

Commonwealth Bank of Australia

Investor presentations

Risk Management – Credit Risk

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Alden Toevs

Group Chief Risk Officer

Ross Griffiths

Chief Credit Officer



Determined to be different

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16th and 17th November, 2010

Business Description

- Risk Management is a distinct Business Unit which reports to the CEO (and also Board Risk Committee).
- Risk teams embeded in BU led by BU CRO.
- BU CRO's and Functional heads (Credit, Market and Operational Risk) report to Group CRO.
- Risk Governance Structure shown in Attachment 1.



Credit Portfolio

30 September 2010

	\$m
Home Loans	381,986
Other Retail	21,209
Corporate	174,415
Sovereign	33,373
Bank	<u>36,802</u>
	<u>647,785</u>



Credit Portfolio

Exposure Trends

Increasing

- Home Loans
- Sovereign
- Bank

Reducing

- Corporate



Credit Decisions

Non Retail

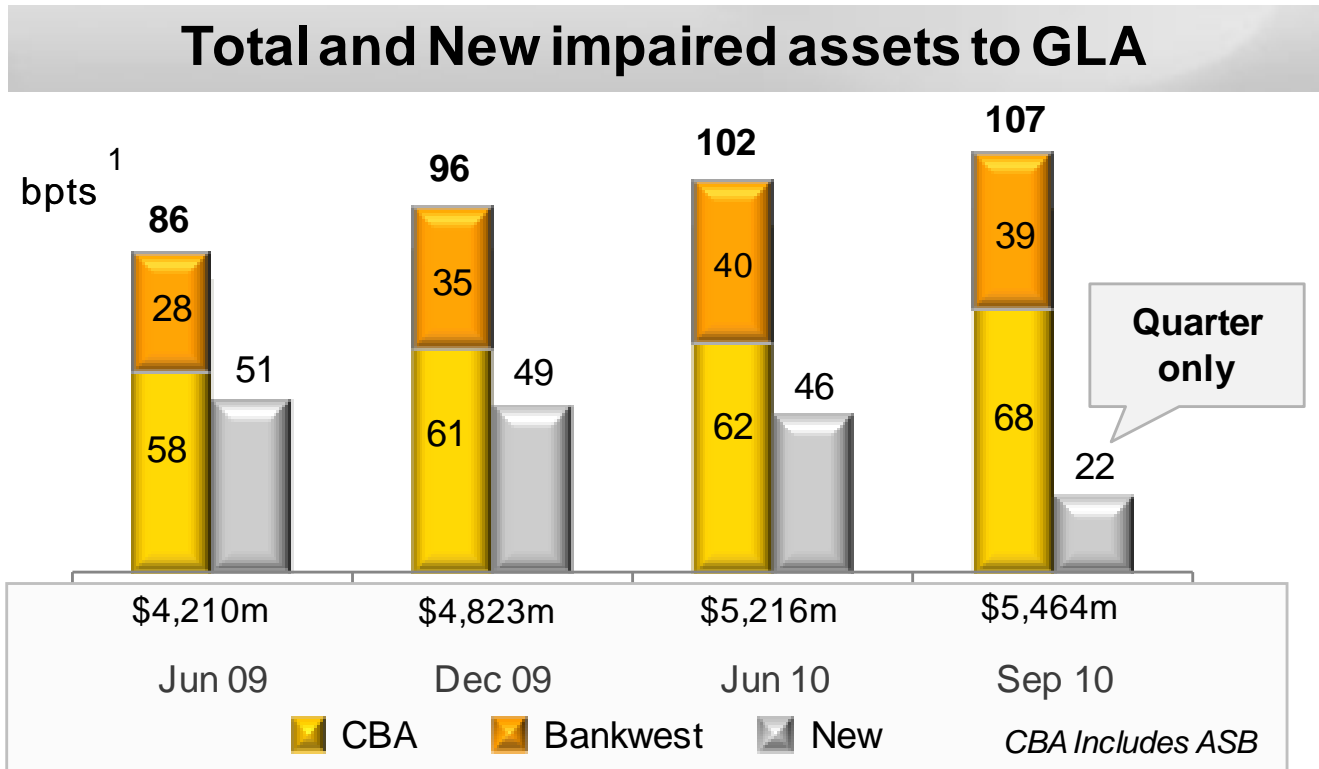
- Executive Risk Committee
[CEO, Group CRO, Group CFO and CCO]
- Review panel oversight
- Personal Credit Approval Authority – risk officers

