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# **Credit Suisse First Boston 2002 Asian Investment Conference**

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# Disclaimer

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The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 21 March 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."



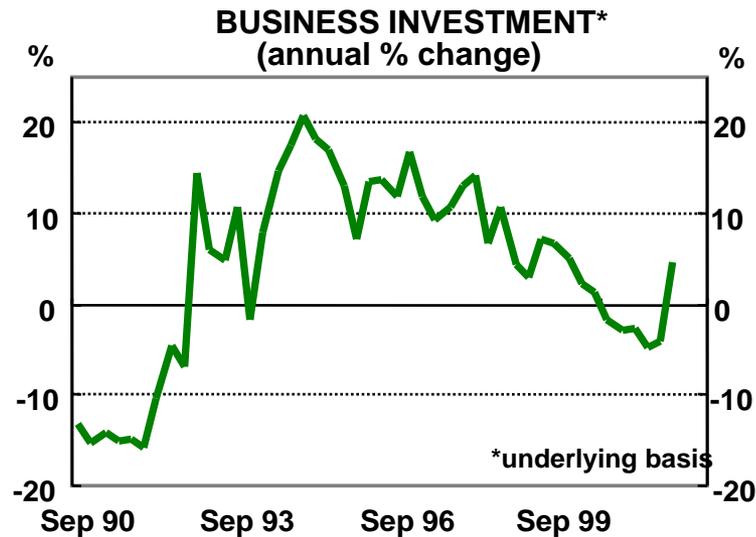
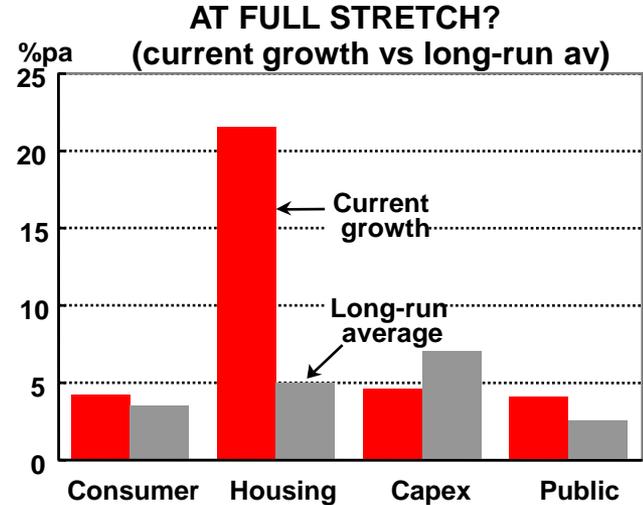
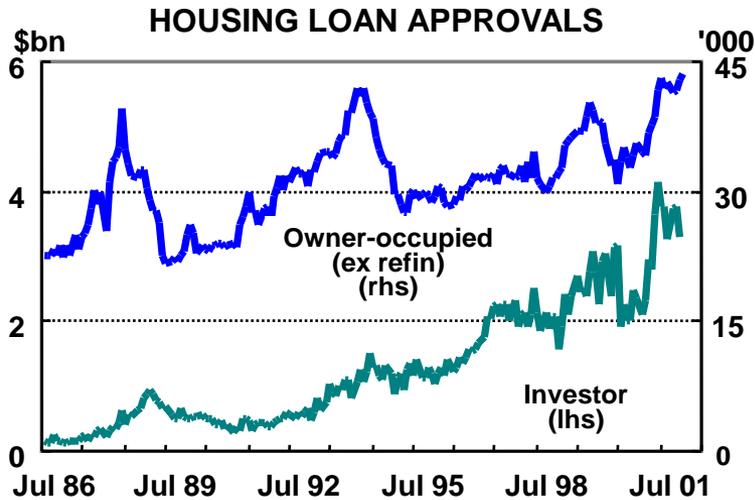
# Agenda

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- Australian Economy
- Commonwealth Bank Performance
- Strategic Imperatives
- Competitive Advantage
- Summary



# Australian Economy



Source: Commonwealth Research- March 2002

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# Commonwealth Bank Performance



