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CONSISTENT LONG TERM STRATEGY DELIVERS STRONG RESULT

Highlights of 2013 Interim Result

- Statutory NPAT of $3,661 million – up 1 per cent(1);
- Cash NPAT of $3,780 million – up 6 per cent;
- Continued revenue momentum – up 5 per cent in subdued market conditions;
- Investments in technology and productivity initiative underpinning disciplined management of costs;
- Fully franked interim dividend of $1.64 - up 20 per cent on 2012 interim dividend;
- Return on Equity (cash basis) 18.1 per cent;
- Strong organic capital growth – Basel III Common Equity Tier 1 (Internationally Harmonised) up 130 basis points to 10.6 per cent;
- Conservative funding, provisioning and liquids settings; and
- Group well positioned for future, combining on-going franchise and balance sheet strength with continued innovation.

(1) Except where otherwise stated, all figures relate to the half year ended 31 December 2012. The term “prior comparative period” refers to the half year ended 31 December 2011, while the term “prior half” refers to the half year ended 30 June 2012. Unless otherwise indicated, all comparisons are to “prior comparative period”.

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Sydney, 13 February 2013. The Commonwealth Bank of Australia's (the Group's) statutory net profit after tax (NPAT) for the half year ended 31 December 2012 was $3,661 million, which represents a 1 per cent increase on the prior comparative period. Cash NPAT for the current half was $3,780 million - an increase of 6 per cent.

Cash Return on Equity (ROE) for the period was 18.1 per cent.

The Board declared an interim dividend of $1.64 per share - an increase of 20 per cent on the 2011 interim dividend. The dividend payout ratio (cash basis) of approximately 70 per cent is up from 61 per cent for the prior year's interim dividend. This increase is consistent with the Board's revised dividend policy, announced in August 2012, which increased the payout ratio for the interim dividend. Accordingly, the final dividend for the 2013 year is likely to be slightly lower than the final dividend for the 2012 year.

The interim dividend will be fully franked and will be paid on 5 April 2013. The stock will go ex-dividend on 18 February 2013.

The Group's Dividend Reinvestment Plan (DRP) will continue to operate, but no discount will be applied to shares issued under the plan for this dividend. Given the Group's high level of Tier 1 capital, the Board has decided, on this occasion, to neutralise or minimise the dilutive impact of the DRP through an on-market share purchase and transfer to participants.

Commenting on the result, Group Chief Executive Officer, Ian Narev said: "This is a strong result, which continues to demonstrate the benefits of the Group's consistent, long-term strategy. We have continued to execute a strategy that is well known to the market: a focus on the customer, disciplined management of volumes and margin, a focus on productivity, and a willingness to invest in long term growth, particularly through technology. As a result, despite the subdued market conditions, the Group has delivered an ROE of 18.1 per cent. And we have done so while significantly strengthening our capital base; our strong organic capital growth means that, relative to both international and domestic peers, we are very well capitalised."

"The underpinnings of this strategy have in large part been in place for over five years. One of the key initiatives within that strategy - our Core Banking Modernisation – is now substantially complete. Our focus in that area now turns to continuing to reap the considerable benefits of that investment, and looking for other opportunities for technology investment. Individual projects will be on a much smaller scale, but are intended to deliver better outcomes for customers, reinforce our commitment to productivity, and maintain our industry leadership in technology."

Key components of the result include:

- Continuing success of the strategy of customer focus, with retail customer satisfaction reaching all-time highs, and market-leading business customer satisfaction;
- Continued growth in the Australian banking businesses, despite modest system credit growth, with average interest earning assets up $26 billion to $649 billion;
- Strong growth in retail and business average interest bearing deposits[(1)] – up $26 billion to $376 billion – resulting in customer deposits as a proportion of total Group funding improving to 63 per cent;
- Recovery in markets-based businesses with Wealth Management's earnings up 10 per cent and IB&M's Market's business rebounding strongly;
- Strong operating performance from ASB Bank and Bankwest;
- Good progress in growing and strengthening Asian businesses;
- A decline of 2 basis points in Net Interest Margin (NIM) to 2.10 per cent as higher wholesale and deposit funding costs offset the positive impacts of asset re-pricing and mix changes. NIM was up 4 basis points on the prior half;
- Expense growth contained to 3 per cent with the Group again achieving positive "jaws" and an improved cost to income ratio;
- Substantial on-going investment in long term growth, amounting to $582 million over the current half, on a tightly managed set of initiatives focusing on, technology, productivity and risk;
- A continuing conservative approach to provisioning, with total provisions of $4.7 billion, and provisions to credit risk weighted assets at a sector-leading 1.82 per cent. The Collective Provisions include a management overlay of almost $900 million and an unchanged economic overlay; and
- Having generated significant organic capital (with Basel III Common Equity Tier 1 (Internationally Harmonised) increasing 130 basis points to 10.6 per cent) the Group is in a very strong capital position relative to both domestic and international peers.

