Media Release

Commonwealth Bank
Commonwealth Bank of Australia
ABN 48 123 123 124
Marketing and Communications
GPO Box 2719
Sydney NSW 1155
www.commbank.com.au

COMMONWEALTH BANK OF AUSTRALIA DELIVERS SOLID RESULT IN DIFFICULT ENVIRONMENT

Interim dividend of $1.13 declared

Highlights of 2009 Interim Result

- Domestic and global environment has been challenging;
- Cash NPAT of $2,013 million declined 16 percent - due to a significant increase in impairment expenses;
- Banking businesses underlying performance remained robust;
- Cost containment sees costs fall by 3 percent on the preceding half year;
- Good progress on all five strategic priorities;
- Interim dividend of $1.13, fully franked – final dividend will be assessed against prevailing market circumstances;
- Capital (with Tier 1 at 8.75 percent), funding and provisioning strengthened; and
- Group well positioned in deteriorating operating environment.

	Dec 08	Dec 08v Dec 07
Cash NPAT ($m)*	2,013	(16)%
Cash EPS (cents)	146.3	(19)%
Dividend ($ per share)	1.13	-
Return on Equity – Cash (%)	15.0%	(580) bps

*** Unless otherwise indicated, all financial comparisons in this release are with prior comparative period (i.e. half year to 31 December 2007).**

Commonwealth Bank
Commonwealth Bank of Australia
ABN 48 123 123 124
Marketing and Communications
GPO Box 2719
Sydney NSW 1155
www.commbank.com.au

Media Release

Sydney, 11 February 2009: The Group's Net Profit After Tax ("NPAT") ("statutory basis") for the half year ended 31 December 2008 was $2,573 million, which represents an increase of 9 percent on the prior comparative period. Included in this result is a provisional estimate of the non-cash gain recognised on acquisition of BankWest of $547 million after tax.

NPAT ("cash basis") for the half year was $2,013 million, which represents a decrease of 16 percent on the prior comparative period. This result was impacted by a significant increase in impairment expense during the half year.

The Board maintained a fully franked interim dividend of $1.13 per share. The dividend is payable on 23 March 2009. Ex-dividend date is 16 February 2009.

Commenting on the Board's decision to maintain the interim dividend Group Chairman, John Schubert said: "Your Board was particularly mindful of the needs of our shareholders in reaching its decision to declare an interim dividend at the same level as last year's interim. However, in the current uncertain economic environment we cannot guarantee to maintain future dividends at past levels."

The Group has also announced details of its Share Purchase Plan which will provide shareholders with the opportunity to apply for up to $10,000 of ordinary shares in the Group. Shares will be priced at the lower of $26.00 or the average price of the Group's shares over the last five days of the offer period. The offer will be open to eligible Australia and New Zealand shareholders with a registered holding at 7:00 pm Sydney time on 10 February 2009. Acquired shares will not carry an entitlement to receive the interim dividend.

Key components of the result include:

- Strong income growth in the banking business with total banking income up 21 percent;
- Solid growth in lending balances, particularly in home and business lending, and domestic deposit volumes;
- A decline in funds under management in the Wealth Management business which drove a corresponding decline in earnings;
- A subdued result from International Financial Services reflecting difficult trading conditions for ASB Bank in New Zealand;
- Net interest margin declined 2 bps since December 2007;
- Continuing improvements in customer satisfaction across the Group;
- Operating expenses fell by 3 percent on the preceding six month period; and
- A significant increase in Impairment Expenses (to $1,607 million) as credit quality deteriorated in line with difficult economic conditions.

Commonwealth Bank
Commonwealth Bank of Australia
ABN 48 123 123 124
Marketing and Communications
GPO Box 2719
Sydney NSW 1155
www.commbank.com.au

In recognition of the uncertain economic outlook, the need to redeem Perls II and the prospect of further growth in Risk Weighted Assets, the Group further strengthened its capital with its Tier 1 capital ratio increasing to 8.75 percent. While wholesale funding remained expensive, the Group is well advanced having already secured over 88 percent of its long term funding for the current financial year. Liquidity levels were increased to $82 billion. The Group is well provisioned with total provisions of $3,608 million, an increase of $2,228 million since December 2007.

