



Prospectus and PERLS VI Reinvestment Offer Information

CommBank PERLS XI Capital Notes

Issuer Commonwealth Bank of Australia ABN 48 123 123 124

Date of Prospectus: 1 November 2018

Arranger

Commonwealth Bank of Australia

Joint Lead Managers

Commonwealth Bank of Australia
ANZ Securities Limited
Morgan Stanley Australia Securities Limited
Morgans Financial Limited
Westpac Institutional Bank

Co-Managers

Bell Potter Securities Limited
Crestone Wealth Management
Evans Dixon Corporate,
a division of Evans and Partners Pty Limited
Macquarie Equities Limited
Ord Minnett Limited

Investments in CommBank PERLS XI Capital Notes 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)

Prospectus

This Prospectus relates to the offer by the Commonwealth Bank of Australia ABN 48 123 123 124 (“**CBA**”) of CommBank PERLS XI Capital Notes (“**PERLS XI**”) in Australia to raise A\$750 million, with the ability to raise more or less (“**Offer**”).

This Prospectus is dated 1 November 2018 and a copy was lodged with the Australian Securities and Investments Commission (“**ASIC**”) on this date. This Prospectus will expire 13 months after this date and no PERLS XI will then be issued on the basis of this Prospectus.

ASIC and ASX Limited (“**ASX**”) take no responsibility for the contents of this Prospectus or for the merits of investing in PERLS XI.

This Prospectus does not provide information in relation to the credit ratings of CBA or PERLS XI as the companies which provide ratings in relation to CBA may only disclose this information to certain investors under the terms of their Australian Financial Services Licences.

Exposure Period

Under the Corporations Act 2001 (Cth) (“**Corporations Act**”), CBA must not process Applications in the seven day period after this Prospectus was lodged with ASIC (“**Exposure Period**”). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable market participants to examine the Prospectus prior to the raising of funds. No Applications received during the Exposure Period will be accepted until after it has expired.

Documents relevant to the Offer

In addition to this Prospectus, the following documents are relevant to the Offer and can be obtained from www.commsec.com.au during the Offer Period and from the Investor Centre at www.commbank.com.au/investors after the Issue Date:

- the full terms of PERLS XI (see Appendix A to this Prospectus);
- the Deed Poll (see Section 6.2 “Other documents relevant to the Offer”); and
- the Constitution (see Section 6.2 “Other documents relevant to the Offer”).

In addition to reading this Prospectus in full, it is important that you read these documents in full before deciding to invest in PERLS XI.

Status of PERLS XI

PERLS XI are subordinated¹, unsecured notes, issued by CBA.

Investments in PERLS XI are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. Investments in PERLS XI are not deposit liabilities or protected accounts of CBA under the Banking Act and are not guaranteed or insured by any Australian government, government agency or compensation scheme.

Investments in securities such as PERLS XI are subject to risks which could affect their performance, including loss of investment and income. CBA does not guarantee the market price of PERLS XI or any particular rate of return.

Information about the risks of investing in PERLS XI is detailed in Section 5 “Risks of CommBank PERLS XI Capital Notes”.

No representations other than in this Prospectus

No person is authorised to provide any information or to make any representation in connection with the Offer that is not contained in this Prospectus, and you may not rely on any such information as having been authorised by CBA.

Past performance information

The financial information provided in this Prospectus is for information purposes only and is not a forecast of future performance. Past performance and trends should not be relied upon as being indicative of future performance and trends.

Prospectus does not provide investment advice

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation considerations). It is important that you read this Prospectus in full before deciding to invest in PERLS XI and consider the risks that could affect an investment in PERLS XI.

This Prospectus also contains information in relation to (amongst other things) the Reinvestment Offer. Neither CBA nor any other person is providing any investment advice or making any recommendation to Eligible PERLS VI Holders in respect of the Reinvestment Offer.

If you have any questions, you should seek advice from your financial or other professional adviser before deciding to invest in PERLS XI.

Obtaining a Prospectus and Application Form

Paper copies of this Prospectus and an Application Form can be obtained free of charge by registering online at www.commsec.com.au, or by calling the PERLS XI Information Line on 1800 132 009 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period.

This Prospectus can also be obtained electronically from www.commsec.com.au. If you access an electronic copy of this Prospectus, the following conditions apply:

- the Prospectus is available to residents of Australia accessing and downloading, or printing, the electronic Prospectus in Australia;
- you must access and download the electronic Prospectus in full; and
- your Application will only be valid where you have completed an Application Form that was attached to, or accompanying, the electronic Prospectus. You may also apply by completing the online Application Form on www.commsec.com.au. By lodging an Application, you declare that you were given access to the electronic Prospectus together with the Application Form.

Restrictions on foreign jurisdictions

The distribution of this Prospectus and the Offer or sale of PERLS XI may be restricted by law in certain jurisdictions. Persons who receive this Prospectus outside Australia must inform themselves about and observe all such restrictions. Nothing in this Prospectus is to be construed as authorising its distribution or the Offer or sale of PERLS XI in any jurisdiction other than Australia and CBA does not accept any liability in that regard.

Furthermore, PERLS XI may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable laws or regulations.

Restrictions applying to US Persons are outlined in Section 6.6 “US Persons”.

Defined words and expressions

Capitalised words have specific meanings and are defined in Section 8 “Glossary”.

A reference to A\$ or Australian dollars in this Prospectus is a reference to Australian currency. A reference to time in this Prospectus is a reference to Sydney, New South Wales, Australia time unless otherwise stated.

If you have any questions about PERLS XI, the Offer or the Reinvestment Offer, you should seek advice from your financial or other professional adviser. You can also call the PERLS XI Information Line on 1800 132 009 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker.

¹ Holders of PERLS XI rank after holders of Senior Ranking Obligations, including creditors preferred by law and secured creditors. Your PERLS XI rank equivalently to a preference share. See Section 2.6 “How will CommBank PERLS XI Capital Notes rank in a winding up?”

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ASIC guidance for retail investors

ASIC has published guidance on hybrid securities on its MoneySmart website which may be relevant to your consideration of PERLS XI. You can find this guidance by searching “hybrid securities” at www.moneysmart.gov.au.

The guidance includes a series of questions you should ask before you invest in hybrid securities, as well as a short quiz to check your understanding of how hybrids work, their features and risks.

Where can I learn more about investing in bank hybrid securities?

CBA has developed an interactive module on bank hybrid securities which may assist you to better understand bank hybrid securities, their features and risks. It explains the different ways you may invest in a bank, including by depositing money or investing in securities issued by a bank.

The module is available at www.commbank.com.au/about-us/shareholders/securities/bank-hybrid-securities-basics.html, and can be found by searching “hybrid securities basics” on www.commbank.com.au.

Where can I obtain further information about CBA and PERLS XI?

CBA is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. In addition, CBA must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about CBA that a reasonable person would expect to have a material effect on the price or value of its securities including PERLS XI.

Copies of documents lodged with ASIC can be obtained from, or inspected at, an ASIC office. Certain of these documents can also be obtained from www.asx.com.au, together with CBA’s other ASX announcements.

In addition, the following information can be obtained from the Investor Centre at www.commbank.com.au/investors:

- CBA’s half-yearly and annual financial reports;
- continuous disclosure notices lodged with ASX; and
- other general information provided to investors.

Investments in PERLS XI 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.

Key dates for the Offer

Securityholder Offer Record Date	25 October 2018
Lodgement of Prospectus with ASIC	1 November 2018
Bookbuild	8 November 2018
Announcement of Margin	9 November 2018
Opening Date for the Offer and lodgement of the replacement prospectus with ASIC	9 November 2018
Closing Date for the Offer	7 December 2018
Issue Date	17 December 2018
Commencement of deferred settlement trading	18 December 2018
Despatch of Holding Statements	19 December 2018
Commencement of trading on normal settlement basis	20 December 2018

Key dates for CommBank PERLS XI Capital Notes

First Distribution Payment Date ¹	15 March 2019
Call Date	26 April 2024
Mandatory Exchange Date ²	26 April 2026

Key dates for the Reinvestment Offer for Eligible PERLS VI Holders

Reinvestment Offer Record Date	25 October 2018
Opening Date for the Reinvestment Offer	9 November 2018
Closing Date for the Reinvestment Offer	5 December 2018
Ex-date for Final PERLS VI Distribution	6 December 2018
Record date for Final PERLS VI Distribution	7 December 2018
Reinvestment Date – date of resale of Reinvesting PERLS VI to the PERLS VI Purchaser ⁴	17 December 2018
Issue Date – when CommBank PERLS XI Capital Notes are Issued under the Reinvestment Offer	17 December 2018
Payment date for Final PERLS VI Distribution	17 December 2018

Key dates for the Non-Reinvesting PERLS VI Holders

Last day of ASX trading for PERLS VI	5 December 2018
Ex-date for Final PERLS VI Distribution	6 December 2018
Record date for Final PERLS VI Distribution	7 December 2018
PERLS VI Call Date	15 December 2018
Payment date for Final PERLS VI Distribution ³	17 December 2018
Date of resale of Non-Reinvesting PERLS VI to the PERLS VI Purchaser ⁴	17 December 2018

Note

- 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
- If the Mandatory Exchange Conditions are not satisfied on that date, then the Mandatory Exchange Date will be the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied
- For PERLS VI, the payment date for the Final PERLS VI Distribution is scheduled for 15 December 2018 which is a Saturday. In accordance with the PERLS VI Terms, the payment of the Final PERLS VI Distribution will occur on the next Business Day, being Monday 17 December 2018
- The PERLS VI Terms have been amended to reflect that if a resale of PERLS VI is stipulated to take place on a day that is not a Business Day, the resale will occur on the next Business day (being Monday 17 December 2018).

Dates may change

The key dates for the Offer are indicative only and subject to change without notice. CBA may, in consultation with the Joint Lead Managers, vary the timetable, including to close the Offer early; close the Reinvestment Offer, Broker Firm Offer or Securityholder Offer early; extend the Closing Date; accept late Applications, either generally or in specific cases; or withdraw or vary the terms of 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.

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Section 1

Investment Overview

- 1.1 What are the basic facts about CBA and CommBank PERLS XI Capital Notes?
- 1.2 What are the key benefits and risks of CommBank PERLS XI Capital Notes?
- 1.3 What is the Offer and how do I apply?

The following is an overview of CBA and the key features, benefits and risks of investing in PERLS XI. Detailed information about each of these matters is provided in this Prospectus and it is important that you read this Prospectus in full before deciding to invest in PERLS XI. If you have any questions, you should seek advice from your financial or other professional adviser.

1.1 What are the basic facts about CBA and CommBank PERLS XI Capital Notes?

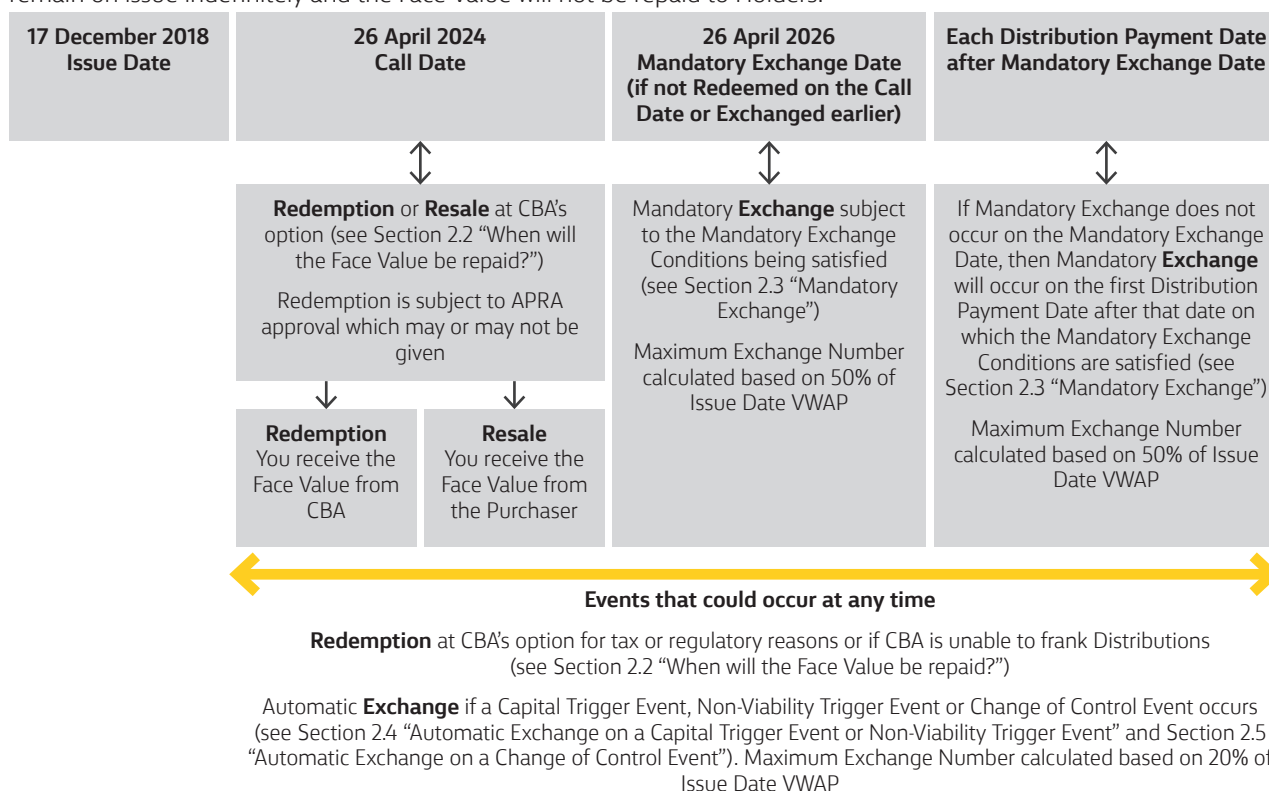
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Issuer	Commonwealth Bank of Australia ABN 48 123 123 124 (“CBA”) CBA is one of Australia’s leading providers of integrated financial services including retail, business and institutional banking, funds management, superannuation, insurance and broking services	Section 4 “Information About CBA”	39
PERLS XI	CommBank PERLS XI Capital Notes, also referred to as PERLS XI, are subordinated, unsecured notes issued by CBA The PERLS XI Terms are complex and include features to comply with the detailed regulatory capital requirements which the Australian Prudential Regulation Authority (“APRA”) applies to these securities	Appendix A “Terms of CommBank PERLS XI Capital Notes”	87
Offer size	A\$750 million, with the ability to raise more or less		
Use of proceeds	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	Section 4.8 “Financial information about CBA”	43
Face Value	Initial Face Value is A\$100 per PERLS XI but may be reduced following a Capital Trigger Event or Non-Viability Trigger Event	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 1.2, 4.1 and 4.2 and definition of Face Value	88, 91, 103
Term	PERLS XI are perpetual, which means they have no fixed maturity date and if not Exchanged or Redeemed could remain on issue indefinitely (in which case you would not receive your investment back) CBA must Exchange PERLS XI into Ordinary Shares on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), and may, at CBA’s option, Redeem or procure a Resale of PERLS XI on the Call Date, or Exchange or Redeem earlier on the occurrence of certain events (subject to APRA approval) ¹	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 3, 4, 5, 6 and 7	90, 91, 93, 94, 95
Distributions	Each PERLS XI is scheduled to pay floating rate Distributions quarterly until that PERLS XI is Exchanged or Redeemed The Distribution Rate is calculated using the following formula: Distribution Rate = (Market Rate + Margin) x (1 – Tax Rate) Distributions are expected to be fully franked The first Distribution is scheduled to be paid on 15 March 2019	Section 2.1.1 “How are Distributions calculated on PERLS XI?” Section 2.1.2 “How are Distributions paid on PERLS XI?” Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 2	18 20 89

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	Distributions are discretionary and subject to the Distribution payment conditions being satisfied. This means a Distribution may not be paid. Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution on the relevant Distribution Payment Date will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution		
	No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or a Non-Viability Trigger Event		
Margin	The Margin is expected to be between 3.70% and 3.90% per annum and will be determined through the Bookbuild		
ASX quotation	CBA will apply for quotation of PERLS XI on ASX. It is expected that PERLS XI will be quoted under code "CBAPH"	Section 7.3 "Issue and quotation of CommBank PERLS XI Capital Notes"	78

1 Approval is at the discretion of APRA and may or may not be given

1.1.1 Summary of events that may affect PERLS XI

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



Event	When could it occur?	Is APRA approval required? ¹	Do conditions apply?	What value will you receive?	How will that value be provided?	Further information
Optional early Redemption by CBA	26 April 2024	Yes	Yes ²	Face Value (A\$100 based on the Initial Face Value)	Cash	Section 2.2 Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 5.1
Early Redemption by CBA for tax or regulatory reasons	At any time if CBA is unable to frank Distributions, or for other tax or regulatory reasons	Yes	Yes ²	Face Value (A\$100 based on the Initial Face Value)	Cash	Section 2.2 Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 5.2, 5.3 and 5.4
Optional Resale	26 April 2024	No	No	Face Value (A\$100 based on the Initial Face Value)	Cash ³	Section 2.2 Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 6
Mandatory Exchange	26 April 2026 (if the Mandatory Exchange Conditions are satisfied) or the first Distribution Payment Date after the date on which the Mandatory Exchange Conditions are satisfied	No	Yes ⁴	Approximately 1.01 x Face Value (A\$101 based on the Initial Face Value)	Variable number of Ordinary Shares, up to the Maximum Exchange Number	Section 2.3 Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 3 and 7

Event	When could it occur?	Is APRA approval required? ¹	Do conditions apply?	What value will you receive?	How will that value be provided?	Further information
Automatic Exchange	At any time if a Capital Trigger Event or Non-Viability Trigger Event occurs	No	No	Depending on the price of Ordinary Shares at the time, Holders may receive significantly less than Face Value ⁵	Variable number of Ordinary Shares, up to the Maximum Exchange Number However, if Exchange of the PERLS XI fails to take effect for any reason and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange at the relevant time, Holders' rights under the relevant PERLS XI will be immediately and irrevocably terminated. This will result in a Holder's investment losing all of its value - the Face Value will not be repaid and they will not receive any compensation	Section 2.4 Appendix A "Terms of CommBank PERLS XI Capital Notes" Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7
	If a Change of Control Event occurs	No	Yes ⁶	Approximately 1.01 x Face Value (A\$101 based on the Initial Face Value)	Variable number of Ordinary Shares, up to the Maximum Exchange Number	Section 2.5 Appendix A "Terms of CommBank PERLS XI Capital Notes" Clause 4.7

1 APRA's approval may or may not be given

2 CBA may only Redeem PERLS XI if it replaces them with capital of the same or better quality or obtains confirmation that APRA is satisfied CBA does not need to replace PERLS XI


3 On optional Resale, Holders will receive a cash payment from a third party who will purchase PERLS XI

4 The Mandatory Exchange Conditions apply

5 Holders are likely to receive significantly less than the Face Value if the Ordinary Share Price is less than 20% of the Issue Date VWAP (determined by reference to CBA's share price at the time PERLS XI are issued)

6 The second and third Mandatory Exchange Conditions apply

1.1.2 Ranking of PERLS XI in a winding up of CBA

Existing CBA obligations / securities ¹		
	Higher ranking	Secured debt <ul style="list-style-type: none"> • Covered bonds
		Liabilities preferred by law <ul style="list-style-type: none"> • Liabilities in Australia in relation to protected accounts • Other liabilities preferred by law including employee entitlements
		Senior Ranking Obligations <ul style="list-style-type: none"> • Deposits (other than protected accounts) • Senior debt • General unsubordinated unsecured creditors • Tier 2 Capital
		Equal Ranking Securities <ul style="list-style-type: none"> • PERLS XI² • PERLS X, PERLS IX, PERLS VIII, PERLS VII, PERLS VI² • Any preference shares or other subordinated unsecured debts³
Lower ranking	Junior Ranking Securities	<ul style="list-style-type: none"> • Ordinary Shares

1 This is a simplified capital structure of CBA and does not include every type of security issued or that could be issued in the future by CBA. CBA could raise more debt or guarantee additional amounts at any time

2 Ranking prior to exchange to Ordinary Shares or write down

3 Excluding Junior Ranking Securities

1.1.3 Differences between PERLS XI and other types of investments in CBA

There are differences between savings accounts, term deposits, PERLS X, PERLS XI and Ordinary Shares. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation considerations) before deciding to invest in PERLS XI.

	Savings account	Term deposit	PERLS X	PERLS XI	Ordinary Shares
ASX code	Not quoted on ASX	Not quoted on ASX	CBAPG	CBAPH ¹	CBA
Legal form	Deposit	Deposit	Unsecured subordinated debt obligations	Unsecured subordinated debt obligations	Ordinary share
Guarantee under the Australian government Financial Claims Scheme²	Yes	Yes	No	No	No
Term	At call (usually)	One month to five years (usually)	Perpetual, CBA must exchange for Ordinary Shares on 15 April 2027 if certain conditions are satisfied	Perpetual, CBA must Exchange for Ordinary Shares on 26 April 2026 if the Mandatory Exchange Conditions are satisfied	Perpetual (no maturity date)
Margin	N/A	N/A	3.40% per annum	3.70% to 3.90% per annum	N/A

	Savings account	Term deposit	PERLS X	PERLS XI	Ordinary Shares
Interest/ Distribution/ dividend rate	Variable (usually)	Fixed (usually)	Floating	Floating	Variable dividends are payable
Interest/ Distribution/ dividend payment dates	Monthly (usually)	End of term or per annum (usually)	Quarterly	Quarterly	Semi-annually
Franking of interest/ distribution/ dividend	N/A	N/A	Yes	Yes	Yes
Interest/ distribution/ dividends at issuer's discretion	No	No	Yes	Yes	Yes
Impact on interest/ distribution/ dividend if interest/ distribution/ dividend not paid	No	N/A	Yes, applies to Ordinary Shares until next distribution payment date	Yes, applies to Ordinary Shares until next Distribution Payment Date	No
Transferable	N/A	No ³	Yes – quoted on ASX	Yes – quoted on ASX ¹	Yes – quoted on ASX
Investor's ability to withdraw or redeem	Yes	Yes ³	No	No	No
Redemption at CBA's option (subject to APRA approval and certain other conditions)	No	No	Yes, on 15 April 2025 and in certain specified conditions	Yes, on 26 April 2024 and in certain specified conditions (see Section 2.2)	No
Conversion to Ordinary Shares on a Capital Trigger Event or Non-Viability Trigger Event	No	No	Yes, following a Capital Trigger Event (CET1 ratio equal to or less than 5.125%) or Non-Viability Trigger Event ⁴		N/A
Ranking	See Section 11.2 “Ranking of PERLS XI in a winding up of CBA” and Section 2.6 “How will CommBank PERLS XI Capital Notes rank in a winding up?”				

1 CBA will apply for PERLS XI to be quoted by ASX and they are expected to trade under code “CBAPH”

2 The guarantee is provided for up to A\$250,000 deposited per person with each Australian authorised deposit-taking institution

3 Can be withdrawn subject to certain conditions

4 In relation to PERLS XI, see Section 2.4 “Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event”

1.2 What are the key benefits and risks of CommBank PERLS XI Capital Notes?

1.2.1 Key benefits of PERLS XI

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

1.2.2 Key risks of PERLS XI

You should read Section 5 “Risks of CommBank PERLS XI Capital Notes” in full before deciding to invest. The risks outlined in that section include risks associated with PERLS XI specifically and risks associated with CBA’s businesses which may affect PERLS XI, including those summarised below. Many of these risks are outside the control of CBA.

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Risks associated with PERLS XI specifically			
PERLS XI are not deposit liabilities or protected accounts	Investments in PERLS XI 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	Section 5.2.1	56
PERLS XI are subordinated and unsecured	PERLS XI are subordinated and unsecured liabilities. In a winding up of CBA, there is a risk that you may lose some or all of the money you invested in PERLS XI	Section 5.2.2	56
Distributions may not be paid	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	Section 5.2.3	56
PERLS XI may be Exchanged for Ordinary Shares	PERLS XI 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, including as a result of the application of the Maximum Exchange Number and the market price for Ordinary Shares at the time	Section 5.2.4 and 5.2.5	57, 58
Ordinary Shares are a different type of investment to PERLS XI	Dividends on Ordinary Shares are payable at the absolute discretion of CBA and the amount of each dividend is discretionary (not subject to a formula). 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. In contrast, Distributions on PERLS XI are payable in accordance with the Terms and claims of PERLS XI holders rank ahead of holders of Ordinary Shares	Section 5.2.4.4	58

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A failure to Exchange following a Capital Trigger Event or Non-Viability Trigger Event may cause you to lose your investment	If a Capital Trigger Event or Non-Viability Trigger Event occurs and Exchange fails to take effect for any reason and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within 5 Business Days, then Holders' rights under the relevant PERLS XI will be immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. Your investment in the relevant PERLS XI 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 of 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	Section 5.2.5	58
PERLS XI are perpetual and may not be Exchanged	PERLS XI may not be Exchanged on the scheduled Mandatory Exchange Date and you may continue to hold PERLS XI indefinitely	Section 5.2.6	59
CBA has early Redemption and Resale rights	CBA may Redeem PERLS XI or choose that a Resale occur on the Call Date, or Redeem PERLS XI at any time for tax or regulatory reasons or if it is unable to frank Distributions, subject to APRA's prior written approval. APRA's approval may or may not be given	Section 5.2.7	60
Holdings have no rights to request Exchange or Redemption	You do not have a right to request that your PERLS XI be Exchanged or Redeemed early	Section 5.2.8	60
CBA may issue additional securities	CBA may raise more debt and issue further securities which rank equally with or ahead of PERLS XI, whether or not secured	Section 5.2.9	60
The Distribution Rate will fluctuate	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	Section 5.2.10	60
The market price of PERLS XI will fluctuate	The market price of PERLS XI on ASX will fluctuate and you may lose some or all of the money you invested in PERLS XI if you sell them	Section 5.2.11	60
Liquidity may be low	Liquidity of PERLS XI on ASX may be low and you may not be able to sell your PERLS XI at an acceptable price or at all	Section 5.2.12	60
Risks associated with CBA's businesses which may affect PERLS XI			
Regulatory and political environment	CBA is subject to extensive regulation and political scrutiny, which may adversely impact CBA's operations or financial position Inquiries such as the Royal Commission involve additional costs, can adversely affect investor confidence and may result in regulatory action or changes in law/regulation	Section 5.3.1	61
Reputation and trust	CBA may be adversely affected by damage to its reputation among its stakeholders, including customers, investors and the community	Section 5.3.2	62
Macroeconomic environment	As a financial group whose core businesses are primarily located in Australia and New Zealand, the performance of CBA is dependent on the state of the Australian and New Zealand economies CBA may be adversely impacted by a downturn in the Australian economy and deteriorations in the global financial markets	Sections 5.3.3 and 5.3.4	63
Competition and industry disruption	CBA's performance may be adversely impacted by increasing competition, especially from non-Australian financial services providers, new non-bank entrants or smaller providers	Section 5.3.5	63

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Operational and information security risks	CBA may incur losses due to operational risks and/or from cyber-attacks and data security breaches	Sections 5.3.6 and 5.3.7	63, 64
Other Risks	CBA may be adversely affected by other events that may have a direct or indirect impact on its financial position or performance – such as human capital risk, climate change or other catastrophic events, compliance and conduct risks, legal liability and regulatory action, counterparty exposures, liquidity and funding risks, capital adequacy risks, market risks, strategic risks, investor activism and insurance risks	Sections 5.3.8 to 5.3.20	64-66

1.3 What is the Offer and how do I apply?

		Further information	Page
Offer structure	The Offer comprises: <ul style="list-style-type: none"> • a Reinvestment Offer; • a Broker Firm Offer; and • a Securityholder Offer 	For further information on the different components of the Offer and how to apply, see Section 3 “Information About the Reinvestment Offer” and Section 7 “How to Apply”	35, 75
Reinvestment Offer for Eligible PERLS VI Holders	If you are an Eligible PERLS VI Holder, you have two options: Option 1 – Reinvest all or some of your PERLS VI by participating in the Reinvestment Offer Option 2 – Do not participate in the Reinvestment Offer	For further information about the Reinvestment Offer, see Section 3 “Information About the Reinvestment Offer”	35
Minimum Application for PERLS XI	Your Application for PERLS XI must be for 50 PERLS XI (A\$5,000), and thereafter in multiples of 10 PERLS XI (A\$1,000) If you are an Eligible PERLS VI Holder, these minimums do not apply to your Application for PERLS XI under the Reinvestment Offer	Section 7.2.1 “Minimum Application”	77
How to apply	To apply for PERLS XI, you must complete an Application Form and follow the instructions in Section 7 “How to Apply”	Section 7 “How to Apply”	75

If you have any questions about PERLS XI, the Offer or the Reinvestment Offer, you should seek advice from your financial or other professional adviser. You can also call the PERLS XI Information Line on 1800 132 009 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker.



Supporting Australian solar power

Victoria's first large-scale solar farm entered commercial operation at Gannawarra in April 2018, just over one year after CBA committed financing. With almost 210,000 solar panels, the solar farm has capacity to supply power for more than 25,000 homes

Section 2

Information About CommBank PERLS XI Capital Notes

- 2.1 Distributions on CommBank PERLS XI Capital Notes
- 2.2 When will the Face Value be repaid?
- 2.3 Mandatory Exchange
- 2.4 Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event
- 2.5 Automatic Exchange on a Change of Control Event
- 2.6 How will CommBank PERLS XI Capital Notes rank in a winding up?
- 2.7 What else should I know about?

The following is an overview of the key terms of PERLS XI. It is important that you read this Prospectus, the Terms, Deed Poll and Constitution in full before deciding to invest in PERLS XI. If you have any questions, you should seek advice from your financial or other professional adviser.

The full Terms are contained in Appendix A. Rights and liabilities attaching to PERLS XI may also arise under the Corporations Act, the ASX Listing Rules and other applicable laws.

2.1 Distributions on CommBank PERLS XI Capital Notes

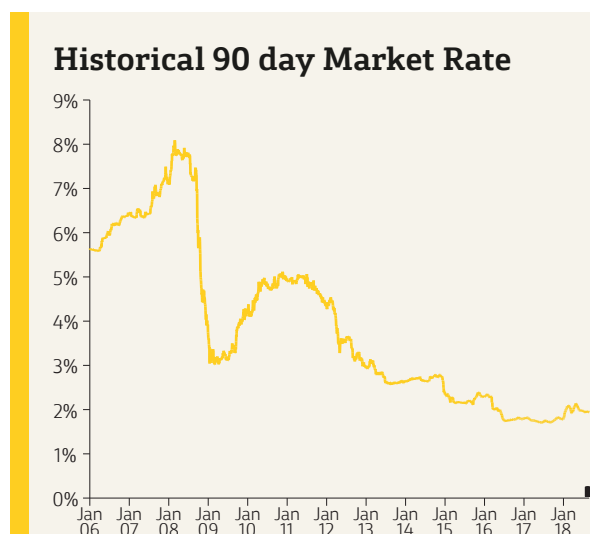
PERLS XI are scheduled to pay floating rate Distributions quarterly until all PERLS XI are Exchanged or Redeemed.

		Further information	Page
2.1.1	How are Distributions calculated on PERLS XI?		
Distribution Rate	<p>The Distribution Rate is calculated using the following formula:</p> $\text{Distribution Rate} = (\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$ <p>Where</p> <p>Market Rate is the Bank Bill Swap Reference Rate (“BBSW”) administered by ASX Benchmarks Pty Limited (or any other person that takes on the administration of that rate) expressed as a percentage per annum for a term of 3 months. The Market Rate is the primary benchmark interest rate for the Australian money market. It is the primary short-term rate used in the financial markets for the pricing and valuation of Australian dollar securities and as a lending reference rate. The Market Rate changes to reflect supply and demand within the cash and currency markets. The Market Rate for each Distribution Period is set on the first Business Day of the Distribution Period.</p> <p>Margin is expected to be between 3.70% and 3.90% per annum and will be determined through the Bookbuild</p> <p>Tax Rate is the Australian corporate tax rate on the relevant Distribution Payment Date</p> <p>Distributions are expected to be fully franked</p> <p>The first Distribution is scheduled to be paid on 15 March 2019</p> <p>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. Non-payment of a Distribution will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 2	89

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Historical 3 month Market Rate



Source: Bloomberg

Note: This chart shows historical movements in the Market Rate. Past levels are not necessarily indicative of future levels. Bloomberg has not consented to the use of this data in this Prospectus

Calculation of Distributions

The Distribution payable on each PERLS XI for each Distribution Period is calculated using the following formula:

Distribution payable =

Distribution Rate x Face Value x Number of days in the Distribution Period / 365

For example, if the Face Value is A\$100 (based on the Initial Face Value), the Market Rate is 1.91% per annum, the Margin is 3.70% per annum, the Australian corporate tax rate is 30% and the Distribution Period is 90 days in length, the Distribution for the relevant Distribution Period would be calculated as follows:

5.61% x (1 - 30%) x A\$100 x 90/365

= A\$0.9683 per PERLS XI

This Distribution would be expected to be fully franked

The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Distribution Rate for any Distribution Period. The actual Distribution payable may be higher or lower than this example

The Face Value used in this example is the Initial Face Value but the Face Value could be reduced if a Capital Trigger Event or Non-Viability Trigger Event occurs

CBA will announce to ASX the applicable Distribution Rate and the amount of the Distribution payable for each Distribution Period. Information about the Distribution Rate can also be obtained from ASX at www.asx.com.au and from the Investor Centre at www.commbank.com.au/investors

Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 2

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Franking credits	<p>Distributions are expected to be fully franked</p> <p>If any Distribution is not fully franked for any reason, then that Distribution will be grossed up according to the formula in Clause 2.4 of the Terms</p> <p>The ability for Holders to use franking credits, either as an offset to a tax liability or by claiming a refund, will depend on that Holder's particular tax circumstance and any changes in Australian tax law. Further explanation of the potential changes to the status of franking credits is outlined in Section 5.3.1.2 "Other regulatory and political developments"</p>	<p>Appendix A "Terms of CommBank PERLS XI Capital Notes" Clause 2.4</p> <p>For further information about the tax consequences of receiving Distributions, see Section 6.4 "Summary of Australian tax consequences for Holders"</p>	<p>89</p> <p>68</p>
2.1.2 How are Distributions paid on PERLS XI?			
Distribution Payment Dates	<p>Distributions are scheduled to be paid quarterly in arrears on the following dates until all PERLS XI have been Exchanged or Redeemed:</p> <ul style="list-style-type: none"> • 15 March • 15 June • 15 September • 15 December <p>If any of these scheduled dates is not a Business Day, then the payment is scheduled to be made on the next Business Day. If a payment is postponed, there is no adjustment to the amount of the Distribution payable. The first Distribution is scheduled to be paid on 15 March 2019</p>	<p>Appendix A "Terms of CommBank PERLS XI Capital Notes" definition of Distribution Payment and Date Clauses 2.1 and 9.3</p>	<p>89, 98</p>
Payments	<p>Distributions are scheduled to be paid to Holders whose details are recorded with the Registry at 7.00pm on the Record Date</p> <p>Distributions and any other amount payable will be paid by electronic transfer to a bank account maintained in Australia with a financial institution nominated by you</p>	<p>Appendix A "Terms of CommBank PERLS XI Capital Notes" Clauses 9.1 and 9.4</p>	<p>98</p>

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Distributions are subject to Distribution payment conditions	Payment of a Distribution is subject to the following conditions:	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 1.5(g), 2.5, 2.6 and 2.7	88, 89, 90
	<ul style="list-style-type: none"> • CBA, in its absolute discretion, making the Distribution to Holders; • payment not resulting in a breach of CBA’s capital requirements as they are applied to the CBA Level 1 Group or the CBA Level 2 Group or both under APRA’s prudential standards; • payment not resulting in CBA becoming, or being likely to become, insolvent; and • APRA not otherwise objecting to the payment 		
Dividend and capital restrictions may then apply to Ordinary Shares	No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or a Non-Viability Trigger Event		
	<p>Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution on the relevant Distribution Payment Date will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution. However, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date (or all PERLS XI are Exchanged, Redeemed or otherwise terminated), CBA cannot (subject to certain exceptions):</p> <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 		

2.2 When will the Face Value be repaid?

PERLS XI are perpetual but CBA has the right to Redeem some or all PERLS XI in certain circumstances.

