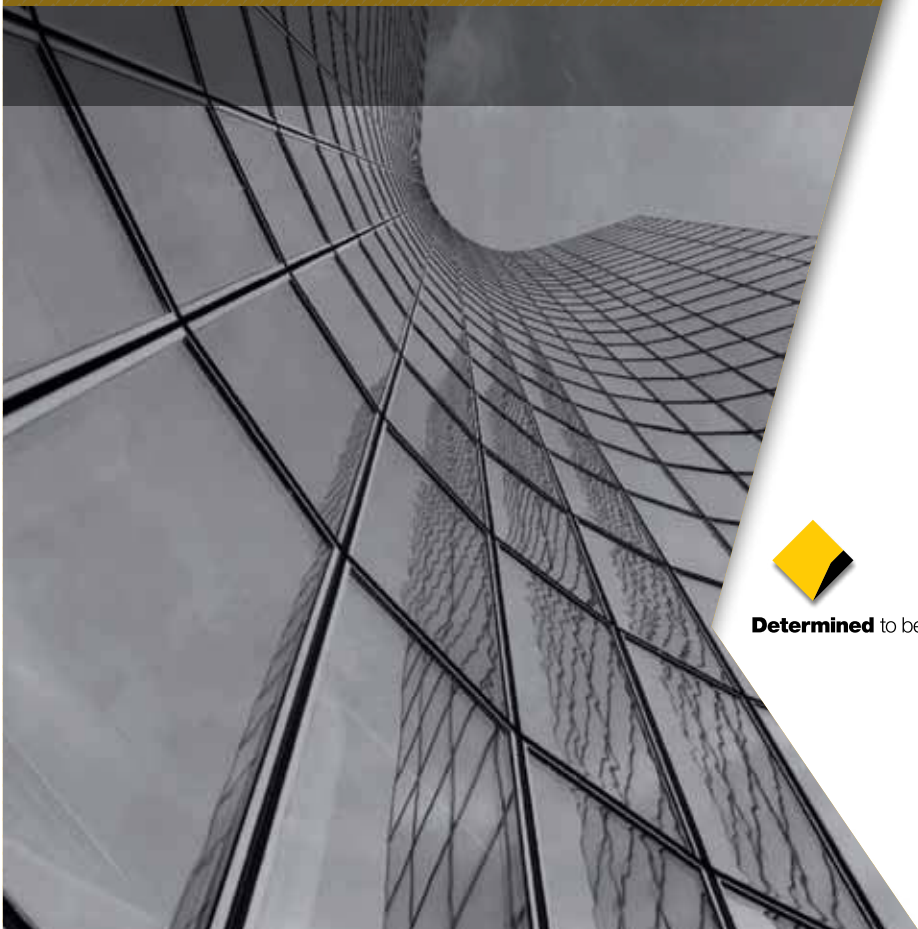


Capital Series *Protect120*



Determined to be different

Contents

4 The Offer

- 4 Introducing Capital Series *Protect120*
- 5 Important facts about Capital Series *Protect120*
- 5 Why Capital Series *Protect120* could be of interest to you

6 The Strategies

- 6 Strategy 1 – S&P/ASX 200 Index
- 7 Strategy 2 – Basket of selected international indices

9 How to invest

10 About Commonwealth Bank

11 Frequently Asked Questions

The Offer

Introducing Capital Series *Protect120*

Capital Series *Protect120* is the latest investment opportunity from Commonwealth Bank, giving you a choice of exposure to either the Australian or international share markets with 100% capital protection at maturity¹.

If you are looking for an investment that gives you the opportunity for capital growth without risking your initial investment amount at maturity, Capital Series *Protect120* is definitely worth considering.

In simple terms, Capital Series *Protect120* works as follows:

- select the Strategy you wish to invest in – there are two to choose from offering investors exposure to their choice of either the Australian (Strategy 1) or selected international (Strategy 2) share markets.
- any returns are linked to the performance of the Underlying Portfolio.
- if the Underlying Portfolio is at or above 120% of the Initial Reference Level on any of the ten observation dates, a lock-in feature will be activated, ensuring that any capital growth reflected in the Strategy Maturity Value will be at least 20%, even if the Underlying Portfolio falls below that level.
- in 5.5 years time, you have the choice of receiving the final value of your investment as either units in the SPDR S&P/ASX 200 Fund³ or as a cash payment⁴ following the sale of your units. If you choose the cash payment option, brokerage costs will apply.

