
November 2002 Investor Roadshow

David Murray

Chief Executive Officer

Stuart Grimshaw

Chief Financial Officer



Disclaimer

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A full colour version of this presentation is available on the News & Information page of the Commonwealth Bank's Shareholder Centre website <http://shareholders.commbank.com.au/display>

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."



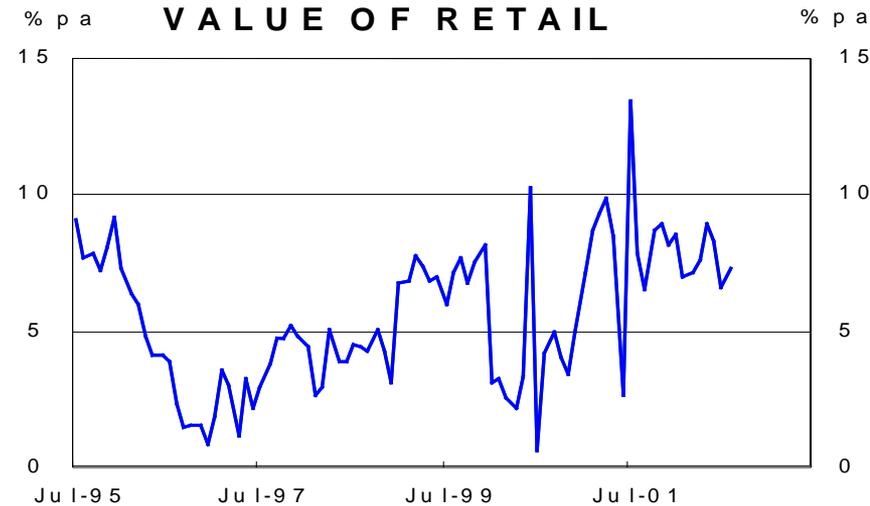
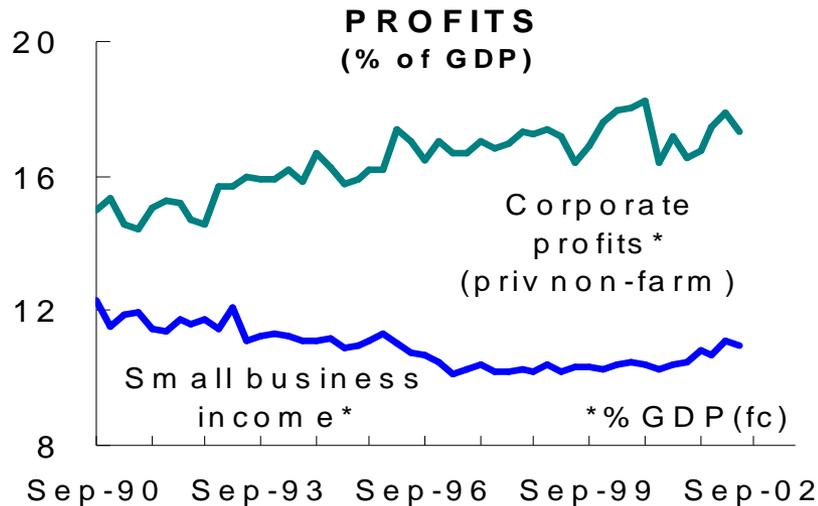
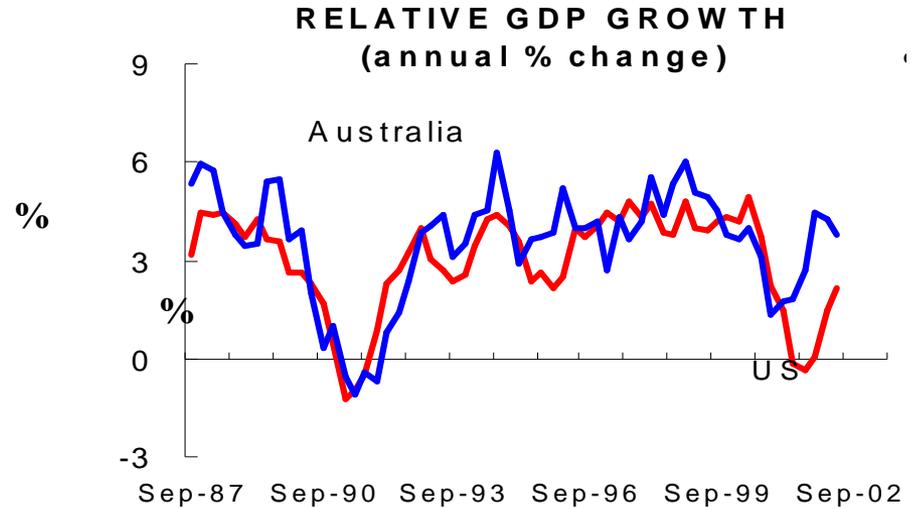
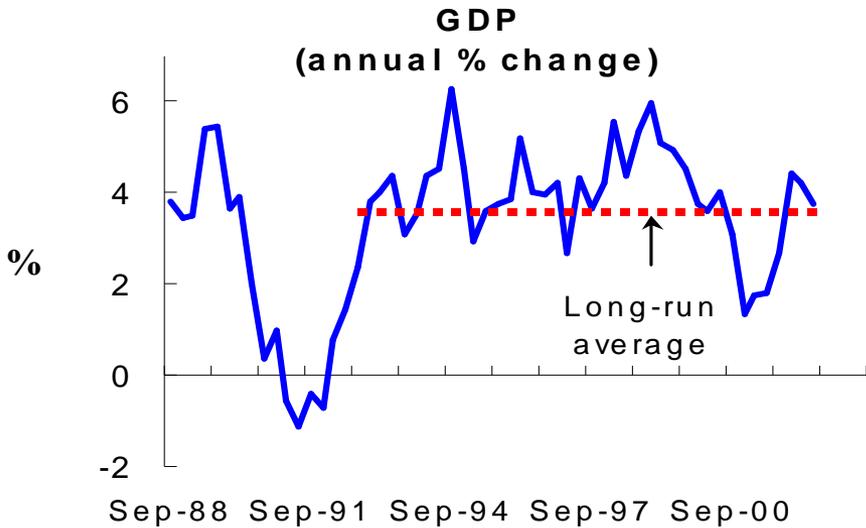
Agenda

- The Australian Economy and recent Equity Market Performance
- Commonwealth Bank: Track Record, Differentiators and Growth Drivers
- How is Commonwealth Bank Positioned Against the Current Outlook?

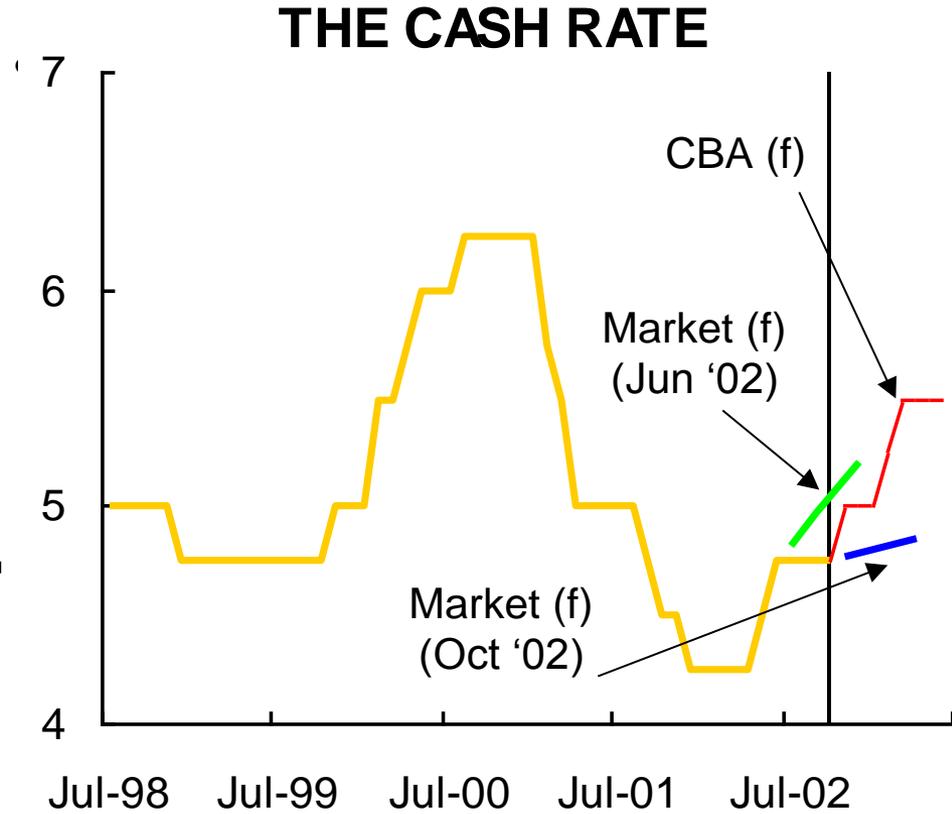
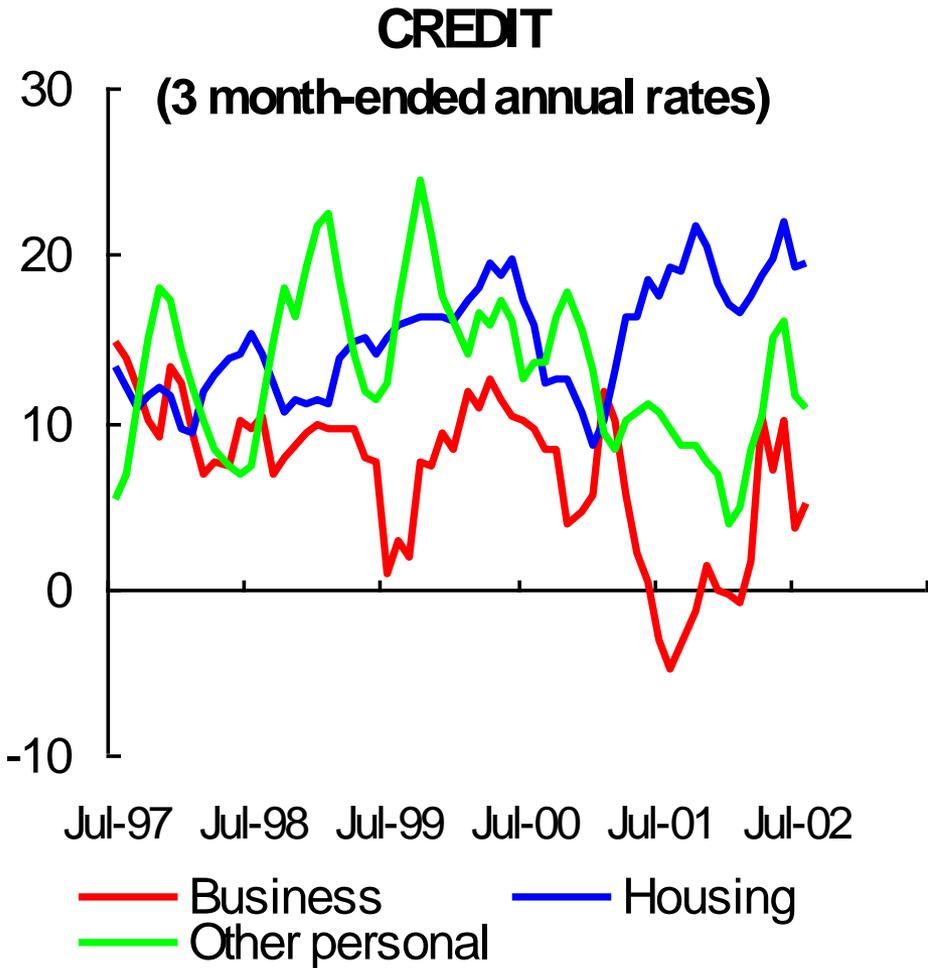
The Australian Economy and recent Equity Market Performance



Australia's Economy has been Resilient

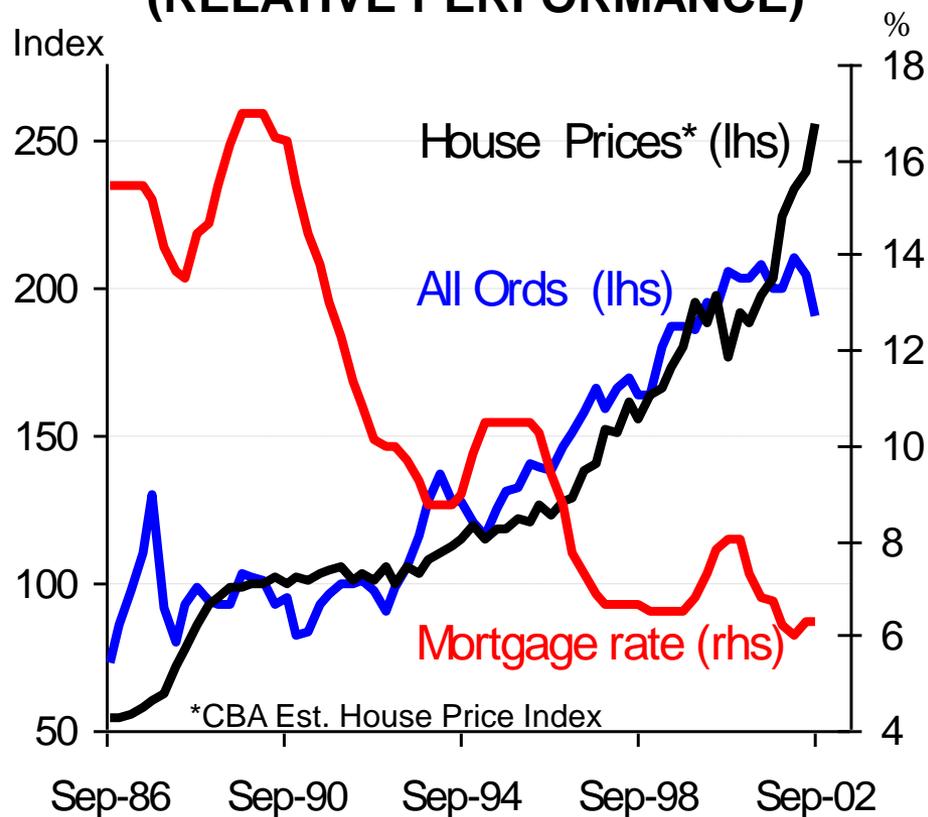


Interest Rates & Credit Growth

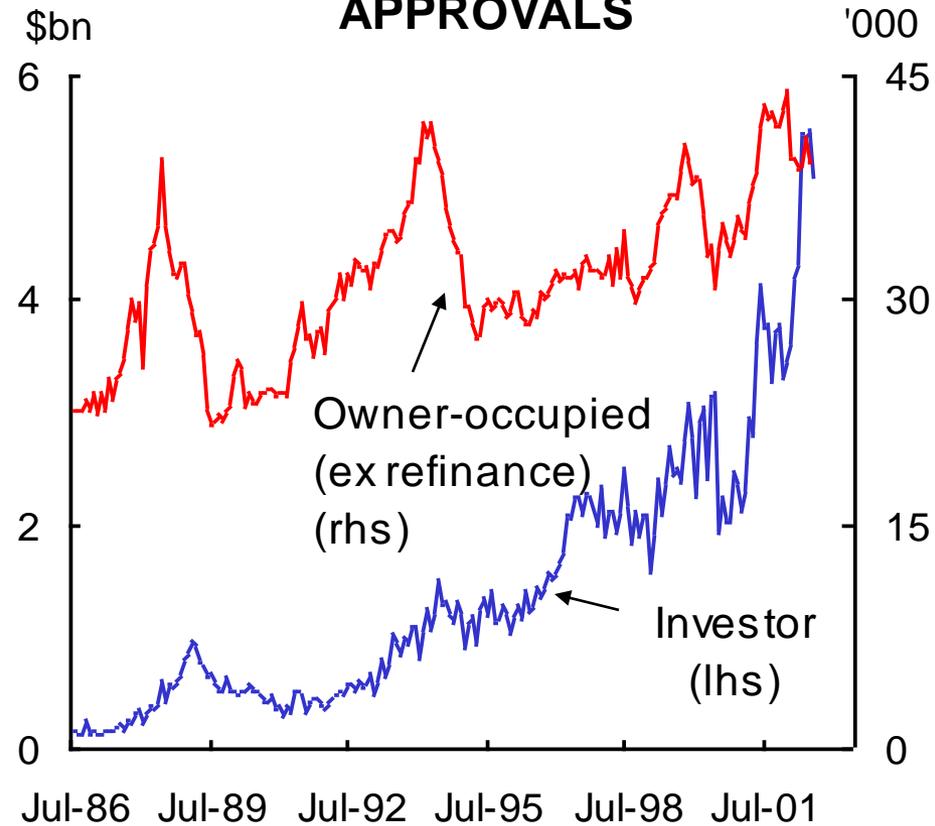


Housing Market

EQUITIES AND HOUSE PRICES (RELATIVE PERFORMANCE)



