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# David Murray Strategy Presentation

13 February 2002



# Disclaimer

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The material that follows is a presentation of general background information about the Group's activities current at the date of the presentation, 13 February 2002. 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.

# Speaker's Notes

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- Speaker's notes for this presentation are attached below each slide.
- To access them, you may need to save the slides in PowerPoint and view/print in "notes view."

# Agenda

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- Strategic Issues
- Execution to date
- Sources of Growth

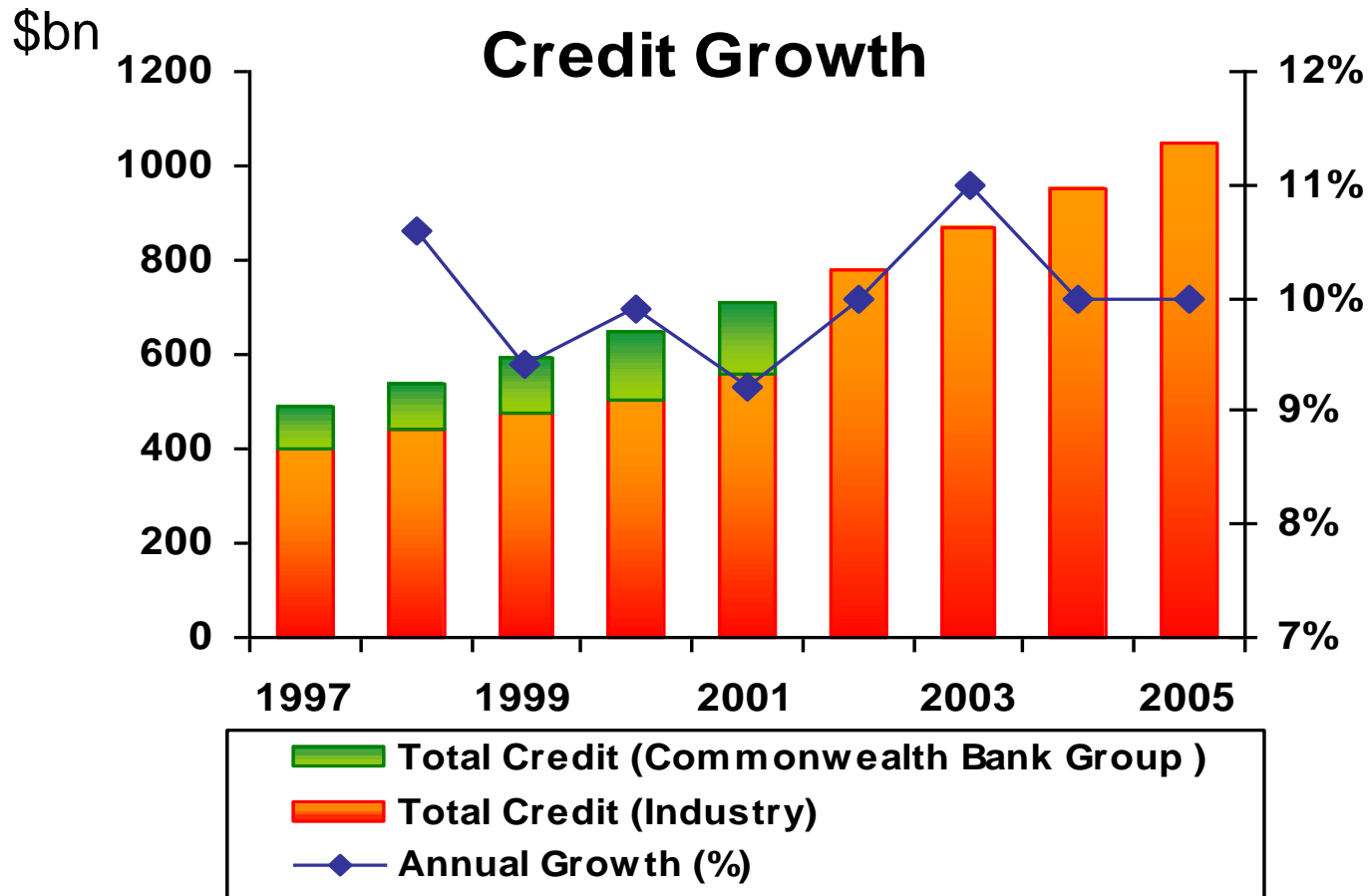
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# Strategic Issues

