



David Craig  
CHIEF FINANCIAL OFFICER

14 November 2007

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Commonwealth Bank of Australia ACN 123 123 124  
MORGAN STANLEY ASIA PACIFIC SUMMIT  
2007 SINGAPORE

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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, 14 November 2007. 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.

# Overview

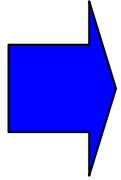
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- Good 2007 result - all businesses delivered double digit profit growth
- Substantial progress on our five strategic priorities
- Momentum maintained through the September quarter
- Global credit issues effectively managed



# Agenda

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- Financial results 2007
- Strategic Update
- September quarter



# Strong 2007 financial results

	Jun 07	Jun 07 vs Jun 06
Cash NPAT (\$m) *	4,604	↑ 18%
Cash EPS (cents) *	353.0	↑ 16%
Return on Equity – Cash (%)	22.1	↑ 80 bpts
Income (\$m)	13,159	↑ 11%
Expense (\$m)	6,427	↑ 7%
Final Dividend (\$ per share)	1.49	↑ 15%

\* Excludes profit on sale of Hong Kong Insurance business in half year ended December 2005

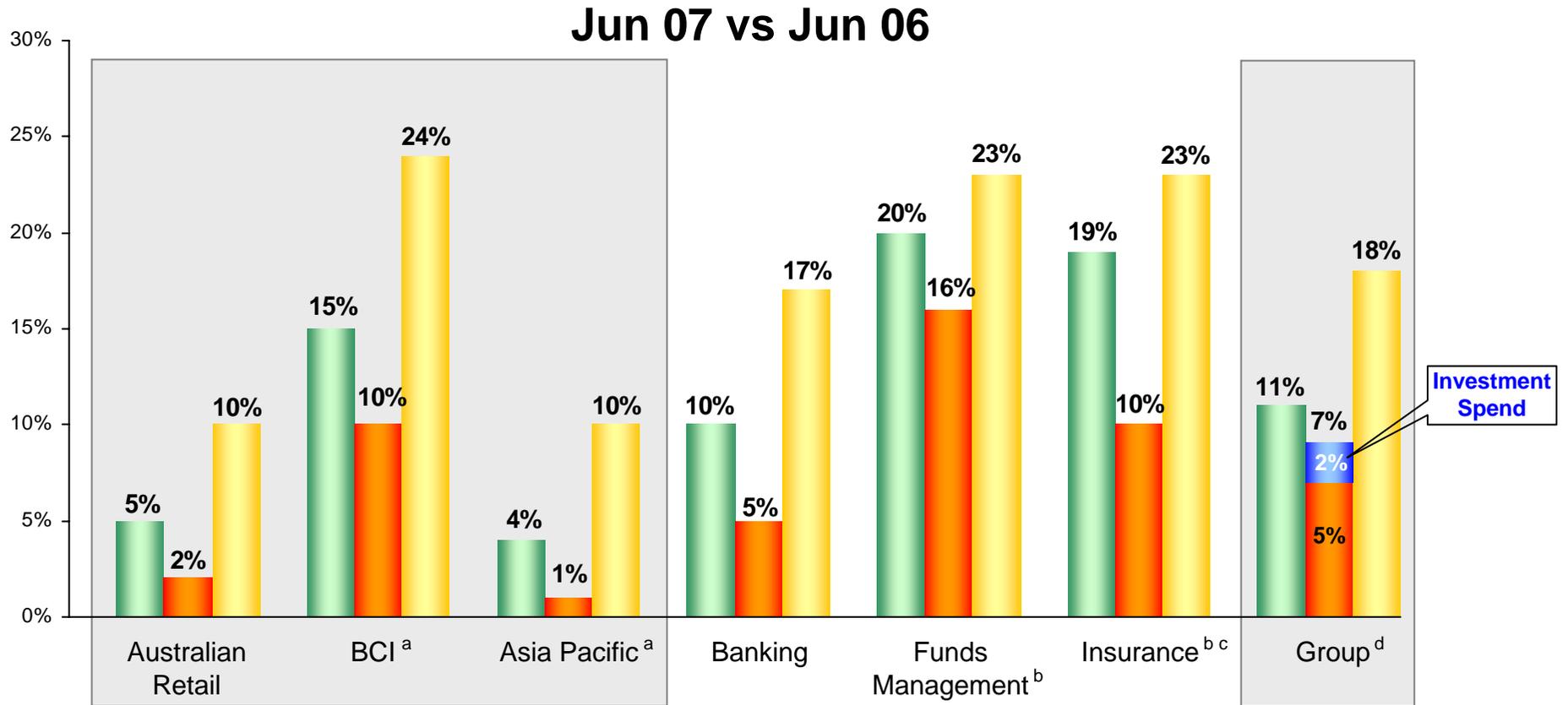


# All businesses performing well

	Jun 07 \$m	Jun 06 \$m	Jun 07 vs Jun 06
Australian Retail	1,840	1,678	↑ 10%
Business, Corp and Institutional	1,529	1,236	↑ 24%
AIFRS volatility	2	(41)	Large
Asia Pacific	390	356	↑ 10%
Hedging and AIFRS volatility	59	17	Large
Other	(57)	(19)	Large
<b>Banking</b>	<b>3,763</b>	<b>3,227</b>	↑ 17%
<b>Funds Management</b>	<b>492</b>	<b>400</b>	↑ 23%
<b>Insurance</b>	<b>253</b>	<b>215</b>	↑ 18%
