

PERLS V Offer

Investor Information Pack



Determined to be different

28 August 2009

Commonwealth Bank of Australia ACN 123 123 124

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PERLS V Offer

PERLS V Offer	<ul style="list-style-type: none">➤ Offer by Commonwealth Bank of Australia (the “Group”) of Perpetual Exchangeable Resaleable Listed Securities (“PERLS V”).➤ The Offer is for the issue of approximately 4.5 million PERLS V at \$200 per PERLS V to raise approximately \$900 million, with the ability to raise more or less.
Regulatory capital	<ul style="list-style-type: none">➤ PERLS V will constitute Non-innovative Residual Tier 1 Capital.
Use of proceeds	<ul style="list-style-type: none">➤ The issue of PERLS V will provide capital, funding and contribute to the continuing financial strength of the Group.
Offer structure	<ul style="list-style-type: none">➤ The Offer will be conducted by way of a bookbuild, to institutional investors and brokers to the Offer, a securityholder offer and a general offer.➤ Eligible former holders of PERLS II and current PERLS III, PERLS IV and Group ordinary shareholders, in each case with a registered Australian address, are invited to participate in the securityholder offer.➤ The general offer will have a maximum size of \$50 million.



PERLS V Offer

Security	<ul style="list-style-type: none">➤ PERLS V are stapled securities comprising:<ul style="list-style-type: none">➤ an unsecured subordinated note issued by the Group's New Zealand branch; and➤ a preference share issued by the Group.
Issue Credit Rating	<ul style="list-style-type: none">➤ Standard & Poor's has indicated that it will assign PERLS V a rating of A+.
Listing	<ul style="list-style-type: none">➤ The Group will apply for listing of PERLS V on the Australian Securities Exchange (ASX). PERLS V are expected to trade under ASX code CBAPA.



Key features – Distributions

Distributions	<ul style="list-style-type: none">➤ Discretionary, non-cumulative, floating rate payable quarterly in arrears (subject to certain conditions).➤ Distributions are expected to be a combination of cash Distributions and franking credits.➤ However, Distributions may be unfranked or not fully franked. If a Distribution is unfranked or not fully franked, the cash Distribution will generally be increased to compensate holders for the unfranked portion of the Distribution.
Distribution Rate	<ul style="list-style-type: none">➤ Calculated each quarter as the sum of the bank bill swap rate and the margin of 3.4000% together multiplied by (1-tax rate).➤ Assuming the bank bill swap rate is 3.2800%¹, the cash Distribution received by a holder would be 4.6760% per annum (assuming Distributions are fully franked). This fully franked Distribution Rate of 4.6760% per annum would be equivalent to an unfranked Distribution Rate of 6.6800% per annum if the potential value of the franking credits is taken into account in full.➤ However, holders should be aware that the ability of a holder to use franking credits will depend on their individual position and the potential value of franking credits does not accrue at the same time as the cash Distribution is received.

1. The bank bill swap rate on 20 August 2009 was 3.2800% per annum.



Key features – Distributions

Dividend Stopper

- The Dividend Stopper will apply if the Group does not pay PERLS V distributions in full within 20 days of a distribution payment date.
- When the Dividend Stopper applies, the Group must not pay any interest, declare or pay any dividends or distributions or return capital on Group ordinary shares and certain other capital securities.
- Limited exceptions apply.



Key features – PERLS V Exchange

Initial Conversion Date	<ul style="list-style-type: none">➤ 31 October 2014.
Resale	<ul style="list-style-type: none">➤ The Group may arrange a resale, where the purchaser will acquire all PERLS V for \$200 (the face value) each on 31 October 2014, the Initial Conversion Date.
Conversion	<ul style="list-style-type: none">➤ If resale does not occur, PERLS V will convert into a variable number of Group ordinary shares on 31 October 2014, subject to the conversion conditions.➤ PERLS V will convert at a 1% discount to VWAP.➤ In practice, conversion will operate so that holders will receive approximately \$202.02¹ worth of Group ordinary shares per PERLS V upon conversion.

1. The number of Group ordinary shares will be based on a VWAP which may differ from the Group ordinary share price on or after Conversion. Accordingly, the value of Group ordinary shares received on Conversion of each PERLS V may be worth more or less than \$202.02, reflecting the 1% discount.



Key features – PERLS V Exchange

<p>Conversion Conditions</p>	<ul style="list-style-type: none"> ➤ The conversion conditions are satisfied where: <ul style="list-style-type: none"> ➤ the VWAP on the 25th business day before the possible conversion date¹ is greater than 56% of the issue date VWAP; ➤ the VWAP during the period of 20 business days on which trading in Group ordinary shares took place immediately preceding, but not including, the possible conversion date is greater than 50.51% of the issue date VWAP; ➤ no delisting event applies in respect of the conversion date; and ➤ the Group has not elected to resell all PERLS V. ➤ If a conversion condition is not satisfied on that date, then the conversion date may move to the next distribution payment date on which the conversion conditions are satisfied.
<p>Repurchase</p>	<ul style="list-style-type: none"> ➤ If resale and conversion have not occurred, the Group may, subject to APRA's prior written approval, elect to repurchase all PERLS V for \$200 (the face value) each.
<p>Early Exchange</p>	<ul style="list-style-type: none"> ■ Holders have no right to request Exchange. ■ The Group may, subject to APRA's prior written approval, choose to exchange all PERLS V on issue after the occurrence of a regulatory event, NOHC event or tax event. ■ If an acquisition event occurs, subject to APRA's prior written approval, the Group must exchange all PERLS V.