- Credit Growth
- Technology
- Industry Mix / Wealth Management



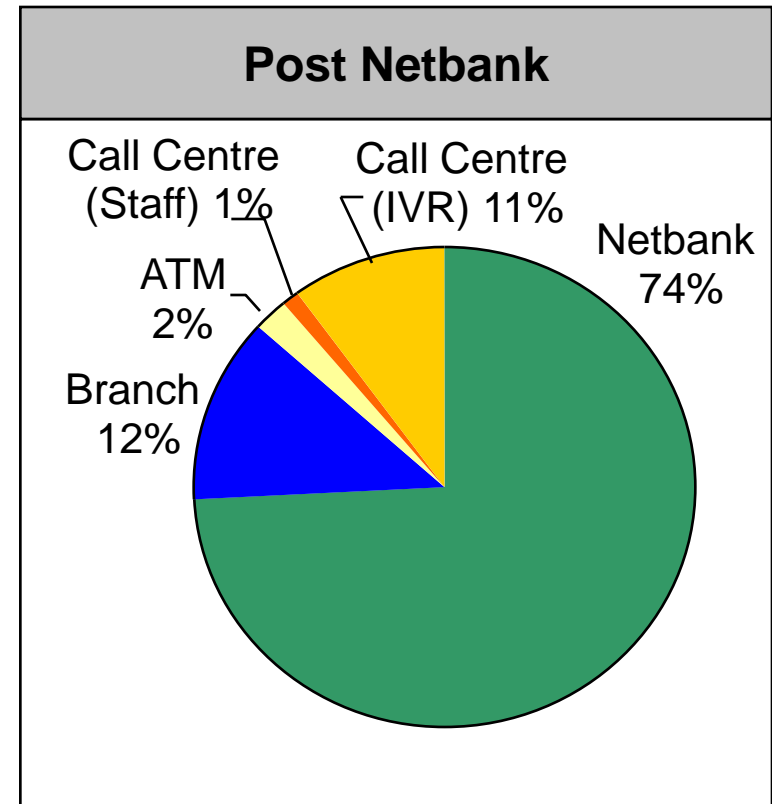
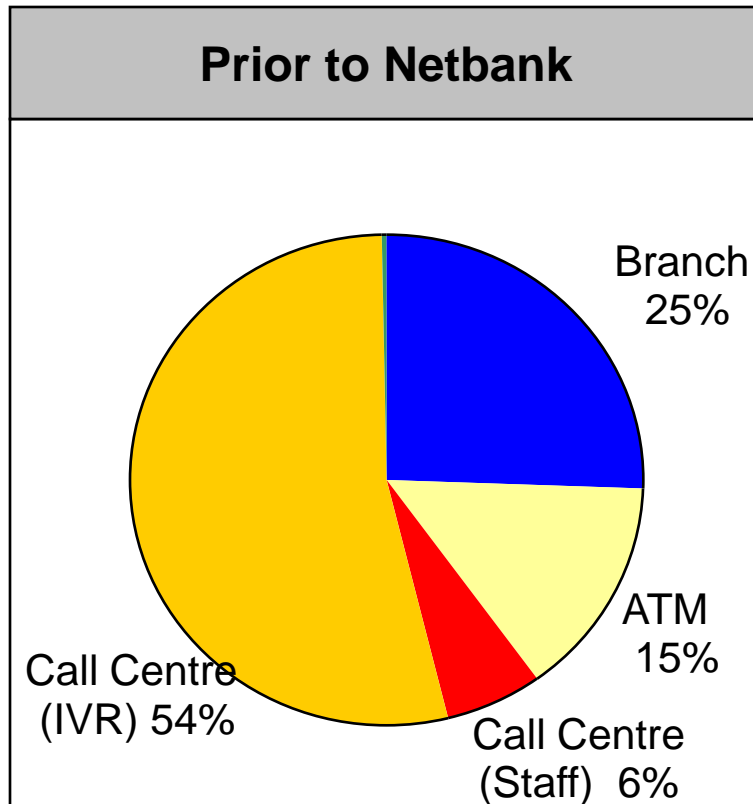
# The Rate Of Credit Growth May Slow In The Longer Term



