

Commonwealth Bank of Australia

Investor presentations

Group Treasury

.....
Lyn Cobley

Group Treasurer



Determined to be different

.....
16th and 17th November, 2010

Agenda

Some reflections on the GFC

Capital

Funding position

Outlook



Australian banks and the GFC

- Revolution in international banking industry has been well documented
- In Australia, there has been less of a revolution. No banks have been nationalised or bankrupted.
- Australian banks have experienced major paradigm shifts, especially in all areas of bank treasuries and in deposit funding costs.



Funding – a long term issue for Australia

Systemic Issues

- Credit growth > deposit growth
- Funding task > domestic capacity
- Global funding increasingly expensive
- Regulatory change likely manageable
- Assets retained on bank balance sheets
- Australia to continue to attract investment:
 - ▶ AAA rated fast growing economy
 - ▶ Australian banks well-regarded

CBA Position

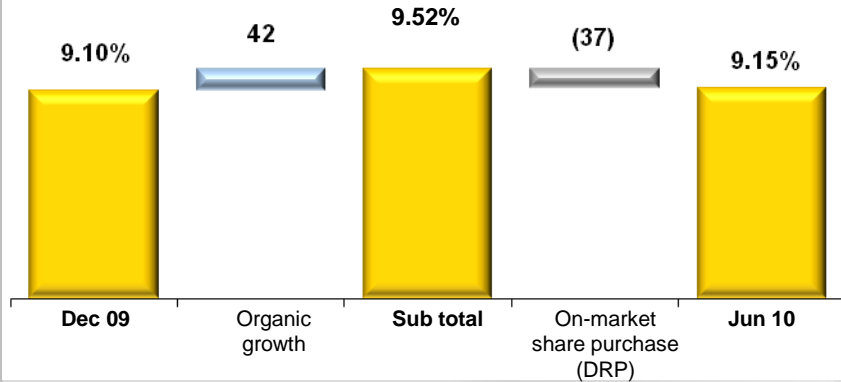
- Like peers, step-change in funding costs
- Access to debt markets remains strong
- CBA well regarded and stable AA rating
- Prudent management:
 - ▶ Diversification
 - ▶ Extending term maturity
 - ▶ Pre-funding
- Working with ABA, Treasury and regulators to address systemic issues