# Financial Performance :

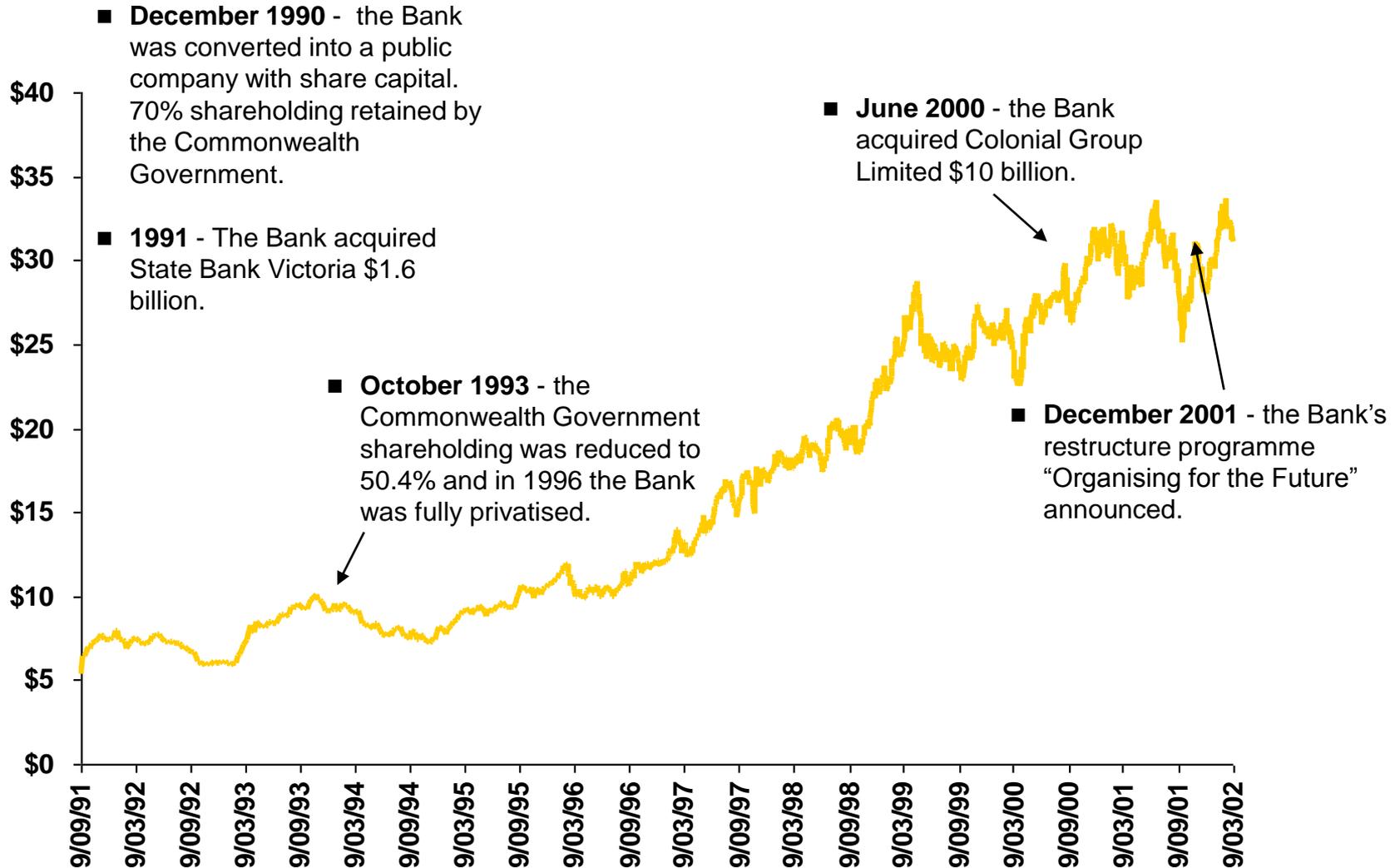
## Half Year to 31 December 2001

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- Underlying Group performance up 14%
- Reflects a strong banking result up 16% (before bad debts) driven by a steady net interest margin and growth in other banking income
- Funds under management result is up 23% with strong momentum in funds inflow maintained through September 11
- Australian life insurance operating margin up 22% offset by a weak offshore life insurance result
- Increase in bad and doubtful debt expense, driven by two large impaired corporate exposures
- Organisational restructure announced in December 2001 complementing the Bank's strategic focus on wealth management



# Share price performance last 10 years



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# Strategic Imperatives

- Segmentation
- Productivity



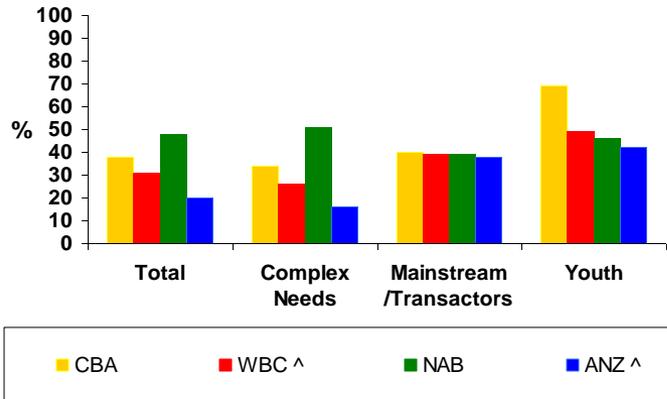
# Segmentation: Aligned Domestic Structure with Customer Needs

