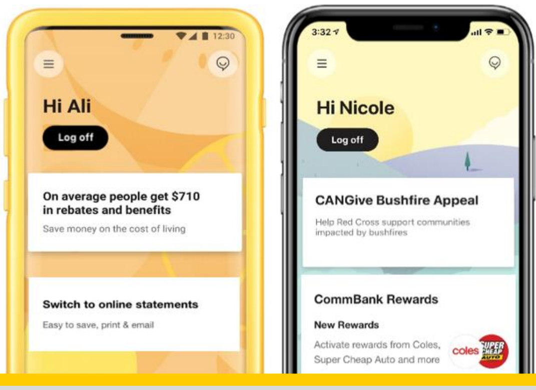
ASX Announcement

CBA 1H20 Result

For the half year ended 31 December 2019[1]
Reported 12 February 2020

CommonwealthBank



Delivering on our strategy

A simpler bank

- Well progressed with divestments
- Core franchise delivering > 97% of Cash NPAT
- Cost savings momentum

A better bank

- Supporting drought and bushfire relief
- APRA Remedial Action Plan – on track, more to do
- Royal Commission – 23 applicable recommendations underway

Best in digital

- Creating brilliant customer experiences – #1 app[2]
- Building on our strong technology foundations
- Innovating for future growth – X15 Ventures, Klarna

Lead in retail and commercial banking

- Enhanced core product offerings
- Improving Net Promoter Scores
- Market share gains – MFI, home loans, deposits[3]

Result overview

Chief Executive Officer, Matt Comyn: "Our focus on strong execution in the Bank's core franchise has delivered a solid result. In an environment characterised by low interest rates and relatively low credit growth, our banking businesses performed well, leading to strong volume growth in home lending and deposits.

We helped more customers meet their financial goals, including $53bn in new lending to home buyers and $19bn in new business lending. We have also been supporting customers and communities impacted by bushfires and drought, and we will continue to do whatever we can to help them recover and rebuild.

The strength of our balance sheet and our surplus capital position enabled the Board to deliver an unchanged interim dividend of $2.00 per share for shareholders, and creates flexibility for future capital management initiatives.

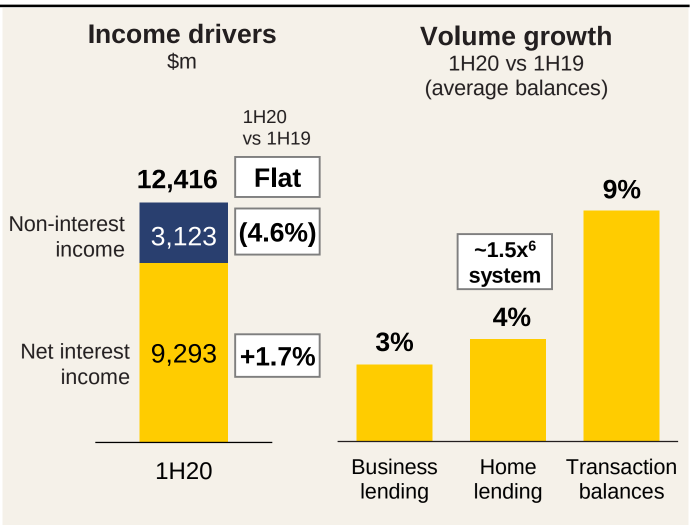
We also continued to invest in innovation and growth. Our partnership with Klarna provides our customers with a new integrated shopping, payment and banking experience, and enhances our market-leading app; and through the launch of X15 Ventures we are building a pipeline of new digital businesses with a focus on delivering the best customer experiences."

