

## CommBank PERLS XV Capital Notes Prospectus

### NOT FOR DISTRIBUTION IN THE UNITED STATES

**Tuesday, 18 October 2022 SYDNEY:** Commonwealth Bank of Australia (CBA) today lodged with the Australian Securities and Investments Commission a prospectus (Prospectus) regarding its offer of CommBank PERLS XV Capital Notes (PERLS XV) (the Offer). A copy of the Prospectus is attached.

#### Important information

Investments in PERLS XV 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) and are not guaranteed or insured by any Australian government, government agency or compensation scheme. The information provided in this announcement 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). If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest in PERLS XV.

The offering of securities referred to in this release was open only to investors that are in Australia, and accordingly, this release does not constitute an offer to sell, or a solicitation of an offer to buy, 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). This information, the Prospectus or any other material relating to the Offer is not for distribution in the United States.

---

The release of this announcement was authorised by the Board.

#### **Danny John**

Media Relations

02 9118 6919

[media@cba.com.au](mailto:media@cba.com.au)

#### **Melanie Kirk**

Investor Relations

02 9118 7113

[CBAInvestorRelations@cba.com.au](mailto:CBAInvestorRelations@cba.com.au)

Prospectus and PERLS VII  
Reinvestment Offer Information

# CommBank PERLS XV Capital Notes

**Commonwealth Bank of Australia**

ABN 48 123 123 124

**Issuer** Commonwealth Bank of Australia ABN 48 123 123 124

**Date of Prospectus:** 18 October 2022

**Arranger** Commonwealth Bank of Australia

**Joint Lead Managers**

Commonwealth Bank of Australia

ANZ Securities Limited

Bell Potter Securities Limited

Morgans Financial Limited

National Australia Bank Limited

Ord Minnett Limited

Shaw and Partners Limited

UBS AG, Australia Branch

Westpac Institutional Bank

Investments in CommBank PERLS XV 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).



**Commonwealth  
Bank**

# Important Notices

## Prospectus

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

This Prospectus is dated 18 October 2022 and a copy was lodged with the Australian Securities and Investments Commission (“ASIC”) on this date. This Prospectus will expire 13 months after the date of this Prospectus and no PERLS XV 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 XV.

This Prospectus does not provide information in relation to the credit ratings of CBA or PERLS XV 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 the Investor Centre at [commbank.com.au/perls](http://commbank.com.au/perls):

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

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

## Status of PERLS XV

PERLS XV are subordinated<sup>1</sup>, unsecured notes, issued by CBA.

Investments in PERLS XV are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. Investments in PERLS XV are not deposit liabilities or protected accounts of CBA under the *Banking Act 1959* (Cth) (“Banking Act”) and are not guaranteed or insured by any Australian government, government agency, compensation scheme or by any other person.

Investments in securities such as PERLS XV are subject to risks which could affect their performance, including loss of investment and income. CBA does not, nor does any other person in any way, guarantee the market price of PERLS XV or any particular rate of return.

Information about the risks of investing in PERLS XV is detailed in Section 5 “Risks of CommBank PERLS XV 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 XV and consider the risks that could affect an investment in PERLS XV.

From October 2021, new Corporations Act provisions which were introduced by the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019* (Cth) (the “PDDO Provisions”) require issuers to ensure investors are at the centre of their approach when designing and distributing financial products. The PDDO Provisions require CBA to create a TMD to describe the cohort of investors to whom PERLS XV are targeted, and conditions around how PERLS XV are distributed to help ensure that persons who invest are or are likely to be within the target market. CBA has created a TMD, a copy of which is available from the Investor Centre.

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 VII Holders in respect of the Reinvestment Offer.

Except for any liability which cannot be excluded by law, each Joint Lead Manager and its respective directors, officers, employees and advisers expressly disclaims and does not accept any liability for the contents of this Prospectus, PERLS XV or the Offer.

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

## How to access this Prospectus and apply

This Prospectus can be obtained electronically from the Investor Centre at [commbank.com.au/perls](http://commbank.com.au/perls) or from your Syndicate Broker. 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
- by lodging an Application, you declare that you were given access to the electronic Prospectus.

**Applications under the Offer can only be made through a Syndicate Broker by investors who satisfy certain eligibility criteria. You should contact your Syndicate Broker as soon as possible for further instructions. Applications cannot be made to CBA directly.**

For further information on who is eligible and how to apply, refer to Section 7 “How to Apply”.

## Providing personal Information

If you apply for PERLS XV you will be asked to provide personal information to CBA (directly or via its agents). Refer to Section 6.11 “Personal Information” for information on how CBA (and its agents) collect, hold, use and disclose your personal information.

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

#### **Restrictions on foreign jurisdictions**

The distribution of this Prospectus and the Offer or sale of PERLS XV 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 XV in any jurisdiction other than Australia and CBA does not accept any liability in that regard.

Furthermore, PERLS XV 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" or Appendix A "Terms of CommBank PERLS XV Capital Notes".

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 XV or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS XV Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. Applicants may also call their Syndicate Broker.**

This page has been intentionally left blank.

<b>Important Notices</b>		Inside front cover
<b>Guidance for Retail Investors</b>		2
<b>Impact of the PDDO Provisions</b>		3
<b>Key Dates</b>		4
<b>Section 1</b>	<b>Investment Overview</b> An overview of CBA, key terms of PERLS XV, key benefits and risks of investing in PERLS XV, and how to apply	7
<b>Section 2</b>	<b>Information About CommBank PERLS XV Capital Notes</b> Detailed information about the key terms of PERLS XV	21
<b>Section 3</b>	<b>Information About the Reinvestment Offer</b> Detailed information about the Reinvestment Offer for Eligible PERLS VII Holders	43
<b>Section 4</b>	<b>Information About CBA</b> Detailed information about CBA, its business strategy, directors, management, and financial information	47
<b>Section 5</b>	<b>Risks of CommBank PERLS XV Capital Notes</b> Information about risks associated with PERLS XV and CBA	63
<b>Section 6</b>	<b>Other Information</b> Information on other documents relevant to the Offer, the tax consequences of investing in PERLS XV and other disclosures	83
<b>Section 7</b>	<b>How to Apply</b> Information on how to apply for PERLS XV under the different components of the Offer, and other information	93
<b>Section 8</b>	<b>Glossary</b> Dictionary of definitions of certain terms used in this Prospectus	97
<b>Appendix A</b>	<b>Terms of CommBank PERLS XV Capital Notes</b> Terms of PERLS XV	107
<b>Corporate Directory</b>		Inside back cover


<b>Read the Prospectus in full</b>	<p>If you are considering applying for PERLS XV, this Prospectus is important and you should read it in its entirety.</p> <p>It is important to carefully consider all risks and other information regarding an investment in PERLS XV in light of your investment objectives, financial situation and particular needs (including financial and taxation considerations) before deciding to invest in PERLS XV.</p>
<b>Speak to your Syndicate Broker or professional adviser</b>	<p><b>Applications under the Offer (including the Reinvestment Offer) must be made through a Syndicate Broker, and are only available to investors who satisfy certain eligibility criteria. Applications under the Offer cannot be made to CBA directly.</b></p> <p>If you are a Retail Investor and wish to participate in the Offer, you must seek professional advice as to whether you are within the target market and receive personal financial product advice (in the form of a certificate from your adviser or a copy of your statement of advice from your adviser) to acquire PERLS XV.</p> <p>ASIC has published guidance on choosing a financial adviser on its MoneySmart website at <a href="http://moneysmart.gov.au/financial-advice/choosing-a-financial-adviser">moneysmart.gov.au/financial-advice/choosing-a-financial-adviser</a>.</p>
<b>Consider the ASIC guidance for retail investors and CBA's education module on bank hybrid securities</b>	<p>ASIC has published guidance on hybrid securities on its MoneySmart website which may be relevant to your consideration of PERLS XV. You can find this guidance by searching "hybrid securities" at <a href="http://moneysmart.gov.au">moneysmart.gov.au</a>.</p> <p>The guidance includes a series of questions you should ask before you invest in hybrid securities to check your understanding of how hybrids work, their features and risks.</p> <p>Additionally, CBA has an education 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.</p> <p>The module is available at <a href="http://commbank.com.au/hybrideducation">commbank.com.au/hybrideducation</a>.</p>
<b>Obtain further information about CBA and PERLS XV</b>	<p>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 XV.</p> <p>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 <a href="http://asx.com.au">asx.com.au</a> together with CBA's other ASX announcements.</p> <p>In addition, the following information can be obtained from the Investor Centre at <a href="http://commbank.com.au/investors">commbank.com.au/investors</a>:</p> <ul style="list-style-type: none"> <li>• CBA's half-yearly and annual financial reports;</li> <li>• continuous disclosure notices lodged with ASX; and</li> <li>• other general information provided to investors.</li> </ul>
<b>Use of franking credits</b>	<p>The value and availability of franking credits to you will depend on your particular circumstances and the tax rules that apply at the time of each Distribution.</p>
<b>Application and allocation</b>	<p>While no Applications will be processed during the Exposure Period, you are encouraged to contact your Syndicate Broker as soon as possible if you wish to participate, so that your Syndicate Broker can take your interest into account in its broker firm bid in the Bookbuild.</p> <p>As the size of the Offer is expected to be significantly less than that of PERLS VII, even if you do register your interest during the Bookbuild, your allocation of PERLS XV may be subject to scale back (this is the case whether you are applying under the Reinvestment Offer or the New Money Offer). It is at the discretion of the Syndicate Brokers as to how they allocate their Broker Firm Allocations to their clients. As a result of this, there is a risk that you do not receive a full allocation, or any allocation, of PERLS XV.</p>
<b>Enquiries</b>	<p>If you have any questions in relation to the Offer, please call the PERLS XV Information Line on 1800 992 547 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period. Applicants may also call their Syndicate Broker.</p>

Under the product design and distribution obligations (“PDDO”) provisions in the Corporations Act, CBA is required to create a Target Market Determination (“TMD”) to describe the cohort of investors to whom PERLS XV are targeted, and conditions under which PERLS XV may be distributed to help ensure that persons who invest are, or are likely to be, within the target market. The TMD is available at [commbank.com.au/perls](http://commbank.com.au/perls).

In order to ensure PERLS XV are distributed in accordance with the TMD, CBA has determined that Applications under the Offer can only be made through a Syndicate Broker by investors who satisfy certain eligibility criteria.

A summary of key elements of the PDDO Provisions and eligibility to apply under the Offer is set out below.


LEGAL REQUIREMENTS



TARGET MARKET DETERMINATION


The TMD for PERLS XV describes the cohort of investors for whom an investment in PERLS XV is likely to be consistent with their financial objectives, situation and needs.

A copy of the TMD is available on CBA's Investor Centre at [commbank.com.au/perls](http://commbank.com.au/perls).




DISTRIBUTION CONDITIONS

The TMD also sets out conditions on how PERLS XV can be sold to retail investors to ensure that they are, or are likely to be, in the target market.




The PDDO Provisions **do not apply** to Wholesale Clients.



If you have any questions about PERLS XV or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS XV Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. Applicants may also call their Syndicate Broker.

WHAT DOES THIS MEAN FOR PERLS XV?

PERLS XV will be issued by CBA under the PDDO Provisions. Similar to PERLS XIV, a number of changes have been made in the way in which the Offer is conducted compared to previous PERLS transactions.



APPLICATIONS CAN ONLY BE MADE THROUGH A SYNDICATE BROKER

Retail investors should receive personal financial product advice to ensure that your personal financial objectives, situation and needs have been considered in making an investment decision to acquire PERLS XV.

ELIGIBLE

- You are a company or an individual<sup>1</sup> over 18 years with a registered address in Australia
- AND EITHER**
- You have received personal financial product advice to invest in PERLS XV
- OR**
- You are classified as a Wholesale Client

INELIGIBLE

- There will be no direct offer available for existing CBA shareholders and PERLS holders (including any PERLS VII holders wishing to reinvest in PERLS XV) other than those who satisfy the eligibility criteria and apply through a Syndicate Broker

Satisfactory evidence must be held by, or provided to, your Syndicate Broker that you are either a Wholesale Client or have received personal financial product advice (in the form of a certificate from your adviser or a copy of your statement of advice from your adviser) to acquire PERLS XV.

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

1. Including as a trustee of a family, hybrid or unit trust.



# Key Dates

## Key dates for the Offer

Lodgement of Prospectus with ASIC	18 October 2022
Bookbuild period commences for Syndicate Brokers	18 October 2022
Exposure Period <i>While no Applications will be processed during the Exposure Period, investors interested in applying for PERLS XV are encouraged to contact their Syndicate Broker as soon as possible if they wish to participate so that their Syndicate Broker can take into account their interest in its Bookbuild bid for a Broker Firm Allocation</i>	18 October 2022 – 25 October 2022
Announcement of Margin	26 October 2022
Opening Date for the Offer and lodgement of the replacement prospectus with ASIC	26 October 2022
Closing Date for the Offer	8 November 2022
Issue Date	15 November 2022
Commencement of trading on normal settlement basis	16 November 2022
Despatch of Holding Statements	21 November 2022

## Key dates for CommBank PERLS XV Capital Notes

First Distribution Payment Date <sup>1</sup>	15 March 2023
Call Dates	15 June 2028 15 December 2028 15 June 2029
Mandatory Exchange Date <sup>2</sup>	16 June 2031

### Note

1. Distributions are scheduled to be paid quarterly in arrears on the Distribution Payment Dates (15 March, 15 June, 15 September and 15 December each year). Distributions are discretionary and subject to the Distribution payment conditions being satisfied.
2. If the Mandatory Exchange Conditions are not satisfied on that date, then the Mandatory Exchange Date will be the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied.

## Key dates for the Reinvestment Offer for Eligible PERLS VII Holders

Reinvestment Offer Record Date	7 October 2022
Exposure Period	18 October 2022 – 25 October 2022
<i>While no Applications will be processed during the Exposure Period, Eligible PERLS VII Holders interested in applying for PERLS XV are encouraged to contact their Syndicate Broker as soon as possible if they wish to participate so that their Syndicate Broker can take into account their interest in its Bookbuild bid for a Broker Firm Allocation</i>	
Opening Date for the Reinvestment Offer	26 October 2022
Record date for First Pro-Rata PERLS VII Distribution	7 November 2022
Closing Date for the Reinvestment Offer	8 November 2022
Expected date of transfer of Reinvesting PERLS VII to the Nominated Party	15 November 2022
Issue Date – when CommBank PERLS XV Capital Notes are Issued under the Reinvestment Offer	15 November 2022
Payment date for First Pro-Rata PERLS VII Distribution	15 November 2022

## Key dates for the Non-Reinvesting PERLS VII holders

Record date for First Pro-Rata PERLS VII Distribution	7 November 2022
Payment date for First Pro-Rata PERLS VII Distribution	15 November 2022
Last day of ASX trading for PERLS VII	5 December 2022
Record date for Final Pro-Rata PERLS VII Distribution on Non-Reinvesting PERLS VII	7 December 2022
Payment date for Final Pro-Rata PERLS VII Distribution on Non-Reinvesting PERLS VII	15 December 2022
Redemption of Non-Reinvesting PERLS VII	15 December 2022

## 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 Bookbuild or 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.

This page has been intentionally left blank.

# 1

## Investment Overview

- 1.1 What are the basic facts about CBA and CommBank PERLS XV Capital Notes?
- 1.2 What are the key benefits and risks of CommBank PERLS XV 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 XV. 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 XV. If you have any questions, you should seek advice from your financial adviser or other professional adviser.

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

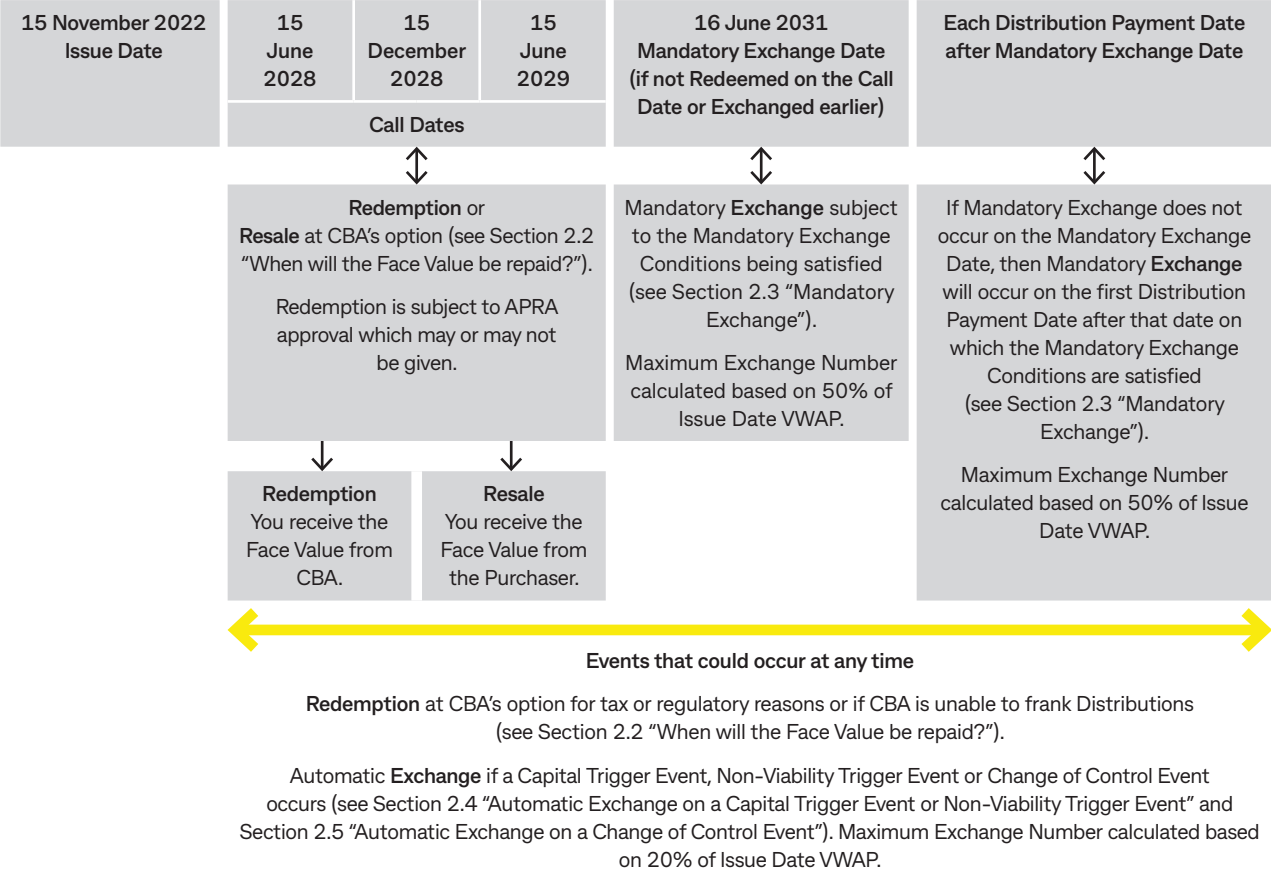
		Further information	Page
<b>Issuer</b>	Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA").  CBA is one of the leading providers of financial services in Australia, with a focus on providing retail and commercial banking services predominantly in Australia, and in New Zealand through its subsidiary ASB.	Section 4 "Information About CBA"	47
<b>PERLS XV</b>	CommBank PERLS XV Capital Notes, also referred to as PERLS XV, are subordinated, unsecured notes issued by CBA.  The PERLS XV 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.  These features mean that you may not receive your investment back as in certain circumstances PERLS XV may remain on issue indefinitely, may be converted into CBA Ordinary Shares (potentially for less than the Face Value) or may be written off. This Prospectus details each of these features.	Section 2 "Information About CommBank PERLS XV Capital Notes"  Appendix A "Terms of CommBank PERLS XV Capital Notes"	21  107
<b>Offer size</b>	A\$750 million, with the ability to raise more or less.		
<b>Use of proceeds</b>	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"	50
<b>Face Value</b>	Initial Face Value is A\$100 per PERLS XV but may be reduced following a Capital Trigger Event or Non-Viability Trigger Event. This Prospectus provides further information in relation to these events.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 1.2, 4.1 and 4.2 and definition of Face Value	108, 111, 112

		Further information	Page
<b>Term</b>	<p>PERLS XV 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.</p> <p>CBA must Exchange PERLS XV 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 XV on a Call Date, or Exchange or Redeem PERLS XV earlier on the occurrence of certain events (subject to APRA approval)<sup>1</sup>.</p>	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 3, 4, 5, 6 and 7	111, 114, 116
<b>Distributions</b>	<p>Each PERLS XV is scheduled to pay floating rate Distributions quarterly until that PERLS XV is Exchanged or Redeemed.</p> <p>The Distribution Rate is calculated using the following formula:</p> <p style="text-align: center;"><b>Distribution Rate = (Market Rate + Margin) x (1 – Tax Rate)</b></p> <p>Distributions are expected to be fully franked.</p> <p>The first Distribution is scheduled to be paid on 15 March 2023.</p> <p>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.</p> <p>No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or a Non-Viability Trigger Event.</p>	<p>Section 2.1.1 "How are Distributions calculated on PERLS XV?"</p> <p>Section 2.1.2 "How are Distributions paid on PERLS XV?"</p> <p>Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 2</p>	22, 25, 109
<b>Margin</b>	The Margin is expected to be between 2.85% and 3.00% per annum and will be determined through the Bookbuild.		
<b>ASX quotation</b>	CBA will apply for quotation of PERLS XV on ASX. It is expected that PERLS XV will be quoted under code "CBAPL".	Section 7.4 "Issue and quotation of CommBank PERLS XV Capital Notes"	96

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 XV

PERLS XV 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 XV could remain on issue indefinitely and the Face Value will not be repaid to Holders.



Event	When could it occur?	Is APRA approval required? <sup>1</sup>	Do conditions apply?	What value will you receive?	How will that value be provided?	Further information
Optional early Redemption by CBA	15 June 2028, 15 December 2028 or 15 June 2029	Yes	Yes <sup>2</sup>	Face Value (A\$100 based on the Initial Face Value)	Cash	Section 2.2, Appendix A "Terms of CommBank PERLS XV 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 <sup>2</sup>	Face Value (A\$100 based on the Initial Face Value)	Cash	Section 2.2, Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 5.2, 5.3 and 5.4
Optional Resale	15 June 2028, 15 December 2028 or 15 June 2029	No	No	Face Value (A\$100 based on the Initial Face Value)	Cash <sup>3</sup>	Section 2.2, Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 6
Mandatory Exchange	16 June 2031 (if the Mandatory Exchange Conditions are satisfied) or the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied	No	Yes <sup>4</sup>	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 XV Capital Notes" Clauses 3 and 7

1. APRA's approval may or may not be given.

2. CBA may only Redeem PERLS XV 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 XV.

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

4. The Mandatory Exchange Conditions apply.

1

2

3

4

5

6

7

8

A




Event	When could it occur?	Is APRA approval required? <sup>1</sup>	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 <sup>5</sup>	Variable number of Ordinary Shares, up to the Maximum Exchange Number. However, if Exchange of the PERLS XV 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 XV 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 XV Capital Notes" Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7
	If a Change of Control Event occurs	No	Yes <sup>6</sup>	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 XV Capital Notes" Clause 4.7

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 Ordinary Share price at the time PERLS XV are issued).

6. The second and third Mandatory Exchange Conditions apply.

### 1.1.2 Ranking of PERLS XV in a winding up of CBA

Existing CBA obligations / securities <sup>1</sup>		
<b>Higher ranking</b>  	Secured debt	<ul style="list-style-type: none"> <li>Covered bonds</li> </ul>
	Liabilities preferred by law	<ul style="list-style-type: none"> <li>Liabilities in Australia in relation to protected accounts</li> <li>Other liabilities preferred by law including employee entitlements</li> </ul>
	Senior Ranking Obligations	<ul style="list-style-type: none"> <li>Deposits (other than protected accounts)</li> <li>Senior debt</li> <li>General unsubordinated unsecured creditors</li> <li>Tier 2 Capital</li> </ul>
	Equal Ranking Securities	<ul style="list-style-type: none"> <li>PERLS XV<sup>2</sup></li> <li>PERLS XIV, PERLS XIII, PERLS XII, PERLS XI, PERLS X, PERLS VII<sup>2</sup></li> <li>Any preference shares or other subordinated unsecured debts<sup>3</sup></li> </ul>
<b>Lower ranking</b>	Junior Ranking Securities	<ul style="list-style-type: none"> <li>Ordinary Shares</li> </ul>

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 of PERLS securities prior to exchange to Ordinary Shares or write-down.
3. Excluding Junior Ranking Securities.

### 1.1.3 Differences between PERLS XV and other types of investments in CBA

There are differences between savings accounts, term deposits, PERLS XIV, PERLS XV 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 XV.

	Savings account	Term deposit	PERLS XIV	PERLS XV	Ordinary Shares
ASX code	Not quoted on ASX	Not quoted on ASX	CBAPK	CBAPL <sup>1</sup>	CBA
Legal form	Deposit	Deposit	Unsecured subordinated debt obligations	Unsecured subordinated debt obligations	Ordinary share
Guarantee under the Australian government Financial Claims Scheme <sup>2</sup>	Yes	Yes	No	No	No
Term	At call (usually)	One month to five years (usually)	Perpetual, mandatory exchange for Ordinary Shares on 17 June 2032 if the Mandatory Exchange Conditions are satisfied	Perpetual, mandatory Exchange for Ordinary Shares on 16 June 2031 if the Mandatory Exchange Conditions are satisfied	Perpetual (no maturity date)

## Investment Overview

	Savings account	Term deposit	PERLS XIV	PERLS XV	Ordinary Shares
Margin	N/A	N/A	2.75% per annum	To be determined through the Bookbuild – expected to be 2.85% to 3.00% per annum	N/A
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	No	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 <sup>3</sup>	Yes – quoted on ASX	Yes – quoted on ASX <sup>1</sup>	Yes – quoted on ASX
Investor's ability to withdraw or redeem	Yes	Yes <sup>3</sup>	No	No	No
Redemption at CBA's option (subject to APRA approval and certain other conditions)	No	No	Yes, on 15 June 2029, 17 December 2029 or 17 June 2030 and in certain specified conditions	Yes, on 15 June 2028, 15 December 2028 or 15 June 2029 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 Capital Ratio equal to or less than 5.125%) or Non-Viability Trigger Event <sup>4</sup>		N/A
Ranking	See Section 1.1.2 "Ranking of PERLS XV in a winding up of CBA" and Section 2.6 "How will CommBank PERLS XV Capital Notes rank in a winding up?"				

