

Commonwealth Bank of Australia

David Craig
Chief Financial Officer

**UBS Eighth Annual
Financial Services Conference**
24 June 2009



Determined to be different

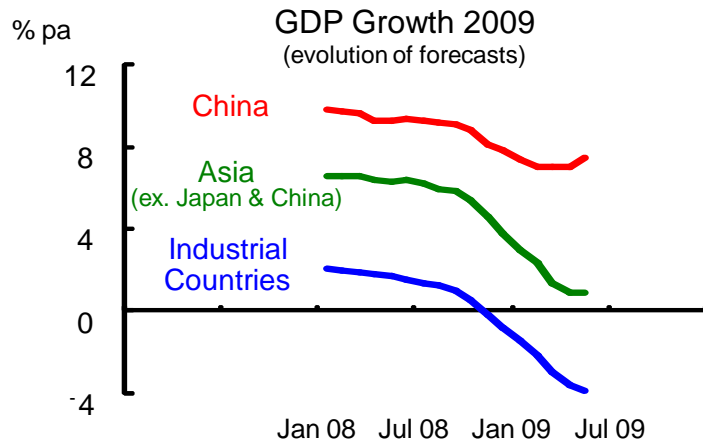
Disclaimer

The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 24 June 2009. 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.

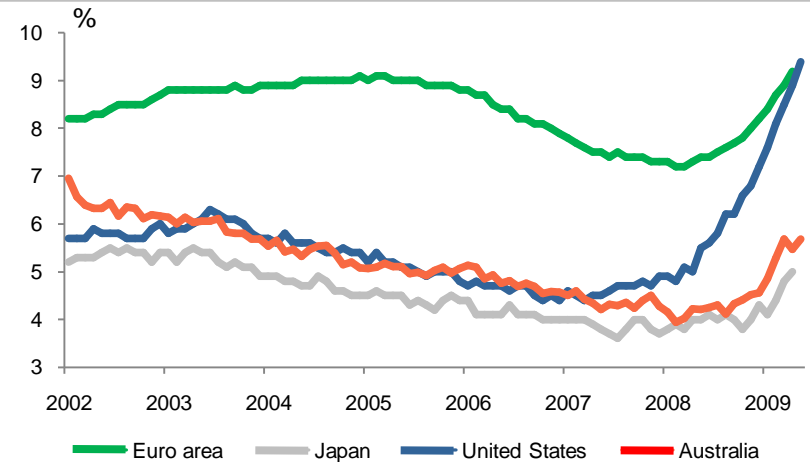


Operating conditions remain challenging

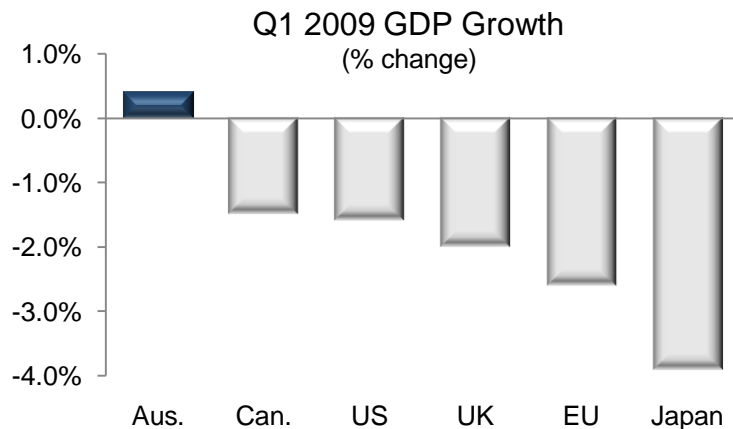
Global slowdown/recession



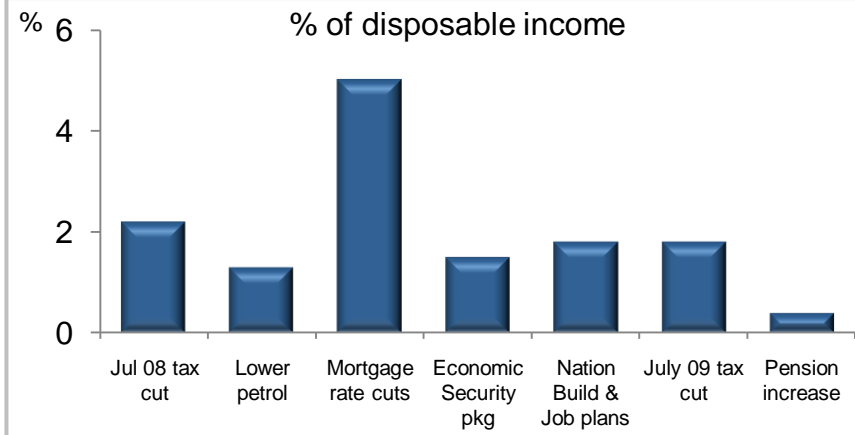
Unemployment trending higher



Australian economy outperforming

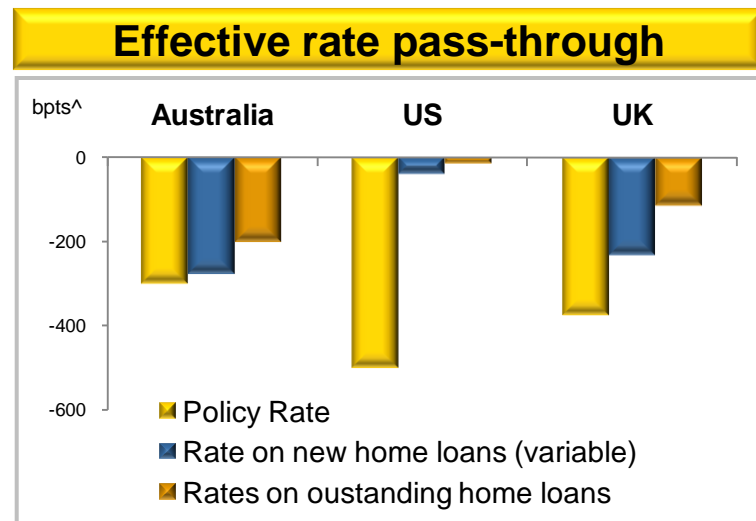
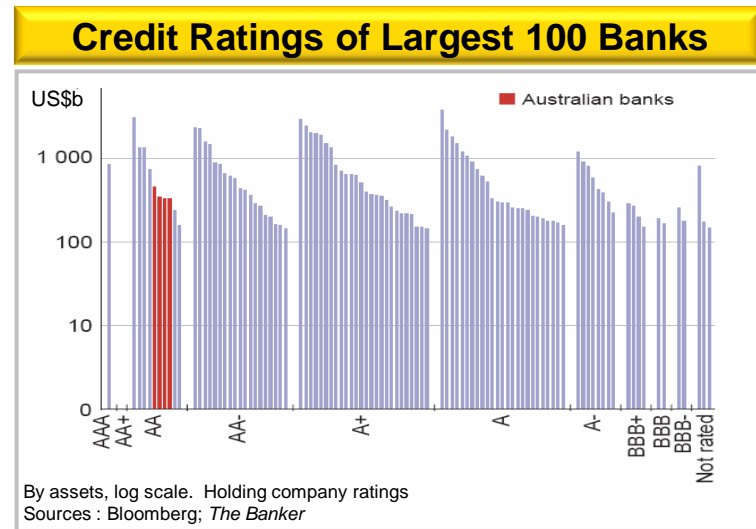


Household spending stimulus



Strong financial services sector

- ❑ Effective regulatory regime
- ❑ Major banks:
 - AA credit ratings
 - All rated in top 20 global safest banks*
 - Profitable
 - Well capitalised
 - Conservative/focus on core business
 - Continuing to lend
 - Effective rate pass-through



* Global Finance Magazine

^ From start of easing cycle to end December 2008. Source: RBA



CBA - Strength in uncertain times

Priority Areas

Position as at March 2009

Financial performance

- ▶ Good income growth supported by strong market shares
- ▶ Sound cash earnings, ROE maintained above 15%

