

Determined to be better than we've ever been.

**Ralph Norris**

CHIEF EXECUTIVE OFFICER

**David Craig**

CHIEF FINANCIAL OFFICER



# Results Presentation

For the full year ended 30 June 2010

11 August 2010

Commonwealth Bank of Australia ACN 123 123 124



**Commonwealth**Bank



# Disclaimer

The material that follows is a presentation of general background information about the Group's activities current at the date of the presentation, 11 August 2010. 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.



# Agenda

- **Ralph Norris, CEO – Company Update and Outlook**
- David Craig, CFO – Financial Overview
- Questions and Answers



# Market shares

	CBA	Jun 10 BWA	Combined	Dec 09 CBA + BWA <sup>1</sup>	Jun 09 CBA + BWA <sup>1</sup>
Home loans	22.6%	3.6%	26.2%	26.1%	25.2%
Credit cards <sup>2</sup>	19.6%	2.9%	22.5%	22.3%	21.6%
Personal lending	13.8%	0.8%	14.6%	15.0%	15.7%
Household deposits	28.3%	3.0%	31.3%	31.3%	32.3%
Retail deposits	23.3%	4.0%	27.3%	26.6%	26.5%
Business lending – APRA	13.6%	5.9%	19.5%	18.8%	19.4%
Business lending – RBA	14.1%	3.5%	17.6%	17.7%	17.4%
Business deposits – APRA	17.0%	5.9%	22.9%	21.7%	20.7%
Equities trading – Total	6.3%	n/a	6.3%	6.7%	6.2%
Australian retail funds – administrator view <sup>3</sup>	14.6%	0.1%	14.7%	14.7%	14.4%
FirstChoice platform <sup>3</sup>	10.7%	n/a	10.7%	10.5%	10.2%
Australia life insurance (total risk) <sup>3</sup>	13.0%	0.8%	13.8%	13.8%	15.7%
Australia life insurance (individual risk) <sup>3</sup>	13.4%	1.2%	14.6%	14.6%	14.7%
NZ Lending for housing	23.0%	n/a	23.0%	23.3%	23.3%
NZ Retail deposits	21.6%	n/a	21.6%	21.4%	21.2%
NZ Lending to business	9.3%	n/a	9.3%	9.2%	8.8%
NZ Retail FUM	17.4%	n/a	17.4%	18.0%	18.8%
NZ Annual inforce premiums	31.0%	n/a	31.0%	31.3%	31.7%



- 1 Includes St Andrew's
- 2 As at May 2010
- 3 As at March 2010

# Overview

- Another good financial result
- Disciplined strategy execution continuing to deliver
- Challenging operating environment – signs of momentum slowing
- Global uncertainty continuing – conservative settings retained
- Well placed for medium term



# Snapshot – FY10 Results \*

Financial			Operating Performance by Division		
Cash earnings (\$m)	6,101	+42%	RBS (\$m)	4,258	+15%
ROE (Cash)	18.7%	+370bpts	IB&M (\$m)	1,775	+3%
Cash EPS (cents)	396	+34%	BPB (\$m)	1,582	+19%
DPS (cents)	290	+27%	Bankwest (\$m)	840	+81%
Cost-to-Income	45.7%	(70bpts)	Wealth Management (\$m)	802	+12%
NIM	2.13%	+5bpts	NZ (\$m)	586	(24%)
Strong balance sheet			Capital & Funding		
Total Assets (\$bn)	646	+4%	Tier 1 Capital	9.2%	+110bpts
Total Liabilities (\$bn)	611	+4%	Tier 1 – UK FSA	12.8%	+180bpts
FUM (\$bn)	144	+4%	WAM – Portfolio (yrs)	3.8	+0.2yrs
RWAs (\$bn)	291	+1%	WAM – New Issuance (yrs)	5.0	+1.5yrs
Provisions to Credit RWAs	2.12%	+20bpts	Liquid Assets (\$bn)	89	+6%



\* All movements on prior comparable period.

# Another good financial result

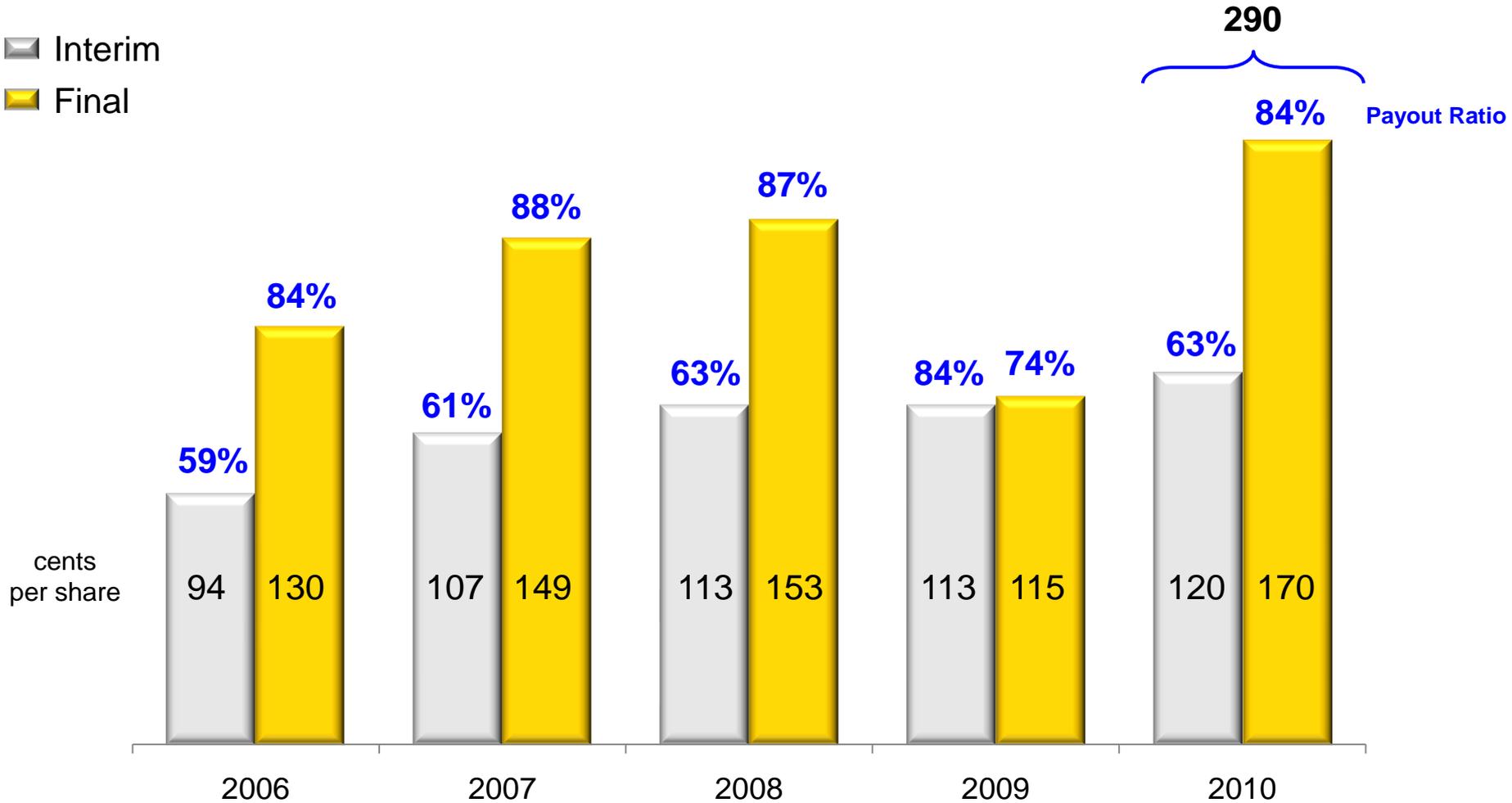
	<b>Jun 10</b>	vs Jun 09
Cash NPAT (\$m)	<b>6,101</b>	42%
Statutory NPAT (\$m)	<b>5,664</b>	20%
ROE	<b>18.7%</b>	370bpts
Cash EPS (cents)	<b>396</b>	34%
Dividend per Share (cents)	<b>290</b>	27%





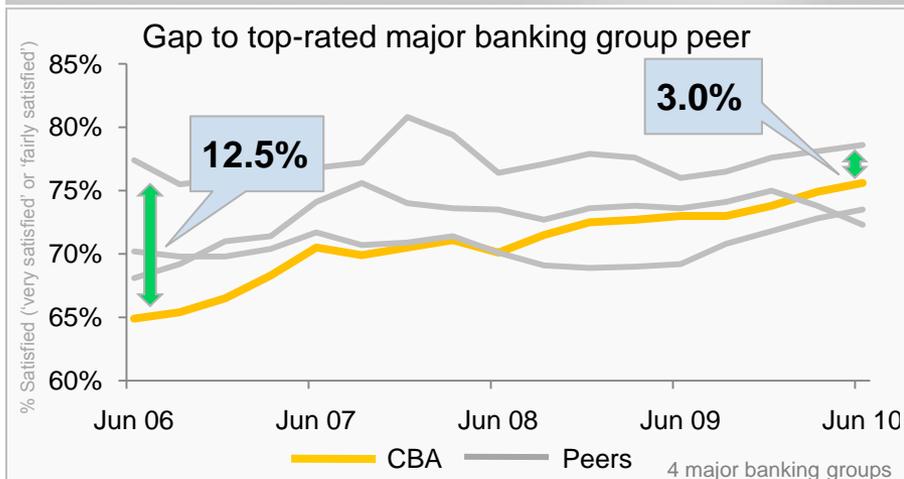
# Delivering for Shareholders

■ Interim  
■ Final

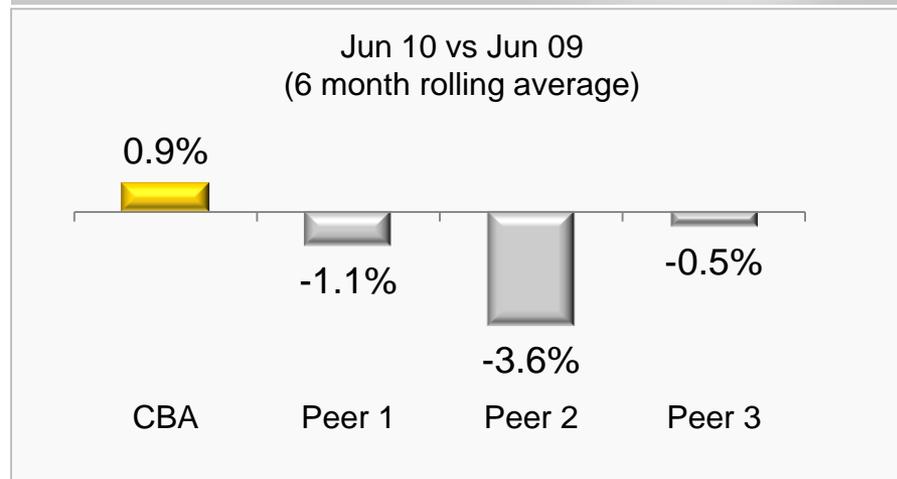


# Strategy continues to deliver

## Retail MFI Customer Satisfaction <sup>1</sup>



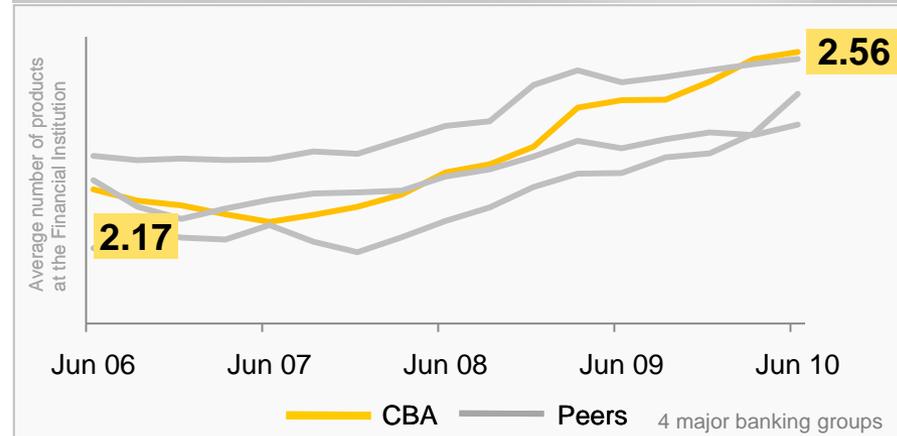
## Business Customer Satisfaction <sup>2</sup>



## FirstChoice Satisfaction <sup>3</sup>

	Ranking
2010	1 <sup>st</sup>
2009	1 <sup>st</sup>
2008	1 <sup>st</sup>
2007	2 <sup>nd</sup>
2006	2 <sup>nd</sup>

## Products per customer <sup>4</sup>



1, 2, 3, 4 - Refer note slide at back of presentation for source information

# Transformational change - scorecard

Customer Satisfaction	June 2006	June 2010	Progress
Retail <sup>1</sup>	64.9%	75.6%	✓
Business - TNS <sup>2</sup>	56.5%	67.9%	✓
Business - DBM <sup>5</sup>	n/a	Ranked 1st	✓
FirstChoice <sup>3</sup>	Ranked 2nd	Ranked 1st	✓
Share of Ombudsman Complaints	29.8%	15.1%	✓
<b>Market Shares <sup>6</sup></b>			
Home Lending	18.7%	26.2%	✓
Business Lending	12.1%	19.5%	✓
Household Deposits	29.3%	31.3%	✓
Business Deposits	11.9%	22.9%	✓
Products per Customer <sup>4</sup>	2.17	2.56	✓
<b>System Reliability – Sev. 1 incidents pa</b>	66	14	✓
<b>Processing times – New Home Loans <sup>7</sup></b>	14 days	6 days	✓
<b>Employee Engagement – Percentile</b>	69 <sup>th</sup>	76 <sup>th</sup>	✓
<b>Total Shareholder Return – Ranking <sup>8</sup></b>		Number 1 (2, 3, 4, 5 yrs)	✓



1, 2, 3, 4, 5 – Refer note slide at back of this presentation for source information

6 Source RBA/APRA. June 2006 market shares do not include Bankwest

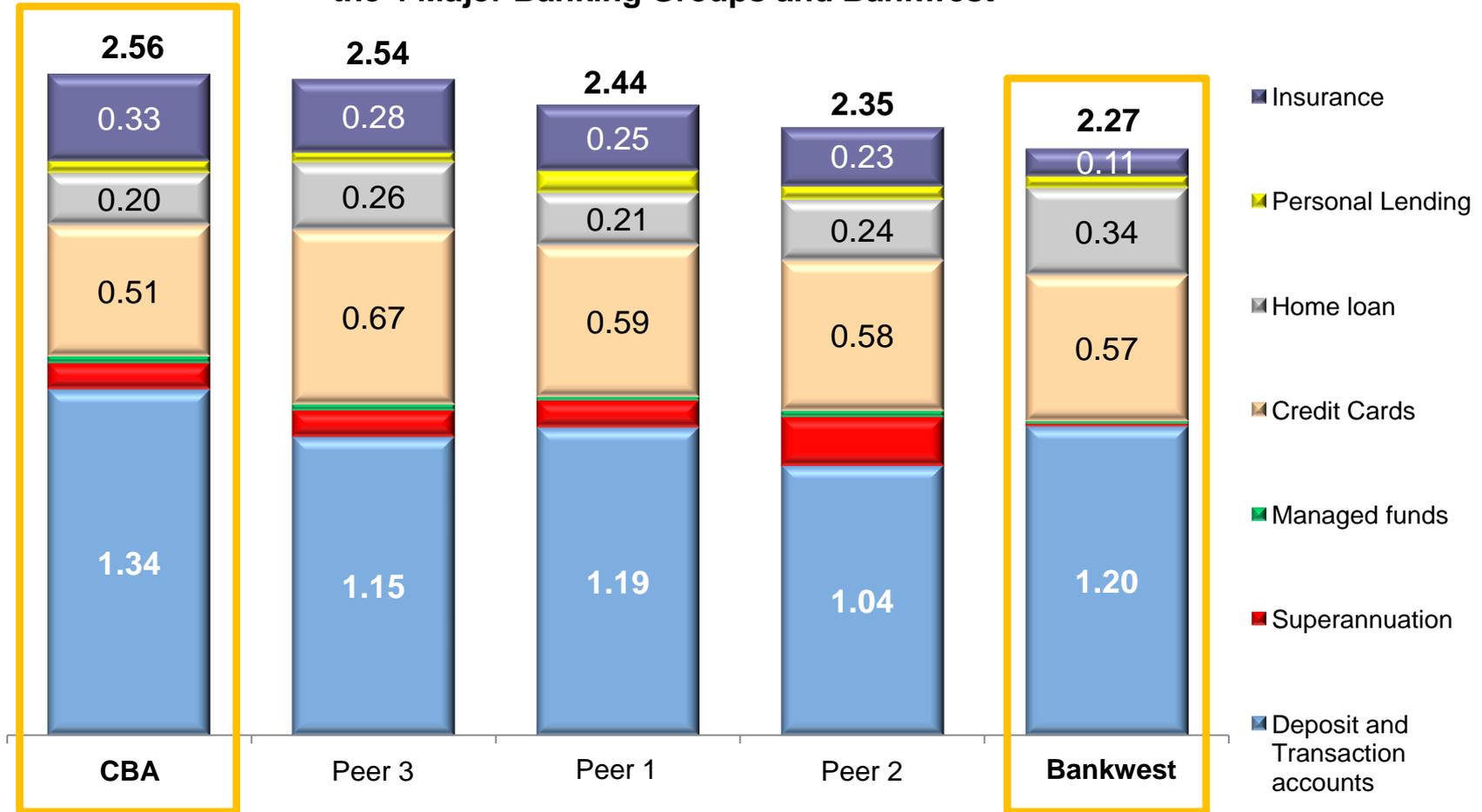
7 Time period relates to that component of the home loan process that is under the direct control of the Group's mortgage processing area. Comparative period relates to Oct 07.

8 Major banks



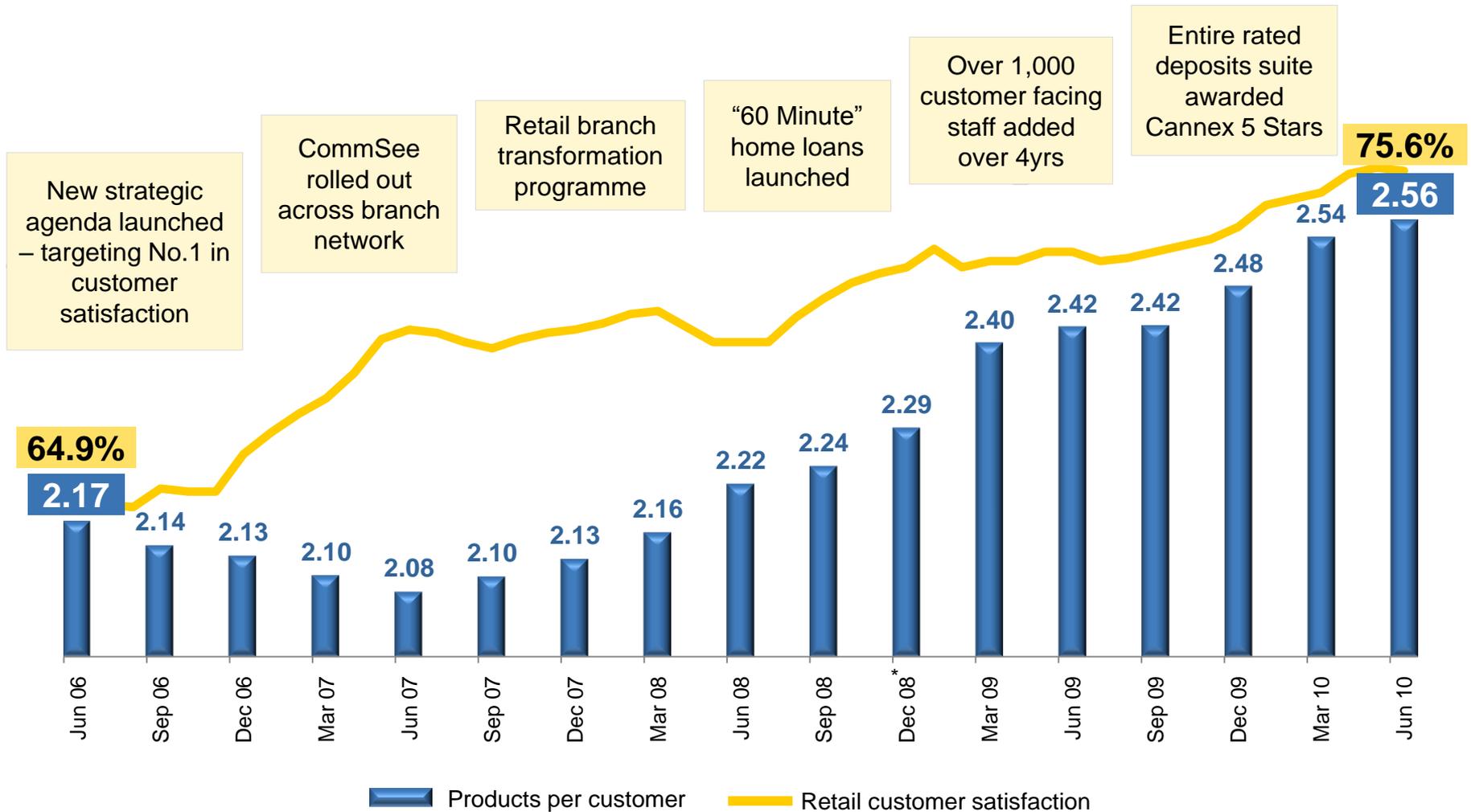
# Products per Customer

Average Product Composition between Commonwealth Bank, the 4 Major Banking Groups and Bankwest



Source: Roy Morgan Research  
Refer note slide at back of this presentation for source information  
6 months to June 2010

# Customer satisfaction creating value

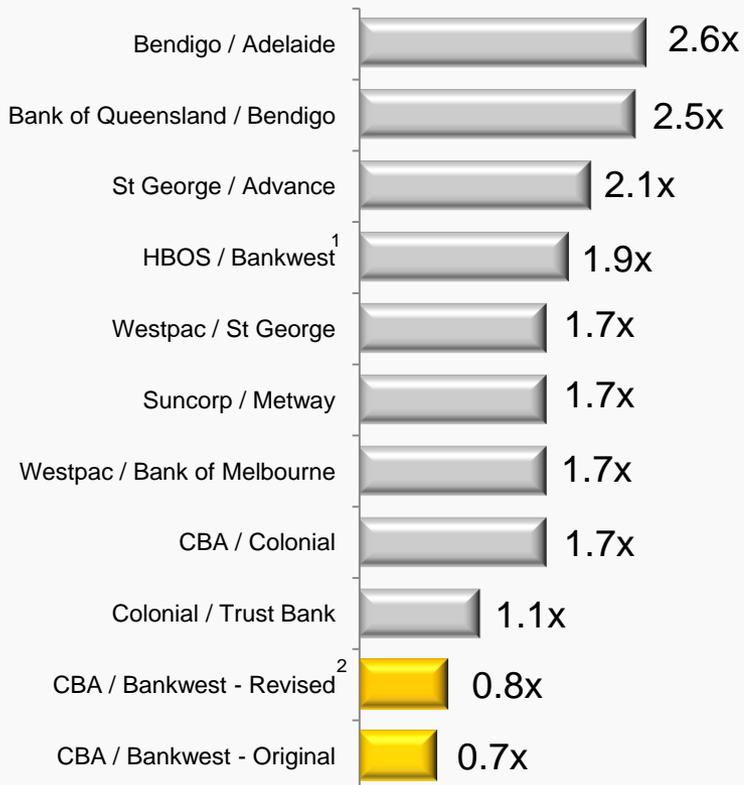


Source: Roy Morgan Research. Refer note slide at back of this presentation for source information  
 \* Methodology change in October 2008 by Roy Morgan Research regarding capturing of Deposit & Transaction accounts across the industry

# Bankwest

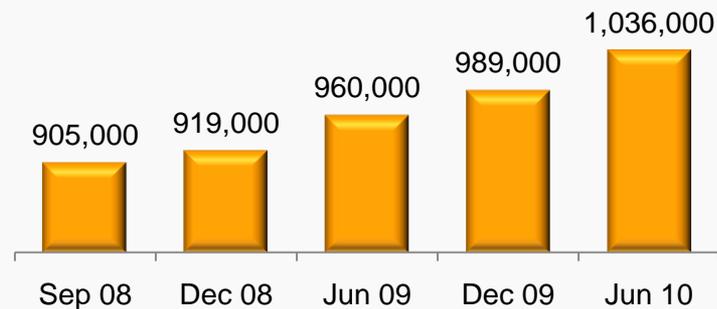
## Comparable price-to-book values

(Acquiror / Target)

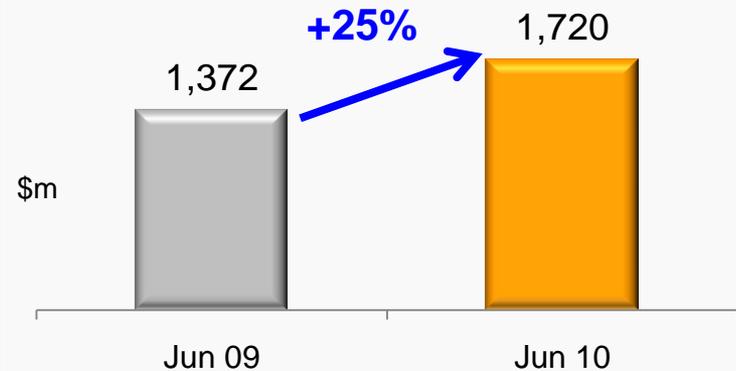


## Retail customer growth

Number of retail customers  
(Bankwest)



## Operating Income



1 Remaining 43% interest by HBOS

2 Original valuation adjusted for additional provisioning recognised at 30 June 2010 relating to the legacy portfolio review

Source: Company announcements, ASX announcements, Factset, IRESS

# Bankwest

- **A good business performing strongly:**
  - ▶ 100,000 extra customers since acquisition
  - ▶ Income ↑ 25%; Costs ↓ 3%
- **Legacy book review:**
  - ▶ Comprehensive and in-depth
  - ▶ Smaller, performing loans
  - ▶ A legacy issue – predominantly East Coast
  - ▶ Unrealistic security valuations
  - ▶ \$212m after-tax charged against acquisition profit
  - ▶ Risk management practices significantly strengthened



# 2010 Awards



- Bank of the Year 2010
- Money Minder of the Year (RBS)
- Margin Lender of the Year (CommSec)



- World's Best Banks in Developed Markets: Best Bank in Australia
- Australia's Best Foreign Exchange Provider
- Best Web Site Design (NetBank)



- Service Level Survey Awards 2010
- Fund Manager Service Level Award (FirstChoice platform)

- Strongest Bank in Australia
- Best Retail Bank in Australia
- Best Retail Bank in Asia Pacific
- Best Brand Building Initiative (RADAR)
- Best Leadership in Banking in Australia
- Achievement Award, Cash Management in Australia
- Business Achievement Award, Risk Management



- Best Bank in Australia 2010
- Best Private Bank for Super Affluent Clients
- Best Private Bank for High Net Worth 1 Clients
- Best Private Bank for Family Office Services



- Best Domestic Bank in Australia
- Best Managed Company, Large Cap



- Australian Financial Institution of the Year (Retail Bank)
- Financial Services Executive of the Year (Ralph Norris)
- Best Career Development Program
- Chief Information Officer of the Year (Michael Harte)



- Best in Class, Banking (Projects.CBA Intranet)
- Outstanding Achievement Award, Investor Relations (Shareholder Centre)
- eCommerce (eVolve iShop)
- Banking (NetBank)
- B2B (IB&M microsite)



- Hybrid Deal of the Year (PERLS V)



- Outstanding Private Banking Institution of the Year



- Official Honoree, Banking/Bill Paying (NetBank)
- Official Honoree, Mobile Marketplace (NetBank Mobile Banking)



- CANSTAR CANNEX 2010
- Five star rating, online share trading, CommSec
  - Five star rating, all deposit and transaction accounts
  - Innovation Excellence Award (Travel Money Card)



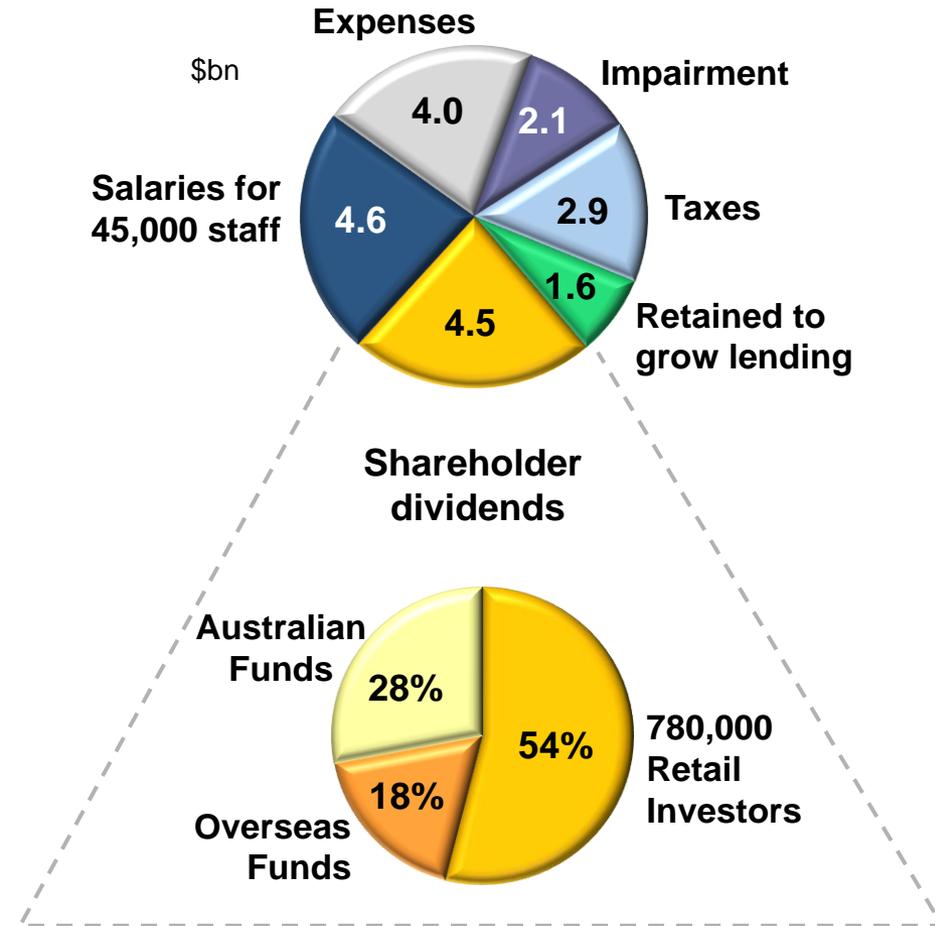
- Reconciliation Awards for Business 2010
- Established Business Award (Indigenous Banking Team)



# Supporting Australia

- Employing 45,000 people
- Serving 11 million Australian customers
- \$100 billion in new lending
- Paid \$2.9 billion in taxes
- 74% of profit returned to shareholders
  - ▶ Ensures Australia's stability
  - ▶ Keeps interest rates lower
  - ▶ Delivers funds for our customers
- AA Credit Rating

## Where does our net income go?



# Key Earnings Drivers - FY11

Driver	FY11 Outlook
<b>System Credit Growth*</b>	<ul style="list-style-type: none"> <li>▶ Total Credit (%): 7½-9½</li> <li>▶ Housing Credit (%): 8-10</li> <li>▶ Business Credit (%): 7-9</li> </ul>
<b>Margins</b>	<ul style="list-style-type: none"> <li>▶ Continued downward pressure from higher funding costs</li> <li>▶ Many variables – specific outlook hard to predict</li> </ul>
<b>Other Banking Income</b>	<ul style="list-style-type: none"> <li>▶ Trading Income normalised</li> <li>▶ Likely subdued overall growth</li> </ul>
<b>Funds Management Income</b>	<ul style="list-style-type: none"> <li>▶ Leverage to equity market recovery</li> <li>▶ Normalisation in Investment Experience</li> </ul>
<b>Costs</b>	<ul style="list-style-type: none"> <li>▶ Continued cost discipline + investing in the business</li> <li>▶ Inflationary pressures</li> </ul>
<b>Impairment Expense</b>	<ul style="list-style-type: none"> <li>▶ Expected to continue to trend lower</li> </ul>



\* CBA Economists forecasts

# Outlook

- Despite improvement, global outlook remains uncertain
- Domestic economy relatively well-placed
- Regulatory reform outcomes likely to be manageable
- Given uncertainty, remain cautious on near-term outlook
- However, medium to longer term outlook very good





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Commonwealth Bank of Australia ACN 123 123 124



**Commonwealth**Bank





# Strong profit growth

	Jun 10 \$m	Jun 09 Pro forma \$m	Jun 10 vs Jun 09
Operating income	18,823	17,729	6%
Operating expenses	(8,601)	(8,222)	5%
<b>Operating performance</b>	<b>10,222</b>	<b>9,507</b>	<b>8%</b>
Investment experience	236	(263)	Large
Impairment expense	(2,075)	(3,392)	(39%)
Tax and minorities	(2,282)	(1,544)	48%
<b>Cash NPAT</b>	<b>6,101</b>	<b>4,308</b>	<b>42%</b>



# Other key information

## Reported and Pro forma comparatives

For added transparency and comparability, financial results for the prior year to June 2009 have been prepared on a pro forma basis, assuming the Bankwest and St Andrews acquisition was completed on 1 July 2008

## Non-cash items

### NZ tax expense

- Tax on NZ structured finance transactions

### Hedging and AIFRS volatility

- Unrealised accounting gains and losses arising from the application of "AASB 139 Financial Instruments: Recognition and Measurement"

### Other

- Treasury shares adjustment
- Sale of Fiji/other
- DB Expense / Other <sup>2</sup>
- Bankwest cash NPAT prior to acquisition

	Jun 10 \$m	Jun 09 \$m
	(44)	(28)
	(23)	-
	-	(33)
	-	107
	<b>(67)</b>	<b>46</b>

Bankwest non-cash items (after tax)	Jun 10 \$m	Jun 09 \$m
Gain on acquisition		612
Bankwest impairment charge <sup>1</sup>	(212)	-
Amortisation of fair value acquisition adjustment	25	80
Integration expenses	(29)	(78)
<b>Total</b>	<b>(216)</b>	<b>614</b>



- 1 Additional impairment expense relating to pre-acquisition collective provision on the business book, charged below Cash NPAT. This is consistent with the treatment of the gain on acquisition of Bankwest.
- 2 DB Expense included in Cash NPAT from 1 July 2009.



