



**Ralph Norris**  
CHIEF EXECUTIVE OFFICER

20 September 2006

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Commonwealth Bank of Australia ACN 123 123 124  
2006 Merrill Lynch Australian  
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, 20 September 2006. 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.



# Highlights

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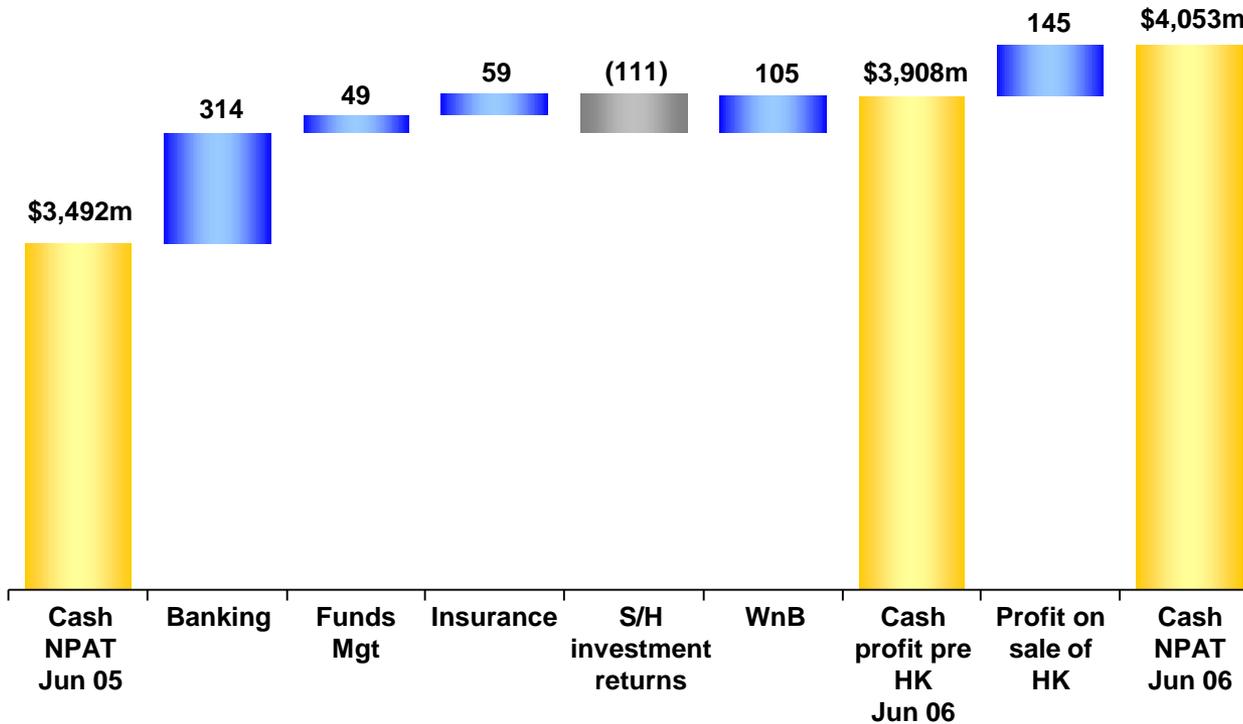
- Very good result – Cash NPAT of \$4,053 million
- Good volume growth across the business
- Focus on profitable growth
- Successful delivery of WnB and good progress on new strategic initiatives



# Highlights

		6 months	12 months
	Jun 06	Jun 06 vs Dec 05	Jun 06 vs Jun 05
Cash NPAT (excl HK)	3,908	↑ 4%	↑ 12%
Cash EPS (excl HK)	304.6	↑ 4%	↑ 15%
Dividend	224	–	↑ 14%
Return on Equity – Cash (excl HK)	20.6%	↑ 70 bpts	↑ 180 bpts
Gross impaired assets / RWA	0.15%	↓ 5 bpts	↓ 5 bpts

