



CommBank PERLS VII Capital Notes

Investor Presentation

18 August 2014

Investments in PERLS VII are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. They are not deposit liabilities or protected accounts of CBA under the Banking Act 1959 (Cth)

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This presentation has been prepared by the Commonwealth Bank of Australia (“CBA”) in relation to the offer of CommBank PERLS VII Capital Notes (“PERLS VII”) (the “Offer”). The Offer will be made in or accompanied by a copy of the Prospectus (“Prospectus”). CBA intends to lodge a replacement Prospectus which will include the margin determined after the bookbuild to be held on or about 25 August 2014.

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 carefully 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 PERLS VII should be made on the basis of information contained in the Prospectus and an independent assessment as to whether to invest, and not in reliance on any information contained in this presentation. Anyone wishing to acquire PERLS VII will need to complete the application form in or accompanying the Prospectus during the Offer period. To obtain a Prospectus, interested investors should contact their broker or call the PERLS VII Information Line on 1800 426 150 (Monday to Friday 8.00am – 7.30pm, Sydney time) or visit www.commsec.com.au.

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Overview

NetBank



Overview

CommBank PERLS VII Capital Notes (“PERLS VII”)	<ul style="list-style-type: none"> ■ PERLS VII are subordinated, unsecured notes issued by CBA, through its New Zealand branch
Offer size	<ul style="list-style-type: none"> ■ A\$2 billion, with the ability to raise more or less
Use of proceeds	<ul style="list-style-type: none"> ■ The Offer raises Tier 1 Capital to satisfy CBA’s regulatory capital requirements and maintain the diversity of CBA’s sources and types of funding ■ The net proceeds of the Offer will be used to fund CBA’s business
Face Value	<ul style="list-style-type: none"> ■ A\$100 per PERLS VII but may be reduced following a Capital Trigger Event or Non-Viability Trigger Event
Term	<ul style="list-style-type: none"> ■ PERLS VII are perpetual, meaning they have no fixed maturity date and if not Exchanged or Redeemed could remain on issue indefinitely ■ However, on the Mandatory Exchange Date (15 December 2024), CBA must Exchange all PERLS VII (subject to the Mandatory Exchange Conditions) ■ CBA may Exchange or Redeem PERLS VII earlier on the occurrence of certain events
Call Date	<ul style="list-style-type: none"> ■ CBA may in its absolute discretion Redeem or Resell all or some PERLS VII on 15 December 2022
Distributions	<ul style="list-style-type: none"> ■ PERLS VII are scheduled to pay quarterly, floating rate Distributions which are expected to be fully franked ■ Margin to be determined through the Bookbuild and is expected to be between 2.80% and 3.00% per annum
Offer Structure	<ul style="list-style-type: none"> ■ The Offer comprises: <ul style="list-style-type: none"> – a Reinvestment Offer – offer to Eligible PERLS V Holders; – a Broker Firm Offer – offer to retail investors who are clients of a Syndicate Broker; and – a Securityholder Offer – offer to eligible holders of Ordinary Shares, PERLS III, PERLS V, PERLS VI, CommBank Retail Bonds or Colonial Group Subordinated Notes
Minimum Application	<ul style="list-style-type: none"> ■ Minimum Application of 50 PERLS VII (\$5,000) and thereafter in multiples of 10 PERLS VII (\$1,000) ■ Minimum Application does not apply to Eligible PERLS V Holders applying under the Reinvestment Offer
ASX quotation	<ul style="list-style-type: none"> ■ It is expected that PERLS VII will be quoted under code “CBAPD” on ASX



