

Premium Business Services

Market Briefing



24th May 2007

Commonwealth Bank of Australia ACN 123 123 124

Disclaimer

The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 24 May 2007. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

Agenda

Premium Business Services

Stuart Grimshaw

Global Markets and Treasury

Marten Touw

Institutional Banking

Ian Saines

Corporate Financial Services

Robert De Luca

Local Business Banking

Michael Blomfield

Agribusiness

Jon Sutton

Private Client Services

Edward Tait

Panel Questions



Premium Business Services

Strategy and Priorities

Stuart Grimshaw
Group Executive
Premium Business Services

Premium Business Services profile

- 5,800 people in 6 countries
- 300,000+ customers
- 2007 Interim Profit Announcement*:
 - \$762m profit after tax for the half-year
 - \$160.2b total assets
 - \$216.5b total liabilities

* Banking - Business, Corporate and Institutional



Then

- Some misalignment with customer needs
- Reduced Business Banking presence
- Under utilised branch network
- Complex policies, products and processes
- De-risked financial markets business
- Under investment in technology
- Disenfranchised staff



Now

- Realigned client segments
- Expanding footprint in Business Banking
- Business Bankers in branches
- Simplifying policies, products, systems and processes
- Reinvigorated financial markets business
- Growing investment in technologies
- Investing in our people



Our structure



Progress

- Signs of improvement in customer advocacy
- Customer complaints have decreased
- Strong growth in Institutional Banking
- Corporate Financial Services, Local Business Banking and Agribusiness expanding footprint and improving customer service
- Global Markets & Treasury performing well
- CommSec benefiting from increased volumes
- Overall credit quality remains good



Other key information

		Dec 06	Jun 06	Dec 05	Dec 06 vs Jun 06	Dec 06 vs Dec 05
NII	Corporate Banking	303	282	276	↑ 7%	↑ 10%
	Financial Markets	240	261	235	↓ 8%	↑ 2%
	Lending & Finance	435	382	370	↑ 14%	↑ 18%
		978	925	881	↑ 6%	↑ 11%
Other income	Corporate Banking	212	184	210	↑ 15%	↑ 1%
	Financial Markets	418	347	362	↑ 20%	↑ 15%
	Lending & Finance	290	249	191	↑ 16%	↑ 52%
		920	780	763	↑ 18%	↑ 21%
Banking income	Corporate Banking	515	466	486	↑ 11%	↑ 6%
	Financial Markets	658	608	597	↑ 8%	↑ 10%
	Lending & Finance	725	631	561	↑ 15%	↑ 29%
		1,898	1,705	1,644	↑ 11%	↑ 15%
Expenses		833	811	796	↑ 3%	↑ 5%
Loan impairment		20	31	37	↓ 35%	↓ 46%
Cost to income		43.9%	47.6%	48.4%	↓ 8%	↓ 9%
NPAT		762	617	589	↑ 24%	↑ 29%

2007 Interim Profit Announcement: Business, Corporate & Institutional

Strategy and Priorities

Financials

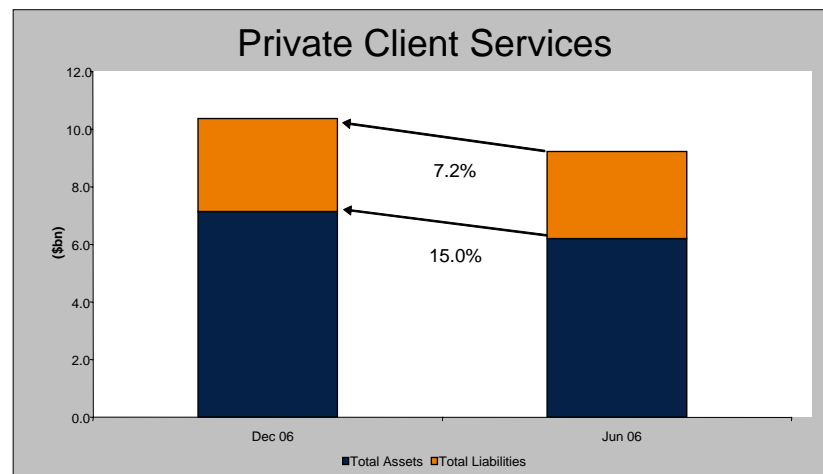
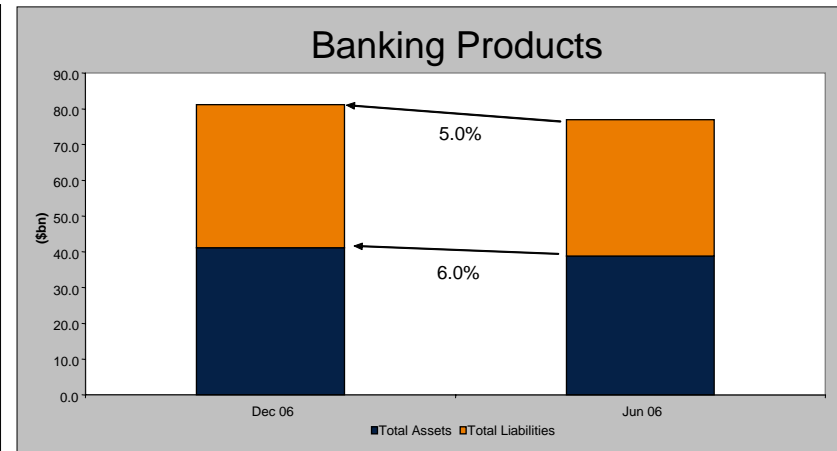
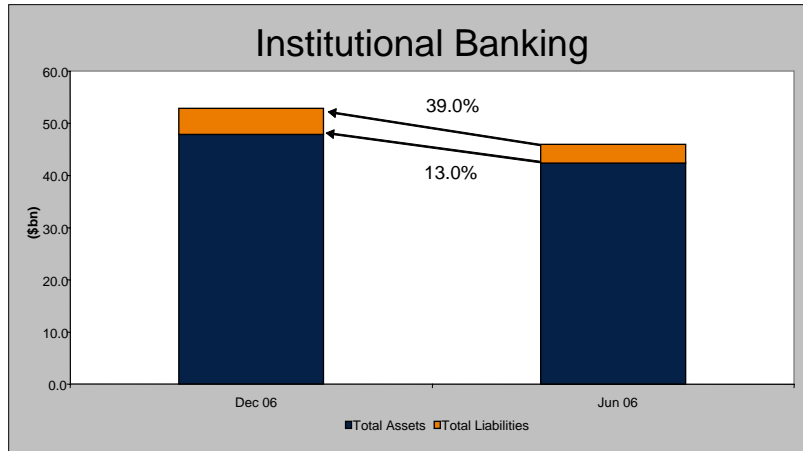
2007 Interim Profit Announcement: Business, Corporate & Institutional