	<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			

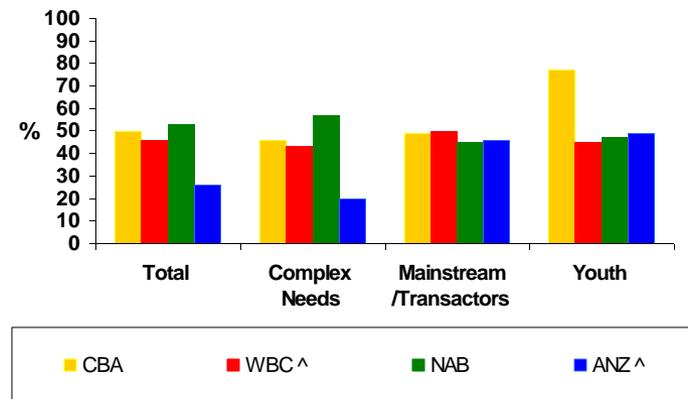


# Segmentation : Retail Share of Wallet

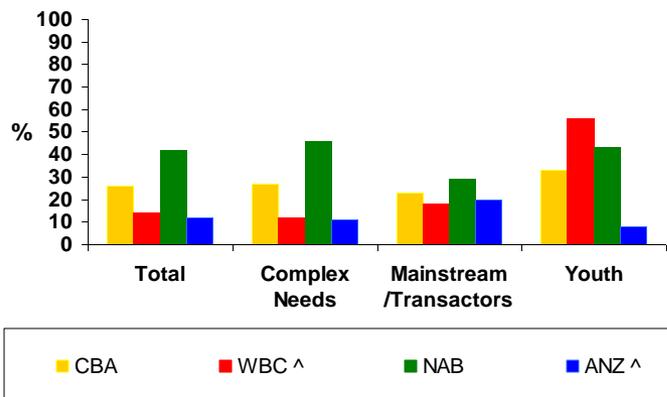
Overall



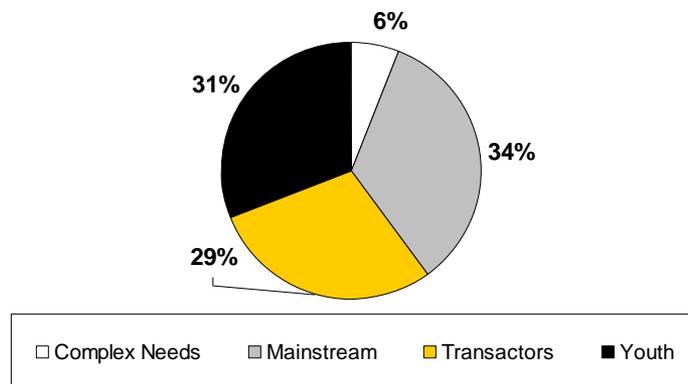
Banking



Investment

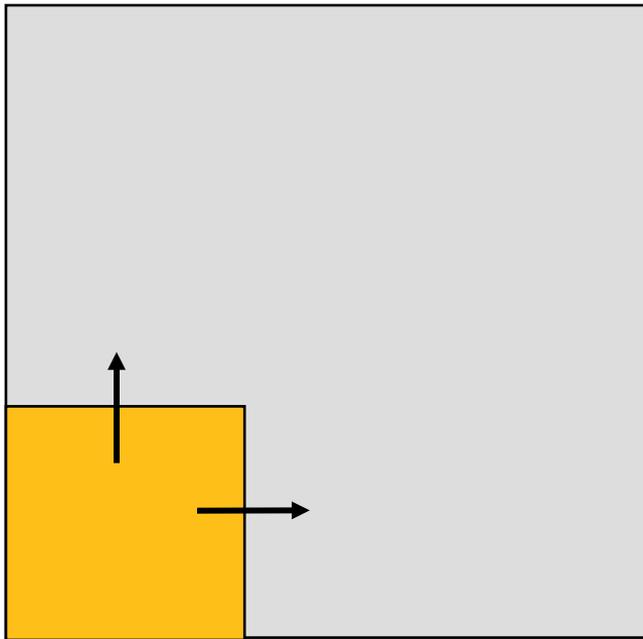


CBA Personal Customers : Segment share



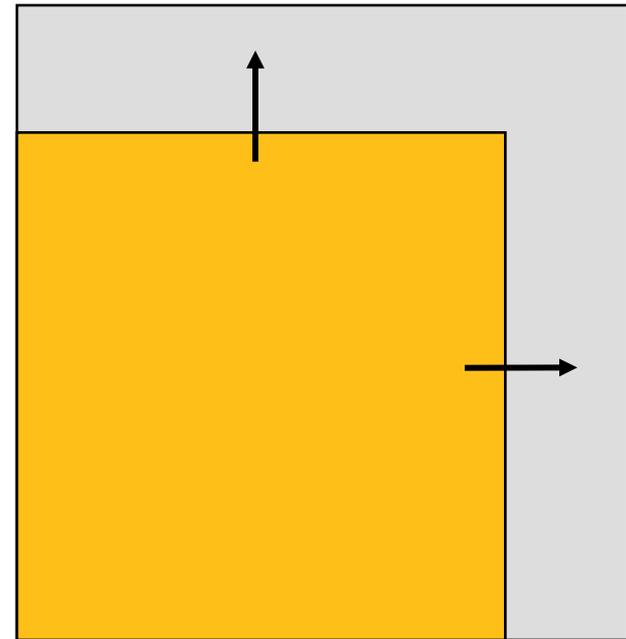
# Premium and Business Opportunity

## Premium Customers



- Current number of premium customers
- Potential number of premium customers

## Business (Middle Market)



- Current market share
- Natural market share

Source : Commonwealth Bank illustration

# Productivity

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- Segmentation : premium banking
- Simplified transaction accounts
- Browser based workflow enabled systems
- Credit risk architecture
- 7 level organisation structure
- Shared services : HR and finance



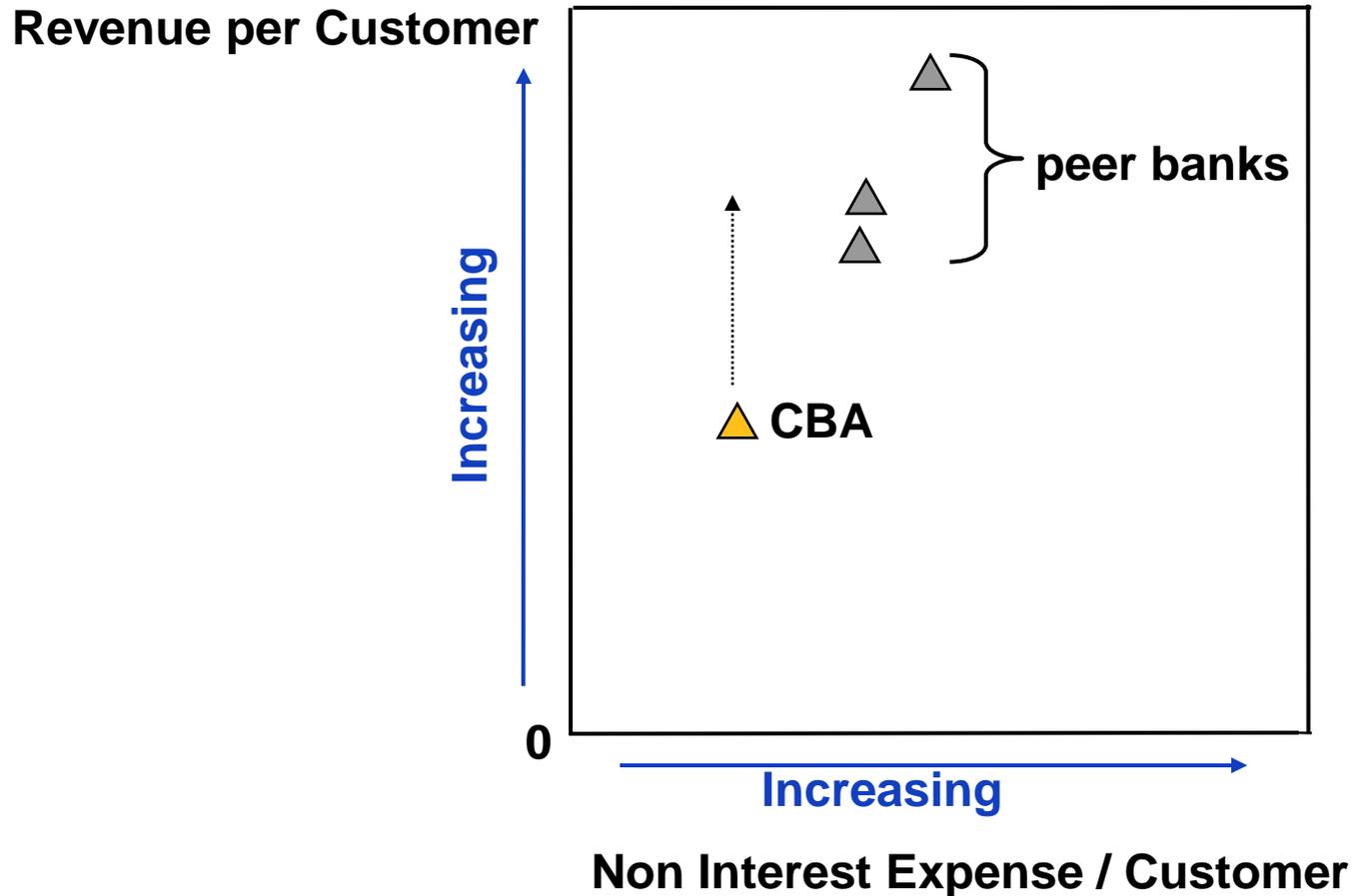
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# Competitive Advantage

