

# Media Presentation

For the half year ended 31 December 2012

CommonwealthBank



## Ian Narev

CHIEF EXECUTIVE OFFICER

# Notes

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## Disclaimer

The material that follows is a presentation of general background information about the Group's activities current at the date of the presentation, 13 February 2013. 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.

## Cash Profit

The Management Discussion and Analysis discloses the net profit after tax on both a 'statutory basis' and a 'cash basis'. The statutory basis is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Group's underlying operating results, excluding a number of items that introduce volatility and/or one off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently year on year and do not discriminate between positive and negative adjustments. A list of items excluded from statutory profit is provided in the reconciliation of the net profit after tax ("cash basis") on page 3 of the Profit Announcement (PA) and described in greater detail on page 15 of the PA and can be accessed at our website <http://www.commbank.com.au/about-us/shareholders/financial-information/results/>

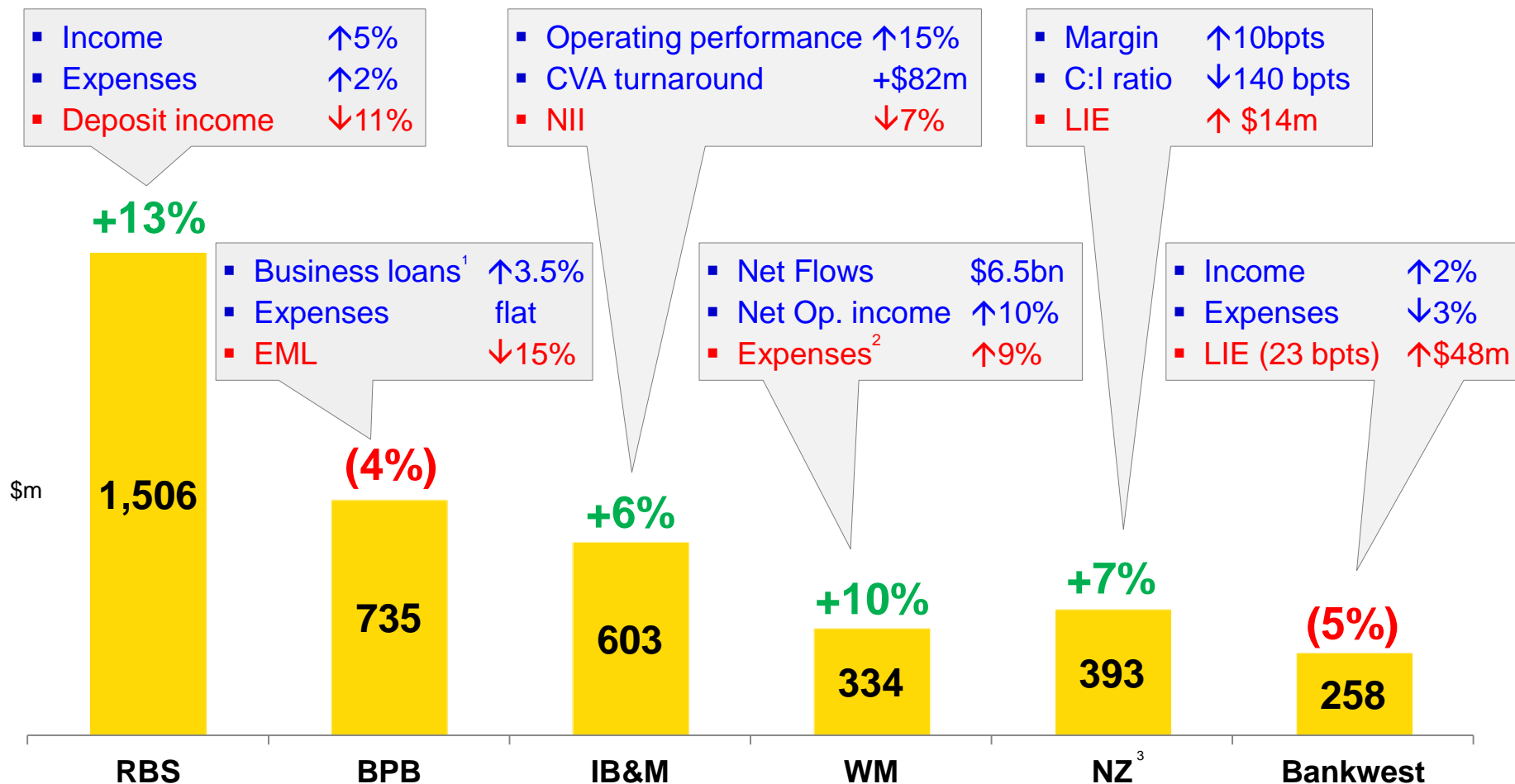
# Financial Overview

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	<b>Dec 12</b>	<b>VS Dec 11</b>
Statutory Profit (\$m)	<b>3,661</b>	<b>1%</b>
Cash NPAT (\$m)	<b>3,780</b>	<b>6%</b>
ROE – Cash (%)	<b>18.1%</b>	<b>(110) bpts</b>
Cash Earnings per Share (cents)	<b>235.5</b>	<b>4%</b>
Dividend per Share (cents)	<b>164</b>	<b>20%</b>

# Cash NPAT Drivers

1H13



All movements on prior comparative period unless stated otherwise.

