

**Determined** to be better than we've ever been.

**Ralph Norris**

CHIEF EXECUTIVE OFFICER

**David Craig**

CHIEF FINANCIAL OFFICER



# Results Presentation

For the half year ended 31 December 2009

10 February 2010

Commonwealth Bank of Australia ACN 123 123 124



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# Disclaimer

The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation, 10 February 2010. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.



# Agenda

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



# Market shares

	CBA	Dec 09 BWA <sup>1</sup>	Combined	Jun 09 CBA + BWA <sup>1</sup>	Dec 08 CBA + BWA <sup>1</sup>
Home loans	22.5%	3.5%	26.0%	25.2%	23.2%
Credit cards <sup>2</sup>	19.4%	2.5%	21.9%	21.5%	20.9%
Personal lending <sup>3</sup>	14.2%	0.9%	15.0%	15.7%	20.2%
Household deposits	28.1%	3.1%	31.3%	32.3%	32.6%
Retail deposits	22.7%	3.9%	26.6%	26.6%	27.2%
Business lending – APRA	12.9%	5.9%	18.8%	19.4%	18.2%
Business lending – RBA	13.6%	3.5%	17.1%	16.8%	16.6%
Business deposits – APRA	16.1%	5.6%	21.7%	20.7%	22.0%
Equities trading (CommSec) : Total	6.9%	n/a	6.9%	6.4%	6.0%
Australian retail funds – administrator view	14.3%	0.2%	14.5%	14.4%	14.1%
FirstChoice platform	10.4%	n/a	10.4%	10.2%	9.8%
Australia life insurance (total risk)	14.4%	0.9%	15.3%	15.6%	15.5%
Australia life insurance (individual risk)	13.4%	1.2%	14.6%	14.7%	14.5%
NZ lending for housing	23.3%	n/a	23.3%	23.3%	23.4%
NZ retail deposits	21.4%	n/a	21.4%	21.2%	21.6%
NZ lending to business	9.2%	n/a	9.2%	8.8%	8.5%
NZ retail FUM	18.0%	n/a	18.0%	20.3%	19.1%
NZ annual inforce premiums	31.3%	n/a	31.3%	31.7%	31.7%

1 Including St Andrew's

2 As at November 2009

3 Bankwest market share impacted by reclassifications. Comparatives not restated



# Strong operating performance

- Strong financial performance
- Good momentum in all businesses
- Strategy driven result
- Prudent business settings maintained
- Well positioned for growth

	Dec 09
Cash NPAT	\$2,943m
ROE	18.5%
Tier 1 Capital	9.1%
Cash EPS <small>(cents)</small>	191.7
Interim Dividend <small>(cents)</small>	120.0



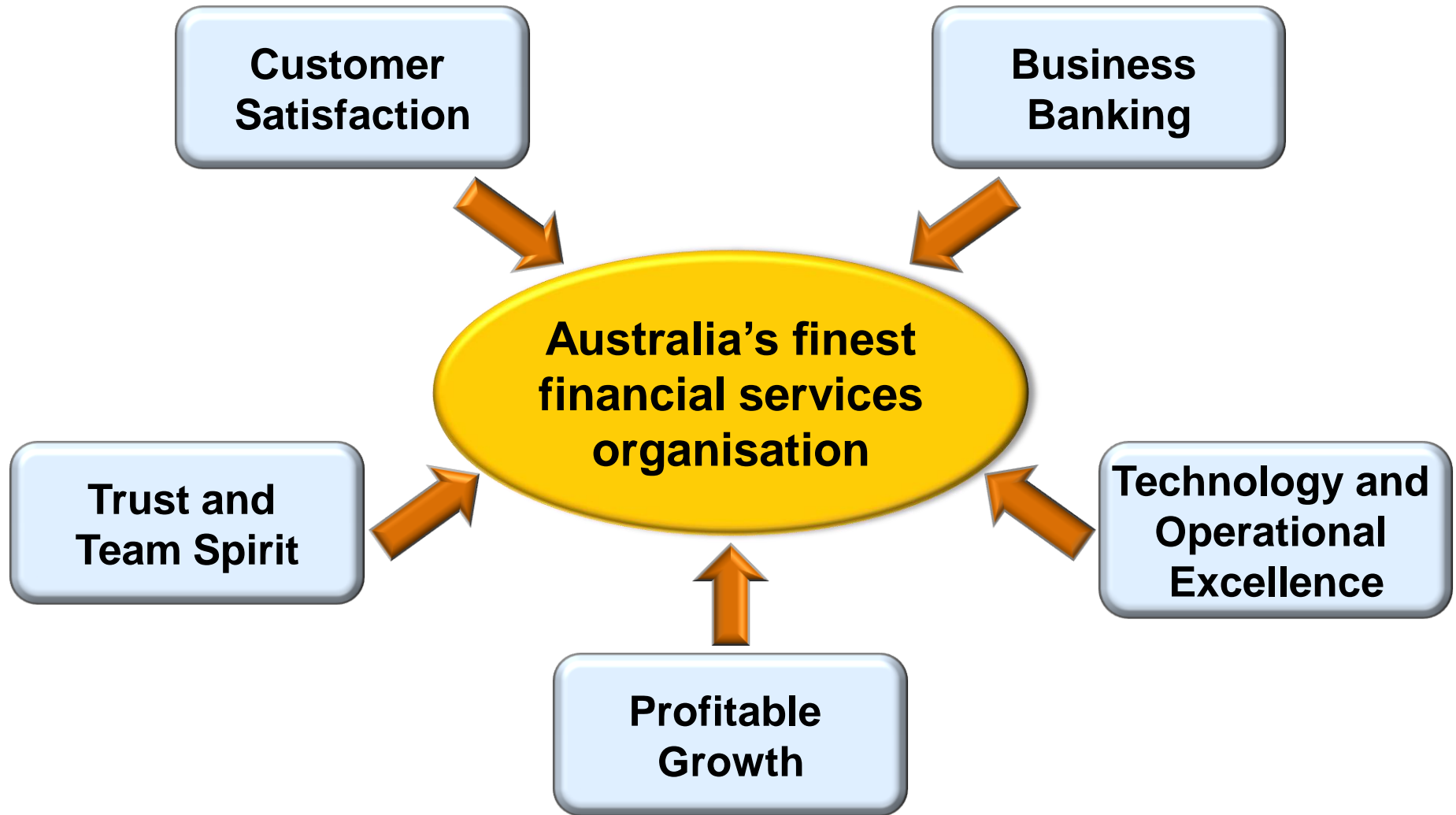
# Disciplined strategy execution delivering results

Customer Satisfaction	Business Banking	Technology and Operational Excellence	Trust and Team Spirit	Profitable Growth
Over 1,000 new front line service staff added	Dedicated Group Executive appointed	Core Banking – targeting quantum improvements in service and efficiency	Engagement now top 20% world-wide <sup>1</sup>	Bankwest acquisition at 0.7x book value
CommSee provides single view of customer at the frontline	Distribution footprint expanded to 45 Business Banking Centres Australia-wide	Market leading online banking presence – NetBank, CommSec, CommBiz, FirstChoice	Significant improvement in Group-wide safety scores	Targeted growth in Asia
Retail Deposits Suite awarded Canstar CANNEX 5-Star rating	80% of branches now supported by local business bankers	“60 minute Home Loan” – 59% of loans conditionally approved and printed in branch	Internal Customer Service scores trending higher	CFS GAM diversified earnings and expansion
Retail Bank branch transformation programme: >200 sites refurbished / upgraded	“CommBiz” - market leading transactional online banking presence	System reliability significantly enhanced	Very low turnover rate relative to industry	Significant improvement in products-per-customer and referral conversion rates

<sup>1</sup> Source: Gallup



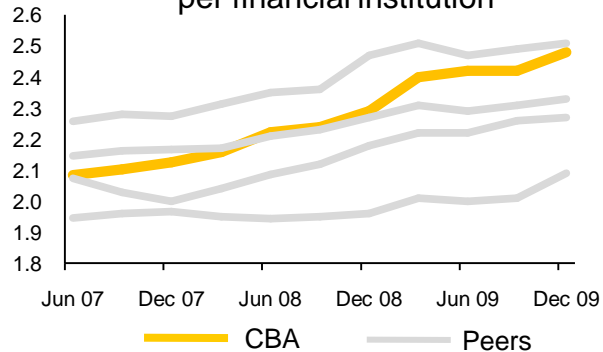
# A clear, focussed strategy



# Other key information

## Products per customer\*

Avg number of products held per financial institution



Movement*	
Peer 1:	+8.7%
<b>CBA:</b>	<b>+19.0%</b>
Peer 2:	+9.5%
Peer 3:	+9.5%
Peer 4:	+10.5%

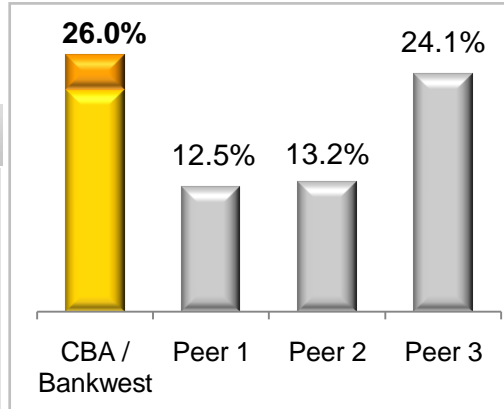
\* From Jun 07 to Dec 09

Age 14+, 6mth moving average

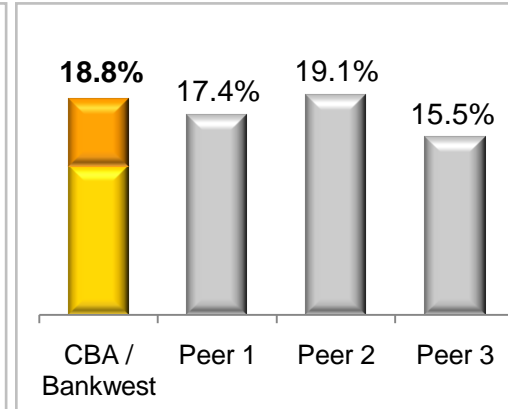
\* Refer notes page at back of presentation for source information

## Market Shares

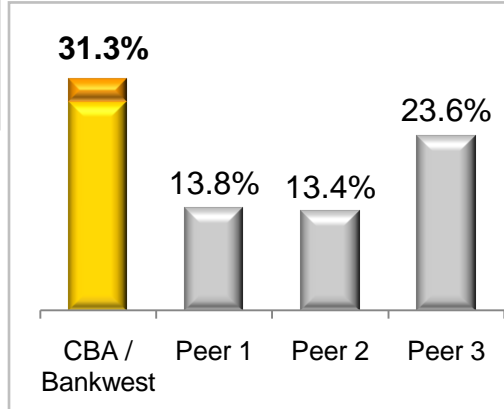
### Home lending



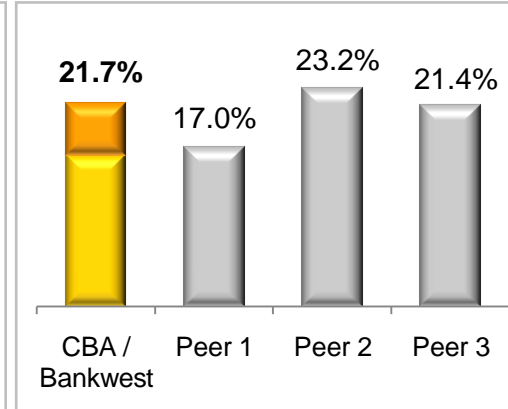
### Business lending



### Household deposits



### Business deposits





# Transformational change - scorecard

	June 2006	December 2009	Progress
<b>Customer Satisfaction</b>			
Retail <sup>1</sup>	64.9%	73.8%	✓
Business <sup>2</sup>	56.5%	67.5%	✓
FirstChoice <sup>3</sup>	Ranked 6 <sup>th</sup>	Ranked 1 <sup>st</sup>	✓
Share of Ombudsman Complaints	29.8%	16.6%	✓
<b>Market Shares</b> <sup>5</sup>			
Home Lending	18.7%	26.0%	✓
Business Lending	12.1%	18.8%	✓
Household Deposits	29.3%	31.3%	✓
Business Deposits	11.9%	21.7%	✓
Products per Customer <sup>4</sup>	2.17	2.48	✓
<b>System Reliability</b> – Sev. 1 incidents	66 pa	5 ytd	✓
<b>Processing times</b> – New Home Loans <sup>6</sup>	14 days	5 days	✓
<b>Employee Engagement</b> – Percentile	69 <sup>th</sup>	80 <sup>th</sup>	✓
<b>Total Shareholder Return</b> – Ranking <sup>7</sup>		Number 1 (1, 2, 3, 4, 5 yrs)	✓

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

7 Major banks





# Areas of strategic focus – near term

- Continued drive to be Number 1 in customer satisfaction
- Core Banking Modernisation;
  - On schedule - early phases very encouraging
  - All customer information migrated, 3 live trials underway
  - Quantum improvements in customer service and efficiency
- Further leverage of diversified business mix;
  - Strong domestic retail banking franchise
  - Business banking upside
  - Wealth management growth
  - Profitable growth opportunities



# Notes

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# Regulatory Reform

- Australian financial system very resilient
  - Avoided worst of Global Financial Crisis
  - Well capitalised, provisioned and high liquidity
  - No government bail outs required
  - Funding cost pressures from offshore
- Any regulatory changes need to recognise uniqueness of Australia
  - Strong, well capitalised, banking sector
  - Effective regulatory frameworks
- Regulatory reform can have significant cost for Australian economy
- Australian government and regulators response has been balanced and realistic



# Economic Summary

## CBA Economists summary of key indicators

As at June

	2006	2007	2008	2009	2010 (f)	2011 (f)
Credit Growth % – Total	14.4	15.5	12.0	3.3	5-7	8-10
Credit Growth % – Housing	13.7	12.9	9.8	7.0	9-11	9-11
Credit Growth % – Business	16.6	19.2	17.1	0.4	0-2	8-10
Credit Growth % – Other Personal	9.7	16.1	3.3	-7.1	1-3	3-5
GDP %	2.6	5.3	2.4	0.6	2.7	3.0
CPI %	4.0	2.1	4.5	1.5	2.9	3.1
Unemployment rate %	4.8	4.3	4.2	5.7	5.7	5.5
Cash Rate %	5¾	6¼	7¼	3	4½	5

CBA Economists Forecasts

Credit Growth, GDP and CPI = 12 months to June

Unemployment = June quarter

Cash Rate = June month



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# Outlook

- Global outlook has improved
- Sustainable economic recovery under way in Australia
  - Increased credit growth
  - Continued funding cost pressure
- Impairments expected to decline gradually
- Some global downside risks still exist
- Group retains conservative financial settings



# Notes

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# Notes

## Reported and Pro forma comparatives

For added transparency and comparability, financial results for the prior comparable period (half year ended 31 December 2008) have been prepared on a pro forma basis, assuming the Bankwest and St Andrews acquisition was completed on 1 July 2008

## Non-cash items

	Dec 09 \$m	
<b>Cash NPAT</b>	<b>2,943</b>	<b>Hedging and AIFRS volatility</b>
Hedging and AIFRS volatility	177	<ul style="list-style-type: none"><li>Unrealised accounting gains and losses arising from the application of "AASB 139 Financial Instruments: Recognition and Measurement"</li></ul>
NZ tax	(171)	<b>NZ tax</b>
Other non cash items	(35)	<ul style="list-style-type: none"><li>Tax on NZ structured finance transactions</li></ul>
<b>Statutory NPAT</b>	<b>2,914</b>	<b>Other</b>
		<b>\$m</b>
		<ul style="list-style-type: none"><li>Merger related amortisation 62</li><li>Bankwest integration expense (14)</li><li>Treasury shares adjustment (52)</li><li>Sale of Fiji/other (31)</li></ul>
		<u>(35)</u>



# Strong operating performance

	Dec 09 \$m	Dec 08 \$m	Dec 09 vs Dec 08	Dec 09 vs Jun 09
Operating income	9,550	8,660	10%	5%
Operating expenses	(4,268)	(4,008)	6%	1%
<b>Operating performance</b>	<b>5,282</b>	<b>4,652</b>	<b>14%</b>	<b>9%</b>
Impairment expense	(1,383)	(1,951)	(29%)	(4%)
Tax and Minorities	(1,065)	(666)	60%	12%
<b>Underlying NPAT</b>	<b>2,834</b>	<b>2,035</b>	<b>39%</b>	<b>15%</b>
<i>Investment experience after tax</i>	109	(129)	Large	Large
<b>Cash NPAT</b>	<b>2,943</b>	<b>1,906</b>	<b>54%</b>	<b>23%</b>



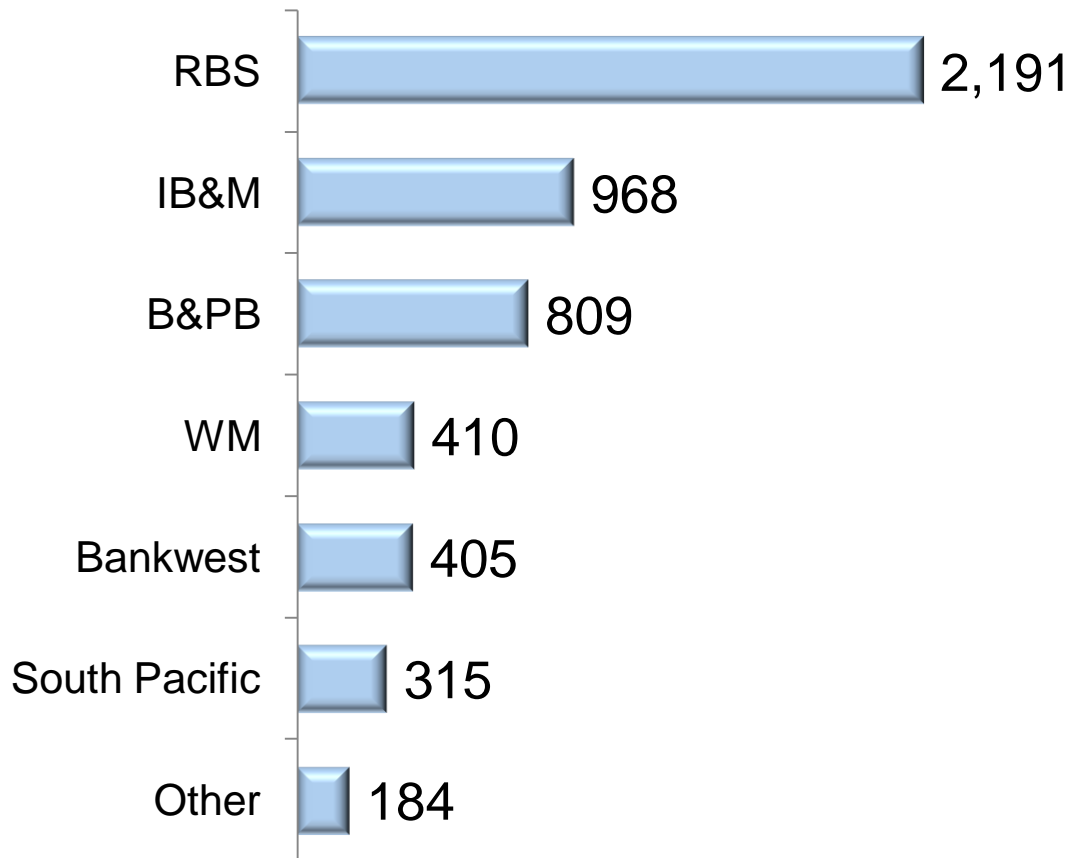
# Business unit profitability

\$m	Operating Performance	Impairment Expense	Investment Experience	Tax & Minorities	Cash NPAT Dec 09	Cash NPAT Dec 08	Annual Change
RBS	2,191	(391)	-	(555)	1,245	1,119	11%
IB&M	968	(321)	-	(102)	545	(168)	Large
B&PB	809	(194)	-	(175)	440	373	18%
WM	410	-	117	(148)	379	178	Large
South Pacific	315	(101)	(2)	(45)	167	267	(37%)
Bankwest	405	(313)	-	(28)	64	(110)	Large
Other	184	(63)	27	(45)	103	247	(58%)
<b>Total</b>	<b>5,282</b>	<b>(1,383)</b>	<b>142</b>	<b>(1,098)</b>	<b>2,943</b>	<b>1,906</b>	<b>54%</b>



# Strong business unit contributions

1H10 – Operating Performance<sup>1</sup> (\$m)



Annual  
Change

20%

14%

24%

(9%)

117%

(15%)

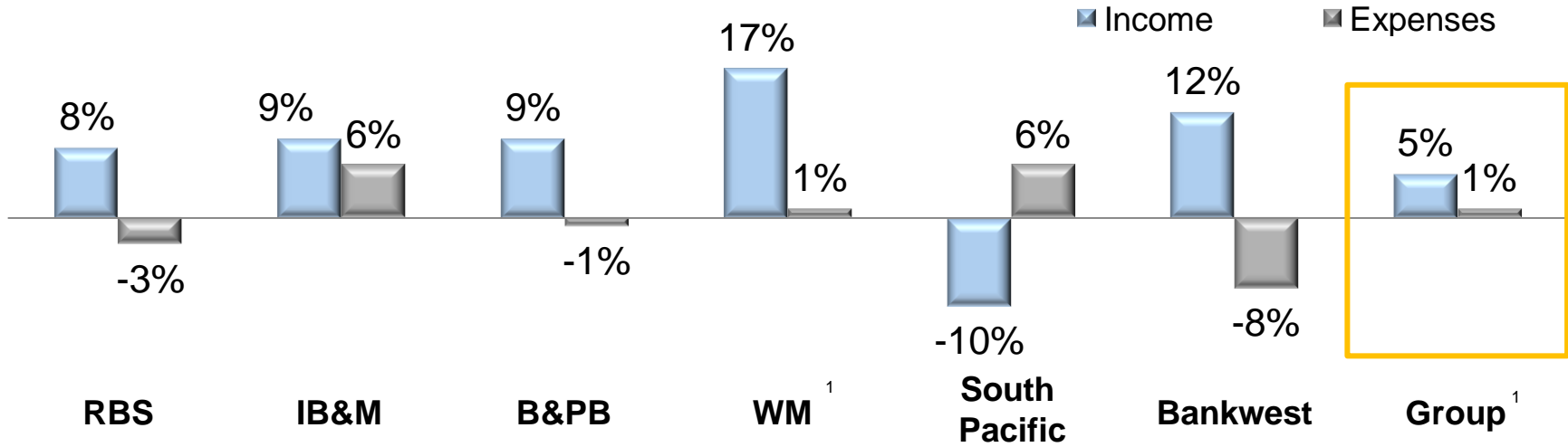
(41%)

<sup>1</sup> Operating Income less Operating Expense.

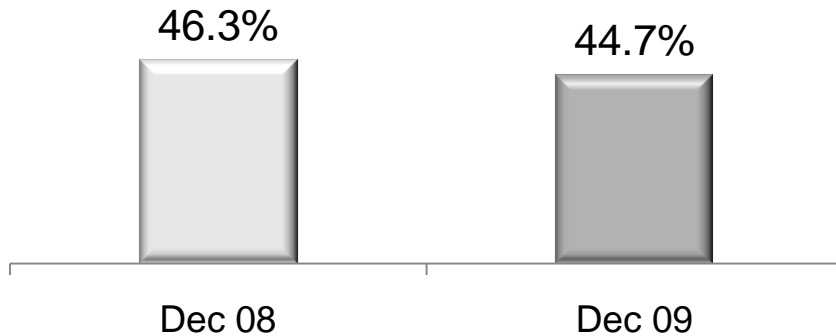


# Other key information

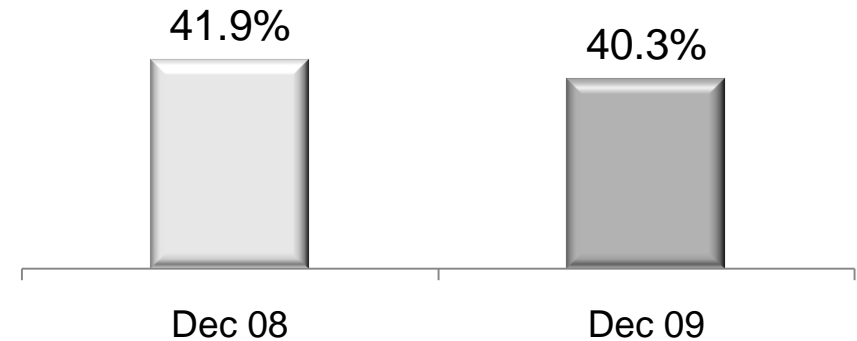
## Operating Performance - Dec 09 vs Jun 09



## Group expense to income ratio



## Banking expense to income ratio

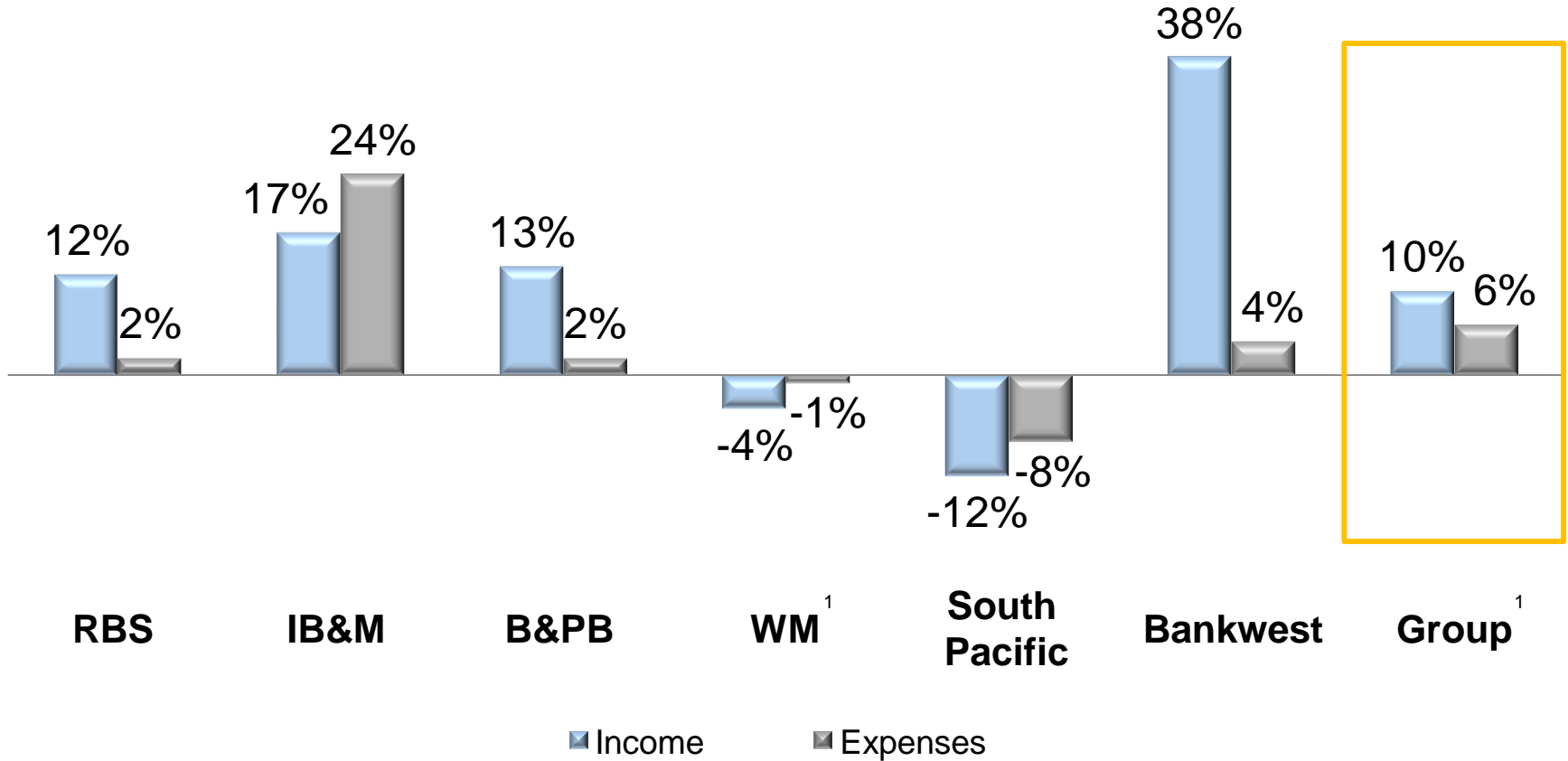


<sup>1</sup> Excludes Investment Experience



# Strong “Jaws” at Group level

Dec 09 vs Dec 08



<sup>1</sup> Excludes Investment Experience



# Other Banking Income

6 months

	Dec 09 \$m	Jun 09 \$m	Dec 08 \$m	Dec 09 vs Jun 09	Dec 09 vs Dec 08
Commissions	1,034	1,050	1,024	(2%)	1%
Lending Fees	719	779	649	(8%)	11%
Trading Income	291	293	442	(1%)	(34%)
Other	157	146	151	8%	4%
	<b>2,201</b>	<b>2,268</b>	<b>2,266</b>	<b>(3%)</b>	<b>(3%)</b>
AIFRS reclassification of net swap costs	(123)	(128)	(147)	(4%)	(16%)
<b>Total</b>	<b>2,078</b>	<b>2,140</b>	<b>2,119</b>	<b>(3%)</b>	<b>(2%)</b>

