

Roadshow Presentation

Commonwealth

12-18 March 2004

Michael Cameron CFO

23-25 March 2004

David Murray CEO

Michael Cameron CFO

new
Which / bank

Disclaimer

The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 12 March 2004. 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 for this presentation are attached below each slide (download from www.commbank.com.au/shareholder).

To access them, you may need to save the slides in PowerPoint and view/print in "notes view."

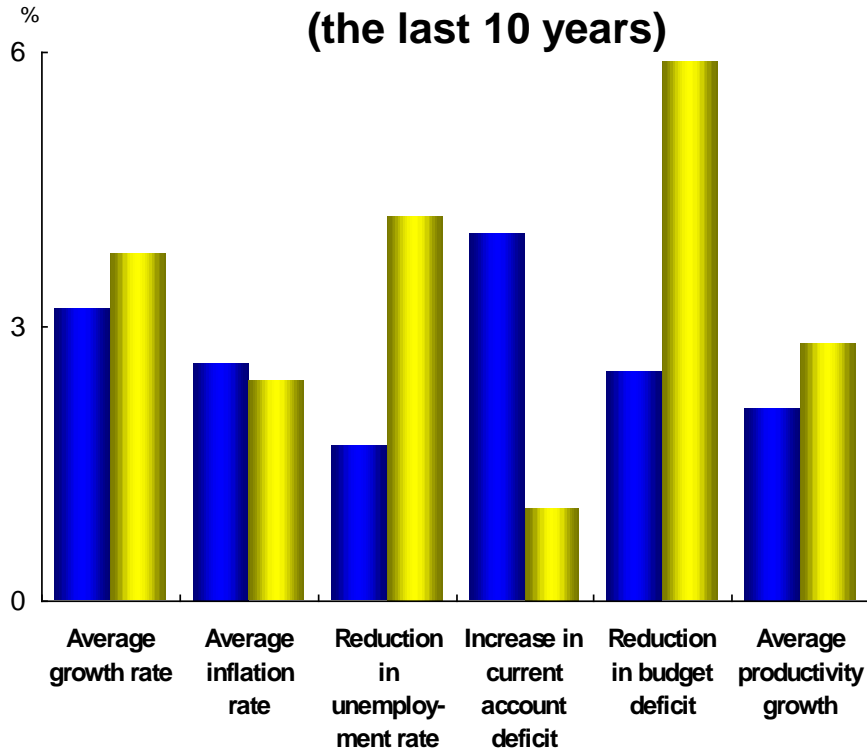
Agenda

- Environment
- Performance
- **Which^{new}/bank**
- Outlook

Environment

Environment

AUSTRALIA: HOW WE COMPARE (the last 10 years)

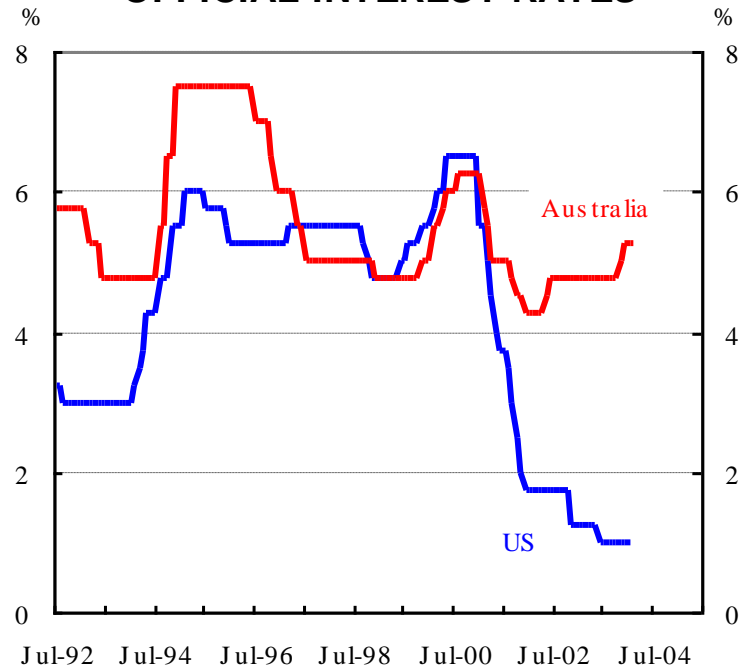


United States

Australia

Source: RBA, OECD.

