



ASX Announcement

Commonwealth Bank of Australia

Change in Definition of Cash Net Profit After Tax and External Reporting Segments

The Commonwealth Bank of Australia (“the Group”) is pleased to announce the following changes to external reporting disclosure.

Change in External Reporting Segments

The Group has chosen to early adopt the requirements of AASB 8: Operating Segments in order to better align the external segment reporting of the consolidated financial results to those segments used in the internal performance reporting of each of the Group’s businesses. The new segmentation will be disclosed in the Group’s 31 December 2007 Half Year Profit Announcement. This results in the disclosure of an increased number of lines of business across the Group compared with the previous segmentation.

Further details around this change, and the restated comparative financial information, is provided in the attachment to this ASX Announcement.

Change in Definition of Cash Net Profit After Tax

The Group has undertaken a study of current market practice by industry peers and analysts on the definition of Cash Net Profit After Tax (“cash profit”). It should be noted that there are no applicable Australian Accounting Standards which provide guidance around the components of cash profit.

In line with emerging industry practice, the Group is changing its definition of cash profit to exclude unrealised gains and losses on derivatives used for hedging purposes.

Further information is contained in the attachment to this ASX Announcement.

The Group will be hosting a telephone conference call on Tuesday 5th February 2008 at 9am to respond to any questions raised by this new disclosure format.

David Craig
Chief Financial Officer

Banking Analysis continued

Commonwealth Bank of Australia Group New External Reporting Segments

Effective from 1 July 2007 the Commonwealth Bank of Australia Group ("the Group") has changed the segments used in the external reporting of the consolidated financial results.

The previous segmentation was driven by the key product offerings of the Group. The new segmentation is based upon the businesses which distribute those products. This results in the disclosure of an increased number of lines of business across the Group, compared with the previous segmentation.

The new segments align the external management reporting of the various businesses more closely with the internally reported view and will be disclosed in the Group's 31 December 2007 Half Year Profit Announcement.

The table below sets out the changes to the reported segments:

Previous "Product-Based" Segments	New "Business-Based" Segments
Australian Retail	Retail Banking Services
Business Corporate & Institutional	Premium Business Services
Asia Pacific	International Financial Services
Funds Management	Wealth Management
Insurance	Other

Further details of the change in segmentation is provided in Appendix 1, page 8.

To assist users of the Financial Statements in advance of the publication of the 31 December 2007 Profit Announcement, restated comparative financial information for the years ended 30 June 2007 and 30 June 2006; and the half years ended 30 June 2007 and 31 December 2006 has been prepared. A summary of the net profit after tax of each of the previously reported product-based segments and the new business-based segment profits is also included.

Due to the Group's businesses being structured largely along the lines of the different products that each business distributes, the change in the segmentation does not have a significant impact on the previously reported growth rates and business commentary.

Change in Definition of Cash Net Profit After Tax

During the current period, the Group has changed the definition of Cash Net Profit After Tax ("cash profit") by excluding unrealised gains and losses related to AIFRS hedging volatility to more closely reflect market practice and that of our industry peers.

Cash net profit after tax will continue to include the impact of realised hedging gains and losses, including the realised gains and losses associated with the Group's revenue hedge of its New Zealand operations. The reclassification of swap interest from Net Interest Income to Other Banking Income related to certain economic hedges, which do not qualify for AIFRS hedge accounting, will also remain "above the line" and will continue to be disclosed to assist users of the Group's Financial Statements.

A reconciliation of cash profit set out in the table below:

	Full Year Ended		Half Year Ended	
	30/06/07 \$M	30/06/06 \$M	30/06/07 \$M	31/12/06 \$M
Cash NPAT as previously disclosed	4,604	4,053	2,333	2,271
Less:				
Unrealised gain/(loss) on Hedging and AIFRS volatility (post tax) ⁽¹⁾	83	(39)	84	(1)
Unrealised (loss)/gain on New Zealand revenue hedge (post tax) ⁽²⁾	(6)	6	18	(24)
Cash NPAT – new definition	4,527	4,086	2,231	2,296

(1) Relates to mark to market accounting volatility on economic hedges which do not qualify for hedge accounting, together with hedge ineffectiveness.

