



## **COMMONWEALTH BANK OF AUSTRALIA TO ACQUIRE BANKWEST AND ST ANDREW'S**

**Sydney, 8 October 2008:** The Commonwealth Bank of Australia (the Group) has acquired the Bank of Western Australia Limited (BankWest) and St Andrew's Australia Pty Ltd (St Andrew's) through the execution of a sale and purchase agreement with UK based HBOS plc.

The purchase does not extend to HBOS's other Australian businesses - Capital Finance Australia Ltd, BOS International (Australia) Ltd and HBOS's Australian Treasury operations.

The purchase price will be \$2.1 billion. The purchase is conditional on the receipt of all necessary competition, regulatory and government approvals - and will be completed following receipt of those approvals.

The Group is determined to continue to carry substantial surplus capital due to the current volatile market conditions. It intends to fully fund the purchase price by undertaking a \$2 billion accelerated institutional placement which will maintain APRA Tier 1 capital at 7.6% and Tier 1 capital under UK FSA rules at 10.1%.

Standard & Poor's, Moodys and Fitch have all confirmed the Group's credit ratings with stable outlook post the acquisition.

Credit Suisse has served as exclusive financial adviser to the Group on this transaction.

Ralph Norris, Commonwealth Bank Chief Executive Officer said, "The Commonwealth Bank regularly reviews acquisition opportunities but rarely have we seen a quality asset such as BankWest become available on such attractive terms to us. The strength of our current capital and funding position combined with the strategic value of this transaction makes this an attractive opportunity for the Group and its shareholders."

"BankWest provides a significant opportunity to further develop the Group's business in the fast growing Western Australian market. It complements our existing operations and will deliver additional growth opportunities in key market segments, as well as enhanced product and service delivery opportunities for customers," Mr Norris said.

BankWest is a strong business and a market leader in Western Australia. It is the Commonwealth Bank's intention to maintain and grow the BankWest brand.

Commonwealth Bank and BankWest branches and business centres in Western Australia will not be closing as a consequence of this acquisition, and both BankWest and



# Commonwealth Bank

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Commonwealth Bank customers will be able to use each other's ATMs without paying any additional fees once our systems allow.

St Andrew's is HBOS Australia's wealth management business, providing life insurance and wealth management products to the Australian marketplace. Its range of products is complementary to the Group's existing wealth management business.

The Group is strongly committed to its Australian businesses and on achieving its vision to be Australia's finest financial services organisation through excelling in customer service. This acquisition demonstrates this commitment, by expanding in a rapidly growing region of the Australian economy.

"I am confident that this acquisition will deliver significant benefits for the people and customers of both organisations. HBOS' Australian businesses are good quality, strong businesses underpinned by dedicated and talented staff," Mr Norris said.

## ***The Strategic Rationale***

- Builds on the Commonwealth Bank's commitment to being Australia's leading financial services organisation with strong positions in home loans, retail deposits and business banking, and an enhanced position in credit cards, personal lending and wealth management;
- Strengthens the competitive position in the fast growing and attractive Western Australian market. The BankWest brand will be retained;
- Provides opportunities to enhance the Group's reputation as a leader in product innovation and customer service by further developing existing relationships with nearly 11 million Australians; and
- Provides a wider pool of talented and experienced people to complement the focus on achieving the Group's vision of becoming Australia's finest financial service organisation through excelling in customer service.

## ***Note regarding 6 October Suncorp Announcement***

High level, exploratory discussions have been conducted with Suncorp.

ENDS

For further information please contact:



# Media Release

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