1. CBA will apply for PERLS XV to be quoted by ASX and they are expected to trade under code "CBAPL".

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 XV, 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 XV Capital Notes?

### 1.2.1 Key benefits of PERLS XV

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

### 1.2.2 Key risks of PERLS XV

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

		Further information	Page
<b>Risks associated with PERLS XV specifically</b>			
<b>PERLS XV are not deposit liabilities or protected accounts</b>	Investments in PERLS XV 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	64
<b>PERLS XV are subordinated and unsecured</b>	PERLS XV 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 XV.	Section 5.2.2	64
<b>Distributions may not be paid</b>	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	64
<b>PERLS XV may be Exchanged for Ordinary Shares</b>	PERLS XV 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.	Sections 5.2.4 and 5.2.5	65, 67

		<b>Further information</b>	<b>Page</b>
<b>Ordinary Shares are a different type of investment to PERLS XV</b>	<p>Ordinary shares are an equity security and may trade at a market price which is affected by different factors from those affecting a hybrid security such as PERLS XV. The market price of Ordinary Shares may be more sensitive than that of PERLS XV to changes in CBA's performance, operational issues and other business issues.</p> <p>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 XV are payable in accordance with the Terms and claims of PERLS XV Holders rank ahead of holders of Ordinary Shares.</p>	Section 5.2.4.4	67
<b>A failure to Exchange following a Capital Trigger Event or Non-Viability Trigger Event may cause you to lose your investment</b>	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 XV 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 XV 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	67
<b>PERLS XV are perpetual and may not be Exchanged</b>	PERLS XV may not be Exchanged on the Scheduled Mandatory Exchange Date if the Mandatory Exchange Conditions are not met and you may continue to hold PERLS XV indefinitely.	Section 5.2.6	68
<b>CBA has early Redemption and Resale rights</b>	CBA may Redeem PERLS XV or choose that a Resale occur on the Call Date, or Redeem PERLS XV 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	68
<b>Holders have no right to request Exchange or Redemption</b>	You do not have a right to request that your PERLS XV be Exchanged or Redeemed early.	Section 5.2.8	69
<b>CBA may raise more debt and issue additional securities</b>	CBA may raise more debt and issue further securities which rank equally with or ahead of PERLS XV, whether or not secured.	Section 5.2.9	69

		Further information	Page
<b>The Distribution Rate will fluctuate</b>	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. It is possible for the Market Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate. However, there is no obligation on Holders to pay CBA if the calculated Distribution Rate becomes negative.	Section 5.2.10	69
<b>The market price of PERLS XV will fluctuate</b>	The market price of PERLS XV on ASX will fluctuate, including as a result of movements in credit margins, and you may lose some or all of the money you invested in PERLS XV if you sell them.	Section 5.2.11	69
<b>Liquidity may be low</b>	Liquidity of PERLS XV on ASX may be low and you may not be able to sell your PERLS XV at an acceptable price or at all.	Section 5.2.12	70
<b>Terms may be amended</b>	In certain circumstances as set out in the Terms, CBA may amend the Terms without the consent of Holders and subject to compliance with relevant laws, or with the consent of Holders if a Special Resolution is passed. Certain amendments may require written approval from APRA which may or may not be given.	Section 5.2.14	70
<b>CBA may substitute for itself a NOHC</b>	CBA may substitute for itself a NOHC as the debtor in respect of PERLS XV or as the issuer of ordinary shares on Exchange.	Section 5.2.15	70
		Further information	Page
<b>Risks associated with CBA's businesses which may affect PERLS XV</b>			
<b>Strategic risks arising from changes in CBA's external and internal operating environment</b>	Dynamically evolving current or emerging risks, such as macroeconomic conditions including the impact of high inflation levels and rising interest rates, the COVID-19 pandemic, the competitive landscape, emerging technologies, and the regulatory and political environment, can challenge the business model and profitability assumptions underlying CBA's strategy.	Section 5.3.1	71
<b>Macroeconomic environment</b>	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 or New Zealand economies, which in turn are impacted by events in the global economy and by geopolitical events more generally, including continuing impacts of COVID-19, geopolitical instability, inflationary pressures and rapid increases in interest rates.  CBA may be adversely impacted by a downturn in the Australian or New Zealand economy and deterioration in the global economy.	Section 5.3.1.1	71

		Further information	Page
<b>Regulatory and political environment</b>	<p>CBA is subject to extensive regulation and operates in an environment of political scrutiny, which may adversely impact CBA's operations or financial condition.</p> <p>Inquiries, investigations and other regulatory actions can adversely affect CBA, damage investor confidence, and may result in enforcement proceedings or changes in law/regulation. Changes in or failure to comply with law and/or regulation may adversely affect CBA.</p>	Section 5.3.1.2	73
<b>Competition and digital disruption</b>	CBA's performance may be adversely affected by increasing competition, especially from non-Australian financial service providers, new non-bank entrants or smaller providers.	Section 5.3.1.3	74
<b>Strategic risks</b>	CBA is routinely exposed to, and manages, a number of material risks that primarily support or drive strategic decisions that could impact CBA's profitability or business model assumptions.	Section 5.3.2	74
<b>Operational risks</b>	CBA may incur losses due to operational risks such as cyber-attacks, data security breaches or fraud.	Section 5.3.3	77
<b>Compliance risks</b>	CBA's results and reputation may be adversely impacted if CBA fails to comply, or is perceived to fail to comply, with requirements of relevant laws, regulatory bodies, industry standards and/or codes.	Section 5.3.4	79
<b>Other risks</b>	CBA may be adversely affected by other events that may have a direct or indirect impact on its financial position or performance such as credit risks, liquidity and funding risks and market risks.	Sections 5.3.5 to 5.3.7	80, 81

### 1.3 What is the Offer and how do I apply?

		Further information	Page
<b>Offer structure</b>	<p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>• a Reinvestment Offer; and</li> <li>• a New Money Offer.</li> </ul> <p><b>Both components of the Offer require Applications to be made through a Syndicate Broker. As the size of the Offer is expected to be significantly less than that of PERLS VII, both components of the Offer may be subject to scaling.</b></p> <p>The Offer does not include a direct offer to CBA securityholders, and CBA securityholders wishing to apply for PERLS XV (including those wishing to apply in the Reinvestment Offer) will need to apply through a Syndicate Broker.</p> <p>If you are a retail investor, you should also note that, in order to be eligible to apply for PERLS XV, you will need to be within the target market referred to in the TMD.</p>	For further information on the different components of the Offer and how to apply, see "Impact of the PDDO Provisions" and Section 7 "How to Apply"	3, 93

		Further information	Page
<b>Reinvestment Offer for Eligible PERLS VII Holders</b>	<p>If you apply to participate in the Reinvestment Offer in respect of some or all of your PERLS VII, and are allocated PERLS XV in the Reinvestment Offer, your relevant PERLS VII will be transferred to the Nominated Party on the Issue Date (expected to be 15 November 2022) and the proceeds (\$100 per PERLS VII) will be applied towards PERLS XV.</p> <p>For those PERLS VII holders who do not participate (or do not participate fully) in the Reinvestment Offer, CBA will redeem your PERLS VII on 15 December 2022 (for \$100 per PERLS VII) in accordance with the PERLS VII Terms<sup>1</sup>.</p> <p>If you are an Eligible PERLS VII Holder, you have two options:</p> <p>Option 1 – Apply to Reinvest all or some (subject to scaling) of your PERLS VII by participating in the Reinvestment Offer; or</p> <p>Option 2 – Do not participate in the Reinvestment Offer. If you do not to participate in the Reinvestment Offer, you do not need to take any action. You will receive your redemption amount on 15 December 2022.</p>	Section 3 "Information About the Reinvestment Offer"	43
<b>PERLS VII Distributions</b>	<p>All holders of PERLS VII (both Reinvesting PERLS VII and Non-Reinvesting PERLS VII) on the record date for the First Pro-Rata PERLS VII Distribution (7 November 2022), will be entitled to the First Pro-Rata PERLS VII Distribution payable on 15 November 2022.</p> <p>All remaining holders of PERLS VII (being holders of Non-Reinvesting PERLS VII) on the record date for the Final Pro-Rata PERLS VII Distribution (7 December 2022), will be entitled to the Final Pro-Rata PERLS VII Distribution payable on 15 December 2022.</p>	Section 3 "Information About the Reinvestment Offer"	43
<b>Minimum Application for PERLS XV</b>	<p>Your Application for PERLS XV must be for 50 PERLS XV (A\$5,000), and thereafter in multiples of 10 PERLS XV (A\$1,000).</p> <p>If you are an Eligible PERLS VII Holder, these minimums do not apply to your Application for PERLS XV under the Reinvestment Offer.</p>	Section 7 "How to Apply"	93
<b>How to apply</b>	To apply for PERLS XV, you must follow the instructions set out in Section 7 "How to Apply".	Section 7 "How to Apply"	93

If you have any questions about PERLS XV or the Offer, you should seek advice from your financial adviser or other professional adviser.

You can also call the PERLS XV Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. Applicants may also call their Syndicate Broker.

1. While CBA has obtained APRA's approval to redeem PERLS VII, it does not imply that CBA's other outstanding capital instruments with call dates (including, when issued, PERLS XV) will be redeemed and any such redemption will be in accordance with the relevant capital instrument's terms and conditions and subject to APRA's approval, which may or may not be given.



This page has been intentionally left blank.

1

2

3

4

5

6

7

8

A

# 2

## Information About CommBank PERLS XV Capital Notes

- 2.1 Distributions on CommBank PERLS XV 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 XV Capital Notes rank in a winding up?
- 2.7 What else should I know about?

# Information About CommBank PERLS XV

## Capital Notes

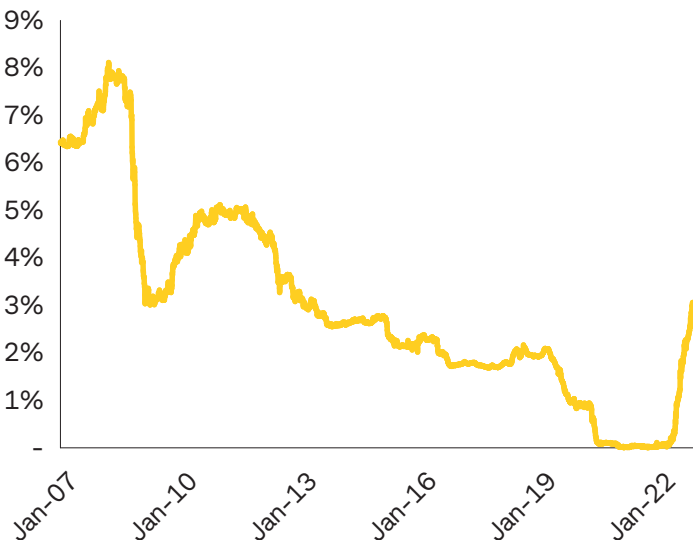
The following is an overview of the key terms of PERLS XV. It is important that you read this Prospectus, the Terms, Deed Poll and the Constitution in full before deciding to invest in PERLS XV. If you have any questions, you should seek advice from your financial adviser or other professional adviser.

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

### 2.1 Distributions on CommBank PERLS XV Capital Notes

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

		Further information	Page
<b>2.1.1 How are Distributions calculated on PERLS XV?</b>			
<b>Key features of Distributions</b>	<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> <p>Distributions are expected to be fully franked.</p> <p>The first Distribution is scheduled to be paid on 15 March 2023.</p>	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 2	109
<b>Distribution Rate</b>	<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>The <b>Margin</b> is expected to be between 2.85% and 3.00% per annum and is to be determined through the Bookbuild.</p> <p><b>Tax Rate</b> is the Australian corporate tax rate on the relevant Distribution Payment Date.</p> <p><b>Market Rate</b> 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 and it is possible for the Market Rate to become negative.</p> <p>The Market Rate for each Distribution Period is set on the first Business Day of the Distribution Period.</p>	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 2	109

	Further information	Page
	If CBA determines that BBSW has been affected by a “Market Rate Disruption Event”, CBA may select an Alternative Market Rate that it considers appropriate and make other related changes to the Terms (subject to APRA’s prior written approval in certain circumstances). Approval is at the discretion of APRA and may or may not be given.	1
	Broadly, a “Market Rate Disruption Event” occurs where BBSW is not published by 10:30am (or any such time as CBA considers appropriate), there is an obvious error in the rate, BBSW has been discontinued or ceases to be calculated or administered, or BBSW has ceased to be generally accepted in the Australian market for securities such as PERLS XV. CBA is required to act in good faith and in a commercially reasonable manner in selecting an Alternative Market Rate, and may consult with sources that it considers appropriate, but may otherwise exercise its discretion.	2
	Where an Alternative Market Rate applies, CBA retains discretion to incorporate an adjustment (subject to APRA’s written approval in certain circumstances), in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit to Holders as a result of the use of an Alternative Market Rate.	3
	Further detail is set out in Clause 2.2 of the Terms.	4
	<b>Historical 3 month Market Rate</b>	5
		6
		7
		8
		A

# Information About CommBank PERLS XV

## Capital Notes *(continued)*

		Further information	Page
	<p>This chart shows historical movements in the Market Rate. Past levels are not necessarily indicative of future levels.</p> <p>It is possible for the Market Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate. For example, if the Market Rate is -1.00% per annum, the Margin is 2.85% per annum and the Australian corporate tax rate is 30%, then the Distribution Rate will be 1.30% per annum, calculated as follows:</p> <p><b>Distribution Rate = (-1.00% + 2.85%) x (1 – 30%) = 1.30%</b></p> <p>If the calculated Distribution Rate becomes negative, there will be no obligation on Holders to pay CBA.</p>		
Calculation of Distributions	<p>The Distribution payable on each PERLS XV for each Distribution Period is calculated using the following formula:</p> <p><b>Distribution payable = Distribution Rate x Face Value x Number of days in the Distribution Period / 365</b></p> <p>For example, if the Face Value is A\$100 (based on the Initial Face Value), the Market Rate is 2.93% per annum, the Margin is 2.85% per annum, the Australian corporate tax rate is 30%, the Distribution Period is 90 days in length and the Distribution is fully franked (see below under “Franking credits”), the Distribution for the relevant Distribution Period would be calculated as follows:</p> <p><b>5.78% x (1 – 30%) x A\$100 x 90/365</b>  <b>= A\$0.9976 per PERLS XV</b></p> <p>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.</p> <p>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.</p> <p>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 <a href="http://asx.com.au">asx.com.au</a> and from the Investor Centre at <a href="http://commbank.com.au/investors">commbank.com.au/investors</a>.</p>	Appendix A “Terms of CommBank PERLS XV Capital Notes” Clause 2	109

		<b>Further information</b>	<b>Page</b>
<b>Franking credits</b>	Distributions are expected to be fully franked.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 2.4	110
	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.  Holders should be aware that the potential value of franking credits does not accrue to you at the same time as the cash Distribution is received. 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 the Australian tax law.	For further information about the tax consequences of receiving Distributions, see Section 6.4 "Summary of Australian tax consequences for Holders"	84
<b>2.1.2 How are Distributions paid on PERLS XV?</b>			
<b>Distribution Payment Dates</b>	Distributions are scheduled to be paid quarterly in arrears on the following dates until all PERLS XV have been Exchanged or Redeemed:  <ul style="list-style-type: none"> <li>• 15 March</li> <li>• 15 June</li> <li>• 15 September</li> <li>• 15 December</li> </ul> <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 2023.</p>	Appendix A "Terms of CommBank PERLS XV Capital Notes" definition of Distribution Payment Date, Clauses 2.1 and 9.3	109, 120, 126
<b>Payments</b>	Distributions are scheduled to be paid to Holders whose details are recorded with the Registry at 7.00pm on the Record Date for that Distribution.  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.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 9.1 and 9.4	120

# Information About CommBank PERLS XV

## Capital Notes *(continued)*

		<b>Further information</b>	<b>Page</b>
<b>Distributions are subject to Distribution payment conditions</b>	<p>Payment of a Distribution is subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• CBA, in its absolute discretion, making the Distribution to Holders;</li> </ul>	Appendix A "Terms of CommBank PERLS XV Capital Notes"	108, 110
<b>Dividend and capital restrictions may then apply to Ordinary Shares</b>	<ul style="list-style-type: none"> <li>• payment not resulting in a breach of CBA's capital requirements as they are applied to the CBA Level 1 Group, the CBA Level 2 Group or both under APRA's prudential standards;</li> <li>• payment not resulting in CBA becoming, or being likely to become, insolvent; and</li> <li>• APRA not otherwise objecting to the payment.</li> </ul> <p>No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or a Non-Viability Trigger Event.</p> <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 XV are Exchanged, Redeemed or otherwise terminated), CBA cannot (subject to certain exceptions):</p> <ul style="list-style-type: none"> <li>• declare or determine a dividend on Ordinary Shares; or</li> <li>• return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares.</li> </ul>	Clauses 1.5(g), 2.5, 2.6 and 2.7	

## 2.2 When will the Face Value be repaid?

PERLS XV are perpetual but CBA has the right to Redeem some or all PERLS XV in certain circumstances. CBA may only Redeem or buy-back PERLS XV as permitted by APRA's prudential standards, which require APRA's approval (which is at APRA's discretion and may not be given).

		Further information	Page
<b>Optional early Redemption by CBA</b>	<p>CBA has the right to Redeem the following number of PERLS XV in the following circumstances (subject to certain conditions, including prior written approval from APRA and CBA either replacing PERLS XV with capital of the same or better quality or APRA being satisfied that CBA does not need to replace PERLS XV):</p> <ul style="list-style-type: none"> <li>on the Call Dates (15 June 2028, 15 December 2028, or 15 June 2029) – all or some PERLS XV; or</li> <li>at any time – all PERLS XV if CBA is unable to frank Distributions or for other tax or regulatory reasons (described below).</li> </ul> <p>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 XV being Redeemed.</p>	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 5	114
<b>Early Redemption by CBA – for taxation reasons</b>	<p>A tax reason arises when:</p> <ul style="list-style-type: none"> <li>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</li> <li>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 XV.</li> </ul>	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 5.2, 5.3 and 9.6	114, 115, 120

1

2

3

4

5

6

7

8

A



# Information About CommBank PERLS XV

## Capital Notes *(continued)*

		Further information	Page
<b>Early Redemption by CBA – for regulatory reasons</b>	<p>Broadly, a regulatory reason arises when CBA determines that, as a result of a change in law 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), other than as a result of a change expected by CBA as at the Issue Date:</p> <ul style="list-style-type: none"> <li>• all, some or a proportion of all or some, PERLS XV will not be treated as Tier 1 Capital of the CBA Group under APRA's prudential standards;</li> <li>• additional requirements would be imposed on CBA in relation to or in connection with PERLS XV which might have a material adverse effect on CBA; or</li> <li>• it would be unlawful or impractical to have PERLS XV outstanding or CBA would be exposed to a more than a de minimis increase in its costs in connection with those PERLS XV.</li> </ul>	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 5.4	115
<b>Resale on the Call Dates</b>	<p>CBA may elect that Resale occur in relation to all or some PERLS XV on the Call Dates (15 June 2028, 15 December 2028 or 15 June 2029).</p> <p>If Resale occurs, your PERLS XV will be purchased by a Purchaser for a cash amount equal to their Face Value.</p> <p>The Purchaser will be 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).</p>	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 6	116
<b>No early Exchange or Redemption rights for Holders</b>	<p>You do not have a right to request that your PERLS XV be Exchanged or Redeemed early for any reason.</p> <p>To realise your investment, you can sell your PERLS XV on ASX at the prevailing market price.</p>	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 4.8 and 5.7	114, 116

### 2.3 Mandatory Exchange

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

		Further information	Page
<b>Mandatory Exchange Date</b>	The Mandatory Exchange Date for PERLS XV is 16 June 2031 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 XV Capital Notes" Clause 3	111

		Further information	Page
<b>Exchange on the Mandatory Exchange Date</b>	On the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), you will receive for each of your PERLS 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 previous Capital Trigger Event or Non-Viability Trigger Event).	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 3.1 and 7	111, 116
	To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price.		
<b>Exchange Number</b>	CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS XV held by a Holder.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 7.1	116
	The Exchange Number is calculated according to the following formula, subject to the Exchange Number being no greater than the Maximum Exchange Number:		
	$\frac{\text{Face Value}}{0.99 \times \text{VWAP}}$		
	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.		
	For example, assuming the VWAP is A\$90, the number of Ordinary Shares that you will receive for each PERLS XV on the Exchange Date would be calculated as follows:		
	$\frac{\text{A\$100}}{(0.99 \times \text{A\$90})}$		
	<b>= 1.1223 Ordinary Shares per PERLS XV</b>		
	Assuming the price of the Ordinary Shares on the Exchange Date is also A\$90, the aggregate value of the Ordinary Shares would be approximately A\$101.01 (calculated by multiplying 1.1223 Ordinary Shares by the Ordinary Share price of A\$90) <sup>1</sup> .		
	The value of Ordinary Shares you receive could be less than this amount if the Maximum Exchange Number applies or the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event).		

1. This example is for illustrative purposes only. The actual VWAP and number of Ordinary Shares that you may receive on Exchange on the Exchange Date may be higher or lower than in this example. In addition, if the total number of Ordinary Shares to be issued in respect of your aggregate holding of PERLS XV includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

# Information About CommBank PERLS XV

## Capital Notes *(continued)*

		<b>Further information</b>	<b>Page</b>
<b>Maximum Exchange Number</b>	<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 XV.</p> <p>For example, if the Face Value is A\$100 (based on the Initial Face Value) and the Issue Date VWAP is A\$95, the Maximum Exchange Number would be calculated as follows:</p> $\frac{\text{A\$100}}{(0.50 \times \text{A\$95})}$ <p>= 2.1053 Ordinary Shares per PERLS XV</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, 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 XV Capital Notes" Clause 7.1	116
<b>VWAP</b>	<p>VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX and Chi-X 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 XV Capital Notes" definition of VWAP	129

		Further information	Page
<b>Mandatory Exchange Conditions</b>	Exchange will not occur unless all the Mandatory Exchange Conditions are satisfied. If Exchange does not occur, you will continue to hold your PERLS XV 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 XV Capital Notes" Clause 3	111
	The Mandatory Exchange Conditions are:		
	<ul style="list-style-type: none"> <li>• <b>First Mandatory Exchange Condition:</b> the VWAP of Ordinary Shares on the 25<sup>th</sup> Business Day before (but not including) a potential Mandatory Exchange Date is greater than 56% of the Issue Date VWAP;</li> <li>• <b>Second Mandatory Exchange Condition:</b> 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</li> <li>• <b>Third Mandatory Exchange Condition:</b> Ordinary Shares are listed or admitted to trading on a securities exchange as at the Mandatory Exchange Date.</li> </ul>		
	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 or other relevant securities exchange if they wish to do so.		

1

2

3

4

5

6

7

8

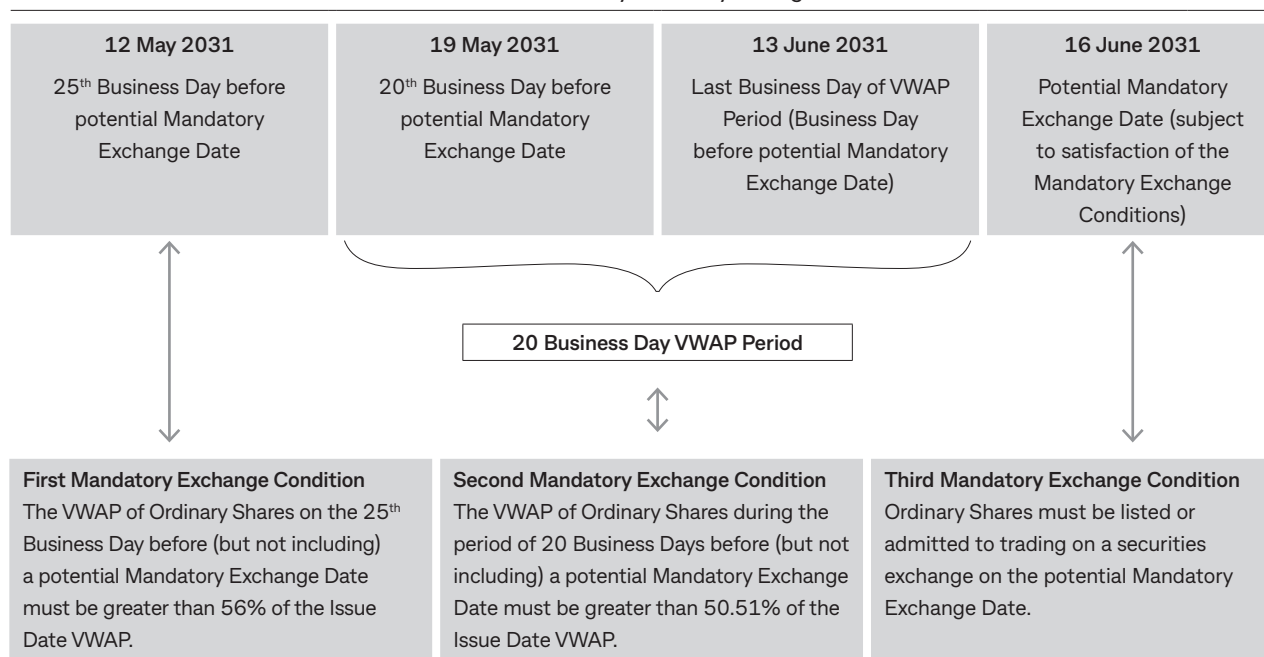
A

# Information About CommBank PERLS XV

## Capital Notes *(continued)*

**Further  
information** **Page**

The following diagram illustrates the timeframes that are relevant for the Mandatory Exchange Conditions, using the date of 16 June 2031 as a potential Mandatory Exchange Date. These dates are indicative only and may change.



**What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?**

If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date.

If Exchange occurs and you have notified CBA that you do not wish to receive Ordinary Shares, or if you are an Ineligible Holder<sup>1</sup>, 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 benefit<sup>2</sup>. 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.

Appendix A  
"Terms of CommBank PERLS XV Capital Notes"  
Clause 7.10

118

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 XV 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.

