

## **Commonwealth Bank**

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### **COMMONWEALTH BANK OF AUSTRALIA EXPECTS TO ANNOUNCE INTERIM EARNINGS STRONGER THAN MARKET CONSENSUS**

**Sydney 2 February 2009:** The Commonwealth Bank (the Group) today announced preliminary interim profit figures indicating it expects to report cash net profit after tax (NPAT) of approximately \$2.0 billion - a result which is more than 20 percent ahead of market consensus but still 16 percent lower than the prior comparative period.

Statutory NPAT, which includes a post tax gain of approximately \$550 million on the acquisition of Bankwest, is expected to exceed \$2.5 billion - an increase of around 9 percent on the prior comparative period.

Although the finalisation of the interim results is incomplete, Chief Executive Officer, Ralph Norris, said the Group's underlying operating performance has been robust given the current trading conditions.

"As customers look for stable financial institutions in these uncertain times, growth in deposit and credit demand has been strong," Mr Norris said.

"The Group remains focused on credit management and cost control, improving customer service, and responding to the changing pattern of customer demand," he added.

The key components of this result are:

- Total operating income for the half is expected to be approximately \$8 billion - an increase of around 15 percent on the prior comparative period. This is driven by strong performance from the Group's banking businesses with total banking income expected to be around 20 percent ahead of the same period last year. This will be partially offset by a decline in Funds Management income which





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is likely to be down around 12 percent on the prior comparative period. Insurance income is anticipated to grow by around 10 percent relative to the same period last year;

- The Group is expecting operating costs for the period to be approximately two percent below the previous six months; and
- The financial impacts of these improvements in operating performance will be offset by higher impairment expenses - likely to be around \$1.6 billion, which is in line with market consensus.

The Group will announce its full results for the half year ended 31 December 2008 on Wednesday 11 February 2009. This will follow the finalisation of provisions (which includes taking into account the impact of all events up to the reporting date on 11 February), completion of the audit review and consideration by the Board.

Mr Norris said, "I expect economic and operating conditions to become increasingly challenging which makes the outlook extremely difficult to predict".

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