



COMMONWEALTH BANK OF AUSTRALIA ANNOUNCEMENT

Sydney, 18 December 2008: The Commonwealth Bank of Australia's (the Group) ASX release of 16 December 2008 referred to the Group's expectation that credit conditions "continued to deteriorate and the full year loan impairment expense to gross loans and acceptances is now expected to be around sixty basis points, with the majority in the first half."

As also indicated in the release of 16 December, this was only one factor the Group took into account in determining that it was prudent to raise capital.

While it is extremely difficult to accurately forecast impairment expenses seven months before year end in such an uncertain economic environment, the Group considered it appropriate to provide an updated estimate of full year impairment expenses. Sixty basis points of estimated average gross loans and acceptances would be approximately \$2.5 billion. This includes a \$365 million write-off for the ABC Learning Hybrid Notes in the current year.

This compares with analyst consensus* for impairment expenses of \$2,023 million as at 11 December 2008, and our previously advised forty to fifty basis points which would approximate \$1.7 to \$2.1 billion.

**The analyst consensus for impairment expenses was calculated using impairment expenses as estimated by nine brokers in reports published between 7 November 2008 and 10 December 2008.*

ENDS

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