

Determined to be better than we've ever been.

Lyn Cobley

Group Treasurer

Simon Maidment

Head of Group Funding and Execution



Investor Update

February 2010

Commonwealth Bank of Australia ACN 123 123 124



Determined to be different

Disclaimer

The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, February 2010. 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. These should be considered, with or without professional advice when deciding if an investment is appropriate.



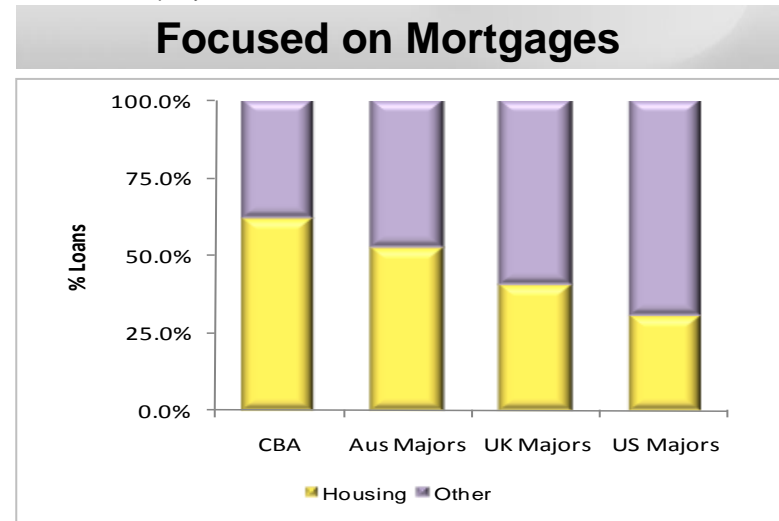
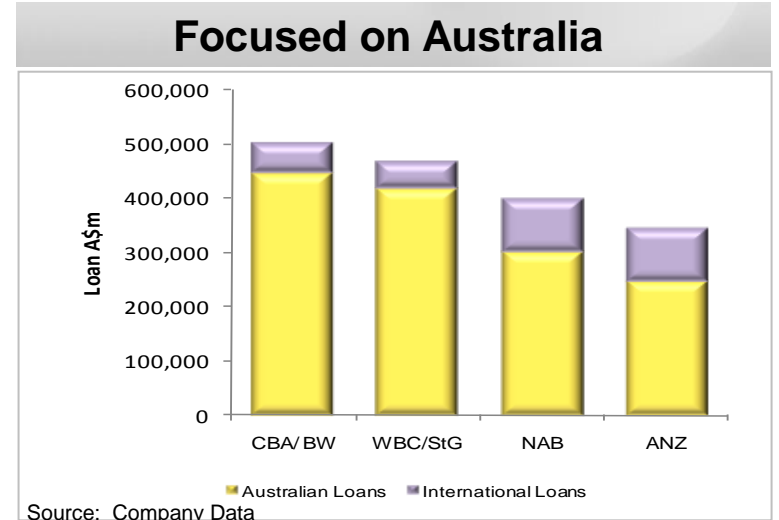
Contents

- **Overview** - Strength in uncertain times
- **Asset Quality** - Conservative risk management
- **Economy** - Why Australia is proving resilient



Who we are...

- ✓ **AA Credit Rating**
- ✓ **2nd largest Australian listed company – Market Capitalisation A\$81bn**
- ✓ **Cash Earnings of \$2.9 bn 1H2010 up 54% pcp
ROE 18.5% up 500bp**
- ✓ **Total Assets of \$625 billion**
- ✓ **Tier 1 capital ratio of 9.10%; FSA equivalent of 12.4%**
- ✓ **#1 in household deposits – over 31% share**
- ✓ **#1 in home lending – over 25% share**
- ✓ **#1 Retail Funds Manager ~14% share**
- ✓ **13 million customers; large distribution footprint**



Source: Credit Suisse (CBA, RBA, BOE, US Federal Reserve)



Determined to be different

One of the world's safest banks...

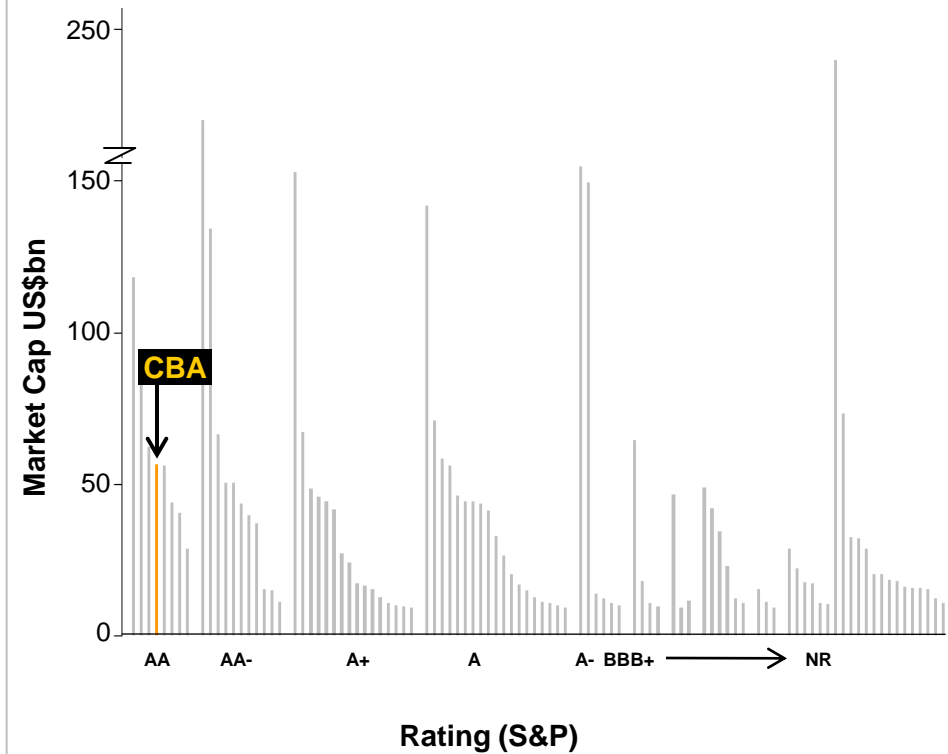
Global Safest Banks*

Bank	Rank
Commonwealth Bank	12
ASB Bank	17
HSBC	18
Deutsche Bank	28
JP Morgan Chase	39
Societe Generale	41
Wells Fargo	42
Credit Suisse	43
Nationwide Building Society	46

One of the world's safest banks

* Source: Global Finance Magazine

Credit Ratings of Largest 100 Banks



One of only 8 AA rated banks world-wide

* Source: Bloomberg



Half Year results to December 2009...

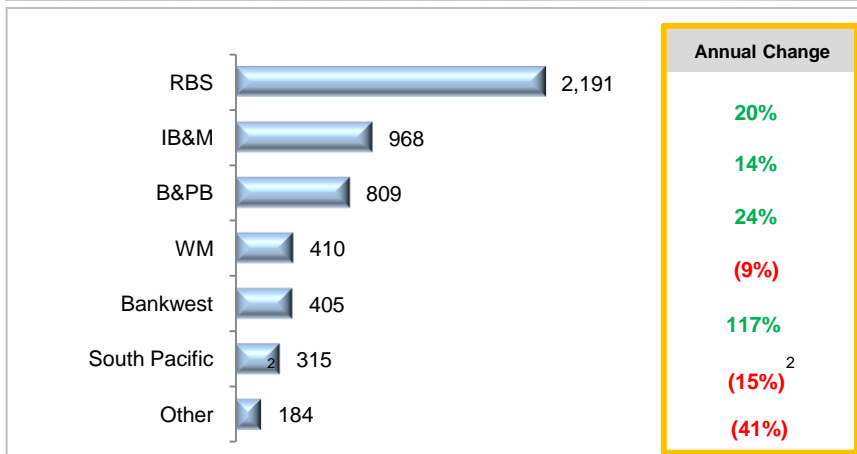
1H10 – Strong operating performance

	Dec 09
Cash NPAT	\$2,943m
ROE	18.5%
Tier 1 Capital	9.1%
Cash EPS (cents)	191.7
Interim Dividend (cents)	120.0

A very good, quality result

- Clear, focussed strategy → Delivering results
- Good momentum → Some headwinds
- Strong growth → Income up 10%
- Careful cost management → Costs up 1% this half
- Strong balance sheet → Tier 1 Capital over 9%
- Conservative Provisioning → \$1.4bn management overlay
- Delivering high ROE → 18.5%

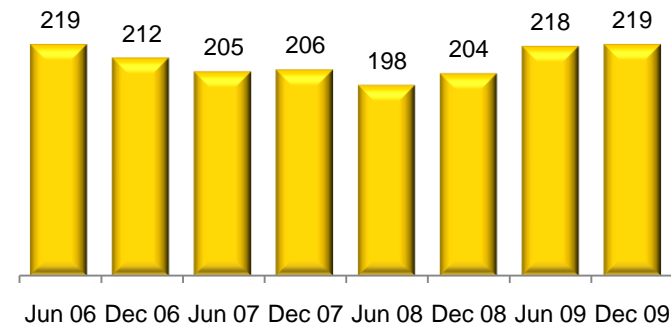
1H10 – Operating Performance¹ (\$m)



Group NIM (ex Bankwest²)

bpts

Half Years



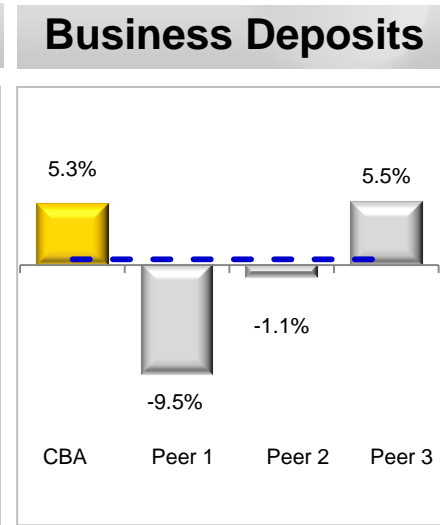
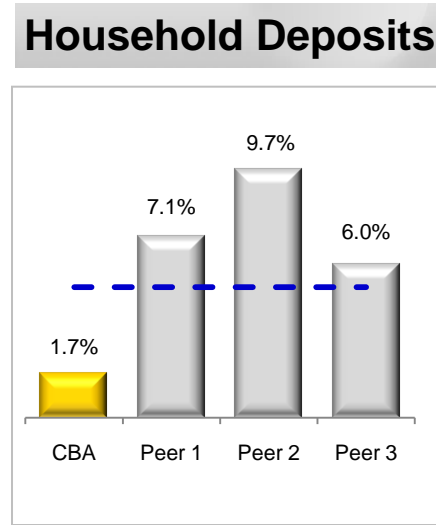
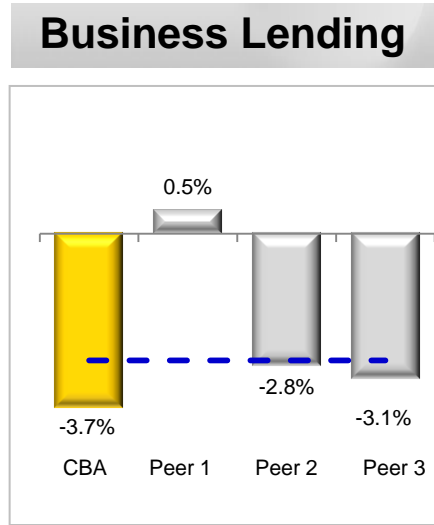
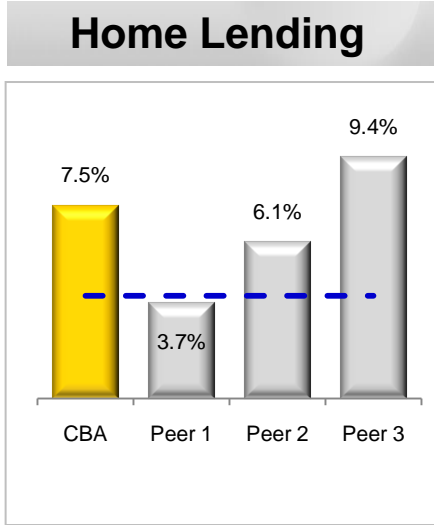
1 Operating Income less Operating Expense.

2 All periods exclude Bankwest for comparative purposes

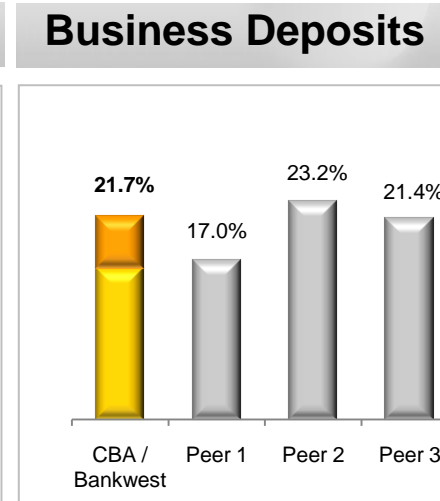
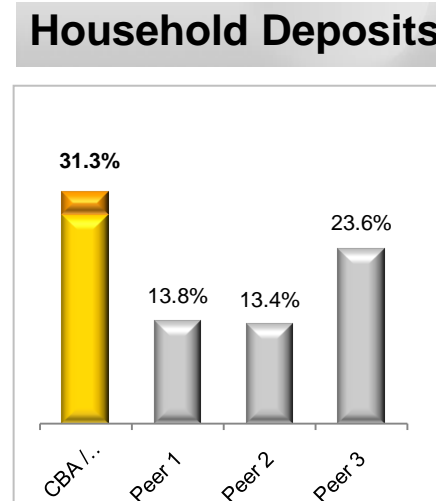
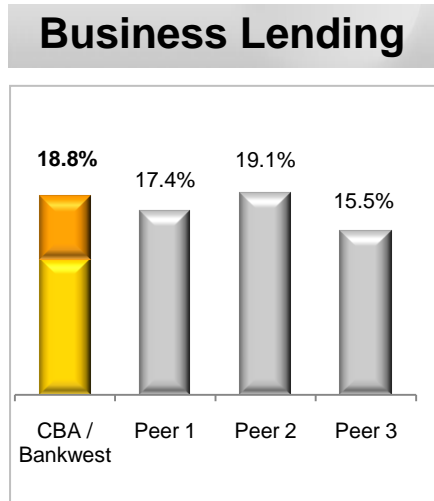
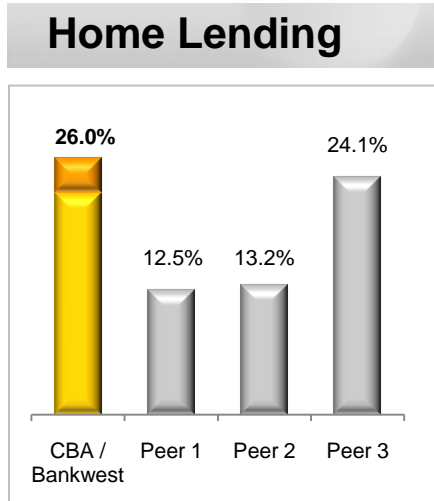


Strong market share and growth...