<sup>1</sup> Source RBA. Six months to Dec 12 annualised.

<sup>2</sup> Excludes volume related expenses.

<sup>3</sup> NZ drivers in NZD.

# Our Strategy

## Customer Focus

Capabilities

People



Technology



Strength



Productivity



Growth opportunities

“One CommBank”

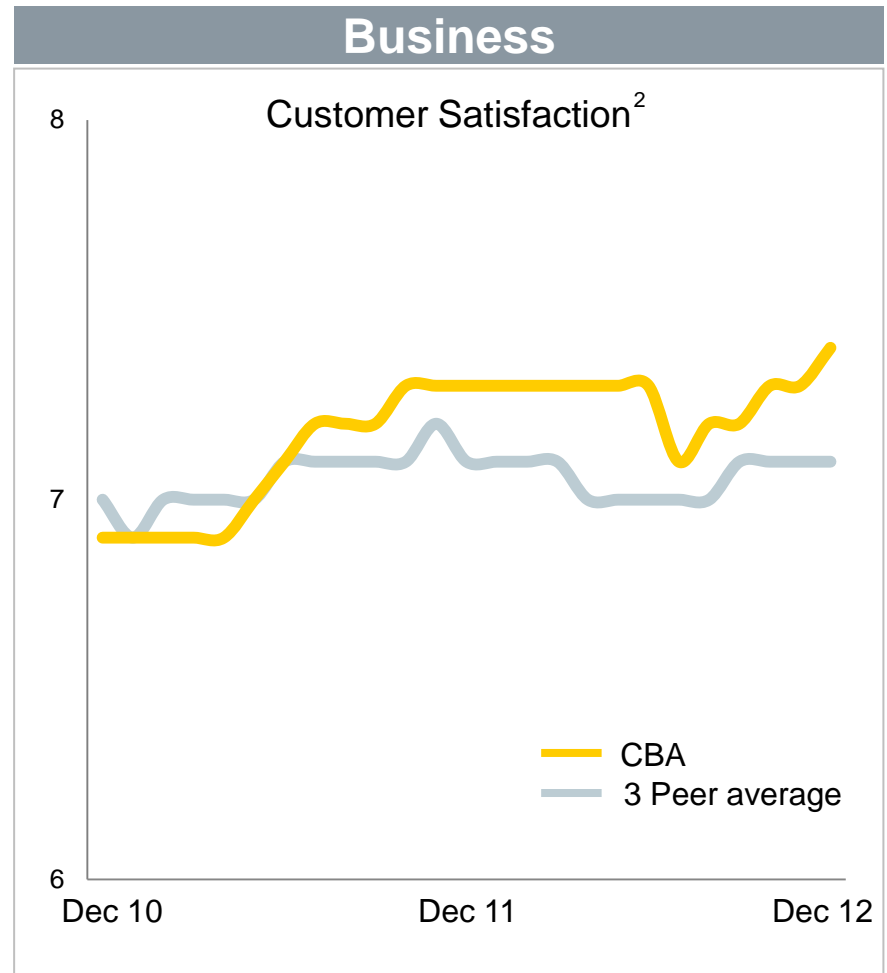
Continued growth in business and institutional banking

Disciplined capability-led growth outside Australia

TSR Outperformance



# Sustained improvements in customer satisfaction



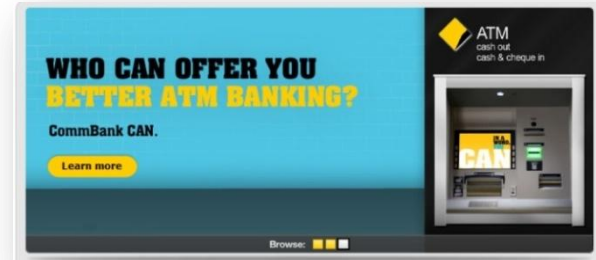
# Technology – continued innovation

## Recent Innovations

- ◆ Kaching for Android
- ◆ Property Guide for Android
- ◆ CommBiz for mobile\*
- ◆ Next generation ATMs
- ◆ “Leo” available to merchants
- ◆ “Pi” software developer kits\*
- ◆ NetBank enhancements
- ◆ MyWealth
- ◆ Video Conferencing in branches by end-June
- ◆ Investor Relations App



