

A photograph of a Commonwealth Bank roadshow presentation. The scene is set in a modern, brightly lit interior space with a prominent yellow curved wall on the right. In the background, several people are engaged in conversations. A man in a white t-shirt stands near a counter on the left. The overall atmosphere is professional and interactive.

Roadshow Presentation

London 28-29 June 2004

David Murray CEO

Commonwealth Bank of Australia

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, 28 June 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

- 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."

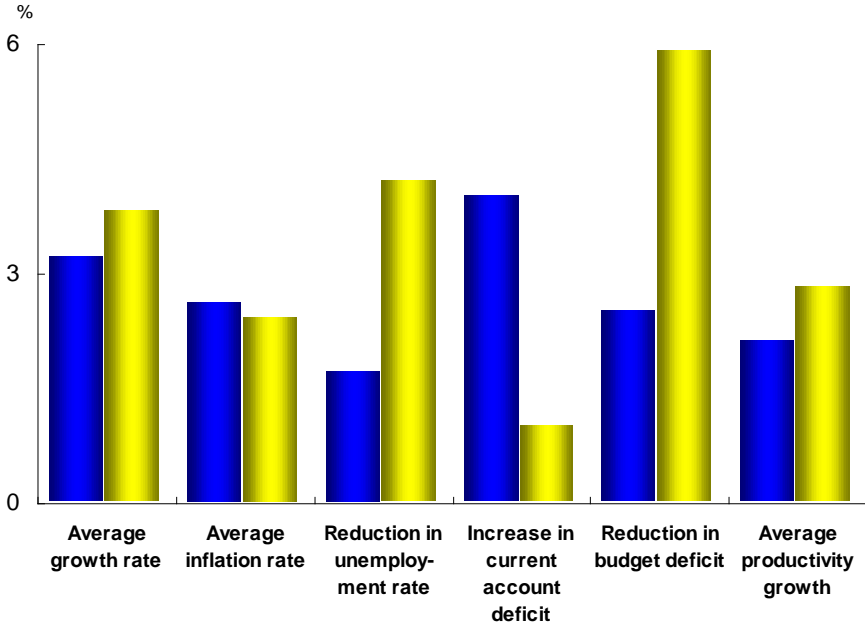
Agenda

- Economy
- Highlights of Half Year Result to 31 December 2003
- **Which^{new}/Bank**
 - Progress Update 19 May 2004

Economy

Economic Environment

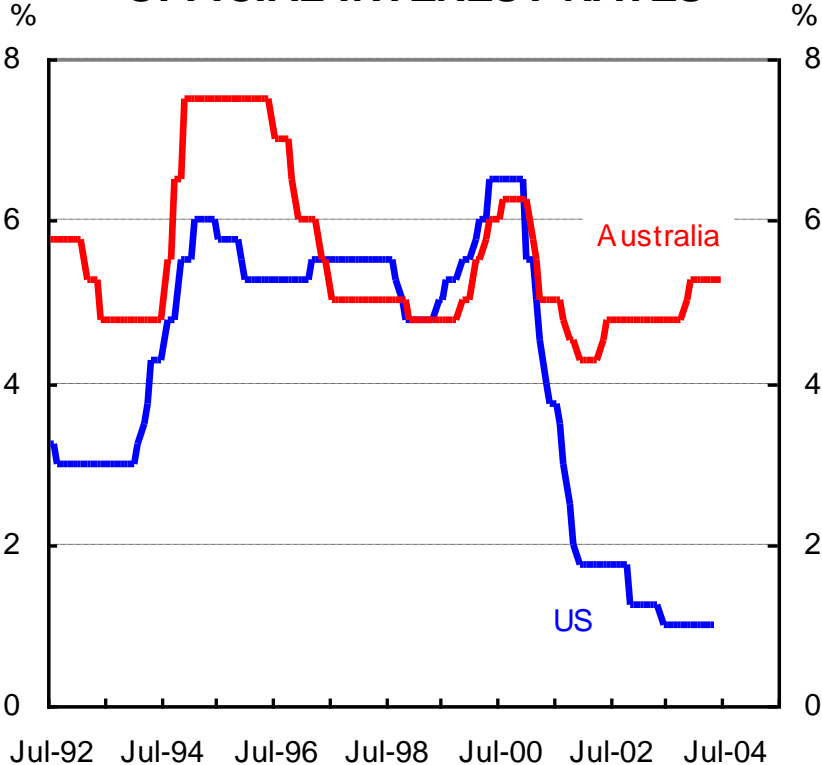
AUSTRALIA: HOW WE COMPARE
(the last 10 years)



United States
Source: RBA, OECD.

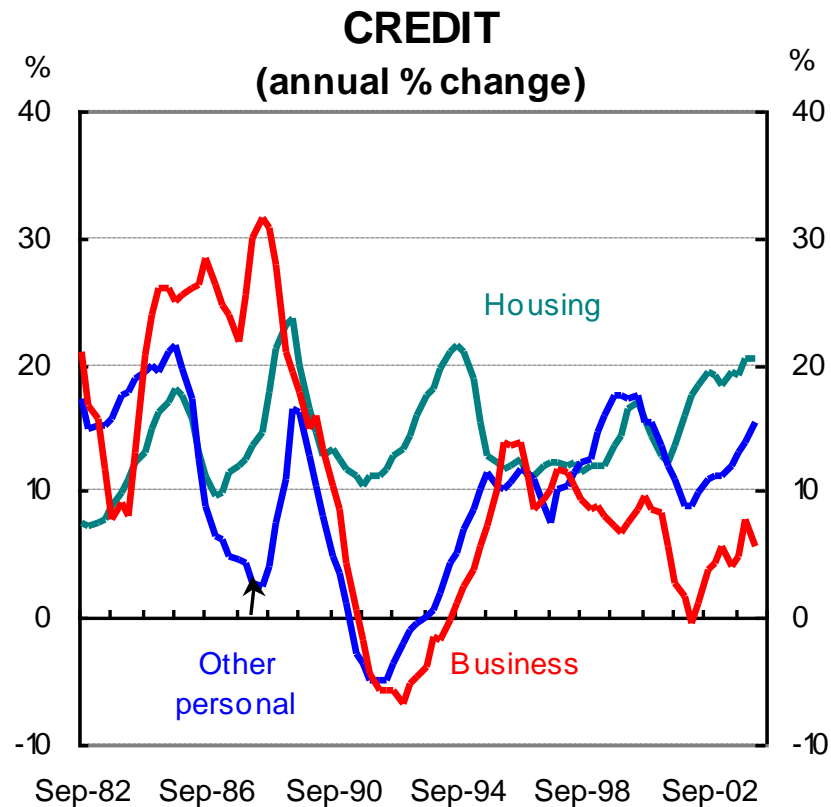
Australia

OFFICIAL INTEREST RATES



Source: RBA

Credit growth expected to moderate



Source: RBA. The most recent data point is for March 2004.



