

Commonwealth Bank of Australia

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Commonwealth Bank of Australia ACN 123 123 124



Determined to be different

Disclaimer

The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 26 June 2008. 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.

Operating environment remains challenging

- Global credit markets remain significantly constrained and volatile
- Slowdown in global economic growth with China and India being key
- Domestic credit growth showing signs of slowing with uncertain economic outlook
- Possible credit cycle downturn – but no systemic credit issues yet
- Cost pressures continue in a tight labour market
- Changing competitive dynamics creates challenges and opportunities for CBA

CBA well placed in current environment

- Strong competitive position and above system growth for core products
- Prudent funding and liquidity management sees CBA in a strong position
- Robust capital with key ratios benefiting from Basel II
- Sound risk management processes in place
- Low-risk, domestically focussed strategy delivering results

All brands performing strongly

Banking

Funds Mgt

Insurance

CommonwealthBank



CommInsure



CommSec



Strong competitive position

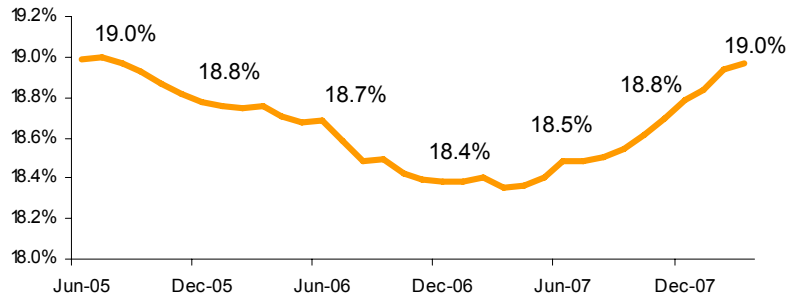
<u>Market Shares</u>	Apr-07 %	Apr-08 %	Market Share Increase
Home Lending	18.36	19.06	0.70 ↑
Household Deposits	28.80	29.38	0.58 ↑
Business Lending	12.50	12.87	0.37 ↑
Business Deposits	12.67	13.92	1.25 ↑
FirstChoice	8.39	9.61	1.22 ↑