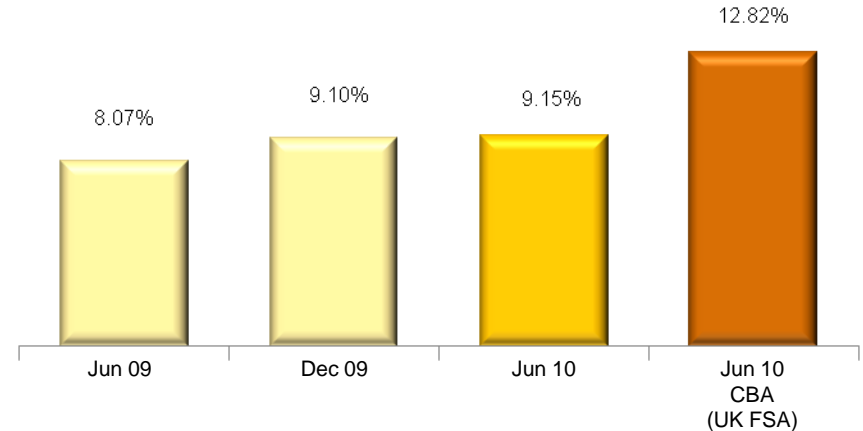
Capital

Tier 1 capital movement

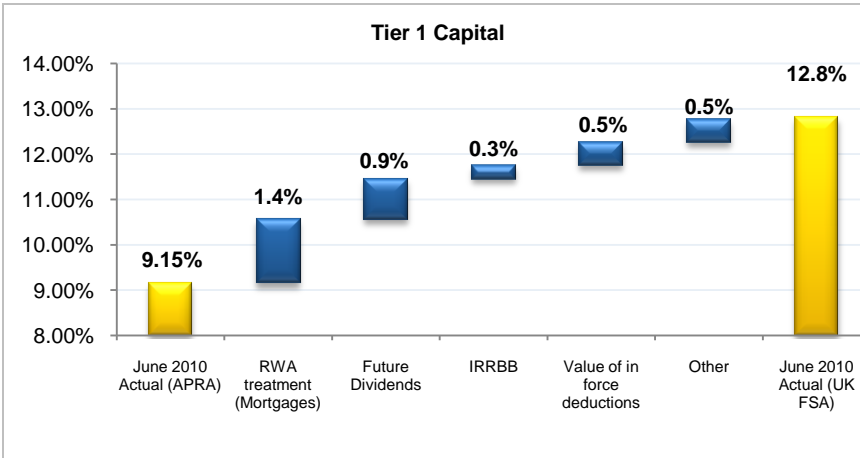
All movements in basis points



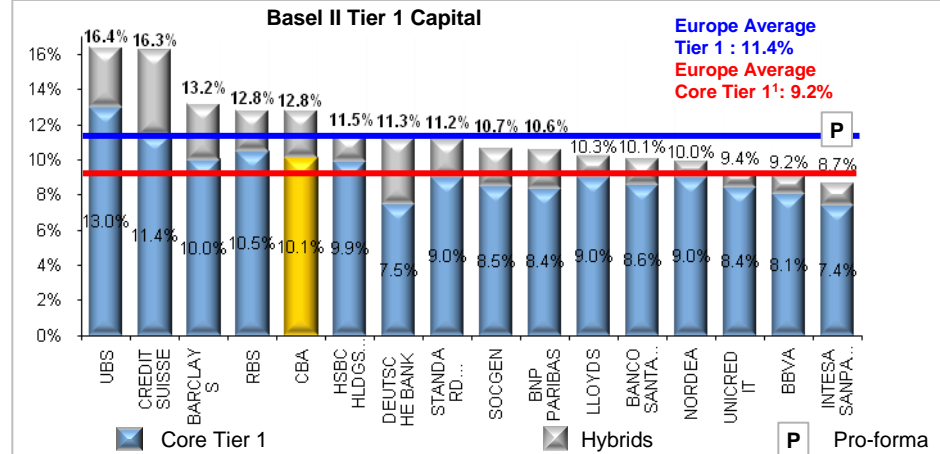
Tier 1 Capital Ratio 9.2%



Tier 1 UK Comparison



Tier 1 European comparison*



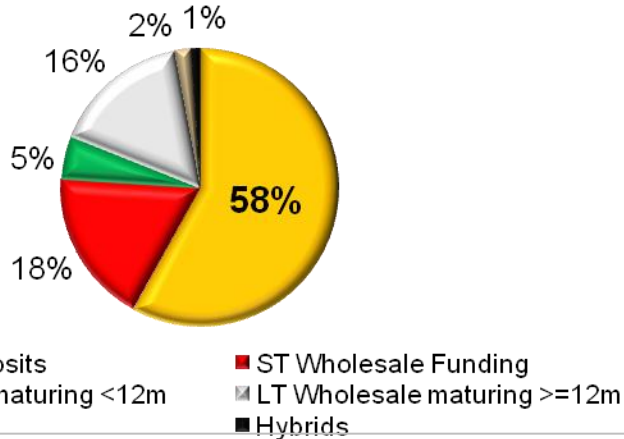
* Top 15 European banks by market capitalisation as at July 1, 2010. Source: latest public disclosure and market updates