Highlights of Half Year Result to 31 December 2003

Highlights of Half Year Result

- Good result: underlying profit growth of 17% to \$1,487m
- Another record dividend: 79 cents per share
- Productivity improvement in all businesses
- Further improvement in credit quality
- Continued strengthening of Tier 1 capital
- Which new Bank meeting early expectations
- Share Buy-Back announced (completed March 2004 at cost of \$532.4m)



Which ^{new} Bank

—The following slides comprised the 19 May 2004 Quarterly Progress Update on Which new Bank —————

Overview

- Our achievements over the past three months – on schedule
- Our progress – gathering momentum
- Our people - willing to change
- Our customers - strengthening their relationships with us

Which new Bank highlights

- We will complete all major June 2004 milestones as planned
- Moving from design to implementation of our most important activities
- We expect to deliver 2003/04 spend within planned investment
- 2003/04 benefits are likely to exceed targets
- Emphasis is now on delivering 2004/05 and 2005/06



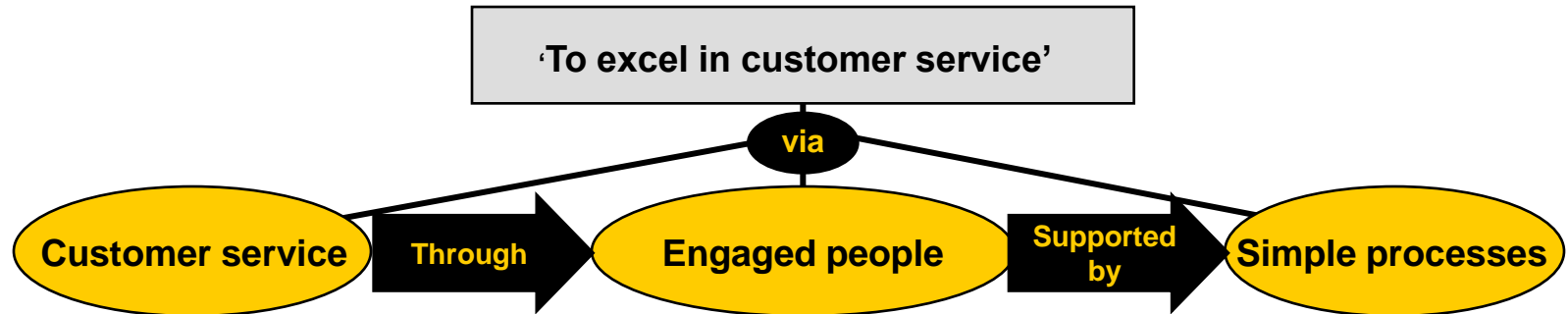
Today's agenda

Program status

Drivers for success

Video presentation

Reminder: There are three themes to our service transformation



■ Service/Sales Effectiveness (4)

■ Performance Culture (1)

■ Support (1)

■ IT Enablers (2)

■ Process/product (3)

■ Distribution Efficiency (3)

■ IT Efficiency (2)

■ Product (2)

■ Purchasing (2)