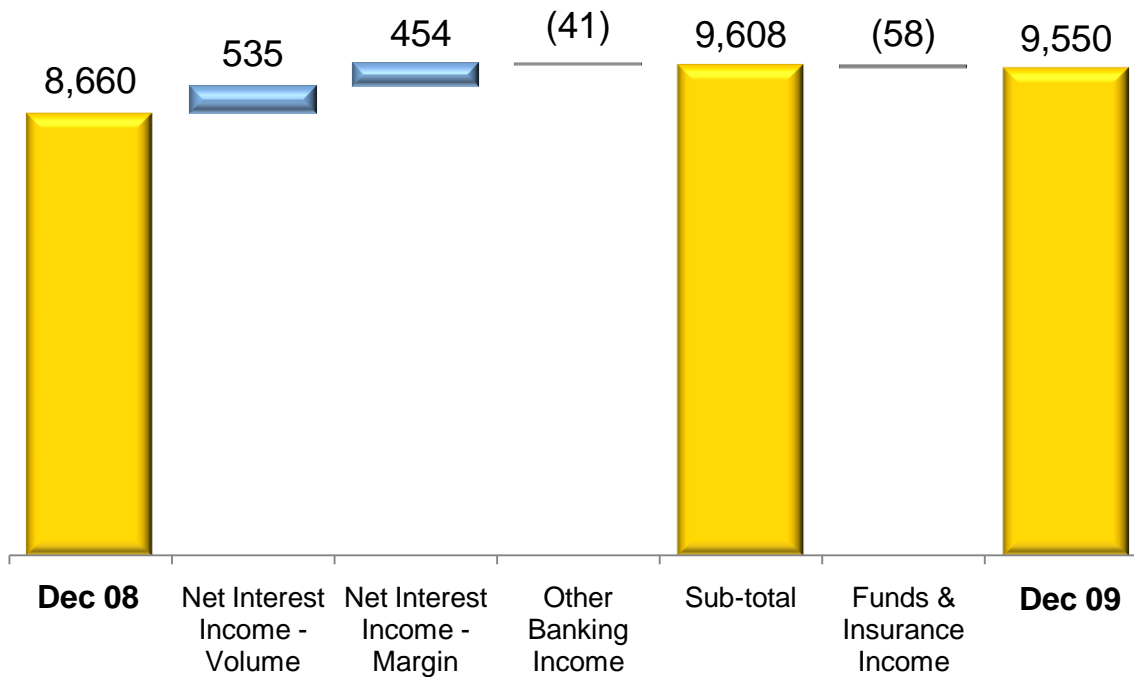




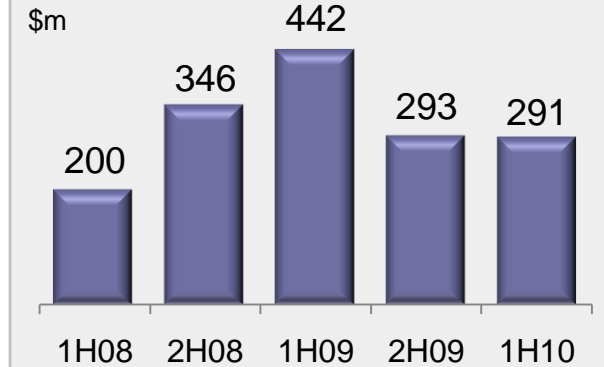
# Operating Income

Total Operating Income ↑ 10%

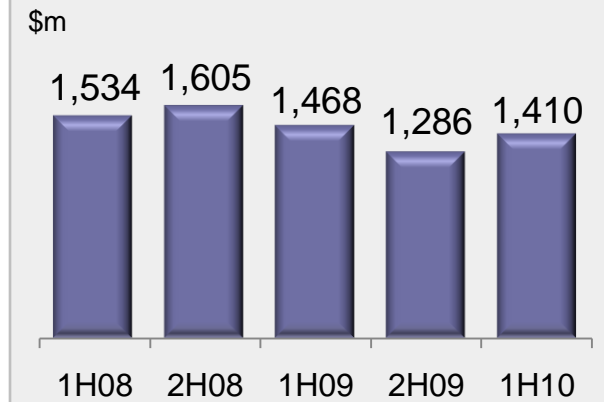
Banking Income ↑ 13%



## Trading Income



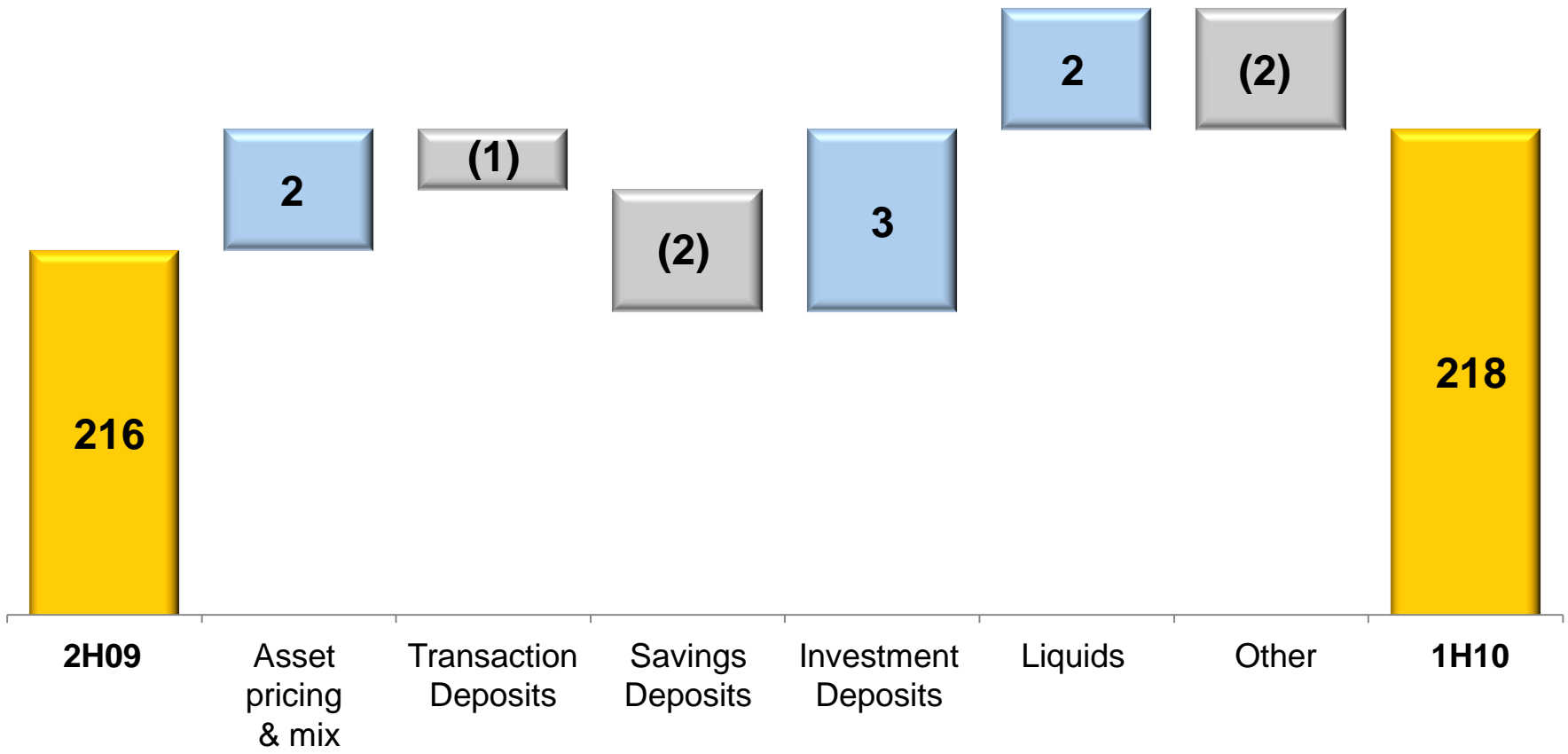
## Funds & Insurance Income



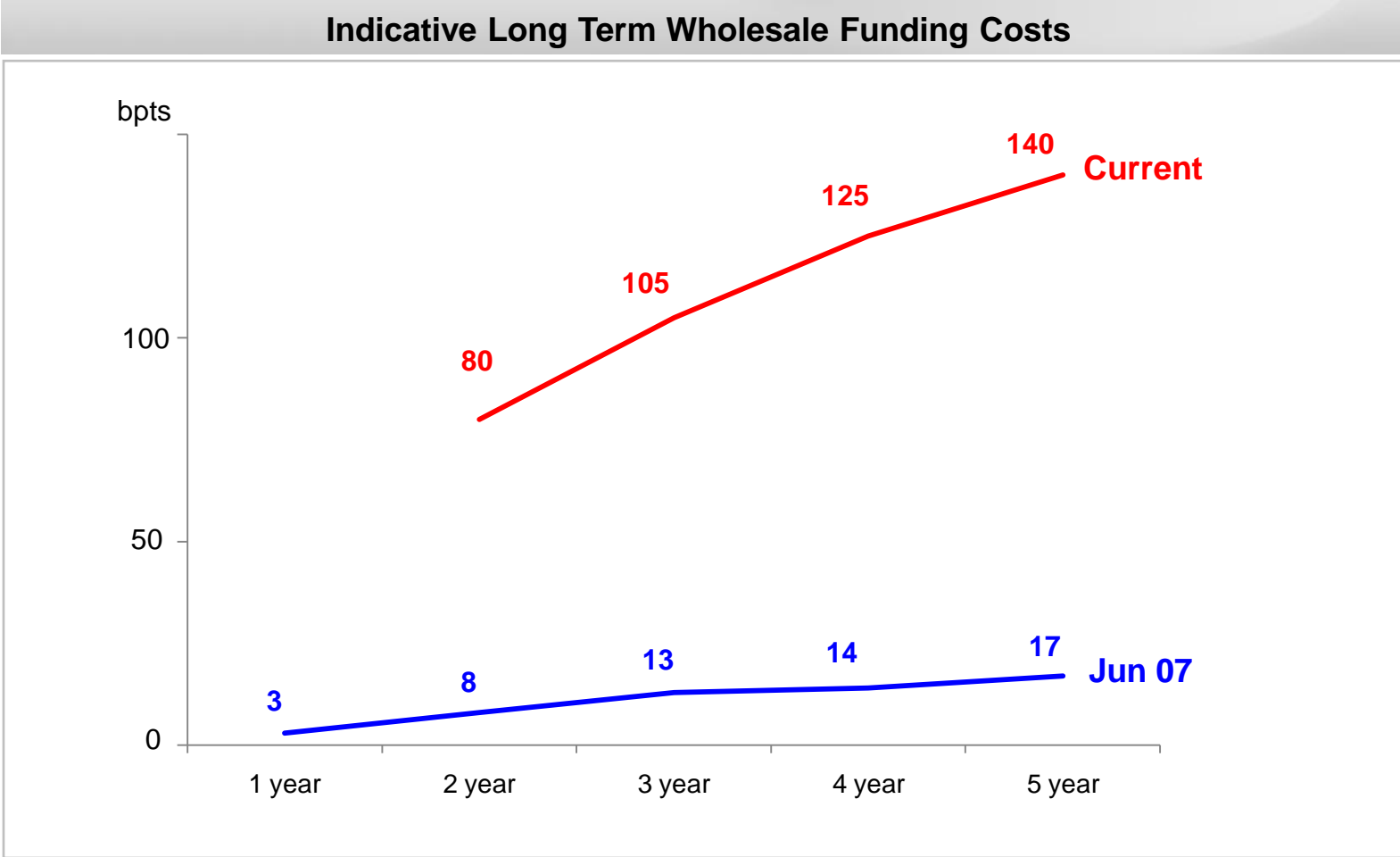


# Group NIM – 6 month movement

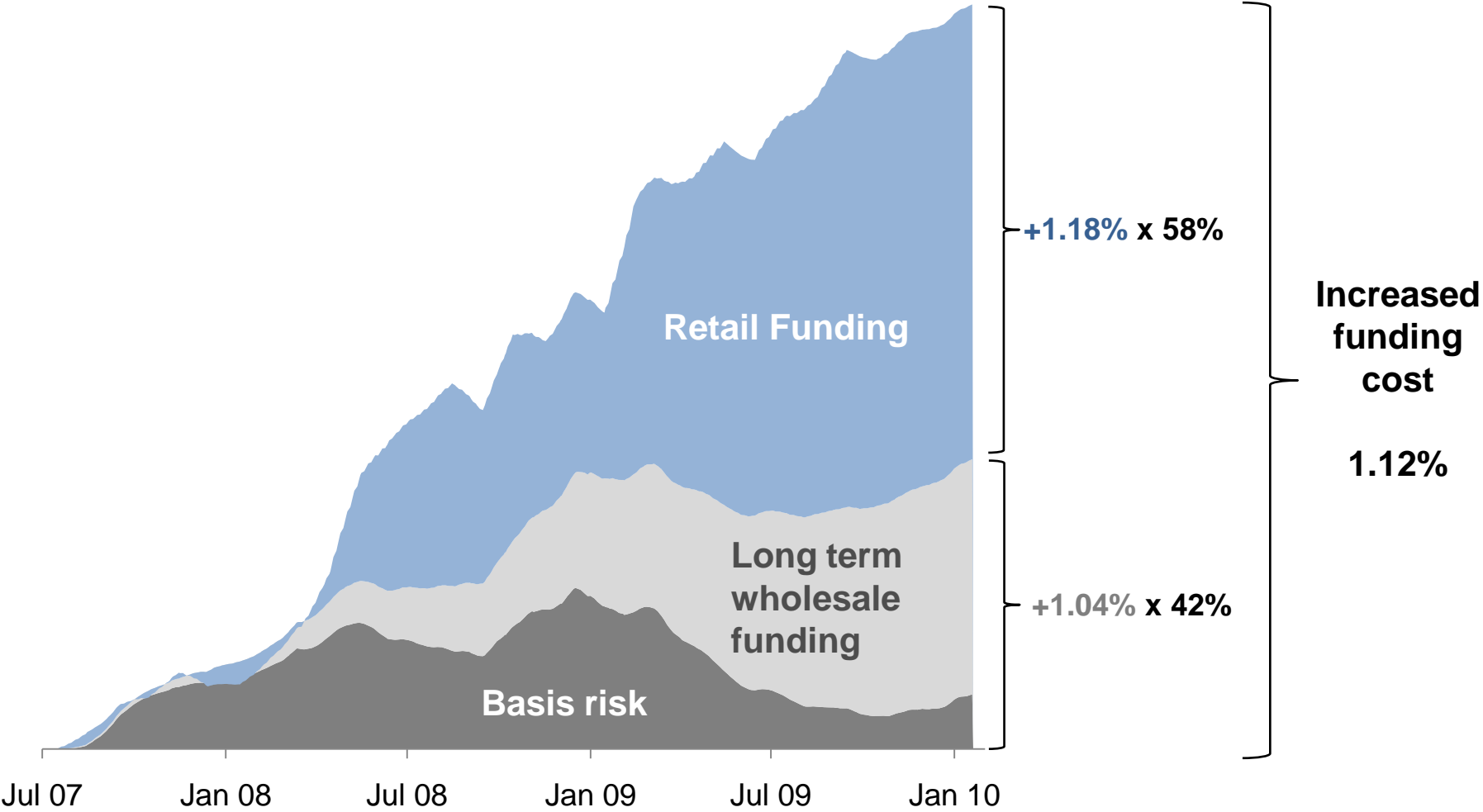
bpts



# Other key information



# Cost of funding increasing



# Investment Spend

12 months  
to Dec 09  
\$m

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## Growth Projects

567

- Core banking modernisation
- Branch transformation

## Productivity Projects

329

- Home loans simplification
- Darling Park 1
- Collections transformation

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## Regulatory and Risk Projects

105

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1,001

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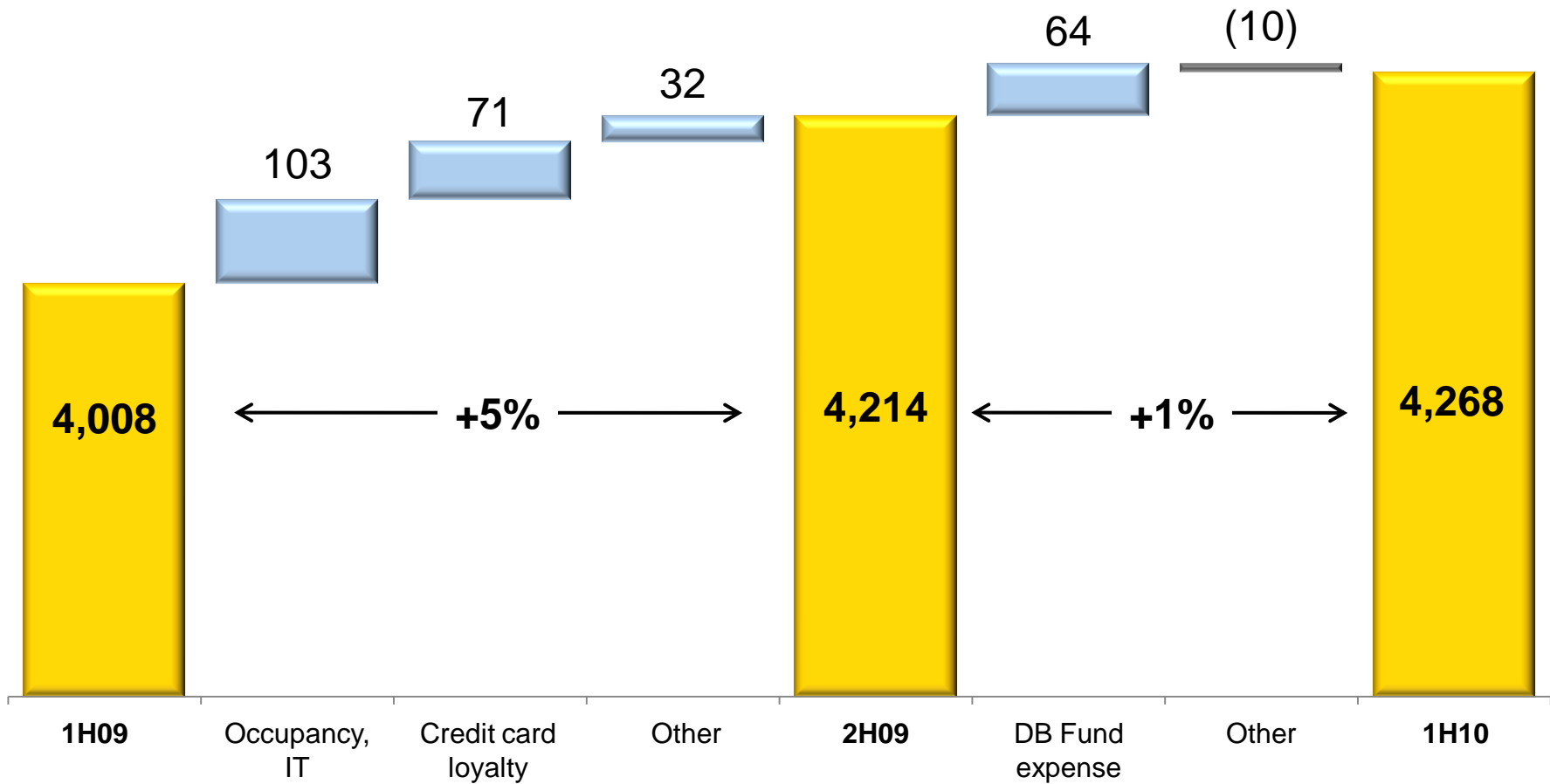
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# Expenses up 1% on prior half

\$m



# Notes

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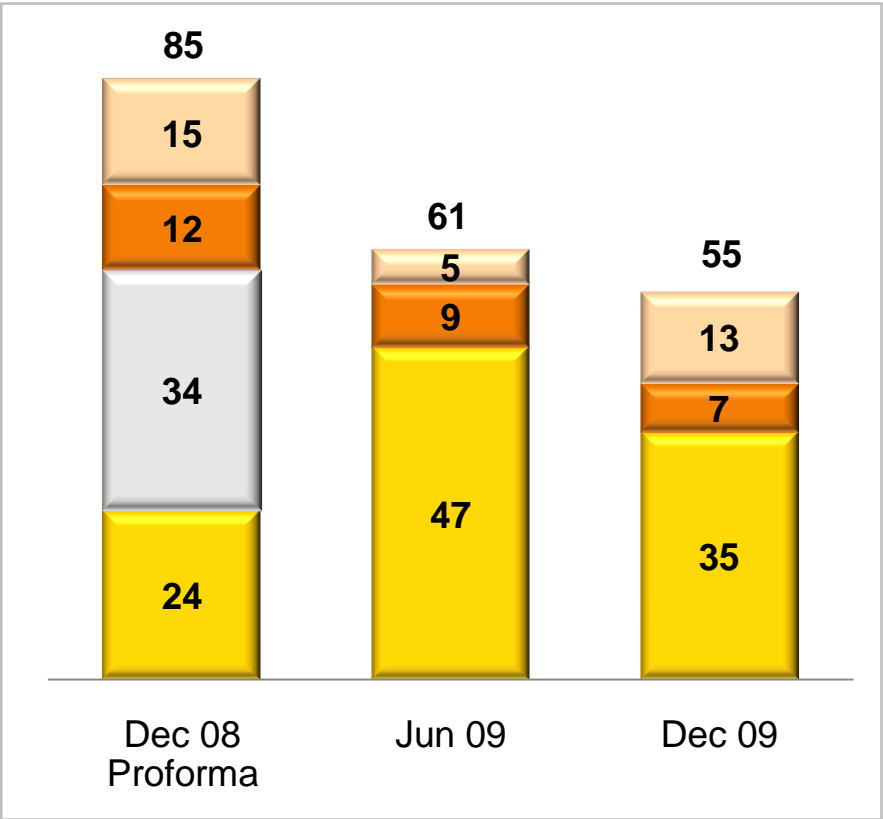
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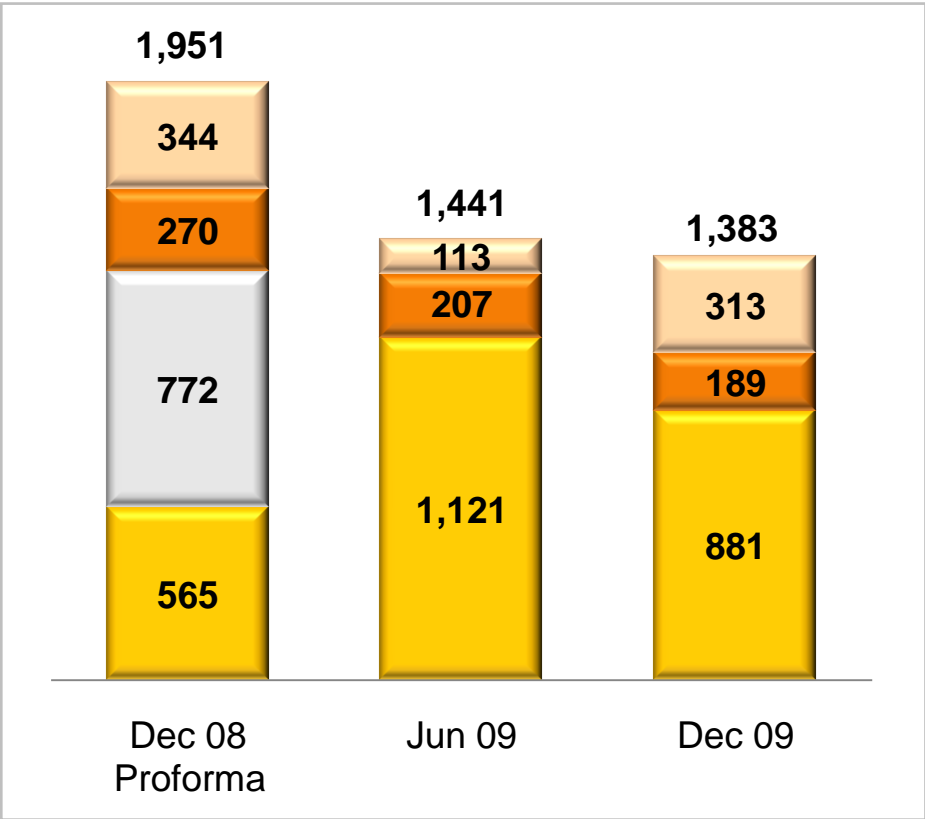


# Impairment expense

6 months annualised (basis points)<sup>1</sup>



6 months (\$m)



Base
  Single Names
  Overlay
  Bankwest

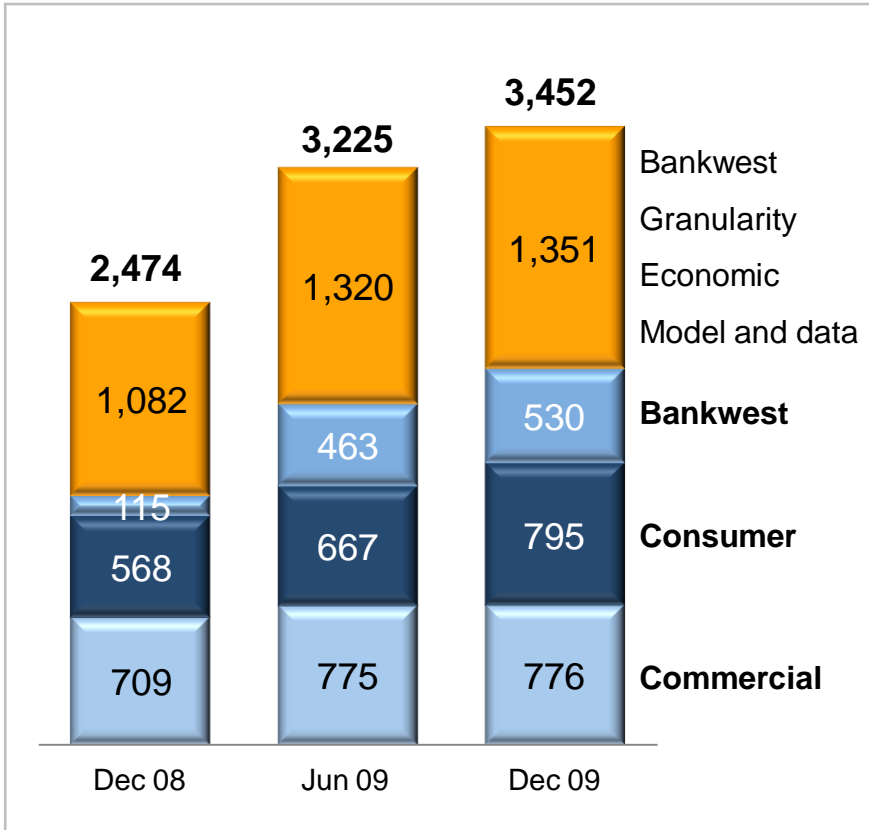
<sup>1</sup> Basis points as a percentage of average Gross Loans and Acceptances



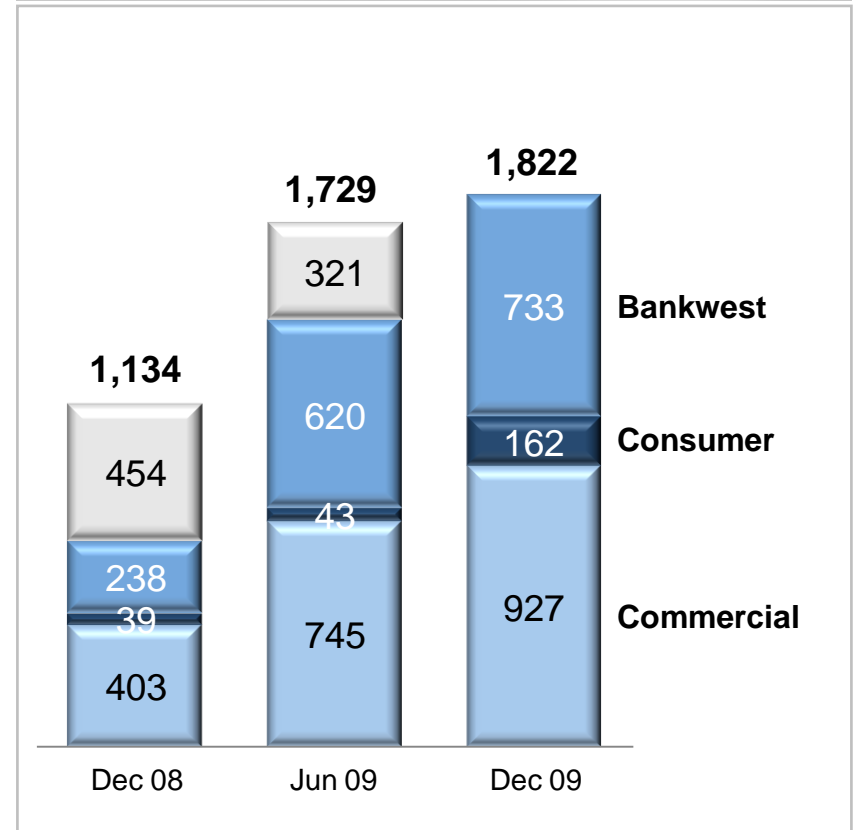


# Provisioning levels maintained

## Collective provisions (\$m)



## Individual provisions (\$m)



■ Commercial    
 ■ Consumer    
 ■ Bankwest    
 ■ Single Names    
 ■ Overlay



# Exposure mix

	Regulatory exposure mix			
	CBA	Peer 1	Peer 2	Peer 3
Residential Mortgages	58%	40%	39%	51%
Corporate, SME & Spec Lending	28%	38%	44%	38%
Bank	6%	6%	11%	5%
Sovereign	5%	6%	3%	2%
Qualifying Revolving	2%	4%	2%	3%
Other Retail	1%	6%	1%	1%
<b>Total Advanced <sup>1</sup></b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

CBA as at December 2009. Peers – September 2009 Pillar 3 disclosures

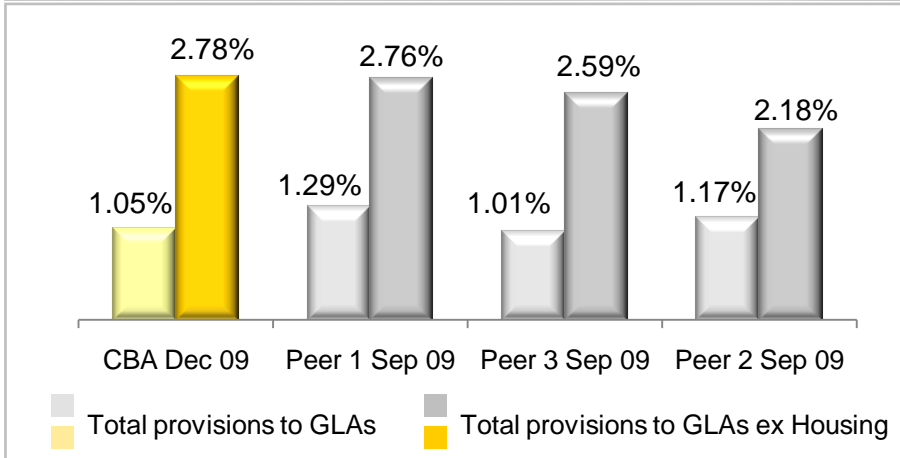
<sup>1</sup> Includes Specialised lending. Excludes Standardised, Other Assets and Securitisation (representing 5% of Peer 1, 18% of Peer 2 and 26% of Peer 3). Exposure mix re-baselined to total 100% for comparison



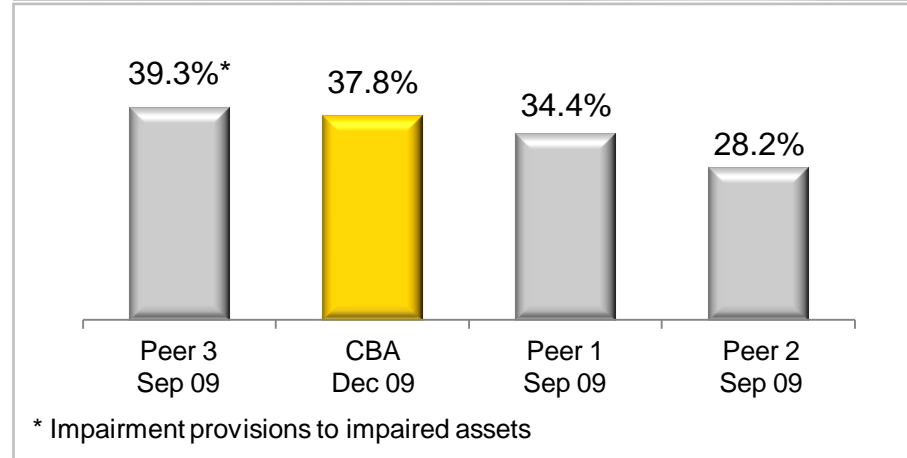
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# Strong provisioning coverage

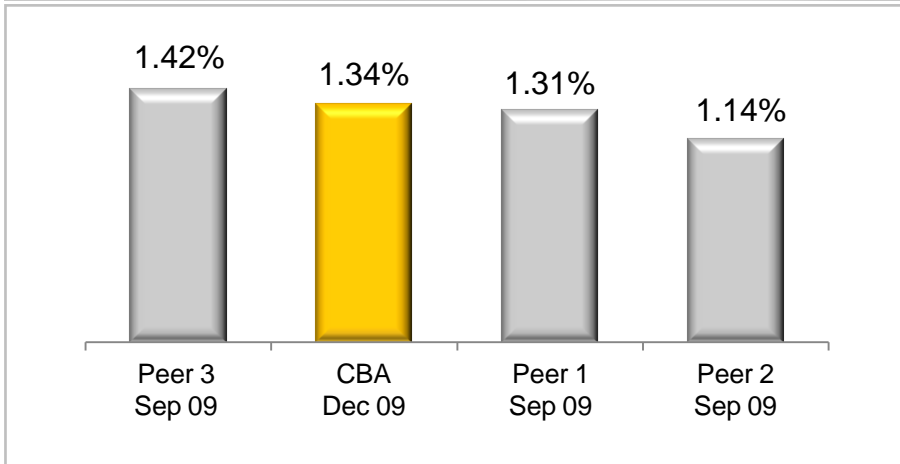
## Total provisions to GLAs<sup>1</sup>



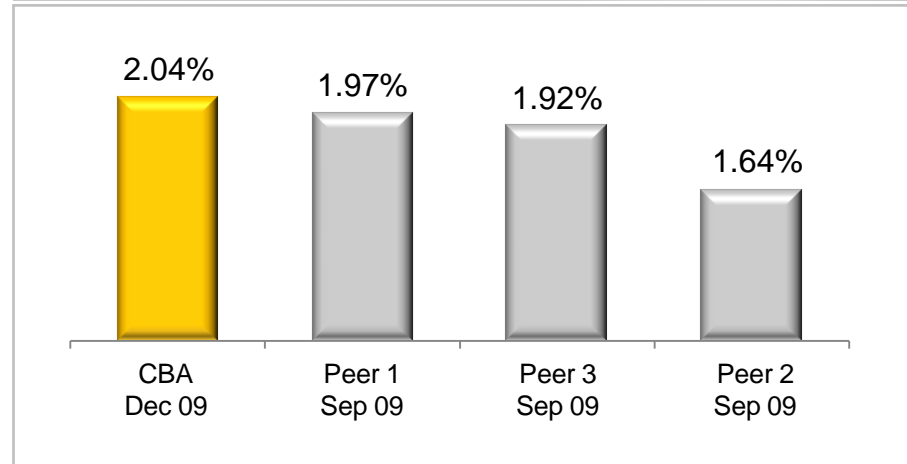
## Individual provisions to impaired assets



