

Colonial Group Subordinated Notes Offer



Colonial Holding Company Limited ABN 61 074 706 782
15 February 2012



Disclaimer

This presentation has been prepared by Colonial Holding Company Limited (the "Issuer") in relation to the offer of Colonial Group Subordinated Notes (the "Offer"). The Offer will be made in or accompanied by a copy of the Prospectus ("Prospectus"). The Issuer intends to lodge a replacement Prospectus which will include the margin determined after the bookbuild to be held on or about 23 February 2012.

The information provided in this presentation is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). Investors should read and consider the Prospectus in full and seek advice from your financial adviser or other professional adviser before deciding to invest in the Offer. Any decision by a person to apply for the Colonial Group Subordinated Notes should be made on the basis of information contained in the Prospectus and independent assessment as to whether to invest, and not in reliance on any information contained in this presentation. Any investor wishing to acquire Colonial Group Subordinated Notes will need to complete the application form that will be attached to, or accompany, a printed or electronic copy of the Prospectus during the offer period. To obtain a Prospectus, interested investors should contact their broker or call the Colonial Group Subordinated Notes Offer Information Line on 1800 427 320 (Monday to Friday 8.00am – 7.30pm Sydney time) or visit www.comsec.com.au.

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Agenda

1. Offer Summary
2. Information about the Colonial Group
3. Colonial Group Subordinated Notes
4. Key Dates and Contacts

1. Offer Summary



Key Features

Issuer	Colonial Holding Company Limited ("Issuer"), wholly-owned by the Commonwealth Bank of Australia ("Bank")
Security	Interest bearing, subordinated ¹ , unsecured notes ("Notes")
Offer size	A\$500m with the ability to raise more or less ("Offer")
Use of proceeds	<ul style="list-style-type: none"> → The Offer diversifies the Colonial Group's sources and types of funding → Net proceeds of the Offer will be used to refinance existing debt of the Colonial Group
Interest	Notes are scheduled to pay 100% cash (i.e. not franked), cumulative, quarterly, floating interest rate
Interest Rate	For the first Interest Period of the Notes, the Interest Rate will be the higher of 7.50% per annum and the sum of the Market Rate ² plus the Margin. For all other Interest Periods, the Interest Rate is equal to the sum of the Market Rate ² (90 day BBSW) plus the Margin
Interest may be deferred	The Issuer may, in its sole discretion, defer payment of Interest. Deferred Interest may be paid at any time and must be paid no later than 5 years after the original Interest Payment Date of the then longest outstanding deferred Interest amount. Whilst any deferred Interest is outstanding, dividend restrictions will apply to the Issuer
Margin	Margin to be determined through the Bookbuild process
Call Date	<ul style="list-style-type: none"> → 31 March 2017 (5 years) → The Issuer expects that Notes will be treated as equity until the Call Date by some of the rating agencies which rate the Issuer
Maturity Date	31 March 2037 (25 years), however the Issuer may Redeem Notes early on the Call Date and in limited other circumstances
Ranking	Holders of Notes rank after any unsubordinated creditors, creditors preferred by law and secured creditors

1. Holders of Colonial Group Subordinated Notes rank after any unsubordinated creditors, creditors preferred by law and secured creditors. See Section 1.3.5 "How will Colonial Group Subordinated Notes rank on insolvency?" of the prospectus.

2. The Market Rate is a primary benchmark interest rate for the Australian money market. It is based on an average of rates at which major Australian financial institutions lend short-term cash to each other over a 90 day period. It changes to reflect supply and demand within the cash and currency markets.