The Group is one of only a limited number of global banks in the 'AA' ratings category.

Strong deposit growth during the period has seen the Group satisfy a significant proportion of its funding requirements from high quality retail customer deposits. However, competition for deposits remains intense which had a negative impact on

(1) Includes transactions, savings and investment average interest bearing deposits.

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margins. During the period the Group took advantage of improving conditions in wholesale markets, issuing $13 billion of long term transactions in multiple currencies.

The Group has also retained conservative capital and funding settings.
While many of the Group's customers are facing challenges, this is not translating into a deterioration of credit quality. However, given the uncertain outlook for both the global and domestic economies, the Group remains cautious maintaining a strong balance sheet with high levels of capital, provisioning and liquidity- $128 billion as at 31 December 2012.

On the outlook for the 2013 calendar year, Ian Narev said: "Since reporting our full year results in August last year we have seen some improvements in the global macroeconomic environment. In each of the major areas of concern – European Union stability, US recovery and China's on-going growth – developments have been positive overall. As a result, we have experienced a period of relative stability, which has had a positive impact on global equity and debt markets.

"Of course, risks remain in the economy, and as a major financial institution we must remain cautious. In particular, there is still no sustainable long-term plan for resolving sovereign indebtedness in Europe, and the US recovery remains fragile. And the long term effects of the strategies of overseas central banks to restore stability are uncertain. But if the current stability continues, we believe it will translate into a slow but steady rebuilding of consumer and business confidence in Australia. And that is our base case for the 2013 calendar year.

"In any event, we will continue to focus on the long-term strategic goals that have underpinned this result, and which we believe position the Group very well into the future."

Ends

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	Half Year Ended				
	31 Dec 12 $M	**30 Jun 12 $M**	**31 Dec 11 $M**	**Dec 12 vs Jun 12 %**	**Dec 12 vs Dec 11 %**
Retail Banking Services	**1,506**	1,374	1,329	10	13
Business and Private Banking	**735**	746	767	(1)	(4)
Institutional Banking and Markets	**603**	527	571	14	6
Wealth Management	**334**	325	304	3	10
New Zealand	**309**	257	284	20	9
Bankwest	**258**	254	273	2	(5)
Other	**35**	54	48	(35)	(27)
Net profit after income tax ("cash basis") (1)	**3,780**	**3,537**	**3,576**	**7**	**6**
Net profit after income tax ("statutory basis") (2)	**3,661**	**3,466**	**3,624**	**6**	**1**

	Half Year Ended				
	31 Dec 12	**30 Jun 12**	**31 Dec 11**	**Dec 12 vs Jun 12 %**	**Dec 12 vs Dec 11 %**
Key Shareholder Ratios					
Earnings per share (cents) - cash basis - basic	**235.5**	222.2	227.2	6	4
Return on equity (%) - cash basis	**18.1**	18.1	19.2	-	(110)bpts
Return on assets (%) - cash basis	**1.0**	1.0	1.0	-	-
Dividend per share (cents) - fully franked	**164**	197	137	(17)	20
Dividend payout ratio (%) - cash basis	**70.2**	89.2	60.9	large	large
Other Performance Indicators					
Total interest earning assets ($M)	**651,232**	644,530	631,908	1	3
Funds Under Administration - spot ($M)	**224,048**	200,686	191,289	12	17
Net interest margin (%)	**2.10**	2.06	2.12	4 bpts	(2)bpts
Operating expense to total operating income (%)	**45.1**	46.2	45.8	(110)bpts	(70)bpts

(1) Net profit after income tax ("cash basis") - represents net profit after tax and non-controlling interest before Bankwest non-cash items, the gain/loss on acquisition/disposal of controlled entities/investments, treasury shares valuation adjustment, Count Financial acquisition costs and unrealised gains and losses related to hedging and IFRS volatility. This is Management's preferred measure of the Group's financial performance.

(2) Net profit after income tax ("statutory basis") - represents net profit after tax and non-controlling interest, Bankwest non-cash items, the gain/loss on acquisition/disposal of controlled entities/investments, treasury shares valuation adjustment, Count Financial acquisition costs, Bell Group litigation expenses and unrealised gains and losses related to hedging and IFRS volatility. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank".