

Commonwealth Bank

2001 Investor Roadshow Presentation

12 November 2001

www.commbank.com.au

Disclaimer

The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 12 November 2001. 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

1. Update

2. Outlook

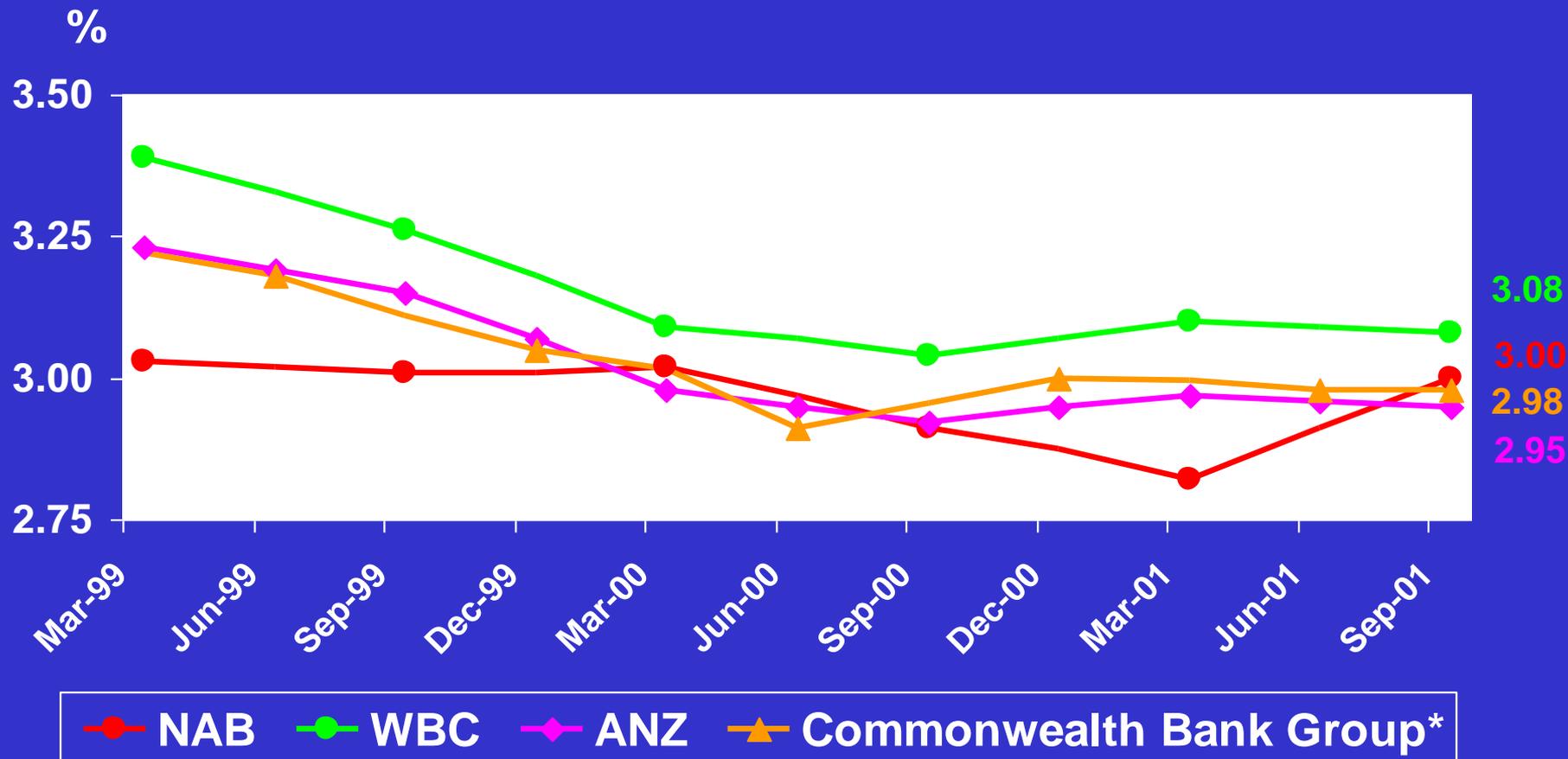
3. Long Term Strategic Focus



Update



Domestic Net Interest Margins



Net interest margin for Commonwealth Bank Group refers to half-yearly reporting periods ending June and December, except for current period which is 3 months only to September. The ANZ, NAB and WBC net interest margin refers to the half-yearly reporting periods ending March and September.

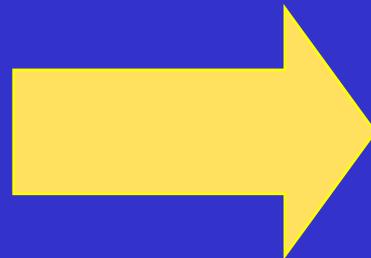
* Proforma



Productivity

Challenges

- **Bad debt cycle**
- **Weak equity markets**
- **Low interest rates**



Imperatives

- **Realise integration synergies**
- **Improve productivity**
- **Accelerate strategic initiatives**



Life & Super

Investment Earnings

- Investment mix is approximately 42 : 58 growth : income
- As at 31 October 2001: 31% is directly invested in equity markets
 11% is invested in property

Net Earnings on Shareholders Assets (\$m):

For period: 01/07/01- 31/10/01

Australia	(17)
New Zealand	(2)
Asia	(3)
Total	(22)

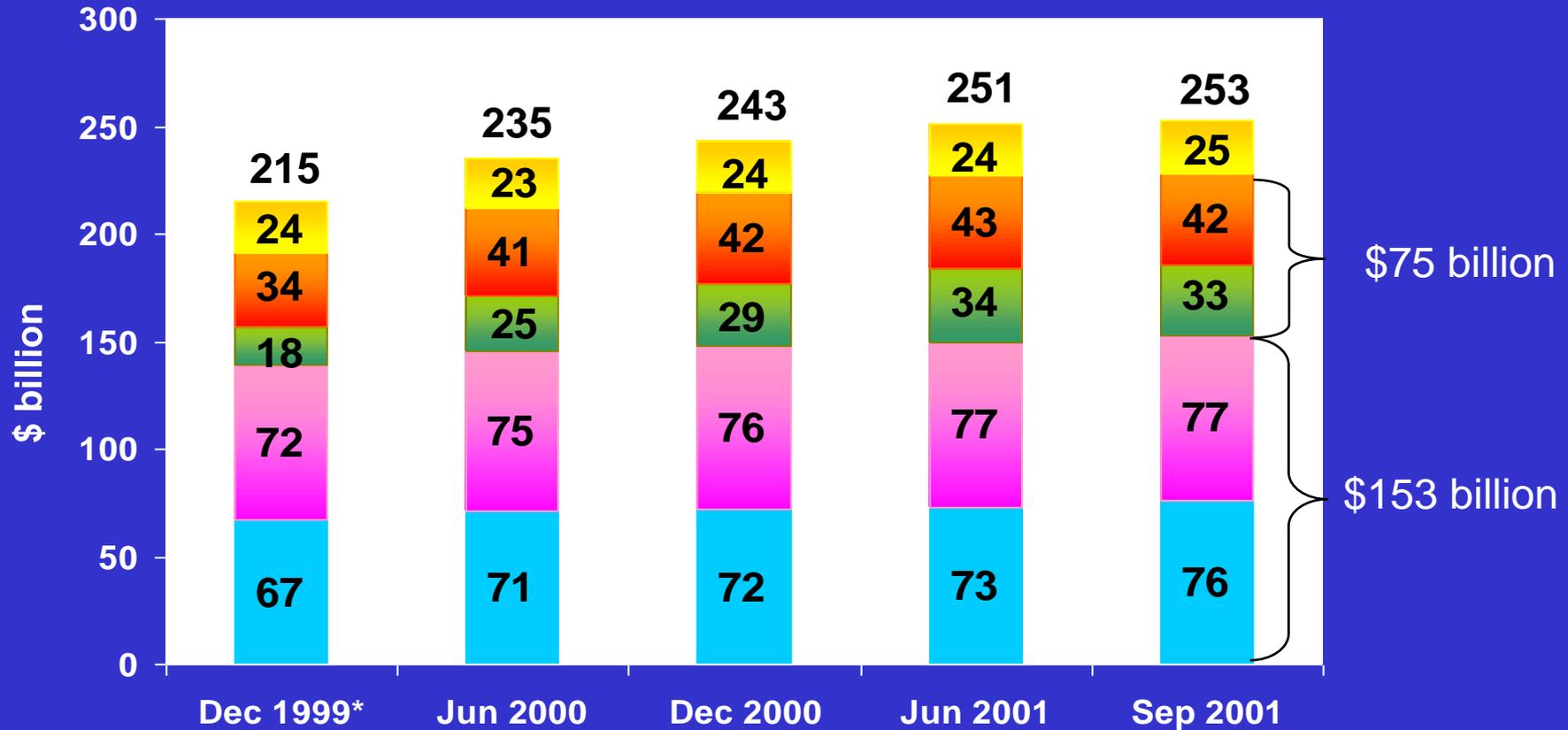
Market Returns & Group Exposure (%):

Market	Key Market Index Movement YTD	Exposure* at 31/10/01
Australia	(7)%	52%
US	(14)%	27%
UK/Europe	(16)%	14%
Other	(11)%	7%

* % of total Group equity exposure



Total Lending Assets & Funds Under Management



Lending Assets**:	Housing	Other	
Funds Management:	Retail	Wholesale	Life & Super

* Proforma

** Excludes securitised housing loan balances \$6.2b (Sep 01), \$6.8b (Jun 01), \$4.7b (Dec 00), \$3.0b (Jun 00), \$1.7b (Dec 99).



Australian Market Share

	Dec 2000	Jun 2001	Aug 2001
Home Loans (Residentially Secured)	20.8%	20.3%	20.3%
Credit Cards[^]	19.1%	21.4%	21.1%
Retail Deposits	24.6%	24.0%	24.1%
Retail FUM	15.8%	16.3%	16.3%**
Superannuation/Annuities	16.0%	16.0%	16.0%**
Retail Broking	8.5%	8.7%	8.7%*

* September 2001

** June 2001

[^] Colonial data captured as part of market share calculation from June 2001

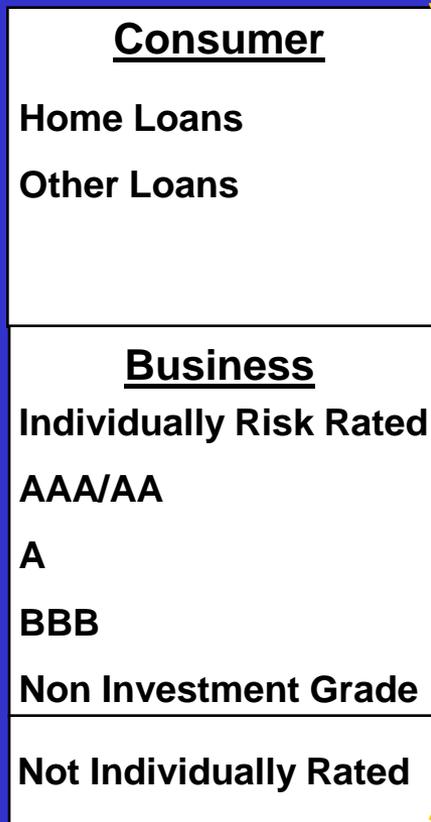


Asset Quality

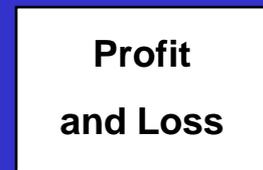
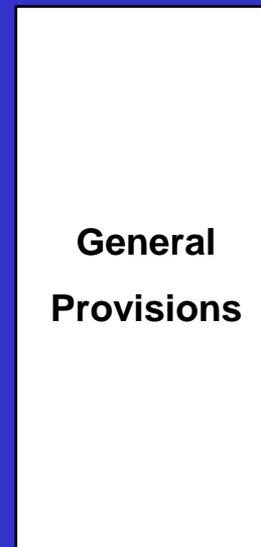