3. See Section 1.3.5 "How will Colonial Group Subordinated Notes rank on insolvency?" of the prospectus.

Key Features

Key Benefits of Notes	<ul style="list-style-type: none"> → Pays floating interest rate quarterly in arrears → Fixed Margin per annum to be determined through the Bookbuild → Interest paid as 100% cash → Notes may be sold on ASX prior to maturity → Provides investors an opportunity to diversify their investment portfolio
Key Risks of Notes¹	<ul style="list-style-type: none"> → Notes are subordinated and unsecured and are not deposit liabilities or protected accounts under the Banking Act → The Issuer may defer payment of Interest for up to five years from the original Interest Payment Date of the then longest outstanding deferred Interest amount → The Issuer may default on payment of Interest and/or Face Value → Notes do not mature until 31 March 2037. The Issuer has the right to Redeem the Notes on the Call Date of 31 March 2017 (or any Interest Payment Date thereafter) and in certain other circumstances including for a regulatory reason, but is not required to do so → The Issuer may Redeem Notes if certain events occur. This includes for tax reasons, regulatory reasons (Level 3 capital) or if a Change of Control Event occurs → Holders do not have a right to request that their Notes be Redeemed early → The Issuer may raise more debt and issue further securities which may rank equally with or ahead of Notes, whether or not secured → Interest Rate will fluctuate with changes in the Market Rate → Market price of the Notes will fluctuate → Liquidity of Notes may be low → Issuer may amend the Terms → Business risks

1. Section 3 of the Prospectus “Key Risks of Colonial Group Subordinated Notes” of the prospectus should be read in full before deciding to invest

Comparison with Recent Hybrid Offerings

	Colonial Group Subordinated Notes	Woolworths Notes II	Origin Energy Subordinated Notes	ANZ CPS3
Issuer	Colonial Holding Company Limited	Woolworths Limited	Origin Energy Limited	Australia and New Zealand Banking Group Limited
Ranking	Subordinated and unsecured	Subordinated and unsecured	Subordinated and unsecured	Rank behind all depositors and creditors of ANZ
Maturity	31 March 2037 (25 years)	24 November 2036 (25 years)	22 December 2071 (60 years)	Perpetual subject to mandatory conversion on 1 September 2019 (8 years)
Call date	31 March 2017 (5 years)	24 November 2016 (5 years)	22 December 2016 (5 years)	Optional conversion on 1 September 2017 (6 years)
Step-up	None	1.00% on 24 November 2016 (5 years)	1.00% on 22 December 2036 (25 years)	None
Common Equity Trigger Event	None	None	None	CPS3 will convert into ANZ Ordinary Shares if ANZ's Common Equity Capital Ratio is equal to or less than 5.125%
Distributions	Floating interest rate, paid quarterly	Floating interest rate, paid quarterly	Floating interest rate, paid quarterly	Floating interest rate, paid semi-annually
Payment Deferral	Issuer option to defer Interest. Deferred interest is cumulative and must be paid after 5 years	Issuer option to defer interest. Deferred interest is cumulative and must be paid after 5 years	Issuer option to defer interest. Mandatory obligation to defer interest if ICR<3.5x and Leverage Ratio >4x. Deferred interest is cumulative but may be deferred up until the maturity date	Dividend payments are discretionary. Unpaid dividends are non-cumulative
Distribution / Capital restrictions	Dividend and capital restrictions applies if Interest is deferred	Dividend and capital stopper applies if interest is deferred	Dividend and capital stopper applies if interest is optionally deferred but does not apply in the case of mandatory deferral	If a dividend is not paid, ANZ must not pay certain distributions on its ordinary shares until the next CPS3 dividend payment date
Cash / Franking	100% cash	100% cash	100% cash	70% cash / 30% franking credits
Listing	ASX	ASX	ASX	ASX
Issue Margin	TBA	3.25%	4.00%	3.10%
Trading Margin¹	N/A	2.82%	3.87%	3.82%