# Statutory profit

	Jun 10 \$m	Jun 09 \$m	
<b>Cash NPAT</b>	<b>6,101</b>	<b>4,308</b>	<b>42%</b>
Bankwest non-cash items	(216)	614	
NZ tax expense	(171)	-	
Hedging and AIFRS volatility	17	(245)	
Other non-cash items	(67)	46	
<b>Statutory NPAT</b>	<b>5,664</b>	<b>4,723</b>	<b>20%</b>



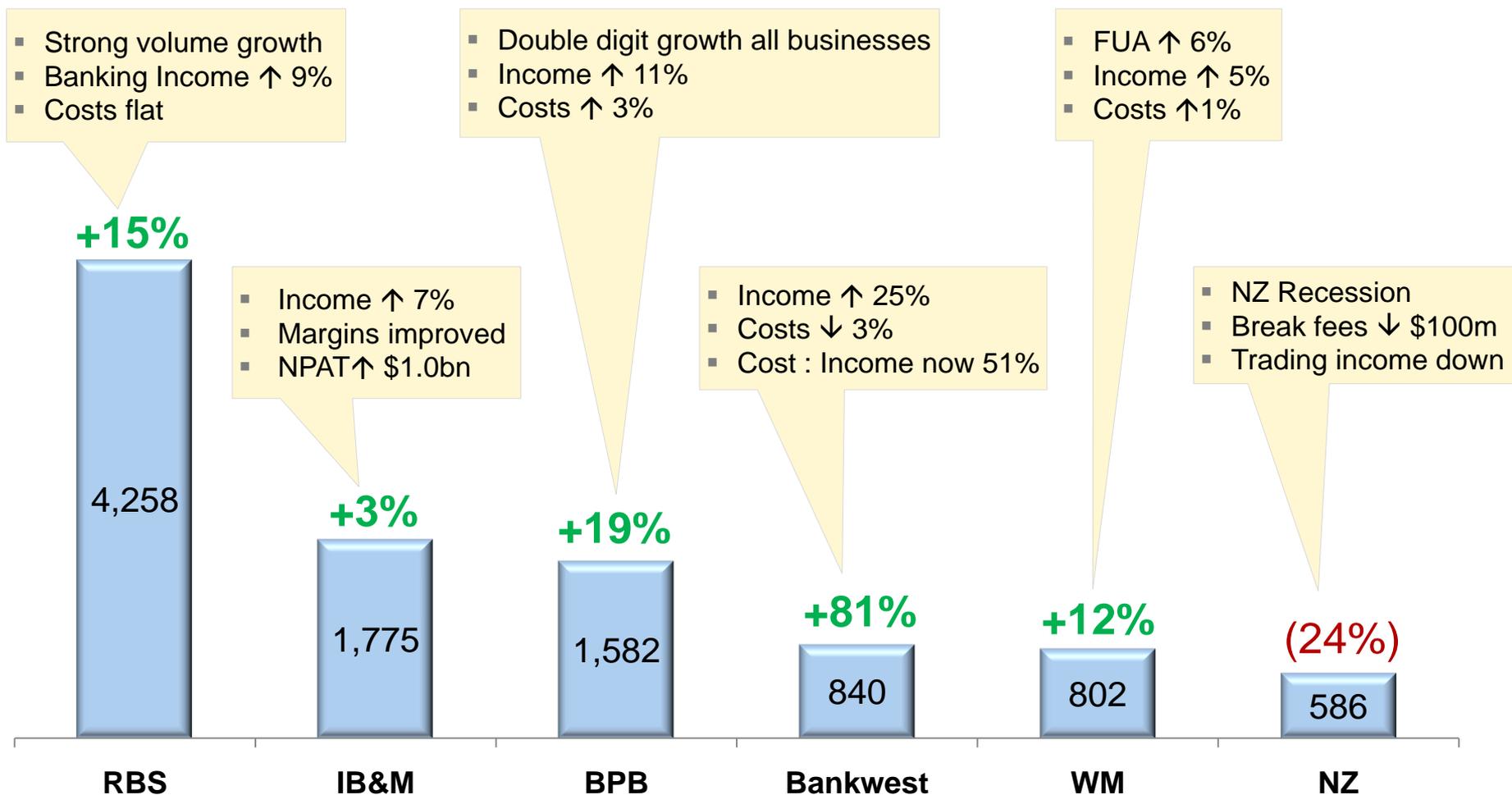
# Business unit profitability

\$m	Operating Performance	Impairment Expense	Investment Experience	Tax & Minorities	Cash NPAT Jun 10	Cash NPAT Jun 09	FY10 Mvt Cash NPAT	FY10 Mvt Operating Performance
RBS	4,258	(736)	-	(1,061)	2,461	2,107	17%	15%
IB&M	1,775	(249)	-	(344)	1,182	166	Large	3%
BPB	1,582	(326)	-	(363)	893	736	21%	19%
Bankwest <sup>1</sup>	840	(754)	-	(26)	60	3	Large	81%
WM <sup>1</sup>	802	-	183	(267)	718	289	Large	12%
NZ	586	(100)	1	(99)	388	438	(11%)	(24%)
Other <sup>2</sup>	379	90	52	(122)	399	569	(30%)	(53%)
<b>Total</b>	<b>10,222</b>	<b>(2,075)</b>	<b>236</b>	<b>(2,282)</b>	<b>6,101</b>	<b>4,308</b>	<b>42%</b>	<b>8%</b>



- 1 Jun 09 pro forma
- 2 Includes Centre functions, Group Treasury

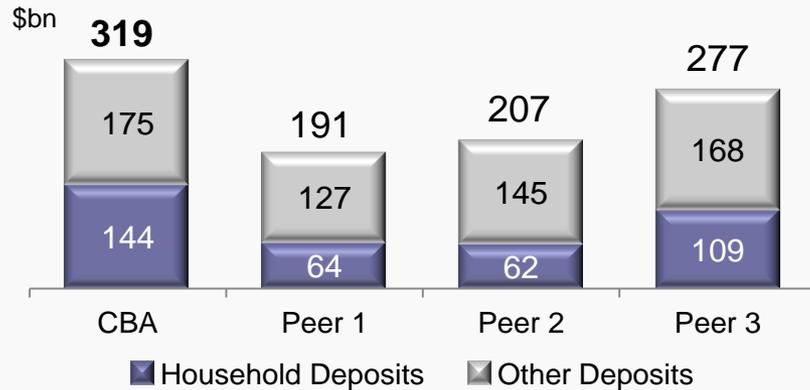
# Strong operating performance\*



\* FY10 Operating revenue less operating expense. All movements on prior comparable period.  
Jun 09 pro forma

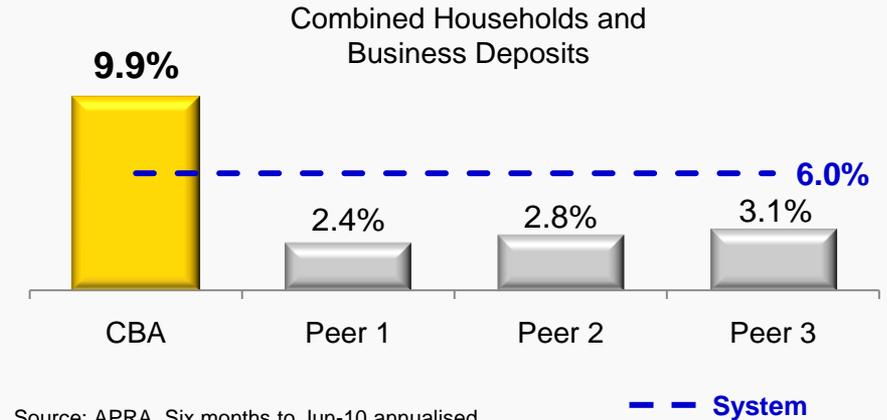
# Australia's leading bank for deposits

## Total Deposits



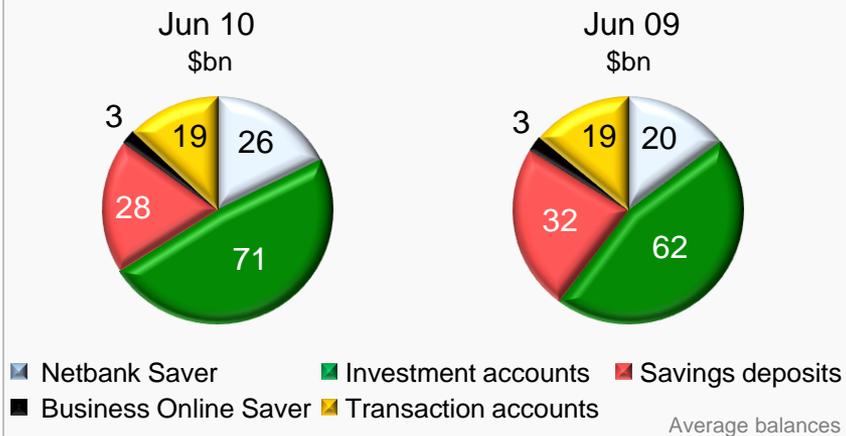
Source : APRA. Includes Bankwest

## Balance Growth

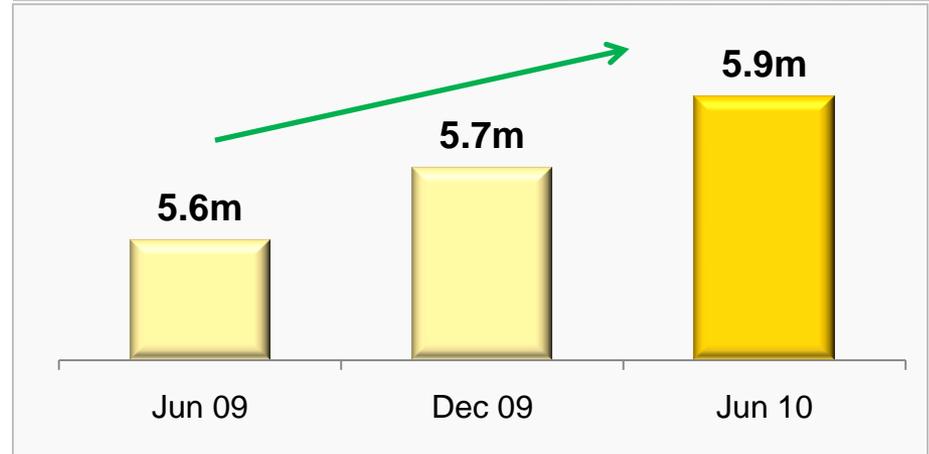


Source: APRA. Six months to Jun-10 annualised

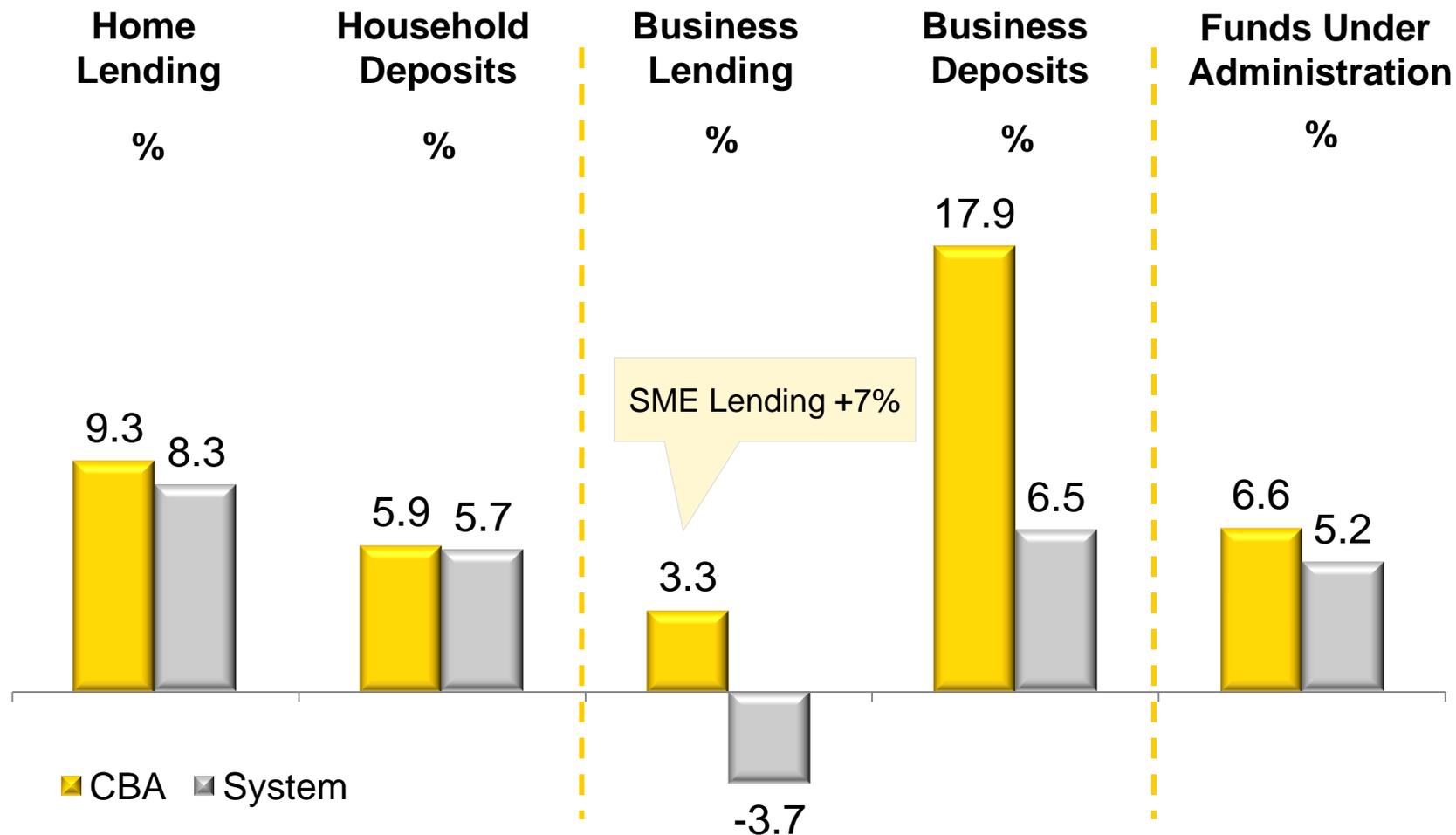
## RBS Deposit Mix



## Number of Transaction Accounts



# Strong six-month volume growth



Growth rates inclusive of Bankwest balances. All figures are six month balance movements annualised. Figures adjusted for restatements where appropriate.

Source : APRA / RBA, except for Funds Under Administration – Source: Plan for Life – six months to Mar-10 annualised.

# Other Banking Income

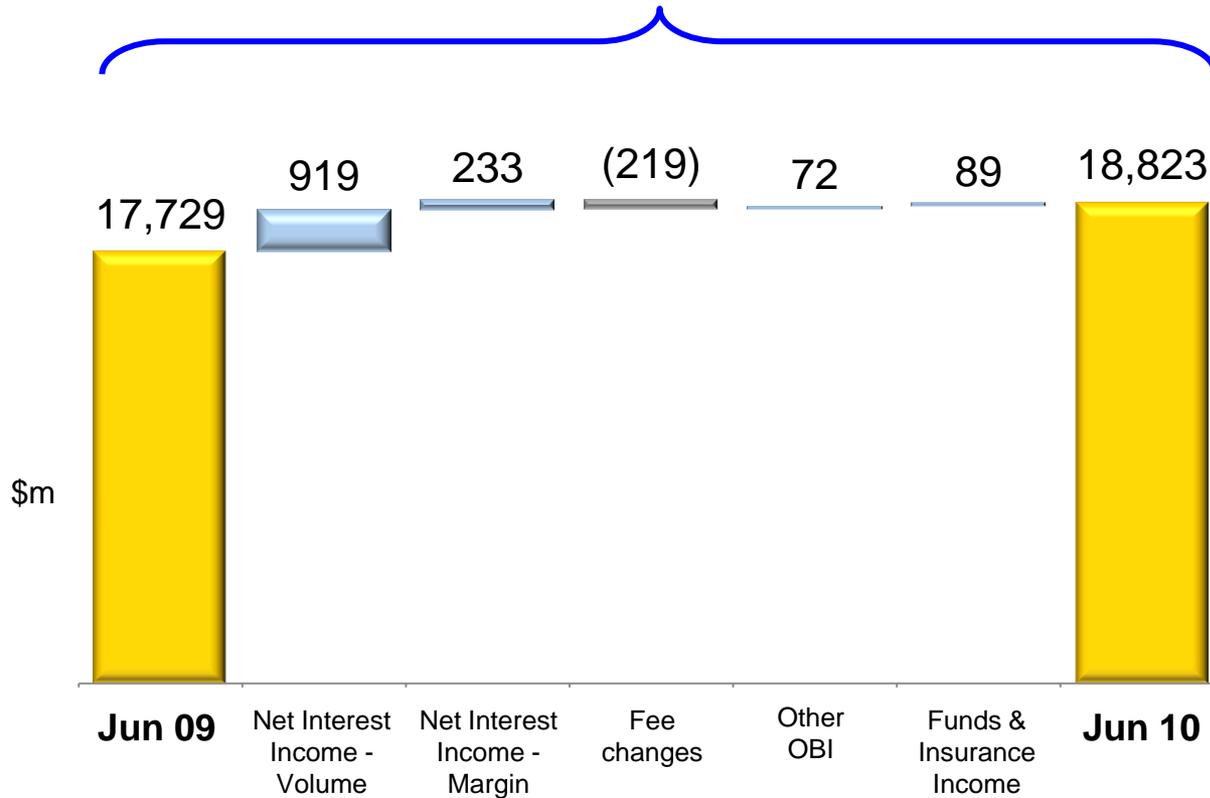
6 months

	Jun 10 \$m	Dec 09 \$m	Jun 09 \$m	Jun 10 vs Dec 09	Jun 10 vs Jun 09
Commissions	972	1,034	1,050	(6%)	(7%)
Lending Fees	716	719	779	-	(8%)
Trading Income	306	291	293	5%	4%
Other	176	157	146	12%	21%
<b>Sub-total</b>	<b>2,170</b>	<b>2,201</b>	<b>2,268</b>	<b>(1%)</b>	<b>(4%)</b>
AIFRS reclassification of net swap costs	(136)	(123)	(128)	11%	6%
<b>Total</b>	<b>2,034</b>	<b>2,078</b>	<b>2,140</b>	<b>(2%)</b>	<b>(5%)</b>

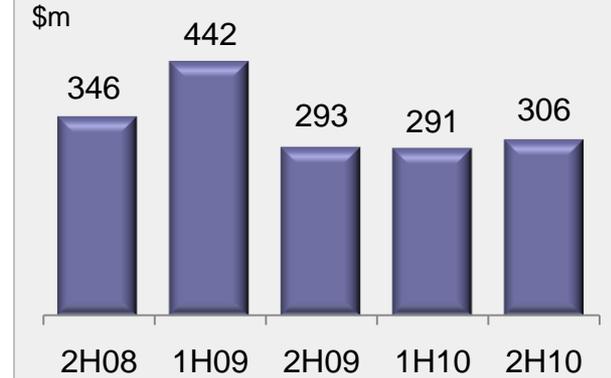


# Good volumes driving income growth

Total Operating Income ↑ 6%



## Trading Income

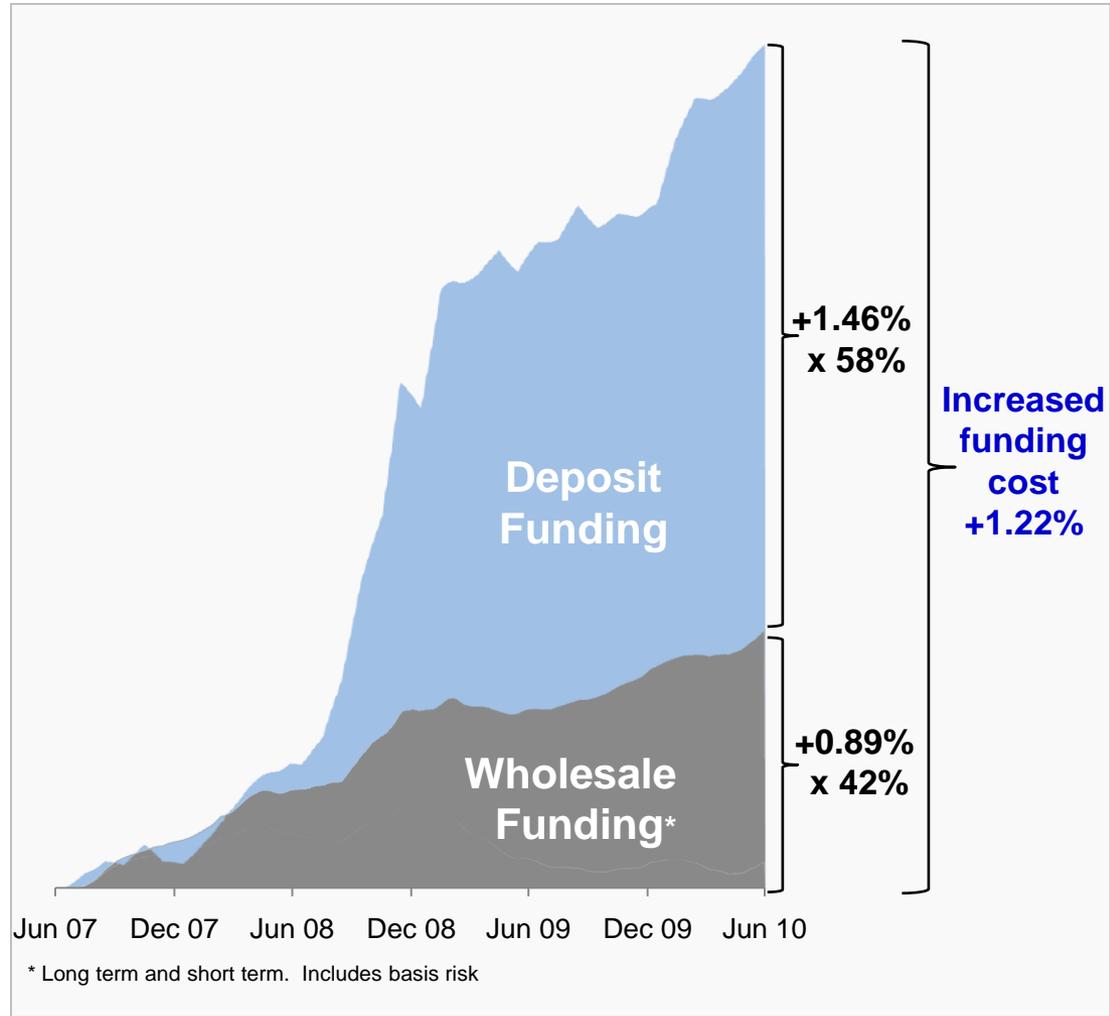
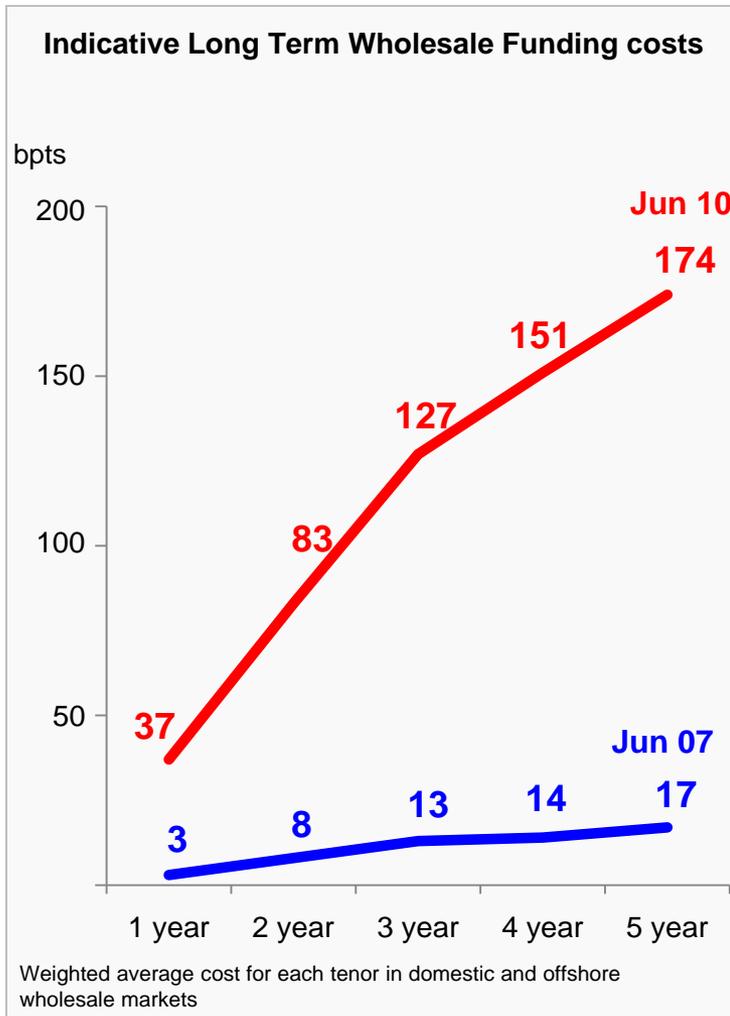