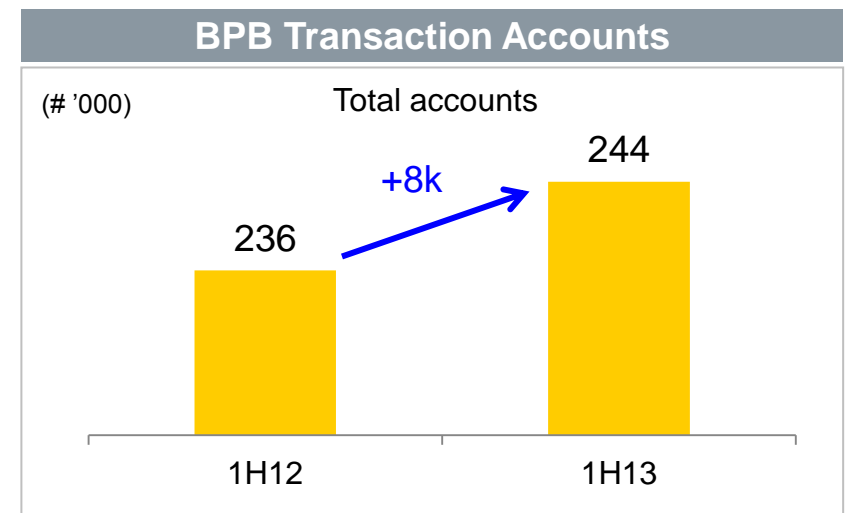
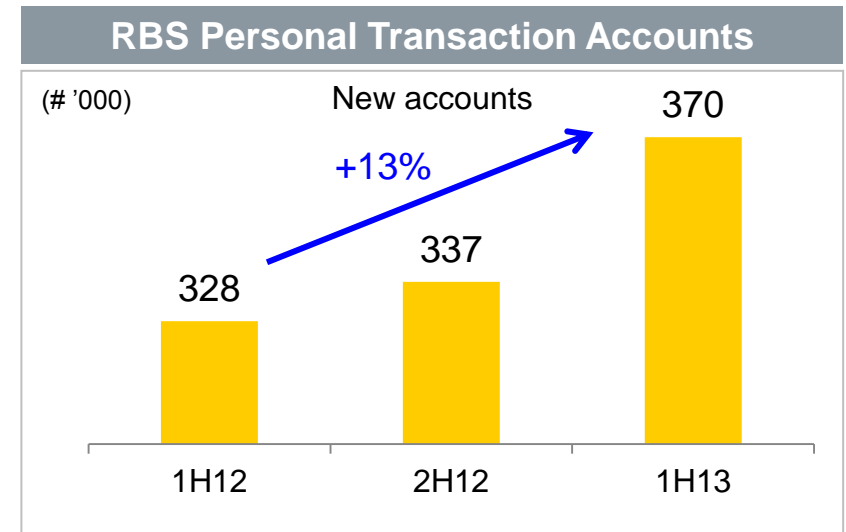
Kaching



\* Coming soon

# Transaction Accounts

- ◆ Leveraging Core Banking capabilities
- ◆ New RBS Personal Transaction Accounts up 13%
- ◆ RBS Transaction Account balances<sup>1</sup> up 9% since June
- ◆ BPB Transaction Accounts up 8,000
- ◆ Significant Deposits Leads insight tool launched – 150-200 business leads delivered daily
- ◆ IB&M Transaction Banking – 14 new mandates in 1H13



<sup>1</sup> Average balances.



# Embedding a productivity<sup>1</sup> culture

## Retail Branch Network

Transactions per CSR

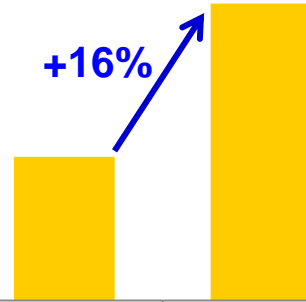
+6%



Dec 11      Dec 12

Sales and converted referrals per CSS

+16%

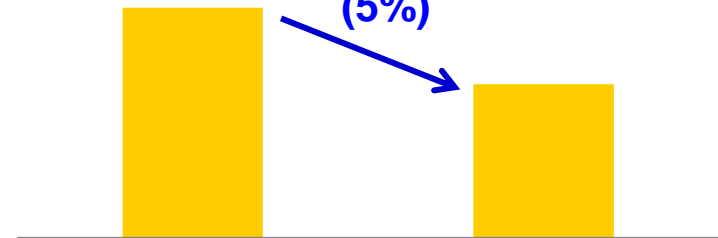


Dec 11      Dec 12

## Retail Call Centres

Call handling time

(5%)