1. Source: CBA Global Markets Research as at 14 February 2012

2. Information about the Colonial Group



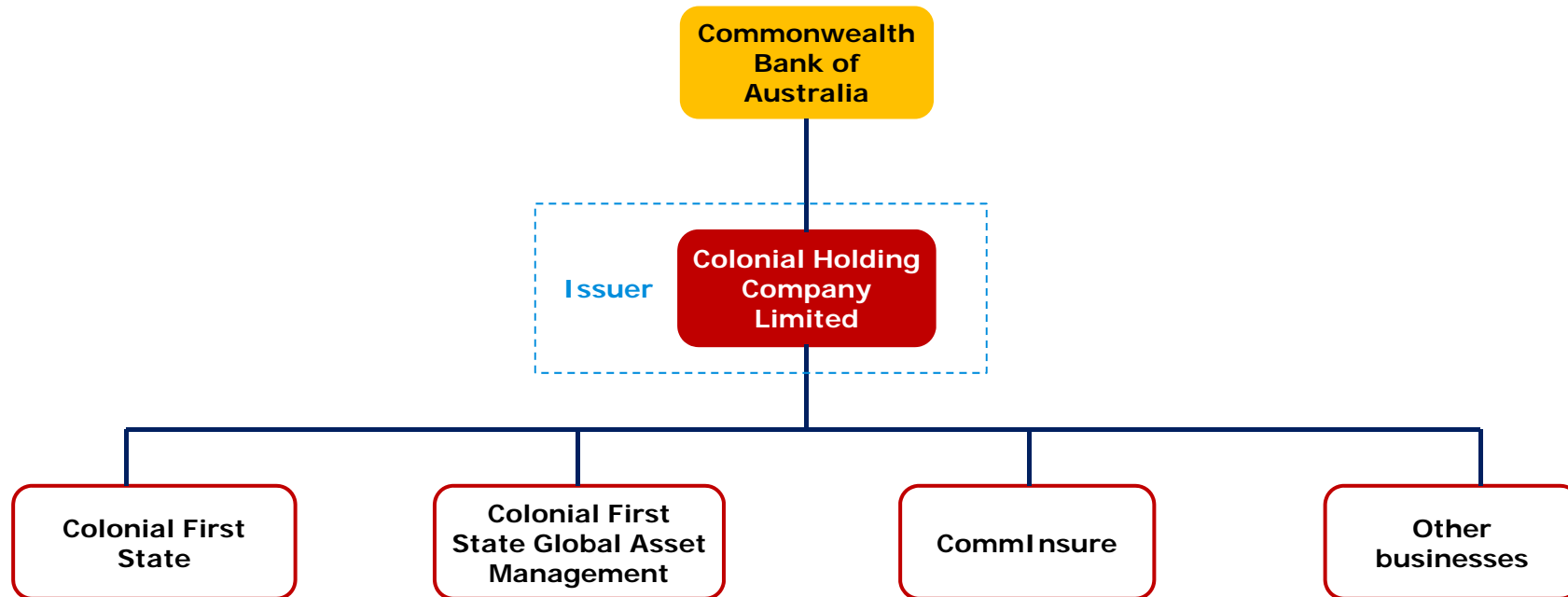
Colonial Group Profile Overview

The Colonial Group is a diversified wealth management and insurance group with significant positions in the funds management, platform, advice and insurance markets

- Wholly-owned subsidiary of the Bank, acquired in 2000
- The Issuer is the holding company of the Colonial Group and operates under highly recognised brands including:
 - Colonial First State;
 - Colonial First State Global Asset Management;
 - CommInsure; and
 - Sovereign Insurance
- Over 5,500 employees globally
- The Issuer, on a consolidated basis, had consolidated total assets of A\$22.9bn, earned consolidated profit after income tax of A\$800m and generated net cash flow (from operating and investing activities) of A\$795m in the year ended 30 June 2011
- The Issuer contributed approximately 12.5% to the Bank's annual profit in the year ended 30 June 2011
- As at 31 December 2011, the Interest Cover Ratio was 6.6 and the Gearing Ratio was 29.9% on an annualised basis
- Some members of the Colonial Group are regulated by APRA, ASIC and other regulatory bodies

Colonial Group Structure

The Issuer is the holding company of the Colonial Group and its revenue and performance is dependent on the revenue and performance of its subsidiaries which pay dividends to the Issuer