HOUSING LOAN APPROVALS



Compound Annual Growth Rate:	1986-2002	2000-2002
All Ordinaries Index:	6.2%	-3.5%
House Prices:	10.1%	20.5%



Housing Market

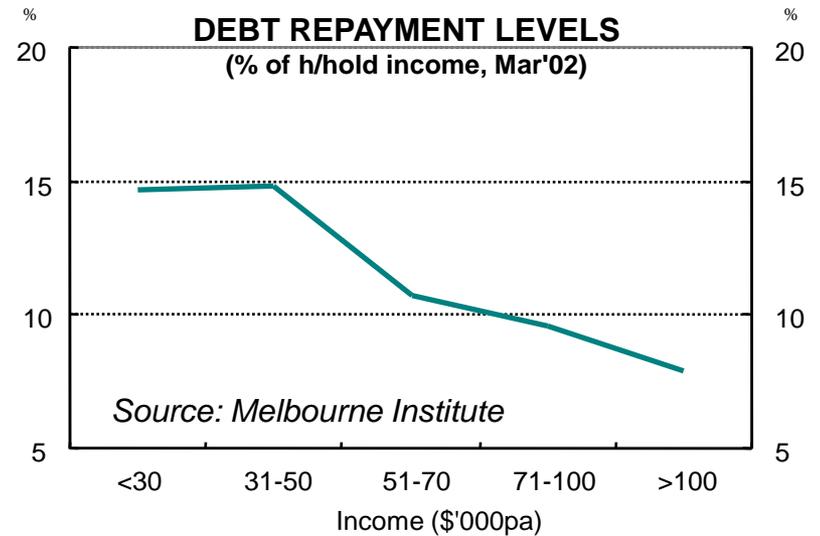
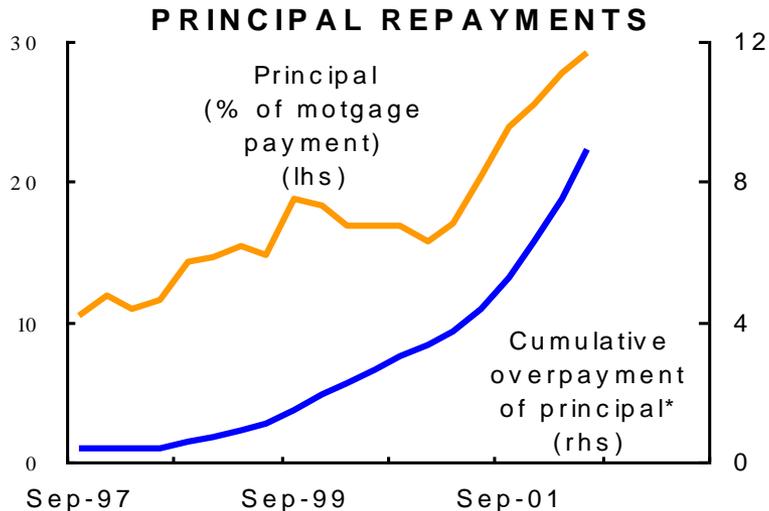
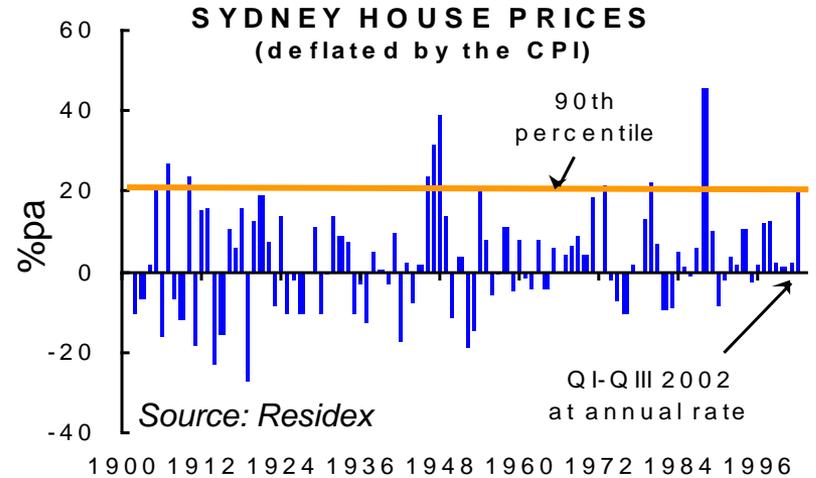
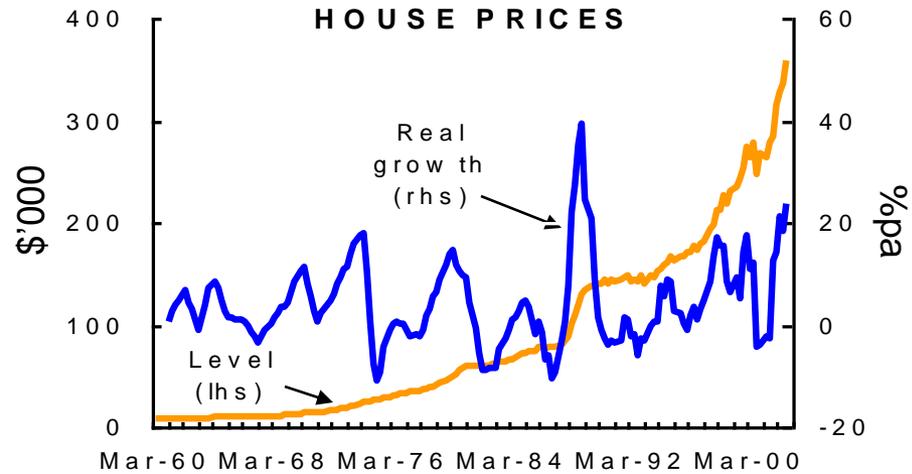


House Price as Multiple of Gross Yearly AWE*

	Sep-02	Sep-99	Change
Sydney	10.6	8.5	25%
Melbourne	6.7	5.3	26%
Brisbane	6.0	4.8	25%
Perth	5.0	4.6	9%
Adelaide	5.0	3.8	32%
Hobart	3.7	3.5	6%
Canberra	5.6	4.5	24%
Darwin	5.6	5.1	10%
Total Australia	7.6	6.2	23%

AWE: average weekly earnings

Housing Market



*assumes principal repayment ratio fixed at 1997/98 level

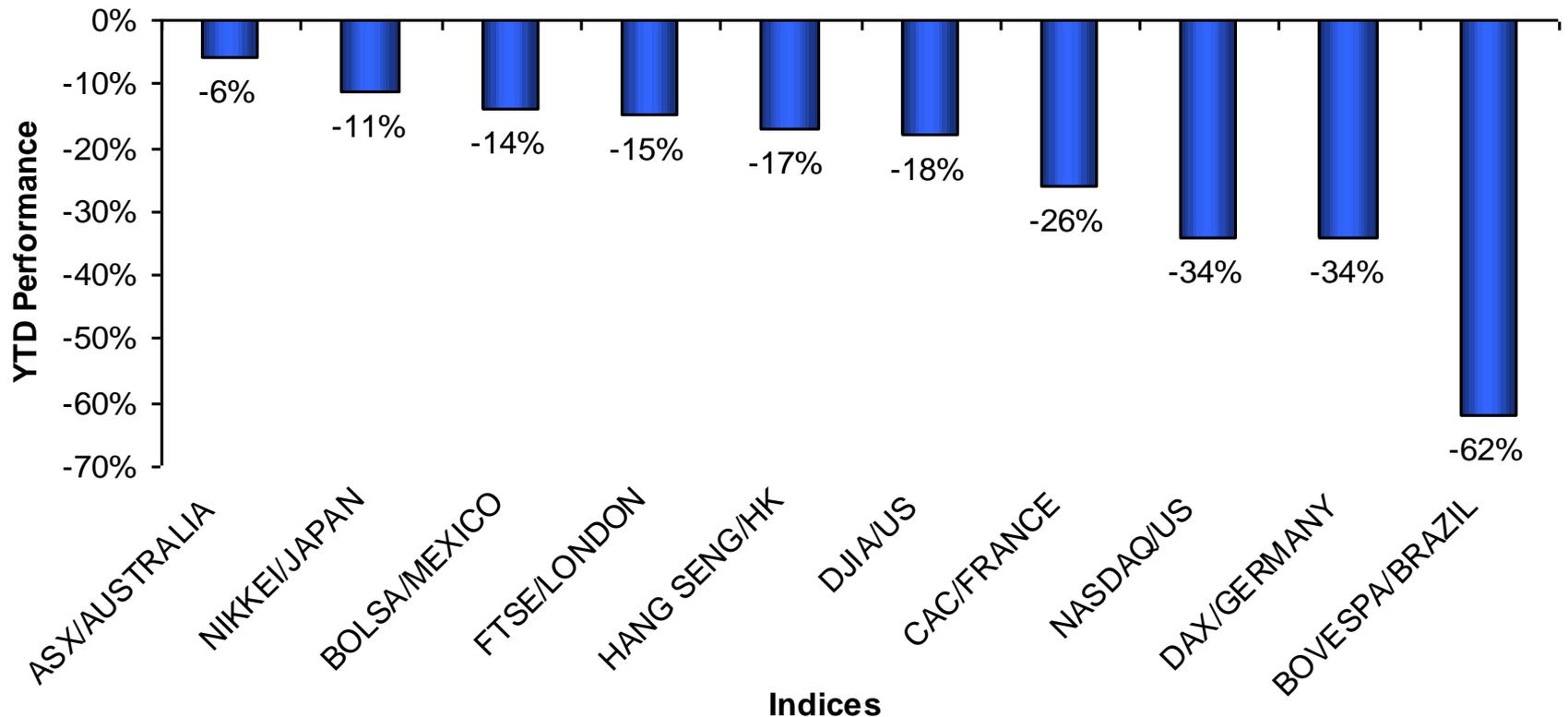
Source: Commonwealth Research, unless otherwise marked



Australian Equity Market Performance

World Equity Market Performance

(US\$ Currency adjusted YTD%)