## Collective provisions to Credit RWA



## Total provisions to Credit RWA

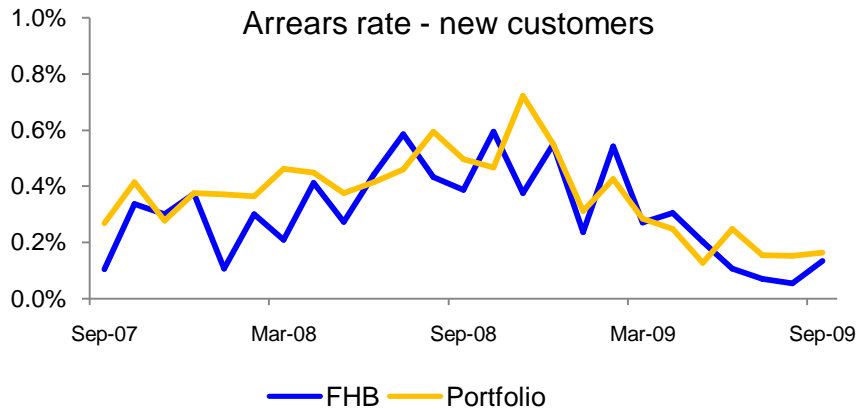


<sup>1</sup> Gross Loans and Acceptances

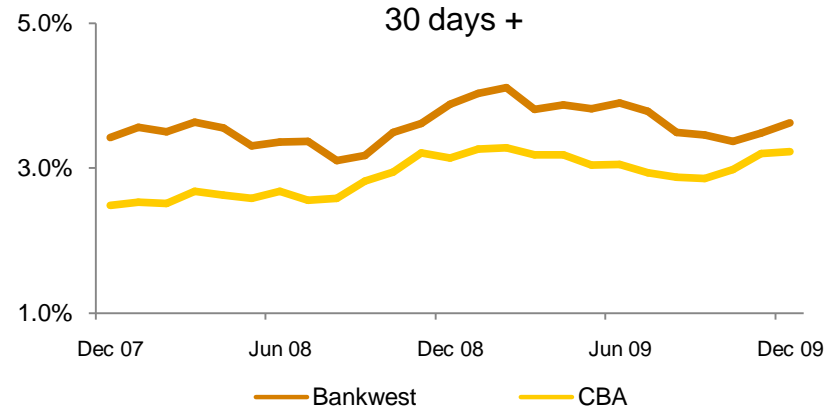


# Other key information

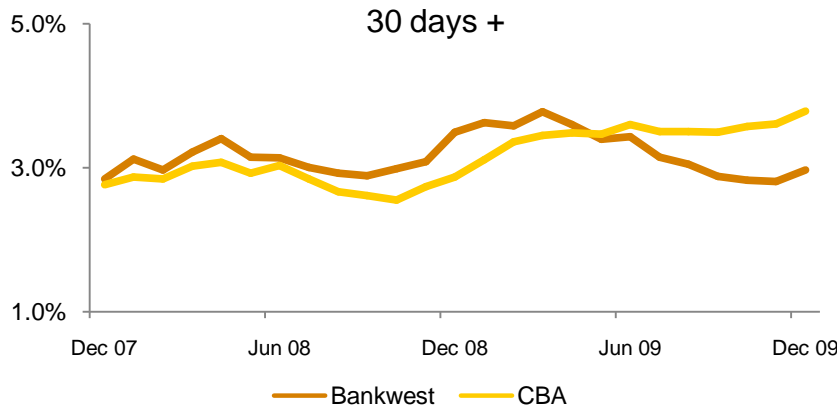
## First Home Buyers



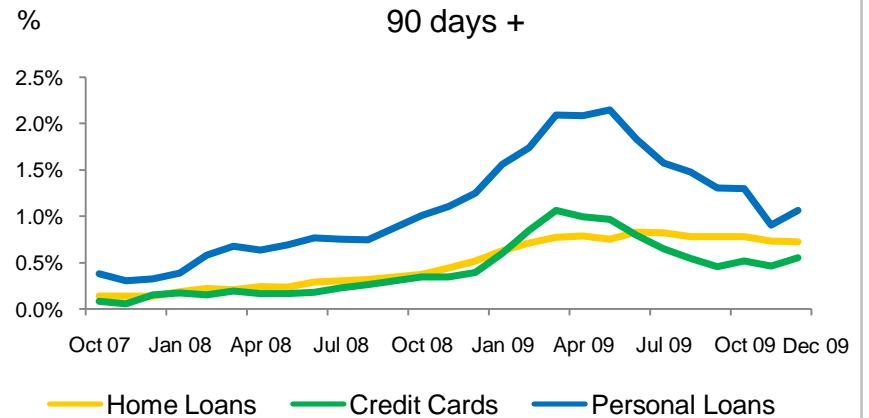
## Credit card arrears



## Personal loan arrears

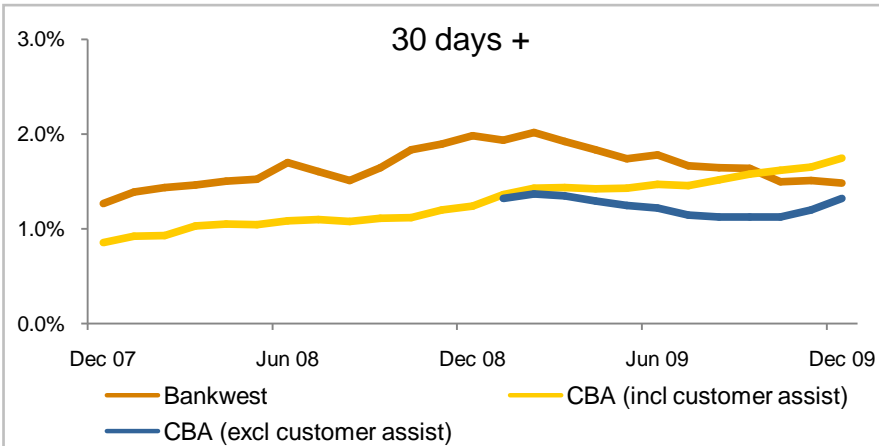


## ASB arrears

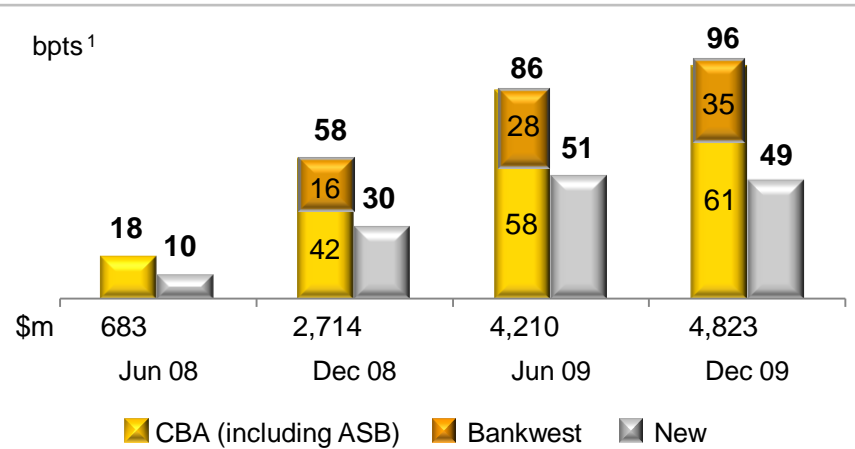


# Credit quality

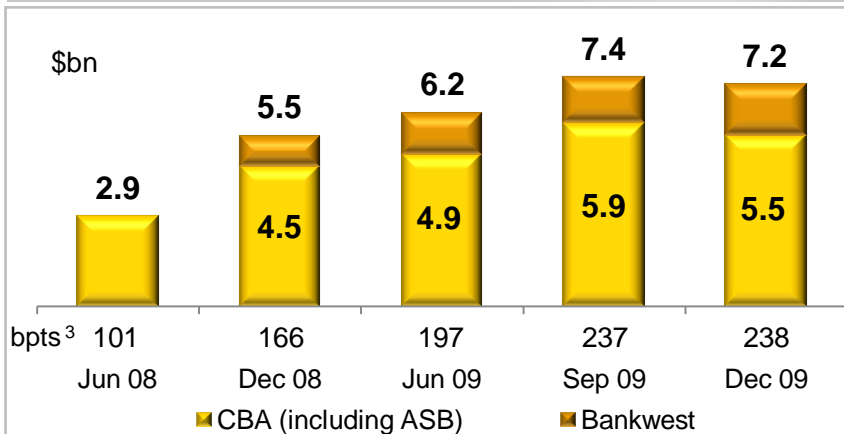
## Home loan arrears



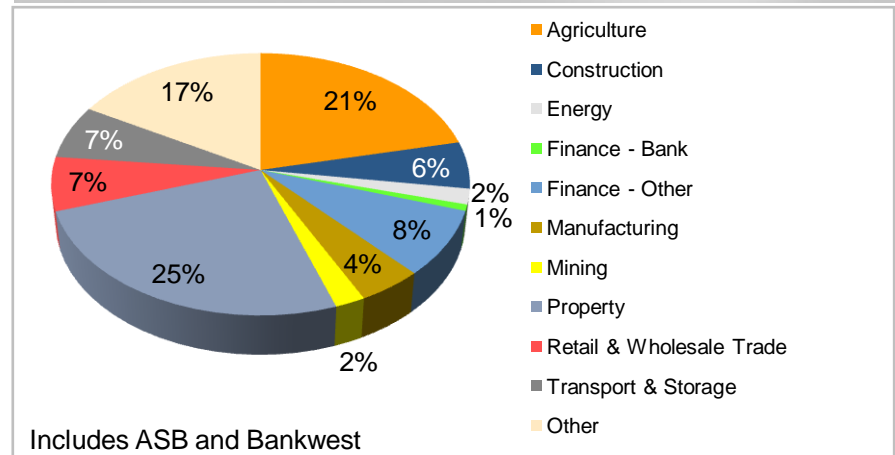
## Total and New Impaired Assets



## Troublesome Exposures<sup>2</sup>



## Troublesome Exposures by Sector



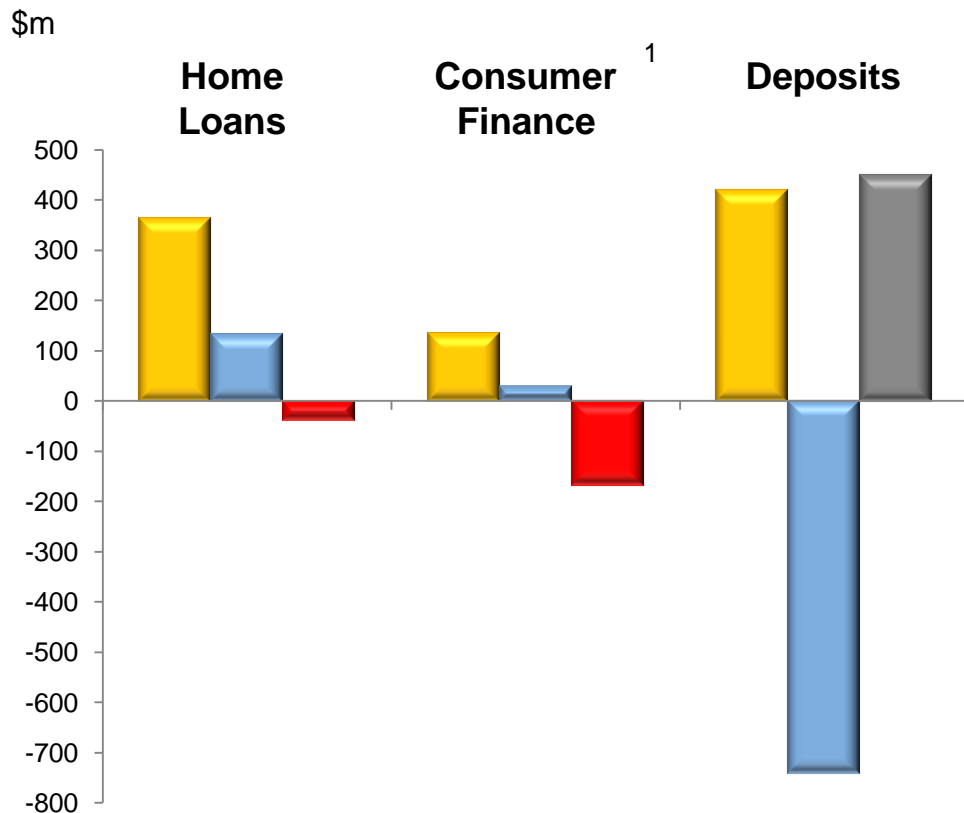
<sup>1</sup> As a percentage of Gross Loans and Advances

<sup>2</sup> 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.

<sup>3</sup> As a percentage of total commercial exposures



# Retail Profits change since beginning of GFC



Change in Profit Drivers	Total \$m
Volume	920
Pricing (Margin & Fees)	(581)
Replicating Portfolio (hedge against declining interest rates)	450
Distribution	71
<b>Total Banking Income</b>	<b>860</b>
Operating Expenses	(118)
Impairment Expense	(206)
Tax	(176)
<b>Increase in Cash NPAT</b>	<b>360</b>

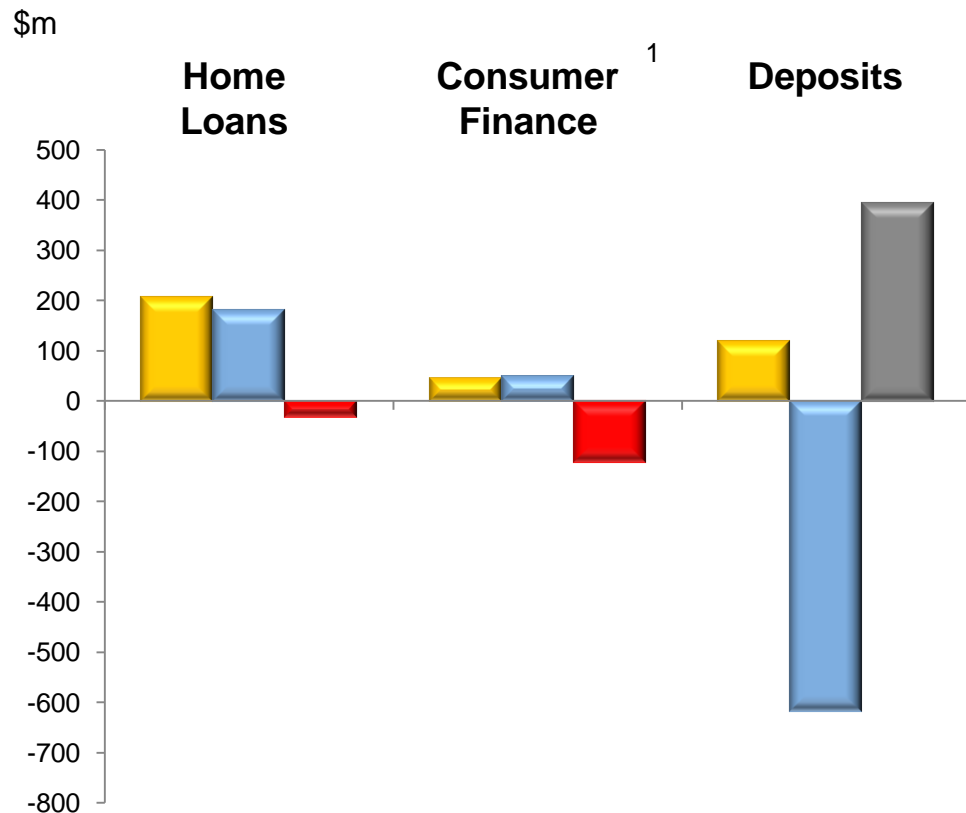
Chart shows change in profit contribution between 2H07 and 1H10, categorised in terms of volume, pricing, impairment expense and replicating portfolio impacts. Figures shown are CBA domestic ex Bankwest.

<sup>1</sup> Pricing includes impact of loyalty income and replicating portfolio in credit cards





# Retail Profits change in last 12 months



Change in Profit Drivers	Total \$m
Volume	371
Pricing (Margin & Fees)	(386)
Replicating Portfolio (hedge against declining interest rates)	394
Distribution	8
<b>Total Banking Income</b>	<b>387</b>
Operating Expenses	(29)
Impairment Expense	(154)
Tax	(78)
<b>Increase in Cash NPAT</b>	<b>126</b>

Chart shows change in profit contribution between 1H09 and 1H10, categorised in terms of volume, pricing, impairment expense and replicating portfolio impacts. Figures shown are CBA domestic ex Bankwest.

<sup>1</sup> Pricing includes impact of loyalty income and replicating portfolio in credit cards



# Regulatory and other reform

	Key proposals	Potential issues and implications
Capital	<ul style="list-style-type: none"> <li>▪ New measure – Tier 1 Common Equity →</li> <li>▪ More stringent conditions for hybrids →</li> <li>▪ Revised regulatory deductions methodology →</li> <li>▪ Leverage ratio: New measure, capital over exposures. No minimum ratio yet set. Expected to be supplementary →</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase in required capital levels</li> <li>▪ Reduction in hybrid issuance</li> <li>▪ Greater instance of 100% deductions against Tier 1, rather than 50:50 Tier 1 and Tier 2</li> <li>▪ Blunt measure – no recognition of underlying asset quality</li> <li>▪ Potential impact on size and nature of balance sheet</li> </ul>
Liquidity	<ul style="list-style-type: none"> <li>▪ 1 month liquidity coverage ratio →</li> <li>▪ Narrowing definition of qualifying liquid assets to govt securities and cash →</li> <li>▪ Net Stable Funding Ratio, minimum term funding requirement →</li> </ul>	<ul style="list-style-type: none"> <li>▪ On APRA proposals, potential doubling of liquid asset requirement for Group and industry</li> <li>▪ Govt securities insufficient to meet market demand under narrower definition</li> <li>▪ &gt;12 month funding for assets not deemed to be readily converted to cash on BIS proposals (eg, home loans)               <ul style="list-style-type: none"> <li>▪ Significant pricing impact for customers</li> <li>▪ Potential economic impact as lending capacity either constrained or sub-economic in sectors such as household and small business</li> <li>▪ Additional funding requirements raise questions about market capacity/constraints</li> </ul> </li> </ul>
Risk and provisioning	<ul style="list-style-type: none"> <li>▪ Accounting rule changes (likely 3 yrs to implement). Credit losses recognised by charging annual result with expected loss over the life of a loan rather than losses as incurred →</li> </ul>	<ul style="list-style-type: none"> <li>▪ Potentially not fit for purpose, with unintended consequences</li> <li>▪ High cost to implement, as changes required to performance-target setting &amp; pricing models</li> <li>▪ Increased subjectivity in cash flow models</li> <li>▪ Attempts to reduce pro-cyclicality</li> <li>▪ Balance sheet and capital impact unclear</li> </ul>



# Constructive dialogue on key reforms

## Capital

- ▶ Tier 1 capital – qualifying assets, hybrids
- ▶ Deductions methodology – Tier 1 impact
- ▶ Leverage ratio
- ▶ Rating agency models changing

## Liquidity

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

## Consumer

- ▶ Australian Credit Law Reform
- ▶ Cooper Review and Ripoll Inquiry
- ▶ Wealth Management fee models and product simplification



## Other

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

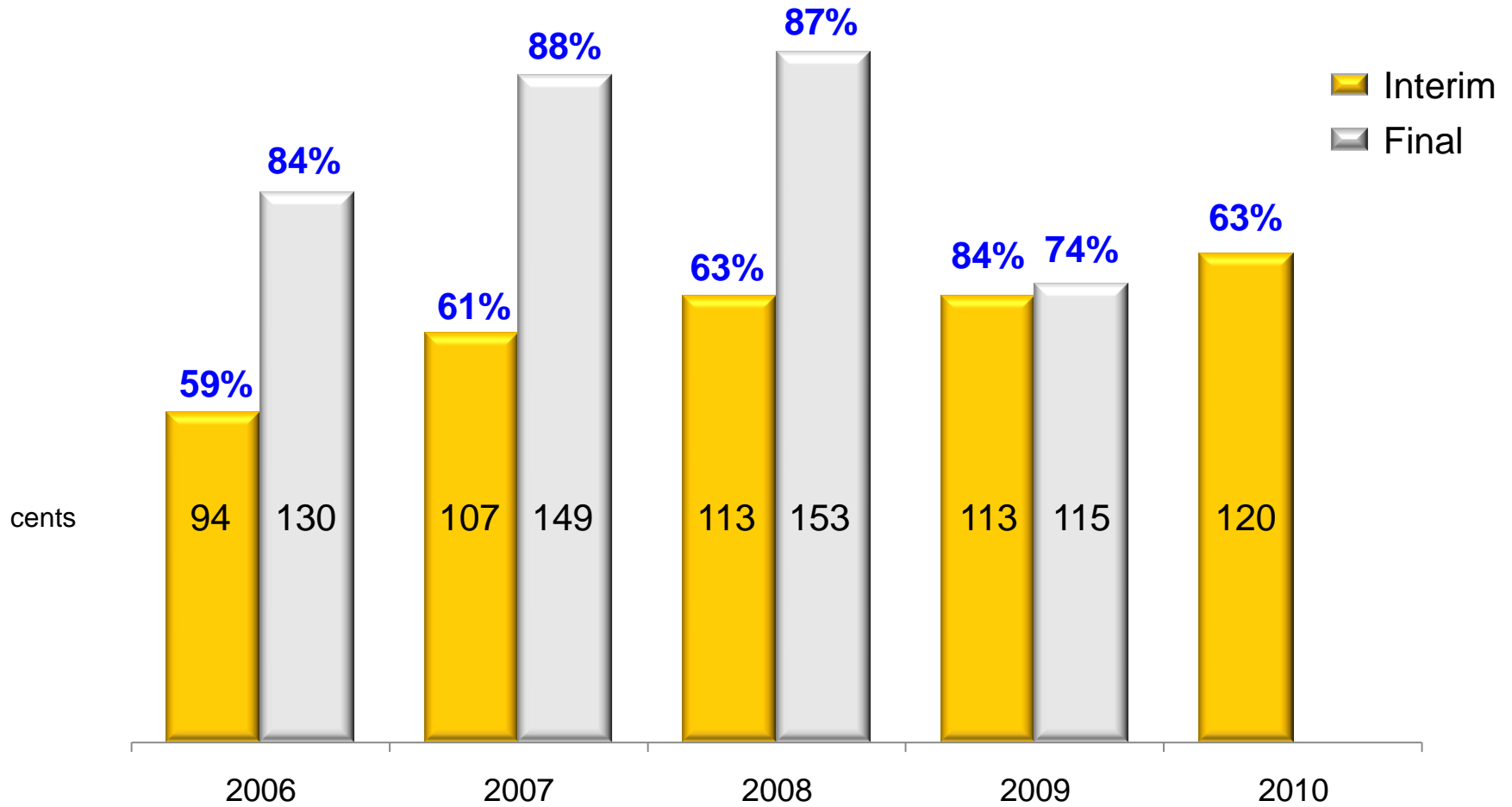


# Regulatory Reform – Key Proposals

	Key proposals	Potential issues and implications
Consumers	<ul style="list-style-type: none"> <li>Increased scrutiny and regulation of consumer lending, including margin lending</li> <li>Simplification of fee structures in wealth management sector</li> </ul>	<ul style="list-style-type: none"> <li>Group already targeting best practice customer engagement and therefore supportive of incremental industry improvements</li> <li>Group well positioned for contemplated changes to fee structures and product simplification. Most potential changes already available to Group's customers</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Continued focus from regulators on corporate governance and risk management</li> <li>Alignment of remuneration to risk objectives and long term performance</li> </ul>	<ul style="list-style-type: none"> <li>Group sees Australian financial sector as healthy and well-regulated and is supportive of ongoing improvements that suit the Australian environment. Some concern over the considerable resources required for reporting requirements</li> <li>Remuneration already broadly in line with proposals. Refinements being made where necessary</li> </ul>

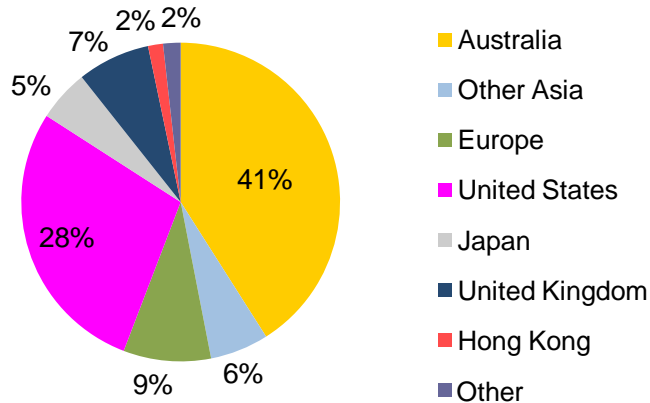


# Dividends per Share

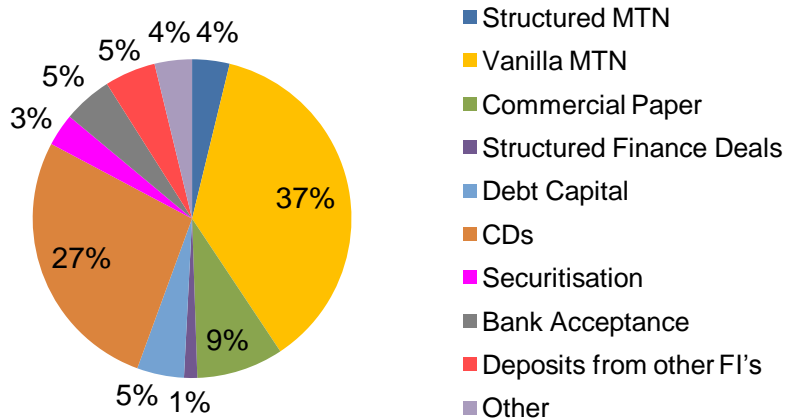


# Other key information

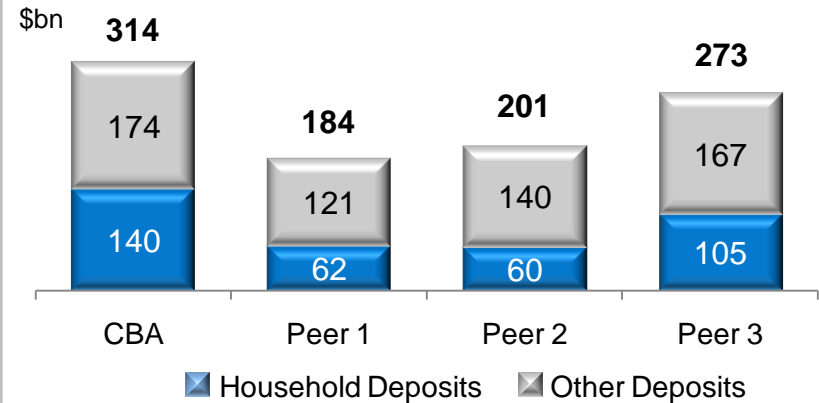
## Wholesale Funding - Geographic Distribution



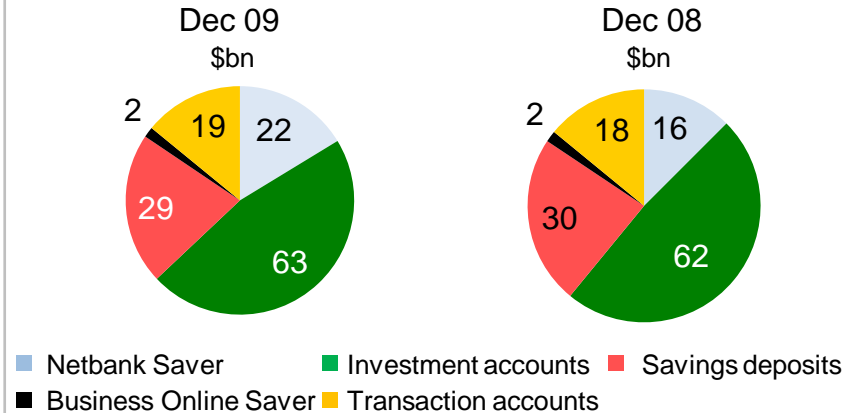
## Wholesale Funding by Product



## Total Deposits

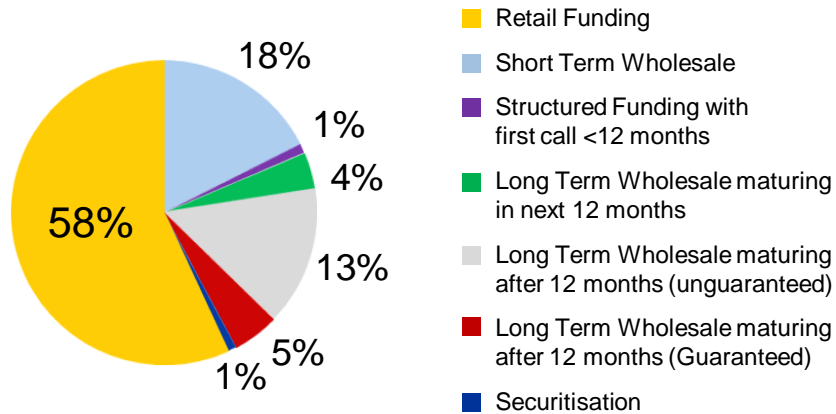


## Retail Deposit Mix

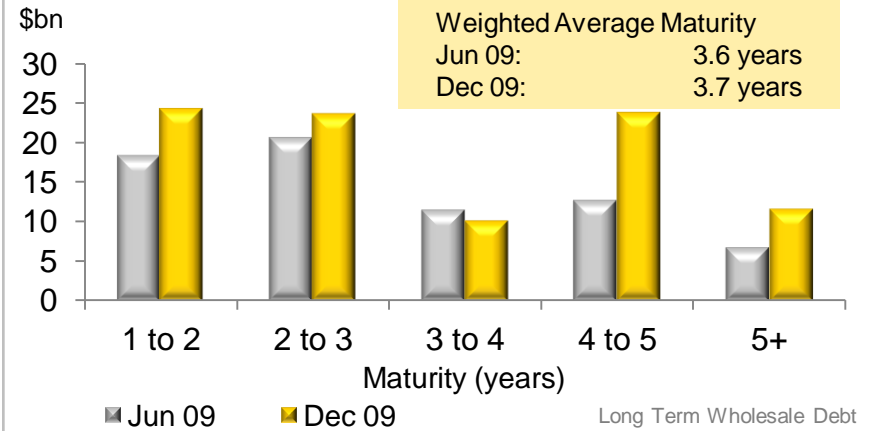


# Strong funding and liquidity positions

## 58% retail funded



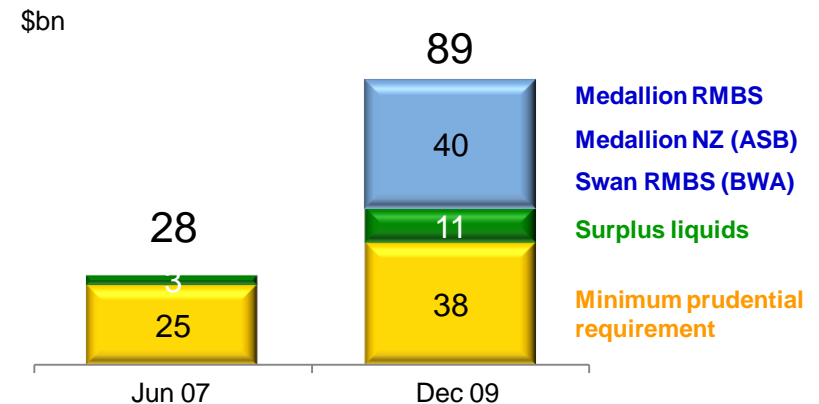
## Weighted Average Maturity of 3.7 yrs



## Funding profile

Dec Qtr 2009	Guaranteed	Unguaranteed
Long Term	9%	91%
Short Term	0%	100%

## \$89bn in Liquid Assets<sup>1</sup>

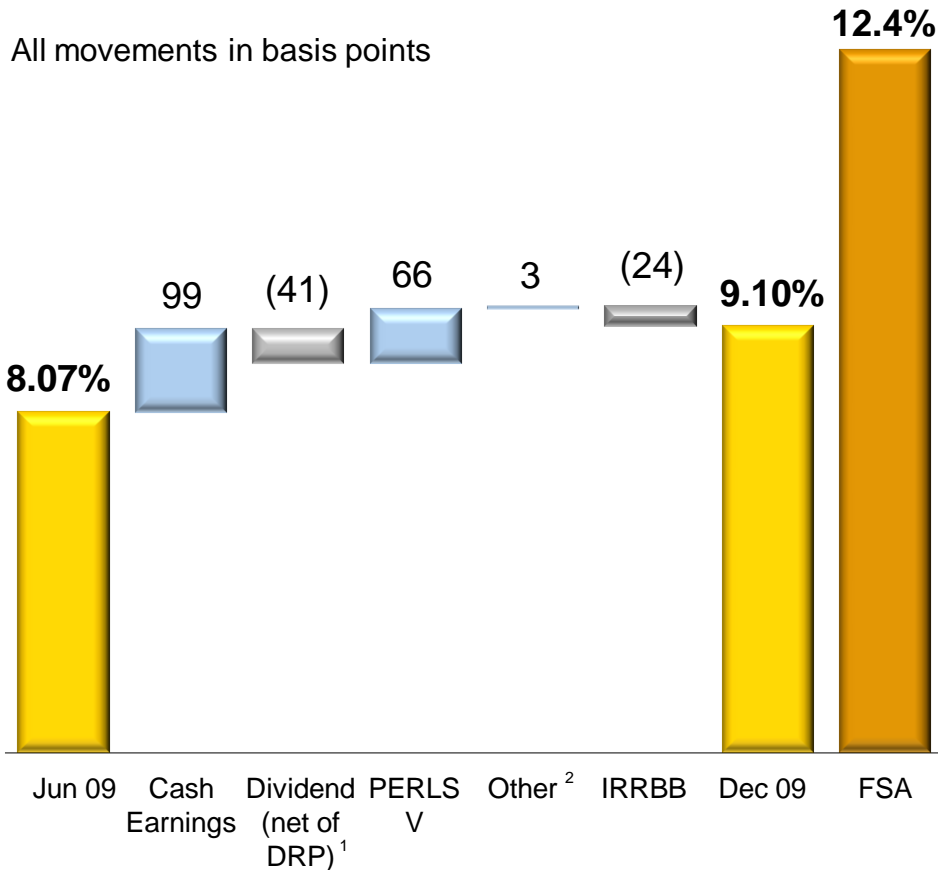


<sup>1</sup> Surplus liquids are excluded from short term wholesale funding. Includes Bankwest. All assets repo-able at Central Bank

