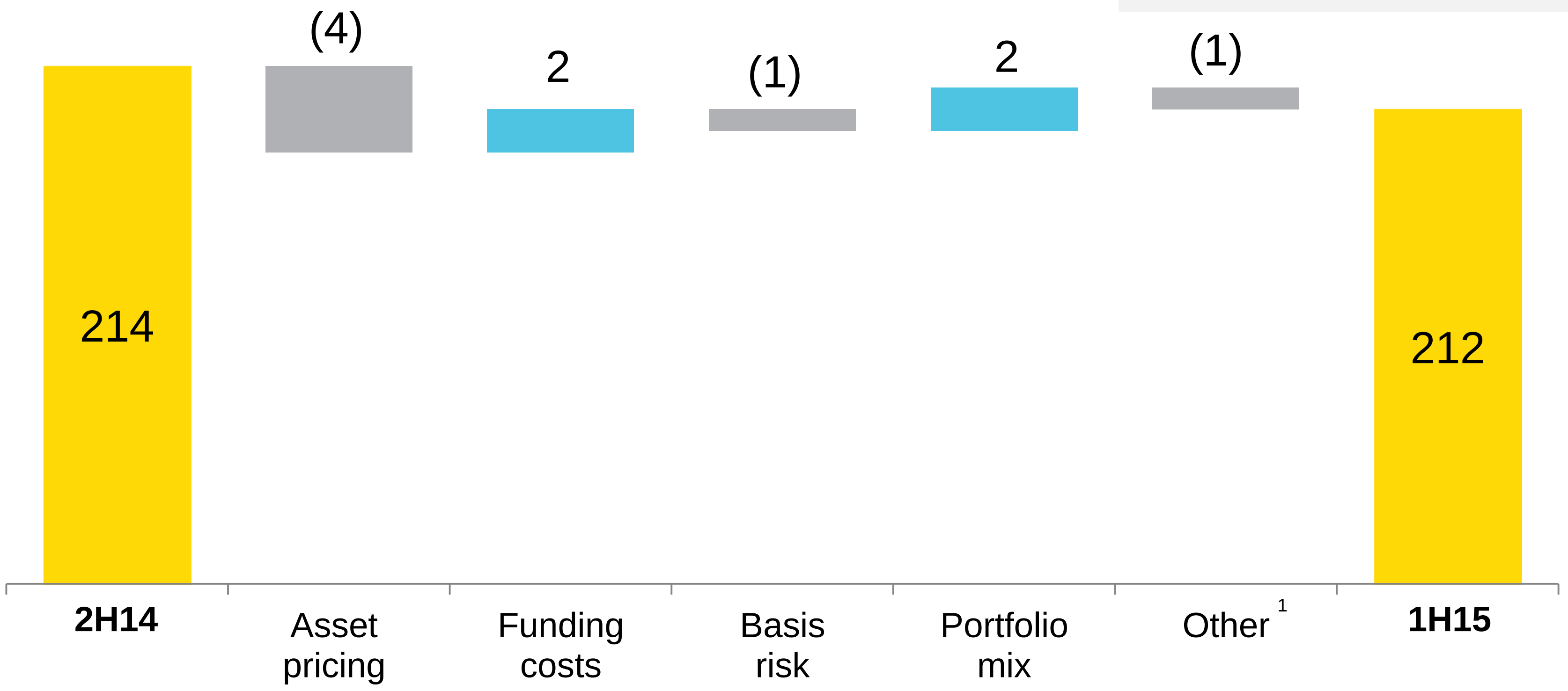
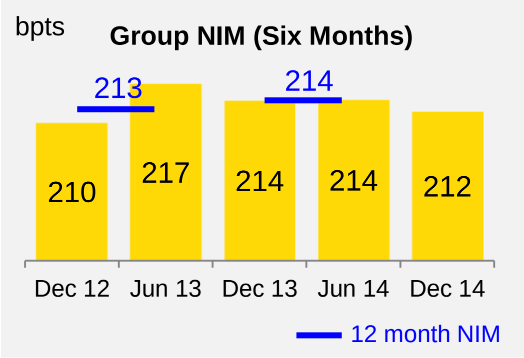
Expenses


Operating Expenses
$m
Underlying
+3.0%
+0.4%
+3.4%
4,751
(140)
144
137
4,892
22
4,914
1H14
Productivity
Staff costs
Other
1H15 underlying
FX
1H15


Cost-to-income
43.8%
42.9%
42.2%
1H13
1H14
1H15

Group NIM

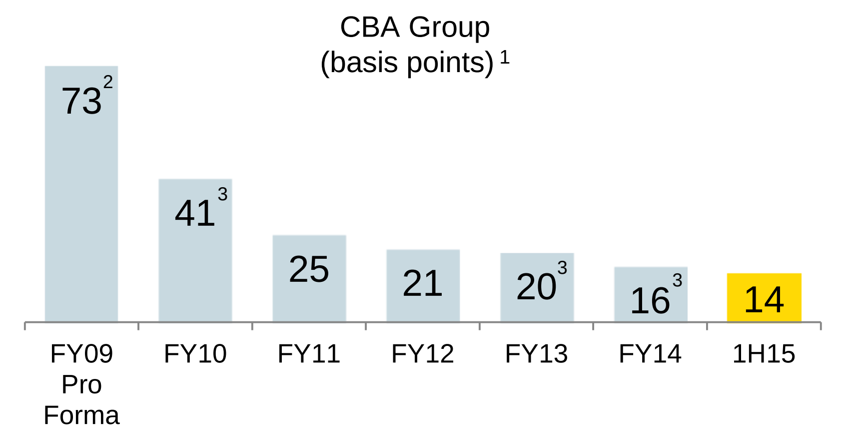




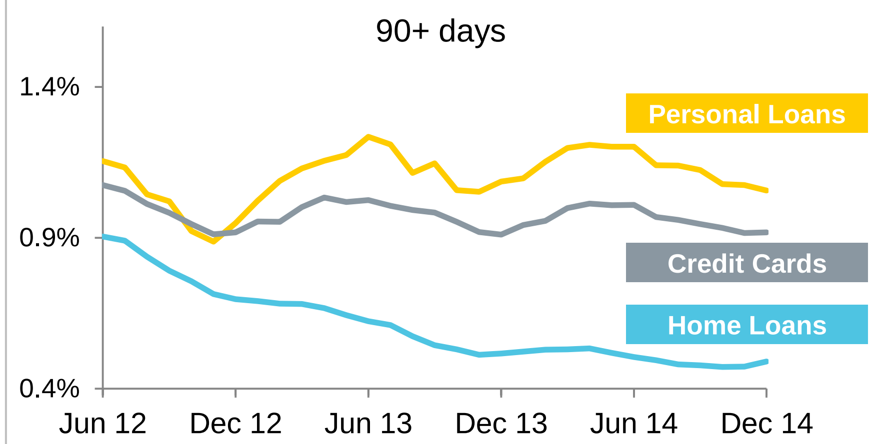
1 Includes Treasury, impact from change in Non Lending Interest Earning Assets and other unallocated items

Credit quality

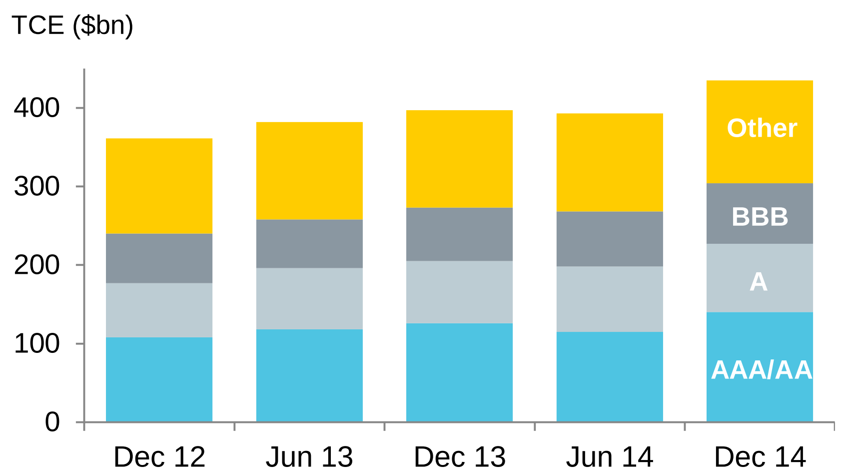
Loan Impairment Expense (Cash)



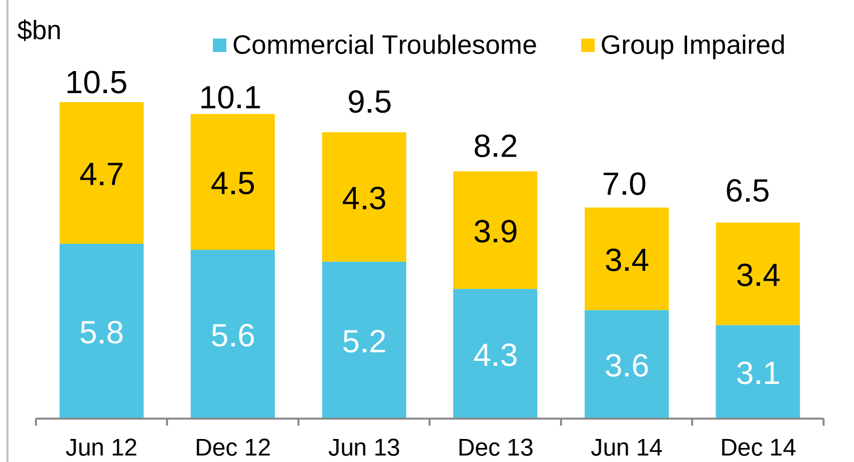
Group Consumer Arrears



Commercial Portfolio Quality[4]



Troublesome and Impaired Assets



1 Basis points as a percentage of average Gross Loans and Acceptances (GLA)
2 FY09 includes Bankwest on a pro-forma basis and is based on impairment expense for the year
3 Statutory Loan Impairment Expense (LIE) for FY10 48 bpts, FY13 21 bpts and FY14 16 bpts
4 Total committed credit exposure (TCE) = balance for uncommitted facilities or greater of limit or balance for committed facilities. Calculated before collateralisation. Includes Bank and Sovereign exposures. CBA grades in S&P equivalents.

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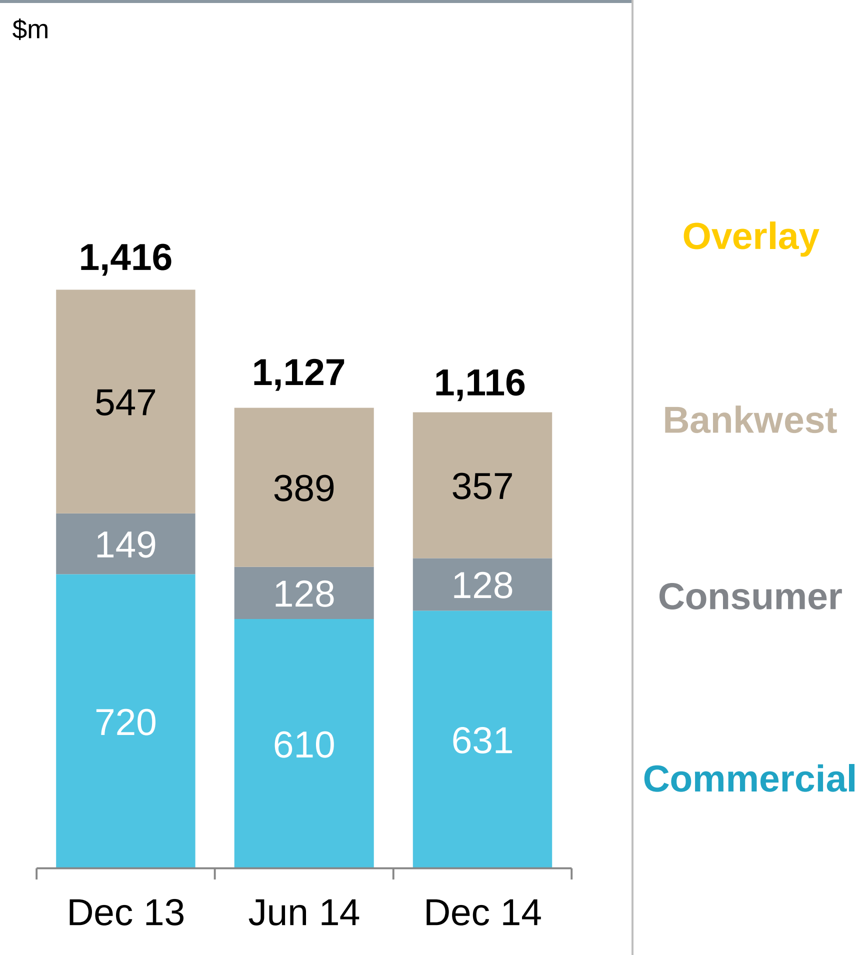
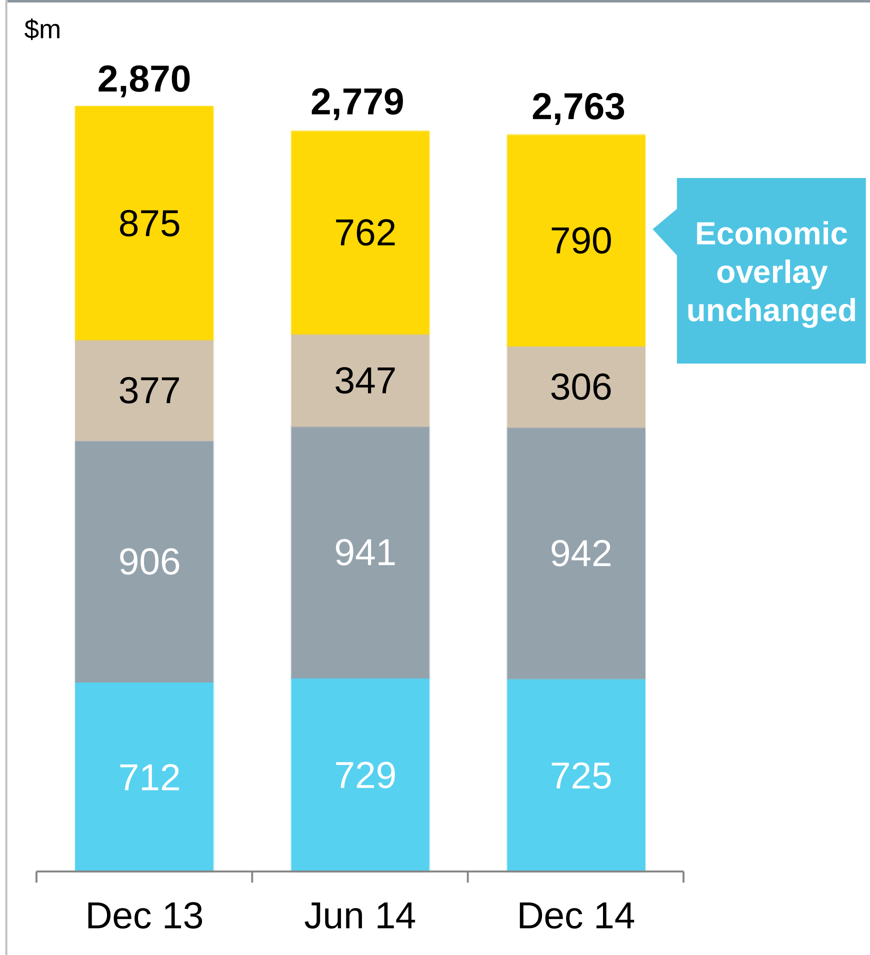
Provisions

Individual Provisions



Collective Provisions



Our strategy

Customer Focus

Capabilities

People	Productivity	Technology	Strength

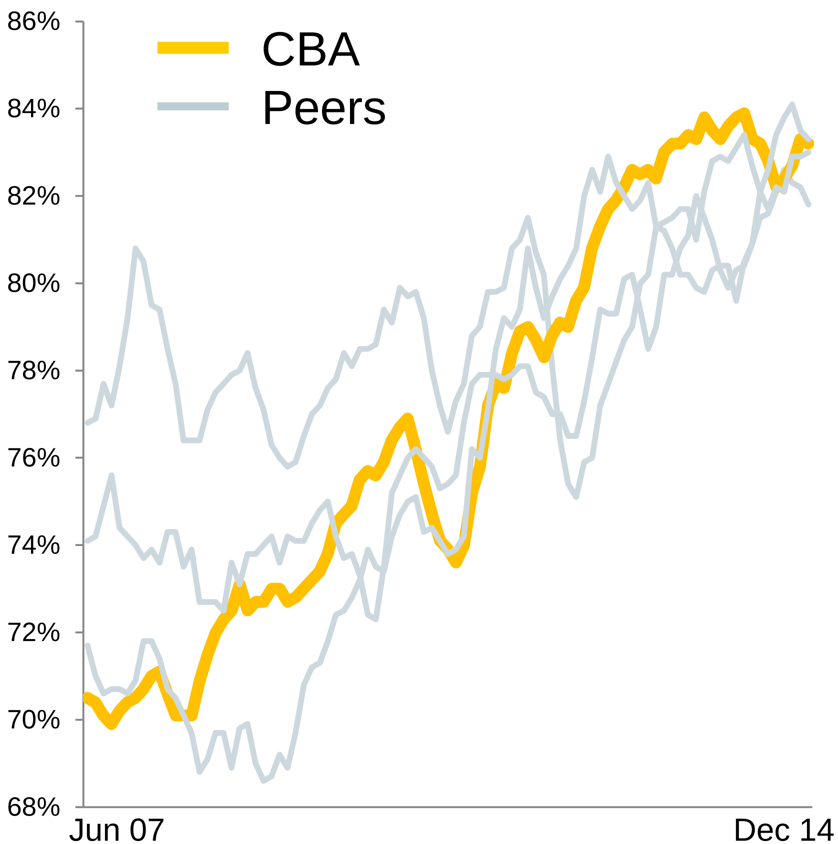
Growth Opportunities

- "One CommBank"
- Continued growth in business and institutional banking
- Disciplined capability-led growth outside Australia

TSR Outperformance

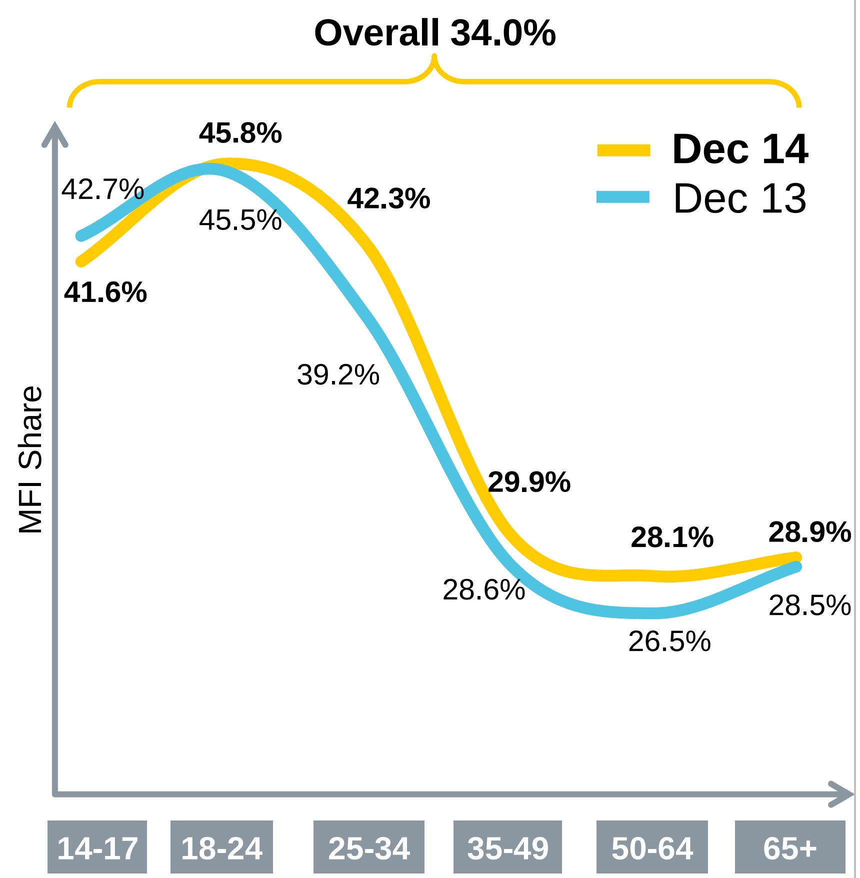
Focus on the customer

Retail Customer Satisfaction



% Satisfied ('Very Satisfied' or 'Fairly Satisfied')[1]

CBA MFI share by age [3]



Customer lifecycle (age)

1, 5, 6, 7, 9 Refer notes slide at back of this presentation for source information

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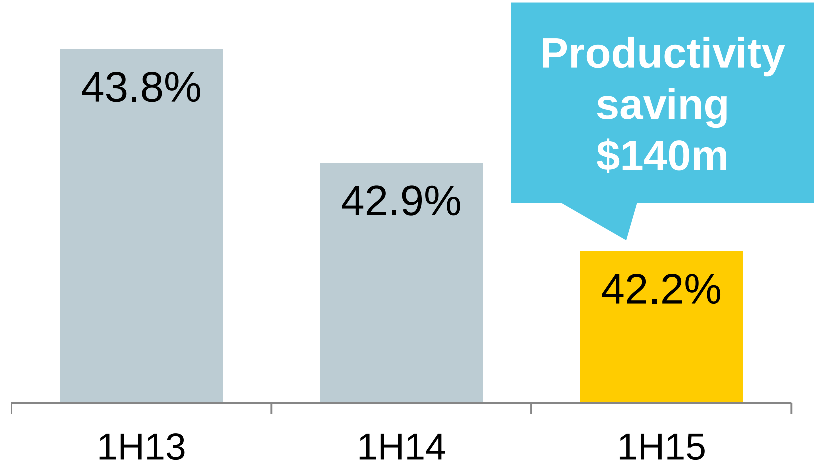
Productivity

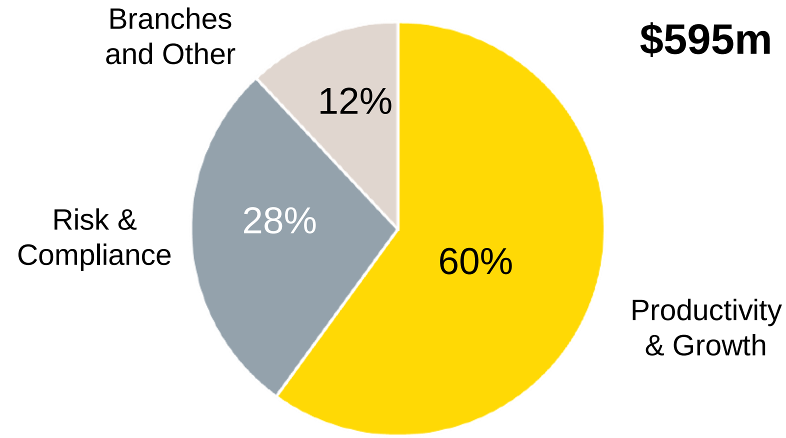
Improving service [1]

Personal loans funded same day	↑	27%
Asset Finance – Credit approval time	↓	67%
Home insurance claims – turnaround time	↓	39%
Transaction Banking – client on-boarding time	↓	30%
Bankwest – Business Account documents required	↓	58%
Regional and Agribusiness – client facing activities	↑	38%

Cost to Income %



1H Investment spend



1 Refer notes page at back of presentation for definition of productivity metrics. Movements shown are since inception of respective productivity initiatives.

Leading technology, innovative solutions

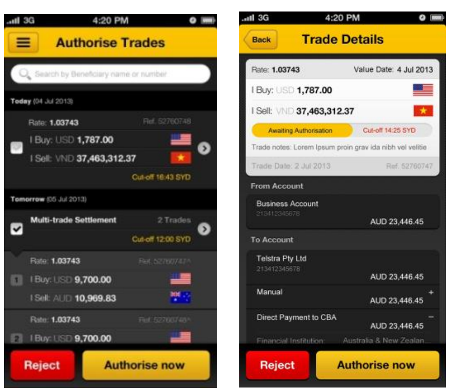
Contactless

- Fast in-store payments
- CBA market leading in cards and terminals
- 33% of all credit transactions

Tap & Pay

- $48 million+ in spend (12 mths)
- 2.3 million+ transactions (12 mths)
- Average spend per transaction $21

CommBiz Mobile



- 400k logins since the launch
- Real time account balances and transaction history
- Create, view and authorise payments, including FX

Small Business App & Emmy

- Improved cash flow, on-the-spot payments and invoicing
- Provides customers more ways to pay, with BPAY™ included
- Easily track and follow up estimates to win more business
- Split bills and add tips

Digital Banking Ecosystem

TYME technology enables an ecosystem of partners to collectively deliver real-time banking services at ultra-low cost through a distribution network of proprietary and third party channels

Mobile Network Operator

- Customer base
- Data
- Distribution
- Airtime

TYME
TAKE YOUR MONEY EVERYWHERE

Banking Partner

- Product
- Banking license
- Compliance

Retail Partners

- Cash in / out
- POS payments
- Sales & service

Retail Business

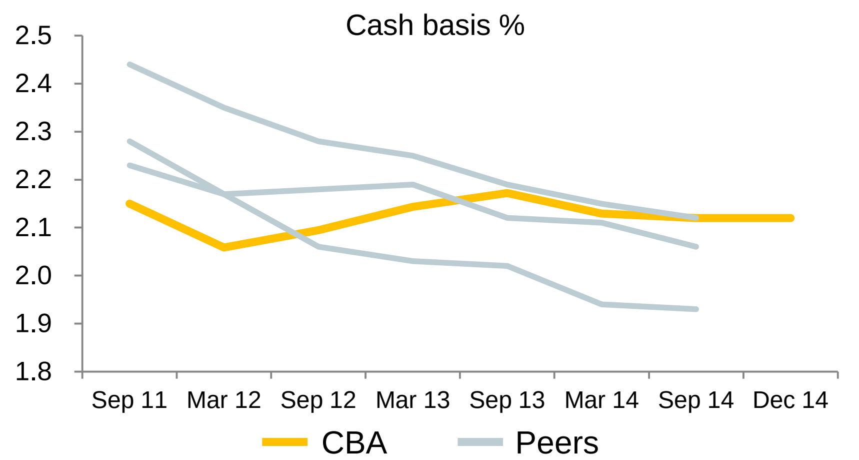
Transactional Account Users

- Cash in / out and deposits to bank account
- Card, transfers and point of sale payments
- Value added services
- Billing, payments and transaction history

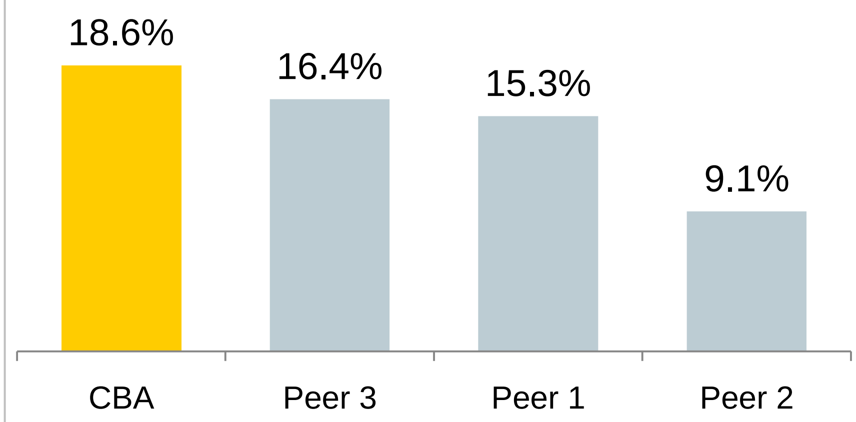
Services

Strength

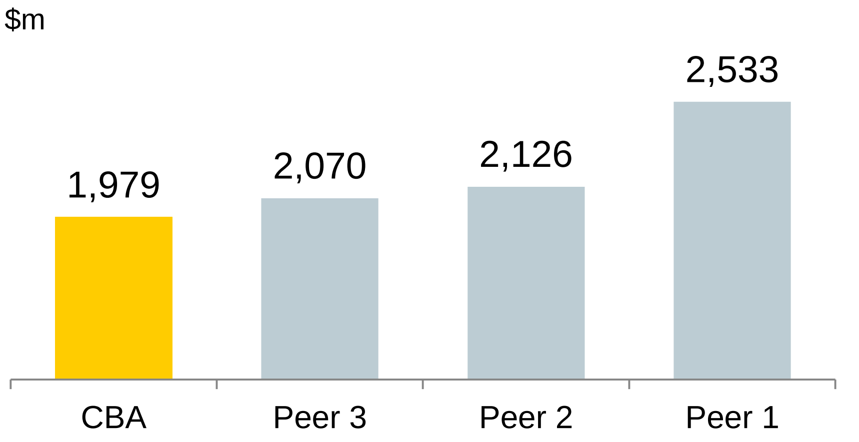
Group NIM



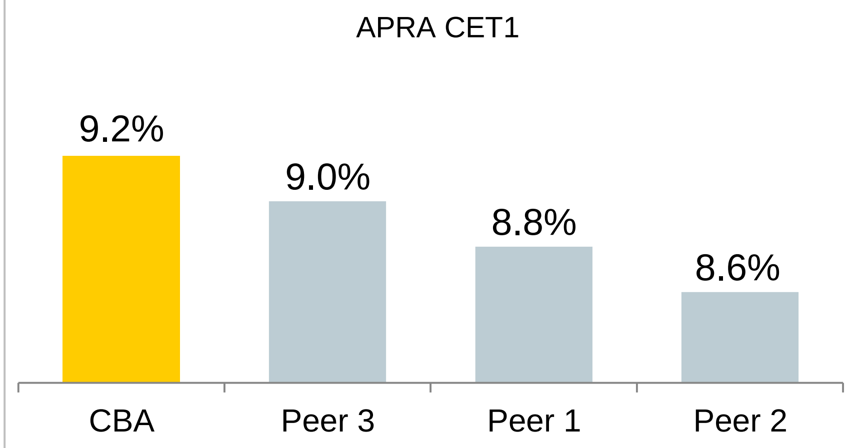
ROE [1]



Capitalised Software [2]



Capital [2]



1 CBA is half to December 2014. Peers are half to September 2014.
2 CBA is as at December 2014. Peers are as at September 2014.

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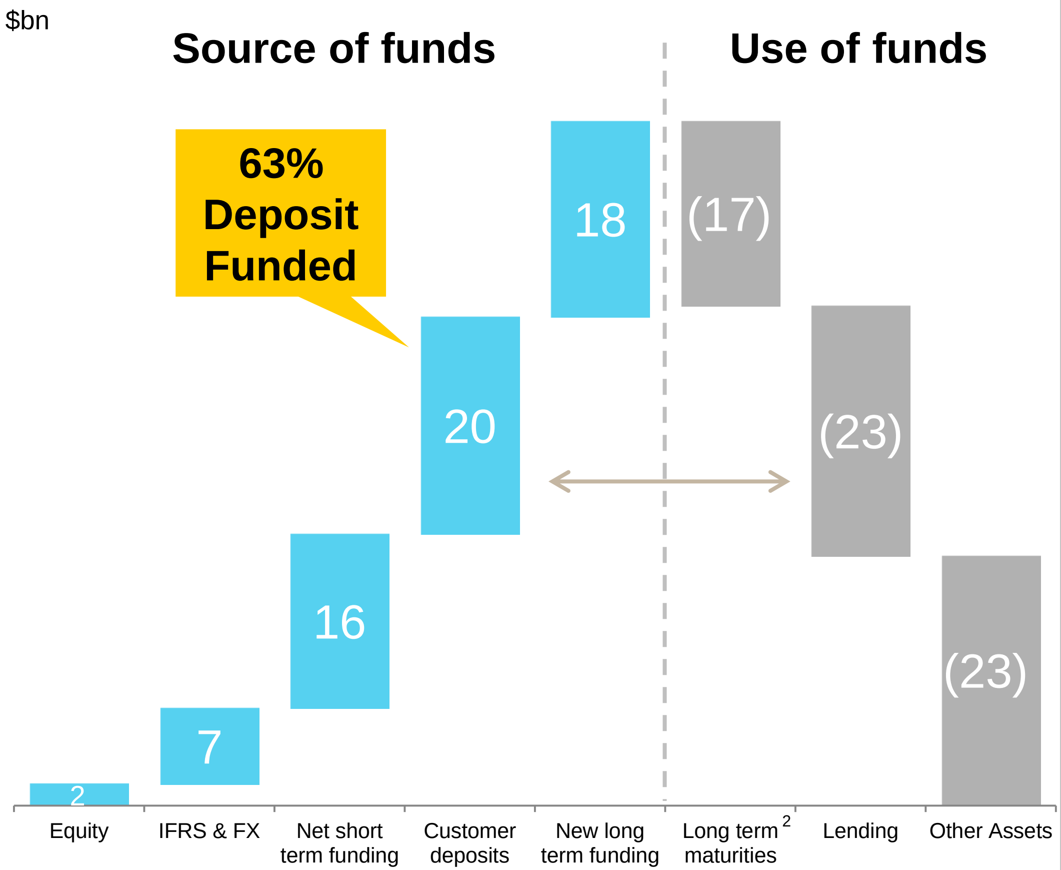
Funding, Capital & Liquidity

CAN

Funding and Liquidity

Funding



6 Months to Dec 14

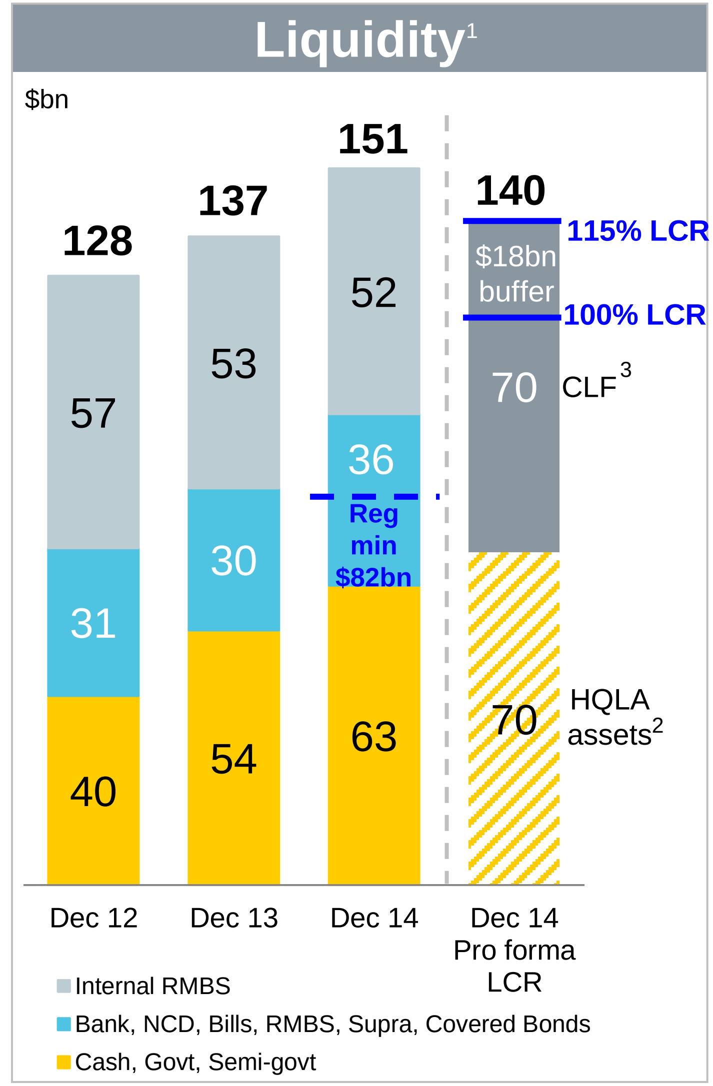
Funding sources

$bn	Dec 14	Jun 14
Transactions	82	77
Savings	163	155
Investments	198	193
Other	15	14
Total customer deposits	458	439
Wholesale funding	274	250
Total funding	732	689
Equity	51	49
Total funded assets	783	738
Customer % of total funding	63%	64%

1 Liquids are reported net of applicable regulatory haircuts
2 Includes Government Guaranteed bonds buyback
3 Qualifying HQLA includes cash, Govt and Semi Govt securities. Also includes $5.6bn of RBNZ eligible securities.
4 CBA provided with a CLF of $70bn for period 1 Jan 2015 to 31 Mar 2015 inclusive, after which the CLF is $66bn