The Group's long term credit ratings with Standard and Poor's and Moody's Investor Services remained unchanged at AA and Aa1 respectively.

The Group's strong financial position and tightly focused strategy enabled it to grow both organically and by acquisition. Acquiring BankWest at an attractive price has provided a unique opportunity to expand in Western Australia. The Group also secured a strategic stake in Australia's leading home loan mortgage broker – Aussie Home Loans. Focus on customer service helped generate a strong performance from its banking business. It also made good progress on its key strategic priorities including the Core Banking Modernisation project which remains on budget and ahead of schedule.

Commenting on the interim result, Chief Executive Officer, Ralph Norris said: "While it is always disappointing to announce a decline in earnings, this is a solid result given the difficult economic environment which prevailed over the period. It was particularly pleasing to see our banking businesses delivering good growth in operating earnings which is a testament to the strength of our balance sheet and brand. Although many financial institutions' business models are under pressure, we have remained open for business at a time when our customers clearly need our support."

"The increase in provisioning follows a recently completed comprehensive review of our lending portfolio with particular focus on our top 600 clients. This has provided us with additional insights into our risk profile and has given us comfort around the level of our provisioning. However, given volatility and the uncertain environment loan impairment will be a continuing focus."

As the operating environment deteriorates we will need to adapt and we will look for opportunities to reduce our cost base to accommodate the impacts of the slowing economy on revenue. However, it is important that we do not lose sight of our longer term strategic imperatives and we will seek opportunities to strengthen our business."

Business Performance

Retail Banking Services' performed strongly over the half year ended 31 December 2008 with cash NPAT increasing by 15 percent on the prior comparative period. The result was underpinned by a combination of strong income growth, disciplined expense control and strategic business investment.

Commonwealth Bank
Commonwealth Bank of Australia
ABN 48 123 123 124
Marketing and Communications
GPO Box 2719
Sydney NSW 1155
www.commbank.com.au

Home loan income increased by 11 percent to $801 million. The result was supported by balance growth of 15 percent, which was significantly above market growth of 8 percent and achieved without a relaxation of credit standards. Deposit income increased 10 percent to $1,602 million. Financial market uncertainty has seen deposit balance growth benefit from a flight to quality. This resulted in strong balance growth of 22 percent compared to market growth of 19 percent. Expenses were flat on the prior half reflecting sound expense management. The expense to income ratio improved to 42.4 percent.

Premium Business Services' income increased 22 percent, underpinned by strong performances across all business segments. Cash NPAT declined to $205 million, a 71 percent decrease on the prior comparative period. This result was impacted by a significant increase in impairment expense. This included a $367 million write off of listed notes issued by ABC Learning; growth in the collective provision reflecting an increase in economic volatility; and a large increase in individual provisions reflecting the economic difficulty being experienced by a small number of Institutional Banking clients.

Operating expenses were down 2 percent relative to the prior half. The business has continued to focus on operational efficiencies, resulting in an improved cost to income ratio of 38.2 percent. Interest earning lending assets grew by 15 percent.

Wealth Management's underlying profit after tax decreased 16 percent on the prior comparative period to $328 million. The Funds Management business was impacted by continuing falls in investment markets with funds under administration down 21 percent to $158 billion at 31 December 2008. CommInsure achieved strong growth over the period with total inforce premiums up 26 percent to $1.4 billion. Operating expenses of $580 million were flat on the prior comparative period and down 7 percent on the prior half. Expenses have been managed in line with current market conditions while continuing to invest in strategic projects.

Cash NPAT for the Wealth Management business was down 56 percent on the prior comparative period to $175 million, primarily due to unrealised negative mark to market movements of $189 million in the annuities portfolio of CommInsure.

International Financial Services' cash NPAT was $278 million, a decrease of 4 percent. After removing the impact of realised gains and losses associated with the hedge of the New Zealand operations and other foreign exchange movements, the underlying increase was 3 percent. This result reflects the impact of increased funding costs due to the dislocation of credit markets and the recession in New Zealand, with higher impairment expense in ASB Bank and lower banking income growth.

ASB Bank cash NPAT for the half year was $206 million. The result was achieved in a very challenging environment for the New Zealand banking industry, with strong competition placing downward pressure on margins.

