

## INFORMATION MEMORANDUM FOR THE ISSUE OF EXEMPT NOTES

THIS INFORMATION MEMORANDUM HAS BEEN PREPARED BY THE ISSUER IN CONNECTION WITH THE ISSUE OF EXEMPT NOTES UNDER THE PROGRAMME WHICH ARE NEITHER TO BE ADMITTED TO TRADING ON A REGULATED MARKET IN THE EUROPEAN ECONOMIC AREA NOR OFFERED IN THE EUROPEAN ECONOMIC AREA IN CIRCUMSTANCES WHERE A PROSPECTUS IS REQUIRED TO BE PUBLISHED UNDER THE PROSPECTUS DIRECTIVE (AS DEFINED BELOW).

NEITHER THE ISSUER NOR ANY DEALER HAS AUTHORISED, NOR DO THEY AUTHORISE, THE MAKING OF ANY OFFER OF EXEMPT NOTES IN CIRCUMSTANCES IN WHICH AN OBLIGATION ARISES FOR THE ISSUER OR ANY DEALER TO PUBLISH OR SUPPLEMENT A PROSPECTUS FOR SUCH OFFER.

THIS INFORMATION MEMORANDUM HAS NOT BEEN REVIEWED OR APPROVED BY THE FINANCIAL CONDUCT AUTHORITY AS COMPETENT AUTHORITY IN THE UNITED KINGDOM, NOR HAS IT BEEN REVIEWED OR APPROVED BY ANY COMPETENT AUTHORITY IN ANY OTHER MEMBER STATE OF THE EUROPEAN ECONOMIC AREA AND DOES NOT CONSTITUTE A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE.

# Commonwealth Bank Australia

Commonwealth Bank of Australia, A.B.N. 48 123 123 124

Incorporated in Australia with limited liability



## U.S.\$70,000,000,000\*

### Euro Medium Term Note Programme

*\*Combined programme limit for the Euro Medium Term Note Programme of ASB Finance Limited and Commonwealth Bank of Australia. This Information Memorandum relates to Exempt Notes to be issued under such programme by Commonwealth Bank of Australia only.*

Commonwealth Bank of Australia (the "Issuer" or the "Bank") may from time to time issue Euro Medium Term Notes under this U.S.\$70,000,000,000 Euro Medium Term Note Programme (the "Programme") for which no prospectus is required to be published (the "Exempt Notes") under Directive 2003/71/EC, as amended or superseded (the "Prospectus Directive"). The Exempt Notes may be issued in any form contemplated in "Conditions of the Exempt Notes" herein and as described in "Overview of the Programme" herein.

The Exempt Notes will be issued from time to time to one or more of the Dealers specified on page 8 (each a "Dealer" and together the "Dealers", which expression shall include any additional Dealers appointed under the Programme (as defined below) from time to time). References in this Information Memorandum to the "relevant Dealer" shall, in the case of an issue of Exempt Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Exempt Notes. The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the "Conditions of the Exempt Notes" herein.

**In the case of Subordinated Notes, in the event of the occurrence of a Non-Viability Trigger Event (as defined in Condition 21(a)), the Issuer must exchange all or some of the Subordinated Notes or a percentage of the outstanding principal amount of each Subordinated Note (as the case may be and in an amount as determined pursuant to Condition 21(a)) for ordinary shares in the capital of the Issuer ("Ordinary Shares"). If for any reason, an exchange pursuant to Condition 21(a) fails to take effect and the Issuer has not otherwise issued the Ordinary Shares required to be issued in respect of such exchange within five Ordinary Shares Business Days (as defined in Condition 22(m)) after the occurrence of the Non-Viability Trigger Event then the relevant Noteholder's rights (including to payment of the then outstanding principal amount and interest, and to receive Ordinary Shares) in relation to such Subordinated Notes or percentage of the then outstanding principal amount of the Subordinated Notes are immediately and irrevocably terminated ("Written Down", and "Write Down" has a corresponding meaning) and such termination will be taken to have occurred immediately on the date of the occurrence of the Non-Viability Trigger Event. See Condition 21.**

Words and expressions used but not defined in this Information Memorandum shall have the same meaning as ascribed to them in "Form of the Exempt Notes" and "Conditions of the Exempt Notes".

**An investment in Exempt Notes issued under the Programme involves certain risks.** For a discussion of these risks see "Risk Factors".

Notice of the aggregate nominal amount of, interest (if any) payable in respect of, the issue price of, and any other terms and conditions not contained herein which are applicable to, each Tranche of Exempt Notes will be set out in a pricing supplement (the "Pricing Supplement") copies of which will be available for viewing during normal business hours at the registered office of the Issuer at Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000 and the specified office set out herein of each of the Paying Agents (as defined below).

The Issuer has been rated AA- by Standard & Poor's (Australia) Pty. Ltd. ("S&P"), Aa3 by Moody's Investors Service Pty Ltd. ("Moody's") and AA- by Fitch Australia Pty Ltd ("Fitch").

Any Exempt Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Exempt Notes is rated, such rating will be disclosed in the Pricing

Supplement and will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Application may be made to the Australian Securities Exchange (the "ASX") for Exempt Notes issued under the Programme to be quoted on the ASX.

Amounts payable on Floating Rate Notes and Fixed Reset Notes may be calculated by reference to one of LIBOR, EURIBOR or SONIA as specified in the relevant Pricing Supplement. As at the date of this Information Memorandum, (i) the administrator of LIBOR, ICE Benchmark Administration Limited, is included in ESMA's register of administrators under Article 36 of Regulation (EU) No. 2016/1011 (the "Benchmarks Regulation"); and (ii) each of the administrator of EURIBOR, European Money Markets Institute, and the administrator of SONIA, The Bank of England, are not included in ESMA's register of administrators under the Benchmarks Regulation. As far as the Issuer is aware, (i) the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the administrator of EURIBOR, European Money Markets Institute, is not currently required to obtain authorisation or registration; and (ii) under Article 2 of the Benchmarks Regulation, the Bank of England is not required to obtain authorisation or registration.

The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any Pricing Supplement to reflect any change in the registration status of the administrator.

This document is issued in replacement of an Information Memorandum dated 3 July 2018 and accordingly supersedes that earlier Information Memorandum. This does not affect any Exempt Notes issued under the Programme prior to the date of this Information Memorandum.

Arranged by:

**UBS Investment Bank**

Dealers:

**Barclays  
Citigroup**

**Daiwa Capital Markets Europe  
HSBC  
NatWest Markets**

**BNP PARIBAS  
Commonwealth  
Australia  
Deutsche Bank  
J.P. Morgan  
Nomura**

**Bank of**

**BofA Merrill Lynch  
Credit Suisse**

**Goldman Sachs International  
Morgan Stanley  
UBS Investment Bank**

Dated 3 July 2019

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum, is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Information Memorandum shall, save as specified herein, be read and construed on the basis that those documents are so incorporated and form part of this Information Memorandum.

The Dealers (which term in this paragraph and the third paragraph below includes Commonwealth Bank of Australia in its capacity as a dealer but does not include Commonwealth Bank of Australia in its capacity as issuer of the Exempt Notes) have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Information Memorandum or any further information supplied by the Issuer in connection with the Exempt Notes.

No person has been authorised to give any information or to make any representation not contained in this Information Memorandum or any further information supplied in connection with the Programme or the Exempt Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Information Memorandum nor any further information supplied in connection with the Programme or any Exempt Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Information Memorandum or any further information supplied in connection with the Programme or the Exempt Notes should purchase any Exempt Notes. Each investor contemplating purchasing Exempt Notes should make its own independent investigation of the condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Information Memorandum nor any further information supplied in connection with the Programme or the Exempt Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Exempt Notes.

The delivery of this Information Memorandum does not at any time imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any further information supplied in connection with the Programme or the Exempt Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial or other condition or affairs of the Issuer or any of its subsidiaries during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Exempt Notes.

The distribution of this Information Memorandum and the offer or sale of the Exempt Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Information Memorandum or any Exempt Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of the Exempt Notes in the United States of America, the European Economic Area (the "EEA") (including the United Kingdom and Luxembourg), Japan, Australia, New Zealand, Hong Kong, the PRC, Macau (each as defined below), the Republic of Korea, Singapore and Taiwan (see "*Subscription and Sale*").

In the United Kingdom, this document is being distributed only to, and is directed only at, investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or who fall within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. Any

investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The Exempt Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "*Securities Act*") or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction (see "*Subscription and Sale*").

This Information Memorandum has been prepared on the basis that any offer of Exempt Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Exempt Notes. Accordingly any person making or intending to make an offer of Exempt Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Exempt Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Any reference herein to an agreement between the Issuer and the relevant Dealer shall, in the case of Exempt Notes being, or intended to be, subscribed by more than one Dealer, be to an agreement between such Issuer and all such Dealers.

**IMPORTANT – EEA RETAIL INVESTORS** – The Exempt Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Exempt Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Exempt Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance/target market** – The Pricing Supplement in respect of any Exempt Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Exempt Notes and which channels for distribution of the Exempt Notes are appropriate. Any person subsequently offering, selling or recommending the Exempt Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Exempt Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Exempt Notes is a manufacturer in respect of such Exempt Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**Product Classification pursuant to Section 309B of the Securities and Futures Act (Chapter 289 of Singapore)** – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended, the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), unless otherwise stated in the applicable Pricing Supplement, all Exempt Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment

Products (as defined in the Monetary Authority of Singapore (the “MAS”) Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Exempt Notes may not be a suitable investment for all investors. Each potential investor in the Exempt Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Exempt Notes, the merits and risks of investing in the Exempt Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Exempt Notes and the impact the Exempt Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Exempt Notes, including Exempt Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understands thoroughly the terms of the Exempt Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should determine whether and to what extent (1) Exempt Notes are legal investments for it, (2) Exempt Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Exempt Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Exempt Notes under any applicable risk-based capital or similar rules.

## **PRESENTATION OF INFORMATION**

In this Information Memorandum, all references to:

- “U.S. dollars”, “USD” and “U.S.\$” are to United States dollars;
- “JPY”, “Yen” and “¥” are to Japanese yen;
- “Sterling”, “GBP” and “£” are to pounds sterling;
- “AUD” and “A\$” are to Australian dollars;
- “NZD” and “NZ\$” are to New Zealand dollars;
- “HKD” and “Hong Kong dollars” are to the lawful currency of Hong Kong;
- “Renminbi”, “RMB” and “CNY” are to the lawful currency of the People’s Republic of China (the “PRC”) which for purposes of this Information Memorandum excludes the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC (“Macau”) and Taiwan;
- “CHF” and “Swiss Francs” are to the lawful currency of Switzerland;
- “euro”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union (the “EU”), as amended; and
- “Issuer” or “Bank” are to Commonwealth Bank of Australia and, as appropriate, its subsidiaries.

## **AUSTRALIAN BANKING LEGISLATION**

The Issuer is an authorised deposit-taking institution (an "ADI") for the purposes of the Banking Act 1959 of Australia (the "Banking Act"). The Banking Act provides that, in the event an ADI becomes unable to meet its obligations or suspends payment, the ADI's assets in Australia are available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including, in the case of the Issuer, any Exempt Notes issued under the Programme). These specified liabilities include certain obligations of the ADI to the Australian Prudential Regulation Authority ("APRA") in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts to the Reserve Bank of Australia (the "RBA") and certain other debts to APRA. A "protected account" is, subject to certain conditions including as to currency and unless prescribed otherwise by regulations, an account or a specified financial product: (a) where the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account, or (b) otherwise prescribed by regulation. The Australian Treasurer has published a declaration of products prescribed as protected accounts for the purposes of the Banking Act. Changes to applicable law may extend the liabilities required to be preferred by law.

Any Exempt Notes issued under the Programme will not represent a protected account of, or a deposit with, the Issuer. The liabilities which are preferred by law to the claim of a holder of an Exempt Note issued under the Programme will be substantial and the Conditions of the Exempt Notes do not limit the amount of such liabilities which may be incurred or assumed by the Issuer from time to time.

The offer or sale of any Exempt Notes under the Programme will not require disclosure under Part 6D.2 or Part 7.9 of the Corporations Act 2001 of Australia (the "Corporations Act") as the Issuer is an ADI under the Banking Act and section 708(19) of the Corporations Act provides that an offer of an ADI's debentures for issue or sale does not need such disclosure. Accordingly, this Information Memorandum has not been, nor will be, lodged with nor registered by the Australian Securities and Investments Commission ("ASIC").

## **STABILISATION**

**In connection with the issue of any Tranche of Exempt Notes, one or more relevant Dealers (the "Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation Manager(s)) may, outside of Australia and on a financial market operated outside of Australia, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Exempt Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Exempt Notes and 60 days after the date of the allotment of the relevant Tranche of Exempt Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

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## Overview of the Programme

*The following overview does not purport to be complete and is qualified in its entirety by the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Exempt Notes, the applicable Pricing Supplement. The Issuer and any relevant Dealer may agree that Exempt Notes shall be issued in a form other than that contemplated in the Conditions.*

<b>Issuer:</b>	Commonwealth Bank of Australia
<b>Issuer Legal Entity Identifier (LEI):</b>	MSFSBD3QN1GSN7Q6C537
<b>Risk Factors:</b>	<p>There are certain factors that may affect the Issuer's ability to fulfil its obligations under Exempt Notes issued under the Programme. These are set out under "<i>Risk Factors</i>" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Exempt Notes issued under the Programme. These are set out under "<i>Risk Factors</i>" and include certain risks relating to the structure of particular Series of Exempt Notes and certain market risks.</p>
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	UBS AG London Branch
<b>Dealers:</b>	<p>Barclays Bank PLC Barclays Capital Asia Limited BNP Paribas Citigroup Global Markets Limited Commonwealth Bank of Australia Credit Suisse Securities (Europe) Limited Daiwa Capital Markets Europe Limited Deutsche Bank AG, London Branch Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International Morgan Stanley &amp; Co. International plc NatWest Markets Plc Nomura International plc UBS AG London Branch</p> <p>and any other Dealers appointed in accordance with the Programme Agreement.</p>
<b>Certain restrictions:</b>	<p>Each issue of Exempt Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the following restrictions applicable at the date of this Information Memorandum.</p>

### **Exempt Notes having a maturity of less than one year**

Exempt Notes having maturity of less than one year from the date of issue will be issued (i) to a limited class of professional investors and will have a denomination of at least £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling) and no part thereof will be transferable unless the redemption value of that part is not less than £100,000 (or such an equivalent



amount) or (ii) in any other circumstances which do not violate section 19 of the Financial Services and Markets Act 2000, as amended (the “FSMA”).

<b>Issuing and Principal Paying Agent:</b>	Deutsche Bank AG, London Branch
<b>Registrar:</b>	Deutsche Bank Luxembourg S.A.
<b>Distribution:</b>	Exempt Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, Exempt Notes may be denominated in U.S. dollars, euro, Yen, Sterling, Australian dollars, New Zealand dollars, Hong Kong dollars, Renminbi, Swiss Francs and such other currencies as may be agreed with the relevant Dealer.
<b>Maturities:</b>	Subject to any applicable laws and regulations, any original maturity.
<b>Issue Price:</b>	Exempt Notes may be issued at par or at a discount to, or premium over, par and on a fully-paid basis.
<b>Form of Exempt Notes:</b>	Except in the case of Subordinated Notes, which must be issued in registered form, the Exempt Notes will be issued in either bearer or registered form as described in "Form of the Exempt Notes". Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
<b>Taxation:</b>	All payments in respect of the Exempt Notes will be made by the Issuer without withholding or deduction for, or on account of, any Taxes of any Taxing Jurisdiction as provided in Condition 9 unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 9, be required to pay such additional amounts in respect of the Exempt Notes as will result (after withholding or deduction of the Taxes) in payment to the holders of the Exempt Notes of the amounts which would have been payable had there been no such withholding or deduction.
<b>Status of Unsubordinated Notes:</b>	Unsubordinated Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and equally with the Issuer's other unsecured and unsubordinated obligations (except for certain debts that are required to be preferred by applicable laws) subject as provided in Condition 3(a).
<b>Events of Default and other provisions for Unsubordinated Notes:</b>	Events of Default for Unsubordinated Notes are set out in Condition 11(a). There is no cross default or negative pledge.
<b>Status of Subordinated Notes:</b>	Subordinated Notes will constitute direct and subordinated obligations of the Issuer and will rank in the winding up of the Issuer (a) after the claims in respect of Senior Ranking Obligations including claims preferred by applicable laws, (b) equally among themselves and with claims in respect of Equal Ranking Securities and (c) ahead of all claims in respect of Junior Ranking Securities including claims referred to in sections 563AA and 563A of the Corporations Act, subject and as further provided in Condition 3(b).
<b>Non-Viability Trigger Event in respect of Subordinated Notes:</b>	In the case of Subordinated Notes, in the event of the occurrence of a Non-Viability Trigger Event, the Issuer must exchange all or some of the Subordinated Notes or a percentage of the outstanding principal amount

of each Subordinated Note (as the case may be and in an amount as determined pursuant to Condition 21(a)) for Ordinary Shares. If for any reason, an exchange pursuant to Condition 21(a) fails to take effect and the Issuer has not otherwise issued the Ordinary Shares required to be issued in respect of such exchange within five Ordinary Shares Business Days after the occurrence of the Non-Viability Trigger Event then the relevant Noteholder's rights (including to payment of the then outstanding principal amount and interest, and to receive Ordinary Shares) in relation to such Subordinated Notes or percentage of the then outstanding principal amount of the Subordinated Notes are immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Non-Viability Trigger Event. See Condition 21.

**Substitution in respect of Subordinated Notes:**

In the case of Subordinated Notes, the Issuer may substitute for itself a "non-operating holding company" within the meaning of the Banking Act ("NOHC") as the issuer of ordinary shares on Exchange or, if so specified in the applicable Pricing Supplement, as the debtor in respect of the Subordinated Notes. If a NOHC is substituted as the debtor in respect of the Subordinated Notes it means that a holder of Subordinated Notes would no longer have rights against the Issuer. If a NOHC is substituted as the issuer of ordinary shares on Exchange it means that a holder of Subordinated Notes will receive ordinary shares in the NOHC rather than the Issuer.

**Events of Default for Subordinated Notes:**

Events of Default for Subordinated Notes are set out in Condition 11(b). There is no cross default or negative pledge.

**Fixed Rate Notes:**

Fixed interest will be payable in arrear on such date or dates in each year as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

**Fixed Reset Notes:**

Fixed Reset Notes will initially bear interest at the Initial Interest Rate until (but excluding) the Reset Date. On the Reset Date, the interest rate will be reset to the rate per annum equal to the aggregate of the applicable Reset Reference Rate and the Margin as determined by the Principal Paying Agent on the relevant Reset Determination Date.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Exempt Notes, or on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service or on such other basis as may be specified in the applicable Pricing Supplement.

The Margin (if any) relating to such floating rate will be specified in the applicable Pricing Supplement.

**Index Linked Notes:**

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or formulae as the Issuer and the relevant Dealer may agree. Only Unsubordinated Notes may be Index Linked Notes.

**Other provisions in**

Floating Rate Notes (except where such Notes are Subordinated Notes)

**relation to Floating Rate Notes and Index Linked Interest Notes:**

and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes will be payable on Interest Payment Dates, as agreed at the time of agreement to issue, and (where applicable) will be calculated on the basis of the Day Count Fraction specified in the applicable Pricing Supplement.

Details of the interest rate applicable to the then current Interest Period in respect of the Floating Rate Notes or (where applicable) Index Linked Interest Notes of any Series will be available from the Principal Paying Agent.

**Dual Currency Notes:**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree. Only Unsubordinated Notes may be Dual Currency Notes.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at par or at a discount to their nominal amount and will not bear interest. Only Unsubordinated Notes may be Zero Coupon Notes.

**Benchmark Discontinuation:**

In the case of Fixed Reset Notes, Floating Rate Notes and Index Linked Interest Notes, if the Issuer determines that a Benchmark Event has occurred, the relevant benchmark or screen rate may be replaced by a Successor Rate or, if there is no Successor Rate but the Issuer determines there is an Alternative Rate (acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser), such Alternative Rate. An Adjustment Spread may also be applied to the Successor Rate or the Alternative Rate (as the case may be), together with any Benchmark Amendments (which in the case of any Alternative Rate, any Adjustment Spread unless formally recommended or provided for and any Benchmark Amendments shall be determined by the Issuer, acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser). For further information, see Condition 5(f).

**Redemption of Unsubordinated Notes:**

The applicable Pricing Supplement will indicate either that the Exempt Notes of that Tranche cannot be redeemed prior to their stated maturity, other than in specified instalments or for taxation reasons, or that such Exempt Notes will be redeemable at the option of the Issuer (in specified amounts if the applicable Pricing Supplement so indicate) and/or at the option of the holder(s) of such Exempt Notes on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be indicated in the applicable Pricing Supplement.

The applicable Pricing Supplement may provide that Exempt Notes may be redeemed in two or more instalments and on such dates and on such other terms as may be indicated in such Pricing Supplement.

Exempt Notes having a maturity of less than one year from the date of issue may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.

**Redemption of Subordinated Notes:**

The applicable Pricing Supplement will indicate whether any Subordinated Notes will be redeemable at the option of the Issuer on any Optional Redemption Date. Any redemption of Subordinated Notes on any Optional Redemption Date will be subject to the Issuer (i) either

replacing the Subordinated Notes with a capital instrument which is of the same or better quality than the Subordinated Notes under conditions that are sustainable for the income capacity of the Issuer or obtaining confirmation from APRA that it is satisfied, having regard to the capital position of the CBA Level 1 Group and CBA Level 2 Group, that the Issuer does not have to replace the Subordinated Notes and (ii) APRA having given its prior written approval to such redemption. Subordinated Notes may also be redeemed (in full and not in part), subject to the Conditions (including APRA having given prior written approval), at the option of the Issuer for certain taxation reasons (as set out under Condition 6(b)) or for certain regulatory reasons (as set out under Condition 6(c)), in each case at their then outstanding principal amount together with any accrued but unpaid interest as at the date fixed for redemption. The scheduled redemption of Subordinated Notes will otherwise be on the Maturity Date at their then outstanding principal amount unless exchanged or written down in full. For further information, see Condition 6.

**Listing:**

Application may be made to the ASX for Exempt Notes issued under the Programme to be quoted on the ASX. Exempt Notes may be listed, admitted to trading and/or quoted, as the case may be, by or on other or further listing authorities, stock exchanges, markets and/or quotation systems agreed between the Issuer and the relevant Dealer in relation to the Series. Exempt Notes which are not listed, admitted to trading and/or quoted by or on any listing authority, stock exchange, market and/or quotation system may also be issued.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and/or quoted and, if so, by or on which listing authority(ies), stock exchange(s), markets and/or quotation systems.

**Governing Law:**

English law (except, in the case of Subordinated Notes, for the provisions of Conditions 3(b), 14(b), 21 and 22 relating to subordination, substitution and Exchange or Write-Down upon the occurrence of a Non-Viability Trigger Event, which will be governed by New South Wales law).

## Risk Factors

In purchasing Exempt Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Exempt Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Exempt Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Information Memorandum a number of factors which could materially adversely affect its businesses and ability to make payments due under the Exempt Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with Exempt Notes issued by the Issuer under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

### ***FACTORS RELATING TO THE ISSUER, INCLUDING ITS ABILITY TO FULFIL ITS OBLIGATIONS UNDER EXEMPT NOTES ISSUED UNDER THE PROGRAMME***

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

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

Key domestic regulators include APRA, ASIC, the Australian Transaction Reports and Analysis Centre ("AUSTRAC"), the Office of the Australian Information Commissioner (the "OAIC"), the Australian Competition and Consumer Commission, the Australian Financial Complaints Authority, the RBA and the Australian Stock Exchange ("ASX").

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

In addition to its key Australian regulators, a range of international regulators and authorities supervise and regulate the Issuer 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 the Issuer's compliance with relevant financial crime, sanction, privacy, taxation, competition, consumer protection and securities trading laws.

The Issuer 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 the Issuer's business, financial condition, liquidity, operations, prospects and its reputation, and its ability to execute its strategy, either on a short-term or long-term basis. The potential impacts of regulatory change are wide, and could include increasing the levels and types of capital that the Issuer is required to hold and restricting the way the Issuer can conduct its business and the nature of that business, such as the types of products that it can offer to customers.

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

### *Regulatory reforms*

Examples of significant regulatory reform under development in Australia include a review of Open Banking (as defined below), APRA's proposals to revise the capital framework for ADIs and the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019.

In late 2017, the Australian Government announced it would legislate an economy-wide Consumer Data Right to give consumers access to and control over their data, beginning with banking (referred to as "Open Banking"). The Australian Government has decided to phase in Open Banking with the major banks expected to make data available on credit and debit card, deposit and transaction accounts from July 2019, before expanding to other banking products (e.g. mortgages) and sharing of consumer data between banks and accredited third parties (at the direction of the consumer). These reforms are intended to increase competition in the financial sector and improve customer outcomes. Consumer Data Right laws have not yet been passed by the Federal Parliament in Australia. Increased competition resulting from Open Banking may adversely impact the Issuer's business and financial condition.

The finalisation of the capital reforms, which is currently under consultation with APRA, may result in changes to the risk-weighting framework for certain asset classes, which are expected to increase the Issuer's risk-weighted assets ("RWA") and accordingly (all things being equal) reduce the Issuer's Common Equity Tier 1 ("CET1") ratio. As part of the revisions to the capital framework, APRA is also consulting with the industry on approaches for achieving international comparability, without changing the quantum of CET1 capital. APRA is separately consulting on its proposed approach for loss-absorbing capacity to support the orderly resolution of Australian ADIs. For Domestic Systemically Important Banks ("D-SIBs") such as the Issuer, APRA's proposal would require an increase in the total capital requirement. See *"Failure to maintain capital adequacy requirements would adversely affect the Issuer's financial condition"* for more information.

The Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019 could impact the Issuer's ability to issue and market financial products in the future. This law requires issuers of financial products to identify target markets for their products, select appropriate distribution channels, and periodically review arrangements to ensure they continue to be appropriate. In addition, distributors of financial products will be required to put in place reasonable controls to ensure products are distributed in accordance with the identified target markets. The Product Intervention Power will enable ASIC to intervene in the distribution of a financial product and a credit product where it perceives a risk of significant consumer detriment. Increased compliance costs resulting from financial product distribution requirements may adversely impact the Issuer's business and financial condition.

Outside Australia there have also been a series of other regulatory initiatives from authorities in the various jurisdictions in which the Issuer operates or obtains funding that would result in significant regulatory changes for financial institutions. Examples include proposals for changes to financial regulations in the United States (including legislation enacted in May 2018 that rolled back certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank")) and additional proposals to further dilute the law, including prohibitions that prevent banking entities from engaging in certain risk-prone proprietary trading activities or investments in hedge funds or private equity funds, known as the Volcker Rule), more data protection regulations in Europe and MiFID II in Europe. Authorities in Europe and the United Kingdom may also propose significant regulatory changes as a result of "Brexit", however the scope and timing of any such changes remains uncertain. There may be an extended period of increased uncertainty and volatility in the global financial markets while the details of Brexit are negotiated. See *"The Issuer may be adversely affected by general business and economic conditions and disruptions in the global financial markets"* for more information.

In the United States, the Issuer elected to be treated as a Financial Holding Company by the Federal Reserve Board in the United States in October 2016. As a result, the Issuer is subject to additional regulatory requirements in the United States that it was not subject to prior to that election.

### *Other regulatory and political developments*

There is currently an environment of heightened scrutiny by the Australian Government and various Australian regulators on the Australian financial services industry. Examples of industry-wide scrutiny that may lead to future changes in laws, regulation or policies, include the establishment of a Royal Commission to inquire into the misconduct by financial service entities.

#### **The Royal Commission**

The Royal Commission was established on 14 December 2017 and was authorised to inquire into misconduct by financial service entities (including the Issuer). Seven rounds of hearings into misconduct in the banking and financial services industry were held throughout 2018, covering a variety of topics including consumer and business lending, financial advice, superannuation, insurance and a policy round. The Royal Commission's final report was delivered on 1 February 2019. The final report included 76 policy recommendations to the Australian Government and findings in relation to the case studies investigated during the hearings, with a number of referrals being made to regulators for misconduct by financial institutions, which is expected to result in heightened levels of enforcement action across the industry.

The 76 recommendations covered many of the Issuer's business areas, and also canvassed the role of the regulators and the approach to be taken to customer focus, culture and remuneration. The recommendations regarding the role of regulators, in particular the 'litigate first' approach for breaches of financial services law, will likely lead to a change in the Issuer's regulator relationships and the Issuer can expect an increase of activity, costs and reputational impact in this area. The Issuer released a statement to the ASX on 8 March 2019 welcoming the final report and committing to actions to deliver on the recommendations.

#### ***Damage to the Issuer's reputation could harm its business, financial condition, operations and prospects***

The Issuer'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 the Issuer's reputation may arise where there are differences between stakeholder expectations and the Issuer'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 herein, may give rise to reputational damage and cause harm to the Issuer's business, financial condition, operations and prospects. These issues include the conduct of the Issuer (for example, inadequate sales and trading practices, inappropriate management of conflicts of interest and other ethical issues), breaches of legal and regulatory requirements (such as money laundering, counter-terrorism financing, trade sanctions and privacy laws), technology and information security failures, unsuccessful strategies or strategies that are not in line with community expectations and non-compliance with internal policies and procedures. The Issuer'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 the Issuer holds strategic investments.

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

#### ***The Issuer may be adversely impacted by a downturn in the Australian or New Zealand economies***

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

The Issuer 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 of its control, including domestic and international economic events, political events, natural disasters and any other event that impacts global financial markets.

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 the Issuer and its customers operate. Anything that adversely affects China's economic growth, including the implementation of tariffs or other protectionist trade policy, could adversely affect Australian economic activity and, as a result, the Issuer's business, financial condition, operations and prospects.

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, the Issuer's results of operations. See *"Failure to hedge effectively against market risks (including adverse fluctuations in exchange rates) could negatively impact the Issuer's results of operations"* for more information.

A material downturn in the Australian or New Zealand economies could adversely impact the Issuer's results by reducing customers' demand for the Issuer's products and borrowers' ability to repay their loans to the Issuer (i.e. credit risk). In particular, given the Issuer's concentration of earnings from home loans, a significant or sustained decrease in the Australian and New Zealand housing markets or property valuations, including external factors or tightening lending standards could adversely affect the Issuer's home and commercial mortgage portfolio, result in a decrease in the amount of new lending the Issuer is able to undertake and/or increase the losses that the Issuer may experience from existing loans. These factors could adversely affect the Issuer'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 the Issuer's home lending products. Recently, the Australian Bureau of Statistics (the "ABS") reported that residential property prices (as a weighted average of eight capital cities) declined 3.0 per cent. over the quarter ended 31 March 2019 and declined by 7.4 per cent. over the year ended 31 March 2019 (compared to growth of 2.0 per cent. over the year ended 31 March 2019). In April 2018 APRA announced its decision to remove its 10 per cent. cap on investor-loan growth and in December 2018 removed its supervisory benchmark on interest-only lending. This will be replaced with a series of more permanent measures to strengthen residential mortgage lending standards. If regulators impose further supervisory measures that impact the Issuer's mortgage lending practices, Australian housing price growth significantly subsides or property valuations decline, the demand for the Issuer's home lending products may decrease and loan defaults could increase due to declining collateral values. This would adversely affect the Issuer's business, operations and financial condition.

Adverse impacts on the Issuer's commercial mortgage 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 material decline in residential housing prices could also cause increased losses from the Issuer'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 the Issuer is forced to sell these dwellings for less than the pre-committed contract price.

***The Issuer may be adversely affected by general business and economic conditions and disruptions in the global financial markets***

By the nature of its operations in various financial markets the Issuer has previously been adversely impacted, both directly and indirectly, by difficult business, economic and market conditions and could be adversely affected should markets deteriorate again in the future. The financial system (or systems) within which it 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 the Issuer. For example, global economic conditions may deteriorate to the extent that counterparties default on their debt obligations; countries re-denominate their currencies and/or introduce capital controls; one or more major economies collapse; and/or global financial markets cease to operate, or cease to operate efficiently. Sovereign defaults may adversely impact the Issuer directly, through adversely impacting the value of the Issuer's assets, or indirectly through destabilising global financial markets, adversely impacting the Issuer's liquidity, financial performance or ability to access capital.

While economic factors are solid, downside risks to the global economy remain at the forefront. Globally monetary policy remains accommodative, and central banks are citing low inflation rates and downside risks to growth as reasons that could see them provide further stimulus if required. Lasting impacts from the global financial crisis and the potential for escalation in geopolitical risks suggest ongoing vulnerability and potential adjustment of consumer and business behaviour especially in the



context of still high debt levels. For instance, the U.S. Federal Reserve lifted interest rates between December 2015 and December 2018 but has now placed interest rate rises on hold but have suggested interest rate cuts are under consideration as uncertainties and muted inflation pressures persist. The RBA lowered interest rates in both June 2019 and July 2019, down to historic low levels, in order to help reduce spare capacity in the labour market and the economy. Further rate cuts cannot be ruled out. The monetary policies of central monetary authorities can significantly affect the Issuer's cost of funds for lending and investing, as well as the return that the Issuer earns on those loans and investments. These factors impact the Issuer's net interest margin and can affect the value of financial instruments it holds, such as debt securities and hedging instruments. The policies of the central monetary authorities can affect the Issuer's borrowers and other counterparties, potentially increasing the risk that the Issuer's borrowers and other counterparties may fail to repay loans or other financial obligations to the Issuer. Monetary policies also have a broader impact on the Issuer's customers' spending and savings activity, which will in turn, affect the Issuer's performance. Changes in such policies can be difficult to predict.

Additionally, on 23 June 2016, the United Kingdom voted to leave the EU ("Brexit") in a referendum and on 29 March 2017 gave notice under Article 50 of the Treaty on European Union to commence the legal process to end the United Kingdom's membership of the EU. As part of the negotiations between the UK and the EU regarding the terms of the UK's withdrawal from the EU and the framework of the future relationship between the UK and the EU (the "article 50 withdrawal agreement"), a transitional period has been agreed in principle which would extend the application of EU law, and provide for continuing access to the EU single market, until the end of 2020. There may be an extended period of increased uncertainty and volatility in the global financial markets due to the on-going political uncertainty as regards the terms of the UK's withdrawal from the EU and the structure of the future relationship. The United Kingdom's decision to leave the EU may adversely affect the Issuer's ability to raise medium or long term funding in the international capital markets and there is potential for further consequences of Brexit to adversely impact the financial markets. It remains uncertain whether the article 50 withdrawal agreement will be finalised and ratified by the UK and the EU. If it is not ratified, the Treaty on the European Union and the Treaty on the Functioning of the European Union will cease to apply to the UK from that date.

Furthermore, since January 2017 the United States administration has outlined a political and economic agenda for the United States that, in certain ways, significantly differs from previous trade, tax, fiscal, regulatory and other policies of the United States. In particular, the current United States administration has pursued a protectionist trade policy which includes a series of expansive tariffs, up to and including the entirety of goods traded between the United States and China, which may result in adverse effects on the economy of China, one of Australia's major trading partners and a significant driver of commodity demand and prices in the markets in which the Issuer and its customers operate. Anything that adversely affects China's economic growth could adversely affect Australian economic activity and, as a result, the Issuer's business, financial condition, operations and prospects.

***The Issuer is subject to intense competition which may adversely affect its results***

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

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

***The Issuer may incur losses from operational risks associated with being a large financial institution***

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

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

The Issuer'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.

The Issuer'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. The Issuer could suffer losses due to impairment of assets, including software, goodwill and other intangible assets.

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

Management must exercise judgment in selecting and applying the Issuer'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 the Issuer. While the Issuer has processes to set and ensure compliance with the Issuer's accounting policies these processes may not always be effective. Application of and changes to accounting policies may adversely impact the Issuer's results.

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

***The Issuer may be adversely impacted by information security risks, including cyber-attacks***

The Issuer'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. These information technology systems are subject to information security risks. Information security risks for the Issuer 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) the Issuer's increasing usage of digital channels; (iv) customers' increasing use of personal devices that are beyond the Issuer's control systems; and (v) the increased sophistication and broadened activities of cyber criminals.

Although the Issuer takes protective measures and endeavours to modify these protective measures as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks, computer viruses or other malicious code and other events. These threats could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Issuer, 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) could have serious consequences for the Issuer 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.

***Human capital risk including the loss of key executives, employees or Board members may adversely affect the Issuer's business, operations and financial condition***

The Issuer'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 and its subsidiaries (the "Group"). 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, successful management and growth of the Issuer, and whose loss due to resignation, retirement, death or illness may adversely affect the Issuer's business, operations and financial condition.

If the Issuer has difficulty retaining or attracting highly qualified people for important roles, including key executives and Board members, particularly in times of strategic change, the Issuer's business, operations and financial condition could be adversely affected.

***The Issuer could suffer losses due to climate change***

Climate change is systemic in nature, and is a significant long-term driver of both financial and non-financial risks. A failure to respond to the potential and expected impacts of climate change will affect the Issuer's long-term performance and can be expected to have group-wide impacts for the Group in its lending (retail and business), procurement and investment portfolios. These include, but are not limited to, impacts on the probability of default and losses arising from defaults, valuations and collateral as well as portfolio performance.

The Issuer recognises that inadequate assessment and management of the physical risk (arising from extreme weather events and longer-term shifts in climate patterns) and transition risk (arising from legal, market, policy, technology and reputational changes associated with a transition to a low carbon economy) of climate change, have the potential to disrupt business activities, damage property and otherwise affect the value of assets, and affect our customers' ability to repay loans.

Climate change therefore has the potential to impact the Group's franchise value, strategic risk and financial risk and poses a risk to the Issuer's cost of capital.

***The Issuer is subject to compliance risks, which could adversely impact the Issuer's results and reputation***

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or loss of reputation that the Issuer may suffer as a result of its failure to comply, or perceived failure to comply, with the requirements of relevant laws, regulatory bodies, industry standards and codes. Increasing volume, complexity and global reach of such requirements, and the increased propensity for sanctions and the level of financial penalties for breaches of requirements, could adversely impact the Issuer'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 and economic and trade sanctions laws in the jurisdictions in which the Issuer 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 the Issuer including to its reputation.

Compliance risk may also arise where the Issuer interprets its obligations differently from regulators or a court.

***Substantial legal liability or regulatory action against the Issuer may adversely affect the Issuer's business, financial condition, operations, prospects and reputation***

Due to the nature of the Issuer's business, it is involved in litigation, arbitration and regulatory proceedings, principally in Australia and New Zealand. Such matters are subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. If the Issuer is ordered to pay money (for example, damages, fines, penalties or legal costs), has orders made against its assets (for example, a charging order or writ of execution), is ordered to carry out actions which adversely affect its business operations or reputation (for example, corrective advertising) or is otherwise subject to adverse outcomes of litigation, arbitration and regulatory proceedings, the Issuer's business, financial condition, operations, prospects and reputation may be adversely affected.

On 20 June 2018 the Federal Court of Australia approved the agreement between the Issuer and AUSTRAC to resolve the civil penalty proceedings commenced by AUSTRAC on 3 August 2017 concerning contraventions of four provisions of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the "AML/CTF Act"). Accordingly, the Issuer recognised a A\$700 million expense in its financial statements for the full year ended 30 June 2018.

The Issuer has also acted to strengthen financial crime capabilities more broadly, and has invested significantly recognising the crucial role that it plays, including through its Program of Action with coverage across all aspects of financial crime (including Anti-Money Laundering and Counter-Terrorism ("AML/CTF"), sanctions and anti-bribery and corruption) and all business units

Although the Issuer provides updates to AUSTRAC and the Issuer's other regulators on the Program of Action implemented by the Issuer following the civil penalty proceedings commenced against it by AUSTRAC, there is no assurance that AUSTRAC or the Issuer's other regulators will agree that the Issuer's Program of Action will be adequate or that the Program of Action will effectively enhance the Issuer's compliance programs.

In September 2017, following the commencement of the civil proceedings against the Issuer by AUSTRAC, ASIC launched an investigation in relation to the Issuer's disclosure in respect of the allegations raised in connection with the AUSTRAC proceedings. ASIC is investigating, among other things, whether the officers and directors at the Issuer complied with their obligations under the Corporations Act. The Issuer continues to engage with ASIC in respect of the investigation and to respond to requests made by ASIC. It is currently not possible to predict the ultimate outcome of this investigation, if any, on the Issuer.

While the Issuer is not currently aware of any other enforcement action by other domestic or foreign regulators relating to the allegations raised by AUSTRAC (or similar matters) as of the date of this

Information Memorandum, there can be no assurance that the Issuer will not be subject to such enforcement actions in the future. The settlement of the proceedings commenced by AUSTRAC, or any other formal or informal proceeding or investigation by other government or regulatory agencies (domestic or foreign), may result in additional litigation, or proceedings by other regulators or private parties.