## Funds & Insurance Income



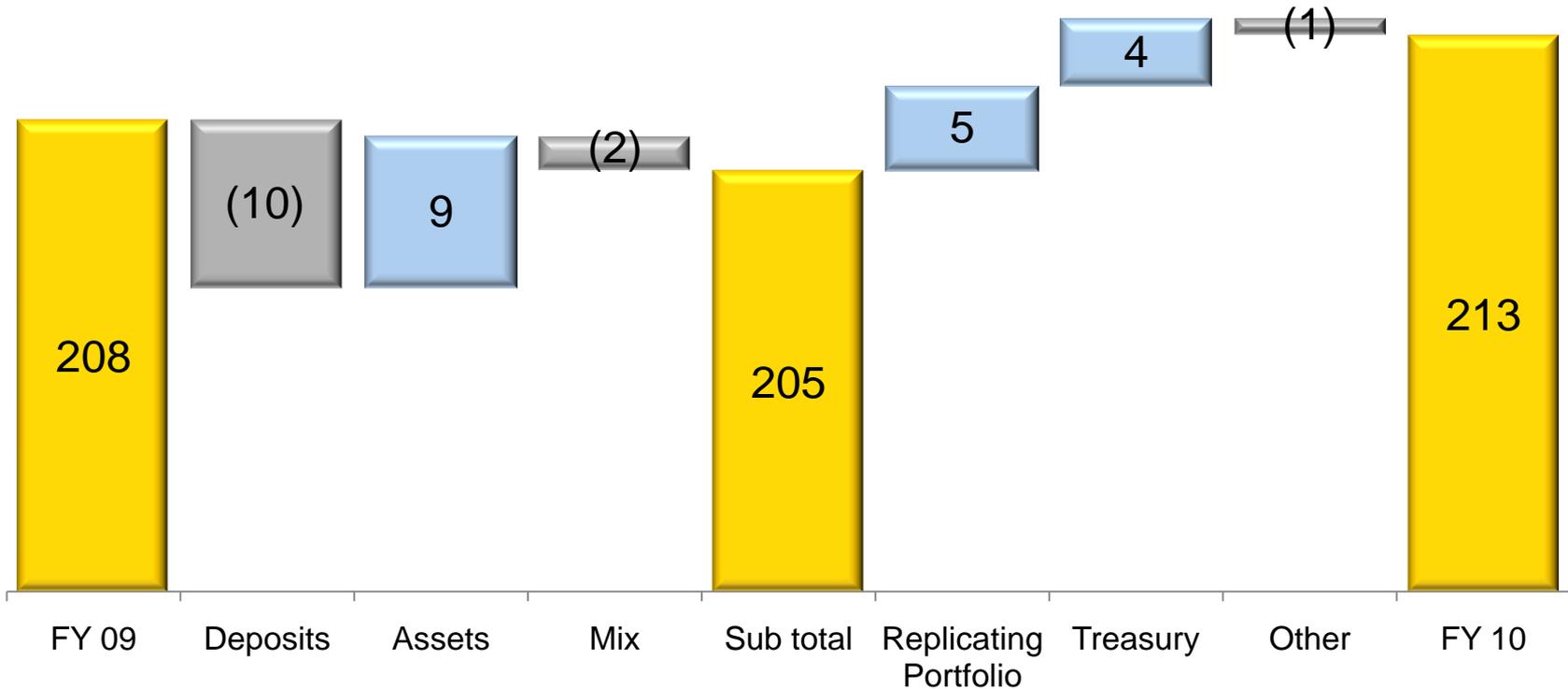


# Funding costs continue to increase

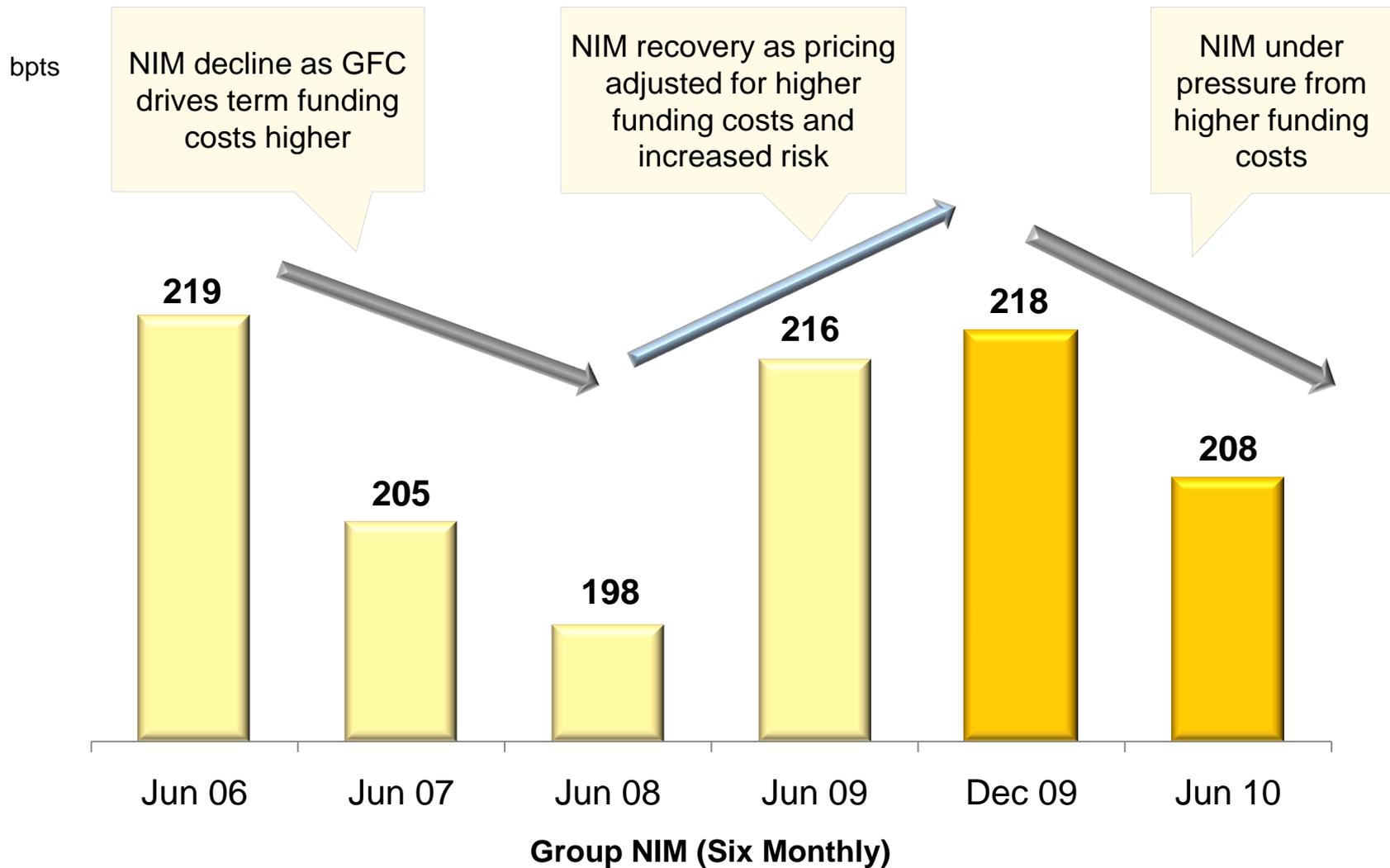


# Group NIM – 12 months

bpts



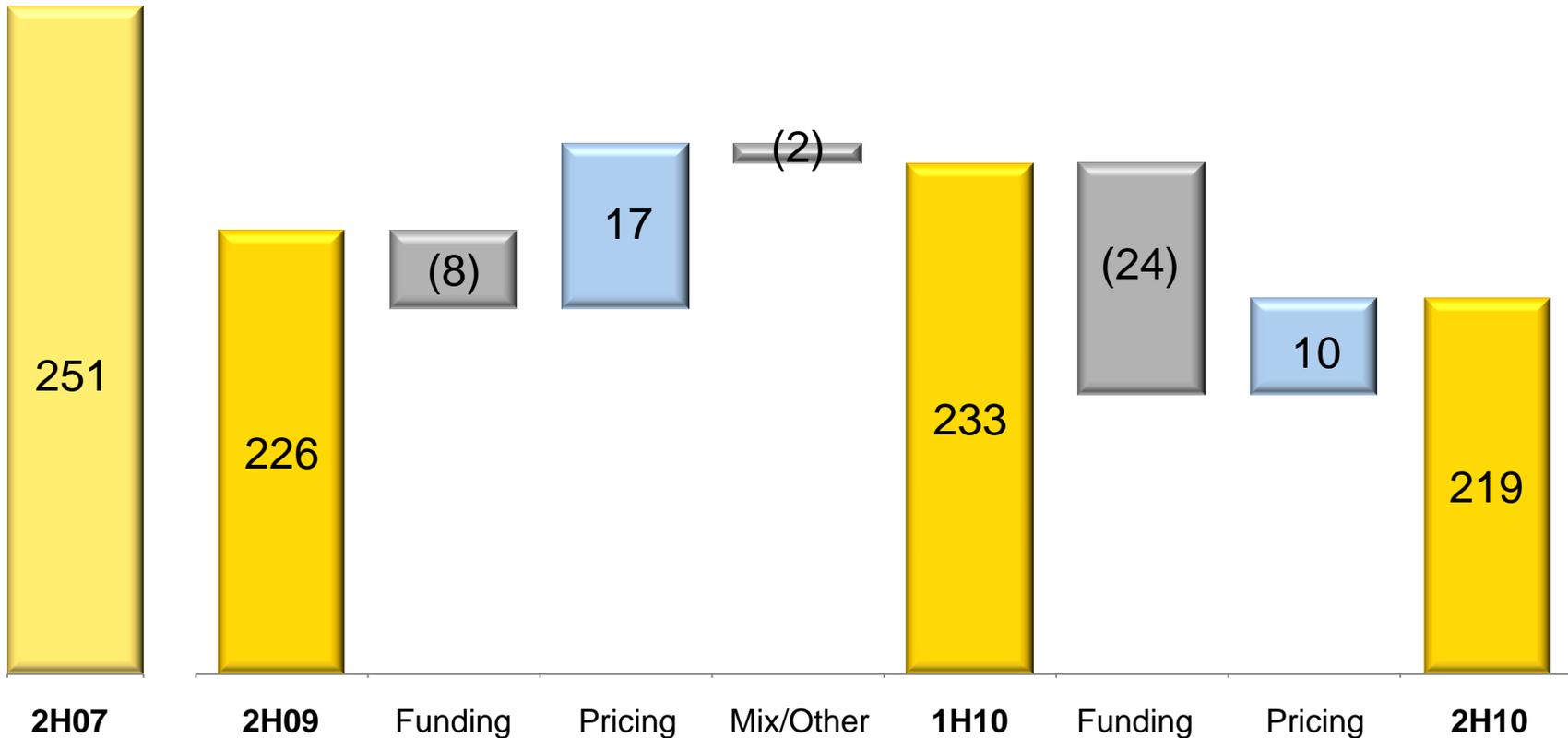
# Funding costs higher in 2H10





# RBS NIM particularly impacted

bpts

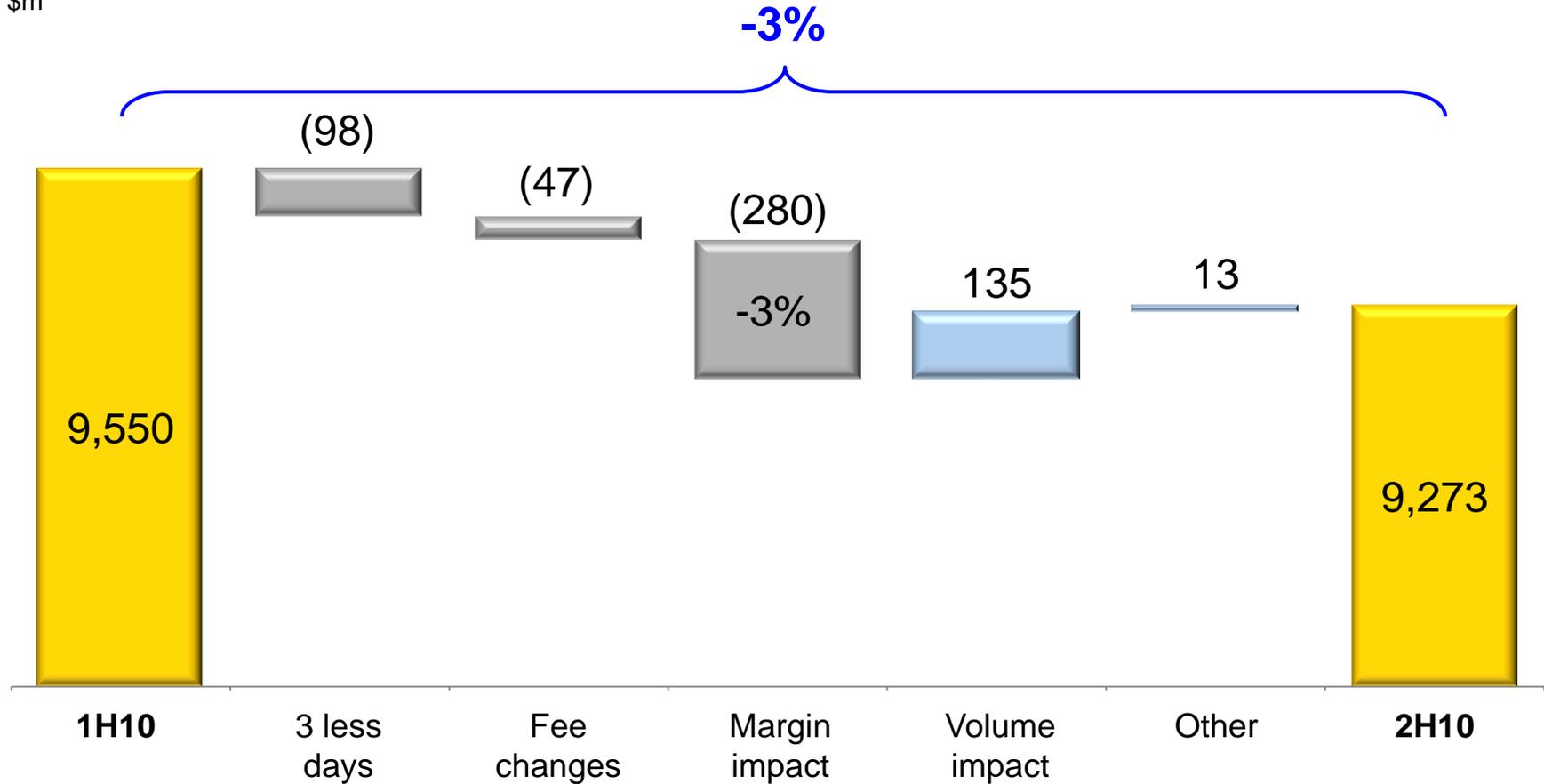




# Higher funding costs impacted 2<sup>nd</sup> Half

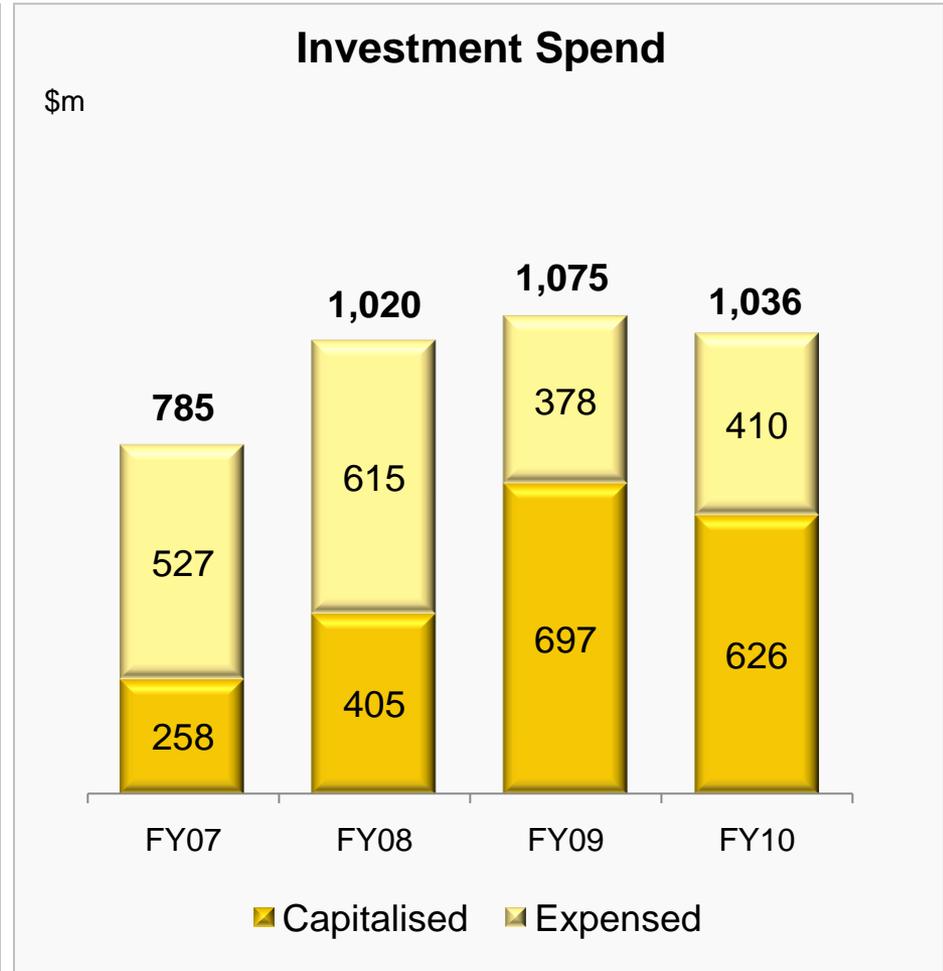
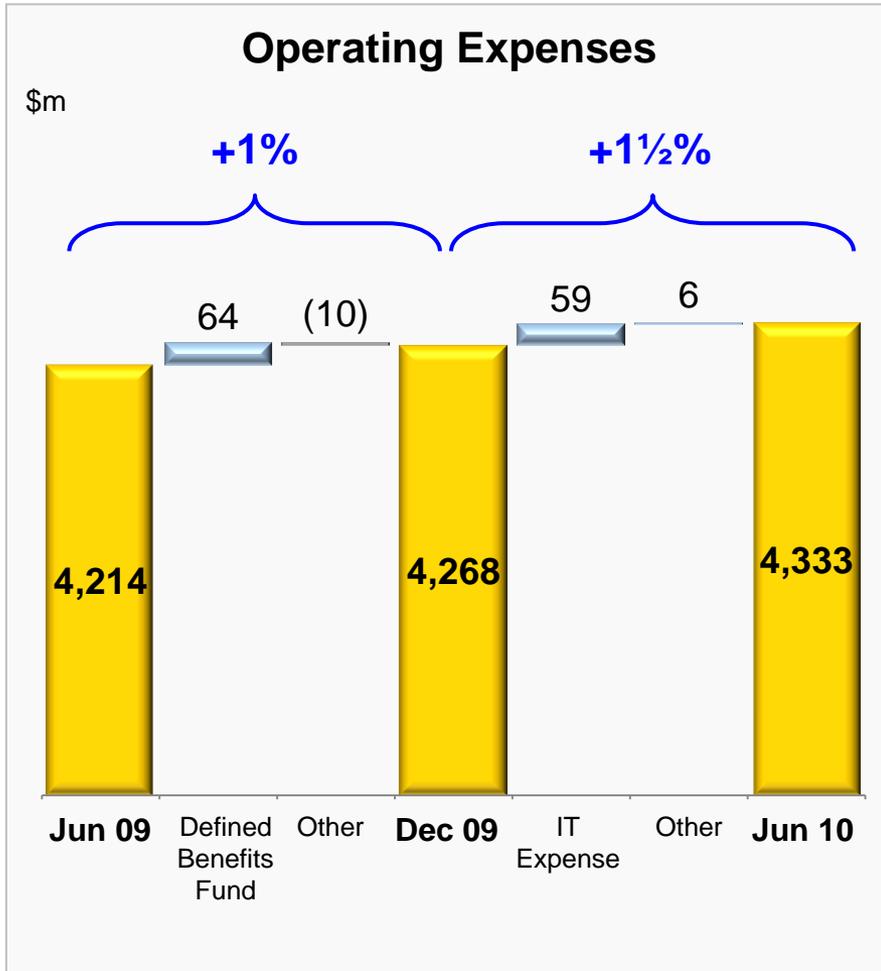
## Operating Income

\$m





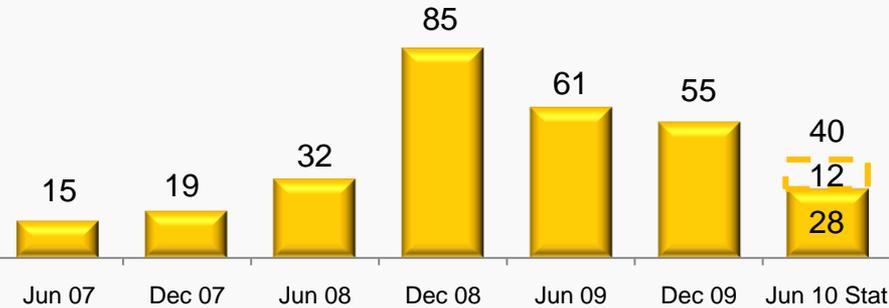
# Tight cost control : continued investment



# Impairment Expense to Gross Loans

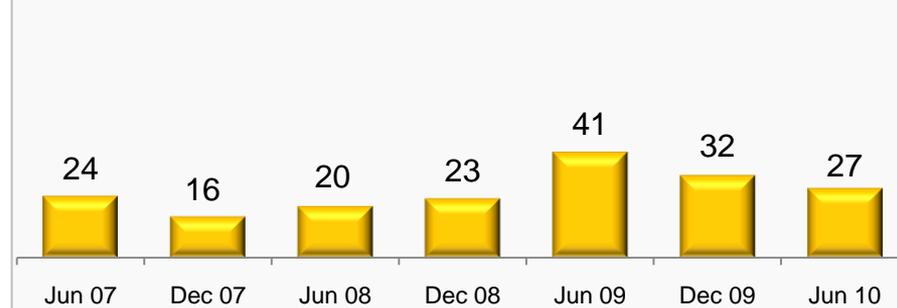
## CBA Group <sup>1</sup>

bpts



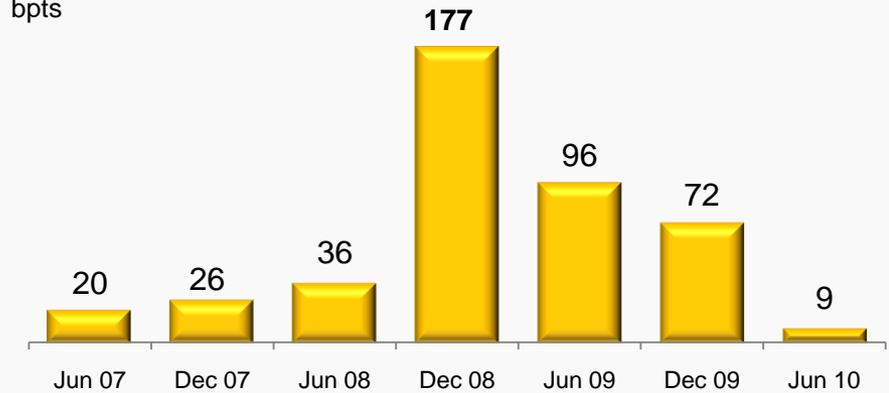
## Consumer <sup>2</sup> (ex Bankwest)

bpts



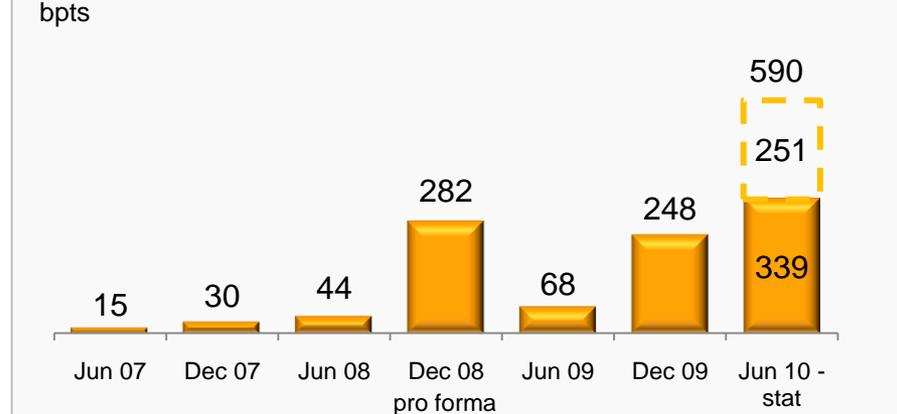
## CBA Corporate <sup>3</sup> (ex Bankwest)

bpts



## Bankwest Business

bpts

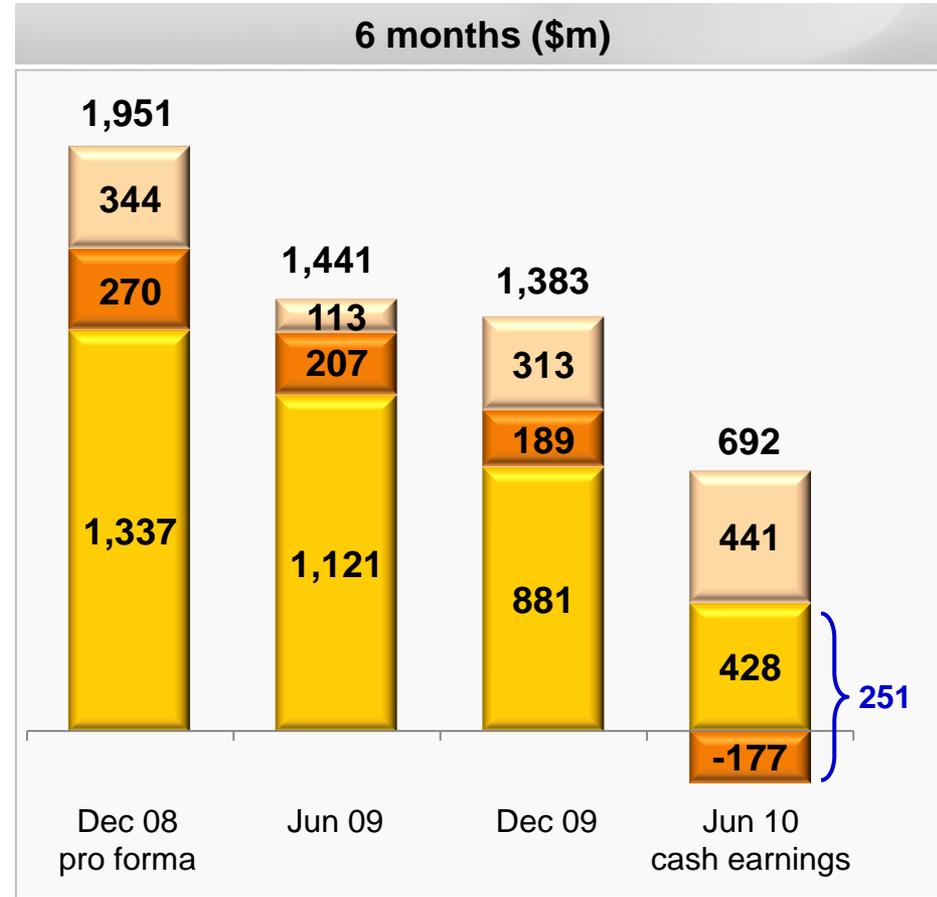
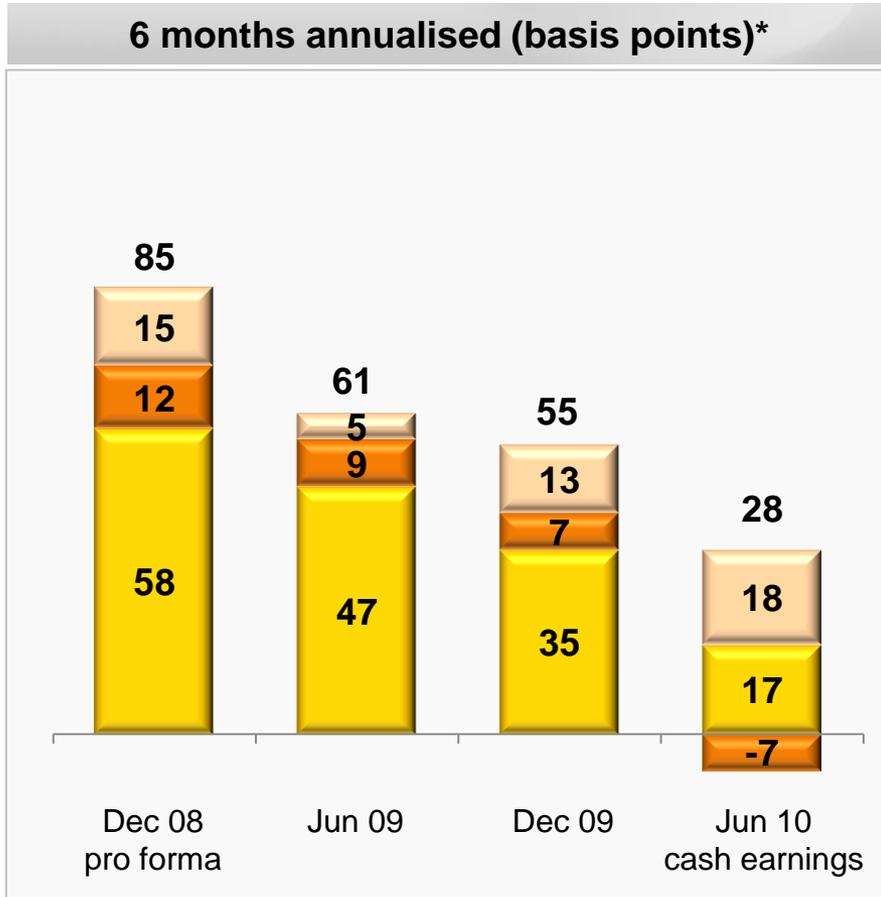


 Additional impairment expense relating to pre-acquisition business book, charged below Cash NPAT



- 1 Includes ASB and Bankwest. December 08 includes Bankwest on a pro forma basis.
- 2 Represents Retail Banking Services
- 3 Represents Institutional Banking and Markets and Business and Private Banking

# Impairment expense trending lower



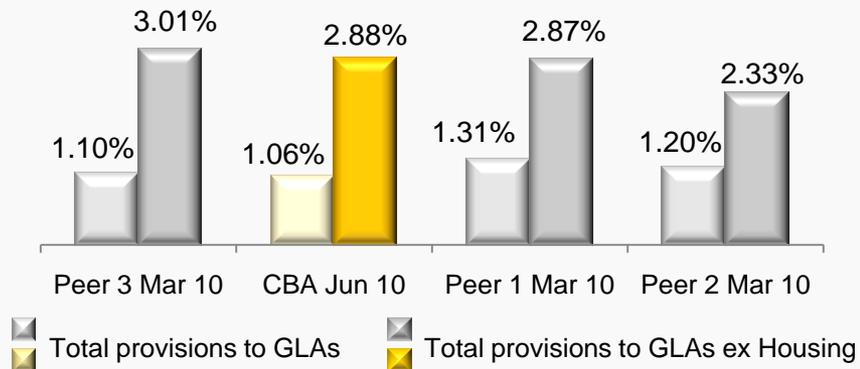
Base
  Overlay
  Bankwest



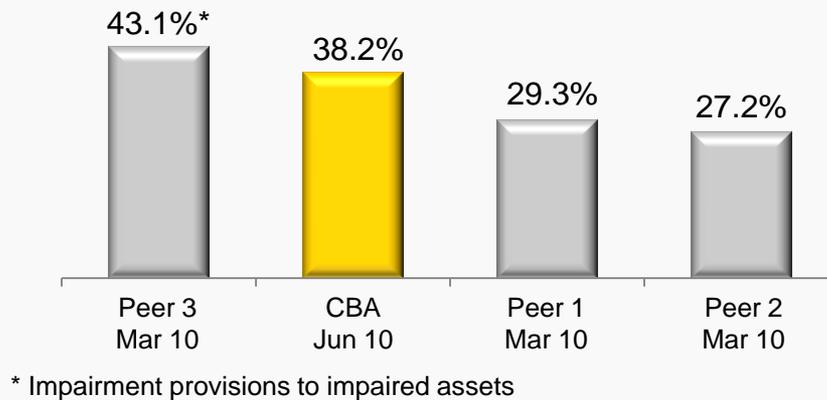
\* Basis points as a percentage of average Gross Loans and Acceptances

# Strong provisioning coverage

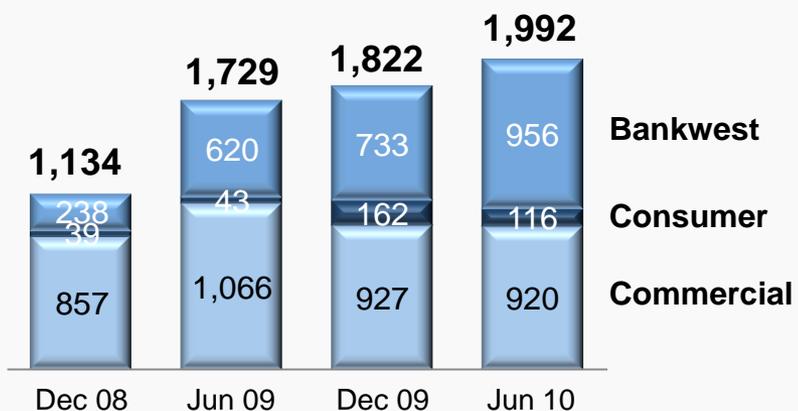
## Total provisions to GLAs\*



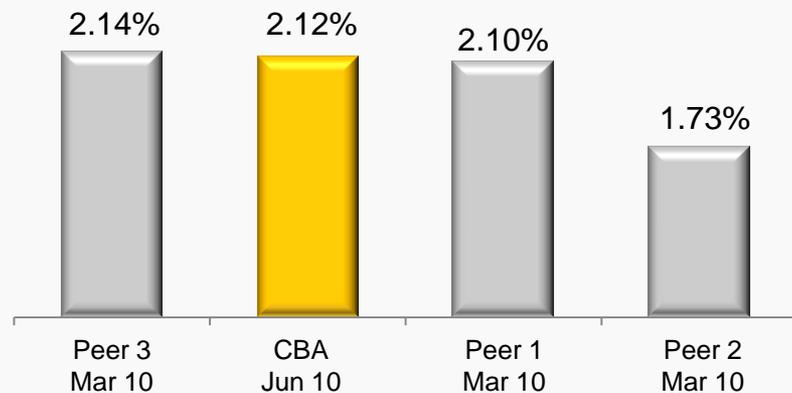
## Individual provisions to impaired assets



