

DETERMINED TO BE BETTER THAN WE'VE EVER BEEN.

Results Presentation

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Ralph Norris
Chief Executive Officer

David Craig
Chief Financial Officer



CommonwealthBank



Disclaimer

The material that follows is a presentation of general background information about the Group's activities current at the date of the presentation, 9 February 2011. 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



Overview

- Another solid financial result
- Challenging operating environment
- Disciplined strategy execution continuing to deliver
- Investing for the future
- Cautiously optimistic for calendar 2011



Snapshot – 1H11 Results*

Financial			Operating Performance by Division		
Cash earnings (\$m)	3,335	+13%	RBS (\$m)	2,227	+2%
ROE (Cash)	19.2%	+70bpts	IB&M (\$m)	865	(12%)
Cash EPS (\$)	2.14	+12%	BPB (\$m)	858	+6%
DPS (\$)	1.32	+10%	Bankwest (\$m)	369	+10%
Cost-to-Income	45.4%	70bpts	Wealth Management (\$m)	453	+10%
NIM	2.12%	(6bpts)	NZ (NZD \$m)	419	+15%
Strong balance sheet			Capital & Funding		
Total Assets (\$bn)	650	+4%	Tier 1 Capital	9.71%	+61bpts
Total Liabilities (\$bn)	614	+4%	Tier 1 – UK FSA	13.5%	+110bpts
FUA (\$bn)	199	+3%	WAM – New Issuance (yrs)	4.4	-
RWAs (\$bn)	286	(4%)	Deposit Funding (%)	60%	+4%
Provisions to Credit RWAs	2.25%	+21bpts	Liquid Assets (\$bn)	93	+4%



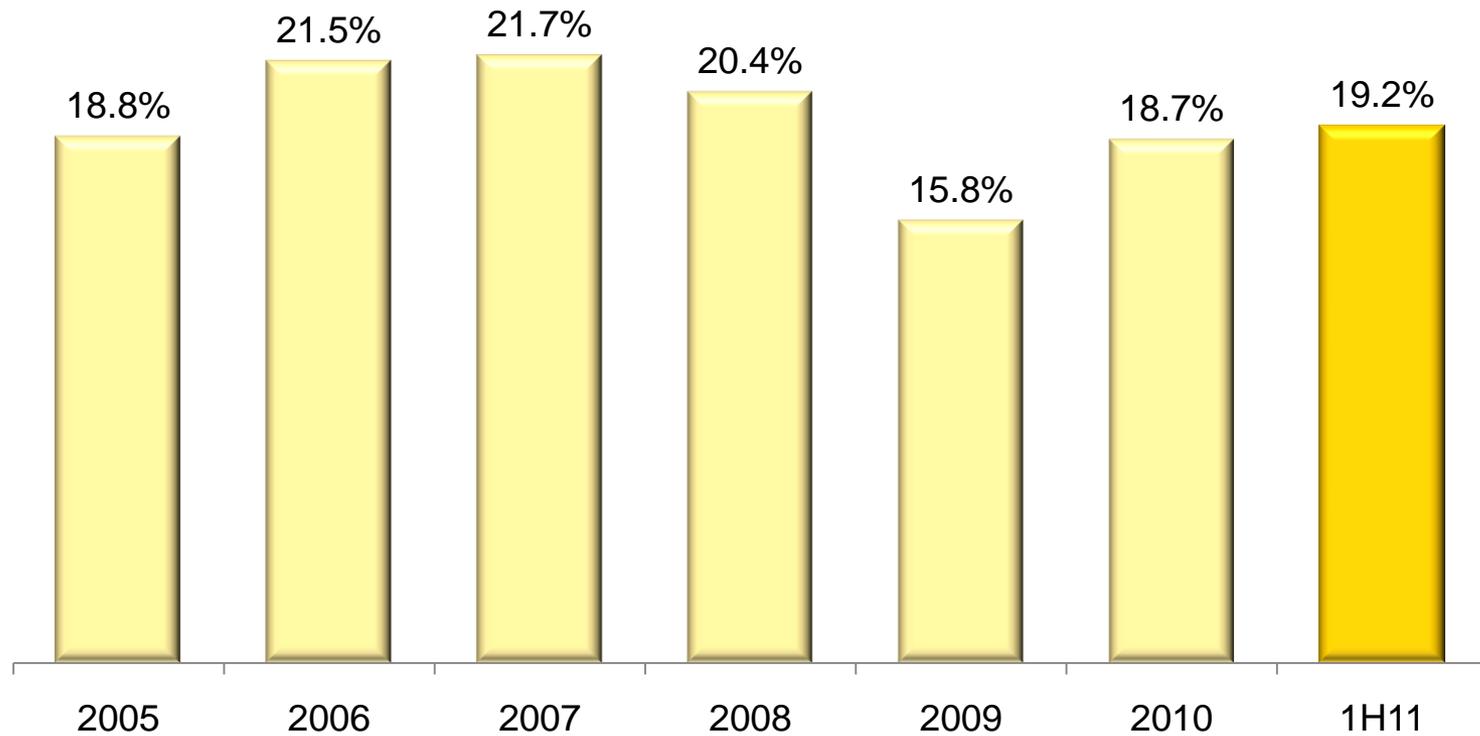
* All movements on prior comparative period.

Another solid financial result

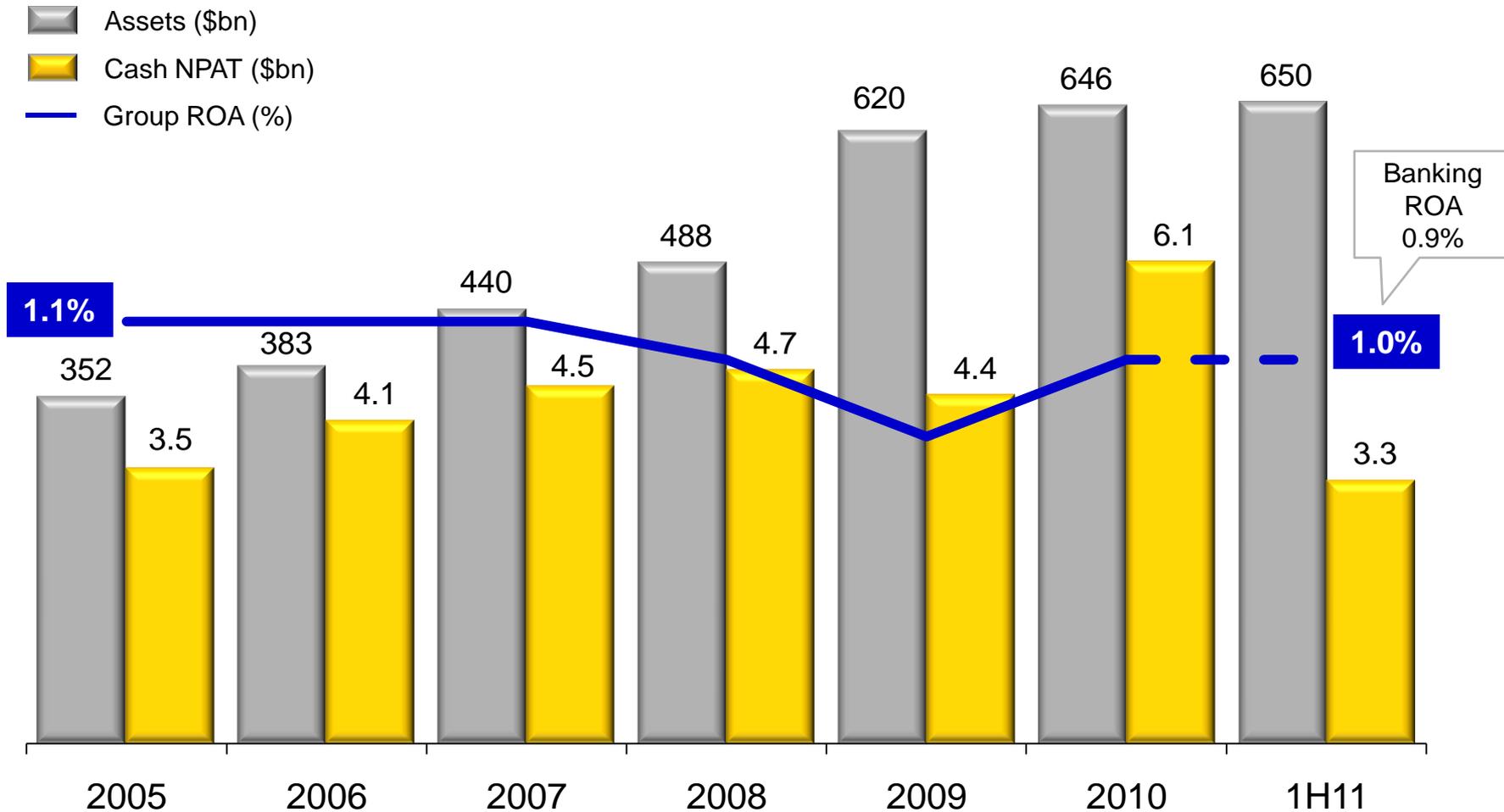
	Dec 10	vs Dec 09
Cash NPAT (\$m)	3,335	13%
Statutory NPAT (\$m)	3,052	5%
ROE	19.2%	70bpts
Cash EPS (\$)	2.14	12%
Dividend per Share (\$)	1.32	10%



Return on Equity (Cash)

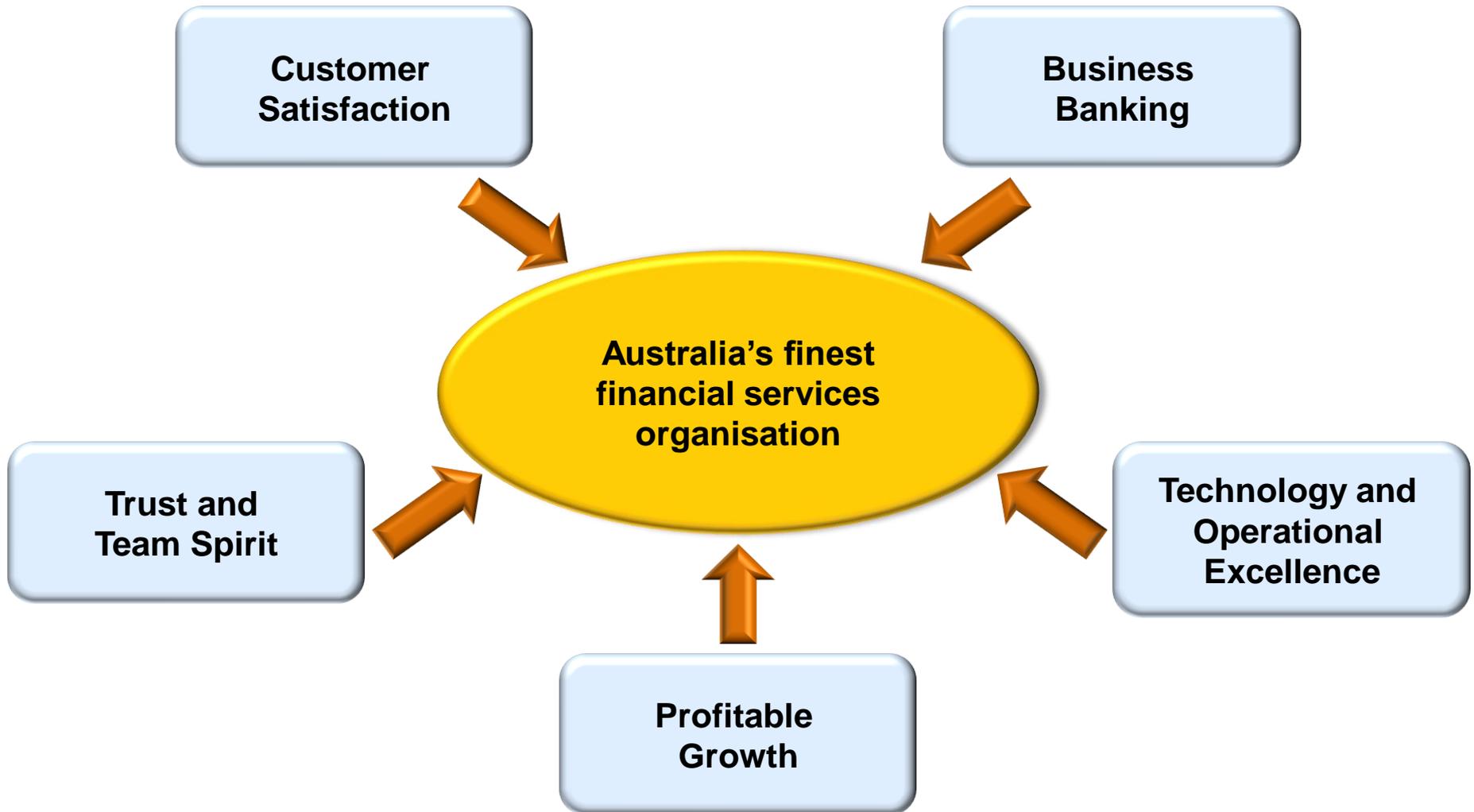


Return on Assets



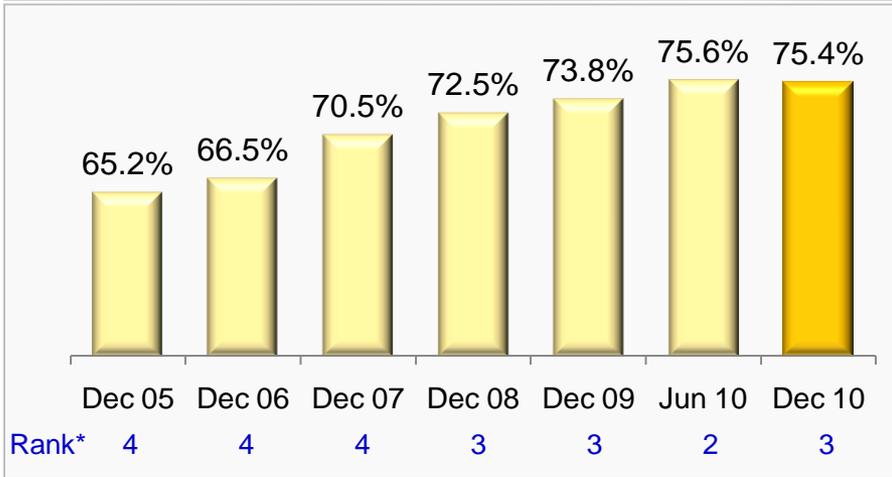
— Half Year

A clear, focussed strategy

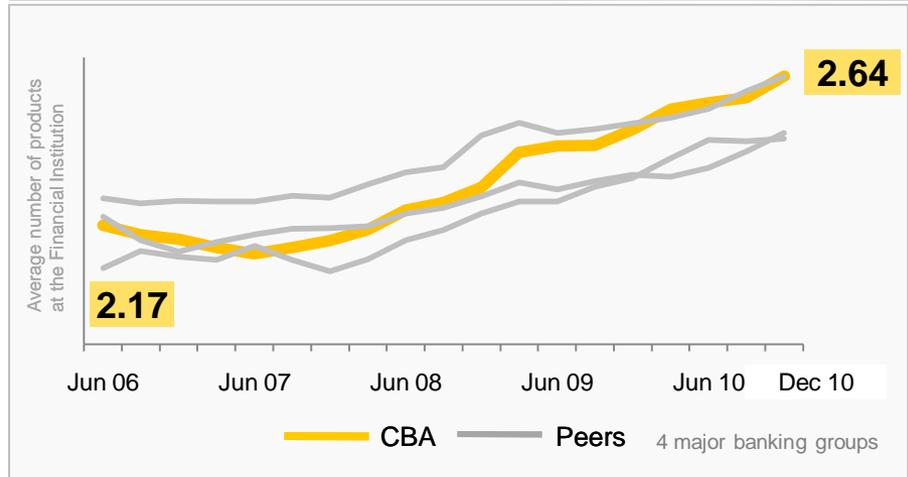


Strategy continues to deliver

Retail MFI Customer Satisfaction ¹



Products per customer ²



Business Customer Satisfaction ³

	CBA Ranking*
Total Market	Equal 1 st
Large (>\$50m)	1 st
Medium (\$5m to \$50m)	Equal 1 st
Small (\$1m to \$5m)	Equal 2 nd
Micro (<\$1m)	Equal 3 rd

FirstChoice Satisfaction ⁴

Year	Ranking
2010	1 st
2009	1 st
2008	1 st
2007	2 nd
2006	2 nd

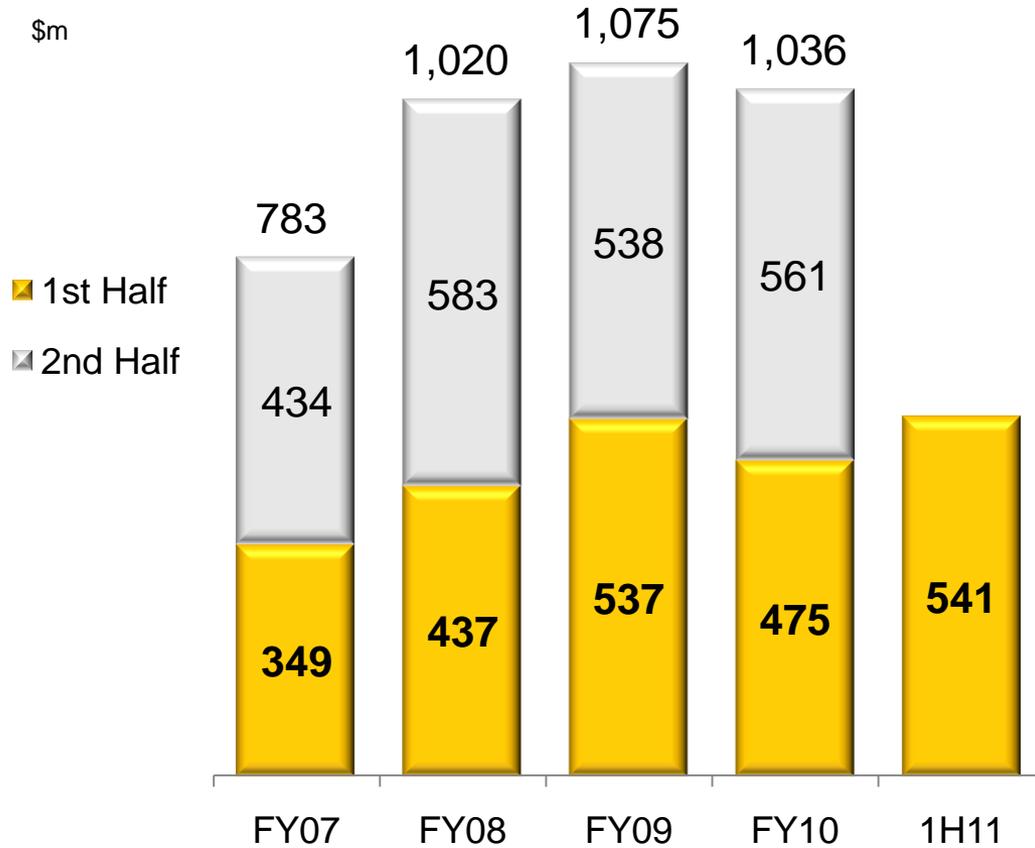


1, 2, 3, 4 - Refer note slide at back of presentation for source information

* Amongst four major banks.

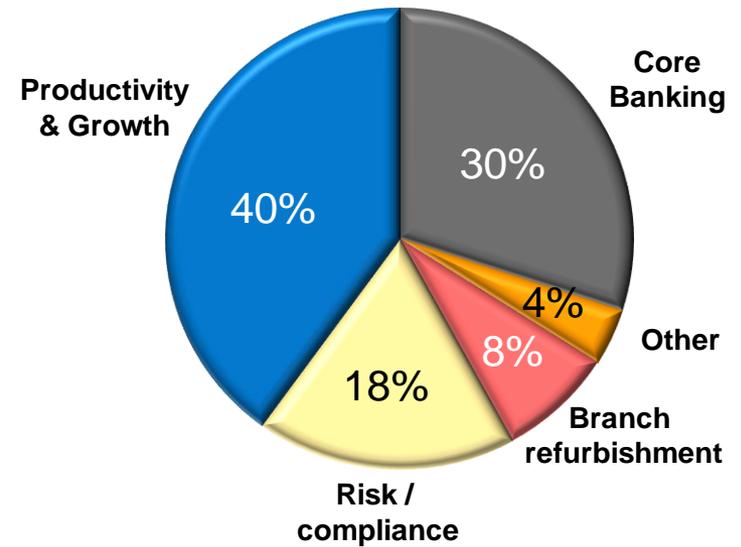
Continuing to invest

Investment Spend



Investment Spend Profile

% of Total Investment Spend
(12 months to Dec 10)



Targeted expansion in Asia



Key developments – 12 months to Dec 10

Launch of BoCommLife Joint Venture in China

Opening of CBA branch in Shanghai

Opening of the first CBA branch in India

Acquisition of a 15% shareholding in Vietnam International Bank

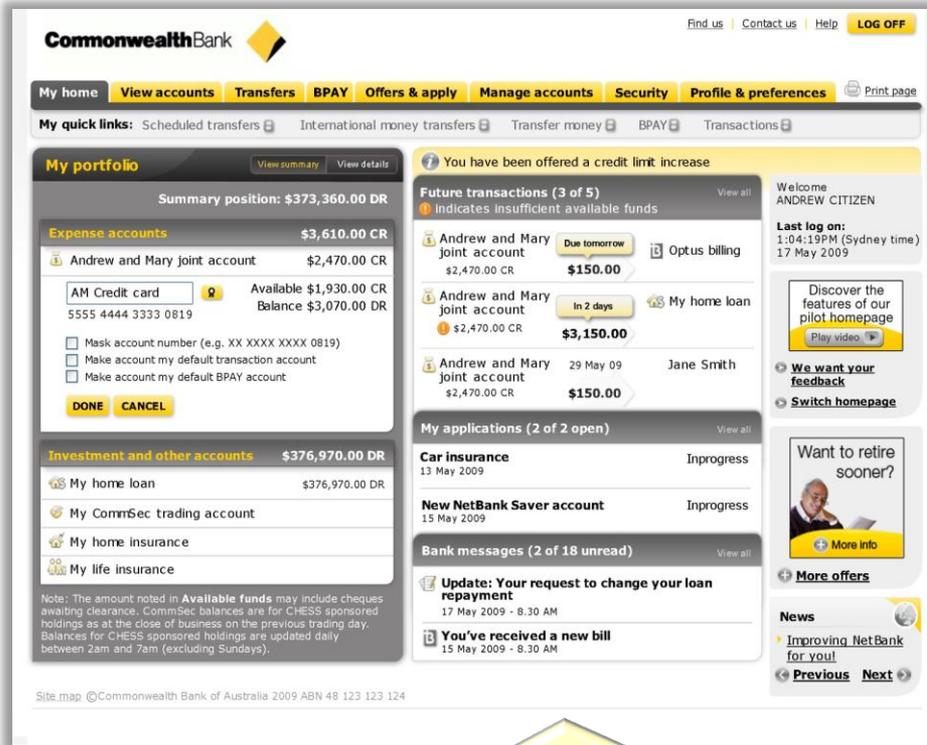
A further 10 branches opened in Indonesia
(largest foreign network)

43 new ATM's installed across Indonesia and Vietnam

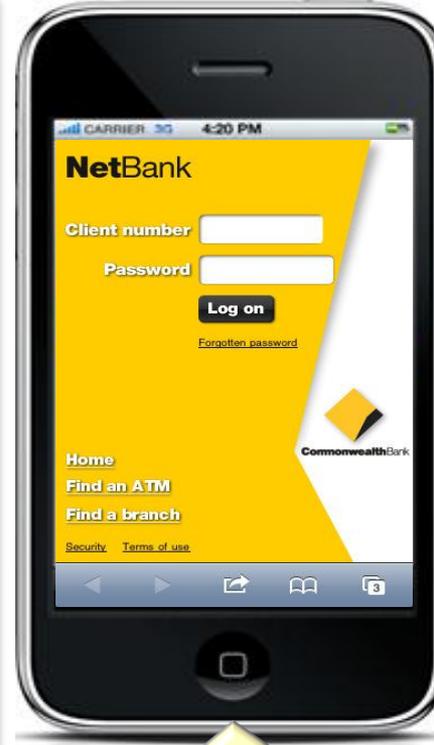
Capital injected for China County Banking (first branch to open Feb 2011)



Leading position in online and mobile banking



The screenshot shows the Commonwealth Bank online banking portal. At the top, there's a navigation bar with 'My home', 'View accounts', 'Transfers', 'BPAY', 'Offers & apply', 'Manage accounts', 'Security', and 'Profile & preferences'. Below this is a 'My quick links' section. The main content area is divided into several sections: 'My portfolio' showing a summary position of \$373,360.00 DR, 'Expense accounts' with a total of \$3,610.00 CR, 'Future transactions (3 of 5)', 'My applications (2 of 2 open)', 'Car insurance', 'New NetBank Saver account', and 'Bank messages (2 of 18 unread)'. There are also promotional banners and a 'Welcome' message for Andrew Citizen.



The screenshot shows the NetBank mobile app login screen. It features a yellow background with the NetBank logo at the top. Below the logo, there are input fields for 'Client number' and 'Password', followed by a 'Log on' button. There are also links for 'Home', 'Find an ATM', and 'Find a branch'. At the bottom, there are navigation icons for 'Reality', 'Map', 'List', and 'Favourites'.



The screenshot shows the Commonwealth Bank mobile app's property guide. It features a yellow background with a 'FOR SALE' button at the top. Below this, there's a list of properties, including one at '23 Marcus St Surry Hills' for '\$ 850,000'. There are also navigation icons for 'Back', 'Filter', 'FOR SALE', 'RECENT SALE', and 'PAST SALE'.

**NetBank +
Core Banking Modernisation
=
Real-time Banking**

**14% of NetBank
logins now via
mobile devices**

**Innovative Property
Guide
iPhone "app"**



Core Banking Modernisation

- 10 million retail deposit and transaction accounts migrated successfully:
 - Largest in Australian history
 - Minimal customer disruption
- All new retail deposit accounts now being opened on new platform
- Revised programme scope and costings:
 - Total cost now ~\$1.1b – additional functionality + complexity
 - No change to business case – additional costs offset by enhanced benefits profile

Timetable

	Status
▪ Customer Records	Completed
▪ Retail Deposits	Completed
▪ Retail Transactions	Completed
▪ Business Deposits and Transactions	2011
▪ Lending	2012
▪ Phase II (ASB, BWA etc)	2013+

Benefits

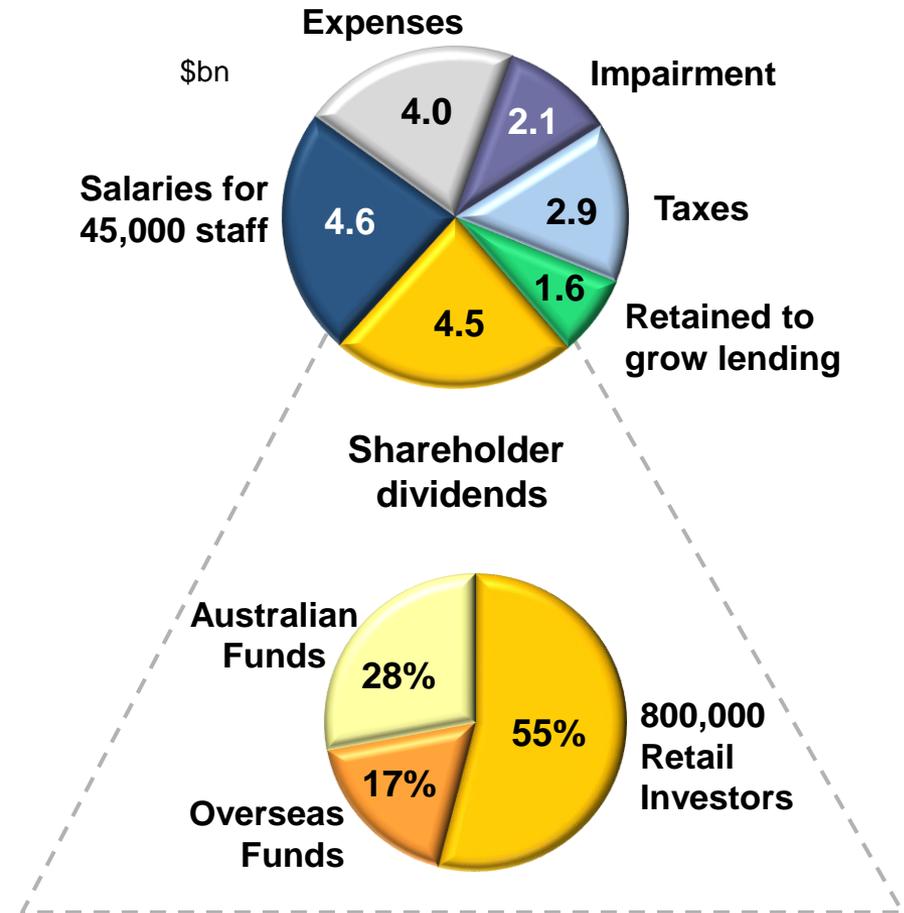
- ✓ Real time banking
- ✓ Instant account opening
- ✓ Customised product offers
- ✓ Immediate product switching
- ✓ Standardised processing
- ✓ Faster speed-to-market
- ✓ Broader growth opportunities
- ✓ Greater reliability



Supporting Australia

- Employing 45,000 people
- Serving 11 million Australian customers
- \$100 billion in new lending in FY10
- Paid \$2.9 billion in taxes in FY10
- 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? FY10



Supporting our Community - Floods

- Flood Assistance initiatives totalling \$65m:
 - Compassionate Assistance Fund of up to \$50m
 - Commlnsure ex gratia payments of \$8m
 - Community Group Flood Assistance Fund of \$5m
 - Cash donations of ~\$2m to flood relief appeals
- \$1bn set aside for loans to business and agri customers:
 - No interest for first 3 months for new or increased overdraft facilities
- Hardship assistance through Emergency Assistance packages



Key Earnings Drivers - FY11

Driver	FY11 Outlook
System Credit Growth*	<ul style="list-style-type: none"> ▶ Total Credit (%): 4½-6½ ▶ Housing Credit (%): 7-9 ▶ Business Credit (%): 1-3
Margins	<ul style="list-style-type: none"> ▶ Elevated funding costs ▶ Many variables – specific outlook hard to predict
Other Banking Income	<ul style="list-style-type: none"> ▶ Likely subdued overall growth
Funds Management Income	<ul style="list-style-type: none"> ▶ Leverage to equity market recovery
Costs	<ul style="list-style-type: none"> ▶ Continued cost discipline + investing in the business ▶ Inflationary pressures
Impairment Expense	<ul style="list-style-type: none"> ▶ Stabilising



* CBA Economists forecasts

Outlook

- Operating conditions remain challenging:
 - Subdued credit growth
 - Competitive pressures
 - Elevated funding costs

- Nevertheless, cautiously optimistic about calendar 2011:
 - Global outlook improving, albeit gradually
 - Outlook for domestic economy positive
 - Well placed to benefit from upturn



DETERMINED TO BE BETTER THAN WE'VE EVER BEEN.