Dynamic Provisioning

Performing Portfolio



Expected Loss

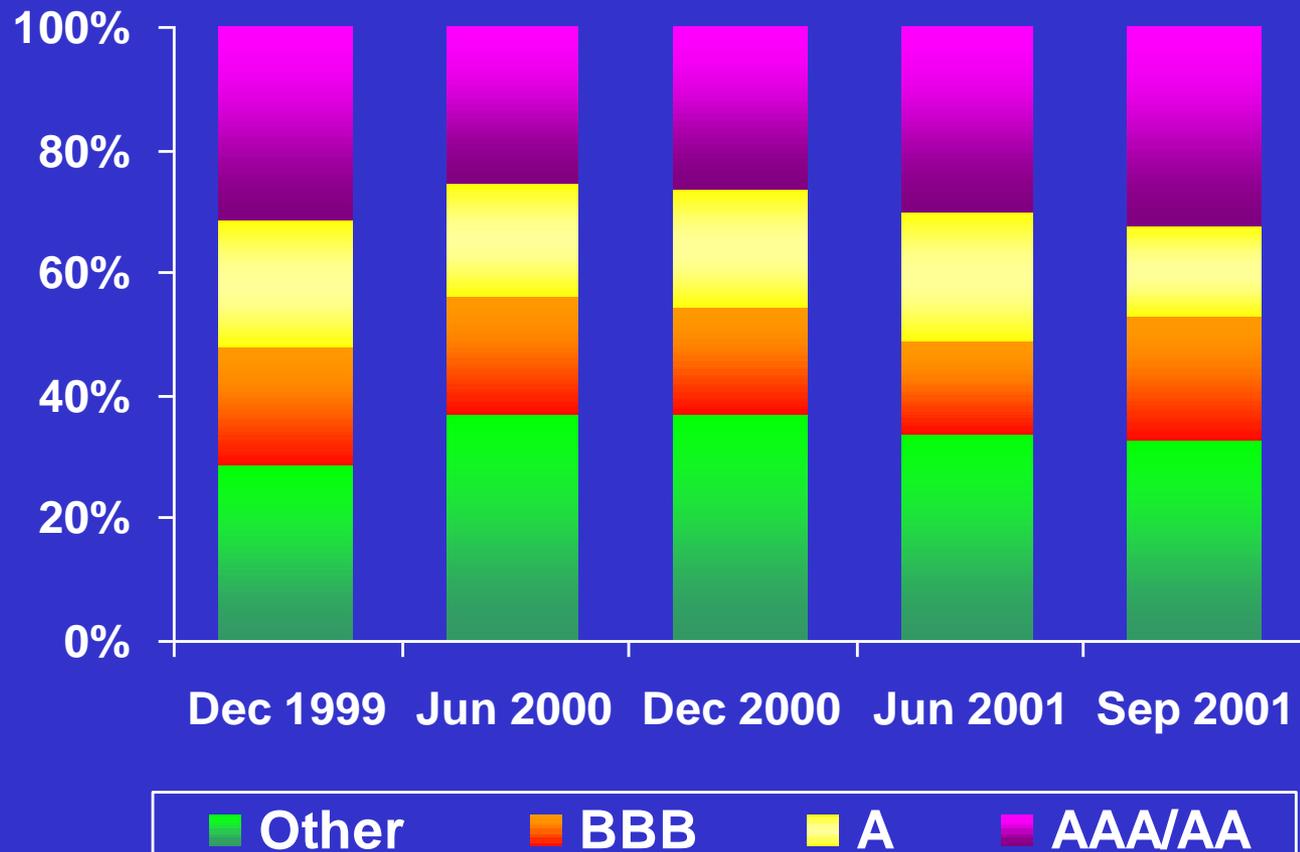


Non Performing Portfolio

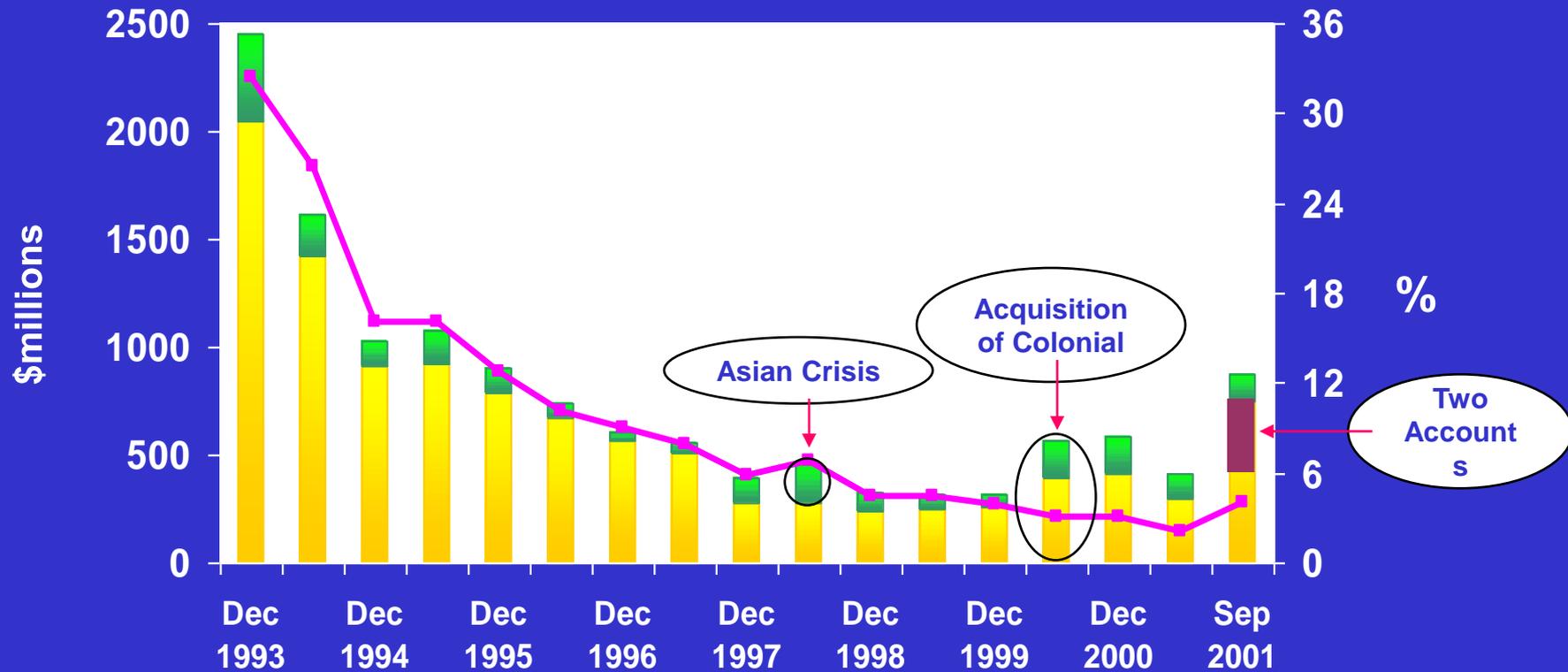


Credit Risk

Total Individually Risk Rated Exposures by Value



Net Impaired Assets



- Commoweast 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



Arrears

Loans Accruing past 90 days or more

	30/06/00	31/12/00	30/06/01	30/09/01
	\$m	\$m	\$m	\$m
Housing Loans	211	247	218	177
Other Consumer Loans	64	66	90	68
Total	275	313	308	245

