

Determined to be better than we've ever been.

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Determined to be different

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Commonwealth Bank of Australia ACN 123 123 124

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Disclaimer

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Market shares

	CBA	Dec 09 BWA ¹	Combined	Jun 09 CBA + BWA ¹	Dec 08 CBA + BWA ¹
Home loans	22.5%	3.5%	26.0%	25.2%	23.2%
Credit cards ²	19.4%	2.5%	21.9%	21.5%	20.9%
Personal lending ³	14.2%	0.9%	15.0%	15.7%	20.2%
Household deposits	28.1%	3.1%	31.3%	32.3%	32.6%
Retail deposits	22.7%	3.9%	26.6%	26.6%	27.2%
Business lending – APRA	12.9%	5.9%	18.8%	19.4%	18.2%
Business lending – RBA	13.6%	3.5%	17.1%	16.8%	16.6%
Business deposits – APRA	16.1%	5.6%	21.7%	20.7%	22.0%
Equities trading (CommSec) : Total	6.9%	n/a	6.9%	6.4%	6.0%
Australian retail funds – administrator view	14.3%	0.2%	14.5%	14.4%	14.1%
FirstChoice platform	10.4%	n/a	10.4%	10.2%	9.8%
Australia life insurance (total risk)	14.4%	0.9%	15.3%	15.6%	15.5%
Australia life insurance (individual risk)	13.4%	1.2%	14.6%	14.7%	14.5%
NZ lending for housing	23.3%	n/a	23.3%	23.3%	23.4%
NZ retail deposits	21.4%	n/a	21.4%	21.2%	21.6%
NZ lending to business	9.2%	n/a	9.2%	8.8%	8.5%
NZ retail FUM	18.0%	n/a	18.0%	20.3%	19.1%
NZ annual inforce premiums	31.3%	n/a	31.3%	31.7%	31.7%

1 Including St Andrew's

2 As at November 2009

3 Bankwest market share impacted by reclassifications. Comparatives not restated



Strong operating performance

- Strong financial performance
- Good momentum in all businesses
- Strategy driven result
- Prudent business settings maintained
- Well positioned for growth

	Dec 09
Cash NPAT	\$2,943m
ROE	18.5%
Tier 1 Capital	9.1%
Cash EPS (cents)	191.7
Interim Dividend (cents)	120.0