Business Overview

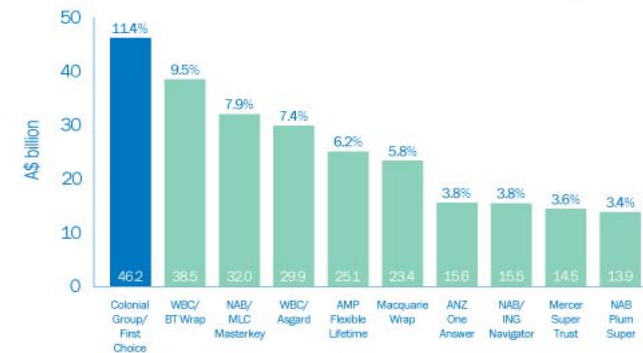
The Colonial Group operates industry leading businesses...



Investment, superannuation and retirement products and financial planning advice
 Provides advice to customers and earns fees for providing this service. Fees are usually based on the level of FUA

- \$46.2bn Australian retail FUA¹
- Largest Australian platform by market share¹
- #1 overall adviser satisfaction ratings (FirstWrap)²
- #2 overall adviser satisfaction ratings (FirstChoice)²

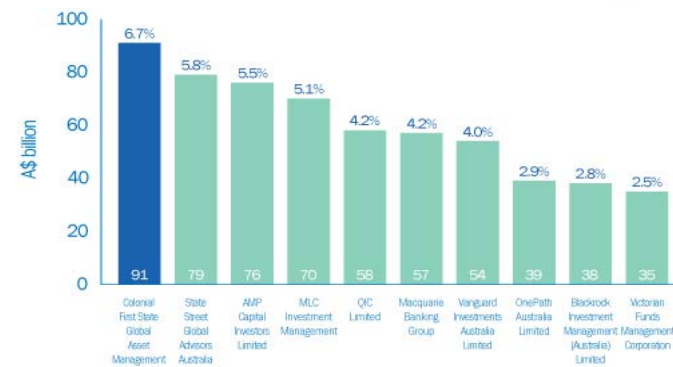
Market share – Funds under administration (owned platforms)¹



Asset Management
 Manages the assets of a number of funds and investment mandates and earns periodic fees payable from the FUM of the relevant fund. Fees may be payable upon initial investment, upon withdrawal, or for ongoing management

- \$141.9bn Funds Under Management
- Largest Australian manager of Australian sourced FUM³ by market share
- 'Best International Equity Group' (Professional Adviser Awards 2011)

Market share – Australian-sourced funds under management³



Source: 1. Plan for Life as at September 2011 2. 2011 Wealth Insights Platform Service Level Survey 3. Rainmaker as at September 2011 (Australian-sourced FUM of Australian entities)



Business Overview

...and is well positioned across the industries in which it operates

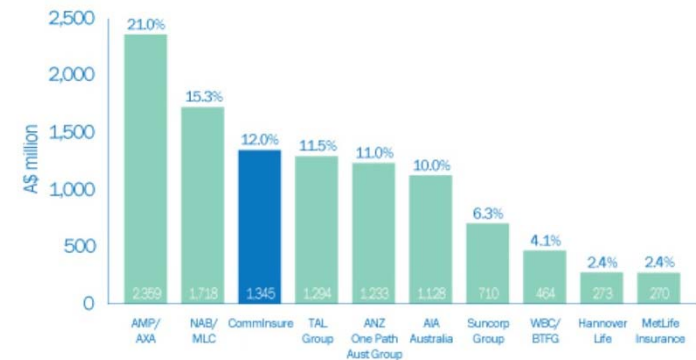


Insurance

CommInsure is the Colonial Group's Australian life and general insurance business. The business earns premiums in relation to insurance policies they provide to customers