(2) Relates to unrealised accounting gains and losses on the mark-to-market of the hedge of the expected future earnings of the New Zealand operations.

A reconciliation of the impact on Other banking income ("cash basis") is provided in Appendix 2, page 9.

Group Highlights

Summary of Segment Net Profit

	Full Year to June 2007					
	Retail	Premium	International		Other	Group
	Banking	Business	Wealth	Financial		
	Services	Services	Management	Services	\$M	\$M
	\$M	\$M	\$M	\$M	\$M	\$M
Banking	1,766	1,445	(79)	372	182	3,686
Funds Management	-	-	463	-	29	492
Insurance	-	-	164	89	-	253
Underlying Profit After Tax	1,766	1,445	548	461	211	4,431
Shareholder Investment Return After Tax	-	-	79	17	-	96
Cash Net Profit After Tax	1,766	1,445	627	478	211	4,527
Hedging & AIFRS Volatility	-	-	-	47	30	77
Cash NPAT as Previously Defined	1,766	1,445	627	525	241	4,604

	Full Year to June 2006					
	Retail	Premium	International		Other	Group
	Banking	Business	Wealth	Financial		
	Services	Services	Management	Services	\$M	\$M
	\$M	\$M	\$M	\$M	\$M	\$M
Banking	1,576	1,138	(68)	352	262	3,260
Funds Management	-	-	384	-	16	400
Insurance	-	-	125	90	-	215
Underlying Profit After Tax (excluding the sale of the Hong Kong Insurance Business)	1,576	1,138	441	442	278	3,875
Profit On Sale of Hong Kong Insurance Business	-	-	-	145	-	145
Underlying Profit After Tax	1,576	1,138	441	587	278	4,020
Shareholder Investment Return After Tax	-	-	63	3	-	66
Cash Net Profit After Tax	1,576	1,138	504	590	278	4,086
Hedging & AIFRS Volatility	-	-	-	8	(41)	(33)
Cash NPAT as Previously Defined	1,576	1,138	504	598	237	4,053

	Half Year to June 2007					
	Retail	Premium	International		Other	Group
	Banking	Business	Wealth	Financial		
	Services	Services	Management	Services	\$M	\$M
	\$M	\$M	\$M	\$M	\$M	\$M
Banking	885	721	(42)	192	38	1,794
Funds Management	-	-	250	-	10	260
Insurance	-	-	95	43	4	142
Underlying Profit After Tax	885	721	303	235	52	2,196
Shareholder Investment Return After Tax	-	-	25	10	-	35
Cash Net Profit After Tax	885	721	328	245	52	2,231
Hedging & AIFRS Volatility	-	-	-	58	44	102
Cash NPAT as Previously Defined	885	721	328	303	96	2,333

	Half Year to December 2006					
	Retail	Premium	International		Other	Group
	Banking	Business	Wealth	Financial		
	Services	Services	Management	Services	\$M	\$M
	\$M	\$M	\$M	\$M	\$M	\$M
Banking	881	724	(37)	180	144	1,892
Funds Management	-	-	213	-	19	232
Insurance	-	-	69	46	(4)	111
Underlying Profit After Tax	881	724	245	226	159	2,235
Shareholder Investment Return After Tax	-	-	54	7	-	61
Cash Net Profit After Tax	881	724	299	233	159	2,296
Hedging & AIFRS Volatility	-	-	-	(11)	(14)	(25)
Cash NPAT as Previously Defined	881	724	299	222	145	2,271