- Strong asset growth of 20%
- Institutional average lending balances ↑ 22%
- Margins stable over last six months
- Strong performance from combined Global Markets & Treasury
- Credit experience good, 67% of loans investment grade

	Dec 06 \$M	Dec 06 vs Dec 05
Net interest income	978	11%
Other banking income	920	21%
Total banking income	1,898	15%
Operating expenses	833	5%
Loan Impairment	20	46%
Tax	283	27%
Underlying Profit after Tax	762	29%

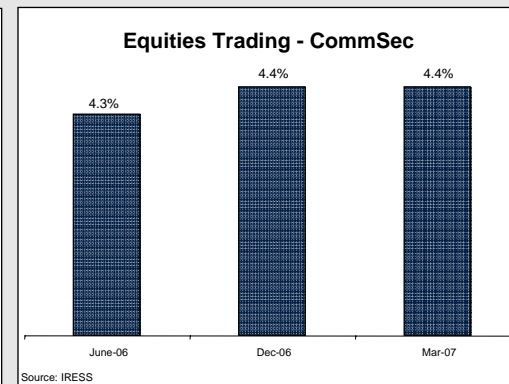
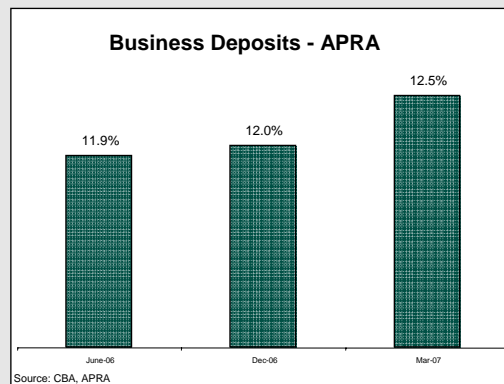
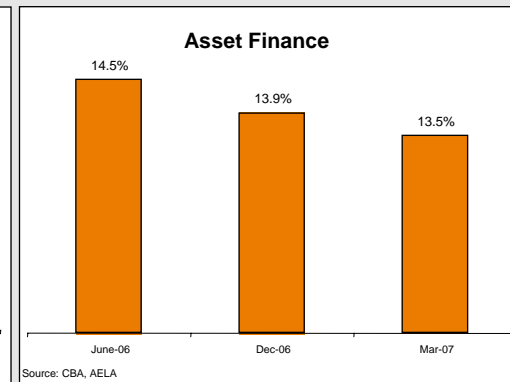
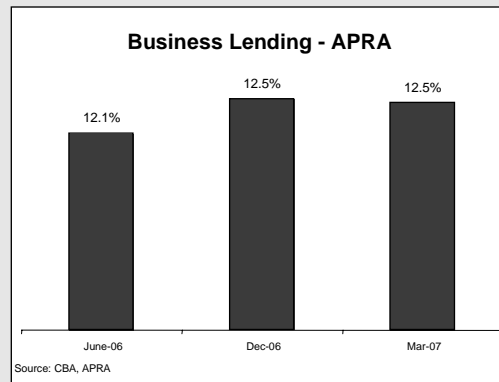
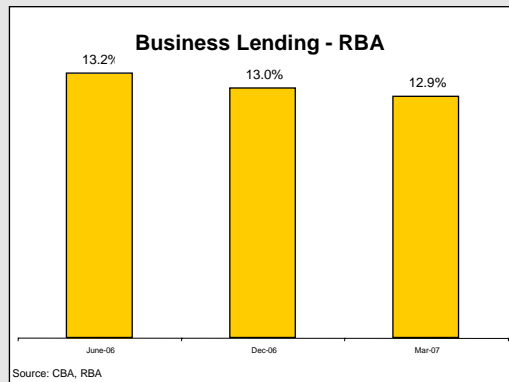


Assets and liabilities



Source: CBA internal data

Market share



Strategic priorities

To be Australia's leading institutional and business bank

■ Leveraging our strengths

Global Markets & Treasury	Innovative product and structuring capability
Institutional Banking	Industry expertise Total capital solutions
CFS, LBB and Agri	Refocussed segments Scale and breadth of solutions
Private Client Services	CommSec Margin lending

■ Making things simpler for our customers and staff



Premium Business Services

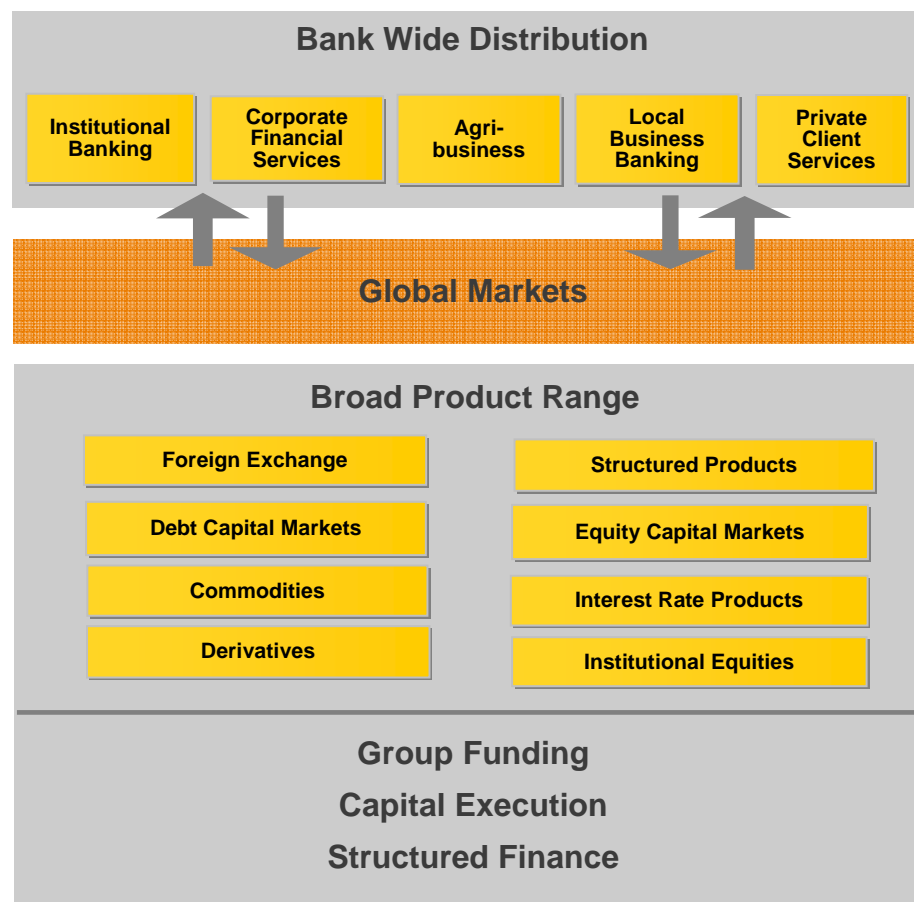
Global Markets and Treasury

Marten Touw
Executive General Manager
Global Markets and Treasury



Global Markets & Treasury overview

- Responsible for all of the activities associated with financial markets
- Manages the balance sheet risk (non-traded market risk) of the Group
- 535 staff