1. Or if trading in Group ordinary shares did not occur on that date, the last Business day prior to the date on which trading in Group Ordinary shares occurred.



Comparison to similar Tier 1 Hybrids

	PERLS V	PERLS IV	ANZ CPS	Westpac SPS II
Legal form	➤ Stapled security	➤ Stapled security	➤ Preference share	➤ Stapled security
Issuer	➤ CBA	➤ CBA	➤ ANZ	➤ Westpac
ASX Code	➤ CBAPA ¹	➤ CBAPB	➤ ANZPB	➤ WBCPB
S&P credit rating	➤ A+ ²	➤ A+	➤ A+	➤ A+
Nature of distribution	➤ Franked floating rate distribution	➤ Franked floating rate distribution	➤ Franked floating rate dividend	➤ Franked floating rate distribution
Issue Margin	➤ 3.40% p.a. ➤ No step-up in margin	➤ 1.05% p.a. ➤ No step-up in margin	➤ 2.50% p.a. ➤ No step-up in margin	➤ 3.80% p.a. ➤ No step-up in margin
Trading Margin³	➤ n/a	➤ 2.98%	➤ 2.61%	➤ 2.86%
Face Value	➤ \$200	➤ \$200	➤ \$100	➤ \$100
Initial conversion date	➤ 31 October 2014	➤ 31 October 2012	➤ 16 June 2014	➤ 30 September 2014
Possible conversion to ordinary shares on the initial conversion date	➤ Conversion to ordinary shares, if the conversion conditions are satisfied	➤ Conversion to ordinary shares, if the conversion conditions are satisfied	➤ Conversion to ordinary shares, if the conversion conditions are satisfied	➤ Conversion to ordinary shares, if the conversion conditions are satisfied
Ordinary share price threshold for 1st conversion condition	➤ \$25.19 ⁴	➤ \$33.05	➤ \$9.72	➤ \$9.83
Current ordinary share price (20 August 2009)	➤ \$44.98	➤ \$44.98	➤ \$19.62	➤ \$23.31

1. The Group will apply to have PERLS V quoted on ASX and they are expected to trade under the code CBAPA.
2. Standard & Poor's has indicated that it will rate PERLS V A+ upon issue.
3. Trading margins as at COB 27 August 2009; sourced from CBA Hybrid Rate Sheet.
4. 56% of issue date VWAP, assuming issue date VWAP is equal to the closing Group share price of \$44.98 on 20 August 2009.



Comparison to other PERLS securities

	PERLS V	PERLS IV	PERLS III	PERLS II
Legal form	➤ Stapled security	➤ Stapled security	➤ Preference share	➤ Unit in a trust
Issuer	➤ CBA	➤ CBA	➤ Preferred Capital Limited	➤ Commonwealth Managed Investments Limited
ASX Code	➤ CBAPA ¹	➤ CBAPB	➤ PCAPA	➤ PCBPA
S&P credit rating	➤ A+ ²	➤ A+	➤ A+	➤ A+ ³
Nature of distribution	➤ Frankable floating rate distribution	➤ Frankable floating rate distribution	➤ Frankable floating rate dividend	➤ Frankable floating rate distribution
Margin	<ul style="list-style-type: none"> ➤ 3.40% p.a. ➤ No step-up in margin 	<ul style="list-style-type: none"> ➤ 1.05% p.a. ➤ No step-up in margin 	<ul style="list-style-type: none"> ➤ 1.05% p.a. ➤ 1.00% p.a step-up from 6 April 2016 	<ul style="list-style-type: none"> ➤ 0.95% p.a. ➤ No step-up in margin
Face value	➤ \$200	➤ \$200	➤ \$200	➤ \$200
Initial conversion date	➤ 31 October 2014	➤ 31 October 2012	➤ None	➤ None
Possible conversion to ordinary shares on the initial conversion date	➤ Conversion to ordinary shares if the conversion conditions satisfied	➤ Conversion to ordinary shares if the conversion conditions satisfied	➤ The Group may choose to convert into ordinary shares on 6 April 2016	<ul style="list-style-type: none"> ➤ The Group could have chosen to convert into ordinary shares on 16 March 2009 ➤ PERLS II were redeemed on 16 March 2009

1. The Group will apply to have PERLS V quoted on ASX and they are expected to trade under the code CBAPA.

2. Standard & Poor's has indicated that it will rate PERLS V "A+" upon issue.

3. As PERLS II have been redeemed, they no longer have an Standard & Poor's credit rating. At the time of redemption PERLS II were rated A+ by Standard & Poor's.



PERLS V Offer - Key Dates

BOOKBUILD

- A volume only bookbuild will be held on Friday, 4 September 2009.
- The bookbuild will close at 11:00am (Sydney time).