		Further information	Page
Optional early Redemption by CBA	<p>CBA has the right to Redeem the following number of PERLS XI in the following circumstances (subject to certain conditions, including prior written approval from APRA and CBA either replacing PERLS XI with capital of the same or better quality or APRA being satisfied that CBA does not need to replace PERLS XI):</p> <ul style="list-style-type: none"> • on the Call Date (26 April 2024) – all or some PERLS XI; or • at any time – all PERLS XI if CBA is unable to frank Distributions or for other tax or regulatory reasons (described below) <p>It should be noted that approval is at the discretion of APRA and may or may not be given</p> <p>On the Call Date or Redemption Date (as applicable), you will receive an amount equal to the Face Value for each of your PERLS XI being Redeemed</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 5	93

		Further information	Page
Early Redemption by CBA – for taxation reasons	<p>A tax reason arises when:</p> <ul style="list-style-type: none"> as a result of a change in, or amendment to, the laws of Australia, or any change in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), other than a change or amendment expected by CBA as at the Issue Date, there is a material risk that CBA would not be able to frank Distributions; or CBA receives an opinion from reputable legal counsel or other tax adviser that there is a material risk that as a result of a change in, or amendment to, the laws of Australia, or any change in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), other than a change or amendment expected by CBA as at the Issue Date, CBA would be required to pay an increased amount under Clause 9.6 of the Terms, or would be exposed to a more than de minimis adverse tax consequence in relation to PERLS XI 	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 5.2 and 5.3	93
Early Redemption by CBA – for regulatory reasons	A regulatory reason arises when CBA determines that all, some or a proportion of all or some PERLS XI are not or will not be treated as Tier 1 Capital of the CBA Group under APRA’s prudential standards as a result of a change in, or amendment to, the laws of Australia or a change in APRA’s prudential standards or guidelines, or any change in their application or official or judicial interpretation or administration (including following any announcement of a prospective change or amendment which has been or will be introduced) other than as a result of a change of treatment expected by CBA as at the Issue Date	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 5.4	94
Resale on the Call Date	<p>CBA may elect that Resale occur in relation to all or some PERLS XI on the Call Date (26 April 2024). If Resale occurs, your PERLS XI will be purchased by a Purchaser for a cash amount equal to their Face Value</p> <p>The Purchaser will be one or more parties selected by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a related body corporate of CBA)</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 6	94
No early Exchange or Redemption rights for Holders	<p>You do not have a right to request that your PERLS XI be Exchanged or Redeemed early for any reason</p> <p>To realise your investment, you can sell your PERLS XI on ASX at the prevailing market price</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 4.8 and 5.7	93, 94

2.3 Mandatory Exchange

PERLS XI do not have a maturity date but are scheduled to be Exchanged on the Mandatory Exchange Date.

		Further information	Page
Mandatory Exchange Date	The Mandatory Exchange Date is 26 April 2026 or, if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 3	90
Exchange on the Mandatory Exchange Date	On the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), you will receive for each of your PERLS XI a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value and the VWAP of Ordinary Shares during the period of 20 Business Days before the Mandatory Exchange Date with the benefit of a 1% discount). The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a Capital Trigger Event or Non-Viability Trigger Event) To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 3.1 and 7	90, 95
Exchange Number	CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS XI held by a Holder The Exchange Number is calculated according to the following formula, subject to the Exchange Number being no greater than the Maximum Exchange Number: Face Value 0.99 x VWAP Based on a Face Value of A\$100 (the Initial Face Value) and with the benefit of the 1% discount, this means that you will receive a variable number of Ordinary Shares with a value equal to A\$101.01. The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 7.1	95

		Further information	Page
Maximum Exchange Number	<p>The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula:</p> $\frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$ <p>The Relevant Percentage is 0.50 if Exchange is occurring on a Mandatory Exchange Date</p> <p>The Issue Date VWAP is the VWAP of Ordinary Shares during the period of 20 Business Days immediately preceding (but not including) the Issue Date for PERLS XI</p> <p>For example, if the Face Value is A\$100 (based on the Initial Face Value) and the Issue Date VWAP is A\$65, the Maximum Exchange Number would be calculated as follows:</p> $\frac{\text{A\$100}}{(0.50 \times \text{A\$65})} = 3.0769 \text{ Ordinary Shares per PERLS XI}$ <p>The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value (measured over the period prior to Exchange) which is significantly less than the Face Value on Exchange. To provide some protection for Holders against this occurring, Exchange on a Mandatory Exchange Date will not occur unless the Mandatory Exchange Conditions are satisfied</p> <p>However, depending on the market price of Ordinary Shares at the time, you may receive Ordinary Shares that are worth less than the Face Value, and may suffer loss as a consequence</p> <p>The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 7.1	95
VWAP	<p>VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant period of 20 Business Days, subject to adjustments</p> <p>It is intended to calculate a fair price of Ordinary Shares which is used to calculate the Exchange Number and Maximum Exchange Number</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” definition of VWAP	104

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Mandatory Exchange Conditions	Exchange will not occur unless all the Mandatory Exchange Conditions are satisfied. If Exchange does not occur, you will continue to hold your PERLS XI until the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied, at which time Exchange will occur	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 3	90
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The Mandatory Exchange Conditions are:

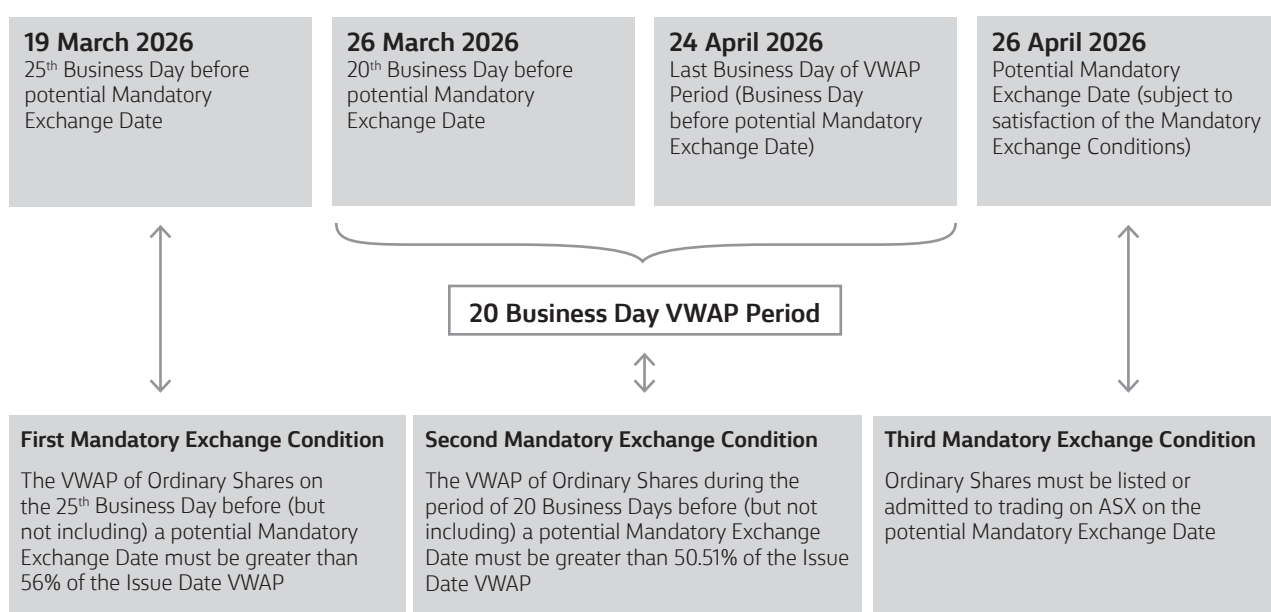
- **First Mandatory Exchange Condition:** the VWAP of Ordinary Shares on the 25th Business Day before (but not including) a potential Mandatory Exchange Date is greater than 56% of the Issue Date VWAP;
- **Second Mandatory Exchange Condition:** the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) a potential 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

CBA has had regard to market precedents and the cap on the number of Ordinary Shares permitted to be issued under applicable APRA prudential standards and ratings guidance in determining the percentages specified in the First and Second Mandatory Exchange Conditions

The Third Mandatory Exchange Condition is intended to provide protection to Holders to enable them to sell the Ordinary Shares they receive on ASX if they wish to do so

The following diagram illustrates the timeframes that are relevant for the Mandatory Exchange Conditions, using the date of 26 April 2026 as a potential Mandatory Exchange Date. These dates are indicative only and may change



		Further information	Page
What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	<p>If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date</p> <p>If Exchange occurs and you have notified CBA that you do not wish to receive Ordinary Shares, or if you are an Ineligible Holder¹, then CBA will issue the relevant number of Ordinary Shares to a Nominee who will hold the Ordinary Shares on trust for sale for your benefit². At the first opportunity, the Nominee will arrange for the sale of the Ordinary Shares on your behalf and pay the proceeds less selling costs to you. No guarantee is given in relation to the timing or price at which any sale will occur</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 7.10	96

2.4 Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event

CBA must Exchange all, some or a percentage of each PERLS XI if certain events occur.

		Further information	Page
Automatic early Exchange – general	<p>CBA must Exchange all or some PERLS XI or a percentage of the Face Value of each PERLS XI in the following circumstances:</p> <ul style="list-style-type: none"> • if a Capital Trigger Event occurs; or • if a Non-Viability Trigger Event occurs <p>The Mandatory Exchange Conditions do not apply</p> <p>On the Exchange Date (subject to the Maximum Exchange Number), you will receive for each of your PERLS XI a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value of A\$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount). The VWAP is based on the period of 5 Business Days before the Exchange Date</p> <p>The value of Ordinary Shares you receive could be less than this amount if only a percentage of the Face Value is being Exchanged, if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event) or if the Maximum Exchange Number applies</p> <p>As a result of the application of the Maximum Exchange Number and depending on the market price of Ordinary Shares at the time, you may receive Ordinary Shares that are worth significantly less than A\$101.01 per PERLS XI (based on an Initial Face Value of A\$100), and may suffer a loss as a consequence</p> <p>To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price</p>	<p>Section 5.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”</p> <p>Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7 and definition of VWAP</p>	58 91, 92, 95, 104

¹ CBA will treat a Holder as not being an Ineligible Holder unless the Holder has notified CBA that it is an Ineligible Holder

² If, because the Holder is an Ineligible Holder, the Nominee is deemed to be an Ineligible Holder, then Ordinary Shares will be issued to the Nominee as soon as practicable after the Nominee ceases to be an Ineligible Holder. If Exchange is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, and the Exchange fails to take effect for any reason and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within 5 Business Days, then Holders’ rights under the relevant PERLS XI will be immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event

		Further information	Page
Automatic early Exchange – Capital Trigger Event	A Capital Trigger Event occurs when:	Section 4.8.1.2 “Capital Trigger Event”	44
	<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 Common Equity Tier 1 (“CET1) Capital Ratio or CBA Level 2 CET1 Capital Ratio is equal to or less than 5.125% 	Section 5.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”	58
	The CET1 Capital Ratio is the ratio of CBA’s CET1 Capital to its risk-weighted assets, where CET1 Capital is the strongest form of capital held by CBA. CBA’s Level 2 CET1 Capital Ratio was 10.1% as at 30 June 2018, which equates to a surplus of approximately A\$23.0 billion above the Capital Trigger Event level of 5.125%. CBA’s Level 1 CET1 Capital Ratio was 10.8% as at 30 June 2018, which equates to a surplus of approximately A\$24.6 billion above the Capital Trigger Event level of 5.125%	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 4.1, 4.3, 4.4, 4.5 and 4.6 and definitions of CBA Level 1 Common Equity Tier 1 Capital Ratio and CBA Level 2 Common Equity Tier 1 Capital Ratio	91, 92, 102
	If a Capital Trigger Event occurs, CBA must immediately Exchange such number of PERLS XI (or a percentage of the Face Value of each PERLS XI) as is sufficient to return the relevant CET1 Capital Ratio to above 5.125%		
Automatic early Exchange – Non-Viability Trigger Event	A Non-Viability Trigger Event occurs when APRA notifies CBA in writing that it believes:	Section 5.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”	58
	<ul style="list-style-type: none"> Exchange of all or some PERLS XI (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 	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 4.2, 4.3, 4.4, 4.5 and 4.6	91, 92
	If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS XI (or a percentage of the Face Value of each PERLS XI) as specified by APRA or necessary to satisfy APRA that CBA will no longer be non-viable. In the case of a public sector injection of capital, or equivalent support, all PERLS XI must be immediately Exchanged		

		Further information	Page
How does Exchange work upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event?	<p>Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, CBA must immediately Exchange all or some PERLS XI (or a percentage of the Face Value of each PERLS XI). 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> <p>Any ASX trades in PERLS XI that have not settled on the date a Capital Trigger Event or Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+2 settlement, although the seller will be treated as having delivered, and the buyer will be treated as having acquired, the number of Ordinary Shares into which PERLS XI have been Exchanged as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event</p> <p>If Exchange fails to take effect for any reason and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within 5 Business Days, then Holders' rights under the relevant PERLS XI will be immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. Your investment in the relevant PERLS XI will lose all of its value and you will not receive any compensation. This could occur if CBA is prevented from issuing Ordinary Shares by circumstances outside its control, for example, if CBA is prevented by a specified law or order of any court, or action of any government authority, from issuing Ordinary Shares</p>	<p>Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"</p> <p>Appendix A "Terms of CommBank PERLS XI Capital Notes" Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7.9</p>	<p>58</p> <p>91, 92, 96</p>
Exchange Number	<p>CBA will issue the Exchange Number of Ordinary Shares for each PERLS XI held by a Holder</p> <p>The Exchange Number is calculated according to the same formula that applies to Exchange on the Mandatory Exchange Date (see Section 2.3 "Mandatory Exchange"), but with the VWAP based on the period of 5 Business Days before the Exchange Date, and is subject to the Exchange Number being no greater than the Maximum Exchange Number</p> <p>The amount used as the Face Value in this calculation will only be the affected percentage of the Face Value required to be Exchanged and, if the full Face Value is not required to be Exchanged, you will continue to hold your PERLS XI with a reduced Face Value</p>	<p>Appendix A "Terms of CommBank PERLS XI Capital Notes" Clause 7.1</p>	<p>95</p>

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Maximum Exchange Number	<p>The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula:</p> $\frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$ <p>The Relevant Percentage is 0.20 if a Capital Trigger Event or Non-Viability Trigger Event has occurred</p> <p>The Issue Date VWAP is the VWAP of Ordinary Shares during the period of 20 Business Days immediately preceding (but not including) the Issue Date for PERLS XI</p> <p>For example, if the Face Value is A\$100 (based on the Initial Face Value) and the Issue Date VWAP is A\$65, the Maximum Exchange Number would be calculated as follows:</p> $\frac{\text{A\$100}}{(0.20 \times \text{A\$65})} = 7.6923 \text{ Ordinary Shares per PERLS XI}$ <p>The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value which is significantly less than the Face Value</p> <p>The Mandatory Exchange Conditions do not apply if a Capital Trigger Event or Non-Viability Trigger Event has occurred</p> <p>As a result of the application of the Maximum Exchange Number and depending on the market price of Ordinary Shares at the time, you may receive Ordinary Shares that are worth significantly less than A\$101.01 per PERLS XI (based on the Initial Face Value of A\$100), and may suffer loss as a consequence</p> <p>The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 7.1	95
What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	<p>If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date and the same process outlined in Section 2.3 “Mandatory Exchange” will apply</p> <p>The process for Ineligible Holders is also outlined in Section 2.3 “Mandatory Exchange”</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 7.10	96

2.5 Automatic Exchange on a Change of Control Event

CBA must Exchange all PERLS XI if certain events occur.

		Further information	Page
Automatic early Exchange	<p>CBA must Exchange all PERLS XI if a Change of Control Event occurs in respect of CBA</p> <p>A Change of Control Event occurs when:</p> <ul style="list-style-type: none"> • a takeover bid for Ordinary Shares is made and certain conditions are satisfied; or • a scheme of arrangement is proposed and certain conditions are satisfied <p>On the Exchange Date (subject to the Second and Third Mandatory Exchange Conditions and the Maximum Exchange Number, each as described below), you will receive for each of your PERLS XI a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value of A\$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount). The VWAP will be based on the period of 20 Business Days before the Exchange Date. The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)</p> <p>To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 4.7 and 71	92, 95
How does Exchange work upon the occurrence of a Change of Control Event?	<p>Upon the occurrence of a Change of Control Event, CBA must Exchange all PERLS XI. The Second and Third Mandatory Exchange Conditions will apply with the modifications in Clause 4.7(c) of the Terms, as follows:</p> <ul style="list-style-type: none"> • Second Mandatory Exchange Condition: the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) the proposed Exchange Date is greater than 20.20% of the Issue Date VWAP; and • Third Mandatory Exchange Condition: Ordinary Shares are listed or admitted to trading on ASX as at the proposed Exchange Date 	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 4.7	92
Exchange Number	<p>CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS XI held by that Holder</p> <p>The Exchange Number is calculated according to the same formula that applies to Exchange on the Mandatory Exchange Date (see Section 2.3 “Mandatory Exchange”) and is subject to the Exchange Number being no greater than the Maximum Exchange Number</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 71	95

		Further information	Page
Maximum Exchange Number	<p>The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula:</p> $\frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$ <p>The Relevant Percentage is 0.20 if a Change of Control Event has occurred</p> <p>The Issue Date VWAP is the VWAP of Ordinary Shares during the period of 20 Business Days immediately preceding (but not including) the Issue Date for PERLS XI</p> <p>The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value (measured over the period prior to Exchange) which is significantly less than the Face Value on Exchange. To provide some protection for Holders against this occurring on Exchange due to a Change of Control Event, CBA will only Exchange PERLS XI due to a Change of Control Event where the Second and Third Mandatory Exchange Conditions are satisfied as modified by clause 4.7(c) of the Terms</p> <p>However, depending on the market price of Ordinary Shares at the time, you may receive Ordinary Shares that are worth less than the Face Value, and may suffer loss as a consequence</p> <p>The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 7.1	95
What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	<p>If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date and the same process outlined in Section 2.3 “Mandatory Exchange” will apply</p> <p>The process for Ineligible Holders is also outlined in Section 2.3 “Mandatory Exchange”</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 7.10	96

2.6 How will CommBank PERLS XI Capital Notes rank in a winding up?

PERLS XI are subordinated, unsecured liabilities of CBA.

		Further information	Page
No security	PERLS XI are not secured by any assets of CBA or its subsidiaries	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 1.1	88
Ranking in a winding up of CBA	Senior Ranking Obligations are all deposits and other liabilities, securities and other obligations of CBA (other than Equal Ranking Securities or Junior Ranking Securities). In a winding up of CBA, your claim will rank after the claims of holders of Senior Ranking Obligations, including creditors preferred by law and secured creditors	Section 1.1.2 “Ranking of PERLS XI in a winding up of CBA”	12
	Your claim will rank equally with claims of other Holders and holders of Equal Ranking Securities. This means your PERLS XI rank equivalently to a preference share	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 1.5	88
	Your claim will rank ahead of claims of holders of Junior Ranking Securities (being holders of Ordinary Shares)	For further information about the situation where a Capital Trigger Event or Non-Viability Trigger Event has occurred but CBA is not able to issue Ordinary Shares, see Section 2.4 “Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event” and Section 5.2.5.3 “Consequences of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event”	26, 59
	On Exchange, Holders will become holders of Ordinary Shares and rank equally with other holders of Ordinary Shares and could lose all of their investment on a winding up of CBA		

2.7 What else should I know about?

		Further information	Page
No voting rights for Holders at CBA shareholder meetings	<p>You do not have a right to vote at meetings of shareholders of CBA</p> <p>You may vote at meetings for PERLS XI Holders in accordance with the Deed Poll</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 1.8 and 12.2	88, 100
Further issues of securities	CBA has the right in its absolute discretion to issue additional Senior Ranking Obligations or Equal Ranking Securities which may rank ahead of or equally with PERLS XI, whether or not secured. A holding of PERLS XI does not confer any right to participate in further issues of securities by CBA	<p>Section 5.2.9 “CBA may raise more debt and issue other securities”</p> <p>Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 1.5 and 1.8</p>	60, 88
No set off	<p>CBA has no right to set-off amounts owing to Holders under PERLS XI against amounts owing by Holders to CBA or any member of the CBA Group</p> <p> Holders have no right to set-off any amounts owed to CBA or other members of the CBA Group against amounts owing to Holders under PERLS XI</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 1.6	88
Not guaranteed	PERLS XI are not deposit liabilities or protected accounts of CBA under the Banking Act. They are not guaranteed or insured by any Australian government, government agency or compensation scheme. No member of the CBA Group guarantees PERLS XI and no member of the CBA Group, other than CBA, has any liability for PERLS XI	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 1.7	88
Substitution	<p>CBA may, in connection with a NOHC Event, without the consent of Holders but subject to APRA approval¹, substitute a NOHC as the debtor under PERLS XI and as the issuer of ordinary shares on Exchange by giving notice to the Holders and ASX (“Full Successor”). Alternatively, CBA may substitute a NOHC only as the issuer of ordinary shares (“Partial Successor”). Any substitution is subject to the NOHC expressly assuming the relevant obligations of CBA under the Terms (including, in the instance of a Full Successor, the restrictions on paying Distributions and dividends on Ordinary Shares (with appropriate modifications)) and satisfying certain other conditions, including the quotation of the ordinary shares of the NOHC on a securities exchange. The substitution of a NOHC does not allow CBA to elect to Exchange PERLS XI nor does it give you a right to request Exchange of your PERLS XI</p> <p>Following substitution and prior to Exchange, you will continue to hold PERLS XI. The NOHC will be required to deliver its own ordinary shares in all circumstances when CBA would otherwise have been required to deliver Ordinary Shares (including on Exchange) and to use reasonable endeavours to procure the quotation of those ordinary shares on the relevant securities exchange</p>	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clauses 2.5, 2.7 and 11	89, 90, 98
ASX quotation	CBA will apply for quotation of PERLS XI on ASX. It is expected that PERLS XI will be quoted under code “CBAPH”	Section 7.3 “Issue and quotation of CommBank PERLS XI Capital Notes”	78

¹ Approval is at the discretion of APRA and may or may not be given

		Further information	Page
Deed Poll	<p>CBA has elected not to appoint a trustee in connection with PERLS XI. Instead, a Deed Poll has been made by CBA in favour of each person who is from time to time a Holder</p> <p>The PERLS XI Deed Poll contains:</p> <ul style="list-style-type: none"> • the agreement of CBA to observe its obligations as set out in the Terms; • an obligation on CBA to appoint the Registry and procure the Registry to establish and maintain a PERLS XI Register; and • provisions for meetings of Holders <p> Holders will be bound by the terms of the Deed Poll, the Terms and this Prospectus when PERLS XI are allotted or transferred to them or they purchase PERLS XI</p> <p>The Registry will be responsible to hold the original executed Deed Poll on behalf of Holders. Each Holder can enforce the obligations of CBA under the Deed Poll and the Terms independently of the Registry and each other Holder</p>	Section 6.2.1 “Deed Poll” and Section 6.3 “Incorporation by reference”	68
What is the power of attorney?	Each Holder appoints each of CBA, its directors, officers and authorised delegates of the Board, and any External Administrator of CBA severally to be its attorney to sign all documents and transfers and do any other thing as may in the attorney’s opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder’s obligations under the Terms, including any transfers of PERLS XI, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Exchange, Redemption or Resale.	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 12.8	101
Governing law	New South Wales, Australia	Appendix A “Terms of CommBank PERLS XI Capital Notes” Clause 12.10	101

If you have any questions about PERLS XI, the Offer or the Reinvestment Offer, you should seek advice from your financial or other professional adviser. You can also call the PERLS XI Information Line on 1800 132 009 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker.



Identifying the risks of climate change

Climate scenario analysis allows CBA to estimate how we are positioned to withstand various levels of global warming, over different time periods and pathways. In doing so, we can see what is needed to increase the resilience of our business in the transition to a low carbon economy

Section 3

Information About the Reinvestment Offer

- 3.1 What are PERLS VI?
- 3.2 What is the Reinvestment Offer and is it relevant to me?
- 3.3 If I am an Eligible PERLS VI Holder, what are my options?
- 3.4 What happens on the Reinvestment Date?
- 3.5 What happens to Non-Reinvesting PERLS VI?
- 3.6 How will the final distribution(s) on my PERLS VI be paid?
- 3.7 What are the tax consequences of the Reinvestment Offer for me?
- 3.8 Summary of the key differences between PERLS VI and PERLS XI

The following provides information about the Reinvestment Offer for Eligible PERLS VI Holders. Detailed information about PERLS XI and CBA is provided in this Prospectus and it is important that you read this Prospectus, the Terms, Deed Poll and Constitution in full before deciding to participate in the Reinvestment Offer and invest in PERLS XI.

If you have any questions about the Reinvestment Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS XI Information Line on 1800 132 009 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period.

3.1 What are PERLS VI?

PERLS VI are perpetual, exchangeable, resaleable, listed, subordinated, unsecured notes issued by CBA. PERLS VI trade on ASX under the code “CBAPC”.

PERLS VI are not identical to PERLS XI. For a summary of differences between the two instruments, please refer to the table in Section 3.8 “Summary of key differences between PERLS VI and PERLS XI”.

CBA has issued a “Resale Notice” in accordance with the PERLS VI Terms advising that on 17 December 2018 all PERLS VI will be compulsorily resold to the PERLS VI Purchaser for \$100 per PERLS VI in accordance with the PERLS VI Terms.¹ A copy of the “Resale Notice” was lodged with ASX on 1 November 2018.

3.2 What is the Reinvestment Offer and is it relevant to me?

The Reinvestment Offer is an offer to Eligible PERLS VI Holders to apply to reinvest all or some of their PERLS VI in PERLS XI on the Reinvestment Date. Reinvesting PERLS VI will be resold to the PERLS VI Purchaser for A\$100 per PERLS VI and the PERLS VI Resale Proceeds reinvested in PERLS XI on behalf of Reinvesting PERLS VI Holders.

The Reinvestment Offer is only relevant to Eligible PERLS VI Holders. You are an Eligible PERLS VI Holder if:

- you are a registered holder of PERLS VI at 7.00pm on the Reinvestment Offer Record Date (25 October 2018); and
- you have a registered address in Australia.

If you hold PERLS VII, PERLS VIII, PERLS IX, PERLS X or Ordinary Shares but do not hold PERLS VI, you are not eligible to apply for PERLS XI under the Reinvestment Offer. However, you may apply for PERLS XI under the Securityholder Offer.

All Eligible PERLS VI Holders will either be emailed a link to the electronic version of the Prospectus and the online Reinvestment Form, or will be mailed a printed Prospectus and personalised Reinvestment Form (based on your communication election). If you did not receive an email with a link to the online Reinvestment Form, your personalised Reinvestment Form or would like a

replacement Reinvestment Form, please call the PERLS XI Information Line on 1800 132 009 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. See Section 7.1 for details on how to apply.

3.3 If I am an Eligible PERLS VI Holder, what are my options?

Eligible PERLS VI Holders have two options:

Option 1 – Reinvest some or all of your PERLS VI in PERLS XI by participating in the Reinvestment Offer

If you choose to reinvest only some of your PERLS VI in the Reinvestment Offer, please also refer to Option 2 in respect of your Non-Reinvesting PERLS VI.

If you choose to participate in the Reinvestment Offer, you may elect to reinvest all or some of your PERLS VI into PERLS XI (as you nominate on the online or personalised Reinvestment Form), which will be resold to the PERLS VI Purchaser for \$100 per PERLS VI on the Reinvestment Date. The proceeds of resale will be automatically applied to a reinvestment in PERLS XI. If you choose this option, no brokerage or other expenses in relation to the resale or Reinvestment Offer will be payable by you.

You can also apply for additional PERLS XI through the Securityholder Offer by completing Section D of the Reinvestment Form. You will have to lodge your Application with accompanying Application Monies for any additional PERLS XI that you apply for.

For further information on how to apply under the Reinvestment Offer, see Section 7 “How to Apply”.

CBA will give priority to Applications received under the Reinvestment Offer (including Applications made through Syndicate Brokers) when allocating PERLS XI. The priority does not apply to your Applications for additional PERLS XI. For further information on the allocation policy for PERLS XI, see Section 7.2.4 “Allocation policy and refunds”.

If you apply to participate in the Reinvestment Offer you are taken to agree to a holding lock being placed on your Reinvesting PERLS VI, pending completion of the Reinvestment Offer. Once the holding lock has been applied, you will not be able to trade your Reinvesting PERLS VI on-market. It is your obligation to ensure that you do not transfer your Reinvesting PERLS VI.

You will be paid the Final PERLS VI Distribution on 17 December 2018 for each PERLS VI you hold on the Final PERLS VI Distribution Record Date.

The main risks of participating in the Reinvestment Offer are the risks related to investing in PERLS XI. For further information about the risks of PERLS XI, see Section 5 “Risks of CommBank PERLS XI Capital Notes”. These risks should be considered carefully before you apply to reinvest in PERLS XI under the Reinvestment Offer or apply for additional PERLS XI.

¹ On 1 November 2018 CBA amended the PERLS VI Terms to provide that where any act or event in connection with the resale or redemption of PERLS VI must be done or must occur on a stipulated day that is not a Business Day, then that act or event will be done or will occur on the next Business Day. The PERLS VI Terms allow for CBA to effect a resale, and a redemption, of PERLS VI on the PERLS VI Call Date – which is Saturday 15 December 2018. As this is not a Business Day, under the PERLS VI Terms (as amended) the resale, and redemption, of PERLS VI will occur on the next Business Day – namely, Monday 17 December 2018.

Option 2 – Do not participate in the Reinvestment Offer

If you do not wish to participate in the Reinvestment Offer or you only participate in the Reinvestment Offer in respect of some but not all of your PERLS VI, then those Non-Reinvesting PERLS VI will be resold to the PERLS VI Purchaser for \$100 per PERLS VI on 17 December 2018 unless you sell them earlier. The PERLS VI Resale Proceeds will be paid to you in the same way in which distributions on your PERLS VI have previously been paid to you. No brokerage will be payable by you.

If you choose this option, you will be paid the Final PERLS VI Distribution on 17 December 2018 for each PERLS VI you hold on the Final PERLS VI Distribution Record Date.

You may also sell your PERLS VI on ASX for cash through your own broker (and may have to pay brokerage) at the prevailing market price, which may be more or less than A\$100. The last day for ASX trading in PERLS VI is expected to be 5 December 2018 after which trading will be suspended.

3.4 What happens on the Reinvestment Date?

On the Reinvestment Date (17 December 2018), all PERLS VI (including Reinvesting PERLS VI) will be resold to the PERLS VI Purchaser for \$100 per PERLS VI.

The PERLS VI Purchaser will then reinvest the PERLS VI Resale Proceeds from Reinvesting PERLS VI on your behalf in PERLS XI. For every PERLS VI you elect to reinvest, you will receive one PERLS XI (subject to scale back). If a scale back applies, you will receive cash for the difference between the value of the PERLS VI you sell to the PERLS VI Purchaser and the PERLS XI allocated to you.

All Reinvesting PERLS VI that are resold to PERLS VI Purchaser on the Reinvestment Date, once transferred to the PERLS VI Purchaser will be redeemed on that date.²

3.5 What happens to Non-Reinvesting PERLS VI?

On 17 December 2018, all PERLS VI (including Reinvesting PERLS VI) will be resold to the PERLS VI Purchaser for \$100 per PERLS VI, and this amount will be paid to you on 17 December 2018.³

All Non-Reinvesting PERLS VI that are resold to the PERLS VI Purchaser on 17 December 2018, once transferred to the PERLS VI Purchaser will be redeemed on that date.⁴

You may sell your PERLS VI on ASX at any time before trading in PERLS VI is suspended, which is expected to occur from the close of trading on 5 December 2018. The market price of PERLS VI is subject to change from time to time. You may be able to sell or dispose of your PERLS VI on ASX for a price which is higher or lower than the value you would receive through participating in the Reinvestment Offer. Up to date information about the market price of PERLS VI can be obtained from www.asx.com.au (ASX code: CBAPC).

