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COMMONWEALTH BANK LAUNCHES PERLS VI OFFER

NOT FOR DISTRIBUTION IN THE UNITED STATES

Sydney, 3 September 2012: Commonwealth Bank of Australia (the “**Group**”) today lodged a prospectus for an offer of a new Tier 1 hybrid, Perpetual Exchangeable Resaleable Listed Securities (“**PERLS VI**”) (the “**Offer**”).

PERLS VI will qualify as Tier 1 capital of the Group. The Offer is expected to raise A\$750 million with the ability to raise more or less.

PERLS VI are perpetual, exchangeable, resaleable, listed, subordinated, unsecured notes¹ paying quarterly, floating rate distributions which are expected to be fully franked and are non-cumulative, with a call date in December 2018 and a mandatory exchange date in December 2020. PERLS VI have an initial face value of \$100.

The proceeds of the Offer will be used, to the extent necessary, to refinance PERLS IV and otherwise to fund the Group’s business. PERLS IV holders may be eligible to participate in the Reinvestment Offer, allowing them to reinvest the face value of their PERLS IV in PERLS VI as described below. David Craig, Group Chief Financial Officer said: “PERLS VI will be the first Basel III compliant Tier 1 hybrid issued by an Australian bank, demonstrating the Group’s proactive approach to its ongoing capital management strategy”.

DETAILS OF THE OFFER

The Offer will comprise:

- a Reinvestment Offer made to eligible PERLS IV holders as at 7pm on the Reinvestment Offer Record Date (7 September 2012);
- a Broker Firm Offer made to retail investors who are clients of a syndicate broker and certain institutional investors;
- a Securityholder Offer made to eligible holders of Ordinary Shares, PERLS III, PERLS IV, PERLS V, CommBank Retail Bonds or Colonial Group Subordinated Notes as at the Closing Date;
- a Customer Offer made to eligible customers of the Group; and
- a General Offer made to other Australian residents.

The Group will give priority in allocation of PERLS VI to Applications received under the Reinvestment Offer over Applications received under the Securityholder Offer, Customer

¹ Investments in PERLS VI are an investment in the Group and may be affected by the ongoing performance, financial position and solvency of the Group. They are not deposit liabilities or protected accounts of the Group under the Banking Act 1959 (Cth).

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Offer and General Offer; and Applications received under the Securityholder Offer will be given priority over Applications received under the Customer Offer and General Offer.

The Margin and volume will be determined through the Offer bookbuild. The Offer bookbuild will be conducted on Monday 10 September 2012. The Offer will close on Friday 5 October 2012².

The Offer will be made through a prospectus lodged with the Australian Securities and Investments Commission ("ASIC") today. A replacement prospectus, containing the Margin will be made available when the Offer opens. Investors should read and consider the prospectus in full and obtain professional advice before deciding whether to acquire PERLS VI or participate in the Reinvestment Offer. Applications for PERLS VI under the Offer can only be made by completing the application form that will be in, or will accompany, the prospectus. This announcement is not advice and has not taken into account your objectives, financial situation or needs.

KEY FEATURES OF PERLS VI

Distributions	<ul style="list-style-type: none">• Distributions are scheduled to be paid³ quarterly in arrears• The first Distribution will be paid on 17 December 2012⁴• The Distribution Rate is equal to the sum of the 90 day bank bill rate plus the Margin, multiplied by $(1 - \text{Tax Rate})^5$• The Margin will be determined through the Offer bookbuild• Distributions are expected to be fully franked⁶
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² The key dates for the Offer are indicative only and subject to change without notice. The Group may, in consultation with the Arrangers, vary the timetable, including to close the Offer early; close the Reinvestment Offer, Securityholder Offer, Customer Offer or General Offer early; extend the Closing Date; accept late applications, either generally or in specific cases; or withdraw the Offer at any time prior to Issue. If any of the dates are changed, subsequent dates may also change.

³ The payment of Distributions is at the discretion of the Group's Board. Distributions are non-cumulative and will not be paid to the extent there are insufficient profits or certain other tests are not met.

