

100 YEARS OF BANKING ON AUSTRALIA'S FUTURE

Media Presentation

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

Ian Narev
Chief Executive Officer



15 FEBRUARY 2012 | COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124

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, 31 December 2011. 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.

Cash Profit

The Management Discussion and Analysis discloses the net profit after tax on both a 'Statutory basis' and a 'Cash basis'. The Statutory basis is prepared 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 a number of 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 year on year 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 10 of the PA and can be accessed at our website <http://www.commbank.com.au/about-us/shareholders/financial-information/results/>



Additional Information

Snapshot – 1H12 Results¹

Financial			Operating Performance by Division		
Cash earnings (\$m)	3,576	+7%	RBS (\$m)	2,404	+7%
ROE (Cash)	19.2%	-	BPB (\$m)	897	+5%
Cash EPS (\$)	2.27	+6%	IB&M (\$m)	739	(13%)
DPS (\$)	1.37	+4%	Bankwest (\$m)	421	+14%
Cost-to-Income	45.8%	+40bpts	Wealth Management (\$m)	337	(26%)
NIM (bpts)	215	+3bpts	NZ (NZD \$m)	459	+10%
Strong balance sheet			Capital & Funding		
Total Assets (\$bn)	702	+8%	Tier 1 Capital	9.9%	19bpts
Total Liabilities (\$bn)	663	+8%	Tier 1 – UK FSA	13.2%	(30bpts)
FUA (\$bn)	194	-	LT Wholesale Funding WAM (yrs)	3.6	-
RWA (\$bn)	298	+4%	Deposit Funding (%)	62%	+200bpts
Provision to Credit RWA's (%)	1.97	(28bpts)	Liquids ² (\$bn)	133	+43%



1 All movements on prior comparative period.
2 Liquids as at 8 February 2012

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Continuing momentum

	Dec 11	vs Dec 10
Cash NPAT (\$m)	3,576	7%
Statutory profit (\$m)	3,624	19%
ROE – Cash (%)	19.2	-
Cash Earnings per Share (\$)	2.27	6%
Dividend per Share (\$)	1.37	4%



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Effects of an unpredictable environment

Subdued system credit growth

Category	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	2012 Fcst
Housing	15	10	5	5	5	4-6%
Business	20	15	0	-5	-5	3-5%
Total	18	12	5	0	0	2-4%

Preference for cash

Deposits as % of financial assets

Category	Mar-08	Mar-09	Mar-10	Mar-11
Business	25	28	30	35
Households	20	25	25	28

Source: RBA

Elevated funding costs

Indicative Long Term Wholesale Funding Costs (bpts)

Term	Pre-GFC	Jun 11	Current
1 year	3	17	48
2 year	8	59	126
3 year	13	98	176
4 year	14	121	184
5 year	17	144	192

CBA Group Treasury estimates – Indicative pricing for new issuance v BBSW

Regulatory change

- Basel III - Capital and Liquidity
- Superannuation reforms
- Living Wills
- OTC derivatives
- Life & General Insurance Capital

- Consumer Credit Reform (Phase II)
- Future of Financial Advice
- Financial Claims Scheme
- Dodd-Frank reforms (including Volcker)
- Foreign Account Tax Compliance Act

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Additional Information

Business unit profitability

\$m	Operating Performance	Mvt Operating Performance	Impairment Expense	Investment Experience	Tax & non-controlling interests	Cash NPAT Dec 11	Cash NPAT Dec 10	Mvt Cash NPAT
RBS	2,404	7%	(365)	-	(600)	1,439	1,397	3%
BPB	897	5%	(110)	-	(236)	551	502	10%
IB&M	739	(13%)	(33)	-	(159)	547	498	10%
WM	337	(26%)	-	33	(98)	272	359	(24%)
NZ ¹	353	5%	(11)	(6)	(78)	258	234	10%
Bankwest	421	14%	(38)	-	(115)	268	224	20%
Other ²	296	53%	12	29	(96)	241	121	99%
Total	5,447	3%	(545)	56	(1,382)	3,576	3,335	7%

