

# Commonwealth Bank

Commonwealth Bank of Australia  
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J Hatton  
Company

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The Manager  
Company Announcements Platform  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000



Dear Sir

## Commonwealth Bank of Australia Counterparty and other exposures

On 15 May 2008 Commonwealth Bank of Australia provided the market with an update of its exposure to CDOs and Asset Backed Commercial Paper Conduits. An updated copy of that disclosure is attached.

<b>US Sub-prime</b>	<ul style="list-style-type: none"><li>■ No direct exposures</li><li>■ Country-Wide exposure repaid in full in June 2008</li></ul>
<b>CDOs</b>	<ul style="list-style-type: none"><li>■ No direct exposure to unhedged CDO or CLO transactions</li><li>■ Small number of low \$ value exposures which are fully hedged</li><li>■ One contingent exposure of USD30 million</li></ul>
<b>Asset Backed Commercial Paper (ABCP) Conduits</b>	<ul style="list-style-type: none"><li>■ Two Bank sponsored ABCP conduits with standby facilities drawn to \$1.4bn</li><li>■ Highly rated assets – predominantly AAA, some AA-</li><li>■ Standby facilities to other conduits of \$890m, currently drawn to \$282m</li></ul>
<b>Stock Lending</b>	<ul style="list-style-type: none"><li>■ No material exposure to stock-lending sector</li></ul>
<b>Lenders Mortgage Insurance</b>	<ul style="list-style-type: none"><li>■ Mortgage insurance is outsourced to Genworth (98%) and PMI (2%)</li><li>■ Under “extreme stress” conditions, insured loan expected loss would be ~\$400m.</li></ul>

<b>Hedge Funds</b>	<ul style="list-style-type: none"><li>■ No direct lending exposure to hedge funds</li><li>■ Limited exposure to hedge funds via FX and interest rate swap products</li><li>■ Fund of hedge funds – exposure to diversified funds that invest in hedge funds of ~USD34 million</li></ul>
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The Group has confirmed that since 15 May 2008 the Group's net exposures have reduced. It also advises that its conduits have no exposure to third party originated assets such as CDOs or sub prime assets.

Please contact Warwick Bryan on 02 9378 5979.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Hatton', with a long horizontal flourish extending to the right.

John Hatton  
Company Secretary