Risk management

- ▶ Prudent provisioning - management overlay \$1.3bn
- ▶ Strengthened lending criteria

Capital

- ▶ Tier 1 capital ratio of 8.33% (FSA equivalent 10.8%)
- ▶ Final dividend expected to be reduced 25%

Funding and liquidity

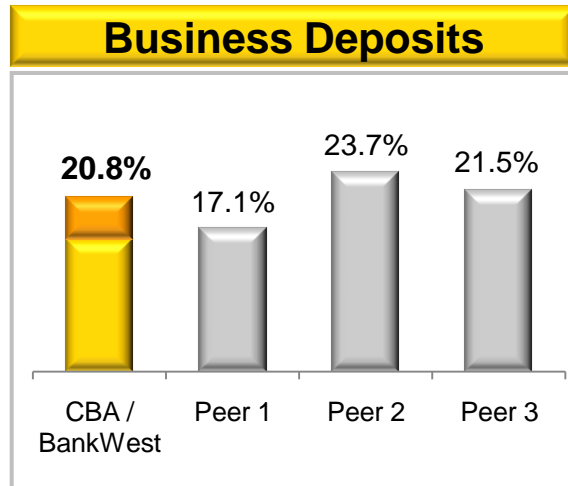
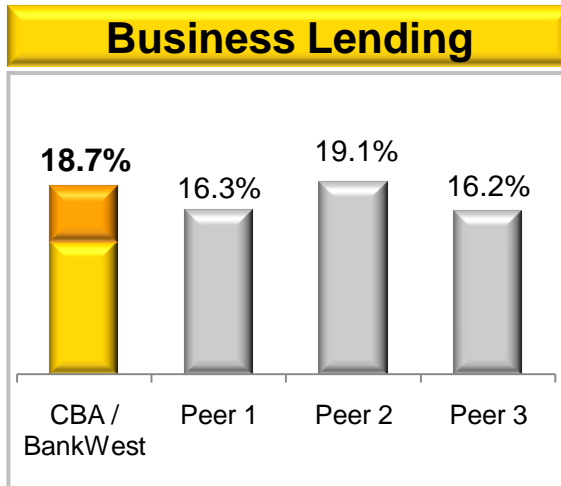
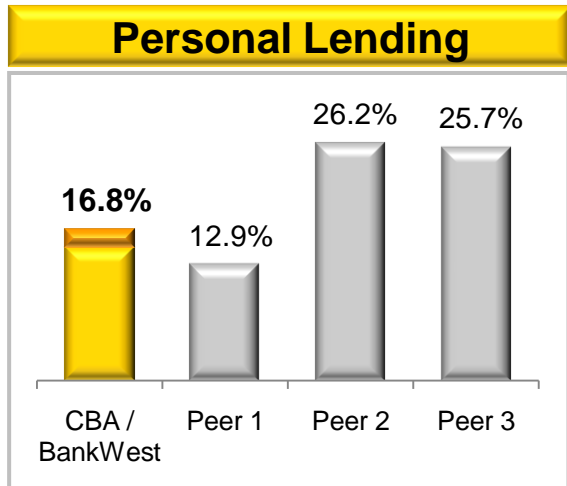
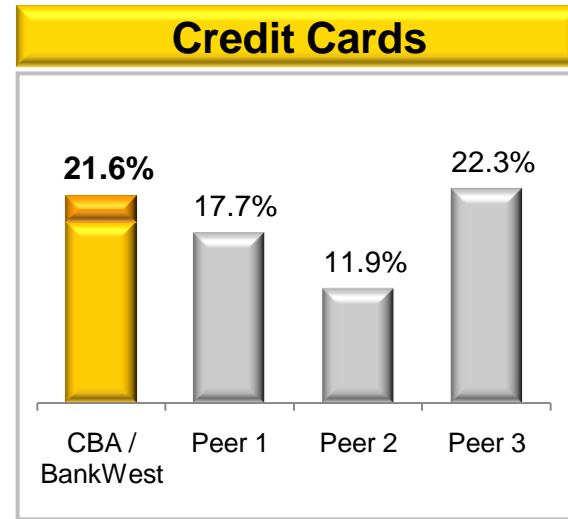
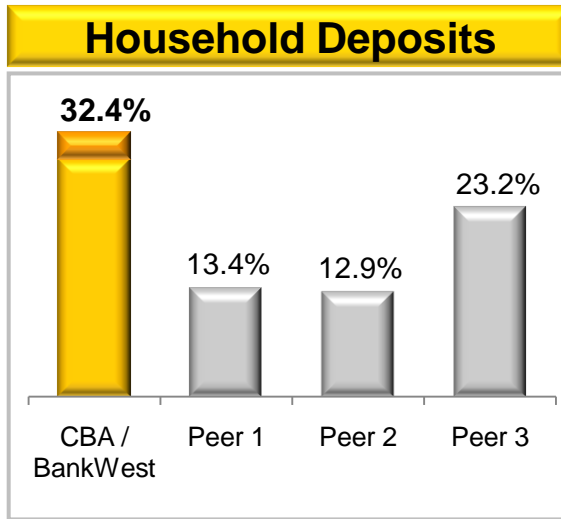
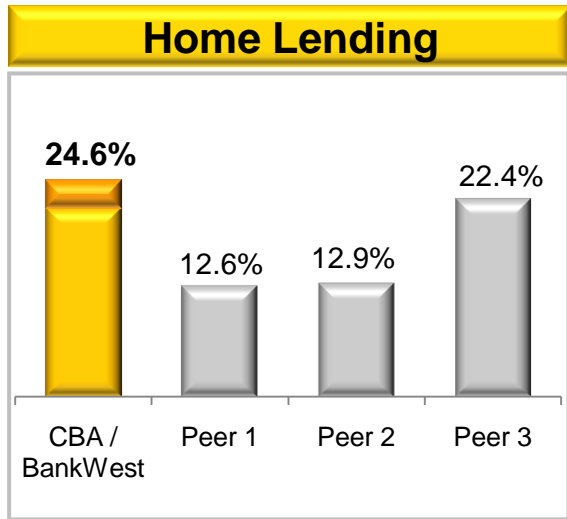
- ▶ FY09 term funding completed in March
- ▶ \$87bn in liquid assets

Strategy

- ▶ On track and delivering
- ▶ Strong improvements in Customer Satisfaction



Strong market share positions



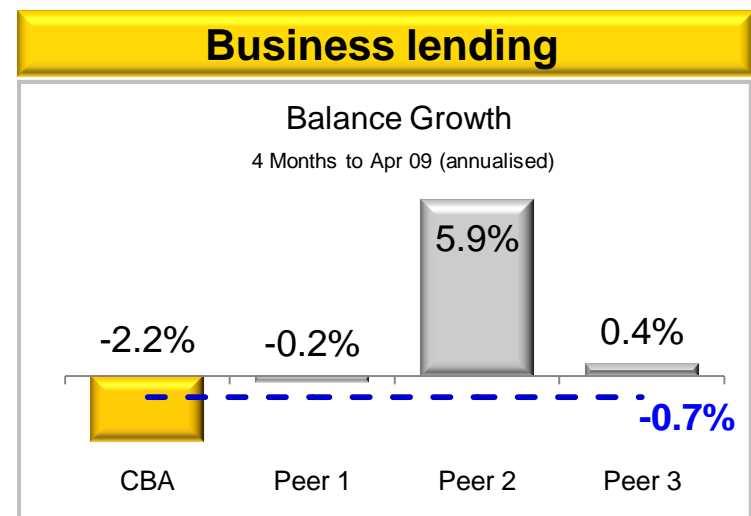
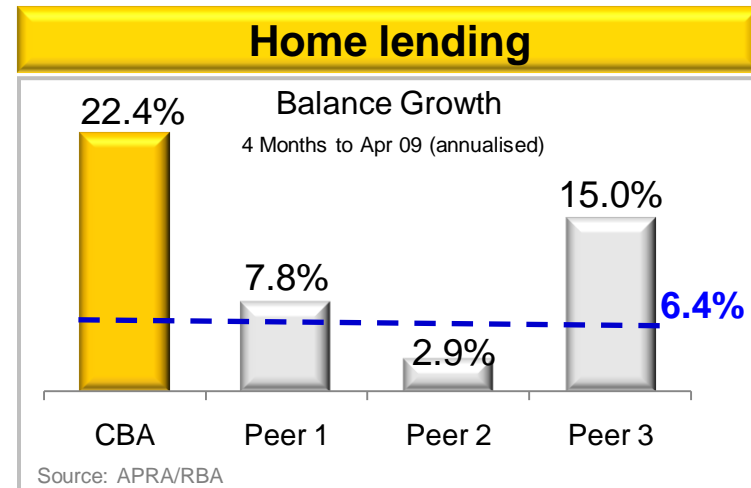
Source: APRA / RBA, April 2009.