- Scale
- Brand
- Risk Profile
- Products and Businesses
- Distribution
- Innovation
- People



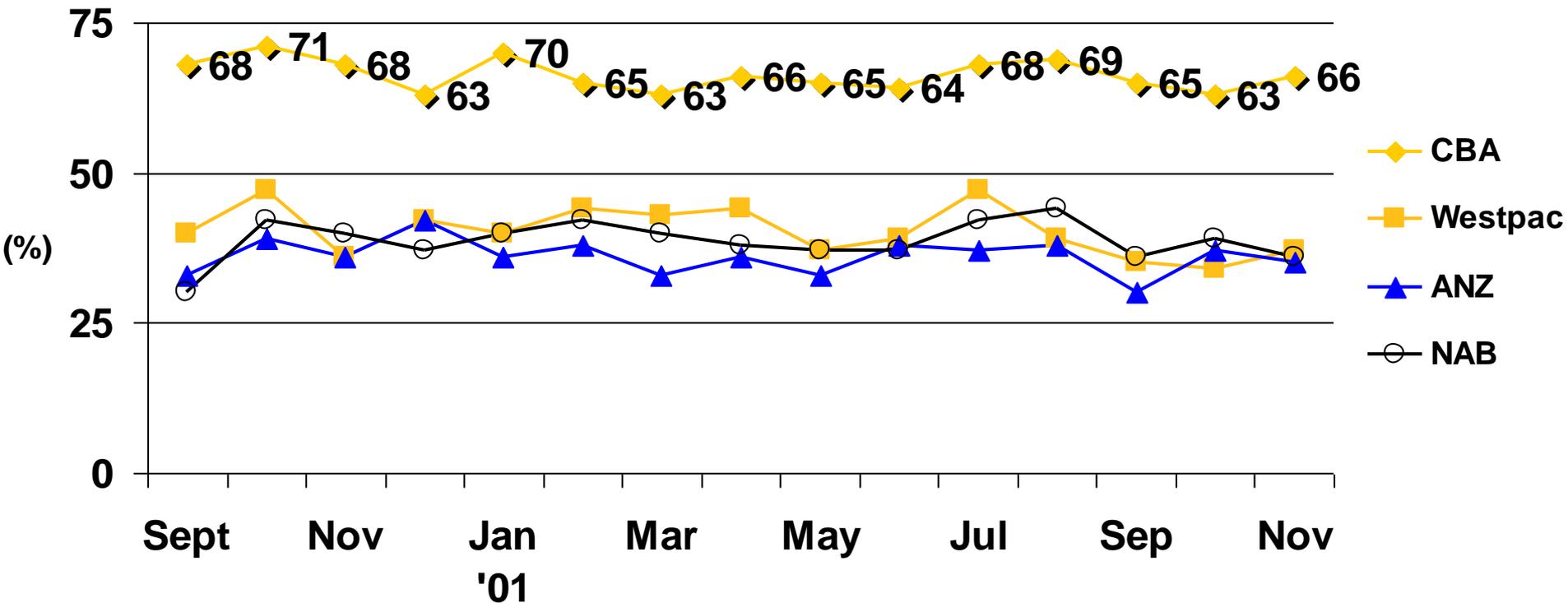
# Scale : Low Cost per Customer



Source: Commonwealth Bank illustration

# Brand : Commonwealth Bank

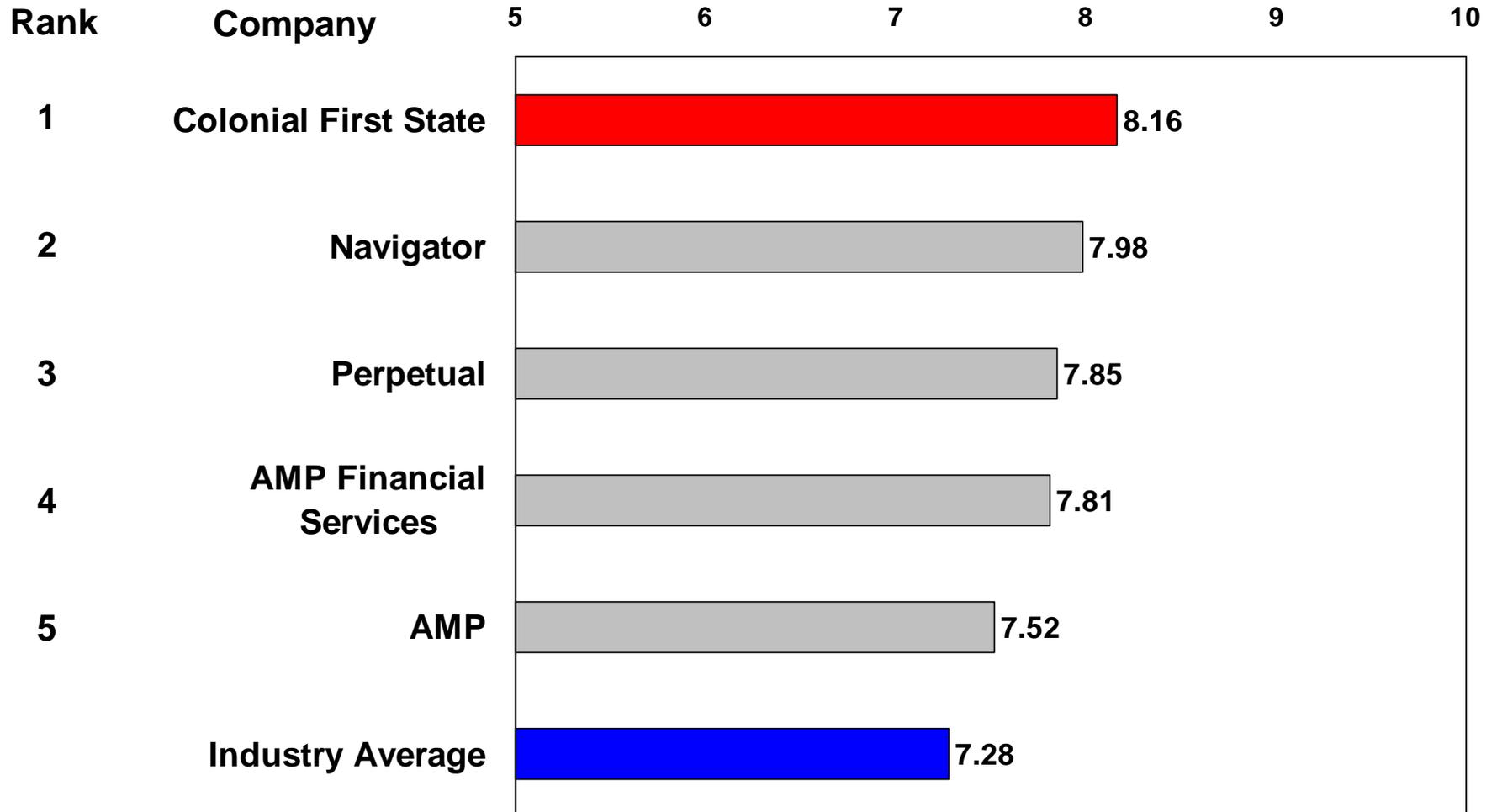
## Share of Mind\*



- CBA's share of mind remains at a consistent level, leading the Big Four.
- Share of mind for Westpac, ANZ and NAB continue to measure at similar levels.

# Brand : Colonial First State

## Adviser brand awareness - overall opinion of organisation



Source: ASSIRT Service Level Survey - 2001