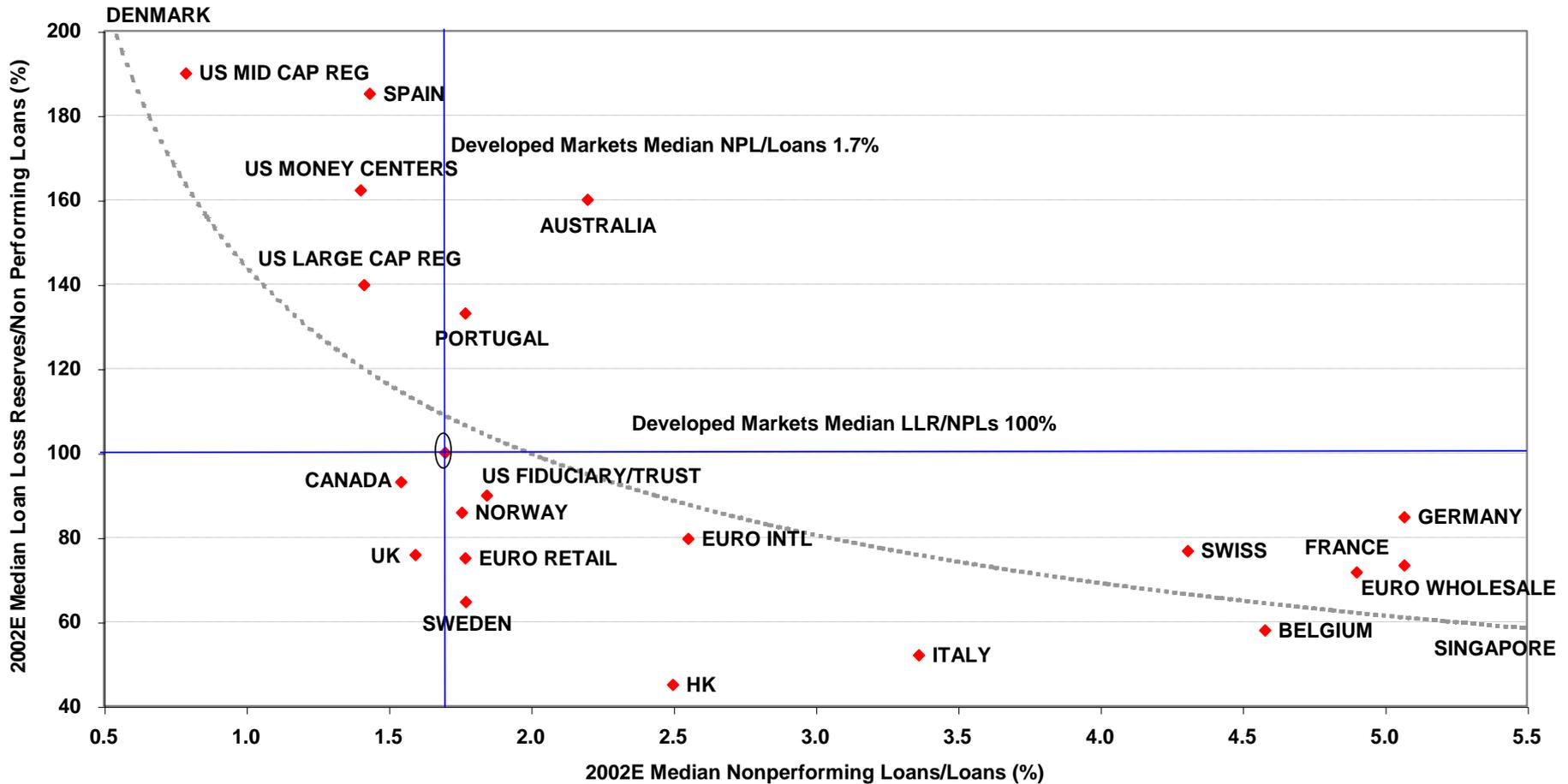


As at close of business 15 October, 2002

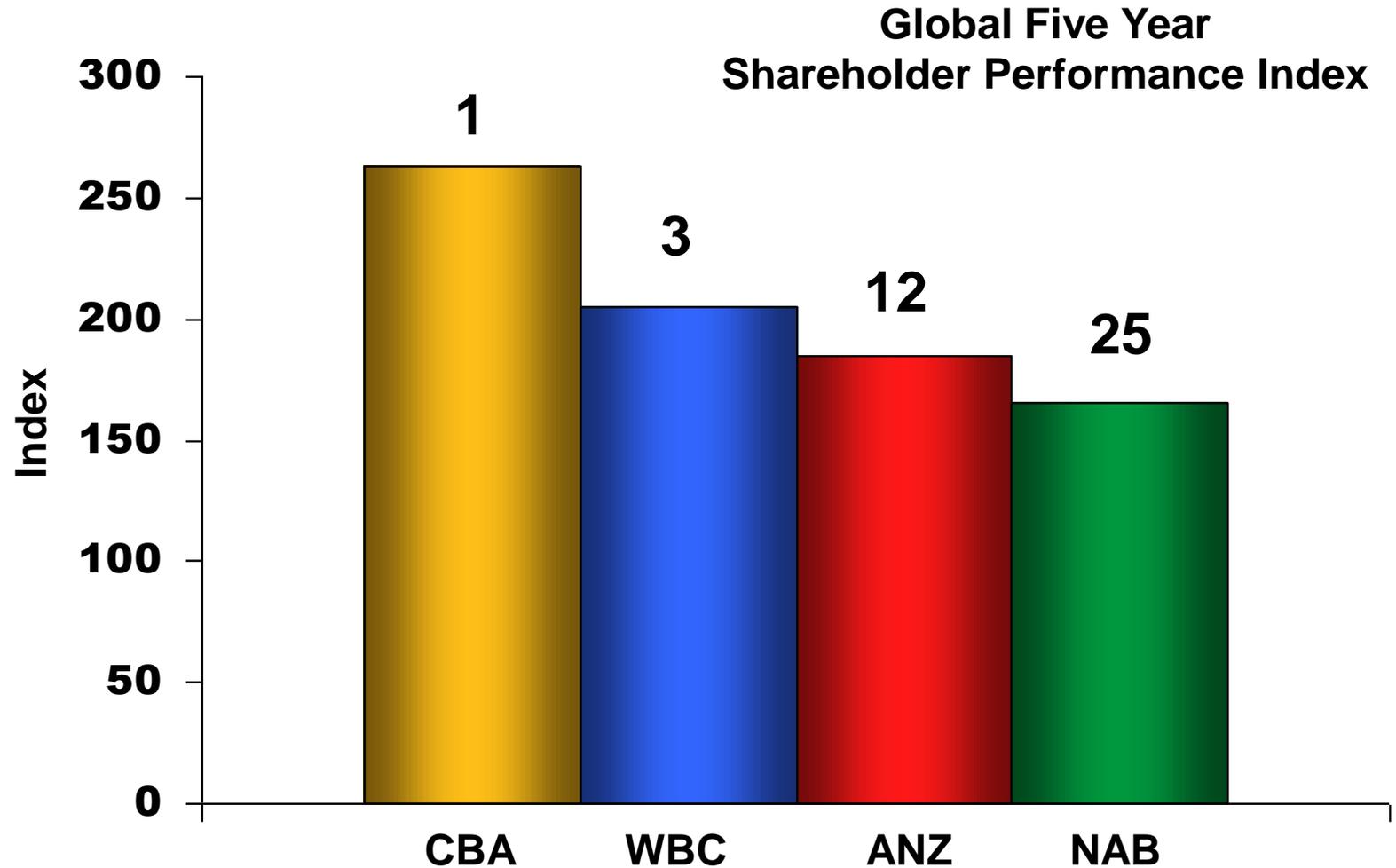


Australian Banks - Credit Quality

Global Asset Quality Map - Selected Regions/Segments (2002E)



Australian Banks - Shareholder Value Performance



Commonwealth Bank:

- Our Track Record
- Our Differentiators and Growth Drivers

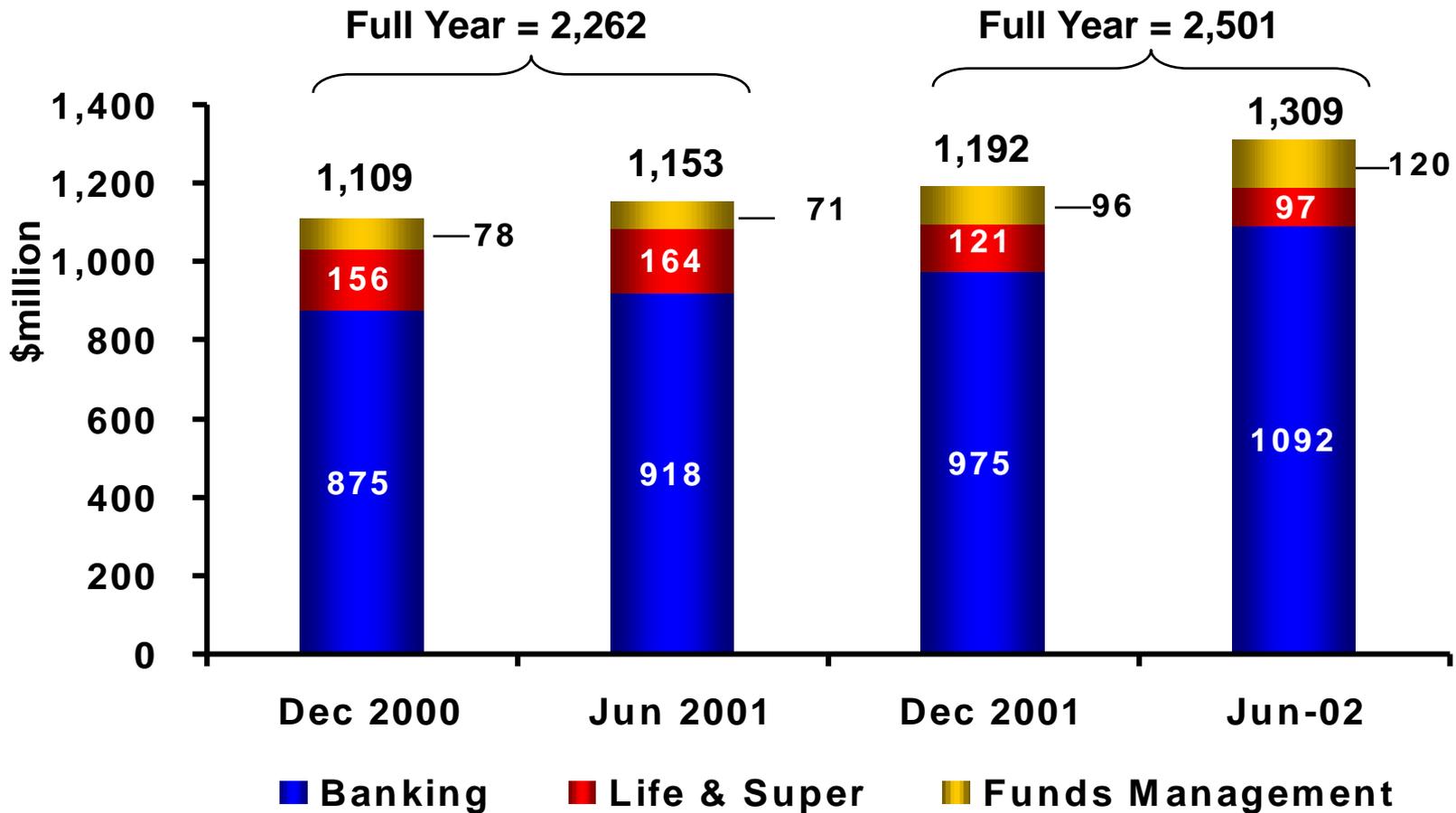


Recent Result Highlights

- Solid Earnings Growth
 - Reported Profit up 10.7% to \$2,655m
 - Cash Profit up 10.6% to \$2,501m
 - Cash EPS up 10.1% to \$1.97
- Costs steady year on year
 - Improved productivity and cost to income ratio
- High dividend payout ratio relative to peers
- Capital position remains strong
- Credit Quality and Provisioning remains strong

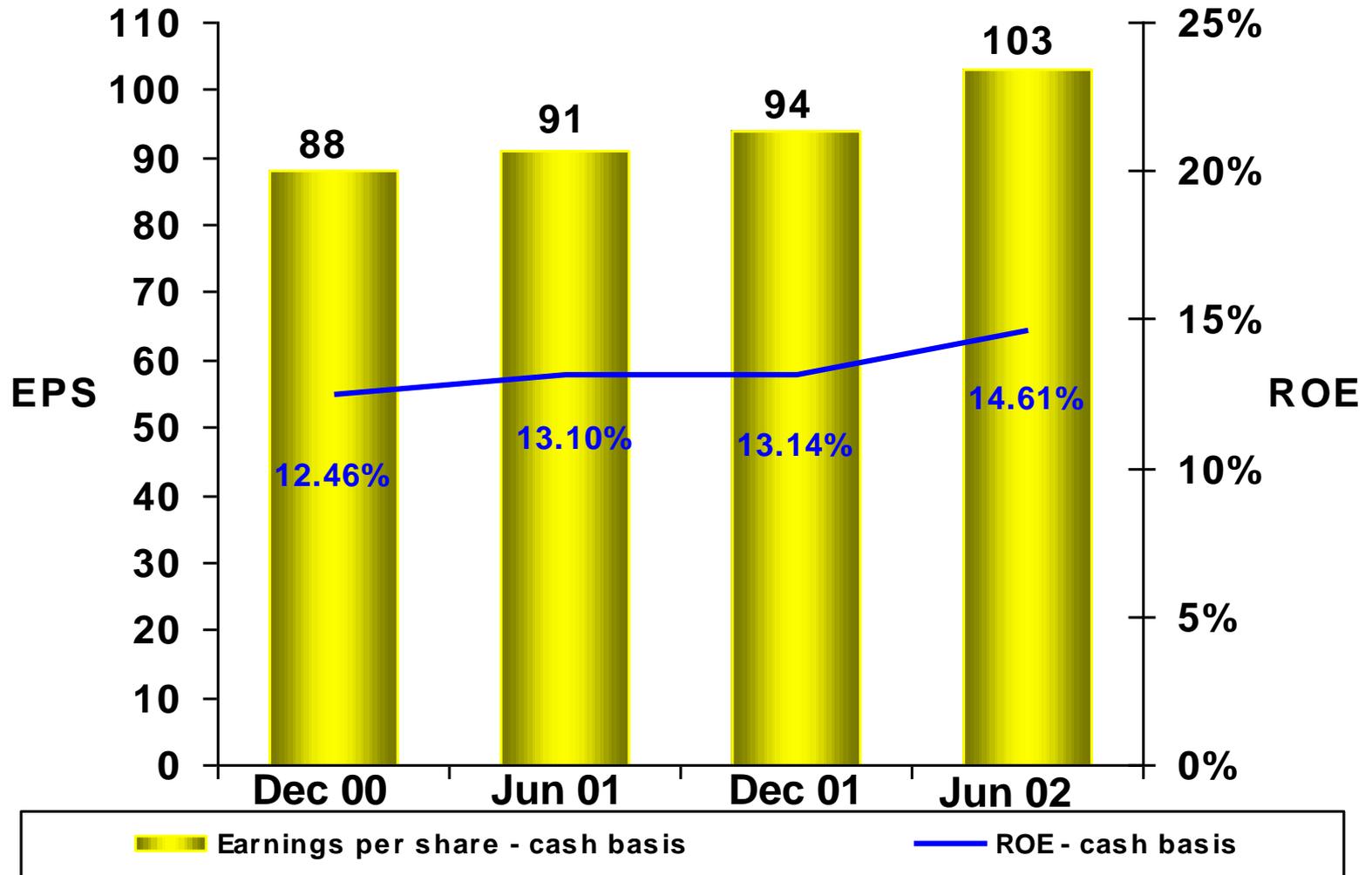


Net Profit*

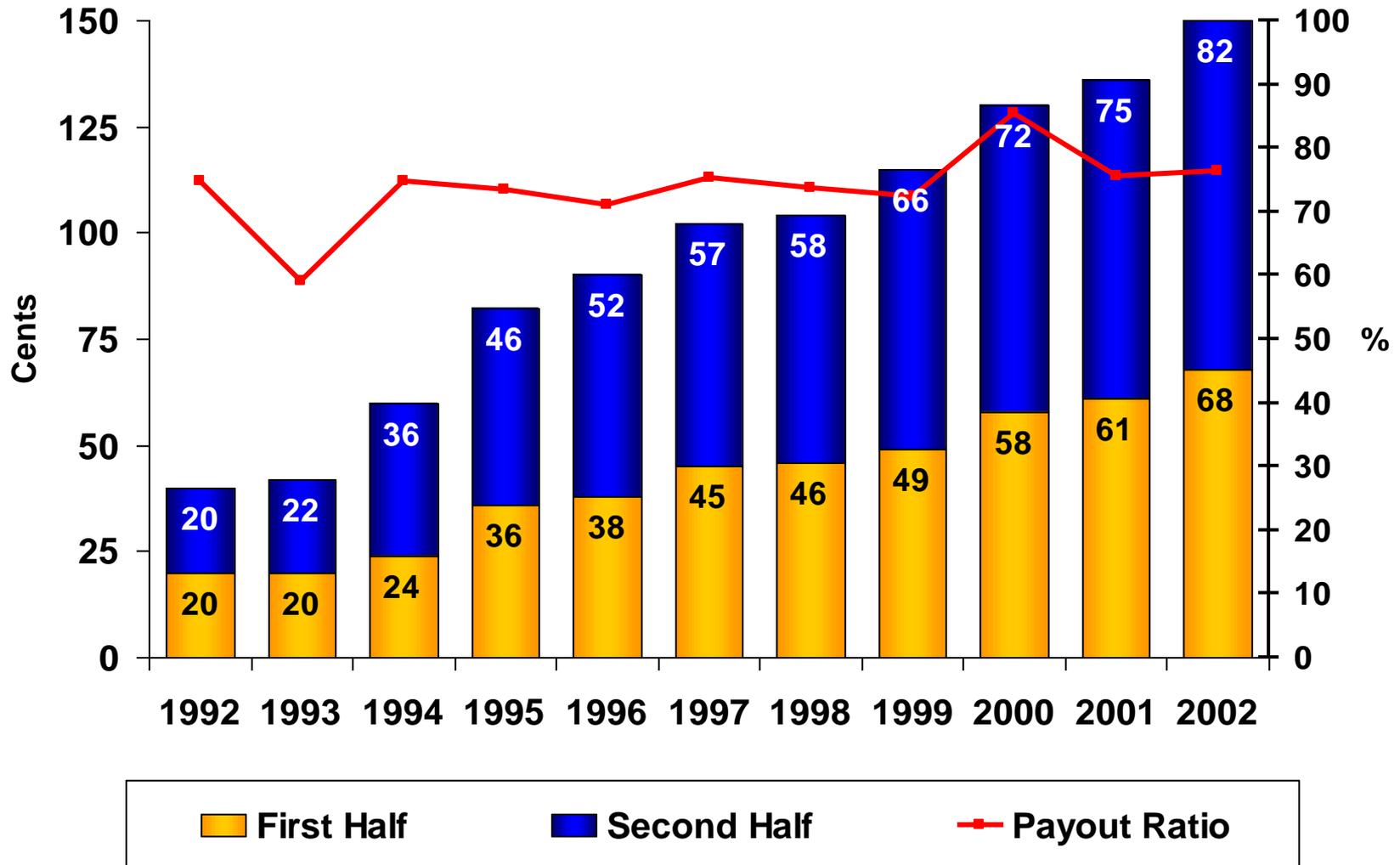


* Net Profit after tax and outside equity interest - cash basis.
Excludes appraisal value uplift and goodwill amortisation.