3.6 How will the final distribution(s) on my PERLS VI be paid?

All holders of PERLS VI (both Reinvesting PERLS VI and Non-Reinvesting PERLS VI) on the Final PERLS VI Distribution Record Date (7 December 2018), including investors who purchased PERLS VI before trading of PERLS VI is suspended from the close of trading on 5 December 2018, will be entitled to the Final PERLS VI Distribution payable on 17 December 2018.

The Final PERLS VI Distribution is discretionary and subject to the distribution payment conditions in the PERLS VI Terms being satisfied.

² CBA has issued a “Redemption Notice” in accordance with the PERLS VI Terms advising that all PERLS VI will be redeemed on 17 December 2018 following their resale to the PERLS VI Purchaser. A copy of the “Resale Notice” was lodged with ASX on 1 November 2018.

³ The PERLS VI Terms allow CBA to effect a resale of PERLS VI on the PERLS VI Call Date – which is Saturday 15 December 2018. As this is not a Business Day, under the PERLS VI Terms (as amended) the resale of PERLS VI will occur on the next Business Day – namely, Monday 17 December 2018.

⁴ CBA has issued a “Redemption Notice” in accordance with the PERLS VI Terms advising that all PERLS VI will be redeemed on 17 December 2018 following their resale to the PERLS VI Purchaser. A copy of the “Resale Notice” was lodged with ASX on 1 November 2018.

3.7 What are the tax consequences of the Reinvestment Offer for me?

Section 6.5 “Summary of Australian tax consequences for Eligible PERLS VI Holders who participate in the Reinvestment Offer” provides information about the tax consequences.

3.8 Summary of the key differences between PERLS VI and PERLS XI

	PERLS VI	PERLS XI
Issuer	CBA	CBA
Legal form	Perpetual note	Perpetual note
Initial Face Value	A\$100	A\$100
ASX code	CBAPC	CBAPH ¹
Margin	3.80% per annum	Expected to be between 3.70% and 3.90% and will be determined through the Bookbuild
Quarterly distributions	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked
Call Date/Resale Date	15 December 2018 ²	26 April 2024 ²
Exchange	CBA must exchange for Ordinary Shares on 15 December 2020 if certain conditions are satisfied	CBA must Exchange on 26 April 2026 if the Mandatory Exchange Conditions are satisfied
CBA ordinary share price for first mandatory exchange condition	\$31.41	56% of the Issue Date VWAP
Capital Trigger Event	CET1 Capital Ratio equal to or less than 5.125%	CET1 Capital Ratio equal to or less than 5.125%
Non-Viability Trigger Event	Yes	Yes
Ranking in a winding up (assuming no Exchange)	Ranks equivalent to a preference share	Ranks equivalent to a preference share

1 CBA will apply for PERLS XI to be quoted by ASX and they are expected to trade under code “CBAPH”

2 Call Date/Resale is two years prior to the Mandatory Exchange Date



Energy Efficient Equipment Finance (EEEF) program

We recently updated the EEEF program to be wholly funded by the Bank as it continues to provide great opportunities for businesses to invest in energy efficient, low emissions and renewable energy technologies

Section 4

Information About CBA

- 4.1 Profile of CBA
- 4.2 Businesses of CBA
- 4.3 Business strategy of CBA
- 4.4 Financial services industry regulatory environment
- 4.5 Directors of CBA
- 4.6 Management of the businesses of CBA
- 4.7 Corporate governance of CBA
- 4.8 Financial information about CBA

4.1 Profile of CBA

CBA is one of Australia's leading providers of integrated financial services, providing retail, business and institutional banking, funds management, superannuation, life insurance, general insurance, broking services and finance company activities. CBA is one of the largest companies listed on ASX and had a market capitalisation of A\$121 billion as at 30 October 2018. CBA is an authorised deposit-taking institution ("ADI") regulated by the Australian Prudential Regulation Authority ("APRA") and other regulatory bodies. CBA conducts its operations primarily in Australia and New Zealand. It also operates in a number of other countries including the United Kingdom, the United States, China, Japan, Singapore, Hong Kong, Indonesia and South Africa.

CBA's purpose is to improve the financial wellbeing of its customers and communities. CBA's strategy is to become a simpler, better bank that delivers balanced and sustainable outcomes for its customers, community, its people and shareholders.

You should focus on the financial position of CBA when deciding to invest in PERLS XI. Investments in PERLS XI 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 and therefore are not guaranteed or insured by any Australian government, government agency or compensation scheme.

CBA is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including an obligation to lodge half-yearly and annual financial reports with ASIC and ASX. Copies of these and other documents lodged with ASIC can be obtained from, or inspected at, an ASIC office. Certain of these documents can also be obtained from www.asx.com.au and CBA's Investor Centre at www.commbank.com.au/ investors, together with CBA's other ASX announcements.

4.2 Businesses of CBA

The principal activities of CBA are carried out in the business segments below. These segments are based on the distribution channels through which the customer relationship is being managed.

- **Retail Banking Services**

Retail Banking Services provides home loan, consumer finance and retail deposit products and servicing to retail bank customers and non-relationship managed small business customers.

- **Business and Private Banking**

Business and Private Banking provides specialised banking services to relationship managed business and Agribusiness customers, private banking to high net worth individuals and margin lending and trading through CommSec.

- **Institutional Banking and Markets**

Institutional Banking and Markets services the CBA Group's major corporate, institutional and government clients using a relationship management model based on industry expertise and insights. The client offering includes debt raising, financial and commodities price risk management and transactional banking capabilities. Institutional Banking and Markets has international operations in London, New York, Houston, Japan, Singapore, Malta, Hong Kong, New Zealand, Beijing and Shanghai.

- **Wealth Management**

Wealth Management includes global asset management (including operations in Asia and Europe), platform administration and financial advice and life and general insurance businesses of the Australian operations.

CBA has announced a number of intended changes to Wealth Management, including:

- The sale of Colonial First State Global Asset Management to Mitsubishi UFJ Trust and Banking Corporation. The sale is subject to necessary approvals, including regulatory approvals.
- The proposed demerger of CBA's wealth management and mortgage broking businesses, including Colonial First State, Count Financial, Financial Wisdom, Aussie Home Loans, and the minority shareholdings in CountPlus and Mortgage Choice. The demerger is subject to final CBA Board, shareholder and regulatory approvals.
- The sale of CBA's life insurance business in Australia ("CommInsure Life") to AIA Group Limited ("AIA"), which also includes a 20-year partnership with AIA to distribute life insurance products to customers. The sale remains subject to regulatory approvals.
- The sale of CBA's 37.5% equity interest in BoCommLife Insurance Company Limited ("BoComm Life") to Mitsui Sumitomo Insurance Co., Ltd, which is subject to regulatory approvals in China. The completion of the BoComm Life transaction will satisfy a condition to the sale of CommInsure Life.
- The strategic review of CBA's general insurance business.

- **ASB**

ASB includes the banking and funds management businesses operating in New Zealand (excluding Institutional Banking and Markets).

- **Bankwest**

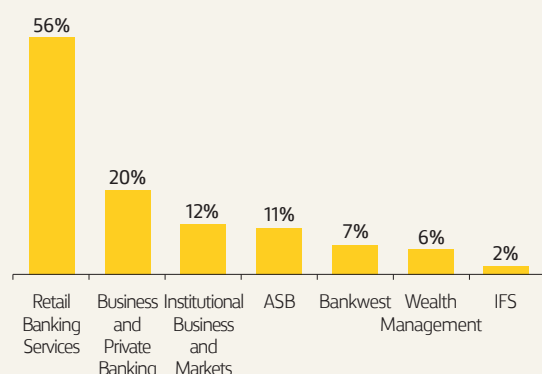
Bankwest is active in all domestic retail market segments, with lending diversified between housing and personal markets, including a full range of deposit products. Bankwest also provides business and rural relationship managed products and services to Western Australia based customers.

- **International Financial Services (“IFS”) and other divisions**

The following parts of the business are included in IFS and other divisions:

- IFS incorporates the Asian retail and business banking operations (Indonesia, China and Vietnam) and associate investments in China. It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia. CBA’s stake in Vietnam International Bank is under strategic review. The CBA Board approved the sale of Commonwealth Bank of South Africa (Holding Company) Limited (“TymeDigital”) to the minority shareholder, African Rainbow Capital. The sale is subject to regulatory approval and potential sale price adjustments. CBA has also announced the sale of PT Commonwealth Life in Indonesia.
- Corporate Centre includes the results of unallocated CBA Group support functions such as Investor Relations, Group Strategy, Marketing, Group Corporate Affairs, Treasury and Financial Services.

Business contribution to CBA’s net profit after tax¹ for the year ended 30 June 2018



¹ Presented on a continuing operations basis. Excludes Corporate Centre and Other, and therefore does not add to 100%

4.3 Business strategy of CBA

CBA’s purpose is to improve the financial wellbeing of its customers and communities. CBA’s purpose guides its strategy.

CBA’s strategy is to become a simpler, better bank that delivers balanced and sustainable outcomes for its customers, community, its people and shareholders. To achieve this CBA will:

- Simplify its portfolio, operating model and processes. CBA will focus on its core retail and commercial banking businesses in Australia and New Zealand.
- Build deep, trusted relationships with its customers, strengthen its business banking proposition, and deliver better operational discipline within its retail and business franchises.

- Grow from a simpler and more digital foundation. CBA will accelerate its innovation agenda to give customers the best digital experiences, and make it easier for its people to better serve customers.

To deliver the strategy, CBA will focus on achieving better customer, efficiency and risk outcomes. To do this, CBA will prioritise strengthening four critical capabilities: operational risk and compliance, cost reduction, data and analytics, and innovation.

Further details and examples of strategic initiatives can be found in the 2018 Annual Report, available from the Investor Centre at www.commbank.com.au/annual-reports.

4.4 Financial services industry regulatory environment

There is currently an environment of heightened political scrutiny on the Australian financial services industry, and CBA has been involved in a number of regulatory, legal and industry reviews. This and the extensive regulation CBA faces poses regulatory and reputational challenges for CBA.

CBA is committed to earning the trust of its customers, regulators and the community, and to ensuring it does not make mistakes to undermine trust in the future.

The risks to CBA’s business from regulatory matters, litigation and reputational damage are outlined in Sections 5.3.1 “CBA is subject to extensive regulation and an environment of political scrutiny, which could adversely impact its operations and financial position” and 5.3.2 “CBA may be adversely affected by damage to its reputation” and 5.3.11 “CBA’s business could be negatively impacted by substantial legal liability or regulatory action”. Examples of some current matters are described below.

(i) APRA Prudential Inquiry into CBA

The Panel appointed by APRA to conduct the independent prudential inquiry into CBA published its final report on 1 May 2018 (“APRA Report”). The APRA Report makes a number of findings regarding the complex interplay of organisational and cultural factors within the CBA Group and the need for enhanced management of non-financial risks. In response to the APRA Report, the CBA Group has acknowledged that it will implement all of the recommendations and has agreed to adjust its minimum operational risk capital requirements by an additional \$1 billion (risk weighted assets \$12.5 billion), until such time as the recommendations are implemented to APRA’s satisfaction.

CBA has entered into an Enforceable Undertaking under which CBA’s remedial action in response to the APRA Report will be agreed upon and monitored regularly by APRA. On 29 June 2018 CBA announced that APRA had endorsed CBA’s Remedial Action Plan, which details CBA’s response to the 35 recommendations in the APRA Report. The Remedial Action Plan provides a detailed program of change outlining how CBA will improve the way it runs its business, manages risk, and works with regulators. The Remedial Action Plan provides a comprehensive

assurance framework, with Promontory Financial Group having been appointed as the independent reviewer. The CBA Group has provided for costs expected to be incurred in relation to the conduct of the APRA inquiry.

(ii) AUSTRAC and related proceedings

On 4 June 2018, CBA announced it had entered into an agreement with the Australian Transaction Reports and Analysis Centre (“AUSTRAC”) to resolve the civil proceedings commenced by AUSTRAC in the Federal Court of Australia on 3 August 2017 that alleged contraventions of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Act). As part of the agreement CBA paid a civil penalty of \$700 million, together with AUSTRAC’s legal costs.

Two class actions have been filed alleging that CBA failed to disclose to the market, prior to 3 August 2017 when CBA became aware of the AUSTRAC proceeding, material information in relation to aspects of CBA’s AML/CTF controls. On 11 August 2017, ASIC confirmed it would investigate, among other things, whether the officers and directors of CBA complied with their continuous disclosure obligations under the Corporations Act in relation to the subject matter of AUSTRAC proceedings.

CBA may in the future be subject to additional Australian or international regulatory actions, litigation, investigations and governmental proceedings relating to financial crimes compliance.

(iii) The Royal Commission

On 30 November 2017, the Australian Government announced the establishment of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. The former High Court Judge, the Honourable Kenneth Hayne AC QC was appointed as the Commissioner.

An interim report was released on 28 September 2018, and the final report is due by 1 February 2019. The Commissioner’s report is expected to outline his findings and recommendations, which may form the basis of regulatory changes. The CBA Group has provided for costs expected to be incurred in relation to the conduct of the Royal Commission.

(iv) Other industry-wide regulatory reforms and political developments

Other industry-wide regulatory reforms and political developments include the Productivity Commission Inquiry into Competition in the Australian Financial System, the Banking Executive Accountability Regime which took effect from 1 July 2018, the Australian Competition and Consumer Commission Inquiry into residential mortgage pricing and the major bank levy.

Further detail on the matters described in this Section 4.4 and other updates on legal, regulatory and industry levels are included in the 2018 Annual Report and Note 7.1 to the Financial Statements in the Profit Announcement and for the full year ended 30 June 2018.

The 2018 Annual Report and the Profit Announcement for the full year ended 30 June 2018 are available from the Investor Centre at www.commbank.com.au/results and www.commbank.com.au/annual-reports.

4.5 Directors of CBA

The CBA Board of Directors are:

- Catherine Livingstone AO, Chairman
- Matt Comyn, Managing Director and Chief Executive Officer
- Shirish Apte
- Sir David Higgins
- Brian Long
- Andrew Mohl
- Mary Padbury
- Wendy Stops
- Anne Templeman-Jones
- Robert Whitfield

On 5 March 2018, CBA announced that Brian Long and Andrew Mohl will retire at the conclusion of the 2018 Annual General Meeting.

On 12 September 2018, CBA announced the appointment of Paul O’Malley who will join the Board of Directors, effective 1 January 2019. On 12 September 2018, CBA also announced that Brian Long will remain on the Board until 31 December 2018.

The Board’s role and responsibilities are set out in the Board Charter. The Board Charter and further information on the Directors can be found at www.commbank.com.au/corporategovernance.

4.6 Management of the businesses of CBA

The senior managers of the businesses of CBA include:

- Matt Comyn, Managing Director and Chief Executive Officer, CBA
- Adam Bennett, Group Executive, Business and Private Banking
- Pascal Boillat, Group Executive, Enterprise Services, and Chief Information Officer
- David Cohen, Group Chief Risk Officer
- Alan Docherty, Group Executive, Financial Services, and Chief Financial Officer
- Andrew Hinchliff, Group Executive, Institutional Banking and Markets
- Coenraad Jonker, Group Executive, International Financial Services
- Anna Lenahan, Group General Counsel and Group Executive, Group Corporate Affairs
- Sian Lewis, Group Executive, Human Resources
- Vittoria Shortt, Chief Executive Officer, ASB
- Angus Sullivan, Group Executive, Retail Banking Services

On 25 June 2018, CBA announced the appointment of Nigel Williams as CBA’s Group Chief Risk Officer, effective

5 November 2018. Nigel will replace David Cohen who has been appointed CBA's Deputy Chief Executive Officer, effective 5 November 2018.

Further information about CBA's management can be found in the section entitled "Our Company" at www.commbank.com.au/about-us/who-we-are/our-company.html.

4.7 Corporate governance of CBA

Strong corporate governance is critical in supporting CBA to fulfil its purpose.

CBA strives for a high standard of governance and is focused on strengthening its governance to achieve better customer and risk outcomes. CBA's corporate governance arrangements and practices are regularly refined in light of new laws, evolving stakeholder expectations and the dynamic environment in which it operates.

CBA's governance arrangements and practices follow the recommendations set out in the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Further information about CBA's governance arrangements and practices, including the 2018 Corporate Governance Statement, can be found at www.commbank.com.au/corporategovernance.

4.8 Financial information about CBA

You should focus on the financial position of CBA when deciding to invest in PERLS XI.

CBA's consolidated income statements and balance sheets for the full years ended 30 June 2018, 30 June 2017 and 30 June 2016 are summarised in Sections 4.8.4 "Consolidated Income Statement" and 4.8.5 "Consolidated Balance Sheet".

For the year ended 30 June 2018, CBA reported a number of businesses within the Group as discontinued operations. Discontinued operations represent a major business or division that CBA plans to sell or close within the next 12 months, or that has already been sold or closed.

Businesses classified as discontinued at 30 June 2018 included Commlnsure Life, Sovereign, TymeDigital and BoComm Life.

Information in Sections 4.8.1 and 4.8.2 is presented including discontinued operations. In Sections 4.8.6 and 4.8.7, regulatory information (including capital, leverage, NSFR and LCR) is also presented including discontinued operations. All other information in this section, unless otherwise identified, is presented on a continuing operations basis only.

The proposed demerger outlined in Section 4.2 "Businesses of CBA" was classified as continuing operations for the year ended 30 June 2018 due to the uncertain timing of the completion of the demerger. The demerger is not expected to have a material impact on CBA's CET1 Capital ratio.

The financial information presented in this section has been presented in abbreviated form. It does not contain all of the disclosures usually provided in an annual report or full year financial report prepared in accordance with the Corporations Act. In particular, the consolidated income statement and consolidated balance sheet have been extracted from the Profit Announcement for the full year ended 30 June 2018 and the 2018 Annual Report.

The Profit Announcement for the full year ended 30 June 2018 and the 2018 Annual Report are available from the Investor Centre at www.commbank.com.au/results and www.commbank.com.au/annual-reports.

4.8.1 Capital adequacy

4.8.1.1 Capital generally

CBA is an ADI regulated by APRA and other regulatory bodies. APRA generally follows the principles for banking supervision developed by the Basel Committee on Banking Supervision ("BCBS").

Under the principles known as "Basel I", "Basel II" and "Basel III", an ADI is currently required to hold a certain level of regulatory capital against its risk-weighted assets in order for such capital to absorb losses which an ADI may incur from time to time, and therefore protect depositors from realising such losses.

CET1 Capital comprises ordinary share capital, retained earnings and certain other items recognised as capital, less prescribed deductions. The ratio of such capital to risk-weighted assets is called the CET1 Capital Ratio.

Tier 1 Capital comprises CET1 Capital plus certain equity-like securities (such as PERLS XI). The ratio of such capital to risk-weighted assets is called the Tier 1 Capital ratio.

Tier 2 Capital comprises certain securities having features eligible to be recognised as Tier 2 Capital.

The strongest and most loss absorbent form of capital is CET1 Capital, followed by other Tier 1 Capital and then Tier 2 Capital.

The sum of Tier 1 Capital and Tier 2 Capital is called Total Capital. The ratio of Total Capital to risk-weighted assets is called the Total Capital ratio.

Generally, higher capital ratios indicate an ADI's financial strength which is critical to the ADI's ability to refinance its debt, including Tier 1 securities such as PERLS XI in the future.

Under Basel III, an ADI is required to have a minimum CET1 Capital Ratio of 4.5% which applies to both the ADI's Level 1 Group and Level 2 Group. APRA may also determine that an Australian bank is required to hold an additional amount of capital above the 4.5% minimum requirement, and the total of the 4.5% minimum requirement and any additional amount required is called the prudential capital requirement ("PCR"). CBA has held capital at levels above these minimums and intends to hold capital above these minimums in the future.

An ADI is required to maintain a capital conservation buffer ("CCB") in the form of CET1 Capital equal to 2.5% of risk-weighted assets, unless APRA determines otherwise.

For Domestic Systemically Important Banks ("D-SIB"), such as CBA, APRA currently requires a 1% D-SIB buffer, raising the CCB to at least 3.5%. This makes the total CET1 Capital requirement for a D-SIB equal to a minimum of 8%.

APRA also has the discretion to apply an additional countercyclical capital buffer to all banks with an indicative range of between 0% and 2.5% of CET1 Capital. If applicable, this forms part of the CCB. APRA has currently set the countercyclical capital buffer applicable to Australian exposures at 0%.

References to the minimum total CET1 Capital requirement applicable under APRA's prudential standards are to general minimums applying under the APRA prudential standards, rather than specific minimums applying to CBA.

In addition, the Leverage Ratio will act as a supplementary measure to the other capital requirements and is defined as an ADI's Tier 1 Capital divided by that ADI's total exposures (on and off balance sheet exposures).

CBA Level 2 CET1 Capital levels and 4.5% minimum requirements¹

	CET1 Capital Ratio	CET1 Capital (A\$Bn)	Minimum CET1 Capital Ratio	Minimum CET1 Capital (A\$Bn)	Surplus above minimum CET1 Capital Ratio	Surplus CET1 Capital (A\$Bn)
30 June 2018	10.1%	46.5	4.5%	20.6	5.6%	25.9
31 Dec 2017	10.4%	45.9	4.5%	19.8	5.9%	26.1
30 June 2017	10.1%	44.2	4.5%	19.7	5.6%	24.5
31 Dec 2016	9.9%	43.3	4.5%	19.6	5.4%	23.7
30 June 2016	10.6%	41.7	4.5%	17.8	6.1%	23.9

¹ Does not include the CCB. For a comparison including the CCB, see the table entitled "CBA Level 2 CET1 Capital levels and 8% minimum requirements" on page 46

As at 30 June 2018, CBA's Level 2 CET1 Capital Ratio was 10.1%, this means that, for every A\$1 of risk-weighted assets it had, it held A\$0.101 of capital in the form of CET1 Capital.

CBA's Level 1 CET1 Capital Ratio was 10.8% as at 30 June 2018, which equates to a surplus of approximately A\$27.3 billion above the minimum CET1 Ratio.

4.8.1.2 Capital Trigger Event

Under Basel III, Tier 1 securities (such as PERLS XI) must include a Capital Trigger Event.

A Capital Trigger Event may occur if either or both the CBA Level 1 CET1 Capital Ratio or CBA Level 2 CET1 Capital Ratio as calculated under APRA's approach is equal to or less than 5.125% (see Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"). CBA has held CET1 Capital at levels above 5.125% and intends to hold capital above this level in the future.

The table below discloses CBA's Level 2 CET1 Capital levels.

CBA Level 2 CET1 Capital levels and capital trigger

	CET1 Capital Ratio	CET1 Capital (A\$Bn)	Capital Trigger Event	Capital Trigger Event level (A\$Bn)	Surplus above Capital Trigger Event	Surplus CET1 Capital (A\$Bn)
30 June 2018	10.1%	46.5	5.125%	23.5	5.0%	23.0
31 Dec 2017	10.4%	45.9	5.125%	22.6	5.3%	23.3
30 Jun 2017	10.1%	44.2	5.125%	22.4	5.0%	21.8
31 Dec 2016	9.9%	43.3	5.125%	22.4	4.8%	20.9
30 Jun 2016	10.6%	41.7	5.125%	20.2	5.5%	21.5

CBA's Level 1 CET1 Capital Ratio was 10.8% as at 30 June 2018, which equates to a surplus of approximately A\$24.6 billion above the Capital Trigger Event level.

4.8.1.3 Potential impact of falling into the capital conservation buffer

Restrictions on the proportion of profits that can be used to pay Ordinary Share dividends, Tier 1 Capital distributions and discretionary staff bonuses will apply if an ADI's CET1 Capital Ratio falls into the ADI's CCB. The percentage of earnings able to be used for discretionary payments depends on whether the ADI is operating above the CCB or has fallen into the buffer outlined in the table below entitled "Capital conservation buffer rules".

Capital conservation buffer rules¹

CET1 Ratio	Value range	% of earnings able to be used for discretionary payments
Above top of CCB	Greater than PCR + 3.5%	100%
4th Quartile	Top of range: PCR + 3.5% Bottom of range: greater than PCR + 2.625%	60%
3rd Quartile	Top of range: PCR + 2.625% Bottom of range: greater than PCR + 1.75%	40%
2nd Quartile	Top of range: PCR + 1.75% Bottom of range: greater than PCR + 0.875%	20%
1st Quartile	Top of range: PCR + 0.875% Bottom of range: PCR	0%
Prudential capital requirement²	Less than PCR	0%

1 Above example assumes the total CCB (including the D-SIB buffer of 1% and countercyclical capital buffer of 0%) is 3.5%

2 4.5% minimum plus any additional amount required by APRA

CBA Level 2 CET1 Capital levels and 8% minimum requirements¹

	CET1 Capital Ratio	CET1 Capital (A\$Bn)	Minimum CET1 Capital Ratio ¹	Minimum CET1 Capital requirement at 8% (A\$Bn) ¹	Surplus above Minimum CET1 Capital Ratio ¹	Surplus CET1 Capital (A\$Bn)
30 June 2018	10.1%	46.5	8%	36.7	2.1%	9.8
31 Dec 2017	10.4%	45.9	8%	35.3	2.4%	10.6
30 June 2017	10.1%	44.2	8%	35.0	2.1%	9.2
31 Dec 2016	9.9%	43.3	8%	34.9	1.9%	8.4
30 Jun 2016	10.6%	41.7	8%	31.6	2.6%	10.1

¹ Includes the CCB

CBA's Level 1 CET1 Capital Ratio was 10.8% as at 30 June 2018, which equates to a surplus of approximately A\$12.2 billion above the minimum CET1 capital requirement.

As outlined above, discretionary payments (such as Distributions on PERLS XI) may not be paid if an ADI's CET1 Ratio falls into the CCB. Distributions that are not paid do not accrue and will not be subsequently paid.

4.8.1.4 Leverage Ratio

The Leverage Ratio represents the amount of Tier 1 Capital the CBA Level 2 Group holds against its exposures. This is a supplementary measure to the other capital requirements. Such capital absorbs losses which CBA may incur from time to time and protects depositors from realising such losses. Generally, a higher leverage ratio indicates CBA's financial strength which is critical to CBA's ability to refinance its debt, including PERLS XI in the future.

As at 30 June 2018, CBA's Leverage Ratio was 5.5%. This means that, for every A\$1 of exposures it had, it held A\$0.055 of capital in the form of Tier 1 Capital.

4.8.1.5 Regulatory developments

APRA has implemented a number of actions in response to the FSI final report of December 2014, including the report's recommendation that Australian ADIs be required to operate with 'unquestionably strong' capital ratios.

In July 2017, APRA released an information paper "Strengthening banking sector resilience – establishing unquestionably strong capital ratios" in relation to establishing the quantum of capital required for the Australian banking sector to have capital ratios that are 'unquestionably strong'. APRA stated in the paper that in order to meet the objective of having 'unquestionably strong' capital ratios, Australia's major banks would

need to operate with an average benchmark ratio of CET1 Capital to risk-weighted assets of 10.5% or more by 1 January 2020.

Separately, on 7 December 2017, the BCBS finalised the Basel III bank capital framework "Basel III: Finalising post-crisis reforms" confirming new measures designed to address deficiencies in the international regulatory capital framework following the global financial crisis, primarily focused on addressing excessive variability in risk-weighted assets, and therefore capital requirements, across banks.

In response, on 14 February 2018, APRA released a discussion paper titled "Discussion Paper – Revisions to the capital framework for authorised deposit-taking institutions" ("Capital Framework Discussion Paper") to commence its consultation on revisions to the capital framework. The Capital Framework Discussion Paper outlines the main components of the revisions APRA expects to make to the risk-based capital requirements for ADIs using the advanced and standardised approach to credit, market and operational risk.

Amongst other things, the Capital Framework Discussion Paper seeks to address systemic concentration of ADI portfolios in residential mortgages and the proposals seek to target higher-risk residential mortgage lending, including investment and interest only loans.

APRA has stated that it expects the overall impact of the proposals in the Capital Framework Discussion Paper to be a net increase in ADIs' risk-weighted assets. APRA has noted that all else being equal, this will reduce an ADI's reported capital ratios, even though there is no change to the ADI's underlying risk profile or to the quantum of capital required to achieve capital ratios that are 'unquestionably strong'.

In August 2018, APRA released a second discussion paper titled “Discussion paper – Improving the transparency, comparability and flexibility of the ADI capital framework” (“Transparency, Comparability and Flexibility Discussion Paper”). APRA proposes two key approaches for achieving comparability, without changing the quantum or allocation of capital.

- The first approach is similar to current practices, but would result in two APRA-endorsed capital ratios. ADIs would continue to determine regulatory capital ratios using APRA’s definitions of capital and risk-weighted assets, and this ratio would be compared to minimum requirements. A second capital ratio would also be calculated and disclosed in accordance with a prescribed APRA methodology. APRA proposes that this second ratio is a disclosure-only capital ratio, primarily for international comparison.
- The second approach will result in only one set of APRA regulatory capital ratios that are more internationally harmonised than the current approach, or the first approach. This will be achieved by removing certain aspects of APRA’s relative conservatisms from an ADIs’ capital ratio calculations and lifting minimum regulatory capital ratio requirements in tandem. This may be achieved via a capital overlay at each tier of capital (CET1, Tier 1 and Total Capital). APRA has noted that adoption of this approach would need to consider the alteration of the loss absorption trigger point of 5.125% for Tier 1 capital securities (such as PERLS XI).

The outcome of these discussion papers, and the overall review of the capital framework, will determine whether APRA may recalibrate the benchmark 10.5% CET1 ratio applicable to major banks. However, APRA’s expectation is that any change will not necessitate additional capital raisings by ADIs nor alter the risk sensitivity of capital requirements. APRA’s intention is that the quantum of capital required to be held by ADIs under the revised capital framework can be accommodated within the amount of capital they would have needed to hold to meet the 10.5% benchmark CET1 ratio by January 2020.

Revisions to APRA’s prudential standards will be subject to consultation before becoming effective from 1 January 2021. This implementation timeframe is also subject to consultation.

Consistent with CBA’s approach to capital management, CBA will aim to achieve ‘unquestionably strong’ capital ratios through a range of initiatives, including organic capital generation, commitment to financial strength and announced asset sales (see Section 4.8.1.6 “CBA’s approach to Capital Management” and Section 4.2 “Businesses of CBA”).

In addition to the revisions to the capital framework, APRA has announced it intends to implement other capital related FSI recommendations, including a framework for minimum loss-absorbing and recapitalisation capacity and the introduction of a minimum Leverage Ratio requirement for ADIs.

On 14 February 2018, APRA released a discussion paper titled “Discussion Paper – Leverage ratio requirements for authorised deposit-taking institutions” (“Leverage Ratio Discussion Paper”) and intends to consult on the proposals in 2018. It is proposed that certain ADIs, including CBA, will be required to operate with a minimum Leverage Ratio of 4% from 1 July 2019, subject to consultation. The Leverage Ratio Discussion Paper also proposes changes to the way the Leverage Ratio is calculated.

Also in response to the FSI recommendations:

- In February 2018 the Australian Government passed legislation to give APRA additional powers for crisis resolution and resolution planning in relation to regulated entities. This includes providing certainty that capital instruments can be converted or written off as intended in APRA’s prudential standards.
- APRA has indicated that it intends to consult on a minimum loss absorbing capacity framework later in 2018.

Further information about regulatory developments can be found in the section entitled “Capital” in the Profit Announcement for the full year ended 30 June 2018 which is available from the Investor Centre at www.commbank.com.au/results.

4.8.1.6 CBA’s approach to capital management

CBA conservatively but proactively manages its capital position to avoid breaching the minimum capital requirements and to ensure it has sufficient capital to manage future growth. The Board and management are responsible for the setting of internal capital minimums and targets to ensure that CBA’s capital is prudently above APRA’s minimum capital requirements.

CBA also conducts internal assessments of the appropriate level of capital to hold, and regularly stress-tests various scenarios to ensure that it holds sufficient capital to withstand such stresses. It takes into consideration the level of capital held by peer banks, both domestic and global.

CBA issues securities such as PERLS XI to satisfy its Tier 1 Capital requirements and provide flexibility for future growth.

Further information about CBA’s approach to capital management can be found in the section entitled “Capital” in the Profit Announcement for the full year ended 30 June 2018 which is available from the Investor Centre at www.commbank.com.au/results.

4.8.2 Funding and liquidity

4.8.2.1 Funding

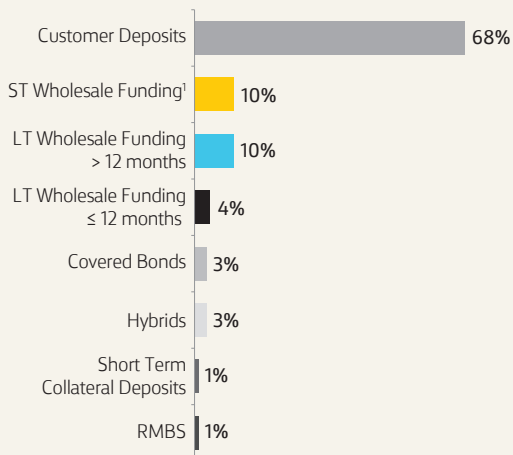
CBA raises customer deposits as well as long-term and short-term wholesale debt to fund its business activities, including lending. Customer deposits include transaction, savings and investment deposits raised from retail, business and institutional clients, predominantly in Australia. Long-term and short-term wholesale debt are raised both in Australia and overseas. CBA conservatively but proactively manages the amount, tenor and mix of its funding to ensure it has sufficient funding for its current business activities and to manage future growth.

It also manages its wholesale debt maturities to ensure that it is able to repay or refinance its liabilities when they fall due.

Under APRA's liquidity prudential standard, CBA is required to comply with a Net Stable Funding Ratio ("NSFR") requirement to have sufficient stable funding held against core assets. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding. Under APRA's liquidity prudential standard, CBA must maintain an NSFR of at least 100%.