## Individual provisions (\$m)



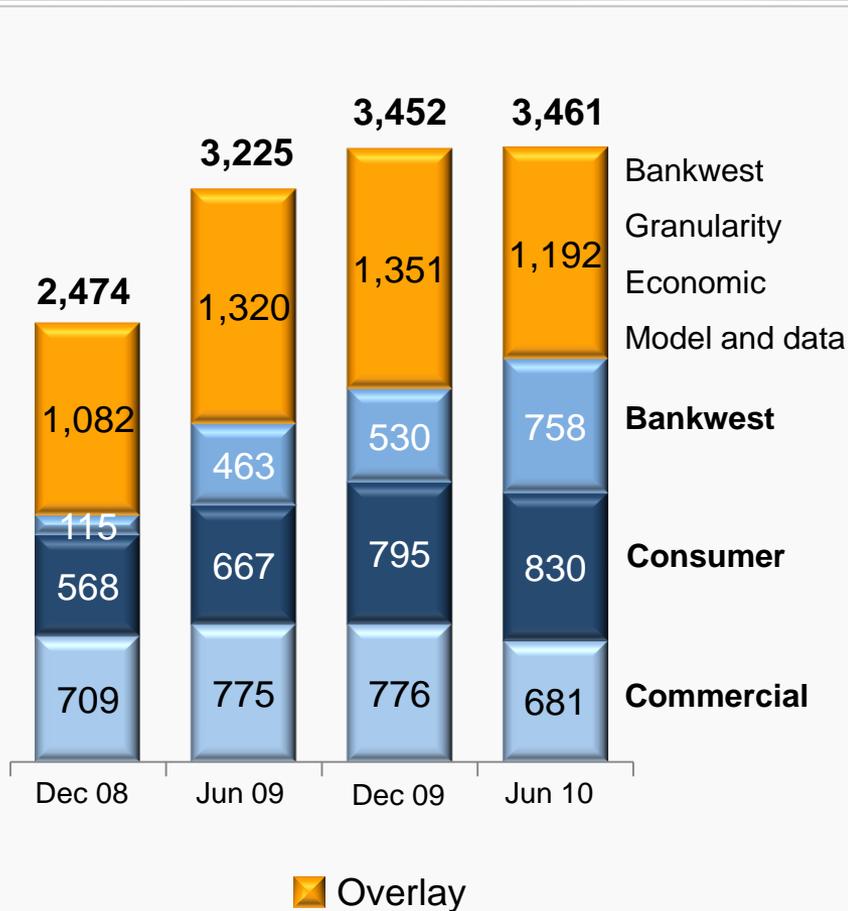
## Total provisions to Credit RWA



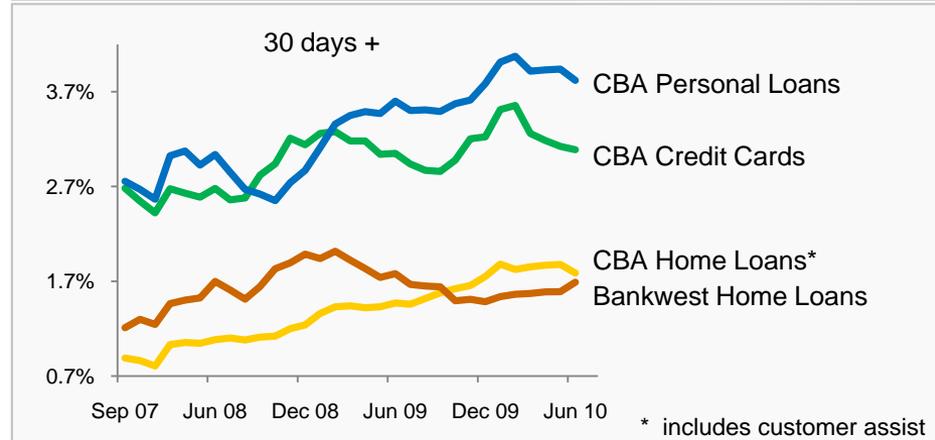
\* Gross Loans and Acceptances

# Strong Balance Sheet Provisioning

Collective provisions (\$m)



Consumer arrears



Total and New impaired assets



<sup>1</sup> As a percentage of Gross Loans and Acceptances



# Funding – a long term issue for Australia

## Systemic Issues

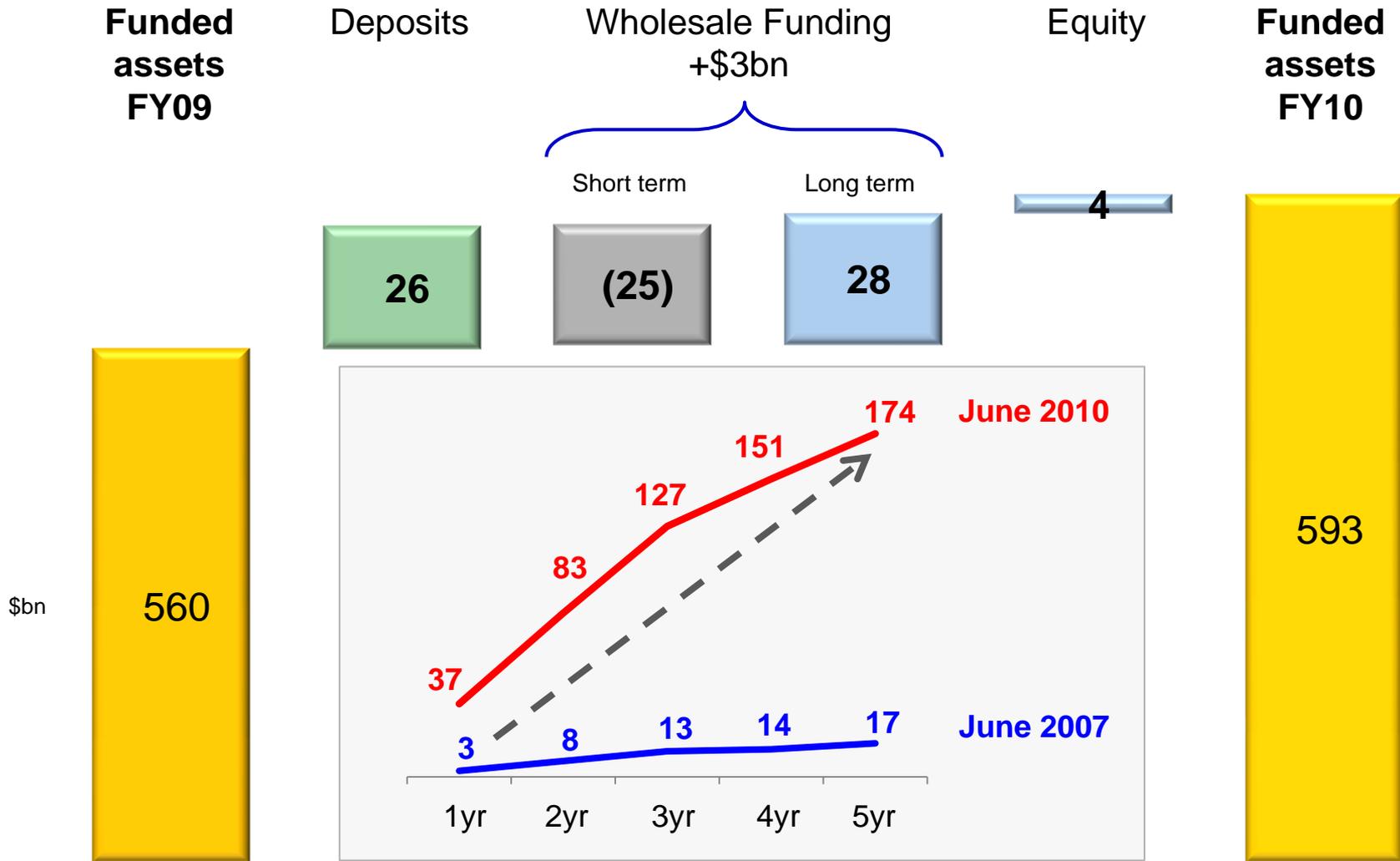
- Credit growth > deposit growth
- Funding task > domestic capacity
- Global funding increasingly expensive
- Regulatory change likely manageable
- Assets retained on bank balance sheets
- Australia to continue to attract investment:
  - ▶ AAA rated fast growing economy
  - ▶ Australian banks well-regarded

## CBA Position

- Like peers, step-change in funding costs
- Access to debt markets remains strong
- CBA well regarded and stable AA rating
- Prudent management:
  - ▶ Diversification
  - ▶ Extending term maturity
  - ▶ Pre-funding
- Working with ABA, Treasury and regulators to address systemic issues



# Asset growth largely deposit funded

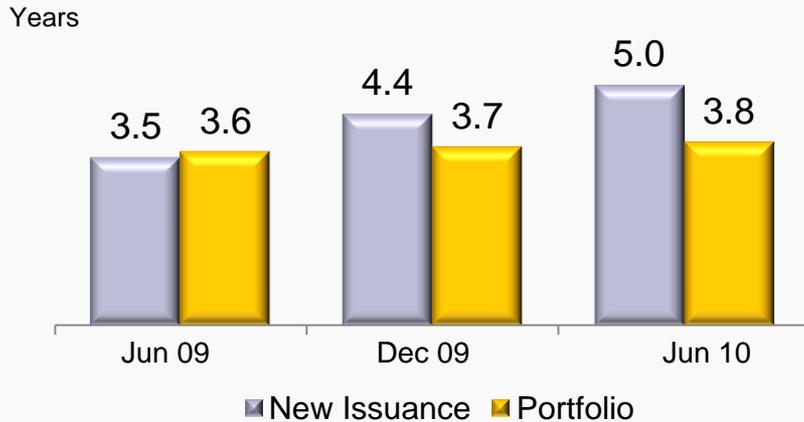


Funded assets includes securitisation, bank acceptances of customers and accounting gross-ups

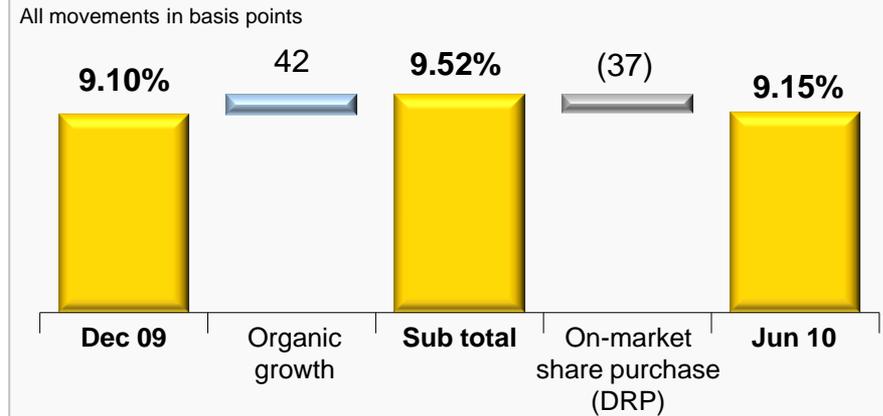


# Strong funding and capital positions

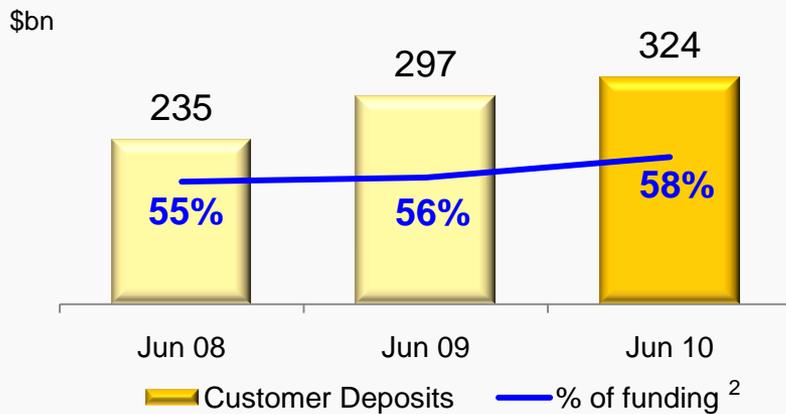
## Funding tenor<sup>1</sup>



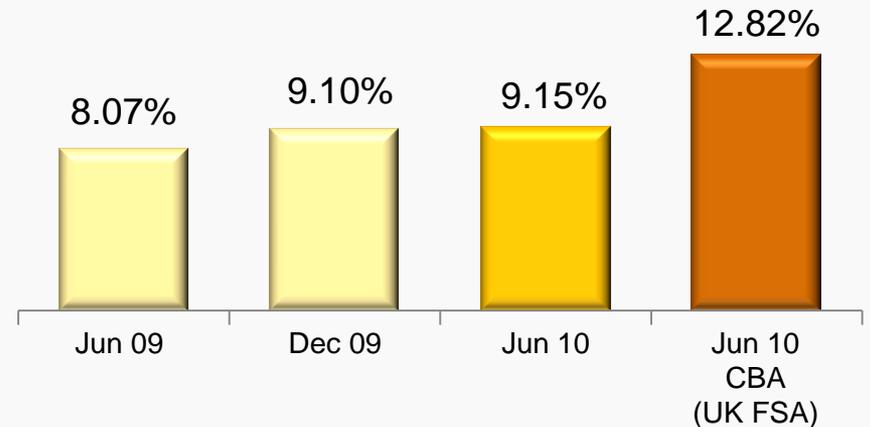
## Tier 1 capital movement



## Customer Deposit Funding



## Tier 1 Capital Ratio 9.2%



- 1 Weighted Average Maturity. Includes all deals with first call date or contractual maturity of 12 months or greater
- 2 Percentage of funding excluding equity; no netting of excess liquid assets

# Snapshot – FY10 Results\*

## Financial

Cash earnings (\$m)	6,101	+42%
ROE (Cash)	18.7%	+370bpts
Cash EPS (cents)	396	+34%
DPS (cents)	290	+27%
Cost-to-Income	45.7%	(70bpts)
NIM	2.13%	+5bpts

## Strong balance sheet

Total Assets (\$bn)	646	+4%
Total Liabilities (\$bn)	611	+4%
FUM (\$bn)	144	+4%
RWAs (\$bn)	291	+1%
Provisions to Credit RWAs	2.12%	+20bpts

## Cash NPAT by division

RBS (\$m)	2,461	17%
IB&M (\$m)	1,182	612%
BPB (\$m)	893	21%
Bankwest (\$m)	60	1900%
Wealth Management (\$m)	718	148%
NZ (\$m)	388	(11)%

## Capital & Funding

Tier 1 Capital	9.2%	+110bpts
Tier 1 – UK FSA	12.8%	+180bpts
WAM – Portfolio (yrs)	3.8	+0.2yrs
WAM – New Issuance (yrs)	5.0	+1.5yrs
Liquid Assets (\$bn)	89	+6%



\* All movements on prior comparable period



# Summary

Another good financial result	➔	Cash NPAT ↑ 42% ROE 18.7%
Strong volume growth	➔	CBA > System
Higher funding costs	➔	2 <sup>nd</sup> Half NIM ↓ 10 bpts
Tight cost control	➔	and continuing investment (\$1bn)
Conservative settings	➔	Tier 1 Ratio 9.2% \$14bn pre-funded
Clear, focussed strategy	➔	Delivering results





Determined to be better than we've ever been.



# Supplementary Materials

For the full year ended 30 June 2010

11 August 2010

Commonwealth Bank of Australia ACN 123 123 124



**Commonwealth**Bank

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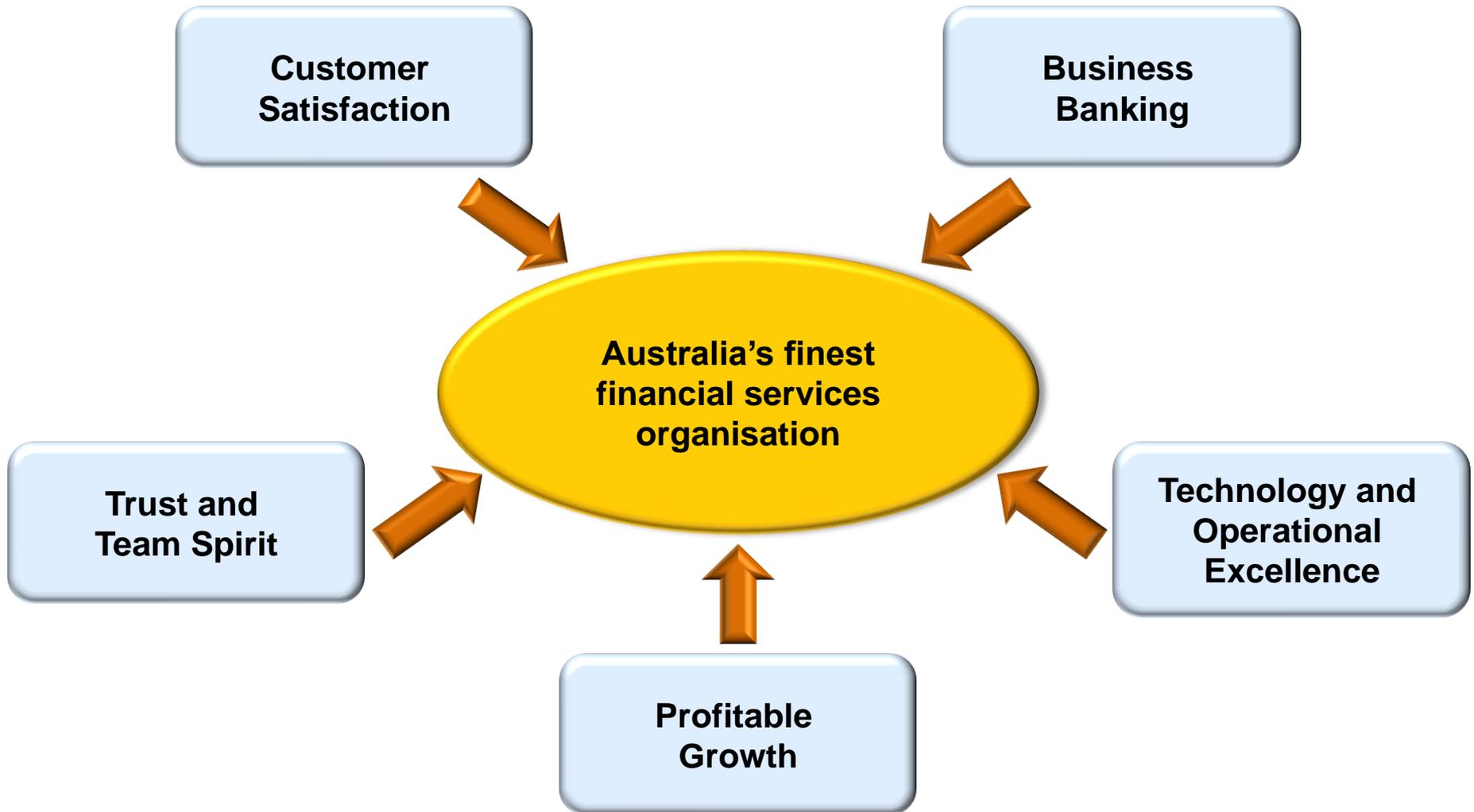


# CBA Overview

✓	Largest Australian Bank by market cap. and 2 <sup>nd</sup> largest listed company
✓	AA Credit Rating
✓	Tier 1 Capital Ratio of 9.2%; or 12.8% on UK FSA basis
✓	Total Assets of \$646bn
✓	13 million customers; large distribution footprint
✓	#1 in household deposits – over 31% share
✓	#1 in home lending – over 26% share
✓	#1 Retail Funds Manager - ~14% share



# A clear, focussed strategy



# Disciplined strategy execution delivering results

Customer Satisfaction	Business Banking	Technology and Operational Excellence	Trust and Team Spirit	Profitable Growth
Over 1,000 new front line service staff added	Outstanding Private Banking Institution of the Year	Core Banking – targeting quantum improvements in service and efficiency	Engagement now top 25% world-wide*	Bankwest acquisition
CommSee provides single view of customer at the frontline	CommSec maintaining strong market share position with 50.6% of the online non advisory Market	Market leading online banking presence – NetBank, CommSec, CommBiz, FirstChoice	Significant improvement in Group-wide safety scores	Targeted growth in Asia
Retail Deposits Suite awarded Canstar CANNEX 5-Star rating	Established business banking presence in 23 new branches	“60 minute Home Loan” – 59% of loans conditionally approved and printed in branch	Internal Customer Service scores trending higher	CFS GAM diversified earnings and expansion
Retail Bank branch transformation programme: >300 sites refurbished / upgraded	Formed Specialised Agribusiness Solutions Team	System reliability significantly enhanced	Very low turnover rate relative to industry	Significant improvement in products-per-customer and referral conversion rates



\* Source: Gallup

# Business Customer Satisfaction

	% of business customers who are satisfied	% point change in each bank's business customers who are satisfied compared to:			
	June 2010	1 month ago (May 10)	3 months ago (Mar 10)	6 months ago (Dec 09)	12 months ago (Jun 09)
<b>CBA</b>	<b>70.8</b>	<b>2.0</b>	<b>4.9</b>	<b>5.8</b>	<b>0.9</b>
ANZ	74.1	-0.2	0.1	1.8	-1.1
NAB	65.6	-0.8	-3.2	-0.3	-3.6
Westpac	72.3	0.8	1.7	2.6	-0.5
St George	73.3	-1.1	1.1	-1.6	6.4

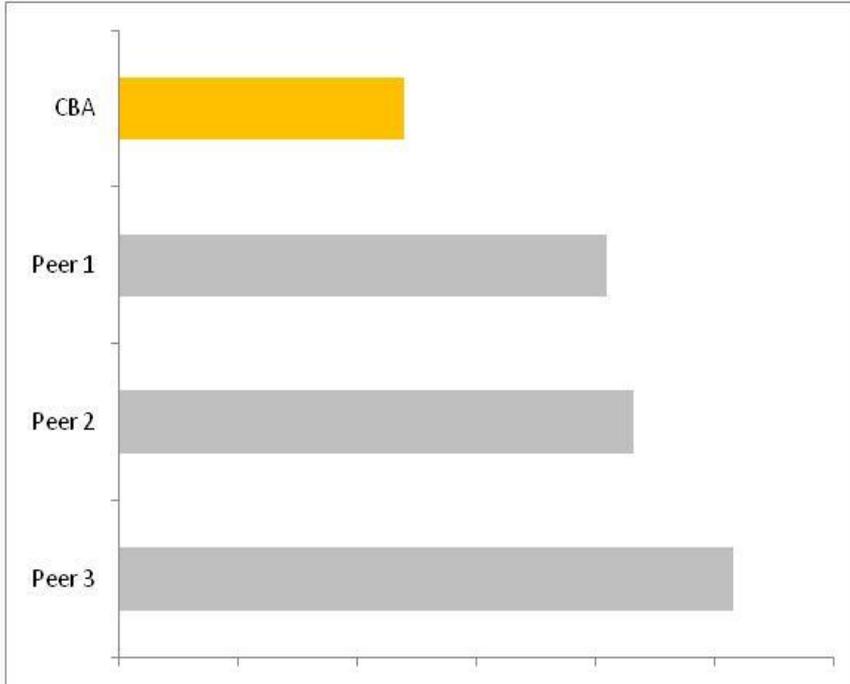


Source: TNS. Refer Notes page at end of this presentation for further details.  
All figures based on 6 month rolling average

# Institutional Banking

## Loyalty to Relationship

Lower the Score the Higher the Satisfaction

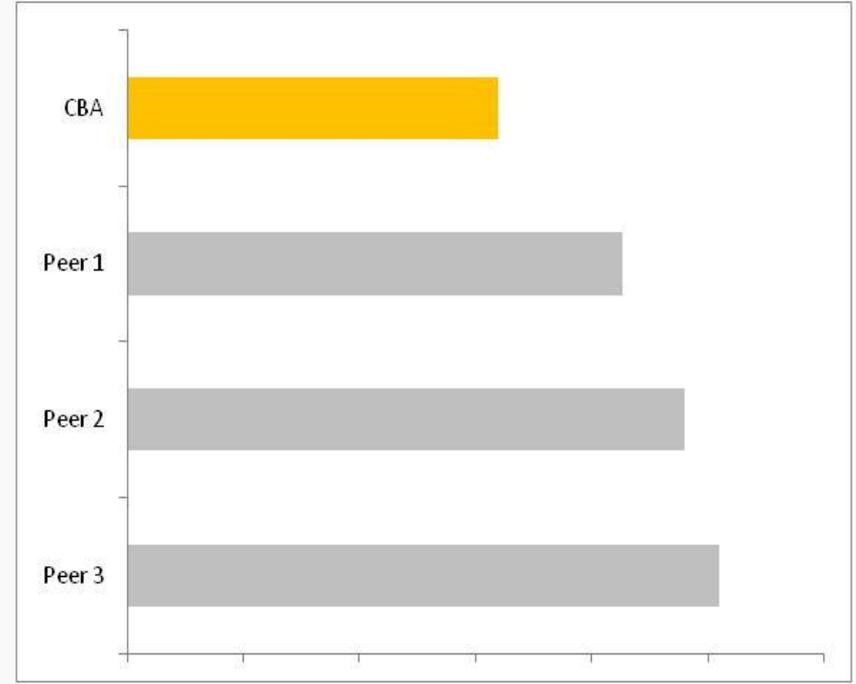


More Satisfied

Less Satisfied

## Understanding Customers' Business

Lower the Score the Higher the Satisfaction



More Satisfied

Less Satisfied



Source : East & Partners' Institutional Banking Markets Report April 2010

# Core Banking Modernisation

- Quantum improvements in customer service and efficiency
- On track and delivering
- Early phases encouraging
- All customer information migrated
- All Term Deposits migrated (1 million+ accounts)

## Timetable

■ Term Deposits	Completed
■ All Retail Deposits	end-2010
■ Lending Products	mid-2012
■ Next Phase - ASB, BWA etc	2012-13

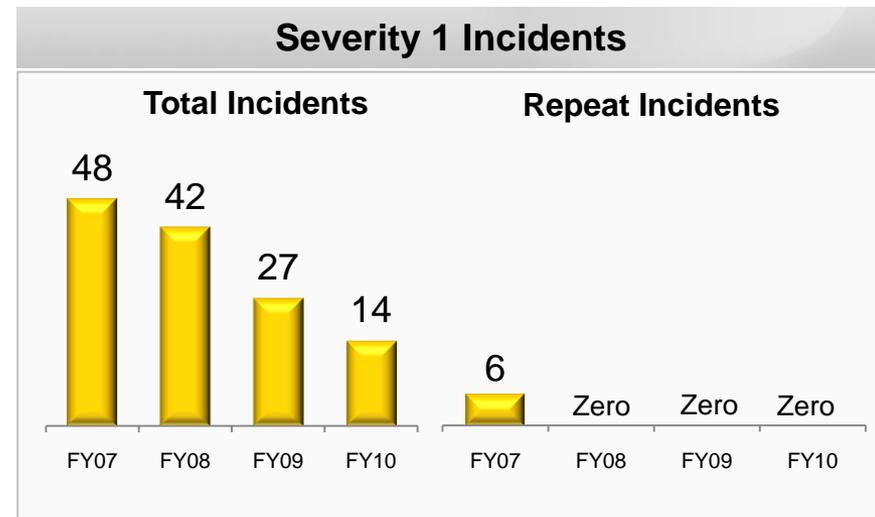
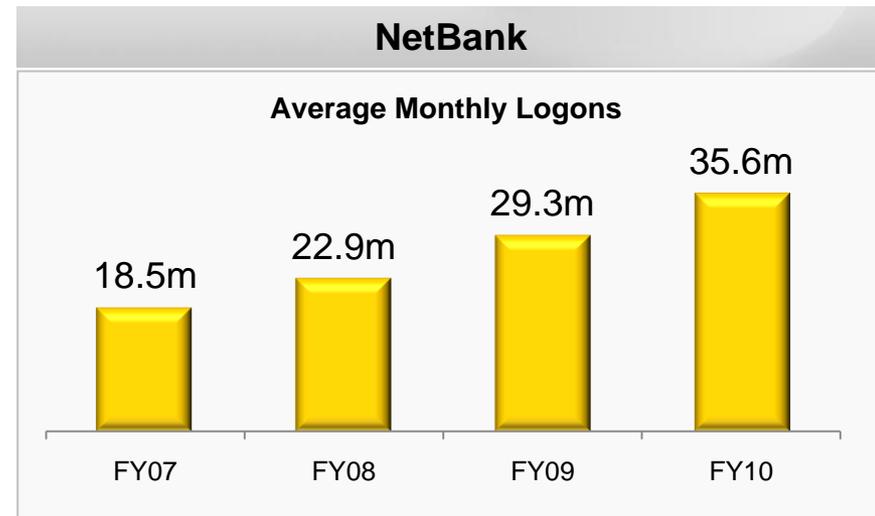
## Benefits

- ✓ Real time banking
- ✓ Customised product offers
- ✓ Standardised processing
- ✓ Faster speed-to-market
- ✓ Broader growth opportunities



# Technology and Operational Excellence

- Market leading online banking presence:
  - ▶ CommSec, NetBank, FirstChoice, CommBiz, CommSee
- Significant improvement in system reliability
- Back-office processing efficiencies
- Core Banking Modernisation:
  - ▶ On track
  - ▶ Term deposit customers migrated to new platform
  - ▶ Savings and transaction customers migrating late 2010
  - ▶ Customers now starting to experience real time banking



# Leading position in Online Banking

**CommBiz**

Online, real time secure business and corporate banking... a more responsive and simplified approach to credit

