

Commonwealth Bank of Australia

Determined to offer strength in uncertain times

Acquisition of BankWest and St. Andrew's Australia – A Compelling Strategic Growth Opportunity

Investor Pack

8 October 2008

Commonwealth Bank of Australia ACN 123 123 124



Determined to be different

Important notices

The information contained in this presentation is current as at 8 October 2008 (unless otherwise stated) and could change. The information in this presentation remains subject to change without notice. Circumstances may change and the contents of this presentation may become outdated as a result.

The information contained in this presentation is given in summary form. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

Certain statements contained in this presentation may constitute forward-looking statements or statements about future matters. These statements involve known and unknown risks, uncertainties and other factors that may cause CBA's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these statements. Forward-looking statements or statements about future matters by their very nature, are subject to uncertainty and contingencies many of which are outside the control of CBA. Past performance is not a reliable indication of future performance.

The information in this presentation (including any forecast information) does not constitute an offer or invitation for subscription, nor purchase of, nor a recommendation in relation to holding, purchasing or selling shares, securities or other instruments in CBA in any jurisdiction. This presentation is not a prospectus nor an offer of shares for subscription or sale in any jurisdiction. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**). Securities may not be offered or sold in the United States, or to or for the account of any U.S. person (as defined in Regulation S under the U.S. Securities Act) unless an exemption from registration is available.

By accepting this presentation you represent and warrant that you are entitled to receive such presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

Contents



Overview

Strategic rationale

Summary

Appendix

Summary

- BankWest and St. Andrew's Australia only
- Consistent with CBA strategy
- Attractive price and terms:
 - Purchase price \$2.1bn
 - 0.80 x 2007A book value ¹
 - 11.2 x 2007A net profit ²
- Expected to be EPS accretive immediately
- Substantial cost synergies

1. Ordinary shareholders' equity.

2. Profit attributable to equity holders, after dividends on Redeemable Preference Shares.

A compelling strategic growth opportunity

- Significantly expanded presence in fast-growing WA market
- BankWest a well recognised brand
- Reinforces strong market position in Australian financial services
- Enhanced retail deposit base provides funding advantage
- Expected to be funded by \$2bn institutional equity placement that will maintain APRA Tier 1 capital at 7.6% and Tier 1 capital under UK FSA rules at 10.1%
- Significant value for CBA shareholders

Key terms and conditions

- Final purchase price to not exceed \$2.1bn
- Sale and purchase agreement signed
- Subject to regulatory, ACCC and Govt approvals (discussions commenced)
- HBOS plc shareholder approval not required
- Does not require CBA shareholder approval
- Completion expected end January 2009