KEY DATES

➤ Lodgement of prospectus with ASIC	Friday 28 August 2009
➤ Bookbuild	Friday 4 September 2009
➤ Offer opens	Monday 7 September 2009
➤ Offer closes	Friday 2 October 2009
➤ Settlement via DvP of Broker Firm Offer	Monday 12 October 2009
➤ Commencement of conditional and deferred settlement trading	Tuesday 13 October 2009
➤ Issue Date	Wednesday 14 October 2009
➤ Commencement of trading on unconditional and deferred settlement basis	Thursday 15 October 2009
➤ Despatch of holding statements	Monday 19 October 2009
➤ Commencement of trading on normal settlement basis	Tuesday 20 October 2009
➤ First Distribution Payment Date	Monday 1 February 2010
➤ Initial Conversion Date	Friday 31 October 2014



FY2009 Results Highlights



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28 August 2009

Commonwealth Bank of Australia ACN 123 123 124

A good operating result

	CBA Group Jun 09	Jun 09 vs Jun 08
Operating Income (\$m)	17,085	14%*
Operating Expense (\$m)	7,765	4%*
Cash NPAT (\$m)	4,415	(7%)
Statutory NPAT (\$m)	4,723	(1%)
Cash EPS (cents)	305.6	(14%)
Return on Equity – Cash (%)	15.8	(460)bpts
Dividend per Share – Fully Franked (cents)	228	(14%)

* Growth rates shown exclude Bankwest for direct year-on-year comparison



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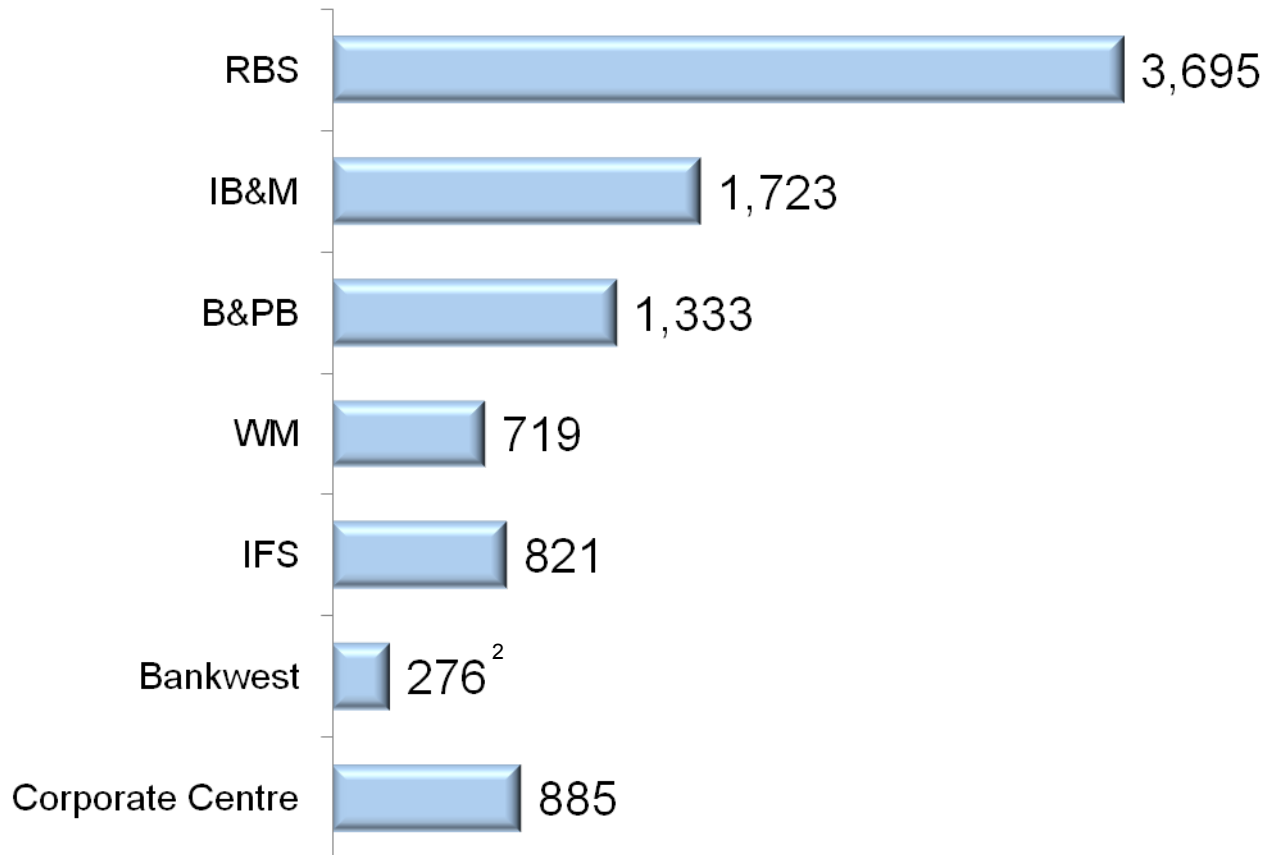
A good operating result

	Jun 09 \$m	Jun 08 \$m	Jun 09 vs Jun 08	CBA + BWA
Operating income	16,326	14,358	14%	17,085
Operating expenses	7,282	7,021	4%	7,765
Operating performance	9,044	7,337	23%	9,320
Impairment expense	2,935	930	Large	3,048
Tax and Minorities	1,611	1,661	(3%)	1,661
Underlying NPAT	4,498	4,746	(5%)	4,611
<i>Investment experience after tax</i>	<i>(196)</i>	<i>(13)</i>	<i>Large</i>	<i>(196)</i>
Cash NPAT (ex Bankwest)	4,302	4,733	(9%)	
Bankwest profit after tax	113			
Cash NPAT	4,415	4,733	(7%)	4,415



Strong business unit contributions

FY09 – Operating Performance¹ (\$m)



