

CommBank Retail Bonds Offer

Investor Presentation

Series 1 Tranche A



CommonwealthBank

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Agenda

- Summary of the Offer
- Comparison to Savings Products
- Understanding the Ranking of CommBank Retail Bonds
- Benefits of Investing in CommBank Retail Bonds
- Risks of Investing in CommBank Retail Bonds
- Offer Structure, Key Dates and Contacts
- Appendix: Key Terms

Summary of the Offer

- CommBank Retail Bonds (“Bonds”) are interest bearing, unsubordinated¹ and unsecured bonds, issued by the Commonwealth Bank of Australia (“Bank”)
- The Offer will be made pursuant to an Offer Document lodged with ASX (“Offer”)
- Offer size of \$500m, with the ability to raise more or less
- Term of five years, with a Maturity Date of 24 December 2015²
- Floating interest rate equal to the sum of the 90 day Bank Bill Rate plus a fixed Margin of 1.05% per annum until the Maturity Date
- Minimum interest rate of 6.00% for the first Interest Period
- Interest paid quarterly in arrears
- Application will be made for CommBank Retail Bonds to be quoted on ASX
- The net proceeds of the Offer will be used for general corporate purposes

Notes: (1) However, holders of CommBank Retail Bonds rank behind any creditors preferred by law and any secured creditors; (2) This assumes the Issue Date will be 24 December 2010


Comparison to Savings Products

- There are key differences between savings accounts, term deposits and CommBank Retail Bonds as identified below

	Savings account	Term deposit	CommBank Retail Bonds
Issuer	Bank, credit union or building society	Bank, credit union or building society	Commonwealth Bank of Australia
Protection under the Australian government Financial Claims Scheme¹	Yes	Yes	No
Term	At call	One month to five years	Five years
Interest rate	Variable	Fixed	Floating
Interest payment dates	Monthly	End of term (or per annum)	Quarterly
Transferrable	N/A	No ²	Yes – quoted on ASX

Notes: (1) Currently up to an amount of \$1 million; (2) Can be withdrawn subject to conditions

Understanding the Ranking of CommBank Retail Bonds

		Examples of existing Bank obligations/securities ¹		
Ranking 	Higher	Secured debt	Currently none ²	
		Liabilities preferred by law	Liabilities in Australia in relation to Protected Accounts (generally savings accounts and term deposits) and other liabilities preferred by law including employee entitlements	<p>The Bank's customer deposits totalled \$324 billion and accounted for 58% of its total funding as at 30 June 2010. A substantial proportion of customer deposits were held in Protected Accounts</p>
		Unsubordinated and unsecured debt	CommBank Retail Bonds and other unsubordinated and unsecured debt obligations	<p>The remaining 42% of total funding, equivalent to \$235 billion as at 30 June 2010, includes other unsubordinated and subordinated debt that ranks equally with or below CommBank Retail Bonds. These percentages may increase or decrease in the future</p>
		Subordinated and unsecured debt	Subordinated notes	
		Subordinated and unsecured preferred securities	PERLS IV and PERLS V ³	
	Lower	Ordinary shares	Ordinary Shares	

Notes: (1) This is a simplified capital structure of the Bank and does not include every type of security issued by the Bank; (2) The Bank has not given any mortgage, charge or other security interest over its assets. However, in the ordinary course of its business, certain arrangements may be entered into which are treated as creating a security interest for certain purposes; (3) PERLS III are issued by Preferred Capital Limited rather than the Bank



Benefits of Investing in CommBank Retail Bonds

- Issued by the Bank
- Term of five years
- Floating interest rate equal to the sum of the Bank Bill Rate plus a Margin
- Fixed Margin of 1.05% per annum
- Interest paid quarterly in arrears
- Interest paid as 100% cash
- Interest is not deferrable by the Bank nor are payments discretionary
- Rank equally with all other unsubordinated¹ and unsecured creditors of the Bank
- CommBank Retail Bonds may be sold on ASX prior to maturity
- Minimum Application of 50 CommBank Retail Bonds (\$5,000) and thereafter in multiples of 10 CommBank Retail Bonds (\$1,000)
- Provide investors an opportunity to diversify their investment portfolio

Note: (1) However, holders of CommBank Retail Bonds rank behind any creditors preferred by law and any secured creditors




Risks of Investing in CommBank Retail Bonds

Risks of investing in CommBank Retail Bonds include, but are not limited to:

- Investments in CommBank Retail Bonds are unsecured and not Protected Accounts or deposit liabilities of the Bank under the Banking Act 1959 (Cth)
- Market price of CommBank Retail Bonds may fluctuate
- Holders do not have a right to request that their CommBank Retail Bonds be redeemed early
- Liquidity of CommBank Retail Bonds may be low
- Interest Rate will fluctuate
- The Bank may default on payment of Face Value or Interest
- The Bank may redeem CommBank Retail Bonds if a Tax Event occurs
- The Bank may raise more debt than it currently has and issue further securities (including further Series of CommBank Retail Bonds) which may rank equally with or ahead of the CommBank Retail Bonds and whether or not secured
- The Bank may be adversely affected by disruptions to global markets