Retail

- Auto decision tools
- Personal Credit Approval Authority – risk officers



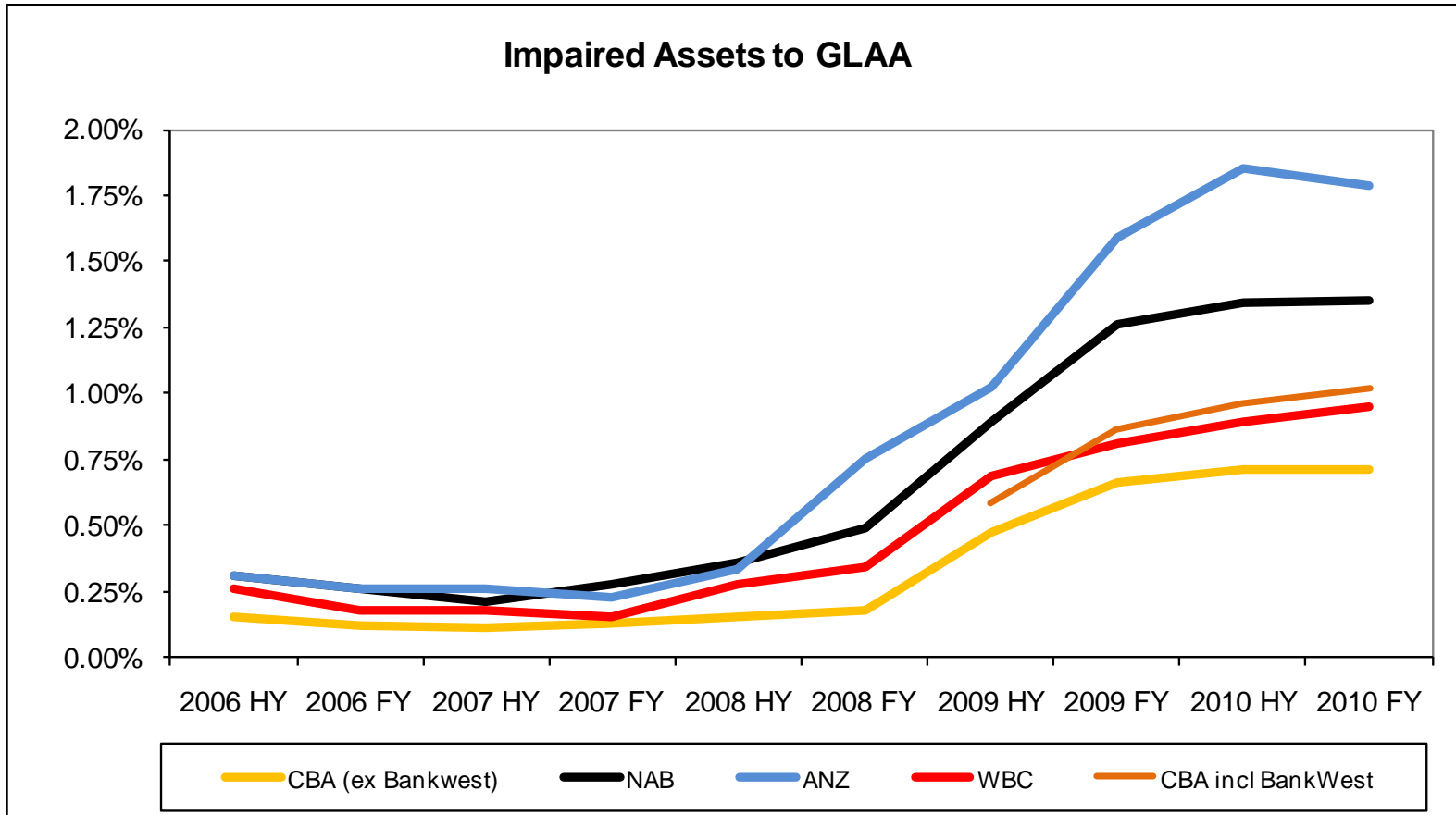
Credit Quality



¹ Bpts is for the three months to Sep 2010. Prior periods are six-monthly figures.