1 Reflects Tier 1 Capital less hybrid Tier 1 Instruments

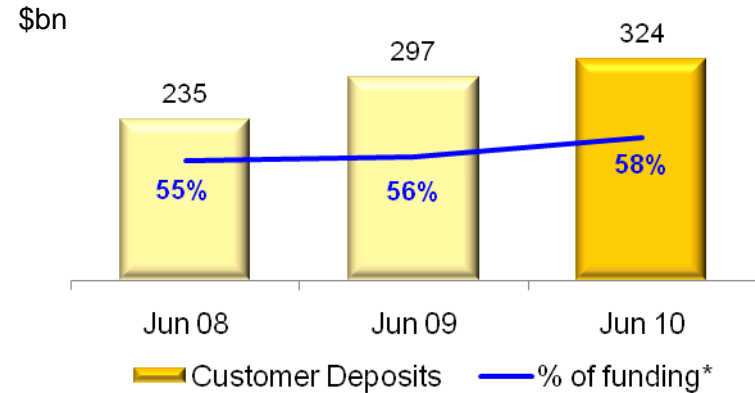


Deposits

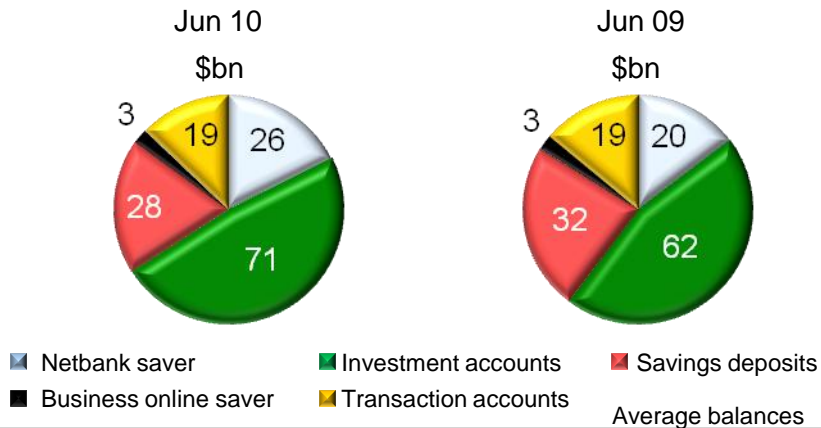
58% Deposit Funded



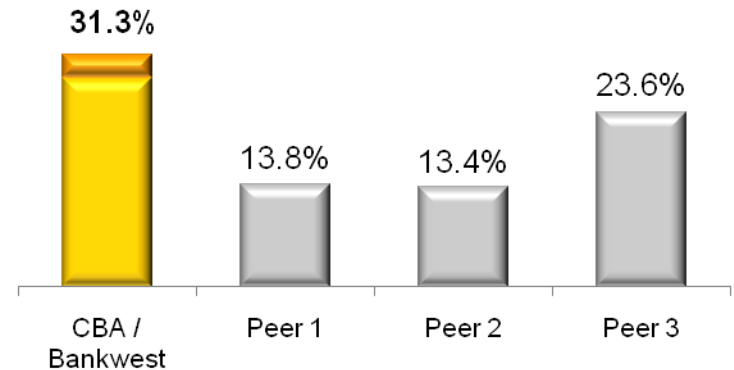
Customer Deposit Funding



RBS Deposit Mix



Household Deposits – Market Share

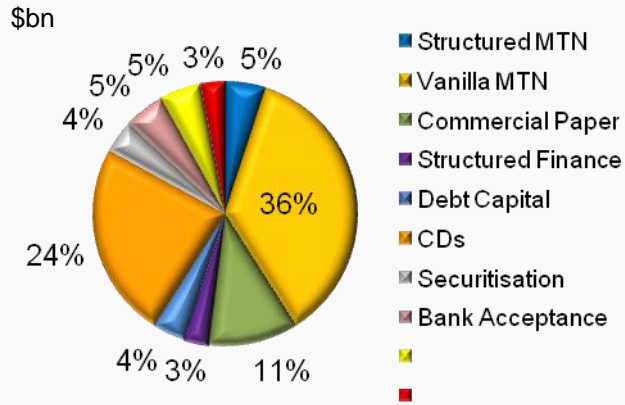


* Percent of funding excluding equity; no netting of surplus liquids

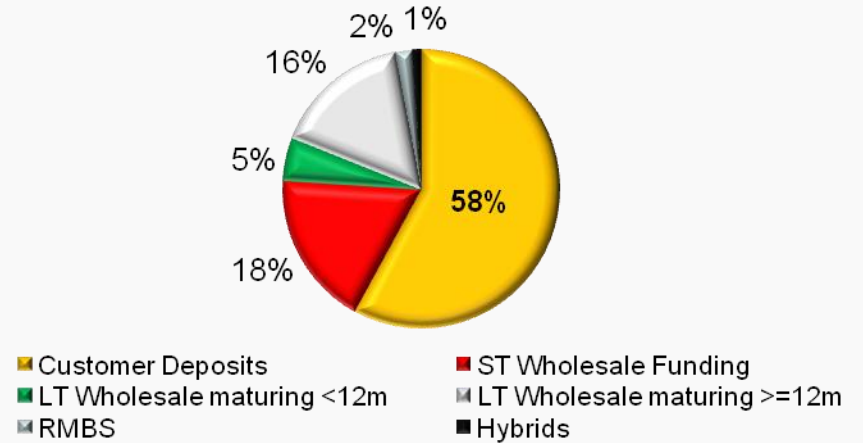


CBA – Wholesale Funding

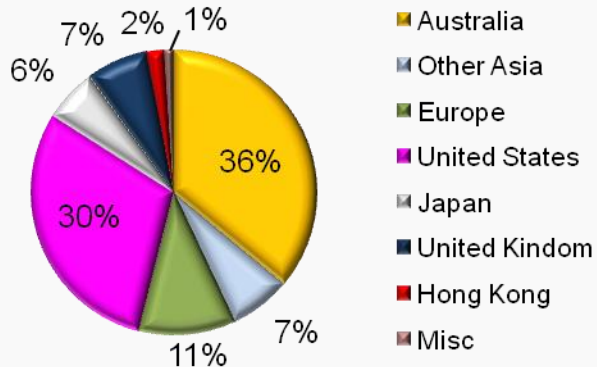
Wholesale Funding by Product



58% Deposit Funded

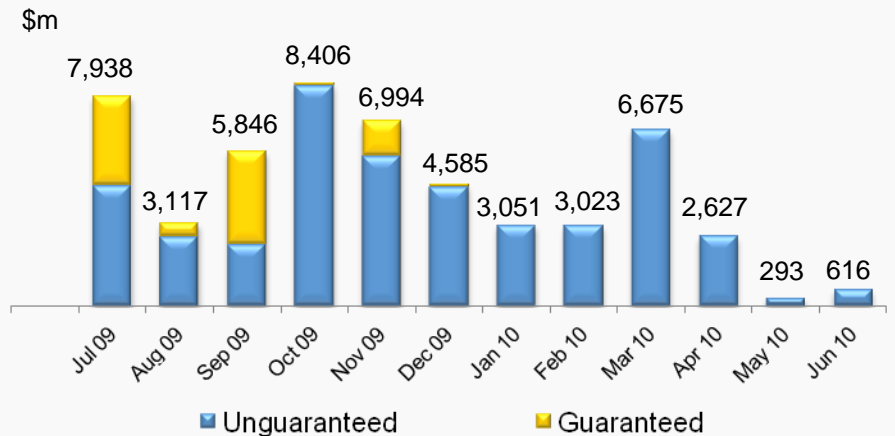


Wholesale Funding by Region



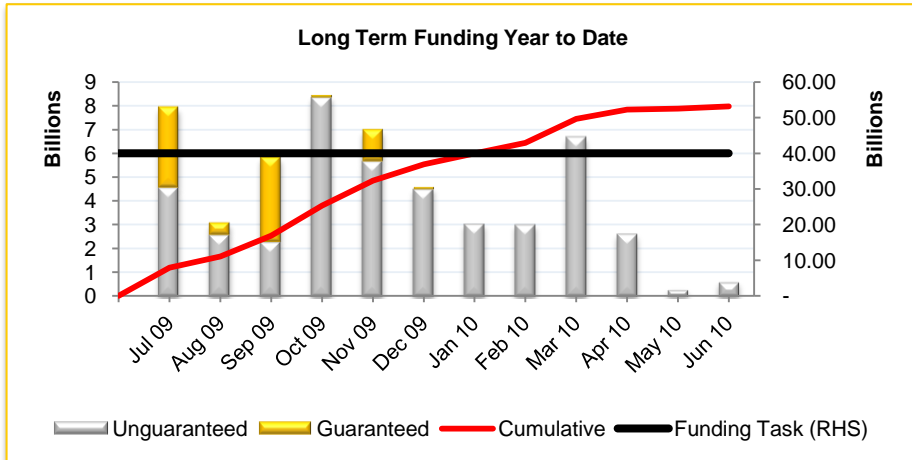
Note: AUD, USD & EURO Public benchmark deals are fully allocated to their respective currency locations