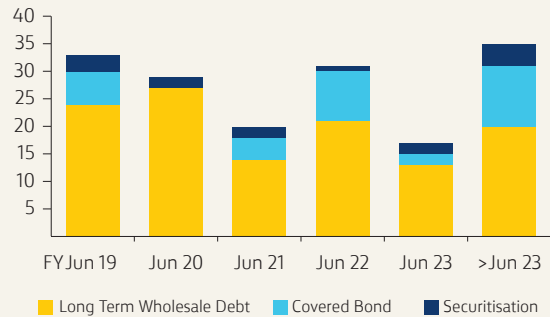
As at 30 June 2018, CBA's NSFR was 112%. This means that, for every A\$1 of core assets, it held A\$1.12 of stable funding.

CBA's Funding Composition as at 30 June 2018

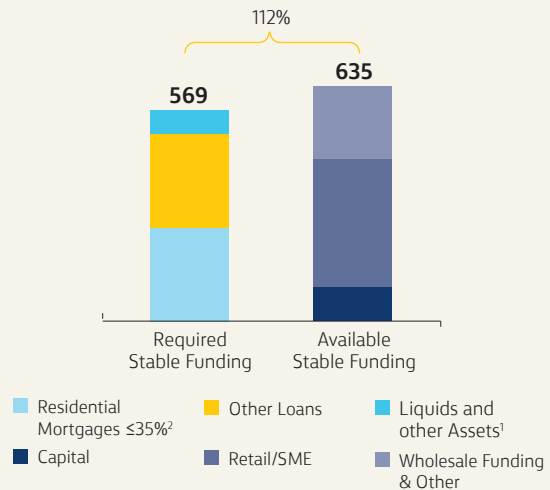


1 Includes the categories 'central bank deposits' and 'due to other financial institutions' (including collateral received)

CBA's Term Wholesale Funding profile as at 30 June 2018 (A\$Bn)



CBA's Net Stable Funding Ratio as at 30 June 2018 (A\$Bn)



- 1 'Other assets' includes non-performing loans, off-balance sheet items, net derivatives and other assets
- 2 This represents residential mortgages with risk weighting ≤ 35% under APRA standard APS112 Capital Adequacy: Standardised Approach to Credit Risk

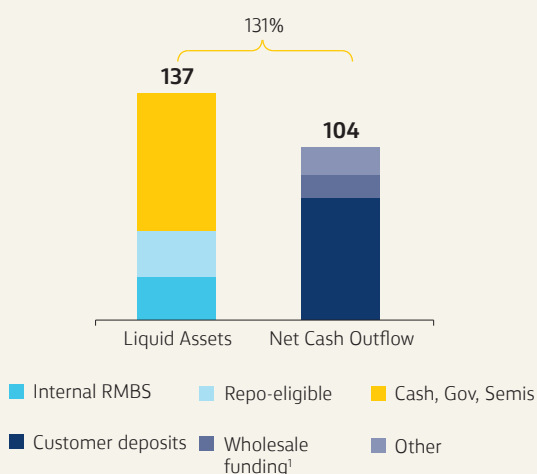
4.8.2.2 Liquidity

CBA ensures that it has sufficient cash, liquid assets (marketable securities and repo-eligible securities) to ensure that it is able to repay its short term liabilities, including repaying deposits, when they fall due.

Under APRA's liquidity prudential standard, CBA is required to comply with a Liquidity Coverage Ratio ("LCR") requirement to hold sufficient liquid assets to cover net cash outflows projected under a 30 day stress scenario. Under APRA's liquidity prudential standard, CBA must maintain an LCR of at least 100%.

As at 30 June 2018, CBA's LCR was 131%. This means that, for every A\$1 of potential net cash outflow, it held A\$1.31 of liquid assets.

CBA's LCR as at 30 June 2018 (A\$Bn)



¹ Includes all interbank deposits that are included as short-term wholesale funding

4.8.3 Explanation of CBA's revenue model

CBA's banking businesses primarily earn their revenue from the interest and fees charged for loans. Some banking businesses, such as Institutional Banking and Markets, earn fees for services performed for customers.

The funds management businesses earn fees for funds management and advice services performed for customers.

The insurance businesses earn premiums in relation to life and general insurance provided to customers. Part of those premiums are invested in anticipation of future liabilities and therefore the revenue of these businesses also includes investment earnings.

The below two ratios are examples of ratios that measure the performance of CBA's businesses:

- **Operating expense to total operating income ratio**

The operating expense to total operating income ratio represents CBA's operating expenses as a percentage of total operating income. Generally, a lower operating expense to total operating income ratio indicates that more total operating income may be available to pay Distributions.

For the twelve months to 30 June 2018, CBA's operating expense to total operating income ratio ("cash basis") was 44.8%. This means that, for every A\$1 of operating income it earned, it had operating costs of A\$0.448.

- **Return on equity ratio**

The return on equity ratio represents CBA's net profit after tax as a percentage of its average shareholders' equity. Generally, a higher return on equity ratio indicates that more profit may be available to pay Distributions.

For the twelve months to 30 June 2018, CBA's return on equity ratio ("cash basis") was 14.1%. This means that, for every A\$1 of shareholders' equity it held, it earned net profit after tax of A\$0.141.

4.8.4 Consolidated Income Statement

	Year Ended 30 June 2018 ¹	Year Ended 30 June 2017 ¹	Year Ended 30 June 2016 ¹
Interest income	34,543	33,301	33,819
Interest expense	(16,202)	(15,758)	(16,961)
Net interest income	18,341	17,543	16,858
Other banking income	5,390	5,684	4,628
Net banking operating income	23,731	23,227	21,486
Net funds management operating income	2,099	1,928	1,916
Net insurance operating income	302	231	215
Total net operating income before impairment and operating expenses	26,132	25,386	23,617
Loan impairment expense	(1,079)	(1,095)	(1,256)
Operating expenses	(11,633)	(10,626)	(9,996)
Net profit before income tax	13,420	13,665	12,365
Corporate tax expense	(4,026)	(3,879)	(3,400)
Net profit after income tax from continuing operations	9,394	9,786	8,965
Non-controlling interests in continuing operations	(19)	(20)	(20)
Net profit attributable to equity holders of CBA from continuing operations	9,375	9,766	8,945
Net (loss)/profit after income tax from discontinued operations	(46)	166	278
Non-controlling interest in discontinued operations	-	(4)	-
Net profit attributable to equity holders of CBA	9,329	9,928	9,223

¹ Information has been restated and presented on a continuing operations basis. Discontinued operations include the CBA Group's life insurance businesses in Australia and New Zealand, its 37.5% equity interest in BoComm Life and TymeDigital

4.8.5 Consolidated Balance Sheet

	As at 30 June 2018 A\$M ¹	As at 30 June 2017 A\$M	As at 30 June 2016 A\$M
Assets			
Cash and liquid assets	36,417	45,850	23,372
Receivables due from other financial institutions	9,222	10,037	11,591
Assets at fair value through Income Statement:			
Trading	32,254	32,704	34,067
Insurance	372	13,669	13,547
Other	258	1,111	1,480
Derivative assets	32,133	31,724	46,567
Available-for-sale investments	82,240	83,535	80,898
Loans, bills discounted and other receivables	743,365	731,762	695,398
Bank acceptances of customers	379	463	1,431
Property, plant and equipment	2,576	3,873	3,940
Investment in associates and joint ventures	2,842	2,778	2,776
Intangible assets	9,023	10,024	10,384
Deferred tax assets ²	1,439	906	389
Other assets	6,991	7,882	7,161
Assets held for sale	15,654	-	-
Total assets	975,165	976,318	933,001
Liabilities			
Deposits and other public borrowings	622,234	626,655	588,045
Payables due to other financial institutions	20,899	28,432	28,771
Liabilities at fair value through Income Statement	10,247	10,392	10,292
Derivative liabilities	28,472	30,330	39,921
Bank acceptances	379	463	1,431
Current tax liabilities	952	1,450	-
Deferred tax liabilities	-	332	1,022
Other provisions	1,889	1,780	340
Insurance policy liabilities	451	12,018	1,656
Debt issues	172,294	167,571	12,636
Managed funds units on issue	-	2,577	161,284
Bills payable and other liabilities	11,596	11,932	1,606
Liabilities held for sale	14,900	-	9,889
	884,313	893,932	856,893
Loan capital	22,992	18,726	15,544
Total liabilities	907,305	912,658	872,437
Net assets	67,860	63,660	60,564
Shareholders' Equity			
Share capital:			
Ordinary share capital	37,270	34,971	33,845
Reserves	1,676	1,869	2,734
Retained profits ²	28,360	26,274	23,435
Shareholders' Equity attributable to Equity holders of CBA	67,306	63,114	60,014
Non-controlling interests	554	546	550
Total Shareholders' Equity	67,860	63,660	60,564

1 Current period balances have been impacted by the announced sale of the CBA Group's life insurance businesses in Australia and New Zealand and the investment in BoComm Life

2 Comparatives have been restated following a change in accounting policy to recognise deferred tax on brand names acquired by the CBA Group

4.8.6 Summary of financial ratios

The ASIC Guidance suggests some financial ratios which may assist you to determine a company's financial capacity to pay interest, and repay the face value, on a bond. CBA does not calculate these ratios as they would not provide meaningful assistance given the nature of CBA's business which is different to companies outside the financial services industry. Nevertheless, CBA calculates the ratios set out in the following table which may provide assistance.

See Sections 4.8.1 "Capital adequacy", 4.8.2 "Funding and liquidity" and 4.8.3 "Explanation of CBA's revenue model" for detailed explanations of these ratios.

Relevant financial ratios as at 30 June 2018

	Year Ended 30 June 2018	Year Ended 30 June 2017	Year Ended 30 June 2016 ³	Potential impact on PERLS XI
Operating Expense to Total Operating Income Ratio ("cash basis")	44.8%	42.1% ¹	42.4%	If the operating expense to total operating income ratio is too high, it may indicate that there is a risk that CBA may not be able to pay Distributions.
Return on Equity Ratio ("cash basis")	14.1%	15.7% ¹	16.5%	If the return on equity ratio is too low, it may indicate that there is a risk that CBA may not be able to pay Distributions.
CET1 Capital Ratio ²	10.1%	10.1%	10.6%	If the capital ratios are too low, it may indicate that CBA may not be able to elect to Redeem PERLS XI in the future.
Tier 1 Capital Ratio ²	12.3%	12.1%	12.3%	
Total Capital Ratio ²	15.0%	14.2%	14.3%	
Leverage Ratio	5.5%	5.1%	5.0%	If the Leverage Ratio is too low, it may indicate that CBA may not be able to elect to Redeem PERLS XI in the future.
Net Stable Funding Ratio	112%	107%	n/a ³	If the NSFR is too low, it may indicate that CBA may not be able to elect to Redeem PERLS XI in the future.
Liquidity Coverage Ratio	131%	129%	120%	If the LCR is too low, it may indicate that CBA may not be able to elect to Redeem PERLS XI in the future.

1 Information has been restated and presented on a continuing operations basis. Discontinued operations include the CBA Group's life insurance businesses in Australia and New Zealand, its 37.5% equity interest in BoComm Life and TymeDigital

2 Level 2 capital ratio

3 Comparative information for the year ended 30 June 2016 has not been restated and is presented on an aggregated basis, inclusive of discontinuing operations, as reported in the Profit Announcement for the year ended 30 June 2017, except for the Net Stable Funding Ratio, which is a new disclosure

4.8.7 Impact of the Offer on CBA

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. The Offer will not have a material impact on CBA's cash flow.

The following pro forma adjustments show the changes that would be made to CBA's consolidated balance sheet as at 30 June 2018 assuming:

- an issue size of A\$750 million of PERLS XI, less costs of A\$13 million; and
- redemption of A\$2.00 billion of PERLS VI.

CBA has the ability to raise more or less than A\$750 million of PERLS XI.

Consolidated pro forma Balance Sheet as at 30 June 2018¹

	As reported A\$M	Pro forma adjustment	Pro forma A\$M
Assets			
Cash and liquid assets	36,417	(1,263)	35,154
Receivables due from other financial institutions	9,222		9,222
Assets at fair value through Income Statement:			
Trading	32,254		32,254
Insurance	372		372
Other	258		258
Derivative assets	32,133		32,133
Available-for-sale investments	82,240		82,240
Loans, bills discounted and other receivables	743,365		743,365
Bank acceptances of customers	379		379
Property, plant and equipment	2,576		2,576
Investment in associates and joint ventures	2,842		2,842
Intangible assets	9,023		9,023
Deferred tax assets	1,439		1,439
Other assets	6,991		6,991
Assets held for sale	15,654		15,654
Total assets	975,165	(1,263)	973,902
Liabilities			
Deposits and other public borrowings	622,234		622,234
Payables due to other financial institutions	20,899		20,899
Liabilities at fair value through Income Statement	10,247		10,247
Derivative liabilities	28,472		28,472
Bank acceptances	379		379
Current tax liabilities	952		952
Deferred tax liabilities	-		-
Other provisions	1,889		1,889
Insurance policy liabilities	451		451
Debt issues	172,294		172,294
Managed funds units on issue	-		-
Bills payable and other liabilities	11,596		11,596
Liabilities held for sale	14,900		14,900
	884,313		884,313
Loan capital	22,992	(1,263)	21,729
Total liabilities	907,305	(1,263)	906,042
Net assets	67,860		67,860
Shareholders' Equity			
Share capital:			
Ordinary share capital	37,270		37,270
Reserves	1,676		1,676
Retained profits	28,360		28,360
Shareholders' Equity attributable to Equity holders of CBA	67,306		67,306
Non-controlling interests	554		554
Total Shareholders' Equity	67,860		67,860

¹ Current period balances have been impacted by the announced sale of the CBA Group's life insurance businesses in Australia and New Zealand and the investment in BoComm Life

The following pro forma adjustments show the changes that would be made to relevant financial ratios as at 30 June 2018 assuming:

- an issue size of A\$750 million of PERLS XI, less costs of A\$13 million; and
- redemption of A\$2.00 billion of PERLS VI.

CBA has the ability to raise more or less than A\$750 million of PERLS XI.

Pro forma relevant financial ratios as at 30 June 2018

	As reported	Pro forma adjustment	Pro forma
Operating Expense to Total Operating Income Ratio ("cash basis") ¹	44.8%	-	44.8%
Return on Equity Ratio ("cash basis") ¹	14.1%	-	14.1%
CET1 Capital Ratio ²	10.1%	-	10.1%
Tier 1 Capital Ratio ²	12.3%	(0.3%)	12.0%
Total Capital Ratio ²	15.0%	(0.2%)	14.8%
Leverage Ratio	5.5%	(0.1%)	5.4%
Net Stable Funding Ratio	112%	(0.2%)	111%
Liquidity Coverage Ratio	131%	(1.2%)	130%

1 There is no change to these ratios because all costs are capitalised and amortised over time

2 Level 2 capital ratio



Lights on for Adelaide Oval

Cricket fans got a world-class experience at Adelaide Oval's historic day-night Ashes test thanks to a new, energy efficient upgrade to its lighting and sound equipment. The upgrade, financed by CBA and the Clean Energy Finance Corporation not only makes for a better spectator experience, but has reduced the stadium's energy use by up to 35%

Section 5

Risks of CommBank PERLS XI Capital Notes

- 5.1 Introduction
- 5.2 Risks associated with CommBank PERLS XI Capital Notes specifically
- 5.3 Risks associated with CBA's businesses which may affect CommBank PERLS XI Capital Notes

5.1 Introduction

There are risks which could affect an investment in PERLS XI, including:

- risks associated with PERLS XI specifically, many of which are outside the control of CBA; and
- risks associated with CBA's businesses which may affect PERLS XI.

All principal or material risks and uncertainties that have been identified by CBA as at the date of this Prospectus are included in this section. Additional risks and uncertainties that CBA is unaware of, or that it currently deems to be immaterial, may also become important risk factors that affect CBA and therefore PERLS XI. This list of risks is not exhaustive. CBA is subject to continuous disclosure obligations, requiring new material information to be announced to the ASX.

If any of the listed or unlisted risks actually occur, CBA's business operations, financial condition or reputation could be materially adversely affected and, consequently, Holders of PERLS XI could lose all or part of their investment.

If you have any questions about these risks, you should seek advice from your financial or other professional adviser before deciding to invest in PERLS XI.

5.2 Risks associated with CommBank PERLS XI Capital Notes specifically

5.2.1 Investments in PERLS XI are not deposit liabilities or protected accounts under the Banking Act

Investments in PERLS XI 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 under the Banking Act. Therefore, PERLS XI are not guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

5.2.2 Holders of PERLS XI are subordinated and unsecured creditors

In a winding up of CBA, Holders' claims will rank after the claims of holders of Senior Ranking Obligations, creditors preferred by law and secured creditors.

Holders' claims will rank equally with claims of holders of Equal Ranking Securities. This means your PERLS XI rank equivalently to a preference share.

Holders' claims will rank ahead of claims of holders of Junior Ranking Securities (being holders of Ordinary Shares).

If, after the claims of holders of Senior Ranking Obligations, creditors preferred by law and secured creditors are satisfied there are insufficient assets to pay all amounts owing on PERLS XI and any Equal Ranking Securities, there is a risk that you may lose some or all of the money you invested in PERLS XI.

For further information see Sections 1.1.2 "Ranking of PERLS XI in a winding up of CBA" and 2.6 "How will CommBank PERLS XI Capital Notes rank in a winding up?".

In addition, on Exchange, Holders will become holders of Ordinary Shares and rank equally with other holders of Ordinary Shares.

5.2.3 Distributions may not be paid

Payment of a Distribution is subject to:

- CBA, in its absolute discretion, making the Distribution to Holders;
- payment not resulting in a breach of CBA's capital requirements under APRA's prudential standards as they are applied to the CBA Level 1 Group or the CBA Level 2 Group;
- payment not resulting in CBA becoming, or being likely to become, insolvent; and
- APRA not otherwise objecting to the payment.

No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or a Non-Viability Trigger Event.

Distributions may not be paid if CBA's CET1 Ratio falls into the capital conservation buffer. For further information, see Section 4.8.1 "Capital adequacy".

Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution on the relevant Distribution Payment Date will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution. However, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date (or all PERLS XI are Exchanged, Redeemed or otherwise terminated), CBA cannot (subject to certain exceptions):

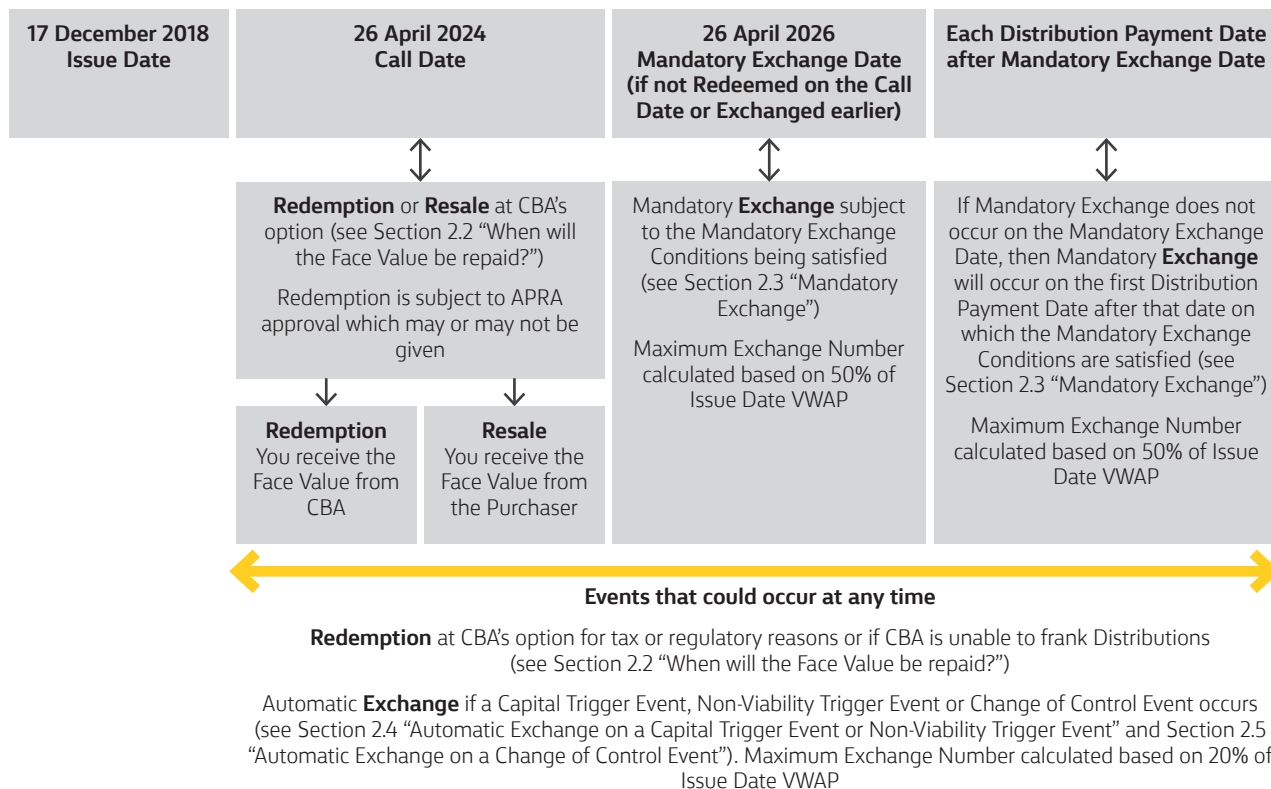
- declare or determine a dividend on Ordinary Shares; or
- return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares.

To prevent these restrictions from occurring, CBA must pay all Distributions when scheduled, or, if all or any part of a Distribution is not paid when scheduled, in full within 5 Business Days of the Distribution Payment Date. Therefore, CBA would expect to give priority to payments of Distributions and other similar Tier 1 Capital distributions to enable CBA to be able to continue paying Ordinary Share dividends.

Further, under the terms of some other securities issued by CBA, CBA may not be able to pay Distributions if it does not pay distributions on those other securities. If this occurs, the dividend and capital restrictions outlined above will apply.

5.2.4 PERLS XI may be Exchanged for Ordinary Shares on the Mandatory Exchange Date or if certain events occur

PERLS XI 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 occur. If none of these events occur, PERLS XI could remain on issue indefinitely and the Face Value will not be repaid.



5.2.4.1 Holders may receive Ordinary Shares on the Mandatory Exchange Date

Unless Redeemed or Exchanged earlier, PERLS XI must be Exchanged on the Mandatory Exchange Date (subject to the Mandatory Exchange Conditions).

Normally, you will receive a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value of A\$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount, see Section 2.3 "Mandatory Exchange"). For example, if the *VWAP of Ordinary Shares immediately prior to the Exchange Date* is A\$60, you would receive 1.6835 Ordinary Shares per PERLS XI. If the Ordinary Share price on the Exchange Date remained A\$60, this would have a market value of A\$101.01.

However, CBA will only be required to Exchange PERLS XI if all the Mandatory Exchange Conditions are satisfied (see Section 2.3 "Mandatory Exchange"). For example, if the *Issue Date VWAP* is A\$65, then:

- under the First Mandatory Exchange Condition, if the VWAP of Ordinary Shares on the 25th Business Day before the Mandatory Exchange Date is greater than A\$36.40, the First Mandatory Exchange Condition would be satisfied;

- under the Second Mandatory Exchange Condition, if the VWAP of Ordinary Shares during the period of 20 Business Days before the Mandatory Exchange Date is greater than A\$32.83, then the Second Mandatory Exchange Condition would be satisfied; and
- under the Third Mandatory Exchange Condition, if the Ordinary Shares are listed or admitted to trading on ASX as at the date of the Mandatory Exchange Date, then the Third Mandatory Exchange Condition would be satisfied.

If any of these Mandatory Exchange Conditions are not satisfied, it means that the Ordinary Share price has fallen below these levels during the relevant periods and Exchange will not occur. If Exchange does not occur, you will continue to hold your PERLS XI until the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied at which time Exchange will occur.

The value of Ordinary Shares you receive could be less than A\$101.01 in some circumstances, including:

- if the Face Value has previously been reduced (following a Capital Trigger Event or Non-Viability Trigger Event); and
- to realise the value of the Ordinary Shares, you sell them on ASX at the prevailing market price. However, depending on the time you decide to sell and the market price at that time, it is possible that your sale proceeds may be less than the Face Value.

5.2.4.2 Holders may receive Ordinary Shares upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event

Unless Redeemed or Exchanged earlier, PERLS XI must be Exchanged upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event. The Mandatory Exchange Conditions do not apply. Therefore, CBA will be required to Exchange PERLS XI in all circumstances, regardless of the level at which the Ordinary Share price is trading, and the Maximum Exchange Number may limit the number of Ordinary Shares you receive.

The value of Ordinary Shares you receive could be less than A\$101.01 in some circumstances, including:

- if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event);
- the maximum number of Ordinary Shares that you can receive is limited to a number calculated based on 20% of the Issue Date VWAP. For example, if the *Issue Date VWAP* is A\$65, then the Maximum Exchange Number would be 7.6923 Ordinary Shares per PERLS XI; and
- to realise the value of the Ordinary Shares, you sell them on ASX at the prevailing market price. However, depending on the time you decide to sell and the market price at that time, it is possible that your sale proceeds may be less than the Face Value.

If you wish to sell your Ordinary Shares, there is also a risk that Ordinary Shares may no longer be listed on ASX at the time of Exchange upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and you may not be able to sell your Ordinary Shares at all.

5.2.4.3 Holders may receive Ordinary Shares upon the occurrence of a Change of Control Event

Unless Redeemed or Exchanged earlier, PERLS XI must be Exchanged upon the occurrence of a Change of Control Event (subject to the Mandatory Exchange Conditions applying with the modifications in Clause 4.7(c) of the Terms).

The consequences of Exchange in this situation are the same as for Mandatory Exchange (see Section 5.2.4.1 “Holders may receive Ordinary Shares on the Mandatory Exchange Date”).

5.2.4.4 Consequences of holding Ordinary Shares

Ordinary Shares are a different type of investment to PERLS XI. Dividends are payable at the absolute discretion of CBA and the amount of each dividend is discretionary (not subject to a formula). In contrast, Distributions on PERLS XI are payable in accordance with the formulae in Clauses 2.2 and 2.3 of the Terms and subject to the Distribution payment conditions in Clause 2.5 of the Terms. 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. In contrast, claims of PERLS XI holders rank ahead of holders of Ordinary Shares.

Ordinary Shares are an equity security and may trade at a market price which is different to a hybrid security such as PERLS XI. The market price of Ordinary Shares may be more sensitive than that of PERLS XI to changes in CBA's performance, operational issues and other business issues.

5.2.5 A Capital Trigger Event or Non-Viability Trigger Event may occur

5.2.5.1 Definition of Capital Trigger Event and Non-Viability Trigger Event

A Capital Trigger Event occurs when CBA determines, or APRA notifies CBA in writing that it believes, that either or both the CBA Level 1 CET1 Capital Ratio or CBA Level 2 CET1 Capital Ratio is equal to or less than 5.125%.

The CET1 Capital Ratio is the ratio of CBA's CET1 Capital to its risk-weighted assets, where CET1 Capital is the strongest form of capital held by CBA.

If a Capital Trigger Event occurs, CBA must immediately Exchange such number of PERLS XI (or a percentage of the Face Value of each PERLS XI) to return either or both the CBA Level 1 CET1 Capital Ratio or CBA Level 2 CET1 Capital Ratio, as the case may be, to above 5.125%.

A Non-Viability Trigger Event occurs when APRA notifies CBA in writing that it believes:

- Exchange of all or some PERLS XI (or the taking of any 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.

If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS XI (or a percentage of the Face Value of each PERLS XI) as specified by APRA or necessary to satisfy APRA that CBA will no longer be non-viable. In the case of a public sector injection of capital, or equivalent support, all PERLS XI must be Exchanged.

5.2.5.2 Examples of situations in which a Non-Viability Trigger Event may occur

It should be noted that whether a Non-Viability Trigger Event will occur is at the discretion of APRA and there are currently no precedents for this. 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.

In Section 5.3 “Risks associated with CBA's businesses which may affect CommBank PERLS XI Capital Notes”, a number of general risks associated with CBA's businesses are outlined. If one, or a combination, of these risks leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, this may be the type of situation in which APRA becomes concerned and notifies CBA that it has become non-viable. It should be noted that the risks outlined in Section 5.3 “Risks associated with CBA's business which may affect CommBank PERLS XI Capital Notes” are examples only and not exhaustive, and there may be other risks which affect the performance of CBA.

5.2.5.3 Consequences of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event

The inclusion of the Capital Trigger Event and Non-Viability Trigger Event in the terms of capital securities has been a requirement under APRA's prudential standards since 1 January 2013.

In the past, if a bank experienced financial difficulty and needed to accept public or private assistance or investment, holders of capital securities would be subject to the arrangements negotiated on their behalf by the bank with the Government or private investors (as the case may be) at the time. The nature and terms of those arrangements were uncertain until that time arose.

The inclusion of the Capital Trigger Event and Non-Viability Trigger Event is intended to provide an advanced framework for the treatment of Holders if CBA experiences significant financial difficulty. Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, CBA must immediately Exchange all or some PERLS XI (or a percentage of the Face Value of each PERLS XI).

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.

Any ASX trades in PERLS XI that have not settled on the date a Capital Trigger Event or Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+2 settlement, although the seller will be treated as having delivered, and the buyer will be treated as having acquired, the number of Ordinary Shares into which PERLS XI have been Exchanged as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event.

If a Non-Viability Trigger Event occurs because there has been a public sector injection of capital, or equivalent support, all PERLS XI must be Exchanged.

However, the number of Ordinary Shares you will receive is limited to the Maximum Exchange Number. For further information about the consequences of the application of the Maximum Exchange Number, see Section 5.2.4.2 "Holders may receive Ordinary Shares upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event".

If the Exchange fails to take effect for any reason and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within 5 Business Days, then Holders' rights under the relevant PERLS XI will be immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. Your investment in the relevant PERLS XI will lose all of its value – the Face Value will not be repaid 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 a specified law or order of any court, or action of any government authority, from issuing Ordinary Shares.

5.2.5.4 CBA proactively manages its capital, funding and liquidity positions to avoid experiencing financial difficulty

CBA conservatively and proactively manages its capital, funding and liquidity positions to avoid experiencing financial difficulty.

For further information about CBA's capital, funding and liquidity positions, how they are managed and the CBA Level 2 CET1 Capital Ratio surplus above the level of 5.125%, see Section 4.8.1 "Capital adequacy" and Section 4.8.2 "Funding and liquidity". However, there are a number of risks which are wholly or partly outside CBA's control as discussed in Section 5.3 below.

5.2.6 PERLS XI may not be Exchanged on the scheduled Mandatory Exchange Date

PERLS XI may not be Exchanged on the scheduled Mandatory Exchange Date because the Mandatory Exchange Conditions are not satisfied. This could occur, for example, because the Mandatory Exchange Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWAP, or if the Ordinary Shares are Delisted.

The market price of Ordinary Shares is relevant to determining whether Exchange will occur, and also the number of Ordinary Shares a Holder will receive on Exchange. The market price of Ordinary Shares may be impacted by transactions affecting the share capital of CBA, such as rights issues, placements, returns of capital, buy-backs, demergers, and other corporate actions. However, the Issue Date VWAP is adjusted only for pro-rata bonus issues of Ordinary Shares and certain types of capital reconstructions as described in Clauses 7.5 and 7.6 of the Terms and not for other types of corporate transactions such as those mentioned above. The Terms do not limit the transactions which CBA is permitted to undertake with respect to its share capital.

If Exchange does not occur, then (unless Exchange occurs in the meantime pursuant to a Capital Trigger Event and Non-Viability Trigger Event – see Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur") you will continue to hold your PERLS XI until the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied. PERLS XI are a perpetual security and it is possible that the Mandatory Exchange Conditions may never be satisfied and that PERLS XI may never be Exchanged.

To realise your investment, you can sell your PERLS XI on ASX at the prevailing market price. However, depending on market conditions at the time, PERLS XI may be trading at a market price below the Face Value and/or the market for PERLS XI may not be liquid.

5.2.7 CBA may Redeem, or procure a Resale of, PERLS XI in certain circumstances

CBA has the right to Redeem PERLS XI or choose that Resale occur on the Call Date, or Redeem PERLS XI at any time for tax or regulatory reasons or if it is unable to frank Distributions. CBA's right to Redeem PERLS XI is subject to prior written approval from APRA. Approval is at the discretion of APRA and may or may not be given.

The timing or occurrence of the Redemption or Resale may not coincide with your individual preferences.

In addition, if PERLS XI are Redeemed for tax or regulatory reasons or because CBA is unable to frank Distributions then, depending on market conditions at the time, you may not be able to reinvest the amount you receive on Redemption at a similar rate of return to the rate of return you expected on your PERLS XI if you had continued to hold them.

5.2.8 Holders do not have a right to request that their PERLS XI be Exchanged or Redeemed early

Holders do not have a right to request that their PERLS XI be Exchanged or Redeemed early for any reason.

To realise your investment, you can sell your PERLS XI on ASX at the prevailing market price. However, depending on market conditions at the time, PERLS XI may be trading at a market price below the Face Value and/or the market for PERLS XI may not be liquid. For further information about liquidity risks associated with PERLS XI, see Section 5.2.12 "The liquidity of PERLS XI may be low".

5.2.9 CBA may raise more debt and issue other securities

CBA has the right in its absolute discretion to issue additional Senior Ranking Obligations, Equal Ranking Securities or Junior Ranking Securities which may:

- rank for dividends or payments of capital (including on the winding-up of CBA) equal with, behind or ahead of PERLS XI;
- have the same or different dividend, interest or distribution rates as PERLS XI;
- have payment tests and distribution restrictions or other covenants which may affect PERLS XI (including by restricting circumstances in which Distributions can be paid on PERLS XI or PERLS XI can be Redeemed); or
- have the same or different terms and conditions as PERLS XI.

The Terms do not contain any covenants preventing CBA from raising more debt or issuing other securities, requiring CBA to refrain from certain business changes, or requiring CBA to operate within certain ratio limits.

A holding of PERLS XI does not confer any right to participate in further issues of securities by CBA.

