

ISSUE OF AUD 270 MILLION WORTH OF SUBORDINATED NOTES

Notice under section 708A(12H)(e) Corporations Act 2001 (Cth)

Thursday, 10 December 2020 (SYDNEY): Commonwealth Bank of Australia (**CBA**) is pleased to confirm that, on 10 December 2020, it issued AUD 270 million worth of subordinated notes. The AUD 270 million 3.00 percent subordinated notes due 2040 (the **Subordinated Notes**) were issued pursuant to CBA's U.S.\$70,000,000,000 Euro Medium Term Note Programme (the **EMTN Programme**). Terms used but not defined in this announcement are defined in the information memorandum for the issue of the Subordinated Notes under the EMTN Programme dated 3 July 2020 (the **Information Memorandum**).

The Subordinated Notes potentially exchange into fully paid ordinary shares of CBA (**Ordinary Shares**) if a Non-Viability Trigger Event occurs.

This notice is a cleansing notice prepared for the purposes of section 708A(12H)(e) of the Corporations Act 2001 (Cth) (the **Corporations Act**) (as inserted by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71). CBA has elected to give this notice to enable Ordinary Shares issued on Exchange to be sold without disclosure under Chapter 6D of the Corporations Act. This notice includes all the information investors and their professional advisers would reasonably require to make an informed assessment of:

- in Schedule 1, the rights and liabilities attaching to the Subordinated Notes that is based on the description in the Information Memorandum, as supplemented by the pricing supplement for the issue of the Subordinated Notes dated 8 December 2020 (the **Pricing Supplement**); and
- in Schedule 2, the rights and liabilities attaching to Ordinary Shares,

in each case only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in this notice.

CBA confirms that:

- (a) the Subordinated Notes were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) the information in this notice remains current as at today's date;
- (c) this notice (including the schedules) complies with section 708A of the Corporations Act, as modified by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71; and

- (d) this notice (including the schedules) complies with section 708A(12I) of the Corporations Act as inserted by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71.

Effect of the Subordinated Notes offer on CBA

The issue of Subordinated Notes by CBA will not have a material impact on CBA's financial position. If a Non-Viability Trigger Event occurs and CBA issues Ordinary Shares, the impact of Exchange on CBA would be to increase CBA's shareholders' equity. The number of Ordinary Shares issued on Exchange is limited to the Maximum Exchange Number. The Maximum Exchange Number is 31,641.56 Ordinary Shares per Subordinated Note (with a nominal value of A\$500,000), based on the Issue Date VWAP of A\$79.01 per Ordinary Share.

Additional information

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 Ordinary Shares.

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

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.

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

- The Information Memorandum and the Pricing Supplement;
- CBA's annual financial report and full year profit announcement for the year ended 30 June 2020;
- Any continuous disclosure notices given by CBA in the period after the lodgement of its profit announcement for the year ended 30 June 2020 and before the date of this notice; and
- CBA's constitution.

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

Investor Relations
Commonwealth Bank of Australia
Level 18, Tower 1
201 Sussex Street
Sydney NSW 2000



Important information

This announcement 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 U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**)). The Subordinated Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, the Subordinated Notes may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S state securities laws.

The release of this announcement was authorised by the Continuous Disclosure Committee.

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Schedule 1 – Rights and liabilities attaching to the Subordinated Notes

The following is a brief summary only and should be read in conjunction with the Information Memorandum and the Pricing Supplement. Capitalised terms not otherwise defined have the meaning given to them in the Conditions of the Subordinated Notes.

Important Notice

Nothing in this document constitutes an offer of securities for sale in any jurisdiction. The primary offer and distribution of the Subordinated Notes has closed.

The Subordinated Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the U.S. or other jurisdiction and the Subordinated Notes may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable laws of other jurisdictions.