This risk is evidenced by the shareholder class action proceeding that was commenced in the Federal Court of Australia on 9 October 2017 alleging breaches of the Group's continuous disclosure obligations and misleading and deceptive conduct in relation to the subject matter of the civil penalty proceedings brought by AUSTRAC. It is alleged that the Issuer's shareholders who acquired an interest in the Issuer's ordinary shares between 1 July 2015 and 3 August 2017 suffered loss caused by the alleged conduct.

A similar subject matter shareholder class action was filed on 29 June 2018 by law firm Phi Finney McDonald on behalf of a group of shareholders who acquired an interest in the Issuer's ordinary shares between 16 June 2014 and 3 August 2017.

The Issuer intends to vigorously defend both shareholder class actions. At this time it is not possible to reliably estimate the possible financial impact on the Issuer of these class actions. Accordingly, no loss provision has been made, although the Issuer has provided for legal costs expected to be incurred to defend these claims.

Additionally, in some of the Issuer's contractual arrangements, the Issuer provides representations and warranties regarding its compliance with the AML/CTF Act and other applicable anti-money laundering and counter-terrorism rules and regulations. Because of the settlement with AUSTRAC, the Issuer may be exposed to potential claims from its contractual counterparties to the extent such counterparties believe that the Issuer has breached the applicable representations and warranties contained in the Issuer's contractual arrangements with them and have suffered loss as a result of any such breach. The Issuer is not aware of any such claims as of the date of this Information Memorandum. Such investigations, actions, claims or proceedings, could result in penalties, fines and costs, reputational harm, remediation costs and other losses that, individually or collectively, could have a material adverse effect on the Issuer's business, financial condition, operations, prospects and reputation.

On 9 October 2018, Slater and Gordon Lawyers filed a class action claim against the Issuer and Colonial First State Investments Limited ("CFSIL") in the Victorian Registry of the Federal Court of Australia. The Issuer is the second respondent to this claim. The claim relates to investment in cash and deposit options (which are the Issuer's cash and deposit products) in Colonial First State FirstChoice Superannuation Trust and Commonwealth Essential Super. The main allegation is that members with these options in the funds received lower interest rates on them than they would have had CFSIL put them in equivalent products with the highest interest rates obtainable on the market. It is alleged that the Issuer was involved in CFSIL's breaches as trustee of the funds and CFSIL's breaches as Responsible Entity of the underlying managed investment schemes. It is currently not possible to determine the ultimate impact of these claims, if any, on the Group. Both the Issuer and CFSIL deny the allegations and filed a defence to the claim. However Slater and Gordon Lawyers have made further amendments to the claim and the Issuer and CFSIL filed a defence to the amended claim on 7 June 2019. The amendments introduce additional allegations relating to another term deposit and a breach of trust in respect of adviser commissions; however the commissions claim is made against CFSIL only. The Group has made provision for the legal costs estimated to be incurred in the defence of the claim.

Additionally, the settlement in the AUSTRAC proceedings and other investigations, actions, claims and proceedings may harm the Issuer's business and results by negatively impacting the Issuer's reputation among the Issuer's customers, investors and other stakeholders. Reputational harm could result in the loss of customers or restrict the Issuer's ability to access the capital markets on favourable terms, which could have a material adverse effect on the Issuer's business, financial condition, operations, prospects and reputation.

During the 2018 financial year, A\$389 million of expense provisions were recognised for financial crimes compliance, the Royal Commission, the Prudential Inquiry (as defined below), the AUSTRAC civil proceedings, shareholder class actions and the ASIC investigation.

Furthermore, in recent years there have been significant increases in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. The nature of these investigations and reviews can be wide ranging.

Following the inquiry conducted by an independent panel into the Group with the goal of identifying shortcomings in the governance, culture and accountability frameworks (the “Prudential Inquiry”), APRA released the panel’s final report on 1 May 2018 (the “Final Report”). The Final Report made a number of findings regarding the complex interplay of organisational and cultural factors within the Issuer and the need for enhanced management of non-financial risks. In response to the Final Report, the Issuer has acknowledged that it will implement all of the recommendations and has agreed to adjust its minimum capital requirements by an additional A\$1 billion (risk weighted assets A\$12.5 billion) until such time as the recommendations are implemented to APRA’s satisfaction. The effect of this adjustment equates to 28 basis points of CET1 capital and reduces the Issuer’s CET1 ratio as at 30 September 2018 from 10.3 per cent. to 10 per cent.

The Issuer has entered into an Enforceable Undertaking under which the Issuer’s remedial action plan (the “Remedial Action Plan”) in response to the Final Report is monitored by APRA.

The Remedial Action Plan provides a detailed program of change outlining how the Issuer will improve the way it runs its business, manages risk, and works with regulators. The Remedial Action Plan provides a comprehensive assurance framework, with Promontory Australasia (Sydney) having been appointed as the independent reviewer and is required to report to APRA on the Group’s progress regularly, with the first report being submitted on 28 September 2018 and the second report on 20 December 2018. Both these reports have been released by the Issuer. Promontory Australasia (Sydney) has noted that the Remedial Action Plan program of work remains on track and the Issuer’s commitment to implementing the Prudential Inquiry’s recommendations in a timely and comprehensive way continued to be strong with all milestones on schedule to be delivered by the due dates. A third report was submitted to APRA on 30 April 2019. This report has yet to be released by the Issuer.

During the financial year ended 30 June 2019, the Issuer has also received various notices and requests for information from its regulators as part of both industry-wide and Bank-specific reviews. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain. However, should any regulatory investigations and reviews result in fines, the Issuer’s business, financial condition, operations, prospects and reputation may be adversely affected.

***The Issuer may incur losses as a result of the inappropriate conduct of its staff.***

The Issuer could be adversely affected if an employee, contractor or external service provider does not act in accordance with regulations or its 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, the Issuer could incur losses, financial penalties and reputational damage, and could be subject to legal or regulatory action.

***The Issuer may incur losses associated with counterparty exposures***

The Issuer 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 the Issuer 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 the Issuer’s exposure to lenders’ mortgage insurance and re-insurance providers. There is also a risk that the Issuer’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, the Issuer relies on counterparties providing information that is accurate and not misleading, including financial statements and other financial information. The Issuer’s financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading.

Unexpected credit losses could have a significant adverse effect on the Issuer’s business, financial condition, operations and prospects.

***The Issuer’s results may be adversely affected by liquidity and funding risks***

The Issuer is subject to liquidity and funding risks, which could adversely impact the Issuer's 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 note 9.4 to the Issuer's audited consolidated and non-consolidated annual financial statements for the financial year ended 30 June 2018 which provides an overview of the Issuer's liquidity and funding risk management framework.

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

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

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

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

*The Issuer may not be able to maintain adequate levels of liquidity and funding, which would adversely affect the Issuer's business, financial condition, operations and prospects*

The Issuer'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 the Issuer actively monitors and manages its liquidity and funding positions, there are factors outside of its control which could adversely affect these positions, for example if financial markets are closed for an extended period of time.

In addition to APRA's Liquidity Coverage Ratio requirements (effective 1 January 2015), the Issuer must comply with the Net Stable Funding Ratio requirements, which came into effect from 1 January 2018. If the Issuer fails to maintain adequate levels of liquidity and funding, it would adversely affect the Issuer's business, financial condition, operations and prospects.

*Failure to maintain credit ratings could adversely affect the Issuer's cost of funds, liquidity, access to debt and capital markets and competitive position*

The Issuer'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 the Issuer.

A downgrade to the Issuer's credit ratings, or Australia's sovereign credit rating, could adversely affect the Issuer's cost of funds, liquidity, access to debt and capital markets, collateralisation requirements and competitive position.

***Failure to maintain capital adequacy requirements would adversely affect the Issuer's financial condition***

The Issuer must satisfy substantial capital requirements, subject to qualitative and quantitative review and assessment by its regulators. Regulatory capital requirements influence how the Issuer uses its capital, and can restrict its ability to pay dividends and Additional Tier 1 distributions, or to make stock repurchases. The Issuer's capital ratios may be affected by a number of factors, including earnings, asset growth, changes in the value of the Australian dollar against other currencies in which the Issuer conducts its business, and changes in business strategy (including acquisitions, divestments, investments and changes in capital intensive businesses).

The Issuer operates an Internal Capital Adequacy Assessment Process (the "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 guides the Issuer in selecting any capital management initiatives it may undertake.

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

APRA has implemented a number of actions in response to the final report of the Financial System Inquiry (“FSI”) released in December 2014, including the report’s recommendation that Australian ADIs be required to operate with “unquestionably strong” capital ratios.

In July 2017, APRA released an information paper “Strengthening banking sector resilience – establishing unquestionably strong capital ratios” in which it stated that in order to meet the objective of having “unquestionably strong” capital ratios, Australia’s major banks would need to operate with an average benchmark ratio of CET1 Capital to RWA of 10.5 per cent. or more by 1 January 2020.

Separately, on 7 December 2017, the Basel Committee on Banking Supervision issued “Basel III: Finalising post-crisis reforms” confirming new measures designed to address deficiencies in the international regulatory capital framework following the global financial crisis, primarily focused on addressing excessive variability in RWA, and therefore capital requirements, across banks.

In response, on 14 February 2018, APRA released a discussion paper titled “Discussion Paper – Revisions to the capital framework for authorised deposit-taking institutions” (the “Paper”) to commence its consultation on revisions to the capital framework. The Paper outlines the main components of the revisions APRA expects to make to the risk-based capital requirements for ADIs using the advanced and standardised approach to credit, market and operational risk. Amongst other things, the Paper seeks to address systemic concentration of ADI portfolios in residential mortgages and the proposals seek to target higher-risk residential mortgage lending, including investment and interest only loans. APRA has stated that it expects the overall impact of the proposals in the Paper to be a net increase in ADIs’ RWA. APRA has noted that all else being equal, this will reduce an ADI’s reported capital ratios, even though there is no change to the ADI’s underlying risk profile or to the quantum of capital required to achieve capital ratios that are “unquestionably strong”.

In August 2018, APRA released a second discussion paper titled “Discussion paper - Improving the transparency, comparability and flexibility of the ADI capital framework”. APRA proposes two key options for achieving comparability, without changing the quantum or allocation of capital. The first option is similar to the current approach, with the additional disclosure of APRA prescribed internationally comparable capital ratios, alongside the current APRA regulatory capital ratios. The second option will result in only one set of APRA regulatory capital ratios that are more internationally harmonised than the current approach. The latter will be achieved by removing certain aspects of APRA’s relative conservatism from an ADIs’ capital ratio calculations and lifting minimum regulatory capital ratio requirements in tandem.

The outcome of these discussion papers, and the overall review of the capital framework, will determine whether APRA may recalibrate the benchmark 10.5 per cent. CET1 ratio applicable to major banks. However, APRA’s expectation is that this will not necessitate additional capital raisings by ADIs nor alter the risk sensitivity of capital requirements.

APRA’s intention is that the quantum of capital required to be held by ADIs under the revised capital framework can be accommodated within the amount of capital they would have needed to hold to meet the benchmark CET1 ratio by January 2020.

Revisions to APRA’s prudential standards will be subject to consultation before becoming effective from 1 January 2022.

Consistent with the Issuer’s approach to capital management, the Issuer will aim to achieve “unquestionably strong” capital ratios through a range of initiatives, including organic capital generation, prudent capital management and announced asset sales.

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

- In February 2018, APRA released a discussion paper titled “Discussion Paper – Leverage ratio requirements for authorised deposit-taking institutions”. Following consultation, in November 2018, APRA announced that it would set a minimum Leverage Ratio requirement of 3.5 per cent. for internal ratings-based approach (“IRB”) ADIs, which will apply from 1 January 2022.

- In February 2018, the Australian Government passed legislation to give APRA additional powers for crisis resolution and resolution planning in relation to regulated entities. This includes providing certainty that capital instruments can be converted or written off as intended in APRA's prudential standards.
- On 8 November 2018, APRA released a discussion paper titled "Discussion Paper – increasing the loss-absorbing capacity of ADIs to support orderly resolution". The paper recommends that the Australian loss-absorbing regime be established under the existing capital framework, rather than by introducing new forms of loss-absorbing instruments. For D-SIB's, APRA proposes an increase in the Total Capital requirement of between four and five percentage points of RWA, with the requirements taking full effect from 2023. APRA further notes that it is anticipated that the banks would satisfy this requirement predominantly with additional Tier 2 capital. The Group expects that this requirement would result in a decrease in other forms of funding. It is expected that APRA will finalise its requirements in late 2019.

The Reserve Bank of New Zealand is undertaking a comprehensive review of the capital adequacy framework applying to registered banks in New Zealand. The latest consultation paper titled "Capital Review Paper 4: How much capital is enough?" released in December 2018 includes proposals to increase New Zealand IRB banks' RWA to 90 per cent. of standardised RWA and to increase the minimum Tier 1 capital requirement for banks which are deemed systemically important to 16 per cent. of RWA (currently 8.5 per cent.). Consultation on the proposals is now closed with final policy decisions expected in November 2019.

The Group's failure to meet the capital requirements discussed above, or any future proposed capital requirements if enacted, would adversely affect its financial condition.

***Failure to hedge effectively against market risks (including adverse fluctuations in exchange rates) could negatively impact the Issuer's results of operations***

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

A significant proportion of the Issuer's wholesale funding and some of its profits and investments are in currencies other than the Australian dollar, principally the U.S. dollar and the Euro. This exposes the Issuer to exchange rate risk on these activities, as the Issuer's 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 the Issuer. For a description of these specific risks, see note 9.3 to the Issuer's audited consolidated and non-consolidated annual financial statements for the financial year ended 30 June 2018. There can be no assurance that the Issuer's exchange rate hedging arrangements or hedging policy will be sufficient or effective. The Issuer's results of operations may be adversely affected if its hedges are not effective to mitigate exchange rate risks, if the Issuer is inappropriately hedged or if a hedge provider defaults on its obligations under the Issuer's hedging agreements.

***The Issuer's results could be adversely impacted by strategic risks***

Strategic risk is the risk of material value destruction or less than planned value creation, due to an inadequate strategy. Examples of strategic risk include:

- suboptimal allocation and balance of the Issuer's resources to execute on its strategic objectives;
- ineffective delivery of the Issuer's strategy (for example due to operational complexity or the pace of execution being too fast for processes, people and systems to work as they need to, or too slow to keep pace with the changing environment); and
- the inability of the Issuer to keep pace with intensified competition from traditional and non-traditional financial services players across key value pools.

While the Board regularly monitors and discusses the Issuer'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 the Issuer.



***The Issuer's performance and financial position may be adversely affected by acquisitions or divestments of businesses***

The Issuer may divest businesses or capabilities it considers non-core or wind down businesses or product areas. For example, the Issuer is currently undertaking a number of divestments and strategic reviews of certain businesses.

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

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

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

***The Issuer could be adversely impacted by investor activism***

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

***The Issuer may be adversely impacted by insurance risk***

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

**FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH EXEMPT NOTES ISSUED UNDER THE PROGRAMME**

***Risks related to the structure of a particular issue of Exempt Notes***

A wide range of Exempt Notes may be issued under the Programme. A number of these Exempt Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

*If the Issuer has the right to redeem any Exempt Notes at its option, this may limit the market value of the Exempt Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.*

An optional redemption feature is likely to limit the market value of Exempt Notes. During any period when the Issuer may elect to redeem Exempt Notes, the market value of those Exempt Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Exempt Notes when its cost of borrowing is lower than the interest rate on the Exempt Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Exempt Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In the case of Subordinated Notes, any optional redemption is also subject to the further considerations described in "*Risks specific to Subordinated Notes – The Subordinated Notes may be redeemed at the option of the Issuer*" below.

*The interest rate on Fixed Reset Notes will reset on each Reset Date, which can be expected to affect interest payments on an investment in Fixed Reset Notes and could affect the secondary market and the market value of the Fixed Reset Notes concerned*

Fixed Reset Notes will initially bear interest at the Initial Interest Rate until (but excluding) the Reset Date. On the Reset Date, the interest rate will be reset to the rate per annum equal to the aggregate of the applicable Reset Reference Rate and the Margin as determined by the Principal Paying Agent on the relevant Reset Determination Date (each such interest rate being the "Reset Rate"). The Reset Rate for any Reset Period could be less than the Initial Interest Rate and could therefore adversely affect the market value of an investment in the Fixed Reset Notes.

*If the Exempt Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, or the terms of the Exempt Notes otherwise provide for such conversion, this may affect the secondary market and the market value of the Exempt Notes concerned*

Fixed/Floating Rate Notes bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Exempt Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Exempt Notes convert from a fixed rate to a floating rate or the terms of the Exempt Notes otherwise provide for such conversion, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Exempt Notes. Where the Exempt Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Exempt Notes and could affect the market value of an investment in the relevant Notes. In the case of Subordinated Notes, the above considerations may be relevant notwithstanding that there is no change to the Margin used in the calculation of the applicable interest rate in these circumstances.

#### *Index Linked Notes and Dual Currency Notes*

The Issuer may issue Exempt Notes with principal or interest determined by reference to an index or formula, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the Issuer may issue Exempt Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Exempt Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Exempt Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Exempt Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical levels of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes.

#### *Certain factors affecting the value and trading price of Index Linked Notes*

Generally, Index Linked Notes offer investment diversification opportunities, but there are some additional risks that may affect the value of the Exempt Notes before they mature. The interim or

market value of the Index Linked Notes may be affected by a number of factors, including but not limited to:

- (i) market interest rates;
- (ii) fluctuations in currency exchange rates;
- (iii) fluctuations in the prices of securities generally;
- (iv) the time remaining to any redemption date; and
- (v) economic, financial, regulatory, political, terrorist, military or other events in one or more jurisdictions, including factors affecting capital markets generally or the stock exchanges on which any Index Linked Notes may be traded.

Additionally, the interim or market value of Index Linked Notes will vary with the price and/or level of the securities comprised in the relevant Index and is affected by a number of other factors, including but not limited to:

- (a) the value and volatility (frequency and magnitude of the changes in the level) of the relevant Index;
- (b) the dividend rate on any equity securities comprised in the relevant Index and the financial results and prospects of the issuer of those equity securities;
- (c) the liquidity of the securities comprised in the relevant Index in the secondary market;
- (d) changes that affect the Index, such as additions, deletions or substitutions of any securities comprised in the relevant index; and
- (e) economic, financial, regulatory, political, terrorist, military or other events in one or more jurisdictions, including factors affecting the stock exchange(s) on which any securities comprised in the relevant Index may be traded.

Furthermore, the amounts payable under Index Linked Notes may not directly correlate to the rise and/or fall in level of any relevant Index. For example, Index Linked Notes may provide that any positive performance of any Index is subject to:

- (a) a percentage participation factor that is less than 100 per cent. of a price or level of such Index;
- (b) a cap or maximum amount; and/or
- (c) a negative spread or percentage deduction to a relevant price or level of such Index,

which, in each case, would mean that the positive performance (if any) of such Index is not fully accounted for in any relevant payment(s) made under the Exempt Notes.

Prospective investors should be experienced with respect to options and option transactions, should understand the additional risks set out above and should reach an investment decision only after carefully considering the suitability of Index Linked Notes in light of their particular financial circumstances, the information regarding the relevant Exempt Notes and the particular index (or basket of indices) to which the value of the relevant Exempt Notes may relate, as specified in the applicable Pricing Supplement.

Before investing in Index Linked Notes, Noteholders should carefully consider, among other things, (a) the trading price of the relevant Exempt Notes, (b) the value and volatility of the relevant Index, (c) the time remaining to redemption of the Exempt Notes, (d) any changes in interim interest rates and dividend yields if applicable, (e) any changes in currency exchange rates if applicable, (f) the depth of the market or liquidity of any securities comprised in the relevant Index and (g) any related transaction costs.

*Index Linked Notes may be redeemed prior to their scheduled redemption date if an Additional Disruption Event occurs*

If an Additional Disruption Event (as specified in the applicable Pricing Supplement) occurs, the Issuer will either (i) request the Calculation Agent to adjust the terms and conditions of the Index Linked Notes (without the consent of the Noteholders) or (ii) procure their early redemption, in each case, in accordance with the Conditions and the applicable Pricing Supplement. Prospective investors should be aware that depending on the terms and conditions of the Exempt Notes in question, the early cash settlement amount payable on any redemption may be less than the initial investment. Following any early redemption of Index Linked Notes, a Noteholder may not be able to reinvest the amount received at any effective interest rate as high as the interest rate or yield on the Exempt Notes being redeemed and may only be able to do so at a significantly lower rate. Investors in Index Linked Notes should consider reinvestment risk in light of other investments available at that time.

If Index Linked Notes are redeemed before their due date for redemption because an Additional Disruption Event occurs, the Issuer will take into account when determining the settlement amount, and may deduct from the settlement amount, an amount in respect of all costs, losses and expenses (if any) incurred (or expected to be incurred) by or on behalf of the Issuer in connection with the redemption of the Exempt Notes, including without duplication or limitation, hedging termination and funding breakage costs (whether actual or notional). Such costs, losses and expenses will reduce the amount received by Noteholders on redemption and may reduce the settlement amount to zero. The Issuer is not under any duty to hedge itself at all or in any particular manner, and is not required to hedge itself in a manner that would (or may be expected to) result in the lowest costs, losses and expenses.

Principal protected Index Linked Notes are only principal protected to the extent that the Exempt Notes are held to maturity. Consequently, if principal protected Index Linked Notes are redeemed early Noteholders may lose some or all of their principal.

*Disrupted Days and Disruption Events*

Where the Calculation Agent determines that a day on which a valuation or determination is to be made is a disrupted day or that a relevant disruption event (including, for example, where an Index Exchange or Related Index Exchange fails to open on a Valuation Date or an Averaging Date, as applicable) has occurred, any such determination may have an effect on the timing of the valuation or determination and consequently may adversely affect the value of the relevant Index Linked Notes and/or may delay settlement of the Exempt Notes. Prospective investors should review the relevant conditions of the Index Linked Notes and the applicable Pricing Supplement to ascertain whether and how such provisions apply to any Exempt Notes they are considering purchasing.

Furthermore, if the calculation of an Index is discontinued or suspended, it may become difficult to determine the value of the Exempt Notes and the Calculation Agent may, *inter alia*, make a good faith estimate in its sole discretion of the value the Index would have had at a certain Valuation Date.

*Valuation of Index Linked Notes: commissions and/or fees*

Prospective investors in Index Linked Notes should be aware that the issue price and/or offer price may include commissions and/or other fees (e.g. subscription fees, placement fees, direction fees, structuring fees and/or additional costs or inducements) paid by the Issuer to distributors as payment for distribution services. This can cause a difference between the theoretical value of the Exempt Notes and any bid and offer prices quoted by the Issuer or any third party. Any such difference may have an adverse effect on the value of the Exempt Notes, particularly immediately following the Offer and the Issue Date of such Exempt Notes, where any such fees and/or costs may be deducted from the price at which such Exempt Notes can be sold by the initial investor in the secondary market.

Information on the amount of these inducements, commissions and fees will be included in the applicable Pricing Supplement and/or may be obtained from the Issuer or relevant distributor upon request.

## *Hedging*

Prospective investors intending to purchase Index Linked Notes to hedge against the market risk associated with investing in an index (or basket of indices) should recognise the complexities of utilising Exempt Notes in this manner. For example, the value of the Index Linked Notes may not exactly correlate with the level of the relevant Index. Due to fluctuating supply and demand for the Exempt Notes there is no assurance that their value will correlate with movements in the level of the relevant Index. For these reasons, among others, it may not be possible to purchase or liquidate Index Linked Notes in a portfolio at the prices used to calculate the level of any Index.

*The issuer of a security comprised in an index could take actions that may adversely affect an Index Linked Note*

The issuer of a security comprised in an index referenced in the terms and conditions of an Index Linked Note will have no obligation to the Noteholder and may take actions, such as a merger or sale of assets, without regard to the interests of the Noteholder. Any such action could adversely affect the value of an Exempt Note linked to the index of which that security is a component.

*Exempt Notes with a multiplier or other leverage factor can be volatile investments*

Exempt Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

*Inverse Floating Rate Notes*

Inverse Floating Rate Notes (which are only applicable in the case of Unsubordinated Notes) have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Exempt Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Exempt Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Exempt Notes.

*Exempt Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

*Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes, Fixed Reset Notes or Index Linked Interest Notes which reference LIBOR, and other regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*

The sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the United Kingdom Financial Conduct Authority (the "FCA"), which regulates LIBOR, confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "FCA Announcements"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2018, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Reference Rates has been mandated with implementing a broad-based transition from Sterling LIBOR to Sterling Overnight Index Average ("SONIA") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as

the primary sterling interest rate benchmark by the end of 2021 (see also *“The market continues to develop in relation to SONIA as a reference rate”* below).

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-Term Rate (“€STR”) as the new risk free rate. €STR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

In addition to these announcements, there have been other recent national and international regulatory guidance and proposals for reform of interest rates and indices which are deemed to be “benchmarks”, including LIBOR, EURIBOR and SONIA. Some of these reforms are already effective whilst others are still to be implemented. These reforms could include, among other things, reforms to other “benchmarks” similar to those reforms announced in relation to LIBOR, and any such reforms may cause such “benchmarks” to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value or liquidity of, and return on, any Floating Rate Notes, Fixed Reset Notes, Index Linked Interest Notes or any other Exempt Notes which are linked to or reference a “benchmark”.

The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and applies, subject to certain transitional provisions, from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a “benchmark” and the use of a “benchmark” within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Exempt Notes linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the international or national reforms (including those announced in relation to LIBOR and the application of any similar reforms to other “benchmarks”), or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. It is not possible to predict with certainty whether, and to what extent, LIBOR, EURIBOR, SONIA and such other “benchmarks” will continue to be supported going forwards. This may cause LIBOR, EURIBOR, SONIA and such other “benchmarks” to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain “benchmarks”: (i) discouraging market participants from continuing to administer or contribute to a “benchmark”; (ii) triggering changes in the rules or methodologies used in the “benchmark” and/or (iii) leading to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Exempt Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a “benchmark”.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Exempt Notes linked to or referencing a “benchmark”.

Investors should be aware that in the case of Floating Rate Notes, Fixed Reset Notes and Index Linked Interest Notes, the Conditions of the Exempt Notes provide for certain fallback arrangements in the event that a published Benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR, SONIA or other relevant reference rates ceases to exist or be published or another Benchmark Event occurs. These fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Successor Rate or an Alternative Rate and that an Adjustment Spread may be applied to such Successor Rate or Alternative Rate as a result of the replacement of the relevant "benchmark" or screen rate (as applicable) originally specified with the Successor Rate or the Alternative Rate (as the case may be), together with the making of certain Benchmark Amendments to the Conditions of such Exempt Notes, which in the case of any Alternative Rate, any Adjustment Spread unless formally recommended or provided for and any Benchmark Amendments shall be determined by the Issuer (acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser). Any Adjustment Spread that is applied may not be effective to reduce or eliminate economic prejudice to investors. The use of a Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in any Notes linked to or referencing a benchmark performing differently (which may include payment of a lower Rate of Interest) than they would if the relevant benchmark were to continue to apply in its current form.

In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period or Reset Period (as the case may be) may result in the Rate of Interest for the last preceding Interest Period or Reset Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Index Linked Interest Notes based on the rate which was last observed on the Relevant Screen Page or, in the case of Fixed Reset Notes, the application of the Reset Rate for a preceding Reset Period or the initial Rate of Interest applicable to such Notes on the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of any Successor Rate or Alternative Rate, any determinations that may need to be made by the Issuer and the involvement of any Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value or liquidity of and return on any such Exempt Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes, Fixed Reset Notes or Index Linked Interest Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes, Fixed Reset Notes or Index Linked Interest Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes, Fixed Reset Notes or Index Linked Interest Notes.

#### ***The market continues to develop in relation to SONIA as a reference rate***

Where the applicable Pricing Supplement for a series of Floating Rate Notes specifies that the interest rate for such Floating Rate Notes will be determined by reference to SONIA, interest will be determined on the basis of Compounded Daily SONIA (as defined in the Conditions of the Exempt Notes). Compounded Daily SONIA differs from Sterling LIBOR in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas Sterling LIBOR is expressed on the basis of a forward-looking term and includes a credit risk-element based on inter-bank lending. As such, investors should be aware that Sterling LIBOR and SONIA may behave materially differently as interest reference rates for Floating Rate Notes. The use of SONIA as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA.

Accordingly, prospective investors in any Floating Rate Notes referencing Compounded Daily SONIA should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. For example, in the context of backwards-looking SONIA rates, market participants and relevant working groups are, as at the date of

this Information Memorandum, currently assessing the differences between compounded rates and weighted average rates, and such groups are also exploring forward-looking 'term' SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from Sterling LIBOR or another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions in the case of Floating Rate Notes issued under this Programme for which Compounded Daily SONIA is specified as being applicable in the applicable Pricing Supplement. Furthermore, the Issuer may in the future issue Floating Rate Notes referencing SONIA that differ materially in terms of the interest determination provisions when compared with the provisions for such determination as set out in Condition 5(b)(5A) as contained in this Information Memorandum. The nascent development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-referenced Floating Rate Notes issued under the Programme from time to time.

Furthermore, interest on Floating Rate Notes which reference Compounded Daily SONIA is only capable of being determined at the end of the relevant Observation Period (as defined in Condition 5(b)(5A)) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Floating Rate Notes which reference Compounded Daily SONIA to estimate reliably the amount of interest which will be payable on such Floating Rate Notes, and some investors may be unable or unwilling to trade such Floating Rate Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Floating Rate Notes. Further, in contrast to Sterling LIBOR-based Floating Rate Notes, if Floating Rate Notes referencing Compounded Daily SONIA become due and payable as a result of an event of default under Condition 11, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final rate of interest payable in respect of such Floating Rate Notes shall only be determined immediately prior to the date on which the Floating Rate Notes become due and payable.

In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Floating Rate Notes referencing Compounded Daily SONIA.

Investors should carefully consider these matters when making their investment decision with respect to any such Floating Rate Notes.

#### ***Risks related to Exempt Notes generally***

Set out below is a description of material risks relating to the Exempt Notes generally:

##### ***Investments in Exempt Notes are not deposit liabilities or protected accounts under the Banking Act***

Investments in Exempt Notes are an investment in the Issuer and may be affected by the on-going performance, financial position and solvency of the Issuer. Exempt Notes are not deposit liabilities or protected accounts under the Banking Act. Therefore, Exempt Notes are not guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

##### ***Insolvency laws***

In the event that the Issuer becomes insolvent, insolvency proceedings in respect of the Issuer will be governed by Australian law. Potential investors should be aware that Australian insolvency laws are different from the insolvency laws in other jurisdictions. In particular, the voluntary administration procedure under the Corporations Act, which provides for the potential re-organisation of an insolvent company, differs significantly from similar provisions under the insolvency laws of other jurisdictions.



*Noteholders' ability to enforce certain rights in connection with the Exempt Notes may be limited or affected by reforms to Australian insolvency legislation relating to "ipso facto" rights.*

On 18 September 2017 the Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Act 2017 (the "Treasury Act") received Royal Assent and was enacted. The Treasury Act contains reforms to Australian insolvency laws. Under the Treasury Act, any right under a contract, agreement or arrangement (such as a right entitling a creditor to terminate a contract or to accelerate a payment under a contract) arising merely because a company, among other circumstances, is under administration, has appointed a managing controller or is the subject of an application under section 411 of the Corporations Act (i.e. "ipso facto rights"), will not be enforceable during a prescribed moratorium period.

The Treasury Act took effect on 1 July 2018 and applies to ipso facto rights arising under contracts, agreements or arrangements entered into at or after that date, subject to certain exclusions. On 21 June 2018, the Australian Government introduced the Corporations Amendment (Stay on Enforcing Certain Rights) Regulations 2018 (the "Regulations") which sets out the types of contracts that will be excluded from the operation of the stay on the enforcement of ipso facto rights. The draft Regulations indicate that a contract, agreement or arrangement under which a company incorporated in Australia issues or may issue securities such as the Exempt Notes may be exempt from the moratorium.

The Regulations provide that a contract, agreement or arrangement that is, or governs securities, financial products, bonds or promissory notes will be exempt from the moratorium. Furthermore, a contract, agreement or arrangement under which a party is or may be liable to subscribe for, or to procure subscribers for, securities, financial products, bonds or promissory notes is also excluded from the stay. Accordingly, the Regulations should exclude the Exempt Notes and certain other arrangements under the Programme from the stay. However, as the Act and the Regulations are new to the insolvency regime in Australia, they have not been the subject of judicial interpretation. If the Regulations are determined not to exclude the Exempt Notes or any other arrangements relating to the Programme, from their operation under the exclusions mentioned above or any other exclusion under the Regulations, this may render unenforceable in Australia provisions of the Exempt Notes or the Programme conditioned solely on the occurrence of events giving rise to ipso facto rights.

*The conditions of the Exempt Notes contain provisions which may permit their modification without the consent of all investors.*

The Conditions of the Exempt Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including modifications of the Conditions. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority and therefore there is no guarantee that the resolutions approved will be consistent with the interests and/or the votes cast by each Noteholder.

Modifications may also be made to the Conditions without the consent of Noteholders if such modifications are, in the opinion of the Issuer (a) of a formal, minor or technical nature, (b) made to cure any ambiguity or correct any manifest error or (c) not materially prejudicial to the interests of Noteholders (subject as provided in Condition 13 where an Extraordinary Resolution of Noteholders is required).

In the case of Subordinated Notes, the Issuer may further modify the Conditions if the Issuer is of the opinion such modification is (i) necessary or expedient for the purposes of facilitating a substitution in accordance with Condition 14(b), (ii) made to amend any date or time period stated, required or permitted in connection with any redemption or Exchange or (iii) made to alter the terms of any Subordinated Notes to align them with subsequent issues of Relevant Tier 2 Securities or the definitions of "Relevant Tier 1 Securities" or "Relevant Tier 2 Securities" on account of subsequent issues of capital instruments of the Group, provided in the case of (iii) that such modification is not materially prejudicial to the interests of Noteholders.

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

### *Substitution of the Issuer*

If the conditions set out in the Conditions of the Exempt Notes are met, the Issuer may, without the consent or sanction of the Noteholders, substitute in its place a new issuer as debtor in respect of all obligations arising under or in connection with the Exempt Notes (the "Substituted Company"). In that case, the Noteholders will also assume the insolvency risk with regard to the Substituted Company.

In the case of Subordinated Notes, the Issuer may substitute for itself a NOHC as the issuer of ordinary shares on Exchange or, if so specified in the applicable Pricing Supplement, as the debtor in respect of the Subordinated Notes. If a NOHC is substituted as the debtor in respect of the Subordinated Notes it means that a holder of Subordinated Notes would no longer have rights against the Issuer. If a NOHC is substituted as the issuer of ordinary shares on Exchange it means that a holder of Subordinated Notes will receive ordinary shares in the NOHC rather than the Issuer.

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

### *The value of the Exempt Notes could be adversely affected by a change in English law or administrative practice*

The Conditions of the Exempt Notes are based on English law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Information Memorandum. Any such change could materially adversely impact the value of any Exempt Notes affected by it.

### *Investors who hold less than the minimum Specified Denomination may be unable to sell their Exempt Notes and may be adversely affected if definitive Exempt Notes are subsequently required to be issued*

In relation to any issue of Exempt Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Exempt Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Exempt Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Exempt Note in respect of such holding (should definitive Exempt Notes be printed or issued) and would need to purchase a principal amount of Exempt Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Exempt Notes in definitive form are issued, holders should be aware that definitive Exempt Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### *The Exempt Notes will not have any covenant restricting the incurrence of liens for the benefit of other external indebtedness of the Issuer*

As at the date of this Information Memorandum, a significant amount of the Issuer's long term indebtedness has the benefit of a covenant that the Issuer will not create or have outstanding any mortgage, pledge or other charge, upon or with respect to, any of its present or future assets or revenues to secure repayment of, or to secure any guarantee or indemnity in respect of, any "external indebtedness" (as defined below) without according the same to the holders of that long term indebtedness. This covenant has not been given for the benefit of holders of any Exempt Notes issued under the Programme the terms and conditions of which are contained in the Programme Circular dated 13 October 2011 or any Information Memorandum published by the Issuer after this date and will not

be given for the benefit of the holders of any Exempt Notes, the terms and conditions of which are those contained in this Information Memorandum.

As used in the previous paragraph, "external indebtedness" means any obligation for the repayment of borrowed money in the form of or represented by bonds, notes, debentures or other securities:

- (a) which are initially offered outside the Commonwealth of Australia with the consent of the Issuer in an amount exceeding 50 per cent. of the aggregate nominal amount of the relevant issue; and
- (b) which are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or on any recognised securities market.

***Risks related to the market generally***

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*An active secondary market in respect of the Exempt Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Exempt Notes*

Exempt Notes may have no established trading market when issued, and one may never develop. If a market for the Exempt Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Exempt Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market at prices higher than the relevant investor's initial investment. Therefore, in establishing their investment strategy, investors should ensure that the term of the Exempt Notes is in line with their future liquidity requirements. This is particularly the case for Exempt Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Exempt Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Each of the Issuer and any Dealer may, but is not obliged to, at any time purchase Exempt Notes at any price in the open market or by tender or private treaty. To the extent that an issue of Exempt Notes becomes illiquid, an investor may have to hold the relevant Exempt Notes until maturity before it is able to realise value.

The Issuer may, but is not obliged to, list an issue of Exempt Notes on a stock exchange. If Exempt Notes are not listed or traded on any exchange, pricing information for the relevant Exempt Notes may be more difficult to obtain and the liquidity of such Exempt Notes may be adversely affected.

The secondary market price of any Exempt Notes immediately following their issue may be less than the Issue Price/Offer Price.

If Exempt Notes are not listed on a regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or "MTF") or in other trading systems (e.g. bilateral systems, or equivalent trading systems). Trading in such Exempt Notes may take place outside the above-mentioned trading systems, with possible risks as to the transparency of the determination of prices. Investors should note that the Issuer does not grant any warranty to Noteholders as to the methodologies used to determine the price of Exempt Notes which are traded outside a trading system, however, where the Issuer or any of their affiliates determine the price of such Exempt Notes, they will take into account the market parameters applicable at such time in accordance with applicable provisions of law.

In the case of unlisted Exempt Notes (i) subject to optional redemption by the Issuer and (ii) where principal or interest is determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors ("Unlisted Callable Structured Notes"), the Issuer may from time to time publish on a screen page of a commercial quotation service or on such other basis as it may advise the relevant Dealers an indication of the charges it may apply on any purchase by it of such Unlisted Callable Structured Notes.

Any such publication is in the Issuer's sole and absolute discretion and the Issuer may subsequently change any indicative charge so published or cease such publication at any time and for any reason. No

such publication will constitute an offer to buy or a solicitation of an offer to sell any Unlisted Callable Structured Notes or represent any undertaking or other commitment by the Issuer to purchase any Unlisted Callable Structured Notes and any actual charge applied by the Issuer on any purchase of Unlisted Callable Structured Notes by it may be greater or less than any indicative charge published. the Issuer will not at any time purchase any Unlisted Callable Structured Exempt Notes from any Noteholder in any jurisdiction in which such purchase is unlawful and the Issuer may decide not to purchase Unlisted Callable Structured Notes at any time and for any reason.

Any charge the Issuer may apply on any purchase of Unlisted Callable Structured Notes will be only one of the relevant considerations in determining the purchase price of the relevant Unlisted Callable Structured Notes and other relevant factors may include, without limitation, the weighted average life of the Unlisted Callable Structured Notes and the cost to the Issuer of unwinding any underlying and/or related hedging and funding arrangements. The determination of such factors and any price at which the Issuer may purchase any Unlisted Callable Structured Notes will be in the sole and absolute discretion of the Issuer.

Investors should note that a secondary market may be affected by both legal restrictions in certain jurisdictions and by the Issuer and/or any Dealer purchasing or holding Exempt Notes.

*Investors may receive less in the secondary market than their initial investment*

If it is possible to sell Exempt Notes, they would be sold for the prevailing bid price in the market and may be subject to a transaction fee. The prevailing bid price may be affected by several factors including the performance of any Index to which payments under the Exempt Notes are linked, prevailing interest rates at the time of sale, the time left before the stated maturity date and the creditworthiness of the Issuer. It is therefore possible that an investor selling Exempt Notes in the secondary market may receive a price less than the investor's initial investment in the relevant Exempt Notes.

*Impact of implicit fees on the Issue/Offer Price of the Exempt Notes*

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Exempt Notes, but such fees will not be taken into account for the purposes of determining the price of such Exempt Notes in the secondary market.

The Issuer will specify in the applicable Pricing Supplement, the type and amount of any implicit fees which are applicable from time to time.

Investors should also take into consideration that if Exempt Notes are sold on the secondary market immediately following the offer period relating to such Exempt Notes, the implicit fees included in the Issue/Offer Price on initial subscription for such Exempt Notes will be deducted from the price at which such Exempt Notes may be sold in the secondary market.

