May 20, 2011

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 U.S. investor website of the Commonwealth Bank of Australia (the "Bank") at http://www.commbank.com.au/usinvestors (the "U.S. Investor Website"). This "Recent Developments" release 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 2010 (the "2011 Half Year Announcement") included on the U.S. Investor Website.

Funds under Administration/Management and Inforce Premiums

On April 21, 2011, the Bank announced its Funds under Administration, Funds under Management and Inforce Premiums as at and for the quarter ended March 31, 2011. That release is attached as Annex A hereto. See "Financial Information Definitions – Non-GAAP Financial Measures" in the 2011 Half Year Announcement for a discussion of Funds Under Administration and Funds Under Management as non-GAAP measures.

Trading Update for the Quarter ended March 31, 2011

On May 11, 2011, the Bank announced its unaudited cash earnings for the three months ended March 31, 2011. That announcement is attached as Annex B hereto. The announcement is based on the bank's cash earnings, which 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 – Non-GAAP Financial Measures" in the 2011 Half Year Announcement.

Basel II Pillar 3 Capital Adequacy and Risk Disclosures – Quarterly Update as at March 31, 2011

On May 11, 2011, the Bank also released its Basel II Pillar 3 Capital Adequacy and Risk Disclosures – Quarterly Update as at March 31, 2011. That release is attached as Annex C hereto.

Change of Credit Rating

On May 18, 2011 Moody's Investor Services announced that it has downgraded the credit rating of each of the four major Australian banks, including the Bank, from Aa1 (negative outlook) to Aa2 (stable outlook). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency and rating should be evaluated independently of any other information.

Annex A

ASX Announcement

CommonwealthBank

Commonwealth Bank of Australia
Funds under Administration, Funds under Management and Inforce Premiums
Quarter ended 31 March 2011

Sydney, 21 April 2011 The Commonwealth Bank has today released its March 2011 quarter Funds under Administration, Funds under Management, and Insurance Inforce Premiums.

Funds under Administration at 31 March 2011 were $199 billion, up 0.2 percent for the quarter driven by strong investment market returns. Net flows for the quarter were negative $1.9 billion driven by outflows from wholesale short term cash mandates and internationally sourced funds. FirstChoice and Custom Solutions experienced positive net flows of $440 million and $317 million respectively for the quarter.

Funds under Management at 31 March 2011 were $152 billion, down 0.8 percent for the quarter driven mainly by short term cash mandates and global equities.

Insurance Inforce Premiums at 31 March 2011 were up 1.1 percent for the quarter to $1,592 million, driven by solid growth in Retail Life.

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Commonwealth Bank of Australia

Funds Under Administration / Management and Inforce Premiums

Funds Under Administration (FUA) (1)	Mar-11 $M	Dec-10 $M	Sep-10 $M	Jun-10 $M	Mar-11 vs Dec-10 %
	As At				
FirstChoice	48,937	47,729	45,960	43,640	2.5
Custom Solutions (2)	7,297	6,887	6,480	6,114	6.0
Standalone (Including Legacy) (3)	21,826	22,224	22,823	22,942	(1.8)
Retail Products(4)	**78,060**	76,840	75,263	72,696	1.6
Other Retail (5)	1,147	1,155	1,161	1,153	(0.7)
Australian Retail	**79,207**	77,995	76,424	73,849	1.6
Wholesale	40,969	41,183	42,371	41,050	(0.5)
Property & Infrastructure	18,742	18,523	17,564	17,167	1.2
Other (6)	3,123	3,243	3,169	3,033	(3.7)
Domestically Sourced	**142,041**	140,944	139,528	135,099	0.8
Internationally Sourced	49,687	50,510	48,290	44,515	(1.6)
Total Wealth Management	**191,728**	191,454	187,818	179,614	0.1
IFS New Zealand	7,425	7,277	6,986	7,120	2.0
Total CBA Group	**199,153**	**198,731**	**194,804**	**186,734**	**0.2**

Quarterly Funds Netflows	Mar-11 $M	Dec-10 $M	Sep-10 $M	Jun-10 $M
	As At			
FirstChoice	440	603	513	872
Custom Solutions (2)	317	225	75	114
Standalone (Including Legacy) (3)	(762)	(1,102)	(910)	(768)
Retail Products(4)	**(5)**	(274)	(322)	218
Other Retail (5)	(24)	(35)	(35)	(22)
Australian Retail	**(29)**	(309)	(357)	196
Wholesale	(1,278)	(2,054)	52	(1,537)
Property & Infrastructure	100	972	499	6
Other (6)	(29)	(34)	(32)	(28)
Domestically Sourced	**(1,236)**	(1,425)	162	(1,363)
Internationally Sourced	(902)	2,379	1,879	1,101
Total Wealth Management	**(2,138)**	**954**	**2,041**	**(262)**
IFS New Zealand	230	161	62	191
Total CBA Group	**(1,908)**	**1,115**	**2,103**	**(71)**