1H20 financial highlights

- Statutory net profit after tax (NPAT)[4] of $6,161m, up 34% including $1,688m from the gain on sale of CFSGAM
- Cash NPAT of $4,477m, down 4.3%
- Cash return on equity (ROE) of 12.7%
- Operating income of $12,416m, flat on 1H19, up 3.5% sequentially
- Group net interest margin (NIM) of 2.11%, up 1 basis point (bpt) on 2H19
- Operating expenses of $5,429m, up 2.6%
- Loan impairment expense of 17 bpts of average GLAA[5] (14 bpts ex. drought/bushfire provision), up 2 bpts
- Deposit funding of 71%, up 2%
- Common Equity Tier 1 (CET1) capital ratio of 11.7% (APRA), 17.5% (internationally comparable)
- Interim dividend per share of $2.00

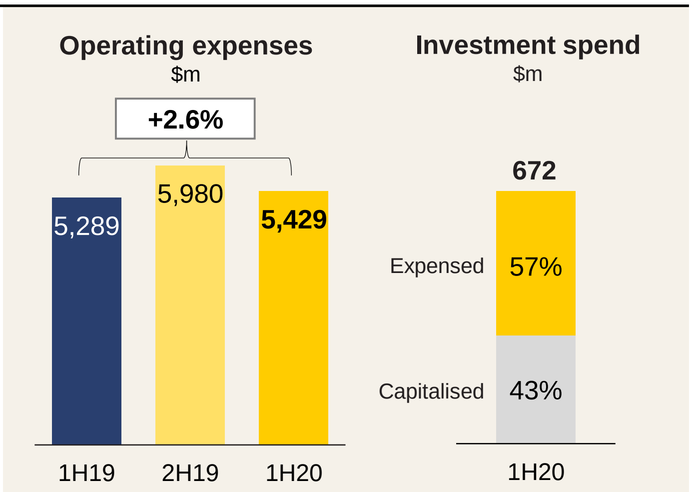
Operating income

- Operating income was flat at $12,416m.
- Net interest income was up 1.7% due to volume growth in our core businesses and stable Group NIM.
- The Group's NIM was 2.11% up 1 bpt on 2H19, due to the benefit of lower basis risk and higher asset pricing, offset by reduced deposit and capital earnings as a result of the lower cash rate.
- The lower cash rate will continue to impact NIM as the benefits of the equity and deposit hedges run off. We expect that previously announced cash rate reductions will negatively impact Group NIM by 5 bpts in 2H20 (vs 1H20), 4 bpts in FY20 (vs FY19), and by another 4 bpts in FY21 (vs FY20).
- Non-interest income was down 4.6%, largely due to the impact of bushfire related claims of $83m[7] on insurance income, the removal and repricing of certain wealth management fees, and a realised loss on the hedge of New Zealand earnings.



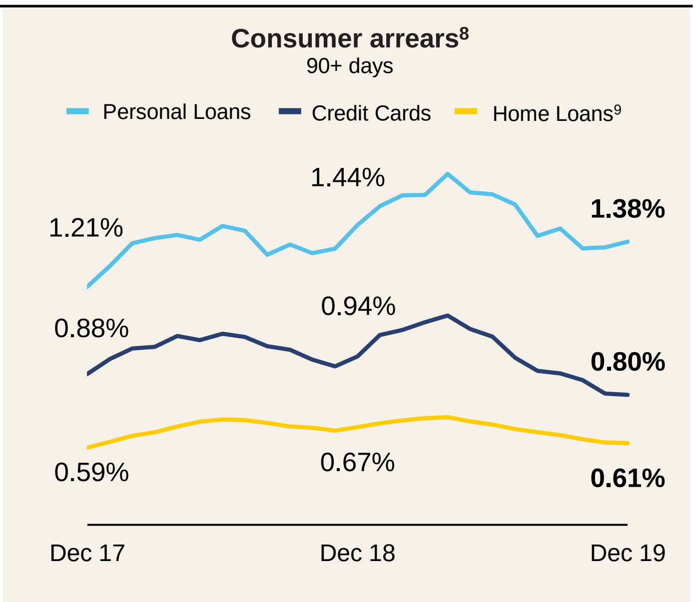
Operating expenses

- Operating expenses increased 2.6% to $5,429m due to wage inflation and higher IT, risk and compliance costs.
- Cost savings of $222m were achieved through business simplification, up from $80m in 1H19.
- Good progress was made on remediation with $630m refunded to customers as at 31 December 2019. Assessment of aligned advice remediation continues.
- Investment spend was flat at $672m with risk and compliance spend accounting for 73% of the total.