Growth 6mths to Dec 09



Market Share as at Dec 09



Source: APRA / RBA
Includes Bankwest. Figures adjusted for restatements where appropriate

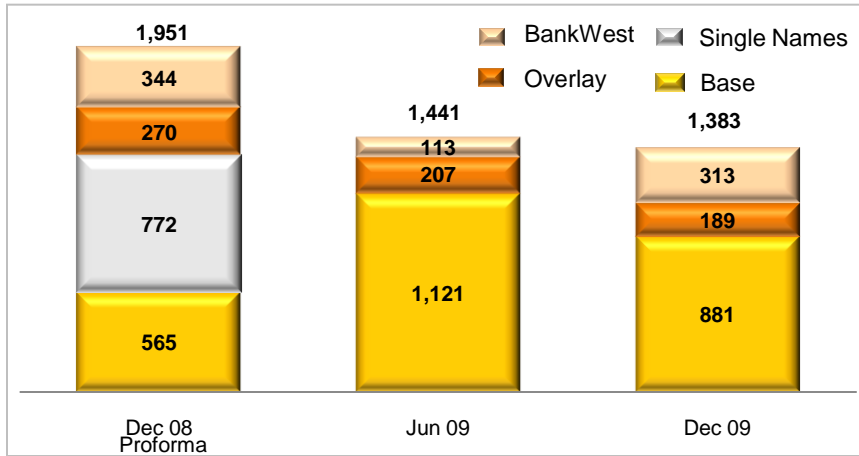
— — — Market



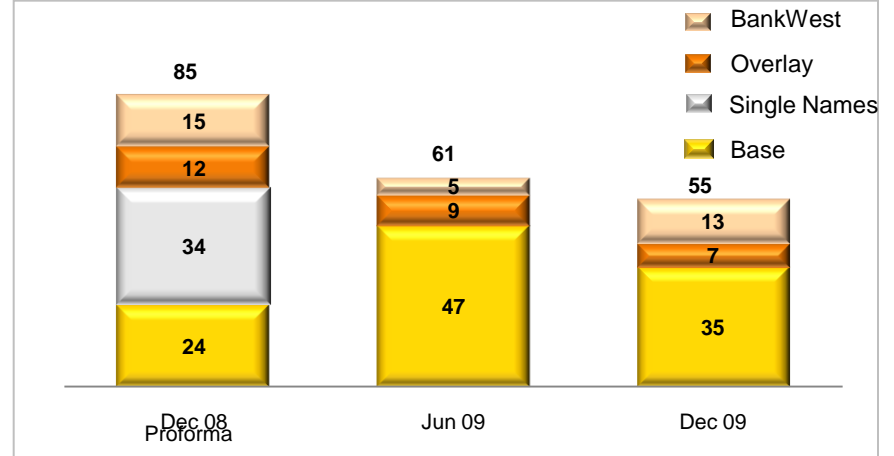
Determined to be different

Impairment expense trend improving, conservative provisioning maintained...

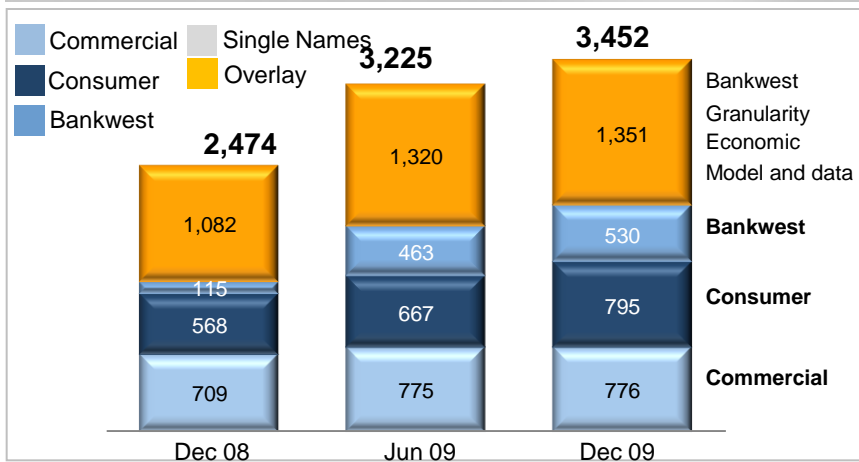
6 months (\$m)



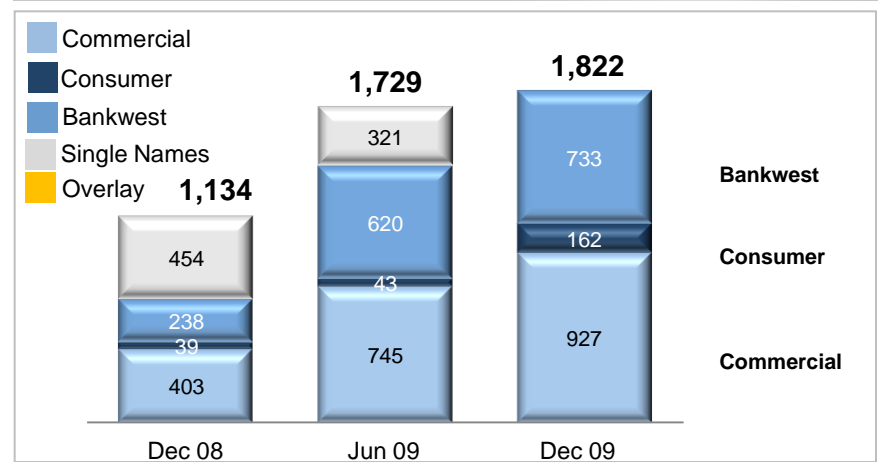
6 months annualised (basis points)¹



Collective provisions (\$m)



Individual Provisions (\$m)

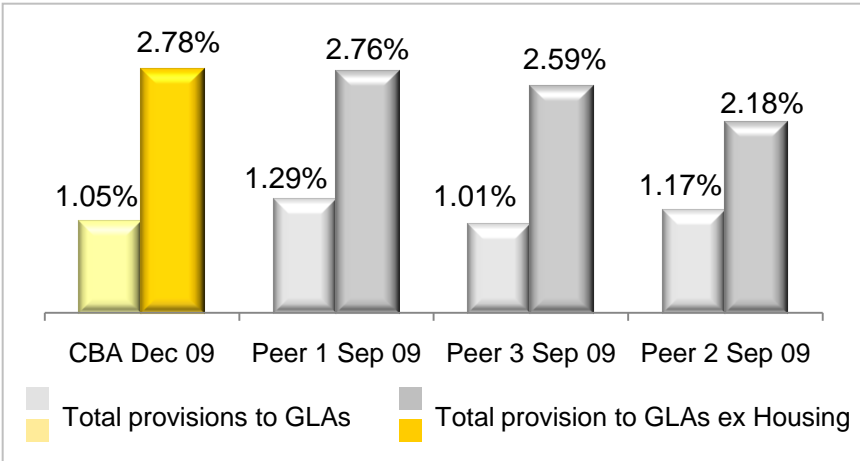


1. Basis points as a percentage of average Gross Loans and Acceptances

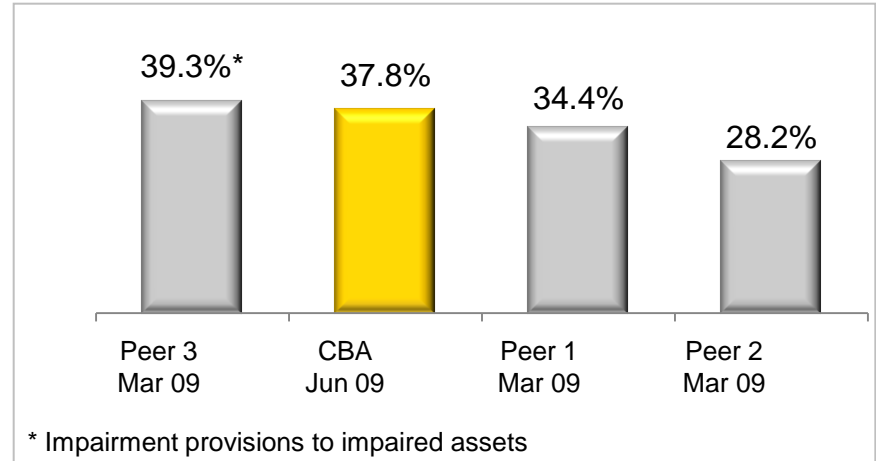


Strong provisioning coverage...

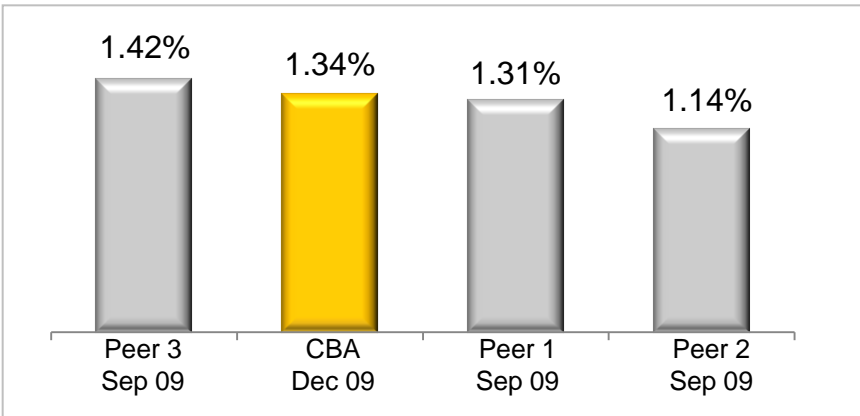
Total provisions to GLAs*



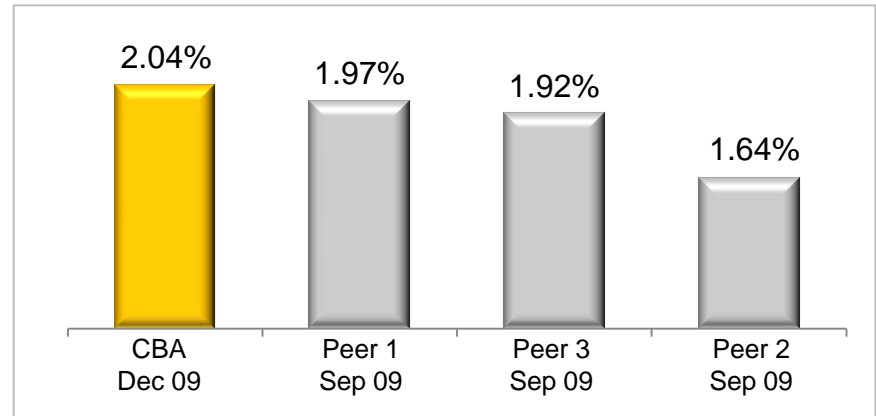
Individual provisions to impaired assets



Collective provisions to Credit RWA



Total provisions to Credit RWA



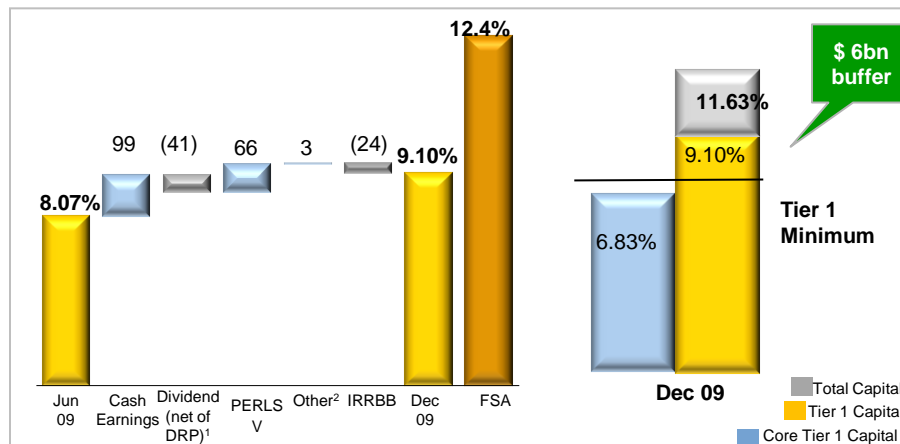
* Gross Loans and Acceptances



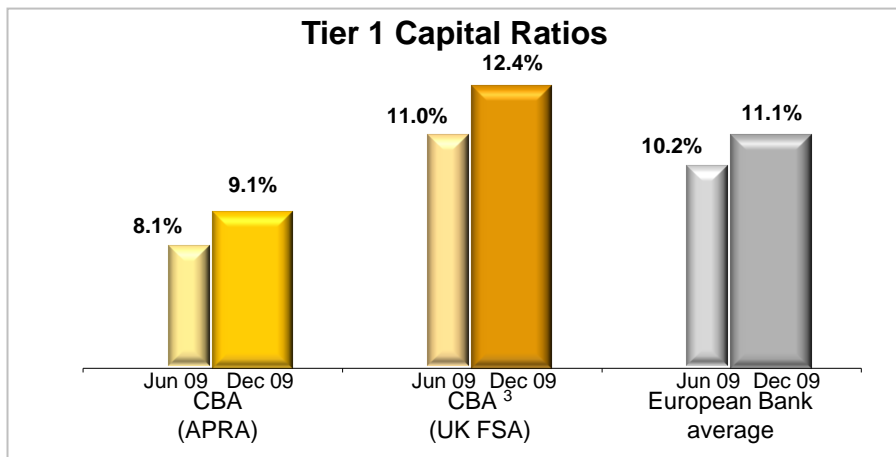
Strong capital position...

- Tier 1 ratio of 9.1% as at Dec 09 – up 103 bp in half
- Strong capital generation through cash earnings
- UK FSA equivalent 12.4%
- Total Capital of 11.6%, up from 10.4%
- Buffer of >\$6bn to board minimum target levels

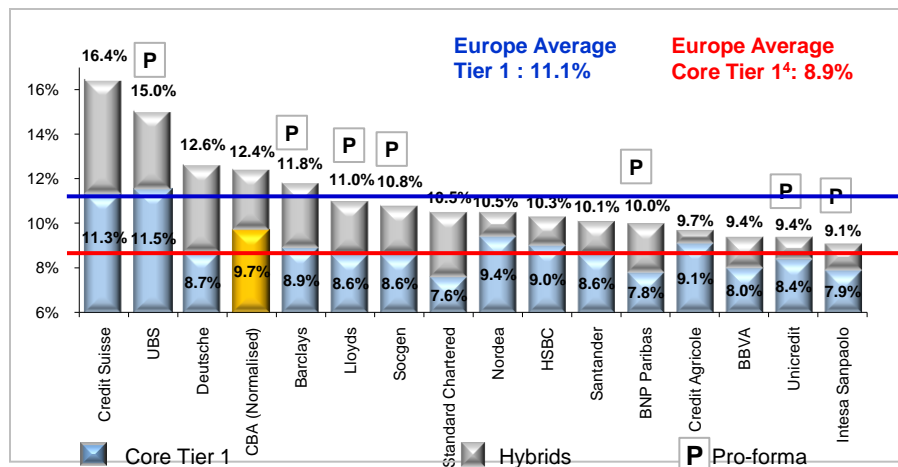
Strong capital buffer maintained



International peer comparison



Tier 1 ratio of 12.4% on UK FSA basis



1. Provision for dividends net of DRP (assumes APRA approved DRP participation rate of 33%)
 2. Representative of additional DRP take up on 2H09 dividend, RWA movements (ex IRRBB), prescribed regulatory adjustments and statutory NPAT items
 3. Normalised CBA capital calculation to UK regulator, Financial Services Authority, as benchmark
 4. Reflects Tier 1 Capital less hybrid Tier 1 instruments

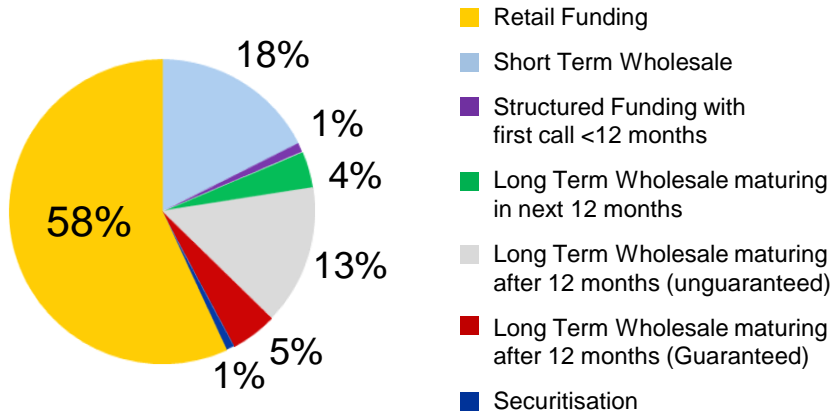
Top 15 European banks by market capitalisation as at 13 January 2010

Source: latest publicly disclosed company reports and other market updates. Includes pro-forma announcements

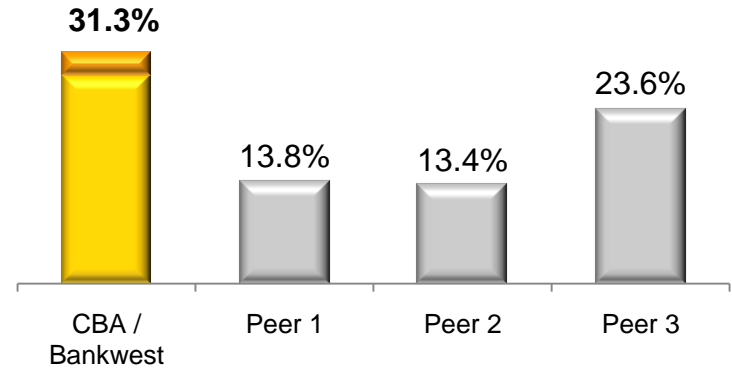


Strong funding and liquidity positions...