It is difficult to anticipate the effect such debt or other issues of securities may have on the market price or liquidity of PERLS XI.

5.2.10 The Distribution Rate will fluctuate

The Distribution Rate is a floating rate, based on the Market Rate (which is a floating rate) plus the Margin (which is fixed). The Market Rate will fluctuate and therefore the Distribution Rate will fluctuate. Over the term of PERLS XI, the Distribution Rate may be higher or lower than the initial Distribution Rate on the Issue Date.

If the Distribution Rate decreases, there is a risk that the return on PERLS XI may become less attractive compared to returns on comparable securities or investments.

CBA does not guarantee any particular rate of return on PERLS XI.

5.2.11 The market price of PERLS XI will fluctuate

CBA will apply for quotation of PERLS XI on ASX. The market price of PERLS XI on ASX will fluctuate due to various factors, including:

- changes in Australian and international economic conditions, interest rates, credit margins, inflation rates and foreign exchange rates;
- if CBA's financial performance or position declines, or if market participants anticipate that it may decline, an investment in PERLS XI could decline in value even if PERLS XI have not been Exchanged;
- changes to CBA's credit rating. For further information about the impacts of credit ratings on CBA, see Section 5.3.14 "CBA's results may be adversely affected by liquidity and funding risks";
- movements in the market price of equity and/or other debt issued by CBA or by other issuers;
- changes in investor perceptions and sentiment in relation to CBA or the financial services industry; and
- other major Australian and international events, such as hostilities and tensions, and acts of terrorism.

PERLS XI may trade at a market price below the Face Value during this time and the market price may be more sensitive than that of equity to changes in interest rates, credit margins and other market prices.

If PERLS XI trade at a market price below the amount at which you acquired them, there is a risk that, if you sell them, you may lose some of the money you invested.

CBA does not guarantee the market price of PERLS XI.

5.2.12 The liquidity of PERLS XI may be low

The market on ASX for PERLS XI may not be liquid and may be less liquid than that of Ordinary Shares.

If liquidity is low, there is a risk that, if you wish to sell your PERLS XI, you may not be able to do so at a price acceptable to you or at all.

5.2.13 Holders may be subject to FATCA withholding and information reporting

The objective of the Foreign Account Tax Compliance Act (“FATCA”) is to target tax non-compliance by US taxpayers with foreign financial assets, and requires reporting of such financial assets by third parties.

In order to comply with FATCA, it is possible that CBA (or, if PERLS XI are held through another financial institution, that other financial institution) may be required (pursuant to an agreement with the IRS or otherwise under applicable law) to request certain information from Holders or beneficial owners of PERLS XI, which information may in turn be provided to the IRS or other relevant tax authority.

If CBA or any other person is required to withhold amounts as a result of Holders and beneficial owners of PERLS XI not providing the required information or documentation, then those Holders and beneficial owners will not be entitled to receive any gross up or additional amounts to compensate them for such withholding.

This information is based on guidance issued by the IRS or other relevant tax authority as at the date of this Prospectus. Future guidance may affect the application of FATCA to CBA, Holders or beneficial owners of PERLS XI.

In addition, the OECD Common Reporting Standard for the Automatic Exchange of Financial Account Information (“CRS”) requires certain financial institutions to report financial information regarding certain accounts to their local tax authority. The CRS applies to Australian financial institutions from 1 July 2017. Holders may be requested to provide certain information to ensure compliance with CRS. This information may be provided to the Australian Taxation Office which, in turn, may provide this information to other countries that have signed the CRS Competent Authority Agreement.

5.2.14 CBA may amend the Terms

CBA may amend the Terms in two ways:

- without the consent of Holders and subject to compliance with relevant laws – as set out in the Terms, including if the amendment is of a formal, technical or minor nature; to correct an error; to facilitate the listing; to comply with relevant laws; to amend any date or time period in connection with any Exchange, Resale or Redemption; where there is no material prejudice; or to enable the substitution of a NOHC as the debtor of PERLS XI provided certain substitution conditions are satisfied; and
- with the consent of Holders – if a Special Resolution is passed.

In both cases, the Terms of all PERLS XI will be amended. In particular in the latter case, Holders who did not vote with the majority will be subject to the amended Terms which may not coincide with their individual preferences.

Certain amendments may require prior written approval from APRA. Approval is at the discretion of APRA and may or may not be given.

5.2.15 CBA may substitute for itself a non-operating holding company (“NOHC”)

CBA may substitute for itself a NOHC as the debtor in respect of PERLS XI or as the issuer of ordinary shares on Exchange. If a NOHC is substituted as the debtor it means that you would no longer have rights against CBA. If a NOHC is substituted as the issuer of ordinary shares on Exchange it means that you will receive ordinary shares in the NOHC rather than CBA.

Although not currently contemplated, the implementation of a NOHC structure may involve CBA selling some but not all of its business, and other subsidiaries, to the NOHC or a subsidiary of the NOHC. As a result, the profits and net asset position of CBA and the NOHC may be different to that of CBA prior to the NOHC structure being implemented.

5.2.16 Powers of an ADI Statutory Manager and of APRA

In certain circumstances, APRA may appoint a statutory manager to take control of the business of an Australian ADI, including CBA. The statutory manager has specific powers to take certain actions which may affect the ongoing operation of CBA and therefore its financial position which is relevant to PERLS XI.

5.3 Risks associated with CBA's businesses which may affect CommBank PERLS XI Capital Notes

5.3.1 CBA is subject to extensive regulation and an environment of political scrutiny, which could adversely impact its operations and financial position

CBA and its businesses are subject to extensive regulation in Australia and other jurisdictions in which CBA operates and/or obtains funding, including New Zealand, the United Kingdom, the United States, China, Japan, Singapore, Hong Kong, Indonesia and South Africa.

APRA, as the key banking regulator in Australia, has very wide powers under the Banking Act, including in limited circumstances to direct banks (including CBA) not to make payments. In addition to its key Australian regulators, a range of international regulators and authorities supervise and regulate CBA in respect of, among other areas, capital adequacy, liquidity levels, funding, provisioning, insurances, compliance with prudential regulation and standards, remuneration, data access, stock exchange listing requirements, and its compliance with relevant financial crime, sanction, privacy, taxation, competition, consumer protection and securities trading laws.

CBA and the wider financial services industry are facing increased regulation in many of these areas and jurisdictions, and changes or new regulation in one part of the world could lead to changes elsewhere.

Any change in law, regulation, policy or practice of regulators, or failure to comply with laws, regulation or policy, may adversely affect CBA's business, prospects, performance or financial position of CBA, its reputation, and its ability to execute its strategy, either on a short-term or long-term basis. The potential impacts of regulatory change are wide, and could include increasing the levels and types of capital CBA is required to hold, restricting the way CBA can conduct its business and the nature of that business, such as the types of products that it can offer to customers.

CBA may also be adversely affected if the pace or extent of such change exceeds CBA's ability to implement these changes and embed appropriate compliance processes adequately. The pace of regulatory change means that the regulatory context in which CBA operates is often uncertain and complex.

5.3.1.1 Regulatory reforms

Examples of these significant regulatory reforms under development in Australia include:

- The Australian Government's Consumer Data Right in the banking sector (Open Banking).
- APRA's proposals to revise the capital framework for ADIs as detailed in the Capital Framework Discussion Paper and the Transparency, Comparability and Flexibility Discussion Paper (see Section 4.8.1.5 "Regulatory developments"). The finalisation of these proposals may have the following impacts:
 - implications for the CCB which may affect the payment of Distributions (see Section 4.8.1.3 "Potential impact of falling into the capital conservation buffer" for more information on the CCB);
 - further changes to the risk-weighting framework for certain asset classes, which are expected to increase CBA's risk-weighted assets and accordingly (all things being equal) reduce CBA's CET1 ratio which may affect the risk of a Capital Trigger Event occurring (see Section 2.4 "Automatic Exchange on a Capital Trigger Event or a Non-Viability Trigger Event" and Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"); and/or
 - adjustments to an ADI's existing CET1 minimum capital ratios may increase the PCR and CCB components of the CET 1 minimum ratio, which may result in APRA determining a Capital Trigger Event percentage higher than 5.125% is appropriate. At this stage the resulting impacts on PERLS XI and Equal Ranking Securities cannot be fully determined. Scenarios for PERLS XI may include:
 - CBA may have an early redemption right (subject to APRA's approval) under Clause 5.4 of the Terms;
 - CBA may amend the Terms without the consent of Holders to adjust for the higher trigger (Clause 12.3(c)(ii)); or

- APRA may grandfather PERLS XI, i.e. capital adequacy (as detailed in Section 4.8.1 "Capital adequacy"), may to be assessed with reference to the current or new APRA Prudential Standards.

- The Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018 could impact CBA's ability to issue and market financial products (including instruments like PERLS XI) in the future.

5.3.1.2 Other regulatory and political developments

There is currently an environment of heightened political scrutiny on the Australian financial services industry as described in Sections 4.4 "Financial services industry regulatory environment", 5.3.1.1 "Regulatory reforms" and 5.3.11 "CBA's business could be negatively impacted by substantial legal liability or regulatory action". Examples of industry-wide scrutiny, which could lead to future changes in regulation are:

- (i) The Royal Commission

Inquiries and announcements such as the Royal Commission can involve additional costs and can adversely affect investor confidence. If regulatory action is taken, or changes in law, regulation or policy implemented, as a result of the Royal Commission, those changes may adversely affect CBA's business, reputation, financial performance or operations.
- (ii) The Productivity Commission's review into competition in the Australian financial system

The Productivity Commission, an independent research and advisory body to the Australian Government, commenced a review of productivity and competitiveness of the Australian financial system in July 2017 with a view to improving consumer outcomes while balancing financial stability objectives. The final report was publicly released on 3 August 2018.

Further, on 13 March 2018 and additionally on 27 March 2018, the Labor Party announced that, if it is elected as the Federal Government, it will introduce rules to prevent certain individuals and superannuation funds being entitled to receive a cash refund of any excess franking credits from 1 July 2019. At this time, no further details (including any draft legislation) have been released in relation to this proposal. If this change occurs and a Holder ceases to be entitled to receive a cash refund of any excess franking credits, CBA will not be required to gross up Distributions on PERLS XI and no Redemption right is expected to be triggered. Should this political development become law, it may impact CBA's ability to efficiently raise Tier 1 capital, like PERLS XI, in the future.

5.3.2 CBA may be adversely affected by damage to its reputation

The CBA Group's reputation is a valuable asset which is a key contributor to the support that it receives from the community for its business initiatives and its ability to raise funding or capital. Damage to CBA's reputation may arise where there are differences between stakeholder

expectations and CBA's actual or perceived practices. The risk of reputational damage may also be a secondary outcome of other sources of risk.

Various issues, including a number of the risks described in this Section 5.3, may give rise to reputational damage and cause harm to CBA's business and prospects. These include the CBA Group's conduct (for example, inadequate sales and trading practices, inappropriate management of conflicts of interest and other ethical issues), breaches of legal and regulatory requirements (such as money laundering, trade sanctions and privacy laws), technology and information security failures, unsuccessful strategies or strategies that are not in line with community expectations and non-compliance with internal policies and procedures. CBA's reputation may also be adversely affected by community perception of the broader financial services industry, or from the actions of its competitors, customers, suppliers, or companies in which CBA holds strategic investments.

Failure, or perceived failure, to address these issues appropriately could also give rise to additional legal or regulatory risk, subjecting CBA to regulatory enforcement actions, fines and penalties, or further damage its reputation and integrity among its stakeholders including customers, investors and the community.

5.3.3 CBA may be adversely impacted by a downturn in the Australian and New Zealand economy

As CBA's businesses are primarily located in Australia and New Zealand, CBA's performance is dependent on the state of the economies, customer and investor confidence, and prevailing market conditions in these two countries.

CBA can give no assurances as to the likely future conditions of the Australian and New Zealand economies, which can be influenced by many factors within and outside these countries, which are outside CBA's control, including domestic and international economic events, political events, natural disasters and any other event which impacts global financial markets.

China is one of Australia's major trading partners and a significant driver of commodity demand and prices in the markets in which CBA and its customers operate. Anything that adversely affects China's economic growth could adversely affect Australian economic activity and, as a result, CBA's business, operations and financial condition.

The strength of the domestic economy is influenced by the strength of the Australian dollar. Significant movements in the Australian dollar may adversely impact parts of the domestic economy and, in turn, CBA's results of operations.

A material downturn in the Australian and/or New Zealand economies could adversely impact future results by reducing customers' demand for CBA's products and borrowers' abilities to repay their loans to CBA (i.e., credit risk). In particular, given CBA's concentration of earnings in home loans, a significant or sustained decrease in the Australian and New Zealand housing markets or property valuations, including as a result of external factors or

tightening lending standards, could adversely affect CBA's home and commercial mortgage portfolio and future results.

5.3.4 CBA may be adversely affected by deteriorations in the global financial markets

By the nature of its operations in various financial markets, CBA has previously been adversely impacted, both directly and indirectly, by difficult market conditions and could be adversely affected should markets deteriorate again in the future. A financial system (or systems) within which CBA operates may experience systemic shock due to market volatility, political or economic instability or catastrophic events.

A shock or deterioration to the global economy could result in currency and interest rate fluctuations and operational disruptions that negatively impact the CBA Group. For example, global economic conditions may deteriorate to the extent that: counterparties default on their debt obligations; countries re-denominate their currencies and/or introduce capital controls; one or more major economies collapse; and/or global financial markets cease to operate, or cease to operate efficiently. Sovereign defaults may adversely impact CBA directly, through adversely impacting the value of CBA assets, or indirectly through destabilising global financial markets, adversely impacting CBA's liquidity, financial performance or ability to access capital.

5.3.5 CBA is subject to intense competition which may adversely affect its performance

CBA faces intense competition in all of its principal areas of operation. Competition is expected to increase, especially from non-Australian financial services providers who continue to expand in Australia, and from new non-bank entrants or smaller providers who may be unregulated or subject to lower or different prudential and regulatory standards than CBA and are therefore able to operate more efficiently. These entrants may seek to disrupt the financial services industry by offering bundled propositions and utilising new technologies.

If CBA is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also adversely affect CBA's results by creating pressure to lower margins.

5.3.6 CBA may incur losses from operational risks

Operational risk is defined as the risk of economic gain or loss resulting from: (i) inadequate or failed internal processes and methodologies; (ii) people; (iii) systems and models used in making business decisions; or (iv) external events.

CBA's use of third party suppliers and third party partnerships, especially those where they supply CBA with critical services such as key technology systems or support, also expose it to operational risks, including the potential for a severe event at a third party (or adversely impacting a third party) to impact CBA.

CBA's businesses are highly dependent on their ability to process and monitor a very large number of transactions, many of which are highly complex, across multiple markets and in many currencies. CBA's financial, accounting, record-keeping, data processing or other operating systems, processes and facilities may fail to function properly or may become disabled as a result of events that are wholly or partly outside CBA's control, such as a spike in transaction volumes, damage to critical utilities, environmental hazard, natural disaster, or failure of vendors' systems. CBA could suffer losses due to impairment of assets, including software, goodwill and other intangible assets.

There is also a risk that poor decisions may be made due to data quality issues, models that are not fit for purpose, or inappropriate data management. This may cause CBA to incur losses, or result in regulatory action.

CBA may also be adversely impacted by failures in the efficacy, adequacy or implementation of its risk-management strategies, frameworks and processes. The emergence of unexpected risks or unanticipated impacts of identified risks may result in financial or reputational losses.

5.3.7 CBA may be adversely impacted by information security risks, including cyber-attacks

CBA's businesses are highly dependent on its information technology systems, including those supplied by external service providers, to securely process, store and transmit information. Information security risks for CBA, as for any other large financial institution, have increased in recent years, in part because of: (i) the pervasiveness of technology to conduct financial transactions; (ii) the evolution and development of new technologies; (iii) CBA's plans to continue to invest in digital channels; (iv) customers' increasing use of personal devices that are beyond CBA's control systems; and (v) the increased sophistication and broadened activities of cyber criminals.

An information security failure (including the impact of any cyber attack) could have serious consequences for CBA, including operational disruption, financial losses, a loss of customer or business opportunities, litigation, regulatory penalties or intervention, reputational damage, theft of intellectual property, loss or theft of customer data, and could result in violations of applicable privacy laws, all of which could adversely impact CBA.

5.3.8 CBA may be adversely affected by human capital risk

CBA may be unable to attract, develop, motivate and retain its people to meet current and future business needs, whether through a skills shortage or erosion of its brand. This could result in poor financial and customer outcomes and a reduced ability to deliver CBA's strategy to customer and other stakeholders' expectations.

5.3.9 CBA could suffer losses due to climate change or catastrophic events

CBA recognises that extreme weather events (e.g. storm, flood, drought), longer term shifts in climate patterns (e.g. rising temperatures) and the legal, market, policy, technology and reputational impacts of transitioning to a low-carbon economy have the potential to disrupt business activities, damage property and otherwise affect the value of assets, and affect our customers' ability to repay loans. Climate change is systemic in nature, and is a significant long-term driver of both financial and non-financial risks. A failure to respond to the potential and expected impacts of climate change will affect CBA's long-term performance.

CBA and its customers operate businesses and hold assets in a diverse range of geographical locations and industries. Any significant external catastrophic event (including storm, flood, drought, earthquake, pandemic or other widespread health emergency, civil unrest, war or terrorism) in a location where CBA or its customers operate businesses and hold assets has the potential to disrupt business activities, impact CBA's operations, impact the value of assets held in the affected locations and CBA's ability to recover amounts owing to it. Climate change may impact the frequency or severity of some of these catastrophic events.

5.3.10 CBA is subject to compliance risks, which could adversely impact its future results

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that CBA may suffer as a result of its failure to comply, or perceived failure to comply, with the requirements of relevant laws, regulatory bodies, industry standards and codes. Increasing volume, complexity and global reach of such requirements, and the increased propensity for sanctions and the level of financial penalties for breaches of requirements, could have an adverse impact on CBA.

This includes, for example, financial crime related obligations, such as anti-money laundering and counter-terrorism financing laws, anti-bribery and corruption laws and economic and trade sanctions laws in the jurisdictions in which it operates. The number and wide reach of these obligations, combined with the increasing global focus on compliance with and enforcement of these obligations, presents risk of adverse impacts on CBA, including to its reputation.

Compliance risk may also arise where CBA interprets its obligations differently to regulators or a court.

5.3.11 CBA's business could be negatively impacted by substantial legal liability or regulatory action

Due to the nature of CBA's business, it is involved in litigation, arbitration and regulatory proceedings, principally in Australia and New Zealand. Such matters are subject to many uncertainties, and the outcome of

individual matters cannot be predicted with certainty. If CBA is ordered to pay money (for example, damages, fines, penalties or legal costs), has orders made against its assets (for example, a charging order or writ of execution), is ordered to carry out actions which adversely affect its business operations or reputation (for example, corrective advertising) or is otherwise subject to adverse outcomes of litigation, arbitration and regulatory proceedings, CBA's profitability may be adversely affected. CBA's reputation may also be damaged.

Examples of litigation include the shareholder class actions and the ASIC investigation (both of which relate to the proceedings that were commenced against the Issuer by AUSTRAC which have now been resolved), and the class action proceedings concerning investment in cash and deposit options against Colonial First State Investments and CBA.

5.3.12 CBA may incur losses as a result of the inappropriate conduct of its staff

CBA could be adversely affected if an employee, contractor or external service provider does not act in accordance with regulations or CBA's policies and procedures, engages in inappropriate or fraudulent conduct, or unintentionally fails to meet a professional obligation to specific clients. Examples are inadequate or defective financial advice, product defects and unsuitability, market manipulation, insider trading, privacy or data security breaches, and misleading or deceptive conduct in advertising. As a result, CBA could incur losses, financial penalties and reputational damage, and be subject to legal or regulatory action.

5.3.13 CBA may incur losses associated with counterparty exposures

CBA assumes counterparty risk in connection with its lending, trading, derivatives, insurance and other businesses. For example, customers may default on their home, personal and business loans, and trades may fail to settle due to non-payment by a counterparty or systems failure by clearing agents, exchanges, or other financial intermediaries. This risk also arises from CBA's exposure to lenders mortgage insurance and re-insurance providers. There is also a risk that CBA's rights against counterparties may not be enforceable in certain circumstances.

Counterparties may default on their obligations due to insolvency, lack of liquidity, operational failure or other reasons. This risk may be increased by a deterioration in economic conditions and a sustained high level of unemployment. In assessing whether to extend credit or enter into other transactions, CBA relies on counterparties providing information that is accurate and not misleading, including financial statements and other financial information

5.3.14 CBA's results may be adversely affected by liquidity and funding risks

CBA is subject to liquidity and funding risks, which could adversely impact its future results. Liquidity risk is the risk of being unable to meet financial obligations as and when they fall due. Funding risk is the risk of over-reliance on a funding source to the extent that a change or increased competition in that funding source could increase overall funding costs or cause difficulty in raising funds.

Further information on liquidity and funding risk is outlined in the following sub-sections and is also included in the 2018 Annual Report. The 2018 Annual Report is available from the Investor Centre at www.commbank.com.au/annual-reports.

(i) Adverse credit market conditions

While the majority of CBA's funding comes from deposits, it remains reliant on off-shore wholesale funding markets to source a significant amount of its funding.

Global market volatility may adversely impact CBA's cost and ability to access wholesale funding markets, and may also result in increased competition for, and therefore the cost of, deposits in Australia.

If CBA is unable to pass its increased funding costs on to its customers, CBA's financial performance will decline due to lower net interest margins. If CBA is unable to source appropriate and timely funding, it may also be forced to reduce its lending or consider selling assets.

(ii) CBA's ability to maintain adequate levels of liquidity and funding

CBA's liquidity and funding policies are designed to ensure it will meet its debts and other obligations as and when they fall due. Although CBA actively monitors and manages its liquidity and funding positions, there are factors outside CBA's control which could adversely affect these positions, for example, if financial markets are closed for an extended period of time.

(iii) Failure to maintain credit ratings

CBA's credit ratings affect the cost and availability of its funding from debt and other funding sources. Credit ratings could be used by potential customers, lenders and investors in deciding whether to transact with or invest in CBA.

A downgrade to CBA's credit ratings, or the ratings of the Commonwealth of Australia, could adversely affect CBA's funding and capital costs (including the availability of funding and capital), collateral requirements, liquidity position and global competitiveness.

Standard and Poor's outlook credit rating of CBA remains negative, as a result of concern about macroeconomic issues affecting Australia and the Australian Government.

Some ratings agencies also assign ratings to regulatory capital securities (such as PERLS XI) for use by wholesale investors and may announce changes to their rating methodology and/or to the securities' ratings, either during the Offer Period or after PERLS XI has been issued.

5.3.15 CBA may be adversely affected by capital adequacy risk

CBA operates an Internal Capital Adequacy Assessment Process ("ICAAP") to manage its capital levels and to maintain them above Board approved minimum levels (which are already set to exceed regulatory requirements). The ICAAP includes forecasting and stress testing of capital levels, which guide CBA in selecting any capital management initiatives it may undertake.

Should the ICAAP forecasts or stress tests not be adequate or comprehensive, CBA may not be holding sufficient capital and may need to raise capital to manage balance sheet growth and/or extreme stress

5.3.16 CBA may be adversely affected by market risks, including exchange rates

CBA is exposed to market risks, including the potential for losses arising from adverse changes in interest rates, foreign exchange rates, commodity and equity prices, credit spreads and implied volatility levels for assets and liabilities where options are transacted. This exposure is split between traded market risks, primarily through providing services to customers on a global basis, and non-traded market risks, predominantly interest rate risk in the banking book.

A significant proportion of CBA's wholesale funding and some of its profits are in currencies other than the Australian dollar. This exposes CBA to exchange rate risk on these activities, as its functional and financial reporting currency is the Australian dollar. These activities are hedged where appropriate, however there are also risks associated with hedging, for example, a hedge counterparty may default on its obligations to CBA.

5.3.17 CBA's results could be adversely impacted by strategic risks

Strategic risk is the risk of material value destruction or less than planned value creation, due to an ineffective strategy. Many of the risks within this category are described in this Section 5.3. Other examples of strategic risks include:

- suboptimal strategic planning with regard to the strategic assets and/or capabilities required to enable delivery of strategy (for example, resource allocation processes that do not align to strategic objectives);
- ineffective delivery of CBA's strategy (for example due to operational complexity or the pace of execution being too fast for processes, people and systems to work as they need to, or too slow to keep pace with our changing environment); and
- the inability of CBA to innovate and keep pace with changes in customer preferences and/or emerging technologies.

While the Board receives reports on and monitors business plans, major projects and the implementation of other significant initiatives, there can be no assurance that such plans, projects or initiatives will always be successful, or that they will not result in financial or reputational losses.

5.3.18 CBA's performance and financial position may be adversely affected by acquisitions or divestments of businesses

CBA may divest businesses or capabilities it considers non-core or wind down businesses or product areas. For example, as outlined in Section 4.2 "Businesses of CBA", CBA is currently undertaking a number of divestments and strategic reviews including the proposed demerger of parts of its Wealth Management business.

There is a risk that the cost and pace of executing divestments may cause CBA to experience disruptions in the divestment, transition or wind down process, including to existing businesses, which may cause customers to remove their business from CBA or have other adverse impacts to CBA.

From time to time, CBA evaluates and undertakes acquisitions of other businesses. There is a risk that CBA may not achieve the expected synergies from the acquisition, and may experience disruptions to its existing businesses due to difficulties in integrating the systems and processes of the acquired business. These may cause CBA to lose customers and market share, and incur financial losses.

Multiple divestments and/or acquisitions at the same time may exacerbate these risks.

5.3.19 CBA could be adversely impacted by investor activism

In recent times, CBA has been increasingly challenged on its strategy by shareholders, including institutional shareholders, and special interest groups. Areas which have attracted investor activism in Australia include making socially responsible investment and avoiding financing or interacting with businesses that do not demonstrate responsible management of environmental and social issues. The prevalence of investor activism could adversely impact management's decision-making and implementation of CBA's initiatives, which in turn could adversely affect financial results.

5.3.20 CBA may be adversely impacted by insurance risk

Events that the CBA Group has provided insurance against may occur more frequently or with greater severity than anticipated. In the life insurance business, this risk arises primarily through mortality (death) and morbidity (illness and injury) related claims being greater than expected. In the general insurance business, this risk is mainly driven by weather related incidents (such as storms, floods or bushfires) and other calamities.

CBA's exposure to insurance risk is small relative to CBA's total size.



CBA has released its first Climate Policy Position Statement reaffirming our support for a responsible global transition to a net zero emissions economy by 2050

Section 6

Other Information

- 6.1 No material breaches of loan covenants or debt obligations
- 6.2 Other documents relevant to the Offer
- 6.3 Incorporation by reference
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- 6.15 PERLS XI securityholder communications

6.1 No material breaches of loan covenants or debt obligations

CBA has not materially breached any loan covenants or debt obligations in the two years prior to the date of this Prospectus.

6.2 Other documents relevant to the Offer

6.2.1 Deed Poll

CBA's obligations in respect of PERLS XI are constituted by and subject to the Deed Poll. Each Holder is taken to have notice of, and be bound by, the provisions of the Deed Poll.

6.2.2 Financial Statements

The 2018 Annual Report contains financial information for the full year ended 30 June 2018, and further detail on the matters described in Section 4.4 "Financial services industry regulatory environment".

6.2.3 Summary of the Offer Management Agreement

The Arranger and the Joint Lead Managers have entered into the Offer Management Agreement with CBA to manage the Offer.

A summary of the fees payable to the Arranger, Joint Lead Managers and other Syndicate Brokers is outlined in Section 6.8 "Interests of Advisers".

6.2.4 Constitution

Holders may receive Ordinary Shares on Exchange. The rights and liabilities attaching to Ordinary Shares are set out in the Constitution and are also regulated by the Corporations Act, ASX Listing Rules and other applicable laws.

6.2.5 Availability of documents

CBA will provide a copy of any of the following documents free of charge to any person upon their written request during the Offer Period:

- the Profit Announcement for the full year ended 30 June 2018;
- the 2018 Annual Report; and
- any continuous disclosure notices given by CBA in the period after the lodgement of the 2018 Annual Report and before the lodgement of this Prospectus with ASIC.

Written requests for copies of these documents should be made to:

Investor Relations

Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Copies of these documents are available on the CBA Investor Centre at www.commbank.com.au/investors.

6.3 Incorporation by reference

CBA has lodged the full Deed Poll, a summary of the Constitution, the full Constitution and a summary of the Offer Management Agreement with ASIC, and the information in each document is incorporated by reference into this Prospectus. These can be obtained free of charge from www.com msec.com.au during the Offer Period and from the Investor Centre at www.commbank.com.au/investors after the Issue Date.

6.4 Summary of Australian tax consequences for Holders

6.4.1 Introduction

The following is a summary of the Australian tax consequences for certain Australian resident Holders and non-Australian resident Holders who subscribe for PERLS XI under the Offer.

This summary is not exhaustive and you should seek advice from your financial or other professional adviser before deciding to invest in PERLS XI. In particular, this summary does not consider the consequences for Holders who:

- acquire PERLS XI otherwise than under the Offer;
- hold PERLS XI in their business of share trading, dealing in securities or otherwise hold their PERLS XI on revenue account or as trading stock;
- are subject to the "taxation of financial arrangements" provisions in Division 230 of the Tax Act in relation to their holding of PERLS XI; and/or
- in relation to a non-Australian resident, hold their PERLS XI through a permanent establishment in Australia.

This summary is not intended to be, nor should it be construed as being, investment, legal or tax advice to any particular Holder.

This summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this Prospectus.

6.4.2 Class ruling sought on PERLS XI

CBA has applied to the ATO for a public class ruling confirming certain Australian tax consequences for Australian resident Holders. In accordance with usual practice, a class ruling will only be issued sometime after the public announcement of a transaction and will not become operative until it is published in the Government Gazette.

When issued, copies of the class ruling will be available from www.ato.gov.au and from the Investor Centre at www.commbank.com.au/investors.

It is expected that, when issued, the class ruling will:

- only be binding on the Commissioner of Taxation if the Offer is carried out in the specific manner described in the class ruling;

- only apply to Australian resident Holders that are within the class of entities specified in the class ruling, which is expected to be Australian resident Holders who acquire their PERLS XI through the Offer and hold them on capital account for tax purposes. Therefore, the class ruling will not apply to Australian resident Holders who hold their PERLS XI as trading stock or on revenue account;
- only rule on taxation laws applicable as at the date the class ruling is issued;
- not consider the tax consequences of an early Exchange or Resale;
- not consider the taxation treatment of Distributions received by partnerships or trustee investors; and
- not consider the tax consequences for Australian resident Holders for whom gains and losses from PERLS XI are subject to the taxation of financial arrangements provisions in Division 230 of the Tax Act. It is noted that Division 230 will generally not apply to the financial arrangements of individuals, unless an election has been made for those rules to apply.

6.4.3 Distributions on PERLS XI

PERLS XI should be characterised as non-share equity interests for Australian income tax purposes.

6.4.3.1 Australian resident Holders

Distributions should be treated as non-share dividends that are frankable.

Generally, provided that a Holder is a “qualified person” and the ATO does not make a determination under the dividend streaming rules to deny the benefit of the franking credits to the Holder, the Holder:

- should include the amount of the Distribution as well as an amount equal to the franking credits attached to the Distribution in their assessable income in the income year in which they received the Distribution; and
- should qualify for a tax offset equal to the franking credits attached to the Distribution which can be applied against their income tax liability for the relevant income year.

A Holder that is an individual or complying superannuation fund may be able to receive a cash tax refund from the ATO if the tax offset equal to the franking credits attached to the Distribution exceeds the tax payable on the Holder’s total taxable income (although, as discussed in further detail below, this position may change from 1 July 2019 if the Labor Party are elected as the Federal Government). A Holder that is a company will not be entitled to a tax refund of the excess franking credits. Rather, the surplus franking credits may be converted to a tax loss which can be carried forward to future years (subject to the Holder satisfying certain loss carry forward rules).

A Holder should be a “qualified person” if the “holding period rule” and the “related payments rule” are satisfied. Generally:

- to satisfy the “holding period rule”, a Holder must have held their PERLS XI “at risk” for a continuous

period of at least 90 days (excluding the day of disposal) within a period beginning on the day after the day on which they are acquired and ending on the 90th day after they become ex-distribution. To be held “at risk”, a Holder must retain 30% or more of the risks and benefits associated with holding their PERLS XI. Where a Holder undertakes risk management strategies in relation to their PERLS XI (e.g. by the use of limited recourse loans, options or other derivatives), the Holder’s ability to satisfy the “at risk” requirement of the “holding period rule” may be affected; and

- under the “related payments rule”, a Holder who is obliged to make a “related payment” (essentially a payment passing on the benefit of the Distribution) in respect of a Distribution must hold the PERLS XI “at risk” for at least 90 days (not including the days of acquisition and disposal) within each period beginning 90 days before, and ending 90 days after, they become ex-distribution.

A Holder who is an individual is automatically treated as a “qualified person” for these purposes if the total amount of the tax offsets in respect of all franked amounts to which the Holder is entitled in an income year does not exceed A\$5,000. This is referred to as the “small shareholder rule”. However, a Holder will not be a “qualified person” under the small shareholder rule if “related payments” have been made, or will be made, in respect of such amounts.

There are anti-avoidance rules which can deny the benefit of franking credits to Holders in certain situations. The most significant of these rules is in section 177EA of the Tax Act.

The High Court in *Andrew Vincent Mills v FCT* [2012] HCA 51 (“**Mills**”) considered the operation of section 177EA in the context of the PERLS V securities issued by CBA on 14 October 2009. The High Court unanimously held that section 177EA did not apply in respect of frankable distributions paid on the PERLS V securities.

In light of the decision in *Mills*, and having regard to the ATO’s current practices, neither section 177EA, nor other anti-avoidance rules, should apply to Distributions on PERLS XI, subject to the particular circumstances of a Holder.

On 13 March 2018 and additionally on 27 March 2018, the Labor Party announced that, if it is elected as the Federal Government, it will introduce rules to prevent certain individuals and superannuation funds being entitled to receive a tax refund of any excess franking credits from 1 July 2019. Holders should monitor any potential changes on an ongoing basis.

