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, up 6 per cent on prior year's interim

Highlights of 2008 Interim Result

- Group's business segments performed well;
- Business momentum maintained with strong volume and market share growth;
- Cash NPAT of $2,385 million impacted by higher funding costs and increased loan impairment provisions;
- Good progress on all five strategic priorities;
- Record interim dividend of $1.13, fully franked;
- Group's businesses well positioned to deliver profitable growth; and
- Basel II accreditation supports strong capital position.

	Dec 07	Dec 07 v Dec 06
Cash NPAT ($m)*	2,385	4%
Cash EPS (cents)	180.7	2%
Dividend ($ per share)	1.13	6%
Return on Equity – Cash	20.8%	(180) bps

*** Unless otherwise indicated, all financial comparisons in this release are with prior comparative period (i.e. half year ended 31 December 2006).**

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

Sydney, 13 February 2008. The Commonwealth Bank of Australia delivered a Cash net profit after tax (NPAT) for the half year ended 31 December 2007 of $2,385 million – an increase of 4 per cent on the prior comparative period. Excluding the impacts of recent market volatility (Shareholder Investment Returns and $100 million pre-tax of extra funding costs) Cash NPAT grew 9 percent.

The Board declared a fully franked interim dividend of $1.13 per share – an increase of 6 percent on last year's interim dividend.

The result was underpinned by solid results from the Group's banking businesses which delivered strong growth in both lending and deposit balances and an outstanding performance from Wealth Management. Volatility in global credit markets over the period increased wholesale funding costs by approximately $100 million, pre-tax. In addition, the Group has increased loan impairment provisioning levels by $138 million primarily reflecting reflect the impact of this market volatility on its commercial lending portfolio.

On 10 December 2007 the Group was granted advanced accreditation status for the measurement of regulatory capital under the Basel II framework from the Australian Prudential Regulatory Authority (APRA). Advance accreditation is an acknowledgement of the Group's increased sophistication in risk measurement and management.

The Group capital position is very strong with the total Basel II regulatory capital ratio, as at 1 January 2008, increasing to 11.27 percent before the acquisition of shares to be allocated to Dividend Reinvestment Plan (DRP) participants. After this on market purchase of shares, total regulatory capital remains very strong, at 11.06 percent, which is at the top end of the Group's target range.

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

Chief Executive Officer, Ralph Norris said: "I am satisfied with this result in what has been a difficult environment for the financial services sector. Our retail, premium and offshore banking businesses all performed well with strong asset growth and market share gains in both lending and deposits products. The Wealth Management business again delivered strong earnings growth, experiencing continuing solid funds inflows and good investment performance."

"The last six months has been challenging for global banking and wealth management as the sub-prime assets crisis in the United States has unfolded. The Group has no direct exposure to sub-prime but the volatility which has arisen in international and domestic financial markets has put significant upward pressure on wholesale funding costs. While we have a highly diversified wholesale funding programme, we are not insulated from these increases having incurred additional funding costs of $100 million in the first half."

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

"The Group has continued investing in its five strategic priorities through these challenging times and I am pleased with the progress we have made through the first half of the year. The customer service improvements we have driven through our banking businesses are continuing and are delivering pleasing asset growth and market share gains. We will continue to invest in our business to lay the foundations for the future."

Business Performance

Retail Banking Services (RBS) performed well delivering Cash NPAT of $949 million – up 8 per cent. Credit quality across the domestic retail banking business remains sound with home loan, credit card and personal loan arrears all improving over the period.

In a competitive environment, RBS delivered strong volume growth in home loans (up 14 percent) and domestic deposits (up 12 percent). Growth in credit cards was more subdued, reflecting the decision not to compete for short term unprofitable and higher risk business. Continued investment in the business drove further improvements in customer satisfaction measures and increased back office efficiencies. Cost increases were restricted to a modest 2 percent as higher investment spend was offset by IT savings and productivity gains. RBS's expense to income ratio improved by 80 basis points to 45.8 percent.

Premium Business Services (PBS) delivered Cash NPAT of $724 million. Excluding the impact of the $55 million post-tax gain on the sale of the Group's share in Greater Energy Alliance Corporation Pty Limited ("Loy Yang") in the prior comparative period, this represents an 8 percent increase.

Underlying business performance was strong. Double digit revenue growth (17 percent excluding Loy Yang) was underpinned by stable margins and a significant lift in business volumes delivering gains in both business lending and deposit market share. This improved performance was partially offset by an increase in loan impairment provisioning levels.

International Financial Services (IFS), which includes the Group's banking and life insurance operations outside of Australia, increased Cash NPAT by 27 percent to $296 million. In New Zealand, ASB Bank again performed well with a 20 per cent increase in Cash NPAT – to $216 million. ASB delivered strong growth in retail deposits (up 7 percent) with market share increasing by 60 basis points while in home loans market share remained stable with growth of 5 percent. Credit quality at ASB remained sound. Sovereign Insurance maintained its 31.8 percent share of Annual Inforce Premiums in the New Zealand life insurance market growing cash NPAT by 5 percent.

The Wealth Management business delivered a strong result with Cash NPAT up 27 percent to $380 million. Funds under Administration increased 24 percent to $200 billion driven by the continued success of the FirstChoice platform, cash mandates from institutional investors and good investment performance. Investment performance has

Media Release Media Release

been pleasing with 71 per cent of CFS funds outperforming their respective benchmarks on a three year basis.

CommInsure generated strong Personal Life and General Insurance sales with the latter driven by a significant improvement in cross-sell rates within RBS. Financial performance was adversely affected by weather related claims.

Outlook

The increased volatility in global financial markets which characterised the first half of the Group's financial year is expected to continue until at least the end of the current calendar year as the full impacts of the sub-prime crisis flow through the market.

For the Australian economy this is likely to mean that wholesale funding costs will remain above levels experienced in the 2007 financial year and inflation will continue to be a concern. This is expected to lead to further upward pressure on interest rates.

The underlying economy maintained a good level of growth during the first half of the 2008 financial year. Despite continuing volatility in global markets, the outlook for the Australian economy remains positive, with credit growth likely to continue close to present rates during the 2008 calendar year with the fundamentals favouring business credit growth over that of households.

With a strong capital position, a diversified funding and asset profile, banking and wealth businesses which are generating solid profit growth and an ongoing commitment to reinvest for the future, the Group is well positioned. While it is difficult to forecast peer performance because of market volatility and its varying impacts, the Group believes that it should continue to deliver EPS growth which meets or exceeds the average of its peers.

ENDS

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

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

Highlights	**Half Year ended Dec 07 $M**	**Half Year ended June 07 $M**	**Half Year ended Dec 06 $M**	**Dec 07 v Jun 07 %**	**Dec 07 v Dec 06 %**
Retail Banking Services	949	885	881	7	8
Premium Banking Services	724	721	724	-	-
Wealth Management	380	328	299	16	27
International Financial Services	296	245	233	21	27
Other	36	52	159	(31)	(77)
Net profit after income tax (cash basis)	**2,385**	**2,231**	**2,296**	**7**	**4**
Net profit after income tax (statutory basis)	**2,371**	**2,279**	**2,191**	**4**	**8**
Key Shareholder Ratios	**Half Year ended Dec 07**	**Half Year ended June 07**	**Half Year ended Dec 06**	**Dec 07 v Jun 07 %**	**Dec 07 v Dec 06 %**
Earnings per share (cents) (cash basis - basic)	180.7	170.4	176.6	6	2
Return on equity (%) (cash basis)	20.8	21.0	22.6	(20)bpts	(180)bpts
Dividend per share - fully franked (cents)	113	149	107	(24)	6
Dividend payout ratio (%) (cash basis)	63.0	88.0	60.8	Large	220bps
Other Performance Indicators	**Half Year ended Dec 07**	**Half Year ended June 07**	**Half Year ended Dec 06**	**Dec 07 v Jun 07 %**	**Dec 07 v Dec 06 %**
Total lending assets (net of securitisation) ($M)	332,577	304,100	286,814	9	16
Total assets held and funds under administration ($M)	199,834	168,810	160,744	18	24
Underlying net interest margin movement (%)	(4) bpts	(6) bpts	(4) bpts		
Group expense to income (%)	48.4	49.9	48.6	(3)	-

`

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, 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 Members of the Group”.
Underlying NPAT excluding extra funding costs – Represents net profit after tax (“Cash basis”) excluding the impact of extra funding costs and shareholder investment returns after tax.
Underlying net interest margin movement – Represents reported net interest margin movement excluding the impact of AIFRS hedging volatility and liquids