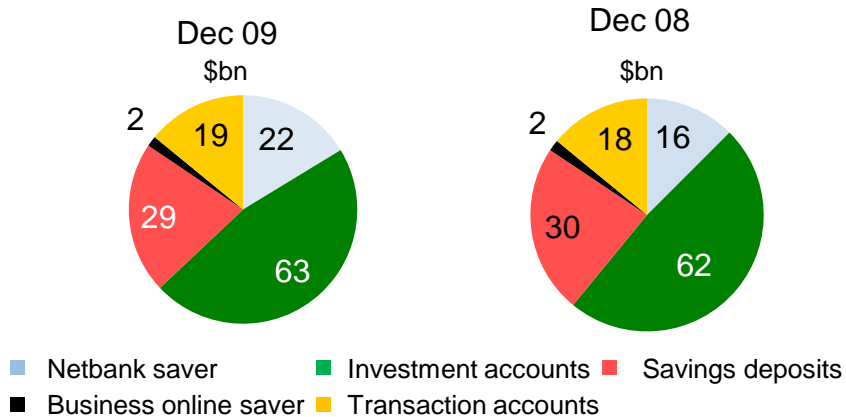
58% retail funded



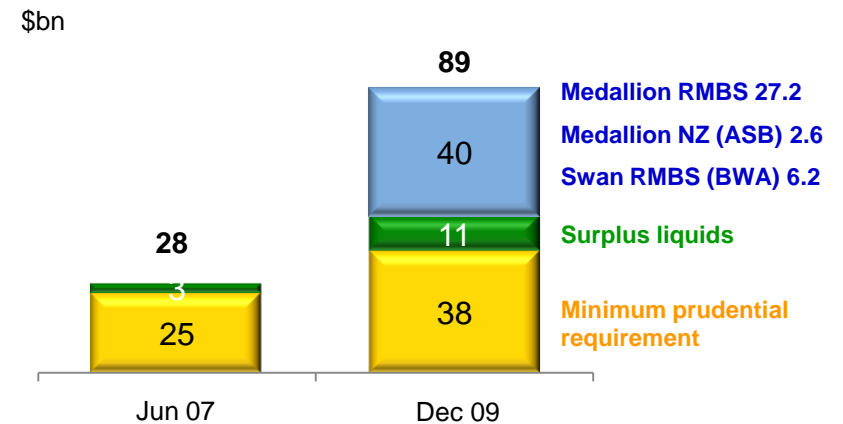
Household Deposits – Market Share



Retail Deposit Mix



\$89bn in Liquid Assets¹

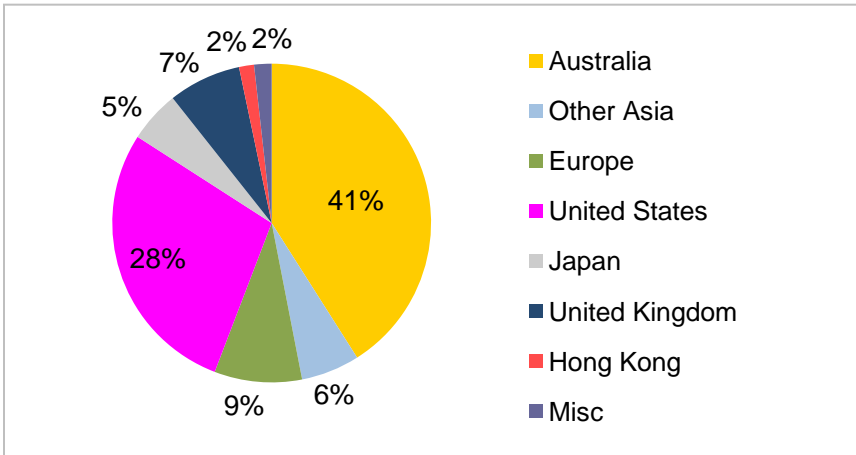


¹ Surplus liquids are excluded from short term wholesale funding. Includes Bankwest. All assets repo-able at Central Bank

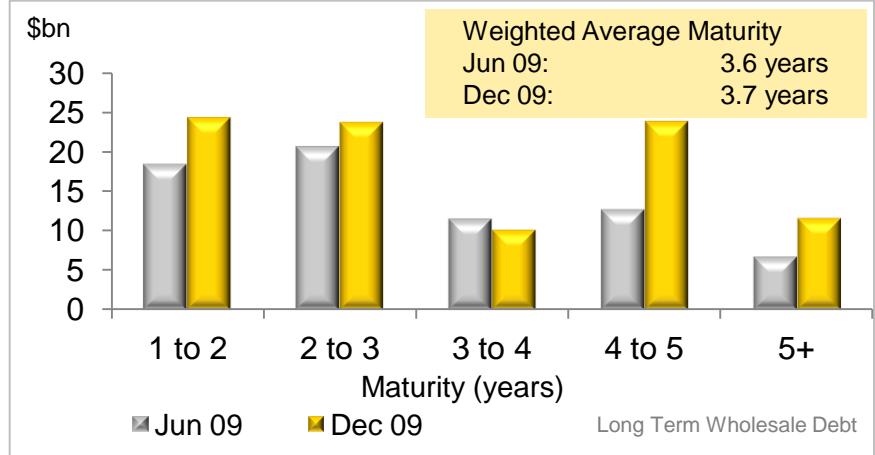


Strong funding and liquidity positions (cont'd)...

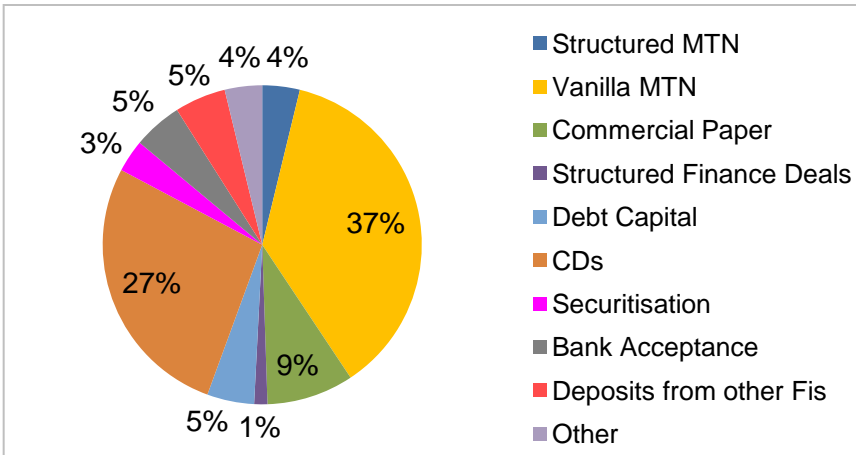
Wholesale Funding - Geographic Distribution



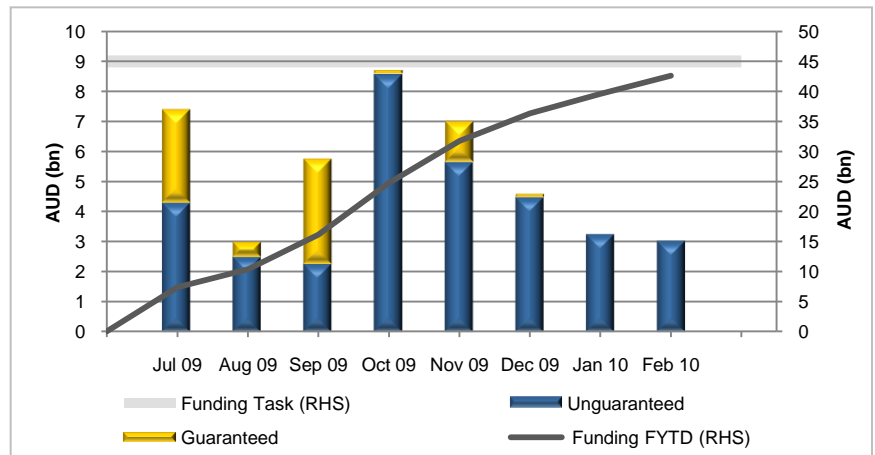
Weighted Average Maturity of 3.7 yrs



Wholesale Funding by Product

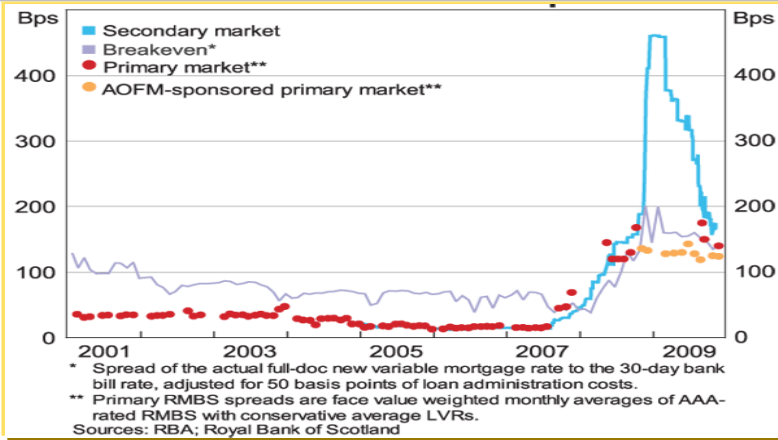


Long Term Funding Year to Date ¹

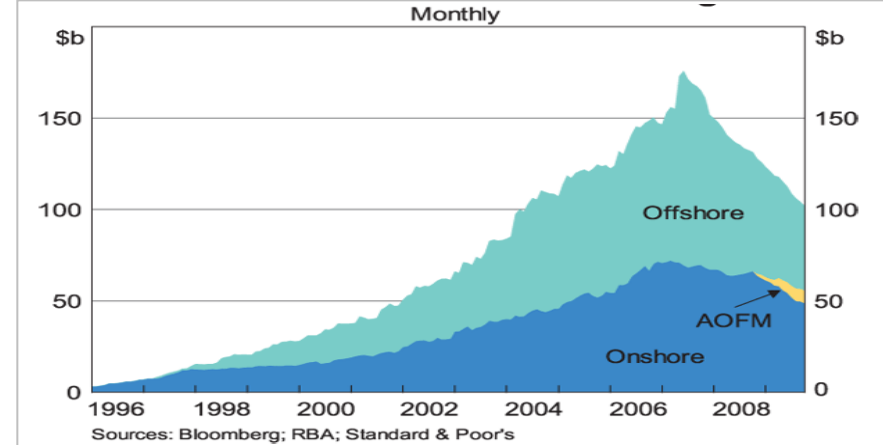


Securitisation Market ...