Contents

Overview



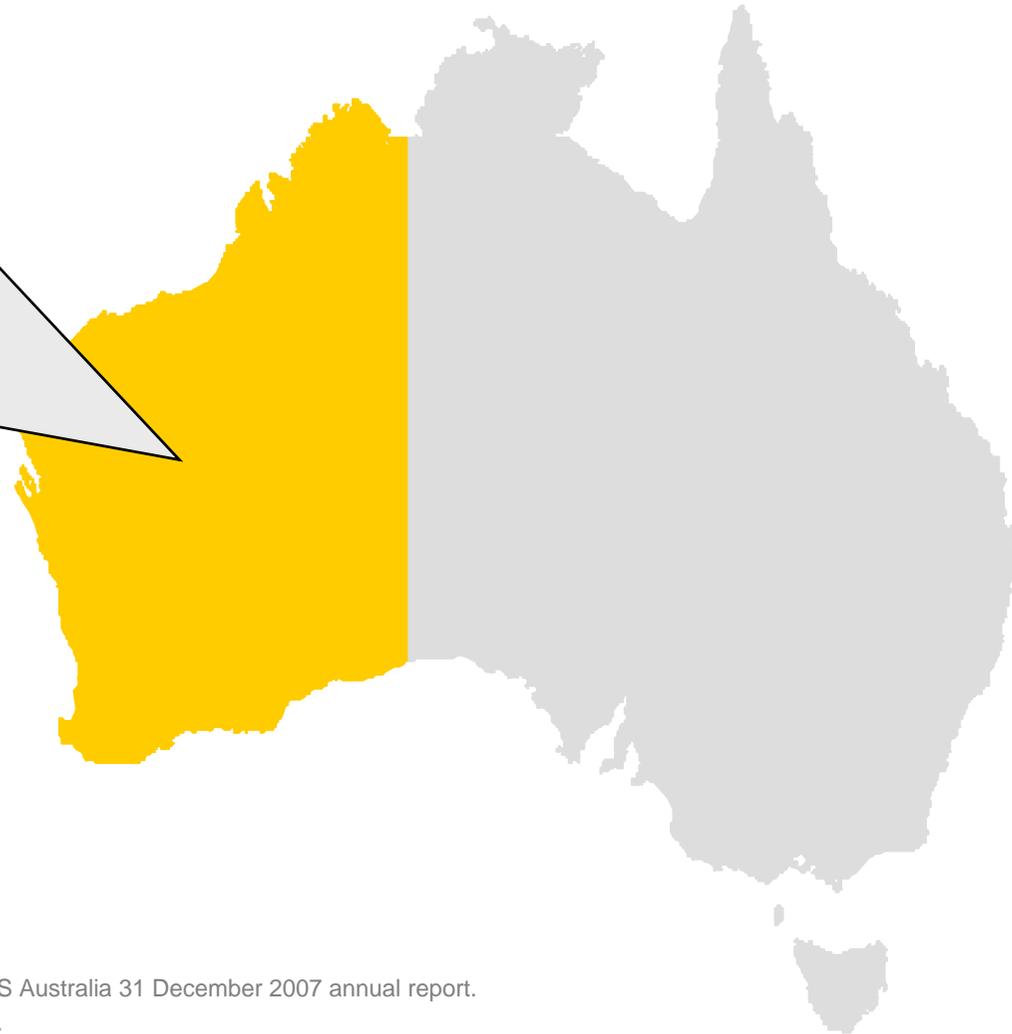
Strategic rationale

Summary

Appendix

Expanded presence in fast growing WA market

WA Distribution Footprints	
Branches ¹	No.
CBA	77
<u>BankWest</u>	<u>100</u>
CBA/BankWest	177
WBC/SGB	107
ANZ	81
NAB	72
ATMs	
CBA	275
<u>BankWest</u> ²	<u>366</u>
CBA/BankWest	641
Business Banking Centres	
CBA	10
<u>BankWest</u>	<u>28</u>
CBA/BankWest	38



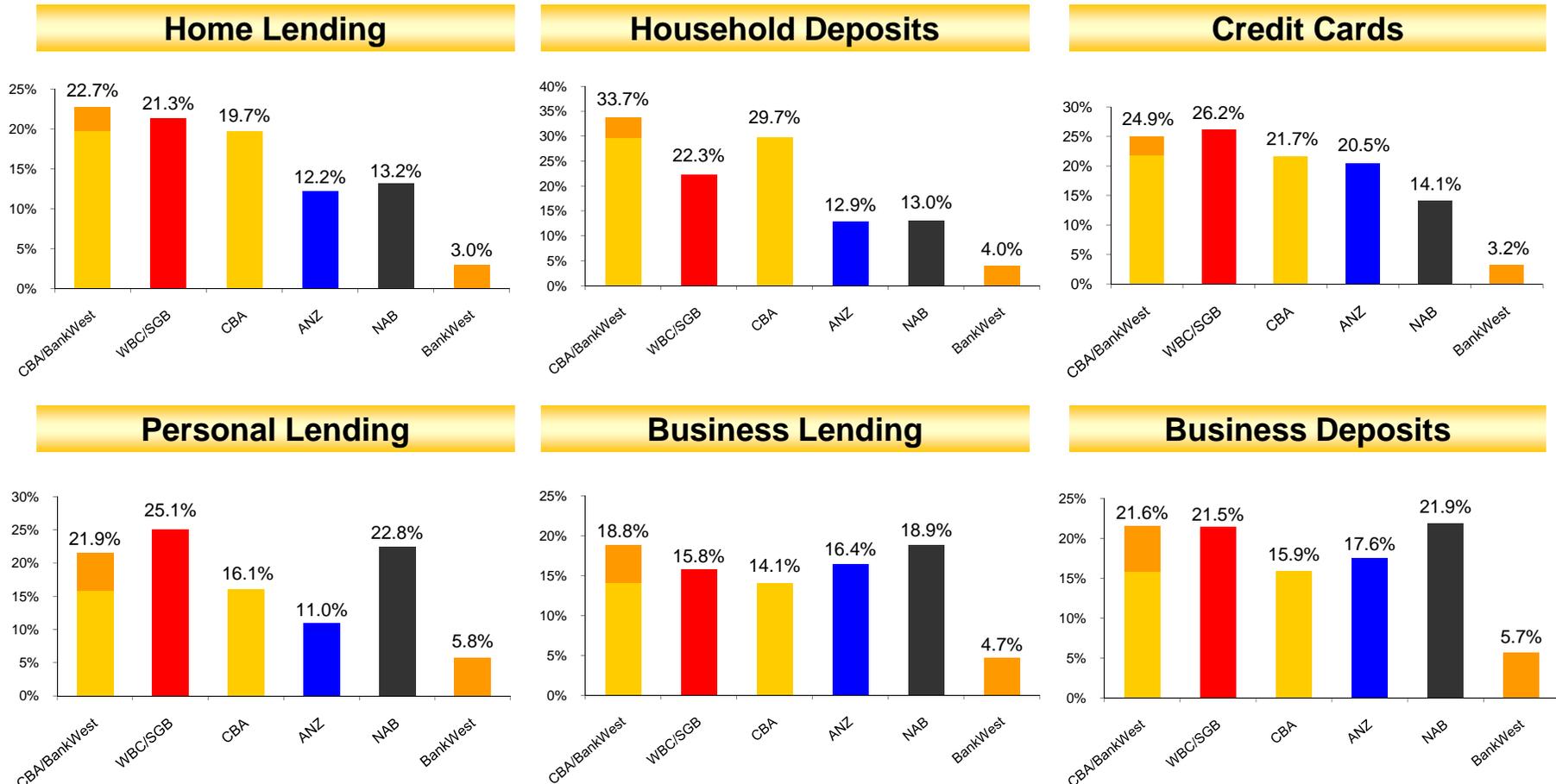
1. Source: APRA (June 2007), BankWest website, and HBOS Australia 31 December 2007 annual report.

2. BankWest numbers may include third party arrangements.



Reinforces strong Australian market position

Market Shares - Australia



Source: APRA / RBA (July 2008).

