



# SHARELETTER MARCH 2016

## DEAR SHAREHOLDER

On 10 February 2016, your company reported cash net profit after tax (NPAT) of \$4,804 million for the half year ended 31 December 2015, up 4% per cent on the prior comparative period. Your Board determined a fully franked interim dividend of \$1.98 per share.

This letter provides a few highlights of the result, and a short economic outlook from our CommSec economist.

## CONTINUATION OF STRATEGY

The customer-focused strategy that your company has been pursuing for the last 10 years continued to deliver strong outcomes for all our stakeholders.

We ranked first for retail customer satisfaction throughout the six months, and our main financial institution share of 34.1% remains substantially above our peers. We also ranked equal first in business customer satisfaction, and were named Small Business Bank of the Year by Canstar.

Our strong position in the market has translated into above-system growth in household deposits and we continue to be the leader in home lending.

Overall, ongoing operating momentum across all businesses delivered a 6% increase in operating income.

To maintain this momentum we will continue to invest in our people and in technology to ensure we continue to deliver outstanding service and leading customer offerings. In particular, we will reinforce the importance of our values as the foundation of an ethical culture.

## CAPITAL STRENGTH

Your company's ability to deliver consistent returns and provide long-term support to customers is also a reflection of financial strength. During the half year, and with your support, we reinforced this position.

Our \$5.1 billion capital raising, through an entitlement offer for all shareholders, further bolstered the Group's capital position and placed us at the top end of the top quartile of international peer bank capital rankings. We also strengthened our funding and liquidity positions in the half.

## DELIVERING RETURNS

The operating momentum we have from our consistent strategy, combined with prudent capital management, have enabled your Board to determine a fully franked dividend of \$1.98 per share, unchanged on the prior comparative period – a dividend payout ratio of 70.8%.

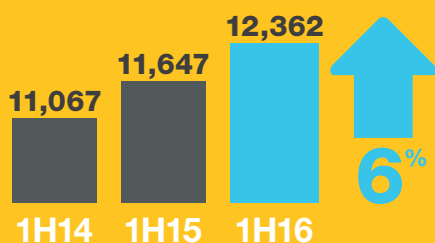
When setting the dividend, the Board always considers the long-term sustainability of your company. We seek to deliver a consistent dividend and to utilise franking credits.

**DAVID TURNER**  
CHAIRMAN

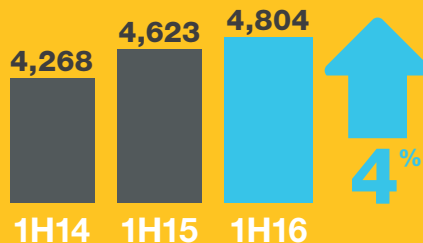
**IAN NAREV**  
CEO



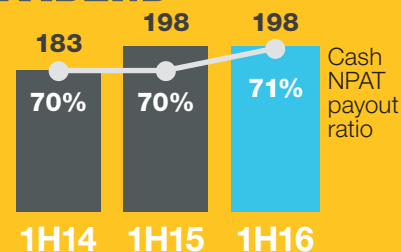
### OPERATING (\$M) INCOME



### CASH (\$M) NPAT



### INTERIM (CENTS) DIVIDEND



## DELIVERING RETURNS AND PROFITABILITY THROUGH CAPITAL STRENGTH AND CONSISTENT PERFORMANCE

### ALL DIVISIONS CONTRIBUTING

OPERATING PERFORMANCE BY DIVISION (1H16 v 1H15)

**GROUP  
OPERATING  
PERFORMANCE  
+6%**

Income less  
operating  
expenses, \$m

**+8.3%**



**3,466**  
**Retail  
Banking**

**+5.4%**



**1,219**  
**Business &  
Private Banking**

**+5.1%**



**968**  
**IB&M<sup>1</sup>**

**+13.2%**



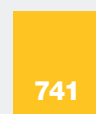
**462**  
**Wealth  
Management**

**+0.7%**



**550**  
**Bankwest**

**+6.9%**



**741**  
**NZ<sup>2</sup>**

<sup>1</sup>Institutional Banking & Markets, excludes CVA/FVA

<sup>2</sup>In NZD

### VOLUME GROWTH DRIVING BUSINESS MOMENTUM

BUSINESS MOMENTUM (12 MTHS TO DEC 15)

**20.5%**



**Transaction  
balances**

**10.6%**



**Household  
deposits**

**7.1%**



**Funds under  
administration**

**6.5%**



**Home  
lending**

**6.8%**



**Business lending  
(IB&M, BPB)**

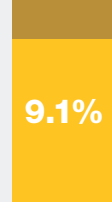
### IN THE TOP QUARTILE OF BANKS GLOBALLY – CAPITAL STRENGTH

BASEL III COMMON EQUITY TIER 1

Internationally  
comparable

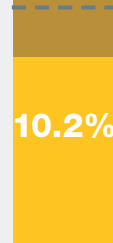
APRA

**12.7%**



**Jun 15**

**14.3%**



**Dec 15**

**PEER  
BANK  
TOP  
QUARTILE  
12.7%**



## ADVANCING SUSTAINABILITY

- **G100 Most Sustainable Corporations in the World Index** – named the world's most sustainable bank, and Australia's most sustainable company in 2016
- **CDP ASX 200 Climate Disclosure Leadership Index** – included in the index for the 7th consecutive year
- **Dow Jones Sustainability Index** – member of both the World and Asia/Pacific Indices
- **Group Environment Policy** acknowledges international efforts to limit global warming to 2° Celsius
- **Carbon emissions reporting** of direct and financed emissions
- **Environmental, Social & Governance investing and lending practices** introduced across the Group
- **Renewable energy** lending exposure to 190+ projects
- **40% target for women** in senior leadership roles by 2020
- Awarded **Employer of Choice for Gender Equality**
- Developed a **new Human Rights Position Statement**
- Published a **Supplier Code of Conduct**



## INVESTING IN:

### PEOPLE & VALUES

Sustaining and strengthening a culture underpinned by our values of integrity, accountability, collaboration, excellence and service.