Retail Banking Services

Full Year to June 2007					
	Home Loans	Consumer Finance	Retail Deposits	Distribution	Total
	\$M	\$M	\$M	\$M	\$M
Net Interest Income	1,268	742	2,071	-	4,081
Other Banking Income	112	397	678	104	1,291
Total Banking Income	1,380	1,139	2,749	104	5,372
Expenses					2,501
Loan Impairment					349
Underlying Profit Before Tax					2,522
Corporate Tax Expense					756
Cash Net Profit After Tax					1,766

Full Year to June 2006					
	Home Loans	Consumer Finance	Retail Deposits	Distribution	Total
	\$M	\$M	\$M	\$M	\$M
Net Interest Income	1,231	758	1,910	-	3,899
Other Banking Income	88	339	669	93	1,189
Total Banking Income	1,319	1,097	2,579	93	5,088
Expenses					2,482
Loan Impairment					354
Underlying Profit Before Tax					2,252
Corporate Tax Expense					676
Cash Net Profit After Tax					1,576

Half Year to June 2007					
	Home Loans	Consumer Finance	Retail Deposits	Distribution	Total
	\$M	\$M	\$M	\$M	\$M
Net Interest Income	637	374	1,028	-	2,039
Other Banking Income	56	223	340	53	672
Total Banking Income	693	597	1,368	53	2,711
Expenses					1,262
Loan Impairment					185
Underlying Profit Before Tax					1,264
Corporate Tax Expense					379
Cash Net Profit After Tax					885

Half Year to December 2006					
	Home Loans	Consumer Finance	Retail Deposits	Distribution	Total
	\$M	\$M	\$M	\$M	\$M
Net Interest Income	631	368	1,043	-	2,042
Other Banking Income	56	174	338	51	619
Total Banking Income	687	542	1,381	51	2,661
Expenses					1,239
Loan Impairment					164
Underlying Profit Before Tax					1,258
Corporate Tax Expense					377
Cash Net Profit After Tax					881

Premium Business Services

Full Year to June 2007

	Institutional Banking & Markets \$M	Private Client Services \$M	Corporate Financial Services \$M	Agribusiness \$M	Local Business Banking \$M	Eliminations \$M	Total \$M
Net Interest Income	791	188	655	100	176	-	1,910
Other Banking Income	835	312	435	63	139	(40)	1,744
Total Banking Income	1,626	500	1,090	163	315	(40)	3,654
Expenses							1,669
Loan Impairment							75
Underlying Profit Before Tax							1,910
Corporate Tax Expense							465
Cash Net Profit After Tax							1,445

Full Year to June 2006

	Institutional Banking & Markets \$M	Private Client Services \$M	Corporate Financial Services \$M	Agribusiness \$M	Local Business Banking \$M	Eliminations \$M	Total \$M
Net Interest Income	648	154	568	86	183	-	1,639
Other Banking Income	656	246	438	58	154	(40)	1,512
Total Banking Income	1,304	400	1,006	144	337	(40)	3,151
Expenses							1,522
Loan Impairment							68
Underlying Profit Before Tax							1,561
Corporate Tax Expense							423
Cash Net Profit After Tax							1,138

Half Year to June 2007

	Institutional Banking & Markets \$M	Private Client Services \$M	Corporate Financial Services \$M	Agribusiness \$M	Local Business Banking \$M	Eliminations \$M	Total \$M
Net Interest Income	417	100	324	49	87	-	977
Other Banking Income	400	173	217	32	66	(21)	867
Total Banking Income	817	273	541	81	153	(21)	1,844
Expenses							863
Loan Impairment							55
Underlying Profit Before Tax							926
Corporate Tax Expense							205
Cash Net Profit After Tax							721

Half Year to December 2006

	Institutional Banking & Markets \$M	Private Client Services \$M	Corporate Financial Services \$M	Agribusiness \$M	Local Business Banking \$M	Eliminations \$M	Total \$M
Net Interest Income	374	88	331	51	89	-	933
Other Banking Income	435	139	218	31	73	(19)	877
Total Banking Income	809	227	549	82	162	(19)	1,810
Expenses							806
Loan Impairment							20
Underlying Profit Before Tax							984
Corporate Tax Expense							260
Cash Net Profit After Tax							724

