

## Commonwealth Bank

Commonwealth Bank of Australia  
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### COMMONWEALTH BANK CAPITAL RAISING

**Sydney 16 December 2008:** The Commonwealth Bank of Australia (the Group) has completed a \$2.0 billion capital raising through a combination of:

- an institutional placement (the Placement) of ordinary shares at \$27.00 per share – a 5 per cent discount to the 5 day VWAP; and
- the previously announced volume weighted average price placement (the VWAP Placement)

Favourable market feedback on the Group's recent capital initiatives has allowed the Group to accelerate its capital raising plans and launch the Placement today

Proceeds from the raising will be used to redeem the PERLS II securities, strengthen the Group's balance sheet and allow the Group to take advantage of organic growth opportunities arising in the current market. In addition, this will allow the Group to maintain its strong capital position throughout the current economic slowdown and deteriorating credit conditions.

In deciding to conduct the capital raising, the Group took the following factors into account:

- Volume and revenue growth in both lending and deposits has remained strong over the two months since the September quarterly update. However, the Group expects credit conditions to continue to deteriorate and the full year loan impairment expense to gross loans and acceptances is now expected to be around sixty basis points, with the majority in the first half.
- Demand for the Group's balance sheet is expected to remain strong into 2009 as a result of international banks reducing their exposure to the Australian domestic market. Decisions to extend funding will need to meet the Group's normal conservative lending criteria.
- Hybrid capital markets continue to be challenging, making the ability to raise capital in these markets uncertain.



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As a result of this initiative, the Group expects its Tier 1 Capital Ratio to be approximately 8.5 per cent at 31 December 2008.

The Group will not underwrite its next Dividend Reinvestment Plan. As previously announced on 10 December, the Group will be offering a Share Purchase Plan to shareholders, final details of which will be provided by the Bank at its interim results announcement in February 2009.

The Placement has been managed by Merrill Lynch International (Australia) Limited (Merrill Lynch). As a result of the Placement, the Group is terminating the remainder of the VWAP Placement that was announced on 10 December 2008 and was also managed by Merrill Lynch.

The \$2.0 billion raised includes \$357 million under the VWAP Placement at a price of \$28.37 per share.

ENDS

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