FY10 Issuance

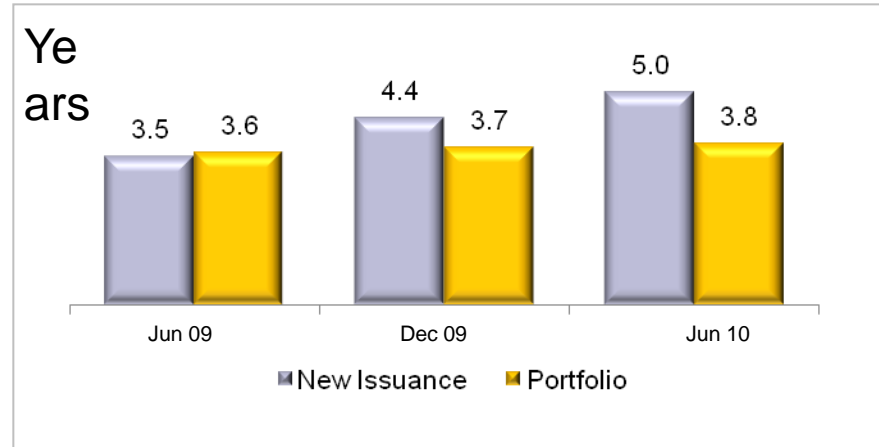


Strong funding and liquidity positions

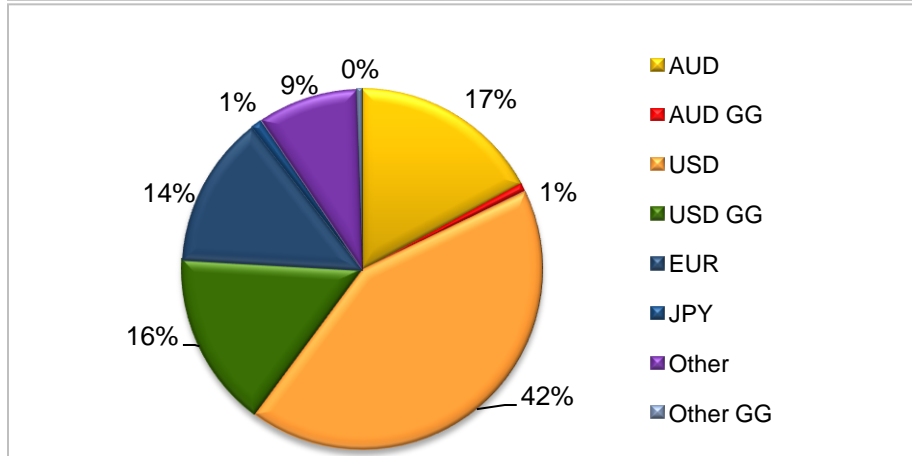
Long Term Funding



Funding tenor ¹



FY2010 Issuance by Currency



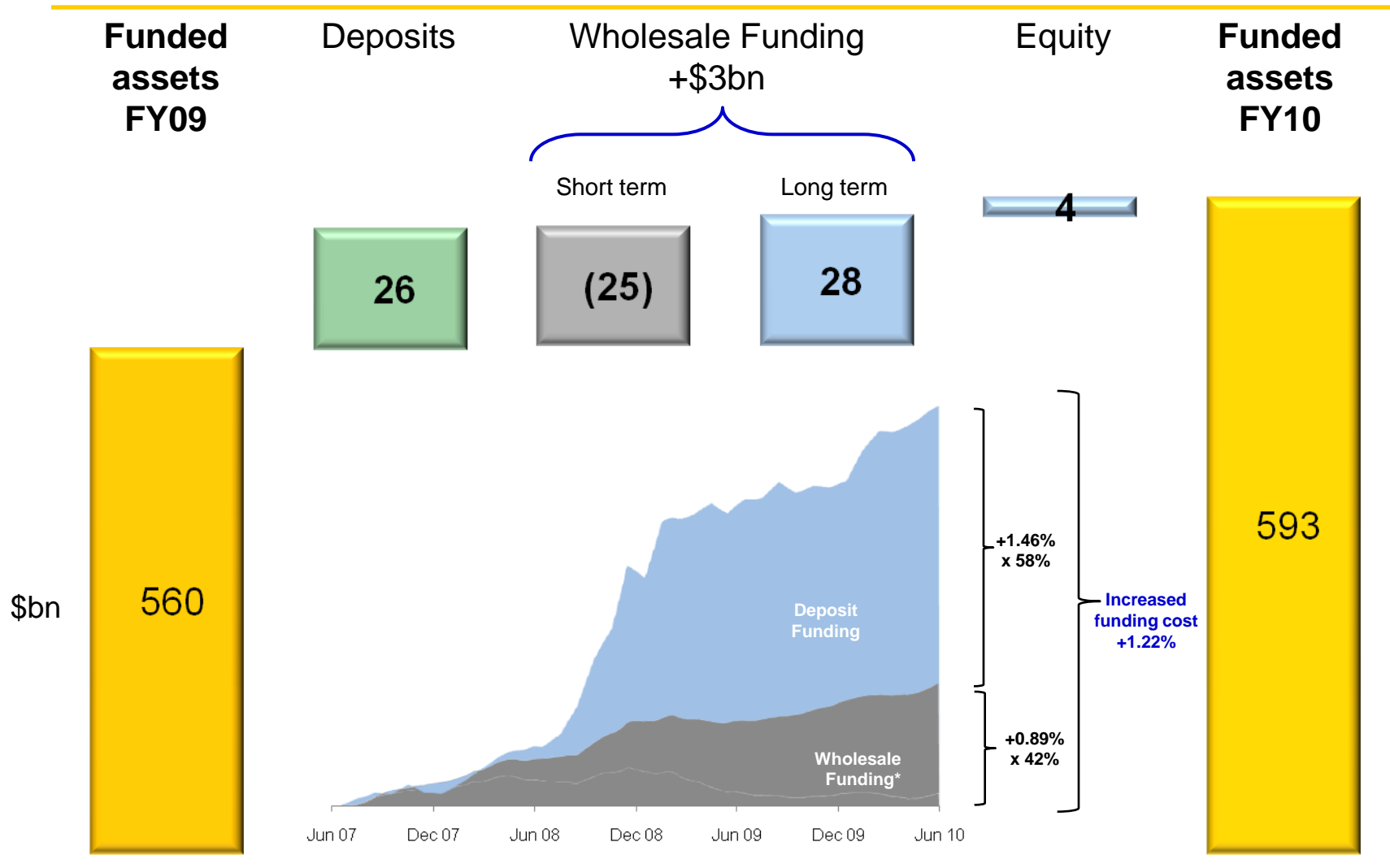
Recent transactions

DATE	Amt	Tenor
Feb 2010	€1,000	10 yr
Mar 2010	A\$1,500	3 yr
Mar 2010	USD3,500	3, 5 & 10yr
