

March Quarter 2009 Trading Update

Investor Information Pack



Determined to be different

13 May 2009

Commonwealth Bank of Australia ACN 123 123 124

Disclaimer

The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 13 May 2009. 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.



Summary






Underlying business continues to perform well in a challenging environment

- ❑ Sound cash earnings of approx. \$1.15bn* for the quarter
- ❑ ROE maintained above 15%
- ❑ Income growth continued to be strong
- ❑ Around \$30bn in new consumer and corporate credit extended in the quarter
- ❑ Continued disciplined expense management
- ❑ Credit quality trends consistent with cyclical downturn/within expectations
- ❑ Very prudent provisions with management overlay increased to \$1.3bn
- ❑ Funding for FY09 completed in March and \$87bn in liquid assets
- ❑ Strong Tier 1 capital ratio of 8.33%
- ❑ Final dividend expected to be reduced 25% - full year dividend 14% lower



Volumes

Strong market share positions helping to offset slowing system credit growth

	Balance Growth				Market Share	
	3 Months to Mar 09 (ann.)		12 Months to Mar 09		12 Months to Mar 09	
	CBA*	System	CBA*	System	Mar 09*	Mar 09 vs Mar 08
	%	%	%	%	%	%
Home lending	22.1	5.9	18.3	7.5	24.3	2.15 
Household deposits	8.2	10.3	18.9	18.8	32.4	0.03 
Business lending - APRA	(1.6)	2.5	6.4	8.7	18.6	(0.40) 
Business lending - RBA	(1.1)	(1.7)	3.6	4.2	16.6	(0.09) 
Business deposits	2.3	7.6	12.6	15.0	21.1	(0.44) 

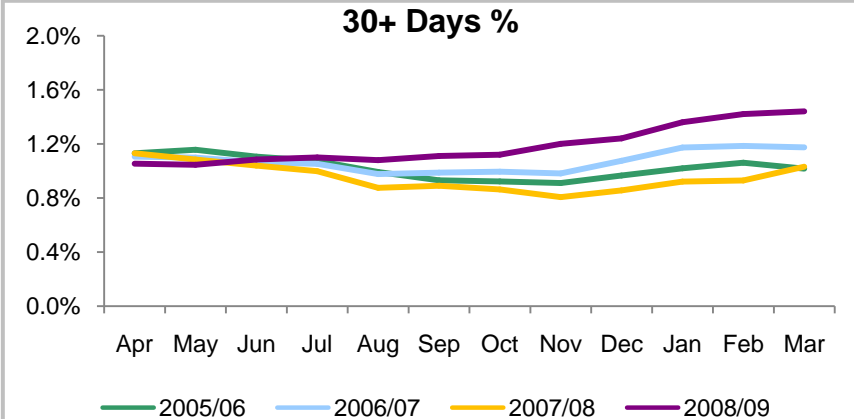


Credit Quality

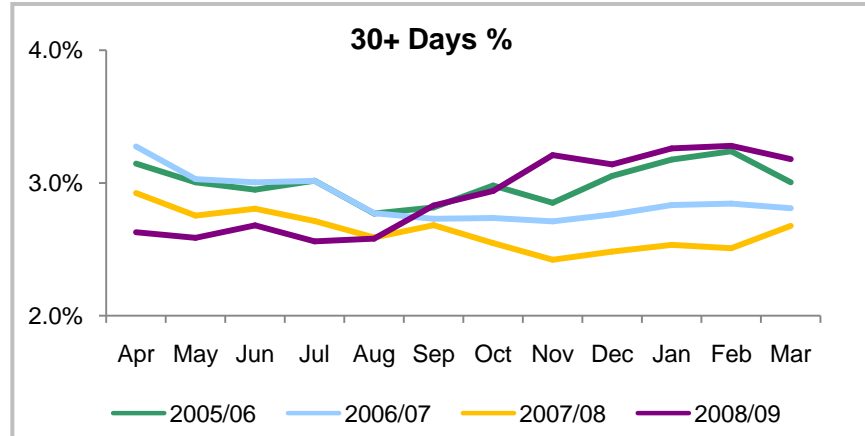
Key indicators trending in line with expectations

- Consumer arrears trending higher, consistent with economic slowdown
- Commercial credit quality remains generally sound – 69% investment grade
- Some deterioration in SME portfolio and certain market segments, such as export industries
- Further prudent increase in provisions consistent with economic outlook