⁴ Distributions are scheduled to be paid quarterly on 15 March, 15 June, 15 September and 15 December. As 15 December 2012 is not a Business Day, the payment will be made on the next Business Day which is 17 December 2012. If a payment is postponed until the next Business Day, there is no adjustment to the amount of the Distribution payable.

⁵ The Australian corporate tax rate on the relevant Distribution Payment Date, currently 30%.

⁶ Distributions may be unfranked or not fully franked. If a Distribution is unfranked or not fully franked, the cash Distribution will be calculated according to a different formula to compensate Holders. Holders should be aware that the ability of a holder to use franking credits will depend on their individual position and that the potential value of franking credits does not accrue at the same time as the cash Distribution is received.

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Term	<ul style="list-style-type: none"> Perpetual. However, the Group must Exchange PERLS VI on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), may Redeem PERLS VI on the Call Date, or may Exchange or Redeem PERLS VI earlier on the occurrence of certain events Holders do not have a right to request that their PERLS VI be Redeemed or Exchanged early. To realise their investment, Holders can sell their PERLS VI on ASX at the prevailing market price
Mandatory Exchange Date	<ul style="list-style-type: none"> 15 December 2020, or if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date thereafter on which the Mandatory Exchange Conditions are satisfied On the Mandatory Exchange Date, holders will receive for each PERLS VI a variable number of the Ordinary Shares with a value equal to \$101.01⁷. This is subject to the Maximum Exchange Number and Mandatory Exchange Conditions
Early Exchange	<ul style="list-style-type: none"> The Group must Exchange PERLS VI in the following circumstances: <ul style="list-style-type: none"> - If a Capital Trigger Event occurs; - If a Non-Viability Trigger Event occurs; or - If a Change of Control Event occurs
Call Date	<ul style="list-style-type: none"> The Group may in its absolute discretion Redeem, or elect that Resale occur, in relation to all or some PERLS VI on 15 December 2018. This is the only date on which CBA may in its absolute discretion Redeem PERLS VI, subject to prior written approval from APRA⁸
Early Redemption	<ul style="list-style-type: none"> The Group has the right to redeem PERLS VI for tax or regulatory reasons
Quoted on ASX	<ul style="list-style-type: none"> The Group will make an application for PERLS VI to be quoted on ASX and they are expected to trade under code "CBAPC"
Trustee and Trust Deed	<ul style="list-style-type: none"> The Trust Company (Australia) Limited holds certain property and rights in relation to PERLS VI on trust for Holders under the Trust Deed. In certain circumstances, the Trustee will act on behalf of Holders

⁷ The number of Ordinary Shares is based on the Face Value (initially A\$100) and the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Exchange Date with the benefit of a 1% discount. This may differ from the Ordinary Share price on or after Exchange, and therefore the value of Ordinary Shares received on Exchange of each PERLS VI may be more or less than \$101.01. In circumstances where part of the Face Value of a PERLS VI has already been Exchanged in accordance with the Terms, the value of Ordinary Shares received on subsequent Exchange of PERLS VI will be adjusted down accordingly.

⁸ Approval is at the discretion of APRA and may or may not be given.

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REINVESTMENT OFFER FOR ELIGIBLE PERLS IV INVESTORS

The Reinvestment Offer is an offer to eligible PERLS IV holders to sell all or some of their PERLS IV through the On-Market Buy-Back Facility for A\$200 per PERLS IV on the On-Market Buy-Back Date (12 October 2012) and to automatically reinvest the sale proceeds in PERLS VI.

The Reinvestment Offer is only relevant to investors who are registered holders of PERLS IV at 7.00pm on the Reinvestment Offer Record Date (7 September 2012). Eligible PERLS IV holders have two options:

Option 1 – Invest in PERLS VI by participating in the Reinvestment Offer

- All or some PERLS IV (as holders nominate) will be sold on behalf of holders through the On-Market Buy-Back Facility by the On-Market Sale Broker. The proceeds will be automatically applied for reinvestment in PERLS VI.
- The Group will give priority in allocation of PERLS VI to Applications received under the Reinvestment Offer over Applications received under the Securityholder Offer, Customer Offer and General Offer.
- Holders can also apply for additional PERLS VI through the Securityholder Offer.
- PERLS VI will be issued on 17 October 2012.
- The Group will pay a distribution on PERLS IV on 23 October 2012. This distribution will be calculated and paid up to and including 16 October 2012 and will be the final distribution received on PERLS IV for holders participating in the Reinvestment Offer.