Liquidity

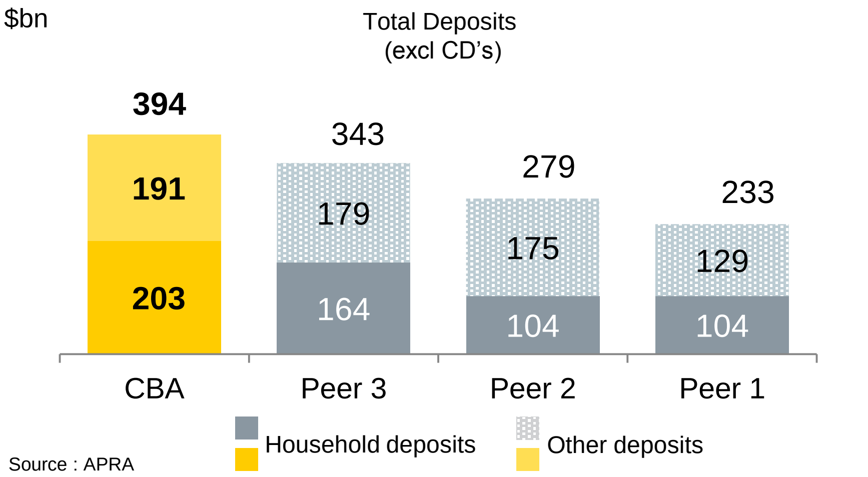
- Full Liquidity Coverage Ratio (LCR) compliance from 1 Jan 2015
- CBA pro-forma LCR at 31 Dec 2014 - 115%
- RBA Committed Liquidity Facility (CLF)
  - Available to meet AUD cash outflows
  - 15bp commitment fee on approved amount with additional cost if used
  - Collateralised by RBA repo-eligible securities (including Internal RMBS)
  - CBA has additional internal RMBS above amount used for CLF
- APRA has determined the CBA CLF in context of AUD cash outflows and acceptable HQLA1 holdings - $66bn for calendar year 2015[2]



1 Liquids are reported net of applicable regulatory haircuts
2 Qualifying HQLA includes cash, Govt and Semi Govt securities. Also includes $5.6bn of RBNZ eligible securities.
3 CBA provided with a CLF of $70bn for period 1 Jan 2015 to 31 Mar 2015 inclusive, after which the CLF is $66bn

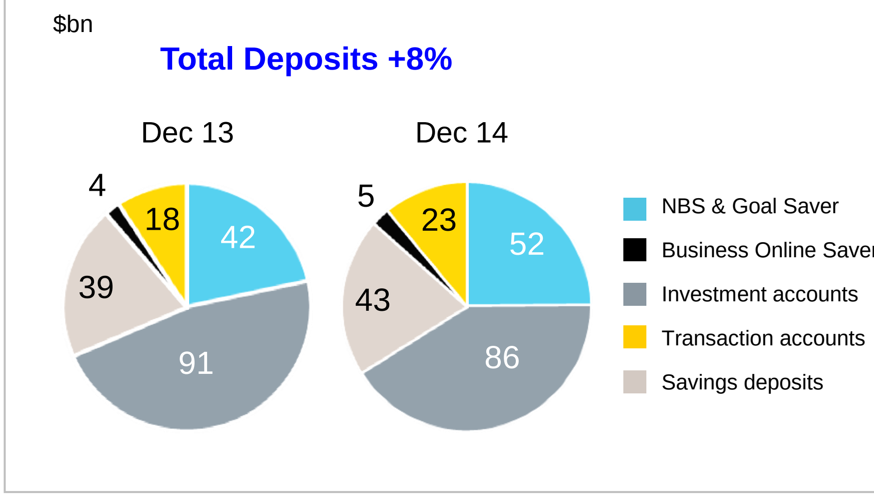
Funding – deposits and costs

Australian Deposits

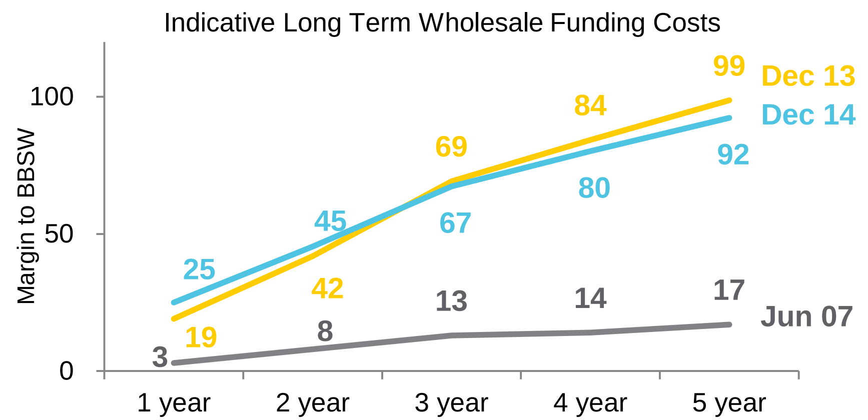


Source : APRA

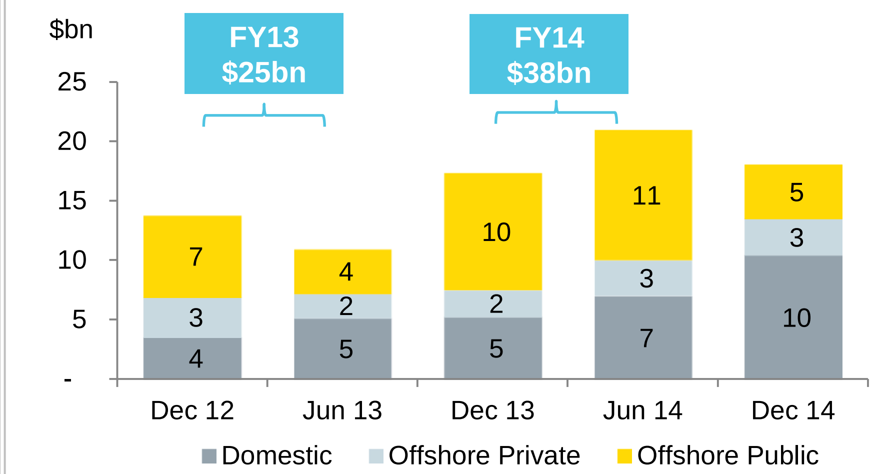
Retail Deposit Mix



Funding Costs[2]



Term Issuance



1 Maturity profile includes all long term wholesale debt. Weighted Average Maturity of 3.9 years includes all deals with first call or residual maturity of 12 months or greater.

2 CBA Group Treasury estimated blended wholesale funding costs

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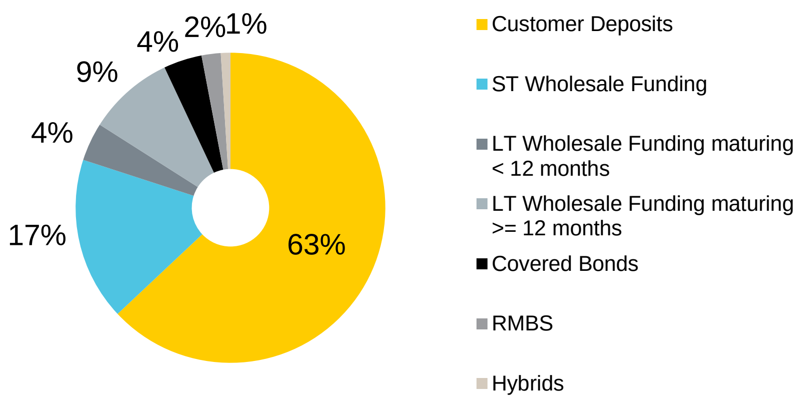
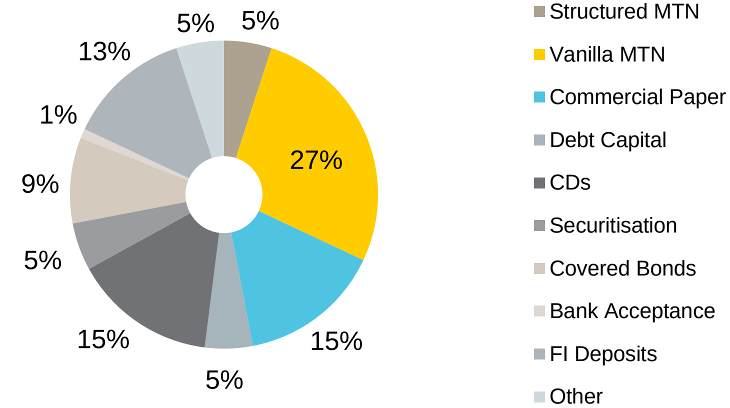
Funding - Portfolio

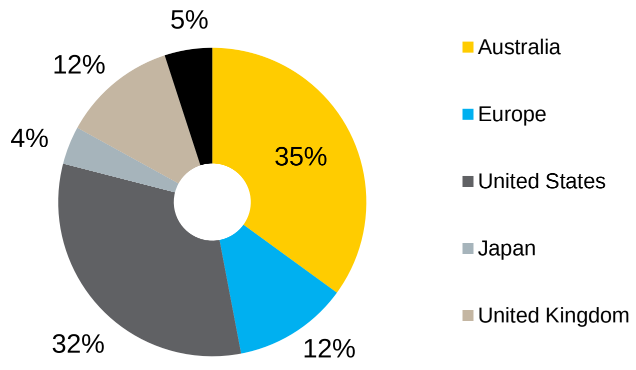
Funding Composition



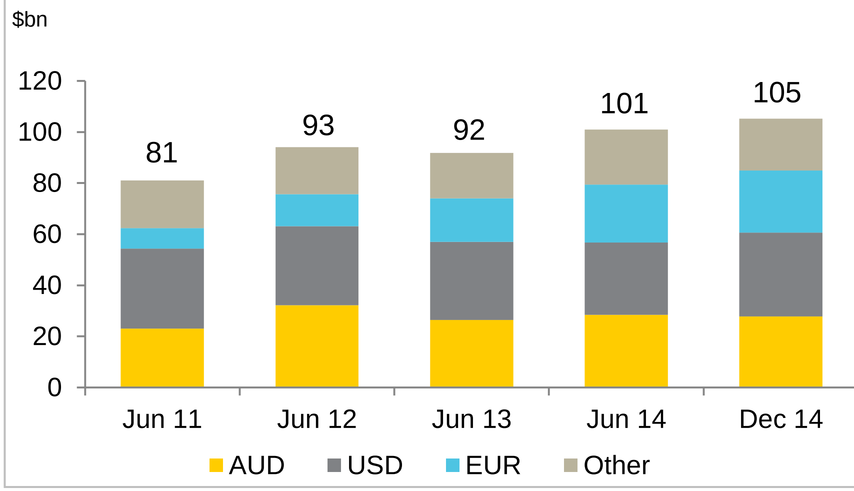
Wholesale Funding by Product



Wholesale Funding by Currency



Term Debt Issues Outstanding (>12mths)[1]



1 Total of debt issues (at current FX) plus A$ Transferable Certificates of deposit. Excludes IFRS.

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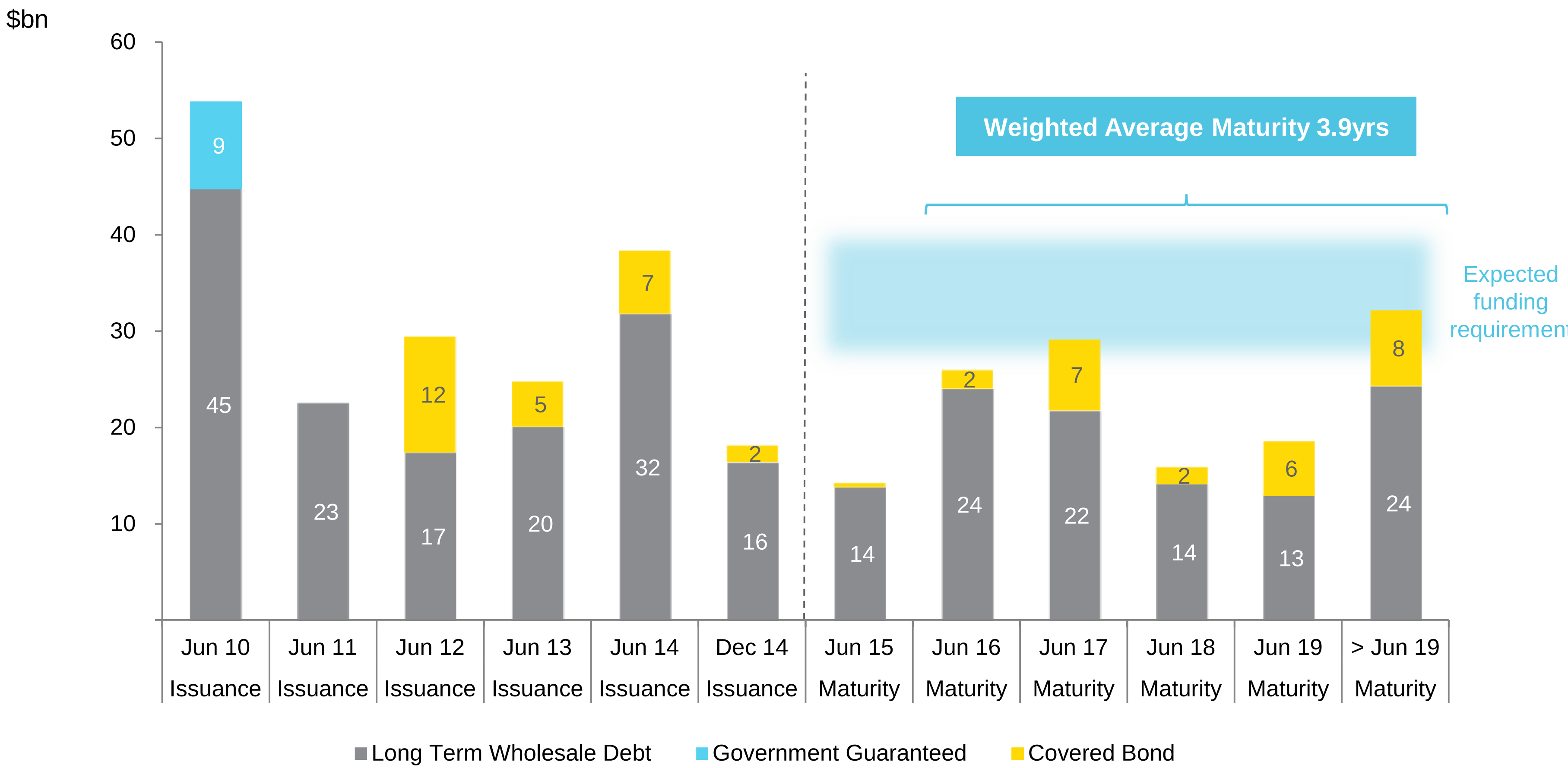
Funding – Issuance and Maturity [1]

- Funding strategy driven by market and investor diversity, appropriate maturity profile and overall cost
- Term wholesale funding requirement has eased materially since FY 2010



1 Maturity profile includes all long term wholesale debt. Weighted Average Maturity of 3.9 years includes all deals with first call or maturity of 12 months or greater.

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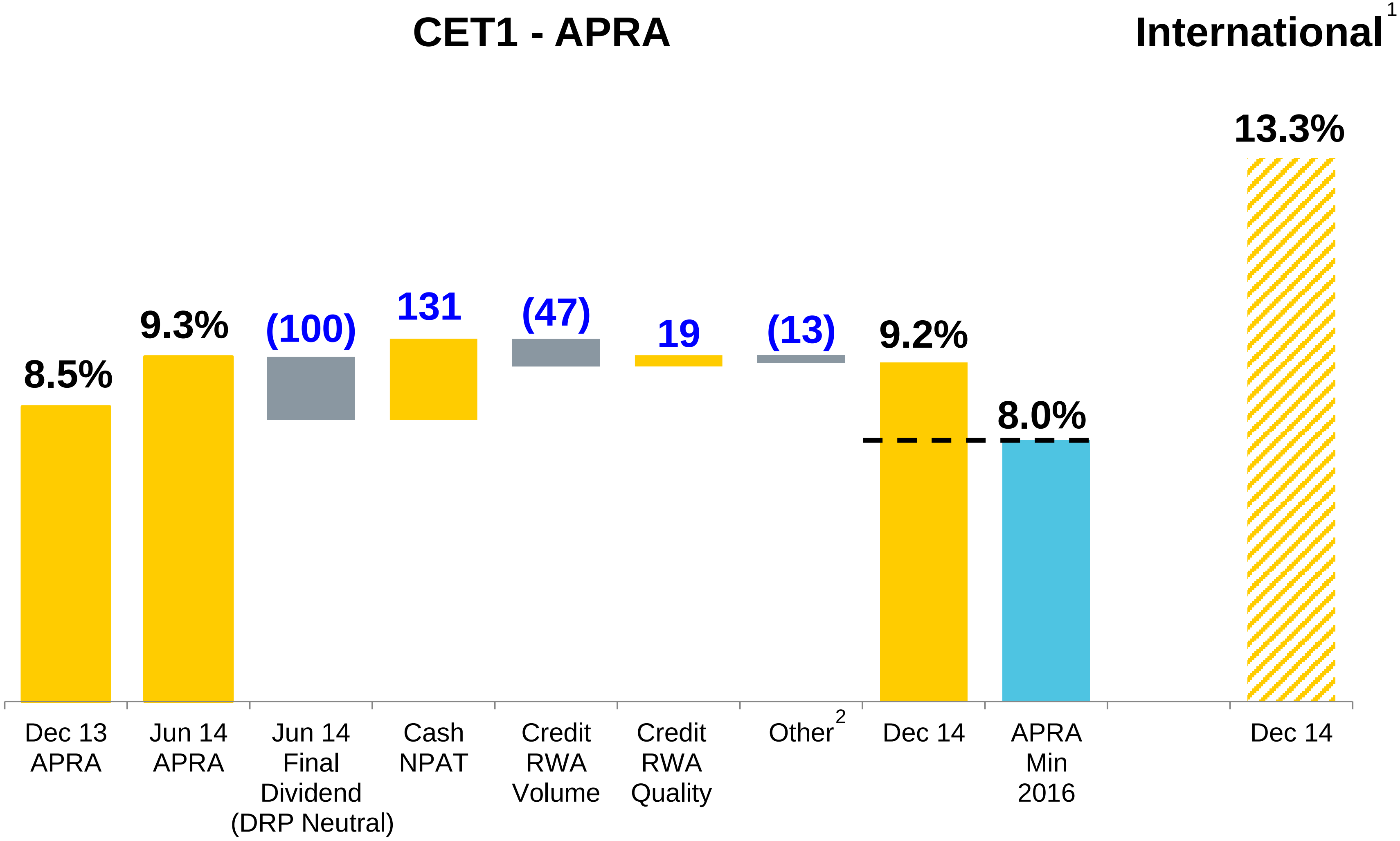
Capital Position



1 The Group has revised its international measure of CET1 at 31 December 2014 with the methodology consistent with that detailed in the August 2014 PwC Australia report commissioned by the ABA. The key changes in methodology include differences in calculating RWA for residential mortgages, specialised lending and corporate exposures.