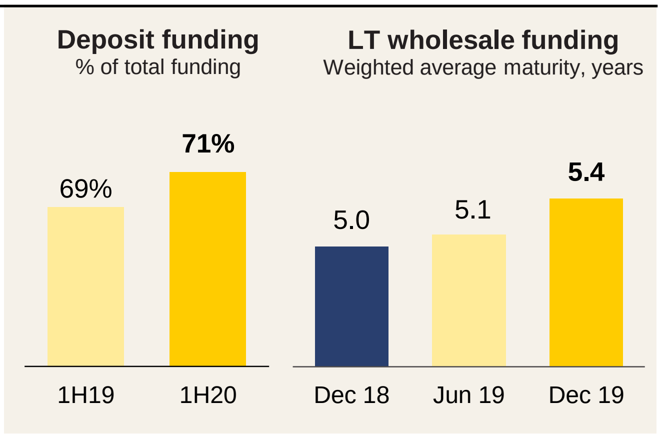
Credit quality

- A drought/bushfire-related provision of $100m was taken in 1H20.
- Asset quality remained sound with loan impairment expense of $649m. As a percentage of gross loans and acceptances, loan loss rates increased 2 bpts to 17 bpts (14 bpts excluding the drought/bushfire provision). Corporate and consumer loan loss rates were 24 bpts and 14 bpts respectively.
- Consumer arrears improved across all portfolios.
- Troublesome and impaired assets were stable at $7.8bn over the half. Lower consumer arrears and improved property market conditions led to improvements in the consumer portfolios. Pockets of stress remain in the discretionary retail, agriculture and construction sectors.
- Prudent levels of provisioning were maintained, with total provisions of $5,026m equating to total provision coverage of 1.34%, up from 1.28% in December 2018.



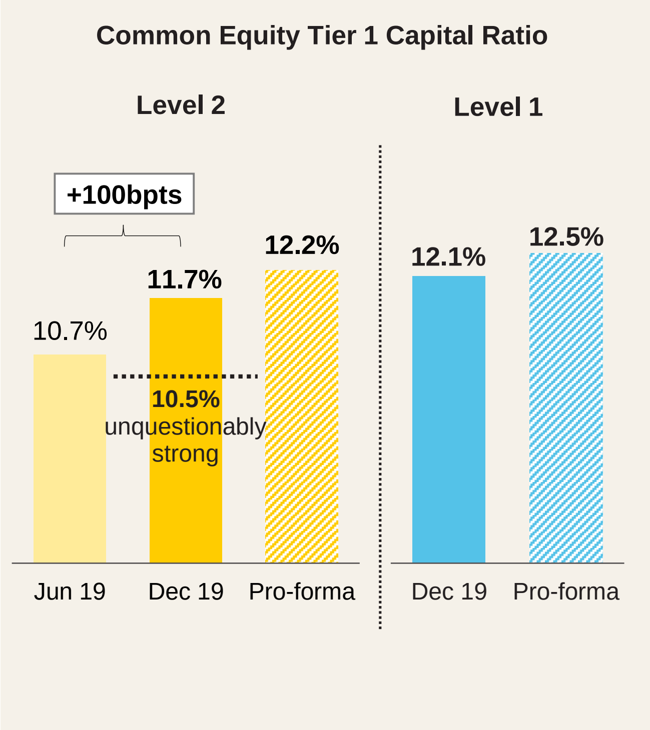
Funding & liquidity

- Key funding and liquidity metrics continued to strengthen.
- Continued customer deposit growth increased deposit funding to 71%. The average tenor for new issuance year-to-date was 9.5 years, increasing the overall average tenor of the long-term wholesale funding portfolio to 5.4 years.
- An efficient balance sheet mix supported a strong Net Stable Funding Ratio which was up 1% to 113%, and a sound liquidity position with the Liquidity Coverage Ratio increasing by 3% to 134%.
- The Leverage Ratio was 6.1% (APRA) and 7.0% (internationally comparable).