Apr 2010	CAD500	3 and 10yr
Apr 2010	GBP500	5.5yr

¹ Weighted Average Maturity. Includes all deals with first call date or contractual maturity of 12 months or greater



Terming out is necessary ...



Funded assets includes securitisation, bank acceptances of customers and accounting gross-ups

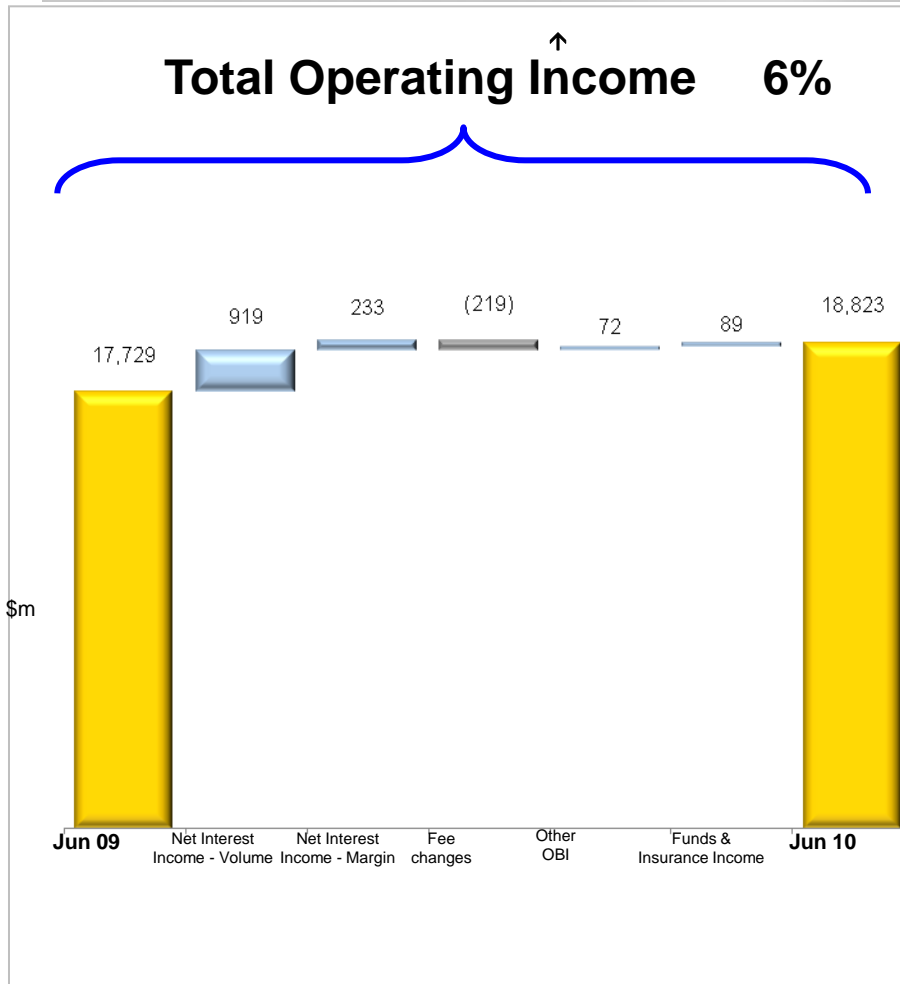
* Long term and short term. Includes basis risk