PROVISIONS APPLICABLE TO THE 2040 SUBORDINATED NOTES

Issuer:	Commonwealth Bank of Australia (CBA or the Issuer)
Description:	AUD 270,000,000 3.00 per cent. Subordinated Notes due 2040 issued under the EMTN Programme. The Subordinated Notes represent subordinated obligations of the Issuer
Managers:	HSBC Bank plc
Registrar:	Deutsche Bank Luxembourg S.A.
ISIN:	XS2271226339
Form:	Each Subordinated Note will be: • denominated in Australian dollars; • registered on a register located in Luxembourg (the Register); • a debt obligation of the Issuer; and • subject to the relevant Conditions (set out in the Information Memorandum)



Title:	Entry of the name of the person in the Register in respect of a Subordinated Note constitutes or passes title to the Subordinated Note and is conclusive evidence of that person's entitlements to receive interest and repayment of principal in the manner provided for in the Conditions
Denomination:	The Subordinated Notes will be issued in a specified denomination of AUD 500,000
Clearing System:	The Subordinated Notes will initially be represented by a global note in registered form (a Registered Global Note). Registered Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and will be registered in the name of its nominee. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Subordinated Notes.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Subordinated Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Subordinated Holders in accordance with the Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

For so long as any of the Subordinated Notes are represented by a Registered Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of such Subordinated Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Subordinated Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, any Paying Agent and any Transfer Agent as the holder of such nominal amount of Subordinated Notes for all purposes other than with respect to payments on the Subordinated Notes for which purpose the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Paying Agent as the holder of such Subordinated Notes in accordance with and subject to the terms of the relevant Subordinated Global Note and the terms "Subordinated Holder" and "holder of Subordinated Notes" and related expressions shall be construed accordingly.

For these purposes, **Exchange Event** means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been



closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Subordinated Notes represented by the Registered Global Note to be in definitive form.

Payments:

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payment in respect of Subordinated Notes held in Euroclear and/or Clearstream, Luxembourg and which are represented by a Registered Global Note will only be made in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg as the case may be.

Payments of principal, interest or any other amount in respect of the definitive Subordinated Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register at the close of business on the fifteenth day immediately preceding the due date for payment.

Transfer:

Subordinated Notes can only be transferred in accordance with the Conditions.

Subordinated Notes held in Euroclear and/or Clearstream, Luxembourg and which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg as the case may be.

Taxes:

All payments in respect of the Subordinated Notes by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of Australia unless such Taxes are required by law to be withheld or deducted.

Where any withholding or deduction is required by law, the Issuer must pay such additional amounts to the Subordinated Holders that will result in those Subordinated Holders receiving the amounts they would have received had no such withholding or deduction been required, except that



no additional amounts will be payable with respect to any Subordinated Note:

- if the Subordinated Holder is subject to such Taxes by reason of its being connected with the Commonwealth of Australia other than by reason only of the holding of the Subordinated Note or the receipt of payment on the Subordinated Note;
- if the Subordinated Holder is an associate (as that term is defined in the Australian Tax Act) of the Issuer and the payment being sought is not, or will not be, exempt from interest withholding tax because of section 128F(6) of the Australian Tax Act;
- presented for payment more than 30 days after the Relevant Date except to the extent that the Subordinated Holder would have been entitled to such additional amounts on presenting such Subordinated Note for payment on the last day of such period of 30 days;
- if the Subordinated Holder could lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements in force at the present time or in the future or by making a declaration of non-residence or other claim or filing for exemption; or
- for, or on account of any withholding or deduction required pursuant to FATCA (defined below).

FATCA: Holders may be subject to FATCA withholding and information reporting:

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is classified as a foreign financial institution.

A number of jurisdictions (including Australia) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Subordinated Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Subordinated Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Subordinated Notes, such withholding would not apply prior the date that is two years after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register and any Subordinated Notes issued on or prior to the date that is six months after the date on which final regulations



defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Subordinated Notes that are not distinguishable from previously issued Subordinated Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Subordinated Notes, including the Subordinated Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Subordinated Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Subordinated Notes, no person will be required to pay additional amounts as a result of the withholding.

The impact of FATCA for Australian financial institutions will also depend on associated guidance issued by the Australian Taxation Office. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Subordinated Notes.

