

**Commonwealth** Bank

**David Murray**  
**Full Year Results - August 2001**  
**[www.commbank.com.au](http://www.commbank.com.au)**

# Disclaimer

The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 22 August 2001. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.



# Speaker's Notes

- **Speaker's notes for this presentation are attached below each slide.**
- **To access them, you may need to save the slides in PowerPoint and view/print in "notes view."**



# Agenda

- **Progress report**
- **Strategic focus and implementation**
- **Outcome**



# Group Goals

## Strategic Vision

To be the best brand in helping customers manage and build wealth

## Drivers

Customer Service

Brand

Business Mix

Competitive Scale

Risk Management

Management Quality

## Financial Goal

Top  
Quartile  
TSR

## Business Goals

Attract more customers  
& more revenue per customer

Best value service through  
innovation & on-line leadership

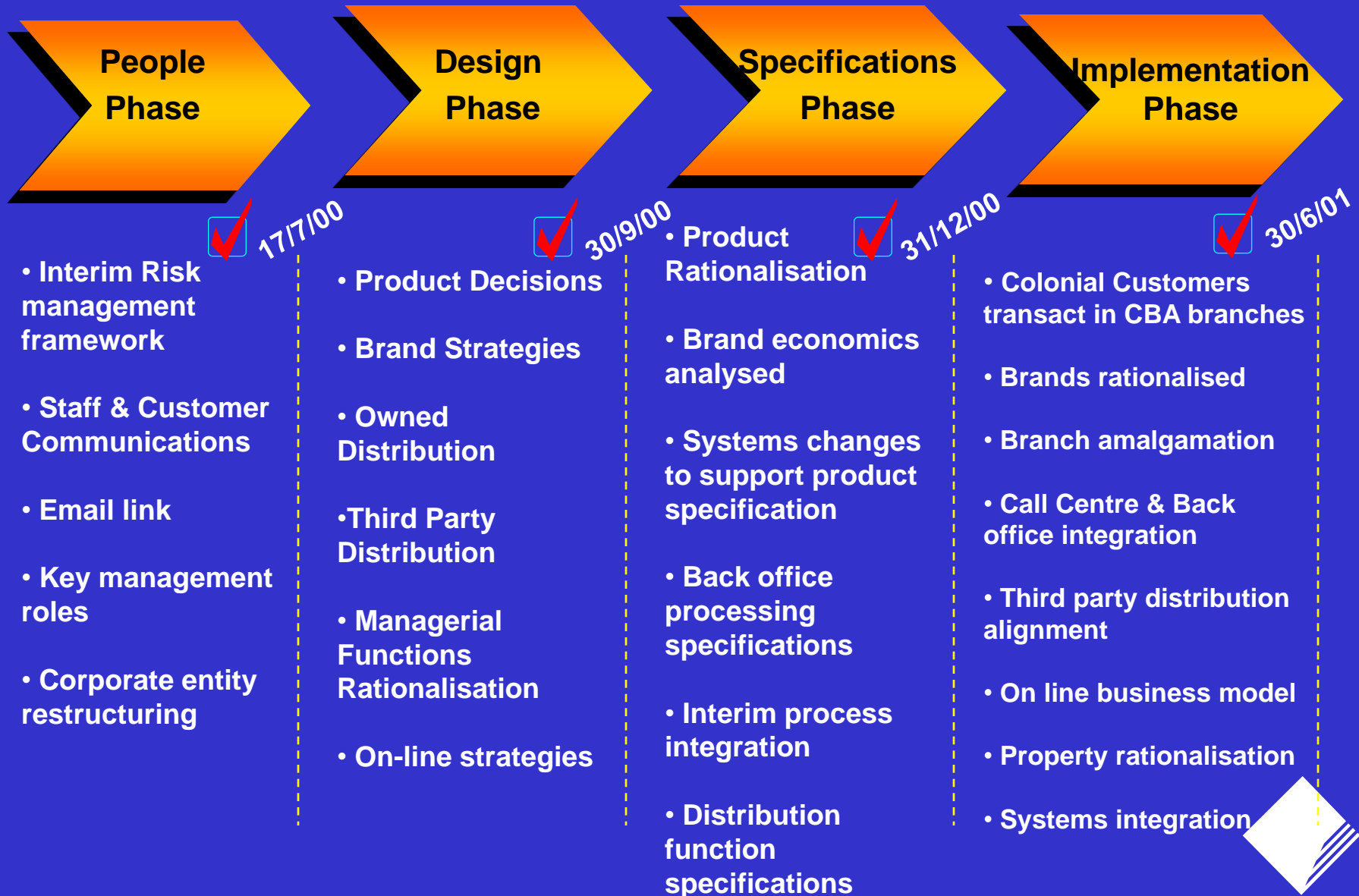
Best Team

Develop offshore  
opportunities

Global best-practice costs



# The Integration Achievement



# Components of Shareholder Value

Year to 30 June 2001

<u>Factor</u>	<u>Profile</u>	<u>Outcome</u>
Credit Growth	Match market	Below system
Funds Under Management Growth	Exceed market	Retail up 38%, Wholesale up 7%
Deposit Growth*	Match Market	7% vs 12.8% system
Domestic Margin	Domestic NIM not less than market for comparable business mix	2.97% Stable. (Down 1bp)
Costs	Zero real cost increment	Up 7%
Bad Debt Charge	Small	Up 24%
Capital Management	Optimise regulatory capital and maintain rating.	T1 6.51% Total 9.16% Rating AA-
Total Shareholder Return	Top quartile**	Below

\* Total deposits less certificates of deposit  
\*\* Bank and Finance Accumulation Index (7/00 – 6/01)



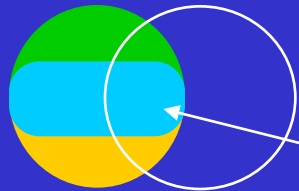
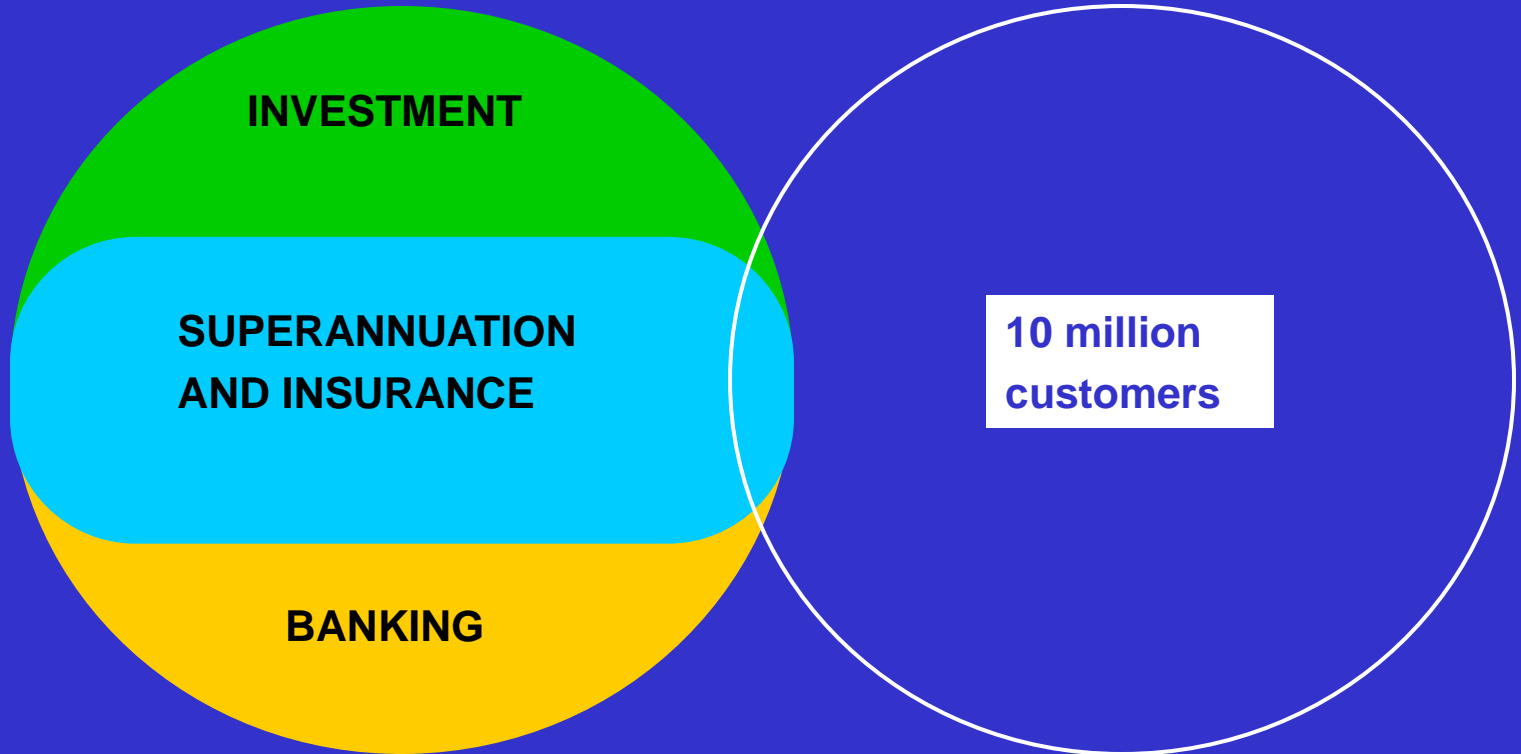
# **Strategic focus and implementation**





# Starting position

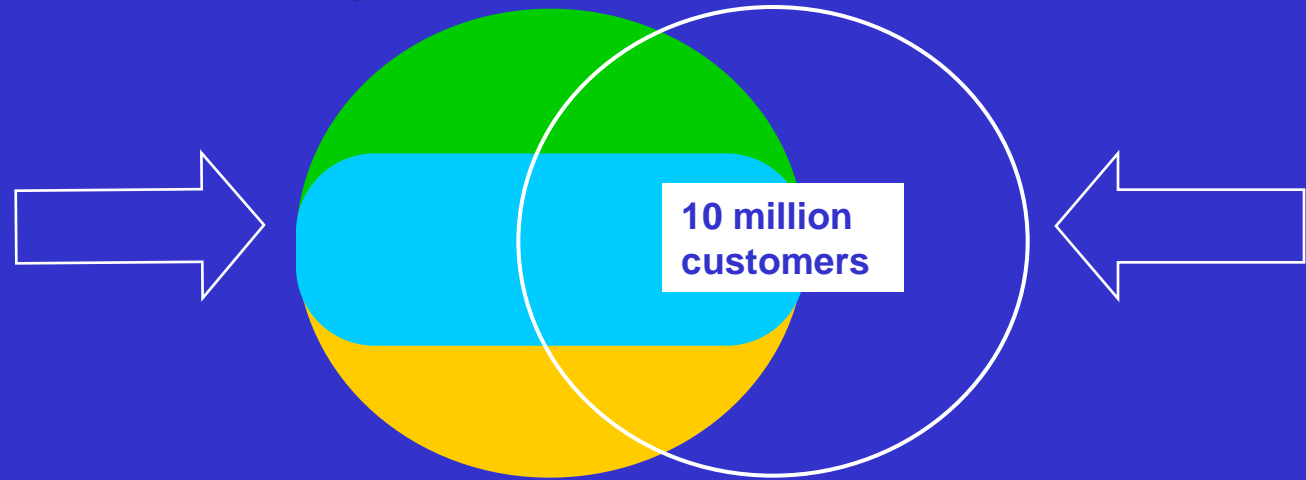
## Potential Product Use



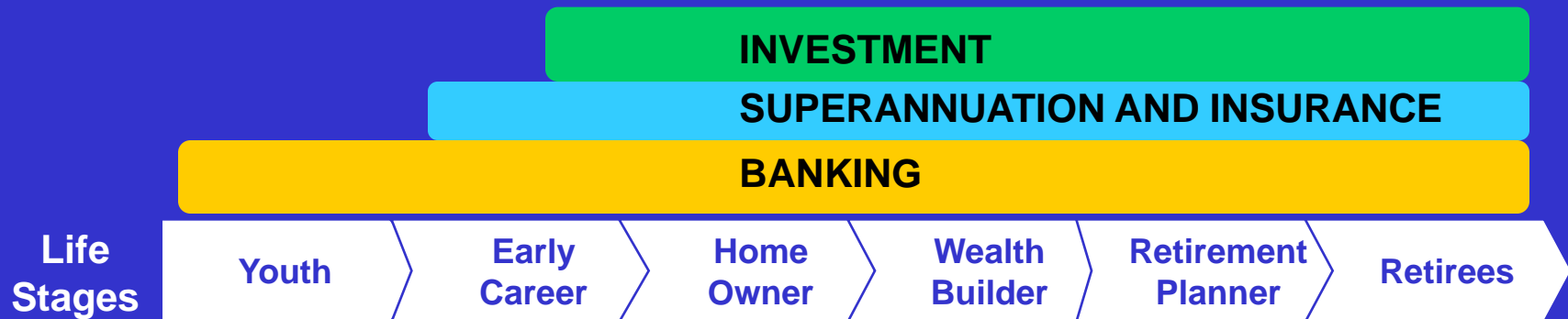
Alignment of products to customer needs



# Customer Needs, Customised Products and Solutions, Customised Service



Potential Product Use



Median Age of Australian Population over the next 40 years

28	30	32	35	38	40	42	44
1970	1980	1990	2000	2010	2020	2030	2040



# Plus: Challenging operating environment

- **Uncertain economic outlook**
- **Threat of increased regulation**
- **Greater competition**
- **Declining margins**
- **Weakness in the currency**



# Focus

## Strategic Vision

To be the best brand  
in helping customers  
manage and build wealth

## Drivers



## Financial Goal



## Business Goals

Provide customised service to  
grow revenue

Develop the Best Team

Develop offshore  
opportunities

Achieve global  
best-practice costs



# Implementation

## Strategic vision

To be the best brand in helping customers manage and build wealth

## Financial goal

Top quartile TSR

## Areas of focus

Customisation

Distribution

Third Party

International

Technology

Business Process Re-engineering

## Drivers

Customer service  
Brand  
Business mix  
Competitive scale  
Risk management  