Funds under Management (FUM) (1)	Mar-11 $M	Dec-10 $M	Sep-10 $M	Jun-10 $M	Mar-11 vs Dec-10 %
	As At				
Australian Equities	23,961	23,716	23,031	21,499	1.0
Global Equities	52,140	52,831	50,083	45,685	(1.3)
Cash & Fixed Interest	50,882	52,097	54,211	54,180	(2.3)
Property & Infrastructure(7)	24,561	24,147	23,327	22,934	1.7
Total	**151,544**	**152,791**	**150,652**	**144,298**	**(0.8)**

Wealth Management Insurance Inforce Premiums (8)	Mar-11 $M	Dec-10 $M	Sep-10 $M	Jun-10 $M	Mar-11 vs Dec-10 %
	As At				
Retail Life	836	820	801	782	2.0
Wholesale Life	330	331	328	323	(0.3)
General Insurance	426	424	418	408	0.5
St Andrew's (9)	-	-	-	71	0.0
Total Wealth Management	**1,592**	**1,575**	**1,547**	**1,584**	**1.1**

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

(2) Custom Solutions includes the FirstWrap product

(3) Includes cash management trusts

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

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

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

(7) The asset class includes Wholesale & Listed Property trusts as well as indirect Listed Property Securities funds which are traded through the Global Exchanges

(8) Inforce premiums relate to risk business

(9) St Andrew's Insurance business was sold on 1 July 2010

Annex B

Media Release

CommonwealthBank

Commonwealth Bank of Australia
March Quarter Trading Update

Sydney, 11 May 2011: The Commonwealth Bank ("the Group") today advised that its unaudited cash earnings for the three months ended 31 March 2011 ("the quarter") were approximately $1.7 billion. Key outcomes for the quarter are summarised below.

<u>Key Outcomes</u>

- Effective execution of the Group's strategic priorities continued to drive good performance outcomes across the Group through the quarter;
- Asset growth was fully deposit funded, with customer deposits as a proportion of total Group funding further improving to 61 percent;
- Fragile consumer and business confidence is reflected in subdued credit demand, notwithstanding some tentative signs of improvement in system business credit growth in recent times;
- CBA performed strongly in business lending, reflecting its status as one of the Group's five core strategic priorities and ensuring the Group is well placed to take advantage of an expected improvement in sector credit demand through calendar 2011 and 2012;
- Group NIM improved further following asset repricing in the first half in response to a sustained elevation in average funding costs;
- Credit quality trends remained broadly consistent with those reported at the Group's half year results in February. Total impairment expense was lower at 24 basis points of total average loans, or approximately $300 million in the quarter;
- Credit quality in the corporate and business portfolios continues to improve, with favourable trends in key indicators, including impaired assets, portfolio ratings migrations and watch list loans. Consumer credit quality also remains very sound, notwithstanding a modest uptick in home loan arrears, reflecting a combination of factors including the impact of severe weather events, normal post-Christmas seasonal factors and the seasoning of 2008 vintage loans;
- Given ongoing economic uncertainty, economic overlays have been retained in the loan impairment provision, with total overlay provisions unchanged at $1.2 bn;
- The Group's provision coverage ratios remain sector leading, with the ratio of Total Provisions to Credit Risk Weighted Assets further improved to 2.28 percent;
- Strong organic capital generation saw the Group's Tier 1 capital ratio improved by 19 basis points to 9.90 percent, or 13.2 percent on a UK FSA basis.

Business Commentary

Australia – Retail

The Retail Bank performed well with an ongoing focus on operational efficiency in an environment of subdued credit demand. The Retail Bank margin improved during the quarter following asset re-pricing in the first half, but remains below pre-GFC levels. Consumer credit quality remains strong, notwithstanding a modest uptick in home loan arrears rates.

A continued commitment to product innovation saw the successful launch of the Goal Saver high interest account and the introduction of a no fee variable rate Home Loan, the first loan of its type to be offered by a major Australian bank.

Bankwest also improved its performance, with further growth in customer numbers, improved new business lending quality and above system growth in home lending.

Australia – Commercial

In the commercial space conditions remain mixed, with a divergence of performance across sectors depending on relative exposure to factors such as the strengthening Australian dollar and the commodities and resources boom. Whilst business confidence levels remain fragile, there have been tentative signs of an improvement in system credit growth in recent times, with the expectation for an improvement in general corporate demand emerging through the remainder of calendar 2011.

