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

Result underpinned by strong banking performance

Highlights of 2009 Result

- Cash NPAT of $4,415 million declined 7 percent - due to increases in impairment expenses;
- Delivered cash Return on Equity of 15.8 percent;
- Banking businesses underlying performance remained strong;
- Sound cost disciplines drove increased business efficiencies;
- Continued good progress on key strategic priorities;
- Bankwest and St Andrew's acquired at attractive price – integration proceeding smoothly;
- Final fully franked dividend of $1.15 declared; and
- Strong capital, liquidity, and funding and conservative provisioning.

	2009	**2009 v 2008**
Statutory NPAT ($m)	4,723	(1%)
Cash NPAT ($m)	4,415*	(7%)
Cash EPS (cents)	305.6	(14%)
Final Dividend ($ per share)	1.15	(25%)
Return on Equity – Cash	15.8%	(460)bpts

* Includes operating results of Bankwest and St Andrew's for the six months to 30 June 2009.

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Sydney, 12 August 2009. The Commonwealth Bank of Australia's (the Group's) net profit after tax ("statutory basis") for the full year ended 30 June 2009 was $4,723 million, which represents a decrease of 1 percent on the prior year. Included in this result is the gain recognised on acquisition of Bankwest of $612 million after tax.

Net profit after tax ("cash basis") for the full year was $4,415 million, which represents a decrease of 7 percent on the prior year. This result was impacted by a significant increase in impairment expense during the year.

Having maintained the interim dividend at the same level as the prior year ($1.13 per share), the Board took the view that in the current uncertain environment it would be prudent to reduce the final dividend to $1.15 per share - down 25 percent on last year's final dividend. Total dividend paid for the year was $2.28 per share - down 14 percent on the prior year.

The acquisition of Bankwest and St. Andrew's at a substantial discount to book (0.7 times) value created a one-off gain of $612 million after tax. For ease of comparison the results of Bankwest, which was only owned for six months and contributed $113 million to cash profit after tax, have been excluded from the following commentary.

Key financial performance highlights for the year included:

- Strong operating performance with operating income up 14 percent and cost growth contained to 4 percent;
- Net interest income growth of 21 percent on the prior year, reflecting solid lending and deposit growth;
- Underlying Net Interest Margin increased by eight basis points for the year;
- Other banking income growth of 21 percent on the prior year, as a result of strong trading income and higher commissions and lending fees;
- Funds management income decline of 21 percent on the prior year, due to the adverse impact of the investment market downturn on Funds under Administration and timing of asset sales;
- Insurance income growth of 9 percent on the prior year, following a 19 percent increase in average inforce premiums;
- Operating expense growth of 4 percent on the prior year, reflected the Group's continued disciplined approach to expense management;
- Continued improvements in productivity with Group operating expense to operating income ratio improving 430 basis points to 44.6 percent; and
- Higher loan provisioning levels, reflecting a cyclical deterioration in portfolio quality and the Group's prudent and conservative approach to provisioning.

The Group's long term credit ratings with Standard and Poor's and Moody's Investor Services has been reconfirmed at AA and Aa1 respectively. Capital remained strong, with Tier 1 at 8.07 percent (UK FSA equivalent of 11 percent).

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In recognition of the continued uncertainty in the outlook for global financial markets, the Group has elected to retain high levels of liquidity - $80 billion as at 30 June 2009. While funding remains expensive, the Group is well advanced with its 2010 financial year funding programme having already raised $10.5 billion in long term wholesale funding since 1 July 2009. The Group has retained its conservative approach to provisioning with total provisioning of $4,954 million as at 30 June 2009. The Group's ratio of Total provisions to Credit Risk Weighted Assets rose to 1.92 percent.

The Group's strong financial position and clear strategic focus 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 and $2.25 billion of Wizard originated home loans following Aussie's purchase of the Wizard brand and distribution network.

Focus on customer service helped generate a strong performance from its banking business. The Group continued to look to the future having invested over $1 billion in a range of productivity, compliance and growth projects including Core Banking Modernisation, which made good progress during the year.

Commenting on the result, Group Chief Executive Officer, Ralph Norris said: "The Group has performed well in what has clearly been a demanding year for the global banking industry. A number of factors contributed to this good result including the strength of our banking franchise, our emphasis on maintaining high credit standards and our determination not to compromise our AA credit rating. As a result the Group is emerging from the global financial crisis in a very strong position. We are one of only a handful of banks globally which has retained its AA rating and we were recently ranked by Global Finance Magazine as one of the top fifteen safest banks in the world. This strength has enabled the Group to continue to support its customers at a time when many need our help."

Business Performance

Retail Banking Services performed strongly over the year with cash net profit after tax of $2,107 million, increasing 10 percent on the prior year. The result was underpinned by strong sales and volume growth in key product lines, and disciplined cost management. However, higher impairment expenses and funding costs and intense competition for retail deposits had an adverse impact on margins and profitability.