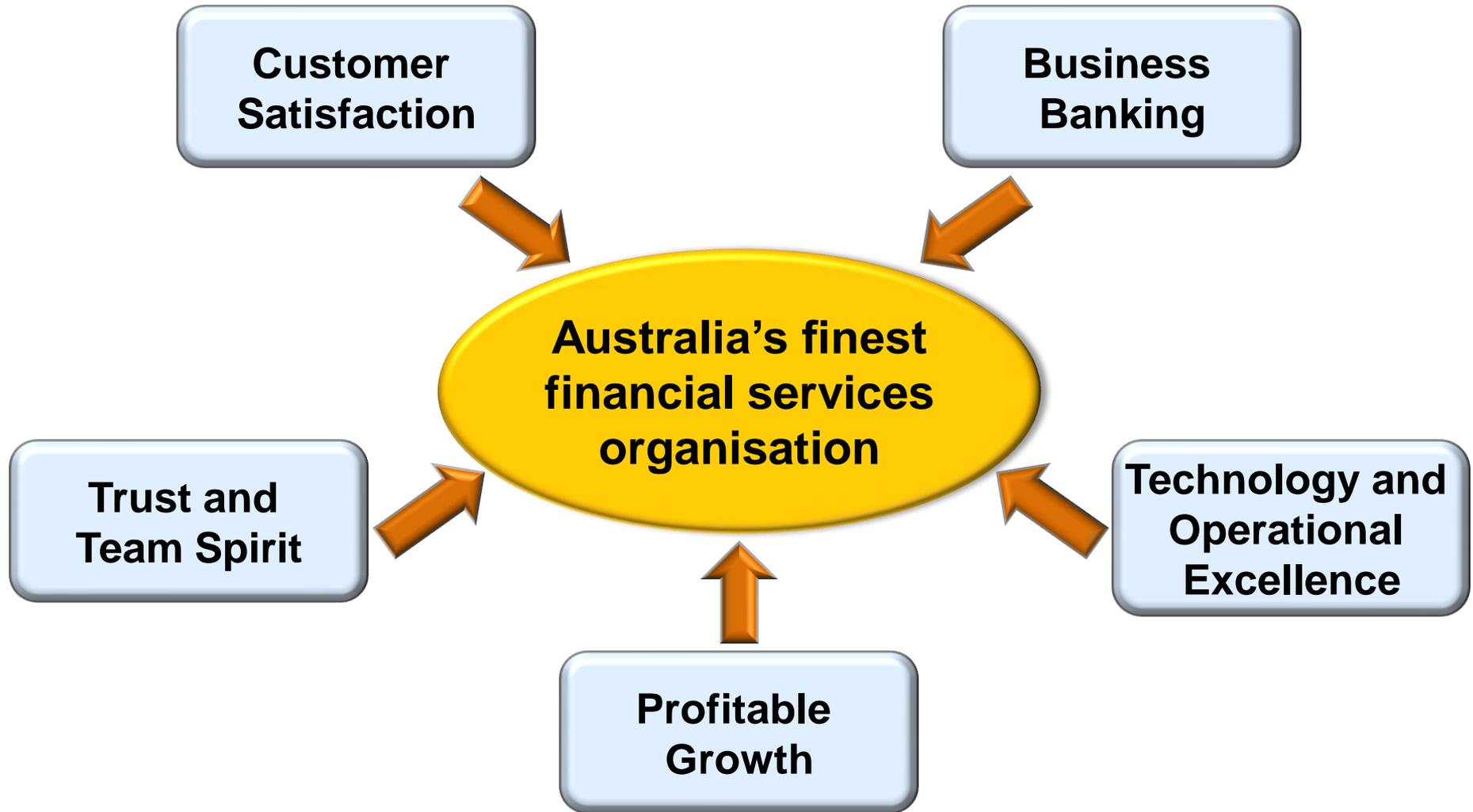
Disciplined strategy execution delivering results

Customer Satisfaction	Business Banking	Technology and Operational Excellence	Trust and Team Spirit	Profitable Growth
Over 1,000 new front line service staff added	Dedicated Group Executive appointed	Core Banking – targeting quantum improvements in service and efficiency	Engagement now top 20% world-wide ¹	Bankwest acquisition at 0.7x book value
CommSee provides single view of customer at the frontline	Distribution footprint expanded to 45 Business Banking Centres Australia-wide	Market leading online banking presence – NetBank, CommSec, CommBiz, FirstChoice	Significant improvement in Group-wide safety scores	Targeted growth in Asia
Retail Deposits Suite awarded Canstar CANNEX 5-Star rating	80% of branches now supported by local business bankers	“60 minute Home Loan” – 59% of loans conditionally approved and printed in branch	Internal Customer Service scores trending higher	CFS GAM diversified earnings and expansion
Retail Bank branch transformation programme: >200 sites refurbished / upgraded	“CommBiz” - market leading transactional online banking presence	System reliability significantly enhanced	Very low turnover rate relative to industry	Significant improvement in products-per-customer and referral conversion rates