CBA recorded good volume growth, with lending balances (ex Bankwest) growing well ahead of system. Institutional Banking & Markets (IB&M) recorded good balance growth, with margins holding up well notwithstanding competitive pressures.

Demand for credit in the SME market showed signs of improvement, with Business and Private Banking (BPB) recording solid growth. Equities trading volumes showed improvement with CommSec maintaining its market share. Operating expenses were tightly managed, with targeted investment in the front line continuing.

Bankwest continued to reweight its commercial lending portfolio towards lower risk segments, with a further winding back of exposures to riskier market segments.

Wealth Management and Insurance

Following a strong December quarter, relatively subdued market conditions resulted in volume growth being broadly flat through the quarter. Funds under Administration (FUA) increased by 0.2 percent for the quarter, with subdued net flows offset by positive investment returns. FirstChoice continued to perform relatively well, with net flows of $440 million for the quarter and First Wrap also grew solidly with net flows of $317 million. Insurance Inforce Premiums grew 1.1 percent driven by solid growth in Retail Life. Funds under Management (FUM) were impacted by market and currency conditions although CFS GAM investment performance remained strong with over 75% of funds exceeding benchmark over 1, 3 and 5 years.

Although General Insurance operating margins were impacted by claims associated with storms and flooding throughout Queensland, NSW and Victoria, the impact is not material to Group Profits. All insurance segments remain solidly profitable including the General business.

New Zealand

The New Zealand economy showed some signs of improvement, however the devastation caused by the Christchurch earthquake in February 2011 will delay recovery. In the longer term, lower interest rates, high commodity prices and reconstruction activity is expected to boost economic growth. ASB performed strongly through the quarter, with good income growth and continued cost discipline. Margins further benefited from asset repricing despite price competition for retail deposits.

Conclusion

Commenting on the March quarter, Commonwealth Bank of Australia Chief Executive Officer Ralph Norris said: “As we indicated at our half year results announcement in February, operating conditions remain challenging. Whilst the Australian economy continues to perform relatively well, consumer and business confidence remains fragile, resulting in subdued spending patterns and muted system credit growth.

“Overseas, the residual impacts of the Global Financial Crisis are still being felt and this is weighing on the pace and direction of the global economic recovery.”

“Against this background, the Group performed well, with key trends remaining broadly consistent with those experienced through the first half of the year. The Group continues to deliver strong financial outcomes, highlighted by solid income growth and a gradual improvement in credit quality. Whilst system credit growth remains relatively subdued, business credit showed signs of improvement in the quarter. Across all segments of our business the effective execution of our strategic agenda is driving consistently good financial outcomes, positioning the Group well for future growth."

"Whilst the shape and direction of Global regulatory changes are becoming clearer, some uncertainty still remains. Given this uncertainty, the Group is retaining its conservative business settings, with capital, provisioning, funding and liquidity levels all remaining strong."

"Notwithstanding present challenges, we continue to expect a gradual improvement in operating conditions through calendar 2011, as the economic recovery strengthens and system credit growth rebounds."