Determined to be different

Lending overview

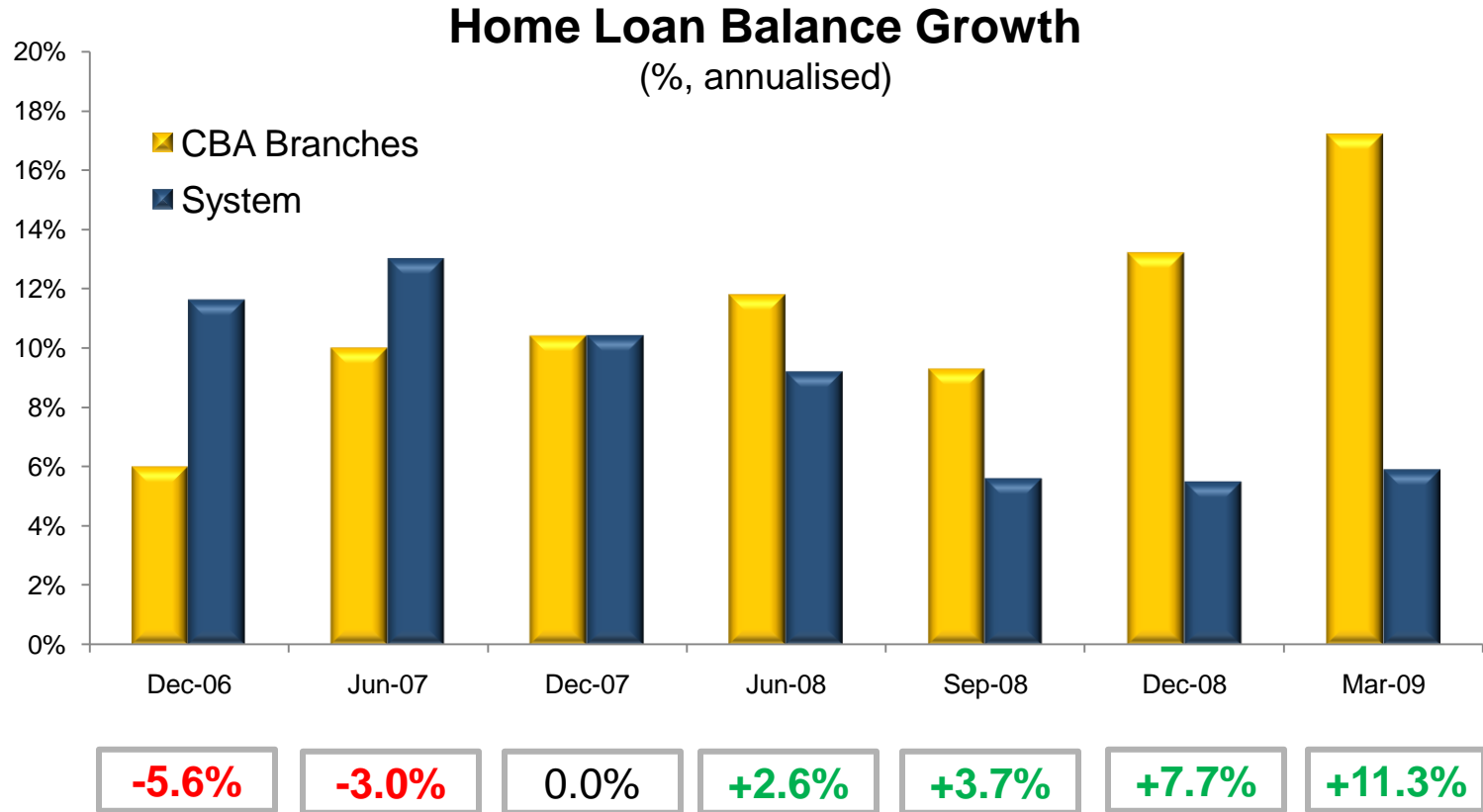
- Home lending:
 - Benefiting from customer service focus
 - Branch channel turnaround
 - SVR pricing differential
 - Prudent lending criteria
- Business lending:
 - System slowdown on lower demand
 - Continuing to lend to good customers
 - Supporting long-term relationships
- Other lending:
 - Lower demand for margin lending
 - Prudent approach in unsecured retail



Source: APRA NFC



Branch channel turnaround



Difference between CBA Branch Growth and System Growth

For December and June periods, growth rates are six-month annualised.
For September and March periods, growth rates are quarter annualised.



Deposits overview

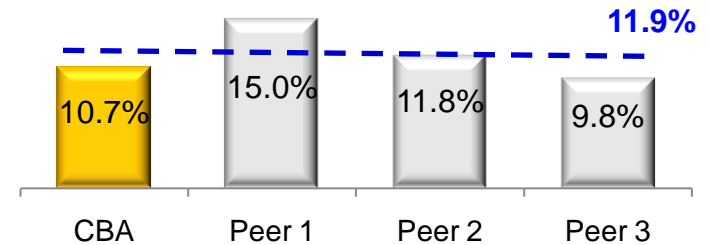
- ❑ Strong market shares benefiting Group funding position
- ❑ Over 32% share of Household Deposits
- ❑ Emphasis on profitable growth
- ❑ Bankwest progressively re-pricing
- ❑ Strong growth in personal transaction accounts

Household deposits

Source: APRA/RBA

Balance Growth

4 Months to Apr 09 (annualised)

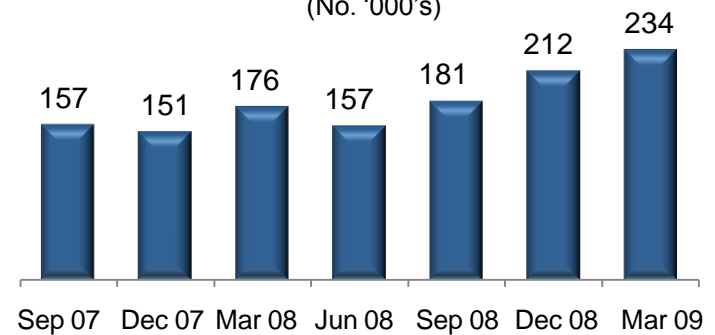


CBA includes Bankwest. Figures adjusted for restatements.

--- Market

New transaction accounts

Quarterly
(No. '000's)

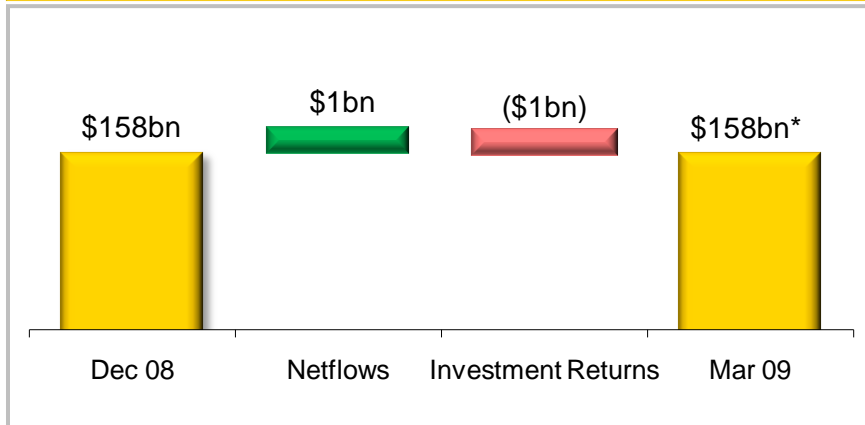


Ex-Bankwest.