Delivering on key customer service metrics:

- Retail Customer Satisfaction **#1**
- Main Financial Institution Share **#1**
- Customer Needs Met **#1**
- Internet Banking Customer Satisfaction **#1**
- Wealth Customer Satisfaction **#2**
- Business Customer Satisfaction = **#1**
- Small Business Bank of the Year (Canstar)

### TECHNOLOGY & INNOVATION

Leading in mobile and digital banking:

- CommBank App for mobile is the **#1** free financial app, with **21 million** logins and **\$3.8bn** in transactions per week
- Cardless Cash reached **5.3 million** transactions, **up 96%** on the prior half
- Tap & Pay card numbers have more than doubled on the prior half
- **40%** of online retail sales are now via mobile

Exploring and collaborating on leading-edge developments:

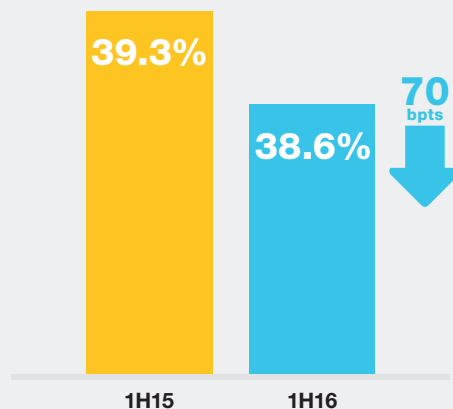
- Blockchain, Cyber Security, Quantum Computing, Innovation Labs

### CONTINUOUS IMPROVEMENT

Driving productivity and efficiency for better customer service:

- Continuous improvement culture
- Process simplification
- Elimination of non-value tasks
- Reduced turnaround times
- Robust measurement systems
- Ongoing cost-to-income improvements

BANKING COST-TO-INCOME RATIO



## CONTRIBUTING TO AUSTRALIA'S WELLBEING



**\$3bn+**

in taxes paid, making us the country's biggest taxpayer, equivalent to more than 4.5% of all company tax revenue

**258,679**

students received Start Smart financial education, plus school banking for nearly 300,000 children

**228**

youth organisations helped through staff giving

**41,400**

people employed in Australia, 51,700 employed globally

**88,248**

calls to our indigenous customer assistance line

**184**

"Australians of the Day" recognised for their contribution to the community

**800,000+**

shareholders receive dividends

**55,056**

visitors to the Spirit of Anzac Centenary Experience

**115**

community organisations supported through employee volunteering



# ECONOMIC UPDATE

"Back in November, the Governor of the Reserve Bank of Australia aptly summed up the economic situation by saying "We are still growing. It would be good if the growth was a bit stronger," but nevertheless it still is growth. And while we are a number of months down the track since that speech, the view still holds. In fact, given the recent volatility on sharemarkets, and mixed conditions across major economies, the good news is that we have actually been doing a little better.

Business and consumer confidence levels are actually above 'normal' or above longer-term averages. In large part that's because job growth has picked up, spending is growing at an above-average pace and home building activity is at record highs.

One of the most positive and surprising developments has been the improvement in the job market with the unemployment rate at the lowest rate in trend terms in over two years. And with home building continuing to drive the economy forward and household budgets in good shape, further improvement in the job market can be expected.

A key source of encouragement is that inflation is well contained. That means the Reserve Bank can cut rates if needed. We don't expect that a rate cut will indeed be necessary with the economy gradually picking up pace through 2016."

**CRAIG JAMES**

**CHIEF EQUITIES ECONOMIST, COMMSEC**



## 2016 FINANCIAL CALENDAR

<b>31 March</b>	Interim dividend payment date
<b>10 August</b>	Full year results and final dividend announcement
<b>17 August</b>	Ex-dividend date for final dividend
<b>18 August</b>	Record date for final dividend
<b>29 September</b>	Final dividend payment date
<b>9 November</b>	Annual General Meeting

## PAPERLESS SHAREHOLDER COMMUNICATIONS

Commonwealth Bank shareholders are encouraged to receive communications electronically. By simply providing your email address you can:

**Receive shareholder notices faster** – receive important communications including Notifications of Dividends, Notices of Meetings and Annual Reports directly in your inbox and avoid the delays and uncertainties of postal mail.


**Manage your holding online** – print your dividend statements and update your personal details, payment instructions and DRP election instantly online.

**Contribute to sustainability** – help reduce our impact on the environment.


To update your election, please contact Link Market Services or log in via the Link Market Services Investor Centre.

## LINK MARKET SERVICES

You can update your personal details through Link Market Services Limited:

	<b>Australia:</b>	(+61) 1800 022 440
	<b>New Zealand:</b>	0800 442 845
	<b>United Kingdom:</b>	0845 640 6130
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## CBA SHAREHOLDER CENTRE

For financial information on the Group including company announcements, current and historical share prices, dividend information and key financial dates, please visit:

**www.commbank.com.au/shareholder**

## INVESTOR RELATIONS APP FOR iPad

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