*If an investor holds Exempt Notes which are not denominated in the investor's home currency, that investor will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Exempt Notes could result in an investor not receiving payments on those Exempt Notes.*

The Issuer will pay principal and interest on the Exempt Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Exempt Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Exempt Notes and (3) the Investor's Currency-equivalent market value of the Exempt Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in

respect of the Exempt Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The above risks may be increased if any Specified Currency and/or an Investor's Currency is the currency of an emerging market jurisdiction.

*The value of Fixed Rate Notes may be adversely affected by movements in market interest rates*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

*Credit ratings assigned to the Issuer or any Exempt Notes may not reflect all the risks associated with an investment in those Exempt Notes*

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Exempt Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Exempt Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time (including as a result of any change in rating methodology). In addition actual or anticipated changes in the credit ratings of the Exempt Notes will generally affect any trading for, or trading value of, the Exempt Notes.

*Changes in any applicable tax law or practice may have an adverse effect on a Noteholder*

Any relevant tax law or practice applicable as at the date of this Information Memorandum and/or the date of purchase or subscription of any Exempt Notes may change at any time (including during any subscription period or the term of any Exempt Notes). Any such change may have an adverse effect on a Noteholder, including that Exempt Notes may be redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Noteholder may be less than otherwise expected by such Noteholder.

In the case of Subordinated Notes, any redemption as a result of changes in relevant tax law is also subject to the further considerations described in "*Risks specific to Subordinated Notes – The Subordinated Notes may be redeemed at the option of the Issuer*" below.

*Potential conflicts of interest*

Where the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Exempt Notes that may influence the amount receivable or specified assets deliverable on redemption of the Exempt Notes.

The Issuer and/or any of its affiliates may from time to time engage in transactions involving securities comprised in indices to which payments under the Exempt Notes are linked for their proprietary accounts or for other accounts under their management, subject to requirements of the Securities Act. The Issuer and/or its affiliates may also issue other derivative instruments in respect of any such securities. The Issuer and/or its affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Exempt Notes or may act as financial adviser to certain companies or companies whose shares are included in a basket of shares or in a commercial banking capacity for such companies. These activities may have a positive or negative effect on the value of the relevant securities and consequently upon the value of the Exempt Notes.

The Issuer and any Dealer may at the date hereof or at any time hereafter, be in possession of information in relation to an Index or any security comprised in an Index that is or may be material in the context of the Exempt Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuer or any Dealer to disclose to Noteholders any such information.

The Issuer and/or any of its affiliates may have existing or future business relationships with the sponsors of an Index and/or the issuers of securities comprised in an Index (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions

and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

Where Exempt Notes are offered to potential investors, as the relevant Manager(s)/Dealer and any distributors act pursuant to a mandate granted by the Issuer and they receive fees on the basis of the services performed and the outcome of the placement of such Exempt Notes, potential conflicts of interest could arise.

Any further risk factors relating to additional conflicts of interest with respect to a particular issue of the Exempt Notes will be specified in the applicable Pricing Supplement.

### ***Risks specific to Subordinated Notes***

Set out below is a description of the principal risks which may be relevant to an investor in Subordinated Notes. See Conditions 21 and 22 for further information on any potential Exchange or Write Down of Subordinated Notes, including for the definitions of various terms used in this section:

#### ***The Issuer's obligations under Subordinated Notes are subordinated***

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank after the claims of holders of Senior Ranking Obligations, including claims preferred by applicable laws and equally with the claims of holders of Equal Ranking Securities. "Senior Ranking Obligations" means all present and future deposits and other liabilities, securities and other obligations of the Issuer which would be entitled to be admitted in the winding up of the Issuer (and including but not limited to obligations in respect of instruments issued before 1 January 2013 as Tier 2 Capital) other than Equal Ranking Securities and Junior Ranking Securities. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that a holder of Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

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

#### ***Insolvency laws***

If an order is made by a court of competent jurisdiction (other than an order successfully appealed or permanently stayed within 30 Business Days), or an effective resolution is passed, for the winding up of the Issuer in Australia (but not elsewhere) Subordinated Notes are immediately due and payable for an amount equal to the Outstanding Principal Amount plus accrued but unpaid interest up to (but excluding) the date of commencement of the winding up. In a winding up of the Issuer, the claim of a holder of a Subordinated Note will rank after the claims in respect of Senior Ranking Obligations including claims preferred by applicable laws and equally with the claims of holders of Equal Ranking Securities as set out further in Condition 3(b).

Following an Exchange, in the event the Issuer becomes insolvent, there may be insufficient assets to distribute to holders of Ordinary Shares once all of the Issuer's creditors (both subordinated and unsubordinated) and preference shareholders have been repaid.

#### ***Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event***

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

- (a) an Exchange of all or some Subordinated Notes, or conversion or write down of capital instruments of the Group, is necessary because, without it, the Issuer would become non-viable; or
- (b) a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable.

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

If Subordinated Notes are Exchanged following the occurrence of a Non-Viability Trigger Event, the number of Ordinary Shares received is limited to the Maximum Exchange Number. There is a risk that holders of Subordinated Notes will receive a number of Ordinary Shares with a value significantly less than the Outstanding Principal Amount.

If for any reason the Exchange is not effective and the Issuer has not otherwise issued Ordinary Shares within five Ordinary Shares Business Days after the date of the occurrence of the Non-Viability Trigger Event, then the holders of Subordinated Notes' rights (including to payment of the then Outstanding Principal Amount and interest, and to receive Ordinary Shares) in relation to such Subordinated Notes or percentage of the then Outstanding Principal Amount of the Subordinated Notes are immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Non-Viability Trigger Event. This could occur if the Issuer were prevented from issuing Ordinary Shares by circumstances outside its control, for example, if the Issuer were prevented by an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares. Any write-down of Subordinated Notes would be permanent and holders of Subordinated Notes will have no further claim against the Issuer in respect of any Written-Down amount of Subordinated Notes.

*The circumstances that may give rise to a Non-Viability Trigger Event are unpredictable*

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

If one, or a combination, of general risks associated with the Issuer's businesses (including those risks described under "*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme*") leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, the Issuer believes this may be the type of situation in which APRA becomes concerned and notifies the Issuer that it has become non-viable.

*Holders of Subordinated Notes will bear the risk of fluctuations in the price of Subordinated Notes and in the price of any Ordinary Shares issued on Exchange*

The market price of Subordinated Notes is expected to be affected by various factors, including:

- changes in Australian and international economic conditions, interest rates, credit margins, inflation rates and foreign exchange rates;
- the performance or financial position of the Issuer;
- movements in the market price of equity and/or other debt issued by the Issuer or by other issuers;
- changes in investor perceptions and sentiment in relation to the Issuer or the financial services industry; and
- other major Australian and international events such as hostilities and tensions, and acts of terrorism.

If Exchange occurs, holders of Subordinated Notes will become holders of Ordinary Shares. Ordinary Shares are a different type of investment to Subordinated Notes. Dividends are payable at the absolute discretion of the Issuer and the amount of each dividend is discretionary (not subject to a formula). The market price of Ordinary Shares may be more sensitive than Subordinated Notes to changes in the Issuer's performance, operational issues and other business issues.

Ordinary Shares are currently quoted on ASX. While the Issuer will use all reasonable endeavours to quote Ordinary Shares issued on Exchange on ASX, no assurance can be given that Ordinary Shares will be quoted on ASX at the time of Exchange and Holders of Subordinated Notes may not be able to sell their Ordinary Shares at all.

The market price of Ordinary Shares is quoted on ASX in Australian Dollars. Any dividends paid or proceeds from the sale of Ordinary Shares will be in Australian Dollars (including where they are sold

by a nominee pursuant to Condition 22(j)). The exchange rate between an investor's preferred currency and Australian Dollars may go up or down. These changes may be significant and an investor may incur fees in changing amounts received in Australian Dollars into the investor's preferred currency.

*Compliance with applicable shareholding laws*

Certain legislation in Australia limits the acquisition by persons of interests in Ordinary Shares where the person acquires interests in Ordinary Shares in excess of limits permitted under the relevant Act. The relevant legislation is as follows:

(a) Chapter 6 of the Corporations Act – Takeover and Substantial Shareholder Provisions

The Issuer is a company listed on the ASX. Investors in Subordinated Notes should consider the possibility that they may be prohibited from receiving or acquiring Ordinary Shares on Exchange if as a result of such Exchange their voting power in the Issuer increases from 20 per cent. or below to more than 20 per cent., or from a starting point that is above 20 per cent. and below 90 per cent., unless the shares are acquired in a manner specifically permitted under an exception.

In addition, under the Corporations Act, a person who has a substantial holding in an ASX listed company, such as the Issuer, is required to notify the Issuer and the ASX (in the prescribed form) disclosing its interests in the Issuer generally within 2 business days after the person becomes aware of the circumstances which give rise to the person's substantial holding. A person has a "substantial holding" in the Issuer if that person and its associates have relevant interests in voting shares to which 5 per cent. or more of the total votes attach, or if the person has made a takeover bid for the voting shares in the Issuer.

Once a person becomes a substantial shareholder of the Issuer, that person is also obliged to notify the Issuer and the ASX (in the prescribed form) of its interest generally within 2 business days after its voting power increases or decreases by 1 per cent. or more. That person is also required to notify the Issuer and the ASX (in the prescribed form) if that person ceases to have substantial holding in the Issuer.

Investors should seek their own advice on the application of Chapter 6 of the Corporations Act to their own circumstances.

(b) Foreign Acquisitions and Takeovers Act 1975 of Australia

Foreign investors in Subordinated Notes should consider the possibility that their receipt or acquisition of Ordinary Shares may be subject to review and approval by the Treasurer of the Commonwealth of Australia (the "Treasurer") under the Foreign Acquisitions and Takeovers Act 1975 of Australia (the "FATA Act").

The FATA Act applies to any acquisition of 15 per cent. or more of the outstanding shares of Australian companies or any acquisition which results in one foreign person (including a company) and any associated persons controlling 15 per cent. or more of the total voting power of an Australian company. The FATA Act requires any person proposing to make any such acquisition to first notify the Treasurer of that person's intention to do so. Where such an acquisition has already occurred, the Treasurer has the power to order that the acquired shares be disposed of.

In addition, the FATA Act applies to any acquisition by two or more foreign persons and any associated persons controlling, in the aggregate, 40 per cent. or more of the total voting power or ownership. Where such an acquisition has occurred without notification to the Treasurer, the Treasurer has the power to order the disposal of the acquired shares.

Investors should seek their own advice on the application of the FATA Act to their own circumstances.

(c) Financial Sector (Shareholdings) Act 1998 of Australia



Investors in Subordinated Notes should consider the possibility that they may be restricted from receiving or acquiring Ordinary Shares under the Financial Sector (Shareholdings) Act 1998 of Australia (the "FSSA"). Under the FSSA, a person (including a company) must not acquire any interest in an Australian financial sector company (such as the Issuer) where the acquisition would take that person's voting power (which includes the voting power of the person's associates) in the financial sector company to more than 15 per cent. The concept of "voting power" is very broadly defined. The Australian Treasurer may approve a higher percentage limit on national interest grounds. Furthermore, even if a person holds less than 15 per cent. of the voting power of a financial sector company, the Treasurer has the power to declare that a person has "practical control" of that company and require the person to relinquish that control.

Investors should seek their own advice on the application of the FSSA to their own circumstances.

(d) Part IV of the Competition and Consumer Act 2010 of Australia

Investors in Subordinated Notes should consider the possibility that they may be restricted from receiving or acquiring Ordinary Shares under the Part IV of the Competition and Consumer Act 2010 of Australia (the "CCA"). Under the CCA a person (including a company) may not acquire shares in an Australian company if the acquisition has the effect, or is likely to have the effect, of substantially lessening competition in a market in Australia, or a state or territory thereof.

Investors should seek their own advice on the application of the CCA to their own circumstances.

Where a holder of Subordinated Notes is an Ineligible Subordinated Holder because of the legislation described in paragraphs (i)-(iv) above, the Ordinary Shares will be issued to a nominee who will, at the first opportunity, sell the Ordinary Shares and pay the net proceeds of the sale, after deducting any applicable brokerage, stamp duty and other taxes, to the holder of Subordinated Notes. If for any reason the Issuer has not otherwise issued Ordinary Shares to the nominee within five Ordinary Shares Business Days, then the rights of holders of the Subordinated Notes (including to payment of the then Outstanding Principal Amount and interest, and to receive Ordinary Shares) in relation to such Subordinated Notes or percentage of the then Outstanding Principal Amount of the Subordinated Notes are immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Non-Viability Trigger Event.

*Subordinated Notes may be redeemed at the option of the Issuer*

Subject, as further described in the Conditions, to (i) the Issuer replacing Subordinated Notes with a capital instrument which is of the same or better quality than Subordinated Notes, and the replacement being done under conditions that are sustainable for the income capacity of the Issuer, or obtaining confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer and the Group, that the Issuer does not have to replace Subordinated Notes and (ii) APRA having given its prior written approval, the Issuer may at its option:

- redeem all or, if so provided, some of the Subordinated Notes for their Optional Redemption Amount together with any accrued but unpaid interest on the Optional Redemption Date(s);
- redeem all (but not some) of the Subordinated Notes for their Early Redemption Amount together with any accrued but unpaid interest as at the date fixed for redemption at any time after the Issue Date if the Issuer 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 laws of Australia (including following any announcement of a prospective change or amendment which has been or will be introduced) the Issuer would be exposed to a more than de minimis adverse tax consequence in relation to the Subordinated Notes other than a tax consequence the Issuer expected as at the Issue Date; and

- redeem all (but not some) of the Subordinated Notes for their Early Redemption Amount together with any accrued but unpaid interest as at the date fixed for redemption at any time after the Issue Date if the Issuer determines that as a result of a change in the laws of Australia or a change in APRA's prudential standards (including following any announcement of a prospective change or amendment which has been or will be introduced) all, some or a percentage of all or some Subordinated Notes are not or will not be treated as Tier 2 Capital of the CBA Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by the Issuer as at the Issue Date.

It is not possible to predict whether or not any change in the laws of Australia or a change in APRA's prudential standards, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem Subordinated Notes, and if so whether or not the Issuer will elect to exercise such option to redeem Subordinated Notes. There can be no assurances that, in the event of any such early redemption, holders of Subordinated Notes will be able to reinvest the proceeds at a rate that is equal to the return on Subordinated Notes.

The Issuer's right to redeem Subordinated Notes is subject to prior written approval from APRA. Approval is at the discretion of APRA and may or may not be given.

*Holders of Subordinated Notes do not have a right to request that their Subordinated Notes be Exchanged or redeemed early*

Holders of Subordinated Notes will not have a right to request that their Subordinated Notes be Exchanged or redeemed early for any reason. To realise their investment, holders of Subordinated Notes can sell their Subordinated Notes at the prevailing market price. However, depending on market conditions at the time, Subordinated Notes may be trading at a market price below the Outstanding Principal Amount and/or the market for Subordinated Notes may not be liquid.

*There is no restriction on the amount or type of further securities or indebtedness which the Issuer may incur*

The Issuer 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 Subordinated Notes, whether or not secured. Any issue of other securities may affect the ability of a holder of Subordinated Notes to recover interest or the Outstanding Principal Amount due to a holder of Subordinated Notes in a winding up.

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

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

#### ***Risks specific to Exempt Notes denominated in Renminbi***

Set out below is a description of the principal risks which may be relevant to an investor in Exempt Notes denominated in Renminbi ("Renminbi Notes"):

*Renminbi is not completely freely convertible, there are still significant restrictions on the remittance of Renminbi into and out of the PRC and the liquidity of investments in Renminbi Notes is subject to such restrictions*

Renminbi is not completely freely convertible as of the date of this Information Memorandum. The government of the PRC (the "PRC Government") continues to regulate conversion between Renminbi and foreign currencies despite significant reduction in the control by the PRC Government in recent years over trade transactions involving the import and export of goods and services, as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong and a number of other jurisdictions have been permitted to engage in the settlement of current account trade transactions in Renminbi; however, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt

financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are (as of the date of this Information Memorandum) being developed.

Although Renminbi was added to the Special Drawing Rights basket of currencies, in addition to the U.S. dollar, euro, Yen and Sterling, created by the International Monetary Fund as an international reserve asset in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by The People's Bank of China (the "PBoC") in 2018, there is no assurance that the PRC Government will liberalise control over cross-border remittance of Renminbi in the future, or that new regulations in the PRC will not be promulgated in the future that have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes*

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

As of the date of this Information Memorandum, licensed banks in Singapore and Hong Kong may offer limited Renminbi-denominated banking services to Singapore residents, Hong Kong residents and specified business customers. While the PBoC has entered into agreements on the clearing of Renminbi business (the "Settlement Agreements") with financial institutions in a number of financial centres and cities (the "RMB Clearing Banks") including, but not limited to, Hong Kong, and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the size of Renminbi denominated financial assets outside the PRC is limited.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The relevant RMB Clearing Bank only has access to onshore liquidity support from the PBoC for the purpose of settling open positions of participating banks for limited types of transactions. The relevant RMB Clearing Bank is not obliged to settle for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to settle such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended so as to have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of investments in the Renminbi Notes. To the extent that the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Although the Issuer's primary obligation is to make all payments with respect to Renminbi Notes in Renminbi, where a Renminbi Currency Event is specified as being applicable in the applicable Pricing Supplement, in the event that the Issuer determines, while acting in good faith that one of RMB Inconvertibility, RMB Non-Transferability or RMB Illiquidity (each as defined in Condition 7(m)) has occurred as a result of which, the Issuer is unable to make any payment in respect of the Renminbi Note in Renminbi, the terms of such Renminbi Notes will permit the Issuer to make payment in U.S. dollars (or such other currency as may be specified in the applicable Pricing Supplement) converted using the Spot Rate (as defined in Condition 7(m)) for the relevant Determination Date, all as provided in Condition 7(m). The value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the market.

*An investment in Renminbi Notes is subject to exchange rate risks*

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. On 11 December 2015, the China Foreign Exchange Trade System (the “CFETS”), a sub-institutional organisation of the PBoC, published the CFETS Renminbi exchange rate index for the first time, which weighs the Renminbi based upon 13 currencies, to guide the market in order to measure the Renminbi exchange rate. Such change and others that may be implemented, may increase the volatility in the value of Renminbi against other currencies. All payments of interest and principal with respect to Renminbi Notes will be made in Renminbi unless a RMB Currency Event is specified as being applicable in the applicable Pricing Supplement, and a RMB Currency Event occurs, in which case payment will be made in U.S. dollars converted at the Spot Rate. As a result, the value of these Renminbi payments in U.S. dollar or other foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other applicable foreign currencies, then the value of an investor’s investment in Renminbi Notes in terms of the U.S. dollar or other applicable foreign currency will decline.

*An investment in fixed rate Renminbi Notes is subject to interest rate risks*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. If a Renminbi Note carries a fixed interest rate, then the trading price of such Renminbi Notes will vary with fluctuations in Renminbi interest rates. If an investor in Renminbi Notes tries to sell such Renminbi Notes before their maturity then they may receive an offer that is less than the amount invested.

*Payments in respect of Renminbi Notes will be made to investors in the manner specified in the Conditions*

Investors might be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong or such other RMB Settlement Centre(s) as may be specified in the applicable Pricing Supplement. Except in the limited circumstances stipulated in Condition 7(1), all payments to investors in respect of Renminbi Notes will be made solely: (i) for so long as the Renminbi Notes are represented by a Global Note held with the common depositary, for Euroclear and Clearstream, Luxembourg (each as defined in the “Form of the Notes”), with a sub-custodian for CMU or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or such other RMB Settlement Centre(s) in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures or those of the CMU or such alternative clearing system, or (ii) for so long as such Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or such other RMB Settlement Centre(s) in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

*There might be PRC tax consequences with respect to investment in the Renminbi Notes*

In considering whether to invest in Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws, as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of a Noteholder’s investment in Renminbi Notes might be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

**Risks related to Green Bonds, Climate Bonds, Sustainable Bonds or any other equivalent or similarly titled Exempt Notes**

*The application of the net proceeds of Exempt Notes described as “Green Bonds”, “Climate Bonds”, “Sustainable Bonds” or any equivalent or similar title may not meet investor expectations or be suitable for an investor’s investment criteria*

In connection with any issue of Exempt Notes, it may be stated in “*Reasons for the Offer*” in Part B of the applicable Final Terms that the intention of the Issuer is, among other things, to allocate the net proceeds of the issuance of the Exempt Notes to the financing of one or more eligible projects or assets (“Eligible Assets” and each an “Eligible Asset”) permitted by any standard developed for the certification of certain eligible bonds as “Green Bonds”, “Climate Bonds”, “Sustainable Bonds” or any equivalent or similar title. Prospective investors in any such Exempt Notes should have regard to the information in “*Reasons for the Offer*” regarding the use of the net proceeds of such Exempt Notes and must determine for themselves the relevance of such information for the purpose of any investment in such Exempt Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Dealers that the use of such proceeds for any Eligible Assets will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply.

There is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, or as to what precise attributes are required for a particular project or asset to be considered, a “green”, “climate”, “sustainable” or other equivalently-labelled project or asset and no assurance can be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. Accordingly, no assurance is or can be given to investors that any Eligible Asset or use of the net proceeds of the issuance of any Exempt Notes to finance any Eligible Asset will meet any or all investor expectations regarding such “green”, “climate”, “sustainable” or other equivalently-labelled objectives or that any adverse environmental and/or other impacts will not occur during the implementation of, or as a result of any use of the net proceeds of the Exempt Notes to finance, any Eligible Asset.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Exempt Notes with any such title or stated intention as to the use of the net proceeds of any such issuance and in particular as to the fulfillment of any Eligible Assets of any environmental, sustainability and/or other criteria. No assurance can also be given that any such criteria will not be amended, updated, replaced or re-issued with the result that any such report, assessment, opinion or certification may be withdrawn. Any such report, assessment, opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Programme Circular and no responsibility is assumed by the Issuer for any such report, assessment, opinion or certification.

Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Exempt Notes. Any such report, assessment, opinion or certification is only current as of the date it was issued. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such report, assessment, opinion or certification for the purpose of any investment in such Exempt Notes. Currently, the providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or regulatory or other regime.

In the event that any Exempt Notes are listed or admitted to trading on any dedicated “green”, “climate”, “environmental”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), or are included in any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled index, no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another and also the criteria for inclusion in such index may vary from one index to another. No representation or assurance is also given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading, or inclusion in any such index, will be obtained in respect of any such Exempt Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Exempt Notes.

While it is the intention of the Issuer in respect of any Exempt Notes with any such title or stated intention as to the use of the net proceeds of any such issuance to apply the net proceeds and obtain and publish any relevant reports, assessments, opinions and certifications in, or substantially in, the manner described in “*Reasons for the Offer*” in Part B of the applicable Final Terms, there can be no assurance

that the Issuer will be able to do this. Any such stated intention as to the use of proceeds or to obtain and publish any such reports, assessments, opinions and certifications, will not constitute any form of undertaking in respect of the Exempt Notes or otherwise and any failure to apply the net proceeds in the manner so described or obtain and publish any such reports, assessments, opinions and certifications will not constitute an Event of Default (as defined in Condition 11) under the relevant Exempt Notes or any other default or breach by the Issuer of any undertaking or obligation in connection with the Exempt Notes or give rise to any other claim of a holder of such Exempt Notes against the Issuer.

Any report, assessment, opinion or certification in respect of any such Exempt Notes may be withdrawn at any time and there can be no assurance that such report, assessment, opinion or certification will not be withdrawn. There can further be no assurance that any Eligible Assets will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

The withdrawal of any report, assessment, opinion or certification as described above, or any such report, assessment, opinion or certification stating or otherwise indicating that the Issuer is not or may not be complying in whole or in part with any matters for which such report, assessment, opinion or certification is being provided, and/or any such Exempt Notes no longer being listed or admitted to trading on any stock exchange or securities market as described above, may have a material adverse effect on the value of any such Exempt Notes and/or result in adverse consequences for certain investors with a mandate to invest in securities to be used for a particular purpose.

## **Documents Incorporated by Reference**

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (a) the most recently published audited consolidated and non-consolidated annual financial statements and auditors' reports and, if published later, the most recently published unaudited consolidated interim financial statements (including the auditor's review report thereon) of the Issuer; and
- (b) all supplements to this Information Memorandum including, without limitation, each Pricing Supplement, each supplement published by the Issuer to the Programme Circular of the Issuer dated 3 July 2019 and prepared in connection with the issue of Notes by the Issuer under the Programme other than Exempt Notes (which supplement shall be deemed also to supplement this Information Memorandum to the extent applicable) and any other supplement circulated by the Issuer from time to time in accordance with the undertaking given by the Issuer in the Programme Agreement (as defined in "Subscription and Sale"), save that any statement contained in any such supplement (or contained in any document incorporated by reference therein) shall to the extent applicable (whether expressly by implication or otherwise) be deemed to modify or supersede statements contained in this Information Memorandum or in a document which is incorporated by reference in this Information Memorandum. Any statement so modified or superseded shall not except as so modified or superseded, constitute a part of this Information Memorandum.

Copies of documents incorporated by reference in this Information Memorandum will be available from the branch in London of Commonwealth Bank of Australia and from the London office of Deutsche Bank AG, London Branch specified at the end of this Information Memorandum.

## Form of the Exempt Notes

Except in the case of Subordinated Notes, which must be in registered form ("Registered Notes"), the Exempt Notes of each Series will either be in bearer form ("Bearer Notes"), with or without interest coupons attached, or Registered Notes, without interest coupons attached. Exempt Notes will be issued outside the United States in reliance on the exemption from registration provided by Regulation S under the Securities Act ("Regulation S").

### **Bearer Notes**

Each Tranche of Bearer Notes will initially be represented by one or more temporary global Notes in bearer form (a "Temporary Bearer Global Note") without Coupons, Receipts or Talons (each as defined in "Conditions of the Exempt Notes") which will be deposited on the issue date with either (i) a common depository on behalf of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") or (ii) a sub-custodian for the Hong Kong Monetary Authority (the "HKMA") as operator of the Central Moneymarkets Unit Service (the "CMU Service").

If an interest payment date for any Bearer Notes occurs whilst such Exempt Notes are represented by a Temporary Bearer Global Note, the related interest payment will be made through Euroclear and/or Clearstream, Luxembourg or the CMU Service against presentation of the Temporary Bearer Global Note only to the extent that certification of non-U.S. beneficial ownership (in the form set out in the Temporary Bearer Global Note) has been received by Euroclear or Clearstream, Luxembourg or any entity appointed in relation to the relevant Exempt Notes as the CMU Lodging and Paying Agent as specified in the applicable Pricing Supplement (the "CMU Lodging and Paying Agent"). On or after the date (the "Exchange Date") which is 40 days after the date on which the Temporary Bearer Global Note is issued, provided that certification of non-U.S. beneficial ownership has been received, interests in the Temporary Bearer Global Note will be exchanged either for (i) interests in a permanent global Note in bearer form (a "Permanent Bearer Global Note" and, together with a Temporary Bearer Global Note, a "Bearer Global Note") or (ii), at the option of the Issuer, Exempt Notes in definitive bearer form. The CMU Service may require that any such exchange for a Permanent Bearer Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU Service (the "CMU Rules"))) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) have so certified. No payments of interest will be made on a Temporary Bearer Global Note after the Exchange Date. Payments of principal, premium (if any) or interest (if any) on a Permanent Bearer Global Note will be made through Euroclear or Clearstream, Luxembourg against presentation or surrender, as the case may be, of the permanent global Note without any requirement for certification of non-U.S. beneficial ownership. In respect of a Bearer Global Note held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) and save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose. The applicable Pricing Supplement will specify whether a Permanent Bearer Global Note will be exchangeable in whole for security-printed definitive Bearer Notes upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, in the case of Exempt Notes held through the CMU Service, the CMU Service have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Exempt Notes represented by the Permanent Bearer Global Note to be in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event (a) in the case of Exempt Notes held by a common depository for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) and/or (b) in the case of Exempt Notes held through the CMU



Service, the relevant accountholders therein, may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent. At present, neither Euroclear nor Clearstream, Luxembourg regard Exempt Notes in global form as fungible with Exempt Notes in definitive form. Temporary Bearer Global Notes and Permanent Bearer Global Notes and definitive Bearer Notes will be issued by the Principal Paying Agent acting on behalf of the Issuer.

The following legend will appear on all Bearer Notes and Coupons: "Any United States person (as defined in the United States Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in sections 165(j) and 1287(a) of such Code."

The exchange of a Permanent Bearer Global Note for definitive Bearer Notes upon notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Pricing Supplement if the Bearer Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Notes.

### **Registered Notes**

Registered Notes will initially be represented by a global note in registered form (a "Registered Global Note" and, together with a Bearer Global Note, a "Global Note"). Registered Global Notes will be deposited with either (i) a common depositary for Euroclear and Clearstream, Luxembourg and will be registered in the name of its nominee or (ii) a sub-custodian for the HKMA as operator of the CMU Service. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Registered Notes.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7(b)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the definitive Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7(b)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, in the case of Exempt Notes held through the CMU Service, the CMU Service have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Exempt Notes represented by the Registered Global Note to be in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Exempt Notes registered in the name of a nominee for a common depositary for Euroclear and/or Clearstream, Luxembourg, Euroclear

and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) and/or (b) in the case of Exempt Notes held through the CMU Service, the relevant accountholders therein, may give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or, as the case may be, the CMU Lodging and Paying Agent.

### **Clearing Systems**

Pursuant to the Agency Agreement (as defined under "*Conditions of the Exempt Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Exempt Notes is issued which is intended to form a single Series with an existing Tranche of Exempt Notes at a point after the Issue Date of the further Tranche, the Exempt Notes of such further Tranche shall be assigned a common code, ISIN and, where applicable, a FISN, CFI and CMU instrument number which are different from the common code, ISIN, FISN, CFI and CMU instrument number (as applicable) assigned to Exempt Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Exempt Notes of such Tranche.

For so long as any of the Exempt Notes are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, each person (other than Euroclear or Clearstream, Luxembourg or the CMU Service) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg or the CMU Service as the holder of a particular nominal amount of such Exempt Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or the CMU Service as to the nominal amount of such Exempt Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, any Paying Agent and any Transfer Agent or, as the case may be, the CMU Lodging and Paying Agent as the holder of such nominal amount of Exempt Notes for all purposes other than with respect to payments on the Exempt Notes for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Paying Agent or, as the case may be, the CMU Lodging and Paying Agent as the holder of such Exempt Notes in accordance with and subject to the terms of the relevant Global Note and the terms "Noteholder" and "holder of Exempt Notes" and related expressions shall be construed accordingly. Exempt Notes held in Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and which are represented by a Global Note will only be transferable, and payment in respect of them will only be made, in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg or the CMU Service, as the case may be. Notwithstanding the above, if an Exempt Note is held through the CMU Service, any payment that is made in respect of such Exempt Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Exempt Note are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Exempt Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Exempt Note.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system agreed between the Issuer, the Principal Paying Agent and the relevant Dealer.

An Exempt Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Exempt Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Exempt Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on

such day. At the same time holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "Deed of Covenant") dated 3 July 2019 and executed by the Issuer.

## Form of Pricing Supplement

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes issued under the Programme.*

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as defined below). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]<sup>1</sup>

**[NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE** – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined the classification of the Notes to be capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in the Singapore Monetary Authority (the "MAS") Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>2</sup>

[Date]

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

**Issuer Legal Entity Identifier (LEI): MSFSBD3QN1GSN7Q6C537**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Exempt Notes]  
under the U.S.\$70,000,000,000  
Euro Medium Term Note Programme**

### **Part A– Contractual Terms**

The Information Memorandum referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (each, a "Relevant Member State") which has implemented Directive 2003/71/EC, as amended or superseded (to the extent that such amendments have been implemented in that Relevant Member State)

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<sup>1</sup> Legend to be included on front of the Pricing Supplement if one or more of the Managers/Dealers in relation to the Notes is a MiFID regulated entity.

<sup>2</sup> Legend to be included on front of the Pricing Supplement if the Notes sold into Singapore do not constitute prescribed capital markets products as defined under the CMP Regulations 2018.

(the "Prospectus Directive") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

[This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 3 July 2019 for the issue of Notes under the Programme for which no prospectus is required to be published under the Prospectus Directive[ and the supplement[s] to it dated [date[s]] (the "Information Memorandum"). This Pricing Supplement contains the final terms of the Notes described herein and must be read in conjunction with the Information Memorandum.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum. The Information Memorandum is available for viewing during normal business hours at the registered and head office of the Issuer at Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000 and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, England.]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Schedule of Forms and an Information Memorandum or Programme Circular with an earlier date.]*

[This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the [Programme Circular/Information Memorandum] dated [original date] (the "Original [Programme Circular/Information Memorandum]"). This Pricing Supplement must be read in conjunction with the Information Memorandum dated 3 July 2019 for the issue of Notes under the Programme for which no prospectus is required to be published under the Prospectus Directive[ and the supplement[s] to it dated [date[s]] (the "Information Memorandum"), save in respect of the Conditions which are extracted from the Original [Programme Circular/Information Memorandum] and are attached hereto.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the Conditions and the Information Memorandum. The Original [Programme Circular/Information Memorandum] and the Information Memorandum are available for viewing during normal business hours at the registered and head office of the Issuer at Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000 and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, England.]]

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

1. Issuer: Commonwealth Bank of Australia

2. (i) Series of which Notes are to be [ ]  
treated as forming part:

(ii) Tranche Number: [ ]

*(If fungible with an existing Series, details of that Series, including the date on which the Notes*

- become fungible)*
3. Specified Currency or Currencies: [     ]
  4. Aggregate Nominal Amount:
    - (i) Series: [     ]
    - (ii) Tranche: [     ]
  5. Issue Price: [     ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
  6.
    - (i) Specified Denominations: [     ]
    - (i) Calculation Amount (in relation to calculation of interest on Notes in global form see Conditions): [     ]

*(If only one Specified Denomination, insert the words "Specified Denomination". If more than one Specified Denomination, insert the amount of the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
  7.
    - (i) Issue Date: [     ]
    - (ii) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]

*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
  8. Maturity Date: [*Unadjusted Fixed Rate Notes/Unadjusted Fixed Reset Notes – specify date/Floating Rate Notes/Adjusted Fixed Rate Notes/Adjusted Fixed Reset Notes – Interest Payment Date falling in or nearest to [specify month and year]*]

*(N.B. In the case of Subordinated Notes for which Issuer Call is specified as being applicable this will be the date falling on the fifth anniversary of the Optional Redemption Date)*

  9. Interest Basis:
    - [Fixed Rate]
    - [Fixed Reset]
    - [Floating Rate]
    - [Compounded Daily SONIA]
    - [Zero Coupon]
    - [Index Linked Interest]
    - [Dual Currency Interest]
    - [*specify other*]
    - (further particulars specified below)
  10. Redemption/Payment Basis:
    - [Redemption at par/Outstanding Principal Amount of the relevant Note(s) calculated at the relevant date of redemption (*for Subordinated Notes*)]
    - [Index Linked Redemption]
    - [Dual Currency Redemption]
    - [Instalment]

[specify other]

11. Change of Interest Basis or Redemption/Payment Basis: [Not Applicable]  
[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Not Applicable]  
[Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Status of the Notes: [Unsubordinated/Subordinated]
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions:** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable annually/semi-annually/quarterly/other (specify)]  
in arrear] [Insert explanation of manner in which Rate of Interest determined for Subordinated Notes where there is a change of Interest Basis]  
(If payable other than annually, consider amending Condition 5)
- (ii) (A) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date]/[specify other]  
(N.B. This will need to be amended in the case of long or short coupons)
- (B) Interest Periods: [Adjusted/Unadjusted]
- (iii) Fixed Coupon Amount(s) for Unsubordinated Notes in definitive form (and in relation to Unsubordinated Notes in global form see Conditions): [[ ] per Calculation Amount/Not Applicable]  
(N.B. If Fixed Coupon Amount(s) is specified, Interest Periods should be specified as Unadjusted in item (ii)(B) above)  
(N.B. Always not applicable for Subordinated Notes)
- (iv) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]/Not Applicable]  
(N.B. Only applicable in the case of Adjusted Fixed Rate Notes)
- (v) Additional Business Centre(s): [specify/Not Applicable]  
(N.B. Only applicable to the calculation of the Interest Payment Date(s) in the case of Adjusted Fixed Rate Notes and the application of the relevant Business Day Convention)
- (vi) Calculation to be on a Calculation Amount Basis: [Applicable/Not Applicable]

- (vii) Broken Amount(s) for Unsubordinated Notes in definitive form (and in relation to Unsubordinated Notes in global form see Conditions): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]  
(N.B. Always not applicable for Subordinated Notes)
- (viii) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
360/360 or Bond Basis  
30E/360 or Eurobond Basis  
Actual/Actual (ICMA)  
30/360 (Fixed) or 30/360, unadjusted  
30E/360 (ISDA)  
specify other]  
[(N.B. Actual/Actual (ICMA) is normally appropriate for Unadjusted Fixed Rate Notes except for Unadjusted Fixed Rate Notes denominated in U.S. dollars for which 30/360 (Fixed) or 30/360, unadjusted is normally appropriate)]
- (ix) Determination Date(s): [ ] in each year [Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]
- (x) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/give details]
16. **Fixed Reset Note Provisions:** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Initial Interest Rate: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]  
[Insert explanation of manner in which Initial Interest Rate determined for Subordinated Notes]
- (ii) [Initial Margin: [+/-] [ ] per cent. per annum [Include for Subordinated Notes where margin referenced in explanation of manner in which Initial Interest Rate determined above]]
- (iii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]  
(N.B. This will need to be amended in the case of long or short coupons)
- (iv) Interest Periods: [Adjusted/Unadjusted]  
(N.B. “Adjusted Fixed Reset Notes” and “Unadjusted Fixed Reset Notes”, respectively)
- (v) Fixed Coupon Amount to (but excluding) the Reset Date for Unsubordinated Notes in definitive form (and in relation to Subordinated Notes in definitive form see Conditions): [[ ] per Calculation Amount/Not Applicable]  
(N.B. If Fixed Coupon Amount(s) is specified, Interest Periods should be specified as Unadjusted)



	to Unsubordinated Notes in global form see Conditions):	<i>in item (iv) above)</i> <i>(N.B. Always not applicable for Subordinated Notes)</i>
(vi)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]/Not Applicable]  <i>(N.B. Only applicable in the case of Adjusted Fixed Reset Notes)</i>
(vii)	Additional Business Centre(s):	[specify/Not Applicable] <i>(N.B. Only applicable to the calculation of the Interest Payment Date(s) in the case of Adjusted Fixed Reset Notes and the application of the relevant Business Day Convention)</i>
(viii)	Broken Amount(s) for Unsubordinated Notes in definitive form (and in relation to Unsubordinated Notes in global form see Conditions):	[[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]  <i>(N.B. Always not applicable for Subordinated Notes)</i>
(ix)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/360 360/360 or Bond Basis 30E/360 or Eurobond Basis Actual/Actual (ICMA) 30/360 (Fixed) or 30/360, unadjusted 30E/360 (ISDA) specify other] <i>[(N.B. Actual/Actual (ICMA) is normally appropriate for Unadjusted Fixed Reset Notes except for Unadjusted Fixed Reset Notes denominated in U.S. dollars for which 30/360 (Fixed) or 30/360, unadjusted is normally appropriate)]</i>
(x)	Determination Date(s):	[ ] in each year [Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]
(xi)	Reset Date:	[ ]
(xii)	Reset Determination Date:	[specify/Not Applicable]
(xiii)	Reset Reference Rate:	[ ]
(xiv)	Reset Margin:	[+/-] [ ] per cent. per annum
(xv)	Relevant Screen Page:	[ ]
(xvi)	Specified Time:	[ ]
(xvii)	Specified Financial Centre:	[ ]
(xviii)	Fallback Reset Reference Rate:	[ ]

(xix)	Fallback Reset Reference Rate Quotations	[ ] ["Reference [Banks/Dealers]" means [ ]] ["Representative Amount" means an amount that is representative for a single transaction in the relevant market at the relevant time]
17.	<b>Floating Rate Note Provisions:</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Specified Period(s)/Specified Interest Payment Date(s):	[ ]
(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention][Preceding Business Day Convention][Not Applicable][specify other]]
(iii)	Additional Business Centre(s):	[ ] <i>(N.B. Applicable to the calculation of the Interest Payment Date(s) in the application of the relevant Business Day Convention)</i>
(iv)	Manner in which the Rate of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination/specify other]
(v)	Calculation to be on a Calculation Amount Basis:	[Applicable/Not Applicable]
(vi)	Party responsible for determining the Rate of Interest and/or calculating the Interest Amount (if not the Principal Paying Agent):	[ ] (the "Calculation Agent")
(vii)	Screen Rate Determination:	[Applicable/Not Applicable]
–	Reference Rate:	[ ] month [LIBOR/EURIBOR/Compounded Daily SONIA]] <i>(Either LIBOR, EURIBOR, SONIA or other, although additional information is required if other – including fallback provisions in the Agency Agreement)</i>
–	Interest Determination Date(s):	[ ] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling LIBOR or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which TARGET2 is open prior to the start of each Interest Period if EURIBOR or euro LIBOR and the fifth London business day prior to the end of each Floating Interest Period if SONIA)</i>
–	Relevant Screen Page:	[ ] <i>(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions)</i>

		<i>appropriately)</i>
–	Observation Look-Back Period:	[[ <input type="checkbox"/> ] London Banking Days][Not Applicable] <sup>3</sup> <i>(NB: A minimum of 5 London Banking Days should be specified unless otherwise agreed with the Principal Paying Agent or the Calculation Agent, as applicable)</i>
(viii)	ISDA Determination:	[Applicable/Not Applicable]
–	Floating Rate Option:	[ <input type="checkbox"/> ]
–	Designated Maturity:	[ <input type="checkbox"/> ]
–	Reset Date:	[ <input type="checkbox"/> ] <i>(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)</i> <i>(N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)</i>
(ix)	Margin(s):	[+/-] [ <input type="checkbox"/> ] per cent. per annum
(x)	Minimum Rate of Interest:	[[ <input type="checkbox"/> ] per cent. per annum]/[Not Applicable] <i>(N.B. Always not applicable for Subordinated Notes)</i>
(xi)	Maximum Rate of Interest:	[[ <input type="checkbox"/> ] per cent. per annum]/[Not Applicable] <i>(N.B. Always not applicable for Subordinated Notes)</i>
(xii)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/Actual (ICMA) Actual/365 (Fixed) Actual/360 30/360 (Floating) or 360/360 or Bond Basis 30E/360 or Eurobond Basis 30/360 (Fixed) or 30/360, unadjusted 30E/360 (ISDA) Other] <i>(See Condition 5)</i>
(xiii)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ <input type="checkbox"/> ]
18.	<b>Zero Coupon Note Provisions:</b>	[Applicable/Not Applicable] <i>(N.B. Always not applicable for Subordinated Notes)</i> <i>(If not applicable, delete the remaining</i>

<sup>3</sup> Only include for Notes for which the Reference Rate is specified as being “Compounded Daily SONIA”.