Response: Leverage brand, harness sales and service and continue to improve productivity

# Technology Is Empowering Deeper Customer Relationships

## Customer Channel Usage\*

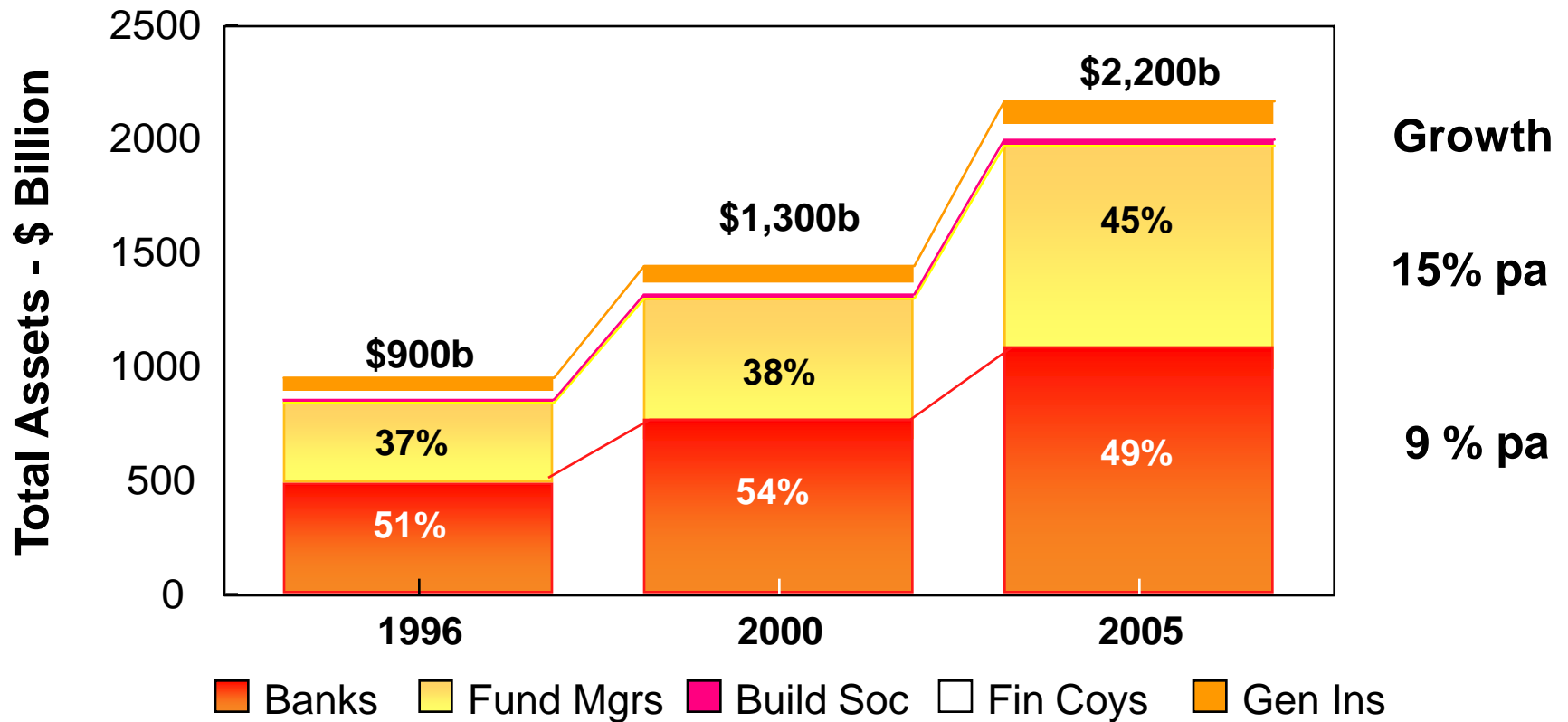


**Benefits:** Sales Driver - Offline & Online  
Customer Retention  
Cost Savings

\* Based on a sample of customers newly registered with NetBank (Oct 2001)

# Financial Services Industry Mix Continues To Change

*Banks and NBFIs - Growth Projections 1996 to 2005*



**Response: Continue to grow CBA investment business**



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## Execution to date

- Organisation restructure
- Role redesign
- E-commerce growth
- Productivity



# We Have Aligned Domestic Structure With Customer Needs...

	<b>Retail Banking Services</b>	<b>Premium Financial Services</b>	<b>Investment &amp; Insurance Services</b>	<b>Institutional &amp; Business Services</b>
<i>Customer Group</i>	Personal banking customers, Small business banking customers	Premium clients including professionals and business	Agents, Brokers, Financial Advisers	Institutional, Corporate, Commercial business customers
<i>Channels</i>	Branch, Ezy-Banking, ATM, EFTPOS, Phone, On-line, Mortgage brokers	Relationship managers, Premium investment centres, phone, on-line.	Agents, Branches, Brokers, Financial Advisers, Premium investment centres DirectDealerships	Relationship managers, Business centres
<i>Services</i>	Group Technology, Back Office Operations, Procurement, Shared Services			
<i>Support</i>	Finance, Risk Management, Human Resources, Strategy, Legal, Secretariat			

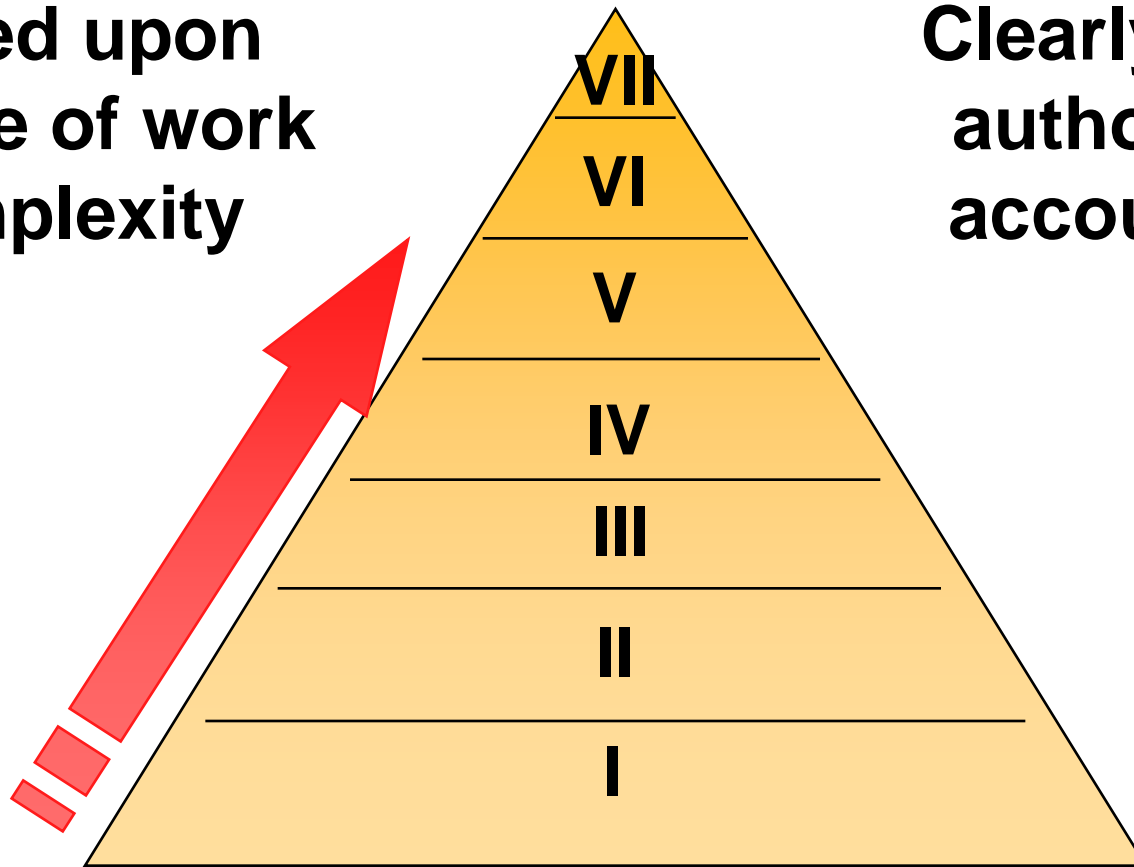
# ...To Deliver Benefits For Growth

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- Enhanced understanding of customer needs
- Product development and service delivery aligned to customer segments
- End to end accountability
- Reduced overlap / duplication
- Improved speed of responsiveness

# Organisational Redesign Will Enable Staff To Better Meet Customer Needs

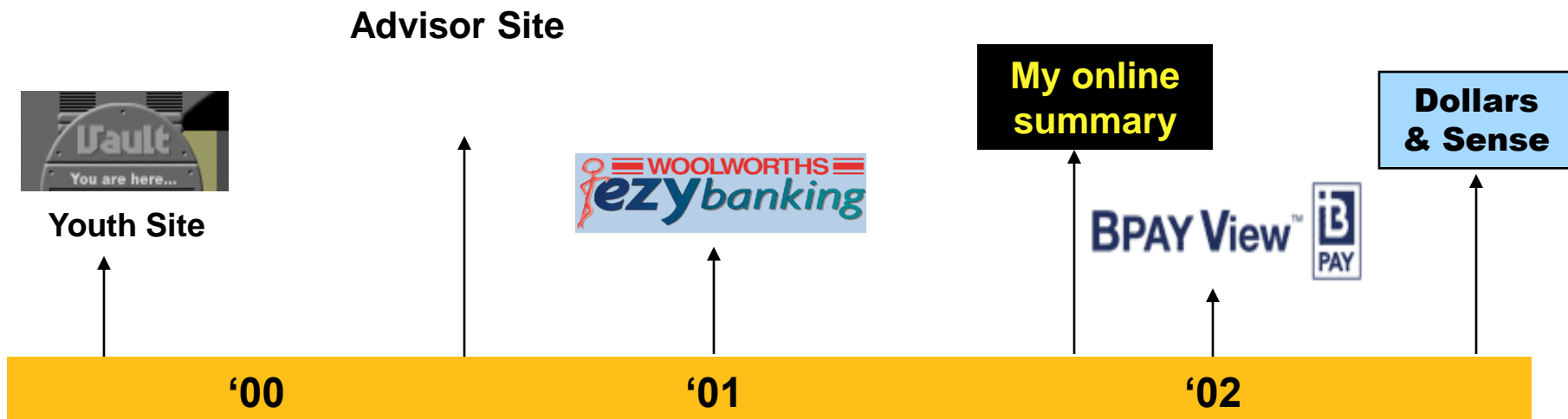
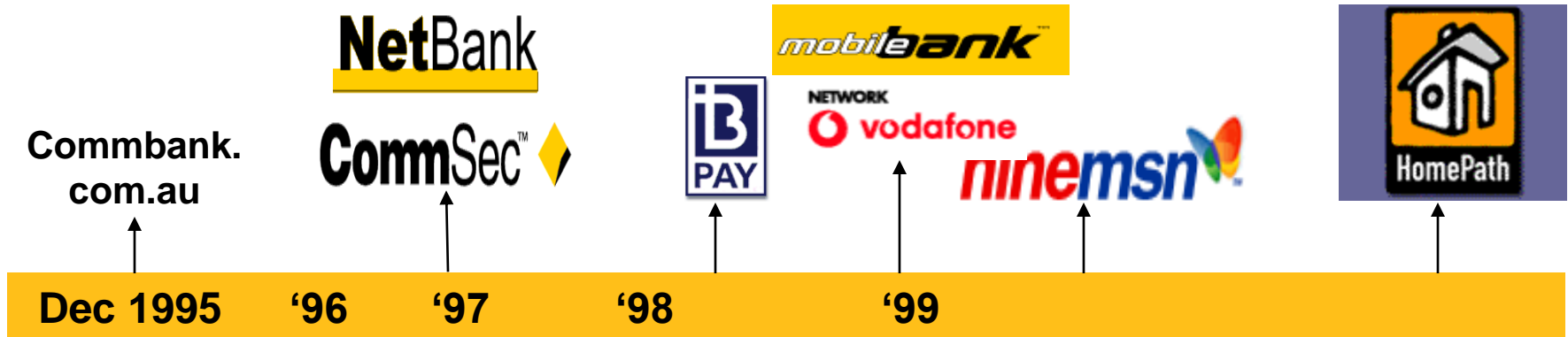
Based upon  
degree of work  
complexity