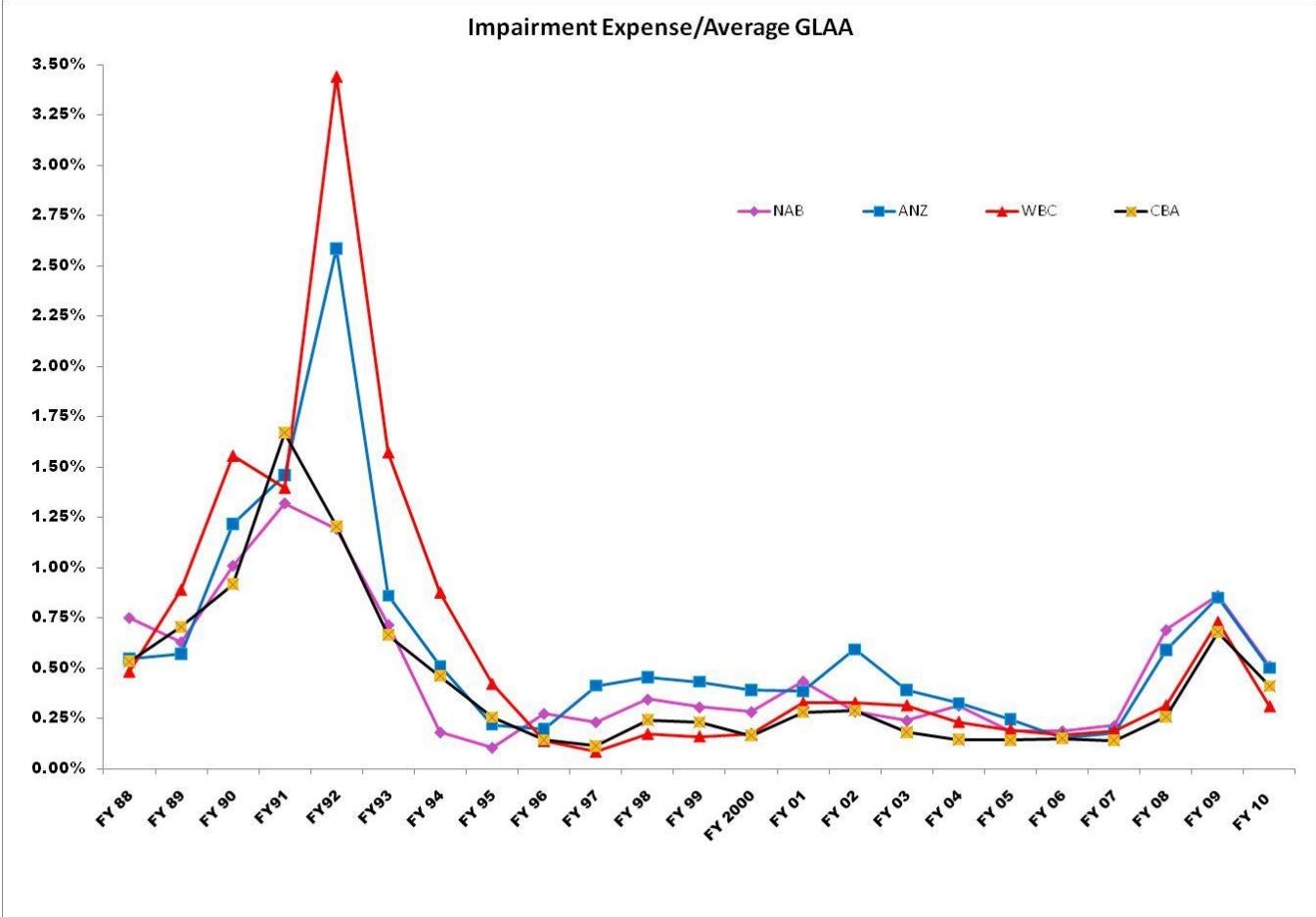
Credit Quality



CBA June, Other Banks September



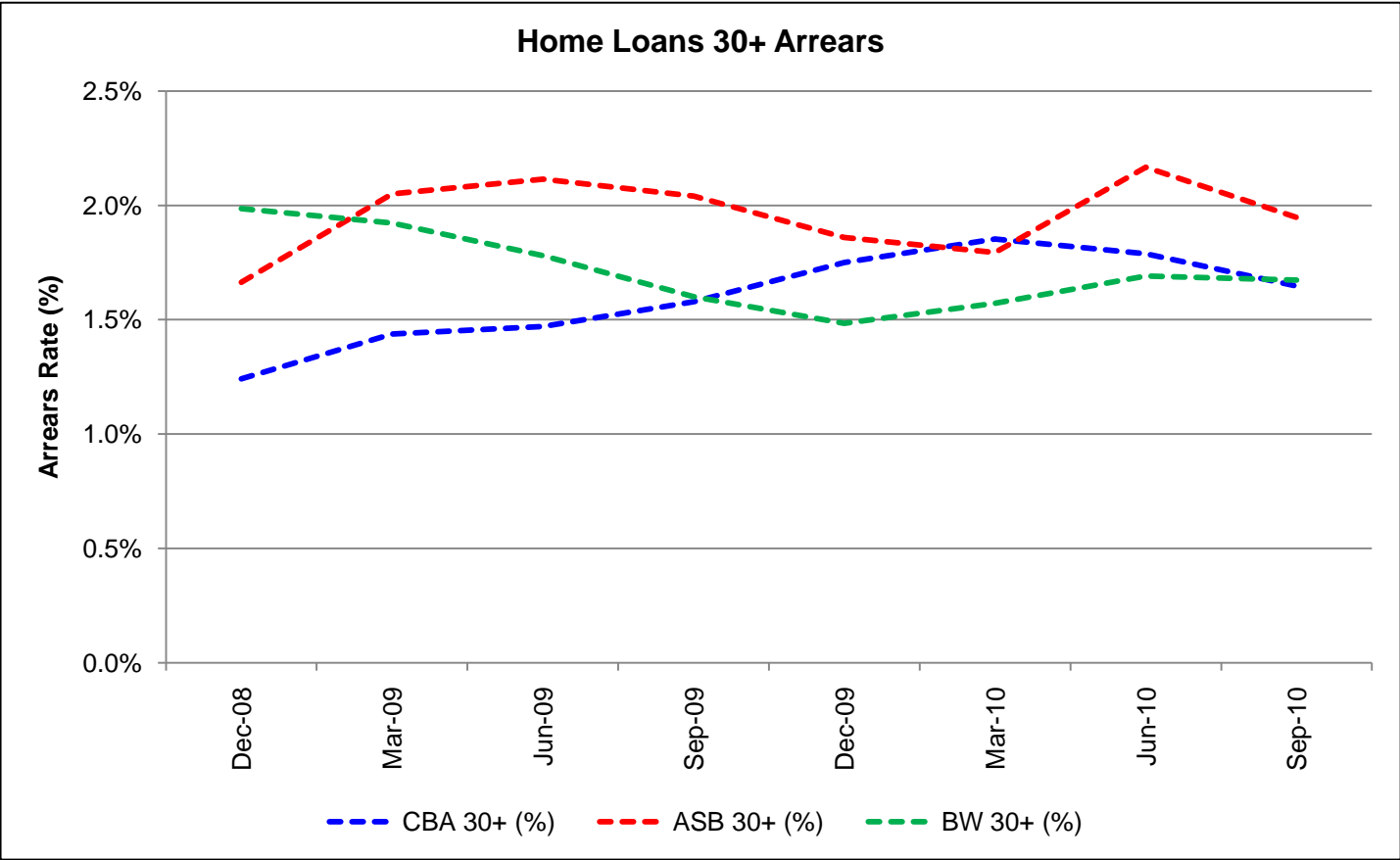
Credit Quality



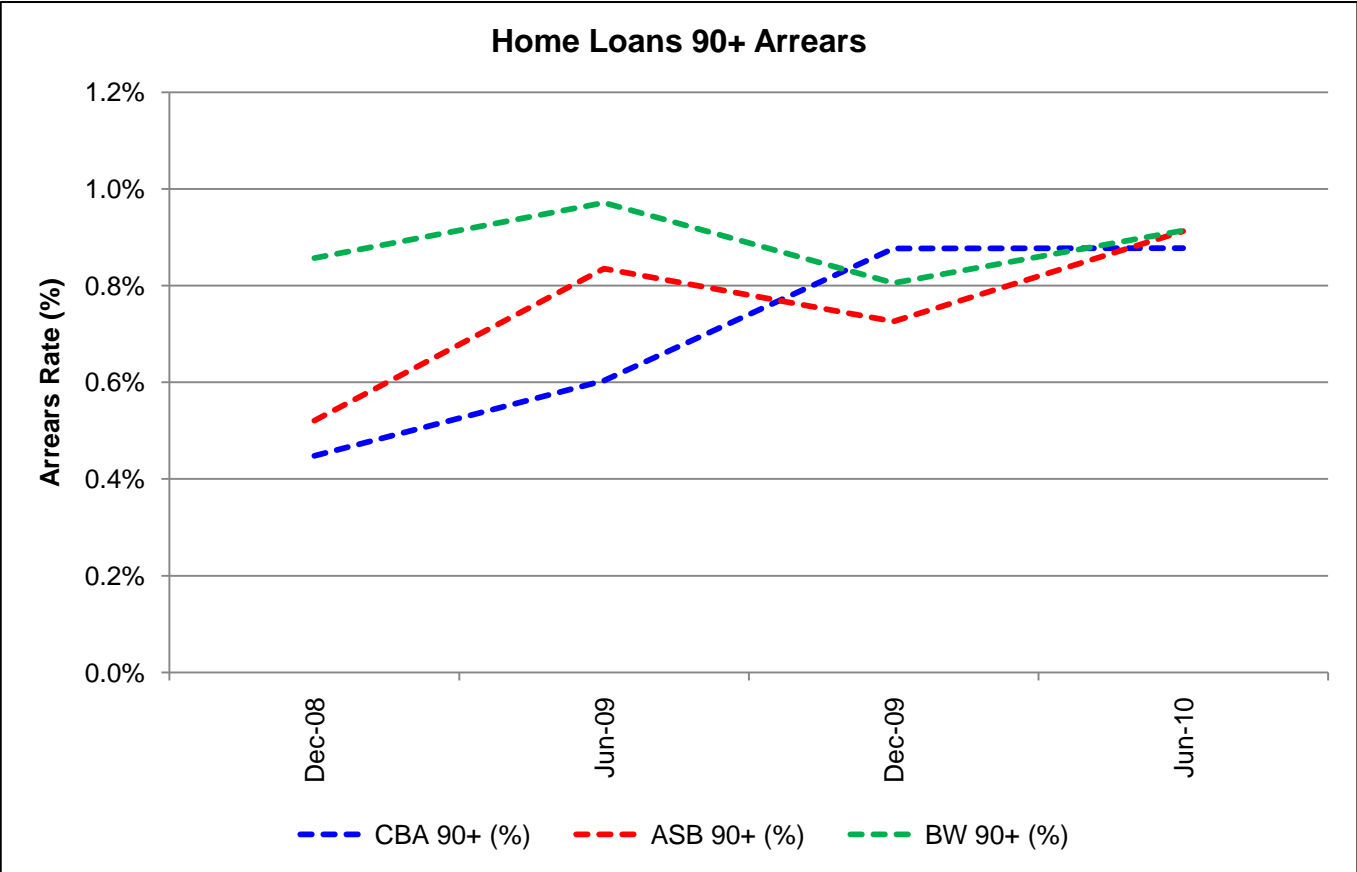
CBA June, Other Banks September