Wealth Management

	Full Year to June 2007				
	CFS GAM \$M	CFS \$M	CommInsure \$M	Other \$M	Total \$M
Funds Management Income	759	844	229	(4)	1,828
Insurance Income	-	-	573	-	573
Total Operating income	759	844	802	(4)	2,401
Volume Expense	98	184	155	-	437
Net Operating Income	661	660	647	(4)	1,964
Operating Expense	310	407	316	141	1,174
Underlying Profit Before Tax	351	253	331	(145)	790
Corporate Tax Expense	108	78	96	(40)	242
Underlying Profit After Tax	243	175	235	(105)	548
Shareholder Investment Returns After Tax	15	(33)	103	(6)	79
Cash Net Profit After Tax	258	142	338	(111)	627

	Full Year to June 2006				
	CFS GAM \$M	CFS \$M	CommInsure \$M	Other \$M	Total \$M
Funds Management Income	567	637	291	2	1,497
Insurance Income	-	-	467	-	467
Total Operating income	567	637	758	2	1,964
Volume Expense	66	111	192	(5)	364
Net Operating Income	501	526	566	7	1,600
Operating Expense	242	359	287	132	1,020
Underlying Profit Before Tax	259	167	279	(125)	580
Corporate Tax Expense	51	48	78	(38)	139
Underlying Profit After Tax	208	119	201	(87)	441
Shareholder Investment Returns After Tax	19	(7)	66	(15)	63
Cash Net Profit After Tax	227	112	267	(102)	504

	Half Year to June 2007				
	CFS GAM \$M	CFS \$M	CommInsure \$M	Other \$M	Total \$M
Funds Management Income	408	444	100	4	956
Insurance Income	-	-	308	(2)	306
Total Operating income	408	444	408	2	1,262
Volume Expense	52	90	81	(3)	220
Net Operating Income	356	354	327	5	1,042
Operating Expense	170	211	172	56	609
Underlying Profit Before Tax	186	143	155	(51)	433
Corporate Tax Expense	60	42	49	(21)	130
Underlying Profit After Tax	126	101	106	(30)	303
Shareholder Investment Returns After Tax	10	(14)	38	(9)	25
Cash Net Profit After Tax	136	87	144	(39)	328

	Half Year to December 2006				
	CFS GAM \$M	CFS \$M	CommInsure \$M	Other \$M	Total \$M
Funds Management Income	351	400	129	(8)	872
Insurance Income	-	-	265	2	267
Total Operating income	351	400	394	(6)	1,139
Volume Expense	46	94	74	3	217
Net Operating Income	305	306	320	(9)	922
Operating Expense	140	196	144	85	565
Underlying Profit Before Tax	165	110	176	(94)	357
Corporate Tax Expense	48	36	47	(19)	112
Underlying Profit After Tax	117	74	129	(75)	245
Shareholder Investment Returns After Tax	5	(19)	65	3	54
Cash Net Profit After Tax	122	55	194	(72)	299

International Financial Services

	Full Year to June 2007			
	ASB Bank \$M	Sovereign \$M	Other \$M	Total \$M
Net Interest Income	708	-	41	749
Other Banking Income	266	-	41	307
Total Banking Income	974	-	82	1,056
Funds Management Income	-	46	-	46
Insurance Income	-	220	24	244
Total Operating Income	974	266	106	1,346
Expenses	456	180	104	740
Loan Impairment	16	-	4	20
Underlying Profit Before Tax	502	86	(2)	586
Corporate Tax Expense	145	10	(30)	125
Underlying Profit After Tax	357	76	28	461
Shareholder Investment Returns After Tax	-	17	-	17
Cash Net Profit After Tax	357	93	28	478