Snapshot of merged operations

	CBA	BankWest & St. Andrew's Australia	Combined
Branches	1,011	148 ¹	1,159
Loans and Advances (\$bn)	365 ²	55 ³	420
Customer Deposits (\$bn)	262 ⁴	37 ³	299
Funds Under Administration (\$bn)	185	2 ¹	187
Market Share – Total Lending ⁵	21%	4%	25%
Market Share – Home Loans ⁵	20%	3%	23%
Market Share – Deposits ⁵	30%	4%	34%
Customers	10 million	0.9 million ⁶	10.9 million
Staff (FTE)	39,600	5,000 ⁷	44,600

1. Source: BankWest website, HBOS plc 30 June 2008 interim report, and HBOS Australia 31 December 2007 annual report.

2. Gross loans, advances and other receivables, as at 30 June 2008.

3. Lending and Deposits attributable to Retail and Commercial Business segments of HBOS' International – Australia division. Data as at 30 June 2008.

4. Comprises: Certificates of Deposit, Term Deposits, On Demand and Short Term Deposits, and Deposits not Bearing Interest. Data as at 30 June 2008.

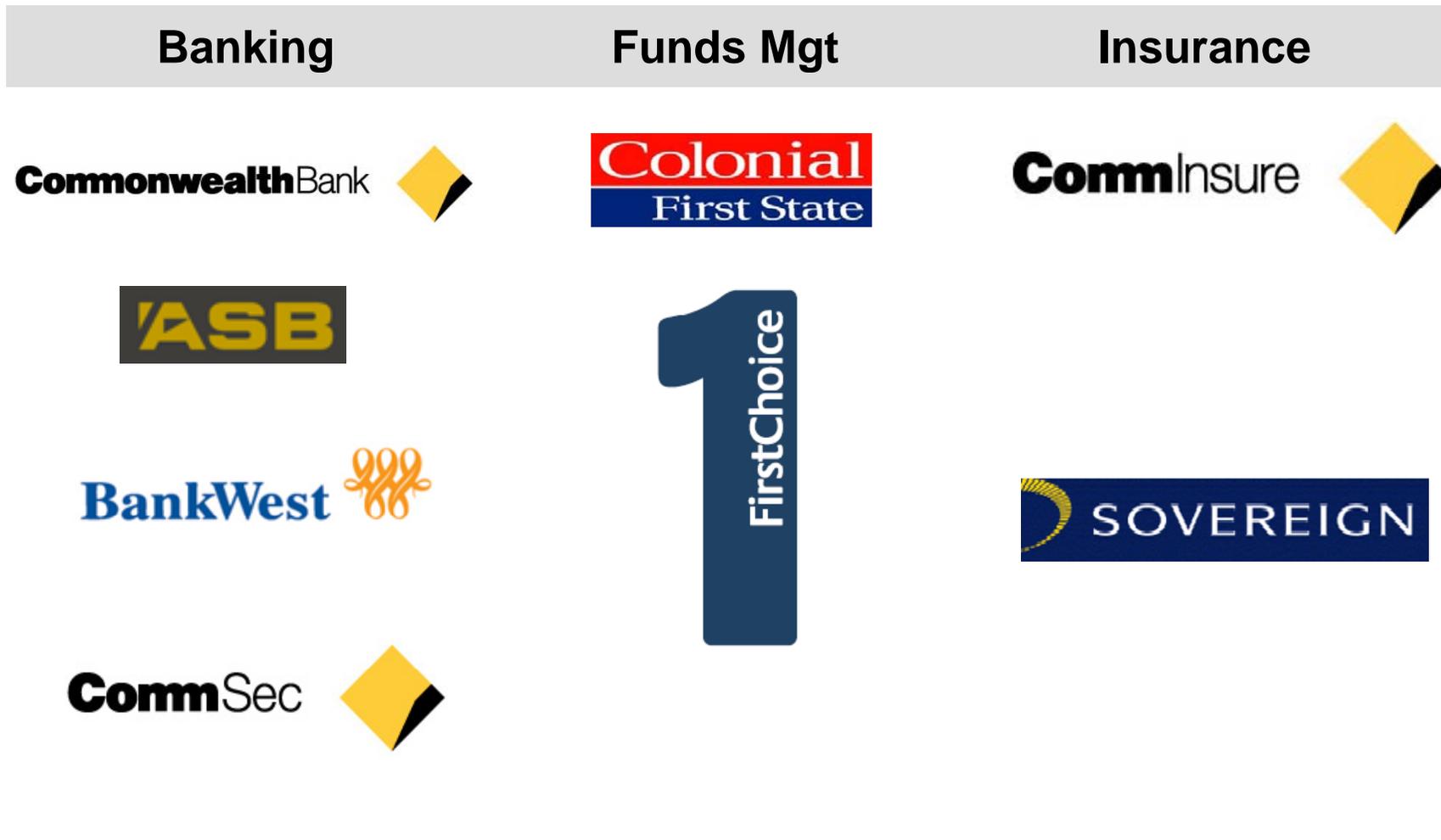
5. Source: APRA (July 2008).

6. BankWest customers only. Source: BankWest website.

7. This includes people from BankWest Retail, BankWest Business, St Andrew's and those group functions which support these businesses



An exciting addition to CBA brands



Proposed operating model

	Business	Description	Proposed Model
	Retail Banking	<ul style="list-style-type: none"> 860,000 customers Lending assets of \$28bn Deposits of \$15bn 2008 Regional Bank of the Year ¹ 	<ul style="list-style-type: none"> Brand retained in WA East coast retail expansion strategy to be reviewed Streamlining of administrative functions, systems, and processes of CBA and BankWest, where synergies exist and it enhances the customer experience to do so
	Business & Corporate Banking	<ul style="list-style-type: none"> 77 Business Banking Centres ² Lending assets of \$27bn Deposits of \$22bn 	<ul style="list-style-type: none"> Brand retained in WA Integration of two businesses with a view to incorporating best practice and enhancing customer experience across the Group Streamlining / sharing of back-office and systems where synergies exist
	Insurance and Investments	<ul style="list-style-type: none"> Wealth management and insurance Funds under Management of more than \$2.4bn 	<ul style="list-style-type: none"> Integrated into broader Group

Note: All Lending Assets and Deposits figures as at 30 June 2008. (Source: HBOS plc interim report). Funds under management figure as at 31 December 2007. (Source: HBOS Australia 31 December 2007 annual report). Exchange rate of 2.08 AUD to 1 GBP.