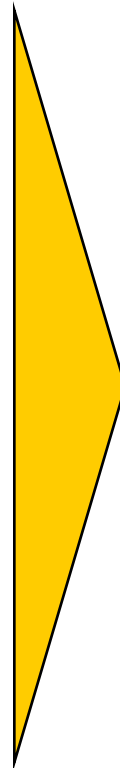
() = Number of workstreams

Reminder: Financial impact and outcomes

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

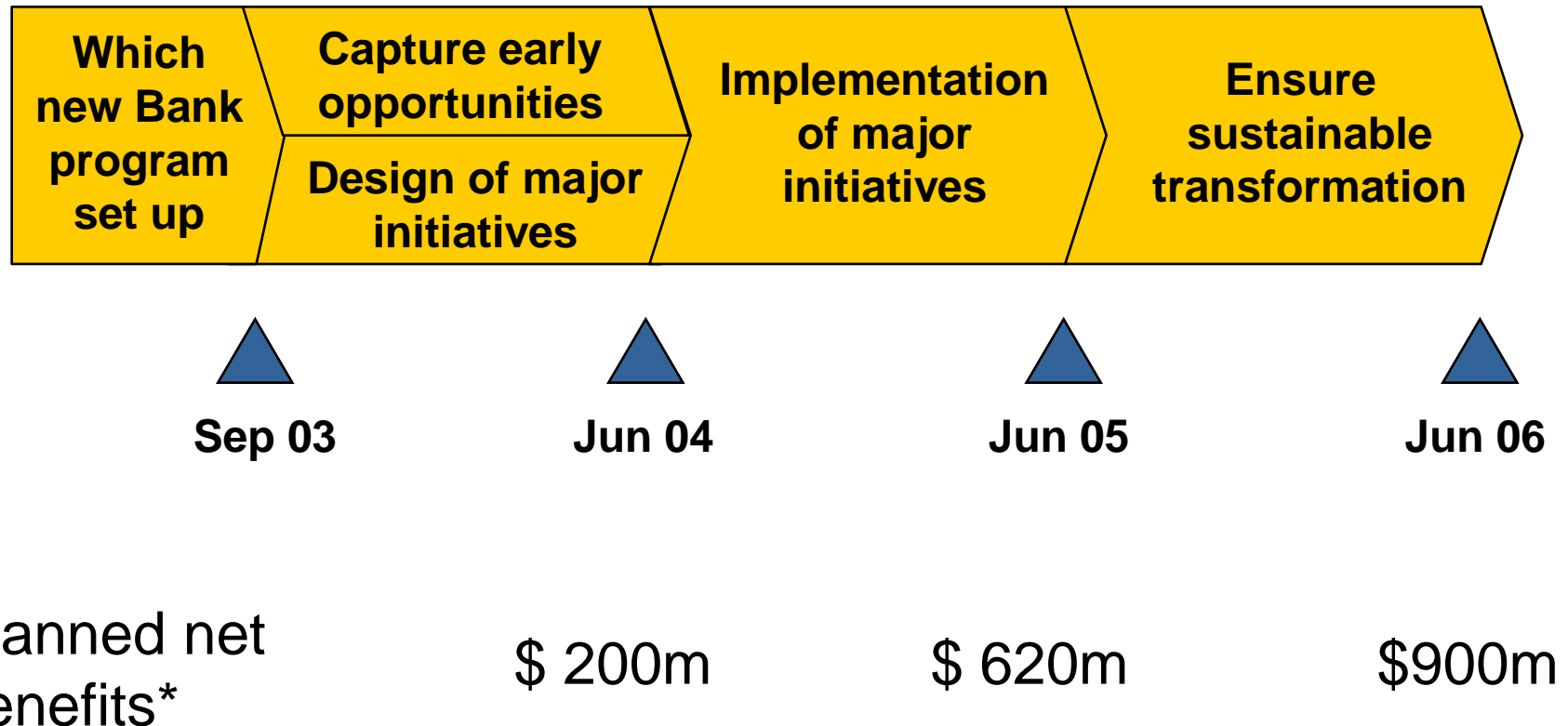


Over the next three years this will result in:

- 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



Moving from design to implementation of our most important activities

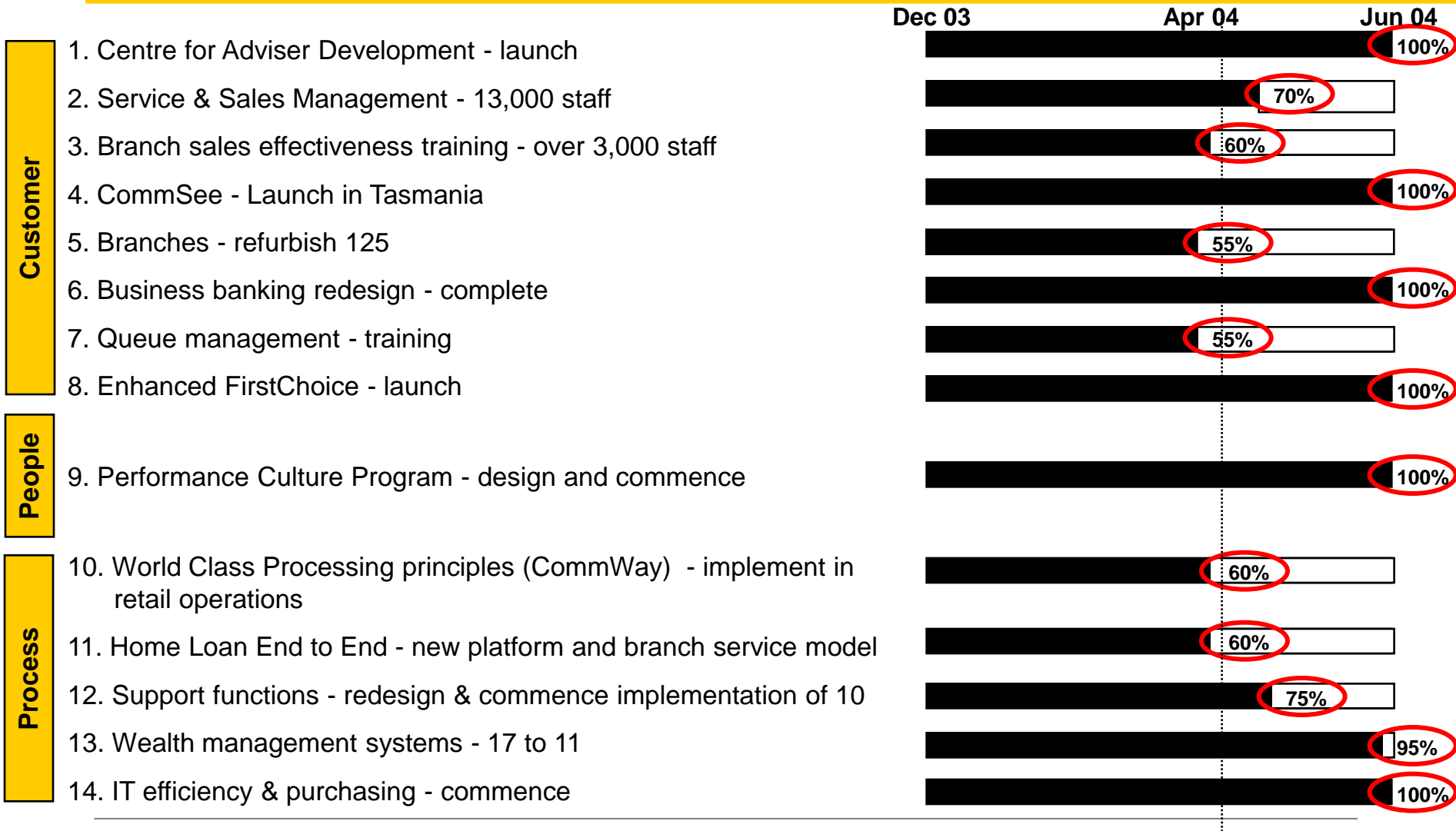


* Progressive pre-tax benefits within each year

Progress report on workstream activities: June 04 now locked away

	Workstream	Jan-Apr 04		May-Jun 04		Jul 04-Jun 05		Jul 05-Jun 06	
		To do	Done	To do	Done	To do	Done	To do	Done
Customer	Segment Alignment	3	2	1		-		-	
	Advice Implementation	1	1	1		3		1	
	Service and Sales	4	4	2		7		-	
	Divisional Service and Sales	1	1	3		1		1	
	Infrastructure	2	1	5		5		2	
	Single Service View (CommSee)	7	7	3		4		5	
	Distribution Optimisation	4	4	1		1		-	
	Distribution Efficiency	1	1	-		-		-	
	Branch Refurbishment	-	-	1		1		1	
	Product Bundling	3	3	-		2		-	
	New Products and Services	2	2	-		1		-	
People	Performance Culture	6	6	-		1		-	
Process	Operations Simplification	3	3	1		3		-	
	Local Site Improvement	-	-	2		3		1	
	Product/System Rationalisation	-	-	1		1		1	
	Support Function Redesign	1	1	3		4		2	
	IT Efficiency	-	-	3		3		3	
	IT Sourcing	-	-	1		1		1	
	Property	-	-	-		1		1	
	Purchasing	-	-	-		1		1	
		38	36	28		43		20	