Credit Quality

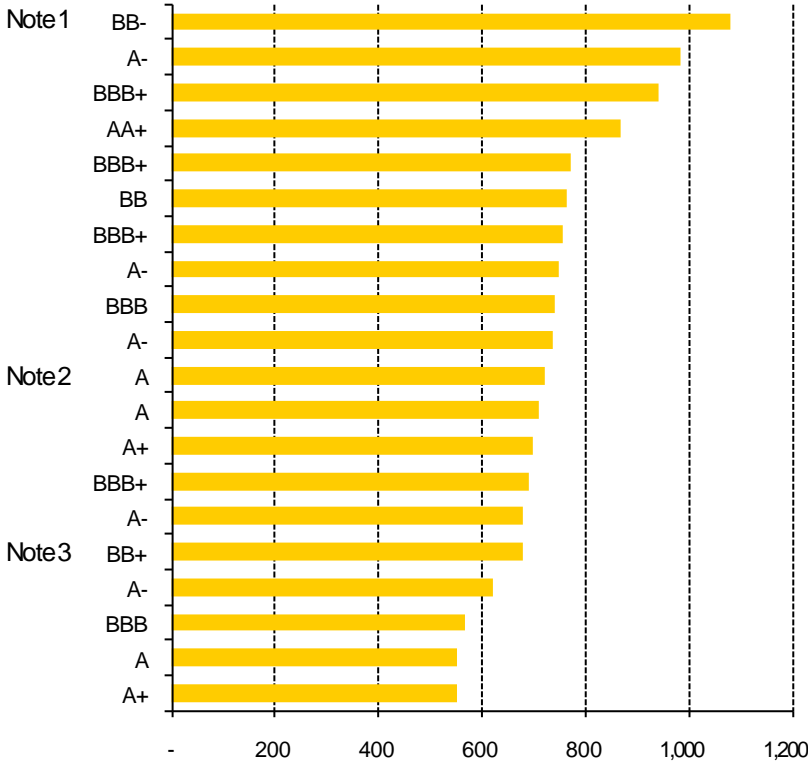


Credit Quality



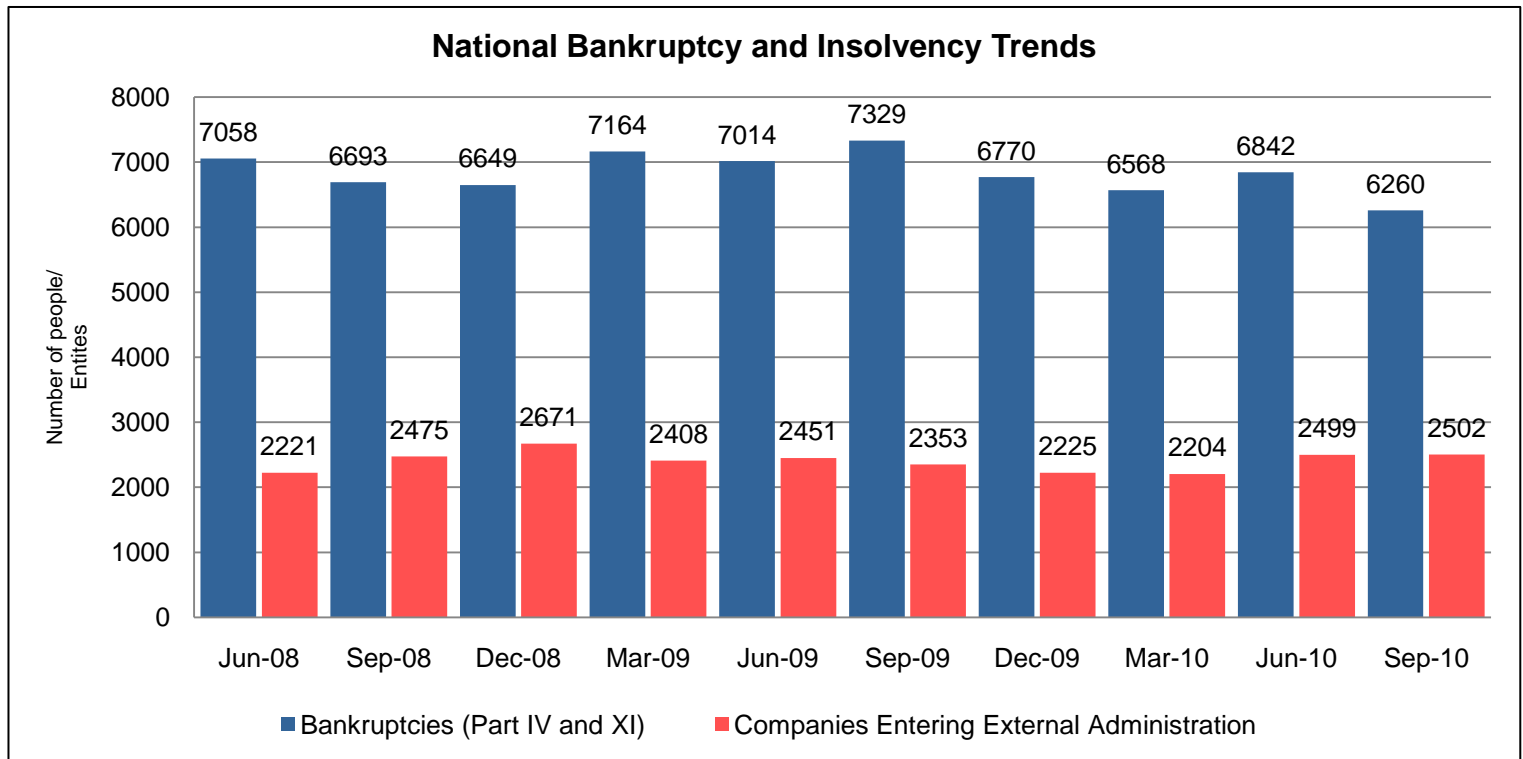
Credit Quality

Top 20 Commercial Exposures – June 2010



Economic Conditions

Insolvencies and Bankruptcies



Economic Conditions

- Mining sector v other
- SME/Small corporate
- Commercial property
- Hot spots



General

- Bankwest non retail exposure
- Basle II accreditation – extend for Bankwest
- Non-retail exposure migration
 - Watch list – S&P B- or better
 - Troublesome – S&P CCC+ to C plus D where no loss expected
 - Impaired – S&P D where loss anticipated
- Stress Testing



Risk Governance Structure