- \$1.8bn annual Inforce Premiums¹
- 3rd largest provider of life risk products with 12.0% market share²
- Top 10 provider of general insurance products
- Provides insurance cover to over 3 million policy holders
- 'Life Insurance Company of the Year' (2011 Australian and New Zealand Institute of Insurance and Finance Awards)

Market share – Life insurance Inforce Premiums (value of annualised premiums)²



Insurance

Sovereign Insurance is New Zealand's leading life insurer. The business earns premiums in relation to insurance policies they provide to customers

- 30.2% market share
- Inforce Premiums of over NZ\$500m³

Source: 1. Across life and general insurance portfolios as at 31 December 2011 2. Plan for Life as at September 2011 (excluding General Insurance) 3. As at 31 December 2011

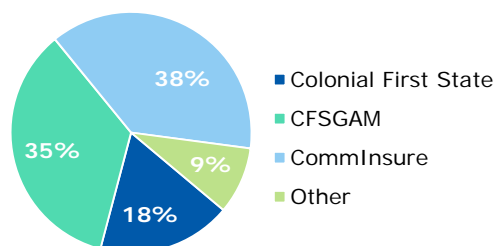
Results Summary

Financial results for the half year ended 31 December 2011

- Resilient funds management income despite challenging investment markets
- Expansion of global funds management capabilities and Australian advice business
- Strong insurance premiums growth across the lines of business
- Continued run-off in legacy Super & Investments products
- Investment earnings impacted by weak investment markets

	31 Dec 2011 (A\$m)	31 Dec 2010 (A\$m)	Change (%)
Management Fees & Other Revenue	961	978	(2)
Insurance Revenue	440	403	9
Investment Earnings	223	351	(36)
Total Income	1,624	1,732	(6)
Finance & Operating Expenses	1,097	1,065	3
Profit after income tax	378	431	(12)

Colonial Group Business Contribution to Net Profit After Tax for FY11



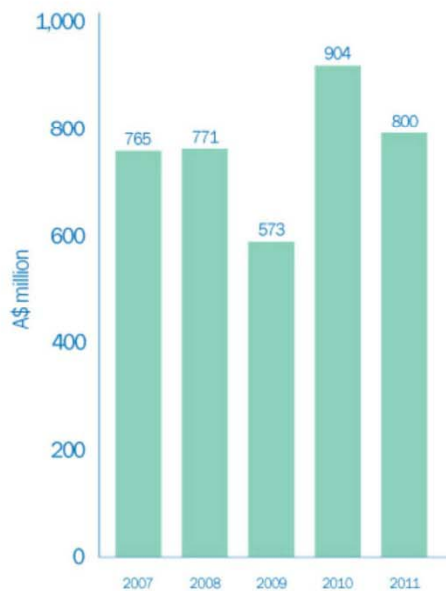
	31 Dec 2011 (A\$m)	31 Dec 2010 (A\$m)	Change (%)
Key Performance Drivers¹			
Funds Under Administration	184,045	191,454	(4.0)
Funds Under Management	141,930	152,791	(7.7)
Insurance Inforce Premiums	1,807	1,575	14.7

1. Represents Key Performance Drivers of the Bank's Wealth Management Business which exclude Sovereign and Commonwealth Life

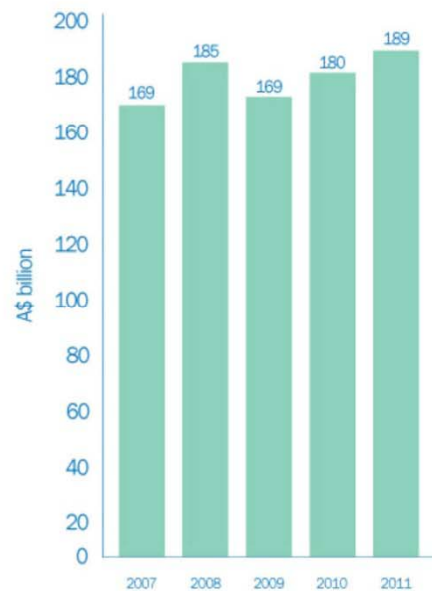
Historical Profit, FUA and Inforce premium