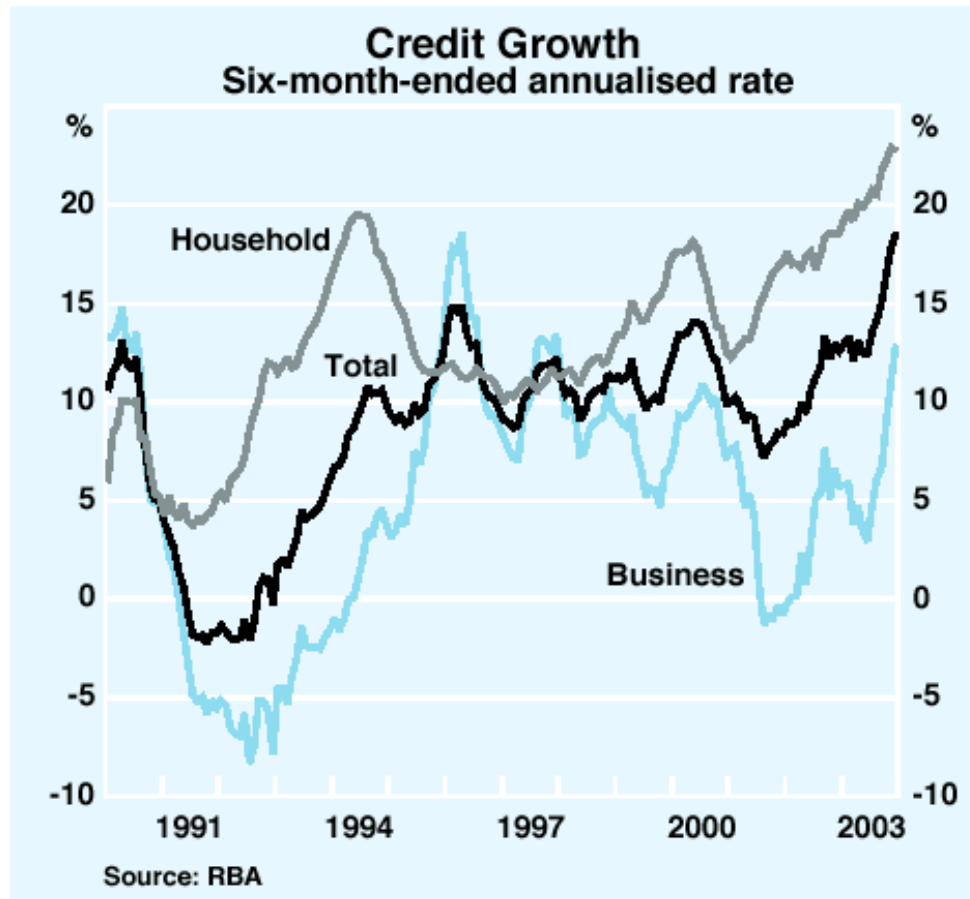
OFFICIAL INTEREST RATES



Source: RBA



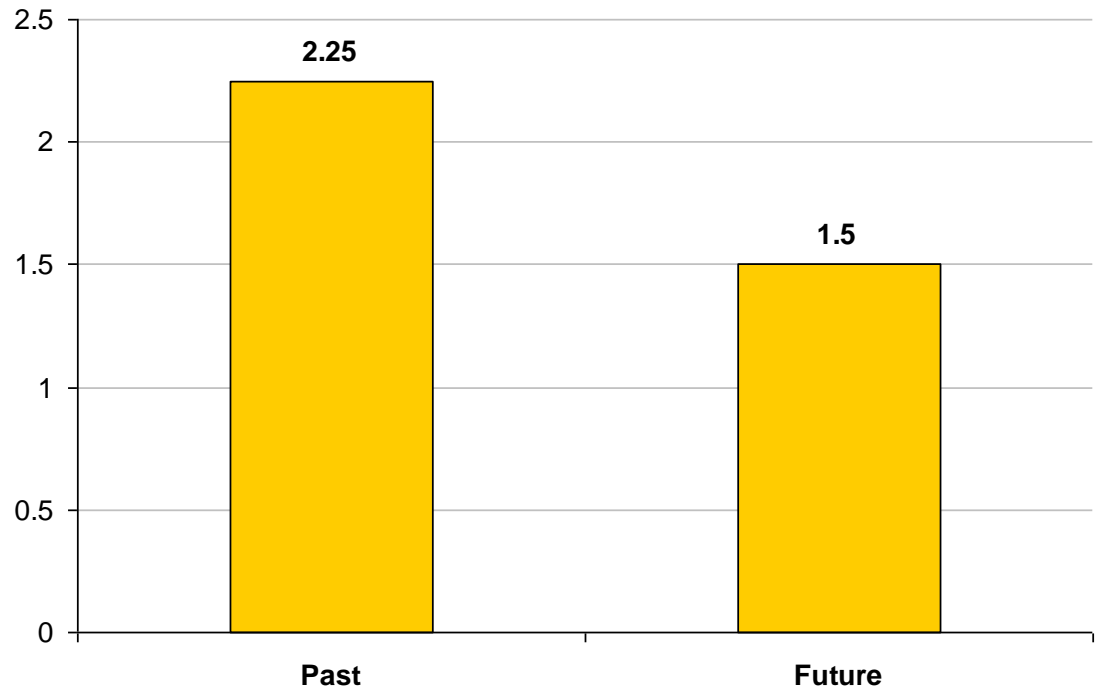
Credit growth expected to moderate



Ageing population driving productivity challenge



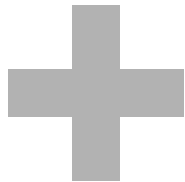
% GDP per capita growth



Source: Intergenerational Report

We will grow through service transformation

- Strong business mix
- Extensive distribution footprint
- Large customer base
- Leading brand



- Service transformation



■ Competitive superiority



■ Superior EPS growth



Performance

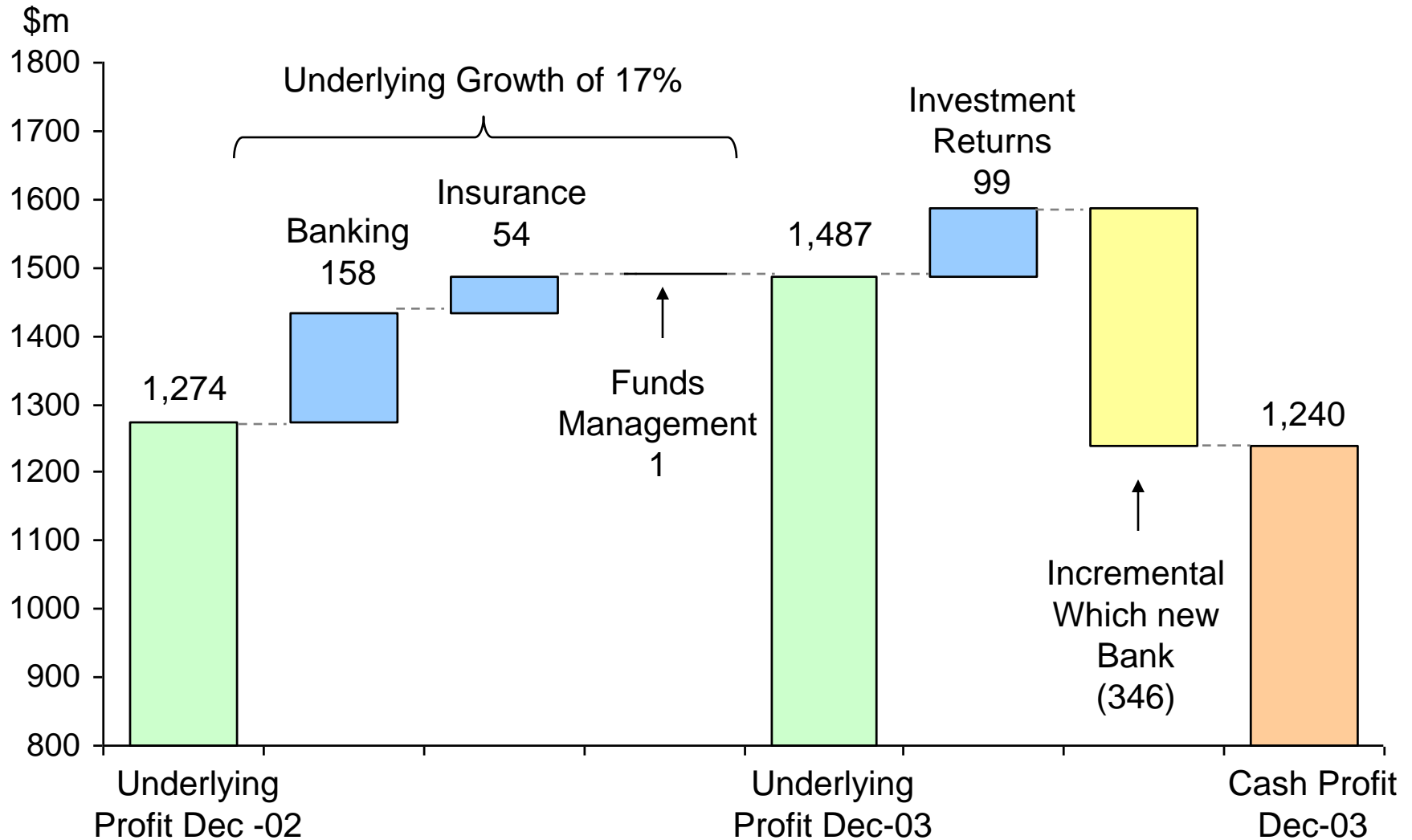
Half Year Results Overview

A good result: 17% growth in underlying cash profit

	31/12/03 \$m	31/12/02 \$m	Change
Statutory NPAT	1,243	622	100%
Goodwill amortisation	162	160	
Appraisal value movement	(165)	426	
Cash NPAT	1,240	1,208	3%
Which new Bank	346	-	
Strategic initiatives - 2002	-	39	
ESAP - 2002	-	19	
Shareholder investment returns	(99)	8	
Underlying Cash NPAT	1,487	1,274	17%



