

Commonwealth Bank

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Bankwest acquisition update

Sydney 30 April 2009. Bankwest, a wholly owned subsidiary of the Commonwealth Bank of Australia ("the Group"), which was acquired by the Group on 19 December 2008, has today announced a loss of \$139 million for the financial year ended 31 December 2008. A copy of the Bankwest announcement is attached.

A 32.4 per cent improvement in Net Operating Income was offset by an increase in the Loan impairment expense which rose to \$825.3 million. At 31 December 2008, Bankwest's total provisions were \$895 million, approximately 1.5 per cent of gross loans and acceptances ("GLAs"). Collective provisions were \$494 million, approximately 1.9 per cent of non housing GLAs.

As advised at the time of the acquisition of Bankwest, the Group is purchasing a bank which is appropriately capitalised and provisioned. The final purchase price for Bankwest will be determined over the next two months taking into account its capital position and provisions for bad and doubtful debts.

Commenting on the Bankwest announcement Group CEO Ralph Norris said: "We are pleased with the progress that has been made since we acquired Bankwest on 19 December 2008 and performance in the March quarter has been good. We have identified many opportunities to improve the performance of Bankwest and we remain confident that this acquisition will create significant value for the Group."

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MEDIA RELEASE

30 April 2009

Bankwest records 2008 loss, now trading profitably

Bankwest today announced a \$139.0 million loss for the full year to 31 December 2008.

The results largely relate to the period before the Commonwealth Bank of Australia acquired Bankwest from HBOS plc on 19 December 2008.

Loan impairment expense, including specific and collective provisions, reached \$825.3 million, up from \$87.8 million in 2007.

The two primary reasons for the increase were the deteriorating external operating environment, and the need to be fully and appropriately provisioned in these difficult and uncertain times.

Since Commonwealth Bank assumed ownership, Bankwest has returned to profitability.

The increase in specific provisions was driven by a small number of large property exposures in New South Wales and Queensland, together with a number of small exposures across business lending.

To position Bankwest for sustained future growth, Managing Director Jon Sutton said steps had been taken to implement more prudent credit controls.

“Bankwest had previously been focussed on market share growth,” Mr Sutton said.

“Since CBA acquired Bankwest, we have improved our credit underwriting standards in business and retail banking and have a strong focus on prudent and responsible lending.”

Bankwest has a AA credit rating, through its parent the Commonwealth Bank of Australia, one of only eight banks worldwide with this high investment grade rating.

Operating Profit before loan impairments and tax was \$597.0 million, up 62.1 per cent from \$368.3 million for the corresponding 2007 period.

Operating costs were up 18.2 per cent from \$769.0 million to \$908.6 million driven in part by costs associated with the bank's east coast expansion strategy.

Mr Sutton said the purchase by the Commonwealth Bank of Bankwest had provided the iconic Western Australian financial institution with a secure future.

"Since the Commonwealth Bank's acquisition of Bankwest was announced, our performance has been strong with 38,000 new customers joining Bankwest," Mr Sutton said.

"Bankwest is committed to servicing its customers with market leading home loans and deposit products."

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About Bankwest

Bankwest is a wholly owned subsidiary of the Commonwealth Bank (Group). Bankwest is a full service bank which originated in Western Australia in 1895 and services more than 900,000 customers. Bankwest promotes a range of products using cost-effective direct and third party distribution channels, including 24-hour telephone and internet services and mortgage brokers. In WA, Bankwest is a market leader with about one quarter of all bank advances and deposits and an extensive network of branches. Standard & Poor's short-term credit rating for Bankwest is "A-1+" and "AA" for the long term, providing customers with investment grade security.