



Commonwealth Bank of Australia
澳洲联邦银行

Transformation Journey in Retail Banking
个人银行业务改革路程

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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, 28 October 2004. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

Speaker's notes for this presentation are attached below each slide.

To access them, you may need to save the slides in PowerPoint and view/print in "notes view."

Commonwealth Bank of Australia 澳洲联邦银行

Banking

- Largest Australian retail bank with over 8 million retail customers
- No.1 in retail deposits, No.1 in home lending
- Over 1,000 branches, around 4,000 agencies and 3,000 automatic teller machines
- Strong positions in each segment of business banking

Funds Management / Share Broking

- No.1 in retail funds under management
- No.1 in platform inflows
- No.1 in retail share broking

Total assets	A\$306B (RMB1,836B)
Market cap	A\$38B (RMB228B)
Staff (Aust.)	27,500
Tier 1 ratio	7.43%
Credit ratings:	
- Moody's	Aa3
- S&P	AA-
- Fitch	AA

Insurance

- No.1 in inforce premiums

International

- Strong presence in NZ, and smaller scale operations in Asia, the UK and the US

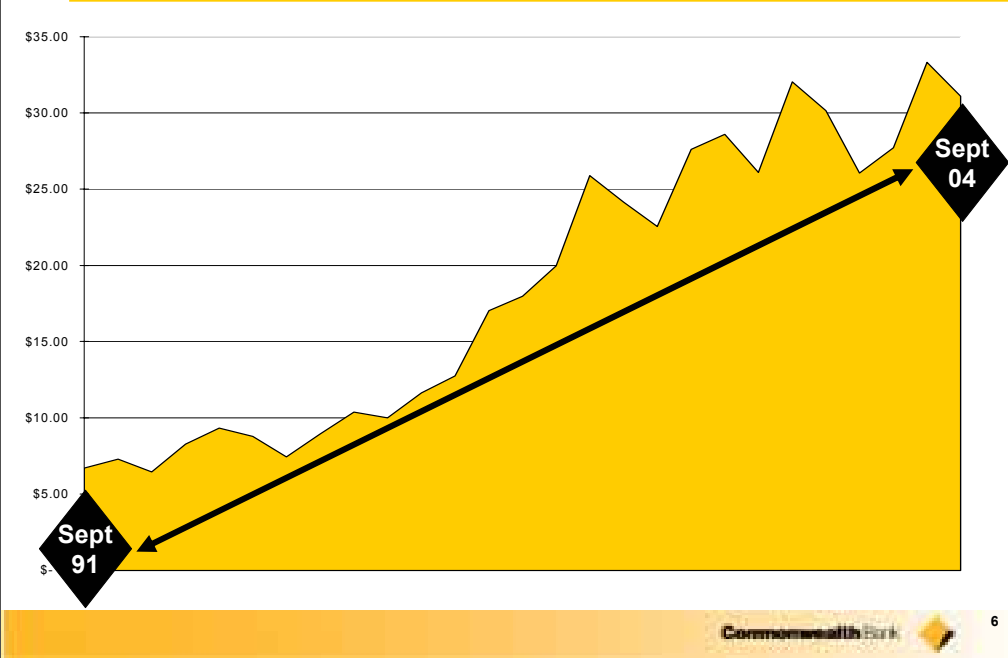
History of the Commonwealth Bank of Australia 历史

1911-1990	Federal Government ownership
1980s	Domestic financial market deregulation
1989	Acquisition of ASB Bank (New Zealand)
1990	Acquisition of State Bank of Victoria
1991-1996	Commonwealth Bank of Australia privatisation
1996	Acquisition of Commonwealth Funds Management
2000	Acquisition of Colonial

Privatisation 私有化

- **Mid-1980s - Commercial disciplines adopted**
- **1991 - 30% interest sold to general public**
- **1993 - Further 19.9% interest sold**
- **1996 - Balance (50.1%) sold to public**