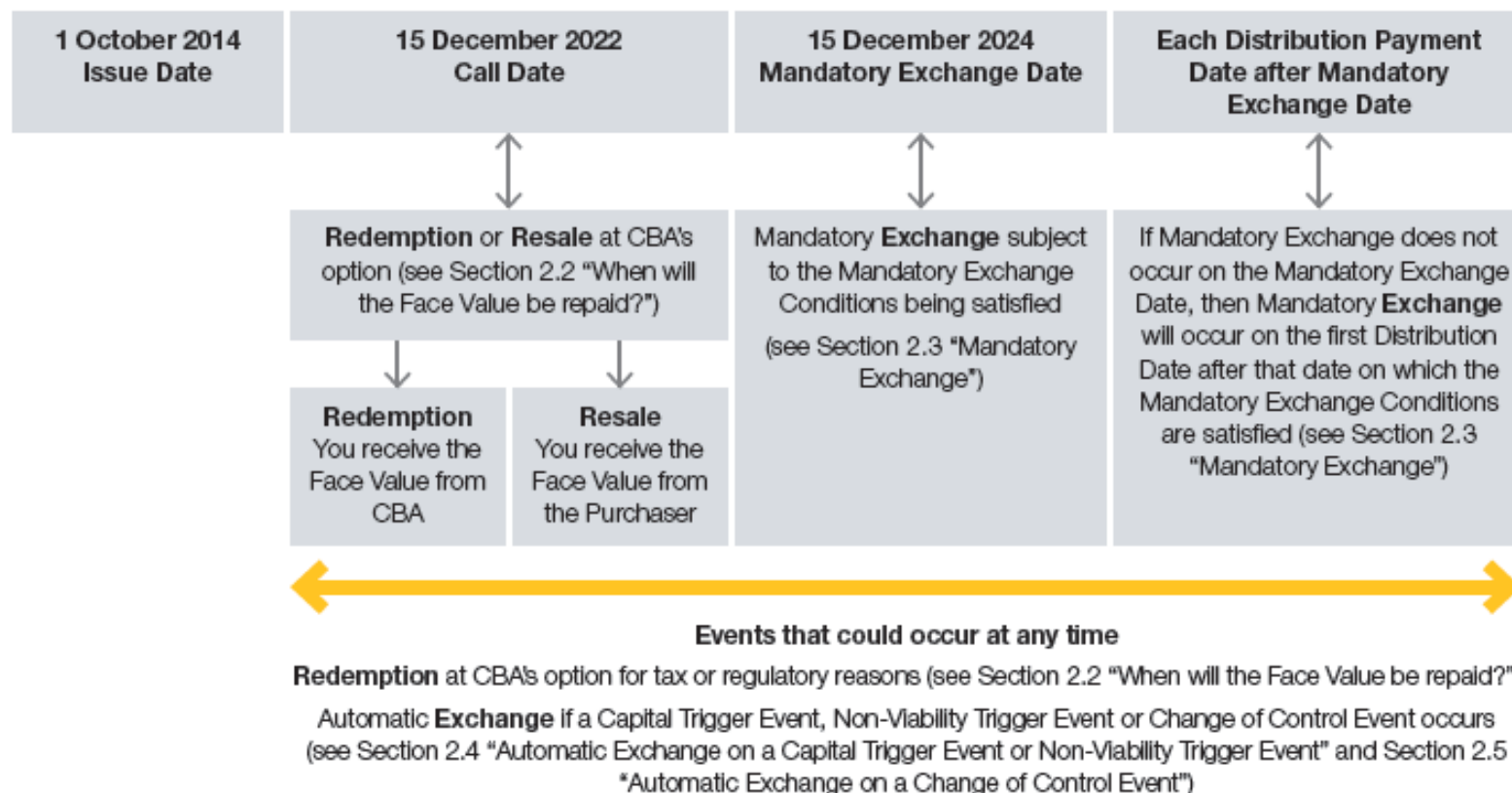
Key Features of **CommBank**
PERLS VII Capital Notes

Distributions

Distributions	<ul style="list-style-type: none">■ PERLS VII are scheduled to pay quarterly, floating rate Distributions■ The first Distribution is scheduled to be paid on 15 December 2014■ Distributions are expected to be fully franked, but will be increased to compensate Holders to the extent that a Distribution is not fully franked■ Distributions are discretionary and subject to the distribution payment conditions being satisfied
Distribution Rate	<ul style="list-style-type: none">■ $\text{Distribution Rate} = (\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$■ Margin to be determined through the Bookbuild and is expected to be between 2.80% and 3.00% per annum
Dividend and capital restrictions	<ul style="list-style-type: none">■ Distributions may not be paid in certain circumstances■ Distributions that are not paid do not accrue and will not be subsequently paid■ If a Distribution is not paid then, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date, CBA cannot (subject to certain exceptions):<ul style="list-style-type: none">— declare or determine a dividend on Ordinary Shares; or— return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares■ Non-payment of a Distribution will not be an event of default

Summary of events that may affect PERLS VII

PERLS VII do not have a fixed maturity date but may be Exchanged into Ordinary Shares, Redeemed or Resold. The diagram below summarises when these events could occur¹. If none of these events occur, PERLS VII could remain on issue indefinitely and the Face Value will not be repaid



¹ Section references in the diagram are references to sections of the Prospectus

Early Redemption & Resale

Early Redemption Rights for CBA	<ul style="list-style-type: none">■ CBA may Redeem PERLS VII in the following circumstances (subject to certain conditions including prior written approval by APRA):<ul style="list-style-type: none">— on the Call Date (15 December 2022) - all or some PERLS VII; or— At any time – all of PERLS VII for tax or regulatory reasons■ Approval to Redeem is at the discretion of APRA and may or may not be given
Resale on the Call Date	<ul style="list-style-type: none">■ On the Call Date (15 December 2022), CBA may elect that Resale occur in relation to PERLS VII■ If Resale occurs, your PERLS VII will be purchased by a third party for a cash amount equal to their Face Value
No early Exchange or Redemption rights for Holders	<ul style="list-style-type: none">■ You do not have a right to request that your PERLS VII be Exchanged or Redeemed early for any reason■ To realise your investment, you can sell your PERLS VII on ASX at the prevailing market price

Mandatory Exchange

Mandatory Exchange	<ul style="list-style-type: none">■ On the Mandatory Exchange Date (15 December 2024), CBA must Exchange all PERLS VII (subject to the Maximum Exchange Number and Mandatory Exchange Conditions) for a variable number of Ordinary Shares with the benefit of a 1% discount¹■ If all of the Mandatory Exchange Conditions are not satisfied on that date, the Mandatory Exchange Date will be the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied
Maximum Exchange Number	<ul style="list-style-type: none">■ Calculated according to the formula: $(\text{Face Value}) / (\text{Relevant Percentage} \times \text{Issue Date VWAP})$■ The Relevant Percentage is 0.50 if Exchange is occurring on a Mandatory Exchange Date
Mandatory Exchange Conditions	<ul style="list-style-type: none">■ There are three Mandatory Exchange Conditions:<ul style="list-style-type: none">– First Mandatory Exchange Condition: the VWAP of Ordinary Shares on the 25th Business Day before (but not including) a possible Mandatory Exchange Date is greater than 56% of the Issue Date VWAP;– Second Mandatory Exchange Condition: the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) a possible Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP; and– Third Mandatory Exchange Condition: Ordinary Shares are listed or admitted to trading on ASX as at the Mandatory Exchange Date■ The First and Second Mandatory Exchange Conditions are intended to provide some protection for Holders against Exchange occurring when the price of Ordinary Shares has fallen to such a level that you would only receive the Maximum Exchange Number