ROE and EPS



Dividend Growth



Asset Quality Overview

	First Half	Second Half
Charge for Bad & Doubtful Debts (6 months)	\$290m	\$159m
Charge for Bad & Doubtful Debts to RWA (annualised)	0.42%	0.23%
Impaired Assets (net of interest reserved)	\$983m	\$884m
Specific Provisions	\$309m	\$270m
General Provision	\$1,334m	\$1,356m
General Provision to RWA	0.96%	0.96%



Current Operating Outlook 2002-2003

- Core business remains sound
- Equity market volatility has continued in the first quarter of 2003
- Additional costs of governance to be included in first half result:
 - expensing of employee option plans
 - restructuring provisions taken above the line



Commonwealth Bank: Differentiators



Segmentation: Aligned Domestic Structure with Customer Needs

	Retail Banking Services	Premium Financial Services	Investment & Insurance Services	Institutional & Business Services
<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, Institutional Clients	Relationship managers, Business centres
<i>Support</i>	Finance, Risk Management, Human Resources, Strategy, Technology, Legal, Secretariat			



Scale : Strong Market Share Positioning

Australian Market Share

	Jun 2001	Dec 2001	Jun 2002	Rank
Home Loans[^] (Residentially Secured)	20.4%	20.1%	20.1%*	1
Credit Cards	21.4%	21.4%	21.6%	1
Retail Deposits[^]	24.0%	24.1%	24.2%*	1
Retail FUM (Plan for Life)	16.1%	16.1%	15.7%	1
Superannuation/Annuities	16.3%	16.4%	16.4%*	2
Retail Broking	9.0%	8.5%	9.2%	1
Inforce Premiums	14.4%	14.5%	14.4%*	2

* March 2002 data

[^] Due to delays in implementing new APRA reporting methodology, no market share data has been available since March 2002.



Australia's Most Accessible Bank

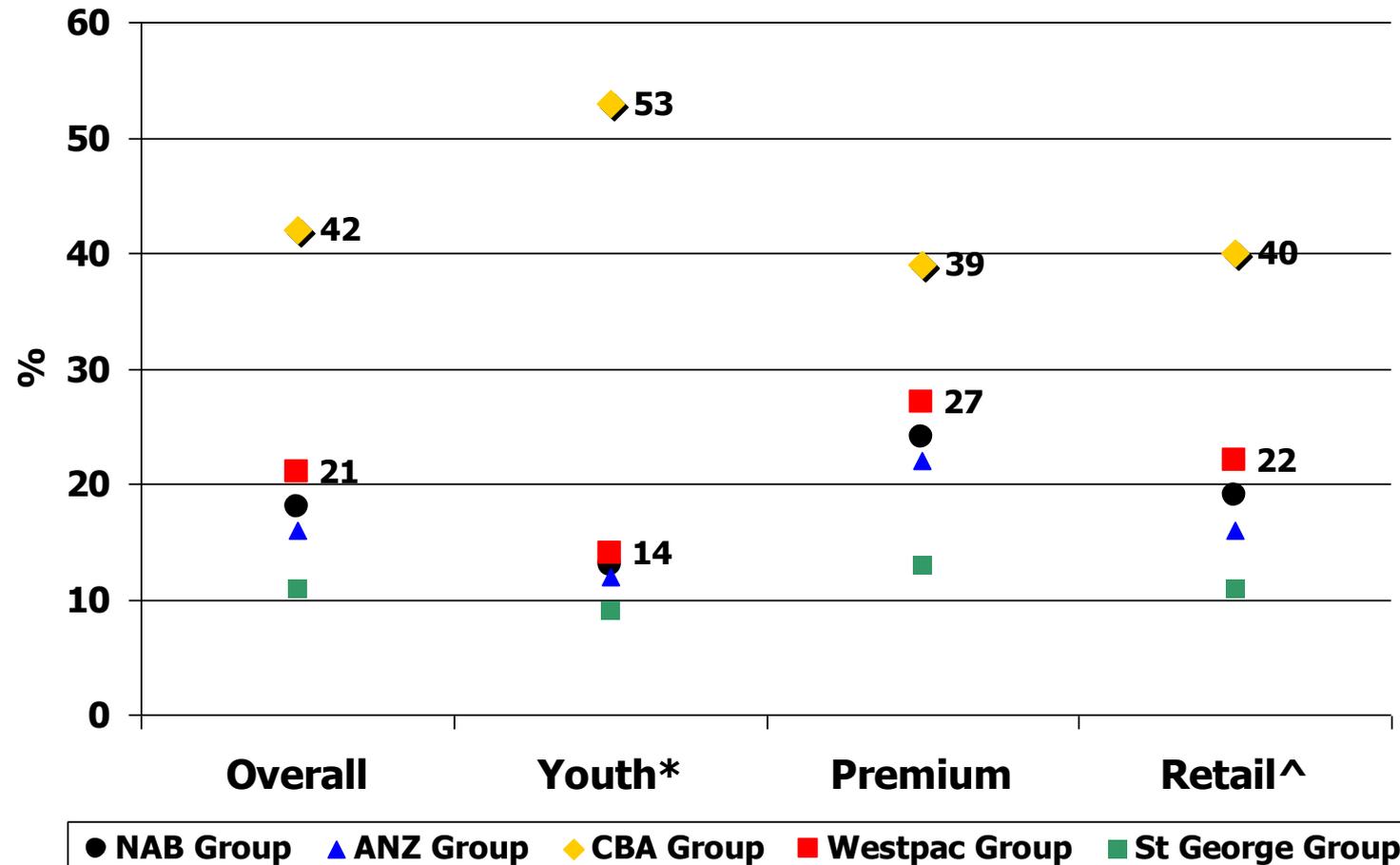


- Over 146m DirectBanking calls
- Almost 2m registered NetBank users
- Around 126,000 EFTPOS terminals
- Over 10,000 third party advisers, brokers and agents
- Around 4,000 ATMs
- Nearly 4,000 postal and private agencies
- Over 1,000 branches
- Over 700 EzyBanking store locations
- Around 700 personal lenders
- Over 700 financial planners
- Around 200 mobile bankers
- Over 70 business banking centres
- 13 premium banking centres



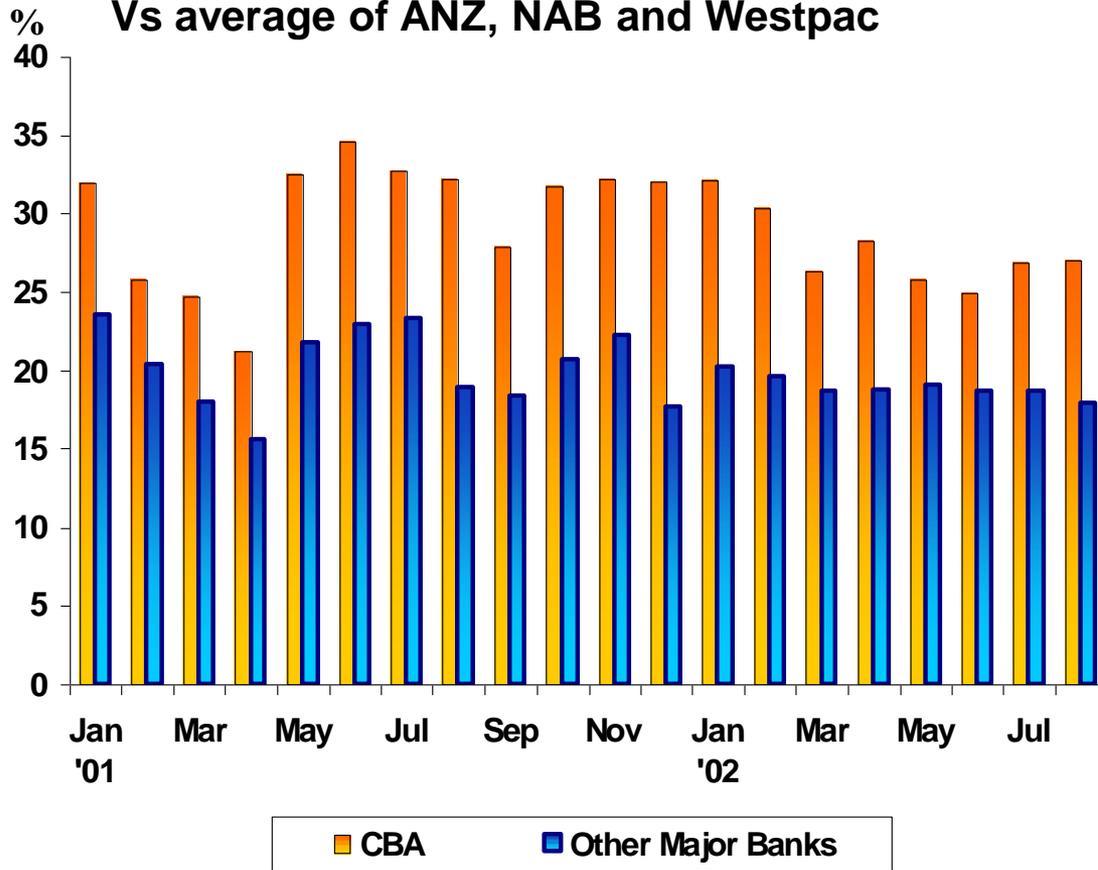
Brand: We Have More Relationships Than Any Other Financial Institution

Popularity of Australian Financial Institutions....



Brand: We Achieve Consistently High Ratings from Retail Customers

Average across all brand attributes for CBA
Vs average of ANZ, NAB and Westpac



- In touch with its customers
- Is leading the way
- Is doing new and different things
- Has knowledgeable and competent staff
- Has friendly and reliable staff



Strong Corporate Governance Policies

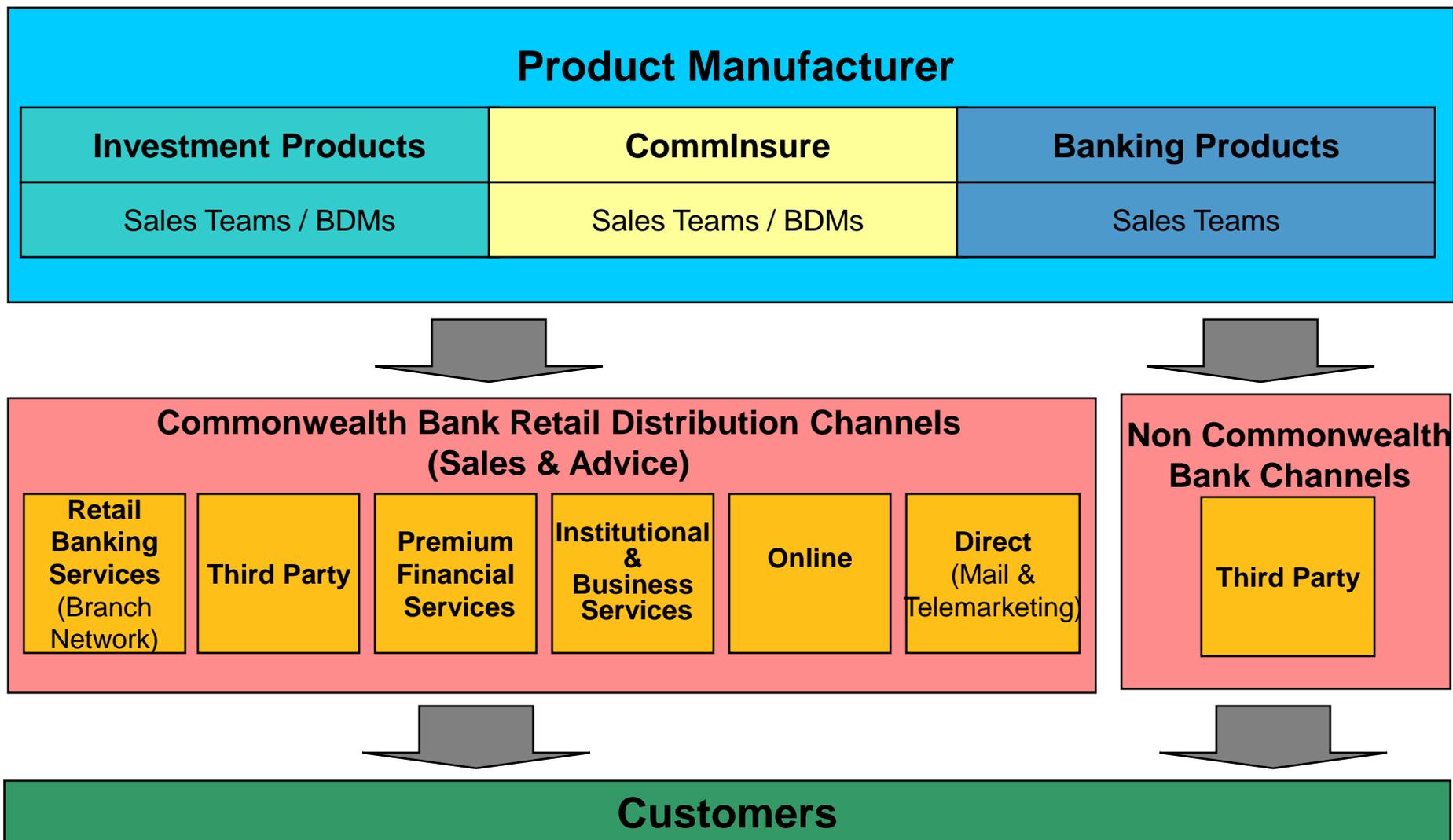
- CEO is the only Executive Director
- Roles of CEO and Chairman separate
- Limits on Board members' terms of office
- Nominations Committee establish criteria for Board appointment
- Board induction, continuing education and succession planning
- Annual assessment of performance
- Audit Committee independence
- Limits placed on share trading
- Options eliminated from executive remuneration
- Closure of Directors' retirement scheme
- Policy that covers non-audit work conducted by External Auditor
- Rotation of External Audit Partner



