

May 12, 2010

Commonwealth Bank of Australia
Recent Developments

The information set forth below is not complete and should be read in conjunction with the information contained on the “Supplementary business and financial disclosure” page of the Bank’s website at <http://www.commbank.com.au/usinvestors> (the “U.S. Investor Website”). This Recent Developments supplements and, to the extent inconsistent with any information on the U.S. Investor Website, amends and supersedes such information. This “Recent Developments” release contains certain forward-looking statements which involve known and unknown risks and uncertainties. See “Special Note Regarding Forward-Looking Statements” in the Bank’s Profit Announcement (U.S. Version) for the half year ended 31 December 2009 included on the U.S. Investor Website (the “2010 Half Year Announcement”).

Trading Update for the Quarter ended March 31, 2010

On May 12, 2010, the Bank announced its unaudited cash earnings for the three months ended March 31, 2010. The release is attached as Exhibit A hereto. The cash earnings are prepared on a different basis than Australian equivalents to International Financial Reporting Standards (“AIFRS”). For a description of the difference between the basis for preparing cash earnings and what would otherwise be required under AIFRS, see “Financial Information Definitions” in the 2010 Half Year Announcement”.

Funds under Administration/Management and Inforce Premiums

On April 28, 2010, the Bank announced its Funds under Administration, Funds under Management and Inforce Premiums for the quarter ended March 31, 2010. The release is attached as Exhibit B hereto.

Media Release



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Commonwealth Bank of Australia March Quarter Trading Update

Sydney, 12 May 2010: The Commonwealth Bank (“the Group”) today advised that its unaudited cash earnings for the three months ended 31 March 2010 (“the quarter”) were approximately \$1.5 billion. Key outcomes over the quarter are summarised below.

Key Outcomes

- Good volume growth in key markets, particularly deposits;
- Stable customer margins, with volatility evident in other elements of Group NIM;
- Softer Other Banking Income, including the impact of reductions made to retail exception fees in late 2009;
- Continued gains in Customer Satisfaction levels;
- Credit quality trends continuing to move in line with expectations;
- Impairment Expense of approximately \$500m in the quarter, with improvements in CBA Institutional and SME segments balanced by the continued work-through of legacy issues in the Bankwest commercial book;
- Strong balance sheet provisioning and coverage ratios maintained, with the ratio of Total Provisions to Credit Risk Weighted Assets improved to 2.17 percent;
- The Group’s Tier 1 capital ratio strengthened to 9.2 percent;
- Liquid asset balances maintained at \$89 billion; and
- Strong funding position maintained, with the Group fully-funded for FY10 and an average duration on new term debt issuance of approximately 5 years.

Business Commentary

Australia – Retail

The Retail Bank continued to perform strongly, highlighted by solid volume growth, further improvements in customer satisfaction levels and ongoing efficiency gains. Consumer arrears remain stable, with the number of customers in assistance declining across the retail portfolios. Deposit growth was relatively strong in a competitive market.

An important milestone was achieved in March, with the successful migration of Term Deposits to the new Core Banking platform.

Media Release



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Bankwest continued to achieve good volume growth, highlighted by retail customer numbers surpassing 1 million in the quarter, together with further improvements in customer satisfaction levels.

Australia – Commercial

There was a stabilisation of balances within Institutional Banking & Markets (IB&M) through the quarter, as market conditions showed signs of improvement. Focus remains on proactive management of existing customer relationships. Whilst re-pricing for risk has continued in the loan book, spreads have narrowed from their previous highs. Impairment expense trended lower.

Business and Private Banking (BPB) continued to perform well in all segments, with good growth maintained in core deposit and lending products and an improving trend in impairment expense. CommSec maintained its strong market share position.

Impairment expense in the Bankwest commercial book remains at elevated levels, reflecting the continued work-through of legacy issues related to the Bank's pre-acquisition expansion in the East Coast property development sector.

Wealth Management and Insurance

Both Funds under Administration and Funds under Management were slightly lower in the quarter, impacted by outflows from short term wholesale cash mandates. FirstChoice continued to attract strong retail flows, with net inflows of just over \$700m in the quarter.

Inforce premiums increased by 3.1 percent to \$1.5 billion. General Insurance operating margins were impacted by claims associated with major weather events in Melbourne and Perth during the quarter. The impact was limited by reinsurance and is not material to Group profits. Investment experience has trended in line with investment markets which have been relatively flat over the quarter.

New Zealand

The New Zealand economy continued to show some signs of improvement, with ASB maintaining its strong relative market positioning in both home lending and deposits. Price competition for retail deposits continued to have a negative impact on margins.

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Conclusion

Commenting on the March quarter, Commonwealth Bank of Australia Chief Executive Officer Ralph Norris said: “Whilst the economic outlook has progressively improved over the past 12 months or so, operating conditions remain challenging. Credit growth remains muted, and margins continue to come under pressure from higher average funding costs and strong price competition. Whilst we have clearly passed the peak in the bad debt cycle, key credit quality indicators remain at elevated levels and we continue to expect gradual, rather than dramatic improvement.”

“Against this background, the Group performed well through the quarter, with good volume growth, further improvements in customer satisfaction levels and disciplined cost control. The consistent delivery of our strategic agenda is driving good performance and customer outcomes in each of our businesses.”

“Whilst the economic outlook is improving, short term risks and uncertainties remain. Recovery from the Global Financial Crisis will take time and there will be challenges along the way, evidenced by the current sovereign debt issues in the European Union. Given this uncertainty, the Group is retaining its conservative business settings, with capital, provisioning, funding and liquidity levels all remaining very strong.”

