

November 15, 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 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 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 Annual U.S. Disclosure Document for the year ended 30 June 2010 included on the U.S. Investor Website (the “2010 Annual Report”).

September Quarter Trading Update

On November 15, 2010, the Bank announced its unaudited cash earnings for the three months ended September 30, 2010. The release is attached as Annex 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 Annual Report.

Funds under Administration/Management and Inforce Premiums

On October 22, 2010, the Bank announced its Funds under Administration, Funds under Management and Inforce Premiums as at and for the quarter ended September 30, 2010. The release is attached as Annex B hereto.

Media Release



CommonwealthBank

Commonwealth Bank of Australia September Quarter Trading Update

Sydney, 15 November 2010: The Commonwealth Bank (“the Group”) today advised that its unaudited cash earnings for the three months ended 30 September 2010 (“the quarter”) were approximately \$1.6 billion. Key outcomes over the quarter are summarised below.

Key Outcomes

- Operating conditions remain challenging, with muted system credit growth reflecting sustained deleveraging and ongoing caution on the part of both consumer and business customers;
- Effective execution of the Group’s strategic priorities continued to drive good performance outcomes across the Group;
- Disciplined cost control maintained;
- Good deposit growth resulted in asset growth being entirely deposit funded in the quarter, with customer deposits now representing 59% of total Group funding;
- Elevated funding costs continued to impact Retail Bank margins, offsetting stable to improved margin outcomes in some other segments of the business and resulting in a further progressive contraction in overall Group NIM in the quarter;
- Impairment expense of \$321 million in the quarter, with further gradual improvements in the quality of key lending portfolios;
- Strong balance sheet provisioning and coverage ratios maintained, with the ratio of Total Provisions to Credit Risk Weighted Assets improved to an industry leading 2.32 percent;
- The Group’s Tier 1 capital ratio increased 47 basis points to 9.6 percent; and
- Liquid asset balances increased to \$92 billion.

Business Commentary

Australia – Retail

The Retail Bank continued to perform reasonably well, with a focus on cost control during a period of subdued lending growth and continued increases in funding costs. Deposit growth was solid in a competitive market. Consumer arrears rates trended lower in all portfolios.

Margins continued to come under pressure as both deposit and wholesale funding costs remained at elevated levels. The Retail Bank margin for the quarter was 215 basis points, a decline of 15% since the start of the Global Financial Crisis. As a

Media Release



CommonwealthBank

result, the decision was taken to increase the Home Loan Standard Variable Rate by 45 basis points, effective 5 November 2010.

The new Core Banking platform achieved some important milestones in the quarter, including the national rollout of new deposit account functionality and the successful migration of existing deposit accounts in Tasmania and Western Australia.

Bankwest continued to perform solidly through the quarter, with continuing growth in customer numbers and improvements in customer satisfaction levels.

Australia – Commercial

Balances within Institutional Banking & Markets (IB&M) continued to stabilise through the quarter as market conditions improved. Whilst lending demand remains concentrated in specific segments, there are indications that a more broad-based improvement in general corporate demand will emerge in the second half of the year. Whilst re-pricing for risk has continued in the loan book, credit spreads continue to narrow as liquidity has returned to the market and institutional appetite for corporate investment grade credit has increased.

Business and Private Banking (BPB) continued to perform well, highlighted by a strong banking performance. Demand for credit in the SME segment remains relatively subdued, with modest growth in the quarter. Total revenue growth was impacted by lower trading volumes in CommSec, reflecting softer market trading conditions.

Wealth Management and Insurance

Both Funds under Administration (FUA) and Funds under Management (FUM) performed strongly in the quarter, increasing by 4.6 percent and 4.4 percent respectively. Net flows for the quarter were positive \$2 billion (FUA). FirstChoice became the largest platform in the market in the June 2010 Plan for Life market share release and recorded positive net flows of \$513 million for the quarter. Insurance Inforce Premiums grew 2.1 percent, excluding the sale of the St Andrew's Insurance business (\$71 million).

New Zealand

The New Zealand economy continued to show some signs of improvement, albeit at a slow rate. ASB has maintained its strong relative market positioning in both home lending and deposits. Margins improved from asset repricing despite continued strong price competition for retail deposits.

Media Release



CommonwealthBank

Conclusion

Commenting on the September quarter, Commonwealth Bank of Australia Chief Executive Officer Ralph Norris said: “As we indicated at our FY10 Full Year results announcement in August, operating conditions remain challenging. Credit growth remains muted, and margins continue to come under pressure from higher average funding costs and price competition. Whilst we have passed the peak in the bad debt cycle, improvement in key credit quality indicators continues to be gradual, rather than dramatic.”