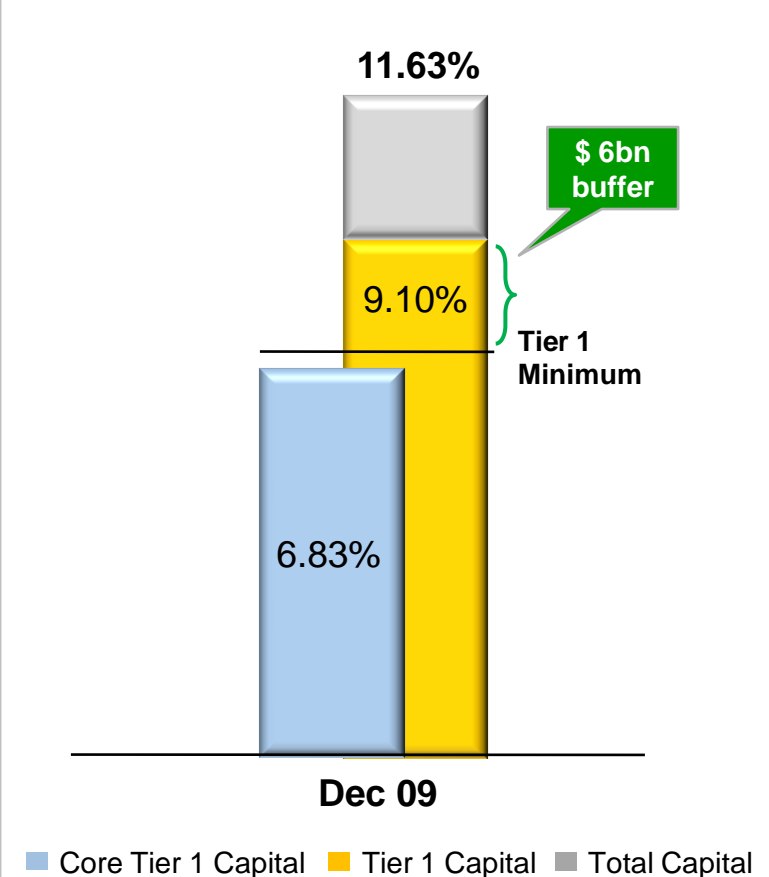


# Other key information

## Capital Movements – 1H10



## Strong capital buffer maintained



1 Provision for dividends net of DRP (assumes APRA approved DRP participation rate of 33%)

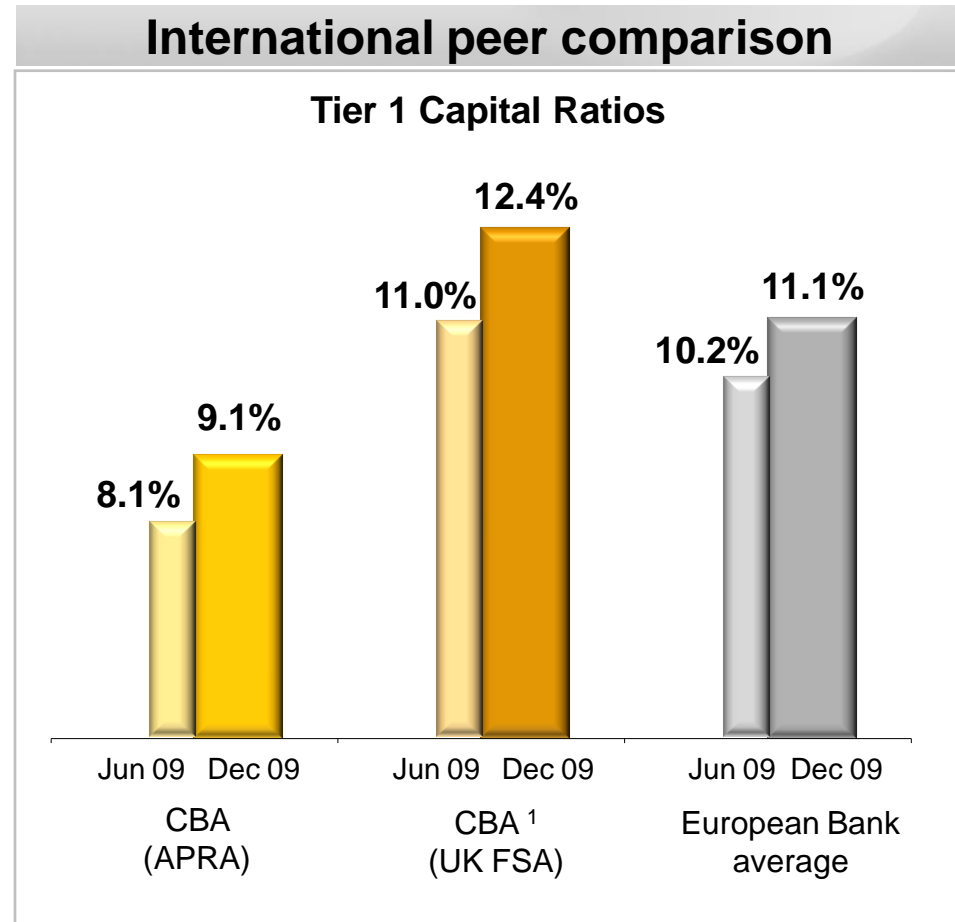
2 Representative of additional DRP take up on 2H09 dividend, RWA movements (ex IRRBB), prescribed regulatory adjustments and statutory NPAT items





# Strong capital position

- Tier 1 ratio of 9.1% as at Dec 09
- UK FSA equivalent 12.4%
- Total Capital of 11.6%, up from 10.4%
- Buffer of >\$6bn to board minimum target levels



<sup>1</sup> Normalised CBA capital calculation to UK regulator, Financial Services Authority, as benchmark





# A very good, quality result

- |                             |   |                            |
|-----------------------------|---|----------------------------|
| ■ Clear, focussed strategy  | ➔ | Delivering results         |
| ■ Good momentum             | ➔ | Some headwinds             |
| ■ Strong growth             | ➔ | Income up 10%              |
| ■ Careful cost management   | ➔ | Costs up 1% this half      |
| ■ Strong balance sheet      | ➔ | Tier 1 Capital over 9%     |
| ■ Conservative provisioning | ➔ | \$1.4bn management overlay |
| ■ Delivering high ROE       | ➔ | 18.5%                      |



**Determined** to be better than we've ever been.



# Supplementary Materials

For the half year ended 31 December 2009

10 February 2010

Commonwealth Bank of Australia ACN 123 123 124



**Determined** to be different

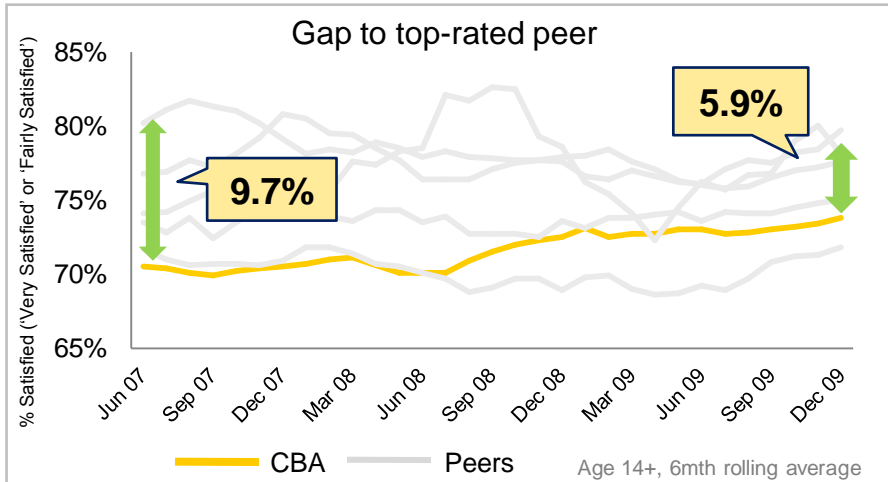
# Index

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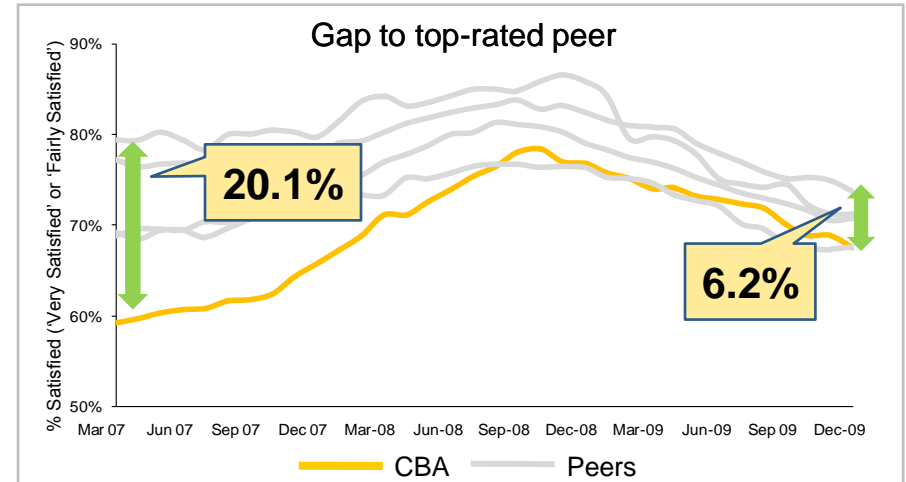


# Significant gains in customer satisfaction

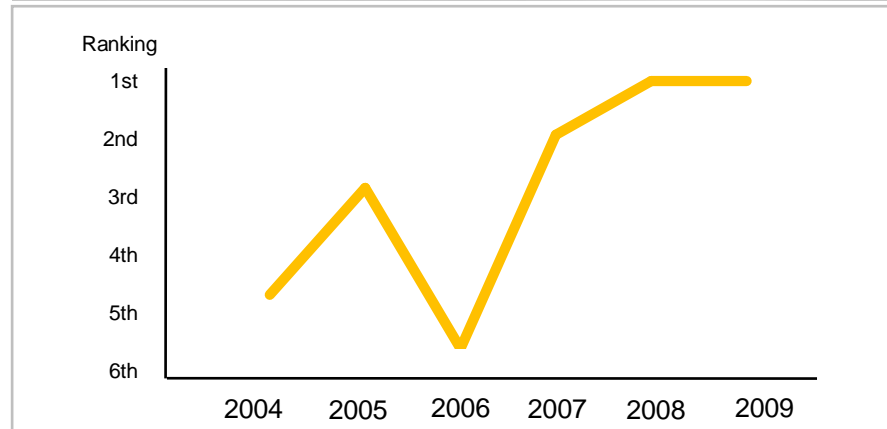
## Retail MFI Customer Satisfaction <sup>1</sup>



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



## FirstChoice ranking <sup>3</sup>



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



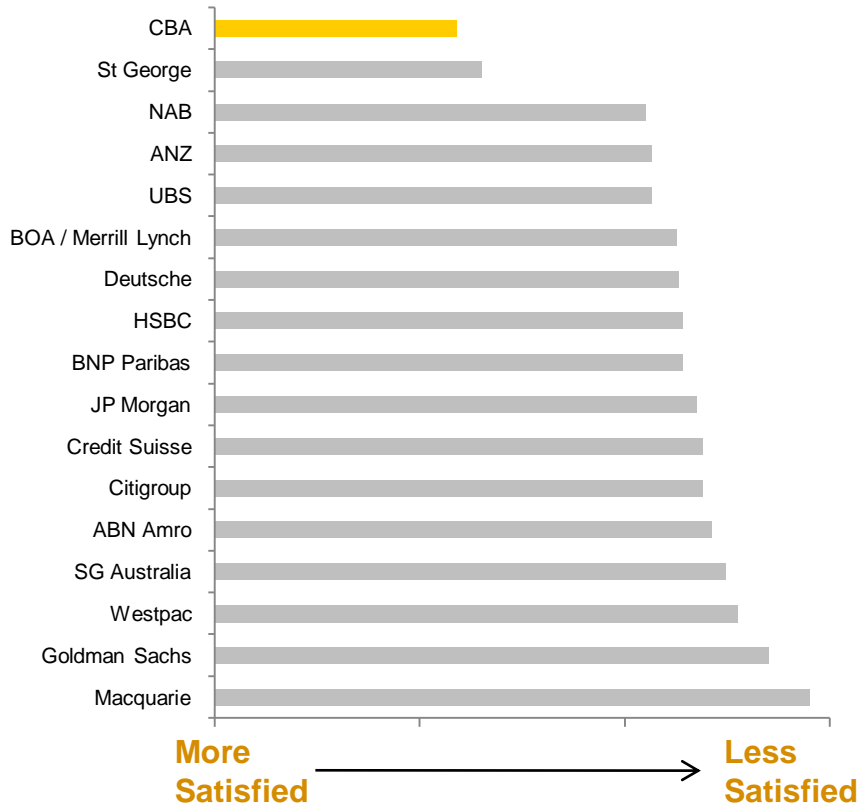
Determined to be different

# Institutional Banking

## Customer Satisfaction

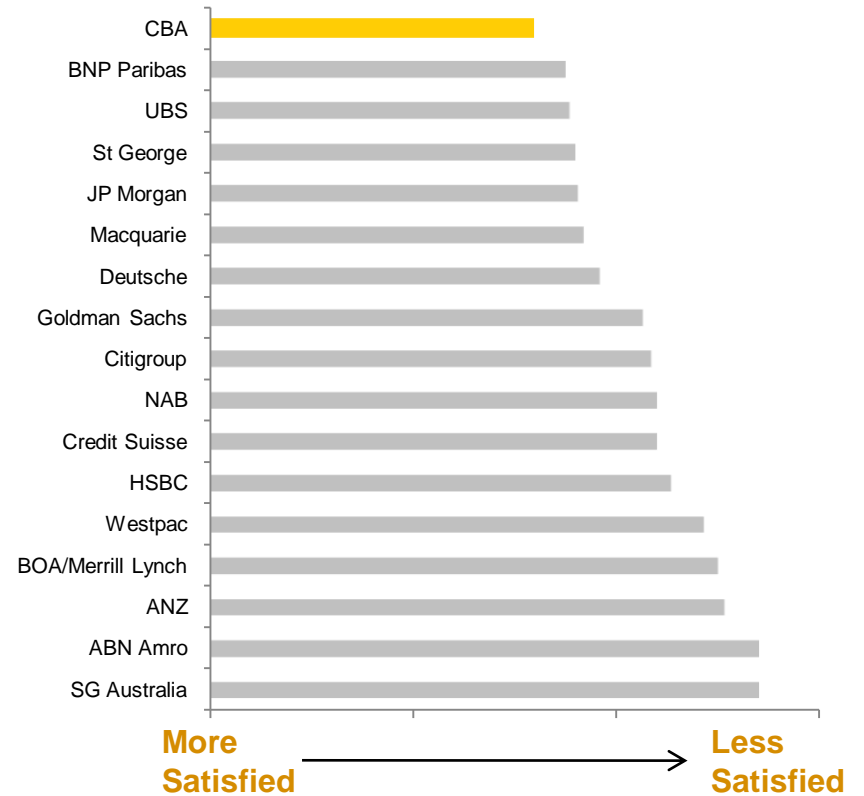
### Loyalty to Relationship

Lower the Score the Higher the Satisfaction



### Understanding Customers' Business

Lower the Score the Higher the Satisfaction



# Leading position in Online Banking

**CommBiz**

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

**FirstChoice**

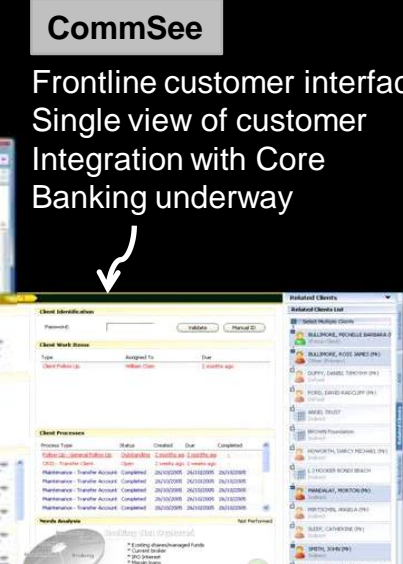
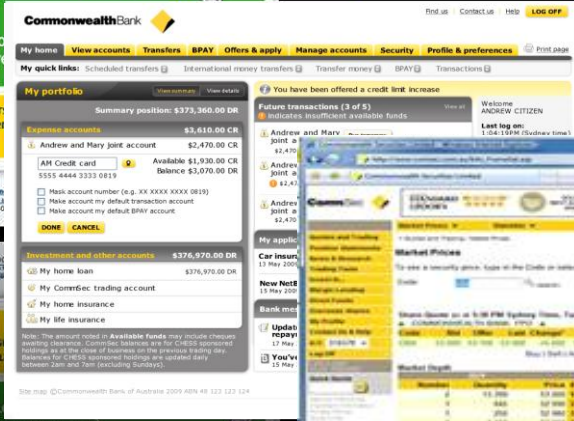
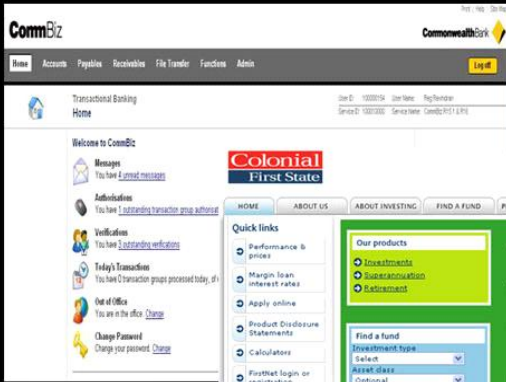
New First Rate Saver attracts \$1.3bn - extending to include term deposits

**Netbank**

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

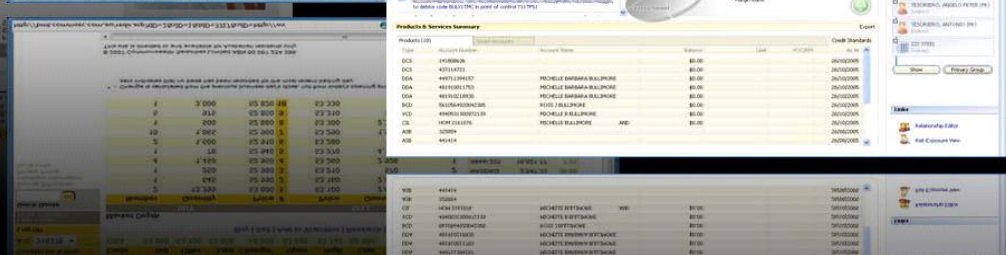
**CommSee**

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



**CommSec**

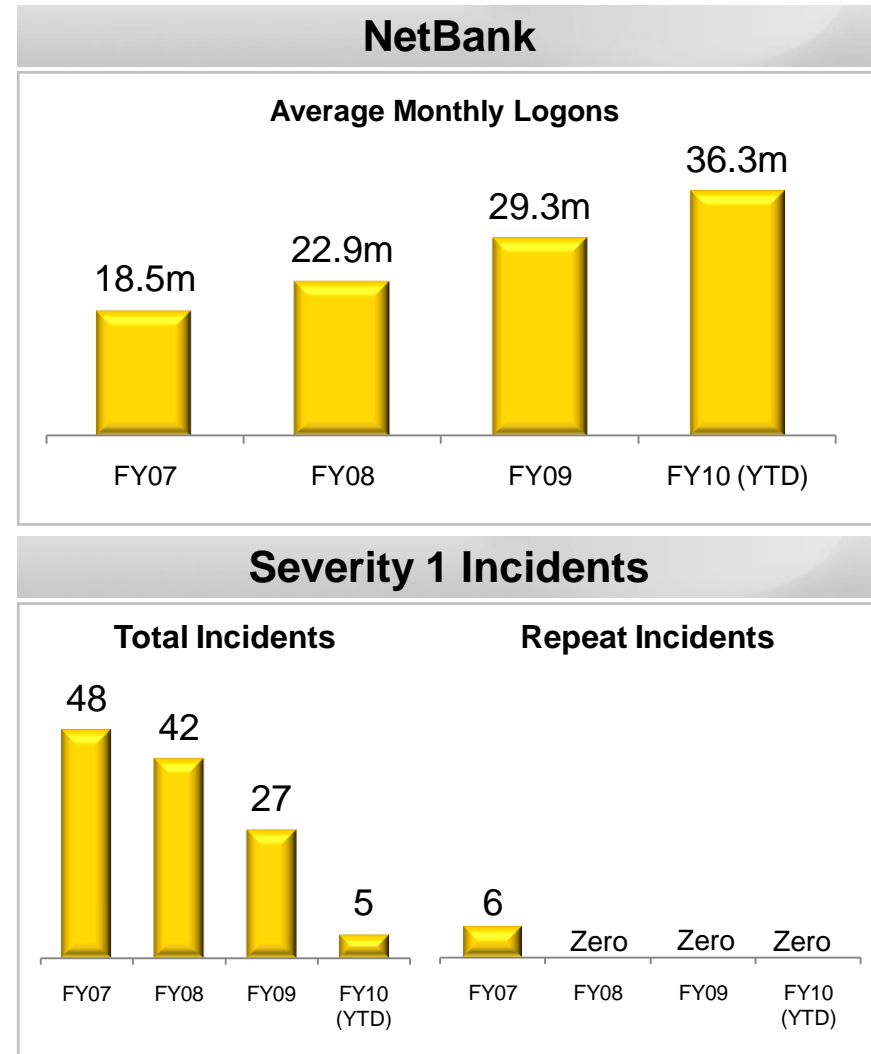
Market leading online retail broking platform  
Increased resilience  
Portfolio view across broking, margin lending and retail deposits





# Technology and Operational Excellence

- Market leading online banking presence:
  - CommSec, NetBank, FirstChoice, CommBiz, CommSee
- Significant improvement in system reliability
- Back-office processing efficiencies
- Core Banking Modernisation;
  - On track
  - 3 live tracks underway
  - All customer information migrated
  - Quantum improvements in service and efficiency



# Volume Growth

	12 Months to Dec 09 %	
	CBA Group	System
Home Lending	20.4	8.1
Household Deposits	4.3	8.7
Business Lending	-4.6	-4.7
Business Deposits	7.1	5.6

	6 Months to Dec 09 Annualised %	
	CBA Group	System
Home Lending	15.1	8.0
Household Deposits	3.4	10.2
Business Lending	-7.4	-5.5
Business Deposits	10.6	1.1

Growth rates inclusive of Bankwest balances for the entire period shown  
 Figures adjusted for restatements where appropriate  
 Source : APRA / RBA

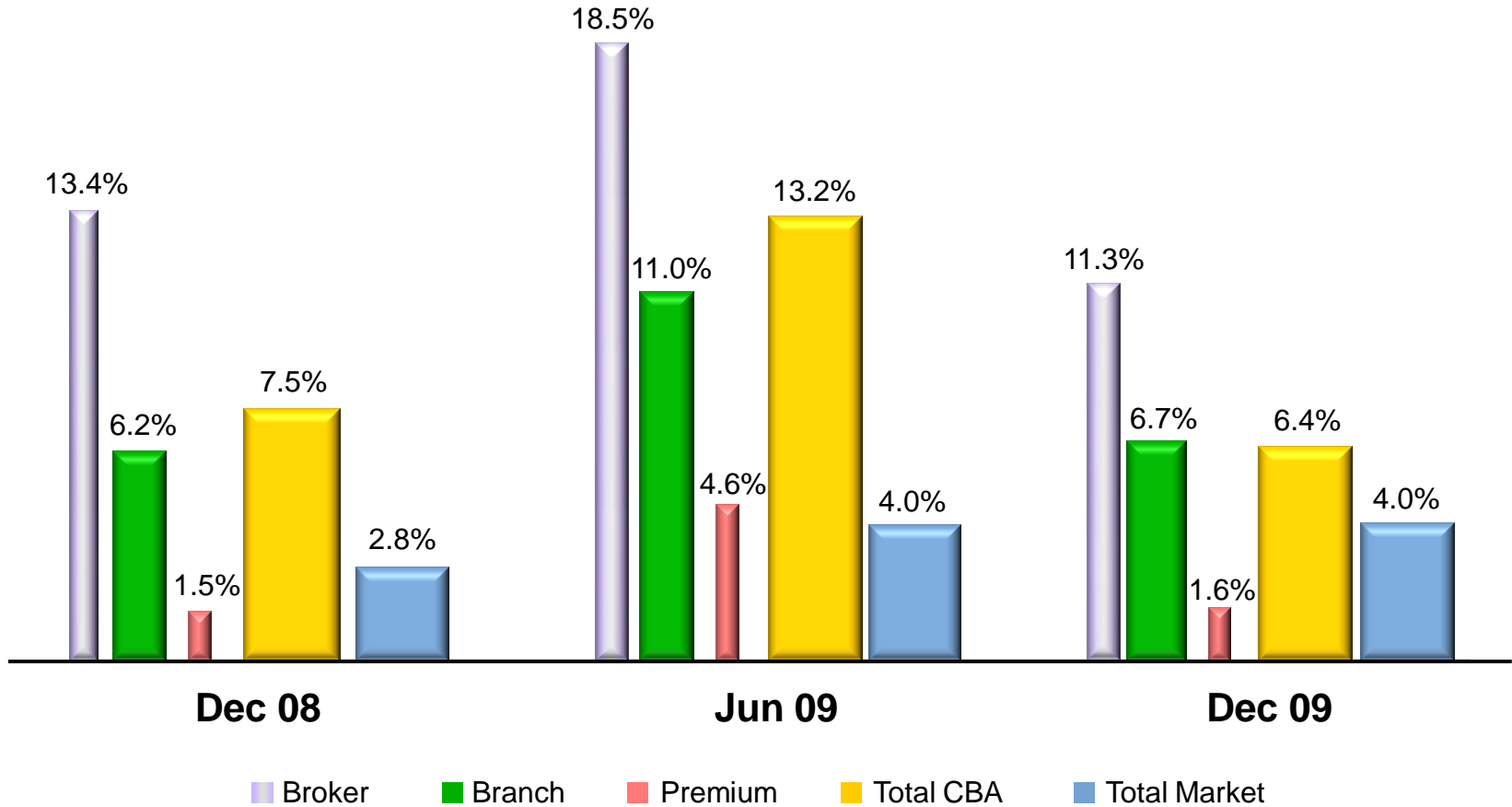


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# Home Loan Growth

Branch channel improving

## Balance Growth by Channel



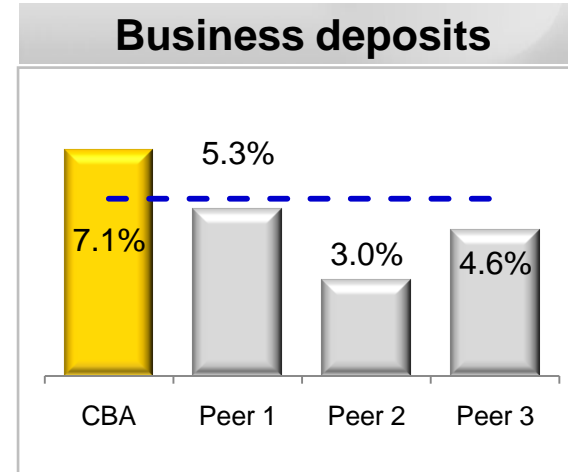
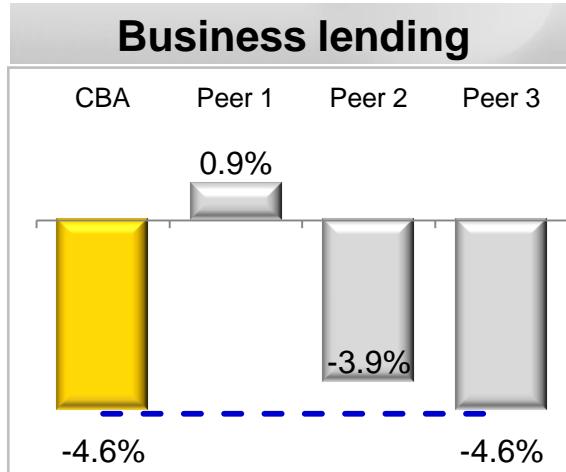
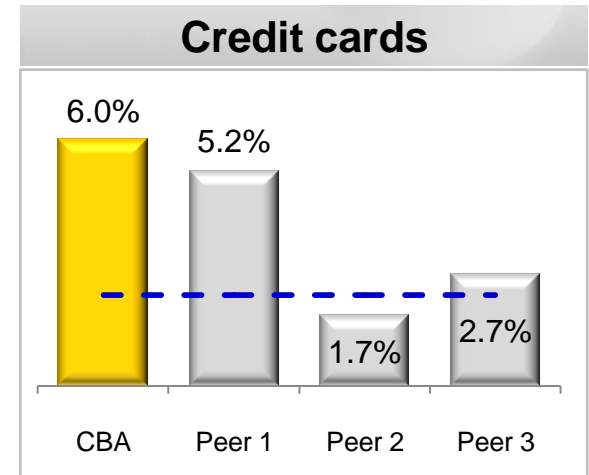
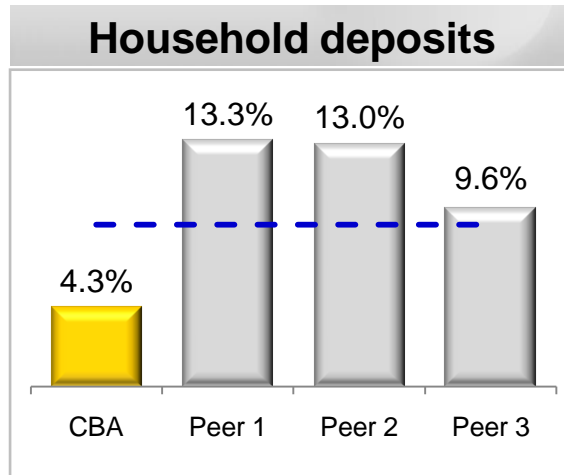
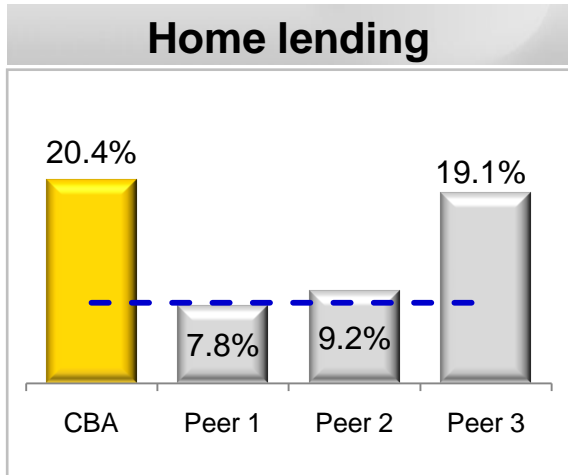
Note : Width of channel columns reflects relative proportion of total CBA balances