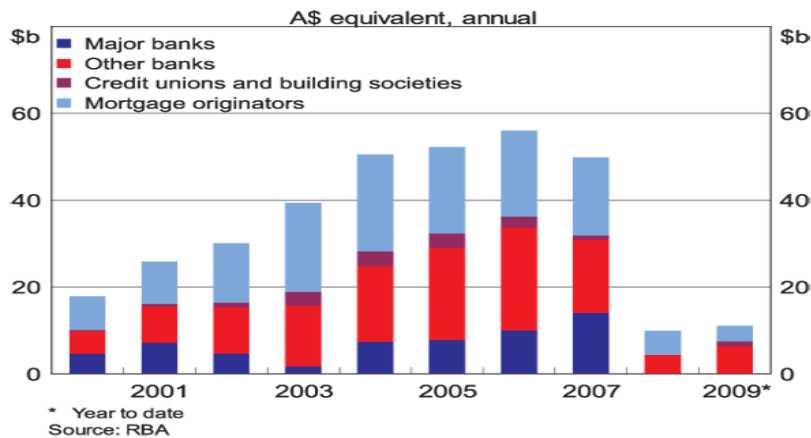
AAA-rated Prime RMBS Spreads



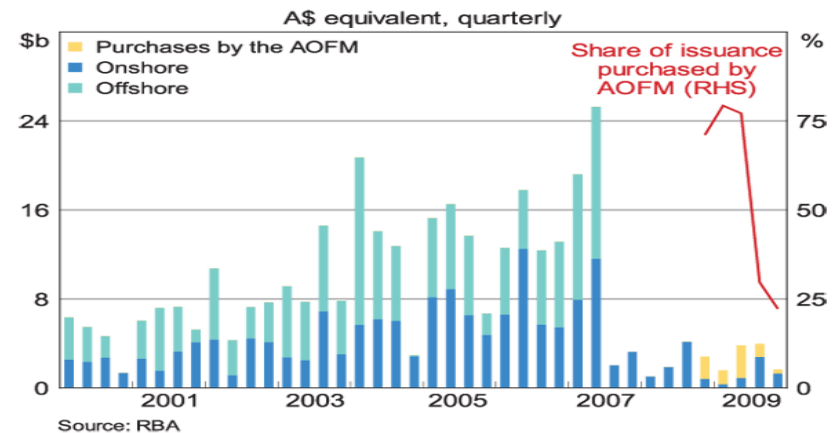
Australian RMBS Outstanding



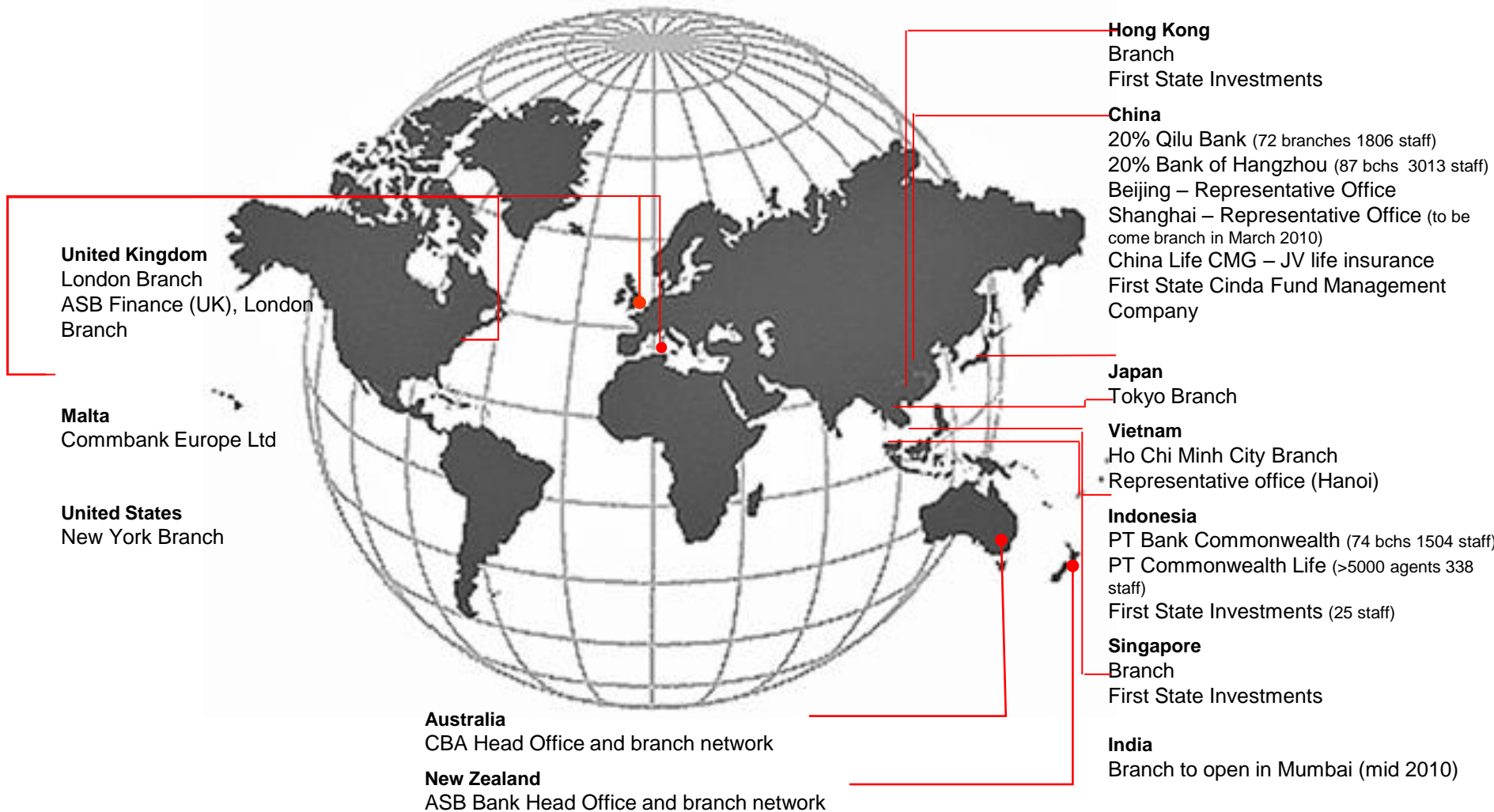
Issuers of RMBS



Australian RMBS Issuance



International presence...



Regulatory Change - constructive dialogue ...

Capital

- ▶ Tier 1 capital – qualifying assets, hybrids
- ▶ Deductions methodology – Tier 1 impact
- ▶ Leverage ratio
- ▶ Rating agency models changing

Liquidity

- ▶ 1 month liquidity buffer
- ▶ Qualifying assets narrowed
- ▶ Net stable funding ratio

Consumer

- ▶ Australian Credit Law Reform
- ▶ Cooper Review and Ripoll Inquiry
- ▶ Wealth Management fee models and product simplification



Other

- ▶ Provisioning
- ▶ Governance and remuneration
- ▶ Henry Tax Review
- ▶ Overseas change



Contents

- **Overview** - Strength in uncertain times
- **Asset Quality** - Conservative risk management
- **Economy** - Why Australia is proving resilient



Conservative exposure mix...

	Regulatory exposure mix			
	CBA	Peer 1	Peer 2	Peer 3
Residential Mortgages	58%	40%	39%	51%
Corporate, SME & Spec Lending	28%	38%	44%	38%
Bank	6%	6%	11%	5%
Sovereign	5%	6%	3%	2%
Qualifying Revolving	2%	4%	2%	3%
Other Retail	1%	6%	1%	1%
Total Advanced ¹	100%	100%	100%	100%

CBA as at December 2009. Peers – September 2009 Pillar 3 disclosures

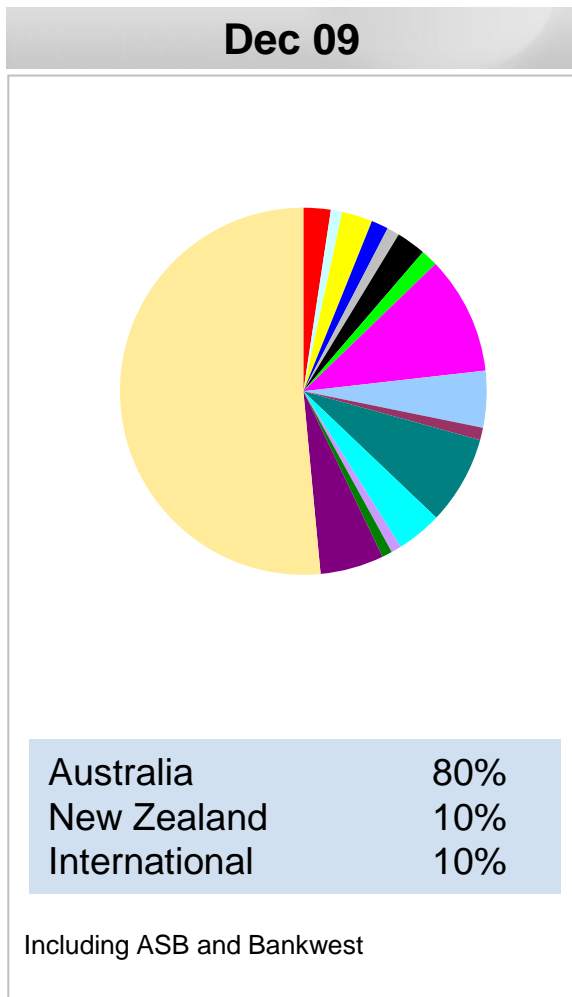
¹ Includes Specialised lending. Excludes Standardised, Other Assets and Securitisation (representing 5% of Peer 1, 18% of Peer 2 and 26% of Peer 3). Exposure mix re-baselined to total 100% for comparison



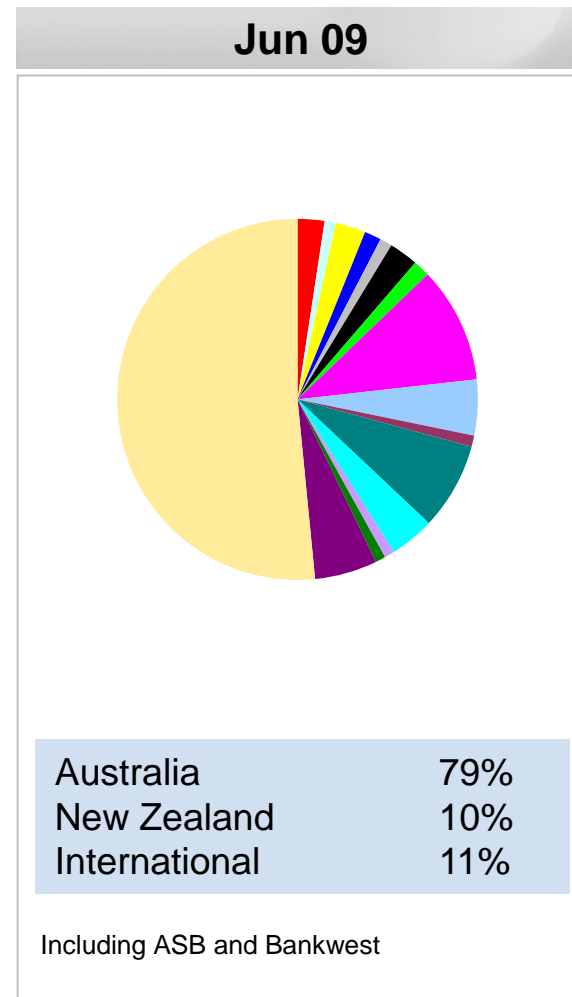
Determined to be different

Sector exposures

Portfolio remains well diversified across industry sectors...



	Dec 09	Jun 09
Consumer	54.1%	51.5%
Agriculture	2.4%	2.4%
Mining	0.7%	1.0%
Manufacturing	2.4%	2.7%
Energy	1.3%	1.5%
Construction	1.0%	1.1%
Retail & Wholesale	2.6%	2.6%
Transport	1.5%	1.5%
Banks	9.8%	10.4%
Finance – other	4.3%	5.0%
Business Services	1.0%	1.0%
Property	7.4%	7.8%
Sovereign	4.3%	4.0%
Health & Community	0.9%	0.9%
Culture & Recreation	0.8%	0.9%
Other	5.5%	5.6%
Total	100%	100%



Total exposures = balance for uncommitted facilities; greater of limit or balance for committed facilities.
Includes settlement risk.

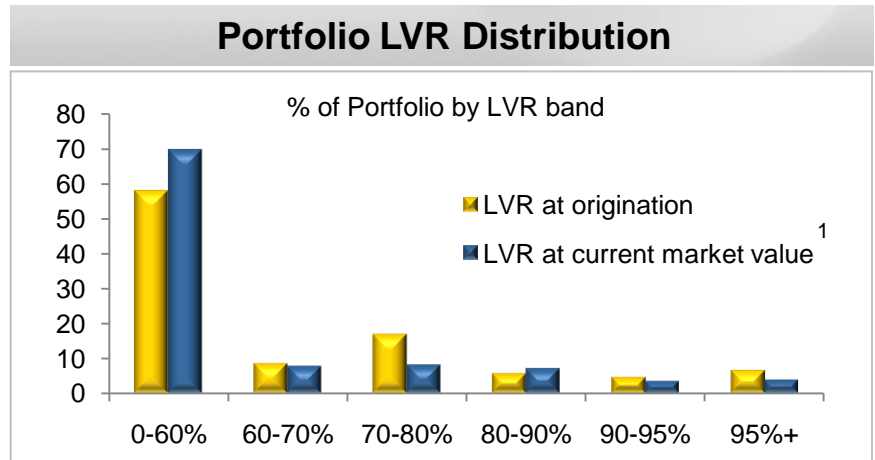


Determined to be different

Home Lending

Strong LVR profile...

- 70% of customers paying in advance
- Portfolio average LVR:
 - 52% based on original values
 - 42% based on current values
- Average LVR of 58% on new fundings
- Maximum LVR of 90% except for best risk existing CBA customers
- Genuine savings of 5% required for loans above 85% LVR
- First Home Owner Grant not counted as genuine savings



Home loan portfolio mix

	Dec 09	Sep 09	Jun 09
Owner-Occupied	58%	58%	57%
Investment	32%	32%	32%
Line-of-Credit	10%	10%	11%
Variable	82%	80%	79%
Fixed	17%	19%	21%
Honeymoon	1%	1%	1%
Low Doc %	4.1 %	4.3%	4.5%
Originations			
Proprietary	63%	60%	58%
Third Party	37%	40%	42%

¹ Source APM database
Excludes Bankwest



Home Loan stress test...

High stress scenario

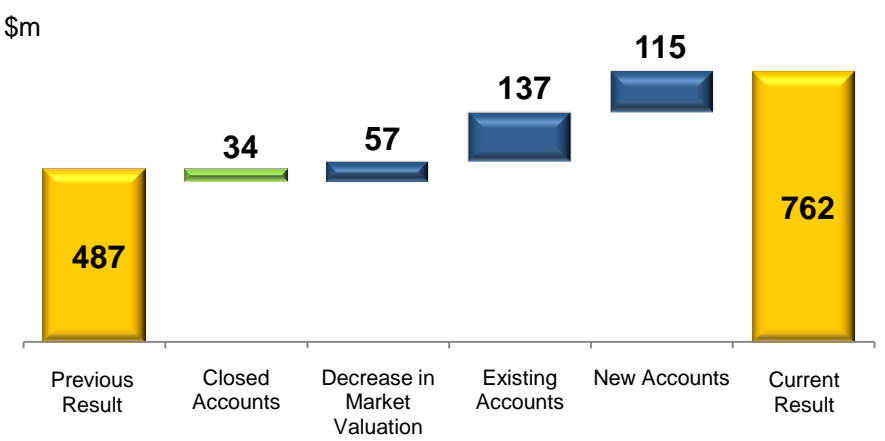
Unemployment	10%
Interest rates	14%
Security values	↓ 30%
Probability of default	X 6

Expected Loss outcomes

Expected loss \$m	PD stress factor			
	x1	x2	x4	x6
Property value				
No decrease	14.5	21.3	32.5	42.5
10% decrease	45.8	69.8	110.1	145.7
20% decrease	111.3	177.5	290.7	390.9
30% decrease	209.7	341.1	565.1	762.1

PD = Probability of default. Excludes lines of credit.

Drivers of movement this period



Loss mitigants

- Loans >80% LVR mortgage insured (*additional insured losses of \$1,439m in high stress scenario*)
- The higher of the standard variable rate + rate buffer (150bp) or the 5 yrs fixed rate built into serviceability tests
- Portfolio average LVR of 42%
- Full recourse to borrower
- 70% of customers paying in advance

Excludes Bankwest

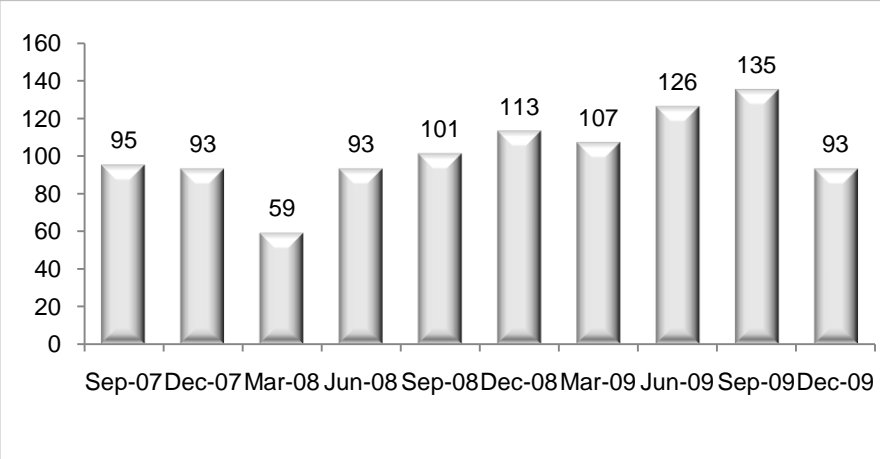
Note: The valuation model supplied by Australian Property Monitors has changed since Dec-08. Expected losses from Dec 08 have been recreated using this updated model to enable a valid comparison to expected losses from Jun-09.



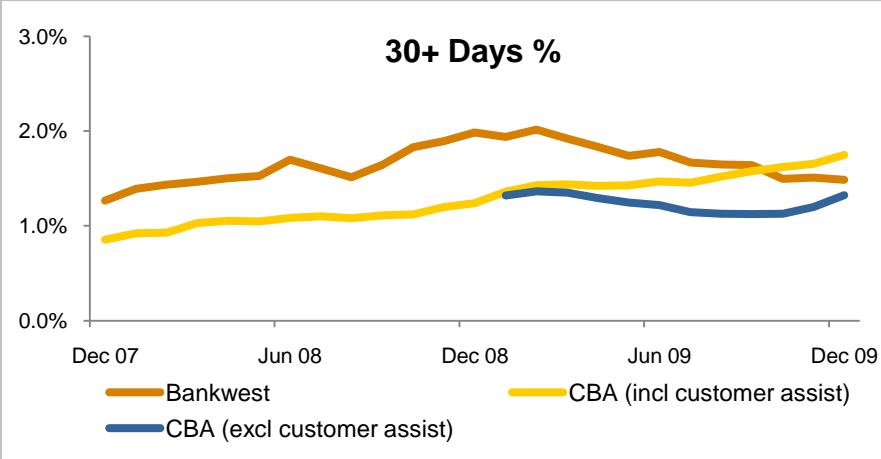
Determined to be different

Home Loan Credit Quality...