Governing law:	English law (except for Conditions 3(b), 14(b), 21 and 22 relating to subordination, substitution and Exchange or Write-Down upon the occurrence of a Non-Viability Event, which will be governed by and construed in accordance with New South Wales law)
Listing:	Application will be made to the ASX for the Subordinated Notes to be quoted on the ASX
Issue Price:	100.00 per cent of the Aggregate Nominal Amount
Status and ranking:	Subordinated Notes will be direct, unsecured and subordinated obligations of the Issuer and rank in a winding-up: • after the claims in respect of Senior Ranking Obligations including claims preferred by applicable laws; • equally among themselves and with claims in respect of Equal Ranking Securities; and • ahead of all claims in respect of Junior Ranking Securities including claims referred to in sections 563AA and 563A of the Corporations Act.

“Senior Ranking Obligations” means all present and future deposits and other liabilities, securities and other obligations of the Issuer which would be entitled to be admitted in the winding up of the Issuer (and including but not limited to obligations in respect of instruments issued before 1



January 2013 as Tier 2 Capital) other than Equal Ranking Securities and Junior Ranking Securities.

“Equal Ranking Securities” means any instrument that ranks in a winding up of the Issuer as the most junior claim in the winding up of the Issuer ranking senior to Junior Ranking Securities, and includes:

- (a) if on issue at the commencement of the winding up of the Issuer, the JPY 20,000,000,000 Perpetual Subordinated Callable Fixed/Floating Rate Reverse Dual Currency Securities issued by the Issuer in 1999; and
- (b) any other instruments, present and future, issued after 1 January 2013 as instruments constituting Tier 2 Capital.

“Junior Ranking Securities” means:

- (a) any instrument, present and future, issued by the Issuer which qualifies as Tier 1 Capital or, in the case of any instrument issued prior to 1 January 2013, was treated as constituting Tier 1 Capital in accordance with the prudential standards which applied prior to 1 January 2013, irrespective of whether or not such instrument is treated as constituting Tier 1 Capital in accordance with any transitional arrangements provided by APRA or which rank or are expressed to rank equally with such securities in a winding up of the Issuer; and
- (b) all Ordinary Shares of the Issuer.

*The applicable laws which give priority to certain claims include (but are not limited to) sections 13A and 16 of the Banking Act 1959 (Cth) (the **Banking Act**) and section 86 of the Reserve Bank Act 1959 (Cth). These provisions provide that, in the event that the Issuer becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its liabilities to, among others, APRA, the Reserve Bank of Australia and holders of protected accounts held in Australia, in priority to all other liabilities, including the Subordinated Notes.*

Changes to applicable laws may extend the debts required to be preferred by law. The Subordinated Notes are not protected accounts or deposit liabilities of the Issuer for the purposes of the Banking Act.

Maturity Date: 10 December 2040

Events of Default: An event of default (an **Event of Default**) broadly occurs if:

- (a) the Issuer fails to pay any amount due in respect of the Subordinated Notes and such default continues for a period of 15 Business Days and is continuing (except where the non-payment is in compliance with law or legal advice or to the extent that, immediately after the payment, the Issuer will not be Solvent (in



which case such amount still accumulates and remains a debt owing to the Noteholder by the Issuer)); or

- (b) an order is made by a court of competent jurisdiction (other than an order successfully appealed or permanently stayed within 30 Business Days), or an effective resolution is passed, for the winding up of the Issuer in Australia (but not elsewhere).

If an Event of Default occurs as described in paragraph (a), any Subordinated Holder may institute proceedings:

- to recover the amount the Issuer has failed to pay, provided that the Issuer may only be compelled to pay that amount to the extent that, immediately after the payment, the Issuer will be Solvent (in which case such amount still accumulates and remains a debt owing to the Noteholder by the Issuer);
- for specific performance of any other obligation in respect of the Subordinated Note; or
- for the winding up of the Issuer in Australia (but not elsewhere).