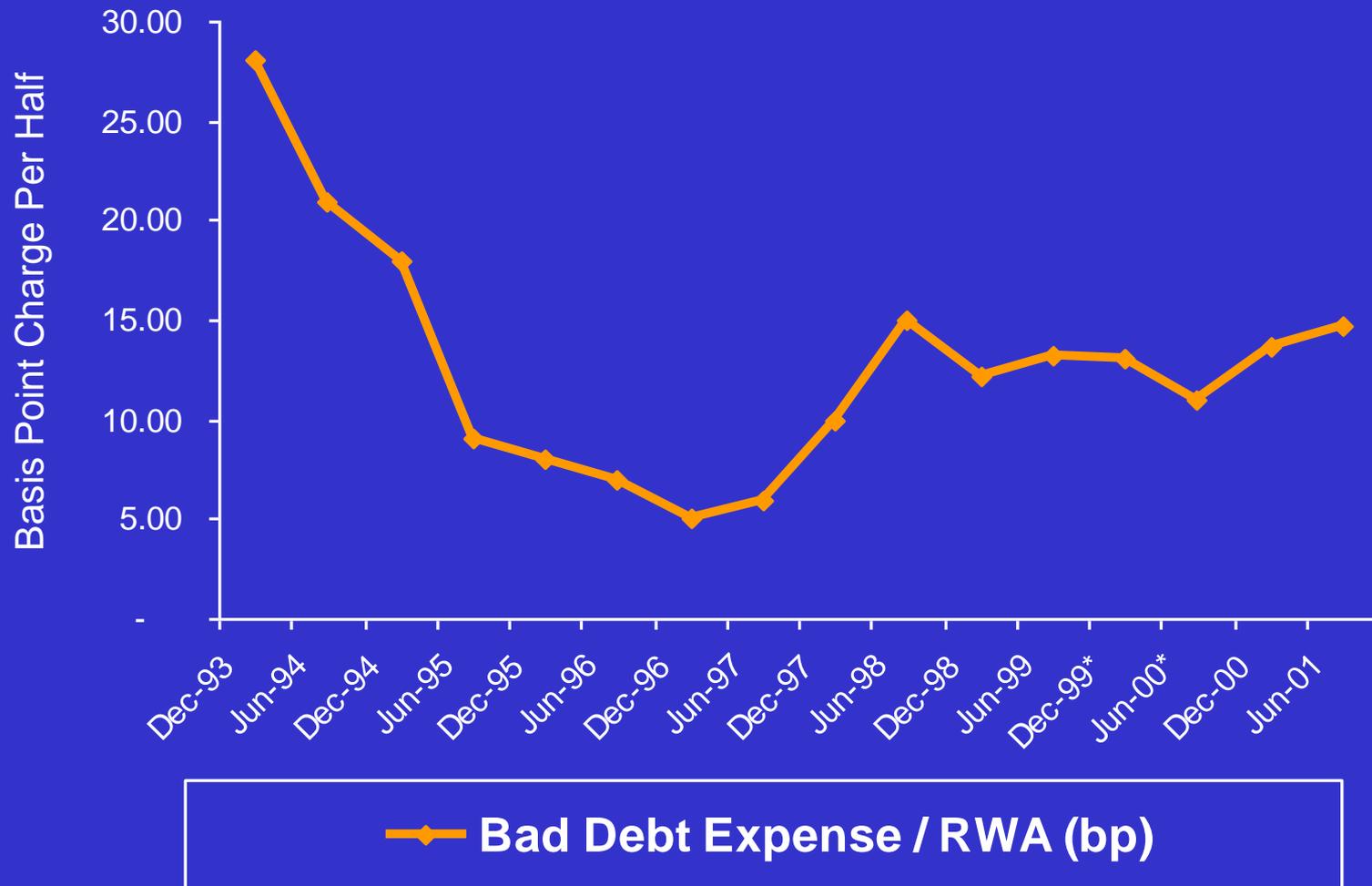
Housing Loan arrears rate

	30/6/99	30/6/00*	31/12/00*	31/6/01*	30/9/01*
Housing Loans accruing but past 90 days or more \$m	182	211	247	218	177
Housing loan balances \$m	52,646	70,738	71,505	73,511	75,261
Arrears rate %	0.35%	0.30%	0.35%	0.30%	0.24%

