



COMMONWEALTH BANK SEPTEMBER QUARTER TRADING UPDATE

FOCUS ON PROFITABLE GROWTH SUPPORTS CONTINUED EARNINGS MOMENTUM

Sydney, 15 October 2007: With solid underlying credit growth continuing, the Group's earnings momentum was maintained in the three month period ended 30 September 2007 ("the September quarter").

Retail Banking - Australia

The Retail Bank continued to perform strongly through the September quarter, highlighted by strong volume growth, continued sound credit quality and good progress on key strategic initiatives.

Volume growth remained strong, continuing the momentum that was evident in the second half of 2007. All key product lines grew at above system levels over the 3 months to 31 August 2007, resulting in improved market shares across the product range.

Product	APRA Market Share as at May-07	APRA Market Share as at Aug-07*	Movement
Home Loans	18.36%	18.40%	+0.04%
Personal Loans	16.72%	16.74%	+0.02%
Credit Cards	22.20%	22.24%	+0.04%
Deposits	28.84%	28.94%	+0.10%

* Latest data available

Key initiatives over the period included;

- The introduction of a new network operating model from 1 July 2007, which has had a positive influence on sales volumes;
- The announcement of Sunday trading in a number of selected locations, with further expansion to follow;
- The introduction of a new branch design more conducive to effective sales and service, with initial deployment at The Gap in Queensland and Rouse Hill in New South Wales. A further 70 branches are expected to be transformed over the balance of the current year;
- Upgrades to NetBank and Call Centre voice response systems; and
- The introduction of a new credit card processing system.

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Credit quality in the consumer lending portfolios remains sound, with arrears rates either stable or trending lower over the period.

Retail Banking - New Zealand

In New Zealand, ASB maintained its share of home lending in a market characterised by intense price competition. Market share of retail funding improved in a market which has seen a flight to safety and quality, amidst ten New Zealand finance companies going into receivership. The Government's Kiwisaver work-based savings initiative commenced on 1 July 2007 and is expected to be positive for funds flows.

Business and commercial lending market growth has also been strong and ASB has maintained its market share.

Premium Banking Services

Institutional Banking continued to deliver strong balance growth with stable margins through focus on delivering total capital solutions. The Group was recognised as the leader in Institutional Banking, receiving the highest satisfaction rating in East and Partners bi-annual survey of Australia's top 500 listed companies.

CommSec continued to benefit from high volumes traded within the Australian Equities market. A new record for daily trade volumes was set on 16 August with 120,892 trades processed with a total turnover of \$1.3 billion. The acquisition of IWL is progressing to plan.

Execution of the five year "Business Banking Growth Strategy" expansion and change program is also progressing to plan. Recent progress has included:

- The opening of a new Business Banking Centre in NSW in August, adding to the eight new Centres opened across NSW, VIC, QLD and TAS during the 2007 financial year;
- The migration of over 14,000 business customers to Commbiz;
- The launch of the next phase of Flexi Loan, adding interest rate risk management capabilities to the underlying loan component which was launched in April; and
- The launch in June of MediClear, the new Medicare claims facility, allowing general practitioners and specialists to process bulk-bill claims and issue their patient's Medicare rebates on the spot.

The Bank's market share of loans to non-financial corporations improved from 12.42% as at June 2007 to 12.71% as at August 2007.

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In Global Markets, investment in upgrading technology platforms to pursue an expanded growth profile is well underway. An electricity trading platform was successfully implemented in July.

The Private Bank launched a new website and branding to enhance the image of the business. Two new offices were opened on the Gold Coast and Sunshine Coast to tap into these strong growth areas.

Wealth Management & Insurance

The Funds Management business continued to attract strong retail funds flows in the September quarter, up significantly on the same quarter last year. Total Funds Under Administration ("FUA") increased 5.4 percent in the quarter to \$186.7 billion. FirstChoice increased market share from 8.4 percent at 31 March 2007 to 9.0 percent at 30 June 2007 on the back of strong superannuation flows, and grew a further 7 percent over the September quarter to \$42.3 billion. Funds Under Management ("FUM") also grew strongly over the quarter, up 3.8 percent to \$145 billion as at 30 September 2007, with strong growth in Global Funds partially offset by the foreign exchange translation impact from an appreciating Australian dollar.

In line with the strategy of profitable growth through innovation, Colonial First State, in conjunction with Al Gore and David Blood, launched the Generation Global Sustainability Fund through the FirstChoice platform in mid-September. The Fund is available exclusively to Australian retail investors through the FirstChoice Platform.

Insurance volumes were steady across all lines of retail life, group life and general insurance in the quarter. Total Group inforce premiums at 30 September totalled \$1,417 million, up 1.2 percent for the quarter.

Funding and Liquidity

The recent market volatility has provided the bank with a comparative advantage due to its very high level of retail deposits, which represent 55 percent of the Group's total debt funding. The balance of the Group's funding is highly diversified across markets, products and maturities.

The Group has proactively responded to the market volatility by marginally increasing its short-term funding and continuing to focus on opportunistic funding in the long-term market. During this time, over \$2.5 billion has been raised in the private term markets at levels considered attractive given current market conditions. The Group will continue to look at further funding opportunities in both the private and public markets.

The Group has prudently maintained a larger liquidity buffer during this period which will have a slightly negative impact on NIM in the short term. As market conditions improve, it is anticipated this excess will be progressively reduced.

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The Group's capital levels remain strong with Tier 1 at 7.69 percent and ACE at 4.85 percent, assisted by the continuing strong participation in the Dividend Reinvestment Plan of 36.6 percent.

Conclusion

Commenting on the September quarter, Commonwealth Bank Chief Executive Officer, Ralph Norris said: "Underlying business performance has been pleasing and earnings momentum has been maintained, despite the increase in market volatility. Total lending assets have grown just over 3 percent in the quarter and deposits have grown by 7 percent. With continued strong credit growth and sound credit quality, I remain confident in the ability of the Group to again deliver earnings per share growth for the full year which meets or exceeds the average of our peers."

ENDS

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