Home loan arrears

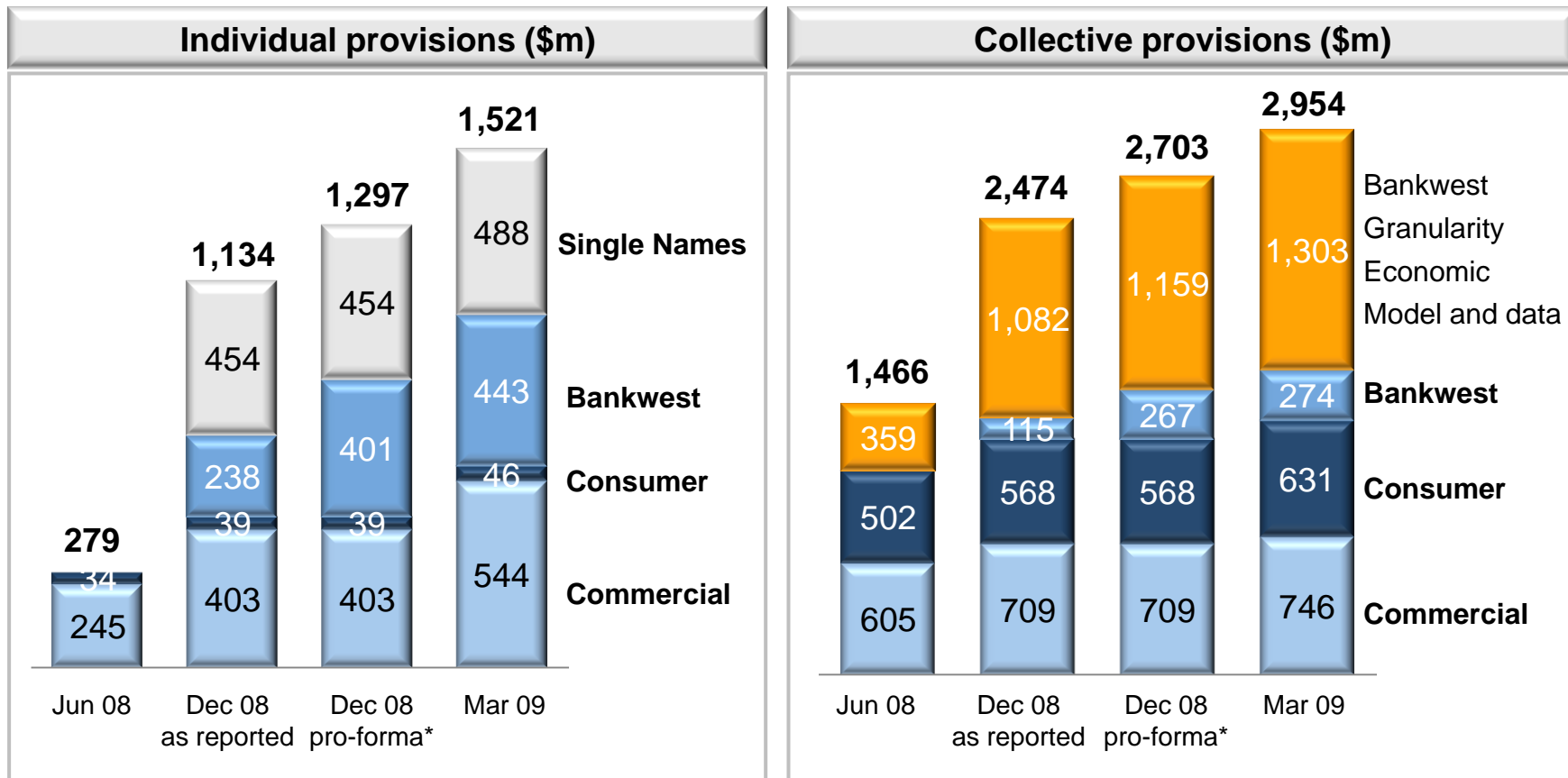


Credit card arrears



Balance Sheet Provisions

Further prudent increase in balance sheet provisions, including additional Bankwest provisions



■ Overlay
 ■ Single Names
 ■ Commercial
 ■ Consumer
 ■ Bankwest

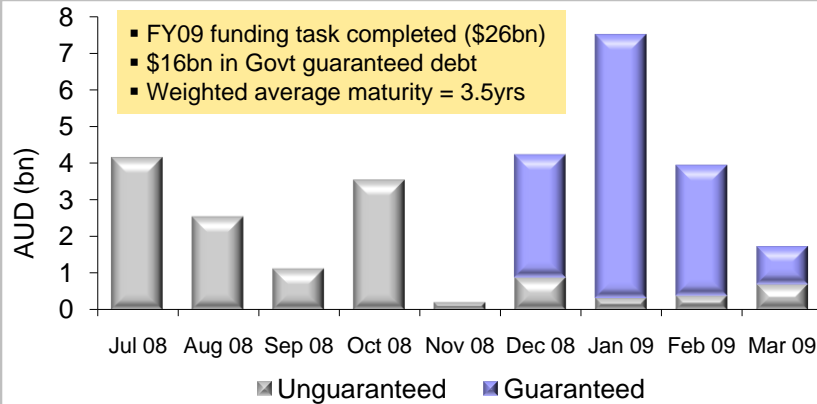
* Dec 08 pro-forma reflects changes to Bankwest related provisions allowing for adjustments included in Bankwest 31 December 2008 accounts