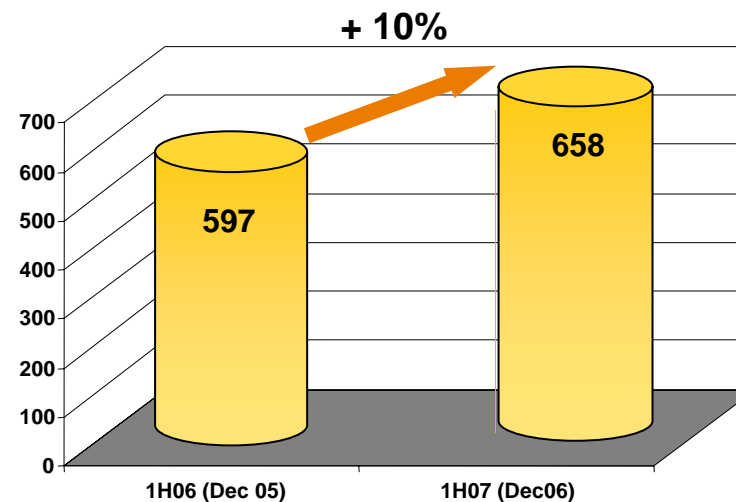


Great results

Financial Results

- Financial Markets contributed 13%* to Banking revenue
- Revenue growth +10% over 1H06

- Strong management with track record
- Treasury expertise is proven
- Pre-eminent Global Markets franchise
- Recent executive additions add new talent
- Growth from invigorated team gaining traction



*2007 Interim Profit Announcement: Business, Corporate & Institutional

Global Markets & Treasury

CommonwealthBank



Industry awards and top client ratings



- Ranked No.1 All Australian Debt



- ISR 2005 Deal of the Year Mobius \$550m
- ISR 2006 Deal of the Year Centro CMBS 2006 \$899m



- Australian Issuer of the Year 2006 - International Bonds



- International Issuer of the Year - mtn-i



- Best Equity-Linked Issue 2006 : PERLS III
- Securitisation Deal of the Year 2006: Medallion Trust Series
- International MTN Issuer of the Year 2006
- Best Domestic Provider of FX Products & Structured Ideas
- Best Domestic Provider of FX Sales



- Ranked No.1 Institutional FX Sales Team

NEW CAPABILITY ESTABLISHED REAPS IMMEDIATE REWARDS



- Listed Equity Analysts “panel ranked” by major Australian Investors in sectors including Gaming & Media, Small Caps and Retail



Our strengths

- Balance sheet, scale and global product flow
- Strength of relationships, market reputation and brand
- Pay for performance culture
- Emerging growth from newly established entrepreneurial spirit
- Innovation and speed to market



CBA PAPER HEDGE
CBA PLASTIC HEDGE
CBA CPI SWAP

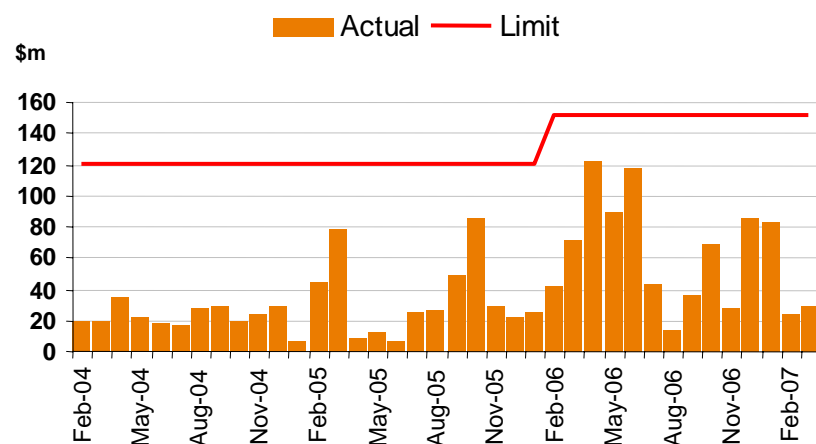
RISK MANAGEMENT SOLUTIONS
Diesel Index Cap



Market risk and sensitivity

Treasury Risk

Non traded market risk



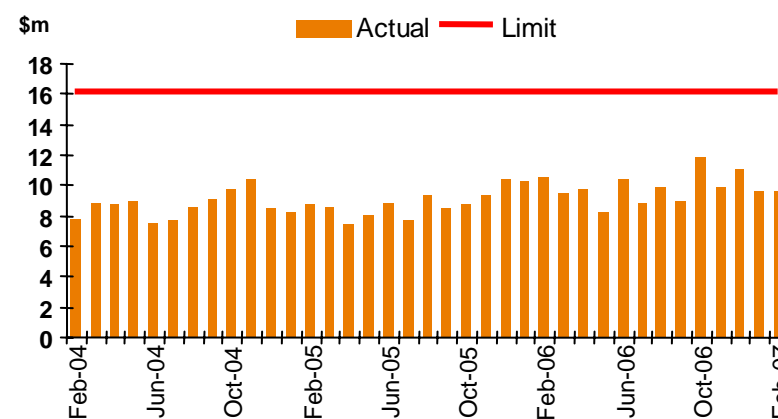
Assumptions: 20 day hold, 97.5% Confidence Interval.

Historical MVS of the current portfolio is limited to \$150m.

Global Markets Risk

Traded market risk

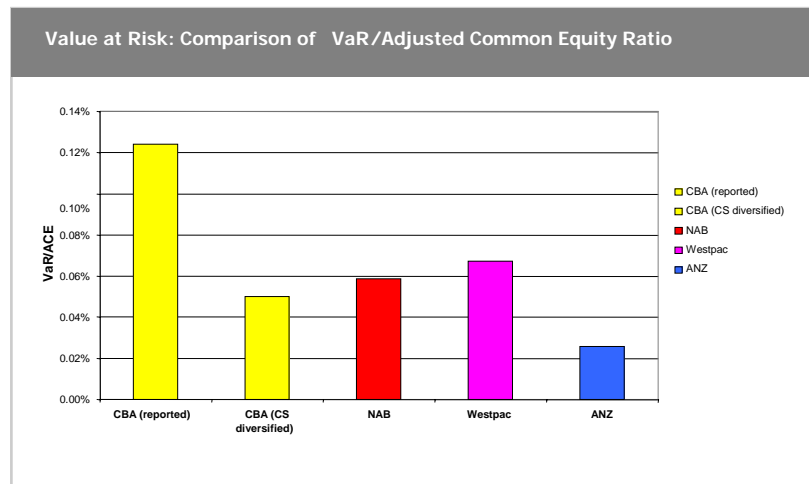
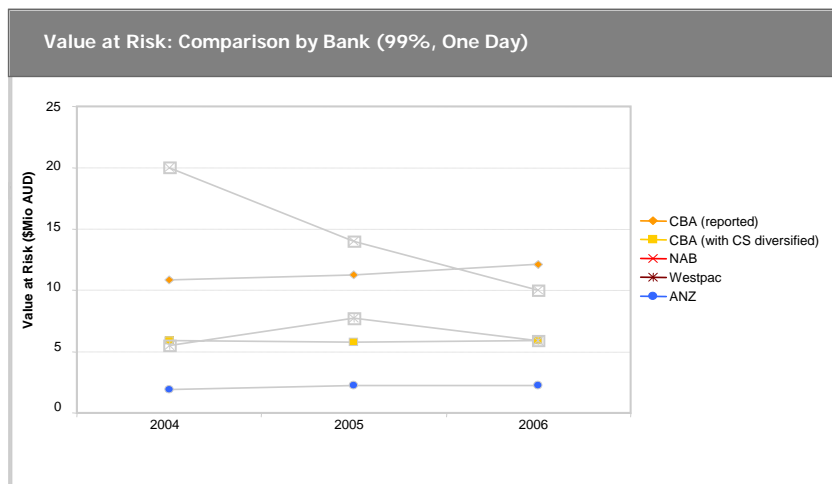
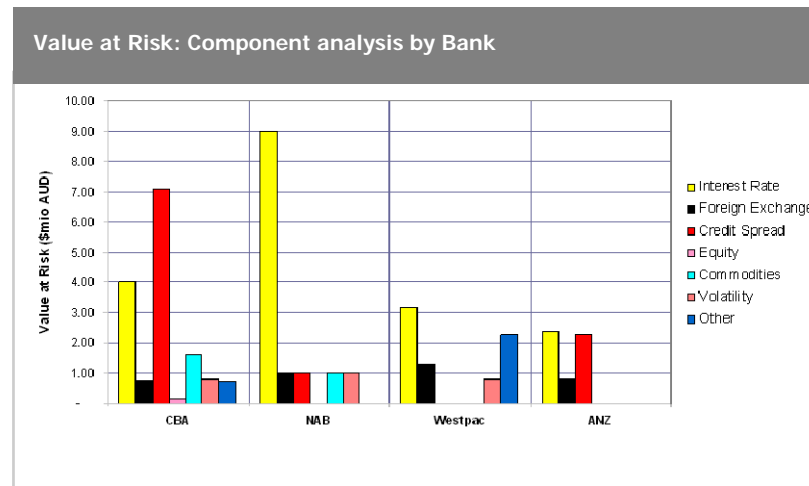
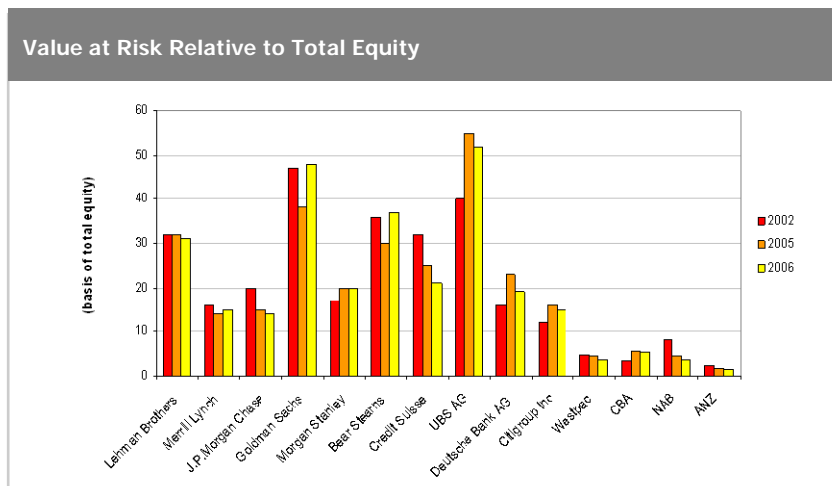
Total Global Markets VaR (YTD)



Assumptions: 1 day hold, 97.5% Confidence Interval. Includes Liquidity Operations.



Snapshot - key market risk metrics



Sources: 1. Derived from data in each bank's annual report; 2. S&P report entitled 'Lifting the Lid on Traded Market Risk' published 31-Oct-2006

Notes



Growth initiatives

- Leveraging our product capabilities across a broad range of customers
- Investing in people and technology to enhance our product, sales and trading capability

Product	<ul style="list-style-type: none">→ Innovative and complex products→ Expanded Asian Debt Capital Markets→ Enhanced equities business
Sales	<ul style="list-style-type: none">→ Expanded sales teams locally and overseas
Trading	<ul style="list-style-type: none">→ Better pricing, diversified risk management→ Energy trading



Key messages

- Strong management team in place
 - Track record
 - New talent
 - Risk controls well established and tested

- Growth strategy is on track
 - New initiatives producing tangible outcomes
 - Current activity to harness balance sheet and distribution power will add significant value



Premium Business Services

Institutional Banking

Ian Saines
Executive General Manager
Institutional Banking



Institutional Banking overview

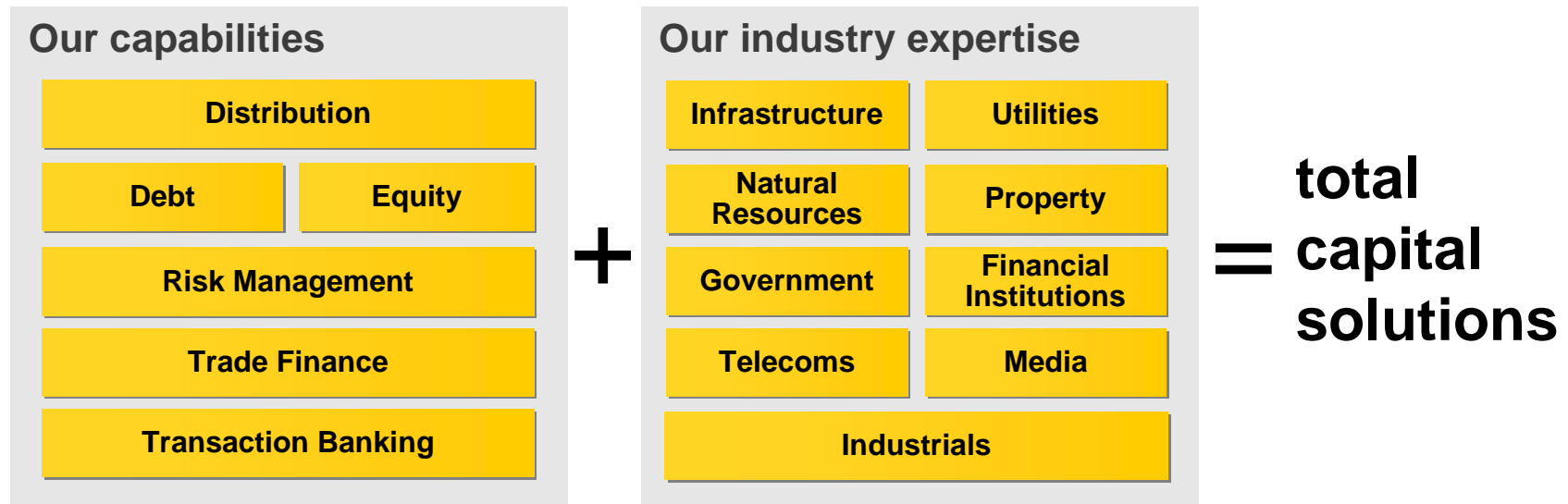
- Over 3000 major corporate and government clients
- 380 staff organised by industry specialisation
- Focus on people - capability and culture
- Priorities:
 - Innovative culture
 - Exceptional client and industry knowledge
 - Superior client relationships and service