Commonwealth Bank: Growth Drivers

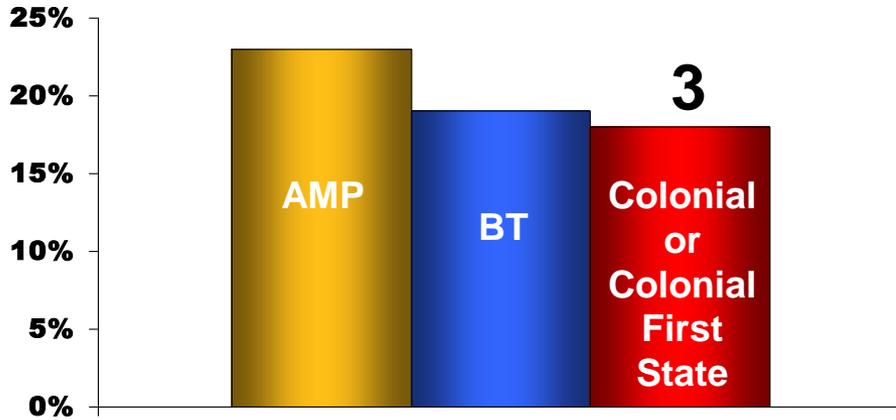


Established in All Components of the Wealth Management Value Chain

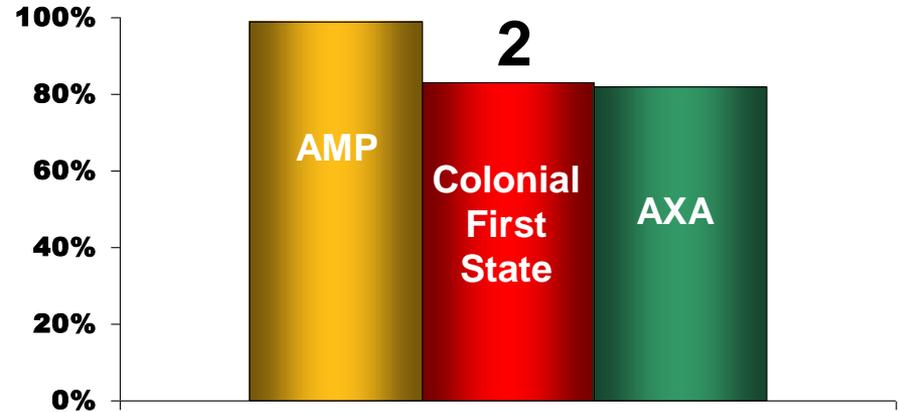


Brand - Colonial First State

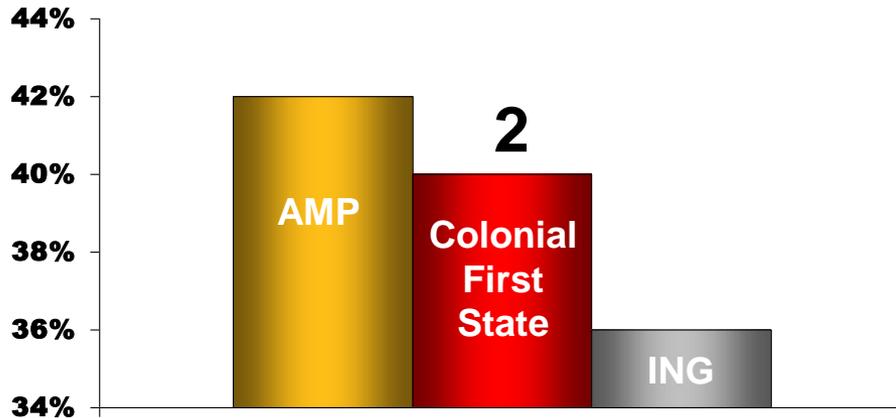
Consumer Brand Awareness - Unaided



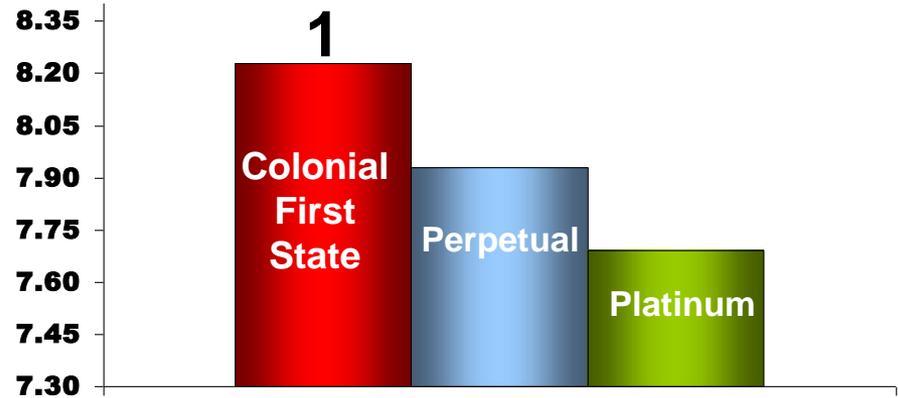
Consumer Brand Awareness - Total



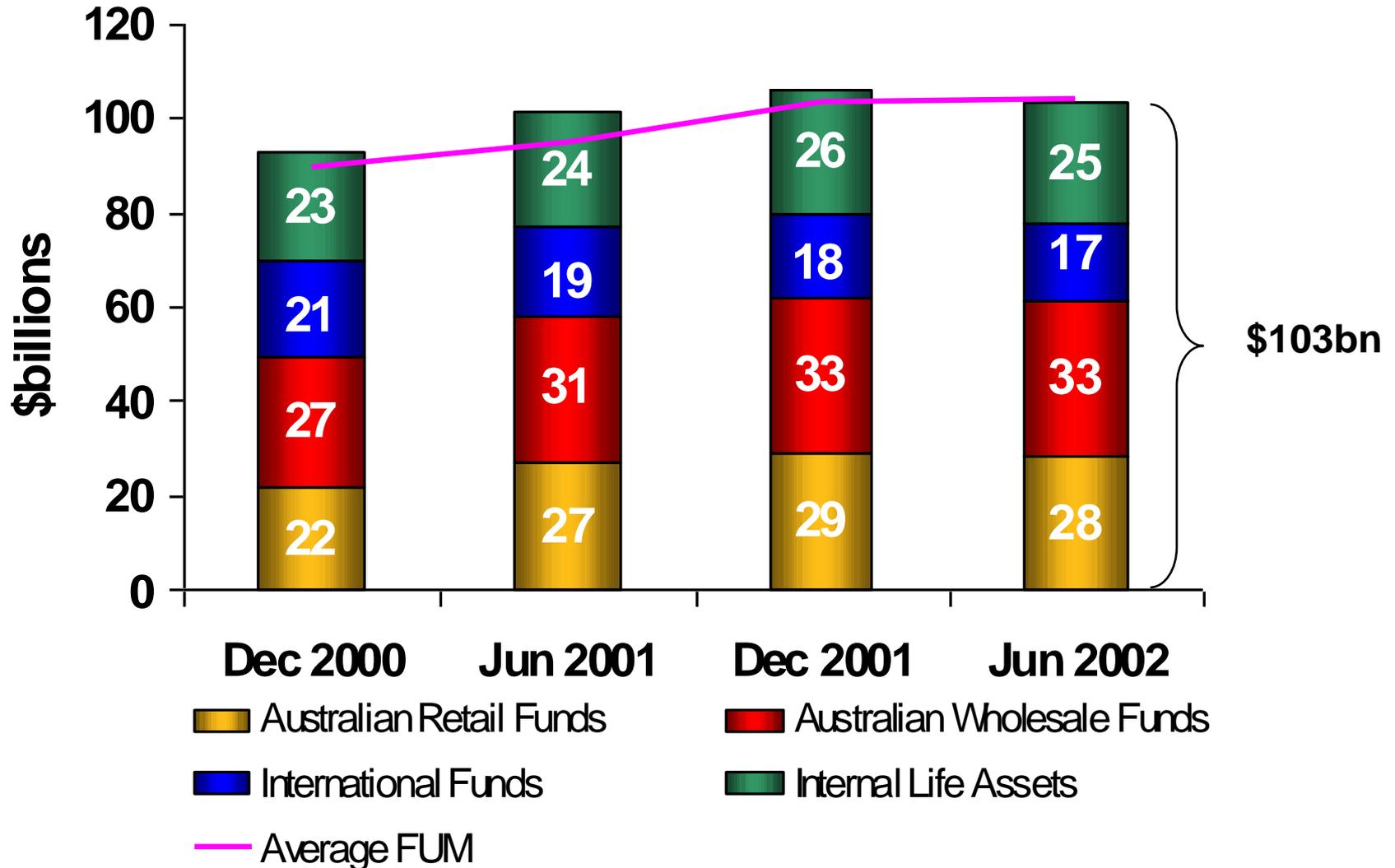
Consumer Purchase Intention



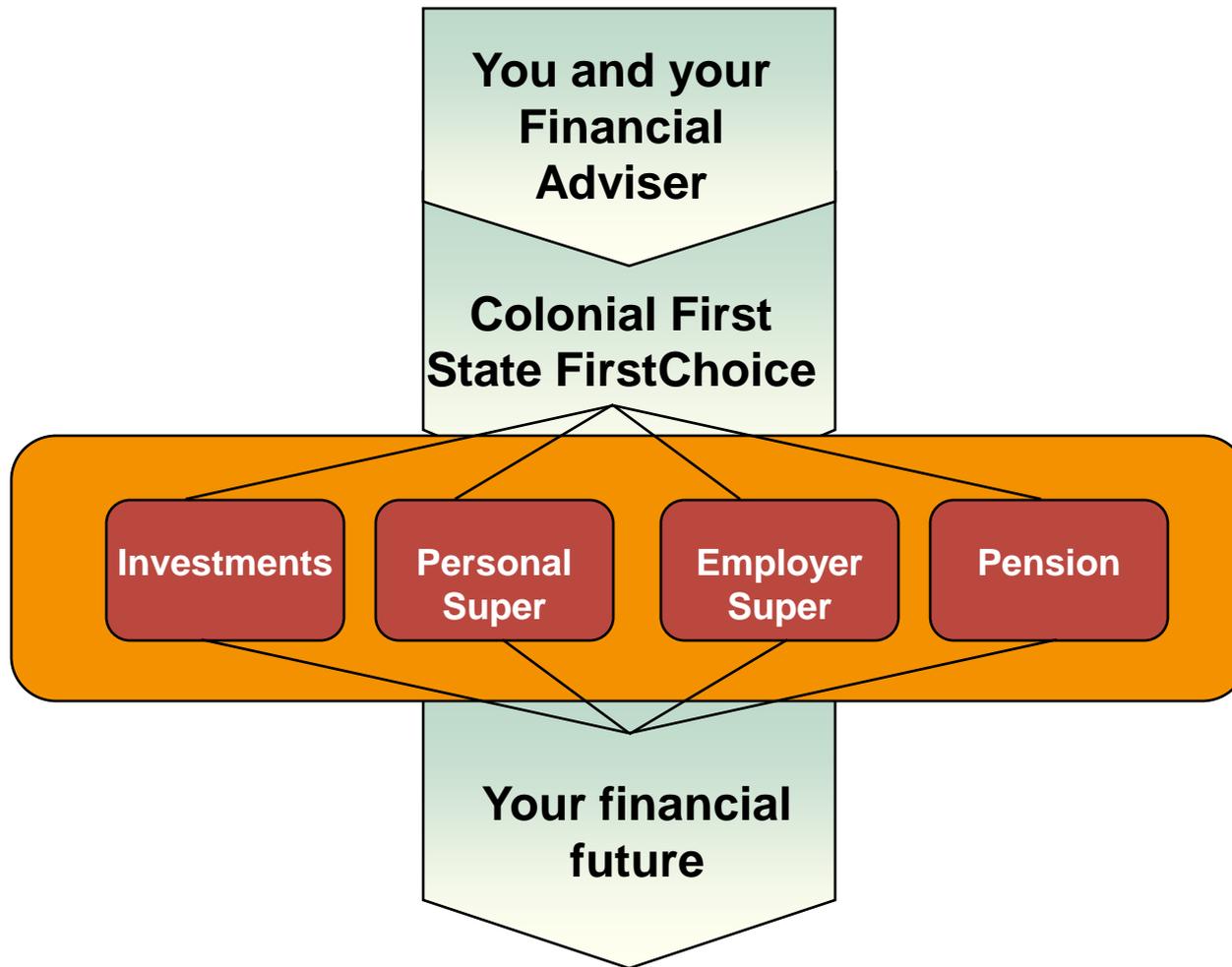
Adviser Brand Awareness - Overall Opinion of Organisation



Funds Under Management



Innovation through FirstChoice Masterfund Product



✓ Structure

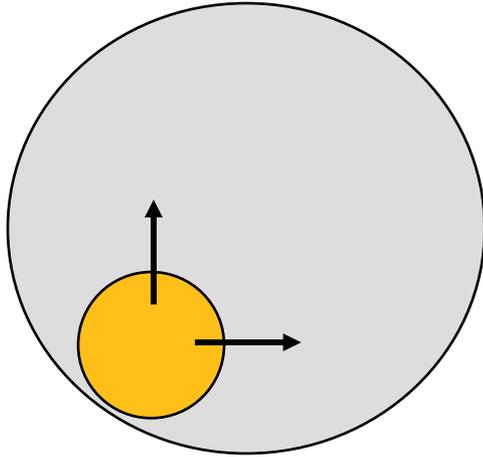
✓ Service

✓ Value

✓ Simplicity

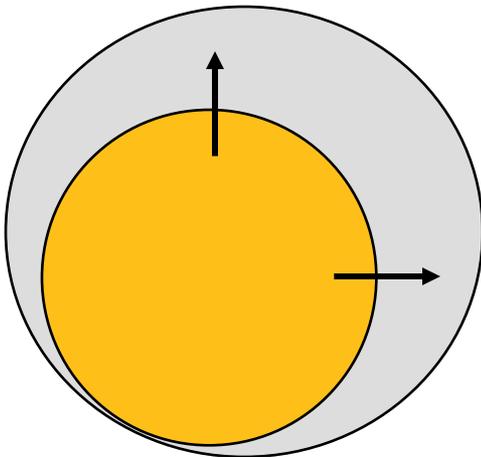
Premium and Business Opportunity

Premium Customers



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

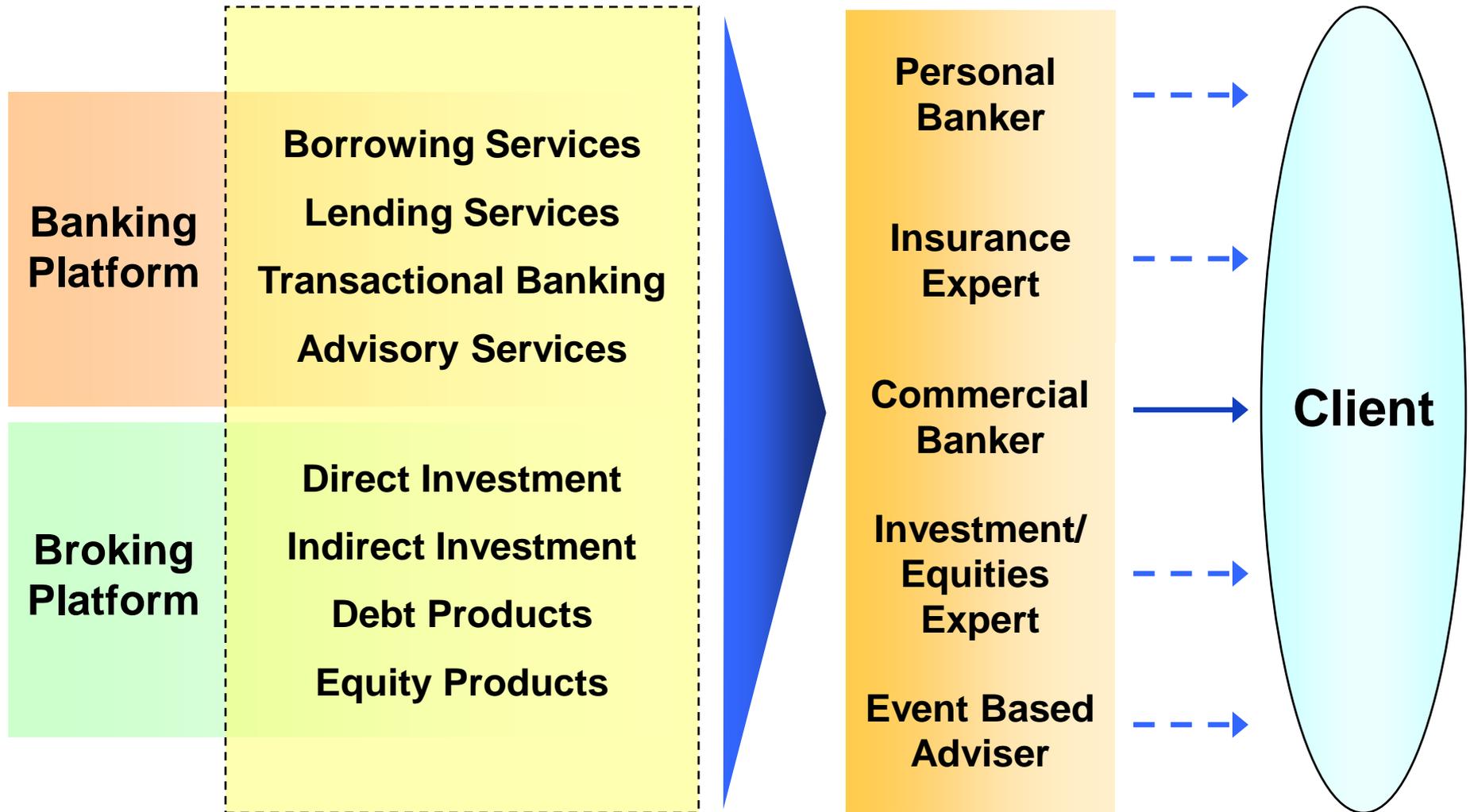
Business (Middle Market)



- Current market share
- Natural market share

Source : Commonwealth Bank illustration

Premium: A Differentiated Business Model

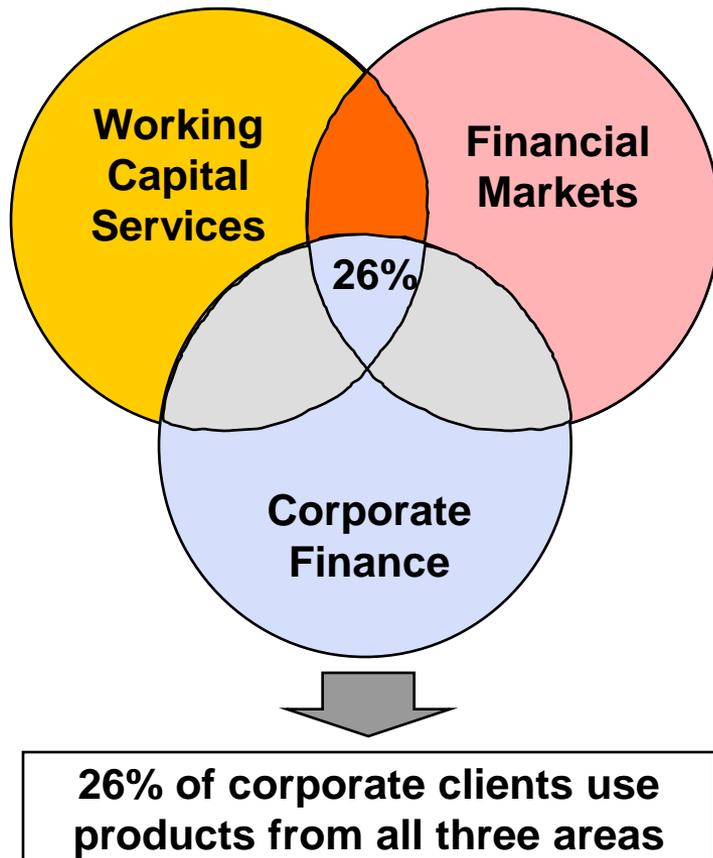


—> Primary Relationship Manager
- - -> Secondary Relationship Manager & specialised advice

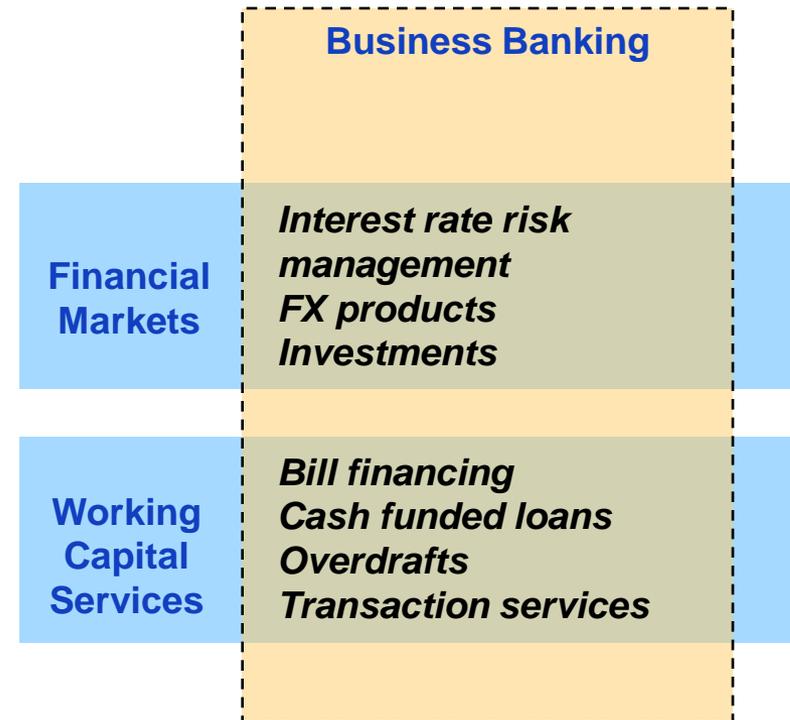


Business: Increasing Cross-sell

Corporate Segment Example



Bundled Products Example



Productivity: Focus on Efficiency

Five productivity initiatives...

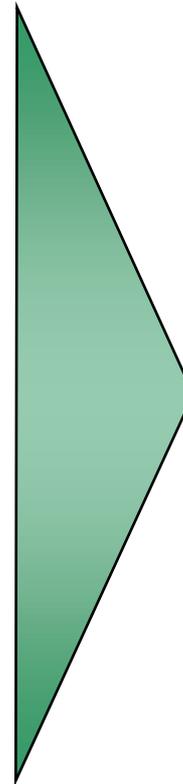
Remove all remaining back-office functions from branches

Streamline home loan processes

Streamline Business Banking processes

Rationalise investment products & systems

Organisational design



...to achieve:

- A better service experience for customers, through greatly improved turnaround times
- Elimination of duplication and inefficiencies
- Annual benefits from FY 2004, following an incremental net cost of ~\$120m in FY2003



How is Commonwealth Bank Positioned Against the Current Outlook?

- Credit Quality
- Capital Position
- Investment Market Volatility
- Productivity Focus



Commonwealth Bank Group: Low Credit Risk Profile

■ Housing Loans

- 53% of total loan book*
- Loan loss rate of < 3bps in 17 of last 20 years
- 55% average loan to valuation ratio
- Extensive stress testing of loan portfolio undertaken

■ Asset Quality

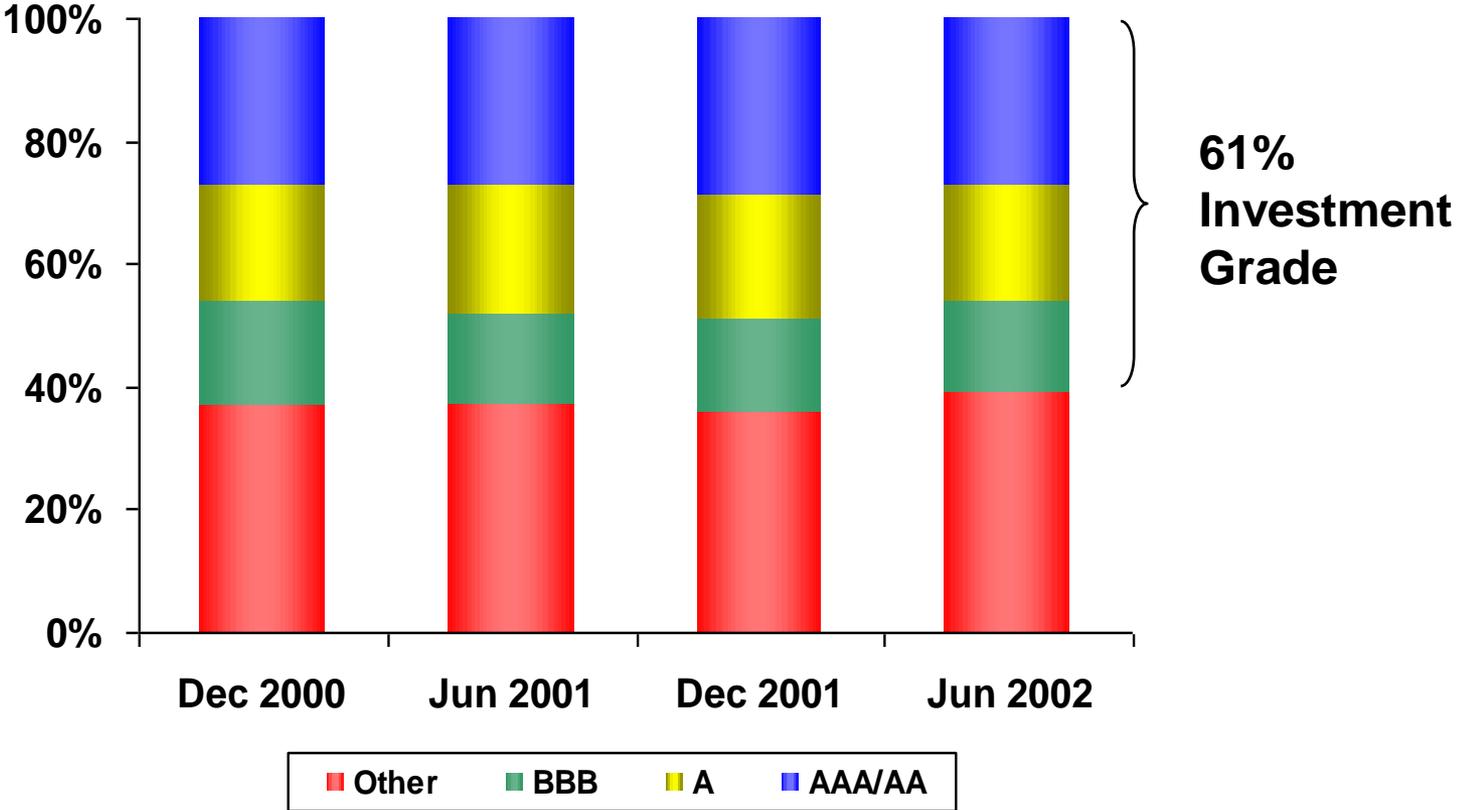
- Impaired assets to risk weighted assets of less than 1% in line with domestic peers
- Relatively low bad debt expense
- Well provisioned