		<i>sub-paragraphs of this paragraph)</i>
	(i) Accrual Method:	[Linear Accrual/Compounding Accrual]
	(ii) Accrual Yield:	[ ] per cent. per annum
	(iii) Calculation to be on a Calculation Amount Basis:	[ ]
	(iv) Any other formula/basis of determining amount payable:	[ ]
	(v) Day Count Fraction in relation to Zero Coupon Notes:	[Conditions 5(d) and 6(g) apply/specify other] (Consider applicable day count fraction if not U.S. dollar denominated)
19.	<b>Index Linked Note Provisions:</b>	[Applicable/Not Applicable] (N.B. Always not applicable for Subordinated Notes) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Index Linked Redemption Notes:	[Yes/No]  [If yes, specify the formula for calculating the Final Redemption Amount and any Early Redemption Amount]
	(ii) Index Linked Interest Notes:	[Yes/No]  [If yes, specify the formula for calculating Rate of Interest and/or Interest Amount]  (If no, delete the remaining sub-paragraphs of this paragraph)
	(a) Party responsible for calculating the Rate of Interest and Interest Amount:	[ ] (the "Calculation Agent")
	(b) Specified Period(s)/Specified Interest Payment Date(s):	[ ]
	(c) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
	(d) Additional Business Centre:	[ ]  (N.B. Applicable to the calculation of the Interest Payment Date(s) in the application of the relevant Business Day Convention)
	(e) Minimum Rate of Interest:	[[ ] per cent. per annum]/[Not Applicable]
	(f) Maximum Rate of Interest:	[[ ] per cent. per annum]/[Not Applicable]

- (g) Day Count Fraction: [ ]
- (iii) Index/Indices: *[Specify the following details for each index:*  
*Index Name: [ ]*  
*Multi-exchange Index: [Yes/No]*
- (iv) Index Exchange(s): *[Specify for each applicable Index other than a Multi-exchange Index]*
- (v) Related Index Exchange(s): [All Index Exchanges][Specify other][Not Applicable]
- (vi) Weighting for each Index comprised in a Basket of Indices: *[Specify weighting for each Index]/[Not Applicable]*
- (vii) Averaging: [Applicable][Not Applicable]  
*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Averaging Dates: Reference Date Averaging Dates  
*[insert relevant Interest Payment Date]* [ ][ ][ ][ ]  
[Maturity Date] [ ][ ][ ][ ]
- (b) Consequence of an Averaging Date being a Disrupted Day: [Omission][Postponement][Modified Postponement]
- (c) Specified methodology for determining Index Level if an Averaging Date is a Disrupted Day: [Condition 8(a)(4) applies][specify other]
- (viii) Valuation Date: [The [second] Scheduled Trading Date preceding the due date for redemption][Specify other]  
Specified methodology for determining Index Level if the Valuation Date is a Disrupted Day: [Condition 8(a)(4) applies][Specify other]
- (ix) Valuation Time: [Definition in Condition 8(d) applies] [Specify other]
- (x) Additional Disruption Events:
- (a) Change in Law: [Applicable][Not Applicable]
- (b) Hedging Disruption: [Applicable][Not Applicable]
- (c) Increased Cost of Hedging: [Applicable][Not Applicable]
- (d) Other: [Specify][Not Applicable]
- (xi) FX Disruption Event: [Applicable][Not Applicable]  
*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*

	(a)	Payment Currency:	[       ]
	(b)	Payment Jurisdiction:	[       ]
(xii)		Early Settlement Amount:	[Definition in Condition 8(d) applies][ <i>Specify other</i> ]
(xiii)		Other adjustments:	[ <i>Specify</i> ][Not Applicable]
(xiv)		Calculation to be on a Calculation Amount Basis:	[Applicable/Not Applicable]
20.		<b>Dual Currency Note Provisions:</b>	[Applicable/Not Applicable]  ( <i>N.B. Always not applicable for Subordinated Notes</i> ) ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
	(i)	Condition 5(g)(2):	[Applicable/Not Applicable]  ( <i>If not applicable, delete the remaining sub-paragraphs of paragraph 20(i)</i> )
	(a)	Rate of Interest:	$[(\text{First Dual Currency Percentage} \times [\text{FX1}/\text{FX0}]) - \text{Second Dual Currency Percentage}] \times \text{Day Count Fraction}$ $[(\text{First Dual Currency Percentage} \times [\text{FX1}/\text{FX0}]) \times \text{Day Count Fraction}]$
	(b)	Interest Payment Date(s):	[   ] in each year up to and including the Maturity Date  ( <i>N.B: This will need to be amended in the case of long or short coupons</i> )
	(c)	First Dual Currency Percentage:	[   ] per cent.
	(d)	Second Dual Currency Percentage:	[[   ] per cent.]/[Not Applicable]
	(e)	FX0:	[   ]
	(f)	FX Rate:	[Australian dollars/JPY exchange rates] [U.S. dollars/JPY exchange rates] [Swiss francs/JPY exchange rates] [Pounds sterling/JPY exchange rates] [Euro/JPY exchange rates] [Canadian dollars/JPY exchange rates] [ <i>Specify other</i> ]
	(g)	Relevant Currency Amount:	[Australian dollars 1.00] [U.S. dollars 1.00] [Swiss francs 1.00] [Pounds sterling 1.00] [Euro 1.00] [Canadian dollars 1.00] [ <i>Specify other</i> ]
	(h)	Relevant Currency Pair:	["AUD/JPY"] ["USD/JPY"] ["SFR/JPY"]

		["STG/JPY"] ["EUR/JPY"] ["CAD/JPY"] [Specify other]
(i)	Minimum Rate of Interest:	[[ ] per cent. per annum]/[Not Applicable]
(j)	Maximum Rate of Interest:	[[ ] per cent. per annum]/[Not Applicable]
(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable/specify other]
(iii)	Additional Business Centre(s):	[[ ]/Not Applicable]  <i>(N.B. Applicable to the calculation of the Interest Payment Date(s) in the application of the relevant Business Day Convention. Specify as not applicable if Business Day Convention above is specified as not applicable)</i>
(iv)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/Actual (ICMA) Actual/365 (Fixed) Actual/360 30/360 (Floating) or 360/360 or Bond Basis 30E/360 or Eurobond Basis 30/360 (Fixed) or 30/360, unadjusted 30E/360 (ISDA) Other] (See Condition 5)
(v)	Rate of Exchange/method of calculating Rate of Exchange:	[give details] [For the purposes of calculating the Interest Amount in respect of the Notes the Rate of Exchange is [ ] per Calculation Amount][Not Applicable]  <i>(N.B. Not applicable if Condition 5(g)(2) is applicable)</i>
(vi)	Party, if any, responsible for calculating the principal and/or interest due:	[[ ] (the "Calculation Agent")]/[Not Applicable]
(vii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[need to include a description of market disruption or settlement disruption events and adjustment provisions]/[Not Applicable]  <i>(N.B. Not applicable if Condition 5(g)(2) is applicable)</i>
(viii)	Other terms relating to Dual Currency Rate Notes, if different from those set out in the Conditions:	[None/give details]
(ix)	Calculation to be on a Calculation Amount Basis:	[Applicable/Not Applicable]

## PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [       ]  
*(N.B. In the case of Subordinated Notes this must be a date not less than the fifth anniversary of the Issue Date)*
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[    ] per Calculation Amount/Outstanding Principal Amount of the relevant Note(s) calculated at the relevant date of redemption (for Subordinated Notes)/specify other/see Appendix]  
*[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [       ]
- (b) Maximum Redemption Amount: [       ]
- (iv) Notice period: [       ]  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
22. Investor Put: [Applicable/Not Applicable]  
*(N.B. Always not applicable for Subordinated Notes)*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [       ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[    ] per Calculation Amount/specify other/see Appendix]  
*[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
- (iii) Notice period (if other than as set out in the Conditions): [       ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of*



*distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

23. Final Redemption Amount: [[ ] per Calculation Amount/Outstanding Principal Amount of the relevant Note(s) calculated at the relevant date of redemption (*for Subordinated Notes*)/specify other/see Appendix] *[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
24. Early Redemption Amount payable on redemption for taxation [or regulatory] reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(h): [[ ] per Calculation Amount/Early Settlement Amount/Outstanding Principal Amount of the relevant Note(s) calculated at the relevant date of redemption (*for Subordinated Notes*)/specify other/see Appendix] *[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: ***[Bearer Notes:***  
 [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes upon an Exchange Event]  
 [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]]  
 [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005<sup>4</sup>]  
***[Registered Notes:***  
 [Registered Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]  
 [Registered Global Note held through the CMU Service]]  
*(N.B. Subordinated Notes must be Registered Notes)*  
*(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]."* Furthermore, such

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<sup>4</sup> Only include for Notes that are to be offered in Belgium.

*Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

- |     |   |   |
|-----|---|---|
| 26. | Payment Business Day Convention   | [Following Business Day Convention/Modified Following Business Day Convention]  |
| 27. | Additional Financial Centre(s) or other special provisions relating to Payment Dates:                             | [Not Applicable/give details]<br>(Note that this item relates to payment of any amount other than on Interest Payment Dates in the case of Adjusted Fixed Rate Notes, Adjusted Fixed Reset Notes, Floating Rate Notes and Index Linked Interest Notes, to which items 15(v), 16(vii), 17(iii) and 19(ii)(d) relate) |
| 28. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No. If yes, give details][Yes. As the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]  |
| 29. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:        | [Not Applicable/give details]   |
| 30. | Other final terms:  | [Not Applicable/give details]   |

#### DISTRIBUTION

- |     |   |   |
|-----|---|---|
| 31. | If syndicated, names of Managers:           | [Not Applicable/give names]   |
| 32. | If non-syndicated, name of relevant Dealer: | [Not Applicable/give name]  |
| 33. | Total commission and concession:            | [            ] per cent. of the Aggregate Nominal Amount  |
| 34. | U.S. Selling Restrictions:                  | [Reg. S Compliance Category 2; TEFRA D [in the case of Bearer Notes]/TEFRA not applicable [in the case of Registered Notes]]  |
| 35. | Additional selling restrictions:            | [Not Applicable/give details]/[ <b>Republic of Korea</b><br><br>The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act (the “FSCMA”).<br><br>The Notes may not be offered, sold and delivered, directly or indirectly, or offered or sold to any person for re-offering or resale directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA, the Foreign Exchange Transaction Law and the decrees and regulations thereunder. Furthermore, the Notes may not be resold to Korean residents unless the purchaser of the Notes complies with all |

applicable regulatory requirements (including but not limited to government reporting requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the Notes. The Aggregate Nominal Amount of the Notes divided by the Specified Denomination, and the number of Notes offered in Korea or to a resident in Korea, shall in each case be less than 50.

By purchasing the Notes, each Noteholder will be deemed to represent, warrant and agree that for a period of one year from the Issue Date thereof, the Notes may not be sub-divided into smaller denominations than the Specified Denomination.]<sup>5</sup>/[OBU

The following terms restricting the Notes from being held by or for the benefit of an Australian Tax Resident are necessary so that the Notes can be booked through the Issuer's Offshore Business Unit (the "OBU"). The OBU is a department within the Issuer's Australian business. The OBU is not a separate branch or legal entity, and operates from Australia and is registered and, as part of the Issuer, is regulated under Australian law.

By purchasing the Notes, each Noteholder will be deemed to represent, warrant and agree that it is not, nor is it acquiring, holding, managing or disposing of the Notes for the benefit of, an Australian Tax Resident. Further, each Noteholder will be deemed to agree that it will not offer, sell or deliver the Notes to an Australian Tax Resident.

For the purposes of the Notes, "Australian Tax Resident" means any party that is: (a) a Resident of Australia for Australian taxation purposes (other than transactions undertaken in carrying on a business outside Australia at or through a permanent establishment), or (b) a non-Resident of Australia for Australian taxation purposes whose involvement in the transaction occurred through a permanent establishment in Australia. For the purposes of the Notes, "Resident of Australia" has the meaning given in the Australian Income Tax Assessment Act (1936) and means: (a) a person, other than a company, who resides in Australia, or (b) a company which is incorporated in Australia, or which, not being incorporated in Australia, carries on business in Australia, and has either its central management and control in Australia, or its voting power controlled by shareholders who are residents of Australia.]<sup>6</sup>

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<sup>5</sup> Only include for Notes sold in the Republic of Korea.

<sup>6</sup> Include for Unsubordinated Notes only which are booked through the Issuer's Offshore Business Unit.

## PROVISIONS APPLICABLE TO RMB NOTES

- |     |   |   |
|-----|---|---|
| 36. | RMB Currency Event:   | [Applicable/Not Applicable]               |
| 37. | Spot Rate (if different from that set out in Condition 7(m)): | [Specify/Not Applicable]                  |
| 38. | Party responsible for calculating the Spot Rate:              | [Give name (the "RMB Calculation Agent")] |
| 39. | Relevant Currency (if different from that in Condition 7(m)): | [Specify/Not Applicable]                  |
| 40. | RMB Settlement Centre(s):                                     | [Specify/Not Applicable]                  |

## [PROVISIONS APPLICABLE TO SUBORDINATED NOTES (If not applicable, delete this paragraph)]

- |     |                  |   |
|-----|------------------|---|
| 41. | Substitution:    | [Full Successor/Partial Successor/Not Applicable]   |
| 42. | Exchange Number: | $\frac{\text{Outstanding Principal Amount} \times \text{Exchange Date Cross Rate}}{P \times \text{VWAP}}$ |

where:

"P" means 0.99.

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

"Exchange Date Cross Rate" means: (a) if the Specified Currency is Australian dollars, 1; or (b) otherwise, the average (rounded to six decimal places) of the inverse AUD/[Specified Currency] exchange rates published by the Reserve Bank of Australia at approximately 4.00 p.m. (Sydney time) on each of the Ordinary Shares Business Days during the five Ordinary Shares Business Day period immediately preceding (but excluding) the Subordinated Note Exchange Date or, if such exchange rate is not published by the Reserve Bank of Australia on any of such Ordinary Shares Business Days, the Exchange Date Cross Rate will be the simple average of the inverse AUD/[Specified Currency] exchange rate quoted by two or more independent market makers in that exchange rate, selected by the Issuer, on the Subordinated Note Exchange Date.

- |     |                          |  |
|-----|--------------------------|--|
| 43. | Maximum Exchange Number: | $\frac{\text{Outstanding Principal Amount} \times \text{Issue Date Cross Rate}}{0.20 \times \text{Issue Date VWAP}}$ |
|-----|--------------------------|--|

where:

"Issue Date Cross Rate" means: (a) if the Specified Currency is Australian dollars, 1 or (b) otherwise, the average (rounded to six decimal places) of the inverse AUD/[Specified Currency] exchange rates published by the Reserve Bank of Australia at approximately 4.00 p.m. (Sydney time) on each of the Ordinary Shares Business Days during the 20

Ordinary Shares Business Day period immediately preceding (but excluding) the Issue Date or, if such exchange rate is not published by the Reserve Bank of Australia on any of such Ordinary Shares Business Days, the Issue Date Cross Rate will be the simple average of the inverse AUD/[*Specified Currency*] exchange rate quoted by two or more independent market makers in that exchange rate, selected by the Issuer, at approximately 4.00 p.m. (Sydney time) on the Issue Date.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **Commonwealth Bank of Australia:**

By:.....

Title:.....

Duly authorised

## Part B– Other Information

1. **LISTING**

[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on *[specify market – note this should not be a regulated market]* with effect from [ ].]/[Not Applicable]
2. **RATINGS**

Ratings: The Notes to be issued [have been]/[are expected to be]/[have not been] rated[:

[S&P: [ ]]

[Moody's: [ ]]

[[Other]: [ ]]
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for [any fees/the fees of *[insert relevant fee disclosure]*] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*].
4. **OPERATIONAL INFORMATION**
  - (i) ISIN: [ ]
  - (ii) Common Code: [ ]
  - (iii) CFI: [[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
  - (iv) FISN: [[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
  - (v) CMU Instrument Number: [ ]
  - (vi) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
  - (vii) CMU Lodging and Paying Agent: [[ ]/Not Applicable]
  - (viii) Delivery: Delivery [against/free of] payment
  - (ix) Names and addresses of additional Paying Agent(s) (if [ ]]

any):

- (x) Relevant Benchmark[s]: [Not Applicable]/[[specify benchmark, e.g. LIBOR, EURIBOR or SONIA] is provided by [administrator legal name, e.g. ICE Benchmark Administration Limited, European Money Markets Institute or the Bank of England].
- [As at the date hereof, [[administrator legal name, e.g. ICE Benchmark Administration Limited] appears in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to the Benchmarks Regulation.]
- [As at the date hereof, [[administrator legal name, e.g. European Money Markets Institute] does not appear in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation. [As far as the Issuer is aware, as at the date hereof, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [insert name of administrator, e.g. European Money Markets Institute] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).]/[[ insert name of administrator, e.g. the Bank of England] does not fall within the scope of the Benchmarks Regulation.]]

*For the purpose of calculating the U.S. dollar equivalent of the nominal amount of Notes outstanding under the Programme from time to time, (i) Zero Coupon Notes will be included in such nominal amount by reference to the net proceeds received by the Issuer for the relevant issue, (ii) Dual Currency Notes and Index Linked Notes shall be included in such nominal amount by reference to the original nominal amount of the relevant issue and (iii) the U.S. dollar equivalent of Notes denominated in another Specified Currency shall be determined as of the date of agreement to issue such Notes (the "Agreement Date") on the basis of the Exchange Rate on such date. As used in this paragraph, the "Exchange Rate" against U.S. dollars for any currency means the spot rate for the sale of U.S. dollars against the purchase of such currency in the London foreign exchange market on the Agreement Date quoted by any leading bank selected by the Issuer.*

## Conditions of the Exempt Notes

*The following are the Conditions of the Exempt Notes which (subject to amendment and except for the paragraph in italics) will be incorporated by reference into each global Note and will be endorsed upon each definitive Note provided that the applicable Pricing Supplement in relation to any Note may specify other conditions which shall, to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such Exempt Note. The applicable Pricing Supplement will be endorsed upon, or attached to, each global Exempt Note and definitive Exempt Note.*

This Note is one of a Series of Euro Medium Term Notes (all of the Euro Medium Term Notes from time to time issued by the Commonwealth Bank of Australia (the "Issuer") which are for the time being outstanding being hereinafter referred to as the "Notes", which expression shall include (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency of the relevant Notes, (ii) definitive Notes issued in exchange (or part exchange) for a global Note and (iii) any global Note. The Notes, the Receipts (as defined below), the Coupons (as defined below) and the Talons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 3 July 2019 (as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") made between, *inter alios*, the Issuer, Deutsche Bank AG, London Branch as principal paying agent (the "Principal Paying Agent" which expression shall include any successor as principal paying agent), Deutsche Bank Luxembourg S.A. as registrar (the "Registrar" which expression shall include any successor as registrar) and the paying agents and transfer agents named therein (the "Paying Agents" and the "Transfer Agents", which expressions shall include any additional or successor paying agents and transfer agents). The Noteholders, the Receiptholders, the Couponholders and the Talonholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the "Deed of Covenant") dated 3 July 2019 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below). Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Pricing Supplement are available for viewing during normal business hours at the registered office of the Issuer at Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000 and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, England save that the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders, the Couponholders and the Talonholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Pricing Supplement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement. For the avoidance of doubt, in case there is any inconsistency between these Conditions and provisions of the Agency Agreement, these Conditions will prevail.

If so specified in the applicable Pricing Supplement, the Issuer will also appoint a calculation agent with respect to a Series (the "Calculation Agent", which expression shall include any successor calculation agent and any other calculation agent specified in the applicable Pricing Supplement).

Any reference to "Noteholders" in relation to any Notes shall mean (in the case of definitive Notes in bearer form) the holders of the Notes and (in the case of definitive Notes in registered form) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to "Receiptholders" shall mean the holders of the Receipts, any reference herein to "Couponholders" shall mean the holders of the Coupons and any reference herein to "Talonholders" shall mean the holders of the Talons.

As used herein, "Series" means each original issue of Notes together with any further issues expressed to form a single series with the original issue and the terms of which (save for the Issue Date or Interest Commencement Date, as the case may be, the Issue Price and the amount of the first payment of



interest (if any), all as indicated in the applicable Pricing Supplement) are otherwise identical (including whether or not they are listed) and shall be deemed to include the temporary and (where applicable) permanent global Notes and the definitive Notes of such issues and the expressions "Notes of this Series" and "holders of Notes of this Series" and related expressions shall be construed accordingly. As used herein, "Tranche" means all Notes of the same Series with the same Issue Date.

The applicable Pricing Supplement (which term, as used herein, means, in relation to this Note, Part A of the Pricing Supplement attached hereto or endorsed hereon) may specify other Conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace these Conditions for the purposes of this Note.

The Noteholders, the Receiptholders, the Couponholders and the Talonholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions relating to the Notes contained in the applicable Pricing Supplement, the Agency Agreement and the Deed of Covenant which are applicable to them. Words and expressions defined in the Agency Agreement or defined or set out in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated. Copies of the applicable Pricing Supplement are available for inspection by the holders of Notes of this Series at the office of the Principal Paying Agent set out at the end of these Conditions. The statements in these Conditions are summaries of the detailed provisions of the Agency Agreement which provisions shall have precedence over these Conditions if there is any inconsistency.

In the Conditions, "euro" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

In the case of Subordinated Notes, words and expressions specific to Subordinated Notes, where not defined or set out in the applicable Pricing Supplement, shall have the meanings given in Condition 22(m), unless the context otherwise requires or unless otherwise stated.

## **1 Form, Denomination and Title**

Except in the case of Subordinated Notes, which must be Registered Notes, the Notes of this Series are Bearer Notes or Registered Notes as specified in the applicable Pricing Supplement and in each case are in the currency (the "Specified Currency") and the denominations (the "Specified Denomination(s)") specified in the applicable Pricing Supplement. Definitive Notes of this Series (if issued) will be serially numbered and Bearer Notes may not be exchanged for Registered Notes and vice versa. This Note is an Unsubordinated Note or a Subordinated Note as indicated in the applicable Pricing Supplement. This Note is a Fixed Rate Note, a Fixed Reset Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or any appropriate combination thereof depending upon the Interest Basis specified in the applicable Pricing Supplement and is a Dual Currency Redemption Note, an Index Linked Redemption Note, an Instalment Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis specified in the applicable Pricing Supplement. If this Note is a definitive Bearer Note, it is issued with Coupons for the payment of interest ("Coupons") and, if applicable, Talons for further Coupons ("Talons") attached, unless it is a Zero Coupon Note in which case references to interest (other than in relation to interest due after the Maturity Date) and Coupons or Talons in these Conditions are not applicable. If this Note is a definitive Bearer Note redeemable in instalments, it is issued with Receipts ("Receipts") for the payment of instalments of principal prior to the final Maturity Date attached. Wherever Dual Currency Notes or Index Linked Notes are issued to bear interest on a fixed or floating rate basis or on a non-interest-bearing basis, the provisions in these Conditions relating to Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes respectively shall, where the context so admits, apply to such Dual Currency Notes or Index Linked Notes. In the case of Dual Currency Notes, references to the Specified Currency in relation to any payment or calculation of a payment are to the currency in which that payment is required to be made. This Note is also an Index Linked Note where payment in respect of principal (each an "Index Linked Redemption Note") and/or interest (each an "Index Linked

Interest Note") is linked to an Index and/or a Formula, and the appropriate provisions of these Conditions will apply accordingly. References in these Conditions, except in this paragraph, Condition 7 and Condition 10, to Coupons or Couponholders shall be deemed to include references to Talons or Talonholders and Receipts or Receiptholders.

Subject as set out below, title to the definitive Bearer Notes and the Coupons will pass by delivery and title to the definitive Registered Notes will pass upon the registration of transfers in accordance with the provisions of the Agency Agreement. The holder of each Coupon, whether or not such Coupon is attached to a Bearer Note, in his capacity as such, shall be subject to, and bound by, all the provisions contained in the relevant Note. Subject as set out below, the Issuer, any Paying Agent and any Transfer Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not such Note or Coupon shall be overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out below.

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

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, except in the preceding paragraph and in Condition 16, wherever the context so permits, be deemed to include a reference to any additional or alternative clearance system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and the Principal Paying Agent.

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

## **2 Transfer**

- (a) Transfers of beneficial interests in global Registered Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a global Registered Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for definitive Registered Notes or for a beneficial interest in another global Registered Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.
- (b) A definitive Registered Note may be transferred in whole or in part (in the nominal amount of the lowest Specified Denomination or any integral multiple thereof) by the deposit by the transferor of the definitive Registered Note for registration of the transfer at the specified office of a Transfer Agent with the form of transfer endorsed on the definitive Registered Note duly completed and executed by or on behalf of the transferor and upon the relevant Transfer

Agent (after due and careful enquiry) being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Registrar may prescribe. Subject as provided above, the relevant Transfer Agent will, within fourteen days of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request a new definitive Registered Note of a like aggregate nominal amount to the definitive Registered Note (or the relevant part of the definitive Registered Note) transferred. In the case of the transfer of part only of a definitive Registered Note, a new definitive Registered Note in respect of the balance of the definitive Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

- (c) In the event of a partial redemption of Notes under Condition 6(d), the Issuer shall not be required to:
  - (i) register the transfer of any definitive Registered Note, or part of a definitive Registered Note, called for partial redemption; or
  - (ii) exchange any definitive Bearer Note called for partial redemption.
- (d) Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than at the specified office of a Transfer Agent or by regular mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.
- (e) The names of the initial Registrar and other initial Transfer Agents and their initial specified offices in respect of this Series of Notes are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of the Registrar or any other Transfer Agent and to appoint another Registrar or additional or other Transfer Agents. Notice of any termination or appointment and of any changes in specified offices will be given to the holders of the Notes of this Series promptly by the Issuer in accordance with Condition 16.

### **3 Status of the Notes and Subordination**

#### **(a) Status of the Unsubordinated Notes**

If the Notes of this Series are Unsubordinated Notes, the Notes of this Series and the relative Coupons (if any) are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and equally with the Issuer's other present and future unsecured and unsubordinated obligations (except for certain debts that are required to be preferred by applicable law).

Changes to applicable laws may extend the debts required to be preferred by law.

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

The Notes of this Series are not protected accounts or deposit liabilities of the Issuer for the purposes of the Banking Act.

#### **(b) Status and Subordination of the Subordinated Notes**

- (1) If the Notes of this Series are Subordinated Notes, the Notes of this Series and the relative Coupons (if any) are direct and subordinated obligations of the Issuer.
- (2) Claims in respect of the Notes of this Series shall rank in a winding up of the Issuer:

- (A) after the claims in respect of Senior Ranking Obligations including claims preferred by applicable laws;
- (B) equally among themselves and with claims in respect of Equal Ranking Securities; and
- (C) ahead of all claims in respect of Junior Ranking Securities including claims referred to in sections 563AA and 563A of the Corporations Act.

*The applicable laws referred to above include (but are not limited to) sections 13A and 16 of the Banking Act and section 86 of the Reserve Bank Act. These provisions provide that, in the event that the Issuer becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its liabilities to, among others, the Australian Prudential Regulation Authority ("APRA"), the Reserve Bank of Australia and holders of protected accounts held in Australia, in priority to all other liabilities, including the Notes of this Series.*

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

- (3) In a winding up of the Issuer, payments on each Note of this Series are subject to:
  - (A) all holders of Senior Ranking Obligations being paid in full before any payment is made to Noteholders; and
  - (B) Noteholders and holders of Equal Ranking Securities being paid on a pro-rata basis.
- (4) Each Noteholder irrevocably acknowledges and agrees that:
  - (A) this Condition 3(b) is a debt subordination for the purposes of section 563C of the Corporations Act;
  - (B) the debt subordination is not affected by any act or omission of the Issuer, or of any holder of Senior Ranking Obligations, which might otherwise affect Noteholders at law or in equity;
  - (C) a Noteholder must not exercise its voting rights as an unsecured creditor in the winding up or administration of the Issuer in respect of the Notes of this Series to defeat the subordination in this Condition 3(b); and
  - (D) a Noteholder must pay or deliver to the liquidator any amount or asset received on account of its claim in the winding up in excess of its entitlement under this Condition 3(b).
- (5) For the avoidance of doubt, but subject to Condition 21(c), if a Non-Viability Trigger Event has occurred, the Noteholders will rank in a winding up of the Issuer as holders of the number of Ordinary Shares to which they became entitled under Condition 21(a).
- (6) To the maximum extent permitted by applicable law, none of the Issuer, any Noteholder or any person claiming through any of them has any right of set-off in respect of any amounts owed by one person to the other person.
- (7) For the purposes of these Conditions, a “winding up” will not occur solely by reason of (i) an application to wind up being made or (ii) the appointment of a receiver, administrator or official with similar powers under section 13A(1) of the Banking Act.

**4** [This Condition is no longer applicable]

## **5 Interest**

### **(a) Interest on Fixed Rate Notes**

- (1) Each Fixed Rate Note bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest specified in the applicable Pricing Supplement.

Interest will accrue in respect of each Fixed Interest Period. In these Conditions "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Fixed Interest Periods shall be adjusted ("Adjusted Fixed Rate Notes") or unadjusted ("Unadjusted Fixed Rate Notes") as specified in the applicable Pricing Supplement. In the case of Adjusted Fixed Rate Notes, a Business Day Convention shall also be specified in the applicable Pricing Supplement and (where applicable) Interest Payment Dates shall be postponed or brought forward, as the case may be, in accordance with Condition 5(d)(ii).

In the case of Unadjusted Fixed Rate Notes, if the Notes are in definitive form and if Fixed Coupon Amount is specified in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount or the Broken Amount (if any) so specified.

Interest will be paid subject to and in accordance with the provisions of Condition 7 (unless otherwise specified in the applicable Pricing Supplement). Interest will cease to accrue on each Fixed Rate Note (or, in the case of the redemption of part only of a Fixed Rate Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgment) until, but excluding, whichever is the earlier of (A) the day on which all sums due in respect of such Fixed Rate Note up to that day are received by or on behalf of the holder of such Fixed Rate Note and (B) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 16 that it has received all sums due in respect thereof up to that date.

The Fixed Coupon Amount will not be applicable in the case of Subordinated Notes.

- (2) Except in the case of Unadjusted Fixed Rate Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount, is specified in the applicable Pricing Supplement, the Principal Paying Agent will calculate the amount of interest (the "Interest Amount") payable in respect of any period by applying the Rate of Interest to:
- (A) in the case of Fixed Rate Notes which are represented by a (i) Global Note or (ii) Registered Notes in definitive form, the aggregate Outstanding Principal Amount of (A) the Notes represented by such Global Note or (B) such Registered Notes, unless in each case "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Pricing Supplement in which case the Rate of Interest shall be applied to the Calculation Amount; or
  - (B) in the case of Fixed Rate Notes which are Bearer Notes in definitive form (other than Subordinated Notes where the Outstanding Principal Amount of such Notes is not a multiple of the Calculation Amount), the Calculation Amount; or
  - (C) in the case of Fixed Rate Notes which are Bearer Notes in definitive form which are Subordinated Notes and where the Outstanding Principal Amount of such Notes is not a multiple of the Calculation Amount (as calculated as of the applicable date), the aggregate Outstanding Principal Amount of such Notes;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate Outstanding Principal Amount of Fixed Rate Notes, which are Registered Notes in definitive form or the Calculation Amount in the case of Fixed Rate Notes which are Bearer Notes in definitive form) shall be rounded to the nearest sub-unit

of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination or, in the case of Subordinated Notes, the Outstanding Principal Amount of:

- (i) a Fixed Rate Note which is a Bearer Note in definitive form; or
- (ii) a Global Note or Registered Note in definitive form where "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Pricing Supplement,

is a multiple of the Calculation Amount (as calculated, in the case of Subordinated Notes, as of the applicable date), the amount of interest payable in respect of such Fixed Rate Note or such Global Note or Registered Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination or such Outstanding Principal Amount, without any further rounding.

The calculation of each Interest Amount by the Principal Paying Agent shall (in the absence of manifest error) be final and binding upon all parties.

In this Condition 5(a), "Day Count Fraction" has the meaning given to it in Condition 5(d).

In these Conditions:

"Outstanding Principal Amount" has the meaning given in Condition 22(m); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) **Interest on Fixed Reset Notes**

Each Fixed Reset Note bears interest:

- (A) from (and including) the Interest Commencement Date to (but excluding) the Reset Date at the rate per annum equal to the Initial Interest Rate; and
- (B) from (and including) the Reset Date to (but excluding) the Maturity Date (the "Reset Period") at the rate per annum equal to the aggregate of the Reset Reference Rate and the Reset Margin for the Reset Period,

(in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded up to 0.00001) (each a "Rate of Interest") payable, in each case, in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

For the purposes of any determination by the Principal Paying Agent of the Rate of Interest for a Reset Period in accordance with this Condition 5(b), the relevant provisions of Condition 5(c) shall apply, as applicable, as if the Fixed Reset Notes were Floating Rate Notes. The Rate of Interest for each Reset Period shall otherwise be determined by the Principal Paying Agent on the relevant Reset Determination Date in accordance with the provisions of this Condition 5(b). Other than in respect of determining the Rate of Interest for a Reset Period, the relevant provisions of Condition 5(a) shall apply to Fixed Reset Notes, as applicable, as if the Fixed Reset Notes were Fixed Rate Notes.

In these Conditions:

"Relevant Screen Page" means the display page on the relevant service as specified in the applicable Pricing Supplement or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Principal Paying Agent, for the purpose of displaying the relevant swap rates for swap transactions in the Specified Currency with an equivalent maturity to the Reset Period;

"Reset Determination Date" means the second Business Day immediately preceding the relevant Reset Date unless otherwise specified in the applicable Pricing Supplement; and

"Reset Reference Rate" means, in relation to a Reset Date and the Reset Period commencing on that Reset Date, the form of rate for the Reset Date as indicated in the applicable Pricing Supplement, expressed as a percentage, which rate in the specified form appears on the Relevant Screen Page as of approximately the Specified Time in the Specified Financial Centre on the Reset Determination Date. If such rate does not so appear on the Relevant Screen Page, the Reset Reference Rate for the Reset Date will be the Fallback Reset Reference Rate for the Reset Period.

(c) **Interest on Floating Rate Notes and Index Linked Interest Notes**

The provisions of this Condition 5(c) relating to Index Linked Interest Notes only apply to Unsubordinated Notes.

(1) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each period from and including an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date (each such period, a "Floating Interest Period" and, together with a Fixed Interest Period and a Dual Currency Interest Period (as defined below), each an "Interest Period").

(2) *Interest Payments and Accrual*

Interest will be paid subject to and in accordance with the provisions of Condition 7 (unless otherwise specified in the applicable Pricing Supplement). Interest will cease to accrue on each Floating Rate Note or Index Linked Interest Note (or, in the case of the redemption of part only of a Floating Rate Note or Index Linked Interest Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgement) until, but excluding, whichever is the earlier of (A) the day on which all sums due in respect of such Floating Rate Note or Index Linked Interest Note up to that day are received by or on behalf of the holder of such Floating Rate Note or Index Linked Interest Note and (B) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 16 that it has received all sums due in respect thereof up to that date.

(3) *Rate of Interest and Interest Amount*

The Rate of Interest payable from time to time in respect of each Floating Rate Note and the Rate of Interest and/or the Interest Amount payable from time to time in respect of each Index Linked Interest Note will be determined in the manner specified in the applicable Pricing Supplement.

(4) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this Condition 5(c)(4), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as the Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, (the "ISDA Definitions") and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("LIBOR") for a currency or on the Euro-zone inter-bank offered rate ("EURIBOR") for calculations of payments in euro, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this Condition 5(c)(4), "Floating Rate", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

When this Condition 5(c)(4) applies, in respect of each relevant Floating Interest Period:

- (i) the Rate of Interest for such Floating Interest Period will be the rate of interest determined by the Principal Paying Agent or the Calculation Agent, as applicable, in accordance with this Condition 5(c)(4); and
- (ii) the Principal Paying Agent or the Calculation Agent, as applicable, will be deemed to have discharged its obligations under Condition 5(c)(8) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Floating Interest Period in the manner provided in this Condition 5(c)(4).

(5) Screen Rate Determination for Floating Rate Notes not referencing Compounded Daily SONIA

Where "Screen Rate Determination" is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Pricing Supplement as being "LIBOR" or "EURIBOR", the Rate of Interest for a Floating Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) (the "Specified Time") on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if



there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

In the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Principal Paying Agent or the Calculation Agent, as applicable, with the assistance of the Issuer if required, shall request each of the Reference Banks (as defined below) to provide the Principal Paying Agent or the Calculation Agent, as applicable, with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable, with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent or the Calculation Agent, as applicable, with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum which the Principal Paying Agent or the Calculation Agent, as applicable, determines to be either (i) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent or the Calculation Agent, as applicable, by the Reference Banks or any two or more of them, at which such banks offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable, with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent or the Calculation Agent, as applicable, it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), or (ii) in the event that the Principal Paying Agent or the Calculation Agent, as applicable, can determine no such arithmetic mean, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition 5(b)(5) the expression "Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case as selected by the Principal Paying Agent or the Calculation Agent, as applicable, who may consult the Issuer.

In the case of Notes where "Screen Rate Determination" is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Pricing Supplement as being other than "LIBOR", "EURIBOR" or "Compounded Daily SONIA", the Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. Subject as otherwise provided in the applicable Pricing Supplement, such provisions will apply to each such Floating Rate Note where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined.

(5A) *Screen Rate Determination for Floating Rate Notes referencing Compounded Daily SONIA*

- (i) Where "Screen Rate Determination" is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Pricing Supplement as being "Compounded Daily SONIA", the Rate of Interest for a Floating Interest Period will, subject as provided below, be Compounded Daily SONIA with respect to such Floating Interest Period plus or minus the Margin (if any) as specified in the applicable Pricing Supplement.

"Compounded Daily SONIA" means, with respect to a Floating Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Floating Interest Period (with the SONIA reference rate as reference rate for the calculation of interest) as calculated by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"d" is the number of calendar days in the relevant Floating Interest Period;

"d<sub>o</sub>" is the number of London Banking Days in the relevant Floating Interest Period;

"i" is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Floating Interest Period;

"London Banking Day" or "LBD" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"n<sub>i</sub>", for any London Banking Day "i", means the number of calendar days from (and including) such London Banking Day "i" up to (but excluding) the following London Banking Day;

"Observation Look-Back Period" is the period of London Banking Days specified in the applicable Pricing Supplement;

"Observation Period" means the period from (and including) the date falling "p" London Banking Days prior to the first day of the relevant Floating Interest Period to

(but excluding) the date falling “*p*” London Banking Days prior to the Interest Payment Date for such Floating Interest Period, or such other date on which the relevant payment of interest falls due;

“*p*” is the number of London Banking Days included in the Observation Look-Back Period;

the “SONIA reference rate”, in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (“SONIA”) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

“SONIA<sub>*i-p*LBD</sub>” means the SONIA reference rate for the London Banking Day (being a London Banking Day falling in the relevant Observation Period) falling “*p*” London Banking Days prior to the relevant London Banking Day “*i*”.