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# CBA Growth vs Market

12 months to December 2009



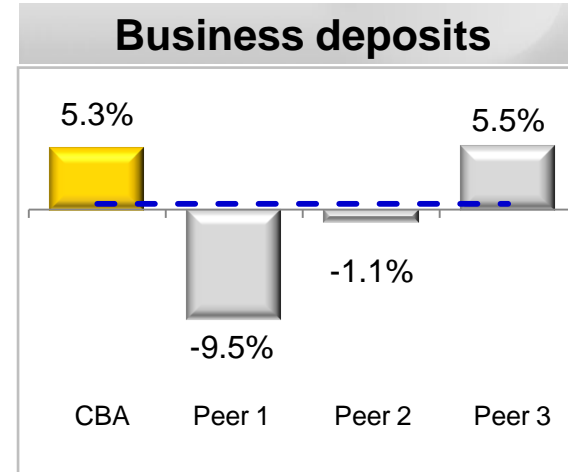
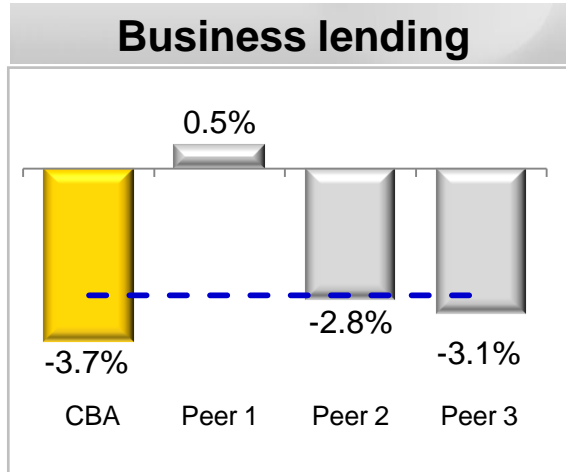
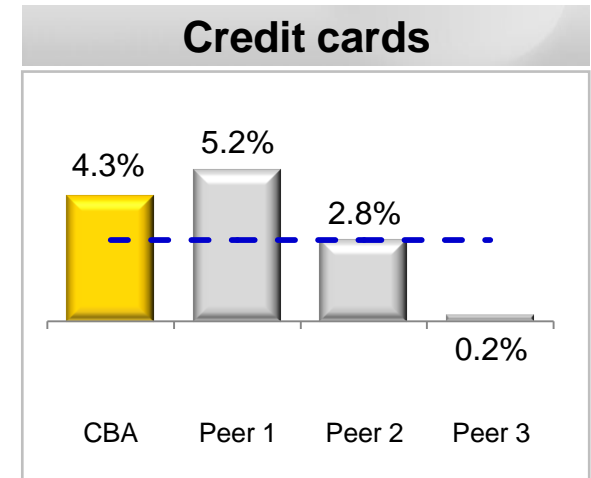
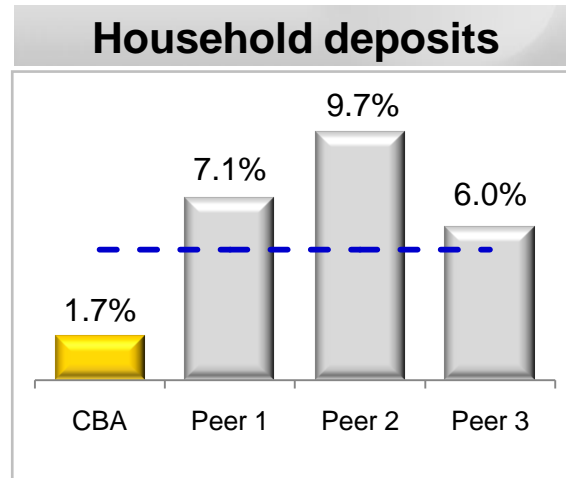
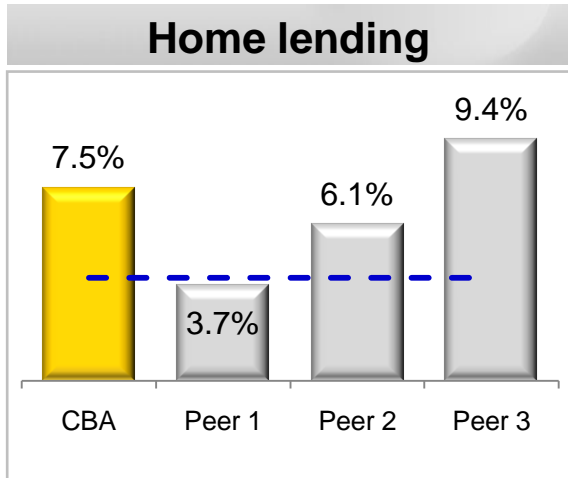
--- Market

Includes Bankwest. Figures adjusted for restatements where appropriate  
 Source : APRA / RBA



# CBA Growth vs Market

6 months to December 2009



--- Market



# Sustainability metrics

Metric		1H10	2009	2008	2007
<b>Customers</b>					
<b>Customer satisfaction</b>	Roy Morgan MFI retail customer satisfaction % (6-month moving average)	73.8	73.0	70.1	70.5
<b>Customer satisfaction</b>	TNS Business Finance Monitor % (12-month moving average)	67.5	72.8	73.9	60.7
<b>Customer satisfaction</b>	Wealth Insights MasterTrust/Wrap survey %	Annual	84.1	88.2	89.4
<b>People</b>					
<b>Safety</b>	Lost Time Injury Frequency Rate (LTIFR)	1.9	2.1	3.1	3.7
<b>Staff satisfaction</b>	Gallup Survey GrandMean	Annual	4.37 (80 <sup>th</sup> percentile)	4.28 (78 <sup>th</sup> perc.)	4.13 (69 <sup>th</sup> perc.)
<b>Absenteeism</b>	Average days per FTE	6.3	5.9	6.5	6.2
<b>Employee Turnover</b>	Voluntary %	12.26	11.37	18.45	14.94
<b>Environmental</b>					
<b>Carbon emissions</b>	Property and fleet emissions (tonnes CO2-e) <sup>1</sup>	Annual	169,589	173,397	163,964

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

<sup>1</sup> 2007 and 2008 figures previously reported have been adjusted to take into account the Group's reporting boundaries under the National Greenhouse and Energy Reporting Act 2007.



# Sustainability progress

## People

- Launched Indigenous Employment Strategy, committing to employ 350 Indigenous staff over 3 years
- Winner of the Special Award for Labour Relations/Human Capital Management in recognition of our cultural change and employee engagement initiatives, and a Finalist in the Sustainability Company of the Year Award, at the 9<sup>th</sup> Australian Sustainability Awards

## Customers

- Continued improvement in retail customer satisfaction results
- Announced the extension of our StartSmart financial literacy program into primary schools

## Community

- Successful health sponsorship campaigns with strong staff engagement – staff fundraised more than \$130,000 for the Breast Cancer Institute and over \$40,000 for the Prostrate Cancer Foundation
- Grants for Grassroots Cricket program provided \$350,000 of support to 200 local cricket clubs across Australia

## Environment

- Began implementation of energy savings initiatives to reach our carbon reduction target of 20% by June 2013
- Recognised in the top 10% of companies globally by the Carbon Disclosure Project for the quality of our disclosure and reporting on carbon emissions, by achieving a place in the Climate Disclosure Leadership Index

## Governance

- Launched inaugural annual Sustainability Report covering sustainability performance for 2008-2009

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



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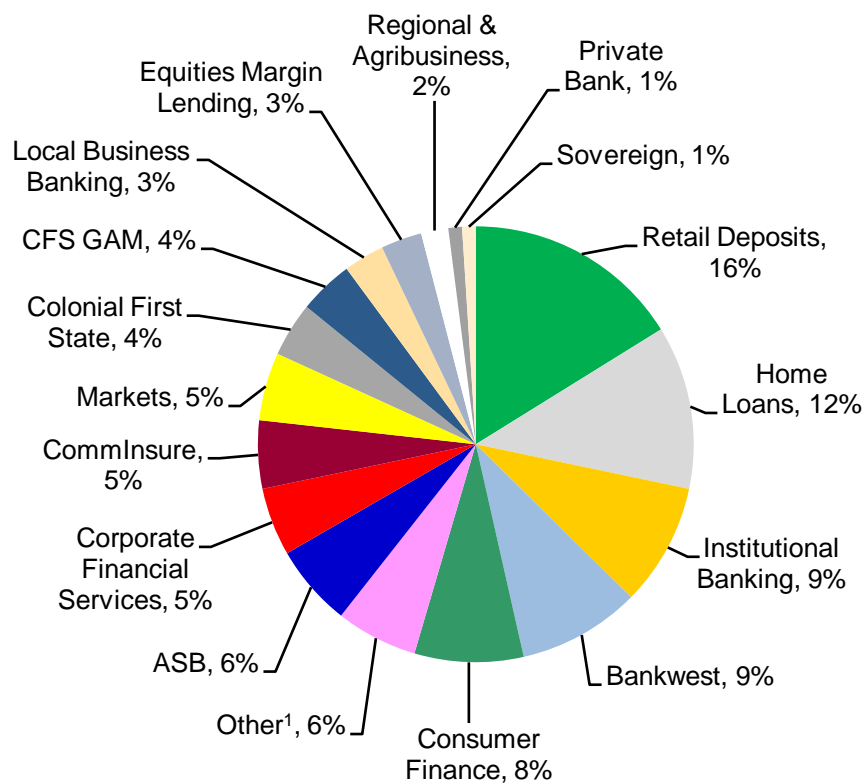




# Segment revenue

## Proportions of Total Operating Income

Proportion of Total Operating Income



	Dec 09	%
Retail deposits	1,496	16%
Home loans	1,190	12%
Institutional Banking	899	9%
Bankwest	848	9%
Consumer Finance	761	8%
Other <sup>1</sup>	591	6%
ASB	563	6%
Corporate Financial Services	510	5%
CommInsure	471	5%
Markets	456	5%
Colonial First State	401	4%
CFS GAM	390	4%
Local Business Banking	331	3%
Equities Margin Lending	250	3%
Regional & Agribusiness	190	2%
Private Bank	119	1%
Sovereign	84	1%
<b>Total Operating Income</b>	<b>9,550</b>	<b>100%</b>

<sup>1</sup> Includes Treasury and Asia



# RBS – 6 month periods

		Dec 09	Jun 09	Dec 08	Dec 09 vs Dec 08
<b>Net interest income</b>	Home loans	1,091	856	719	52%
	Consumer finance	549	511	447	23%
	Retail deposits	1,248	1,146	1,246	0%
		2,888	2,513	2,412	20%
<b>Other banking income</b>	Home loans	99	85	82	21%
	Consumer finance	212	265	218	(3%)
	Retail deposits	248	321	356	(30%)
	Distribution	124	108	116	7%
	683	779	772	(12%)	
<b>Total banking income</b>	Home loans	1,190	941	801	49%
	Consumer finance	761	776	665	14%
	Retail deposits	1,496	1,467	1,602	(7%)
	Distribution	124	108	116	7%
	3,571	3,292	3,184	12%	
<b>Operating expenses</b>		(1,380)	(1,430)	(1,351)	2%
<b>Impairment expense</b>		(391)	(462)	(237)	65%
Expense to income		38.6%	43.4%	42.4%	(9%)
<b>Cash net profit after tax</b>		1,245	988	1,119	11%



# Retail Banking Services

- Customer satisfaction gains driving strong business performance
- Good volume growth
- Higher funding costs and deposit competition impacting margins
- Cost-to-income further improved
- Impairment trends consistent with cycle

	Dec 09 \$m	Dec 09 vs Dec 08
Home loans	1,190	49%
Consumer finance	761	14%
Retail deposits	1,496	(7%)
Distribution	124	7%
<b>Total banking income</b>	<b>3,571</b>	<b>12%</b>
Operating expenses	(1,380)	2%
<b>Operating performance</b>	<b>2,191</b>	<b>20%</b>
Impairment expense	(391)	65%
Tax	(555)	16%
<b>Cash net profit after tax</b>	<b>1,245</b>	<b>11%</b>



# IB&M – 6 month periods

		Dec 09	Jun 09	Dec 08	Dec 09 vs Dec 08
<b>Net interest income</b>	Institutional Banking	569	571	491	16%
	Global Markets	114	192	199	(43%)
		683	763	690	(1%)
<b>Other banking income</b>	Institutional Banking	330	218	317	4%
	Markets	342	259	155	Large
		672	477	472	42%
<b>Total banking income</b>	Institutional Banking	899	789	808	11%
	Markets	456	451	354	29%
		1,355	1,240	1,162	17%
<b>Operating expenses</b>		(387)	(366)	(313)	24%
<b>Profit before impairment expenses</b>		968	874	849	14%
<b>Impairment expense</b>		(321)	(512)	(1,196)	(73%)
Expense to income		28.6%	29.5%	26.9%	6%
<b>Cash net profit after tax</b>		545	334	(168)	Large



# Institutional Banking and Markets

- Strong income growth:
  - Improved margins
  - Narrowing credit spreads
  - Growth in Institutional Equities and Debt Capital Markets products
- Strong customer satisfaction ratings in East & Partners survey
- Expense growth impacted by staff costs, depreciation cost on new operating leases and IT investment
- Tax credits from the federal Government legislation for Investment Allowances and lower offshore tax rates

	Dec 09 \$m	Dec 09 vs Dec 08
Institutional Banking	899	11%
Markets	456	29%
<b>Total banking income</b>	<b>1,355</b>	<b>17%</b>
Operating expenses	(387)	24%
<b>Operating performance</b>	<b>968</b>	<b>24%</b>
Impairment expense	(321)	(73%)
Tax	(102)	Large
<b>Cash net profit after tax</b>	<b>545</b>	<b>Large</b>



# B&PB – 6 month periods

		Dec 09	Jun 09	Dec 08	Dec 09 vs Dec 08
<b>Net interest income</b>	Corporate Financial Services	279	272	273	2%
	Regional & Agribusiness	120	111	109	10%
	Local Business Banking	215	197	186	16%
	Private Bank	62	55	52	19%
	Equities Margin Lending	108	101	93	16%
	Other	38	41	35	9%
		<b>822</b>	<b>777</b>	<b>748</b>	<b>10%</b>
<b>Other banking income</b>	Corporate Financial Services	231	206	179	29%
	Regional & Agribusiness	70	62	56	25%
	Local Business Banking	116	124	114	2%
	Private Bank	57	53	56	2%
	Equities Margin Lending	142	98	120	18%
	Other	10	8	4	Large
		<b>626</b>	<b>551</b>	<b>529</b>	<b>18%</b>
<b>Total banking income</b>	Corporate Financial Services	510	478	452	13%
	Regional & Agribusiness	190	173	165	15%
	Local Business Banking	331	321	300	10%
	Private Bank	119	108	108	10%
	Equities Margin Lending	250	199	213	17%
	Other	48	49	39	23%
		<b>1,448</b>	<b>1,328</b>	<b>1,277</b>	<b>13%</b>
<b>Operating expenses</b>		(639)	(645)	(627)	2%
<b>Impairment expense</b>		(194)	(189)	(120)	62%
<b>Expense to income</b>		44.1%	48.6%	49.1%	(10%)
<b>Cash net profit after tax</b>		<b>440</b>	<b>363</b>	<b>373</b>	<b>18%</b>



# Business and Private Banking

- Double digit revenue growth across all segments:
  - Good volume growth in lending
  - Increased equities trading volumes within CommSec
- Disciplined expense management
- Impairment expense up on prior comparative period, but broadly unchanged on prior half

	Dec 09 \$m	Dec 09 vs Dec 08
Corporate Financial Services	510	13%
Regional and Agribusiness	190	15%
Local Business Banking	331	10%
Private Bank	119	10%
Equities and Margin Lending	250	17%
Other <sup>1</sup>	48	23%
<b>Total banking income</b>	<b>1,448</b>	<b>13%</b>
Operating expenses	(639)	2%
<b>Operating performance</b>	<b>809</b>	<b>24%</b>
Impairment expense	(194)	62%
Tax	(175)	11%
<b>Cash net profit after tax</b>	<b>440</b>	<b>18%</b>

<sup>1</sup> Represents revenue earned from products sold through direct channels



# WM – 6 month periods

		Dec 09	Jun 09	Dec 08	Dec 09 vs Dec 08
<b>Net operating income</b>	CFS GAM	330	271	368	(10%)
	Colonial First State	318	263	295	8%
	CommInsure	364	329	393	(7%)
	Other	(1)	1	(1)	0%
		1,011	864	1,055	(4%)
<b>Operating expenses</b>	CFS GAM	(170)	(173)	(180)	(6%)
	Colonial First State	(231)	(211)	(224)	3%
	CommInsure	(138)	(143)	(140)	(1%)
	Other	(62)	(68)	(61)	2%
		(601)	(595)	(605)	(1%)
<b>Underlying profit after tax</b>	CFS GAM	121	67	140	(14%)
	Colonial First State	61	37	50	22%
	CommInsure	159	133	186	(15%)
	Other	(46)	(51)	(48)	4%
		295	186	328	(10%)
<b>Cash net profit after tax</b>	CFS GAM	137	5	88	56%
	Colonial First State	59	31	55	7%
	CommInsure	228	122	69	large
	Other	(45)	(47)	(34)	(32%)
		379	111	178	large





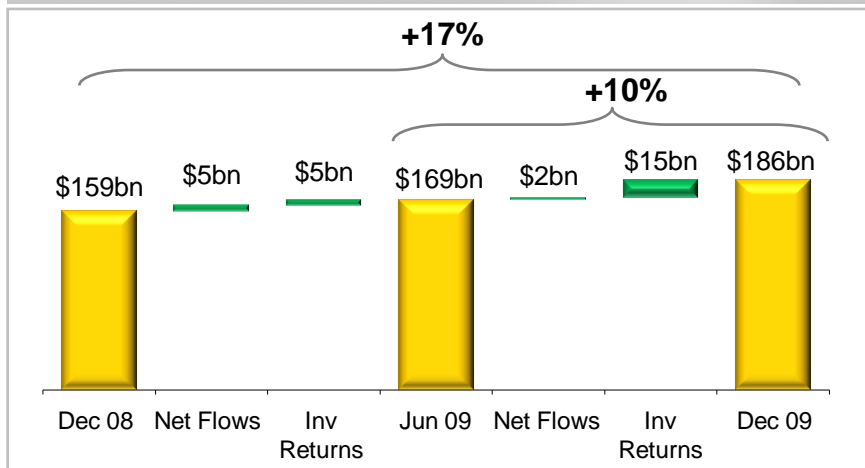
# Wealth Management

- CFS GAM:
  - FUM ↑16% to \$149bn (MCSI AUD ↑1%; ASX200 ↑31%)
  - Lower performance fees and dividends
  - Expenses ↓ 6%
- Colonial First State:
  - Retail FUA ↑17% to \$77bn
  - FirstChoice remains 2<sup>nd</sup> largest platform
- Commlnsure:
  - Life inforce premiums ↓1% driven by loss of Australian Super
  - General Insurance premiums ↑21%
- Total expenses ↓1%
- Investment Experience:
  - Improved shareholder investment returns
  - Annuity mark to market gains of \$34m post tax

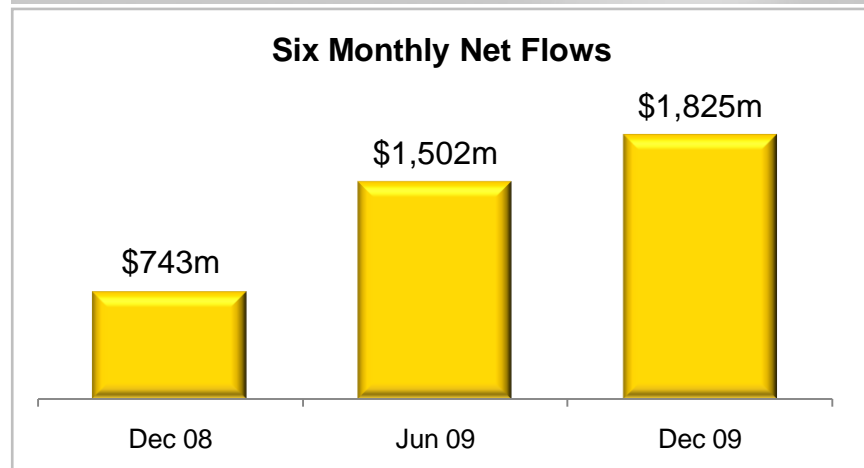
	Dec 09 \$m	Dec 09 vs Dec 08
CFS GAM	330	(10%)
Colonial First State	318	8%
Commlnsure	364	(7%)
Other	(1)	0%
<b>Net operating income</b>	<b>1,011</b>	<b>(4%)</b>
Operating expenses	(601)	(1%)
Tax	(115)	(6%)
<b>Underlying profit after tax</b>	<b>295</b>	<b>(10%)</b>
Investment experience	84	Large
<b>Cash net profit after tax</b>	<b>379</b>	<b>Large</b>

# Wealth Management

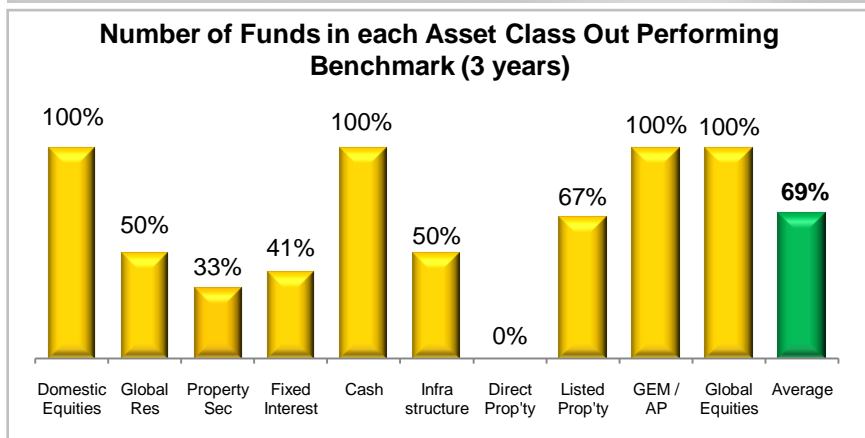
## Funds under Administration



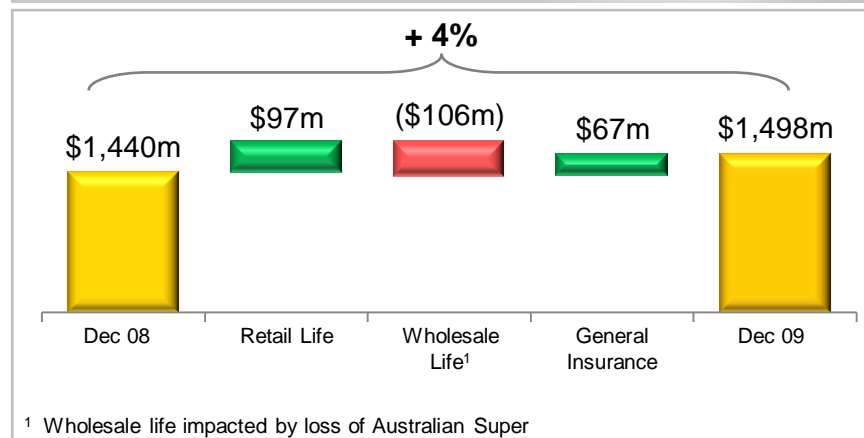
## FirstChoice net flows improving



## Solid investment performance



## Inforce premiums up 4%



# Global Asset Management

Globally: \$149bn FUM<sup>1</sup>, 918 people

## North America

\$1.5bn FUM

3 People

## Middle East

\$5.9bn FUM

## UK & Europe

\$18.4bn FUM

189 People



## Japan

\$4.7bn FUM

## Asia ex China & Japan

\$13.6bn FUM

105 People

## Australia & New Zealand

\$104.8bn FUM

621 People

30% FUM raised from offshore clients, 41% people located offshore, 51% revenue generated offshore

<sup>1</sup> FUM figures exclude the Group's interests in the China Joint Venture, AWG plc or ENW Limited



# South Pacific – 6 month periods

		Dec 09	Jun 09	Dec 08	Dec 09 vs Dec 08
<b>Net interest income</b>	ASB	355	361	376	(6%)
	Other	5	19	33	(85%)
	<b>Total NII</b>	<b>360</b>	<b>380</b>	<b>409</b>	<b>(12%)</b>
<b>Other banking income</b>	ASB	182	206	212	(14%)
	Other	(7)	(5)	(9)	22%
	<b>Total OBI</b>	<b>175</b>	<b>201</b>	<b>203</b>	<b>(14%)</b>
<b>Total banking income</b>	ASB	537	567	588	(9%)
	Other	(2)	14	24	Large
	<b>Total Banking Income</b>	<b>535</b>	<b>581</b>	<b>612</b>	<b>(13%)</b>
<b>Funds Management Income</b>		25	23	26	(4%)
<b>Insurance Income</b>		92	123	101	(9%)
<b>Total operating income</b>		<b>652</b>	<b>727</b>	<b>739</b>	<b>(12%)</b>
<b>Operating expenses</b>		(337)	(318)	(368)	(8%)
<b>Profit before impairment expense</b>		<b>315</b>	<b>409</b>	<b>371</b>	<b>(15%)</b>
Impairment Expense		(101)	(139)	(59)	71%
Expense to income		51.7%	43.7%	49.8%	4%
<b>Underlying profit after tax</b>		<b>169</b>	<b>181</b>	<b>259</b>	<b>(35%)</b>
Investment experience		(2)	(8)	8	Large
<b>Cash net profit after tax</b>		<b>167</b>	<b>173</b>	<b>267</b>	<b>(37%)</b>



# South Pacific

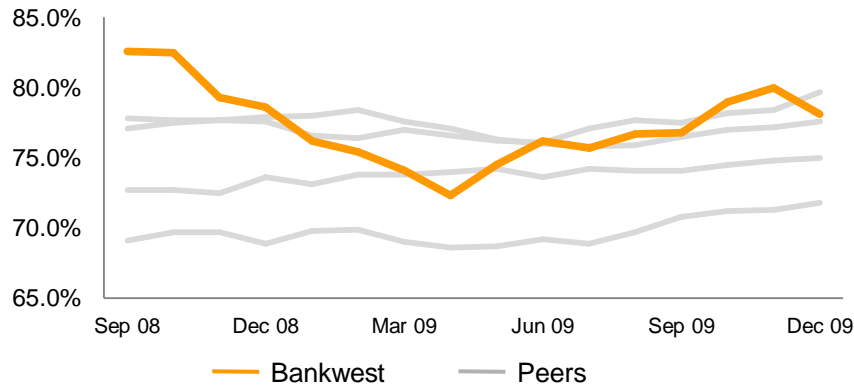
- ASB Cash NPAT ↓ 33% due to:
  - Higher funding costs
  - Recession in NZ
  - Higher impairment expense
- Sovereign cash NPAT ↓ 50% due to:
  - Higher claims expense
  - Significant decrease in investment returns
- Sovereign capturing 28% of new business sales
- Fiji business sold effective 15 December 2009

	Dec 09 \$m	Dec 09 vs Dec 08
ASB	563	(9%)
Sovereign	84	(13%)
Other	5	Large
<b>Total operating income</b>	<b>652</b>	<b>(12%)</b>
Operating expenses	337	(8%)
<b>Operating performance</b>	<b>315</b>	<b>(15%)</b>
Impairment expense	(101)	71%
Tax and minority interests	(45)	(15%)
<b>Underlying profit after tax</b>	<b>169</b>	<b>(35%)</b>
Investment experience	(2)	Large
<b>Cash net profit after tax</b>	<b>167</b>	<b>(37%)</b>

# Bankwest performing strongly

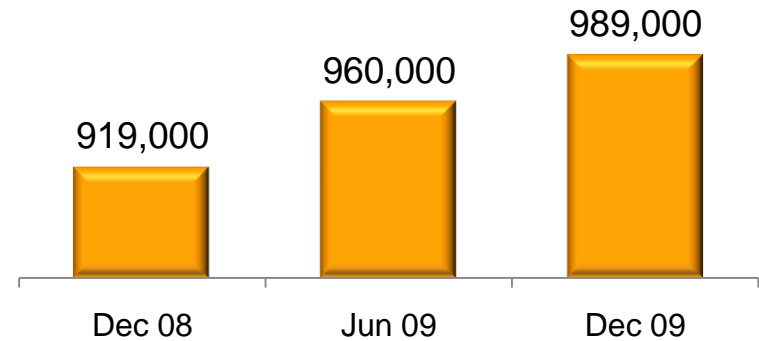
## Customer Satisfaction

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

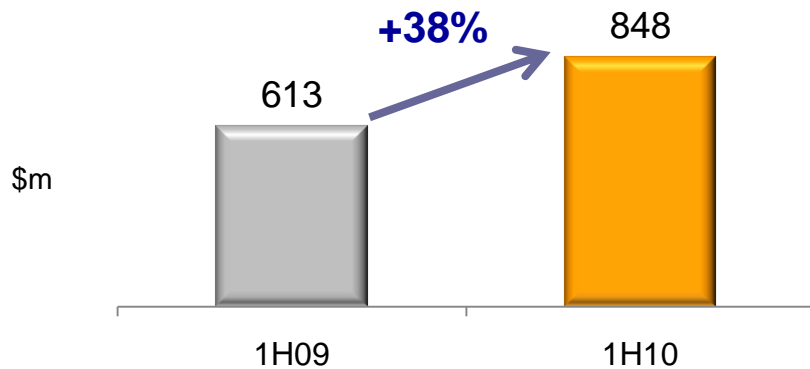


## Retail customer growth

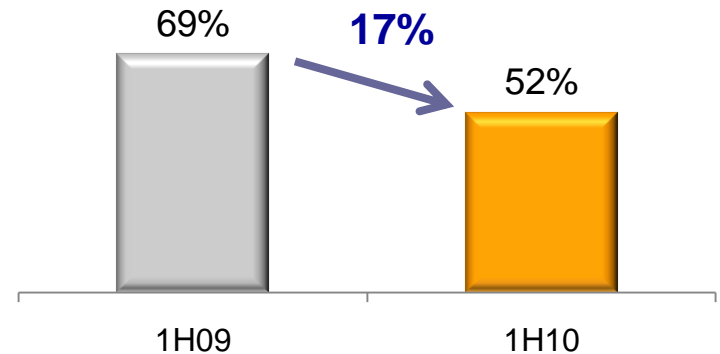
Number of Bankwest retail customers



## Operating Income



## Cost to Income Ratio



# Bankwest

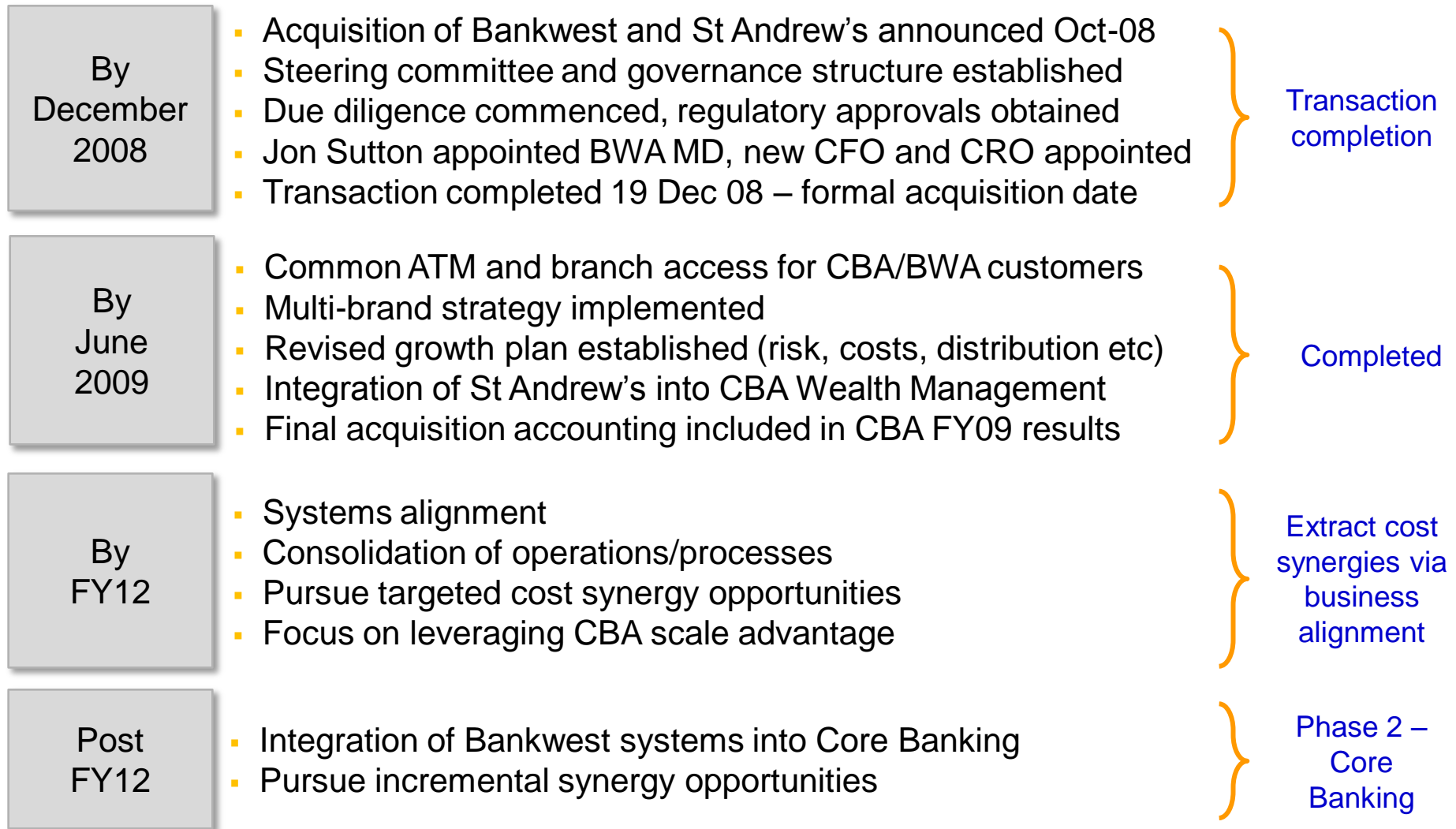
- Income growth underpinned by strong mortgage growth and improved Group NIM%
- Impairment expense still at elevated levels but has moderated in recent months
- Strengthened risk management framework
- Post acquisition focus on profitable growth via cost discipline and margin management starting to pay off