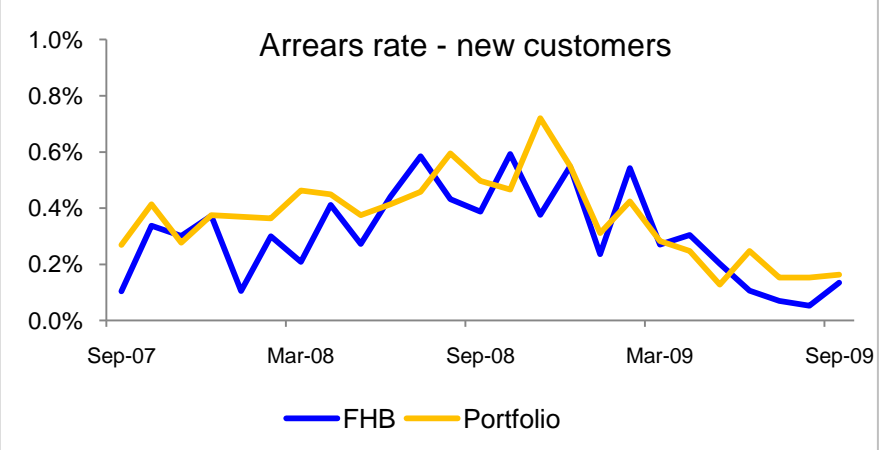
New mortgagee in Possession Cases



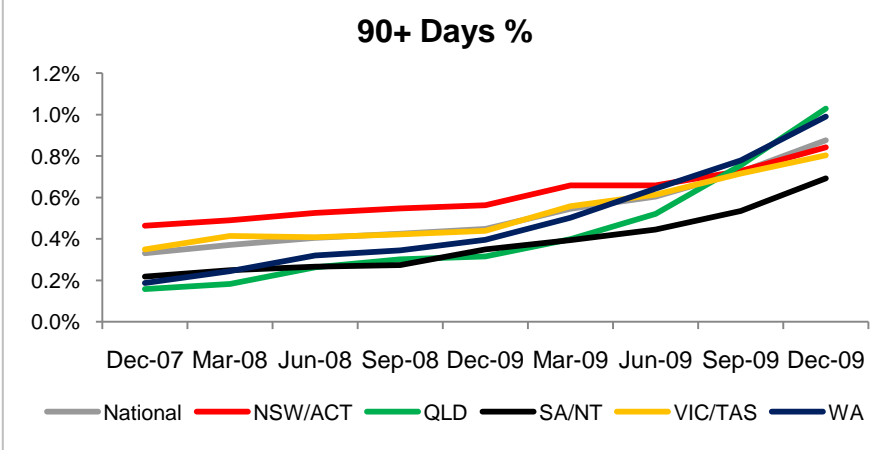
Home loan arrears



First Home Buyers

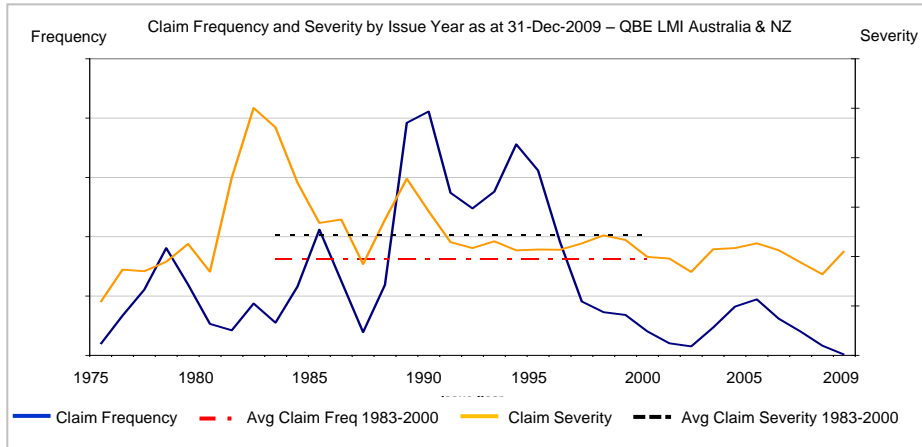


Home loans

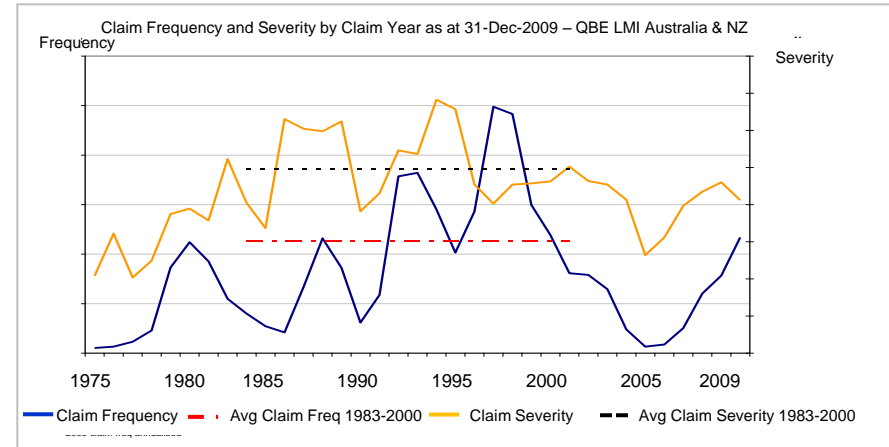


Mortgage insurance market...

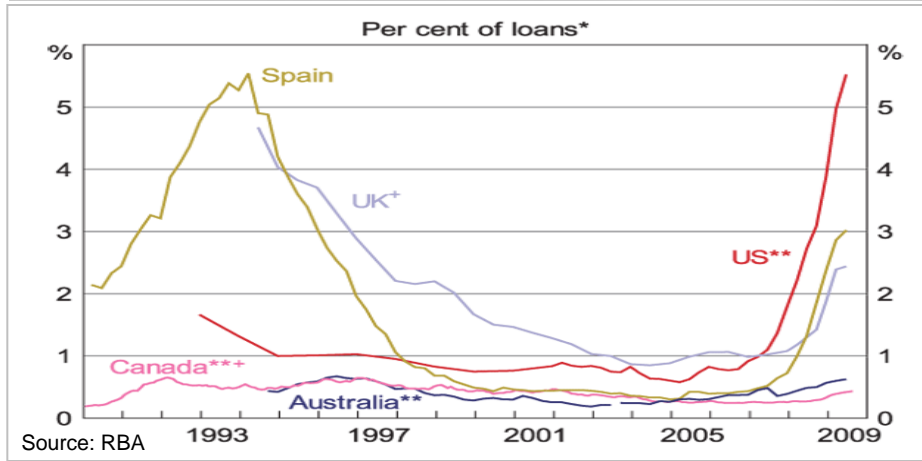
LMI – Performance (QBE)



LMI – Performance (QBE)



Non-performing Housing Loans



- Two dominant mortgage insurers in the Australian market:
 - Genworth Financial Mortgage Insurance (AA-/A1(neg))
 - QBE Lenders Mortgage Insurance (AA-/Aa3(neg)/AA-)
- Regulated by APRA on stand alone basis
- Loss ratios trended higher in 2004 to 2008 but appear to have peaked ~60%



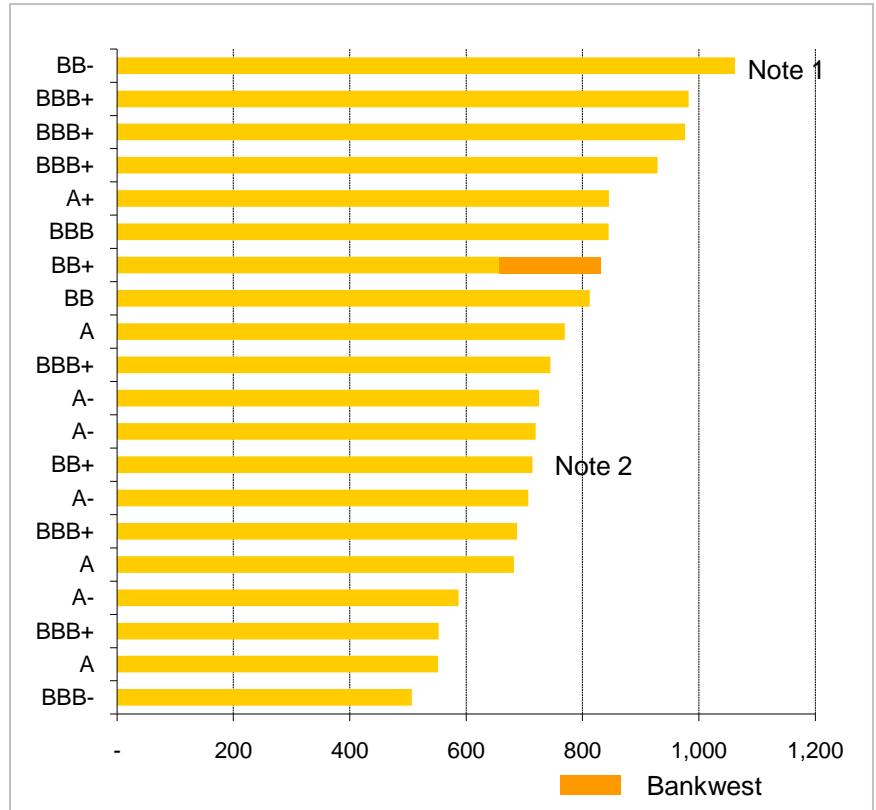
Sector and Top 20 commercial exposures...

Sector Exposures – Dec 09¹

\$bn	AAA to AA-	A+ to A-	BBB+ to BBB-	Other	Total
Banks	37.1	25.8	2.5	0.5	65.9
Finance Other	8.6	10.2	4.3	5.9	29.0
Property	0.3	4.6	7.5	37.6	50.0
Sovereign	25.9	1.7	0.3	0.4	28.2
Manufacturing	0.0	2.5	6.9	6.5	15.9
Retail/Wholesale Trade	0.0	1.1	4.5	12.0	17.6
Agriculture	0.0	0.3	1.7	14.5	16.4
Energy	0.5	1.5	4.8	2.0	8.8
Transport	0.3	1.9	3.4	4.1	9.7
Mining	0.0	0.7	2.1	2.0	4.8
All other (ex consumer)	1.7	3.4	10.7	36.9	52.8
Total	74.5	53.6	48.7	122.3	299

Includes ASB and Bankwest

Top 20 Commercial Exposures²



Notes: The ratings reflect the bulk of the aggregated entities exposure.

Within these aggregated exposures is the following:

1. \$119m rated CC, secured by fixed & floating charge.
2. \$89m rated CCC, secured by fixed & floating charge.

¹ Total exposure = balance for uncommitted facilities; greater of limit or balance for committed facilities
Excludes settlement exposures

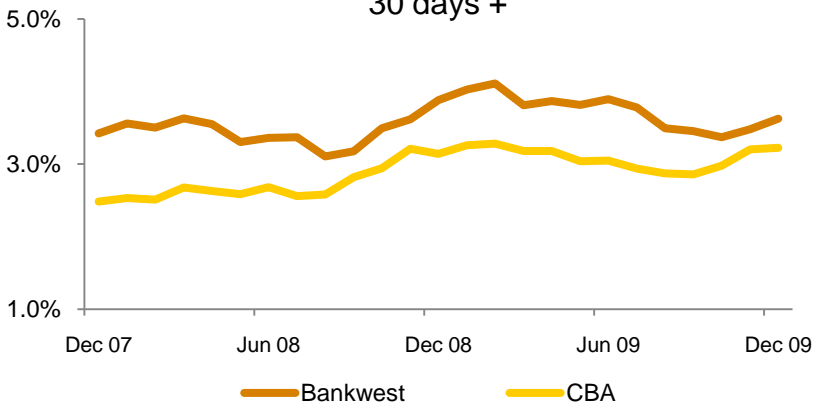
² Excluding finance and government. CBA grades in S&P Equivalents



Other key information...