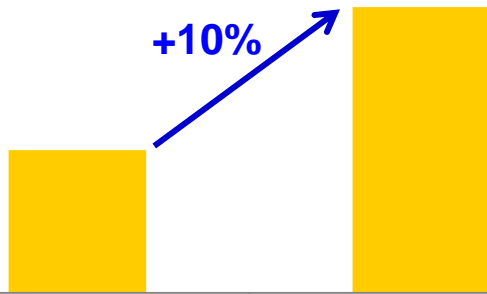
Dec 11

Dec 12

## Local Business Banking

\$ lending balance per Local Business Banking FTE

+10%



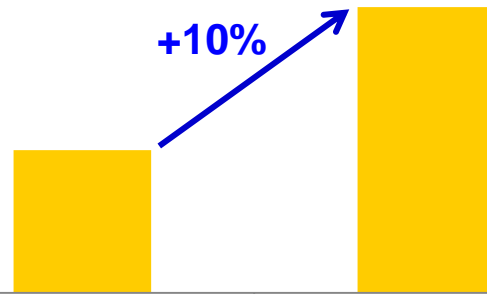
Dec 11

Dec 12

## Home Loan Processing

Home loan fundings per operations FTE

+10%



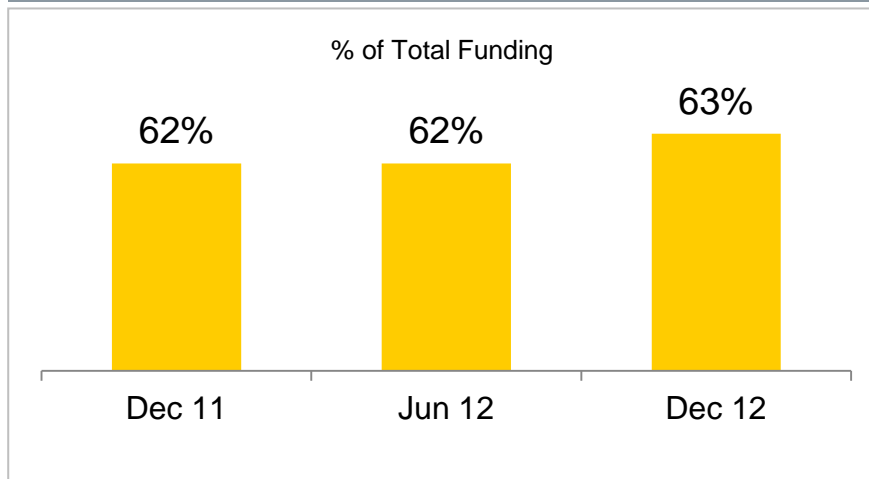
Dec 11

Dec 12

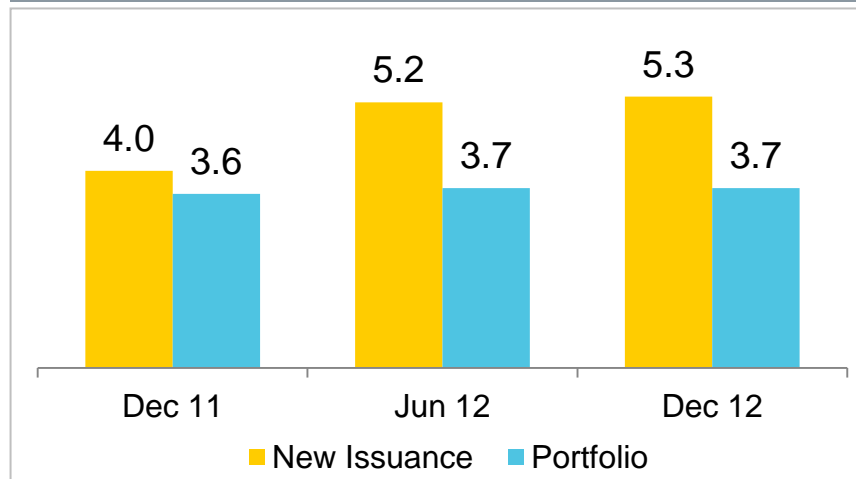
1 Refer notes page at back of presentation for definition of productivity metrics.