Results Presentation

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

David Craig
Chief Financial Officer



CommonwealthBank



Solid profit growth

	Dec 10 \$m	Dec 09 \$m	Dec 10 vs Dec 09	Dec 10 vs Jun 10
Operating income	9,704	9,550	2%	5%
Operating expenses	(4,408)	(4,268)	3%	2%
Operating performance	5,296	5,282	-	7%
Investment experience	35	142	(75%)	(63%)
Impairment expense	(722)	(1,383)	(48%)	4%
Tax and non-controlling interest	(1,274)	(1,098)	16%	7%
Cash NPAT	3,335	2,943	13%	6%



Non-cash items

	Dec 10 \$m	Dec 09 \$m
Bankwest		
▪ Merger related amortisation	(35)	62
▪ Integration expenses	(13)	(14)
	(48)	48
Hedging and AIFRS volatility		
▪ Unrealised accounting gains and losses arising from the application of “AASB 139 Financial Instruments: Recognition and Measurement”	(216)	177
NZ tax expense		
▪ Tax on NZ structured finance transactions		(171)
Other		
▪ Treasury shares adjustment	(12)	(52)
▪ Sale of controlled entities/investments	(7)	(31)
	(19)	(83)
Total	(283)	(29)



Statutory Profit

	Dec 10 \$m	Dec 09 \$m	
Cash NPAT	3,335	2,943	13%
Bankwest non-cash items	(48)	48	
Hedging and AIFRS volatility	(216)	177	
NZ tax expense	-	(171)	
Other non-cash items	(19)	(83)	
Statutory NPAT	3,052	2,914	5%



Business unit profitability

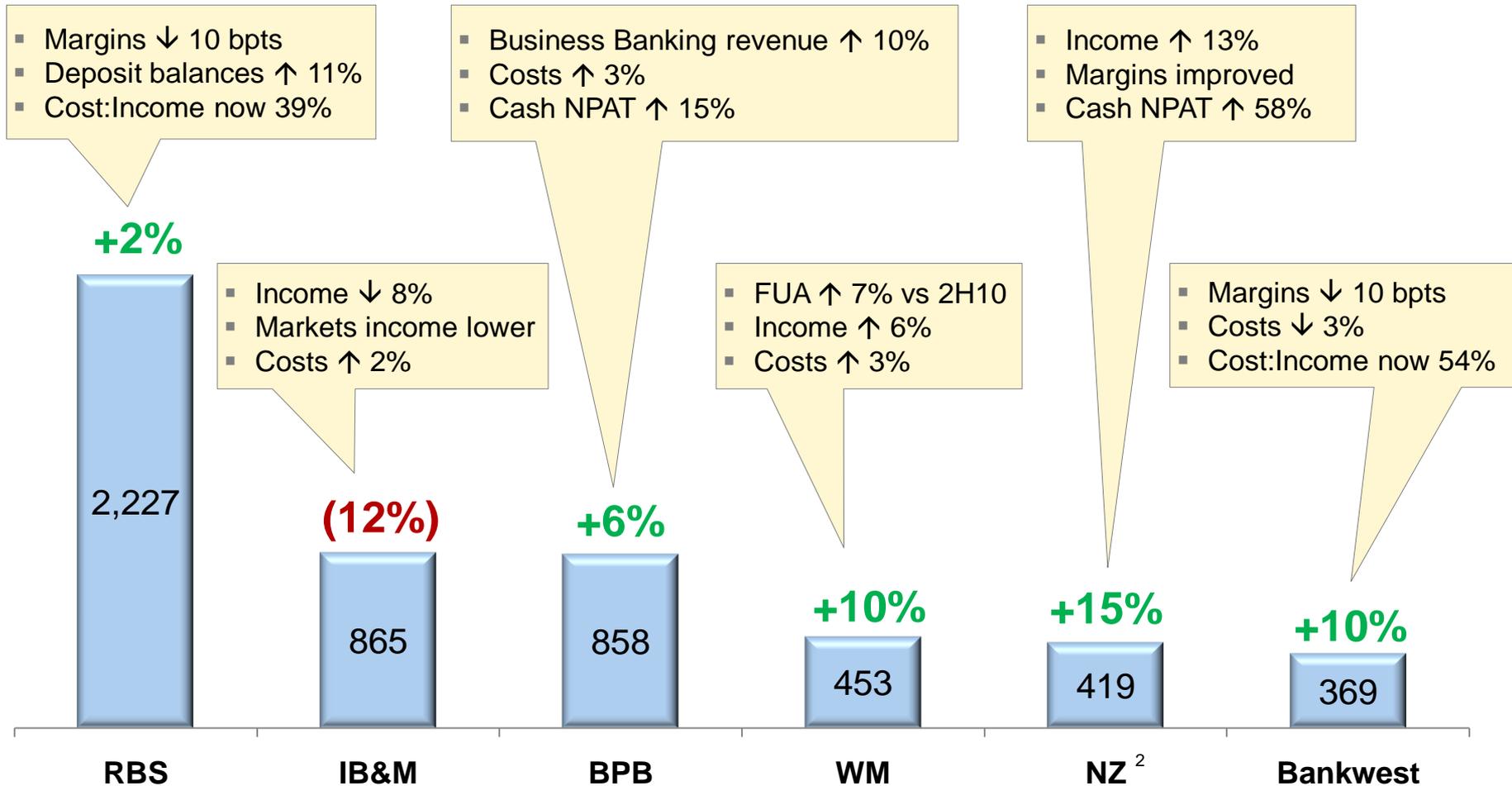
\$m	Operating Performance	Impairment Expense	Investment Experience	Tax & non-controlling interests	Cash NPAT Dec 10	Cash NPAT Dec 09	Mvt Cash NPAT	Mvt Operating Performance
RBS	2,227	(253)	-	(591)	1,383	1,237	12%	2%
IB&M	865	(193)	-	(160)	512	553	(7%)	(12%)
BPB	858	(135)	-	(217)	506	440	15%	6%
WM	453	-	31	(125)	359	379	(5%)	10%
Bankwest	369	(49)	-	(96)	224	15	Large	10%
NZ ¹	335	(28)	-	(73)	234	161	45%	8%
Other ²	189	(64)	4	(12)	117	158	(26%)	(27%)
Total	5,296	(722)	35	(1,274)	3,335	2,943	13%	-



1 NZ in AUD

2 Includes Group Treasury, Centre functions, Asia

Business unit operating performance¹



1 1H11 operating revenue less operating expense. All movements on prior comparative period except where noted.
 2 NZ result in NZD.

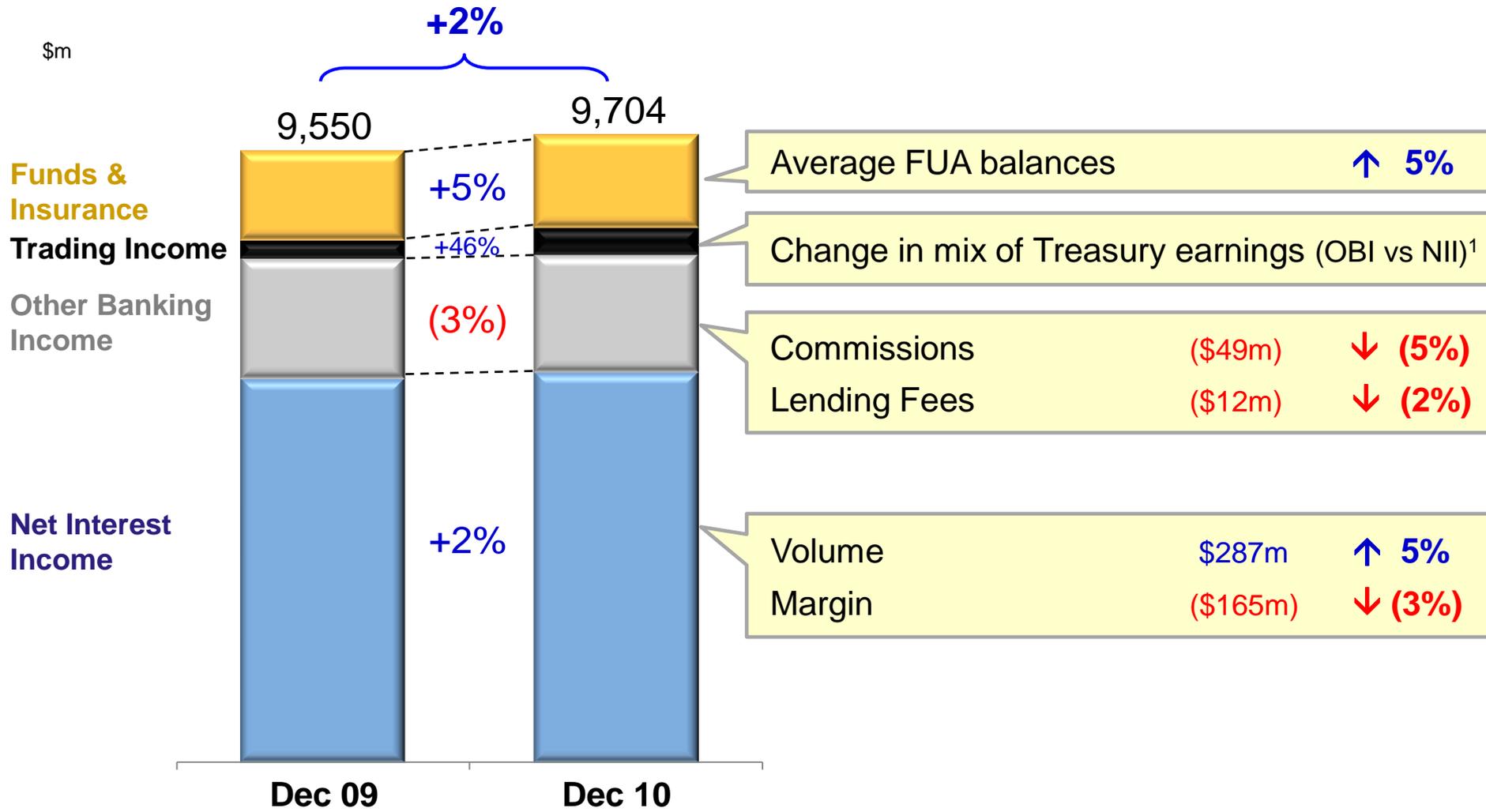
Other Banking Income

6 months

	Dec 10 \$m	Jun 10 \$m	Dec 09 \$m	Dec 10 vs Jun 10	Dec 10 vs Dec 09
Commissions	985	972	1,034	1%	(5%)
Lending Fees	707	716	719	(1%)	(2%)
Other	168	176	157	(5%)	7%
Sub-total	1,860	1,864	1,910	-	(3%)
Trading Income	426	306	291	39%	46%
AIFRS reclassification of net swap costs	(227)	(136)	(123)	67%	85%
Total	2,059	2,034	2,078	1%	(1%)



Operating Income up 2%

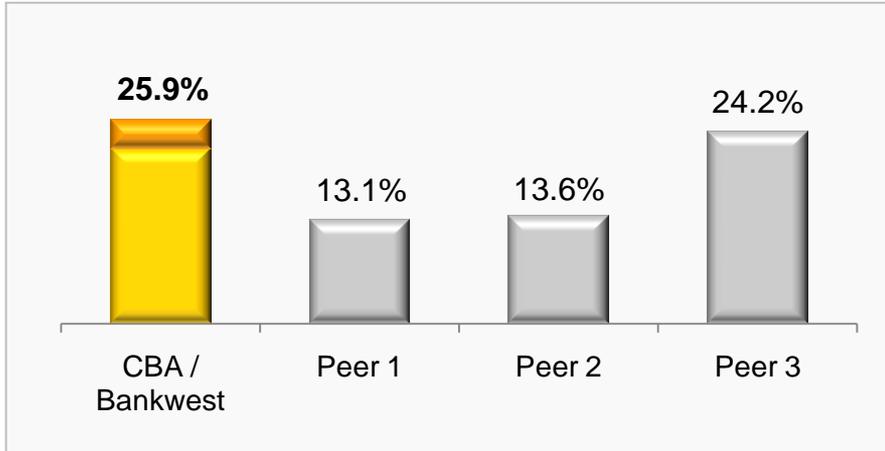


Other Banking Income excludes Trading Income, AIFRS.

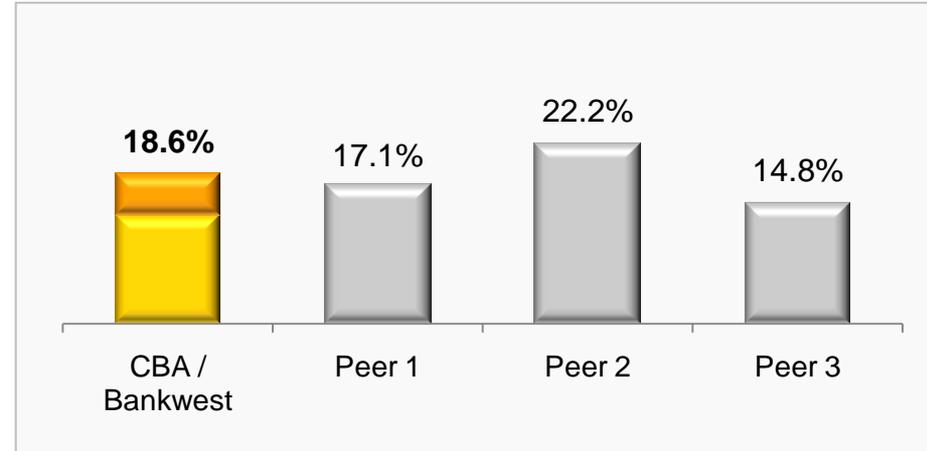
¹ In prior period, RBA rate tightening resulted in a negative mark-to-market position in the Treasury trading book – with offsetting gains on interest rate swaps accounted for in Net Interest Income.