We will complete all major June 04 milestones as planned



We expect to deliver 2003/04 spend within planned investment

Themes	April YTD (\$m)	FY04 Estimate (\$m)
Customers	158	270
Processes	177	280
People	3	10
	338	560
Branch Refurbishment	49	100
Total	387	660

FY05E (\$m)	FY06E (\$m)
220	130
205	95
0	0
425	225
85	85
510	310

2004, 2005 and 2006 estimates are as disclosed in September 2003 Which new Bank presentation

2004 benefits are likely to exceed targets

Themes	April YTD (\$m)	FY04 Estimate (\$m)
Customers	132	145
Processes	56	55
People	0	0
Total	188	200

FY05E (\$m)	FY06E (\$m)
360	495
260	405
0	0
620	900

2004, 2005 and 2006 estimates are as disclosed in September 2003 Which new Bank presentation



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We are making good progress on key customer, people and process initiatives

Customer

- No. 2 - Service and Sales Management
- No. 4 - CommSee

People

- No. 9 - Performance Culture Program

Process

- No. 10 - World Class Processing Principles (CommWay)
- No. 11 - Home Loan End to End



No. 2 - Service and Sales Management

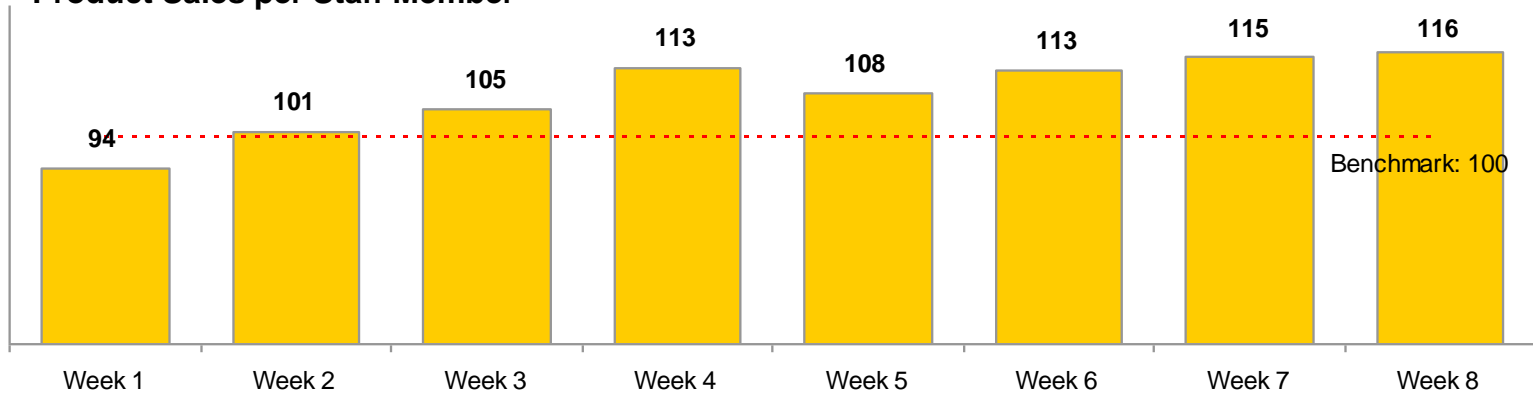
- Service and sales meeting each week for all staff
- Training is tailored for specific client segments
- Bank-wide approach to referrals
- Service and sales processes reinforced through measurement, incentives, reporting, awards and recognition



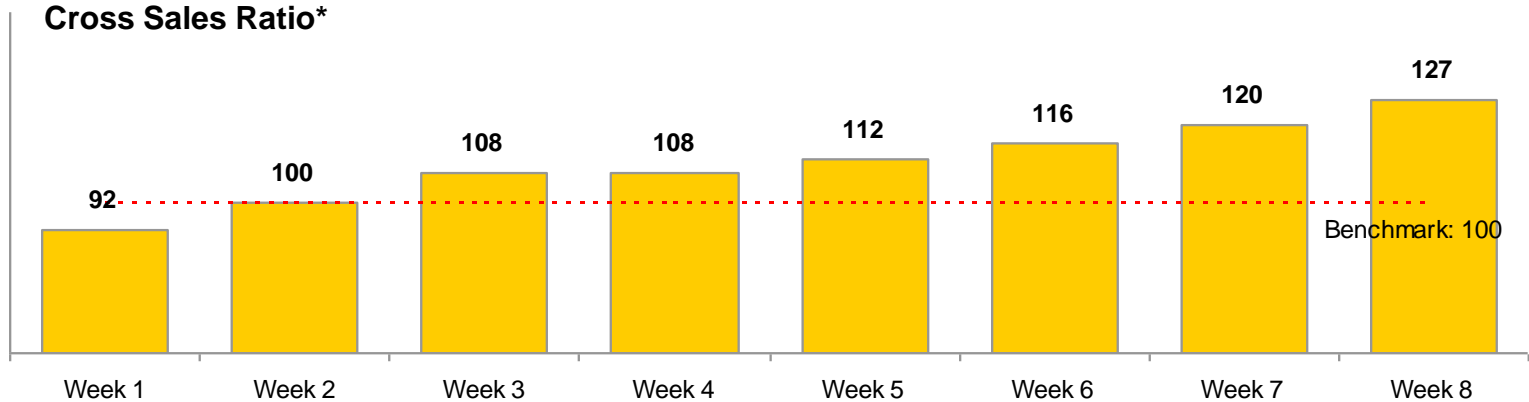
No. 2 - Service and Sales Management

Results of national retail implementation

Product Sales per Staff Member



Cross Sales Ratio*



* Cross sales ratio is a measure based on the number of additional products at the opening of a new Transaction or Savings account.