# Strength

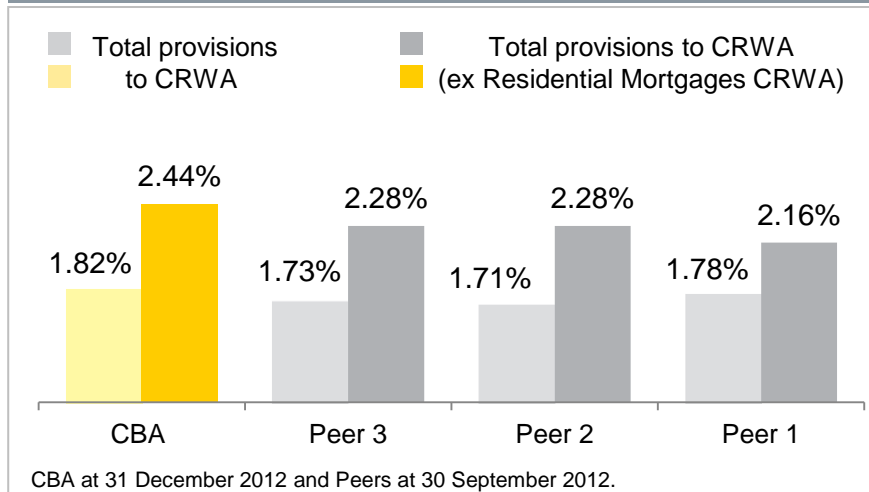
## Deposit Funding



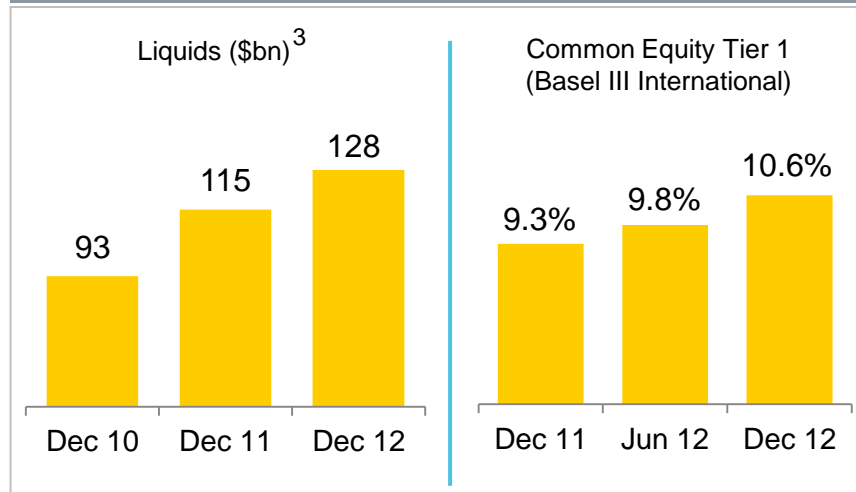
## Wholesale Funding Tenor (years)<sup>1</sup>



## Total Provisions<sup>2</sup> to Credit RWA



## Liquidity and Capital



1 Weighted Average Maturity of long term wholesale debt. Includes all deals with first call or contractual maturity of 12 months or greater.

2 Provisions do not include General Reserve for Credit Losses, equity reserves or other similar adjustments.

3 Liquids reported post applicable haircuts.

# Outlook

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- ◆ Current operating environment
  - Some improvements in global macro economy
  - Increased stability and lower volatility
  - Positive for global debt and equity markets
- ◆ Going forward
  - Still some downside risk which dictates continued caution
  - Slow but steady rebuild of confidence

# Summary

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- ◆ Consistent execution of long-term strategic priorities
- ◆ Good revenue growth in a subdued environment
- ◆ Productivity focus enabling investment
- ◆ Stable credit quality reflecting long-term conservatism
- ◆ Strong ROE notwithstanding significantly stronger capital position
- ◆ Strategy delivering results; positioning for the long term

# Media Presentation

For the half year ended 31 December 2012

CommonwealthBank



## SUPPLEMENTARY SLIDES

## Additional information

### Strategy – highlights this half

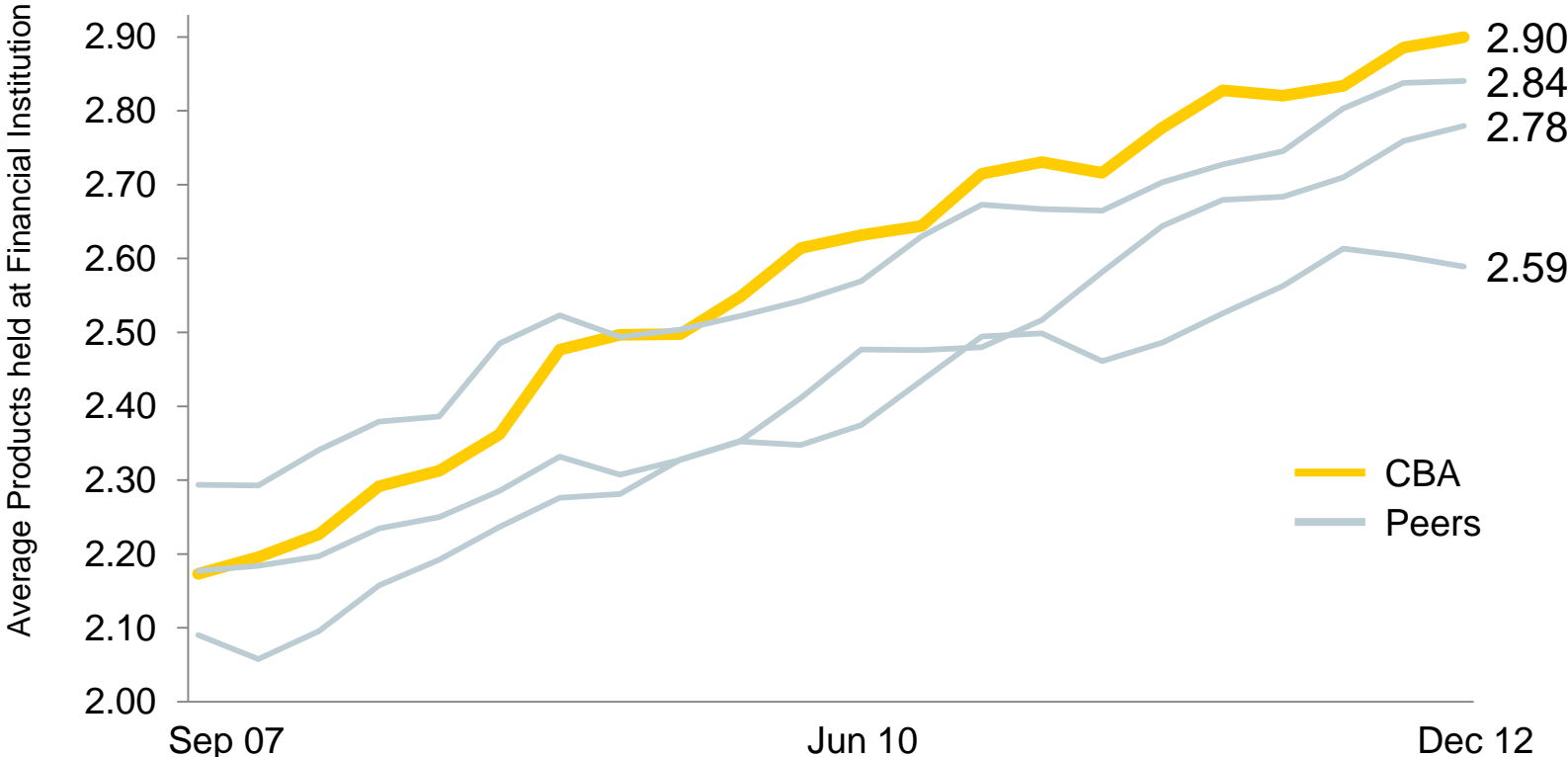
Customer Focus	<ul style="list-style-type: none"><li>◆ Sustained improvements in customer satisfaction</li><li>◆ Further gains in products per customer</li></ul>
People	<ul style="list-style-type: none"><li>◆ Continued commitment to no offshoring</li><li>◆ From diversity to full inclusion</li><li>◆ Absolute commitment to talent development</li></ul>
Technology	<ul style="list-style-type: none"><li>◆ Core Banking close to completion</li><li>◆ Continued innovation – products, services and delivery</li></ul>
Strength	<ul style="list-style-type: none"><li>◆ Conservative settings retained</li><li>◆ Strong capital, funding, liquidity and provisioning</li></ul>
Productivity	<ul style="list-style-type: none"><li>◆ Embedding productivity culture</li><li>◆ Cost-to-Income improved to 45.1%</li></ul>