Shareholder investment returns	96	66	↑ 45%
<b>NPAT cash (ex HK)</b>	<b>4,604</b>	<b>3,908</b>	↑ 18%



# Revenue growth outstrips costs



<sup>a</sup> Excludes hedging volatility

<sup>b</sup> Income is net of volume related expenses

<sup>c</sup> Excludes Hong Kong disposal and the operating result of the business

<sup>d</sup> Excludes Hong Kong disposal

Income Expenses NPAT Investment Spend



# All brands performing strongly

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Banking

Funds Mgt

Insurance

**Commonwealth**Bank



**Colonial**  
First State

**Comm**Insure



**ASB**

**1**  
FirstChoice

**Comm**Sec



**SOVEREIGN**

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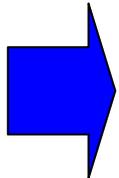
**Commonwealth**Bank



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# Good progress on strategic priorities

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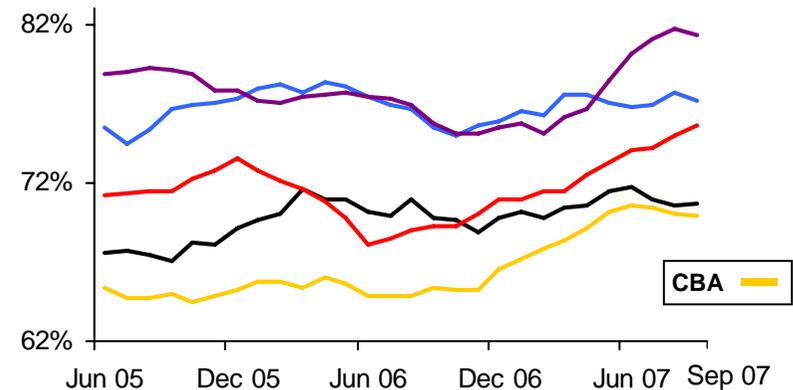
- Customer Service
  - Business Banking
  - Technology & Operational Excellence
  - Trust & Team Spirit
  - Profitable Growth
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- ➔ Superior operating and financial results
  - ➔ Australia's finest financial services organisation



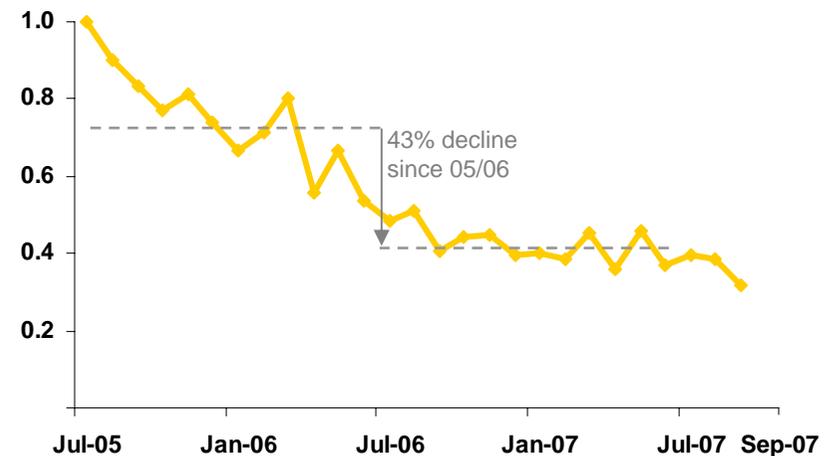
# Customer Service trends improving

- Complaints down 43% in 2007, and continuing to decline
- Customer Satisfaction at 10 year high\*
- 31 products rated 5 Stars by Cannex – more than any competitor
- Key recent actions;
  - 1,100 new customer facing roles
  - Over 4,000 leaders trained
  - Extended Trading (Sat & Sun)
  - Upgraded branches
  - New branch operating model