## 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 XV if certain events occur.

		Further information	Page
<b>Automatic early Exchange – general</b>	<p>CBA must Exchange all or some PERLS XV or a percentage of the Face Value of each PERLS XV in the following circumstances:</p> <ul style="list-style-type: none"> <li>• if a Capital Trigger Event occurs; or</li> <li>• if a Non-Viability Trigger Event occurs.</li> </ul> <p>The Mandatory Exchange Conditions do not apply to Exchange as a result of a Capital Trigger Event or a Non-Trigger Event occurring.</p> <p>On the Exchange Date (subject to the Maximum Exchange Number), you will receive for each of your PERLS XV 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 XV (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 XV Capital Notes”</p> <p>Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7 and definition of VWAP</p>	<p>67</p> <p>111, 112, 113, 116, 129</p>

1

2

3

4

5

6

7

8

A

# Information About CommBank PERLS XV

## Capital Notes *(continued)*

		<b>Further information</b>	<b>Page</b>
<b>Automatic early Exchange – Capital Trigger Event</b>	A Capital Trigger Event occurs when: <ul style="list-style-type: none"> <li>• CBA determines; or</li> <li>• APRA notifies CBA in writing that it believes,</li> </ul> <p>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%.</p> <p>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 11.5% as at 30 June 2022, which equates to a surplus of approximately A\$31.5 billion above the Capital Trigger Event level of 5.125%. CBA’s Level 1 CET1 Capital Ratio was 11.8% as at 30 June 2022, which equates to a surplus of approximately A\$30.9 billion above the Capital Trigger Event level of 5.125%.</p> <p>If a Capital Trigger Event occurs, CBA must immediately Exchange such number of PERLS XV (or a percentage of the Face Value of each PERLS XV) as is sufficient to return the relevant CET1 Capital Ratio to above 5.125%.</p>	Section 4.8.1.2 “Capital Trigger Event”	52
		Section 5.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”	67
		Appendix A “Terms of CommBank PERLS XV Capital Notes”	111, 113, 126
		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	
<b>Automatic early Exchange – Non-Viability Trigger Event</b>	A Non-Viability Trigger Event occurs when APRA notifies CBA in writing that it believes: <ul style="list-style-type: none"> <li>• Exchange of all or some PERLS XV (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</li> <li>• a public sector injection of capital, or equivalent support, is necessary because, without it, CBA would become non-viable.</li> </ul> <p>If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS XV (or a percentage of the Face Value of each PERLS XV) 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 XV must be immediately Exchanged.</p>	Section 5.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”	67
		Appendix A “Terms of CommBank PERLS XV Capital Notes”	112, 113
		Clauses 4.2, 4.3, 4.4, 4.5 and 4.6	

		<b>Further information</b>	<b>Page</b>
<b>How does Exchange work upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event?</b>	Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, CBA must immediately Exchange all or some PERLS XV (or a percentage of the Face Value of each PERLS XV). 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.	Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"	67
	Any ASX trades in PERLS XV 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 XV have been Exchanged as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7.9	111, 112, 113, 118
	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 XV 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 XV 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.		
<b>Exchange Number</b>	CBA will issue the Exchange Number of Ordinary Shares for each PERLS XV held by a Holder.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 7.1	116
	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.		
	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 XV with a reduced Face Value.		



# Information About CommBank PERLS XV

## Capital Notes *(continued)*

		Further information	Page
<b>Maximum Exchange Number</b>	<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 XV.</p> <p>For example, if the Face Value is A\$100 (based on the Initial Face Value) and the Issue Date VWAP is A\$95, the Maximum Exchange Number would be calculated as follows:</p> $\frac{\text{A\$100}}{(0.20 \times \text{A\$95})}$ <p>= 5.2632 Ordinary Shares per PERLS XV</p> <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 XV (based on the Initial Face Value of A\$100), and may suffer loss as a consequence.</p> <p>For example, assuming a VWAP of A\$15, the Exchange Number for each PERLS XV is 6.7340 Ordinary Shares (using the formula in Section 2.3 "Mandatory Exchange"). However, the Maximum Exchange Number in the example above of 5.2632 is lower than the Exchange Number. As a result, the number of Ordinary Shares a Holder would receive, if they held one PERLS XV, would be 5 Ordinary Shares (as a fraction of an Ordinary Share to be issued in respect of a Holder's aggregate holding of PERLS XV will be disregarded).</p> <p>If those Ordinary Shares were sold on the ASX at the same price as the VWAP (being A\$15), the Holder would receive A\$75, thereby suffering a loss of A\$25 on their investment of A\$100 on the Initial Face Value of PERLS XV.</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 XV Capital Notes" Clause 7.1	116

		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 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 XV Capital Notes" Clause 7.10	118

## 2.5 Automatic Exchange on a Change of Control Event

CBA must Exchange all PERLS XV if certain events occur.

		Further information	Page
Automatic early Exchange	<p>CBA must Exchange all PERLS XV 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"> <li>a takeover bid for Ordinary Shares is made and certain conditions are satisfied; or</li> <li>a scheme of arrangement is proposed and certain conditions are satisfied.</li> </ul> <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 XV 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 XV Capital Notes" Clauses 4.7 and 7.1	113, 116
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 XV. 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"> <li><b>Second Mandatory Exchange Condition:</b> 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</li> <li><b>Third Mandatory Exchange Condition:</b> Ordinary Shares are listed or admitted to trading on a securities exchange as at the proposed Exchange Date.</li> </ul>	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 4.7	113

# Information About CommBank PERLS XV

## Capital Notes *(continued)*

		Further information	Page
<b>Exchange Number</b>	<p>CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS XV 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 XV Capital Notes” Clause 7.1	116
<b>Maximum Exchange Number</b>	<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 XV.</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 XV 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 XV Capital Notes” Clause 7.1	116
<b>What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?</b>	<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 XV Capital Notes” Clause 7.10	118

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

PERLS XV are subordinated, unsecured liabilities of CBA.

		Further information	Page
<b>No security</b>	PERLS XV are not secured by any assets of CBA or its subsidiaries.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 1.1	108
<b>Ranking in a winding up of CBA</b>	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 XV in a winding up of CBA"	13
	Your claim will rank equally with claims of other Holders and holders of Equal Ranking Securities. This means your PERLS XV rank equivalently to a preference share.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 1.5	108
	Your claim will rank ahead of claims of holders of Junior Ranking Securities (being holders of Ordinary Shares).		
	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.	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"	33, 67

1

2

3

4

5

6

7

8

A

# Information About CommBank PERLS XV

## Capital Notes *(continued)*

### 2.7 What else should I know about?

		Further information	Page
No voting rights for Holders at CBA shareholder meetings	You do not have a right to vote at meetings of shareholders of CBA.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 1.8 and 12.2	109, 122
	You may vote at meetings for PERLS XV Holders in accordance with the Deed Poll.		
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 XV, whether or not secured. A Holding of PERLS XV does not confer any right to participate in further issues of securities by CBA.	Section 5.2.9 "CBA may raise more debt and issue other securities"	69
		Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 1.5 and 1.8	108, 109
No set-off	CBA has no right to set-off amounts owing to Holders under PERLS XV against amounts owing by Holders to CBA or any member of the CBA Group.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 1.6	108
	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 XV.		
Not guaranteed	PERLS XV 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 XV and no member of the CBA Group, other than CBA, has any liability for PERLS XV.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 1.7	108
Substitution	CBA may, in connection with a NOHC Event, without the consent of Holders but subject to APRA approval <sup>1</sup> , substitute a NOHC as the debtor under PERLS XV 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 XV nor does it give you a right to request Exchange of your PERLS XV. Following substitution and prior to Exchange, you will continue to hold PERLS XV. 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.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clauses 2.5, 2.7 and 11	110, 121

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

		<b>Further information</b>	<b>Page</b>
<b>ASX quotation</b>	CBA will apply for quotation of PERLS XV on ASX. It is expected that PERLS XV will be quoted under code "CBAPL".	Section 7.4 "Issue and quotation of CommBank PERLS XV Capital Notes"	96
<b>Deed Poll</b>	<p>CBA has elected not to appoint a trustee in connection with PERLS XV. 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 Deed Poll contains:</p> <ul style="list-style-type: none"> <li>the agreement of CBA to observe its obligations as set out in the Terms;</li> <li>an obligation on CBA to establish and maintain the PERLS XV Register and the discretion to appoint the Registry to maintain the PERLS XV Register on its behalf; and</li> <li>provisions for meetings of Holders.</li> </ul> <p>Holders will be bound by the terms of the Deed Poll, the Terms and this Prospectus when PERLS XV are allotted or transferred to them or they purchase PERLS XV.</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"	84
<b>What is the power of attorney?</b>	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 XV, 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 XV Capital Notes" Clause 12.8	124
<b>Governing law</b>	New South Wales, Australia.	Appendix A "Terms of CommBank PERLS XV Capital Notes" Clause 12.10	124

If you have any questions about PERLS XV or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS XV Information Line on 1800 992 547 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period. Applicants may also call their Syndicate Broker.

This page has been intentionally left blank.

1

2

**3**

4

5

6

7

8

A

# 3

## Information About the Reinvestment Offer

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



# Information About the Reinvestment Offer

The following provides information about the Reinvestment Offer for Eligible PERLS VII Holders. Detailed information about PERLS XV 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 XV.

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 XV Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

## 3.1 What are PERLS VII?

PERLS VII are perpetual, exchangeable, resaleable, listed, subordinated, unsecured notes issued by CBA. PERLS VII trade on ASX under the code "CBAPD".

PERLS VII are not identical to PERLS XV. For a summary of differences between the two instruments, please refer to the table in Section 3.8 "Summary of key differences between PERLS VII and PERLS XV".

CBA has given notice in accordance with the PERLS VII Terms advising that on 15 December 2022 all outstanding PERLS VII will be redeemed for A\$100 per PERLS VII in accordance with the PERLS VII Terms. A copy of the "Redemption Notice" was lodged with ASX on 18 October 2022<sup>1</sup>.

PERLS VII holders also have the opportunity to apply for their PERLS VII to be Resold to the Nominated Party, and the proceeds reinvested in PERLS XV, as outlined below.

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

The Reinvestment Offer is an offer to Eligible PERLS VII Holders to apply to have their PERLS VII Resold to the Nominated Party, and reinvest all or some of the proceeds in PERLS XV on the Reinvestment Date. Any reinvestment in PERLS XV will occur before the redemption of PERLS VII on 15 December 2022.

To facilitate the Reinvestment Offer, CBA has elected that a Resale occur in relation to all Reinvesting PERLS VII on the Issue Date. If you are an Eligible PERLS VII Holder and apply to participate in the Reinvestment Offer in respect of some or all of your PERLS VII, and are allocated PERLS XV in the Reinvestment Offer, your relevant PERLS VII will be transferred to the Nominated Party on the Issue Date (expected to be 15 November 2022) and the proceeds (\$100 per PERLS VII) will be applied towards PERLS XV.

For those PERLS VII holders who do not wish to participate (or participate fully) in the Reinvestment Offer, CBA will redeem your Non-Reinvesting PERLS VII on 15 December 2022 (for \$100 per PERLS VII) in accordance with the PERLS VII Terms.

The Reinvestment Offer is only relevant and available to Eligible PERLS VII Holders. In order to be an Eligible PERLS VII Holder you must:

- be a company or an individual (including as a trustee of a family, hybrid or unit trust) aged 18 years or older;
- be a registered holder of PERLS VII at 7.00pm on the Reinvestment Offer Record Date (7 October 2022);
- have a registered address in Australia; and
- be either:
  - an investor who has received personal financial product advice from a financial adviser to acquire PERLS XV; or
  - a Wholesale Client.

Satisfactory evidence must be held or provided to your Syndicate Broker that you are either a Wholesale Client or have received personal financial product advice (in the form of a certificate from your adviser or a copy of your statement of advice from your adviser) to acquire PERLS XV.

Applications under the Reinvestment Offer can only be made through a Syndicate Broker.

Eligible PERLS VII Holders should contact their Syndicate Broker for instructions on how to apply.

If you hold PERLS X, PERLS XI, PERLS XII, PERLS XIII, PERLS XIV or Ordinary Shares but do not hold PERLS VII, you are not eligible to apply for PERLS XV under the Reinvestment Offer. However, you may be eligible to apply for PERLS XV under the New Money Offer.

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

Eligible PERLS VII Holders have two options:

**Option 1 – Reinvest some or all of your PERLS VII in PERLS XV by participating in the Reinvestment Offer through a Syndicate Broker**

If you choose to participate in the Reinvestment Offer, you may elect to apply to reinvest all or some of your PERLS VII into PERLS XV.

1. While CBA has obtained APRA's approval to redeem PERLS VII, it does not imply that CBA's other outstanding capital instruments with call dates (including, when issued, PERLS XV) will be redeemed and any such redemption will be in accordance with the relevant capital instrument's terms and conditions and subject to APRA's approval, which may or may not be given.

Your Reinvesting PERLS VII will be transferred to the Nominated Party on the Issue Date (expected to be 15 November 2022) and the proceeds (\$100 per PERLS VII) will be applied towards a reinvestment in PERLS XV. If you choose this option, no brokerage or other expenses in relation to the Reinvestment Offer will be payable by you.

If only some of your PERLS VII are reinvested in the Reinvestment Offer<sup>1</sup>, please also refer to Option 2 in respect of your Non-Reinvesting PERLS VII.

If you wish to apply for additional PERLS XV, you can do so through the New Money Offer by contacting your Syndicate Broker.

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

CBA will give priority to Syndicate Brokers’ broker firm bids for PERLS XV to be allocated to Applicants in the Reinvestment Offer when allocating PERLS XV. While no Applications will be processed during the Exposure Period, you are encouraged to contact your Syndicate Broker as soon as possible if you wish to participate, so that your Syndicate Broker can take your interest into account in its broker firm bid in the Bookbuild. The Bookbuild may close early. If you do not register your interest during the Bookbuild, you may not receive an allocation of PERLS XV from your Syndicate Broker’s Broker Firm Allocation.

As the size of the Offer is expected to be significantly less than that of PERLS VII, even if you do register your interest during the Bookbuild, your allocation of PERLS XV may be subject to scale back (this is the case whether you are applying under the Reinvestment Offer or the New Money Offer). It is at the discretion of the Syndicate Brokers as to how they allocate their Broker Firm Allocations to their clients. As a result of this, there is a risk that you do not receive a full allocation, or any allocation, of PERLS XV.

For further information on the allocation policy for PERLS XV, see Section 7.3 “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 VII, pending completion of the Reinvestment Offer. Once the holding lock has been applied, you will not be able to trade your Reinvesting PERLS VII on-market. It is your obligation to ensure that you do not transfer your Reinvesting PERLS VII.

You will be paid the First Pro-Rata PERLS VII Distribution on 15 November 2022 for each PERLS VII you hold on the record date for the First Pro-Rata PERLS VII Distribution, being 7 November 2022,

1. Whether because you only applied to reinvest some of your PERLS VII into PERLS XV, or because your Application to reinvest was scaled, or a combination.

provided the distribution payment conditions in the PERLS VII Terms are satisfied. This is the last distribution you will receive on any Reinvesting PERLS VII.

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

**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 VII, then your Non-Reinvesting PERLS VII<sup>1</sup> will be redeemed on 15 December 2022 in accordance with the PERLS VII Terms. Redemption proceeds will be paid to you in the same way in which distributions on your PERLS VII have previously been paid to you. No brokerage will be payable by you.

You will be paid the following distributions on Non-Reinvesting PERLS VII:

- the First Pro-Rata PERLS VII Distribution on 15 November 2022 for each PERLS VII held on the record date, being 7 November 2022; and
- the Final Pro-Rata PERLS VII Distribution on 15 December 2022 for each PERLS VII held on the record date, being 7 December 2022,

in each case provided that the distribution payment conditions in the PERLS VII Terms are satisfied.

You may also sell your PERLS VII 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 per PERLS VII. The last day for ASX trading in PERLS VII is expected to be 5 December 2022 after which trading will be suspended.

### 3.4 What happens on the Reinvestment Date?

For every PERLS VII you elect to reinvest, you will receive one PERLS XV, subject to scale back. If a scale back in relation to the allocation of PERLS XV applies, the corresponding PERLS VII which are not able to be reinvested will not be Resold. They will be treated as Non-Reinvesting PERLS VII and will be redeemed on 15 December 2022 in accordance with the PERLS VII Terms.

1

2

3

4

5

6

7

8

A

### 3.5 What happens to Non-Reinvesting PERLS VII?

CBA lodged a redemption notice on the ASX on 18 October 2022 to redeem all outstanding PERLS VII (for \$100 per PERLS VII) on 15 December 2022<sup>1</sup>. Any Non-Reinvesting PERLS VII will remain on issue following completion of the Reinvestment Offer and will be dealt with in accordance with the PERLS VII Terms. All rights attached to PERLS VII will continue, including rights to remaining distributions, as referred to above under Option 2 in Section 3.3 "If I am an Eligible PERLS VII Holder, what are my options?".

On 15 December 2022, all PERLS VII will be redeemed for A\$100 per PERLS VII, and this amount will be paid to you on 15 December 2022.

You may sell your PERLS VII on ASX at any time before trading in PERLS VII is suspended, which is expected to occur from the close of trading on 5 December 2022. The market price of PERLS VII is subject to change from time to time. You may be able to sell or dispose of your PERLS VII 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 VII can be obtained from [www.asx.com.au](http://www.asx.com.au) (ASX code: CBAPD).

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

All holders of PERLS VII on the record date for the Final PERLS VII Distribution (7 December 2022), including investors who purchased PERLS VII before trading of PERLS VII is suspended from the close of trading on 5 December 2022, will be entitled to the Final PERLS VII Distribution payable on 15 December 2022. These holders will not include holders of Reinvesting PERLS VII, as their Reinvesting PERLS VII will have been Resold to the Nominated Party on the Issue Date (expected to be 15 November 2022).

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

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

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

### 3.8 Summary of the key differences between PERLS VII and PERLS XV

	PERLS VII	PERLS XV
Issuer		CBA
Legal form		Unsecured, subordinated debt obligations
Initial Face Value		A\$100
ASX code	CBAPD	CBAPL <sup>2</sup>
Margin	2.80% per annum	To be determined through the Bookbuild – expected to be 2.85% to 3.00% per annum
Term	Perpetual, mandatory exchange for Ordinary Shares on 15 December 2024 if certain conditions are satisfied	Perpetual, mandatory Exchange on 16 June 2031 if the Mandatory Exchange Conditions are satisfied
Distributions		Floating
Distribution dates		Quarterly
Franking of distribution		Yes
Redemption at CBA's option (subject to APRA approval and certain other conditions)	15 December 2022	15 June 2028, 15 December 2028 or 15 June 2029
Conversion to Ordinary Shares on a Capital Trigger Event or Non-Viability Trigger Event	Yes, following a Capital Trigger Event (CET1 Capital Ratio equal to or less than 5.125%) or Non-Viability Trigger Event <sup>3</sup>	
Ranking in a winding up (assuming no Exchange)	Ranks equivalent to a preference share	

1. While CBA has obtained APRA's approval to redeem PERLS VII, it does not imply that CBA's other outstanding capital instruments with call dates (including, when issued, PERLS XV) will be redeemed and any such redemption will be in accordance with the relevant capital instrument's terms and conditions and subject to APRA's approval, which may or may not be given.
2. CBA will apply for PERLS XV to be quoted by ASX and they are expected to trade under code "CBAPL".
3. In relation to PERLS XV, see Section 2.4 "Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event".

1

2

3

**4**

5

6

7

8

A

# 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 the leading providers of financial services in Australia, with a focus on providing retail and commercial banking services predominantly in Australia, and in New Zealand through its subsidiary ASB. As part of focusing on this core business CBA has undertaken a number of divestments in recent years, and continues to explore potential divestments of other non-core businesses or investments. CBA is one of the largest companies listed on ASX and had a market capitalisation of A\$168 billion as at 14 October 2022. CBA is an authorised deposit-taking institution ("ADI") regulated by APRA and other regulatory bodies.

You should focus on the financial position of CBA when deciding to invest in PERLS XV. Investments in PERLS XV are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. PERLS XV 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 [asx.com.au](http://asx.com.au) and CBA's Investor Centre at [commbank.com.au/investors](http://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.

### • Retail Banking Services

Retail Banking Services provides banking and general insurance products and services to personal customers and banking and advisory services for high net worth individuals. Retail Banking Services also includes the retail banking activities conducted under the Bankwest brand. On 30 September 2022, CBA announced it has completed the sale of CommInsure General Insurance to the Hollard Group ("Hollard").

### • Business Banking

Business Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions. It also provides equities trading and margin lending services through CommSec. Business Banking includes the business banking activities conducted under the Bankwest brand.

### • Institutional Banking and Markets

Institutional Banking and Markets serves the commercial and wholesale banking needs of large corporate, institutional and government clients across a full range of banking services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.

### • New Zealand

New Zealand primarily includes the banking and funds management businesses operating in New Zealand under the ASB brand. ASB provides a range of banking, wealth and insurance products and services to its personal, business, rural and corporate customers in New Zealand.

### • Corporate Centre and other

Centrally held minority investments and subsidiaries are held in this business segment. Corporate Centre includes CBA's support functions such as Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs.

Business contribution to CBA's net profit after tax ("cash basis")<sup>1</sup> for the year ended 30 June 2022



1. Presented on a continuing operations basis.



### 4.3 Business strategy of CBA

CBA's purpose is building a brighter future for all.

CBA's strategy is building tomorrow's bank today for our customers. CBA has four strategic priorities: Leadership in Australia's recovery and transition; reimagined products and services; global best digital experiences and technology; and simpler, better foundations.

### 4.4 Financial services industry regulatory environment

An update on legal, regulatory and industry matters is included in the Note 7.1 to the Financial Statements in the 2022 Annual Report, available from the Investor Centre at [commbank.com.au/2022annualreport](https://commbank.com.au/2022annualreport).

The regulatory, litigation and reputation risks that may arise in connection with CBA's businesses are outlined in Sections 5.3.1.2 "CBA is subject to extensive regulation and operates in an environment of political scrutiny, which could adversely impact its operations and financial condition" and 5.3.2.4 "CBA may be adversely affected by risks that undermine the trust of stakeholders and erode CBA's brand" and 5.3.4.1 "CBA's business could be negatively impacted by substantial legal liability or regulatory action".

Where CBA or a Group entity has breached, or potentially breached, laws or regulatory obligations and it is notified to, or identified by, regulators it may result in a regulatory investigation. Where a breach has occurred, regulators may also impose, or apply to a court for, fines and/or other sanctions. There also continue to be a number of litigation proceedings against the Group. These proceedings include eleven class actions.

### 4.5 Directors of CBA

The CBA Board of Directors are:

- Paul O'Malley, Chairman
- Matt Comyn, Managing Director and Chief Executive Officer
- Genevieve Bell AO, Independent Non-Executive Director
- Lyn Cobley, Independent Non-Executive Director
- Julie Galbo, Independent Non-Executive Director
- Peter Harmer, Independent Non-Executive Director
- Simon Moutter, Independent Non-Executive Director
- Mary Padbury, Independent Non-Executive Director
- Anne Templeman-Jones, Independent Non-Executive Director
- Rob Whitfield AM, Independent Non-Executive Director

The Board's role, responsibilities and composition and the manner in which it discharges responsibilities are set out in the Board Charter. The Board Charter can be found at [commbank.com.au/corporategovernance](https://commbank.com.au/corporategovernance) and further information on the Directors at [commbank.com.au/ourcompany](https://commbank.com.au/ourcompany).

### 4.6 Management of the businesses of CBA

The Executive Leadership team of CBA comprises:

- Matt Comyn, Managing Director and Chief Executive Officer
- David Cohen, Deputy Chief Executive Officer
- Pascal Boillat, Group Executive, Technology and Chief Information Officer
- Alan Docherty, Group Executive, Financial Services and Chief Financial Officer
- Andrew Hinchliff, Group Executive, Institutional Banking and Markets
- Sian Lewis, Group Executive, Human Resources
- Monique Macleod, Group Executive, Marketing and Corporate Affairs
- Carmel Mulhern, Group General Counsel and Group Executive, Legal & Group Secretariat
- Vittoria Shortt, Chief Executive and Managing Director, ASB Bank Ltd
- Angus Sullivan, Group Executive, Retail Banking Services
- Sinead Taylor, Chief Operations Officer
- Mike Vacy-Lyle, Group Executive, Business Banking
- Nigel Williams, Group Chief Risk Officer

On 17 August 2022, CBA announced that Pascal Boillat will leave the Group in mid-November, with Gavin Munroe to assume the role of Group Executive, Technology and Chief Information Officer from 14 November 2022.

Further information about CBA's Executive Leadership team can be found at [commbank.com.au/ourcompany](https://commbank.com.au/ourcompany).

### 4.7 Corporate governance of CBA

Effective governance is key to CBA's ability to deliver on its purpose and strategy.

CBA is committed to continuously improving its governance practices and ensuring that they are aligned with its business and stakeholders' needs. The CBA Board's key responsibilities include setting the strategic objectives and risk appetite of CBA and approving the Group's Code of Conduct to set the Board's expectations for the Group's values and desired culture.

1

2

3

4

5

6

7

8

A

CBA has followed the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX 4<sup>th</sup> Edition) for the reporting period ending 30 June 2022.

Further information about CBA's key governance arrangements and practices, including the 2022 Corporate Governance Statement, can be found at [commbank.com.au/corporategovernance](http://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 XV.

CBA's consolidated income statements and balance sheets for the full years ended 30 June 2022, 2021 and 2020 are summarised in Sections 4.8.4 "Consolidated income statement" and 4.8.5 "Consolidated balance sheet".

Consistent with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', a number of businesses within the CBA Group have been reported as discontinued operations. Discontinued operations represent a separate major line of business or geographical area of operation 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 2022 include Colonial First State (CFS). On 21 June 2021, CBA announced the sale of CommInsure General Insurance to Hollard. As CommInsure General Insurance did not constitute a major line of the CBA Group's business, it was not classified as a discontinued operation. The assets and liabilities have been classified as held for sale as at 30 June 2022. On 30 September 2022, CBA announced the completion of the sale.

Information in Sections 4.8.1, 4.8.2 and regulatory information (including capital, leverage ratio, NSFR and LCR) is presented including discontinued operations up to the date of their sale or closure. All other information in Section 4.8, unless otherwise identified, is presented on a continuing operations basis only.

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 2022 and 2021 Annual Reports.