6.4.3.2 Non-Australian resident Holders

Distributions should not be subject to Australian non-resident withholding tax to the extent the Distributions are franked.

To the extent an unfranked Distribution is paid to non-Australian resident Holders, withholding tax will be payable. The rate of withholding tax is 30%. However, non-Australian resident Holders may be entitled to a reduction in the rate of withholding tax if they are resident in a country which has a double taxation agreement with Australia.

6.4.4 Disposal of PERLS XI

6.4.4.1 Disposal other than through Exchange

(a) Australian resident Holders

On the disposal (including on-market disposal or through Redemption) of PERLS XI, Australian resident Holders will be required to include any gain in their assessable income in the income tax year in which the disposal occurs. The gain will generally be equal to the proceeds from the disposal less the cost of acquisition for their PERLS XI. As PERLS XI are not “traditional securities”, qualifying Holders (individuals, trusts and complying superannuation funds) who have held their PERLS XI for at least 12 months prior to disposal may be eligible for the CGT discount concession on any capital gain made on disposal.

Any loss on the disposal (including an on-market disposal) of PERLS XI should give rise to a capital loss for Holders under the CGT rules in the Tax Act. Capital losses are generally only deductible against capital gains, but can be carried forward for use in a later year.

If an Australian resident Holder realises a loss from an off-market disposal of PERLS XI, they should seek their own advice as to whether a loss is allowed in their circumstances.

Although the class ruling will not cover Resale, the same consequences should arise if Australian resident Holders dispose of their PERLS XI to a third party on Resale.

(b) Non-Australian resident Holders

As PERLS XI are not “traditional securities”, non-Australian resident Holders should generally not be taxable on any gain realised on disposal of their PERLS XI (as PERLS XI should generally not be “taxable Australian property”).

6.4.4.2 Disposal through Exchange

Under specific provisions of the Tax Act, any gain or loss that would arise on Exchange should be disregarded. The consequence of this is that the gain or loss is effectively deferred, with a Holder’s cost base in the Ordinary Shares acquired on Exchange reflecting the Holder’s cost base in their PERLS XI. This outcome applies both to Australian resident Holders and non-Australian resident Holders.

6.4.5 Ordinary Shares acquired on Exchange

6.4.5.1 Australian resident Holders

The taxation treatment of any dividends received on Ordinary Shares acquired on Exchange will be broadly similar to that discussed in Section 6.4.3.1 “Australian resident Holders”.

The Ordinary Shares will not be traditional securities. As such, any gain or loss realised on disposal should be taxable under the CGT provisions. For CGT purposes, the Ordinary Shares acquired on Exchange will be taken to have been acquired on the Exchange Date. This means that the Ordinary Shares would need to be held for at least 12 months after the Exchange Date in order for qualifying Holders (individuals, trusts and complying superannuation funds) to be eligible for the CGT discount concession on a subsequent disposal.

6.4.5.2 Non-Australian resident Holders

The tax treatment of any dividends received on Ordinary Shares will be broadly similar to that discussed in Section 6.4.3.2 “Non-Australian resident Holders”.

Non-Australian resident Holders should generally not be taxable on any gain realised on disposal of their Ordinary Shares (as the Ordinary Shares should generally not be “taxable Australian property”).

6.4.6 Provision of TFN and/or ABN

The *Taxation Administration Act 1953* (Cth) imposes withholding tax (currently at the rate of 47%) on the payment of distributions on certain types of investments such as the unfranked part (if any) of Distributions.

However, where a Holder has provided CBA with their TFN or, in certain circumstances, their ABN, or has notified CBA that they are exempt from providing this information, CBA is not required to withhold any amount on account of tax from payments.

A Holder is not required to provide their TFN or ABN to CBA.

6.4.7 GST

GST is not payable on the issue, receipt, disposal, Exchange, Redemption or Resale of PERLS XI.

GST is not payable in relation to the payment of Distributions, or repayment of the Face Value, by CBA.

6.4.8 Stamp duty

No stamp duty should be payable on the issue, receipt, disposal, Exchange, Redemption or Resale of PERLS XI.

6.5 Summary of Australian tax consequences for Eligible PERLS VI Holders who participate in the Reinvestment Offer

The following is a summary of the Australian tax consequences for certain Australian resident Eligible PERLS VI Holders who are subject to Class Ruling CR 2012/101 and who participate in the Reinvestment Offer.

This summary is not exhaustive and you should seek advice from your financial adviser or other professional adviser. In particular, this summary does not consider the consequences for Eligible PERLS VI Holders who:

- acquired PERLS VI otherwise than under the initial offering;
- hold PERLS VI in their business of share trading, dealing in securities or otherwise hold their PERLS VI on revenue account or as trading stock; and/or
- are subject to the “taxation of financial arrangements” provisions in Division 230 of the Tax Act in relation to their holding of PERLS VI.

This summary is not intended to be, nor should it be construed as being, investment, legal or tax advice to any particular eligible PERLS VI Holder.

This summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this Prospectus.

6.5.1 Final distribution on PERLS VI

Eligible PERLS VI Holders who participate in the Reinvestment Offer will be eligible to receive the Final PERLS VI Distribution on their PERLS VI on 17 December 2018.

Provided that an Eligible PERLS VI Holder is a “qualified person” (see the general comments in Section 6.4.3.1), an Eligible PERLS VI Holder should include the amount of the distribution as well as an amount equal to the franking credits attached to the distribution in their assessable income and should qualify for a tax offset equal to the franking credits.

6.5.2 Disposal of PERLS VI

For CGT purposes, Eligible PERLS VI Holders who participate in the Reinvestment Offer will be taken to have disposed of their PERLS VI. The proceeds from the disposal will be \$100 per PERLS VI (which will then be used to subscribe for PERLS XI).

To the extent that the proceeds from the disposal exceed the Holder’s cost base for their PERLS VI, the excess will constitute a capital gain. Conversely, a capital loss will arise to the extent the proceeds from the disposal are less than the reduced cost base.

The cost base or reduced cost base should include the amount paid to acquire PERLS VI as well as any incidental costs (e.g. broker fees) associated with the acquisition and disposal of PERLS VI.

Certain qualifying Eligible PERLS VI Holders (i.e. individuals, trusts and complying superannuation funds) who have held their PERLS VI for at least 12 months prior to disposal may be eligible for the CGT discount concession on any capital gain made on disposal.

6.6 US Persons

PERLS XI have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. They may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person, unless an exemption from such registration applies. Any offer, sale or resale of PERLS XI within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if made prior to 40 days after the Closing Date or if purchased by a dealer in the Offer.

The Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any US Person. Neither this Prospectus nor any Application Forms or other materials relating to the Offer may be distributed in the United States.

Each Applicant in the Offer will be taken to have represented, warranted and agreed on behalf of itself and each person for whom it is applying for PERLS XI as follows:

- it is not located in the United States at the time of application and it is not, and is not acting for the account or benefit of, any US Persons;
- it has not distributed this Prospectus or any other written materials concerning the Offer to any person in the United States or to any US Persons; and
- it understands that PERLS XI have not been and will not be registered under the US Securities Act and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person, unless an exemption from such registration applies.

6.7 Consents to be named

Each of the parties named below has given its written consent to be named in this Prospectus in the form and context in which it is named and has not, at the date of this Prospectus, withdrawn its consent:

- Arranger;
- each Joint Lead Manager;
- each Co-Manager;
- PricewaterhouseCoopers Securities Ltd;
- Allens;
- Greenwoods & Herbert Smith Freehills;
- Registry; and
- The PERLS VI Purchaser (Morgan Stanley Australia Securities Limited)

Except as outlined above, none of the parties has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based. Each party, expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any statements in, or omissions from, this Prospectus. This applies to the maximum extent permitted by law and does not apply to any matter to the extent to which consent is given.

6.8 Interests of Advisers

CBA will pay to the Arranger a fee of A\$10 million, based on certain assumptions in relation to the final Offer size and the allocation of PERLS XI between the Reinvestment Offer, Broker Firm Offer and Securityholder Offer.

The Arranger will pay (out of its own fees), on behalf of CBA, the Joint Lead Managers a management fee of 0.50%, and a selling fee of 0.75%, of their Broker Firm Allocation. The Arranger will pay, on behalf of CBA, the Co-Managers and Participating Brokers a selling fee of 0.75% of their Broker Firm Allocation.

CBA may pay to the Arranger, and in such circumstances the Arranger will pay on CBA’s behalf to certain investors, a commitment fee of up to 0.75% of the Application Monies paid by those investors. This is subject to the satisfaction of certain conditions, including a minimum bid under the Bookbuild and a minimum holding period in respect of PERLS XI allocated to those investors.

Fees payable by CBA to the Arranger and by the Arranger, on behalf of CBA, to the Joint Lead Managers, Co-Managers and Participating Brokers (each a “Syndicate Broker”) are exclusive of any GST.

Allens is acting as Australian legal adviser (other than in relation to taxation) to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A\$230,000 (excluding disbursements and GST) will be payable to Allens. Further amounts may be paid to Allens under its normal time based charges.

Greenwoods & Herbert Smith Freehills is acting as Australian tax adviser to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A\$120,000 (excluding disbursements and GST) will be payable to Greenwoods & Herbert Smith Freehills. Further amounts may be paid to Greenwoods & Herbert Smith Freehills under its normal time based charges.

PricewaterhouseCoopers Securities Limited is acting as accounting adviser to CBA in relation to the Offer and has performed specific agreed procedures relating to certain financial matters disclosed in this Prospectus. CBA estimates that approximately A\$90,000 (excluding disbursements and GST) will be payable to PricewaterhouseCoopers Securities Limited in respect of this work. Further amounts may be paid to PricewaterhouseCoopers Securities Limited under its normal time based charges.

Other than as disclosed in this Prospectus:

- no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; and
- no promoter or underwriter of the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the date of this Prospectus, or has held in the two years before that date, an interest in:

- the formation or promotion of CBA;
- the Offer; or
- any property acquired or proposed to be acquired by CBA in connection with the Offer.

Other than as disclosed in this Prospectus, no person has been paid or agreed to be paid any amount, nor has any benefit been given or agreed to be given to any such persons, for services provided by them in connection with the Offer.

6.9 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or any proposed Director (Paul O’Malley is a proposed Director as described in Section 4.5 “Directors of CBA”) holds at the date of this Prospectus, or has held in the two years before this date, an interest in:

- the formation or promotion of CBA;
- the Offer; or
- any property acquired or proposed to be acquired by CBA in connection with the Offer,

and no amount (whether in cash, PERLS XI or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to the Directors or any proposed Director to induce that person to become, or qualify as a Director, or for services in connection with the formation or promotion of CBA or the Offer.

The Directors and any proposed Director (and their respective associates) may acquire PERLS XI under the Offer, including through the Reinvestment Offer to the extent they hold PERLS VI. Holdings of these securities are subject to the ASX Listing Rules (including the waivers described in Section 6.12 “Regulatory relief”). Details of the Directors’ holdings of Ordinary Shares and other securities of CBA are disclosed to, and available from, the ASX at www.asx.com.au. Details of the remuneration paid to Directors is set out in the Remuneration Report in the 2018 Annual Report. The 2018 Annual Report can be obtained free of charge from the Investor Centre at www.commbank.com.au/annual-reports.

Mr Paul O’Malley, a proposed Director who will join the Board of Directors on 1 January 2019, holds an interest in 4,830 Ordinary Shares and 12,590 PERLS VI as at the date of this Prospectus. Mr O’Malley will also be entitled to be paid fees as a Director in line with the fees paid to CBA’s other Non-Executive Directors.

6.10 Dealings in CommBank PERLS XI Capital Notes

Subject to applicable legal requirements and with APRA’s prior written approval (where required), CBA and other members of the CBA Group may subscribe for, purchase or resell PERLS XI from time to time.

6.11 Personal information

If you lodge an Application, CBA will collect information about you. CBA will use this information to process your Application, identify you, administer your PERLS XI and keep in touch with you in relation to your PERLS XI.

CBA may disclose this information on a confidential basis for these purposes to its subsidiaries and related companies, as well as to agents, contractors and third party service providers that provide services on its or their behalf (e.g. the Registry and a printing firm or mailhouse engaged to print and mail statements to you). Some of these parties or parts of their businesses may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

CBA may share your information with its subsidiaries and related companies to:

- enable the CBA Group to have an integrated view of its customers and investors; and
- provide you with information about the CBA Group’s products and services.

If you used a financial adviser who recommended your investment in PERLS XI (as indicated on your Application Form), CBA may disclose details of your holding to that adviser.

CBA will also disclose this information if required or permitted to do so by law (e.g. taxation laws, social security laws or court orders) or the ASX Listing Rules or if you consent to or request the disclosure.

If you think CBA's records of your personal information are incorrect or out of date, you can contact CBA and request that the information be corrected. Subject to certain exceptions, you may access your information at any time by contacting the Registry in writing. CBA is permitted to charge a fee for such access but does not intend to do so.

You may choose not to provide your personal information or to limit the information you provide, in which case CBA may not be able to process your Application, administer your PERLS XI, or make payments to you.

Please call the PERLS XI Information Line on 1800 132 009 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period if you do not wish to receive marketing materials from CBA.

6.12 Regulatory relief

CBA has received the following ASX confirmations or waivers in relation to the Terms and the Offer: a confirmation that the Terms are appropriate and equitable for the purposes of listing rule 6.1;

- a confirmation that listing rule 6.12 does not apply to Exchange, or resale or repurchase of PERLS XI;
- a confirmation that listing rule 7.1 is to be applied to CBA as if PERLS XI were counted as the number of Ordinary Shares into which they would convert based on the market price of Ordinary Shares immediately prior to the announcement of the Offer;
- a waiver to listing rule 10.11 to permit the Directors and their associates collectively to participate in the Offer without shareholder approval subject to the Directors and their associates being restricted to applying for in aggregate no more than 0.20% of the number of PERLS XI issued, and the participation of the Directors and their associates in the Offer being on the same terms and conditions as applicable to other subscribers for PERLS XI; and
- approval to allow PERLS XI to trade on a deferred settlement basis for a short time following the Issue Date and quotation of PERLS XI on ASX.

CBA has also received the following ASX confirmations in relation to the Reinvestment Offer:

- that the amendments to the PERLS VI terms as described in Section 3 are appropriate and equitable for the purposes of listing rule 6.1; and
- that the timetable for the Reinvestment Offer is acceptable.

ASIC has granted relief from the provisions of Division 5A of Part 7.9 of the Corporations Act relating to unsolicited offers for CBA to conduct the Reinvestment Offer (subject to certain conditions).

6.13 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in New South Wales, Australia and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

6.14 Consent of Directors

Each Director and the proposed Director (Paul O'Malley) has authorised this prospectus and consented to its lodgement with ASIC.

6.15 PERLS XI securityholder communications

Periodic PERLS XI securityholder communications and distribution statements are available online. Holders may elect to receive communications by email. Hard copies of distribution statements will only be sent to Holders who have elected to receive them by mail, and are available free of charge.

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Reducing our emissions

We have reduced our Australia-based emissions by 12% in FY18, and across the Group we have more than halved our emissions since 2009

Section 7

How to Apply

- 7.1 Applying for CommBank PERLS XI Capital Notes
- 7.2 Completing and lodging your Application
- 7.3 Issue and quotation of CommBank PERLS XI Capital Notes
- 7.4 Trading and Holding Statements

7.1 Applying for CommBank PERLS XI Capital Notes

To apply for PERLS XI, you must complete the Application Form attached to, or accompanying, the Prospectus or the online Application Form at www.commsec.com.au.

You may apply for PERLS XI under one or more of:

- the Reinvestment Offer;
- the Broker Firm Offer; or
- the Securityholder Offer.

The instructions for lodging your Application and accompanying Application Monies vary depending on whether you apply under the Reinvestment Offer, Broker Firm Offer or Securityholder Offer.

7.1.1 Applying under the Reinvestment Offer

The Reinvestment Offer is only relevant to Eligible PERLS VI Holders. You are an Eligible PERLS VI Holder if:

- you are a registered holder of PERLS VI at 7.00pm on the Reinvestment Offer Record Date (25 October 2018); and
- you have a registered address in Australia.

If you hold PERLS VII, PERLS VIII, PERLS IX, PERLS X or Ordinary Shares but do not also hold PERLS VI, the Reinvestment Offer is not available to you. However, you may apply for PERLS XI under the Securityholder Offer.

The Closing Date for the Reinvestment Offer is 5.00pm (Sydney time) 5 December 2018.

For further information about the Reinvestment Offer, see Section 3 “Information About the Reinvestment Offer”.

All Eligible PERLS VI Holders will either be emailed a link to the electronic version of the Prospectus, and the online Reinvestment Form or will be mailed a printed Prospectus, and a personalised Reinvestment Form (based on your communication election). You must complete the online or personalised Reinvestment Form which is sent to you. If you did not receive an email link to the online Reinvestment Form, personalised Reinvestment Form or would like a replacement Reinvestment Form, please call the PERLS XI Information Line on 1800 132 009 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

You may apply for PERLS XI under the Reinvestment Offer by either:

- completing the Reinvestment Form accompanying this Prospectus and lodging your Reinvestment Form with the Registry; or
- completing the Reinvestment Form online at www.commsec.com.au.

If you have been contacted by a Syndicate Broker about the Reinvestment Offer, you should contact your Syndicate Broker for information about how and when to lodge your Reinvestment Form. Generally, you will lodge your Reinvestment Form with your Syndicate Broker.

If you wish to apply for additional PERLS XI, you can do so through the Securityholder Offer by completing Section D of the Reinvestment Form. You will have to lodge your Reinvestment Form, with accompanying Application Monies for any additional PERLS XI that you apply for, by 7 December 2018.

For further information about the Securityholder Offer, see Section 7.1.3 “Applying under the Securityholder Offer”.

7.1.2 Applying under the Broker Firm Offer

The Broker Firm Offer is available to retail investors who are clients of a Syndicate Broker.

If you are applying under the Broker Firm Offer, you should contact the Syndicate Broker, who has offered you an allocation from their own Broker Firm Allocation, for information about how and when to lodge your Application and accompanying Application Monies. Generally, you will lodge your Application with your Syndicate Broker.

7.1.3 Applying under the Securityholder Offer

The Securityholder Offer is available to Eligible Securityholders.

You are an Eligible Securityholder if, at 7.00pm on 25 October 2018, you:

- are a holder of Ordinary Shares; or
- are a holder of PERLS VI, PERLS VII, PERLS VIII, PERLS IX or PERLS X; and
- you have a registered address in Australia.

As an Eligible Securityholder, you may apply for PERLS XI under the Securityholder Offer by either:

- completing the Application Form attached to, or accompanying, this Prospectus, providing your SRN or HIN, and lodging your Application and accompanying Application Monies with the Registry; or
- applying online at www.commsec.com.au, providing your SRN or HIN, and following the instructions in relation to payment of your Application Monies.

7.1.4 Applications by Institutional Investors

If you are an Institutional Investor, you must apply to participate in the Offer by contacting the Arranger prior to the Bookbuild who will provide additional information about how to apply. CBA reserves the right to not accept Applications that appear to be Applications from Institutional Investors where they have not been received through the Arranger.

7.2 Completing and lodging your Application

7.2.1 Minimum Application

The amount you have to pay for each PERLS XI is A\$100. You must apply for a minimum of 50 PERLS XI (A\$5,000), and thereafter in multiples of 10 PERLS XI (A\$1,000).

If you are an Eligible PERLS VI Holder, these minimums do not apply to your Application for PERLS XI under the Reinvestment Offer.

7.2.2 Lodging your Application (if you don't apply online www.comsec.com.au)

If you are applying under the Broker Firm Offer, you should contact the Syndicate Broker who has offered you an Allocation for information about how and when to lodge your Application. Generally, you will lodge your Application with your Syndicate Broker. CBA and the Registry take no responsibility for any acts or omissions by your Syndicate Broker in connection with your Application.

If you are applying under the Reinvestment Offer (otherwise than through a Syndicate Broker), you should lodge your Application and accompanying Application Monies (if applying for additional PERLS XI) with the Registry by mailing or delivering it to:

Mail Address

PERLS XI Offer

c/- Link Market Services Limited
Reply Paid 1505
Sydney South NSW 1234
Australia

Delivery Address

PERLS XI Offer

c/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
Australia

If you are applying under the Securityholder Offer (other than through a Syndicate Broker), you should lodge your Application and accompanying Application Monies with the Registry by mailing or delivering it to:

Mail Address

PERLS XI Offer

C/- Link Market Services Limited
Reply Paid 3560
Sydney NSW 2001
Australia

Delivery Address

PERLS XI Offer

C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
Australia

Application Monies must be paid by cheque and/or money order in Australian dollars drawn on an Australian branch of a financial institution. It should be made

payable to "PERLS XI Offer Account" and be crossed "not negotiable".

Applications under the Reinvestment Offer and Application Monies must be received at one of the above addresses by 5.00pm (Sydney time) on the Closing Date which is expected to be 5 December 2018.

Applications under the Securityholder Offer and Application Monies must be received at one of the above addresses by 5.00pm (Sydney time) on the Closing Date which is expected to be 7 December 2018.

Applications and Application Monies will not be accepted at CBA's registered office or at any branch of CBA.

7.2.3 No brokerage or stamp duty

You do not have to pay brokerage or stamp duty on your Application for PERLS XI. However, you may have to pay brokerage (and applicable GST) on any subsequent purchases or sales of PERLS XI on ASX.

7.2.4 Allocation policy and refunds

Applications may be scaled back if there is excess demand for the Offer. Priority will be given to Applications received under the Reinvestment Offer over the Securityholder Offer.

If your Application is accepted, this does not mean that your Application will be accepted in full as CBA reserves the right to scale back your Application. Any scale back and the basis of allocation will be announced on the date that deferred settlement trading commences (expected to be 18 December 2018) on ASX and through advertisements in The Australian and The Australian Financial Review newspapers.

If you have applied under the Reinvestment Offer and your Application is scaled back, you will receive a cash payment in respect of the number of PERLS XI not Allocated to you as soon as practicable after the Closing Date. No interest will be payable on this amount. This amount will be paid to you in the same way in which Distributions on your PERLS VI have previously been paid to you.

If you have applied under the Broker Firm Offer, your Syndicate Broker is responsible for determining your particular allocation from their own Broker Firm Allocation. CBA takes no responsibility for any allocation, scale-back or rejection that is decided by your Syndicate Broker.

Until PERLS XI are Issued, CBA will hold the Application Monies in a trust account. The account will be established and kept solely for the purpose of depositing Application Monies and dealing with those funds.

If you are not allocated any PERLS XI or less than the number of PERLS XI you applied for, you will receive a refund cheque as soon as practicable after the Closing Date. No interest will be payable on Application Monies which are refunded. Any interest earned in the trust account will be retained by CBA.

7.3 Issue and quotation of CommBank PERLS XI Capital Notes

CBA will make an application for PERLS XI to be quoted on ASX within 7 days of the date of this Prospectus.

It is expected that PERLS XI will be quoted under code "CBAPH".

If ASX does not grant permission for PERLS XI to be quoted by the Issue Date, PERLS XI will not be Issued and all Application Monies will be refunded (without interest) as soon as practicable.

7.4 Trading and Holding Statements

7.4.1 Commencement of trading of PERLS XI on ASX

It is expected that PERLS XI will begin trading on ASX on a deferred settlement basis on 18 December 2018. Trading on a deferred settlement basis occurs when Holding Statements have not yet been despatched and it is not possible to settle trades on a trade date plus two business days (T+2) basis. The trade is settled on a date specified by ASX.

It is expected that PERLS XI will begin trading on ASX on a normal settlement basis on 20 December 2018.

It is your responsibility to determine your holding of PERLS XI before trading to avoid the risk of selling PERLS XI you do not own. To assist you in determining your holding prior to receipt of a Holding Statement, CBA will announce the basis of Allocation by placing advertisements in The Australian and The Australian Financial Review newspapers on or around the date that deferred settlement trading commences (expected to be 18 December 2018). You should also check your holding by asking your Syndicate Broker or calling the PERLS XI Information Line on 1800 132 009 (Monday to Friday 8.00am - 7.30pm, Sydney time) from the Issue Date.

7.4.2 Holding Statements

CBA has applied for PERLS XI to participate in CHESS and, if accepted, no certificates will be issued. Instead, a Holding Statement will be mailed to Holders.

If your holding of PERLS XI changes, you will receive an updated Holding Statement.

7.4.3 Provision of TFN and/or ABN

On your Holding Statement (which will be mailed to you), there will be guidance to update your TFN and/or ABN details should you wish to do so (see Section 6.4.6 "Provision of TFN and/or ABN"). If you wish to be mailed a form in which to provide your TFN and/or ABN there will be an information line on the Holding Statement where you can call and request the form.

7.4.4 Provision of bank account details for payments

On your Holding Statement (which will be mailed to you), there will be guidance to update your bank account details for payment of Distributions and other amounts. If you wish to be mailed a form in which to provide your bank account details there will be an information line on the Holding Statement where you can call and request the form.



CBA's commitment to delivering globally leading, sustainable workplaces is evident in our new workplace Commonwealth Bank Square, which meets the highest sustainability ratings of 6-Star Green Star. We expect this building to use 70% less energy than the average Australian office building

Section 8

Glossary

Key Dates

Section 1

Section 2

Section 3

Section 4

Section 5

Section 6

Section 7

Section 8

Appendix A

Term	Meaning
ABN	Australian Business Number
Allocation	The number of PERLS XI allocated under this Prospectus to Applicants under the Reinvestment Offer, Broker Firm Offer and Securityholder Offer
2018 Annual Report	The annual report issued by CBA for the financial year ended 30 June 2018
Applicant	A person who lodges an Application Form in accordance with this Prospectus
Application	A valid application for PERLS XI made through a completed Application Form in accordance with this Prospectus
Application Form	A paper or online form (as the context requires) attached to, or accompanying, this Prospectus or available at www.commsec.com.au upon which an application for PERLS XI may be made
Application Monies	The amount payable on each Application, being the Initial Face Value multiplied by the number of PERLS XI applied for
APRA	Australian Prudential Regulation Authority
Arranger	Commonwealth Bank of Australia ABN 48 123 123 124
ASIC	Australian Securities and Investments Commission
ASIC Guidance	The guidance on hybrid securities published by ASIC on its MoneySmart website which can be found by searching “hybrid securities” at www.moneysmart.gov.au
ASX	ASX Limited ABN 98 008 624 691 or the securities market operated by it (as the context requires)
ASX Listing Rules	The listing rules of ASX, with any modification or waivers which ASX may grant to CBA from time to time
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
Australian Financial Services Licence or AFSL	Has the meaning given to that term in the Corporations Act
Banking Act	Banking Act 1959 (Cth)
Board	The board of directors of CBA or a committee appointed by the board of directors of CBA
BoComm Life	BoComm Life Insurance Company Limited (the sale of which to Mitsui Sumitomo Insurance Co., Ltd was announced by CBA on 23 May 2018).
Bookbuild	The process conducted before the Offer opens where brokers and investors bid for PERLS XI and, on the basis of those bids, CBA sets the final Margin and announces it on ASX
Broker Firm Allocation	The Allocation allocated to a Syndicate Broker through the Bookbuild process
Broker Firm Offer	The offer to clients of Syndicate Brokers as described in Section 7 “How to Apply”
Business Day	A day which is: (a) a business day within the meaning of the ASX Listing Rules; and (b) for the purposes of calculation or payment of a Distribution, a date on which banks are open for general business in Sydney
Call Date	26 April 2024
Capital Trigger Event	Occurs when CBA determines, or APRA notifies CBA in writing that it believes, that either or both the CBA Level 1 CET1 Capital Ratio or CBA Level 2 CET1 Capital Ratio is equal to or less than 5.125%
CBA	Commonwealth Bank of Australia ABN 48 123 123 124, including foreign branches of Commonwealth Bank of Australia
CBA Group	CBA (or any NOHC that is a holding company of CBA) and its subsidiaries

Term	Meaning
CBA Level 1 CET1 Capital Ratio	In respect of the CBA Level 1 Group, the ratio of the CET1 Capital of the CBA Level 1 Group to the risk- weighted assets of the CBA Level 1 Group, calculated in accordance with APRA's prudential standards (as amended from time to time)
CBA Level 1 Group	CBA, or the "extended licensed entity" which is comprised of CBA and each subsidiary of CBA as specified in any approval granted by APRA in accordance with APRA's prudential standards (as amended from time to time)
CBA Level 2 CET1 Capital Ratio	In respect of the CBA Level 2 Group, the ratio of the CET1 Capital of the CBA Level 2 Group to the risk- weighted assets of the CBA Level 2 Group, calculated in accordance with APRA's prudential standards (as amended from time to time)
CBA Level 2 Group	CBA and each subsidiary that is recognised by APRA as part of CBA's Level 2 group in accordance with APRA's prudential standards (as amended from time to time)
CCB	Capital Conservation Buffer
CET1	Common Equity Tier 1
CET1 Capital	Ordinary share capital, retained earnings and certain other items recognised as capital under APRA's prudential standards
CET1 Capital Ratio	The ratio of the CET1 Capital to risk- weighted assets, calculated in accordance with APRA's prudential standards (as amended from time to time)
Change of Control Event	Occurs when: <ul style="list-style-type: none"> • a takeover bid is made and certain conditions are satisfied; or • a scheme of arrangement that is proposed is approved and certain conditions are satisfied <p>A Change of Control Event does not include the implementation of a NOHC structure</p>
CGT	Capital Gains Tax
Closing Date	The closing date for the Broker Firm Offer and the Securityholder Offer which is expected to be 5.00pm (Sydney time) on 7 December 2018
Closing Date for the Reinvestment Offer	The closing date for the Reinvestment Offer which is expected to be 5.00pm (Sydney time) on 5 December 2018
Co-Managers	Bell Potter Securities Limited; Crestone Wealth Management; Evans and Partners Pty Limited; Macquarie Equities Limited; Ord Minnett Limited
CommInsure Life	CBA's life insurance businesses in Australia (the sale of which to AIA Group Limited was announced by CBA on 21 September 2017)
Constitution	The constitution of CBA as amended from time to time
Corporations Act	The Corporations Act 2001 (Cth)
Deed Poll	means the deed poll entitled "PERLS XI Deed Poll" executed by CBA and dated on or around the date of the Bookbuild
Directors	Some or all of the directors of CBA
Distribution	Interest payable on PERLS XI under the Terms
Distribution Payment Date	In respect of each PERLS XI, 15 March, 15 June, 15 September and 15 December each year until that PERLS XI has been Exchanged or Redeemed, and also the Exchange Date or Redemption Date. If any Distribution Payment Date is not a Business Day, then the payment will be made in accordance with Clause 9.3 of the Terms. The first Distribution Payment Date is 15 March 2019

Term	Meaning
Distribution Period	Each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date, whether or not a Distribution is, or is able to be, paid on that date. However: (a) the first Distribution Period commences on (and includes) the Issue Date; and (b) the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date, as applicable
Distribution Rate	$(\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$
Eligible PERLS VI Holder	Holders of PERLS VI as prescribed in Section 7.1.1 "Applying under the Reinvestment Offer"
Eligible Securityholder	Holders of Ordinary Shares, PERLS VI, PERLS VII, PERLS VIII, PERLS XI and PERLS X as described in Section 7.1.3 "Applying under the Securityholder Offer"
Equal Ranking Securities	Each of PERLS VI, PERLS VII, PERLS VIII, PERLS IX, PERLS XI, PERLS X and any preference shares in the capital of CBA or any other securities which rank or are expressed to rank equally with PERLS XI in a winding up of CBA, present and future, excluding any Junior Ranking Securities
Exchange	The exchange of all, some or a proportion of each PERLS XI for Ordinary Shares under the Terms and Exchanged has a corresponding meaning
Exchange Number	The number of Ordinary Shares on Exchange calculated in accordance with Clause 7.1 of the Terms
Face Value	A\$100 per PERLS XI (the Initial Face Value) reduced (if applicable) by the amount of Face Value per PERLS XI which has previously been Exchanged or the amount of Face Value per PERLS XI for which Holders' rights have been irrevocably terminated
FATCA	Foreign Account Tax Compliance Act incorporated in sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those sections) and includes the Double Tax Agreement (United States of America – FATCA) Order 2014
Final PERLS VI Distribution	means the expected final distribution of \$0.9989 per PERLS VI to be paid to a PERLS VI holder for the period from (and including) 15 September 2018 to (but excluding) the PERLS VI Call Date (15 December 2018), provided such PERLS VI holder is a registered holder of CBA PERLS VI at 7.00pm (Sydney time) on the Final PERLS VI Distribution Record Date
Final PERLS VI Distribution Record Date	7 December 2018
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999 (Cth)
HIN	The holder identification number identifying the registration on the Register
Holder	A person whose name is entered in the Register as a holder of PERLS XI
Holding	At any time after Allocation, the number of PERLS XI held by a Holder
Holding Statement	A statement issued to Holders by the Registry which sets out the number of PERLS XI Issued to that Holder
Ineligible Holder	Has the meaning given in Clause 13.2 of the Terms
Initial Face Value	A\$100 per PERLS XI
Institutional Investor	An investor to whom PERLS XI are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than a registration or formality which CBA is willing to comply with)
IRS	The United States Internal Revenue Service