East & Partners Top 500 Survey

Ranked ahead of Westpac, NAB and ANZ in all five of the service attributes considered most important by CFOs. Ranked first in transaction banking.



Our value proposition



Examples:



Roc Oil Company Limited





Roc Oil Company Limited

Total capital solutions - case study

- ROC Oil acquisition of oil assets in China
- CBA sole underwriter of US\$275m acquisition facility
- Provider of oil hedging arrangements to underpin oil field economics
- Co-manager and sub-underwriter of A\$219m rights issue through ECM and CommSec
- Won transaction banking from ANZ
- Trade finance to support crude oil sales
- FX transactions to hedge revenue flows and convert equity proceeds
- Leasing and structured finance capability relevant to financing ROC's plant and equipment



Progress

- Stable margins
- Strong focus on ROE
- High staff engagement
- Unique value proposition courtesy of CommSec platform
- CommBiz
- Mediclear
- Limited exposure to Private Equity
- No compromise on credit standards



Opportunities

- Build profile as provider of total capital solutions
- Broader geographic penetration
- Further develop debt and equity capital markets profile, supported by CommSec platform
- Key competencies in global industries that are enjoying strong growth
- Supported by product and industry expertise



Premium Business Services

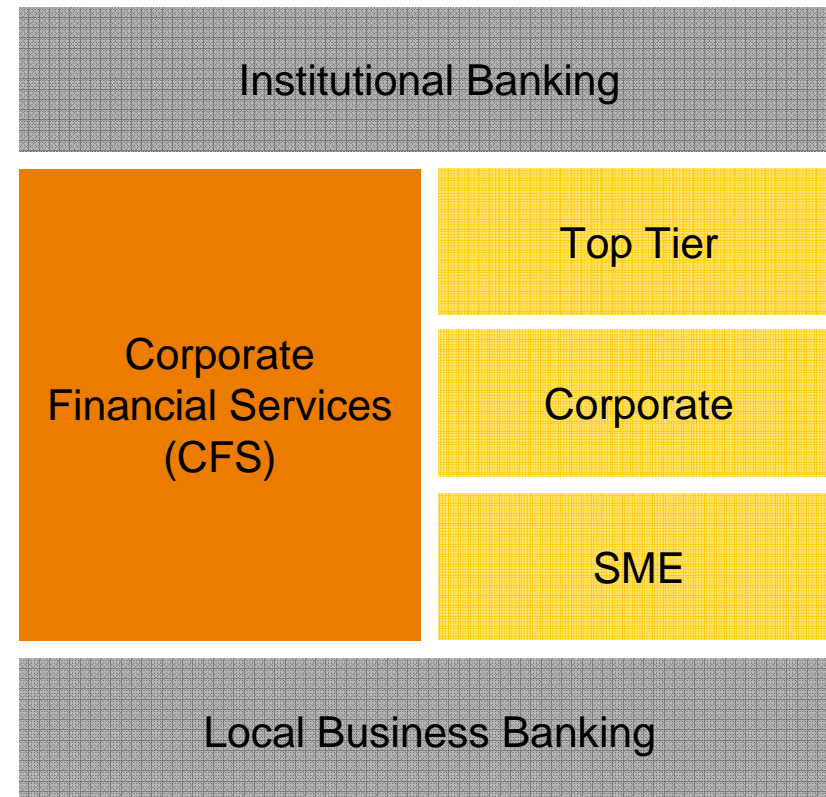
Corporate Financial Services

Robert De Luca
Executive General Manager
Corporate Financial Services

Corporate Financial Services overview

- Customers segmented by turnover, value and borrowings
- Over 36,000 customers
- 1,300 staff
 - 950 Relationship Managers and Bankers nationally
 - 220 Specialists Sales force
 - 130 Broker sales force

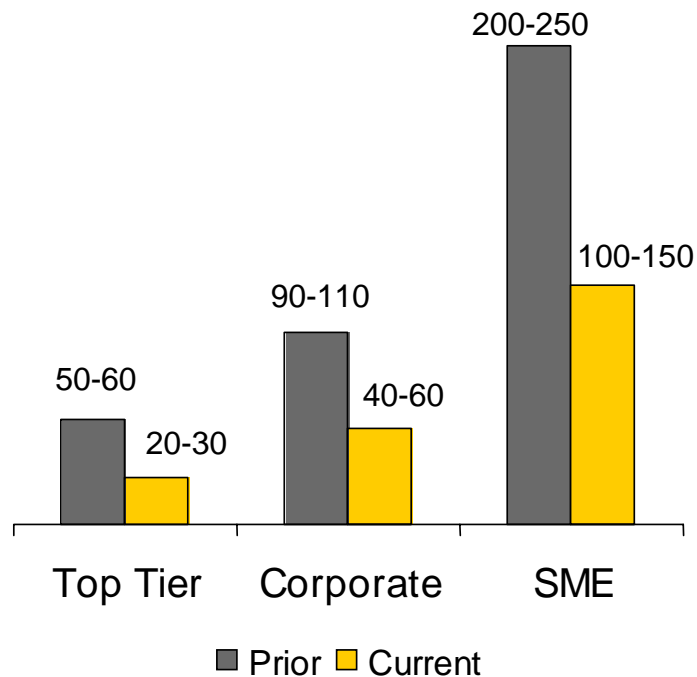
Customer Segments



Improving customer service

Reduced Portfolio Sizes

Relationship Manager Portfolios
(No. of customers)



Simpler & Faster Processes

- Some activities transferred to Premium Service Centre
- Faster credit turnaround time through Auto-Decisioning
- Integrated processes through CommSee

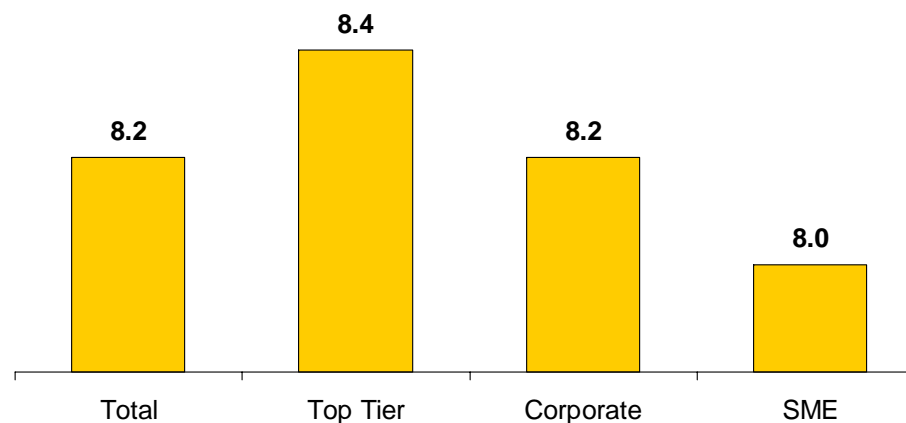
Freeing up more time to
service customers



Early signs of success

- Improvements in customer satisfaction
 - Advocacy (Internal)
 - Client satisfaction with Relationship Managers (TNS)
- Increase in share of customers that consider CBA to be their Main Bank (TNS)

Overall Satisfaction with RM
(Out of 10, as at May 2007)



Source: TNS, CBA Corporate Financial Services Client Satisfaction Experience Survey

Corporate Financial Services

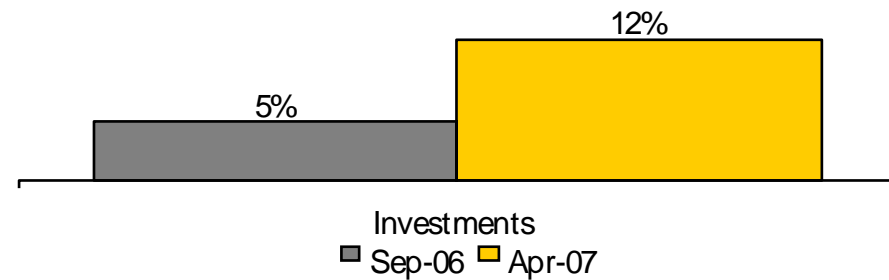
CommonwealthBank



Meeting more customer needs

- Integrated relationship management model
- Leverage technology and customer information
- Targeted cross-sell focus
 - Wealth Management

CFS Wealth Management Penetration
(By Product Category, as at April 2007)



Source: CBA Internal Data

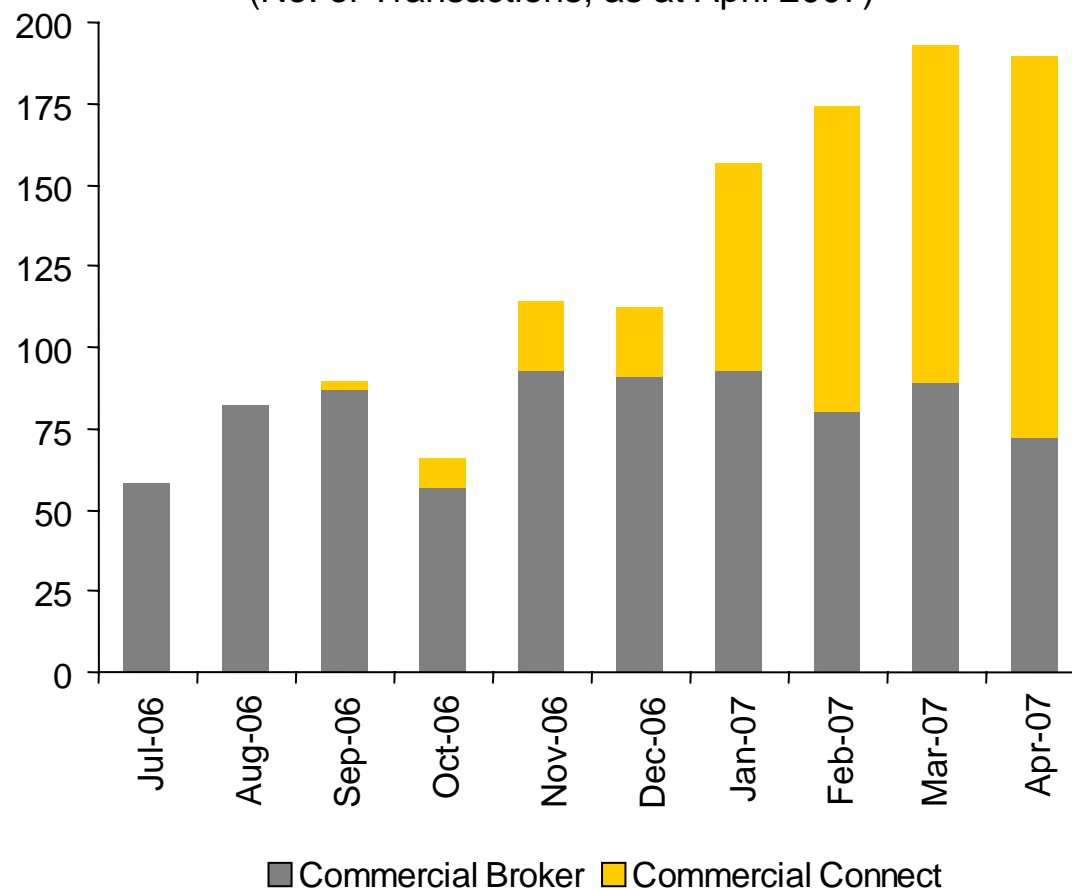
Corporate Financial Services

Commonwealth Bank



Enhancing the broker channel

Commercial Broker Volumes
(No. of Transactions, as at April 2007)



Source: CBA internal data

Corporate Financial Services

CommonwealthBank



Increasing our market presence

3 years

25 new sites

270 new sales people



1st year

8 new sites

80 new sales people



Key messages

- Improving customer service
- Meeting more customer needs
- Increasing our market presence