As a result, this Prospectus should be read in conjunction with the 2022 Annual Report of the

CBA Group and any public announcements made in the period by the CBA Group in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules.

The Profit Announcement for the full year ended 30 June 2022 and the 2022 Annual Report are available from the Investor Centre at [commbank.com.au/results](http://commbank.com.au/results) and [commbank.com.au/2022annualreport](http://commbank.com.au/2022annualreport).

### 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").

An ADI is currently required to hold a certain level of regulatory capital against its risk-weighted assets ("RWA") 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.

APRA currently classifies an ADI's regulatory capital into three categories for supervisory purposes – referred to as Common Equity Tier 1 ("CET1") Capital, Tier 1 Capital and Total Capital.

CET1 Capital comprises ordinary share capital, retained earnings and certain other items recognised as capital, less prescribed regulatory adjustments. The ratio of such capital to RWA is called the CET1 Capital Ratio.

Tier 1 Capital is the sum of CET1 Capital and Additional Tier 1 Capital which comprises certain equity-like securities (such as PERLS XV). The ratio of such capital to RWA is called the Tier 1 Capital ratio. APRA has provided confirmation that PERLS XV, once issued, will qualify as Additional Tier 1 Capital for the purposes of the regulatory capital requirements that apply to CBA.

Total Capital is the sum of Tier 1 Capital and Tier 2 Capital. Tier 2 Capital includes certain subordinated securities which are of a lesser quality than Tier 1 Capital. The ratio of Total Capital to RWA is called the Total Capital ratio.

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

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 XV in the future.

Under Basel III, an ADI is required to have a minimum CET1 Capital Ratio of 4.5%, a Tier 1 Capital Ratio of 6.0% and a Total Capital ratio of 8.0%, each of 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 these minimum requirements, and the total of these minimum requirements and any additional amount required is called the prudential capital requirement ("PCR"). The PCR represents the regulatory minimum CET1, Tier 1 and Total Capital ratios that CBA is required to maintain at all times.

APRA also requires ADIs to hold additional capital buffers, in the form of CET1 Capital, above the ADI's regulatory minimum, which comprises:

- a capital conservation buffer ("CCB") equal to 2.5% of RWA, unless APRA determines otherwise; and
- a 1% buffer for domestic systemically important banks ("D-SIB"), such as CBA.

This makes the current total CET1 Capital Ratio requirement for a D-SIB equal to a minimum of 8%.

APRA also has the discretion to apply an additional countercyclical capital buffer ("CCyB") 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 CCyB applicable to Australian exposures at 0%.

References to the minimum total CET1 Capital requirement applicable under APRA's prudential standards are to the general minimums applying under APRA's existing ADI capital framework, rather than specific minimums applying to CBA. See Section 4.8.1.5 "Regulatory developments" for details on the changes to APRA's ADI capital framework effective from 1 January 2023.

#### CBA Level 2 CET1 Capital levels and 4.5% minimum requirements<sup>1,2</sup>

	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 2022	11.5%	57.0	4.5%	22.4	7.0%	34.6
31 December 2021	11.8%	55.5	4.5%	21.2	7.3%	34.3
30 June 2021	13.1%	58.9	4.5%	20.3	8.6%	38.6
31 December 2020	12.6%	57.1	4.5%	20.4	8.1%	36.7
30 June 2020	11.6%	52.6	4.5%	20.5	7.1%	32.1

1. Does not include the CCB. For a comparison including the CCB, see the table titled "CBA Level 2 CET1 Capital levels and 8% minimum requirements" on page 53.
2. Calculations are based on the existing APRA ADI capital framework. See Section 4.8.1.5 "Regulatory developments" for details on the changes to the APRA ADI capital framework.

As at 30 June 2022, CBA's Level 2 CET1 Capital Ratio was 11.5%. This means that, for every A\$1 of RWA it had, it held A\$0.115 of capital in the form of CET1 Capital.

CBA's Level 1 CET1 Capital Ratio was 11.8% as at 30 June 2022, which equates to a surplus of approximately A\$33.8 billion above the minimum CET1 Capital Ratio.

1

2

3

4

5

6

7

8

A



#### 4.8.1.2 Capital Trigger Event

Under Basel III, Tier 1 securities (such as PERLS XV) 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 is equal to or less than 5.125% (see Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur").

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

#### CBA Level 2 CET1 Capital levels and capital trigger<sup>1</sup>

	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 2022	11.5%	57.0	5.125%	25.5	6.3%	31.5
31 December 2021	11.8%	55.5	5.125%	24.2	6.6%	31.3
30 June 2021	13.1%	58.9	5.125%	23.1	7.9%	35.8
31 December 2020	12.6%	57.1	5.125%	23.2	7.5%	33.9
30 June 2020	11.6%	52.6	5.125%	23.3	6.4%	29.3

1. Calculations are based on the existing APRA ADI capital framework, see Section 4.8.1.5 "Regulatory developments" for details on the changes to the APRA ADI capital framework.

CBA's Level 1 CET1 Capital Ratio was 11.8% as at 30 June 2022, which equates to a surplus of approximately A\$30.9 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's CET1 Capital Ratio, calculated on both a Level 1 and a Level 2 basis, is above the CCB or has fallen into the buffer outlined in the table below.

#### Capital conservation buffer rules<sup>1</sup>

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

1. Based on the existing APRA ADI capital framework, above example assumes the total CCB (including the D-SIB buffer of 1% and CCyB of 0%) is 3.5%. See Section 4.8.1.5 "Regulatory developments" for details on the changes to the APRA ADI capital framework.
2. 4.5% minimum plus any additional amount required by APRA.

CBA Level 2 CET1 Capital levels and 8% minimum requirements<sup>1,2</sup>

	CET1 Capital Ratio	CET1 Capital (A\$bn)	Minimum CET1 Capital Ratio <sup>1</sup>	Minimum CET1 Capital requirement at 8% (A\$bn) <sup>1</sup>	Surplus above Minimum CET1 Capital Ratio	Surplus CET1 Capital (A\$bn)
30 June 2022	11.5%	57.0	8%	39.8	3.5%	17.2
31 December 2021	11.8%	55.5	8%	37.8	3.8%	17.7
30 June 2021	13.1%	58.9	8%	36.1	5.1%	22.8
31 December 2020	12.6%	57.1	8%	36.3	4.6%	20.8
30 June 2020	11.6%	52.6	8%	36.4	3.6%	16.2

1. Includes the CCB.

2. Calculations are based on the existing APRA ADI capital framework, see Section 4.8.1.5 "Regulatory developments" for details on the changes to the APRA ADI capital framework.

CBA's Level 1 CET1 Capital Ratio was 11.8% as at 30 June 2022, which equates to a surplus of approximately A\$17.7 billion above the minimum 8% CET1 Capital requirement.

As outlined above, discretionary payments (such as Distributions on PERLS XV) may not be paid if an ADI's CET1 Capital 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 on and off balance sheet 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 XV in the future.

A minimum of 3.5% will apply to Internal Ratings-based ("IRB") ADIs such as CBA from 1 January 2023. As at 30 June 2022, CBA's Leverage Ratio was 5.2%. This means that, for every A\$1 of exposures it had, it held A\$0.052 of capital in the form of Tier 1 Capital.

#### 4.8.1.5 Regulatory developments

From 1 January 2023, APRA will implement its revisions to the ADI capital framework. The objectives of these revisions are to increase the risk sensitivity within the capital framework, to enhance the ability of ADIs to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards.

APRA's revisions, which were finalised in November 2021, include the following changes with respect to major IRB ADIs such as CBA:

- A minimum CET1 Capital Ratio of 10.25%, which is comprised of a minimum PCR of 4.5% and a CCB of 5.75%, which includes a D-SIB buffer of 1% and a baseline CCyB set at 1%. The CCyB, which may be varied by APRA in the range of 0% to 3.5% can be released in times of systemic stress and post-stress recovery;
- Enhancing risk sensitivity in the residential mortgage and commercial property portfolios, through greater allowance of an ADI's own models to measure credit risk capital, and higher capital requirements for high-risk segments such as interest only and investor mortgages;
- Replacing the advanced measurement approach for operational risk with a standardised approach across the industry;
- Implementing a 72.5% output floor to limit the gap in capital requirements between standardised and IRB ADIs; and
- Further aligning the RWAs of New Zealand banking subsidiaries at the consolidated group level by adopting a revised version of the Reserve Bank of New Zealand ("RBNZ") capital framework.

In combination, these revisions will result in changes to the calculation and presentation of capital ratios. APRA has stated that the new framework does not require banks to raise additional capital. The CET1 Capital Ratio at which conversion or write-off of Additional Tier 1 securities (such as PERLS XV) is triggered, will remain at 5.125% (see Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur").

APRA has indicated that it expects D-SIBs, including CBA, will likely operate with a CET1 Capital Ratio above 11% under the new ADI capital framework.

Further changes related to Interest Rate Risk in the Banking Book are expected to be implemented from 2024. Revisions related to Traded Market Risk and Counterparty Credit Risk are expected to be implemented in 2025. APRA is yet to commence consultation on Traded Market Risk and Counterparty Credit Risk related changes.

From 1 January 2024, D-SIBs, including CBA, will be required to hold an additional Total Capital requirement of 3% of RWA to satisfy APRA's loss-absorbing capital requirements. This will increase to 4.5% from 1 January 2026. The combination of revisions to the ADI capital framework and the loss-absorbing capital requirement will result in a minimum Total Capital requirement of 16.75% and 18.25% from 1 January 2024 and 1 January 2026, respectively.

In June 2021, the RBNZ finalised New Zealand bank capital adequacy requirements. These requirements include the RWA of New Zealand IRB banks, such as ASB Bank Limited, increasing to approximately 90% of that required under a standardised approach. In addition, for those banks deemed systemically important, including ASB, the Tier 1 capital requirement will increase to 16% of RWA, of which 13.5% must be in the form of CET1 capital. Tier 2 capital will remain in the framework, and can contribute up to 2% of the 18% minimum Total Capital Ratio. Existing Additional Tier 1 and Tier 2 instruments issued by New Zealand banks will no longer be eligible under the RBNZ's new capital criteria. These reforms have been phased in from 1 October 2021 with full implementation on 1 July 2028.

**Further information about regulatory developments can be found in the section entitled "Capital" in the Profit Announcement for the full year ended 30 June 2022 which is available from the Investor Centre at [commbank.com.au/results](http://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 XV to satisfy its Tier 1 Capital requirements and provide flexibility for future growth.

The CBA Level 2 CET1 Capital Ratio as at 30 June 2022 was 11.5%, above APRA's current CET1 benchmark ratio of 10.5% and well in excess of regulatory minimum capital requirements. In addition, CBA has announced that, from 1 January 2023, it expects to operate with a CET1 Capital Ratio of greater than 11%, except in circumstances of unexpected capital volatility. However, CBA gives no assurances as to what its capital ratios will be at any time. These ratios may be significantly impacted by future regulatory changes, unexpected events affecting CBA's business, operations and financial condition, any acquisitions or capital reductions (such as share buy-backs) and by APRA's prescriptions for the determination of these ratios. Upon implementation of the new capital framework described in Section 4.8.1.5 above, CBA's capital ratios and the buffers it holds above the new regulatory minimum requirements, may differ from current levels.

**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 2022 which is available from the Investor Centre at [commbank.com.au/results](http://commbank.com.au/results).**

### 4.8.2 Funding and liquidity

#### 4.8.2.1 Funding

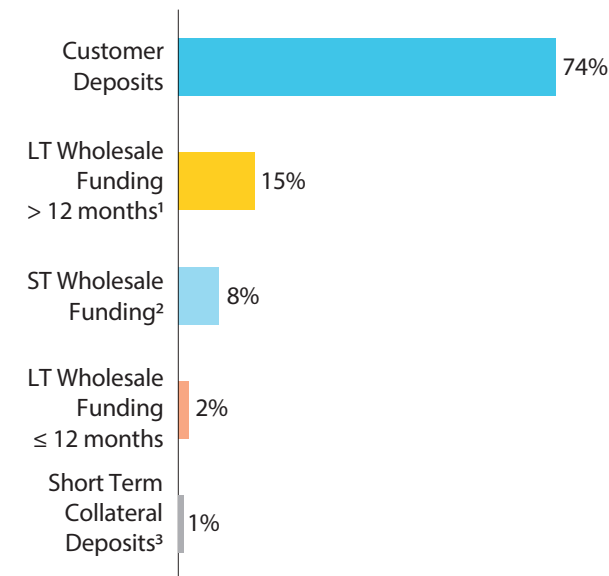
CBA raises customer deposits as well as long-term and short-term wholesale debt to fund its business activities, including lending. Customer deposits include transaction, savings and investment deposits raised from retail, business and institutional clients, predominantly in Australia. Long-term and 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%.

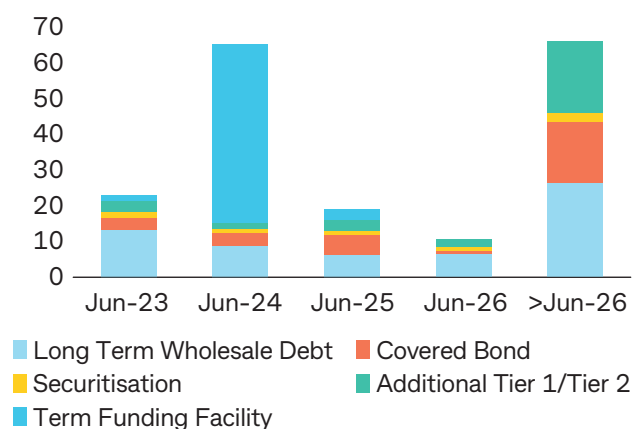
As at 30 June 2022, CBA's NSFR was 130%. This means that, for every A\$1 of core assets, it held A\$1.30 of stable funding.

#### CBA's Funding Composition as at 30 June 2022

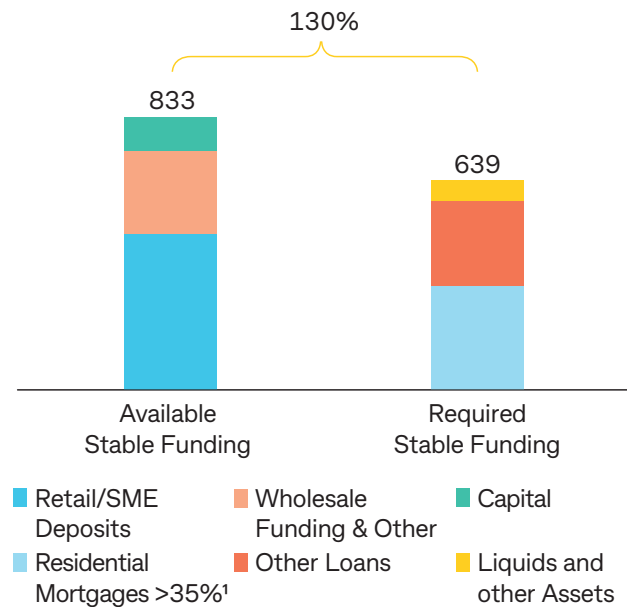


1. Includes IFRS mark-to-market and derivative foreign exchange revaluations and CBA's drawn term funding facility allowance.
2. Includes deposits from banks and central banks as well as net securities that are not classified as high quality liquid assets sold or purchased under repurchase agreements.
3. Includes net collateral received, Vostro balances, and the amount pledged with the Reserve Bank of Australia to facilitate intra-day cash flows in the Exchange Settlement Account ("ESA").

#### CBA's Term Wholesale Funding profile as at 30 June 2022 (A\$bn)



#### CBA's Net Stable Funding Ratio as at 30 June 2022 (A\$bn)



1. This represents residential mortgages with risk weighting less than or equal to 35% under APRA Prudential Standard APS112 Capital Adequacy: "Standardised Approach to Credit Risk".

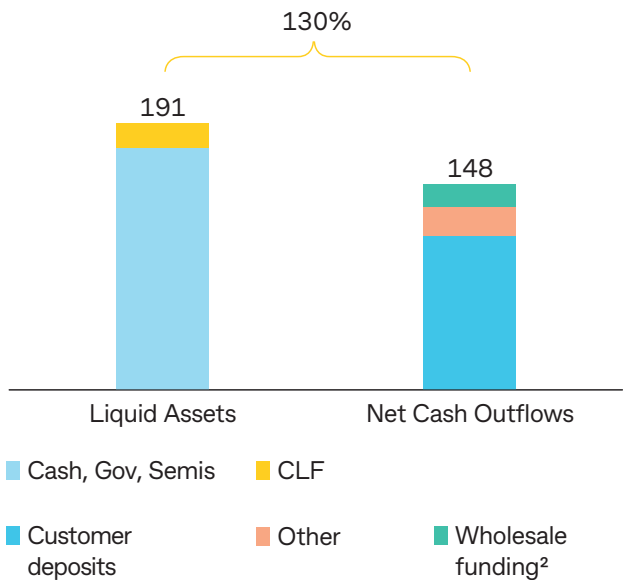
#### 4.8.2.2 Liquidity

CBA ensures that it has sufficient cash and 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%.

CBA's quarterly average LCR for the quarter ended 30 June 2022 was 130%. This means that, for every A\$1 of potential net cash outflow, it held A\$1.30 of liquid assets.

CBA's Liquidity Coverage Ratio for the quarter ended 30 June 2022 (A\$bn)<sup>1</sup>



1. Liquidity Coverage Ratio presented as a simple average of daily observations over the quarter.  
2. 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 business earns fees for funds management services.

The insurance business earns premiums in relation to general insurance provided to customers. Part of those premiums are invested in anticipation of future liabilities and therefore the revenue of this business also includes investment earnings. On 21 June 2021, CBA announced that it has entered into an agreement to sell CommInsure General Insurance to Hollard. On 30 September 2022, CBA announced the completion of this sale.

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. All else being equal, 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 2022, CBA's operating expense to total operating income ratio ("cash basis") was 46.7%. This means that, for every A\$1 of operating income it earned, it had operating expenses of A\$0.467.

- **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 2022, CBA's return on equity ratio ("cash basis") was 12.7%. This means that, for every A\$1 of average shareholders' equity it held, it earned net profit after tax of A\$0.127.

#### 4.8.4 Consolidated income statement

	Full Year Ended 30 June 2022 A\$M <sup>1</sup>	Full Year Ended 30 June 2021 A\$M <sup>1</sup>	Full Year Ended 30 June 2020 A\$M <sup>1</sup>
Interest income	24,293	25,121	30,567
Interest expense	(4,820)	(5,819)	(11,552)
Net interest income	19,473	19,302	19,015
Other banking income <sup>2</sup>	5,462	4,802	4,597
Net banking operating income	24,935	24,104	23,612
Net funds management operating income	135	165	173
Net insurance operating income	73	145	141
<b>Total net operating income before operating expenses and impairment</b>	<b>25,143</b>	<b>24,414</b>	<b>23,926</b>
Operating expenses	(11,816)	(11,485)	(11,030)
Loan impairment benefit/(expense)	357	(554)	(2,518)
<b>Net profit before income tax</b>	<b>13,684</b>	<b>12,375</b>	<b>10,378</b>
Income tax expense	(4,011)	(3,532)	(2,990)
<b>Net profit after income tax from continuing operations</b>	<b>9,673</b>	<b>8,843</b>	<b>7,388</b>
Net profit after income tax from discontinued operations	1,098	1,338	2,207
Non-controlling interests in net profit after income tax from discontinued operations	-	-	(3)
<b>Net profit attributable to equity holders of CBA</b>	<b>10,771</b>	<b>10,181</b>	<b>9,592</b>

1. Comparative information has been restated to reflect the prior period restatements. For further detail refer to Note 1.1 in the 2022 Annual Report.

2. Other banking income is presented net of directly associated depreciation and impairment charges.

**4.8.5 Consolidated balance sheet**

	<b>As at 30 June 2022 A\$M<sup>1</sup></b>	<b>As at 30 June 2021 A\$M<sup>1,2</sup></b>	<b>As at 30 June 2020 A\$M<sup>3</sup></b>
<b>Assets</b>			
Cash and liquid assets	161,154	100,041	44,165
Receivables from financial institutions	6,845	5,085	8,547
Assets at fair value through Income Statement	25,315	36,970	46,545
Derivative assets	35,736	21,449	30,285
Investment securities:			
At amortised cost	3,217	4,278	5,173
At fair value through Other Comprehensive Income	79,086	86,560	79,549
Assets held for sale	1,322	1,201	1,770
Loans, bills discounted and other receivables	878,854	811,356	772,980
Property, plant and equipment	4,887	5,284	5,602
Investment in associates and joint ventures	2,801	3,941	3,034
Intangible assets	6,899	6,942	6,891
Deferred tax assets	3,173	2,080	2,091
Other assets	5,971	6,788	8,839
<b>Total assets</b>	<b>1,215,260</b>	<b>1,091,975</b>	<b>1,015,471</b>
<b>Liabilities</b>			
Deposits and other public borrowings	857,586	766,381	703,432
Payables to financial institutions	26,052	19,059	14,929
Liabilities at fair value through Income Statement	7,271	8,381	4,397
Derivative liabilities	33,899	18,486	31,347
Current tax liabilities	263	135	795
Deferred tax liabilities	150	228	30
Liabilities held for sale	1,183	405	594
Provisions	3,636	3,776	3,461
Term funding from central banks	54,807	51,856	1,500
Debt issues	116,902	103,003	142,503
Bills payable and other liabilities	12,656	12,217	13,188
<b>Total liabilities excluding loan capital</b>	<b>1,114,405</b>	<b>983,927</b>	<b>916,176</b>
Loan capital	28,017	29,360	27,357
<b>Total liabilities</b>	<b>1,142,422</b>	<b>1,013,287</b>	<b>943,533</b>
<b>Net assets</b>	<b>72,838</b>	<b>78,688</b>	<b>71,938</b>
<b>Shareholders' Equity</b>			
Ordinary share capital	36,467	38,420	38,131
Reserves	(460)	3,249	2,666
Retained profits	36,826	37,014	31,136
<b>Shareholders' Equity attributable to equity holders of CBA</b>	<b>72,833</b>	<b>78,683</b>	<b>71,933</b>
Non-controlling interests	5	5	5
<b>Total Shareholders' Equity</b>	<b>72,838</b>	<b>78,688</b>	<b>71,938</b>

1. Current year balances have been impacted by the completed sales of a 10% interest in Bank of Hangzhou Co., Ltd ("HZB") and 55% interest in CFS, and the announced divestment of CommInsure General Insurance which subsequently completed on 30 September 2022. For further detail refer to Note 11.3 in the 2022 Annual Report.
2. Comparative information has been restated to reflect the prior period restatements. For further detail refer to Note 1.1 in the 2022 Annual Report.
3. Amounts presented are as disclosed in CBA's Annual Report for the full year ended 30 June 2021.



#### 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 2022

	Full Year Ended 30 June 2022	Full Year Ended 30 June 2021	Full Year Ended 30 June 2020	Potential impact on PERLS XV
Operating Expense to Total Operating Income Ratio ("cash basis") <sup>1</sup>	46.7%	47.0%	46.3%	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") <sup>1</sup>	12.7%	11.5%	10.2%	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 <sup>2</sup>	11.5%	13.1%	11.6%	If the capital ratios are too low, it may indicate that CBA may not be able to elect to Redeem PERLS XV in the future (or if they are very low, may indicate that there is a risk of a Capital Trigger Event or a Non-Viability Trigger Event).
Tier 1 Capital Ratio <sup>2</sup>	13.6%	15.7%	13.9%	
Total Capital Ratio <sup>2</sup>	17.6%	19.8%	17.5%	
Leverage Ratio	5.2%	6.0%	5.9%	If the Leverage Ratio is too low, it may indicate that CBA may not be able to elect to Redeem PERLS XV in the future.
Net Stable Funding Ratio	130%	129%	120%	If the NSFR is too low, it may indicate that CBA may not be able to elect to Redeem PERLS XV in the future.
Liquidity Coverage Ratio <sup>3</sup>	130%	129%	155%	If the LCR is too low, it may indicate that CBA may not be able to elect to Redeem PERLS XV in the future.

1. Comparative information has been restated to conform to presentation in the current period. For further detail refer to Note 1.1 in the 2022 Annual Report.

2. APRA Level 2 capital ratio.

3. LCR presented as a simple average of daily observations over the previous quarter. Presented for the quarters ended 30 June 2022, 30 June 2021 and 30 June 2020.



**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 2022 assuming:

- A\$750 million of PERLS XV were issued and issue costs of A\$12 million were incurred on 30 June 2022; and
- redemption of A\$3 billion of PERLS VII.

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

**Consolidated pro forma balance sheet as at 30 June 2022<sup>1</sup>**

	As reported A\$M	Pro forma adjustment	Pro forma A\$M
<b>Assets</b>			
Cash and liquid assets	161,154	(2,262)	158,892
Receivables from financial institutions	6,845	-	6,845
Assets at fair value through Income Statement	25,315	-	25,315
Derivative assets	35,736	-	35,736
Investment securities:			
At amortised cost	3,217	-	3,217
At fair value through Other Comprehensive Income	79,086	-	79,086
Assets held for sale	1,322	-	1,322
Loans, bills discounted and other receivables	878,854	-	878,854
Property, plant and equipment	4,887	-	4,887
Investment in associates and joint ventures	2,801	-	2,801
Intangible assets	6,899	-	6,899
Deferred tax assets	3,173	-	3,173
Other assets	5,971	-	5,971
<b>Total assets</b>	<b>1,215,260</b>	<b>(2,262)</b>	<b>1,212,998</b>
<b>Liabilities</b>			
Deposits and other public borrowings	857,586	-	857,586
Payables to financial institutions	26,052	-	26,052
Liabilities at fair value through Income Statement	7,271	-	7,271
Derivative liabilities	33,899	-	33,899
Current tax liabilities	263	-	263
Deferred tax liabilities	150	-	150
Liabilities held for sale	1,183	-	1,183
Provisions	3,636	-	3,636

	As reported A\$M	Pro forma adjustment	Pro forma A\$M
Term funding from central banks	54,807	-	54,807
Debt issues	116,902	-	116,902
Bills payable and other liabilities	12,656	-	12,656
Total liabilities excluding loan capital	1,114,405	-	1,114,405
Loan capital	28,017	(2,262)	25,755
<b>Total liabilities</b>	<b>1,142,422</b>	<b>(2,262)</b>	<b>1,140,160</b>
<b>Net assets</b>	<b>72,838</b>		<b>72,838</b>
<b>Shareholders' Equity</b>			
Ordinary share capital	36,467	-	36,467
Reserves	(460)	-	(460)
Retained profits	36,826	-	36,826
<b>Shareholders' Equity attributable to equity holders of CBA</b>	<b>72,833</b>	<b>-</b>	<b>72,833</b>
Non-controlling interests	5	-	5
<b>Total Shareholders' Equity</b>	<b>72,838</b>	<b>-</b>	<b>72,838</b>

1. No pro forma adjustment has been made for: (i) the impact of the payment of the final dividend for the full year ending 30 June 2022 of A\$2.10 per Ordinary Share amounting to A\$3,573 million; (ii) the divestment of CommInsure General Insurance which completed on 30 September 2022. The divestment is expected to increase the CBA Level 2 CET1 Capital Ratio by approximately 9 basis points based on the CBA Group's RWA as at 30 June 2022. CommInsure General Insurance did not constitute a major line of the CBA Group's business; and (iii) the impact of share purchases since 30 June 2022 under the on-market share buy-back of up to A\$2 billion announced on 9 February 2022 (as at 7 October 2022, CBA bought back a total of A\$976 million worth of shares).