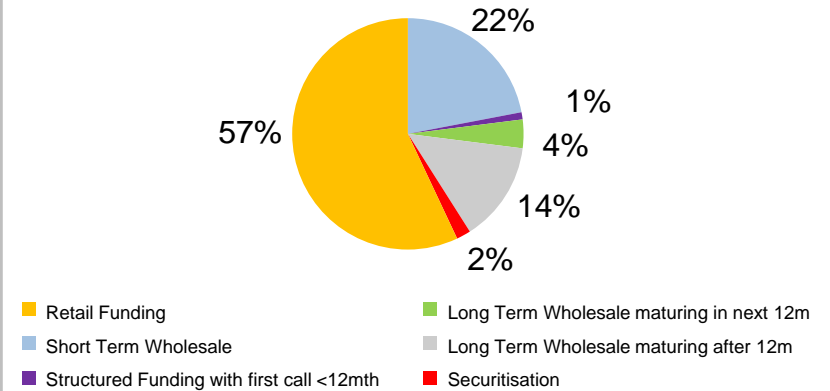
Funding & Capital

FY09 funding programme completed in March - strong capital position maintained

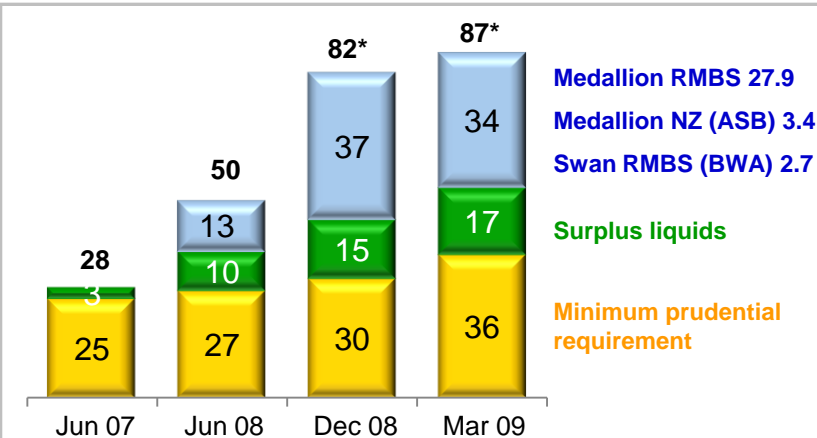
FY09 Long Term Debt Funding Completed



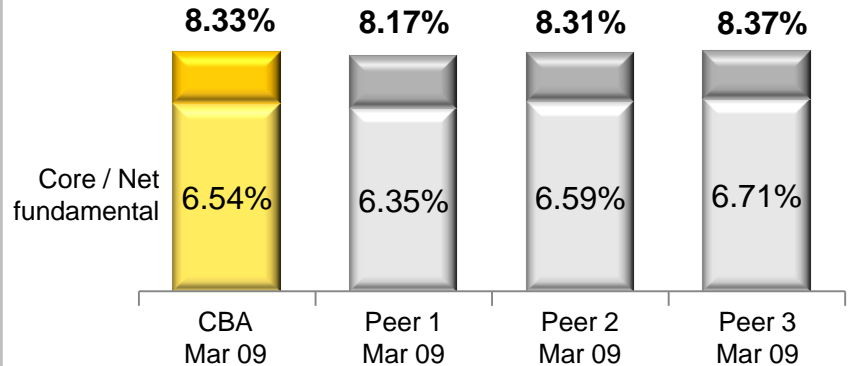
Source of Funding



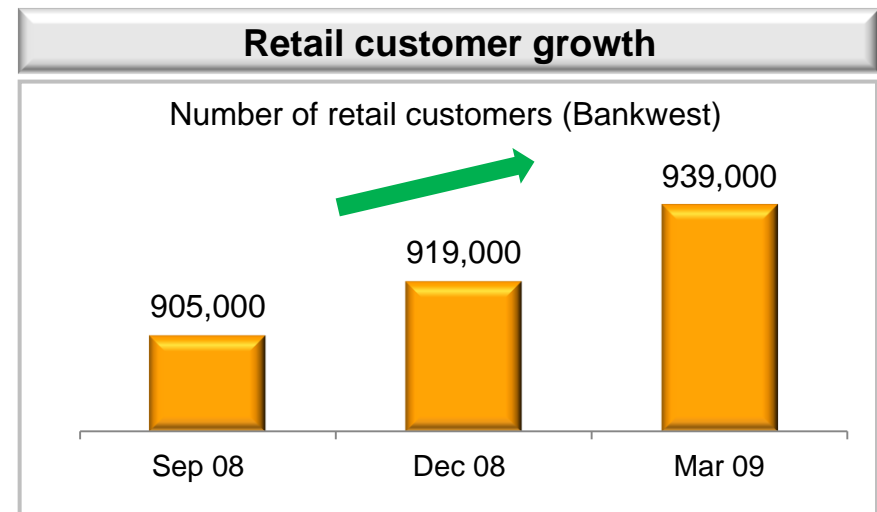
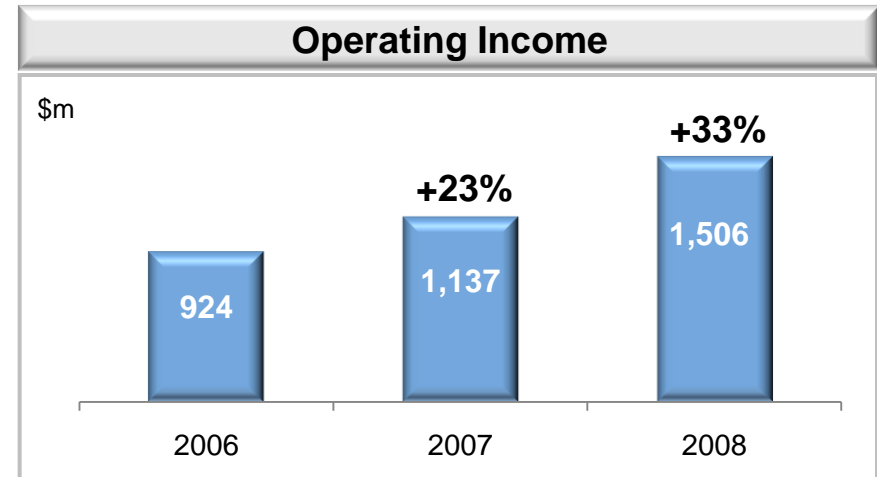
\$87bn in Liquid Assets



Tier 1 Capital Ratio of 8.33%



- Strong business franchise – continuing strong customer growth
- Cash Profit for 2008:
 - Prudent increase in provisions
 - Income growth very strong
 - Relatively high expense base, given growth trajectory
- Solid profits and business performance through March quarter
- Targeting cost synergies of 20-25% of projected Bankwest cost base by 2012



Appendix



Financial Results

Solid quarterly profit outcome underpinned by good revenue growth

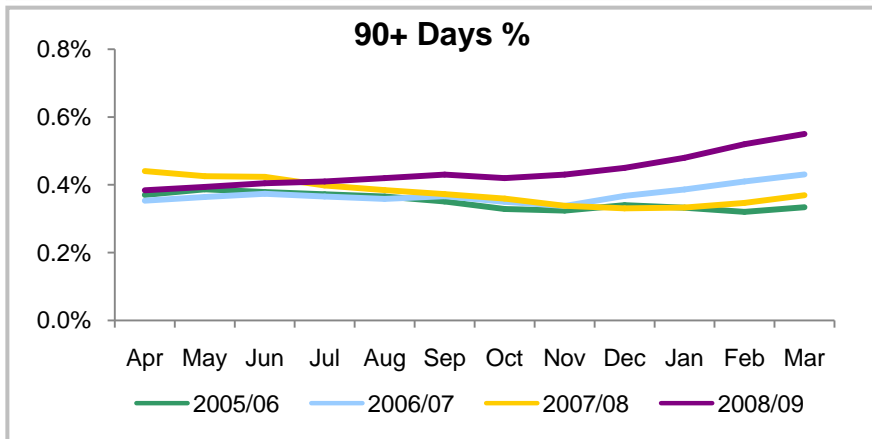
Category	March Quarter 2009
Volumes	<ul style="list-style-type: none"> ❑ Focus on profitable growth, within appropriate risk settings ❑ Strong market share gains in home lending ❑ Slowdown in system business credit growth on lower demand ❑ FUA broadly flat in the quarter – net flows remain positive ❑ ASB continuing to gain share in a slowing market
Margins	<ul style="list-style-type: none"> ❑ Margin trends similar to Dec 08, but outlook difficult to predict ❑ Progressive pass-through of higher funding costs ❑ Strong price competition in deposits
Non-interest income	<ul style="list-style-type: none"> ❑ Similar trends to Dec 08, though outlook more subdued
Expenses	<ul style="list-style-type: none"> ❑ Continued disciplined expense management ❑ Marginal increase on prior comparable period (ex Bankwest)
Impairment Expense	<ul style="list-style-type: none"> ❑ Arrears trends consistent with cycle ❑ Unaudited impairment expense of ~\$630m for the quarter ❑ Further prudent increase in provisions
Cash Earnings	<ul style="list-style-type: none"> ❑ Unaudited cash earnings of approx \$1.15bn for the quarter ❑ Positive profit contribution from Bankwest