Annual Change
21%
49%
13%
(33%)
8%
52% ²
Large

1 Operating Income less Operating Expense.

2 Bankwest results represent the period from 19 Dec 08 to 30 Jun 09. Growth rate is relative to the six months to Jun 08 (pro forma)



Strength in uncertain times

Financial performance

- Good income growth + cost discipline
- Focus on profitable growth

Risk

- One of the world's safest banks
- Strong risk management culture

Capital

- Pro-forma Tier 1 capital ratio of 8.37%
- Prudent approach to dividends

Funding and liquidity

- AA credit rating – one of only 8 banks worldwide
- \$80bn in liquid assets

Strategy

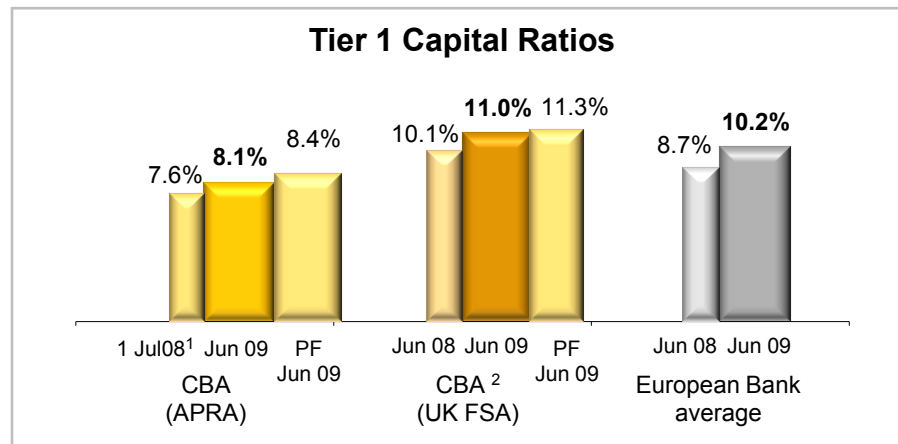
- On track and delivering
- Well positioned for growth



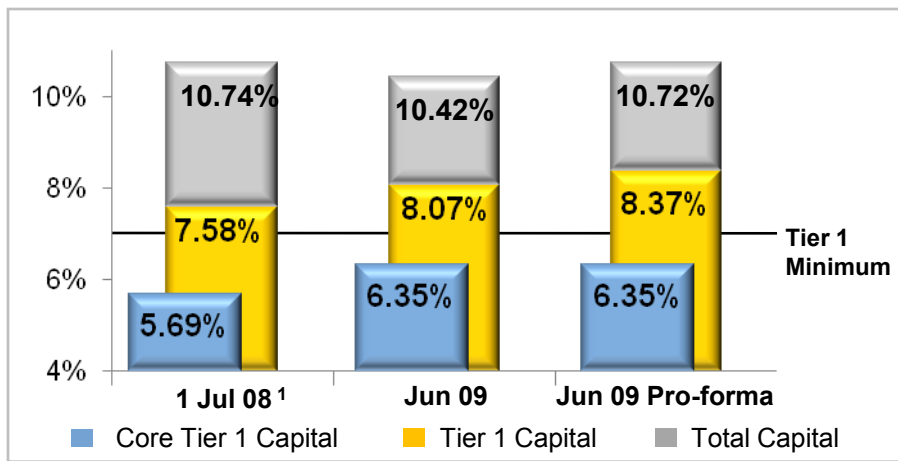
Strong capital position

- Tier 1 ratio of 8.07% as at Jun 09
Pro-forma Tier 1 of 8.37%,
(after adding \$900m of PERLS V).
- UK FSA equivalent 11.0% at Jun 09;
Pro-forma UK FSA Tier 1 of 11.3% at
Jun 09, well above European Bank
average of 10.2%
- FY09 capital raisings well supported
- DRP with 1.5% discount

International peer comparison



Strong capital buffer maintained



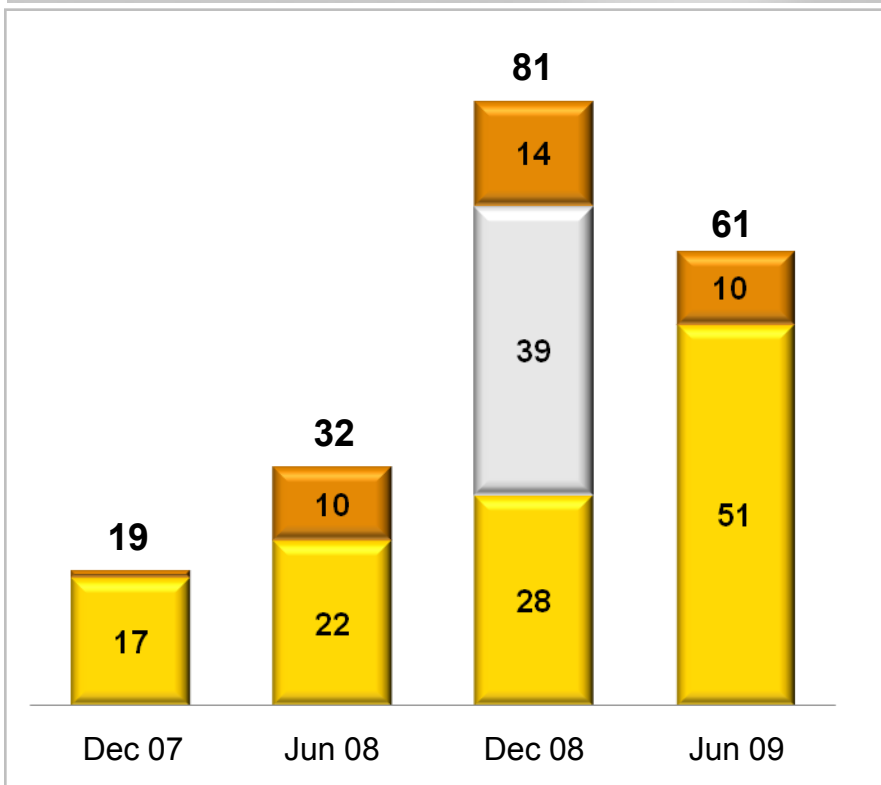
¹ Ratios includes interest rate risk in the banking book (IRRBB)