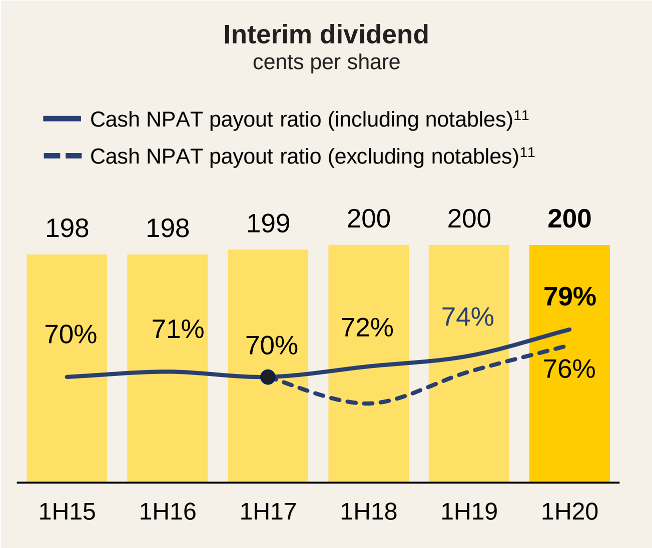
Capital

- The Group's capital position strengthened further.
- The Level 2 CET1 capital ratio of 11.7% is now well above APRA's unquestionably strong requirement.
- The 100 bpt increase on June 2019 was driven by the divestment of CFSGAM and the initial payment received for CommInsure Life, as well as strong organic capital generation.
- Pro-forma Level 2 CET1 of 12.2% includes the expected capital uplift from the finalisation of remaining divestments (CommInsure Life, BoCommLife and PT Commonwealth Life)[10].
- Further divestment proceeds are expected to be received by the end of the third quarter of FY20.
- The Board has determined that the Dividend Reinvestment Plan (DRP) will be satisfied by the anticipated on-market purchase of approximately $500m worth of shares.
- The strong surplus capital and franking position creates flexibility for the Board in its active consideration of future capital management initiatives.
- The exact amount, timing and structure of any capital initiative is subject to Board and regulatory approval, and the prevailing operating conditions.



Dividend

- The Group's core franchise strength continues to support consistent returns to shareholders.
- The Board declared an interim dividend of $2.00 per share, fully franked, unchanged on the 1H19 interim dividend.
- The interim payout ratio was 79% of cash NPAT.
- We are targeting a gradual return to our full-year payout ratio range of 70-80%.
- The ex-dividend date is 19 February, the Record Date is 20 February, and the interim dividend will be paid on 31 March.
- The DRP continues to be offered to shareholders. No discount will apply. The deadline for notifying participation is 21 February.



Becoming a simpler bank

Divestments completed
- Sovereign - Jul 18
- TymeDigital - Nov 18
- Colonial First State Global Asset Management (CFSGAM) - Aug 19
- Count Financial - Oct 19

Divestments underway[10]
- PT Commonwealth Life
- BoCommLife
- CommInsure Life

Aligned advice
- Financial Wisdom - assisted closure 2H20
- CFP-Pathways - cessation 2H20

Strategic review
- General Insurance
- Vietnam International Bank

Intention to exit[12]
- Colonial First State
- Aussie Home Loans
- Stakes in Mortgage Choice, CountPlus

Leading in digital, innovating for growth

#1 mobile banking app[2]

NEW CommBank Rewards - rewarding loyal customers through personalised cashback offers

Innovating for customers

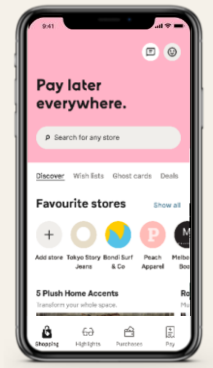
Everyday banking → beem it, creditSavvy, Klarna.