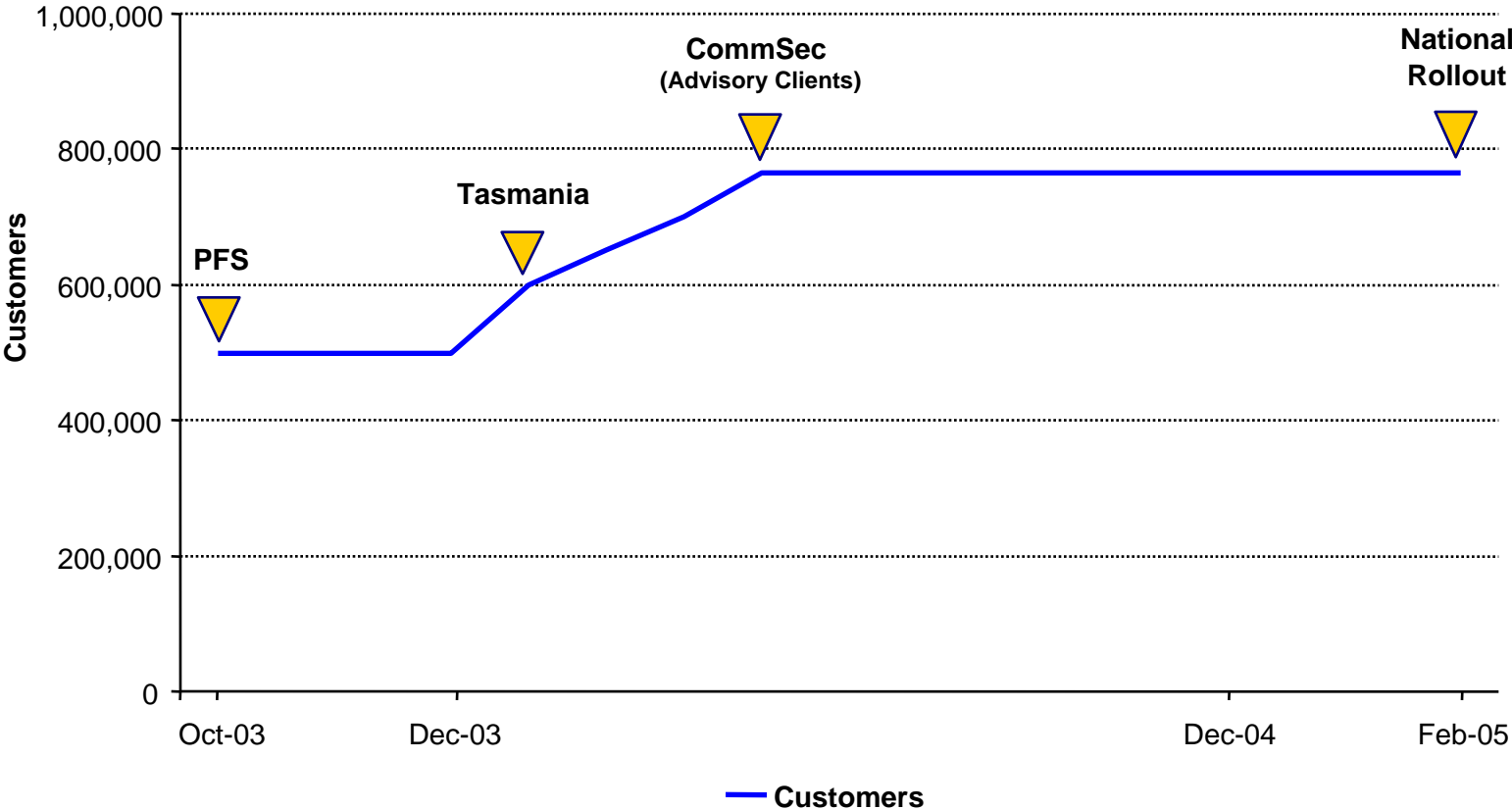


No. 4 - CommSee

- CommSee chosen as Bank-wide service and sales solution
- Prototype went live in Tasmania in February
- Staff and customers are positive
 - signatures and documents imaged
 - all customer interactions recorded
 - leads and referrals tracked
- Developing a new unified front end platform
- Prototype will continue through 2004, with national implementation starting early 2005

No. 4 - CommSee

Rapid Implementation Schedule



No. 9 - Performance Culture Program

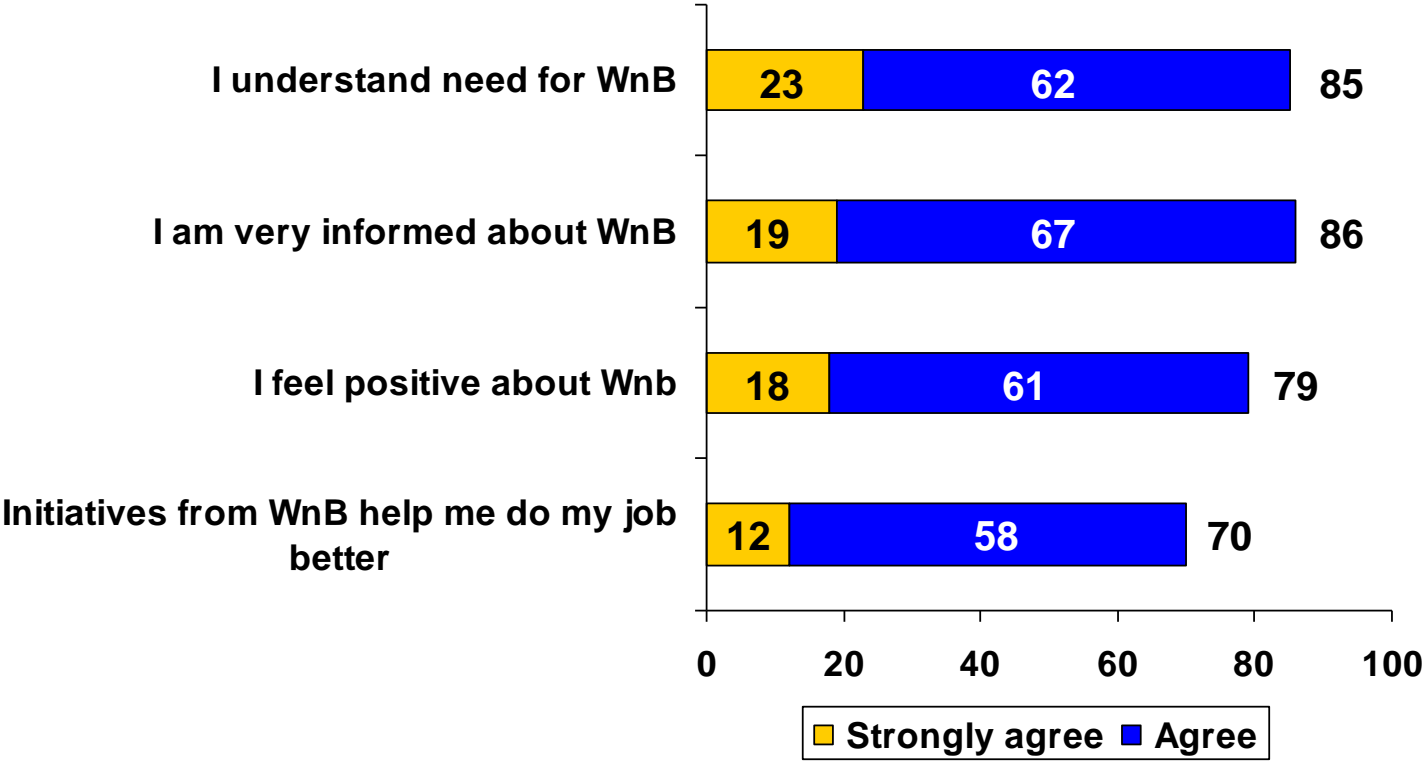
Six Fundamental Principles:

- Providing clear and decisive leadership
- Empowering people and making them accountable
- Encouraging learning and growing to develop our people
- Promoting trust and team spirit
- Demonstrating discipline and excellence in everything we do
- Creating an environment based on challenge and innovation



No. 9 - Performance Culture Program

Staff are positive about Which new Bank



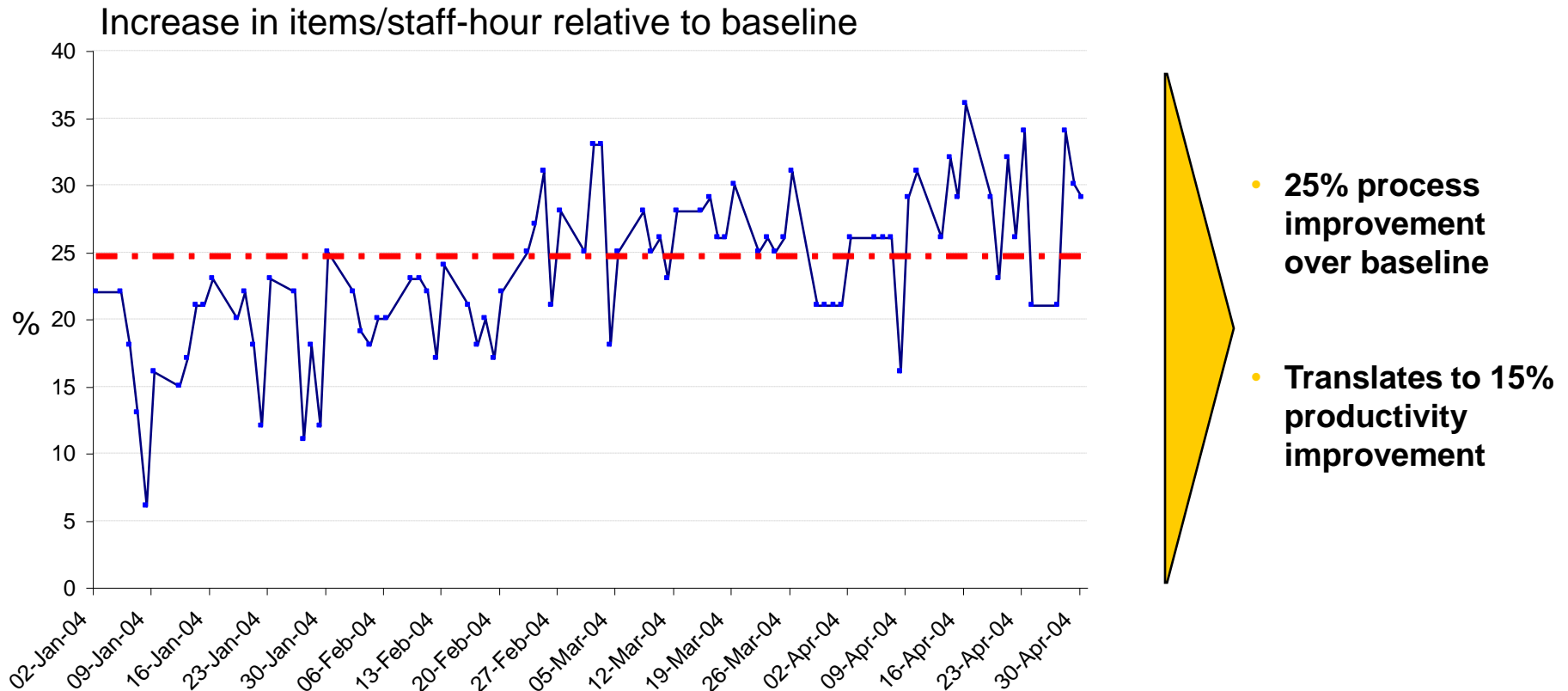
Source: Staff Survey May

No. 10 - World Class Processing (CommWay)

- Developed a CBA-owned, permanent approach to continuous improvement of processes and operations
- Combines proven business improvement elements from Six Sigma & Lean Processing methodologies
- Five pilots in operation across the Bank
- Initial focus on volume processes with direct customer impacts
- Staff training an integral part of the program

No. 10 - World Class Processing (CommWay)