¹ The number of Ordinary Shares received for each PERLS VII will have a value equal to A\$101.01 (based on the Face Value (initially A\$100) and the VWAP of Ordinary Share during the 20 Business Days before the Mandatory Exchange Date with a benefit of a 1% discount

Automatic Early Exchange – Non-Viability Trigger Event

<p>Non-Viability Trigger Event</p>	<ul style="list-style-type: none"> ■ A Non-Viability Trigger Event occurs when APRA notifies CBA in writing that it believes: <ul style="list-style-type: none"> — Exchange of all or some PERLS VII (or the taking of an action in relation to other capital instruments of the CBA Group), is necessary because, without it, CBA would become non-viable; or — a public sector injection of capital, or equivalent support, is necessary because, without it, CBA would become non-viable
<p>Examples of situations in which a Non-Viability Trigger Event may occur</p>	<ul style="list-style-type: none"> ■ Whether a Non-Viability Trigger Event occurs is at the discretion of APRA – there are currently no precedents ■ The circumstances in which APRA may exercise its discretion are not limited to when APRA may have a concern about a bank’s capital levels but may also include when APRA has a concern about a bank’s funding and liquidity levels
<p>Exchange following a Non-Viability Trigger Event</p>	<ul style="list-style-type: none"> ■ If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS VII (or a percentage of the Face Value of each PERLS VII) as specified by APRA or necessary to satisfy APRA that CBA will no longer be non-viable ■ On Exchange, Holders receive a variable number of Ordinary Shares (subject to the Maximum Exchange Number) with the benefit of a 1% discount ■ The Mandatory Exchange Conditions do not apply and the Terms provide that Exchange occurs automatically without the need for any further act or step by CBA and that CBA will recognise Holders as having been issued Ordinary Shares
<p>Maximum Exchange Number</p>	<ul style="list-style-type: none"> ■ Calculated according to the formula: (Face Value) / (Relevant Percentage x Issue Date VWAP) ■ The Relevant Percentage is 0.20 if Exchange is occurring as a result of a Non-Viability Trigger Event

Automatic Early Exchange – Capital Trigger Event

Capital Trigger Event	<ul style="list-style-type: none"> A Capital Trigger Event occurs when: <ul style="list-style-type: none"> CBA determines; or APRA notifies CBA in writing that it believes that either or both the CBA Level 1 or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%
Exchange following a Capital Trigger Event	<ul style="list-style-type: none"> If a Capital Trigger Event occurs, CBA must immediately Exchange such number of PERLS VII (or a percentage of the Face Value of each PERLS VII) as is sufficient to return the relevant Common Equity Tier 1 Capital Ratio to above 5.125% The Mandatory Exchange Conditions do not apply and the Terms provide that Exchange occurs automatically without the need for any further act or step by CBA and that CBA will recognise Holders as having been issued Ordinary Shares
Maximum Exchange Number	<ul style="list-style-type: none"> Calculated according to the formula: (Face Value) / (Relevant Percentage x Issue Date VWAP) The Relevant Percentage is 0.20 if Exchange is occurring as a result of a Capital Trigger Event
Common Equity Tier 1 Capital Ratio	<ul style="list-style-type: none"> The Common Equity Tier 1 Capital Ratio is the ratio of CBA's Common Equity Tier 1 Capital to its risk-weighted assets, where Common Equity Tier 1 Capital is the strongest form of capital held by CBA As at 30 June 2014, CBA's Level 2 Common Equity Tier 1 Capital Ratio was 9.3%. This equates to a surplus of approximately A\$14.1bn above the Capital Trigger Event level of 5.125%

CBA Level 2 Common Equity Tier 1 Capital levels (under APRA's approach)

	Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital (A\$Bn)	Capital Trigger Event ²	Capital Trigger Event (A\$Bn)	Surplus above Capital Trigger Event	Surplus Common Equity Tier 1 Capital (A\$Bn)
30 Jun 2014	9.3%	31.4	5.125%	17.3	4.2%	14.1
31 Dec 2013	8.5%	28.5	5.125%	17.1	3.4%	11.4
30 Jun 2013	8.2%	27.0	5.125%	16.9	3.1%	10.1
1 Jan 2013	8.1%	25.6	5.125%	16.1	3.0%	9.5

Comparison to other CBA hybrid securities

	PERLS V	CommBank PERLS VII Capital Notes	Other hybrid securities issued by CBA	
	PERLS V	CommBank PERLS VII Capital Notes	PERLS III	PERLS VI
Issuer	CBA	CBA	Preferred Capital Limited, a subsidiary of CBA	CBA
Legal form	Stapled security	Perpetual note	Preference share	Perpetual note
Initial Face Value	A\$200	A\$100	A\$200	A\$100
ASX code	CBAPA	CBAPD ¹	PCAPA	CBAPC
Margin	3.40% per annum	Expected to be between 2.80% and 3.00% per annum and will be determined through the Bookbuild	1.05% per annum until the step-up date (6 April 2016) After the step-up date, the initial margin increases by 1.00% per annum	3.80% per annum
Distributions	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked
Call Date / Resale Date	31 October 2014	15 December 2022	6 April 2016	15 December 2018
Exchange	CBA must exchange for Ordinary Shares on 31 October 2014 if certain conditions are satisfied	CBA must Exchange on 15 December 2024 if the Mandatory Exchange Conditions are satisfied	CBA may choose to exchange for Ordinary Shares on 6 April 2016	CBA must exchange for Ordinary Shares on 15 December 2020 if certain conditions are satisfied
CBA ordinary share price for first mandatory exchange condition	\$28.28	56% of Issue Date VWAP (being approximately \$44.80) ²	N/A	\$31.41
Capital Trigger Event	No	Common Equity Tier 1 Capital Ratio equal to or less than 5.125%	Tier 1 Capital Ratio less than 5% Total Capital Ratio less than 8%	Common Equity Tier 1 Capital Ratio equal to or less than 5.125%
Non-Viability Trigger Event	No	Yes	No	Yes
Ranking in a winding up (assuming no Exchange)	Ranks equivalent to a preference share	Ranks equivalent to a preference share	Automatically exchanges into Ordinary Shares	Ranks equivalent to a preference share

¹ CBA will apply for quotation of PERLS VII on ASX. It is expected that PERLS VII will be quoted under this code

² Assuming an Issue Date VWAP of A\$80





Information about **CBA**

FY 2014 Financial Results

Snapshot – FY14 Results¹

Financial		
Cash NPAT (\$m)	\$8,680m	12%
ROE (Cash)	18.7%	50 bpts
Cash EPS (\$)	5.36	11%
DPS (\$)	4.01	10%
Cost-to-Income (Cash)	42.9%	(70) bpts
NIM (bpts)	214	1 bpts

Operating performance by division		
Retail Banking Services (\$m)	3,472	12%
Business and Private Banking (\$m)	1,526	4%
Institutional Banking & Markets (\$m)	1,258	5%
Bankwest (\$m)	680	21%
Wealth Management (\$m)	793	17%
NZ (\$m)	742	19%