² Normalised CBA capital calculation to UK regulator, Financial Services Authority, as benchmark

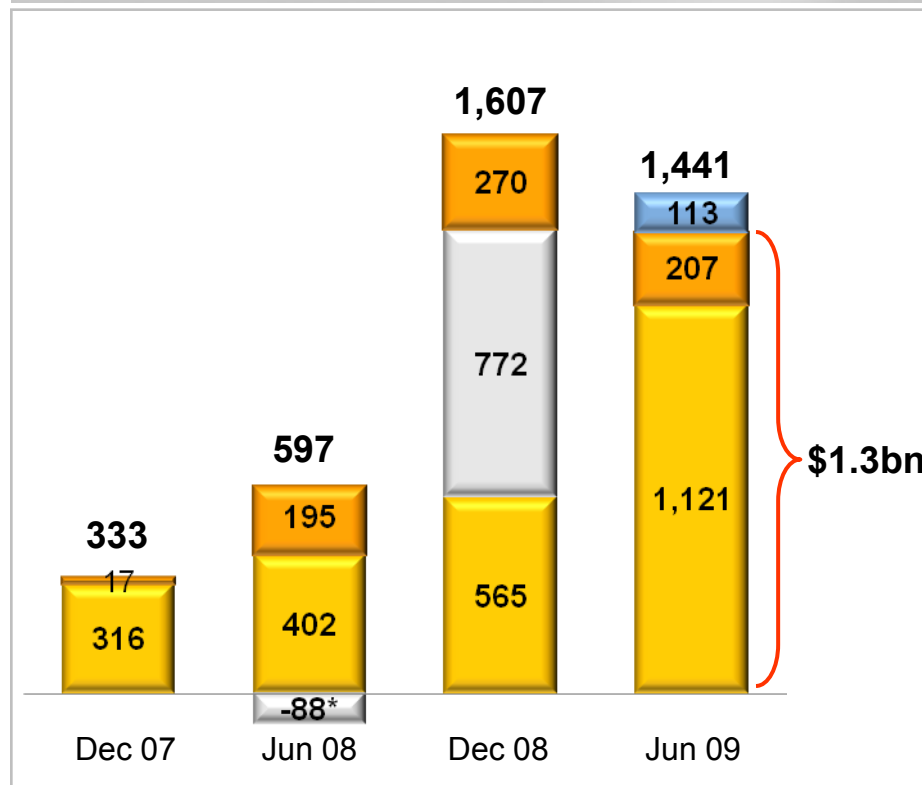


Impairment expense

6 months annualised (basis points)



6 months (\$m)



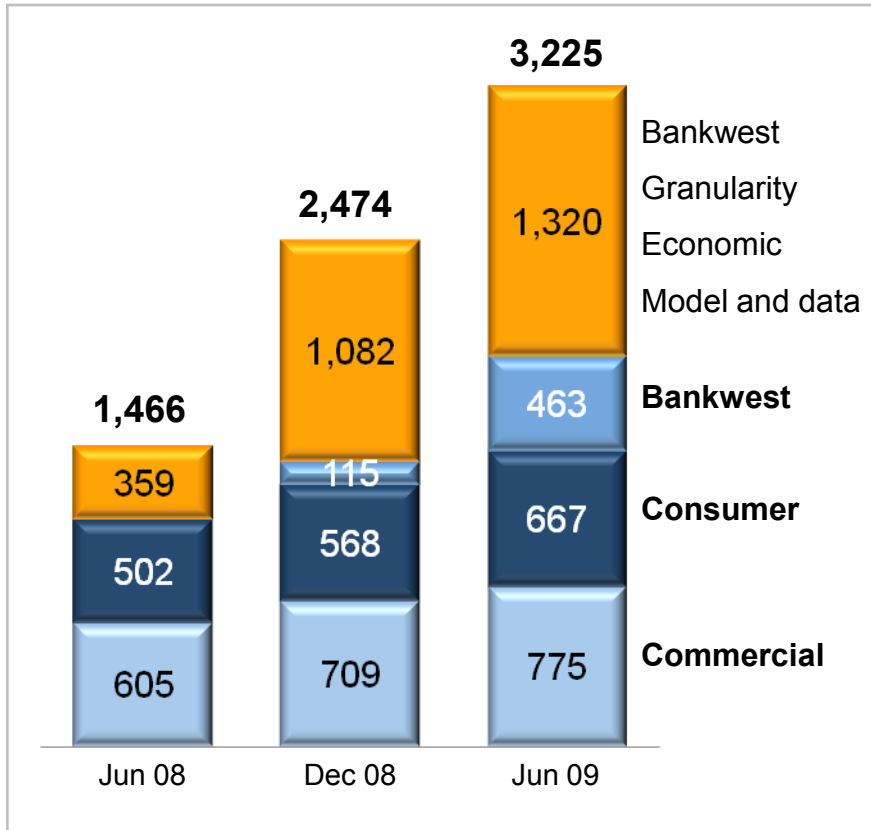
Base
 Single Names
 Overlay
 Bankwest

* Mark to market trading losses on ABC Learning convertible notes previously classified within Other Banking Income
Basis points as a percentage of average GLA