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



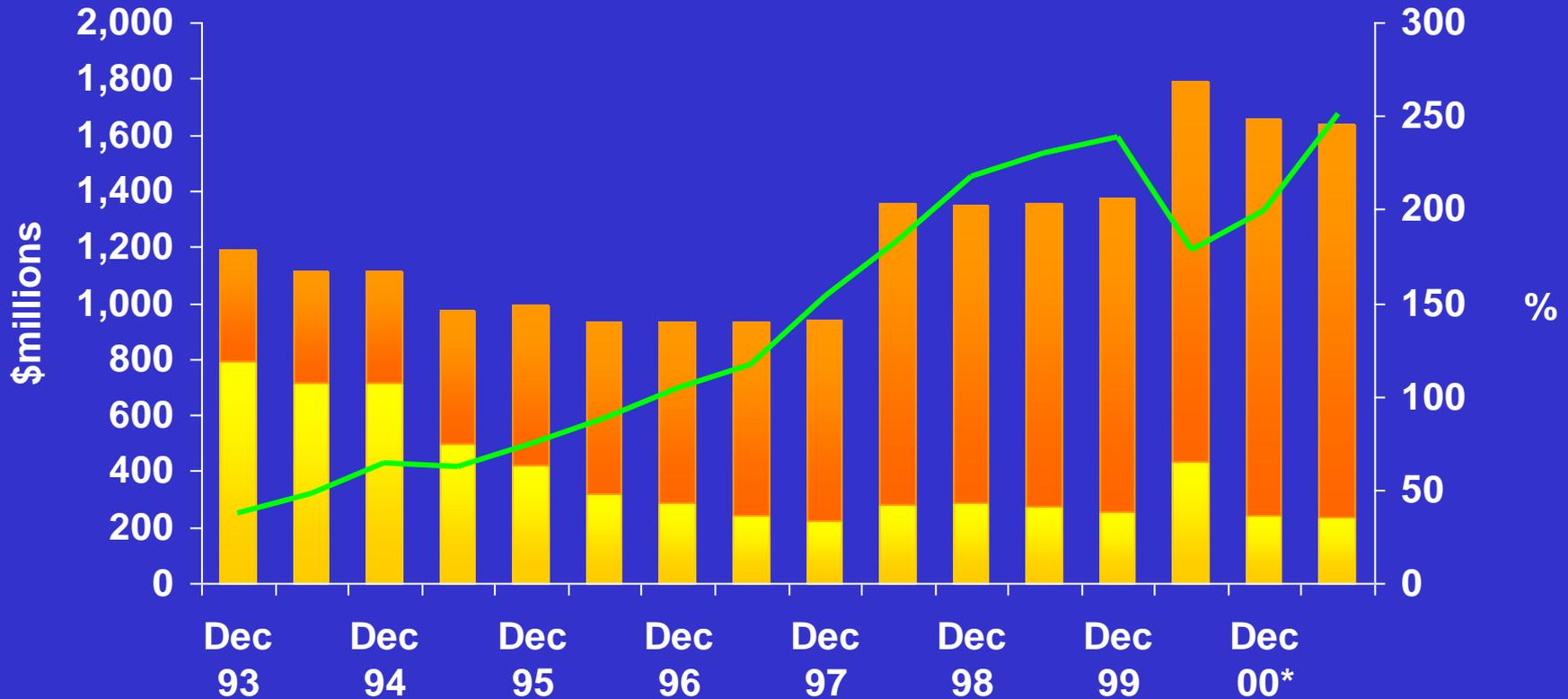
Credit Risk: Historical P&L Charge



* Includes Colonial on a pro forma basis



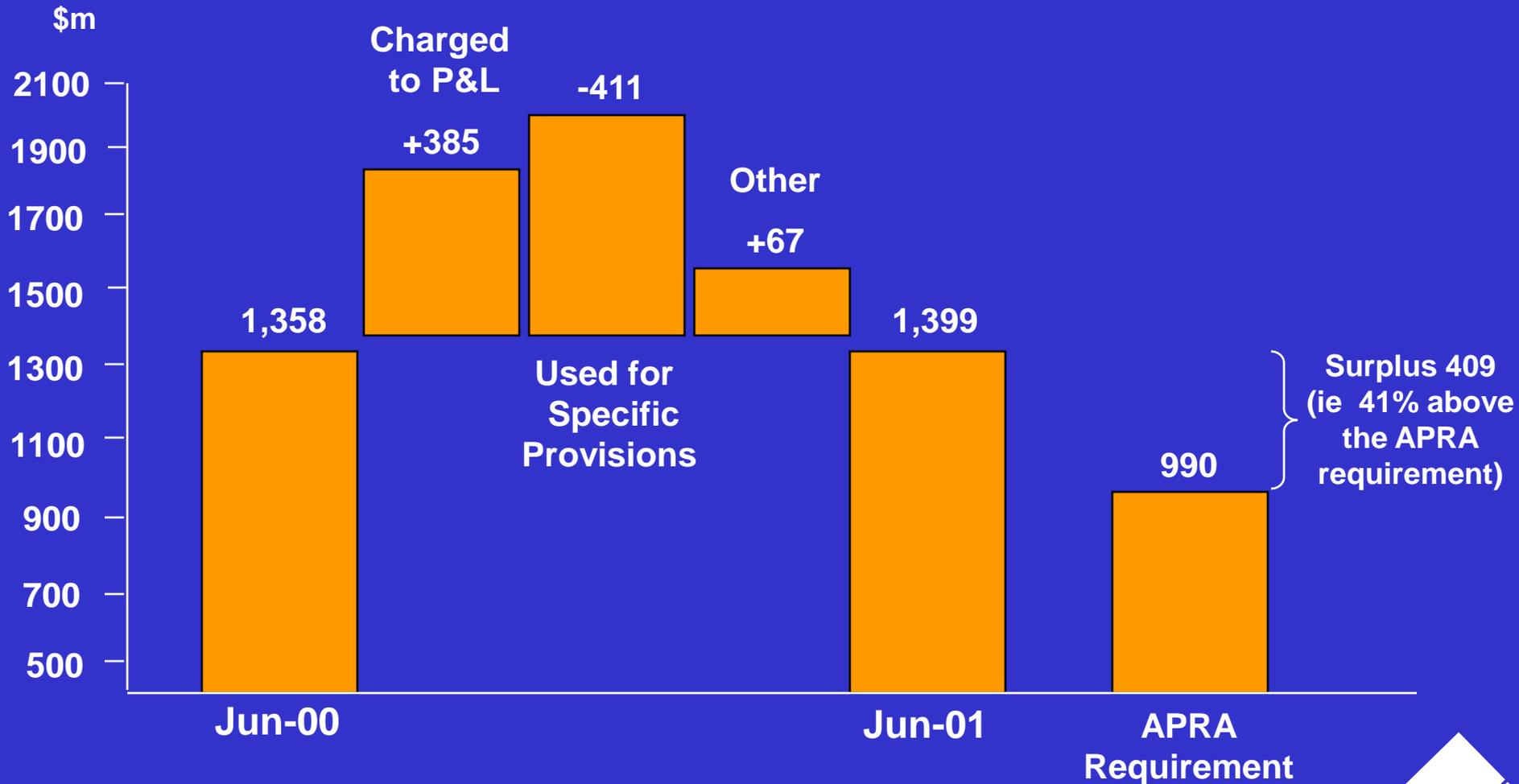
Aggregate Provisions



* Includes Colonial

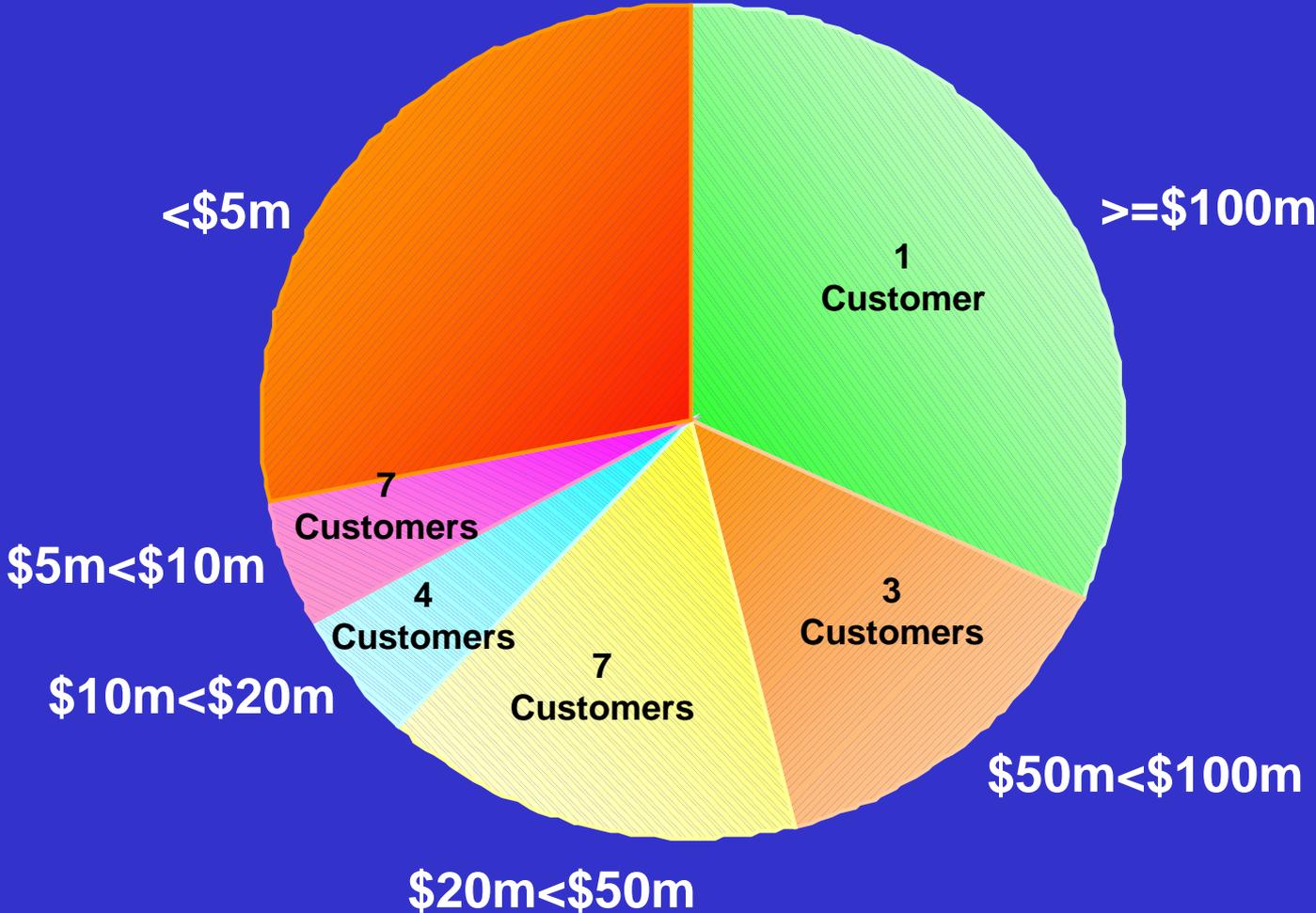


General Provision



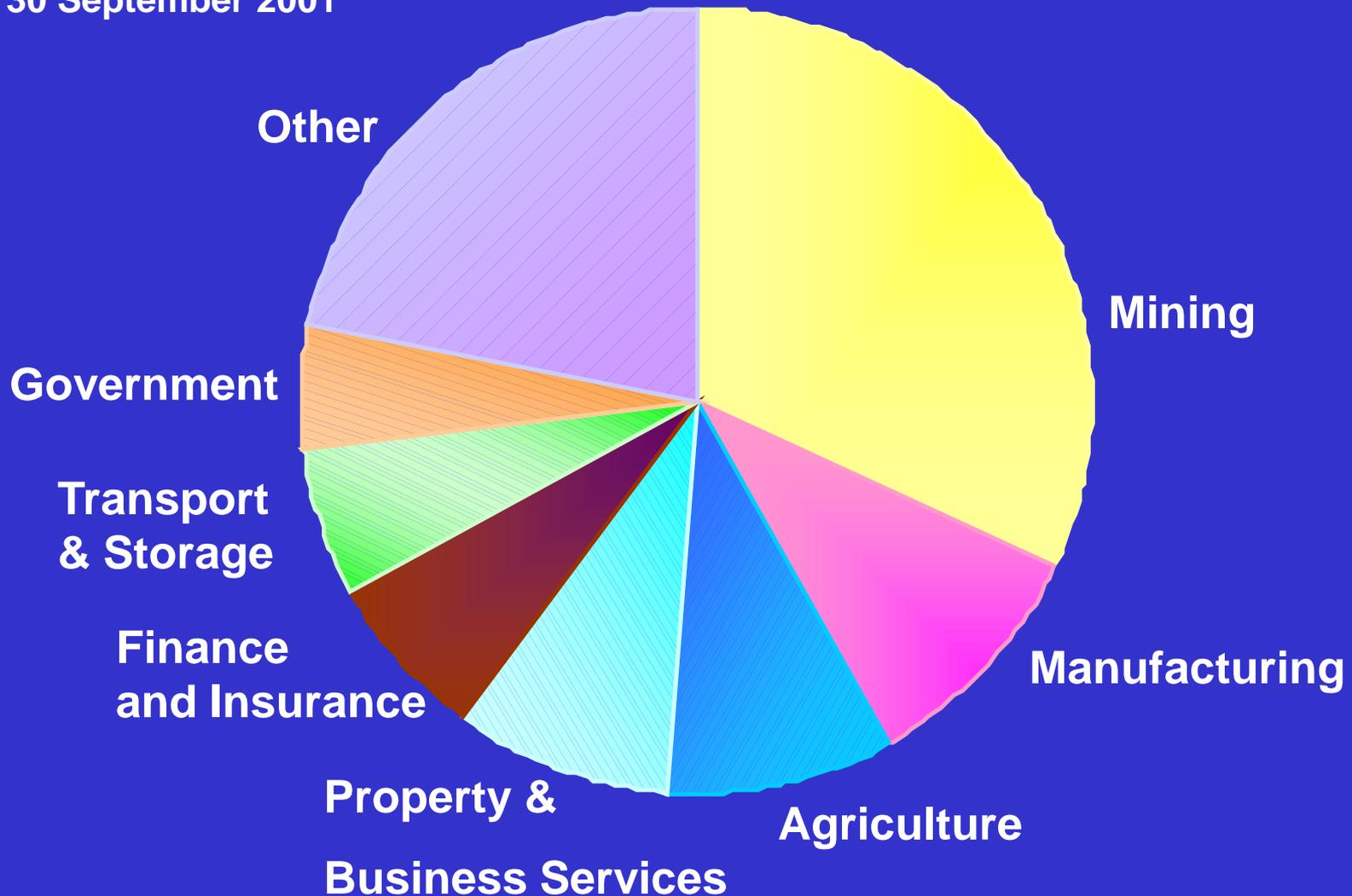