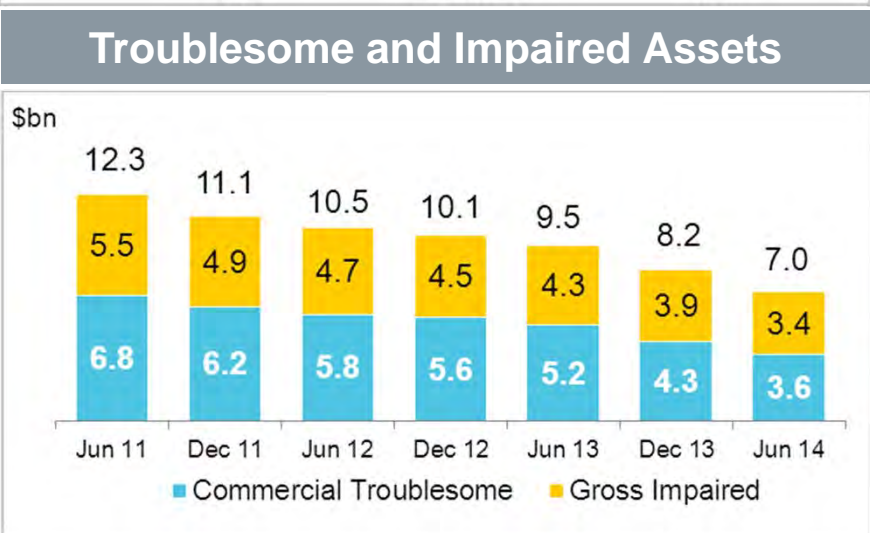
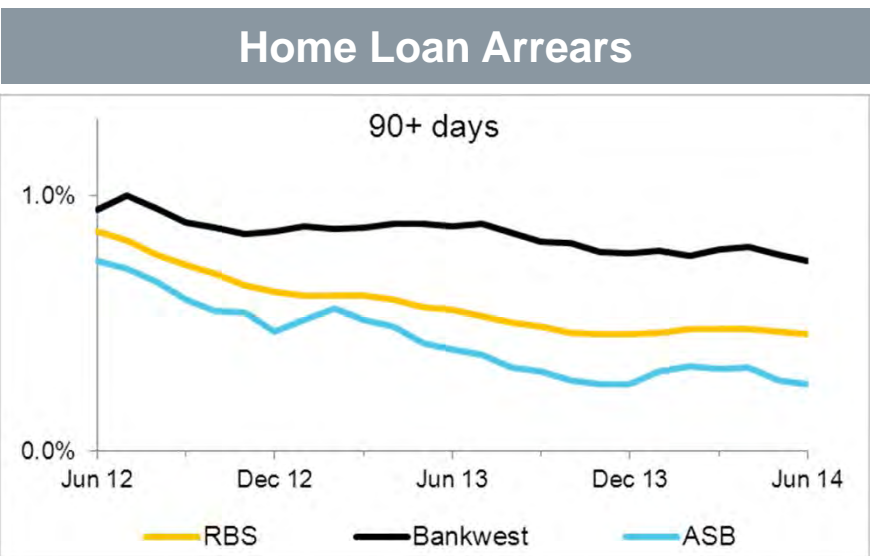
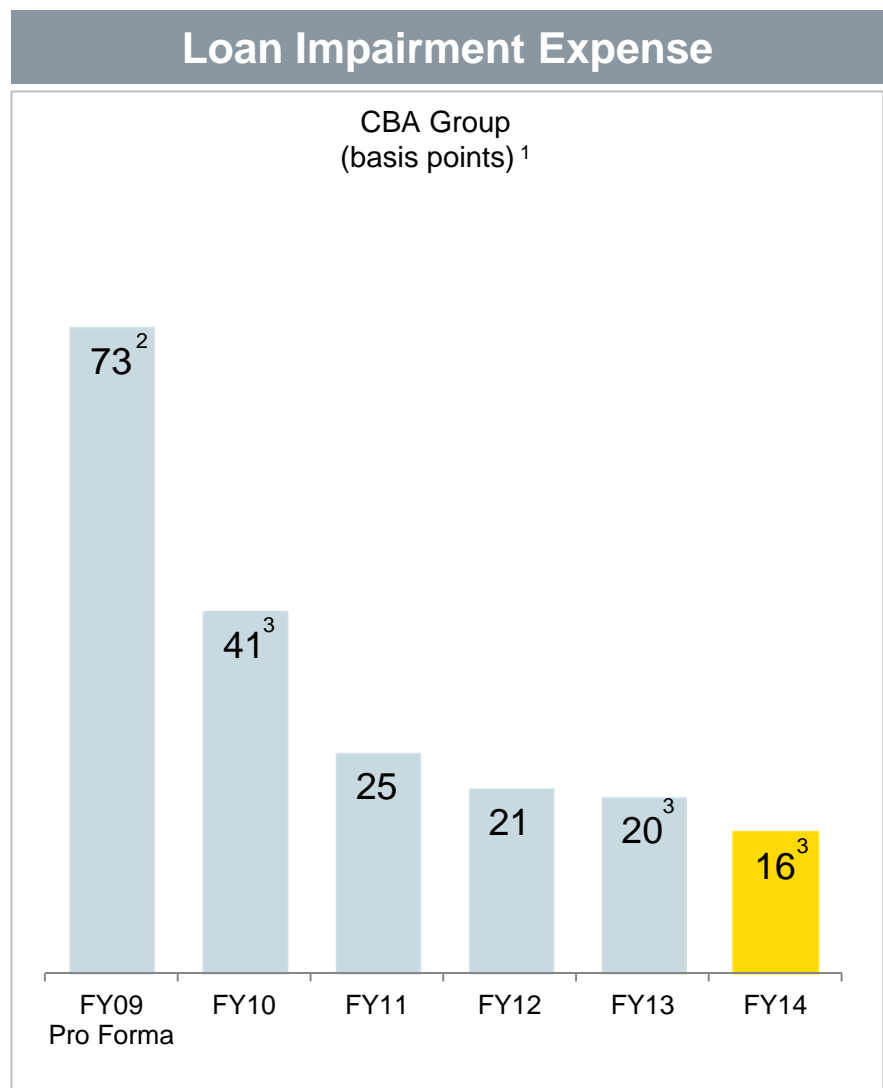
Balance sheet		
Total Assets (\$bn)	791	5%
Total Liabilities (\$bn)	742	5%
FUA (\$bn, average)	264	16%
RWA (\$bn)	338	3%
Provision to Credit RWAs (bpts)	135	(25) bpts

Capital & funding		
CET1 (APRA)	9.3%	110 bpts
CET1 (International)	12.1%	110 bpts
LT Wholesale Funding WAM (yrs)	3.8	flat
Deposit Funding	64%	100 bpts
Liquids ² (\$bn)	139	1%