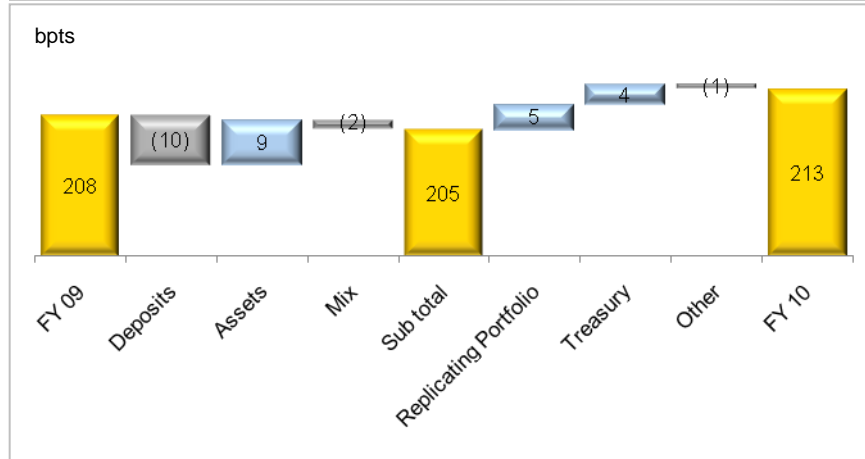
Determined to be different

..... But expensive

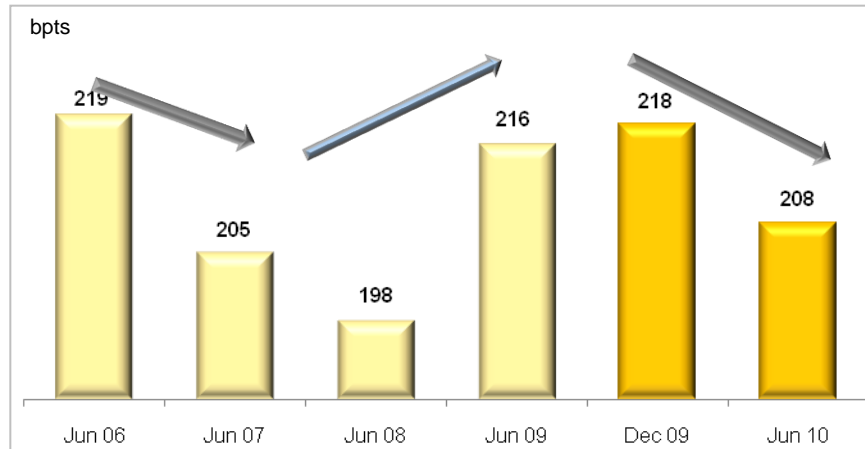
Good volumes driving income growth



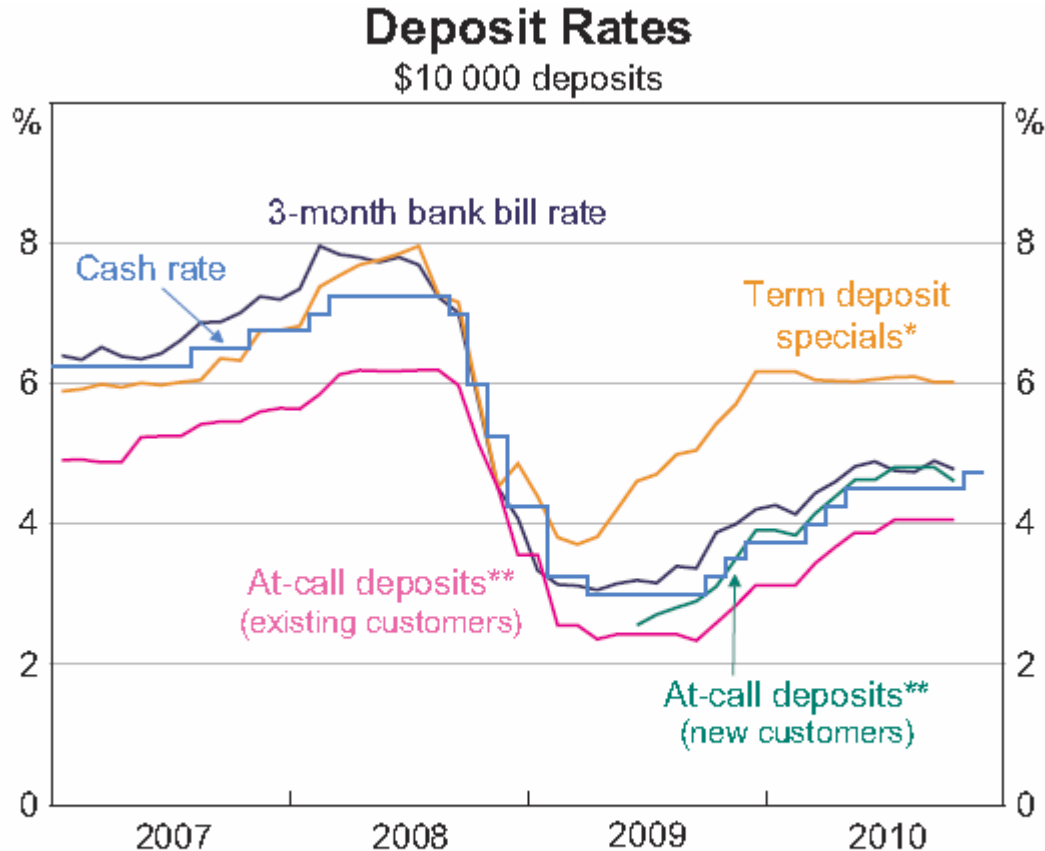