ENDS

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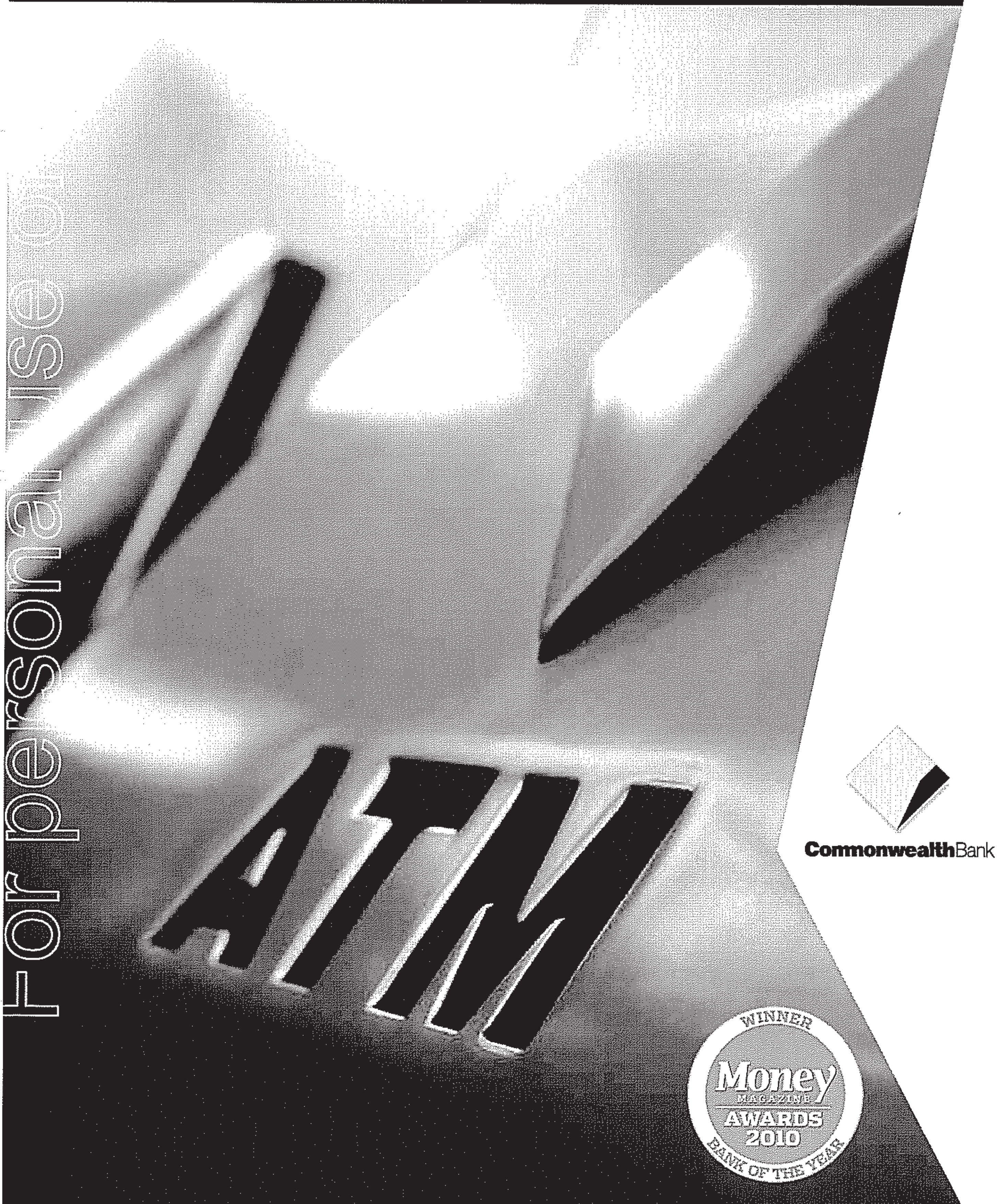
Annex C

DETERMINED TO BE BETTER THAN WE'VE EVER BEEN.

Basel II Pillar 3

Capital Adequacy and Risk Disclosures

QUARTERLY UPDATE AS AT 31 MARCH 2011



CommonwealthBank

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Commonwealth Bank of Australia

ACN 123 123 124

Basel II Pillar 3 – Capital Adequacy and Risk Disclosures

Quarterly update as at 31 March 2011

1. Scope of Application

The Commonwealth Bank of Australia ("the Group") is an Authorised Deposit-taking Institution ("ADI") subject to regulation by the Australian Prudential Regulation Authority ("APRA") under the authority of the Banking Act 1959.

This document has been prepared in accordance with Board approved policy and quarterly reporting requirements set out in APRA Prudential Standard APS 330 'Capital Adequacy: Public Disclosures of Prudential Information' ("APS 330"). It presents information on the Group's capital adequacy and risk weighted assets ("RWA") calculations for credit risk including securitisation and equity exposures, traded market risk, interest rate risk in the banking book ("IRRBB") and operational risk.

The Group is accredited with advanced Basel II status to use the advanced internal ratings based approach ("AIRB") for credit risk and advanced measurement approach ("AMA") for operational risk under the Basel II 'Pillar One' minimum capital requirements. The Group is also required to assess its traded market risk and IRRBB requirement under Pillar One.

ASB Bank Limited ("ASB") is subject to regulation by the Reserve Bank of New Zealand ("RBNZ"). RBNZ applies a similar methodology to APRA in calculating regulatory capital requirements. ASB operates under Basel II advanced status and Level 2 reporting by the Group includes ASB.

These disclosures include consolidation of the Bank of Western Australia Limited ("Bankwest"), CommBank Europe Limited and PT Bank Commonwealth which use the Standardised Basel II methodology.

The Group is required to report its quarterly assessment of capital adequacy on a Level 2 basis. APS 330 defines Level 2 as the consolidated banking group excluding the insurance and wealth management businesses and the entities through which securitisation of Group assets are conducted.

Detailed qualitative and quantitative disclosure of the Group's capital adequacy and risk disclosures for the year ended 30 June 2010 are available on the Group's corporate website www.commbank.com.au.

This document is unaudited, however, it has been prepared consistent with information supplied to APRA or otherwise published.

2. Group Capital Ratios

The Group's Common Equity, Tier One and Total Capital ratios as at 31 March 2011 were 7.54%, 9.90% and 11.68% respectively.