Management quality

## Business goals

Provide customised service to grow revenue

Develop the best team

Develop offshore opportunities

Achieve global best-practice costs

- Wealth Management
- Services aligned to customers needs

- Productivity

# Customisation

Develop optimum product and channel mix

Understand  
Customer Needs

- Wealth Management
- Services aligned to customers needs
- Productivity

Transaction  
Credit Card  
Lending  
**Investments**  
Advice  
Information  
Insurance

**ATM**  
Call Centre  
**Internet**  
Personal Banker  
**Financial Planning**  
Third Parties.  
**Branch**  
**Ezy Banking**

with systems that deliver  
customised service.



# Distribution: Proprietary and Third party



**Commonwealth** Bank



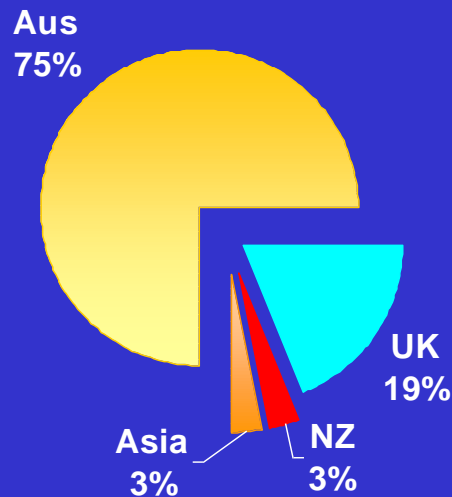
**Colonial.**



# International

- Operations in UK, New Zealand, Hong Kong, Singapore and China.
- Focus on institutional, wholesale and retail markets.
- Investment in most asset classes.

## Location of FUM - by source



Total FUM - A\$ 77bn





# Technology and Process Re-engineering

- IPNet and Intranet
- eProcurement
- Web enabled HR and Financial information services
- Image item processing
- End to end process re-engineering