The Issuer believes its strong position in the wealth management and insurance industry provides a relatively high degree of stability in relation to earnings and cashflow

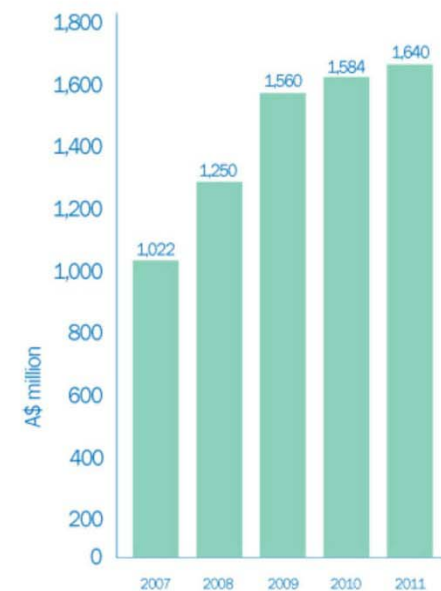
Issuer's net profit after tax over the last five years – year ended 30 June



FUA over the last five years – as at 30 June (Colonial First State and CFSGAM)



Inforce Premiums over the last five years (CommInsure) – as at 30 June

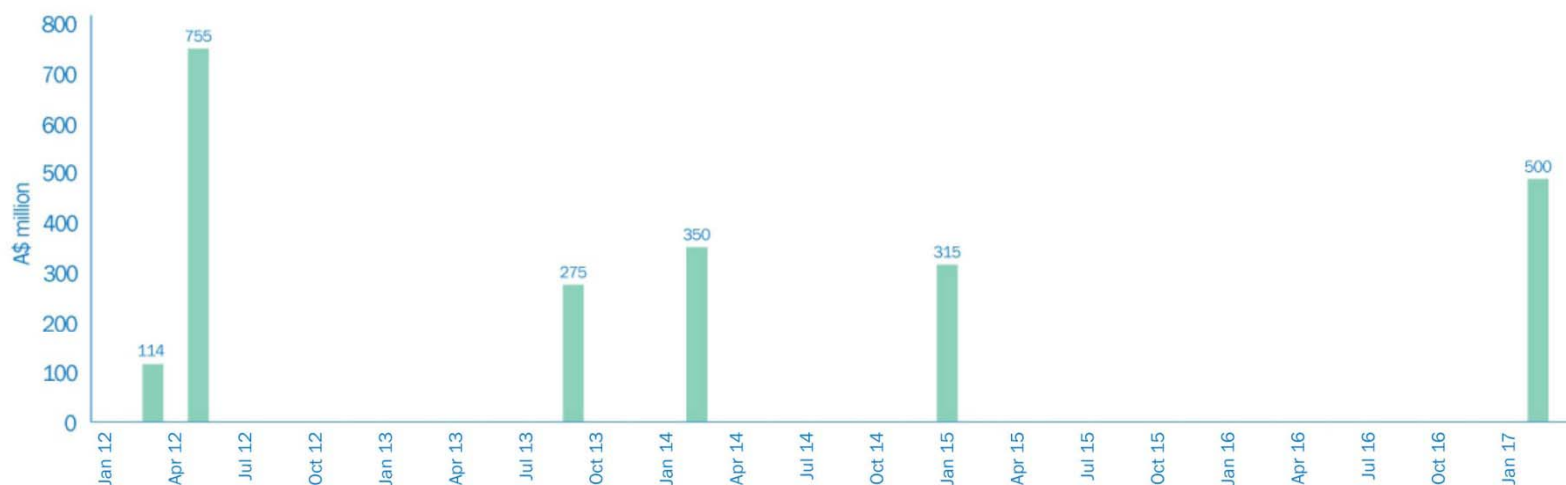


Key Ratios and Debt Maturity Profile

The Offer will not have a material impact on the Issuer's cashflow or a net impact on the Issuer's balance sheet, although it will lengthen the average maturity of the Issuer's total debt