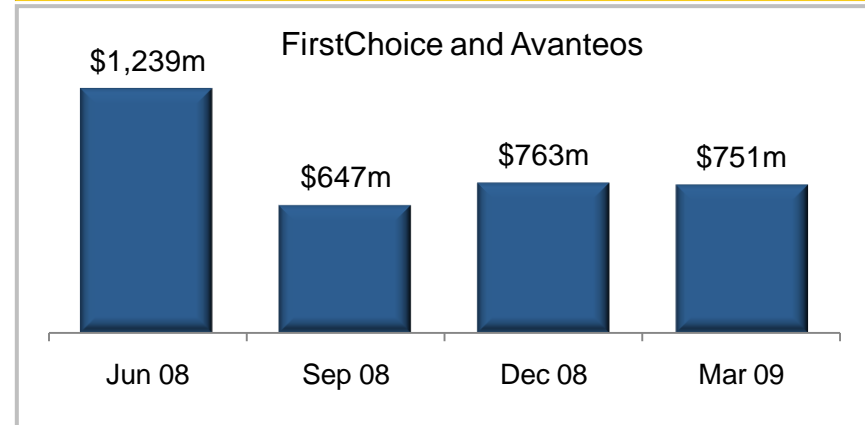


Solid Wealth Management performance

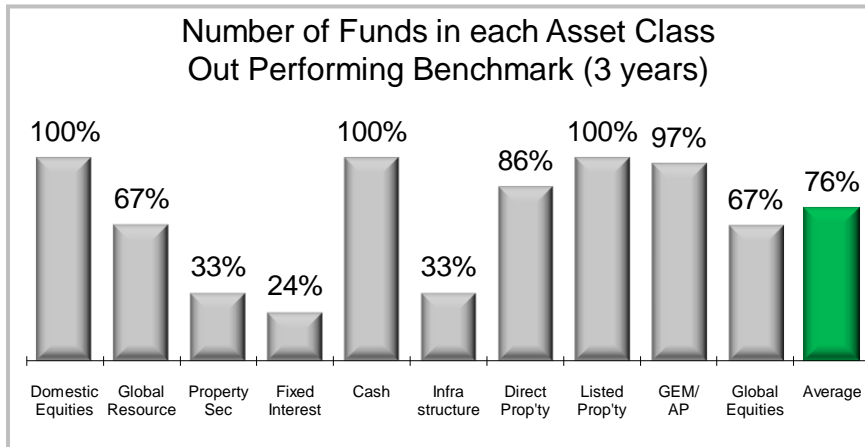
Flat FUA



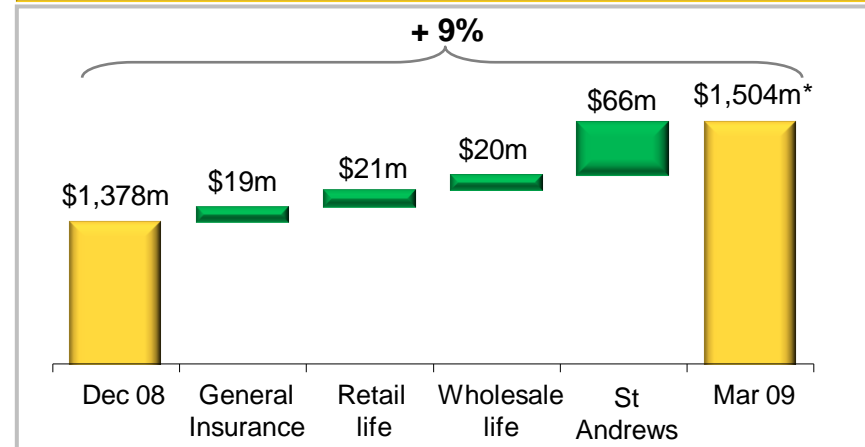
Strong net flows



Solid Investment Performance



Inforce premiums up 9%

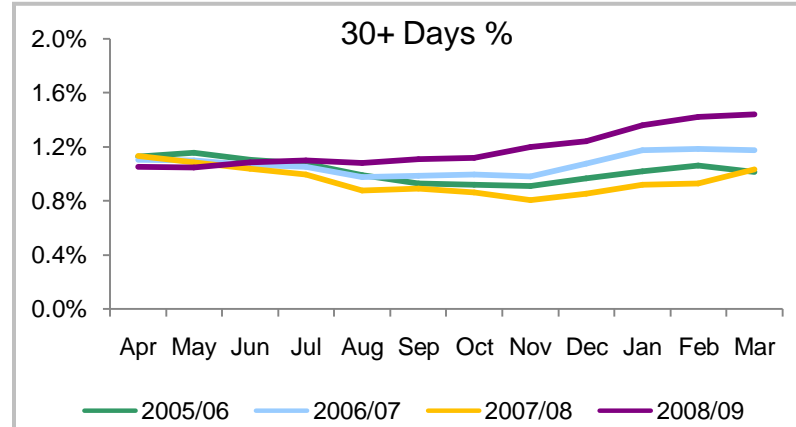


* Includes St Andrews

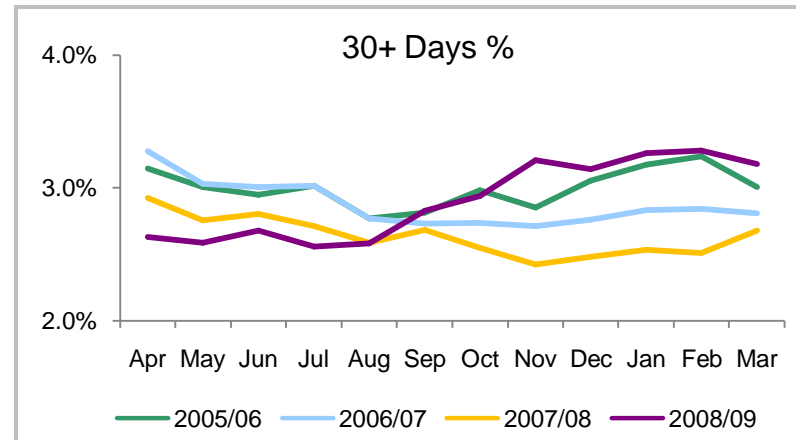
Credit quality – consumer

- ❑ Arrears trends consistent with slowdown
- ❑ Strong home loan portfolio:
 - 70% paid in advance – avg 7 months
 - Average LVR 37% on current values
 - Mortgage insurance above 80% LVR
- ❑ Credit policies further strengthened:
 - Maximum LVR of 90%*
 - Genuine savings of 5% > 85% LVR
 - FHOG not genuine savings
 - Tightened policies and revised scorecards for unsecured retail