	Full Year to June 2006			
	ASB Bank \$M	Sovereign \$M	Other \$M	Total \$M
Net Interest Income	656	-	44	700
Other Banking Income	301	-	31	332
Total Banking Income	957	-	75	1,032
Funds Management Income	-	46	-	46
Insurance Income	-	230	45	275
Total Operating Income	957	276	120	1,353
Expenses	418	190	128	736
Loan Impairment	17	-	5	22
Underlying Profit Before Tax	522	86	(13)	595
Corporate Tax Expense	157	4	(8)	153
Underlying Profit After Tax excl Sale of Hong Kong	365	82	(5)	442
Profit On Sale Of Hong Kong Insurance Business	-	-	145	145
Underlying Profit After Tax	365	82	140	587
Shareholder Investment Returns After Tax	-	17	(14)	3
Cash Net Profit After Tax	365	99	126	590

	Half Year to June 2007			
	ASB Bank \$M	Sovereign \$M	Other \$M	Total \$M
Net Interest Income	372	-	18	390
Other Banking Income	118	-	20	138
Total Banking Income	490	-	38	528
Funds Management Income	-	25	-	25
Insurance Income	-	116	13	129
Total Operating Income	490	141	51	682
Expenses	230	92	54	376
Loan Impairment	12	-	2	14
Underlying Profit Before Tax	248	49	(5)	292
Corporate Tax Expense	71	5	(19)	57
Underlying Profit After Tax	177	44	14	235
Shareholder Investment Returns After Tax	-	8	2	10
Cash Net Profit After Tax	177	52	16	245

	Half Year to December 2006			
	ASB Bank \$M	Sovereign \$M	Other \$M	Total \$M
Net Interest Income	336	-	23	359
Other Banking Income	148	-	21	169
Total Banking Income	484	-	44	528
Funds Management Income	-	21	-	21
Insurance Income	-	104	11	115
Total Operating Income	484	125	55	664
Expenses	226	88	50	364
Loan Impairment	4	-	2	6
Underlying Profit Before Tax	254	37	3	294
Corporate Tax Expense	74	5	(11)	68
Underlying Profit After Tax	180	32	14	226
Shareholder Investment Returns After Tax	-	9	(2)	7
Cash Net Profit After Tax	180	41	12	233

Other

	Full Year to June 2007		
	Corporate Centre	Eliminations/ Unallocated	Total
	\$M	\$M	\$M
Net Interest Income ⁽¹⁾	277	(88)	189
Other Banking Income ⁽¹⁾	99	(13)	86
Total Banking Income	376	(101)	275
Expenses	(94)	-	(94)
Loan Impairment	-	(10)	(10)
Underlying Profit Before Tax	470	(91)	379
Corporate Tax Expense	168	(27)	141
Minority Interests	-	27	27
Cash Net Profit After Tax	302	(91)	211

	Full Year to June 2006		
	Corporate Centre	Eliminations/ Unallocated	Total
	\$M	\$M	\$M
Net Interest Income ⁽¹⁾	309	(79)	230
Other Banking Income ⁽¹⁾	92	3	95
Total Banking Income	401	(76)	325
Expenses	(130)	-	(130)
Loan Impairment	-	(46)	(46)
Underlying Profit Before Tax	531	(30)	501
Corporate Tax Expense	201	(9)	192
Minority Interests	-	31	31
Cash Net Profit After Tax	330	(52)	278

	Half Year to June 2007		
	Corporate Centre	Eliminations/ Unallocated	Total
	\$M	\$M	\$M
Net Interest Income ⁽¹⁾	145	(78)	67
Other Banking Income ⁽¹⁾	25	(15)	10
Total Banking Income	170	(93)	77
Expenses	(47)	-	(47)
Loan Impairment	-	(15)	(15)
Underlying Profit Before Tax	217	(78)	139
Corporate Tax Expense	96	(23)	73
Minority Interests	-	14	14
Cash Net Profit After Tax	121	(69)	52