¹ All movements on prior comparative period

² Liquids as at 30 June 2014

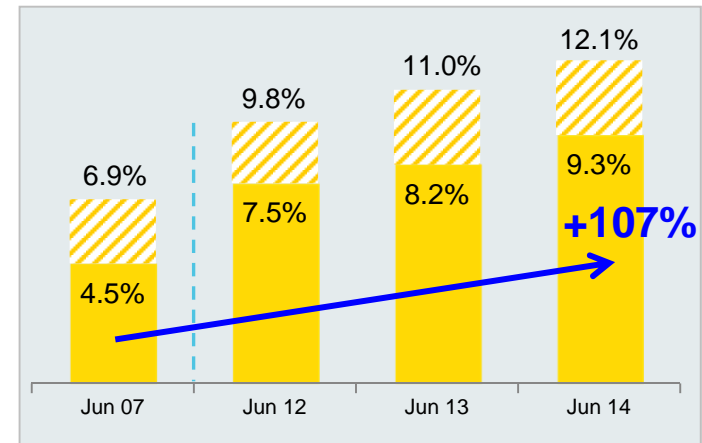
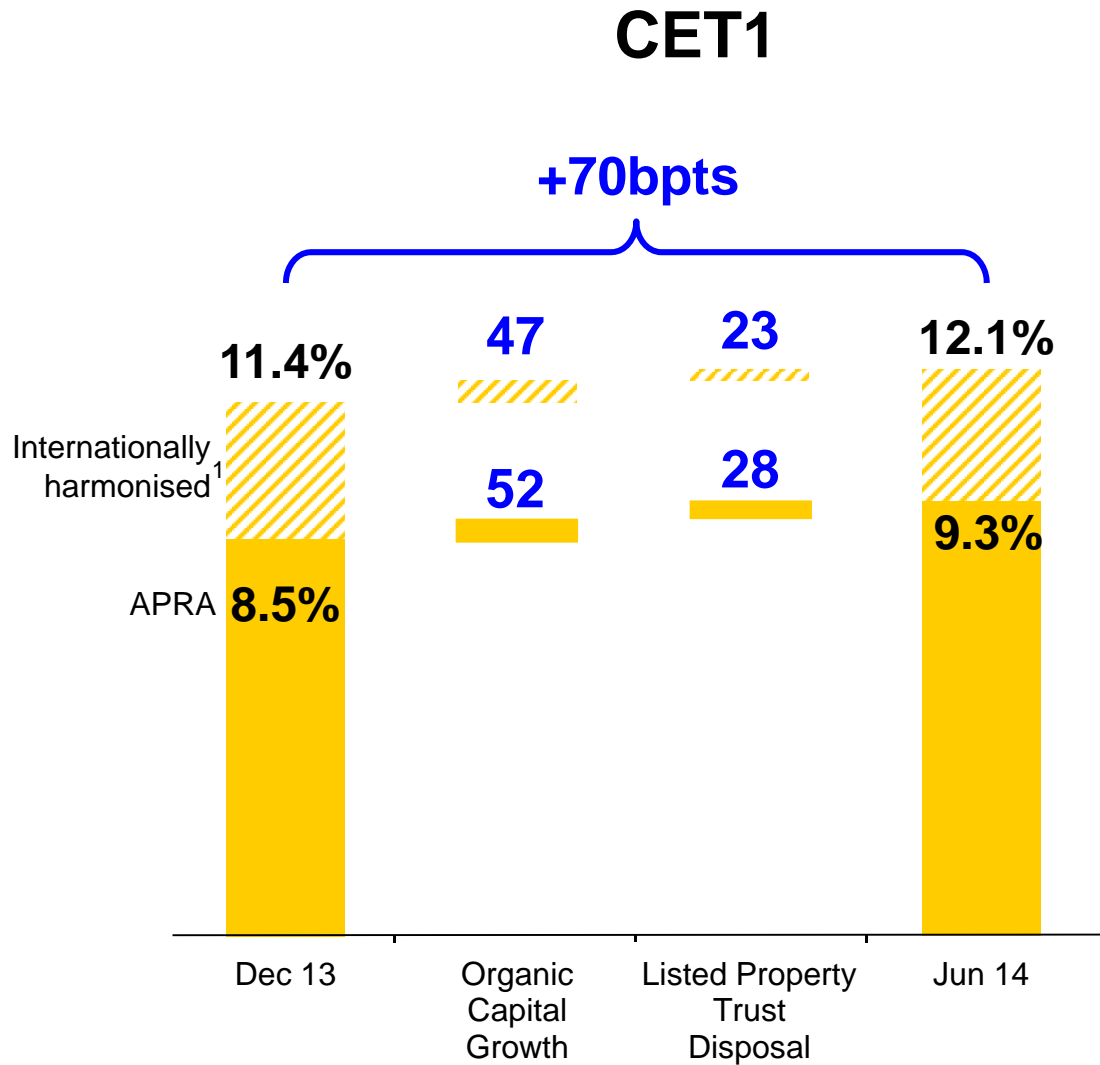
Sound credit quality



1 Basis points as a percentage of average Gross Loans and Acceptances (GLA)
 2 FY09 includes Bankwest on a pro-forma basis and is based on impairment expense for the year
 3 Statutory Loan Impairment Expense (LIE) for FY10 48 bpts, FY13 21 bpts and FY14 16 bpts