1. Australian Banking and Finance Magazine.

2. Source: BankWest website.

Significant shareholder value creation

- Expected to be EPS accretive immediately
- Incremental growth/revenue opportunities in fast-growing WA market
- Platform for new products, enhanced service delivery
- Cost/efficiency synergies
- Complements CBA's strategy

Cost synergies expected to be substantial

- BankWest's cost-to-income ratio is 67.6%¹ versus 48.9%² for CBA
- Annual pre-tax cost synergies estimated to be at 20-25% of BankWest's cost base
- Synergy opportunities:
 - Streamlined support functions
 - Merged technology platform (aligned with Core Banking)
 - Review of BankWest east coast retail expansion strategy
- Estimated integration costs are ~1.5 times the first year of fully maintainable cost synergies

1. For the financial year ended 31 December 2007.

2. For the financial year ended 30 June 2008.

Risks well understood

Risk	Mitigants
Customer attrition	<ul style="list-style-type: none">▪ Minimising customer loss the number one priority▪ BankWest brand to be retained▪ Expanded distribution options for CBA and BankWest customers▪ Enhanced product range available to customers
Integration	<ul style="list-style-type: none">▪ Strong organisational learnings and expertise (SBV, Colonial)▪ Disciplined programme management & governance
Funding	<ul style="list-style-type: none">▪ CBA well capitalised with significant excess liquidity▪ CBA funding is well diversified▪ Credit ratings recently confirmed with stable outlook
Regulatory	<ul style="list-style-type: none">▪ Dialogue underway with relevant authorities

Contents

Overview

Strategic rationale



Summary

Appendix

Summary

- BankWest and St. Andrew's Australia only
- Consistent with CBA strategy
- Attractive price and terms:
 - Purchase price \$2.1bn
 - 0.80 x 2007A book value ¹
 - 11.2 x 2007A net profit ²
- Expected to be EPS accretive immediately
- Substantial cost synergies