The increase in the capital ratios during the March 2011 quarter was mainly attributable to the continued generation of organic capital combined with a reduction in IRRBB RWA.

Comparable Common Equity, Tier One and Total Capital ratios as at 31 March 2011 under the UK Financial Services Authority method of calculating regulatory capital were 10.4%, 13.2% and 14.7% respectively.

Capital Initiatives

The following significant capital initiatives have been undertaken since 31 December 2010.

The allocation of $513 million ordinary shares in order to satisfy the Dividend Reinvestment Plan in respect of the interim dividend for 2010/2011, representing a participation rate of 25%.

The redemption of US$65 million in Exchangeable Floating Rate notes, classified as Innovative Tier One Capital, in February 2011.

There were no material Tier Two Capital initiatives undertaken during the quarter.

APS 330 Table 16e – Capital ratios

Summary Group Capital Adequacy Ratios (Level 2)	31/03/11 %	31/12/10 %
Common Equity	7.54	7.35
Tier One	9.90	9.71
Tier Two	1.78	1.79
Total Capital	11.68	11.50

3. Risk Weighted Assets

The following table details the Group's RWA by risk and portfolio type.

APS 330 Table 16a to 16d – Capital adequacy (risk weighted assets)

Asset Category	31/03/11 $M	31/12/10 $M	Change in RWA $M	Change in RWA %
Credit Risk				
Subject to advanced IRB approach				
Corporate	40,599	40,129	470	1
SME corporate	21,434	22,071	(637)	(3)
SME retail	4,691	4,896	(205)	(4)
Sovereign	2,852	2,557	295	12
Bank	7,525	6,686	839	13
Residential mortgage	55,029	56,412	(1,383)	(2)
Qualifying revolving retail	6,471	6,761	(290)	(4)
Other retail	7,103	6,398	705	11
Impact of the regulatory scaling factor (1)	8,742	8,755	(13)	-
Total RWA subject to advanced IRB approach	154,446	154,665	(219)	-
Specialised lending	36,005	34,339	1,666	5
Subject to standardised approach				
Corporate	8,057	8,040	17	-
SME corporate	7,162	7,597	(435)	(6)
SME retail	4,368	4,377	(9)	-
Sovereign	119	99	20	20
Bank	1,359	1,583	(224)	(14)
Residential mortgage	22,812	22,605	207	1
Other retail	2,494	2,510	(16)	(1)
Other assets	4,906	4,619	287	6
Total RWA subject to standardised approach	51,277	51,430	(153)	-
Securitisation	1,934	1,894	40	2
Equity exposures	2,130	2,280	(150)	(7)
Total RWA for credit risk exposures	245,792	244,608	1,184	-
Traded market risk	3,304	3,873	(569)	(15)
Interest rate risk in the banking book	12,268	17,033	(4,765)	(28)
Operational risk	20,489	20,049	440	2
Total risk weighted assets	281,853	285,563	(3,710)	(1)

(1) APRA requires RWA that are derived from the IRB risk-weighted functions to be multiplied by a scaling factor of 1.06 (refer glossary).

Total RWA decreased by $3.7 billion or 1.3% on the prior quarter to $281.9 billion, driven mainly by a reduction in IRRBB RWA.

Credit Risk RWA

Credit Risk RWA increased over the quarter by $1.2 billion or 0.5% to $245.8 billion. The increase was driven by a change in the mix of the portfolio with a net increase in exposure as a result of the Group holding more liquid assets and increasing facilities to specialised lending.

This increase was partly offset by:

- The implementation of revised Credit Risk Factors after APRA accepted a new modelling approach for the domestic retail portfolio and new methodology to determine exposure at default for domestic Qualifying Revolving Retail facilities; and
- The RBNZ approved implementation of revised downturn Loss Given Default estimates for the ASB non-retail portfolios.
- Appreciation of the Australian dollar during the quarter;

Traded Market Risk, IRRBB and Operational Risk RWA

Traded Market Risk RWA decreased by $0.6 billion over the quarter due to reduced volatility affecting capital measurements following the global financial crisis.

IRRBB RWA decreased by $4.8 billion or 28% to $12.3 billion. This was driven mostly by the Group increasing hedging activities to reduce the anticipated impact of interest rate changes to the Group as compared to December 2010.

Operational Risk RWA increased slightly (2%) over the quarter, reflecting modest growth in business activities.

4. Credit Risk Exposure

The following tables detail credit risk exposures (excluding equities and securitisation exposures) subject to Advanced and Standardised Internal Ratings Based ("IRB") approaches.