¹ Source: Gallup



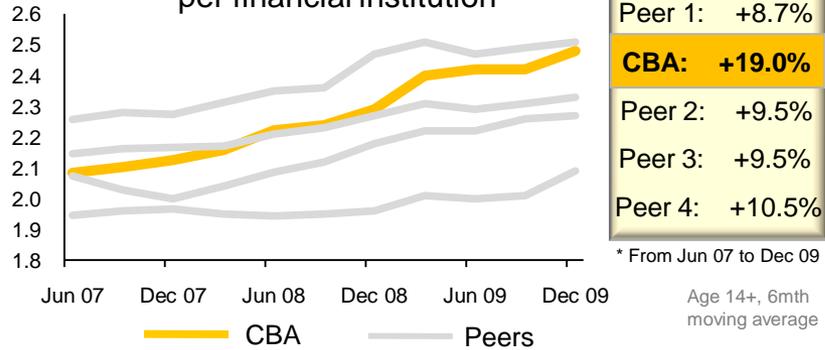
A clear, focussed strategy



Other key information

Products per customer*

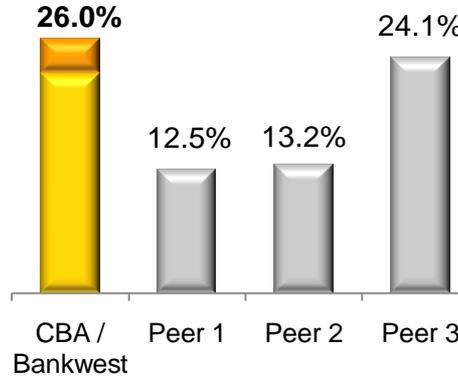
Avg number of products held per financial institution



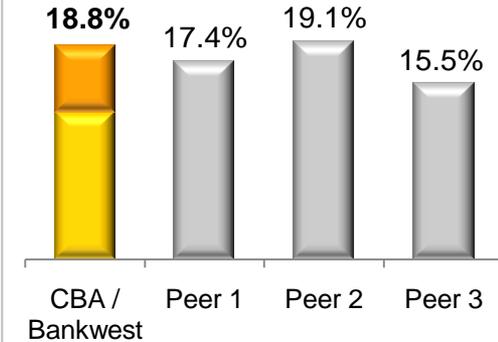
* Refer notes page at back of presentation for source information

Market Shares

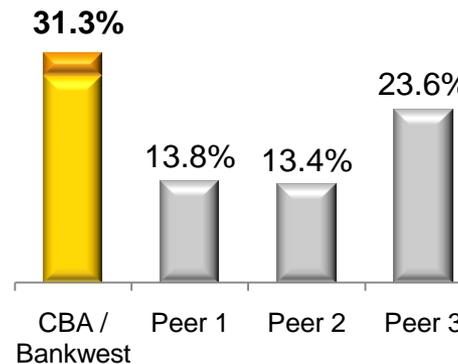
Home lending



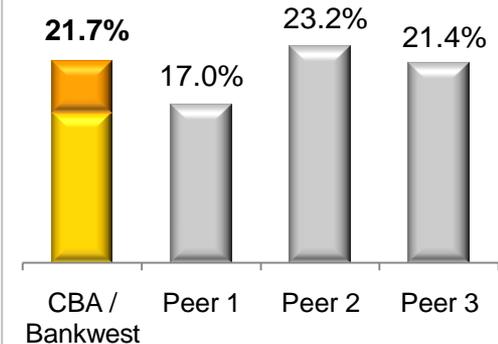
Business lending



Household deposits



Business deposits



Transformational change - scorecard

	June 2006	December 2009	Progress
Customer Satisfaction			
Retail ¹	64.9%	73.8%	✓
Business ²	56.5%	67.5%	✓
FirstChoice ³	Ranked 6 th	Ranked 1st	✓
Share of Ombudsman Complaints	29.8%	16.6%	✓
Market Shares ⁵			
Home Lending	18.7%	26.0%	✓
Business Lending	12.1%	18.8%	✓
Household Deposits	29.3%	31.3%	✓
Business Deposits	11.9%	21.7%	✓
Products per Customer ⁴	2.17	2.48	✓
System Reliability – Sev. 1 incidents	66 pa	5 ytd	✓
Processing times – New Home Loans ⁶	14 days	5 days	✓
Employee Engagement – Percentile	69 th	80 th	✓
Total Shareholder Return – Ranking ⁷		Number 1 (1, 2, 3, 4, 5 yrs)	✓

1, 2, 3, 4 – Refer note slide at back of this presentation for source information

5 Source RBA/APRA. June 2006 market shares do not include Bankwest

6 Time period relates to that component of the home loan process that is under the direct control of the Group's mortgage processing area. Comparative period relates to Oct 07

7 Major banks



Areas of strategic focus – near term

- Continued drive to be Number 1 in customer satisfaction
- Core Banking Modernisation;
 - On schedule - early phases very encouraging
 - All customer information migrated, 3 live trials underway
 - Quantum improvements in customer service and efficiency
- Further leverage of diversified business mix;
 - Strong domestic retail banking franchise
 - Business banking upside
 - Wealth management growth
 - Profitable growth opportunities