Term	Meaning
Issue	The process of issuing PERLS XI to Holders. Issued has a corresponding meaning
Issue Date	The date on which PERLS XI are Issued which is expected to be 17 December 2018
Joint Lead Managers	Commonwealth Bank of Australia; ANZ Securities Limited; Morgan Stanley Australia Securities Limited; Morgans Financial Limited; Westpac Institutional Bank
Junior Ranking Securities	All Ordinary Shares, present and future
Leverage Ratio	See Section 4.8.1.1 “Capital generally”
Mandatory Exchange Conditions	The conditions in Clause 3.2 of the Terms which must be satisfied before Exchange will occur. These are outlined in Section 2.3 “Mandatory Exchange”
Mandatory Exchange Date	26 April 2026 or such other date as determined under Clause 3.1 of the Terms
Margin	The margin for PERLS XI will be determined through the Bookbuild and is expected to be between 3.70% and 3.90% per annum
Market Rate	The rate (expressed as a percentage per annum) for a term of 3 months as displayed on the “BBSW” page published through information vendors (or any page that replaces that page). For the full definition, see clause 2.2 of the Terms
Maximum Exchange Number	The number of Ordinary Shares calculated in accordance with the formula in Clause 7.1 of the Terms
NOHC	A “non-operating holding company” within the meaning of the Banking Act
NOHC Event	Occurs when the Board initiates a restructure of the CBA Group and a NOHC becomes the ultimate holding company of CBA
Nominee	means one or more third parties appointed by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a Related Body Corporate of CBA) under a facility established for the sale of Ordinary Shares issued by CBA on Exchange on behalf of Holders in the circumstances set out in clause 7.10 of the Terms
Non-Reinvesting PERLS VI	PERLS VI which are not reinvested in PERLS XI under the Reinvestment Offer
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 XI (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
Offer	The invitation by CBA in this Prospectus to subscribe for PERLS XI
Offer Management Agreement	The arrangement between CBA, the Arranger and Joint Lead Managers dated on or about 1 November 2018
Offer Period	The period from the Opening Date to the Closing Date
Opening Date	The opening date of the Offer which is 9 November 2018
Ordinary Share	A fully paid ordinary share in the capital of CBA
Participating Brokers	Any participating organisation of ASX selected by CBA or the Arranger to participate in the Bookbuild
PCR	Prudential Capital Requirement
PERLS VI	Perpetual Exchangeable Resaleable Listed Securities issued by CBA in October 2012
PERLS VI Call Date	15 December 2018
PERLS VI Holder	A person whose name is entered in the Register as a holder of PERLS VI

Term	Meaning
PERLS VI Purchaser	Morgan Stanley Australia Securities Limited
PERLS VI Resale Proceeds	The proceeds from the resale of PERLS VI (A\$100 per PERLS VI)
PERLS VI Terms	The terms of PERLS VI as set out in the PERLS VI prospectus dated 3 September 2012 and amended on or around 1 November 2018
PERLS VII	CommBank PERLS VII Capital Notes issued by CBA in October 2014
PERLS VIII	CommBank PERLS VIII Capital Notes issued by CBA in March 2016
PERLS IX	CommBank PERLS IX Capital Notes issued by CBA in March 2017
PERLS X	CommBank PERLS X Capital Notes issued by CBA in April 2018
PERLS XI	CommBank PERLS XI Capital Notes to be issued by CBA under the Terms
Prospectus	This Prospectus (whether in paper or electronic format) as supplemented or replaced
Purchaser	means one or more third parties selected by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a related body corporate of CBA)
Record Date	For payment of Distributions: (a) the date that is eight calendar days prior to the relevant Distribution Payment Date; or (b) such other date determined by CBA in its absolute discretion and communicated to ASX, or in either case such other date as may be required by, or agreed with, ASX
Redemption	The process through which CBA repays the Face Value of all or some PERLS XI under the Terms. Redeem and Redeemed have corresponding meanings
Redemption Date	In respect of each PERLS XI, the date specified by CBA as the Redemption Date in accordance with Clause 5 of the Terms
Register	The register of PERLS XI maintained by the Registry on CBA's behalf, and where appropriate including any subregister established and maintained in CHESS and any branch register
Registry	Link Market Services Limited ABN 54 083 214 537 or any other person appointed by CBA to maintain the Register
Reinvesting PERLS VI	PERLS VI which are reinvesting in PERLS XI under the Reinvestment Offer
Reinvesting PERLS VI Holder	An Eligible PERLS VI Holder who submits a valid application (and whose valid application is accepted) to participate in the Reinvestment Offer
Reinvestment Date	17 December 2018
Reinvestment Form	A paper or online form (as the context requires) accompanying this Prospectus or available at www.commsec.com.au upon which an application to participate in the Reinvestment Offer may be made
Reinvestment Offer	The offer to Eligible PERLS VI Holders to have some or all of their PERLS VI redeemed on the Reinvestment Date and the proceeds reinvested in PERLS XI, as described in Section 3 "Information about the Reinvestment Offer" and Section 7 "How to Apply"
Reinvestment Offer Record Date	25 October 2018
Resale	The sale of PERLS XI by Holders to the Purchaser in accordance with Clause 6 of the Terms. Resell and Resold have corresponding meanings
Resale Date	has the meaning given in clause 6(b)(i) of the Terms
Securityholder Offer	The offer to Eligible Securityholders as described in Section 7 "How to Apply"
Securityholder Offer Record Date	25 October 2018
Senior Ranking Obligations	All deposits and other liabilities, securities (including Tier 2 Capital securities) and other obligations of CBA, present and future, other than Equal Ranking Securities or Junior Ranking Securities
Shareholder	A registered holder of Ordinary Shares in CBA

Term	Meaning
Sovereign	CBA's life insurance businesses in New Zealand (the sale of which to AIA Group Limited was announced by CBA on 21 September 2017)
Special Resolution	Has the meaning given in Clause 13.2 of the Terms
SRN	Shareholder Registration Number
Syndicate Broker	Any of the Joint Lead Managers and Co-Managers
Tax Act	Income Tax Assessment Act 1936 (Cth) and, where applicable, the Income Tax Assessment Act 1997 (Cth) (both as amended from time to time)
Terms	The terms of PERLS XI attached as a schedule to the Deed Poll, as set out in Appendix A
TFN	Tax File Number
Tier 1 Capital	CET1 Capital and certain securities recognised as Tier 1 Capital under APRA's prudential standards, on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time
Tier 2 Capital	Certain securities recognised as Tier 2 Capital under APRA's prudential standards, on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time
Total Capital	Sum of Tier 1 Capital (including CET1 Capital) and Tier 2 Capital
TymeDigital	Commonwealth Bank of South Africa (Holding Company) Limited
US Person	Has the meaning given in Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
VWAP	The average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant period, subject to any adjustments made under Clause 7 of the Terms

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Appendix A

Terms of CommBank
PERLS XI Capital
Notes

The following are the Terms which apply to each PERLS XI. Each Holder and any person claiming through or under a Holder is entitled to the benefit of, is bound by, and is taken to have notice of, these Terms, the Deed Poll and Prospectus.

1 Form of PERLS XI and ranking

1.1 Form

- (a) PERLS XI are perpetual, subordinated, unsecured notes of CBA, issued in registered form by entry in the Register.
- (b) Each entry in the Register evidences a separate and independent obligation which CBA owes to the relevant Holder, which that Holder may enforce without joining any other Holder or any previous Holder.
- (c) No certificates will be issued to Holders unless CBA is required to provide certificates by any applicable law or regulation.

1.2 Initial Face Value

Each PERLS XI is issued fully paid with an initial Face Value of A\$100.

1.3 CHESS

While PERLS XI remain in CHESS, all dealings (including transfers and payments) in relation to PERLS XI within CHESS, and the rights and obligations of each Holder, are subject to the rules and regulations of CHESS. To the extent there are inconsistencies between the rules and regulations of CHESS and the Terms, the Terms prevail.

1.4 ASX quotation

CBA must use all reasonable endeavours to procure that PERLS XI are quoted on ASX on or as soon as possible after the Issue Date.

1.5 Payment and ranking in a winding up of CBA

- (a) If an order is made by a court of competent jurisdiction in Australia (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution is passed, for the winding up of CBA in Australia, CBA must redeem each PERLS XI for its Face Value in accordance with this clause.
- (b) Holders do not have any right to prove in a winding up of CBA in respect of PERLS XI, other than a right to prove in a winding up of CBA in Australia as permitted under clauses 1.5(c) and 1.5(d).
- (c) Each PERLS XI ranks for payment in a winding up of CBA in Australia:
 - (i) after the claims of all holders of Senior Ranking Obligations;
 - (ii) equally with each Holder and holders of Equal Ranking Securities; and
 - (iii) ahead of holders of Junior Ranking Securities.

- (d) In order to give effect to the ranking specified in clause 1.5(c), in any winding up of CBA in Australia, the claims of Holders are limited to the extent necessary to ensure that:
 - (i) all holders of Senior Ranking Obligations receive payment in full before any payment is made to Holders; and
 - (ii) Holders of PERLS XI and holders of any Equal Ranking Securities receive payments on a pro-rata basis.

- (e) Nothing in this clause limits the ability of CBA to, in its absolute discretion from time to time, issue further Senior Ranking Obligations or Equal Ranking Securities.

- (f) Holders may not exercise voting rights as a creditor in respect of PERLS XI in a winding up of CBA to defeat the subordination in this clause.

- (g) PERLS XI are perpetual and the terms of PERLS XI do not include events of default or any other provisions entitling the Holders to require that PERLS XI be Redeemed other than under this clause 1.5. Holders do not have any right to apply for the winding up or administration of CBA, or to cause a receiver, or receiver and manager, to be appointed in respect of CBA, on the ground of CBA's failure to pay Distributions or for any other reason.

- (h) To avoid doubt but subject to clause 4.6, if a Capital Trigger Event or Non-Viability Trigger Event has occurred, Holders will rank for payment in a winding up of CBA in Australia as holders of the number of Ordinary Shares to which they became entitled under clauses 4.1 or 4.2.

1.6 No set off

- (a) CBA has no right to set-off any amounts owing by it to a Holder in respect of PERLS XI against any claims owing by the Holder to it or to any member of the CBA Group.
- (b) No Holder has any right to set-off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce the amount payable by CBA in respect of PERLS XI to the Holder.

1.7 Not deposit liabilities of CBA

- (a) PERLS XI are not deposit liabilities or "protected accounts" of CBA for the purpose of the Banking Act.
- (b) No member of the CBA Group guarantees PERLS XI and no member of the CBA Group, other than CBA, has any liability for PERLS XI.

1.8 No other rights

Before Exchange, PERLS XI confer no rights on a Holder:

- (a) to attend or vote at any meeting of CBA members;
- (b) to subscribe for new securities of CBA or to participate in any bonus issues of securities of CBA; or
- (c) to otherwise participate in the profits or property of CBA, except by receiving payments as set out in these Terms.

2 Distributions

2.1 Distributions

- Each PERLS XI bears interest on its Face Value during each Distribution Period from (and including) the Issue Date to (but excluding) the Exchange Date or Redemption Date for that PERLS XI, at the Distribution Rate.
- Interest on each PERLS XI is payable in arrears on each Distribution Payment Date.
- Payment of interest on each PERLS XI is subject to clauses 2.5, 2.6 and 9.

2.2 Distribution Rate determination

The Distribution Rate (expressed as a percentage per annum) for each Distribution Period is the rate calculated according to the following formula:

$$\text{Distribution Rate} = (\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

Market Rate means the Bank Bill Swap Reference Rate administered by ASX Benchmarks Pty Limited (or any other person that take on the administration of that rate) expressed as a percentage per annum for a term of 3 months as displayed on the “BBSW” page published through information vendors (or any page that replaces that page) on the first Business Day of the Distribution Period. However, if that rate is not displayed by 10:30 am on that day (or such other time at which such rate customarily appears on that page), or if it is displayed but CBA determines that there is a manifest error in that rate, **Market Rate** means the rate specified by CBA in good faith at or around 10:30 am on that day, having regard, to the extent possible, to:

- the rates otherwise bid and offered for prime bank eligible securities of a term of 3 months (plus or minus 5 business days) at or around that time on that day (including any displayed on the “BBSW” page published through information vendors (or its successor or replacement page)); and
- if bid and offer rates for prime bank eligible securities of a term of 3 months (plus or minus 5 business days) are not otherwise available, the rates otherwise bid and offered for funds of a term of 3 months (plus or minus 5 business days) at or around that time on that day;

provided that where PERLS XI are Resold, Exchanged or Redeemed on a day which is not a scheduled Distribution Payment Date, and a Distribution is payable, then the Market Rate for the Distribution Period commencing on the Resale Date, Exchange Date or Redemption Date (as applicable) in respect of such PERLS XI shall be the Market Rate for the Distribution Period preceding the relevant Resale Date, Exchange Date or Redemption Date.

Margin means the rate (expressed as a percentage per annum) determined under the Bookbuild; and

Tax Rate means the Australian corporate tax rate on the relevant Distribution Payment Date (expressed as a decimal).

2.3 Calculation of Distributions

The Distribution payable on each PERLS XI for each Distribution Period is calculated according to the following formula:

$$\text{Distribution payable} = \frac{\text{Distribution Rate} \times \text{Face Value} \times \text{N}}{365}$$

where:

N means, in respect of a Distribution Period, the number of days in that Distribution Period.

2.4 Adjustment to calculation of Distributions if not fully franked

If any Distribution is not franked to 100% under Part 3-6 of the Tax Act, the Distribution will be calculated according to the following formula:

$$\text{Distribution payable} = \frac{\text{D}}{1 - [\text{T} \times (1 - \text{F})]}$$

where:

D means the Distribution calculated under clause 2.3;

T means the Australian corporate tax rate on the relevant Distribution Payment Date (expressed as a decimal); and

F means the franking percentage (as defined in Part 3-6 of the Tax Act) applicable to the franking account of CBA on the relevant Distribution Payment Date (expressed as a decimal).

2.5 Distribution payment conditions

The payment of any Distribution on any Distribution Payment Date is subject to:

- CBA, in its absolute discretion, making the Distribution to Holders;
- the payment of the Distribution not resulting in a breach of CBA's capital requirements under APRA's prudential standards as they are applied to the CBA Level 1 Group or the CBA Level 2 Group or both at the time of the payment;
- the payment of the Distribution not resulting in CBA becoming, or being likely to become, Insolvent; and
- APRA not otherwise objecting to the payment of the Distribution.

No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or Non-Viability Trigger Event.

CBA must notify ASX at least five Business Days before the relevant Record Date (or, if later, as soon as it decides not to make the Distribution) if payment of any Distribution will not be made because of this clause.

2.6 Distributions are discretionary and non-cumulative

Distributions are discretionary and non-cumulative. If payment of any Distribution is not made for any reason, CBA has no liability to pay that unpaid Distribution.

2.7 Dividend and capital restrictions in the event of non-payment

- (a) Subject to clause 2.7(b), if any Distribution is not paid to Holders in full on the relevant Distribution Payment Date, then CBA must not, without the approval of a Special Resolution:
- (i) declare or determine a dividend; or
 - (ii) return any capital or undertake any buy-backs or repurchases,
- (together **Restricted Actions**) in relation to any Ordinary Shares, unless the amount of any unpaid Distribution is paid in full within five Business Days of that date. If, on a subsequent Distribution Payment Date, a Distribution is paid in full, or if all PERLS XI have been Exchanged, Redeemed or otherwise terminated, then these restrictions cease to apply.
- (b) Clause 2.7(a) does not apply to:
- (i) Restricted Actions which CBA is legally obliged to pay or complete at the time any Distribution is not paid in full to Holders on a relevant Distribution Payment Date; or
 - (ii) Restricted Actions in connection with:
 - (A) any employment contract, employee share scheme, employee rights or option plan, or similar arrangement with, or for the benefit of, any one or more employees, officers, directors or consultants of CBA or its Related Bodies Corporate; or
 - (B) CBA or any of its Related Bodies Corporate purchasing Ordinary Shares in connection with transactions for the account of customers of CBA or customers of any of its Related Bodies Corporate.

2.8 Notification of Distribution Rate, Distribution payable and other items

- (a) CBA must notify ASX of the Distribution Rate, amount of Distribution payable and Distribution Payment Date for each Distribution Period.
- (b) CBA must give notice under this clause as soon as practicable after it makes its calculations and by no later than the fourth Business Day of the relevant Distribution Period.
- (c) CBA may amend its calculation or determination of any date, rate or amount (or make appropriate alternative arrangements by way of adjustment) including as a result of the extension or reduction of the Distribution Period or calculation period without prior notice but must notify ASX promptly after doing so.

2.9 Determination final

CBA's determination of all dates, rates and amounts under these Terms is, in the absence of wilful default, bad faith or manifest error, final and binding on CBA, the Registry and each Holder.

2.10 Calculations

For the purposes of any calculations required under these Terms:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable must be rounded to the nearest one Australian cent (with one half of an Australian cent being rounded up to one Australian cent).

3 Mandatory Exchange

3.1 Mandatory Exchange

Subject to clauses 4.1, 4.2, 4.6 and 5, CBA must Exchange all (but not some) PERLS XI on issue on the date that is the earlier of:

- (a) 26 April 2026 (**Scheduled Mandatory Exchange Date**); and
- (b) the first Distribution Payment Date after the Scheduled Mandatory Exchange Date, (each a **Mandatory Exchange Date**) on which the Mandatory Exchange Conditions are satisfied.

3.2 Mandatory Exchange Conditions

- (a) The Mandatory Exchange Conditions for each Mandatory Exchange Date are:
 - (i) the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 56.00% of the Issue Date VWAP (**First Mandatory Exchange Condition**);
 - (ii) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP (the **Second Mandatory Exchange Condition**); and
 - (iii) Ordinary Shares have not been Delisted as at the Mandatory Exchange Date (**Third Mandatory Exchange Condition**).
- (b) If the First Mandatory Exchange Condition is not satisfied, CBA will announce to ASX between the 25th and the 21st Business Day before the Mandatory Exchange Date that Exchange will not proceed on the Mandatory Exchange Date.
- (c) If the Second Mandatory Exchange Condition or Third Mandatory Exchange Condition is not satisfied, CBA will notify Holders on or as soon as practicable after the Mandatory Exchange Date that Exchange did not occur.

4 Early Exchange

4.1 Capital Trigger Event

- (a) A **Capital Trigger Event** occurs when:
- CBA determines; or
 - APRA notifies CBA in writing that it believes, that either or both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%. CBA must immediately notify APRA in writing if it makes a determination under clause 4.1(a)(i).
- (b) If a Capital Trigger Event occurs, CBA must Exchange such number of PERLS XI (or, if it so determines, such percentage of the Face Value of each PERLS XI) as is sufficient (taking into account any exchange, conversion or write down of Relevant Securities as referred to in paragraph (c) below) to return either or both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio, as the case may be, to above 5.125%.
- (c) In determining the number of PERLS XI, or percentage of the Face Value of each PERLS XI, which must be Exchanged in accordance with this clause, CBA will:
- firstly, exchange, convert or write down the face value of any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of PERLS XI; and
 - secondly, if exchange, conversion or write down of those Relevant Securities is not sufficient, Exchange (in the case of PERLS XI) or exchange, convert or write down (in the case of any other Relevant Securities) on a pro-rata basis or in a manner that is otherwise, in the opinion of CBA, fair and reasonable, PERLS XI and any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be Exchanged, converted or written down in that manner (subject to such adjustment as CBA may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any PERLS XI or other Relevant Securities remaining on issue), but such determination will not impede the immediate Exchange of the relevant number of PERLS XI or percentage of the Face Value of each PERLS XI (as the case may be).
- (d) For the purposes of clauses 4.1(b) and 4.1(c), where the specified currency of the face value of Relevant Securities and/or PERLS XI is not the same, CBA may treat them as if converted into a single currency of CBA's choice at such rate of exchange as CBA in good faith considers reasonable.
- (e) If a Capital Trigger Event occurs:
- the relevant number of PERLS XI, or percentage of the Face Value of each PERLS XI, must be Exchanged immediately upon occurrence of the Capital Trigger Event in accordance with

clauses 4.5 and 7 and the Exchange will be irrevocable;

- CBA must give notice as soon as practicable that Exchange has occurred to ASX and the Holders;
- the notice must specify the date on which the Capital Trigger Event occurred; and
- the notice must specify the details of the Exchange process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any PERLS XI remaining on issue.

Failure to undertake any of the steps in clauses 4.1(e)(ii) to (iv) does not prevent, invalidate or otherwise impede Exchange.

4.2 Non-Viability Trigger Event

- (a) A **Non-Viability Trigger Event** occurs when APRA notifies CBA in writing that it believes:
- Exchange of all or some PERLS XI, or exchange, conversion or write down of 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.
- APRA may specify an aggregate face value of capital instruments which must be Exchanged, converted or written down (as applicable).
- (b) If a Non-Viability Trigger Event occurs, CBA must Exchange such number of PERLS XI (or, if it so determines, such percentage of the Face Value of each PERLS XI) as is equal (taking into account any exchange, conversion or write down of Relevant Securities as referred to in paragraph (c) below) to the aggregate face value of capital instruments which APRA has notified CBA must be Exchanged, converted or written down (or, if APRA has not so notified CBA, such number or, if CBA so determines, such percentage of the Face Value of each PERLS XI, as is necessary to satisfy APRA that CBA will no longer be non-viable). If a Non-Viability Trigger Event occurs under clause 4.2(a)(ii), CBA must Exchange all PERLS XI.
- (c) In determining the number of PERLS XI, or percentage of the Face Value of each PERLS XI, which must be Exchanged in accordance with this clause, CBA will:
- firstly, exchange, convert or write down the face value of any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of PERLS XI; and
 - secondly, if exchange, conversion or write down of those securities is not sufficient, Exchange (in the case of PERLS XI) or exchange, convert or write down (in the case of any other Relevant Securities), on a pro-rata basis or in a manner that is otherwise, in the opinion of CBA, fair and

reasonable, PERLS XI and any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be Exchanged, converted or written down in that manner (subject to such adjustments as CBA may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any PERLS XI or other Relevant Securities remaining on issue),

but such determination will not impede the immediate Exchange of the relevant number of PERLS XI or percentage of the Face Value of each PERLS XI (as the case may be).

(d) For the purposes of clauses 4.2(b) and 4.2(c), where the specified currency of the face value of Relevant Securities and/or PERLS XI is not the same, CBA may treat them as if converted into a single currency of CBA's choice at such rate of exchange as CBA in good faith considers reasonable.

(e) If a Non-Viability Trigger Event occurs:

- (i) the relevant number of PERLS XI, or percentage of the Face Value of each PERLS XI, must be Exchanged immediately upon occurrence of the Non-Viability Trigger Event in accordance with clauses 4.5 and 7 and the Exchange will be irrevocable;
- (ii) CBA must give notice as soon as practicable that Exchange has occurred to ASX and the Holders;
- (iii) the notice must specify the date on which the Non-Viability Trigger Event occurred; and
- (iv) the notice must specify the details of the Exchange process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any PERLS XI remaining on issue.

Failure to undertake any of the steps in clauses 4.2(e) (ii) to (iv) does not prevent, invalidate or otherwise impede Exchange.

4.3 Mandatory Exchange Conditions do not apply to Capital Trigger Event or Non-Viability Trigger Event

For the avoidance of doubt, the Mandatory Exchange Conditions do not apply to Exchange as a result of a Capital Trigger Event or Non-Viability Trigger Event occurring.

4.4 Priority of Early Exchange Obligations

An Exchange required because of a Capital Trigger Event or a Non-Viability Trigger Event takes place notwithstanding anything in clause 3.

4.5 Automatic Exchange upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event

If a Capital Trigger Event or Non-Viability Trigger Event has occurred and all or some PERLS XI (or percentage of the Face Value of each PERLS XI) are required to be Exchanged in accordance with clauses 4.1 or 4.2, then:

- (a) Exchange of the relevant PERLS XI or percentage of the Face Value of each PERLS XI will occur in accordance with clause 7 immediately upon the date of occurrence of the Capital Trigger Event or Non-Viability Trigger Event; and
- (b) the entry of the corresponding PERLS XI in each relevant Holder's holding in the Register will constitute an entitlement of that Holder to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of PERLS XI or remaining percentage of the Face Value of each PERLS XI), and CBA will recognise the Holder as having been issued the relevant Ordinary Shares for all purposes,

in each case without the need for any further act or step by CBA, the Holder or any other person (and CBA will, as soon as possible thereafter and without delay on the part of CBA, take any appropriate procedural steps to record such Exchange, including updating the Register and the Ordinary Share register and seek quotation of Ordinary Shares issued on Exchange).

For the avoidance of doubt:

- (c) nothing in this clause allows a payment to be made to a Holder upon Exchange; and
- (d) Exchange under this clause takes priority over a notice for Redemption issued under clauses 5.1, 5.2, 5.3 or 5.4.

4.6 No further rights if Exchange cannot occur

If, for any reason, Exchange of any PERLS XI (or a percentage of the Face Value of any PERLS XI) required to be Exchanged under clauses 4.1 or 4.2 fails to take effect under clauses 4.5(a) and 4.5(b) and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within five Business Days after the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event, then the relevant Holders' rights (including to payment of the Face Value and Distributions, and the right to receive Ordinary Shares) in relation to such PERLS XI or percentage of the Face Value of PERLS XI are immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. CBA must give notice as soon as practicable that such termination has occurred to the Holders and such notice must be announced on ASX, and the notice must specify the date on which the Capital Trigger Event or Non-Viability Trigger Event occurred.

4.7 Change of Control Event

(a) A **Change of Control Event** occurs when:

- (i) a takeover bid is made for Ordinary Shares (A) acceptance of which is recommended by the Board and which is or has become unconditional or (B) which is or has become unconditional and the voting power of the offeror in CBA is or has become greater than 50%; or
- (ii) in respect of a scheme of arrangement under Part 5.1 of the Corporations Act which would result (if implemented) in a person having voting power in more than 50% of CBA, the earlier of

(A) a court approving the scheme, and (B) the Board determining that such event should be treated as a Change of Control Event for the purposes of this clause,

provided that clause 4.7(a)(ii) does not include a scheme of arrangement which would result in a NOHC Event.

- (b) If a Change of Control Event occurs, then:
- (i) CBA must Exchange all (but not some) PERLS XI;
 - (ii) CBA must give notice as soon as practicable and in any event within 10 Business Days after becoming aware of that event occurring to ASX and the Holders;
 - (iii) the notice must specify a date on which it is proposed Exchange will occur (**proposed Exchange Date**) being:
 - (1) in the case of a Change of Control Event under clause 4.7(a)(i), no later than the Business Day prior to the then announced closing date of the relevant takeover bid;
 - (2) in the case of a Change of Control Event under clause 4.7(a)(ii)(A), a date no later than the record date for participation in the relevant scheme of arrangement; or
 - (3) in the case of a Change of Control Event under clause 4.7(a)(ii)(B), a date no later than 25 Business Days following the date the notice is given, or the record date for participation in the relevant scheme of arrangement, whichever is earlier; and
 - (iv) the notice must specify the details of the Exchange process including any details to take into account the effect on marketable parcels and whole numbers of Ordinary Shares; and
 - (v) on the proposed Exchange Date, all PERLS XI will Exchange in accordance with clause 7.
- (c) The Second Mandatory Exchange Condition and Third Mandatory Exchange Condition apply if a Change of Control Event occurs as though the proposed Exchange Date were a Mandatory Exchange Date for the purposes of clause 4 (except that in the case of a Change of Control Event, the Second Mandatory Exchange Condition will apply as if it referred to 20.20% of the Issue Date VWAP).
- (d) If either the Second Mandatory Exchange Condition or Third Mandatory Exchange Condition is not satisfied on the proposed Exchange Date:
- (i) PERLS XI must Exchange on the next Distribution Payment Date on which the Second Mandatory Exchange Condition and Third Mandatory Exchange Condition are satisfied; and
 - (ii) CBA will notify Holders as soon as practicable after the proposed Exchange Date that Exchange did not occur.

4.8 No Exchange at the option of the Holders

Holders do not have a right to request Exchange of their PERLS XI at any time.

5 Early Redemption

5.1 Early Redemption at the option of CBA on the Call Date

CBA may at its option Redeem all or some PERLS XI on the Call Date for their Face Value.

However, CBA may only Redeem under this clause if CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the Call Date to ASX and the Holders.

If only some (but not all) PERLS XI are to be Redeemed under this clause, those PERLS XI to be Redeemed will be specified in the notice and selected:

- (a) in a manner that is, in the opinion of CBA, fair and reasonable; and
- (b) in compliance with any applicable law, directive or requirement of ASX.

5.2 Early Redemption for inability to frank Distributions

If there is a material risk that as a result of any change in, or amendment to, the laws of Australia, or their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), which change or amendment was not expected by CBA as at the Issue Date and has or is expected to become effective on or after the Issue Date, any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act, CBA may Redeem all (but not some) PERLS XI for their Face Value.

However, CBA may only Redeem under this clause if:

- (a) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (b) the proposed Redemption Date is a Distribution Payment Date; and
- (c) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which a Distribution would not be a frankable Distribution.

5.3 Early Redemption for other taxation reasons

If CBA receives an opinion from reputable legal counsel or other tax adviser in Australia, experienced in such matters, to the effect that there is a material risk that as a result of a change in, or amendment to, the laws of Australia, or their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), which change or amendment was not expected by CBA at the Issue Date and becomes or is expected to become effective on or after the Issue Date:

- (a) CBA would be required to pay an increased amount under clause 9.6; or
- (b) CBA would be exposed to a more than de minimis adverse tax consequence in relation to PERLS XI other

than a tax consequence that CBA expected as at the Issue Date,

CBA may Redeem all (but not some) PERLS XI for their Face Value.

However, CBA may only Redeem under this clause if:

- (c) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (d) the proposed Redemption Date is a Distribution Payment Date; and
- (e) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which CBA would be subject to the adverse tax consequence.

5.4 Early redemption for regulatory reasons

If, at any time after the Issue Date, CBA determines that as a result of a change in, or amendment to, the laws of Australia or APRA's prudential standards or guidelines, or in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), all, some or a proportion of all or some PERLS XI are not or will not be treated as Tier 1 Capital of the CBA Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by CBA as at the Issue Date, CBA may Redeem all (but not some) PERLS XI for their Face Value.

However, CBA may only Redeem under this clause if:

- (a) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (b) the proposed Redemption Date is a Distribution Payment Date; and
- (c) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which all, some or a proportion of all or some PERLS XI will cease to be treated as Tier 1 Capital.

5.5 APRA approval to Redeem

CBA may only Redeem under this clause 5 if:

- (a) either:
 - (i) before or concurrently with Redemption, CBA replaces PERLS XI with a capital instrument which is of the same or better quality (for the purposes of APRA's prudential standards as they are applied to the CBA Group at the relevant time) than PERLS XI and the replacement of PERLS XI is done under conditions that are sustainable for the income capacity of CBA; or
 - (ii) CBA obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the CBA Level 1 Group and CBA Level 2 Group, that CBA does not have to replace PERLS XI; and

- (b) APRA has given its prior written approval to the Redemption. Approval is at the discretion of APRA and may or may not be given.

5.6 Final Distribution

For the avoidance of doubt, Redemption may occur even if CBA, in its absolute discretion, does not make the Distribution for the final Distribution Period.

5.7 No Redemption at the option of the Holders

Holders do not have a right to request Redemption of their PERLS XI at any time.

5.8 Effect of notice of Redemption

Any notice of Redemption given under this clause 5 is irrevocable and CBA must (subject to clauses 1.5, 4.5(d) and 9.3) Redeem PERLS XI on the Redemption Date specified in that notice.

6 Resale on the Call Date

- (a) CBA may elect that Resale occur in relation to all or some PERLS XI by giving a Resale Notice at least 20 Business Days (and no more than 60 Business Days) before the Call Date to ASX and the Holders.

If only some (but not all) PERLS XI are to be Resold under this clause, the number of PERLS XI to be Resold will be specified in the notice and selected:

- (i) in a manner that is, in the opinion of CBA, fair and reasonable; and
- (ii) in compliance with any applicable law, directive or requirement of ASX.

- (b) If CBA issues a Resale Notice:

- (i) each Holder is taken irrevocably to offer to sell the relevant number of their PERLS XI to the Purchaser on the Call Date (**Resale Date**) for a cash amount per PERLS XI equal to the Face Value (and to have appointed CBA as its agent and attorney to do and execute all things and documents which CBA considers may be necessary or desirable in connection with that offer and any resulting sale);
- (ii) subject to payment by the Purchaser of the Face Value to Holders, all right, title and interest in the relevant number of PERLS XI will be transferred from the Holders to the Purchaser on the Resale Date; and
- (iii) if the Purchaser does not pay the Face Value to the relevant Holders on the Resale Date, the relevant number of PERLS XI will not be transferred to the Purchaser and a Holder has no claim on CBA as a result of that non-payment.

- (c) Clause 9 will apply to payments by the Purchaser as if the Purchaser was CBA. If any payment to a particular Holder is not made or treated as made on the Resale Date because of any error by or on behalf of the Purchaser, the relevant PERLS XI of that Holder will not be transferred until payment is made but the transfer of all other relevant PERLS will not be affected by the failure.

7 General provisions applicable to Exchange

7.1 Exchange

On the Exchange Date, subject to clauses 4.6 and 7.10, the following will apply:

- (a) CBA will allot and issue the Exchange Number of Ordinary Shares for each PERLS XI held by the Holder. The **Exchange Number** is calculated according to the following formula, and subject always to the Exchange Number being no greater than the Maximum Exchange Number:

$$\text{Exchange Number for each PERLS XI} = \frac{\text{Face Value}}{0.99 \times \text{VWAP}}$$

Where:

VWAP (expressed in dollars and cents) means the VWAP during the VWAP Period.

Maximum Exchange Number means a number calculated according to the following formula:

$$\text{Maximum Exchange Number} = \frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$$

Where:

Relevant Percentage means:

- (i) if Exchange is occurring on a Mandatory Exchange Date, 0.50; and
 - (ii) if Exchange is occurring at any other time, 0.20.
- (b) Each Holder's rights (including to payment of Distributions, other than the Distribution, if any, payable on an Exchange Date where the Exchange is not as a result of a Capital Trigger Event or a Non-Viability Trigger Event) in relation to each PERLS XI that is being Exchanged will be immediately and irrevocably terminated for an amount equal to the Face Value and CBA will apply the Face Value of each PERLS XI by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 7.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 7.1 is to be applied as provided for in this clause and no Holder has any right to payment in any other way.
- (c) If the total number of additional Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of PERLS XI includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

7.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under clause 7.1:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as *cum* dividend or *cum* any other distribution or entitlement and PERLS XI will be Exchanged for Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or any other distribution or entitlement,

then the VWAP on the Business Days on which those Ordinary Shares have been quoted *cum* dividend or *cum* any other distribution or entitlement will be reduced by an amount (**Cum Value**) equal to:

- (i) in the case of a dividend or other distribution, the amount of that dividend or other distribution;
 - (ii) in the case of any other entitlement that is not a dividend or other distribution under clause 7.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or
 - (iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by the Board; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and PERLS XI will be Exchanged for Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

7.3 Adjustments to VWAP for capital reconstruction

- (a) Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue because the Ordinary Shares are reconstructed, consolidated, divided or reclassified (not involving any payment or other compensation to or by the holders of Ordinary Shares) (**Reclassification**) into a lesser or greater number, the daily VWAP for each day in the VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reclassification basis will be adjusted by multiplying the applicable VWAP by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares immediately after the Reclassification.