Offer Structure

- Offer will be made pursuant to an Offer Document lodged with ASX
- Refer to the Offer Document for information on how to apply
- Minimum application of 50 CommBank Retail Bonds (\$5,000) and thereafter in multiples of 10 CommBank Retail Bonds (\$1,000)
- The Offer comprises:
 - Broker Firm Offer
 - Securityholder and Customer Offer; and
 - General Offer
- Sole Arranger and Bookrunner: **Commonwealth**Bank 
- Joint Lead Managers: Citigroup Global Markets Australia Pty Limited, Commonwealth Securities Limited, Evans and Partners Pty Ltd and RBS Equity Capital Markets (Australia) Limited
- Co-Managers: FIIG Securities Limited, Ord Minnett Limited and Patersons Securities Limited
- **Institutional Investors may apply to participate in the Broker Firm Offer by contacting the Arranger**



Key Dates¹

Key dates for the Offer	Date
Lodgement of Offer Document with ASX	Thursday, 18 November 2010
Opening Date for the Offer	Thursday, 18 November 2010
Bookbuild	Thursday, 25 November 2010
Closing Date for the Offer	5.00pm (Sydney time) Friday, 17 December, 2010
Issue Date	Friday, 24 December 2010
Commencement of deferred settlement trading	Friday, 24 December 2010
Despatch of Holding Statements	Thursday, 30 December 2010
Commencement of trading on normal settlement basis	Friday, 31 December 2010

Key dates for the CommBank Retail Bonds	Date
First Interest Payment Date ²	Friday, 15 April 2011
Maturity Date ³	Thursday, 24 December 2015

Notes: (1) Key dates are indicative only and subject to change without notice; (2) Interest is scheduled to be paid on the quarterly Interest Payment Dates (15 April, 15 July, 15 October and 15 January each year until the Maturity Date or any earlier redemption date). If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be the next Business Day; (3) The Maturity Date will be the fifth anniversary of the Issue Date. The above date assumes the Issue Date will be 24 December 2010

Offer Contacts

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Appendix: Key Terms

- The following is on a summary of the key terms of CommBank Retail Bonds. Full terms and conditions are contained in the Offer Document

Issuer	➤ Commonwealth Bank of Australia ABN 48 123 123 124 (“Bank”)
CommBank Retail Bonds	➤ Interest bearing, unsubordinated ¹ and unsecured bonds, issued by the Bank
Issue Price	➤ \$100 per CommBank Retail Bond
Offer Size	➤ \$500 million, with the ability to raise more or less
Minimum Application	➤ Minimum Application of 50 CommBank Retail Bonds (\$5,000) and thereafter in multiples of 10 CommBank Retail Bonds (\$1,000)
Term	➤ Five years
ASX quotation	➤ The Bank has applied for quotation of CommBank Retail Bonds on ASX
Use of Proceeds	➤ The net proceeds of the Offer will be used for general corporate purposes

Note: (1) However, holders of CommBank Retail Bonds rank behind any creditors preferred by law and any secured creditors



Appendix: Key Terms (cont'd)

Interest Rate	<ul style="list-style-type: none">➤ The Interest Rate for CommBank Retail Bonds is equal to the sum of the 90 day Bank Bill Rate on the first day of the Interest Periods plus the Margin➤ Margin will be 1.05% basis points per annum➤ For the first Interest Period, the Interest Rate will be the higher of 6.00% per annum and Interest Rate calculated above
Interest Payment Dates	<ul style="list-style-type: none">➤ Interest will be paid quarterly in arrears on the following dates each year as well as on the Maturity Date or any earlier redemption date: 15 April, 15 July, 15 October and 15 January
Interest deferral	<ul style="list-style-type: none">➤ Interest is not deferrable by the Bank nor are payments discretionary
Repayment of Face Value on the Maturity Date	<ul style="list-style-type: none">➤ On the Maturity Date, Holders will receive:<ul style="list-style-type: none">▪ the Face Value; plus▪ the final payment of Interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the Maturity Date

Appendix: Key Terms (cont'd)

Early redemption rights	<ul style="list-style-type: none">➤ Prior to the Maturity Date, the Bank has the right to redeem all (but not some only) CommBank Retail Bonds on issue if a Tax Event occurs. The Bank does not have any other early redemption rights➤ On the redemption date, you will receive:<ul style="list-style-type: none">▪ the Face Value; plus▪ a final payment of Interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the redemption date➤ Holders do not have a right to request that their CommBank Retail Bonds be redeemed early. To realise their investment, Holders can sell their CommBank Retail Bonds on ASX at the prevailing market price, which may be higher or lower than the Face Value
Events of default	<ul style="list-style-type: none">➤ An event of default will occur if the Bank:<ul style="list-style-type: none">▪ fails to pay some or all of the Face Value or Interest within 14 days of the due date;▪ does not perform its other obligations under the Deed Poll or the Terms within the specified period;▪ becomes insolvent; or▪ is dissolved➤ If an event of default occurs, Holders may resolve by Ordinary Resolution, at a meeting convened in accordance with the Terms, that the Face Value and accrued but unpaid Interest is due and payable on the next Business Day after the date of the Ordinary Resolution, unless, prior to that date the Bank has remedied all events of default subsisting prior to that date➤ There is no trustee for CommBank Retail Bonds