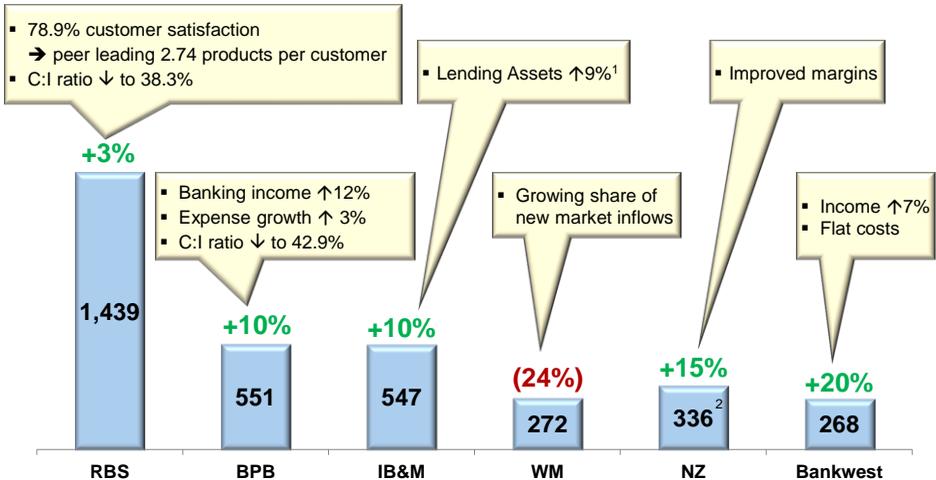


1 NZ in AUD
2 Includes Group Treasury, Centre functions, Asia

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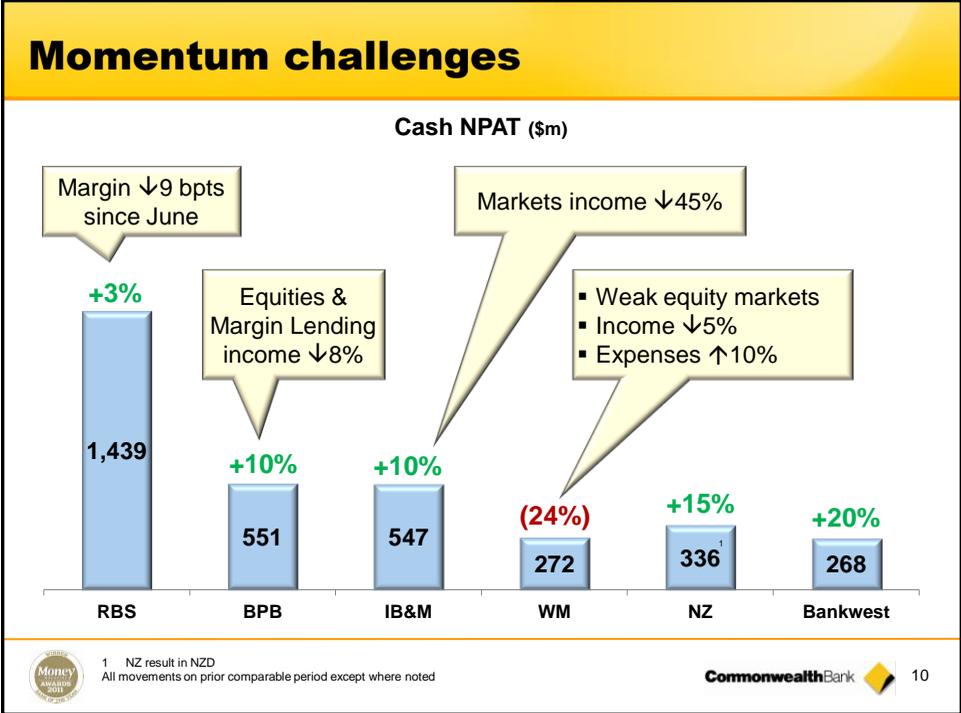
Momentum drivers

Cash NPAT (\$m)



1 Since June 2011
2 NZ result in NZD

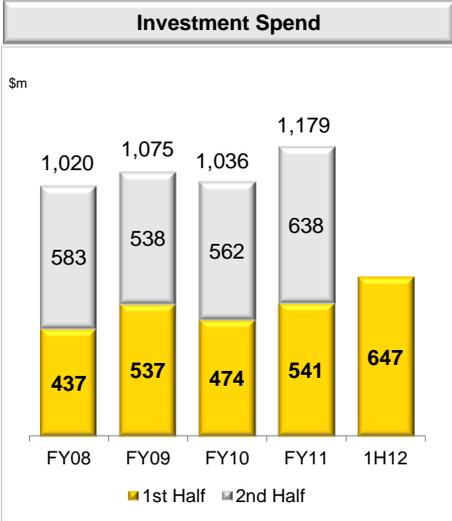
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Notes