Note: FirstChoice data compares the Mar-08 quarter to the Mar-07 quarter

Strong growth in core products

Home loan market share

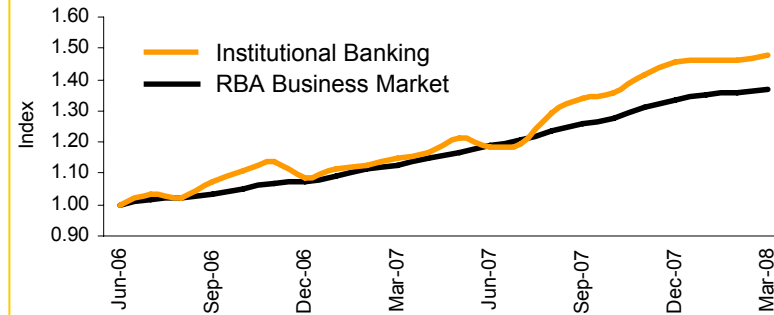
13 consecutive monthly increases



Source: RBA/APRA

Institutional lending

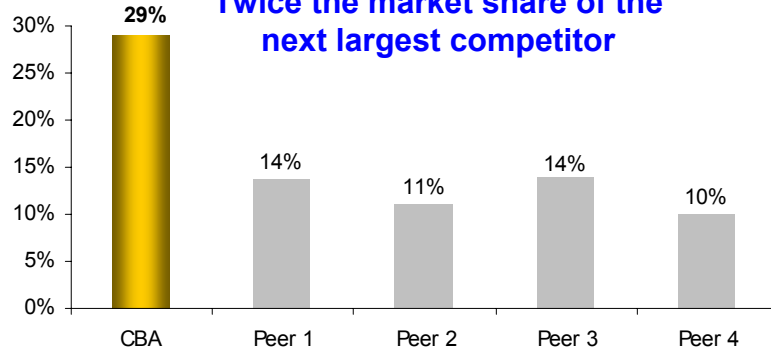
Above system growth continuing



Source: RBA

Household deposits market share

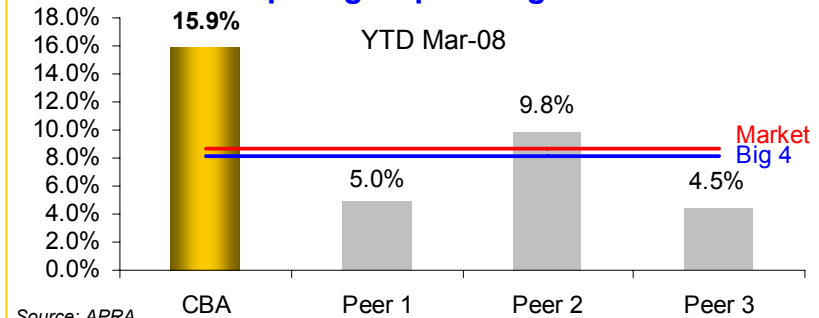
Twice the market share of the next largest competitor



Source: APRA

Business deposits

Growing at almost twice the rate of the peer group average

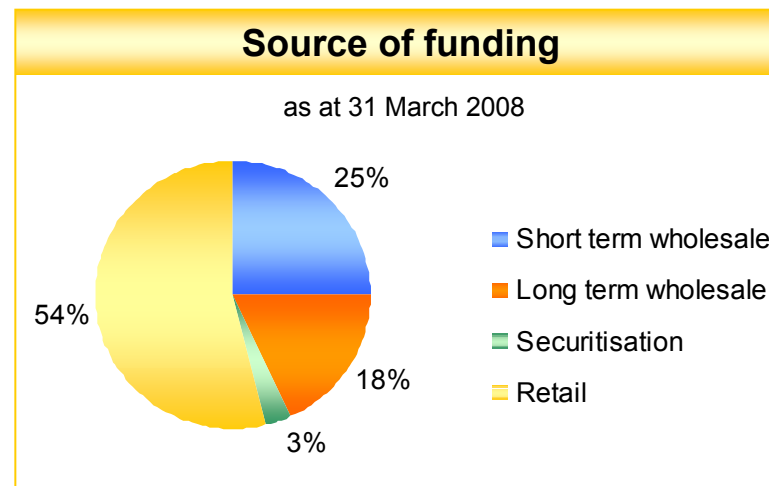


Source: APRA



Prudent funding and liquidity management

- Strong financial position with AA credit rating
- Globally respected borrowers with highly diversified wholesale funding programme
- Strong retail funding (16.5% 12 month retail deposit growth)
- No reliance on securitisation
- Unchanged long term maturity duration at 4.1 years
- Holding liquids of \$39bn, \$10bn surplus to prudential requirements
- FY09 funding task similar to FY07 and FY08



FY09 Long Term Funding Programme

\$bn		Retail Deposit Growth		
		8%	10%	12%
Asset Growth	10%	27	25	22
	12%	28	26	24
	14%	29	28	25

Likely range

Strong capital position

- Basel II advanced accreditation received December 2007
- Capital ratios well above internal targets at 8.17% for Tier 1
- Strongest capital position relative to peers
- Favourable portfolio composition – highest exposure to residential mortgages
- No current plans or need to raise additional capital

Capital Ratios*

	Tier One	Total Capital
CBA	8.17%	12.09%
Peer 1	6.9%	10.1%
Peer 2	7.4%	10.1%
Peer 3	7.0%	10.1%
Peer 4	6.5%	9.7%

