

Commonwealth Bank

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COMMONWEALTH BANK RAISES \$2 BILLION OF CAPITAL

17 December 2008: The Commonwealth Bank Group today confirmed that it is in the process of finalising a \$2 billion capital raising comprising:

- \$1.65 billion through a placement at \$26.00 underwritten by UBS; and
- \$357 million raised under the VWAP placement at \$28.37 per share.

The Commonwealth Bank confirmed that it had terminated the previous placement arrangements made with Merrill Lynch International Australia Limited. It also confirmed the termination of the remainder of the VWAP placement as previously announced.

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.

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 does not intend that the next Dividend Reinvestment Plan will be underwritten. 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.

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