2 Changes in regulatory treatments, equity investments, software and capitalised costs, increases in Operational/Market RWA and non-cash NPAT items, partially offset by lower IRRBB RWA

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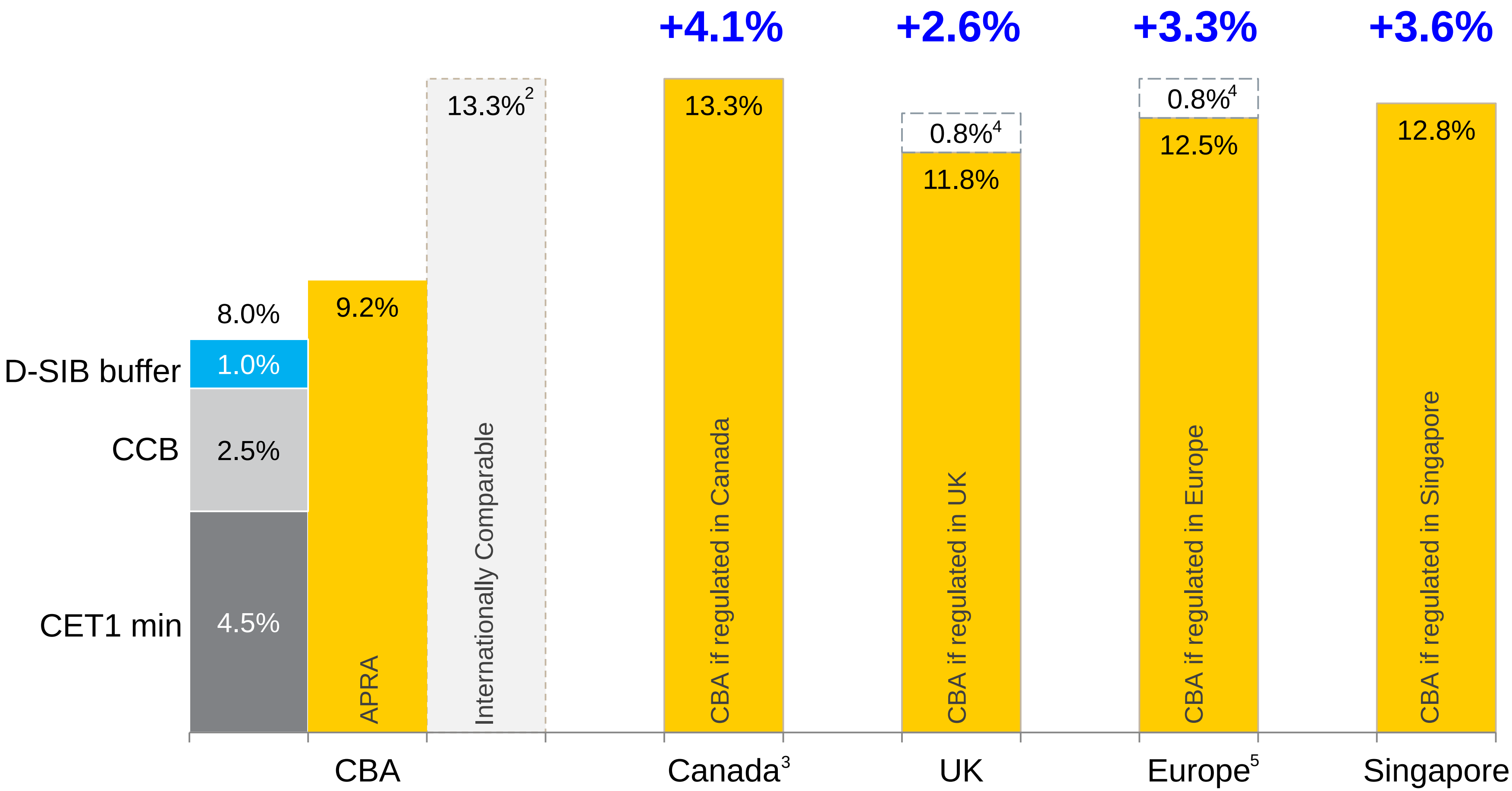
APRA & International Comparison

The following table provides details on the differences, as at 31 December 2014, between the APRA Basel III prudential requirements and capital as measured on an Internationally Comparable basis[1].

%	CET1
Basel III (APRA)	**9.2%**
Equity investments	1.0%
Deferred tax assets	0.2%
IRRBB risk weighted assets	0.1%
Treatment of residential mortgages	0.8%
Treatment of specialised lending and other standardised exposures	0.9%
Treatment of corporate exposures	1.1%
Total adjustments	**4.1%**
Basel III (Internationally Comparable)	**13.3%**

1 The Group has revised its international measure of CET1 at 31 December 2014 with the methodology consistent with that detailed in the August 2014 PwC Australia report commissioned by the ABA

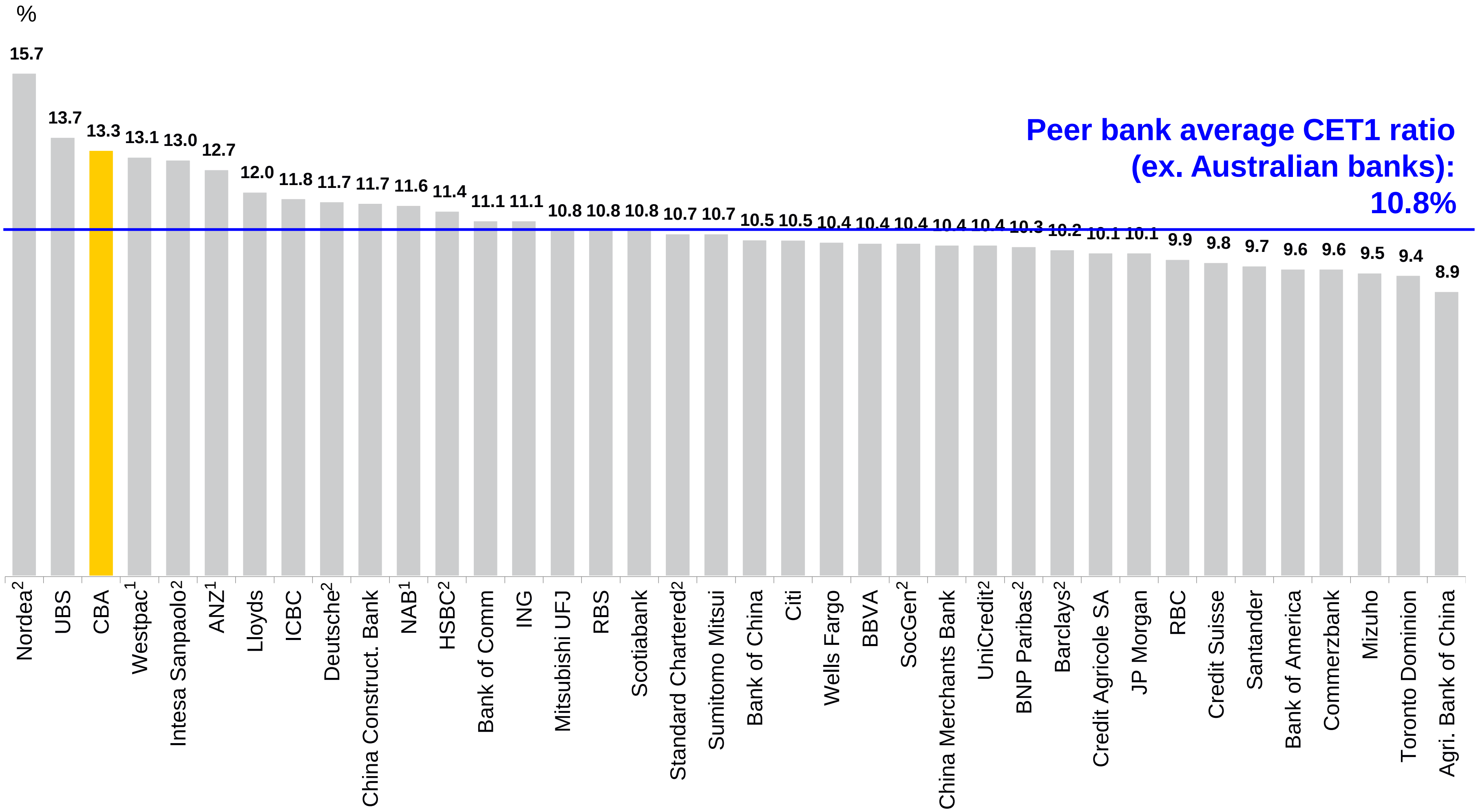
Strong Capital Position



Source: CBA and PwC.

1. Calculations under the non-APRA regimes include the impact of international harmonisation as well as adjusting for additional regulatory constraints imposed by APRA which are not required in those jurisdictions
2. The Group has revised its international measure of CET1 at 31 December 2014 with the methodology consistent with that detailed in the August 2014 PwC Australia report commissioned by the ABA
3. Does not include the benefit of the Canadian Government guarantee of mortgage insurers which allows Canadian banks to realise lower risk-weights
4. Since 31 December 2013, UK and European banks have taken a deduction for accrued expected future dividends (if they are paying dividends)
5. Based on CRD IV as implemented by the European Commission

International Peer Basel III CET1



Source: Morgan Stanley. Based on last reported CET1 ratios up to 5 February 2015 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 2014
2 Includes deduction for accrued expected future dividends

D-SIB and CCB Buffer

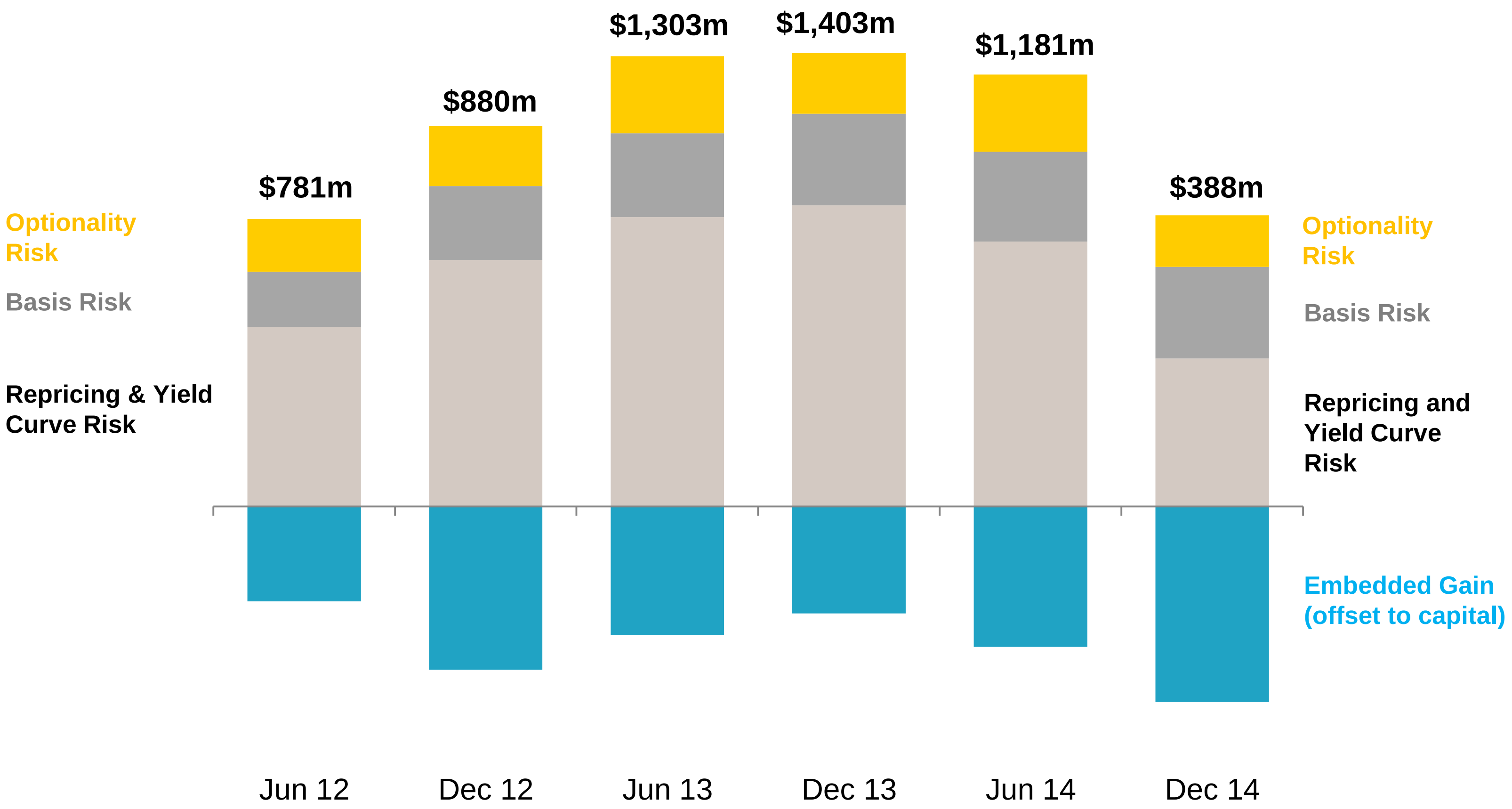
- In December 2013, APRA announced that the Australian major banks are domestic systemically-important banks (D-SIBs)
- From 1 January 2016, D-SIBs are required to hold 1% additional capital in the form of CET1 (called the D-SIB buffer)
- D-SIB buffer forms part of the capital conservation buffer (CCB) – from 1 January 2016, if a bank's CET1 ratio falls within the capital conservation buffer, then it will only be able to use a certain percentage of its earnings to make discretionary payments such as dividends, hybrid Tier 1 distributions and bonuses

CET1 ratio	Value	% of earnings able to be used for discretionary payments
Above top of CCB	PCR + 3.5%, and above	100%
Fourth quartile of CCB	Less than PCR + 3.5%	60%
Third quartile of CCB	Less than PCR + 2.625%	40%
Second quartile of CCB	Less than PCR + 1.75%	20%
First quartile of CCB	Less than PCR+ 0.875%	0%
Prudential capital ratio	PCR (minimum)	0%

Above example assumes the total CCB (including the D-SIB buffer) is 3.5%

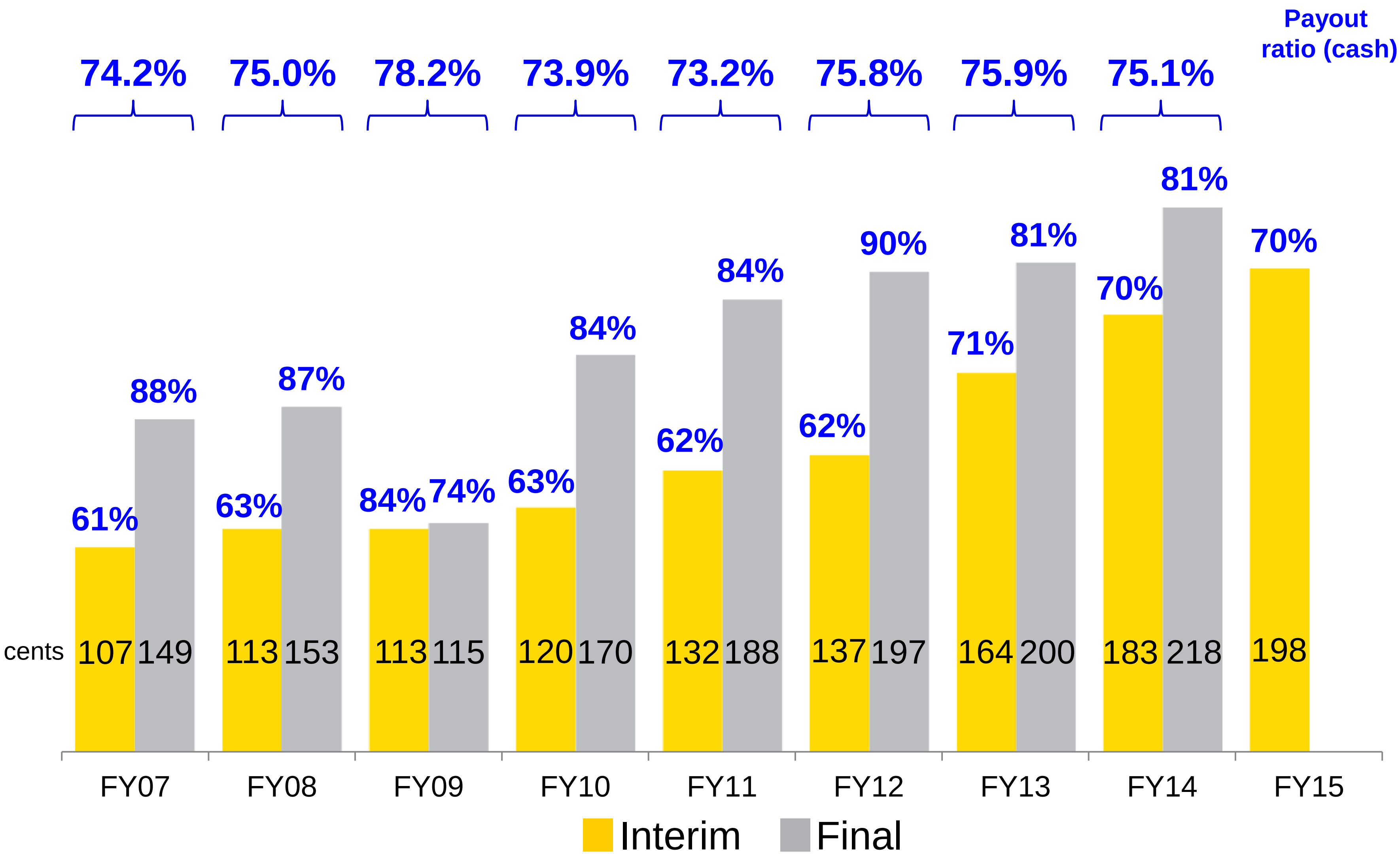
Interest Rate Risk in the Banking Book

bpts	24	29	43	47	43	13



Capital assigned to interest rate risk in banking book per APS117. Basis points of APRA CET1 ratio.