**% customers satisfied  
(Roy Morgan Research)**

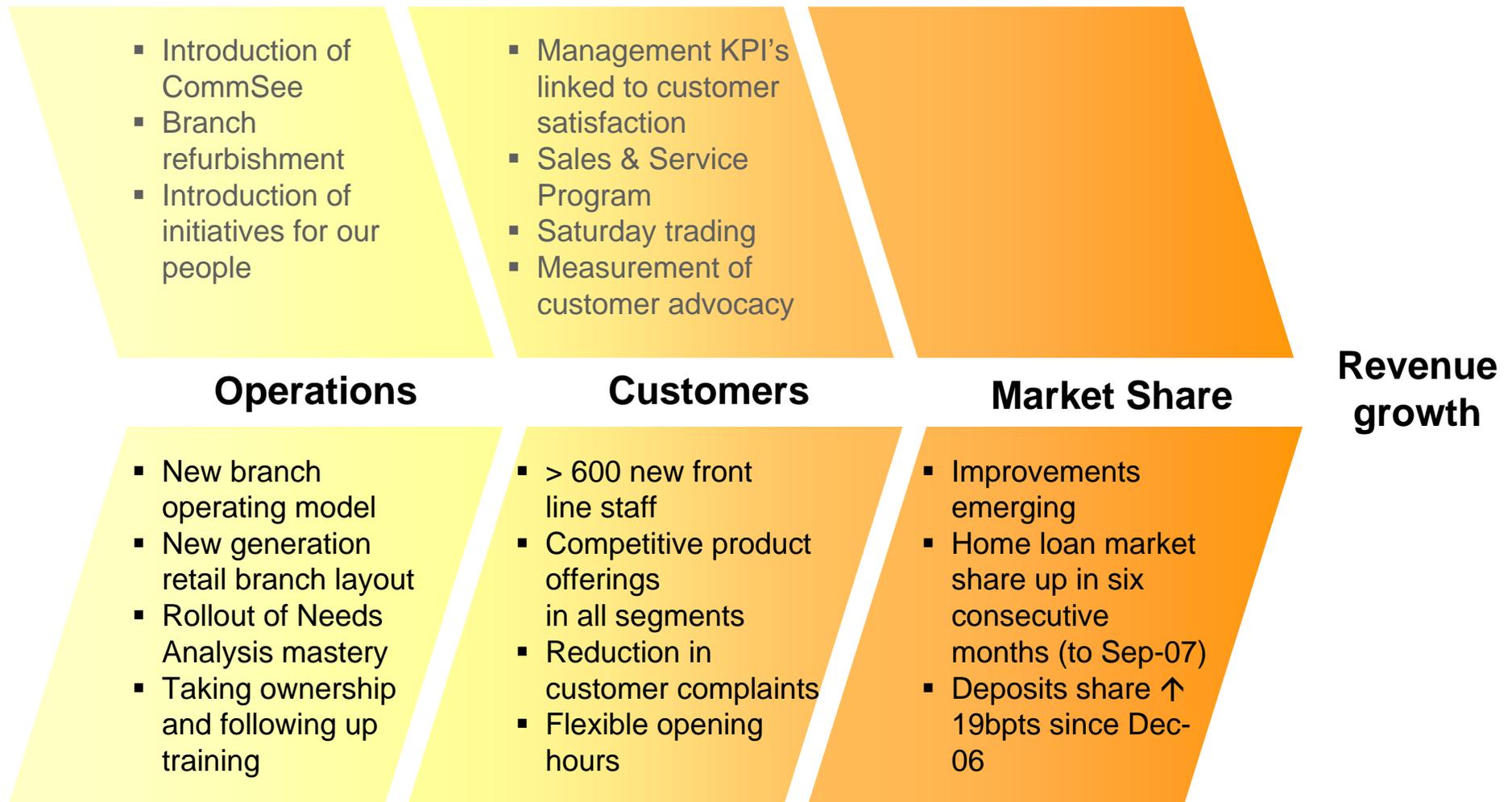


**Indexed # of retail customer complaints**



\* Roy Morgan

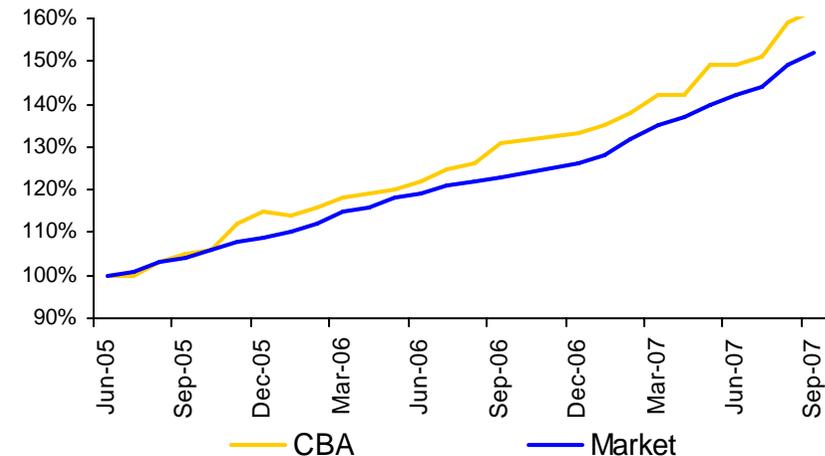
# On a journey...Australian Retail Banking