Non-Accrual Loans by Size

As at 30 September 2001



Non Accruals by Industry

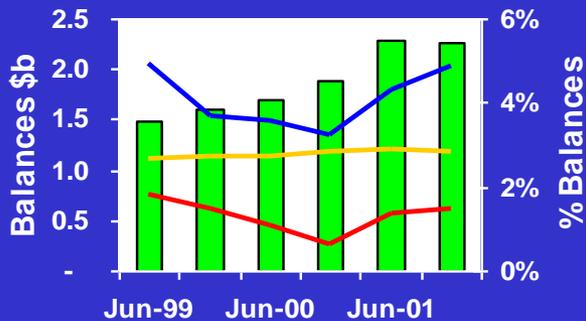
As at 30 September 2001



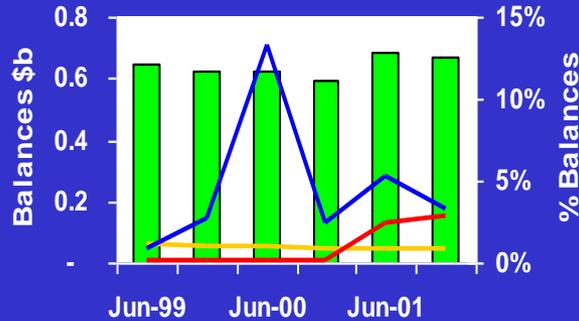
Industry Exposures

Exposure to high risk industries

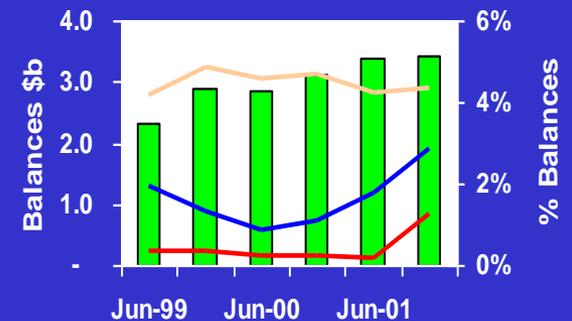
Accommodation, cafes and Restaurants