Option 2 – Do not participate in the Reinvestment Offer

- If PERLS IV holders do not wish to participate in the Reinvestment Offer, they may sell their PERLS IV on ASX for cash through their own broker (and may have to pay brokerage) at the prevailing market price, which may be more or less than A\$200. The last day for trading PERLS IV is expected to be 24 October 2012 after which trading will be suspended.
- If PERLS IV holders do not sell their PERLS IV on ASX then it is expected that, on 31 October 2012, the Resale Broker will purchase any remaining PERLS IV for A\$200 per PERLS IV and pay the sale proceeds to PERLS IV holders. No brokerage will be payable by PERLS IV holders.
- Unless PERLS IV holders have sold their PERLS IV before the ex-date, they will receive a distribution on PERLS IV on 23 October 2012 in respect of the period up to and including 16 October 2012 as outlined in Option 1 above. If PERLS IV holders continue to hold their PERLS IV until 31 October 2012, they will also receive a distribution on that date. This latter distribution will be calculated and paid for the period from 17 October 2012 up to and including to 30 October 2012 and will be the final distribution on PERLS IV.

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The Group must issue a Resale Notice within the time limit specified in the PERLS IV terms to enable the remaining PERLS IV to be resold to the Resale Broker.

KEY DATES FOR THE OFFER

Lodgement of prospectus with ASIC	3 September 2012
Bookbuild	10 September 2012
Announcement of Margin	11 September 2012
Lodgement of replacement prospectus with ASIC	12 September 2012
Opening Date for the Offer	12 September 2012
Closing Date for the Offer	5.00pm (Sydney time) 5 October 2012
Issue date	17 October 2012
Commencement of deferred settlement trading	18 October 2012
Despatch of holding statements	19 October 2012
Commencement of trading on normal settlement basis	22 October 2012

KEY DATES FOR ELIGIBLE PERLS IV HOLDERS

Reinvestment Offer Record Date	7 September 2012
Opening Date for the Reinvestment Offer	12 September 2012
Closing Date for the Reinvestment Offer	5.00pm (Sydney time) 5 October 2012
On-Market Buy-Back Date	12 October 2012
Record date for final distribution on PERLS IV participating in the Reinvestment Offer	16 October 2012
Payment date for final distribution on PERLS IV participating in the Reinvestment Offer	23 October 2012
Issue Date – when PERLS VI are Issued under the Reinvestment Offer	17 October 2012
Resale date for PERLS IV which did not participate in the Reinvestment Offer	31 October 2012

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Commonwealth Bank of Australia and Morgan Stanley Australia Securities Limited are the Arrangers to the Offer. ANZ Securities Limited, Goldman Sachs Australia Pty Limited, Macquarie Capital (Australia) Limited, RBS Equity Capital Markets (Australia) Limited and Westpac Institutional Bank have also been appointed as Joint Lead Managers to the Offer. Bell Potter Securities Limited; Deutsche Bank AG, Sydney Branch; Evans and Partners Pty Limited; Ord Minnett Limited; and RBS Morgans Limited have been appointed as Co-Managers to the Offer.

ADDITIONAL INFORMATION

PERLS VI are issued by the Commonwealth Bank of Australia. Investors should obtain and read the prospectus and apply using the application form in, or accompanying, the prospectus. Potential investors can obtain a copy of the prospectus by:

- calling the PERLS VI Information Line on 1800 250 297 (Monday to Friday 8.00am - 7.30pm, Sydney time);
- contacting their broker; or
- downloading a copy, available online at www.commsec.com.au.

Capitalised terms in this announcement have the meaning given to them in the prospectus.

- ENDS -

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