* *Excluding securitisation (or 57% including securitisation)*



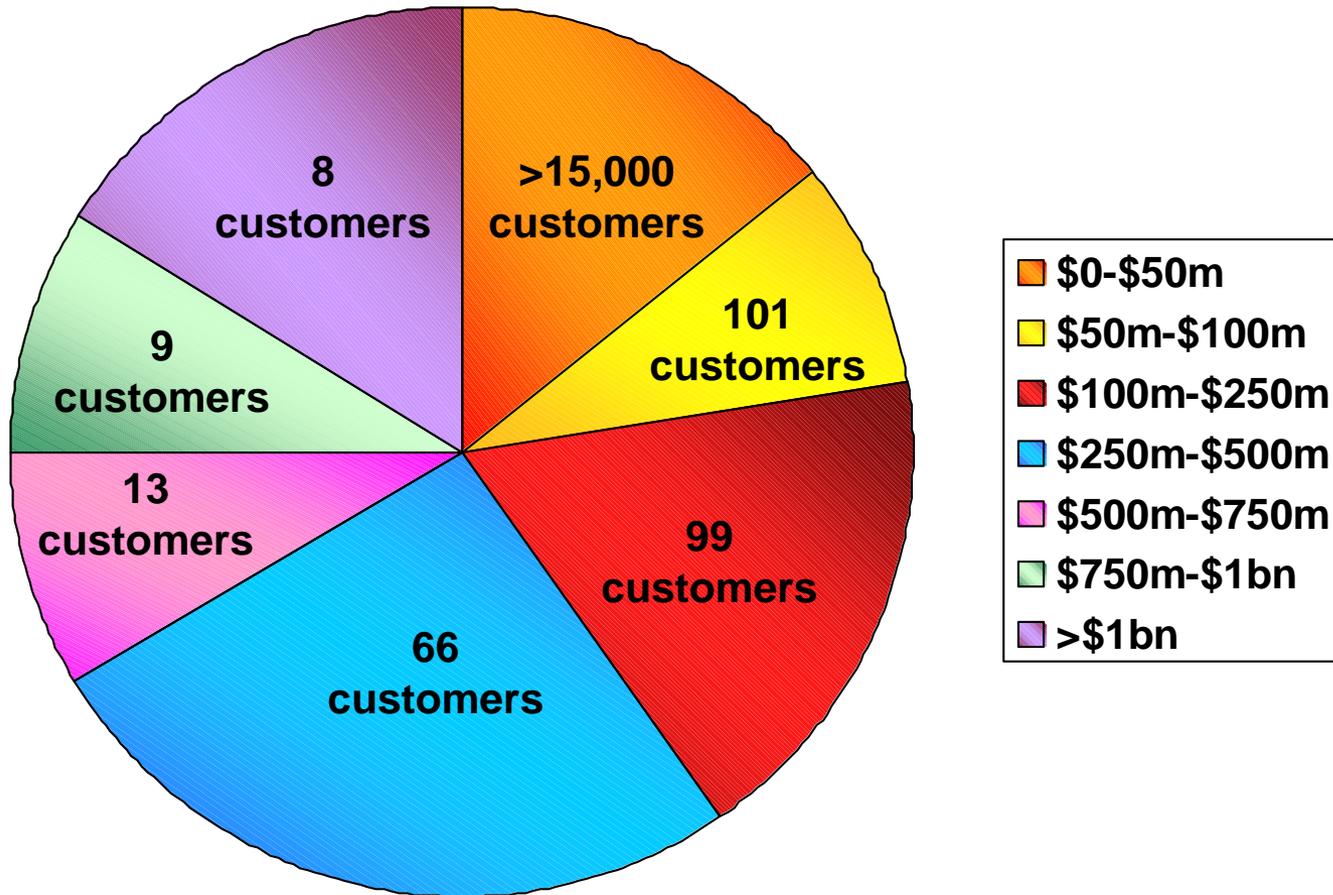
Credit Risk

Total Individually Rated* Exposures

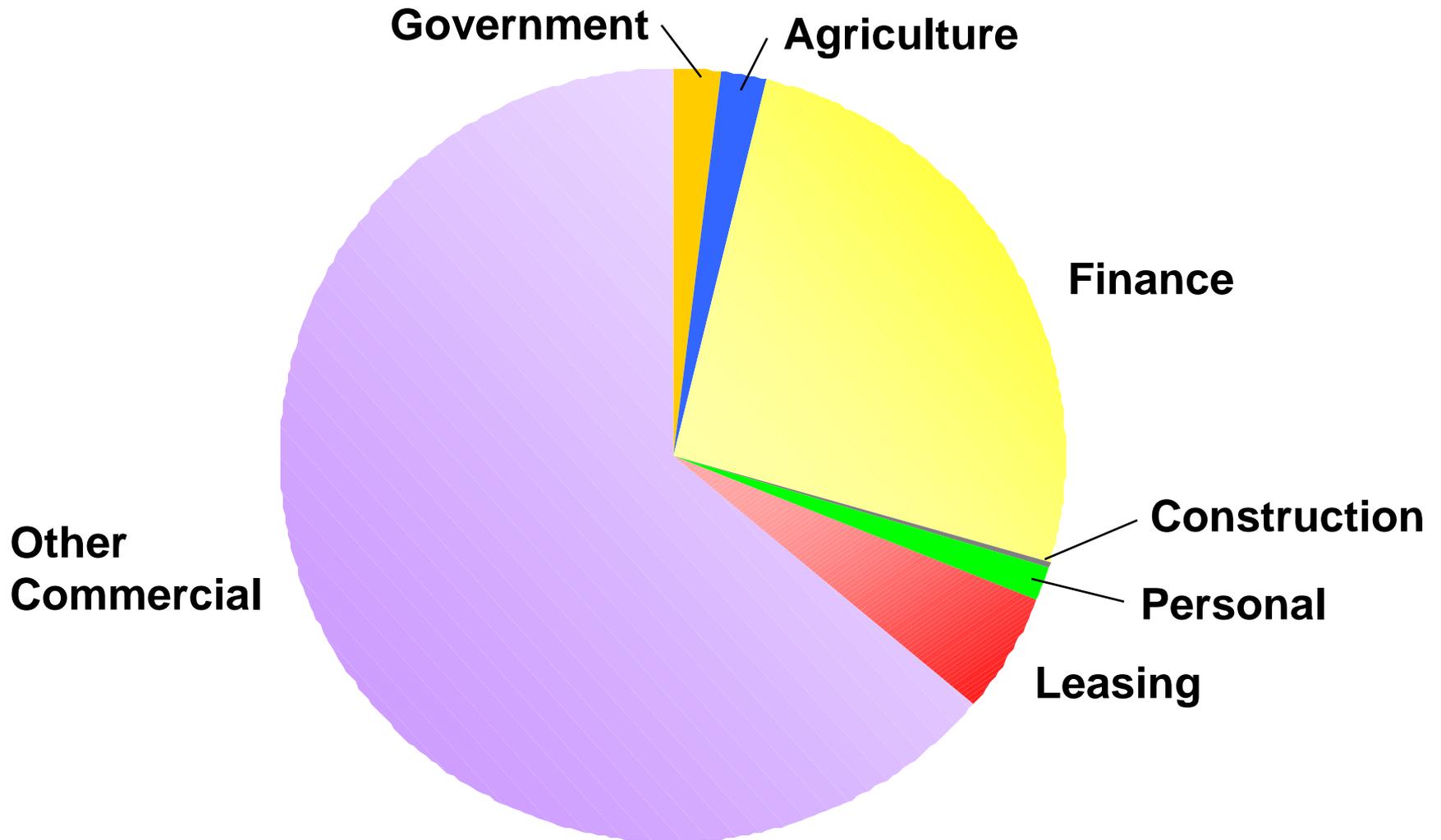


* Corporate and business lending

Investment Grade Exposures by Size



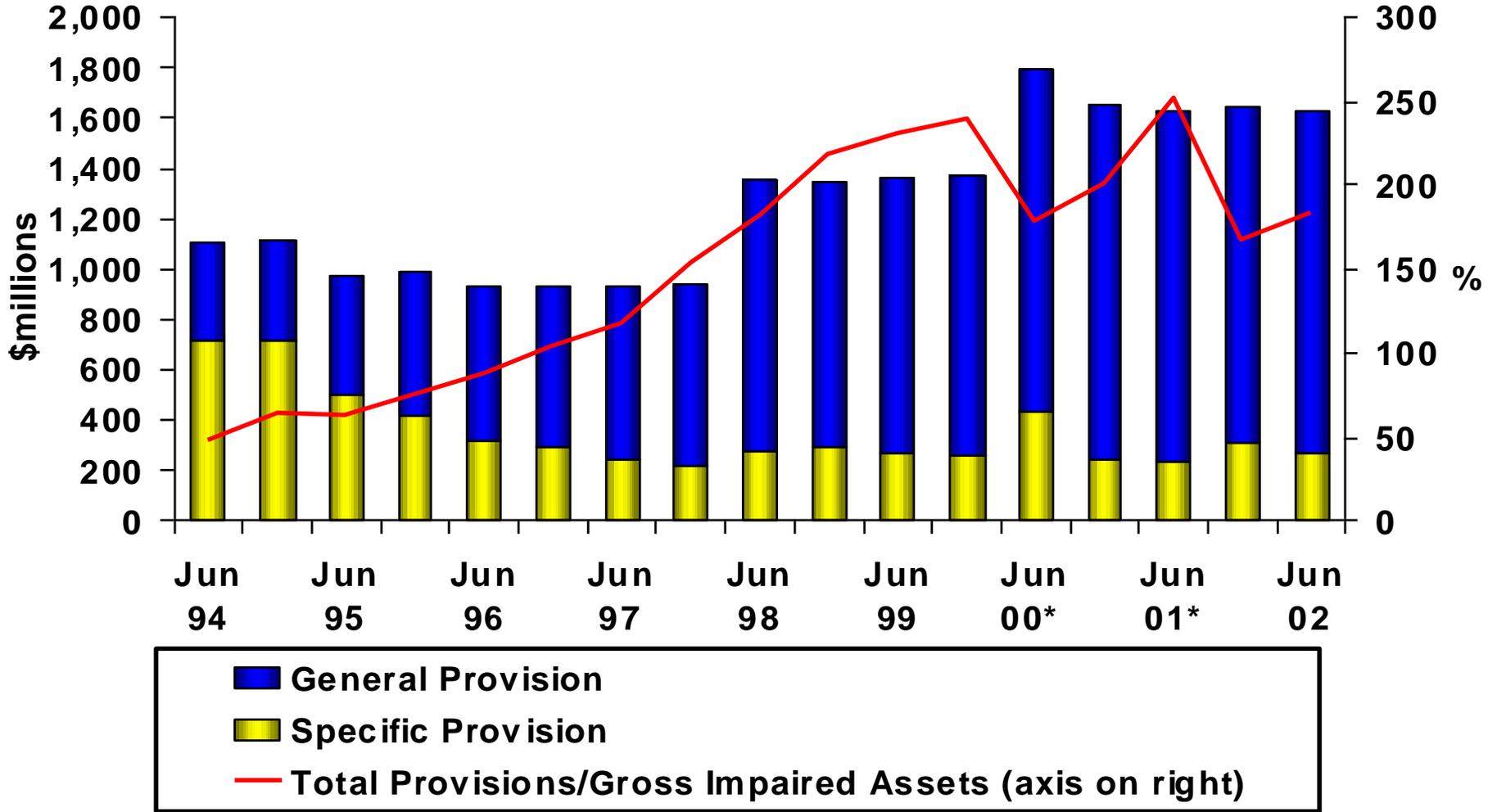
Offshore* Loans & Advances by Industry



* Excludes New Zealand (ASB)



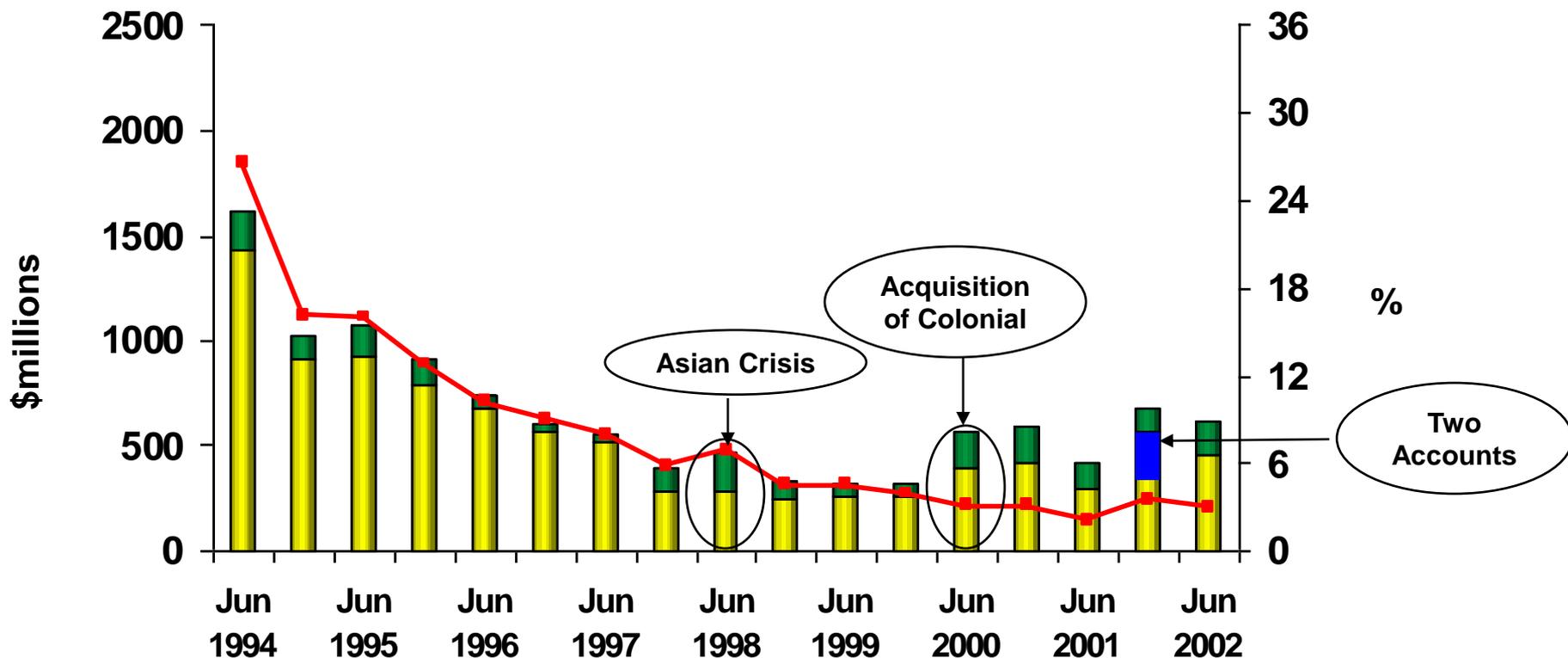
Aggregate Provisions



* Includes Colonial



Net Impaired Assets



■ Commonwealth Bank Group (Other Countries)*

■ Commonwealth Bank Group (Australia)*

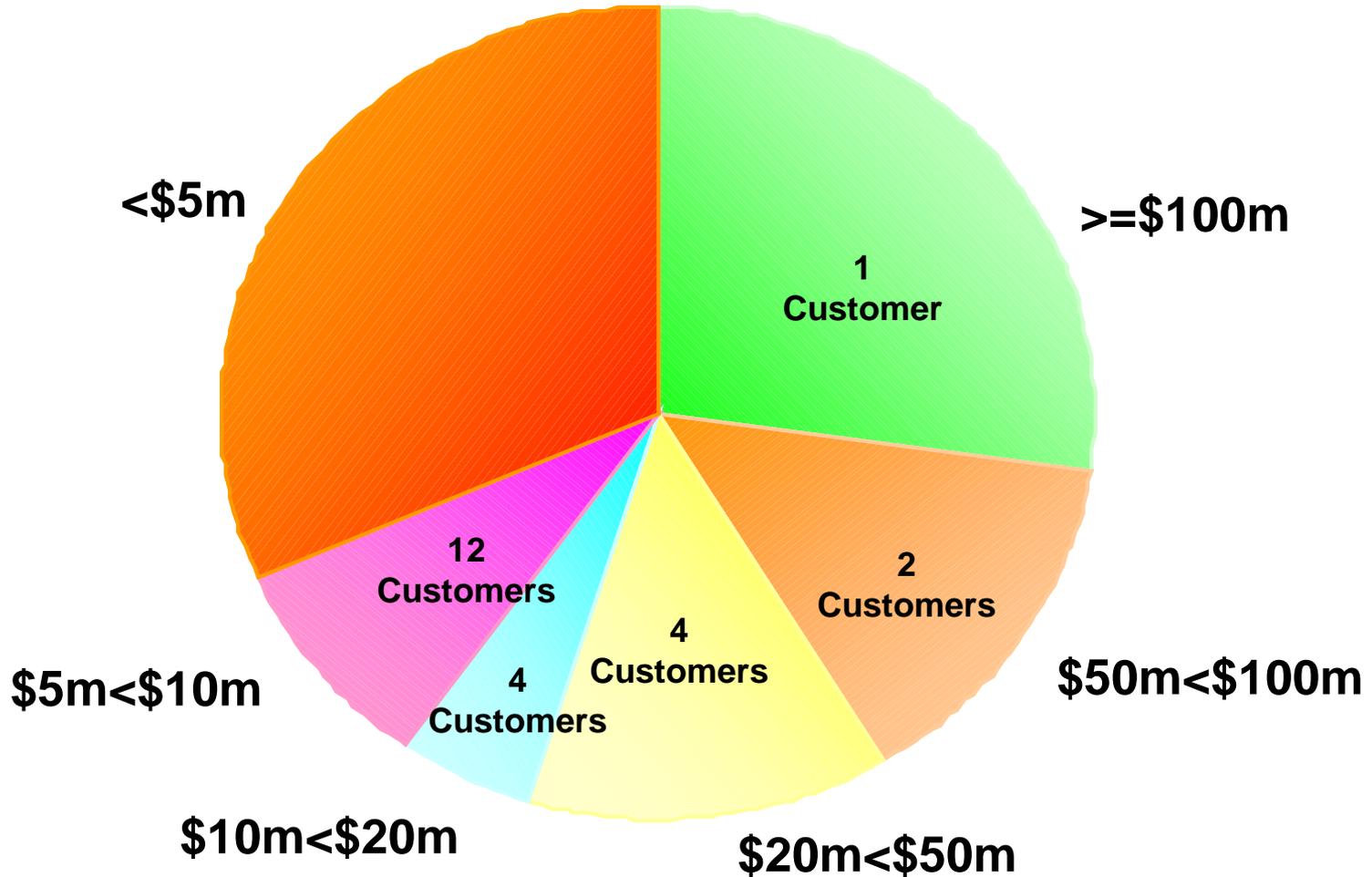
—■ Net Impaired assets as % of Total Shareholder Equity* (axis on right)