Banking and Insurance strong, Funds Management rebound



Key shareholder ratios

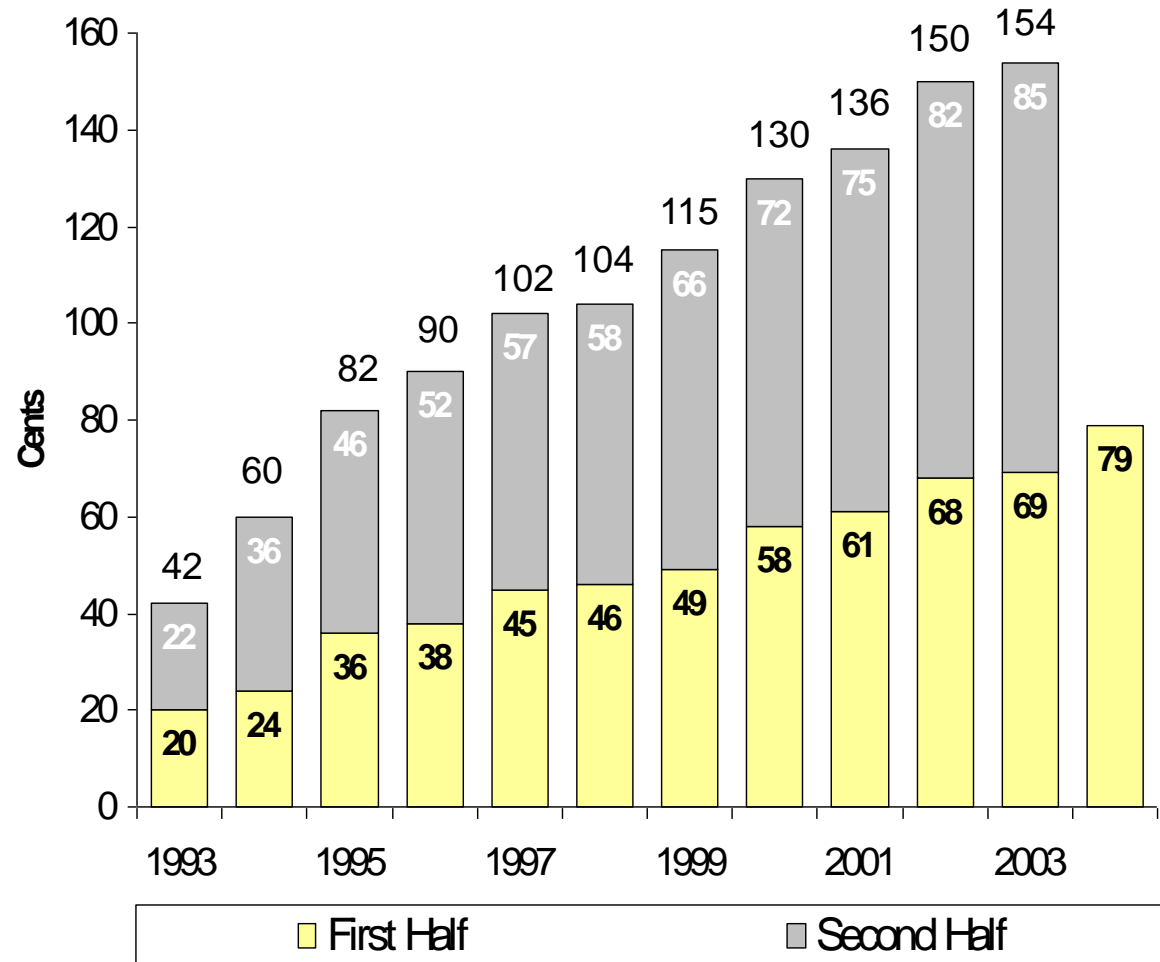
	31/12/03	31/12/02	Change
Shareholder Ratios*			
■ Earnings Per Share	96 cents	95 cents	1%
■ Return on Equity	12.3%	12.4%	0%
■ Dividends Per Share	79 cents	69 cents	14%
■ Payout Ratio	82.9%	72.7%	14%

* Based on Cash NPAT

Another Record Dividend

- Interim dividend of 79 cps, up 14% on pcp

- Payout ratio of 82.9% reflecting Which new Bank expenditure impact in 2004

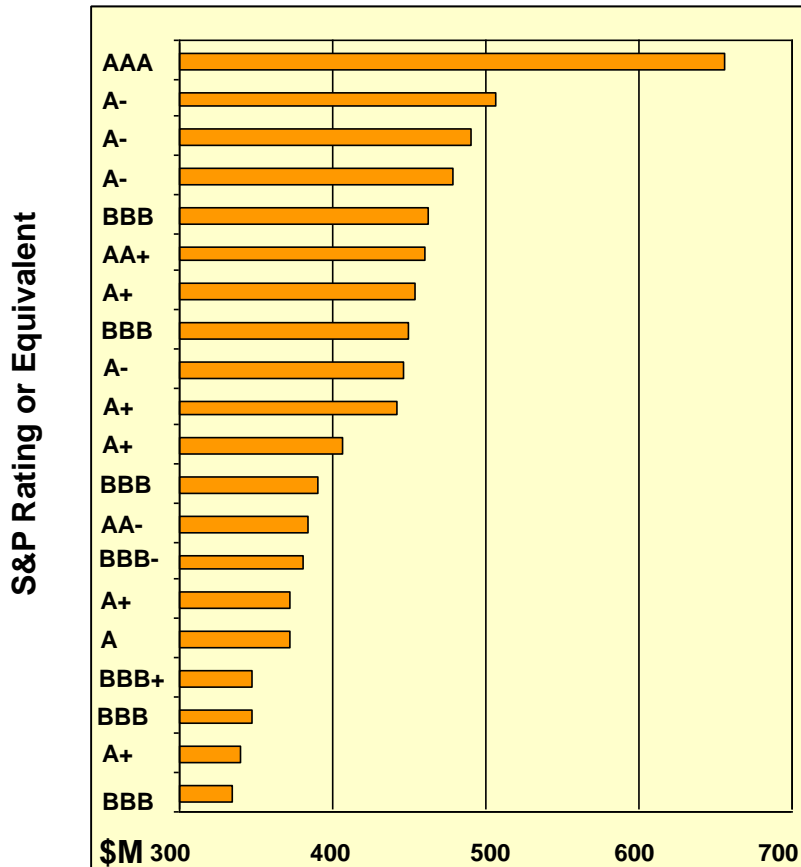


Banking

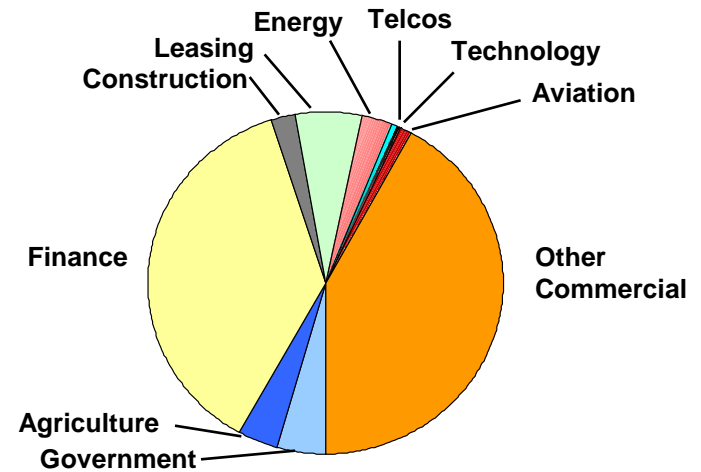
- Performance driven by growth in home lending and sound asset quality
- In summary:
 - 14% underlying profit growth
 - 9% growth in banking income
 - 4.6% annualised productivity improvement since June 2003
 - 9% growth in lending assets since June 2003