APS 330 Table 17a – Total credit exposure (excluding equities and securitisation) by portfolio type and modelling approach

	31 March 2011						
		Off balance sheet					
Portfolio Type	On balance sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for March 2011 quarter (2) $M	Change in exposure for March quarter (3) $M	%
Subject to advanced IRB approach							
Corporate	37,293	24,928	5,547	**67,768**	67,488	560	0. 8
SME corporate	32,111	5,673	363	**38,147**	38,354	(414)	(1. 1)
SME retail	7,179	1,745	9	**8,933**	9,020	(174)	(1. 9)
Sovereign	27,769	1,492	2,106	**31,367**	31,040	654	2. 1
Bank	23,532	2,038	10,119	**35,689**	33,059	5,261	17. 3
Residential mortgage	284,622	51,861	-	**336,483**	336,565	(164)	-
Qualifying revolving retail (4)	8,766	9,392	-	**18,158**	15,706	4,905	37. 0
Other retail	5,231	1,190	-	**6,421**	6,226	391	6. 5
Total advanced IRB approach	426,503	98,319	18,144	**542,966**	537,457	11,019	2. 1
Specialised lending	32,026	8,090	916	**41,032**	40,253	1,558	3. 9
Subject to standardised approach							
Corporate	7,454	735	28	**8,217**	8,191	52	0. 6
SME corporate	6,349	991	26	**7,366**	7,590	(447)	(5. 7)
SME retail	3,815	1,392	-	**5,207**	5,243	(72)	(1. 4)
Sovereign	1,806	1	-	**1,807**	1,099	1,417	large
Bank	6,650	75	28	**6,753**	7,256	(1,006)	(13. 0)
Residential mortgage	49,393	707	12	**50,112**	49,680	865	1. 8
Other retail	2,441	88	-	**2,529**	2,542	(25)	(1. 0)
Other assets	13,997	-	-	**13,997**	13,734	526	3. 9
Total standardised approach	91,905	3,989	94	**95,988**	95,333	1,310	1. 4
Total credit exposures (1)	550,434	110,398	19,154	**679,986**	673,043	13,887	2. 1

(1) Total Credit Risk Exposures (calculated as EAD) do not include equities or securitisation exposures.
(2) The simple average of balances as at 31 March 2011 and 31 December 2010.
(3) Change, as at 31 March 2011, of exposures compared to balances at 31 December 2010.
(4) Qualifying Revolving Retail – growth in March quarter following implementation of a new methodology to determine exposure at default for domestic facilities.

4. **Credit Risk Exposure** (continued)

APS 330 Table 17a – Total credit exposure (excluding equities and securitisation) by portfolio type and modelling approach (continued)

	31 December 2010						
		Off balance sheet					
	On balance sheet	Non-market related	Market related	Total	Average exposure for December 2010 quarter (2)	Change in exposure for December quarter (3)	
Portfolio Type	$M	$M	$M	$M	$M	$M	%
Subject to advanced IRB approach							
Corporate	37,321	24,389	5,498	67,208	66,583	1,250	1.9
SME corporate	32,475	5,667	419	38,561	38,689	(256)	(0.7)
SME retail	7,340	1,757	10	9,107	9,087	40	0.4
Sovereign	27,059	1,388	2,266	30,713	31,650	(1,874)	(5.8)
Bank	16,855	2,537	11,036	30,428	30,043	771	2.6
Residential mortgage	283,579	53,068	-	336,647	335,144	3,006	0.9
Qualifying revolving retail	8,732	4,521	-	13,253	13,029	448	3.5
Other retail	5,067	963	-	6,030	5,961	138	2.3
Total advanced IRB approach	418,428	94,290	19,229	531,947	530,186	3,523	0.7
Specialised lending	31,020	7,488	966	39,474	39,052	844	2.2
Subject to standardised approach							
Corporate	7,386	753	26	8,165	8,405	(479)	(5.5)
SME corporate	6,775	1,012	26	7,813	7,922	(218)	(2.7)
SME retail	3,844	1,435	-	5,279	5,274	11	0.2
Sovereign	389	1	-	390	588	(396)	(50.4)
Bank	7,659	68	32	7,759	7,452	614	8.6
Residential mortgage	48,480	755	12	49,247	48,796	902	1.9
Other retail	2,460	94	-	2,554	2,533	42	1.7
Other assets	13,471	-	-	13,471	14,333	(1,724)	(11.3)
Total standardised approach	90,464	4,118	96	94,678	95,303	(1,248)	(1.3)
Total credit exposures (1)	539,912	105,896	20,291	666,099	664,541	3,119	0.5

(1) Total Credit Risk Exposures (calculated as EAD) do not include equities or securitisation exposures.
(2) The simple average of balances as at 31 December 2010 and at 30 September 2010.
(3) Change, as at 31 December 2010, of exposures compared to balances at 30 September 2010.