“Whilst the economic outlook is improving, short term risks and uncertainties remain. Globally, the economic recovery remains fragile, with persistent signs of weakness in the US and European economies balanced by a relatively stronger outlook in the domestic and Asian economies.”

“The shape and direction of Global regulatory changes are becoming clearer, but 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.”

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

“As we indicated at our Full Year results, we expect a gradual improvement in operating conditions in the second half of this financial year, as the economic recovery strengthens and system credit growth rebounds.”

ENDS

Media:

Bryan Fitzgerald,
Head of Communications
Ph: (02) 9117 7047
Mobile: 0414 789 649

Investor Relations:

Warwick Bryan
EGM, Investor Relations
Ph: (02) 9118 7112
Mobile: 0406 316 725

ASX Announcement



Commonwealth Bank of Australia Funds under Administration/Management and Inforce Premiums Quarter ended 30 September 2010

Sydney, 22nd October 2010 The Commonwealth Bank has today released its 2010 September quarter Funds under Administration, Funds under Management, and Insurance Inforce Premiums.

Funds under Administration at 30 September 2010 were \$195 billion, up 4.3 percent for the quarter. Net flows for the quarter were positive \$2.1 billion due to positive property and internationally sourced net flows. FirstChoice recorded positive net flows of \$513 million for the quarter.

Funds under Management at 30 September 2010 were \$151 billion, up 4.4 percent for the quarter driven by flows into Global Equities and strong investment market returns.

Insurance Inforce Premiums at 30 September 2010 were down 2.3 percent for the quarter to \$1,547 million, impacted by the sale of the St Andrew's Insurance business (\$71 million inforce premium). Excluding the sale of St Andrew's the Insurance business grew 2.1 percent for the quarter.

Investor Relations:

Warwick Bryan
EGM, Investor Relations
Ph: (02) 9118 7112
Mobile: 0406 316 725

Commonwealth Bank of Australia

Funds Under Administration / Management and Inforce Premiums

	As At		
	Sep-10	Jun-10	Sep-10 vs Jun-10 %
Funds Under Administration (FUA) ⁽¹⁾	\$M	\$M	
FirstChoice	45,960	43,640	5.3
Custom Solutions ⁽²⁾	6,480	6,114	6.0
Standalone (Including Legacy) ⁽³⁾	22,823	22,942	(0.5)
Retail Products ⁽⁴⁾	75,263	72,696	3.5
Other Retail ⁽⁵⁾	1,161	1,153	0.7
Australian Retail	76,424	73,849	3.5
Wholesale	42,371	41,050	3.2
Property & Infrastructure	17,564	17,167	2.3
Other ⁽⁶⁾	3,169	3,033	4.5
Domestically Sourced	139,528	135,099	3.3
Internationally Sourced	48,290	44,515	8.5
Total Wealth Management	187,818	179,614	4.6
IFS New Zealand	7,227	7,371	(2.0)
Total CBA Group	195,045	186,985	4.3

	As At	
	Sep-10	Jun-10
Quarterly Funds Netflows	\$M	\$M
FirstChoice	513	872
Custom Solutions ⁽²⁾	75	114
Standalone (Including Legacy) ⁽³⁾	(910)	(768)
Retail Products ⁽⁴⁾	(322)	218
Other Retail ⁽⁵⁾	(35)	(22)
Australian Retail	(357)	196
Wholesale	52	(1,537)
Property & Infrastructure	499	6
Other ⁽⁶⁾	(32)	(28)
Domestically Sourced	162	(1,363)
Internationally Sourced	1,879	1,101
Total Wealth Management	2,041	(262)
IFS New Zealand	21	212
Total CBA Group	2,062	(50)

	As At		
	Sep-10	Jun-10	Sep-10 vs Jun-10 %
Funds under Management (FUM) ⁽¹⁾	\$M	\$M	
Australian Equities	23,031	21,499	7.1
Global Equities	50,083	45,685	9.6
Cash & Fixed Interest	54,211	54,180	0.1
Property and Infrastructure ⁽⁷⁾	23,327	22,934	1.7
Total	150,652	144,298	4.4

	As At		
	Sep-10	Jun-10	Sep-10 vs Jun-10 %
Wealth Management Insurance Inforce Premiums ⁽⁸⁾	\$M	\$M	
Retail Life	801	853	(6.1)
Wholesale Life	328	323	1.5
General Insurance	418	408	2.5
Total Wealth Management	1,547	1,584	(2.3)

(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 ASX.

(8) Inforce premiums relate to risk business.