Continued improvement in portfolio quality

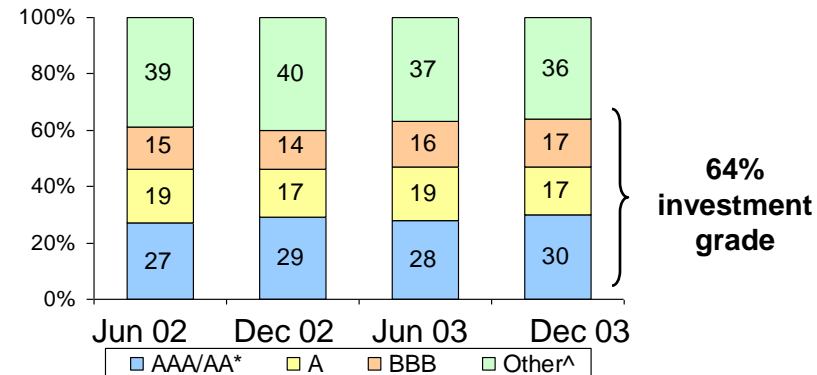
Top 20 Exposures to Corporates (Committed)
 (Top 20 exposures are 3.5% of total committed exposures of \$245 billion)



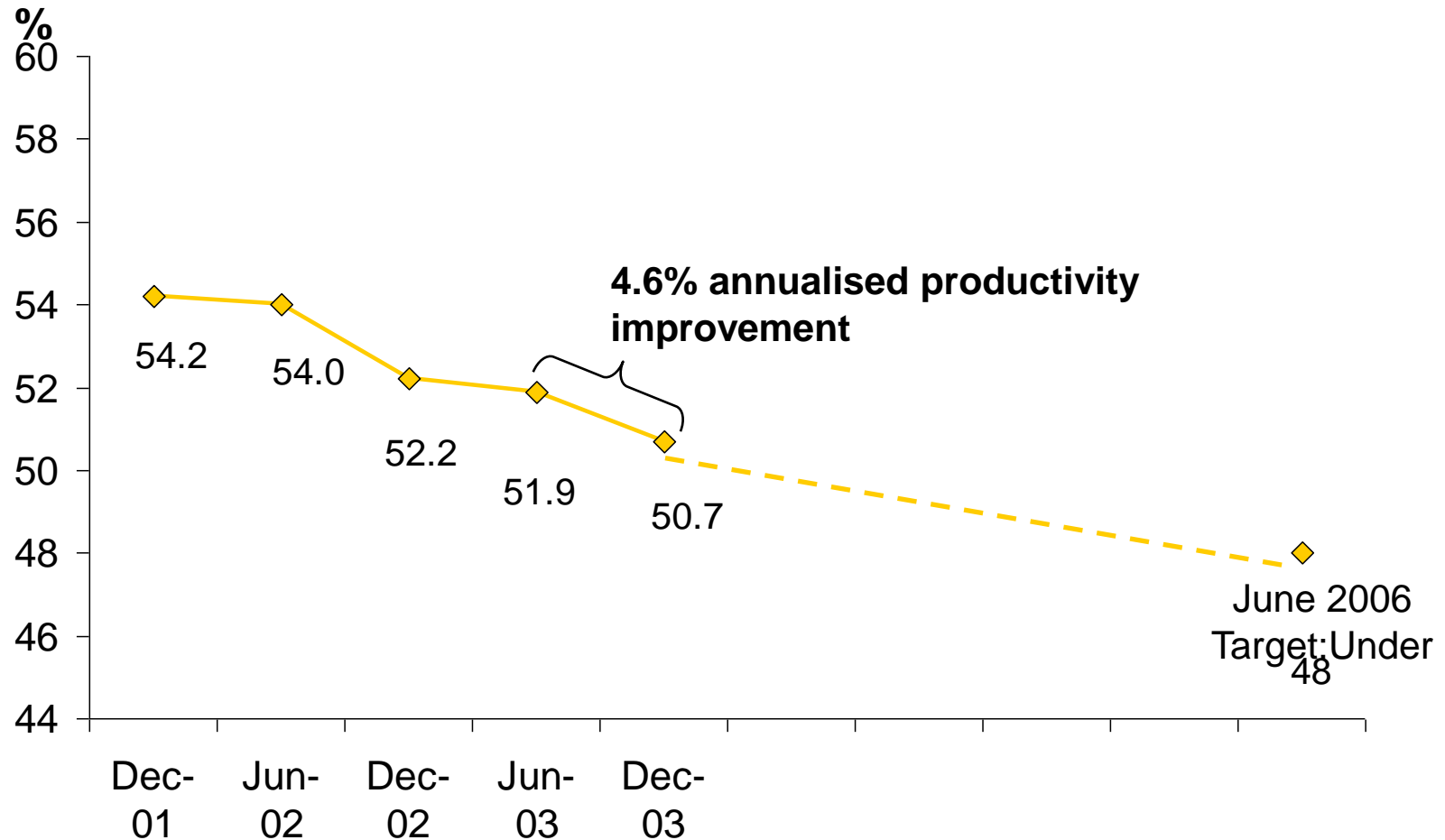
Well Diversified Portfolio by Industry



A High Quality Portfolio



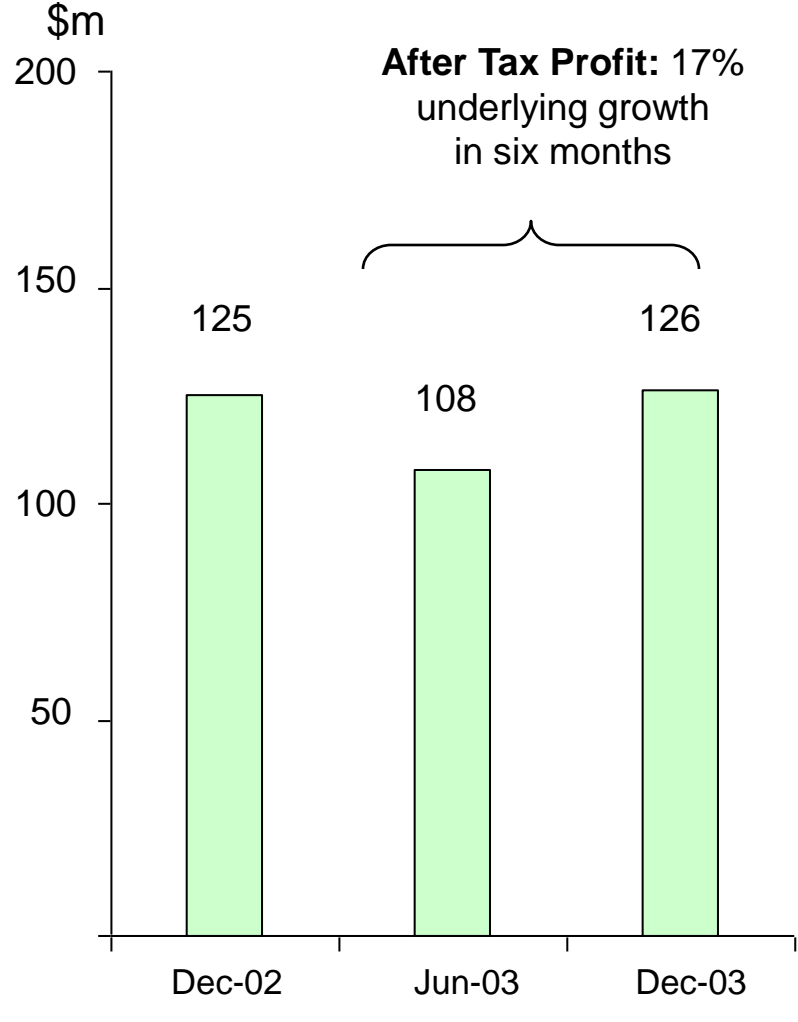
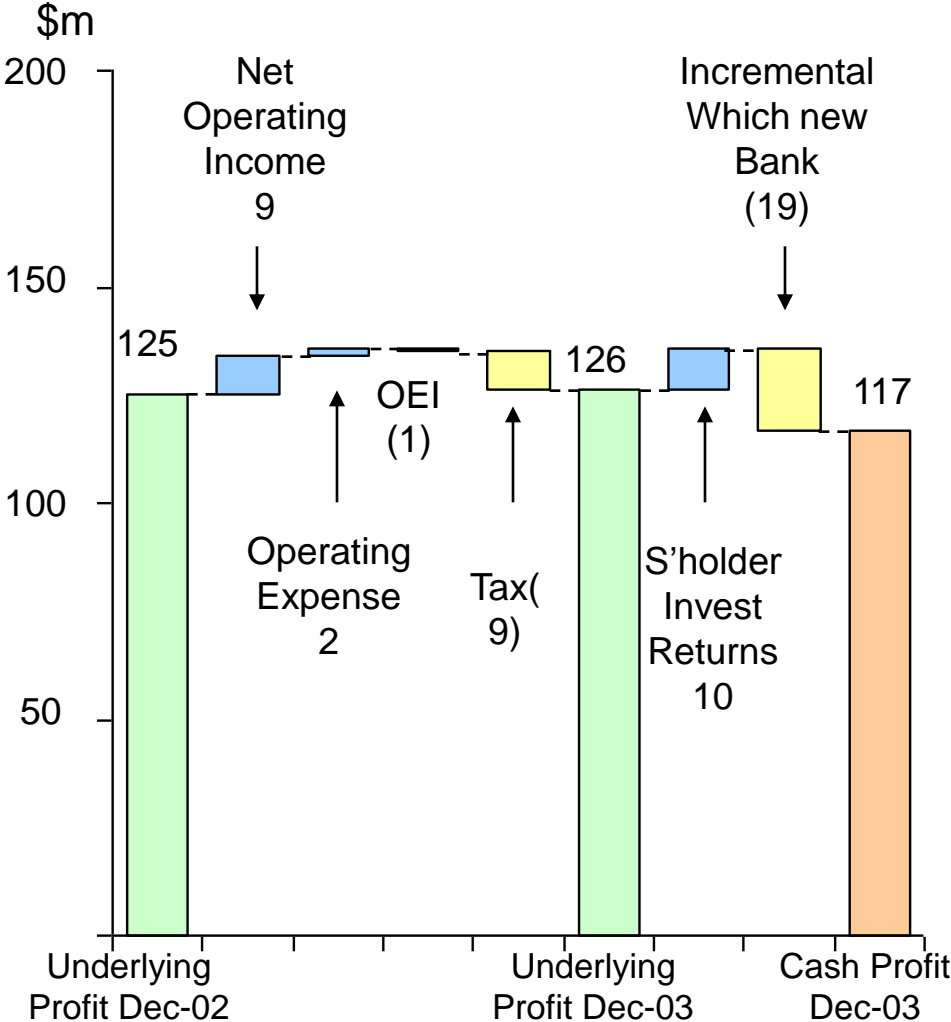