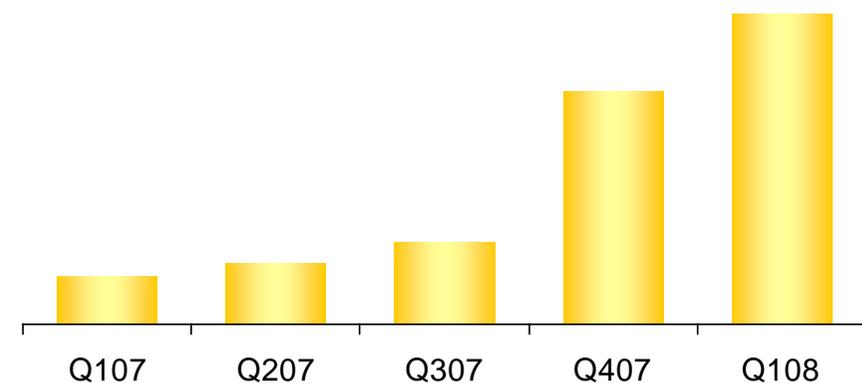
# Business Banking – recent growth encouraging

- Long term growth strategy progressing to plan
- Encouraging volume & share growth through September Quarter
- Key recent actions;
  - 140 Business Bankers in branches
  - 9 new Business Banking Centres
  - 15 new Agribusiness locations
  - Agriline launched with 24/7 access
  - CommBiz now +15,000 customers
  - CommSee for Business rolled out across branch & call centres
  - Product and process simplification
  - Launch of MediClear