Key Ratios	Half year to	Full year to	Half year to	Full year to
	(annualised) 31 December 2011 (A\$m)	30 June 2011 (A\$m)	(annualised) 31 December 2010 (A\$m)	30 June 2010 (A\$m)
Gearing Ratio ¹	29.9%	32.7%	31.1%	31.7%
Interest Cover Ratio ²	6.6	7.2	7.7	7.7

Pro forma debt maturity profile as at 31 December 2013³



1. Gearing ratio is calculated as net debt / (net debt and total equity). Net debt is defined as interest bearing liabilities, less cash and cash equivalents 2. Interest cover ratio is calculated as EBITDA / net interest expense. EBITDA is defined as profit before income tax plus financing costs, depreciation and amortisation. Net interest expense is defined as total financing costs 3. Assuming the Offer was completed, A\$500m of Notes were issued and Notes mature on the Call Date

Capital Management

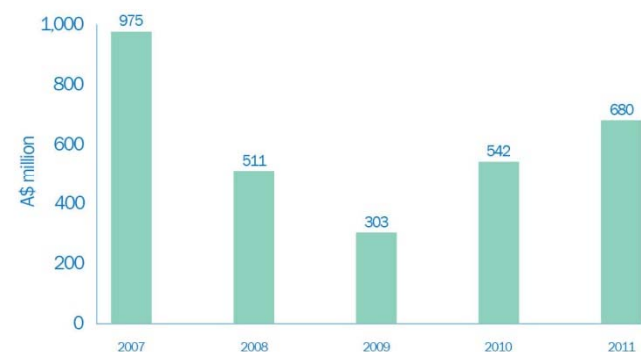
The Notes form a key part of the Colonial Group capital management and funding strategy and will diversify the Colonial Group's sources and types of funding

- The Issuer expects that the Notes will be treated as equity by some of the rating agencies which rate the Issuer until 31 March 2017
- The Colonial Group businesses adhere to prudent capital, funding and liquidity management policies

Issuer dividends to the Bank

- Commonwealth Bank of Australia holds all the ordinary and preference shares in the Issuer
- It is a CBA Group policy that all subsidiaries should pay a dividend equal to their profit to the Bank each year, subject to retaining a certain amount of cash for working capital, regulatory and other requirements
- If the Issuer defers an Interest payment, then it will not be able to pay dividends to the Bank

Dividends paid by the Issuer to the Bank in recent years



3. Colonial Group Subordinated Notes



Key Terms - General

Issuer	Colonial Holding Company Limited, wholly owned by the Commonwealth Bank of Australia
Security	Interest bearing, subordinated ¹ , unsecured notes
Ranking	Equally with Holders of other Notes, equally with claims of other subordinated unsecured debt obligations, and ahead of all holders of ordinary and preference shares of the Issuer
Offer Size	A\$500m ("Offer") with the ability to raise more or less
Currency	Australian dollars
Face Value	A\$100 per Note
Maturity Date	31 March 2037 (Year 25)
Call Date	31 March 2017 (Year 5)
Minimum application	A\$5,000 and increments of A\$1,000 thereafter
Quotation	Application will be made for quotation of Notes on ASX under code "CNGHA"
Interest payments	Cumulative, floating interest rate, quarterly in arrears
Interest Rate	For the first Interest Period, the Interest Rate will be the higher of 7.50% per annum and the sum of the 90 day Market Rate ² plus the Margin. For all other Interest Periods, the Interest Rate is equal to the sum of the 90 day Market Rate plus the Margin
Margin	Margin to be determined through the Bookbuild process

1. Holders of Colonial Group Subordinated Notes rank after any unsubordinated creditors, creditors preferred by law and secured creditors. See Section 1.3.5 "How will Colonial Group Subordinated Notes rank on insolvency?" of the prospectus