Market Shares

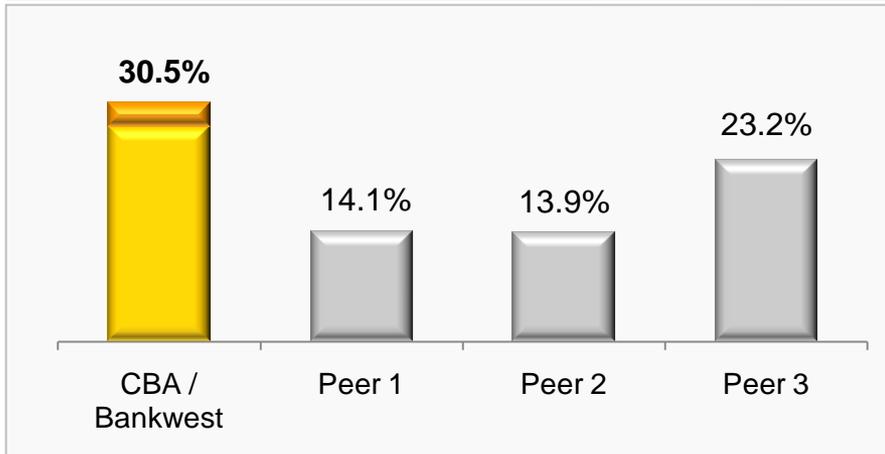
Home Lending



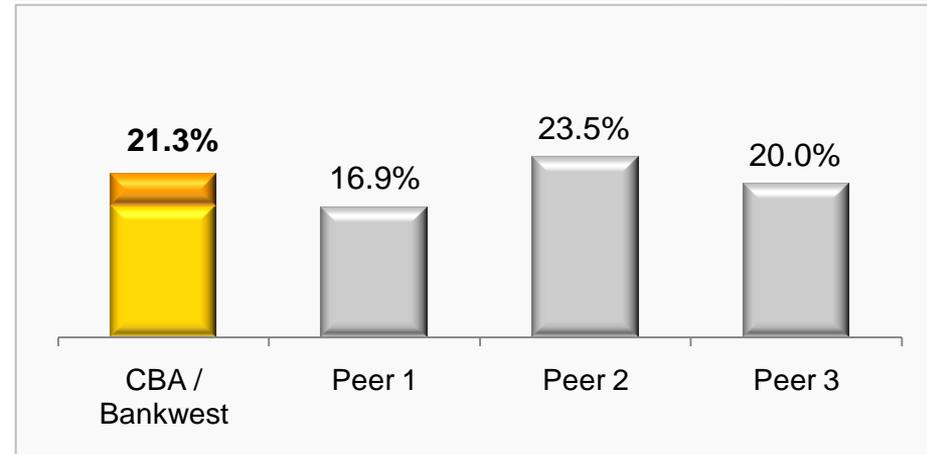
Business Lending



Household Deposits



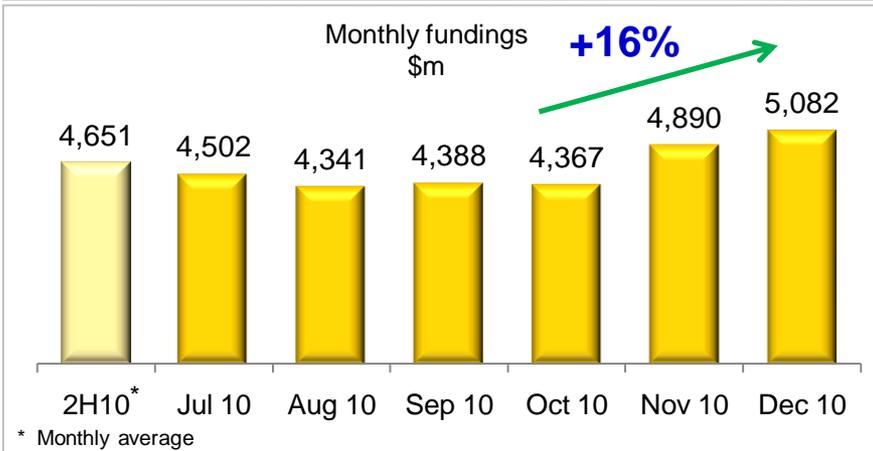
Business Deposits



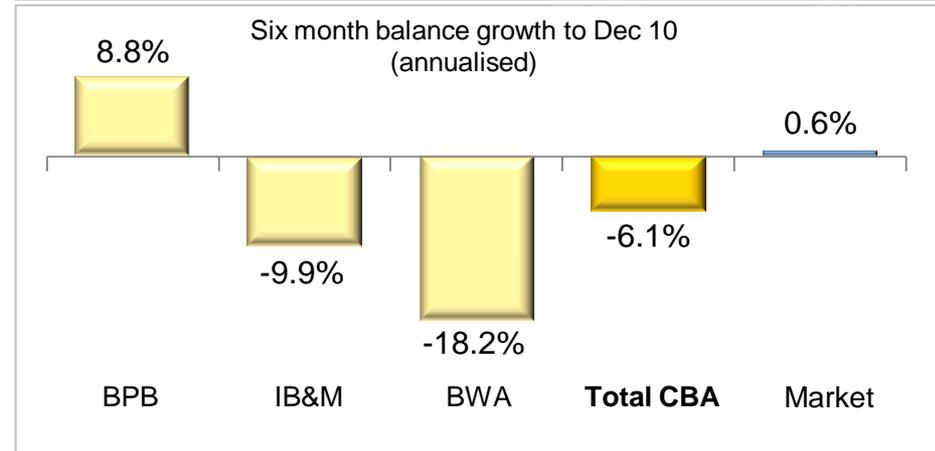
Source : APRA / RBA

Volumes

Home Loan Fundings



Business Lending



Household Deposits

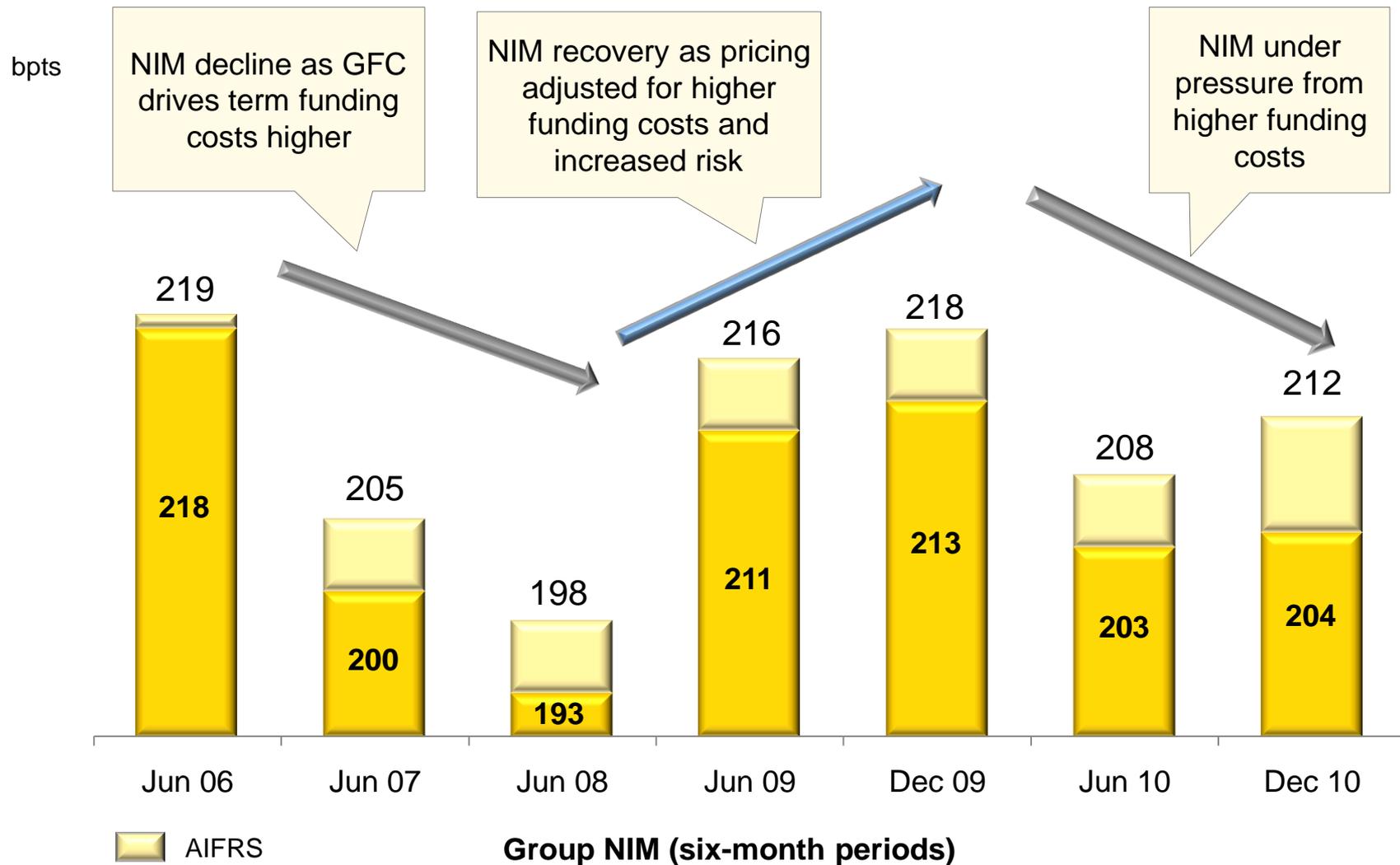


Business Deposits

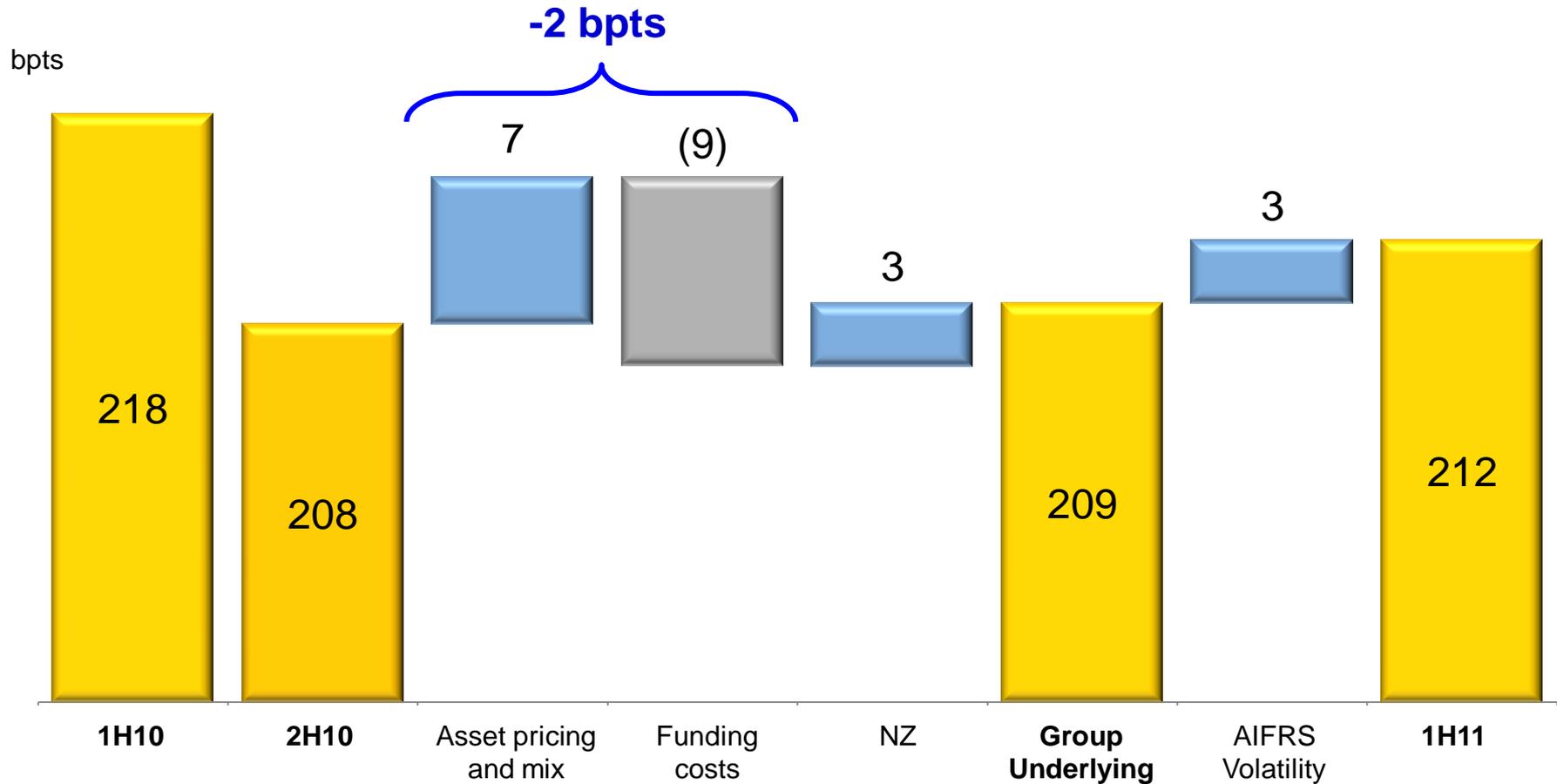


Source : APRA / RBA

Margins remain below pre-GFC levels



Group Margin

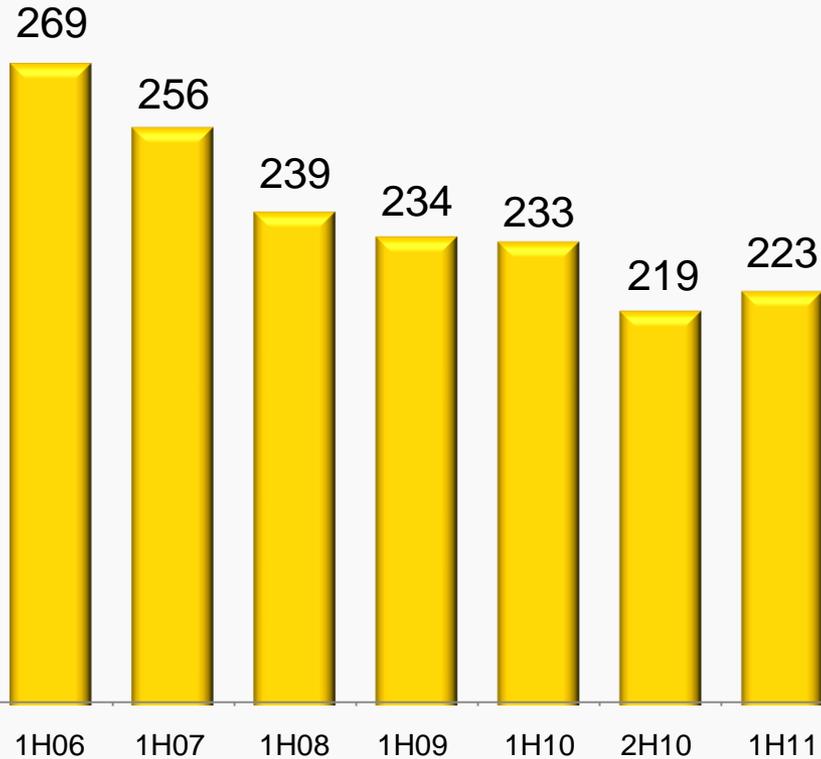


Liquids, funding mix and other net to nil

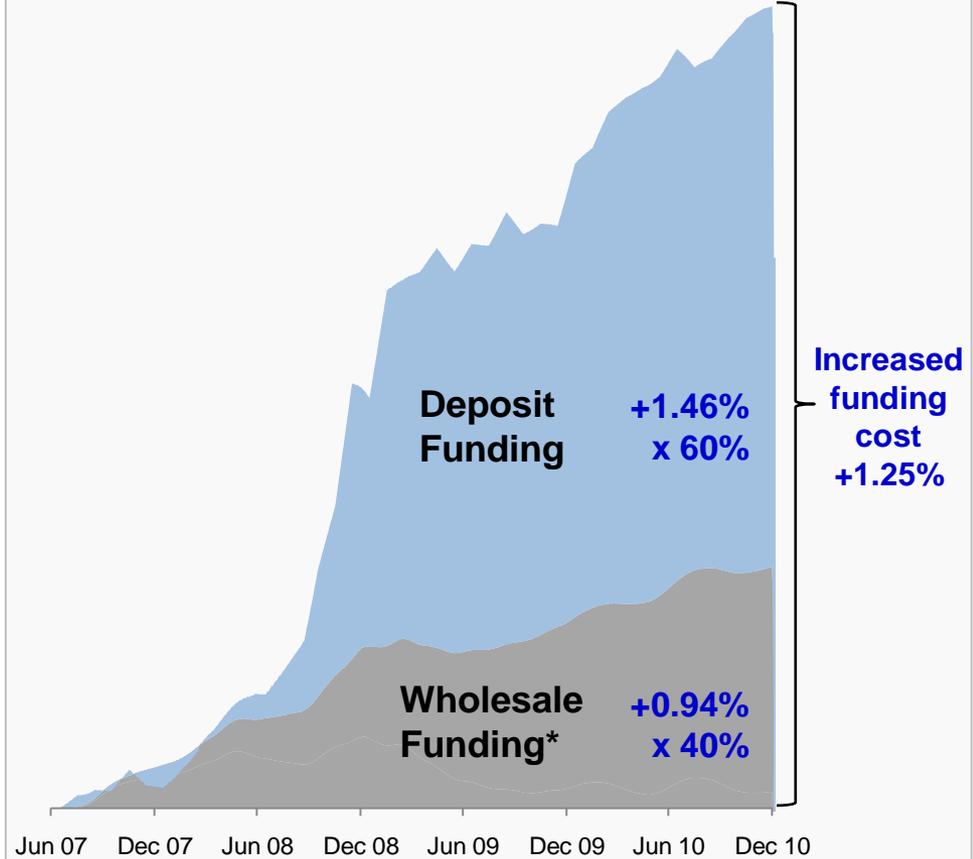
Other key information

RBS Margin

bpts



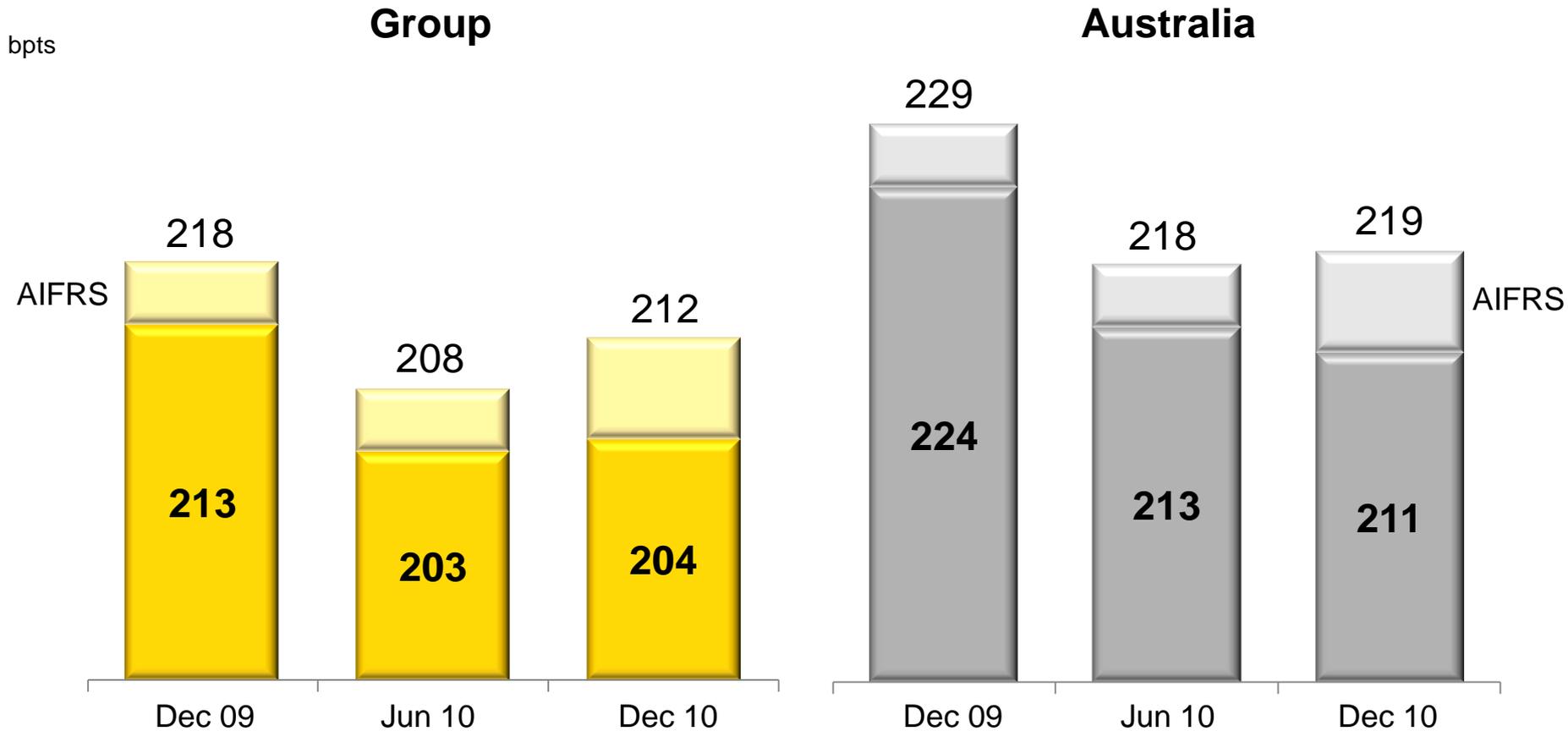
Average Funding Costs - Group



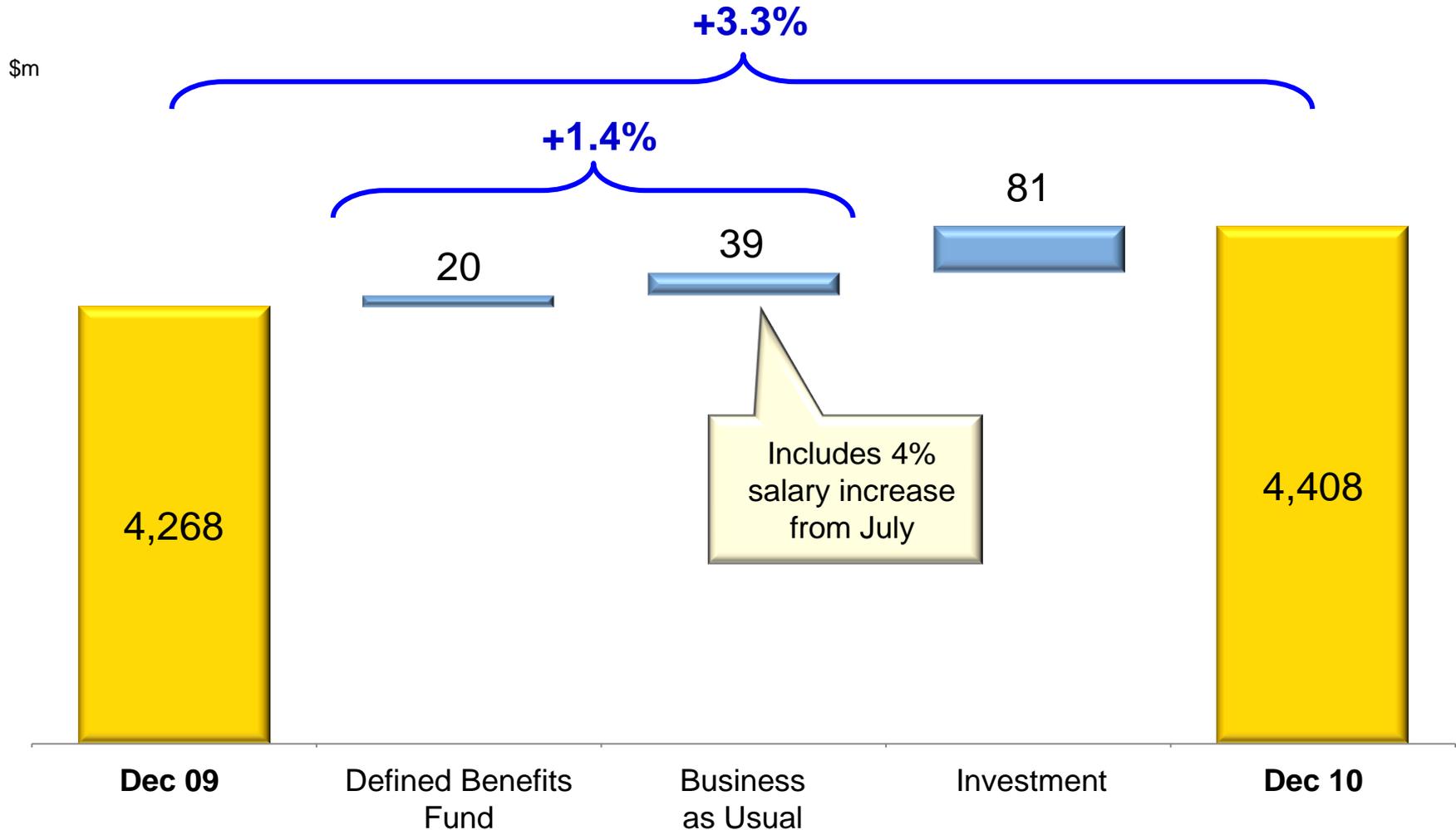
* Long term and short term. Includes basis risk



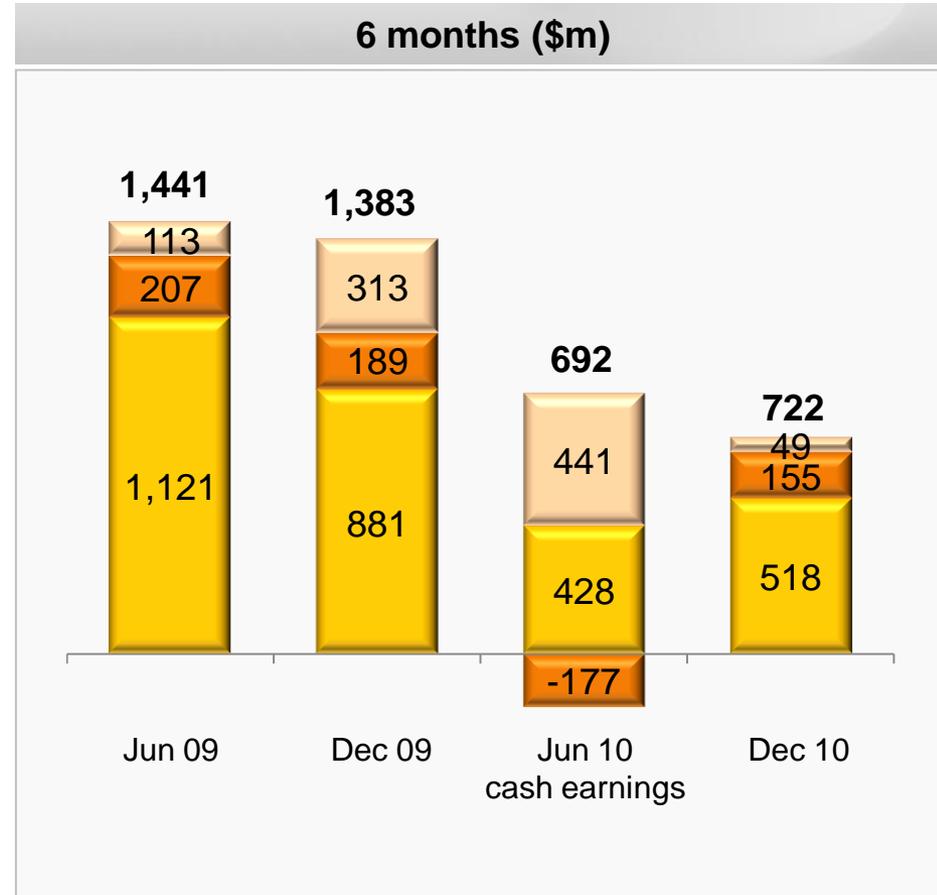
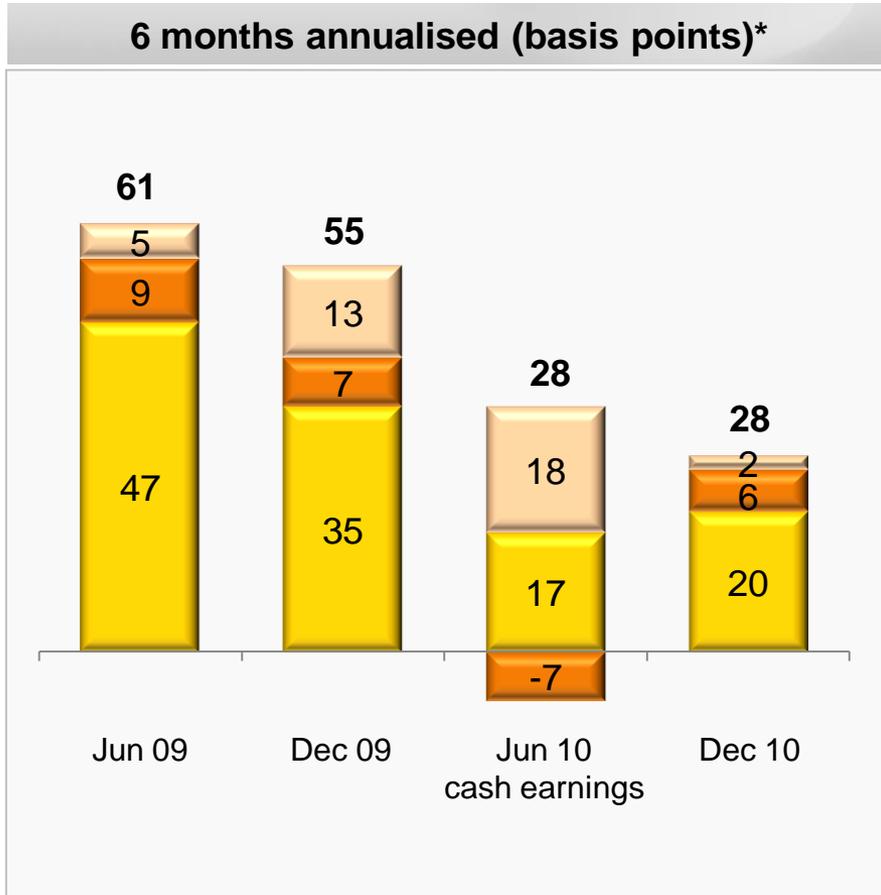
Margin trends



Tight cost control: Continuing to invest



Impairment expense

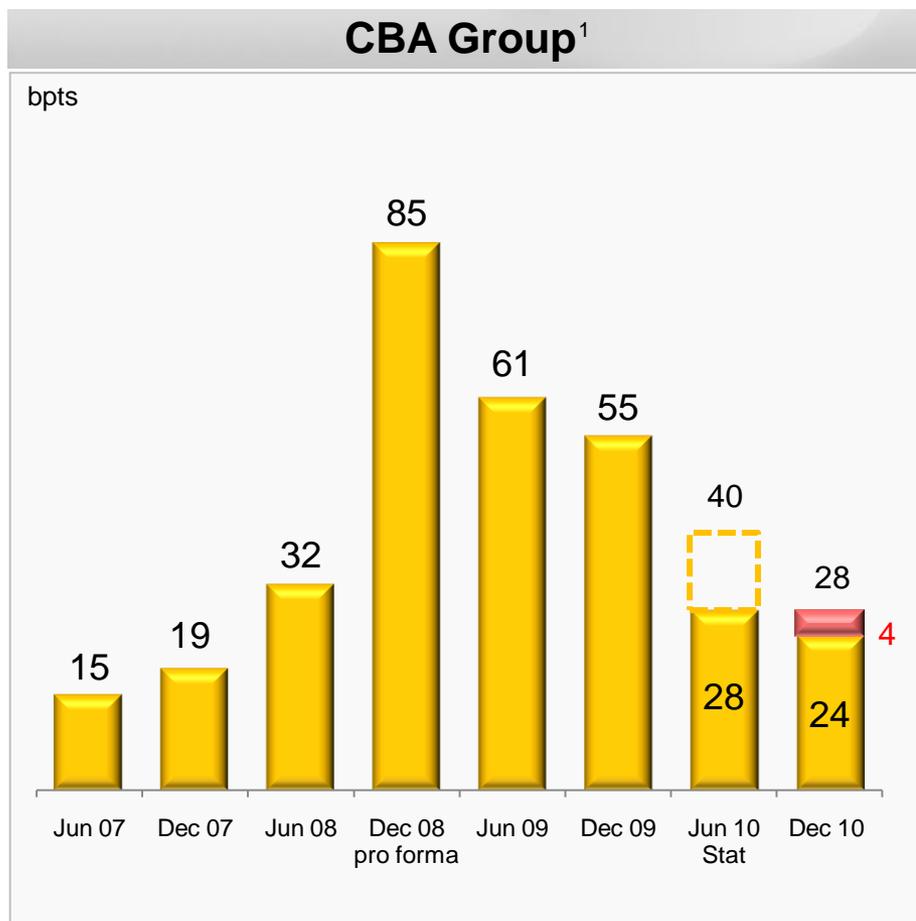


Base
 Overlay
 Bankwest



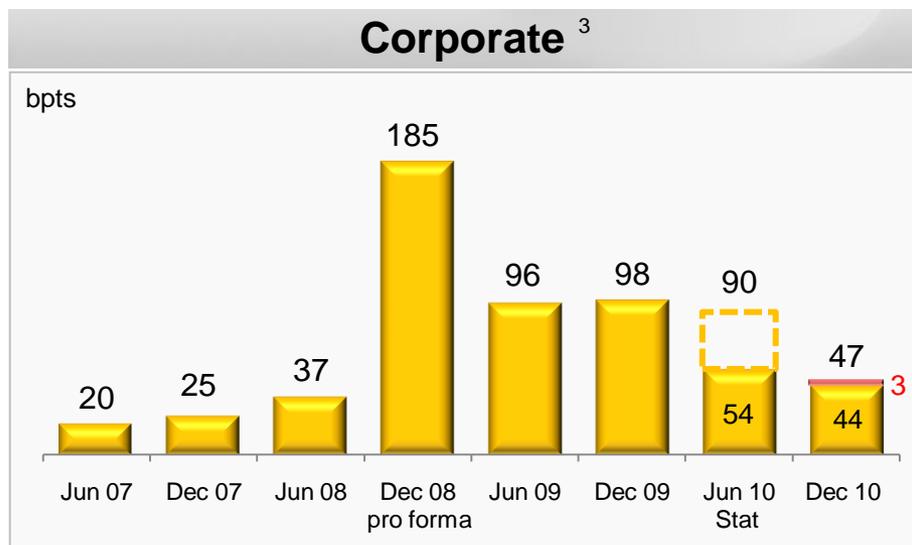
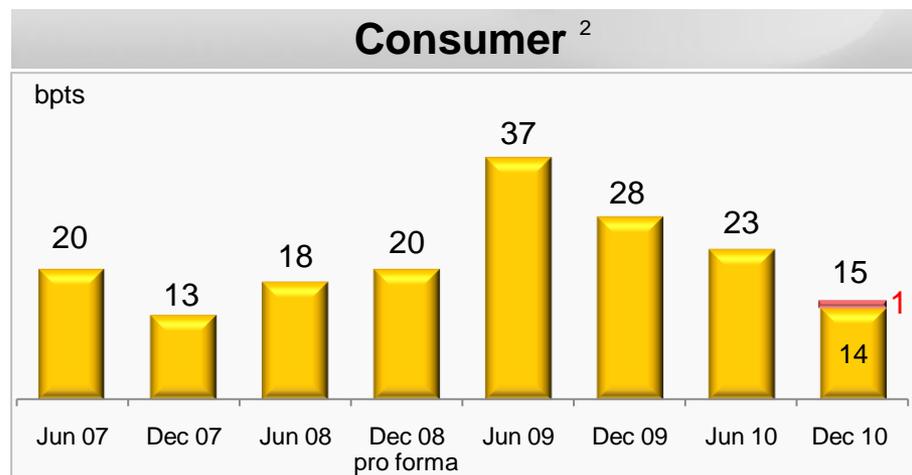
* Basis points as a percentage of average Gross Loans and Acceptances

Impairment Expense to Gross Loans



 Flood related overlay

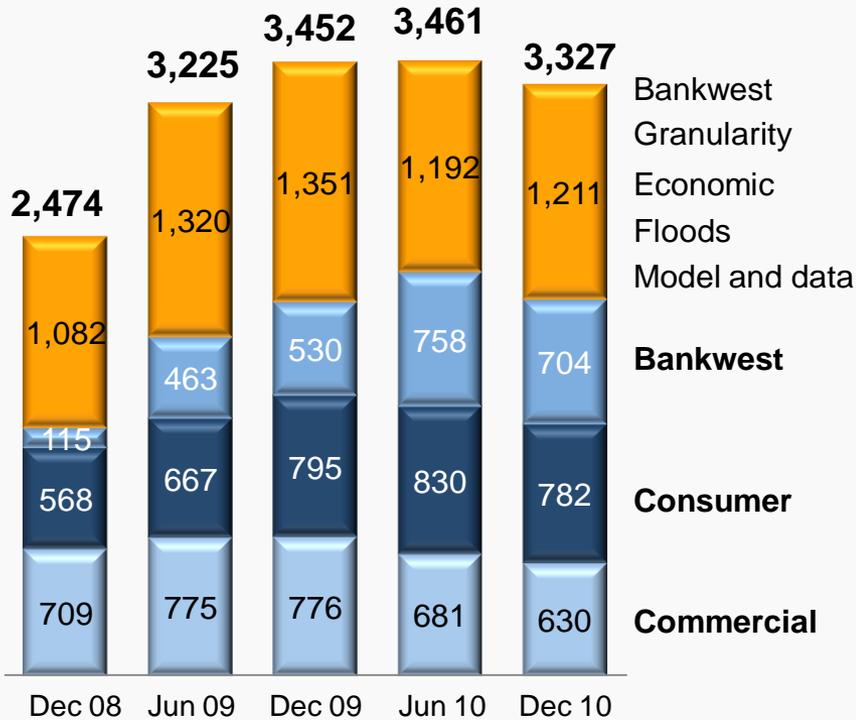
 Review of Bankwest pre acquisition business book



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

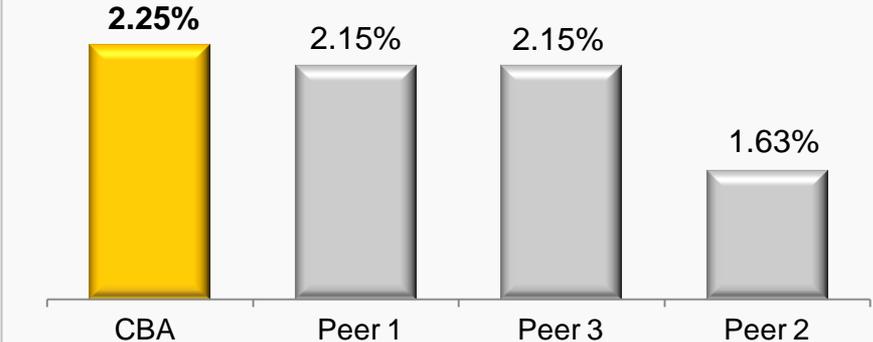
Balance Sheet Provisioning

Collective Provisions (\$m)



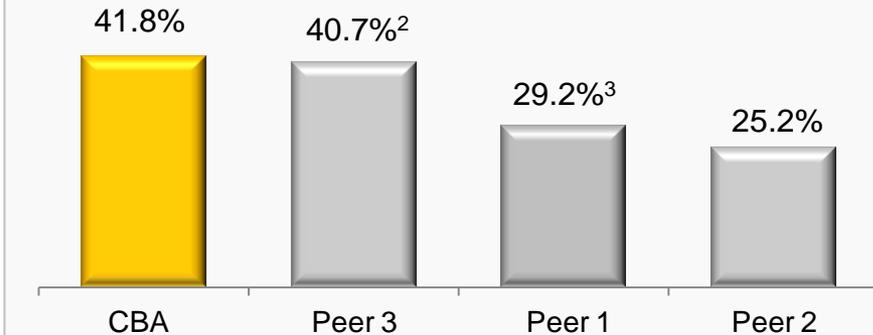
Overlay

Total Provisions to Credit RWA¹



CBA as at Dec 10. Peers as at Sep 10

Individual Provisions to Impaired Assets



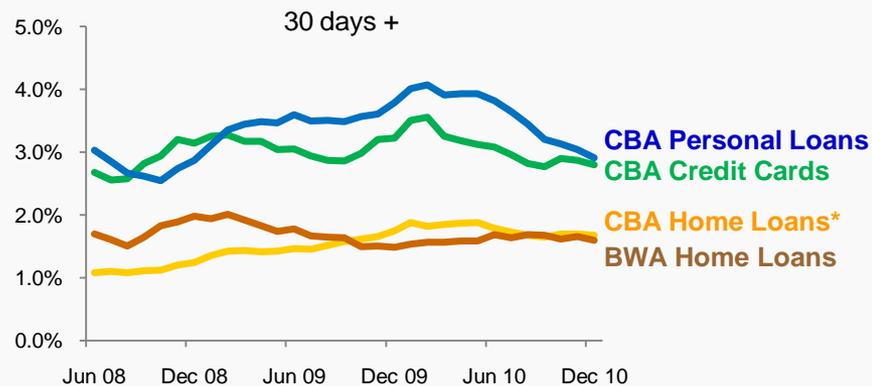
CBA as at Dec 10. Peers as at Sep 10



- 1 Provisions do not include GRCL equity reserves or other similar adjustments
- 2 Impairment Provisions to Impaired Assets
- 3 Impaired Assets excludes restructured loans

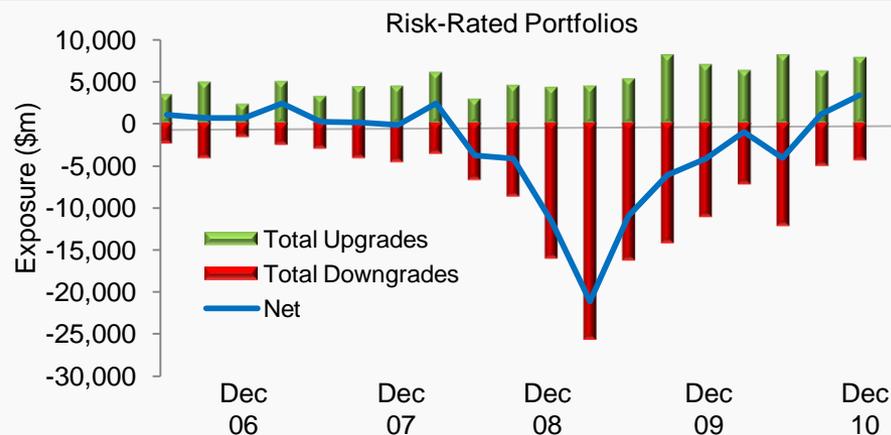
Improving credit quality

Consumer Arrears

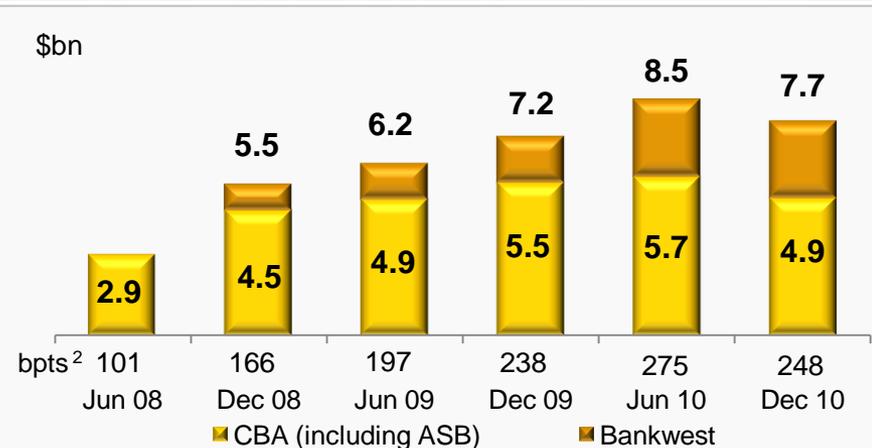


* includes customer assist

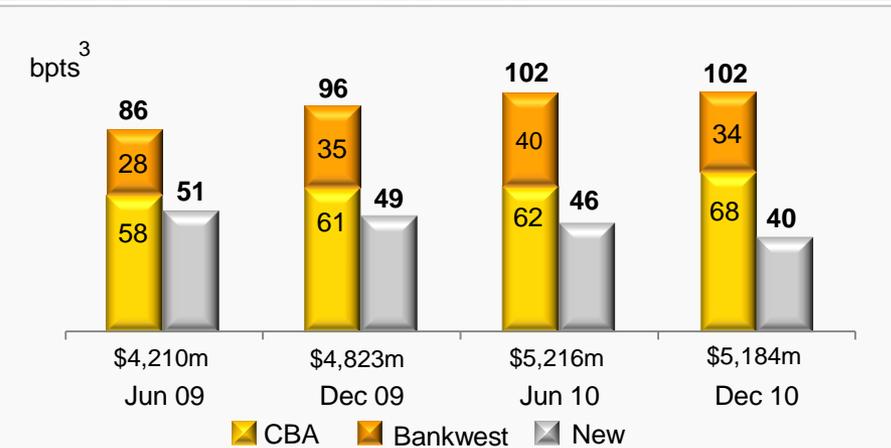
Risk Rated Portfolio Migrations



Troublesome Exposures ¹



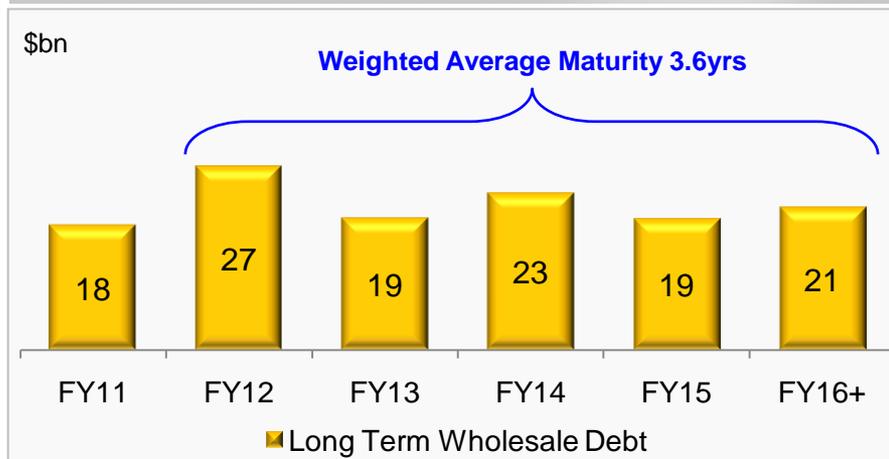
Total and New Impaired Assets to GLA



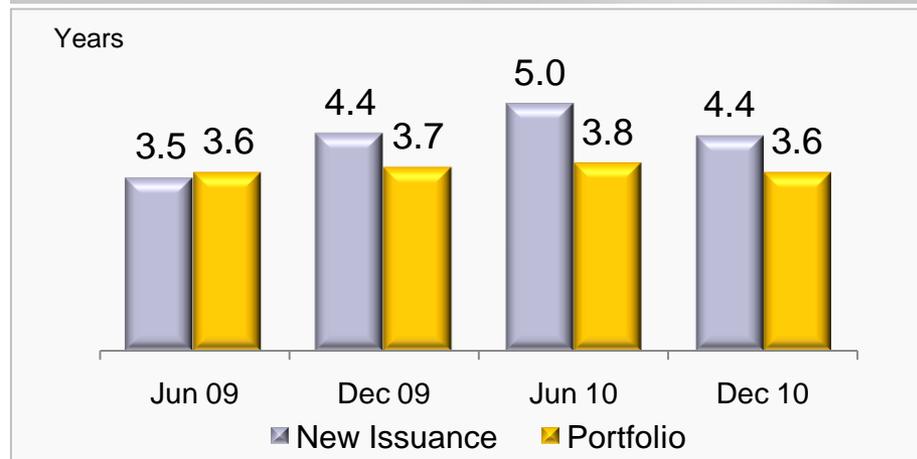
- 1 Includes defaulted/well secured exposures and exposures where there is a potential for default within ~ 12 months if a sustained improvement in financial performance is not achieved within the short term. Does not include impaired exposures
- 2 As a percentage of Total Commercial Exposures
- 3 As a percentage of Gross Loans and Advances

Conservative funding and liquidity

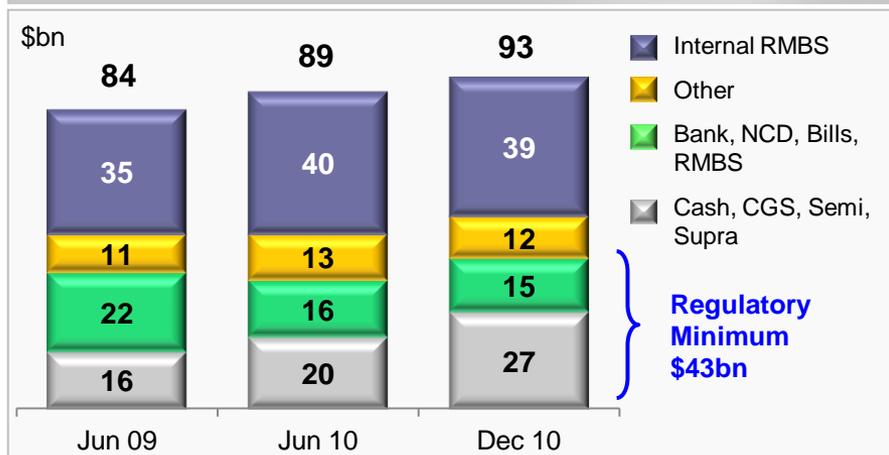
Term maturity profile¹



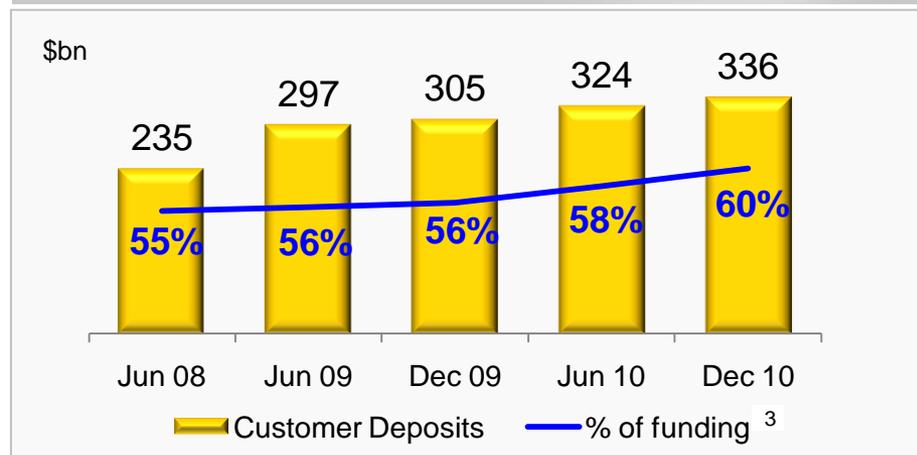
Funding tenor²



Liquid Assets

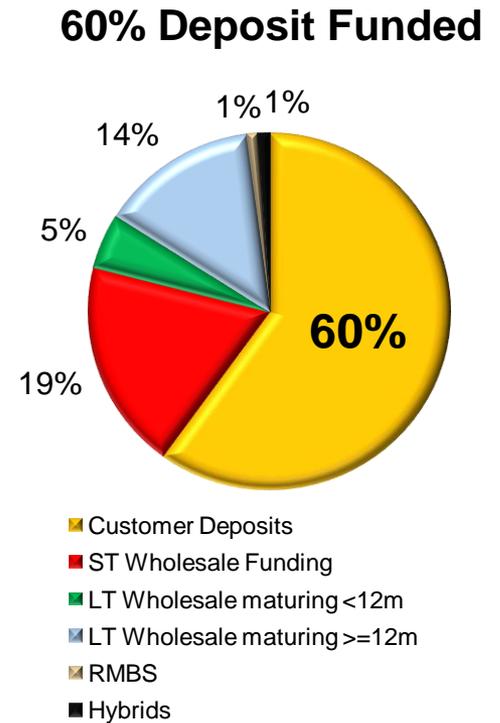
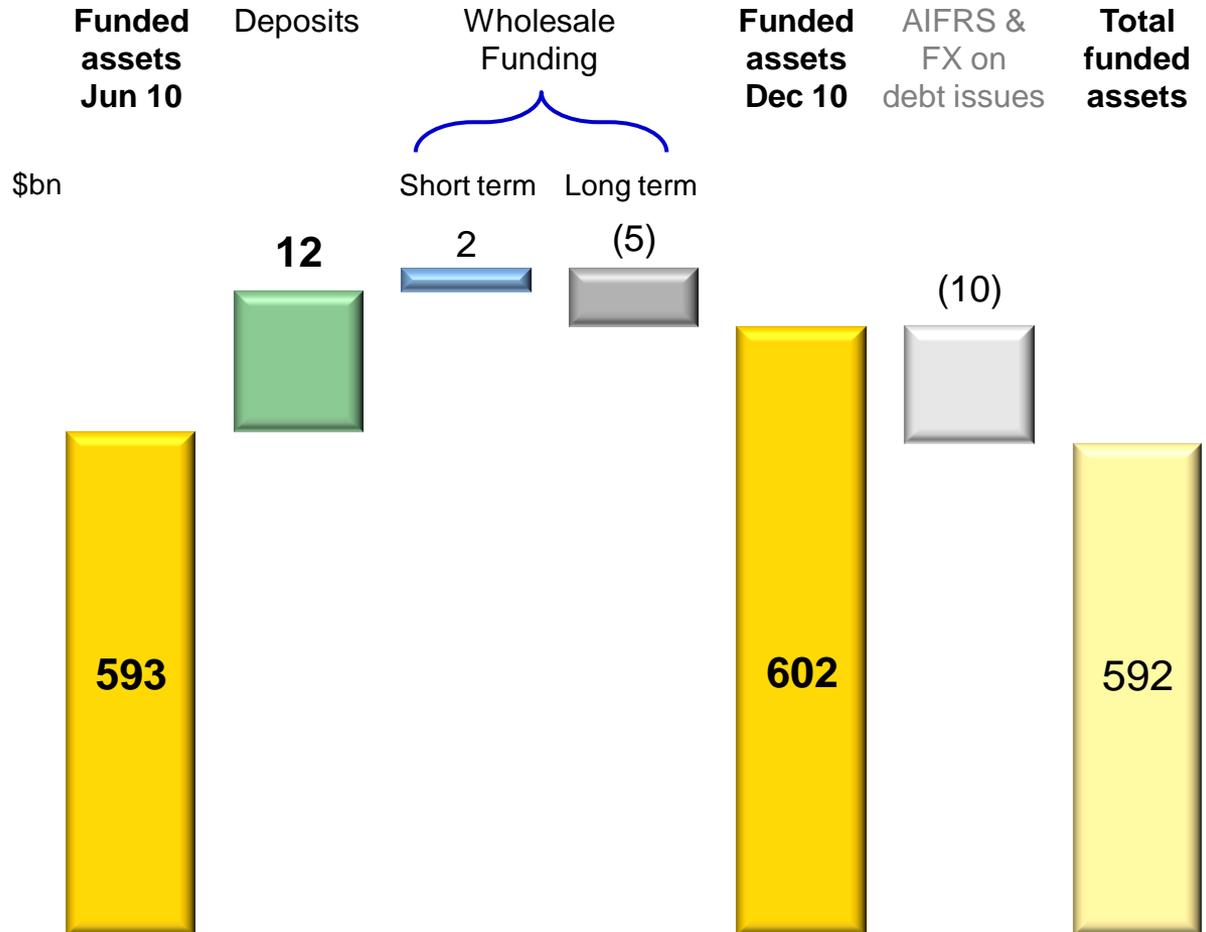


Customer Deposit Funding



- 1 Maturity profile includes all long term wholesale debt. Weighted Average Maturities of 3.6 years includes all deals with first call or maturity of 12 months or greater
- 2 Weighted Average Maturity. Includes all deals with first call or contractual maturity of 12 months or greater
- 3 Percentage of funding excluding equity; no netting of excess liquid assets

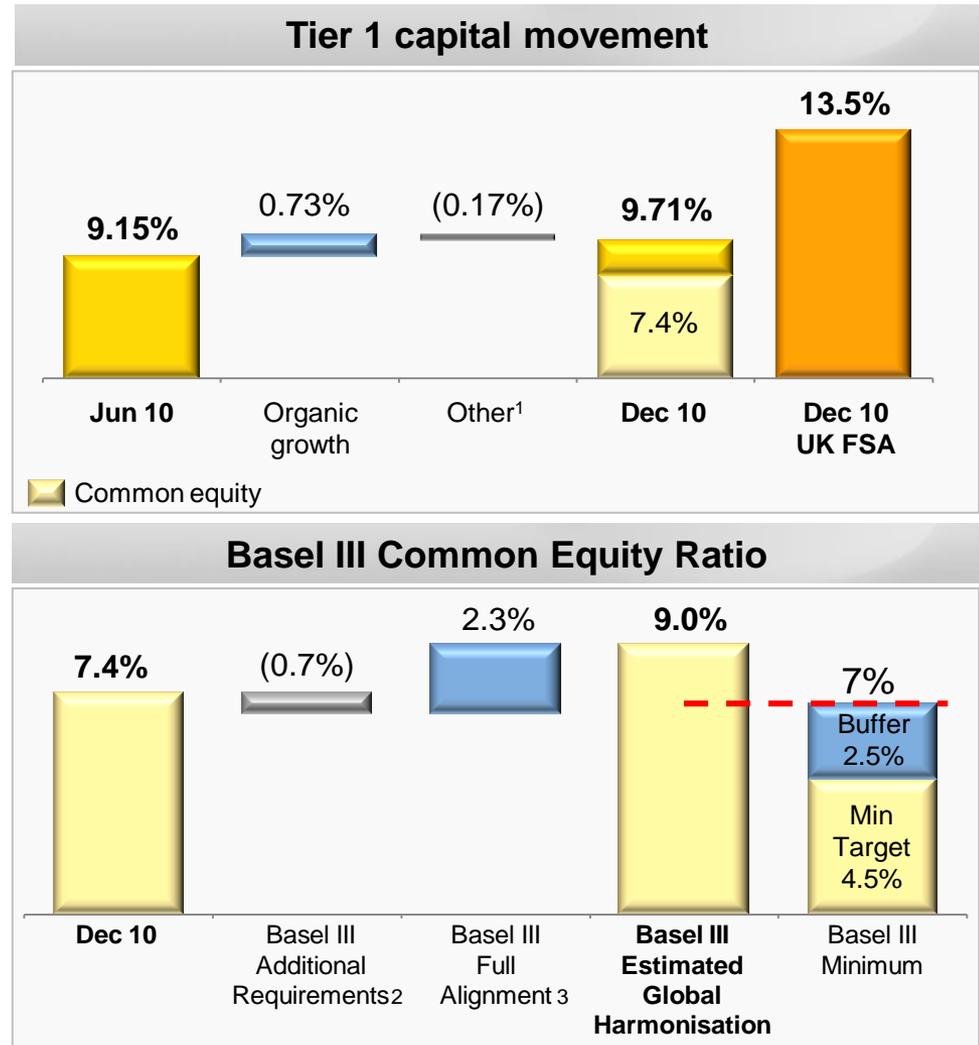
Deposit funded



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

Strong capital position

- Tier 1 Capital 9.71%
- UK FSA equivalent of 13.5%
- Well placed for Basel III:
 - Strong organic growth
 - Global Harmonisation estimate of 9%
 - Ongoing consultation with APRA



1 Other includes IRRBB (0.24%), FX (0.23%), RWA optimisation +0.30%
 2 Downsides include impact of expected loss moving to 100% Common Equity deduction and increase in RWA (credit, securitisation and market risk)
 3 Upsides include removal of minimum floors on LGD mortgages, IRRBB and dividends

Snapshot – 1H11 Results*

Financial

Cash earnings (\$m)	3,335	+13%
ROE (Cash)	19.2%	+70bpts
Cash EPS (\$)	2.14	+12%
DPS (\$)	1.32	+10%
Cost-to-Income	45.4%	70bpts
NIM	2.12%	(6bpts)

Strong balance sheet

Total Assets (\$bn)	650	+4%
Total Liabilities (\$bn)	614	+4%
FUA (\$bn)	199	+3%
RWAs (\$bn)	286	(4%)
Provisions to Credit RWAs	2.25%	+21bpts

Cash NPAT by division

RBS (\$m)	1,383	+12%
IB&M (\$m)	512	(7%)
BPB (\$m)	506	+15%
Bankwest (\$m)	224	Large
Wealth Management (\$m)	359	(5%)
NZ (NZD \$m)	293	+58%

Capital & Funding

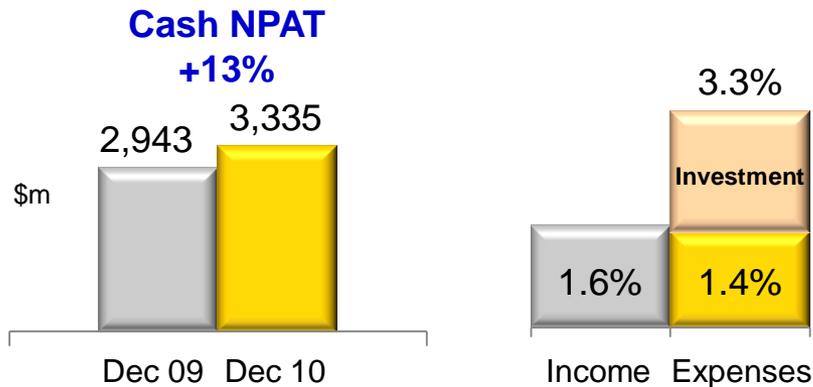
Tier 1 Capital	9.71%	+61bpts
Tier 1 – UK FSA	13.5%	+110bpts
WAM – New Issuance (yrs)	4.4	-
Deposit Funding (%)	60%	+4%
Liquid Assets (\$bn)	93	+4%



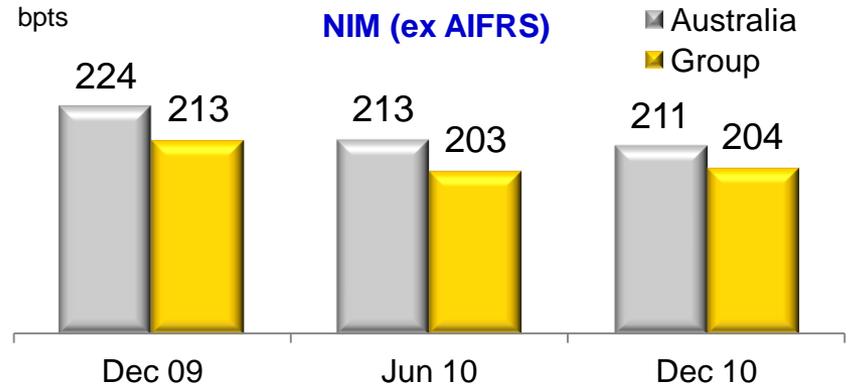
* All movements on prior comparative period.

Good progress...well placed for growth

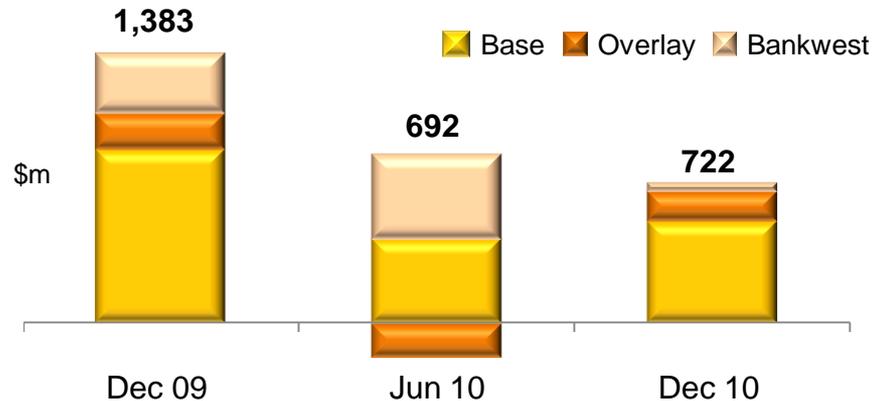
A solid profit result



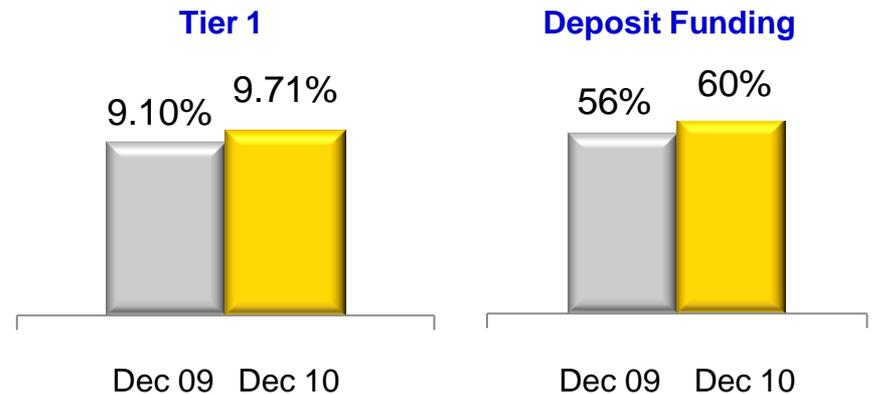
Funding costs impacting margins



Impairment expense stabilising



Strong capital and funding positions



DETERMINED TO BE BETTER THAN WE'VE EVER BEEN.

Results Presentation

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Supplementary Slides



CommonwealthBank



Index

Overview and Strategy	54
Business Performance	66
Risk Management	84
Capital, Funding and Liquidity	93
Economic Overview	104



CBA Overview

✓	Largest Australian Bank by market capitalisation and 2 nd largest listed company
✓	AA Credit Rating
✓	Tier 1 Capital Ratio of 9.71%; or 13.5% on UK FSA basis
✓	Total Assets of \$650bn
✓	13 million customers; large distribution footprint
✓	#1 in household deposits – over 30% share
✓	#1 in home lending ~26% share
✓	#1 FirstChoice platform ~11% share



Transformational change - scorecard

	Jun 06	Dec 10	Progress
Customer Satisfaction			
Retail ¹	64.9%	75.4%	✓
Business - DBM ³	n/a	Ranked equal 1 st	✓
FirstChoice ⁴	Ranked 2 nd	Ranked 1 st	✓
Share of Ombudsman Complaints	29.8%	15.1%	✓
Market Shares ⁵			
Home Lending	18.7%	25.9%	✓
Business Lending	12.1%	18.6%	✓
Household Deposits	29.3%	30.5%	✓
Business Deposits	11.9%	21.3%	✓
Products per Customer ²	2.17	2.64	✓
System Reliability – Sev. 1 incidents pa	66	3 (YTD)	✓
Employee Engagement – Percentile	69 th	76 th	✓
Total Shareholder Return – Ranking ⁶		Ranked 1 st (2, 3, 4, 5yrs)	✓

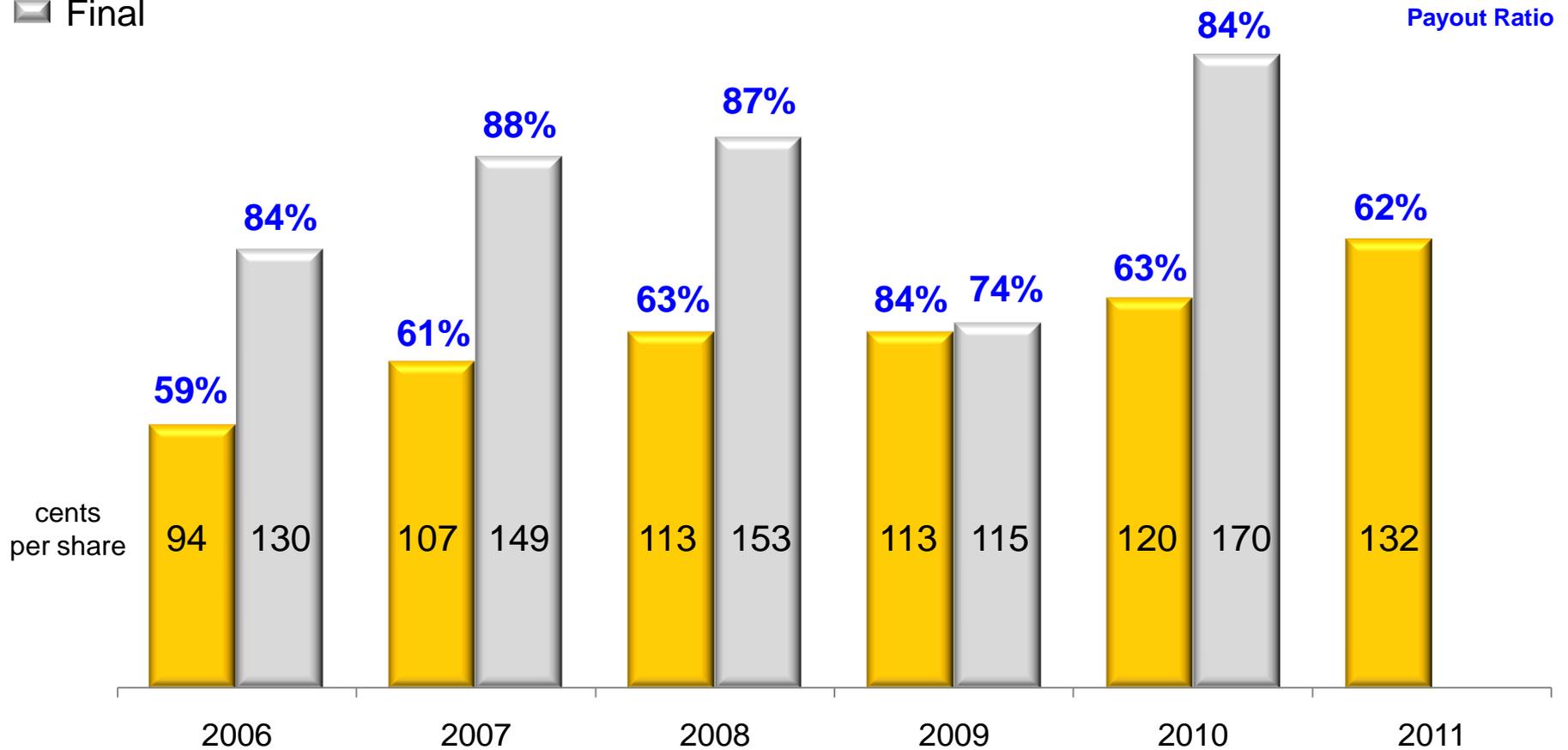


1, 2, 3, 4 – Refer note slide at back of this presentation for source information
 5 Source RBA/APRA. June 2006 market shares do not include Bankwest
 6 Major banks