Regulatory and other reform

	Key proposals	Potential issues and implications
Capital	<ul style="list-style-type: none"> ▪ New measure – Tier 1 Common Equity → ▪ More stringent conditions for hybrids → ▪ Revised regulatory deductions methodology → ▪ Leverage ratio: New measure, capital over exposures. No minimum ratio yet set. Expected to be supplementary → 	<ul style="list-style-type: none"> ▪ Increase in required capital levels ▪ Reduction in hybrid issuance ▪ Greater instance of 100% deductions against Tier 1, rather than 50:50 Tier 1 and Tier 2 ▪ Blunt measure – no recognition of underlying asset quality ▪ Potential impact on size and nature of balance sheet
Liquidity	<ul style="list-style-type: none"> ▪ 1 month liquidity coverage ratio → ▪ Narrowing definition of qualifying liquid assets to govt securities and cash → ▪ Net Stable Funding Ratio, minimum term funding requirement → 	<ul style="list-style-type: none"> ▪ On APRA proposals, potential doubling of liquid asset requirement for Group and industry ▪ Govt securities insufficient to meet market demand under narrower definition ▪ >12 month funding for assets not deemed to be readily converted to cash on BIS proposals (eg, home loans) <ul style="list-style-type: none"> ▪ Significant pricing impact for customers ▪ Potential economic impact as lending capacity either constrained or sub-economic in sectors such as household and small business ▪ Additional funding requirements raise questions about market capacity/constraints
Risk and provisioning	<ul style="list-style-type: none"> ▪ Accounting rule changes (likely 3 yrs to implement). Credit losses recognised by charging annual result with expected loss over the life of a loan rather than losses as incurred → 	<ul style="list-style-type: none"> ▪ Potentially not fit for purpose, with unintended consequences ▪ High cost to implement, as changes required to performance-target setting & pricing models ▪ Increased subjectivity in cash flow models ▪ Attempts to reduce pro-cyclicality ▪ Balance sheet and capital impact unclear



Constructive dialogue on key reforms

Capital

- ▶ Tier 1 capital – qualifying assets, hybrids
- ▶ Deductions methodology – Tier 1 impact
- ▶ Leverage ratio
- ▶ Rating agency models changing

Liquidity

- ▶ 1 month liquidity buffer
- ▶ Qualifying assets narrowed
- ▶ Net stable funding ratio

Consumer

- ▶ Australian Credit Law Reform
- ▶ Cooper Review and Ripoll Inquiry
- ▶ Wealth Management fee models and product simplification



Other

- ▶ Provisioning
- ▶ Governance and remuneration
- ▶ Henry Tax Review
- ▶ Overseas change



Economic Summary

CBA Economists summary of key indicators

	As at June					
	2006	2007	2008	2009	2010 (f)	2011 (f)
Credit Growth % – Total	14.4	15.5	12.0	3.3	5-7	8-10
Credit Growth % – Housing	13.7	12.9	9.8	7.0	9-11	9-11
Credit Growth % – Business	16.6	19.2	17.1	0.4	0-2	8-10
Credit Growth % – Other Personal	9.7	16.1	3.3	-7.1	1-3	3-5
GDP %	2.6	5.3	2.4	0.6	2.7	3.0
CPI %	4.0	2.1	4.5	1.5	2.9	3.1
Unemployment rate %	4.8	4.3	4.2	5.7	5.7	5.5
Cash Rate %	5¾	6¼	7¼	3	4½	5

CBA Economists Forecasts

Credit Growth, GDP and CPI = 12 months to June

Unemployment = June quarter

Cash Rate = June month



Determined to be different

Outlook

- Global outlook has improved
- Sustainable economic recovery under way in Australia
 - Increased credit growth
 - Continued funding cost pressure
- Impairments expected to decline gradually
- Some global downside risks still exist
- Group retains conservative financial settings



A very good, quality result

■ Clear, focussed strategy	➡	Delivering results
■ Good momentum	➡	Some headwinds
■ Strong growth	➡	Income up 10%
■ Careful cost management	➡	Costs up 1% this half
■ Strong balance sheet	➡	Tier 1 Capital over 9%
■ Conservative provisioning	➡	\$1.4bn management overlay
■ Delivering high ROE	➡	18.5%



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