If you choose to redeem your investment BEFORE the maturity date, capital protection will not apply. In addition, break fees and an early termination fee will be charged and you may receive less than your initial investment amount. Capital Series *Protect120* is a hold to maturity investment and should not be considered an index-tracking investment during the investment term.

Important facts about Capital Series *Protect120*

| | |
|-------------------------------------|---|
| Opening date | Monday, 18 October 2010 |
| Closing date | Friday, 10 December 2010 |
| Borrow to invest² | Borrow up to 100% of your Capital Series <i>Protect120</i> investment using a Capital Investment Loan and/or Interest in Advance Loan |
| Availability | Available to SMSFs, individuals, companies and trusts |
| Application Fee | Nil. However, other costs are applicable and are referred to in the PDS and Frequently Asked Questions. |


Why Capital Series *Protect120* could be of interest to you

- You can sleep easier knowing that your investment is capital protected¹
- Easy exposure to the growth potential of shares and indices in Australia and internationally
- Capital Series *Protect120* offers a lock-in feature which, if activated, offers a minimum return of 20% over the investment term
- Access the benefits of borrowing to invest through a Capital Investment Loan and/or Interest in Advance Loan, subject to credit assessment²
- Start investing with a low entry amount of just A\$10,000.

Key benefits and risks associated with an investment in Capital Series *Protect120* are outlined in the FAQs section and the PDS.

The Strategies

Strategy 1 – S&P/ASX 200 Index

| | |
|--|--|
| Capital protection¹ | 100% at maturity |
| Risk profile of capital invested (if held to maturity) | Low  High |
| Capital growth potential | Up to 80% above the initial reference level. Your capital growth may also be locked-in if the underlying portfolio reaches or exceeds 120% of the Initial Reference Level on any Observation Date ⁵ |
| Coupon payments | Nil |
| Underlying Portfolio | S&P/ASX 200 Index – an index which represents the top 200 listed companies on the Australian Securities Exchange, based on total market capitalisation |
| Investment term | 5.5 years |
| Maturity date | 28 June 2016 |
| Minimum investment | \$10,000 |

The S&P/ASX 200 Index is recognised as the investable benchmark for the Australian equity market. The S&P/ASX 200 Index takes into account price movements in the relevant shares excluding dividends, bonuses, buyback and other offers that may affect the price of the shares.


The historical performance of the S&P/ASX 200 Index since 2004 is shown in the graph below.



Source: Bloomberg

Note that past performance is not a reliable indicator of future performance.

Strategy 2 – International Indices

| | |
|--|---|
| Capital protection¹ | 100% at maturity |
| Risk profile of capital invested (if held to maturity) | Low  High |
| Capital growth potential | Up to 80% above the initial reference level. Your capital growth may also be locked-in if the underlying portfolio reaches or exceeds 120% of the Initial Reference Level on any Observation Date ⁵ |
| Coupon payments | Nil |
| Underlying Portfolio | An equally weighted basket of indices giving you exposure to the Chinese, European and US share markets, via the following: <ul style="list-style-type: none"> • Hang Seng Index (HSI) • EURO STOXX 50 • S&P 500 Index |
| Investment term | 5.5 years |
| Maturity date | 28 June 2016 |
| Minimum investment | \$10,000 |

The Hang Seng Index (“HSI”) is one of the earliest stock market indexes in Hong Kong. Publicly launched on 24 November 1969, the HSI has become the most widely quoted indicator of the performance of the Hong Kong stock market.

The historical performance of the Hang Seng Index since 2004 is shown in the graph below.



Source: Bloomberg

Note that past performance is not a reliable indicator of future performance.

The Strategies (cont.)

The EURO STOXX 50 Index, Europe's leading Blue-chip index for the Eurozone, provides a Blue-chip representation of supersector leaders covering 50 stocks from 12 Eurozone countries.