If an Event of Default occurs as described in paragraph (b), a Subordinated Holder may prove in the winding up of the Issuer in respect of an amount equal to the Outstanding Principal Amount plus accrued but unpaid Interest up to (but excluding) the date of commencement of the winding up.

There are no other Events of Default, and a Subordinated Holder has no right to accelerate payment or exercise any other remedy (including any right to sue for damages) as a consequence of any Event of Default other than in the circumstances described above.

A “winding-up” will not occur solely by reason of (i) an application to wind up being made or (ii) the appointment of a receiver, administrator or official with similar powers under section 13A(1) of the Banking Act.

Interest:

The interest rate will be a fixed rate of 3.00 per cent. per annum.

Interest is payable annually in arrear on 10 December in each year, commencing on 10 December 2021 up to and including the Maturity Date.

A Subordinated Note bears interest on its Outstanding Principal Amount, subject to the Conditions.

No interest accrues on Subordinated Notes, or the relevant percentage of Subordinated Notes, required to be Exchanged for Ordinary Shares in the period from (and including) the Interest Payment Date that immediately precedes the Non-Viability Trigger Event to the Subordinated Note Exchange Date or Write Down Date (as applicable).



Redemption or
Repurchase:

Each Subordinated Note will be Redeemed on the Maturity Date for its Final Redemption Amount unless previously Redeemed, Exchanged or Written Down in full.

The Issuer may elect to Redeem all or some Subordinated Notes on the Optional Redemption Date in accordance with the Conditions. This option is not exercisable before the fifth anniversary of the Issue Date of the Subordinated Notes.

In certain circumstances following notice by the Issuer, the Issuer may Redeem all (but not some) of the Subordinated Notes if there is a material risk that, as a result of a change in laws of Australia (including following any announcement of a prospective change or amendment which has been or will be introduced) the Issuer would be exposed to a more than de minimis adverse tax consequence in relation to the Subordinated Notes other than a tax consequence the Issuer expected as at the Issue Date.

In certain circumstances following notice by the Issuer, the Issuer may Redeem all (but not some) of the Subordinated Notes if it determines that as a result of a change in the laws of Australia or a change in APRA's prudential standards (including following any announcement of a prospective change or amendment which has been or will be introduced) all or some or a percentage of the Subordinated Notes are not or will not be treated as Tier 2 Capital of the Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by the Issuer as at the Issue Date.

The Issuer or any member of the Group may, to the extent permitted by applicable laws and regulations, at any time purchase the Subordinated Notes in the open market, by tender to all or some of the Subordinated Holders or by private agreement or otherwise at any price.

Early Redemption or Repurchase of the Subordinated Notes is subject to the prior written approval of APRA.

Subordinated Holders should not expect that APRA's approval will be given for any early Redemption or Repurchase of Subordinated Notes.

No Set-Off:

None of the Issuer, any Subordinated Holder or any person claiming through any of them has any right of set-off in respect of any amounts owed by one person to the other person.

Non-Viability Trigger
Event:

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

- (i) an Exchange of all or some Subordinated Notes, or conversion or write down of capital instruments of the Group, is necessary because, without it, the Issuer would become non-viable; or



- (ii) a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable.

APRA may specify an aggregate face value of capital instruments which must be Exchanged, Written Down, converted or written down (as applicable).

Exchange or Write Down on the occurrence of a Non-Viability Trigger Event:

If a Non-Viability Trigger Event occurs, the Issuer must Exchange in accordance with the Conditions such number of Subordinated Notes (or, if it so determines, such percentage of the Outstanding Principal Amount of each Subordinated Note) as is equal (taking into account any conversion or write down of other Relevant Securities) to the aggregate face value of capital instruments which APRA has notified the Issuer must be Exchanged, converted or written down (or, if APRA has not so notified the Issuer, such number or, if the Issuer so determines, such percentage of the Outstanding Principal Amount of each Subordinated Note, as is necessary to satisfy APRA that the Issuer will no longer be non-viable). If a Non-Viability Trigger Event occurs in circumstances where APRA believes a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable, the Issuer must Exchange all Subordinated Notes.