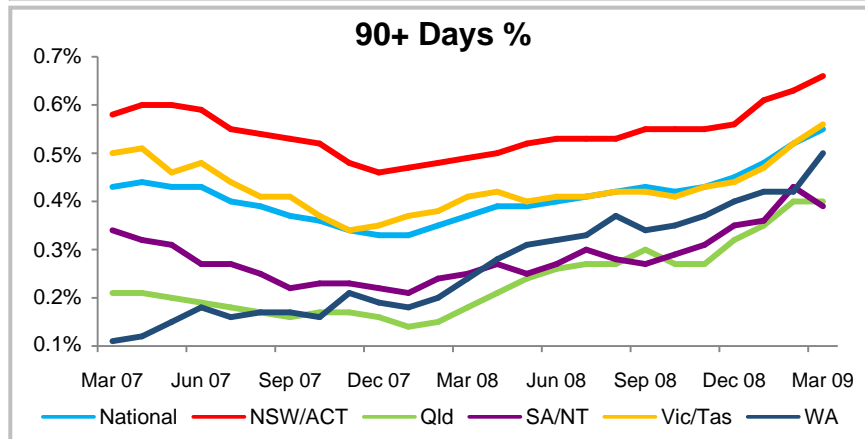
Credit Quality

Trends in consumer arrears consistent with cyclical downturn

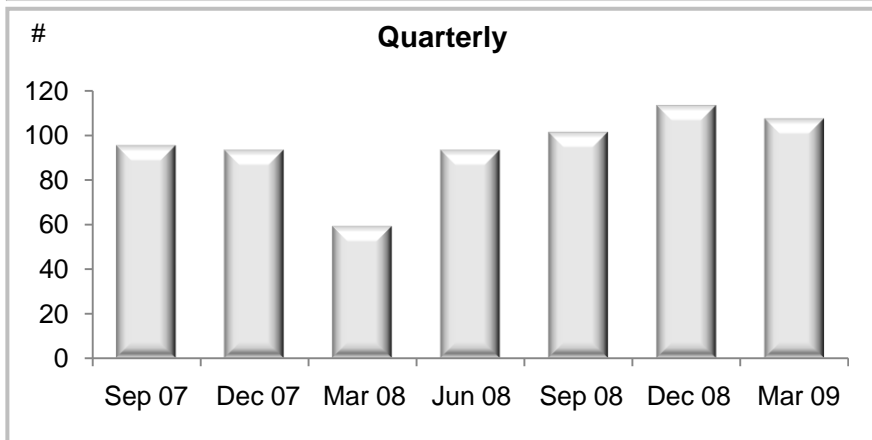
Home loan arrears



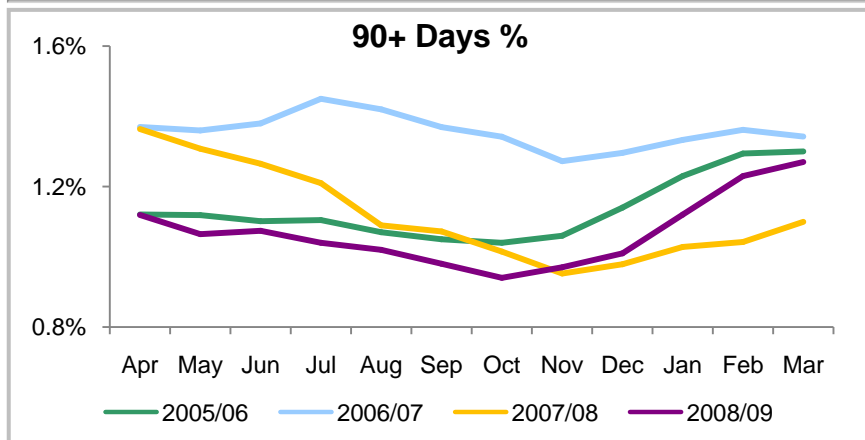
Home loan arrears by State



New mortgagee in possession cases



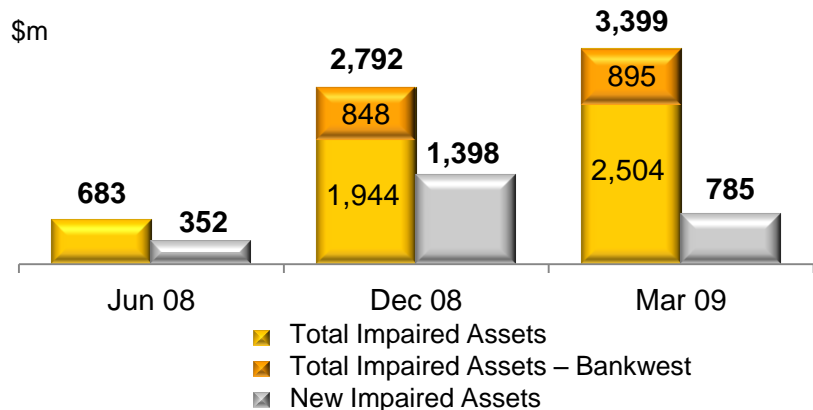
Personal loan arrears



Credit Quality

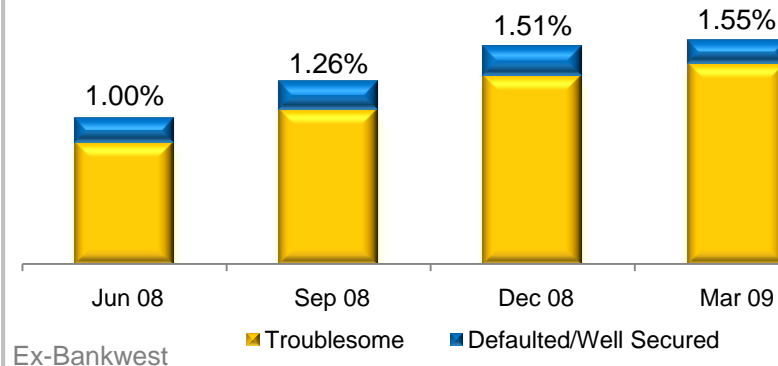
Commercial credit quality remains generally sound – some deterioration in specific sectors

Total and New Impaired Assets

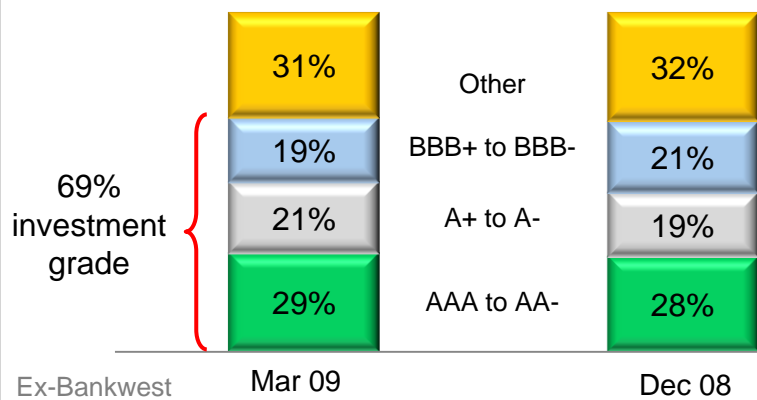


Troublesome Exposures

Troublesome Exposures* as a % of Total Committed Exposures



Risk-Rated Exposures



Margin Lending

Ex-Bankwest

	Mar 09 3 months	Dec 08 6 months
Portfolio size	~\$4.9bn	~\$5.5bn
Aggregated Gearing	42%	45%
Margin calls	10,463	64,245
Forced sales	<5.7%	<4.6%
Losses / Write-Offs	\$0m	\$15.4m
Loss % of Book	0%	0.27%