- (ii) If, in respect of any London Banking Day in the relevant Observation Period, the applicable SONIA reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then (unless the Principal Paying Agent or the Calculation Agent, as applicable, has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 5(e) below, if applicable) the SONIA reference rate in respect of such London Banking Day shall be: (i) the Bank of England’s Bank Rate (the “Bank Rate”) prevailing at 5.00 p.m. (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads).
- (iii) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be:
  - (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Floating Interest Period from that which applied to the last preceding Floating Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Floating Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Floating Interest Period); or
  - (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first scheduled Floating Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Floating Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Floating Interest Period).
- (iv) If this Series of Notes becomes due and payable in accordance with Condition 11, the final Rate of Interest shall be calculated for the Floating Interest Period from (and including) the most recent Interest Payment Date (or, if none, the Interest

Commencement Date) to (but excluding) the date on which the Notes become so due and payable, and such Rate of Interest shall continue to apply to the Notes for so long as interest continues to accrue thereon as provided in Condition 5(b)(2).

(6) *Minimum and/or Maximum Rate of Interest*

This Condition 5(c)(6) only applies to Unsubordinated Notes.

If the applicable Pricing Supplement specifies a minimum Rate of Interest for any Floating Interest Period, then, in the event that the Rate of Interest in respect of any such Floating Interest Period determined in accordance with the above provisions is less than such minimum Rate of Interest, the Rate of Interest for such Floating Interest Period shall be such minimum Rate of Interest. If the applicable Pricing Supplement specifies a maximum Rate of Interest for any Floating Interest Period, then, in the event that the Rate of Interest in respect of any such Floating Interest Period determined in accordance with the above provisions is greater than such maximum Rate of Interest, the Rate of Interest for such Floating Interest Period shall be the maximum Rate of Interest.

Unless otherwise stated in the applicable Pricing Supplement, the minimum Rate of Interest shall be deemed to be zero.

(7) *Business Day, Interest Determination Date and Relevant Screen Page*

- (i) In this Condition, "Business Day" has the meaning given to it in Condition 5(d).
- (ii) In this Condition, "Interest Determination Date" has the meaning set out in the applicable Pricing Supplement.
- (iii) In this Condition, "Relevant Screen Page" has the meaning set out in the applicable Pricing Supplement.

(8) *Determination of Rate of Interest and Calculation of Interest Amount*

The Principal Paying Agent or the Calculation Agent, as applicable, will, as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and/or calculate the Interest Amount payable on the Floating Rate Notes or Index Linked Notes for the relevant Floating Interest Period as soon as practicable after calculating the same.

Unless otherwise specified in the applicable Pricing Supplement, the Interest Amount payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Floating Interest Period will be calculated by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate Outstanding Principal Amount of the Notes represented by such Global Note unless "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Pricing Supplement in which case the Rate of Interest shall be applied to the Calculation Amount;
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form (other than Subordinated Notes where the Outstanding Principal Amount of such Notes is not a multiple of the Calculation Amount), the Calculation Amount; or
- (C) in the case of Floating Rate Notes in definitive form which are Subordinated Notes and where the Outstanding Principal Amount of such Notes is not a multiple of the Calculation Amount (as calculated as of the applicable date), the aggregate Outstanding Principal Amount of such Notes;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination or, in the case of Subordinated Notes, the Outstanding Principal Amount of:

- (i) a Floating Rate Note or an Index Linked Interest Note in definitive form; or
- (ii) a Global Note where “Calculation to be on a Calculation Amount Basis” is specified as being applicable in the applicable Pricing Supplement,

is a multiple of the Calculation Amount (as calculated, in the case of Subordinated Notes, as of the applicable date), the Interest Amount payable in respect of such Floating Rate Note, such Index Linked Interest Note or such Global Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination or such Outstanding Principal Amount, without any further rounding.

The determination of the Rate of Interest and calculation of each Interest Amount by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of manifest error) be final and binding upon all parties.

(9) *Notification of Rate of Interest and Interest Amount*

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and the Interest Amount for each Floating Interest Period and the relevant Interest Payment Date to be notified, other than where the Reference Rate is specified in the applicable Pricing Supplement as being “Compounded Daily SONIA”, to the Issuer and, in the case of Floating Rate Notes or Index Linked Interest Notes which are listed on a stock exchange, that stock exchange as soon as possible but in any event not later than the second Business Day after their determination and will cause notice of such information to be given to the holders of the Notes of this Series in accordance with Condition 16 not later than the fourth Business Day after their determination and, in the case of Floating Rate Notes referencing Compounded Daily SONIA, in the case of notice to each of the Issuer, any stock exchange and in accordance with Condition 16 as provided above, the Principal Paying Agent or the Calculation Agent, as applicable, will cause such notice to be given as soon as possible after the determination of the relevant Rate of Interest and Interest Amount, and no later than the second London Banking Day (as defined in Condition 5(c)(5A) above) after their determination. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notification as aforesaid in the event of an extension or shortening of the Floating Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes affected thereby are for the time being listed.

(10) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Conditions by the Principal Paying Agent or the Calculation Agent will (in the absence of default, bad faith or manifest error by them or any of their directors, officers, employees or agents) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, the Paying Agents and all holders of the Notes of this Series and Coupons relating thereto and (in the absence of any default, bad faith or manifest error as referred to above) no liability to the Issuer or the holders of the Notes of this Series and Coupons relating thereto shall attach to the Principal Paying Agent or the Calculation Agent in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.

(11) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of a Floating Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Floating Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated

Maturity were the period of time for which rates are available next shorter than the length of the relevant Floating Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Floating Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

“Designated Maturity” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(d) **Day Count Fraction and Business Day Convention**

(i) Day Count Fraction

"Day Count Fraction" means, unless otherwise specified in the applicable Pricing Supplement:

- (1) if "Actual/Actual (ISDA)" is specified in the applicable Pricing Supplement, the actual number of days in, for the purposes of Condition 5(a), the Fixed Interest Period or, if interest is required to be calculated for a period (the "Relevant Period") other than a full Interest Period, the Relevant Period, as the case may be, and, for the purposes of Condition 5(c), the Floating Interest Period, in each case divided by 365 (or, if any portion of the relevant period falls in a leap year, the sum of (A) the actual number of days in that portion of the relevant period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the relevant period falling in a non-leap year divided by 365);
- (2) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in, for the purposes of Condition 5(a), the Fixed Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(c), the Floating Interest Period, in each case divided by 365;
- (3) *[This condition is no longer applicable]*
- (4) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in, for the purposes of Condition 5(a), the Fixed Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(c), the Floating Interest Period, in each case divided by 360;
- (5) if "30/360 (Floating)", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (6) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in, for the purposes of Condition 5(a), the Fixed Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(c), the Floating Interest Period, in each case divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the

Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls; "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (7) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:
- (A) in the case of Notes where the number of days in the Interest Period or the Relevant Period, as the case may be, from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year;
- "Determination Period" means the period from (and including) a Determination Date (as specified in the applicable Pricing Supplement) to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and
- (8) if "30/360 (Fixed)" or "30/360, unadjusted" is specified in the applicable Pricing Supplement, the number of days in the Interest Period or the Relevant Period, as the case may be, (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

- (9) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in, for the purposes of Condition 5(a), the Fixed Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(c), the Floating Interest Period, in each case divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the

Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls; "M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D<sub>2</sub> will be 30.

(ii) *Business Day Convention*

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then if the Business Day Convention specified is:

- (1) in the case where a Specified Period is specified in accordance with Condition 5(c)(1)(B) above, the Floating Rate Convention, such Interest Payment Date (A) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b) below shall apply mutatis mutandis or (B) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (b) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions:

"Business Day" means (unless otherwise stated in the applicable Pricing Supplement):

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and, if any Additional Business Centre(s) (other than



TARGET2) is specified in the applicable Pricing Supplement, in such Additional Business Centre(s);

- (B) if TARGET2 is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (“TARGET2”) is open; and
- (C) either (1) in relation to any sum payable in a Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which TARGET2 is open.

(e) **Zero Coupon Notes**

This Condition 5(e) only applies to Unsubordinated Notes.

Where a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 6(g). As from the Maturity Date any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield. Such interest shall continue to accrue (as well after as before any judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note and (B) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 16 that it has received all sums due in respect thereof up to that date. Unless otherwise specified in the applicable Pricing Supplement, such interest will be calculated as provided for the relevant calculation to be made in respect of the applicable Day Count Fraction in Condition 6(g).

(f) **Benchmark Discontinuation**

Notwithstanding the provisions in Conditions 5(b) and 5(c) above, if the Issuer, acting in good faith and in a commercially reasonable manner, determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 5(f) shall apply.

(i) *Successor Rate or Alternative Rate*

If there is a Successor Rate, then the Issuer shall promptly notify the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 5(f)(ii)) subsequently be used by the Principal Paying Agent or the Calculation Agent, as applicable, in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5(f)).

If there is no Successor Rate but the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then the Issuer shall promptly notify the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 5(f)(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant

component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5(f)).

(ii) *Adjustment Spread*

If, in the case of a Successor Rate, an Adjustment Spread is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, then the Issuer shall promptly notify the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders of such Adjustment Spread and the Principal Paying Agent or the Calculation Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate.

If, in the case of a Successor Rate where no such Adjustment Spread is formally recommended or provided as an option by any Relevant Nominating Body, or in the case of an Alternative Rate, the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Adjustment Spread in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), then the Issuer shall promptly notify the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders of such Adjustment Spread and the Principal Paying Agent or the Calculation Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

If no such recommendation or option has been made (or made available) by any Relevant Nominating Body, or the Issuer so determines that there is no such Adjustment Spread in customary market usage in the international debt capital markets and the Issuer further determines, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Adjustment Spread shall be:

- (1) the Adjustment Spread determined by the Issuer, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, as being the Adjustment Spread recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (2) if there is no such industry standard recognised or acknowledged, such Adjustment Spread as the Issuer, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

Following any such determination of the Adjustment Spread, the Issuer shall promptly notify the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders of such Adjustment Spread and the Principal Paying Agent or the Calculation Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iii) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(f) and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion (A) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "Benchmark Amendments") and (B) the terms of the Benchmark Amendments, then the Issuer and the Principal Paying Agent or the Calculation Agent, as applicable, shall agree without any requirement for the consent or approval of Noteholders to the necessary modifications to these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice, subject to the Issuer having to give notice thereof to the Noteholders in accordance with Condition 16 and any Benchmark Amendments not increasing the obligations or duties, or decreasing the rights or protections, of the Principal Paying Agent or the Calculation Agent, as applicable, in these Conditions and/or the Agency Agreement unless agreed between the Issuer and the Principal Paying Agent or the Calculation Agent, as applicable.

In connection with any such modifications in accordance with this Condition 5(f)(iii), if and for so long as the Notes are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange. Notwithstanding any other provision of this Condition 5(f), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that (A) in the determination of the Issuer, the same could reasonably be expected to prejudice the treatment of any relevant Series of Subordinated Notes as Tier 2 Capital or (B) APRA has not given its prior written approval. Approval is at the discretion of APRA and may or may not be given.

Any Benchmark Amendments determined under this Condition 5(f)(iii) shall be notified promptly by the Issuer to the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

(iv) *Independent Adviser*

In the event the Issuer is to consult with an Independent Adviser in connection with any determination to be made by the Issuer pursuant to this Condition 5(f), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 5(f) shall act in good faith and in a commercially reasonable manner and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Issuer or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 5(f) or otherwise in connection with the Notes.

If the Issuer consults with an Independent Adviser as to whether there is an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Issuer shall have no liability whatsoever to the Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Notes (acting in such capacity), shall have any relationship of agency or trust with the Noteholders.

(v) *Survival of Original Reference Rate Provisions*

Without prejudice to the obligations of the Issuer under this Condition 5(f), the Original Reference Rate and the fallback provisions provided for in Conditions 5(b), 5(c), the Agency Agreement and the applicable Pricing Supplement, as the case may be, will continue to apply unless and until the Issuer has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this Condition 5(f).

(vi) *Definitions*

In this Condition 5(f):

“Adjustment Spread” means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer determines in accordance with this Condition 5(f) is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes.

“Benchmark Event” means the earlier to occur of:

- (A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered;
- (B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where

no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to such specified date;

- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued, is prohibited from being used or is no longer representative, or that its use is subject to restrictions or adverse consequences or, where such discontinuation, prohibition, restrictions or adverse consequences are to apply from a specified date after the making of any public statement to such effect, the later of the date of the making of such public statement and the date falling six months prior to such specified date; and
- (D) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for the Calculation Agent, any Paying Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under Regulation (EU) No. 2016/1011, if applicable).

“Independent Adviser” means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

“Original Reference Rate” means the benchmark or screen rate (as applicable) originally specified in the applicable Pricing Supplement for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate);

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities, or (iv) the Financial Stability Board or any part thereof; and

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(g) **Dual Currency Interest Notes**

This Condition 5(g) only applies to Unsubordinated Notes.

- (1) In the case of Dual Currency Interest Notes where the applicable Pricing Supplement specifies that Condition 5(g)(2) is not applicable and the rate of interest falls to be determined by reference to the Rate of Exchange, the provisions for determining the rate of interest, accrual of interest, calculation of interest amounts, determination of interest payment dates and other relevant provisions shall be specified in the applicable Pricing Supplement and payment shall be made in accordance with Condition 7.
- (2) If the applicable Pricing Supplement specifies that Condition 5(g)(2) is applicable, each Dual Currency Interest Note will bear interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Such interest will be payable in respect of each period from and including an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date (each such period, a "Dual Currency Interest Period").

The Calculation Agent will calculate the Interest Amount payable on Dual Currency Interest Notes for the relevant Dual Currency Interest Period by applying the Rate of Interest to:

- (A) in the case of Dual Currency Interest Notes which are represented by a Global Note, the aggregate Outstanding Principal Amount of the Notes represented by such Global Note unless "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Pricing Supplement in which case the Rate of Interest shall be applied to the Calculation Amount; or
- (B) in the case of Dual Currency Interest Notes in definitive form, the Calculation Amount,

and, in each case rounding the resultant figure to the nearest whole JPY, with half a JPY being rounded upwards (with the resultant figure of FX1 or FX0, as applicable, or any equivalent calculation in any Rate of Interest formula for the determination of the Rate of Interest specified in the applicable Pricing Supplement to be rounded to the nearest five decimal places of one per cent. for the purposes of the calculation of such Interest Amount). Where the Specified Denomination of:

- (i) a Dual Currency Interest Note in definitive form; or
- (ii) a Global Note where "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Pricing Supplement,

is a multiple of the Calculation Amount, the amount of interest payable in respect of such Dual Currency Interest Note or such Global Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Dual Currency Interest Period, then, in the event that the Rate of Interest in respect of any such Dual Currency Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Dual Currency Interest Period shall be such Minimum Rate of Interest. If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Dual Currency Interest Period, then, in the event that the Rate of Interest in respect of any such Dual Currency Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Dual Currency Interest Period shall be the Maximum Rate of Interest.

In this Condition 5(g)(2):

"Bloomberg Screen Page "BFI" means the Bloomberg FX Fixings page designated as the "BFI" page or such other page as may replace it on that information service, or on such other

equivalent information service as may be nominated by the person providing or sponsoring such information, in all cases for the purpose of displaying the FX Rate in succession thereto;

"Business Day" has the meaning given to it in Condition 5(d);

"FX1" means the mid-price of the bid and offered rates for the FX Rate, expressed as a number of JPY per Relevant Currency Amount as of 15:00 Tokyo time on the Reference Date which appears for the Relevant Currency Pair on Bloomberg Screen Page "BFIX";

"JPY" shall mean Japanese yen; and

"Reference Date" shall be the 10th Business Day immediately preceding each Interest Payment Date.

The Calculation Agent will cause the Interest Amount to be notified to the Principal Paying Agent, which will cause such Interest Amount to be further notified as provided in Condition 5(b)(9).

In the event that Bloomberg Screen Page "BFIX" (or such successor page) should not be available, or the bid and offered rate for the FX Rate should not appear on Bloomberg Screen Page "BFIX" (or any successor page), in each case on the relevant Reference Date at or around 15:00 Tokyo time, then the Calculation Agent shall determine FX1 by requesting each of the five leading banks in the relevant currency and foreign exchange markets (the "Reference Banks"), as selected by the Calculation Agent, to provide a quotation for FX1.

If four or five such quotations are provided as requested, after disregarding the highest of such quotations and the lowest of such quotations (provided that, if two or more such quotations are the highest such quotations, then only one of such quotations shall be disregarded, and if two or more such quotations are the lowest quotations then only one of such lowest quotations shall be disregarded), the applicable rate shall be determined by the Calculation Agent as the arithmetic mean (rounded to the nearest five decimal places, 0.000005 being rounded upwards) of the remaining such quotations for such rate.

If only three or fewer such quotations are provided as requested, the applicable rate shall be the arithmetic mean of such quotations as determined by the Calculation Agent as described above.

If no such quotations are provided as requested, and the Calculation Agent determines in its sole discretion that no suitable replacement Reference Banks who are prepared to quote are available, the Calculation Agent shall be entitled to calculate the applicable rate in good faith and a commercially reasonable manner.

(h) **Subordinated Notes**

For the purposes of this Condition 5 and notwithstanding any of the foregoing provisions of this Condition 5, in the case of Subordinated Notes, no interest accrues on the Notes, or the relevant percentage of Notes, required to be Exchanged in the period from (and including) the Interest Payment Date that immediately precedes the Non-Viability Trigger Event to the Subordinated Note Exchange Date or Write Down Date (as applicable).

**6 Redemption and Purchase**

(a) **Final Redemption**

Unless previously redeemed or purchased and cancelled (or, in the case of Subordinated Notes, Exchanged or Written Down in full) as provided below, each Note of this Series will be redeemed at its Final Redemption Amount in the relevant Specified Currency on the Maturity Date (as specified in the applicable Pricing Supplement).

(b) **Redemption for Tax Reasons**

Subject to Condition 6(g) and, in the case of Subordinated Notes, Condition 6(m), the Notes of this Series may be redeemed at the option of the Issuer in whole, but not in part, at any time (in

the case of Notes other than Floating Rate Notes and Dual Currency Notes) or on any Interest Payment Date (in the case of Floating Rate Notes and Dual Currency Notes), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 16 (which notice shall be irrevocable), at the Early Redemption Amount provided in, or calculated in accordance with, paragraph (g) or (h) (as applicable) below, together with (if provided in such paragraphs) interest accrued up to, but excluding, the date fixed for redemption, if:

- (1) in the case of Unsubordinated Notes (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 or (ii) the Issuer becomes obliged to pay approved issuer levy at a rate exceeding the rate of the levy being charged at the date of issue of the Notes as a result of any change in, or amendment to, the laws or regulations of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including the manner of exercising any official discretion thereunder), which change or amendment becomes known generally or to the Issuer on or after the Issue Date (or, in the case of a second or subsequent Tranche of Notes of this Series, the Issue Date for the original Tranche) (a "Change in Tax Laws"); or
- (2) in the case of Subordinated Notes, the Issuer receives an opinion from reputable legal counsel or another 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 Tax Laws (including following any announcement of a prospective change or amendment which has been or will be introduced) the Issuer would be exposed to a more than de minimis adverse tax consequence in relation to the Notes of this Series other than a tax consequence the Issuer expected as at the Issue Date,

provided that no such notice of redemption shall be given earlier than 60 business days before the earliest date (or, in the case of Floating Rate Notes and Dual Currency Notes, the Interest Payment occurring immediately before such earliest date) on which the Issuer would be:

- (a) in the case of Unsubordinated Notes, obliged to pay such additional amounts; or
- (b) in the case of Subordinated Notes, subject to the adverse tax consequence,

and, for the purpose only of determining the earliest date on which such notice may be given, it shall be deemed that a payment, in respect of which the Issuer would be obliged to pay such additional amounts or subject to the adverse tax consequence is due in respect of the Notes of this Series on the day on which any such change or amendment becomes effective.

*Holders of Subordinated Notes should not expect that APRA's approval will be given for any redemption of the Subordinated Notes.*

(c) **Redemption for Regulatory Reasons**

This Condition 6(c) applies only to Subordinated Notes.

Subject to Condition 6(m), the Notes of this Series may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 16 (which notice shall be irrevocable), at the Early Redemption Amount provided in, or calculated in accordance with, paragraph (g) or (h) (as applicable) below, together with (if provided in such paragraphs) interest accrued up to, but excluding, the date fixed for redemption, if the Issuer determines that as a result of a change in the laws of Australia or a change in APRA's prudential standards (including following any announcement of a prospective change or amendment which has been or will be introduced) all, some or a percentage of all or some of the Notes are not or will not be treated as Tier 2 Capital of the Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by the Issuer as at the Issue Date provided that no such notice of redemption shall be given earlier than 60



business days before the earliest date (or, in the case of Floating Rate Notes, the Interest Payment Date occurring immediately before such earliest date) on which all, some or a percentage of all or some of the Notes will cease to be treated as Tier 2 Capital.

*Holders of Subordinated Notes should not expect that APRA's approval will be given for any redemption of the Subordinated Notes.*

(d) **Redemption at the Option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may (subject to Condition 6(m) in the case of Subordinated Notes) on any Optional Redemption Date specified in the applicable Pricing Supplement at its option, on giving not less than the period of notice specified in the applicable Pricing Supplement to the holders of the Notes of this Series (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 16, redeem all or from time to time some only of the Notes of this Series then outstanding on the relevant Optional Redemption Date (as specified in the notice of redemption) and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together with (in the case of Fixed Rate Notes) interest accrued to, but excluding, the relevant Optional Redemption Date.

In the event of a redemption of some only of such Notes, such redemption must be for an amount being not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount (if any) specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, Notes to be redeemed will be selected individually by lot (without involving any part only of a Bearer Note) not less than 40 days prior to the date fixed for redemption. In the case of a partial redemption where some or all of the Notes are represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, such redemption with respect to those Notes will take place in accordance with the procedures of Euroclear and/or Clearstream, Luxembourg from time to time. Each notice of redemption will specify the date fixed for redemption and, in the case of a partial redemption, the aggregate nominal amount, and, where some or all of the Notes are in definitive form, the serial numbers, of the Notes to be redeemed and, in each case, the aggregate nominal amount of the Notes of this Series which will be outstanding after the partial redemption. In addition, in the case of a partial redemption of a Series of Notes which includes Registered Notes, the Issuer will publish an additional notice of redemption not less than 80 nor more than 95 days before the date fixed for redemption which notice will specify the period during which exchanges or transfers of Notes may not be made as provided in Condition 2.

*Holders of Subordinated Notes should not expect that APRA's approval will be given for any redemption of the Subordinated Notes. In the case of Subordinated Notes, the first Optional Redemption Date will be a date not earlier than the fifth anniversary of the Issue Date.*

(e) **Redemption at the Option of the Noteholders (Investor Put)**

This Condition 6(e) only applies to Unsubordinated Notes.

If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon any Noteholder giving to the Issuer in accordance with Condition 16 not less than 30 nor more than 60 days' notice (the "notice period"), the Issuer will, upon the expiry of such notice redeem in whole (but not in part) the Notes the subject of the notice on the Optional Redemption Date and at the Optional Redemption Amount indicated in the applicable Pricing Supplement together with (in the case of Fixed Rate Notes) interest accrued up to, but excluding, the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form, and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) on any business day (as defined in Condition 7(h)) falling within

the notice period a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or from the Registrar (a "Put Notice") and, in the case of a Put Notice in respect of Bearer Notes, in which the holder must specify a bank account outside Australia to which payment is to be made under this Condition. If this Note is in definitive form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

A Put Notice or other notice given by a holder of any Note pursuant to this Condition 6(e), once delivered, shall be irrevocable and the Issuer shall redeem all Notes delivered therewith on the applicable redemption date.

(f) **Pricing Supplement**

The applicable Pricing Supplement indicates that either (1) this Note cannot be redeemed prior to its Maturity Date except as provided in paragraph (b) above or (2) that this Note will be redeemable at the option of the Issuer and/or the holder of this Note prior to such Maturity Date in accordance with the provisions of paragraphs (d) and/or (e) above an Optional Redemption Date and at an Optional Redemption Amount and in any Minimum Redemption Amount or Higher Redemption Amount indicated therein or (3) that this Note will be redeemable in instalments and the relevant Instalment Amounts and Instalment Dates.

(g) **Zero Coupon Notes**

This Condition 6(g) only applies to Unsubordinated Notes.

- (1) The amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to paragraph (b), (d) or (e) above or upon it becoming due and repayable as provided in Condition 11 shall be an amount (the "Amortised Face Amount") calculated in accordance with the formula for the Accrual Method specified in the applicable Pricing Supplement:

Linear Accrual: Amortised Face Amount = Reference Amount x (1+ Accrual Yield x y)

Compounding Accrual: Amortised Face Amount = Reference Amount x (1+Accrual Yield)<sup>y</sup>

where:

"Reference Amount" means:

(A) the product of the Issue Price and:

- (i) in the case of a Zero Coupon Note represented by a Global Note where the Zero Coupon Notes are being redeemed in full, the aggregate Outstanding Principal Amount of the Notes represented by such Global Note, unless "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Pricing Supplement; or
- (ii) in the case of a Zero Coupon Note in definitive form or where some only of the Zero Coupon Notes are being redeemed or where "Calculation to be on a Calculation Amount Basis" is specified as

being applicable in the applicable Pricing Supplement, the Calculation Amount; and

(B) where the Specified Denomination of:

- (i) a Zero Coupon Note in definitive form; or
- (ii) the Global Note or a Zero Coupon Note represented by a Global Note, as applicable, where "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Pricing Supplement or the Reference Amount is otherwise to be determined by reference to the Calculation Amount,

is a multiple of the Calculation Amount, the Reference Amount in respect of such Zero Coupon Note or such Global Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Accrual Yield" means the rate specified as such in the applicable Pricing Supplement; and

"Y" is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (Fixed) or 30/360 unadjusted (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (Fixed) (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

- (2) If the amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to paragraph (b), (d) or (e) above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Note shall be the amount calculated as provided in Condition 6(g)(1) above as though the references therein to the date fixed for the redemption or the date upon which such Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 16.

(h) **Early Redemption Amounts**

For the purposes of paragraphs (b) and (c) above, and Condition 11, unless otherwise indicated in the applicable Pricing Supplement, Notes (other than Index Linked Redemption Notes and Dual Currency Redemption Notes) will be redeemed at their Early Redemption Amount, being (1) in the case of Fixed Rate Notes or Floating Rate Notes the Final Redemption Amount or (2) in the case of Zero Coupon Notes at the Amortised Face Amount of such Notes determined in accordance with paragraph (g) above, in each case in the relevant Specified Currency

together with, in the case of Fixed Rate Notes redeemed pursuant to paragraph (b) above, interest accrued to, but excluding, the date fixed for redemption.

(i) **Index Linked Redemption Notes and Dual Currency Redemption Notes**

This Condition 6(i) only applies to Unsubordinated Notes.

In respect of an Index Linked Redemption Note or a Dual Currency Redemption Note where the amount payable in respect of principal upon redemption (the "Final Redemption Amount") falls to be determined by reference to one or more Indices and/or Formulae or, as the case may be, Rates of Exchange, the Final Redemption Amount shall be determined in accordance with such Indices and/or Formulae or, as the case may be, Rates of Exchange in the manner specified in the applicable Pricing Supplement and each such Index Linked Redemption Note or Dual Currency Redemption Note shall, unless previously redeemed or purchased and cancelled as provided below, be redeemed at the applicable Final Redemption Amount on the Maturity Date. In respect of an Index Linked Redemption Note or a Dual Currency Redemption Note where the amount payable on an early redemption (including an early redemption pursuant to Condition 11) in respect of principal only or principal and interest (the "Early Redemption Amount") falls to be determined in whole or in part by reference to one or more Indices and/or Formulae or, as the case may be, Rates of Exchange, the Early Redemption Amount shall be calculated in accordance with the applicable Pricing Supplement and shall be paid together with, in the case of a Note where the Early Redemption Amount is calculated in respect of principal only, interest accrued to, but excluding, the date fixed for redemption.

(j) **Purchase and Cancellation**

The Issuer may (subject to Condition 6(m) in the case of Subordinated Notes) at any time purchase Notes of this Series (provided that all unmatured Coupons appertaining to such Notes, if in definitive bearer form, are attached thereto or surrendered therewith) in any manner and at any price.

All Notes of this Series together, in the case of definitive Notes in bearer form, with all unmatured Coupons appertaining thereto, purchased by or on behalf of the Issuer (other than those Notes purchased in the ordinary course of the business of dealing in securities) will be cancelled forthwith.

(k) **Instalments**

Each Note which is redeemable in instalments will be redeemed in the Instalment Amounts and on the Instalment Dates, in the case of all instalments other than the final instalment by (in the case of Bearer Notes in definitive form) surrender of the relevant Receipt (which must be presented with the Note to which it appertains) or by (in the case of Notes represented by a global Note) presentation and endorsement of the global Note, and (in the case of the final instalment) by surrender of the relevant Note, all in accordance with Condition 7.

(l) **Business days**

Where any period of notice for the purposes of any redemption of the Notes under this Condition 6 is expressed as a specified number of business days, the expression "business day" shall have the meaning given in Condition 7(h).

(m) **APRA approval required to redeem or purchase**

This Condition 6(m) applies only to Subordinated Notes.

The Issuer may only redeem or purchase Notes under Conditions 6(b), 6(c), 6(d) and 6(j) if:

(A) either:

- (i) before or concurrently with the redemption or purchase, the Issuer replaces the Notes 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 the Notes and the replacement of the Notes is done under conditions that are sustainable for the income capacity of the Issuer; or

- (ii) the Issuer 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 the Issuer does not have to replace the Notes; and

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

## **7 Payments and Exchange of Talons**

### **(a) Payments in respect of definitive Bearer Notes**

- (1) Payments of principal and interest (if any) in respect of definitive Bearer Notes (if issued) will (subject as provided below) be made against surrender (or, in the case of part payment only, presentation and endorsement) of definitive Bearer Notes, Receipts or Coupons (which expression, in this Condition and Condition 10, shall not include Receipts or Talons), as the case may be, at any specified office of any Paying Agent outside Australia.
- (2) In the case of Bearer Notes in definitive form, payments of principal in respect of instalments (if any), other than the final instalment, will (subject as provided below) be made against surrender (or, in the case of part payment only, presentation and endorsement) of the relevant Receipt. Payment of the final instalment will be made against surrender (or, in the case of part payment only, presentation and endorsement) of the relevant definitive Bearer Note. Each Receipt must be presented for payment of such instalment together with the relevant definitive Bearer Note against which the amount will be payable in respect of that instalment. If any definitive Bearer Notes are redeemed or become repayable prior to the Maturity Date in respect thereof, principal will be payable on surrender of each such Note together with all unmaturing Receipts appertaining thereto. Unmatured Receipts and Receipts presented without the definitive Bearer Notes to which they appertain do not constitute obligations of the Issuer.
- (3) All payments of principal and interest with respect to definitive Bearer Notes will be made outside Australia and (except as otherwise provided in paragraph (d) below) the United States. Payments in any currency other than euro in respect of definitive Bearer Notes will (subject as provided below) be made by transfer to an account (in the case of payment in Yen to a non-resident of Japan, a non-resident account) in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of the Specified Currency (or, if the Specified Currency is Australian dollars or U.S. dollars, in London or another place outside Australia and (except as otherwise provided in paragraph (d) below)) provided that if at any time such payments cannot be so made, then payments will be made outside Australia and (except as otherwise provided in paragraph (d) below) the United States in such other manner as the Issuer may determine and notify in accordance with Condition 16. Payments in euro in respect of definitive Bearer Notes will be made by transfer to a euro account outside Australia and (except as otherwise provided in paragraph (d) below) the United States (or any other account outside Australia and (except as otherwise provided in paragraph (d) below) the United States to which euro may be transferred) specified by the payee.

### **(b) Payments in respect of Registered Notes**

Payments of principal in respect of Registered Notes (whether or not in global form) will (subject as provided in this Condition) be made against presentation and surrender of such Registered Notes at the specified office outside Australia of the Registrar by a cheque in the Specified Currency drawn on a bank in the principal financial centre of the country of the Specified Currency. Payments of interest in respect of Registered Notes will (subject as provided in this Condition) be made by a cheque in the Specified Currency drawn on a bank in the principal financial centre of the country of the Specified Currency and posted on the business day in the city in which the Registrar has its specified office immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Registered

Note appearing on the register of holders of the Registered Notes maintained by the Registrar (the "Register") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date") at his address shown on the register on the Record Date. Upon application of the holder to the specified office of the Registrar not less than three business days in the city in which the Registrar has its specified office before the due date for any payment in respect of a Registered Note, the payment of principal and/or interest may be made (in the case of payment of principal against presentation and surrender of the relevant Registered Note as provided above) by transfer on the due date to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of the Specified Currency subject to the provisions of the following two sentences. If the Specified Currency is Australian dollars, payment will be made (in the case of a transfer to a bank account) by transfer to an account in London or another place outside Australia and, if the Specified Currency is Yen, payment will be made (in the case of payment to a non-resident of Japan) by cheque drawn on, or by transfer to a non-resident account. If the Specified Currency is euro, payment will be made in euro to a euro account outside Australia (or any other account outside Australia to which euro may be credited or transferred, as the case may be), specified by the payee.

(c) **Payments in respect of global Bearer Notes**

- (1) Payments of principal and interest (if any) in respect of Notes represented by any global Bearer Note will (subject as provided below) be made in the manner specified in the relevant global Note against presentation and endorsement or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside Australia. A record of each payment made on such global Note, distinguishing between any payment of principal and interest, will be made on such global Note by the Paying Agent to which such global Note is presented for the purpose of making such payment, and such record shall (save in the case of manifest error) be conclusive evidence that the payment in question has been made.
- (2) The holder of a global Bearer Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of the relevant global Note. Subject to Condition 12, no person other than the holder of a global Bearer Note shall have any claim against the Issuer in respect of any payments due on that global Note.

(d) **Payments of interest in U.S. dollars in respect of Bearer Notes**

Notwithstanding the foregoing, payments of interest in U.S. dollars in respect of Bearer Notes will only be made at the specified office of any Paying Agent in the United States (which expression, as used herein, means the United States (including the States and District of Columbia and its possessions)) (1) if (A) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount of interest on the Bearer Notes in the manner provided above when due, (B) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (C) such payment is then permitted under United States law and (2) at the option of the relevant holder if such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) **Payments in cash**

Without prejudice to any Exchange, nothing in this Condition 7 allows a payment in respect of Subordinated Notes other than by way of a cash payment.

(f) **Payments subject to applicable laws**

Payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or any official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (collectively referred to as "FATCA"), and any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on or in respect of the Notes with respect to any such withholding or deduction.

(g) **Unmatured Receipts, Coupons and Talons**

- (1) Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined in subparagraph (2)) and Dual Currency Notes and save as provided in Condition 7(f)) should be presented for redemption together with all unmaturing Coupons (which expression shall include Coupons falling to be issued on exchange of Talons which will have matured on or before the relevant redemption date) appertaining thereto, failing which, the amounts of any missing unmaturing Coupons (or, in the case of payment of principal not being made in full, that proportion of the aggregate amount of such missing unmaturing Coupons that the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupons at any time in the period expiring 10 years after the Relevant Date (as defined in Condition 9) for the payment of such principal, whether or not such Coupon would otherwise have become void pursuant to Condition 10 or, if later, five years from the due date for payment of such Coupon. Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmaturing Receipts and Talons (if any) appertaining thereto will become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be.
- (2) Upon the due date for redemption of any Floating Rate Note, Long Maturity Note, Dual Currency Note or Index Linked Interest Note in definitive bearer form, any unmaturing Receipts, Coupons or Talons relating to such Note (whether or not attached) shall become void and no payment or exchange, as the case may be, shall be made in respect of them. Where any such Note is presented for redemption without all unmaturing Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A Long Maturity Note is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Fixed Interest Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

(h) **Payments due on non-business days**

If any date for payment of principal, interest or any other payment in respect of any Bearer Note, Receipt or Coupon is not a business day, then the holder thereof shall not be entitled to payment at the place of presentation of the amount due until either (A) if the Payment Business Day Convention is specified as Following Business Day Convention in the applicable Pricing Supplement, the next following business day or (B) if the Payment Business Day Convention is specified as Modified Following Business Day Convention in the applicable Pricing Supplement, the next day which is a business day unless it would thereby fall into the next calendar month, in which event the holder shall be entitled to such payment at

the place of presentation on the immediately preceding business day (in each case, unless otherwise specified in the applicable Pricing Supplement) and shall not be entitled to any interest or other sum in respect of any such postponed payment.

If any date for payment of principal, interest or any other amount in respect of any Registered Note is not a business day, then the holder thereof shall not be entitled to payment, in the case of principal, at the place of presentation or, in the case of interest or any other amount, by transfer to an account specified by the holder until either (A) if Following Business Day Convention is specified in the applicable Pricing Supplement, the next following business day or (b) if Modified Following Business Day Convention is specified in the applicable Pricing Supplement, the next day which is a business day unless it would thereby fall into the next calendar month, in which event the holder shall be entitled to payment at the place of presentation or to such account as applicable on the immediately preceding business day (in each case, unless otherwise specified in the applicable Pricing Supplement) and shall not be entitled to any interest or other sum in respect of any such postponed payment.

This Condition 7(h) does not affect the determination of the Subordinated Exchange Date.

In this Condition "business day" means, subject as provided in the applicable Pricing Supplement:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation;
  - (B) any Additional Financial Centre (other than TARGET2) specified in the applicable Pricing Supplement;
  - (C) if TARGET2 is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which TARGET2 is open, and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which TARGET2 is open.

(i) **Payment of accrued interest**

If the due date for redemption of any interest bearing Bearer Note in definitive form is not a due date for the payment of interest relating thereto, interest accrued in respect of such Note from, and including, the last preceding due date for the payment of interest (or, if none, from the Interest Commencement Date) will be paid only against surrender (or, in the case of part payment, presentation and endorsement) of such Note.

(j) **Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Paying Agent in Luxembourg (or any other Paying Agent notified by the Issuer to the Noteholders in accordance with Condition 16 for the purposes of this paragraph) in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Bearer Note in definitive form to which it appertains) a further Talon, subject to the provisions of Condition 10. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the Coupon sheet in which that Talon was included on issue matures.



(k) **Initial Paying Agents**

The initial Principal Paying Agent and the other initial Paying Agents in respect of this Series of Notes are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement. The Issuer may at any time vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will, so long as any of the Notes of this Series is outstanding, maintain:

- (i) a Principal Paying Agent,
- (ii) a Paying Agent (which may be the Principal Paying Agent) having a specified office in a leading financial centre in Europe, and
- (iii) so long as any Notes of this Series are admitted to trading on a stock exchange, a Paying Agent (which may be the Principal Paying Agent) having a specified office in such place as may be required by that stock exchange.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in paragraph (d) of this Condition. Notice of any variation, termination or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 16.

- (l) All payments in respect of the Notes in RMB will be made solely by credit to a RMB account maintained by the payee at a bank in Hong Kong or such other financial centre(s) as may be specified in the applicable Pricing Supplement as RMB Settlement Centre(s) in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of RMB in Hong Kong or any relevant RMB Settlement Centre(s)).

(m) **RMB Currency Event**

If "RMB Currency Event" is specified as being applicable in the applicable Pricing Supplement and a RMB Currency Event, as determined by the Issuer acting in good faith, exists on a date for payment of any amount in respect of any Note, Receipt or Coupon, the Issuer's obligation to make a payment in RMB under the terms of the Notes may be replaced by an obligation to pay such amount in the Relevant Currency converted using the Spot Rate for the relevant Rate Calculation Date.

Upon the occurrence of a RMB Currency Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition 7(m) and unless stated otherwise in the applicable Pricing Supplement:

"Governmental Authority" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

"Rate Calculation Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Sydney, Hong Kong, London and New York City;

"Rate Calculation Date" means the day which is two Rate Calculation Business Days before the due date of the relevant payment under the Notes;

"Relevant Currency" means U.S. dollars or such other currency as may be specified in the applicable Pricing Supplement;

"RMB Currency Events" means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

"RMB Illiquidity" means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to make a payment under the Notes, as determined by the Issuer in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active on the RMB exchange market in Hong Kong;

"RMB Inconvertibility" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB on any payment date at the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond the control of the Issuer, to comply with such law, rule or regulation);

"RMB Non-Transferability" means the occurrence of any event that makes it impossible for the Issuer to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer due to an event beyond its control, to comply with such law, rule or regulation);

"Spot Rate" means, unless specified otherwise in the applicable Pricing Supplement, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter RMB exchange market in Hong Kong for settlement in two Rate Calculation Business Days, as determined by the RMB Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCN3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the RMB Calculation Agent shall determine the rate taking into consideration all available information which the RMB Calculation Agent deems relevant, including pricing information obtained from the RMB non-deliverable exchange market in Hong Kong or elsewhere and the CNY/U.S. dollar exchange rate in the PRC domestic foreign exchange market.