Group NIM - 12 months



Funding Costs higher in 2H10



...deposit “specials”



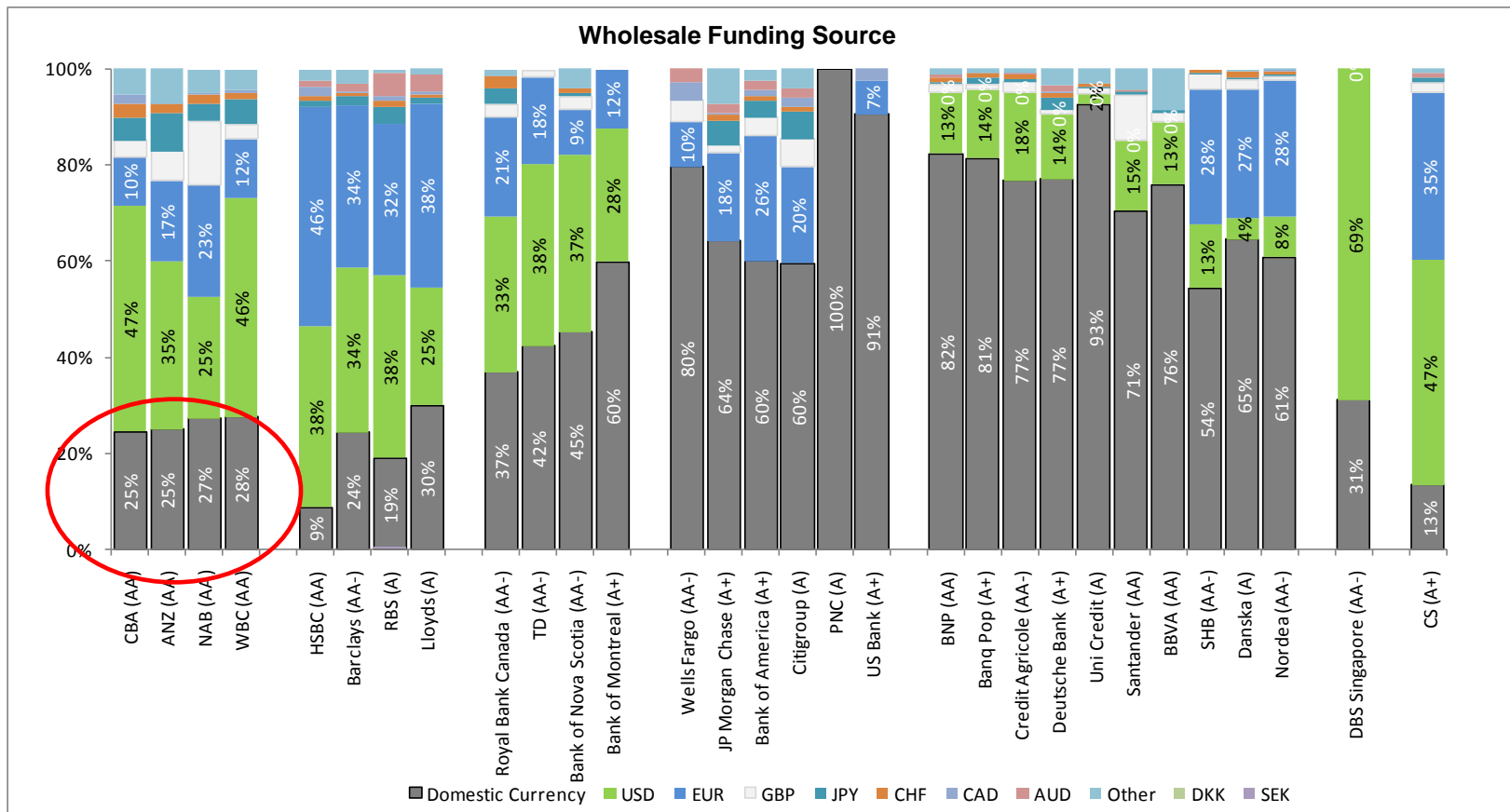
* Average of 1–12, 24-, 36- and 60-month terms at the major banks