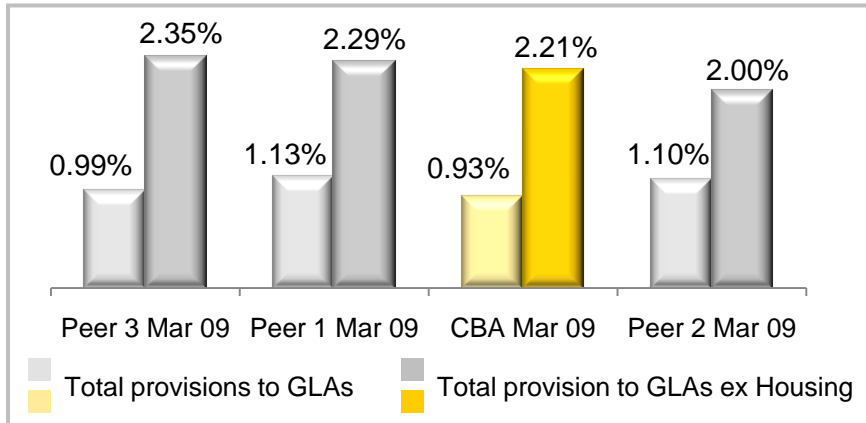
* Includes defaulted/well secured exposures and exposures where there is a potential for default within ~12 months if a sustained improvement in financial performance is not achieved within the short term. Excludes impaired exposures.



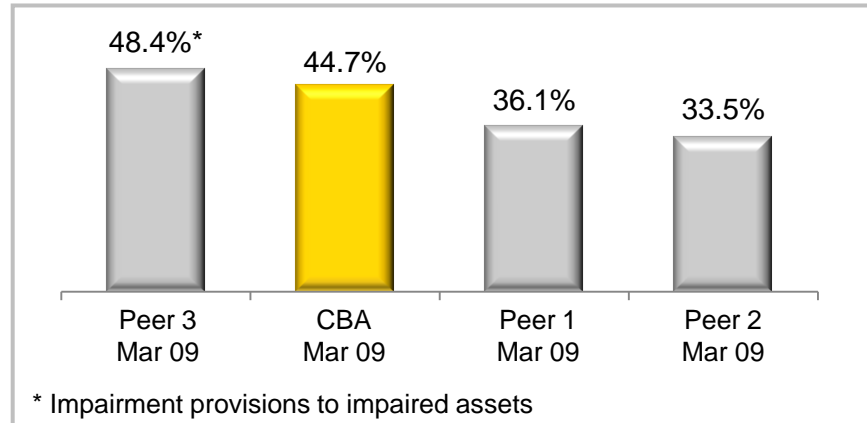
Provision Ratios

Strong coverage ratios maintained

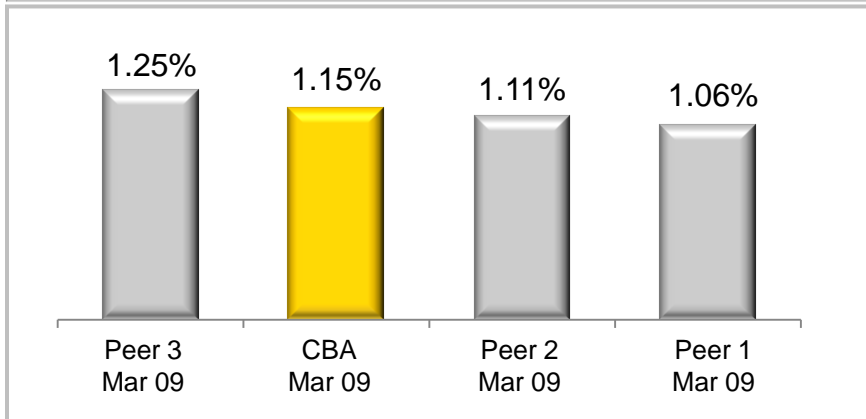
Total provisions to GLAs #



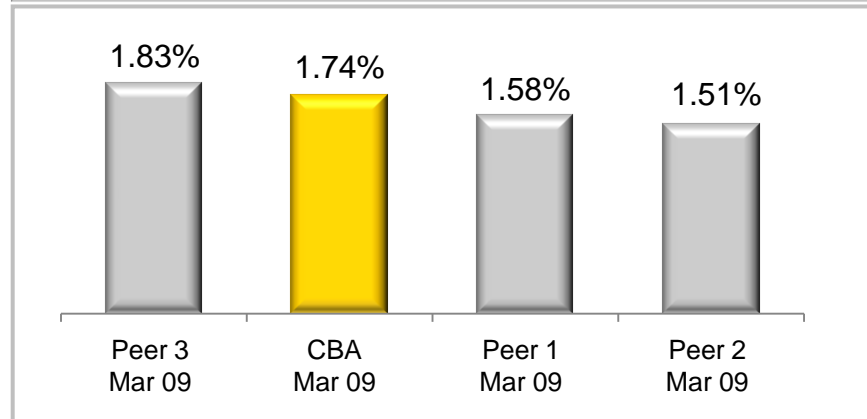
Individual provisions to impaired assets