**FirstChoice**

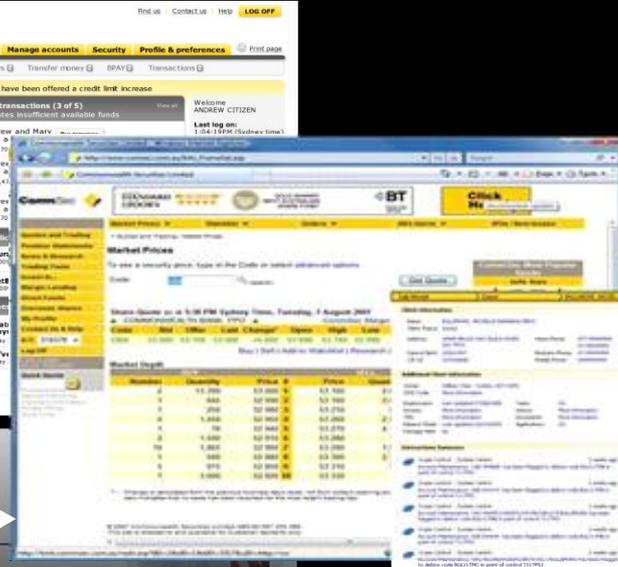
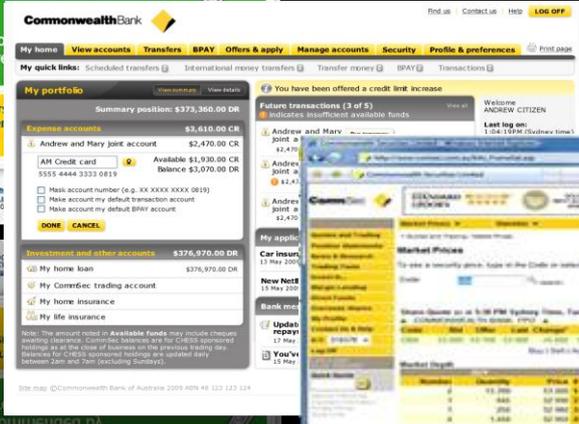
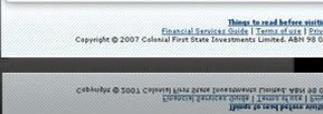
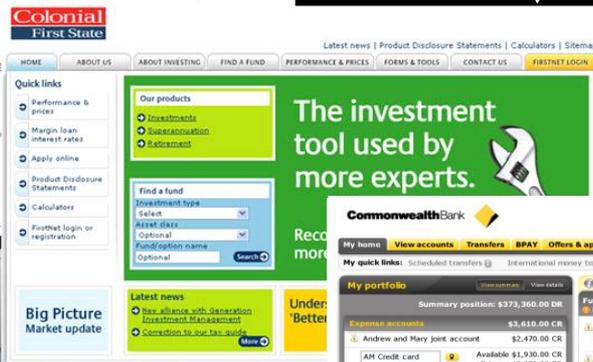
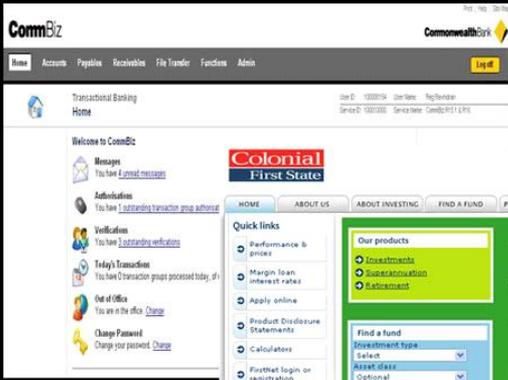
New First Rate Saver attracts \$1.3bn - extending to include term deposits

**Netbank**

Finest Online has delivered an independently reviewed, market leading customer experience, winning awards for best of breed useability and capability

**CommSee**

Frontline customer interface  
Single view of customer  
Integration with Core  
Banking underway



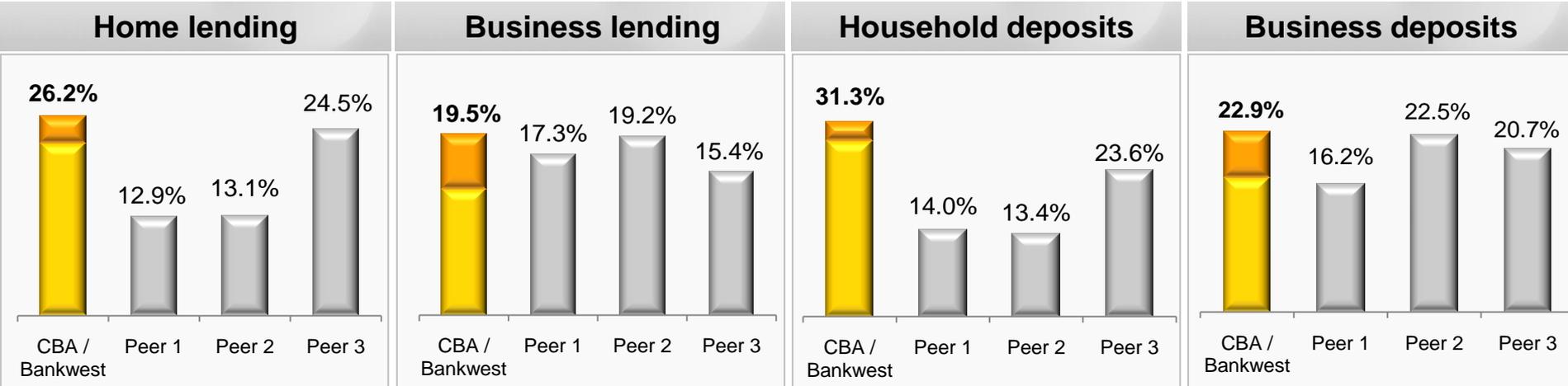
**CommSec**

Market leading online retail broking platform  
Increased resilience  
Portfolio view across broking, margin lending and retail deposits

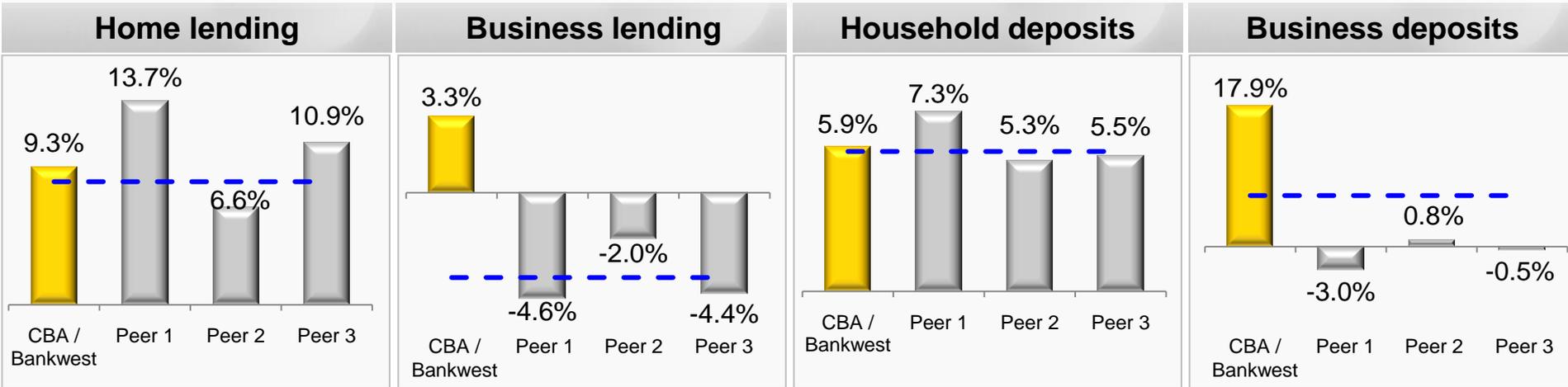


# Market Shares and Balance Growth

## Market Shares



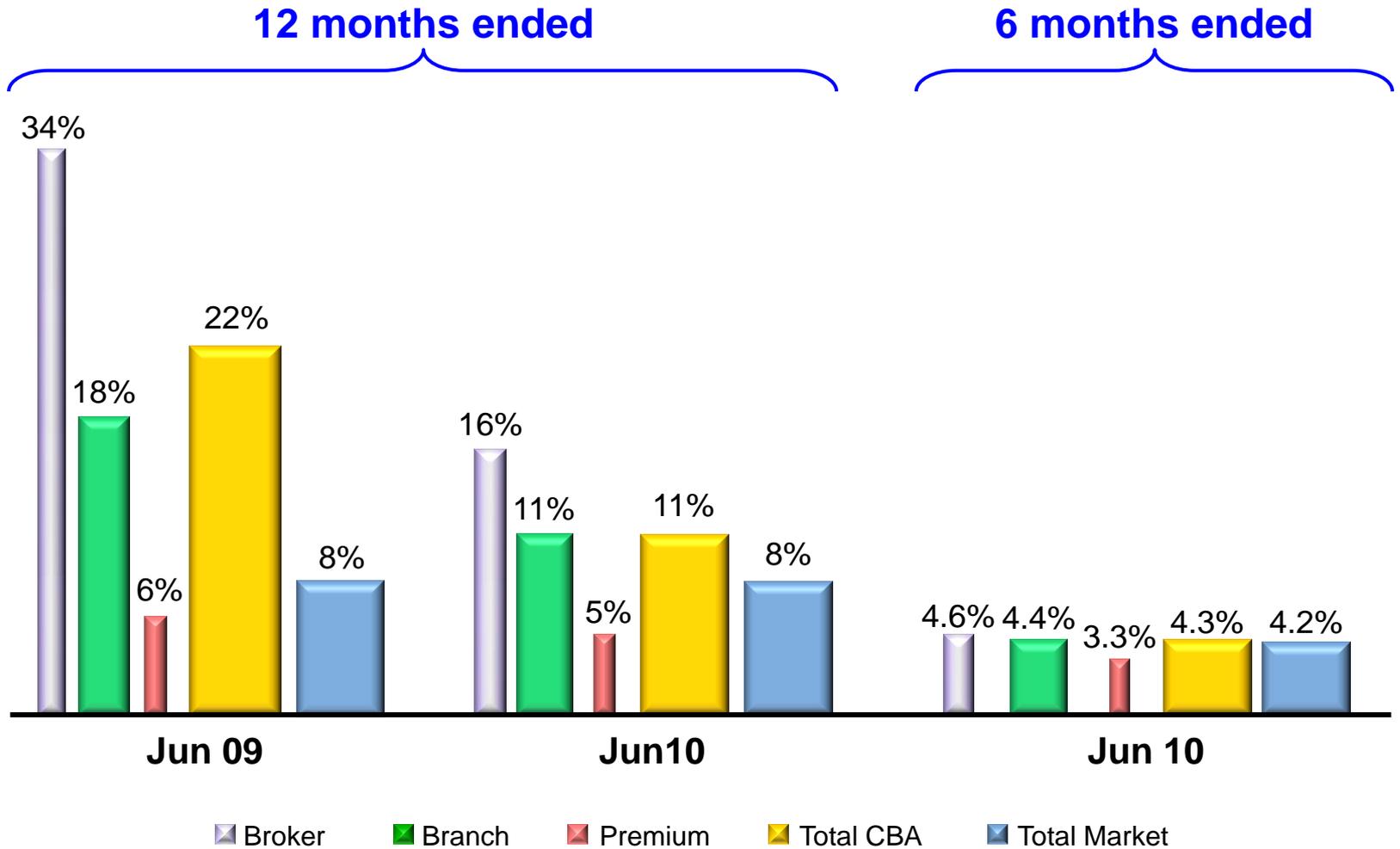
## Balance Growth\*



\* Six months to Jun 10 annualised

--- Market

# Home Loan Growth by Channel



Note : Width of channel columns reflects relative proportion of total CBA balances. Total CBA and Market balance growth sourced from APRA. Excludes Bankwest

# Strong position in Small Business

- One of the Group's 5 key strategic priorities
- Significant investment and development:
  - ▶ 23 new Business Banking Centres
  - ▶ 154 local business bankers in branches
  - ▶ 24/7 access to business bankers
  - ▶ Significant online and systems enhancements (eg CommBiz)
- Supporting our customers:
  - ▶ SME loan balances ↑ 7%\*
  - ▶ Lowest interest rate on residentially secured business loans of the major banks
  - ▶ Business Health Check, Small Business Package, Small Business Forums
- Customer Satisfaction:
  - ▶ Fastest rate of growth of the major banks (TNS)
  - ▶ Number 1 in all business banking segments (DBM)



\* Six months to Jun 10 annualised

# Sustainability scorecard

Metric		2010	2009	2008	2007
<b>Customers</b>					
<b>Customer satisfaction</b>	Roy Morgan Research MFI retail customer satisfaction % & rank (6-month to June rolling avg)	75.6 3 <sup>rd</sup>	73.0 4 <sup>th</sup>	70.1 equal 4 <sup>th</sup>	70.5 5 <sup>th</sup>
<b>Customer satisfaction</b>	TNS Business Finance Monitor customer satisfaction % & rank (12-month rolling average)	67.9 4 <sup>th</sup>	72.8 4 <sup>th</sup>	73.9 5 <sup>th</sup>	60.7 5 <sup>th</sup>
<b>Customer satisfaction</b>	Wealth Insights Platform Survey % & rank	86.5 1 <sup>st</sup>	84.1 1 <sup>st</sup>	88.2 1 <sup>st</sup>	89.4 2 <sup>nd</sup>
<b>People</b>					
<b>Safety</b>	Lost Time Injury Frequency Rate (LTIFR)	2.5	2.4	3.1	3.7
<b>Staff satisfaction</b>	Gallup Survey GrandMean percentile	4.32 76 <sup>th</sup>	4.37 80 <sup>th</sup>	4.28 78 <sup>th</sup>	4.13 69 <sup>th</sup>
<b>Absenteeism</b>	Average days per FTE	5.9	5.9	6.5	6.2
<b>Employee Turnover</b>	Voluntary %	12.73	11.37	18.45	14.94
<b>Environmental</b>					
<b>Carbon emissions</b>	Property and fleet emissions (tonnes CO2-e) <sup>1</sup>	176,806	172,752	173,397	163,964

Complete definitions for scorecard metrics are available at [www.commbank.com.au/sustainability](http://www.commbank.com.au/sustainability)

1. 2009 figures previously reported have been adjusted by replacing estimated data with actual data following receipt of outstanding electricity invoices. Emissions increased in 2010 due to improvements made to the Group's carbon reporting system that captured emissions from a number of branches not included in previous years.



# Sustainability progress

## People

- Established new Diversity Strategy including a goal to increase representation of women in leadership to 35% by December 2014.
- Significant progress on the Indigenous Employment Strategy, with 130 new Indigenous staff employed.

## Customers

- Progress towards our 'onemillionkids' goal of educating more than one million Australian schoolchildren in financial literacy by 2015, with 224,800 children reached between November 2009 and 30 June 2010.
- Indigenous Banking Team won the Established Business Award in the Queensland Government's Reconciliation Awards for Business.

## Community

- Continued successful partnership with Clean Up Australia Day, supporting an estimated 588,000 Australians to clean up their local environment.
- The Staff Community Fund, Australia's longest running workplace giving program, offered 66 youth and children's charities grants totalling \$550,000.

## Environment

- Reduced emissions associated with the Group's tool-of-trade fleet by 8% by changing vehicle and fuel types and offering driver education.
- Recognised in the top 10% of companies globally by the Carbon Disclosure Project for the quality of our disclosure and reporting on carbon emissions, by achieving a place in the Carbon Disclosure Leadership Index

**More information about sustainability is available at [commbank.com.au/sustainability](http://commbank.com.au/sustainability)**



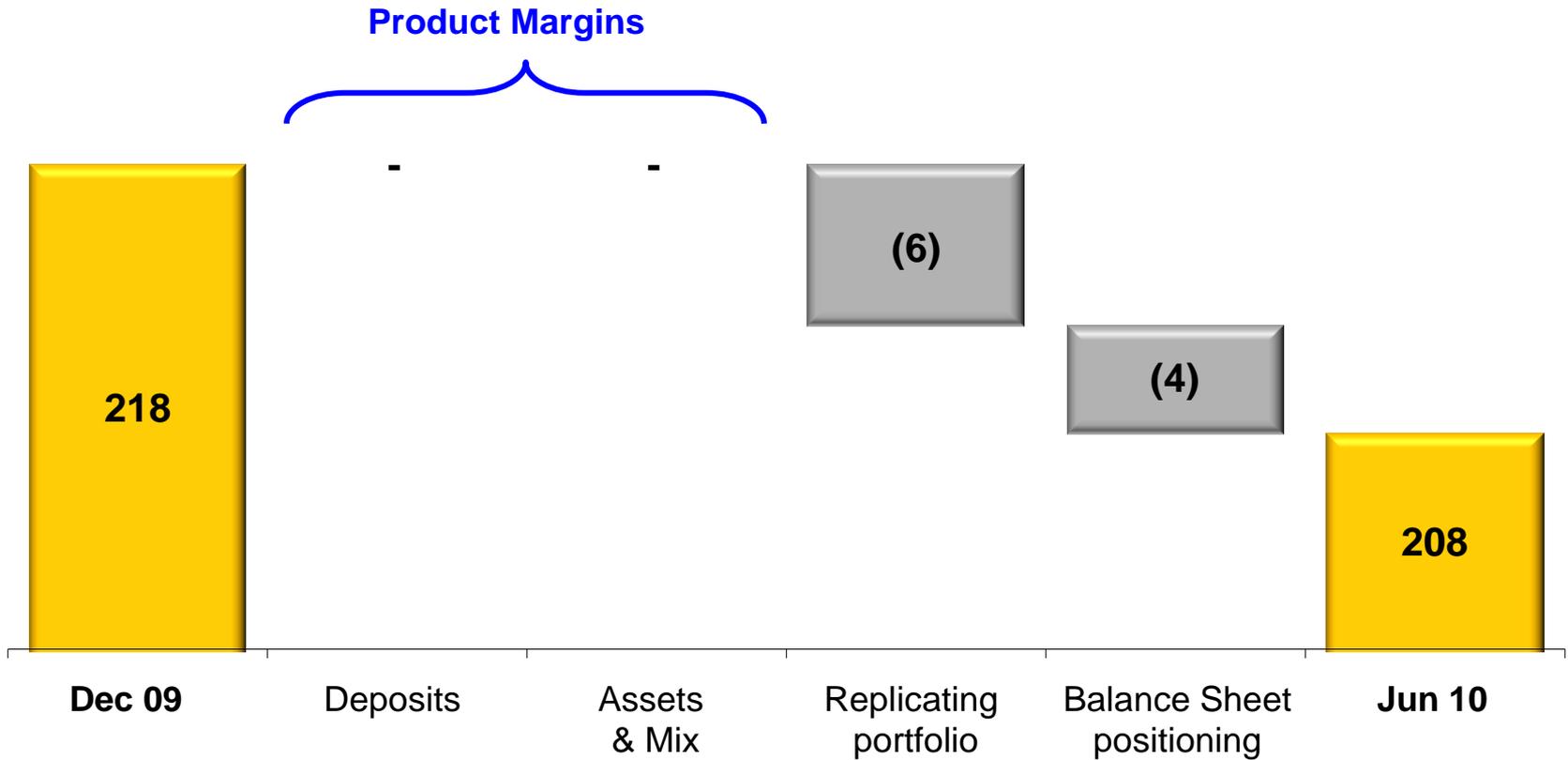
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# Group NIM – 6 months

bpts



# RBS – 6 month periods

		Jun 10	Dec 09	Jun 09	Jun 10 vs Jun 09
<b>Net interest income</b>	Home loans	1,122	1,091	856	31%
	Consumer finance	594	549	511	16%
	Retail deposits	1,092	1,248	1,146	(5%)
		2,808	2,888	2,513	12%
<b>Other banking income</b>	Home loans	93	99	85	9%
	Consumer finance	205	212	265	(23%)
	Retail deposits	209	248	321	(35%)
	Distribution	166	124	108	54%
	673	683	779	(14%)	
<b>Total banking income</b>	Home loans	1,215	1,190	941	29%
	Consumer finance	799	761	776	3%
	Retail deposits	1,301	1,496	1,467	(11%)
	Distribution	166	124	108	54%
	3,481	3,571	3,292	6%	
<b>Operating expenses</b>		(1,414)	(1,380)	(1,430)	(1%)
<b>Impairment expense</b>		(345)	(391)	(462)	(25%)
Expense to income		40.6%	38.6%	43.4%	(280 bpts)
<b>Cash net profit after tax</b>		1,216	1,245	988	23%



# Retail Banking Services

- Customer satisfaction gains supporting strong business performance
- Solid volume growth in Home Loans and Deposits
- Higher funding costs and deposit competition causing some margin pressure
- Cost-to-income ratio further improved, sub 40% for FY10
- Impairment trends consistent with cycle and improving

	Jun 10 \$m	Jun 10 vs Jun 09
Home loans	2,405	38%
Consumer finance	1,560	8%
Retail deposits	2,797	(9%)
Distribution	290	29%
<b>Total banking income</b>	<b>7,052</b>	<b>9%</b>
Operating expenses	(2,794)	-
<b>Operating performance</b>	<b>4,258</b>	<b>15%</b>
Impairment expense	(736)	5%
Tax	(1,061)	19%
<b>Cash net profit after tax</b>	<b>2,461</b>	<b>17%</b>



# IB&M – 6 month periods

		Jun 10	Dec 09	Jun 09	Jun 10 vs Jun 09
<b>Net interest income</b>	Institutional Banking	558	569	571	(2%)
	Global Markets	93	114	192	(52%)
		651	683	763	(15%)
<b>Other banking income</b>	Institutional Banking	388	330	218	78%
	Markets	173	342	259	(33%)
		561	672	477	18%
<b>Total banking income</b>	Institutional Banking	946	899	789	20%
	Markets	266	456	451	(41%)
		1,212	1,355	1,240	(2%)
<b>Operating expenses</b>		(405)	(387)	(366)	11%
<b>Profit before impairment expenses</b>		807	968	874	(8%)
<b>Impairment expense</b>		72	(321)	(512)	Large
Expense to income		33.4%	28.6%	29.5%	390 bpts
<b>Cash net profit after tax</b>		637	545	334	91%



# Institutional Banking and Markets

- Strong NPAT result with an increase of 7% in operating income and 85% decrease in loan impairment
- Solid revenue growth:
  - ▶ Improved margins and fee income, offset by decline in balances
  - ▶ Decline in Markets Desk Revenue
- Continued strong customer satisfaction ratings in East & Partners survey
- Expense increase impacted by performance related staff costs, operating lease depreciation and continued investment in the business.

	Jun 10 \$m	Jun 10 vs Jun 09
Institutional Banking	1,845	16%
Markets	722	(10%)
<b>Total banking income</b>	<b>2,567</b>	<b>7%</b>
Operating expenses	(792)	17%
<b>Operating performance</b>	<b>1,775</b>	<b>3%</b>
Impairment expense	(249)	(85%)
Tax	(344)	Large
<b>Cash net profit after tax</b>	<b>1,182</b>	<b>Large</b>



# BPB – 6 month periods

		Jun 10	Dec 09	Jun 09	Jun 10 vs Jun 09
<b>Net interest income</b>					
	Corporate Financial Services	269	279	272	(1%)
	Regional & Agribusiness	116	120	111	5%
	Local Business Banking	242	215	197	23%
	Private Bank	61	62	55	11%
	Equities Margin Lending	108	108	101	7%
	Other	25	38	41	(39%)
		821	822	777	6%
<b>Other banking income</b>					
	Corporate Financial Services	255	231	206	24%
	Regional & Agribusiness	68	70	62	10%
	Local Business Banking	112	116	124	(10%)
	Private Bank	58	57	53	9%
	Equities Margin Lending	113	142	98	15%
	Other	17	10	8	Large
		623	626	551	13%
<b>Total banking income</b>					
	Corporate Financial Services	524	510	478	10%
	Regional & Agribusiness	184	190	173	6%
	Local Business Banking	354	331	321	10%
	Private Bank	119	119	108	10%
	Equities Margin Lending	221	250	199	11%
	Other	42	48	49	(14%)
		1,444	1,448	1,328	9%
<b>Operating expenses</b>		(671)	(639)	(645)	4%
<b>Impairment expense</b>		(132)	(194)	(189)	(30%)
<b>Expense to income</b>		46.5%	44.1%	48.6%	(210 bpts)
<b>Cash net profit after tax</b>		453	440	363	25%



# Business and Private Banking

- Double digit revenue growth in all segments
- Operating performance ↑ 19%:
  - ▶ Good volume growth in lending
  - ▶ Stable total margin
  - ▶ Improved equities trading volumes within CommSec
- Disciplined expense management
- Improving impairments trend

	Jun 10 \$m	Jun 10 vs Jun 09
Corporate Financial Services	1,034	11%
Regional and Agribusiness	374	11%
Local Business Banking	685	10%
Private Bank	238	10%
Equities and Margin Lending	471	14%
Other *	90	2%
<b>Total banking income</b>	<b>2,892</b>	<b>11%</b>
Operating expenses	(1,310)	3%
<b>Operating performance</b>	<b>1,582</b>	<b>19%</b>
Impairment expense	(326)	6%
Tax	(363)	26%
<b>Cash net profit after tax</b>	<b>893</b>	<b>21%</b>



\* Represents revenue earned from products sold through direct channels

# New Zealand – 6 month periods

NZ\$M		Jun 10	Dec 09	Jun 09	Jun 10 vs Jun 09
<b>Net interest income</b>	ASB	468	440	451	4%
	Other	(5)	(4)	5	Large
	<b>Total NII</b>	<b>463</b>	<b>436</b>	<b>456</b>	<b>2%</b>
<b>Other banking income</b>	ASB	135	207	254	(47%)
	Other	(16)	(15)	-	-
	<b>Total OBI</b>	<b>119</b>	<b>192</b>	<b>254</b>	<b>(53%)</b>
<b>Total banking income</b>	ASB	603	647	705	(14%)
	Other	(21)	(19)	5	Large
	<b>Total Banking Income</b>	<b>582</b>	<b>628</b>	<b>710</b>	<b>(18%)</b>
<b>Funds Management Income</b>	26	32	30	(13%)	
<b>Insurance Income</b>	160	106	143	12%	
<b>Total operating income</b>	<b>768</b>	<b>766</b>	<b>883</b>	<b>(13%)</b>	
<b>Operating expenses</b>	(428)	(401)	(375)	14%	
<b>Profit before impairment expense</b>	<b>340</b>	<b>365</b>	<b>508</b>	<b>(33%)</b>	
Impairment Expense	2	(127)	(170)	Large	
Expense to income	55.7%	52.3%	42.5%	Large	
<b>Underlying profit after tax</b>	<b>272</b>	<b>188</b>	<b>232</b>	<b>17%</b>	
Investment experience	3	(2)	(8)	Large	
<b>Cash net profit after tax</b>	<b>275</b>	<b>186</b>	<b>224</b>	<b>23%</b>	



# New Zealand

- ASB NZD Cash NPAT ↓ 13% due to:
  - ▶ Break fees \$100m
  - ▶ Trading income down
  - ▶ Recession in NZ
  
- Sovereign NZD cash NPAT ↓ 13% due to:
  - ▶ Higher claims expense
  
- Sovereign capturing 27% of new business sales

	Jun 10 NZ\$m	Jun 10 vs Jun 09
ASB	1,311	(11%)
Sovereign	251	(7%)
Other	(28)	(Large)
<b>Total operating income</b>	<b>1,534</b>	<b>(12%)</b>
Operating expenses	(829)	(5%)
<b>Operating performance</b>	<b>705</b>	<b>(25%)</b>
Impairment expense	(125)	(47%)
Tax and minority interests	(120)	(29%)
<b>Underlying profit after tax</b>	<b>460</b>	<b>(14%)</b>
Investment experience	1	-
<b>Cash net profit after tax</b>	<b>461</b>	<b>(14%)</b>



# WM – 6 month periods

		Jun 10	Dec 09	Jun 09	Jun 10 vs Jun 09
<b>Net operating income</b>	CFS GAM	333	330	271	23%
	Colonial First State	333	318	263	27%
	CommInsure	337	364	329	2%
	Other	(2)	(1)	1	Large
		1,001	1,011	864	16%
<b>Operating expenses</b>	CFS GAM	(188)	(170)	(173)	9%
	Colonial First State	(213)	(231)	(211)	1%
	CommInsure	(143)	(138)	(143)	-
	Other	(65)	(62)	(68)	(4%)
		(609)	(601)	(595)	2%
<b>Underlying profit after tax</b>	CFS GAM	115	121	67	72%
	Colonial First State	86	61	37	Large
	CommInsure	140	159	133	5%
	Other	(44)	(46)	(51)	(14%)
		297	295	186	60%
<b>Cash net profit after tax</b>	CFS GAM	129	137	5	Large
	Colonial First State	85	59	31	Large
	CommInsure	168	228	122	38%
	Other	(43)	(45)	(47)	(9%)
		339	379	111	Large



# Wealth Management

- CFS GAM:
  - ▶ FUM ↑4% to \$144bn
  - ▶ Strong investment performance - 76% of funds outperforming over 5 years
- Colonial First State:
  - ▶ Retail FUA ↑10% to \$74bn
  - ▶ FirstChoice 2<sup>nd</sup> largest platform, 21% of inflows
- CommInsure:
  - ▶ Retail Life inforce premiums ↑12%
  - ▶ General Insurance inforce premiums ↑13%
- Total expenses ↑1%
- Investment Experience:
  - ▶ Improved shareholder investment returns
  - ▶ Annuity mark to market gains of \$39m post tax

	Jun 10 \$m	Jun 10 vs Jun 09
CFS GAM	663	4%
Colonial First State	651	17%
CommInsure	701	(3%)
Other	(3)	n/a
<b>Net operating income</b>	<b>2,012</b>	<b>5%</b>
Operating expenses	(1,210)	1%
Tax	(210)	2%
<b>Underlying profit after tax</b>	<b>592</b>	<b>15%</b>
Investment experience	126	Large
<b>Cash net profit after tax</b>	<b>718</b>	<b>Large</b>

Movements vs Jun 09 pro forma



CommInsure

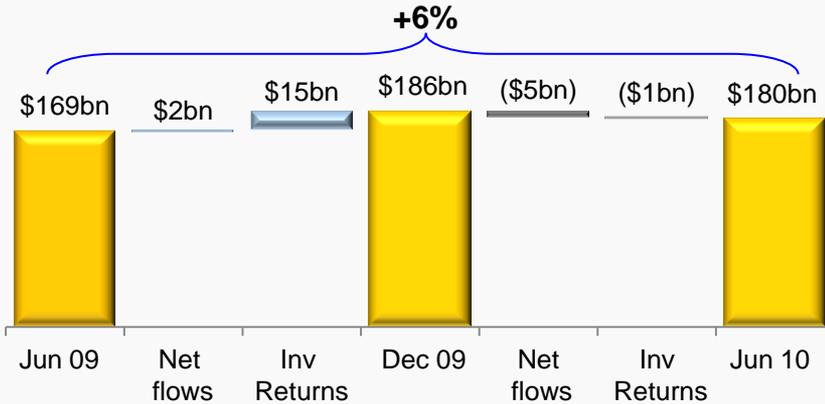


CommonwealthBank



# Wealth Management

## Funds under Administration

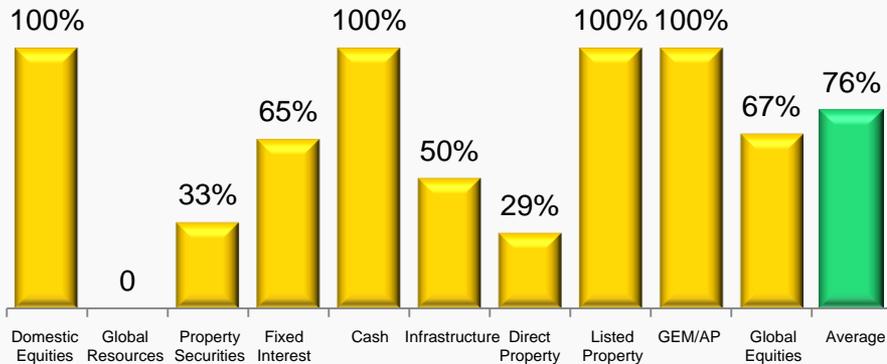


## FirstChoice net flows solid

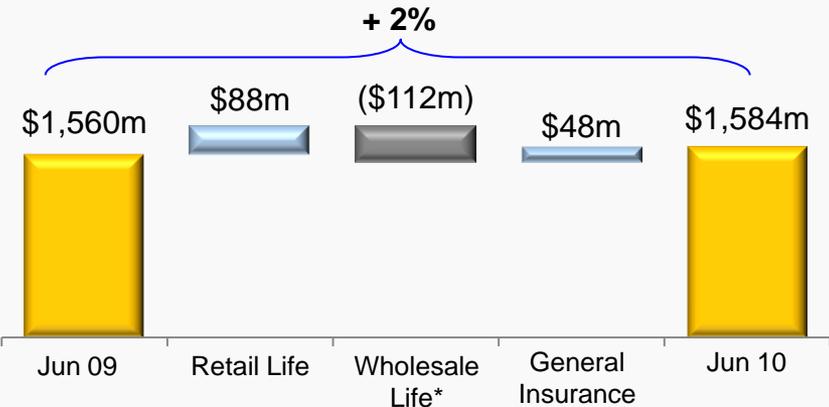
### Quarterly Net Flows



## Strong investment performance – 5 years



## Inforce premiums up 2%



\* Wholesale life impacted by loss of Australian Super



# Global Asset Management

Globally: \$144bn FUM\*, 925 people

## North America

\$1.6bn FUM

3 People

## Middle East

\$6.3bn FUM

## UK & Europe

\$19.6bn FUM

174 People



## Japan

\$4.0bn FUM

## Asia ex China & Japan

\$16.0bn FUM

111 People

## Australia & New Zealand

\$96.7bn FUM

637 People

33% FUM raised from offshore clients, 42% people located offshore, 52% revenue generated offshore



\* FUM figures exclude the Group's interests in the China Joint Venture.