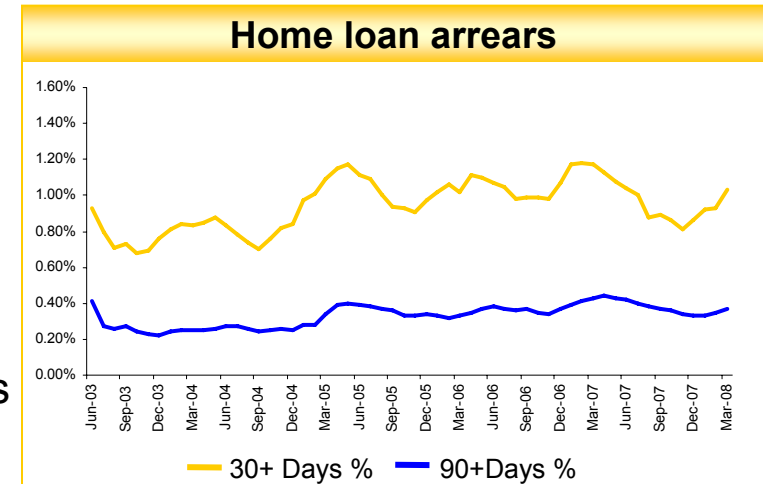
* CBA ratios as at 1 Jan-08, Peer Bank ratios as at Mar-08. All ratios exclude Interest Rate Risk in Banking Book.



Good consumer credit quality

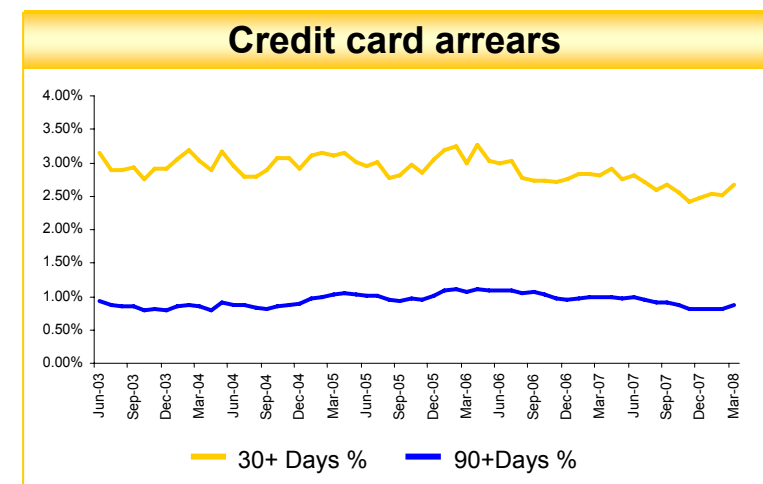
■ Home lending:

- Portfolio quality remains sound
- Q3 arrears up-tick has plateau'd
- 60% of customers two+ payments in advance
- Portfolio average LVR ~40% on current values



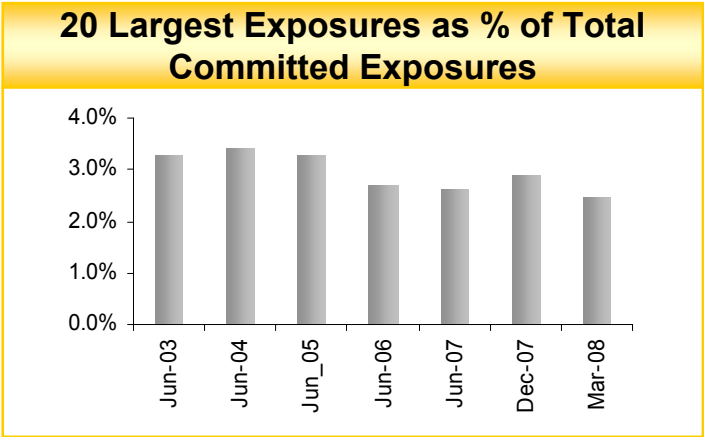
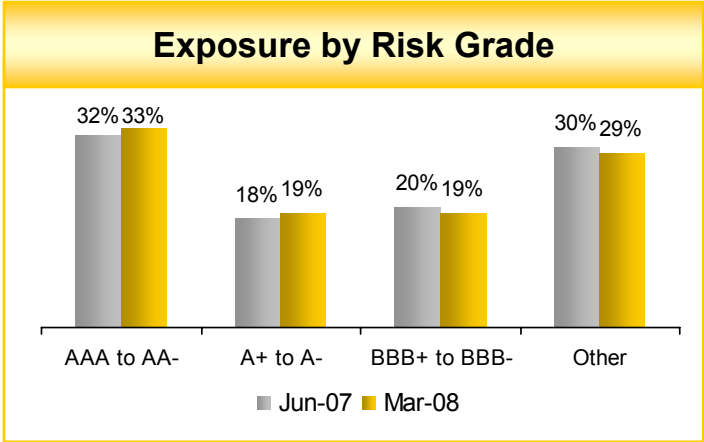
■ Unsecured personal lending:

- Portfolio quality remains sound
- Some seasonal impacts through Q3
- Lead indicators remain under close review
- Not participating in zero rate card transfers has reduced exposure to higher risk segment



Commercial portfolio quality remains sound

- No evidence of systemic or sector-specific issues
- Over 70% of exposures investment grade
- Top 20 exposures all investment grade
- Large exposures have declined as a proportion of total book
- No material change in industry concentration
- Good quality margin lending book
- Increased provisioning consistent with the cycle
- “Single-names” remain under close attention



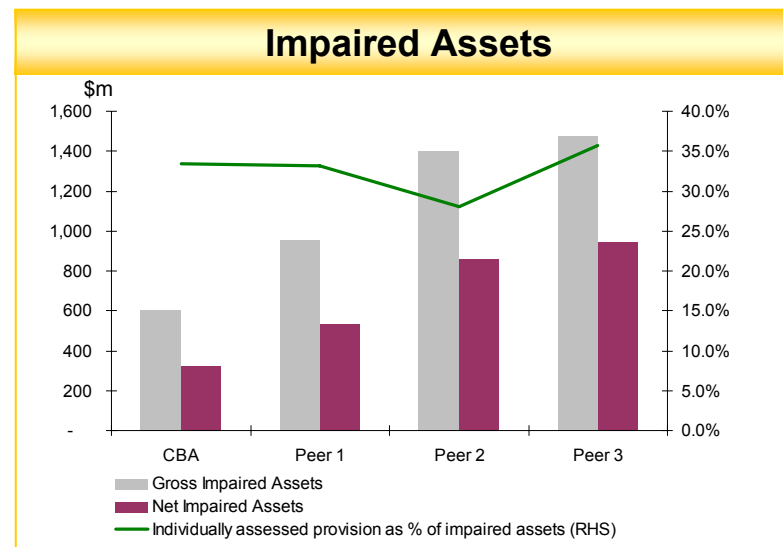
Provisioning

■ Individual:

- Driven by impaired assets
- CBA impaired assets < peer group
- Provision coverage in line with peers

■ Collective:

- “Like-for-Like” comparison difficult
- Mix weighted to lower risk segments
- Historically lower impaired loans
- Provisioning historically below peers
- Conservative approach



Portfolio Mix

	CBA	Peer 1	Peer 2	Peer 3
Unsecured Retail	3%	5%	4%	5%
Margin Lending	2%	1%	1%	1%
Home Loans	46%	37%	33%	29%
Commercial Lending	18%	24%	23%	21%

Source: APRA Banking Statistics. Australian balances only – excludes offshore.

Determined to be different

- **Determined** to be better than we were
- **Determined** to be Australia's finest financial services organisation
- **Determined** to continue to invest in the business
- Significant change programme underway
- Customer at the centre of everything we do
- Targeting Number 1 in customer service by June 2010

Determined to be different

Customer Service

- ▶ Customer Satisfaction at 10 year highs and trending higher
- ▶ Money Magazine “Bank of the Year” 2008

Business Banking

- ▶ New CommSec banking solutions launched June 2008
- ▶ Strongest customer satisfaction gains amongst peer banks

Technology and Operational Excellence

- ▶ Significant IT efficiency savings achieved (on a recurrent basis)
- ▶ \$580m investment in Core Banking Modernisation

Trust and Team Spirit

- ▶ Workplace survey results (Gallup) – in top quartile worldwide
- ▶ New staff premises - targeting 6 Star Design Rating