Dividends



Payout ratio (cash)
74.2%
75.0%
78.2%
73.9%
73.2%
75.8%
75.9%
75.1%
61%
88%
63%
87%
84%
74%
63%
84%
62%
84%
62%
90%
71%
81%
70%
81%
70%
cents
107
149
113
153
113
115
120
170
132
188
137
197
164
200
183
218
198
FY07
FY08
FY09
FY10
FY11
FY12
FY13
FY14
FY15
Interim
Final

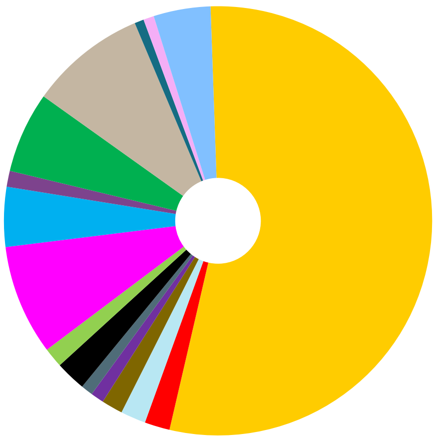
Outlook

- On-going focus on long-term strategy to strengthen the franchise in an increasingly competitive environment
- Some signs of positive transition in Australian economy: reality ahead of sentiment
- But clear, long term policy needed to build confidence so as to sustain and accelerate the transition: job creation, infrastructure, foreign investment, trade, business competitiveness

Credit & housing

Credit Exposures[1] by Industry

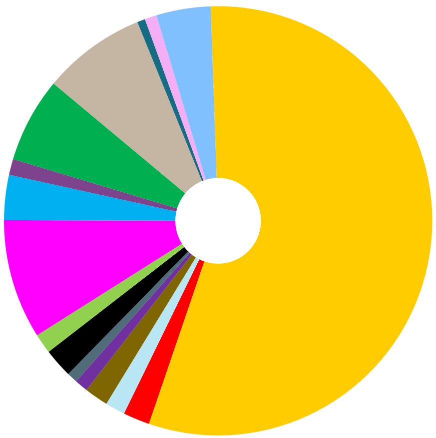
Dec 14



Australia	76.7%
New Zealand	8.8%
Europe	6.1%
Other International	8.4%

	Dec 14	Jun 14
Consumer	54.2%	55.8%
Agriculture	1.9%	2.0%
Mining	1.9%	1.5%
Manufacturing	1.6%	1.8%
Energy	1.0%	1.0%
Construction	0.9%	0.8%
Retail & Wholesale	2.3%	2.2%
Transport	1.5%	1.5%
Banks	8.3%	9.0%
Finance – other	4.5%	3.4%
Business Services	1.2%	1.2%
Property	6.1%	6.4%
Sovereign	8.8%	7.8%
Health & Community	0.7%	0.6%
Culture & Recreation	0.8%	0.9%
Other	4.3%	4.1%
Total	**100%**	**100%**

Jun 14



Australia	78.4%
New Zealand	8.9%
Europe	5.0%
Other International	7.7%

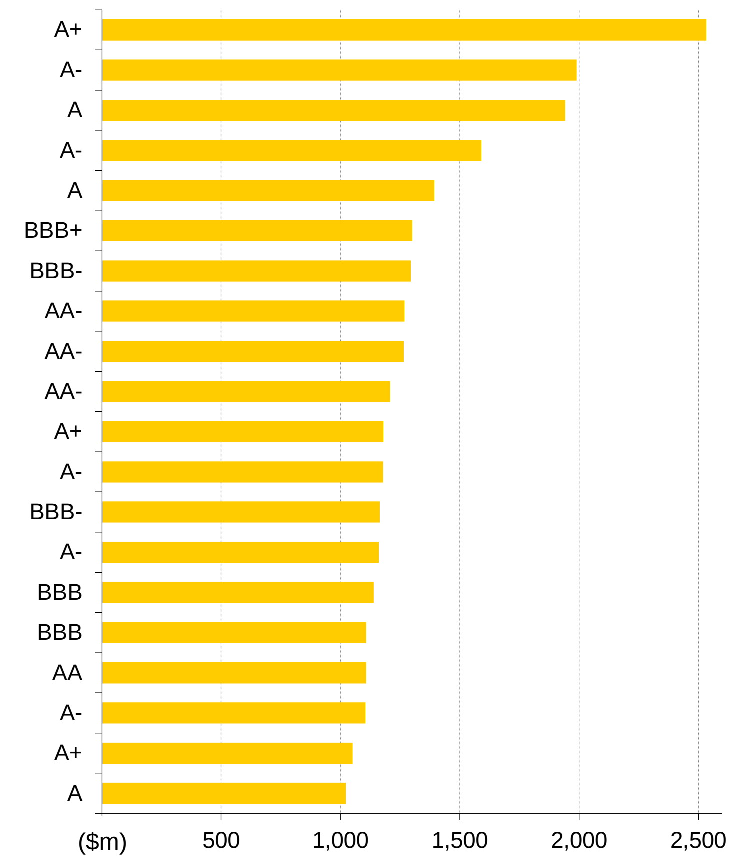
1 Total Credit Exposure (TCE) = balance for uncommitted facilities or greater of limit or balance for committed facilities. Calculated before collateralisation. Includes ASB and Bankwest. Excludes settlement risk.

Sector Exposures

Commercial Exposures by Industry [1,2]

$bn	AAA to AA-	A+ to A-	BBB+ to BBB-	Other	Total
Banks	35.9	38.9	3.6	1.8	**80.2**
Finance Other	23.1	12.1	4.4	4.1	**43.7**
Property	1.3	4.8	12.5	41.0	**59.6**
Sovereign	74.9	9.8	0.6	0.2	**85.5**
Manufacturing	0.2	3.1	5.9	6.7	**15.9**
Retail/Wholesale Trade	0.5	2.3	7.2	12.4	**22.4**
Agriculture	-	0.5	2.1	15.5	**18.1**
Energy	0.2	2.4	5.8	0.9	**9.3**
Transport	0.2	1.8	7.9	4.2	**14.1**
Mining	1.8	5.9	6.8	4.0	**18.5**
All other (ex consumer)	1.9	5.4	20.0	40.5	**67.8**
Total	**140.0**	**87.0**	**76.8**	**131.3**	**435.1**

Top 20 Commercial Exposures[2]



1. Total Credit Exposure before collateralisation (TCE) = balance for uncommitted facilities and greater of limit or balance for committed facilities. Includes ASB and Bankwest, excludes settlement exposures.
2. CBA grades in S&P Equivalents

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Resources Exposure

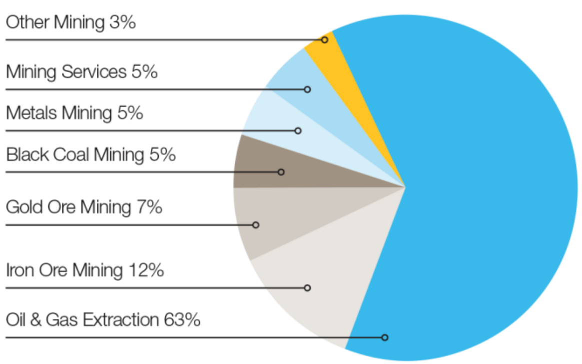
We recognise that we play a crucial role in enabling the economic and social development of Australia, supporting jobs, growth, innovation and opportunities for people and businesses. We also recognise our role in addressing the challenge of climate change, including helping organisations to transition to a low carbon economy, investing in renewables and ensuring we have robust responsible lending practices in place. The charts below show Group total exposures to mining and energy sectors and emissions arising from our project finance exposure[3] to the energy sector.

Resources Industries Dec 14

	Commercial Exposure[1]	
Sector	$bn	% of Group TCE
Mining ex Oil & Gas Extraction	6.9	0.7
Oil and Gas Extraction	11.6	1.2
Energy[2]	9.3	1.0
Coal Ports & Transport Terminals	1.7	0.2

Mining, Oil and Gas

Dec 14



Assessed Carbon Emissions – Project Finance

Assessed carbon emissions arising from the Group's project finance exposure to the energy sector, per the Group's ESG reporting commitments. Data is reported as at June 2014 due to availability of client and public data sources of generation, production and emissions data.

Project Financed Coal Operations

Emissions intensity of CBA project finance coal operations;

- Direct (scope 1 & 2) emissions:
  - 0.011tCO_{2e}/tonne extracted
  - 81tCO_{2e}/\$m project finance debt
- Indirect (scope 3 combustion) emissions:
  - 17.5ktCO_{2e}/\$m project finance debt

CBA project finance facilitated 940kt of coal extraction during FY14. This is approximately 0.19% of Australia's total coal production (FY14 produced saleable black coal and FY13 produced brown coal).

Project Financed Oil and Gas Operations

Direct (scope 1 & 2) emissions intensity of CBA project finance oil and gas operations: 41tCO_{2e}/\$m.

Project Financed Electricity Generation

Emissions intensity of CBA project finance electricity generation:

- 0.77tCO_{2e}/MWh in Australia, 9% below the Australian average emissions intensity of 0.85tCO_{2e}/MWh
- 0.45tCO_{2e}/MWh in the USA, 17% lower than the USA average grid emissions intensity of 0.55tCO_{2e}/MWh

1. Total Credit Exposure (TCE) = balance for uncommitted facilities and the greater of limit or balance for committed facilities. Calculated before collateralisation. Includes ASB and Bankwest and excludes settlement exposures. Exposure assigned to ANZSIC Codes according to main business activity.
2. Energy includes: electricity generation, distribution & supply; and gas supply
3. Assessed carbon emissions arising from our project finance (definition at back of presentation) - includes both onshore and offshore

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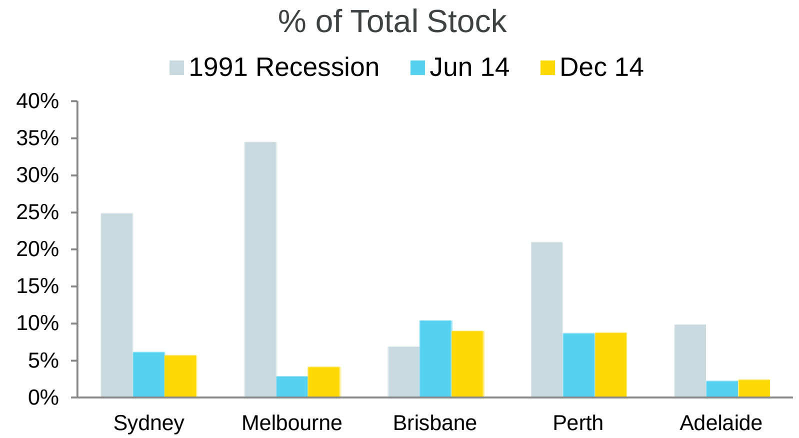
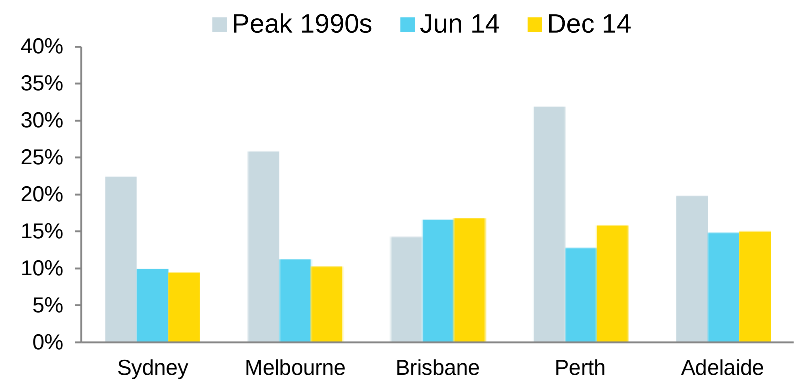
Commercial Property Market

CBD Office Supply Pipeline[1]



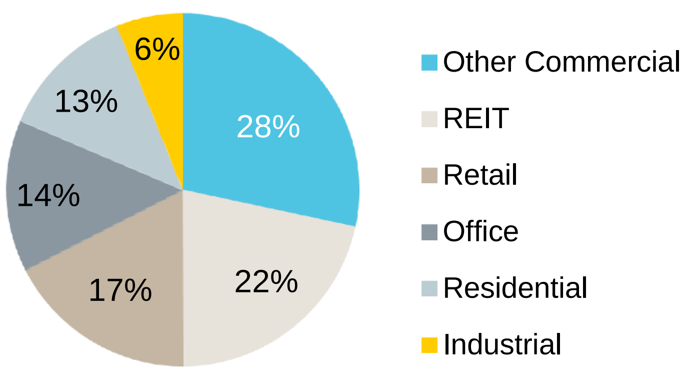
Source: JLL Research

CBD Vacancy Rates

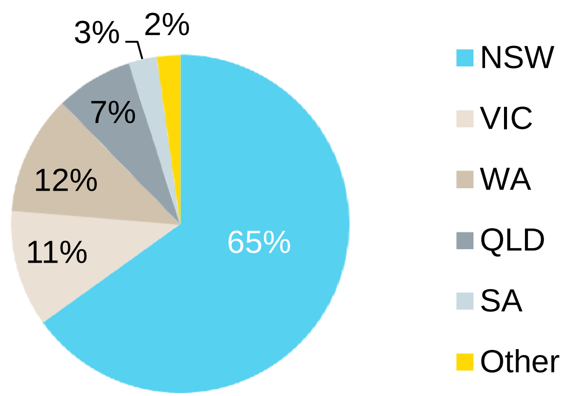


Source: JLL Research

Group Commercial Property Profile[2]



Commercial Property by State[2]



1 The development pipeline includes projects currently under construction
2 As at December 2014. Includes ASB and Bankwest, excludes service sectors.

RBS Home Loan Portfolio

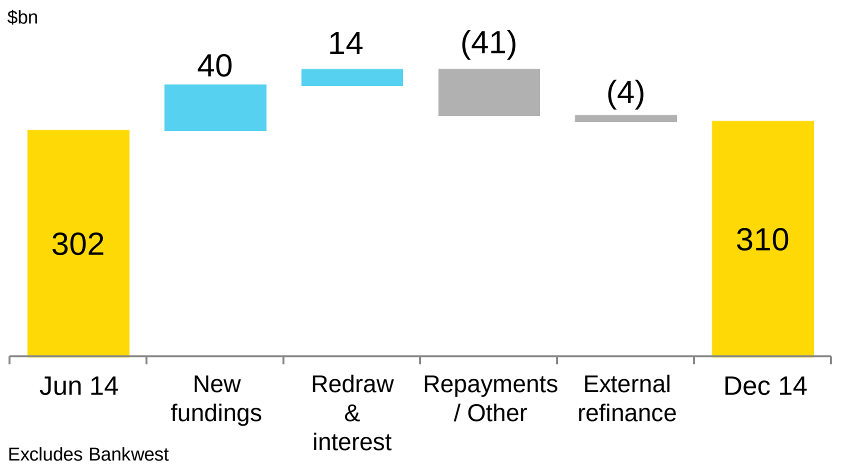
	Dec 14	Jun 14	Dec 13
Total Balances - Spot ($bn)	310	302	293
Total Balances - Average ($bn)	306	293	289
Total Accounts (m)	1.5	1.5	1.4
Variable Rate - % of balances	81	81	82
Owner Occupied - % of balances	58	58	58
Investment - % of balances	36	35	35
Line of Credit - % of balances	6	7	7
Proprietary - % of balances	62	62	63
Broker - % of balances	38	38	37
Interest Only - % of balances[2]	36	34	34
First Home Buyers - % of balances[2]	11	12	13
Low Doc - % of balances[2]	1.2	1.4	1.6
LMI - % of balances[2,3]	24	24	25
LDP - % of balances[2,4]	7	6	6
MIP - % of balances[5]	0.04	0.04	0.06
Customers in Advance (%)[6]	73	76	78
Payments in Advance (#)[7]	7	7	7
Portfolio Dynamic LVR (%)[9]	48	48	49

	Dec 14	Jun 14	Dec 13
Total Funding ($bn)[1]	40	73	37
Average Funding Size ($'000)[1]	267	254	252
Serviceability Buffer (%)[8]	1.5	1.5	1.5
Variable Rate - % of funding[1]	83	81	80
Owner Occupied - % of funding[1]	60	61	61
Investment - % of funding[1]	36	35	35
Line of Credit - % of funding[1]	4	4	4
Proprietary - % of funding[1]	60	62	62
Broker - % of funding[1]	40	38	38
Interest Only - % of funding[1,2]	38	35	35
First Home Buyers - % of funding[1,2]	5	6	6
Low Doc - % of funding[1,2]	0.1	0.1	0.2
LMI - % of funding[1,2,3]	19	21	21
Portfolio Run-Off (%)[1]	20	19	20

1. 12 months to June and 6 months to December
2. Excludes Viridian LOC
3. Lenders' Mortgage Insurance
4. Low Deposit Premium
5. Mortgagees in Possession
6. Any payment ahead of monthly minimum repayment
7. Average number of payments ahead of scheduled repayments
8. Serviceability test based on the higher of the customer rate plus a 1.5% interest rate buffer or a minimum floor rate
9. Defined as current balance/current valuation (data as at Sep 14)

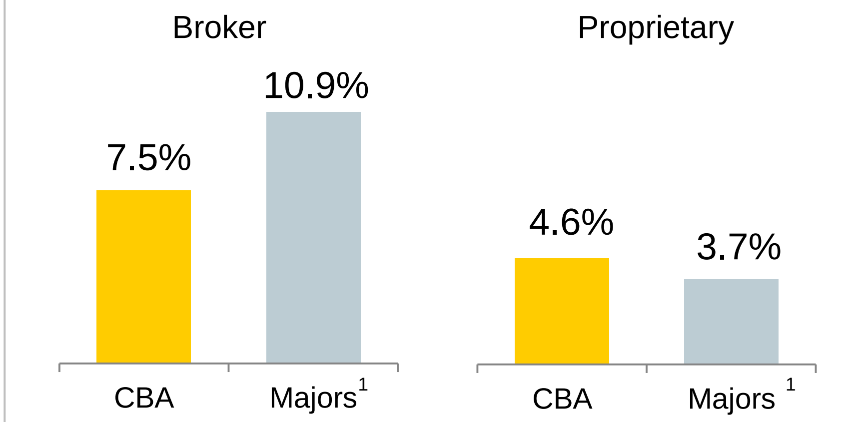
Home Loan Growth Profile

Home Loan Balances



Excludes Bankwest

Channel Growth[1]