Underlying Banking Cost to Income ratio has improved by over 4% annualised



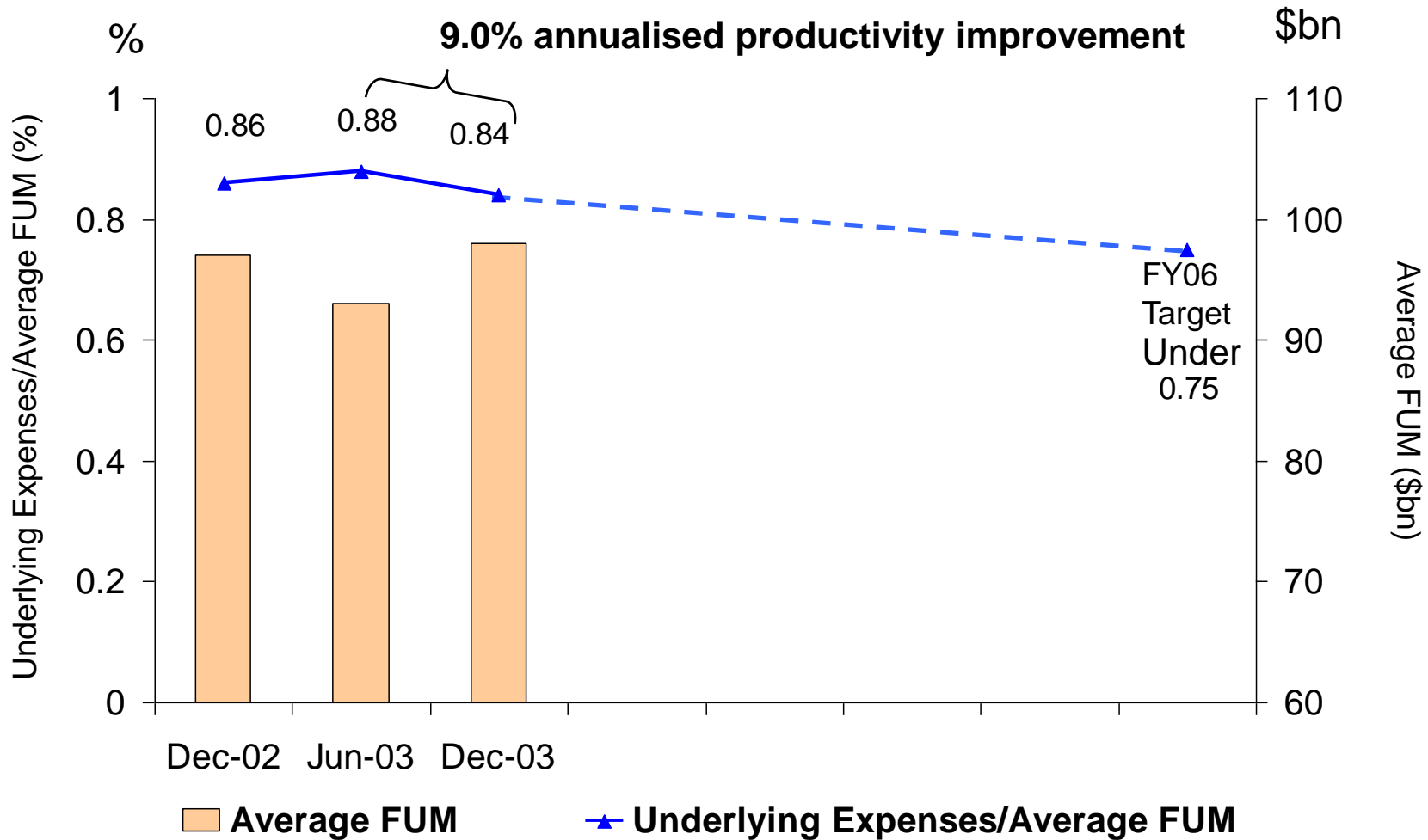
Funds Management

- Since June 2003, underlying profit rebound of 17% to December 2002 levels
- Income to average FUM steady at 119 basis points
- 9.0% annualised productivity improvement since June 2003
- FirstChoice continues to grow rapidly