Our share price has risen significantly 股价逐步上升



Financial Results 财务状况

- 15% growth in underlying cash profit

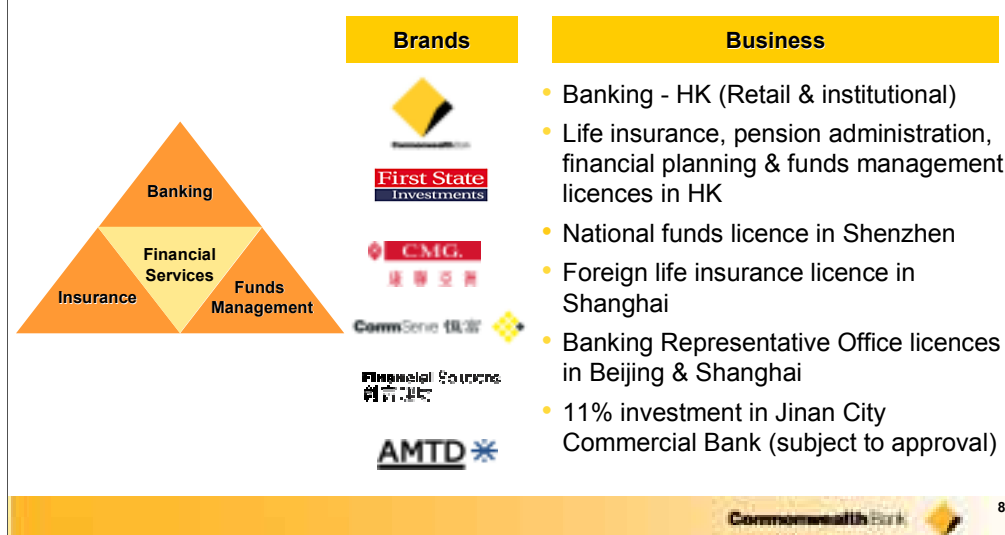
15%现金利润增长率

	30/06/04 A\$m	30/06/03 A\$m	Change 改变
Statutory Net Profit After Tax 法定税后利润	2,572	2,012	+27.8%
Goodwill amortisation	324	322	
Appraisal value movement	(201)	245	
Cash Net Profit After Tax* 现金税后利润	2,695	2,579	+4.5%
Which new Bank	535	168	
Shareholder investment returns	(152)	(73)	
Underlying Cash Net Profit After Tax	3,078	2,674	+15.1%

* Prior to preference dividend distribution

Commonwealth Bank's footprint in China 澳联邦银行在中国的足迹

- Over A\$500M capital invested, across a broad portfolio of regional financial services businesses