Delivering for Shareholders

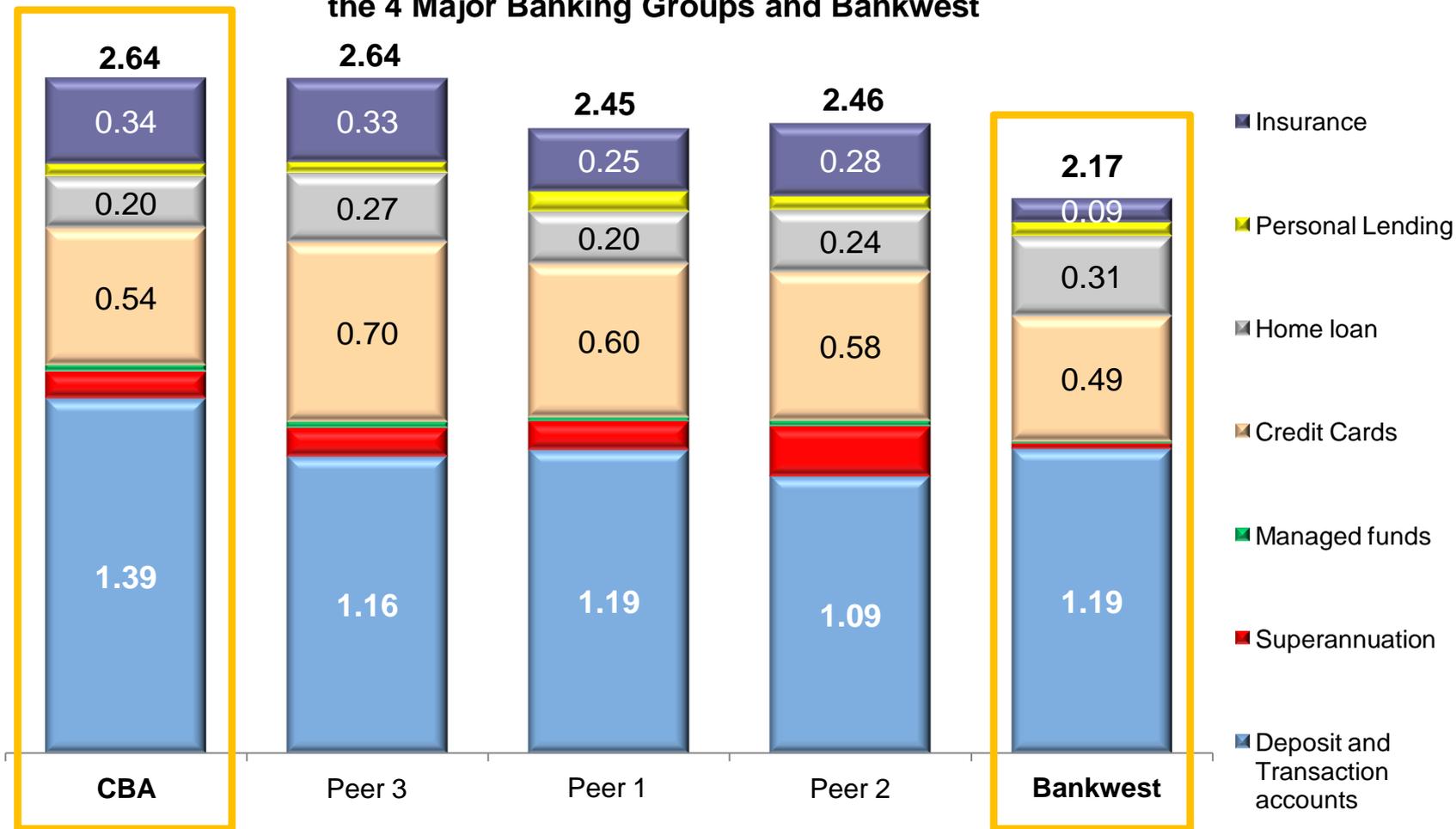
■ Interim

■ Final



Products per Customer

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

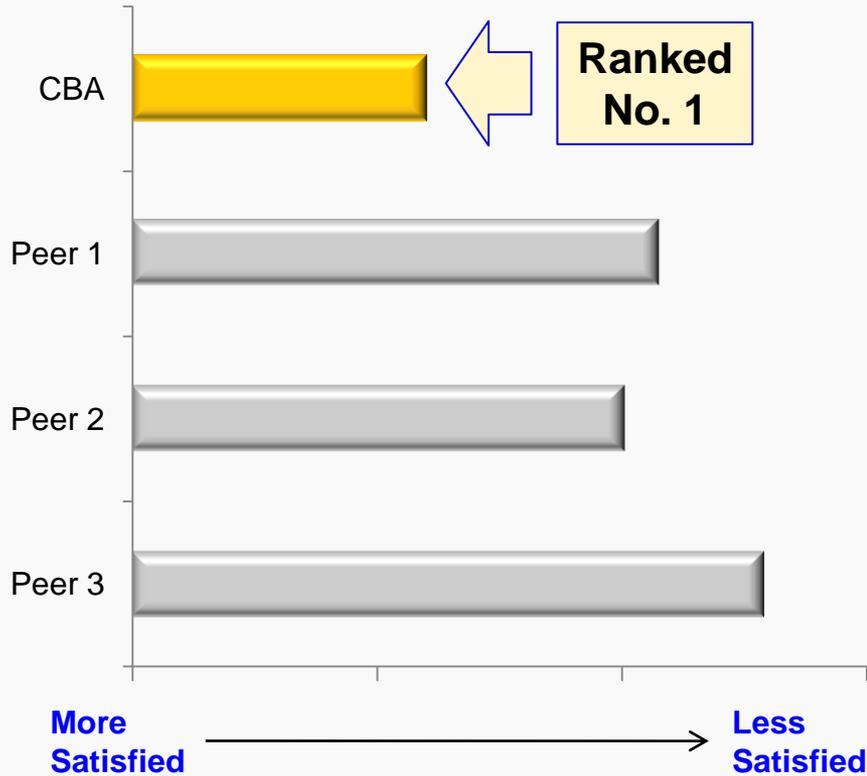


Source: Roy Morgan Research
 Refer note slide at back of this presentation for source information
 6 months to December 2010

Institutional Banking

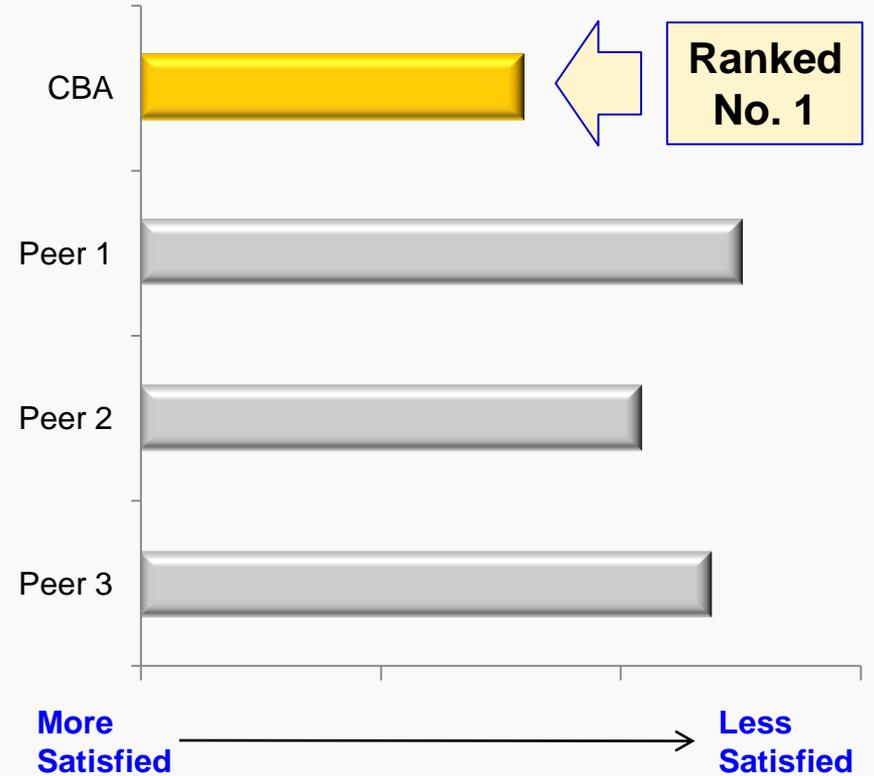
Loyalty to Relationship

Lower the Score the Higher the Satisfaction



Understanding Customers' Business

Lower the Score the Higher the Satisfaction



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

Market shares

	CBA	Dec 10 BWA	Combined	Jun 10 CBA + BWA ¹	Dec 09 CBA + BWA ¹
Home loans	22.3%	3.6%	25.9%	26.1%	26.0%
Credit cards ²	19.7%	2.8%	22.5%	22.5%	22.3%
Personal lending	13.8%	0.8%	14.6%	14.6%	15.0%
Household deposits	27.5%	3.0%	30.5%	31.3%	31.3%
Retail deposits	23.1%	3.8%	26.9%	27.5%	26.6%
Business lending – APRA	13.4%	5.2%	18.6%	19.5%	18.8%
Business lending – RBA	13.8%	3.2%	17.0%	17.1%	17.3%
Business deposits – APRA	17.2%	4.1%	21.3%	22.9%	21.7%
Equities trading – Total	5.7%	n/a	5.7%	6.3%	6.7%
Equities trading – Online non advisory	62.4%	n/a	62.4%	62.0%	61.6%
Australian retail funds – administrator view ³	14.9%	n/a	14.9%	14.6%	14.6%
FirstChoice platform ³	11.0%	n/a	11.0%	10.9%	10.5%
Australia life insurance (total risk) ³	12.5%	n/a	12.5%	13.7%	13.8%
Australia life insurance (individual risk) ³	13.2%	n/a	13.2%	14.6%	14.6%
NZ Lending for housing	22.4%	n/a	22.4%	22.8%	23.0%
NZ Retail deposits	21.2%	n/a	21.2%	21.6%	21.3%
NZ Lending to business	9.2%	n/a	9.2%	9.4%	9.3%
NZ Retail FUM	14.5%	n/a	14.5%	17.4%	18.0%
NZ Annual inforce premiums	30.3%	n/a	30.3%	31.0%	31.3%



- 1 Includes St Andrew's
- 2 As at 30 November 2010
- 3 As at 30 September 2010

Australian Volume Growth

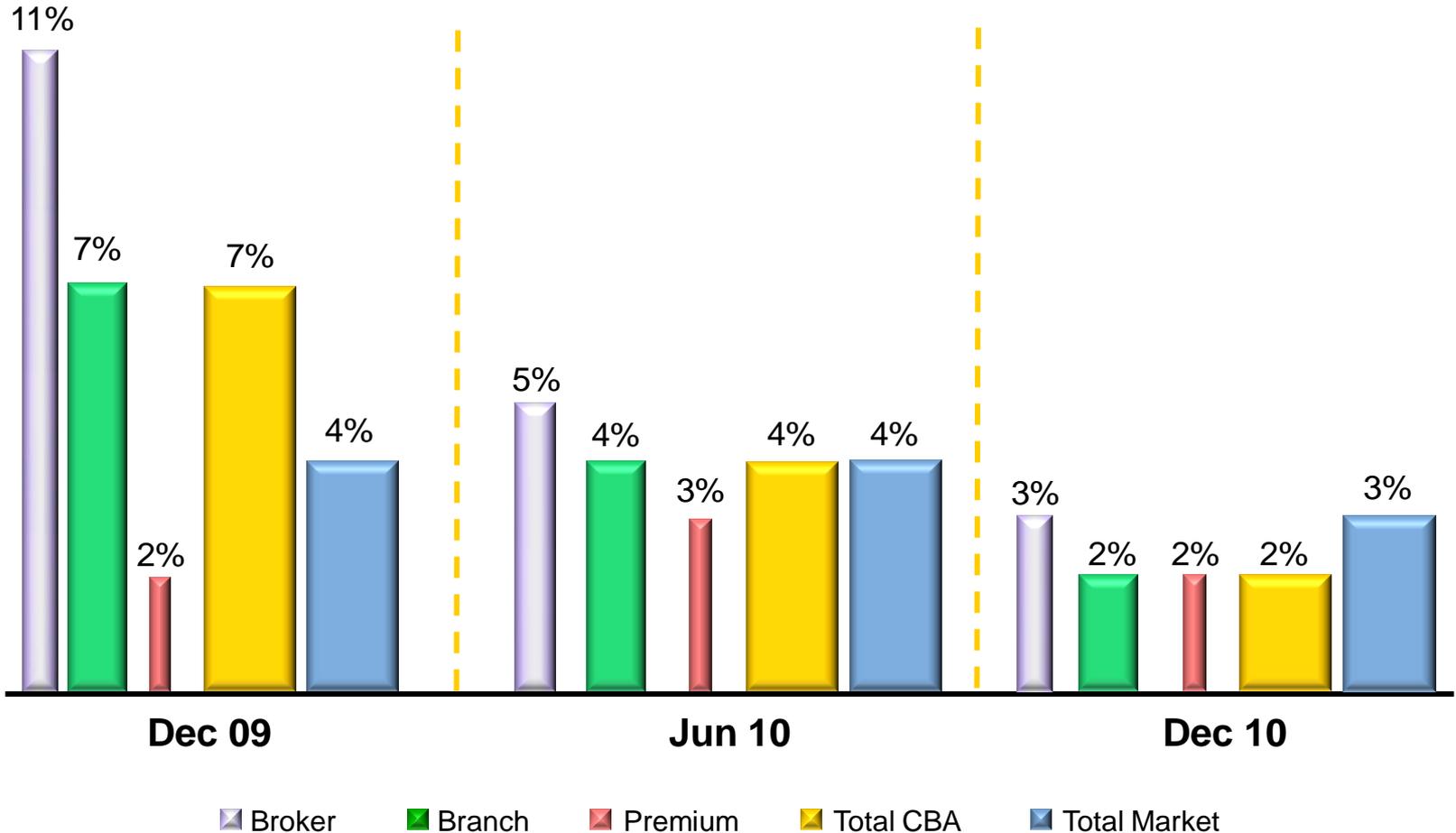
	6 mths to Jun 10 (Annualised) %		6 mths to Dec 10 (Annualised) %		12 mths to Dec 10 %	
	CBA	System	CBA	System	CBA	System
Home Lending	9.2	8.4	4.3	6.3	6.9	7.4
Household Deposits	6.1	5.7	12.2	12.2	9.3	9.1
Business Lending - APRA	3.4	-1.5	-6.1	0.6	-1.4	-0.4
Business Lending - RBA	-1.3	0.9	-6.5	-5.6	-3.9	-2.4
Business Deposits	19.5	6.8	10.3	20.6	15.4	14.1



Growth rates inclusive of Bankwest.
 Figures adjusted for restatements where appropriate
 Source: APRA/RBA

Home Loan Growth by Channel

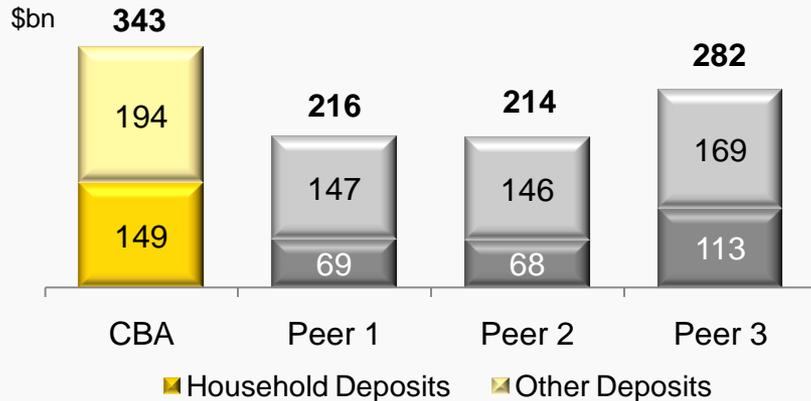
Balance Growth by Channel - 6 months



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

Australia's leading bank for deposits

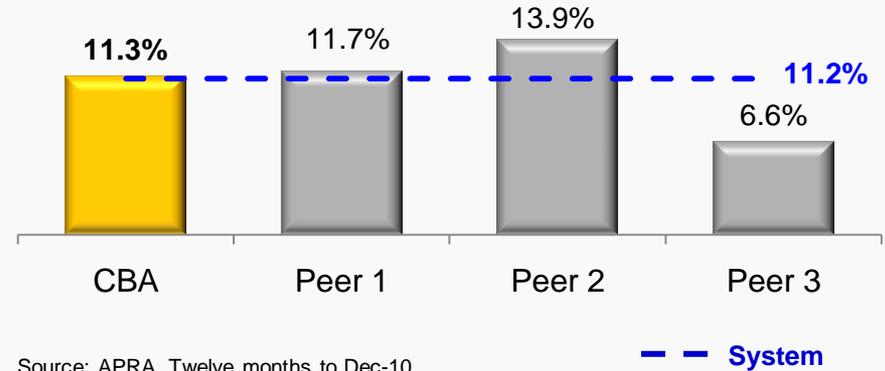
Total Deposits



Source : APRA. Includes Bankwest

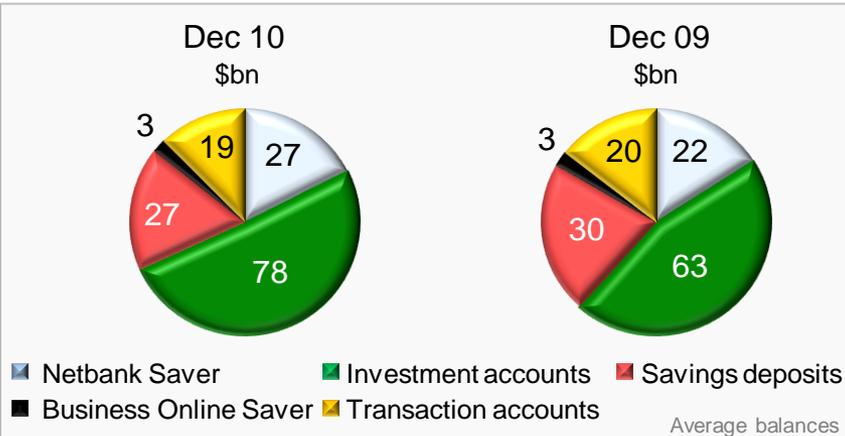
Balance Growth

Combined Household & Business Deposits

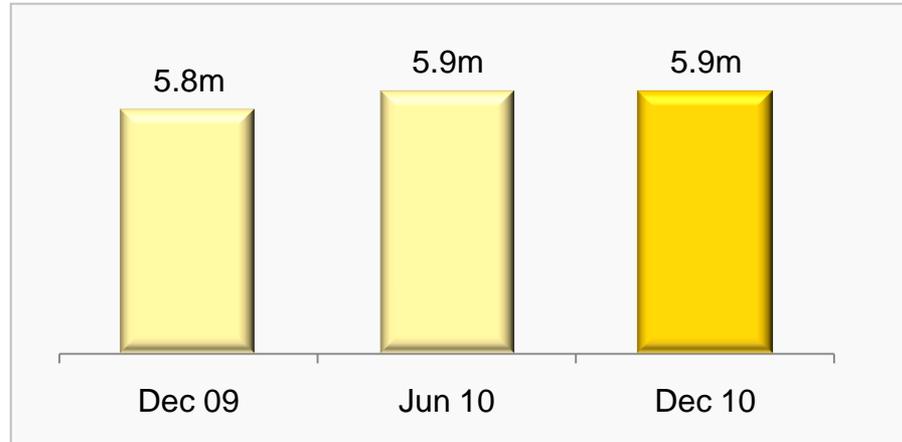


Source: APRA. Twelve months to Dec-10

RBS Deposit Mix



Number of Transaction Accounts



Sustainability scorecard

Metric		1H11	2010	2009	2008
Customers					
Customer satisfaction	Roy Morgan MFI retail customer satisfaction % ⁽¹⁾ (6-month moving average)	75.4 (ranked 3 rd)	75.6 (ranked 2 nd)	73.0 (ranked 3 rd)	70.1 (ranked equal 3 rd)
Customer satisfaction	DBM Business Financial Services Monitor ⁽²⁾ (6-month moving average)	6.9 (ranked equal 1 st)	7.0 (ranked equal 1 st)	-	-
Customer satisfaction	Wealth Insights MasterTrust/Wrap survey %	Annual	86.5 (ranked 1 st)	84.1 (ranked 1 st)	88.2 (ranked 1 st)
People					
Safety	Lost Time Injury Frequency Rate (LTIFR) ⁽³⁾	2.2	2.9	2.4	3.1
Staff satisfaction	Gallup Survey GrandMean	Annual	4.32 (76 th percentile)	4.37 (80 th percentile)	4.28 (78 th percentile)
Absenteeism	Average days per FTE ⁽⁴⁾	6.4	5.9	5.9	6.5
Employee Turnover	Voluntary %	13.6	12.73	11.37	18.45
Environmental					
Carbon emissions	Property and fleet emissions (tonnes CO2-e) ⁽⁵⁾	Annual	176,806	172,752	173,397

Complete definitions for scorecard metrics are available at www.commbank.com.au/sustainability

- (1) Retail MFI Customer Satisfaction – Roy Morgan Research. Australian Population 14+, % “Very Satisfied” or “Fairly Satisfied” with relationship with that Main Financial Institution. For 1H10/11 6 month rolling average to December 2010, other time periods are 6 month rolling averages to June. Competitor set changed in 2010/11 to reflect the four major banks, rank adjustments have been applied historically.
- (2) Business customer satisfaction measured by DBM Business Financial Services Monitor from August 2010 (previously monitored by TNS).
- (3) 2010 figure previously reported has been adjusted based on additional data on incidents that occurred during the year.
- (4) Absenteeism is reported a month in arrears. The reported figure includes absences during period 1 July to 30 November only.
- (5) 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

- Significant progress on our Indigenous School Based Trainee Program, with 21 School Based Trainees completing their traineeship while 47 new trainees commenced with the Group in December 2010.
- Launched the Group's updated Disability Action Plan in December 2010, highlighting progress and setting out further improvement goals and actions. (commbank.com.au/disability-action-plan)

Customers

- Commonwealth Bank Foundation received an Australian Business Award for innovation for the development of StartSmart Primary, one the Foundation's youth financial literacy programs.
- Second *Viewpoint* report published, measuring the economic health of the nation and examining the impact of the resources boom in mining areas of Australia. (commbank.com.au/viewpoint)

Community

- Launched the Group's 2010/11 Reconciliation Action Plan in December 2010, highlighting our commitment across financial services employment, enterprise support, education and financial literacy. (www.commbank.com.au/rap)
- The Group's health partnerships received strong support from staff, with more than \$215,000 fundraised for the Prostate Cancer Foundation and over \$440,000 in diary sales and fundraising for the Breast Cancer Institute of Australia.

Environment

- The Refreshingly Green Program, consisting of a range of environmental initiatives to be implemented across retail branches and commercial buildings, commenced in late 2010. Initiatives are scheduled for completion in late 2012.
- Improved result in the 2010 Carbon Disclosure Project, scoring 92 out of 100 in the Carbon Disclosure Leadership Index and placing in the top 10% of Global 500 for the second year.

Governance

- Released second annual Sustainability Report covering sustainability performance for 2009-2010. (commbank.com.au/sustainability-reporting)

More information about sustainability is available at commbank.com.au/sustainability



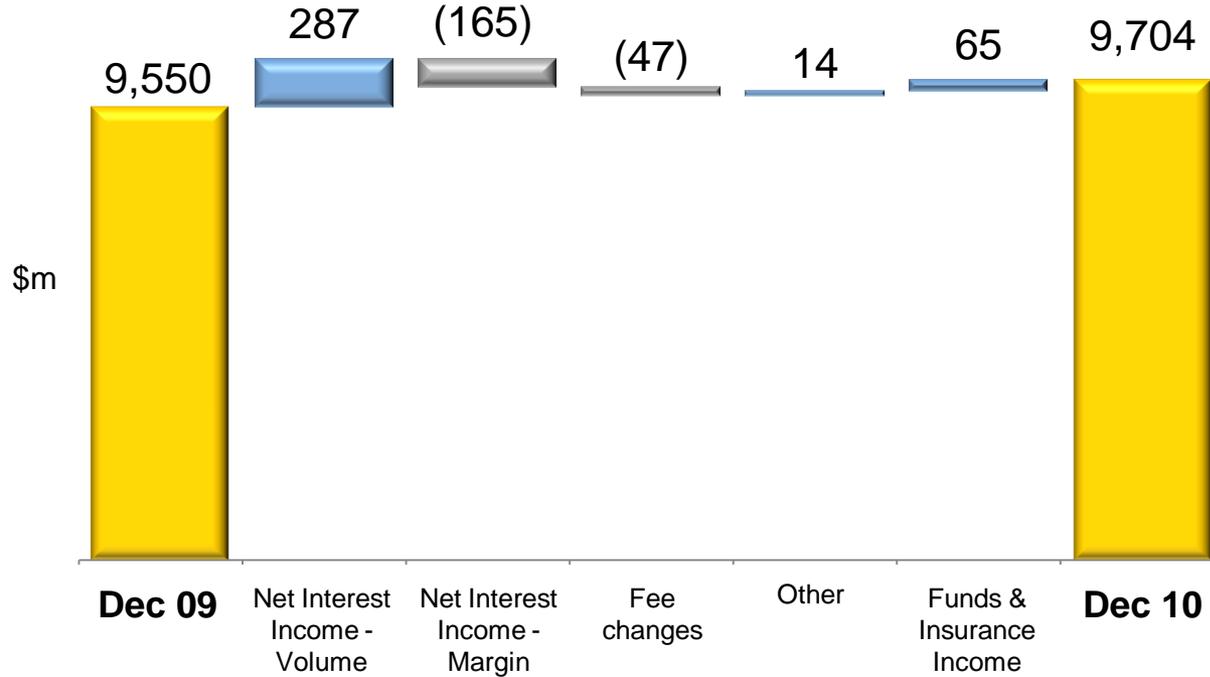
Index

Overview and Strategy	54
Business Performance	66
Risk Management	84
Capital, Funding and Liquidity	93
Economic Overview	104

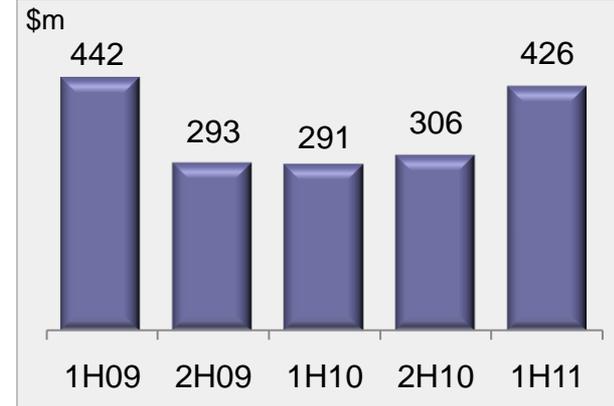


Volume-driven income growth

Total Operating Income ↑ 2%



Trading Income



Funds & Insurance Income



RBS – 6 month periods

		Dec 10	Jun 10	Dec 09	Dec 10 vs Dec 09
Net interest income	Home loans	1,265	1,122	1,091	16%
	Consumer finance	621	594	549	13%
	Retail deposits	1,107	1,092	1,248	(11%)
		2,993	2,808	2,888	4%
Other banking income	Home loans	100	93	99	1%
	Consumer finance	215	205	212	1%
	Retail deposits	200	209	248	(19%)
	Distribution	144	153	113	27%
	659	660	672	(2%)	
Total banking income	Home loans	1,365	1,215	1,190	15%
	Consumer finance	836	799	761	10%
	Retail deposits	1,307	1,301	1,496	(13%)
	Distribution	144	153	113	27%
	3,652	3,468	3,560	3%	
Operating expenses		(1,425)	(1,414)	(1,380)	3%
Impairment expense		(253)	(345)	(391)	(35%)
Expense to income		39.0%	40.8%	38.8%	(1%)
Cash net profit after tax		1,383	1,207	1,237	12%



Retail Banking Services

- Strong business performance supported by customer focus and cost efficiency
- Solid volume growth in Home Loans and Deposits
- Strong competition maintaining pressure on Deposit margins
- Cost-to-income ratio remains below 40%
- Improvement in arrears rates and impairment expense

	Dec 10 \$m	Dec 10 vs Dec 09
Home loans	1,365	15%
Consumer finance	836	10%
Retail deposits	1,307	(13%)
Distribution	144	27%
Total banking income	3,652	3%
Operating expenses	(1,425)	3%
Operating performance	2,227	2%
Impairment expense	253	(35%)
Tax	591	7%
Cash net profit after tax	1,383	12%



IB&M – 6 month periods

		Dec 10	Jun 10	Dec 09	Dec 10 vs Dec 09
Net interest income	Institutional Banking	545	558	569	(4%)
	Markets	105	93	114	(8%)
		650	651	683	(5%)
Other banking income	Institutional Banking	345	401	341	1%
	Markets	265	173	342	(23%)
		610	574	683	(11%)
Total banking income	Institutional Banking	890	959	910	(2%)
	Markets	370	266	456	(19%)
		1,260	1,225	1,366	(8%)
Operating expenses		(395)	(405)	(387)	2%
Profit before impairment expenses		865	820	979	(12%)
Impairment expense		(193)	72	(321)	(40%)
Expense to income		31.3%	33.1%	28.3%	11%
Cash net profit after tax		512	646	553	(7%)