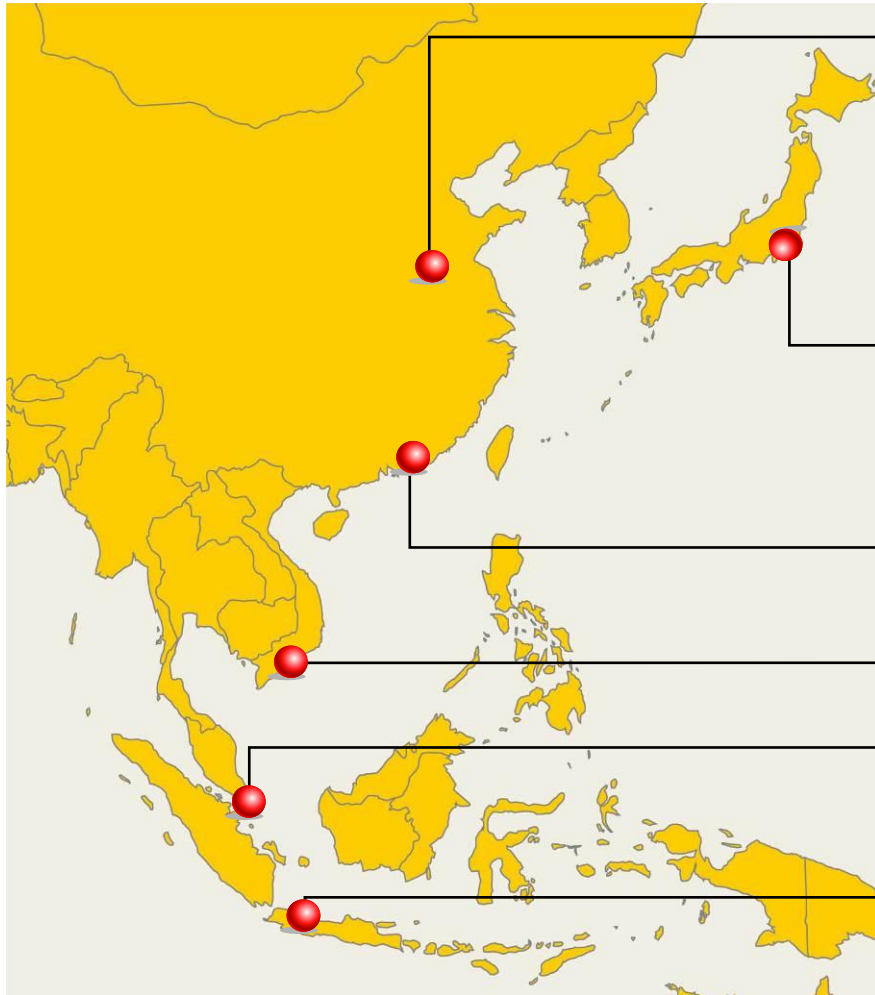
<b>Six Months</b>	<b>Dec 09 \$m</b>	<b>Dec 08<sup>1</sup> \$m</b>	<b>Dec 09 vs Dec 08</b>
Net interest income	727	530	37%
Other banking income	121	83	46%
<b>Total banking income</b>	<b>848</b>	<b>613</b>	<b>38%</b>
Operating expenses	(443)	(426)	4%
<b>Operating performance</b>	<b>405</b>	<b>187</b>	<b>Large</b>
Impairment expense	(313)	(344)	(9%)
Tax	(28)	47	Large
<b>Cash net profit after tax</b>	<b>64</b>	<b>(110)</b>	<b>Large</b>

<sup>1</sup> Pro-forma  
Dec-08 figures represents the period from 1 July 2008 to 19 December 2008









<b>China</b>	<b>Branches</b>	<b>Staff</b>
Qilu Bank (20%) <sup>1</sup>	72	1,806
Bank of Hangzhou (20%)	87	3,013
Beijing and Shanghai – Representative offices		7
China Life CMG – JV life insurance		87
First State Cinda Fund Management Company		71

**Japan** Branch

**India** Branch to open in Mumbai (Mid 2010)

**Hong Kong** Branch, First State Investments

**Vietnam** Branch (Ho Chi Minh), Representative office (Hanoi)

**Singapore** Branch, First State Investments

<b>Indonesia</b>	<b>Branches</b>	<b>Staff</b>
PT Bank Commonwealth	74	1,504
PT Commonwealth Life	>5,000 agents	338
First State Investments		25

<sup>1</sup> Previously known as Jinan City Commercial Bank



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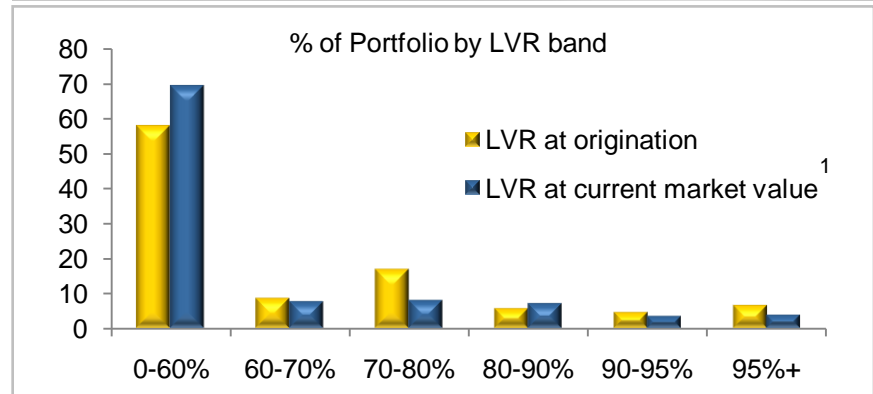


# Home Lending

Strong LVR profile

- 70% of customers paying in advance
- Portfolio average LVR:
  - 52% based on original values
  - 42% based on current values
- Average LVR of 58% on new fundings
- Maximum LVR of 90% except for best risk existing CBA customers
- Genuine savings of 5% required for loans above 85% LVR
- First Home Owner Grant not counted as genuine savings

## Portfolio LVR Distribution



## Home loan portfolio mix

	Dec 09	Sep 09	Jun 09
Owner-Occupied	58%	58%	57%
Investment	32%	32%	32%
Line-of-Credit	10%	10%	11%
Variable	82%	80%	79%
Fixed	17%	19%	21%
Honeymoon	1%	1%	1%
Low Doc %	4.1 %	4.3%	4.5%
<b>Originations</b>			
Proprietary	63%	60%	58%
Third Party	37%	40%	42%

<sup>1</sup> Source APM database  
Excludes Bankwest



# Home Loan stress test

## High stress scenario

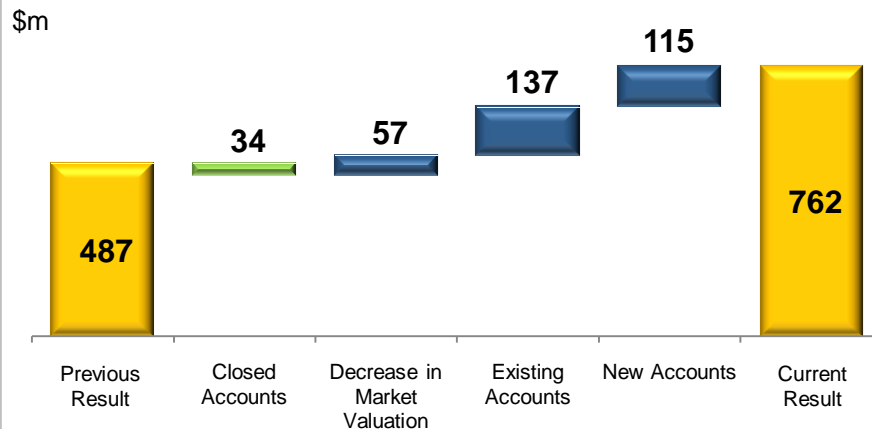
Unemployment	10%
Interest rates	14%
Security values	↓ 30%
Probability of default	X 6

## Expected Loss outcomes

Expected loss \$m	PD stress factor			
	x1	x2	x4	x6
Property value				
No decrease	14.5	21.3	32.5	42.5
10% decrease	45.8	69.8	110.1	145.7
20% decrease	111.3	177.5	290.7	390.9
30% decrease	209.7	341.1	565.1	762.1

PD = Probability of default. Excludes lines of credit.

## Drivers of movement this period



## Loss mitigants

- Loans >80% LVR mortgage insured (*additional insured losses of \$1,439m in high stress scenario*)
- The higher of the standard variable rate + rate buffer (150bp) or the 5 yrs fixed rate built into serviceability tests
- Portfolio average LVR of 42%
- Full recourse to borrower
- 70% of customers paying in advance

Excludes Bankwest

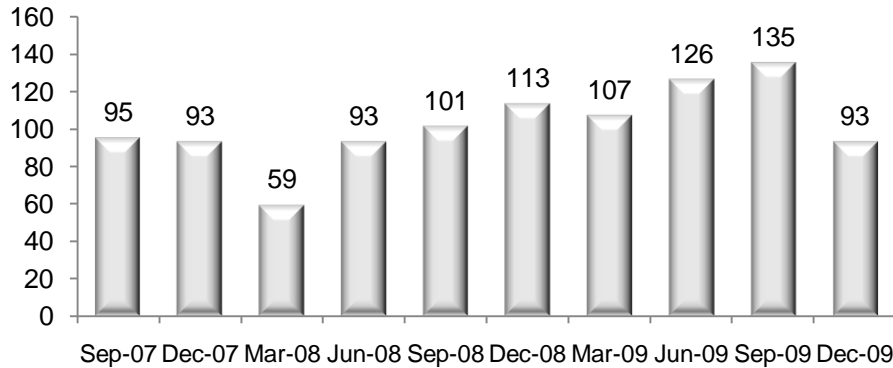
Note: The valuation model supplied by Australian Property Monitors has changed since Dec-08. Expected losses from Dec 08 have been recreated using this updated model to enable a valid comparison to expected losses from Jun-09.



**Determined** to be different

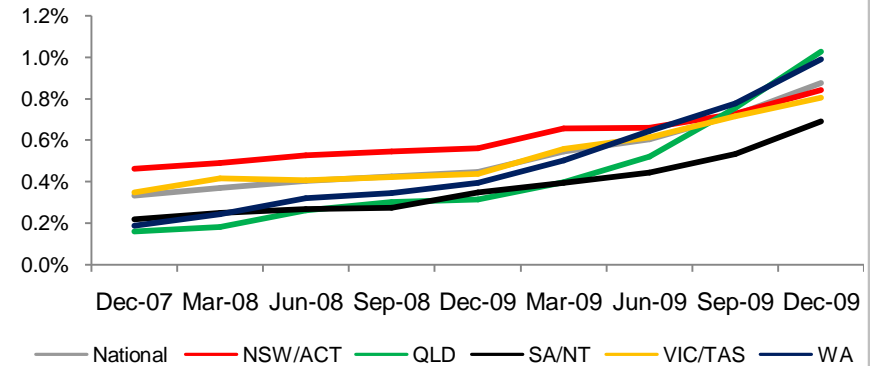
# Arrears

## New mortgagee in Possession Cases



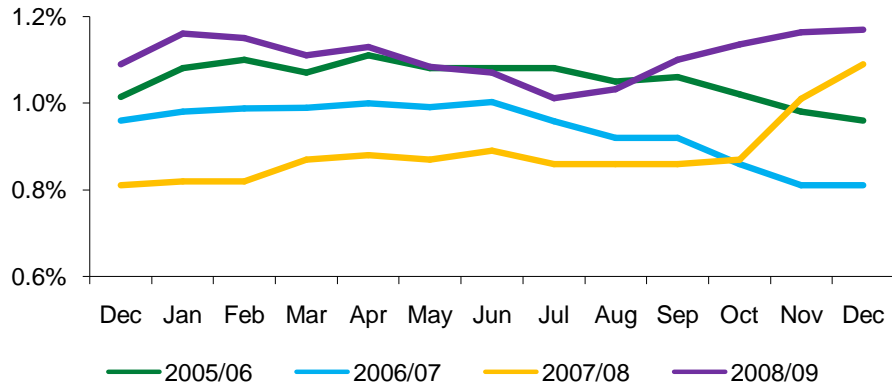
## Home loans

### 90+ Days %



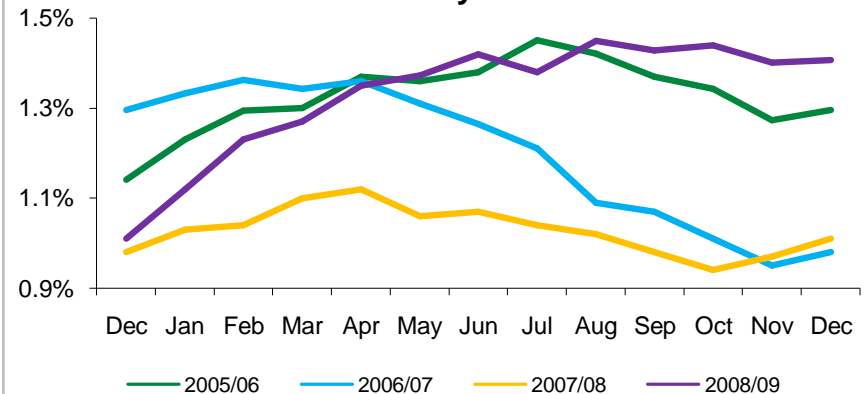
## Credit cards

### 90+ Days %



## Personal loans

### 90+ Days %



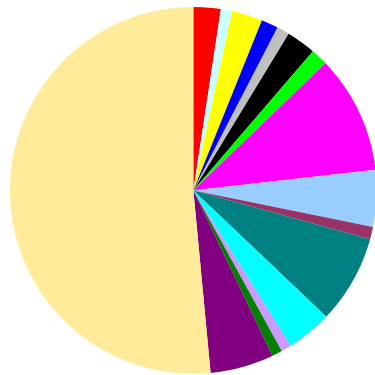


# Sector exposures

Portfolio remains well diversified across industry sectors

DRAFT

Dec 09

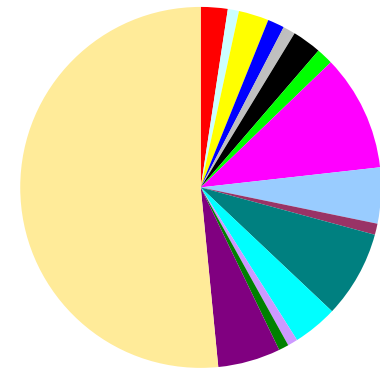


Australia	80%
New Zealand	10%
International	10%

Including ASB and Bankwest

	Dec 09	Jun 09
Consumer	54.1%	51.5%
Agriculture	2.4%	2.4%
Mining	0.7%	1.0%
Manufacturing	2.4%	2.7%
Energy	1.3%	1.5%
Construction	1.0%	1.1%
Retail & Wholesale	2.6%	2.6%
Transport	1.5%	1.5%
Banks	9.8%	10.4%
Finance – other	4.3%	5.0%
Business Services	1.0%	1.0%
Property	7.4%	7.8%
Sovereign	4.3%	4.0%
Health & Community	0.9%	0.9%
Culture & Recreation	0.8%	0.9%
Other	5.5%	5.6%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Jun 09



Australia	79%
New Zealand	10%
International	11%

Including ASB and Bankwest

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



Determined to be different



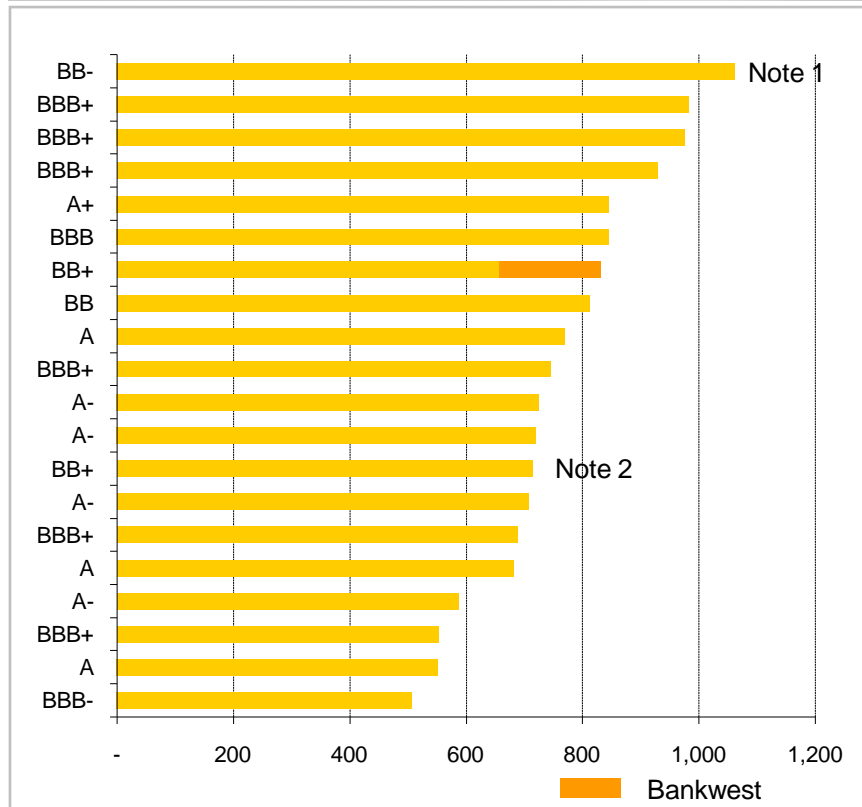
# Sector exposures<sup>1</sup>

## Sector Exposures – Dec 09

\$bn	AAA to AA-	A+ to A-	BBB+ to BBB-	Other	Total
Banks	37.1	25.8	2.5	0.5	<b>65.9</b>
Finance Other	8.6	10.2	4.3	5.9	<b>29.0</b>
Property	0.3	4.6	7.5	37.6	<b>50.0</b>
Sovereign	25.9	1.7	0.3	0.4	<b>28.2</b>
Manufacturing	0.0	2.5	6.9	6.5	<b>15.9</b>
Retail/Wholesale Trade	0.0	1.1	4.5	12.0	<b>17.6</b>
Agriculture	0.0	0.3	1.7	14.5	<b>16.4</b>
Energy	0.5	1.5	4.8	2.0	<b>8.8</b>
Transport	0.3	1.9	3.4	4.1	<b>9.7</b>
Mining	0.0	0.7	2.1	2.0	<b>4.8</b>
All other (ex consumer)	1.7	3.4	10.7	36.9	<b>52.8</b>
<b>Total</b>	<b>74.5</b>	<b>53.6</b>	<b>48.7</b>	<b>122.3</b>	<b>299</b>

Includes ASB and Bankwest

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



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

Within these aggregated exposures is the following:

1. \$119m rated CC, secured by fixed & floating charge.
2. \$89m rated CCC, secured by fixed & floating charge.

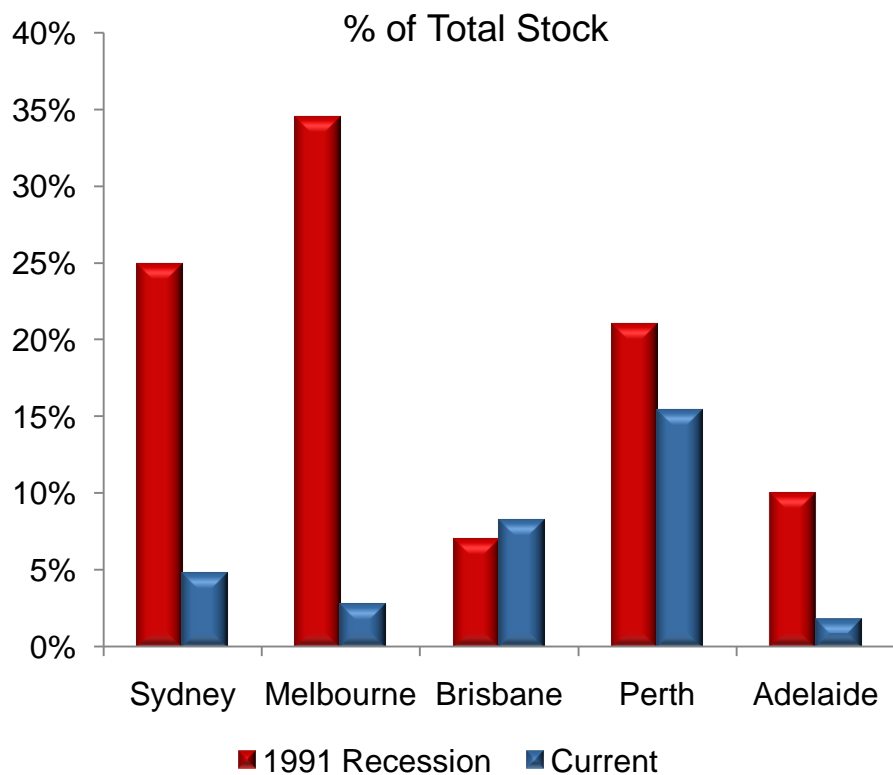
<sup>1</sup> Total exposure = balance for uncommitted facilities; greater of limit or balance for committed facilities  
Excludes settlement exposures

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



# Commercial Property market

## CBD Office Supply Pipeline<sup>1</sup>



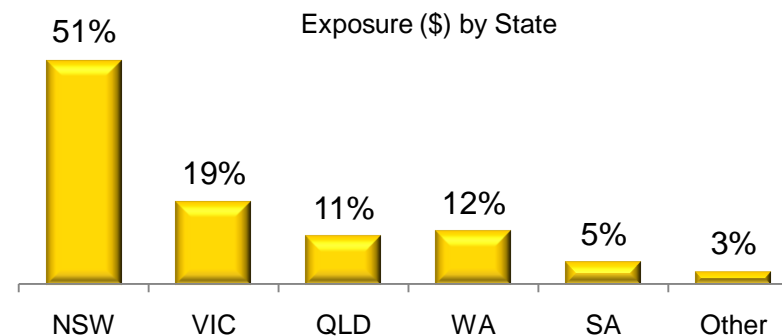
Source : Jones Lang LaSalle Research

## CBD Vacancy Rates

Market	Current (Q4 2009)	Peak 1990's
Sydney	8.2%	22.4%
Perth	7.7%	31.8%
Melbourne	6.4%	25.8%
Brisbane	10.2%	14.3%
Adelaide	8.2%	19.8%

Source : Jones Lang LaSalle Research

## CBA Commercial Property



Includes Bankwest

<sup>1</sup> 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.

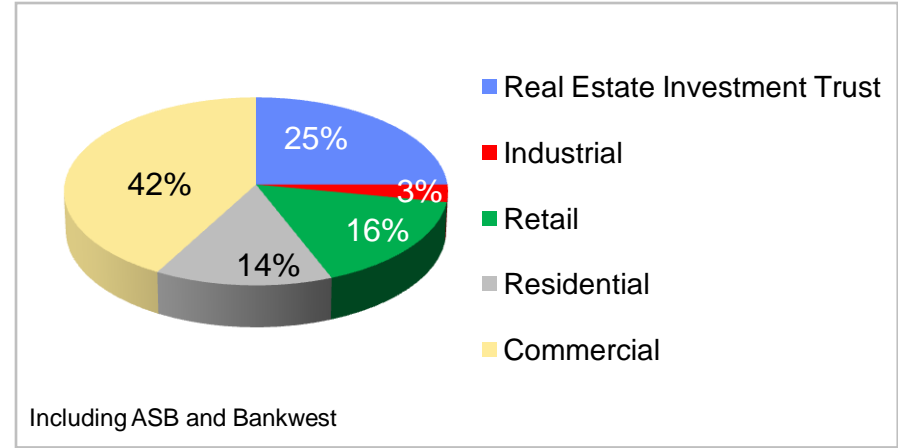


# Commercial Property

Well diversified portfolio with strong security cover and conservative LVR's

- Represents 7.4% of total exposures (including Bankwest)
- Well diversified across property classes and geographies
- Strong security cover
  - 74% of overall portfolio secured
  - 92% of below investment grade exposures secured
- Secured portfolio average LVR of 53%

## CBA Commercial Property Profile



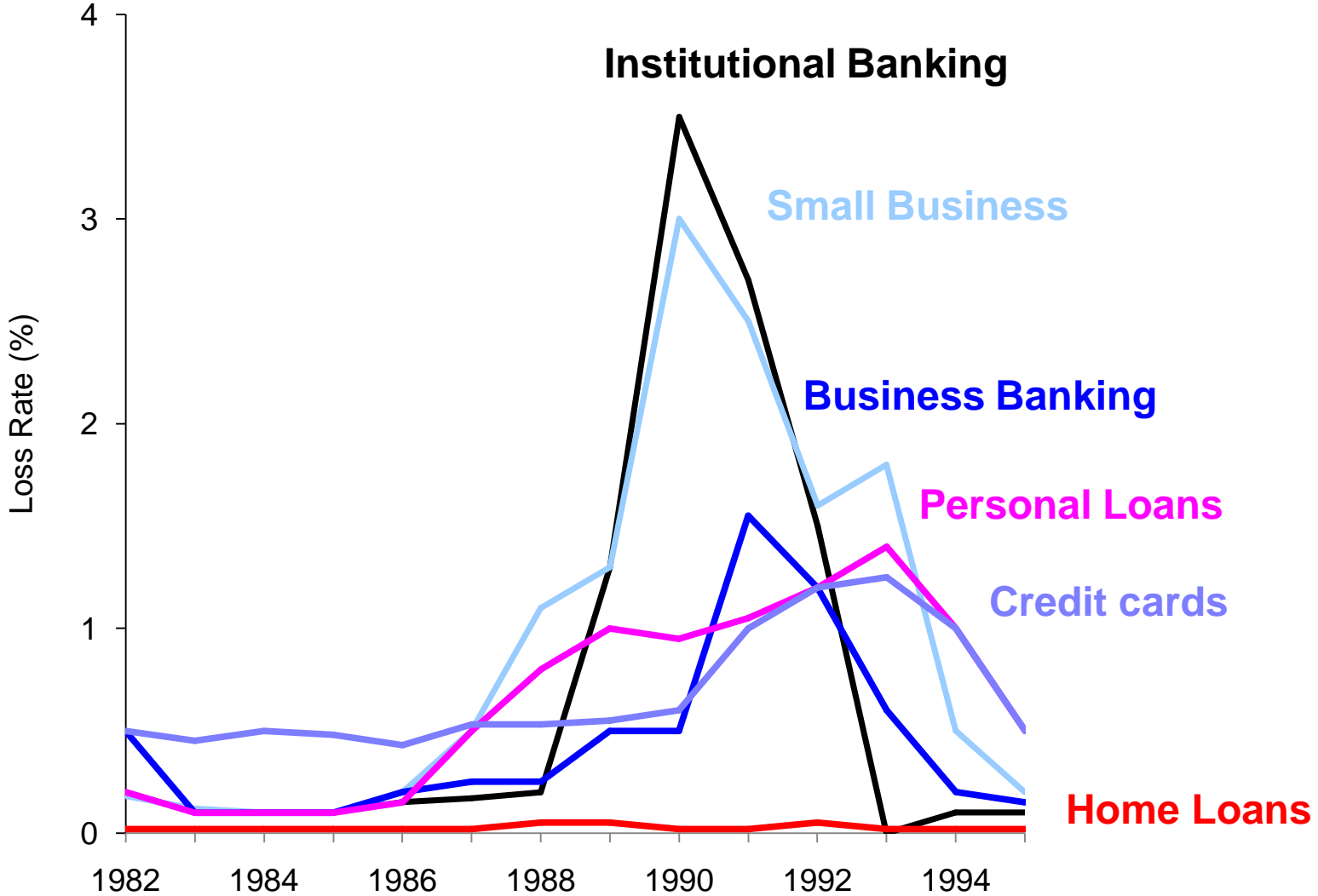
## CBA Commercial Property Profile

Property segments	Secured portion	Average LVR
Commercial	93%	53%
Industrial	86%	53%
Real Estate Investment Trusts	42%	54%
Residential	89%	54%
Retail	84%	53%
<b>All segments</b>	<b>74%</b>	<b>53%</b>

Excludes Bankwest



# Historical loss rates in the last recession



# Risk Weighted Assets

- Credit RWAs remained flat as a result of:
  - Growth in residential mortgage exposure offset by a reduction in commercial exposure
  - Reclassification of commercial property exposures to more conservative Specialised Lending category
  - Offset by optimisation of RWAs
- IRRBB RWAs increase driven by lower embedded gains

RWA Movement (%)		
	Total	Tier 1 ratio impact (bpt)
Credit Risk	<1%	0
Traded Market Risk	17%	(1)
Operational Risk	2%	0
<b>Total excl IRRBB</b>	<b>&lt;1%</b>	<b>(1)</b>
IRRBB	86%	(24)
<b>Total</b>	<b>3%</b>	<b>(25)</b>

	Credit RWA Movement (%)			Composition of Movement (%)				
	On Balance Sheet	Off Balance Sheet	Total	Mix/FX	Volume related	Quality related	Optimise	Total
Consumer Retail	5%	(5)%	4%	(16%)	130%	(19%)	5%	100%
Non-retail	(2)%	(2)%	(2)%	(176%)	113%	50%	113%	100%
<b>Tier 1 impact – Retail (bpts)</b>	<b>(9)</b>	<b>1</b>	<b>(8)</b>	<b>1</b>	<b>(11)</b>	<b>2</b>	<b>0</b>	<b>(8)</b>
Tier 1 impact – Non-Retail (bpts)	5	2	7	(13)	8	4	8	7
Tier 1 impact – Other <sup>1</sup> (bpts)	0	1	1	-	(2)	-	3	1
<b>Total Tier 1 impact (bpts)</b>	<b>(4)</b>	<b>4</b>	<b>0</b>	<b>(12)</b>	<b>(5)</b>	<b>6</b>	<b>11</b>	<b>0</b>

<sup>1</sup> Other includes Credit Risk Weighted Assets for other Basel Asset standardised classes including Bankwest, margin lending, equities, securitised and other assets and claims



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# UK comparison

The following table estimates the impact on CBA Group capital, as at December 2009, of the differences between the APRA Basel II guidelines and those of the UK regulator, Financial Services Authority (FSA)

	Net Fundamental Capital <sup>1</sup>	Tier 1 Capital	Total Capital
<b>December 2009 Actual</b>	<b>6.8%</b>	<b>9.1%</b>	<b>11.6%</b>
RWA treatment – mortgages <sup>2</sup> , margin loans	1.2%	1.4%	1.8%
IRRBB risk weighted assets	0.4%	0.6%	0.7%
Future dividends (net of DRP)	0.4%	0.4%	0.4%
Tax impact in EL > EP calculation	0.1%	0.1%	0.3%
Equity Investments	0.3%	0.3%	0.1%
Value of in force (VIF) deductions <sup>3</sup>	0.5%	0.5%	0.0%
<i>Total Adjustments</i>	<b>2.9%</b>	<b>3.3%</b>	<b>3.3%</b>
<b>December Actual – Normalised</b>	<b>9.7%</b>	<b>12.4%</b>	<b>14.9%</b>

1. Represents Fundamental Tier One capital net of Tier One deductions

2. Based on APRA 20% loss given default (LGD) floor compared to FSA 10% and CBA's downturn LGD loss experience. For Standardised portfolio, based on APRA matrix compared to FSA standard