Home loan arrears



Credit card arrears

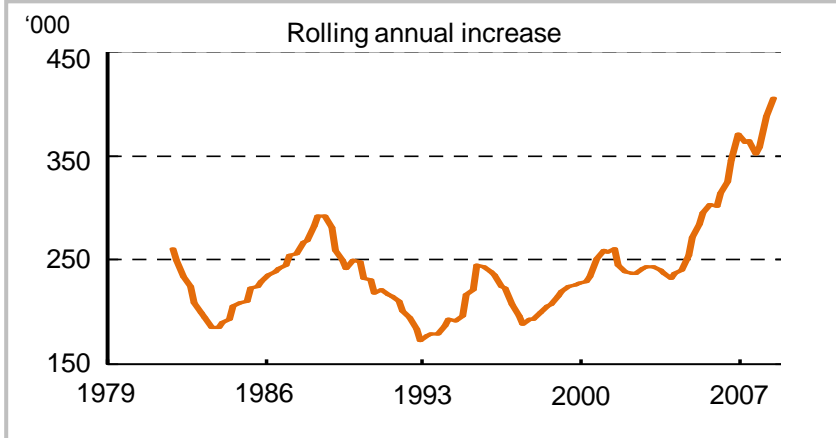


* Except for best risk CBA customers

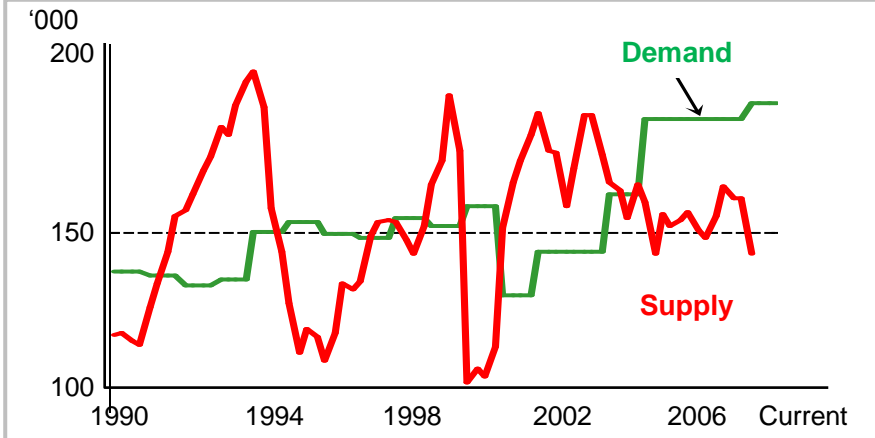


Australian housing market

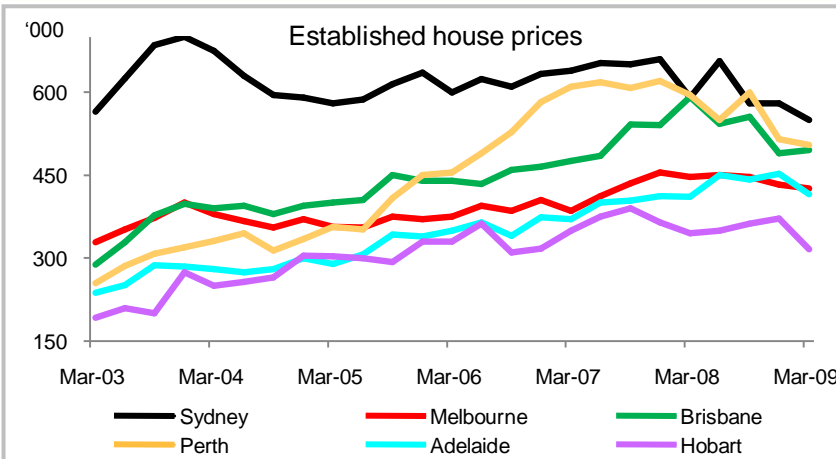
Underpinned by population growth



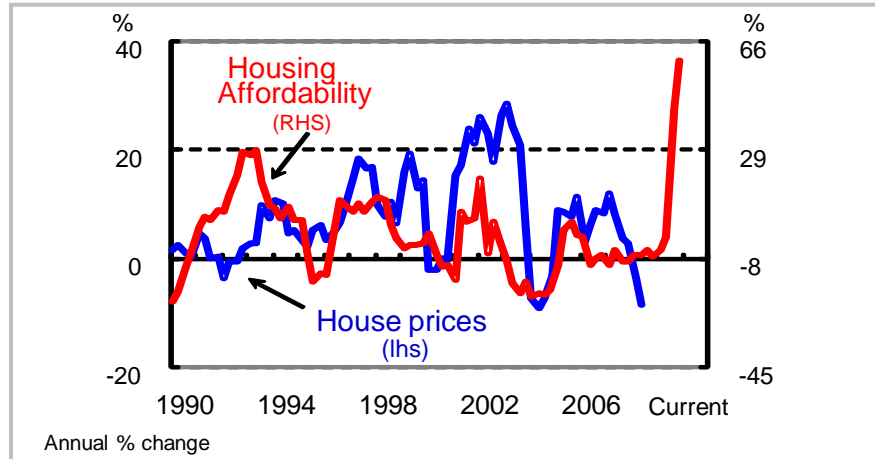
Demand outstripping supply



Orderly house price correction

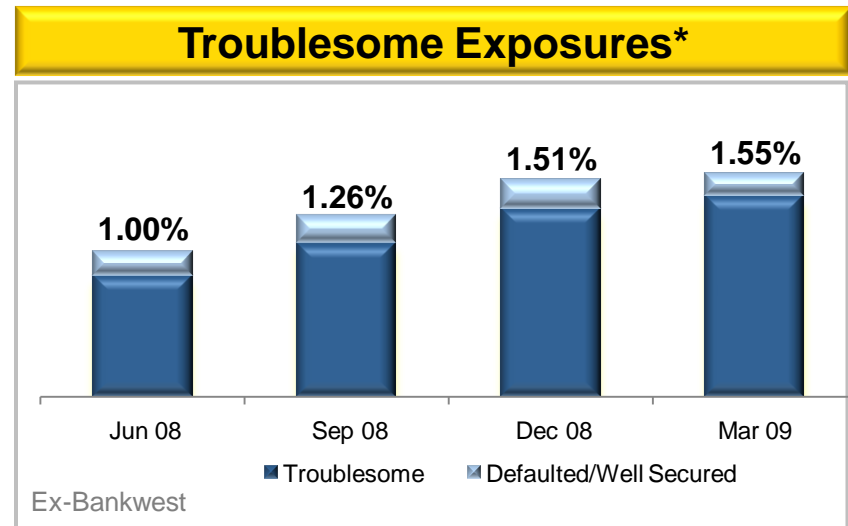
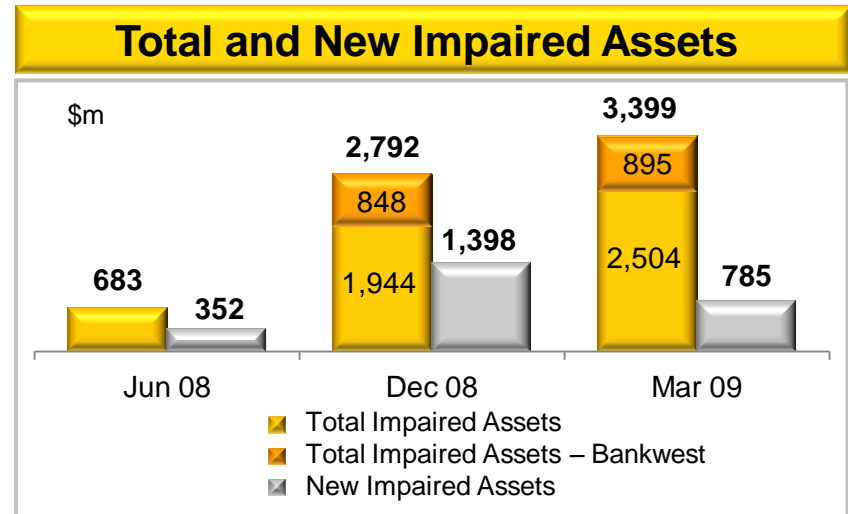