## **8 Structured Note Fallback Provisions**

This Condition 8 only applies to Unsubordinated Notes.

### **(a) Index Linked Notes**

#### **(1) Index Adjustment Events**

If:

- (A) on or prior to any date on which the level of a relevant Index is to be calculated, including without limitation any Averaging Date or Valuation Date (a "Determination Date"), in respect of Index Linked Notes, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock and capitalisation and other routine events) (an "Index Modification") or permanently cancels the Index and no successor Index exists (an "Index Cancellation"); or
- (B) on any Determination Date in respect of Index Linked Notes the Index Sponsor fails to calculate and announce a relevant Index (an "Index Disruption" and together with an Index Modification and an Index Cancellation, an "Index Adjustment Event"),

then the Calculation Agent shall determine if the Index Adjustment Event has a material effect on the Index Linked Notes and, if so, shall calculate the level of the affected Index for the relevant Determination Date by using, in lieu of a published level for the affected Index, the level for that Index as at the relevant time on that Determination Date as determined by the Calculation Agent in accordance with the formula for and method of calculating the affected Index last in effect prior to the Index Adjustment Event, but using only those securities that constituted the affected Index immediately prior to the Index Adjustment Event.

In the event that the Calculation Agent determines that it cannot or can no longer continue to calculate the affected Index, the Calculation Agent may determine that the Index Adjustment Event constitutes an Additional Disruption Event.

(2) *Successor Index Sponsor or Substitution of Index with Substantially Similar Calculation*

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor ("Successor Index Sponsor") acceptable to the Calculation Agent or (B) replaced by a successor index ("Successor Index") using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the affected Index, then (i) the index as calculated and announced by the Successor Index Sponsor or (ii) the Successor Index, will be deemed to be the relevant Index.

(3) *Correction of an Index*

If the level of a relevant Index used or to be used by the Calculation Agent in making any determination is subsequently corrected and the correction is published by the Index Sponsor or a Successor Index Sponsor prior to the second Index Exchange Business Day preceding the due date for the relevant payment on the Notes in respect of which the determination was made (the "Cut-off Date"), the Calculation Agent shall recalculate the relevant amount payable using the corrected level of the relevant Index. The Calculation Agent shall notify the Issuer of (A) that correction and (B) the corrected amount of the relevant payment, as soon as possible after their determination and the Issuer will cause that information to be notified to Noteholders in accordance with Condition 16 as soon as possible thereafter. For the avoidance of doubt, corrections published on or after the relevant Cut-off Date shall be disregarded by the Calculation Agent.

(4) *Consequences of Disrupted Days following a Market Disruption Event affecting an Index or Basket of Indices*

If, in the opinion of the Calculation Agent, a Valuation Date is a Disrupted Day, then:

- (A) in the case of Index Linked Notes referencing an Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the Disrupted Days, would have been the Valuation Date (the "Scheduled Valuation Date") is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of the Index (the "Index Level") as of the Valuation Time on the eighth Scheduled Trading Day in the manner set out in the applicable Pricing Supplement or, if not so set out or if not practicable, in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the relevant Index Exchange traded or quoted price (the "Traded Price") as of the Valuation Time on that eighth Scheduled Trading Day of each security included in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of a relevant security included in the Index on that eighth Scheduled Trading Day, its determination of the Traded Price for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); or

- (B) in the case of Index Linked Notes referencing a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an "Affected Index") shall be the first succeeding Scheduled Trading Day for the Affected Index that is not a Disrupted Day relating to the relevant Affected Index, unless each of the eight Scheduled Trading Days for the Affected Index immediately following the Scheduled Valuation Date is a Disrupted Day relating to the relevant Affected Index. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of the relevant Affected Index as of the Valuation Time on that eighth Scheduled Trading Day in the manner set out in the applicable Pricing Supplement or, if not so set out or if not practicable, in accordance with the formula for and method of calculating the relevant Affected Index last in effect prior to the occurrence of the first Disrupted Day relating to the relevant Affected Index using the relevant Traded Price as of the Valuation Time on that eighth Scheduled Trading Day of each security included in the relevant Affected Index (or if an event giving rise to a Disrupted Day has occurred in respect of a relevant security included in the relevant Affected Index on that eighth Scheduled Trading Day, its determination of the Traded Price for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

In connection with the postponement of any Determination Date the relevant date for payment of the amount to be calculated by reference to such Determination Date and the Maturity Date may also be postponed by the Issuer or the Calculation Agent to enable the relevant calculation to be made and the Issuer will cause notice of any such postponement to be notified to Noteholders in accordance with Condition 16 as soon as possible thereafter. No additional amounts shall be payable by the Issuer as a result of any postponement of payment or postponement of the Maturity Date in these circumstances.

(5) *Additional Disruption Event*

If an Additional Disruption Event occurs, the Issuer may:

- (A) (without limiting its ability to subsequently give an Additional Disruption Event Notice under paragraph (B) below in the event of any determination by the Calculation Agent that no appropriate adjustment can be made under this paragraph (A)) request that the Calculation Agent determines whether an appropriate adjustment can be made to the Conditions and/or any other provisions relating to the Notes to account for the economic effect of the Additional Disruption Event on the Notes and to preserve substantially the economic effect to the Noteholders of a holding of the Notes. If the Calculation Agent determines that an appropriate adjustment can be made, the Issuer shall determine the effective date of the adjustment and take the necessary steps to effect the adjustment. The Issuer shall notify the Noteholders of any adjustment in accordance with Condition 16 as soon as reasonably practicable after the nature and effective date of the adjustment is determined. If the Calculation Agent determines that no adjustment that could be made would produce a commercially reasonable result and preserve substantially the economic effect to the Noteholders of a holding of the Notes it shall notify the Issuer of such determination and no adjustment shall be made. None of the Calculation Agent, the Issuer or any other party shall be liable to any Noteholder or any other person for any determination and/or adjustment made by the Calculation Agent and/or the Issuer pursuant to this Condition; or
- (B) on giving not less than 5 Business Days' irrevocable notice to Noteholders in accordance with Condition 16 (such notice an "Additional Disruption Event Notice") redeem all of the Notes in whole at their Early Settlement Amount on the date

specified in the Additional Disruption Event Notice (the "Early Settlement Date"). Any Additional Disruption Event Notice shall also specify details of the Additional Disruption Event concerned and the Early Settlement Amount.

(6) *FX Disruption Event*

If FX Disruption Event is specified as applying in the applicable Pricing Supplement, upon the occurrence of an FX Disruption Event, the Issuer may take any one or more of the actions described below:

- (A) make payment of any amount payable by the Issuer pursuant to the Conditions in the Payment Currency instead of the Specified Currency, the amount payable in the Specified Currency being determined by the Calculation Agent; or
- (B) deduct an amount calculated by the Calculation Agent as representing any applicable charge or deduction arising in connection with the FX Disruption Event from any amount payable by the Issuer pursuant to the Conditions; or
- (C) postpone the relevant payment date until, in the determination of the Calculation Agent, the FX Disruption Event is no longer subsisting.

Upon the occurrence of an FX Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the FX Disruption Event and giving details thereof and the action proposed to be taken in relation thereto.

(b) **Adjustments Generally**

(1) *Adjustments not Made by a Futures or Options Exchange*

Notwithstanding that an adjustment is required to be made by this Condition in respect of any event affecting an Index or its Index Sponsor, the Issuer reserves the right not to make that adjustment if, at the time the adjustment is to be made, an option on the relevant Index is traded on any Futures or Options Exchange and no adjustment is made by that Futures or Options Exchange to the entitlement under that traded option in respect of that event.

(2) *Notice of Adjustments*

All determinations made by the Calculation Agent pursuant to this Condition shall be conclusive and binding on the Noteholders, the Agents and the Issuer, except in the case of manifest error. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 16, provided that failure to give, or non-receipt of, such notice will not affect the validity or binding nature of the relevant adjustment.

(c) **Calculations and Determinations**

(1) *Manner of making Calculations and Determinations*

All calculations and determinations by the Issuer and the Calculation Agent under this Condition shall be made in good faith and in a commercially reasonable manner.

(2) *Rounding Conventions*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified) (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundredth of a percentage point (with 0.005 per cent. being rounded up), (b) all figures shall be rounded to two decimal places (with 0.005 being rounded up) and (c) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with 0.005 being rounded up). For these purposes, "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(3) *Disclaimer of Liability*

The Calculation Agent shall have no responsibility or liability to any person for errors or omissions in any calculations or determinations made, or actions taken, pursuant to this Condition 8 and Condition 5(f) above and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer, the Agents and the Noteholders.

(d) **Definitions**

"Averaging Date" means, in respect of a Reference Date each date specified as an Averaging Date in the applicable Pricing Supplement or, if any such date is not a Scheduled Trading Day for all the Indices, the immediately following Scheduled Trading Day for all the Indices unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day for any of the Indices. If any such day is a Disrupted Day, then:

- (A) if "Omission" is specified as applying in the applicable Pricing Supplement, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level or amount provided that, if through the operation of this provision no Averaging Date would occur in respect of such Reference Date, then the provisions of paragraph (a)(4) above will apply for purposes of determining the level, of the relevant Index or Indices on the final Averaging Date with respect to that Reference Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day; or
- (B) if "Postponement" is specified as applying in the applicable Pricing Supplement, then the provisions of paragraph (a)(4) above will apply for the purposes of determining the level of the relevant Index or Indices on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (C) if "Modified Postponement" is specified as applying in the applicable Pricing Supplement then:
  - (i) where the Notes reference a single Index, that Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Reference Date, then (A) that eighth Scheduled Trading Day shall be deemed to be that Averaging Date (irrespective of whether such day is a Disrupted Day or that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub- paragraph (A) of paragraph (a)(4) above; and
  - (ii) where the Notes reference a Basket of Indices, that Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date and the Averaging Date for each Index affected by the occurrence of a Disrupted Day (each an "Affected Index") shall be the first succeeding Valid Date in relation to the Affected Index. If the first succeeding Valid Date in relation to the Affected Index has not occurred as of the eighth Scheduled Trading Day for the Affected Index immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Reference Date, then (A) that eighth Scheduled Trading Day shall be deemed that Averaging Date for the Affected Index (irrespective of whether such day is a Disrupted Day or that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the level of the Affected Index as of the

Valuation Time on that Averaging Date in accordance with sub-paragraph (B) of paragraph (a)(4) above.

For the purposes of this definition, "Valid Date" means in respect of an Index, a Scheduled Trading Day for such Index that is not a Disrupted Day for such Index and on which another Averaging Date in relation to the relevant Reference Date does not or is not deemed to occur.

"Additional Disruption Events" means any of "Change in Law", "Hedging Disruption", "Increased Cost of Hedging", in each case, if specified as applicable in the applicable Pricing Supplement and any other event specified as an Additional Disruption Event in the applicable Pricing Supplement.

"Basket of Indices" means a basket composed of each Index specified in the applicable Pricing Supplement in the relative weightings indicated in the applicable Pricing Supplement.

"Change in Law" means that, on or after the date on which agreement is reached between the Issuer and any Dealer to issue the Notes (the "Trade Date"), (a) due to the adoption or announcement of or any change in any applicable law or regulation (including, without limitation, any tax law) or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (i) it has become illegal for the Issuer to hold, acquire, deal in or dispose of the Hedge Positions relating to the Notes or (ii) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"Disrupted Day" means:

- (A) with respect to an Index other than a Multi-exchange Index, any Scheduled Trading Day for such Index on which a relevant Index Exchange or Related Index Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of such Index has occurred; and
- (B) with respect to a Multi-exchange Index, any Scheduled Trading Day for such Index on which (i) the relevant Index Sponsor fails to publish the level of the Index; (ii) the Related Index Exchange for such Index fails to open for trading during its regular trading session; or (iii) a Market Disruption Event in respect of such Index has occurred.

"Early Closure" means:

- (A) with respect to an index other than a Multi-exchange Index, the closure on any Index Exchange Business Day for such Index of any relevant Index Exchange relating to securities underlying the Index that comprise 20 per cent. or more of the level of the Index or any Related Index Exchange for such Index prior to its Scheduled Closing Time unless such earlier closing time is announced by the relevant Index Exchange or Related Index Exchange at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on the relevant Index Exchange or Related Index Exchange on such Index Exchange Business Day and (b) the submission deadline of orders to be entered into the relevant Index Exchange or Related Index Exchange system for execution at the Valuation Time on such Index Exchange Business Day; and
- (B) with respect to any Multi-exchange Index, the closure on any Index Exchange Business Day for such Index of the Index Exchange in respect of any securities underlying the Index or any Related Index Exchange for such Index prior to its Scheduled Closing Time unless such earlier closing is announced by the relevant Index Exchange or Related Index Exchange at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on the relevant Index Exchange

or Related Index Exchange on such Index Exchange Business Day and (ii) the submission deadline for orders to be entered into the relevant Index Exchange or Related Index Exchange system for execution at the relevant Valuation Time on such Index Exchange Business Day.

"Early Settlement Amount" means, unless otherwise specified in the applicable Pricing Supplement, an amount per Specified Denomination determined by the Calculation Agent as the market value of the Notes following the event triggering the early redemption or cancellation, adjusted to take into account any costs, losses and expenses which are incurred (or expected to be incurred) by the Issuer in connection with the early redemption of the Notes, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional). In determining the Early Settlement Amount, the Calculation Agent may take into account prevailing market prices and/or proprietary pricing models, or where these pricing methods may not yield a commercially reasonable result, may estimate such Early Settlement Amount. The Early Settlement Amount will be determined by the Calculation Agent on or as soon as reasonably practicable following the event giving rise to the early redemption or cancellation of the Notes. For the purposes of calculating any Early Settlement Amount at any time for the purposes of Condition 11, the Calculation Agent will ignore the effect of the relevant Event of Default upon the market value of the Notes.

"Index Exchange" means:

- (A) with respect to an Index other than a Multi-exchange Index, each exchange or quotation system specified as such for the Index in the applicable Pricing Supplement, any successor to that exchange or quotation system or any substitute exchange or quotation system to which trading in the securities underlying the Index has temporarily relocated provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities underlying the Index on such temporary substitute exchange or quotation system as on the original Index Exchange; and
- (B) with respect to any Multi-exchange Index and in respect of each security underlying the Index, the principal stock exchange on which the security is principally traded, as determined by the Calculation Agent.

"Index Exchange Business Day" means:

- (A) with respect to an Index other than a Multi-exchange Index, any Scheduled Trading Day on which each Index Exchange and each Related Index Exchange for such Index is open for trading during its respective regular trading sessions, notwithstanding any such Index Exchange or Related Index Exchange closing prior to its Scheduled Closing Time; and
- (B) with respect to a Multi-exchange Index, any Scheduled Trading Day for such Index on which (i) the Index Sponsor for such Index publishes the level of the Index and (ii) each Related Index Exchange for such Index is open for trading during its regular trading session, notwithstanding any such Related Index Exchange closing prior to its Scheduled Closing Time.

"Index Exchange Disruption" means:

- (A) with respect to an Index other than a Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, securities that comprise 20 per cent. or more of the level of the relevant Index on any relevant Index Exchange, or (ii) to effect transactions in, or obtain market values for, futures and options contracts relating to the relevant Index on any relevant Related Index Exchange; and



- (B) with respect to any Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any security underlying the Index on the Index Exchange in respect of such security; or (ii) futures or options contracts relating to the Index on any relevant Related Index Exchange.

"Futures or Options Exchange" means, in respect of an Index, the relevant exchange in options or futures contracts on the Index, as determined by the Calculation Agent.

"FX Disruption Event" means:

- (A) the determination by the Calculation Agent of the occurrence of any event on or prior to the relevant date for payment that has or would have the effect of preventing or delaying the Issuer directly or indirectly from:
  - (i) converting the Specified Currency into the Payment Currency (or vice versa) through customary legal channels;
  - (ii) converting the Specified Currency into the Payment Currency (or vice versa) at a rate at least as favourable as the rate for domestic institutions located in the Payment Jurisdiction;
  - (iii) delivering the Payment Currency from accounts inside the Payment Jurisdiction to accounts outside the Payment Jurisdiction; or
  - (iv) delivering the Specified Currency between accounts inside the Payment Jurisdiction or to a party that is a non-resident of the Payment Jurisdiction; or
- (B) the Calculation Agent determines that the government of the Payment Jurisdiction has given public notice of its intention to impose any capital or exchange controls which the Calculation Agent determines are likely to materially affect the Issuer's ability to hedge its obligations with respect to the Notes or to unwind such hedge.

"Hedge Positions" means any (a) positions or contracts in securities, options, futures, derivatives or foreign exchange, (b) stock loan transactions or (c) other instruments or arrangements (howsoever described) by the Issuer in order to hedge, individually or on a portfolio basis, its obligations in respect of the Notes.

"Hedging Disruption" means that the Issuer is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Increased Cost of Hedging" means that the Issuer would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

"Index" means an index or indices (including, but not limited to, a proprietary index created by the Issuer or an associate of the Issuer) specified in the applicable Pricing Supplement.

"Index Sponsor" means, in relation to an Index, the corporation or entity that (a) is responsible for setting and reviewing the rules and procedures, and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Scheduled Trading Day.

"Market Disruption Event" means:

- (A) with respect to an Index other than a Multi-exchange Index, the occurrence or existence of:
  - (i) a Trading Disruption which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time;
  - (ii) an Index Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time; or
  - (iii) an Early Closure; and
- (B) with respect to a Multi-exchange Index:
  - (1) the occurrence or existence, in respect of any security underlying the Index, of:
    - (i) a Trading Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Index Exchange in respect of such security; or
    - (ii) an Index Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Index Exchange in respect of such security; or
    - (iii) an Early Closure; and

the aggregate of all securities in respect of which a Trading Disruption, an Index Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
  - (2) the occurrence or existence, in respect of futures or options contracts relating to the Index, of (i) a Trading Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the relevant Related Index Exchange; (ii) an Index Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the relevant Related Index Exchange; or (iii) an Early Closure.

In addition:

- (1) for the purposes of determining whether a Market Disruption Event exists in respect of an Index which is not a Multi-exchange Index at any time, if a Market Disruption Event occurs in respect of a security underlying the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the Market Disruption Event occurred; and
- (2) for the purposes of determining whether a Market Disruption Event exists in respect of an Index which is a Multi-exchange Index at any time, if a Market Disruption Event occurs in respect of a security underlying the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security to (y) the overall level of the Index, in each

case using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

"Multi-exchange Index" means any Index specified as such in the applicable Pricing Supplement.

"Payment Currency" means the currency specified as such in the applicable Pricing Supplement.

"Payment Jurisdiction" means the jurisdiction specified as such in the applicable Pricing Supplement.

"Related Index Exchange" means, subject to the second proviso below, in respect of an Index, each exchange or quotation system specified as such for the Index in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Index on such temporary substitute exchange or quotation system as on the original Related Index Exchange), provided, however that where "All Index Exchanges" is specified as the Related Index Exchange in the applicable Pricing Supplement for the Index, "Related Index Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index.

"Scheduled Closing Time" means, with respect to an Index and any Index Exchange or Related Index Exchange and a Scheduled Trading Day for the Index, the scheduled weekday closing time of the relevant Index Exchange or Related Index Exchange on that Scheduled Trading Day, without regard to after-hours or other trading outside regular trading session hours.

"Scheduled Trading Day" means:

- (A) with respect to an Index other than a Multi-exchange Index, any day on which each Index Exchange and each Related Index Exchange for the Index are scheduled to open for trading for their respective regular trading sessions; and
- (B) with respect to any Multi-exchange Index, any day on which (i) the relevant Index Sponsor is scheduled to publish the level of the Index and (ii) each Related Index Exchange for the Index is scheduled to be open for trading for its regular trading session.

"Specified Currency" means the currency specified as such in the applicable Pricing Supplement.

"Trading Disruption" means:

- (A) with respect to an Index other than a Multi-exchange Index, any suspension of, impairment of or limitation imposed on trading by the relevant Index Exchange or Related Index Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Index Exchange or Related Index Exchange or otherwise (i) relating to any security that comprises 20 per cent. or more of the level of the Index on any relevant Index Exchange, or (ii) in futures or options contracts relating to the Index on any relevant Related Index Exchange; and
- (B) with respect to a Multi-exchange Index, any suspension of, impairment of or limitation imposed on trading by the relevant Index Exchange or Related Index Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Index Exchange or Related Index Exchange or otherwise (i) relating to any security underlying the Index on the Index Exchange in respect of that

security; or (ii) in futures or options contracts relating to the Index on any relevant Related Index Exchange.

"Valuation Date" means the second Business Day preceding the Maturity Date or any Optional Redemption Date, as the case may be, or such other date specified as such in the applicable Pricing Supplement (or, if that date is not a Scheduled Trading Day for all the Indices, the next following Scheduled Trading Day for all the Indices) unless there is a Disrupted Day in respect of any of the Indices on that date in which event paragraph (a)(4) above will apply.

"Valuation Time" means:

- (A) with respect to an Index other than a Multi-exchange Index, the time specified as such in the applicable Pricing Supplement or, if no such time is specified, the Scheduled Closing Time on the relevant Index Exchange on the relevant Scheduled Trading Day. If the relevant Index Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be the actual closing time; and
- (B) with respect to a Multi-exchange Index, (i) for the purposes of determining whether a Market Disruption Event in respect of such Index has occurred: (a) in respect of any security underlying the Index, the Scheduled Closing Time on the Index Exchange in respect of such security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Index Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the relevant Index Sponsor.

"Weighting" means, in respect of an Index, the weighting specified for such Index in the applicable Pricing Supplement.

## **9 Taxation**

All payments of, or in respect of, principal and interest on the Notes of this Series by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of any Taxing Jurisdiction unless such Taxes are required by law to be withheld or deducted. In that event, the Issuer will pay such additional amounts of, or in respect of, principal and/or interest as will result (after deduction of the Taxes) in payment to the holders of the Notes of this Series and/or the Coupons relating thereto of the amounts which would otherwise have been payable in respect of the Notes of this Series or, as the case may be, Coupons relating thereto, except that no such additional amounts shall be payable with respect to any Note of this Series or Coupon relating thereto:

- (a) the holder of which is subject to such Taxes in respect of such Note or Coupon by reason of his being connected with a Taxing Jurisdiction other than by reason only of the holding of the Note or Coupon or the receipt of payment thereon;
- (b) the holder of which is an associate (as that term is defined in section 128F of the Income Tax Assessment Act 1936 of the Commonwealth of Australia (the "Australian Tax Act")) of the Issuer and the payment being sought is not, or will not be, exempt from interest withholding tax because of section 128F(6) of the Australian Tax Act;
- (c) presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such period of 30 days; or
- (d) the holder of which could lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements in force at the present time or in the future or by making a declaration of non-residence or other claim or filing for exemption.

For the avoidance of doubt, in no event will the Issuer, Paying Agent or any other person be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to FATCA.

The "Relevant Date" in relation to any Note or Coupon of this Series means whichever is the later of:

- (i) the date on which payment in respect of such Note or Coupon first becomes due and payable; or
- (ii) if the full amount of the moneys payable in respect of such Note or Coupon has not been duly received by the Principal Paying Agent on or prior to such date, the date on which notice is duly given to the Noteholders of this Series in accordance with Condition 16 that such moneys have been so received.

The "Taxing Jurisdiction" in relation to any Note or Coupon of this Series means the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax.

References in these Conditions to principal and interest shall be deemed also to refer (as appropriate) (i) to any additional amounts which may be payable under this Condition 9, (ii) in relation to Zero Coupon Notes, to the Amortised Face Amount, (iii) in relation to Dual Currency Notes, to the principal and interest in the relevant Specified Currency and (iv) to any premium which may be payable in respect of the Notes.

## **10 Prescription**

Claims for payment of principal under the Notes (whether in bearer or registered form) shall be prescribed upon the expiry of 10 years, and claims for payment of interest (if any) in respect of the Notes (whether in bearer or registered form) shall be prescribed upon the expiry of five years, in each case from the Relevant Date (as defined in Condition 9) therefor subject to the provisions of Condition 7. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.

## **11 Events of Default**

### **(a) Unsubordinated Notes**

This Condition 11(a) only applies to Unsubordinated Notes.

If any one or more of the following events (each an "Event of Default") shall occur and be continuing:

- (A) the Issuer fails to pay the principal of the Notes of this Series when due or fails to pay any interest due thereon within 14 days of the due date; or
- (B) the Issuer defaults in performance or observance of or compliance with any of its other undertakings set out in the Notes of this Series which default is incapable of remedy or which, if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Issuer by a Noteholder; or
- (C) *[This paragraph is no longer applicable];*
- (D) the Issuer becomes insolvent or it is unable to pay its debts as they mature or the Issuer applies for or consents to or suffers the appointment of a liquidator or receiver of the Issuer or the whole or any part of the undertaking, property, assets or revenues of the Issuer or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors; or

- (E) any law is passed the effect of which is to dissolve the Issuer or the Issuer ceases to carry on a general banking business in the Commonwealth of Australia or the Issuer ceases to be authorised to carry on a general banking business within the Commonwealth of Australia,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at the amount provided in, or calculated in accordance with, Condition 6(g), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

Notwithstanding any other provision of this Condition 11, no Event of Default in respect of the Notes shall occur solely on account of any failure by the Issuer to perform or observe any of its obligations in relation to, or the taking of any proceeding or the making or entering into of any assignment, arrangement or composition in respect of, any share, note or other security or instrument constituting Tier 1 Capital or Tier 2 Capital (each as defined by APRA from time to time).

(b) **Subordinated Notes**

This Condition 11(b) only applies to Subordinated Notes.

(1) **Events of Default**

An "Event of Default" occurs in relation to the Notes if:

- (A) the Issuer fails to pay any amount due in respect of the Notes and such default continues for a period of 15 Business Days and is continuing, provided that no Event of Default shall arise on account of any non-payment if the Issuer withholds, deducts or refuses to make the payment:
  - (i) in order to comply with any law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment;
  - (ii) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability, at any time during the said period of 15 Business Days, by independent legal advisers; or
  - (iii) to the extent that, immediately after the payment, the Issuer will not be Solvent (in which case such amount still accumulates and remains a debt owing to the Noteholder by the Issuer), or
- (B) an order is made by a court of competent jurisdiction (other than an order successfully appealed or permanently stayed within 30 Business Days), or an effective resolution is passed, for the winding up of the Issuer in Australia (but not elsewhere).

(2) **Consequences of an Event of Default**

If an Event of Default occurs in relation to the Notes:

- (A) under Condition 11(b)(1)(A), any Noteholder may institute proceedings:
  - (i) to recover the amount the Issuer has failed to pay, provided that the Issuer may only be compelled to pay that amount to the extent that, immediately after the payment, the Issuer will be Solvent (in which case such amount still accumulates and remains a debt owing to the Noteholder by the Issuer);
  - (ii) for specific performance of any other obligation in respect of the Note; or
  - (iii) for the winding up of the Issuer in Australia (but not elsewhere); or
- (B) under Condition 11(b)(1)(B), the Notes are immediately due and payable for an amount equal to the Outstanding Principal Amount plus accrued but unpaid interest

up to (but excluding) the date of commencement of the winding up and any Noteholder may, subject to Condition 3(b), prove in the winding up of the Issuer in respect of this amount.

A Noteholder has no right to accelerate payment or exercise any other remedy (including any right to sue for damages) as a consequence of any Event of Default other than as set out in this Condition 11(b)(2).

**12** [This Condition is no longer applicable].

**13 Meetings of Noteholders; Modifications of Conditions; Waiver**

(a) The Agency Agreement contains provisions for convening meetings of holders of the Notes of this Series to consider any matters affecting their interests, including modifications of the terms and conditions of the Notes of this Series and the Agency Agreement. Any such modification must be authorised by an Extraordinary Resolution which is defined in the Agency Agreement to mean a resolution passed by a majority consisting of not less than three-quarters of the votes cast at a meeting of the holders of the Notes of this Series duly convened and held. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in nominal amount of the Notes of this Series for the time being outstanding or, at any adjourned meeting, one or more persons being or representing the holders of the Notes of this Series whatever the nominal amount of Notes of this Series so held or represented; provided that at any meeting the business of which includes the modification of certain terms, including any reduction or cancellation of, or modification of the method of calculating, the amount payable in respect of the Notes of this Series, any modification of, or of the method of calculating, the date of payment of principal or interest in respect of the Notes of this Series or any modification of the currency of payment of the Notes of this Series or the Coupons relating thereto, the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting, not less than one-third, in nominal amount of Notes of this Series for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than 75 per cent. of the votes cast on such resolution, or (ii) a resolution in writing signed by or on behalf of all the holders of the Notes, shall, in each case, be effective as an Extraordinary Resolution of the holders of the Notes. A resolution duly passed by the holders of the Notes of this Series will be binding on all the holders of the Notes of this Series (whether present at any meeting and whether or not they voted on the resolution) and on all the holders of Coupons relating thereto.

(b) **Modifications in respect of Unsubordinated Notes**

This Condition 13(b) only applies to Unsubordinated Notes.

The Principal Paying Agent and the Issuer may agree without the consent of the holders of the Notes of this Series or the holders of Coupons relating thereto to any modifications to the terms and conditions of the Notes of this Series or the Coupons relating thereto or to the provisions of the Agency Agreement which in the opinion of the Issuer are of a formal, minor or technical nature, are made to correct a manifest error or (not being such a modification as is mentioned in the proviso to the third sentence of the preceding paragraph) are not prejudicial to the interests of the holders of the Notes of this Series.

(c) **Modifications in respect of Subordinated Notes**

This Condition 13(c) only applies to Subordinated Notes.

(1) Subject to compliance with all applicable laws and Condition 13(c)(2), the Principal Paying Agent and the Issuer may agree without the consent of the holders of the Notes of this Series or the holders of Coupons relating thereto to any modifications to the terms and conditions of the Notes of this Series or the Coupons relating thereto or to the provisions of the Agency Agreement which in the opinion of the Issuer are:

- (A) of a formal, technical or minor nature;
- (B) made to cure any ambiguity or correct any manifest error;
- (C) necessary or expedient for the purposes of facilitating a substitution in accordance with Condition 14 (including satisfying any requirement of APRA in connection with such a substitution);
- (D) made to amend any date or time period stated, required or permitted in connection with any redemption of the Notes or Exchange (including, without limitation, when the proceeds of redemption are to be reinvested in a new security to be issued by the Issuer or a Related Body Corporate (which term has the meaning given in the Corporations Act);
- (E) not materially prejudicial to the interests of Noteholders as a whole (provided that any modification of terms relating to the reduction or cancellation of, or modification of the method of calculating, the amount of interest payable in respect of the Notes or any modification of the currency of payment on the Notes must be authorised by an Extraordinary Resolution); or
- (F) made to:
  - (i) alter the terms of any Notes to align them with any Relevant Tier 2 Securities issued after the date of such Notes; or
  - (ii) alter either or both of the definitions of "Relevant Tier 1 Securities" and "Relevant Tier 2 Securities" on account of the issue (after the date of issue of any Subordinated Notes) of capital instruments of the CBA Group,

in each case provided such alteration is not materially prejudicial to the interests of Noteholders as a whole.

The Conditions will be amended from the date specified by the Issuer.

- (2) Prior to any modification in accordance with Conditions 13(a) and 13(c) or any resolution passed at a meeting of holders of the Notes of this Series being effective, where required the Issuer must obtain APRA's prior written approval (APRA approval is required where the amendment affects, or may affect, the capital treatment of the Notes under APRA's prudential standards at the relevant time) and any consent or approval required under any applicable law or regulation.

## **14 Substitution**

### **(a) Substitution in respect of Unsubordinated Notes**

This Condition 14(a) only applies to Unsubordinated Notes.

- (1) The Issuer may, without the consent or sanction of the Noteholders, the Couponholders, the Receiptholders or the Talonholders, agree to the substitution in place of the Issuer as the principal debtor under the Notes of any other corporation (hereinafter in this Condition referred to as the "Substituted Company") provided that:
  - (A) a deed poll and such other documents (if any) shall be executed by the Issuer and the Substituted Company as may be necessary to give full effect to the substitution (together, the "Documents") and (without limiting the generality of the foregoing) pursuant to which the Substituted Company shall undertake in favour of each Noteholder, Couponholder, Receiptholder and Talonholder to be bound by these Conditions and the provisions of the Agency Agreement and the Deed of Covenant as if the Substituted Company had been named in the Notes, the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute);



- (B) any applicable solicited credit rating of the Substituted Company is the same or higher than any such rating of the Issuer immediately prior to the substitution;
- (C) each stock exchange or market on which the Notes are listed shall have confirmed in writing that following the proposed substitution of the Substituted Company the Notes will continue to be listed on such stock exchange or market;
- (D) (without prejudice to the generality of paragraphs (a)(1)(A) and (B) of this Condition) where the Substituted Company is incorporated, domiciled or resident in a territory other than the Commonwealth of Australia, an undertaking or covenant shall be given by the Substituted Company in terms corresponding to the provisions of Condition 9 with the addition to or substitution for the references to the Commonwealth of Australia or any political sub-division thereof or authority thereof or therein having power to tax of references to that other territory or any political sub-division thereof or any authority thereof or therein having power to tax in which the Substituted Company is incorporated, domiciled or resident and Condition 6(b) shall be modified so that references to such latter territory are added to or substituted for the Commonwealth of Australia;
- (E) the Documents shall contain a warranty and representation by the Substituted Company that (A) the Substituted Company has obtained all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Company of liability as principal debtor in respect of, and of its obligations under, the Documents and the Notes; (B) such approvals and consents are at the time of substitution in full force and effect; and (C) the obligations assumed by the Substituted Company under the Documents are legal, valid and binding in accordance with their respective terms;
- (F) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer and the Substituted Company from a leading firm of lawyers in the country of incorporation of the Substituted Company to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Company, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar;
- (G) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer and the Substituted Company from a leading firm of Australian lawyers to the effect that the Documents constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar;
- (H) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer and the Substituted Company from a leading firm of English lawyers to the effect that the Documents constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar; and
- (I) if the Substituted Company is incorporated in a jurisdiction other than England and Wales, the Substituted Company shall have appointed a process agent in England to

receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Documents.

- (2) Upon the execution of the Documents and compliance with the requirements referred to in paragraph (a)(1) of this Condition, the Substituted Company shall be deemed thenceforth to be named in the Notes as principal debtor in place of the Issuer (or of any previous substitute under these provisions), and the Notes shall thereupon be deemed to be amended in such manner as shall be necessary to give effect thereto. The execution of the Documents and compliance with such requirements shall operate to release the Issuer (or such previous substitute as aforesaid) from all of its obligations in respect of the Notes.
- (3) The Documents shall be deposited with and held by the Principal Paying Agent and the Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Company by any Noteholder, Couponholder, Receiptholder or Talonholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Company shall acknowledge in the Documents the right of every Noteholder, Couponholder and Talonholder to the production of the Documents for the enforcement of any of the Notes or the Documents.
- (4) Not later than 14 days after the execution of the Documents and compliance with the requirements referred to in paragraph (a)(1) of this Condition, the Substituted Company shall give notice thereof to the Noteholders in accordance with Condition 16.

(b) **Substitution in respect of Subordinated Notes.**

This Condition 14(b) only applies to Subordinated Notes.

- (1) The Issuer may, without the consent or sanction of the Noteholders, the Couponholders or the Talonholders, provided that the Substitution Conditions are satisfied, by giving notice thereof to the Noteholders in accordance with Condition 16:
  - (A) if Full Successor is specified as being applicable in the applicable Pricing Supplement, substitute for itself a NOHC as the debtor in respect of the Subordinated Notes and as issuer of the Ordinary Shares on Exchange ("Full Successor"); or
  - (B) if Partial Successor is specified as being applicable in the applicable Pricing Supplement, substitute for itself a NOHC as the issuer of the 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 (the "Date of Substitution").

(2) **Substitution Conditions**

The Substitution Conditions are:

- (A) in the case of the Full Successor:
  - (i) unless otherwise approved by APRA in writing, the Full Successor or another entity (which is a parent entity) simultaneously subscribes for Ordinary Shares or other capital instruments of equal or better quality to the Subordinated Notes in such amount as may be necessary to ensure that the capital position of the CBA Level 1 Group and CBA Level 2 Group will not be adversely affected; and
  - (ii) the Full Successor will expressly assume the Issuer's obligations under these Conditions by entering into a deed poll and such other documents (if any) as may be necessary to give full effect to the substitution (the "Successor Documents") under which it agrees (among other things):

- (1) to comply with these Conditions (with all necessary modifications) and the provisions of the Agency Agreement and the Deed of Covenant; and
    - (2) to deliver fully paid NOHC Ordinary Shares under all circumstances when the Issuer would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Conditions (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 the Successor Documents, to deliver fully paid NOHC Ordinary Shares under all circumstances when the Issuer would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Conditions (with all necessary modifications); and
    - (ii) unless otherwise approved by APRA in writing, the Partial Successor agrees that in all circumstances where the Partial Successor delivers fully paid NOHC Ordinary Shares under the Successor Documents in Condition 14(b)(2)(B)(i), the Partial Successor or another entity (which is a parent entity) will simultaneously subscribe for Ordinary Shares in such amount as may be necessary to ensure that the capital position of the CBA Level 1 Group and CBA Level 2 Group is equivalent to the position if such Successor Documents had not been entered into and the Issuer was required to issue the Ordinary Shares;
  - (C) in the case of either the Full Successor or the Partial Successor (as applicable):
    - (i) the NOHC Ordinary Shares are or are to be quoted on ASX, and the Successor agrees to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of NOHC Ordinary Shares issued under these Conditions on the securities exchanges on which the NOHC Ordinary Shares are quoted at the time of delivery;
    - (ii) the Successor and the Issuer 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 the Notes 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 the Subordinated Notes; and
    - (iv) the Successor has, in the reasonable opinion of the Issuer, the financial capacity to satisfy its obligations under these Conditions; and
  - (D) the Issuer has used all reasonable endeavours to give an irrevocable notice to the Noteholders in accordance with Condition 16 as soon as practicable before a NOHC Event occurs but no later than 10 Business Days before the NOHC Event occurs specifying the amendments to the Notes which will be made under these Conditions in connection with the substitution of a NOHC as the issuer of ordinary shares on Exchange.
- (3) Effect of substitution of Full Successor

If the relevant requirements set out in Conditions 14(b)(1) and 14(b)(2) relating to a substitution under Condition 14(b)(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, the Issuer under these Conditions, the Agency Agreement and the Deed of Covenant with the same effect as if the Full Successor had been named as the Issuer in these Conditions, the Agency Agreement and the Deed of Covenant;
- (B) the Issuer (or any corporation which has previously assumed the obligations of the Issuer) will be released from its liability under the Conditions, the Agency Agreement and the Deed of Covenant;
- (C) if the Issuer gives a notice to Subordinated Holders under Condition 14(b)(2)(D), the amended terms will have effect on and from the date specified in the notice;
- (D) references to the Issuer in these Conditions, the Agency Agreement and the Deed of Covenant will be taken to be references to the Full Successor; and
- (E) references to Ordinary Shares in these Conditions (other than the references contained in Conditions 14(b)(1) and 14(b)(2)), the Agency Agreement and the Deed of Covenant will be taken to be references to the NOHC Ordinary Shares.

(4) **Effect of substitution of Partial Successor**

If the relevant requirements set out in Conditions 14(b)(1) and 14(b)(2) relating to a substitution under Condition 14(b)(1)(B) have been completed, on and from the Date of Substitution:

- (A) the Issuer (or any corporation which has previously assumed the obligations of the Issuer) will be released from any obligation it would otherwise have under these Conditions to issue Ordinary Shares to Noteholders upon Exchange;
- (B) if the Issuer gives a notice to Noteholders under Condition 14(b)(2)(D), the amended terms will have effect on and from the date specified in the notice; and
- (C) references to Ordinary Shares in these Conditions (other than the reference contained in Conditions 14(b)(1) and 14(b)(2)), the Agency Agreement and the Deed of Covenant will be taken to be references to the NOHC Ordinary Shares.

**15 Replacement of Notes and Coupons**

If any Note (including a global Note) or Coupon is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Principal Paying Agent on payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacement Notes or Coupons will be issued.