Day 1 cheque processing: Sydney



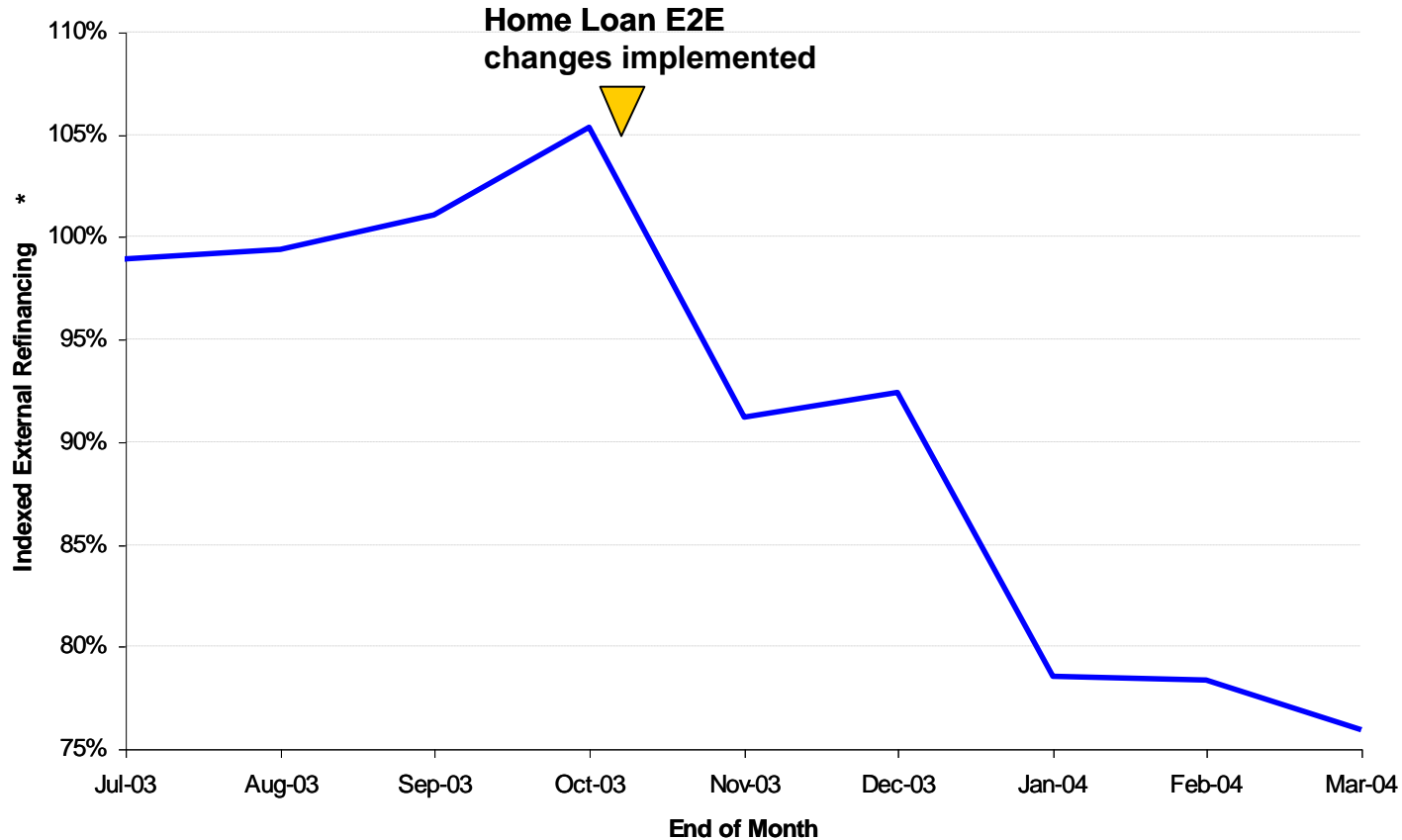
Source: CBA Operations Processing Centre data

No. 11 - Home Loan End to End

- Significant processing, turnaround and service improvements
- Forthcoming changes focused on back end processing
- Enhanced service offering through recent product changes
- Improvements underpinning increased customer loyalty

No. 11 - Home Loan End to End

Seasonally adjusted external refinancing runoff

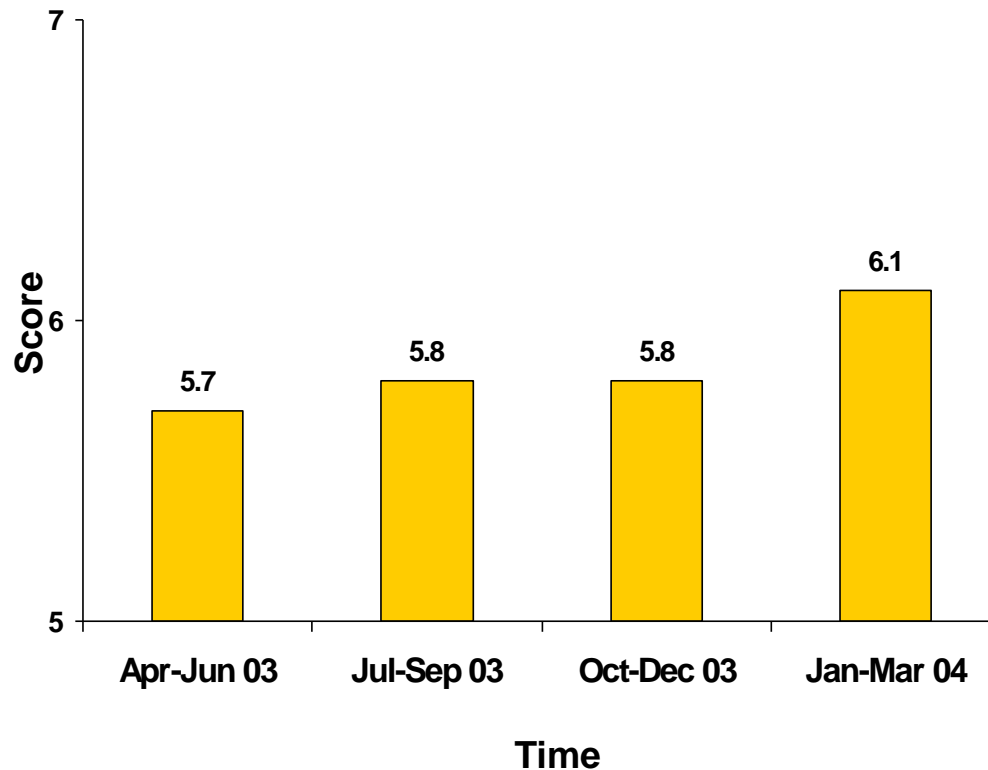


*Indexed to average of 6 months to end of October 2003.