Improving affordability to assist prices



Credit quality – commercial

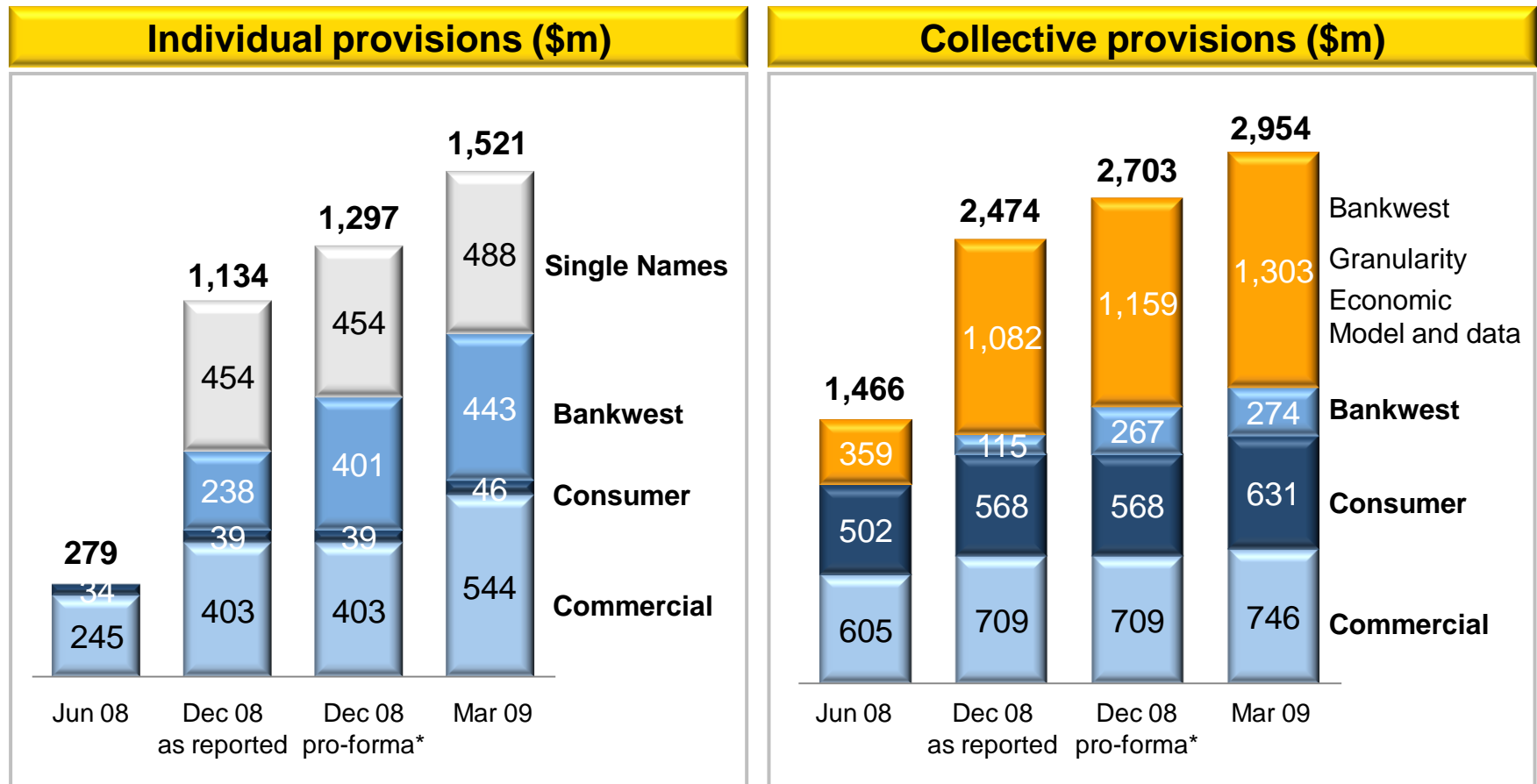
- Overall portfolio quality remains sound
- 69% investment grade
- Some deterioration in SME portfolio and certain market segments:
 - eg export industries, luxury goods, media
- Further prudent increase in provisions consistent with economic outlook



* Troublesome Exposures as a % of Total Committed Exposures. 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. Excludes impaired exposures.



Further prudent increase in provisions



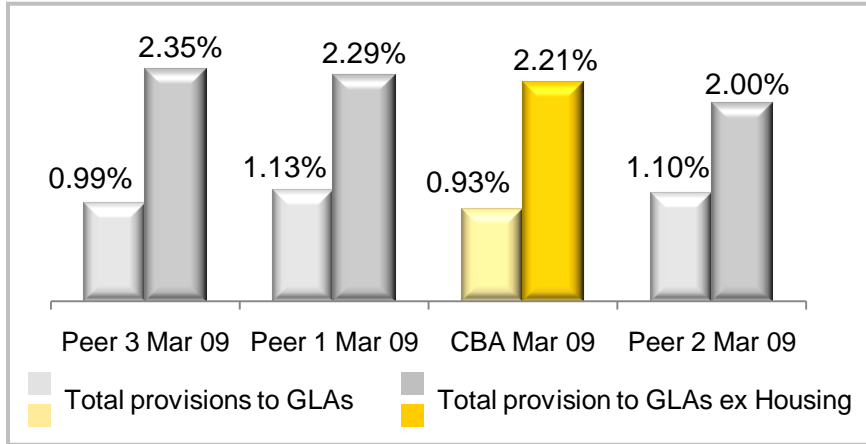
■ Overlay
 ■ Single Names
 ■ Commercial
 ■ Consumer
 ■ Bankwest

* Dec 08 pro-forma reflects changes to Bankwest related provisions allowing for adjustments included in Bankwest 31 December 2008 accounts

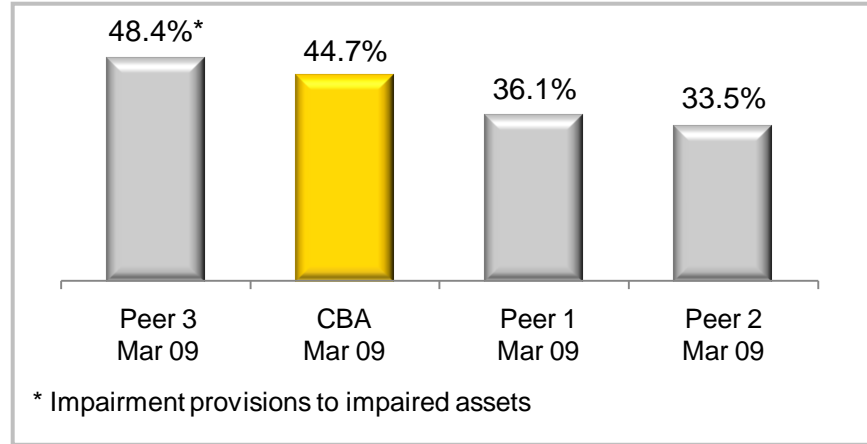


Good coverage ratios maintained

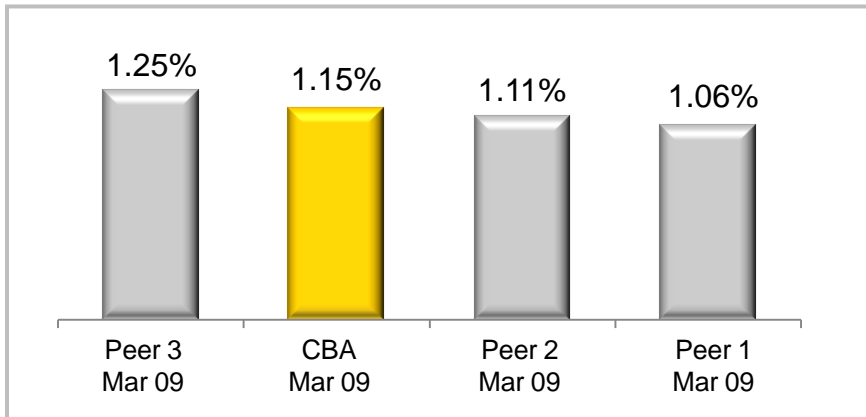
Total provisions to GLAs*



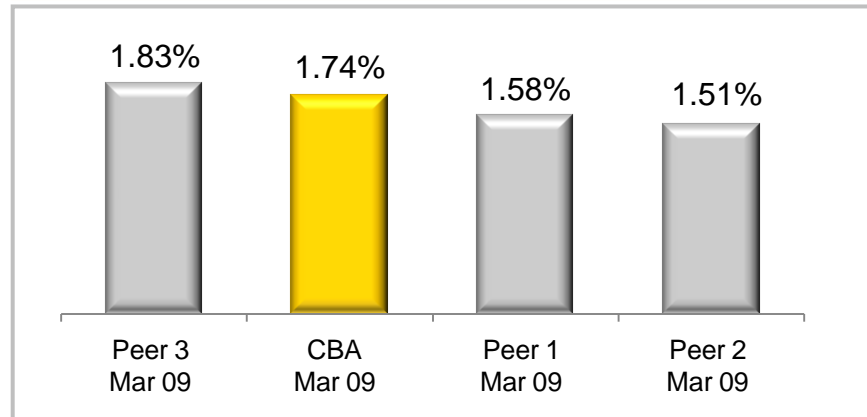
Individual provisions to impaired assets