Appendix: A comparison of PRC and Australian banking sectors

Key Bank Sector Events

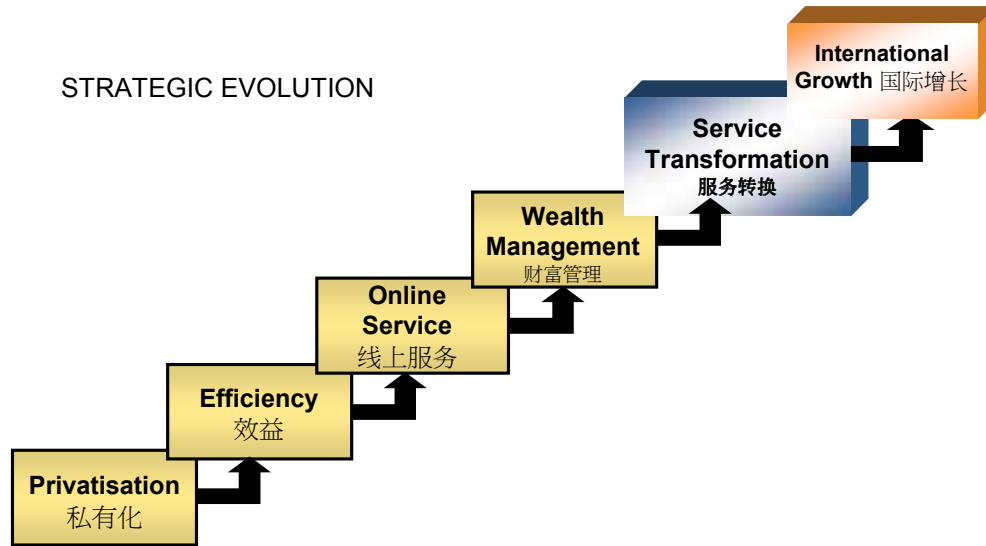
CHINA

AUSTRALIA

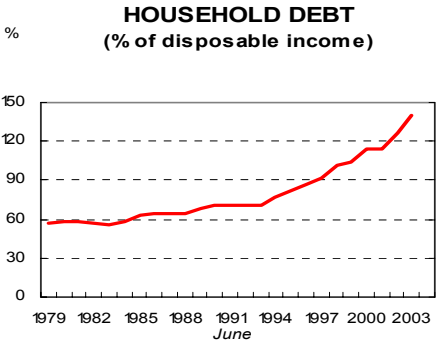
Credit bureau development	Shanghai & other credit bureaus to be replicated	Negative credit bureau established
Floating of currency	Under consideration currently	1984
Interest rate liberalisation	Staged process underway	1985
Bank NPL clean-up	Currently underway	1980s
Bank Sector consolidation & rationalisation	Creation of CCBs in 1990s	1980s and 1990s
Financial Services sector integration	More consolidation likely Commencing currently	1990s

Key phases of evolution since 1991 主要的改革

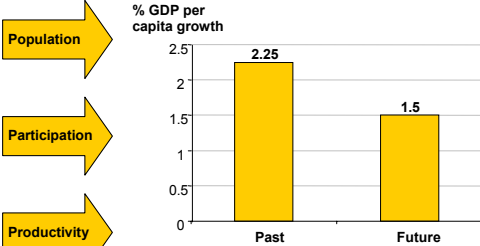
STRATEGIC EVOLUTION



Key domestic economic trends 主要国内经济趋向

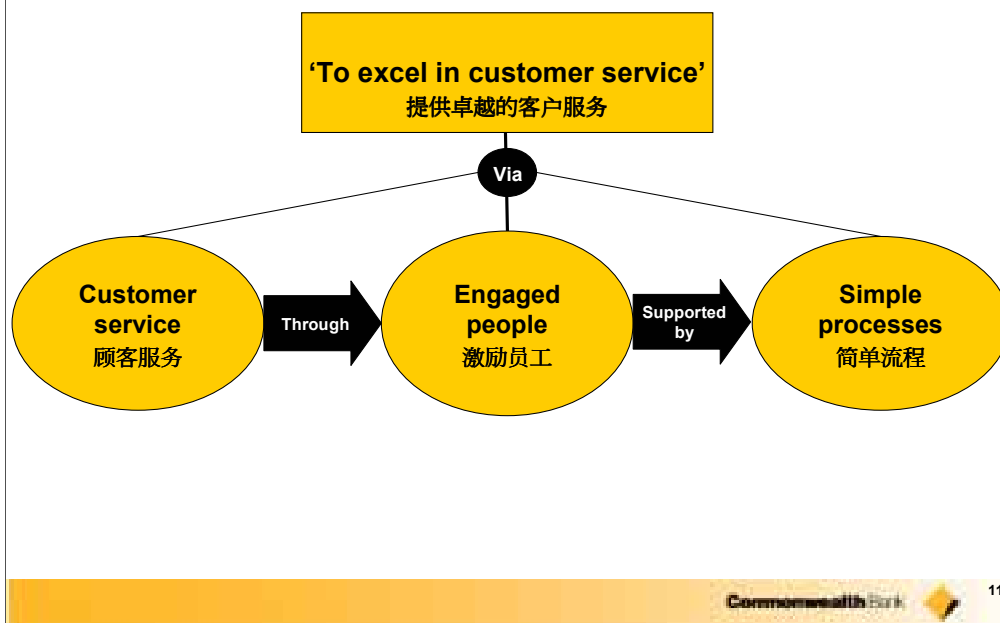


Ageing population driving productivity challenge



Source: Intergenerational Report

Our vision 我们的远景



We need to play to our strengths while addressing our weaknesses 我们需要扩展我们的优势,同时认清我们的弱势



Performance Culture is a “from-to” story. It’s all about where we are now, where we want to be, and how we are going to get there.