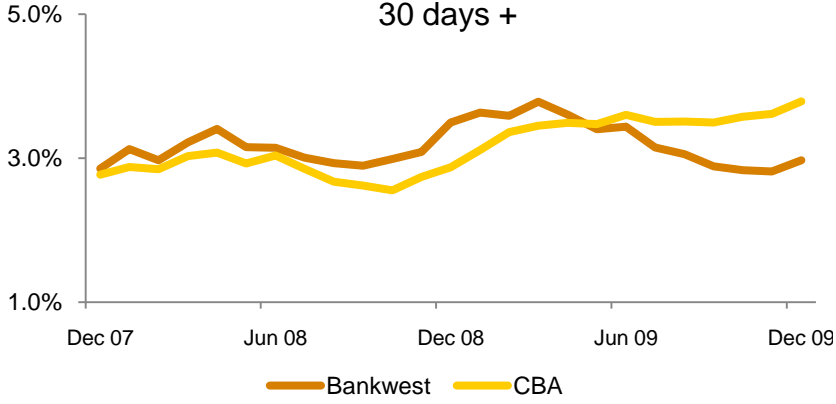
Credit card arrears

30 days +

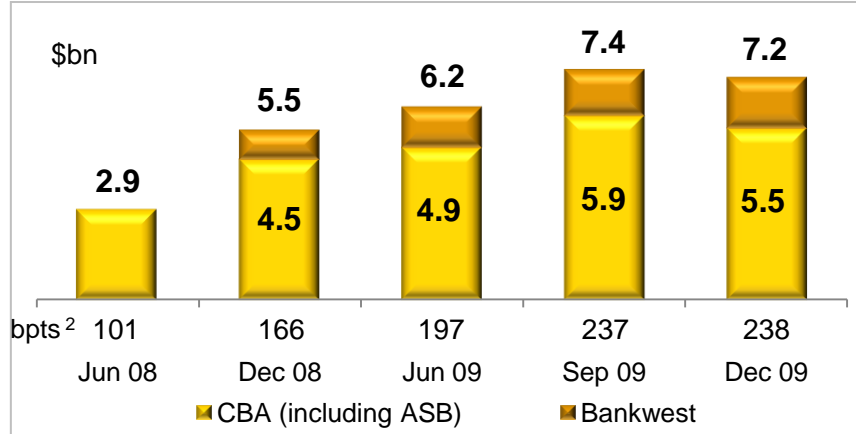


Personal loan arrears

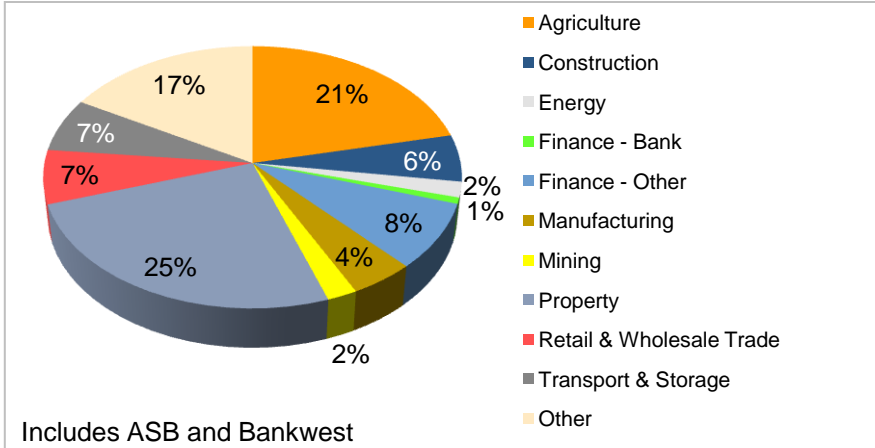
30 days +



Troublesome Exposures ¹



Troublesome Exposures by Sector



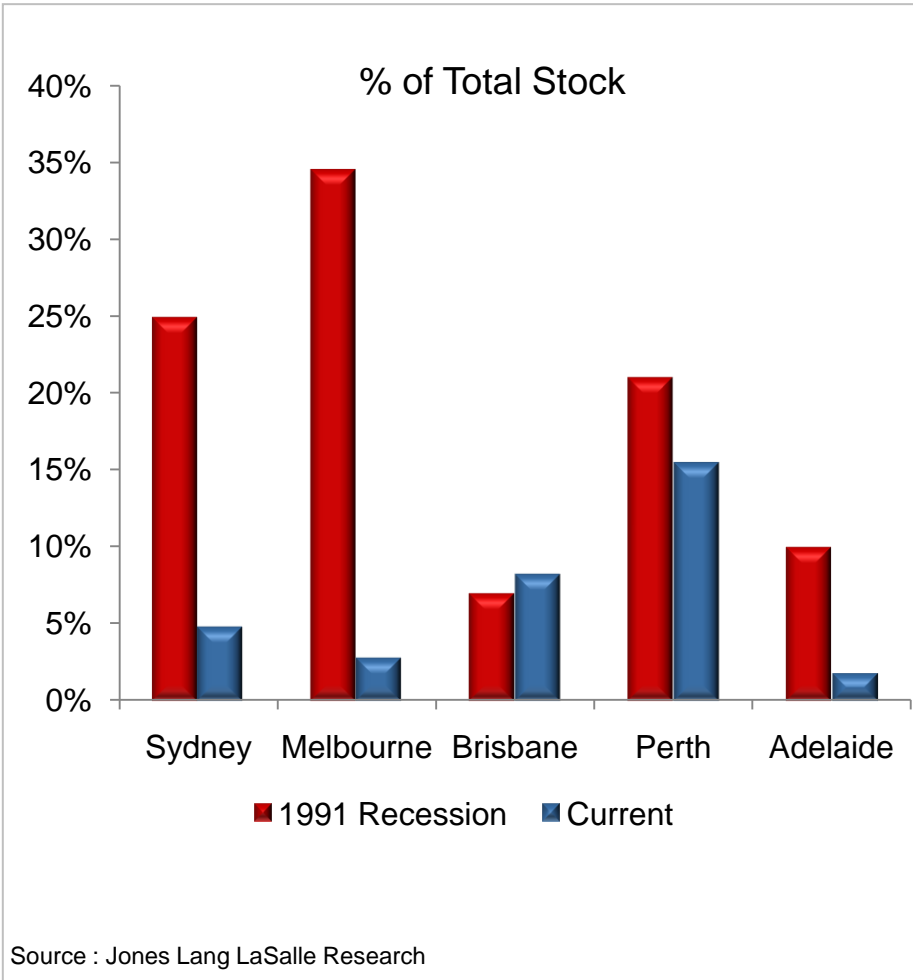
¹ Includes defaulted / well secured exposures and exposures where there is a potential for default within ~ 12 months if a sustained improvement in financial performance is not achieved within the short term. Does not include impaired exposures.

² As a percentage of total commercial exposures



Commercial Property market...

CBD Office Supply Pipeline¹

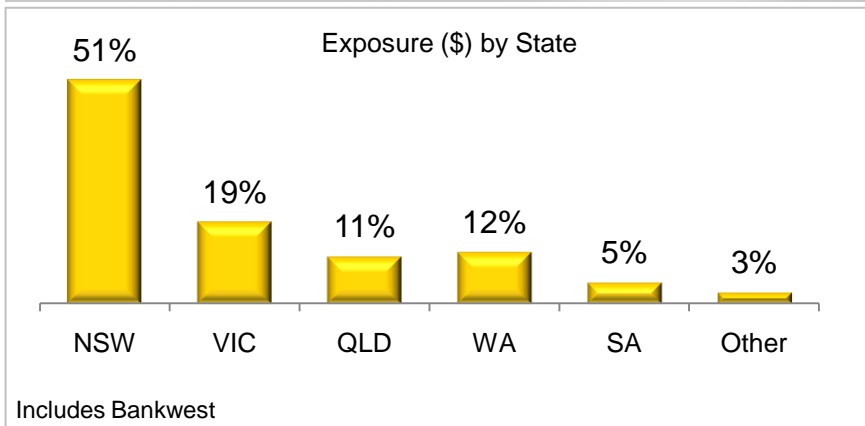


CBD Vacancy Rates

Market	Current (Q4 2009)	Peak 1990's
Sydney	8.2%	22.4%
Perth	7.7%	31.8%
Melbourne	6.4%	25.8%
Brisbane	10.2%	14.3%
Adelaide	8.2%	19.8%

Source : Jones Lang LaSalle Research

CBA Commercial Property



¹ The development pipeline includes all projects currently under construction. Melbourne for example is only developments in 2010 (there is nothing beyond the calendar year at present), while Perth and Brisbane include projects through 2012.

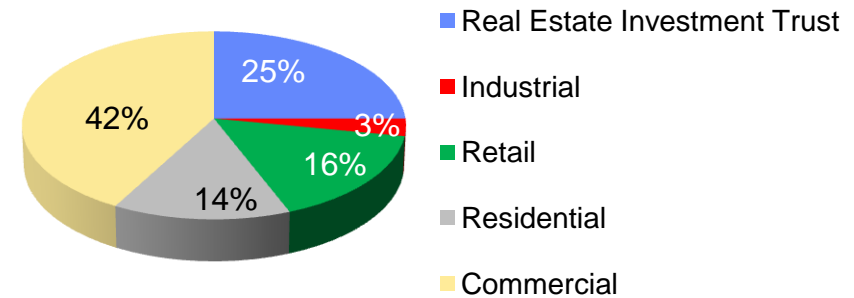


Commercial Property

Well diversified portfolio with strong security cover and conservative LVR's...

- Represents 7.4% of total exposures (including Bankwest)
- Well diversified across property classes and geographies
- Strong security cover
 - 74% of overall portfolio secured
 - 92% of below investment grade exposures secured
- Secured portfolio average LVR of 53%

CBA Commercial Property Profile



Including ASB and Bankwest

CBA Commercial Property Profile

Property segments	Secured portion	Average LVR
Commercial	93%	53%
Industrial	86%	53%
Real Estate Investment Trusts	42%	54%
Residential	89%	54%
Retail	84%	53%
All segments	74%	53%

Excludes Bankwest



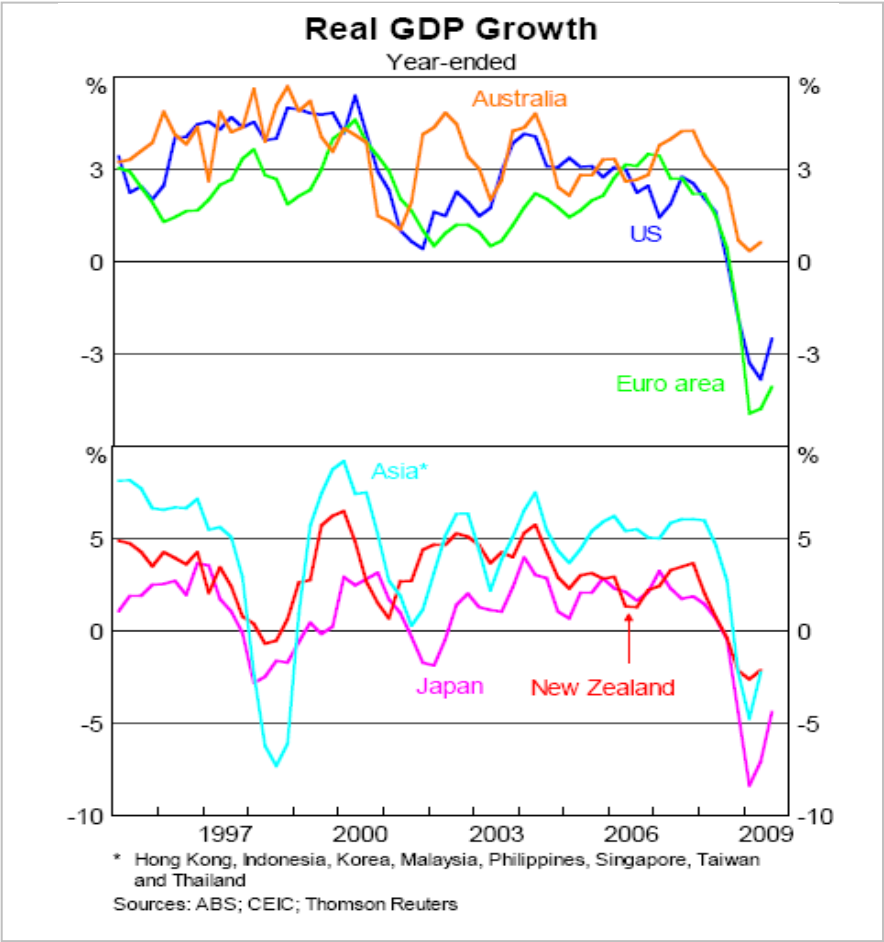
Contents

- **Overview** - Strength in uncertain times
- **Asset Quality** - Conservative risk management
- **Economy** - Why Australia is proving resilient

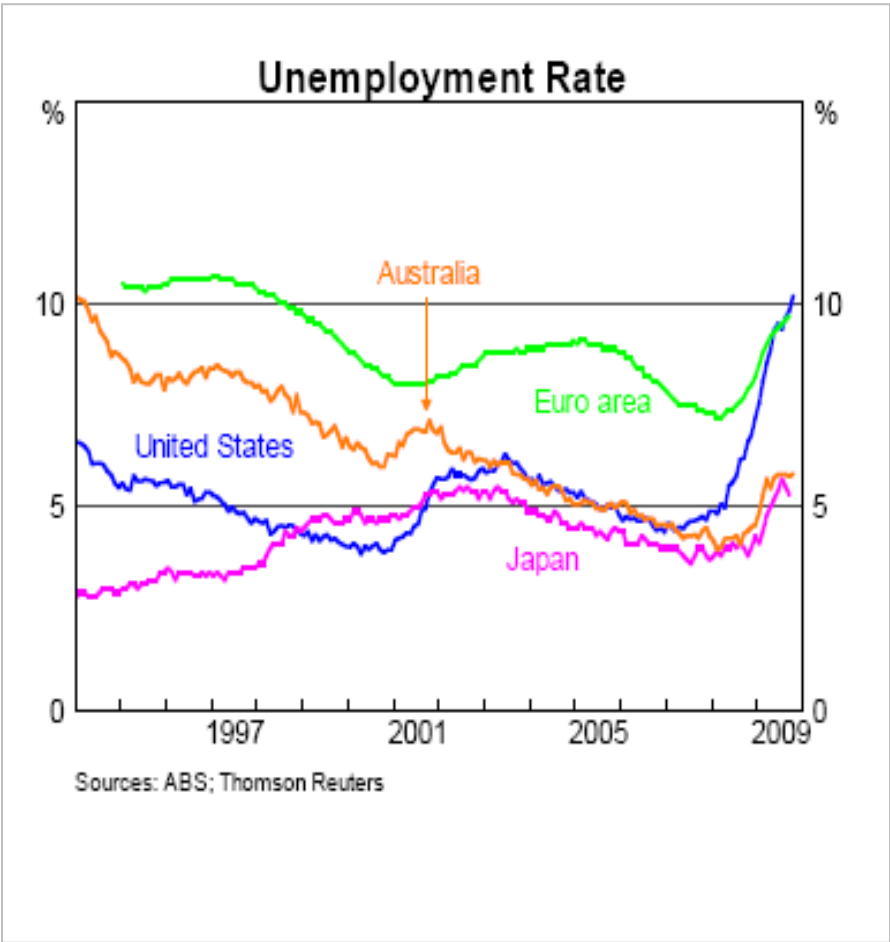


Australia Relatively Well Placed...

Growth Outperformance

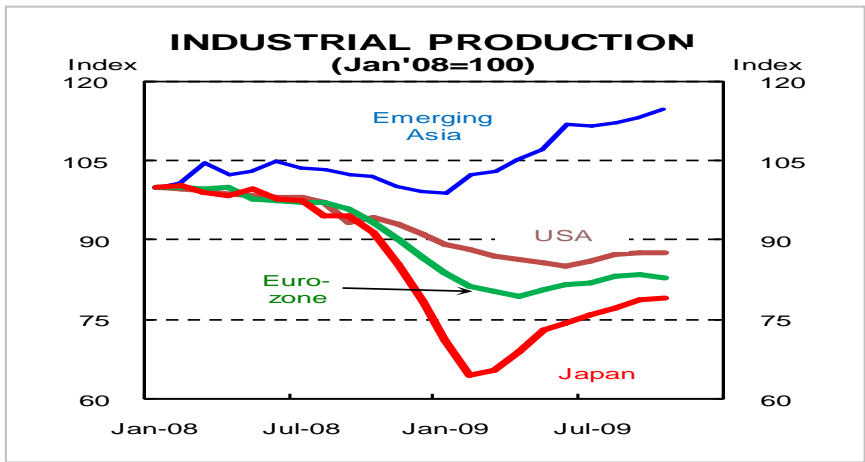


Better Labour Market Conditions

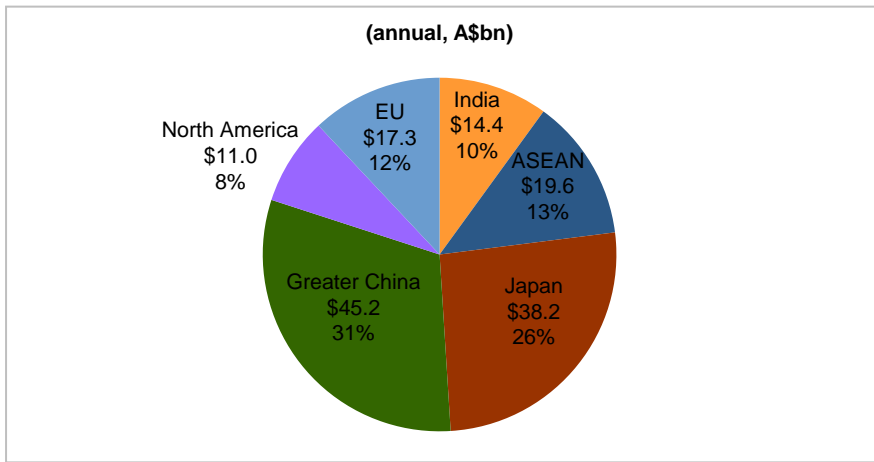


Global Backdrop Supportive...

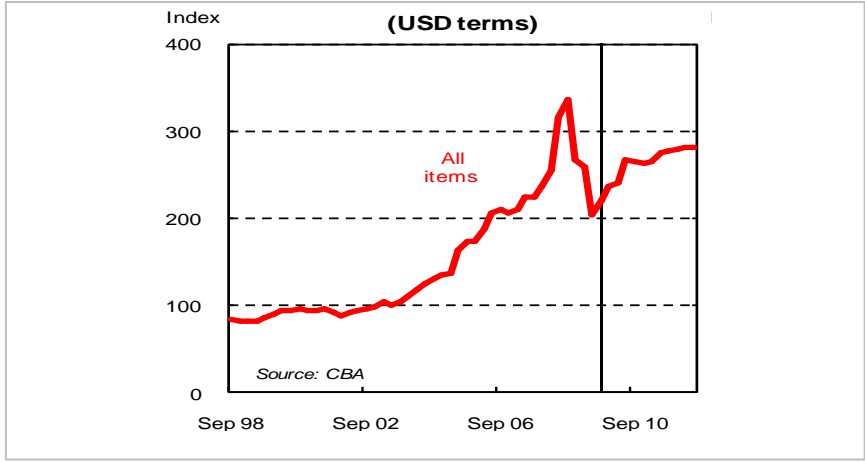
Key Asian Trading Partners Growing



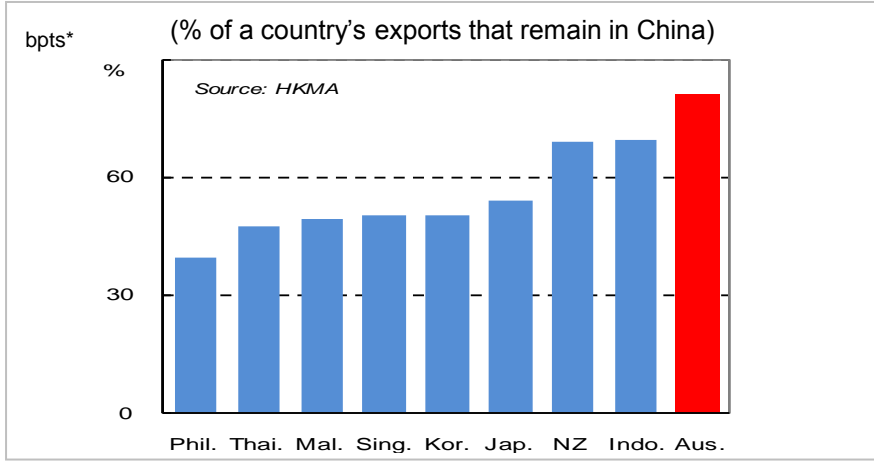
Australia's Export Markets



CBA Commodity Price Index

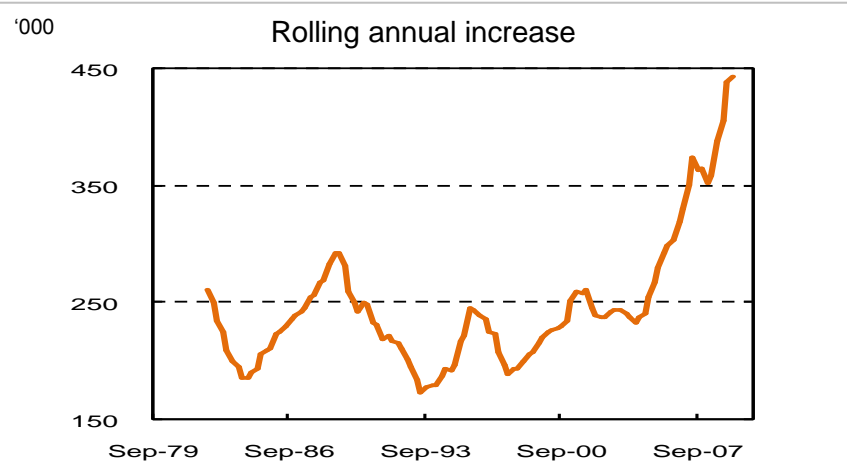


China & Exports

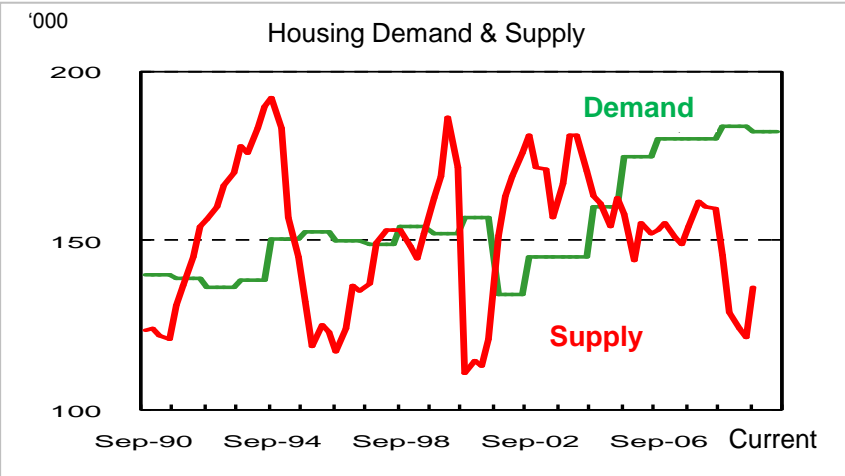


Australian Housing Market...

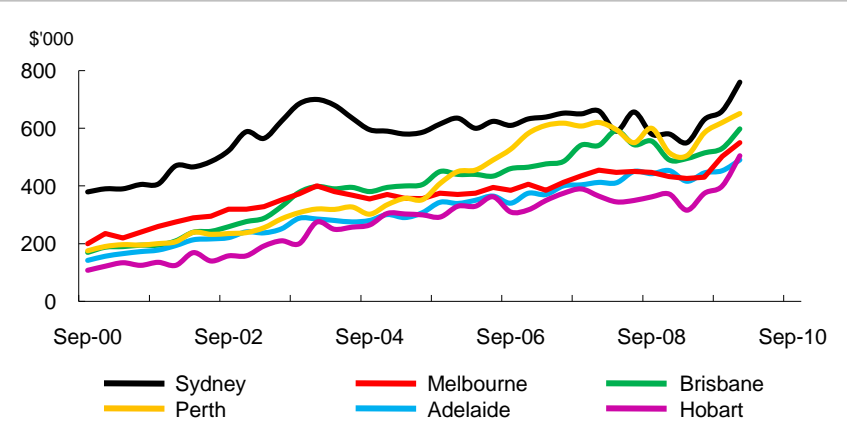
Underpinned By Population Growth



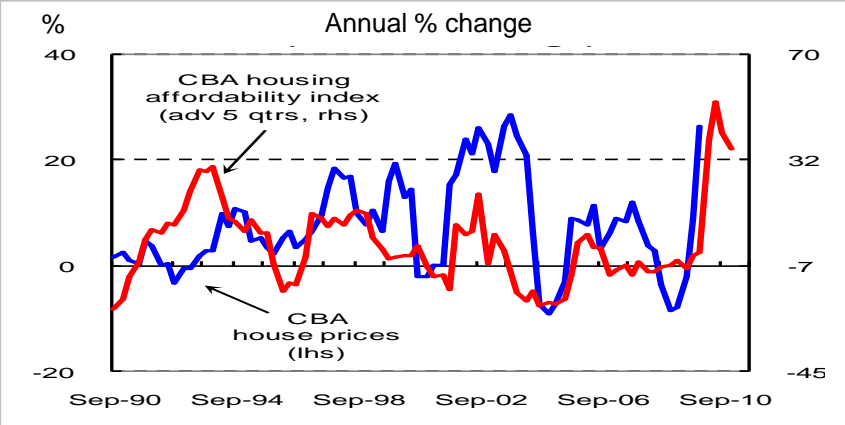
Demand Outstripping Supply



House Prices Rising

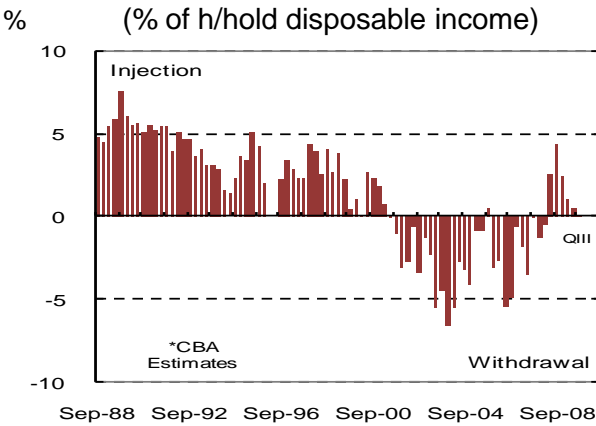


Affordability Trends To Weigh On Price Growth

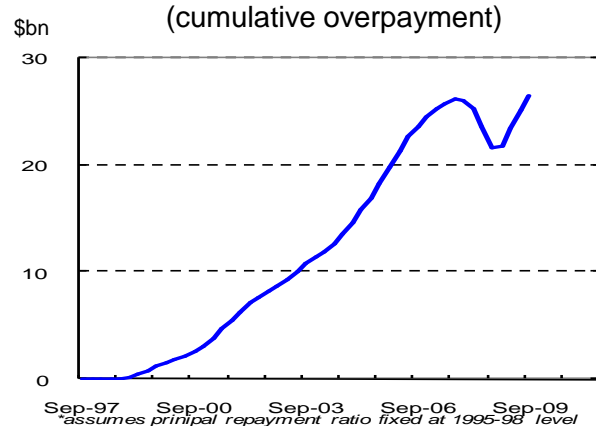


Household Deleveraging...

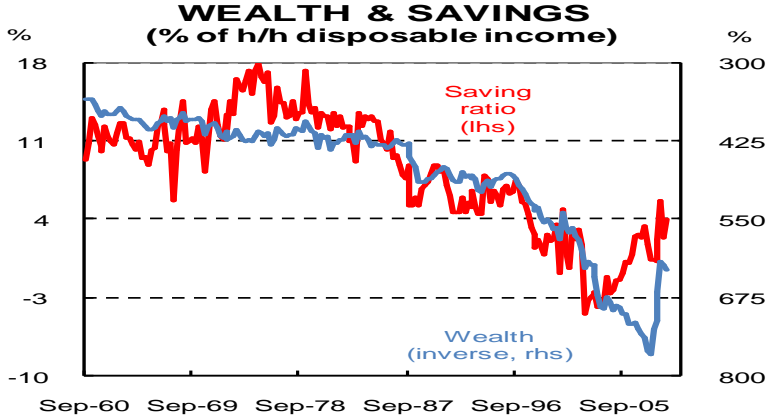
Housing Equity Injection



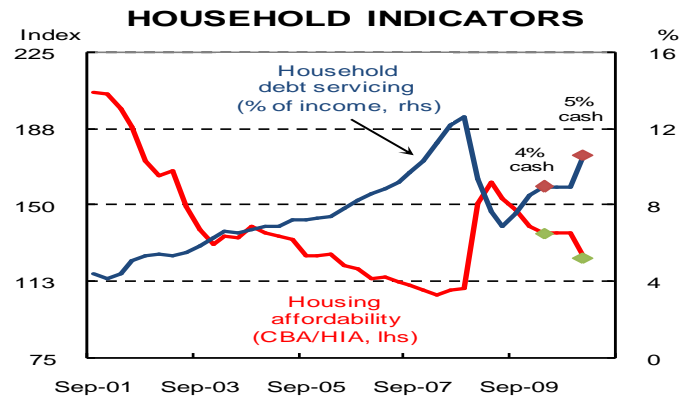
Principal Repayments Ahead



Wealth Recovering & Saving Lifting

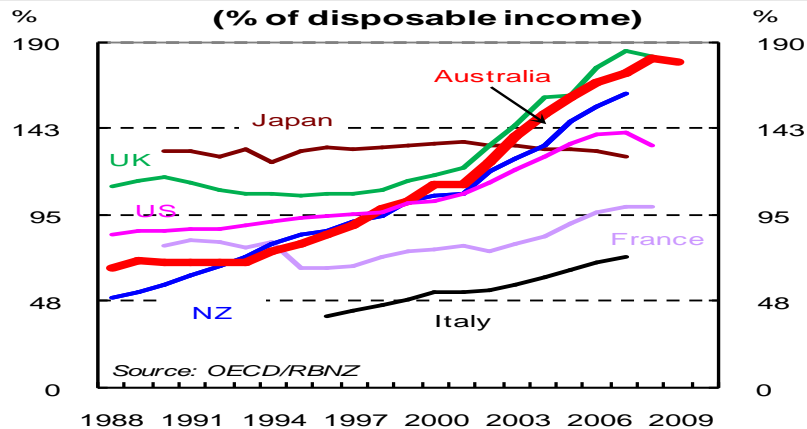


Policy Stimulus Waning

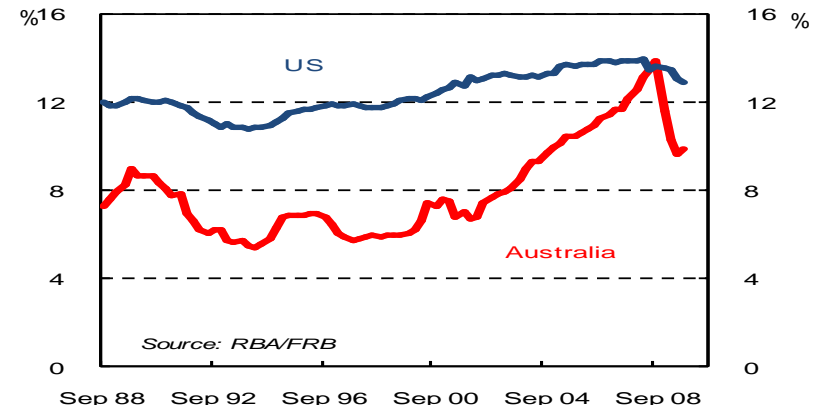


Household debt...

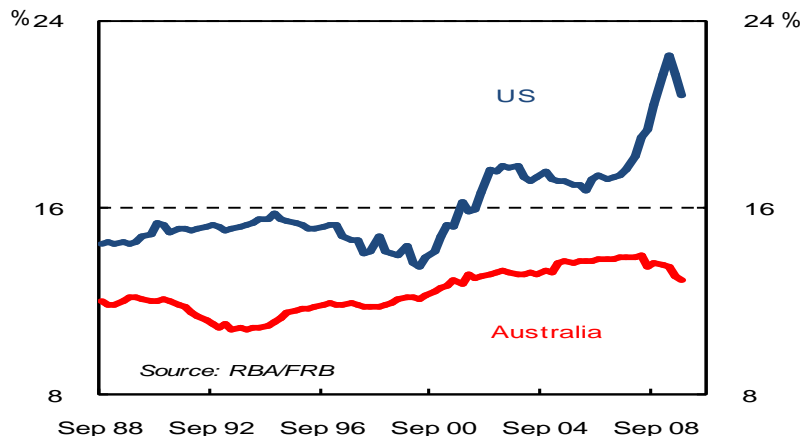
Household Liabilities



Household Debt Service



Household Debt: Assets

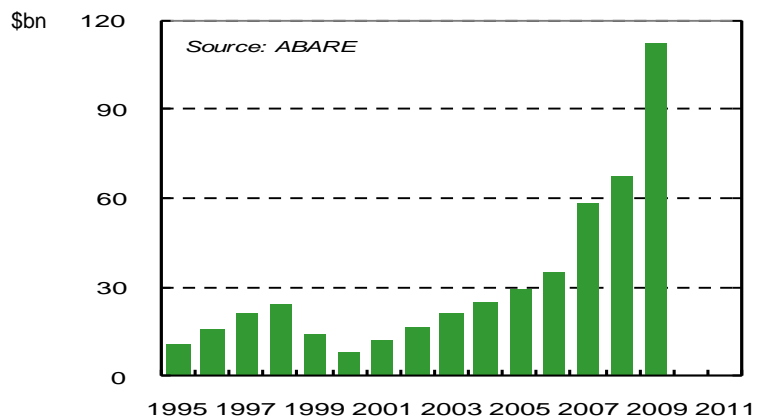


- Household debt as share of GDP has increased over 50 year period
- Mortgage debt is main component with high level of home ownership
- Asset coverage, including housing and superannuation, is strong
- Debt service costs peaked in 2008 with SVR at ~9.50% vs. current ~6.60%

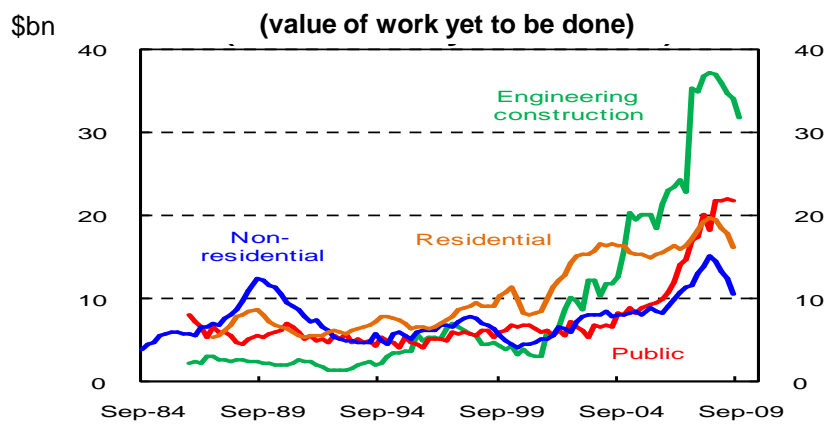


Capex Backdrop...

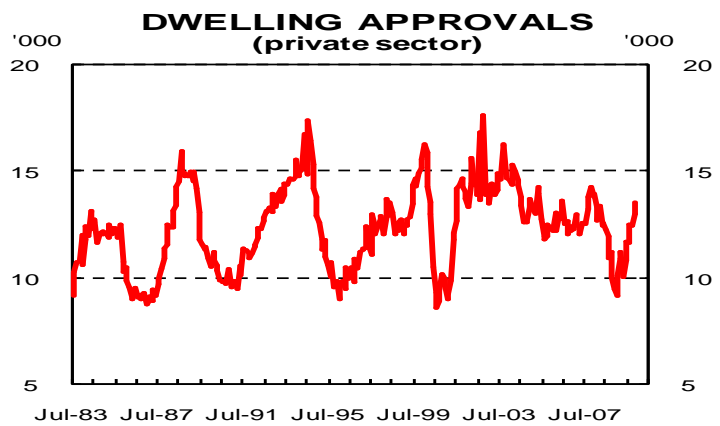
Advanced Mining Projects



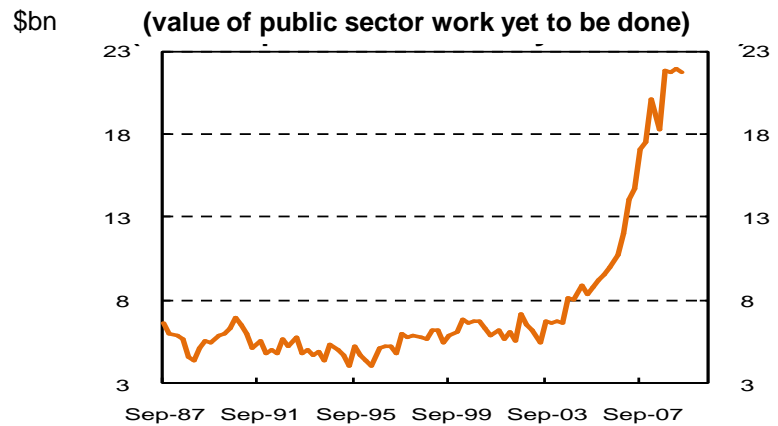
Construction Pipeline



Dwelling Building Approvals

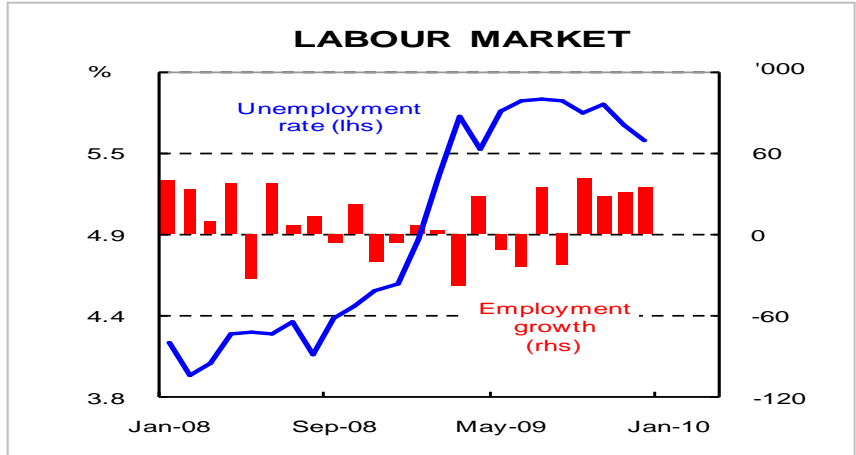


The Public Capex Pipeline

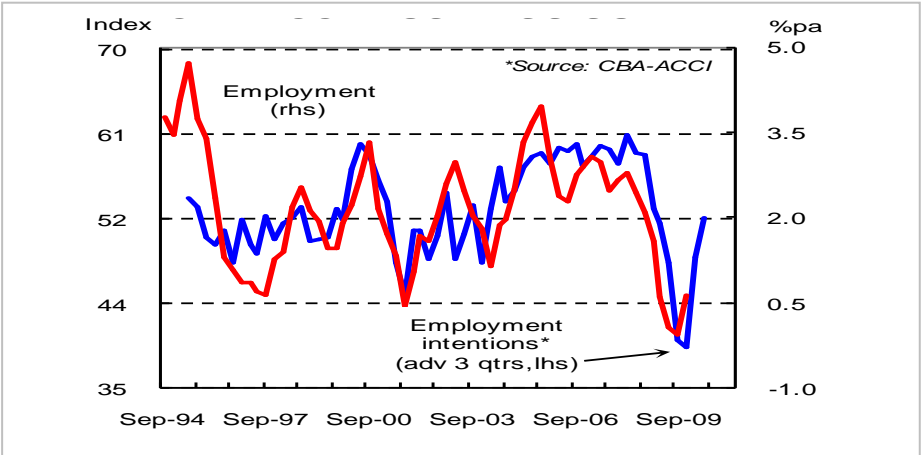


Labour Market...

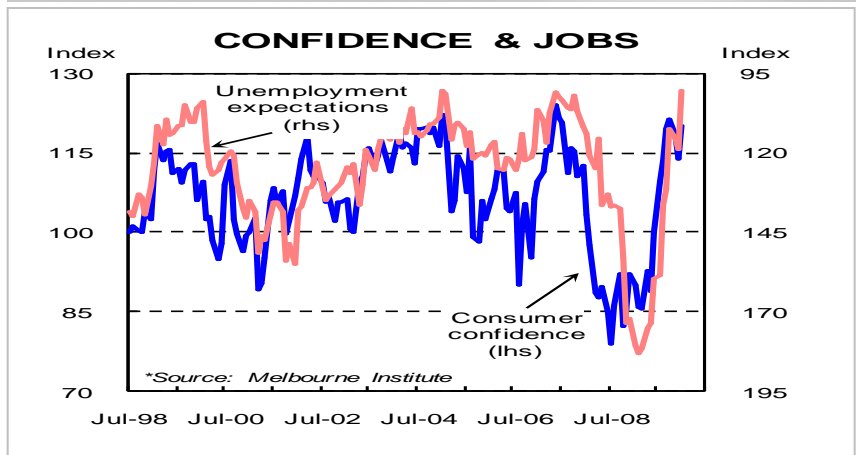
Labour Market Conditions Improving



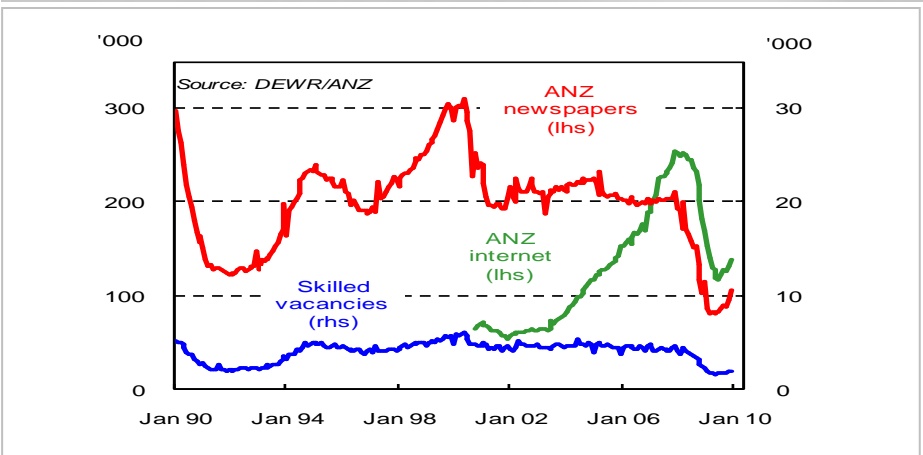
Hiring Intentions Lifting



Easing Job Security Fears

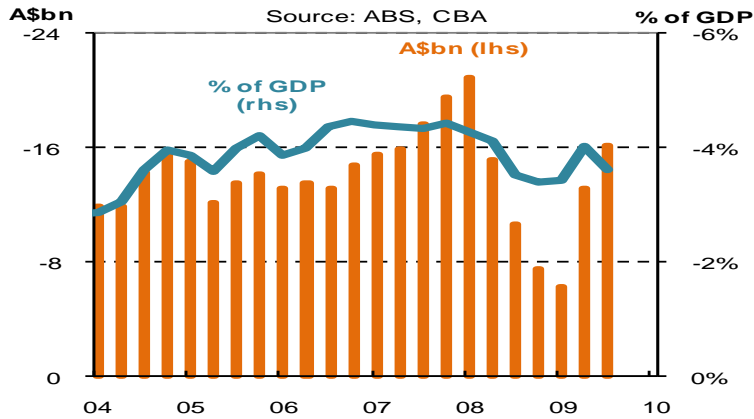


Job Vacancies Trending Higher

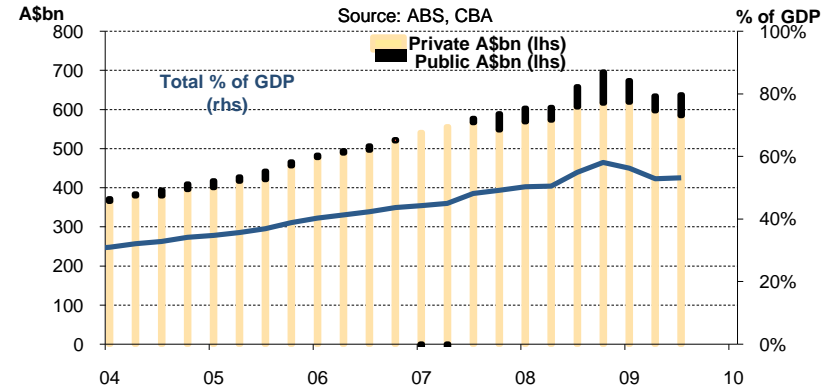


Australian funding gap...

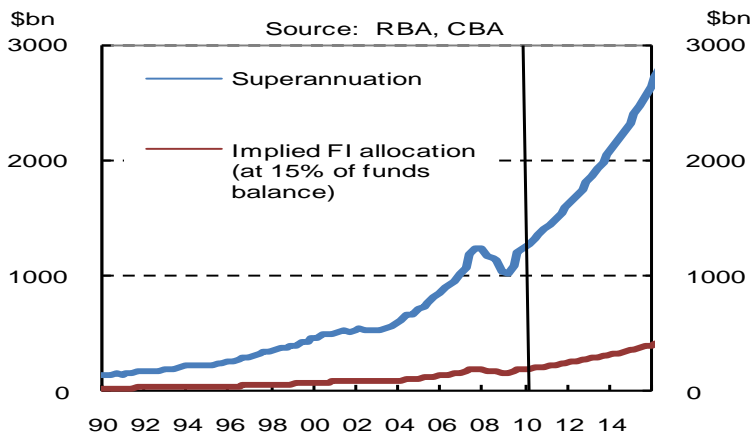
Current Account



Foreign Debt



Superannuation Assets



- Traditional intermediated lending market for consumers and business
- No government sponsored mortgage vehicle and embryonic corporate bond market
- No covered bond regime
- Household wealth skewed towards property, direct equity investment and superannuation (with modest FI allocation)



CBA economic view...

- Severe recession over and global recovery in 2010

- requirements for market stability now in place – but sentiment fragile;
- global recovery skewed - modest in advanced economies, stronger elsewhere
- composition* of global growth evolving in a way favourable to Australia;
- commodity cycle turning up again.

- Australian recession never really took hold

- aggressive policy response worked;
- the framework for a self-sustaining recovery in 2010 is in place;
- downside risks are less than in 2009 but they are still there;
- risks stem mainly from the sources of the economy's success;
- the business cycle is turning at a point where there is limited economic slack.

- Economic policy and markets

- cash rate back at “normal” levels (5%) by end 2010;
- global recovery and RBA tightening imply higher yields and a flatter curve;
- AUD to range trade in H1 2010, weaken in H11.

As at June

	2006	2007	2008	2009	2010 (f)	2011 (f)
Credit Growth % – Total	14.4	15.5	12.0	3.3	5-7	8-10
Credit Growth % – Housing	13.7	12.9	9.8	7.0	9-11	9-11
Credit Growth % – Business	16.6	19.2	17.1	0.4	0-2	8-10
Credit Growth % – Other Personal	9.7	16.1	3.3	-7.1	1-3	3-5
GDP %	2.6	5.3	2.4	0.6	2.7	3.0
CPI %	4.0	2.1	4.5	1.5	2.9	3.1
Unemployment rate %	4.8	4.3	4.2	5.7	5.7	5.5
Cash Rate %	5¾	6¼	7¼	3	4½	5



How to find us...

24 Hour Global Contact Numbers...

Sydney – CBA

Simon Maidment	+61 2 9118 1339
Graham Raward	+61 2 9118 1344
Daniel Cassels	+61 2 9118 1345
Michael Thiyavutikan	+61 2 9118 1346
Alvin Wei	+61 2 9118 1342
Liam Carden	+61 2 9118 1347

London – CBA

Jacques Lumb	+44 20 7710 3910
Ben Stewart	+44 20 7710 3586

New York – CBA

Lisa Balfe	+1 212 336 7730
------------	-----------------

London – ASB Finance Limited, London Branch

Brendon Roche	+44 20 7710 3947
---------------	------------------

Auckland – ASB Bank Limited

Adam Boyd	+64 9 369 4049
Stephen Lucas	+64 9 309 2072

Mobile Number

+61 412 227 188
+61 414 317 964
+61 424 754 934
+61 424 506 212
+61 424 506 685
+61 424 509 044

Email

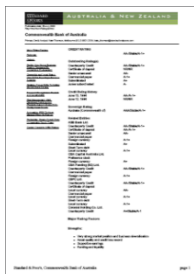
simon.maidment@cba.com.au
graham.raward@cba.com.au
daniel.cassels@cba.com.au
michael.thiyavutikan@cba.com.au
alvin.wei@cba.com.au
liam.carden@cba.com.au

lumbj@cba.com.au
ben.stewart@cba.com.au

balfel@cba.com.au

brendan.roche@asbfinance.co.uk

adam.boyd@asbbank.co.nz
stephen.lucas@asbbank.co.nz



2 Minute Guides to CBA

- English
- French
- German
- Italian
- Spanish
- Thai
- Japanese
- Mandarin
- Cantonese
- Korean
- Vietnamese
- Indonesian



Programme Documentation

- Euro Medium Term Notes
- US Medium Term Notes
- Commets
- Commercial Paper

www.commbank.com.au/groupfunding - Ratings reports; documentation; "2 minute guides"

groupfunding@cba.com.au



Summary...

CBA: Australia's national champion

- Strong and resilient economy
- Sound asset quality
- Strong credit ratings
- Leading market share in key product segments
- Regular and disciplined debt issuance