The historical performance of the EURO STOXX 50 Index since 2004 is shown in the graph below.



Source: Bloomberg

Note that past performance is not a reliable indicator of future performance.

The S&P 500 Index has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities.

The historical performance of the S&P 500 Index since 2004 is shown in the graph below.



Source: Bloomberg

Note that past performance is not a reliable indicator of future performance.

How to invest

To invest or to find out more, speak to your Financial Adviser.

| | |
|---|--|
| 1. Read the Product Disclosure Statement | Before you invest, it's important to read the Capital Series Product Disclosure Statement (PDS). The PDS includes detailed information about the risks, costs and benefits of investing in Capital Series. For a copy of the PDS, please contact your Financial Adviser. |
| 2. Apply on or before 10 December 2010 | Complete the application form included in Part 2 of the PDS and return it to: Capital Series <i>Protect120</i> Commonwealth Securities Locked Bag 34 Australia Square NSW 1214 Applications close on 10 December. To accept your investment, we must receive your application on or before this date. |
| 3. Receive confirmation | We will write to confirm your investment in Capital Series <i>Protect120</i> by 10 January 2011. |

About Commonwealth Bank

The Commonwealth Bank is one of Australia's leading providers of integrated financial services, including:

- › Retail, premium, business and institutional banking
- › Funds management
- › Superannuation
- › Insurance
- › Investment and share broking products and services.

The Commonwealth Bank is the most recognised brand in the Australian financial services industry.

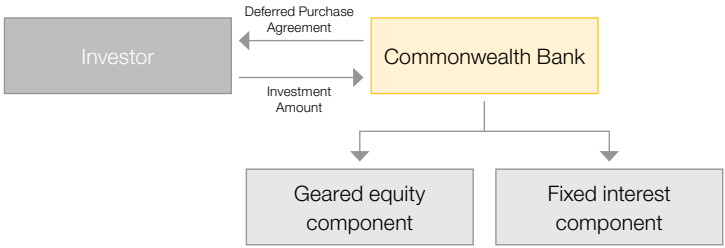
The Commonwealth Bank Group is one of the largest listed companies on the Australian Stock Exchange, and includes other award-winning brands such as wealth management business Colonial First State, and online broking service CommSec.

Commonwealth Bank Tailored Investment Solutions

Positioned within the Institutional Banking and Markets division, the Tailored Investment Solutions team works closely with the financial planning industry to deliver investments designed to meet the needs of retail and wholesale investors, including self-managed super funds.

Established in 2000, the team has extended and evolved its product offering, including best-of-breed investments such as the Enhance Series, Capital Series and the Protected Loan.

Frequently Asked Questions

| Question | Answer |
|---|--|
| <p>What are structured products?</p> | <p>Structured products come in many forms and are a combination of standard financial instruments to form a single investment solution. Created to meet the specific needs of investors, structured products are inherently flexible – a solution can be found to match just about every investment objective.</p> <p>Structured products can be used as an alternative to a direct investment, as part of the asset allocation process to reduce the risk profile of a portfolio or to capitalise on a current market trend.</p> |
| <p>What is Capital Series?</p> | <p>A 'set and forget' investment that aims to generate capital growth and income (in some cases) over a set period. Capital Series can give you easy access to a number of asset classes and markets around the world with the benefit of capital protection at maturity.</p> |
| <p>How is Capital Series structured?</p> | <p>Commonwealth Bank's Capital Series is structured as a Deferred Purchase Agreement (DPA). Under a DPA, investors agree to accept the physical delivery of the Delivery Assets on the maturity date. They can also elect to sell the Delivery Assets and receive their maturity value in cash (brokerage costs apply).</p>  <pre> graph TD Investor[Investor] -- "Investment Amount" --> Bank[Commonwealth Bank] Bank -- "Deferred Purchase Agreement" --> Investor Bank --> Geared[Geared equity component] Bank --> Fixed[Fixed interest component] </pre> <p>The geared equity component provides the equity exposure and the fixed interest component provides the capital protection.</p> |
| <p>What is capital protection?</p> | <p>A feature often associated with structured products, capital protection generally means that an investor's initial investment amount is protected up to a certain level (e.g. 70%, 100%) if the investment is held to maturity. In a volatile environment, a capital protection feature may be valuable for investors who are seeking an alternative to a direct investment with a reduced level of risk.</p> |