Business and Private Banking achieved cash net profit after tax of $736 million, which represents a 2 percent increase on the prior year. This result was impacted by a significant increase in impairment expense during the year. The operating performance of the business was strong with total banking income increasing 9 percent, driven by strong business lending and deposit volumes and effective margin management.

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Institutional Banking and Market's underlying performance remains strong with operating performance (pre provisions) up 49 percent to $1,723 million. However, cash net profit after tax of $166 million for the year, represented a decrease of 78 percent on the prior year as a result of a significant increase in impairment expense.

Wealth Management's underlying profit after tax fell 35 percent on the prior year to $514 million. The Insurance business achieved strong volume growth over the year with total inforce premiums up 25 percent to $1.6 billion at 30 June 2009. The Funds Management businesses were impacted by sustained pressure on investment markets and while down on the prior year, market conditions showed improvements in the last quarter. Funds under Administration as at 30 June 2009 decreased 9 percent to $169 billion.

Cash net profit after tax for the Wealth Management business was down 61 percent to $286 million, primarily due to unrealised mark to market losses from widening credit spreads on the valuation of assets backing the Guaranteed Annuities portfolio, and the impairment of listed and unlisted investments.

International Financial Services cash net profit after tax for the year was $470 million, a decrease of 19 percent on the prior year. After removing the impact of currency fluctuations, the decrease was 13 percent. The lower result was due predominantly to increased impairment expense in ASB Bank which increased by $159 million to $193 million.

ASB Bank cash net profit after tax for the year was $332 million. Excluding the impact of realised gains on the hedge of New Zealand operations and currency fluctuations, profit reduced by 9 percent on the prior year. The result reflects the impacts of the downturn in the New Zealand economy which entered recession in early 2008. Balance sheet growth slowed, margins contracted due to higher funding costs and impairment expense increased sharply. Despite these challenging conditions, ASB Bank was able to grow revenue, mainly through a strong trading result.

Outlook

Commenting on the outlook for the 2010 financial year Ralph Norris said: "The 2009 financial year has been a challenging one and the outlook remains uncertain. However, the Australian economy has been more resilient than many had predicted a year ago and it is pleasing to see that there is some evidence of the beginnings of an economic recovery and improvements in business and consumer confidence but there are still significant risks on the downside."

"Despite these positive signs, overall credit growth in Australia is expected to slow through 2010 and economic conditions are likely to remain challenging for the Group and many of its customers in the coming year. Accordingly the Group will retain its conservative business settings maintaining appropriate levels of capital, liquidity and

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provisioning. The Group will also continue with its cautious approach to the management of credit and market risk."

Ends

Media contact:
Bryan Fitzgerald
Head of Communications
Ph: (02) 9378 2663
Mobile: 0414 789 649

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Highlights	Full Year ended Jun 09 $M	Full Year ended Jun 08 $M	Jun 09 vs Jun 08 %	Half Year ended Jun 08 $M	Half Year ended Dec 08 $M	Jun 09 vs Dec 08 %
Retail Banking Services	2,107	1,911	10	988	1,119	(12)
Business and Private Banking	736	721	2	363	373	(3)
Institutional Banking and Markets	166	771	(78)	334	(168)	large
Wealth Management	286	737	(61)	111	175	(37)
International Financial Services	470	581	(19)	192	278	(31)
Other	537	12	large	301	236	28
Net profit after tax excl. Bankwest (cash basis)	4,302	4,733	(9)	2,289	2,013	14
Bankwest net profit after tax	113	-	large	113	-	large
Net profit after tax (cash basis)	**4,415**	**4,733**	**(7)**	**2,402**	**2,013**	**19**
Net profit after tax (statutory basis)	**4,723**	**4,791**	**(1)**	**2,150**	**2,573**	**(16)**
Key Shareholder Ratios						
Earnings per share (cents) (cash basis - basic)	305.6	356.9	(14)	158.5	146.3	8
Return on equity (%) (cash basis)	15.8	20.4	(460)bpts	16.3	15.0	130bpts
Dividend per share (cents) (fully franked)	228	266	(14)	115	113	2
Dividend payout ratio (%) (cash basis)	78.2	75.0	320bpts	73.7	83.6	large
Other Performance Indicators						
Total lending assets (net of securitisation) ($M)	473,715	369,597	28	473,715	449,861	5
Funds under administration – spot ($M)	175,334	191,305	(8)	175,334	164,271	7
Net interest margin (excluding Bankwest) (%)	2.11	2.02	9bpts	2.18	2.04	14bpts
Operating expense to total operating income (excl Bankwest) (%)	44.6	48.9	(430)bpts	44.9	44.3	60bpts