Maintaining a long term focus



Technology Leader

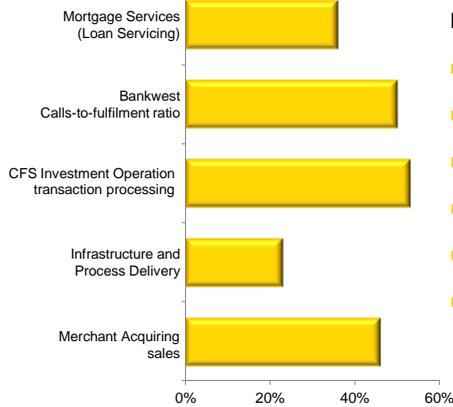
Kaching



Additional Information

Building a culture of productivity

Productivity improvement



Driving productivity savings through:

- Leveraging technology
- Process transformation
- Continuous Improvement
- Site consolidation
- Organisational redesign
- Moving activities closer to the customer



Ongoing productivity focus

Some examples

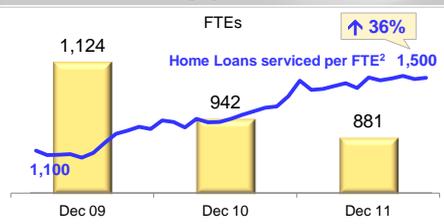
CFS Investment Operations → Back office process consolidation – productivity ↑53%

Infrastructure and Process Delivery → “Lean” process re-engineering – productivity ↑20-25%

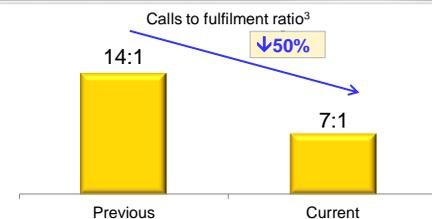
Merchant Acquiring → Origination process improvement - Conversion rates ↑46%

Credit Cards → Instant decisioning for 70% of customers (previously 3 days)

Mortgage Services¹



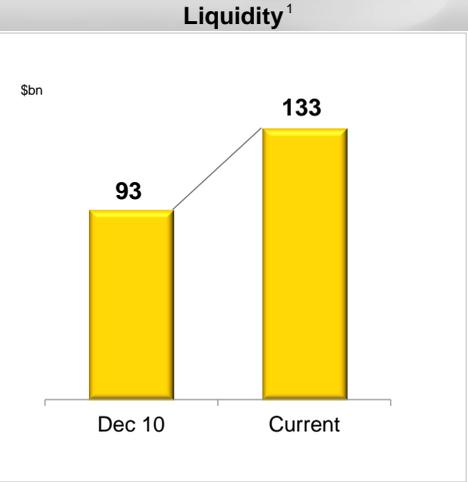
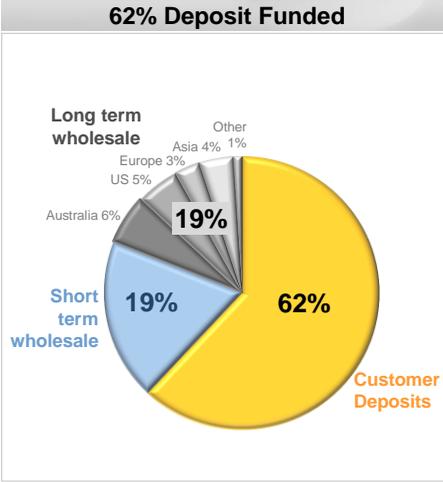
Bankwest call centre



1. Represents total mortgage services FTEs as at the end of each period (excluding staff on annual/extended leave, CMS remediation staff, call centre staff).
 2. Represents the total number of home loan accounts as at the end of the month serviced by Mortgage Services FTE, (excluding staff on annual/extended leave, CMS remediation staff, call centre staff).
 3. Represents number of calls to the contact centre for each new fulfilment.