Collective provisions to Credit RWA



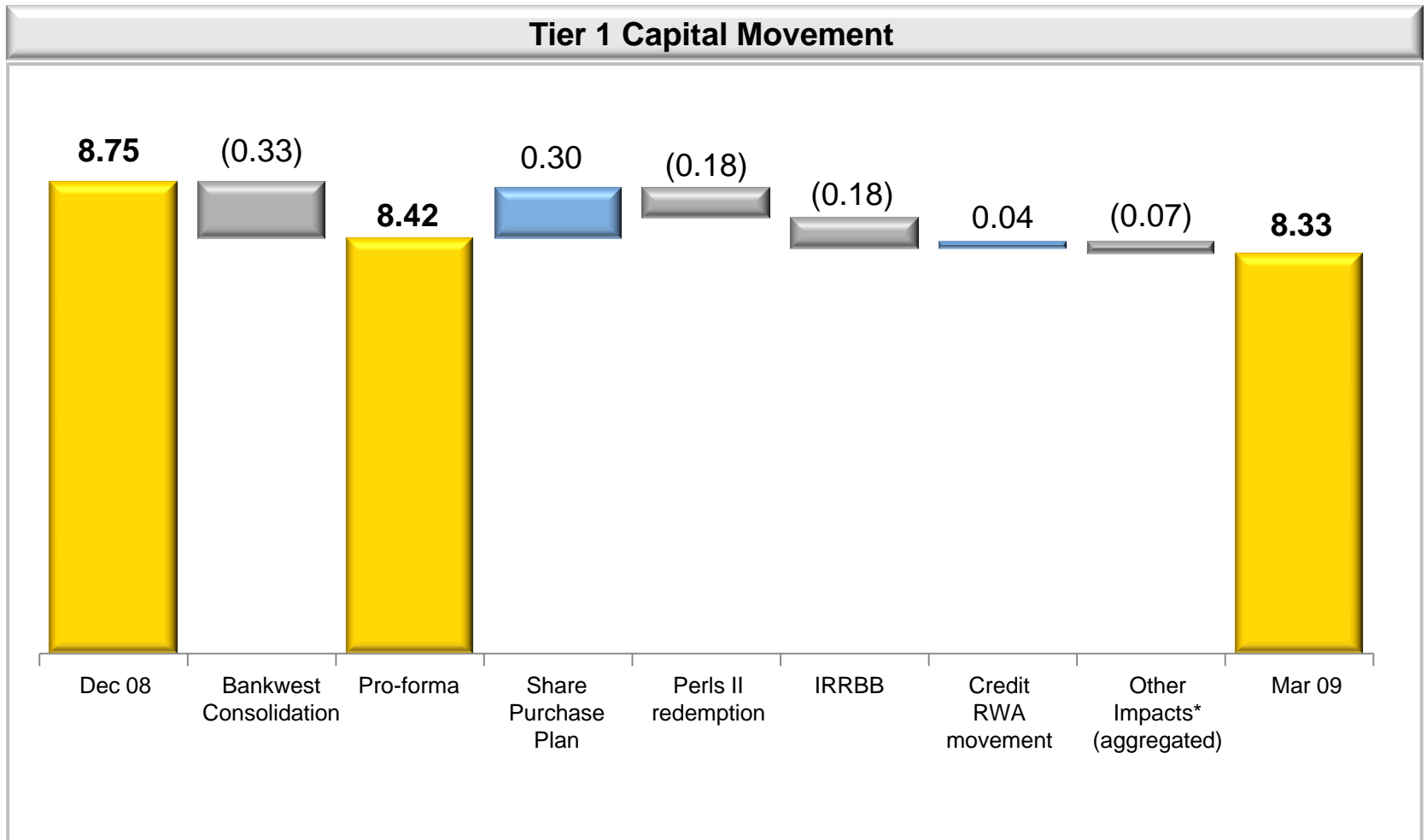
Total Provisions to Credit RWA



Gross Loans and Acceptances



Capital Strong capital position maintained



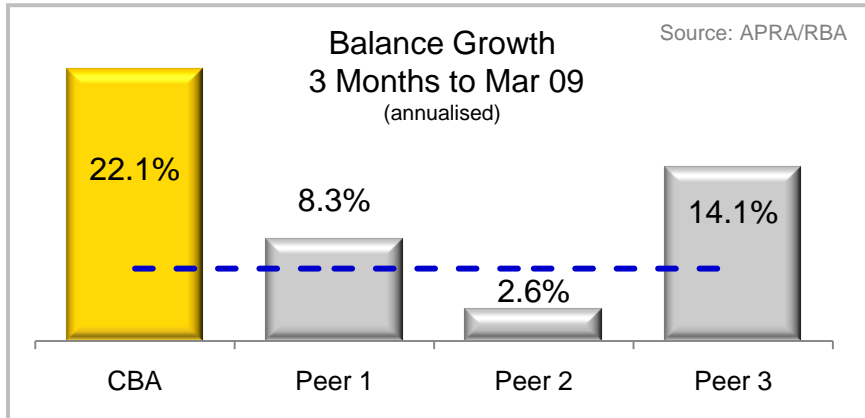
* Includes earnings net of provisions for dividend and DRP less prescribed deductions



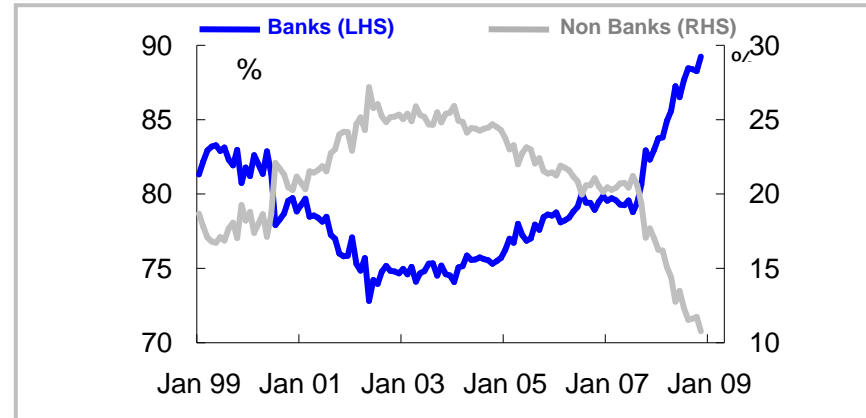
Lending

Market share gains offsetting slowing housing system growth - business lending subdued on lower demand