Growth in Lending to Non-Financial Corporations\*



LBB Quarterly Gross Fundings

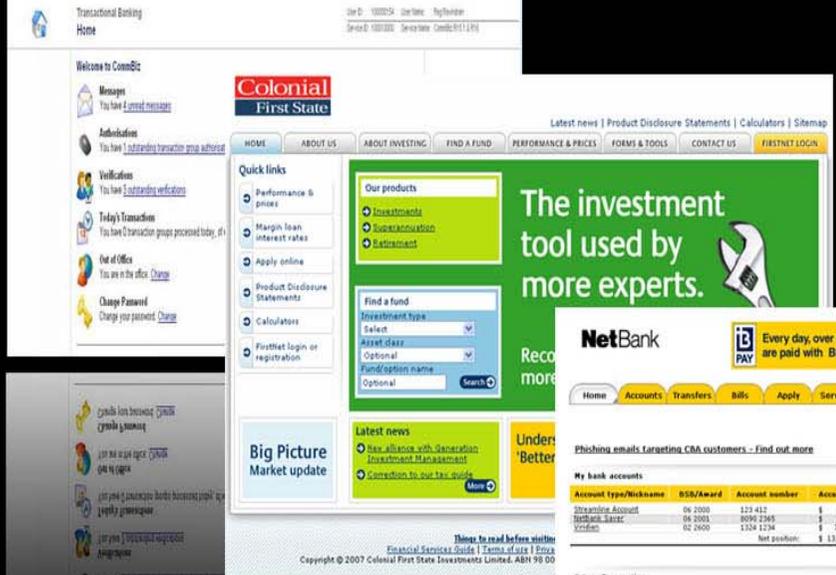


\* APRA

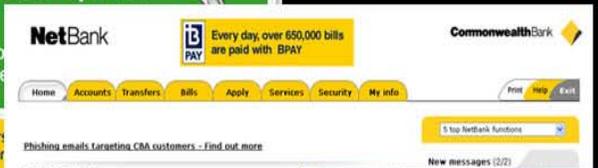




**CommBiz** – online, real time secure business and corporate banking



**FirstChoice** – chosen by 50% of IFA's

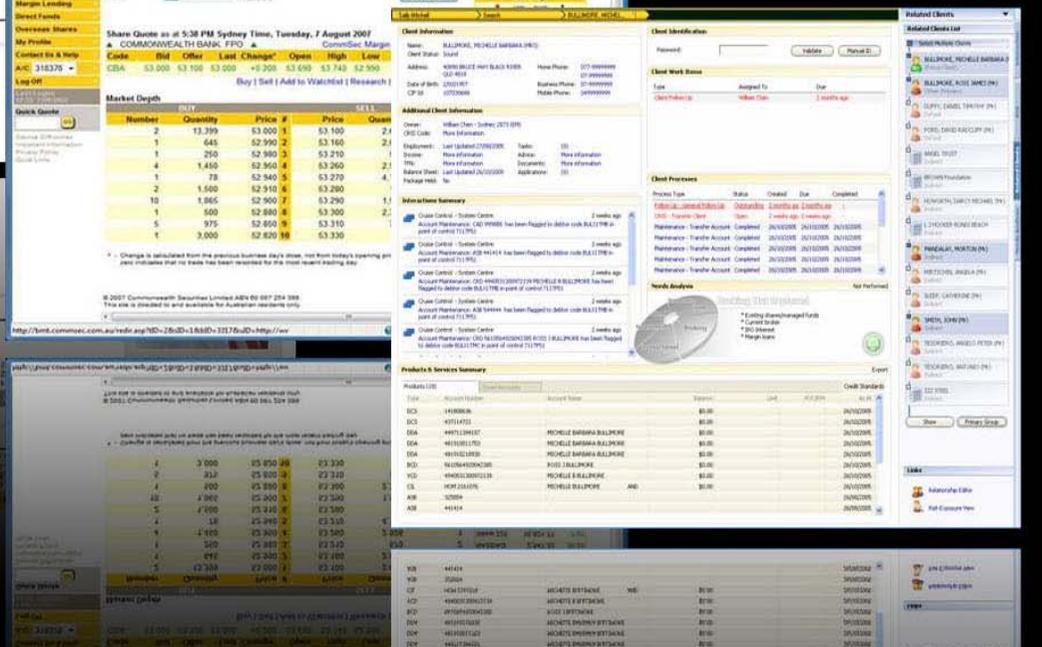
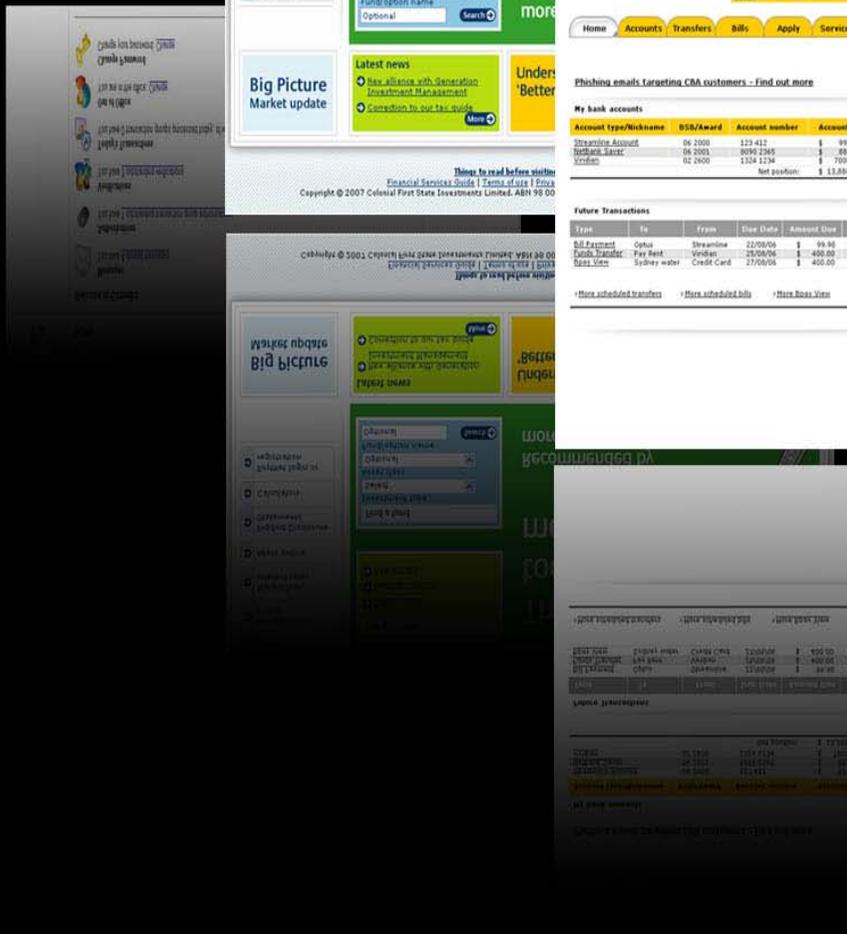