Frequently Asked Questions (cont.)

| Question | Answer |
|---|--|
| <p>Why is the product called Capital Series?</p> | <p>The product aims to generate capital growth as well as provide capital protection, hence the name “Capital Series”.</p> |
| <p>What are the benefits?</p> | <ul style="list-style-type: none"> • You can ‘set and forget’ for 5.5 years • At maturity you have the choice of taking your gains as units in the SPDR S&P/ASX 200 Fund, or you can receive a cash payment by electing to sell your units (brokerage costs will apply) • If the market performs badly your initial investment in Capital Series <i>Protect120</i> is capital protected to 100% at maturity • You have the opportunity to get exposure to the Australian or selected international share markets • You have the potential for capital growth with a lock-in feature |
| <p>What are the risks?</p> | <ul style="list-style-type: none"> • If you choose to accept physical delivery of units in the SPDR S&P/ASX 200 Fund at maturity, you will have exposure to the performance of this Fund which may not be advantageous to you • In respect of both Strategies, if on the Maturity Date the final value of your investment is not higher than your Investment Amount, you will make no return on your Investment • Your investment amount is not capital protected if you terminate early • Performance and general investment risk – There is a risk that the Reference Assets may perform poorly. Capital Series is not a listed investment • Market risk – Capital Series may be affected by market variables, such as uncertain economic conditions • Taxation risk – changes to the tax law or interpretation could affect the value of your Investment • Credit risk – the risk that Commonwealth Bank does not meet its obligations under the terms of each transaction, which are unsecured. Investments in Capital Series are not bank deposits • Operational risk – the risk of Commonwealth Bank delaying or failing to execute and settle your investment in a timely and accurate manner • Legal risk – the risk that Commonwealth Bank suspends, cancels, terminates or refuses you service due to changes in your financial circumstances or security • Adjustment Events – due to certain events occurring the Delivery Assets or Reference Assets may change • Change in dates and times – the risk that dates and times of the Investment change |

| Question | Answer |
|--|--|
| Who is Capital Series suitable for? | <p>Capital Series may or may not be suitable for you. You should seek your own independent legal, taxation and financial advice before making a decision on whether to invest in Capital Series.</p> <p>Refer to Section 1.3 “Who is Capital Series suitable for?” of Part 1 of the PDS for more information.</p> |
| What are the Observation Dates? | <p>The Observation Dates occur every 6 months from the Start Date. The Start Date is the date on which your investment in Capital Series <i>Protect120</i> commences.</p> |
| What is a Participation Rate? | <p>The leverage or exposure of a product to movements in the Underlying Portfolio’s price. A participation rate of 100 per cent would generate a return exactly equal to any rise in the Underlying Portfolio. For example, if the Underlying Portfolio rises by 35 per cent, your return would also be 35 per cent.</p> |
| What happens at maturity? | <p>You can choose to receive the final value of your investment as either:</p> <ul style="list-style-type: none"> • units in the SPDR S&P/ASX 200 Fund; or • a cash payment – by electing to sell the units (brokerage costs apply) <p>You will receive a letter from Commonwealth Bank one month before maturity asking you to elect one of the above maturity options. If you do not advise of your preference, you will automatically receive units in the SPDR S&P/ASX 200 Fund.</p> |
| What is a Delivery Asset? | <p>The asset which you agree to purchase at maturity. In the case of Capital Series <i>Protect120</i>, the Delivery Asset is a unit in the SPDR S&P/ASX 200 Fund. The number of units you will receive depends on the Maturity Value of your investment.</p> |
| Why is capital growth capped? | <p>A capped level of capital growth essentially means that you receive any growth up to that particular level. The reason a cap is placed on some Strategies is simply for pricing reasons. For example, by foregoing some capital growth, a 100% capital protection feature can be factored in.</p> <p>Alternatively, Strategies which do not have a cap on the capital growth usually do not offer coupons (income payments), or in some cases have a reduced level of capital protection.</p> <p>Commonwealth Bank does not receive any benefit if a Strategy’s capital growth exceeds the cap level.</p> |