Significant effort has been going into getting a firm grip on what our starting position looks like and what we would like to see our culture look like going forward.

More than 1,500 surveys were completed by staff in the organisation. A number of focus groups and interviews were also used to gain deep cultural information.

From the diagnostic work we discovered that there are many things about the Commonwealth Bank culture to be proud of – our brand, our teams, our willingness to go the extra mile.

Our Staff are generally proud to work for the Bank for all Australians;
...and enjoy working with their local teams.

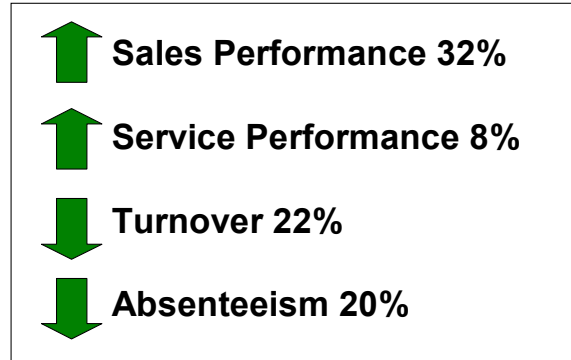
However, there are some things that need to be addressed in our Culture to make Which new Bank a success. Eg

- ...red tape/ bureaucracy
- ...outside immediate teams, there is insufficient collaboration,
- ...our Staff feel that we emphasise process over people.

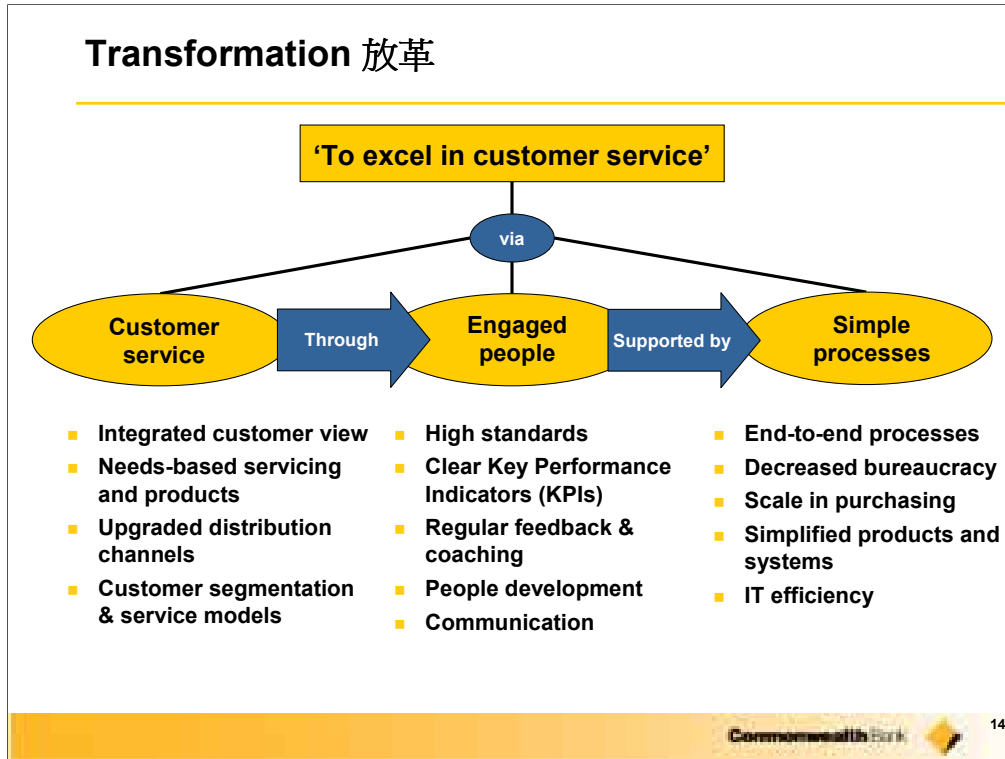
Whilst there are existing issues, we have hope for the future and a willingness to get there.