# Additional information

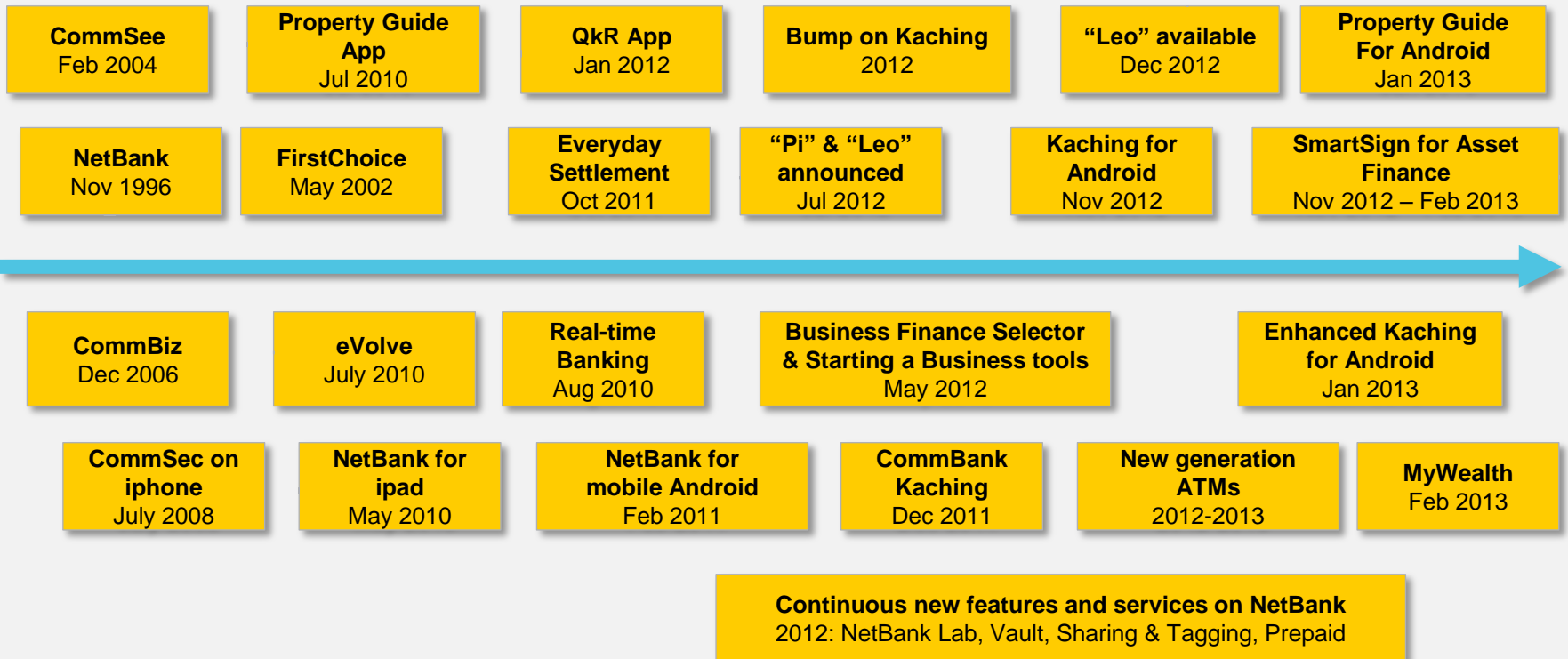
## Products per Customer

Average Number of Banking and Finance Products held by Customers 18+ (at the Financial Institution)<sup>3</sup>