Premium Business Services

Local Business Banking

Michael Blomfield
Executive General Manager
Local Business Banking



Redefined small business model

- Customers segmented by turnover, value and borrowings

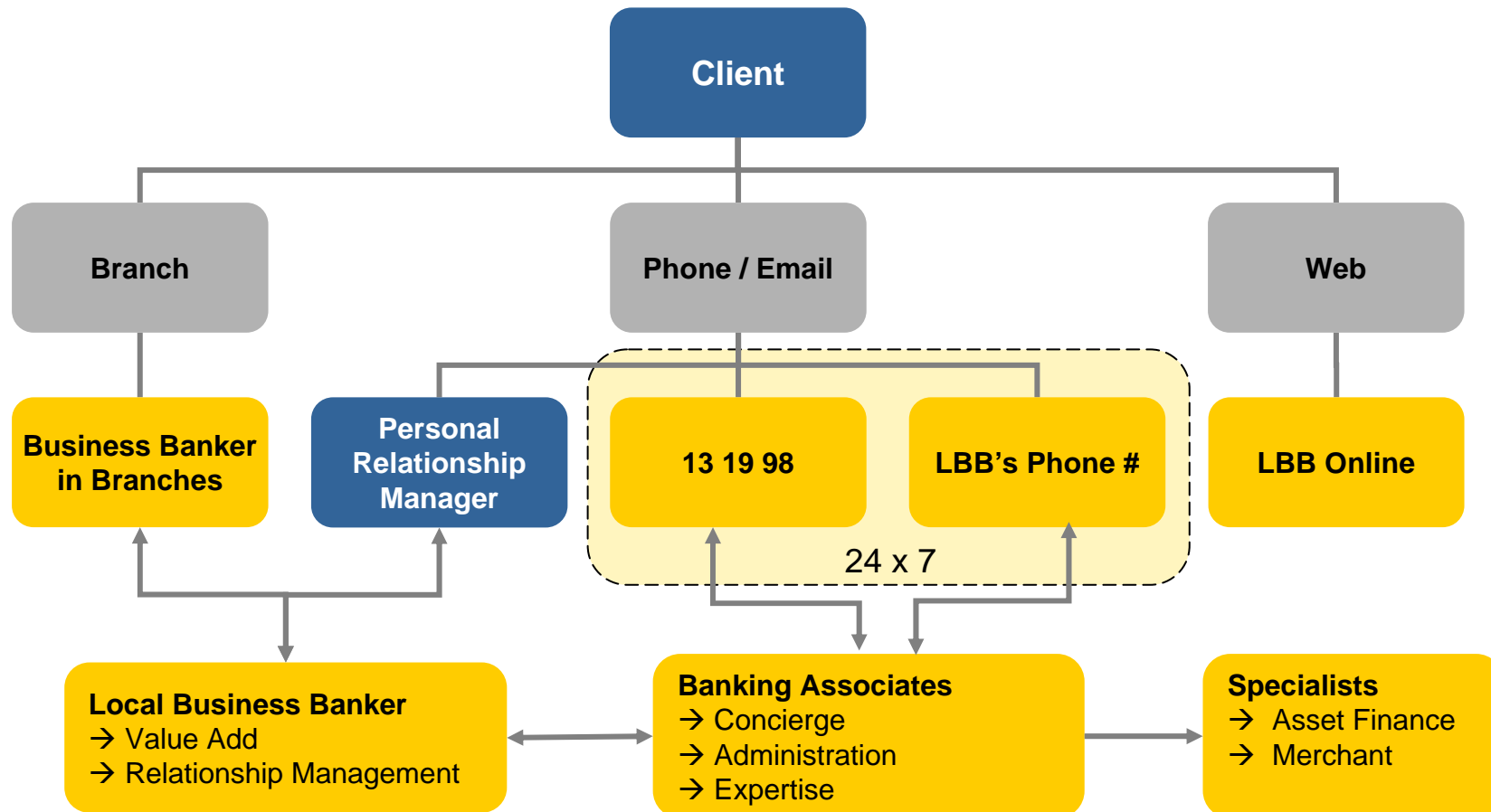
		Customers
Local Business Banking Customer Segments	Relationship Managed	40,000
	Branch Managed	5,000
	Portfolio Managed	40,000
	Single Product Only	150,000

- Product set rationalised from 55 to 7
- A simplified application form to cover all relevant products
- New servicing model
- 585 staff



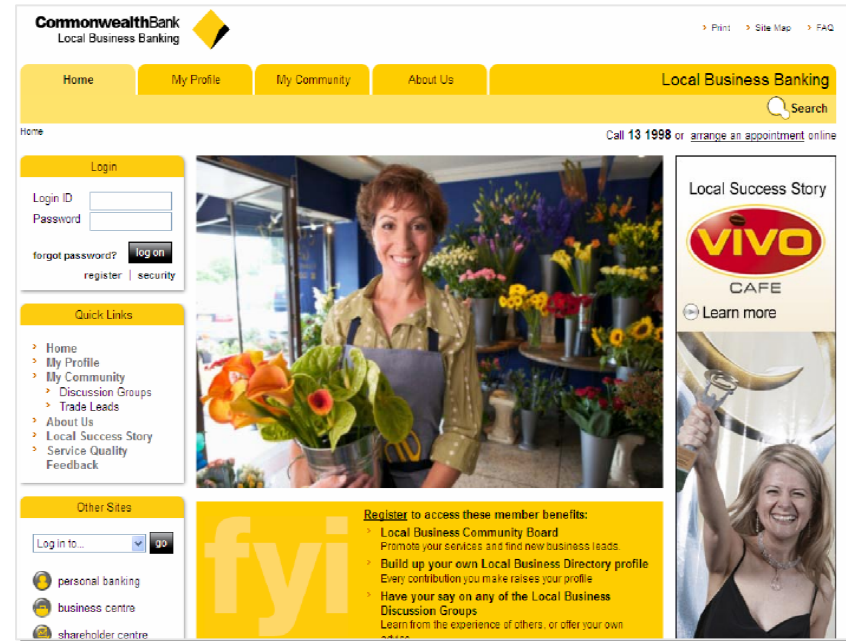
New servicing model

“Your business will always get an answer”



Progress update

- Local Business Banking Online
- Better customer experience
- Over 100 new Business Bankers in Branches and 70 Local Business Banking Associates
- Improving customer satisfaction



Key messages

- New scalable business model
- Increased availability
 - Phone
 - Internet
 - Branches
- Increased productivity
- Increased staff numbers – 3 month induction program



Premium Business Services

Agribusiness

Jon Sutton
Executive General Manager
Agribusiness



Agribusiness presence



Agribusiness overview

- Agribusiness includes
 - Farm gate
 - Aquaculture
 - Forestry
 - Services to Agriculture
- Customers segmented by turnover, value and borrowings
- 260 staff

		Relationship Manager Portfolio Size
Agribusiness Customer Segments	Corporate	30-40
	Business	100-120
	AgriLine	N/A

Agribusiness lending market

- 120,000 farms – reducing
- More than 10 competitors in Agri lending
- \$43.5b in loans outstanding¹
- Long term credit growth rate 10.1% (over last 13 years)¹
- Growth skewed to >\$2 million²

Source: 1. RBA Table D9 – Rural Debt by Lender; 2. RBA Table D7 – Bank Lending to Business



CBA share

- CBA has been in Agribusiness for over 80 years
- 23,000 rural customers
- Our share of lending is \$7.5b – 17.2% (ranked third behind NAB & Rabo)*
- Opportunity to meet more customer needs and improve customer satisfaction levels (TNS)