The following pro forma adjustments show the changes that would be made to relevant financial ratios as at 30 June 2022 assuming:

- A\$750 million of PERLS XV were issued and issue costs of A\$12 million were incurred on 30 June 2022; and
- redemption of A\$3 billion of PERLS VII.

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

#### Pro forma relevant financial ratios as at 30 June 2022<sup>1</sup>

	As reported	Pro forma adjustment	Pro forma
Operating Expense to Total Operating Income Ratio ("cash basis") <sup>2</sup>	46.7%	-	46.7%
Return on Equity Ratio ("cash basis") <sup>2</sup>	12.7%	-	12.7%
CET1 Capital Ratio <sup>3</sup>	11.5%	(0.0)%	11.5%
Tier 1 Capital Ratio <sup>3</sup>	13.6%	(0.5)%	13.1%
Total Capital Ratio <sup>3</sup>	17.6%	(0.5)%	17.1%
Leverage Ratio	5.2%	(0.2)%	5.0%
Net Stable Funding Ratio <sup>4</sup>	130%	(0.4)%	130%
Liquidity Coverage Ratio <sup>4</sup>	130%	(1.5)%	128%

1. No pro forma adjustment has been made for: (i) the impact of the payment of the final dividend for the full year ending 30 June 2022 of A\$2.10 per Ordinary Share amounting to A\$3,573 million; (ii) the divestment of CommInsure General Insurance which completed on 30 September 2022. The divestment is expected to increase the CBA Level 2 CET1 Capital Ratio by approximately 9 basis points based on the CBA Group's RWA as at 30 June 2022. CommInsure General Insurance did not constitute a major line of the CBA Group's business; and (iii) the impact of share purchases since 30 June 2022 under the A\$2 billion on-market share buy-back announced on 9 February 2022 (as at 7 October 2022, CBA bought back a total of A\$976 million worth of shares).
2. There is no change to these ratios because all costs are capitalised and amortised over time.
3. Level 2 capital ratio.
4. Rounded to the nearest percent.

This page has been intentionally left blank.

1

2

3

4

**5**

6

7

8

A

# 5

## Risks of CommBank PERLS XV Capital Notes

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

# Risks of CommBank PERLS XV Capital Notes

## 5.1 Introduction

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

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

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 XV. 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 XV could lose all or part of their investment.

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

## 5.2 Risks associated with CommBank PERLS XV Capital Notes specifically

### 5.2.1 Investments in PERLS XV are not deposit liabilities or protected accounts under the Banking Act or Financial Claims Scheme

Investments in PERLS XV 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 or otherwise protected under the Financial Claims Scheme. Therefore, PERLS XV 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 XV 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 XV 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 XV and any Equal Ranking Securities, there is a risk that you may lose some or all of the money you invested in PERLS XV.

For further information see Sections 1.1.2 "Ranking of PERLS XV in a winding up of CBA" and 2.6 "How will CommBank PERLS XV 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 Capital Ratio falls into the CCB. For further information, see Section 4.8.1 "Capital adequacy".

Distributions may not be paid if APRA objects to the payment of discretionary capital distributions.

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 XV are Exchanged, Redeemed or otherwise terminated), CBA cannot (subject to certain exceptions):

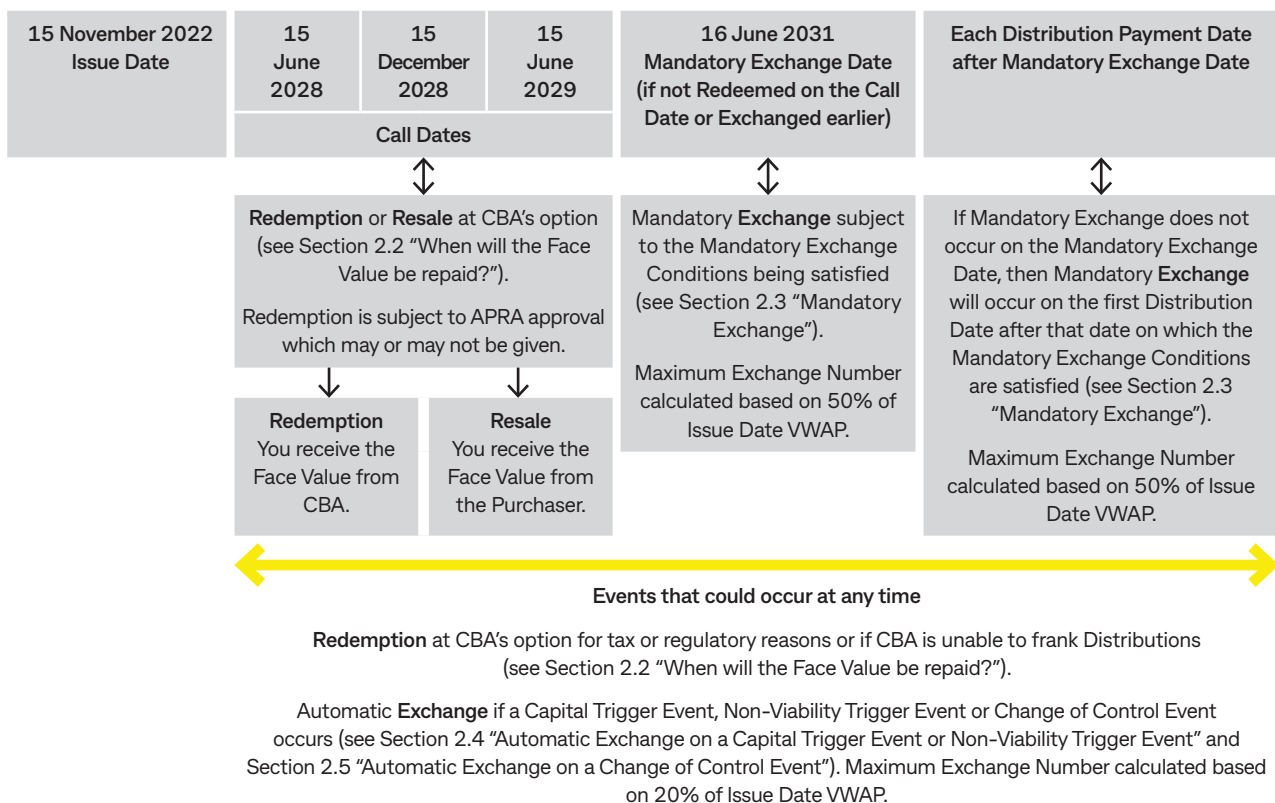
- declare or determine a dividend on Ordinary Shares; or
- return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares.

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

PERLS XV 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 XV 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 XV 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\$90, you would receive 1.1223 Ordinary Shares per PERLS XV<sup>1</sup>. If the Ordinary Share price on the Exchange Date remained A\$90, this would have a market value of A\$101.01.

However, CBA will only be required to Exchange PERLS XV if all the Mandatory Exchange Conditions are satisfied (see Section 2.3 “Mandatory Exchange”). For example, if the Issue Date VWAP is A\$95, 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\$53.20, 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\$47.98, 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 a securities exchange 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 Exchange will not occur. If Exchange does not occur, you will continue to hold your PERLS XV 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); or

- 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 XV 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 XV 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\$95, then the Maximum Exchange Number would be 5.2632 Ordinary Shares per PERLS XV<sup>2</sup>; or
- 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 XV 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).

1. The actual VWAP and number of Ordinary Shares that a Holder may receive on Exchange on the Exchange Date may be higher or lower than in this example. In addition, if the total number of Ordinary Shares to be issued in respect of a Holder's aggregate holding of PERLS XV includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

2. Please refer to the illustrative example in Section 2.4 “Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event”.



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

Ordinary Shares are a different type of investment to PERLS XV. 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 contrast, Distributions on PERLS XV 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 XV Holders rank ahead of holders of Ordinary Shares.

### 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 RWA, 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 XV (or a percentage of the Face Value of each PERLS XV) 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 XV (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 XV (or a percentage of the Face Value of each PERLS XV) 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 XV must be Exchanged.

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

Whether a Non-Viability Trigger Event will occur is at the discretion of APRA and there are currently no precedents. The circumstances in which APRA may exercise its discretion are not limited to when APRA may have a concern about a bank's capital levels but may also include a bank's funding and liquidity levels.

In Section 5.3 “Risks associated with CBA's businesses which may affect CommBank PERLS XV 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 may become concerned and notify CBA that it has become non-viable. The risks outlined in Section 5.3 “Risks associated with CBA's business which may affect CommBank PERLS XV 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.

The inclusion of the Capital Trigger Event and Non-Viability Trigger Event is intended to provide a 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 XV (or a percentage of the Face Value of each PERLS XV).

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.

1

2

3

4

5

6

7

8

A



Any ASX trades in PERLS XV 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 XV 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 XV 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 XV 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 XV 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 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 XV may not be Exchanged on the Scheduled Mandatory Exchange Date**

PERLS XV 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 XV until the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied. PERLS XV are a perpetual security and it is possible that the Mandatory Exchange Conditions may never be satisfied and that PERLS XV may never be Exchanged.

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

#### **5.2.7 CBA may Redeem, or procure a Resale of, PERLS XV in certain circumstances**

CBA has the right to Redeem PERLS XV or choose that Resale occur on the Call Date, or Redeem PERLS XV at any time for tax or regulatory reasons or if it is unable to frank Distributions. CBA’s right to Redeem PERLS XV 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 XV 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 XV if you had continued to hold them.

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

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

To realise your investment, you can sell your PERLS XV on ASX at the prevailing market price. However, depending on market conditions at the time, PERLS XV may be trading at a market price below the Face Value and/or the market for PERLS XV may not be liquid. For further information about liquidity risks associated with PERLS XV, see Section 5.2.12 “The liquidity of PERLS XV 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 XV;
- have the same or different dividend, interest or distribution rates as PERLS XV;
- have payment tests and distribution restrictions or other covenants which may affect PERLS XV (including by restricting circumstances in which Distributions can be paid on PERLS XV or PERLS XV can be Redeemed); or
- have the same or different terms and conditions as PERLS XV.

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 XV 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 XV.

### **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 XV, the Distribution Rate may be higher or lower than the initial Distribution Rate on the Issue Date. It is possible for the Market Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate. However, even if the Distribution Rate becomes negative, there will be no obligation on Holders to pay CBA.

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

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

### **5.2.11 The market price of PERLS XV will fluctuate**

CBA will apply for quotation of PERLS XV on ASX. The market price of PERLS XV 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 XV could decline in value even if PERLS XV have not been Exchanged;
- changes to CBA's credit rating. For further information about the impacts of credit ratings on CBA, see Section 5.3.6 “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 a pandemic, hostilities and tensions, and acts of terrorism.

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

Should credit margins on comparable securities or investments increase, there is a risk that the return on PERLS XV may become less attractive which could lead to a fall in market price for PERLS XV.

1

2

3

4

5

6

7

8

A

If PERLS XV 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 XV.

#### **5.2.12 The liquidity of PERLS XV may be low**

The market on ASX for PERLS XV 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 XV, you may not be able to do so at a price acceptable to you or at all.

CBA does not guarantee the liquidity of PERLS XV.

#### **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 XV 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 XV, 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 XV not providing the required information or documentation or is otherwise permitted to withhold in connection with FATCA under the Terms, 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 XV.

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 XV 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 XV 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 align with their individual preferences.

CBA may also amend the Terms in circumstances where the Market Rate ceases to be available (i.e. a Market Rate Disruption Event occurs) and replace the Market Rate with an alternative rate that CBA considers appropriate (in some cases subject to APRA's prior written approval), acting in good faith and in a commercially reasonable manner, and make certain other consequential amendments to the Terms. Such amendments could adversely affect the interests of PERLS XV Holders.

Certain amendments 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 regularly considers its optimal operating structure. As a result CBA may substitute for itself a NOHC as the debtor in respect of PERLS XV 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.

The implementation of a NOHC structure may involve CBA transferring 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 XV.

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

### 5.3.1 CBA's results could be adversely impacted by strategic risks arising from changes in CBA's external and internal operating environment

Strategic risk is the risk of material value destruction or less than planned value creation, due to changes in CBA's external and internal operating environment. Dynamically evolving current or emerging risks, such as macroeconomic conditions including the impact of high inflation levels and rising interest rates, the COVID-19 pandemic, the competitive landscape, emerging technologies and the regulatory and political environment, can challenge the business model and profitability assumptions underlying CBA's strategy.

While the Board regularly monitors and discusses CBA's operating environment, strategic objectives and implementation of major strategic initiatives, there can be no assurance that such objectives and initiatives will be successful or that they will not adversely impact CBA.

#### 5.3.1.1 CBA may be adversely impacted by a downturn in the macroeconomic environment

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

By the nature of its operations in various financial markets, CBA has previously been adversely impacted, both directly and indirectly, by unfavourable business, economic and market conditions. The financial systems within which CBA operates may experience systemic shock due to market volatility, political or economic instability or catastrophic events.

A shock to, or deterioration in, the global economy could result in currency and interest rate fluctuations and operational disruptions that negatively impact

CBA. For example, global economic conditions may deteriorate to the extent that counterparties default on their debt obligations, countries re-denominate their currencies or introduce capital controls, one or more major economies collapse, 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.

The combined impacts of the COVID-19 pandemic, rising geopolitical tensions, and the conflict in Ukraine, have resulted in elevated energy prices; consumer demand spikes; wage inflation from labour shortages due to lower immigration levels; and supply shortages from global production disruptions due to COVID-19 outbreaks. This has led to persistently high inflation levels which have resulted in a higher and earlier than anticipated rise in interest rates globally and within Australia.

This may lead to lower household consumption in Australia, slower economic growth, and a fall in Australian house prices. It could also lead to increased credit losses from business insolvencies; increased mortgage stress and defaults from higher leveraged borrowers; a potential adverse impact on markets; and a downturn in the global economy.

A material downturn in the Australian or New Zealand economies could adversely impact future results by reducing customers' demand for CBA's products and borrowers' ability to repay their loans to CBA (i.e. credit risk). In particular, given CBA's concentration of earnings from home loans, a significant or sustained decrease in the Australian and New Zealand housing markets or property valuations could adversely affect CBA's home and commercial mortgage portfolio, resulting in a decrease in the amount of new lending CBA is able to undertake and/or an increase in the losses that CBA may experience from existing loans. These factors could adversely affect CBA's business, financial condition, operations and prospects.

The demand for residential property may also decline due to buyer concerns about decreases in value, regulatory or tax changes or concerns about rising interest rates, which could impact demand for CBA's home lending products. If regulators impose supervisory measures that impact CBA's mortgage lending practices, or if Australian housing price growth significantly subsides or property valuations decline, the demand for CBA's home lending products may decrease and loan defaults could increase due to

1

2

3

4

5

6

7

8

A



declining collateral values. This would adversely affect CBA's business, operations and financial condition.

A material decline in residential housing prices could also cause increased losses from CBA's exposures to residential property developers, particularly if such developers' customers that are pre-committed to purchase the completed dwellings are unable or unwilling to complete their contracts and CBA is forced to sell these dwellings for less than the pre-committed contract price.

CBA's portfolio of commercial property loans may be susceptible to asset price deflation, tenancy risk (comprising of underlying income generation from tenancy mix and vacancy levels), delivery risk and settlement risk, which may result in higher credit losses, refinance risk and deteriorating security values. Adverse impacts on CBA's commercial loan portfolio could emanate from lower levels of new origination activity and increased losses due to deteriorating security values and a less active refinancing market. A significant decrease in commercial property valuations or a significant slowdown in the commercial real estate markets in Australia or New Zealand, or specific regions or sectors (such as New South Wales), could result in a decrease in lending growth.

The strength of the Australian economy is influenced by the strength of the Australian dollar. Significant movements in the Australian dollar may adversely impact parts of the Australian economy and, in turn, CBA's results of operations as described in Section 5.3.7.

The COVID-19 pandemic, which emerged in December 2019, resulted in governments worldwide, including in Australia and New Zealand, enacting emergency measures to combat the spread of the virus. Although some nations, including Australia, have rolled out vaccination programs and no longer have wide ranging restrictions, the volatile regional and global economic conditions stemming from the pandemic, as well as reactions to future pandemics or resurgences of COVID-19, could cause a reduction in demand for CBA's products and services and/or an increase in loan and other credit defaults, bad debts and impairments and/or an increase in the cost of CBA's operations. Should these occur, it is likely that they will result in a material adverse effect on CBA's business, results of operations, financial condition and prospects, and also precipitate or aggravate the other risk factors described below.

The Russian military invasion of Ukraine has led to, and may lead to additional, sanctions and other penalties being levied by Australia, the United States, European Union and other countries against Russia, Belarus,

the Crimea Region of Ukraine and the two separatist republics in the Donetsk and Luhansk regions of Ukraine, including expansive bans on imports and exports of products to and from Russia. The extent and duration of the ongoing military conflict, which is resulting in elevated geopolitical instability; trade restrictions; disruptions to global supply chains; increases in energy prices with consequential global inflationary impacts; increases in cyberattacks; and an adverse impact on markets, cannot be predicted.

China is one of Australia's major trading partners and a significant driver of commodity demand and prices in many of the markets in which CBA and its customers operate. Any geopolitical tension or other event that adversely affects China's economic growth or Australia's economic relationship with China, including the implementation of tariffs or other protectionist trade policy, could adversely affect Australian economic activity and, as a result, CBA's business, financial condition, operations and prospects. In particular, China is currently at risk of an economic slowdown due to a potential property development slowdown arising from large corporate failures, such as Evergrande, production impacts due to snap lockdowns to contain COVID-19 spikes, electricity shortages as it adjusts to a lower emissions economy and the effects of the current drought.

Tensions between the United States and China remain high, particularly around issues such as China's trade and technology policies, and the sovereignty of Taiwan. An escalation in these tensions, or in the conflict between Russia and Ukraine, could lead to increased protectionist policies and further global re-alignment of trading partners by nations. This would result in further trade and supply chain instability which would dampen consumer confidence, suppress business earnings and growth prospects, and increase the volatility of global economic conditions. This could in turn have an adverse impact on CBA's business and operations.

While the future impact of the economic disruption caused by the foregoing factors remain uncertain, CBA may be materially adversely affected by a protracted downturn in economic conditions globally and, in particular, in Australia and New Zealand.

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 that impacts global financial markets.

### 5.3.1.2 CBA is subject to extensive regulation and operates in an environment of political scrutiny, which could adversely impact its operations and financial condition

CBA and its businesses are subject to extensive regulation in Australia and across multiple regulatory bodies as well as other regulators in jurisdictions in which CBA operates or obtains funding, including New Zealand, the United Kingdom, Netherlands, the United States, China, Japan, Singapore, Malta, Hong Kong, India and Indonesia.

Key domestic regulators include APRA, ASIC, AUSTRAC, the Office of the Australian Information Commissioner ("OAIC"), the Australian Competition and Consumer Commission ("ACCC"), the Fair Work Ombudsman ("FWO"), the Australian Financial Complaints Authority, the RBA and the ASX.

APRA, as CBA's prudential regulator in Australia, has very wide powers under the Banking Act, including in limited circumstances to direct banks (including CBA) not to make payments on their securities.

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, accounting standards, remuneration, data access, stock exchange listing requirements, and its compliance with relevant financial crime, sanctions, privacy, taxation, competition, consumer protection, employment 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, accounting standards, policy or practice of regulators, or failure to comply with laws, regulation or policy, may adversely affect CBA's business, financial condition, liquidity, operations, prospects and 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 and 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.

The COVID-19 pandemic or similar pandemics could impact CBA's ability to manage regulatory change. The response to COVID-19 has also seen new legislation and regulation, which may increase compliance risks.

CBA may also be adversely affected if the pace or extent of regulatory change exceeds CBA's ability to adapt to such 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.

#### i) Regulatory reforms

Examples of significant regulatory reform under development or being implemented in Australia include APRA's revisions to the capital framework for ADIs.

- From 1 January 2023, APRA will implement its revisions to the ADI capital framework. The objective of these revisions is to increase the risk sensitivity within the capital framework, to enhance the ability of ADIs to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards. These capital reforms will result in changes to the calculation and presentation of capital ratios. Notwithstanding this, APRA has stated that the new ADI capital framework does not require banks to raise additional capital.
- In addition, D-SIBs, including CBA, will be required to hold an additional Total Capital requirement of 3% of RWA to satisfy APRA's loss-absorbing capital requirements. This will increase to 4.5% from 1 January 2026. The combination of revisions to the ADI capital framework and the loss-absorbing capital requirement will result in a minimum Total Capital requirement of 16.75% and 18.25% from 1 January 2024 and 1 January 2026, respectively.

Outside Australia there have also been a series of other regulatory initiatives from authorities in the various jurisdictions in which CBA operates or obtains funding that would result in significant regulatory changes for financial institutions.

As an example, and as outlined in Section 4.8.1.5 "Regulatory developments", the RBNZ undertook a comprehensive review of the capital adequacy framework applying to registered banks in New Zealand. Among the requirements is an increase in the minimum Tier 1 capital requirement for banks which are deemed systemically important to 16% of RWA (currently 8.5%). It is possible that the implementation of these new requirements could impact CBA's capital minimums and targets.

1

2

3

4

5

6

7

8

A

### 5.3.1.3 CBA is subject to competition and digital disruption which may adversely affect its results

CBA faces 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 decentralised finance systems through bundled propositions and utilising new technologies such as blockchain and digital currencies.

Additionally, CBA relies on deposits to fund a significant portion of its balance sheet. CBA competes with banks and other financial services firms for such deposits. Increased competition for deposits may increase CBA's cost of funding. To the extent that CBA is not able to successfully compete for deposits, CBA would be forced to rely more heavily on other, less stable or more expensive forms of funding, or to reduce lending.

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

### 5.3.2 CBA is routinely exposed to, and manages, risks that support or drive strategic decisions

CBA is routinely exposed to, and manages, a number of material risks that primarily support or drive strategic decisions that could impact profitability or business model assumptions. These risks are impacted by, or drive decisions relating to, other material risks.

#### 5.3.2.1 CBA could suffer losses due to environmental and social risks

CBA could be exposed to financial losses or brand damage from the impacts of climate change or from not understanding or meeting community or regulatory expectations in relation to environmental and social issues.

Climate change is systemic in nature, and is a significant long-term driver of financial, non-financial and strategic risk to CBA. A failure to respond adequately to the potential and expected impacts of climate change will affect CBA's long-term performance and can be expected to have group-wide impacts for CBA in its lending (retail and business), procurement and investment portfolios.

There is an increasing risk that CBA's assets, including those held as collateral or investments, could become impaired where customers are unable to secure adequate insurance cover against permanent damage arising from more frequent and severe weather events and longer-term shifts in climate patterns. In particular there is a risk of the home lending portfolio accumulating an increased exposure to high risk assets over time, if appropriate action is not taken in the shorter term. Permanent damage to assets of customers could affect their ability to repay loans, leading to potential reputational risk from increased hardship. It could also impact the probability of default and losses arising from defaults, valuations and collateral as well as portfolio performance.

Disruption is also likely to occur from the adjustment to a low-carbon economy. This may be due to the nature and volume of regulatory policy, market, technological or community led transition requirements, and changing expectations.

Local and global regulators have increased their focus on climate change, increasing the risk of compliance breaches or litigation risk (including class actions). CBA's assets in certain industries and/or locations, or those held in investment portfolios, could become less valuable as a result of being misaligned with low-carbon policy or community expectations. Further, the failure or perceived failure to manage climate change related risks appropriately, or allegations regarding the adequacy of disclosure in relation to the management of such risks, may increase the risk that third parties commence litigation against CBA or its Directors, with this type of climate related litigation becoming more common in certain jurisdictions.

The physical impacts of climate change and the transition to a low carbon economy have the potential to increase wealth inequality through: house value declines and insurance affordability issues in higher risk zones; inflation increases from higher energy prices as nations seek to meet emission targets; unemployment in regions or industries previously dependent on high emitters; and customers impacted by severe weather events. This is expected to increase the number of vulnerable customers and hardship cases to be managed by CBA.

The financial performance of CBA could also be impacted if revenue foregone from carbon intense customers is not offset by financing opportunities in new 'green' or renewable industries. Any actual or perceived inadequate climate commitments by Australia, could result in loss of, or increased cost of capital or funding, carbon border adjustment taxes, and exclusion of Australian businesses (including CBA customers) from the significant future global transition economy.

Social risk may increase as community expectations shift in relation to how the financial sector interacts with people in vulnerable circumstances and marginalised members of the community. Further, inadequate management of environmental and social governance risk by CBA or its customers may expose CBA to other potential risks across risk categories, such as liquidity, credit, operational, compliance and market risk.

CBA's reputation could also be impacted by: continuing to finance certain industries or customers that are carbon intense or environmentally unfriendly; setting portfolio emission reduction targets and strategies that do not meet community expectations; failing to support the generation of renewable energy to ensure the maintenance of a secure energy platform in Australia; failing to reduce CBA's own emissions or manage its own environmental footprint; or failing to meet regulatory and reporting requirements, or adhere to public commitments.

CBA's reputation could also be impacted by financing or partnering with organisations that violate human rights and the rights of Indigenous Peoples; engage in modern slavery or have modern slavery in their supply chains; or have corrupt, unethical or weak governance practices.