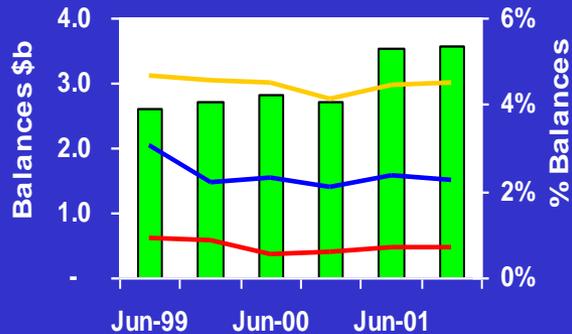
Printing Publishing and Recording Media



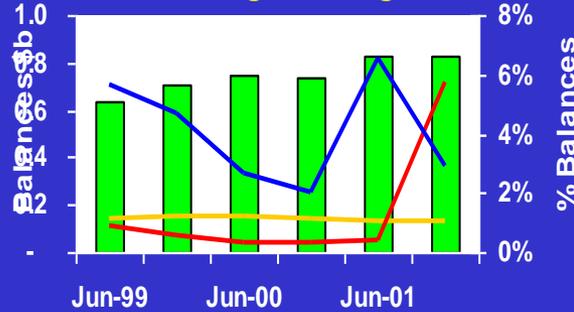
Transport and Storage



Retail Trade



Services to Agriculture, Forestry, Fishing & Mining



Metal Mining & Manufacturing



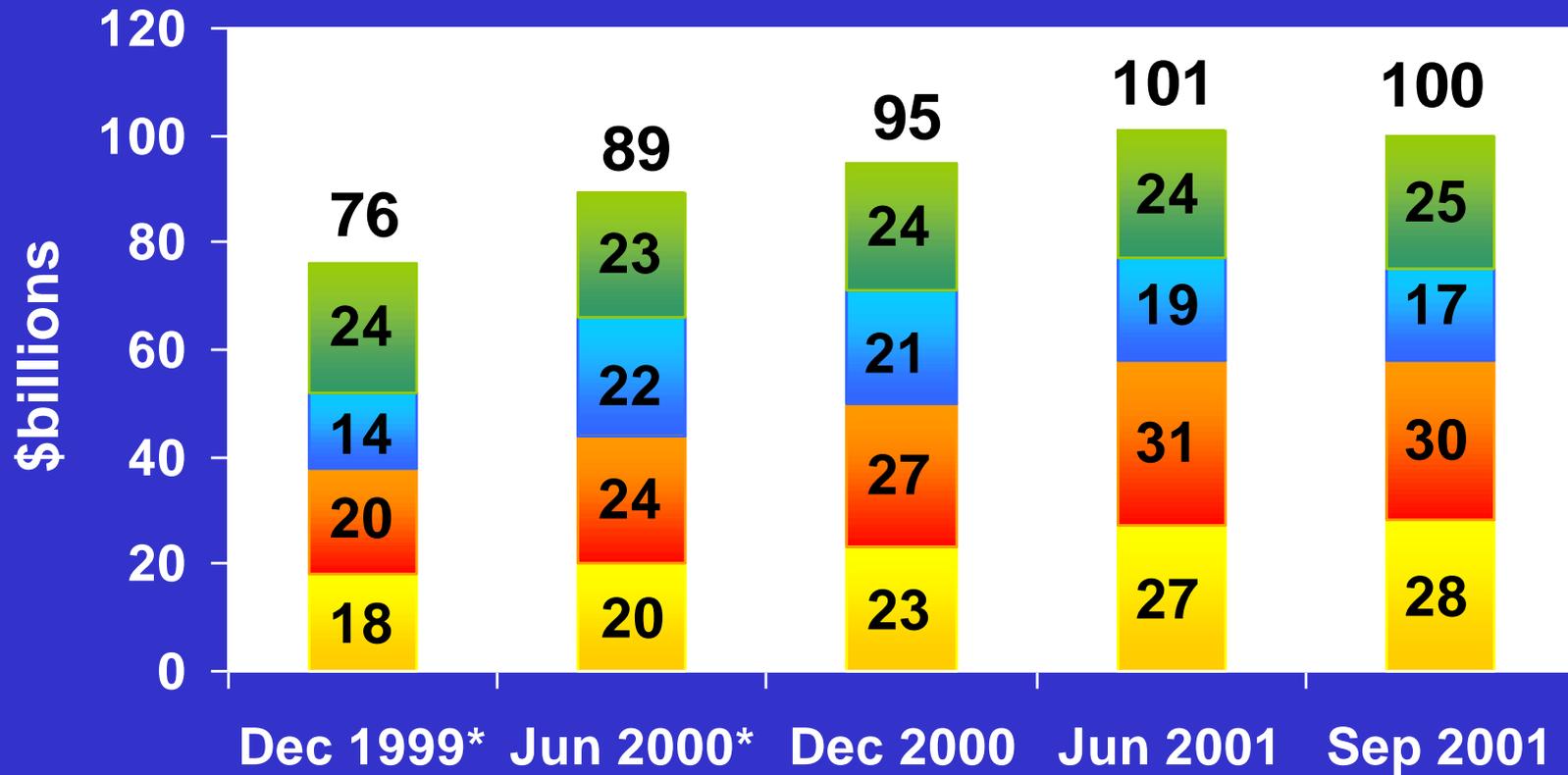
■ Balances \$m
 ■ % Portfolio
 ■ % Troublesome
 ■ % Impaired