Institutional Banking and Markets

- IB&M Cash NPAT down 7% due to:
 - ▶ Operating income decreased by 8% due to lower markets trading income as a result of lower volatility and the effect of a decline in lending balances;
 - ▶ Non-recurrence of investment allowance tax credits; offset by
 - ▶ Lower impairment expense reflecting stabilisation in the credit quality of the Institutional Banking lending business
- Continued strong customer satisfaction ratings in East & Partners survey

	Dec 10 \$m	Dec 10 vs Dec 09
Institutional Banking	890	(2%)
Markets	370	(19%)
Total banking income	1,260	(8%)
Operating expenses	(395)	2%
Operating performance	865	(12%)
Impairment expense	(193)	(40%)
Tax	(160)	52%
Cash net profit after tax	512	(7%)



BPB – 6 month periods

		Dec 10	Jun 10	Dec 09	Dec 10 vs Dec 09
Net interest income					
	Corporate Financial Services	264	262	267	(1%)
	Regional & Agribusiness	126	121	120	5%
	Local Business Banking	258	245	222	16%
	Private Bank	60	60	63	(5%)
	Equities and Margin Lending	105	107	108	(3%)
	Other	38	26	42	(10%)
		851	821	822	4%
Other banking income					
	Corporate Financial Services	296	251	221	34%
	Regional & Agribusiness	78	72	71	10%
	Local Business Banking	120	117	123	(2%)
	Private Bank	60	58	57	5%
	Equities and Margin Lending	99	113	142	(30%)
	Other	14	12	12	17%
		667	623	626	7%
Total banking income					
	Corporate Financial Services	560	513	488	15%
	Regional & Agribusiness	204	193	191	7%
	Local Business Banking	378	362	345	10%
	Private Bank	120	118	120	-
	Equities and Margin Lending	204	220	250	(18%)
	Other	52	38	54	(4%)
		1,518	1,444	1,448	5%
Operating expenses		(660)	(671)	(639)	3%
Impairment expense		(135)	(132)	(194)	(30%)
Expense to income		43.5%	46.5%	44.1%	(1%)
Cash net profit after tax		506	453	440	15%



Business and Private Banking

- Solid performance in business banking segments
- Cash net profit after tax ↑ 15% reflecting:
 - ▶ Growth in lending volumes
 - ▶ Lower equities trading volume due to subdued market
 - ▶ Disciplined expense management, whilst continuing to invest in the frontline
 - ▶ Improving impairment expense

	Dec 10 \$m	Dec 10 vs Dec 09
Corporate Financial Services	560	15%
Regional and Agribusiness	204	7%
Local Business Banking	378	10%
Private Bank	120	-
Equities and Margin Lending	204	(18%)
Other *	52	(4%)
Total banking income	1,518	5%
Operating expenses	(660)	3%
Operating performance	858	6%
Impairment expense	(135)	(30%)
Tax	(217)	24%
Cash net profit after tax	506	15%



* Represents revenue earned from products sold through direct channels

New Zealand – 6 month periods

NZ\$M		Dec 10	Jun 10	Dec 09	Dec 10 vs Dec 09
Net interest income	ASB	538	468	440	22%
	Other	2	(5)	(4)	Large
	Total NII	540	463	436	24%
Other banking income	ASB	178	135	207	(14%)
	Other	(13)	(16)	(15)	(13%)
	Total OBI	165	119	192	(14%)
Total banking income	ASB	716	603	647	11%
	Other	(11)	(21)	(19)	(42%)
	Total Banking Income	705	582	628	12%
Funds Management Income	26	26	32	(19%)	
Insurance Income	135	160	106	27%	
Total operating income	866	768	766	13%	
Operating expenses	(447)	(428)	(401)	11%	
Profit before impairment expense	419	340	365	15%	
Impairment Expense	(36)	2	(127)	(72%)	
Expense to income	51.6%	55.7%	52.3%	(1%)	
Underlying profit after tax	293	272	188	56%	
Investment experience	-	3	(2)	Large	
Cash net profit after tax	293	275	186	58%	



New Zealand

- ASB NZD Cash NPAT ↑ 57%
due to:
 - ▶ Improving home loan margins
 - ▶ Lower impairment expense due to improving arrears across all portfolios

- Sovereign NZD cash NPAT ↑ 67%
due to:
 - ▶ Improved claims experience and reduced lapse rates
 - ▶ Inforce premiums ↑ 7%

- Sovereign is clear market leader capturing 25% of new business sales

	Dec 10 NZ\$m	Dec 10 vs Dec 09
ASB	743	9%
Sovereign	131	30%
Other	(8)	47%
Total operating income	866	13%
Operating expenses	(447)	11%
Operating performance	419	15%
Impairment expense	(36)	(72%)
Tax and minority interests	(90)	80%
Underlying profit after tax	293	56%
Investment experience	-	Large
Cash net profit after tax	293	58%



WM – 6 month periods

		Dec 10	Jun 10	Dec 09	Dec 10 vs Dec 09
Net operating income	CFSGAM	378	333	330	15%
	Colonial First State	342	333	318	8%
	CommInsure	352	322	347	1%
	Other	-	(2)	(1)	Large
	St Andrew's Insurance	-	15	17	Large
		1,072	1,001	1,011	6%
Operating expenses	CFSGAM	(190)	(188)	(170)	12%
	Colonial First State	(230)	(213)	(231)	0%
	CommInsure	(136)	(136)	(131)	4%
	Other	(63)	(65)	(62)	2%
	St Andrew's Insurance	-	(7)	(7)	Large
		(619)	(609)	(601)	3%
Underlying profit after tax	CFSGAM	142	115	121	17%
	Colonial First State	79	86	61	30%
	CommInsure	153	134	152	1%
	Other	(45)	(44)	(46)	(2%)
	St Andrew's Insurance	-	6	7	Large
		329	297	295	12%
Cash net profit after tax	CFSGAM	155	129	137	13%
	Colonial First State	77	85	59	31%
	CommInsure	171	159	221	(23%)
	Other	(44)	(43)	(45)	(2%)
	St Andrew's Insurance	-	9	7	Large
		359	339	379	(5%)



Wealth Management

- CFSGAM:
 - ▶ FUM ↑3% to \$153bn
 - ▶ Strong investment performance - 81% of funds outperforming over 5 years
- Colonial First State:
 - ▶ Retail FUA ↑2% to \$78bn
 - ▶ FirstChoice - largest platform
- CommInsure:
 - ▶ Life inforce premiums ↑11%
 - ▶ General Insurance inforce premiums ↑8%
- Total expenses ↑3%
- Investment Experience down due to stabilising credit spreads and investment markets

	Dec 10 \$m	Dec 10 vs Dec 09
CFSGAM	378	15%
Colonial First State	342	8%
CommInsure	352	1%
Other	-	(Large)
Net operating income	1,072	6%
Operating expenses	(619)	3%
Tax	(124)	8%
Underlying profit after tax	329	12%
Investment experience	30	(64%)
Cash net profit after tax	359	(5%)
Cash NPAT ex St Andrew's*	359	(3%)

* St Andrew's insurance business was sold effective 1 July 2010



CommInsure

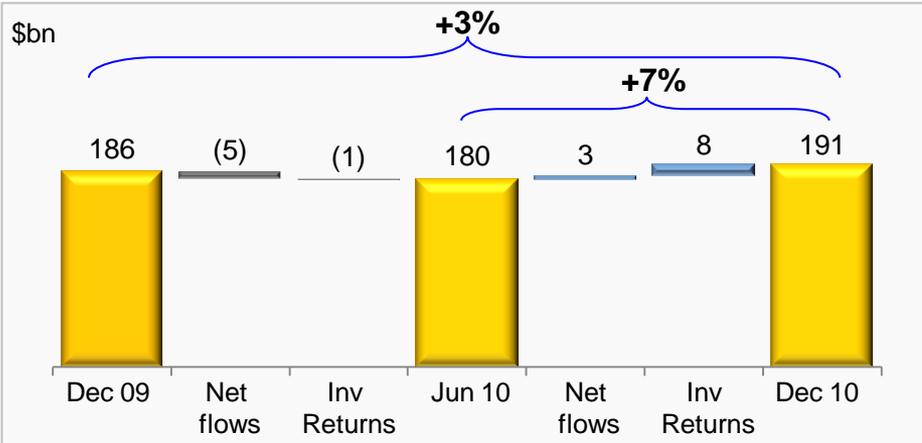


CommonwealthBank

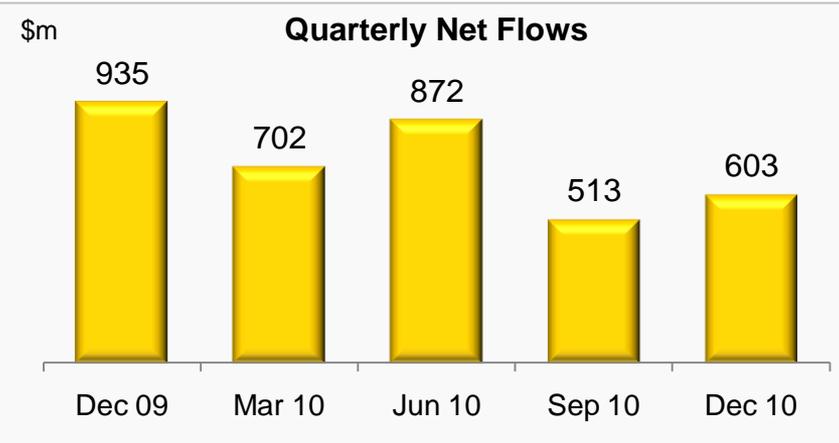


Wealth Management

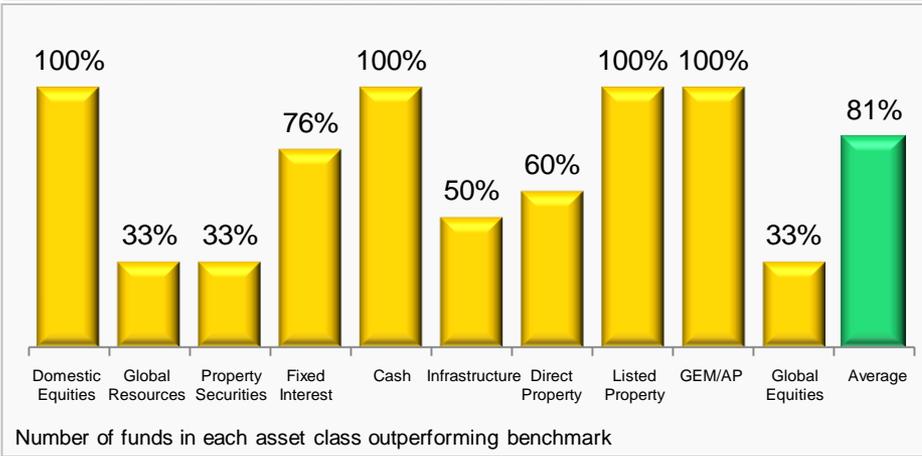
Funds under Administration



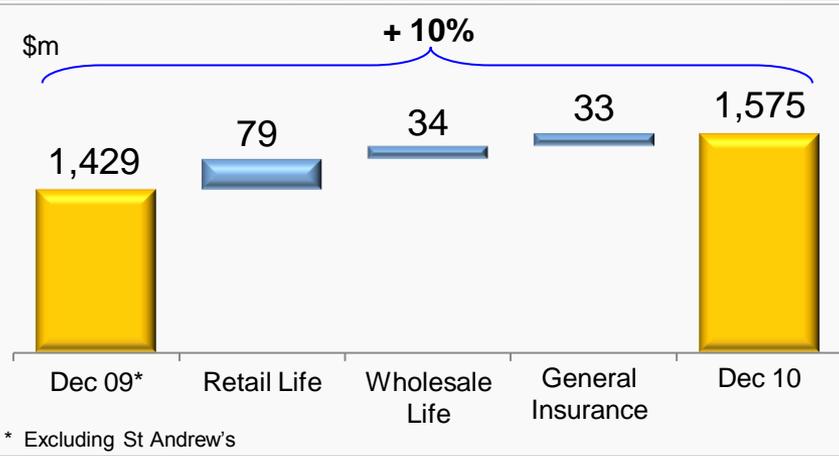
FirstChoice net flows solid



Strong investment performance – 5 years



Inforce premiums up 10%



CommInsure



CommonwealthBank



CFS Global Asset Management

Globally: \$153bn FUM¹, 896 people

North America
\$1.7bn FUM
4 People

Middle East
\$6.9bn FUM

UK & Europe
\$23.2bn FUM
174 People



Japan
\$3.7bn FUM
2 people

Asia ex Japan
\$18.1bn FUM
112 People

Australia & New Zealand
\$99.2bn FUM
604 People

37% FUM raised from offshore clients, 43% people located offshore, 55% revenue generated offshore



1 FUM figures exclude the Group's interests in the China Cinda JV

Bankwest – 6 month periods

	Dec 10	Jun 10	Dec 09	Dec 10 vs Dec 09
Net interest income	679	679	657	3%
Other banking income	118	112	121	(2%)
Total banking income	797	791	778	2%
Operating expenses	(428)	(437)	(443)	(3%)
Impairment expense	(49)	(441)	(313)	(84%)
Net profit before tax	320	(87)	22	Large
Corporate tax expense	(96)	27	(7)	Large
Cash net profit after tax	224	(60)	15	Large



Bankwest

- Income up 2%:
 - ▶ Higher Home Loan volumes
 - ▶ Higher Deposit margins
 - ▶ Offset by lower Retail Lending margins

- Disciplined cost management – expenses down every half year since acquisition

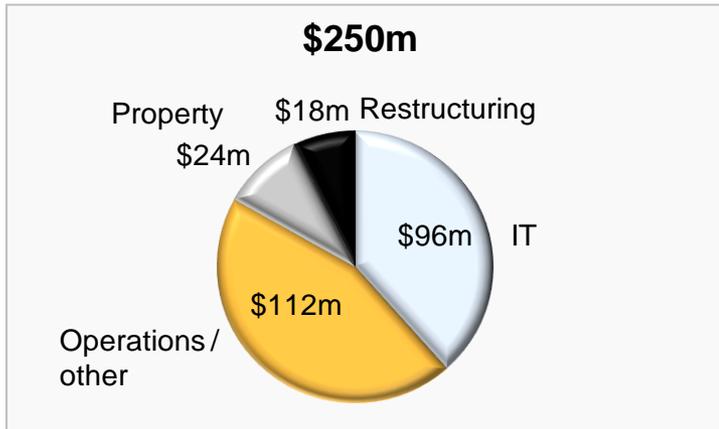
- Impairment expense:
 - ▶ Improving credit quality
 - ▶ Run-off of impaired loan book
 - ▶ 1H10 impacted by large single name property impairments
 - ▶ Strong 1H11 recoveries

	Dec 10 \$m	Dec 10 vs Dec 09
Net interest income	679	3%
Other banking income	118	(2%)
Total banking income	797	2%
Operating expenses	(428)	(3%)
Operating performance	369	10%
Impairment expense	(49)	(84%)
Tax	(96)	Large
Cash net profit after tax	224	Large

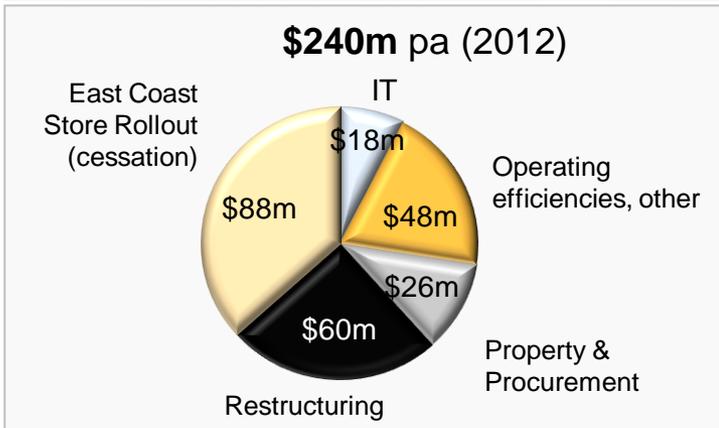


Bankwest integration

Integration costs - composition



Annual expense synergies



Timetable

By
December
2008

- Acquisition announced Oct 08
- Governance structure established
- Due diligence commenced,
- Regulatory approvals obtained
- New CEO, CFO and CRO appointed
- Formal acquisition date 19 Dec 08

By
June
2009

- Common ATM and branch access
- Multi-brand strategy implemented
- Revised growth plan established
- Integration of St Andrew's
- Final acquisition accounting in FY09 results

By
FY12

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

Post
FY12

- Pursue incremental synergy opportunities

Asia



Cash NPAT¹
1H11

\$76m²

\$42m

\$13m

\$131m

China	Branches	Staff
Qilu Bank (20%) - 2004	80	>2,000
Bank of Hangzhou (20%) - 2005	101	3,055
Shanghai Branch - 2010		15
Beijing Representative office - 1992 / 1994		6
BoCommLife JV - 2010		145

Japan (Branch), **Singapore** (Branch, First State Investments)
India Mumbai Branch opened - 2010
Vietnam 15% stake in VIB (135 branches) – 2010; Branch (Ho Chi Minh - 2008), Representative office (Hanoi) - 1994.

Indonesia	Branches	Staff
PT Bank Commonwealth – 1995	84	1,733
PT Commonwealth Life – 1992	24	346



1 Includes Asian earnings from all CBA business units, and excludes head office support costs
 2 Includes First State Cinda Funds Management company, Institutional Banking & Markets branch in Hong Kong and First State Investments in Hong Kong

Index

Overview and Strategy	54
Business Performance	66
Risk Management	84
Capital, Funding and Liquidity	93
Economic Overview	104



Credit Exposure Mix

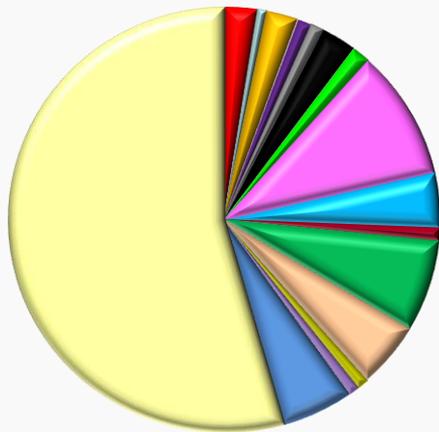
	Regulatory exposure mix ¹			
	CBA	Peer 1	Peer 2	Peer 3
Residential Mortgages	60%	42%	40%	57%
Corporate, SME & Spec Lending	27%	36%	42%	33%
Bank	5%	6%	11%	3%
Sovereign	5%	7%	4%	3%
Qualifying Revolving	2%	4%	2%	3%
Other Retail	1%	5%	1%	1%
Total Advanced ²	100%	100%	100%	100%



1. Source Pillar 3 disclosures for CBA as at Dec. 2010 and Peers as at Sept. 2010
2. Includes Specialised Lending. Excludes Standardised, Other Assets and Securitisation (representing 6% of Peer 1, 17% of Peer 2 and 5% of Peer 3). Exposure mix is re-baselined to total 100% for comparison

Sector exposures¹

Dec 10

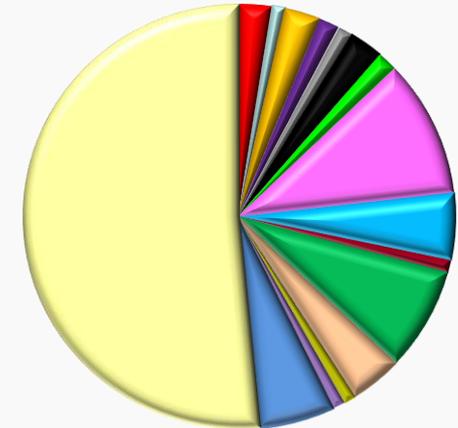


Australia	80.6%
New Zealand	8.8%
Europe	5.2%
Other International	5.4%

Including ASB and Bankwest

	Dec 10	Jun 10
Consumer	54.9%	54.8%
Agriculture	2.3%	2.4%
Mining	0.8%	0.7%
Manufacturing	2.1%	2.3%
Energy	1.1%	1.1%
Construction	1.0%	1.0%
Retail & Wholesale	2.5%	2.4%
Transport	1.4%	1.4%
Banks	10.8%	10.2%
Finance – other	3.9%	4.1%
Business Services	1.0%	0.9%
Property	6.7%	6.9%
Sovereign	4.9%	4.9%
Health & Community	0.8%	0.9%
Culture & Recreation	0.8%	0.7%
Other	5.0%	5.3%
Total	100%	100%

Jun 10



Australia	80.6%
New Zealand	9.1%
Europe	5.4%
Other International	4.9%

Including ASB and Bankwest



¹ Total exposures = balance for uncommitted facilities; greater of limit or balance for committed facilities
Includes settlement risk

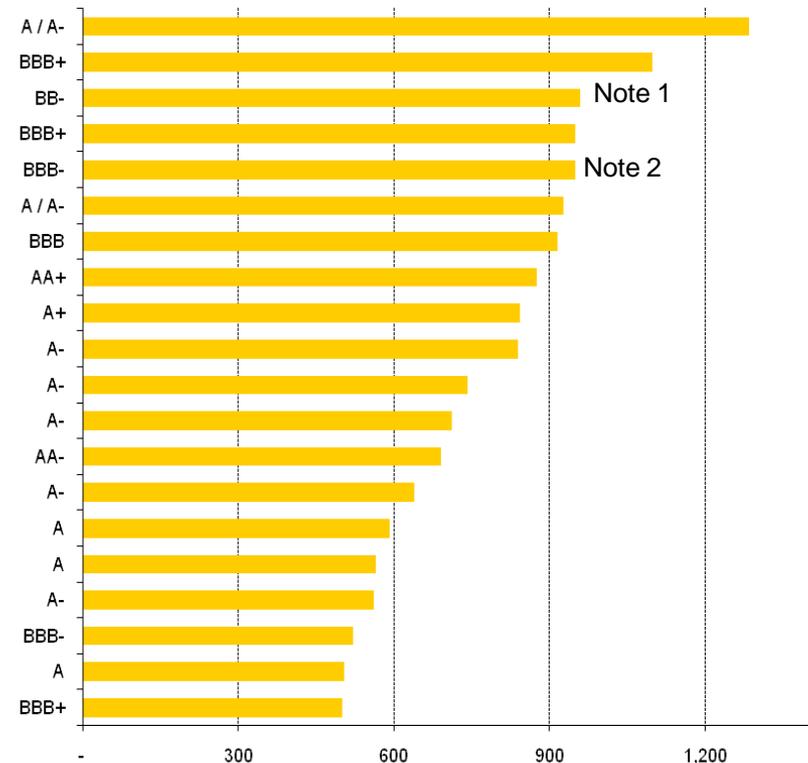
Sector exposures¹

Sector Exposures – Dec 10

\$bn	AAA to AA-	A+ to A-	BBB+ to BBB-	Other	Total
Banks	44.0	27.5	3.0	0.4	74.9
Finance Other	9.8	8.6	3.5	5.3	27.2
Property	0.3	5.5	7.1	34.3	47.2
Sovereign	31.0	1.2	0.4	0.2	32.8
Manufacturing	0.2	2.3	6.0	6.0	14.5
Retail/Wholesale Trade	0.0	0.9	4.7	12.2	17.8
Agriculture	0.0	0.2	1.6	14.4	16.2
Energy	0.6	1.8	4.3	1.3	8.0
Transport	0.1	2.3	3.4	4.2	10.0
Mining	0.3	1.1	2.2	2.3	5.9
All other (ex consumer)	1.7	3.5	11.2	35.8	52.2
Total	88.0	54.9	47.4	116.4	306.7

Includes ASB and Bankwest

Top 20 Commercial Exposures² – Dec 10



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

Within these aggregated exposures is the following:

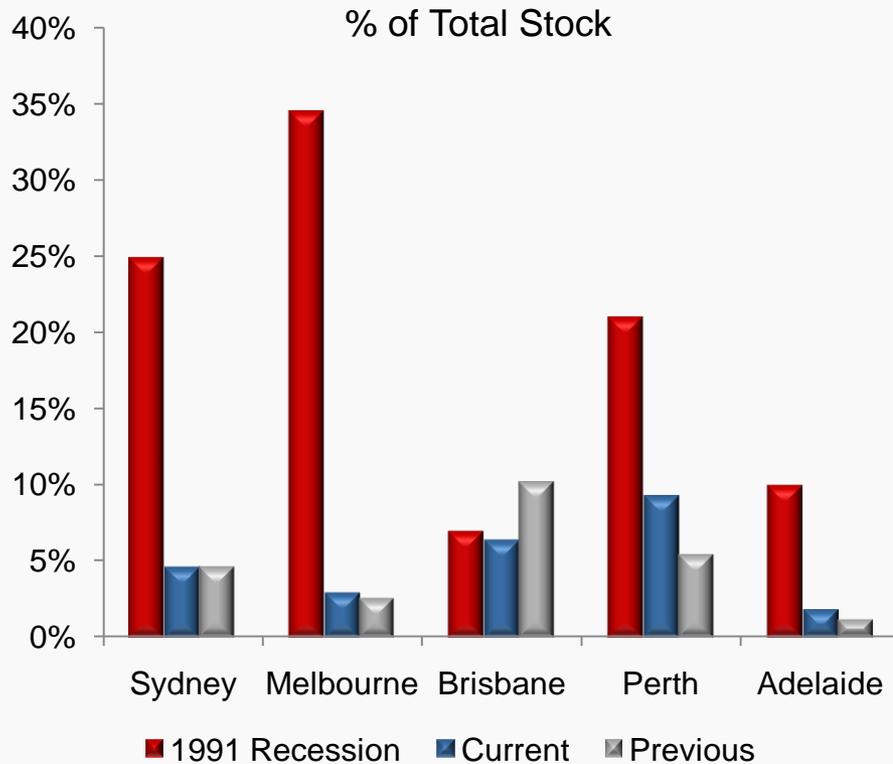
- \$155m rated D, \$106m B-, \$43m B, secured by fixed & floating charge.
- \$255m rated BB+, \$152m BB- & 105m CCC secured by fixed & floating charge.