#### **5.3.2.2 CBA may be adversely affected by capability and culture risks**

CBA may be unable to execute effectively on its strategy due to inadequate skills and capabilities and a misaligned organisational culture.

CBA's ability to attract and retain qualified and skilled executives, employees and Board members is an important factor in achieving the strategic objectives of CBA. The Chief Executive Officer, the management team of the Chief Executive Officer and the Board have skills that are critical to setting the strategic direction, driving an appropriate organisational culture, successful management and growth of CBA, and whose loss due to resignation, retirement, death or illness may adversely affect CBA's business, operations and financial condition.

The progression of new technologies, such as AI, changing macroeconomic conditions, and increasing regulatory expectations, requires leaders with new and different skill sets (particularly engineering, technology and analytics), and deep banking expertise to deliver the performance expected by shareholders.

These skills may become more difficult to attract and retain, particularly with the emergence of new non-traditional technology competitors who aim to compete directly in the banking sector.

CBA's business, operations and financial condition could be adversely affected if it has difficulty driving the appropriate organisational culture necessary to achieve its strategy, or retaining or attracting highly qualified people for important roles, including key executives and Board members, particularly in times of strategic change. International border closures due to COVID-19 have also reduced the available pool of skilled candidates migrating into Australia.

#### **5.3.2.3 CBA may be adversely affected by capital adequacy risk**

Capital adequacy risk is the risk that CBA does not hold sufficient capital and reserves to capitalise on strategic opportunities, cover exposures and withstand losses from extreme events. The current rapid rise in interest rates, removal of quantitative easing measures, large currency moves in some countries and market volatility create the need for CBA to closely monitor its capital position.

CBA must satisfy substantial capital requirements, subject to qualitative and quantitative review and assessment by its regulators. Regulatory capital requirements influence how CBA uses its capital and can restrict its ability to manage capital across the entities in the CBA Group, to pay dividends and Additional Tier 1 distributions, or to make stock repurchases, or require CBA to raise more capital, or restrict balance sheet growth. CBA's capital ratios may be affected by a number of factors, including earnings, asset growth and quality, movements in CBA's RWA, changes in the value of the Australian dollar against other currencies in which CBA conducts its business, changes in regulatory requirements, and changes in business strategy (including acquisitions, divestments, investments and changes in capital intensive businesses). Additionally, if the information, models, or the assumptions upon which CBA's capital requirements are assessed prove to be inaccurate, this may adversely impact CBA's operations, financial performance and financial position.

CBA operates an Internal Capital Adequacy Assessment Process ("ICAAP") to manage its capital levels and to maintain them above the minimum levels approved by the Board (which are currently 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.

1

2

3

4

5

6

7

8

A



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

#### **5.3.2.4 CBA may be adversely affected by risks that undermine the trust of stakeholders and erode CBA's reputation**

CBA's reputation is a valuable asset and 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, financial condition, operations and prospects. These issues include CBA's conduct (for example, inadequate sales and trading practices, inappropriate management of conflicts of interest, inappropriate management of emerging categories of vulnerable customers from cost of living pressures and increasingly severe weather events, and other ethical issues); breaches of legal and regulatory requirements (such as money laundering, counter-terrorism financing, trade sanctions; privacy and anti-hawking 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.

CBA has in the past, and may in the future, be 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 impact management's decision-making and implementation of CBA's initiatives, which in turn could adversely affect its financial results.

Reputational damage could also arise from CBA's failure to effectively manage risks, enforcement or supervisory action by regulators, adverse findings from regulatory reviews and failure or perceived failure to adequately respond to community, environmental, social and ethical issues.

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.

#### **5.3.2.5 CBA's performance may be adversely affected by sub-optimal investment allocation and ineffective delivery**

CBA routinely manages a large number of strategic and transformation programs. There is the risk of expected outcomes not being achieved, or strategic opportunities being missed due to ineffective management of these initiatives, 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 the changing environment.

There is also the risk of ineffective allocation and balance of CBA's resources that could result in missed strategic opportunities or the inability to effectively deliver on strategic objectives.

As part of focusing on its core business in Australia and New Zealand, CBA has undertaken a number of divestments in recent years, and continues to explore potential divestments of other non-core businesses or investments.

There is a risk that the cost and pace of executing divestments, including as a result of external approvals, 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. CBA may also be subject to risks associated with ongoing liabilities and indemnities under the relevant sale agreements.

From time to time, CBA evaluates and undertakes acquisitions of other businesses, including the acquisition of equity investments in other businesses. While CBA endeavours to conduct all reasonable and appropriate due diligence on potential acquisitions, there is a risk that completed acquisitions may not perform as anticipated, and that the value of the relevant businesses or investments may fall. There can be no assurance that all relevant information will be identified and its implications understood. Failure to identify pre-existing issues through due diligence, or to obtain adequate contractual protections, may reduce acquisition success. In addition, 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 risks may also 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.

### **5.3.3 CBA may incur losses from operational risks associated with being a large financial institution**

Operational risk is defined as the risk of 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. The continuity and resilience of CBA's operations is crucial for serving its customers, upholding community trust and maintaining its reputation.

CBA is exposed to operational risk through a number of specific risk types that require specific skills, infrastructure, procedures and governance to ensure effective oversight and management. CBA may also be adversely impacted by failures in the efficacy, adequacy or implementation of these risk-management strategies, frameworks and processes. The emergence of unexpected risks or unanticipated impacts of identified risks may result in financial or reputational losses for CBA.

#### **5.3.3.1 Technology risks**

CBA's businesses are highly dependent on its information technology systems, including those supplied by external service providers, to securely process, store, keep private and transmit information.

CBA provides numerous services to customers through a complex technology infrastructure that requires ongoing update, maintenance and configuration to ensure network, software applications and hardware, including those supplied by external service providers, are resilient and not disrupted by physical damage, equipment failure, malicious or unintentional acts, or ineffective change management processes.

Additionally, since the onset of the COVID-19 pandemic, more of CBA's staff and third party contractors have been required to work remotely or from alternative work sites, which has the potential to put stress on CBA's technology infrastructure.

Disruption to business systems from failure of technology infrastructure can materially impact customers, result in significant financial and reputational losses for CBA, and result in material fines and penalties.

#### **5.3.3.2 Cyber-security risks**

CBA's information technology systems, including those supplied by external service providers, are subject to information security risks. Cyber-attacks have the potential to cause financial system instability and could result in serious disruption to customer banking services, or compromise customer data privacy.

Information security risks for CBA 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 increasing usage of digital channels; (iv) customers' increasing use of personal devices that are beyond CBA's control systems; (v) increased remote working by CBA's employees; and (vi) the increased sophistication and broadened activities of cyber criminals.

Additionally, there has been a global increase in cybercrime during the COVID-19 pandemic as cyber criminals seek to gain financially from people's vulnerability. Current geopolitical tensions also elevate this risk, following sanctions placed on Russia due to the invasion of Ukraine, and decline in international relations in the Asia-Pacific region following sovereignty disputes across Chinese territories, which increase the risk of cyber-attacks on Australian companies such as CBA.

Although CBA takes protective measures and endeavours to modify these protective measures as circumstances warrant, and maintains defensive capabilities to respond to security events of interest, its computer systems, software and networks, including those supplied by external service providers, may be a target for denial-of-service attacks, phishing attacks, ransomware attacks, computer viruses or other malicious code and other events. These threats could result in the unauthorised access, release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of CBA, its employees, customers or third parties or otherwise adversely impact network access or business operations.

An information security failure (including the impact of any cyber-attack), or more general mishandling of data, 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.

1

2

3

4

5

6

7

8

A

**5.3.3.3 Third party risks**

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, expose it to operational risks, including the potential for a severe event at a third party impacting CBA.

The COVID-19 pandemic and current geopolitical tensions, have led to, and may continue to lead to, uncertainty regarding the stability of global supply chains and the potential impact on third-party suppliers to CBA.

**5.3.3.4 Transaction processing risks**

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 partially beyond its control, such as a spike in transaction volumes, damage to critical utilities, environmental hazard, natural disaster, or a failure of vendors' systems.

**5.3.3.5 Non-technology business disruption risks**

CBA is exposed to the risk of disruption to business processes from non-technological causes. This includes disruptions from natural disasters or pandemics, violence, social unrest, skills shortages in key roles, terrorist events and property disruptions.

The COVID-19 pandemic, and future outbreaks of other communicable diseases or pandemics, have the potential to introduce new and elevated risks to the resilience of CBA's operations. These include, safety risks to employees working in offices and branches, and disruptions to operations arising from remote working and reprioritisation of teams to service increased customer queries and hardship requests. There is an increased risk of complaints, reputational damage and conduct implications if increased volumes of customer requests for relief measures are not appropriately managed. Disruptions also increase the risk of potential non-compliance with ongoing regulatory obligations and commitments.

Disruptions can impact customers' ability to consume critical business services, including access to funds and ability to make payments and transfers. Prolonged or repeated business disruptions could result in material reputation risk, regulatory compliance failures and enforceable undertakings.

**5.3.3.6 Data management risks**

CBA manages a large volume of personal and sensitive data. There is a risk that poor decisions may be made due to data quality issues or failing to appropriately manage and maintain CBA's data. This includes the capture, processing, distribution, retention and disposal of data.

Failure to appropriately manage and maintain CBA's data, including use of data in a manner inconsistent with our obligations and values, or not complying with data management regulatory obligations, may result in a loss of trust, operational disruptions, financial losses or regulatory action.

**5.3.3.7 Artificial intelligence risks**

AI includes technologies that independently learn from data to generate outputs such as predictions, recommended actions, or decisions. AI includes technologies such as Machine Learning (identifies patterns and relationships in data, including supervised, unsupervised and reinforcement learning), dynamic or adaptive models, speech recognition, natural language processing and computer image recognition. AI is being used more often in banking across a range of business processes, including lending, customer service and financial modelling.

Inadequate adoption and management of AI in business processes by CBA, or by third parties it relies upon (including the inability to understand or explain AI decisions), can result in unwanted financial and non-financial consequences, such as decisions deemed unethical or not in line with CBA policies.

**5.3.3.8 Fraud risks**

CBA is routinely exposed to the risk of fraud from third party suppliers, CBA customers or by an internal or external party. This can include the theft of funds, unauthorised trading or the theft of assets and non-electronic information.

A global increase in cybercrime, including cybercrime targeting CBA, has been observed as a result of COVID-19 and its associated impacts and this may continue and CBA may be adversely affected as a result.

#### 5.3.3.9 Model risks

As a large financial institution, CBA relies on a number of models for material business decisions. Incorrect model design or improper model implementation, maintenance and application can result in incorrect business decisions. This risk is increasing with the use of emerging technologies such as AI, which require new capabilities and model risk management approaches.

Changing circumstances require rapid updates to models which increases the risk of reporting errors. This increases the risk of not disclosing to the market appropriately as circumstances change, or of failing to comply with CBA's continuous disclosure obligations.

#### 5.3.3.10 People risks

CBA employs a large workforce and is therefore exposed to the risk of breaches of employment legislation, mismanagement of employee relations, and physical or mental injury or death of employees or people on CBA premises where CBA is liable.

Due to the size and complexity of the CBA workforce, adverse developments or decisions in labour law may have an impact on CBA's employment arrangements, including a loss of flexibility in the use of CBA's workforce or the labour cost base, any of which may have an adverse impact on CBA's financial performance and reputation. In addition, if employees take industrial action, CBA could be exposed to loss to the extent the industrial action impairs CBA's ability to provide services or causes disruptions to CBA's operations.

#### 5.3.3.11 Accounting, legal and taxation risks

CBA may be exposed to risks from not meeting statutory and regulatory reporting, tax payment and filing requirements, or from execution errors in legal procedures and processes. Management must exercise judgment in selecting and applying CBA's accounting policies so that not only do they comply with generally accepted accounting principles but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations of CBA. Inappropriate application of and changes to accounting policies may adversely impact CBA's results.

#### 5.3.4 CBA is subject to compliance risk, which could adversely impact its future results and reputation

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

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 adversely impact on CBA's results and reputation.

This includes for example, financial crime related obligations such as anti-money laundering and counter-terrorism financing laws, anti-bribery and corruption laws, modern slavery 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 a risk of adverse impacts on CBA, including to its reputation.

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

Due to the scale of CBA's operations, CBA is exposed to the risk of potentially breaching laws, regulations, rules, licence conditions, and statements of regulatory policy applicable to its business activities.

The Group is party to a number of legal proceedings, and the subject of various investigations and reviews. Contingent liabilities exist with respect to such matters where it is not possible to determine the extent of any obligations to remediate arising from the occurrence or non-occurrence of uncertain future events or the potential liability cannot be reliably estimated.

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 or reaches a monetary settlement of litigation, arbitration and regulatory proceedings, CBA's business, financial condition, operations, prospects and reputation may be adversely affected.

1

2

3

4

5

6

7

8

A

There are a number of ongoing matters where regulators are investigating whether CBA or a Group entity breached laws or regulatory obligations or where a regulator has commenced proceedings against CBA or a Group entity. These matters include investigations of issues which were notified to, or identified by, regulators. Where a breach has occurred, regulators are likely to impose, or apply to a court for fines, and/or other sanctions.

In addition to possible regulatory action, CBA may also be exposed to claims by customers, third parties and shareholders including current and future class actions, customer remediation or compensation claims. While the final outcome and costs associated with regulatory actions and claims remain uncertain, if CBA was unsuccessful in defending or reaches a settlement of such actions and claims, they may individually or in aggregate have a material adverse impact on CBA's business and financial position. For further information on legal, regulatory and industry matters, refer to Note 7.1 to the Financial Statements in the Annual Report for the full year ended 30 June 2022.

#### **5.3.4.2 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 could be subject to legal or regulatory action.

#### **5.3.4.3 CBA may incur losses as a result of not complying with Financial Crime legislation**

Banks have a critical role to play in combating financial crime and protecting the integrity of the financial system. CBA is required to comply with legislation targeting financial criminal activities globally. This includes legislation relating to sanctions, anti-money laundering, counter-terrorism financing and anti-bribery and corruption and anti-tax evasion facilitation. Not detecting or preventing financial crimes can have a significant impact on CBA's customers and the community and can result in significant fines and penalties for CBA.

A global increase in financial crimes has been observed as a result of COVID-19 and its associated impacts and this may continue and CBA may be adversely affected as a result.

#### **5.3.4.4 CBA may incur losses as a result of not complying with Privacy legislation**

CBA collects and manages a large volume of personal and sensitive information of individuals. Failure to adequately collect and secure this data in line with local and international privacy laws can expose CBA to material reputational damage, fines and penalties.

#### **5.3.5 CBA may incur losses associated with credit risk exposures**

CBA assumes counterparty risk in connection with its lending, trading, derivatives, insurance and other businesses as it relies on the ability of its counterparties to satisfy their financial obligations to CBA on a timely basis. 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 a 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. CBA's financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading.

The unwinding of fiscal and monetary interventions introduced at the onset of the COVID-19 pandemic may expose CBA to an increased risk of credit loss from borrowers, as higher and earlier than anticipated rises in interest rates could lead to business insolvencies, increased mortgage stress and defaults.

Unexpected credit losses could have a significant adverse effect on CBA's business, financial condition, operations and prospects.



### 5.3.6 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 2022 Annual Report. The 2022 Annual Report is available from the Investor Centre at [commbank.com.au/annualreport](http://commbank.com.au/annualreport).

#### i) Adverse financial and credit market conditions may significantly affect CBA's ability to access international debt markets, on which it relies for a substantial amount of its wholesale funding

While the majority of CBA's funding comes from deposits, it remains reliant on offshore wholesale funding markets to source a significant amount of its funding and grow its business.

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

The COVID-19 pandemic and the Russian invasion of Ukraine are having, and are expected to continue to have, a significant impact on the global economy and global markets. Fiscal and monetary stimulus and liquidity measures have impacted the availability of funding during the COVID-19 pandemic. The tapering off of these stimulus measures may result in increased competition for deposits and other funding sources, and therefore increased funding costs.

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 forced to seek alternative sources of funding, the availability of such alternative funding and the terms on which it may be available will depend on a variety of factors, including prevailing financial and credit market conditions. Even if available, the cost of these alternatives may be more expensive or they may only be available on unfavourable terms, which may adversely impact CBA's cost of borrowing and CBA's on-going operations and funding. 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 may not be able to maintain adequate levels of liquidity and funding, which would adversely affect CBA's business, financial condition, operations and prospects

CBA's liquidity and funding policies are designed to ensure that 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, or if there is a change in customer behaviour which leads to an outflow of deposits.

If CBA fails to maintain adequate levels of liquidity and funding, it would adversely affect CBA's business, financial condition, operations and prospects.

#### iii) Failure to maintain credit ratings could adversely affect CBA's cost of funds, liquidity, access to debt and capital markets and competitive position

CBA's credit ratings (which are strongly influenced by Australia's sovereign credit rating) 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 Australia's sovereign credit rating, could adversely affect CBA's cost of funds, liquidity, access to debt and capital markets, collateralisation requirements and competitive position.

Some ratings agencies also assign ratings to regulatory capital securities (such as PERLS XV) 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 XV has been issued.

### 5.3.7 CBA may be adversely affected by market risks

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, basis risk, and implied volatility levels for assets and liabilities. 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.

1

2

3

4

5

6

7

8

A

Changes in market factors such as potential developments or future changes in the administration of financial benchmark interest rates could result in adverse consequences to the return on, value of and market for, securities and other instruments whose returns are linked to any such benchmark, including those securities or other instruments issued by CBA. If CBA was to suffer substantial losses due to any market volatility, it may adversely affect CBA's capital position, financial performance or financial condition.

Additionally, a significant proportion of CBA's wholesale funding and some of its profits and investments are in commodities and currencies other than the Australian dollar, primarily the U.S. dollar, the Euro and the New Zealand 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. For a description of these specific risks, see Note 9.3 to the Financial Statements in the 2022 Annual Report. There can be no assurance that CBA's exchange rate hedging arrangements or hedging policy will be sufficient or effective. CBA's results of operations may be adversely affected if its hedges are not effective to mitigate exchange rate risks, if CBA is inappropriately hedged or if a hedge provider defaults on its obligations under CBA's hedging agreements.

1

2

3

4

5

6

7

8

A

# 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
- 6.4 Summary of Australian tax consequences for Holders
- 6.5 Summary of Australian tax consequences for PERLS VII holders
- 6.6 US Persons
- 6.7 Consents to be named
- 6.8 Interests of Advisers
- 6.9 Interests of Directors
- 6.10 Dealings in CommBank PERLS XV Capital Notes
- 6.11 Personal information
- 6.12 Complaints
- 6.13 Regulatory relief
- 6.14 Governing law
- 6.15 Consent of Directors
- 6.16 PERLS XV Holder 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 XV 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 2022 Annual Report contains financial information for the full year ended 30 June 2022, 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 2022;
- the 2022 Annual Report;
- the Constitution;
- the TMD; and
- any continuous disclosure notices given by CBA in the period after the lodgement of the 2022 Annual Report and before the lodgement of this Prospectus with ASIC.

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

### Investor Relations

Commonwealth Bank Place South  
Level 1, 11 Harbour Street  
Sydney NSW 2000

Copies of these documents are available on the CBA Investor Centre at [commbank.com.au/investors](https://commbank.com.au/investors).

## 6.3 Incorporation by reference

CBA has lodged the full Deed Poll, a summary of the 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 the Investor Centre at [commbank.com.au/perls](https://commbank.com.au/perls).

A copy of the full Constitution is available at [commbank.com.au/constitution](https://commbank.com.au/constitution).

## 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 XV under the Offer.

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

- acquire PERLS XV otherwise than under the Offer;
- hold PERLS XV in their business of share trading, dealing in securities or otherwise hold their PERLS XV 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 XV;
- in relation to an Australian resident, hold their PERLS XV through a permanent establishment outside of Australia; and/or
- in relation to a non-Australian resident, hold their PERLS XV 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 XV

CBA has applied to the ATO for a public class ruling confirming certain Australian income tax consequences for Australian resident Holders. In accordance with usual practice, a class ruling will only be issued 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 [ato.gov.au](http://ato.gov.au) and from the Investor Centre at [commbank.com.au/perls](http://commbank.com.au/perls).

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 XV 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 XV 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 automatic early Exchange on the occurrence of a Capital Trigger Event, Non-Viability Trigger Event or Change of Control Event;
- 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 XV 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 XV

PERLS XV 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 any anti-avoidance rules to effectively deny the benefit of 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. A Holder that is a company will not be entitled to a tax refund of any 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 XV "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 XV. Where a Holder undertakes risk management strategies in relation to their PERLS XV (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 XV "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

1

2

3

4

5

6

7

8

A

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.

Of the anti-avoidance rules, the most significant 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 XV, subject to the particular circumstances of a Holder.

The Australian Government has also recently released exposure draft legislation targeted at certain arrangements where a franked distribution is funded, directly or indirectly, by an issue of equity interests. The draft provision is an anti-avoidance provision and, may treat the relevant distribution as unfrankable. The exposure draft legislation, if enacted in its current form, should not apply to PERLS XV Distributions.

#### 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 or partially franked Distribution is paid to non-Australian resident Holders, withholding tax will be payable. The rate of withholding tax is 30% of the unfranked amount. 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 XV

#### 6.4.4.1 Disposal other than through Exchange

##### (a) Australian resident Holders

On the disposal (including on-market disposal, Redemption or Resale) of PERLS XV, 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 capital proceeds from the disposal less the cost of acquisition for their PERLS XV.

The capital proceeds will generally be the amount received on disposal of PERLS XV. Where the disposal occurs by way of Redemption, the capital proceeds will be the A\$100 Face Value received, unless the market value of the PERLS XV at that time (determined assuming that the Redemption did not occur) is greater or less than the A\$100 Face Value received. If all of the PERLS XV are Redeemed on a Call Date then the ATO should accept that the market value of a PERLS XV security is the A\$100 Face Value (this is consistent with guidance issued by the ATO in Practical Compliance Guideline 2021/1).

As PERLS XV are not “traditional securities”, qualifying Holders (individuals, certain trusts and complying superannuation funds) who have held their PERLS XV for at least 12 months prior to disposal may be eligible for the CGT discount concession on any capital gain made on disposal.

The Federal Government has announced that “managed investment trusts” (“*MITs*”) and “attribution MITs” (“*AMITs*”) will not be entitled to the CGT discount at the trust level. This change was previously scheduled to apply from 1 July 2020, but has been delayed and will instead apply for income years commencing on or after the date that is three months from the date of Royal Assent of the enabling legislation. While there can be no certainty at this time in relation to when this change will come into effect, the Federal Government has indicated that it is committed to legislating this measure. Once this change comes into effect, MITs and AMITs that derive capital gains will continue to be able to distribute those amounts as capital gains that may be subject to the CGT discount in the hands of those beneficiaries who are entitled to the CGT discount.

Any loss on the disposal (including an on-market disposal) of PERLS XV 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 against capital gains realised in a later year.

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

##### (b) Non-Australian resident Holders

As PERLS XV are not “traditional securities”, non-Australian resident Holders should generally not be taxable on any gain realised on disposal of their PERLS XV (as PERLS XV 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 XV. This outcome applies both to Australian resident Holders and non-Australian resident Holders.

#### 6.4.5 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.

#### 6.4.6 GST

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

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

#### 6.4.7 Stamp duty

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

### 6.5 Summary of Australian tax consequences for PERLS VII holders

The following is a summary of the Australian tax consequences for certain Australian resident Eligible PERLS VII Holders who are subject to Class Ruling CR 2014/80 and who participate in the Reinvestment Offer, certain non-Australian resident Eligible PERLS VII Holders and Non-Reinvesting PERLS VII holders whose PERLS VII notes are redeemed by CBA on 15 December 2022.

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 VII Holders who:

- acquired PERLS VII otherwise than under the initial offering;

- in relation to an Australian resident, acquired and/or hold PERLS VII through a permanent establishment outside of Australia;
- in relation to a non-Australian resident, hold their PERLS VII through a permanent establishment in Australia;
- hold PERLS VII in their business of share trading, dealing in securities or otherwise hold their PERLS VII 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 VII.

This summary is not intended to be, nor should it be construed as being investment, legal or tax advice to any particular Eligible PERLS VII 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 Eligible PERLS VII Holders who participate in the Reinvestment Offer

##### (a) Distributions on PERLS VII

Eligible PERLS VII Holders who participate in the Reinvestment Offer will be eligible to receive the First Pro-Rata PERLS VII Distribution on their PERLS VII on the Issue Date (expected to be 15 November 2022) in respect of the period from (but excluding) 15 September 2022 to (and including) 15 November 2022, on each Reinvesting PERLS VII that they hold at 7 November 2022, being the record date for the First Pro-Rata PERLS VII Distribution, subject to the distribution payment conditions in the PERLS VII Terms being met.

Provided that an Eligible PERLS VII Holder is a "qualified person" (see guidance in Section 6.4.3.1) and is an Australian resident for tax purposes, an Eligible PERLS VII 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. For Eligible PERLS VII Holders who are not Australian residents for tax purposes, the consequences of receiving a distribution should be as set out in Section 6.4.3.2.

##### (b) CGT consequences of transfer of PERLS VII

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

1

2

3

4

5

6

7

8

A



To the extent that the capital proceeds from the disposal exceed the holder's cost base for their PERLS VII, the excess will constitute a capital gain. Conversely, a capital loss will arise to the extent the capital 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 VII as well as certain incidental costs (e.g. broker fees) associated with the acquisition and disposal of PERLS VII).

Certain qualifying Australian resident Eligible PERLS VII Holders (i.e. individuals, certain trusts and complying superannuation funds) who have held their PERLS VII for at least 12 months prior to disposal may be eligible for the CGT discount concession on any capital gain made on disposal. We also refer to the proposed changes to the CGT discount rules for MITs and AMITs discussed in Section 6.4.4.1 above.

As PERLS VII are not "traditional securities", PERLS VII holders who are not Australian residents should generally not be taxable on any gain realised on disposal of their PERLS VII (as PERLS VII should generally not be "taxable Australian property").

### 6.5.2 Non-Reinvesting PERLS VII holders

#### (a) Distributions on PERLS VII

A Non-Reinvesting PERLS VII holder will be paid the First Pro-Rata PERLS VII Distribution on 15 November 2022 in respect of the period from (but excluding) 15 September 2022 to (and including) 15 November 2022, on each PERLS VII that they hold at 7 November 2022 (being the record date for the First Pro-Rata PERLS VII Distribution), subject to the distribution payment conditions in the PERLS VII Terms being met.