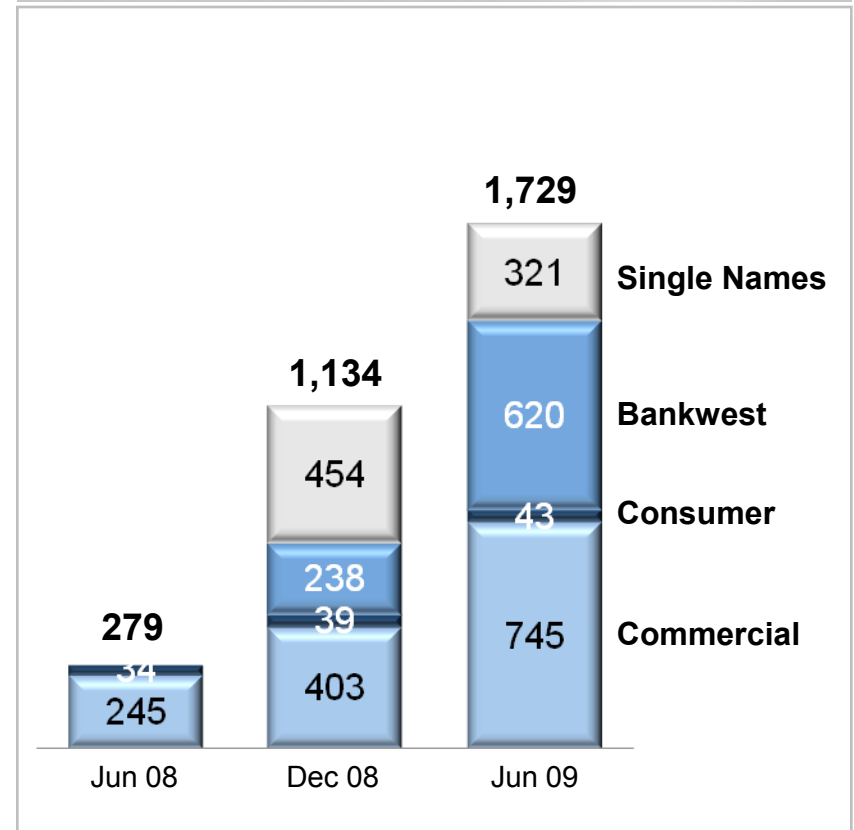


Further prudent increase in provisions

Collective provisions (\$m)



Individual provisions (\$m)

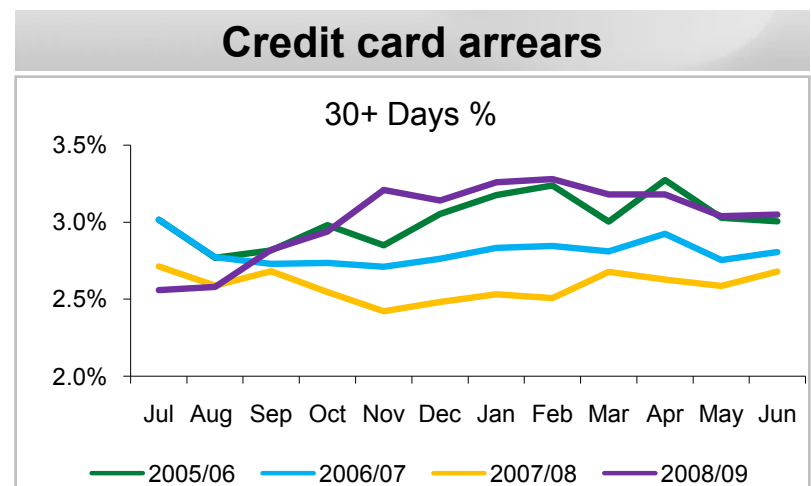
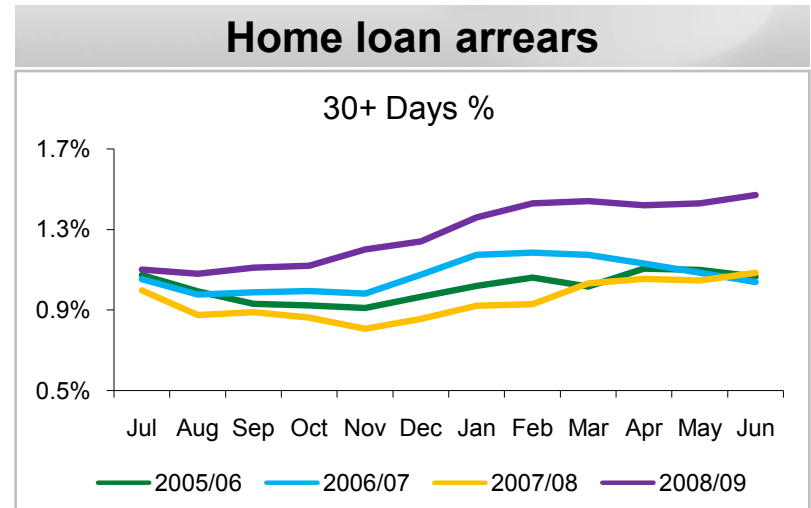