Frequently Asked Questions (cont.)

| Question | Answer |
|---|---|
| What happens if I need to get my money back early? | <p>You can request to terminate your Capital Series investment and generally your request will be processed on the 15th day of every month (or next business day). You can obtain an indicative termination quote during the month by calling your Financial Adviser.</p> <p>If you wish to proceed with your early termination, please submit your signed termination quote to the Commonwealth Bank three business days prior to the 15th of the month. Please note that the final termination amount can vary from the indicative amount. Break costs and an early termination fee will apply.</p> |
| How is the Strategy Portfolio Return calculated? | Because each Strategy has different features, there is no one formula to calculate the Strategy Portfolio Return. You will need to refer to the PDS (Part 2) to determine the calculation relevant to your Strategy. |
| What are the costs? | <p>The following fees apply:</p> <ul style="list-style-type: none">• Initial Adviser Fee – the amount paid to your adviser, as agreed between you and your adviser.• Brokerage Fee – up to 0.55% of the final value of your investment (including GST) charged to sell your delivery assets if you elect a cash payment at maturity.• Early Termination Fee – up to \$500 charged if you terminate your investment before it matures. Break costs may also be applicable by you. |
| How are previous issues of Capital Series performing? | Check out the quarterly Capital Series Update which is accessible on commbank.com.au |

- 1 Capital protection will only apply at the Maturity Date and is subject to risks, limitations and conditions. Please refer to the PDS for more information.
- 2 The Capital Investment Loan and Interest in Advance Loan are not available to superannuation funds.
- 3 At the commencement of Capital Series *Protect120*, the Delivery Asset is one unit in the SPDR S&P/ASX 200 Fund. At maturity, you will receive Delivery Assets to the value of the Maturity Value of your investment. Refer to the PDS for information about the Delivery Asset, Maturity Value and the circumstances where the Delivery Asset may be substituted for another security.
- 4 By using the Delivery Asset Sale Service as outlined in the PDS. Brokerage costs apply.
- 5 The observation dates occur every 6 months from the Start Date. The Start Date is the date on which your investment in Capital Series *Protect120* commences.

Important Information

Capital Series *Protect120* is issued by Commonwealth Bank of Australia ABN 48 123 123 124 (Commonwealth Bank) administered by its wholly owned but non-guaranteed subsidiary Commonwealth Securities Limited ABN 60 067 254 399 (CommSec). A PDS for Capital Series *Protect120* is available by calling 1300 786 039 and should be considered before making any decision about this product. Investments in Capital Series are not deposits with Commonwealth Bank. They are contracts entered into between Investors and Commonwealth Bank on the terms set out in the Terms of Sale as contained in the PDS. Capitalised terms in this document have equal meaning to the capitalised terms in the PDS. Potential investors should refer to the PDS for risks and costs involved with an investment in Capital Series *Protect120*. Commonwealth Bank and its subsidiaries, including CommSec, do not guarantee the performance of Capital Series *Protect120*.

The information in this document should not be taken as a recommendation to invest in Capital Series *Protect120*. As the information has been prepared without considering your objectives, financial situation or needs, you should, before acting on the information in this document, consider its appropriateness to your circumstances. Past performance is not a reliable indicator of future performance. The Capital Investment Loan and the Interest in Advance Loan are provided by Commonwealth Bank and are subject to the Bank's normal credit approval.

We believe that the information herein is correct and any opinions, conclusions or recommendations contained in this document are reasonably held or made as at the time of its compilation, but we make no warranty as to the accuracy, reliability or completeness of that information. Except to the extent that any liability under any law cannot be excluded, no liability for any loss or damage which may be suffered by any person, directly or indirectly, through relying upon any information or statement in this document is accepted by the Commonwealth Bank or CommSec or any of their directors, employees or agents, whether that loss or damage is caused by any fault or negligence on their part or otherwise. Potential investors should consult their professional tax adviser about the tax implications of this product with regard to their own particular circumstances.