In determining the number of Subordinated Notes, or percentage of the Outstanding Principal Amount of each Subordinated Note, which must be Exchanged, the Issuer will:

- (i) first, exchange, convert or write down the face value of any Relevant Tier 1 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 the Subordinated Notes;
- (ii) secondly, exchange, convert or write down the face value of any Relevant Tier 2 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 the Subordinated Notes; and
- (iii) thirdly, if exchange, conversion or write down of those securities is not sufficient, Exchange (in the case of the Subordinated Notes) or exchange, convert or write down (in the case of any other Relevant Tier 2 Securities) on a pro-rata basis or in a manner that is otherwise, in the opinion of the Issuer, fair and reasonable, the Subordinated Notes and any other Relevant Tier 2 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 the Issuer may determine to take into account the effect on marketable parcels and whole



numbers of Ordinary Shares and any Subordinated Notes or other Relevant Tier 2 Securities remaining on issue),

but such determination will not impede the immediate Exchange of the relevant number of Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note (as the case may be).

If a Non-Viability Trigger Event has occurred and all or some of the Subordinated Notes (or percentage of the Outstanding Principal Amount of each Subordinated Note) are required to be Exchanged, then:

- (a) Exchange of the relevant Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note will occur immediately upon the date of occurrence of the Non-Viability Trigger Event; and
- (b) the entry of the corresponding Subordinated Note in each relevant Subordinated Holder's holding in the Register will constitute an entitlement of that Subordinated Holder (or of the nominee) to the relevant number of Ordinary Shares (and if applicable, also to any remaining balance of the Subordinated Notes or remaining percentage of the Outstanding Principal Amount of each Note).

If, for any reason, Exchange of any Subordinated Note (or a percentage of the Outstanding Principal Amount of any Subordinated Note) required to be Exchanged fails to take effect and the Issuer 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 Non-Viability Trigger Event, then the relevant Subordinated Holder's rights (including to payment of the Outstanding Principal Amount and Interest and the right to receive Ordinary Shares) in relation to such Subordinated Notes or percentage of the Outstanding Principal Amount of the Subordinated Notes are immediately and irrevocably terminated (**Written Down**) and such termination will be taken to have occurred immediately on the date of the Non-Viability Trigger Event. The Issuer must give notice as soon as practicable that Write Down has occurred to the Registrar and the Subordinated Holders, and the notice must specify the date on which the Non-Viability Trigger Event occurred.

Exchange Mechanics: On the Subordinated Note Exchange Date, the Issuer will allot and issue the Exchange Number of Ordinary Shares for each Subordinated Note (or percentage of the Outstanding Principal Amount of each Subordinated Note) required to be Exchanged. The Exchange Number is, subject always to the Exchange Number being no greater than the Maximum Exchange Number, calculated according to the following formula:

$$\text{Exchange Number} = \frac{\text{Outstanding Principal Amount}}{P \times \text{VWAP}}$$



where:

P means 0.99.

VWAP (expressed in Australian dollars and cents) means, broadly, the average daily volume weighted prices of Ordinary Shares traded on ASX during the relevant VWAP Period.

VWAP Period means:

- (a) in the case of the calculation of the Exchange Number, the period of five Ordinary Shares Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Subordinated Note Exchange Date; or
- (b) in the case of the Issue Date VWAP, the period of 20 Ordinary Shares Business Days on which trading in Ordinary Shares took place immediately preceding but excluding the Issue Date.

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

$$\text{Maximum Exchange Number} = \frac{\text{Outstanding Principal Amount}}{0.20 \times \text{Issue Date VWAP}}$$

The Issue Date VWAP (and accordingly the Maximum Exchange Number) is subject to limited adjustments for bonus issues and certain capital reconstructions.