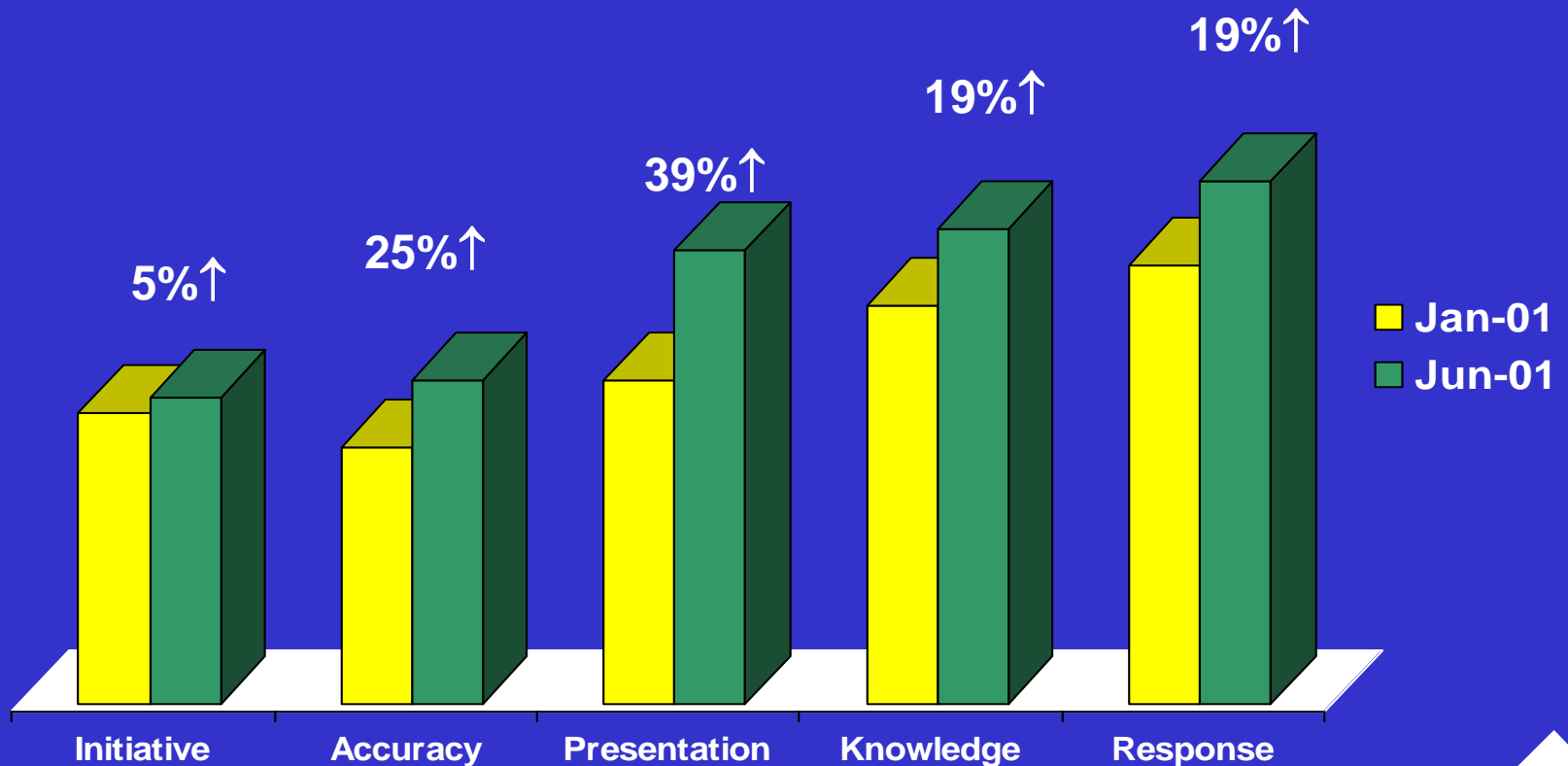


**Outcome**



# Customers

## Service Quality Index



# People - Best Team

Leadership



Engagement



Service



Growth



# Group

Plan to June 2006

<u>Business Driver</u>	<u>Profile</u>	<u>5 year Plan</u>
Growth in Market Share	Funds under management Home Loans Credit Cards Life Insurance Credit Products Business Financing Retail Deposits	At or above market
Margins	Comparable for business mix	Continuing decline
Sources of Income	Comparable Financial Institutions	Rebalance toward non-interest income
Costs	Reduction in cost/income – Best practice	3%-6% productivity change
Capital Management	Optimise regulatory capital and maintain rating.	Rating AA
Total Shareholder Return	Top quartile	Deliver top quartile TSR.





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