**Netbank** – 2m active customers

**CommSec**

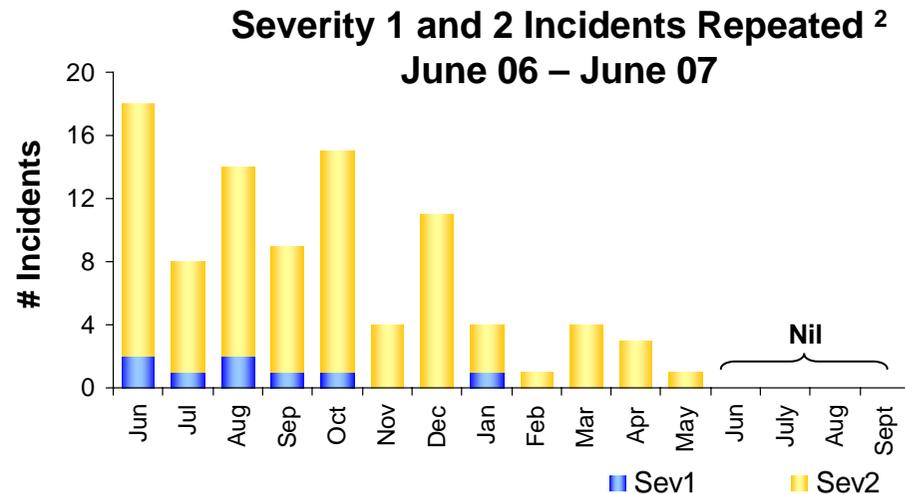
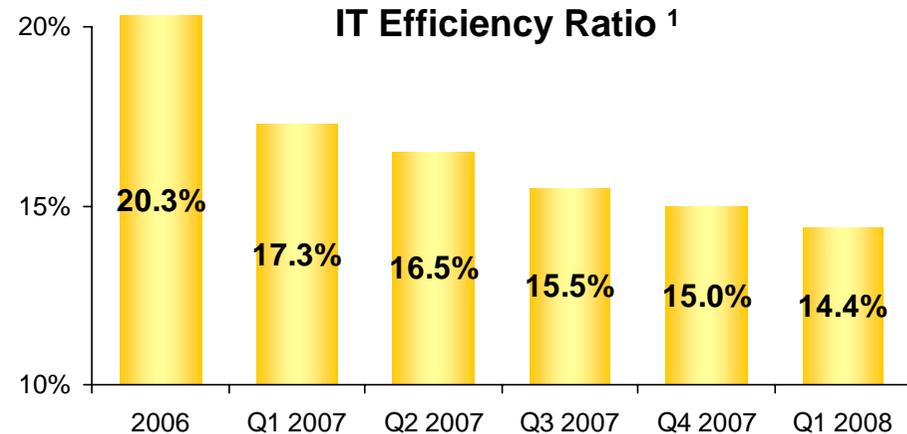


**CommSee** – 95% visibility of customer



# IT efficiency savings enabling strategic business investment

- Saved over \$100m of IT expense
- IT Efficiency Ratio trending below 15% through September
- Successfully delivering large portfolio of IT projects across the business
- Significant improvements in system stability, resilience and security



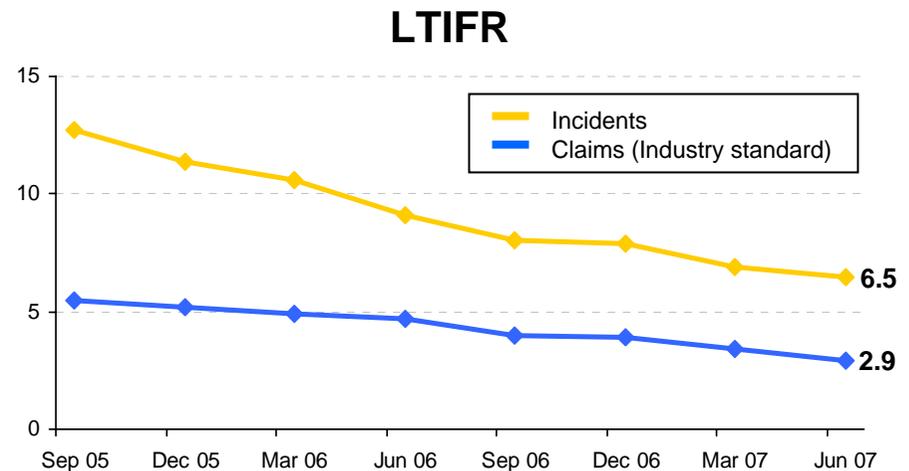
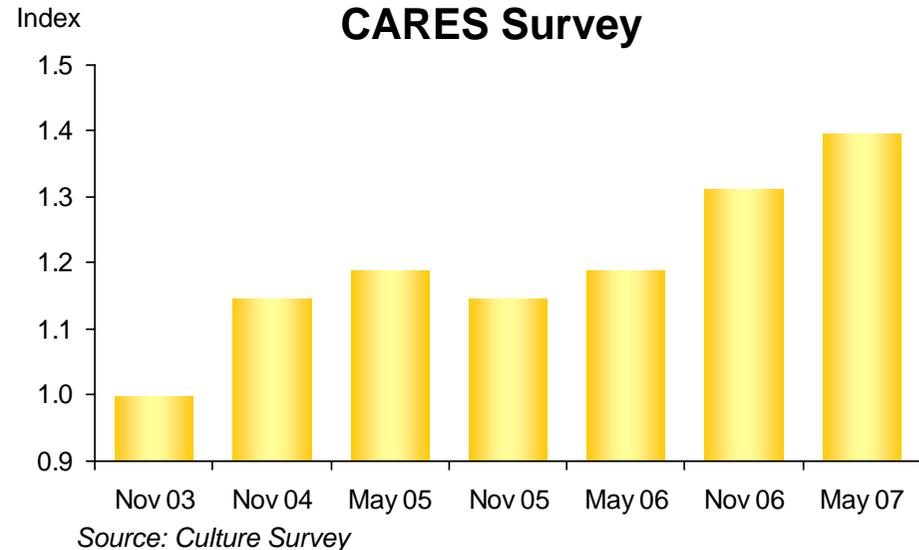
<sup>1</sup> Efficiency Ratio = Total IT Expense (excluding strategic initiative spend) / Total bank Op Expenses