- (b) Any adjustment made by CBA in accordance with clause 7.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.
- (c) For the avoidance of doubt, nothing in this clause allows a cash payment or other distribution to be made to or by a Holder as part of a Reclassification or as a result of a Reclassification.

74 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP under clause 7.1, adjustments will be made in accordance with clauses 7.2 and 7.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made by CBA in accordance with clauses 7.5 to 7.7 (inclusive);
- (b) if so made, will correspondingly affect the application of the Mandatory Exchange Conditions and cause an adjustment to the Maximum Exchange Number; and
- (c) if so made, will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

75 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clauses 7.5(b) and 7.5(c), if CBA makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times RD / (RD + RN)$$

Where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V_o means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

RN means the number of Ordinary Shares issued pursuant to the bonus issue.

- (b) Clause 7.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purposes of this clause 7.5, an issue will be regarded as a bonus issue notwithstanding that CBA does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia (or to whom an offer is otherwise subject to foreign securities laws), provided that in so doing CBA is not in contravention of ASX Listing Rules.

76 Adjustments to Issue Date VWAP for capital reconstruction

If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reclassification into a lesser or greater number, the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares on issue immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

77 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 7.5 and 7.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

78 Announcement of adjustments to Issue Date VWAP

CBA will notify any adjustment to the Issue Date VWAP under this clause 7 to ASX and the Holders within 10 Business Days of CBA determining the adjustment (or such shorter period as is required by ASX Listing Rules) and the adjustment will be final and binding.

79 Status and listing of Ordinary Shares

- (a) Ordinary Shares issued or arising from Exchange will rank equally with all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Exchange do not take effect until 5.00pm (Sydney time) on the Exchange Date (or such other time required by APRA).
- (b) CBA will use all reasonable endeavours to list the Ordinary Shares issued on Exchange of PERLS XI on ASX.
- (c) Holders acknowledge that any ASX trades in PERLS XI that have not settled on the Exchange Date will continue to settle in accordance with the normal ASX settlement process, although the seller will be treated as having delivered and the buyer will be treated as having acquired, the number of Ordinary Shares into which PERLS XI have been Exchanged.

710 Exchange where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder

If PERLS XI (or percentage of the Face Value of each PERLS XI) of a Holder are required to be Exchanged and:

- (a) the Holder has notified CBA that it does not wish to receive Ordinary Shares as a result of Exchange, which notice may be given at any time on or after the Issue Date and prior to the Exchange Date;
- (b) the Holder is an Ineligible Holder; or
- (c) CBA has not received (for any reason whether or not due to the fault of that Holder) any information required by it in accordance with the Terms so as to impede CBA issuing the Ordinary Shares to a Holder on the Exchange Date,

then, on the Exchange Date, the Holder's rights (including to payment of Distributions) in relation to each such PERLS XI being Exchanged are immediately and irrevocably terminated and CBA will issue the Exchange Number of Ordinary Shares to a Nominee for no additional consideration to hold on trust for sale for the benefit of the relevant Holder (unless, because the

Holder is an Ineligible Holder, the Nominee is deemed to be an Ineligible Holder, in which case such issue shall occur as soon as practicable after the Nominee ceases to be an Ineligible Holder). At the first opportunity to sell the Ordinary Shares, the Nominee will arrange for their sale and pay the proceeds less selling costs to the relevant Holder subject to and in accordance with the provisions of the Deed Poll.

If Exchange is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and the Exchange fails to take effect and CBA has not otherwise issued Ordinary Shares to the Nominee within five Business Days after the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event, then Holders' rights will be immediately and irrevocably terminated under clause 4.6.

7.11 Final Distribution

For the avoidance of doubt, Exchange may occur even if CBA, in its absolute discretion, does not make the Distribution for the final Distribution Period.

7.12 No Exchange after winding up commences

If before the Exchange Date an order is made by a court, or an effective resolution is passed, for the winding up of CBA in Australia, then Exchange will not occur and clause 1.5 will apply, except where Exchange is required for a Capital Trigger Event or Non-Viability Trigger Event (in which case such Exchange shall occur (subject to clause 4.6) in accordance with clauses 4.1 or 4.2 (as applicable) and clause 4.5).

7.13 Exchange of a percentage of Face Value

If under these Terms it is necessary to Exchange a percentage of the Face Value, this clause 7 will apply to the Exchange as if references to the Face Value were references to the relevant percentage of the Face Value to be Exchanged.

8 Title and transfer of PERLS XI

8.1 Effect of entries in Register

Each entry in the Register of a person as a Holder constitutes:

- (a) conclusive evidence of that person's:
 - (i) absolute ownership of that PERLS XI;
 - (ii) entitlement to the other benefits given to Holders under these Terms and the Deed Poll in respect of PERLS XI; and
- (b) an undertaking by CBA to pay Distributions and any other amount in accordance with these Terms,

subject to correction of the Register for fraud or error.

8.2 Non-recognition of interests

Except as required by law, CBA and the Registry must treat the person whose name is entered in the Register as a Holder as the absolute owner of that PERLS XI. This clause applies despite any notice of ownership, trust or

interest in that PERLS XI. No recognition of any trust, encumbrance or interest shall be entered on the Register.

8.3 Joint holders

Where two or more persons are entered in the Register as joint Holders, they are taken to hold that PERLS XI as joint tenants with rights of survivorship and subject to the terms of the Deed Poll but the Registry is not bound to register more than three persons as joint Holders of any PERLS XI.

8.4 Transfers

- (a) A Holder may transfer PERLS XI:
 - (i) while PERLS XI are registered with CHESS, in accordance with the rules and regulations of CHESS; or
 - (ii) at any other time:
 - (A) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act; or
 - (B) by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is delivered to the Registry with any evidence the Registry reasonably requires to prove title to or the right to transfer PERLS XI.
- (b) Title to PERLS XI passes when details of the transfer are entered in the Register.
- (c) PERLS XI may be transferred in whole but not in part.
- (d) CBA must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of PERLS XI.
- (e) CBA must not charge any fee on the transfer of PERLS XI.
- (f) The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with PERLS XI.
- (g) Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under these Terms and the Deed Poll in respect of the transferred PERLS XI.
- (h) Subject to Applicable Regulations, CBA may determine that transfers of some or all PERLS XI will not be registered during any period reasonably specified by it prior to the Exchange Date, Redemption Date or Resale Date of such PERLS XI.

8.5 Refusal to register

CBA may only refuse to register a transfer of PERLS XI if permitted by, or if such registration would contravene or is forbidden by, Applicable Regulations or the Terms.

If CBA refuses to register a transfer, CBA must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registry.

8.6 Transmission

A person becoming entitled to PERLS XI as a consequence of the death, bankruptcy, liquidation or a winding-up of a Holder or of a vesting order by a court or other body with power to make the order, or a person administering the estate of a Holder, may, upon providing evidence as to that entitlement or status, and if CBA so requires an indemnity in relation to the correctness of such evidence, as CBA considers sufficient, become registered as the Holder of those PERLS XI.

9 Payments**9.1 Payments to registered Holder**

- (a) Payment of Distributions will be made to the person registered at 7.00pm on the Record Date as the Holder.
- (b) Payment of any other amount in accordance with these Terms will be made to the person registered as the Holder on the relevant date for payment.
- (c) A payment to any one of joint Holders will discharge CBA's liability in respect of the payment.

9.2 Payments subject to law

All payments are subject to applicable law.

9.3 Payments on Business Days

If any payment:

- (a) is due on a day which is not a Business Day, then the due date for payment will be the next Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the next day on which banks are open for general banking business in that place.

No additional amount is payable in respect of any delay in payment. Nothing in this clause 9.3 applies to any payment referred to in clause 7.1(b).

9.4 Payments to accounts

Monies payable by CBA to a Holder may be paid by crediting an Australian dollar bank account maintained in Australia with a financial institution and nominated in writing by the Holder by close of business on the relevant Record Date or in any other manner CBA decides.

9.5 Unsuccessful attempts to pay

- (a) If the Holder has not notified the Registry of a bank account for the purposes of payment under clause 9.4 or the transfer of any amount does not complete for any reason (other than an error made by or on behalf of CBA), CBA will be treated as having paid the amount on the date on which it would otherwise have made the payment.
- (b) CBA will send a notice to the registered address of the Holder advising of the unsuccessful payment and the amount of the unsuccessful payment will be held on deposit in a non-interest bearing bank account maintained by CBA or the Registry until the Holder nominates an Australian dollar bank account maintained in Australia for crediting with the payment

(or nominates a new bank account as the case may be) or the claim becomes void under clause 12.1.

- (c) No additional amount is payable in respect of any delay in payment.
- (d) For the avoidance of doubt, nothing in this clause 9.5 obliges CBA to make a payment it has not otherwise determined to make under clause 2.

9.6 Withholdings and Deductions

- (a) All payments in respect of PERLS XI must be made without any withholding or deduction in respect of taxes, unless the withholding or deduction is required by law or permitted by this clause 9.6. CBA shall pay the full amount deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without delay after it is received by CBA.
- (b) CBA, in its absolute discretion, may withhold or deduct payments to a Holder (including, if applicable, any other person who beneficially derives Distributions under PERLS XI) where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of PERLS XI may be subject to FATCA, and may deal with such payment and the Holder's PERLS XI in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, CBA will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of PERLS XI for or in respect of any such withholding or deduction.
- (c) Each Holder (including, if applicable, any other person who beneficially derives Distributions under PERLS XI) will, within 10 Business Days of request by CBA, supply to CBA such forms, documentation and other information relating to its status under FATCA as CBA reasonably requests for the purposes of the CBA Group's compliance with FATCA.

10 Tax File Number withholdings

- (a) CBA will withhold an amount from payments of Distributions on PERLS XI at the highest marginal tax rate plus the highest Medicare levy if a Holder has not supplied an appropriate tax file number, Australian business number or exemption details.
- (b) If a Holder supplies exemption details and CBA subsequently determines that the relevant exemption was not available, CBA may recover the amount that should have been deducted from the relevant Holder and may deduct that amount from any subsequent payment due to that Holder in respect of PERLS XI.

11 Substitution of CBA**11.1 Substitution**

CBA may, in connection with a NOHC Event, without the consent of Holders and provided that the Substitution

Conditions are satisfied, by giving notice to ASX and the Holders:

- (a) substitute for itself a NOHC as the debtor in respect of PERLS XI and as the issuer of Ordinary Shares on Exchange (**Full Successor**); or
- (b) substitute for itself a NOHC as the issuer of Ordinary Shares on Exchange (**Partial Successor**),

and a reference to the **Successor** shall be a reference to the Full Successor or the Partial Successor, as applicable. The notice shall specify the date on which the substitution is to take effect (**Date of Substitution**).

11.2 Substitution Conditions

The **Substitution Conditions** are:

- (a) in the case of the Full Successor:
 - (i) the Full Successor or another entity (which is a parent entity) subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or takes other steps acceptable to APRA, to ensure that the capital position of the CBA Level 1 Group and CBA Level 2 Group will not be adversely affected;
 - (ii) the Full Successor will expressly assume CBA's obligations under these Terms and the Deed Poll by entering into a deed poll for the benefit of Holders (**Successor Deed Poll**) under which it agrees (among other things):
 - (A) to comply with the restrictions in clause 2.7 of these Terms (with all necessary modifications); and
 - (B) to deliver fully paid ordinary shares in its capital under all circumstances when CBA would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Terms (with all necessary modifications);
- (b) in the case of the Partial Successor:
 - (i) the Partial Successor agrees with effect on and from the Date of Substitution, by entering into a Successor Deed Poll, to deliver fully paid ordinary shares in its capital under all circumstances when CBA would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Terms (with all necessary modifications); and
 - (ii) the Partial Successor agrees that in all circumstances where the Partial Successor delivers fully paid ordinary shares in its capital under the Successor Deed Poll in clause 11.2(b)(i), the Partial Successor or another entity (which is a parent entity) will subscribe for Ordinary Shares in such amount as may be necessary, or take other steps acceptable to APRA, to ensure that the capital position of the CBA Level 1 Group and CBA Level 2 Group is equivalent to the position if the Successor Deed Poll had not been entered into and CBA was required to issue the Ordinary Shares; and
- (c) in the case of either the Full Successor or the Partial Successor (as applicable):
 - (i) the Successor's ordinary shares are or are to be quoted on ASX, and the Successor agrees to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of ordinary shares issued under these Terms on the securities exchanges on which the Successor's ordinary shares are quoted at the time of delivery;
 - (ii) the Successor and CBA have obtained APRA approval and all other necessary authorisations, regulatory and governmental approvals and consents for such substitution and for the performance by the Successor of its obligations under PERLS XI and the documents effecting substitution;
 - (iii) if the Successor does not have a place of business in New South Wales, the Successor has appointed a process agent in New South Wales to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with PERLS XI;
 - (iv) the Successor has, in the reasonable opinion of CBA, the financial capacity to satisfy its obligations under the Successor Deed Poll;
 - (v) CBA has used all reasonable endeavours to give an irrevocable notice to the Holders as soon as practicable before a NOHC Event occurs specifying the amendments to PERLS XI which will be made under these Terms in connection with the substitution of a NOHC as the issuer of ordinary shares on Exchange; and
 - (vi) CBA may, by an instrument in writing and without the authority, assent or approval of Holders, amend these Terms if such amendment is necessary or expedient for the purposes of complying with the provisions of Chapter 2L of the Corporations Act.

11.3 Effect of Substitution of Full Successor

If the relevant requirements set out in clauses 11.1 and 11.2 relating to a substitution under clause 11.1(a) have been completed, on and from the Date of Substitution:

- (a) the Full Successor will assume all of the obligations of, succeed to, and be substituted for, and may exercise every right and power of, CBA under these Terms (as may be amended from time to time) with the same effect as if the Successor had been named as CBA in these Terms and the Deed Poll;
- (b) CBA (or any corporation which has previously assumed the obligations of CBA) will be released from its liability under the Terms and the Deed Poll;
- (c) if CBA gives a notice to Holders under clause 11.2(c)(v), the amended terms will have effect on and from the date specified in the notice; and
- (d) references to CBA in these Terms and the Deed Poll will be taken to be references to the Full Successor.

11.4 Effect of Substitution of Partial Successor

If the relevant requirements set out in clauses 11.1 and 11.2 relating to a substitution under clause 11.1(b) have been completed, on and from the Date of Substitution:

- (a) CBA (or any corporation which has previously assumed the obligations of CBA) will be released from any obligation it would otherwise have under these Terms to issue Ordinary Shares to Holders upon Exchange; and
- (b) if CBA gives a notice to Holders under clause 11.2(c)(v), the amended terms will have effect on and from the date specified in the notice.

12 General

12.1 Time limit for claims

A claim against CBA for a payment under PERLS XI is void unless made within five years from the date on which payment became due.

12.2 Voting

The Deed Poll contains provisions for convening meetings of Holders to consider any matter affecting their interests including certain variations of these Terms which require the Holders' consent. Resolutions passed in accordance with such provisions will be binding on all Holders.

12.3 Amendments without consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, CBA may by deed poll, without the consent of the Holders, amend these Terms or the Deed Poll, from the date specified by CBA, if CBA is of the opinion that such alteration is:

- (a) of a formal, technical or minor nature;
- (b) made to cure any ambiguity, correct any manifest error or correct or supplement any defective provision of the Terms or amend any provision of the Deed Poll;
- (c) necessary or expedient for the purpose of:
 - (i) enabling PERLS XI to be listed for quotation, or to retain quotation, on any securities exchange or to be offered for subscription or for sale under the laws for the time being in force in any place;
 - (ii) complying with the provisions of any statute, the requirements of any statutory authority, ASX Listing Rules or the listing or quotation requirements of any securities exchange on which CBA may propose to seek a listing or quotation of PERLS XI; or
 - (iii) facilitating a substitution in accordance with clause 11.1 (including satisfying any requirement of APRA in connection with such a substitution);
- (d) made to amend any date or time period stated, required or permitted in connection with any Exchange, Resale or Redemption (including, without limitation, when the proceeds of Resale or Redemption are to be reinvested in a new security to be issued by CBA or a Related Body Corporate); or

- (e) not materially prejudicial to the interests of Holders as a whole.

The Terms of all PERLS XI will be amended from the date specified by CBA.

12.4 Amendments with consent

Without limiting clause 12.3, CBA may by deed poll amend these Terms or the Deed Poll if such alteration is approved by a Special Resolution.

In this case, the Terms of all PERLS XI will be amended from the date specified in the Special Resolution or otherwise notified to the Holders (provided such date is permitted by the terms of the Special Resolution).

12.5 Meaning of amend

In clauses 12.3 and 12.4, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

12.6 APRA approval of amendments

Prior to any amendment under clauses 12.3 and 12.4 being effective, where required CBA must obtain APRA's prior written approval (APRA approval is required where the proposed amendment may affect the capital treatment of PERLS XI under APRA's prudential standards at the relevant time) and any consent or approval required under any applicable law, regulation or ASX Listing Rule.

12.7 Notices

(a) To Holders

Subject to clauses 4.1(e) and 4.2(e), unless otherwise specified, all notices and other communications to Holders must be in writing and either (i) sent by prepaid post (airmail if appropriate) to or left at the address of the Holders (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication), (ii) (if available) issued to Holders through CHESS in accordance with any applicable rules and regulations of CHESS, or (iii) announced to ASX. An accidental or inadvertent failure to give notice to a particular Holder will not invalidate a notice otherwise properly given to Holders.

(b) To CBA and Registry

Subject to clauses 4.1(e) and 4.2(e), all notices and other communications to all or any of CBA and the Registry must be in writing and sent by prepaid post (airmail if appropriate) to or left at the address of CBA and the Registry, as applicable.

(c) When effective

Subject to clauses 4.1(e) and 4.2(e), notices and other communications take effect from the time they are taken to be received unless a later time is specified in them.

(d) Receipt

- (i) If sent by post, notices or other communications are taken to be received three Business Days after posting (or five Business Days after posting if sent to or from a place outside Australia).

- (ii) If left at the address, notices or other communications are taken to be received when given unless received after 5.00 pm in the place of receipt or on a non-Business Day, in which case they are taken to be received at 9.00 am on the next Business Day.
- (iii) Notices given to Holders by being announced to ASX are taken to be received on the date of announcement.

12.8 Power of attorney

- (a) Each Holder appoints each of CBA, its directors, officers and authorised delegates of the Board, and any External Administrator of CBA (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms, including, but not limited to, any transfers of PERLS, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Exchange, Redemption or Resale.
- (b) The power of attorney given in this clause 12.8 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

12.9 Ability to trade

CBA or any member of the CBA Group may, to the extent permitted by applicable laws and regulations and with APRA's prior written approval (where required), at any time buy or sell PERLS XI in the open market, by tender to all or some of the Holders, by private agreement or in any other manner, at any price.

12.10 Governing law

These Terms are governed by and must be governed in accordance with the law in force in New South Wales, Australia.

12.11 Jurisdiction

CBA submits, and each Holder is taken to have irrevocably and unconditionally submitted, to the non-exclusive jurisdiction of the courts of New South Wales and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to these Terms.

12.12 Deed Poll

CBA's obligations in respect of PERLS XI are constituted by and subject to the Deed Poll. Each Holder is taken to have notice of, and be bound by, the provisions of the Deed Poll.

12.13 Waiver of immunity

CBA irrevocably and unconditionally waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 12.11.

12.14 Consent acknowledgement

Each Holder, by subscribing for, and purchasing or otherwise acquiring a PERLS XI upon Exchange, consents to becoming a member of CBA and agrees to be bound by the constitution of CBA.

13 Interpretation and definitions

13.1 Interpretation

In these Terms, except where the contrary intention appears:

- (a) a reference to:
 - (i) an agreement or instrument includes any variation, supplement, replacement or novation of that agreement or instrument;
 - (ii) a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
 - (iii) any thing is a reference to the whole and each part of it;
 - (iv) one gender includes every other gender;
 - (v) a document includes all schedules or annexes to it;
 - (vi) a clause or paragraph is to a clause or paragraph of these Terms;
 - (vii) "Australian dollars", "A\$" or "Australian cent" is a reference to the lawful currency of Australia; and
 - (viii) a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (b) the singular includes the plural and vice versa;
- (c) the word "person" includes a firm, body corporate, an unincorporated association, or governmental or local authority or agency or other entity;
- (d) the word "law" includes common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) any reference to time is to Sydney time;
- (f) headings are inserted for convenience and do not affect the interpretation of these Terms;
- (g) another grammatical form of a defined word or expression has a corresponding meaning;
- (h) other than in relation to a Capital Trigger Event or a Non-Viability Trigger Event (including an Exchange of the PERLS XI on the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event and a termination of rights under clause 4.6) and other than as otherwise expressly specified in these Terms, if any act or event under these Terms must be done or must occur on a stipulated day that is not a Business Day then that act or event will be done or will occur on the next Business Day;

- (i) the meaning of general words is not limited by specific examples introduced by “including”, “for example” or similar expressions;
- (j) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (k) any provisions which refer to APRA requirements or any other prudential regulatory requirements will apply to CBA only if CBA is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of an entity (including a NOHC) subject to regulation and supervision by APRA at the relevant time;
- (l) any provisions which require APRA’s consent or approval (written or otherwise) will apply only if APRA requires that such consent or approval be given at the relevant time; and
- (m) any provisions in these Terms requiring prior APRA approval for a particular course of action to be taken by CBA do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.

13.2 Definitions

In these Terms, except where the contrary intention appears:

ADI means an Authorised Deposit-taking Institution under the Banking Act;

Applicable Regulation means ASX Listing Rules, ASX Settlement Operating Rules, the rules and regulations of CHESS, the Corporations Act and any rules or regulations made under or pursuant to them;

APRA means the Australian Prudential Regulation Authority;

ASX means ASX Limited ABN 98 008 624 691 or the securities market operated by it, as the context requires;

ASX Listing Rules means the listing rules of ASX from time to time with any applicable modification or waiver granted by ASX;

ASX Settlement Operating Rules means the settlement operating rules of ASX from time to time with any applicable modification or waiver granted by ASX;

Banking Act means the Banking Act 1959 (Cth);

Board means either the board of directors of CBA or a committee appointed by the board of directors of CBA;

Bookbuild means the process conducted before the Offer opens where brokers and investors bid for PERLS XI and, on the basis of those bids, CBA sets the final Margin and announces it on ASX;

Business Day means a day which is (i) a business day within the meaning of ASX Listing Rules, and (ii) for the purposes of calculation or payment of a Distribution, a date on which banks are open for general business in Sydney;

Call Date means 26 April 2024;

Capital Trigger Event has the meaning given in clause 4.1;

CBA means Commonwealth Bank of Australia ABN 48 123 123 124, including foreign branches of Commonwealth Bank of Australia;

CBA Group means CBA (or any NOHC that is the holding company of CBA) and its Subsidiaries;

CBA Level 1 Common Equity Tier 1 Capital Ratio means, in respect of the CBA Level 1 Group, the ratio of the Common Equity Tier 1 Capital of the CBA Level 1 Group to the risk weighted assets of the CBA Level 1 Group, calculated in accordance with APRA’s prudential standards (as amended from time to time);

CBA Level 1 Group means:

- (a) CBA; or
- (b) the “extended licensed entity” which is comprised of CBA and each Subsidiary of CBA as specified in any approval granted by APRA in accordance with APRA’s prudential standards (as amended from time to time);

CBA Level 2 Common Equity Tier 1 Capital Ratio means, in respect of the CBA Level 2 Group, the ratio of the Common Equity Tier 1 Capital of the CBA Level 2 Group to the risk weighted assets of the CBA Level 2 Group, calculated in accordance with APRA’s prudential standards (as amended from time to time);

CBA Level 2 Group means CBA and each Subsidiary that is recognised by APRA as part of CBA’s Level 2 group in accordance with APRA’s prudential standards (as amended from time to time);

Change of Control Event has the meaning given in clause 4.7;

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited ABN 49 008 504 532;

Common Equity Tier 1 Capital has, in respect of each of the CBA Level 1 Group and the CBA Level 2 Group, the meaning determined for that term or its equivalent by APRA;

Corporations Act means the Corporations Act 2001 (Cth);

Deed Poll means the deed poll entitled “PERLS XI Deed Poll” executed by CBA and dated on or around the date of the Bookbuild;

Delisted means, in relation to an Exchange Date, that Ordinary Shares are not listed or admitted to trading on a securities exchange on that date;

Distribution means interest payable on PERLS XI under these Terms;

Distribution Payment Date means, in respect of each PERLS XI, 15 March, 15 June, 15 September and 15 December each year until that PERLS XI has been Exchanged or Redeemed, and also the Exchange Date or Redemption Date. If any of these Distribution Payment Dates is not a Business Day, then the payment will be made in accordance with clause 9.3. The first Distribution Payment Date is 15 March 2019;

Distribution Period means each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date, whether or not a Distribution is, or is able to be, paid on that date. However:

- (a) the first Distribution Period commences on (and includes) the Issue Date; and
- (b) the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date, as applicable;

Distribution Rate means the interest rate (expressed as a percentage per annum) calculated or determined in accordance with clause 2.2;

Equal Ranking Securities means each of:

- (a) PERLS VI;
- (b) PERLS VII;
- (c) PERLS VIII;
- (d) PERLS IX;
- (e) PERLS X;
- (f) PERLS XI; and
- (g) any preference shares in the capital of CBA or any other securities which rank or are expressed to rank equally with PERLS XI in a winding up of CBA, present and future, excluding any Junior Ranking Securities;

Exchange means, the exchange of all, some or a proportion of each PERLS XI for Ordinary Shares under these Terms and **Exchanged** has a corresponding meaning;

Exchange Date means the applicable:

- (a) Mandatory Exchange Date;
- (b) date for Exchange specified in accordance with clause 4.1(e)(iii);
- (c) date for Exchange specified in accordance with clause 4.2(e)(iii);
- (d) date for Exchange specified in accordance with clause 4.7(b)(iii) or otherwise determined under clause 4.7(d);

Exchange Number has the meaning given in clause 7.1;

Face Value means A\$100 per PERLS XI (**Initial Face Value**) reduced (if applicable) by the amount of Face Value per PERLS XI which has previously been Exchanged or the amount of Face Value per PERLS XI for which Holders' rights have been irrevocably terminated;

FATCA means Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into or non-US laws enacted in relation to those sections) and includes the Double Tax Agreement (United States of America – FATCA) Order 2014;

Foreign Holder means a Holder:

- (a) whose address in the Register is a place outside Australia;

- (b) who CBA otherwise believes may not be a resident of Australia; or

- (c) who CBA otherwise believes are subject to the securities laws of another country and CBA is not satisfied that the laws permit the offer, holding or acquisition of Ordinary Shares to the Holder (but CBA will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which CBA, in its absolute discretion, regards as acceptable and not unduly onerous;

Holder means a person whose name is entered in the Register as a holder of PERLS XI;

Ineligible Holder means a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Financial Sector (Shareholdings) Act 1998 (Cth) and Part IV of the Competition and Consumer Act 2010) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its PERLS XI, it shall only be treated as an Ineligible Holder in respect of those PERLS XI and not in respect of the balance of its PERLS XI), and includes a Foreign Holder. CBA will be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Exchange Date;

Insolvent means insolvent under section 95A of the Corporations Act;

IRS means the United States Internal Revenue Service;

Issue Date means the date on which PERLS XI are issued, which is expected to be on or about 17 December 2018;

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clauses 7.4 to 7.7;

Junior Ranking Securities means all Ordinary Shares, present and future;

Level 1, Level 2 and Level 3 means those terms as defined by APRA from time to time;

Mandatory Exchange Conditions means the conditions in clause 3.2;

Mandatory Exchange Date 26 April 2026 or such other date as determined under clause 3.1;

Margin has the meaning given in clause 2.2;

Market Rate has the meaning given in clause 2.2;

Maximum Exchange Number has the meaning given in clause 7.1;

Meeting Provisions means the provisions for meetings of Holders set out in schedule 2 of the Deed Poll;

NOHC means a “non-operating holding company” within the meaning of the Banking Act;

NOHC Event occurs when the Board initiates a restructure of the CBA Group and a NOHC becomes the ultimate holding company of CBA;

Nominee means one or more third parties appointed by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a Related Body Corporate of CBA) under a facility established for the sale of Ordinary Shares issued by CBA on Exchange on behalf of Holders in the circumstances set out in clause 7.10;

Non-Viability Trigger Event has the meaning given in clause 4.2;

Offer means the invitation by CBA in the Prospectus to subscribe for PERLS XI;

Ordinary Share means a fully paid ordinary share in the capital of CBA;

PERLS VI means Perpetual Exchangeable Resaleable Listed Securities issued by CBA in October 2012;

PERLS VII means CommBank PERLS VII Capital Notes issued by CBA in October 2014;

PERLS VIII means CommBank PERLS VIII Capital Notes issued by CBA in March 2016;

PERLS IX means CommBank PERLS IX Capital Notes issued by CBA in March 2017;

PERLS X means CommBank PERLS X Capital Notes issued by CBA in April 2018;

PERLS XI means CommBank PERLS XI Capital Notes issued by CBA under these Terms;

Prospectus means the prospectus relating to the offer of PERLS XI dated on or about 1 November 2018 as supplemented or replaced;

Purchaser means one or more third parties selected by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a Related Body Corporate of CBA);

Reclassification has the meaning given in clause 7.3;

Record Date means, for payment of Distributions:

- (a) the date that is eight calendar days prior to the relevant Distribution Payment Date; or
- (b) such other date determined by CBA in its absolute discretion and communicated to ASX,

or in either case such other date as may be required by, or agreed with, ASX;

Redemption means the redemption of all or some PERLS XI for their Face Value under these Terms and **Redeem** and **Redeemed** have corresponding meanings;

Redemption Date means, in respect of each PERLS XI, the date specified by CBA as the Redemption Date in accordance with clause 5;

Register means the register of Holders established and maintained under clause 5 of the Deed Poll and, where appropriate, the term Register includes:

- (a) a sub-register maintained by or for CBA in CHESS; and
- (b) any branch register;

Registry means Link Market Services Limited ABN 54 083 214 537 or any other person appointed by CBA to maintain the Register;

Related Body Corporate means a related body corporate as defined in the Corporations Act, or an entity over which CBA, or a future parent entity of CBA, exercises control or significant influence;

Relevant Security means a security forming part of the Tier 1 Capital of CBA on a Level 1 basis or Level 2 basis;

Resale means the sale of PERLS XI by Holders to the Purchaser in accordance with clause 6 and **Resell** and **Resold** have corresponding meanings;

Resale Date has the meaning given in clause 6(b)(i);

Resale Notice means a notice issued in accordance with clause 6;

Senior Ranking Obligations means all deposits and other liabilities, securities (including Tier 2 Capital securities) and other obligations of CBA, present and future, other than Equal Ranking Securities or Junior Ranking Securities;

Special Resolution means:

- (a) a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions:
 - (i) by at least 75% of Holders voting on a show of hands (unless paragraph (b) below applies); or
 - (ii) if a poll is duly demanded, by at least 75% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution by Holders of at least 75% of the aggregate Face Value of PERLS XI then outstanding;

Subsidiary has the meaning given in the Corporations Act;

Tax means:

- (a) any tax, including GST, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding; or
- (b) any income, stamp or transaction duty, tax or charge, which is assessed, levied, imposed or collected by any governmental agency and includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed on or in respect of any of the above.

Tax Act means the Income Tax Assessment Act 1936 (Cth) and, where applicable, the Income Tax Assessment Act 1997 (Cth) (both as amended from time to time);

Terms means these terms and conditions of PERLS XI, as set out in schedule 1 of the Deed Poll;

Tier 1 Capital means the Tier 1 Capital of CBA on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;

Tier 2 Capital means the Tier 2 Capital of CBA on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;

VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant VWAP Period, subject to any adjustments

made under clauses 7.2 and 7.3, but the trades taken into account in determining such daily volume weighted average prices will exclude special crossings, crossings prior to the commencement of normal trading or during the closing phase or after hours adjustment phase, overnight crossings, overseas trades, trades pursuant to the exercise of options over Ordinary Shares, or any other trade determined by the Board in its discretion not to be reflective of normal trading in Ordinary Shares; and

VWAP Period means:

- (a) in the case of an Exchange resulting from a Capital Trigger Event, or a Non-Viability Trigger Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date;
- (b) in the case of any other Exchange, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date; or
- (c) otherwise, the period for which the VWAP is to be calculated in accordance with these Terms.

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Corporate Directory

Registered Office of CBA

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Legal and Tax Advisers

Allens
Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000

Greenwoods & Herbert Smith Freehills Pty Limited
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Accounting Adviser

PricewaterhouseCoopers Securities Ltd
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Arranger and Joint Lead Manager

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Joint Lead Managers

ANZ Securities Limited
ANZ Centre Melbourne
Level 9, 833 Collins Street
Docklands VIC 3008

Morgan Stanley Australia Securities Limited
Level 39, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Morgans Financial Limited
Level 29, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Westpac Institutional Bank
Level 2, Westpac Place
275 Kent Street
Sydney NSW 2000

Co-Managers

Bell Potter Securities Limited
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Evans Dixon Corporate,
a division of Evans and Partners Pty Limited
Mayfair Building
171 Collins Street
Melbourne VIC 3000

Crestone Wealth Management Pty Limited
Level 32, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Macquarie Equities Limited
No. 1 Martin Place
Sydney NSW 2000

Ord Minnett
Level 8, NAB House
255 George Street
Sydney NSW 2000

PERLS XI Information Line

1800 132 009 (Monday to Friday 8.00am - 7.30pm, Sydney time)