5. Past Due and Impaired Exposures, Provisions and Reserves

Reconciliation of AIFRS and APS220 based credit provisions, and APS 330 Table 17c - General reserve for credit losses

	31 March 2011		
	General reserve for credit losses [2]	**Specific provision [2]**	**Total provisions**
	$M	**$M**	**$M**
Collective provision [1]	3,262	120	**3,382**
Individual provisions [1]	-	2,229	**2,229**
Total provisions	3,262	2,349	**5,611**
Additional GRCL requirement [3]	166	-	**166**
Total regulatory provisions	3,428	2,349	**5,777**

(1) Provisions according to AIFRS.

(2) Provisions classified according to APS 220 "Credit Quality".

(3) The Group has recognised an after tax deduction from Tier One Capital of $116 million in order to maintain the required minimum GRCL.

	31 December 2010		
	General reserve for credit losses [2]	**Specific provision [2]**	**Total provisions**
	$M	**$M**	**$M**
Collective provision [1]	3,211	116	3,327
Individual provisions [1]	-	2,169	2,169
Total provisions	3,211	2,285	5,496
Additional GRCL requirement [3]	151	-	151
Total regulatory provisions	3,362	2,285	5,647

(1) Provisions as reported in financial statements according to AIFRS.

(2) Provisions classified according to APS 220 "Credit Quality".

(3) The Group recognised an after tax deduction from Tier One Capital of $106 million in order to maintain the required minimum GRCL.

5. Past Due and Impaired Exposures, Provisions and Reserves (continued)

The following tables summarise the Group's financial losses by portfolio type.

APS 330 Table 17b – Impaired, past due, specific provisions and write-offs charged by portfolio

	As at 31 March 2011			Quarter ended 31 March 2011	
Portfolio	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net charges for individual provisions $M	Actual losses (2) $M
Corporate including SME and specialised lending	3,933	576	1,949	153	133
Sovereign	-	-	-	-	-
Bank	89	-	82	-	-
Residential mortgage	817	2,855	203	17	25
Qualifying revolving retail	-	103	54	-	62
Other retail	14	120	61	(1)	48
Total	4,853	3,654	2,349	169	268

(1) Specific Provision Balance includes certain AIFRS collective provisions on some past due loans ≥ 90 days.

(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the quarter ended 31 March 2011.

	As at 31 December 2010			Quarter ended 31 December 2010	
Portfolio	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net charges for individual provisions $M	Actual losses (2) $M
Corporate including SME and specialised lending	4,234	471	1,895	224	403
Sovereign	-	-	-	-	-
Bank	89	-	80	11	-
Residential mortgage	846	2,562	205	40	24
Qualifying revolving retail	-	92	50	-	63
Other retail	15	99	55	-	77
Total	5,184	3,224	2,285	275	567

(1) Specific Provision Balance includes certain AIFRS collective provisions on some past due loans ≥ 90 days.

(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the quarter ended 31 December 2010.