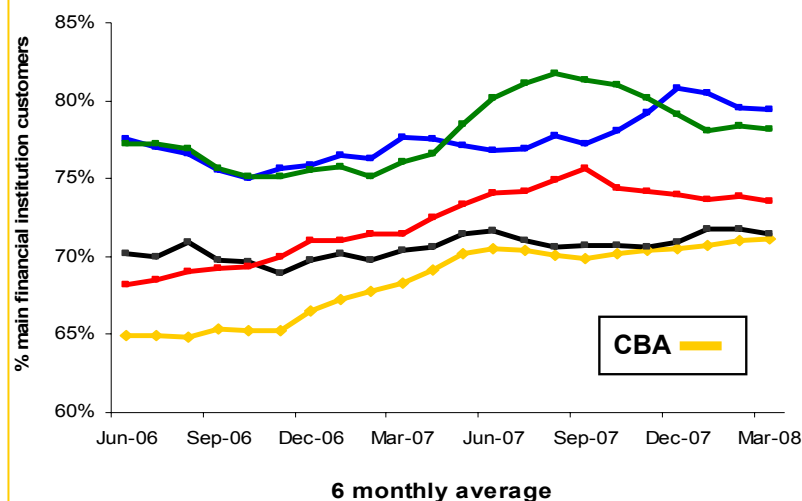
Profitable Growth

- ▶ Market share growth in key product lines
- ▶ Good gains in group-wide referrals and cross-sell

Customer satisfaction continues to improve

Overall Customer Satisfaction¹

Customer Satisfaction levels improving, but with significant scope for further gains