■ Commercial
 ■ Consumer
 ■ Bankwest
 ■ Single Names
 ■ Overlay



Credit quality – consumer

- Arrears trends consistent with slowdown
- Strong home loan portfolio:
 - >90% of SVR customers paying in advance
 - Average LVR 40% on current values
 - Mortgage insurance above 80% LVR
- Credit policies further strengthened:
 - Maximum LVR of 90%*
 - Genuine savings of 5% required for loans above 85% LVR
 - Servicing criteria tightened
 - Tightened policies and scorecard changes for unsecured retail



* Except for lowest risk existing CBA customers

All graphs and commentaries are CBA-domestic excluding Bankwest

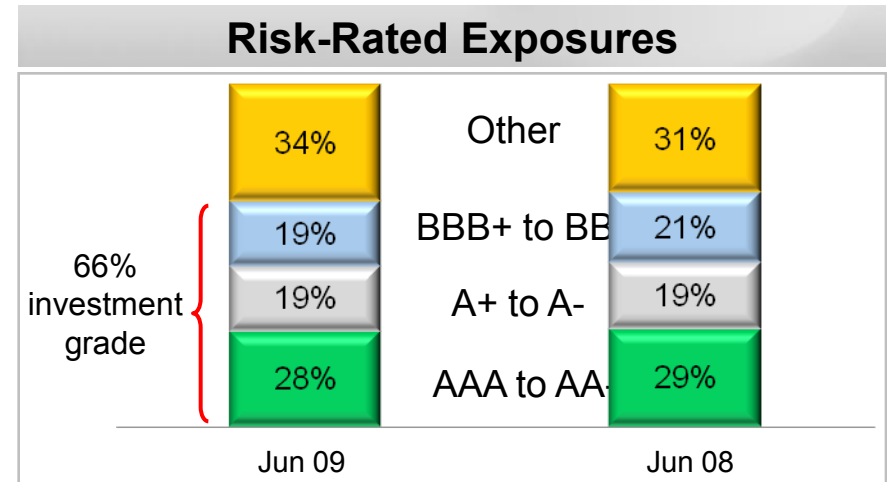


Credit quality - commercial

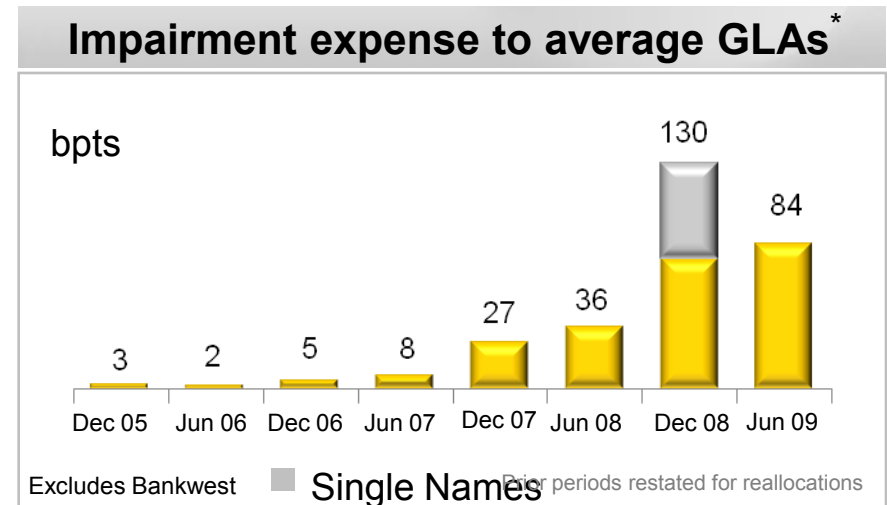
- Book quality remains sound:
 - No systemic issues
 - 66% investment grade
 - Credit criteria strengthened

- Some signs of stress emerging in mid-market sector

- Extensive FY09 portfolio reviews
 - 654 institutional clients (65% of non-bank lending)
 - 1,200 corporate and SME clients
 - Only 2 TIA and very small number of downgrades



Excludes Bankwest. Excludes settlement exposures.