- Total exposure = balance for uncommitted facilities; greater of limit or balance for committed facilities
Excludes settlement exposures
- Excluding finance and government. CBA grades in S&P Equivalents

Commercial Property Market

CBD Office Supply Pipeline*



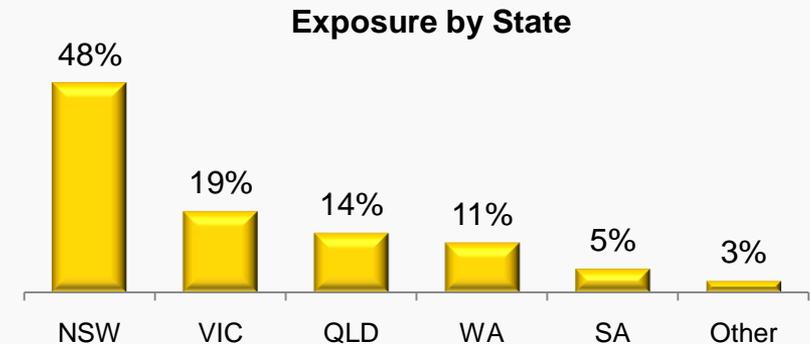
Source : Jones Lang LaSalle Research

CBD Vacancy Rates

Market	Current (Q4 2010)	Previous (Q2 2010)	Peak 1990s
Sydney	7.8%	7.9%	22.4%
Perth	7.1%	8.6%	31.8%
Melbourne	6.3%	6.3%	25.8%
Brisbane	8.3%	10.6%	14.3%
Adelaide	7.3%	7.8%	19.8%

Source : Jones Lang LaSalle Research

CBA Commercial Property

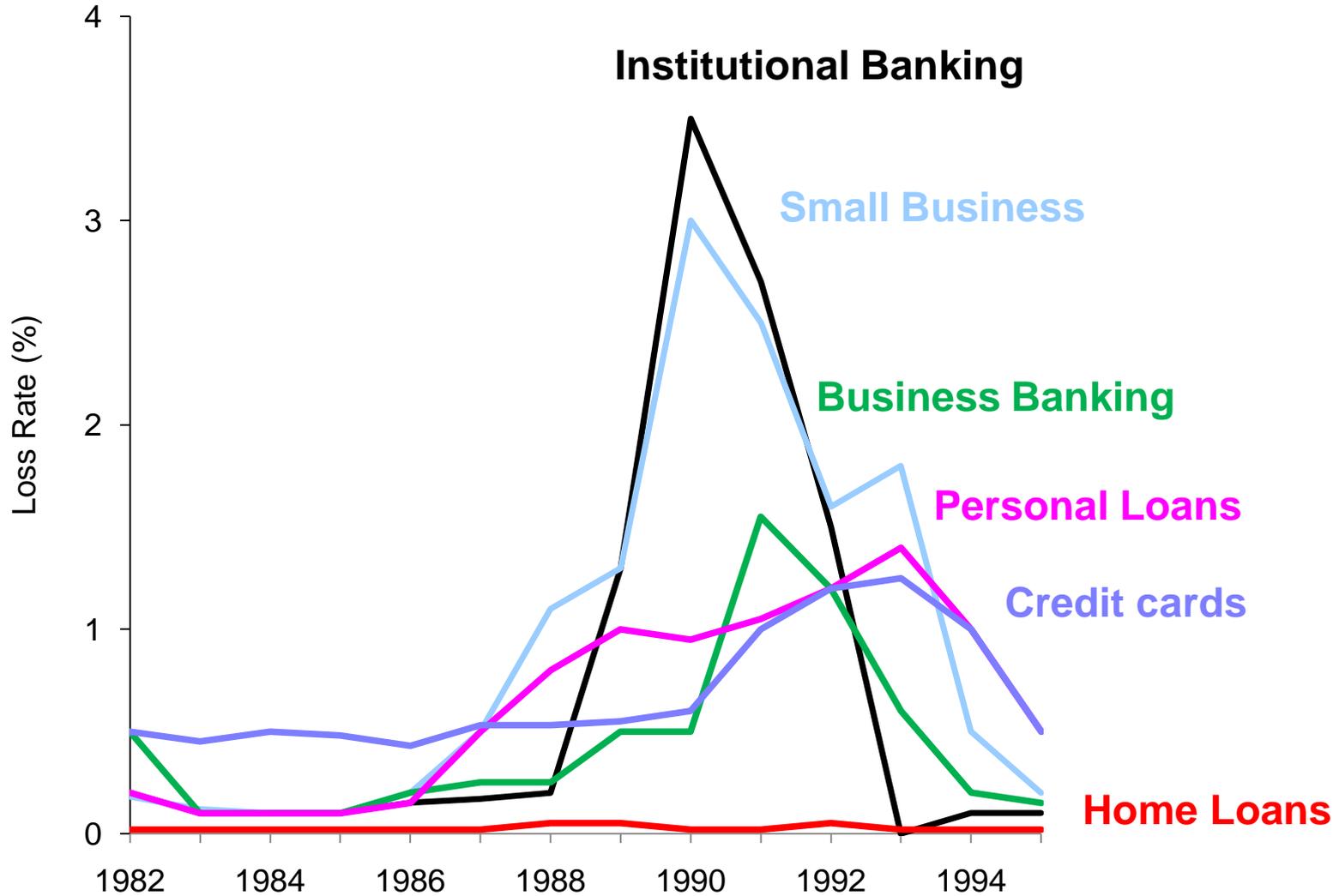


Includes Bankwest



* 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 – Dec 2010 Half

- Credit RWAs reduced by \$12.2b primarily as a result of:
 - Improvement in credit quality
 - Growth primarily from lower risk retail portfolios with subdued demand in higher risk commercial portfolio. Exchange rate appreciation also moderated growth
 - Change in methodology for commercial Loss Given Defaults offset by change in regulatory treatment
- IRRBB RWAs increased by \$6.7b driven mostly by rising interest rates and increase in re-pricing and yield curve risk.

RWA Movement (%)		
	Total	Tier 1 ratio impact (bpts)
Credit Risk	(5)%	40
Traded Market Risk	11%	(1)
Operational Risk	(1)%	1
Total excl IRRBB	(4)%	40
IRRBB	66%	(24)
Total	(2)%	16

	Credit RWA Movement (%)		
	On Balance Sheet	Off Balance Sheet	Total
Consumer Retail	1%	0%	1%
Non-retail	(10)%	(6)%	(9)%
Tier 1 impact – Retail (bpts)	(2)	0	(2)
Tier 1 impact – Non-Retail (bpts)	28	7	35
Tier 1 impact – Other ³ (bpts)	6	1	7
Total Tier 1 impact (bpts)	32	8	40

Composition of Movement (%)				
CRFs ¹	FX/ Volume	Quality	Reg Change ²	Total
-	2%	(5)%	4%	1%
(7)%	0%	(2)%	-	(9)%
-	(4)	10	(8)	(2)
28	1	7	(1)	35
2	9	(2)	(2)	7
30	6	15	(11)	40



1 Credit Risk Factors (RWA Optimisation). Revised LGD modelling approach for risk rated portfolios. Revised approach leverages bank loan recovery data (instead of bond data) supplied by Standard and Poor's to supplement internal loss data for a more refined view of LGD estimates.
 2 Regulatory Change includes use of a standardised approach for reverse mortgages and implementation of a revised ASB home loan PD model.
 3 Other includes Credit Risk Weighted Assets for other Basel Asset standardised classes including Bankwest, margin lending, equities, securitised and other assets and claims

Home Lending Summary

- 69% of customers paying in advance (average 8 payments)
- Portfolio average LVR of 45% (current values)
- Maximum LVR of 90% except for best risk existing CBA customers

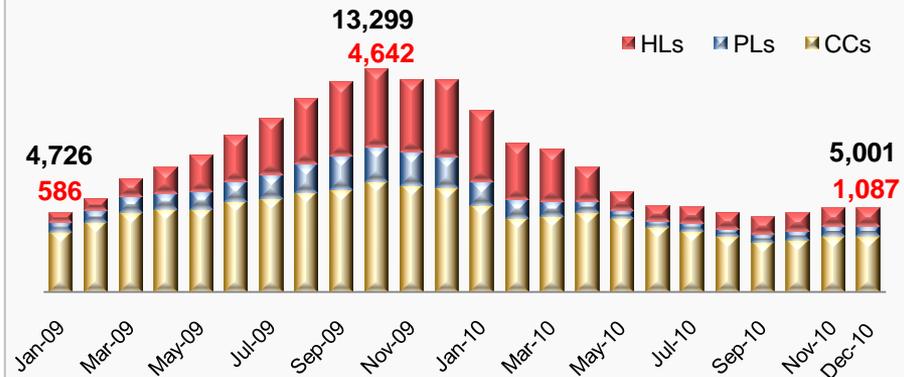
Home loan portfolio mix

	Dec 10	Jun 10
Owner-Occupied	58%	58%
Investment	32%	32%
Line-of-Credit	10%	10%
Variable	86%	85%
Fixed	14%	15%
Low Doc %	3.6%	3.8%
Originations		
Proprietary	63%	64%
Third Party	37%	36%

First Home Buyers



Customer Assist Program



Excludes Bankwest

Home Loan sensitivity test

Expected Loss outcomes

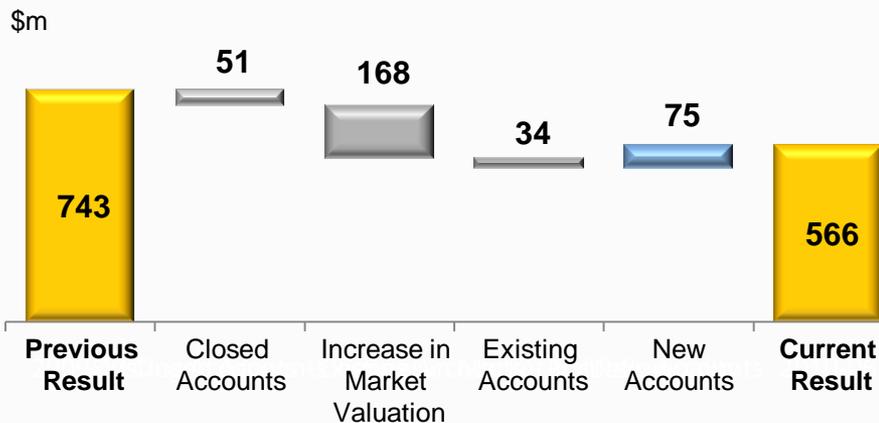
Expected loss \$m	PD stress factor			
	x1	x2	x4	x6
Property value				
No decrease	7	11	17	21
10% decrease	23	34	53	69
20% decrease	70	106	167	220
30% decrease	168	263	423	566

Example scenario that could drive a x6 PD would involve unemployment of 15% and property value decline of 30%

Loss mitigants

- Loans >80% LVR mortgage insured (*additional insured losses of \$1,322m (previously \$1,515m) in high stress scenario*)
- Portfolio average LVR of 45%
- Full recourse to borrower
- 69% of accounts paying in advance

Six-Month Movement



Changes over 6 months

- Expected Loss decreased by 24%, driven by:
 - Stable arrears
 - National average property prices increased across the portfolio by 3.5%*
 - Number of customers paying in advance was unchanged

* Source : APM



Excludes Bankwest and ASB

Index

Overview and Strategy	54
Business Performance	66
Risk Management	84
Capital, Funding and Liquidity	93
Economic Overview	104



Regulatory Change: Liquidity, funding, capital

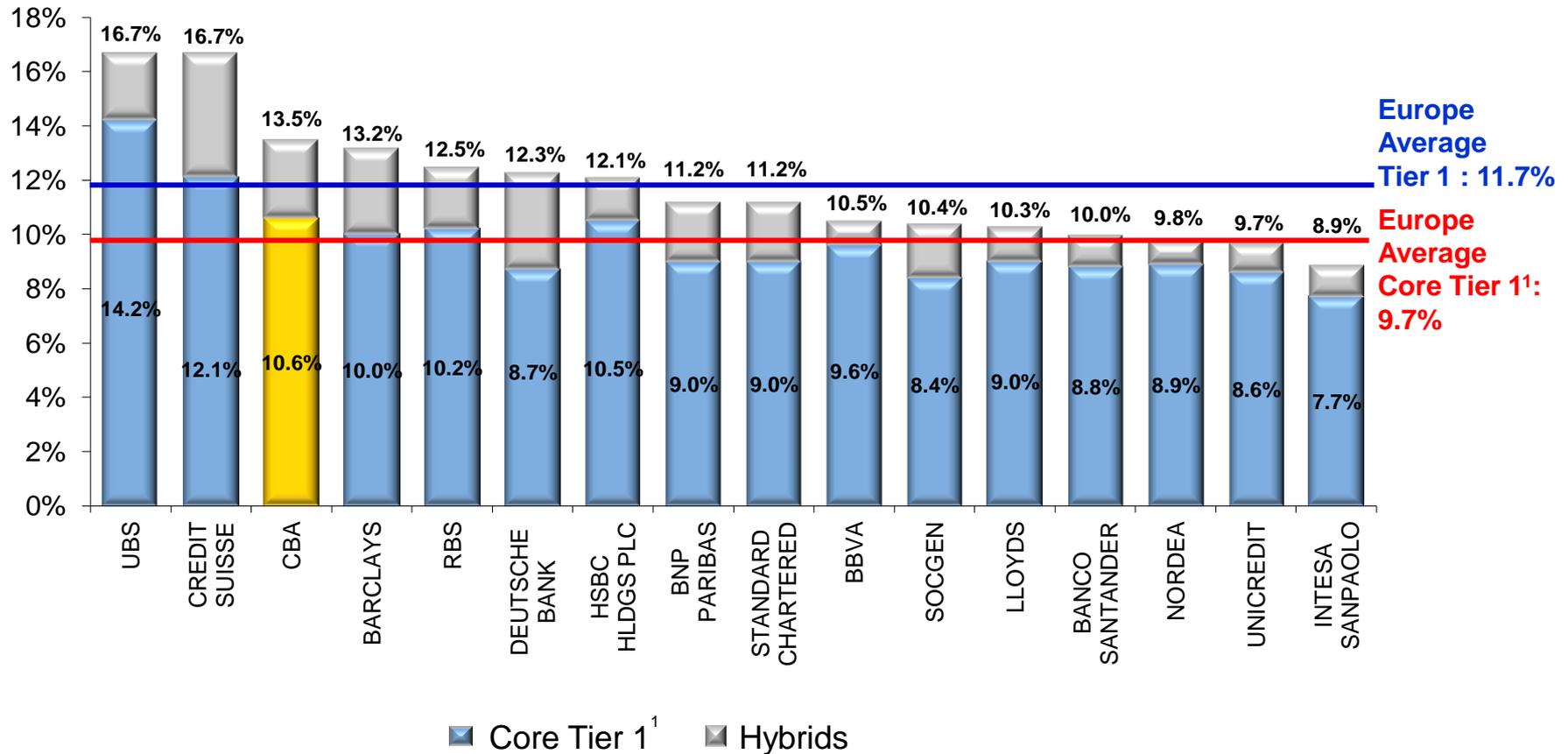
	Final proposals & QIS (Dec 10)	Timing	CBA Position
Liquidity	<p>Liquidity Coverage Ratio (LCR)</p> <ul style="list-style-type: none"> Definition of liquid assets widened to include “Level 2” liquid assets and development of standards for jurisdictions with insufficient government bonds RBA/APRA propose a “committed secured liquidity facility” with the RBA, for a fee Measurement to be finalised and clarity required on use (extent and mechanics) of RBA facility 	<ul style="list-style-type: none"> Expect APRA to release draft standards in 2011 APRA standards subject to consultation 2011-12 Observation and review from Jan-11, effective Jan-15 	<ul style="list-style-type: none"> Regulatory minimums expected to double CBA carrying significant liquid assets Liquids portfolio already in transition
Funding	<p>Net Stable Funding Ratio</p> <ul style="list-style-type: none"> Assets with >1yr maturity to be funded with “stable” liabilities with >1yr term Decrease in quantum of “stable funding” required for mortgages (100% to 65%) Less onerous run-off assumptions for some deposits Measurement to be finalised 	<ul style="list-style-type: none"> Expect APRA to release draft standards in 2011 Observation and review from Jan-11, effective Jan-18 	<ul style="list-style-type: none"> Favourable impact from revised mortgage treatment (vs original proposals) More, and longer term funding undertaken since GFC
Capital	<ul style="list-style-type: none"> 7.0% minimum Common Equity inclusive of buffer (2.5%) 8.5% minimum Tier 1 inclusive of buffer (2.5%) Countercyclical buffer: 0-2.5% of RWA Leverage Ratio – set at minimum 3% 	<ul style="list-style-type: none"> Expect APRA to release draft standards in 2011 Minimum levels to be phased in between 2013 and 2019 Leverage ratio – observation and review from 2011. Pillar 1 measure from 2018 	<ul style="list-style-type: none"> Strong organic capital generation Estimated Global Harmonisation Common Equity of 9.0% Leverage Ratio less onerous than originally expected



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 31 December 2010
 Source: latest publicly disclosed company reports and other market updates.

1. Reflects Tier 1 Capital less hybrid Tier 1 instruments



Determined to be different

UK Comparison

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

	Common Equity Capital ¹	Tier One Capital	Total Capital
December 10 Actual	7.4%	9.7%	11.5%
RWA treatment – mortgages ² , margin loans	1.3%	1.7%	1.8%
IRRBB risk weighted assets	0.4%	0.6%	0.8%
Future dividends (net of DRP)	0.6%	0.6%	0.6%
Tax impact in EL > EP calculation	0.1%	0.1%	0.2%
Equity Investments	0.3%	0.3%	0.2%
Value of in force (VIF) deductions ³	0.5%	0.5%	0.0%
<i>Total Adjustments</i>	3.2%	3.8%	3.6%
December Actual – Normalised	10.6%	13.5%	15.1%



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. 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 minimum Loss Given Default (LGD) for residential real estate secured exposures is higher (20%) compared with 10% for FSA. This results in higher RWA under APRA rules.	Increase
Margin loans	Under APRA rules, margin loans 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 Interest Rate Risk in the Banking Book (IRRBB) within RWA. This is not required by FSA.	Increase
Dividends	Under FSA rules, dividends 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 equity investments are treated as a deduction 50% from Tier One Capital and 50% from Tier Two 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 One Capital. FSA treat DTA as a 100% RWA.	Increase
Hybrid limits	APRA imposes a Residual Capital limit of 25% of Tier One Capital. Under FSA rules this limit is 50%, with more flexible transition rules.	Increase Tier One, Total Capital neutral
Value of in force (VIF)	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.	Increase Tier One, Total Capital neutral



Regulatory Expected Loss

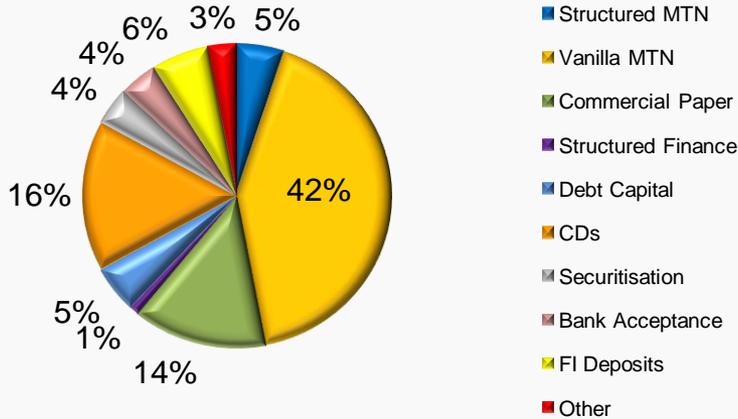
	Dec 09 \$m	Jun 10 \$m	Dec 10 \$m
CBA (ex Bankwest) Regulatory Expected Loss (EL) – before tax	4,276	4,332	4,293
Eligible Provision ¹			
Collective provision ²	2,339	2,036	2,029
Individually assessed provisions ²	1,204	1,172	1,343
Other provisions	30	25	25
Subtotal	3,573	3,233	3,397
less tax effect impact	(711)	(618)	(616)
General Reserve for Credit Losses adjustment (after tax)	-	90	84
Other	(40)	(33)	(68)
Total Eligible Provision	2,822	2,672	2,797
Regulatory EL in excess of Eligible Provision	1,454	1,660	1,496
Tier One deduction – 50%	727	830	748
Tier Two deduction – 50%	727	830	748
Total Capital Deduction	1,454	1,660	1,496



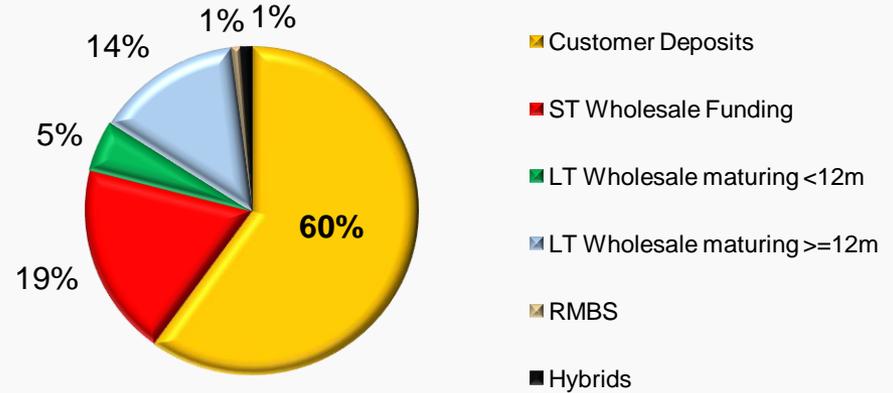
1. Eligible provisions exclude Bankwest portfolio which operates under Basel II standardised methodology
2. Includes transfer from Collective provision to Individually assessed provisions in accordance with APS 220 requirements (Dec 10: \$120m June 10: \$136m, Dec 09; \$116m)

Funding

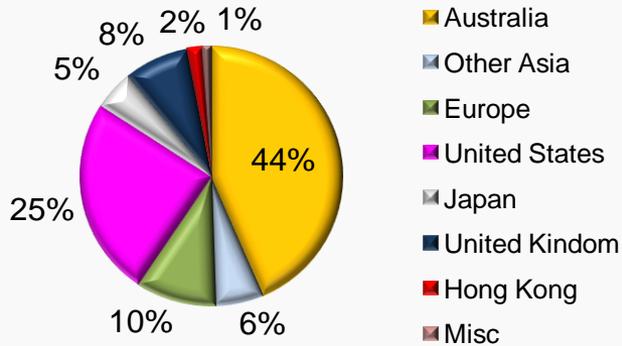
Wholesale Funding by Product



60% Deposit Funded

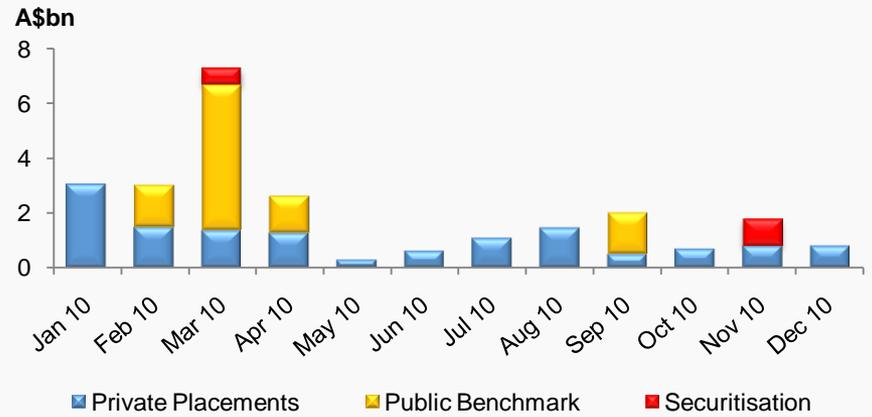


Wholesale Funding by Region



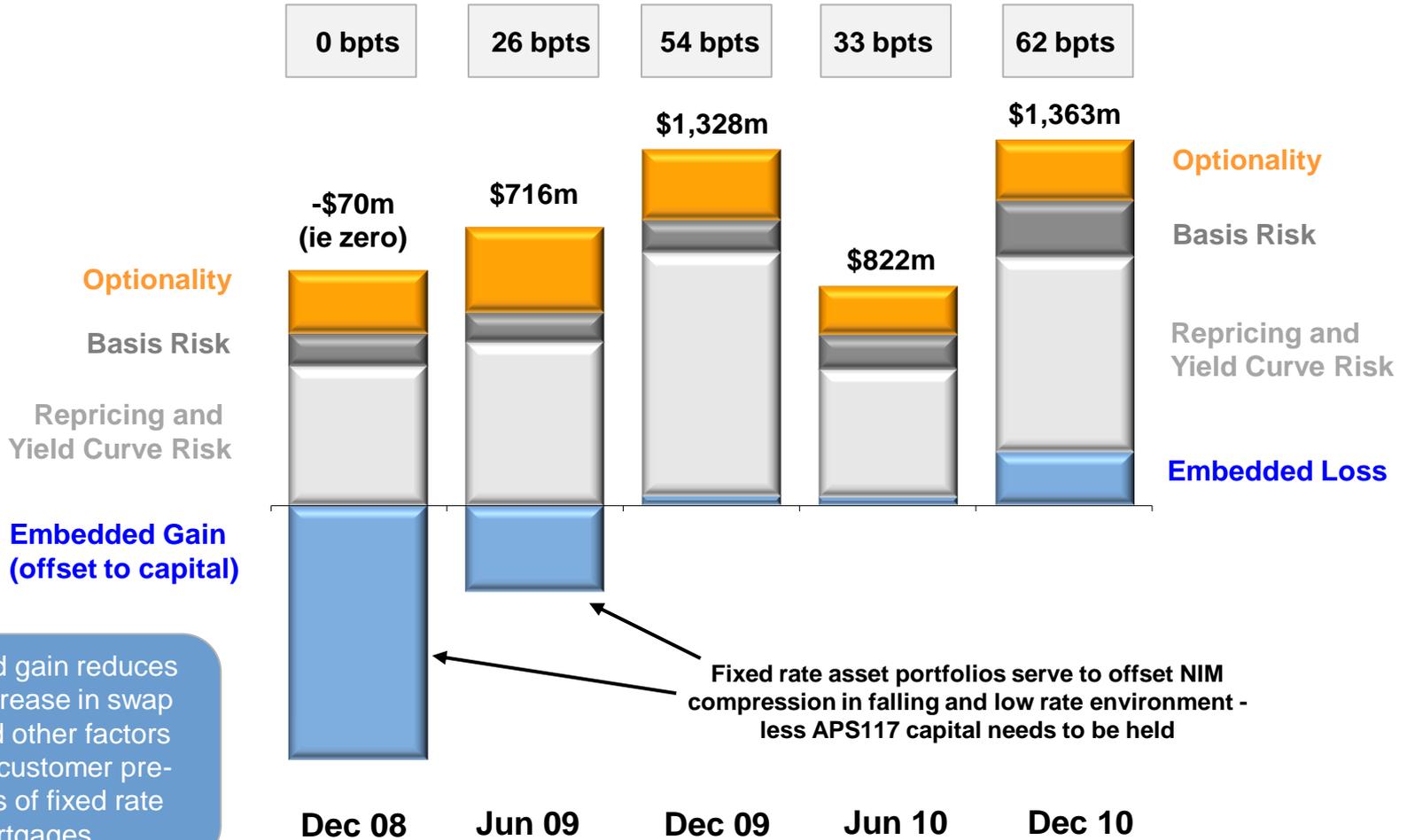
Note: AUD, USD & EURO Public benchmark deals are fully allocated to their respective currency locations

CY 2010 Issuance



Interest Rate Risk

Capital Assigned to Interest Rate Risk in Banking Book - APS117



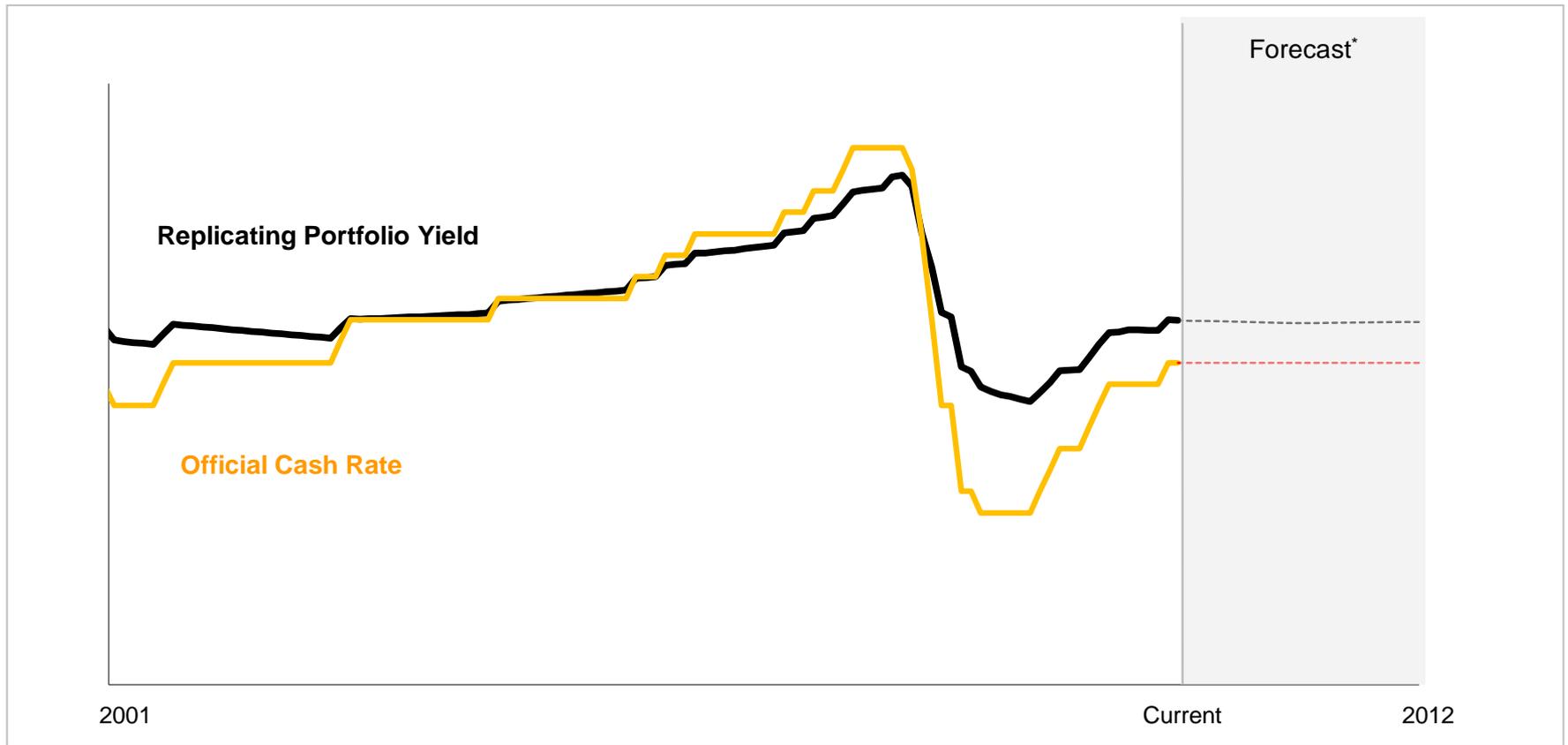
Embedded gain reduces due to increase in swap rates, and other factors including customer pre-payments of fixed rate mortgages

Fixed rate asset portfolios serve to offset NIM compression in falling and low rate environment - less APS117 capital needs to be held