Collective provisions to Credit RWA



Total Provisions to Credit RWA



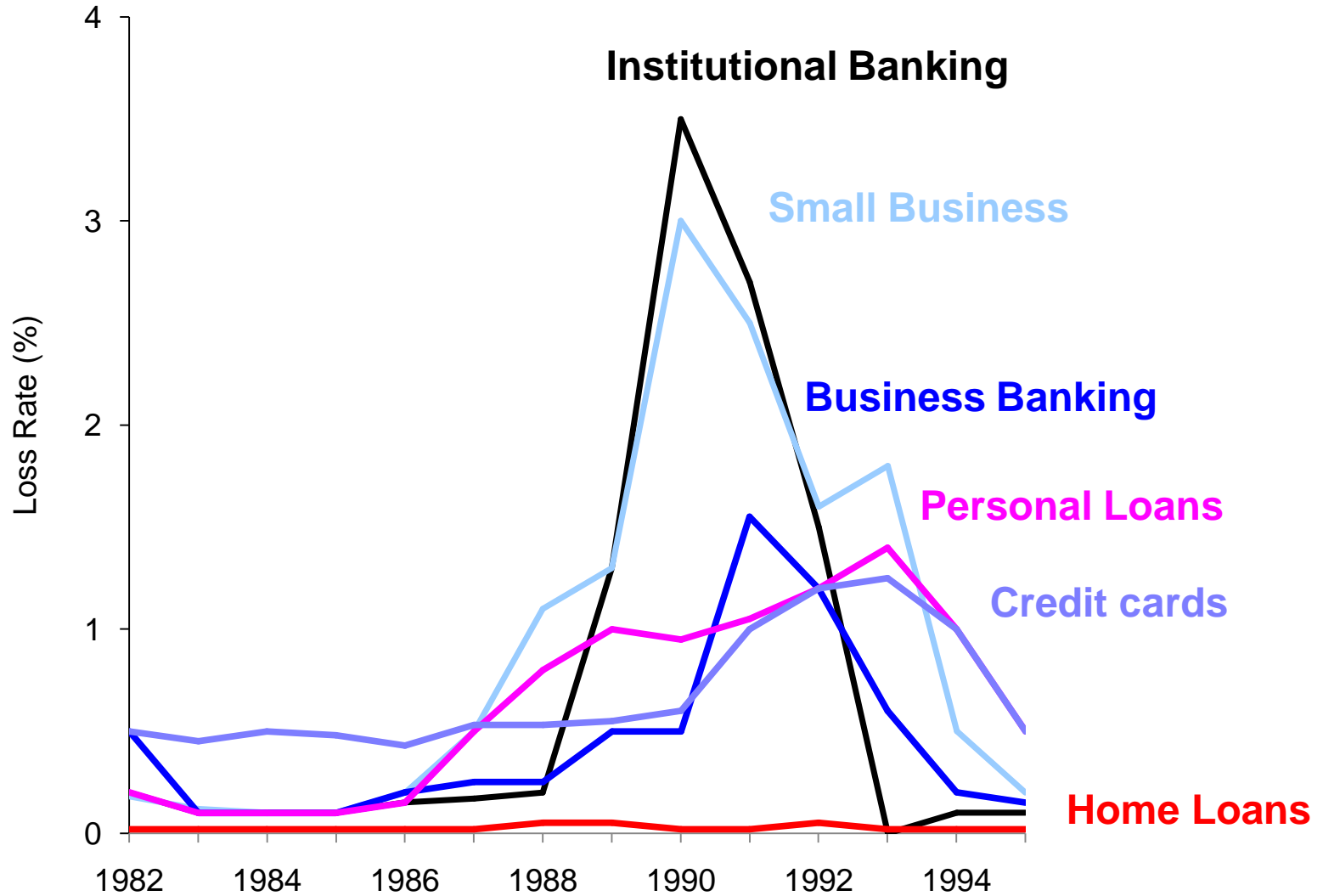
* Gross Loans and Acceptances

CBA includes Bankwest. Some normalisation adjustments made to better align disclosures for comparison purposes.