Engagement pays dividends 提高员工积极性会带来好的成效

- Top 15% vs Bottom 15% teams by engagement scores



Transformation 放革

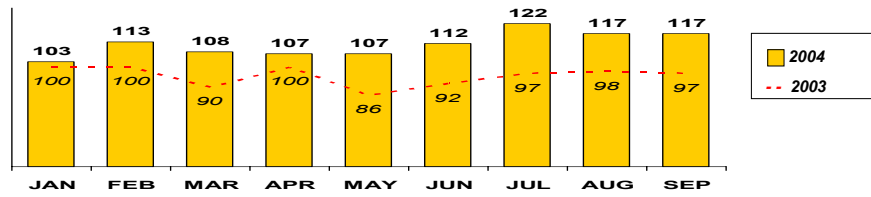


We started with 'no regrets' changes at the frontline 以坚定的信念为出发点

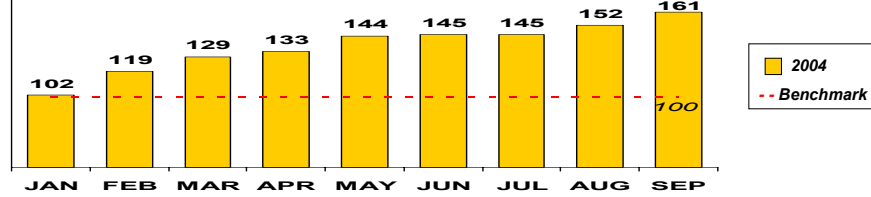
- Simpler Key Performance Indicators
- Proactive service and sales disciplines (Group wide)
- “Front of house” branch managers
- Eliminate or redirect administration to increase customer contact time
- Better service and sales reporting by individual

Sales productivity is improving... 销售效率正改良

Product Sales per Staff Member



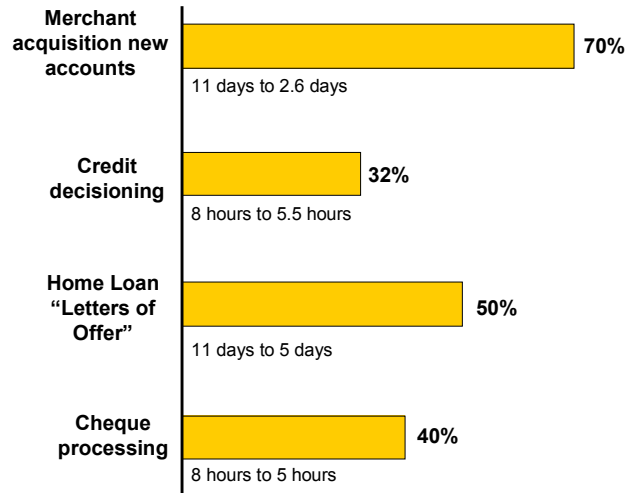
Cross Sales Ratio



We adopted a similar approach for processing 我们采取相似的工作流程

- Reduced re-keying and paper handling
- Streamlined approval processes
- Improved responsiveness
- Increased accuracy
- Removal of obstacles and redundant activities
- Lean manufacturing principles

Significant improvements in turn-around times 周转期改善很多



Technology has supported these changes 支持这些改革的科技

- Branch telling system
- Referral management
- Inbound call management
- Mortgage origination and servicing
- Deposit origination and servicing
- Management information systems

Key investments in 2005 (2005年的主要投资)

Customer Service



Internet banking



Over 140 branches have been redesigned
翻新超过140分行



We have focused on both motivators and disciplines **注重激励员工和严格管理**

Motivators

- Compelling, simple vision
- Recognition culture
- Upwards feedback
- Simpler incentives and more upside for high performance
- Communication
- 'Finding the fun'
- Aligned leadership

Disciplines

- Frontline service and sales disciplines
- Rigorous service and sales measurement
- 'Coaching Mastery'
- Greater rigour in performance assessment and talent management
- More sophisticated culture gauges

Our staff will star in our advertising
员工是我们的星



Conclusion 结论

凿户牖以为室，当其无，有室之用。
故有之以为利，无之以为用。

老子 公元前600年

**“We make doors and windows for a room.
But it’s the space that makes them liveable.
While the tangible has advantages, it is the
intangible that makes it useful.”**

Lao Zi, 600BC



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