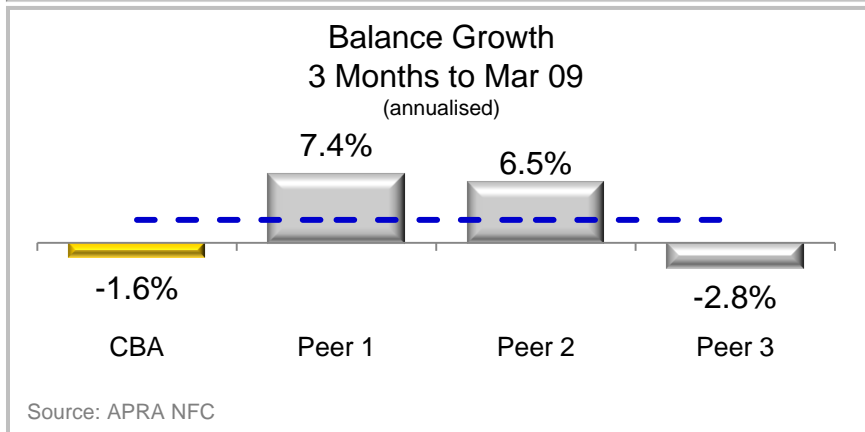
Home lending



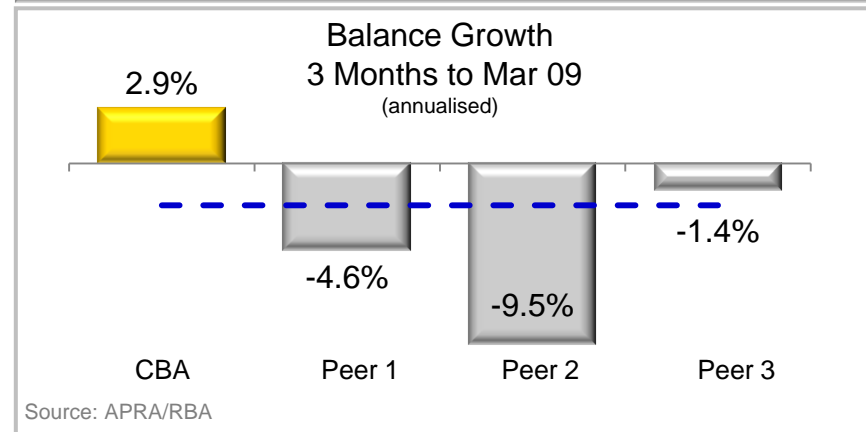
Home loan system approvals



Business lending



Credit cards



-- Market

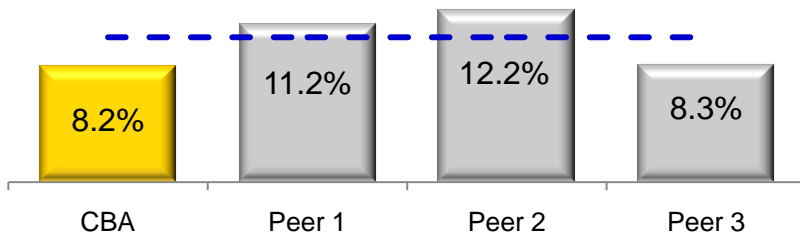


Deposits

Emphasis on profitable growth in a highly competitive market – strong growth in transaction accounts

Household deposits

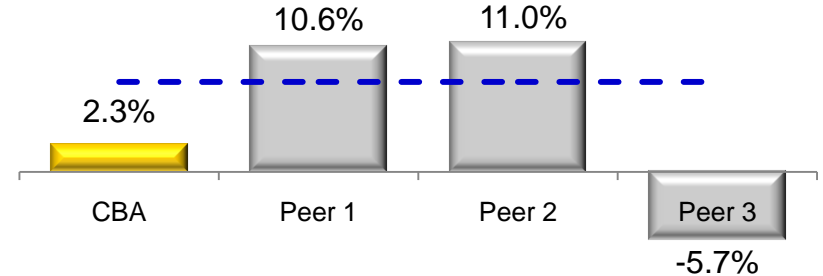
Balance Growth
3 Months to Mar 09
(annualised)
Source: APRA/RBA



CBA includes Bankwest. Figures adjusted for restatements.

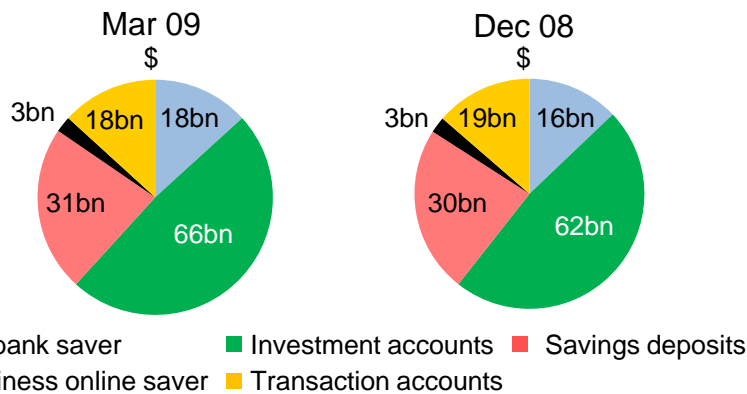
Business deposits

Balance Growth
3 Months to Mar 09
(annualised)
Source: APRA NFC



CBA includes Bankwest. Figures adjusted for restatements.

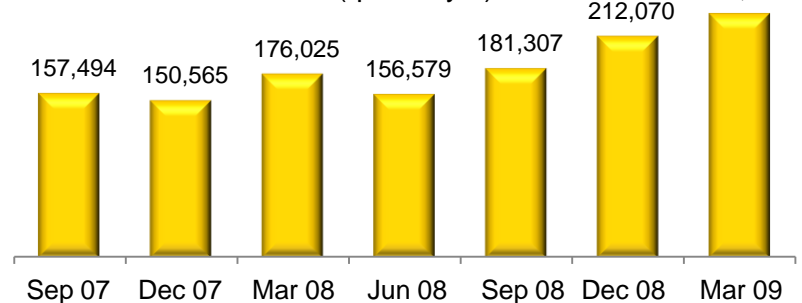
Stable deposit mix



Ex-Bankwest

Strong growth in new transaction accounts

New personal transaction accounts
(quarterly #)