Home buying → PEXA, Home-in, Property app

Business / private → Wiise, CommSec Pocket, vonto

Digital portfolio to enhance our core business. Launching 25 ventures over 5 years through X15 Ventures.

Klarna



Shop now, pay later at any online store. Integrated into the CommBank app.

Outlook

Chief Executive Officer, Matt Comyn: "The Australian economy is underpinned by good long-term fundamentals. Our population continues to grow, we have a strong trade and fiscal position, and a solid pipeline of infrastructure investment provides ongoing stimulus. Recent improvements in key indicators also demonstrate the economy's resilience, including growth in employment and the rebound in housing.

Uncertainties remain about the global economic outlook, and we are mindful of the impacts of drought and bushfires. Against this backdrop, we are focused on investing in our core businesses and on continued execution. We have both the capacity and the appetite to lend more to support our customers and the economy. We will also continue to invest in innovation and growth to create new opportunities for our business and to deliver the best experiences for our customers."

Footnotes

[1] Comparative information has been restated to conform to presentation in the current period. Unless otherwise stated, all figures relate to the half year ended 31 December 2019 and comparisons are to the prior comparative period, the half year ended 31 December 2018. Financials are presented on a 'continuing operations basis'. This excludes discontinued operations: the Bank's Australia and New Zealand life insurance businesses (CommInsure Life and Sovereign), BoCommLife, TymeDigital SA, Colonial First State Global Asset Management (CFSGAM) and PT Commonwealth Life.

[2] The Forrester Banking Wave™: Australian Mobile Apps, Q2 2019. Commonwealth Bank of Australia received the highest industry Wave™ overall score among mobile apps in Australia in Forrester's proprietary Industry Wave™ evaluation. Forrester Research does not endorse any company included in any Industry Wave™ report and does not advise any person or organization to select the products or services of any particular company based on the ratings included in such reports.

[3] Main Financial Institution (MFI): 35.6% (Dec 19), 35.1% (Dec 18). MFI Share measures the proportion of Banking and Finance MFI Customers that nominated each bank as their Main Financial Institution. MFI definition: In the Roy Morgan Single Source Survey, MFI is a customer determined response where one institution is nominated as the primary financial institution they deal with (when considering all financial products they hold). Peers include ANZ Group, NAB Group and Westpac Group (including St George Group). CBA Group includes Bankwest. Source: Roy Morgan Single Source survey conducted by Roy Morgan, Australian population 14+ (12 month average to December 2018 and 12 month average to December 2019), excluding unable to identify MFI. Home loan market share: 25.5% (Dec 19), 25.2% (Jun 19); household deposit market share: 26.8% (Dec 19), 26.7% (Jun 19). Source: CBA's Market Share as at December 2019 and June 2019 have been calculated based on APRA's Monthly Authorised Deposit-taking Institution Statistics. Current period and comparatives have been updated to reflect market restatements.

[4] Includes discontinued operations. For an explanation of and reconciliation between statutory and cash NPAT refer to page 3 of the Profit Announcement for the half year ended 31 December 2019.

[5] Cash loan impairment expense annualised as a percentage of average gross loans and acceptances (GLAA) (bpts).

[6] System source: RBA Lending and Credit Aggregates. RBA collection data was aligned to the new regulatory definitions set by APRA from 1 July 2019, therefore volume growth has been calculated for the 5 months to December 2019.

[7] The $83m impact is for insurance claims related to bushfires up to and including 31 December 2019. This is based on claims received and an estimate of incurred but not reported claims, predominantly relating to building and contents insurance. There are no catastrophe reinsurance recoveries.