Underlying profit rebounds to December 2002 levels



Since June, FUM has grown by 7% and productivity has improved by 9% annualised

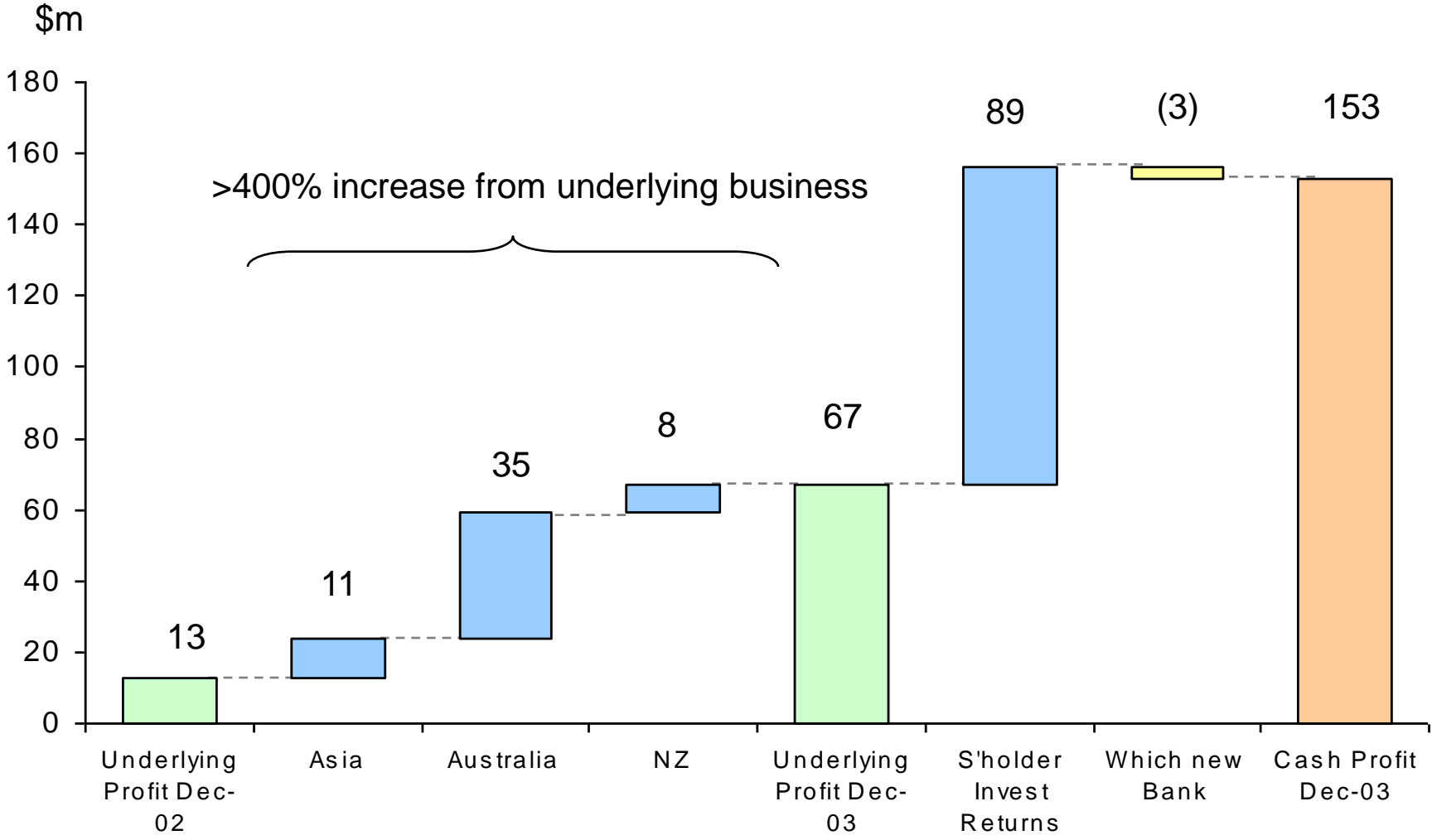


Insurance

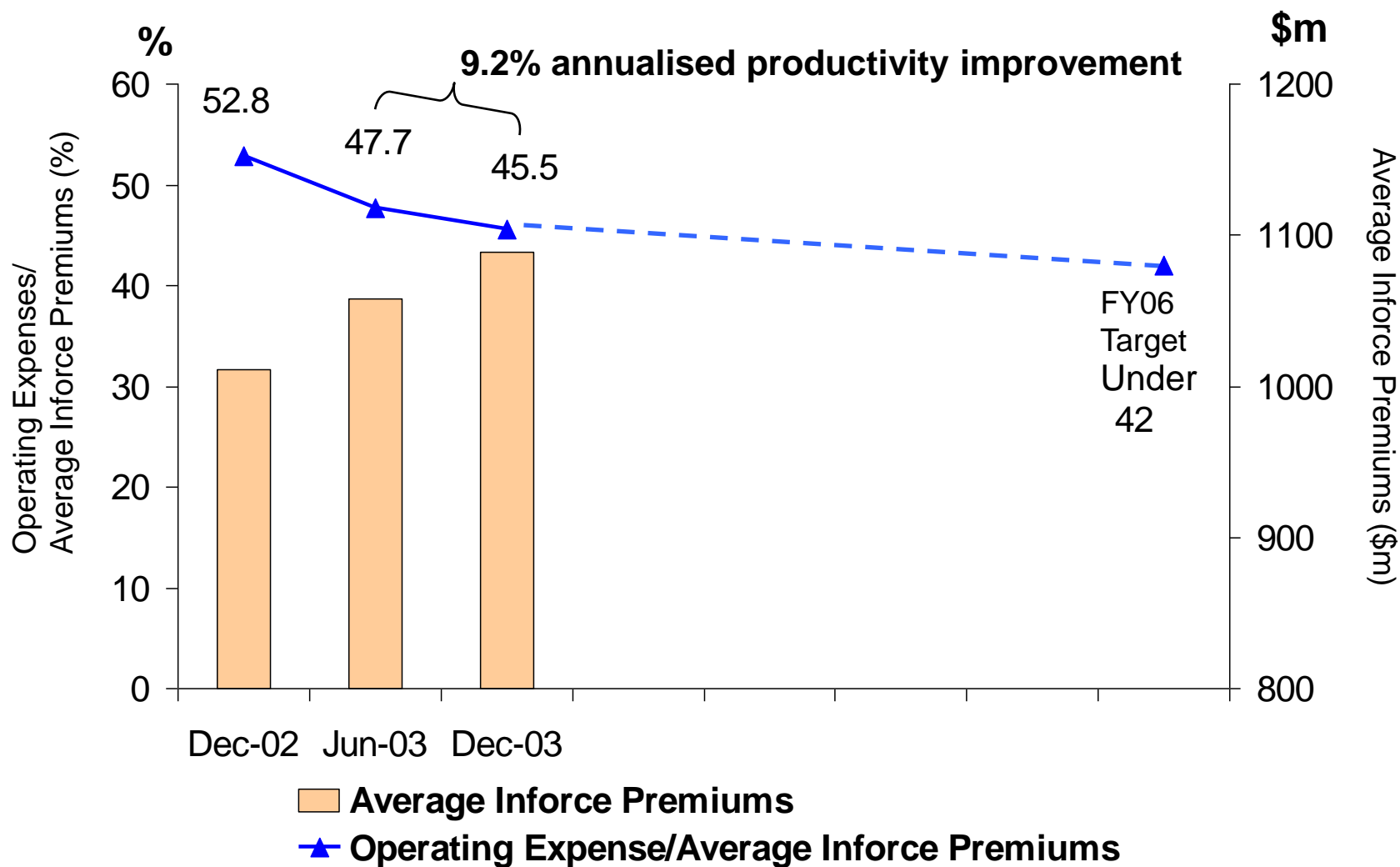
- Fourfold increase in underlying net profit after tax to \$67m
- Strong improvement in shareholder investment returns
- 9.2% annualised productivity improvement since June 2003
- Continued growth in annual premiums
- Positive experience profit for two consecutive halves