2. The Market Rate is a primary benchmark interest rate for the Australian money market. It is based on an average of rates at which major Australian financial institutions lend short-term cash to each other over a 90 day period. It changes to reflect supply and demand within the cash and currency markets

Key Terms–Interest Deferral & Redemption

Interest deferral	<ul style="list-style-type: none"> → Issuer may, in its sole discretion, defer payment of Interest → Deferred Interest may be paid at any time and must be paid no later than five years after the original Interest Payment Date of the then longest outstanding deferred Interest amount
Cumulative Interest	<ul style="list-style-type: none"> → Deferred Interest is cumulative → Interest will accrue on that deferred Interest amount at the Interest Rate for each Interest Period and must be paid when that deferred Interest amount is paid
Restrictions on the Issuer	<ul style="list-style-type: none"> → If Interest is deferred, the Issuer cannot: <ul style="list-style-type: none"> → pay a dividend on; → pay interest on; → return any capital or undertake any buy-backs in relation to; any equal or junior ranking securities except under certain circumstances → This means the Issuer will be prevented from paying ordinary and preference shares dividends to the Bank if Interest is deferred
Early Redemption	<p>Issuer may Redeem Notes before Maturity Date in the following circumstances:</p> <ul style="list-style-type: none"> → on the Call Date (31 March 2017) or any Interest Payment Date after the Call Date; → for tax reasons; → for regulatory reasons; or → if a Change of Control Event occurs
Early Redemption due to regulatory reasons	<p>If the Issuer Redeems Notes for regulatory reasons (Level3 capital), it would pay a premium equal to A\$1.50</p>
Change of Control	<ul style="list-style-type: none"> → Holders do not have the right to request redemption following a Change of Control event → If not Redeemed by the Issuer, the Margin will increase by 2.50%
Holder Redemption rights	<ul style="list-style-type: none"> → Holders do not have the right to request that their Notes be Redeemed early for any reason → To realise your investment, you can sell your Notes on ASX, at the prevailing market price

4. Key Dates and Contacts



Key Dates

KEY DATES FOR THE OFFER

Lodgement of Prospectus with ASIC	15 February 2012
Bookbuild	23 February 2012
Announcement of Margin and Lodgement of Replacement Prospectus with ASIC	24 February 2012
Opening Date for the Offer	24 February 2012
Closing Date for the Offer	5.00pm (Sydney time) 21 March 2012
Issue Date	29 March 2012
Commencement of deferred settlement trading	29 March 2012
Despatch of Holding Statements	3 April 2012
Commencement of trading on normal settlement basis	4 April 2012

KEY DATES FOR COLONIAL GROUP SUBORDINATED NOTES

First Interest payment ¹	29 June 2012
Call Date	31 March 2017
Maturity Date	31 March 2037

1. Interest is scheduled to be paid on the quarterly Interest Payment Dates (31 March, 30 June, 30 September and 31 December each year) until all Colonial Group Subordinated Notes have been Redeemed. If any of these scheduled dates is not a Business Day, then the payment will be made on the next Business Day, unless the scheduled date is 30 June in which case the payment will be made on the immediately preceding Business Day. If a payment is postponed until the next Business Day, there is no adjustment to the amount of Interest payable.

Note: The key dates for the Offer are indicative only and subject to change without notice. The Issuer may, in consultation with the Arrangers and Bookrunners, vary the timetable, including to close the Offer early; close the Customer Offer early; extend the Closing Date; or withdraw the Offer at any time prior to Issue. If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application as soon as possible after the Opening Date.

Offer Contacts

Issuer

Colonial Holding Company Limited	Tricia Ho-Hudson +61 2 9118 1319	Lyn Cobley +61 2 9118 1300
	Simon Maidment +61 2 9118 1339	

Arrangers and Bookrunners

Commonwealth Bank	Truong Le +61 2 9118 1205	Trevor Franz +61 2 9118 1211
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