1 Source: Roy Morgan Research. Aust MFI Population 14+, % "Very" or "Fairly Satisfied"

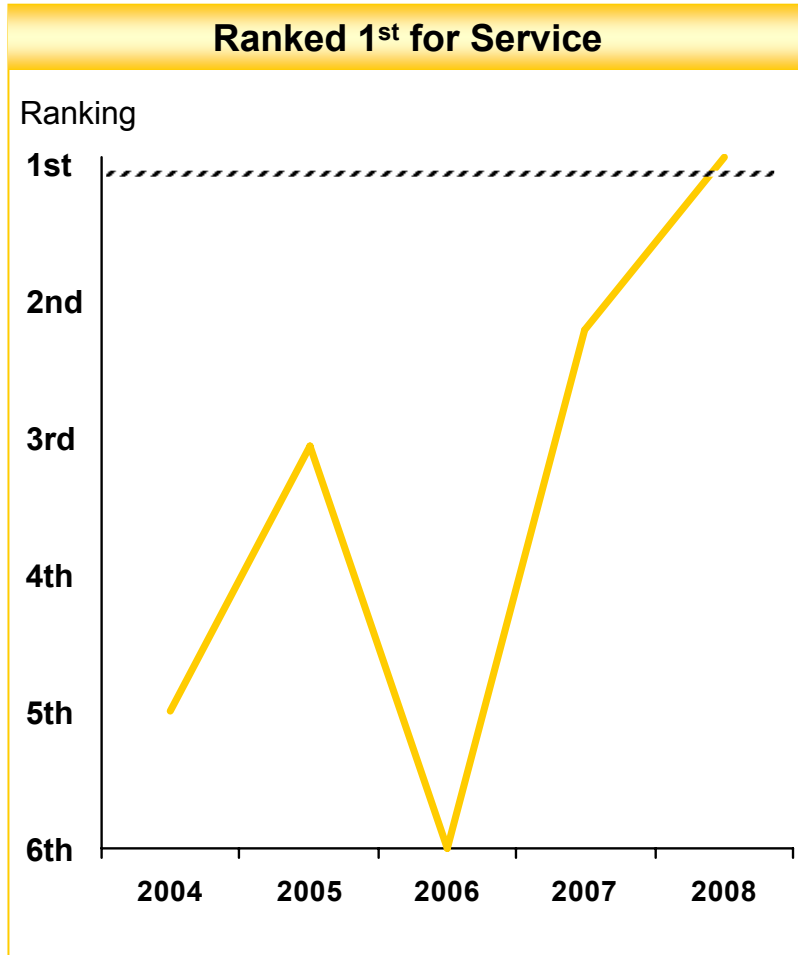
Business Customer Satisfaction²

Largest improvement over the past 12 months

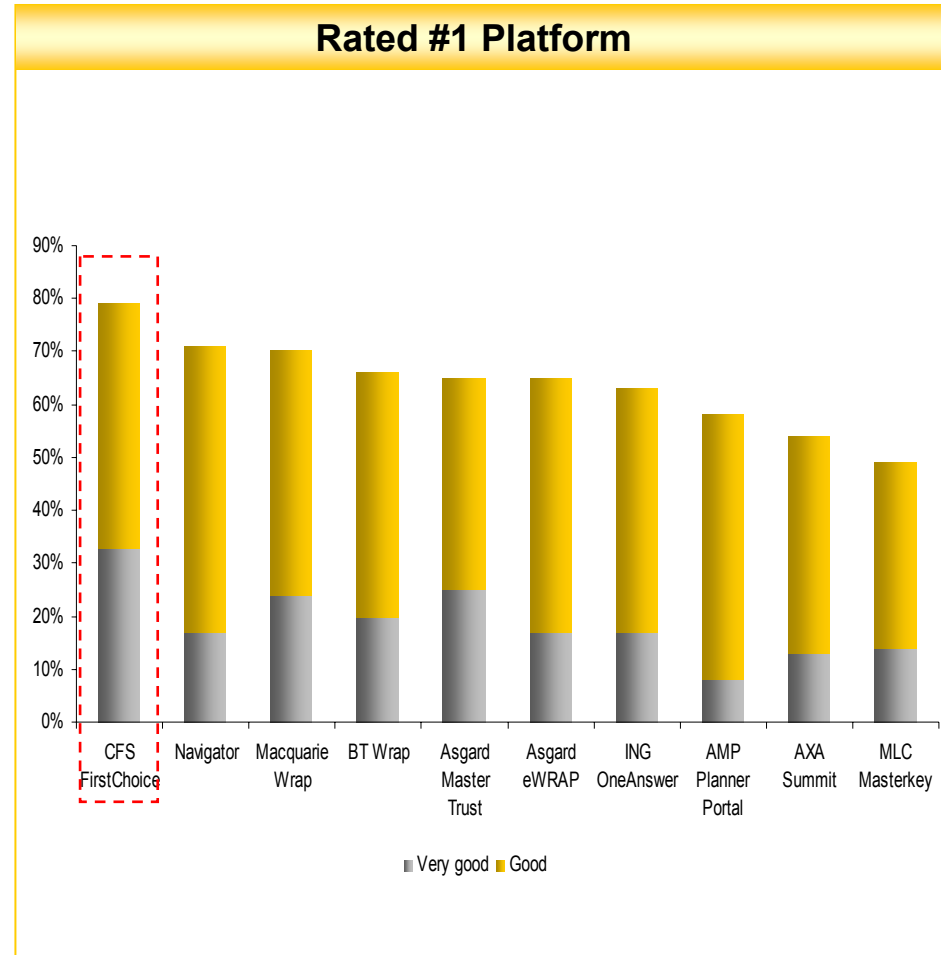
	Customer Satisfied	Movement	
	Mar 08 %	6 Months	12 Months
ANZ	80.2	↑ 4.1	↑ 3.0
Commonwealth	71.1	↑ 9.3	↑ 11.9
NAB	73.3	↑ 2.7	↑ 4.2
Westpac	77.0	↑ 5.8	↑ 8.1
St George	84.2	↑ 4.2	↓ 4.9
All Financial Institutions	77.7	↑ 5.0	↓ 6.2

2 Source: TNS Business Finance Monitor Mar 08. Customer satisfaction with MFI – businesses with annual turnover to \$100m (ex Agribusinesses). All time periods refer to a 12 month rolling average. Percentage point change refers to the increase / decrease of each bank's customers who are satisfied. Satisfaction is based on business customers who said they were Very or Fairly Satisfied with their relationship with their MFI

FirstChoice



Source: Wealth Insights 2004-2008 Mastertrust Service Level Survey



Source: Investment Trends Pty Ltd, Nov 2007 Planner Technology Report

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