Strength of relationship is increasing

Strength of Relationship



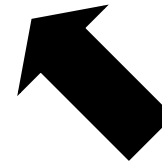
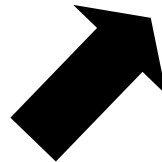
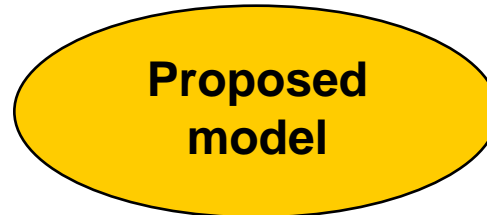
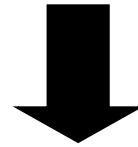
Market shares are stable

- Home loans – holding our strong position in prime market, with small involvement in low documentation loans
- Deposits – holding market share and competing well with niche players
- Business Lending - stable market share with good underlying momentum in all segments
- Managed Investments – market share affected by product rationalisation

Segment Alignment – Strong Fact Base to Support Change

Customer intelligence

- Extensive review of existing research
- 22 additional focus groups



External Intelligence

- Interviews with experts in 14 countries
- Creativity workshops on non-banking models

Internal Intelligence

- Interviews with frontline staff
- Extensive syndication with PFS, RBS, IIS, IBS
- Close collaboration with other WnB initiatives



Segment Alignment – Extensive Customer Research

The message is that customers:

- Are comfortable having differing product and service needs met through different models
- Want expectations on simple needs met before entrusting with complex needs
- Have complex needs that are mainly shaped by the stage of life
- Want a dedicated person who takes end to end ownership of complex needs
- Welcome proactive contact provided it deals with their simple and complex needs



Segment Alignment – Proposed model through the customer’s eyes

Simple needs

- Frontline staff can resolve most issues on the spot, particularly on “pain threshold” issues
- Bank fulfils basic service requests efficiently and with minimal errors
- No difference from most customers

Complex needs

- Specialist services for specific events
- Easy access to specialists through variety of channels including full-service “hubs”
- Needs analysis at start of every event, using information already known to the Bank

Proactive contact

- Courtesy contact routinely to check on overall satisfaction and update information
- Proactive sales calls with ideas that make sense



Simplified Structure

CEO – David Murray

Retail Banking Services
Group Executive:
Hugh Harley

Premium Business
Services
Group Executive:
Michael Katz

Insurance &
Investment Services
Group Executive:
Stuart Grimshaw

International
Financial Services
Group Executive:
Garry Mackrell

Financial & Risk Management: Michael Cameron
Group Human Resources: Les Cupper
Group Legal: John O'Sullivan
Group Strategic Development: Adrian Cosenza
Group Technology: Bob McKinnon



Today's agenda

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Which new Bank summary

- We will complete all June 04 milestones as planned
- Moving from design to implementation of our most important activities
- We expect to deliver 2003/04 spend within planned investment
- 2003/04 benefits are likely to exceed targets
- Emphasis is now on delivering 2004/05 and 2005/06



Supplementary material



Which new Bank milestones

	June 04	June 05	June 06
Customer	<ul style="list-style-type: none"> Centre for Adviser Development - launch Service & Sales management - 13,000 staff Branch sales effectiveness - 3,000 staff CommSee - Launch in Tasmania Branches - refurbish 125 Business banking redesign - complete Queue management - implement new approach Enhanced FirstChoice - launch 	<ul style="list-style-type: none"> Service models - align Advice Model - implement Service & Sales management - 30,000 staff 'One Team' referral process - implement CommSee - continue implementation Branches - refurbish 250 (total) 	<ul style="list-style-type: none"> CommSee - complete implementation Branches - refurbish 375 (total)
People	<ul style="list-style-type: none"> Performance culture program - design and commence 	<ul style="list-style-type: none"> Performance management and people development systems - implement CBA leadership and management learning curriculum - implement 	
Process	<ul style="list-style-type: none"> Home Loan End to End - new platform and branch service model World Class Processing principles - implement in retail operations Support functions - redesign and commence implementation of 10 Wealth management systems - 17 to 11 IT efficiency & purchasing - commence 	<ul style="list-style-type: none"> End to End home loans - complete World Class Processing principles - implement in 5 additional sites Support functions - redesign and commence implementation of 3 Wealth management systems - 11 to 7 Asset finance systems - 5 to 1 	<ul style="list-style-type: none"> Support functions - complete implementation Wealth management systems - 7 to 5



Investments & Benefits

Investment Analysis (\$m)	2004	2005	2006	Total 2004-06
<u>Estimated Investment Spend</u>				
Initiatives	570	425	225	1,220
Branch refresh	90	85	85	260
Total Investment Spend (pre tax)	660	510	310	1,480

Estimated Benefits (pre tax) ⁽¹⁾	200	620	900
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(1) Estimated benefits are recurring and continue to grow beyond 2006. They are comprised of 50% cost savings and 50% revenue improvement.

Impact on Annual Profit (excluding all benefits and amortisation)

(\$m)

Total Spend			2004	2005	2006	Total
200	→	Software capitalised	90	72	38	200
260	→	Branch refurbishment	90	85	85	260
1,020	↘ 210	Provision	0	133	77	210
1,480	↘ 810	Expensed	480	220	110	810
		Total spend	660	510	310	1,480

Impact on Profit	2004	2005	2006
Provision for future years	210	-133	-77
Capitalised amounts	-180	-157	-123
Normal spend	-200	-200	-200
Exp. previously capitalised software	215	-	-
Before tax	705	20	-90
After tax	500	14	-63

Investment spend

		FY04	FY05	FY06	
Customers	Themes				
	Sales and service effectiveness	\$50-99m	\$50-99m	\$0-49m	
	Distribution efficiency	\$50-99m	\$0-49m	\$0-49m	
	Product offering	\$0-49m	\$0-49m	\$0-49m	
	IT enablers	\$100m+	\$100m+	\$50-99m	
Processes	Product and process simplification	\$100m+	\$100m+	\$0-49m	
	Support	\$50-99m	\$50-99m	\$0-49m	
	Purchasing/property	\$0-49m	\$0-49m	\$0-49m	
	IT efficiency	\$0-49m	\$0-49m	\$0-49m	
People	Performance culture	\$0-49m	\$0-49m	\$0-49m	
Total (\$m)		570	425	225	\$1,220m
Branch refurbishment		90	85	85	\$260m



Benefit analysis