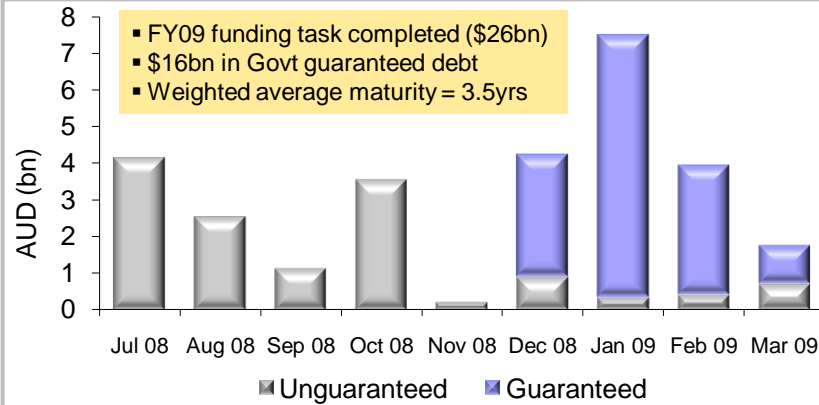
Determined to be different

Loss rates - last recession

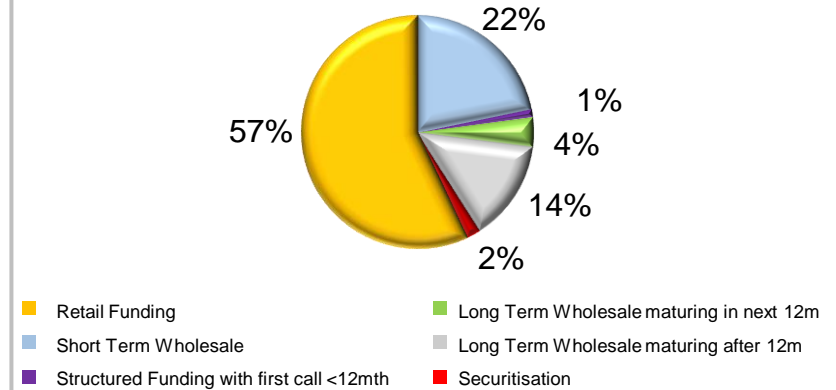


Strong capital and funding positions

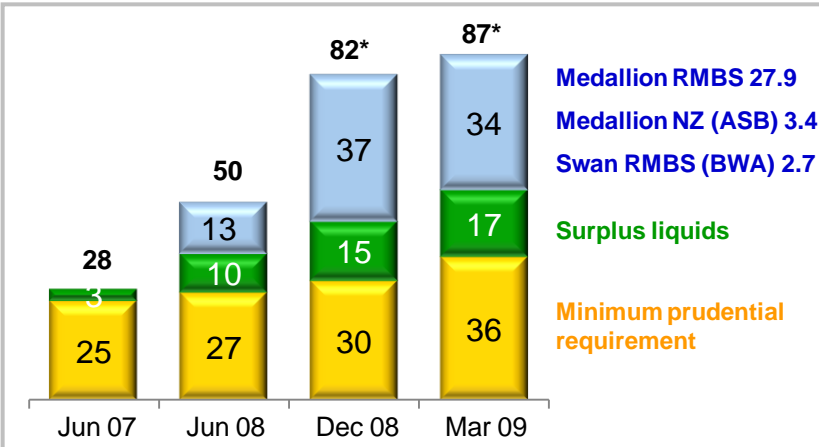
FY09 Term Funding Completed



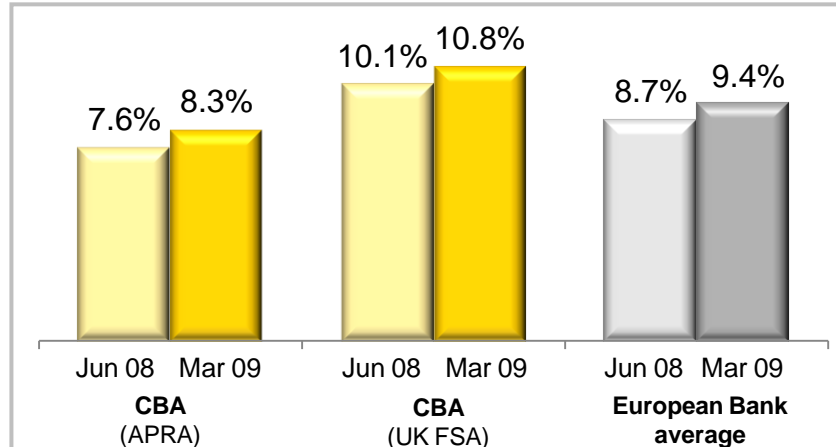
Source of Funding



\$87bn in Liquid Assets



Tier 1 Capital Ratio

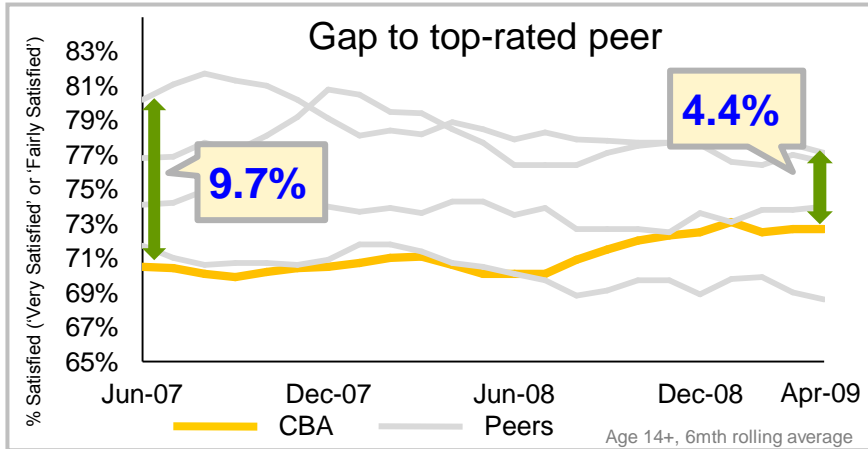


* Bankwest liquids included

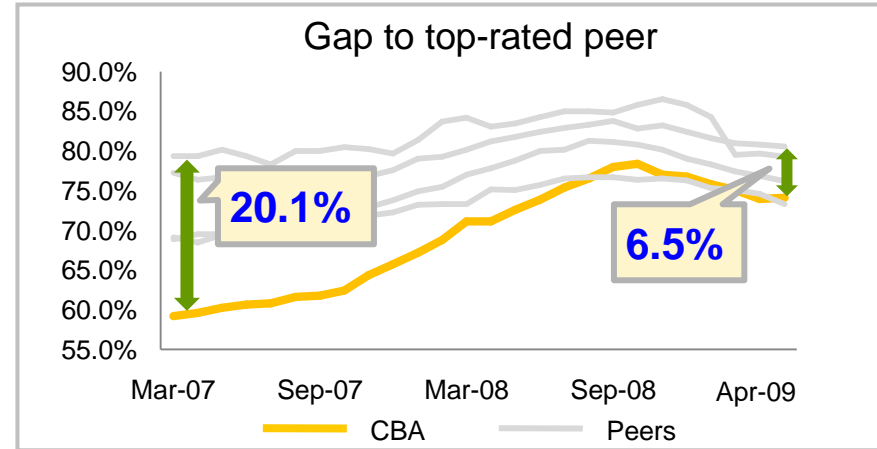


Strategy on track and delivering

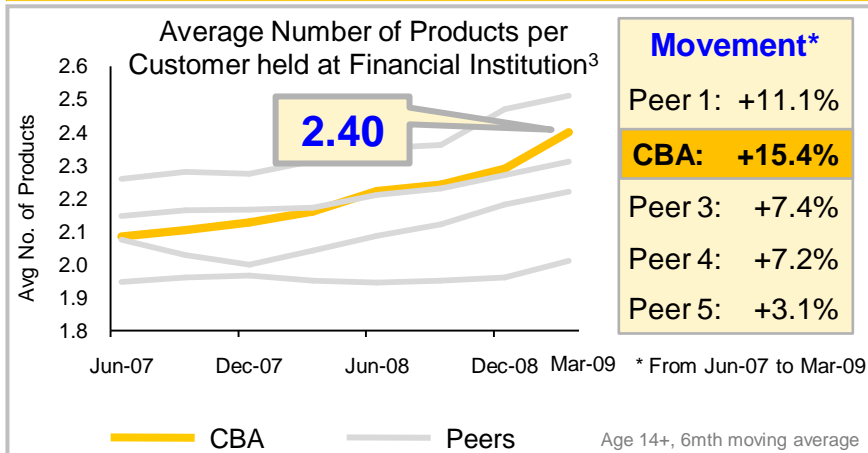
Retail MFI Customer Satisfaction¹



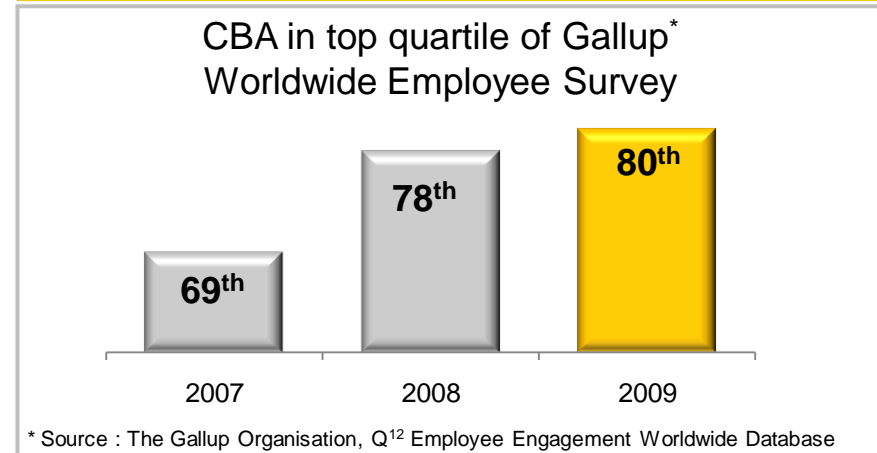
Business Customer Satisfaction²



Products per Customer



Employee Engagement



- 1 Source: Roy Morgan Research Customer Satisfaction. Aust MFI Population 14+, % "Very" or "Fairly Satisfied". Six month rolling average.
- 2 Source: TNS Business Finance Monitor. Customer satisfaction with MFI – businesses with annual turnover to \$100m (ex Agribusinesses). This is based on a 12 month rolling average. Percentage point change refers to the increase /decrease of each bank's customers who are satisfied. Satisfaction is based on business customers who said they were Very or Fairly Satisfied with their relationship with their MFI.
- 3 Source: Roy Morgan Research Australian Population 14+, Banking and Finance products per Banking and Finance customer. 6 month moving average.



Summary

- ❑ Operating conditions remain challenging
- ❑ Australian economy slowing, but relatively well placed
- ❑ CBA pursuing a cautious and conservative approach
- ❑ March 2009 quarter outcomes consistent with this approach:
 - Core business performing well - unaudited cash earnings \$1.15bn
 - Prudent increase in provisions - Management overlay \$1.3bn
 - Strong capital position - 8.33% Tier 1 ratio (FSA 10.8%)
 - Well funded - FY09 funding completed



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