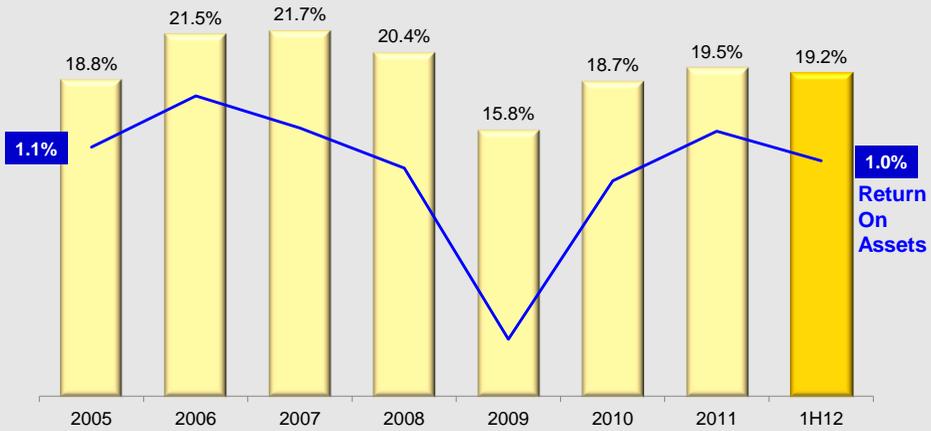
Strong funding and liquidity



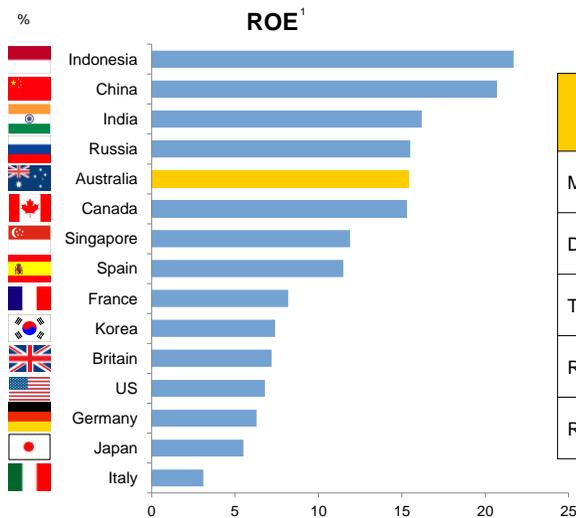
1 Group liquid holdings as at 8 February 2012

Additional Information

Return on Equity (Cash)



Bank profitability

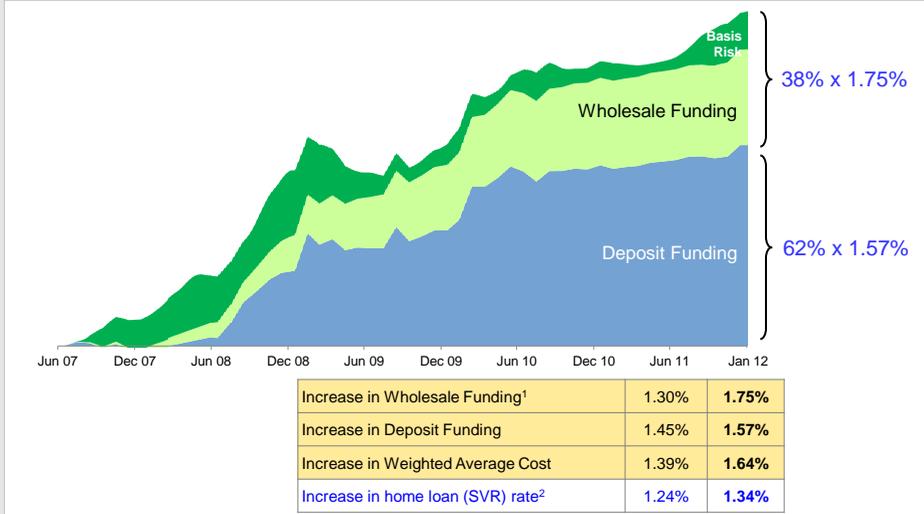


CBA Ranking (Amongst ASX 100 companies)

	CBA Rank ²
Market Capitalisation (ASX)	2 nd
Dividends Declared	2 nd
Taxes Paid	3 rd
Return-on-Equity (ROE)	32 nd
Return-on-Assets (ROA)	77 th



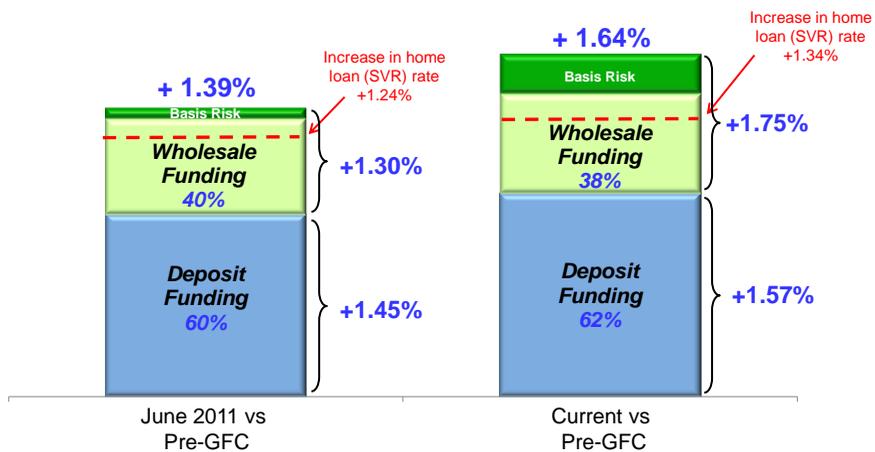
Increase in retail funding costs since Jun 07