If the Subordinated Notes of a Subordinated Holder are required to be Exchanged and:

- the Subordinated Holder has notified the Issuer 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 Subordinated Note Exchange Date;
- the Subordinated Holder is, broadly, restricted by applicable Australian law from holding Ordinary Shares or is considered by the Issuer not to be a resident of Australia; or
- the Issuer has not received (for any reason whether or not due to the fault of that Subordinated Holder) any information required by it so as to impede the Issuer issuing the Ordinary Shares,

then, subject to the Conditions, on the Subordinated Note Exchange Date, the Subordinated Holder's rights (including to payment of the Outstanding Principal Amount and interest, and to receive Ordinary Shares) in relation to such Subordinated Notes being Exchanged are



immediately and irrevocably terminated and the Issuer will (subject to the Conditions) issue the Exchange Number of Ordinary Shares to a nominee (which nominee may not be the Issuer or a Related Entity of the Issuer) for no additional consideration on terms that, at the first opportunity to sell the Ordinary Shares, the nominee will arrange for their sale at market value and pay the Attributable Proceeds to the relevant Subordinated Holder.

Investment Risks: This paragraph does not describe all the risks in investing in Subordinated Notes. Prospective investors or purchasers should consult their own financial and legal advisers about risks associated with an investment in the Subordinated Notes and the suitability of investing in the Subordinated Notes in light of their particular circumstances.

Neither the current nor the historical value of euros, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of euros, commodities, interest rates or other indices or formulae during the term of any Subordinated Notes.

Additional Non-Viability Trigger Event Risk:

Without in any way limiting the section above titled “Investment Risks”, certain additional risks arise in respect of the Subordinated Notes.

As outlined in the sections above titled “Non-Viability Trigger Event” and “Exchange or Write Down on the occurrence of a Non-Viability Trigger Event”, Subordinated Notes are subject to a Non-Viability Trigger Event that could lead to Subordinated Notes being Exchanged or Written Down.

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.

If one, or a combination, of general risks associated with the Issuer’s businesses leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, the Issuer believes this may be the type of situation in which APRA becomes concerned and notifies the Issuer that it has become non-viable.

If a Non-Viability Trigger Event occurs, the Issuer must immediately Exchange such number of the Subordinated Notes (or a percentage of the Outstanding Principal Amount of each Subordinated Note) as specified by APRA or necessary to satisfy APRA that the Issuer will no longer be non-viable. In the case of a public sector injection of capital, or equivalent support, all Subordinated Notes must be Exchanged. The Exchange will be irrevocable.

If Subordinated Notes are Exchanged following the occurrence of a Non-Viability Trigger Event, the number of Ordinary Shares received is limited to the Maximum Exchange Number. There is a risk that Subordinated



Holders will receive a number of Ordinary Shares with a value significantly less than the Outstanding Principal Amount.

If a Non-Viability Trigger Event occurs and Exchange is not effective and the Issuer is not otherwise able to issue Ordinary Shares within five Business Days, then Subordinated Holders' rights (including to payment of the Outstanding Principal Amount and Interest and to receive Ordinary Shares) in relation to Subordinated Notes being Exchanged are immediately and irrevocably terminated. Subordinated Holders' investment will lose all of its value, the Outstanding Principal Amount will not be repaid and Subordinated Holders will not receive any compensation.

If Subordinated Notes are Exchanged following the occurrence of a Non-Viability Trigger Event, sale of Ordinary Shares issued on Exchange may be restricted by applicable Australian law, including if the Issuer has not issued the disclosure required by the Corporations Act for the new Ordinary Shares, then restrictions apply on the sale of the new Ordinary Shares to certain investors within 12 months of their issue. However, these restrictions will not apply if CBA makes certain compliant disclosures at the time when the Subordinated Notes are issued.

Subordinated 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.

Amendments:

The Issuer may amend the Conditions:

- without the consent of Subordinated Holders, as set out in the Conditions, including if the amendment is of a formal, technical or minor nature; made to cure any ambiguity or correct any manifest error or not materially prejudicial to the interests of Subordinated Holders; or to enable the substitution of a NOHC as the issuer of the Ordinary Shares on Exchange provided certain substitution conditions are satisfied; and
- with the consent of Holders, by an Extraordinary Resolution being passed at a duly convened meeting.