Clearly defined  
authority and  
accountability

7 level organisational structure

# We Continue To Maintain The Momentum Of Our Internet Implementation



# We Are Leveraging Processing Expertise To Improve Productivity

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- Cheques/deposits imaged
- New loans processing system
- Enhanced Predictive Dialler technology
- eProcurement efficiencies
- Reduced unit costs from outsourcing

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# Sources of Growth

- Focus of each division
- Summary of 5 year plan



# Retail Banking Services (RBS)

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**Will deliver long-term shareholder value through focusing on cost effective and efficient delivery across all products, services and channels**

- Simple & cost effective personal banking solutions
- Service excellence
- Customer segmentation to identify customer needs and match service delivery
- Using customer information tools to drive efficient & effective service
- Best of breed service and a total customer experience will drive increased product penetration and customer retention levels



# Premium Financial Services (PFS)

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**Will grow value by capitalising on the Group's high net worth client base through a targeted product/service strategy**

- Providing sophisticated financial product to Sophisticated Investors
- Building Know Your Client distribution capacity for the existing large segment of discerning high value clients
- Extending the direct distribution platform and client base in CommSec



# Investment and Insurance Services (IIS)

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**IIS will grow value through investment and insurance products for proprietary customers and by increasing product reach to non-proprietary customers.**

- Manufacturing best of breed wealth management products:
  - asset management
  - masterfunds
  - insurance
- Maximising distribution via Bank and 3rd party channels
- Leveraging administration scale and efficiency
- Replicating domestic asset management success off-shore

# **Institutional and Business Services (IBS)**

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**IBS will grow value through integrated capital risk management solutions for business and institutional customers**

- Relationship-managed businesses in one division
- Greater clarity of objective, and more customer-focussed management
- Products developed and tailored for entire range of customers
- Cross selling of products to all customers

# International Financial Services (IFS)

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**Will grow value by focusing on specific regional growth opportunities**

- Organic financial services growth in New Zealand
- Repositioning of the Asian life insurance business portfolio to focus on North Asia
- Identification of business opportunities in China

# Our Processing Initiatives Will Continue To Derive Productivity Benefits

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Programme of initiatives include:

- Processing simplification
- Single platform for sales / service origination
- Co-location of processing centres
- Browser based workflow enabled systems

# Strategic Plan to June 2006 is Underpinned by Growth Assumptions

<u>Business Driver</u>	<u>Profile</u>	<u>5 Year Plan</u>
Growth in Market Share	Funds under management Home Loans Credit Cards Life Insurance Credit Products Business Financing Retail Deposits	At or above market
Margins	Comparable for business mix	Continuing decline
Sources of Income	Comparable Financial Institutions	Rebalance toward non-interest income
Costs	Reduction in cost/income – Best practice	3%-6% p.a. productivity change
Capital Management	Optimise regulatory capital and maintain rating.	Rating AA
Total Shareholder Return	Top quartile	Deliver top quartile TSR.

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