1 Includes Basis Risk
2 Outside of movements in the RBA cash rate

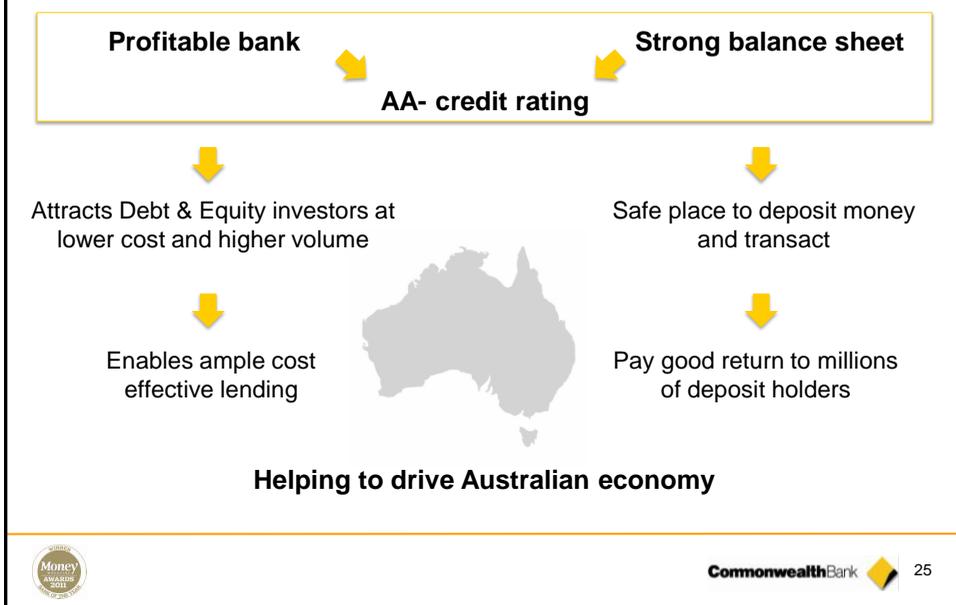
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Increase in retail funding costs since Jun 07



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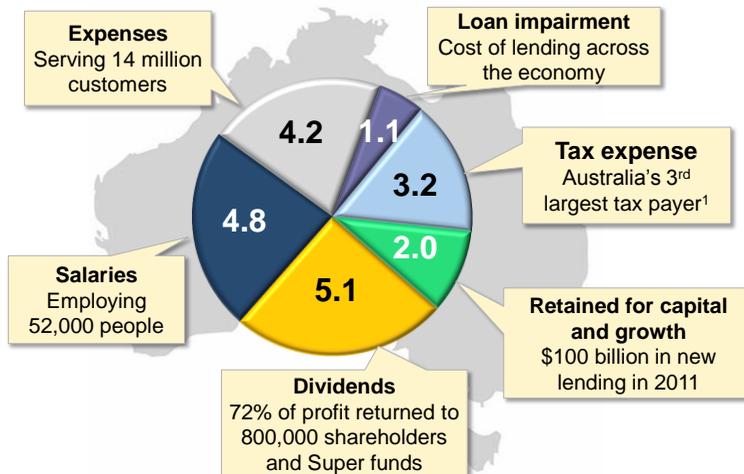
Strong contributor to Australian economy



Strong contributor to Australian economy

Where does our income go?

Calendar 2011 (\$bn)



1. Most recent annual results data amongst ASX 100 companies. Sourced from Bloomberg 10 Feb 2012.

Additional Information

	As at June*					
	2008	2009	2010	2011	2012 (f)	2013 (f)
Credit Growth % – Total	11.7	3.1	3.2	2.7	3-5	5-7
Credit Growth % – Housing	9.5	6.5	8.0	6.0	4-6	5-7
Credit Growth % – Business	16.9	0.5	-3.9	-2.1	2-4	5½-7½
Credit Growth % – Other Personal	3.4	-7.0	3.1	0.3	-1 to +1	4-6
GDP %	3.8	1.4	2.3	1.9	3.2	3.4
CPI %	3.4	3.1	2.3	3.1	2.6	2.9
Unemployment rate %	4.2	4.9	5.5	5.1	5.3	5.5
Cash Rate %	7¼	3	4½	4¾	4	4



* CBA Economists forecasts

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Outlook

- Continued volatility
- Scenario based approach with conservative settings
- Australian economy
 - Fundamentals remain strong
 - Not immune from overseas challenges: actual and perceived
 - Volatility and weak credit growth to continue
 - Funding costs to continue to increase
- Long term focus without compromising momentum



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