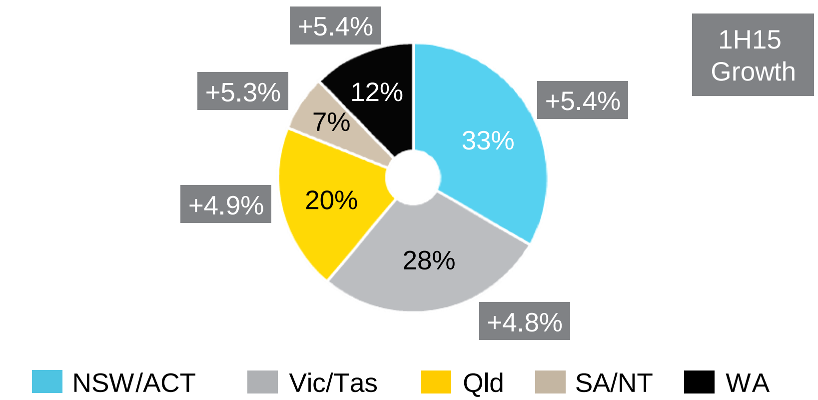
Excludes Bankwest

Australian Investment Home Lending[2]

12 months to Dec 14

Growth Summary

Portfolio Balances Dec 14



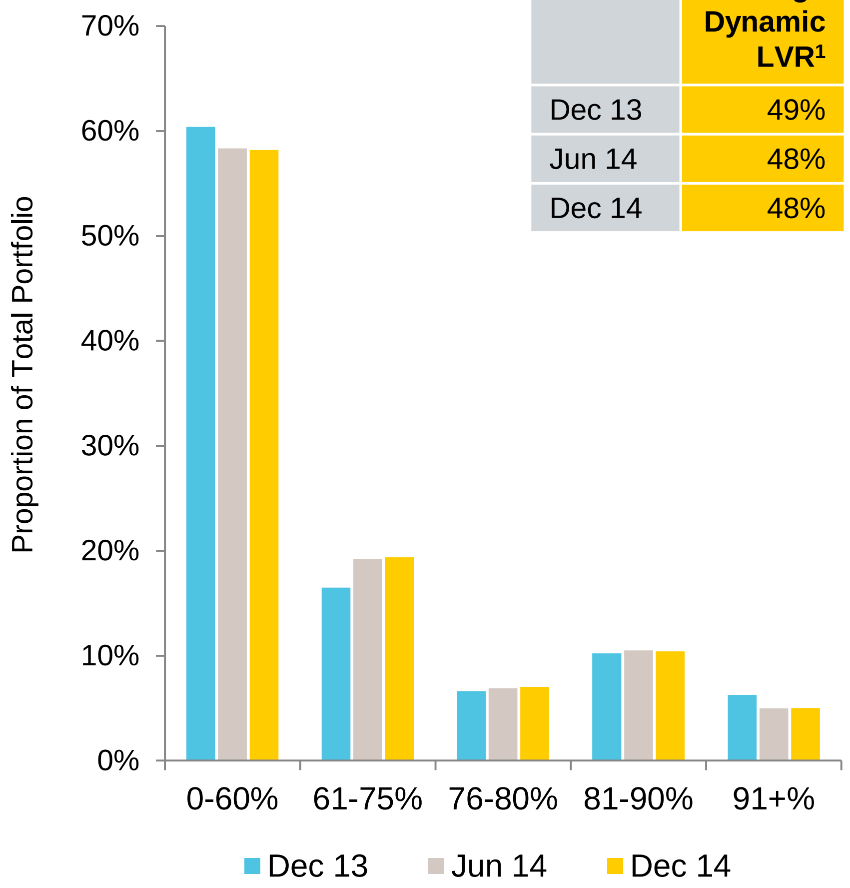
Excludes Bankwest

1. CBA estimates. Growth rates shown are Sep 14 vs Sep 13.
2. Source : APRA (includes Bankwest)

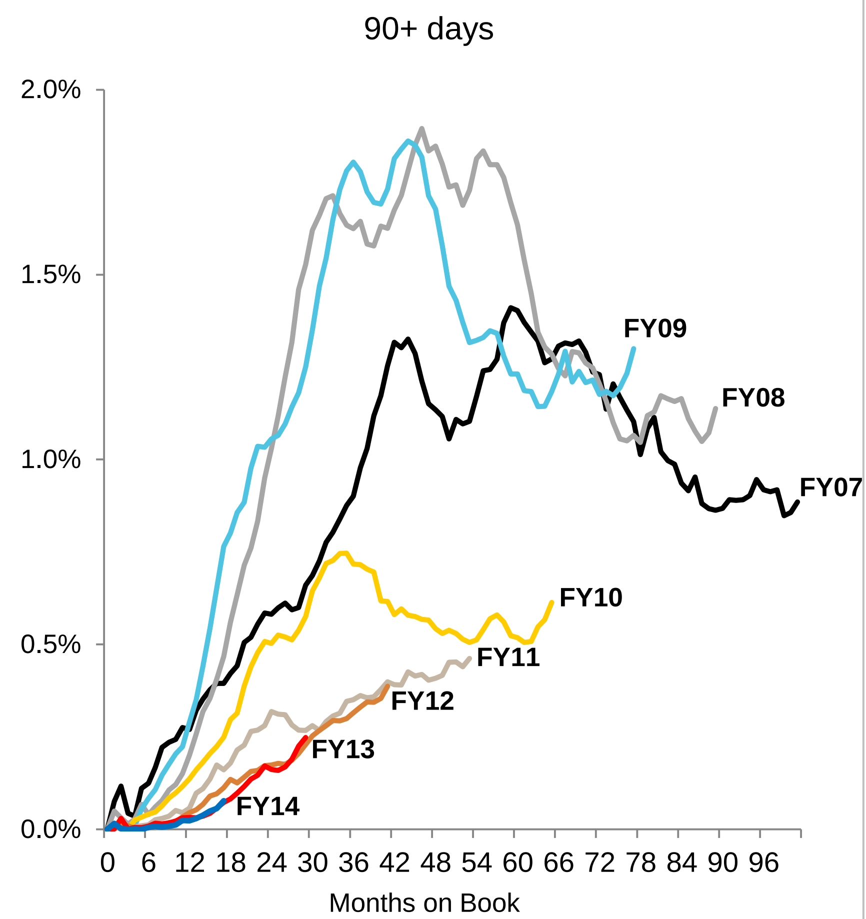
RBS Home Loans – LVR & Arrears

Home Loan Dynamic LVR[1] Profile

	Average Dynamic LVR[1]
Dec 13	49%
Jun 14	48%
Dec 14	48%



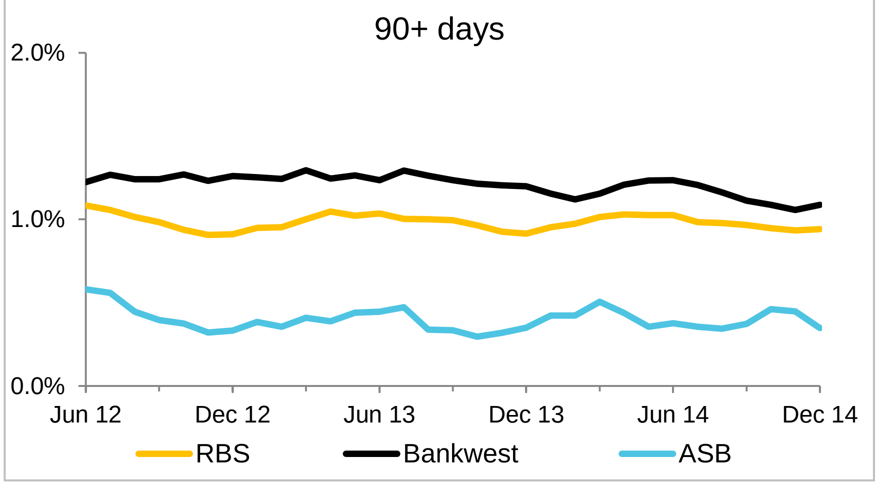
Home Loan Arrears Rates by Vintage



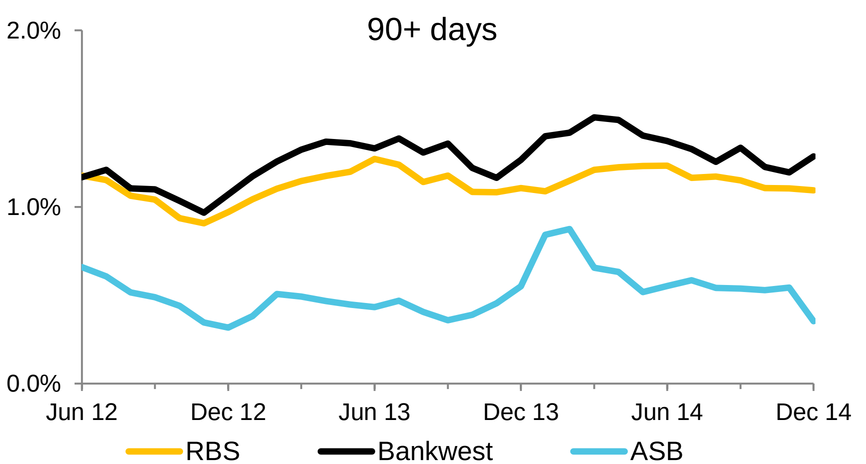
1 Dynamic LVR is current balance / current valuation (data as at Sep 14 due to the lag in the publication of current valuations data)

Consumer Arrears (Group)

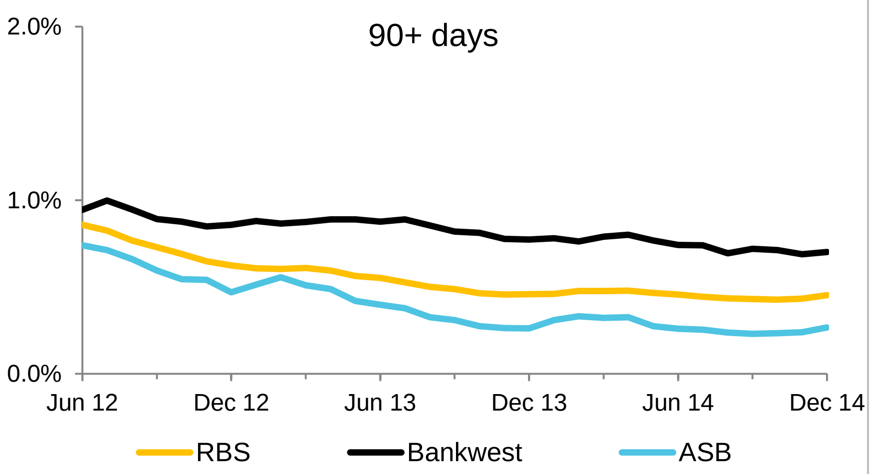
Credit Cards [1]



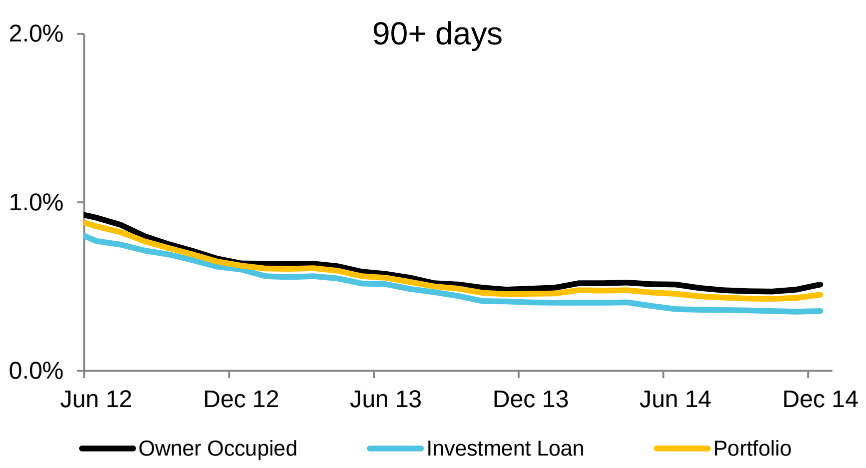
Personal Loans [1]



Home Loans [1]



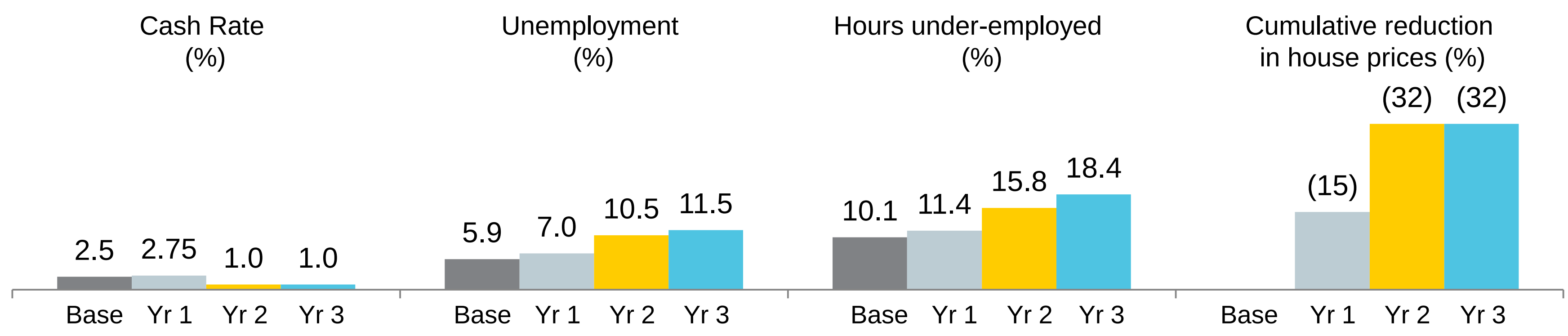
Retail Banking Services Home Loans



1 Results not consistently measured/defined across the industry. CBA definition is conservative as it includes Hardship accounts.

RBS Home Loans – Stress Test[1]

Key Assumptions



Key Outcomes

	Total Potential Losses $m	Insured Losses[2] $m	Net Losses $m	Probability of Default
Year 1	584	224	360	1.14%
Year 2	1,059	403	656	1.74%
Year 3	1,492	574	918	2.48%
Total	**3,135**	**1,201**	**1,934**	

Results based on June 2014

Summary

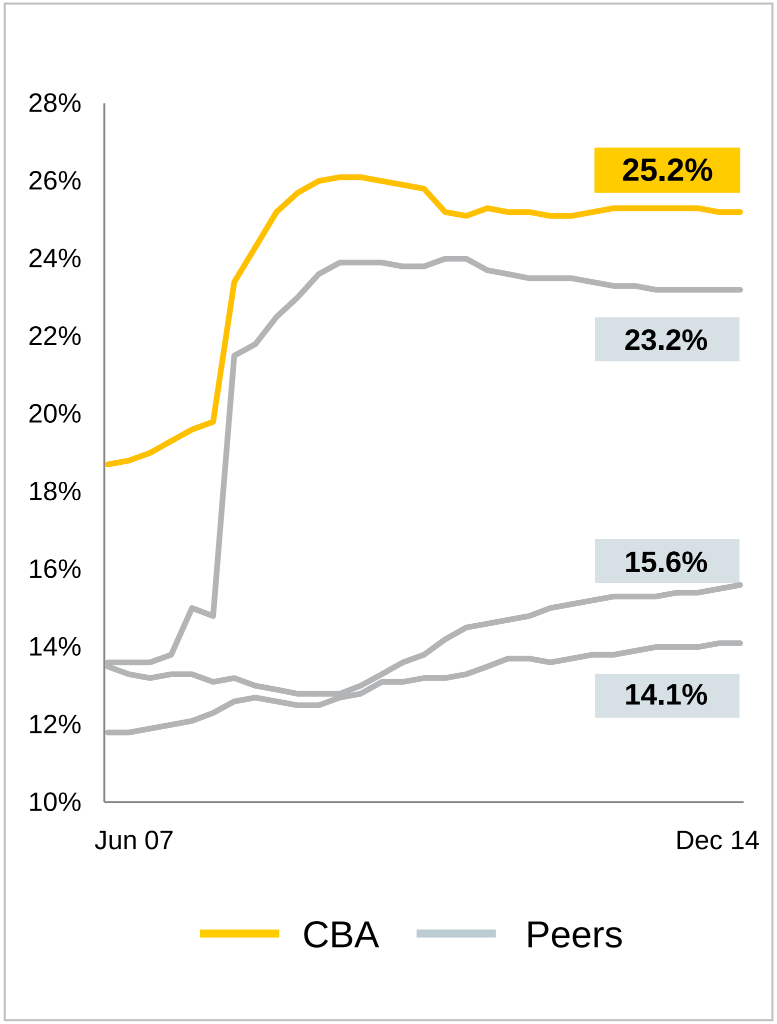
- **3 year "stress test" scenario of cumulative 32% house price decline, peak 11.5% unemployment and a reduction in the cash rate to 1%[1]**
- **House prices and PDs are stressed at regional level**
- **Total potential losses over 3 years of $3.14bn, of which $1.93bn represents the losses net of LMI recoveries**
- **Total potential losses reduced by 10% between December 2013 ($3.49bn) and June 2014 ($3.14bn), primarily due to an increase in house prices over the period**

1 One of multiple regular stress tests undertaken
2 Assumes a payout ratio of 70% for each of the three years

Market Share

%	Dec 14	Jun 14	Dec 13
Home loans	25.2	25.3	25.3
Credit cards – RBA[2]	25.2	24.9	24.7
Other household lending[3]	18.6	18.8	18.2
Household deposits[4]	28.8	28.7	28.6
Business lending – RBA	17.2	17.7	17.9
Business lending - APRA	18.6	18.8	19.0
Business deposits – APRA	20.9	21.7	21.0
Asset finance	13.4	13.2	13.3
Equities trading	5.8	5.2	5.1
Australian Retail – admin view[5]	15.7	15.7	15.6
FirstChoice Platform[5]	11.4	11.5	11.4
Australia life in (total risk)[5]	12.2	12.4	12.9
Australia life ins (individual risk)[5]	12.1	12.4	12.6
NZ home loans	21.7	21.9	22.1
NZ retail deposits	20.6	20.6	20.4
NZ business lending	11.5	11.0	10.6
NZ retail FUA	16.5	16.1	17.0
NZ annual inforce premiums	29.0	29.1	29.4

Home Loan Market Share[1]