Commonwealth Bank
Commonwealth Bank of Australia
ABN 48 123 123 124
Marketing and Communications
GPO Box 2719
Sydney NSW 1155
www.commbank.com.au

Outlook

With domestic and global economies slowing or in recession, sentiment continues to deteriorate. While key indicators such as credit growth and unemployment remained reasonably benign, conditions are expected to become more difficult in the second half.

Impairment Expenses increased significantly with much of this increase driven by exposure to a limited number of high profile corporate customers whose business models have been under pressure for some time. While there has been no evidence of a systemic deterioration in credit quality in the commercial portfolio, it is clear that customers are being increasingly impacted by the slowing in the real economy. Arrears rates in the consumer portfolio have begun to trend upwards, although they still remain at low levels. As economic activity slows and unemployment rises, pressure on retail customers is expected to grow.

Forecasting exactly how the economy will perform and what impact this will have on the Group and its customers is extremely difficult. What is clear, however, is that both domestic and global financial markets will continue to be dominated by uncertainty and volatility for at least the next twelve months.

The Group is fortunate to be operating in a well regulated economy which has a strong banking industry and where the Government and the Reserve Bank have been willing and able to move quickly to address the country's economic challenges.

In this environment, the Group remains cautious and will continue to manage its businesses prudently. The Group's top priorities will be to maintain an appropriate level of capital, ensure continued access to a broad funding base, retain high levels of liquidity and maintain a conservative approach to provisioning. This will also allow the Group to take advantage of attractive opportunities that may arise.

ENDS

Media contact:
Bryan Fitzgerald
General Manager, Media
Ph: (02) 9378 2663
Mobile: 0414 789 649

Commonwealth Bank
Commonwealth Bank of Australia
ABN 48 123 123 124
Marketing and Communications
GPO Box 2719
Sydney NSW 1155
www.commbank.com.au

Highlights	Half Year ended Dec 08 $M	Half Year ended June 08 $M	Half Year ended Dec 07 $M	Dec 08 v Jun 08 %	Dec 08 v Dec 07 %
Retail Banking Services	1,119	936	975	20	15
Premium Banking Services	205	785	707	(74)	(71)
Wealth Management	175	343	394	(49)	(56)
International Financial Services	278	292	289	(5)	(4)
Other	236	(8)	20	large	Large
Net profit after income tax (cash basis)	**2,013**	**2,348**	**2,385**	**(14)**	**(16)**
Net profit after income tax (statutory basis)	**2,573**	**2,420**	**2,371**	**6**	**9**
Key Shareholder Ratios	**Half Year ended Dec 08**	**Half Year ended June 08**	**Half Year ended Dec 07**	**Dec 08 v Jun 08 %**	**Dec 08 v Dec 07 %**
Earnings per share (cents) (cash basis - basic)	146.3	176.2	180.7	(17)	(19)
Return on equity (%) (cash basis)	15.0	19.9	20.8	(490)bps	(580)bps
Dividend per share - fully franked (cents)	113	153	113	(26)	-
Dividend payout ratio (%) (cash basis)	83.6	87.3	63.0	-	-
Other Performance Indicators	**Half Year ended Dec 08**	**Half Year ended June 08**	**Half Year ended Dec 07**	**Dec 08 v Jun 08 %**	**Dec 08 v Dec 07 %**
Total lending assets (net of securitisation) ($M)	449,861	369,597	351,208	22	28
Total assets held and funds under administration ($M)	158,026	184,970	199,834	(15)	(21)
Net interest margin (%)	2.04	1.98	2.06	6bps	(2)bps
Group expense to income (%)	44.3	49.3	48.4	(10)	(8)

Definitions:
Net Profit after Income Tax ("Cash Basis") – Represents profit after income tax and minority interests, before defined benefit superannuation plan income/expense, treasury shares valuation adjustment and one off AIFRS mismatch.
Net Profit after Income Tax ("Statutory Basis") – Represents profit after income tax, gains on Visa Initial Public Offering, investment and restructuring, minority interests, defined benefit superannuation plan income/expense, treasury shares valuation adjustment and one off AIFRS mismatch. This is equivalent to the statutory item "Net Profit attributable to Equity holders of the Group".