Insurance result reflects improved operating margins and strong investment returns



Since June, productivity has improved by 9.2% annualised

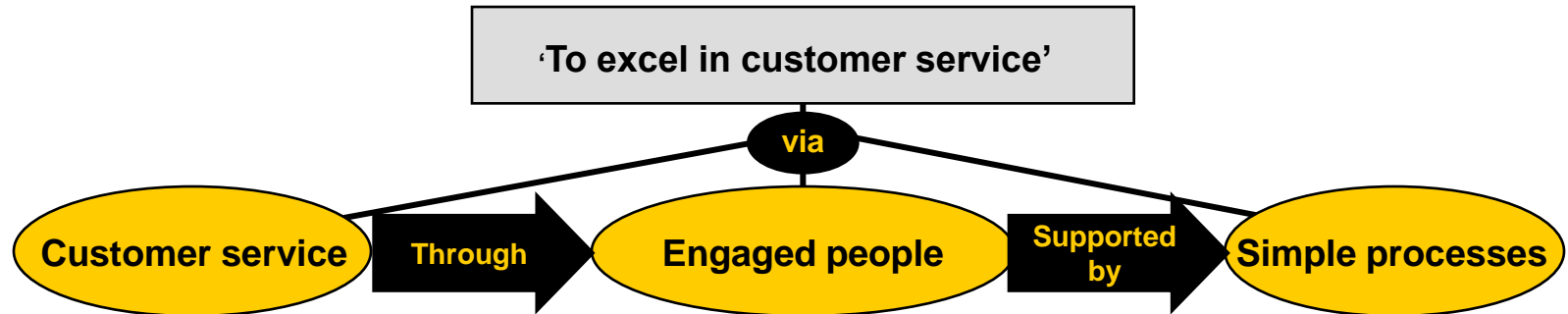


Capital Management strategy

- Creating capital flexibility
- Executed initiatives
 - Tier 1 Hybrid US\$550m (A\$832m)
 - PERLS II \$750m
- Proposed initiatives
 - Off-market share buy-back \$450m - \$550m
 - Share Purchase Plan and Share Sale Facility (executed following the share buy-back)

Which *new* / bank

Service transformation



- Service/Sales (4)
Effectiveness

- Performance Culture (1)

- Support (1)

- IT Enablers (2)

- Process/product (3)

- Distribution Efficiency (3)

- IT Efficiency (2)

- Product (2)

- Purchasing (2)

() = Number of workstreams



In September 2003, we set out the expected financial impact and outcomes of the program

Subject to current market conditions continuing

Over the next three years we will:

- Redirect the normal project spend of \$600m
- Spend an additional \$620m
- Invest a further \$260m in our branch network

Over the next three years this will result in:

- Cash EPS growth exceeding 10% CAGR
- 4-6% CAGR productivity improvements
- Profitable market share growth across major product lines
- Increases in dividends per share each year



Which new Bank Expenditure to Date

Incremental Which new Bank expense after tax:	Actual half year to 31/12/03 \$m	Full Year Estimated Financial Impact * \$m
Investment Spend for the period (gross)	179	660
- Investment Capitalised	(45)	(180)
+ Provision for Future Costs	200	210
+ Expensing of previously capitalised software	210	215
= Gross Which new Bank expense	544	905
- Normal project spend net of capitalisation	(50)	(200)
= Incremental Which new Bank expense before tax	494	705
- Tax effect	(148)	(205)
Incremental Which new Bank expense after tax	346	500

*As per Which new Bank announcement, September 2003

Investment spend is in line with expectations

Themes	1H04 Actual (\$m)	2H04 Estimate (\$m)	FY04 Estimate (\$m)
Customers	60	210	270
Processes	100	180	280
People	5	5	10
	165	395	560
Branch Refurbishment	14	86	100
Total	179	481	660

Benefits are emerging

Themes	1H04 Actual (\$m)	2H04 Estimate (\$m)	FY04 Estimate (\$m)
Customers	58	87	145
Processes	5	50	55
People	-	-	-
Total	63	137	200

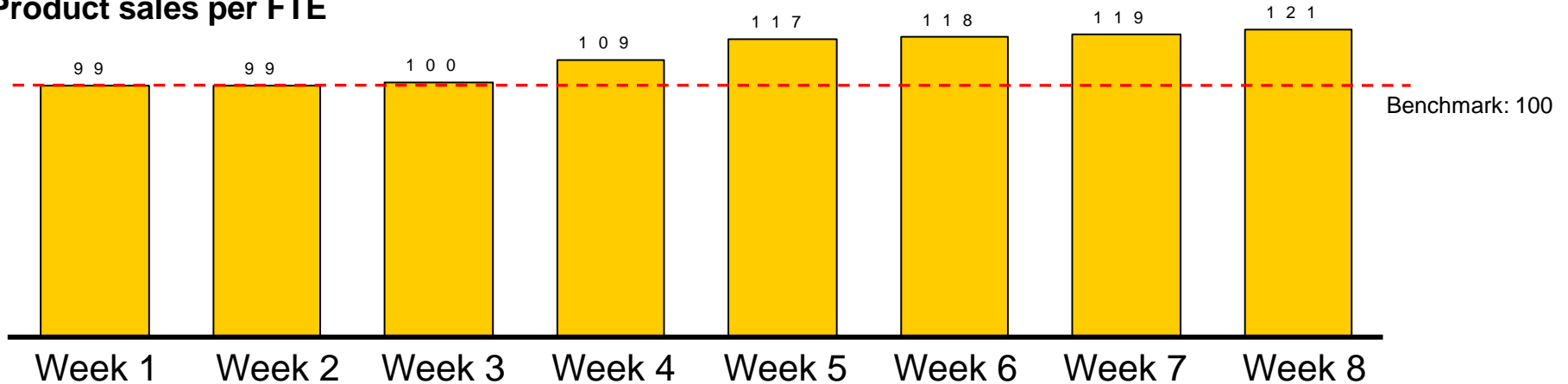
Service and Sales management

- Transforming the way we serve customers
- Realising full potential of customer serving staff
- Improving service & sales skills and effectiveness
- Applicable to everyone