Strong capital position

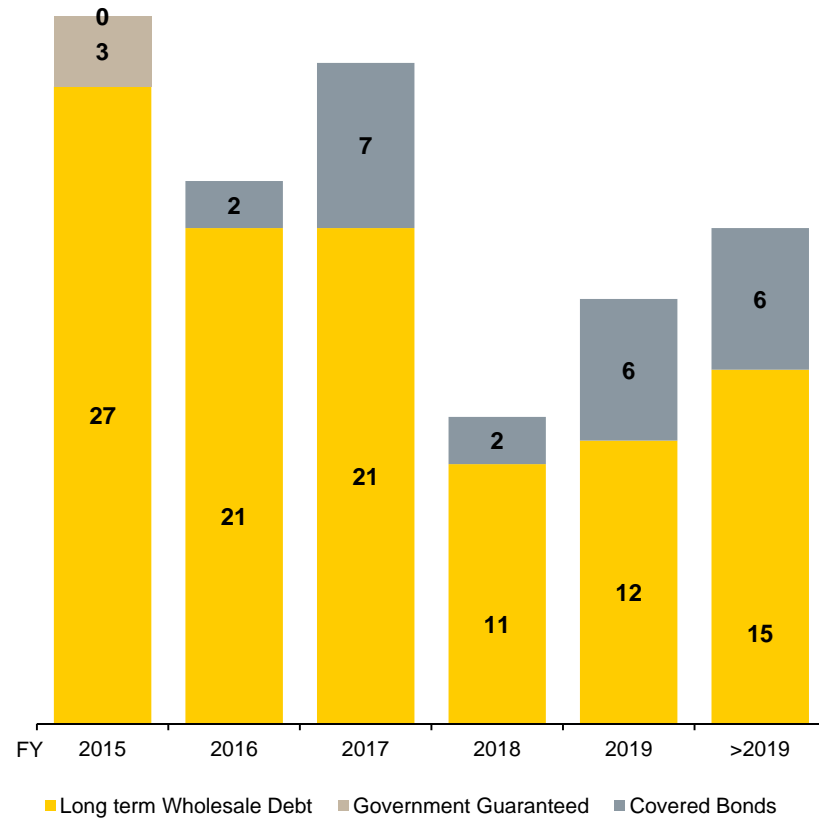


- ◆ Strong organic growth
- ◆ CET1 above Capital Trigger Event level (5.125%)

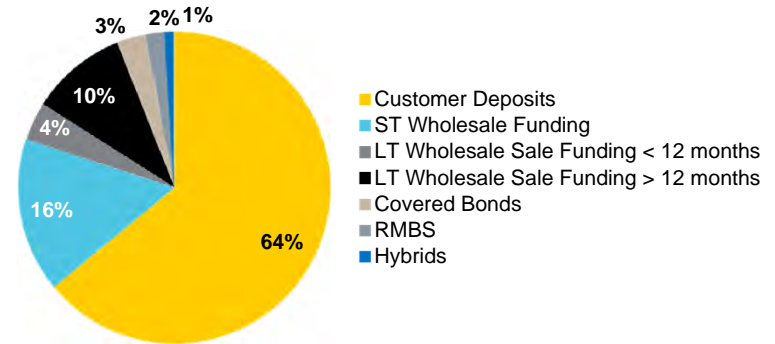
¹ Assumes Basel III Capital reforms have been fully implemented. The methodology is currently the subject of an industry-led review which may result in a higher ratio.

Funding and liquidity

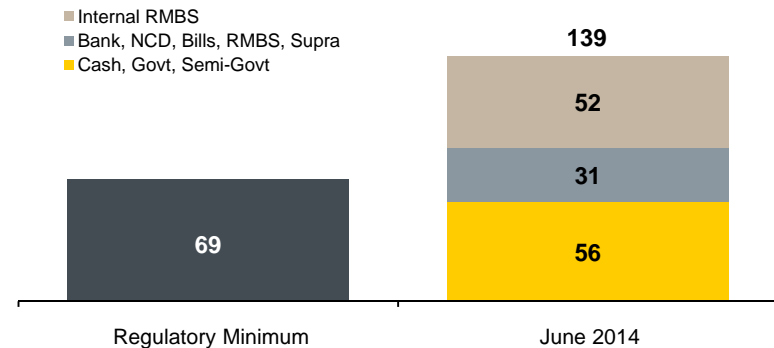
CBA's term maturity profile as at 30 June 2014 (\$bn)



CBA's funding by type as at 30 June 2014



CBA's liquid assets as at 30 June 2014 (\$Bn)





Bank Hybrid Securities Basics

Bank hybrid securities basics

An interactive module on bank hybrid securities basics is available to potential investors to help them understand bank hybrid securities, their features and risks. It is available from www.commbank.com.au/about-us/shareholders/securities/bank-hybrid-securities-basics.html

The screenshot shows the interface of an interactive module titled "Bank hybrid securities and you". At the top left, there is a "Menu" button. The main title "Bank hybrid securities and you" is displayed in a bold, sans-serif font. In the top right corner, there is a "How to use" link. The central area features a large heading "WELCOME TO BANK HYBRID SECURITIES BASICS" in a mix of white and yellow text. Below this heading is a paragraph of introductory text: "Welcome to this module on basic things we think you should know about investing in bank hybrid securities. This is an interactive module and you will have an opportunity to answer questions to test your understanding." A prominent yellow button labeled "Start Learning" with a right-pointing arrow is positioned below the text. At the bottom of the interface is a dark navigation bar with seven icons and their corresponding labels: "What will you learn?", "How you invest in a bank", "Comparison of investments in a bank", "Risks of bank hybrid securities", "Benefits of bank hybrid securities", "How to monitor a bank's financial position", and "Things to do before investing in bank hybrid securities".