** Average of online, bonus and cash management accounts at the major banks

Source: RBA

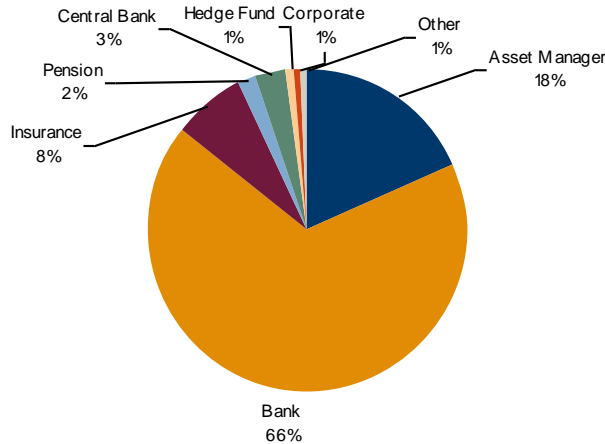


Accessing offshore markets is necessary ...



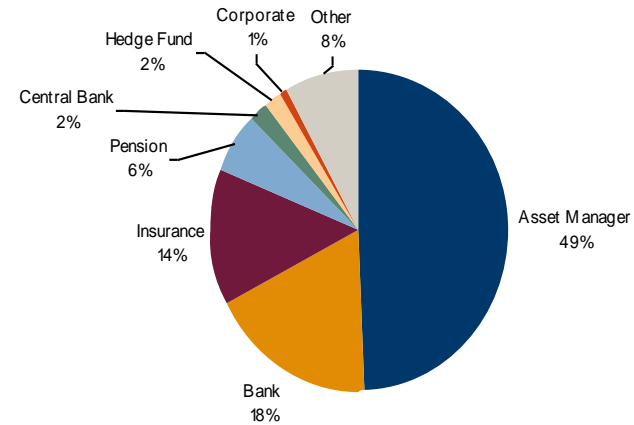
... But our investor base has changed

European senior investor breakdown by type – H1 2007



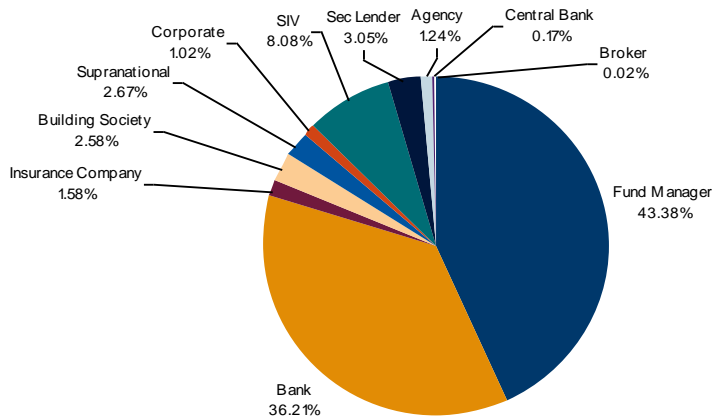
Source: Barclays Capital

European senior investor breakdown by type - 2009



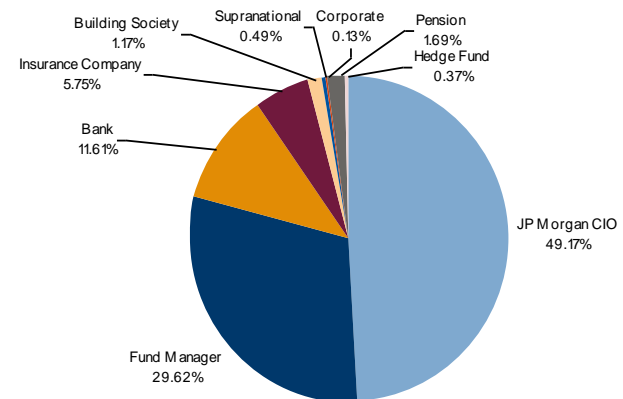
Source: Barclays Capital

UK RMBS investor breakdown by type - 2006



Source: Barclays Capital

UK RMBS investor breakdown by type - 2009



Source: Barclays Capital



Determined to be different

... Uncertain regulatory environment

- Basel III
 - LCR/NSFR/Leverage Ratio/Capital
- Conglomerates Rules
- Insurance Rules
- Superannuation Reform



Questions?