1 Prior periods have been restated in line with market updates. **2** As at 30 Nov 2014. **3** Other household lending market share includes personal loans, margin loans and other forms of lending to individuals. **4** Comparatives have not been restated to include the impact of new market entrants in the current period. **5** As at 30 Sep 2014. 6. Source: RBA/APRA. CBA includes Bankwest

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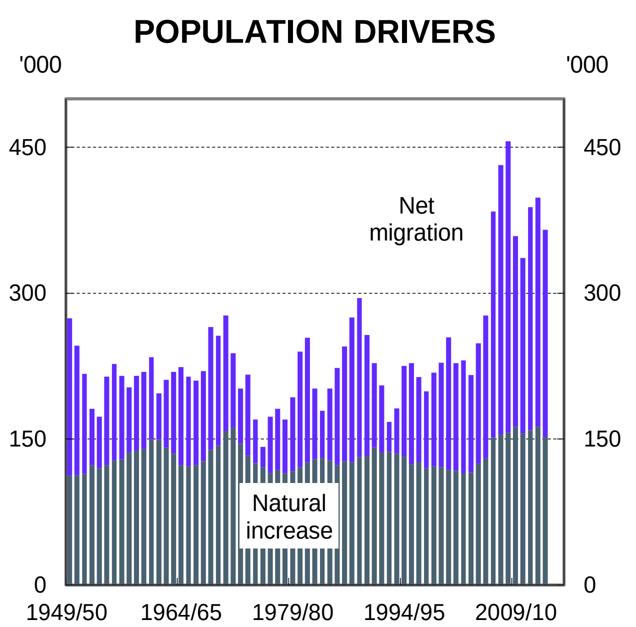
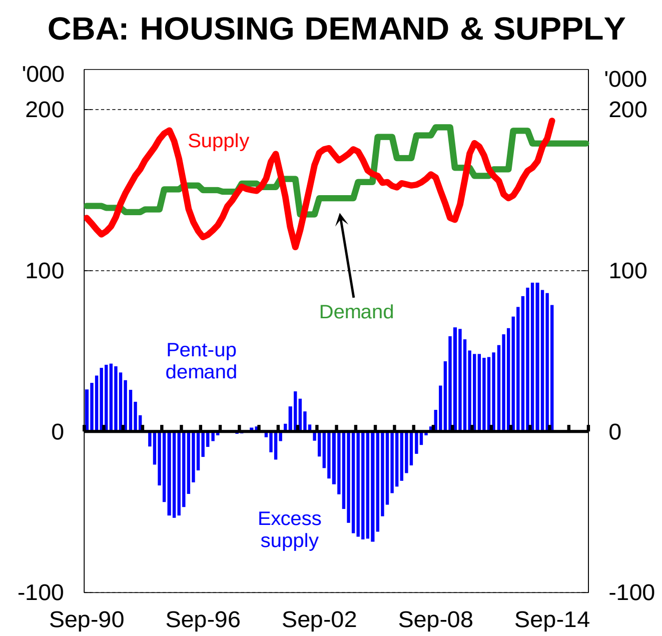
Housing market dynamics

Population growth is solid in Australia because of a high migration program



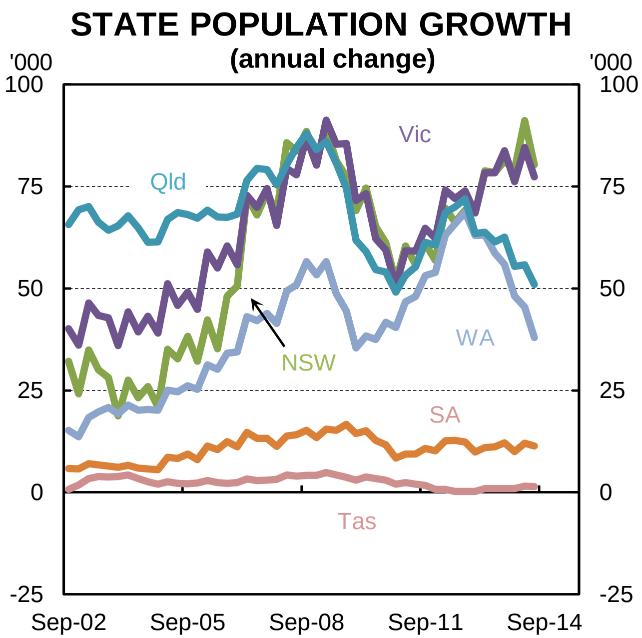
High population growth increased demand for housing



- Australia's population growth rate of 1.6% is well above the OECD average of 0.7%.
- Strong population growth has increased housing demand while the supply of new dwellings has been low because of competition with mining and infrastructure. Underlying demand for housing has run ahead of new supply until very recently. So there is a accumulated demand for housing.

Housing market dynamics

State population growth



Dwelling price growth

change (%)	3 Years to Dec 14	12 mths to Dec 14	6 mths to Dec 14
Sydney	30.6	12.4	6.5
Melbourne	13.4	7.6	4.5
Brisbane	9.2	4.8	2.5
Adelaide	6.4	4.3	3.5
Perth	13.1	2.1	2.1
Australia	**18.1**	**7.9**	**4.5**

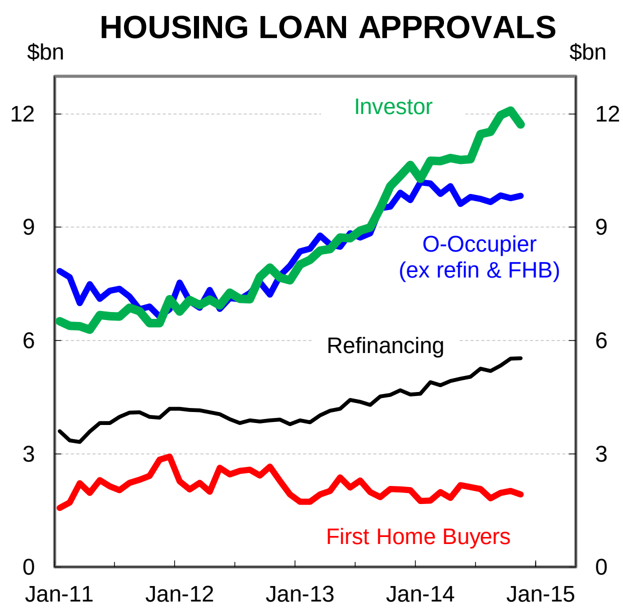
Source: CoreLogic RP Data, Hedonic Index.

- **Rising dwelling prices is one of the transmission paths for monetary policy.**
- **Higher dwelling prices boost wealth and consumer spending, encourage new construction and lift sentiment.**
- **House prices are rising ahead of income, so household leverage is lifting again.**

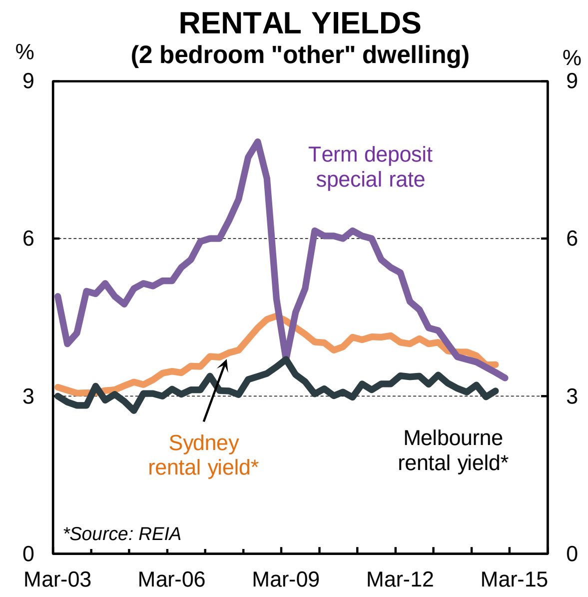
 CommonwealthBank

Housing market dynamics

Are investors a problem?



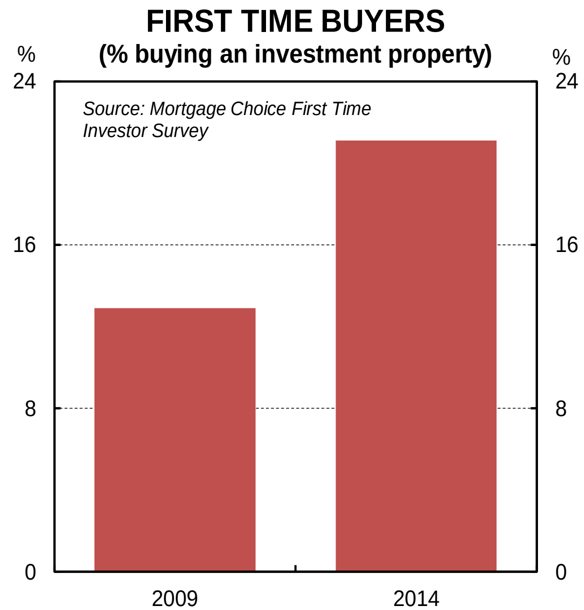
Rental yields



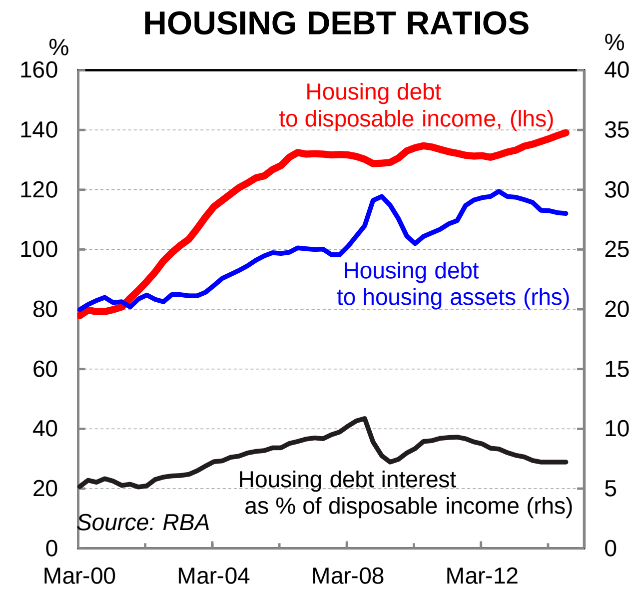
- RBA concerns about the level of investor interest in the housing market are likely to remain in 2015. This investor interest is a rational response to the environment created by central banks. The low debt rate environment encouraged a search for yield.
- Some "investors" may in fact be concealed first-home buyers. Affordability constraints mean they are initially entering the market as investors and taking advantage of the rental income and tax offsets for a while before shifting to owner occupation.

Housing market dynamics

First time buyers



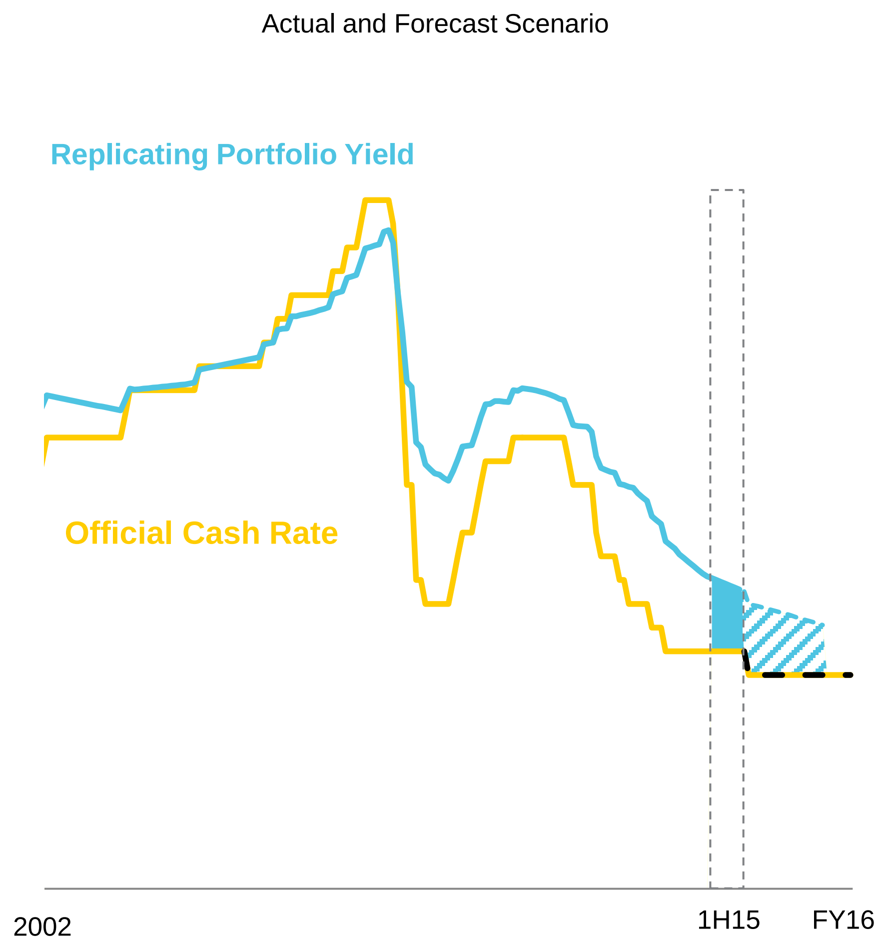
Housing debt



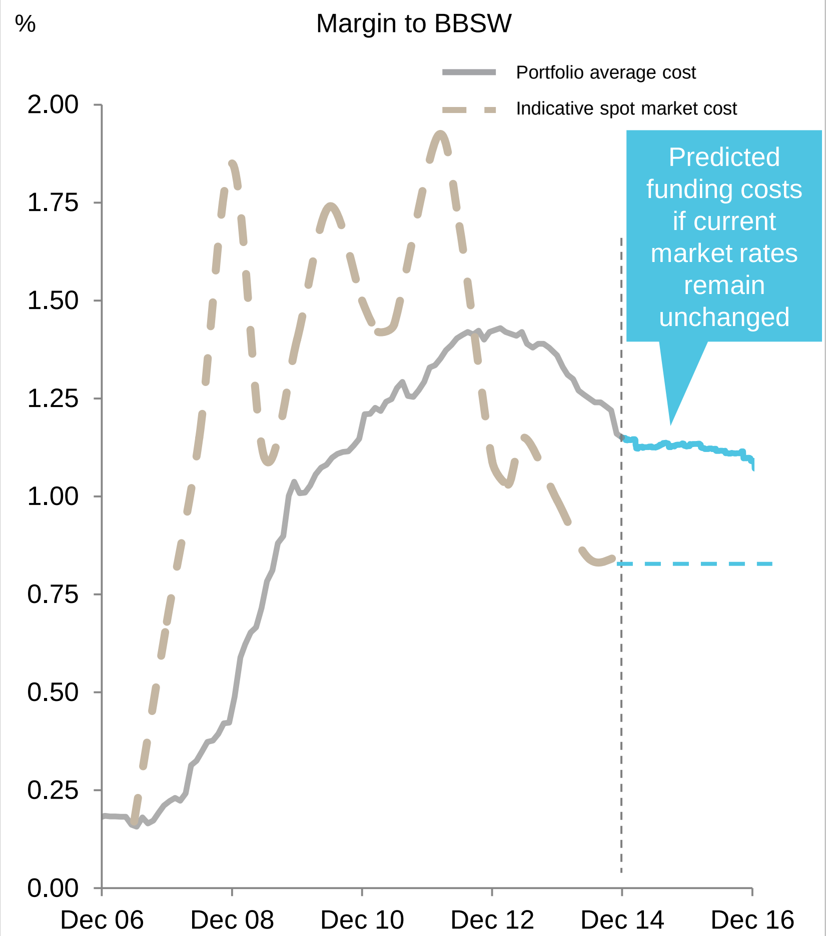
- The RBA is now favouring the use of macroprudential tools. APRA has delivered a relatively restrained response. APRA will further lift supervisory oversight and loan affordability tests for the investor segment in 2015. These tools may dampen the housing contribution to the growth transition at the margin. But it is unlikely to derail the process.
- Australian household leverage ratios are creeping up again but, debt servicing remains manageable.