# Risk Profile :

## Proportion of Housing Loans

### Housing Loan Portfolio

	1997	1998	1999	2000	2001
Gross Loans	91,547	101,000	112,933	145,000	152,970
Home Loans Balances (\$m)	43,383	47,410	52,646	70,738	73,511
As % of Gross Loans	47.4%	46.9%	46.6%	48.8%	48.1%

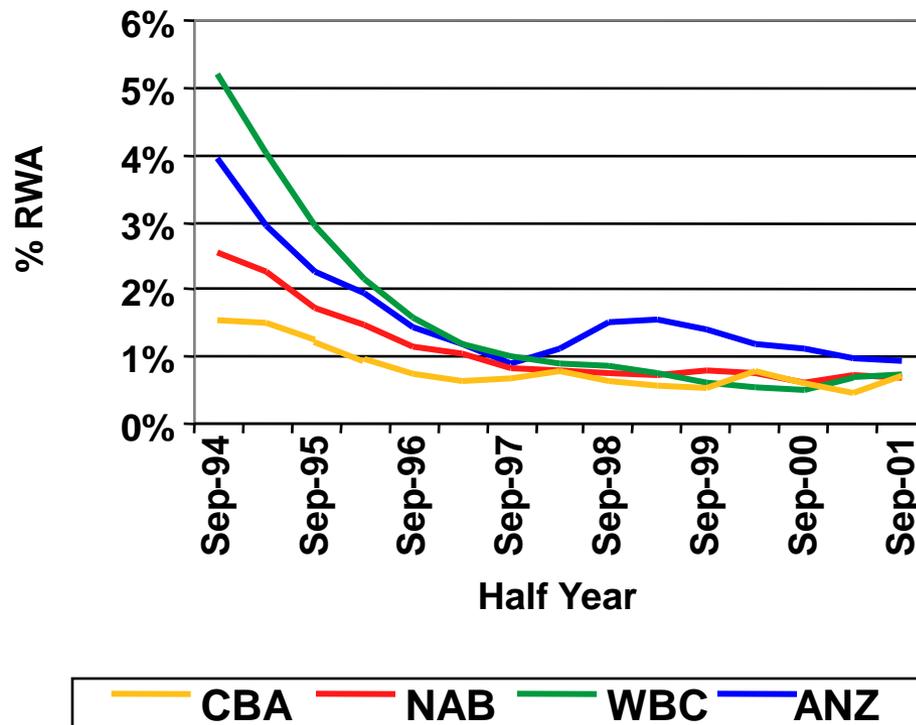
### Housing Loan Arrears Rate

	30/06/1999	30/06/2000*	31/12/2000*	30/06/2001	31/12/2001
Housing Loans Accruing Past 90 Days or More	182	211	247	218	168
Housing Loan Balances (\$m)	52,646	70,738	71,505	73,511	79,746
Arrears Rate %	0.35%	0.30%	0.35%	0.30%	0.21%

\*Housing loan balances net of securitisation and includes Colonial and home equity and similar facilities.

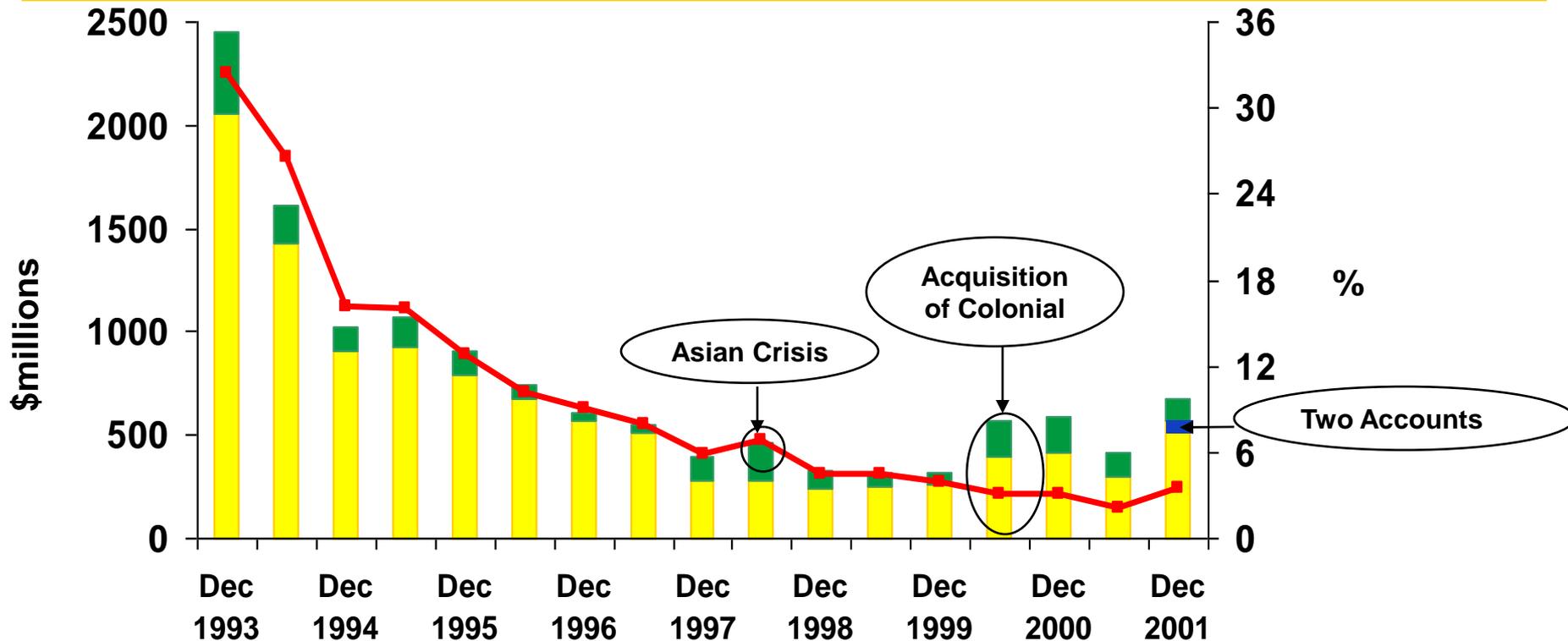
# Risk Profile: Asset Quality - Peer Comparison

IMPAIRED ASSETS TO RISK WEIGHTED ASSETS



# Risk Profile :

## Asset Quality - Net Impaired Assets



Commonwealth Bank Group (Other Countries)\*

Commonwealth Bank Group (Australia)\*

Net Impaired assets as % of Total Shareholder Equity\* (axis on right)

\* Excluding Colonial prior to 30 June 2000

# Risk Profile :

## Capital

	30/06/00	31/12/00	30/06/01	31/12/01
	\$M	\$M	\$M	\$M
<b>Total Tier One Capital</b>	9,618	8,914	9,015	9,336
<b>Total Tier Two Capital</b>	6,097	5,802	5,784	5,911
<b>Tier One and Tier Two Capital</b>	15,715	14,716	14,799	15,247
<b>Deductions</b>	(3,197)	(2,278)	(2,119)	(2,366)
<b>Total Regulatory Capital</b>	12,518	12,438	12,680	12,881
<b>Risk Weighted Capital Ratios (%)</b>				
<b>Tier one</b>	7.49	6.71	6.51	6.75
<b>Tier two</b>	4.75	4.37	4.18	4.27
<b>Less deductions</b>	(2.49)	(1.71)	(1.53)	(1.71)
<b>Total Capital</b>	9.75	9.37	9.16	9.31

# Products and Businesses

## Australian Market Share

	Dec 2000	Jun 2001	Dec 2001	Rank
<b>Home Loans</b> (Residentially Secured)	20.8%	20.4%	20.1%	1
<b>Credit Cards<sup>^</sup></b>	21.9%	21.4%	21.3%*	1
<b>Retail Deposits</b>	24.6%	24.0%	24.1%	1
<b>Retail FUM (Plan for Life)</b>	16.0%	16.5%	16.8%	1
<b>Superannuation/Annuities</b>	15.7%	15.8%	16.3%**	Leading
<b>Retail Broking</b>	8.5%	8.7%	8.5%	1

\* November 2001

\*\* September 2001

<sup>^</sup> Colonial data captured as part of market share calculation from June 2001