6. Glossary

Term	Definition
ADI	Authorised Deposit-taking Institution - includes banks, building societies and credit unions which are authorised by APRA to take deposits from customers.
AIFRS	Australian equivalents to International Financial Reporting Standards.
AIRB	Advanced Internal Ratings Based approach - used to measure credit risk in accordance with the Group's Basel II accreditation approval provided by APRA 10 December 2007 that allows the Group to use internal estimates of PD, LGD and EAD for the purposes of calculating regulatory capital.
AMA	Advanced Measurement Approach - used to measure operational risk in accordance with the Group's Basel II accreditation approval provided by APRA 10 December 2007 that allows the Group to use internal estimates and operational model for the purposes of calculating regulatory capital.
APRA	Australian Prudential Regulation Authority - the regulator of banks, insurance companies and superannuation funds, credit unions, building societies and friendly societies in Australia.
APS	APRA's ADI Prudential Standards. For more information, refer to the APRA web site.
ASB	ASB Bank Limited - a subsidiary of the Commonwealth Bank of Australia that is directly regulated by the Reserve Bank of New Zealand.
Bank	APS asset class - includes claims on central banks, international banking agencies, regional development banks, ADI and overseas banks.
Basel II	Refers to the Basel Committee on Banking Supervision's Revised Framework for International Convergence of Capital Measurement and Capital Standards issued in June 2006 and as subsequently amended.
CBA	Commonwealth Bank of Australia - the chief entity for the Group.
Collective Provision	All loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. The collective provision is maintained to reduce the carrying value of the portfolio of loans to their estimated recoverable amounts. These provisions are as reported in the Group's Financial Statements in accordance with AIFRS (AASB 139 "Financial Instruments: Recognition and Measurement").
Common Equity	Represents fundamental Tier One Capital net of Tier One deductions.
Corporate	APS asset class – includes commercial credit risk where annual revenues exceed $50 million, SME Corporate and SME Retail.
EAD	Exposure at Default – the extent to which a bank may be exposed to a counterparty in the event of default.
ELE	Extended Licensed Entity – APRA may deem a subsidiary of an ADI to be part of the ADI itself for the purposes of measuring the ADIs exposures to related entities.
General Reserve for Credit Losses	APS 220 requires the Group to establish a reserve that covers credit losses prudently estimated, but not certain to arise, over the full life of all individual facilities making up the business of the ADI. Most of the Group's collective provisions are included in the General Reserve for Credit Losses. An excess of required General Reserve for Credit Losses over the Group's collective provisions is recognised as a deduction from Tier One Capital on an after tax basis.
Individual Provisions	Provisions made against individual facilities in the credit-rated managed segment where there is objective evidence of impairment and full recovery of principal and interest is considered doubtful. These provisions are established based primarily on estimates of realisable value of collateral taken. These provisions are as reported in the Group's Financial Statements in accordance with AIFRS (AASB 139 "Financial Instruments: Recognition and Measurement"). Also known as individually assessed provisions or IAP.
IRRBB	Interest Rate Risk in the Banking Book - is the risk that the Bank's profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted from changes in interest rates. This is measured from two perspectives; firstly by quantifying the change in the net present value of the balance sheet's future earnings potential and secondly; as the anticipated change to the Net Interest Income which is reported in the Bank's Income Statement. The APS117 IRRBB regulatory capital requirement is calculated using the net present value approach.
Level 1	Represents the ADI and each subsidiary of the ADI that has been approved as an extended licence entity by APRA.

6. **Glossary** (continued)

Term	Definition
Level 2	The level at which the Group reports its capital adequacy to APRA being the consolidated banking group comprising the ADI and all of its subsidiary entities other than non-consolidated subsidiaries. This is the basis of which this report has been produced.
LGD	Loss Given Default – the fraction of exposure at default (EAD) that is not expected to be recovered following default.
Other Assets	APS asset class – includes Cash, Investments in Related Entities, Fixed Assets and Margin Lending.
Other Retail	APS asset class – includes all retail credit exposures not otherwise classed as a residential mortgage, SME retail or a qualifying revolving retail asset.
PD	Probability of Default - the likelihood that a debtor fails to meet an obligation or contractual commitment.
Qualifying Revolving Retail	APS asset class - represents revolving exposures to individuals less than $0.1m, unsecured and unconditionally cancellable by the Group. Only Australian retail credit cards qualify for this AIRB asset class.
Residential Mortgage	APS asset class - includes retail and small and medium enterprise exposures up to $1 million that are secured by residential mortgage property.
RWA	Risk Weighted Assets – the value of the Group's on and off-balance sheet assets are adjusted according to risk weights calculated according to various APRA prudential standards. For more information, refer to the APRA web site.
Scaling Factor	In order to broadly maintain the aggregate level of capital in the global financial system post implementation of Basel II, the Basel Committee on Banking Supervision applies a scaling factor to the risk-weighted asset amounts for credit risk under the IRB approach. The current scaling factor is 1.06.
Securitisation	APS asset class - includes Group-originated securitised exposures and the provision of facilities to customers in relation to securitisation activities.
SME Corporate	APS asset class - includes small and medium enterprise (SME) commercial credit risk where annual revenues are less than $50 million and exposures are greater than $1 million.
SME Retail	APS asset class - includes small and medium enterprise (SME) exposures up to $1 million that are not secured by residential mortgage property.
Sovereign	APS asset class - includes claims on the Reserve Bank of Australia and on Australian and foreign governments.
Specialised Lending	APS asset classes subject to the supervisory slotting approach and which include Income Producing Real Estate (IPRE) and Project Finance assets.
Specific Provisions	APS 220 requires ADIs to report as specific provisions all provisions for impairment assessed by an ADI on an individual basis in accordance with AIFRS and that portion of provisions assessed on a collective basis which are deemed ineligible to be included in the General Reserve for Credit Losses (which are primarily collective provisions on some defaulted assets).
Tier One Capital	Tier One Capital is the highest quality of capital available to the Group and reflects the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises: • Fundamental Capital (share capital, retained earnings and reserves); • Residual Capital (innovative and non innovative); and • Prescribed Regulatory deductions.
Tier Two Capital	Tier Two Capital represents those capital items that fall short of the necessary conditions to qualify as Tier One Capital. There are two main classes, upper and lower Tier Two.

For further information contact:

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