Replicating Portfolio and Funding Costs

Replicating Portfolio [1]



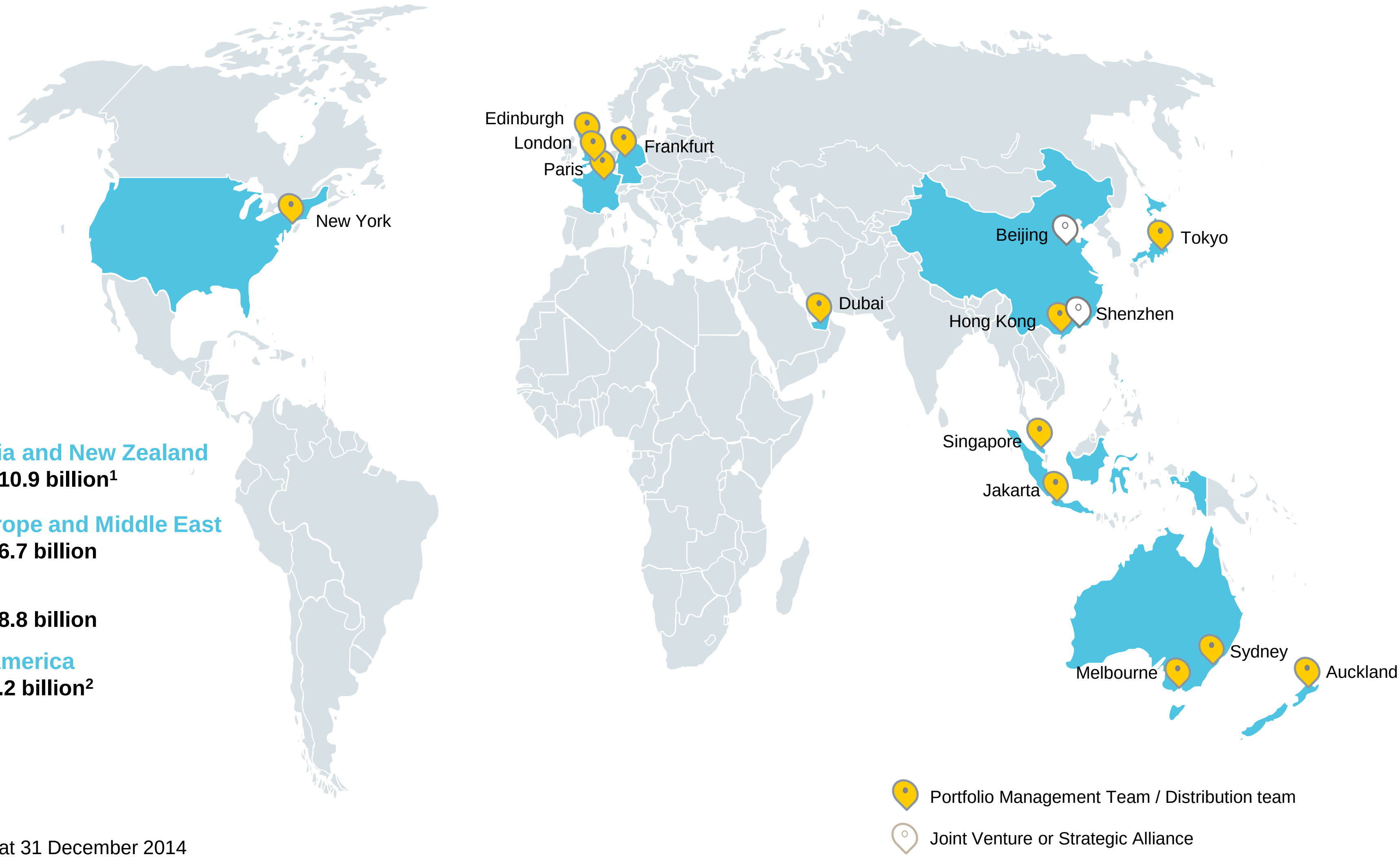
Average Long Term Funding Costs [2]



1 Replicating portfolio provides partial economic hedge for certain liabilities and assets that display imperfect correlation between the cash rate and the product interest rate

2 Forecast assumes wholesale market conditions / rates remain at current levels

CFSGAM – Global Reach



Australia and New Zealand
AUM $110.9 billion[1]

UK, Europe and Middle East
AUM $56.7 billion

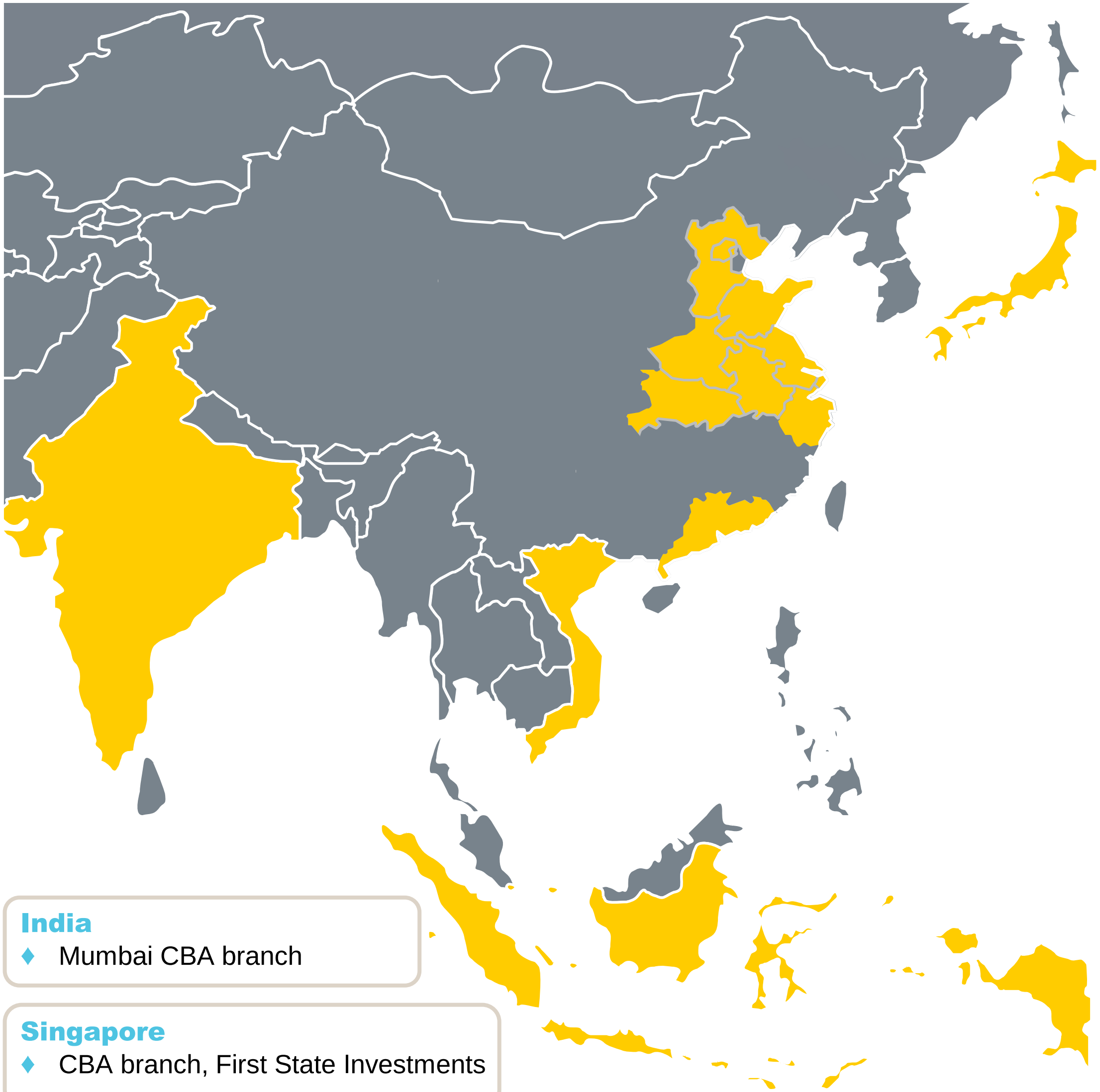
Asia
AUM $18.8 billion

North America
AUM $5.2 billion[2]

AUM as at 31 December 2014

1. Includes Realindex Investments which is a wholly owned investment management subsidiary of the Colonial First State group of companies
2. USA assets managed through CFSAMAL, (Australia based non-domiciled), FSII, (UK based non-domiciled), FSI Singapore (Singaporean based non-domiciled), USA SEC Registered Investment Advisers

CBA in Asia



Japan
- Tokyo CBA branch, First State Investments

China
- Bank of Hangzhou (20%): 159 branches
- Qilu Bank (20%): 102 branches
- County Banking
  - Henan: 7 Banks and 4 branches (5 Banks and 4 branches @ 80% and 2 Banks @ 100% shareholding)
  - Hebei: 8 Banks (5 Banks @ 80% and 3 Banks @ 100% shareholding).
- CBA Beijing, Shanghai and Hong Kong branches
- BoCommLife JV (37.5%): operating in 7 provinces
- First State Investments Hong Kong and First State Cinda JV (46%)
- Colonial Mutual Group Beijing Rep Office

Vietnam
- Vietnam International Bank (20%): 159 branches
- Hanoi Representative Office
- Ho Chi Minh City CBA branch; 29 ATMs

Indonesia
- PT Bank Commonwealth (99%): 91 branches and 144 ATMs
- PT Commonwealth Life (80%): 33 life offices
- First State Investments

India
- Mumbai CBA branch

Singapore
- CBA branch, First State Investments

Economic indicators

Economic Indicators

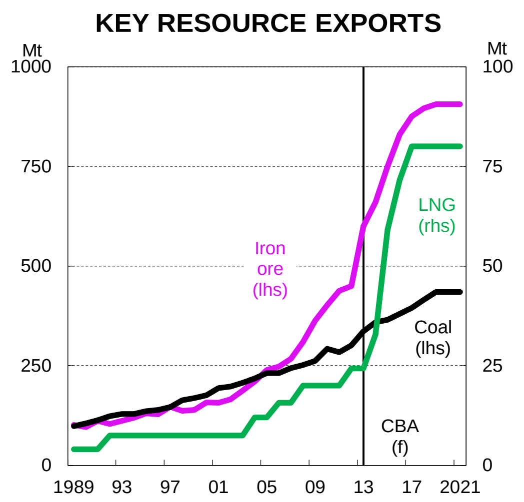
Economic Summary – Australia

	2011	2012	2013	2014	2015 (f)	2016 (f)	2017 (f)
Credit Growth % – Total	2.7	4.3	3.0	5.1	5-7	4½-6½	4-6
Credit Growth % – Housing	6.0	5.0	4.6	6.4	6-7	5½-7½	5-7
Credit Growth % – Business	-2.2	4.4	0.9	3.5	4-6	3-5	3-5
Credit Growth % – Other Personal	0.6	-1.2	0.4	0.7	2-4	2½-4½	2-4
GDP %	2.3	3.7	2.5	2.5	2.5	3.2	3.2
CPI %	3.1	2.3	2.3	2.7	1.7	2.6	2.9
Unemployment rate %	5.0	5.2	5.4	5.8	6.2	5.9	5.6
Cash Rate %	4¾	3½	2¾	2½	2	2	2

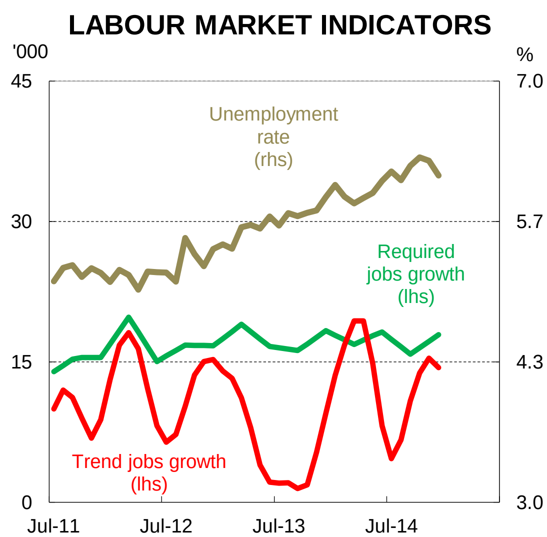
CBA Economist's Forecasts
Credit Growth = 12 months to June qtr
GDP, Unemployment & CPI = Financial year average
Cash Rate = As at end June qtr
f = forecast

Australian economy – growth transition

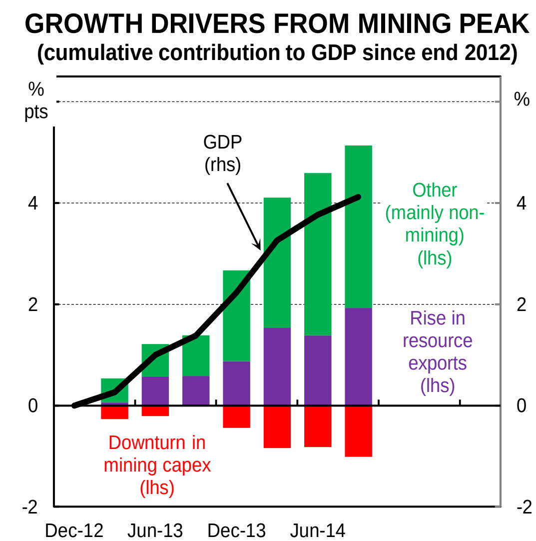
Key resource exports



Labour market indicators



Growth drivers from mining peak

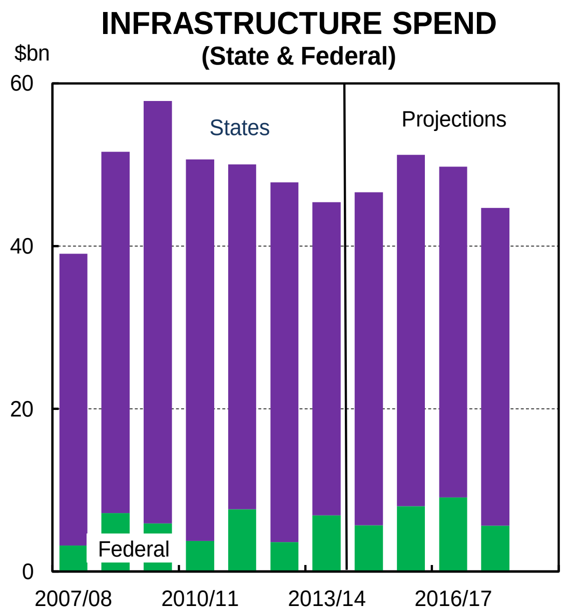


- Australian growth to run a little below trend in 2015 as growth transition proceeds
  - the economy needs to generate more income and more jobs;
  - resource exports set to deliver significant income boost;
  - the growth transition to generate jobs is underway but the unemployment rate remains high;
  - more than construction required to drive growth over the medium term.

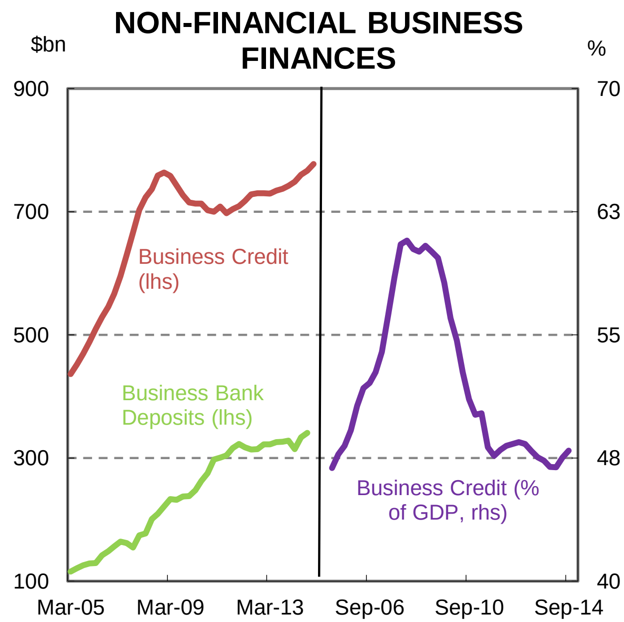
 CommonwealthBank

Growth transition – Infrastructure & business investment

Infrastructure spend



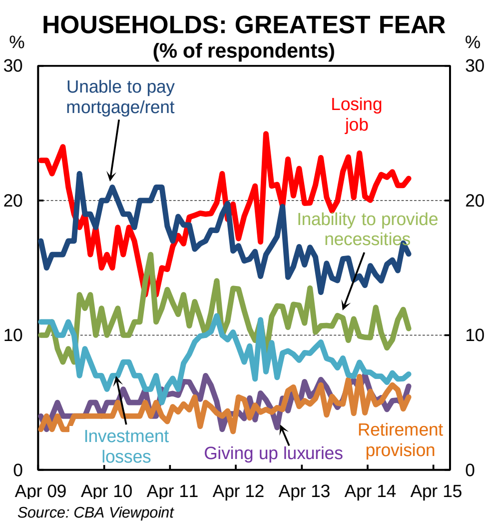
Business finances



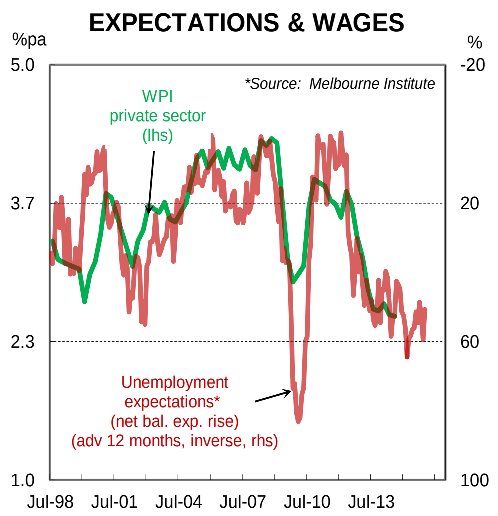
- Infrastructure spend by Government will boost GDP. IMF estimates show a 1% of GDP lift in infrastructure spending boosts output by 0.4% in Year 1 and 1.5% after four years.
- RBA believes that it has created an environment where businesses can play their part in the growth dynamic.

Growth transition – the role of the consumer

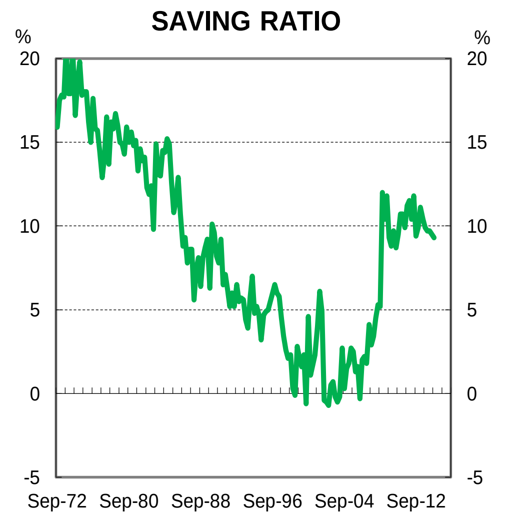
Households: Greatest fear



Unemployment Expectations & Wages



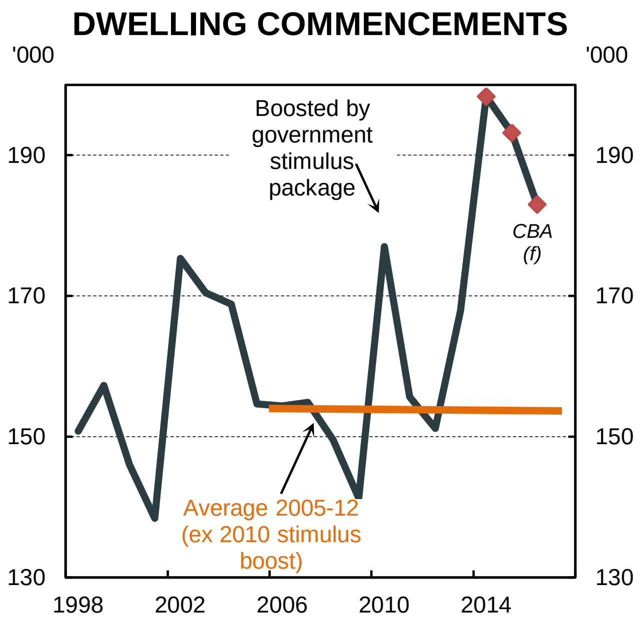
Saving ratio



- Households that are worried about job prospects typically:
  - are less responsive to low interest rates;
  - want to save more and spend less;
  - are reluctant to borrow and focus on paying off debt; and
  - are less inclined to seek wage rises

Growth transition – housing construction

Dwelling commencements



CBA Dwelling starts forecast

Calendar year	Dwelling starts
2012	151k
2013	168k
2014e	198k
2015f	193k
2016f	183k

- Dwelling commencements look to have hit a record high in 2014, and will be at a similar level in 2015.
- Construction activity to run well above 150k “normal” level.
- Composition of lending (more focussed on multi-density dwellings) argues for a drawn out peak.

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