1. Ordinary shareholders' equity.

2. Profit attributable to equity holders, after dividends on Redeemable Preference Shares.

Contents

Overview

Strategic rationale

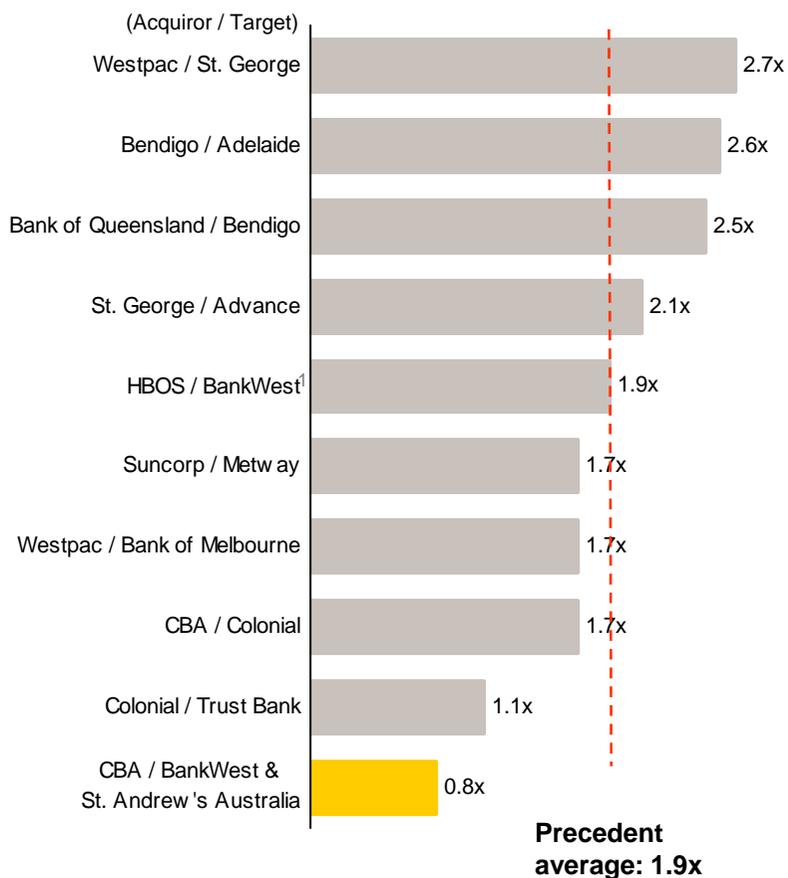
Summary



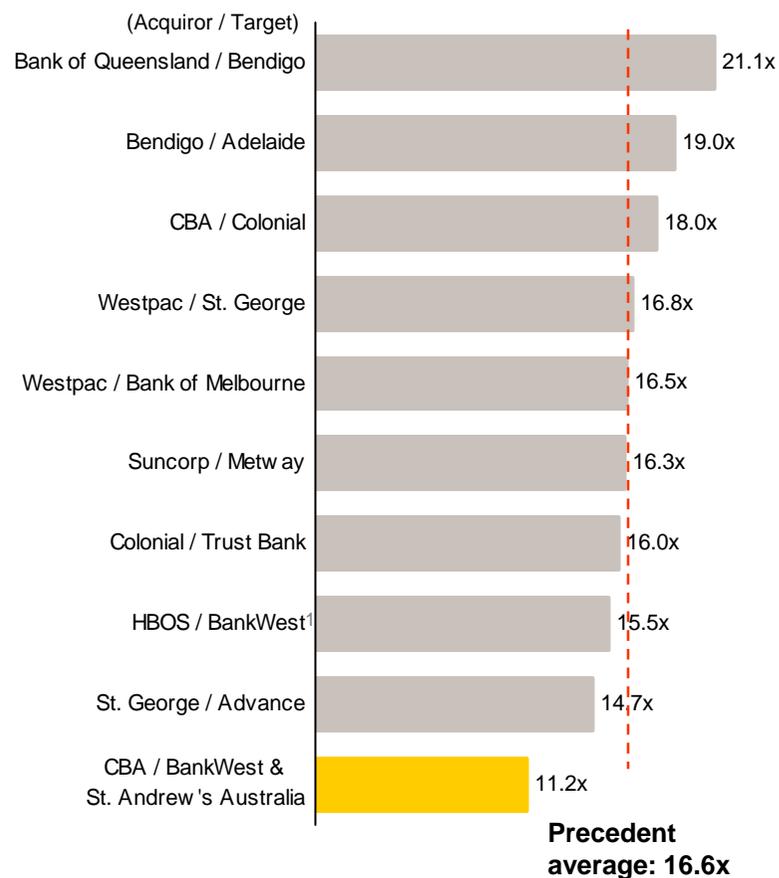
Appendix

Comparable banking transactions

Comparable price-to-book values



Comparable price-to-earnings multiples (LTM)



Source: Company announcements, ASX announcements, Factset, IRESS.

1. Remaining 43% interest by HBOS.



BankWest overview

About BankWest

History

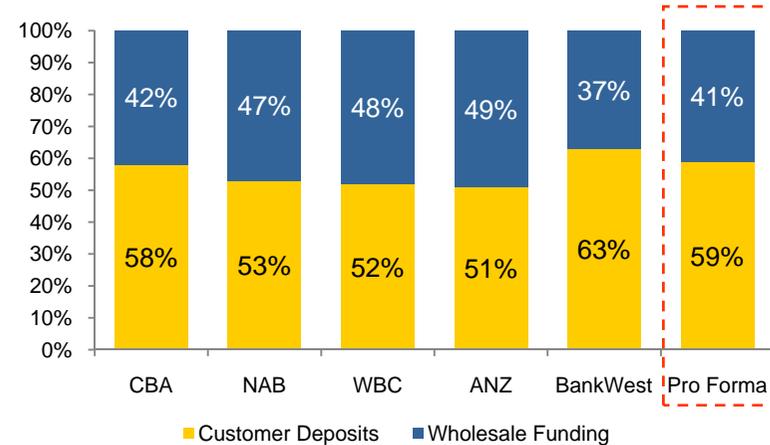
- 1895: Established by the Western Australian Government, as the Agricultural Bank of WA, to assist in developing the State's farming industry
- 1945: Commenced operations as a trading bank
- 1994: Acquired by the Bank of Scotland, with a related public listing of 49% on the ASX
- 2003: HBOS plc acquired the remaining shares and BankWest was de-listed

Operations

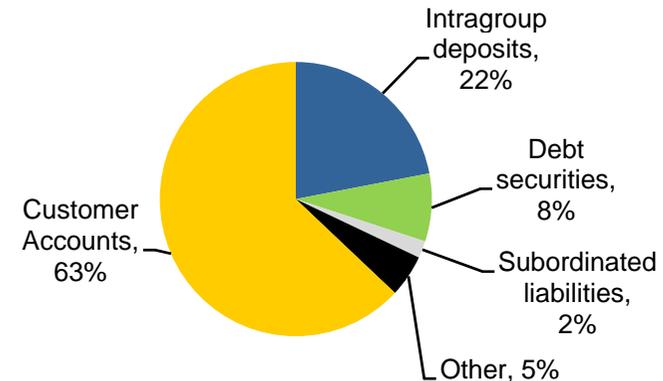
- Market leader in WA
- More than 860,000 customers
- Offers a range of retail and business banking products
- East coast retail expansion program

Source: Company filings, regulatory filings, and investor presentations.
 Note: Funding mix data as of most recent company filings, 31 March 2008, except for BankWest (30 June 2008), and CBA (30 June 2008). Figures rounded to nearest integer.

Funding mix vs peers



Funding mix June 2008



BankWest Financial Overview

	2005 \$m	2006 \$m	2007 \$m	Unaudited 6 months to June 2008
Net interest income	609	716	857	487
Non interest income	213	208	279	176
Net operating income	822	924	1,136	663
Administrative expenses	(509)	(555)	(728)	N/A
Depreciation, amortisation and impairment	(27)	(34)	(40)	N/A
Operating expenses	(536)	(589)	(768)	(458)
Share of profits of associated undertakings	6	3	2	(0)
Impairment losses on loans and advances	(15)	(58)	(88)	(83)
Profit before income tax	277	280	282	122
Income tax expense	(84)	(87)	(78)	N/A
Profit for the period	193	193	204	N/A
NIM	1.79%	1.76%	1.66%	1.61%
Cost/Income	65.2%	63.8%	67.6%	69.1%
Impairment/average loans	0.05%	0.16%	0.19%	0.28%

Source: BankWest financial reports for the years ended 31 December 2005, 2006 and 2007.