<sup>2</sup> That is, repeat incidents related to the same cause



# Trust & Team Spirit improving

- Continued improvement in the culture:
  - Increasing focus on customer
  - Positive momentum in people engagement scores
  - Improved employee benefits
  - Increasing sense of pride
- Reflected in our people measures:
  - LTIFR down approx 30% in 2007
  - Absenteeism down 7%
  - Voluntary turnover down 13%
- Continued support for our community



# Opportunities for Profitable Growth

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- Asian expansion plans progressing well:
  - Indonesia - ANK acquisition
    - acquired JV partner stake in CMG Astra
  - China - Further capital investment in Hangzhou
    - Cinda/CFS fund management JV launched
  - Vietnam - Branch licence applied for
  
- CFS Global Asset Management launched 20 new funds in 2007
  
- Global Markets growth strategy
  
- Cross business unit referrals increasing

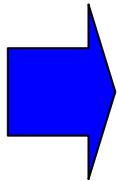


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# September quarter results

- RBS: volumes strong;
  - home loan market share up in six consecutive months (to Sep)
- PBS: CommSec and Institutional banking growth strong
- WM: FUA up 5.4% to \$187b
- IFS: Strong quarter from ASB
- Funding: Liquidity crunch managed very effectively

## Movements since Dec-06

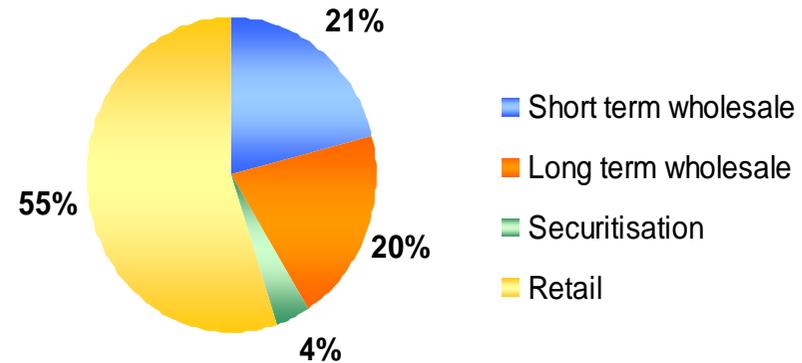
Market share*	bps
Home loans	+17
Personal loans	Steady
Credit cards	-56
Deposits	+19
Corporate	+17
First Choice	+89

\* Latest available data. Home Loans, Personal Loans, Deposits & Corporate – APRA as at Sep-07. Credit Cards – APRA/RBA as at Aug-07. First Choice – Plan for Life as at Jun-07