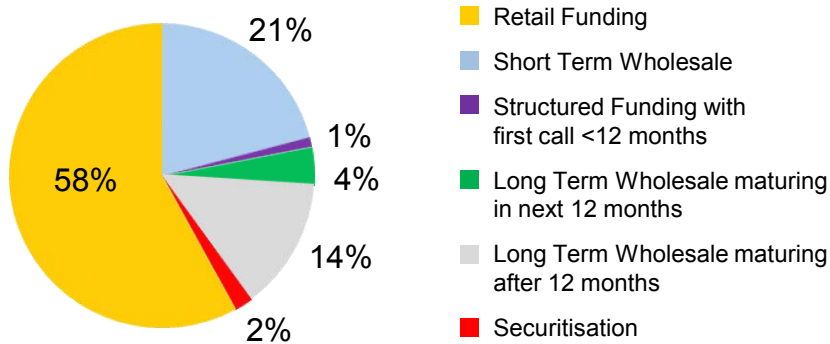


* Gross Loans and Acceptances. Impairment Expense annualised

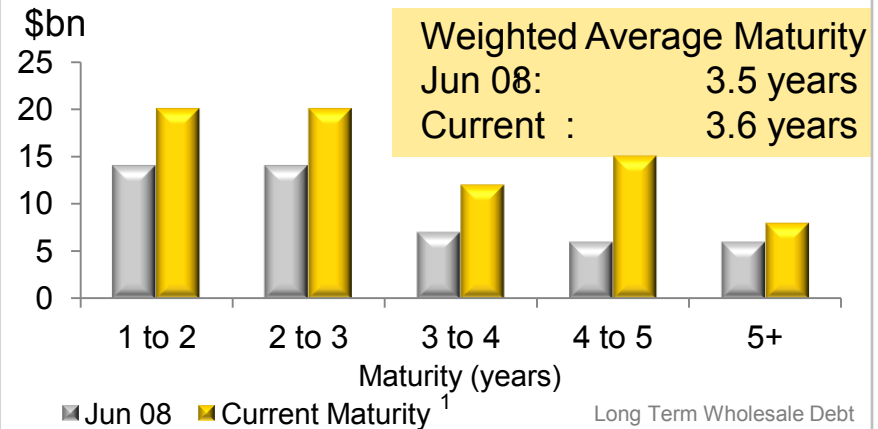


Strong funding and liquidity positions

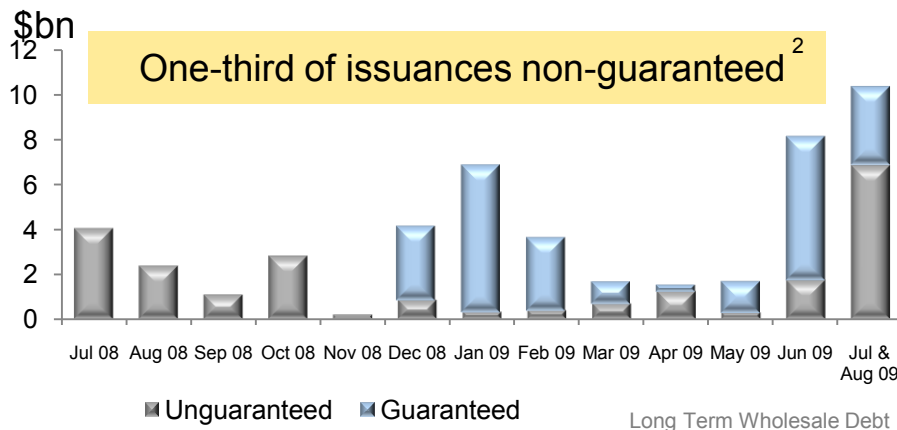
58% retail funded



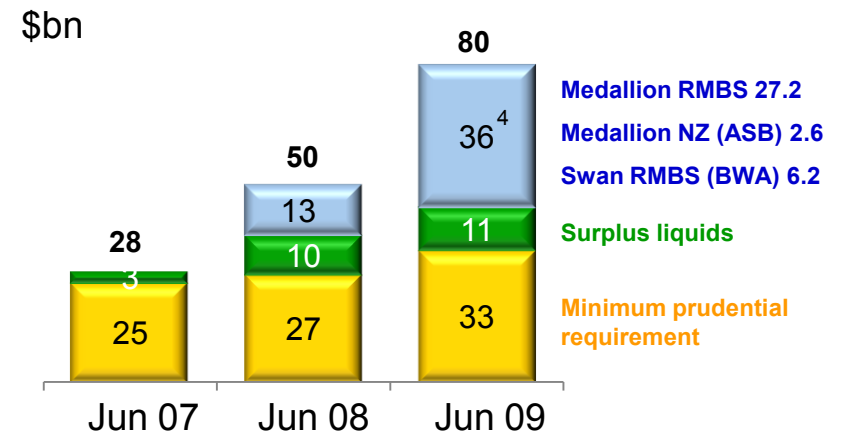
Weighted Average Maturity of 3.6 yrs



Funding profile



\$80bn in Liquid Assets³



1 Aug 09
 2 Since introduction of the Government Guarantee in Nov 08
 3 Surplus liquids are excluded from short term wholesale funding. Includes Bankwest
 4 Available for Central Bank Repo



Significant progress on strategic initiatives

<p>Customer Satisfaction</p>	<ul style="list-style-type: none"> ➤ Gap to top rated peer more than halved in 2 years ➤ Strongest gains in products-per-customer of peer group
<p>Business Banking</p>	<ul style="list-style-type: none"> ➤ Dedicated Group Executive appointed ➤ Bankwest acquisition added ~6% of market share
<p>Technology and Operational Excellence</p>	<ul style="list-style-type: none"> ➤ Core Banking – significant first mover advantage ➤ Home loan process – worldwide best practice ➤ Market leading online presence – NetBank, CommSec etc
<p>Trust and Team Spirit</p>	<ul style="list-style-type: none"> ➤ 80th percentile employee engagement – Gallup worldwide ➤ Improved turnover and absenteeism
<p>Profitable Growth</p>	<ul style="list-style-type: none"> ➤ Earnings accretive Bankwest acquisition (0.7x assets) ➤ Significant market share gains



PERLS V Syndicate Details



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PERLS V Syndicate Details

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