Wealth Management



Funds Management



* Proforma ** Includes listed property trusts



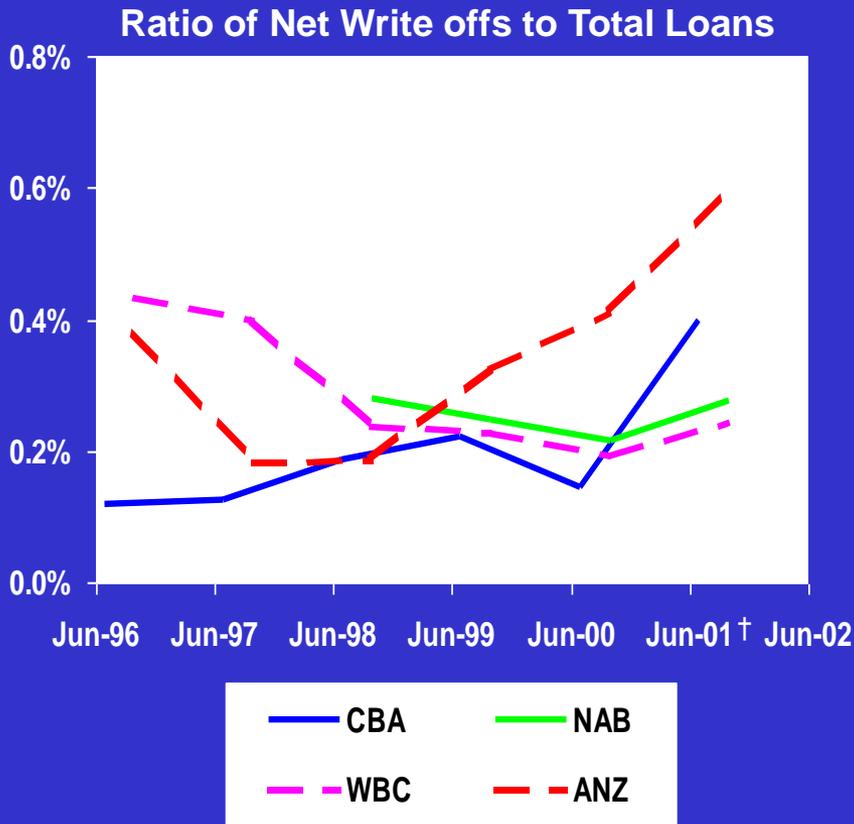
Capital



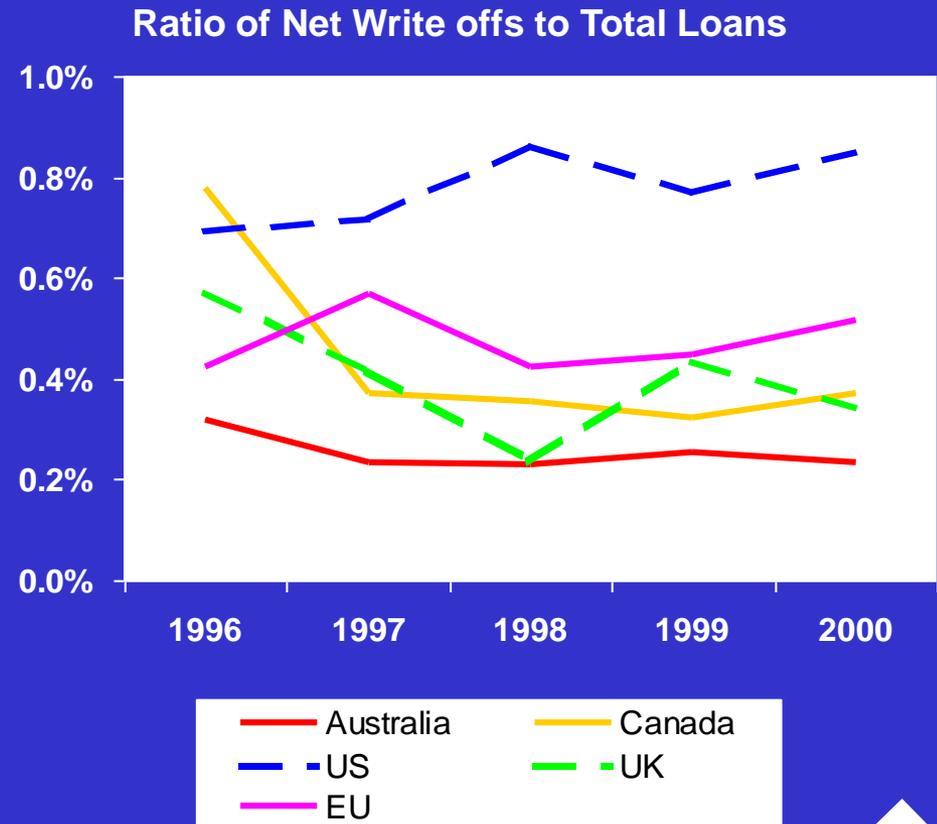
Commonwealth Bank Risk Profile

Vs DOMESTIC AND INTERNATIONAL PEERS

DOMESTIC COMPARISON



INTERNATIONAL COMPARISON*



† Reflects write off of acquired Colonial impaired assets

* Average value for geographically representative group

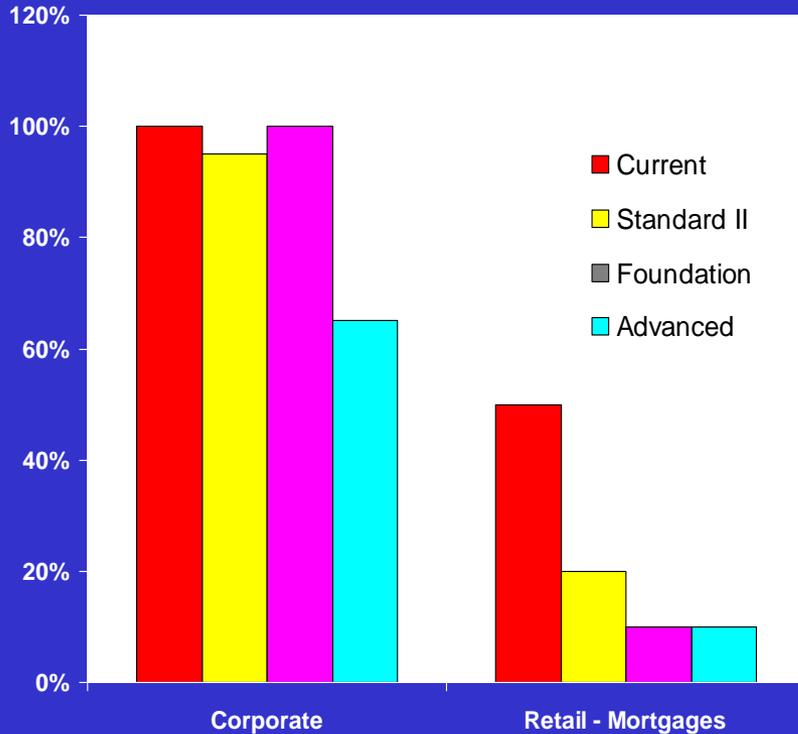


BIS II

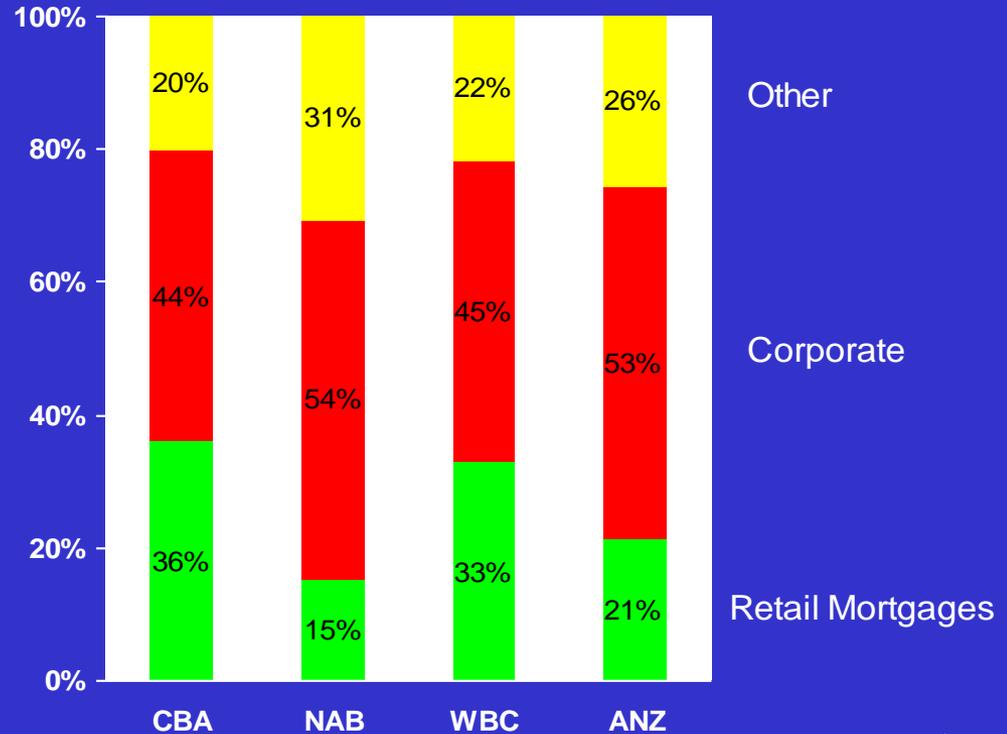
Commonwealth Bank the Main Beneficiary

INDICATIVE RISK WEIGHTS UNDER BIS II FOR AUSTRALIAN ASSETS

Total Assets



RELATIVE ASSET MIX



Source: Analyst Reports; Financial Reports



Life Insurance Subsidiaries Improve Commonwealth Bank's Risk Profile

- The Group's economic capital framework supports view that life subsidiaries improve its capital position
 - Low risk profile due to the high proportion of unit-linked business
 - Risk diversification
- View is supported by rating agencies and the debt markets
 - S&P moved the Group to “positive” outlook after Colonial acquisition
 - Recent return to “neutral” outlook caused by concern over the general economy, not specific to the Group
 - No effect on spreads of Group debt post Colonial acquisition
- Will continue to work with APRA to achieve a risk-sensitive treatment of life subsidiaries



Operating Environment



Outlook - Economic

- Domestic GDP growth of 2.75% for 2001/2002
- Low interest rate environment set to continue
- Moderate credit growth of 7-9%
- Low levels of confidence may restrain household spending and business investment
- Unemployment expected to increase
- AUD expected to remain around current levels
- Weaker trade position as demand for exports reduces



Outlook - Operational

- Banking margins relatively stable
- Credit losses reflective of economic conditions with large one-off charge for Pasminco
- Focus on costs and achieving remaining integration synergies
- Life business investment earnings reflective of equity market performance
- Funds management inflows recovering, but rate of growth lower than last year
- Double digit EPS growth in the current year



Long Term Strategic Focus



Business Mix / Cost Ratios



Implementation

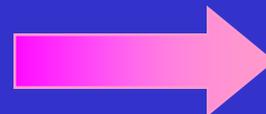
Areas of focus

- **Wealth Management**
- **Services aligned to customers needs**



- Customisation**
- Distribution**
- Third Party**
- International**
- Technology**
- Business Process Re-engineering**

- **Productivity**



Strategic Programmes

Customisation

Distribution

Third Party

Service Redesign

Distribution Management

Premium Banking/
Financial Services

Reduce Cost to Serve

Third Party Development

Customised Sales & Service

Technology

**Business Process
Re-engineering**

Process Redesign

Continuous Improvement

End-to-End Processing

On-line Data Architecture

Intranet Infrastructure

Benchmarking

Organisational Design



Strategic Plan to June 2006

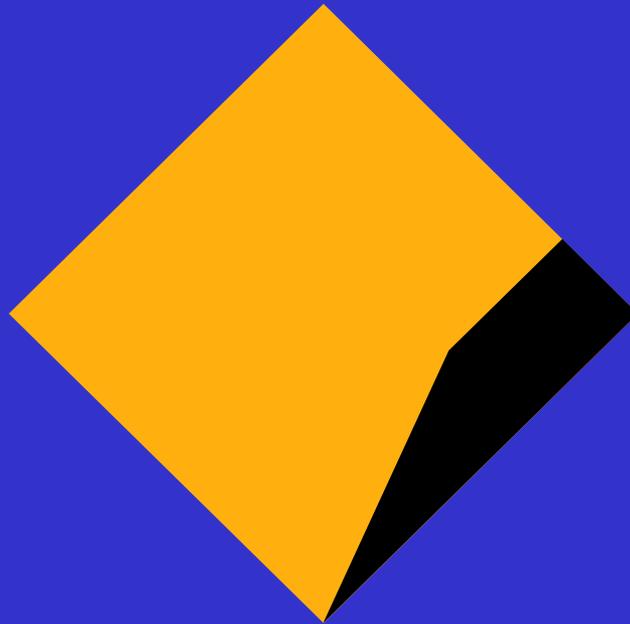
Business Driver

Profile

5 Year Plan

Growth in Market Share	Funds under management Home Loans Credit Cards Life Insurance Credit Products Business Financing Retail Deposits	At or above market
Margins	Comparable for business mix	Continuing decline
Sources of Income	Comparable Financial Institutions	Rebalance toward non-interest income
Costs	Reduction in cost/income – Best practice	3%-6% p.a. productivity change
Capital Management	Optimise regulatory capital and maintain rating.	Rating AA
Total Shareholder Return	Top quartile	Deliver top quartile TSR.





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