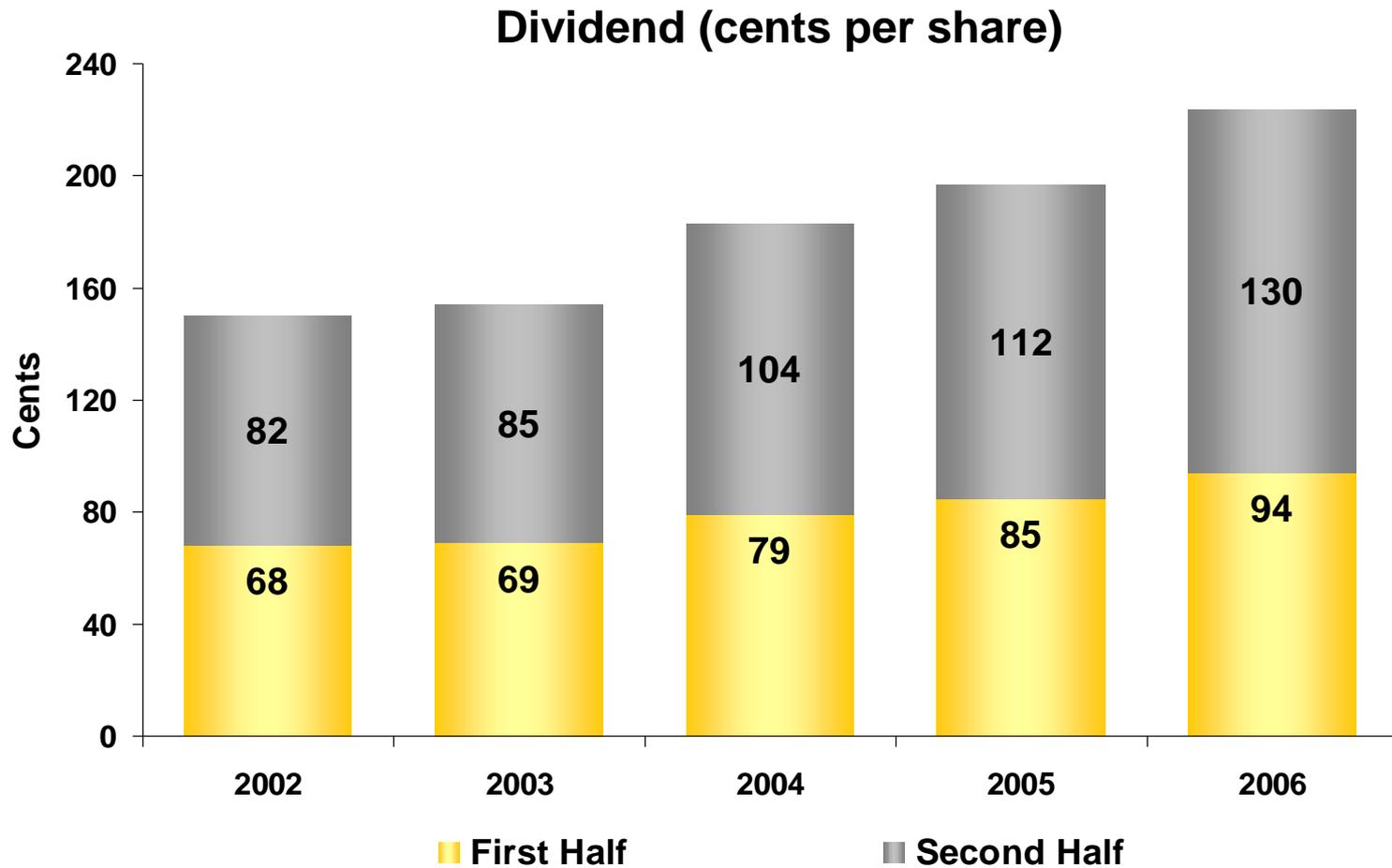
# Good full year result



Scorecard	Jun 06
Volume Growth	✓✓
Interest Margin	✓
Non Int.Income	✓
Expenses	✓
Credit Quality	✓✓
Tax	✓
Cash EPS	✓✓

Cash EPS 264.8  $\xrightarrow{+15\%}$  Cash EPS 304.6

# Highlights - dividend



# Highlights - market position

		Jun 06	Dec 05
Home Loans	✓	18.8%	18.8%
Personal Lending	✓	16.1%	16.0%
Credit Cards	x	20.5%	21.4%
Retail Deposits	x	22.2%	22.9%
NZ Lending	x	23.1%	23.2%
NZ Deposits	✓	20.3%	19.9%
Business Lending	x	13.1%	13.5%
Transaction Services (corporate)	✓	22.4%	22.1%
Transaction Services (commercial)	x	23.9%	25.1%
Equities Trading (CommSec)	✓	4.3%	4.3%
Funds Mgt. – Aust. Retail	✓	15.7%	14.6%
Aust.Life Insurance (total risk)	✓	13.5%	13.5%



# Which New Bank - A Success

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- Technology transformation
  - Delivered ahead of schedule
  - Within budget
- Financial and Productivity

	Target	Outcome
<b>Financial Benefit</b>	\$900m	\$1,044m
<b>EPS Growth – CAGR</b>	10%*	14%
<b>Banking</b>	48%	47.1%
<b>Funds Management</b>	0.74%	0.74%
<b>Insurance</b>	42%	36.7%

- Customer Satisfaction
  - Targets not yet achieved

## But

- Customer complaints down 22% since Dec '05
- June '06 complaints down 40% on June '05

\* Number revised to 12% during program  
All numbers on an AGAAP equivalent basis



# CEO Priorities & Measures

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- Customer Service
  - Business Banking
  - Technology & Operational Excellence
  - Trust & Team Spirit
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- ➔ Superior operating and financial results
  - ➔ Australia's finest financial services organisation



# Customer Service

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- Roll out of Sales and Service programme (SUCCESS) well underway
- Increased resourcing in customer facing roles
- Launch of new competitive products and Saturday trading
- Some leading indicators showing positive trends
- Internal measurements will track and measure customer advocacy scores
- Management KPIs linked to customer satisfaction scores



# Business Banking

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- Management and structural changes better align business with customer needs
- Business bankers back into the branches
- CommSee for Business roll out now complete
- Commbiz being rolled out to key customers over next 3 months
- Range of metrics being measured including customer satisfaction (advocacy scores), market share and profitability



# Technology & Operational Excellence

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- Appointment of new IT Head to lead Group wide Technology
- Successful renegotiation of EPS component of EDS contract
- Re direct spend from operational to value creation initiatives
- New corporate services function to drive bank-wide cost management culture
- Objective is to move underlying IT/CBA Opex ratio to world class benchmark levels over next 3 years



# Trust & Team Spirit

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- Recent management changes strengthen the leadership team while building greater collaboration across the Group
- Focus on developing people through investment in talent and training
- Introduction of a number of initiatives for our people
- Continuing measurement of progress using internal engagement surveys
- Greater focus on the Bank's support for the wider community



# 2007 outlook

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- Good result with earnings momentum going into new fiscal year
- Continuing real progress made with strategic initiatives
- Mainly positive outlook for the domestic economy
- Competitive environment for financial services
- Confident in our ability to deliver solid profitable growth





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