If a Non-Reinvesting PERLS VII holder continues to hold PERLS VII on the record date for the Final Pro-Rata PERLS VII Distribution, it is intended that they will also be paid the Final Pro-Rata PERLS VII Distribution on 15 December 2022 in respect of the period from (but excluding) 15 November 2022 to (and including) 15 December 2022, on each PERLS VII that they hold at 7 December 2022 (being the record date for the Final Pro-Rata PERLS VII Distribution), subject to the distribution payment conditions in the PERLS VII Terms being met.

Provided that a PERLS VII holder is a "qualified person" (see the general comments in Section 6.4.3.1) and is an Australian resident for tax purposes, a PERLS VII 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. For PERLS VII holders who are not Australian residents for tax purposes, the consequences of receiving a distribution should be as set out in Section 6.4.3.2.

#### (b) CGT consequences of redemption of PERLS VII

For CGT purposes, Non-Reinvesting PERLS VII holders will have their PERLS VII redeemed on 15 December 2022 for \$100 per PERLS VII (unless they have previously disposed of their PERLS VII). Although a market value substitution rule may apply to substitute the A\$100 received with the market value of the PERLS VII (i.e. if the market value is different to the A\$100 received), based on guidance published by the ATO (Practical Compliance Guideline PCG 2021/1) the ATO should accept that the market value and therefore the capital proceeds is equal to the A\$100 Face Value received on redemption of the PERLS VII securities.

To the extent that the capital proceeds from the disposal exceed the holder's cost base for their PERLS VII, the excess will constitute a capital gain. Conversely, a capital loss will arise to the extent the capital 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 VII as well as certain incidental costs (e.g. broker fees) associated with the acquisition and disposal of PERLS VII.

Certain qualifying Australian resident Eligible PERLS VII Holders (i.e. individuals, certain trusts and complying superannuation funds) who have held their PERLS VII for at least 12 months prior to disposal may be eligible for the CGT discount concession on any capital gain made on disposal. Please also refer to the proposed changes to the CGT discount rules for MITs and AMITs discussed in Section 6.4.4.1 above.

As PERLS VII are not "traditional securities", PERLS VII holders who are not Australian residents should generally not be taxable on any gain realised on redemption of their PERLS VII (as PERLS VII should generally not be "taxable Australian property").

## 6.6 US Persons

PERLS XV 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 XV 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.

This 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 XV 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 XV 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;
- Herbert Smith Freehills;
- PricewaterhouseCoopers;
- PricewaterhouseCoopers Securities Ltd; and
- Registry.

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.

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, any co-managers or 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 XV allocated to those investors.

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

The Arranger and Joint Lead Managers and their respective affiliates are involved in a wide range of financial services and businesses out of which conflicting interests or duties may arise. These include securities trading, brokerage activities, providing commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services. In the ordinary course of these activities, each of the Arranger and/or Joint Lead Managers and their respective affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of investors or any other party that may be involved in the issue of PERLS XV.

Herbert Smith Freehills 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\$240,000 (excluding disbursements and GST) will be payable to Herbert Smith Freehills. Further amounts may be paid to Herbert Smith Freehills under its normal time based charges.

PricewaterhouseCoopers is providing tax services and is acting as Australian tax adviser to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A\$85,000 (excluding disbursements and GST) will be payable to PricewaterhouseCoopers. Further amounts may be paid to PricewaterhouseCoopers under its normal time based charges.

PricewaterhouseCoopers Securities Ltd 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

1

2

3

4

5

6

7

8

A

this Prospectus. CBA estimates that approximately A\$90,000 (excluding disbursements and GST) will be payable to PricewaterhouseCoopers Securities Ltd in respect of this work. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd 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 formation or promotion of CBA or the Offer.

## 6.9 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or any proposed Director 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 XV 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 XV under the Offer. Holdings of these securities are subject to the ASX Listing Rules (including the waivers described in Section 6.13 "Regulatory relief"). Details of the Directors' holdings of Ordinary Shares and other securities of CBA are disclosed to, and available from, the ASX at [asx.com.au](http://asx.com.au). Details of the remuneration paid to Directors is set out in the Remuneration Report in

the 2022 Annual Report. The 2022 Annual Report can be obtained free of charge from the Investor Centre at [commbank.com.au/2022annualreport](http://commbank.com.au/2022annualreport).

## 6.10 Dealings in CommBank PERLS XV 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 XV from time to time.

## 6.11 Personal information

If an Application is lodged by you or on your behalf, CBA will collect information about you, including your name and address. The collection of your personal information may be required by law, including under Chapter 2C of the Corporations Act, the ASX Listing Rules and/or applicable taxation or superannuation laws.

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 XV, or make payments to you.

CBA will use this information to process your Application, identify you, administer your PERLS XV and keep in touch with you in relation to your PERLS XV (including to send marketing communications to you, unless you opt out of receiving such communications by calling the PERLS XV Information Line on 1800 992 547 (Monday to Friday 8.00am - 7.30pm, Sydney time)).

CBA may disclose your personal information for these purposes to its subsidiaries and related companies, as well as to CBA's financial, legal, accounting and other professional advisers and to CBA's agents, contractors and third party service providers that provide services on its or their behalf (including to the Registry and a printing firm or mail house engaged to print and mail statements to you). The personal information you provide will ordinarily be held and used by CBA within Australia and disclosed to third parties who are located in Australia. In some instances, personal information may be accessed and used by the personnel of CBA or its third party suppliers while those personnel are located overseas, including when travelling or working remotely. As a result, it is not practicable to specify all of the countries that your personal information may be disclosed to or accessed from, however please consult the CBA Privacy Policy for a guide.

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.

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. For instance, once you become a Holder, Chapter 2C of the Corporations Act requires information about you (including your name, address and details of the PERLS XV you hold) to be included in a public register with Link Market Services, even after you cease to be a Holder.

The CBA Privacy Policy is available on its website at [commbank.com.au](http://commbank.com.au) and sets out more information on:

- how CBA collects, holds, uses, and discloses your personal information, including how to access or correct your personal information; and
- how to make a complaint in relation to CBA's handling of your personal information.

If you would like any further information about CBA's privacy practices, or if you do not wish to receive marketing materials from CBA, please call the PERLS XV Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

By providing your personal information to us, you consent to the collection, use, storage and disclosure of that information as described in CBA's Privacy Policy and this collection notice.

## 6.12 Complaints

If you would like to raise a complaint during the Offer Period you can contact the PERLS XV Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time) or your Syndicate Broker.

If you would like to raise a complaint related to your PERLS XV Holding after the Issue Date, you can contact the Registry, Link Market Services, on 1800 022 440 or your Syndicate Broker.

If you have raised a complaint and it has not been resolved to your satisfaction, you may seek to lodge a complaint with applicable regulators.

## 6.13 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, Resale or Redemption of PERLS XV;

- a confirmation that CBA should count the maximum number of fully paid Ordinary Shares into which the PERLS XV can convert in line with listing rule 7.1B.1(e) for the purposes of listing rule 7.1;
- a confirmation that the issue of Ordinary Shares on conversion of the PERLS XV will be within Exception 9 of listing rule 7.2;

- 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:

- (a) the Directors and their associates being restricted to applying for in aggregate no more than 0.20% of the number of PERLS XV issued;
- (b) 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 XV;
- (c) CBA releasing the terms of the waiver to the market when it announces the Offer; and
- (d) CBA announcing to the market the total number of PERLS XV issued to directors and their associates.

CBA has also received a number of confirmations from ASX confirming matters related to the Reinvestment Offer and associated amendments to the PERLS VII terms.

CBA has also received relief from ASIC permitting it to announce various matters relating to the Offer (and to write to PERLS VII holders in similar terms) prior to the lodgement of this Prospectus with ASIC without breach of section 734 of the Corporations Act.

## 6.14 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.

## 6.15 Consent of Directors

Each Director has authorised this Prospectus and consented to its lodgement with ASIC.

## 6.16 PERLS XV Holder communications

A distribution statement in the form you nominate (electronic or paper) will be sent to you for your tax records or alternatively can be accessed through the Registry at [linkmarketservices.com.au](http://linkmarketservices.com.au). Where no communication preference has been nominated, hard copies of distribution statements will be provided by mail.

1

2

3

4

5

6

7

8

A



This page has been intentionally left blank.

# 7

## How to Apply

- 7.1 Applying for CommBank PERLS XV Capital Notes
- 7.2 Completing your Application
- 7.3 Allocation policy and refunds
- 7.4 Issue and quotation of CommBank PERLS XV Capital Notes
- 7.5 Trading and Holding Statements

1

2

3

4

5

6

7

8

A

## 7.1 Applying for CommBank PERLS XV Capital Notes

### Who may apply?

Applications can only be made through a Syndicate Broker by investors who satisfy certain eligibility criteria. There is no securityholder offer for PERLS XV and Applications cannot be submitted directly to CBA.

The Offer, including both the New Money Offer and the Reinvestment Offer, is only available to investors who are eligible clients of a Syndicate Broker. In order to be an eligible client of a Syndicate Broker you must:

- be a company or an individual (including as a trustee of a family, hybrid or unit trust) aged 18 years or older;
- have a registered address in Australia; and
- be either:
  - an investor who has received personal financial product advice from a financial adviser to acquire PERLS XV; or
  - a Wholesale Client.

Satisfactory evidence must be held by, or provided to, your Syndicate Broker that you are either a Wholesale Client or have received personal financial product advice (in the form of a certificate from your adviser or a copy of your statement of advice from your adviser) to acquire PERLS XV.

PERLS XV will be issued by CBA under the PDDO Provisions, for further information on the Reinvestment Offer, including eligibility requirements, see Section 3 “Information About the Reinvestment Offer”.

For further information on the PDDO Provisions, see “Impact of the PDDO Provisions”. A copy of the TMD is available on the CBA Investor Centre at [commbank.com.au/perls](http://commbank.com.au/perls).

### When to apply

It is important to contact your Syndicate Broker as soon as possible to communicate your interest in PERLS XV.

While no Applications will be processed during the Exposure Period, you are encouraged to contact your Syndicate Broker as soon as possible if you wish to participate, so that your Syndicate Broker can take your interest into account in its broker firm bid in the Bookbuild. The Bookbuild may close early. If you do not register your interest during the Bookbuild you may not receive an allocation of PERLS XV from your Syndicate Broker’s Broker Firm Allocation.

As the size of the Offer is expected to be significantly less than that of PERLS VII, even if you do register your interest during the Bookbuild, your allocation of PERLS XV may be subject to scale back (this is the case whether you are applying under the Reinvestment Offer or the New Money Offer). It is at the discretion of the Syndicate Brokers as to how they allocate their Broker Firm Allocations to their clients. As a result of this, there is a risk that you do not receive a full allocation, or any allocation, of PERLS XV.

Completed Application Forms must be received by your Syndicate Broker with sufficient time for your Syndicate Broker to process your Application by the Closing Date for the Offer (5.00pm (Sydney time) on 8 November 2022).

<b>How to apply</b>	<ul style="list-style-type: none"> <li>• The instructions for lodging your Application and accompanying Application Monies may vary depending on whether you apply under the Reinvestment Offer or New Money Offer. You must contact your Syndicate Broker for instructions on how to apply.</li> <li>• The amount you have to pay for each PERLS XV is A\$100.</li> <li>• If you are applying under the New Money Offer:             <ul style="list-style-type: none"> <li>– you must apply for a minimum of 50 PERLS XV (A\$5,000), and thereafter in multiples of 10 PERLS XV (A\$1,000); and</li> <li>– Application Monies will be necessary. Contact your Syndicate Broker for instructions on how to pay your Application Monies.</li> </ul> </li> <li>• If you are applying under the Reinvestment Offer:             <ul style="list-style-type: none"> <li>– the minimums do not apply to your Application for PERLS XV under the Reinvestment Offer;</li> <li>– Application Monies are not necessary as your PERLS VII redemption proceeds will be applied to the extent required;</li> <li>– you must be a registered holder of PERLS VII at 7.00pm on the Reinvestment Offer Record Date (7 October 2022); and</li> <li>– you undertake not to sell or offer to sell PERLS VII to any other person if, as a result, you will at any time after you submit your Application until the Offer Closing Date hold fewer PERLS VII than the number of PERLS VII you have tendered.</li> </ul> </li> </ul>
<b>Who are the Syndicate Brokers?</b>	<p>The Syndicate Brokers for PERLS XV include any of the Joint Lead Managers, who are listed on the front cover of this Prospectus, including their intermediaries in their proprietary and affiliated networks; and any Participating Brokers.</p> <p>If you are unsure whether your broker is a Syndicate Broker, please contact them directly.</p>

If you have any questions about the Offer, you should contact your Syndicate Broker or professional adviser. You can also call the PERLS XV Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

## 7.2 Completing your Application

### 7.2.1 No cooling off rights

No cooling off rights apply to an Application for PERLS XV. Your Application to acquire PERLS XV is irrevocable and may not be varied or withdrawn except as permitted under the Corporations Act.

### 7.2.2 No brokerage or stamp duty

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

### 7.2.3 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.

### 7.3 Allocation policy and refunds

Allocation to Syndicate Brokers will be determined by CBA in consultation with the Joint Lead Managers following completion of the Bookbuild.

When allocating PERLS XV, CBA will give priority to Syndicate Brokers' broker firm bids for PERLS XV to be allocated to Applicants in the Reinvestment Offer.

While no Applications will be processed during the Exposure Period, you are encouraged to contact your Syndicate Broker as soon as possible if you wish to participate, so that your Syndicate Broker can take your interest into account in its broker firm bid in the Bookbuild. The Bookbuild may close early. If you do not register your interest during the Bookbuild you may not receive an allocation of PERLS XV from your Syndicate Broker's Broker Firm Allocation.

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 or for any determination by your Syndicate Broker as to your eligibility.

As the size of the Offer is expected to be significantly less than that of PERLS VII, even if you do register your interest during the Bookbuild, your allocation of PERLS XV may be subject to scale back (this is the case whether you are applying under the Reinvestment Offer or the New Money Offer). Ultimately your Syndicate Broker has discretion as to how it allocates its Broker Firm Allocation to its clients. There is a risk that you do not receive a full allocation, or any allocation of PERLS XV, either because your Application is scaled or because you are unable to secure an allocation through a Syndicate Broker (including because you are unable to demonstrate that you meet eligibility requirements, or fail to do so in time to secure an allocation).

If you are applying under the New Money Offer and are not allocated any PERLS XV or are allocated less than the number of PERLS XV you applied for, you will receive a refund payment as soon as practicable after the Closing Date. No interest will be payable on Application Monies which are refunded. CBA takes no responsibility for the handling of Application Monies by any Syndicate Broker.

## **7.4 Issue and quotation of CommBank PERLS XV Capital Notes**

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

It is expected that PERLS XV will be quoted under code "CBAPL".

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

## **7.5 Trading and Holding Statements**

### **7.5.1 Commencement of trading of PERLS XV on ASX**

It is expected that PERLS XV will begin trading on the ASX on 16 November 2022. Trading is expected to commence on a normal settlement basis. Deferred settlement will not occur.

It is your responsibility to determine your holding of PERLS XV before trading to avoid the risk of selling PERLS XV you do not own. Holding Statements are expected to be despatched from 21 November 2022.

If you wish to confirm the number of PERLS XV you own prior to receiving your Holding Statement, you should contact your Syndicate Broker.

### **7.5.2 Holding Statements**

CBA will apply for PERLS XV 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 XV changes, you will receive an updated Holding Statement.

### **7.5.3 Provision of TFN and/or ABN**

On your welcome letter (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 6.4.5 "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 welcome letter where you can call and request the form. Alternatively, you can download various shareholder forms at [linkmarketservices.com.au](http://linkmarketservices.com.au).

### **7.5.4 Provision of bank account details for payments**

On your welcome letter (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 welcome letter where you can call and request the form. Alternatively, you can download various shareholder forms at [linkmarketservices.com.au](http://linkmarketservices.com.au).

1

2

3

4

5

6

7

8

A



# 8

## Glossary

Capitalised words used in this Prospectus have specific meanings and are defined in this section or in Appendix A “Terms of CommBank PERLS XV Capital Notes”. If there is any inconsistency between the description of capitalised words defined in this section and the Terms, the Terms prevail.

<b>Term</b>	<b>Meaning</b>
<b>2022 Annual Report</b>	The annual report issued by CBA for the financial year ended 2022
<b>ABN</b>	Australian Business Number
<b>Additional Tier 1 Capital</b>	Certain securities with features as prescribed in APRA’s prudential standard APS 111 “Capital Adequacy: Measurement of Capital”
<b>AI</b>	Artificial intelligence
<b>Allocation</b>	The number of PERLS XV allocated under this Prospectus to Applicants under the Reinvestment Offer and New Money Offer
<b>Alternative Market Rate</b>	<p>A rate other than BBSW, that is, in CBA’s opinion, generally accepted in the Australian market as the successor to the Market Rate, or if there is no such rate:</p> <p>(a) a reference rate that is, in CBA’s opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to PERLS XV; or</p> <p>(b) such other reference rate as CBA considers appropriate having regard to available comparable indices.</p> <p>For the full definition, see Clause 2.2 of the Terms</p>
<b>Applicant</b>	A person who completes an Application and pays Application Monies in accordance with this Prospectus
<b>Application</b>	A valid application for PERLS XV in accordance with this Prospectus
<b>Application Form</b>	A paper or online form (as the context requires), accompanying this Prospectus, which Syndicate Brokers may require Applicants to complete
<b>Application Monies</b>	The amount payable on each Application, being the Initial Face Value multiplied by the number of PERLS XV applied for
<b>APRA</b>	Australian Prudential Regulation Authority
<b>Arranger</b>	Commonwealth Bank of Australia ABN 48 123 123 124
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASIC Guidance</b>	The guidance on hybrid securities published by ASIC on its MoneySmart website which can be found by searching “hybrid securities” at <a href="https://moneysmart.gov.au">moneysmart.gov.au</a>
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or the securities market operated by it (as the context requires)
<b>ASX Listing Rules</b>	The listing rules of ASX, with any modification or waivers which ASX may grant to CBA from time to time
<b>ATO</b>	Australian Taxation Office
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre
<b>Australian Financial Services Licence</b>	Has the meaning given to that term in the Corporations Act
<b>Banking Act</b>	<i>Banking Act 1959</i> (Cth)
<b>Basel III</b>	The revised framework issued between 2010 and 2012 by the Basel Committee on Banking Supervision for the calculation of capital adequacy for banks

Term	Meaning
BBSW	Bank Bill Swap Rate has the meaning given to it in Section 2.1.1 of this Prospectus
Board	The board of directors of CBA or a committee appointed by the board of directors of CBA
Bookbuild	The process conducted before the Offer opens where Participating Brokers and Institutional Investors bid for PERLS XV 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
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	Each of 15 June 2028, 15 December 2028, or 15 June 2029
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 or Group	CBA (or any NOHC that is a holding company of CBA) and its subsidiaries
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
CCyB	Countercyclical Capital 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)
CGT	Capital Gains Tax

1

2

3

4

5

6

7

8

A



Term	Meaning
Change of Control Event	Occurs when: <ul style="list-style-type: none"> <li>a takeover bid is made and certain conditions are satisfied; or</li> <li>a scheme of arrangement that is proposed is approved and certain conditions are satisfied.</li> </ul> A Change of Control Event does not include the implementation of a NOHC structure
Chi-X	Chi-X Australia Pty Ltd ABN 47 129 584 667 or the securities market operated by it (as the context requires)
Closing Date	The closing date for the Offer (including both the Reinvestment Offer and the New Money Offer) which is expected to be 5.00pm (Sydney time) on 8 November 2022
Constitution	The constitution of CBA as amended from time to time
Corporations Act	<i>The Corporations Act 2001</i> (Cth)
Deed Poll	The deed poll entitled "PERLS XV Deed Poll" executed by CBA and dated on or around the date of this Prospectus
Directors	Some or all of the directors of CBA
Distribution	Interest payable on PERLS XV under the Terms
Distribution Payment Date	In respect of each PERLS XV, 15 March, 15 June, 15 September and 15 December each year until that PERLS XV 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 2023
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: <ul style="list-style-type: none"> <li>(a) the first Distribution Period commences on (and includes) the Issue Date; and</li> <li>(b) the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date, as applicable</li> </ul>
Distribution Rate	$(\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$
Equal Ranking Securities	Each of PERLS VII, PERLS X, PERLS XI, PERLS XII, PERLS XIII, PERLS XIV and any preference shares in the capital of CBA or any other securities which rank or are expressed to rank equally with PERLS XV in a winding up of CBA, present and future, excluding any Junior Ranking Securities
Eligible PERLS VII Holders	Registered holders of PERLS VII at 7.00pm on the Reinvestment Offer Record Date (7 October 2022) with a registered address in Australia, who have received personal financial product advice from a financial adviser to acquire PERLS XV or are Wholesale Clients
Exchange	The exchange of all, some or a proportion of each PERLS XV for Ordinary Shares under the Terms. Exchanged has a corresponding meaning
Exchange Number	The number of Ordinary Shares on Exchange calculated in accordance with Clause 7.1 of the Terms

Term	Meaning
Exposure Period	The period from 18 October 2022 to 25 October 2022 (as may be extended by ASIC by up to a further seven days), during which the Corporations Act prohibits the acceptance of Applications. While no Applications will be processed during the Exposure Period, investors interested in applying for PERLS XV are encouraged to contact their Syndicate Broker as soon as possible if they wish to participate so that their interest can be considered in their Syndicate Broker's broker firm bid in the Bookbuild
Face Value	A\$100 per PERLS XV (the Initial Face Value) reduced (if applicable) by the amount of Face Value per PERLS XV which has previously been Exchanged or the amount of Face Value per PERLS XV 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 Pro-Rata PERLS VII Distribution	The intended final distribution to be paid to a PERLS VII holder in respect of their PERLS VII for the period from (but excluding) the Issue Date (expected to be 15 November 2022) to (and including) 15 December 2022, provided such PERLS holder is a register holder of PERLS VII at 7.00pm (Sydney time) on the record date, being 7 December 2022 (and provided the distribution payment conditions in the PERLS VII Terms are satisfied)
First Pro-Rata PERLS VII Distribution	The expected distribution to be paid to a PERLS VII holder in respect of their PERLS VII for the period from (but excluding) 15 September 2022 to (and including) the Issue Date (expected to be 15 November 2022), provided such PERLS VII holder is a registered holder of PERLS VII at 7.00pm (Sydney time) on the record date, being 7 November 2022 (and provided the distribution payment conditions in the PERLS VII Terms are satisfied)
GST	Goods and Services Tax as defined in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (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 XV
Holding	At any time after Allocation, the number of PERLS XV held by a Holder
Holding Statement	A statement issued to Holders by the Registry which sets out the number of PERLS XV Issued to that Holder
Ineligible Holder	Has the meaning given in Clause 13.2 of the Terms
Initial Face Value	A\$100 per PERLS XV
Institutional Investor	A Wholesale Client to whom PERLS XV 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
Issue	The process of issuing PERLS XV to Holders. Issued has a corresponding meaning

1

2

3

4

5

6

7

8

A

Term	Meaning
Issue Date	The date on which PERLS XV are Issued which is expected to be 15 November 2022
Joint Lead Managers	Commonwealth Bank of Australia; ANZ Securities Limited; Bell Potter Securities Limited; Morgans Financial Limited; National Australia Bank Limited; Ord Minnett Limited; Shaw and Partners Limited; UBS AG, Australia Branch; Westpac Institutional Bank
Junior Ranking Securities	All Ordinary Shares, present and future
LAC	The loss-absorbing capacity applicable to domestic systemically important banks, including CBA, and as stipulated by APRA. See Section 4.8.1.5 "Regulatory developments"
LCR	Liquidity Coverage Ratio
Leverage Ratio	An ADI's Tier 1 Capital divided by the ADI's total exposures (on and off balance sheet exposures). See Section 4.8.1.4 "Leverage Ratio"
Mandatory Exchange Conditions	The conditions in Clause 3.2 of the Terms which must be satisfied before Mandatory Exchange will occur. These are outlined in Section 2.3 "Mandatory Exchange"
Mandatory Exchange Date	16 June 2031 or such other date as determined under Clause 3.1 of the Terms
Margin	The margin for PERLS XV will be determined through the Bookbuild and is expected to be between 2.85% and 3.00% per annum
Market Rate	<p>(a) Subject to paragraphs (b) and (c), 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);</p> <p>(b) if CBA determines that a Market Rate Disruption Event has occurred, then, CBA shall:</p> <ul style="list-style-type: none"> <li>• use as the Market Rate such Alternative Market Rate as it may determine; and</li> <li>• make such adjustments to the Terms as it determines to be reasonably necessary to calculate Distributions in accordance with such Alternative Market Rate;</li> </ul> <p>provided that APRA's prior written approval will be required in respect of any such adjustment arising from an event that is specified in paragraph (c) or (d) of the definition of "Market Rate Disruption Event"; and</p> <p>(c) in making the above determinations in paragraph (b), CBA:</p> <ul style="list-style-type: none"> <li>• shall act in good faith and in a commercially reasonable manner;</li> <li>• may consult such sources of market practice as it considers appropriate; and</li> <li>• may otherwise make such determination in its discretion</li> </ul> <p>For the full definition, see Clause 2.2 of the Terms</p>

Term	Meaning
Market Rate Disruption Event	Occurs when in CBA's opinion, the Market Rate: <ul style="list-style-type: none"> <li>(a) is not published by 10.30am or such other time that CBA considers appropriate on the relevant day;</li> <li>(b) is published but is affected by an obvious error;</li> <li>(c) has been discontinued or otherwise ceased to be calculated or administered; or</li> <li>(d) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of PERLS XV</li> </ul>
Maximum Exchange Number	The number of Ordinary Shares calculated in accordance with the formula in Clause 7.1 of the Terms
New Money Offer	The offer to clients of a Syndicate Brokers under which they may apply to make a new investment in PERLS XV (i.e. not under the Reinvestment Offer) as described in Section 7.1 "How to Apply"
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	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) to whom Ordinary Shares are to be issued on trust for sale for the benefit of Holders in the circumstances set out in Clause 7.10 of the Terms
Non-Reinvesting PERLS VII	PERLS VII other than Reinvesting PERLS VII
Non-Viability Trigger Event	Occurs when APRA notifies CBA in writing that it believes: <ul style="list-style-type: none"> <li>(a) Exchange of all or some PERLS XV (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</li> <li>(b) a public sector injection of capital or equivalent support, is necessary because, without it, CBA would become non-viable</li> </ul>
NSFR	Net Stable Funding Ratio
Offer	The invitation by CBA in this Prospectus to subscribe for PERLS XV
Offer Management Agreement	The arrangement between CBA, the Arranger and Joint Lead Managers dated on or about 18 October 2022
Offer Period	The period from the Opening Date to the Closing Date
Opening Date	The opening date of the Offer which is expected to be 26 October 2022
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 as stipulated by APRA. See Section 4.8.1.1 "Capital generally"
PDDO	Product design and distribution obligations which were introduced as a result of the <i>Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019</i> (Cth)