[8] Includes New Zealand.

[9] Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.

[10] PT Commonwealth Life and BoCommLife are expected to complete in 2H20. On 1 November 2019, full control of CommInsure Life was transferred to AIA, with the divestment to proceed through either a share sale or a statutory asset transfer. Under a share sale, the transaction is expected to complete shortly following the completion of BoCommLife. In the event of a statutory asset transfer, the transaction is expected to complete around the end of calendar year 2020, with the proceeds to be received in instalments.

[11] Notable items are detailed on page 11 of the Profit Announcement for the half year ended 31 December 2019.

[12] The Group has committed to exiting these businesses/investments over time, and continues to actively explore a range of alternatives to achieve this.

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Key financial information

Group performance summary (continuing operations)	Half year ended[1] ("cash basis") 31 Dec 19 $m	30 Jun 19 $m	31 Dec 18 $m	Dec 19 v Jun 19 %	Dec 19 v Dec 18 %
Net interest income	9,293	8,986	9,134	3	2
Other banking income	2,603	2,432	2,636	7	(1)
Total banking income	**11,896**	**11,418**	**11,770**	**4**	**1**
Funds management income	489	502	570	(3)	(14)
Insurance income	31	79	68	(61)	(54)
Total operating income	**12,416**	**11,999**	**12,408**	**3**	**-**
Investment experience	3	1	3	large	-
Total income	**12,419**	**12,000**	**12,411**	**3**	**-**
Operating expenses	(5,429)	(5,980)	(5,289)	(9)	3
Loan impairment expense	(649)	(624)	(577)	4	12
Net profit before tax	**6,341**	**5,396**	**6,545**	**18**	**(3)**
NPAT from continuing operations	**4,477**	**3,816**	**4,676**	**17**	**(4)**
NPAT from discont'd operations[2]	17	122	92	(86)	(82)
NPAT incl. discont'd operations ("statutory basis")	**6,161**	**3,972**	**4,599**	**55**	**34**
Cash net profit after tax, by division (continuing operations)					
Retail Banking Services	2,167	1,873	2,071	16	5
Business and Private Banking	1,498	1,386	1,545	8	(3)
Institutional Banking and Markets	476	515	602	(8)	(21)
Wealth Management	127	26	138	large	(8)
New Zealand	524	515	544	2	(4)
International Financial Services	100	120	130	(17)	(23)
Corporate Centre	(415)	(619)	(354)	(33)	17
Shareholder ratios & performance indicators (continuing operations)					
Earnings per share - "cash basis" - basic (cents)	253.1	215.7	265.2	17	(5)
Return on equity - "cash basis" (%)	12.7	11.2	13.8	150 bpts	(110)bpts
Dividends per share - fully franked (cents)[3]	200	231	200	(13)	-
Dividend payout ratio - "cash basis" (%)[3]	78.8	103.8	74.3	large	450 bpts
Average interest earning assets ($M)[4]	874,564	864,692	863,664	1	1
Funds Under Administration (FUA) – average ($M)[5]	173,986	164,129	160,860	6	8
Assets Under Management (AUM) – average ($M)	16,730	15,156	13,887	10	20
Net interest margin (%)	2.11	2.10	2.10	1 bpt	1 bpt
Operating expenses to total operating income (%)	43.7	49.8	42.6	large	110 bpts

1 Comparative information has been restated to conform to presentation in the current period.
2 The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and reported as a single cash net profit after tax line item. Discontinued operations include the Bank's Australia and New Zealand life insurance businesses (CommInsure Life and Sovereign), BoCommLife, TymeDigital SA, Colonial First State Global Asset Management (CFSGAM) and PT Commonwealth Life. Includes non-controlling interests in net profit after income tax from discontinued operations.
3 Includes discontinued operations.
4 Average interest earning assets are net of average mortgage offset balances.
5 FUA average has been calculated using the average for the period the Group owned Aegis up until 2 December 2019.