Key Dates & Contacts

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Key Dates

Key dates for the Offer	
Lodgement of Prospectus with ASIC	18 August 2014
Securityholder Offer Record Date	22 August 2014
Bookbuild	25 August 2014
Announcement of Margin	26 August 2014
Opening Date for the Offer	26 August 2014
Closing Date for the Offer	5.00pm (Sydney time), 19 September 2014
Issue Date	1 October 2014
Commencement of deferred settlement trading	2 October 2014
Despatch of Holding Statements	3 October 2014
Commencement of trading on normal settlement basis	6 October 2014
Key dates for PERLS VII	
First Distribution payment ¹	15 December 2014
Call Date	15 December 2022
Mandatory Exchange Date ²	15 December 2024
Key dates for Eligible PERLS V Holders	
Reinvestment Offer Record Date	22 August 2014
Opening Date for the Reinvestment Offer	26 August 2014
Closing Date for the Reinvestment Offer	5.00pm (Sydney time), 17 September 2014
On-Market Buy-Back Date	26 September 2014
Record date for final distribution on PERLS V participating in the Reinvestment Offer	30 September 2014
Issue Date – when PERLS VII are Issued under the Reinvestment Offer	1 October 2014
Payment date for final distribution on PERLS V participating in the Reinvestment Offer	8 October 2014
Last day of ASX trading for PERLS V which did not participate in the Reinvestment Offer	21 October 2014
Resale date for PERLS V which did not participate in the Reinvestment Offer	31 October 2014

¹ Distributions are scheduled to be paid quarterly in arrears on the Distribution Payment Dates (15 March, 15 June, 15 September and 15 December each year). Distributions are discretionary and subject to the distribution payment conditions being satisfied.

² If the Mandatory Exchange Conditions are not satisfied on that date, then the Mandatory Exchange Date will be the first Distribution Payment Date thereafter on which the Mandatory Exchange Conditions are satisfied

Contacts

Issuer		
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Arrangers		
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Morgan Stanley Australia Securities Limited	Bob Herbert +61 3 9256 8937	Andrew Brown +61 2 9770 1509
Joint Lead Managers		
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Appendix: CommBank PERLS VII Capital Notes – Key Benefits and Key Risks¹

Key Benefits of PERLS VII

- PERLS VII are scheduled to pay a floating Distribution Rate
- PERLS VII Distributions are scheduled to be paid quarterly in arrears
- PERLS VII pay a Fixed Margin above the Market Rate to be determined through the Bookbuild
- PERLS VII Distributions are expected to be fully franked
- PERLS VII are expected to be listed on ASX and may be traded on ASX
- PERLS VII provide investors an opportunity to diversify their investment portfolio

Key Risks of PERLS VII

- Investments in PERLS VII are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. They are not deposit liabilities or protected accounts of CBA under the Banking Act
- Investments in PERLS VII are subordinated and unsecured liabilities. On a winding up of CBA, there is a risk that you may lose some or all of the money you invested in PERLS VII
- Distributions are discretionary and subject to the distribution payment conditions being satisfied. Distributions that are not paid do not accrue and will not be subsequently paid
- PERLS VII may be Exchanged for Ordinary Shares on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions) or on another date if certain events occur. This includes if a Capital Trigger Event, Non-Viability Trigger Event or Change of Control Event occurs. There is a risk that on Exchange you may receive a number of Ordinary Shares with a value which is significantly less than the Face Value as a result of the application of the Maximum Exchange Number
- If a Capital Trigger Event or Non-Viability Trigger Event occurs and the Exchange is not effective and CBA is not otherwise able to issue Ordinary Shares within five Business Days of the event, then Holders' rights under the relevant PERLS VII will be terminated. Your investment will lose all of its value – the Face Value will not be paid and you will not receive any compensation. This could occur if CBA was prevented from issuing Ordinary Shares by circumstances outside its control, for example, if CBA was prevented by an applicable law or order of any court, or action of any government authority from issuing Ordinary Shares
- Ordinary Shares are a different type of investment to PERLS VII. Dividends are payable at the absolute discretion of CBA and, in a winding up of CBA, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of CBA
- PERLS VII may not be Exchanged on the scheduled Mandatory Exchange Date and you may continue to hold PERLS VII indefinitely

¹ You should read Section 5 "Risk of CommBank PERLS VII Capital Notes" in full before deciding to invest

Appendix: CommBank PERLS VII Capital Notes – Key Benefits and Key Risks¹

Key Risks of PERLS VII (cont.)

- CBA may Redeem PERLS VII on the Call Date or at any time for tax or regulatory reasons, subject to APRA's prior written approval. APRA's approval may or may not be given
- You do not have a right to request that your PERLS VII be Exchanged or Redeemed early
- CBA may raise more debt and issue further securities which rank equally with or ahead of PERLS VII, whether or not secured
- The Distribution Rate will fluctuate with changes in the Market Rate. There is a risk the Distribution Rate may become less attractive compared to returns on comparable securities or investments
- The market price of PERLS VII on ASX will fluctuate and you may lose some of the money you invested in PERLS VII if you sell them
- Liquidity of PERLS VII on ASX may be low and you may lose some of the money you invested in PERLS VII if you sell them
- CBA may be adversely affected either directly or indirectly by disruption to global markets
- A significant portion of CBA's business is related to Australia and CBA may be adversely affected by a downturn in the Australian economy
- CBA may incur losses associated with exposures to counterparties who default on their obligations to CBA
- CBA's ability to raise capital and funding may be adversely affected by changes in credit ratings
- CBA is subject to extensive regulation. Changes in regulation may adversely affect CBA's performance or financial position
- CBA is subject to operational risks and may incur losses
- CBA is subject to intense competition which may adversely affect its performance.
- CBA may be adversely affected by harm to its reputation amongst customers and investor
- Acquisitions of other businesses by CBA may adversely affect its performance and financial position for example due to difficulties in integrating systems and processes or not achieving expected cost savings

¹ You should read Section 5 "Risk of CommBank PERLS VII Capital Notes" in full before deciding to invest

THANK YOU