BankWest Balance Sheet

	2005 \$m	2006 \$m	2007 \$m	Unaudited June 2008
Loans and advances to customers	31,582	40,276	50,838	55,500
Other assets	5,058	5,398	7,974	7,700
Total assets	36,667	45,674	58,812	63,200
Customer deposits & Intergroup funding	28,482	35,197	45,899	50,800
Other interest bearing liabilities	5,993	7,723	9,385	8,700
Non interest bearing liabilities	413	505	478	300
Total liabilities	34,888	43,425	55,762	59,800
Issued share capital (incl preference shares)	992	1,282	1,907	2,100
Retained earnings	787	967	1,143	1,300
Total equity¹	1,779	2,249	3,050	3,400
Total liabilities and equity	36,667	45,674	58,812	63,200

Source: BankWest financial reports for the years ended 31 December 2005, 2006 and 2007.

¹ Includes redeemable preference shares 2007: \$530m, 2006: \$305m, 2005: \$115m.



St. Andrew's Australia overview

About St. Andrew's Australia

Background

- St. Andrew's Australia Pty Ltd ("SAA") began operations in Australia in 1998
- Through six subsidiaries, SAA operates two major lines of business: Insurance and Wealth Management
- In 2007, SAA acquired Whittaker Macnaught, a leading financial planning business based in Queensland

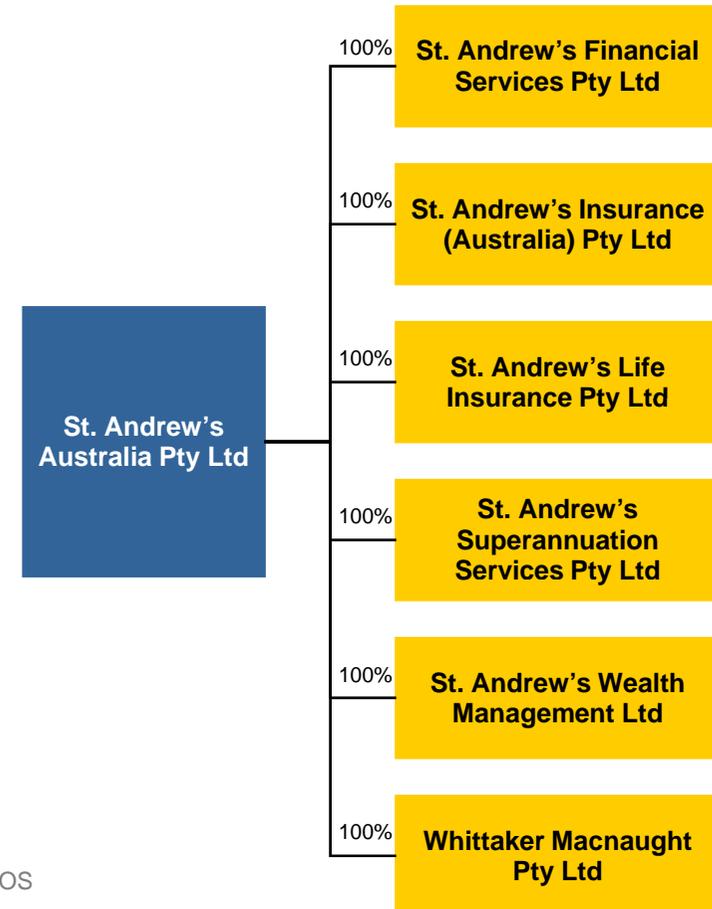
Operations

- Distributes bancassurance, wealth and insurance products through its branch network and 65¹ financial advisors, as well as through BankWest branches, direct mail, telemarketing and the internet
- Wealth Management boasts Funds under Management and Advice of over A\$2.4bn

Source: Company filings for the year ended 31 December 2007, company website, and HBOS Australia 31 December 2007 annual report.

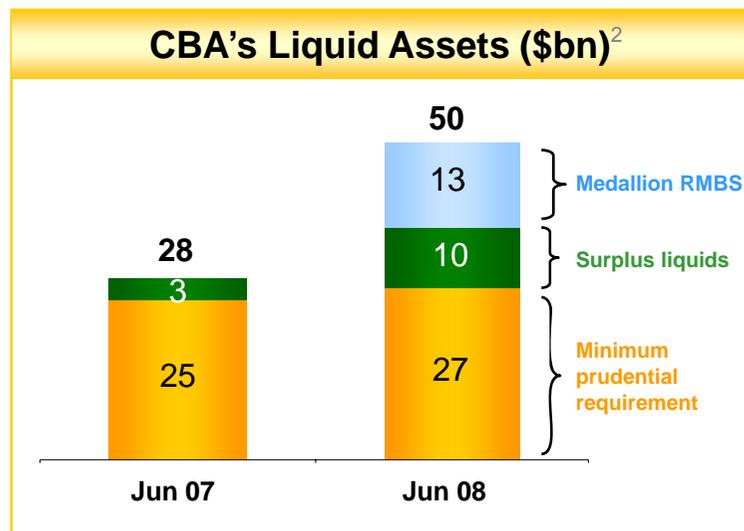
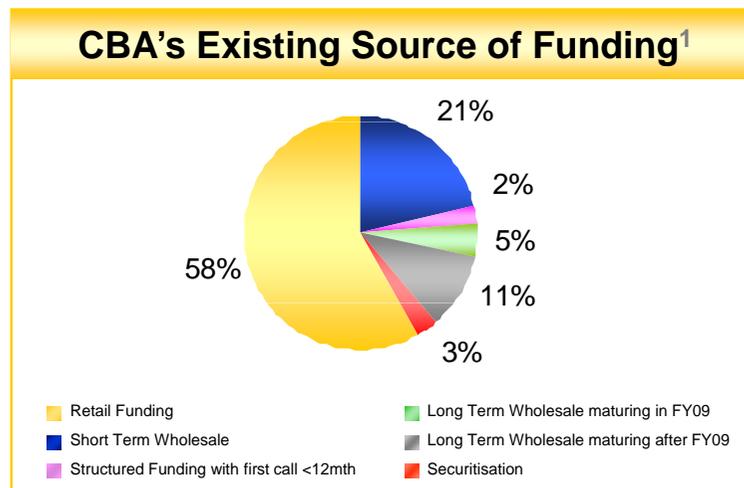
1. As last reported. Source: InvestorDaily (11 December 2007).