# Distribution : Proprietary Channels in Australia



**Personal Lenders**  
over 700 staff



**Direct Banking**  
over 62 million calls \*

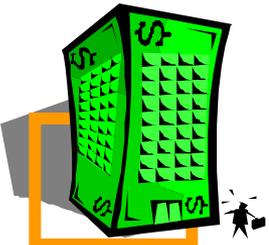


**Mobile Bankers**  
over 180

**Financial Planners**  
over 620



**Branches**  
1,045 Branches



**Business Banking**  
80 Centres



**ATMs**  
nearly 4,000

**10 million customers**



**EFTPOS**  
over 120,000



**NetBank**  
1.5 million registered customers



**Ezy Banking**  
over 700 Stores

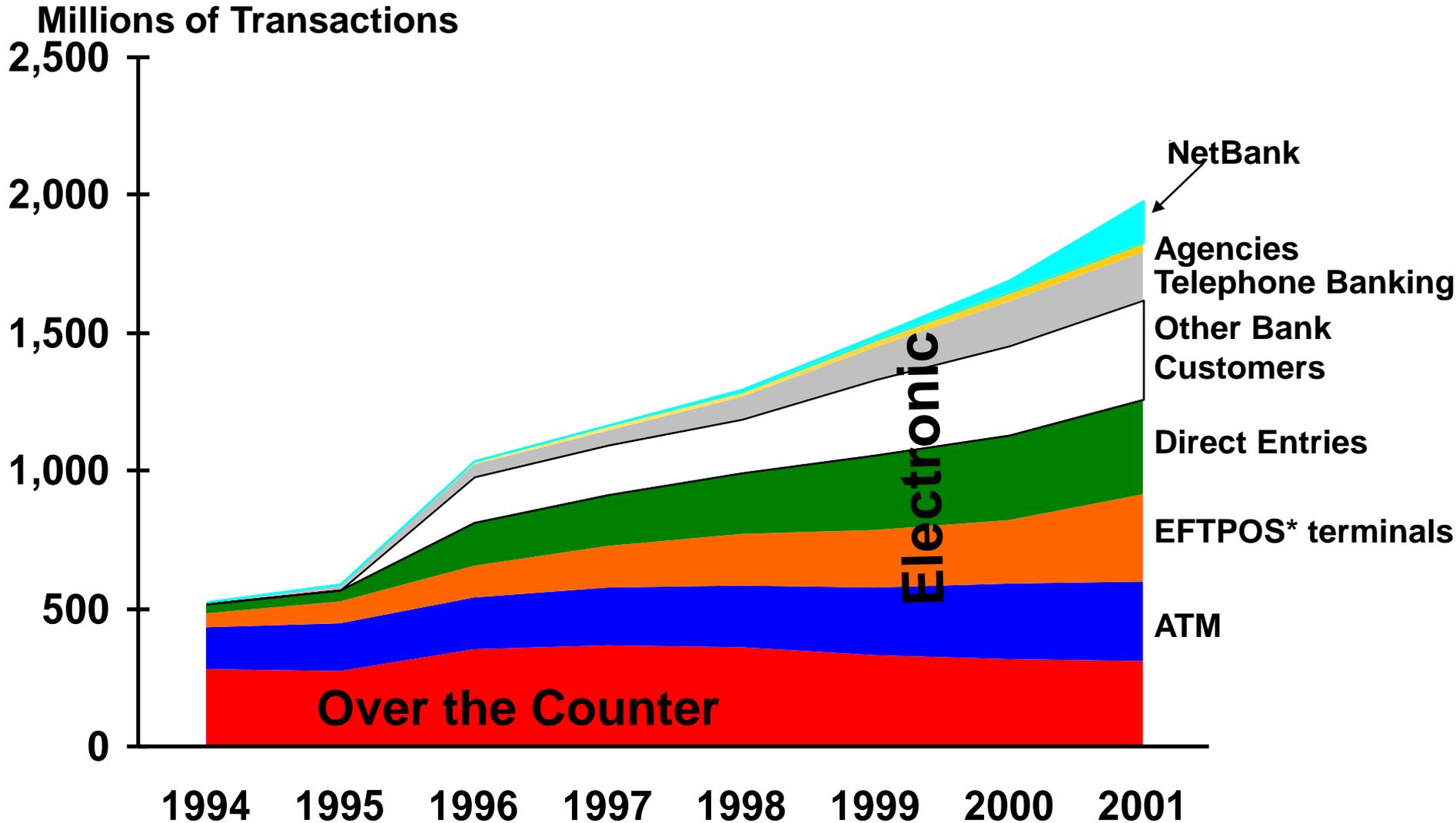


**Premium Banking**  
13 Centres



**Agencies (Postal & Private)**  
over 3,900

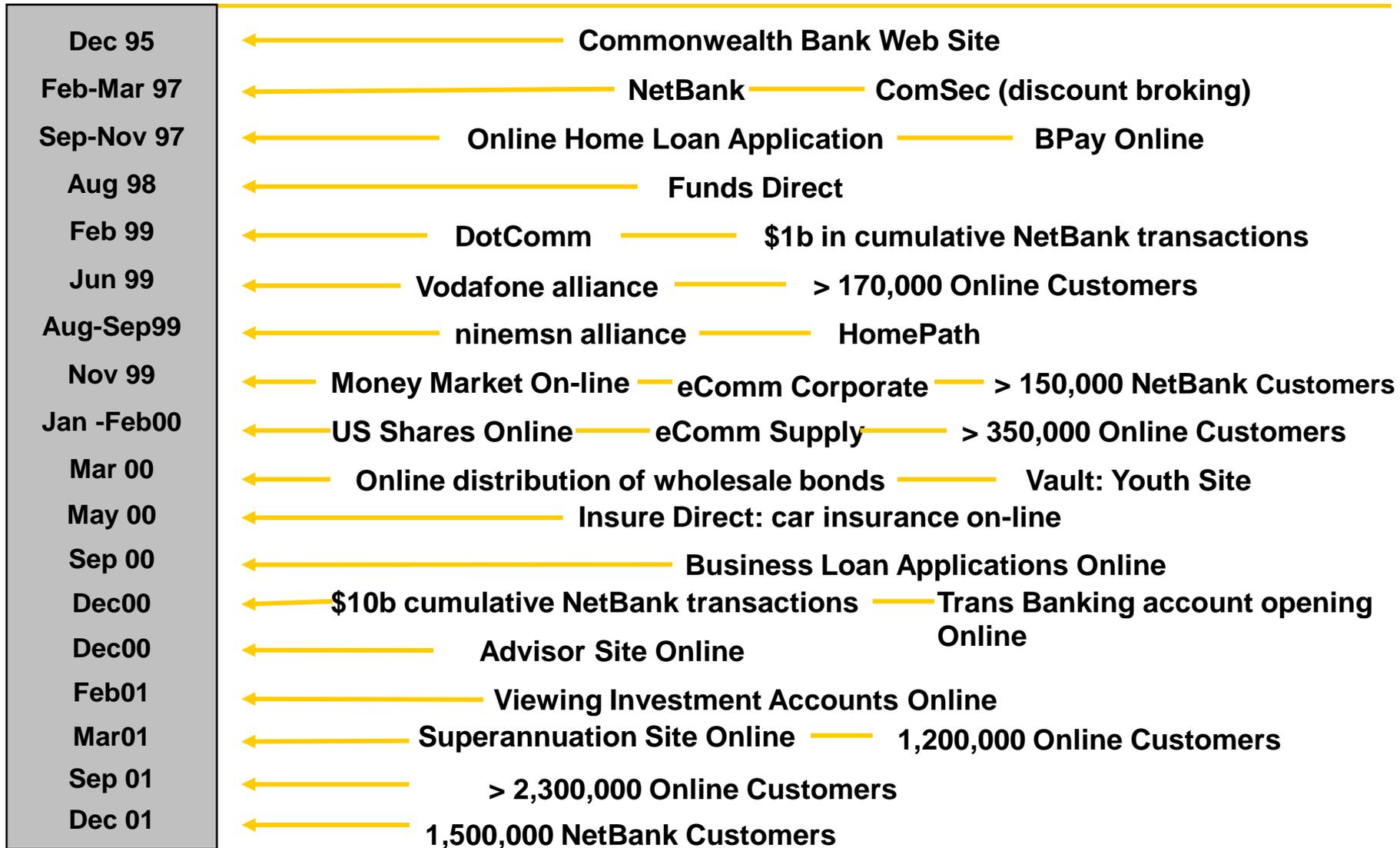
# Distribution



\* EFTPOS= Electronic Funds Transfer, Point Of Sale

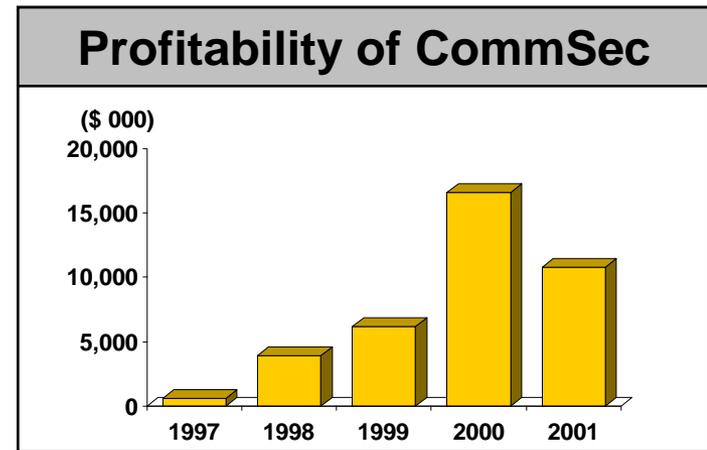
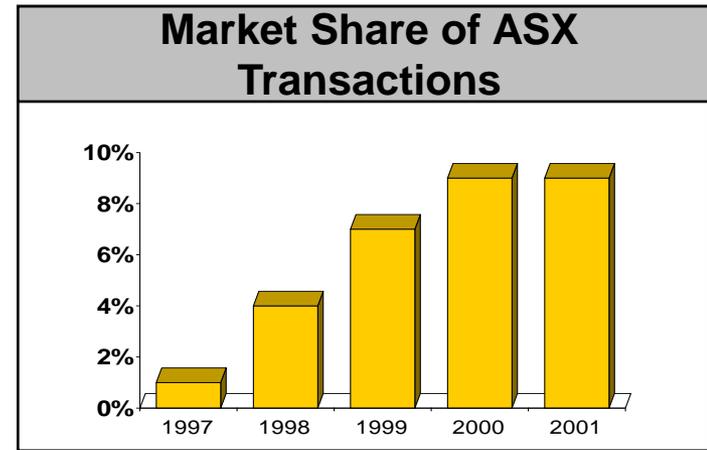


# Innovation : e-Commerce footprint



# Innovation : CommSec™

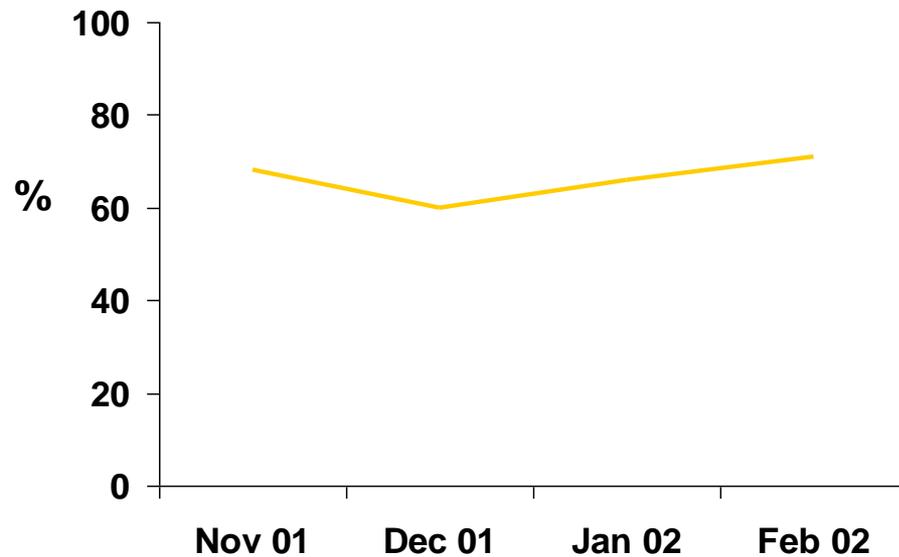
- Australia's largest on-line broker
- Redefines the business
- Distribution power



# People

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- Management
- Staff Satisfaction
- Customer Satisfaction



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# Summary



# Execution

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	State Bank of Victoria	Colonial State Bank
Completed ahead of schedule	by <b>20</b> months (plan was <b>3.5</b> years)	by <b>11</b> months (plan was <b>2</b> years)
Transaction bridge installed	<b>21</b> months	<b>90</b> days
Amalgamation of branches	500 in <b>18</b> months	390 in <b>8</b> weekends
Staff involved	11,000	6,000
ATMs affected	281	500

# Summary

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## ■ Where to ?

- Segmentation
- Productivity

## ■ From What Base?

- Scale
- Brand
- Risk Profile
- Products and Businesses
- Distribution
- Innovation
- People

## ■ How?

- Execution

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