1

2

3

4

5

6

7

8

A

Term	Meaning
PDDO Provisions	New Corporations Act provisions (in Part 7.8A of the Corporations Act) which were introduced by the <i>Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019</i> (Cth)
PERLS VII	CommBank PERLS VII Capital Notes issued by CBA in October 2014
PERLS X	CommBank PERLS X Capital Notes issued by CBA in April 2018
PERLS XI	CommBank PERLS XI Capital Notes issued by CBA in December 2018
PERLS XII	CommBank PERLS XII Capital Notes issued by CBA in November 2019
PERLS XIII	CommBank PERLS XIII Capital Notes issued by CBA in March 2021
PERLS XIV	CommBank PERLS XIV Capital Notes issued by CBA in March 2022
PERLS XV	CommBank PERLS XV Capital Notes to be issued by CBA under the Terms
Prospectus	This Prospectus (whether in paper or electronic format) as supplemented or replaced
Purchaser or Nominated Party	<p>(a) generally, 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) ; and</p> <p>(b) in relation to the Reinvestment Offer, means UBS AG, Australia Branch, or any appointed successor Purchaser, which has been selected by CBA as the Purchaser (as defined in the PERLS VII terms) to which Reinvesting PERLS VII will be Resold (as defined in the PERLS VII Terms) in connection with the Reinvestment Offer</p>
Record Date	<p>For payment of Distributions:</p> <p>(a) the date that is eight calendar days prior to the relevant Distribution Payment Date; or</p> <p>(b) such other date determined by CBA in its absolute discretion and communicated to ASX,</p> <p>or in either case such other date as may be required by, or agreed with, ASX</p>
Redemption	The process through which CBA repays the Face Value of all or some PERLS XV under the Terms. Redeem and Redeemed have corresponding meanings
Redemption Date	In respect of each PERLS XV, the date specified by CBA as the Redemption Date in accordance with Clause 5 of the Terms
Register	The register of PERLS XV 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 VII	PERLS VII the proceeds of which are being reinvested in PERLS XV under the Reinvestment Offer
Reinvesting PERLS VII Holder	An Eligible PERLS VII Holder who submits a valid application (and whose valid application is accepted) to participate in the Reinvestment Offer
Reinvestment Date	The Issue Date, expected to be 15 November 2022
Reinvestment Offer	The offer to Eligible PERLS VII Holders to have some or all of their PERLS VII Resold to the Nominated Party on the Reinvestment Date and the proceeds reinvested in PERLS XV, as described in Section 3 "Information about the Reinvestment Offer" and Section 7 "How to Apply"

Term	Meaning
Reinvestment Offer Record Date	7 October 2022
Resale	The sale of PERLS XV by Holders to the Purchaser in accordance with Clause 6 of the Terms. Resell and Resold have corresponding meanings
RWA	Risk Weighted Assets
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
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 including intermediaries in their proprietary and affiliated networks, and any co-managers or Participating Brokers
Target Market Determination or TMD	The Target Market Determination made for the purposes of section 994B of the Corporations Act in relation to PERLS XV. A copy of the TMD is available on the CBA Investor Centre at <a href="http://commbank.com.au/perls">commbank.com.au/perls</a>
Tax Act	<i>Income Tax Assessment Act 1936</i> (Cth) and, where applicable, the <i>Income Tax Assessment Act 1997</i> (Cth) (both as amended from time to time)
Tax Rate	The Australian corporate tax rate on the relevant Distribution Payment Date
Terms	The terms of PERLS XV attached as a schedule to the Deed Poll, as set out in Appendix A
TFN	Tax File Number
Tier 1 Capital	The sum of CET1 Capital and Additional Tier 1 Capital
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
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 and Chi-X during the relevant period, subject to any adjustments made under Clause 7 of the Terms
Wholesale Client	As defined in section 761G of the Corporations Act  There are a number of ways to qualify as a wholesale client including: <ul style="list-style-type: none"> <li>• if your Application Monies are \$500,000 or more;</li> <li>• if you hold an Australian financial service licence;</li> <li>• if you can demonstrate that you control at least \$10 million; and</li> <li>• where you are not acquiring PERLS XV for use in connection with a business, if you deliver a copy of a certificate not more than 2 years old certified by a qualifying accountant, which states that either you have net assets of at least \$2.5 million or that your gross income for each of the last 2 financial years was at least \$250,000</li> </ul>

1

2

3

4

5

6

7

8

A

This page has been intentionally left blank.





# Appendix A

## Terms of CommBank PERLS XV Capital Notes

1

2

3

4

5

6

7

8

**A**

## 1 Form of PERLS XV and ranking

### 1.1 Form

- (a) PERLS XV 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 XV is issued fully paid with an initial Face Value of A\$100.

### 1.3 CHESS

While PERLS XV remain in CHESS, all dealings (including transfers and payments) in relation to PERLS XV 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 XV 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 60 days), or an effective resolution is passed, for the winding up of CBA in Australia, CBA must redeem each PERLS XV 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 XV, 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 XV 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 XV 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 XV in a winding up of CBA to defeat the subordination in this clause.
- (g) PERLS XV are perpetual and the Terms do not include events of default or any other provisions entitling the Holders to require that PERLS XV 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 netting or set-off

PERLS XV are not subject to netting and, without limitation:

- (a) CBA has no right to set-off any amounts owing by it to a Holder in respect of PERLS XV against any claims owing by the Holder to it or to any member of the CBA Group; and
- (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 XV to the Holder.

### 1.7 Not deposit liabilities of CBA

- (a) PERLS XV 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 XV and no member of the CBA Group, other than CBA, has any liability for PERLS XV.

### 1.8 No other rights

Before Exchange, PERLS XV 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

- (a) Each PERLS XV 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 XV, at the Distribution Rate.
- (b) Interest on each PERLS XV is payable in arrears on each Distribution Payment Date.
- (c) Payment of interest on each PERLS XV 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:

- (a) subject to paragraph (b), the Bank Bill Swap Reference Rate 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 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, provided that where PERLS XV 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 XV shall be the Market Rate for the Distribution Period preceding the relevant Resale Date, Exchange Date, or Redemption Date; and
- (b) if CBA determines that a Market Rate Disruption Event has occurred, then, CBA shall:
  - (i) use as the Market Rate such Alternative Market Rate as it may determine; and
  - (ii) make such adjustments to the Terms as it determines to be reasonably necessary to calculate Distributions in accordance with such Alternative Market Rate;

provided that APRA's prior written approval is obtained in respect of any such adjustment arising from an event that is specified in paragraph (iii) or (iv) of the definition of "Market Rate Disruption Event" in paragraph (d), and:

- (c) in making the above determinations in paragraph (b), CBA:
  - (i) shall act in good faith and in a commercially reasonable manner;
  - (ii) may consult such sources of market practice as it considers appropriate; and
  - (iii) may otherwise make such determination in its discretion; and
- (d) for the purposes of this definition:

a **Market Rate Disruption Event** occurs when, in CBA's opinion, the Market Rate in paragraph (a) of the definition:

- (i) is not published by 10:30am or such other time that CBA considers appropriate on that day;
- (ii) is published but is affected by an obvious error;
- (iii) has been discontinued or otherwise ceased to be calculated or administered; or
- (iv) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of PERLS XV; and

**Alternative Market Rate** means a rate other than the rate described in paragraph (a) of this definition, that is, in CBA's opinion, generally accepted in the Australian market as the successor to the Market Rate, or if there is no such rate:

- (i) a reference rate that is, in CBA's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to PERLS; or
- (ii) such other reference rate as CBA considers appropriate having regard to available comparable indices,

provided that CBA reserves the discretion to incorporate an adjustment (which may be positive or negative) or a formula or methodology for calculating such an adjustment in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit to Holders as a result of the use of an Alternative Market Rate. APRA's prior written approval is required in respect of the Alternative Market Rate or any such adjustment arising from an event that is specified in paragraph (iii) or (iv) of the definition of "Market Rate Disruption Event" in this clause.

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

1

2

3

4

5

6

7

8

A

**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 XV for each Distribution Period is calculated according to the following formula:

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

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:

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

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:

- (a) CBA, in its absolute discretion, making the Distribution to Holders;
- (b) 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;
- (c) the payment of the Distribution not resulting in CBA becoming, or being likely to become, Insolvent; and
- (d) 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 XV 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 XV on issue on the date that is the earlier of:

- (a) the **Scheduled Mandatory Exchange Date**, being the first Business Day falling at least 2 years after the last Call 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 25<sup>th</sup> Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 56% 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 (**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 25<sup>th</sup> and the 21<sup>st</sup> 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:
  - (i) CBA determines; or
  - (ii) 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 XV (or, if it so determines, such percentage of the Face Value of each PERLS XV) 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%.

1

2

3

4

5

6

7

8

A



- (c) In determining the number of PERLS XV, or percentage of the Face Value of each PERLS XV, which must be Exchanged in accordance with this clause, CBA will:
- (i) 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 XV; and
  - (ii) secondly, if exchange, conversion or write down of those Relevant Securities is not sufficient, Exchange (in the case of PERLS XV) 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 XV 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 XV or other Relevant Securities remaining on issue),
- but such determination will not impede the immediate Exchange of the relevant number of PERLS XV or percentage of the Face Value of each PERLS XV (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 XV 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:
- (i) the relevant number of PERLS XV, or percentage of the Face Value of each PERLS XV, 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;
  - (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 Capital 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 XV 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:
- (i) Exchange of all or some PERLS XV, or exchange, conversion or write down of capital instruments of the CBA Group, is necessary because, without it, CBA would become non-viable; or
  - (ii) 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 XV (or, if it so determines, such percentage of the Face Value of each PERLS XV) 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 XV, 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 XV.
- (c) In determining the number of PERLS XV, or percentage of the Face Value of each PERLS XV, which must be Exchanged in accordance with this clause, CBA will:
- (i) 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 XV; and
  - (ii) secondly, if exchange, conversion or write down of those securities is not sufficient, Exchange (in the case of PERLS XV) 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 XV 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 XV or other Relevant Securities remaining on issue),

but such determination will not impede the immediate Exchange of the relevant number of PERLS XV or percentage of the Face Value of each PERLS XV (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 XV 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 XV, or percentage of the Face Value of each PERLS XV, 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 XV 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 XV (or percentage of the Face Value of each PERLS XV) are required to be Exchanged in accordance with clauses 4.1 or 4.2, then:

- (a) Exchange of the relevant PERLS XV or percentage of the Face Value of each PERLS XV 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 XV 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 XV or remaining percentage of the Face Value of each PERLS XV), 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 and any notice of Redemption outstanding at the time a Capital Trigger Event or Non-Viability Trigger Event occurs will be automatically revoked and of no effect.

#### **4.6 No further rights if Exchange cannot occur**

If, for any reason, Exchange of any PERLS XV (or a percentage of the Face Value of any PERLS XV) 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 XV or percentage of the Face Value of PERLS XV 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

1

2

3

4

5

6

7

8

A



- (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 XV;
  - (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 XV 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 XV 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 XV at any time.

### **5 Early Redemption**

#### **5.1 Early Redemption at the option of CBA on a Call Date**

CBA may at its option Redeem all or some PERLS XV on a 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 10 Business Days (and no more than 60 Business Days) before the Call Date on which Redemption is to occur to ASX and the Holders.

If only some (but not all) PERLS XV are to be Redeemed under this clause, those PERLS XV 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 XV 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 10 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 XV other than a tax consequence that CBA expected as at the Issue Date,

CBA may Redeem all (but not some) PERLS XV 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 10 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), other than as a result of a change expected by CBA as at the Issue Date;

- (a) all, some or a proportion of all or some PERLS XV 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);

- (b) additional requirements would be imposed on CBA in relation to or in connection with PERLS XV which CBA determines in its absolute discretion might have a material adverse effect on CBA; or
- (c) to have PERLS XV outstanding would be unlawful or impractical or that CBA would be exposed to a more than a de minimis increase in its costs in connection with those PERLS XV,

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

However, CBA may only Redeem under this clause if:

- (d) CBA has given notice of its election to do so at least 10 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (e) the proposed Redemption Date is a Distribution Payment Date; and
- (f) 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 (as applicable):
  - (i) all, some or a proportion of all or some PERLS XV will cease to be treated as Tier 1 Capital;
  - (ii) additional requirements will be imposed on CBA; or
  - (iii) to have PERLS XV outstanding will be unlawful or impractical or CBA will be exposed to a more than a de minimis increase in its costs.

### 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 XV 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 XV and the replacement of PERLS XV 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 XV; 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.

1

2

3

4

5

6

7

8

A

### 5.7 No Redemption at the option of the Holders

Holders do not have a right to request Redemption of their PERLS XV 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 XV on the Redemption Date specified in that notice.

### 5.9 Redemption mechanics

On the Redemption Date, the only right a Holder will have in respect of PERLS XV will be to be paid the Face Value payable in accordance with these Terms and any Distribution CBA has determined is payable on that date. Upon the Face Value being paid (or taken to be paid in accordance with clause 9), all other rights conferred, or restrictions imposed, by PERLS XV will no longer have effect and the PERLS XV will be cancelled.

## 6 Resale on a Call Date

- (a) CBA may elect that Resale occur in relation to all or some PERLS XV by giving a Resale Notice at least 10 Business Days (and no more than 60 Business Days) before a Call Date to ASX and the Holders.

If only some (but not all) PERLS XV are to be Resold under this clause, the number of PERLS XV 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 XV to the Purchaser on the Call Date specified in the applicable Resale Notice (**Resale Date**) for a cash amount per PERLS XV 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 XV 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 XV 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 XV 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 XV 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:

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

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 XV 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 XV 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 XV 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 XV 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 XV 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.

## 7.4 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.

## 7.5 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:

$$V = V_0 \times RD / (RD + RN)$$

where:

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

1

2

3

4

5

6

7

8

A



**Vo** 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 or other issue involving any payment or other compensation to or by the holders of Ordinary Shares.
- (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.

#### **7.6 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.

#### **7.7 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.

#### **7.8 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.

#### **7.9 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 XV on ASX.
- (c) Holders acknowledge that any ASX trades in PERLS XV 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 XV have been Exchanged.

#### **7.10 Exchange where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder**

If PERLS XV (or a percentage of the Face Value of each PERLS XV) 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 XV 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 or would be deemed to be an Ineligible Holder, in which case such issue shall occur as soon as practicable after the Nominee ceases to be or would not be (as the case may 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 and any withholding or deduction required or permitted pursuant to clause 9.6 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 XV

### 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 XV;
  - (ii) entitlement to the other benefits given to Holders under these Terms and the Deed Poll in respect of PERLS XV; 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 XV.

This clause applies despite any notice of ownership, trust or interest in that PERLS XV. 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 XV 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 four persons as joint Holders of any PERLS XV.

### 8.4 Transfers

(a) A Holder may transfer PERLS XV:

- (i) while PERLS XV 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 XV.

(b) Title to PERLS XV passes when details of the transfer are entered in the Register.

(c) PERLS XV 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 XV.

(e) CBA must not charge any fee on the transfer of PERLS XV.

(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 XV.

(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 XV.

(h) Subject to Applicable Regulations, CBA may determine that transfers of some or all PERLS XV will not be registered during any period reasonably specified by it prior to the Exchange Date, Redemption Date or Resale Date of such PERLS XV.

1

2

3

4

5

6

7

8

A

### 8.5 Refusal to register

CBA may only refuse to register a transfer of PERLS XV 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 XV 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 XV.

## 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 Obligations subject to law

All obligations of CBA to make any payments and/or issue any Ordinary Shares are subject to all applicable laws.

### 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 or issuances of Ordinary Shares in respect of PERLS XV 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 (or, if applicable, the Nominee) shall give effect to any such withholding or deduction within the time allowed 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. If after giving effect to such withholding or deduction the balance of the payment or issuance of the balance of the Ordinary Shares is made to the relevant Holder, CBA's obligation to the Holder shall be deemed to have been satisfied in full and CBA shall not be required to pay any additional amount, or issue any further Ordinary Shares.
- (b) CBA, in its absolute discretion, may withhold or deduct from payments or issuances of Ordinary Shares to or for the account of a Holder (including, if applicable, any other person who beneficially derives Distributions or any entitlement to be issued Ordinary



Shares under PERLS XV) 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 XV may be subject to FATCA, and may deal with such payment or issuance of Ordinary Shares and the Holder's PERLS XV 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 or issue any further Ordinary Shares on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment or additional issuance of Ordinary Shares to, a Holder or a beneficial owner of PERLS XV 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 XV) 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 XV 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 XV.

## 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 XV 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 or a trust deed appointing a trustee for Holders (in either case, a **Successor Deed**) 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, 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 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 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

1

2

3

4

5

6

7

8

A

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 XV 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 XV;
- (iv) the Successor has, in the reasonable opinion of CBA, the financial capacity to satisfy its obligations under the Successor Deed;
- (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 XV 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 (including to provide for rights in respect of PERLS XV to be held by a trustee for Holders) if CBA considers such amendment to be necessary or expedient for the purposes of complying with the provisions of Chapter 2L of the Corporations Act.

A trust deed entered into in accordance with this clause may contain such provisions for the protection of the trustee, or for the purpose of ensuring that the trust deed complies with the provisions of Chapter 2L of the Corporations Act and all other applicable laws, as CBA considers appropriate.

### **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 (save that those obligations may be owed to the Holders, or to a trustee for Holders, pursuant to the Successor Deed);

- (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 XV 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) to amend the Terms to adopt an Alternative Market Rate as the new Market Rate following the occurrence of a Market Rate Disruption Event, and to make any consequential amendments, subject to APRA's prior written approval as required under clause 2.2(b) and CBA acting in good faith and in a commercially reasonable manner;

- (d) necessary or expedient for the purpose of:
- (i) enabling PERLS XV 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 XV; or
  - (iii) facilitating a substitution in accordance with clause 11.1 (including satisfying any requirement of APRA in connection with such a substitution);
- (e) 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
- (f) not materially prejudicial to the interests of Holders as a whole.

The Terms 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 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 XV 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 CHES in accordance with any applicable rules and regulations of CHES;
- (iii) announced to ASX;
- (iv) given by an advertisement published in the Australian Financial Review, The Australian or in any other newspaper nationally circulated within Australia;
- (v) sent by email or electronic message to the electronic address (if any) of the Holder as shown on the Register; or
- (vi) given in any other way agreed between CBA and any Holder (and in agreeing in such way, CBA and such Holders may have regard to the dates by which the notice is to be given under these terms).

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).

1

2

3

4

5

6

7

8

A

- (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) If issued to Holders through CHESSE, on the date of the issuance unless the sender receives an automated message that the e-mail has not been delivered.
- (iv) Notices given to Holders by being announced to ASX are taken to be received on the date of announcement.
- (v) If published in a newspaper, on the first date that publication has been made in the required newspaper.
- (vi) If sent by e-mail to the electronic address in respect of the Holder as specified in accordance with clause 12.7(a), on the day following its transmission to that electronic address.

## 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 XV, 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 XV 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 XV 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 XV 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 XV 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;

**Alternative Market Rate** has the meaning given in clause 2.2;

**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 (including any replacement or re-named rules) 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 XV 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 each of 15 June 2028, 15 December 2028, and 15 June 2029;

**Capital Trigger Event** has the meaning given in clause 4.1;

1

2

3

4

5

6

7

8

A

# Terms of CommBank PERLS XV Capital Notes *(continued)*

**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;

**CHES** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited ABN 49 008 504 532, or any system that replaces it relevant to PERLS XV (including in respect of the transfer or Exchange of PERLS XV);

**Chi-X** means Chi-X Australia Pty Ltd (ABN 47 129 584 667) or the securities market operated by it, as the context requires;

**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 XV Deed Poll" executed by CBA and dated on or around the date of the Prospectus;

**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 XV under these Terms;

**Distribution Payment Date** means, in respect of each PERLS XV, 15 March, 15 June, 15 September and 15 December each year until that PERLS XV 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 2023;

**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:

- (c) PERLS VII;
- (d) PERLS X;
- (e) PERLS XI;
- (f) PERLS XII;
- (g) PERLS XIII;
- (h) PERLS XIV;
- (i) PERLS XV; and
- (j) any preference shares in the capital of CBA or any other securities which rank or are expressed to rank equally with PERLS XV 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 XV 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
- (e) date otherwise determined under clause 4.7(d);

**Exchange Number** has the meaning given in clause 7.1;

**External Administrator** means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person,

or in either case any similar official;

**Face Value** means A\$100 per PERLS XV (**Initial Face Value**) reduced (if applicable) by the amount of Face Value per PERLS XV which has previously been Exchanged or the amount of Face Value per PERLS XV 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;

**First Mandatory Exchange Condition** has the meaning given in clause 3.2(a);

**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;

**Full Successor** has the meaning given in clause 11.1;

**Holder** means a person whose name is entered in the Register as a holder of PERLS XV;

**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 (Cth)) 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 XV, it shall only be treated as an Ineligible Holder in respect of those PERLS XV and not in respect of the balance of its PERLS XV), 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 XV are issued, which is expected to be on or about 15 November 2022;

**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** means:

- (a) 16 June 2031; or
- (b) 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;

**Market Rate Disruption Event** has the meaning given in clause 2.2;

1

2

3

4

5

6

7

8

A



# Terms of CommBank PERLS XV Capital Notes *(continued)*

**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) to whom Ordinary Shares are to be issued 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;

**Ordinary Share** means a fully paid ordinary share in the capital of CBA;

**Partial Successor** has the meaning given in clause 11.1;

**PERLS VII** means CommBank PERLS VII Capital Notes issued by CBA in October 2014;

**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 in December 2018;

**PERLS XII** means CommBank PERLS XII Capital Notes issued by CBA in November 2019;

**PERLS XIII** means CommBank PERLS XIII Capital Notes issued by CBA in April 2021;

**PERLS XIV** means CommBank PERLS XIV Capital Notes issued by CBA in March 2022;

**PERLS XV** means CommBank PERLS XV Capital Notes issued by CBA under the Prospectus;

**Prospectus** means the prospectus relating to the offer of PERLS XV dated on or about 18 October 2022 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 XV for their Face Value under these Terms and **Redeem** and **Redeemed** have corresponding meanings;

**Redemption Date** means, in respect of each PERLS XV, 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 CHES;
- 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 XV 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;

**Second Mandatory Exchange Condition** has the meaning given in clause 3.2(a);

**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 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 XV 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 XV, as set out in schedule 1 of the Deed Poll;

**Third Mandatory Exchange Condition** has the meaning given in clause 3.2(a);

**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 and Chi-X 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.

1

2

3

4

5

6

7

8

A

This page has been intentionally left blank.

# Corporate Directory

## Registered Office of CBA

Commonwealth Bank of Australia  
Commonwealth Bank Place South  
Level 1, 11 Harbour Street  
Sydney NSW 2000

## Arranger and Joint Lead Manager

Commonwealth Bank of Australia  
Commonwealth Bank Place South  
Level 1, 11 Harbour Street  
Sydney NSW 2000

## Legal Adviser

Herbert Smith Freehills  
ANZ Tower  
161 Castlereagh Street  
Sydney NSW 2000

## Tax Adviser

PricewaterhouseCoopers  
One International Towers Sydney  
Watermans Quay  
Barangaroo 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

## Joint Lead Managers

ANZ Securities Limited  
Level 9, 833 Collins Street  
Docklands VIC 3008

Bell Potter Securities Limited

Level 38, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

Morgans Financial Limited

Level 29, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000

National Australia Bank Limited

Level 6, 2 Carrington Street  
Sydney NSW 2000

Ord Minnett Limited

Level 18, Grosvenor Place  
225 George Street  
Sydney NSW 2000

Shaw and Partners Limited

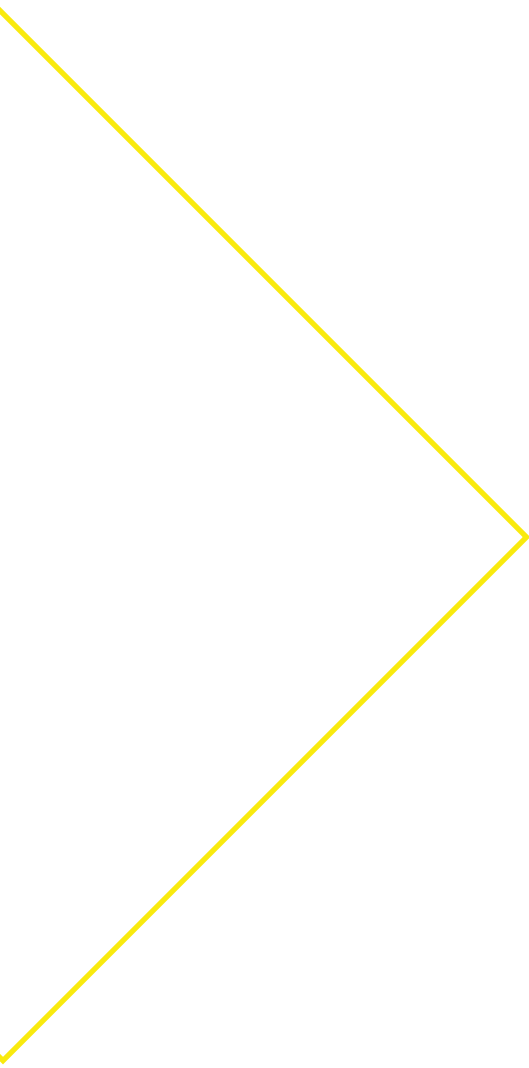
Level 7, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

UBS AG, Australia Branch

Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

Westpac Institutional Bank

Level 2, Westpac Place  
275 Kent Street  
Sydney NSW 2000



Commonwealth  
Bank