Subsidiaries



CBA funding position very strong

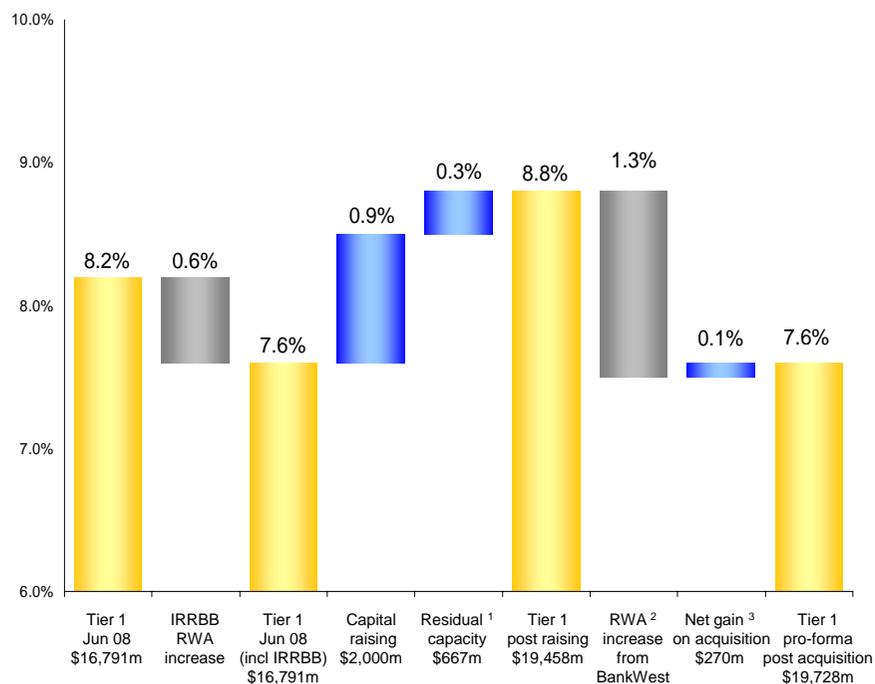
- BankWest intra-group funding of ~\$18bn easily accommodated within existing CBA internal resources
- Overview of CBA funding position:
 - AA credit rating
 - 58% retail funded
 - Well advanced in 2009 funding programme – 30% completed
 - Significant surplus liquids



1. Surplus liquids are excluded from short term wholesale funding.
 2. 6 month average liquid assets held.

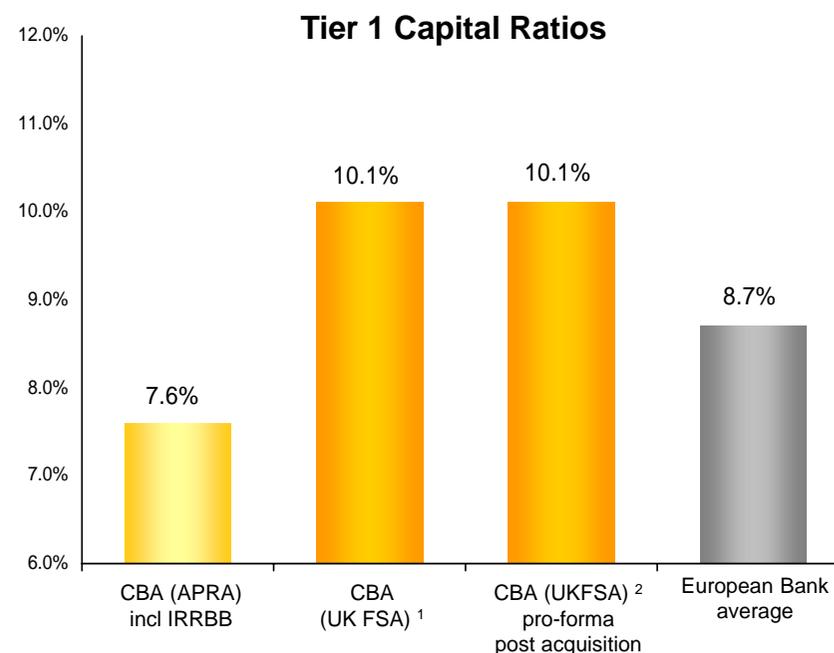
Capital ratios maintained

Integration – Tier 1 Capital



1. Transfer from Tier 2 capital of excess hybrid capacity due to equity raising.
2. Estimated risked weighted assets under Basel I, capital impact of moving to Basel II expected to be immaterial.
3. Discount on acquisition net of integration costs.

International Peer Comparison



1. Normalised CBA capital calculation to UK, Financial Services Authority, as benchmark.
2. Pro-forma June 2008 Tier 1 (UK FSA) post acquisition.