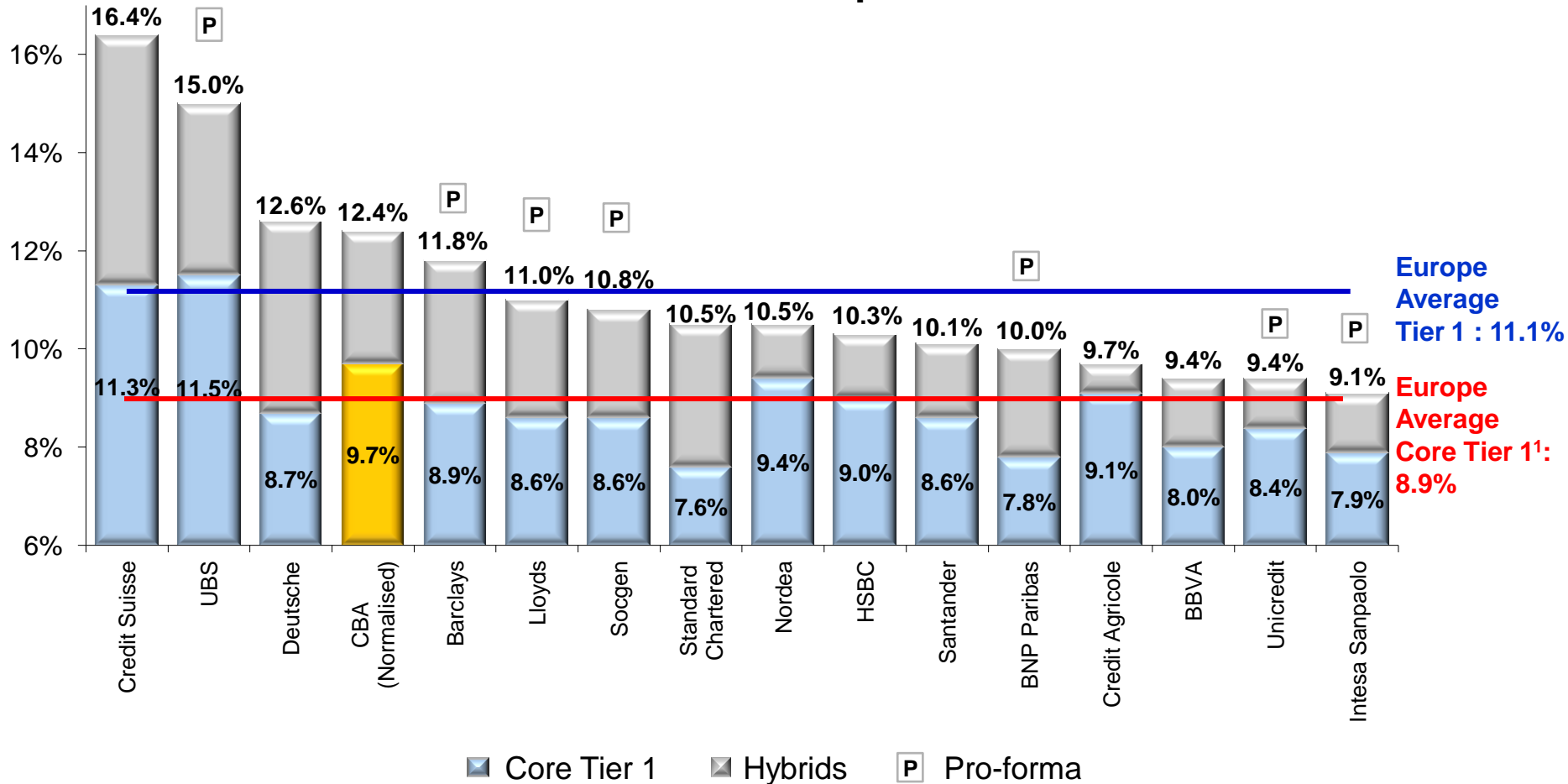
3. VIF at acquisition is treated as goodwill and intangibles and therefore is deducted at Tier One by APRA. FSA allows VIF to be included in Tier One Capital but deducted from Total Capital



# 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 13 January 2010

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

1. Reflects Tier 1 Capital less hybrid Tier 1 instruments

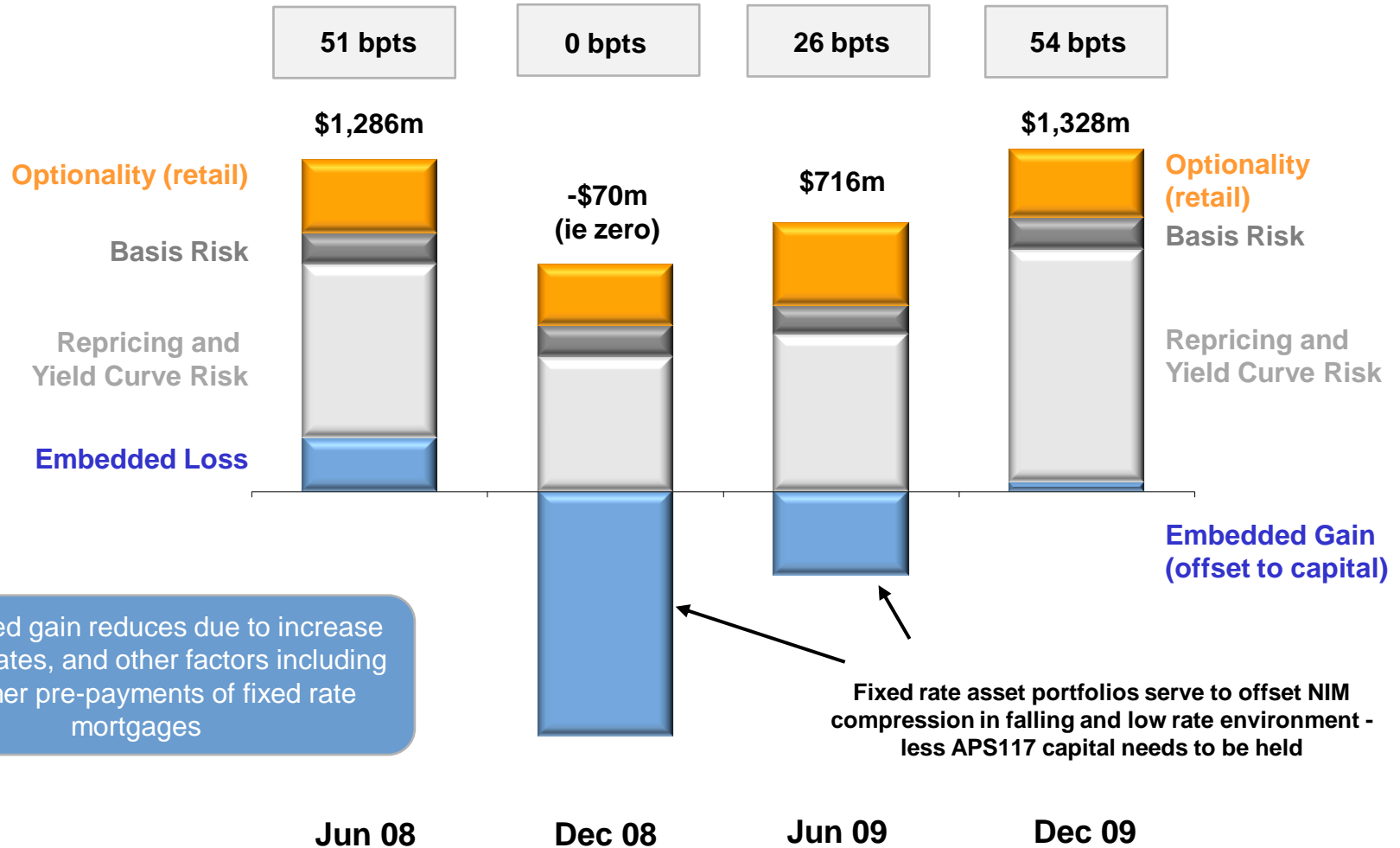


Determined to be different



# Interest Rate Risk

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

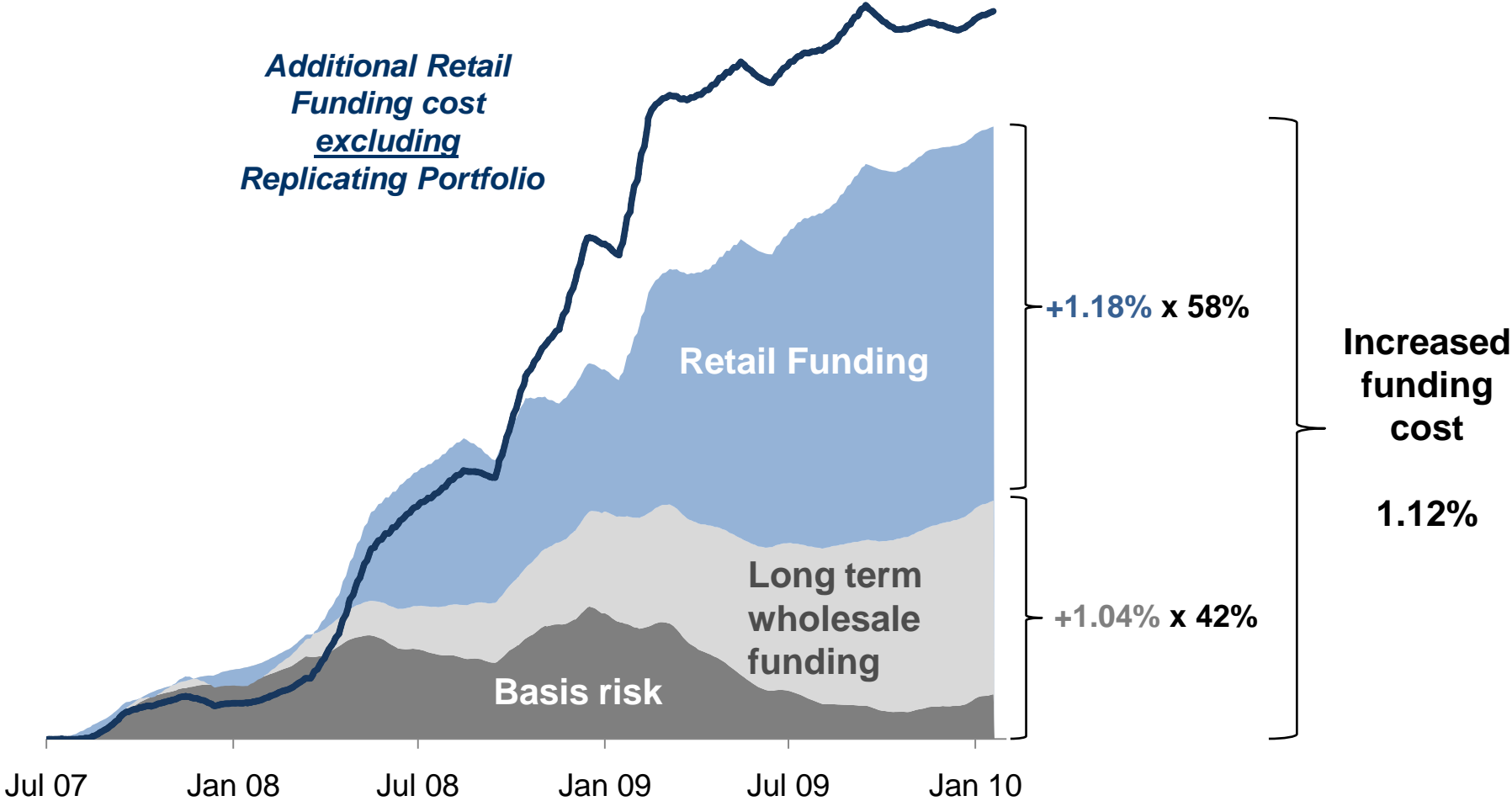


Embedded gain reduces due to increase in swap rates, and other factors including customer pre-payments of fixed rate mortgages

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

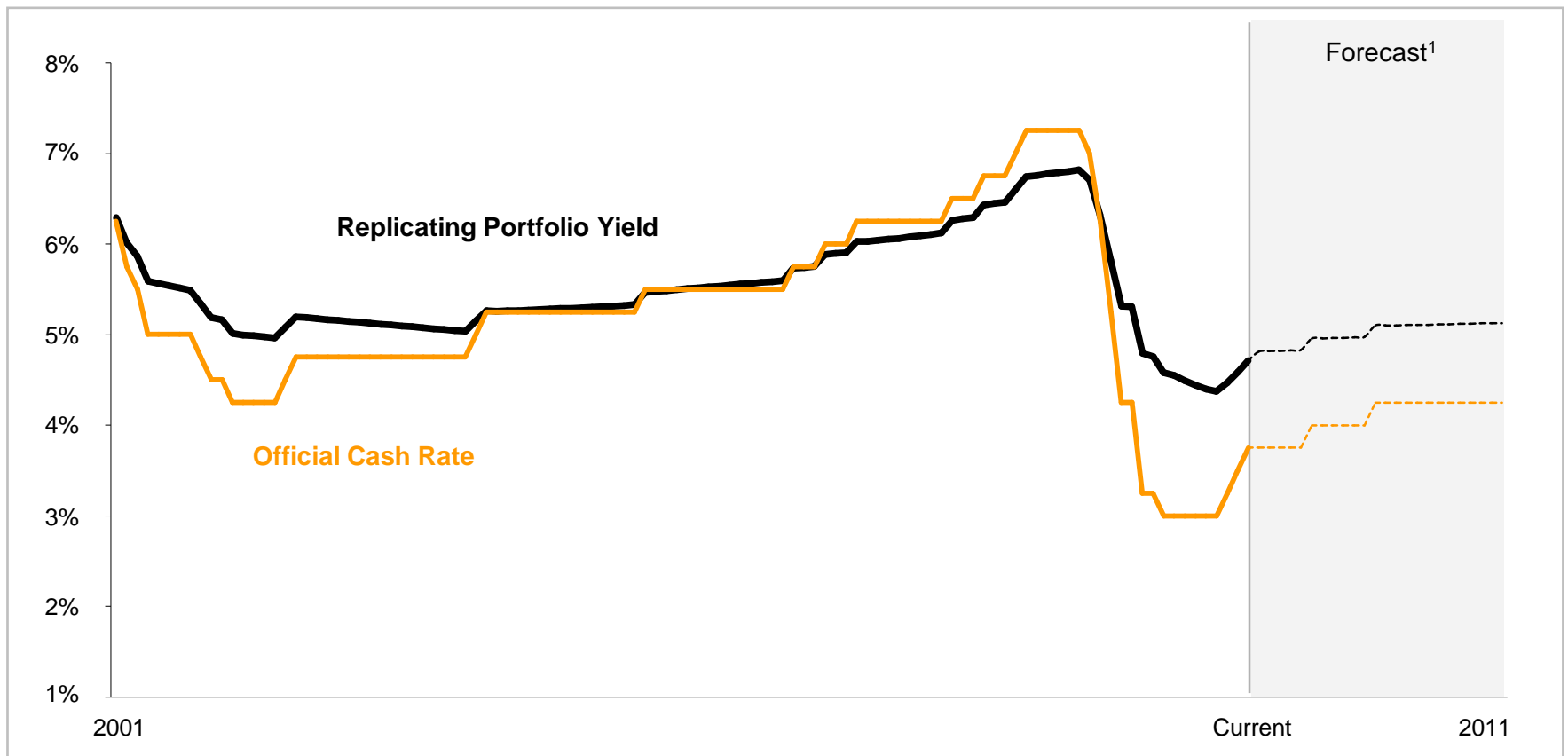


# Cost of funding increasing



# Replicating Portfolio

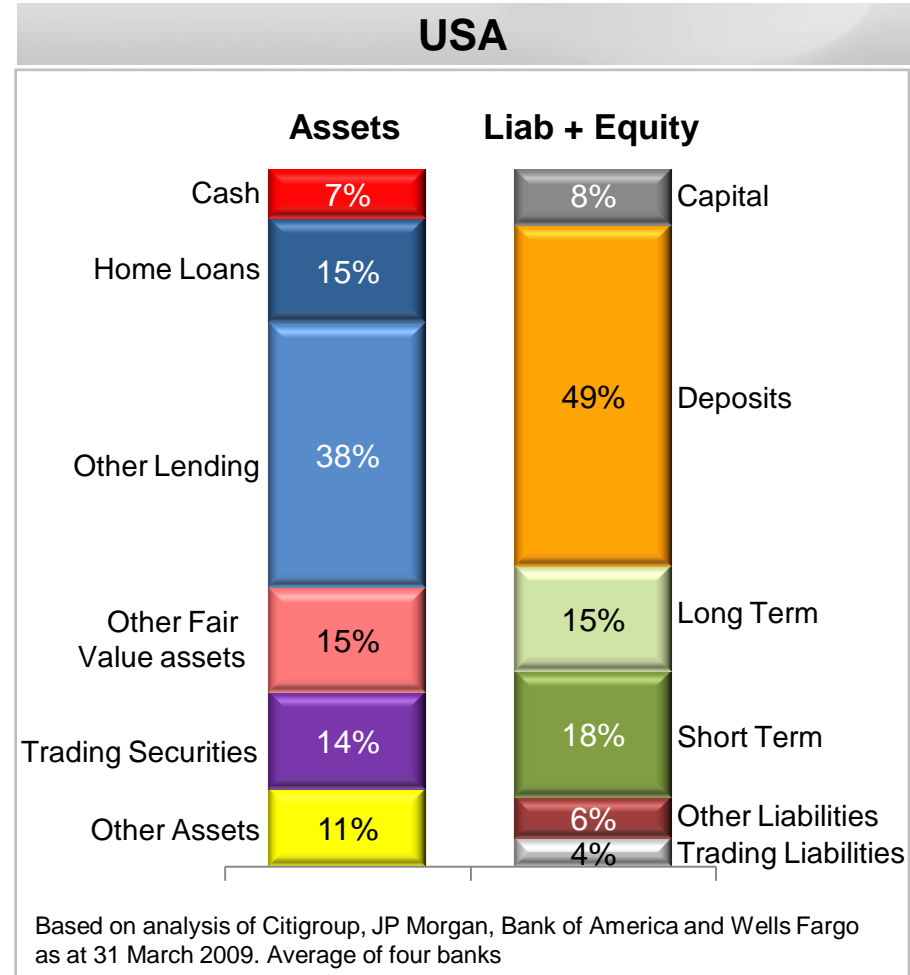
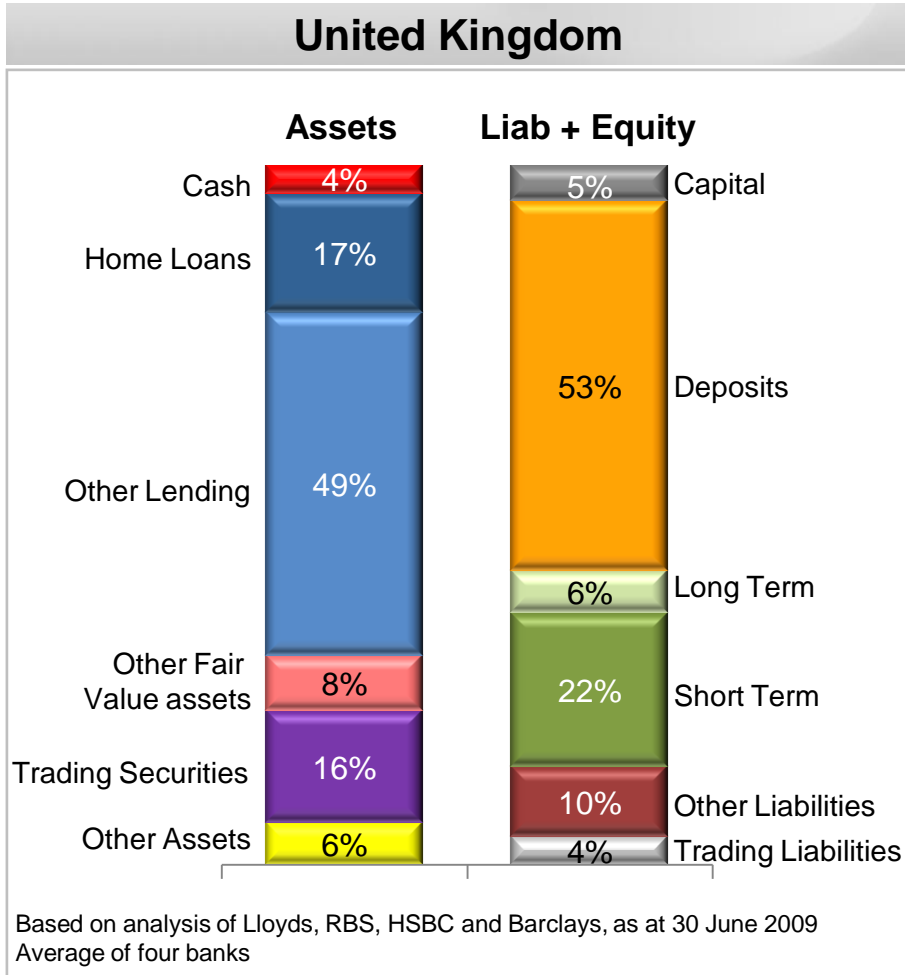
## Actual and Forecast Scenario<sup>1</sup>



<sup>1</sup> Indicative forecast of the replicating portfolio in relation to hypothetical movements in the official cash rate



# UK and US balance sheet comparison

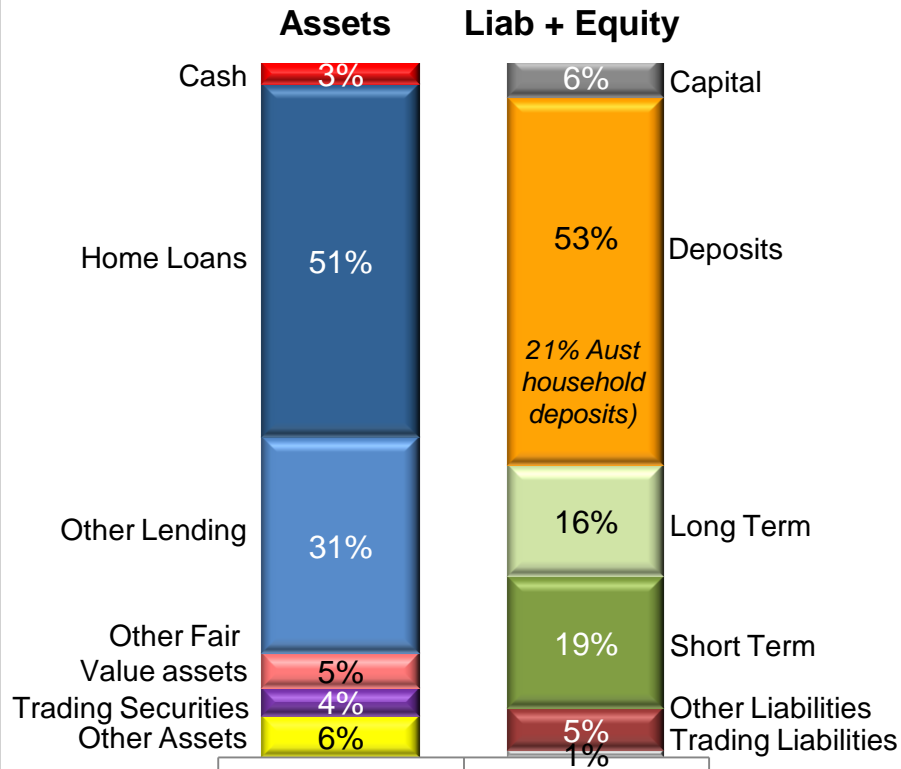


Balance sheets do not include derivative assets and liabilities



# Australian Banks – safe assets, secure funding

## Commonwealth Bank



CBA balance sheet as at 31 Dec 2009  
Balance sheet does not include derivative assets and liabilities

## Balance sheet comparisons

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

- 51% 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 24% and 29% for UK and US banks
- CBA's balance sheet is less volatile due to a lower proportion of fair value assets

	Assets*	
	Amortised cost	Fair Value
CBA	83%	17%
UK	57%	43%
US	39%	61%

### Funding – a more secure profile because:

- Highest deposit base (53% including 21% of stable household deposits)
- Reliance on wholesale funding similar to UK and US banks, although a longer profile than UK banks, which gives CBA a buffer against constrained liquidity in the wholesale markets

\* Includes grossed up derivatives.



# Regulatory Expected Loss

	Dec 08 \$m	Jun 09 \$m	Dec 09 \$m
<b>Regulatory Expected Loss (EL) – before tax</b>	<b>3,382</b>	<b>3,960</b>	<b>4,276</b>
<b>Eligible Provision <sup>1</sup></b>			
Collective provision <sup>2</sup>	1,879	2,247	2,339
Individually assessed provisions <sup>2</sup>	896	1,109	1,204
Other provisions	34	30	30
Subtotal	2,809	3,386	3,573
less tax effect impact	(574)	(683)	(711)
Other	(63)	(51)	(40)
<b>Total Eligible Provision</b>	<b>2,172</b>	<b>2,652</b>	<b>2,822</b>
<b>Regulatory EL in excess of Eligible Provision</b>	<b>1,210</b>	<b>1,308</b>	<b>1,454</b>
<b>Tier 1 deduction – 50%</b>	<b>605</b>	<b>654</b>	<b>727</b>
<b>Tier 2 deduction – 50%</b>	<b>605</b>	<b>654</b>	<b>727</b>
<b>Total Capital Deduction</b>	<b>1,210</b>	<b>1,308</b>	<b>1,454</b>

1. Eligible provisions exclude Bankwest portfolio which operates under Basel II standardised methodology.
2. December 2009 includes \$116m transfer from Collective provision to Individually assessed provisions in accordance with APS 220 requirements.



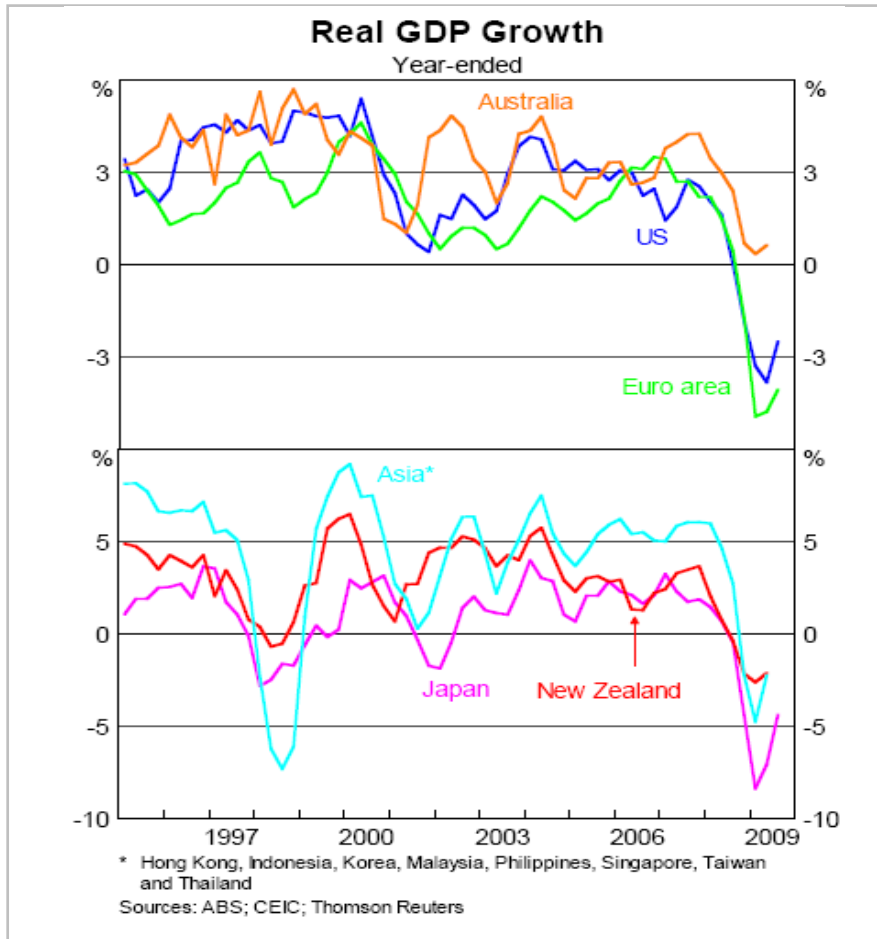
# Index

Strategy and Performance Overview	53
Group and Divisional Financials	64
Credit Quality and Risk Management	83
Capital, Funding and Liquidity	94
<b>Economic Indicators</b>	<b>103</b>