	Half Year to December 2006		
	Corporate Centre	Eliminations/ Unallocated	Total
	\$M	\$M	\$M
Net Interest Income ⁽¹⁾	132	(10)	122
Other Banking Income ⁽¹⁾	74	2	76
Total Banking Income	206	(8)	198
Expenses	(47)	-	(47)
Loan Impairment	-	5	5
Underlying Profit Before Tax	253	(13)	240
Corporate Tax Expense	72	(4)	68
Minority Interests	-	13	13
Cash Net Profit After Tax	181	(22)	159

(1) Excludes the impact of reclassification of net swap costs from Net Interest Income to Other Banking Income related to certain economic hedges which do not qualify for AIFRS hedge accounting (FY07: \$107 million; FY06: \$46 million; 2H07: \$78 million; 1H07: \$29 million).

Appendix 1

New Segment Definitions

New Segment	New Sub-Segment	Description	Previous Segmentation
Retail Banking Services	Home Loans	Home loan revenue	Australian Retail
	Consumer Finance	Credit cards and personal lending	Australian Retail
	Retail Deposits	Retail deposit products, including Savings, Investment and Transaction Accounts	Australian Retail
	Distribution	Commissions received for sale of non-retail products through branch network	Included within applicable products
Premium Business Services	Institutional Banking & Markets	Large institutional clients, structured transactions and financial market operations	Business, Corporate & Institutional
	Private Client Services	High net worth individuals and CommSec (brokerage and margin lending)	Business, Corporate & Institutional
	Corporate Financial Services	Large business banking customers	Business, Corporate & Institutional
	Agribusiness	Customers in the agricultural industry	Business, Corporate & Institutional
	Local Business Banking	Small and medium sized businesses	Business, Corporate & Institutional
Wealth Management	CFS GAM	Global Asset Management business	Funds Management
	Colonial First State	Product packaging, administration, distribution and advice	Funds Management
	CommInsure	Australian life and general insurance and legacy investment products	Funds Management & Insurance
International Financial Services	ASB Bank	ASB Bank	Asia Pacific Banking
	Sovereign	Sovereign Insurance Limited (Life Insurance)	Insurance
	Other	Asia Pacific Banking (PT Bank Indonesia, Colonial Fiji, North Asian Banking)	Asia Pacific Banking
		Wealth Management (PT Commonwealth Life, Colonial Fiji Life)	Funds Management & Insurance
Other	Corporate Centre	Unallocated support functions such as Investor Relations, Group Strategy, Secretariat and Treasury, together with centralised project spend, and centrally raised provisions	Other Banking, except Treasury balance sheet risk management operations which were previously included in Business, Corporate and Institutional segment
	Eliminations / Unallocated	Intra-group eliminations and other unallocated items	Other Banking

Appendix 2

Impact of New Cash NPAT Definition on Other Banking Income

The table below sets out a reconciliation of Other banking income (“cash basis”) between the previous definition of cash profit and the new definition of cash profit. The change is driven by the exclusion of unrealised gains and losses related to the Group’s derivative hedging activities, arising from the application of “AASB 139 Financial Instruments: Recognition and Measurement”.

	Full Year Ended		Half Year Ended	
	30/06/07 \$M	30/06/06 \$M	30/06/07 \$M	31/12/06 \$M
Other banking income - as previously defined	3,432	3,036	1,754	1,678
Adjusted for new “non-cash” items:				
Hedging and AIFRS volatility ⁽¹⁾	120	(55)	119	1
Revenue hedge of New Zealand operations – unrealised ⁽²⁾	(9)	9	26	(35)
Other banking income – new definition	3,321	3,082	1,609	1,712

(1) Relates to mark to market accounting volatility on economic hedges which do not qualify for hedge accounting, together with hedge ineffectiveness.

(2) Relates to unrealised accounting gains and losses on the mark-to-market of the hedge of the expected future earnings of the New Zealand operations. Realised gains and losses on the hedge of the New Zealand operations remain within the cash profit definition.