# Bankwest – 6 month periods

	Jun 10	Dec 09	Jun 09	Jun 10 vs Jun 09
Net interest income	760	727	591	29%
Other banking income	112	121	168	(33%)
<b>Total banking income</b>	<b>872</b>	<b>848</b>	<b>759</b>	<b>15%</b>
Operating expenses	(437)	(443)	(483)	(10%)
Impairment expense	(441)	(313)	(113)	Large
<b>Net profit before tax</b>	<b>(6)</b>	<b>92</b>	<b>163</b>	<b>Large</b>
Corporate tax expense	2	(28)	(50)	Large
<b>Cash net profit after tax</b>	<b>(4)</b>	<b>64</b>	<b>113</b>	<b>Large</b>



# Bankwest

- Income growth underpinned by strong retail lending volumes and margin management
- Disciplined cost management – expenses down 3%
- Significant cost-to-income improvement – now 51%
- Impairment expense:
  - ▶ Review of non-impaired legacy business book
  - ▶ Steps taken to strengthen risk management practices

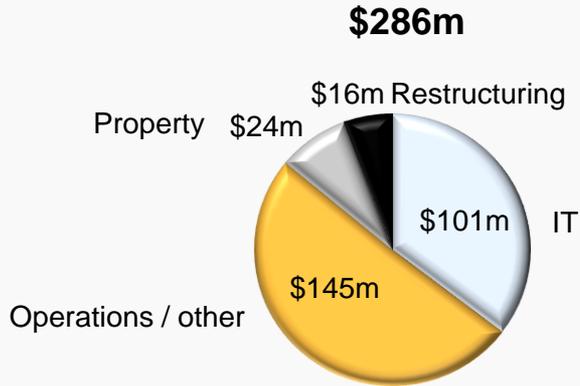
	Jun 10 \$m	Jun 10 vs Jun 09
Net interest income	1,487	33%
Other banking income	233	(7%)
<b>Total banking income</b>	<b>1,720</b>	<b>25%</b>
Operating expenses	(880)	(3%)
<b>Operating performance</b>	<b>840</b>	<b>81%</b>
Impairment expense	(754)	65%
Tax	(26)	Large
<b>Cash net profit after tax</b>	<b>60</b>	<b>Large</b>

Movements vs Jun 09 pro forma

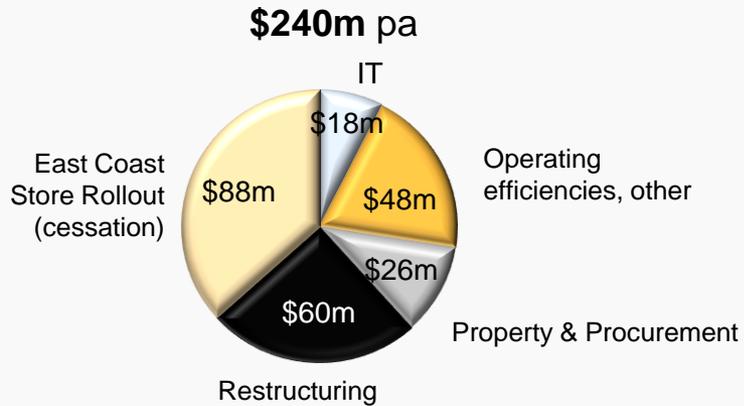


# Bankwest integration

## Integration costs - composition



## Annual expense synergies – 2012 composition



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By  
December  
2008

- Acquisition of Bankwest and St Andrew's announced Oct 08
- Steering committee and governance structure established
- Due diligence commenced, regulatory approvals obtained
- Jon Sutton appointed BWA MD, new CFO and CRO appointed
- Transaction completed 19 Dec 08 – formal acquisition date

Transaction  
completion

By  
June  
2009

- Common ATM and branch access for CBA/BWA customers
- Multi-brand strategy implemented
- Revised growth plan established (risk, costs, distribution etc)
- Integration of St Andrew's into CBA Wealth Management
- Final acquisition accounting included in CBA FY09 results

Completed

By  
FY12

- Systems alignment
- Consolidation of operations/processes
- Pursue targeted cost synergy opportunities
- Focus on leveraging CBA scale advantage

Extract cost  
synergies via  
business  
alignment

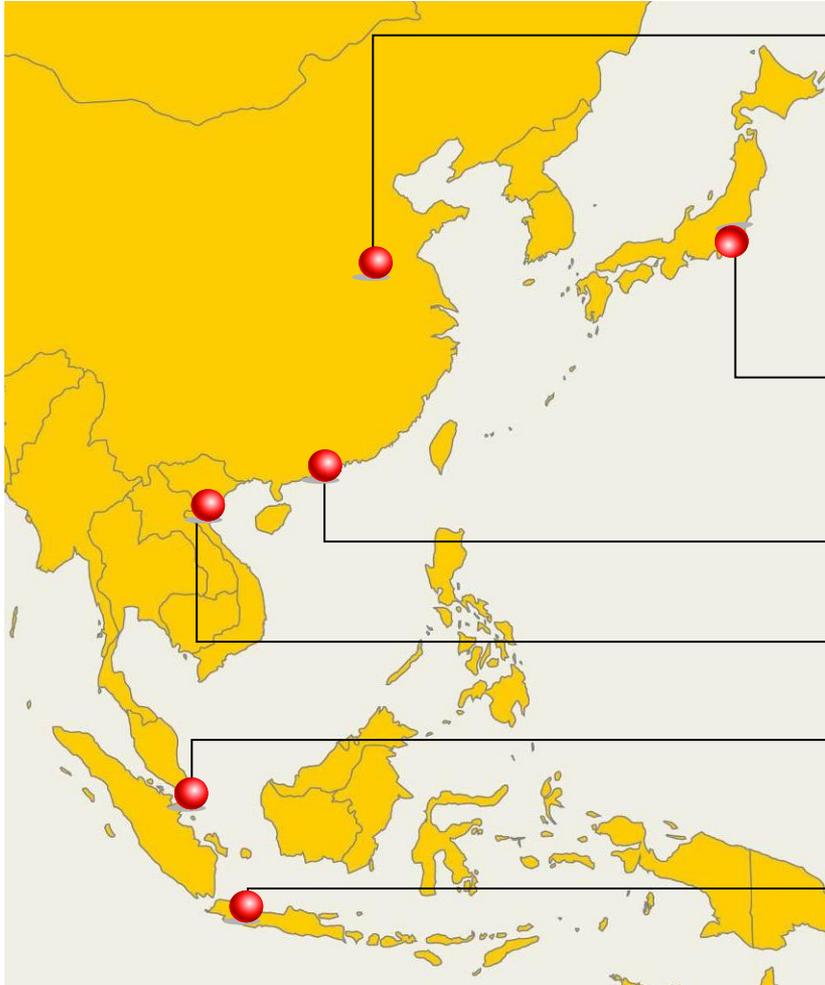
Post  
FY12

- Integration of Bankwest systems into Core Banking
- Pursue incremental synergy opportunities

Phase 2 –  
Core  
Banking

# Asia

## Targeted growth strategy



China	Branches	Staff	2010 Cash NPAT \$m*
Qilu Bank (20%)	74	1,822	} 143
Bank of Hangzhou (20%)	93	3,202	
Shanghai Branch		13	
Beijing Representative office		5	
BoCommLife JV		115	
First State Cinda Fund Management Company		72	

**Japan** Branch

**India** Mumbai Branch opened April 2010

**Hong Kong** Branch, First State Investments

**Vietnam** 15% stake in VIB (announced in April 2010), Branch (Ho Chi Minh), Representative office (Hanoi).

**Singapore** Branch, First State Investments

} 68

Indonesia	Branches	Staff	2010 Cash NPAT \$m*
PT Bank Commonwealth	74	1,562	} 13
PT Commonwealth Life	24	342	
First State Investments		25	



\* Includes Asian earnings from all CBA business units, and excludes head office support costs



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# Exposure mix

	Regulatory exposure mix <sup>1</sup>			
	CBA	Peer 1	Peer 2	Peer 3
Residential Mortgages	60%	41%	39%	53%
Corporate, SME & Spec Lending	27%	36%	42%	36%
Bank	5%	6%	12%	4%
Sovereign	5%	7%	4%	3%
Qualifying Revolving	2%	4%	2%	3%
Other Retail	1%	6%	1%	1%
<b>Total Advanced <sup>2</sup></b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



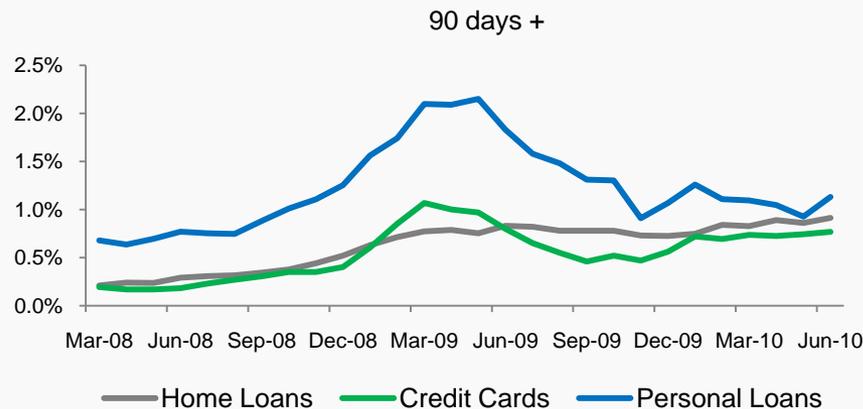
1. Source Pillar 3 disclosures for CBA as at June 2010 and Peers as at March 2010.
2. Includes Specialised lending. Excludes Standardised, Other Assets and Securitisation (representing 6% of Peer 1, 16% of Peer 2 and 25% of Peer 3). Exposure mix is re-baselined to total 100% for comparison.

# Credit Quality

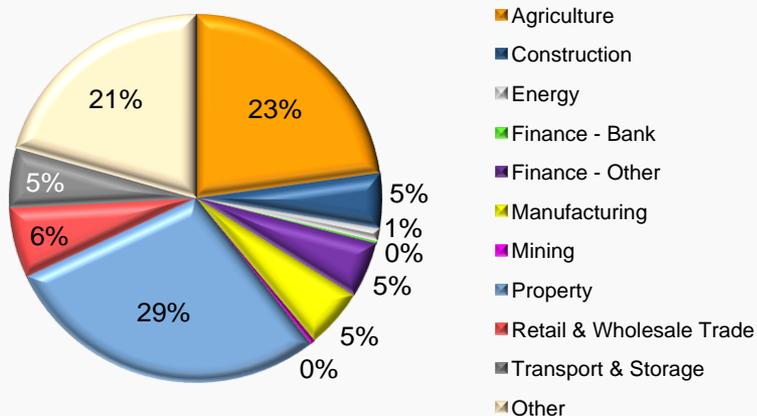
## First Home Buyers



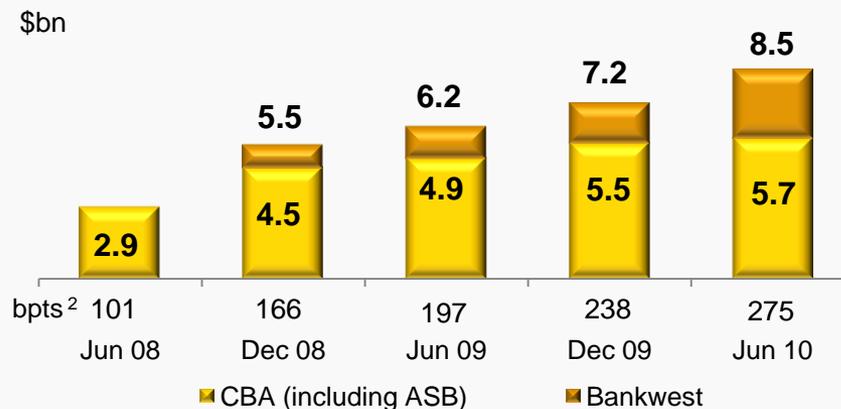
## ASB arrears



## Troublesome Exposures by Sector



## Troublesome Exposures <sup>1</sup>



<sup>1</sup> Includes defaulted/well secured exposures & exposures where there is a potential for default within ~ 12 months if a sustained improvement in financial performance is not achieved in the short term. Excludes impaired exposures.

<sup>2</sup> As a percentage of total commercial exposures



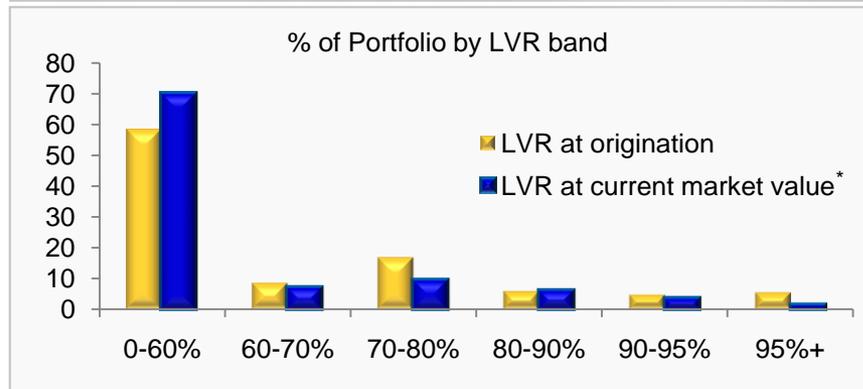
# Home Lending

- 70% of customers paying in advance (average 9 payments)
- Portfolio average LVR:
  - 52% based on original values
  - 43% based on current values
- Maximum LVR of 90% except for best risk existing CBA customers
- Genuine savings of 5% required for loans above 85% LVR
- First Home Owner Grant not counted as genuine savings

## No. of Accounts in Customer Assist Program



## Portfolio LVR Distribution



## Home loan portfolio mix

	Jun 10	Dec 09	Jun 09
Owner-Occupied	58%	58%	57%
Investment	32%	32%	32%
Line-of-Credit	10%	10%	11%
Variable	85%	82%	79%
Fixed	15%	17%	21%
Honeymoon	0%	1%	1%
Low Doc %	3.8%	4.1%	4.5%
<b>Originations</b>			
Proprietary	64%	63%	58%
Third Party	36%	37%	42%



\* Source APM database  
Excludes Bankwest

# Home Loan stress test

## High stress scenario

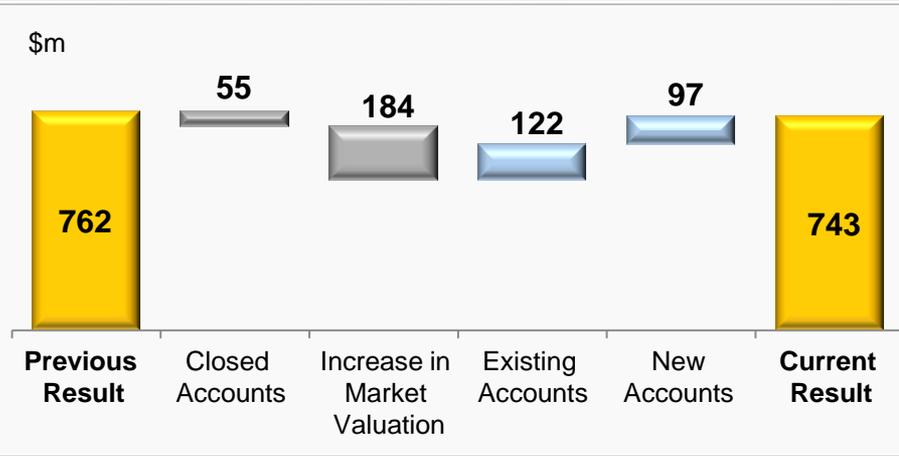
Unemployment rise to:	<b>10%</b>
Interest rates rise to:	<b>14%</b>
Property values drop:	<b>30%</b>
Probability of default increase:	<b>6x</b>

## Expected Loss outcomes

Expected loss \$m	PD stress factor			
	x1	x2	x4	x6
Property value				
No decrease	11	16	24	32
10% decrease	33	50	77	102
20% decrease	100	154	249	333
30% decrease	214	338	553	<b>743</b>

PD = Probability of default. Excludes lines of credit.

## Six-Month Movement



## Loss mitigants

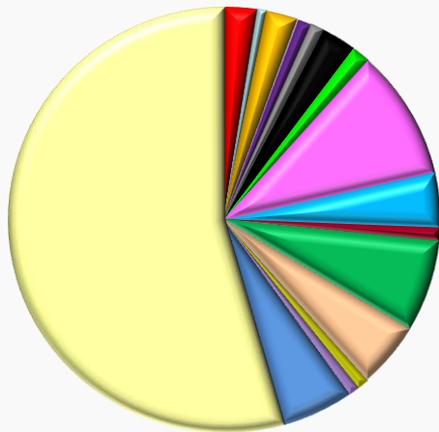
- Loans >80% LVR mortgage insured (*additional insured losses of \$1,515m in high stress scenario*)
- The higher of the Standard Variable Rate + rate buffer (150bp) or the 5 yrs fixed rate built into serviceability tests.
- Portfolio average LVR of 43%
- Full recourse to borrower
- 70% of customers paying in advance (avg 9 payments)



Excludes Bankwest and ASB

# Sector exposures

Jun 10



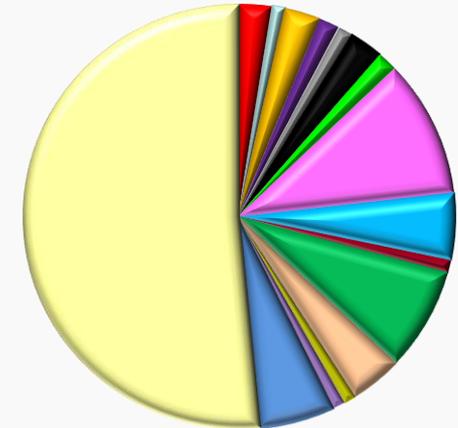
Australia	81%
New Zealand	9%
Europe	5%
Other International	5%

Including ASB and Bankwest

Jun 10 Jun 09

Consumer	54.8%	51.5%
Agriculture	2.4%	2.4%
Mining	0.7%	1.0%
Manufacturing	2.3%	2.7%
Energy	1.1%	1.5%
Construction	1.0%	1.1%
Retail & Wholesale	2.4%	2.6%
Transport	1.4%	1.5%
Banks	10.2%	10.4%
Finance – other	4.1%	5.0%
Business Services	0.9%	1.0%
Property	6.9%	7.8%
Sovereign	4.9%	4.0%
Health & Community	0.9%	0.9%
Culture & Recreation	0.7%	0.9%
Other	5.3%	5.7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Jun 09



Australia	79%
New Zealand	10%
Europe	7%
Other International	4%

Including ASB and Bankwest



Total exposures = balance for uncommitted facilities; greater of limit or balance for committed facilities. Includes settlement risk.

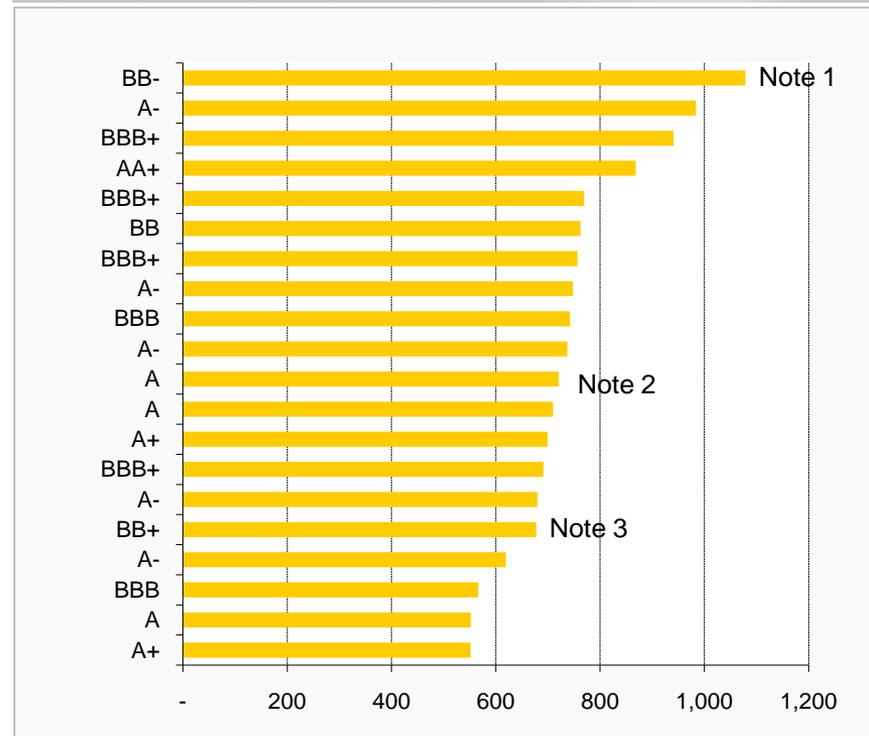
# Sector exposures<sup>1</sup>

## Sector Exposures – Jun 10

\$bn	AAA to AA-	A+ to A-	BBB+ to BBB-	Other	Total
Banks	37.0	27.1	2.2	0.4	<b>66.7</b>
Finance Other	10.0	8.7	3.8	5.6	<b>28.1</b>
Property	0.3	4.8	6.8	36.4	<b>48.3</b>
Sovereign	29.5	1.5	0.4	0.4	<b>31.8</b>
Manufacturing	0.1	2.8	5.9	6.6	<b>15.4</b>
Retail/Wholesale Trade	0.0	0.8	4.1	12.2	<b>17.1</b>
Agriculture	0.0	0.3	1.5	14.9	<b>16.7</b>
Energy	0.6	1.4	4.2	1.6	<b>7.8</b>
Transport	0.3	2.1	3.4	4.2	<b>10.0</b>
Mining	0.1	1.2	1.4	2.2	<b>4.9</b>
All other (ex consumer)	2.5	3.7	10.4	36.4	<b>53.0</b>
<b>Total</b>	<b>80.4</b>	<b>54.4</b>	<b>44.1</b>	<b>120.9</b>	<b>299.8</b>

Includes ASB and Bankwest

## Top 20 Commercial Exposures<sup>2</sup>



Notes: The ratings reflect the bulk of the aggregated entities exposure.

Within these aggregated exposures is the following:

1. \$149m rated CCC, \$110m CC, \$160m B, secured by fixed & floating charge.
2. \$294m rated A-, secured by fixed & floating charge.
3. \$180m rated BBB-, secured by fixed & floating charge.

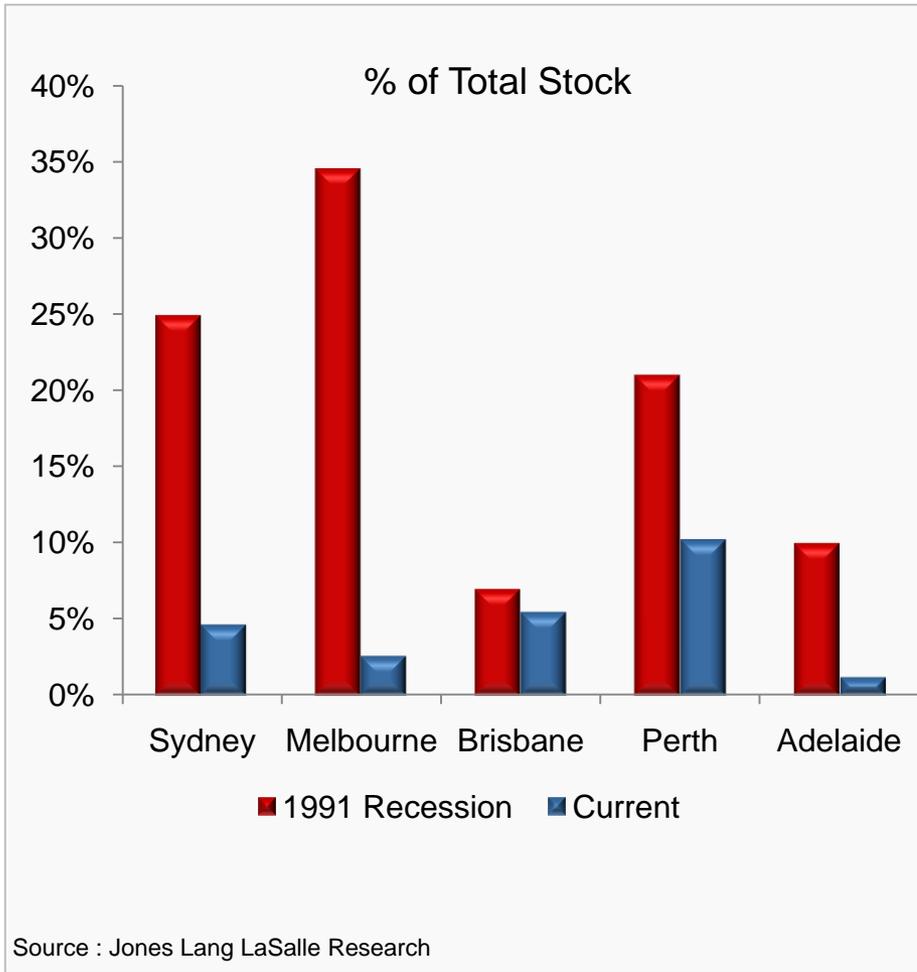


<sup>1</sup> Total exposure = balance for uncommitted facilities; greater of limit or balance for committed facilities  
Excludes settlement exposures

<sup>2</sup> Excluding finance and government. CBA grades in S&P Equivalents

# Commercial Property market

## CBD Office Supply Pipeline\*

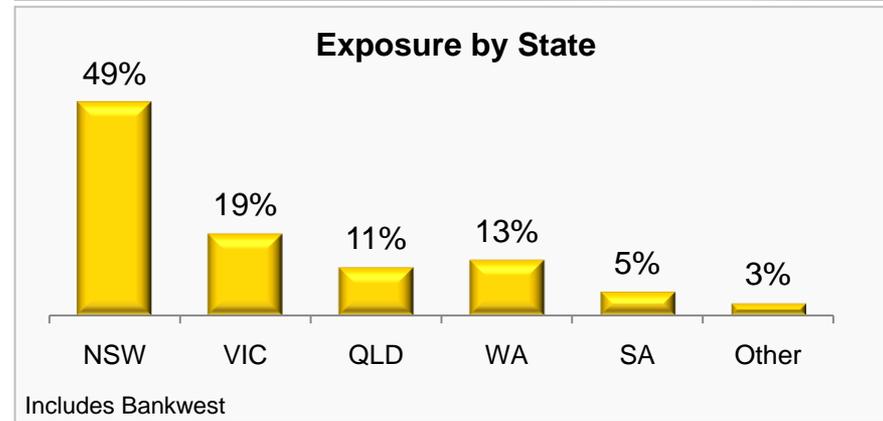


## CBD Vacancy Rates

Market	Current (Q2 2010)	Previous (Q4 2009)	Peak 1990s
Sydney	7.9%	8.2%	22.4%
Perth	8.6%	7.7%	31.8%
Melbourne	6.3%	6.4%	25.8%
Brisbane	10.6%	10.2%	14.3%
Adelaide	7.8%	8.2%	19.8%

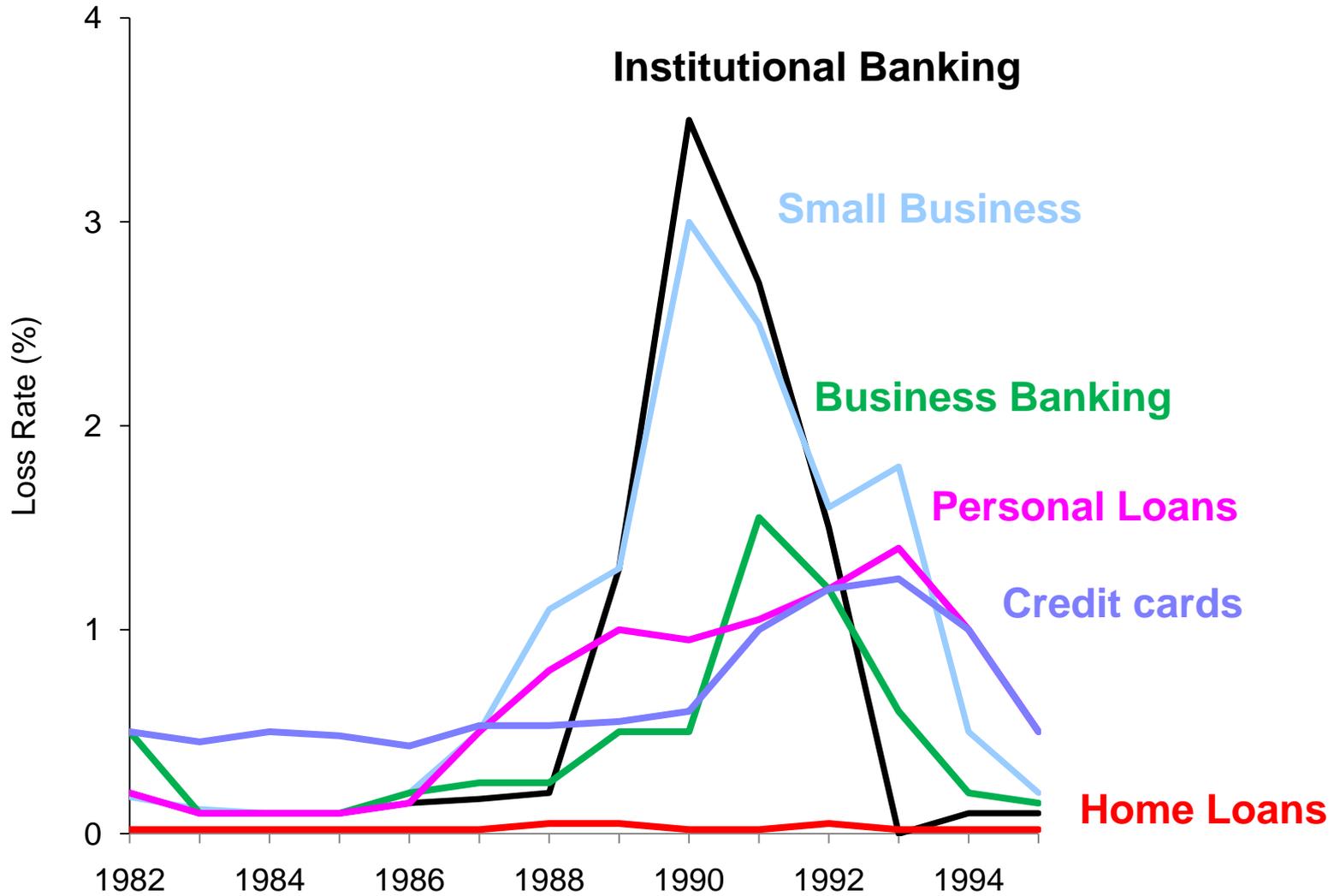
Source : Jones Lang LaSalle Research

## CBA Commercial Property



\* The development pipeline includes all projects currently under construction. Melbourne for example is only developments in 2010 (there is nothing beyond the calendar year at present), while Perth and Brisbane include projects through 2012.

# Historical loss rates in the last recession



# Risk Weighted Assets – Jun-10 Half

- Credit RWAs relatively flat as a result of:
  - Growth in non-retail RWAs driven by update to credit risk factors
  - Offset by review and disaggregation of data and slight decrease in retail RWAs
- IRRBB RWAs decrease driven mostly by fall in re-pricing and yield curve risk

RWA Movement (%)		
	Total	Tier 1 ratio impact (bpt)
Credit Risk	(1)%	5
Traded Market Risk	(13)%	2
Operational Risk	11%	(6)
<b>Total excl IRRBB</b>	<b>(3)%</b>	<b>1</b>
IRRBB	(38)%	19
<b>Total</b>	<b>(2)%</b>	<b>20</b>

	Credit RWA Movement (%)			Composition of Movement (%)				
	On Balance Sheet	Off Balance Sheet	Total	CRFs <sup>1</sup>	FX/ Volume	Quality	Data review	Total
Consumer Retail	0%	(4)%	(1)%	-	(359)%	539%	(79)%	100%
Non-retail	(1)%	5%	1%	344%	(230)%	(51)%	37%	100%
Tier 1 impact – Retail (bpts)	1	1	2	-	(6)	9	(1)	2
Tier 1 impact – Non-Retail (bpts)	2	(5)	(3)	(10)	7	1	(1)	(3)
Tier 1 impact – Other <sup>2</sup> (bpts)	7	(1)	6	-	(1)	0	7	6
<b>Total Tier 1 impact (bpts)</b>	<b>10</b>	<b>(5)</b>	<b>5</b>	<b>(10)</b>	<b>0</b>	<b>10</b>	<b>5</b>	<b>5</b>



<sup>1</sup> Credit Risk Factors

<sup>2</sup> Other includes Credit Risk Weighted Assets for other Basel Asset standardised classes including Bankwest, margin lending, equities, securitised and other assets and claims

# Bankwest Legacy Book Review

- A comprehensive, in-depth review:
  - ▶ ~1,100 individual files (66% of book now reviewed)
  - ▶ Results extrapolated to remaining, lower risk segment
  - ▶ Independent insolvency firms engaged
  - ▶ Specialist management team reviews across key industry sectors
- Profile of problem loans:
  - ▶ Legacy - 99% written pre-acquisition
  - ▶ Predominantly East Coast
  - ▶ Performing loans; average loan size \$8m
  - ▶ Unrealistic security valuations
- Risk management practices significantly strengthened:
  - ▶ Strengthened oversight regime (Board and Executive Risk Committees)
  - ▶ Guidelines and delegations tightened
  - ▶ Alignment with CBA policy and procedures

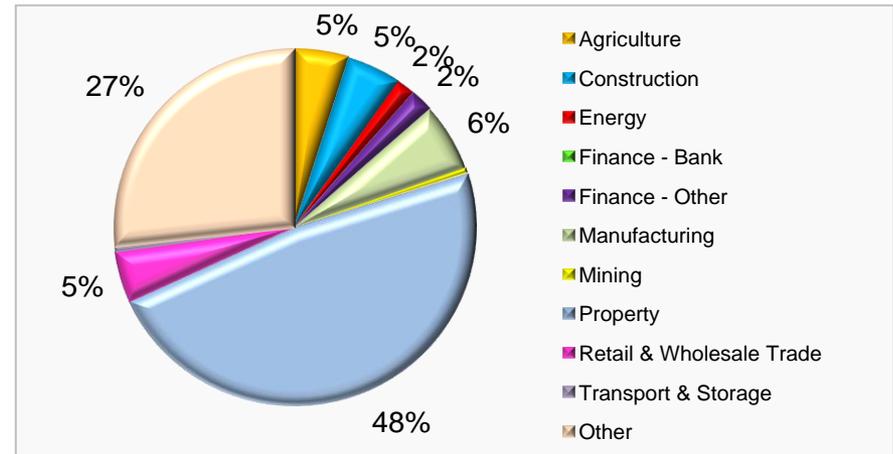


# Bankwest Portfolio Overview

## Total Exposures by Sector

	Jun 10	Jun 09
Consumer	60.0%	57.9%
Agriculture	3.1%	3.1%
Mining	0.3%	0.3%
Manufacturing	1.3%	1.4%
Energy	0.2%	0.2%
Construction	1.9%	2.2%
Retail & Wholesale	3.7%	3.7%
Transport	0.6%	0.6%
Banks	6.3%	6.5%
Finance – other	0.8%	0.8%
Business Services	1.3%	1.4%
Property	13.5%	15.4%
Sovereign	1.2%	0.4%
Health & Community	1.8%	2.0%
Culture & Recreation	0.2%	0.2%
Other	3.7%	3.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Troublesome Business Exposures by Sector



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# UK Comparison

The following table estimates the impact on CBA Group capital, as at June 2010, of the differences between the APRA Basel II guidelines and those of the UK regulator, Financial Services Authority (FSA)

	Net Fundamental Capital <sup>1</sup>	Tier 1 Capital	Total Capital
<b>June 2010 Actual</b>	<b>6.9%</b>	<b>9.2%</b>	<b>11.5%</b>
RWA treatment – mortgages <sup>2</sup> , margin loans	1.1%	1.4%	1.7%
IRRBB risk weighted assets	0.3%	0.3%	0.4%
Future dividends	0.9%	0.9%	0.9%
Tax impact in EL > EP calculation	0.1%	0.1%	0.2%
Removal of Tier 1 Hybrid Limits <sup>3</sup>	0.0%	0.1%	0.0%
Equity Investments	0.3%	0.3%	0.2%
Value of in force (VIF) deductions <sup>4</sup>	0.5%	0.5%	0.0%
<b>Total Adjustments</b>	<b>3.2%</b>	<b>3.6%</b>	<b>3.4%</b>
<b>June Actual – Normalised</b>	<b>10.1%</b>	<b>12.8%</b>	<b>14.9%</b>



1. Represents Fundamental Tier One capital net of Tier One deductions
2. Based on APRA 20% loss given default (LGD) floor compared to FSA 10% and CBA's downturn LGD loss experience. For Standardised portfolio, based on APRA matrix compared to FSA standard
3. UKFSA provides larger Tier One Hybrid limits compared to APRA
4. VIF at acquisition is treated as goodwill and intangibles and therefore is deducted at Tier One by APRA. FSA allows VIF to be included in Tier One Capital but deducted from Total Capital

# UK Comparison

- Key differences between the APRA and FSA method of calculating regulatory capital.

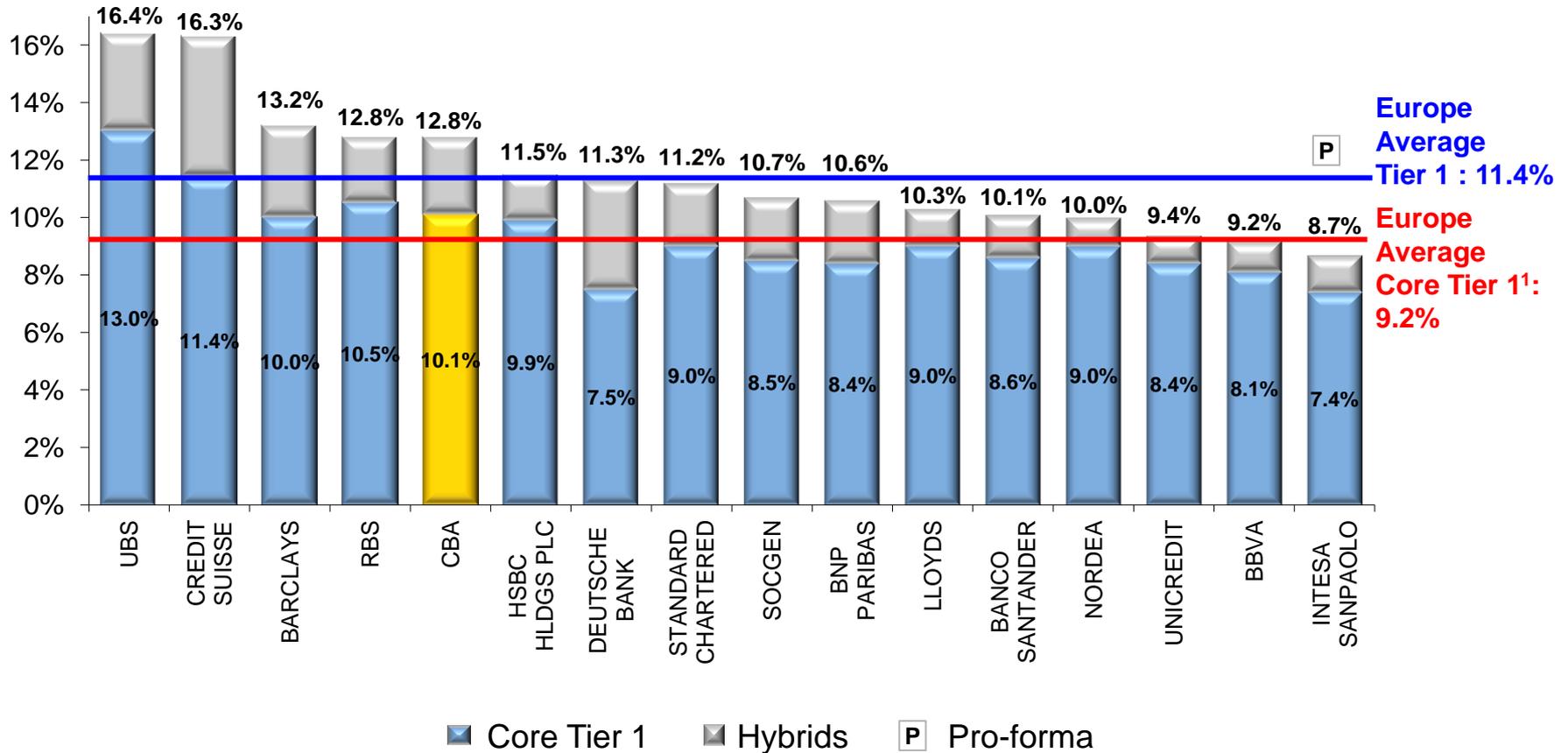
Item	Items impacting published total capital adequacy ratio	Impact on Bank's ratio if FSA rules applied
Mortgages	Under APRA rules, the <b>minimum Loss Given Default (LGD) for residential real estate</b> secured exposures is higher (20%) compared with 10% for FSA. This results in higher RWA under APRA rules.	Increase
Margin loans	Under APRA rules, <b>margin loans</b> attract a minimum risk weight (20%), compared to FSA where no minimum risk weight is applied .	Increase
IRRBB	The APRA rules require the inclusion of <b>Interest Rate Risk in the Banking Book (IRRBB)</b> within RWA. This is not required by FSA.	Increase
Dividends	Under FSA rules, <b>dividends</b> should be deducted from regulatory capital when declared and/or approved, whereas APRA requires dividends to be deducted on an anticipated basis. This is partially offset by APRA making allowance for expected shares to be issued under a dividend reinvestment plan.	Increase
Equity investments	Under APRA rules some <b>equity investments</b> are treated as a deduction 50% from Tier 1 Capital and 50% from Tier 2 Capital. Under the FSA, these equity investments are treated as Total Capital deductions or as RWA.	Increase
Deferred tax assets (DTA)	Under APRA rules, DTA (excluding those associated with Collective Provisions), are deducted from Tier 1 Capital. FSA treat DTA as a 100% RWA.	Increase
Hybrid limits	APRA imposes a Residual Capital limit of 25% of Tier 1 Capital. Under FSA rules this limit is 50%, with more flexible transition rules.	Increase Tier 1, Total Capital neutral
Value of in force (VIF)	VIF at acquisition is treated as goodwill and intangibles and therefore is deducted at Tier 1 by APRA. FSA allows VIF to be included in Tier 1 Capital but deducted from Total Capital.	Increase Tier 1, Total Capital neutral



# European comparison

The Group's Tier 1 Capital Ratio compares favourably to international peers

## Basel II Tier 1 Capital



Top 15 European banks by market capitalisation as at 1 July 2010

Source: latest publicly disclosed company reports and other market updates. Includes pro-forma announcements

1. Reflects Tier 1 Capital less hybrid Tier 1 instruments

# Constructive dialogue on key reforms

## Capital

- Basel III
  - ▶ Tier 1 capital – qualifying assets, hybrids
  - ▶ Deductions methodology – Tier 1 impact
  - ▶ Leverage ratio
- Rating agency models changing
- APRA Review of Conglomerates
- APRA Review of General and Life insurers

## Liquidity

- Basel III
  - ▶ 1 month liquidity buffer
  - ▶ Qualifying assets narrowed
  - ▶ Net stable funding ratio

## Consumer

- Australian Credit Law Reform
- Privacy reforms + comprehensive credit reporting
- Future of Financial Advice and Cooper Review
- Wealth Management product simplification

## Other

- Provisioning
- Governance and remuneration
- Henry Tax Review
- Overseas change



# Regulatory Change: Liquidity, funding, capital

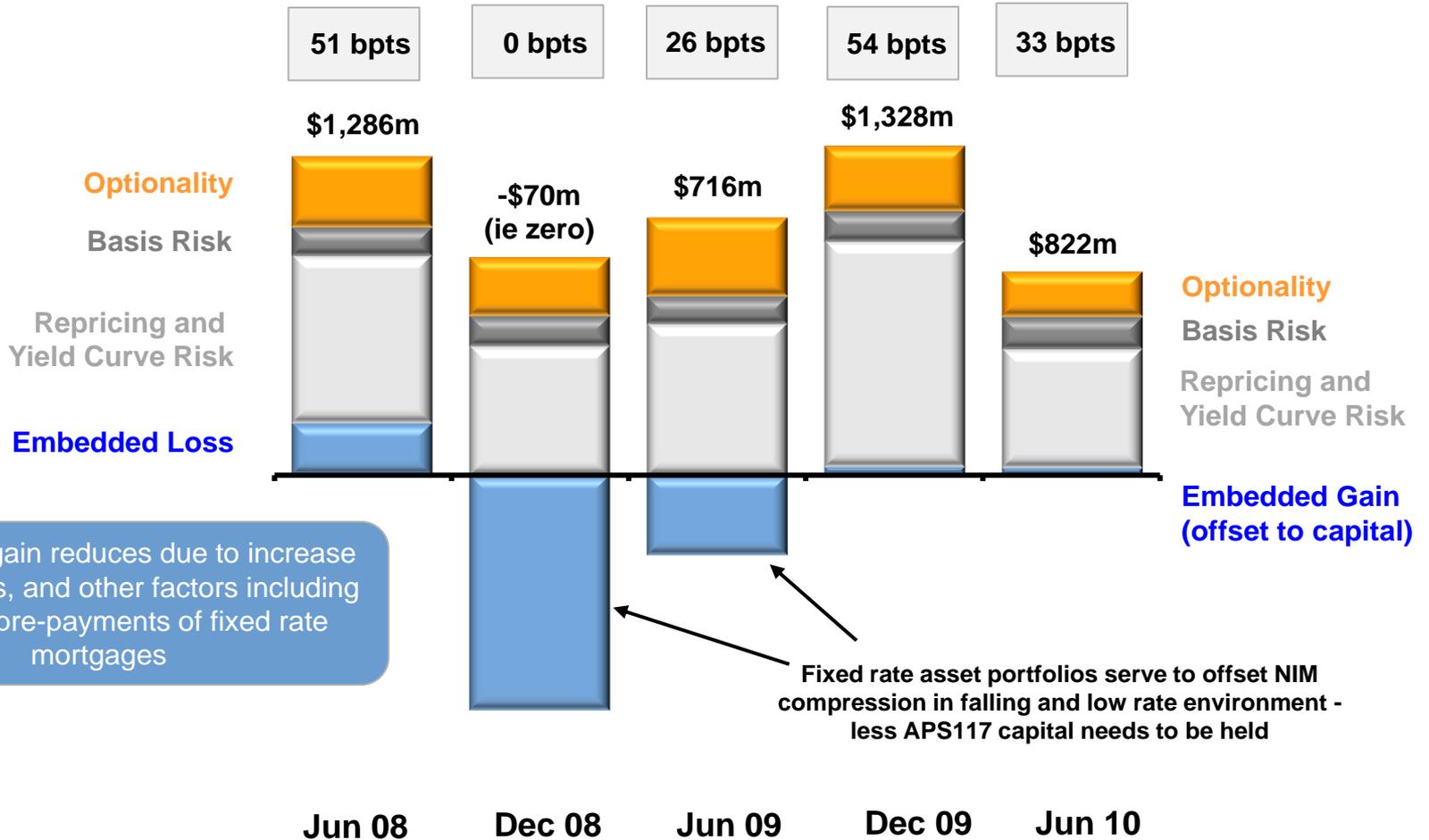
	Initial Basel 3 proposal (Dec 2009)	Subsequent Basel 3 proposal (July 2010)	Impact of change on CBA
<b>Liquidity</b>	<p><b>Liquidity Coverage Ratio (LCR)</b></p> <ul style="list-style-type: none"> <li>▪ Definition of liquid assets excludes most existing liquid assets except Commonwealth Govt (and semi-govt) bonds</li> <li>▪ Acute stress scenario from 1 week to 1 month</li> <li>▪ Onerous assumptions about durability of deposits during stress scenario</li> </ul> <p><i>Result – more liquid assets required and narrower definition of qualifying assets</i></p>	<ul style="list-style-type: none"> <li>▪ Definition of liquid assets widened to include “Level 2” liquid assets and development of standards for jurisdictions with insufficient government bonds(e.g. Aust)</li> <li>▪ Reduction of the severity of some assumptions – for example, different types of deposits assumed to be more durable with lower run-off assumptions</li> <li>▪ Introduction and transition periods still to be determined</li> </ul>	<p>✓✓</p> <p>✓</p> <p>neutral</p>
<b>Funding</b>	<p><b>Net Stable Funding Ratio (NSFR)</b></p> <ul style="list-style-type: none"> <li>▪ Assets with &gt;1yr maturity to be funded with “stable” liabilities with &gt;1yr term</li> </ul> <p><i>Result – would require CBA to raise over \$100bn in additional long term wholesale funding</i></p>	<ul style="list-style-type: none"> <li>▪ Decrease in the quantum of “stable funding” required for mortgages – from 100% to 65%</li> <li>▪ Run-off assumptions for some deposits less onerous</li> <li>▪ Transition via an “observation phase” with finalisation and introduction by Jan 2018</li> </ul>	<p>✓✓✓</p> <p>✓</p> <p>✓✓</p>
<b>Capital</b>	<ul style="list-style-type: none"> <li>▪ Leverage Ratio</li> <li>▪ New rules relating to hybrids</li> <li>▪ More punitive rules relating to capital deductions</li> <li>▪ Provisions to address pro-cyclicality</li> <li>▪ APRA specific rules on Bank Conglomerates</li> </ul> <p><i>Result - more capital, less hybrids, many technical issues requiring clarification</i></p>	<ul style="list-style-type: none"> <li>▪ Leverage ratio set at min 3% - less onerous than expected – with transition through to Jan 2018</li> <li>▪ Allow for differences in Australian accounting rules</li> <li>▪ Many technical changes remain and require clarification</li> </ul>	<p>✓✓</p> <p>✓</p> <p>neutral</p>



✓ indicates that the change from 2009 is positive for the Group

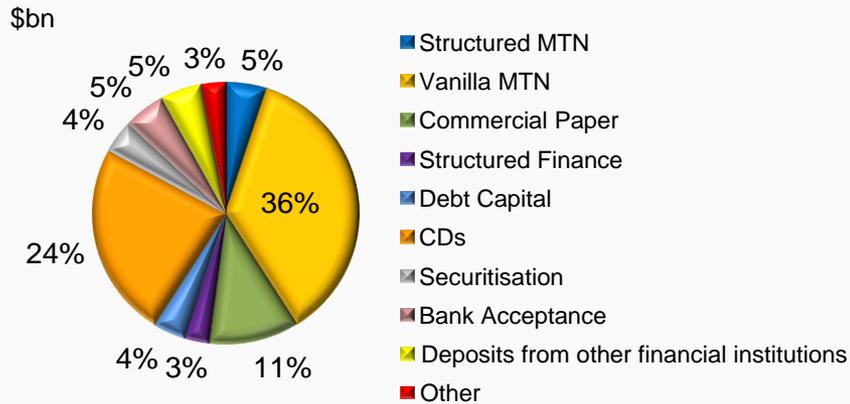
# Interest Rate Risk

## Capital Assigned to Interest Rate Risk in Banking Book - APS117

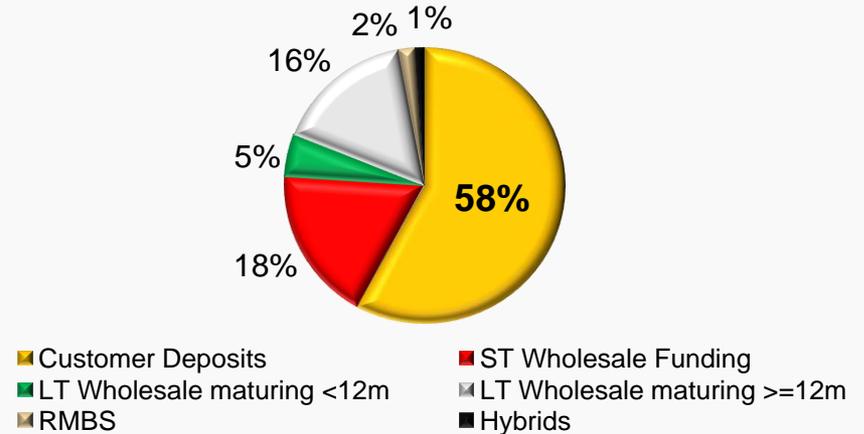


# Funding

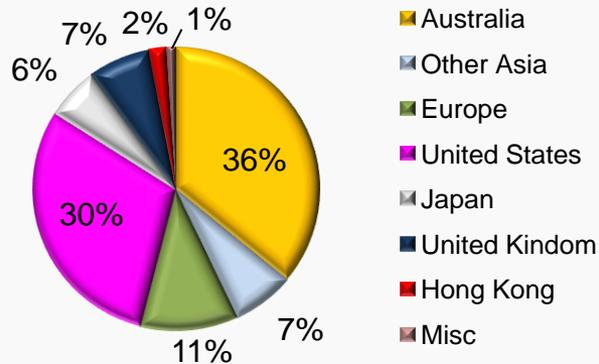
## Wholesale Funding by Product



## 58% Deposit Funded

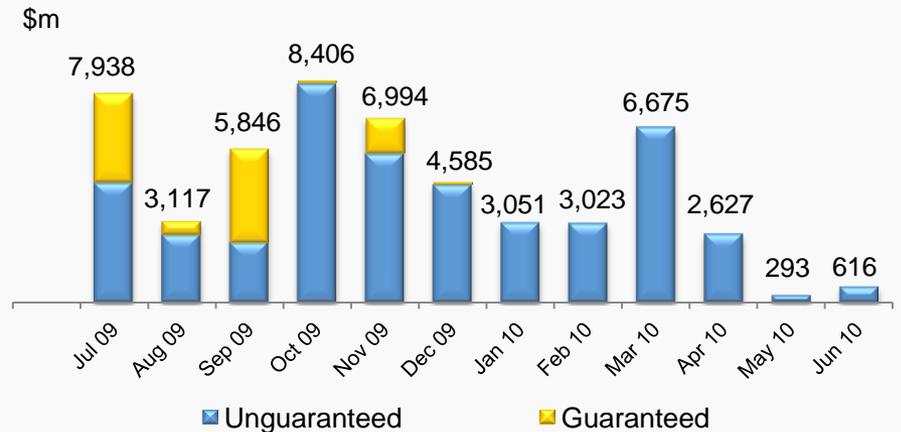


## Wholesale Funding by Region



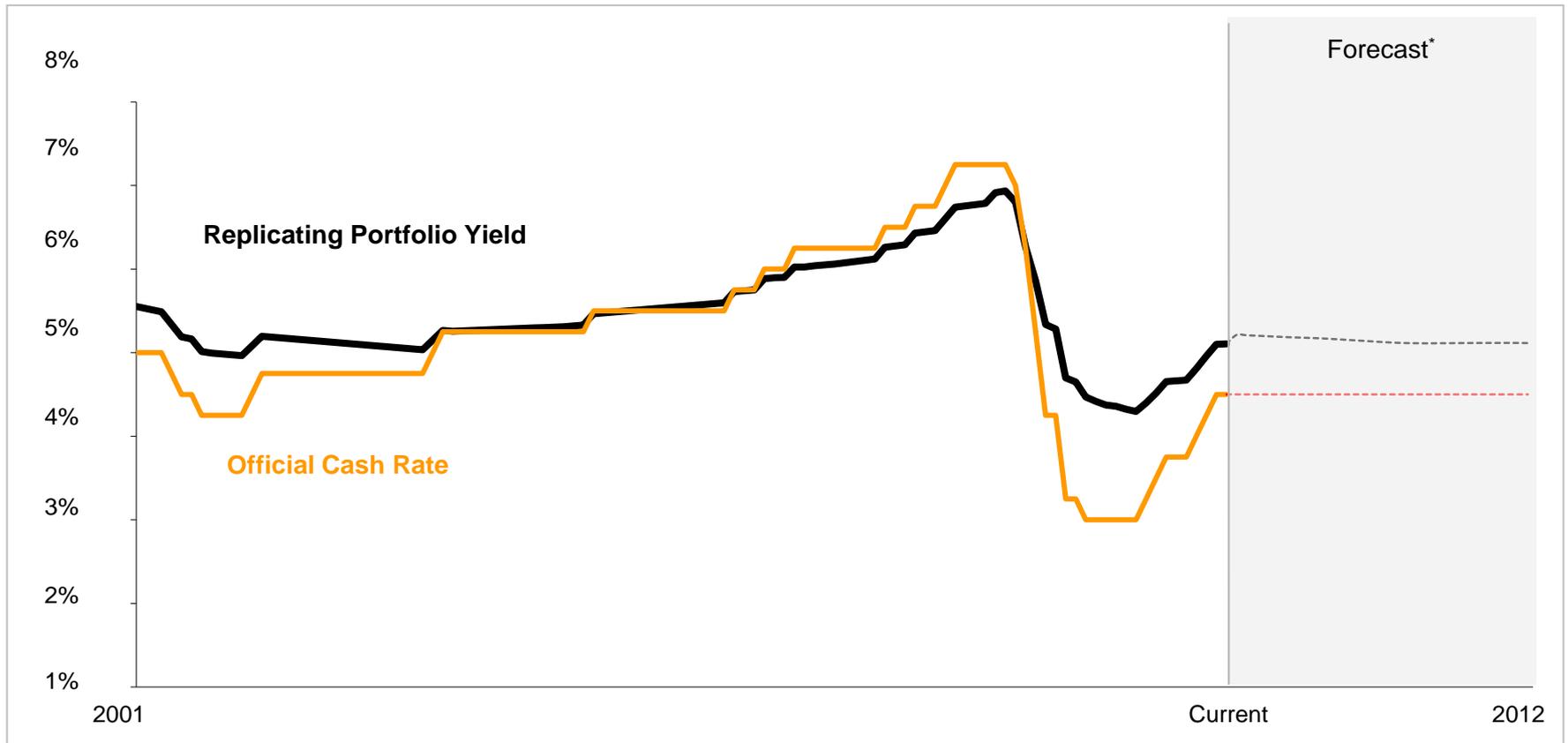
Note: AUD, USD & EURO Public benchmark deals are fully allocated to their respective currency locations

## FY10 Issuance



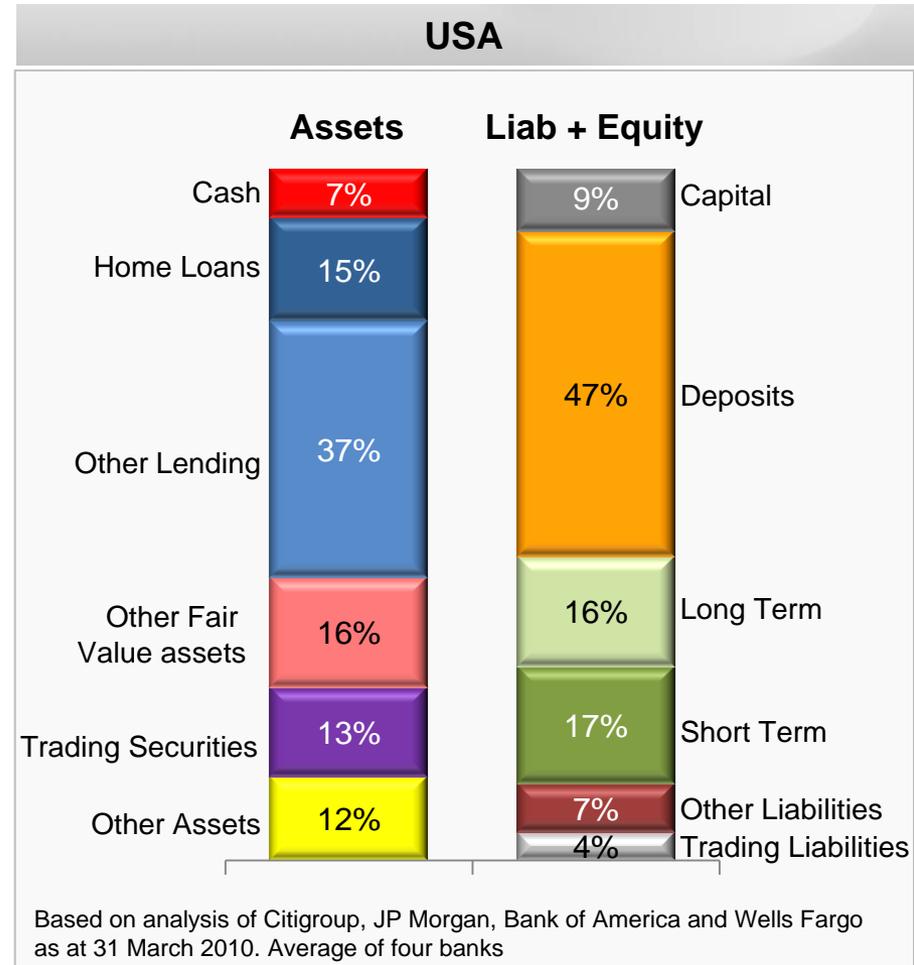
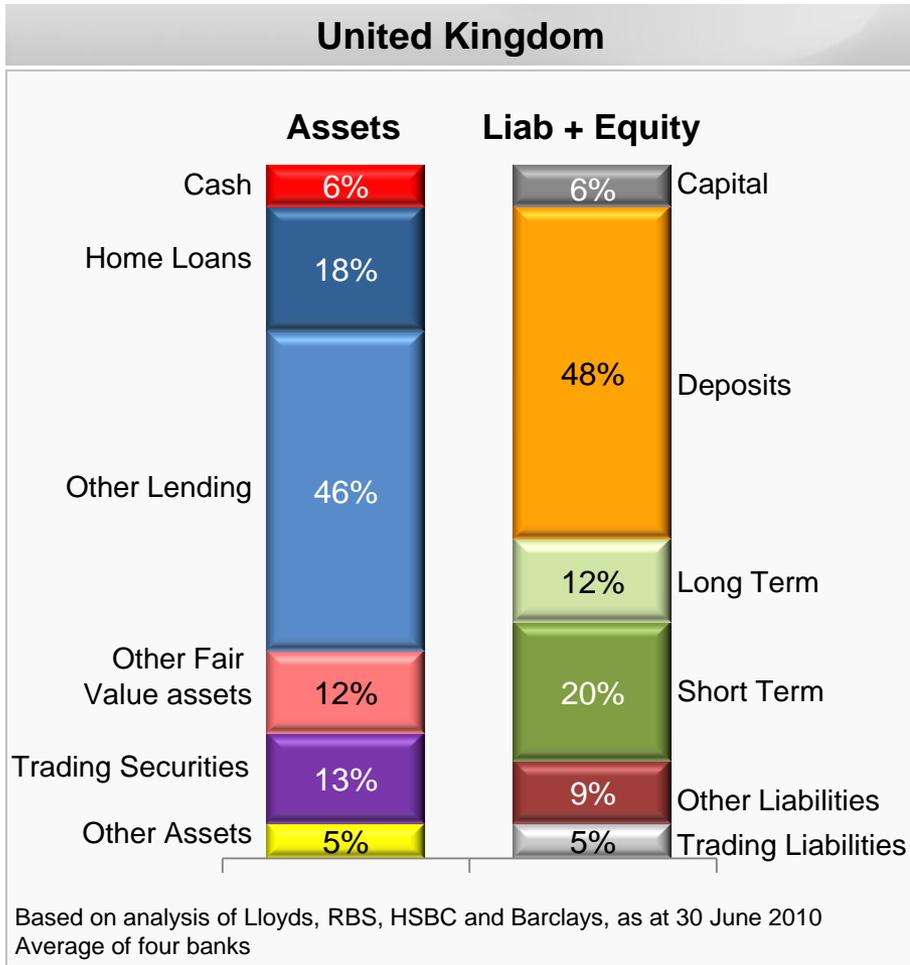
# Replicating Portfolio

Actual and Forecast Scenario\*



\* Indicative forecast of the replicating portfolio in relation to hypothetical movements in the official cash rate

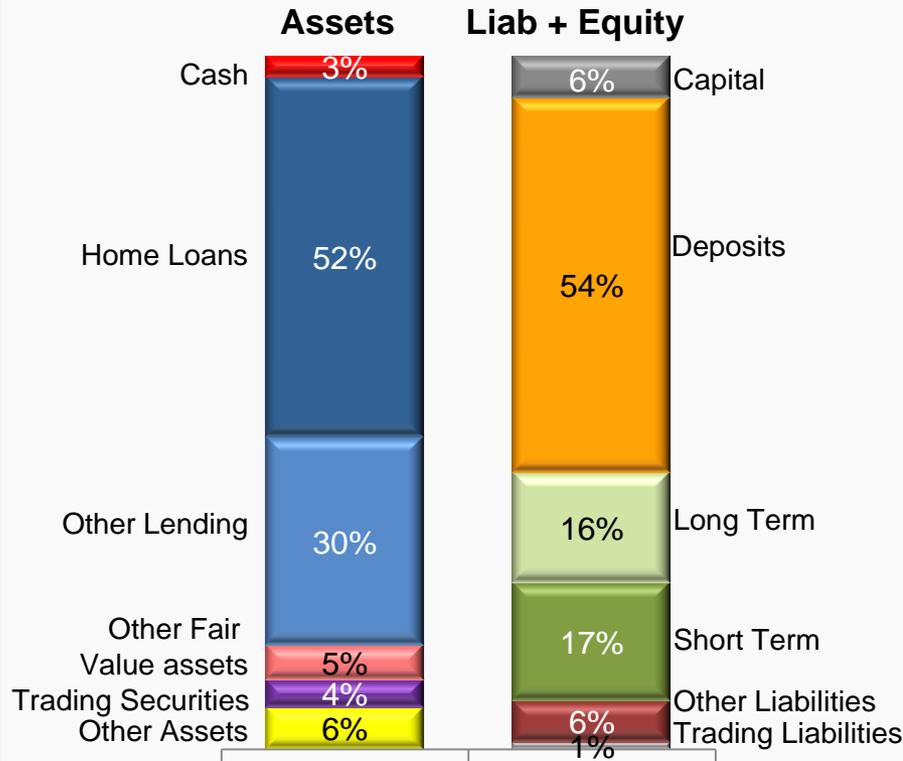
# UK and US balance sheet comparison



Based on statutory balance sheet  
Balance sheets do not include derivative assets and liabilities

# Australian Banks – safe assets, secure funding

## Commonwealth Bank



CBA balance sheet as at 30 June 2010  
 Balance sheet does not include derivative assets and liabilities  
 Based on statutory balance sheet

## Balance sheet comparisons

### Assets – CBA's assets are safer because:

- 52% of balance sheet is home loans, which are stable/long term
- Trading securities and other fair value assets comprise just 9% of CBA balance sheet compared to 25% and 29% for UK and US banks
- CBA's balance sheet is less volatile due to a lower proportion of fair value assets

	Assets*	
	Amortised cost	Fair Value
CBA	82%	18%
UK	56%	44%
US	45%	55%

### Funding – a more secure profile because:

- Highest deposit base (54% including 22% of stable household deposits)
- Reliance on wholesale funding similar to UK and US banks, although a longer profile than UK banks, which gives CBA a buffer against constrained liquidity in the wholesale markets

\* Includes grossed up derivatives.



# Regulatory Expected Loss

	Jun 09 \$m	Dec 09 \$m	Jun 10 \$m
<b>CBA (ex Bankwest) Regulatory Expected Loss (EL) – before tax</b>	<b>3,960</b>	<b>4,276</b>	<b>4,332</b>
<b>Eligible Provision <sup>1</sup></b>			
Collective provision <sup>2</sup>	2,247	2,339	2,036
Individually assessed provisions <sup>2</sup>	1,109	1,204	1,172
Other provisions	30	30	25
Subtotal	3,386	3,573	3,233
less tax effect impact	(683)	(711)	(618)
General Reserve for Credit Losses adjustment (after tax)	-	-	90
Other	(51)	(40)	(33)
<b>Total Eligible Provision</b>	<b>2,652</b>	<b>2,822</b>	<b>2,672</b>
<b>Regulatory EL in excess of Eligible Provision</b>	<b>1,308</b>	<b>1,454</b>	<b>1,660</b>
<b>Tier 1 deduction – 50%</b>	<b>654</b>	<b>727</b>	<b>830</b>
<b>Tier 2 deduction – 50%</b>	<b>654</b>	<b>727</b>	<b>830</b>
<b>Total Capital Deduction</b>	<b>1,308</b>	<b>1,454</b>	<b>1,660</b>



1. Eligible provisions exclude Bankwest portfolio which operates under Basel II standardised methodology.
2. Includes transfer from Collective provision to Individually assessed provisions in accordance with APS 220 requirements (June 10: \$136m, Dec 09; \$116m, June 09: nil).

# Index

Overview and Strategy	56
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Capital, Funding and Liquidity	101
<b>Economic Overview</b>	<b>113</b>



# Economic Summary

## CBA Economists summary of key indicators

As at June

	2007	2008	2009	2010	2011 (f)	2012 (f)
Credit Growth % – Total	15.5	12.0	3.3	2.8	7½-9½	7-9
Credit Growth % – Housing	12.9	9.8	7.0	8.2	8-10	7-9
Credit Growth % – Business	19.2	17.1	0.5	-5.0	7-9	8-10
Credit Growth % – Other Personal	16.1	3.3	-7.0	3.1	4-6	4-6
GDP %	3.8	3.7	1.3	2.3	3.6	3.3
CPI %	2.9	3.4	3.1	2.3	3.0	3.1
Unemployment rate %	4.3	4.2	5.7	5.2	5.1	4.7
Cash Rate %	6¼	7¼	3	4½	5½	6



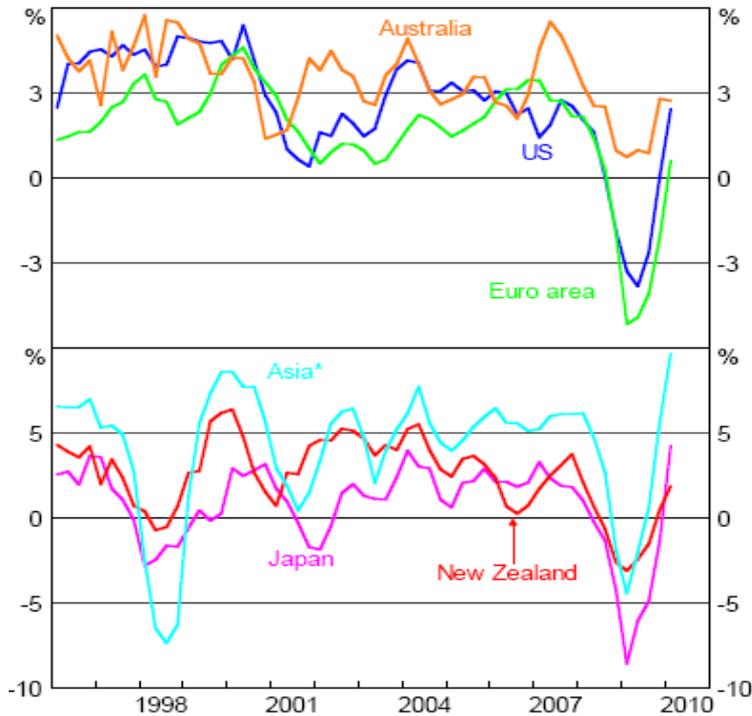
CBA Economists Forecasts  
 Credit Growth  
 GDP & CPI  
 Unemployment, Cash Rate

= 12 months to June  
 = Year average  
 = June qtr

# Global Backdrop

## Growth outperformance

### Real GDP Growth Year-ended

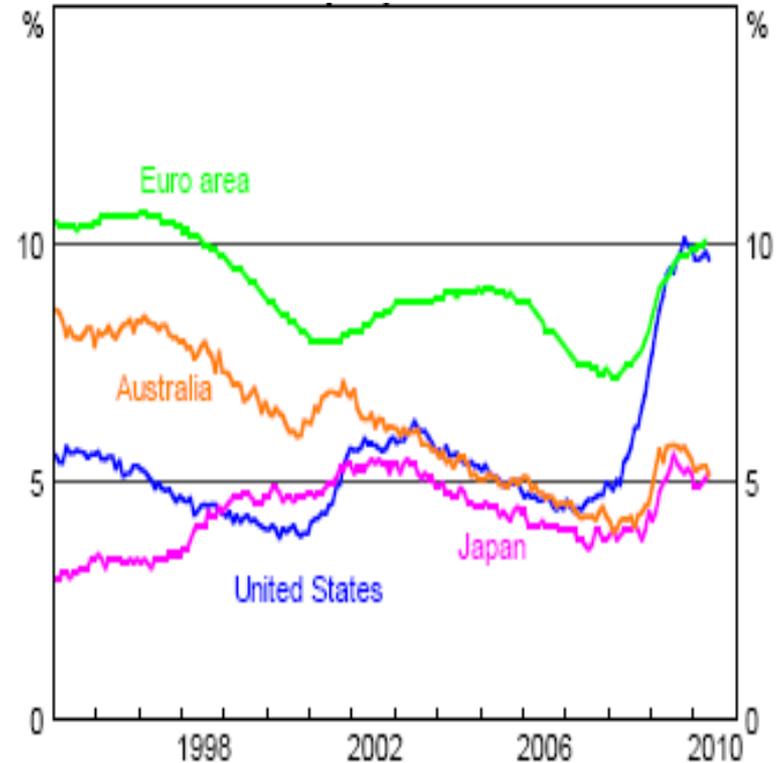


\* Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand

Sources : ABS; CEIC; Thomson Reuters

## Stronger labour market

### Unemployment Rate

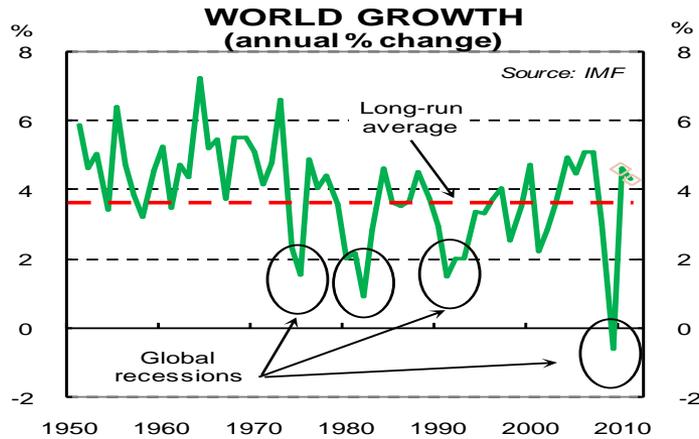


Sources : ABS; Thomson Reuters

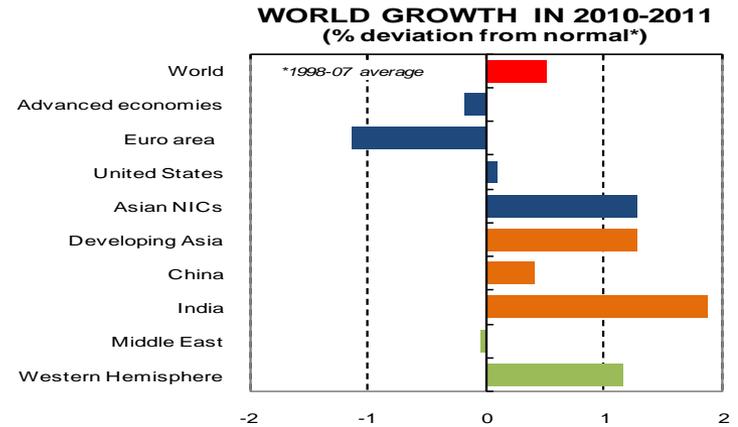


# Global Backdrop

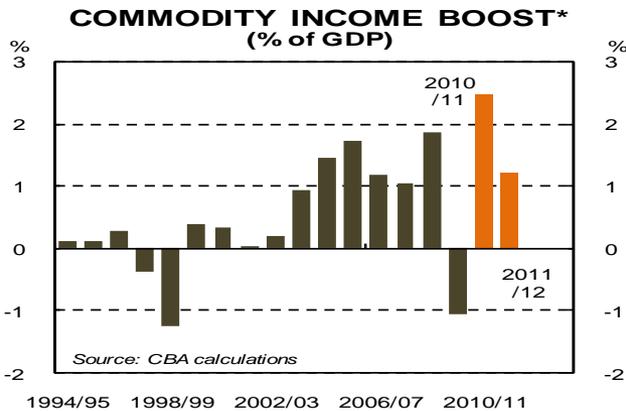
## Recovery with downside risks



## Recovery with an Asian Skew

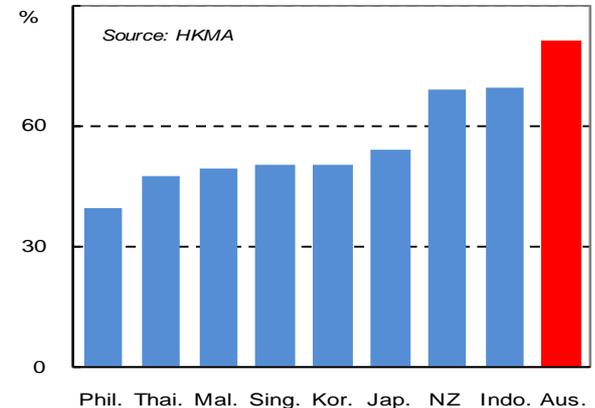


## China-Commodities-Incomes



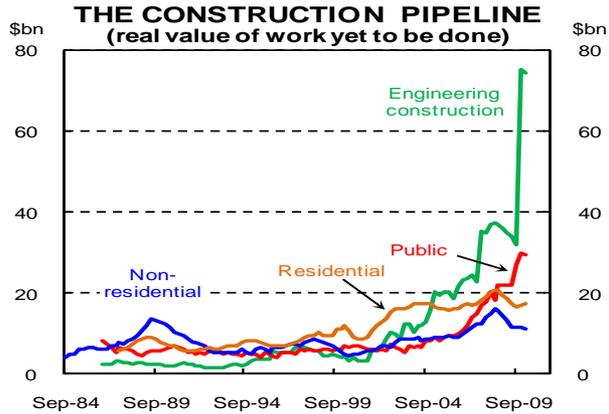
## 80% of Australian exports to China remain there

(% of a country's exports that remain in China)

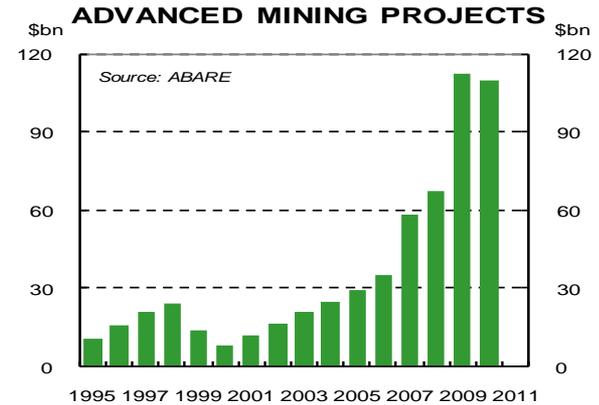


# Domestic Drivers

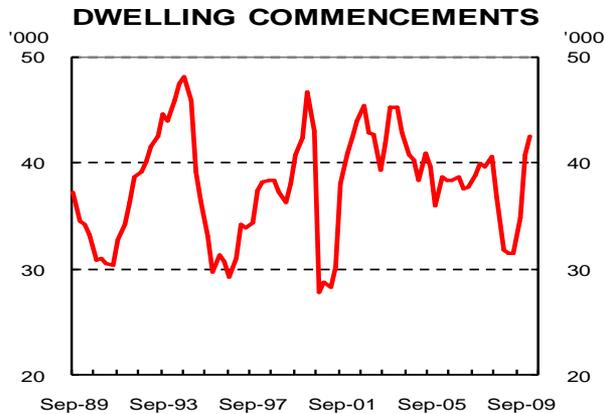
## A Capex recovery & a large funding need



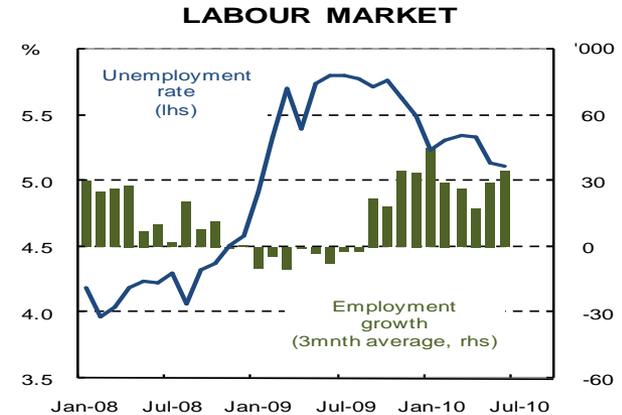
## Mining capex boom



## Residential construction upturn

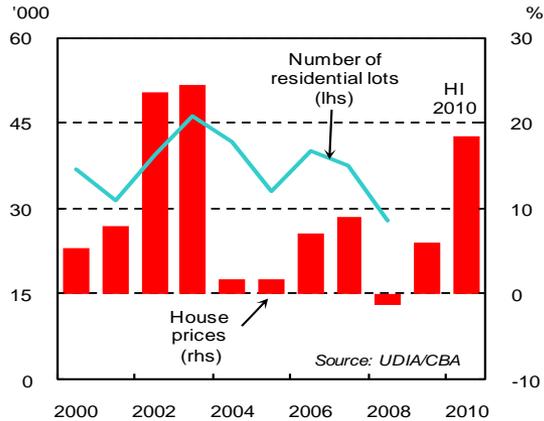


## Supportive labour market

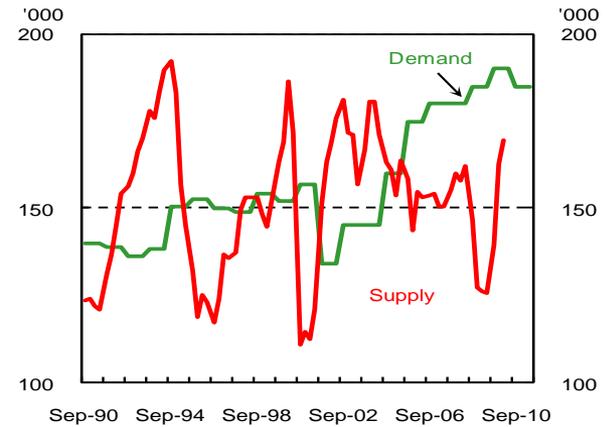


# Domestic Drivers

## Residential land supply

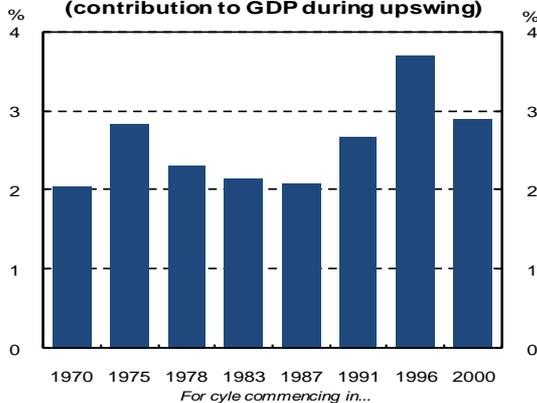


## Housing demand and supply



## The props under the domestic economy

### RESIDENTIAL CONSTRUCTION (contribution to GDP during upswing)



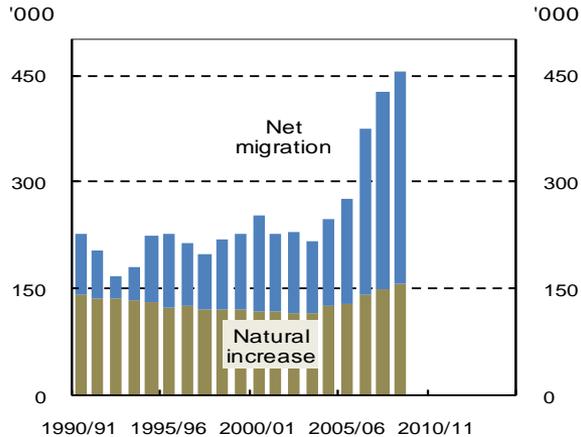
- The typical residential construction upturn directly adds 2-3ppts to GDP growth over the typical upswing of 2-3 years.
- Big second round effects as well.

### Residential Building Construction Multipliers

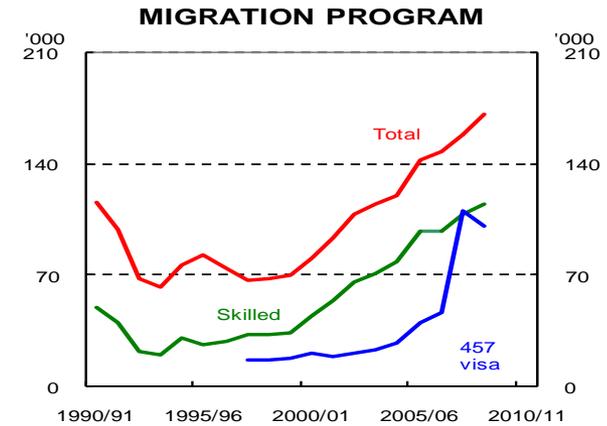
Output Multiplier (gross value added)	\$1.31
Employment Multiplier (full-time equivalent)	17

# Many factors supporting house prices

## Population drivers

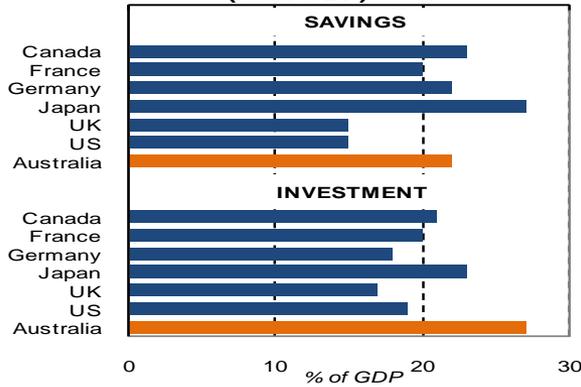


## Migration program

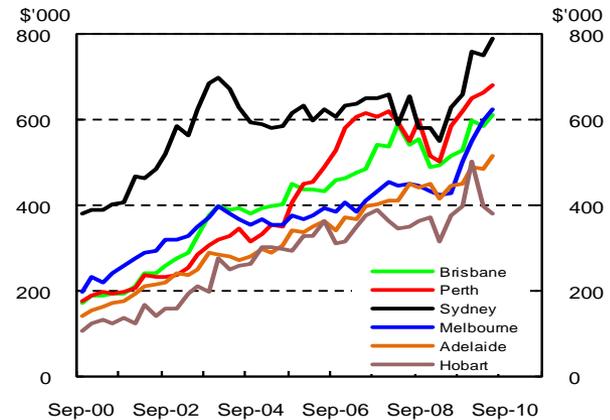


## Excess investment – not a savings shortfall

### SAVINGS & INVESTMENT (% of GDP)

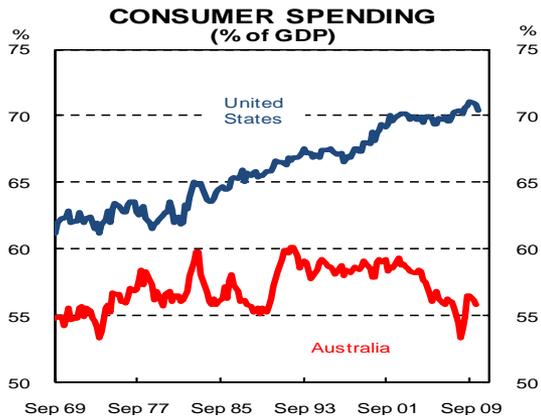


## CBA established house prices

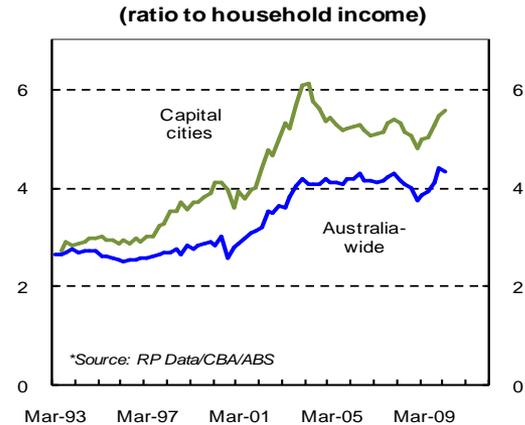


# Many factors supporting house prices

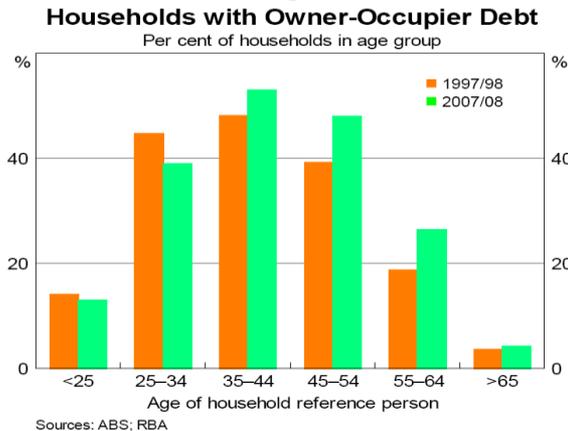
## Australians more cautious in spending



## Dwelling prices

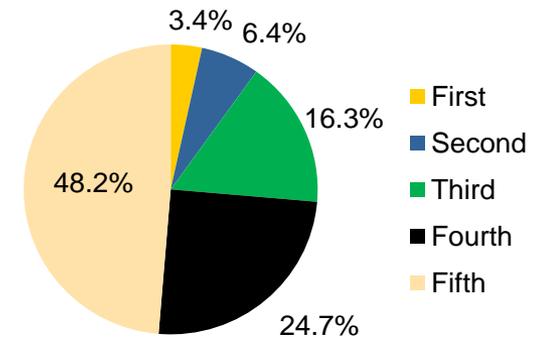


## Increase in debt in upper age ranges



## 50% household debt held by top 20% income earners

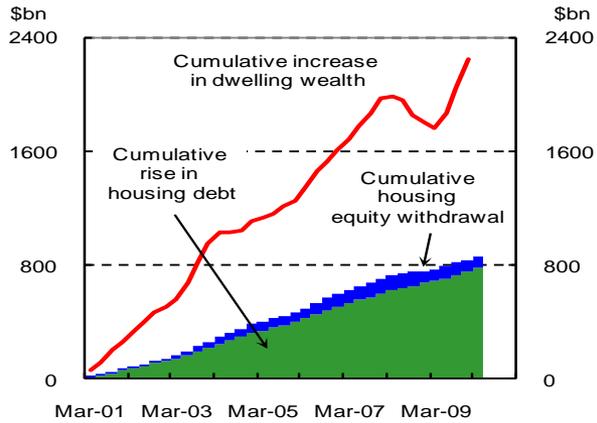
Share of household debt held by income quintiles, 2006



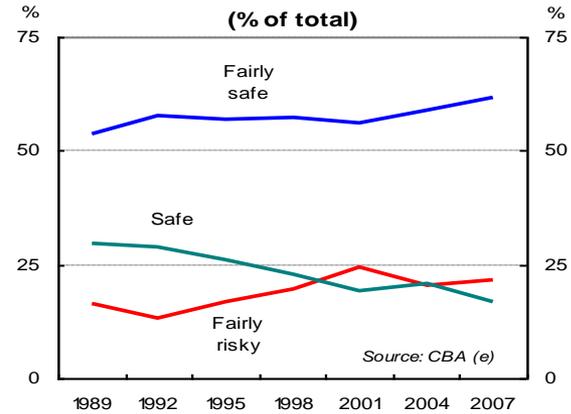
Income quintiles includes at households  
Sources : HLDA Release 6.0; RBA

# Domestic Drivers

## Housing equity withdrawal



## Aust H/H Assets by Risk



# Note

## Sources for Customer Satisfaction and related results outlined in this pack

- 1 Retail MFI Customer Satisfaction – Roy Morgan Research. Australian Population 14+, % “Very Satisfied” or “Fairly Satisfied” with relationship with that MFI institution. 6 month rolling average.
- 2 Business Customer Satisfaction - TNS Business Finance Monitor. Customer satisfaction with MFI – businesses with annual turnover to \$100m (ex Agribusinesses). This is based on a 12 month rolling average, except where noted. Percentage point change refers to the increase /decrease of each bank’s customers who are satisfied. Satisfaction is based on business customers who said they were Very or Fairly Satisfied with their relationship with their MFI. Peers are the other major banks: ANZ, NAB, STG and Westpac.
- 3 FirstChoice - Wealth Insights Platform Service Level Survey compared with bank peer platforms as ranked by financial advisors.
- 4 Products per Customer - Roy Morgan Research. Australian Population 14+ , Banking and Finance products per Banking and Finance customer at financial institution. 6 month moving average.
- 5 DBM Business Financial Services Monitor, measured micro business with turnover up to \$1 million, small business with turnover of \$1 million up to \$5 million, medium business with turnover of \$5 million up to \$50 million and large business with turnover of over \$50 million, 5 month data to May 2010.



Determined to be better than we've ever been.

**Ralph Norris**

CHIEF EXECUTIVE OFFICER

**David Craig**

CHIEF FINANCIAL OFFICER



# Results Presentation

For the full year ended 30 June 2010

11 August 2010

Commonwealth Bank of Australia ACN 123 123 124



**Commonwealth**Bank