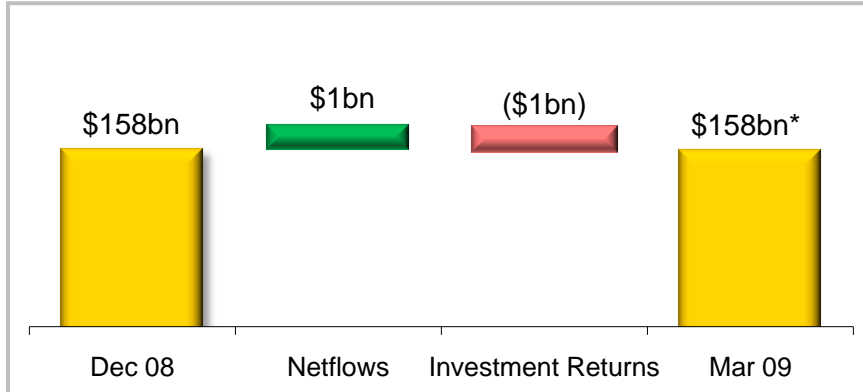
Ex-Bankwest



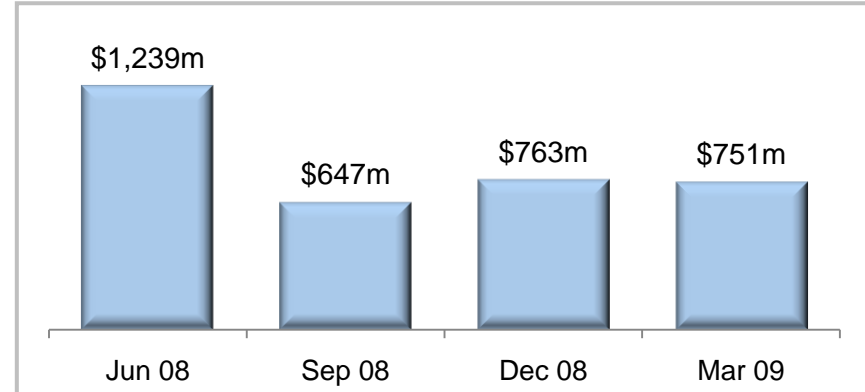
Wealth Management

Solid performance in tough market conditions

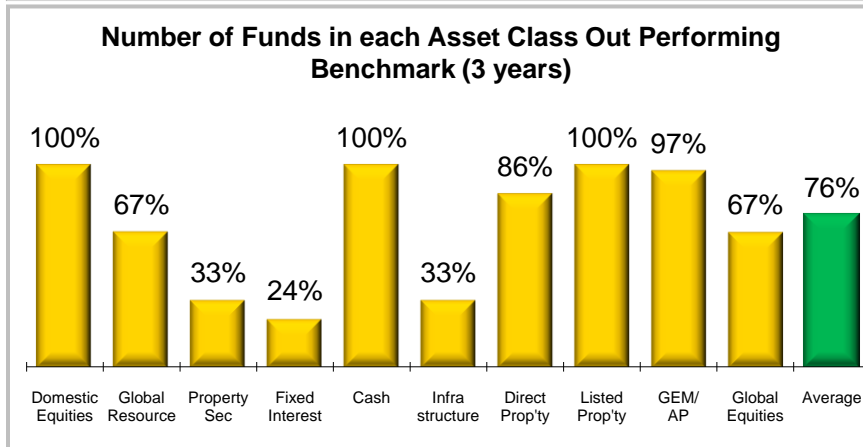
Funds under Administration remained flat



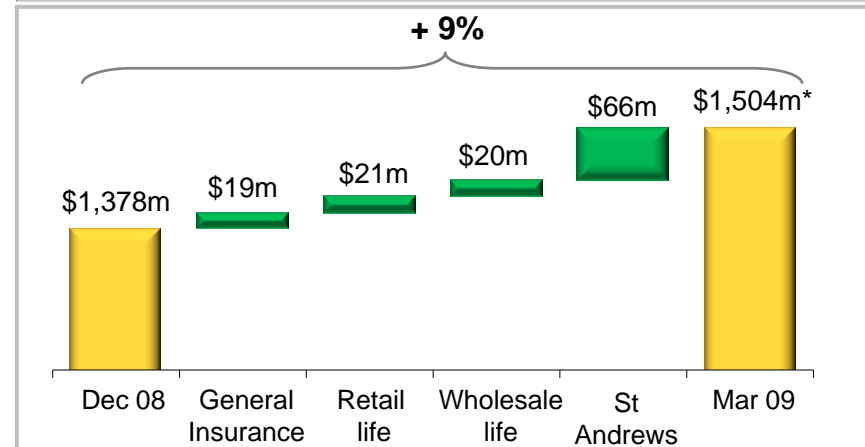
Strong net flows in FirstChoice & Avanteos



Solid Investment Performance



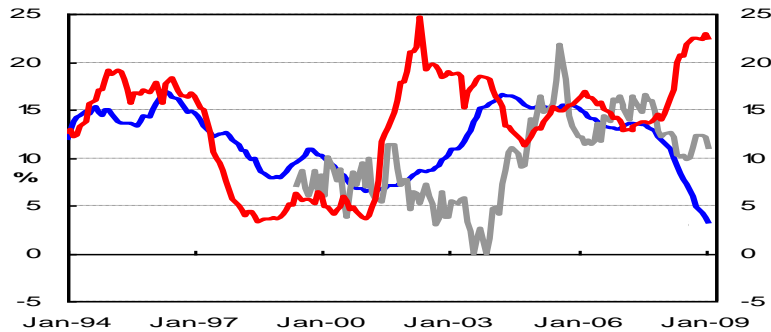
Inforce premiums up 9%



* Includes St Andrews

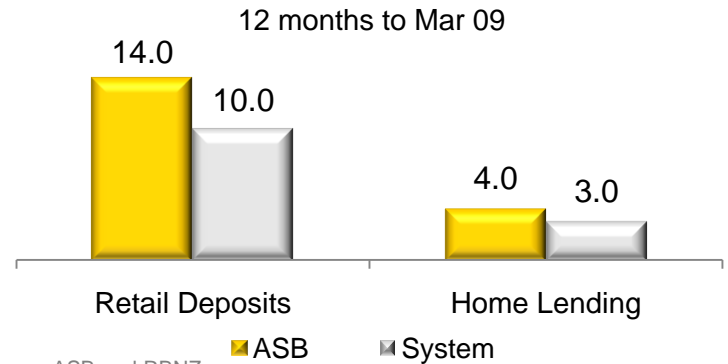


System credit growth slowing



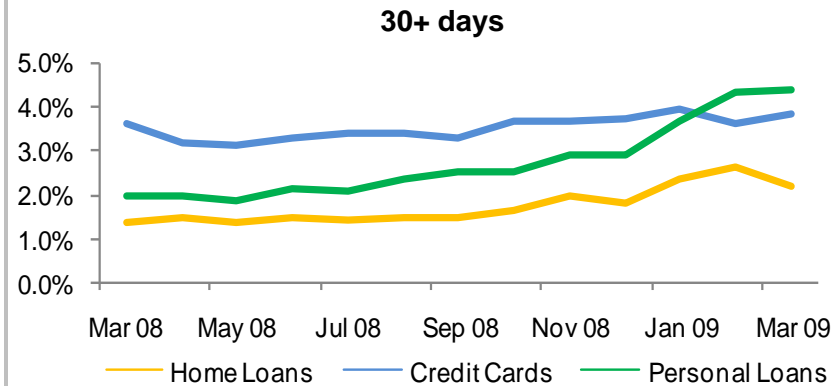
Source: RB, NZ, ASB — Agriculture — Household — Business

ASB growth remains ahead of slowing system

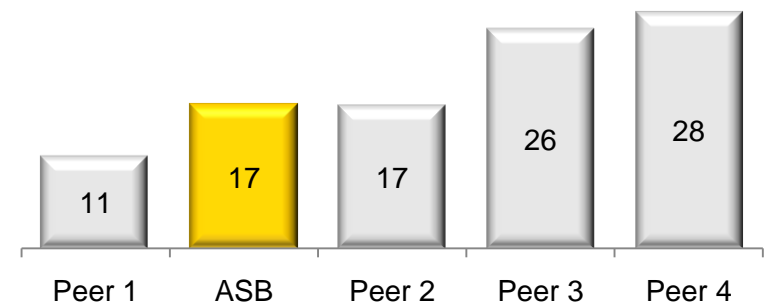


Source: ASB and RBNZ

Arrears rates trending higher off a low base



Proportion of home loans above 80% LVR



Source: General Disclosure Statements – 31 Dec 2008

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