



COMMONWEALTH BANK LIFTS DEPOSIT AND LOAN INTEREST RATES

10th March 2008: The Commonwealth Bank today announced it will increase interest rates on a range of deposit, variable home loan and business loan accounts, reflecting recent increases in market interest rates and wholesale funding costs.

The deposit interest rate on the NetBank Saver and Business Online Saver accounts will increase by 0.25% pa, effective 12th March. The applicable interest rate for the NetBank Saver account is now 7.00% pa and Business Online Saver moves to 7.15% pa.

Owner occupied and investment home loan interest rates will increase as follows:

	Old Rate % pa	New Rate % pa	Change
Complete Home Loan Variable Rate	8.97 (9.08 Comparison Rate)*	9.32 (9.43 Comparison Rate)*	+0.35%
Economiser (Base Variable Rate)	8.46 (8.59 Comparison Rate)*	8.81 (8.94 Comparison Rate)*	+0.35%

Group Executive Retail Banking Services, Ross McEwan said, "The Commonwealth Bank has absorbed a significant proportion of the increased funding costs that it has experienced since August 2007. Unfortunately, the volatility in global markets remains and we have seen funding costs continue to increase, particularly since February as funding from global markets has become tighter and as a result more costly."

This week, the Australian market has seen one of the larger non-bank funders of mortgages close off to new loans and the RBA warn that banks may have to cut back on funding if international markets tighten further. CBA is committed to remaining in this market however interest rates charged to clients need to reflect the increased costs in funding to allow us to continue to do so.

"Despite this latest increase, which can be directly attributed to the increased cost of funding experienced by all banks, we are still maintaining a balance between the needs of shareholders and customers by continuing to absorb a significant portion of the additional costs being incurred."

The new variable home loan interest rates will be effective for new and existing customers from 12th March 2008.

Variable interest rates on business loans will also increase by 0.35% pa, effective 12th March 2008.

In light of the continuing volatility in global markets, the Bank has also decided to discontinue the share purchase to neutralise its Dividend Reinvestment Plan. This will have the impact of increasing capital by approximately \$400 million enabling the Group to continue to support our customers and consider opportunities that may arise.

*The comparison rate is calculated based on \$150,000 over 25 years for a secured loan.

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Commonwealth Bank

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WARNING: This comparison rate applies only to the example or examples given. Different amounts and terms will result in different comparison rates. Costs such as redraw fees or early repayment fees, and cost savings such as fee waivers, are not included in the comparison rate but may influence the cost of the loan.

Note: Fees and charges may apply for changes to loan types and repayment options.

ENDS

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