* Source: RBA Table D9 – Rural Debt by Lender



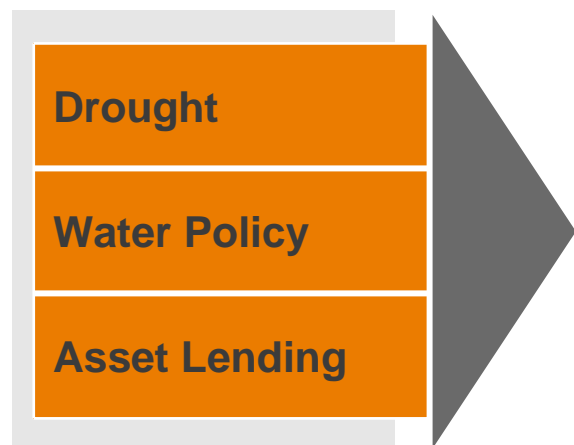
Strategies

- Expand footprint – 63 new locations
- Reduced portfolio sizes
- AgriLine
- Strategic alliances – Principle Focus and ABB
- Speed to market – CommSee, auto-decisioning, streamlined credit
- Innovative product development – grain, commodities
- Staff development – all staff degree qualified or trained through internal college system, service and sales training, graduate program
- Staff engagement and performance culture



Key messages

Challenges



CBA is well positioned

Recent drought review conducted, and CBA book is in good order

Working with all industry bodies on water issues

CBA will continue to value the underlying cashflow of a business rather than be an asset lender

- Leading indicators are positive
 - Average weekly fundings have increased 21% in the last 12 months
- Positioned well to service our customers better



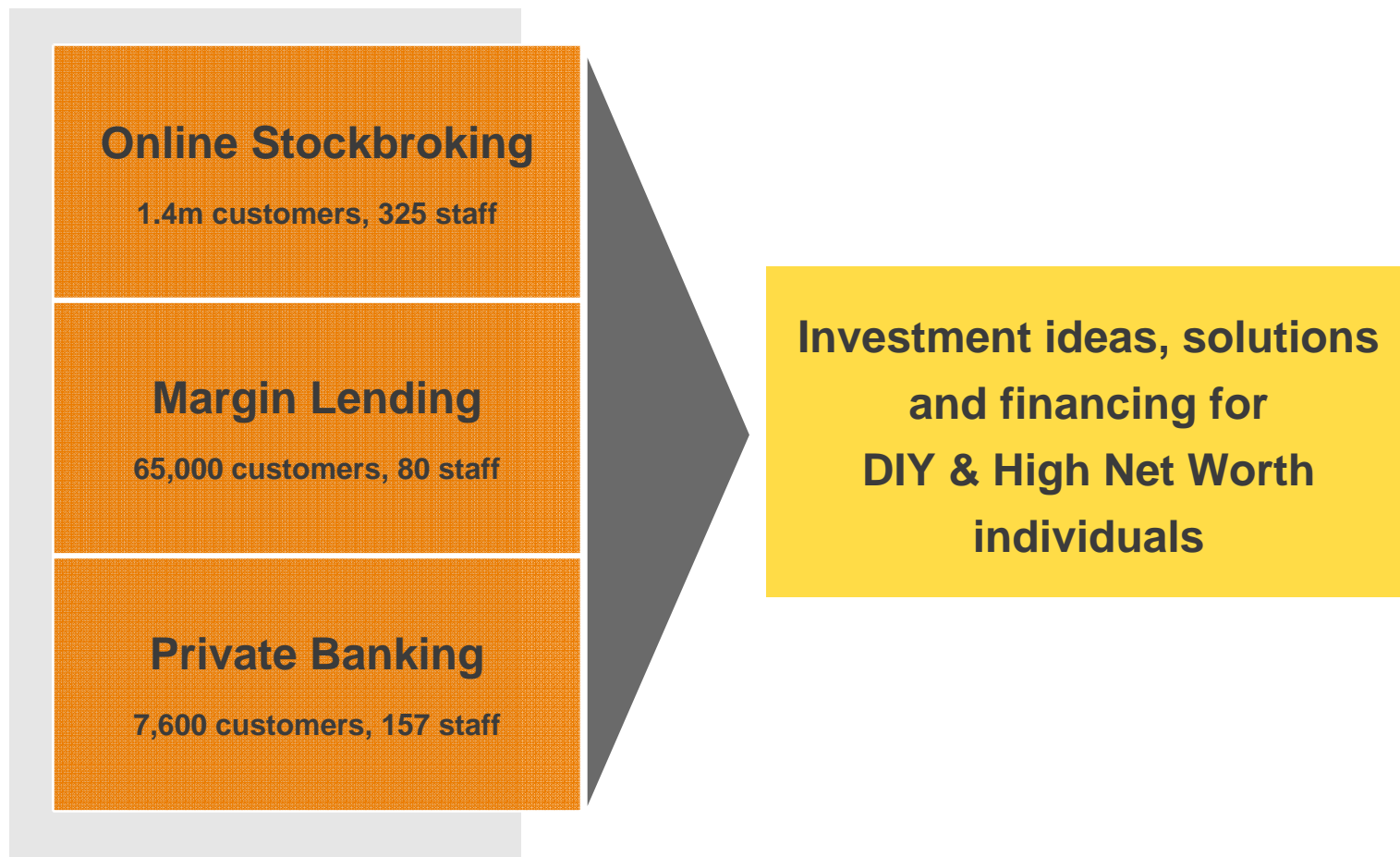
Premium Business Services

Private Client Services

Edward Tait
Executive General Manager
Private Client Services



Private Client Services overview





Business overview

- Strong market conditions
- Volumes up 30+%
- Overall market share improving

Progress

- Management changes
- CFDs, research, SMSF online
- Operating enhancements (peaking capacity)
- Focus on high volume clients





■ Priorities and opportunities

- Technology investment – easier and faster to use
- Expanding our wholesale client base
- Expanding the product offered
- Rewarding, recognising and training staff



Margin Lending

Business overview

- Strong market conditions
- 27% loan book growth
- Market share holding steady

Progress

- Management changes
- Service standards dramatically improved
- Electronic feeds
- Research support

Direct >>

CommSec



Financial Intermediaries >>



Margin Lending

- Priorities and opportunities
 - Further investment in technology
 - Product innovation – structured and protected products
 - Sales focus in the stockbroking segment
 - Rewarding, recognising and training staff



Commonwealth Private

■ Business overview

- Strong investment market conditions
- 14% growth in lending activities
- Legislated growth

■ Progress

- Management changes
- Client segmentation complete
- From reactive to proactive
- Advisory model now best practice



Commonwealth Private

- Priorities and opportunities
 - Accessing the CBA network
 - Geographic expansion
 - Meeting more client needs
 - Sharpening the “look and feel”
 - Rewarding, recognising and training staff



Premium Business Services

Summary and Panel Questions

Stuart Grimshaw
Group Executive
Premium Business Services



In summary

- Growth business
- Customer focussed
- Great leadership team
- Strong performance culture
- Positive momentum
- Realising our full potential



Panel questions



Robert De Luca

Jon Sutton

Marten Touw

Stuart Grimshaw

Edward Tait

Ian Saines

Michael Blomfield