ENDS

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ASX Announcement



Commonwealth Bank of Australia Funds under Administration/Management and Inforce Premiums Quarter ended 31 March 2010

Sydney, 28 April 2010 The Commonwealth Bank has today released its 2010 March quarter Funds under Administration, Funds under Management, and Insurance Inforce Premiums.

Funds under Administration at 31 March 2010 were \$189 billion, down 1.7 percent for the quarter. Net flows for the quarter were negative \$4.4 billion impacted by outflows from Wholesale short term cash mandates. FirstChoice recorded positive net flows of \$702 million for the quarter.

Funds under Management at 31 March 2010 were \$145 billion, down 2.6 percent for the quarter impacted by outflows from short term cash mandates. Property & Alternate Investments were also down for the quarter impacted by the sale of Aurora Place.

Insurance Inforce Premiums at 31 March 2010 were up 3.1 percent over the quarter to \$1,545 million, driven by a solid increase in Wholesale Life and consistent growth in Retail Life and General Insurance.

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Commonwealth Bank of Australia

Funds Under Administration / Management and Inforce Premiums

	As At				
	Mar-10	Dec-09	Sep-09	Jun-09	Mar-10 vs Dec-09 %
Funds Under Administration (FUA) ⁽¹⁾	\$M	\$M	\$M	\$M	
FirstChoice	44,519	43,179	41,335	35,955	3.1
Custom Solutions ⁽⁷⁾	6,292	6,147	5,914	5,341	2.4
Standalone (Including Legacy) ⁽²⁾	25,251	26,106	26,467	24,950	(3.3)
Retail Products ⁽³⁾	76,062	75,432	73,716	66,246	0.8
Other Retail ⁽⁴⁾	1,224	1,222	1,232	1,154	0.2
Australian Retail	77,286	76,654	74,948	67,400	0.8
Wholesale	43,569	47,372	49,105	45,092	(8.0)
Property ⁽⁹⁾	16,959	17,924	17,698	18,722	(5.4)
Other ⁽⁵⁾	3,078	3,068	3,138	3,236	0.3
Domestically Sourced	140,892	145,018	144,889	134,450	(2.8)
Internationally Sourced	41,502	40,681	38,212	34,760	2.0
Total Wealth Management	182,394	185,699	183,101	169,210	(1.8)
IFS New Zealand	7,053	7,062	6,850	6,124	(0.1)
Total CBA Group	189,447	192,761	189,951	175,334	(1.7)

	As At			
	Mar-10	Dec-09	Sep-09	Jun-09
Quarterly Funds Netflows	\$M	\$M	\$M	\$M
FirstChoice	702	935	890	1,069
Custom Solutions ⁽⁷⁾	50	87	(35)	(974)
Standalone (Including Legacy) ⁽²⁾⁽¹⁰⁾	(1,053)	(834)	(627)	(497)
Retail Products ⁽³⁾	(301)	188	228	(402)
Other Retail ⁽⁴⁾	(21)	(25)	(19)	(73)
Australian Retail	(322)	163	209	(475)
Wholesale	(4,240)	(2,562)	1,346	3,263
Property	(712)	291	(389)	(436)
Other ⁽⁵⁾	(24)	(30)	(27)	(35)
Domestically Sourced	(5,298)	(2,138)	1,139	2,317
Internationally Sourced	785	1,620	967	2,095
Total Wealth Management	(4,513)	(518)	2,106	4,412
IFS New Zealand	134	169	184	(27)
Total CBA Group	(4,379)	(349)	2,290	4,385

	As At				
	Mar-10	Dec-09	Sep-09	Jun-09	Mar-10 vs Dec-09 %
Funds under Management (FUM) ⁽¹⁾	\$M	\$M	\$M	\$M	
Australian Equities	23,509	23,009	21,813	17,741	2.2
Global Equities	43,358	42,725	39,708	35,705	1.5
Cash & Fixed Interest	55,468	59,193	61,835	61,395	(6.3)
Property and Alternative Investments ⁽⁸⁾⁽⁹⁾	22,830	24,098	24,190	23,363	(5.3)
Total	145,165	149,025	147,546	138,204	(2.6)

	As At				
	Mar-10	Dec-09	Sep-09	Jun-09	Mar-10 vs Dec-09 %
Wealth Management Insurance Inforce Premiums ⁽⁶⁾	\$M	\$M	\$M	\$M	
Retail Life	829	810	792	765	2.3
Wholesale Life	318	297	423	435	7.1
General Insurance	398	391	377	360	1.8
Total Wealth Management	1,545	1,498	1,592	1,560	3.1

(1) FUM & FUA does not include the Groups interest in the China Cinda JV or ENW Limited.

(2) Includes cash management trusts.

(3) This is an estimate of the Retail Funds that align to Plan for Life market share releases.

(4) Includes regular premium plans. These retail products are not reported in market share data.

(5) Includes life company assets sourced from retail investors but not attributable to a funds management products.

(6) Inforce premiums relate to risk business.

(7) Custom Solutions includes the FirstWrap product.

(8) This asset class includes Wholesale & Listed Property trusts as well as indirect Listed Property Securities funds which are traded through the ASX.

(9) The sale of Aurora Place by the Commonwealth Property Investment Trust contributed to a \$685m reduction in Direct Property balances.

(10) Includes outflows attributable to capital repayments from the terminated CFS Mortgage Income Funds.