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



Schedule 2 – Rights and liabilities attaching to Ordinary Shares

Ordinary Shares may be issued to Subordinated Holders by way of Exchange. Ordinary Shares may also be issued to a nominee to hold for sale for the benefit of a Subordinated Holder if Exchange occurs and the Subordinated Holder has notified CBA that they do not wish to receive Ordinary Shares or the Subordinated Holder is an Ineligible Subordinated Holder.

The rights and liabilities attaching to Ordinary Shares are set out in the constitution of CBA, which was approved by shareholders at the Annual General Meeting on 16 October 2019 (the **Constitution**).

Rights attaching to Ordinary Shares

Any Ordinary Shares issued to Subordinated Holders by way of Exchange will be fully paid and will rank equally with Ordinary Shares already on issue in all respects.

Transfers

Subject to the Constitution, Ordinary Shares may be transferred by a proper transfer executed in accordance with the ASX Settlement Operating Rules, or by a written transfer in any usual form or in any other form approved by the Board and permitted by the ASX Listing Rules, ASX Settlement Operating Rules and Corporations Act. CBA can only defer or refuse to register a share transfer in limited circumstances.

Unless otherwise required by law or the Constitution, CBA is entitled to treat the registered holder as the absolute owner of a share and need not recognise a person as holding a share on trust, even if CBA has notice of a trust.

Except in limited circumstances, CBA is not bound to register more than three persons as joint holders of an Ordinary Share. Where two or more persons are registered as the holders of an Ordinary Share, they hold it as joint tenants with rights of survivorship and on the conditions set out in the Constitution.

Restrictions apply in respect of persons who become entitled to Ordinary Shares by reason of a holder's death or bankruptcy. In the case of the death of a holder, the survivor or survivors jointly registered as holders and the legal personal representatives of a sole holder are the only persons CBA will recognise as having title to the holder's interest in the shares or any benefits accruing on those shares.

Dividends

Holders of Ordinary Shares may receive dividends if CBA's board of directors (the **Board**) determines that a dividend is payable. The Board may determine to pay any dividends that, in its judgement, the financial position of CBA justifies, subject to the Corporations Act. Dividends on Ordinary Shares may be subject to the preferential dividend rights of any preference shares on issue. The Board may rescind a decision to pay a dividend as set out in the Constitution.

The Board may decide the method of payment of any dividend and different methods may apply to different shareholders, such as overseas shareholders. If the Board decides that payments will be made by electronic transfer but no bank account is provided by the shareholder, CBA may hold that amount until a valid account is provided and no interest will accrue on such amount. CBA also has a dividend reinvestment plan for eligible holders. The Board determines whether or not the dividend reinvestment plan operates for each dividend and who is eligible to participate.



Winding up

On winding up of CBA, holders of Ordinary Shares will participate in the division of any surplus assets of CBA (subject to the Constitution and the rights of any preference shares on issue).

Meetings

Subject to the Constitution, holders of Ordinary Shares are entitled to receive notice of, attend and vote in person, by body corporate representative, attorney or proxy at general meetings of CBA.

On a show of hands, each holder (regardless of the number of shares held) has one vote. On a poll, each holder has one vote for each fully paid Ordinary Share held. Voting rights are subject to the Constitution, Corporations Act and ASX Listing Rules, including any applicable voting exclusions.

Issue of further shares

The Board has the power to issue shares and decide the rights and restrictions attached to those shares. Subject to the Corporations Act and ASX Listing Rules, the Board may issue further shares or options over shares on such terms as they think fit.

Restrictions of ownership of Ordinary Shares

Australian laws including financial sector and foreign ownership and takeover laws impose certain limitations on the right of persons to hold, own or vote on Ordinary Shares.

Variation of the Constitution

CBA may seek approval by special resolution of holders of Ordinary Shares (passed by at least 75 per cent. of the votes cast by members entitled to vote on the resolution) to vary the Constitution.