3 Refer notes slide at back of this presentation for source information.

## Australia's leading technology bank



### Core Banking Modernisation Program 2008 – 2012

- 12+ million customers migrated
- First Australian bank to go real - time, 24 x 7 and one of the first in the world
- Enabling industry leading functionality and innovation



# Additional information

## Snapshot – 1H13 Results<sup>1</sup>

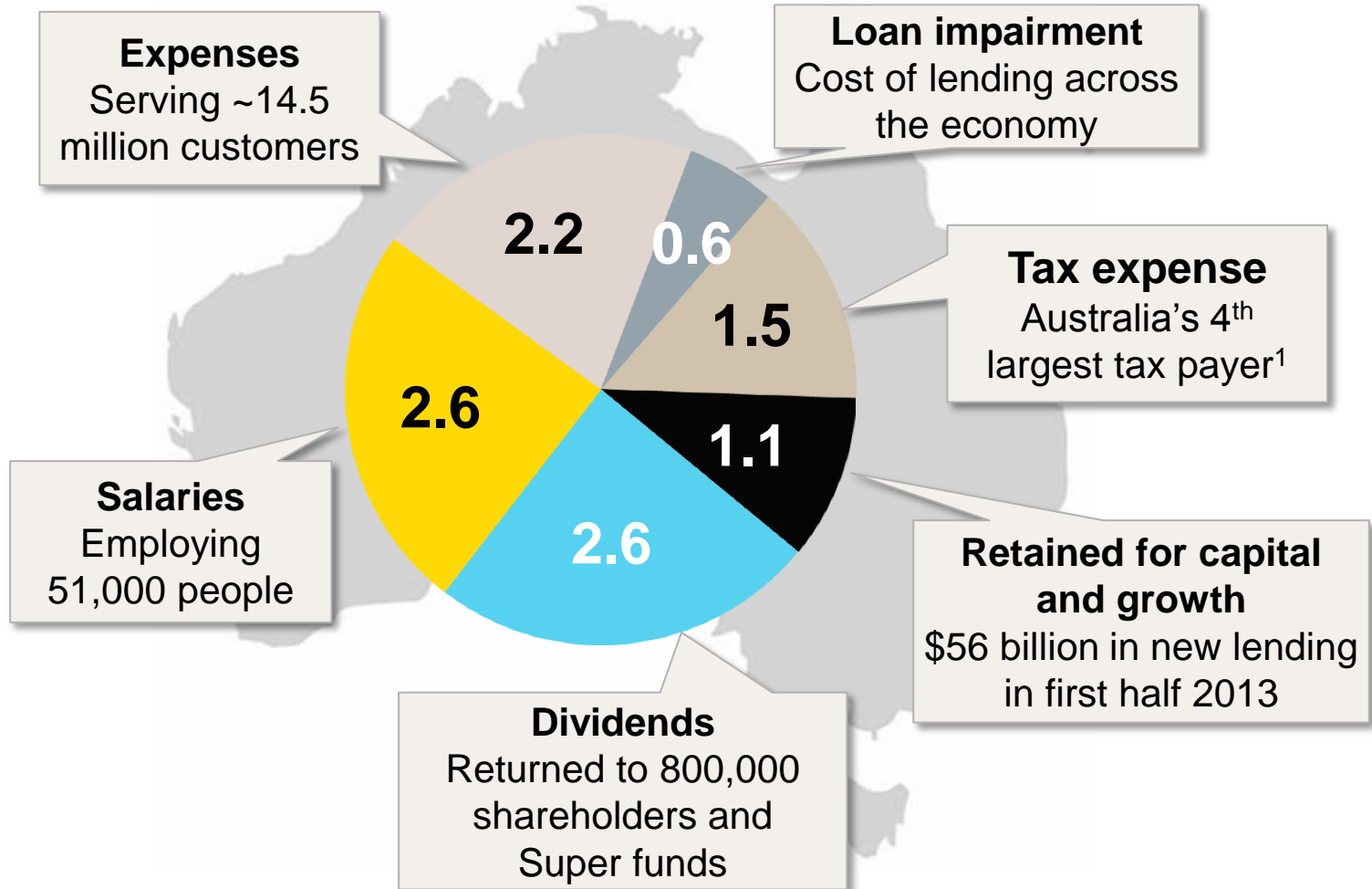
Financial			Operating Performance by Division		
Cash earnings (\$m)	3,780	6%	Retail Banking Services (\$m)	2,394	7%
ROE (Cash)	18.1%	(110) bpts	Business and Private Banking (\$m)	1,202	(2%)
Cash EPS (Cents)	235.5	4%	Institutional Banking & Markets (\$m)	886	15%
DPS (Cents)	164	20%	Bankwest (\$m)	455	6%
Cost-to-Income (Cash)	45.1%	(70) bpts	Wealth Management (\$m)	374	11%
NIM (bpts)	210	(2) bpts	NZ (NZ\$m)	547	8%
Balance Sheet			Capital & Funding		
Total assets (\$bn)	721	3%	Capital - CET1 (Basel III Int'l)	10.6%	130 bpts
Total liabilities (\$bn)	678	2%	Capital - Tier 1 (Basel II)	10.5%	60 bpts
FUA (\$bn, spot)	224	17%	LT wholesale funding WAM (yrs)	3.7	0.1
RWA (\$bn)	302	1%	Deposit funding	63%	1%
Provisions to credit RWAs (bpts)	182	(15) bpts	Liquids (\$bn)	128	11%

<sup>1</sup> All movements on prior comparative period.