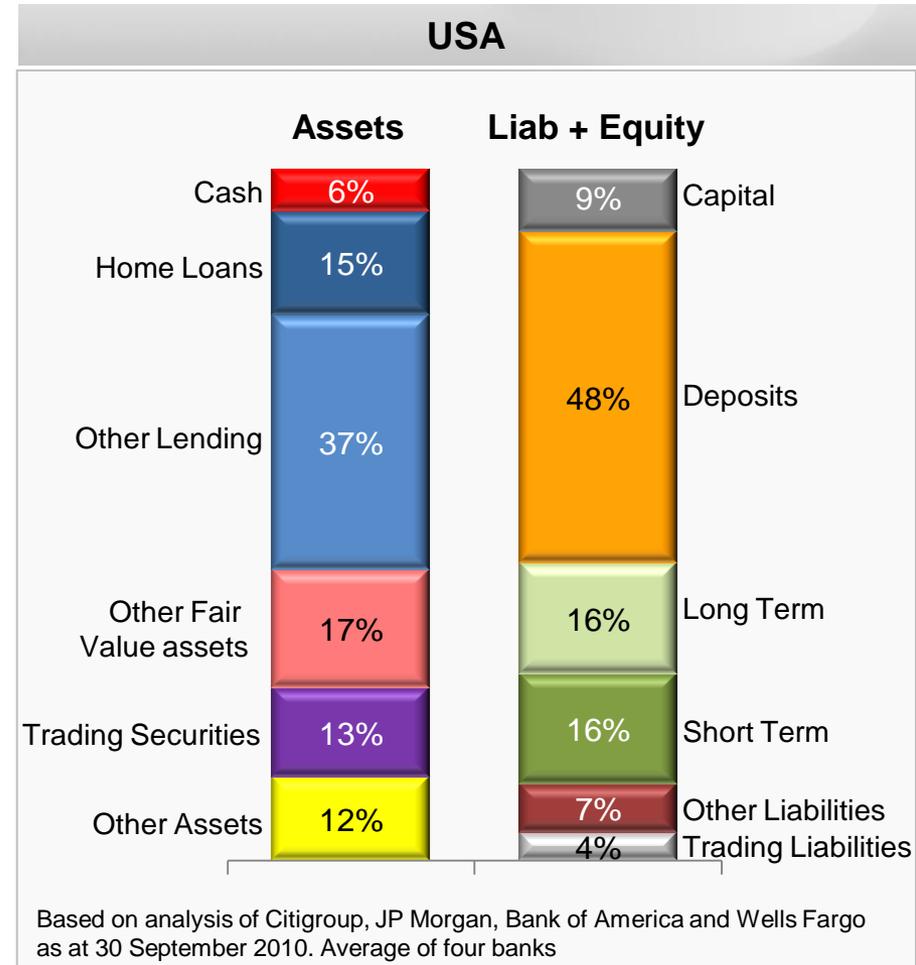
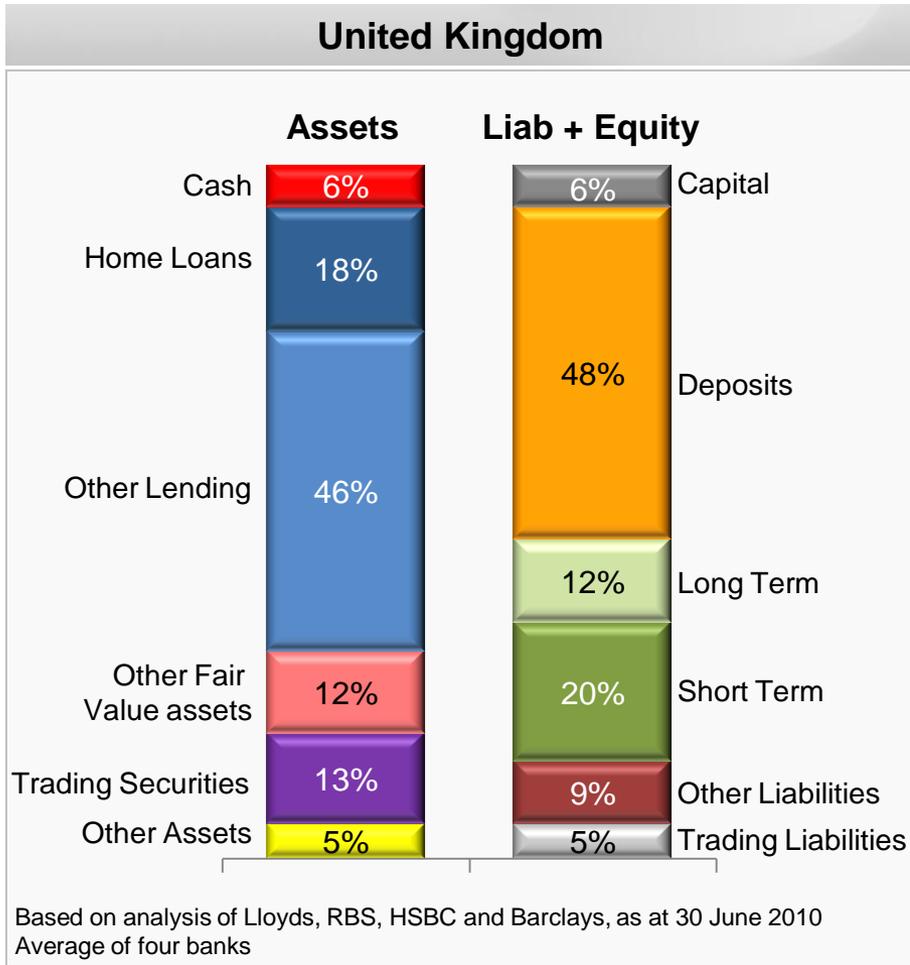
Replicating Portfolio

Actual and Forecast Scenario*



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

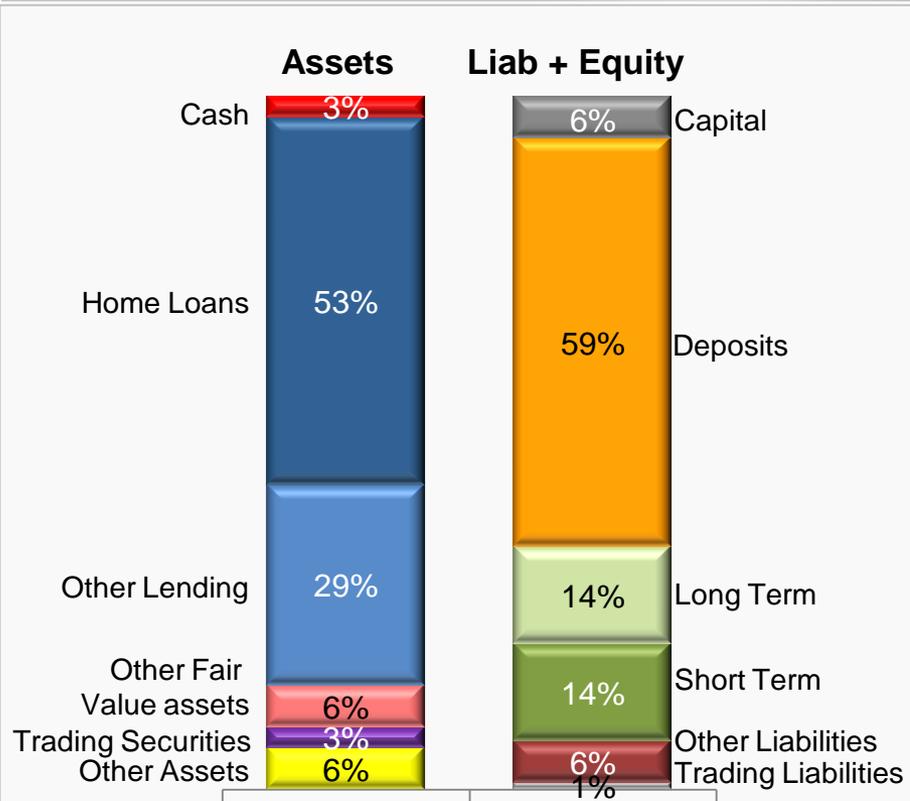
UK and US balance sheet comparison



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 31 December 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:

- 53% 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 30% 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	39%	61%

Funding – a more secure profile because:

- Highest deposit base (59% including 23% 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.



Index

Overview and Strategy	54
Business Performance	66
Risk Management	84
Capital, Funding and Liquidity	93
Economic Overview	104



Economic Summary

CBA Economists summary of key indicators

As at June

	2007	2008	2009	2010	2011 (f)	2012 (f)
Credit Growth % – Total	15.5	11.4	2.9	3.3	4½-6½	7-9
Credit Growth % – Housing	12.9	9.5	7.2	8.2	7-9	7-9
Credit Growth % – Business	19.2	16.0	-0.9	-4.0	1-3	7-9
Credit Growth % – Other Personal	16.1	2.6	-6.5	3.2	4-6	4-6
GDP %	3.6	3.8	1.4	2.2	2.8	3.7
CPI %	2.9	3.4	3.1	2.3	3.0	3.2
Unemployment rate %	4.5	4.2	4.9	5.5	5.1	4.7
Cash Rate %	6¼	7¼	3	4½	5	5¾



CBA Economists Forecasts

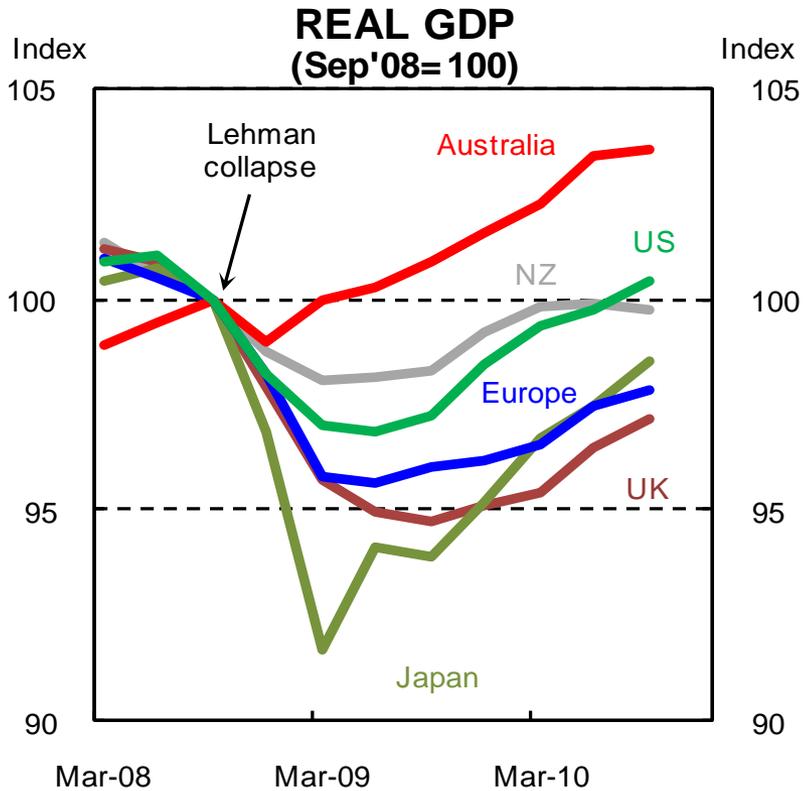
Credit Growth = 12 months to June Qtr

GDP, Unemployment & CPI = Year average

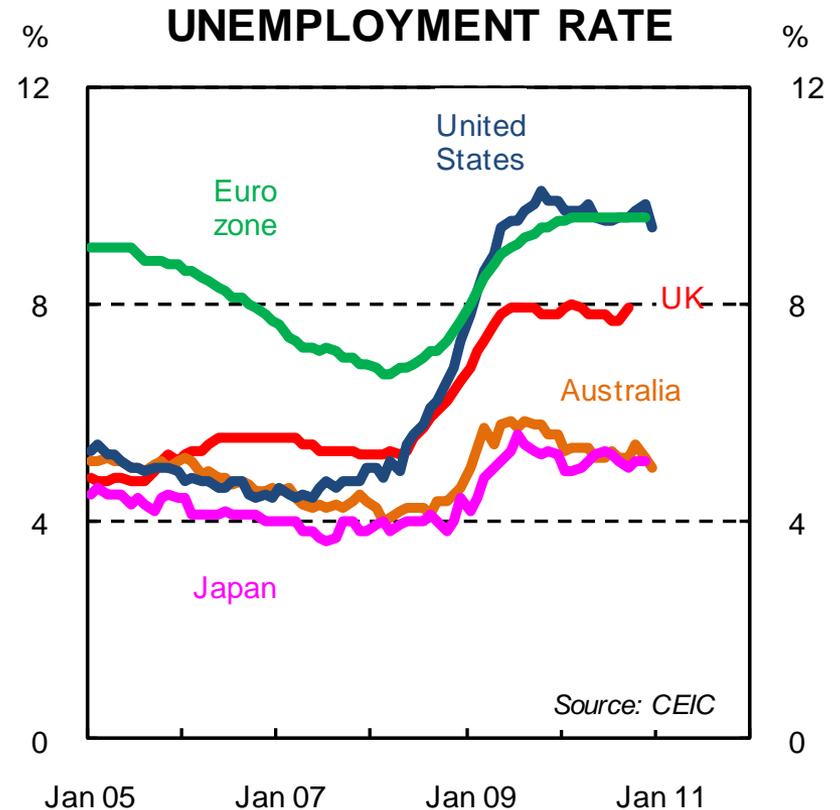
Cash Rate = June qtr

Australian in Perspective

Growth outperformance

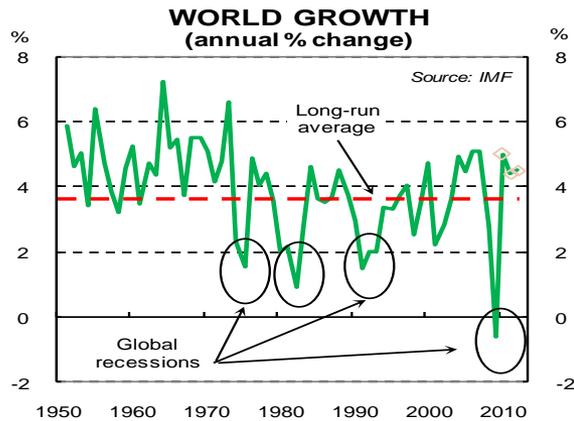


Stronger labour market

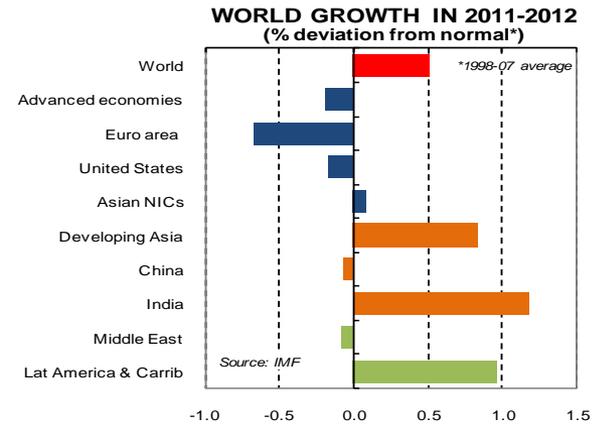


Global Backdrop

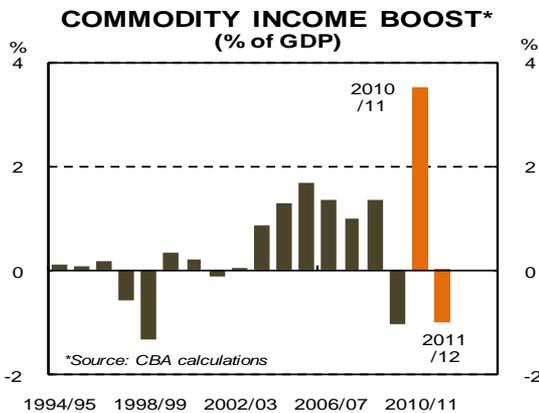
Global growth back to trend



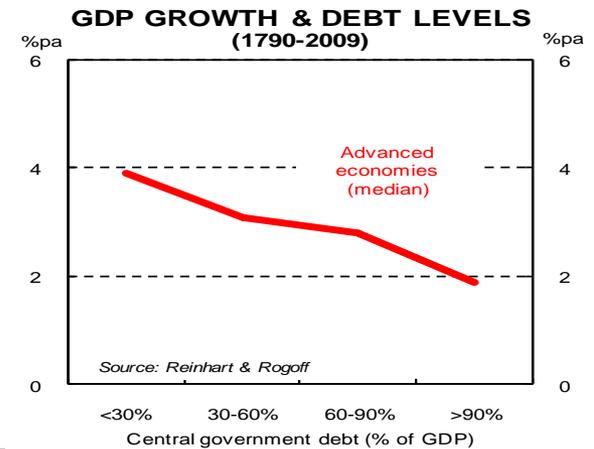
Asian outperformance supports commodities



China-Commodities-Incomes



High debt to weigh on advanced economy growth

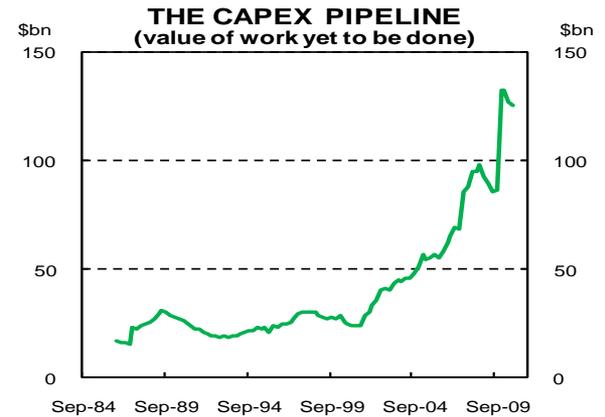


Domestic Drivers

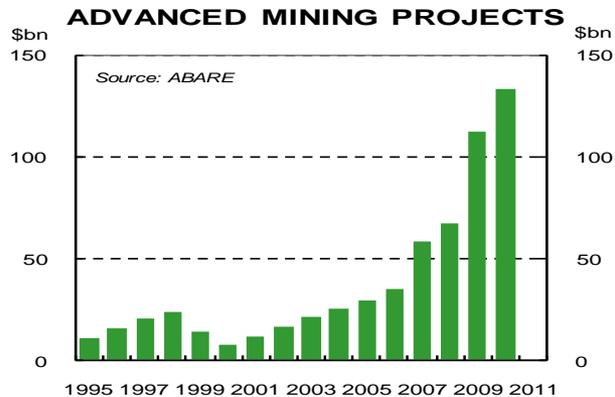
High commodity prices



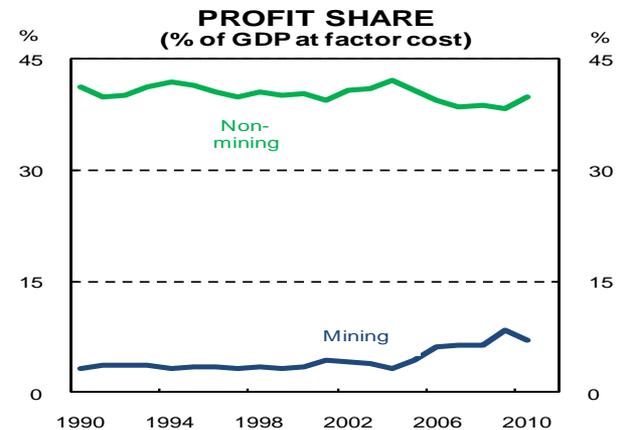
A capex boom



Mining the key

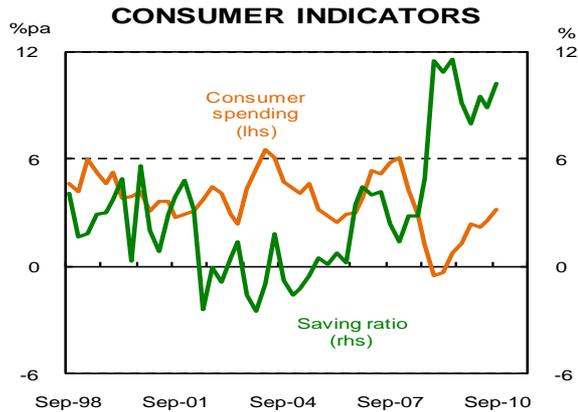


Supportive backdrop for profitability

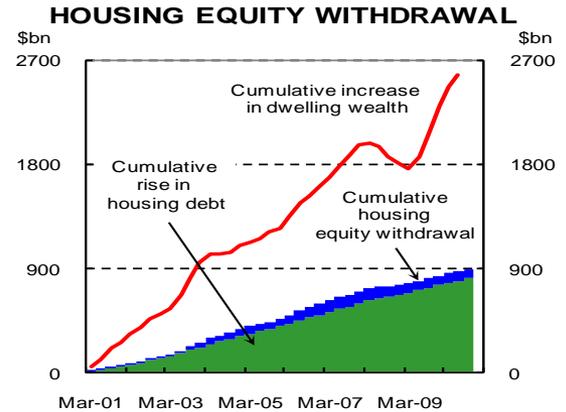


Consumer Drivers

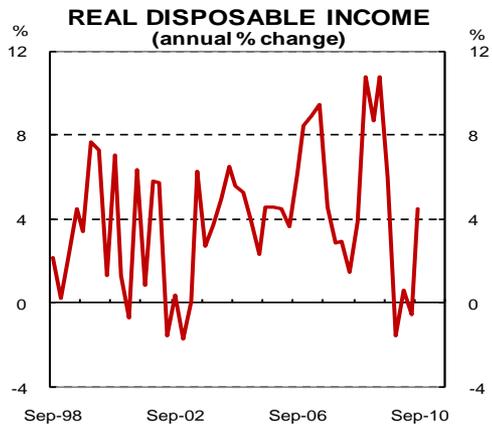
Consumer Caution



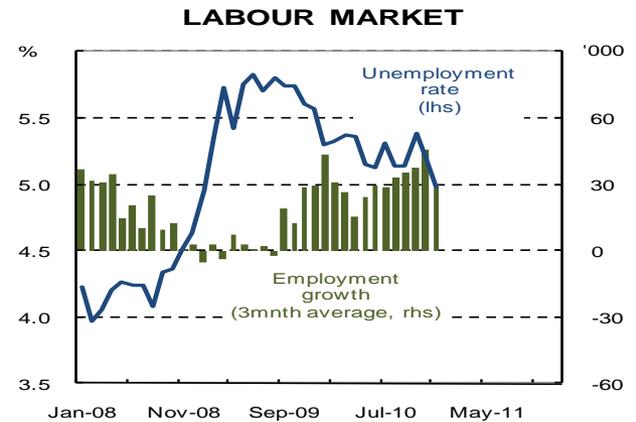
Consumer Caution



Rising income

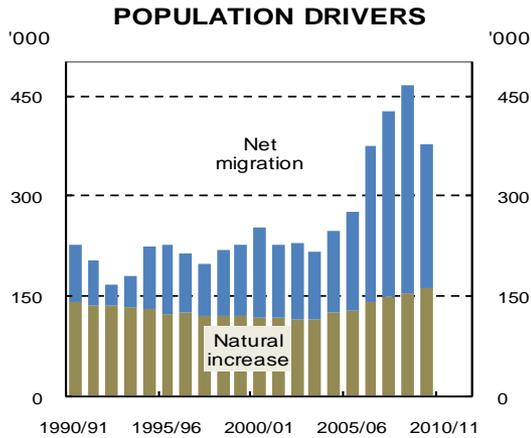


Robust labour market

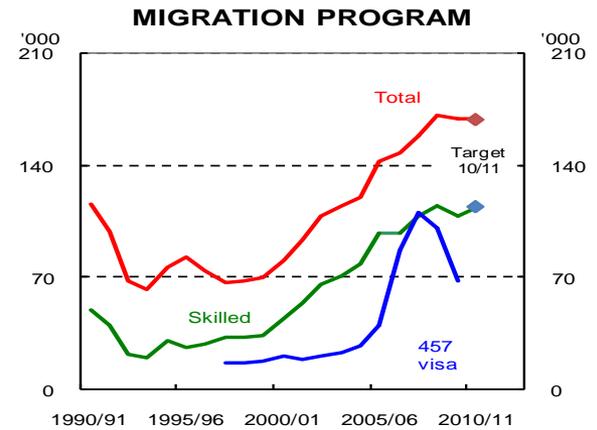


Housing Drivers

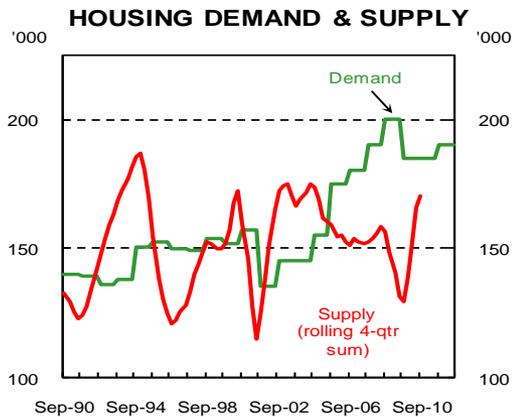
Population



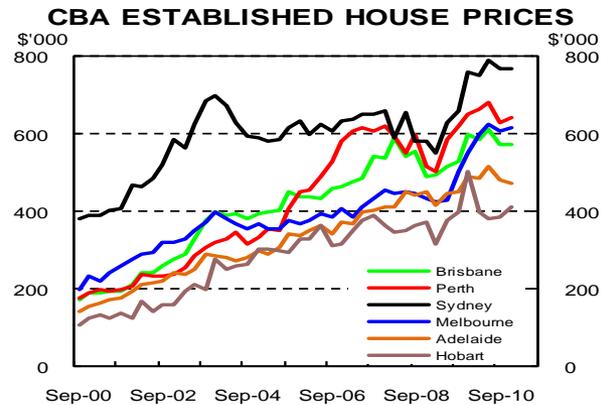
Migration



Demand & supply

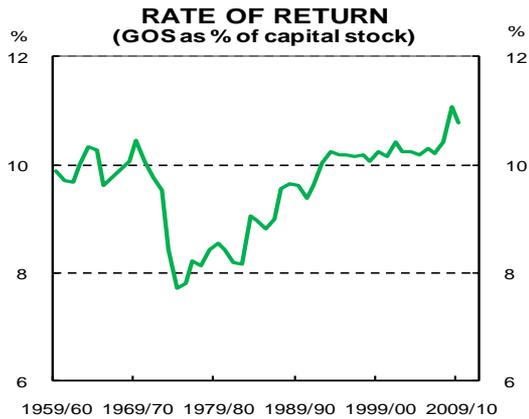


House prices leveling out

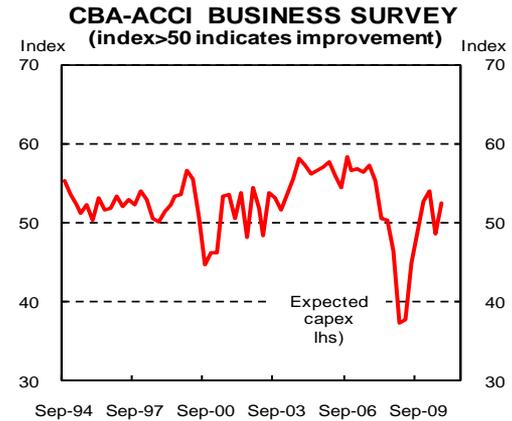


Business Drivers

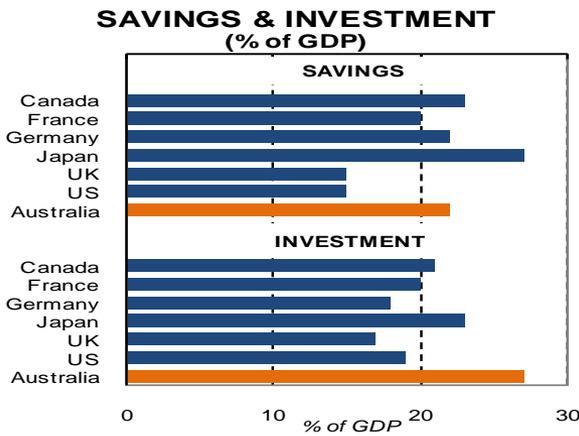
High capacity utilisation



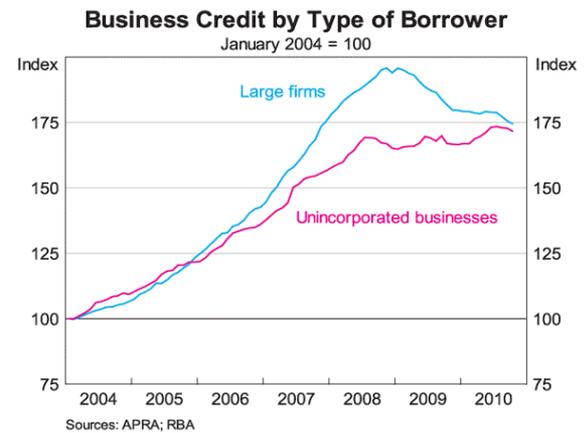
Business sentiment



The savings-investment gap



Credit outstanding



Note

Sources for Customer Satisfaction 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 main financial institution. 6 month rolling average.
- 2 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.
- 3 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. 6 month rolling average.
- 4 FirstChoice – Wealth Insights Platform Service Level Survey compared with bank peer platforms as ranked by financial advisors who give a 7-10 out of 10.



DETERMINED TO BE BETTER THAN WE'VE EVER BEEN.

Results Presentation

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Ralph Norris
Chief Executive Officer

David Craig
Chief Financial Officer



CommonwealthBank