Estimate

Financial Impact of Acquisition¹

	Net Assets \$m	Pre-tax Profit / (Loss) \$m
Indicative fair value of net assets acquired	2,720	
Consideration paid	(2,100)	
Discount on acquisition		620
Transaction costs		(20)
Day 1 gain through P&L		600
Integration & restructuring provision	(330)	(330)
Comprising:		
▪ Restructuring costs		
▪ Technology integration expenditure		
▪ Other transition costs		

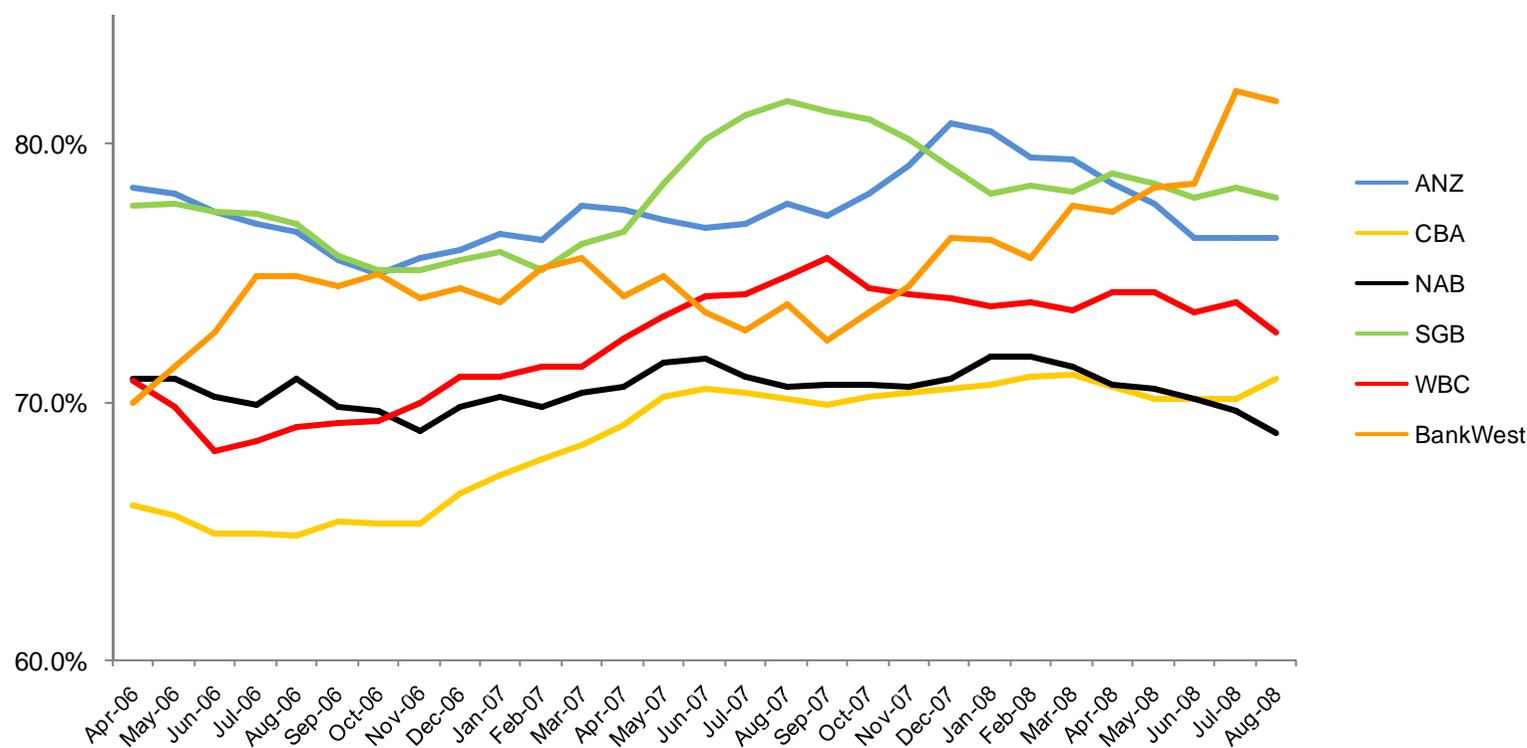
- Fair value of acquired net assets to be finalised
- Gain on acquisition and Integration provision to be excluded from Cash NPAT
- Year 1 (2009) CBA P&L/EPS positive
- Integration provision 150% of maintainable cost savings

¹ Subject to finalisation of completion accounts.



Customer satisfaction

Roy Morgan Research Customer Satisfaction – Retail Banking



Source: Roy Morgan Research. Aust Main Financial Institution (MFI) Population 14+, % "Very" or "Fairly Satisfied" (6 month rolling average).

CBA Market Update

- Comfortable with the current range of analysts' cash 2009 NPAT forecasts;
- ABC Learning listed notes marked down (2009 NPAT impact of ~ \$100m);
- As announced, collection is doubtful on Lehman exposures (potential 2009 NPAT impact of ~ \$100m);
- Book quality remains sound: no systemic issues in consumer or commercial book;
- No major new problem accounts identified in current year;
- Significant growth in domestic deposits of \$12 billion up 5% in only two months;
- Well ahead of long term wholesale funding plan with \$7.7bn raised since July;
- High level, exploratory discussion with Suncorp-Metway – not currently involved in sales process; and
- Standard & Poor's, Moody's and Fitch have all confirmed the Group's credit ratings with stable outlook, following the acquisition of BankWest.

Commonwealth Bank of Australia

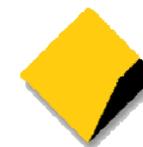
Determined to offer strength in uncertain times

Acquisition of BankWest and St. Andrew's Australia – A Compelling Strategic Growth Opportunity

Investor Pack

8 October 2008

Commonwealth Bank of Australia ACN 123 123 124



Determined to be different