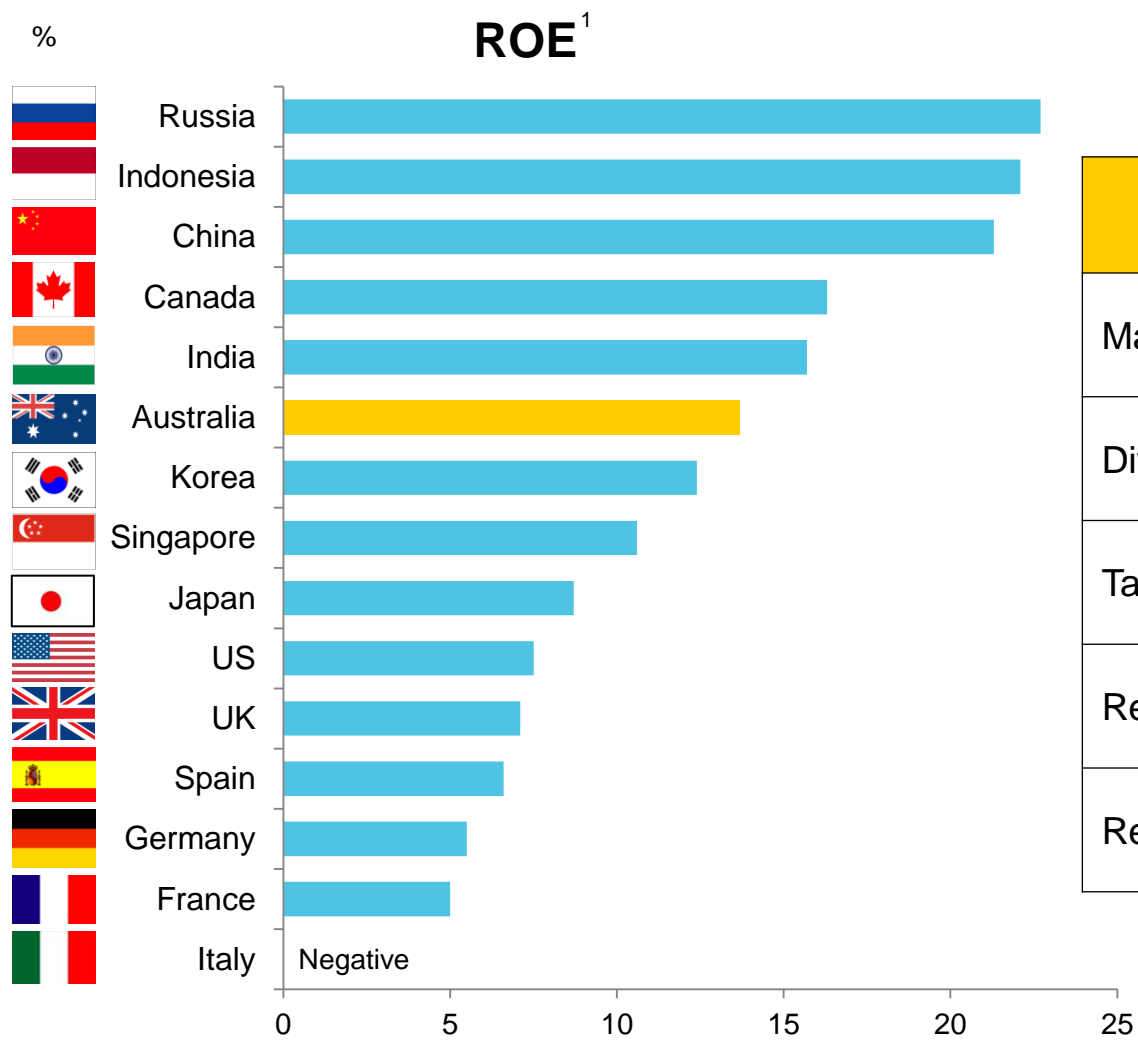
# Strong contributor to Australian economy

## Where does our income go?

1H13  
(\$bn)



# Bank Profitability



**CBA Ranking**  
(Amongst ASX 100 companies)

	<b>CBA Rank<sup>2</sup></b>
Market capitalisation (ASX)	<b>2<sup>nd</sup></b>
Dividends declared	<b>2<sup>nd</sup></b>
Taxes paid	<b>4<sup>th</sup></b>
Return-on-Equity (ROE)	<b>23<sup>rd</sup></b>
Return-on-Assets (ROA)	<b>77<sup>th</sup></b>

1 Source: Factset. Weighted average for listed banks in each country. Statutory ROEs weighted by shareholders' equity.

2 Most recent annual results data amongst ASX 100 companies. Sourced from Bloomberg 29 January 2013.



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