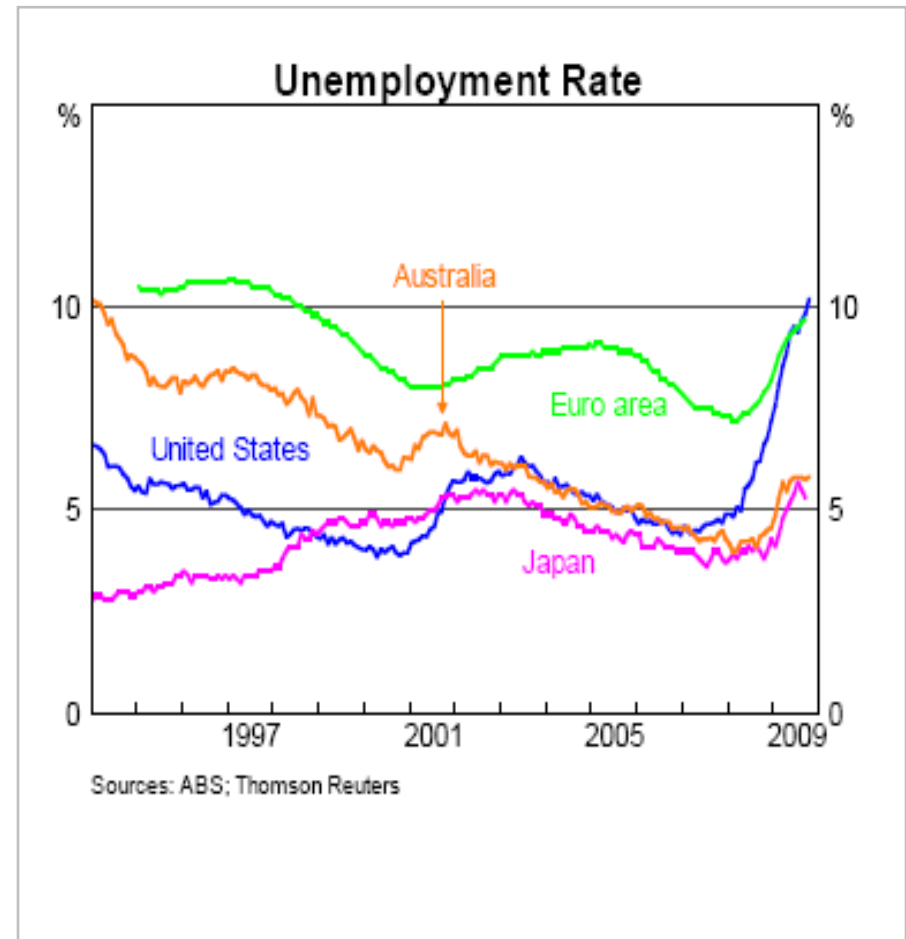


# Australia Relatively Well Placed

## Growth Outperformance



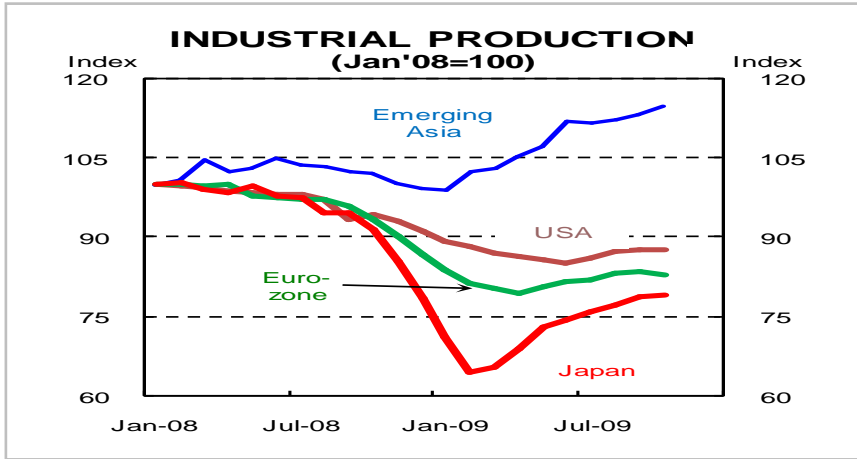
## Better Labour Market Conditions



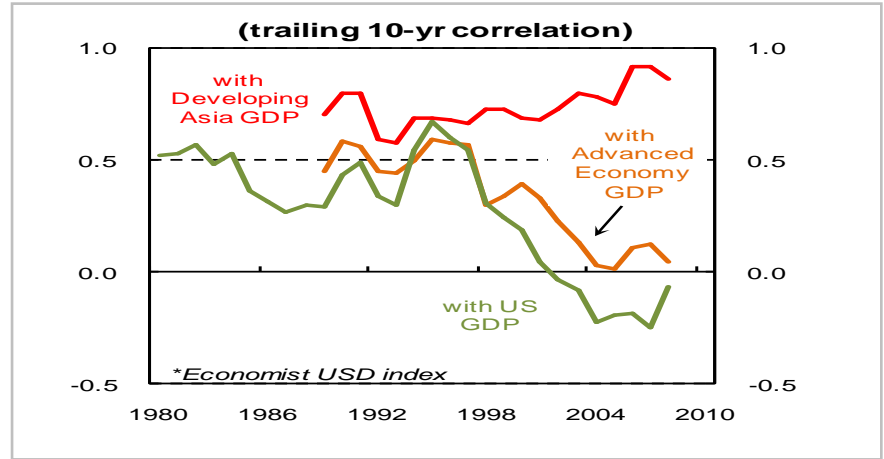


# Global Backdrop Supportive

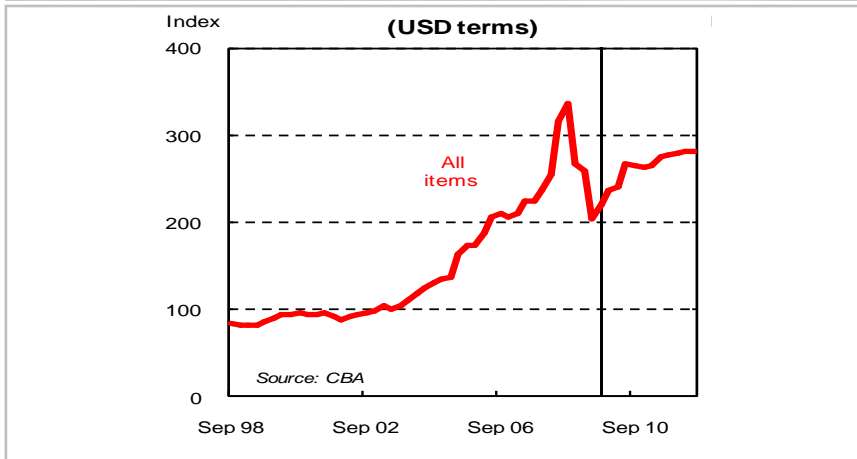
## Key Asian Trading Partners Growing



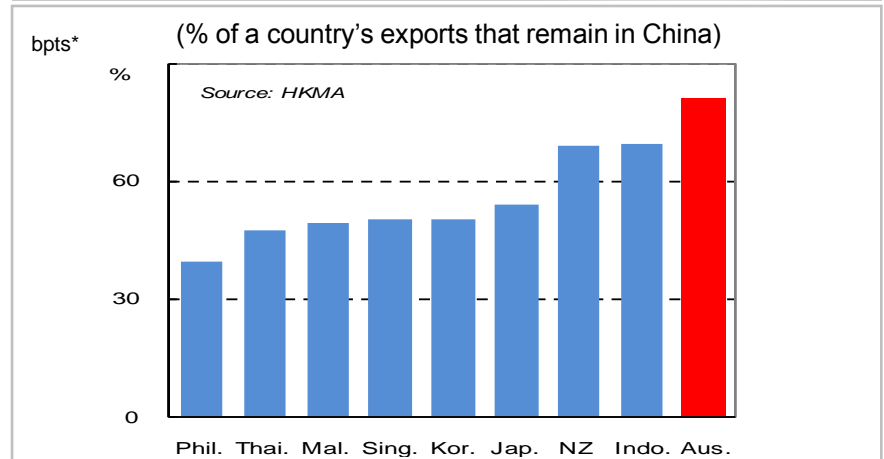
## Commodity Price Correlations



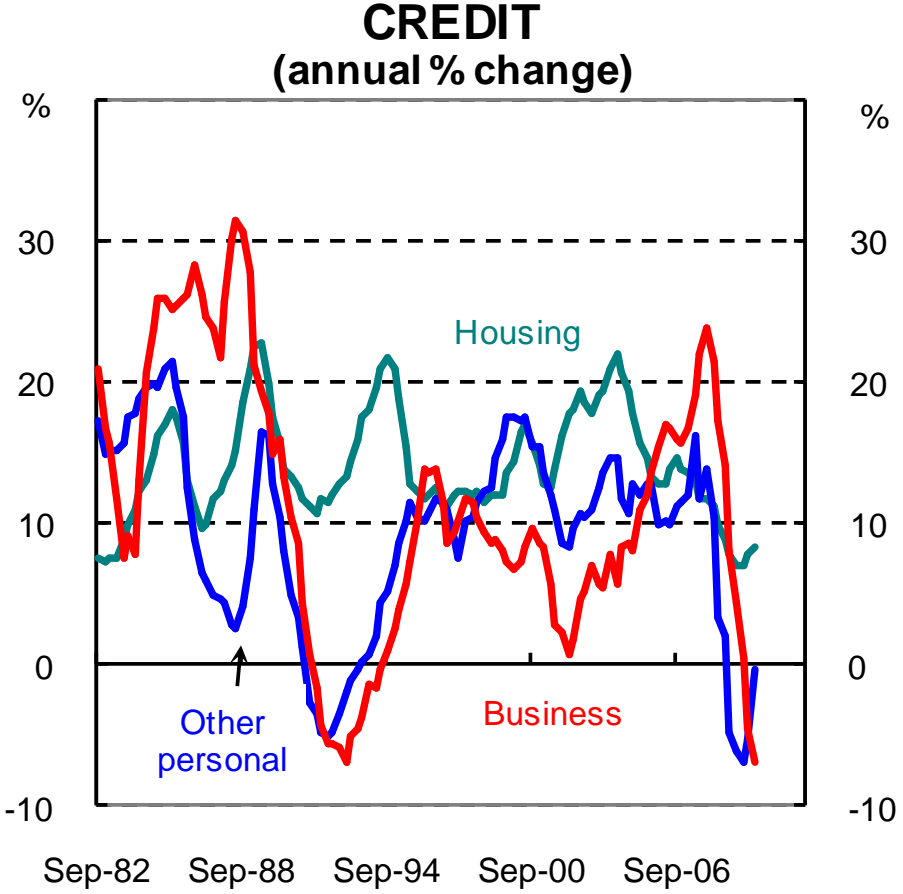
## CBA Commodity Price Index



## China & Exports



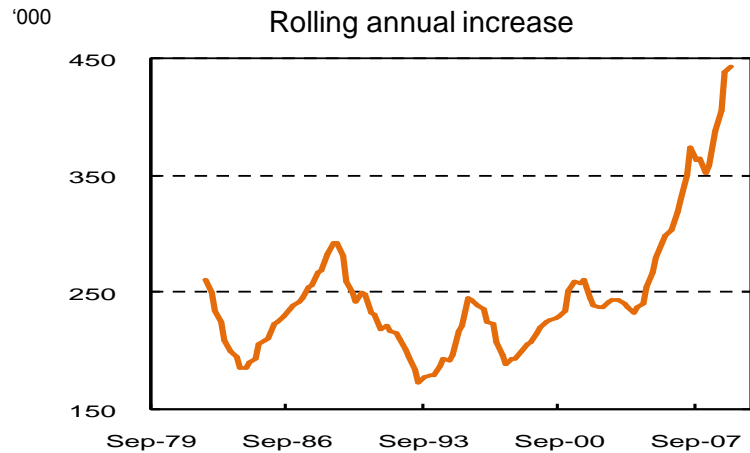
# System Credit Growth



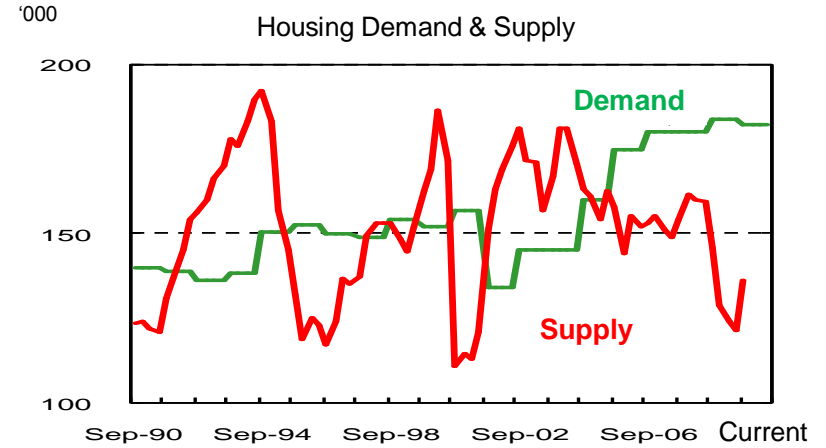
Source: RBA

# Australian Housing Market

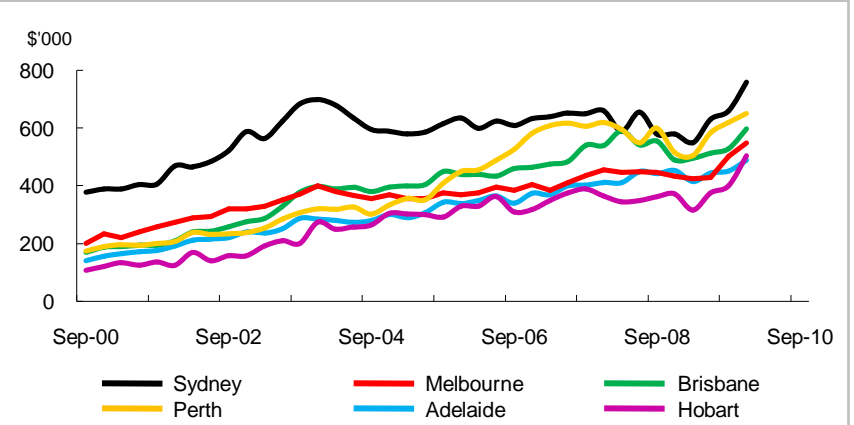
## Underpinned By Population Growth



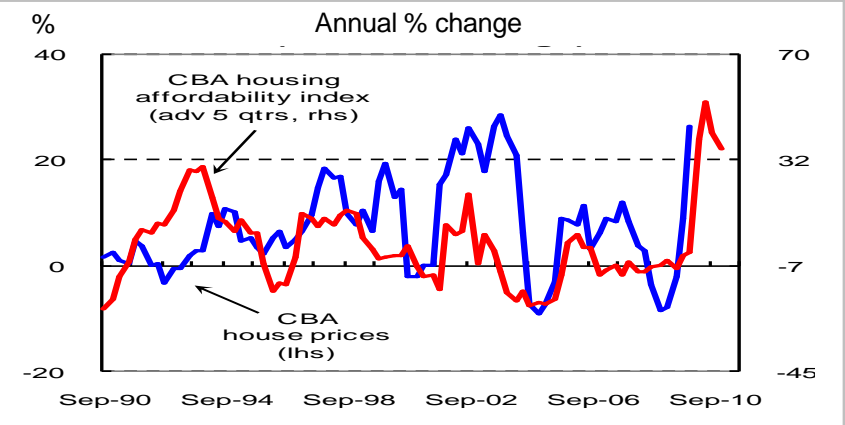
## Demand Outstripping Supply



## House Prices Rising

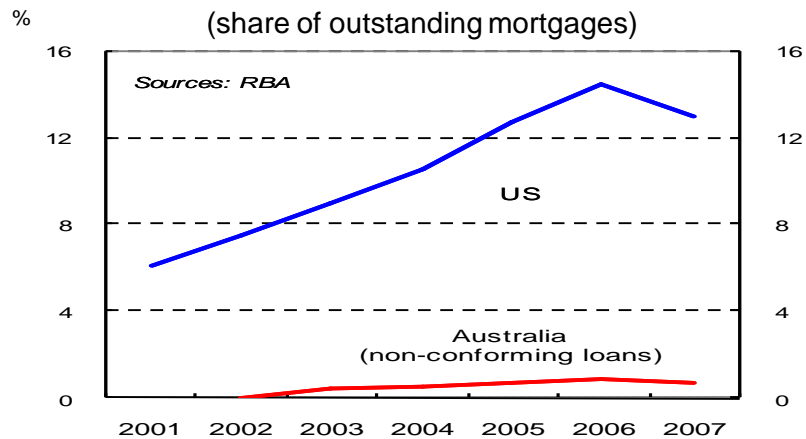


## Affordability Trends To Weigh On Price Growth



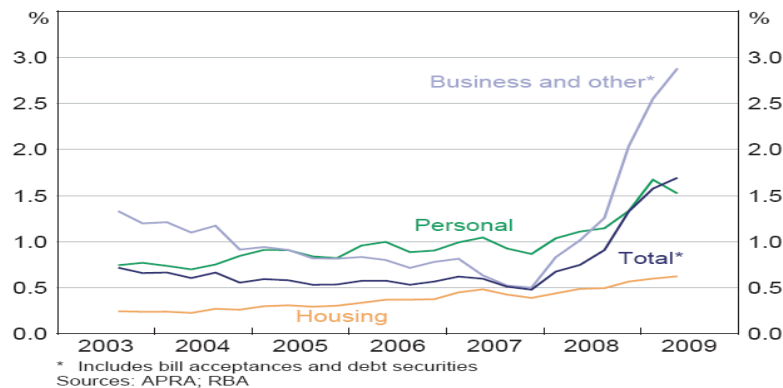
# Australian Housing Market

## Sub-Prime Housing Market

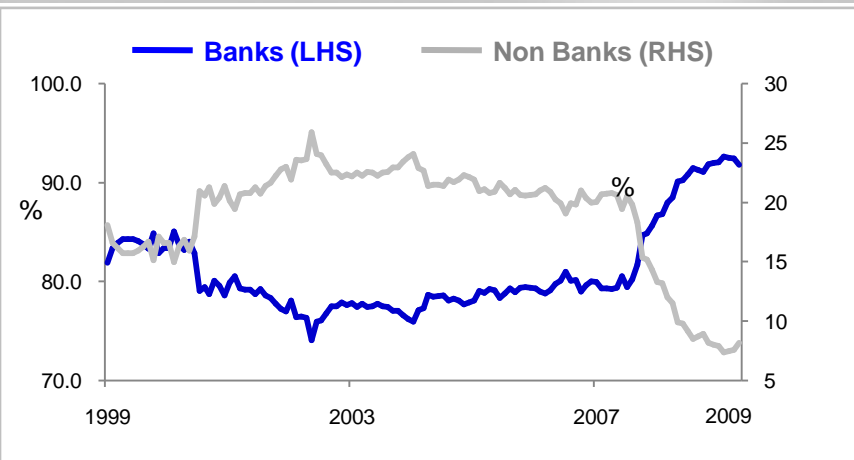


## Banks' Non-Performing Loans

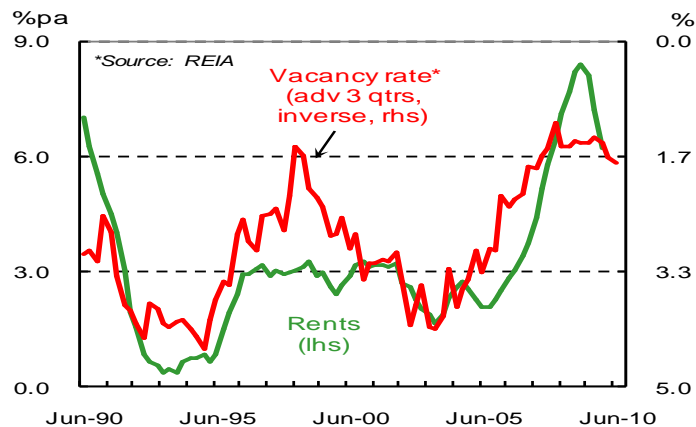
Domestic books, per cent of outstandings by loan type



## Share of housing loan approvals (value)

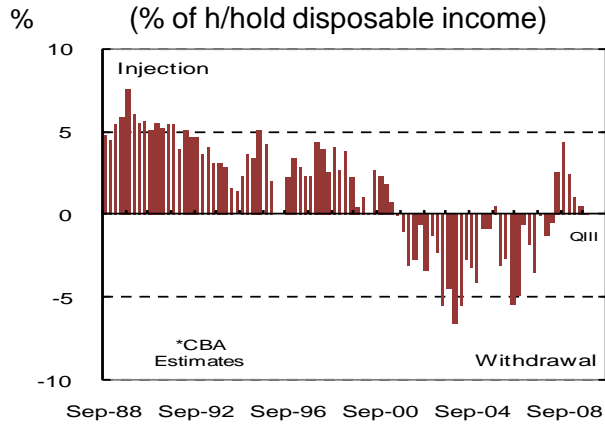


## Vacancy Rates & Rents

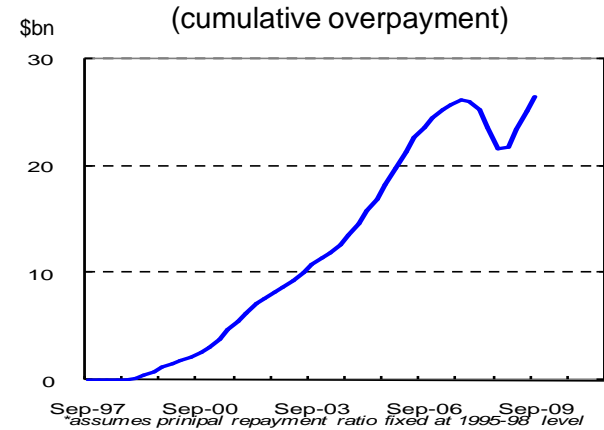


# Household Deleveraging

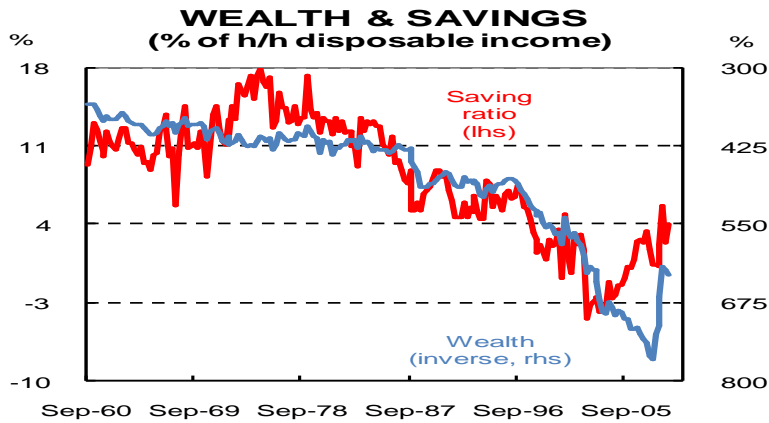
## Housing Equity Injection



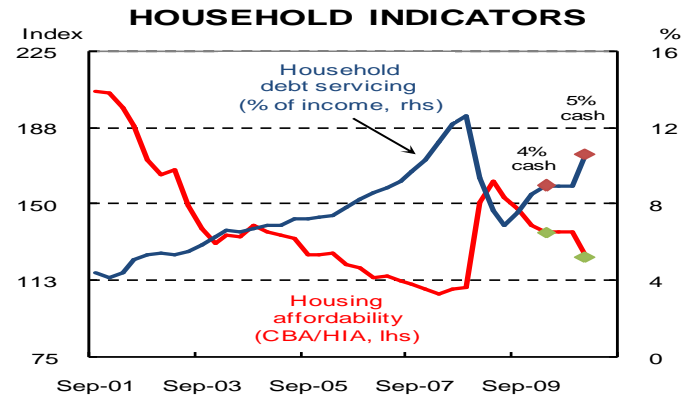
## Principal Repayments Ahead



## Wealth Recovering & Saving Lifting

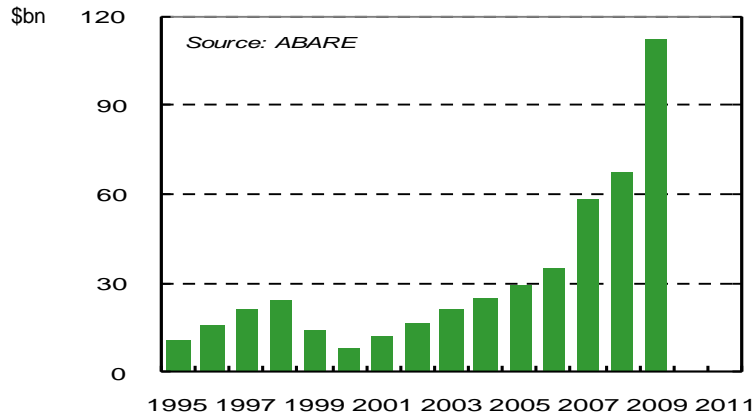


## Policy Stimulus Waning

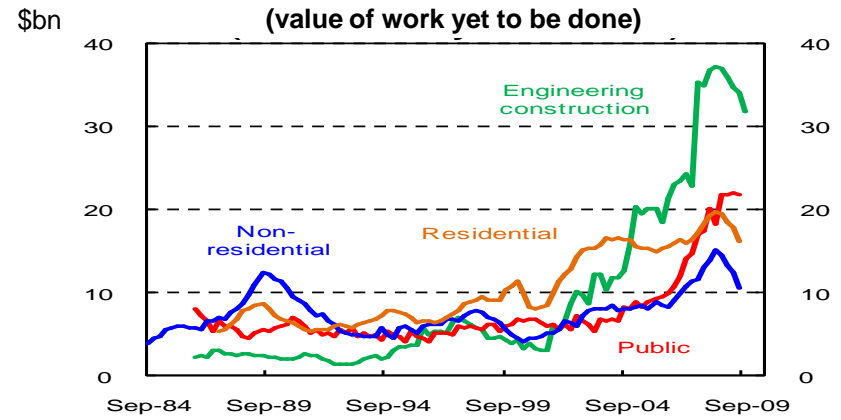


# Capex Backdrop

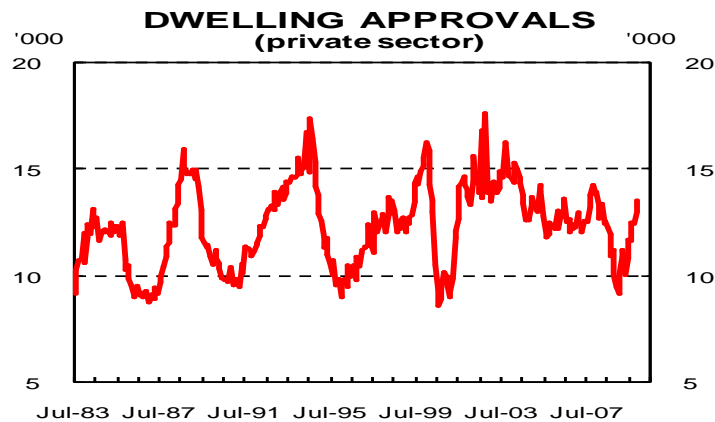
## Advanced Mining Projects



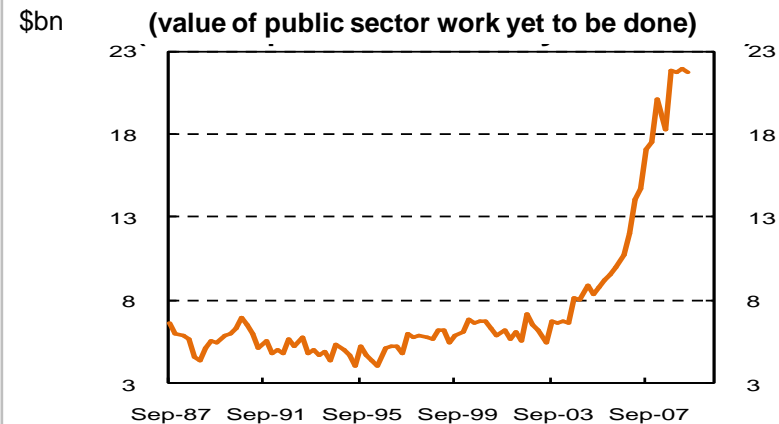
## Construction Pipeline



## Dwelling Building Approvals

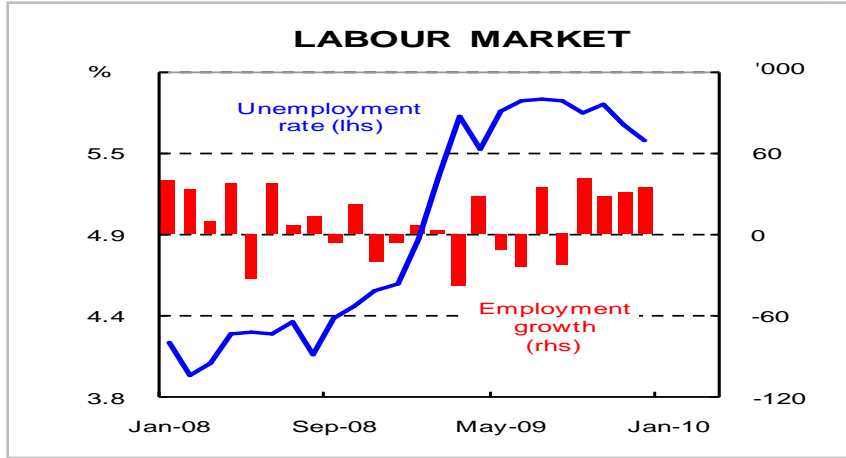


## The Public Capex Pipeline

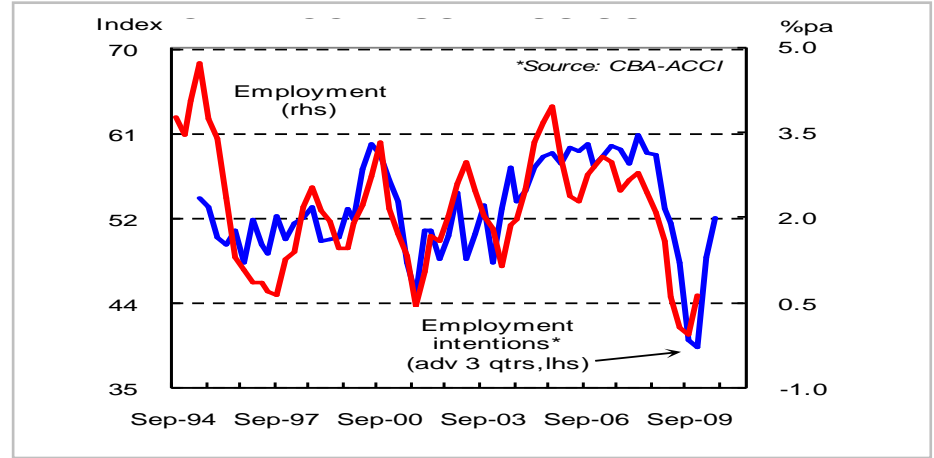


# Labour Market

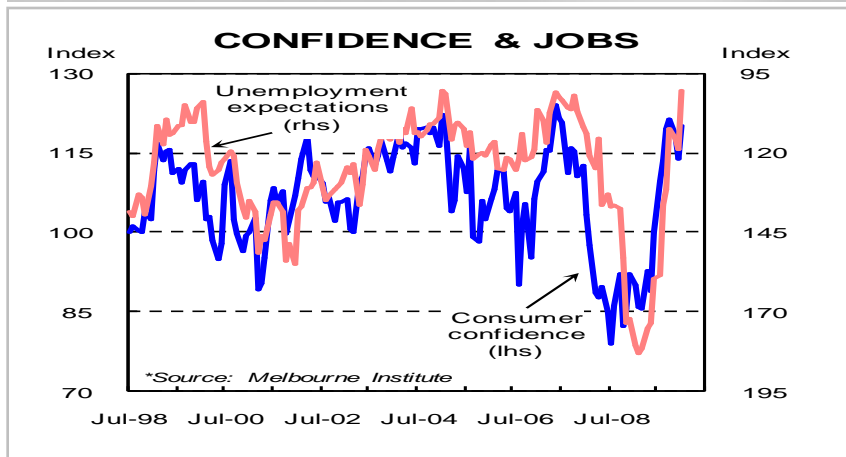
## Labour Market Conditions Improving



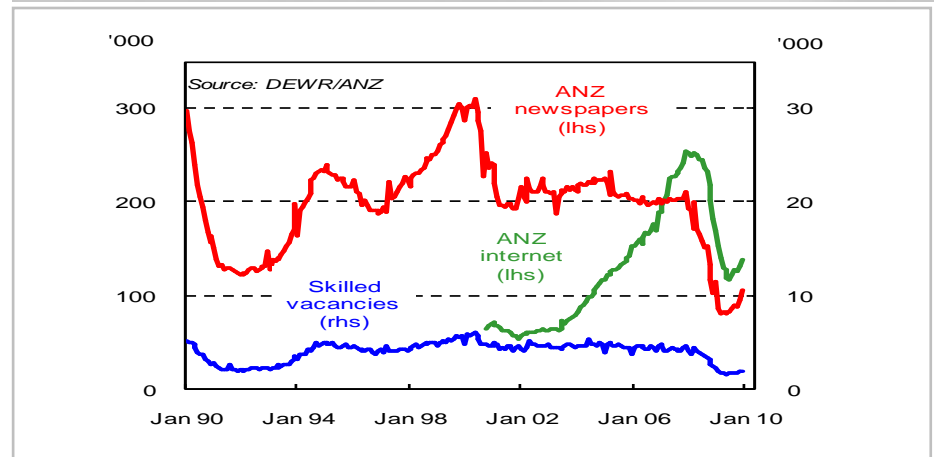
## Hiring Intentions Lifting



## Easing Job Security Fears



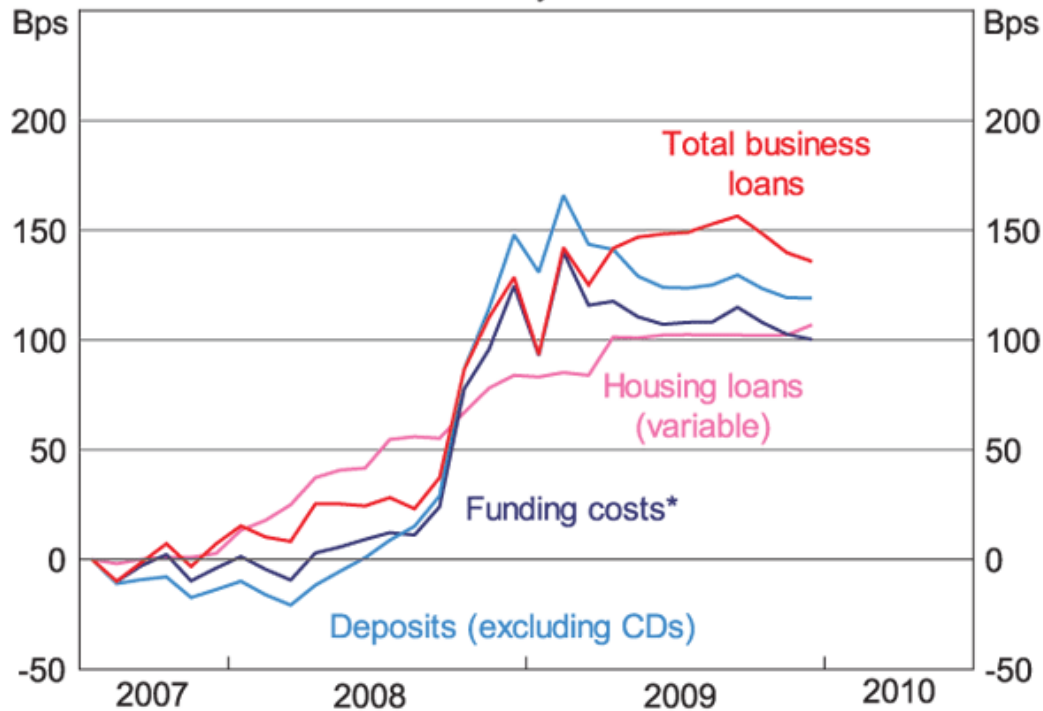
## Job Vacancies Trending Higher



# Funding costs

## Cumulative Change in Margins Between Various Interest Rates and the Cash Rate

Since July 2007



\* Average on major banks' outstanding deposits and fixed and variable rate debt securities

Sources: APRA; RBA





# Note

## Sources for Customer Satisfaction results outlined in this pack

- 1 Retail MFI - Roy Morgan Research Customer Satisfaction. Aust MFI Population 14+, % "Very" or "Fairly Satisfied". 6 month rolling average.
- 2 Business Customer Satisfaction - TNS Business Finance Monitor. Customer satisfaction with MFI – businesses with annual turnover to \$100m (ex Agribusinesses). This is based on a 12 month rolling average. Percentage point change refers to the increase /decrease of each bank's customers who are satisfied. Satisfaction is based on business customers who said they were Very or Fairly Satisfied with their relationship with their MFI. Peers are the other major banks: ANZ, NAB, STG and Westpac.
- 3 FirstChoice - Wealth Insights 2004-09 Mastertrust Service Level Survey - as ranked by financial advisers.
- 4 Products per Customer - Roy Morgan Research Australian Population 14+ , Banking and Finance products per Banking and Finance customer. 6 month moving average.



**Determined** to be better than we've ever been.

**Ralph Norris**  
CHIEF EXECUTIVE OFFICER

**David Craig**  
CHIEF FINANCIAL OFFICER



# Results Presentation

For the half year ended 31 December 2009

10 February 2010

Commonwealth Bank of Australia ACN 123 123 124



**Determined** to be different