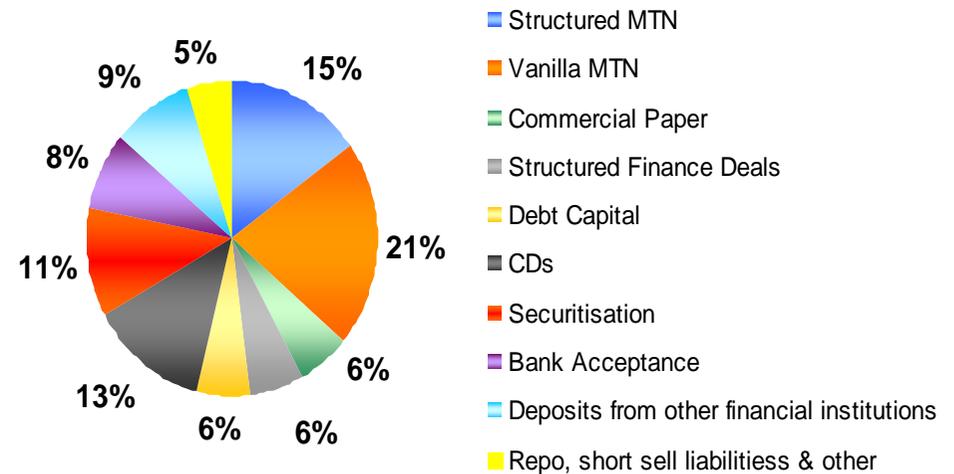
# Well positioned with liquidity and funding

- No exposure to CLOs / CDOs or material direct exposure to US subprime
- 2 sponsored ABCP conduits with standby facilities totalling \$2.5bn – currently drawn-down to \$2.0bn, highly rated assets
- \$1.5bn standby facilities to other conduits currently drawn-down to \$210m
- Should all facilities be drawn-down Tier 1 impact approx 11bp
- High proportion of retail funding and wholesale funding very diversified
- Approx 95% of liquid assets eligible for repo with a central bank

**Source of funding as at 30 June 07**



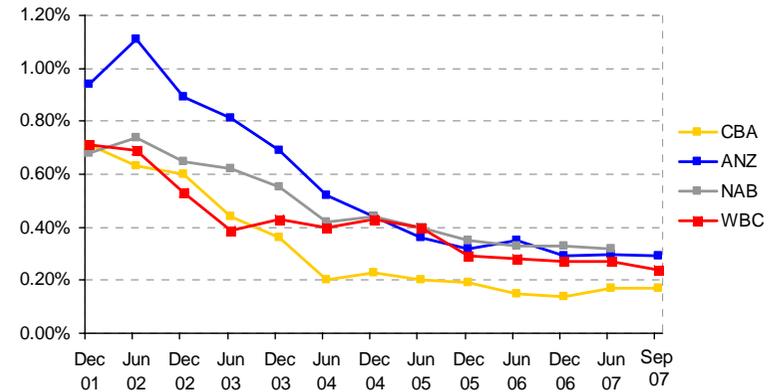
**Wholesale funding as at 30 June 07**



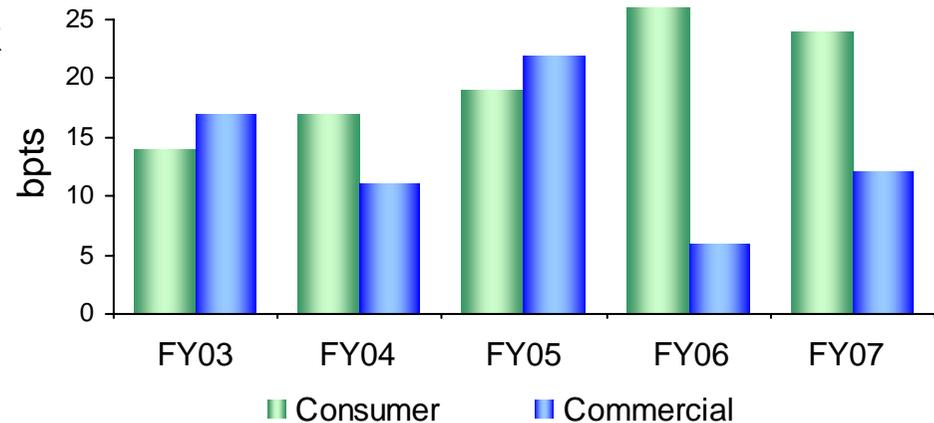
# Credit quality remains strong

- Loan impairment expense as % of RWA down from 0.20% ('06) to 0.19%
- Stable through September quarter
- Limited private equity participation
- 67% of commercial loans investment grade
- Security over 82% of the non-investment grade exposure
- Improving unsecured retail lending risk profile
- Low doc loans (2.3% of home loans)
- On market value, 75% of home loans < 60% LVR and most > 80% LVR insured

**Gross impaired assets to RWA**



**Individually assessed provisions as a % of advances**



# Outlook

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- Economic outlook for Australia remains positive
- Housing credit growth expected to remain at similar levels to 2007
- Some slowing expected in business and personal credit growth
- Financial services industry will remain competitive
- Given outlook and business mix, expect EPS growth to meet or exceed average of peers





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