

Commonwealth Bank Australia

Commonwealth Bank of Australia, A.B.N. 48 123 123 124



Incorporated in Australia with limited liability
as **Issuer**

**U.S.\$30,000,000,000 CBA Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments of interest and
principal by**

Perpetual Corporate Trust Limited

*(incorporated with limited liability in the Commonwealth of Australia
and having Australian Business Number 99 000 341 533)*

as trustee of the CBA Covered Bond Trust

This supplement (the **Supplement**) comprises a supplement to the prospectus of the Issuer dated 16 November 2011 (the **Prospectus**). The Prospectus is a base prospectus prepared in connection with the CBA Covered Bond Programme (the **Programme**) established by Commonwealth Bank of Australia (the **Bank**) and unconditionally and irrevocably guaranteed as to payments of interest and principal by Perpetual Corporate Trust Limited ABN 99 000 341 533 in its capacity as trustee of the CBA Covered Bond Trust (the **Trust** and, in such capacity, the **Covered Bond Guarantor**). This Supplement constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the **FSMA**). Investors should be aware of their rights under Section 87Q(4) of the FSMA.

Terms defined in the Prospectus have the same meaning when used in this Supplement. This Supplement is supplemental to, and should be read in conjunction with, the Prospectus. A copy of this Supplement will be made available for inspection at the offices of the Bank and at the offices of the Principal Paying Agent for so long as the Programme remains in existence.

The Bank accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Bank the information contained in this Supplement for which it has taken responsibility in accordance with the preceding sentences of this paragraph, is in accordance with the facts and does not omit anything likely to affect the import of such information.

On 16 November 2011, APRA released a second discussion paper, Implementing Basel III Liquidity Reforms in Australia and a draft standard, *Prudential Standard APS 210 Liquidity*. The discussion paper is subject to industry consultation until 17 February 2012 and the final standard is expected to be released in mid-2012.

On 21 November 2011, the Australian Government released a consultation paper, Modernising the Taxation of Trust Income – Options for Reform. The consultation paper proposes tax reforms to the law regarding the taxation of trusts and is subject to industry consultation until 10 February 2012.

On 1 December 2011, Standard & Poor's announced that they had lowered their long-term issuer credit rating of the Bank and certain of its subsidiaries to "AA-" from "AA". In addition, Ian Narev assumed the role of Managing Director and Chief Executive Officer of the Bank on 1 December 2011 and resigned as a director of ASB Bank Limited effective as of 30 November 2011.

The Bank has also decided to change how the Indexed Valuation for Land is determined when calculating the LVR Adjusted Mortgage Loan Balance Amount (for the purposes of the Asset Coverage Test) and the Amortisation Test Aggregate Mortgage Loan Amount (for the purposes of the Amortisation Test).

Accordingly, the purpose of this Supplement is to (i) amend the ratings of the Bank contained in the Prospectus to reflect changes to the ratings provided by Standard & Poor's, (ii) insert a new definition of "Australian Bureau of Statistics Indexed Valuation" in the Prospectus and amend the definition of "Indexed Valuation" in the Prospectus, (iii) update the risk factor relating to the *Basel Capital Accord*, (iv) update the description of the directors of the Bank to reflect Mr Ian Narev's appointment as Managing Director and Chief Executive Officer of the Bank and (v) update the disclosure regarding potential tax reforms to the law regarding the taxation of trusts.

The Prospectus is amended by this Supplement as follows:

1. The references in the Prospectus to the Bank being rated "AA by Standard & Poor's (Australia) Pty Ltd" will be globally changed to "AA- by Standard & Poor's (Australia) Pty Ltd".
2. The definition of "Indexed Valuation" in the section "*Glossary*" on page 253 of the Prospectus is deleted and replaced with the following:

"Indexed Valuation means on any day in relation to any Land:

- (a) where the Latest Valuation of that Land is equal to or greater than the Australian Bureau of Statistics Indexed Valuation as at that date, the Australian Bureau of Statistics Indexed Valuation; or
- (b) where the Latest Valuation of that Land is less than the Australian Bureau of Statistics Indexed Valuation as at that date, the Latest Valuation plus 85% of the difference between the Latest Valuation and the Australian Bureau of Statistics Indexed Valuation."