* Excluding Colonial prior to 30 June 2000



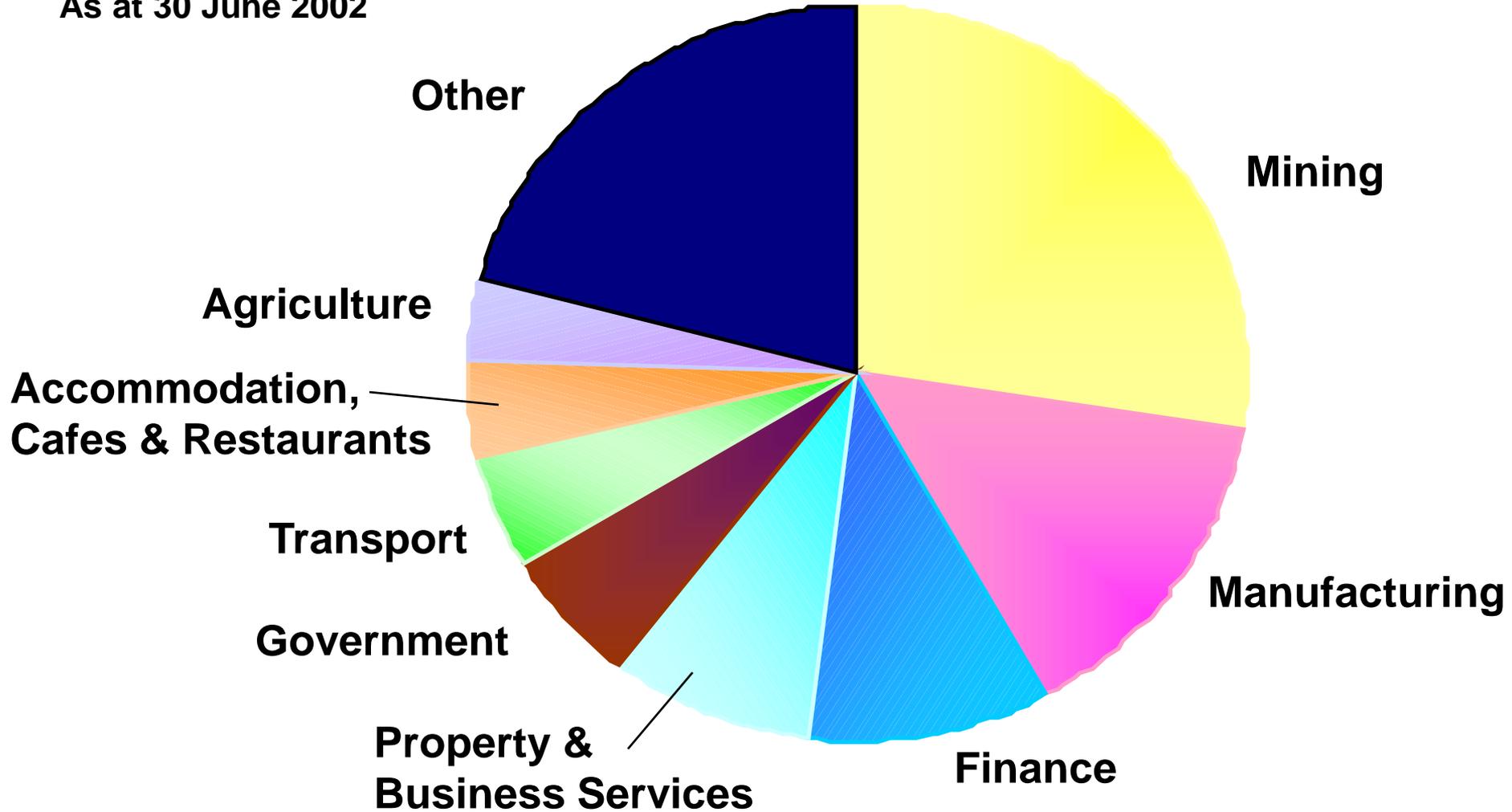
Non-Accrual Loans by Size

As at 30 June 2002



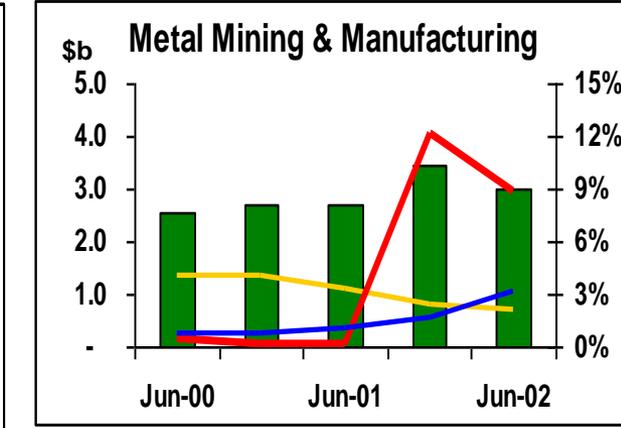
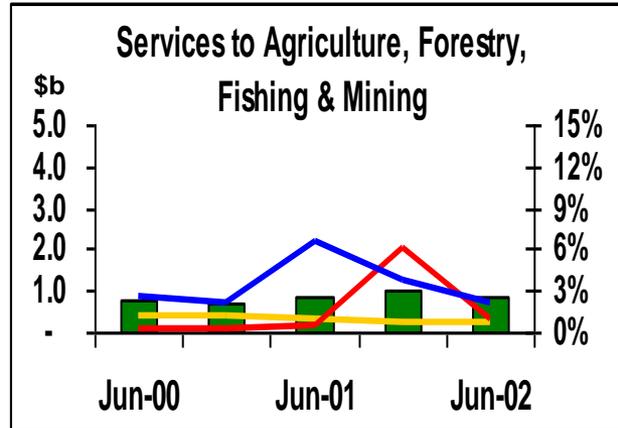
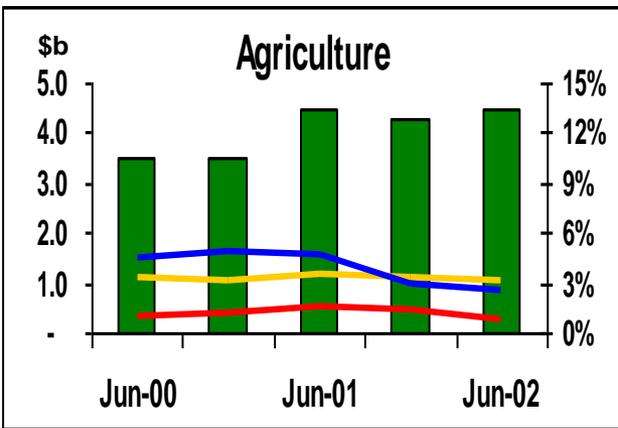
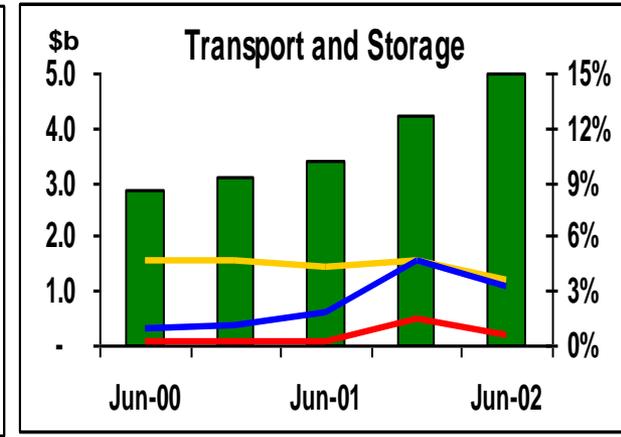
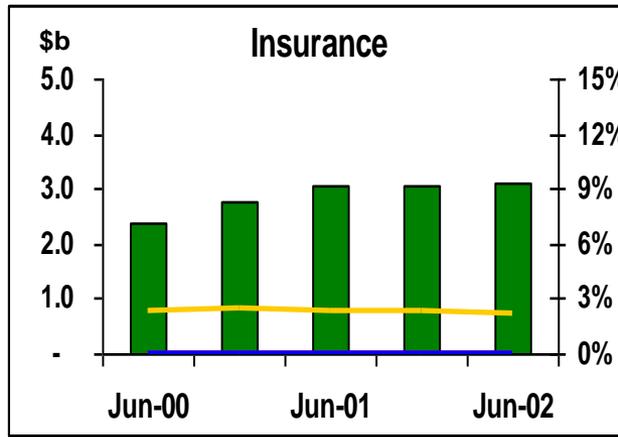
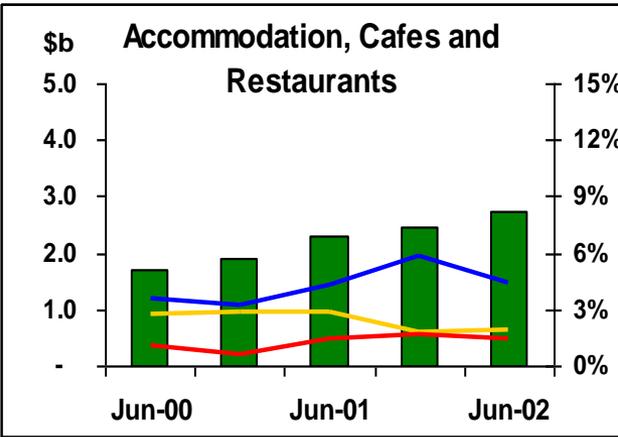
Non Accruals by Industry

As at 30 June 2002



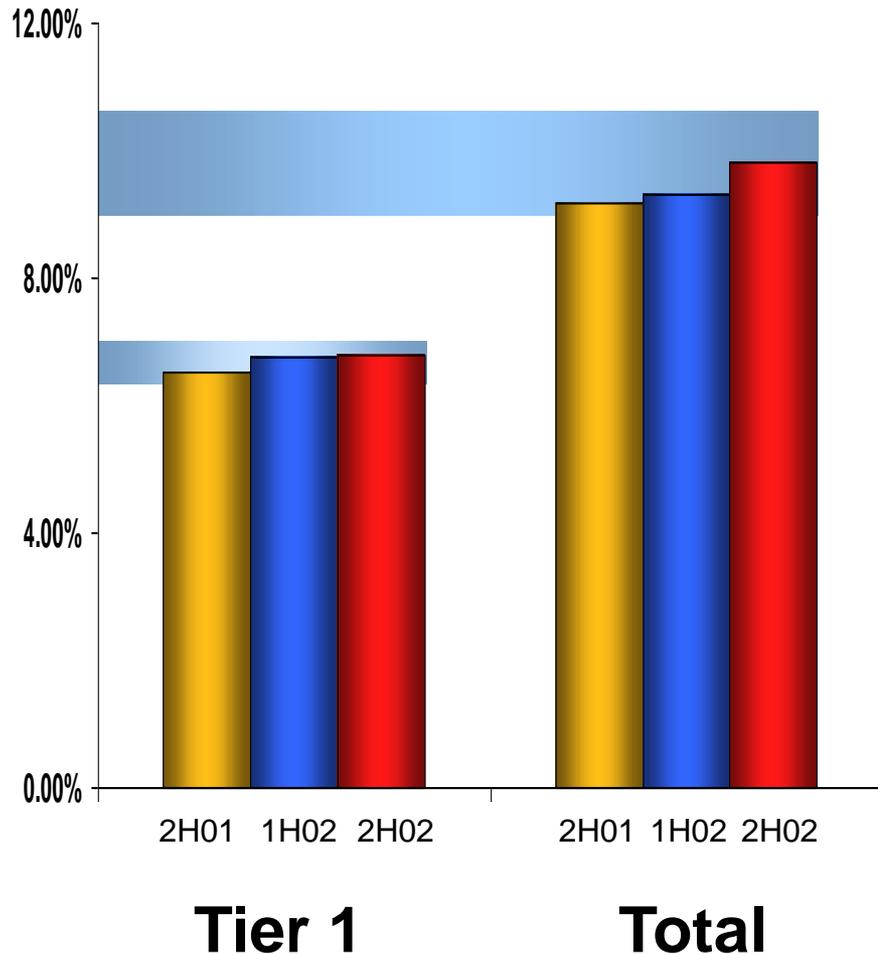
Industry Exposures

Exposure to selected industries



Left Axis: ■ Balances \$m Right Axis: — % Portfolio — % Troublesome — % Impaired

Strong Capital Position



- Strong credit ratings
- Shareholders equity up \$637m
- Strong regulatory capital ratios
- Payments to shareholders of \$1,622m

■ CBA Target Range

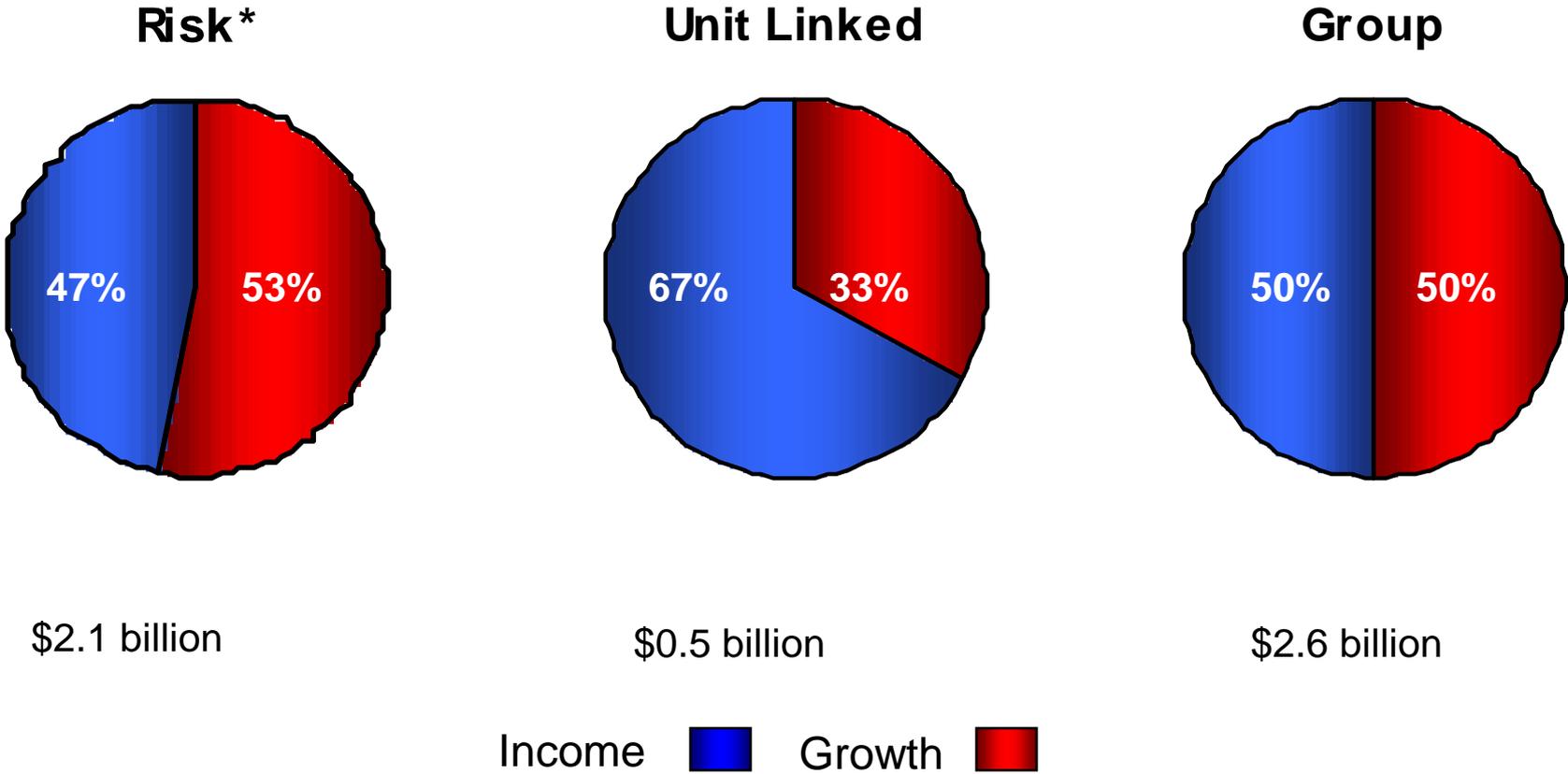


Economic Equity

- Regulatory capital ratios can be misleading:
 - Risk weights are not risk aligned
 - Capital required for residential mortgages is overstated
 - No operational risk charge
 - No value placed on earnings and risk diversification
- Internal models show the Group is strongly capitalised



Shareholder Funds in Life Insurance Companies

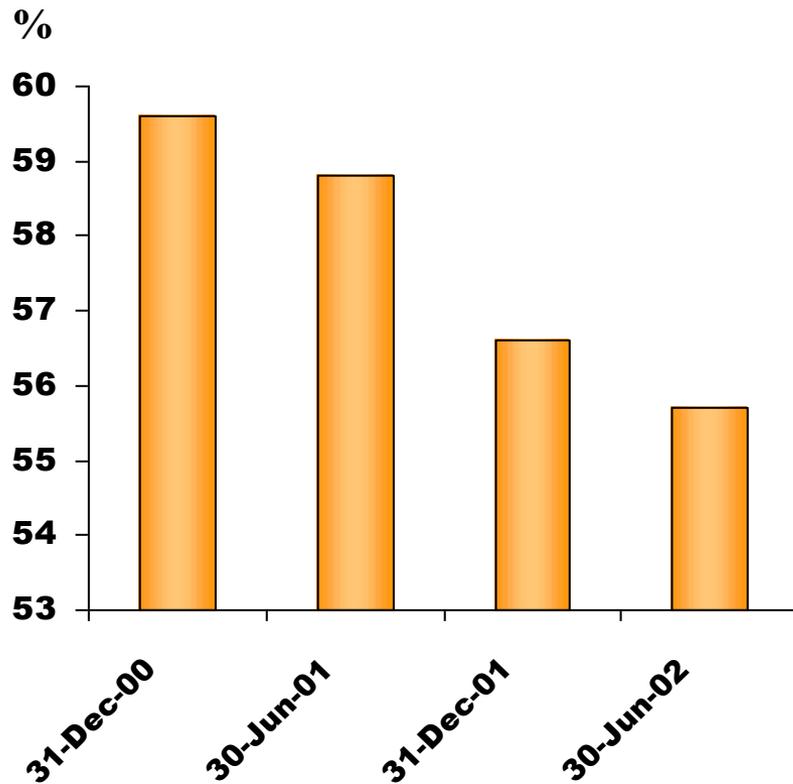


*Risk includes traditional, investment account, annuities, personal risk and group risk.

Greater Cost Control & Targeted Investment in Priority Areas

Focus on achieving further productivity improvements...

...by reducing costs and spending to improve service quality and drive revenue growth



■ Group Cost to Income Ratio (Normalised)

Upgrading infrastructure to improve service

Developing and managing relationships with all customers

Product simplification & rationalisation; packaging products for premium customers, and manufacture innovative new products



Strategic Outcomes

Business Driver	Profile	5-Year Plan
Growth in market share	Major product groups	At or above market
Margins	Comparable for business mix	Continuing decline
Sources of income	Comparable financial institutions	Continued shift toward non-interest
Costs	Reduction in cost-income - best practice	3%-6% p.a. productivity change
Capital Management	Optimise regulatory capital & maintain rating	Rating AA-
Total Shareholder Return	Relative to peers	Top Quartile



Summary

- The Australian Economy and the Australian Equities Market
 - *Have been relatively resilient*
 - *Economic outlook remains positive in global context*
- Commonwealth Bank's strengths include:
 - *Our track record*
 - *Our differentiators*
 - *Our growth drivers*
- How is Commonwealth Bank Positioned Against the Current Outlook?
 - *Low credit risk profile*
 - *Strong capital position*
 - *Productivity focus*



November 2002 Investor Roadshow

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