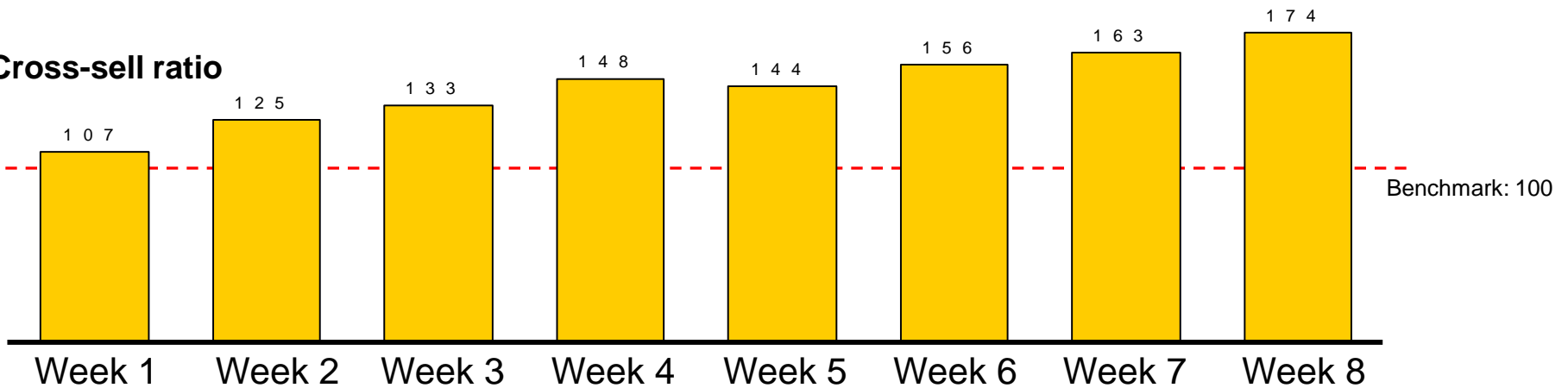


Service and Sales - early results

Product sales per FTE



Cross-sell ratio



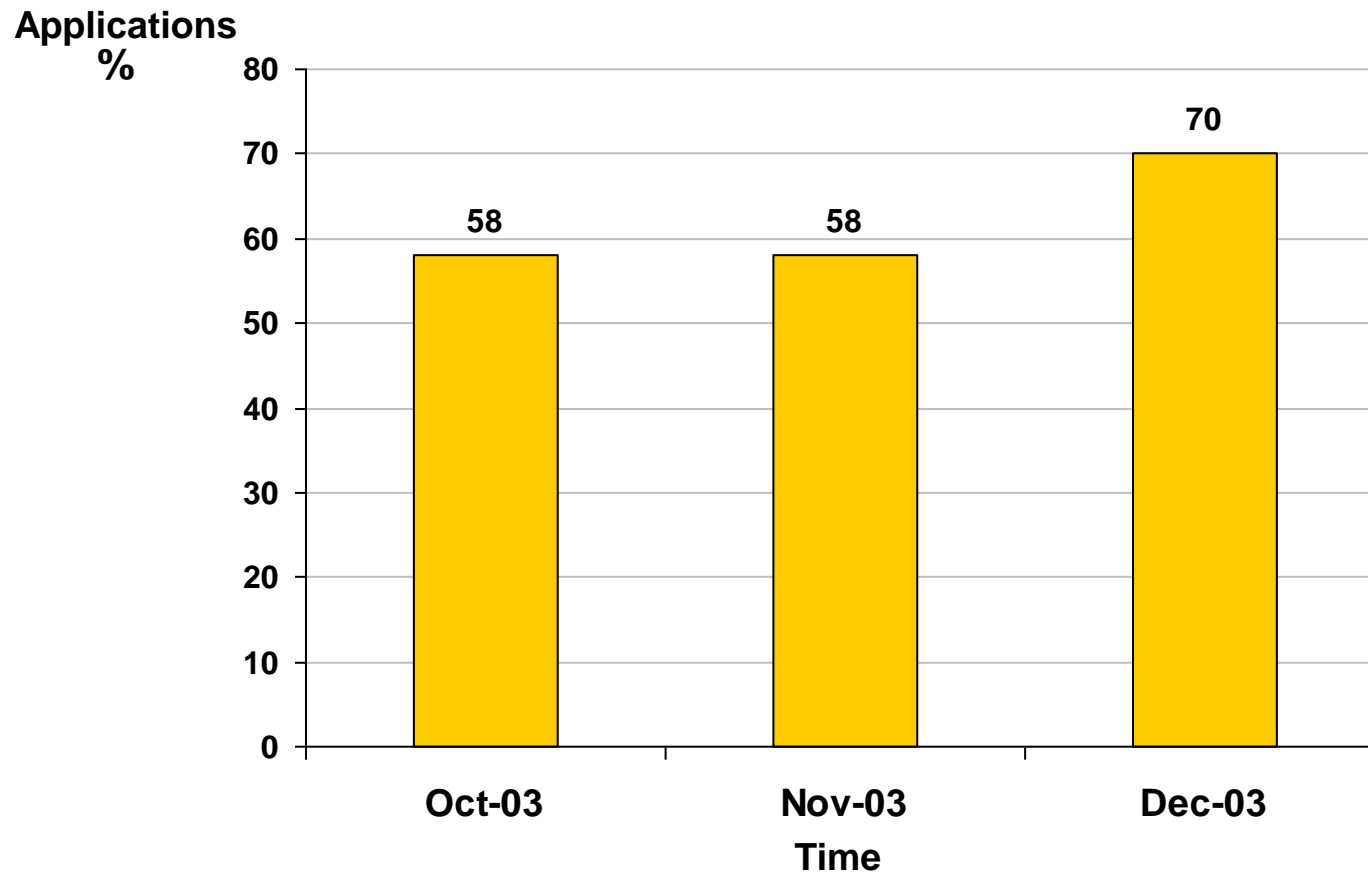
CommSee - Service Excellence Everyday

- Bank-wide customer management system
- Provides single view of customer
- Starting in Tasmania
- Improving service for 250,000 customers



Conditional home loan approvals on the spot

Home loans - on the spot decisioning



Performance culture

- Cultural diagnostic completed
- Program implementation next half
- Leading from the front
- Staff involvement

Which new Bank summary

- Early days, but confident we are on right track
- Evidence of earnings and productivity impact emerging
- Bank's leadership is fully committed to successful implementation
- Early adoption of cultural change by staff
- Next progress update mid-year



Outlook

Outlook - Economy

■ Global

- Continued strong growth short term
- Medium-term structural issues remain

■ Domestic

- Influence factors to remain positive on balance for 1H04
- Subsequent period open to number of potential influences
- Credit growth expected to slow down due to home loan contraction



Outlook - Bank

■ Earnings

- Economic momentum to support solid growth for full year
- Growth in cash EPS exceeding 10% CAGR over three years till 30 June 2006

■ Productivity

- Productivity improvement of 4-6% CAGR over a three years till 30 June 2006

■ Dividend

- Which new Bank initiative expenses added back to determine 2004 DPS
- Pattern of dividend increase continues uninterrupted



Summary

- Good result: underlying profit growth of 17%
- Another record dividend
- Productivity improvements in all businesses
- Capital strengthening, buy-back, share purchase plan in place
- Which new Bank underway and meeting expectations
- Full year outlook positive
- Confidence in longer term growth objectives



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