The following definition of "**Australian Bureau of Statistics Indexed Valuation**" is inserted after the definition of "**Australian Bureau of Statistics Index**" in the section "*Glossary*" on page 243 of the Prospectus:

"Australian Bureau of Statistics Indexed Valuation means on any day in relation to any Land, the Latest Valuation of that Land as increased or decreased as appropriate by the increase or decrease in the Australian Bureau of Statistics Index since the date of that Latest Valuation."

3. The following is inserted as the fifth paragraph in the section "*Risk Factors - Legal and Other Considerations - Basel Capital Accord*" on page 62 of the Prospectus:

"On 16 November 2011, APRA released a second discussion paper, *Implementing Basel III Liquidity Reforms in Australia* and a draft standard *Prudential Standard APS 210 Liquidity (Prudential Standard 210)*. The discussion paper is subject to industry consultation until 17 February 2012 and the final standard is expected to be released in mid-2012. The discussion paper proposes to apply the quantitative requirements in the Basel III liquidity framework to larger ADIs, with minor modifications. The draft Prudential Standard 210 includes proposed requirements for enhanced board oversight of an ADI's liquidity risk management framework and implementation. The Basel III liquidity measures include the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**). The LCR aims to ensure that ADIs have sufficient high-quality liquid assets to survive an acute stress scenario lasting for one month and the NSFR aims to strengthen the longer-term resilience of an ADI by requiring it to maintain a sustainable maturity structure of assets and liabilities on an ongoing basis. APRA proposes to apply the Basel III liquidity measures with minor

adjustments. For instance, since there are insufficient high quality liquid assets that comprise part of the LCR to meet the Australian dollar liquidity requirements of ADIs, APRA and the RBA propose to allow an ADI to use a secured committed liquidity facility with the RBA for a fee to cover any shortfall in Australian dollars between an ADI's liquidity needs and its holdings of high quality liquid assets. Consistent with the international timetable, APRA intends to implement the LCR from 1 January 2015 and the NSFR from 1 January 2018. APRA is proposing a standardised reporting framework of monthly LCR data and quarterly NSFR data for larger, more complex ADIs, such as the Group, that are required under current Prudential Standard 210 to conduct their own scenario analysis under a wide range of operating conditions, and APRA is proposing that such ADIs provide quarterly LCR and NSFR reports on a best endeavours basis from January 2012. Formal reporting requirements will be subject to industry consultation in 2012. APRA also proposes to amend *Prudential Standard APS 330 Capital Adequacy: Public Disclosure of Prudential Information* to require key qualitative and quantitative liquidity information to be disclosed on a semi-annual basis."

4. The paragraph entitled "*Ralph J Norris, KNZM, Managing Director and Chief Executive Officer*" in the section "*Commonwealth Bank of Australia – Directors of the Bank*" on page 137 of the Prospectus is deleted and replaced with the following:

"Ian M Narev BA, LLB (Hons) (Auck); LLM (Cantab); LLM (NYU), Managing Director and Chief Executive Officer

Mr Narev assumed the role of Managing Director and Chief Executive Officer on 1 December 2011, taking over from Mr Ralph Norris following his retirement. Previously he was the Group Executive, Business and Private Banking for the Bank and a director of the Board of ASB Bank Limited from March 2008 until 30 November 2011. Mr Narev joined the Bank in 2007 as Group Head of Strategy from McKinsey & Company, where he was a global partner and head of the New Zealand office. He began his career with McKinsey in New York in 1998. Prior to that he was a lawyer specialising in mergers and acquisitions.

Mr Narev is a resident of New South Wales. Age 44."

5. The paragraph in the section "*Taxation – Australian Taxation – Tax treatment of the Covered Bond Guarantor – Potential tax reform*" on page 229 of the Prospectus is deleted and replaced with the following paragraph:

"The Australian Government has announced proposed changes to update the law regarding taxation of trusts. On the basis of currently available information, there is a possibility that the law could be amended in a way that could cause the Covered Bond Guarantor to become subject to a liability in respect of taxes in certain circumstances (or potentially a liability under the Issuer tax consolidated group's tax sharing agreement or tax funding agreement), however, no draft legislation has been released."

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in or incorporated in the Prospectus, the statements in (a) above will prevail.

Except as disclosed in this Supplement and any supplement to the Prospectus previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since the publication of the Prospectus.