**16 Notices**

- (a) All notices regarding Registered Notes of this Series (if any) will be valid if mailed to the holders (or the first named of joint holders) at their respective addresses in the register of holders and will be deemed to have been given on the fourth weekday after the date of mailing.
- (b) All notices regarding the Bearer Notes of this Series (if any) will be valid if published in one leading London daily newspaper (which is expected to be the Financial Times) or, if this is not practicable, one other English language daily newspaper with general circulation in Europe and shall, if published more than once, be deemed to be given on the date of the first such publication. Holders of Coupons appertaining to Bearer Notes in definitive form of this Series will be deemed for all purposes to have notice of the contents of any notice given to the holders of the Bearer Notes of this Series in accordance with this paragraph (b).

- (c) Until such time as any definitive Notes are issued, there may, so long as all the global Notes for this Series are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted, in relation only to this Series, for such publication as aforesaid the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg, as appropriate, for communication by it or them to the holders of the Notes of this Series. Any such notice shall be deemed to have been given to the holders of the Notes of this Series on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as the case may be.
- (d) Notwithstanding paragraph (b) of this Condition 16, in any case where the identity and addresses of all the holders of Bearer Notes in definitive form is known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.
- (e) Notices to be given to the Issuer by any holder of Notes under Condition 6(e) shall be in writing and given by lodging the same, together with the relative definitive Note or Notes, with the Principal Paying Agent (in the case of definitive Bearer Notes) or the Registrar (in the case of definitive Registered Notes). Whilst any Notes are represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, such notices may be given by a holder of any Notes so represented to the Principal Paying Agent or the Registrar via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent or the Registrar, as the case may be, and Euroclear and/or Clearstream, Luxembourg may approve for this purpose.
- (f) In the case of Subordinated Notes, nothing in this Condition 16 affects the operation of Condition 21.

#### **17 Further Issues**

The Issuer shall be at liberty from time to time without the consent of the holders of the Notes of this Series or the Coupons (if any) relating thereto to create and issue further Notes ranking *pari passu* in all respects (or in all respects save for the Issue Date or Interest Commencement Date, as the case may be, the Issue Price and the amount of the first payment of interest (if any) on such further Notes) and so that the same shall be consolidated and form a single series with the outstanding Notes of a particular Series (including the Notes of this Series).

#### **18 Disapplication of Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of any Note but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **19 Governing Law**

The Notes of this Series, the Receipts, Coupons and Talons (if any) relating thereto, the Agency Agreement, the Deed of Covenant and any non-contractual obligations arising out of or in connection with the Notes of this Series, the Receipts, Coupons and Talons (if any) relating thereto, the Agency Agreement and the Deed of Covenant are governed by, and will be construed in accordance with, English law (except, in the case of Subordinated Notes, for Conditions 3(b), 14(b), 21 and 22, which will be governed by and will be construed in accordance with New South Wales law).

The courts of each of England and the Commonwealth of Australia are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes of this Series and any Receipts, Coupons and Talons relating thereto, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes of this Series and any Receipts, Coupons and Talons relating thereto and accordingly any legal action or proceedings arising out of or in connection with the Notes of this Series and any Receipts, Coupons and Talons relating thereto and any non-contractual obligations arising

out of or in connection with the Notes of this Series and any Receipts, Coupons and Talons relating thereto may be brought in such courts.

The Issuer has appointed the General Manager, Europe from time to time of the Issuer located at its London branch (currently at 1 New Ludgate, 60 Ludgate Hill, London EC4M 7AW, United Kingdom) to receive service of process in any action which may be instituted in England based on any of such Notes, Coupons or Talons (including any action relating to any non-contractual obligations arising out of or in connection with any of such Notes, Receipts, Coupons or Talons).

## **20 CMU Notes**

Where the Notes are CMU Notes, these Conditions shall be modified as specified in this Condition 20 and to the extent any provision of these Conditions is otherwise inconsistent with the terms of this Condition 20 it shall be deemed to have been modified accordingly.

References in these Conditions to the Principal Paying Agent, the Registrar, a Paying Agent and a Transfer Agent shall, unless the context otherwise requires, be construed as a reference to the CMU lodging and paying agent appointed in relation to the CMU Notes as specified in the applicable Pricing Supplement (the "CMU Lodging and Paying Agent").

References in these Conditions to Euroclear and Clearstream, Luxembourg shall, unless the context otherwise requires, be construed as a reference to the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "CMU Service").

In this Condition "CMU Notes" means Notes denominated in any currency which the CMU Service accepts for settlement from time to time that are, or are intended to be, initially cleared through the CMU Service.

### *Payments*

If a Note is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the rules of the CMU Service (the "CMU Rules") at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the CMU Rules) or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) (the "CMU Accountholders").

The CMU Accountholders at the direction of the bearer or the registered holder of a Note held through the CMU Service shall be the only persons entitled to receive payments in respect of such Note and the Issuer will be discharged by payment to, or to the order of, such CMU Accountholder, in respect of each amount so paid. Each of the persons shown in the records of the CMU Service as the beneficial holder of a particular nominal amount of CMU Notes must look solely to the CMU Service for its share of each payment so made by the Issuer to the order of the bearer or the registered holder of such Note.

## **21 Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event**

This Condition 21 applies only to Subordinated Notes.

### **(a) Non-Viability Trigger Event**

- (1)** A Non-Viability Trigger Event occurs when APRA notifies the Issuer in writing that it believes:

- (A) an Exchange of all or some Notes, or conversion or write down of capital instruments of the CBA Group, is necessary because, without it, the Issuer would become non-viable; or
- (B) a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable,

(a "Non-Viability Trigger Event").

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

- (2) If a Non-Viability Trigger Event occurs, the Issuer must Exchange in accordance with Conditions 21(b) and 21(c) such number of Notes (or, if it so determines, such percentage of the Outstanding Principal Amount of each Note) as is equal (taking into account any conversion or write down of other Relevant Securities as referred to in Condition 21(a)(3)) to the aggregate face value of capital instruments which APRA has notified the Issuer must be Exchanged, converted or written down (or, if APRA has not so notified the Issuer, such number or, if the Issuer so determines, such percentage of the Outstanding Principal Amount of each Note as is necessary to satisfy APRA that the Issuer will no longer be non-viable). If a Non-Viability Trigger Event occurs under Condition 21(a)(1)(B), the Issuer must Exchange all Notes.
- (3) In determining the number of Notes, or percentage of the Outstanding Principal Amount of each Note which must be Exchanged in accordance with this Condition 21, the Issuer will:
  - (A) first, exchange, convert or write down the face value of any Relevant Tier 1 Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of the Notes;
  - (B) secondly, exchange, convert or write down the face value of any Relevant Tier 2 Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of the Notes; and
  - (C) thirdly, if exchange, conversion or write down of those securities is not sufficient, Exchange (in the case of the Notes) or exchange, convert or write down (in the case of any other Relevant Tier 2 Securities) on a pro-rata basis or in a manner that is otherwise, in the opinion of the Issuer, fair and reasonable, the Notes and any other Relevant Tier 2 Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down in that manner (subject to such adjustments as the Issuer may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Notes or other Relevant Tier 2 Securities remaining on issue),

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

- (4) If a Non-Viability Trigger Event occurs, then:
  - (A) the relevant number of Notes, or percentage of the Outstanding Principal Amount of each Note, must be Exchanged immediately upon occurrence of the Non-Viability Trigger Event in accordance with Conditions 21(b) and 22 and the Exchange will be irrevocable;
  - (B) the Issuer must give notice as soon as practicable that Exchange has occurred to the Registrar and the Noteholders;
  - (C) the notice must specify the date on which the Non-Viability Trigger Event occurred; and

- (D) 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 Notes remaining on issue.
- (5) Failure to undertake any of the steps in Conditions 21(a)(4) does not prevent, invalidate or otherwise impede Exchange or Write Down respectively.
- (6) For the purposes of the foregoing, where the specified currency of the face value of Relevant Tier 1 Securities, Relevant Tier 2 Securities and/or Notes (as applicable) is not the same, the Issuer may treat them as if converted into a single currency of the Issuer's choice at such rate of exchange as the Issuer in good faith considers reasonable.

(b) **Exchange**

- (1) If a Non-Viability Trigger Event has occurred and all or some of the Notes (or percentage of the Outstanding Principal Amount of each Note) are required to be Exchanged in accordance with Condition 21(a), then:

- (A) Exchange of the relevant Notes or percentage of the Outstanding Principal Amount of each Note will occur in accordance with Conditions 21(a) and 22 immediately upon the date of occurrence of the Non-Viability Trigger Event; and
- (B) the entry of the corresponding Note in each relevant Noteholder's holding in the Register will, in each case, constitute an entitlement of that Noteholder (or, where Condition 22(j) applies, of the nominee) to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of the Notes or remaining percentage of the Outstanding Principal Amount of each Note), and the Issuer will recognise the Noteholder (or, where Condition 22(j) applies, the nominee) as having been issued the relevant Ordinary Shares for all purposes,

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

- (2) In relation to an Exchange, the Issuer shall notify the Registrar of the percentage of the Outstanding Principal Amount of each Note that has been Exchanged and instruct the Registrar to reflect this Exchange in any relevant form of note or certificate and the Register so that the Outstanding Principal Amount of such Note is reduced by the relevant percentage. If a definitive Note has been issued to a Noteholder in respect of such Note then, if the Issuer so requires, such Noteholder shall surrender such definitive Note to the Registrar and the Registrar shall deliver to the Noteholder a new definitive Note with a reduced Outstanding Principal Amount reflecting the Exchange.

- (3) For the avoidance of doubt:

- (A) nothing in this Condition 21(b) allows a payment to be made to a Noteholder upon Exchange; and
- (B) Exchange under this Condition 21(b) takes priority over a notice for redemption issued under Conditions 6(b), 6(c) or 6(d).

(c) **No further rights if Exchange cannot occur**

If for any reason, Exchange of any Note or a percentage of the Outstanding Principal Amount of any Note required to be Exchanged under Condition 21(a) fails to take effect under Condition 21(b) and the Issuer has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within five Ordinary Shares Business Days after the date of the occurrence of the Non-Viability Trigger Event, then the relevant Noteholder's rights (including to payment of the Outstanding Principal Amount and interest, and the right to receive Ordinary Shares) in relation to such Notes or percentage of the Outstanding Principal



Amount of the Notes are immediately and irrevocably terminated ("Written Down"), and such termination will be taken to have occurred immediately on the date of the occurrence of the Non Viability Trigger Event. The Issuer must give notice as soon as practicable that Write Down has occurred to the Registrar and the Noteholders, and the notice must specify the date on which the Non-Viability Trigger Event occurred.

## **22 General provisions applicable to Exchange**

This Condition 22 applies only to Subordinated Notes.

### **(a) Exchange**

On the Subordinated Note Exchange Date, subject to Condition 21(c) and Condition 22(j), the following will apply:

- (A) The Issuer will allot and issue the Exchange Number of Ordinary Shares for each Note (or percentage of the Outstanding Principal Amount of each Note) required to be Exchanged. The Exchange Number is, subject always to the Exchange Number being no greater than the Maximum Exchange Number, each as calculated according to the formula specified in the applicable Pricing Supplement.
- (B) Each Noteholder's rights (including to payment of interest) in relation to each Note that is being Exchanged (or percentage of the Outstanding Principal Amount of each Note that is being Exchanged) will be immediately and irrevocably terminated for an amount equal to the Outstanding Principal Amount of each Note (or percentage of the Outstanding Principal Amount of each Note) and the Issuer will apply that amount by way of payment for the subscription for the Ordinary Shares to be allotted and issued under Condition 22(a)(A). Each Noteholder is taken to have irrevocably directed that any amount payable under this Condition 22(a) is to be applied as provided for in this Condition 22(a) and no Noteholder 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 Noteholder's aggregate holding of Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.
- (D) Subject to Condition 22(j), where Notes are Exchanged, the Issuer will allot and issue the Ordinary Shares to the Noteholder on the basis that a Noteholder's name and address set out in the Register (or, if not set out in the Register, otherwise held by the Registrar) are the name and address for entry into any register of title and delivery of any certificate or holding statement in respect of any Ordinary Shares issued on Exchange.

### **(b) Adjustments to VWAP generally**

For the purposes of calculating the VWAP under Condition 22(a):

- (A) where, on some or all of the Ordinary Shares 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 Notes 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 Ordinary Shares 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 Condition 22(b)(A)(i) which is traded on ASX on any of those Ordinary Shares Business Days, the volume weighted average price of all such entitlements sold on ASX during the relevant VWAP Period on the Ordinary Shares 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 Ordinary Shares Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Notes will be Exchanged for Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Ordinary Shares 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.

(c) **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 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 it by the figure resulting from the application of the following formula:

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

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 the Issuer in accordance with Condition 22(c)(A) will be effective and binding on Noteholders under these Conditions and these Conditions will be construed accordingly.
- (C) For the avoidance of doubt, nothing in this Condition 22(c) allows a cash payment or other distribution to be made to or by a Noteholder as part of a Reclassification or as a result of a Reclassification.

(d) **Adjustments to Issue Date VWAP generally**

For the purposes of determining the Issue Date VWAP under Condition 22(a), adjustments will be made in accordance with Condition 22(b) and Condition 22(c) 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 the Issuer in accordance with Conditions 22(e) to 22(g) (inclusive);
- (B) if so made, will correspondingly cause an adjustment to the Maximum Exchange Number; and
- (C) if so made, will be effective and binding on Noteholders under these Conditions and these Conditions will be construed accordingly.

(e) **Adjustments to Issue Date VWAP for bonus issues**

- (A) Subject to Conditions 22(e)(B) and 22(e)(C), if the Issuer makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

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

Where:

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

"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) For the avoidance of doubt, Condition 22(e)(A) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (C) For the purposes of this Condition, an issue will be regarded as a bonus issue notwithstanding that the Issuer 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 the Issuer is not in contravention of the ASX Listing Rules.

(f) **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 Ordinary Shares 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.

(g) **No adjustment to Issue Date VWAP in certain circumstances**

Despite the provisions of Conditions 22(e) and 22(f), no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than one per cent. of the Issue Date VWAP then in effect.

(h) **Announcement of adjustments to Issue Date VWAP**

The Issuer will notify any adjustment to the Issue Date VWAP under Conditions 22(d) to 22(f) (inclusive) to the Registrar and the Noteholders within 10 Ordinary Shares Business Days of the Issuer determining the adjustment and the adjustment will be final and binding.

(i) **Status and quotation 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 Subordinated Note Exchange Date (or such other time required by APRA).

- (B) The Issuer will use all reasonable endeavours to quote the Ordinary Shares issued on Exchange of the Notes on ASX.

(j) **Exchange where the Noteholder does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder**

- (A) If Notes (or a percentage of the Outstanding Principal Amount of each Note) of a Noteholder are required to be Exchanged and:

- (i) the Noteholder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of Exchange, which notice may be given at any time on or after the Issue Date and prior to the Subordinated Note Exchange Date;
- (ii) the Noteholder is an Ineligible Subordinated Holder; or
- (iii) the Issuer has not received (for any reason whether or not due to the fault of that Noteholder) any information required by it in accordance with the Conditions so as to impede the Issuer issuing the Ordinary Shares to a Noteholder on the Subordinated Note Exchange Date,

then, subject to Condition 22(j)(B), on the Subordinated Note Exchange Date, the Noteholder's rights (including to payment of the Outstanding Principal Amount and interest, and to receive Ordinary Shares) in relation to such Notes being Exchanged are immediately and irrevocably terminated and the Issuer will (subject to Condition 22(j)(F)) issue the Exchange Number of Ordinary Shares to a nominee (which nominee may not be the Issuer or a Related Entity of the Issuer) for no additional consideration on terms that, at the first opportunity to sell the Ordinary Shares, the nominee will arrange for their sale at market value and pay the Attributable Proceeds to the relevant Noteholder (unless, because the Noteholder is an Ineligible Subordinated Holder, the nominee is deemed to be an Ineligible Subordinated Holder, in which case such issue shall occur as soon as practicable after the nominee ceases to be an Ineligible Subordinated Holder).

- (B) If Notes (or a percentage of the Outstanding Principal Amount of each Note) of a Noteholder are required to be Exchanged and the Noteholder is the operator of a Clearing System or a nominee for a common depository for any one or more Clearing Systems (such operator or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant Clearing System or Clearing Systems) and the rules and regulations of that Clearing System do not permit the Clearing System or its nominee to hold Ordinary Shares, then, on the Subordinated Note Exchange Date, the Noteholder's rights (including to payment of the Outstanding Principal Amount and interest, and to receive Ordinary Shares from the Issuer) in relation to such Notes being Exchanged are immediately and irrevocably terminated and the Issuer will (subject to Condition 22(j)(F)) issue the Exchange Number of Ordinary Shares to a nominee (which nominee may not be the Issuer or a Related Entity of the Issuer) for no additional consideration on terms that they are dealt with in accordance with Conditions 22(j)(C) and 22(j)(D).

- (C) Where Ordinary Shares are issued to one or more nominees in accordance with Condition 22(j)(B), each person who is for the time being shown in the records of the relevant Clearing System or Clearing Systems as the holder of the corresponding Notes immediately prior to Exchange (each a "Clearing System Participant", in which regard any certificate or other document issued by a Clearing System as to the Outstanding Principal Amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) may, no later than 30 days following the relevant Subordinated Note Exchange Date (the "Clearing System Cut-off Date"), provide to the Issuer and the relevant nominee:

- (i) its name and address for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Exchange;
- (ii) the Noteholder's security account details in CHESS or such other account to which the Ordinary Shares issued on Exchange are to be credited; and
- (iii) such other information as is reasonably requested by the Issuer,

and, if it does so, the nominee will transfer the relevant Ordinary Shares to the Clearing System Participant as soon as possible thereafter.

(D) If a Clearing System Participant:

- (i) fails to provide the information required by Condition 22(j)(C) by the Clearing System Cut-off Date;
- (ii) notifies the Issuer that it does not wish to receive Ordinary Shares on or prior to the Clearing System Cut-off Date; or
- (iii) would be an Ineligible Subordinated Holder if the Clearing System Participant's name had been entered in a Register as the owner of the Notes immediately prior to Exchange,

then, with effect from the Clearing System Cut-off Date, the Clearing System Participant will cease to be entitled to receive the relevant Ordinary Shares and, at the first opportunity to sell the Ordinary Shares after the Clearing System Cut-off Date, the relevant nominee will arrange for their sale at market value and pay the Attributable Proceeds to the Clearing System Participant.

(E) Where a nominee is to be issued with Ordinary Shares under this Condition 22(j), on and from the date of issue of those Ordinary Shares, the relevant Notes (or percentage of the Outstanding Principal Amount of each Note) are taken to have been Exchanged and the only rights of the Noteholders or the Clearing System Participant (as the case may be) in respect of such Notes (or percentage of the Outstanding Principal Amount of each Note) are:

- (i) where Conditions 22(j)(A) or 22(j)(D) applies, to require the nominee to pay it the Attributable Proceeds or
- (ii) where Condition 22(j)(C) applies and the Clearing System Participant complies with the conditions of that Condition, to require the nominee to effect a transfer of those Ordinary Shares to the Clearing System Participant.

(F) If, where Condition 22(j) applies:

- (i) the Exchange fails to take effect; and
- (ii) the Issuer has not otherwise issued Ordinary Shares to the relevant nominee within five Ordinary Shares Business Days after the date of the occurrence of the Non-Viability Trigger Event,

then the Noteholders' rights (including to payment of the Outstanding Principal Amount and interest, and to receive Ordinary Shares) are immediately and irrevocably terminated in accordance with Condition 21(c).

(k) **Exchange of a percentage of Outstanding Principal Amount**

If, under these Conditions, it is necessary to Exchange a percentage of the Outstanding Principal Amount, this Condition 22 will apply to the Exchange as if references to the Outstanding Principal Amount were references to the relevant percentage of the Outstanding Principal Amount to be Exchanged.

For the avoidance of doubt, if, under these Conditions, it is not necessary to Exchange all of the Outstanding Principal Amount of each Note, and either (a) a Noteholder is the operator of a Clearing System or nominee for a common depository for any one or more Clearing Systems or (b) an Exchange of some only of the Notes could result in the Exchange being applied among Noteholders or Clearing System Participants (as applicable) other than on a pro-rata basis, the Exchange will be effected by the relevant percentage of the Outstanding Principal Amount of each Note being Exchanged.

(l) **Noteholder Acknowledgments**

Each Noteholder irrevocably:

- (A) consents to becoming a member of the Issuer upon Exchange of the Notes as required by these Conditions and agrees to be bound by the constitution of the Issuer, in each case in respect of the Ordinary Shares issued to such Noteholder on Exchange;
- (B) unless (x) it has given notice in accordance with Condition 22(j) that it does not wish to receive Ordinary Shares as a result of the Exchange or (y) it is an Ineligible Subordinated Holder, acknowledges and agrees that it is obliged to accept Ordinary Shares if it holds Notes that are required to be Exchanged as and when required by these Conditions notwithstanding anything that might otherwise affect Exchange including:
  - (i) any change in the financial position of the Issuer since the issue of such Notes;
  - (ii) any disruption to the market or potential market for the Ordinary Shares or to capital markets generally;
  - (iii) any breach by the Issuer of any obligation in connection with the Notes; or
  - (iv) any failure to or delay in exchange, conversion or write down of other Relevant Securities; and
- (C) acknowledges and agrees that:
  - (i) it will not have any rights to vote in respect of any Exchange or Write Down;
  - (ii) it has no claim against the Issuer for any loss it may suffer arising in connection with any Exchange or Write Down;
  - (iii) it has no rights to compensation from, or any other remedies against, the Issuer or any other member of the CBA Group on account of the failure of the Issuer to issue Ordinary Shares if the Issuer is for any reason prevented from doing so;
  - (iv) Exchange is not subject to any conditions other than those expressly provided for in Conditions 21 and 22; and
  - (v) it has no right to request Exchange or to determine whether (or in what circumstances) the Notes it holds are Exchanged.

(m) **In these Conditions:**

"APRA" means the Australian Prudential Regulation Authority ABN 79 635 582 658 or any successor body responsible for prudential regulation of the Issuer;

"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;

"Attributable Proceeds" means the net proceeds of sale of Ordinary Shares attributable to the Notes of the relevant Noteholder or, where Condition 22(j)(D) applies, the Clearing System Participant, actually received after deducting any applicable brokerage, stamp duty and other taxes;

"Banking Act" means the Banking Act 1959 (Cth);

"Board" means either the board of directors of the Issuer or a committee appointed by the board of directors of the Issuer;

"CBA Group" means the Issuer (or any NOHC that is the holding company of the Issuer) and its Subsidiaries;

"CBA Level 1 Group" means either:

- (A) the Issuer; or
- (B) the "extended licensed entity" which is comprised of the Issuer and each Subsidiary of the Issuer as specified in any approval granted by APRA in accordance with APRA's prudential standards (as amended from time to time);

"CBA Level 2 Group" means the Issuer and each Subsidiary that is recognised by APRA as part of the Issuer's Level 2 group in accordance with APRA's prudential standards (as amended from time to time);

"CHESS" means the Clearing House Electronic Sub-register system operated by ASX Settlement Pty Limited (ABN 49 008 504 532);

"Clearing System" means each of Euroclear and Clearstream, Luxembourg or any additional or alternative clearance system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and the Principal Paying Agent;

"Corporations Act" means the Corporations Act 2001 (Cth);

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

- (A) if on issue at the commencement of the winding up of the Issuer, the JPY20,000,000,000 Perpetual Subordinated Callable Fixed/Floating Rate Reverse Dual Currency Securities issued by the Issuer in 1999; and
- (B) any other instruments, present and future, issued after 1 January 2013 as instruments constituting Tier 2 Capital;

"Exchange" means the exchange of all, some or a percentage of each Note for Ordinary Shares under these Conditions and "Exchanged" has a corresponding meaning;

"Exchanged" has the meaning given in Condition 21(b);

"Foreign Subordinated Holder" means:

- (A) a Noteholder whose address in the Register is a place outside Australia; or
- (B) a Noteholder who the Issuer believes may not be a resident of Australia and the Issuer is not satisfied that the laws of the country in which the Issuer believes the Noteholder is resident permit the offer of Ordinary Shares to, or holding or acquisition of Ordinary Shares by, the Noteholder (but the Issuer will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which the Issuer, in its absolute discretion, regards as acceptable and not unduly onerous;

"Ineligible Subordinated Holder" means a Noteholder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Financial

Sector (Shareholdings) Act 1998 (Cth) and Part IV of the Competition and Consumer Act 2010) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Noteholder in respect of some of its Notes, it shall only be treated as an Ineligible Subordinated Holder in respect of those Notes and not in respect of the balance of its Notes), and includes a Foreign Subordinated Holder. The Issuer will be entitled to treat a Noteholder as not being an Ineligible Subordinated Holder unless the Noteholder has otherwise notified it after the Issue Date and prior to the Subordinated Note Exchange Date;

"Issue Date VWAP" means the VWAP during the period of 20 Ordinary Shares Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with Conditions 22(d) to 22(g);

"Junior Ranking Securities" means:

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

"Level 1" has the meaning given by APRA from time to time;

"Level 2" has the meaning given by APRA from time to time;

"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 the Issuer;

"NOHC Ordinary Shares" means a fully paid ordinary share in the capital of the NOHC;

"Non-Viability Trigger Event" has the meaning given in Condition 21(a);

"Ordinary Share" means a fully paid ordinary share in the capital of the Issuer;

"Ordinary Shares Business Day" means a day which is a business day within the meaning of the ASX Listing Rules;

"Outstanding Principal Amount" means in respect of any Note which is outstanding at any time, the outstanding principal amount of the Note, and for such purposes:

- (A) subject to sub-paragraph (B) below, the principal amount of a Note issued at a discount, par or at a premium is at any time to be equal to the Specified Denomination in which that Note is issued; and
- (B) if, in the case of any Subordinated Note, the principal amount of that Note has at any time been Exchanged or Written Down as described in, and in accordance with, Conditions 21 and 22, the principal amount of the Note will be reduced by the principal amount so Exchanged or Written Down at that time;

"Related Entity" has the meaning given by APRA from time to time;

"Relevant Security" means a Relevant Tier 1 Security and a Relevant Tier 2 Security;

"Relevant Tier 1 Security" means a security forming part of the Tier 1 Capital of the Issuer on a Level 1 basis or Level 2 basis;

"Relevant Tier 2 Security" means a security forming part of the Tier 2 Capital of the Issuer on a Level 1 basis or Level 2 basis;



"Senior Ranking Obligations" means all present and future deposits and other liabilities, securities and other obligations of the Issuer which would be entitled to be admitted in the winding up of the Issuer (and including but not limited to obligations in respect of instruments issued before 1 January 2013 as Tier 2 Capital) other than Equal Ranking Securities and Junior Ranking Securities;

"Solvent" has the meaning given in the Corporations Act;

"Subordinated Note Exchange Date" means the date on which Exchange occurred in accordance with Condition 21(b);

"Subsidiary" has the meaning given in the Corporations Act;

"Tier 1 Capital" means the Tier 1 Capital of the Issuer 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 the Issuer on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;

"VWAP" means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant VWAP Period, subject to any adjustments made under Conditions 22(b) and 22(c), 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;

"VWAP Period" means:

- (A) in the case of the calculation of the Exchange Number, the period of 5 Ordinary Shares Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Subordinated Note Exchange Date; or
- (B) in the case of the Issue Date VWAP, the period of 20 Ordinary Shares Business Days on which trading in Ordinary Shares took place immediately preceding but excluding the Issue Date;

"Write Down Date" means the date on which all or a percentage of the Outstanding Principal Amount is Written Down. For the avoidance of doubt, if the Outstanding Principal Amount has not been fully Written Down, the Note continues to have an Outstanding Principal Amount and interest continues to be payable on the remaining Outstanding Principal Amount; and

"Written Down" has the meaning given in Condition 21(c) and "Write Down" has a corresponding meaning.

## **Use of Proceeds**

The net proceeds from each issue of Exempt Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

# Commonwealth Bank of Australia

## Summary Information

Commonwealth Bank of Australia is a public company with an ordinary share capital of A\$38,015 million at 31 December 2018. The Bank is governed by, and operates in accordance with, its Constitution, the Corporations Act and the Listing Rules of the Australian Securities Exchange (which constitute the corporate governance regime of Australia), and certain provisions of the Commonwealth Banks Act 1959 of the Commonwealth of Australia (the "1959 Act"). The objectives of the Issuer include providing integrated financial services including retail, business and institutional banking, superannuation, life insurance, general insurance, funds management, broking services and finance company activities. The Bank was incorporated as a public company on 17 April 1991 in the Australian Capital Territory and has Australian Business Number 48 123 123 124. Its registered office is Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000, telephone number +61 2 9118 1339. The Bank and its subsidiaries together provide a wide range of banking, financial and related services in Australia.

At 31 December 2018, the Bank and its controlled entities had total assets of A\$980,430 million, deposits and other public borrowings of A\$637,010 million and total regulatory capital of A\$70,450 million. Net profit after income tax (statutory basis), for the half year ended 31 December 2018, was A\$4,599 million.

## Business Overview

The Bank, with a full-time equivalent staff (including staff from discontinued operations) of 44,870 at 31 December 2018, provides a comprehensive range of integrated financial services, including retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance investment and share broking products and services, primarily in Australia and New Zealand. It also has operations throughout Asia, and in the United Kingdom, Malta and the United States. The fact that as at 30 April 2019, the Bank was Australia's largest bank in terms of housing loans and retail (household) deposits is sourced from APRA monthly Banking Statistics April 2019 (issued 31 May 2019) (Tables 2 and 4). The Bank confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by APRA, no facts have been omitted which would render the reproduced information inaccurate or misleading.

On 13 June 2000, the Bank acquired 100 per cent. of Colonial, significantly increasing its wealth management capabilities. The Bank conducts its operations primarily through the following business units:

### *Retail Banking Services*

Retail Banking Services provides home loan, consumer finance and retail deposit products, under the CBA and Aussie brands and servicing to all retail bank customers and non-relationship managed small business customers. In addition, commission is received for the distribution of Wealth Management products through the retail distribution network.

### *Business & Private Banking*

Business & Private Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions, as well as providing banking and advisory services for high net worth individuals. It also provides equities trading and margin lending services through its CommSec business.

### *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 financial services solutions including financial and capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists. It is responsible for the manufacture of banking

products, including payments and markets infrastructure, distributed through Retail Banking Services and Business & Private Banking channels as well as across a select international network of locations.

#### *Wealth Management*

Wealth Management provides Superannuation, Investment, Retirement and Insurance products and services including financial planning which help to secure and enhance the financial wellbeing of more than 2.3 million customers. In addition, as a global asset management business, it manages investments on behalf of institutional investors and pension funds, wholesale distributors and platforms, financial advisers and their clients.

#### *New Zealand*

New Zealand includes the Banking, Funds Management and Insurance businesses operating in New Zealand under ASB and Sovereign brands.

#### *Bankwest*

Bankwest operates in the domestic market, providing lending to retail, business and rural customers as well as a full range of deposit products. While more than half of its 1 million customers are based in Western Australia, it offers full banking services across the country.

#### *International Financial Services*

The International Financial Services, which incorporates Indonesian retail and business banking operations, investments in Chinese and Vietnamese banks, a joint venture Chinese life insurance business, life insurance and investment management operations in Indonesia and a financial services technology business in South Africa. It does not include the Business & Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.

#### *Other Divisions*

Corporate Centre includes the results of unallocated support functions of the Group such as Treasury, Investor Relations, Group Strategy, Marketing and Secretariat. It also includes group-wide elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.

### **Recent Developments**

#### *Legal Proceedings*

On 3 August 2017, AUSTRAC commenced civil penalty proceedings in the Federal Court of Australia against the Bank, concerning contraventions of four provisions of the AML/CTF Act. On 20 June 2018 the Federal Court of Australia approved the agreement between the Bank and AUSTRAC to resolve these proceedings. Accordingly, the Bank recognised a A\$700 million expense in its financial statements for the financial year ended 30 June 2018.

The Bank has also acted to strengthen financial crime capabilities more broadly, and has invested significantly recognising the crucial role that it plays, including through its Program of Action with coverage across all aspects of financial crime (including AML/CTF, sanctions and anti-bribery and corruption) and all business units.

As a result of the Bank's investment in its financial crimes environment, the Bank is today in a better position to ensure that it complies with its AML/CTF obligations in detecting, deterring and reporting financial crime. However, there is still a significant amount of work to be done. The Bank is committed to ensuring that the necessary work is done as quickly as possible.

The Group may in the future be subject to additional regulatory actions, litigation, investigations and governmental proceedings emanating from the conduct the subject of the proceedings, which could result in penalties and costs, reputational damage, contractual damage claims, class actions or other claims by impacted the Bank's stakeholders, which could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

Although the Bank provides updates to AUSTRAC and the Group's other regulators on the Program of Action, there is no assurance that AUSTRAC or the Group's other regulators will agree that the Group's Program of Action will be adequate or that the Program of Action will effectively enhance the Group's compliance programs.

In September 2017, following the commencement of the civil proceedings against the Bank by AUSTRAC, ASIC launched an investigation in relation to the Bank's disclosure in respect of the allegations raised in connection with the AUSTRAC proceedings. ASIC is investigating, among other things, whether the officers and directors at the Bank complied with their obligations under the Australian Corporations Act. The Bank continues to engage with ASIC in respect of the investigation and respond to requests made by ASIC. It is currently not possible to predict the ultimate outcome of this investigation, if any, on the Bank. The Bank has provided for the costs expected to be incurred in relation to this investigation.

On 28 August 2017, APRA announced it would establish the Prudential Inquiry. The Prudential Inquiry considered, amongst other things, whether the Group's organisational structure, governance, financial objectives, remuneration and accountability frameworks conflicted with sound risk management and compliance outcomes. A panel was appointed on 8 September 2017 to conduct the Prudential Inquiry, comprising of Dr John Laker AO, Jillian Broadbent AO and Professor Graeme Samuel AC (the "Panel").

Following the Prudential Inquiry, APRA released the Final Report. The Final Report made a number of findings regarding the complex interplay of organisational and cultural factors within the Bank and the need for enhanced management of non-financial risks. In response to the Final Report, the Bank has acknowledged that it will implement all of the recommendations and has agreed to adjust its minimum capital requirements by an additional A\$1 billion (risk weighted assets A\$12.5 billion) until such time as the recommendations are implemented to APRA's satisfaction. The effect of this adjustment equates to 28 basis points of CET1 capital and reduces the Bank's CET1 ratio as at 30 September 2018 from 10.3 per cent. to 10 per cent.

The Bank has entered into an Enforceable Undertaking under which the Bank's remedial action plan (the "Remedial Action Plan") in response to the Final Report is monitored by APRA.

The Remedial Action Plan provides a detailed program of change outlining how the Bank will improve the way it runs its business, manages risk, and works with regulators. The Remedial Action Plan provides a comprehensive assurance framework, with Promontory Australasia (Sydney) having been appointed as the independent reviewer and is required to report to APRA on the Group's progress regularly, with the first report being submitted on 28 September 2018 and the second report on 20 December 2018. Both these reports have been released by the Bank. Promontory Australasia (Sydney) has noted that the Remedial Action Plan program of work remains on track and the Bank's commitment to implementing the Prudential Inquiry's recommendations in a timely and comprehensive way continued to be strong with all milestones on schedule to be delivered by the due dates. A third report was submitted to APRA on 30 April 2019. This report has yet to be released by the Bank.

While the Bank is not currently aware of any other enforcement action by other domestic or foreign regulators relating to the allegations raised by AUSTRAC (or similar matters) as of the date of this Information Memorandum, there can be no assurance that the Bank will not be subject to such enforcement actions in the future. The settlement in connection with the proceedings launched by AUSTRAC, or any other formal or informal proceeding or investigation by other government or regulatory agencies (domestic or foreign), may result in additional litigation or proceedings by other regulators or private parties.

This risk is evidenced by the shareholder class action proceeding which was commenced in the Federal Court of Australia on 9 October 2017 alleging breaches of the Bank's continuous disclosure obligations and misleading and deceptive conduct in relation to the subject matter of the civil penalty proceedings

brought by AUSTRAC. It is alleged that the Bank's shareholders who acquired an interest in the Bank's ordinary shares between 1 July 2015 and 3 August 2017 suffered loss caused by the alleged conduct.

A similar subject matter shareholder class action was filed on 29 June 2018 by law firm Phi Finney McDonald on behalf of a group of shareholders who acquired an interest in the Bank's ordinary shares between 16 June 2014 and 3 August 2017.

The Bank intends to vigorously defend both shareholder class actions. At this time it is not possible to reliably estimate the possible financial impact on the Group of class actions. Accordingly, no loss provision has been made, although the Bank has provided for legal costs expected to be incurred to defend these claims.

#### *Defence of Superannuation Class Action*

On 9 October 2018, Slater and Gordon Lawyers filed a class action claim against the Bank and CFSIL in the Victorian Registry of the Federal Court of Australia. The Bank is the second respondent to this claim. The claim relates to investment in cash and deposit options (which are the Bank's cash and deposit products) in Colonial First State FirstChoice Superannuation Trust and Commonwealth Essential Super. The main allegation is that members with these options in the funds received lower interest rates on them than they would have had CFSIL put them in equivalent products with the highest interest rates obtainable on the market. It is alleged that the Bank was involved in CFSIL's breaches as trustee of the funds and CFSIL's breaches as Responsible Entity of the underlying managed investment schemes. It is currently not possible to determine the ultimate impact of these claims, if any, on the Group. Both the Bank and CFSIL deny the allegations and filed a defence to the claim. However Slater and Gordon Lawyers have made further amendments to the claim and the Bank and CFSIL filed a defence to the amended claim on 7 June 2019. The amendments introduce additional allegations relating to another term deposit and a breach of trust in respect of adviser commissions; however the commissions claim is made against CFSIL only. The Group has made provision for the legal costs estimated to be incurred in the defence of the claim.

#### *The Royal Commission*

The Royal Commission was established on 14 December 2017 and was authorised to inquire into misconduct by financial service entities (including the Bank). Seven rounds of hearings into misconduct in the banking and financial services industry were held throughout 2018, covering a variety of topics including consumer and business lending, financial advice, superannuation, insurance and a policy round. The Royal Commission's final report was delivered on 1 February 2019. The final report included 76 policy recommendations to the Australian Government and findings in relation to the case studies investigated during the hearings, with a number of referrals being made to regulators for misconduct by financial institutions, which is expected to result in heightened levels of enforcement action across the industry.

The 76 recommendations covered many of the Bank's business areas, and also canvassed the role of the regulators and the approach to be taken to customer focus, culture and remuneration. The recommendations regarding the role of regulators, in particular the 'litigate first' approach for breaches of financial services law, will likely lead to a change in the Bank's regulator relationships and the Bank can expect an increase of activity, costs and reputational impact in this area. The Bank released a statement to the ASX on 8 March 2019 welcoming the final report and committing to actions to deliver on the recommendations.

#### *Other industry-wide regulatory reforms and political developments*

Examples of significant regulatory reform under development in Australia include a review of Open Banking, APRA's proposals to revise the capital framework for ADIs and Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019.

In late 2017, the Australian Government announced it would legislate an economy-wide Consumer Data Right to Open Banking. The Australian Government has decided to phase in Open Banking with

the major banks expected to make data available on credit and debit card, deposit and transaction accounts from July 2019, before expanding to other banking products (e.g. mortgage) and sharing of consumer data between banks and accredited third parties (at the direction of the consumer). These reforms are intended to increase competition in the financial sector and improve customer outcomes. Consumer Data Right laws have not yet been passed by the Federal Parliament in Australia. Increased competition resulting from Open Banking may adversely impact the Issuer's business and financial condition.

#### *APRA proposal for increasing the loss-absorbing capacity of ADIs*

On 8 November 2018 the Group noted the release of the discussion paper by APRA (the "APRA Paper") on the loss-absorbing capacity of ADIs.

The APRA Paper outlines APRA's proposed approach for loss-absorbing capacity, consistent with the Financial System Inquiry recommendation to implement a framework sufficient to facilitate the orderly resolution of Australian ADIs.

The APRA Paper recommends that the Australian regime be established under the existing capital framework, rather than by introducing new forms of loss-absorbing instruments.

For the four Australian major banks, including the Group, APRA proposes an increase in the total capital requirement of between four and five percentage points of RWA, with the requirements taking full effect from 2023. APRA further notes that it is anticipated that the banks would satisfy this requirement predominantly with additional Tier 2 capital.

Based on the Bank's RWA of A\$445 billion as at 31 December 2018, and all other things being equal, the additional four to five percentage points represents an incremental increase of approximately A\$18 billion to A\$22 billion of the Group's total capital. The Group expects that this requirement would result in a decrease in other forms of funding. The ultimate cost will be determined by market factors and the final framework issued by APRA.

It is expected that APRA will finalise its requirements in late 2019.

#### *Wealth Management and Mortgage Broking Businesses Update*

On 14 March 2019, the Group advised of an update on its remediation and demerger plans for its wealth management and mortgage broking businesses. The update followed the release of the Group's full response to implementing the recommendations from the Royal Commission.

The Group is prioritising the implementation of these recommendations, refunding customers and remediating past issues. Accordingly, the Group has suspended preparations for the demerger in order to support its focus on these priorities.

The Group remains committed to its strategy to become a simpler, better bank, including ultimately the exit of its wealth management and mortgage broking businesses.

#### *Trading Update for the Quarter Ended 31 March 2019 – Net Profit*

On 13 May 2019, the Group announced its results for the quarter ended 31 March 2019. These results included A\$714 million in pre-tax additional customer remediation provisions (A\$500 million post tax), which impacted the Group's net profit. Of these provisions, A\$704 million was recognised in operating expenses (continuing operations) and A\$10 million was recognised in discontinued operations. Unaudited net profit after tax (statutory basis) was approximately A\$1.75 billion, with unaudited net profit after tax (cash basis) from continuing operations of approximately A\$1.70 billion, a decrease from approximately A\$2.30 billion and approximately A\$2.35 billion, being the simple average of the

quarters ended 30 September 2018 and 31 December 2018, respectively. Unaudited net profit after tax (cash basis) from continuing operations decreased by 28 per cent.

The unaudited net profit after tax (statutory basis) and unaudited net profit after tax (cash basis) figures have been rounded to the nearest A\$50 million.

*Enforceable Undertaking accepted by the Australian Information Commissioner*

On 27 June 2019, the Australian Information Commissioner announced that it has accepted an Enforceable Undertaking (the “Undertaking”) offered by the Bank. The Undertaking underpins execution of further enhancements to the management and retention of customer personal information within the Bank and certain of its subsidiaries.

The Undertaking follows the Bank’s ongoing work to address two incidents; one relating to the disposal of magnetic data tapes containing historical customer statements; and the other relating to internal user access to certain systems and applications containing customer personal information. The Bank reported both incidents to the OAIC in 2016 and 2018 respectively and has since been working to address these incidents.

The Bank has found no evidence to date, as a result of these incidents, that its customers’ personal information was compromised, or that there have been any instances of unauthorised access by the Bank employees or third parties.

The Bank’s commitments in the Undertaking include reviewing and implementing further enhancements to:

- internal privacy policies, procedures and record retention standards;
- internal user access controls on systems and applications that hold personal information; and
- the privacy risk management and monitoring processes that apply to service providers to the Bank and certain of its subsidiaries.

The Undertaking provides the Bank with 90 days to develop and submit to the OAIC a work plan, and timetable of work that the Bank will complete to meet its obligations under the Undertaking.



## Financial Condition and Operating Results

The following tables set out certain consolidated summary financial data relating to the Bank. This data has been extracted without material adjustment from the published consolidated financial statements of the Bank for the financial years ended 30 June 2018 and 30 June 2017 and the half years ended 31 December 2018 and 31 December 2017. The financial data for the financial year ended 30 June 2018 and for the half years ended 31 December 2018 and 31 December 2017 have been restated as appropriate in the published consolidated financial statements of the Bank for the half year ended 31 December 2018 to conform to the presentation in the current period. The financial data for the financial year ended 30 June 2017 which is referred to as being 'as disclosed' in the table below have been taken from the published consolidated financial statements of the Bank for the financial year ended 30 June 2018. The financial data for the financial year ended 30 June 2017 in the published consolidated financial statements of the Bank for the period ended 31 December 2017 have not been restated to conform to the presentation in the current period.

	As at full year ended	
	30 June	
	2018	2017
	Restated	As disclosed
	(in millions A\$)	
<b>Balance Sheet</b>		
Lending assets <sup>(1)</sup>	743,744	732,225
Total assets	975,165	976,318
Deposits and other public borrowings	622,234	626,655
Shareholders' equity attributable to Equity holders of the Bank	67,306	63,114
<b>Income Statement</b>		
Net interest income	18,342	17,543
Other operating income <sup>(2)</sup>	6,788	7,843
Loan impairment expense	(1,079)	(1,095)
Operating expenses	(11,029)	(10,626)
Net profit before income tax	13,022	13,665
Income tax	(3,952)	(3,879)
Net profit after income tax from continuing operations	9,070	9,786
Non-controlling interests in continuing operations	(13)	(20)
Net profit attributable to equity holders of the Bank from continuing operations	9,057	9,766
Net (loss)/profit after income tax from discontinued operations	278	166
Non-controlling interests in discontinued operations	(6)	(4)
Net profit attributable to Equity holders of the Bank	9,329	9,928

	<i>As at half year ended 31 December</i>	
	<i>2018 Restated</i>	<i>2017 Restated</i>
	<i>(in millions A\$)</i>	
<b>Balance Sheet</b>		
Lending assets <sup>(1)</sup>	753,560	736,538
Total assets	980,430	961,930
Deposits and other public borrowings	637,010	624,897
Shareholders' equity attributable to Equity holders of the Bank	68,025	65,537
<b>Income Statement</b>		
Net interest income	9,134	9,257
Other operating income <sup>(2)</sup>	3,172	3,594
Loan impairment expense	(577)	(596)
Operating expenses	<u>(5,317)</u>	<u>(5,458)</u>
Net profit before income tax	6,412	6,797
Income tax	<u>(1,831)</u>	<u>(2,033)</u>
Net profit after income tax from continuing operations	4,581	4,764
Non-controlling interests in net profit after income tax from continuing operations	<u>(6)</u>	<u>(6)</u>
Net profit attributable to equity holders of the Bank from continuing operations	4,575	4,758
Net profit after income tax from discontinued operations	28	151
Non-controlling interests in net profit after income tax from discontinued operations	<u>(4)</u>	<u>(3)</u>
Net profit attributable to Equity holders of the Bank	<u><u>4,599</u></u>	<u><u>4,906</u></u>

Notes:

- (1) Includes loans, bills discounted, other receivables and bank acceptances of customers.  
(2) Includes other banking income, net funds management and operating income, and net insurance operating income.

## **Audit Committee**

The Audit Committee of the Bank consists of Anne Templeman-Jones (Chairman), Wendy Stops, Shirish Apte and Catherine Livingstone.

The charter of the Audit Committee incorporates practices to ensure that the Committee is independent and effective, including the following:

- (i) the Audit Committee comprises at least three members all of whom must be independent non-executive directors. Committee members are to be financially literate, and between them, are to have the accounting and financial expertise and sufficient understanding of the financial services industry to fulfil its responsibilities;
- (ii) the chairman of the Audit Committee must not be the Chairman of the Board. The Risk Committee Chairman will be a member of the Audit Committee, and the Audit Committee Chairman will be a member of the Risk Committee to assist with the flow of relevant information between the two Committees;
- (iii) meetings will be held at least six times per year or more frequently if necessary. The external auditor and the Commonwealth Bank Group's internal auditor (the "Bank Auditor") are invited to attend all meetings;
- (iv) management may attend Committee meetings, at the invitation of the Committee Chairman. The Audit Committee will have free and unfettered access to the Chief Executive Officer and the Chief Executive Officer's direct reports, any other relevant internal and external party and information and may make any enquiries necessary to fulfil its responsibilities.
- (v) the Bank Auditor has a direct reporting line to the Audit Committee, while maintaining an administrative reporting line to the Chief Financial Officer; and
- (vi) the Audit Committee may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts with prior approval of the Chairman of the Board.

The duties and responsibilities of the Audit Committee include the following:

- (i) reviewing significant accounting and financial reporting processes and issues, including changes to the accounting standards and regulatory requirements and their impact on the financial statements of the Group;
- (ii) reviewing and recommending to the Board for approval the half and full-year financial statements of the Group and any accompanying reports, following discussion with management and the external auditor;
- (iii) overseeing management's design and implementation of the Group's internal control framework and the processes for assessing the effectiveness of the Group's internal controls;
- (iv) reviewing the processes and controls that support the opinions provided in the Chief Executive Officer and Chief Financial Officer certifications for the Group's half-year and full-year financial reporting, and management's report on risk management and internal controls over financial reporting processes, including the disclosures made;
- (v) obtaining assurance over the effectiveness of the processes and controls adopted for the Group's financial reporting obligations to APRA from management and the external auditor and considering the adequacy of the assurances;
- (vi) recommending the appointment or removal of the external auditor to the Board for shareholder approval;

- (vii) reviewing and approving the scope and terms of the annual audit services engagement, the engagement fee for the external auditor for audit and non-audit services and the rotation of external audit partners for the external auditor;
- (viii) assessing, at least annually, the adequacy, independence, and effectiveness of the Group's internal audit and providing feedback to management;
- (ix) approving the Group's annual internal audit plan, including any significant changes to it and overseeing progress against it;
- (x) assessing, at least annually, the performance, adequacy, effectiveness and independence of the external auditor, including against any auditor independence requirements arising under legal, regulatory, or accounting, requirements or the Group's policies;
- (xi) reviewing the annual audit plans of the external auditor;
- (xii) reviewing and recommending to the Board for approval the disclosure relating to the provision of non-audit services provided by the external auditor (including whether the provision of non-audit services is compatible with auditor independence requirements) for inclusion in the annual report;
- (xiii) approving, on the recommendation of management, the appointment and the removal of the Bank Auditor;
- (xiv) monitoring the timely resolution of significant internal control deficiencies identified by the Bank Auditor, the external auditor, management or regulators;
- (xv) reviewing reports from management informing of significant incidents, themes and trends reported under the Speak Up Program, Group Whistleblower Policy and Group Anti-Bribery and Corruption Policy, summarising the outcomes from investigations of matters raised under the Speak Up Program and the Group Whistleblower Policy, and overseeing management's actions to investigate and address serious cases of reported fraud and/or unethical behaviour; and
- (xvi) considering any significant issues raised at audit committee meetings of APRA regulated subsidiaries within the Group and the entities within the Group which are regulated globally as reported to the Audit Committee Chairman and responding appropriately.

## **Directors of Commonwealth Bank of Australia**

The Board of the Bank consists of 10 directors including the Chairman (who is a non-executive director), one executive director and 9 non-executive directors with wide financial and commercial knowledge and experience (the "Board"). The Board of the Bank has in place procedures to declare and manage any potential conflicts of interest, including between Directors' duties to the Bank, and their private interests or other duties. These procedures provide that a Director with a potential conflict will not receive papers which may involve a potential conflict of interest and will not be present during the discussion or decision on any matter involving that conflict. Accordingly, there are no potential conflicts of interest between the private interests or other duties of the Directors and their duties to the Bank which are not managed in accordance with these procedures. The business address of the directors of the Bank is: Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000.

The members of the Board are:

### **Catherine Livingstone AO, Chairman**

Catherine has been a Non-Executive Director since March 2016 and was appointed Chairman on 1 January 2017. She is Chairman of the Nominations Committee, a member of the Risk Committee, the Audit Committee and the People & Remuneration Committee.

Catherine is a former Chairman of Telstra Corporation Limited and of the CSIRO, and was Managing Director and Chief Executive Officer of Cochlear Limited. She has served on the Boards of Macquarie Group Limited, Goodman Fielder Limited and Rural Press Limited. She is a former President of the Business Council of Australia and the Australia Museum. In 2008, Catherine was awarded Officer of the Order of Australia.

Other Directorships and Interests: WorleyParsons Limited, Saluda Medical Pty Ltd, University of Technology Sydney (Chancellor), The Australian Ballet and the CISRO Australia Telescope National Facility Steering Committee.

Qualifications: Bachelor of Arts (Accounting) (Hons), Fellow of Chartered Accountants Australia and New Zealand, Fellow of Australian Academy of Technological Sciences and Engineering, Fellow of the Australian Institute of Company Directors and Fellow of the Australian Academy of Science.

### **Shirish Apte, Independent Non-Executive Director**

Shirish has been a Non-Executive Director since June 2014. He is Chairman of the Risk Committee and a member of the Audit Committee.

Shirish has more than 32 years' financial services experience, having held various senior roles with Citi, including Co-Chairman of Citi Asia Pacific Banking, Chief Executive Officer of Citi Asia Pacific, Co-Chief Executive Officer of Europe, Middle East & Africa and Country Manager and Deputy President of Citi Handlowy, where he is now a member of the Supervisory Board. Shirish is a former Director of Crompton Greaves Ltd.

Other Directorships and Interests: IHH Healthcare Bhd (including two of its subsidiaries), Fullerton India Credit Company Limited, AIG Asia Pacific Pte Ltd, Clifford Capital Pte Ltd, Pierfront Capital Mezzanine Fund Pte Ltd (Chairman), Supervisory Board of Citi Handlowy (Vice Chairman) and Accion International.

Qualifications: Chartered Accountant, Bachelor of Commerce (Calcutta), MBA (London Business School).

### **Sir David Higgins, Independent Non-Executive Director**

Sir David has been a Non-Executive Director since September 2014. He is Chairman of the People & Remuneration Committee and a member of the Risk Committee.

Sir David is Chairman of Gatwick Airport Limited, which operates Gatwick Airport in the UK. Sir David is a senior advisor to Global Infrastructure Partners in the United States and to Lone Star Funds. He is the former Chairman of High Speed Two (HS2) Ltd. Previously, he was Chief Executive Officer

of Network Rail Infrastructure Ltd, Chief Executive Officer of the Olympic Delivery Authority for the London 2012 Olympic Games, Chief Executive Officer of English Partnerships and Managing Director and Chief Executive Officer of Lend Lease.

Other Directorships and Interests: Gatwick Airport Ltd (Chairman) and United Utilities PLC (Board Member) .

Qualifications: Bachelor of Engineering (Civil), USyd, and Diploma, Securities Institute of Australia.

**Wendy Stops, Independent Non-Executive Director**

Wendy has been a Non-Executive Director since March 2015. She is a member of the Audit Committee and the People & Remuneration Committee.

Wendy was Senior Managing Director, Technology – Asia Pacific for Accenture Limited from 2012 until June 2014. Wendy's career at Accenture spanned some 32 years in which she held various senior positions, including Global Managing Director, Technology Quality & Risk Management, Global Managing Director, Outsourcing Quality & Risk Management and Director of Operations, Asia Pacific. She also served on Accenture's Global Leadership Council from 2008 until her retirement.

Other Directorships and Interests: Altium Ltd, Coles Group, Fitted For Work Ltd, University of Melbourne (Council Member), Chief Executive Women (Member), Australian Institute of Company Directors Technology Governance & Innovation Panel and Chairman of the Melbourne Business School's Centre for Business Analytics Advisory Board.

Qualifications: Bachelor of Applied Science (Information Technology) and Graduate Member of the Australian Institute of Company Directors.

**Anne Templeman-Jones, Independent Non-Executive Director**

Anne has been a Non-Executive Director since March 2018. She is Chairman of the Audit Committee and a member of the Risk Committee.

Anne is an experienced listed company Non-Executive Director, currently serving on the boards of GUD Holdings Ltd, The Citadel Group Ltd and WorleyParsons Ltd. She is the former Chairman of the CBA's financial advice companies and is a former director of Cuscal Ltd, HT&E Limited, Pioneer Credit Ltd, TAL Superannuation Fund, and HBF's private health and general insurance companies.

Anne had a 30 year executive career developing deep operational risk, governance and strategy experience. Early in her career she held audit and accounting roles with PriceWaterhouseCoopers working in Australia and overseas. She gained experience in corporate banking with Bank of Singapore and then Westpac Banking Corporation ("Westpac"), and in private banking with Australia and New Zealand Banking Group Ltd. Anne returned to Westpac in 2007 and went on to hold various senior management positions in private banking, risk and strategy until 2013. She has served as Chairman or member of the audit and risk committees on current and past boards.

Other Directorships and Interests: GUD Holdings Limited, The Citadel Group Limited, WorleyParsons Limited and Cyber Security Research Committee

Qualifications: Bachelor of Commerce (University of Australia), Executive MBA from the Australian Graduate School of Management, Master of Risk Management (University of New South Wales), Chartered Accountant and Fellow of the Australian Institute of Company Directors.

**Mary Padbury, Independent Non-Executive Director**

Mary has been a Non-Executive Director since June 2016. She is a member of the Nominations Committee and the People & Remuneration Committee.

Mary is a pre-eminent intellectual property lawyer with over 35 years' experience. Mary retired as Partner of Ashurst at the end of April 2018 and from the role of Vice Chairman of Ashurst at the end of 2017. She was Chairman of Ashurst Australia for eight years prior to the firm's full merger with Ashurst LLP in 2013.

Mary spent a number of years in the United Kingdom with boutique firm, Bristows, and as resident partner of Ashurst Australia. She has undertaken intellectual property work for Australian and multinational corporations in a range of technology areas and has extensive international, legal and governance experience.

Other Directorships and Interests: Trans-Tasman IP Attorneys Board (Chairman), The Macfarlane Burnet Institute for Medical Research and Public Health Ltd (Chairman), Clinical Genomics Technologies Pty Ltd (Chairman), Chief Executive Women (Member) and Victorian Legal Admissions Committee (Member).

Qualifications: Bachelor of Laws (Hons) and Bachelor of Arts, University of Melbourne. Graduate of the Australian Institute of Company Directors.

**Robert Whitfield, Independent Non-Executive Director**

Robert has been a Non-Executive Director since September 2017. He is a member of the Risk Committee and the Nominations Committee.

He has significant banking and finance and senior management experience in the private and public sectors. He is a Director of New South Wales Treasury Corporation (“NSW Treasury”) and was previously its Chairman. He is a former Secretary of NSW Treasury and NSW Industrial Relations.

Prior to NSW Treasury, Robert had a 30 year career with Westpac Banking Corporation (“Westpac”) and held various senior management positions there, including Chief Executive Officer of the Institutional Bank, Chief Risk Officer, Group Treasurer and Chairman of the Asia Advisory Board. At Westpac, Robert developed a deep knowledge of equity and capital markets and was instrumental in developing Westpac’s risk management function and strategies. Robert is a former Deputy Chair of the Australian Financial Markets Association.

Other Directorships and Interests: New South Wales Treasury Corporation.

Qualifications: Bachelor of Communication (University of New South Wales), Graduate Diploma in Banking, Graduate Diploma in Finance, Advanced Management Programme (Harvard Business School), Senior Fellow of the Financial Services Institute of Australasia (FINSIA) and Fellow of the Australian Institute of Company Directors.

**Professor Genevieve Bell, Independent Non-Executive Director**

Genevieve became a Non-Executive Director on 1 January 2019. Genevieve is a cultural anthropologist, technologist and futurist. Genevieve is a Distinguished Professor at the College of Engineering and Computer Science at the Australian National University (ANU) and is the inaugural Florence Violet McKenzie Chair at the university. Genevieve is a Senior Fellow of Intel Corporation and is the Vice President of Intel’s Digital Home Group.

Other Directorships and Interests: Florence Violet McKenzie (Chairman), Autonomy, Agency & Assurance Innovation Institute (3A) and National Science and Technology Council (Member).

Qualifications: Postgraduate Doctoral Degree, Master of Arts, Master of Philosophy and Bachelor of Arts.

**Paul O’Malley, Independent Non-Executive Director**

Paul became a Non-Executive Director on 1 January 2019. Paul is a member of the People & Remuneration Committee and Nominations Committee.

Paul was Managing Director and Chief Executive Officer of BlueScope Steel Limited from 2007 to 2017 after joining the company as Chief Financial Officer eighteen months prior. He was formerly the Chief Executive Officer of TXU Energy, a subsidiary of TXU Corp based in Dallas, Texas, and has held other senior financial management roles within TXU. Paul had previously worked in investment banking and consulting.

Paul is a former Director of the Worldsteel Association, Chairman of their Nominating Committee and Trustee of the Melbourne Cricket Ground Trust.

Other Directorships and Interests: Australian Catholic Redress Limited (Chairman).

Qualifications: Bachelor of Commerce, Masters of Applied Positive Psychology and an ACA from the Institute of Chartered Accountants in England.

**Matt Comyn, Managing Director and Chief Executive Officer**

Matt was appointed Managing Director and Chief Executive Officer on 9 April 2018. He has nearly 20 years' experience across business, institutional and retail banking and in wealth management. He joined the Bank in 1999 and has held a number of senior leadership roles. Between 2006 and 2010, Matt was Managing Director of CommSec. In 2010, he left the Bank for a short time to become Chief Executive Officer of Morgan Stanley's wealth business in Australia. Matt returned to the Bank to lead local business banking and in 2012, he was appointed Group Executive, Retail Banking Services.

Other Directorships and Interests: Unicef Australia and Financial Markets Foundation for Children.

Qualifications: Executive MBA from Sydney University, a Master's degree in Commerce, majoring in finance, and a Bachelor's degree in Aviation, both from the University of New South Wales. Matt has also completed the General Management Program at Harvard Business School.

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## **Description of the Shares**

### **Rights attaching to Ordinary Shares**

Ordinary Shares (ISIN: AU000000CBA7) may be issued to holders of Subordinated Notes by way of Exchange. Ordinary Shares may also be issued to a nominee to hold for sale for the benefit of a holder of Subordinated Notes if Exchange occurs and the holder of Subordinated Notes has notified the Issuer that it does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder. Any Ordinary Shares issued to holders of Subordinated Notes by way of Exchange will be fully paid and will rank equally with Ordinary Shares already on issue in all respects.

### **Transfers**

Subject to the ASX Settlement Operating Rules, transfers of Ordinary Shares are not effective until registered. Ordinary Shares are transferrable, subject to the ASX Listing Rules and the Constitution of the Issuer dated 13 November 2008 (incorporating amendments up to and including all amendments passed at the Annual General Meeting on 13 November 2008) (the "Constitution") and the right of the directors of the Issuer to refuse to register a transfer of Ordinary Shares in limited circumstances.

Unless otherwise required by law or the Constitution, the Issuer is entitled to treat the registered holder as the absolute owner of a share. Ordinary Shares held by a trustee may, with the directors' consent, be identified as being subject to the relevant trust.

Except in limited circumstances, the Issuer is not bound to register more than three persons as joint holders of an Ordinary Share. The Issuer does not issue share certificates unless required by law or the ASX Listing Rules.

Restrictions apply in respect of persons who become entitled to Ordinary Shares by reason of a holder's death, bankruptcy or mental incapacity. In the case of the death of a holder, the survivor or survivors jointly registered as shareholders and the legal personal representatives of a sole holder are the only persons the Issuer will recognise as having title to the member's interest in the shares.

### **Dividends**

Holders of Ordinary Shares may receive dividends if the directors determine that a dividend is payable. The Issuer may not pay a dividend unless the Issuer's assets exceed its liabilities, the payment of the dividend is fair and reasonable to holders of Ordinary Shares as a whole and the payment does not materially prejudice the ability of the Issuer to pay its creditors. Payment may also be subject to the rights of holders of securities carrying preferred rights. The Issuer pays shareholders with registered addresses in Australia, New Zealand and the United Kingdom cash dividends by direct credit. If a direct credit payment instruction is not provided, the dividend will be held in a non-interest bearing account. The Issuer also has a dividend reinvestment plan for eligible shareholders. The directors of the Issuer determine whether or not the dividend reinvestment plan operates for each dividend and their decision is announced to ASX.

### **Winding up**

On winding up of the Issuer, holders of Ordinary Shares will participate in the division of any surplus assets of the Issuer (subject to the rights of holders of shares carrying preferred rights).

### **Meetings**

Holders of Ordinary Shares are entitled to receive notice of, attend and, subject to the Constitution, to vote in person, by representative, attorney or proxy at general meetings of the Issuer.

On a show of hands, each holder (regardless of the number of shares held) has one vote. On a poll, each holder has one vote for each fully paid Ordinary Share held.

### **Issue of further shares**

The directors of the Issuer control the issue of shares. Subject to the Corporations Act and ASX Listing Rules, the directors may issue further shares, and grant rights or options over shares, on such terms as they think fit.

**Restrictions of ownership of Ordinary Shares**

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

**Variation of the Constitution**

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

## **Subscription and Sale**

The Dealers have in an Amended and Restated Programme Agreement dated 3 July 2019 (as modified and/or supplemented and/or restated from time to time, the "Programme Agreement") agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Exempt Notes. Any such agreement for any particular purchase will extend to those matters stated under "Form of the Exempt Notes" and "Conditions of the Exempt Notes" above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase Exempt Notes under the Programme Agreement in certain circumstances prior to payment to the Issuer.

The selling restrictions agreed between the Issuer and the Dealers are set out in a Schedule of Selling Restrictions dated 3 July 2019 and are summarised below. The restrictions may be amended from time to time by agreement between the Issuer and the Dealers. The selling restrictions are as follows:

### **United States of America**

The Exempt Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any applicable securities laws of any state or jurisdiction of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bearer Notes are subject to U.S. federal tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Exempt Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Exempt Notes on a syndicated basis, the relevant lead manager, of all Exempt Notes of the Tranche of which such Exempt Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Exempt Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Exempt Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Exempt Notes, an offer or sale of such Exempt Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes will be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealers may agree as a term of the issuance and purchase of such Exempt Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

### **Prohibition of sales to EEA Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Exempt Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”);
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Exempt Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Exempt Notes.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Exempt Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the pricing supplement containing the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Exempt Notes to the public in that Relevant Member State:

- (A) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
  - (B) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
  - (C) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of Exempt Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an "offer of Exempt Notes to the public" in relation to any Exempt Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Exempt Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Exempt Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression "Prospectus Directive" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

#### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Exempt Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Exempt Notes in, from or otherwise involving the United Kingdom.

### **The Grand Duchy of Luxembourg**

In addition to the cases described in the Public Offer Selling Restriction under the Prospectus Directive selling restrictions in which the Dealers can make an offer of Exempt Notes to the public in an EEA Member State (including the Grand Duchy of Luxembourg), the Dealers can also make an offer of Exempt Notes to the public in the Grand Duchy of Luxembourg:

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the Commission de surveillance du secteur financier as competent authority in Luxembourg in accordance with the Prospectus Directive.

### **Belgium**

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Exempt Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Exempt Notes, directly or indirectly, to any Belgian Consumer.

### **Japan**

The Exempt Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any Exempt Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Exempt Notes has been or will be lodged with ASIC. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that in connection with the distribution of each Tranche of Exempt Notes it:

- (a) will not make (directly or indirectly) any offer or invitation in Australia or any offer or invitation which is received in Australia in relation to the issue, sale or purchase of any Exempt Notes; and
- (b) has not distributed or published, and will not distribute or publish, any information memorandum, advertisement, disclosure document or other offering material relating to the Exempt Notes in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 for the Exempt Notes or its foreign currency equivalent (in either case disregarding moneys, if any, lent by the Issuer or other person offering the Exempt Notes or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act)), or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act, (ii) the offer or invitation is not made to a person who is a retail client (as defined in section 761G or 761GA of the Corporations Act), (iii) such action complies with all applicable laws, regulations and directives and (iv) such action does not require any document to be lodged or registered with ASIC.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, to offer Exempt Notes to be issued by the Issuer for sale in a manner which will allow payments of interest or amounts in the nature of interest on those Exempt Notes to be exempt from Australian withholding tax under section 128F of the Australian Tax Act, as amended. In particular, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not sell Exempt Notes to any person if, at the time of sale the Dealer knew or had reasonable grounds to suspect that as a result of such sale, any Exempt Notes or an interest in any Exempt Notes was being, or would later be, acquired (directly or indirectly) by an Offshore Associate of the Issuer (other than one acting in the capacity of a dealer, manager or underwriter in relation to the placement of the Exempt Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme).

An "Offshore Associate" of the Issuer means an associate (as defined in section 128F of the Australian Tax Act) of the Issuer that either is a non-resident of the Commonwealth of Australia which does not acquire the Exempt Notes in carrying on a business at or through a permanent establishment in Australia or, alternatively, is a resident of Australia that acquires the Exempt Notes in carrying on business at or through a permanent establishment outside of Australia.

For the avoidance of doubt, the selling restrictions immediately above concerning section 128F of the Australian Tax Act apply irrespective of the jurisdiction in which the Exempt Notes are being offered or sold.

### **New Zealand**

No action has been taken to permit the Exempt Notes to be offered or sold to any retail investor, or otherwise under any regulated offer, in terms of the Financial Markets Conduct Act 2013 of New Zealand (the "FMCA"). In particular, no product disclosure statement or limited disclosure document under the FMCA has been or will be prepared or lodged in New Zealand in relation to the Exempt Notes.

Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Exempt Note in New Zealand and it will not distribute any offering memorandum or advertisement in relation to any offer of Exempt Notes, in New Zealand other than to "wholesale investors" as that term is defined in clauses 3(2)(a), (b), (c) and (d) of Schedule 1 to the FMCA, being:

- (a) a person who is:
  - (i) an "investment business";
  - (ii) "large"; or
  - (iii) a "government agency",

in each case as defined in Schedule 1 to the FMCA; or

- (b) a person who meets the "investment activity criteria" specified in clause 38 of the Schedule 1 to the FMCA.

In addition, no person may distribute any offering material or advertisement (as defined in the FMCA) in relation to any offer of Exempt Notes in New Zealand other than to such persons as referred to in the paragraph above.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Exempt Notes to persons whom it believes to be:

- (a) persons who are resident in New Zealand for New Zealand income tax purposes;
- (b) persons who carry on business in New Zealand through a fixed establishment (as defined for New Zealand income tax purposes) in New Zealand and hold the Exempt Notes for the purposes of a business carried on through that fixed establishment; or
- (c) a registered bank engaged in business through a fixed establishment in New Zealand.

unless such persons certify that they hold a valid certificate of exemption (or other evidence of exempt status acceptable to the Issuer and/or the relevant Paying Agent) for New Zealand resident withholding tax purposes or otherwise have exempt status in respect of resident withholding tax and provide a New Zealand tax file number to such Dealer (in which event the Dealer shall provide details thereof to the Issuer or to a Paying Agent).

### **Republic of Italy**

The offering of the Exempt Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Exempt Notes may be offered, sold or delivered, nor may copies of this Information Memorandum (including the applicable Pricing Supplement) or of any other document relating to the Exempt Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "Financial Services Act") and Article 34-ter, first paragraph, letter b) of Commissione Nazionale per le Società e la Borsa ("CONSOB") Regulation No. 11971 of 14 May 1999, as amended from time to time ("Regulation No. 11971"); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Exempt Notes or distribution of copies of this Information Memorandum (including the applicable Pricing Supplement) or any other document relating to the Exempt Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "Banking Act");
- (b) in compliance with Article 129 of the Banking Act, as amended, (including the applicable reporting requirements) and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

## **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Exempt Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Exempt Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Exempt Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## **Macau**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Exempt Notes have been or will be registered or otherwise authorised for public offer under the Financial System Act of Macau (Decree-Law no. 32/93M of July 5, 1993) (the "Financial System Act") or promoted, distributed, sold or delivered in Macau, and no document relating to any Exempt Notes will be distributed or circulated in Macau, except by Macau licensed entities following notification to the Macau Monetary Authority and under the terms of, and in compliance with, the Financial System Act and any other laws, guidelines and recommendations in Macau that may apply from time to time to the offer and sale of any Exempt Notes in Macau.

## **Republic of Korea**

The Exempt Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in the Republic of Korea ("Korea") under the Financial Investment Services and Capital Markets Act (the "FSCMA"). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered (and will not offer, sell or deliver) any Exempt Notes, directly or indirectly, or offered or sold (and will not offer or sell) any Exempt Notes to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA, the Foreign Exchange Transaction Law and the decrees and regulations thereunder. Furthermore, the Exempt Notes may not be resold to Korean residents unless the purchaser of the Exempt Notes complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the Exempt Notes. The aggregate nominal amount of the Exempt Notes divided by the specified denomination of the Exempt Notes (the "Specified Denomination"), and the number of Exempt Notes offered in Korea or to a resident in Korea, shall in each case be less than 50.

By purchasing the Exempt Notes, each Noteholder will be deemed to represent, warrant and agree that for a period of one year from the issue date thereof, the Exempt Notes, may not be sub-divided into smaller denominations than the Specified Denomination.

## **Singapore**

Each Dealer has acknowledged that and each further Dealer appointed under the Programme will be required to acknowledge that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or



sold any Exempt Notes or caused the Exempt Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Exempt Notes or cause the Exempt Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Exempt Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Exempt Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the Exempt Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) of the SFA or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) pursuant to Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the applicable Pricing Supplement in respect of any Exempt Notes, all Exempt Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **The PRC**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Exempt Notes in the PRC, except as permitted by the applicable laws or regulations of the PRC.

### **Taiwan**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that the Exempt Notes (i) have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of the Republic of China ("Taiwan") and/or other regulatory authority of Taiwan pursuant to the relevant securities laws and regulations and (ii) may not be offered, issued or sold within Taiwan through a public offering or in circumstances that constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or any other relevant laws and regulations that require a registration or filing with, or approval of, the Financial

Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Exempt Notes in Taiwan.

**General**

No action has been taken by the Issuer or any of the Dealers that would, or is intended to, permit an offer of any Exempt Notes in any country or jurisdiction where any such action for that purpose is required.

Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not, directly or indirectly, offer or sell any Exempt Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Exempt Notes by it will be made on the same terms.

Without prejudice to the generality of the preceding paragraph each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as provided in the Programme Agreement, it will obtain any consent, approval or permission which is required for the offer, purchase or sale by it of Exempt Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will comply with all such laws and regulations.

## **General Information**

### **1 Listing of the Exempt Notes**

Application may be made to the ASX for Exempt Notes issued under the Programme to be quoted on the ASX. Exempt Notes may be issued under the Programme that are not listed, admitted to trading and/or quoted by or on any listing authority, stock exchange, market and/or quotation system or that will be listed, admitted to trading and/or quoted by or on such listing authority(ies), stock exchange(s), markets and/or quotation systems as the Issuer and the relevant Dealer(s) may agree.

### **2 Authorisation**

The establishment of the Programme was authorised by the Managing Director of the Issuer. The increase of the size of the Programme to its present limit of U.S.\$70,000,000,000 was authorised by the Chief Financial Officer of the Issuer.

### **3 Consents**

No authorisations, consents or approvals are required by the Issuer from government agencies or other official bodies in Australia in connection with the creation of the Programme, the issue of any Exempt Notes thereunder or the execution and delivery (where applicable) of the Programme Agreement the Agency Agreement and the Deed of Covenant or the performance by the Issuer of its obligations thereunder save for the obtaining, where necessary, of approval from the Reserve Bank of Australia or other regulatory body in respect of payments on any of the Exempt Notes if such payments are made outside the Commonwealth of Australia.

### **4 Audited Financial Statements**

The Issuer's consolidated financial statements for the years ended 30 June 2017 and 30 June 2018 were audited, without qualification, by PricewaterhouseCoopers, Chartered Accountants, of One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, Australia. The auditors of the Issuer have no material interest in the Issuer.

### **5 Euroclear and Clearstream, Luxembourg**

The Exempt Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN and, if applicable, the FISN and/or CFI for each Tranche of Exempt Notes allocated by Euroclear and Clearstream, Luxembourg will be contained in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg, is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **6 Documents Available for Inspection**

Copies of the following documents may be inspected during usual business hours on any business day at the offices of Commonwealth Bank of Australia and at the offices of any Paying Agent in the United Kingdom for so long as the Programme remains in existence:

- (i) the Constitution of the Issuer;
- (ii) the Commonwealth Banks Act 1959, as amended, the Commonwealth Banks Amendment Act 1984, the Commonwealth Banks Amendment Act 1985, the Commonwealth Banks Amendment Act 1987, the Commonwealth Banks Restructuring Act 1990, the State Bank (Succession of Commonwealth Bank) Act 1990, the Commonwealth Banks Amendment Act 1993, the Commonwealth Bank Sale Act 1995;
- (iii) the Agency Agreement, the Deed of Covenant and the forms of the Exempt Notes, Coupons, Receipts and Talons;

- (iv) this Information Memorandum and any supplement to this Information Memorandum; and
- (v) the most recently published audited consolidated annual financial statements and, if published later, the most recently published interim consolidated financial statements of the Issuer.

## **7 Australian Taxation**

The following is a summary of the Australian taxation treatment, at the date of this Information Memorandum, of payments of interest on Exempt Notes and certain other matters. It is not exhaustive and does not deal with the position of certain classes of holders of an Exempt Note (such as dealers in securities). Prospective holders of Exempt Notes should be aware that the particular terms of issue of any series of Exempt Notes may affect the tax treatment of that and other series of Exempt Notes. The following is a general guide and should be treated with appropriate caution. In particular, the Australian taxation treatment of Index Linked Notes or Dual Currency Notes may be different to that described below. Holders of Exempt Notes who are in any doubt as to their tax position should consult their professional advisers.

References to 'interest' include amounts in the nature of or in substitution for interest.

The requirements for obtaining an exemption from Australian interest withholding tax set out in section 128F of the Australian Tax Act include:

- (i) the issuer must be a resident of Australia when it issues the Exempt Notes and when interest is paid; and
- (ii) the issue of the Exempt Notes must satisfy a public offer test containing five basic alternatives designed to ensure that lenders in capital markets are aware that the issuer is offering Exempt Notes for issue.

Where practicable, the Issuer intends to issue Exempt Notes in a manner which will satisfy these requirements.

### *The public offer test*

In summary, the alternatives to satisfy the public offer test are:

- (i) offers to 10 or more professional market financiers, investors or dealers who are not associates of each other;
- (ii) offers to 100 or more potential investors;
- (iii) offers of listed Exempt Notes;
- (iv) offers as a result of negotiations being initiated via electronic or other market sources; or
- (v) offers to dealers, managers or underwriters who by agreement with the issuer offer the Exempt Notes for sale within 30 days by one of the preceding methods.

The issue of a Global Note by one of these methods will satisfy the public offer test.

### *Associates of issuer*

The public offer test will not be satisfied if, at the time of issue, the issuer knew or had reasonable grounds to suspect that the Exempt Notes, or an interest in the Exempt Notes, was being, or would later be, acquired either directly or indirectly by an Offshore Associate of the issuer (other than one acting in the capacity of a dealer, manager or underwriter in relation to the placement of the Exempt Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme).

Moreover, the section 128F exemption will not be available if, at the time of payment, the issuer knows or has reasonable grounds to suspect that interest in respect of an Exempt Note is

to be paid to an Offshore Associate of the issuer other than one receiving the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme. The Conditions of the Exempt Notes provide that in these circumstances the Issuer will not be required to gross up interest payments.

**ACCORDINGLY, EXEMPT NOTES MUST NOT BE PURCHASED BY OFFSHORE ASSOCIATES OF THE ISSUER OTHER THAN THOSE ACTING IN THE PERMITTED CAPACITIES DESCRIBED ABOVE**

As a result of the issue of Global Notes, rights conferred by Euroclear or Clearstream, Luxembourg in relation to the Exempt Notes will be created in favour of the Noteholders.

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on bearer notes if the issuer fails to disclose the names and addresses of the holders to the Australian Taxation Office. Section 126 does not apply to the payment of interest on notes held by non-residents who do not carry on business at or through a permanent establishment in Australia where the issue of those notes satisfied the requirements of section 128F of the Australian Tax Act or interest withholding tax is payable. However, the operation of section 126 in relation to notes held in some circumstances is unclear.

The Commissioner of Taxation of the Commonwealth of Australia may give a direction under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 or any similar provision requiring the issuer to deduct from any payment to any other party (including any holder of Exempt Notes) any amount in respect of tax payable by that other party.

The Income Tax Assessment Act 1997 of the Commonwealth of Australia contains provisions governing the taxation of financial arrangements (referred to as "the TOFA regime") which may apply to the Exempt Notes. However, the law that governed the taxation of financial arrangements before the introduction of the TOFA regime will continue to apply to Exempt Notes held by taxpayers that are not subject to the TOFA regime because they do not meet certain threshold requirements. In any case, the TOFA regime does not contain any measures that override the exemption from Australian interest withholding tax available under section 128F of the Australian Tax Act in respect of interest payable on the Exempt Notes.

## **8 The Proposed Financial Transactions Tax**

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common financial transactions tax ("FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Exempt Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Exempt Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Exempt Notes are advised to seek their own professional advice in relation to the FTT.

## **9 Foreign Account Tax Compliance Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” (as defined by FATCA) may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is classified as a foreign financial institution. A number of jurisdictions (including Australia) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Exempt Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Exempt Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Exempt Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining passthru payments are published in the U.S. Federal Register and Exempt Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Exempt Notes (as described under “*Terms and Conditions—Further Issues*”) that are not distinguishable from previously issued Exempt Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Exempt Notes, including the Exempt Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Exempt Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Exempt Notes, no person will be required to pay additional amounts as a result of the withholding.

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

## **10 Common Reporting Standard**

The Organisation for Economic Co-operation and Development Standard for Automatic Exchange of Financial Account Information (the “CRS”) requires certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. Noteholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a competent authority agreement may provide this information to other jurisdictions that have signed a competent authority agreement.

Prospective investors should consult their tax advisers on how the CRS may apply to such investor.

## **11 Post-issuance information**

Save as set out in the Pricing Supplement, the Issuer does not intend to provide any post-issuance information in relation to any issues of Exempt Notes.

## **12 Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in Exempt Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially Exempt Notes issued under the Programme. Any such positions could adversely affect future trading prices of Exempt Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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